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United States
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Congressional Record

PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, SECOND SESSION

HOUSE OF REPRESENTATIVES—*Thursday, May 13, 1982*

The House met at 11 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We pray, O Lord, that the nations will know peace in the world even as individuals will know peace in their hearts. Help us to see clearly that we are stewards of this world, which You have created for us, and we must share with people from every land the responsibility for working for justice and peace. So that we may have the power to witness to Your love, we ask that Your Spirit enlighten and turn our hearts toward Your light, that seeing You, we may go forward to do the good works that honor You and bring joy to Your creation. Amen.

THE JOURNAL

The **SPEAKER**. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. **LUNGREN**. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The **SPEAKER**. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **LUNGREN**. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 293, nays 73, answered "present" 1, not voting 65, as follows:

[Roll No. 74]

YEAS—293

Addabbo
Akaka
Albosta
Alexander
Anderson
Annunzio
Anthony
Aspin
AuCoin
Badham
Barnard
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Broyhill
Burgener
Burton, Phillip
Byron
Carman
Chappell
Chappie
Clausen
Coelho
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, R. W.
Daschle
Davis
de la Garza
Deckard
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dougherty
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Early
Eckart
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emery
English
Erdahl
Evans (DE)
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Gore
Gradison
Gramm
Green
Guarini
Hall (OH)
Hall, Ralph
Hall, Sam
Hammerschmidt
Hance
Hansen (ID)
Hatcher
Heckler
Hertel
Hightower
Hillis
Holland
Holt
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffords
Jenkins
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kennelly
Kildee
Kogovsek
Lagomarsino
Lantos
Latta
Leath
LeBoutillier
Lehman
Lent
Levitas
Long (LA)
Long (MD)
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Madigan
Markey
Marlenee
Marriott
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli
McClory
McCurdy
McDonald
McEwen
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Mineta
Minish
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Mottl
Murphy
Myers
Napier
Natcher
Nelligan
Nelson
Nowak
Oakar
Oberstar
Obey
Oxley
Parris
Pashayan
Patman
Patterson
Paul
Pease
Pepper
Perkins
Pickle
Porter
Price
Pritchard
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Richmond
Rinaldo
Robinson
Rodino
Roe
Rogers
Rosenthal
Rostenkowski
Roth
Roukema
Roybal
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schulze
Schumer
Seiberling
Shamansky
Shannon
Sharp
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Skelton
Smith (IA)
Smith (NJ)
Snowe
Snyder
Solarz
Spence
St Germain
Stangeland
Stokes
Studds
Swift
Synar
Tauke
Tauzin
Taylor
Thomas
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Wampler
Watkins
Waxman
Weaver
Weber (OH)
White
Whitley
Whitten
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yatron
Young (MO)
Zablocki
Zeferetti

NAYS—73

Archer
Atkinson
Bafalis
Bailey (MO)
Barnes
Bereuter
Bethune
Brown (CO)
Carney
Cheney
Clinger
Coats
Coleman
Coughlin
Dannemeyer
Daub
Derwinski
Dickinson
Edgar
Emerson
Evans (IA)
Fiedler
Fields
Fountain
Gejdenson
Goodling
Gregg
Gunderson
Hagedorn
Harkin
Hartnett
Hendon
Hiler
Hollenbeck
Hopkins
Jacobs
Jeffries
Johnston
Kindness
Kramer
Leach
Lee
Lewis
Loeffler
Lott
Lungren
Martin (IL)
Martin (NC)
McDade
McGrath
Miller (OH)
Mitchell (MD)
Morrison
Petri
Roberts (KS)
Roberts (SD)
Roemer
Rousselot
Schroeder
Sensenbrenner
Smith (AL)
Smith (NE)
Smith (OR)
Solomon
Staton
Stenholm
Stump
Walker
Washington
Weber (MN)
Whittaker
Yates
Young (FL)

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—65

Andrews
Applegate
Bailey (PA)
Bliley
Bolling
Brown (OH)
Burton, John
Butler
Campbell
Chisholm
Clay
Courter
Crockett
Daniel, Dan
Dellums
DeNardis
Dornan
Dreier
Dyson
Erlenborn
Ertel
Evans (GA)
Evans (IN)
Foglietta
Forsythe
Ginn
Goldwater
Gray
Grisham
Hamilton
Hansen (UT)
Hawkins
Hefner
Heftel
Jones (NC)
LaFalce
Leland
Livingston
Marks

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

McCloskey
McCollum
Mitchell (NY)
Moffett
Murtha
Neal
Nichols
O'Brien
Panetta
Peyser
Pursell
Rhodes
Ritter
Rose
Savage
Schneider
Shaw
Smith (PA)
Stanton
Stark
Stratton
Trible
Weiss
Whitehurst
Williams (MT)
Young (AK)

Messrs. LOEFFLER, CARNEY, KRAMER, ATKINSON, BAFALIS, and FOUNTAIN, changed their votes from "yea" to "nay."

Mr. EDWARDS of Alabama changed his vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 6038. An act to amend section 235 of the National Housing Act.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2158. An act to amend title 23, United States Code, to authorize and direct the payment of an incentive grant for highway safety programs to any State in the first fiscal year during which the State adopts provisions relating to driving while intoxicated; to establish a national driver register, and for other purposes.

The message also announced that the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 907) entitled "An act to amend sections 351 and 1751 of title 18 of the United States Code to provide penalties for crimes against Cabinet officers, Supreme Court Justices, and Presidential staff members, and for other purposes."

□ 1120

SMALL BUSINESS FIRMS IMPORTANT TO AMERICAN'S ECONOMY

(Mr. SHAMANSKY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHAMANSKY. Mr. Speaker, during Small Business Week, May 9 through 15, it is appropriate that Congress recognize the importance of these firms to America's economy. The more than 10 million small businesses in the United States employ over half the private sector work force. They traditionally have been leaders in both job creation and technological innovation.

One firm in Columbus, whose president was recognized this year by the Small Business Administration as Ohio's small business person of the year, illustrates the significance of such enterprises. A young Greek immigrant, Anthony Zanetos, put $75 into a candy kitchen in 1913. In 1946 his son Thomas joined him as a partner. Today, Anthony-Thomas manufactures 3.5 million dollars' worth of candy each year, employs more than 110 people and operates numerous stores.

However, successes like Anthony-Thomas' are only part of the small business picture. High interest rates and tax changes which did not assist small businesses as much as advertised, helped lead to record small business failures. Small businesses need our help—principally by reducing as soon as possible the huge Federal deficit fueling high interest rates.

This week let us not only praise small businesses, let us aid them. Thank you.

UNSPECIFIED CUTS IN SOCIAL SECURITY

(Mr. HERTEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HERTEL. Mr. Speaker, $40 billion of unspecified cuts in social security have been approved by the Republican majority in the Senate budget committee. These $40 billion in cuts by 1985 were warmly endorsed by President Reagan. While claiming this enormous reduction would not cut anyone's social security benefits, these assertions are as appalling as they are preposterous; $40 billion is more than twice the annual estimated Federal funds appropriated for the social security administration; $40 billion represents 24 percent of the total trust funds of social security which have been contributed by individuals. This new proposal dramatically confirms the deeply ingrained intention of the Reagan administration to cutback the social security system. Last year, I was shocked and appalled by the callousness of the Reagan administration's social security cuts. In the May 27, 1981, Detroit News I read that the Reagan administration was only worried about the timing and not the substance of their social security cutbacks. Those cuts were aimed at the very people who have made this country great. The men and women who fought two World Wars at home and abroad, who lived through the worst depression in our Nation's history, and who have suffered the most incredible inflation. I think it is an outrage that these people who made this Nation great by their hard work and sacrifices, and most importantly, their ability to instill values that have nurtured succeeding generations, should be victimized by the administration's callous proposal.

Last year, the administration moved to cut the cost-of-living allowances for all social security recipients. They proposed cutting payments to those who retire at the age of 62 by 25 percent. Those people who would have been cut are the ones who have paid into the system the longest; from the days of their very first jobs, with every paycheck spanning as long as 45 years. I was elected to protect the benefits that these people were promised by the Federal Government; the benefits that they earned and paid for through the social security fund over many years. It is important that we work to protect and adequately fund the social security system. There are many sensible ways to do this, but the Reagan administration has only proposed that we protect the system by cheating the very people who have paid into it, with their own money, the longest. This cannot and shall not be allowed. It is monstrous that this administration which created the largest deficit in history by tax breaks for the richest oil corporations would try to reduce social security beneficiaries.

NEED FOR TOUGHER CRIMINAL LAWS

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, when a convicted murderer such as Sirhan Sirhan can even be considered for parole, it is no wonder that the American people have little faith in the criminal justice system. I certainly oppose such a parole.

Here it is only 14 years after Sirhan gunned down Senator Robert F. Kennedy in a Los Angeles hotel in front of literally hundreds of witnesses. There has never been any question of his guilt, and never any question that his act was calculated, premeditated, and coldblooded. The death of Senator Kennedy was a tragedy for his family and for our Nation—millions of Americans loved and respected this dynamic political leader. He was struck down on the eve of one of his greatest political triumphs, at a time in our Nation's history when his leadership could have helped bring our Nation together.

The Sirhan situation clearly shows the need for tougher criminal laws and tougher sentencing of convicted criminals. The most lenient sentence Sirhan should have been able to receive was to be locked up for life with no possibility of release.

On the Federal level, we need legislation establishing constitutional procedures for the imposition of the death penalty, and legislation providing for mandatory sentencing of violent criminals. I have introduced such legislation, and I urge the Judiciary

Committee to begin hearings on these measures.

NATIONAL LAW ENFORCEMENT HEROES MEMORIAL

(**Mr. BIAGGI** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, this Saturday, May 15, is Police Memorial Day. In honor of this special occasion, I am introducing legislation today that would authorize a national monument to all those police officers who are killed in the line of duty.

This National Law Enforcement Heroes Memorial would be built on Federal grounds near FBI headquarters here in Washington. No Federal dollars would be required. The memorial would be funded solely by private contributions. An advisory panel, composed primarily of active or retired police officers, would develop recommendations on the design and precise location. The Secretary of the Interior would be in charge of constructing the memorial.

As a 23-year veteran of the New York City Police Department, I firmly believe that such a memorial is long overdue. Nearly 1,200 police officers were killed in the line of duty during the prior decade. While this memorial would serve as a special tribute to this supreme sacrifice, it would also serve as a constant reminder of the need to better protect those who continue to protect us.

□ 1130

HOUSE REPEALS BALANCED BUDGET LAW

(**Mr. WALKER** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, last evening a significant action took place in this House, an action that went almost unnoticed, but an amendment was added to the urgent supplemental appropriations bill to repeal the law requiring a balanced budget. That means that the urgent supplemental appropriations bill now is not just neutral on the idea of a balanced budget; it has become hostile to the idea of a balanced budget. It would abandon totally our commitment to a balanced budget in this country.

That is clearly unacceptable. What must be done now is to seek a withdrawal of that amendment in the Senate. We hope those efforts will be successful, but I want to make it clear that the bill that left this House is antibalanced budget. It flies in the face of the wishes of the vast majority of the American people and of some 34 States who have petitioned the Federal Government to balance its budget.

Balanced budgets do not just happen. They cannot be just so many words. Actions speak much louder than words. Not only did this House yesterday vote against putting teeth into the balanced budget law, we actually passed a bill that repeals that law. The action of this House yesterday was clearly, very clearly, totally irresponsible.

PRESIDENT REAGAN APPLAUDED ON NUCLEAR ARMS PROPOSALS

(**Mr. TAUKE** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAUKE. Mr. Speaker, as one of the original cosponsors of the nuclear freeze resolution (House Joint Resolution 434) I applaud President Reagan's plan for the reduction of nuclear arms.

Speaking at Eureka College last Sunday, the President proposed that the United States and the Soviet Union each reduce their arsenals of nuclear missiles by one-third. No more than half of the remaining missiles could be based on land. This latter point is particularly important, since large, land-based missiles contribute the most to nuclear instability; they are the likeliest first-strike weapons, and the weapons most vulnerable to a first strike.

This first phase of arms reduction would be followed by a second in which, to use the President's words, the United States will—

> Seek to achieve an equal ceiling on other elements of our strategic nuclear forces including limits on the ballistic missile throw-weight at less than current American levels.

If both phases of the President's proposal were implemented, the United States and the Soviet Union would be left in clearly defensive positions, and the threat of a first strike by either power would shrink dramatically.

This is the sort of creative thinking about arms control that all Americans should support and applaud. Many of us had feared that in the necessary push to modernize our strategic forces, arms control had been pushed aside and almost forgotten. We had become concerned that unintentionally, a climate might be created in which the use of nuclear weapons could become much more likely. This concern gave birth to the nuclear freeze movement, Ground Zero, and other organizations.

President Reagan has now responded to this concern with a proposal that strikes me as both realistic and hopeful, and he deserves our encouragement and support.

PUT SOCIAL SECURITY OFF-BUDGET

(**Mr. WEBER of Ohio** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEBER of Ohio. Mr. Speaker, I want to preserve social security and I want this Congress to adopt a budget. That is why I favor bipartisan efforts to take social security out of the unified budget and make it once again an off-budget trust account as it was for its first 30 years.

With social security going broke in 1983, we have to deal with that problem, but we do not have to decide how to handle that problem in this budget.

In my opinion, there was insufficient reason in 1968 for putting social security into the budget. Social security was running a surplus and it was put in as window dressing to make the budget look good for political purposes.

Today, social security has become an unnecessary obstacle to the budget process. This proposal is an attempt to separate the two questions—the budget and social security—because this would be a better process for solving both problems which do not have to be solved at the same time.

We need a budget now, but we can afford to wait on the social security question for the guidance of the bipartisan commission which will report next fall. I do not suggest that we sweep the social security problem under the rug, but create a process where its separate problems can be addressed separately.

EARLY PASSAGE OF EXPORT TRADING COMPANY LEGISLATION URGED

(**Mr. MORRISON** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORRISON. Mr. Speaker, there is much talk these days of bipartisan initiatives and proposals to assist our economy and increase employment. To label some of these measures as bipartisan, to this observer, amounts more to wishful thinking than reality. Yet, the thought is a correct one. We really must find legislation on which a consensus can be formed that will help lead our economy back to a position of strength and vitality.

In that regard, there is a bill currently being considered in Committee that is remarkable for its truly bipartisan credentials. The legislation has over 120 cosponsors in the House, almost evenly divided between the two parties. A version of the measure passed the other body by a unanimous vote. Both President Reagan and his predecessor have strongly endorsed it. The National Governors' Association twice has unanimously adopted resolutions urging its passage. A broad cross section of the business community enthusiastically endorses it.

The Export Trading Company legislation which will hopefully soon come to the floor for our consideration is a remarkable trade bill. Passage of the legislation would create over 300,000 new American jobs by encouraging small and midsized companies to begin to export their goods and services. By combining the products, skills, and resources of several U.S. companies to enhance their export capabilities, and by providing "one stop" export ge services such as market research, financing, documentation, transportation, and after-sales services, export trading companies will help mobilize our significant untapped export resources. By expanding the market for U.S. products, and by making those products more competitive in the world market, export trading company legislation will, without additional Federal expenditures, give our private sector the tools to do the job we all know it can do.

I urge my colleagues on both sides of the aisle to give this important legislation their strong support.

CONGRESS MUST NOT REVERT TO POLICIES WHICH CREATED ECONOMIC DISASTER

(Mr. **HUNTER** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **HUNTER**. Mr. Speaker, I am constantly amazed at how certain of my colleagues can so completely ignore the wishes of the American people as expressed through the 1980 elections. In a Pavlovian response they immediately react to the word "budget" with proposals of higher taxes, reduced defense outlays, and ever-increasing Government social spending. Mr. Speaker, Congressman Jones' budget proposal seeks to permanently bury the American taxpayer in the failed policies of the past.

If enacted, this formula for economic stagnation would place $150 billion in new taxes on the backs of America's wage earners while stripping $46 billion from our efforts to restore America's defense capabilities.

Mr. Speaker, we have come a long way in restoring the economic health of this Nation. We have made great strides in our efforts to control inflation, and the economic indicators point toward recovery. This is not the time to revert to a set of policies which created the economic disaster from which we are trying to extricate ourselves.

BUDGET COMMITTEE PROPOSES TO RAISE INCOME TAXES

(Mr. **MARTIN** of North Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **MARTIN** of North Carolina. Mr. Speaker, late—very late—last night the House Budget Committee came to what will be adopted today by that Budget Committee. It is an agreement that basically will raise taxes significantly over the next 3 years. I think we have got to put this in perspective, Mr. Speaker.

After years of automatic tax increases, with taxes rising much faster than inflation, this fiscal year will take $623 billion in taxes, which is an increase over last year—it is not a decrease; it is an increase. There has been a lot said that the tax cut we passed last year was too big, the largest tax cut in history. Yet, in fact, with that tax cut, annual revenues will not decrease. They will not go down over the next 3 years. They will rise by $157 billion over the next 3 years.

This year, revenues will be $623 billion. By 1985 they are forecast by the Congressional Budget Office to go up to $780 billion under current law. That is a 25-percent increase over this year, and is a faster rate of increase than inflation. What the House Budget Committee Democrats are proposing is to raise taxes even faster, to raise taxes by 36 percent to $846 billion, by 1985. Mr. Speaker, that partisan proposal will cause taxes to rise at a rate two-thirds faster than inflation.

Mr. Speaker, I am including a longer statement on this subject in the section on Extensions of Remarks.

☐ 1140

JOHN MAYNARD KEYNES AND THE LAFFER CURVE

(Mr. **LUNGREN** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **LUNGREN**. Mr. Speaker, many of my colleagues especially those majority members of the Budget Committee would be surprised to learn that John Maynard Keynes subscribed to the Laffer curve theory, that at higher and higher tax rates, less work, investment, and Government revenues result.

In 1933 it was Keynes himself who wrote:

> Nor should the argument seem strange that taxation may be so high as to defeat its object, and that . . . a reduction of taxation will run a better chance, than an increase, of balancing the Budget.

This is exactly what the marginal tax reductions of President Reagan's economic program are all about: working toward a balanced budget through greater economic productivity, not through increased tax rates and a weaker economy.

But the majority of the Budget Committee would prefer, instead, to substantially increase taxes in order to work toward a balanced budget. These are old and tried policies that have clearly failed us.

Listen to what Keynes had to say about increasing taxes to achieve this aim.

> (This resembles) a manufacturer who, running at a loss, decides to raise his price, and when his declining sales increase the loss . . . decides that prudence requires him to raise the price still more.

So Keynes would agree, Mr. Speaker, that in our present budget debate, raising taxes certainly does not make good business or economic sense.

COMMONSENSE NEEDED TO SOLVE BUDGET PROBLEMS

(Mr. **PARRIS** asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. **PARRIS**. Mr. Speaker, it is time for this Congress to talk commonsense on the matter of a Federal budget for fiscal year 1983 and thereafter.

We are in a vicious cycle. So long as the deficits stay high, the interest rates stay high; so long as the interest rates stay high, unemployment stays high, bankruptcies soar, and the economy remains in recession.

The key to recovery lies in reducing these fantastic and unacceptable rates of interest, and the key to reducing those rates of interest lies in doing something positive about reducing the deficits. This is the starting point, and I simply do not understand why we should find ourselves in a situation that is so difficult to resolve.

Mr. Speaker, it ought to be possible for men of good will to find acceptable common ground for solution of our economic problems. It is time for us to get on with the business of governing this Nation in a responsible way at an early time and end this political and economic paralysis that grips us now.

SEPARATING SOCIAL SECURITY FROM BUDGET CONSIDERATIONS

(Mr. **McCOLLUM** asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. **McCOLLUM**. Mr. Speaker, I wish to take this opportunity to commend my good friend and colleague, our Republican leader, the gentleman from Illinois (Mr. Michel), for his statements yesterday and his proposal yesterday to bring the Republican leadership foursquare in favor of the proposal that I have been advocating for a long time to remove the social security trust fund completely from the budget and separate it out where it should be in an entirely separately considered matter.

There is no reason for us to see the politicizing of social security that has been going on on the floor of this House and in the committees and in the newspapers that scares the daylights out of many of our retired senior citizens totally without any reason or necessity.

We have a social security trust fund that needs revision, that needs study, and that needs care. We have a commission currently studying that problem which will report back at the end of the year, and we as Members of the House know good and well that when this is all said and done, we are going to make sure the social security system is sound and the trust funds are there, and that those who are about to retire will receive the benefits they have earned.

Mr. Speaker, there is no reason to see my colleagues on the other side of the aisle in the Democratic Party making spurious partisan political attacks, concerning social security and the budget and I commend the gentleman from Illinois (Mr. MICHEL) for his efforts to take social security out of the budget and place it off budget where it belongs inasmuch as it is separately funded out of social security taxes instead of general revenues and never belonged in the budget in the first place.

THE BALANCED BUDGET SECTION DELETED

(Mr. FOWLER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. FOWLER. Mr. Speaker, I offer the following message as a public service announcement.

We were just treated in the well of the body to some crocodile tears shed by the gentleman from Pennsylvania (Mr. WALKER) over a Republican amendment that was offered yesterday which deleted the only section in the body of U.S. law that would have required a balanced budget. That amendment was offered by the Republicans, it was supported and passed.

Mr. Speaker, I could only say that those of us who try to practice what we preach when we try to bring down these glaring deficits, now approaching $200 billion as a result of the policies of this administration, should point out that it was a Republican amendment that has made our task more difficult.

The SPEAKER pro tempore (Mr. SEIBERLING). The time of the gentleman from Georgia (Mr. FOWLER) has expired.

TAX BREAKS FOR THE RICH

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, yesterday's Washington Post reported that the Attorney General, William French Smith, late last year personally invested $16,500 in an oil and gas tax shelter that gave him four times that amount in tax deductions.

I have no quarrel with the Attorney General. He has made financial sacrifices to enter public service. Dun & Bradstreet's Business Monthly currently reports that the Attorney General placed over $1 million in a blind trust in order to be a member of the President's Cabinet.

It is entirely proper for citizens to take full advantage of tax breaks allowed by law, and it is no crime to be rich.

The villain is the Tax Code. There is something wrong with a tax system which lets wealthy investors "launder" taxable income through a tax shelter to turn it into capital gains, taxed at a rate much lower than that paid by middle-income taxpayers whose income does not permit them those opportunities.

Once again, Mr. Speaker, we see the inequity of a Tax Code that favors the rich—a bias that the Reagan administration has sought to strengthen rather than to reform.

PROVIDING FOR CONSIDERATION OF H.R. 5890, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION, 1983

Mr. HALL of Ohio. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 460 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 460

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5890) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendment thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. HALL) is recognized for 1 hour.

Mr. HALL of Ohio. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), for purposes of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 460 is a simple open rule providing for the consideration of H.R. 5890 which authorizes appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities and research and program management and for other purposes. The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology. The rule also provides for one motion to recommit.

H.R. 5890 authorizes $6.6 billion for NASA's activities during fiscal year 1983. The largest single item in the authorization is $1.7 billion for the continued activities of the Space Shuttle program. Also included in the bill is an authorization of $15 million requested by the administration for the Department of Commerce to assume management and operation of a civil land remote sensing space satellite system.

Mr. Speaker, I know of no controversy on this rule and I urge my colleagues to adopt it.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may use.

□ 1150

The able gentleman from Ohio has described the provisions of the rule, and to some extent also the provisions of the bill.

There is no controversy on the rule. It is a 1-hour open rule. Mr. Speaker, the bill makes authorizations for NASA for 1983.

I urge adoption of the rule. I urge the passage of the bill when it is presented to the Members on the floor.

I have no requests for time and I yield back the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON SCIENCE AND TECHNOLOGY TO HAVE UNTIL MIDNIGHT, TUESDAY, MAY 18, 1982, TO FILE REPORTS ON H.R. 6324, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION AUTHORIZATION AND H.R. 6323, ENVIRONMENTAL PROTECTION AGENCY AUTHORIZATION

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that the Committee on Science and Technology may have until midnight on Tuesday, May

18, 1982, to file its legislative reports on H.R. 6324, the National Oceanic and Atmospheric Administration fiscal year 1983 authorization, and H.R. 6323, the Environmental Protection Agency fiscal year 1983 authorization, and that such filing be deemed to be in compliance with section 402(a) of the Congressional Budget Act of 1974 with respect to fiscal year 1983 authorizations.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION, 1983

Mr. **FUQUA**. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5890) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes.

The **SPEAKER** pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. Fuqua).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 5890, with Mr. Anthony in the chair.

The Clerk read the title of the bill.

The **CHAIRMAN**. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Florida (Mr. Fuqua) will be recognized for 30 minutes, and the gentleman from Kansas (Mr. Winn) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. Fuqua).

Mr. **FUQUA**. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 5890, which would authorize fiscal year 1983 funds for the National Aeronautics and Space Administration Act and for NOAA Landsat activities.

I want to congratulate Mr. Flippo, chairman of the Subcommittee on Space Science and Applications and Mr. Glickman, chairman of the Subcommittee on Transportation, Aviation and Materials for their leadership in bringing this legislation to the floor. They have done an outstanding job in perfecting this legislation. I also want to acknowledge the efforts of Mr. Winn, Mr. Hollenbeck, and Mr. Goldwater on the other side of the aisle.

We have witnessed three near perfect flights of the Space Shuttle which have renewed our Nation's confidence in our own greatness and demonstrated to the world that we are again first in space. But we cannot rest on our laurels because the competition in international space activities is increasing at a rapid rate. Our space program plays a positive role in exerting world leadership in political, economic, as well as military arenas which we must exploit to advantage.

Mr. Chairman, the bill before us represents a very austere budget. The committee, I believe, has acted in a very responsible manner. The committee in considering this legislation has stayed within the President's request for space activities while adding $35.1 million to the administration's request for aeronautical activities.

In the aeronautics program, the committee is recommending an authorization of $267.1 million for fiscal year 1983 which is less than the amount appropriated for aeronautical research in fiscal year 1981. So no one can say we are not holding the line. Included in this category are a host of aeronautical research projects that will eventually return many times their initial investment. One need only look at the annual balance of payments to prove this. In 1980, for example, U.S. companies sold over $12 billion in civil aerospace products to foreign customers. This was the largest single, favorable contribution to our balance of payments. This success can be credited, in large part, to past Federal investments in aeronautical research. So, I think the lesson is clear. If we want to continue to enjoy the benefits of leadership in this area, we must continually develop better technology.

NASA's activities are designed to maintain U.S. leadership in aeronautical and space research and technology and its utilization. More specifically, the objectives of NASA activities are to:

Extend our knowledge of the Earth, its environment, the solar system, and the universe;

Expand the practical applications of space technology;

Develop, operate, and improve manned and unmanned space vehicles;

Improve the civil and military usefulness of aeronautical vehicles;

Disseminate pertinent findings to potential users; and

Promote international cooperation in peaceful activities in space.

The NASA fiscal year 1983 budget authorization of $6,647,300,000 provides for progress toward achievement of these objectives at a pace consistent with the constrained Federal fiscal environment. I am including in the Record a comparison of the NASA fiscal year 1981 and fiscal year 1982 operating plans, the NASA fiscal year 1983 budget request and the committee action on the fiscal year 1983 budget.

Space program elements in the budget provide for progress in development of the operational capability and use of the Space Shuttle and related systems; in technology development for application of space capabilities to remote sensing of the Earth's surface and atmospheric conditions, to materials processing, and to communications; in exploration of the solar system and expansion of our knowledge of the universe; and in advancing the technology necessary for U.S. leadership in space. Major areas of emphasis include:

Design, development, test, and evaluation of the Space Shuttle to be completed in fiscal year 1982. The manufacture of orbiter vehicles will continue on a schedule consistent with the requirements of the Department of Defense and civil users. The Space Shuttle is progressing toward the initial operational flight scheduled for early fiscal year 1983. Two successful orbital flight tests have been completed, and two additional orbital flight tests are scheduled during fiscal year 1982 leading to this operational capability. The Space Shuttle, the first reusable Earth-to-orbit transport vehicle, will be the key element in the space transportation system which will also include upper stages to provide high altitude orbit and planetary capability, and the Spacelab being developed by the European Space Agency to provide a new capability for conducting experiments in space. This space transportation system will provide the basic capability for a new era of operations in and utilization of space. The fiscal year 1983 program continues development of improved Shuttle performance and preparation for the initial demonstration of the capability of the Space Shuttle to rendezvous with and repair spacecraft in orbit.

Space science flight missions and research and analysis to expand human knowledge of the Earth's environment, the solar system, and the universe. Specifically, work will continue on the Galileo orbiter and probe mission to Jupiter as the next step after Voyager in exploration of the outer planets; on the Space Telescope to provide a quantum jump in our ability to observe the universe; on the Gamma Ray Observatory to study extremely high energy phenomena and on the refurbishment of the Solar Maximum Mission spacecraft and instruments to return this system to full operational status with the aid of the Shuttle.

Space applications flight missions and ground-based activities to develop the technology to use space capabilities in meeting needs on Earth. For example, Landsat-D will be launched in fiscal year 1982 and, in fiscal year 1983, work will continue in preparation for launch of the Landsat-D spacecraft to extend and improve Earth resources observations from space; on the Earth Radiation Budget satellite to measure the exchange of energy between the Earth and space; on the search and rescue locator system to be flown on weather satellites initially in 1982; and, on the upper atmospheric research satellite experiments to monitor the upper atmosphere. Preparation for materials processing experiments taking advantage of the space environment, and technology development in advanced satellite communications are also part of the applications program. The fiscal year 1983 budget reflects a deemphasis of Federal Government involvement in major space demonstration projects with greater reliance on industry to support development with commercial applications.

Space research and technology activities emphasizing the longer range aspects of technology which are crucial to future U.S. leadership in space.

Aeronautical research and technology activities in the budget are necessary to advance the aeronautical technology base for safer, more economical, efficient, and environmentally acceptable air transportation systems which are responsive to current and projected national needs; to maintain the long-term competitive position of the United States in the international aviation marketplace; and to support the military in maintaining the superiority of the Nation's military aircraft. The fiscal year 1983 program continues emphasis on the fundamental research and technology base in all disciplines and speed regimes vital to aeronautics. Specific technology efforts will continue directed toward major improvements in low-speed and high-speed aircraft, with priority accorded to advancing national security objectives.

Mr. Chairman, I want to further discuss the significance of the Space Shuttle program. There are many reasons why the Space Shuttle is an important and logical step in manned space flight and the U.S. space program:

First, the Shuttle is our only manned space activity.

Man has worked hard to achieve—and has indeed achieved—the freedom of mobility on land, the freedom of sailing on his oceans, and the freedom of flying in the atmosphere. And he has discovered that he can also have the freedom of space. Man has learned to fly in space, and man will continue to fly in space. Given this fact, the United States cannot forgo its responsibility—to itself and to the free world—to have a part in manned space flight. And the Space Shuttle is clearly the most meaningful and useful manned space program for the coming decade.

Second, the Space Shuttle is needed to make space operations less complex and less costly.

Today we have to mount an enormous effort every time we launch an expendable space vehicle. The reusable Space Shuttle gives us a way to avoid this. This airplane-like spacecraft makes a launch into orbit an almost routine event at a cost much less than the expendable launch vehicles. This is possible by not throwing everything away after we have used it just once—just as we do not throw away an airplane after its first trip from Washington to Los Angeles.

The Shuttle also allows for less cost to payload development. A satellite that will be launched in the Shuttle will no longer have the environmental, structural, weight, and other associated constraints as those launched on an ELV. If an anomaly should occur to the satellite, the Shuttle makes it possible to retrieve or repair, eliminating the need to throw away a costly satellite.

Fourth, the Shuttle will encourage far greater international participation in space flight.

Since the initiation of the development of the Shuttle program many European nations have been participating in a joint program to develop the Spacelab. The Spacelab program is a cooperative effort between NASA and the European Space Agency (ESA). ESA is designing and developing the flight hardware. The Spacelab will initiate a new era for space experimentation. Considerable international utilization of the Shuttle/Spacelab capability is now underway and future activity is being planned. In their long-range planning, other nations see the transition from the demonstration phase to the operational and commercial application aspects of space exploitation. Within this framework, the trend is toward greater flexibility, larger instruments, and instrument groupings, and longer mission durations. The capabilities of the Shuttle/Spacelab offer new opportunities in the exploration and use of space.

The globally televised launch and return of the first three flights of *Columbia* calls to mind the proven significance of the space program in the arena of international relations and understanding and, thus, in the preservation of world peace. Because of the magnitude and ambitious character of NASA's space program, the United States can look back on a long and fruitful history of collaboration with European and other nations. Future opportunities for international cooperation will greatly exceed past joint activities because of the Space Shuttle program.

The initiation of routine space transportation operations in late 1982 will mark the culmination of about 20 years of planning, designing, and development of a reliable, readily accessible, and economically superior method to operate in space, for the purpose of expanding Earth-bound man's control over his destiny as an inhabitant of the only known life-supporting body in the solar system.

The Space Shuttle and NASA's future planning toward human permanence in space is the main element of NASA's conformance to the Space Act of 1958. It is currently structured to support a space program that meets the objectives of the past administration's civil space policy. As we move into the 1980's and prepare to respond to new challenges that will face us, we should review these policies and plan for the future, particularly with a view toward technology-driver projects that will help to provide the United States with the leadership in technology and its applications that is mandated by the Space Act.

One of these new challenges that appears as an important issue when considering the international aspects of the Space Shuttle is the challenge of international competition in space.

After over coming the Soviet Union's initial lead in space in the early sixties, the United States has generally maintained overall leadership in exploiting the various advantages that space offers. More recently, however, the United States has begun to lag the U.S.S.R. in some areas, such as long-duration manned orbital flight with its opportunities for extensive experimental and empirical data in such areas as life sciences, materials processing, assembly and repair, manned observations, and command and control. Other countries are becoming increasingly competitive. In particular, the current vigor of Soviet manned space program activity indicates continued expansion of capabilities and an increase in military space operations. During 1980 and 1981 the U.S.S.R. launched nine manned flights including a 185-day space station mission, the longest in history and more than double the length of the longest U.S. mission to date—Skylab-3, 84 days.

Increasing competition to U.S. operations in space can also be expected from the European Economic Community which, through the European Space Agency (ESA), is developing its own space transportation system, the expendable Ariane, scheduled to become operational in 1982 after its third and fourth test flight, now planned for this year. Ariane, designed to compete with the U.S. Shuttle and already drawing customers from it, will be able to launch Atlas-class payloads to geosynchronous transfer orbit (1,700 kg) while follow-on versions in development or planning have capabilities beyond that—up to 2,420 kg. Even a fully reusable crew and supply transport vehicle, the Hermes, is being studied for a two-stage version of Ariane V. In Japan, orbital capability will be provided by the Japanese-developed "N" launch vehicle, also to compete with the United States in the provision of launch services to geosynchronous orbit.

On the other hand, the emerging user community for the Space Shuttle includes numerous foreign countries whose initial response to the Shuttle program's offer of launch services has been excellent. Among the dozens of spacecraft sponsors that have already reserved space for their pay loads are such international missions, as Insat, Arabsat, Telesat, Palapa, Spacelab, MEA/MAUS, and Solar Polar, with the result that the first 60 operational flights of the space transportation system are already almost completely booked.

International involvement has been an important feature of the Space Shuttle program since its inception. Nine member countries of ESA—Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain, Switzerland, and the United Kingdom—entered into an agreement in September 1973 with the United States to undertake, as an ESA special project funded entirely in Europe, possibly in excess of $800 million, to design, develop, manufacture, and deliver to NASA a space laboratory, called Spacelab, for use with the Shuttle. Austria, an ESA observer, is also contributing to the Spacelab development. ESA delivered the first Spacelab flight unit earlier this year.

Also, the National Research Council of Canada (NRCC) undertook in June 1975 to design, develop, and manufacture a Space Shuttle attached remote manipulator system (RMS) at Canadian expense. The RMS will deploy payloads from the Shuttle cargo bay, retrieve them, and perform certain payload servicing operations in space, all under remote control from the orbiter flight deck.

In summary, while previous international undertakings in space have amply demonstrated that the lifestyles and general well-being of mankind can be enhanced by reaching out beyond the Earth's atmosphere to exploit the unique properties of space, the Space Shuttle is the first significant quantum leap with the potential to make those operations a routine international activity. With its introduction, the United States, thus, is offering the services of a new, unique and highly useful transportation system to the world, comparable in its significance to the railroad some 100 years ago and the DC-3 aircraft 46 years ago.

I urge the support of my colleagues for H.R. 5890.

TABLE I.—FISCAL YEAR 1983 NASA AUTHORIZATION COMMITTEE RECOMMENDATIONS

[In thousands of dollars]

Line item	Fiscal year 1981 operating plan	Fiscal year 1982 operating plan	Fiscal year 1983 NASA request	Committee action
1(a)(1) Space Shuttle	1,995,000	2,163,000	1,718,000	1,706,500
1(a)(2) Space flight operations	679,200	895,900	1,707,000	1,699,000
1(a)(3) Expendable launch vehicles	54,400	31,700	42,800	42,800
1(a)(4) Physics and astronomy	373,700	323,500	471,700	463,500
1(a)(5) Planetary exploration	175,600	205,000	154,600	177,600
1(a)(6) Life sciences	42,188	39,500	55,700	55,700
1(a)(7) Space applications	331,550	325,800	316,300	330,300
1(a)(8) Technology utilization	8,800	8,000	4,000	9,000
1(a)(9) Aero. research and technology	271,400	233,000	232,000	267,100
1(a)(10) Space research and technology	110,790	111,000	123,000	128,000
1(a)(11) Space tracking and data analysis	339,900	402,100	508,900	498,900
Subtotal—Research and development	4,334,338	4,738,000	5,334,000	5,378,400
Subtotal—Construction of facilities	116,950	98,700	100,000	100,000
Subtotal—Research and program management	1,071,064	1,103,300	1,178,900	1,168,900
Total	5,522,352	5,940,000	6,613,900	6,647,300

Mr. WINN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 5890, the National Aeronautics and Space Administration Authorization Act.

At a later date I will offer an amendment to reduce the authorization for aeronautical research and technology from $267.1 million to $232 million requested by the President.

At this time, Mr. Chairman, I yield to the ranking Republican on the Space Science and Applications Subcommittee, the gentleman from New Jersey (Mr. HOLLENBECK), who would like to make some opening remarks at this time.

Mr. HOLLENBECK. Mr. Chairman, I rise in support of H.R. 5890, the National Aeronautics and Space Administration authorization for fiscal year 1983. This bill provides for a sound NASA program for the coming year and includes the administration request in title II of the bill to authorize appropriations for the NOAA Landsat activities.

At the outset I want to congratulate the gentleman from Alabama (Mr. FLIPPO) the chairman of our Space Science and Applications Subcommittee, for the fine work he has done in bringing this legislation to the floor. He and I have worked in harmony throughout the authorization process to bring the best possible consensus bill to the floor. I appreciate his cooperation in this effort, as well as that of the gentlemen from Kansas (Mr. WYNN) and Florida (Mr. FUQUA).

Mr. Chairman, let me speak for a few moments about some of the highlights of this legislation. We all know that throughout the seventies NASA and its budget came under increasing criticism from the public and toughening scrutiny from the Congress. The glamour of the Moon landings had long since faded, the spotlight of national attention dimmed. One year ago, last April, all of this changed. I doubt there was a single American who was not filled with pride and awe when the magnificent Space Shuttle *Columbia* first roared into the heavens. This was truly NASA's finest hour. Since that time, we have seen three near perfect flights of the national space transportation system and an increasing amount of public support for the space program. The Space Shuttle is the first reusable space vehicle. It will be used to carry many different types of payloads to and from low Earth orbit. It is without doubt the technological marvel of our time that will once again move the United States to its preeminent position in space that we once occupied during the Apollo program. The American public realizes now that not only is our new space program glamorous, but it also will give us a real return on our tax dollar investment.

I am pleased that there was bipartisan support for the space portion of the NASA authorization bill, which included an 11-percent increase over fiscal year 1982. While we did rearrange some funding within line items, the bottom line was that we kept the administration's request. The aeronautics portion of the bill reflects a $35.1 million increase over the NASA request. I personally supported this increase because of my commitment to civilian aeronautics research, and my feeling that the administration position shortchanges the future of American aeronautics.

Major aspects of the bill in space activities include a $23-million reduction to cancel the solar maximum retrieval mission; a $5-million increase for phase B studies of the controversial high energy upper stage issue; increases in data analysis from our series of solar system satellites that would have otherwise been "turned off" in 1983; funding provisions for the Hawaiian Infrared Telescope Facility; and reductions in the space tracking and data analysis, and research and program management areas.

Mr. Chairman, I emphasize that this bill reflects our continued commitment to a number of programs that would have otherwise been substantially reduced or eliminated, and an effort to preserve those which are vital to America's future.

I urge my colleagues to support H.R. 5890.

Thank you.

□ 1200

Mr. FUQUA. Mr. Chairman, I yield 6 minutes to the distinguished chairman of the Subcommittee on Space Science and Applications, the gentleman from Alabama (Mr. FLIPPO).

Mr. FLIPPO. Mr. Chairman, I rise in strong support of H.R. 5890, the NASA authorization.

Mr. Chairman, in a brief summary of the items contained in the NASA budget for fiscal year 1983, I would like to report to you that it preserves the Space Shuttle production schedules leading to an operational fleet of four orbiters that support the civilian and military needs from launch sites on both coasts. It supports continued development of the Space Telescope. It provides funds to keep the schedule for the Galileo mission to Jupiter for a 1985 Shuttle launch on the IUS. It provides for continued support for flight missions such as the Voyagers I and II and the Pioneers 6 through 11 that have been launched and are now returning very valuable scientific data. It provides for continued development of Landsat-D for launch in 1982 and for Landsat-D prime for launch in 1985. It supports preparation for the early years of the Shuttle operations leading to the initial flight rate capability of 24 flights per year. it authorizes continuation of U.S. support to the International Solar Polar Mission with only the European spacecraft. It provides for the deletion of funds for the Venus orbiting imaging radar mission. It provides for launch and the initial operation of the tracking and data relay satellite system. It lowers the NASA civil service employment levels by 433 from the previously planned level of 21,632.

Mr. Chairman, I am aware of the hard choices which must be made where there are many worthwhile and important programs to support because in order to provide funds to restore support to the planetary university community, and to continue operations of eight Pioneer spacecraft, and to continue operation of the infrared telescope facility, we had to delete a NASA proposed Space Shuttle/solar maximum mission retrieval/repair demonstration activity.

Mr. Chairman, NASA is one of the few Federal agencies whose spending power has decreased over the last 15 years. The spending power in the NASA budget is less than one-third of what it was 15 years ago. While NASA spending represented more than 4 percent of the Federal budget outlays in 1966, it represents less than 1.7 percent of the Federal budget outlay for 1982.

Mr. Chairman, these trends do not recognize the positive contributions which the NASA programs make to national defense, to the Nation's economy, to the monitoring of our natural resources, to energy and mineral exploration, and to the expansion of scientific knowledge.

Mr. Chairman, this legislation is assessed to have no long-run adverse inflationary effect on prices and costs in the operation of the national economy.

The most significant economic effects of NASA spending are in the long-run productivity advances from new technologies developed for the space and aeronautics programs. They have contributed greatly to advances in communications, to improved aircraft, to the development of remote sensing satellites, and to other innovations which have both improved the productive capacity of our industry and they have stimulated the development and the growth of many new industries.

Mr. Chairman, in developing the bill before us today, I want to thank the gentleman from New Jersey (Mr. HOLLENBECK) for his efforts, and I want to recognize the dedicated efforts of the members of the Committee on Science and Technology and, in particular, my colleagues on the Subcommittee on Space Science and Applications. Each member of the subcommittee on both sides of the aisle has made significant contributions. As always, we have depended on the judgment of the gentleman from Florida (Mr. FUQUA), the chairman of the full committee, and the gentleman from Kansas (Mr. WINN) for their personal insights into the complex problems that have come before us.

Mr. Chairman, I think that it is important that we consider the economic impact of this budget in many respects. Whereas everyone knows unemployment is a major problem in our Nation today, significant structural changes are quietly taking place in the economy. The number of manufacturing jobs enjoyed by the people of the United States and the workers of the United States is decreasing significantly, while at the same time the growth industries are aeronautics, computers, electronics, and communications. Those growth areas are coming from the technology developed from the science investments made by the Members of Congress and the Federal Government in their Federal expenditures many years ago. They either developed those industries or they provided the focus for the development of those industries. And to the degree that our economy benefits from it today, it is a direct result of those expenditures in the past. To the extent that we do not pay attention to the necessary expenditures in this important area today, it is to that extent that we will penalize the economy of the future.

Mr. Chairman, in conclusion, I want to address NASA's advanced program plans and the need for long-range goals. This committee has continuously urged increased emphasis by NASA on advanced programs. I remain deeply concerned about the need for revitalization of this important area in order to maintain our technological leadership and our potential for providing mature, well understood definition of future systems.

I am talking specifically about the scope and the depth of our preparations for those future actions and concepts which NASA and DOD and perhaps our European allies will have to develop to meet major space needs over the next 10 to 15 years. At present, the scope and the depth are missing. I am concerned that the protected failure to augment our insufficiency in the area of advanced programs could place this Nation in a situation where the technology would not be ready for us to respond with deliberation, efficiency and effectiveness to the new needs that we will be facing. If we are willing to live with this position of impotency, then undoubtedly we will have to launch a high-priority crash program at some future time, with the attendant problems and costs associated with it. There is a continuing need to insure U.S. preeminence in space for many national reasons, and I fear that we are not going in that direction.

Mr. Chairman, let me now cover the provisions and legislative history of the bill in more detail:

The bill contains two titles—title I which authorizes appropriations for NASA and title II which authorizes appropriations for NOAA Landsat activities.

This bill was reported by the Committee on Science and Technology on April 28, 1982, by voice vote. The committee recommended changes to nine research and development budget line items, and reduced the research and program management line item. The committee also adopted an amendment to title II, the NOAA Landsat authorization, which would prohibit the use of funds authorized in title II to transfer land remote sensing system ownership or management to the private sector without approval of the authorizing committees of the House and Senate.

For the benefit of the committee, I will summarize the bill and the actions taken.

The NASA fiscal year 1983 budget request was $6,612,900,000. The actions recommended by the Committee on Science and Technology result in a budget authorization of $6,647,300,000 which is $34.4 million more than the request.

The differences between the committee action and the administration's request are summarized as follows:

A. Space Shuttle.—$5.0 million decrease for performance augmentation; $6.5 million decrease in Space Shuttle Production activities related to the Solar Maximum Mission repair demonstration.

B. Space Flight Operations.—$5.0 million increase for phase B studies of a high energy upper stage; $8.0 million decrease in Space Transportation Operations activities related to the Solar Maximum Mission repair demonstration; $5.0 million decrease in Development, Test and Mission Support.

C. Physics and Astronomy.—$1.0 million increase for High Energy Astronomical Observatory data analysis; $9.2 million decrease for activities related to the Solar Maximum Mission repair demonstration.

D. Planetary Exploration.—$12.0 million increase for Mission Operations and Data Analysis; $11.0 million increase for Research and Analysis.

E. Space Applications.—$4.0 million increase to continue Technology Transfer activities; $5.0 million increase in Materials Processing; $5.0 million increase for studies of a 30/20 gigahertz flight demonstration program.

F. Technology Utilization.—$5.0 million increase.

G. Aeronautical Research and Technology.—$35.1 million increase for systems technology activities.

H. Space Research and Technology.—$5.0 million increase in advanced space propulsion activities.

I. Space Tracking and Data Analysis.—$10.0 million decrease reflecting a further adjustment in the Tracking and Data Relay Satellite System payment schedule.

J. Research and Program Management.—$10.0 million decrease.

With regard to title II, the NOAA Landsat authorization, the committee adopted the administration request of $14,955,000 but also adopted an amendment to title II which would prohibit the use of funds authorized in title II to transfer land remote sensing ownership or management to the private sector without approval of the authorizing committees of the House and the Senate.

In considering the NASA fiscal year 1983 budget request and the NOAA fiscal year 1983 budget request for Landsat activities, the Subcommittee on Space Science and Applications held 14 days of hearings in February and March 1982 to review the status of NASA space and NOAA Landsat activities. Testimony was taken from representatives of NASA, the U.S. Air Force, the National Oceanic and Atmospheric Administration, and the industrial and scientific community. The aeronautics activities of NASA were considered separately by the Subcommittee on Transportation, Aviation and Materials, and will be discussed in detail by the gentleman from Kansas (Mr. GLICKMAN).

The NASA budget for fiscal year 1983 before you:

Preserves the Space Shuttle production schedules leading to an operational fleet of four orbiters supporting civil and military needs from launch sites on both coasts;

Supports continued development of the Space Telescope;

Schedules the Galileo mission to Jupiter for a 1985 Shuttle launch using the inertial upper stage;

Continues support for flight missions such as Voyager and Pioneer that have been launched and are returning valuable scientific data;

Provides for continued development of Landsat-D for launch in 1982 and Landsat-D for launch in 1985;

Supports preparation for the early years of Shuttle operations leading to an initial flight rate capability of 24 flights per year;

Authorizes continuation of U.S. support to the international solar polar mission with only the European spacecraft;

Deletion of funds for the Venus orbiting imaging radar mission;

Launch and initial operation of the tracking and data relay satellite system; and

Lowers NASA civil service employment levels by 433 from the previously planned level of 21,652.

As a Member of Congress, I am aware of the hard choices which must be made when there are many worthwhile and important programs to support. In order to provide funds to restore support to the planetary university community, to continue operation of eight Pioneer spacecraft, and to continue operation of the Infrared Telescope Facility, we had to delete a NASA-proposed Space Shuttle/solar maximum mission retrieval/repair demonstration activity.

NASA is one of the few Federal agencies whose spending power has decreased over 15 years. The spending power in the NASA budget is less than one-third of that 15 years ago. While NASA spending represented 4.4 percent of Federal budget outlays in fiscal year 1966, NASA spending represents less than 0.78 percent of Federal budget outlays in fiscal 1982. These NASA budget trends do not recognize the positive contributions which the NASA programs can make to national defense, the Nation's economy, monitoring of our natural resources, energy and mineral exploration, and the expansion of scientific knowledge.

Mr. Chairman, this legislation is assessed to have no adverse long-run inflationary effects on prices and costs in the operation of the national economy. NASA expenditures are labor intensive, with approximately 85 percent of spending directly for jobs and the remainder for materials. NASA employs about 22,000 civil servants and supports about 117,000 contractor employees. Assuming a multiplier effect of 2.5, the total, short-run employment effect on the U.S. economy is about 350,000 jobs. This represents less than one-half of 1 percent of the total civilian labor force in the United States—far too small to have a significant national effect, although there could be small industrial and regional employment and price changes influenced by NASA expenditures.

The most significant economic effects of NASA spending are the long-run productivity advances from new technologies developed for the space and aeronautics programs. Many direct advances in communications satellites, improved aircraft including more energy efficient aircraft, remote sensing satellites, and other innovations have both improved the productive capacity of industry and stimulated the development and growth of many new businesses. Indirectly, through the development and dissemination of advanced technologies to U.S. firms, the spinoffs from the space and aeronautics programs have been applied in virtually every sector of the economy.

Although it is difficult to assess the results of the various macroeconomic studies of the effects of NASA spending on GNP, it is clear from analyses done by the Midwest Research Institute, Chase Econometrics, Inc., and others, that NASA high-technology expenditures have returned more to the economy in substantial and long-lasting productivity gains than has been spent. Since these gains are through spinoff commercial advances, there are extra returns above and beyond the primary goal of NASA programs: the successful completion of the various R. & D. mission assignments. Therefore, any gains which show positive returns to GNP in the long run indicate a noninflationary, significant return to the citizens of the United States.

In developing the bill before us today, I want to thank the gentleman from New Jersey (Mr. HOLLENBECK) for his efforts. I want to recognize the dedicated efforts of the members of the Committee on Science and Technology and in particular my colleagues on the Subcommittee on Space Science and Applications. Each member of the subcommittee on both sides of the aisle has made a significant contribution. As always, we can depend on the gentleman from Florida (Mr. FUQUA), the chairman of the full committee, and the gentleman from Kansas (Mr. WINN), the ranking minority member of the committee, for their knowledge and personal insight into these complex programs. Their diligent effort continues to be of immeasurable help in establishing a sound bill and strong NASA program.

Fiscal year 1983 marks the beginning of the Space Shuttle operational era with the fifth flight of the Shuttle, STS-5. A total of 28 operational flights are planned through fiscal year 1985 enabling NASA to maintain the U.S. position as a world leader in space transportation.

Space transportation is indeed an expanding business and, as with any business, when the market expands, so does the competition. The predominately French Arianespace Co. is actively marketing launch services with the ESA-developed Ariane rocket in direct competition with the United States. NASA is currently evaluating strategies to compete effectively with the Ariane within the arenas of both user pricing and added capabilities offered by the Shuttle.

The funds requested in the bill, together with reimbursements collected for launch services from customers, will provide for five operational Shuttle missions in fiscal year 1983 and also support the long-lead procurement of solid rocket boosters, external tanks, spare equipment, ground support equipment, and the manpower necessary to plan for and conduct operational missions in fiscal year 1984 and beyond.

Spacelab, a key element of the space transportation system, provides a versatile, general purpose laboratory which will conduct its initial mission in late 1983. Fiscal year 1983 funding requested by NASA for Spacelab will support procurement of the second flight unit and spare equipment from ESA. Successful implementation of these efforts is expected to aid NASA's continued promotion for the use of Spacelab by additional reimbursable users. NASA is currently scheduling Spacelab missions for the Germans and payloads for the French and Japanese.

Mr. Chairman, I now want to discuss the rationale for a number of important actions of the committee.

HIGH ENERGY UPPER STAGE

The additional funding in support of the system definition studies for a high-energy upper stage is crucial to the future orbital transportation needs of this Nation. The funding of this vital study area is consistent with the committee's desire to have NASA in the position of being the executive procurement agency.

To fully utilize the space transportation system's operational capability, it is imperative that we have the capability for transportation to geosynchronous orbit of payloads from 15,000 to 35,000 pounds depending upon future needs. Those future needs can be a mixture of operational capabilities in placing a payload to geosynchronous orbit in an expendable manner, placing a payload in geosynchronous orbit and recovering the orbital transfer vehicle for reuse again from an orbital base, and conducting payload round trips to geosynchronous orbit. Such an orbital transportation system should permit economical access high Earth orbits.

I believe it is the sense of the committee that this is the perfect timing for such a vital study effort which will influence this Nation's orbital transportation capabilties to the end of this century. Therefore, I strongly support the additional $5,000,000 for completion of competitive studies of an orbital transfer vehicle.

PLANETARY RESEARCH AND ANALYSIS

The programs carried out under this budget line item provide the framework and basis for the Nation's program of planetary exploration. Most of the research and analysis programs are carried out at universities through the country. It is in this area where the invaluable contribution of the academic community to planetary exploration is strongly felt. Activities under the program include the analysis and synthesis of data—including lunar rock samples—from past missions, the acquisition of new information from planetary astronomy and meteorite studies, a variety of supporting laboratory research efforts, and the planning of future planetary exploration.

The fiscal year 1983 budget request would support only a little more than half the effort undertaken 2 years earlier at a time when the planetary research and analysis activity was already so constrained that only a minimal effort could be mounted to study the newly returned Voyager data. As such, the budget request places in jeopardy the entire planetary exploration program. The restoration of $11,000,000 in this area will bring the program back to the level of fiscal year 1982 and will prevent the further erosion of this valuable technological resource. Specifically, the restoration will prevent the closing of the new Infrared Telescope Facility on Mauna Kea in Hawaii, and of the Lunar Curatorial Facility at the Johnson Space Center in Houston; will allow the continued analysis of data from the Voyager, Pioneer Venus, and Viking spacecraft; will reestablish a viable program of theoretical, observational, and laboratory studies which are required for understanding the origin and evolution of the solar system; and will support the continued planning of the future low-cost planetary exploration missions recommended by the Solar System Exploration Committee under Dr. Noel Hinners' chairmanship.

MATERIALS PROCESSING IN SPACE

The materials processing in the space program is establishing a research base on the role of gravitational influences in the processing of materials, particularly those of high-technological interest. There is a growing awareness, now, that phenomena such as convection, sedimentation, and bouyancy during fluid phase processing can limit the perfection and performance of an extremely wide range of materials and processes from semiconductor crystals to biological separation techniques. The key to obtaining this knowledge lies in sound research and in the ability to eliminate gravity for times long enough for measurement and experimentation.

The materials processing in the space program has a strong commitment to the former; and, the Shuttle now provides the unique and complementary opportunity for the latter. The benefits to both terrestrial as well as space processing can well be substantive—a view clearly shared by Russia, Europe, and Japan, who all now have active MPS programs as well. The NASA MPS program also assists in the commericalization of space processing by establishing unique arrangements for industry/Government-risk sharing in proof-of-concept joint endeavors. These no-exchange-of-funds programs produce benefits, not only to American industry, but to the research based NASA MPS program as well.

During the last 5 years, NASA has supported a technology transfer program which has been critical in providing the opportunity to diverse user groups to test and evaluate new, emerging satellite remote sensing technology and adapt it for everyday use in solution of their natural resources management problems. The success of this program has been unquestioned; it has been applauded by numerous public and private user groups, and has served as prime model for foreign governments which are planning to enter the satellite remote sensing arena. Now, as we enter into a new era of satellite remote sensing with Landsat-D and emerging microwave sensors, it is more critical than ever, that we continue a technology transfer program. I put forth the following rationale to support my recommendation:

First, since we have spent approximately $1 billion on developing excellent Landsat hardware, it seems very shortsighted not to appropriate modest funding for the testing, evaluation, and transfer of the technology to people who need to use it.

Second, users will be faced with the integration of a new technology in the Landsat-D thematic mapper in the near future with improved geometric, radiometric, and spectral characteristics. The adaptation of this technology will require a critical bridging process for the user community. If this bridging is not completed, much of which has been previously accomplished can be lost.

Third, termination of technology transfer will result in serious damage to the users' perception of program credibility at a time when an adequate user base is critical to the success of the U.S. civil operational land remote sensing satellite system. In addition, foreign satellite remote sensing systems will soon be operational and will be supported by aggressive market development and technology transfer efforts.

Fourth, remote sensing is still in an early phase of development, although the benefits are potentially large, the user community as well as the private remote sensing industry is still small, and perceives a high risk which impedes significant investment in the near future without some Government bridging.

Finally, **NASA** is mandated by the space Act of 1958 as well as the Stevenson-Wydler Technology Act of 1980 to maintain technology transfer and dissemination activities, particularly aimed at State and local governments and private industries. It is crucial to the success of the U.S. civil operational land remote sensing satellite system that this mandate continue to be carried out.

COMMUNICATIONS

As our Nation embarks into what is now being called the information era, there will be increased demands on the Nation's communications systems, and in particular, our space communications satellite industry. Recent forecasts of the communications needs of the public, private sector, and Government, have indicated that a new generation of space communications systems employing advanced communications technology will be required in the 1990's.

Unless new technology is made available, the growth of this major new industry will be arrested. The cost of services to the public will increase, new business and jobs will not be created, the productivity of the whole Nation will suffer, and very importantly, the United States will lose the lead to Japan and Europe in one of the few high-technology areas that we still dominate.

The economic security of the Nation depends on our support of advanced high-risk technology development programs such as **NASA**'s communication program. Previous sessions of Congress recognized this requirement to insure the continued preeminence of U.S. industry and asked **NASA** to increase its efforts in developing the advanced technology. Starting in 1979, **NASA** has been developing the advanced technology required to permit a more efficient use of the orbit and radio spectrum resources and thereby enable the large increases in capacity required.

NASA is to be commended on their rapid and effective response to our national needs and for their role as a catalyst in bringing focus to the technology development in this country. As they have done in the past with the Syncom, ATS, and CTS experimental satellites, **NASA** must now advance their activities to include the flight testing of the advanced technology essential to our continued preeminence in this very important field **NASA** should proceed now to effectively keep pace with competition from abroad in advanced satellite systems. A balanced program of basic research and development including feasibility flight testing is essential to the accomplishment of these goals. As a consequence **NASA** should proceed in fiscal year 1983 with the continuation of the proof-of-concept technology development and test program including the system definition studies required to initiate the proof of feasibility flight test phase of their program.

ADVANCED SPACE PROPULSION

To maintain the U.S. leadership in the development and effective utilization of liquid rocket propulsion systems, it is necessary to maintain the research and technology program being conducted by **NASA**.

The program involved research and technology for advanced Earth-to-orbit propulsion, orbital transfer propulsion, and onboard auxiliary propulsion systems.

The objective of the **NASA** program is to develop technology for continued improvements in performance, flexibility, and reusability of liquid rocket propulsion systems for future space transportation vehicles. The program involves technology for reusable propulsion systems for lower cost operations: High performance, variable thrust for more versatile orbital transfer operations; high reliability, efficient, and long-life position control and station-keeping propulsion for large space systems.

Specifically, work on advance high-pressure oxygen-hydrogen propulsion emphasizes technology advancement that will allow the future upgrading of life and performance of large, high-performance engines. This technology effort builds upon the knowledge established to date by the Space Shuttle main engine. Advances are applicable to the current engine as well as future higher performance configurations.

In orbit transfer vehicle propulsion, the program focuses on technology to enable a versatile, longlife, and reusable propulsion system capable of satisfying requirements for manned geosynchronous missions in the mid-to-late 1990's. In addition to reusability, this effort is focusing on facilitating maintenance and repair of a space-based vehicle, and on providing low-thrust operational capability for missions involving the orbital transfer of large flexible structures.

Research and development of onboard auxiliary propulsion systems for large space platforms or stations is focusing on new propellant combinations to reduce resupply costs while providing long service life.

In addition to putting the Nation in a position to embark on aggressive space initiatives, the strengthening of **NASA** space propulsion research and technology base through this program will contribute a partial means of offsetting a decline in the industrial base in the chemical propulsion field.

Mr. Chairman, in conclusion I want to address **NASA**'s advanced program plans and the need for long-range goals. This committee has continually urged increased emphasis by **NASA** on advanced program planning. I remain deeply concerned about the need for revitalization of this budget area to insure our technological leadership and our potential for providing mature, well understood definition of future systems.

I am talking specifically about the scope and depth of our preparations for those future actions and concepts which **NASA**, the DOD, and perhaps our European allies will have to develop to meet major space needs over the next 10 to 15 years. At present, this scope and depth are missing. I am concerned that protracted failure to augment our insufficiency in the area of advanced programs could place this Nation in a situation where technology would not be ready for us to respond to the new needs with deliberation, efficiency, and effectiveness. Unless we are willing to live with this position of impotence, the only other choice would then have to be to launch a high-priority crash program at some future time, with its attendant disadvantages of cost, risk, social disruption, and so forth.

What are some of these emerging needs?

First, there is the continuing need to insure U.S. preeminence in space for reasons of national morale, political prestige, advancement of U.S. science and technology and educational motivation and stimulation. The development of new space systems goals and advanced programs beyond the basic Space Shuttle is a necessary consequence of this need for continued vitality in space, particularly in the light of a—to all appearances healthy and dynamic—Soviet space station program.

Second, studies have indicated that users of space transportation will need—in the early 1980's—more onorbit time and more onboard power than the Shuttle can provide. This applies particularly to such areas as space processing, space technology, and life sciences, as well as free-flyer capability. As a consequence, economies of scale will force a growing number of individual satellite functions to aggregate on common space platforms, with payload size and mass tending to increase during the next two decades. This requires increased emphasis on the construction of large structures in orbit, powered by new orbital power augmentation systems. It also puts a premium on the ability to service these systems adequately in orbit. The committee is keenly aware that the capability for continuous manned orbital operations is not yet at hand in this country, and neither are the vehicles and techniques for space construction, operation, and servicing in either low Earth or geostationary orbit. This need calls for an extension of the Shuttle capabilities, for the development of permanent manned facilities in orbit, and for a manned geosynchronous mission capability.

In the context of the clear needs which are presently forseen, proper planning for the future will result in a balanced civilian space program which will make major contributions to our economy and national prestige.

Mr. Chairman, that concludes my statement, I urge passage of the bill as amended by the Committee on Science and Technology.

Mr. FUQUA. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Tennessee (Mrs. BOUQUARD).

☐ 1210

Mrs. BOUQUARD. Mr. Chairman, this is the first major research and development bill that is beng considered in this 97th session of Congress. I want to congratulate the gentleman from Alabama and the gentleman from Kansas on the modifications they agreed on through the administration's request. I also want to commend the chairman of the full committee, Mr. FUQUA, the gentleman from Florida, for his leadership in devising a compromise bill which strengthens NASA programs where the administration request was weak. In this budget climate, this bill is clear testimony that strong congressional support remains for research and development programs. The enhancements made by the committee are very modest in terms of total authorization requests, but they are high leverage add-ons and set-asides. I hope that the Budget Committee will reinforce this congressional concern for R. & D. by providing a sufficiently high cap to avoid any problems with NASA's appropriations funding for fiscal year 1983. This bill funds aeronautics and space technology at strong levels, and at the same time recovers the NASA role in civilian aeronautics which the Reagan administration has unfortunately chosen to reduce significantly. The energy role in NASA, although involving several hundred people, is very important. I am particularly concerned about it in the sense that the NASA-Lewis Research Center, in particular, has had a strong management and technical role for DOE R. & D. The committee report for this bill, I would remind my colleagues, has language that indicates the sense of the committee and I hope the House in sustaining the NASA role in terms of the number of slots that should be protected for this key energy activity.

The major reimbursable programs that NASA is conducting for DOE and other agencies include: Photovoltaic conversion; wind turbo generators; solar heating and cooling, advanced automotive propulsion; electric and hybrid vehicles; industrial gas turbines; fuel cell systems; and solar power satellites.

I am very pleased that the committee insisted that NASA maintain a strong role in energy R. & D. because it appears that their programs will go forward at fiscal year 1982 levels. The Honorable RON MOTTL of Ohio, who is very familiar with the work NASA is doing at the Lewis Research Center in support of energy research, made an impassioned plea before our committee to restore this cut to NASA. I support and applaud his efforts and I intend to do all I can to protect and sustain NASA's role in this vital area.

I would like to take a moment to commend our chairman of the Subcommittee on Space Science and Applications, the Honorable RONNIE G. FLIPPO, from Alabama for his outstanding work in structuring this bill. I have the pleasure to serve on this subcommittee and I can attest to the many hours that Mr. FLIPPO has expended in the spirit of compromise to bring forth this package. I would say to this body that no one knows this bill better than our chairman of the subcommittee and I truly feel that the Congress is well served in carrying out its legislative responsibilities.

Mr. Chairman, I would be remiss if I did not mention the chairman of the full committee, the Honorable DON FUQUA of Florida, who demonstrated a great deal of patience and understanding in order to achieve the end result which is a bill that not only the Committee on Science and Technology can be proud of but beyond that—the entire Congress.

Mr. Chairman, I urge my colleagues to support this bill as an investment in our national technological future. I am proud to be a member of the subcommittee, and I am particularly pleased to be able to endorse the bill and the report language which are indicative of our committee's strong feelings about the great NASA program. We see obvious triumphs, like the Shuttle missions which have been accomplished, and as remarkable as these are, I would remind my colleagues that NASA is carrying out successful technology and managing important R. & D. work every day in space, aeronautics, and energy, and that this bill gives them the tools to do this important work.

Thank you, Mr. Chairman.

Mr. WINN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I appreciate the work that the committee has done in bringing this legislation to the floor. However I must admit that I do oppose the bill as currently reported. Not because I oppose the objectives of NASA but because I object to the inability of the committee to come to grips with the difficult policy decisions while staying within the Reagan budget. A budget that has already been increased by 11 percent above the fiscal year 1982 level. In light of the fact that many other agencies face major reductions, I believe that this is an extremely healthy growth for NASA.

The legislation before us today proposes that we add another $35 million to this already substantial budget. I do not deny the fact that these additions to the aeronautics program are laudable, but someone must ask the question whether we can afford such additions. Under any other circumstances I would probably support such additions, but at this point I believe I have an obligation to oppose any further increases to an already burgeoning Federal deficit.

The real problem we face with this legislation is the fact that we are not coming to grips with the policy decision of how to distribute the limited resources between the space and aeronautics activities while retaining the overall budget level as proposed by the administration. Instead of addressing that issue, this legislation merely authorizes further increases in the Federal deficit we can have the luxury of avoiding those difficult decisions. I for one accept the basic distribution that the administration makes between space and aeronautics. I think it is correct to place so much emphasis on the space activities such as the Space Shuttle. Admittedly, there is a $1 million reduction in the aeronautics program from fiscal year 1982 but associated with the reduction is a major policy shift that will emphasize the basic aeronautical research activities. This restructuring, I believe, is more than adequate to retain and strengthen the health and vitality of the aeronautics industry.

The administration has already expressed its strong commitment to the NASA programs by submitting a budget that is approximately 11 percent above the fiscal year 1982 level. I applaud and support that increase. But I cannot and will not support this business-as-usual attitude of continually adding money to these budgets. Mr. Chairman, if we cannot exercise the fiscal discipline to avoid adding to a budget that has already been increased by 11 percent, then when will we?

I would like to reiterate the importance of this action we are considering in this bill. This is the first authorization to be considered in fiscal year 1983. We have the opportunity to set the proper tone for our bipartisan efforts toward achieving a balanced budget. Should the proposed bill pass, we will have ignored the pressing reality of the times. I call on each of you to demonstrate your fiscal responsibility and vote against the proposed bill. At the appropriate time I will offer an amendment to reduce the budget to the Reagan budget level. I would hope that my colleagues would support that amendment and oppose this unwarranted budget increase.

Mr. FUQUA. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Kansas (Mr. GLICKMAN), who is chairman of the Subcommittee on Transportation, Aviation, and Materials.

Mr. GLICKMAN. Mr. Chairman, first of all, I want to compliment both my colleague from Florida and my colleague from Alabama for their extraordinary work on the bill as well as my colleague from Kansas (Mr. WINN), and particularly, the gentleman from Michigan (Mr. DUNN), who has acted in a very aggressive role on the subcommittee.

We have worked long and hard in authorizing money for aeronautics research in America. We passed a measure out of committee which is $267 million, which is approximately $4 million less than what was authorized by the Congress last year.

So let us set the record straight. In aeronautics programs this bill is less than what was authorized last year and we believe that the aeronautics work of NASA at their centers, Lewis in Cleveland and Langley in Norfolk and the Ames Center and Moffett Field in San Francisco, the Jet Propulsion Laboratory, and everywhere else has provided the foundation for America's traditionally strongest industry, building airplanes, and I would venture to say to those who watched last night the demise of Braniff Airlines have begun to realize that maybe perhaps the building of airplanes in America is being jeopardized by a lot of factors.

In 1981 export sales of aerospace products, the bulk of which are civil aircraft, were $17 billion. Imports were about $4 billion. The resulting $13 billion which was a net positive contribution to our balance of trade was the largest of any U.S. manufacturing industry. U.S. suppliers have built 90 percent of the free world's civil air fleet by dollar value. Our airplanes are the best ambassadors offering superior quality, safety, comfort and reliability at an economic cost. They speak well of America to the operator and user alike. But these results just did not happen. They came because we had the best products in the world and one of the big reasons that we have the best airplanes in the world has been the long standing partnership between Government and industry in developing aeronautical technical knowledge. This partnership is one of the all-time great bargains.

The total amount spent on aeronautic research by NASA over the last 65 years and their predecessor is less than one-half the dollar value of U.S. aeronautical exports in 1981 alone. We have received many values for these aeronautical works in terms of wing design, in terms of materials, but the fact of the matter is that the U.S. aviation industry has been dominating the world for 30 or 40 years and is being seriously jeopardized today, jeopardized by the Airbus Industry, which is now building half the widebodies in the world at the expense of Boeing and McDonnell-Douglas and Lockheed and all the rest.

The fact of the matter is that our aviation industry is in serious trouble, not only the manufacturing but also the operations, and again I go back to yesterday's news. One of the reasons that Braniff Airlines went bankrupt or is in the process of doing so has to be because of the utilization costs of fuel and all of the other operating costs of operating older technology airplanes.

Mr. Chairman, now is the time to withdraw. Competition from Europe and Japan is becoming a serious threat.

A recent study by the Commerce Department shows aerospace exports in 1982 actually will decline for the first time and a concurrent 4-year trend in rising imports will result in the first ever drop in aerospace trade surplus.

We have seen this kind of thing happen in the auto industry, but whoever thought it could happen in airplanes?

The fact of the matter is the aviation industry is going the way of the U.S. auto industry. Now is not the time to experiment with one of our few remaining winners. We have a system that works.

I would say to my colleague from Kansas who talked about the budget, the fact of the matter is, so everybody knows in this room, the amount of aeronautics in this bill is less than we spent last year, authorized and appropriated. It is less than we authorized and appropriated in 1980. It is less than we authorized and appropriated in 1979. In fact, if you look at aeronautics, it has been falling dramatically, not just in the Reagan administration, it happened in the Carter administration, too. And what has happened to the aviation industry in America? It is also falling the same way.

What do the French and Germans and Japanese think about our efforts to reduce aeronautics? They think we are crazy. Here you had a monopoly in one of the strongest industries in the world and you no longer have it. Fine, we will do research, we will build the best airplanes in the world and your aircraft workers in California and Missouri and Kansas and New York State will be out of business because we will take it away just like we did in the auto industry, and they rub their hands together.

And all I say is that we at least provide the amount in this bill which is less than what we authorized and appropriated last year.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has expired.

Mr. FUQUA. Mr. Chairman, I yield 1 additional minute to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. If we do not at least authorize what we authorized last year in the same general range, then we send another signal to the rest of the world and to the thousands and thousands of aircraft workers in California, in Texas and Kansas and everywhere else, that this industry is going to be depressed, and again I point out to my colleagues that the amounts authorized in aeronautics have shown no increase either with or without inflation for the last 4 or 5 years.

So I urge adoption of the bill both the space part of the bill and the aeronautics part.

□ 1220

Mr. WINN. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. DUNN).

Mr. DUNN. Mr. Chairman, let me begin by thanking both the ranking member, the gentleman from Kansas (Mr. WINN) and my honorable chairman, the gentleman from Florida (Mr. FUQUA) for what they have shown me as a freshman Republican and the chance to speak forth on issues, and I deeply appreciate that.

The noted policy shifts in aeronautics R. & D. were instituted largely in response to industry positions regarding the proper R. & D. role of NASA. The statements of several key industry representatives, at the joint hearings held in Wichita, Kans., last August, identified basic research and investigation, rather than system validation, as the best expenditure and prioritization of NASA's aeronautics funds. They indicated that the free enterprise system is very efficient in capitalizing on applicable military and NASA research results but not in motivating companies to do high risk research. Research and development is not the only answer and perhaps not even the most important; other factors such as trade relations and financial arrangements play a major role in creating a healthy U.S. industry. Some of these other factors have and are continuing to be addressed by the administration and Congress.

In reviewing the aeronautics proposed budget there was a large increase of $19.5 million in the technology base area. Much of the increase is attributable to transferring high risk elements from the systems technology area. For example, sizable basic efforts still continue under the terminal configured vehicle and advanced rotorcraft programs.

I generally agree with the policy shifts that have been proposed by the administration. At the same time, however, I hope that we do not become trapped by semantics in defining the proper NASA role. As noted recently by an industry executive, the future success of the U.S. aircraft manufacturers in world markets will directly depend upon the success of NASA in performing the basic advanced aeronautical research. Because of the unique and expensive facility requirements associated with aeronautical R. & D., the role of NASA in providing a national resource for aeronautical basic research is unquestioned. Assuming that the incentives are sufficient, and the risks are not overly great, industry should then assume the responsibility for follow-on applications research.

The administration's approach of providing the proper incentives to the industry in the form of tax advantages for R. & D. will work but its effects will not evidence themselves for several years. As such I have advocated an orderly transition that would include continued Federal support of existing high-risk civilian R. & D. system technology projects that offer significant potential for cost savings.

While I feel the aeronautics program did not receive its equitable share of the 11-percent increase in the NASA budget I feel more strongly that we must set a precedent of fiscal responsibility in this first authorization to be considered. If we fail to hold the line on this one we open the gates for business as usual. With the critical state of the economy we can ill afford to let this happen.

Mr. WINN. Mr. Chairman, I have no further requests for time.

Mr. FUQUA. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio (Mr. MOTTL).

Mr. MOTTL. Mr. Chairman, I want to give my strong support to this bill and I would like to point out to my colleagues two important aspects of how this bill clearly demonstrates the need for a strong Federal role in research and development. This bill corrects two major defects, which were unfortunately contained in the President's budget submission for NASA. The fiscal year 1983 request did not contain the level of funding that is needed to support NASA's historically strong role in providing the technology base for civilian aircraft development. I do not have to dwell on the fact, for my colleagues, that for decades now our strong international posture in aviation has been largely a result of NASA providing a strong technical base for both civilian aircraft manufacturers as well as the Department of Defense and their specific military needs. I want to congratulate the gentleman from Kansas (Mr. GLICKMAN) on recognizing the major shortfall in funding for aeronautical technology in the administration's request and I am very grateful to the gentleman from Alabama (Mr. FLIPPO) and the full committee chairman, Mr. FUQUA, for supporting the significant restoration of funding in this area.

I think I can speak with some familiarity about the NASA aeronautical role since I am very familiar with the Lewis Research Center in Cleveland, Ohio, and many of my constituents work there in a variety of professions. The Lewis Laboratory is a world renowned "center of excellence" and I was very concerned about the future role of the center when the first deliberations began surrounding the fiscal year 1983 request. My concern about the role of the center is somewhat alleviated with the actions that the Science and Technology Committee have taken. I would like to just mention briefly some of the important restorations in aircraft propulsion that are so critical to NASA providing this high quality research and technology base. The committee bill adds $4 million for very advanced high-temperature engine core technology and also, adds additional aeronautical research and technology base funding for work at Lewis and some of the other NASA aeronautical laboratories. A total of $6 million is provided for this level of effort, and a significant fraction of that as I understand it, is for the very basic and yet critical propulsion work at the Lewis Lab.

In the case of two major programs, the administration requested no money, that is they had actually intended to cancel both the propfan project which is aimed at a very advanced turboprop system for commercial aircraft and also, unfortunately, the energy efficient engine which Lewis has had a continuing technology role. I am pleased that the committee saw fit to restore $12 million for the turboprop systems activity which will assure an ongoing program to eventually demonstrate a commercial aircraft driven by advanced turbofan engines that promises to be extremely fuel efficient. Given this country's driving need to conserve energy, this should be a national priority program. The energy efficient engine work has to do with providing the technology so that industry can develop advanced fan jets which consume much less fuel than present day engines and at the same time are environmentally acceptable. This is another critical program slated to be canceled, and the committee has judiciously added $7 million.

I think it is worth noting here, Mr. Chairman, that it is rather clear to the Science and Technology Committee and should be to the whole House, that industry is not simply going to undertake this very risky advanced aviation development on their own. The do not have the funds to do it; they just cannot and will not pick up funding for these high risk programs. Unfortunately, the administration's position that the NASA aeronautical effort should be constrained to the basic activity and not involve any significant civilian systems technology work. I think it is not only an unfortunate choice of itself, but will give people the wrong impression about NASA's role in aircraft technology development, that it might have a new emphasis in supporting chiefly military aviation development. I think given the historical success of the program that would be most unfortunate change in the NASA role.

I should also like to say something about NASA's energy role, since again I am very familiar with it from my contacts at the Lewis Research Center. Lewis has had as many as 350 to 400 people working in energy R. & D. over the past 5 or 6 years and their performance has been outstanding. They are acknowledged by industry to be the premiere Government managers of DOE programs in conservation R. & D. wind energy R. & D., fuel cell, and some aspects of the fossil energy program. They have also done excellent in-house work to support their management assignments for DOE and have even received the accolades of several of the auto manufacturers for their excellent track record in carrying out the work for development of advanced technology for the automotive engines of the nineties. I think the laboratory has carried out the proper Federal role in energy and I want to commend the leadership of the Science and Technology Committee, including Mrs. Bouquard, the gentlelady from Tennessee, and the chairman of the Subcommittee on Energy Research and Production, for their strong report language which directs NASA to maintain a key capability of at least 160 full-time personnel at Lewis working directly in energy through fiscal year 1983. I am further pleased to note that the committee has gone on record by taking the position that they do not expect the DOE programs that the laboratory is responsible for to be phased out after fiscal year 1983. I think, again, it is unfortunate that the administration has taken the shortsighted position on these critical programs that do not involve large outlays of funds and which should have not been cut on the basis of a misunderstanding by some key people in OMB as to what constitutes the proper Federal role in research and development.

Mr. Chairman, this is a good bill. I hope that the authorization level in this bill will be covered in the House budget resolution agreement which is soon to be arrived at so that the Appropriations Committees can appropriate money for these excellent programs at the levels we are authorizing today. I am confident that the NASA role in space, aeronautics, and energy will continue to be a big plus for the Nation.

Thank you.

Mr. FUQUA. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from California (Mr. Brown), a member of the committee.

Mr. BROWN of California. Mr. Chairman, I rise to support the NASA authorization bill, H.R. 5890.

I want to congratulate the Honorable Don Fuqua, of Florida, chairman of the Committee on Science and Technology and the Honorable Ronnie Flippo, of Alabama, chairman of the Subcommittee on Space Science and Applications and the Honorable Dan Glickman, chairman of Transportation, Aviation and Materials Subcommittee, for bringing this bill to the floor. I also want to thank the minority under the leadership of the Honorable Larry Winn, of Kansas, at the full committee level and the Honorable Harold Hollenbeck, of New Jersey, and Barry Goldwater, of California, at the subcommittee level for their assistance and cooperation in getting the best bill that we could under the circumstances.

What are these circumstances that make it so difficult to bring forward a very good bill? As I see them they are, first, the lack of a coherent space policy, which of course means a lack of leadership, and second, as everyone knows, we are faced with a very restrictive, very constrained budget situation. In fact, with respect to NASA and our space program, the constrained budget situation is merely the other side of the coin—our lack of a space policy. When we do not have a space policy then the budget policy drives decisions and in this year the policy is to cut the budget.

Having congratulated the committee leadership for bringing this bill forward, I want to make it clear that personally I would very much like to have more resources in the fiscal year 1983 budget for NASA.

Further, if the administration does not intend to provide the kind of space policy and space leadership that has been evident in the past—then it is up to the Congress to move forward and establish a policy. I commend subcommittee Chairman Ronnie Flippo for holding hearings last fall on the future of our space program. This was a first step toward developing a long-range policy. Much of the testimony presented in that hearing corroborated my belief that we need long-term goals if we are to have an efficient and effective program.

Only when we have reviewed and reaffirmed our policies and have them clearly in mind can we decide the best course of action to achieve the progress which we all want.

Now, I would like to describe a few specific ways in which the lack of a civilian space policy in the face of a constrained budget situation affects both programs and the resources needed to carry them out.

A prime example is the militarization of the space program. It is clear that we are facing a policy vacuum in the civilian areas and also a demand for greater and greater military capability. Because of these two factors the civilian space program is being taken over by the military. For example, the General Accounting Office has reported that 20 percent of NASA's budget for fiscal year 1983 is in direct support of the military. This is over $1 billion which should be counted as an addition to the military budget but which is being brought forward under the guise of supporting a civilian space program.

I want to assure the Members that if this billion dollars were spent on truly civilian space programs we could fund a strong program of planetary exploration, a strong program of astronomy and astrophysics and a strong program of aeronautics and space applications which we could expect to return economic and social dividends in the very near future.

The planetary program provides an example of what could be done but is not. There is only one planetary project in development—the Galileo mission to Jupiter, which would send a spacecraft to that planet with an orbiter and a probe. No other missions are in development, which virtually guarantees a large gap in our planetary program in the future. Further, although Galileo development is funded in the budget submitted by the administration, the science and engineering support provided to that project would be cut. Fortunately, the bill before us today would add $23 million back to the planetary program and would restore, among other things, some of the science and engineering support needed by Galileo. The planetary program was impacted severely by the cancellation of the Venus orbiting imaging radar (VOIR) mission in the 1983 budget. Further cuts in the budget proposed by the administration would cause existing, functioning spacecraft to be turned off. In particular Pioneers 6, 7, 8, and 9 which are in orbit around the Sun and returning useful data, would be turned off. Pioneers 10 and 11 which have gone past Saturn and Jupiter and are now speeding out of the solar system would be turned off. The Pioneer Venus spacecraft, still returning useful data in orbit around the planet Venus, would be turned off. The Mars Viking Lander would be turned off.

Funds available to university researchers to analyze data would be reduced by about 50 percent. The infrared telescope facility in Hawaii would be shut down. The lunar curatoral facility in Texas would be shut down. The supporting research program would be reduced by about 50 percent.

From all of this it should be clear that the budget submitted by the administration was basically a "going out of business" budget for the planetary program. The $23 million that the committee would add back to this budget would mitigate these reductions and keep the planetary program alive. Unfortunately, a great deal more money needs to be added to make the program truly vigorous as it has been in the past.

Title II of the bill would authorize the National Oceanic and Atmospheric Administration to operate the Landsat program and would authorize $15 millon for this purpose for fiscal year 1983. Landsat, which is a program of land remote sensing, is the fruit of earlier NASA applications work. Now that the program is able to become operational it is being transferred to NOAA, the agency which has been running our weather satellite program for about 20 years. The administration has proposed that the Landsat program be transferred to the private sector as soon as possible despite the obvious lack of a market which would support a commercial operation at this time. The problem is that there is simply no remote sensing industry to take over this system. In other words, the land remote sensing situation is not analogous to the communications satellite situation. In that earlier case the government-developed satellite communication technology was handed off to private industry but there existed at the time a massive communications industry which took over and supported the communications satellite systems.

Since there is clearly no possibility of commercialization of land remote sensing at the present, it would appear that the transfer to the private sector is being pushed for purely budgetary and ideological reasons.

The Landsat program represents a significant national capability and has the potential for contributing to our national wealth. I am very concerned that this capability and potential may be lost through hasty actions inspired by short-term budgetary considerations. In the long term it is probably important to take advantage of the creativity and entrepreneurship of the private sector in order to maximize the application of land remote sensing. But this transfer must be done in such a way as to protect the overall national interest. In other words, it would require careful consideration of many factors. Taxpayers have put a great deal of money into developing this capability and I am sure that we do not want to throw it away just because we are in a tight budget year and because we lack a guiding space policy.

As a final example of how the lack of coherent policy makes for inefficiency and makes tight budget problems even worse, let me mention the agency flip-flop with respect to upper stages.

The inertial upper stage (IUS) and the Centaur have been off-again, on-again as upper stages for the last 3 years, at least. The changes in preferred upper stage have caused changes and therefore significant, major costs in the mission such as Galileo and ISPM that need to fly on these upper stages. Thus, the lack of policy causes program impacts and once again we see an interaction between budget and policy considerations.

Mr. Chairman, I want to reiterate that I support this bill even though I have pointed out a great many weaknesses that I see in the programs which it would fund. I hope that we can do better in future years but, for now, we must move ahead as best we can.

□ 1230

Mr. **FUQUA**. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Ohio (Ms. OAKAR).

The **CHAIRMAN**. The Chair will advise the gentleman from Florida (Mr. FUQUA) that he has 6 minutes remaining.

Ms. **OAKAR**. I thank the gentleman for yielding.

I certainly want to commend the chairman, and all responsible for this very important bill.

Mr. Chairman, I certainly support the bill wholeheartedly. Let me repeat my testimony which I have before the Science and Technology Committee.

The contributions of Lewis have been a source of strong local, regional, and national pride for more than 40 years. Today this wonderful Research Center employs 2,700 highly skilled men and women, and it generates thousands of support-service jobs as well as millions of dollars in income and tax revenues for the State of Ohio. So, needless to say, it is a very, very valuable asset not only to our area but also to the country.

My appearance here today reflects my serious concern about Lewis Research Center, which is located in my congressional district. For this reason, Mr. Chairman, I applaud your decision to have this hearing, and I must say I was very heartened by the Secretary of Defense Weinberger's letter indicating how valuable NASA is to complement the work that is done in our Defense Department.

Federal laboratories like Lewis are designed to carry out activities that are high risk and too expensive for industry to undertake by itself. Also, the Government should do those things that require unique facilities involving such a large investment that they cannot readily be duplicated or the combination of expertise and facilities cannot be copied. And, I must say, other countries in the world have a healthy complement of government working with private industry, and they are doing it very, very successfully; and so are we. It would be tragic to end that kind of complement.

I also believe that Federal labs should perform activities on the basis of national interest. Private sector incentives to do such research and development simply do not exist. I have always felt that federal laboratories such as Lewis constitute unique national resources in terms of available expertise and physical plant capability for doing such high technology work. At a time when all Americans desire our great country to be No. 1 in technology and national defense, it would be unbelievably ironic to close this internationally acclaimed center.

This morning I want to concentrate on something that I know is especially interesting to your committee, Mr. Chairman, and that is Lewis' contributions, primarily, to the U.S. aeronautical effort; and to touch on areas such as energy, space, and transfer technology. Aeronautical propulsion has been the mainstream effort at Lewis since its beginning. The main objective of the Lewis aeronautical program is to provide technology that will make for safe, more economical, more efficient, and more environmentally acceptable air transportation systems. Lewis plays a critical role in our national defense effort by supporting the Air Force in maintaining a technology base for developing superior military aircraft. Let me simply stress that the Lewis Center carries out vital national defense responsibilities that cannot be assumed by the military, especially in aviation. And, obviously, Secretary Weinberger's letter confirms that.

Because the Defense Department is motivated primarily by immediate military needs and requirements, it cannot become involved in long-term research and development to the extent that Lewis Research can. It is precisely because Lewis has the necessary freedom and flexibility to engage in long-term research and development that makes it so essential to the development of technology to meet our national defense needs. Thus, Lewis fulfills an important purpose by relieving the military of the responsibility to invest limited manpower and resources into advanced research and development on defense-related technology—a purpose that Lewis fulfills admirably with its highly skilled scientists, engineers, technicians, and other personnel.

The Lewis mission in aeronautical propulsion has led to the development of special laboratory skills in physical, chemical, mechanical, metallurgical, electrical, and electronic research, and has resulted in a number of large facilities to stimulate the environment in which an aircraft engine or spacecraft power system must operate. The total investment over a period of years in the physical plant is $300 million, including the new National Computer Center established at Lewis last year, due in part to the help of this committee. The physical plant has an estimated replacement cost of over $1 billion.

Mr. Chairman, Lewis Research has compiled an impressive record in major technical accomplishments in aviation and space since the ground for the center was broken in 1941. I think it is worth mentioning that in 1981, Lewis' large wind energy systems received the 33d prestigious IR-100 award, which has been made to this Center since 1963 by Industrial Research Magazine, a very distinguished magazine in the industry. Only a handful of industry groups and no Government organizations can match this record. Lewis' aeronautics, space, and energy programs are supported by an advanced materials capability that is unique in the free world.

Since we are discussing an agency decision that must be made in the 1980's, I think it is worthwhile to enumerate some of the major aeronautics efforts which the Center has been engaged in through the last decade. The aeronautics work has included a partnership—and a healthy one—with General Electric and Pratt-Whitney on the development of superior fuel-efficient aircraft engines for the existing commercial airplane fleet. Lewis has looked at new ways to power vertical and short takeoff commercial and military aircraft and studied new concepts for advanced components, including compressors and turbines for military and civilian engines not yet on the drawing boards. At the same time, the Center's staff is developing ways of testing new materials under conditions that are not yet a reality for commercial or military engines.

In short, Mr. Chairman and members of this committee, the Lewis Center is on the frontier of aviation, and no private engine company can afford this high-risk work or—I might add—have the expertise to match the unique in-house capacity which this Center possesses.

Lewis Research has played a critically important role in the research on the kind of propulsion system used to launch our space shuttle, the Columbia, into Earth orbit. The same propulsion technology also made possible the safe return of the Columbia to its picture-perfect landing. Certainly, as the rest of the world joins us in marveling at these breathtaking triumphs in our exploration of the boundaries and mysteries of space, we shoud give all of the support we can to a facility such as Lewis whose contributions to our country's achievements in space have so long been the source of national pride and the object of international applause.

Indeed, it is in our country's best interest to continue these types of programs.

In the area of energy conservation, Lewis has been actively engaged in the design, development, and testing of the Stirling engine, an advanced automotive engine that promises significant fuel savings, superior to that of today's conventional internal combustion engine. During 1981, the first automotive Stirling engine was tested and all engine performance goals were met or surpassed. A second generation Stirling engine is projected to provide a 50-percent improvement—50-percent improvement—in fuel economy over the conventional spark-plug system it is designed to replace.

At a time when we are involved in a serious national effort to develop alternate forms of energy and lessen our dependence on uncertain and expensive sources of oil, it makes little sense to discuss the possibility of closing this facility whose contribution to energy conservation in its work on this type of engine and other projects has been enormous.

As part of NASA's Technology Utilization Program, Lewis Research has achieved unparalleled success in transferring its technological expertise to a broad and diverse range of human needs, such as computers, communications, transportation, home appliances, food products, and medicine. In bio-medicine, for example, Lewis Research has developed a cyclotron used by the internationally acclaimed Cleveland Clinic for the radiation treatment of patients suffering from cancer and other serious diseases. And we know that this kind of medical procedure—which has proven to be so successful—will be used to treat future cancer patients. More than 230 patients have received this treatment, and I might add that 80 percent were from outside of our county. This kind of transfer technology as developed by Lewis improves the quality of our lives and enriches the productive energies of our people.

Mr. Chairman, I do not consider any budget cuts which may be proposed for NASA for fiscal year 1983 to be in the national interest: To emphasize this point, let me say again how delighted I am that you were able to apprehend the letter from Secretary Weinberger. Hopefully this letter will be part of our record here for this wonderful committee. Neither do I think that NASA's work can be turned over to the military—which has been rumored for many weeks. Therefore, any proposal whose purpose or effect would be to terminate Lewis Research Center suggests a serious lack of understanding of Lewis' vital role in aviation, energy, space, and transfer technology research, and creates a dangerously distorted perception of our basic national security needs and interests.

And just as Ron Flippo's subcommittee came to Lewis Research Center—and, indeed, I believe other members of the committee have been to Lewis Research Center and toured that facility—I would like to personally invite, as a representative from the district, not only this committee but the President of the United States and the members of his Cabinet, to come out into the field and tour this outstanding center. It is a source of national pride and a beacon of the highest form of technology research and development found anywhere in the world.

I want to thank you very much for the opportunity to testify, Mr. Chairman. And I think that if we are united as a coalition of Members of Congress who are interested in maintaining our number one status in technology and our strong national defense, we can not only save our center but other areas of the country in the field of research done by NASA. Thank you very much.

Mr. FUQUA. Mr. Chairman, I yield 4 minutes to the gentleman from Hawaii (Mr. AKAKA).

Mr. AKAKA. Mr. Chairman, I rise in strong support of H.R. 5890, the NASA Authorization Act of 1983, as reported out of committee.

The members of the House Science and Technology Committee have worked long and hard in carefully reviewing both NASA programs and the fiscal year 1983 budget request submitted by the administration. Every step of the way this committee has been subjected to tremendous pressure—pressure to slash the budget further—pressure to increase the budget for specific programs—pressure to do away with programs altogether and pressure to fund new ones.

The committee has held extensive hearings and conducted serious research. And, over a period of months, the members of this committee have made some very difficult decisions, on the basis of what is best for the future of our space program. This committee has done its very best to keep NASA and our space enterprise alive and well, in the face of soaring budget deficits and an administration which is apparently willing to sacrifice the conduct of basic research on the altar of political expediency.

What we have before us is a bill which will guarantee that in fiscal year 1983, NASA will not be forced to live with a "shut-down" budget. It is critically important to the long-term future of this Nation that NASA be funded at a level which will allow the agency to continue to carry out its mission.

NASA's mission is not simply to send men to the Moon, or to develop and finance the world's first reusable launch vehicles. NASA does more than give each one of us an opportunity to meet and talk with astronauts and provide our constituents with color photographs of various NASA activities. All across the board NASA emphasizes, conducts, and carries out the same kind of high-risk, long-term research and development of technology which private industry is both unable and unwilling to carry out. These research efforts provide our Nation with the very same technological base which has made us a leader in the field of technology during the last 20 years.

Let me read you three short parts of the 1958 Space Act which detail NASA's responsibilities and list the objectives of our space activities:

> The expansion of human knowledge of phenomena in the atmosphere and space; and preservation of the role of the United States as a leader in aeronautical and space science and technology and in the application thereof to the conduct of peaceful activities within and outside the atmosphere; the improvement of the usefulness, performance, speed, safety and efficiency of aeronautical and space vehicles.

These are but three of NASA's responsibilities. There are many more which I simply do not have time to list. With me today, I have 435 copies of the first two pages of the 1958 Space Act. I urge my colleagues to look at these pages before we vote on this bill to see the magnitude and the scope of the activities which in 1958 the Congress of the United States directed NASA to carry out.

As a Congress, we have a responsibility to show the courage and wisdom to make decisions which may, at times, appear politically unattractive. For my part, I am sorry that the budget submitted by the Reagan administration was at least $35 million short in funding NASA for fiscal year 1983. I am sorry but I am unwilling to gamble with the long-term future of this Nation. I am unwilling to play partisan politics to meet arbitrary target budget figures. I am unwilling to vote to take critical funding away from NASA—funding which NASA so desperately needs to continue to develop the technology America needs to maintain a sound technological base.

I urge each of my colleagues to cast a vote in strong support of this bill, as reported out of committee. Any Member of this House who votes for amendments to this bill must bear the full responsibility for a sure decline in our ability to carry out space-related R. & D., just as surely as he will bear the responsibility for insuring that the United States loses its leading edge in the field of aeronautics. I do not believe that we can allow our aeronautics industry to go the way of both our auto and steel industries and I can guarantee you that is precisely what will happen should funds for aeronautics be slashed from the fiscal year 1983 NASA budget.

Mr. LOWERY of California. Mr. Chairman, I rise in support of H.R. 5890 and I encourage passage of the amendment that will be offered by Mr. WINN to bring the aeronautics portion of the NASA budget back to the administration's request.

I must take exception to this committee's action, however, on the proposed revisions of NASA's space transportation upper stages program and related changes in the Galileo mission to Jupiter and the International Solar Polar Mission (ISPM).

Last year, after reviewing the NASA fiscal year 1982 budget request to develop a modified Centaur to support planetary exploration programs, this committee directed NASA and the DOD to conduct a joint study to determine our Nation's upper stage requirements and to define the most appropriate program for meeting these needs. Both agencies proceeded to examine current and projected mission requirements and evaluated the following upper stages against those requirements: inertial upper state (IUS), Centaur, Transtage, interim orbital transfer vehicle (IOTV).

The agencies concluded that the IUS is the only available stage capable of meeting the near-term Earth-orbiting requirements and, with modifications, could satisfy NASA and DOD Earth-orbiting missions through the 1980's. However, the study clearly indicated that the Centaur is the only vehicle capable of meeting near-term NASA planetary requirements, particularly the need for a Galileo combined Orbiter/Probe mission on a direct trajectory to Jupiter. Additionally, it was determined that the Centaur will satisfy the future envisioned and proposed NASA planetary missions through the mid-1990's.

Such findings led NASA and the DOD to recommend that the Air Force continue IUS development and production while NASA begin developing the Centaur. In the intervening four months since this report was released, nothing has significantly changed to warrant reprogramming monies from Centaur to IUS in the NASA budget.

In fact, an IUS/Galileo mission, utilizing the IUS on a Delta-Vega trajectory, was specifically rejected by the joint study:

> An IUS Galileo . . . on a Delta-Vega trajectory (provides), at best, major compromise to the mission . . . In addition to mission deficiencies, the combination of weight and CG location for a Galileo combined spacecraft with kick stage would represent a load to the generic IUS which is greater than design limits. This fact would require, as a minimum, structural modifications to stiffen that upper stage . . . While it is apparent that a mission with a combined Galileo spacecraft can be accomplished with upper stage performance characteristics equivalent to an IUS, it is not clear that such a mission could be accomplished without major science compromises as well as high cost and schedule risks which would make a single launch in 1985 undesirable . . .

Because this committee's decision to cancel Centaur has very serious ramifications on our civilian space program, not to mention our defense, intelligence, and telecommunications capabilities, I believe it is necessary to reiterate the compelling reasons for proceeding with Centaur development for Galileo:

> IUS cannot meet high energy upper stage requirements for NASA, DOD, and commercial missions;
>
> Failure to move decisively now to develop a high energy upper stage for Shuttle will result in an increasing loss of business to foreign competition;
>
> Development of a "new" high energy upper stage, coupled with the decision to reprogram IUS for Galileo, will cost at least $700-$800 million more than Centaur, take at least two years longer to complete, and yield no significant performance improvement;
>
> Launching Galileo on Centaur in 1986 has two critical advantages over a 1985 IUS/Galileo mission: cost and benefit.

First, IUS cannot meet high energy upper stage requirements for NASA, DOD, and commercial missions. IUS has a basic design capability of 5,000 pounds to geosynchronous orbit compared to 10,000-13,000 pounds for Centaur (depending on which Centaur configuration is utilized). Consequently, as lift requirements increase, the need for an adequate upper stage intensifies. Again, the joint NASA/DOD study accurately summarized this issue:

> The collective trends illustrated as a result of the current analysis of earth-orbiting payload requirements show that in the late 80's, a need will exist to deliver payloads greater than 5,000 pounds into geosynchronous orbits and that the existing vehicles of the 1980's will determine the spacecraft designs of the late 1980's and the early 1990's. The results also indicate that geosynchronous spacecraft development/growth rate was slowed considerably during the last decade. Should a higher performance vehicle become available at affordable per flight cost, by 1985, spacecraft requirements will grow and effectively utilize the carrier capability in the late 1980's.

Second, failure to move decisively now to develop a high energy upper stage for Shuttle will result in an increasing loss of business to foreign competition. Unquestionably, launches for foreign payloads, mainly communications satellites, yield a large, favorable balance of payment to the United States. It is almost an assurance that the failure to continue Centaur development for the Shuttle will open this launch market to the Europeans and Japanese.

INTELSAT and COMSAT have indicated that commercial payload developers desire spacecraft with lift capacities which far exceed existing carrier capability. According to the joint study, INTELSAT would probably plan earlier conversion to Shuttle capability if Centaur proceeded through development.

Significantly, the Direct Broadcast Satellite Corp., in a recent letter to this committee, stated that as a practical matter, the IUS will not be used for commercial space programs because of its cost and lack of flexibility. The letter goes on to say that what is clearly needed is a flexible, high-performance, and reasonably priced upper stage of the kind we thought we had in the Centaur program.

Finally, NASA can convincingly justify a sole-source procurement for Centaur, despite a 1986 Galileo launch date and vociferous protests. Sole-source procurements are authorized under 10 U.S.C. 2304(a)(10) and NASA Procurement Regulation 3-210.

Because of the requirement for maximum practical competition in the conduct of Government procurements, agency decisions to procure sole-source must be adequately justified and are subject to close scrutiny.

However, the General Accounting Office (GAO) will not substitute its judgment for that of NASA when reviewing the justification for a sole-source procurement, but will only determine whether the agency decision has a reasonable basis. Hence, the burden is on the protester to make a clear showing that NASA's decision is unreasonable.

As we learned last year, "time-is-of-the-essence" is a circumstance that along may justify a sole-source award. The timing for the launch of a space mission is clearly within NASA's discretion and the GAO has held that mere disagreement with a contracting agency's discretionary decision is not grounds to disturb it. To be sure, if Galileo and ISPM are to use a high energy upper stage, time is of the essence.

Alternatively, I would point out that Centaur design, production, and launch operations teams are now at work on continuing orders extending through 1984. NASA management and support staffs are also functioning. Tools and equipment for production, testing, and launch support exist now in mature form.

Centaur for the Shuttle has been studied by three NASA Centers and various contractors. Safety aspects have undergone particularly close scrutiny again over the last several years. Consequently, sole-source procurement of the Centaur would take advantage of this wealth of hardware and experience.

Moreover, the development of Centaur would, in fact, initiate a more meaningful competition within the Shuttle's upper stage program. By allowing Centaur to compete with IUS for Shuttle launches, just as the Atlas/Centaur now competes with the Ariane, the question is not "competition or no competition," but "development competition or production competition." Incisively, a production competition, focusing on price and performance, is in the best interests of the American taxpayer and our civilian space program.

In summary, developing a new high performance stage would unquestionably take longer than modifying an existing stage. To run a full competition, as contemplated by this committee, would also delay the availability of a high performance stage. A new stage also would not approach the maturity and reliability of a modified Centaur, and undoubtedly, costs would be much higher than for a modified Centaur.

I strongly urge my colleagues to pursue Centaur development in the NASA fiscal year 1982 and 1983 budgets for a 1986 Galileo launch as has been approved previously by the

Senate authorizing committee for NASA.

Thank you.

Mr. NELSON. Mr. Chairman, I rise in support of the bill H.R. 5890, which would authorize funds for NASA in fiscal year 1983.

I want to commend the chairman of the committee, my colleague from Florida, Mr. FUQUA, and also the distinguished gentleman from Kansas, the ranking minority member, Mr. WINN, for their guidance in the formulation of this bill.

I would also like to thank our chairman of the Subcommittee on Space Science and Applications, Mr. FLIPPO, for the leadership he exhibited during our many days of hearings on this bill. He was also ably supported by the ranking minority member of the subcommittee, Mr. HOLLENBECK.

Mr. Chairman, I also have the pleasure to serve on the Budget Committee and as a result, I have been afforded a perspective which allows me to support this bill.

At this time, let me express my concern over the entire Federal role in research and development, a role which has been strong and necessary, especially since World War II, in maintaining America's preeminent position in science and technology. About half of our total national investment in research and development in recent years has come from various agencies of the Federal Government. The United States has led the free world in this investment both as a percentage of GNP and in the absolute size of its investment—over $60 billion in 1980—which is twice that of the nearest industrialized country, Japan. This is one of the main reasons that U.S. scientists have been in the forefront of every scientific and technological discipline, and why our economic, political, and military supremacy remained essentially unchallenged in the two decades following World War II. But there are signs that our scientific leadership is gradually being eroded. According to the National Research Council, U.S. fundamental research now constitutes only about one-third of the world total, and another third done in the Soviet bloc and the remainder in Western Europe and Japan. Total research and development expenditures by the major European countries have risen from less than half the U.S. level in 1965 to two-thirds today.

There has also been a steady decline in the percentage of GNP we invest in research and development. According to the National Science Foundation, between 1963 and 1978, this index declined 22 percent in the United States while it rose 13 percent in France, 33 percent in Japan, and 62 percent in West Germany. Japan, in particular, has been accelerating the pace of its research and development investments which in 1980 reached about 2.2 percent of its GNP—nearly the same as the United States.

The implications of this decline are serious not just for our national prestige or the number of Nobel prizes we win, but for our competitiveness in world markets. Testimony by the able subcommittee chairman of our aviation subcommittee, Mr. GLICKMAN, pointed out some horrible statistics to us as to foreign competition. These statistics which I am sure he would be pleased to discuss with each and every one of you are very sobering indeed and I urge you to support this bill for that purpose alone.

Studies have indicated that research and development and technical innovation affect industrial and national productivity and competitiveness in international trade. Those U.S. industries that spend relatively large amounts on research and development—aerospace, electronics, pharmaceuticals, and information processing—are generally the ones that have maintained their competitive edge and level in manufactured exports, foreign direct investments, and licensing. It is precisely in these areas that the Japanese are now accelerating their research and development efforts.

Mr. Chairman, this is an adequate budget. We had to make some tough decisions to hold the line on the President's request but we addressed those issues and essentially perfected a bill that we can live with.

I urge my colleagues to vote for this bill. Thank you, Mr. Chairman.

● **Mr. DYMALLY.** Mr. Chairman, I rise in support of H.R. 5890, authorizing appropriations for the National Aeronautics and Space Administration for fiscal year 1983.

Aeronautical progress has been and will continue to be vital to our country. Until the end of the 1970's, the United States held a preeminent position in civil and military transport aircraft. The United States provided 90 percent of the worldwide commercial transport aircraft market. In the past decades, it was characteristic for new-generation aircraft to possess greatly improved economics and capabilities brought about by increases in speed and capacity. Such improvements were provided by research advances in airframe and engine technology. These technologies were developed in the United States through an effective partnership of Government and industry. The greatly improved speed, capacity, and efficiency of these aircraft may be found in the approximately 5,000 passenger-carrying aircraft in use worldwide today and mostly built in the United States. Most of the major technology developments contributing to the evolution of transport aircraft, such as the axial flow jet engine, the swept wing and the high-bypass-ratio turbofans, have been made possible in large measure by NASA research.

In the 1980's and beyond, continued aeronautics progress is imperative to this country. The U.S. military superiority must be preserved, and the U.S. aeronautical industry must be able to compete successfully in the rapidly changing international environment that is threatening our preeminent position in world aviation. European and other foreign governments have recognized the attractive potential of an expanded air transport market. They have initiated collaborative government and industrial programs aimed at overcoming the competitive advantages of the U.S. industry in terms of market size, manufacturing capabilities, and technology. Specifically, the foreign governments have provided powerful support in financing, in sponsorship of research and technology, and in development of new aircraft.

The next generation of transport aircraft will feature new technology advances in aerodynamics, in structures and materials, in electronics and human factors, and in propulsion. Examples of such new technology include large composite primary structures, active controls, improved power plants, engine-airframe integration and boundary layer control. Such advances offer the potential for dramatic improvements in the fuel efficiency and system capacity of aircraft and virtually could make obsolete all aircraft now in flight, production and design. Such technology advances requires a decade of long-term high risk research. In the 1990's, world aeronautical leadership will depend heavily on the initiation and support of research and development processes necessary for the successful production and operation of more efficient aircraft.

The high technology requirements of commercial aircraft benefit a broad range of other industries. There is a direct technology transfer of advanced commercial technology to the military, providing improved effectiveness in both transport aircraft and combat aircraft.

By congressional charter and, in the national interest, a primary role for NASA is to assist in bringing about these technological successes. The indispensable ingredient to assure continued aviation leadership in the world is a broad, advanced technology base. NASA provides the basic discovery, reseach, verification, and validation necessary as an essential national resource through its continuing efforts, in transport research.

Mr. Chairman, I urge adoption of the fiscal year 1983 NASA authorization bill.●

● **Mr. CLAUSEN.** Mr. Chairman, as a member of the Congressional Space Caucus, I rise in support of H.R. 5890. Although the United States has long been a leader in the field of space exploration and application of this technology for commercial purposes, it is one of the few developed countries in the world lacking a national space policy.

In response to increasing concern over the status of America's space program, 46 of my colleagues and I formed the bipartisan Congressional Space Caucus, in order that Congress gain a greater knowledge of and interest in the benefits that have accrued, and will continue to accrue, from a strong national space policy.

Mr. Chairman, America's space exploration program is not a partisan issue. The frontiers that we gain, the advances in technological development that are generated by the space program benefit all Americans. Other benefits are not as tangible, but just as important—the ability of our achievements in space exploration to raise our sights to new horizons, to increase our confidence in our capabilities to reach still further.

In the aftermath of the Space Shuttle *Columbia's* first flight, President Reagan said that "the Space Shuttle did more than prove our technological abilities. It raised our expectations once more. It started us dreaming again". Faced as we now are with this measure, the authorization of NASA, we face again a decision of whether to cross the threshold of routine and relatively inexpensive access to space. Where will our expectations and dreams take us? With our vote on H.R. 5890, we will set the course of the space program for many years to come.

Once again, I wish to state my support for this measure, and urge your support as well.●

● Mr. **SHAMANSKY**. Mr. Chairman, I rise in support of H.R. 5890, authorizing appropriations for the National Aeronautics and Space Administration for fiscal year 1983.

The Lewis aeronautical program is focused on technology that will provide safer, more efficient, economical, and environmentally acceptable air transportation systems. Lewis contributes significantly to our national defense effort by maintaining an aeronautical propulsion technology base enabling the military to develop superior aircraft. Lewis is the key U.S. center for fundamental long-range aeronautical propulsion research.

The Lewis role is vital to the national defense. The military must focus on near-term development of weapons systems. It does not become involved in long-term research and development to the extent that NASA does. But, Lewis has the necessary prerequisites to engage in vital long-term research and development that is an essential complement to the military work. This same capability enables Lewis to carry out civil aeronautics research and development that are high risk and too long term for the aircraft industry to undertake by itself.

Specifically, in the area of aeronautical propulsion, Lewis has pioneered in the development of special skills that resulted in a collection of large facilities to simulate the environment in which an aircraft engine must operate. Lewis possesses unique and critical capabilities including wind tunnels, laboratories and support facilities for aeronautical research and development in important technology areas applicable to future military and civil aircraft. This capital investment in facilities is valued at $1 billion. Also, Army rotorcraft propulsion and power transmission laboratories are colocated at Lewis.

Lewis has compiled an impressive record of major technical accomplishments in aviation since the ground for the Center was broken in 1941.

This unique NASA facility has made tremendous contributions in the areas of transonic compressors, air-cooled engine technology, bearing and lubrication technology, high temperature materials, aeroelasticity in turbine engines, high-performance inlets and nozzles, and internal combustion fluid dynamics. In addition, Lewis has made steady progress in studying the role of cobalt in high-temperature gas turbine alloys. This study is a significant step in the U.S. effort to reduce our dependence upon imported strategic metals.

Lewis represents a wealth of American scientific and engineering expertise which can keep the United States in the forefront of aerospace technology.

Mr. Chairman, I urge adoption of the fiscal year 1983 NASA authorization bill.●

● Mr. **HEFTEL**. Mr. Chairman, I would like to commend the Science and Technology Committee for its excellent work on the NASA authorization bill. I believe the Chairman's efforts to provide sufficient funding for programs which NASA is currently involved in was responsible and prudent. I was particularly pleased to note that the committee increased funding for planetary exploration programs by a level that will provide for, among other things, continued operation of the Infrared Telescope Facility (IRTF) in Hawaii. This telescope, which is the most sensitive astronomical infrared telescope in the world, has already proven its cost effectiveness and ability to monitor data from space. It simply does not make sense to close down a 3-year-old facility that cost $10 million to build.

Mr. Chairman, I urge my colleagues to join with me in passing this reasonable and carefully crafted legislation.●

Mr. **FUQUA**. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. **WINN**. Mr. Chairman, I have no further requests for time.

The **CHAIRMAN**. The Clerk will read.

The Clerk read as follows:

H.R. 5890

Be enacted by the Senate and House of Representatives of the United States of America in Congress assembly,

TITLE I

SEC. 101. There is hereby authorized to be appropriated to the National Aeronautics and Space Administration to become available October 1, 1982:

(a) For "Research and development", for the following programs:

(1) Space Shuttle, $1,718,000,000;

(2) Space flight operations, $1,707,000,000;

(3) Expendable launch vehicles, $42,800,000;

(4) Physics and astronomy, $471,700,000;

(5) Planetary exploration, $154,600,000;

(6) Life sciences, $55,700,000;

(7) Space applications, $316,300,000;

(8) Technology utilization, $4,000,000;

(9) Aeronautical research and technology, $232,000,000;

(10) Space research and technology, $123,000,000; and

(11) Tracking and data acquisition, $508,900,000.

(b) For "Construction of facilities", including land acquisition, as follows:

(1) Construction of data analysis facility, Hugh L. Dryden Flight Research Facility, $4,500,000;

(2) Rehabilitation and modification of utility systems, Goddard Space Flight Center, $2,840,000;

(3) Modifications to the 4- by 7-meter low speed tunnel, Langley Research Center, $7,200,000;

(4) Modifications to upgrade the transonic dynamics tunnel, Langley Research Center, $9,000,000;

(5) Modification of rocket engine test facility for altitude testing, Lewis Research Center, $995,000;

(6) Modification to 450 PSI air system in engine research building, Lewis Research Center, $2,920,000;

(7) Rehabilitation of airfield, Wallops Flight Center, $2,150,000;

(8) Space Shuttle facilities at various locations as follows:

(A) Modifications to solid rocket booster refurbishment and subassembly facilities, John F. Kennedy Space Center, $1,700,000;

(B) Modification of manufacturing and final assembly facilities for external tanks, Michoud Assembly Facility, $17,845,000;

(C) Minor Shuttle-unique projects, various locations, $1,860,000;

(9) Space Shuttle payload facility: Rehabilitation and modification for payload ground support operations, John F. Kennedy Space Center, $1,740,000;

(10) Repair of facilities at various locations, not in excess of $500,000 per project, $15,000,000;

(11) Rehabilitation and modification of facilities at various locations, not in excess of $500,000 per project, $20,000,000;

(12) Minor construction of new facilities and additions to existing facilities at various locations, not in excess of $250,000 per project, $4,000,000; and

(13) Facility planning and design not otherwise provided for, $8,250,000.

(c) For "Research and program management", $1,178,900,000, and such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

(d) Notwithstanding the provisions of subsection (g), appropriations hereby authorized for "Research and development" may be used (1) for any items of a capital nature (other than acquisition of land) which may be required at locations other than installations of the Administration for the performance of research and development contracts, and (2) for grants to nonprofit institutions of higher education, or to nonprofit organizations whose primary purpose is the conduct of scientific research, for purchase or construction of additional research facilities; and title to such facilities shall be vested in the United States unless the Administrator determines that the national program of aeronautical and space activities will best be served by vesting title in any such grantee institution or organization. Each such grant shall be made under such conditions as the Administrator shall determine to be required to insure that the United States will receive therefrom benefit adequate to justify the making of that grant. None of the funds appropriated for "Research and development" pursuant to this Act may be used in accordance with this subsection for the construction of any major facility, the estimated cost of which, including collateral equipment, exceeds $250,000, unless the Administrator or his designee has notified the Speaker of the House of Representatives and the President of the Senate and the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate of the nature, location, and estimated cost of such facility.

(e) When so specified and to the extent provided in an appropriation Act, (1) any amount appropriated for "Research and development" or for "Construction of facilities" may remain available without fiscal year limitation, and (2) maintenance and operation of facilities, and support services contracts may be entered into under the "Research and program management" appropriation for periods not in excess of twelve months beginning at any time during the fiscal year.

(f) Appropriations made pursuant to subsection (c) may be used, but not to exceed $25,000, for scientific consultations or extraordinary expenses upon the approval or authority of the Administrator and his determination shall be final and conclusive upon the accounting officers of the Government.

(g) Of the funds appropriated pursuant to subsections (a) and (c), not in excess of $75,000 for each project, including collateral equipment, may be used for construction of new facilities and additions to existing facilities, and for repair, rehabilitation, or modification of facilities: *Provided*, That, of the funds appropriated pursuant to subsection (a), not in excess of $250,000 for each project, including collateral equipment, may be used for any of the foregoing for unforeseen programmatic needs.

Sec. 102. Authorization is hereby granted whereby any of the amounts prescribed in paragraphs (1) through (12), inclusive, of section 101(b)—

(1) in the discretion of the Administrator or his designee, may be varied upward 10 percent, or

(2) following a report by the Administrator or his designee to the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on the circumstances of such action may be varied upward 25 percent,

to meet unusual cost variations, but the total cost of all work authorized under such paragraphs shall not exceed the total of the amounts specified in such paragraphs.

Sec. 103. Not to exceed one-half of 1 percent of the funds appropriated pursuant to section 101(a) hereof may be transferred to and merged with the "Construction of facilities" appropriation, and, when so transferred, together with $10,000,000 of the funds appropriated pursuant to section 101(b) hereof (other than funds appropriated pursuant to paragraph (13) of such section) shall be available for expenditure to construct, expand, or modify laboratories and other installations at any location (including locations specified in section 101(b)), if (1) the Administrator determines such action to be necessary because of changes in the national program of aeronautical and space activities or new scientific or engineering developments, and (2) he determines that deferral of such action until the enactment of the next authorization Act would be inconsistent with the interest of the Nation in aeronautical and space activities. The funds so made available may be expended to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment. No portion of such sums may be obligated for expenditure or expended to construct, expand, or modify laboratories and other installations unless (A) a period of thirty days has passed after the Administrator or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate and to the Committee on Science and Technology of the House of Representatives and to the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete statement concerning (i) the nature of such construction, expansion, or modification, (ii) the cost thereof including the cost of any real estate action pertaining thereto, and (iii) the reason why such construction, expansion, or modification is necessary in the national interest, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

Sec. 104. Notwithstanding any other provision of this Act—

(1) no amount appropriated pursuant to this Act may be used for any program deleted by the Congress from requests as originally made to either the House Committee on Science and Technology or the Senate Committee on Commerce, Science, and Transportation,

(2) no amount appropriated pursuant to this Act may be used for any program in excess of the amount actually authorized for that particular program by sections 101(a) and 101(c), and

(3) no amount appropriated pursuant to this Act may be used for any program which has not been presented to or requested of either such committee,

unless (A) a period of thirty days has passed after the receipt by the Speaker of the House of Representatives and the President of the Senate and each such committee of notice given by the Administrator or his disignee containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

Sec. 105. It is the sense of the Congress that it is in the national interest that consideration be given to geographical distribution of Federal research funds whenever feasible, and that the National Aeronautics and Space Administration should explore ways and means of distributing its research and development funds whenever feasible.

Sec. 106. This Act may be cited as the "National Aeronautics and Space Administration Authorization Act, 1983".

TITLE II

Sec. 201. (a) The Secretary of Commerce is hereby authorized to plan and provide for the management and operation of a civil land remote sensing space satellite system, including the LANDSAT D and D' satellites and associated ground system equipment transferred from the National Aeronautics and Space Administration; to provide for user fees; and to plan for the ownership and operation of future civil operational land remote sensing space satellite systems by the private sector when in the national interest.

(b) There is authorized to be appropriated $14,955,000 for the fiscal year 1983, for the purpose of carrying out the provisions of this title.

Mr. FUQUA (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Florida?

There was no objection.

COMMITTEE AMENDMENTS

The **CHAIRMAN**. The Clerk will report the first committee amendment.

Mr. FUQUA. Mr. Chairman, I ask unanimous consent that the committee amendments be considered en bloc, except for the committee amendment on page 2, line 22.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read as follows:

Committee amendments: On page 2, line 7, strike out "$1,718,000,000" and insert "$1,706,500,000".

On page 2, line 9, strike out "$1,707,000,000" and insert "$1,699,000,000".

On page 2, line 12, strike out "$471,700,000" and insert "$463,500,000".

On page 2, line 14, strike out "$154,600,000" and insert "$177,600,000".

On page 2, line 17, strike out "$316,300,000" and insert "$330,300,000".

On page 2, line 19, strike out "$4,000,000" and insert "$9,000,000".

On page 2, line 24, strike out "$123,000,000" and insert "$128,000,000".

On page 3, line 1, strike out "$508,900,000" and insert "$498,900,000".

On page 4, line 20, strike out "$1,178,900,000" and insert "$1,168,900,000".

On page 10, after line 24, add the following:

(c) No monies authorized by this title shall be used to transfer to the private sector the ownership or management of any civil land remote sensing space satellite system and associated ground system equipment unless (1) the Secretary of Commerce or his designee has presented, in writing, to the Speaker of the House of Representatives and the President of the Senate, and to the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate, a comprehensive plan for the proposed transfer, and (2) each such committee has transmitted to the Secretary written notice (within 30 days after receipt of the plan) to the effect that such committee has no objection to the proposed action.

Mr. FUQUA (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendments, with the exception of the committee amendment on page 2, line 22, be considered as read and printed in the RECORD.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Florida?

There was no objection.

The **CHAIRMAN**. The question is on the committee amendments, excepting the committee amendment on page 2, line 22.

The committee amendments, excepting the committee amendment on page 2, line 22, were agreed to.

The **CHAIRMAN**. The Clerk will report the remaining committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 22, strike out "$232,000,000" and insert "$267,100,000".

AMENDMENT TO THE COMMITTEE AMENDMENT OFFERED BY MR. WINN

Mr. WINN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. WINN: On page 2, line 22, strike "$267,100,000" and insert in lieu thereof "$232,700,000".

Mr. WINN. Mr. Chairman, the amendment that I am offering will reduce the aeronautics portion of this authorization by approximately $35 million. In my opinion, we are encountering here the first true test of who really wants to work to hold down our budget deficits. I believe that this is the first annual authorization bill to make it to the House floor this session. Not surprisingly, we are confronted with a $35 million addition to the administration's budget request. However, let me point out that we are not talking about food stamps, or aid for dependent children, or social security, or aid for education, or any of those other politically volatile budget items that cause such anguish when we are confronted by potential budget reductions. Instead, we are talking about the National Aeronautics and Space Administration.

As has been pointed out in the general debate, NASA received an 11-percent increase for fiscal year 1983 in the administration request. This is obviously an extremely generous increase at a time of real frugality for most other agency budgets. And yet, we have Members who saw fit to add $35 million to that already ample NASA budget. At a time when we are talking about a fiscal year 1983 budget deficit of well over $100 billion, I find an addition of this magnitude indefensible in the face of an 11-percent increase in the administration request over the previous year.

The administration has come to grips with a very difficult situation. They are faced with having to make priority decisions as to how to spend a limited number of resources. I for one can appreciate the fact that this is a difficult situation when you have such meritorious programs as the space and aeronautics activities at NASA. In my opinion though they have made a good compromise between the space and aeronautics activities. They have made substantial increases in the research and technology base activities which should go a long way toward meeting the long term needs of the aeronautics industry.

Unfortunately, though, this body has not been able to come to grips with that dilemma. Instead of accepting the very healthy growth in the NASA budget as a limit and debating the distribution within that limit, we have avoided the tough decisions by simply adding more money.

Mr. Chairman, this is the trap we have been in for the past two decades. Every time we are confronted with a problem we attempt to solve it with more Federal expenditures. We all know what that has resulted in: A Federal debt in excess of $1 trillion. When will it stop?

Mr. Chairman, let me restate though that the issue here goes beyond the simple subtraction of $35 million from this authorization bill. The real issue here is whether the House has the will to make the budget cuts necessary to reduce the size of our budget deficit. NASA will not be hurt by subtracting the $35 million from this bill, in fact the agency does not support the $35 million addition. If we cannot make the relatively easy decision to bring this bill down to the administration's generous budget request, then we have no hope of making the difficult decisions further on down the road on much tougher budget reductions.

Mr. Chairman, I urge adoption of my amendment.

□ 1240

Ms. OAKAR. Mr. Chairman, I rise in strong opposition to the amendment that would reduce funding for NASA aeronautical research and development and space programs.

I believe these cuts are very ill considered, and certainly not in the best interests of national security interests of our country at a time when we are really looking into the defense expenditures and securing our national security, and it would appear that we are being pennywise and pound foolish.

NASA facilities play a vital role as a high technology support base for our national defense effort, and provide the expertise and capability for advanced research and development work in aeronautics, energy conversion, and technology transfers in medicine, communications, and transportation. It is important to emphasize that these kinds of research and development projects or programs, especially those related to our national defense, cannot be easily transferred to the private sector. NASA facilities have the personnel and the physical plant resources to do this work more efficiently and economically than could the private sector.

I was pleased that the Secretary of Defense has openly acknowledged in a letter to OMB that any cuts in funding for NASA facilities, such as Lewis Research Center, which would be a major center affected by the gentleman's amendment, in Cleveland, Ohio, would not be consistant with the needs of the Department of Defense. Secretary Weinberger said:

NASA aeronautics research facilities and technical capabilities have been and will continue to be critical to the development of military aircraft.

Lewis Research Center, for example, is one of the biggest assets to this country, and is recognized around the world for its pioneering work in the development of superior military and civilian aircraft engines, propulsion systems used by our Space Shuttle, and a large number of very successful energy conversion projects, such as a wind machine that produces low-cost electricity.

Mr. Chairman, the Administrator of NASA, Mr. James Beggs, stated before the House Committee on Science and Technology in February that,

This administration is strongly committed to the maintenance of an independent NASA charged with pioneering new enterprises and technologies that will enhance the ability of the United States to conduct operations in space and aeronautics * * * and maintain the competitive posture of this country in aeronautics and space technology.

Mr. Chairman, the $35 million reduction that this amendment and others claim to save are a high price to pay in the long term for the eventual loss of our qualitative edge over the Soviet Union in research and development technology merely because we are pressured by political passions of the moment to reduce spending in an irresponsible and indiscriminate way.

Let me just cite one example of what the Soviet Union does in terms of its space and research projects. The CIA has analyzed the Soviet space and research program from the available data, and concluded that it is dominated by military objectives. Current CIA evidence suggests that the Soviet Union is spending at least 2 percent of its gross national product for space and research programs, programs that must be kept in mind that have military purposes. The CIA also estimates that 11 percent of Soviet defense spending is space related and aeronautics related. In contrast, the United States now spends about 0.8 of 1 percent of its gross national product for space and aeronautics programs.

The fact is that the gap represents a potentially dangerous situation wherein the United States would eventually trail the Soviet Union in the application of space-related and research technology to military strategies and techniques.

A former Director of Defense Research and Engineering in the Department of Defense has warned that one result of the large resource invested by the Soviet Union in its research and space programs might very well be American military inferiority within a period of 10 years or less.

Mr. Chairman, last November all members of the Ohio delegation in Congress cosigned a letter sent to the President expressing concern over proposed cuts in NASA funding in general, and Lewis Center in particular, and urged his rejection of any proposal that endangers the continued fine operation of our NASA facilities. Therefore, I urge my colleagues to reconsider the long-term impact on our national security of cuts in the NASA budget which serve only to deprive us of our leadership over the Soviet Union in research and development technology, and thus compromise our national defense.

□ 1250

Mr. LOWERY of California. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Winn amendment.

Mr. Chairman, first of all, I would like to commend the chairman of the subcommittee and the chairman of the full committee for their efforts in bringing the NASA bill to the floor. I, too, am an avid aeronautics and space supporter. I represent one of the most high technology districts in America.

Clearly, the administration has demonstrated its support for the U.S. civilian space agency with an 11-percent increase. All I have been hearing and I know all my colleagues have been hearing about these days are reductions in most Federal agencies, yet NASA is growing stronger. Why, then, even with this level of support, do some of our colleagues continually insist on "nickel-and-diming" the budget up to unacceptable levels? I would hope that my colleagues across the aisle will support a reduced deficit, not one that continues to grow.

Mr. Chairman, I strongly support the Winn amendment to reduce the NASA budget to the administration's request.

Mr. FLIPPO. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I, too, wish to speak in opposition to the amendment by the gentleman from Kansas (Mr. WINN), and I would like to put this matter in its proper perspective.

What we are talking about in the bill before the House at this time is an amount of about $6.6 billion. That is $6.6 billion, and the debate that is taking place at this time is over $35 million, less than one-half of 1 percent.

So we can see that we are really not debating here at this time the merits of whether or not aeronautics ought to have an additional $35 million or whether it ought to have $17 million or some magic number, because the magic numbers are not there at all. It is a judgment call as to what we want to do.

What we are really talking about is a matter of symbolism. The gentleman from Kansas (Mr. WINN) feels that we should not exceed the Reagan budget numbers. He has stated that. The Reagan budget numbers are those, as suggested to the committee, that are only $35 million different from the Budget Committee's numbers that are submitted here. Congress and the committee have worked their will in proper procedure and determined that in the judgment of the House or the committee, aeronautics ought to receive this amount and NASA ought to have one-half of 1 percent or $35 million more in that regard.

So it is a symbolic fight. That is all it is about. It is less than one-half of 1 percent. I believe that the committee has a right and the members of the committee have a right to have some scintilla of input into the budget numbers that the President is offering to us, and after all, if there is anything so very perfect about the numbers being presented by the administration, I fail to see why, if we followed every line item in the presentation of the administration that is being presented to the Congress, you would have, I believe, an agreed deficit somewhere in excess of $150 billion.

So, I do not see that there is an all-encompassing wisdom included in the finite numbers, not in the administration's presentation nor in our committee's presentation. But to put it in the proper perspective, in my opinion, we are talking about less than one-half of 1 percent, and that matter if not worth all of the time and effort that we seem to be putting into it.

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. FLIPPO. If I have time left, I will yield to the gentleman from Florida, and then I will yield to the other side.

Mr. NELSON. Mr. Chairman, this budget has been crafted very carefully, and there are just flat going to be times when we disagree with the Office of Management and Budget, and this is one of those times. For the sake of the future of our country, in our opinion, this additional item needs to be there.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. FLIPPO. I yield to the distinguished gentleman from Pennsylvania for a further inquiry.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding.

I just wanted to find out, based upon the gentleman's statement, whether or not he would be any more enthusiastic about cutting if we were moving toward a balanced budget. The gentleman expressed dismay about a $100 billion deficit. This gentleman is also concerned about that.

I would ask the gentleman whether or not he would be more responsive if we were moving toward a balanced budget.

Mr. FLIPPO. Mr. Chairman, I am a strong supporter of a balanced budget, and I voted that way the previous time when the tax cut put us in this dangerous situation.

Mr. WALKER. Mr. Chairman, if the gentleman will yield further, I just wanted to point out to the gentleman that we will have an opportunity later on this afternoon to vote for a balanced budget in this context as well.

Mr. FLIPPO. I would be most pleased to be voting for a balanced budget, and I wish we had that opportunity.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. FLIPPO. I yield to the gentleman from Michigan.

Mr. DUNN. Mr. Chairman, I will say to the gentleman from Alabama that I have a question for him.

Mr. Chairman, I am not sure what the gentleman is saying. He said that this $35 million is only a symbol and it is less than a half percent and it is not that important. On the other hand, he said the Reagan numbers, if we believe them are already $150 billion in arrears with our numbers.

Is the gentleman suggesting that the $150 billion in arrears is not enough and we should add $35 million to it?

Mr. FLIPPO. Mr. Chairman, I think the gentleman knows very well that I am not suggesting the budget deficit should exceed that. I think the gentleman knows that from our experience.

What I am saying is very clear, that the bill before us today has $6.6 billion in it, and the gentleman is making a symbolic argument over $35 million.

After all, I believe the gentleman on this side has already offered $17 million or perhaps $16 million, but in either case, what are we talking about? Whether it is $17 million, $15 million, or $16 million or $35 million, it is a scintilla of the amount we are dealing with here.

Mr. DUNN. Mr. Chairman, if I might, I will ask one more question.

The **CHAIRMAN.** The time of the gentleman from Alabama (Mr. FLIPPO) has expired.

Mr. GLICKMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I had thought about and talked briefly with some of my colleagues on both sides about trying to compromise this issue, and I have decided that it is not worth compromising because the compromise may be in some respects the life or death of companies like Boeing, United Technologies, Pratt & Whitney, Rockwell, General Dynamics, and many general aviation companies, not today but over a period of years.

The fact of the matter is that the Winn amendment would cut $35 million out of aeronautics. The fact of the matter is that the Winn amendment would cut approximately $35 million from what we authorized last year, about $45 million from what we authorized in 1981, and about $70 million from what we authorized in 1980.

What I am telling my colleagues is that we have been going down in aeronautics anyway, and the figure that the committee brings us today is no greater than it was last year, so we are not going up.

What happened here is that we had a large increase in the space side of about 11 percent and the administration chose to take some money out of the aeronautics side. I guess what I am saying is that we have an industry in America that desperately needs that technology transfer help, and that is the aerospace industry.

Let me tell the Members what the amendment offered by the gentleman from Kansas (Mr. WINN) would do so that we will have some feeling about it. The energy-efficient jet engine technology program that has produced modifications in the new engines made by Pratt & Whitney and GE that go into the 757's and 767's and have resulted in tremendous energy efficiency would be axed; that would be dropped in its entirety. The composite primary aircraft structures, the new composite materials, graphite, making airplanes later, would be dropped in the Winn amendment.

The advanced turboprop would be dropped. We have heard of Prop Fan. This is a new propeller that would be energy efficient, particularly used for short haul. That is new technology, and it could be the wave of the future for short-haul transports, and it would allow us to leapfrog the competition. That would be dropped as a result of the Winn amendment.

There are many other areas. There is the terminal configured vehicle, which is an airplane that NASA flies to help pilots decipher cockpit display equipment. It is being used in the 757's and 767's directly as a result of NASA's work. It would be dropped as a result of the Winn amendment.

Work on the advanced rotorcraft technology, the helicopter transmission research, and other new methods are involved. For example, we have a tilt rotor that takes off like an aircraft and flies like an airplane. That would be dropped as a result of the Winn amendment.

What the Winn amendment would leave us with is what is called basic research and technology. This is an area the administration says we should pursue; let us have the Government doing only very, very basic research, and let us leave all the systems technology work to private industry.

It just does not work that way. In the first place, private industry and the aircraft industry today do not have a lot of bucks to spend on this kind of work. Second of all, they thrived over the years because of this kind of work. Third of all, this is the par excellence example of an industry in which we have had technology transfer from the Government. Fourth of all, do we think Airbus Industries of France is cutting their air systems technology work? Do we think that MITI in Japan is cutting their work to develop competitive aircraft? Of course not. If they are, they have got to have their heads examined as much as we do.

The fact of the matter is that not only are NASA's centers at Lewis and Langley and Ames and the Jet Propulsion laboratory dependent upon the defeat of the Winn amendment, but the fact of the matter is that jobs, hundreds of jobs in southern California, in Washington State, in Ohio, in Kansas, and in New York State and Florida, and wherever else they build airplanes, and the indirect suppliers are directly affected by the Winn amendment.

□ 1300

Yes, it is over the aggregate budget the President recommended; some magic figure that somebody at OMB developed. But the aeronautics budget is less than what we authorized and appropriated last year. It is less than what we spent the year before. In fact, the curve has been going down, not up.

If I would have had my way, this amount would have been much more than it is this year. But we have brought you a number that we consider to be a minimum of what can support a dynamic aircraft industry in America.

I would like to give my colleagues these numbers so they know. In 1980 we authorized $308 million in aeronautics; in 1981, $271 million in aeronautics; and in 1982 we authorized $284 million in aeronautics. Now the administration wants to go to $232 million.

Obviously, in my judgment, this reflects a philosophical change which I just philosophically disagree with. I want to preserve a dynamic growing aircraft industry. It truly is our No. 1 industry in terms of exports, except for agriculture.

By voting for the Winn amendment I think that we hasten the day when the unemployment lines will increase at aircraft plants all over America. I urge my colleagues to defeat this amendment.

Mr. DeNARDIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I attempted to be recognized earlier because I wanted to enter into a brief colloquy with the distinguished gentleman from Kansas (Mr. WINN), the ranking member of the committee, and the author of the amendment that is presently before us.

While I would still invite him to reply, if need be, the other gentleman from Kansas (Mr. GLICKMAN), who has just spoken, has answered a number of the questions that I was going to ask my distinguished colleague and friend.

Based on what the other gentleman from Kansas has said about the impact of this particular amendment on civil aeronautics research and development of a very sophisticated and very important type, I rise in opposition to the amendment. The author of the amendment has made a very articulate case for budget reductions generally. I was going to ask him about the specific nature of the impact of his amendment on civil aeronautics research, and that has been answered.

I would invite the author of the amendment, if he feels that the answer has been misleading or needs to be clarified, to clarify it. But based on what I have heard here about the impact of that amendment, I think it would be foolhardy to eliminate or seriously retard some of the programs that have been enumerated.

I know in my own State of Connecticut important work is being done by United Technologies, by Pratt & Whitney as a subsidiary of United Technologies.

It is not simply a question of jobs, although that is important to be sure. But it is a question of moving to an advanced state of the art in aeronautics.

I believe that there exists now an imbalance between expenditures on the military side and expenditures on the civil side, and I believe the amendment, if it carries, will further hamper civil aeronautics research.

So, for those reasons, I would strongly oppose the amendment. As I have said earlier, I further invite the author of the amendment, if he feels some clarification is necessary, to respond in his own time.

Mr. PEASE. Mr. Chairman, I move to strike the requisite number of words and rise to oppose the amendment.

I would like to begin by commending my former colleagues on the Science and Technology Committee. I am proud to be an alumnus of that committee. I think it continues to do excellent work and an example of that is on the floor today.

I would also like to commend in particular my colleague from Kansas (Mr. WINN) not for offering this amendment in particular, but for the good work that he continues to do on that committee and for the fact that I suspect that today he is being a loyal soldier for the administration.

I am especially grateful to our other colleague from Kansas (Mr. GLICKMAN) for the recitation he made both in general debate and again here on the floor a few minutes ago about the pattern of authorization levels for the research contained within this bill.

It is clear that we are not throwing caution to the wind and spending money hand over fist on aeronautical research.

What is clear is that we are spending less money on aeronautical research than we did before. The pattern is clearly established, and we need to take that into account as we vote on this amendment.

Let us put this in perspective, the perspective not only of appropriations or authorizations for NASA or for science in general, but for the entire Federal Government. Where we stand today is that the administration made a tragic mistake last year in its economic recovery program and put us, through a combination of its defense spending increases and its tax decreases, into a very, very large fiscal hole, building in enormous deficits over the next several years.

As a result of the pressure from those deficits, resulting from the program enacted last year, OMB is desperate to find cuts in spending that will help reduce that deficit. We cannot blame at all OMB for trying. But we can, as a Congress, exercise our independent judgment as to whether those cuts are good or whether they are ill-conceived.

I think anyone who looks at the kinds of figures the gentleman from Kansas (Mr. GLICKMAN) provided just recently will come to the conclusion that this particular cut is ill conceived.

Why should we shortchange aeronautical research in the United States because of a mistake that was made in the budget as a whole last year? There is no good reason at all for doing that.

We need to be sure in the Science and Technology Committee and here on the floor that we are providing adequate resources for research in aeronautical and space applications. The judgment of the committee is that more money than the administration has asked for needs to be authorized, and yet even that is less than has been authorized in recent years.

It seems to me that it would be a tragic mistake in terms of the future of U.S. space and aeronautical corporations, for the future of jobs in this country, for the future of our balance of payments, for us to say that in order to help in a minuscule way to overcome a mistake that was made on the budget as a whole last year, we must at this time cut money from the heart of a very, very important program.

So I would ask my colleagues to take that into perspective and to reject this amendment. As it happens, my district is quite close to the Lewis Research Center in Cleveland. I have known the director there, Dr. McCarthy, and I know the new director, Andrew Stofan, very well. Many of my constituents work there, and I visited the center as recently as 3 or 4 months ago. I know the kind of work that is going on there. It is important work that needs to continue if we are to have an aerospace industry worthy of the name in future years.

So, again, I ask my colleagues to reject this amendment and I yield back the balance of my time.

Mr. DUNN. Mr. Chairman, I move to strike the requisite number of words and rise in support of the amendment.

I would like to engage the gentleman from Alabama (Mr. FLIPPO) in a colloquy if I may. Perhaps we could start with what the gentleman and I agree on.

We both believe that aeronautical research is important. Does the gentleman agree?

Mr. FLIPPO. Will the gentleman yield?

Mr. DUNN. I yield to the gentleman from Alabama.

Mr. FLIPPO. I will be glad for the gentleman to make his statement, and then I will be glad to respond to that.

Mr. DUNN. Where we get into an area of disagreement, I think, is the gentleman's reference to $17 million of the taxpayers' money as being infinitesimally small and to $35 million as measly. There we would disagree.

But I would like to state to the gentleman that we do have, and you do have an opportunity here to deal with that measly $35 million, by voting for the Winn amendment. I am going to propose an amendment that will transfer $25.5 million out of the space programs to aeronautics, which surely the gentleman could not object to, because it is so small. This will protect the taxpayers, protect the aeronautical portion of the budget, and we will all be happy.

Will the gentleman agree with me?

□ 1310

Mr. FLIPPO. I think the gentleman knows very well that I will not agree with him, and I think the gentleman is trying to misrepresent and put a different connotation on the statements that I made there. But I expect that from the gentleman from Michigan. I have watched him work in other ways.

The gentleman knows very well that I do not consider $17 million a measly amount of money, nor $35 million a measly amount of money.

Mr. DUNN. I was using the gentleman's words.

Mr. FLIPPO. Yes; the gentleman does very well in selecting specific areas that serves his own purpose in doing that.

The gentleman knows very well that I was speaking of that amount of money in terms of the total amount of money that is in this bill, and the total amount of money that is in this bill is $6.6 billion. The gentleman and I are discussing $35 million, which, as I pointed out to the gentleman, was less than one-half of 1 percent, or in the neighborhood of one-half of 1 percent. The gentleman from Kansas at one time I believe on this side offered the $35 million in debate here, he offered to split that, and it is my understanding that that offer was made. If that is not correct, I will repeal that statement. But if he did, then we are talking about $17 million, and that is not one-half of 1 percent of $6.6 billion.

Mr. DUNN. If I could reclaim my time——

Mr. FLIPPO. Well, if the gentleman would like, I will be glad to speak after him. The gentleman asked me a question. I am trying to answer the gentleman's question. The gentleman attempted to misrepresent the position of the gentleman from Alabama, and I am trying to state it correctly. If the gentleman wants the time, I will be glad to yield back to him.

Mr. DUNN. I think the gentleman has ably restated his position. We both agree that we are dealing with less than half of 1 percent of this money. So how can the gentleman object to taking it out of the $6.6 billion and putting it back into this very vital program, the aeronautic research?

Mr. FLIPPO. I will be glad to help the gentleman find his $17 million in other programs at this and future times. It will be my pleasure to assist in that effort and to assist in balancing budget efforts as well.

Mr. DUNN. The gentleman can do it with this vote.

Mr. FLIPPO. I will promise the gentleman that he will have an opportunity to see my votes in the future that will do that.

Mr. DUNN. I thank the gentleman.

Mr. WINN. Mr. Chairman, will the gentleman yield?

Mr. DUNN. I yield to the gentleman from Kansas.

Mr. WINN. I thank the gentleman for yielding.

Let me point out to the Members here on the floor that I am not representing any parochial interest. I am not being a good soldier for the administration in trying to protect the taxpayers of this country. I am not interesting in splitting the difference of 17 or 35. I am not interested in making a deal. I am trying to figure out how we can balance the budget, even though it has been pointed out time and time again that we have already received an 11-percent increase.

To my friend from Connecticut, let me point out that the Administrator does not get involved in any of the programs that my colleague from Kansas mentioned and got people all stirred up. "We are going to lose all these jobs, we are going to cost all of this technology," that is a bunch of hooey.

The Administrator can make these decisions and wants to be in a position to make these decisions with the help of my colleague from Kansas, with the help of my colleague from Alabama. It is just a matter of money, and it is a matter of principle.

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, first of all, I want to commend our committee on the hard work that has been done in developing this proposed authorization that we are discussing here today. In spite of all this sincere labor, I feel that this bill demonstrates the practiced approach of too many of our colleagues to continue to operate as if the grand old pot is unlimited. Our country is experiencing the acute fallacies of that kind of mind set. I call on this Congress to reverse this all too familiar trend by supporting the amendment proposed by the gentleman from Kansas (Mr. WINN). How much longer are we going to listen to the foolishness of criticizing the President for his budget deficits while we vote to expand those deficits?

As noted, the NASA proposed budget has been by no means slashed. To the contrary, it has been accorded a healthy 11 percent increase. That should even sit well with my colleagues who support the concept that funding for all Government programs should be at a pace at least keeping up with the cost of living. That 11 percent is almost 8 percent above what the inflation rate has been for the past 6 months. I am sure that most of us would agree that that increase has some merit to it, based upon NASA's prior successes and its somewhat unique capacity amongst Federal programs to produce tangible and beneficial results.

However, those who support this proposed bill hunger for even more than that 11 percent. While a small increase in relative terms, it represents more growth over an already substantial increase. It is time that this Congress begins to set an example that we have been preaching all too often these days. Deficits are the problem. They are the major problem confronting this economy. And one step toward reducing them is to begin cutting the budget.

I find it difficult to believe that with all of the genius and talent that resides in NASA that they could not find ways to more efficiently operate under a $6.613 billion budget that would permit them to undertake some of the projects that have been eliminated.

As my honored colleague has said, we have a chance to start our fiscal year 1983 authorization process off on a reasonable foot.

Let me emphasize again this point. This is the first authorization bill we have toward 1983. The decision that we make with regard to this bill is a precedent. Are we going to stick with the budget, or are we not going to stick with the budget? If you support the Winn amendment, you are saying we are going to stick with at least the President's budget. I happen to think we should go even further, and I will be offering an amendment to that effect in a little bit. But I support the Winn amendment as the first step that we need, and I ask the Members to join me in a mutual attack on budget deficits.

Mr. AKAKA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I oppose this amendment because it will essentially gut the budget for research in aeronautics in fiscal year 1983. I want to point out to my colleagues that the $267.1 million authorization figure set by the House Science and Technology Committee for aeronautical research and technology is well below the fiscal year 1982 authorization and below the fiscal year 1982 appropriation of $270.6 million. You may remember that in 1980, the Congress of the United States decided that it was necessary to spend $308 million for aeronautical research and technology. This trend of rapid decline in funding for research in aeronautics and technology is frightening.

It is frightening because it indicates to me that some people in the administration and in Congress have decided that we don't have to invest in continued R. & D. in aeronautics. What these people are saying is that it is just fine with them to sacrifice our ability to compete in the international marketplace in aeronautics. For years, we have been leaders in the field of aeronautics. We have built the best airplanes with the most sophisticated and efficient technology. And, I want to stress the fact that there are other nations in the world just waiting for the American Government to make it crystal clear that the United States simply does not want to compete in aeronautics anymore.

Do my colleagues who support this amendment really want to buy French and Japanese aircraft all the time for the next decade? If you support this amendment, that is exactly what you do support.

For the first time in history, America's leadership in aviation is being seriously challenged. Now is not the time to cut back further on Government support for aeronautics research. With a 2-percent projected decline in exports for 1982, now is not the time to support this amendment. If this amendment passes, I can guarantee you that we are responsible for laying the groundwork to make sure that our aeronautics industry goes the way of our domestic auto and steel industries. We do not need another failing industry in this country. We have enough. We do not need to lay the groundwork for more subsidies to failing industries in the years to come. We have had enough. We cannot continue to develop sophisticated technologies, export them and abandon them, only to buy them back from foreign governments.

I strongly oppose this amendment and urge my colleagues to do the same. Our future in aviation depends on it.

ROTORCRAFT RESEARCH FOR MILITARY AND CIVILIAN MARKETS

The rotorcraft market represents a rapidly expanding and important part of the aeronautics industry. Currently, helicopters represent over 60 percent of the U.S. military aircraft fleet. Helicopers have recently assumed an increasingly important role in civil applications, including corporate transportation, industrial applications, and public services. Their unique capabilities suit them particularly well for remote area operations, such as forest management, resource exploration, and construction projects.

This aircraft employs two unique and significant capabilities. It takes off and lands vertically, and it can sustain flight in a hover. The helicopter requires a minimum investment in facilities and equipment and can serve congested and remote areas equally well. Current technology is making possible a much more economical and competitive aircraft for low-speed applications.

The research which will generate the necessary rotorcraft technology is being accomplished by a combination of military and NASA cooperative programs and projects. The technology base for rotorcraft is still in the infancy stage compared to that of fixed-wing aircraft. Helicopter research must provide rapid and visible advances. Such advances will provide an improved understanding of the very complex helicopter aerodynamics and dynamics, and will provide a data base for use by the manufacturers in designing our future military and civil helicopters.

The NASA rotorcraft program covers the essential disciplines of aerodynamics, propulsion, structure, and flight controls. The research is directed at the individual and integrated technology advances which hold promise for future civil and military systems. The program will also emphasize all-weather rotorcraft capability for instrument flight in remote-site operations.

The research activities are essential to future military helicopter improvement, and will also be beneficial to the U.S. industry in its efforts to establish and maintain a competitive posture with the rapidly expanding nationally supported rotorcraft industries of Europe.

Mr. Chairman, I yield back the balance of my time.

Mr. GINGRICH. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I have to confess a certain hesitation in getting up here because I think my conservative credentials are fairly strong and, in fact, later on during this debate I hope to support the gentleman from Pennsylvania when he offers an amendment which will attach a requirement that we will obey the balanced Budget Act which is now the law of the land, and I will do so quite candidly.

I think we need to continue to raise that issue until the House leadership brings a constitutional amendment to the floor and allows us to vote on disciplining the Congress constitutionally. I frankly think we need a balanced budget.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

I think the gentleman makes a good point. I think it points out something that needs to be emphasized when we go to the balanced budget language later on. We would not have to resort to this kind of balanced budget approach if in fact we could get a constitutional amendment out on the floor which about 34 States have petitioned for, and that this effort to attach it to all authorization bills and all appropriations bills is aimed very directly at saying that there may be a more responsible approach, but that responsible approach is being withheld from this House by the Judiciary Committee at this point.

Mr. GINGRICH. I agree and I think that the gentleman is doing the House's work in forcing attention to the fact that we should have a chance to vote on that constitutional amendment.

Having said that—I think my record is one of being rather conservative on budget matters—I think that this particular amendment is peculiarly unwise. I think that in fact the President's budget for NASA is absurdly small. I think we have robbed this Nation of over a million jobs in the last decade by not spending adequately on space and on aeronautics research.

The reality is that every conservative who voted to keep the Panama Canal should confront the fact that we had to first build a Panama Canal; that everyone who talks about how we have to be strong nationally on defense, has to recognize that our national strength, as the recent Argentinian attack on a British destroyer showed, is based on high technology, on high research, an ability to invest in the kind of future, which is very different from the one we have been drifting toward.

This budget, more than any other budget that comes to this floor is the seed corn of the future. The essence of all conservatism is not to starve people to death with frugality but to be frugal, precisely, to be able to invest in the seed corn.

For a generation this Nation has used research and development as a substitute for tariffs. In fact, we oppose tariffs in most of the world because through research and development we created jobs by building better aircraft, better computers, and other high technology items.

It is a tragedy that the Office of Management and Budget fails to recognize the central importance to our future, to our economic future, to our national security future, of this kind of research and development and I think it would be a terrible signal to every young person trying to decide whether or not to go into engineering, to cut the budget which would say, yes, we want to build better equipment; yes, we want to build a better future; yes, we want you to become an engineer, because there will be a job in the future.

Any American who thinks we will be stronger by cutting research in aeronautics need only look at the Japanese and French programs to recognize the competition for jobs we face in the future.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I thank the gentleman for yielding.

I want to thank my colleague from Georgia for a very thoughtful statement and I want to amplify on something the gentleman said about strength.

During our hearings on this subject we received letters from the Secretary of Defense, Mr. Weinberger, and the Under Secretary of Defense for Research, Mr. DeLauer who both testified to the critical role of NASA aeronautics in the production of military airplanes.

So it does not just relate to civil technology, which is critical, but also has great spinoffs in military technology and it just does not make any sense.

I think the gentleman has made an excellent statement.

Mr. GINGRICH. I thank my colleague and let me close by saying I do not see how anybody who wants to see jobs in this country, that pay well, or how anybody who is concerned about our national defense, can vote for a budget any smaller than the one this committee brought out which, as I testified at the time, I think is frankly too small.

I commend the committee for its work. I think it is vital we keep this full budget, and I urge everyone to vote against the amendment.

Mr. MOTTL. Mr. Chairman, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Ohio.

Mr. MOTTL. I appreciate the gentleman from Georgia yielding and I want to commend him for his fine speech on behalf of defeating this amendment.

I want to join him and the gentleman from Kansas (Mr. GLICKMAN) and the gentlewoman from Ohio (Ms. OAKAR) for their fine statements with regard to keeping important R. & D. in this budget for NASA.

I just want to reiterate that Lewis, a great think tank in Cleveland, Ohio, is so important to NASA and the country that we keep it going with the necessary funding. If we are going to keep the foreign imports down we have to have this invaluable R. & D. going on at Lewis to make sure that our manufacturers of airplanes and automobiles have the latest research and development.

I join with my colleague in vigorously opposing this amendment and ask that the Members would join with us in defeating the Winn amendment.

Mr. **FUQUA**. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I hope that we can bring this to a vote very soon and I do not intend to take the full 5 minutes allotted, but I want to commend the gentleman from Georgia and the gentleman from Kansas, and others who have spoken in opposition to this amendment.

The fact has been that the budget for space activities is an 11-percent increase. That is true. That is in space activities, primarily related to the Space Shuttle in order to keep that program on schedule and on time. Now let me address the aeronautics issue. NASA asked OMB for $371 million. That is what they went to OMB for. And they went back on this program on three different occasions to plead their case with OMB.

They were unsuccessful. OMB reduced it by $139 million below what NASA had pleaded with them to approve.

Statements have been made by the gentleman from Kansas (Mr. GLICKMAN), the Secretary of Defense wrote a letter to the Administrator of NASA and to OMB, suggesting the importance of this to the military program. Let me state again, the military supports this aeronautical research.

We have about $12 billion in balance of payments that comes directly from the civilian aeronautics program.

The Senate Committee has already added $64 million in this particular program.

As has been pointed out by others, the aircraft industry in this country is not equipped, nor are they financially able to support this type of basic research and the advanced programs that NASA is conducting. It is a good program. It is money well spent.

As has been pointed out in other conversations and debates by the gentleman from Alabama (Mr. FLIPPO) there are spending programs that cause problems and there are spending programs that help solve problems.

☐ 1330

This is a spending program that helps solve problems. It creates jobs in this country. It creates technical know-how and it creates a strong America.

Mr. Chairman, I urge defeat of the amendment.

The **CHAIRMAN** pro tempore (Mr. ZEFERETTI). The question is on the amendment offered by the gentleman from Kansas (Mr. WINN) to the committee amendment.

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. **FRENZEL**. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The **CHAIRMAN** pro tempore. Evidently a quorum is not present. Pursuant to the provisions of clause 2, rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 75]

ANSWERED "PRESENT"—365

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Atkinson
AuCoin
Badham
Bafalis
Bailey (MO)
Barnes
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Bliley
Boggs
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Burgener
Burton, Phillip
Byron
Carman
Carney
Chappie
Cheney
Clausen
Clay
Clinger
Coats
Coelho
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coughlin
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crane, Philip
Crockett
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dickinson
Dicks
Dixon
Donnelly
Dorgan
Dougherty
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Evans (DE)
Evans (IA)
Fary
Fascell
Fazio
Ferraro
Fiedler
Fields
Findley
Fish
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Green
Gregg
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Hatcher
Heckler
Hefner
Heftel
Hendon
Hertel
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hoyer
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffries
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kennelly
Kildee
Kindness
Kogovsek
Kramer
Lagomarsino
Lantos
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Lewis
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Madigan
Markey
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli
McClory
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Myers
Napier
Natcher
Nelligan
Nelson
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Oxley
Panetta
Parris
Pashayan
Patman
Patterson
Paul
Pease
Pepper
Perkins
Petri
Pickle
Porter
Price
Pritchard
Pursell
Railsback
Rangel
Ratchford
Regula
Reuss
Richmond
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Roemer
Rogers
Rosenthal
Rostenkowski
Roth
Roukema
Rousselot
Roybal
Rudd
Russo
Sabo
Savage
Sawyer
Scheuer
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Stangeland
Staton
Stenholm
Stokes
Studds
Stump
Swift
Synar
Tauke
Tauzin
Taylor
Thomas
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Washington
Watkins
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wirth
Wolf
Wolpe
Wortley
Wyden
Wylie
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

☐ 1340

The **CHAIRMAN** pro tempore. Three hundred and sixty-five Members have answered to their names, a quorum is present, and the committee will resume its business.

RECORDED VOTE

The **CHAIRMAN** pro tempore. The pending business is the demand of the gentleman from Minnesota (Mr. FRENZEL) for a recorded vote.

A recorded vote was ordered.

The **CHAIRMAN** pro tempore. The Chair will remind the Members that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 169, noes 204, not voting 59, as follows:

[Roll No. 76]

AYES—169

Archer
Badham
Bailey (MO)
Beard
Benedict
Benjamin
Bereuter
Bethune
Biaggi
Bliley
Broomfield
Brown (CO)
Broyhill
Burgener
Byron
Carman
Carney
Chappie
Cheney
Clausen
Clinger
Coats
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coughlin
Craig
Crane, Daniel

Crane, Philip
Crockett
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
Deckard
Derwinski
Dickinson
Dougherty
Dunn
Edwards (AL)
Edwards (OK)
Emery
Erdahl
Erlenborn
Evans (DE)
Fields
Findley
Fish
Forsythe
Fountain
Frenzel
Gilman
Goodling
Gradison
Gramm
Gregg
Gunderson
Hagedorn
Hall, Sam
Hammerschmidt
Hansen (ID)
Hartnett
Hendon
Hiler
Hopkins
Horton
Hughes
Hunter
Hyde
Jacobs
Jeffries
Jenkins
Johnston
Kastenmeier
Kazen
Kemp
Kindness
Kramer
Lagomarsino
Leach
LeBoutillier
Lee
Lent
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marriott
Martin (NC)
Martin (NY)
Mazzoli
McDade
McDonald
McEwen
McGrath
Michel
Miller (OH)
Mitchell (NY)
Montgomery
Moore
Moorhead
Morrison
Myers
Napier
Natcher
Nelligan
Parris
Pashayan
Patman
Paul
Petri
Porter
Reuss
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Rogers
Rosenthal
Roth
Roukema
Rousselot
Rudd
Russo
Sawyer
Schroeder
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Smith (AL)
Smith (NE)
Smith (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stump
Tauzin
Vander Jagt
Walker
Wampler
Washington
Weaver
Weber (MN)
Weiss
Whitley
Whittaker
Whitten
Winn
Wolf
Wolpe
Wortley
Wylie
Young (AK)

NOES—204

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Atkinson
AuCoin
Bafalis
Barnes
Bedell
Beilenson
Bennett
Bevill
Bingham
Blanchard
Boggs
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Burton, Phillip
Clay
Coelho
Coleman
Collins (IL)
Coyne, James
Coyne, William
Davis
de la Garza
Dellums
DeNardis
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Downey
Duncan
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (CA)
Emerson
English
Evans (IA)
Fary
Fascell
Fazio
Ferraro
Fiedler
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gingrich
Glickman
Gonzalez
Gore
Green
Guarini
Hall (OH)
Hall, Ralph
Hance
Hatcher
Heckler
Hefner
Heftel
Hertel
Hillis
Holland
Hollenbeck
Holt
Howard
Hoyer
Huckaby
Hutto
Ireland
Jones (OK)
Jones (TN)
Kennelly
Kildee
Kogovsek
Lantos
Leath
Lehman
Leland
Levitas
Lewis
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
Markey
Marks
Martin (IL)
Matsui
Mattox
Mavroules
McCollum
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Molinari
Mollohan
Mottl
Murphy
Nelson
Nowak
Oakar
Oberstar
Obey
Ottinger
Oxley
Panetta
Patterson
Pease
Pepper
Perkins
Pickle
Price
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Richmond
Rodino
Roe
Rostenkowski
Roybal
Sabo
Savage
Scheuer
Schumer
Seiberling
Shamansky
Shannon
Sharp
Shelby
Simon
Smith (IA)
Smith (NJ)
Solarz
St Germain
Stark
Stokes
Studds
Swift
Synar
Tauke
Thomas
Traxler
Vento
Volkmer
Walgren
Watkins
Waxman
Weber (OH)
White
Williams (OH)
Wirth
Wright
Wyden
Yatron
Young (FL)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—59

Aspin
Bailey (PA)
Barnard
Boland
Brown (OH)
Burton, John
Butler
Campbell
Chappell
Chisholm
Courter
Dornan
Dreier
Dyson
Ertel
Evans (GA)
Evans (IN)
Fenwick
Foglietta
Ginn
Goldwater
Gray
Grisham
Hamilton
Hansen (UT)
Harkin
Hawkins
Hightower
Hubbard
Jeffords
Jones (NC)
LaFalce
Latta
Livingston
Marlenee
McClory
McCloskey
McCurdy
Murtha
Neal
Nichols
O'Brien
Peyser
Quillen
Rhodes
Rose
Santini
Schneider
Skelton
Smith (PA)
Stanton
Stratton
Taylor
Trible
Udall
Whitehurst
Williams (MT)
Wilson
Yates

☐ 1350

Messrs. **ROEMER**, **FRENZEL**, and **WOLPE** changed their votes from "no" to "aye."

So the amendment to the committee amendment was rejected.

The result of the vote was announced as above recorded.

The **CHAIRMAN**. The question is on the committee amendment.

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. WALKER

Mr. **WALKER**. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. WALKER: On page 11, after line 13, insert the following new section:
>
> SEC. 202. No funds authorized under this act shall be expended in violation of section 7 of Public Law 95-435.

Mr. **WALKER**. Mr. Chairman, the bill we have before us is the first authorization bill this House will consider in this session. It therefore sets some important precedents, and I think it is important to recognize that what we do on this bill can well send a signal as to what we are going to do with regard to the budget looking down the road some months to come.

Now, I happen to be an advocate of the program that is before us. I happen to support NASA. I think it is one of the most vital and important programs that we have. As an advocate of this agency, I think it is particularly important that I am offering this amendment, which is essentially a balanced budget amendment, because what I am saying here is that I am going to be willing to offer this amendment not only on authorizations that I do not happen to believe in, but on authorizations that I happen to believe in very strongly.

This is going to be the first in a series of efforts. Members can expect to hear this amendment come up on virtually every authorization bill and every appropriations bill that comes before this House until—until that time when we get some real action on a balanced budget; namely, a constitutional amendment to balance the budget, on the floor. If we cannot do it by that means, what we can do is begin the process of saying that the law of the land will be obeyed.

What is the law of the land? The law of the land is stated very clearly in Public Law 95-435. That law says this:

> Beginning with fiscal year 1981 the total budget outlays of the Federal Government shall not exceed its receipts."

What does my amendment that I am offering here do in the context of that law? It says that none of the funds under this bill may be spent in violation of the law. Therefore, what we would be saying if we adopt this amendment to all authorizations and all appropriations is that a balanced budget is what we want to require.

☐ 1400

Now, that is going to be a decision that is up to each Member of this House because we are going to be asked to do this time and time and time again, and we are going to be evaluated by our constituents and by the American people on whether or not we really are going to back up the words we hear so often or whether or not people are for balancing the budget.

Mr. **SEIBERLING**. Mr. Chairman, will the gentleman yield?

Mr. **WALKER**. I will be glad to yield to the gentleman after I finish my statement.

Mr. Chairman, what is happening around here is that our current congressional process with regard to budgeting is entirely suspect. We have no better example than some of the language that is being spoken on this floor today with regard to this bill where Members defend spending as being something that they consider to be for the good of the country, that some spending is good and other spending is bad and this spending happens to be good. We are told that all the time that this spending does not represent very much, so, therefore, we can go ahead and approve it. We hear that all the time, and for that reason our process becomes suspect. Our will to do something about balancing the budget and reducing the deficits is suspect, and it is suspect across the length and breadth of this country.

And yet the law is clear. The law says—and a vast majority of this House supported that law—that a balanced budget is required.

It seems to me that the will of the American people is clear as well. In poll after poll, when they are asked whether they believe in balancing the budget, they say flatly, yes, they think the Federal Government should balance its budget.

The will of the States is clear. Literally 34 States have petitioned this Congress to balance its budget, and I think that that makes it very clear that the State governments across this country believe it is important that we have a balanced budget.

Only in this Congress, only here do we lack the will, and I think it is important to recognize that the problem is ours. It is nice to talk about the President's budget deficits, but in all honesty the President has no obligation to balance the budget. We do. We are the people who authorize the money, we are the people who appropriate the money, and it is up to us to decide whether or not the budget is going to have big deficits or whether or not the budget is going to have no deficits.

That is what this amendment seeks to do. That is what this amendment will continue to seek to do as we move forward. We are going to say flatly that we are either for a balanced budget or against it.

So let me frame the question. The amendment says that the money authorized in this bill can only be spent in compliance with the law, a law that requires flatly a balanced budget. Are we for a balanced budget, or are we opposed to a balanced budget?

Our votes on this bill and the others that will follow it will tell the whole story.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I will be pleased now to yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I would like to ask the gentleman, is he also going to offer his amendment to the defense authorization bill and the defense appropriation bill?

Mr. WALKER. Mr. Chairman, I say to the gentleman that I fully intend to offer it to the defense appropriation bill and to the authorization bill. I intend to offer it across the board, I will say to the gentleman.

The **CHAIRMAN.** The time of the gentleman from Pennsylvania (Mr. WALKER) has expired.

(On request of Mr. KEMP, and by unanimous consent, Mr. WALKER was allowed to proceed for 2 additional minutes.)

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I would like to offer the very same question as my friend, the gentleman from Ohio.

Do I understand that the gentleman is considering offering this amendment to the defense bill?

Mr. WALKER. Mr. Chairman, I will say to the gentleman flatly, that I am going to offer this amendment to the defense authorization bill and to the defense appropriation bill.

Mr. KEMP. Mr. Chairman, I say to my friend, the gentleman from Pennsylvania, for whom I have great affection and regard, that I would be deeply concerned about starting a process that would hinder any efforts to rebuild our defenses at this critical time when the Soviets have greatly expanded their military forces. Likewise there are major domestic needs which must be met. I think it would be a mistake, to attempt to add this amendment to every single piece of legislation.

Mr. WALKER. Mr. Chairman, let me say to the gentleman from New York that that is not the case. We would still have hundreds of billions of dollars worth of spending because there is obviously an amount of receipts coming into the Federal Government that is in the hundreds of billions of dollars. It will be a decision as to priorities and as to what we do, but the law of the land is clear. If we do not do this, we are in violation of the law.

The point I made yesterday is that if we were continuing along the track we seem to be going in the last year of trying to reduce Government growth, then I would say maybe the responsible course would be to ignore some provisions of the balanced budget law. We cannot ignore the law when what is happening is that we have now made conscious decisions yesterday and again today on this floor to move Government spending up and to start the growth of Federal spending all over again.

In that kind of a context, I think the law should be obeyed, and I think it is high time we recognized flatly what the law says.

The best approach to this would be to go to a constitutional amendment to balance the budget. I would say to the gentleman that if we could get such an amendment to come out of the Committee on the Judiciary, at that point we might not find this approach necessary. Until that time I think it is absolutely necessary to go forward on this course.

Mr. KEMP. Mr. Chairman, I appreciate the need for this debate, but I still think passing this amendment would be a mistake. For this reason I am going to vote against the amendment.

The **CHAIRMAN.** The time of the gentleman from Pennsylvania (Mr. WALKER) has again expired.

(By unanimous consent, Mr. WALKER was allowed to proceed for 2 additional minutes.)

Mr. WALKER. Mr. Chairman, I would simply say to the gentleman from New York and to the Members from the other side of the aisle who applauded so vigorously that I think that they will then be evaluated based upon how they are voting on a balanced budget.

I am perfectly willing to take my case to the American people, and I am perfectly willing to have them take their case to the American people on where we stand on this vital issue. I think my constituents would agree with my position, and maybe their constituents would agree with theirs.

Mr. GIBBONS. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Florida.

Mr. GIBBONS. Mr. Chairman, I appreciate the gentleman's yielding.

We have got a couple of bills that deal with the tax collecting agencies of the U.S. Government, the ones that collect the revenue. Does the gentleman intend to put this amendment on those bills?

Mr. WALKER. Mr. Chairman, I intend, I say flatly to the gentleman, to put this amendment on each authorization bill and appropriation bill that comes through this body.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Kentucky.

Mr. HOPKINS. Mr. Chairman, the law the gentleman was referring to, is that the law that was attempted to be removed on the floor of the House yesterday?

Mr. WALKER. Mr. Chairman, I would say to the gentleman, yes, it is, but, of course, that repealer has not become law, and so this is still the law of the land.

I would hope that we are not going to repeal that law. I think it expresses the will of Congress, and I think it still expresses the will of the American people. Any repeal of that law will be a clear signal that this Congress has abandoned its commitment to a balanced budget.

Mr. SEIBERLING. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will not take 5 minutes, but I would just like to point out that the only way this would work is if the gentleman would also offer a similar amendment to the Kremlin budget.

How can we repeal in effect the defense budget without the other side being subject to the same restraints? The same thing applies all across the board.

I could hardly believe my ears. Is this a farce that we are carrying on here, or is this a genuine deliberation?

The President of the United States this year submitted an unbalanced budget. In fact, it is the most unbalanced budget we have had in our history. Last year he signed an unbalanced budget. Did he break the law? The gentlemen from Pennsylvania says he will apply this amendment across the board to every single bill. Yet how would we know which particular one unbalanced the budget?

I would remind the Members of Emerson's saying, "A foolish consistency is the hobgoblin of little minds." If the gentleman's position is not a foolish consistency, I do not know what is. It is time that we quit this farce and faced the realities of the world instead of acting as though we can put it all into a rightwing straitjacket.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from North Carolina.

Mr. WALKER. Mr. Chairman, I yielded to the gentleman, and I ask him, will he yield to me?

Mr. SEIBERLING. Mr. Chairman, I have the time, and I yield to the gentleman from North Carolina.

Mr. HEFNER. Mr. Chairman, I have a suggestion. We have been debating in the Budget Committee. We have problems in the Budget Committee with deficits.

Would it be in order to amend this to put the deficit off budget?

Mr. SEIBERLING. Mr. Chairman, I thank the gentleman from North Carolina (Mr. HEFNER), and I yield back the balance of my time.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The gentleman from Ohio (Mr. SEIBERLING) has yielded back the balance of his time.

Mr. DUNN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I do not think the gentleman is being of little mind at all. He is simply asking his colleagues to adhere to the law of the land. This has been the law of the land since 1978. The farce is what this U.S. Congress has been doing since 1978.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DUNN. I yield to my colleague, the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding.

I think that the gentleman makes an absolutely valid point. This is the law of the land, and the gentleman from Ohio who just made that statement voted for that law. When we were talking about putting this law into the bill and were instructing conferees, the gentleman from Ohio in 1978 voted for that law.

□ 1410

So I would say if it is a foolish law, the gentleman was certainly a part of that foolishness. I do not happen to think it is. I think it expresses the will of the American people. It is extremely important that what we do is consistent with law. That is exactly what this amendment says. It is consistent with law and I urge you to vote for it.

Mr. SEIBERLING. Will the gentleman yield?

Mr. DUNN. I yield back the balance of my time.

Mr. LEVITAS. Mr. Chairman, I move to strike the requisite number of words.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman. I did not indicate the law as foolish. At the time it was passed, we planned to bring the budget into balance. We did not expect Ronald Reagan to come along.

Second, I certainly did support that law, and I was referring to the foolish consistency of the gentleman's position, not the law.

Mr. LEVITAS. I would like to ask the gentleman from Pennsylvania this question, because, as he knows, and as the gentleman from California (Mr. ROUSSELOT) knows, I am a strong supporter and cosponsor of a constitutional amendment for a balanced budget. I hope we pass it at this session. In fact I was surprised that the balanced budget provision in the law that this amendment refers to was actually repealed by a bill which passed the House on yesterday.

But if the gentleman from Pennsylvania is suggesting that it is violation of the law for Congress, under the circumstances, to amend, or otherwise deal with the existing statutory provision, is the gentleman suggesting that President Reagan violated the law when he submitted a budget that was out of balance, and is that an impeachable offense?

Mr. WALKER. Will the gentleman yield?

Mr. LEVITAS. I will be happy to yield.

Mr. WALKER. The point is what the Constitution states is this body and the other body have the responsibility for the appropriations and authorization process. All the President is submitting is a recommendation. His is not the budgeting process. Ours is the budgeting process.

I am simply requiring that we do our job, that we comply with the law. We passed the law in the first place. I think it is important that we present that kind of a pattern to the President, and then if he exceeds that spending over and above law, then I think that we would have a case for criticizing him.

Mr. LEVITAS. Is the gentleman suggesting if the President is aiding and abetting or procuring and soliciting a violation of the law by proposing, encouraging, entreating a violation of the law, or signs bills which, in fact, violate the law, that he may be guilty of an impeachable offense? Is that the point the gentleman is making?

I am suggesting the gentleman is embarrassing the President.

Mr. WALKER. If the gentleman will yield, I do not think anything of the kind. I think the embarrassment rests right here in this House. We have been the ones that spent that money, who sent it down for the President to spend.

If there is an embarrassment, the embarrassment is here in this body where the deficits have been steadily rising ever since that 1981 cutoff date.

I would think that what we want to do is begin to correct that problem right here and now. By correcting that problem we can start in the authorization process in 1983 and in the appropriations process for 1983 by clearly saying that we stand behind the law and we are for balanced budgets.

Mr. LEVITAS. I think the gentleman is raising a very serious question. I am prepared to vote, as I have in the past, during the budget process for balanced budget if someone will introduce one. I am prepared to support a constitutional amendment for a balanced budget.

But President Reagan, who is struggling just as this Congress is, with a budget that is out of balance, I think to put him on the spot and accuse him of being guilty of an impeachable offense on the floor of this House does a disservice to the President and to his administration at this time.

Mr. SEIBERLING. Will the gentleman yield?

Mr. LEVITAS. I am happy to yield to the gentleman from Ohio.

Mr. SEIBERLING. I think it also should be noted that the majority of us on this side voted for the Obey substitute last year to the budget resolution which would have provided that by the following year, 1983, we would have had a balanced budget.

What is more, we voted against the Reagan budget resolution, and we voted against the Reagan tax cut which produced this imbalance.

So I ask the gentleman who is being consistent around here?

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to my friend from New York.

Mr. KEMP. What I want to say to my friend from Ohio is this. The Democratic tax cut was larger than the bipartisan Conable-Hance tax cut.

Mr. SEIBERLING. I did not vote for it.

Mr. KEMP. On the one hand the gentleman says that the Democratic tax cut would have—the Democratic budget would have balanced the budget by 1983. That is patently absurd. There is not anyone who believes it.

Let me turn to my friends here for a moment and speak to them. I beg you, please recognize one thing. It is impossible to balance the budget given the recession. They blame it on President Reagan. We blame it on President Carter. I blame it on Paul Volcker. But, irrespective of who you blame it on, there is a recession. Because of it you cannot balance the budget by 1982. You cannot just tell the U.S. Government that it has to stop spending for vital defense, vital housing, vital environmental, vital educational programs, that any money going into this economy at this point would be a mistake.

I say to my friend, it is a mistake to put this onto every single authorization and every appropriation.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(By unanimous consent Mr. LEVITAS was allowed to proceed for 2 additional minutes.)

Mr. LEVITAS. I yield to the gentleman from New York.

Mr. KEMP. Do me a favor. Do not applaud. It is tough enough to do this without having you applaud.

Let me ask the gentleman a question. Which budget are you talking about, the unified budget or the total research budget? Are we talking about on-budget items? Are we talking about outlays, loan authority, credit subsidies, guarantees, synfuels? How far would you go, I would ask my friend. Is there not a danger your proposal would have denied us the chance to reduce taxes and restructure the tax system to stimulate the ecomomy? Surely you would not say that we should raise taxes to balance the budget?

Would you rather have the budget in balance at a $1 trillion spending figure, or would your rather have a deficit at a $600 billion spending figure?

I agree with Milton Friedman. The problem in the economy is not just the deficit. The problem is the level of spending and borrowing, the degree to which private resources are absorbed and the Government allocates resources that are needed in the private sector.

So what would you rather have, a budget in balance at a high level of spending and borrowing, with runaway off-budget credit subsidies? Or would you rather tolerate a temporary deficit when we have the hope that we can restructure the tax and fiscal policy of this country to establish the kind of economic growth that I believe will do more to get the deficits down than the gentleman's amendment?

Mr. LEVITAS. I want to reclaim my time, Mr. Chairman.

Mr. KEMP. I am going to be drummed out of the conference.

Mr. LEVITAS. I would like to reclaim my time.

I just want to reclaim my time and make one point, and then I will yield whatever time I have left to the gentleman.

The fact of the matter is this, this is not theater, this is not a debating society. This is the House of Representatives of the United States. I suggest to the gentleman from Pennsylvania (Mr. WALKER) that the President of the United States and the Congress are dealing with very serious matters, and to accuse the President of violating the law and being guilty of an impeachable offense at this time is unseemly and wrong.

I think the gentleman ought to put it in the context of balancing the budget through the budget resolution rather than in this manner, because I think we have no choice except for the Judiciary Committee to proceed if a violation of the law is being committed.

Mr. KEMP. Mr. Chairman, I move to strike the requisite number of words and rise in opposition to the amendment.

I simply would like to say to my friends on this side of the aisle that ELLIOTT LEVITAS is right. This is not theater, although it seems to be at times. This is an extremely important matter to colleagues on both sides of the aisle.

But I just want to speak to my comrades in arms in some of these battles to reduce Federal spending, balance the budget, and encourage full employment without inflation.

□ 1420

I believe you are making a mistake if we are going to face this issue on every single measure. As the President himself has said, he would take a budget in deficit if it was necessary to repair the damage that was done to the Nation's defense by 10 years of disinvesting in conventional and strategic weapon programs. We do not want to set a dangerous precedent. I share my colleague's goal of balancing the budget. I would help him meet his goal. But to do it in this way I think is basically a mistake.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I appreciate the gentleman yielding, because I think he has posed some excellent questions. I would say to the gentleman that the Federal Government in fiscal year 1983, by the budget projections that we have seen, will collect over $700 billion in revenue. All my amendment would say is that we have to live within those revenues.

We can decide priorities within those revenues; the President can determine priorities within those revenues. But we would have to stay within the revenue collection of the Federal Government.

Mr. KEMP. Does the gentleman not recognize that an expenditure on behalf of a capital investment, either for domestic purposes for the infrastructure of our country or for the infrastructure of the defense of our Nation, is to be treated in the same way as the spending for a transfer payment program? Does the gentleman believe in borrowing for those vital domestic and international needs that are necessary for the defense and security of this country?

Mr. WALKER. If the gentleman will yield, I think it is clear what was said in section 7. It says: "Total budget outlays."

Mr. KEMP. Right.

Mr. WALKER. And so it seems to me that it is a case of how much the Federal Government is spending.

Mr. KEMP. Can it borrow?

Mr. WALKER. It says "budget outlays," so I assume that the Federal Government could borrow, so long as the outlays did not exceed receipts.

Mr. KEMP. The gentleman assumes, but can he give us assurance?

Mr. WALKER. All I can say to the gentleman is what the law of the land says, and all this gentleman is attempting to do is to say that we ought to be in compliance with the law of the land.

Mr. KEMP. I appreciate that.

Mr. WALKER. I think that is clearly in the best economic interests of this country.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Illinois.

Mr. HYDE. I thank my friend for yielding, and I just want to say this: I have confidence in the leadership on this side of the aisle. I have confidence in the judgment of the members of the Budget Committee who represent my party, and I would much rather let them handle this problem and provide the leadership than have everyone on the floor jumping up doing their own thing. We are going to look futile. We do look futile. I trust you, I trust BOB MICHEL, I trust TRENT LOTT, I trust DEL LATTA, and I just pray that you have the energy and stamina to continue in your work.

Mr. KEMP. I appreciate my friend's trust. I hope all of my colleagues know that I am not asking for you to trust us blindly. I do not think you should put your responsibilities on our shoulders any more than I should do the same to you. I am just telling you, as a

Member from this side of the aisle, that I understand the sincere nature of this drive. I share it. But I do not want to put it as the sole goal of our budget policy.

Our goals for America are a safe defense and a strong, growing, dynamic national economy. To just suggest that we are going to put a balanced budget ahead of every other goal is to take our party backward, not forward. It is not always easy for us, but we have to keep the central goals of budget policy at the front of our minds.

Mr. LEWIS. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from California.

Mr. LEWIS. I thank my colleague for yielding.

To shift a bit of focus, the original purpose of the gentleman was, in part, other than to realistically think that there would be a majority vote, to get this amendment on any bill. The point is that there is languishing within the House, with broad bipartisan support, a measure that would bring before the body the question of a balanced budget constitutional amendment. Democrats and Republicans are supporting that. It is very clear, however, that the leadership is not allowing that bill to move to the floor, even though 34 States have sent us resolutions to pass such a bill.

The CHAIRMAN. The time of the gentleman from New York (Mr. Kemp) has expired.

(By unanimous consent, Mr. Kemp was allowed to proceed for 2 additional minutes.)

Mr. LEWIS. If the gentleman will yield further, it is very important for us to recognize and the country should recognize that Democrats and Republicans alike support a constitutional amendment in that regard. It is the leadership of this House that is out of touch with the Democrats of America, as well as the rest of us, and the gentleman is attempting to make that point, even though he knows full well——

Mr. KEMP. Let me say to my friend from California—who is a very good diplomat, and I appreciate his friendship very much—he is right. This is an important debate. I hope I am not demeaning the debate. I only got up on my feet because I am afraid if we seek a balanced budget in this manner, we are going to end up hurting our cause, not helping our cause. I greatly respect and admire the gentleman from Pennsylvania. He and I have done a lot together. All the same, I do not think that this is the best way to try to control the U.S. Government or our defense effort or our space effort or our housing effort or our domestic economy. I do not believe we should interject an arbitrary decisionmaking into this process.

Mr. HILER. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Indiana.

Mr. HILER. The chairman of the Republican Conference, by no means—current and future chairman of the Republican Conference, is by no means suggesting, by saying he has questions whether a balanced budget should be the most important priority of this Congress, is by no means suggesting that he embraces the past spending habits of the Democrat majority?

Mr. KEMP. The gentleman knows that I am not embracing the failed policy of tax and spend, spend and tax—from either side of the aisle. I just want to say to my colleagues on both sides of the aisle that our goal should not just be a balanced budget without regard to the overall level of taxes and expenditures. We have to look at the total Federal use of resources through all appropriations, entitlements, credit programs, and Government-sponsored enterprises. Our budget goal should be to set total Federal activities at a level which meets our defense and social needs without impinging on the ability of producers and workers to maintain a strong and growing economy.

The CHAIRMAN. The time of the gentleman from New York (Mr. Kemp) has again expired.

Mr. KEMP. Mr. Chairman, I ask unanimous consent that I may proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. SEIBERLING. Reserving the right to object, Mr. Chairman, will the gentleman deign to recognize me at some point?

Mr. KEMP. Of course I would, and I hope the gentleman recognizes that I have been trying to speak to that part of the aisle which has the most serious problem with this amendment.

Mr. SEIBERLING. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HILER. The gentleman would also agree that the way we are ultimately going to balance this budget is by having not only fiscal restraint but also having policies of economic growth, policies that revolve around not increasing taxes, I would suggest to the gentleman.

Mr. KEMP. I am afraid we could not have cut taxes in 1981 if we had had this amendment.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to my friend, the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I would just like to point out two things. One is that the majority of the Members on the Democratic side of the aisle voted last year for the Obey resolution which would have produced a balanced budget by 1983. And the second thing I would like to point out is that it is quite obvious that on the Republican side there is some difference of opinion. The gentleman himself last year was the one who said we—referring to Republicans—no longer worship at the alter of a balanced budget.

Mr. KEMP. No; I said that I do not.

Mr. SEIBERLING. I suggest you fellows get together and decide what you are going to do.

Mr. KEMP. I just have a second left.

Do not blame my colleagues for my views. I said that I do not worship at that shrine. I am still not worshiping at the shrine of a balanced budget. I am worshiping at the shrine—if you will pardon the term—of high levels of employment—putting this Nation back to work.

The CHAIRMAN. The time of the gentleman from New York (Mr. Kemp) has again expired.

(By unanimous consent, Mr. Kemp was allowed to proceed for 1 additional minute.)

□ 1430

Mr. KEMP. How we get there is the subject of a fierce debate but I respect the gentleman's opinion. Redistribution of wealth is not going to get us there. I want my friend to respect my position, which is that there had to be a restructuring of the Tax Code to restore our economy. You cannot get the deficit down without getting this Nation back to work. We are operating at $500 billion below the capacity of the U. S. economy, and with 9-percent unemployment we are not going to get the deficit down until we get this Nation back to work.

An amendment requiring a balanced budget in the current circumstance will not further this goal. This is not to say that I may not support the President in adopting a constitutional resolution. I may yet do so.

The point is, I say to my colleagues, that immediate concern over the unified budget deficit will lead us to unwise policy decisions. We are here to make policy decisions which are right for America, not to focus on arbitrarily established measures of budget balance.

Mr. HILER. My Chairman, I move to strike the requisite number of words and I rise in support of the amendment.

Mr. Chairman, I think the question here is not so much whether we are going to have a balanced budget in 1983, but I think we have to look at what is bringing this discussion even to the front.

We have a budget before us today that has an increase of 11 percent plus $35 million. I think that the gentleman from Pennsylvania is saying that it is time we set priorities, time we bring fiscal restraint to this body, time we begin to assess the fact that we do have a significant deficit and it is time to estabish priorities.

I would suggest that if the gentleman on any bill, any authorization bill comes up which is significantly over the President's request, that he will continue to offer this amendment.

Mr. **WALKER**. Mr. Chairman, will the gentleman yield?

Mr. **HILER**. I yield to the gentleman from Pennsylvania.

Mr. **WALKER**. I thank the gentleman for yielding.

First of all, I want to make a couple of points in reply to my good friend from New York.

I think the gentleman from New York knows that this gentleman has solidly supported the idea of tax cuts and I also support the idea of growth.

I happen to believe that you do not grow by having the Federal Government growing faster. I think you grow by the Federal Government beginning to retract its own rate of growth. My amendment is one way to arrive at that.

Second, I would say to the gentleman from Ohio, who talked to us about consistency. He has now admitted that he voted for this balanced budget approach in 1978, but that is not consistent with his position today. Then he got up and he said that he voted for a balanced budget for 1983 but he is not willing to accept this amendment which is also for a balanced budget in 1983.

I think his consistency is a little bit in question.

And finally, I would like to point out that all the hooting and hollaring that has been heard on the floor in favor of not supporting a balanced budget is coming from exactly those people who have been regularly criticizing the President of the United States for the deficits in his budget.

I think now is the time when we say whether we are for deficits or against deficits.

Mr. **JOHNSTON**. Mr. Chairman, I move to strike the requisite number of words and I rise in support of the amendment.

Mr. Chairman, I do not think the spending habits of this body are peculiar to either side of the aisle. But last week, in the Budget Committee, when Dave Stockman testified before us, along with other experts, one number came out of that testimony that scared me worse than any number that I have heard since I got up here. And that is that if we do not change our ways, by 1983 the Federal Government will be spending 24 percent of the gross national product.

Now, when State and local spending, which hovers between 19 and 20 percent of the gross national product, is added to that you see an economy 44 percent controlled by Government.

Now, somehow or another we collectively are going to have to bring down that share. How we do it is a matter of negotiation. But I can tell my colleagues we cannot live with 44 or 45 percent of this economy controlled by Government. There is not going to be enough money out there for the private sector to do its job. And bills like this, and bills like the one we passed May 11, a billion dollar subsidy for 74,000 home buyers are taking over the economy. These bills, are the types of bills that have built us to the point where we are on the threshold of a socialist economy. And I do not know who did it, I do not care who did it, but I know what we have to do to stop it, and that is slow down spending. This bill is overbudget and we should not support it.

The **CHAIRMAN**. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALKER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. **WALKER**. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 121, noes 248, not voting 63, as follows:

[Roll No. 77]

AYES—121

Archer
Atkinson
Badham
Bailey (MO)
Benedict
Bliley
Bolling
Bonior
Brodhead
Broomfield
Brown (CO)
Carman
Carney
Chappie
Clausen
Coats
Coleman
Collins (TX)
Conable
Corcoran
Coyne, James
Craig
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Dunn
Edwards (OK)
Emerson
Erlenborn
Fiedler
Fields
Fithian
Frenzel
Gingrich
Goodling
Gradison
Gramm
Gregg
Gunderson
Hagedorn
Hall, Ralph
Hall, Sam
Hammerschmidt
Hansen (ID)
Hartnett
Heftel
Hendon
Hiler
Hillis
Hopkins
Hunter
Jacobs
Jeffries
Johnston
Kazen
Kramer
Lagomarsino
Latta
Lee
Lewis
Loeffler
Lowery (CA)
Lujan
Lungren
Martin (IL)
Martin (NY)
McCollum
McDade
McDonald
McEwen
McGrath
Miller (OH)
Moorhead
Morrison
Murphy
Myers
Napier
Natcher
Parris
Pashayan
Patman
Paul
Pickle
Regula
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Roth
Rousselot
Rudd
Russo
Schulze
Sensenbrenner
Shumway
Siljander
Skeen
Smith (AL)
Smith (NE)
Smith (OR)
Snyder
Solomon
Spence
Stangeland
Stark
Staton
Stenholm
Stump
Taylor
Vander Jagt
Volkmer
Walker
Wampler
Whittaker
Winn
Wortley
Young (FL)

NOES—248

Addabbo
Akaka
Albosta
Alexander
Annunzio
Anthony
Applegate
Aspin
AuCoin
Bafalis
Barnes
Beard
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brooks
Brown (CA)
Broyhill
Burgener
Burton, Phillip
Chappell
Cheney
Clay
Clinger
Coelho
Collins (IL)
Conte
Conyers
Coughlin
Coyne, William
D'Amours
Daschle
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dickinson
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dougherty
Dowdy
Downey
Duncan
Dwyer
Dymally
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Emery
English
Erdahl
Evans (DE)
Evans (IA)
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gore
Green
Hall (OH)
Hance
Hatcher
Heckler
Hefner
Hertel
Holland
Hollenbeck
Holt
Horton
Howard
Hoyer
Huckaby
Hughes
Hutto
Hyde
Ireland
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kogovsek
Lantos
Leach
Leath
LeBoutillier
Lehman
Leland
Lent
Levitas
Long (LA)
Long (MD)
Lott
Lowry (WA)
Luken
Lundine
Madigan
Markey
Marks
Marriott
Martin (NC)
Matsui
Mattox
Mazzoli
McCurdy
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Moffett
Molinari
Mollohan
Moore
Mottl
Nelligan
Nelson
Oakar
Oberstar
Obey
Ottinger
Oxley
Panetta
Patterson
Pease
Pepper
Perkins
Petri
Porter
Price
Pritchard
Pursell
Rahall
Railsback
Ratchford
Reuss
Rinaldo
Rodino
Roe
Rogers
Rosenthal
Rostenkowski
Roukema
Roybal
Sabo
Savage
Sawyer
Scheuer
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Sharp
Shaw
Shelby
Shuster
Simon
Smith (IA)
Smith (NJ)
Snowe
Solarz
St Germain
Stokes
Studds
Swift
Synar
Tauke
Tauzin
Thomas
Traxler
Udall
Vento
Walgren
Washington
Watkins
Waxman
Weber (MN)
Weber (OH)
Weiss
White
Whitley
Whitten
Williams (OH)
Wilson
Wirth
Wolf
Wolpe
Wright
Wyden
Wylie
Yatron
Young (AK)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—63

Anderson
Andrews
Bailey (PA)
Barnard
Boland
Brown (OH)
Burton, John
Butler
Byron
Campbell
Chisholm
Courter
Crockett
Dornan
Dreier
Dyson
Early
Ertel
Evans (GA)
Evans (IN)
Fenwick
Foglietta
Ginn
Goldwater
Gray
Grisham
Guarini

Hamilton
Hansen (UT)
Harkin
Hawkins
Hightower
Hubbard
Jeffords
LaFalce
Livingston
Marlenee
Mavroules
McClory
McCloskey
Montgomery
Murtha
Neal
Nichols
Nowak
O'Brien
Peyser
Quillen
Rangel
Rhodes
Richmond
Rose
Santini
Schneider
Skelton
Smith (PA)
Stanton
Stratton
Trible
Weaver
Whitehurst
Williams (MT)
Yates

☐ 1450

Messrs. MARTIN of North Carolina, LEBOUTILLIER, MADIGAN, ROSTENKOWSKI, BROYHILL, BETHUNE, FOUNTAIN, and PETRI changed their votes from "aye" to "no."

Messrs. PATMAN, STANGELAND, and HAGEDORN changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. DUNN

Mr. DUNN. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. DUNN: Strike all after the enacting clause and insert in lieu thereof the following:

TITLE I

SEC. 101. There is hereby authorized to be appropriated to the National Aeronautics and Space Administration to become available October 1, 1982:

(a) For "Research and development", for the following programs:

(1) Space Shuttle, $1,698,000,000;

(2) Space flight operations, $1,690,500,000;

(3) Expendable launch vehicles, $42,8000,000;

(4) Physics and astronomy, $461,000,000;

(5) Planetary exploration, $176,700,000;

(6) Life sciences, $55,700,000;

(7) Space applications, $328,600,000;

(8) Technology utilization, $9,000,000;

(9) Aeronautical research and technology, $257,500,000;

(10) Space research and technology, $127,800,000;

(11) Tracking and data acquisition, $496,400,000;

(b) For "Construction of facilities", including land acquisition, as follows:

(1) Construction of data analysis facility, Hugh L. Dryden Flight Research Facility, $4,500,000;

(2) Rehabilitation and modification of utility systems, Goddard Space Flight Center, $2,840,000;

(3) Modifications to the 4- by 7-meter low speed tunnel, Langley Research Center, $7,200,000;

(4) Modifications to upgrade the transonic dynamics tunnel, Langley Research Center, $9,000,000;

(5) Modification of rocket engine test facility for altitude testing, Lewis Research Center, $995,000;

(6) Modification to 450 PSI air system in engine research building, Lewis Research Center, $2,920,000;

(7) Rehabilitation of airfield, Wallops Flight Center, $2,150,000;

(8) Space Shuttle facilities at various locations as follows:

(A) Modifications to solid rocket booster refurbishment and subassembly facilities, John F. Kennedy Space Center, $1,700,000;

(B) Modification of manufacturing and final assembly facilities for external tanks, Michoud Assembly Facility, $17,845,000;

(C) Minor Shuttle-unique projects, various locations, $1,860,000;

(9) Space Shuttle payload facility: Rehabilitation and modification for payload ground support operations, John F. Kennedy Space Center, $1,740,000;

(10) Repair of facilities at various locations, not in excess of $500,000 per project, $15,000,000;

(11) Rehabilitation and modification of facilities at various locations, not in excess of $500,000 per project, $20,000,000;

(12) Miner construction of new facilities and additions to existing facilities at various locations, not in excess of $250,000 per project, $4,000,000; and

(13) Facility planning and design not otherwise provided for, $8,250,000.

(c) For "Research and program management", $1,168,900,000 and such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

(d) Notwithstanding the provisions of subsection (g), appropriations hereby authorized for "Research and development" may be used (1) for any items of a capital nature (other than acquisition of land) which may be required at locations other than installations of the Administration for the performance of research and development contracts, and (2) for grants to nonprofit institutions of higher education, or to nonprofit organizations whose primary purpose is the conduct of scientific research, for purchase or construction of additional research facilities; and title to such facilities shall be vested in the United States unless the Administrator determines that the national program of aeronautical and space activities will best be served by vesting title in any such grantee institution or organization. Each such grant shall be made under such conditions as the Administrator shall determine to be required to insure that the United States will receive therefrom benefit adequate to justify the making of that grant. None of the funds appropriated for "Research and development" pursuant to this Act may be used in accordance with this subsection for the construction of any major facility, the estimated cost of which, including collateral equipment, exceeds $250,000, unless the Administrator or his designee has notified the Speaker of the House of Representatives and the President of the Senate and the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate of the nature, location, and estimated cost of such facility.

(e) When so specified and to the extent provided in an appropriation Act, (1) any amount appropriated for "Research and development" or for "Construction of facilities" may remain available without fiscal year limitation, and (2) maintenance and operation of facilities, and support services contracts may be entered into under the "Research and program management" appropriation for periods not in excess of twelve months beginning at any time during the fiscal year.

(f) Appropriations made pursuant to subsection (c) may be used, but not to exceed $25,000, for scientific consultations or extraordinary expenses upon the approval or authority of the Administrator and his determination shall be final and conclusive upon the accounting officers of the Government.

(g) Of the funds appropriated pursuant to subsections (a) and (c), not in excess of $75,000 for each project, including collateral equipment, may be used for construction of new facilities and additions to existing facilities, and for repair, rehabilitation, or modification of facilities: *Provided*, That, of the funds appropriated pursuant to subsection (a), not in excess of $250,000 for each project, including collateral equipment, may be used for any of the foregoing for unforeseen programmatic needs.

SEC. 102. Authorization is hereby granted whereby any of the amounts prescribed in paragraphs (1) through (12), inclusive, of section 101(b)—

(1) in the discretion of the Administrator or his designee, may be varied upward 10 percent, or

(2) following a report by the Administrator or his designee to the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on the circumstances of such action, may be varied upward 25 percent,

to meet unusual cost variations, but the total cost of all work authorized under such paragraphs shall not exceed the total of the amounts specified in such paragraphs.

SEC. 103. Not to exceed one-half of 1 percent of the funds appropriated pursuant to section 101(a) hereof may be transferred to and merged with the "Construction of facilities" appropriation, and, when so transferred, together with $10,000,000 of the funds appropriated pursuant to section 101(b) hereof (other than funds appropriated pursuant to paragraph (13) of such section) shall be available for expenditure to construct, expand, or modify laboratories and other installations at any location (including locations specified in section 101(b)), if (1) the Administrator determines such action to be necessary because of changes in the national program of aeronautical and space activities or new scientific or engineering developments, and (2) he determines that deferral of such action until the enactment of the next authorization Act would be inconsistent with the interest of the Nation in aeronautical and space activities. The funds so made available may be expended to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site reparation, appurtenances, utilities, and equipment. No portion of such sums may be obligated for expenditure or expended to construct, expand, or modify laboratories and other installations unless (A) a period of thirty days has passed after the Administrator or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate and to the Committee on Science and Technology of the House of Representatives and to the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete statement concerning (i) the nature of such construction, expansion, or modification, (ii) the cost thereof including the cost of any real estate action pertaining thereto, and (iii) the reason why such construction, expansion, or modification is necessary in the national interest, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

SEC. 104. Notwithstanding any other provision of this Act—

(1) no amount appropriated pursuant to this Act may be used for any program deleted by the Congress from requests as originally made to either the House Committee on Science and Technology or the Senate Committee on Commerce, Science, and Transportation,

(2) no amount appropriated pursuant to this Act may be used for any program in excess of the amount actually authorized for that particular program by sections 101(a) and 101(c), and

(3) no amount appropriated pursuant to this Act may be used for any program which has not been presented to or requested of either such committee,

unless (A) a period of thirty days has passed after the receipt by the Speaker of the House of Representatives and the President of the Senate and each such committee of notice given by the Administrator or his designee containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

SEC. 105. It is the sense of the Congress that it is in the national interest that consideration be given to geographical distribution of Federal research funds whenever feasible, and that the National Aeronautics and Space Administration should explore ways and means of distributing its research and development funds whenever feasible.

SEC. 106. This Act may be cited as the "National Aeronautics and Space Administration Authorization Act, 1983".

TITLE II

SEC. 201. (a) The Secretary of Commerce is hereby authorized to plan and provide for the management and operation of a civil land remote sensing space satellite system, including the LANDSAT D and D' satellites and associated ground system equipment transferred from the National Aeronautics and Space Administration; to provide for user fees; and to plan for the ownership and operation of future civil operational land remote sensing space satellite systems by the private sector when in the national interest.

(b) There is authorized to be appropriated $14,955,000 for the fiscal year 1983, for the purpose of carrying out the provisions of this title.

(c) No moneys authorized by this title shall be used to transfer to the private sector the ownership or management of any civil land remote sensing space satellite system and associated ground system equipment unless (1) the Secretary of Commerce or his designee has presented, in writing, to the Speaker of the House of Representatives and the President of the Senate, and to the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate, a comprehensive plan for the proposed transfer, and (2) each such committee has transmitted to the Secretary written notice (within 30 days after receipt of the plan) to the effect that such committee has no objection to the proposed action.

Mr. DUNN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DUNN. Mr. Chairman, I think the best way to explain this amendment would be to take the time and recap what has happened previously.

We started out with an administration request for total NASA funding of $6.613 billion. In that request was very little money for aeronautics. Many members on the committee, including myself, felt that aeronautics should receive a bigger portion of that budget.

The committee reported out $6.613 billion, plus $35.5 million for aeronautics. This results in a total funding increase for NASA of 11 percent, plus the $35 million.

What my amendment would do is take the numbers back to the administration request of $6.6 billion, and at the same time transfer $25.5 million from space back into these very vital aeronautical programs. I think it is a reasonable compromise.

As my colleagues on this side of the aisle have stated earlier in debate, this would result in less than one-half of 1 percent coming out of the air and space program. That transfers into the $25 million that will revitalize the very important aeronautical programs. It keeps it at a total request of an 11-percent increase, an 11-percent increase for NASA at a time when many other Government programs are being either cut or asked to hold to the 1982 level.

I believe my amendment is an equitable and fair position.

Mr. WINN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Dunn amendment.

Mr. Chairman, I stand to support the Dunn amendment and urge very careful consideration of its provisions because it ties in directly with a major concession made by the administration. We have just learned that a significant policy shift has been made by the administration which puts $30 million back into NASA's aeronautics program in both fiscal year 1982 and fiscal year 1983. While Mr. DUNN's amendment calls for adding only $25.5 million back into aeronautics, and maintains the President's overall budget for NASA, we can work out the details in conference. The new administration's proposal is outlined as follows:

The administration has agreed to add $30 million to aeronautics in each fiscal year 1982 and fiscal year 1983 without changing the total from the President's budget. The reductions in fiscal year 1982 would be taken by relatively minor reductions (less than 1 percent); $20 million from Space Shuttle and operations; $7 million from space science and applications; and $3 million for tracking and data acquisiton. In fiscal year 1983 the administration would make a similar set of reductions in amounts of $14 million from shuttle operations; $2 million from spacelab development and procurement; $7 million from science and applications; $2 million from space research and technology; and $5 million from tracking and data acquisition. In light of the present status of the programs, we believe these reductions can be made without serious program impacts.

The additional aeronautics money would be applied approximately as follows:

[In millions of dollars]

	Fiscal year—	
	1982	1983
Advanced turboprop systems	3	10
Energy efficient transport	5	1
Energy efficient engine	8	8
Composite primary aircraft structures	1	2
Terminal configured vehicle	7	4
Turbine engine hot section technology	1	2
Advanced rotorcraft technology	5	3
Total	30	30

This concession on the part of the administration is a magnificent victory for the Space Science and Technology Committee. We have voiced strong opposition to unacceptable reductions made by NASA in their aeronautics program in both fiscal year 1982 and fiscal year 1983, now. We are very pleased to report this major policy change by the administration. I urge acceptance of this important initiative which will be lost if the administration's budget is exceeded. This amendment will give us the aeronautics program we urgently need while maintaining an overall responsible budget limit.

Mr. FUQUA. Mr. Chairman, I rise in opposition to the amendment.

Mrs. KENNELLY. Mr. Chairman, will the gentleman yield?

Mr. FUQUA. I yield to the gentlewoman from Connecticut.

Mrs. KENNELLY. I thank the gentleman for yielding.

Mr. Chairman, I rise to speak against the amendment. I do not believe NASA's aeronautics program should be cut at all.

It is my good fortune to represent the First Congressional District of the State of Connecticut, the home of Pratt & Whitney, a subsidiary of United Technologies Corporation. This company has been a leader in aeronautical technology and economic development for space research. It has also been a continual backer of the research which has made our aerospace industry the success it has been over many years.

This is not the time to cut funding for NASA. I believe that would be irresponsible and shortsighted. We must continue to keep our aeronautical industry competitive. By passing this bill without amendment, we can continue the NASA program and at the same time show private industry that the Government of the United States still supports economic development in the important aerospace industry—whether it be commercial or defense oriented.

Mr. FUQUA. Mr. Chairman, I rise in opposition to the amendment.

It is somewhat ironic that now we find that the administration admits that they need $30 million additional in the aeronautics program. I appreciate their admission and recognition of the fact of this important program, and by the action of the committee today, already we have rejected efforts to reduce that $35 million that was added back by the committee.

Now, my good friend, the gentleman from Kansas (Mr. WINN) reports that NASA has agreed to reprogram some $30 million out of the space side of the budget into aeronautics.

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I do not know where they plan to get money from. And they came up and testified in support of all the budget figures that they had recommended in the space area. If they have 30 extra millions of dollars, I hope that the subcommittee chaired by the gentleman from Alabama will thoroughly review that budget, and if there is fat in that budget, that we can take it out, and that the Congress can exercise its responsibility in the committees on where the money should be spent.

Furthermore, we have a method whereby reprograming action can take place, and if that is what NASA would propose to do, committees—both the authorizing and the appropriating committees—would be pleased to review that during the normal course of business. Also, the Administrator of NASA has indicated that he wants to find some $18 million for the solar maximum mission, the retrieval mission, out of 1982 money, and $24 million out of 1983 money, and add that to the $30 million in fiscal year 1983 money. That is some $54 million that they want to shift around in the budget. I think we as a Congress have a right to set the priorities. It is our responsibility, and I hope that this House will act in a responsible manner and support the committee and not support the amendment offered by the gentleman from Michigan.

Mr. DYMALLY. Mr. Chairman, will the gentleman yield?

Mr. FUQUA. I will be happy to yield to the gentleman from California, a member of our committee.

Mr. DYMALLY. Mr. Chairman, I rise to oppose the amendment.

Mr. FLIPPO. Mr. Chairman, will the gentleman yield?

Mr. FUQUA. I yield to the gentleman from Alabama.

Mr. FLIPPO. Mr. Chairman, I would like to assure the Chairman that we certainly will undertake a very thorough study of all of these accounts, and I want the Chairman to know also that I am delighted that we now have a major policy decision by the administration that has been offered to us here, because it is very hard to get a major policy decision of any kind at the appropriate time so that the committee can operate in a timely fashion. These last minute, midnight policy changes are not the way to go, so what we need is well thought out, well studied programs, careful hearings that give all interested people an opportunity to have an input into them.

Mr. FUQUA. It is my understanding from the amendment of the gentleman from Michigan that these moneys will come out of the Shuttle, out of space flight operations, out of physics and astronomy, out of planetary programs, and if there is $54 million floating around in the NASA budget, I want the committees of the Congress in a responsible fashion to determine where those funds are spent and the priorities that we determine as the elected Representatives of the people, and not in some other fashion that has been indicated, so that I hope that we will reject the amendment of the gentleman from Michigan and proceed with this bill as it has been reported out of both subcommittees and the full committee, and reported to this floor.

Ms. OAKAR. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment very, very strongly.

Mr. Chairman, I said earlier that the United States spends about eighttenths of 1 percent of its GNP for space programs, while the Soviet spends 2 percent, which is 11 percent of their defense program, which is space related, looking for a military, space-related program in the Soviet Union.

Mr. Chairman, in his budget for fiscal year 1983, the President has proposed $6.6 billion in funding for the National Aeronautics and Space Administration (NASA), an increase of some $700 million over fiscal year 1982. Despite this increase, I am concerned by what I see as short-sighted spending priorities by this administration in terms of our country's investment in space exploration, aeronautics, and other kinds of advanced research and development (R. & D.) efforts.

In particular, I am concerned that one of NASA's finest facilities—the Lewis Research Center of Cleveland, Ohio, which is located in my 20th Congressional District—faces a somewhat uncertain future in the long term and in fact, has been marked for cuts in funding and personnel levels in the President's fiscal year 1983 budget. Such cuts are incomprehensible in light of the outstanding international reputation Lewis Research has earned as a leader in the fields of aeronautical R. & D. energy technology, space exploration, and medical technology utilization. It appears that the administration has adopted an inconsistent policy on this point, that is, to propose greater spending in order to strengthen our national defense but at the same time propose cuts in funding and personnel at Lewis Research—a facility that has provided the capability and expertise in developing the kinds of sophisticated technology essential to the strengthening of our national defense.

When our investment in aeronautics, space exploration, and related R. & D. work is measured against that of the Soviet Union, what emerges is a comparison that suggests a growing and dangerous disparity between our spending on aeronautics and space-related R. & D. and Soviet spending on the same. In my judgment, the Office of Management and Budget (OMB) has wielded its budget ax in an indiscriminate and heavy-handed manner in those areas of the budget affecting NASA facilities and programs. OMB, whose record to date in fashioning budget cuts has fallen short of minimum standards of fairness and wisdom, cannot and should not be allowed to arrogate to itself the kind of technical knowledge and institutional expertise that are basic to a proper understanding of the importance of NASA-run programs which fulfill our national security needs and interests.

It is time for all of us to realize that we are in danger of gambling the future security of our country when we sacrifice our long-term qualitative edge in R. & D. technology to the narrow and short-sighted demands of the moment for across-the-board cuts in Federal spending. Such a policy of being penny-wise and pound-foolish becomes particularly irresponsible and risky when the gamble involves the possibility of losing our technological superiority to our principal adversary—the Soviet Union.

In the opinion of many Western experts, the Soviet space program is largely under the direction—some would say domination—of the military establishment. One of the branches of the Soviet military establishment is the Strategic Rocket Force which conducts all space rocket launches for both military and civilian purposes, although the primary mission of the Strategic Rocket Force is to launch nuclear missiles. Also, it is worth noting that most of the individuals who are considered as probable high officials in the Soviet space program have strong military or defense industry backgrounds.

A former director of Defense Research and Engineering in the Department of Defense has warned that one result of the large resource investment by the Soviet Union in its space program might very well be American military inferiority within a period of 10 years or less. In testimony before Congress in 1975, this Defense Department official expressed his concern that, "the Soviet effort right down the line in space has as its primary objective a superior military directed capability."

The CIA has analyzed the Soviet space research program from the available data and concluded that it is dominated by military objectives. Current CIA evidence suggests that the Soviet Union may be spending about 2 percent of its GNP for space programs—programs, it must be kept in mind, that serve military purposes. The CIA also estimates that 11 percent of Soviet defense spending is space related.

In contrast, the United States now spends about eight-tenths of 1 percent of its GNP for space programs. The fact is that the gap represents a potentially dangerous situation wherein the United States could eventually trail the Soviet Union in the application of space-related technology to military strategy and tactics.

There is enough evidence gathered by the CIA and the Defense Department to indicate that the Soviet space program has a strong preference for military space missions. The implication of this, of course, is that the Communist Party leadership of the Soviet Union assigns high value and great importance to the strategic and military benefits of its space program. In fact, the CIA and the Defense Department project both an increased share of space expenditures relative to the total Soviet defense budget and a larger slice of the Soviet GNP pie for its space program and related research and development activities.

Mr. Chairman, current comparisons between the U.S. and U.S.S.R. on space-related spending show trends that should be troubling to any American who is concerned about preserving our qualitative edge in R. & D. technology. The rationale and guiding purpose of our space program should not be the placement into orbit of satellites that can be converted to military use against a potential opponent. Nor should our space program be guided by an effort to establish military bases on nearby celestial bodies.

However, our investment in space-related programs must reflect a determination to compete effectively with the Soviet Union in the development of technology in order for us to maintain our current qualitative advantage. Our investment must also reflect a realistic understanding of Soviet motives and missions in its space programs. On this latter point, it should be emphasized that since the sending into orbit of Sputnik in 1957 and through 1980, the Soviet Union has launched 1,846 payloads into space, of which 1,088, or 59 percent, have been for strictly military purposes.

During this same time, the United States has launched 1,036 payloads into space, of which 446, or 43 percent, have been military by mission. In 1980 alone, the Soviet Union launched 132 payloads into orbit, compared to only 16 for the United States.

It is commonly accepted that U.S. military space flights have proven to be extremely vital in providing accurate information on military-related activities throughout the world. Many defense analysts argue that this kind of information gathered from satellites acts as a safeguard against nuclear miscalculation by the major powers. Such a safeguard becomes all the more crucial and compelling in the absence of internationally ratified agreements for open skies and on-site inspection.

If the military photoreconnaissance missions performed by U.S. satellites function as an important safeguard and potential deterrent against provocation or miscalculation, then it is in our own best interests as a nation to maintain these missions on a par with the Soviet Union. Central to the performance of these missions is the appropriate allocation of the funds to NASA to provide the technical analysis and support data necessary for the proper institutional evaluation of, and scientific justification for, these missions.

The United States and the Soviet Union are signatories to a treaty banning weapons of mass destruction from Earth orbit and all military activities on other celestial bodies. While the Soviet Union has not placed nuclear bombs aboard its spacecraft, the Kremlin has, however, tested a fractional orbit bombardment system (FOBS). This testing has involved the use of a dummy warhead, with the launch of a satellite from the Soviet Union on a path bypassing the United States and the return of the test warhead to Earth before the end of the first orbit. The United States in contrast, has not developed or tested a system comparable to the Soviet FOBS.

Mr. Chairman, it is my firm conviction that our budget for funding programs under NASA must not be so shortsighted as to deprive us of our qualitative leadership in research and development and advanced technology and thus compromise our national security and defense needs. We have a serious responsibility to invest wisely in the future strength and safety of our country by allocating adequate resources to programs that encourage technological innovation and productivity. But I worry when I learn that the Soviet Union has twice as many engineers and scientists as we do and turns out engineers and scientists at five times the rate that we do.

We must begin now to make a commitment to the maintenance of a space program, aeronautics, and related research and development pursuits that preserves our No. 1 position and protects our vital national security interests. In this respect, NASA facilities such as Lewis Research Center should be given high priority in the allocation of Federal budget dollars.

To close, I would like to illustrate the points I have made with some imagery borrowed from Greek mythology.

In Greek mythology, Icarus was a young man who sought to escape his imprisonment with wings of wax made by his father. Icarus fell into the sea and drowned, however, because he flew with his wax wings too near the Sun.

Mr. Chairman, I for one do not intend to sit idly by and watch while proposals are put forth to fashion for NASA—Lewis Research, in particular—a budget made of wax wings because of misguided demands for indiscriminate budget cuts. Let us not consign our country's future strength and safety to a fate by drowning because the passion of the moment dictated wings of wax.

Mr. WINN. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I am happy to yield to the gentleman from Kansas.

Mr. WINN. I thank the gentlewoman for yielding.

I would just like to clarify for the Members' attention that my colleague from Alabama brought up the concern that these policy changes by the administration are last-minute or midnight decisions. I somewhat agree with that. But I would like to point out to my colleague from Alabama that this bill was brought to the floor with 1 day's notice. If we would have a little more notice perhaps this last-minute decision would not have been necessary.

I thank the gentlewoman for yielding.

Mr. AKAKA. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I will be happy to yield to my friend from Hawaii.

Mr. AKAKA. Mr. Chairman, I rise in strong opposition to this amendment. While I am pleased that my colleague offering this amendment has chosen not to take the full $35 million out of the budget for aeronautics, I am seriously disturbed by the fact that he proposes an across-the-board cut of $25 million in NASA's space programs. The fact is that this will cripple NASA's ability to carry out the responsibilities Congress directed it to carry out in 1958, under the terms of the Space Act.

We cannot afford to cut funding for NASA anymore. As all of you must know, the cost of developing the Space Shuttle has been a tremendous drain on NASA resources. While I am proud that the United States does have the world's first reusable launch vehicle, I am very concerned that other programs risk utter extinction for lack of funding, as a direct result of the phenomenal amount of money eaten up by the Shuttle.

The committee has worked long and hard to achieve a balance in NASA programs, with in some cases, minimal funding just to keep vital programs alive and to keep critical teams of scientists and engineers together.

This proposed across-the-board cut will do irreparable harm to many NASA programs in fiscal year 1983. This cut is shortsighted, inappropriate, and downright dangerous to the long-term and short-term health of many NASA programs.

I urge my colleagues to soundly defeat this amendment, for it is an antispace program amendment. I urge my colleagues to rely on the wisdom and foresight shown by the full committee and to accept the committee's recommendations for the fiscal year 1983 NASA budget.

Certainly, we, as a Congress, would be irresponsible if we were to turn this issue into a mundane and self-serving battle of parties and battle of politics. The long-term health and future of our space enterprise depends upon our ability to show the courage to fund long-term basic research, even in times of serious budgetary problems. If we do not invest in basic research now, we will find that the bill we will have to pay in the coming years will be an embarrassing one and a crippling one. The soundest and best economic investment that we can make in our economy lies in the area of basic research. Quick fixes for our economic problems simply do not work. We need to show the courage to invest in the future of this country. I can guarantee you one thing: If our technology dies, so does our future. If you vote for this amendment, you should know that you have contributed to making America a second-rate nation—all for the sake of political expediency. I strongly oppose this amendment and I urge my colleagues to do the same.

The **CHAIRMAN**. The question is on the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. DUNN).

The amendment in the nature of a substitute was rejected.

The **CHAIRMAN**. Are there other amendments to the bill?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. LONG of Louisiana), having assumed the Chair, Mr. ANTHONY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5890) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes, pursuant to House Resolution 460, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The **SPEAKER** pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them.

The amendments were agreed to.

The **SPEAKER** pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. DUNN

Mr. DUNN. Mr. Speaker, I offer a motion to recommit.

The **SPEAKER** pro tempore. Is the gentleman opposed to the bill?

Mr. DUNN. I am, Mr. Speaker.

The **SPEAKER** pro tempore. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DUNN moves to recommit the bill H.R. 5890 to the Committee on Science and Technology with instructions to report back the same forthwith with the following amendment: On page 2, line 22, strike "$267,100,000" and insert in lieu thereof "$232,700,000".

Mr. DUNN. Mr. Speaker, the point of this is to say to this body, and even though I am a member of the committee and a strong supporter of our space program in its entirety, that if we cannot in a $6.6 billion budget deal with between us reducing $35 million, then I would have to ask the Members of this body, where are we going to begin to cut?

The proposal that came from the administration represented an 11-percent increase—an 11-percent increase for NASA at a time when many other areas of our Government are being asked to cut back. If we cannot between us find $35 million, then——

PARLIAMENTARY INQUIRY

Mr. GLICKMAN. Mr. Speaker, a parliamentary inquiry.

The **SPEAKER** pro tempore. Does the gentleman yield for the inquiry?

Mr. DUNN. I yield just for an inquiry. The gentleman will state his parliamentary inquiry.

Mr. GLICKMAN. Mr. Speaker, I would ask if the numbers in the motion to recommit are in fact the same numbers in the committee bill as amended by the Winn amendment?

Mr. DUNN. Yes, Mr. Speaker. They are the same numbers as in the Winn amendment.

The **SPEAKER** pro tempore. The Chair will inquire, is the gentleman from Kansas (Mr. GLICKMAN) raising a point of order?

Mr. GLICKMAN. Yes, Mr. Speaker, I am raising a point of order.

Mr. DUNN. Regular order, Mr. Speaker.

The **SPEAKER** pro tempore. The Chair will state that, the gentleman's point of order is not timely. It comes too late.

The gentleman from Michigan (Mr. DUNN) will proceed.

Mr. DUNN. As I was saying, Mr. Speaker, though I am a strong supporter of NASA funding, an 11-percent increase in this year, 1982, during a period of budget austerity represents to me a strong commitment by this House as a whole to NASA.

Mr. Speaker, I urge my colleagues to vote for the recommittal, and I yield back the balance of my time.

The **SPEAKER** pro tempore. The gentleman from Florida (Mr. FUQUA) is recognized for 5 minutes in opposition to the motion to recommit.

Mr. FUQUA. Mr. Speaker the House in the Committee of the Whole rejected this identical amendment on a rollcall vote a few minutes ago. Since that time the gentleman from Michigan had offered an amendment, which was also defeated, to include more money in the aeronautical portion of the bill.

What the motion to recommit does is to reduce the amount of money authorized in the committee bill for the aeronautical program. We have debated the issue. The debate was very lengthy, and the amendment was defeated by a very good margin in the Committee of the Whole.

Mr. Speaker, I urge the House to reject the motion to recommit with instructions.

The **SPEAKER** pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The **SPEAKER** pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The **SPEAKER** pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER** pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 277, nays 84, not voting 71, as follows:

[Roll No. 78]

YEAS—277

Akaka
Albosta
Alexander
Andrews
Annunzio
Anthony
Applegate
Archer
Aspin
Atkinson
Bafalis
Barnes
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bethune
Bevill
Biaggi
Bingham
Blanchard
Bliley
Boggs
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Burton, Phillip
Byron
Carman
Carney
Chappell
Chappie
Clausen
Clay
Clinger
Coelho
Coleman
Collins (IL)
Collins (TX)
Conte
Conyers
Corcoran
Coughlin
Coyne, James
Coyne, William
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dickinson
Dicks
Dingell
Dixon
Donnelly
Dowdy
Downey
Duncan
Dwyer
Dymally
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emery
English
Evans (DE)
Evans (IA)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gejdenson
Gephardt
Gilman
Gingrich
Glickman
Gonzalez
Gore
Gradison
Green
Hall, Ralph
Hall, Sam
Hammerschmidt
Hance
Heckler
Hefner
Heftel
Hertel
Hollenbeck
Holt
Hopkins
Horton
Howard
Hoyer
Huckaby
Hutto
Hyde
Ireland
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kennelly
Kildee
Kogovsek
Kramer
Lagomarsino
Lantos
Leach
Leath
Lehman
Leland
Lent
Levitas
Lewis
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Madigan
Markey
Marks
Marriott
Martin (IL)
Matsui
Mattox
Mazzoli
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (NY)
Moakley
Molinari
Mollohan
Moore
Moorhead
Morrison
Mottl
Murphy
Myers
Natcher
Nelson
Oakar
Oberstar
Obey
Oxley
Panetta
Parris
Patman
Patterson
Pease
Pepper
Perkins
Petri
Pickle
Porter
Price
Pritchard
Pursell
Rahall
Railsback
Ratchford
Regula
Reuss
Rinaldo
Robinson
Rodino
Roe
Rogers
Rosenthal
Rostenkowski
Roukema
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Roybal
Sabo
Savage
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Shannon
Sharp
Shaw
Shelby
Simon
Skeen
Smith (IA)
Smith (NJ)
Snowe
Snyder
Solarz
Spence
St Germain
Stark
Stokes
Studds
Swift
Synar
Tauke
Thomas
Traxler
Udall
Vander Jagt
Volkmer
Walgren
Wampler
Washington
Watkins
Waxman
Weber (OH)
Weiss
White
Whitley
Whitten
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
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Brown (CO)
Broyhill
Burgener
Cheney
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Conable
Craig
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Crane, Philip
Dannemeyer
Daschle
Daub
Dorgan
Dunn
Emerson
Erdahl
Erlenborn
Forsythe
Fountain
Frenzel
Goodling
Gramm
Gregg
Gunderson
Hagedorn
Hall (OH)
Hansen (ID)
Hartnett
Hendon
Hiler
Hughes
Hunter
Jacobs
Jeffries
Johnston
Kemp
Kindness
Latta
LeBoutillier
Lee
Loeffler
Martin (NC)
Martin (NY)
McDonald
Michel
Miller (OH)
Mitchell (MD)
Napier
Nelligan
Ottinger
Pashayan
Paul
Ritter
Roberts (KS)
Roberts (SD)
Roemer
Roth
Russo
Schroeder
Schulze
Schumer
Sensenbrenner
Shumway
Shuster
Siljander
Smith (AL)
Smith (NE)
Smith (OR)
Solomon
Stangeland
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Stenholm
Stump
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Courter
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Dornan
Dougherty
Dreier
Dyson
Early
Ertel
Evans (GA)
Evans (IN)
Foglietta
Gaydos
Gibbons
Ginn
Goldwater
Gray
Grisham
Guarini
Hamilton
Hansen (UT)
Harkin
Hatcher
Hawkins
Hightower
Hillis
Holland
Hubbard
Jeffords
LaFalce
Livingston
Marlenee
Mavroules
McClory
McCloskey
Moffett
Montgomery
Murtha
Neal
Nichols
Nowak
O'Brien
Peyser
Quillen
Rangel
Rhodes
Richmond
Rose
Rudd
Santini
Schneider
Skelton
Smith (PA)
Stanton
Stratton
Trible
Vento
Weaver
Whitehurst
Williams (MT)
Yates

☐ 1520

The Clerk announced the following pair:

On this vote:

Mr. Addabbo for, with Mr. Hawkins against.

Messrs. **FOUNTAIN, NAPIER,** and **STUMP** changed their votes from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

☐ 1530

GENERAL LEAVE

Mr. **GLICKMAN.** Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill, H.R. 5890.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

INTERNATIONAL CENTER ACT

Mr. **FARY.** Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1611) to amend Public Law 90-553, to authorize the transfer, conveyance, lease and improvement of, and construction on, certain property in the District of Columbia, for use as a headquarters site for an international organization, as sites for governments of foreign countries, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. **STANGELAND.** Reserving the right to object, Mr. Speaker, and I will not object, I would like to ask the gentleman if he could briefly explain the bill to us.

Mr. **FARY.** If the gentleman will yield, Mr. Speaker, S. 1611 is almost virtually identical to H.R. 4716, a bill reported unanimously by the House Committee on Public Works and Transportation on October 7, 1981.

Mr. Speaker, S. 1611, amends Public Law 90-553, enacted on October 9, 1968, and known as the International Center Act, to expand and bring to completion the planned international center within the federally owned Bureau of Standards site at Van Ness Street and Connecticut Avenue in Northwest, Washington, D.C.

Passage of the International Center Act in 1968 was essential to partially alleviate the critical shortage of suitable space for location of chanceries and related facilities of foreign governments in the Nation's Capital, an issue of increasing concern to the Department of State in the discharge of its Federal functions.

The site for the center, located at the south half of the Old Bureau of Standards site in Northwest Washington, was to be developed by the Secretary of State from proceeds of sale or lease to foreign governments or an international organization. Development controls and a master plan applicable to the site were approved and adopted by the National Capital Planning Commission on June 3, 1971.

The International Center was to provide chanceries for approximately 14 foreign governments and a headquarters building on a parcel, not to exceed 8 acres, for the Organization of American States (OAS). The latter was intended to provide multilingual conference and other facilities needed for a diplomatic center and to obtain a proper density of development, adjacent to the Connecticut Avenue corridor and the metro system.

In 1973, it was found that sufficient capital was not available from potential purchasing governments to fund the development of the site in absence of clear evidence to complete at least the first phase of site development. Public Law 93-40, signed in May 1973, authorized $2.2 million to allow the Secretary of State to initiate site development. The remaining site development costs would be provided through the sale or lease of property at the center to foreign governments; such sales would also provide funds to reimburse the Treasury for all funds expended from the appropriation of the $2.2 million. The chancery section project ultimately will be constructed at no cost to the Government, and the cost of actual construction of chancery facilities will be borne by the foreign governments.

Development of chancery sites at the International Center has proceeded in accordance with master plans and site and building plans approved by the National Capital Planning Commission (NCPC). The General Services Administration has had overall responsibility for demolition, excavation, site preparation, streets, parks, and utilities. Each foreign government then builds its own chancery, at its expense, on land leased at the center.

The chancery lots are being developed in two main phases. This is necessary since the University of the District of Columbia formerly occupied two buildings located on four of the chancery lots.

Phase 1 which provides for the preparation of 10 of the planned 14 lots is essentially completed.

As of October 1, 1981, the Department of State has signed leases with eight countries: Jordan, Israel, Ghana, Yemen, Bahrain, Libya, Kuwait, and Qatar. Discussions on the remaining plots are now being conducted with various governments.

S. 1611 will amend the International Center Act to provide for a 12-acre expansion area known as the Northwest Quadrant, adjacent to the present site to accommodate chanceries and related facilities for up to eight additional governments within the existing federally owned area.

The additional 12 acres together with the 34 acres available under the original act, will accommodate approximately 23 chanceries of smaller to medium-sized foreign missions.

The bill provides for the development of a headquarters facility for an international organization, other than the Organization of American States as contemplated in the original act, in order to complete the International Center in accordance with the Federal element of the comprehensive plan for the National Capital. The OAS has occupied alternative space, thus, the Department of State has concluded lease negotiations with the International Telecommunications Satellite Organization.

Last, the bill authorizes the Department of State to utilize proceeds realized from the lease, sale or exchange of land in the International Center to defray development costs, as is the current practice at the center. The project would be completed without any additional request for appropriated funds. The Secretary is also authorized to utilize proceeds, subject to appropriations, for maintenance and security on those properties within the site which have not been conveyed to a government or international organization, and for surveys and plans related to development of additional areas within the Nation's Capital for chancery and diplomatic purposes.

Mr. Speaker, the U.S. Government, as part of its international obligations, is required to assist foreign governments to obtain suitable premises for chanceries in the District of Columbia in accordance with the Vienna Convention on Diplomatic Relations of 1961, which entered into force as a treaty for the United States on December 13, 1972. Of equal importance, there is a growing need for reciprocity involving the substantial problems of the U.S. missions overseas. The Department of State is now unable to meet these obligations due to the current unavailability of suitable chancery sites in the District because of security, costs and restrictive zoning problems. This situation is now creating an adverse impact on our foreign relations and the ability of the United States to support our needs abroad.

Accordingly, enactment of this legislation will assist in alleviating this critical problem by providing additional suitable sites for the location of foreign missions in a securely protected international enclave, as well as assist the United States abroad with respect to our missions, through reciprocity.

Last, enactment of this legislation, which has the support of the administration, will also create additional jobs and economic stimulation locally both through the General Services Administration site development and construction of facilities by participating governments.

Mr. Speaker, I urge enactment of S. 1611.

Mr. STANGELAND. Mr. Speaker, I thank the gentleman for his explanation.

Mr. Speaker, as the ranking Republican member of the Subcommittee on Public Buildings and Grounds, I would like to express my support for this legislation, providing for the completion of the planned international diplomatic center. This site, located within the federally owned Bureau of Standards property in Northwest Washington, would provide some of the space necessary for chanceries of foreign governments, and would fulfill our obligations to assist these governments in accordance with the 1961 Vienna Convention.

Providing suitable locations for these chanceries is becoming more and more difficult in the city of Washington. Due largely to extraordinary costs, security problems and restrictive zoning provisions involving these facilities, representatives of our State Department have expressed their concern that this tract of land may be the last parcel available for foreign Governments to locate their chanceries.

In addition to our international obligations, it is essential that we look at this legislation on a pragmatic basis. For example, overseas we are demanding better security and facilities for our missions. If we are to insist upon these improvements, we should provide reciprocal treatment to foreign governments.

As the chairman pointed out, S. 1611 will expand the current International Center to allow for small- and medium-sized chanceries. Furthermore, the International Telecommunications Satellite Organization would build a magnificient headquarters building on an 3-acre parcel within the property.

A highlight of the bill is that it will cost the American taxpayer nothing. Since S. 1611 authorizes the State Department to use proceeds realized from the lease, sale or exchange of land in the International Center to defray costs of development, no additional request for appropriations is necessary.

Both this administration and the previous one have supported legislation to expand the International Center. During the 96th Congress, the House approved similar legislation but the Senate failed to act in time on it. Finally, I would like to commend Chairman **Howard**, the ranking member, Mr. **Clausen** and the chairman of the subcommittee, Mr. **Fary**, for their instrumental efforts in supporting this much-needed expansion. I urge my colleagues to vote in support of S. 1611.

Mr. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. STANGELAND. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from California.

Mr. CLAUSEN. Mr. Speaker, I also wish to express my support for S. 1611, companion legislation to H.R. 4716 which passed the Committee on Public Works and Transportation earlier this session. As pointed out to me during a meeting I held with State Department officials on the House version of the legislation, passage of a bill is essential if the United States is to live up to its international commitments to provide suitable space to house chanceries of foreign governments. S. 1611 is particularly attractive since ultimately there will be no expenditure of taxpayer dollars because the project will be funded from lease proceeds of foreign governments with chanceries located within the international center site.

S. 1611 provides for the logical continuation and expansion of the International Center on Connecticut Ave., originally authorized by the Congress in 1968 (Public Law 90-533). The center presently provides one large international organization building site along Connecticut Ave., along with 14 chancery locations. Three of them are already occupied—Israel, Kuwait, and Bahrain are in their buildings or close to it. Generally, as has been pointed out previously, this legislation, amending the original act, proposes to allow the International Telecommunications Satellite Organization (INTELSAT) to locate its headquarters there and add an additional nine chancery lots to the project.

This bill is long overdue and it is crucial that we approve S. 1611 in a timely fashion. I commend the chairman, Mr. HOWARD, as well as Mr. FARY and Mr. STANGELAND for their efforts to house foreign chanceries in an acceptable manner. I urge my colleagues to vote in favor of S. 1611.

● Mr. HOWARD. Mr. Speaker, I rise in support of this legislation and would first like to commend the chairman of the Subcommittee on Public Buildings and Grounds, the Honorable JOHN FARY; the ranking minority member of the Subcommittee on Public Buildings and Grounds, the Honorable ARLAN STANGELAND; and the ranking minority member of the full Committee on Public Works and Transportation, the Honorable DON CLAUSEN; for their fine work in bringing this legislation before the House for consideration today.

Mr. Speaker, the legislation proposed in S. 1611 is almost identical to legislation that was previously in the House and Senate during the 96th Congress, and was passed by the House. However, the Senate was unable to complete action on the bill before the end of the 96th Congress.

The need for passage of this legislation has become pressing. The United States, Mr. Speaker, is host, within our Capital City, to over 140 foreign government missions and 22 public international organizations. We have a special obligation to assist them to locate suitable missions in the Capital City pursuant to the Vienna Convention on diplomatic relations. Reciprocity in relations between governments has become a growing issue, thereby increasing the importance to the administration for enactment of this legislation. The United States has now begun to apply new restraints on a reciprocal basis on foreign missions within the United States, where necessary to assist our missions abroad to obtain adequate treatment. However, the difficulty faced by the Federal Government in assisting foreign governments to find suitable chancery locations in the Nation's Capital has placed our Government in a very difficult position at a time when we are seeking improved or more secure locations in many areas abroad.

Mr. Speaker, S. 1611 is supported by the administration, the Mayor of the District of Columbia, and the National Capital Planning Commission. S. 1611 will accomplish several objectives of the Federal Government, without a request for any additional appropriated funds.

Generally, this legislation provides for the expansion and completion of the Federal International Center in Washington, D.C., authorized by Public Law 90-553 in 1968, as follows:

First, by expansion of space within the federally owned site providing for 23 chanceries of foreign governments.

Second, by substituting the International Telecommunications Satellite Organization (INTELSAT) as the public international organization authorized to develop a headquarters building on part of the site, in place of the Organization of American States, as originally planned in the 1968 act.

Third, by providing for the completion of all work required by the Federal side from nonappropriated funds made available from the proceeds of the sale, exchange, or lease of the property to foreign governments and international organizations. In this regard, the financial plan for the International Center continues to assure that the Treasury will be reimbursed the $2.2 million appropriation made available to initiate this project by the Congress in 1973.

Mr. Speaker, S. 1611 is legislation designed to cost the Government nothing and yet, at the same time, allow our Government to fulfill its responsibilities to foreign nations. This legislation is reasonable and responsible and should have been acted on during the 96th Congress. Thus, I urge passage of S. 1611.●

Mr. STANGELAND. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The clerk read the Senate bill, as follows:

S. 1611

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Act approved October 8, 1968 (Public Law 90-553, 82 Stat. 958), is amended—

(1) in the first sentence by striking out "sell or lease" and inserting in lieu thereof "develop in coordination with the Administrator of General Services for, or to sell, exchange, or lease";

(2) by striking out "Van Ness Street, Reno Road, and Tilden Street" and inserting in lieu thereof "Yuma Street, 36th Street, Reno Road, and Tilden Street, except that portion of lot 802 in square 1964, the jurisdiction over which was transferred to the District of Columbia for use as an educational facility"; and

(3) by striking out "he" and inserting "the Secretary".

SEC. 2. Section 2 of such Act of October 8, 1968 (Public Law 90-553), is amended to read as follows:

"SEC. 2. Upon the request of any foreign government or international organization and with funds provided by such government or organization in advance, the Administrator of General Services is authorized to design, construct, and equip a headquarters building or legation building or related facilities on property conveyed pursuant to the first section of this Act.".

SEC. 3. Section 3 of such Act of October 8, 1968 (Public Law 90-553), is deleted, and sections 4 to 6 of such Act, inclusive, are renumbered as sections 3 to 5, including references thereto. The first sentence of renumbered section 3 is amended to read as follows: "The Act of June 20, 1938 (D.C. Code, secs. 5-413 to 5-428), shall not apply to buildings constructed on property transferred or conveyed pursuant to this Act including section 3 of this Act as in effect January 1, 1980.".

SEC. 4. Section 4 of such Act of October 8, 1968 (Public Law 90-553), as renumbered by this Act is amended by—

(1) inserting "demolition or removal of existing structures, site preparation, and the" immediately after "The";

(2) striking out "and" immediately before "(d)";

(3) inserting "(e) other utilities, and (f) related improvements necessary to accomplish the purposes of this Act," immediately after "the fire alarm system,"; and

(4) inserting "or contiguous to" after "within".

SEC. 5. Section 5 of such Act of October 8, 1968 (Public Law 90-553), as renumbered by this Act is amended by—

(1) inserting ", exchange," after "sale" in the first sentence, and by inserting ", exchanges," after "sales" in the second sentence thereof; and

(2) adding at the end thereof the following: "The Secretary may retain therefrom a reserve for maintenance and security of those public improvements authorized by this Act which have not been conveyed to a government or international organization under the first section of this Act, and for surveys and plans related to development of additional areas within the Nation's Capital for chancery and diplomatic purposes. Amounts in the reserve will be available only to the extent and in such amounts as provided in advance in appropriations Acts.".

SEC. 6. The Act of October 8, 1968 (Public Law 90-553), is further amended by adding at the end thereof the following new section:

"SEC. 6. This Act may be cited as the 'International Center Act'.".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 4716) was laid on the table.

GENERAL LEAVE

Mr. FARY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. LOTT asked and was given permission to address the House for 1 minute.)

Mr. LOTT. Mr. Speaker, I have asked for this time for the purpose of inquiring of the distinguished majority whip if he would tell us the schedule for next week.

Mr. FOLEY. If the gentleman will yield, the bill just competed concludes the business for today and for the week.

The House will not be in session tomorrow.

It is my intention later to ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday, May 17. We have no legislative business scheduled for Monday, but Monday is Former Members' Day, and the House will convene at 11 a.m. and will then recess until noon for the purpose of receiving former Members in the Chamber.

On Tuesday, the House will meet at noon and consider the Private Calendar, the Consent Calendar, and H.R. 6068, intelligence authorizations, fiscal year 1983, an open rule with 1 hour of debate. We intend to take the rule and general debate only.

On Wednesday and the balance of the week, the House will complete consideration of H.R. 6068, intelligence authorization, fiscal year 1983, and will consider the following bills:

H.R. 5842, National Science Foundation authorizations, an open rule with 1 hour of debate;

H.R. 5726, National Bureau of Standards authorizations, fiscal year 1983, an open rule with 1 hour of debate;

H.R. 6158, the Olympic coin bill, subject to a rule being granted;

H.R. 6267, Net Worth Assistance Act, subject to a rule being granted;

H.R. 4326, Small Business Innovation Research Act, subject to a rule being granted; and a House concurrent resolution, yet to be numbered, first budget resolution, 1983, subject to a rule being granted.

The House will meet at 10 a.m. on Wednesday, Thursday, and Friday, and will adjourn at 3 p.m. on Friday.

I cannot give any assurance to Members at this time as to whether we will in fact have a Friday session next week, but it is anticipated that there will be possibly very extensive business next week.

Mr. LOTT. Maybe I missed it, but did the gentleman point out why we would not have any votes on Tuesday, May 18?

Mr. FOLEY. Tuesday is the day of the Pennsylvania primary. We have tried to keep the voting light, but cannot guarantee that there will be absolutely no votes at all.

Mr. LOTT. Is that the only primary?

Mr. FOLEY. And Oregon. There is an Oregon primary on that day too.

Mr. LOTT. But we had votes this Tuesday, this past Tuesday, even though there was a Nebraska primary. Is there something different involved here? Could the gentleman explain?

Mr. FOLEY. The problem is that we do not take every primary day off, as the gentleman has just pointed out; but sometimes the primaries affect Members in both parties on both sides of the aisle who are in fact involved in managing the legislation for either the majority or the minority. It makes it difficult, in those circumstances, to schedule legislation for a vote.

And I repeat: We are not giving an assurance that there will be no votes on Tuesday. We are scheduling the rule and general debate. But as the gentleman knows, unless there is an undertaking to postpone the votes, a vote could be had on the rule and on going into Committee, and so forth.

Mr. LOTT. Let me pursue just a couple of items here, as far as bills that are not on the schedule.

I notice that regulatory reform is still not listed and the Justice Department authorization is not listed, both of which have been already passed by the Senate and have been sitting here in the House for well over a month. Is there any reason for that? And can we anticipate any time in the near future that these bills, both of which I thought were of a great deal of importance, will be considered here?

Mr. FOLEY. The Judiciary Committee has not yet requested the Justice Department authorization bill, and I think a similar situation still exists with respect to the Regulatory Reform Act.

Mr. LOTT. I believe that the regulatory reform bill has been reported by the full Judiciary Committee and is waiting action by the Rules Committee or the whole House.

☐ 1540

Mr. FOLEY. The gentleman is correct, it is waiting for action by the Rules Committee and to my knowledge the chairman of the Judiciary Committee has not requested a rule at this time yet from the Committee on Rules.

I will say that, as I have said many times here, speaking personally, I strongly support the legislation. I am a cosponsor of it, as is the gentleman from Georgia, who I observe on his feet, and I am not only a cosponsor, but the distinguished majority leader, the gentleman from Texas (Mr. WRIGHT) is a cosponsor of the legislation.

Mr. LOTT. If I may reclaim my time. Everybody in the world seems to be for it. If there is anything like motherhood and apple pie it is regulatory reform.

What is the problem?

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Georgia.

Mr. LEVITAS. I appreciate the gentleman from Mississippi yielding.

I want to, first of all, agree that the gentleman from Washington, our distinguished majority whip, and the gentleman from Texas, our distinguished majority leader, are both very supportive of this legislation.

The fact of the matter is, however, that bill was reported out of the Judiciary Committee on February 28, 1982. That bill has got broad bipartisan support. It is an important piece of legislation.

I must say to my distinguished friend, Mr. Speaker, that my patience has now been exhausted. I think we have acted reasonably in a gentlemanly fashion, with restraint. There is no reasonable excuse for not having that bill on the calendar next week. There is no excuse.

I am advised by the chairman of the subcommittee that is handling this bill that he is prepared to go forward, and I think there are forces at work in high places in this body that are keeping that bill from coming to the floor. I think it is a disgrace and this is the first time I have said publicly the sense of outrage that I feel about this particular matter.

If the gentleman will continue to yield, I am told that the Senate bill on this matter, which passed, I believe 94 to nothing in the Senate, is being held at the Speaker's table with a scenario being worked out that it is going to be referred to a lot of different committees as a means of assuring that it will not ever be brought to the floor.

I wonder if the distinguished majority whip could comment on some of these points.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

I have no knowledge of any such plan.

I would only repeat that the bill, as the gentleman knows, has been reported by the full Judiciary Committee and the normal process would be to take up a House reported bill and not to take up a Senate reported bill or Senate passed bill until it was done as a part of the legislative process on the floor.

To my knowledge, there is a clear procedural path here that is regular.

It is true that the bill has not yet been requested for a hearing by the Rules Committee, by the chairman of the Judiciary Committee, but I did speak to the majority leader just a few minutes ago when he was on the floor and he told me that it was his hope that this bill could be scheduled, not next week, but before the House takes its Memorial Day recess.

Obviously procedures have to be undertaken for that to occur, but that is the majority leader's statement to me and he is a committed and strong supporter of the legislation, as the gentleman knows.

Mr. LOTT. I would like to bring up a question about the most important item of all on the agenda for next week. The last item that the gentleman from Washington mentioned, the House concurrent resolution, the first budget resolution of 1983, I understand was just reported by the Budget Committee this afternoon. Under the law of the Budget Act, the law of the land, that budget must lay over for at least 10 days before it is taken up by the whole House for consideration.

There are a lot of Members who do not know what was in the chairman's mark and there have been changes from that.

Now, there were a great deal of accusations last year about how the budget was forced through this House on the part of my colleagues on this side of the aisle.

I have to express my concern about this resolution being listed for, I presume, Wednesday or Thursday of next week, in violation of the law, and before the Members have had a chance to look at it, and I would just like to know what is going on.

Are we just going to ignore the law?

Mr. FOLEY. If the gentleman will yield, I think that the gentleman is a distinguished member of the Committee on Rules and he knows that the bill does not have to wait for 10 days if a rule waiving that particular requirement is granted.

But I can assure the gentleman, without any question, that all Members on both sides of the aisle will have significantly more time to study and consider the budget resolution than any Member on either side had last year to consider the Reconciliation Act which was written overnight, brought here on the floor, not able to be read or studied, not even adequately printed, and voted on the same day.

We intend that Members have an adequate time to understand the committee's budget and what is the rule.

Mr. LOTT. I think that is highly debatable about how much time we had last year.

It looks like we are talking about the possibility of Members having the possibility of seeing this budget 1 or 2 days, since a number of our Members are already gone, and it will not be available before tomorrow, or Monday more than likely, at the very earliest.

So at the optimum Members are going to have a day or two if this schedule is honored to see what is in this budget.

Mr. FOLEY. Well, I just want to say that we have not placed this on the schedule with any intent to preemptively consider the bill without Members having an adequate time to study it.

It was placed on the schedule today in the event that there was an opportunity to consider it next week.

The gentleman from Mississippi is one of the distinguished members of the Committee on Rules. No consideration other than he has described could be taken without a rule and we have no intention on this side to create a bitter and confrontational incident over the scheduling of the legislation.

Now we are all under the injunction of the President of the United States that he hopes that a budget will be promptly enacted and the Congress can act expeditiously. I am sure the gentleman from Mississippi would want to proceed as expeditiously as possible. But I will certainly say that we do not intend that anything that we objected to last year in the preemptory consideration of the legislation on reconciliation would be repeated on this side.

Mr. LOTT. I have to comment on a couple of things.

No. 1: The gentleman does keep reminding me that I am a member of the Rules Committee, which I wish he would not speak of quite so often, especially in view of the fact that the gentleman is right, yes, I know the Rules Committee regularly ignores the law and will just waive whatever is necessary to bring something like this up.

And beyond that, it seems curious to me that after 4 months of standing up in the stands and booing everybody and not doing anything on the budget, all of a sudden the Budget Committee now has moved this out and proposes to move it without the membership having an opportunity to even see what is in this budget, or to allow any other budget to be developed using that budget as a mark.

And there are going to be I assume two or three different ideas about how changes should be made in that budget.

I would like the Members to at least have a chance to see what has been reported by the Budget Committee before we bring it up, comply with the law and give the Members at least a week or 10 days to look at what is in this budget.

Mr. FOLEY. I could not agree more that the Members ought to have an opportunity to know what is in the budget.

I cannot agree with the gentleman that Members of Congress need 10 days to examine a budget resolution.

Mr. LOTT. Would the gentleman agree that the Members could at least use 2 or 3 days in which to look at it because, based on this budget, and when the budget will be printed that the committee has acted on, they will not have 2 or 3 days. I am not talking about an inordinate delay. I want us to act before the Memorial Day recess.

Mr. FOLEY. I am sure the gentleman will not be dissatisfied with the scheduling of the budget.

I am not speaking for the budget chairman, but I know his sentiments, and his sentiments are that we approach this budget resolution seriously and without unnecessary rancor and procedural difficulties. So I am sure the gentleman is not going to have the problem that he fears of Members being forced to vote on a budget resolution without adequate preparation and consideration and both sides, I think, feel that is perhaps the most singly important act that we will undertake this year in the Congress.

Mr. LOTT. I feel reassured by the gentleman's comment and I am sure the chairman will give us the time that the law allows to see what is in the budget.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

It does not come as a surprise to this gentleman that we ignore the law on budget matters. But, be that as it may, the point that I wanted to make was that I think there is a meeting, am I not right, going on between the Speaker and the minority leader at the present time——

Mr. LOTT. I hope so.

Mr. WALKER [continuing]. To try to resolve this schedule? And I would simply reflect to the gentleman, that I think it might be worthwhile to object to the unanimous-consent requests until we find out just exactly what the schedule might be to assure ourselves that not only will we have time to examine this budget, but there will be time allocated for Members who might wish to develop an alternative budget so they can use the base line data included in the Budget Committee's recommendations?

□ 1550

Mr. LOTT. Mr. Speaker, I feel reassured at the Speaker's meeting with the distinguished minority leader that they will be able to resolve this in the best possible bipartisan manner.

REQUEST FOR ADJOURNMENT TO MONDAY, MAY 17, 1982

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 11 a.m., on Monday, May 17, 1982.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. WALKER. Mr. Speaker, reserving the right to object, I reserve the right to object simply to make the point that I just made.

I think that, because of the questions of scheduling involved here and whether or not we are going to have an agreement between the Speaker and the minority leader, this gentleman will feel constrained to object until that point when we have resolved those kinds of scheduling difficulties; so therefore, I do object.

The **SPEAKER** pro tempore. Objection is heard.

REQUEST THAT CONSENT CALENDAR BE CALLED ON TUESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Consent Calendar be called on Tuesday next.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. LEVITAS. Mr. Speaker, reserving the right to object, I reserve the right to object to make this observation and ask a question.

It had been my intention, Mr. Speaker, to object to all of the unanimous-consent requests, including the request for dispensing with Calendar Wednesday next week, because I have now come to the conclusion, or I came to the conclusion, that this business about regulation reform scheduling had been forgotten by the leadership and needed to have some way at least to get their attention; but in light of the welcome assurances I received earlier and heard the majority leader express, I do not intend to object to those requests this week.

I intend to do so, and serve notice that I will do so, on each occasion hereafter, unless there is some specific commitment made; but I would like to make one inquiry, if I may.

In the remote event that we do not actually get to the budget next week because of the discussions now underway, would there be any possibility that consideration might be given to scheduling regulation reform during next week, because otherwise there would be a relatively light calendar.

Mr. FOLEY. Well, I think I would have to say to the gentleman that many of the matters that are on the schedule are subject to a rule being granted and that, of course, would apply as well to regulatory reform if it were scheduled. We do have some very extensive legislation if we were to take up all those matters that are scheduled.

I think the gentleman knows that the Capital Net Worth Assistance Act is major legislation. The Small Business Innovation Research Act is major legislation, to say nothing of the regulatory reform or the first budget resolution.

I would hope that the gentleman would allow us to try to bring this legislation to the floor within the scope of time that I mentioned, rather than holding us to an effort to substitute it for next week, which would be very difficult.

Mr. LEVITAS. Mr. Speaker, further reserving the right to object, I want to make it clear that last suggestion I made was one that was being offered in a constructive way and no other fashion, on the assumption that there may be some other scheduling problems next week and the possibility, remote though it may be——

Mr. FOLEY. I would be delighted.

Mr. LEVITAS. What I am asking, could it be done?

Mr. FOLEY. It could be done, subject to the procedural requirements that a rule would have to be granted and if a rule did not lay over for the requisite time, it would have to be adopted by a two-thirds vote or some other procedure.

I think the gentleman knows the rules very well. All I can say is that there is no other impediment, except the usual one that we have not yet gone to the Rules Committee on this bill.

Mr. LEVITAS. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. WALKER. Mr. Speaker, I object.

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that business under the Calendar Wednesday rule be dispensed with on Wednesday next.

The **SPEAKER** pro tempore. Objection is heard to the gentleman's unanimous consent request by the gentleman from Pennsylvania (Mr. WALKER).

Mr. FOLEY. The gentleman from Pennsylvania, (Mr. WALKER), I understand, objected to my unanimous consent request that the Consent Calendar be called on Tuesday next, Mr. Speaker.

The **SPEAKER** pro tempore. The gentleman is correct.

Mr. FOLEY. I had just asked, and I did not hear the gentleman yet respond, although I have a sense of what he will do.

REQUEST TO DISPENSE WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. WALKER. Mr. Speaker, I object.

The **SPEAKER** pro tempore. Objection is heard.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO HAVE UNTIL MIDNIGHT TOMORROW, FRIDAY, MAY 14, 1982, TO FILE REPORTS ON H.R. 2035 AND H.R. 6164

Mr. FOLEY. Mr. Speaker, I make this request on behalf of the gentleman from Texas (Mr. DE LA GARZA), chairman of the Committee on Agriculture.

Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight Friday, May 14, to file reports on the bill (H.R. 2035) to authorize certain employees of the Department of Agriculture to carry firearms in the performance of their duties, and the bill (H.R. 6164) to implement the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment To Be Used for Such Carriage (ATP), and for other purposes.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. WALKER. Mr. Speaker, reserving the right to object, it is my understanding that that has not been cleared with the minority.

Is the gentleman aware of any such clearance that has taken place?

Mr. FOLEY. Mr. Speaker, if the gentleman will yield, I am aware of the usual practice of the Committee on Agriculture, which is to clear these matters; I was chairman of the committee, as the gentleman knows, and we always cleared it with the gentleman from Virginia (Mr. WAMPLER). He is on the floor and I think he can speak to the issue himself.

Mr. WALKER. Mr. Speaker, further reserving the right to object, I would be glad to yield to the gentleman from Virginia on whether or not that is an appropriate request and whether or not it has been cleared with him.

Mr. WAMPLER. Mr. Speaker, will the gentleman yield?

Mr. **WALKER**. I am glad to yield to the gentleman.

Mr. **WAMPLER**. I would say to the gentleman from Pennsylvania that the majority did consult with me on this matter and I certainly have no objection to it at all. It seems like a timely thing to do.

This, indeed, is an important piece of legislation and we are very anxious to get the reports filed so that we can move on with the bill.

Mr. **WALKER**. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

AUTHORIZING THE SPEAKER TO DECLARE A RECESS ON MONDAY, MAY 17, 1982, TO RECEIVE FORMER MEMBERS OF CONGRESS

Mr. **FOLEY**. Mr. Speaker, I ask unanimous consent that it shall be in order for the Speaker to declare a recess on Monday, May 17, 1982, subject to the call of the Chair, for the purpose of receiving in this Chamber former Members of Congress.

Mr. **WALKER**. Mr. Speaker, reserving the right to object, and I understand what it is the gentleman is doing as it was reflected on the schedule; however, I would say to the gentleman that we are still in this bind, that we do not know what the schedule is going to be for next week and that is in the process of being resolved. I wish we could leave these questions until we do have some resolution of that schedule, and until that time, this gentleman will be constrained to object.

Mr. **FOLEY**. Mr. Speaker, will the gentleman yield?

Mr. **WALKER**. I would be glad to yield to the gentleman.

Mr. **FOLEY**. I am very sorry that the gentleman from Pennsylvania would disappoint former Members of both parties who have come to this city for the purpose of participating in the standard annual reception of former Members, but the gentleman has it in his power to make an objection at this time and if the gentleman is constrained to do so, there is nothing apparently that I can do to dissuade him; but I would suggest that the gentleman might think a bit, that there are distinguished Members from both sides of the aisle who have gone to some trouble to visit the city to have an opportunity to meet with their former colleagues and their present colleagues and that the gentleman has already made, I think, a sufficient point of his dissatisfaction not to impose it further on former Members of the House.

Mr. **LOTT**. Mr. Speaker, will the gentleman yield?

Mr. **WALKER**. Further reserving the right to object, I yield to the gentleman from Mississippi.

□ 1600

Mr. **LOTT**. First of all, I think we are going to be in session tomorrow. There would be plenty of opportunity for this request to be made tomorrow, so that this occasion could be held for our former Members without any problem. I just want to make that point.

Also, I might say, I would like to make the point the gentleman has been making here. We need to get some understanding about what is going to be the score now with the budget resolution, and as far as some of the former Members that will be here next week, I am sure at least one of them, H. R. Gross, would be very happy if the gentleman from Pennsylvania made this objection.

Mr. **WALKER**. Further reserving the right to object, I yield to the gentleman from California (Mr. Rousselot).

Mr. **ROUSSELOT**. I appreciate my colleague yielding.

I do not think any of us want to stand in the way of our former colleagues meeting. The question is, under a recess, what else will be done?

Mr. **FOLEY**. I will give the gentleman immediate assurance no other purpose will be taken for this recess except to receive former Members of the House.

Mr. **ROUSSELOT**. What about coming back into session?

Mr. **FOLEY**. We intend to have no further legislative business following the reception of the former Members of the House. The House will adjourn.

Mr. **ROUSSELOT**. Well, I appreciate the gentleman's description. I think our concern is that many of us that have some interest in this budget want to understand what the total process will be, whether there will be adequate time for printing of all the various potential amendments and all the other problems that exist, as our colleague from Washington well knows.

So I think it is correct that my colleague from Pennsylvania is trying to determine, and our whip, Mr. Lott, is just trying to get a determination as to what the total process on this important budget that we have been waiting for for such a long time, what it will be.

Mr. **FOLEY**. If the gentleman would yield to me, I give the gentleman from Mississippi (Mr. Lott) my strong feeling that it is the intention on our side, and the intention of the chairman of the Budget Committee, to proceed in a way that does not create any unnecessary confrontation or difficulty over the scheduling or consideration of the budget resolution. We are not interested in doing that.

We are certainly not going to repeat any of the problems that were raised last year in the consideration of the Reconciliation Act. But if the gentleman is not satisfied with that and intends to object to every unanimous-consent request, he can do so. He has the power to do so. But my concern is that he has already required the House to meet tomorrow. If he repeats the objection tomorrow, it will meet on Saturday. We will have Calendar Wedneday next Wednesday. We will not have the Consent Calendar, and Members who have legislation on the Consent Calendar will not have an opportunity for it to be heard.

I think the gentleman has made the point quite well. Now the question is whether he wants to throw a cloud over the annual reception of the Members of Congress from both parties who have come to Washington for that usual meeting, and if he wishes to do that, it is in his power to do that as well.

Mr. **WALKER**. Further reserving the right to object, I certainly would not in any way want to indicate that I did not believe the assurances of the gentleman from Washington. He has always been clear and honorable in his statements to me.

If I understand correctly, the gentleman has given us the assurance that the recess that he is asking for would be strictly for the purpose of taking care of the special recognition for the former Members of Congress, and this Member certainly would not want to stand in the way of that very narrowly defined request.

Therefore, I withdraw my reservation of objection.

Mr. **ROEMER**. Mr. Speaker, reserving the right to object, I reserve the right to object and direct a few comments to my good colleague and good friend from Washington.

I know the gentleman is in a difficult position here. But I want him to realize that there are a number of Members of this House of Representatives, not all of whom are on the other side of the aisle who believe that it is in the best interest of our party and our Nation that we deal with the budget crisis that we have, and the only way to prepare for such a debate is to have the parameters of time clearly stated.

The gentleman from Washington has already made the very wise and true point that last year we did not have such time. He remembers last year I voted with the gentleman from Washington because we did not have such time. I hope the gentleman from Washington realizes, regardless of our party, it is deeply felt across this body that we understand where we are headed and when we are headed there that we have enough time to deal with it.

Mr. FOLEY. I appreciate the gentleman's sentiments.

If the gentleman will yield, again, I can only repeat that there is nothing to be gained, in my judgment, and I think the judgment of our leadership and the leadership of our colleagues across the aisle, in involving ourselves in a dispute over process.

Now, maybe we will have some disagreements over process, but I am satisfied we will not have one that can come down to anything like a charge of preemptory consideration without adequate time for Members to know what is in the budget resolution. We are not seeking to do that.

I am satisfied that the Members on both sides of the aisle within reason will be satisfied with the procedures when they are undertaken.

I cannot assure the gentleman that there will be a full 10 days. We have not used the full 10 days, in my memory, any time since the Budget Act has been in effect. We have always had a rule that has shortened that statutory 10-day period, and indeed, most of the time there has been no dispute about shortening it from either side of the aisle or from either side of the Rules Committee that issued the rule. So I do not want to imply that the full 10 days will be offered, but I am satisfied that there will be sufficient time to understand the Budget Committee's action and to be prepared in any other way that Members wish to in order to proceed with the budget consideration.

As I said before, it is probably the most important single legislative act that we will undertake this year. On the other hand, I think all Members would like to see an expeditious consideration of it within the bounds of proper consideration and deliberation.

Mr. ROEMER. Further reserving the right to object, I respect the gentleman from Washington's statement. I think it both fair and accurate. But I want to add that the reason that the law gives us 10 days to look at the budget is because this Congress does not work full time. I point a finger not only at myself and all Members here, but Congresses past. We will drift out of here tonight, many of us, and not come back until Monday night. This is not a full-time operation even in the most efficient of times.

The reason 10 days is given is not because Members take 10 days to read it, because we never know for certain what is going on and when it will happen.

I further reserve the right to object, Mr. Speaker, by making a final point that it is in the best interest of this body for us to act. We are prepared to act if we know the parameters of time.

Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

FURTHER LEGISLATIVE PROGRAM

(Mr. FOLEY asked and was given permission to address the House for 1 minute.)

Mr. FOLEY. Mr. Speaker, I wonder whether the gentleman from Pennsylvania, having removed the Consent Calendar from consideration next week, and having pending the possibility of Calendar Wednesday, would consider the possibility of not objecting if we move to adjourn the House over until Monday.

There are Members who have already left the city, I am sure, from both sides of the aisle, expecting that would be the procedure, and nothing that I can see can be accomplished by a pro forma meeting tomorrow, which has no legislative business scheduled and which cannot really place any additional assurances that the gentleman has not already received that his concerns are understood on this side.

Mr. WALKER. Mr. Speaker, will the gentleman yeild?

Mr. FOLEY. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

I understand the gentleman's point. The only thing that I could think of that would apply here would relate to the filing of that Budget Committee report and how that would be affected by whether we were in session tomorrow or not in session tomorrow.

I think the gentleman makes an excellent point. I think that probably with the objections that I have rendered previously, we can assure that the length of time next week could be extended if need be, but I do have that concern.

Can the gentleman give me any indication at all what we are dealing with in terms of filing times for the Budget Committee's report?

Mr. FOLEY. If the gentleman will permit, I am not sure. My information is that the Budget Committee has just concluded its action and ordered the bill reported, and it is not yet ready for filing and probably would not be ready for filing until Monday, I am told, which will probably be the day of filing the report.

□ 1610

Mr. WALKER. If the gentleman will yield further, do I understand correctly then, if we were not in session tomorrow there would be no way it could be filed tomorrow anyhow, and so therefore it would have to go over until Monday?

Mr. FOLEY. That is right.

Mr. WALKER. I thank the gentleman.

If the gentleman would yield further, if he would renew the request with regard to tomorrow, I would not object.

Mr. ROEMER. Mr. Speaker, will the gentleman yield?

Mr. FOLEY. I yield.

Mr. ROEMER. Mr. Speaker, I thank the gentleman for yielding.

Under the rules, what would happen with the Monday filing? Would the gentleman adhere to the schedule he set forth earlier in process for next week, on a Wednesday operation?

Mr. FOLEY. I am sorry.

Mr. ROEMER. As I understood it, the gentleman said the bill would not be filed until Monday.

Mr. FOLEY. Yes.

Mr. ROEMER. If that is true, as the gentleman and I understand it, what happens to the gentleman's proposed schedule that he gave to the House a few moments earlier about a Tuesday, Wednesday, or Thursday debate?

Mr. FOLEY. Well, the filing of the report would, in the absence of a rule, require a 10-day period of time before the budget resolution could be brought to the floor. If the Rules Committee met for that purpose and granted a rule at some shorter time, then that rule would have to be adopted by the House. It would have to be adopted by a two-thirds vote if it did not lie over for 1 day. I am satisfied that there are sufficient procedural safeguards, if anyone is really concerned about it, that the House itself would have to consent to the consideration and scheduling of the budget on any, what I call fast track.

Mr. ROEMER. Yes.

Mr. FOLEY. And frankly, I think the arguments of many would be made—the gentleman has made one from this side of the aisle, the gentleman from Pennsylvania on the other side—that they did not consider there was sufficient time to understand and proceed on the budget. I am just satisfied that is not going to be our problem. We put it on the schedule merely to give Members notice that under conditions of the schedule next week there was a possibility.

Mr. ROEMER. I thank the gentleman.

HOUR OF MEETING ON MONDAY, MAY 17, 1982

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourns to meet at 11 a.m. on Monday, May 17, 1982.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

RENEWING AMERICA'S HUMAN RESOURCES

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, one of the most crucial problems facing the American economy is how to make the most effective use of our most important national resource, our people. Unfortunately, Reaganomics, with its 10 million unemployed and its drastic cuts in funding for education, has brought this problem into sharp focus by our human resources.

The lead article in the Outlook section of last Sunday's Washington Post, by Pat Choate, senior policy analyst for economics at TRW, Inc., and Noel Epstein, former education editor of the Washington Post, dealt with this problem.

The writers point out some simple facts:

First, about half of our productivity growth comes from increases in individuals' skills and knowledge, not machines.

Second, despite the lengthening unemployment lines, we are suffering from shortages of critical workers.

Third, this problem will worsen dramatically in coming years when technological change confronts a work force trained for an older era.

Fourth, we have no choice but to retrain millions whose current jobs are disappearing and who will be needed for new kinds of work.

In short, we have to invest more in people or we will get precious little out of the machines. Unfortunately, current policies are going in the opposite direction and thereby killing American hope for economic, military, social renewal. One after another, we are cutting or ending programs that invest in people, from job training to public school assistance, from day care to college aid to basic research. We are not even seriously addressing such crucial problems as helping the displaced workers.

Mr. Speaker, the article suggests a number of actions needed to reverse this disastrous trend. One proposal is an individual training account, jointly funded by employers and employees, which would support retraining to any worker whose job has been eliminated. I am working on a bill to provide for a Government retraining voucher by which the unemployed worker could be given retraining by an employer with the Government picking up a portion of the cost. This will help employers as well as workers, but it should be particularly helpful to small businesses which usually do not have the resources to pick up the tab for extensive worker retraining.

It is not too late to start taking the essential measures to restore to American workers the skills needed to enable American industry to remain competitive and provide meaningful employment to all Americans. But time is running out.

The full text of the article follows these remarks:

[From the Washington Post, May 9, 1982]

WORKERS OF THE FUTURE, RETOOL! NOTHING TO LOSE BUT YOUR JOBS

(By Pat Choate and Noel Epstein)

You can stop looking for one of those "new ideas" everyone seems to be hunting for in American politics. It's about to hit us over the head, whether we want it or not.

Right now the idea is trapped in a yawn of a phrase—"human capital"—but that should not deter anyone from appreciating its power. What it means is that the prevailing wisdom is nonsense, that we certainly cannot revive our economy or our national defense merely by pumping more investment into microchips or megabombs, robots or rocketry.

Consider some simple facts of "human capital":

American productivity relies as much, if not more, on people—you remember them—as on machines. Traditionally, about half of our productivity growth comes from increases in individuals' skills and knowledge.

Despite our lengthening unemployment lines, we are suffering from shortages of critical workers, from machinists to engineers. The result: bottlenecks, higher prices and lower quality in both domestic and defense products.

This problem will worsen dramatically in coming years when greatly accelerating technological change confronts a work force which, for the most part, could not find its way home in the Techno-Era around the corner.

We have no choice but to equip ourselves for the future that's upon us. We have to retrain the millions whose current jobs can be kissed goodbye and who will be needed for new work. We have to boost the skills of the still-employed and pound knowledge into millions of adults who are functionally illiterate. We have to ensure, once and for all, education, training and job opportunities for women, blacks and Hispanics, who will make up the overwhelming majority of new workers.

In short, we have to invest in people or we'll get precious little out of the machines. That fact has been dawning on many people.

MIT's Lester Thurow, an adviser to the Democratic National Committee: "The economy is not going to thrive unless there is a major effort to upgrade the American labor force from the top to the bottom."

The Pentagon's Defense Science Board: A "major contributor to the increased lead times and costs currently afflicting the defense community is a continuing shortage of skilled labor."

The House Wednesday Group, a caucus of moderate Republicans: An unreleased Army training study in 1977-78 "found that 17 percent of the tank commanders in Europe and 21 percent of those in the United States 'did not know where to aim when employing battlefield gunnery techniques.'" Similarly, the survey uncovered men in charge of firing surface-to-air missiles who couldn't "differentiate between the silhouettes of Soviet and American planes."

The National Alliance for Business, on the need to train on-the-street youth, disproportionately black and Hispanic: "If you look out a decade at the demographics, it is clear that we will be doing all this out of economic necessity rather than out of any moral concern . . ." Forget justice; think profits.

Yet so far there has been little but rhetoric. That can't last—unless America wishes to sit back and watch its inevitable decline. Without serious action, that's what's ahead. Bet on it. The forces at work are unstoppable.

Start with the displaced workers from Akron or Detroit or other decaying cities who've begun their migratory treks for work elsewhere, reminding some Sun Belt folks of "The Grapes of Wrath." We can expect more warnings like the one issued recently by the Texas labor chieftain who told the cars and hitchhikers from Michigan and elsewhere to stay out, that "jobs are no longer available in Texas," that they are not wanted.

We can expect these episodes because the ranks of such modern-day Okies are going to expand as technology and foreign competition continue to do their nasty work—with the displaced largely unaware of and unprepared for the jobs for which they will be needed.

Management analyst Peter Drucker, for example, anticipates that through the 1980s and 1990s, 10 million to 15 million manufacturing jobs will disappear from the American landscape. Even if he is only half right—and some think he is entirely right—you can wave farewell to 5 million to 7.5 million manufacturing jobs, starting yesterday.

In other words, brace yourself: The economic, social and political panic created in 1980-81 by the loss of a mere 300,000 auto industry jobs will multiply 16 to 25 times—unless the dispossessed are redirected toward and retrained for new jobs.

That millions of new jobs are being created—in addition to the existing ones tragically going begging in hard times—there is no doubt. A survey last year by the American Electronics Association, for example, estimates that 671 of its member companies will create more than 140,000 paraprofessional spots (engineering aides, laser technicians, drafters, assemblers and the like) and over 113,000 professional places (chiefly engineers, computer analysts and programmers) by 1985.

The National Tooling and Machining Association projects a shortage in three years of more than 240,000 machinists, those people who make the tools and other devices needed to make everything else.

Millions of slots will emerge in the design, production, installation, operation and servicing of the robots that are going to populate American industry. While as recently as 1979 we had only 2,000 of these technological wonders, business leaders expect robot ranks to multiply a hundredfold—to at least 200,000—just eight years from now.

Other jobs will open in fiber optics, which has the capacity to revolutionize communications by making copper wire obsolete, and in genetic engineering, which, for starters, will change the face of agriculture and medicine. And this is to say little of the explosion of computer applications we can anticipate in the office as well as the home—in banking, insurance, health, education, communications and other service fields.

There will be far too many new spots, of course, for all to be filled by the displaced, even if they acquire the skills and knowledge to do so. But what seems little appreciated is that the Techno-Era's employes will have to come chiefly from the people already working, and that this will hold true for well into the next century. There simply isn't anybody else. Just as economic survival dictates technological advance, so demography is destiny.

What the demographers' population figures tell us is that with much of the post-World War II baby-boom generation now into its thirties, our labor force growth rate is slowing dramatically. In fact, unless we suddenly import large numbers of highly skilled individuals from abroad, more than 90 percent of the American work force in 1990 and more than 75 percent in the year 2000 will be composed of those working here now. The largest need, then, will be to train and retrain today's workers.

The figures also tell us that the ranks of young workers, aged 16 to 25, are shrinking—by about 16 percent in this decade—and that an increased portion of this smaller youth force will be black and Hispanic.

That means, for one thing, that it will be the military against business, the Joint Chiefs versus McDonald's, in a rivalry for the young. Something will have to give. More women in the military? A draft? More grandparents behind fast-food counters?

Martin Binkin, a senior fellow at the Brookings Institution who specializes in military manpower issues, remarks: "The decline in the number of youths unquestionably is going to contribute to, and provide added pressure in, the debate on renewing conscription in coming years." According to the Wall Street Journal, Burger King has already begun recruiting employes among the elderly.

The increased portion of minorities among scarcer youth (and in the prime-age labor force as well because of retirement patterns and other factors) will produce another intriguing clash: prejudice versus pocketbooks. Will fear of deep American decline finally move us to do what speeches about dreams and justice have not? In the words of Robert B Hill, former research director of the National Urban League:

"If America wants its Social Security checks to keep being paid in coming years, it had better ensure full opportunity and productivity for minorities and women."

Definitely women. The population tallies tell us that the primary source—indeed, two-thirds—of new workers in this decade will be women. While about half of adult women already work, we can reasonably expect that number to climb to 60 percent or above by 1990.

Will we at last break down job barriers against women? Will sufficient day care facilities finally be provided? More flexible work hours?

As the Bureau of Labor Statistics remarks in its understated manner: "Given that much of the increase in female labor force activity will probably come from mothers, employers may have to review their personnel practices (such as provision of day care) to attract these workers."

Okay, those are some of the inescapable needs ahead and the people available to meet them. What, specifically, will a national "human capital" drive require? How do we, for example, redirect and retrain millions of displaced workers?

It would be folly to do it by expanding the maze of 22 separate training programs already on the books—from Trade Adjustment Assistance to aid for redwood forest lumberjacks. That would just bury the effort beneath confusion, fragmentation, bureaucracy and the political pork barrel. What's needed is a single, fresh approach.

Try this one: an Individual Training Account (ITA), jointly funded by employer and employe, that guarantees retraining—and, if necessary, help with the movers—to any worker whose job goes poof. Say the company and individual each put up $500 a year, up to a total over six years of $3,000 each, and that each would get back the cash plus interest if it is not used by retirement.

The money would finance retraining vouchers to be used, as with the GI Bill, at any institution the displaced worker chooses. Moreover, as with Individual Retirement Accounts (IRAs), these Individual Training Accounts would inject an additional pool of capital for executives to finance more new technology and jobs. No bureaucracy. No money directly to vocational schools or businesses or other institutions. No overhead. A clean approach.

Before any workers are retrained, though, it would be nice if they knew where they were needed. Current federal job-vacancy information is so incomplete, untimely and unspecific as to be virtually useless. That's why the Houston papers are such big sellers in Detroit these days—for the help wanted ads.

It's past time for Washington to collect useful information about job vacancies and to insist that the computerized job listings of each state finally be connected to each other, which, absurdly, they now are not.

What about immediate shortages of critical workers? Note that Atlantic Research Corp. of Alexandria is offering staff members a $1,000-a-head bonus to land new workers for hard-to-fill jobs, ranging from communications test equipment technicians to electronic engineers. More broadly, the National Science Foundation has forecast a 47 percent shortage of industrial engineers in this decade. In such areas as California's Silicon Valley, bidding wars for engineers, computer professionals and other skilled workers are so intense that they have spawned annual job turnover rates of 80 to 100 percent.

Clearly, Adam Smith's "invisible hand" has palsied. His "marketplace" is not filling these and other needs (shortages of machinists and engineers have been plaguing us for 10 or 15 years, with scarcely any relief from supply-and-demand curves). So, if you'll pardon the expression, we've got to give the marketplace another hand. We'll have to define more sharply our vital defense and domestic needs. We'll have to create special government and business fellowships to attract and hold on to top-quality teaching faculty, who are being lured away with fatter paychecks from industry. We'll have to give special cash breaks to draw qualified students to essential (and expensive) fields of study.

During World War II, the National Emergency Production Act financed the training of 7.5 million skilled workers, popularly symbolized by "Rosie the Riveter" at aircraft and shipbuilding yards. (Indeed, a large portion of today's skilled workers were trained then and are now in or heading toward retirement. To wit: Today's 300,000 machinists have an average age of 58.) There is nothing stopping us from meeting our less massive critical skills needs today—except our will to do so.

Next, how do we boost the skills of the still-employed, from clerical workers to the executives whose weak thinking and rotten management are heavily responsible for our current predicament? Much of this training task is now paid for by business, as it should be. The private sector, led by the largest corporations, shells out an estimated $30 billion annually to train workers. But smaller employers—who create most new jobs and hire the majority of American workers—are least able to foot these bills.

What's mainly needed is to help the smaller guys invest in people as much as in machines—while making sure taxpayers don't subsidize any corporation for doing what it should and would be paying for anyway. One possible approach: a training tax credit. It would apply only to training above and beyond what a business historically has done itself. (If you wonder how we keep the corporate folks honest, remember that they already report the highest training outlays possible to the Internal Revenue Service for tax-deduction purposes.)

In this way, only the training needed would be done. If the credit isn't used, there would be zero cost to taxpayers.

Finally, the issue of education, where we need an effort far exceeding our late-1950s response to the Soviet launching of Sputnik. We must, for one thing, develop students' critical thinking, their ability to analyze and organize and express information—the essence of the liberal arts. We obviously must also sharpen their knowledge of math, science and specific technologies. These are all areas in which students are not exactly excelling these days, to put it mildly.

As the National Assessment of Educational Progress reports, "The gap between the number of highly skilled workers needed and the number of students prepared for higher-level jobs is widening. Clearly we are not cultivating the raw materials, our future workers, who will be vital both for economic progress and ultimately for economic survival."

So what are we doing about this? With many large school systems in or near bankruptcy—particularly those with the heaviest concentrations of minority students—we're slashing national aid for the disadvantaged, for math, for science and for other education programs. It's as if we were bent on making sure that essential instruction disintegrates further. That's a sure-fire formula not only for American economic and defense erosion but for creating a large and brooding underclass, permanently locked out.

It's also a sure-fire formula for intensified decay of hard-hit cities, whose best single shot at rekindling economic growth lies in their human capital. The industrial Northeast, with its troubled metropolises from Chicago to New York, still has an immense advantage over others in its vast pool of skilled labor—if existing and future workers are educated and retrained for new jobs.

The education needs do not stop there. We have to attack the anti-blue-collar arrogance that discourages our children from learning skilled trades. We must overhaul a vocational education system that has failed miserably in important respects. William E. Hardman, executive vice president of the National Tooling and Machining Association, remarks:

"Many of our vocational schools have better equipment than contract tool shops—except they don't know what to do with it in most cases. . . . If our members had as much money as the vocational education system to spend on training for this purpose, we could no doubt end the skill shortage in four years and ensure that we never fall behind again."

Then we've got to reverse the decline in American teacher competence. Full fellowships to lure qualified students into teaching could be one step, intensive summer retraining institutes for today's teachers another. Retraining is essential, for example, if teachers are to teach the varied uses of computers; forget about having those shiny toys in schools if most teachers really don't know what to do with them, as is now the case.

All this by no means exhausts the issues wrapped up in the human capital agenda. But it should make one thing crystal clear: We are currently in the process of killing American hope for economic, defense and social renewal. One after another, we are cutting or ending programs that invest in people, from job training to public school assistance, from day care to college aid to basic research monies. If that were not enough, we are not even seriously addressing such crucial problems as helping the displaced workers lost in the confusion of change.

The supply-side crowd obviously thinks that people don't count as much as machines. If that mindset continues, the historians can start writing their books about the decline of America.

DIVERTING THE MISSOURI RIVER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. COLEMAN) is recognized for 15 minutes.

Mr. COLEMAN. Mr. Speaker, I take this time today, to inform my colleagues about the very serious problem of diverting Missouri River water out of its basin for a coal slurry pipeline and other projects.

Mr. Speaker, the State of South Dakota has contracted to sell water from the Oahe Reservoir—which is connected to the Missouri River—to Energy Transportation Systems, Inc. (ETSI) for a coal slurry pipeline project. As I understand the agreement, ETSI will pay South Dakota $1.4 billion over the 50-year lifetime of the contract, in return for as much as 16 billion gallons of water per year. This water will be transferred from the Oahe Reservoir to the Powder River Basin coal mining region in Wyoming, where it will be mixed with coal; a coal slurry pipeline will then carry the 50-50 mixture from Wyoming approximately 1,300 miles to Arkansas, where utilities in Arkansas, Louisiana, and Oklahoma are expected to purchase the coal.

The drought and killer heat waves we have experienced in the Midwest in the last several years have made us realize that water, or the lack thereof, is the most serious long-range problem now confronting our region and the Nation—potentially more serious than the energy. Just as Americans have discovered the hidden energy costs in a multitude of products, they are vowed to discover the hidden water costs. According to water experts, you can begin with the water that irrigated the corn that was fed to the steer, and find that a single Kansas City steak may have accounted for 3,500 gallons. The water that goes into producing a 1,000 pound steer would float a naval destroyer. It takes 14,935 gallons of water to grow a bushel of wheat, 60,000 gallons to produce a ton of steel, 120 gallons to put a single egg on the breakfast table.

We can hardly ignore the impact of diversion on the cities and towns that utilize the Missouri River for drinking water. For example, in Missouri, nearly 70 percent of the population receive their drinking water from the Missouri River, including those who reside in our two largest metropolitan areas, Kansas City and St. Louis.

The South Dakota, ETSI coal slurry pipeline sale raises significant concern for those of us in downstream States. The sale will result in a large-scale transfer of water from one basin to another. It is the precedent set by this interbasin transfer which most deeply concerns me.

When water is used for irrigation, municipal consumption, or industrial applications within a water basin, about 60 percent of the water returns to the basin. On the other hand, should the Oahe Reservoir be tapped for the ETSI coal slurry pipeline, we will see water from the Missouri River eventually ending up in Arkansas—outside the basin, and not one drop of the ETSI pipeline water will ever be returned to the Missouri River Basin.

While 20,000 to 50,000 acre-feet of water from a reservoir containing 23 million acre-feet does not seem like much at this time, future interbasin transfers of large quantities of water could have a far-reaching effect. Already there are proposals on the drawing board that would siphon off 10 million acre-feet per year, which is nearly half the annual flow of the river at Sioux City, Iowa.

One of these proposals, the feasibility of which is currently being studied by the Army Corps of Engineers, involves the construction near St. Joseph, Mo., of a 600-mile long canal to divert some 3.9 million acre-feet of Missouri River water per year for industrial, municipal, and agricultural uses in Kansas, Nebraska, Colorado, Oklahoma, New Mexico, and Texas.

Before we arrive at a point of no return regarding Missouri River water diversion, I believe we must begin considering multi-State, or even national policies to protect our precious water resources. Our history books are filled with independent, uncoordinated, State-by-State attempts to deal with water claims. Unfortunately, as of now, there has been no initiative undertaken on the part of the 10 basin States to come together to work out a plan for future utilization of the river. As a result, the upstream States are in the cat-bird seat—and able to call the shots as they profiteer Missouri River water.

Mr. Speaker, at the present time, the Army Corps of Engineers is considering an application, by ETSI, for a permit for the construction of the water supply pipeline intake structure. I and 12 of my colleagues, representing more than 6 million users of water in the Missouri River Basin, have contacted the corps to express our opposition to approval of the permit. As we pointed out, Congress is currently considering legislation dealing directly with the issue of interstate and interbasin transfer of water in coal slurry pipelines. This measure, H.R. 5278, contains provisions to prohibit the sale or transfer of interstate waters outside a State unless the sale or transfer of water is agreed to by the remaining States in the drainage basin. It is the responsibility of Congress to determine Federal policy in reference to the question of interbasin transfers of water. Final administrative approval of the ETSI transaction before Congress has acted on this vital subject would represent an attempt to usurp the proper role of Congress in determining Federal policy. In addition, we pointed out that the environmental impact statement prepared on the ETSI proposal was premised on the utilization of the Madison Formation as the primary water source, and dealt with the utilization of the Oahe Reservoir for that purpose in only a cursory fashion, and that it did not take into consideration the possible effect of the interbasin transfer on downstream States. We are all aware that the Colorado River is virtually exhausted by the time it reaches Mexico. The distribution of its water by the U.S. Supreme Court to the seven Western States through which it flows has not worked. Because of a tangle of unreasonable demands and court decisions, these States and Mexico have legal rights to more water than the Colorado River contains.

If the same situation is to be avoided in reference to the Missouri River, a comprehensive study of the water needs and of the water availability in the entire basin must be conducted, with special consideration given to the effects of large-scale interbasin diversions on the downstream States. In light of the clear interdependence between economic productivity, community well-being, and water supplies, I feel it is incumbent to thoroughly examine any proposal that would divert water from the Missouri River Basin.

The best solution to the problem surrounding Missouri River water diversion will be the implementation of an interstate compact on water use by the 10 basin States. It will be through the cooperative efforts of governments, industry, agriculture, and other groups that a fair and equitable water policy will be initiated. While it is obvious the House of Representatives is prepared to address the issues currently facing the basin, I believe the main responsibility for the formulation of the compact lies with the States. The firm acceptance of their responsibilities to each other could lead to the resolution of the issues surrounding the use of Missouri River water. Without such a resolution. Congress must act.

□ 1620

THE ORDEAL OF WAYNE CRYTS AND HIS SUPPORTERS IN GRAIN ELEVATOR AFFAIR

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Missouri, (Mr. **EMERSON**) is recognized for 60 minutes.

GENERAL LEAVE

Mr. **EMERSON**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. **EMERSON**. Mr. Speaker, I rise today on behalf of a growing number of hard-working American farmers who are being innocently victimized by the serious problem of grain elevator bankruptcy and the prolonged litigation that invariably results from such insolvencies. More specifically, I rise on behalf of one individual farmer who, at great personal sacrifice, has taken the lead in trying to correct what is obviously a very unjust consequence of imperfect laws.

While the problem of grain elevator bankruptcy is not a new one, it is a problem that has been occurring with a frightening regularity in recent years and one that has become a tremendous source of fear and insecurity among our Nation's farm producers. Of the more than 140 such insolvencies that have occurred nationwide since 1974, one of the most devastating and highly publicized instances took place in New Madrid County, Mo., in August of 1980. As the Member of Congress who represents this part of Missouri, I have been, and continue to be, deeply involved in this particular case.

To bring to your attention the grave injustice that pervades this situation, a brief history of the case is in order: On August 11, 1980, the owners of the James Brothers Ristine Warehouse in New Madrid County filed bankruptcy petitions in the U.S. Bankruptcy Court for the Eastern District of Arkansas. Venue was proper since the James Brothers also operated several grain warehouses in the State of Arkansas, and those facilities are also involved in the bankruptcy litigation. At the time of this filing, the James Brothers were holding grain valued in excess of $5,000,000 and for which the warehouses had issued valid receipts to the farmers who had deposited that grain.

On August 15, 1980, the Bankruptcy Court appointed an Arkansas resident as bankruptcy trustee, and authorized him to operate the Ristine Warehouse, as well as four other Missouri facilities owned by the James Brothers. Almost immediately and with the blessing of the Bankruptcy Court, the trustee refused to honor the farmers' receipts for the grain stored in those elevators. In short, the owners of that grain found themselves unable to take possession of assets that, in some cases, represented virtually the entire product of a year's hard work and financial investment.

In the weeks that followed, the Bankruptcy Court granted the trustee even greater authority over the stored grain, including empowering him to force farmers to deliver and sell to the warehouse as-yet undelivered grain which had been under contract to the James Brothers. In other words, in addition to denying farmers access to their property, the Bankruptcy Court ordered that contracts for the delivery of grain to the warehouse be honored, while at the same time refusing to honor equally valid receipts held by the blameless customers of the warehouse.

As you can well imagine, as the litigation surrounding this bankruptcy dragged on, the farmers whose grain was stored in the Ristine Warehouse became more and more exasperated. Then, in January of 1981, when resolution of the situation was still not in sight, one of these frustrated farmers, Wayne Cryts, announced that, if there had been no legal determination of ownership of the grain by February 16, he would go to the Ristine Warehouse and retrieve his grain.

Despite serious efforts by Missouri State officials, several national farm organizations, and myself, to arrange a compromise before February 16, no resolution to the problem was found. Thus, on that day, Wayne Cryts and several hundred supporters from across the Nation traveled to the Ristine Warehouse to retrieve his grain. Upon arrival at the warehouse, Cryts and his supporters were met by several Federal marshals and FBI agents. After informing the farmers of the laws they would be violating, these agents stepped aside, and the group removed Cryts's 31,000 bushels of soybeans and moved them to a warehouse in a neighboring community.

Mr. Speaker, Wayne Cryts moved his soybeans on February 16, 1981—well over 1 year ago. During that time, endless litigation has resulted in no resolution of the real problem. Wayne Cryts and other farmers whose grain was stored in good faith almost 2 years ago still have nothing to show for their hard work or their financial risk. In the meantime, trustee's fees and legal costs have virtually consumed the assets of the farmers who own the grain involved in this dispute. In short, the damage has been done, and the only real victims of that damage are the farmers of this Nation who depend on a reliable system of grain storage.

Senator **ROBERT DOLE** and I have tried repeatedly to secure a legislative solution to the gross injustice that the Ristine episode represents. The U.S. Senate has, on three separate occasions, voted in favor of remedial amendments to the Federal Bankruptcy Code. Unfortunately, my companion measure has not yet come to the floor of this House for a vote.

In recognition of this problem, the U.S. Department of Agriculture has not only expressed its support for a legislative solution, but has conducted a "Special Task Force" study of grain elevator bankruptcy and recommended several administrative actions to alleviate the threat posed by the unique nature of such insolvencies.

In short, there is no doubt that the laws which allow tragic situations as the one in my district need to be changed. The administration and a substantial segment of the U.S. Congress have acknowledged this need. One man is responsible for the modest progress that has been made in correcting this flaw—at great personal risk, Wayne Cryts took the extra step that was needed to bring this problem to national attention, and to make it possible for people like Senator **DOLE** and myself to gain widespread support for remedial legislation.

For taking that step, Wayne Cryts right now sits in a jail in Arkansas. As the result of violating the highly questionable mandates of the Bankruptcy Court, Mr. Cryts has been found guilty of civil contempt of court—not by a jury, not after a just appeals process, but by the will of a lone bankruptcy judge.

Several weeks ago, Mr. Cryts was offered immunity from prosecution if he would name those farmers who assisted him in removing his assets from the Ristine Grain Elevator. He refused, and was ordered to appear once again before the Bankruptcy Court on April 28, which he did. Again, he was asked to name his supporters—this time upon the threat of incarceration if he did not obey. Not unexpectedly to those of us who know Wayne Cryts and recognize his commitment to this cause, he chose to go to jail rather than place his friends in jeopardy.

Today, Mr. Cryts is still incarcerated—a prisoner not only of the courts, but of his own commitment to real justice. That he violated the letter of the law is not questioned; however, if the intent of the law is fairness and protection of the innocent, he is not guilty. I cannot resist the temptation to point out that the real perpetrators of the Ristine situation, the James brothers, have at no time been in danger of incarceration—the law has certainly provided them with protection, while resulting in the imprisonment of one of the victims of their failure.

For these reasons, I have asked the President of the United States to intercede on Mr. Cryts' behalf by invoking his constitutional authority to grant pardons. In view of the tremors that this case has sent through the entire farm community, I believe that such a gesture would go a long way toward demonstrating that the Federal Government is, in fact, sensitive to the unique vulnerability and difficulties faced by our Nation's agricultural producers.

Toward that same end, I have introduced a resolution expressing the sense of Congress that this tragic episode, as well as the larger problem of grain elevator bankruptcy, represent a grave injustice that demands correction by this Congress. The text of the resolution is as follows:

H. CON. RES. —

Concurrent resolution expressing the sense of the Congress concerning the health of the agricultural community, in light of the Wayne Cryts affair

Whereas agriculture is the most productive sector of the U.S. economy;

Whereas the American farmer produces much more food and fiber than can be consumed or exported immediately;

Whereas the American farmer needs to store this excess production in public and private grain storage facilities;

Whereas excess agricultural production is vital to our national economy and the health of our citizens;

Whereas between 1974 and 1982 140 of these grain storage facilities have failed;

Whereas these failures result in severe and undue hardship to individual farmers;

Whereas farmers need adequate protection when these failures occur;

Whereas it often takes years for the courts to resolve the legal status of ownership in cases of grain storage facility failure;

Whereas Wayne Cryts a Missouri soybean farmer, removed his agricultural products from a failed facility, because of protracted legal delays;

Whereas Wayne Cryts held valid proof of ownership for his products;

Whereas a Federal Grand Jury refused to indict him for the act of removing his products: Now, therefore, be it

Resolved, That it is the sense of the Congress that, as demonstrated by the Wayne Cryts situation the integrity of the Nations grain storage system is in jeopardy.

Mr. EMERSON. Mr. Speaker, I also include in the RECORD at this point an article which appeared in the Wall Street Journal on Wednesday, May 12, 1982:

[From the Wall Street Journal, May 12, 1982]

A MISSOURI FARMER GETS HIS BEANS BACK AND BECOMES A HERO

(By Lynda Schuster)

PUXICO, MO.—This tiny town near the Arkansas border hardly seems a hotbed of radicalism. Townspeople say that only two things usually get them heated up: The Puxico High School Indians, who last won the state basketball championship in 1952, and the county sheriff, the first Republican elected hereabouts since 1928.

Yet on a rainy morning last year, some 2,000 farmers from across the country rallied to the side of Wayne Cryts. They drove 78 trucks past Federal Bureau of Investigation agents and federal marshals, broke into a sealed grain elevator and made off with thousands of bushels of soybeans that had been impounded by a federal bankruptcy judge.

After a lot of delayed court hearings, Mr. Cryts (rhymes with rights) now is in jail because he refuses to tell Judge Charles W. Baker who helped him, and the judge won't let him out until he gives names. In the meantime, Mr. Cryts is becoming a folk hero throughout farm country, with ballads being written in his honor and national politicians rushing to his support."I'm not going to give in, and neither is the judge," he says, tensely puffing on a cigaret in a prison conference room.

ROOT OF THE PROBLEM

Many farmers feel they are being pushed to the limit as never before. Mr. Cryts certainly felt that way when the grain elevator where he stored his soybeans, along with the grain of other farmers, filed for bankruptcy, and the judge ordered all the farmers' grain sold to pay the operator's debts. In the judge's mind, the farmers' warehouse receipts weren't proof enough of ownership.

That infuriated Mr. Cryts. Like many overextended young farmers in these parts, he already owed hundreds of thousands of dollars because of high interest and production expenses and low crop prices. He was sure that losing a year's harvest would break him entirely. Besides, he wasn't about to let his beans pay for someone else's bills.

Mr. Cryts, who is a national leader of the militant American Agriculture Movement, a grass-roots political organization that led farmers' protest marches on Washington in 1978 and 1979, decided he wasn't going to take it anymore. So he and the other farmers who heeded the call for help from the organization moved in to reclaim his 31,000 bushels of soybeans on that rainy morning in February 1981.

The Cryts case has inflamed farmers from the Mississippi Valley to the Great Plains who think the federal bankruptcy law is grossly unfair. The recession has caused a rash of grain-elevator failures across the country, in which farmers have lost millions of dollars. They see Mr. Cryts's actions as a rebellion against the unfair law.

"JAIL THE JUDGE"

"The guy has guts," says Bobbie McAlister, a clerk at Pope County Detention Center in Russelville, Ark., where Mr. Cryts is being held. (He was jailed in Arkansas because that's where the elevator operators filed for bankruptcy.) "Someone has got to stand up for working people or we're going to get squashed."

Puxico agrees. It is decked out in yellow ribbons for its "hostage," and tractors sport signs of "Free Wayne—Jail the Judge." A radio station in Moberly, Mo., raised $10,000 in three hours for his defense fund. A national civil-rights group has volunteered to defend him. Missouri Congressman Bill Emerson, a Republican, has personally taken up his cause. And lawyer F. Lee Bailey has taken on his case.

"This is a very American issue of personal property," says Marvin Meeks, national president of the American Agriculture Movement, which has taken a room in a Little Rock, Ark., motel to organize a petition drive. "It's the same as if a garage went under while your car was in for repairs. How would you feel if some judge decided it was part of the garage's assets and ordered it sold?"

Legal experts say that Judge Baker acted within his powers that were broadened under the 1978 Federal Bankruptcy Act. Many don't think too highly of Mr. Cryts's method of protest either, and suggest that there are more conventional ways of trying to effect change.

"The law says that you just can't grab your property once bankruptcy proceedings start," says Lawrence King, a professor at New York University School of Law who specializes in bankruptcy law. "We would have a heck of a system if everyone decided to take matters into his own hands the way this guy did."

Mr. Cryts says he acted out of desperation. The 35-year-old father of two was counting on about $250,000 from the sale of the soybeans to pay back the $120,000 production loan he took out in the beginning of that year. What with payments also due on about $600,000 of other loans, the only way out was to start selling the 2,000 acres he farms with his father, brother and brother-in-law.

"This land has been in our family six generations," he says in his Missouri twang. "I just couldn't live with myself if I had to sell because someone had stolen my property and made me go broke."

He says that it "just came into my head" one day to try to get his grain out of the elevator in Ristine, some 60 miles from Puxico. It is one of 11 elevators operated by Donald, G.E. and Robert James in Arkansas and Missouri. Donald James was found guilty of issuing warehouse receipts for grain without a valid license, which is a felony in Arkansas. He was given a sentence of five years, three of which were suspended, and is approved for parole this coming July.

Word got out of Mr. Cryts's intent to raid the grain elevator if ownership wasn't decided by Feb. 16, 1981. Eddie Sifford, who runs a feed mill in Puxico, says that he was amazed by the crowd of farmers milling around the elevator in Ristine that morning. "I got there early and still had to park about a mile from the elevator," he recalls. "They were parked four deep from as far away as Oregon."

Mr. Sifford says there was one "real tense moment" when Mr. Cryts approached the line of FBI agents and federal marshals, with the 2,000 other farmers close behind huddling under trash bags against the rain. One marshal confronted him, saying that they were going to prevent him from entering the elevator; Mr. Cryts responded that he was there to claim his personal property. They stared at each other for about a minute and shook hands, and Mr. Cryts climbed back into his truck to lead the convoy through the line of officers, Mr. Sifford says.

DIDN'T WARRANT KILLING

The federal marshals were led by Howard Safir, assistant director for operations of the U.S. Marshals Service in Washington, D.C. He says that he recommended to the Justice Department that the ringleaders be arrested later for taking the grain, rather than opposed at the site. "Based on intelligence, we believed the farmers were willing and able to fight," Mr. Safir recalls. "My concern was some folks would be killed, primarily some farmers. It didn't warrant killing people over basically a civil dispute."

Mr. Cryts stored the beans in another elevator for a while and eventually distributed them among farmer friends to sell. A grand jury in St. Louis refused to return a conspiracy indictment against him. But he was taken into custody a couple of weeks ago on a civil contempt charge. He says he won't tell Judge Baker the names of the farmers because he can't remember some of them.

Besides, he says, he just can't see implicating "all those guys who risked so much to help me." He adds bitterly, "Why doesn't the judge ask the FBI. They took some pretty good pictures of us all."

PLOWING THROUGH MAIL

So Mr. Cryts whiles away the days by plowing through the mountain of mail that pours in from well-wishers across the country and giving interviews on the telephone to local radio stations. His lawyers say that the first order of business is to get the judge to set bond so that Mr. Cryts can get back to his farm. Then they want to test the constitutionality of the bankruptcy code as it applies to farmers

The law amounts to "legal theft" as it stands right now, asserts Perry Chestnut, executive director of the American Constitutional Association. The association, a nonprofit group based in Klamath Falls, Ore., is coordinating Mr. Cryts's defense. "This case is bringing into question the whole system of storage that most farmers use." Mr. Chestnut says. "What good is a warehouse receipt if it isn't accepted as clear title when the elevator goes broke? And why must farmers stand in line with all the other creditors?"

Whatever the outcome of the case, Mr. Cryts has managed to capture the imagination of farmers throughout the country. Alice James of Campbell, Mo., says in her "Ode to Wayne Cryts":

Like a song that has the rhythm
But it needs a little rhyme,
Mr. Cryts keeps singing softly,
"Just a bushel at a time."
Though his song is not completed,
He keeps singing of their rights,
And the farmers of America
Believe in Mr. Cryts.

☐ 1630

Mr. SENSENBRENNER. Mr. Speaker, will the gentleman yield?

Mr. EMERSON. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. I thank the gentleman from Wisconsin for yielding, and I would like to highly commend him for his almost singlehanded crusade in behalf of Mr. Cryts and for a change in the bankruptcy law that has allowed this ridiculous situation to occur.

As the gentleman from Missouri has stated, the other body on three separate occasions has adopted remedial legislation so that farmers who do store their produce in grain elevators that go bankrupt will be protected. However, this House and, most particularly, the Judiciary Committee of the House of Representatives, has not taken it upon itself to even seriously consider this very serious and meritorious legislation.

The role of being an obstructionist is not unusual for the Judiciary Committee. I believe we could go on at great length on the number of meritorious proposals that have not even received a public hearing within the Judiciary Committee, including substantial reform of the Bankruptcy Code, legislation dealing with abortion and school prayer issues, the Criminal Code, and several other issues.

I think that the obstructionism of the Judiciary Committee is going to become a major issue in this House and perhaps in this fall's election campaign, and I think that the Cryts situation and the fact that there are certain members of the committee on the Judiciary Committee who think that the 1978 Bankruptcy Code reforms were printed on stone tablets and refuse to seriously consider amendments thereto is really not in the public interest.

So I hope that the gentleman from Missouri keeps on plugging on this particular issue. It is a very important issue, not only as it regards our farmers in the agricultural provisions of the Bankruptcy Code, but the generic issue of bankruptcy reform which, in my opinion, is equally necessary.

Mr. EMERSON. I thank the gentleman for his comments.

Mr. VOLKMER. Mr. Speaker, will the gentleman yield?

Mr. EMERSON. I yield to my colleague, the gentleman from Missouri.

Mr. VOLKMER. Mr. Speaker, I wish to also commend the gentleman in the well for leading the effort here in the House to reform the bankruptcy laws so that we can protect our farmers when they store their product, their grains, in the commercial elevators. And, too, we have to take the time, I am sure, today to at least thank Wayne Cryts for what sacrifices he has made in order to bring attention not only to his personal plight, but the plight of every farmer potentially who stores his grain in any commercial elevator. As we go into these bad times that we are now facing in agriculture, these same circumstances are bound to occur elsewhere unless we do make those changes in the bankruptcy law.

I look forward to continuing to work with the gentleman in the well for two things—one, the release of Wayne Cryts. I think what has happened to him is reprehensible, in light of the total situation. It reminds me of some things in Poland, where Lech Walesa is jailed by the Polish authorities over there, an innocent human being, as we basically look upon him. The same thing with Wayne Cryts. He is trying to preserve his own farming operation rather than going bankrupt as a result of actions of others. And I think he has pointed this out to farmers all over the Nation.

Just the other day some of us took part in the call-in program over in the caucus room in the Cannon Building. I talked to farmers from Nebraska who were very cognizant of the situation with Wayne Cryts and also were apprehensive of the fact that we had not taken action yet. This has been brought to our attention. The gentleman introduced this legislation over a year ago, and it has been to the attention of the House all of this time. Therefore, I hope, and I understand that maybe in the near future, the Judiciary Committee may soon take up the legislation. I hope they do and I work to see that they do.

I wish to say in closing that I will say to the gentleman in the well that this is an outstanding effort on his part, and I will continue to work with him in this regard on both issues, the freeing of Wayne Cryts and also the changes in the Bankruptcy Code to protect our farmers. I think all of the farmers in America owe the gentleman in the well a debt of gratitude for the work he is doing.

Mr. EMERSON. I thank my colleague from Missouri, and I want him to know how deeply I appreciate his sincerity and the contribution that he has made in cooperating with us to try to get a solution to this problem.

Mr. VOLKMER. I have been more than happy to join in the legislation and also the resolution just introduced.

Mr. EMERSON. I appreciate the gentleman's contribution.

Mr. ROBERTS of Kansas. Mr. Speaker, will the gentleman yield?

Mr. EMERSON. I yield to the gentleman from Kansas.

Mr. ROBERTS of Kansas. I thank the gentleman for yielding.

Mr. Speaker, I would also like to commend my colleague, the gentleman from Missouri (Mr. EMERSON), for calling this special order. I share his sense of concern and real frustration on the part of the ordeal suffered by Wayne Cryts and the example being set by Wayne for every farmer who has the same kind of problem. I am a cosponsor of the gentleman's resolution. I am a cosponsor of the gentleman's bankruptcy reform legislation. I have also joined Senator NANCY KASSEBAUM in the other body in asking the Justice Department to conduct a review of this entire case.

It is not very often that we have a special order in this body to discuss the problem of one individual farmer, and that man's name is Wayne Cryts and he does happen to reside in my colleague's district; but, in truth, Mr. Speaker, this special order is in behalf of every farmer who toils long hours to raise and harvest a crop and then store it in a warehouse. This special order is in fact on behalf of the producer who is being victimized, in my personal opinion, by unfair and unrealistic bankruptcy laws. This special order is about the need to reform our Federal bankruptcy statute. Wayne

Cryts is the victim of a judicial system that is protecting some but not all citizens.

Now, legal scholars may disagree that the Wayne Cryts case represents a threat to a real institution in farm country. To date, farmers have always put their faith and trust in what is called a warehouse receipt. Farmers have always believed that a warehouse receipt was as good as the grain in the bin. However, during the ordeal suffered by Wayne Cryts in Missouri, farmers throughout this country are being told that once the grain is deposited in the hands of a warehouse operator, it becomes the property of the warehouse operator. It is my firm conviction, along with thousands of farmers in this Nation, that the warehouse receipt does not transfer ownership to anyone. It merely requires the warehouse operator to store the commodity and return a like product upon demand of the holder of the warehouse receipt.

If the bad news is that Wayne Cryts remains incarcerated in a Missouri jail, the good news has to be that it does focus attention for this body to act on legislation to reform the Bankruptcy Code, to act on the legislation that my friend and colleague has introduced. It has been almost 14 months that the House Judiciary Committee has had bankruptcy reform legislation awaiting action. They have yet to act. It is a matter of simple justice.

□ 1640

Mr. EMERSON. Mr. Speaker, I yield to the gentleman from Illinois (Mr. SIMON), my friend from across the river.

Mr. SIMON. I thank my colleague from Missouri and I commend him for his leadership.

I have been pleased to join in cosponsoring the legislation which would have prevented this kind of misfortune. We have had similar incidents in my district.

The gentleman is probably the only person on the floor now who knows where Murphreysboro, Ill., or Quality, Ill., are, and they have had bankrupt elevators. That legislation ought to see the light of day so that we can protect the American farmers more adequately.

There is a more personal tragedy right now and that is Wayne Cryts.

I have written, as has the gentleman from Missouri to the President urging him to pardon Wayne Cryts. I do not question that the bankruptcy judge may be technically correct. But sometimes applying the law in all its cold, harsh technicality is not justice, and in this case Wayne Cryts is not receiving justice and, in fact, he has become a hero, as he should be, to the farmers in my district and the farmers from the gentleman's district.

I think we have to see that Wayne Cryts somehow is released from prison where he is unfairly and improperly incarcerated while those who caused all this disaster walk the streets freely, and that just does not make sense.

And the second thing we have to do is obviously to pass legislation that gives some kind of protection to the American farmer who takes his grain to the elevator, thinks he is protected, and suddenly he can lose that farm. And that has happened to too many farmers in my district, to too many farmers in the gentleman's district, and to too many farmers around this country.

Again I commend my colleague from Missouri. The gentleman has aggressively moved on this and it is the kind of leadership that makes me proud to serve in this body.

Mr. EMERSON. I thank the gentleman for his comments which are so true about the injustices that are being done here.

I think we are also going to find that something is going to have to be done about the immunity statutes under which Mr. Cryts is being held.

Our colleague from Arkansas (Mr. BETHUNE), who wanted to be with us this afternoon, but due to the lateness of the hour could not be, and the gentleman from Idaho (Mr. HANSEN), have both raised very serious questions.

My understanding is that they were intended, designed, to be used to break up criminal conspiracies of a major magnitude—the Cosa Nostra—and they are being applied here in a civil contempt fashion and an awful lot of people are questioning whether or not these statutes are being applied in accordance with the letter and the spirit for which they were intended.

Mr. SIMON. If my colleague will yield further, they are probably being applied improperly as far as the letter of the law, but certainly not the spirit of the law, not the intent of this body.

Mr. EMERSON. I thank the gentleman.

Mr. COLEMAN. Mr. Speaker, will the gentleman yield?

Mr. EMERSON. I yield to the gentleman from Missouri (Mr. COLEMAN).

Mr. COLEMAN. I appreciate my colleague yielding and I want to join with my other colleagues who have praised the gentleman in the well for his outstanding leadership on a very, very difficult issue, one which happens to have been taking place in the gentleman's district but his leadership and what we are talking about here today transcends the 10th District of Missouri. It goes throughout this country, as our friend from Kansas just pointed out.

We are talking about the real basic integrity of the procedure that an individual farmer gives his crop from his field to a larger market to feed this country, and that is through the local grain elevator. If you call into question the integrity of that institution which is being called into question because of the poor financial management or because of bankruptcy laws, or whatever reason, we are seeing a phenomena develop which will have significant impact upon our abilities in this country to transfer grains throughout our country into overseas markets.

So I want to join with my colleague in his statement today.

He mentions that we had a bill in conference, the farm bill of 1981. Both of us, the gentleman in the well and myself, were members of that conference committee. We fought long and we fought hard to keep the language that the Senate put on that bill, keep it in that conference and keep it in the report and have it passed finally in the version of the 1981 farm bill.

I guess we were successful through 11 hours of the 12 hours that came through that conference, and as I recall there was a great amount of discussion about how the turf was going to be divided up.

I do not think farmers care about turf except when they plow the ground.

What we were talking about in the conference was about who was going to get credit, whether it would come through the Judiciary Committee or go through the Agriculture Committee, was it going to go through the House of Representatives or come through the Senate. Who cares about that?

The real question was, as the gentleman pointed out, Are we going to have protection for the American farmer when it is necessary?

Well, we all know what happened to that conference. We had tremendous letters passed around saying that there were going to be hearings, expeditious proceedings through the Judiciary Committee on this bill and what could we do when the leadership of the conference said this is the way it is going to be and that is the way it was going to be.

We are still waiting here in May for that legislation to be brought forward.

I understand that the bankruptcy bill that is being discussed and marked up very soon in Judiciary will not help our farmers any. We are going to have to take our case now to the Rules Committee on the floor of the House again. But I think it is good to point our that we had the opportunity, we fought for that, but because of turf battles and the leadership around here the farmers today are paying for it.

What farmers are? The farmers in my district. This is not just a southeast Missouri phenomena or northwest Missouri.

We see two grain elevators going out of business because one of the farmers got an insufficient funds check, inquired and found out that not only was there insufficient funds for the check, there was insufficient grain in the elevator.

The grain that he and his farm friend had deposited in the local grain elevator in Chillicothe and Gallatin, Mo., suddenly was not there.

I do not know what other people in this country call it, but we do not call that insufficient or poor management, the farmers in my area call it plain stealing.

I think that is what it really boils down to.

Wayne Cryts is in prison today in Arkansas because he wanted to get his own beans out of an elevator where he deposited them, just as every other American would go to the bank and make a deposit in his bank account, knowing full well that he had the confidence when he walked out of that bank that it was guaranteed by the FDIC or the Federal Government, and if somebody misused that money that he would be paid back.

I think it is time, Mr. Speaker, that we provide some sort of confidence that the American farmer can go into a warehouse and say, "I am depositing this and I have confidence that I am going to get either my money or my grain back from that."

To see Wayne Cryts languishing in jail. Farmers in my area do not understand that kind of justice. Frankly I do not either. We do need to change the bankruptcy law. We need to change some other laws but I do think that it is important that we address ourselves to this issue today.

I just point out a few of the headlines that are appearing in the newspapers back home. "Grain shortfalls put Missourians in financial bind."

There are some people in my district who are losing over $100,000 worth of money. This is not something academic. This is money. This is as if you were wiped out of $100,000, that they then have to go out and pay back for the tractor and the land, the bank. They will not have that $100,000 for this year.

"Elevator loads hurt operators, farmers." "Missouri farmers fear huge losses." Fear they should because the loss in one of our elevators is estimated at $750,000.

"State licensing of elevators puzzles farmers."

It is ironic that the person who ran them had a history of doing the same thing to farmers over in the State of Kansas before he came to the State of Missouri.

There is something wrong with a system that allows this to happen. We screen people much better for less important things in our society. We ought to put something in place, Federal, State, whatever the answer is.

I know the gentleman works closely with me and others who are concerned about this to find out what the best solution is. Something has to be done and we look to the principle that Wayne Cryts stands for and I thank the gentleman in the well for taking time for this special order.

Mr. McCURDY. Mr. Speaker, will the gentleman yield?

Mr. EMERSON. I yield to the gentleman from Oklahoma.

Mr. McCURDY. I would like to commend the gentleman for his leadership on this issue and to associate myself with his remarks.

This issue has arisen even in my district in southwestern Oklahoma with a bankruptcy with an elevator and I again want to commend the gentleman for his leadership and associate myself with his remarks because I think this is a very pressing issue and certainly one that is the most important issue to those people who are faced with it.

Mr. EMERSON. I thank the gentleman.

Mr. ROBERTS of South Dakota. Will the gentleman yield?

Mr. EMERSON. I yield to the gentleman from South Dakota.

Mr. ROBERTS of South Dakota. I thank my colleague for yielding and I certainly appreciate the gentleman's efforts on behalf of Mr. Cryts down in Missouri.

I appreciate the gentleman's efforts on behalf of bankruptcy legislation that can in fact correct some of the inequities.

I have deep concerns, too, about Mr. Cryts who is incarcerated, and I have great concern.

I happen to be a farmer and use the elevator storage system at great length, and I have a lot of neighbors back in South Dakota, and I guess all across this Nation, and when we in fact put our grain in that elevator and get a warehouse receipt, we expect that when we go there to get that grain or sell that grain it is going to be there.

Now the gentleman is telling me—the gentleman is telling me that the laws of our land say that if that particular elevator goes bankrupt and I am paying them storage on grain that is mine, that the bankruptcy court ties up my grain; is that correct?

□ 1650

Mr. EMERSON. Well, that is a fact in this one particular case in the bankruptcy court in Arkansas. That is how the law has been construed.

Mr. ROBERTS of South Dakota. Well, that is very difficult. In other words, the warehouse receipt really does not mean anything to myself or my neighbor; is that correct?

Mr. EMERSON. Well, that is what an awful lot of people are questioning and one reason that I have introduced this resolution, of which the gentleman is a cosponsor, to inquire into the soundness of our whole grain elevator storage system, because incidents such as this, in which Wayne Cryts has been involved, really call the whole question to the fore here. Is a valid warehouse receipt, or what we have understood to be a valid warehouse receipt, worth the paper that it is printed on anymore?

Mr. ROBERTS of South Dakota. Well, OK, let me pose a problem. As I said, I use warehouses and I put that grain in there and then I go take a Government loan on that grain. I either deliver the grain or pay the loan off.

In this instance, if that bankruptcy court would have tied up my grain, then I would have been in default to the Federal Government and may very well end up in jail because of their wrongdoing; is that correct?

Mr. EMERSON. Well, that is true in this particular case. An offer of payment was made and it was refused. There was a waiver by the CCC for the time being, as I understand, pending the resolution of the case in bankruptcy. There still is no resolution. This is one of the big problems and one of the points my bill tries to address.

Time has been the great robber here. It has been almost 2 years since that bankruptcy occurred and farmers really do not know any more today than they knew then, where they stand in relation to their crops.

Mr. ROBERTS of South Dakota. Well, I would suggest that farmer, Mr. Cryts, like most of us, has that grain obligated, the dollars that come from it then.

I just cannot believe that that is happening in this great country. We fight the elements of the weather, Mother Nature, and we can handle that. Now we are pitted against the judicial system of this type of bankruptcy law that can, in fact, steal our grain.

Mr. EMERSON. The gentleman says we are pitted against the judicial system. This is where it gets a little heavy. Mr. Cryts has not been convicted of anything. The Federal grand jury refused to indict him. The grand jury refused to indict him. He has not been tried and convicted. He is being held under a certain contempt statute in a very, very technical aspect of the law that really does not bear very much relation, if any, to what has indeed transpired.

Mr. ROBERTS of South Dakota. Well, it is a strange situation.

Mr. EMERSON. Very strange.

Mr. ROBERTS of South Dakota. Well, I certainly commend the gentleman and I hope that the judiciary brings about the gentleman's legislation and that we get it to the floor.

Incidentally, I am a cosponsor of that and we certainly need it and we need it now.

I thank the gentleman for yielding.

Mr. EMERSON. I thank the gentleman from South Dakota.

Mr. MORRISON. Mr. Speaker, will the gentleman yield?

Mr. EMERSON. I would be delighted to yield to the gentleman from Washington, my friend, Mr. MORRISON.

Mr. MORRISON. Mr. Speaker, I thank my colleague, the gentleman from Missouri, for this effort and the chance for us to make a point here to the Nation that, indeed, an inequity exists and that we do need action by a committee of this Congress to resolve that. I guess my voice is coming from the far west, proving that this is not just a situation within a limited number of States, but indeed affects agriculture in this entire Nation.

Mr. Speaker, I hear the expression "farm crisis" used freely these days. We do have a crisis in our farm country and that specific emergency involves the growing frequency of grain elevator bankruptcies.

During the period from 1974 to 1981, approximately 130 bankruptcy proceedings involving commodity warehouses were filed in 22 States. These bankruptcies have posed special and unique problems for farmers. The legal delays involved in these bankruptcy proceedings can mean economic disaster since future operations depend upon the ability of the producer to sell this year's crop at the most opportune time. The real victim of elevator bankruptcies is the commodity producer. Two grain marketing firms have filed a chapter 11 bankruptcy in Washington State during the past month. One of the firms is holding over $14 million of farmer's commodities which is stored in four different States.

The Federal Government has allowed the bankruptcy laws of this land to deny the farmer the products of his work. All he asks is the protection of his rights of ownership of his product.

The distinguished chairman of the Courts Subcommittee, Senator DOLE, and my colleague and friend on the House Agriculture Committee, BILL EMERSON, have introduced legislation which will give the farmer deserved and welcome relief in solving the problems experienced by farmers when elevators go bankrupt.

Passage of this bill would go a long way to prove our Government can be of assistance to the farmer and not an obstacle.

I am pleased to hear that a Judiciary Subcommittee markup has finally been scheduled next week on the grain elevator bankruptcy bill. Let us get it through the committee process and to the House floor for a vote. I am confident that the Members of this body will see the inequity of this situation and will vote for a bill to remedy the problem.

Mr. EMERSON. Mr. Speaker, I thank the gentleman for his contribution and his support.

Mr. BAILEY of Missouri. Mr. Speaker, will the gentleman yield?

Mr. EMERSON. I am delighted to yield to my friend and colleague, the gentleman from Missouri (Mr. BAILEY).

Mr. BAILEY of Missouri. Mr. Speaker, to my friend and colleague, the gentleman from Missouri (Mr. EMERSON), I say thank you from a lot of people in Missouri and in my district through central Missouri who come up to me in the supermarkets and on the streets and they say, "What are you doing in Congress about the incarceration, the jailing of Wayne Cryts?"

I frankly have to respond to them by saying, "Well, we have the bills in the committee that would probably solve this."

And I would say this, they are not pleased with those answers. Are they pleased in the gentleman's district with the type of answers that I am able to give to my people in my district?

Mr. EMERSON. Not at all.

Mr. BAILEY of Missouri. Is the gentleman able to say to them some sort of reasonable answer about whose grain it is?

Are we able to make any sort of logical argument to a farmer about title to grain? I am not.

I do not think that title transferred to thousands of bushels of grain when you store the grain and pay for storing it in a storage facility. I do not think there is any doubt about title to grain—does the gentleman?

Mr. EMERSON. No. It is sort of like taking your suit to the cleaners and while it is there, the dry cleaner goes bankrupt and you go to retrieve your suit and they say, "Well, you can't have it because the dry cleaner went bankrupt."

I think that is a fair analogy. You know, your suit is the asset of the dry cleaner, which we all know is a ridiculous proposition.

Mr. BAILEY of Missouri. Does the elevator owner ever claim title to the grain? He does not contend that he owns the grain that has been stored in his facility.

Mr. EMERSON. No; there are circumstances in which he could have a lien on it for storage costs and what have you. There are circumstances in which that would occur; but generally speaking, certainly the producer is the person who retains title.

Mr. BAILEY of Missouri. He never intended, when he stored his grain and is paying a storage fee on it, to transfer title, did he?

Mr. EMERSON. Absolutely not.

Mr. BAILEY of Missouri. And it does not occur to me that the elevator operator ever intended to take title to the grain. It is simply a bailment procedure.

Mr. EMERSON. That is correct.

Mr. BAILEY of Missouri. He is simply storing it for the benefit of both those parties involved.

Mr. EMERSON. This is a bailment transaction.

Mr. BAILEY of Missouri. A simple bailment.

Mr. EMERSON. Yes.

Mr. BAILEY of Missouri. Well, how then, what is the length of time that this controversy can go on? Information comes to me that the bankruptcy law of 1977 was really the culprit, if we might use those words, of doing in the validity of a warehouse receipt; that before the bankruptcy changes, that the title has generally been regarded as remaining firmly in the hands of the farmer until certain changes were made in the Federal Bankruptcy Act of 1977; is that basically true?

Mr. EMERSON. That is my general understanding; although let me make it clear that I am neither a lawyer nor a bankruptcy expert; but my understanding is that, yes, there was a much clearer view of where the producer stood in relation to his bailed goods under the pre-existing bankruptcy law than under the current law.

Mr. BAILEY of Missouri. Well, the Uniform Commercial Code provides a lot of remedies for liens on goods that are what people generally refer to as fungible. I have had that offered as some defense for the situation that we have brought ourselves into now with Wayne Cryts' incarceration, that the grain is a fungible product and therefore you cannot tell one bean from another bean.

It occurs to me that maybe the judge might be interested in fungible farmers. Perhaps he cannot tell one farmer from another farmer, and clearly, farmers all across my district in Missouri, every farmer is interested in this. It is not just Wayne Cryts' story. It is every farmer's story, that that grain belongs to the farmer and it does not belong in the bankruptcy court of any elevator operator. The title never did transfer.

Do you suppose some judge might think that all farmers are alike because they may wear bib overalls and the John Deere hat? Maybe this judge would like to substitute other farmers, because I know farmers in my district would drive to Arkansas and would take the place of Wayne Cryts in order to join with him in speaking out against this ludicrous situation where the title of the grain simply has not passed, the title belongs to the farmer and should never be involved in the bankruptcy of an elevator.

□ 1700

Mr. EMERSON. The gentleman is correct.

Mr. BAILEY of Missouri. Well, maybe we can just all put on our bib overalls here in Congress and join the farmers all across this Nation, saying we can do our best to see that this situation is reversed. Perhaps we can say to Wayne Cryts from here that we are on his side, that we think there should be legislation, and we can get Congress to act.

I thank the gentleman from Missouri for taking the time, and appreciate his yielding the time to me now to make these statements.

Mr. EMERSON. I thank my colleague. I share his frustration when people come up to me on the street out there and say, "What are you going to do and how soon is it going to happen?" I can say, "Yes, we are trying to amend the bankruptcy law, we are probably going to try to amend the immunity statutes." And people say, "What has he been convicted of?" They say, "Did the grand jury not indict him?" No, the grand jury did not. "Don't you have to be tried and convicted?"

"Well, he is being held under civil contempt, under some vague immunity statutes designed to bust up the Cosa Nostra." It is pretty hard to explain.

Mr. BAILEY of Missouri. Let me ask you a question that might relate to that.

What difference does it make to the bankruptcy court who assisted this farmer in retaining goods that clearly he had title to?

Mr. EMERSON. That is a very good question.

Mr. BAILEY of Missouri. I mean, why is that contemptuous?

Mr. EMERSON. As a matter of fact, I think it is probably well known who did assist him. Certainly U.S. marshals were present, FBI agents were present when he went in to retrieve his grain. There were front-page newspaper photographs.

Mr. BAILEY of Missouri. Has this judge asked the FBI agents who were present, or the U.S. marshals who were present, who assisted him?

Mr. EMERSON. I do not know if they did or not.

Mr. BAILEY of Missouri. Is that what he is after?

Mr. EMERSON. Yes. This is the technicality: Mr. Cryts' refusal to name those of his friends and neighbors who helped him retrieve his grain, for refusing to name them. This statute, written to give immunity to someone in the Cosa Nostra if they would squeal on the godfathers, is being applied to a soybean farmer who does not feel that it is his role to talk on his friends and neighbors who helped him go in to get his beans for which he felt he had plenty of proof of ownership—namely, valid warehouse receipts.

Mr. BAILEY of Missouri. If that is contempt in this judge's opinion, he certainly has a certain view of it that is contrary to all of the logic of the people that I talked to here in Congress and in Missouri.

Perhaps, though, from your situation, we can go from this anger about the situation in Missouri to a new law, and that is certainly what we need to accomplish here in Congress, so that we can say to this judge in Arkansas, "You simply have taken the very wrong, the very incorrect route in solving a very meaningful problem to a lot of Missouri farmers."

Mr. EMERSON. I agree with the gentleman, and thank him.

Mr. BAILEY of Missouri. I thank the gentleman for taking the time for this special order.

● Mr. GLICKMAN. Mr. Speaker, the incarceration of Wayne Cryts has focused national attention on the problem of grain elevator bankruptcies and underlines the importance of quick action to change the law to help insure that no more farmers will be forced into a similar desperate situation because of undue delay in bankruptcy proceedings.

I am an original cosponsor of H.R. 6034, legislation to amend the Bankruptcy Code to provide for expedited determination of interests in grain and the proceeds from the grain in cases involving the bankruptcy of grain elevators. This bill was introduced by my colleague, CALDWELL BUTLER, after the Subcommittee on Monopolies and Commercial Law held 2 days of hearings on the grain elevator bankruptcy problem in early March. This legislation is a direct response to the testimony given before the subcommittee on how best to alleviate the problems faced by farmers who find themselves victimized by elevator failures. I am glad to say that a number of Kansans have been heard on this, including Marvin Webb of the Kansas Grain Inspection Service, who testifed before the subcommittee. Members who have joined with CALDWELL BUTLER and me on the bill include Chairman RODINO, HAMILTON FISH, JACK EDWARDS, MIKE SYNAR, TOM HARKIN, DOUG BEREUTER, JERRY HUCKABY, IKE SKELTON, and BERKLEY BEDELL. I am relieved that Chairman RODINO has indicated to me that markup of H.R. 6034 will take place on May 19. I am sure he realizes my commitment to seeing this move forward and I am glad that markup has been scheduled.

Because grain stored in a bankrupt elevator is often the sole marketable asset of the farmer's operation, the economic viability of the entire farm is endangered by the generally slow pace set by the presiding bankruptcy judge. H.R. 6034 goes to the heart of this problem. The bill mandates that the judge must establish a timetable up front for determining the interests of all the parties and that these procedures must be shortened as much as practically possible "to the greatest extent feasible."

It is clear that the farm sector of our economy is in a severely weakened position. High interest rates and the inflationary costs of production are not being offset by increases in commodity prices. At this time, we must insure that outside forces—such as a bankrupt elevator operator—do not complicate an already bad situation and put farmers out of business. As a member of both the House Agriculture and Judiciary Committees, I am greatly disturbed by the unecessary dangers farmers presently face when they store their grain. Several of us have been working to change the bankruptcy laws as they relate to farmers in this area for over a year. It is imperative that we act on this legislation as soon as possible.

However, let us not delude ourselves into thinking that this change in the Bankruptcy Code will solve the underlying problem that led to all of this. Bankruptcy law revisions, no matter how broad, cannot restore lost, stolen, or converted grain. We must protect farmers from being caught by fraudulent or careless marketing practices of a few elevator operators. It is impossible to restore the farmer's grain if the elevator has insufficient supplies. Once we get this bankruptcy legislation through, we may need to focus on preventing such losses through the establishment of an FDIC-like grain elevator insurance fund, or some other mechanism to more adequately protect farmers.●

● Mr. HAMMERSCHMIDT. Mr. Speaker, I would like to commend my distinguished colleague, Mr. EMERSON, for taking the time today to address the broad problems surrounding grain elevator bankruptcies which have been highlighted in the news this week by the tragic circumstances of farmer Wayne Cryts.

The outpouring of sympathy and support for Mr. Cryts, who defied a court order by taking possession of grain for which he held valid documents of ownership, has been substantial. This incident should give new impetus for immediate revisions of the present bankruptcy law.

I have already joined with my colleagues, as a cosponsor of legislation to amend the Bankruptcy Act regarding farm produce facilities. Basically, H.R. 3984 would improve the procedures by which a farmer who has stored grain in a warehouse may retrieve his assets from the bankrupt estate, and places the full force of Federal law behind warehouse receipts as a valid proof of ownership. The present delays in bankruptcy proceedings causes irreparable damage to farmers across the Nation. Resolving the bankruptcy of grain elevators and warehouses is difficult and complex. However, I believe that H.R. 3984 offers the best and most comprehensive approach to dealing with this volatile situation.

The House and Senate Judiciary Committees have held hearings on the problems posed for the agricultural communities of our Nation by farm produce storage facility bankruptcies; and, legislation along these lines has received widespread support from many segments of the agricultural community who view it as a fundamental necessity to assure economic stability to the farmers. The list of organizations which seek legislative relief are many and include the National Governor's Conference, the Grange, American Farm Bureau, the U.S. Department of Agriculture, and various State agriculture departments.

In addition, during consideration of the 1981 farm bill, I supported inclusion of the Dole provision along these lines; unfortunately, however, this provision was dropped by the conference committee due to a jursidictional inquiry by the chairman of the Judiciary Committee.

Over the past several years in a number of States, there has been a steady annual increase in the number of crop elevator insolvencies. Perhaps the most serious outcome of these failures is that farmers have been unable to obtain quick distribution of the crop assets they rightfully hold in these elevators. Farmers in Missouri, Kansas, Indiana, Iowa, Nebraska, Illinois, and Arkansas have seen thousands of bushels of grain, soybeans, and other crops paralyzed during bankruptcy court proceedings.

In the last decade, farmers have received a low of 7 percent of their claims and a high of 59 percent of their claims in elevator bankruptcy proceedings. H.R. 3984 will give the farmer some relief through a legally defined procedure that puts him on equal footing with the other creditors standing in line at the bankruptcy court.

The recent bankruptcies of grain elevators and subsequent court proceedings have sent shock waves throughout the farm community. The Cryts case, in particular, has undermined the confidence of farmers and the entire area in grain elevators generally, especially in small country elevators.

The beleaguered American farmer, who has faced many obstacles—embargoes, escalating costs, and depressed farm prices—and who depends upon the sale of his products to finance the next year's production costs should not have to worry over a possible bankruptcy proceeding which may devastate his entire livelihood. Should the American farmer be forced to stand idly by and witness his crops sold to satisfy the grain elevator's creditors if the warehouse in which his crops are stored goes bankurpt?

H.R. 3984 would address these inequities in our current bankruptcy law. I would urge my colleagues on the Judiciary Committee to press forward for prompt consideration of this emergency bill. Let us spare other farm families from enduring the plight of "Wayne Cryts." ●

● Mr. WAMPLER. Mr. Speaker, I rise to join my colleague Mr. EMERSON of Missouri to express concern about the Federal bankruptcy laws and the effect they are having on the farmers who store their grain in country elevators.

While Virginia has not been particularly plagued by this problem, there was in fact an elevator bankruptcy in Phoenix, Va. some years ago that could have caused a problem but did not because the size of the elevator was very small and the number of complaints was few. In fact, there was only one complaint in the amount of $600 that was claimed by a farmer in the bankruptcy case. Fortunately also, the ruling on the claim came within 6 months of the time the claim was filed.

Countrywide the problem is much more extreme, however, and only yesterday in the Wall Street Journal the issue involving Mr. Cryts was discussed at some length. I also can assure you that the mail I have been receiving and the telephone calls coming into the staff of the House Committee on Agriculture reflect concern across the country about this problem.

It is time that we act on this subject and it may be time that we examine the major bankruptcy amendments that were enacted into law 2 or 3 years ago. I understand that my colleague from Virginia, Mr. BUTLER, has a bill which he is supporting in the Judiciary Committee, and I am hopeful that that measure can be reported out in a form that will be acceptable to most of those interested in this legislation.

In summary I would like to say that what we are seeking is that the citizens are very upset about this subject involving elevator bankruptcies and bankruptcy laws in general. It is time that we take action and I hope that the House will see movement on this matter in the very near future.●

NATIONAL LOBSTER PROFIT SHARING ACT OF 1982

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma, (Mr. McCURDY), is recognized for 10 minutes.

Mr. McCURDY. I am proud to appear before my colleagues today to introduce the National Lobster Profit Sharing Act of 1982. This legislation is the work product of the regionalization of Congress. This act can work to soften the regional advantages held by the States of Maine and Massachusetts, New Hampshire, Rhode Island, Connecticut, New York, and New Jersey and help balance the Federal budget at the same time.

The premise of the bill is that the lobster sources of this country, limited to a few Northeastern States, should be viewed as national resources and the benefits derived from the taxation of these resources should be enjoyed by all of America—not just the lobster farming industry and those States who by geological chance find these resources within their borders.

By establishing a permanent national tax on the production of lobsters, the National Lobster Profit Sharing Act of 1982 will assure the Federal Treasury a share of the $75 million per year lobster industry. The act would establish a 30-percent Federal landing tax on lobsters fished directly out of the Atlantic Ocean. The act would make 75 percent of the revenue from the tax available for reduction of the Federal deficit. If the tax were currently in effect, $17 million would be raised for deficit reduction in 1982.

The bill would require half of the remaining 25 percent go to States in the form of block grants for repair of the aging infrastructure of this country and the other half for further development of alternative sources of lobster.

We in the Southwest are disturbed by the affects of the Canadian lobster industry on our own domestic production. We are afraid that by undermining the American producers of lobster, the Canadians are forcing domestic lobster prices up and threatening survival of the industry. I feel it is extremely important that a portion of the tax on lobster production, a nonrenewable resource, should be devoted to further development of that resource and toward research for renewable lobster sources.

And finally, the National Lobster Profit Sharing Act of 1982 will reduce the fiscal disparities between a few lobster-producing States and the rest of the Nation by limiting State lobster production taxes to 1980 levels. A handful of lobster-producing States have sought to gain the greatest possible economic advantage from their positions as net-lobster harvesters at the expense of the rest of the Nation. Revenue from State taxation of lobster production pours into the coffers of those States. It allows them to promote powerful new location incentives for business and industry at the expense of the rest of the nonlobster-producing States.

Now, let me assure my respected colleagues from the States of Maine, Massachusetts, New Hampshire, Rhode Island, Connecticut, New York, and New Jersey that I have no intention of seriously introducing a bill called the National Lobster Profit-Sharing Act of 1982. I have no desire to penalize these fine States for their proximity to the Atlantic Ocean, natural habitat for the nationally renowned "Maine lobster."

But, nor do I intend to stand idly by while a group calling itself the Northeast-Midwest Congressional Coalition seeks to punish crude oil producing States like my own with something called the National Crude Oil Profit-Sharing Act of 1982. The absurdity of seizing upon another region's sudden good fortune, in this case the rise in domestic oil and natural gas production, by attaching a national severance tax goes against everything we stand for in this great Congress.

We are here to represent the best interests of our districts—not hurl specially devised schemes at each other as rocks are thrown between enemies in a streetfight.

I wonder why my colleagues from the Northeast and Midwest did not propose a severance tax on natural resources familiar to their own areas. Iron ore, coal, zinc. Why pick on crude oil producers?

I do not know the true motivation of the authors of H.R. 6330. I doubt that my good colleagues who have signed their names to this bill would admit to demagoguery or an attempt merely to earn a few votes at home. No, I suspect they would have us believe that a severance tax on crude oil will finance block grants and help balance the budget like the bill says.

Let me talk for just a minute on what a bill like this would accomplish. It would literally destroy oil and gas production in my State. We are finally gaining in our struggle for energy independence so I ask, is this the time to drop a bomb on the entire domestic industry—reducing it to an economic wasteland? I am sure OPEC members are rubbing their hands in anticipation of a national severance tax on U.S. oil.

The bill would result in higher prices for oil and gas. We have only to look at the leveling off of oil and gas prices over the past 2 years to know what increased production at home has done to our domestic energy costs. An increased supply has led to a reduction in cost to the consumer.

I would suggest that if my colleagues who have introduced H.R. 6330 truly want to help consumers—soften the blow of decontrol—let us impose a tax on imported oil.

The Crude Oil Profit-Sharing Act of 1982 is small minded, regressive, and nothing short of proclaiming civil war. I am afraid it exhibits a tremendous ignorance of the cost and benefit of energy production. I have, over the past 18 months, invited several of my colleagues from non-energy-producing States to visit Oklahoma and inspect an oil well to their own satisfaction. Many have already done so. Others, including one of the cosponsors of H.R. 6330, have agreed to come in the future. My intent is to show what is involved in producing oil.

As I am sure the gentlewoman and the gentleman from Maine will attest, there is probably much more to lobster harvesting than dropping a net into the Atlantic. Let me assure you, bringing crude oil to the surface is no small chore. There is a tremendous expense. My State, for instance, is currently involved in trying frantically to make rural roads and bridges receptive to the heavy equipment that must pass over them to gain access to remote oilfields in the State.

We are also struggling with related problems like water shortages, land and water pollution, damage to prime farmland and housing shortages—all direct results of the oil and gas production boom in the State.

The State of Oklahoma has maintained a 7-percent severance tax on oil and natural gas since the early 1970's. Estimates are that in 1982, the State will realize approximately $650 million in revenue from the tax.

The sponsors of H.R. 6330 would have us believe that Oklahoma and other oil producing States are greedily gobbling up excessive revenues from State taxes on oil production. That revenue is being used, they say, to attract industry and people from the Northeast and the Midwest. Perhaps that is true to a limited extent. But, much of the revenue is being spent to encourage more oil and gas production. It is an investment that is not even considered by the authors of H.R. 6330.

Yes, I am sure this bill is an enticement for the State of New York. It would receive $504 million in block grants with no production investment. That, my friends in the House, is a windfall.

The people of my State, the neighboring State of Texas, and other energy-producing States are upset at the introduction of this bill. It breeds hostility toward the good people of the Northeast and Midwest. It sets us apart from the energy-consuming States we are trying diligently to supply. It divides.

Mr. Speaker, I still believe that we are truly a group of united States. Sometimes, I am afraid however, the work product of Congress does not reflect our unity.

I would at this time strongly urge my fellow colleagues in the House to help me avoid any further waste of taxpayers' dollars, which come to us from all the States including Oklahoma and Vermont, Texas, and Minnesota, by further consideration of the absurd National Crude Oil Profit-Sharing Act of 1982.

□ 1710

GENERAL LEAVE

Mr. McCURDY. I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks in conjunction with my special order.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

LEGISLATION INTRODUCED TO ADDRESS THE EFFECT OF FARMLAND VALUES ON SMALL FOUNDATIONS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MADIGAN) is recognized for 5 minutes.

● **Mr. MADIGAN.** Mr. Speaker, I am pleased to introduce today a measure to assist small private charitable foundations in their efforts to serve the needs of their local communities. In agricultural States such as Illinois, it is common for people to donate farmland to small charitable foundations for the support of local libraries, parks, recreation facilities, and other community service projects.

Under current law, in order to qualify as a tax-exempt private "operating" foundation, a foundation must annually distribute, for charitable purposes, an amount equal to a percentage of the value of its assets. If a foundation does not distribute the necessary amount, the Internal Revenue Service will assess a tax penalty equal to the difference between the amount distributed and an amount equal to a percentage of the value of the income-producing assets.

In 1969, when the distribution requirement was added to the Internal Revenue Code, small private foundations, supported primarily by agricultural holdings, had no problem meeting the distribution requirements. However, since that time the value of an acre of farmland has increased much faster than the per-acre gross return. In Illinois, since 1969, the average value of farmland has increased by 333 percent while the per-acre gross return for corn and soybeans has increased by only 231 and 235 percent, respectively. As land values outpace income, the distribution requirement for qualifying as a private operating foundation becomes more difficult to meet for small foundations whose primary income-producing resource is farmland. One bad growing season due to drought or flood or the continued escalation of farmland values could result in a foundation being forced to sell a portion of its farmland and distribute the proceeds in order to avoid the imposition of the tax penalty. Such a result would be counterproductive as it would reduce the ability of the foundation to fulfill its charitable purpose in future years.

The bill I am introducing today will insure that these foundations will not suffer a diminished capacity to perform their vital community functions due to a bad crop or the further extraordinary escalation of farmland values. This measure will allow small private foundations to determine the value of their farmland for distribution requirements by using a valuation method currently used for valuing inherited farmland—section 203A(e) of the Internal Revenue Code.

At a time when we are asking the private sector to shoulder more responsibility for community services, we need to encourage the continuation of generous and caring local charitable activity. This bill will assist that effort by assuring potential donors of agricultural land that their charitable intentions will not be frustrated due to an outdated and inflexible tax formula.●

AMENDMENT TO THE GUARANTEED STUDENT LOAN PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Corcoran) is recognized for 10 minutes.

● Mr. CORCORAN. Mr. Speaker, you may recall that yesterday I engaged in a colloquy with Messrs. Natcher and Conte during discussion of the urgent supplemental appropriations bill. Specifically, I addressed the matter of escalating costs to the Federal Government because of the guaranteed student loan program.

I am worried that rising borrower participation and borrower defaults will continue to accelerate over the upcoming years and, thus, Federal costs to the GSL program will also continue to rise. Having studied these projected costs, I am deeply concerned that current GSL policies and law will impede any progress we can ever hope to have in bringing down Federal losses within this program.

In my statement submitted yesterday and in legislation I have introduced today, I am proposing that we further scrutinize the GSL program and that we make changes that would insure good and sound management practices in the administration of this loan program.

Among other changes, my legislation will require that a responsible adult cosign the borrower's GSL loan application and that the participating educational institutions closely monitor the status and progress of their GSL borrowers once they graduate or withdraw from school. I believe that these two requirements will greatly facilitate loan repayment matters.

We, as responsible lawmakers, must address the weaknesses inherent in the GSL program and not simply feed dollar upon dollar into this poorly constructed program. I believe that my legislation provides a good starting point for a thorough examination of existing GSL policies.

The legislation proposed constitutes a good business approach to financing and increasing the quality of the Nation's human resources. The importance of enhancing the development of this resource cannot be overemphasized. For instance, the extent of technological competition between countries and the inescapable fact that the technological capacity of this country is below standard suggests the necessity of revising the current GSL program that will not restrict future progress but rather will provide an investment in our citizens' future opportunities for themselves and for our country.●

FURTHER LEGISLATIVE PROGRAM

(Mr. LOTT asked and was given permission to address the House for 1 minute.)

The SPEAKER pro tempore. Without objection, the gentleman from Mississippi (Mr. Lott) is recognized.

There was no objection.

Mr. LOTT. Mr. Speaker, I ask to proceed for 1 minute for the purpose of further discussion of the schedule for next week, and perhaps the beginning of the next week.

Mr. FOLEY. Mr. Speaker, will the distinguished Republican whip yield?

Mr. LOTT. I will be glad to yield to the majority whip.

Mr. FOLEY. Mr. Speaker, the gentleman from Mississippi (Mr. Lott), the Republican whip, and I have just left a meeting of the joint leadership chaired by the Speaker, and including the distinguished Republican leader (Mr. Michel), the distinguished majority leader (Mr. Wright), the distinguished chairman of the Rules Committee (Mr. Bolling), the distinguished chairman of the Budget Committee (Mr. Jones), and it is our intention to announce a detailed program with respect to the budget which I believe Mr. Lott, the Republican whip, will suggest has the joint concurrence of both leaderships.

It is the intention of Mr. Jones, the chairman of the Budget Committee, to file the report on the first budget resolution by midnight, on Monday next, the 17th of May. It will then be the intention of the leadership that all Members be now notified that all who wish to offer any amendments or substitutes for consideration by the Rules Committee, for consideration on the floor during the budget deliberation, have such amendments or substitutes prepared in writing and submitted for printing in the Record, a copy to the Committee on Rules and a copy to the Committee on the Budget, not later than Wednesday noon, on the 19th of May.

Those proposed amendments or substitutes will then be printed as available to the Rules Committee and all Members on Thursday morning, the 20th of May. The Rules Committee will meet on Thursday morning for consideration of the rule, and it is the intention of the Rules Committee to conclude deliberations and to report a rule by midnight, Thursday.

It is then the intention of the leadership to schedule general debate on the budget to commence at 10 a.m., on Friday, and to continue on Saturday, the 22d of May, until general debate has been concluded.

Following that, we will schedule legislative sessions for Monday and the balance of the week of May 24, for consideration of the budget resolution, and Members will be notified that amendments will be in order, that consideration of the budget amendments will be in order on Monday, when the House meets on the 24th of May.

I would ask my colleague from Mississippi if that is his understanding of the schedule discussed by the joint leadership?

Mr. LOTT. That is my understanding. I would like to say that I think it is very helpful that the leadership, on a bipartisan basis, has been able to get together and discuss this matter and work out the details clearly, so that they can be stated as they have been by the gentleman from Washington here today, so that our Members can be notified both from the Record and their offices can be contacted through the whip system, so that the membership will be on notice as to what the process will be, and will know when they should have their amendments or substitutes printed in the Record, and when the Rules Committee will meet.

I am pleased that the House will be meeting on Friday and Saturday for the general debate, if necessary, on the budget resolution, and I think by extending the time until the following Monday before we actually begin taking up the votes on amendments and substitutes, it will give our Members a chance to properly develop their understanding of the Budget Committee's reported resolution, to develop their own positions and their debate, if they want to participate in it.

I think that this is the type of leadership cooperation that will in the future, I hope, be very helpful for both sides of the aisle, and certainly it is helpful for the membership to know in advance what they can count on. That is why we were objecting earlier today about the uncertainty as to when this matter would be called.

I especially want to say a word of thanks to the distinguished majority whip for his efforts in helping to bring about this understanding. I would like to clarify a couple of points. I would emphasize that the gentleman from Washington said that on Wednesday, by Wednesday noon, Members should file for printing in the RECORD, with copies to the Budget Committee and to the Rules Committee, their substitutes or amendments. Is that the understanding of the gentleman from Washington?

□ 1720

Mr. FOLEY. The gentleman is correct. Wednesday noon would be considered the deadline, and Members should have filed for the RECORD with copies to the Rules Committee and the Budget Committee by that time and day.

Mr. LOTT. That will be Wednesday, May 19.

Mr. FOLEY. Wednesday, May 19.

Mr. LOTT. It would appear in Wednesday's RECORD, but would be available in that printed form before the Rules Committee meets the following morning on Thursday.

I want to clarify that the Members will need to do that if they have any substitutes or amendments, and we will notify the membership in detail as has been set out here.

Mr. FOLEY. Will the gentleman yield further?

Mr. LOTT. I will be glad to yield.

Mr. FOLEY. I believe it is also our intention, as the gentleman from Mississippi and I have discussed, to provide notification to our individual Members' offices tomorrow of this agreement, with a request to each office that the Member be notified by telephone tomorrow, in person, of these arrangements, so that all Members will have maximum notice of the undertaking between the joint leadership.

Mr. LOTT. I recognize it may be necessary to consider this further, but would the gentleman have an idea of what time we would come in on Saturday and the following Monday, which would be a week from this coming Monday?

Mr. FOLEY. The usual time to come in on Friday would be 10 a.m. and I assume that we would come in Saturday at 10 a.m. I assume we would meet the following Monday at noon.

Mr. LOTT. I thank the gentleman. Again I think that this is an agreed schedule that will give the Members the opportunity they need to be heard and have their amendments or substitutes properly considered.

Mr. FOLEY. I thank the gentleman.

DON'T INCREASE TAXES FASTER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MARTIN) is recognized for 15 minutes.

Mr. MARTIN of North Carolina. Mr. Speaker, do not increase taxes faster, it is not necessary. Taxes are rising fast enough already. Over the last decade, of runaway fiscal spending and rampant inflation, taxes on the American people have risen much faster even than inflation. Should not that be enough, Mr. Speaker?

The only reason that $623 billion in revenues is not enough in this fiscal year 1982 is simply because of the unrepentant extravagance of the liberal increases in spending. Even with taxes rising half again faster than inflation, spending for all these Great Society free rides has grown even faster! When can we tell the taxpayers that is enough, Mr. Speaker?

Last night and today, the Democratic-dominated House Budget Committee, with its arbitrary excess majority of 18 Democrats and 12 Republicans, has fashioned a partisan budget resolution for the next fiscal year, 1983, which will raise taxes even faster yet. After 3 months of sniping against the President's budget proposal and his attempts to get Congress to restrain its appetites to tax and spend, it is notable that we finally have a Democratic Party alternative. Now we can look at their proposal and we see that all it is is higher and higher taxes.

The following table puts the issue in perspective based on forecasts by the Congressional Budget Office (CBO):

Total revenues:	*Billion*
Fiscal year 1982 current law	$623
Fiscal year 1985 current law	780
Fiscal year 1985 Democratic budget	846

REVENUE INCREASES OVER FISCAL YEAR 1982

Fiscal year 1985:	*Percent*
Current law	25
Annual average	7.7
Fiscal year 1985:	
Democratic budget	36
Annual average	10.8
Forecast average inflation rate	6.7

Mr. Speaker, the first thing that emerges from these facts and CBO forecasts is that taxes are not going down as a result of the 1981 tax cuts; they are going up $157 billion. All that can be said is that they are not going up as fast. The 1981 so-called largest tax cut in history has merely cut the tax increases roughly in half.

The second thing that emerges is that the result of this hard-fought tax cut is that tax revenues are still going to rise slightly faster even than inflation. Federal annual revenues thus are going to rise 25 percent over the next 3 years, if we leave the tax code unchanged with no additional tax increases. That is a rate exceeding the consensus forecasts of inflation for that period by roughly one-sixth.

The third thing that emerges is that the budget resolution offered now as the official leadership position of House Democrats does not accept those built-in real tax increases as being enough. Neither do they accept the additional revenues that President Reagan has indicated he would accept. They want more, $150 billion over 3 years. They propose to raise taxes by 36 percent over the 3-year period. That is an additional $66 billion in 1985 over and above the $157 billion increase already provided by current law. For some dissidents, even that is not enough. They want even more.

The House majority party's leadership and budget committee majority is proposing that taxes rise at an average annual rate two-thirds faster than inflation.

Is that enough, Mr. Speaker?

The only apparent way to stop this restoration of the liberal principle of tax and tax, spend and spend, is for the taxpayers to rise up and put a stop to it. It is time for American voters to tell you loud and clear: "That's enough, Mr. Speaker."

ISRAELI INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, at midnight, May 14-15, 1948, the fifth and sixth days of Iyar 5708, under the Jewish calendar, the British mandate for Palestine came to an end, and the independent State of Israel was born. I am pleased to join in the 34th anniversary commemoration of this historic event, which represents the outcome of centuries of struggle by the Jewish people to obtain political and religious freedom.

From the destruction of the Second Temple in A.D. 70 and their final heroic stand against the Romans at Massada in A.D. 73, until May 14, 1948, the Jewish people were without a homeland, and in the diaspora—dispersed throughout the world but without loss of their identity.

During these tragic centuries, they were politically, socially, and physically persecuted, and practically prohibited from engaging in religious rituals and cultural celebrations. This sad history of abuse culminated in the Holocaust, a conscious effort to completely erase the existence, the culture, and the history of a proud and compassionate people. However, the spirit of the Jewish people never waivered, nor did their hope and determination that one day, they and their children would be able to seek new lives of freedom and human dignity in the land of their forefathers.

Seen in the context of this history of oppression, the establishment of the State of Israel was a turning point in the 2,000-year struggle by the Jewish people to achieve self-determination. The Jewish people, who had suffered many centuries of persecution, and had experienced the bitterness and despair of an existence without even the most basic human rights, were finally able to write proudly into their proclamation of independence a pledge that their new State:

> will rest upon the foundation of liberty, justice, and peace as envisioned by the prophets of Israel. It will maintain complete equality of social and political rights for all its citizens, without distinction of creed, race, or sex. It will guarantee freedom of religion and conscience, of language, education and culture. It will safeguard the holy places of all religions. It will be loyal to the principles of the United Nations Charter.

Israel's citizens developed their new nation with vigor and enthusiasm, having accomplished in a few short years what most nations failed to achieve in decades. The countryside was transformed from a wasteland of swamps, deserts, marshes, and eroded hills into a modern agricultural and technological state. What makes Israel's story even more remarkable is that this was all done in the presence of hostile neighbors, who repeatedly tried to destroy this tiny nation. However, the commitment of Israel's people to peace in the Middle East has never been abandoned, nor has their willingness to make great sacrifices in order to achieve this goal.

Mr. Speaker, I join the citizens of Israel and their friends in the 11th District I am honored to represent, and throughout the world, in the celebration of the 34th anniversary of the founding of the State of Israel. This event is a source of inspiration, encouragement, and hope for people all over the world who still seek the right to determine the course of their own destiny, and the right to live in freedom and dignity, without fear of persecution.●

SPACE PROGRAM IS WISE INVESTMENT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

● Mr. **WIRTH**. Mr. Speaker, since its inception, the space program has been one of the wisest investments the United States has made.

Our efforts in space have had tremendous spinoffs to our entire society. Major advances in electronics and communications technology, for example, have been made possible by space research. These advances have created new industries and thousands of new jobs. From pacemakers for heart patients to breakthroughs in solar energy, the space industry has sparked innovation which has improved the lives of all Americans.

I today rise in support of the NASA authorization bill as reported by the Science and Technology Committee, and against the amendments being offered to delete funding.

The committee has shown its understanding of the need to restrain Federal spending and reduce the enormous Federal deficits in its recommendations. But it has struck a careful balance between this need and the need to refuse to allow major parts of our space enterprise to wither and die.

The committee's authorization recommendation, for example, does not include major funding for new launches. But unlike the administration's recommendation, it realizes that support for space researchers working on the projects of the future must not be summarily cut off. The $23 million above the administration request which the committee recommends to keep research alive for projects like the Venus orbiting imaging radar mission can nurture the preliminary work on such projects until in a less difficult budget year the new projects may actually be launched. The administration's proposal would allow the scientific enterprise which has developed around such planned projects to deteriorate. I personally believe the administration's "no new launch" policy is shortsighted and that we need to plan new projects now.

The committee also rejects the administration's shortsighted plan to turn off six spacecraft which are now providing us with important scientific data. The committee recognizes that the investments made in the development and launching of these spacecraft must be maintained, now that they are providing us with valuable information.

For example, the Pioneer crafts now in interplanetary orbit are helping us understand the effects of the Sun on our own environment and climate. The Pioneer spacecraft which have passed Jupiter and Saturn hold the promise of providing us with our first information from outside our own planetary system. And the Pioneer orbiting Venus is sending us valuable data from the planet, which is being interpreted at the University of Colorado in my home of Boulder.

Mr. Speaker, the administration plans to simply turn off these valuable spacecraft, for a minuscule budgetary savings. I believe that the public knowledge they are providing is too important to be dismissed in such a fashion—particularly considering the huge investments we have already made in them.

The bill under consideration would also authorize funds for aeronautical research and technology of a modest but important amount. This funding would allow continued research into such important fields as energy-efficient engines and advanced turboprops.

Finally, this bill includes a sensible proposal for Landsat, the remote sensing program which has provided valuable data to a variety of users on such subjects as land-use planning, decertification, and effective management of the Earth's resources. The potential for Landsat in the coming years is vast. The administration has taken the position that this valuable resource should be transferred as quickly as possible to the private sector, although the only private proposal to come forth to date would turn this program into a monopoly. This bill simply asks that the proposal to transfer this public resource to the private sector be submitted for approval before the administration seeks ways to implement it. It does not state that the Landsat program should not be transferred, only that this important decision should be carefully reviewed.

Mr. Speaker, this is a year for difficult budgetary decisions. No one in this Chamber would argue against the need to reduce the size of the Federal deficit.

But we also need to have a longer view of the budgetary decisions we are making. The programs which the administration proposed to cancel, and which the Science and Technology Committee proposes to restore, amount to a total of only $34 million over the original February request. But this modest amount of funding can go a long way toward maintaining the carefully developed base of space research our Nation has built up over a number of years. We must not turn our back on the vast future potential of such research for our entire society.●

REQUEST FOR MODIFIED CLOSED RULE ON BUDGET RESOLUTION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. JONES) is recognized for 5 minutes.

Mr. **JONES** of Oklahoma. Mr. Speaker, pursuant to a requirement of the Democratic Caucus Manual (M IX) I would like to advise all Members that I may request a modified closed-rule for consideration of the first concurrent resolution on the budget for fiscal year 1983 and the revised concurrent resolution on the budget for fiscal year 1982.

GUS PEREZ—VFW SPEECH CONTEST WINNER FOR TEXAS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. DE LA GARZA) is recognized for 5 minutes.

● Mr. **DE LA GARZA**. Mr. Speaker, if my constituent Gus Perez is any example of the young architects of democracy who will guide America in the future, I would say that the blueprint our Founding Fathers passed down to us for building America is in good hands.

Mr. Perez, a senior at Alice High School in Alice, Tex., recently came to Washington as a guest of the Veterans of Foreign Wars because of his speech on the theme of "Building America Together." His speech was selected as the best from my home State and I am doubly proud that he is from my congressional district. The VFW just recently made his speech available to me. Therefore, I would like to take this opportunity to share the words of Gus Perez with you:

1981-82 VFW VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM TEXAS WINNER, GUS PEREZ

On July 4, 1776, the Second Continental Congress officially declared independence and formed the United States of America by adopting the Declaration of Independence. Thus, the foundation had been set for the building of America.

What our founding fathers did, more than 200 years ago, was a great achievement, but their acomplishment has not yet been completed. If they had given up on July 5, 1776, their great accomplishment would have been in vain, and this great nation would not be where it is today.

Today, this great nation is the equivalent to a tall and mighty skyscraper, standing on a firm framework. We are the builders, the workers, of this symbolic structure. This proud responsibility has been passed down through generations and shall be so forever.

The Declaration of Independence is the solid base where construction and building began. The Constitution is the blueprint provided by many gifted architects to guide us towards the construction of America.

The construction of America has been a long and tedious task; yet still the work goes on due to the perseverance of many Americans. Without us, united in a common goal, this project would never have been launched, and July 4, 1776, would only be an insignificant date of the past.

Every man, woman and child has the responsibility—no, the obligation—to make a positive contribution in his or her own way. We have the freedom to choose the leader who will guide us and unify us towards building America together.

We choose these leaders by simply voting. Each vote can represent a rivet that bonds the framework of girders to a unified form, an ounce of cement to the outside wall that will help give the building its support, or an inch of electrical wire that will eventually help the building operate.

Unfortunately, there are fragmentary groups, within the workers, who not only voice dissatisfaction but try to destroy what we build. Therefore, it is our job to build and rebuild where destructive forces wield their power. It is also our duty to check and recheck for any hidden weaknesses that may crumble our structure and to use corrective measures for these flaws. Ironically, our structure becomes even stronger with the freedom to dissent.

We, as Americans, take pride in our ability to meet challenges and produce ingenious results with the least possible waste. We have increased our awareness not only in preservation but conservation of our natural resources, and this includes our minds. This provides the necessary activity in our structure—our country—so that it will not lie dormant and vulnerable to decay. If our building were left unattended, it would be reclaimed by the elements, and we must insure that his never happens.

On July 4, 1976, we celebrated the 200th anniversary of the foundation that was laid for our country. We are still growing, learning, working, and building America together! ●

VA'S WALTER A. NELSON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MOTTL) is recognized for 5 minutes.

● Mr. MOTTL. Mr. Speaker, I would especially like to commend Mr. Walter A. Nelson, Director of the Veterans' Administration's Veterans Canteen Service, upon his retirment.

Mr. Nelson, a native of Natick, Mass., entered VA service on March 19, 1946, with a temporary appointment as Assistant Chief, Canteen Division, Branch Office No. 1 in Boston, Mass. After achieving career status, he advanced to the New York Office of the Veterans Canteen Service. He became Director of the Canteen Service in 1979, and began the operation of the Veterans Canteen Service as a sound Government-owned corporation. His management skills have enabled the Veterans Canteen Service to show a better cash flow and productivity index than such major wholesale/retail firms as Sears, K-mart, Ward's, and J. C. Penney. The Veterans Canteen Service, during fiscal year 1981, had sales of over $160 million.

The Veterans Canteen Service, under Mr. Nelson's direction, has been sensitive to patient needs and the concerns of hospital management. Products are sold which are in keeping with the patient population, case-mix and length of stay.

During Mr. Nelson's tenure as Director, the Canteen Service began feeding hospital volunteers, and increased the quality of food service to prevent the loss of productive time which occurred when employees left the medical center grounds for lunch.

Mr. Nelson's professionalism and managerial skills are well illustrated by two steps taken in the last 18 months. All fiscal activities for the Canteen Service were centralized at the Veterans Canteen Service finance center in St. Louis, Mo. This set the stage for management improvements in fund accountability, inventory, and sales. This step also reduced the size of the Canteen Service. In fiscal year 1981, Mr. Nelson abolished two of five field Canteen Service offices, which reduced administrative overhead by about 30 positions, which then became available to VA medical center canteens for direct service activities.

The 50th anniversary of the Veterans' Administration was a source of pride to all VA employees. Walter Nelson thought VA patients should be involved in the celebration, and at his instigation each hospitalized veteran was given a $5 canteen book. Dr. Jack Ewalt, Director of the Department of Medicine and Surgery Mental Health and Behavioral Sciences Service, said, "You had a great idea in giving each a gift, a gift that for many offered a rare opportunity to buy something they wanted. It was good for their morale and mental health." The individual thank-you letters from patients numbered in the hundreds, and were not only touching but reflected increased morale.

Mr. Nelson will retire on May 14, 1982, after 40 years of service to the Veterans' Administration. I want to congratulate him for a job extremely well done. His loyalty to the mission of the VA Department of Medicine and Surgery, and his concern and compassion for patients and fellow employees, will be sorely missed. ●

EXEMPTION OF HOME RECORDING OF TELEVISION PROGRAMS FOR PERSONAL USE FROM COPYRIGHT LAW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. FOLEY) is recognized for 5 minutes.

Mr. FOLEY. Mr. Speaker, last October 16, 1981, the Ninth Circuit Court of Appeals ruled that any individual using a video cassette recorder (VCR) to record television programs could be subject to copyright infringement under the Copyright Act. Moreover, the court found that manufacturers and retailers of the VCR and advertising agencies involved in promoting the VCR could be liable for contributory infringement damages.

In response to this decision, and on behalf of the many million Americans who own and enjoy video recording equipment, I introduced H.R. 5250 to definitively exempt from copyright law the home recording of television programs for personal use.

I introduced H.R. 5250 to insure VCR users the right to record television programs so long as the recording is not made either directly or indirectly for commercial advantage, and is used in the privacy of their home. My bill would protect consumers from the threat of copyright liability and the potential burden of a royalty tax on the purchase of VCRs and blank recording tapes. This bill will not protect those who record a copyrighted program for financial gain in violation of the exclusive rights granted to the copyright holder by the Copyright Act.

A statutory royalty provision, as has been proposed by some of my colleagues, will only create an unnecessary and impractical regulatory bureaucracy, and will result in greater inequities since there is no way that a statutory royalty scheme can reflect the varied uses to which home VCR's are put by an individual. H.R. 5250 directly addresses and ends consumer concerns over invasion of privacy and enforcement problems which might occur if the Government were to begin to regulate home video recording.

Mr. Speaker, I have appended a copy of H.R. 5250 for inclusion in the record, and over the coming days will actively be seeking the support and cosponsorship of my colleagues on this measure.

H.R. 5250

A bill to amend the copyright law to exempt private, nonprofit recording of copyrighted works on video recorders from copyright infringement

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 1 of title 17 of the United States Code is amended by inserting at the end thereof the following new section:

"§ 119. Limitation on exclusive rights: Private use

"Notwithstanding the provisions of section 106, it is not an infringement of copyright for an individual to record copyrighted works on a video recorder if the recording is made without any purpose of direct or indirect commercial advantage and is to be utilized in a private home.".

SEC. 2. The table of sections for chapter 1 of title 17 of the United States Code is amended by inserting after the item relating to section 118 the following:

"119. Limitation on exclusive rights: Private use.".

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. SCHNEIDER (at the request of Mr. MICHEL) for today on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. COLEMAN) to revise and extend their remarks and include extraneous material:)

Mr. MADIGAN, for 5 minutes, today.

Mr. CORCORAN, for 10 minutes, today.

Mr. MARTIN of North Carolina, for 15 minutes, today.

Mr. McDADE, for 60 minutes, May 20, 1982.

(The following Members (at the request of Mr. McCURDY) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

Mr. WIRTH, for 5 minutes, today.

Mr. JONES of Oklahoma, for 5 minutes, today.

Mr. DE LA GARZA, for 5 minutes, today.

Mr. MOTTL, for 5 minutes, today.

Mr. FUQUA, for 5 minutes, today.

Mr. SAVAGE, for 20 minutes, June 8, 1982.

(The following Member (at the request of Mr. FOLEY) to revise and extend his remarks and include extraneous material:)

Mr. FOLEY, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. LOWERY of California, during general debate on H.R. 5890 in the Committee of the Whole today.

Mr. NELSON, during general debate on H.R. 5890 in the Committee of the Whole today.

(The following Members (at the request of Mr. COLEMAN) and to include extraneous matter:)

Mr. LOWERY of California in two instances.

Mr. ROUSSELOT in two instances.

Mr. DERWINSKI in four instances.

Mr. PAUL in three instances.

Mr. MARTIN of North Carolina.

Mr. LENT.

Mr. CONABLE.

Mr. PURSELL.

Mr. HYDE.

Mr. RUDD.

Mr. DOUGHERTY in two instances.

Mr. PHILIP M. CRANE in two instances.

Mr. COUGHLIN.

Mrs. HECKLER.

Mr. EDWARDS of Oklahoma.

Mr. SOLOMON.

Mr. LEWIS.

Mr. CONTE in two instances.

Mr. McCLOSKEY.

Mr. SHUMWAY.

Mr. MARRIOTT.

Ms. FIEDLER.

Mr. BETHUNE.

Mr. GILMAN in two instances.

Mr. ERDAHL.

Mr. COLLINS of Texas.

(The following Members (at the request of Mr. McCURDY) and to include extraneous matter:)

Mr. MAZZOLI.

Mr. FORD of Michigan.

Mr. PEPPER.

Mr. HOYER in two instances.

Mr. MILLER of California.

Mr. LUNDINE.

Mr. WAXMAN.

Mr. MAVROULES.

Mr. MARKEY.

Mr. DORGAN of North Dakota.

Mr. JONES of Oklahoma.

Mr. STUDDS.

Mr. GORE.

Mr. WYDEN.

Mr. APPLEGATE.

Mr. IRELAND.

Mr. ST GERMAIN.

Mr. WON PAT.

Mr. GEJDENSON.

Mr. HUGHES.

Mr. SIMON.

Mr. OTTINGER.

SENATE ENROLLED JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following titles:

S.J. Res. 145. Joint resolution authorizing and requesting the President to proclaim "National Orchestra Week"; and

S.J. Res. 170. Joint resolution to designate the week of November 7, 1982, through November 14, 1982, as "National Hospice Week."

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title which was thereupon signed by the Speaker:

H.R. 6038. An Act to amend section 235 of the National Housing Act.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on May 12, 1982, present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res. 361. Joint resolution to grant official recognition to the international ballet competition.

ADJOURNMENT

Mr. FOLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p.m.), under its previous order, the House adjourned until Monday, May 17, 1982, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3919. A letter from the Assistant Secretary of the Navy (Shipbuilding and Logistics), transmitting notice of the Navy's decision to convert to contractor performance the data transcription/data entry function at the Naval Air Station, Miramar, Calif., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

3920. A letter from the Secretary of Education, transmitting the results of the Department's study of teacher training programs in bilingual education, pursuant to section 723(a)(5) of Public Law 95-561; to the Committee on Education and Labor.

3921. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to extend and amend various health authorities, and for other purposes; to the Committee on Energy and Commerce.

3922. A letter from the Director, Defense Security Assistance Agency, transmitting an agreement between the U.S. Government and the Government of New Zealand concerning the pricing of military training, pursuant to section 21(g) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3923. A letter from the Assistant Secretary of Treasury for Administration, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3924. A letter from the Director, National Legislative Commission, the American Legion, transmitting the audit report of the organization for calendar year 1981, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

3925. A letter from the Comptroller General of the United States, transmitting a report on the Federal Reserve System's efforts to implement pricing for check clearing and automated clearinghouse services (GGD-82-22, May 7, 1982); jointly, to the Committees on Government Operations and Banking, Finance and Urban Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DELLUMS: Committee on the District of Columbia. H.R. 5595. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia. (Rept. No. 97-512). Referred to the Committee of the Whole House on the State of the Union.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 6149. A bill to provide for increased participation by the United States in the African Development Fund. (Rept. No. 97-513). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONTE:

H.R. 6368. A bill to amend title 38, United States Code, to extend the delimiting period within which a Vietnam-era veteran may use educational assistance under chapter 34 of that title upon discharge or release from active duty from the present 10 years to 20 years, but not later than December 31, 1999; to the Committee on Veterans' Affairs.

By Mr. FORD of Tennessee:

H.R. 6369. A bill to provide a program of Federal supplemental unemployment compensation, and for other purposes; to the Committee on Ways and Means.

By Mr. ZABLOCKI (for himself, Mr. Fascell, Mr. Bingham, Mr. Solarz, Mr. Barnes, Mr. Wolpe, Mr. Broomfield, Mr. Gilman, and Mr. Leach of Iowa):

H.R. 6370. A bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize additional international security and development assistance programs for fiscal year 1983 and for other purposes; to the Committee on Foreign Affairs.

By Mr. CORCORAN:

H.R. 6371. A bill to amend the Higher Education Act of 1965 to make certain alterations in Federal, State, and private programs of low-interest insured loans for students in institutions of higher education; to the Committee on Education and Labor.

By Mr. DOWNEY:

H.R. 6372. A bill to amend the Internal Revenue Code of 1954 to assure that living expense deductions of Members of Congress be substantiated and auditable; to the Committee on Ways and Means.

By Mr. EDWARDS of Oklahoma (for himself, Mr. Conable, and Mr. Taylor):

H.R. 6373. A bill to authorize Federal agencies to accept volunteer service of individuals and nonprofit organizations to carry out certain activities of such agencies; to the Committee on Post Office and Civil Service.

By Mr. FOWLER (for himself, Mr. Frenzel, Mr. Jenkins, and Mr. Matsui):

H.R. 6374. A bill to amend the Internal Revenue Code of 1954 to provide an alternative method of allocation of property taxes for cooperative housing corporations; to the Committee on Ways and Means.

By Mr. HEFTEL:

H.R. 6375. A bill to provide additional funding from the Department of Defense for allocation under the impact aid for education program, and for other purposes; to the Committee on Education and Labor.

By Mr. HENDON:

H.R. 6376. A bill to withdraw the National Wilderness Preservation System and other lands from operation of the general mining and mineral leasing laws, to insure adequate inventories of resource values in such areas, and for other purposes; jointly, to the Committees on Agriculture, Interior and Insular Affairs, and Rules.

By Mr. HUGHES (for himself, Mr. Sawyer, Mr. Rodino, and Mr. Moakley):

H.R. 6377. A bill to amend title 18, United States Code, to clarify the applicability of offenses involving explosives and fire; to the Committee on the Judiciary.

By Mr. LENT:

H.R. 6378. A bill to amend the Internal Revenue Code of 1954 to provide for the equal corporate income taxation of certain cooperative corporations and competing investor-owned businesses; to the Committee on Ways and Means.

By Mr. MADIGAN:

H.R. 6379. A bill to amend the Internal Revenue Code of 1954 to add a method of valuing farmland owned by a private foundation for purposes of determining whether the foundation is an operating foundation; to the Committee on Ways and Means.

By Mr. MARTIN of North Carolina:

H.R. 6380. A bill to amend the Internal Revenue Code of 1954 to permit the disclosure of the names and addresses of persons receiving permits to produce distilled spirits for fuel use to certain State agencies for use in enforcing State laws; to the Committee on Ways and Means.

By Mr. WAXMAN:

H.R. 6381. A bill to provide for the location of the National Center for Health Statistics; to the Committee on Energy and Commerce.

H.R. 6382. A bill to revise title IV of the Public Health Service Act; to the Committee on Energy and Commerce.

H.R. 6383. A bill to make technical changes in the laws relating to the administration and coordination of the National Institute of Mental Health, the National Institute of Alcohol Abuse and Alcoholism, and the National Institute on Drug Abuse; to the Committee on Energy and Commerce.

H.R. 6384. A bill to extend title XVII of the Public Health Service Act; to the Committee on Energy and Commerce.

H.R. 6385. A bill to amend the Public Health Service Act to extend the programs of assistance to medical libraries; to the Committee on Energy and Commerce.

By Mr. WYDEN:

H.R. 6386. A bill to amend title 18, United States Code, to provide a mandatory penalty for the commission of a third or subsequent robbery or burglary while in the possession of a firearm; to the Committee on the Judiciary.

By Mr. WAXMAN:

H.R. 6387. A bill to transfer the National Center for Health Services Research and the National Institute for Occupational Safety and Health to the National Institutes of Health; to the Committee on Energy and Commerce.

By Mr. BIAGGI (for himself, Mr. Murphy, Mr. Wolf, Mr. Winn, Mr. Ottinger, Mr. Marriott, Mr. Richmond, Mr. Rahall, Mr. Chappell, Mr. Pepper, Mr. Fazio, Mrs. Fenwick, Mr. Roe, Mr. Corrada, Mr. Fithian, Mr. Won Pat, Ms. Mikulski, Mr. LeBoutillier, Mr. Jacobs, Mr. Parris, Mr. Long of Maryland, Mr. Smith of Pennsylvania, Mrs. Holt, and Mr. Beard):

H.J. Res. 485. Joint resolution authorizing the Secretary of the Interior to construct a National Law Enforcement Heroes Memorial; to the Committee on House Administration.

By Mr. HOWARD (for himself, Mr. Clausen, Mr. Anderson, Mr. Roe, Mr. Breaux, Mr. Mineta, Mr. Evans of Georgia, Mr. Albosta, Mr. Boner of Tennessee, Mr. Stangeland, Mr. Clinger, Mr. Hatcher, Mr. Smith of Pennsylvania, Mr. Erdahl, Mr. Derwinski, Mr. O'Brien, Mr. Forsythe, Mr. Solarz, Mr. Annunzio, Mr. Coats, Mr. Weiss, Mr. Madigan, Mr. Lagomarsino, Mr. Zeferetti, Mr. Fazio, Mr. Horton, Mr. Lantos, Mr. Frenzel, Mr. Washington, Mr. Hughes, and Mr. Panetta):

H.J. Res. 486. Joint resolution authorizing and requesting the President to issue a proclamation designating the period from October 3, 1982, through October 9, 1982, as "National Schoolbus Safety Week of 1982"; to the Committee on Post Office and Civil Service.

By Mr. MOORHEAD:

H.J. Res. 487. Joint resolution authorizing and requesting the President to proclaim 1983 as the "Year of the Bible"; to the Committee on Post Office and Civil Service.

By Mr. WEAVER (for himself, Mr. Brown of California, Mr. Daschle, Mr. Bedell, Mr. Albosta, Mr. Lowry of Washington, Mr. Richmond, Mr. Phillip Burton, Mr. Jones of Tennessee, and Mr. Seiberling):

H. Con. Res. 344. Concurrent resolution expressing the sense of the House of Representatives that the Secretary of Agriculture should provide additional opportunities for public, scientific, and professional comment and prepare a supplementary environmental impact statement with respect to proposed regulations revising the National Forest

System resource management planning process; to the Committee on Agriculture.

By Mr. ROGERS:

H. Res. 466. Resolution expressing the sense of the House of Representatives that social security benefits to be provided in fiscal year 1983 should not be reduced and that removal of the receipts and disbursements of the social security trust funds from the unified budget should be actively considered by the House of Representatives; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. WYDEN introduced a bill (H.R. 6388) for the relief of the estate of Timothy Jones; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 146: Mr. Conyers.

H.R. 326: Mr. Dornan of California.

H.R. 808: Mr. Bailey of Pennsylvania.

H.R. 1763: Mr. McCurdy.

H.R. 1852: Mr. Hansen of Idaho.

H.R. 3575: Mr. Hartnett, Mr. Hiler, Mr. Hyde, Mr. Miller of California, and Mr. Spence.

H.R. 3760: Mr. Roe, Mr. Oberstar, Mr. Lehman, Mr. Hawkins, Mr. Daschle, and Mr. Roybal.

H.R. 3984: Mr. Mattox, Mr. Clay, and Mr. Montgomery.

H.R. 4498: Mr. Gejdenson, Mrs. Chisholm, Mr. Mattox, Mr. Vento, Mr. Rosenthal, Mr. Fuqua, Mr. Mitchell of Maryland, Mr. Tauke, Mr. Gray, Mr. Roemer, Mr. Gregg, and Mr. Lantos.

H.R. 5133: Mr. Obey.

H.R. 5192: Mr. Daschle, Mr. Dickinson, Mr. Gore, Mrs. Martin of Illinois, Mr. Moakley, Mr. Patman, Mr. Staton of West Virginia, and Mr. Wyden.

H.R. 5485: Mr. Matsui and Mr. Roybal.

H.R. 5596: Mr. Deckard.

H.R. 5755: Mr. Fauntroy, Mr. Florio, Mr. Goodling, Mr. Gray, Mr. Hagedorn, Mr. Hertel, Mr. Long of Maryland, Ms. Oakar, Mr. Pease, Mr. Savage, and Mr. Weiss.

H.R. 5835: Mr. Foglietta and Mr. Jacobs.

H.R. 5853: Mr. Ford of Michigan, Mr. Whitehurst, Mr. Andrews, and Ms. Oakar.

H.R. 5976: Mr. Dreier and Mr. Forsythe.

H.R. 5987: Mr. LeBoutillier.

H.R. 6036: Mr. Vento, Mr. Edwards of California, Mr. Washington, Mr. Lowery of California, and Mr. Markey.

H.R. 6098: Mr. Gilman, Mr. Erdahl, Mr. Petri, Mrs. Roukema, Mr. Jeffords, Mr. DeNardis, Mr. McGrath, Mr. Lent, Mr. Craig, Mr. Roe, and Mr. Wortley.

H.R. 6100: Mr. Evans of Delaware.

H.R. 6119: Mr. Edgar and Mr. Seiberling.

H.R. 6131: Mr. Conable.

H.R. 6135: Mr. Brinkley and Mr. Sawyer.

H.R. 6267: Mr. Simon, Mr. Heftel, Mr. Aspin, and Mr. Guarini.

H.R. 6294: Mr. Young of Alaska, Mr. Edwards of California, and Mr. Mitchell of Maryland.

H.R. 6315: Mr. Nelligan.

H.J. Res. 172: Mr. Paul.

H.J. Res. 359: Mr. Addabbo, Mr. Akaka, Mr. Anderson, Mr. Annunzio, Mr. Bailey of Pennsylvania, Mr. Barnes, Mr. Beard, Mr. Biaggi, Mr. Boner of Tennessee, Mr. Bonior of Michigan, Mr. Brinkley, Mr. Brodhead, Mr. Brown of Califorina, Mr. Brown of Ohio, Mr. Campbell, Mrs. Chisholm, Mr. Coats, Mr. Coleman, Mr. Collins of Texas, Mr. Conyers, Mr. Craig, Mr. Dannemeyer, Mr. de la Garza, Mr. DeNardis, Mr. Derwinski, Mr. Dickinson, Mr. Donnelly, Mr. Dorgan of North Dakota, Mr. Dornan of California, Mr. Dreier, Mr. Dymally, Mr. Early, Mr. Edwards of California, Mr. Edwards of Oklahoma, Mr. Findley, Mr. Ford of Tennessee, Mr. Fountain, Mr. Frank, Mr. Fuqua, Mr. Gejdenson, Mr. Gradison, Mr. Horton, Mr. Jones of North Carolina, Mr. Lantos, Mr. Latta, Mr. Leath of Texas, Mr. Lewis, Mr. Loeffler, Mr. Marks, Mr. Miller of California, Mr. Minish, Mr. Moakley, Mr. Moorhead, Mr. Mottl, Mr. Myers, Mr. Panetta, Mr. Pashayan, Mr. Perkins, Mr. Railsback, Mr. Rangel, Mr. Rinaldo, Mr. Roberts of Kansas, Mr. Roth, Mrs. Roukema, Mr. Rudd, Mr. Sabo, Mr. Shumway, Mr. Siljander, Mr. Skeen, Mr. Smith of Iowa, Mr. Snyder, Mr. Spence, Mr. Stangeland, Mr. Stark, Mr. Tauzin, Mr. Traxler, Mr. Vander Jagt, Mr. Weber of Ohio, Mr. Whittaker, Mr. Williams of Ohio, Mr. Wolpe, Mr. Wyden, Mr. Young of Missouri, and Mr. Zeferetti.

H.J. Res. 416: Mr. Boner of Tennessee, Mrs. Smith of Nebraska, and Mr. Paul.

H.J. Res. 454: Mr. Lee, Mr. Shaw, Mr. Hefner, Mr. Dreier, Mr. Derrick, Mr. Hyde, Mr. Molinari, Mr. Edwards of Alabama, Mr. Hartnett, Mr. Walgren, Mr. Addabbo, Mr. Dwyer, Mr. Chappell, Mr. Nichols, Mr. Bedell, Mr. Foley, Mr. Fascell, Mr. Barnard, Mr. Roe, Mrs. Chisholm, Mrs. Boggs, Mr. Ginn, Mr. Young of Florida, Mr. Scheuer, Mrs. Schneider, Mr. Anthony, Mr. Porter, Mr. Shelby, Mr. Lewis, Mr. Leach of Iowa, Mr. Smith of Iowa, Mr. Mica, and Mr. Shamansky.

H. Con. Res. 13: Mr. Dornan of California.

H. Res. 464: Mr. Aspin, Mr. Beilenson, Mrs. Chisholm, Mrs. Collins of Illinois, Mr. Conyers, Mr. Dellums, Mr. Edwards of California, Mr. Fauntroy, Mr. Fazio, Mr. Howard, Mr. Rodino, Mrs. Schroeder, Mr. Simon, and Mr. Smith of Pennsylvania.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 6030

By Mr. HILLIS:

—At the end of the bill, add the following new section:

RESTRICTION ON PURCHASE OF FOREIGN-MADE MOTOR VEHICLES

Sec. 902. (a) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2394. Restriction on purchase of foreign-made administrative motor vehicles

"The Secretary of a military department may award a contract or agreement for the purchase of administrative motor vehicles that are to be used outside the United States or Canada only to the lowest responsible bidder from the United States or the host nation. This section does not apply to contracts or agreements for an amount less than $50,000.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2394. Restriction on purchase of foreign-made administrative motor vehicles.".

SENATE—*Thursday, May 13, 1982*

(Legislative day of Tuesday, May 11, 1982)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Father in Heaven, the Lord Jesus said that greatness means service, that those who would be greatest in His kingdom should be the servants of all. In this prestigious place, where position and power prevail, may we never forget the powerless ones without whom the business of the Senate would come to a standstill.

We thank Thee for those who maintain buildings and grounds, who run the people movers, who keep electrical equipment functioning. We thank Thee for those who keep the records, who study bills, who do the detailed work required by committees, who record the minutes. We thank Thee for the very busy people in the cloak rooms, for those who answer phones, who file. We thank Thee for receptionists, for those who prepare and serve meals and those who provide security. Thank Thee, Lord, especially for the pages, for their courteous attention to the needs of the Senators, their readiness to serve, their hard work and the care and diligence they give to their studies.

Help us never to take for granted those who serve with such dedication or underestimate the importance of their tasks to the whole body. Bless them, encourage them, and supply all their needs. We ask this in the name of Him who was the Suffering Servant for all people. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

HISTORICAL SERIES

Mr. BAKER. Mr. President, this morning, I bring to my colleagues attention a matter of intellectual excellence and a matter of Senate pride.

In 1973, the Foreign Relations Committee began publishing a "Historical Series" of executive session transcripts and hearings dating back to 1947. Recently, the committee published the 11th volume of the series which covers the major events of 1959. These volumes not only provide an efficient and historically significant means of releasing important documents for a wide audience; they also prevent the need for costly document-by-document declassification for individual researchers.

But there is another dimension to this achievement, Mr. President, and it is one that the Foreign Relations Committee of the Senate and the Senate Historian's Office can be most proud. The House Foreign Affairs Committee has also been publishing its executive session transcripts for the corresponding years, however, as Congressional Quarterly reports, the House has contracted the editorial services to outside sources, at a cost to date of over $100,000. The staff of the Senate Foreign Relations Committee and the Senate Historical Office have produced the same services for the Senate at no additional cost.

In a letter to the Foreign Relations Committee, Prof. Burton Beers of North Carolina University wrote:

> Without exception, these volumes bear all the marks of historical editing at its finest. In their published form these materials have proved quite useful in my teaching and research.

We should all be proud of the distinguished efforts of the committee and the Senate Foreign Relations office. Indeed, we in the Senate are most fortunate to have the Historian's Office at our disposal. It continually provides unique and revealing insights into this institution, its leaders, and its policies. I personally am grateful to the Historian's Office for the invaluable assistance that they delivered to me and my staff throughout numerous projects since I became majority leader, and I look forward to working with them shortly on several additional projects.

Mr. President, I ask unanimous consent that the text of Professor Beers' letter, and reviews on the historical series from the Journal of American History and the New York Times Book Review be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NORTH CAROLINA
STATE UNIVERSITY,
DEPARTMENT OF HISTORY,
Raleigh, N.C., April 27, 1982.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR SENATOR PERCY: The most recent volume in the "Historical Series" entitled Executive Sessions of the Senate Foreign Relations Committee has just reached me over your signature. I now have several of these publications, dating back to Volume VII. Without exception, these volumes bear all the marks of historical editing at its finest. In their published form these materials have proved quite useful in my teaching and research.

My thanks go to the Foreign Relations Committee for authorizing the publication of this series. I look forward to coming volumes.

Sincerely yours,

BURTON F. BEERS,
Professor.

REVIEW NO. I (March 1978)

Executive Sessions of the Senate Foreign Relations Committee (Historical Series). (Washington: Government Printing Office 1976, Vol. I: *Eightieth Congress, First and Second Sessions, 1947-1948.* 470 pp. Paper, $4.05. Vol. II: *Eighty-First Congress, First and Second Sessions, 1949-1950.* vi + 840 pp. Paper, $6.65. Vol. III, Part 1: *Eighty-Second Congress, First Session, 1951.* vi + 639 pp. Tables, appendixes, and notes, Paper, $5.25. Vol. II, Part 2: *Eighty-Second Congress, Second Session, 1952.* iii + 700 pp. Tables, appendixes, and notes. Paper, $5.65.)

In 1976, the Senate Foreign Relations Committee, in a step of major importance for historians, decided to publish its executive session transcripts, beginning with the first session of the Eightieth Congress in 1947. For students of American foreign relations, this historical series has the potential of ranking second only to the Department of State's *Foreign Relations of the United States* as a published source of materials on the post-World War II period. It is the hope of the Foreign Relations Committee to make this a continuing series, with a published volume for each session of Congress. The committee published eight volumes in its historical series, beginning in 1973, in a format that dealt only with a particular issue of subject matter: "Legislative Origins of the Truman Doctrine," "Foreign Relief Act: 1947," "Foreign Relief Assistance Act of 1948," "The Vanderberg Resolution and the North Atlantic Treaty," "The Military Assistance Program: 1949," "Extension of the European Recovery Program: 1949," "Economic Assistance to China and Korea: 1949-50," and "Reviews of the World Situation: 1949-50." The narrow approach has been dropped in favor of a chronological series covering a wide range of issues in each volume. The committee's transcript regulations permit declassification of executive records twelve years from the date the

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

record was made. It is the expressed hope of the committee to publish the transcripts on important issues from 1947 up to that changing date. All historians will applaud and support this objective.

Before turning to the particular volumes under review, a few words about the general format. The volumes include selected executive session transcripts. Therefore, not every transcript of every meeting is published. Each volume, however, also includes a list of the unpublished transcripts in the National Archives and indicates their availability to scholars in accordance with the rules of that agency. The printed verbatim transcripts have a minimum of editorial revision. The texts were submitted in galley proof both to the Department of State and to the participating senators for review and comment. The present chairman of the committee, John Sparkman, assures historians that "no changes or deletions of substance were recommended" (Vol. I. p. iii). There are occasions, however, where it is indicated in the original record that "discussion continued off the record," and, of course, nothing then exists to publish, since the original reporter took nothing down. Each volume also has an appendix that includes documents, primarily copies of legislative bills and resolutions, referred to in the executive sessions. Finally, each subject that the senators are discussing is introduced by a brief, but generally excellent, editorial introduction explaining the general background of that meeting. The editorship is of a high level and most unobtrusive.

While the volume on the Eightieth Congress (1947-48) does not reprint the "Legislative Origins of the Truman Doctrine" or other specific subjects mentioned in the first paragraph of this review, it does cover testimony by George Marshall on the difficulties and uncertainties of the China situation in 1947 and Dean Acheson on John Carter Vincent. There are discussions on Latin America, the United Nations, the munitions trade, and U.S. information services abroad. Bipartisanship was not always present, as revealed in the debate over the Potsdam agreement, which saw a key state department document leaked to New York *Times* columnist James Reston. The senators also revealed some opposition to sending American students overseas when Tom Connally said, "It is my experience that whenever we send one of these fellows abroad he comes back not worth a damn. He has foreign ideas and foreign views. . . ." The Texan was strongly seconded by Henry Cabot Lodge, who replied, "I have seen so many Harvard fellows that have gone to Oxford and Cambridge. I don't see that it does them any good at all."

The volume on the Eighty-First Congress (1949-50) is a much meatier volume that deals with the nomination of Dean Acheson as secretary of state, the relief of Palestine refugees, disloyalty within the Department of State, the Genocide Convention, the Mutual Defense Assistance Program, and the charter of the Organization of American States. Acheson was grilled and regrilled on his alleged relations with Alger Hiss. The secretary defended himself with great skill and noted that not only he, but John Foster Dulles, had recommended Hiss for appointment to the Carnegie Foundation. Acheson did, however, accept some sentences written by Arthur Vandenberg as a press statement by himself condemning communism. The debate over disloyalty in the state department brought on a partisan debate and much political maneuvering, but the discussion over the Genocide Convention brought forth some Southern anger against the state department experts lecturing them on "morality." But some of the most interesting testimony was by the Assistant Secretary of State for Far Eastern Affairs, Dean Rusk, testifying on behalf of aid to Bao Dai and the French. Rusk said that "Ho Chi Minh, who takes his orders from the Kremlin," is in a civil war "which has been in effect captured by the Politburo." and, if "Indochina goes Communist, Thailand is likely to wave with the wind and bow to that kind of pressure." He did conclude that it was primarily a political and not a military problem and that if the United States intervened to any large extent "then it would be our problem".

The Eighty-Second Congress (1951) struggled with the two major issues of troops-to-Europe and the Far Eastern questions revolving around the dismissal of General Douglas MacArthur; the latter hearings, already published, are not repeated. Other subjects were food relief to India, the Mutual Security Act, and the nominations of Chester Bowles and Philip Jessup. The basic concern of the Foreign Relations Committee on the troops-to-Europe question centered around the constitutional question of whether the President had to consult Congress. The implications of the decision were fully explored in a wide ranging discussion. On food relief to India, considerable antagonism surfaced against Nehru, and Chester Bowles, in his nomination hearings, went off the record on his comments on the Indian leader. China policy continued to cause problems on the issue of who was responsible for the loss of China to the communists. At one point it was suggested that if they could find five John Sparkmans to serve on an investigative commission, the question would be honestly answered. William Fulbright suggested the only place you would find five of them would be in a "convent." When another colleague suggested Fulbright must have meant "monastery," Fulbright stood corrected.

In sum, this is a most important series, and the Senate Foreign Relations Committee is to be commended for its publication. Historians have had too few sources from the Senate side; almost all the material has come either from presidential or Department of State sources. The role of the foreign relations committees has too often been obscured, and this series should help correct that situation.

UNIVERSITY OF TULSA,
THOMAS BUCKLEY.

[From the New York Times Book Review Section, Aug. 10, 1974]

INSIDE TALK

(By Daniel Yergin)

Today, while captains of capitalism and veteran anti-Communists are busy doing business with the Russians and telling us what a great guy Secretary Brezhnev is, many former critics of America's anti-Communist crusade come close to criticizing the Nixon Administration for being "soft" on Russia. Such confusion reminds us how powerful and simple was the consensus that came into existence in the late 1940's and continued to provide a foreign policy framework until Lyndon Johnson's Vietnam disaster in the late 1960's.

By the end of 1946 United States policymakers had agreed on a basic outlook. They were convinced that the Soviet Union was an aggressive, insatiable revolutionary power, out to gobble up the entire world. And they had redefined the idea of "security" so that it was a reverse image of Fortress America—what happened in Bulgaria might not be merely regretted but also now directly involved American security.

But these policymakers were short of policy. Only in 1947 did they begin to find the policies and programs to fit their ideas. We have learned much in recent years about the basic evolution of America's postwar world system from the State Department's Foreign Relations series as well as from declassification of executive department files. Now the Senate Foreign Relations Committee has inaugurated a major new source with the publication of its executive (closed session) hearings. The first six volumes, covering years 1947-50, deal with several births—the Truman Doctrine, the Marshall Plan, NATO—as well as American policy in China, Korea and elsewhere in Asia. The record of Senators and Secretaries, speaking frankly in give-and-take without publicity's glare, reveals much about the basic assumptions that lasted a generation. These volumes also help us to understand that once-valued state of suspended debate known as bipartisanship, as well as the troubled role of Congress in foreign policymaking.

After World War II, Americans, to their surprise, found themselves living in an atmosphere of constant crisis. Events outran their comprehension. The veteran American Ambassador to Greece complained with some nostalgia at one hearing that what was the trouble in Greece at the time of the Truman Doctrine was "a social revolution and not one of the nice old revolutions we used to have in the old days."

The source of all problems, policymakers had come to believe, was the Soviet Union. This menace had to be fought. "Senator," Dean Acheson said in 1947, "I think it is a mistake to believe that you can, at any time, sit down with the Russians and solve questions. I do not think that is the way our problems are going to be worked out with the Russians. I think they will have to be worked out over a long period of time and by always indicating to the Russians that we are quite aware of what our own interests are and that we are quite firm about them and quite prepared to take necessary action." Senator Vandenberg summed up the whole effort—the "basic abstraction" of American foreign policy, he said, is "that we are undertaking to resist Communist aggression."

This question of Russian aims, and the American interpretation of them, has been at the heart of the debate between orthodox and revisionist historians over the origins of the cold war. The issue is not merely an academic debate, for the basic question is as central today as it was in 1947: what connection was there (and is there) between the repressiveness of the Soviet political system and that country's behavior in the international system? The experience of Hitler, who did pursue a world revolutionary foreign policy, seemed to make the connection axiomatic. Stalin does little better than Hitler in the humanitarian category, but he did play a different game in the international arena, one of caution, conservatism and consolidation.

Yet some revisionists also paint with much too broad a brush. Even if the civil war in Greece was a domestic affair, that does not mean that a leftist Greece would not have fallen into Stalin's embrace. That said, there remains much reason to conclude that Stalin's aims were limited. But American policymakers, as these volumes show, factored out the ambiguities, came to a rigid conclusion and acted on them. When the Korean War broke out, Acheson was puzzled—it was "quite an un-Russian risk to take"—and yet knew, without much evidence, that the Kremlin was "the central motivating power."

These volumes show the rigid interpretative structure at work, and how it led to the greatest tragedy in postwar American foreign policy, the attitude towards the Asian revolutions. Both the executive branch and the Senators recognized that Chiang could not govern China, that Mao's forces were much more effective at winning support, and that much of this situation resulted from Chiang's own behavior. The Americans toyed with the notion that the Chinese Communists might turn out to be mammoth Titoists, but finally rejected any such conclusion. These Communists, Acheson insisted, were "really a tool of Russian Imperialism in China." Fortunately, after the failure of their expensive subsidy to Chiang, the Americans recognized the futility of intervention, and limited themselves to such schemes as planning to "buy up little drink stands" (as one general suggested to the Senators) to serve as intelligence-gathering outposts.

The executive branch officials also insisted that Indochina was a crucial battleground between the United States and Russia. United States assistance to the French began, according to Acheson, with such things as "walkie-talkie machines," but soon he was reporting tires and parts for guns and airplanes. The French, of course, would have to go, but perhaps a Third Force was possible. "If the French can move fast enough and if these people in the Bao Dai government can inspire the people with the idea that they represent the national movement and they are anti-Russian and that it is the right thing, this may take hold, and you will have an indigenous state out there that will have some hope," said Acheson.

But what if Bao Dai could not pull it off, Acheson was asked. He replied, "Then we are in bad shape, because Ho Chi Minh, who is the other possiblity, is a very clear enemy of ours and we can't expect anything from him except to go along with Moscow. Those are our choices." But Acheson was confident: If Ho Chi Minh can organize those people to fight so can we, we can go ahead, that will be useful."

Yet through these years of hearings, the Senators were not pushovers. Again and again they asked probing questions, seeking the hard evidence to justify ever expanding American commitments. Senator Green worried that in Vietnam "we are getting into a position where we are rather defending in part what is left of French colonial policy, and also supporting against the revolutionaries an unpopular king . . . and a corrupt government there." Senator Connally wondered if any American military had identified "any Russians" in the Korean battle and pointed out that making such a charge "without any proof, might be a pretty bad piece of business." Even Senator Vandenberg plaintively inquired of Acheson whether "there is anything that you can have up your sleeve" should the Russians prove responsive "to this rigid program you are laying down, whether you have found anything that you could use to encourage agreement."

The answer was no, and the Senators fell back. Bipartisanship finally meant little more than going along with the executive. The Senators depended for their information on State and Defense, neither of which made a practice of revealing information from field officers that might contradict the official line—as for instance, on the orientation of Mao and Ho in regard to Moscow. And so, despite the executive sessions, the Senators were only taken into partial confidence, convinced by what they were permitted to hear. Until the Foreign Relations Committee can develop its own independent sources of information, it will be an appendage, both it and the full Senate unable to check and balance the executive.

Of course, the Senators could have declared that the programs were not justified by the information they were given, but that was too dangerous a move. For, as Vandenberg told his colleagues, during the Truman Doctrine debate, "We are confronted, ourselves, with the fundamental fact that if we desert the President of the United States at the moment we cease to have influence in the world forever." And so the Senators on the Foreign Relations Committee probed but retreated in the face of advocates like Acheson, men of urgency not deliberation, sure of their information, convinced of the validity of their interpretation of world politics, not cynics or skeptics, but, tragically, true believers.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

CHILDHOOD IMMUNIZATION

Mr. ROBERT C. BYRD. Mr. President, a little more than a year ago when the Senate was considering the administration's first two sets of Federal budget cutting proposals, Senator BUMPERS offered an amendment to the reconciliation resolution to restore $6 million for childhood immunization programs in fiscal years 1982 and 1983. Senate Democrats strongly supported the Bumpers amendment; however, our colleagues from the other side of the aisle voted—as a group—to defeat it.

The Bumpers amendment, like other Democratic amendments to the budget reaffirming this Nation's fundamental commitment to our elderly citizens and to our children, was not offered in a partisan fashion. The future welfare of this Nation's children is not—or should not be—a partisan issue. Unfortunately, the amendment, like other Democratic amendments to the budget, was defeated by a party line vote. Ninety-six percent of my colleagues from the other side of the aisle voted to defeat the Bumpers amendment—only two Republican Senators joined our efforts to preserve immunization funding.

None of us wants to see a child harmed by a disease our Nation has the technology to erase inexpensively. Most serious childhood diseases are preventable. We do not want to treat children for disabling conditions that should have been prevented in the first place. Immunization for children represents one of the most humane Federal actions ever undertaken; it has eliminated a great deal of suffering and worry for both children and their families.

It was not so very long ago that many of us knew children left with blindness and impaired vision from measles. It was not just a rare occurrence. Unfortunately, evidence indicates that significant cutbacks in immunization could possibly reverse some of the most important accomplishments made by this Nation to prevent severe illness and disablement. We could return to the days when measles, whooping cough, polio, and other once commonly feared diseases needlessly threatened young lives.

Less than 2 months ago, I expressed reservations on the Senate floor regarding the early impact of the administration's budget cuts in Federal immunization funding. Today, I find those reservations turning into reality. Last week, in testimony presented before the Senate Labor and Human Resources Committee's Subcommittee on Investigations and Oversight, the dangers of the Reagan administration cutbacks in immunization were detailed.

The Domenici budget plan—endorsed by the President—would freeze immunization funding at fiscal 1982 appropriation levels for the next 3 years. Already it appears that one-third fewer children are being immunized against diseases because of budget cutbacks and higher vaccine costs. Failure to immunize these children today will result in higher future medical bills, not to mention more human suffering.

I ask unanimous consent that an article from the May 8, 1982, Washington Post describing last week's Senate immunization hearing be printed in the RECORD in full.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, May 8, 1982]

BUDGET CUTBACKS REDUCE IMMUNIZATIONS, HILL TOLD

One-third fewer children are being immunized against diseases as a result of higher vaccine costs and Reagan administration budget cutbacks, a Senate subcommittee was told yesterday.

Dr. Vincent A. Fulginiti, chairman of the committee on infectious diseases of the American Academy of Pediatrics, said the delivery of vaccines to children "would be reduced to intolerably low levels" if Reagan's proposed funding level of $28.8 million for the program in 1983 is not increased.

"The 7 percent cut in the program imposed this year already has caused a 32 percent drop in vaccine purchases," Fulginiti told the Senate Labor and Human Resources subcommittee on investigations. "Meanwhile the cost of vaccine has increased by 44 percent during the past two years."

As a result, he said, 33 percent fewer children are being served in the immunization program.

"Based on past experience, these cuts proposed by the administration would prove terribly costly and cruel—costly in direct dollar terms to all of our citizens for many years to come, and cruel to the unfortunate victims and their families for a lifetime," Fulginiti said.

But Dr. William H. Foege, director of the federal Centers for Disease Control, said that because the program has become more efficient and the backlog of immunizations has been eliminated, "it should be possible to reduce costs."

Foege said he has been assured by Health and Human Services Secretary Richard S. Schweiker that the immunization program will be carefully monitored for any adverse effects.

He added that states and localities are expected to pick up through block grants the slack federal financing of immunizations.

Foege and Fulginiti defended the safety record of the immunization program, although they acknowledged that vaccines have some risks. They criticized some reports in the news media as presenting an imbalanced picture of the risks of vaccine against whooping cough.

Sen. Paula Hawkins (R-Fla.) said, "It would be tragic if efforts to eliminate or control communicable disease were to become hampered because the public's confidence was so eroded as to cause frightened segments of the population to oppose and reject vaccines."

Mr. President, I yield to Mr. PROXMIRE any time he may need.

Mr. PROXMIRE. I thank the distinguished minority leader.

ON AMERICA'S FOOD SUPPLY—CONSEQUENCES OF A SOVIET NUCLEAR ATTACK TO KNOCK OUT THE ECONOMY

Mr. PROXMIRE. Mr. President, today I follow up my report on the CATO analysis of the consequences of a Soviet nuclear attack on this country by considering the effect of a U.S.S.R. nuclear attack designed to destroy our economy and its effect on the availability of food.

This study by Katz and Osdoby reports the following consequences:

The U.S. food system (production, processing, distribution) is both highly integrated and dispersed. Since food may travel 1,000 miles or more from production to consumer, the system depends very heavily on effective transportation and organization. For example, almost one-third of the population lives in counties that produce less than a 2-week supply of their grain needs, and half the population lives in counties with 2 months or less production capability. Approximately two-thirds of the Nation's food (as measured by calories) is produced in the north central tier of States from Indiana to Colorado, which themselves contain only about one-quarter of the population. Moreover, this system is dependent on petroleum (farm equipment), electricity (particularly dairy), and fertilizers and pesticides. If, for example, dairy farms lost electricity, many cows could not be milked adequately. Without proper milking, a cow would simply dry up in less than a week until it calved 9 months later. Finally, almost 90 percent of U.S. processing capacity (canning, baking, and packaging) would be in regions destroyed or severely damaged by the attack.

The severe limitation of energy supplies, particularly the large-scale loss (97 to 98 percent of petroleum refining capacity; the loss of key chemicals (such as pesticides and fertilizers) and the regional and national economic and social disorganization resulting from any size attack, would deeply affect the Nation's food supplies. The results of attacks A-1 through A-4 on the Nation's food distribution, processing, and production systems would be as follows. First, sufficient basic production capacity in most food categories in the midrange would survive because the Farm Belt is not directly attacked and fallout is not generated. There are real limitations on the use of this capacity, however, due to: Inadequate fuel for running farm machinery and transportation; disruption of electricity production through loss of fuel supplies and key workers; shortages of fertilizer and pesticides to maintain productivity because of the severe losses in petroleum refining and heavy damage to the related chemical industry; uncontrolled population migration and social disorganization, and possibly radioactive fallout. Second, because of widespread urban destruction the transport and distribution system would be severely disrupted, raising the possibility of a sufficient food supply but no effective means to distribute it. Regional maldistribution exacerbated by hoarding contains the seeds of profoundly disruptive political as well as survival problems. For example, in theory over 200 days of grain supply could be available; for the surviving population, however, there is no certainty that food would be permitted to leave the producing areas by lo[illegible]esidents. Third, food-processing in[illegible]ry losses of potentially 80 to 90 percent would lead to insufficient capacity even if supplies of raw foodstuffs were adequate, and cause spoilage and shortages.

Therefore, while mechanization, automation, and widespread use of chemical fertilizers and pesticides have made American food production comparatively very efficient, they have also created a situation in which large urban populations distant from their suppliers are totally dependent for food supplies on a system that is highly vulnerable to nuclear attack.

Finally, as we noted in the discussion of limited nuclear war, many other nations that depend on U.S. food production will be affected. A disruption or partial destruction of U.S. agriculture will have implications throughout the world food market, dramatically cutting supplies and increasing prices. For surviving supplier nations food could quickly become a major political weapon; for consumers it could become a focal point of desperate conflict in international affairs. From a humanitarian and political perspective this vulnerability is a serious concern.

Mr. President, tomorrow I shall continue reporting on this analysis by discussing the consequences of such a nuclear attack on the Nation's energy production.

AMERICAN JEWS AND THE HOLOCAUST

Mr. PROXMIRE. Mr. President, in the April 18 New York Times Magazine, Lucy Dawidowicz writes of American Jews' attempts to save their European brethren from wholesale massacre at the hands of the Nazis. In her article, "American Jews and the Holocaust," she describes the plight of the Rumanian Jews as an example of the futility of the American Jewish community's rescue attempts.

Rumania staunchly allied itself with Germany on the Eastern front. As a result of heavy losses at Stalingrad in the winter months of 1942-43, Rumania's dictator Ion Antonescu came to the realization that Germany might not win the war. In order to appear conciliatory to the West, Antonescu announced he would allow 70,000 Rumanian Jews to emigrate to Palestine. But he stipulated that Jewish organizations would have to pay $100 per Jewish head to defray travel expenses.

According to Dawidowicz, Antonescu's offer was reported in the New York Times, February 13, 1943. Jewish leaders negotiated for the Rumanian Jews' release in Bucharest, Washington, and London. Although Jewish organizations were prepared to deposit the money in a Swiss bank to prevent it from falling into enemy hands, the State Department withheld its approval. Finally on July 22, President Roosevelt approved an initial transfer or $25,000. But it was too late.

As soon as Antonescu had made his offer, Adolf Eichmann and the German Foreign Office insisted that the Jews not be released. The Mufti of Jerusalem, a Nazi sympathizer, also protested to Hitler that the Jews not be allowed to enter Palestine. So Antonescu reneged. The Rumanian Jews remained interned in Transnistria, where 100,000 had already died, until 1943, when Antonescu had a change of heart and allowed them to emigrate.

Mr. President, although interned in terrible conditions, these 70,000 Jews were the lucky ones, compared to the 6 million Jews who perished in concentration camps. Although American Jews were unable to prevent genocide from occurring, there is something that we, as U.S. Senators, can do about the international problem of genocide.

The Genocide Treaty, which declares genocide of an ethnical, national, racial, or religious group an international crime, was introduced in the United Nations in 1948, in the aftermath of World War II. In all, 85 nations have ratified the treaty, although the United States is not one of them. Is it now time for the United States to ratify the treaty, becoming the 86th nation to do so? I call upon my colleagues to act on this treaty now.

Mr. President, I thank the distinguished minority leader and yield the floor.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, we have an order to resume consideration of the bill at 9:15 a.m. I see no Senator seeking recognition at this moment.

If there is no objection by the minority leader, I suggest the absence of a quorum and ask unanimous consent that the time be charged equally against our remaining time.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

S. 2523—GUARANTEED STUDENT LOAN LEGISLATION

(Introduced by Mr. DOMENICI, for himself, Mr. HATFIELD, Mr. DOLE, and Mr. MCCLURE.)

Mr. DOMENICI. Mr. President, I rise today to introduce legislation that would reform the guaranteed student loan program. I am pleased that the distinguished chairman of the Appropriations Committee, Senator HATFIELD, the distinguished chairman of the Finance Committee, Senator DOLE, and the distinguished chairman of the Energy Committee, Senator MCCLURE, are joining me in this effort. Briefly, our proposal tightens income eligibility for the program, requires students to assume responsibility for 9 percent interest every year of the loan, and allows the Federal Government to provide greater assistance to our neediest students.

Currently, there is no income cap on eligibility for the program, and students are forgiven all interest costs while they are in school. The legislation we propose would maintain eligibility for graduate students, would keep the interest rate at 9 percent, and would keep the current origination fee at 5 percent. Our proposal is substantially different from the administration's budget recommendation and would provide loans for 550,000 more students.

Mr. President, our national economic crisis has required all of us to reexamine our priorities and our goals for the broad range of Federal activities. Many of us, who are strong supporters of a sound and robust national defense, have reached the conclusion that we must compromise on funding levels lower than we might otherwise support. Similarly, those of us who support entitlement programs designed to assure basic income and dignity for our less fortunate citizens understand that there are limits to the Nation's ability to increase expenditures for such programs. Loath as we are to forgo or postpone action on any of our national goals and aspirations, the state of our economy limits how much we can do. All of us must reevaluate priorities and make difficult choices.

The unfettered growth of entitlement programs is of particular concern to me. The continued escalation of entitlement spending has forced reductions in discretionary programs. It continually squeezes the choices available to the Appropriations Committee. In no area am I more concerned about the trade off between entitlement and discretionary programs than in the area of student aid.

Federal support for student aid is composed of one large entitlement, the guaranteed student loan program, and several discretionary appropriated programs—the Pell grants and the campus-based programs which allow colleges to help students they judge to be in need. The guaranteed student loan program provides financial assistance to students from all income groups, while the Pell grant and the campus-based programs are targeted on students from lower-income families.

The guaranteed student loan program is an entitlement. Expenditures for that program have increased by 3,000 percent in the last 5 years. Its growth rate has been faster than the growth rate of social security, medicare, or medicaid. It has grown faster than prices, faster than wages, faster than taxes—and its growth is clearly unsustainable. If the program is not reformed, the fiscal year 1983 cost will be $3.9 billion—growth of 34 percent over 1982—34 percent in 1 year alone.

In contrast, appropriations for the Pell grants and the campus-based programs—those programs most targeted on students who have the most restricted access to education—have declined in each of the past 4 years. This is not just a phenomenon of the past 1 or 2 years—but also of the years predating the Republican majority in the Senate and our recent attempts to bring the Federal budget under control. As the guaranteed student loan program has continued to grow, it has consumed resources that could have gone to the Pell grant program, college work-study, and other programs for the most needy students.

I know that many of my colleagues are tempted not to make any changes in the guaranteed student loan program. It is a popular program, and many of our friends, constituents, and even our own relatives benefit from it. However, I believe that the present priorities are fundamentally wrong. Broadly stated, I believe that it is our primary responsibility to preserve access to higher education for the broad range of students. We cannot afford to allow higher education to become available only to the more affluent students and families. America needs the talents and skills of all our young people in order to compete and prosper in the years ahead. We must work to preserve the programs that aid students who would otherwise be unable to attend any post-secondary institution. In this climate of limited fiscal resources, this means that we must also work to restrain the growth of the guaranteed student loan program, before that program absorbs all the available Federal resources for higher education. We must stretch the Federal dollar to serve as many students as possible.

My colleagues and I are offering today, Mr. President, a vehicle to reduce the escalating costs of the guaranteed student loan program. Under my proposal, graduate students would still be eligible for loans.

That is a major change from the administration's proposal. Suddenly eliminating aid to graduate students could have serious effects on students engaged in advanced studies of all disciplines, including scientific research and technological development. The reform we propose maintains eligibility for graduate students.

Mr. President, the second major element of my proposal is that students are required to assume responsibility for 9 percent interest for every year that they hold the loan, including the period that they are in school. Presently, loans are entirely interest free during the period that students are in school. I am certain that my colleagues agree with me that the difference between 9 percent interest and current market rates still represents a substantial Federal subsidy for the students. I do not propose to eliminiate Federal subsidy. Further, I propose that the actual out-of-pocket costs for students be deferred until after they leave school or graduate.

Claims and arguments have been made that the modest changes we are introducing today will shut down the program. These assertions are groundless. This proposal has been developed over many months of careful negotiations with students, college and university officials, banks, savings and loans, and State guarantee agencies. I have been encouraged to continue my efforts by many of these individuals, and I have received strong assurances that lenders will continue to participate in the program and to make loans to students. Students, parents, and families should not panic or suddenly change their plans due to the strong political rhetoric that they may be hearing from the Capitol. The program will continue and loans will be available.

The essence of my proposal, Mr. President, is not new. Historically, support for this reform has existed on both sides of the aisle. In 1980, Senator METZENBAUM, my distinguished colleague from Ohio, succeeded in amending the Higher Education Act reauthorization on the floor of the Senate to require students to pay 9 percent interest for every year that they hold a loan. He was successful in that effort and the Higher Education Act as passed by the full Senate that year contained that provision.

Presidents Carter and Reagan both recommended that students assume responsibility for 9 percent interest for every year of the loan. President Carter proposed this legislation as part of his fiscal year 1982 budget, and President Reagan also recommended this provision in his budget last year.

I remind my colleagues of this history, not to prove that this policy is necessarily the only appropriate policy that could be adopted regarding guaranteed student loans, but to remind them that the Senate has already endorsed this policy before us and that this is not a partisan issue. Individuals from both political parties who are concerned about the future of higher education in this country have recommended the kind of legislation that I am introducing today.

I urge my colleagues to thoughtfully consider what is being stated here today and to support this legislation. I look forward to receiving assistance and support from the distinguished chairman of the Labor and Human Resources Committee, Senator HATCH, and the distinguished chairman of the Subcommittee on Education, the Arts, and the Humanities, Senator STAFFORD. I am confident that we can all work together to preserve access to higher education for all of America's deserving young people.

I am pleased to have the distinguished cosponsors that I have, Senator HATFIELD, Senator DOLE, and Senator MCCLURE, and I thank them for joining me in this effort.

Mr. President, I ask unanimous consent that some explanatory material regarding the proposal incorporated in this bill be inserted in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPARISON OF MAJOR PROVISIONS OF THE CURRENT GUARANTEED STUDENT LOAN PROGRAM, THE ADMINISTRATION'S PROPOSAL, AND SENATOR DOMENICI'S PROPOSAL

	Current law	Administration's proposal	Senator Domenici's proposal
Program eligibility	Undergraduates and graduates	Undergraduates only	Undergraduates and graduates
Income limitation	Students from families whose adjusted gross income is over $30,000 are limited to borrowing their financial need	All students are limited to borrowing their financial need	Students from families whose adjusted gross income is over $25,000 are limited to borrowing their financial need. Students from families with adjusted gross incomes over $40,000 (adjusted for family size) may not borrow at all
Origination fee	5 percent of the loan	10 percent of the loan	5 percent of the loan
Interest rates	9 percent	9 percent for the first 2 yr after graduating, market rates after that	9 percent
In-school interest	Paid by the Federal Government	Paid by the Federal Government	Student is responsible for payment, but allowed to borrow the money up front

SAVINGS FROM DOMENICI GSL PROPOSAL [1]

[In millions of dollars]

GSL funding	Fiscal year 1983		Fiscal year 1984		Fiscal year 1985		Fiscal years 1983-85, outlays
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	
CBO baseline	3,903	3,687	4,345	4,311	4,050	4,158	12,156
Domenici proposal savings	-289	-144	819	684	1,290	1,173	2,001
Domenici proposal	3,617	3,545	3,519	3,622	2,750	2,975	10,142

[1] Based on CBO economic assumptions and assuming October implementation. If assumed interest rates are lower, savings will be greater.

Mr. DOMENICI. Mr. President, I send the bill to the desk and ask that it be printed in the RECORD and referred to the appropriate committee.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2523

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Guaranteed Student Loan Reform Act".

INSCHOOL INTEREST PAYMENT PROGRAM AUTHORIZED

SEC. 2. Part B of title IV of the Higher Education Act of 1965 (hereafter in this Act referred to as the "Act") is amended by inserting after section 427A the following new section:

"INSCHOOL INTEREST PAYMENT

"SEC. 427B. (a)(1) Each student who receives a loan for study at an eligible institution—

"(A) which is insured by the Secretary under this part;

"(B) which was made under a State student loan program (meeting criteria prescribed by the Secretary), and which was contracted for, and paid to the student, within the period specified by subsection (d); or

"(C) which is insured under a program of a State or of a nonprofit private institution or organization which was contracted for, and paid to the student, within the period specified in subsection (d), and which is insured under a program covered by an agreement made pursuant to section 428(b),

shall, in accordance with the provisions of this section, make an inschool interest payment on such loan to the eligible lender under circumstances described in paragraph (2).

"(2) (A) Each student who receives a loan described in clause (A), (B), or (C) of paragraph (1) shall—

"(i) provide to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

"(I) sets forth such student's estimated cost of attendance; and

"(II) sets forth such student's estimated financial assistance; and

"(ii) meet the requirements of subparagraph (B).

"(B) For the purpose of clause (ii) of subparagraph (A), a student qualifies for a loan made, insured, or guaranteed under this part if the adjusted gross income of such student's family—

"(i) is less than or equal to $25,000; or

"(ii) is greater than $25,000 but is less than or equal to $40,000, adjusted to the amount set forth in subparagraph (E), and the eligible institution has provided the lender with a statement evidencing a determination of need for a loan and the amount of such need, subject to the provisions of subparagraph (F).

"(C) For the purpose of paragraph (1) and this paragraph—

"(i) a student's estimated cost of attendance means, for the period for which the loan is sought, the tuition and fees applicable to such student together with the institution's estimate of other expenses reasonably related to attendance at such institution, including, but not limited to, the cost of room and board, reasonable transportation costs, and the costs for books and supplies;

"(ii) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subparts 1 and 2 of part A, and parts C and E of this title, any amount paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student, and any amount paid the student under chapters 32, 34, and 35 of title 38, United States Code, plus other scholarship, grant, or loan assistance; and

"(iii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) (ii) with respect to a student shall be calculated by subtracting from the estimated cost of attendance at the eligible institution the total of the expected family contribution with respect to such student plus any estimated financial assistance reasonably available to such student.

"(D) The Secretary shall submit a separate schedule of expected family contributions to the President of the Senate and the Speaker of the House of Representatives not later than the submission of, and in accordance with the procedures for, the proposed schedule of expected family contributions under section 482.

"(E) The maximum amount of adjusted gross income of a family of a student under clause (ii) of subparagraph (B) of this paragraph shall be the amount set forth in column 1 for a family with the number of dependents set forth in column 2:

"Column 1	Column 2
$42,000	2
$44,000	3
$46,000	4
$48,000	5
$50,000	6
$52,000	7
$54,000	8
$56,000	9
$58,000	10
$60,000	11.

If there are 12 or more dependents in a family, the maximum adjusted gross income limitation shall not apply. The number of dependents of a family for the purpose of this subparagraph shall be determined by the appropriate income tax return required to be filed under the Internal Revenue Code of 1954 for the taxable year prior to the calendar year in which the determination is made.

"(F) For the purpose of a student described in clause (ii) of subparagraph (B), the amount of the loan which is qualified for this part is the amount of the need of such student as determined by the eligible institution plus the amount of the estimated inschool interest payment required under this section, except that, if the amount of need is equal to or more than $500, but is less than $1,000, the amount of the loan which is qualified shall be $1,000 plus the amount of the estimated inschool interest payment required by this section.

"(b) Each student who receives a loan for study at an eligible institution described in clause (A), (B), or (C) of paragraph (1) of subsection (a) and who qualifies under paragraph (2) of subsection (a) shall pay to the eligible lender, from the proceeds of the loan, the estimated amount of inschool interest, determined under subsection (c), at the time the loan is disbursed.

"(c)(1) Except as provided in paragraph (3) of section 428(a), the portion of the interest on a loan which a student pays under this section shall be equal to the total amount of the interest on the unpaid principal amount of the loan which will accrue prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or in section 427(a)(2)(C); but, except as provided in paragraph (3) of section 428(a), such portion of the interest on a loan shall not exceed, for any period, the amount of the interest on that loan which is payable by the student after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his behalf for that period under any State or private loan insurance program.

"(2)(A) Based upon information supplied by the student, each eligible lender shall determine the estimated portion of the interest to be paid under this section from the proceeds of the loan.

"(B) Each eligible lender shall establish such procedures and accounts as may be necessary to carry out the inschool interest payment required by this section, including procedures for adjusting, as necessary, the inschool interest payment. The procedures required under this subparagraph shall provide for increasing the inschool interest payment made by student whenever the provisions of section 427(a)(2)(C) or section 428(b)(1)(M) applies to the interest on the loan. The procedures required under this subparagraph shall also provide for returning any portion of the inschool interest payment to the student whenever—

"(i) the student ceases to carry at an eligible institution at least one-half of the normal full-time academic workload as determined by the institution; or

"(ii) the repayment period of the loan begins prior to the anticipated date of the beginning of the repayment period.

"(d) The period referred to in subparagraphs (B) and (C) of paragraph (1) of subsection (a) shall begin on the effective date of the Guaranteed Student Loan Reform Act and end at the close of September 30, 1986, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his education program, such period shall end at the close of September 30, 1990.

"(e) Notwithstanding any other provision of this Act or any other law, the amount of the inschool interest payment made under this section shall be treated as unpaid principal for the purpose of the repayment of the loan by the borrower, except that no interest shall accrue on the inschool interest payment until the beginning of the repayment period.

"(f) Notwithstanding any other provision of this Act or any other law, the amount of the inschool interest payment made under this section shall be considered unpaid balance of principal for the purpose of section 438 of this Act, relating to the payment of special allowances.".

AGREEMENTS

SEC. 3. (a) Section 428(a)(1) of the Act is amended to read as follows:

"SEC. 428. (a)(1) In order to participate in the program authorized by this part, each student who receives a loan for study at an eligible institution which is described in clause (A), (B), or (C) of section 427B(a)(1) shall pay the inschool interest payment in accordance with section 427B.".

(b)(1) Section 428(a) of the Act is amended by striking out paragraphs (2), (3), (4), (5), and (6) of such section.

(2) Section 428(a) of the Act is further amended by redesignating paragraphs (7) and (8), and all references thereto, as paragraphs (2) and (3), respectively.

(c)(1)(A) Section 428(a)(3)(A)(i) of the Act (as redesignated by subsection (b)(2)) is amended to read as follows.

"(i) which is described in section 427B(a)(1);".

(B) Section 428(a)(3)(A) of the Act (as redesignated by subsection (b)(2)) is amended by inserting "inschool" before "interest".

(2) Section 428(a)(3)(B)(i) of the Act (as redesignated by subsection (b)(2)) is amended by striking out "on which an interest subsidy is payable under this section" and inserting in lieu thereof "which are described in section 427B(a)(1)".

(d) The matter preceding clause (A) of section 428(b)(1) of the Act is amended by striking out "entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments provided for in subsection (a)" and inserting in lieu thereof "enabling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization, to participate in the program authorized by this part".

(e) The heading of section 428 of the Act is amended to read as follows:

"AGREEMENTS WITH STATES AND NONPROFIT PRIVATE INSTITUTIONS AND ORGANIZATIONS".

MAXIMUN LOAN LIMITATIONS

SEC. 4. (a) Section 425(a)(1) of the Act is amended—

(1) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$2,500" in the matter preceding clause (A);

(2) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$5,000" in the matter preceding clause (A);

(3) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$2,500" in clause (A); and

(4) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$1,500" in clause (B).

(b) Section 425(a)(2) of the Act is amended—

(1) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$12,500"; and

(2) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$25,000".

(c) The matter preceding division (i) of section 428(b)(1)(A) of the Act is amended—

(1) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$2,500"; and

(2) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$5,000".

(d) Section 428(b)(1)(B) of the Act is amended—

(1) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$12,500"; and

(2) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$25,000".

(e) Section 428A(a)(1)(A) of the Act is amended—

(1) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$2,500";

(2) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$5,000";

(3) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$12,500"; and

(4) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$25,000".

(f) Section 428A(a)(2)(A) of the Act is amended—

(1) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$2,500";

(2) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$5,000";

(3) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$12,500"; and

(4) by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$25,000".

(g) Section 428B(b)(4) of this Act is amended by inserting "(plus the amount of the inschool interest payment under section 427B)" after "$2,500".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 5. (a)(1) Section 421(a)(3) of the Act is amended to read as follows: "(3) to provide for an inschool interest payment program for qualified students for loans described in section 427B(a)(1),".

(2) Section 421(a)(4) of the Act is amended by striking out "section 428(a)(1)(C)" and inserting in lieu thereof "section 427B(a)(1)(C)".

(3) Section 421(b)(2) of the Act is amended by striking out "for payments under section 428 with respect to interest on student loans and".

(b) Section 425(a)(1)(A) of the Act is amended by striking out "section 428(a)(2)(B)(i)" and inserting in lieu thereof "section 427B(a)(2)(C)(i)".

(c)(1) Section 428(b)(1)(A)(i) of the Act is amended by striking out "section 428(a)(2)(C)(i)" and inserting in lieu thereof "section 427B(a)(2)(C)(i)".

(2) Section 428(b)(1)(I) of the Act is amended by striking out "who is eligible for interest benefits under section 428(a) (1) and (2)" and inserting in lieu thereof "who is described in section 427B(a) (1) and (2)".

(3) Section 428(b)(2)(A) of the Act is amended by striking out "to determine the amount of the payment which he must make with respect to that loan" and inserting in lieu thereof "to carry out the provisions of this part with respect to that loan".

(d)(1) Section 428(b)(3) of the Act is amended by striking out "section 428(a)(2)(A)" and inserting in lieu thereof "section 428B(a)(2)(A)".

(2) Section 428B(c)(2) of the Act is amended by inserting after "part" a comma and the following "as in affect on September 30, 1982,".

(e) Section 430(d) of the Act is amended by inserting after "section 428(a)(4)" a comma and the following "as in effect on September 30, 1982,".

(f) Section 432(b)(2) of the Act is amended by inserting after "section 428" a comma and the following: "as in effect on September 30, 1982,".

(g) Section 434 of the Act is amended by striking out "section 428(a)(1)(C)" and inserting in lieu thereof "section 427B(a)(1)(C)".

(h) Section 435(a) of the Act is amended by striking out "section 428(a)(1)" and inserting in lieu thereof "section 427B(a)(1)".

(i)(1) Section 435(g)(3) of the Act is amended by inserting after "section 428(a)(1)" a comma and the following: "as in effect on September 30, 1982, and section 427B(a)(1)".

(2) Section 435(g)(4)(A) of the Act is amended by inserting after "section 428(a)(1)" a comma and the following: "as in effect on September 30, 1982, and section 427B(a)(1)".

(j)(1) Section 437(a) of the Act is amended by inserting after "section 428(a)(1)" a comma and the following: "in effect prior to October 1, 1982, or who has received a loan described in clause (A), (B), or (C) of section 427B(a)(1)".

(2) Section 437(b) of the Act is amended by inserting after "section 428(a)(1)" a comma and the following: "in effect prior to October 1, 1982, or who has received a loan described in clause (A), (B), or (C) of section section 427B(a)(1)".

(k)(1) Section 438(b)(1) of the Act is amended by inserting after "principal" in the parenthetical the following: "but including the inschool interest payment made under section 427B".

(2) Section 438(b)(4)(A) of the Act is amended by inserting after "section 428(a)" a comma and the following: "as in effect on September 30, 1982,".

(3) Section 438(b)(5) of the Act is amended—

(A) by inserting "as in effect on September 30, 1982" after "section 428(a)" in clause (A)(i);

(B) by striking out "or" at the end of clause (A)(ii)'

(C) by striking out "and" at the end of Clause (A)(iii) and inserting in lieu thereof "or"; and

(D) by inserting after subclause (iii) of clause (A) the following new subclause:

"(iv) on which an inschool interest payment is made under section 427B; and".

(4)(A) The first sentence of section 438(c)(1) of the Act is amended by inserting after "section 428(a)(3)(A)" a comma and the following: "as in effect on September 30, 1982,".

(B) The second sentence of section 438(c)(1) of the Act is amended by inserting after "section 428(a)(3)(A)" a comma and the following: "as in effect on September 30, 1982,".

(l) Section 487(b)(1)(C) of the Act is amended by striking out "section 428(a)(2)(A)(i)" and inserting in lieu thereof "section 427B(a)(2)(A)(i)".

(m) Section 431(d)(1) of the General Education Provisions Act is amended by inserting after "sections 428(a)(2) (D) and (E) and" a comma and the following: "as in effect on September 30, 1982, section 427B(a)(2)(D), and section".

EFFECTIVE DATE; TRANSITION PROVISIONS

SEC. 6. (a) The amendments made by this Act shall take effect October 1, 1982.

(b)(1) The holder of a loan with respect to which payments are required to be made under section 428 of the Higher Education Act of 1965 as in effect on September 30, 1982, shall be deemed to have a contractual right, as against the United States, to receive from the Secretary of Education the portion of interest which has been so determined. The Secretary shall pay this portion of the interest to the holder of the loan on behalf of and for the account of the borrower at such times as may be specified in regulations in force when the applicable agreement entered into pursuant to subsection (b) of such section was made, or, if the loan was made by a State or is insured under a program which is not covered by such an agreement, at such times as may be specified in regulations in force at the time the loan was paid to the student.

(2) There are authorized to be appropriated such sums as may be necessary for payments under section 428 of the Higher Education Act of 1965 as in effect on September 30, 1982.

(3) The provisions of paragraphs (1) and (2) of this subsection shall apply only with respect to loans made prior to October 1, 1982.

● Mr. HATFIELD. Mr. President, I rise to join my distinguished colleague, Senator DOMENICI in cosponsoring legislation to revise the guaranteed student loan program in an effort to curb its growth. This program is but one in a long list of those we must reevaluate to restrain their costs and therefore reduce the deepening Federal deficit.

I am happy to hear that my good friend from New Mexico, the chairman of the Senate Budget Committee, agrees with me in realizing that there must be budgetary constraints on defense as well as on the entitlement programs. I commend the Senator on his very able leadership and stewardship of the budget in these very trying times.

A large measure of the reason we are facing a fiscal crisis across the Nation is due to the runway costs associated with the entitlement and defense programs.

It is distressing to note that the mandatory spending programs, which include the entitlements, represent more than 60 percent of our Federal budget. When we add the mushrooming defense budget, we are left with an amount for all nondefense discretionary programs that is less than 9 percent of total Federal expenditures for vital areas such as education, health, research, and disease prevention, agriculture, transportation, energy, housing and so forth.

The guaranteed student loan program is but one of many entitlements with a growth rate that must be restrained. Failure to act will result in a continuing shrinkage of all discretionary programs to serve the economic and social well-being of our Nation. Our budget and appropriations processes will become little more than a check-writing operation to pay for these open-ended entitlement and burgeoning defense programs while the Federal deficit continues to grow.

The guranteed student loan program is the largest of the Federal student assistance programs, and is the only entitlement in the Department of Education. The other student aid programs, such as Pell grants, work study, and direct loans, are targeted principally on students from lower income families. The GSL programs serves low-income, middle-income, and often fairly well-to-do students. This bill is aimed at restraining loan volume by limiting the availability of loans to students above $40,000.

The escalating cost of the guaranteed student loan program is not only devouring resources that could be directed to the Pell grant and campus-based programs, but it is now beginning to threaten Federal support for elementary and secondary education programs as well. This year, the President requested a $978 million supplemental for the guaranteed student loan programs and rescissions totaling $960 million for the elementary and secondary education programs. Clearly, this tradeoff is unacceptable.

I am aware that expenditures for the guaranteed student loan program have increased by 3,000 percent in the last 5 years, which is a faster growth rate than those of social security or medicaid. If the program is not reformed, I understand the fiscal year 1983 cost will be $3.9 billion, constituting a growth rate of 34 percent in a single year.

I agree with my colleague from New Mexico that all students should have the opportunity for postsecondary education. As a former college professor and dean, I am acutely aware of the value of our Nation's diverse system of higher education. The diversity and breadth of our Nation's schools has strengthened higher education. The fact that students from all economic groups have been able to study at these institutions has been of great benefit to our Nation. We must strive to preserve the programs that insure access to higher education for students who would otherwise be unable to attend. America needs their talents to compete and prosper in the years ahead.

I am pleased to join Senators Domenici, Dole, and McClure on this legislation. The President has proposed several revisions to the guaranteed student loan program. While I commend the President for his efforts to reform the program, I am concerned about the effects of several of his proposals. For example, suddenly eliminating aid to graduate students could have serious adverse effects on advanced studies in all disciplines, including scientific research and technological development. The reforms we ultimately enact should maintain eligibility for graduate students.

While I realize there may be provisions in our bill needing further examination and refinement, I feel this effort represents a commitment to a responsible restraining of entitlements. It is a start, and I know Chairman Domenici joins me in our desire to obtain the assistance and support from the distinguished chairman of the Labor and Human Resources Committee, Senator Hatch, and the distinguished chairman of the Subcommittee on Education, the Arts, and the Humanities, Senator Stafford in perfecting a bill to address the financial needs of all deserving postsecondary students within the limitations of sound fiscal policy.●

ROUTINE MORNING BUSINESS

The **PRESIDING OFFICER**. Under the previous order, there will now be a period for the transaction of routine morning business.

FRAUD IN COMMODITY INVESTMENTS

Mr. **ROTH**. Mr. President, in February of this year, the Permanent Subcommittee on Investigations, which I chair, held hearings on the subject of fraud in commodity investments. It was shown that commodity fraud schemes account for customer losses of over $200 million a year, and are growing. Particularly susceptable to this fraud are those who can least afford to be cheated, such as retirees and other persons on fixed incomes. Subcommittee investigators discovered that well-organized criminal elements systematically create fraudulent operations, unfettered by the existing regulatory structure.

The Commodity Futures Trading Commission, empowered with exclusive regulatory jurisdiction over commodities trading, has neither the staff nor the resources to control commodity fraud. Yet, the Commission jealously guards its regulatory domain by preventing State officials from taking action to stop commodity fraud schemes operating in their States, despite their proven ability to do so.

As a result of these findings, I, together with Senators Rudman, Nunn, and Chiles, and Senators Proxmire, Stevens, and Murkowski, introduced a bill which we felt would provide more adequate regulation in this crucial area. Our bill, S. 2210, was designed to allow State authorities to devise commodity fraud operations. A special provision of S. 2210 would have granted State regulatory jurisdiction over certain contracts not traded on contract exchanges. These instruments, known as leverage contracts and dealer options, have enjoyed a curious exemption from State regulation for which we see no reason. The CFTC, which retains exclusive jurisdiction over these contracts, has failed to provide adequate rules to insure proper trading.

S. 2210 was not accepted by the Senate Agriculture Committee in its consideration of the CFTC reauthorization package. The bill which the Agriculture Committee has reported out, S. 2109, contains none of the substantive positions of S. 2210. However, the merits of our positions have not diminished.

Senator Rudman and I intend to propose an amendment to S. 2109 which would permit the States to exercise commodity antifraud jurisdiction. This jurisdiction would allow the States to proceed against fraud at the local level. The amendment would, however, prevent the States from devising regulations designed to usurp other regulatory powers of the CFTC. The amendment is drafted to insure that the States may not interfere with the legitimate industry, while at the same time allowing for swift and effective action where fraud is found. Only the fraudulent operators need fear this amendment.

Under this amendment, leverage and dealer options contracts may be fully regulated by the States. Although these contracts are now traded by only seven companies nationwide, the CFTC has evidenced neither the ability nor the desire to provide for proper regulation of these unique instruments. At the same time, the States are ready and willing to assume this responsibility. In light of the existing regulatory void, there is no reason to prevent the State authorities from providing protection to investors in their States.

We have also included a provision which would broaden the liability of persons who control other individuals who actually violate the Commodity Exchange Act. If these controlling persons have acted in bad faith or have directly or indirectly induced the violation, then the controlling person would also be liable for the underlying violation. S. 2109 now requires the CFTC to show both bad faith and inducement. We feel, in light of the extensive commodity fraud hearings conducted by the Permanent Subcommittee on Investigations, that requiring both criteria would create too high of a burden of proof and would be used as shield by fraud operators.

One area that our original bill, S. 2210, did not address was the concept of user fees, although this topic was covered extensively in the CFTC's original proposal. Despite the Commission's support, however, the Agriculture Committee totally dismissed the user fee concept.

Senator Rudman and I feel very strongly that the CFTC user fees should be effected and, therefore, offer a second amendment to S. 2109 which would impose a relatively small user fee on those who use and profit from the operation of the commodity markets. Under this proposal, fees will be charged to commodity traders for each side of a commodity trade. The fees will go to offset the funding of the CFTC. In this way, commodity traders will assume the primary responsibility for the regulation of their industry.

The commodity industry can well afford this role. The markets have enjoyed a growth rate of over 50 percent a year. Trading volume has nearly tripled in the last 5 years. This means hundreds of millions of dollars in commissions to the brokerage community, and equally huge income from the interest that the firms make on customer deposits.

The industry itself is composed, primarily, of the more sophisticated, wealthier investor. In fact, the average futures trader has an income of $63,680 with an overall net worth of $446,521. Furthermore, these traders have evidenced a willingness to pay brokerage fees and exchange trading fees. Thus, it seems particularly fitting that the industry assist in the financial costs of commodities futures regulation.

Our amendment provides for a user fee of 6 cents on each trade on a commodity market made by those who contribute to the funding the industry's self-regulatory programs, and 12 cents for each trade made by those who are not called upon to pay for the industry's efforts at policing itself. This fee is only a fraction of the cost of a postage stamp and will be borne by an industry that receives hundreds of millions of dollars in income each year from those markets. For other regulated commodity investments, namely, dealer options on commodities and leverage transactions, a $3 fee would be assessed when the investment is sold. The amendment, if enacted, would affect approximately one-half of the CFTC's operations. This, in addition to service charges and other sources of income to the CFTC, would relieve the taxpayers of most of the burden they now bear in paying for the regulation of a trillion dollar industry that caters to a limited clientele.

During consideration of the orginial version of S. 2109, which contained a similar provision, the Agriculture Committee expressed concern that a fee of 6 cents would sour the industry's interest in forming a nationwide self-policing body, the National Futures Association, which would also be funded by the industry and for that reason did not report the bill with a user fee provision. A 6 cent fee is not so burdensome as to cause such dire consequences. In fact, the lower rate for members of the NFA should encourage, rather than discourage membership.

These concerns are further negated when viewing the securities industry. Under current law, securities brokers and dealers must pay for the operations of the National Association of Securities Dealers (NASD), the only national securities association registered with the SEC. This fee requirement does not appear to have hampered NASD membership.

The fee that we propose is also inconsequential when compared to other fees that a trader pays in these markets. A fee of about $2 is paid to the exchange for floor execution of each trade; a commission of $50 or more is paid to the brokerage firm; and deposits made by the trader range from a few hundred dollars to several thousand dollars for each and every contract. An additional fee of a few pennies, as we propose, would hardly be noticed.

In recent years, the commodity industry has prospered while the CFTC has struggled under severe resource limitations. The CFTC budgets for the past 5 years have not even kept up with inflation, and its employment level has been virtually flat. It is headed on a collision course with fiscal reality.

We believe that the CFTC should be helped, not in the old ways which strained the Federal budget and overtaxed the public, but through greater support from the very industry whose reputation and credibility, and even its prosperity, depend so heavily on the existence of a strong regulator. Thus our amendment also includes increased CFTC authority to charge greater fees for services which are provided to the commodity industry, such as registration, audits and contract market approval. These service fees will shift even more of the costs of the CFTC from taxpayers to those commodity traders who receive more direct benefits.

The adoption of these two amendments would provide much needed antifraud powers to the States and funding for the CFTC while at the same time addressing the rampant growth of commodity fraud. I urge favorable consideration of these amendments by the Senate.

AIRLINE-GOVERNMENT SUMMIT CONFERENCE NEEDED

Mr. CANNON. Mr. President, Braniff's failure is a great disappointment and emphasizes the need for immediate action on my resolution (S. Res. 379) calling for an Airline-Government Summit Conference to discuss the very difficult economic condition of this entire industry. I introduced this resolution last month because of my concern about the recession's severe impact on airline passenger traffic in combination with the effects of the PATCO strike and a $7 billion increase in the industry's fuel bill.

Despite these economic traumas, the Government is continuing to pursue some short-term policies such as ticket tax increases and fuel import fees that could further add to the airlines' financial troubles. The fact that Government has gotten out of the business of telling airlines where they may fly and what they may charge is not synonymous with Government indifference to the airline industry's health and future, at least it is not for me. We can pursue Government policies that assist the airlines through this troubled period and that are not inconsistent with our belief in free enterprise. I am uging my colleagues and the administration to join me in supporting S. Res. 379 and voicing their commitment to help the companies and employees of the airline industry. My commitment to free enterprise and allowing businessmen to make their own marketing decisions is absolutely firm. I am equally committed to opposing the Nero philosophy of Government, so if I can help push the Government to examine its own policies and their potential negative impact on the airlines, I intend to pursue that effort vigorously.

Today's disastrous economy has business failures in general at a record high and is threatening several key, capital intensive industries in this country. It is time for this administration to accept its responsibility for the economy and to pursue realistic policies which reduce interest rates, reduce the deficit, and restore economic growth before major industry failures grow well beyond one airline company.

SENATOR DIXON RECEIVES NATHAN HALE AWARD

Mr. PERCY. Mr. President, earlier this month the Reserve Officers Association of the United States Department of Illinois bestowed its prestigious Nathan Hale Award on my distinguished colleague from Illinois, Senator Alan J. Dixon. Senator Dixon gave the keynote address at the department's convention on May 1, at the Chanute Air Force Base Officers Club in Rantoul, Ill.

In the short time Senator Dixon has been in the U.S. Senate he has exhibited a great deal of knowledge about the pressing defense requirements facing the Nation. He has spoken out for a stronger, more cost-effective national defense.

I have the highest regard for my colleague from Illinois. We have a tremendous working relationship that transcends our different political affiliations and brings, I believe, great credit to the citizens of that great State we both represent. Few other

States can boast of the strong bonds we share, the close relationship our staffs have, and the bi-partisan spirit with which we approach problems facing constituents from Illinois.

Mr. President, I ask unanimous consent that the remarks Senator Dixon gave following his being honored with the Nathan Hale Award be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Thank you very much for honoring me here tonight with the Nathan Hale Award. He and many others like him have paid the ultimate price for this country so that most of us have not had to. You do a worthwhile thing with this award by keeping alive this memory of that kind of devotion.

You also do a worthwhile thing by serving in the Reserve Forces.

During my campaign for the Senate in 1980, I said one of my goals if I were elected would be the upgrading of the Reserve and National Guard programs.

It is a goal we are still pursuing through some difficult economic times. But I do think my staff and I have been active in doing what we can.

For example, we have helped a Marine unit stay up at Glenview, rather than being disbanded.

We in the Illinois congressional delegation have worked to maintain or increase the use of Fort Sheridan.

We've visited bases and talked with reservists, and I hope you know we are as close as a telephone call or a visit.

There is little question that the Reserve and National Guard components represent a significant portion of the military strength of the United States—the figure is 40 percent.

That figure shows these forces are indispensable to the national defense.

We in the Congress must continue to work for the "total force" approach to military staffing. That means well-defined roles, the sensible assignment of equipment buys, and adequate support funding.

It also means continuing to improve recruiting and increase training time for both the Reserves and National Guard.

The decade of the 1980's will present us with hard choices in this country, but strong national defense based on a top-notch Active and Reserve military force must remain a top priority.

That military force must be capable of defending not only this country, but also of meeting our treaty obligations around the world.

Spending the taxpayers' money—and figuring out just what is available to spend—is about the only thing you hear about in Washington these days.

How we allocate that money is a difficult proposition, but I want to assure you I am aware of the needs of our Reserve Forces, and I'll do all I can to help you meet those needs.

Again, thanks for inviting me here tonight, thanks for this splendid award, and thanks for doing what you do for this country.

CONCLUSION OF MORNING BUSINESS

The **PRESIDING OFFICER**. Is there morning business? If not, morning business is closed.

DEPARTMENT OF DEFENSE AUTHORIZATION, 1983

The **PRESIDING OFFICER**. The Senate will now resume consideration of the pending business, which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 2248) to authorize appropriations for fiscal year 1983 for procurements, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe personnel strength for the Armed Forces and for civilian personnel of the Department of Defense, and for other purposes.

The Senate resumed consideration of the bill.

Mr. **TOWER**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **ROTH**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

UP AMENDMENT NO. 932

(Purpose: To express the sense of the Congress that the member countries of NATO must more effectively pool their resources for their common defense)

Mr. **ROTH**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The clerk will report.

The legislative clerk read as follows:

The Senator from Delaware (Mr. Roth), for himself, Mr. Glenn, Mr. Nunn, Mr. Heinz, Mr. Andrews, Mr. Ford, Mr. Garn, Mr. Armstrong, Mr. Cohen, and Mr. Kasten proposes an unprinted amendment numbered 932.

Mr. **ROTH**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new section:

Sec. . (a) The Congress finds that—

(1) the United States remains firmly committed to cooperating closely with its North Atlantic Treaty Organization (hereafter in this section referred to as "NATO") allies in protecting liberty and maintaining world peace;

(2) the financial burden of providing for the defense of NATO Europe and for the protection of the interests of NATO member States in areas outside NATO's geographic boundaries has reached such proportions that new cooperative approaches among the United States and its NATO allies are required to achieve and maintain an adequate collective defense at acceptable costs;

(3) although the NATO member countries collectively possess more than half again as many people as and more than twice the gross national product of the Warsaw Pact countries, the loosely organized defense efforts of the fourteen armed nations of the North Atlantic Alliance produce a collection of national military forces that is qualitatively uneven, quantitatively inferior, and has only a limited ability to rearm, repair, reinforce, support, supply, or even communicate with one another;

(4) the need for a credible conventional deterrent in Western Europe has long been recognized in theory but has never been fully addressed in practice, largely because of the existence for many years of United States nuclear superiority in Europe;

(5) United States nuclear superiority in Europe has now been lost, leaving European, Canadian, and American forces in Western Europe more vulnerable to the threat of attack by the overwhelmingly superior conventional forces of the Warsaw Pact countries;

(6) a more equitable sharing by member countries of the North Atlantic Treaty Organization of both the burden and the technological and economic benefits of the common defense would do much to reinvigorate NATO with a restored sense of unity and common purpose;

(7) NATO's duplicative defense-industrial system and inadequate collective conventional deterrent do not provide the Soviet Union with incentives to agree to meaningful and mutual arms reductions; and

(8) a decision to pool the enormous technological, industrial, and economic resources of NATO member countries will not only lead to lower than otherwise necessary defense costs, but will provide a powerful inducement for the Soviet Union to enter into a meaningful arms reduction agreement so that both Warsaw Pact countries and NATO member countries can devote more of their energies and resources to peaceful and economically more beneficial pursuits.

(b) It is the sense of the Congress that—

(1) the President should propose at the summit meeting of the heads of government of the member countries of NATO, scheduled to take place in June 1982 in Bonn, Federal Republic of Germany, that the NATO allies of the United States join the United States in agreeing to—

(A) pool their defense efforts and resources to create, at acceptable costs, a credible, collective conventional force for the defense of the North Atlantic Treaty area;

(B) establish a cooperative defense-industrial effort within Western Europe and between Western Europe and North America that would ultimately reduce the otherwise necessary defense costs of the United States and other NATO countries, by providing a larger production base while eliminating unnecessary duplication of defense-industrial efforts;

(C) share, equitably and efficiently, the financial burdens, as well as the economic benefits, including jobs, technology, and trade, of NATO defense; and

(D) begin negotiations promptly to establish the strategies, structures, policies, and programs to give full effect to the agreements described in clauses (A) through (C); and

(2) to assure the NATO allies of the United States that the policy described in paragraph (1) has the full support of the American people, the President should work with the Congress in developing the implementing strategies, structures, policies, and programs, and should present such agreements with the European members of the Alliance voting on a united and collective basis, and with Canada, to the Congress for approval.

Mr. ROTH. Mr. President, the amendment that my distinguished colleagues, Mr. GLENN and Mr. NUNN, and I have submitted calls on the President to propose, at the NATO summit this June, that serious negotiation begin on creating a NATO-wide defense industrial system.

This amendment has been cosponsored by Senators FORD, GARN, ARMSTRONG, COHEN, ANDREWS, HEINZ, and KASTEN.

The idea of combining the talents, resources and energies of the free peoples of the West is, of course, not new. It lies at the heart of the original purpose for which NATO itself was formed. But in practice neither NATO as a military organization, nor the defense industries supporting it have functioned as unified and integrated systems.

There is, in short, less to NATO than meets the eye.

On paper, NATO looks impressive. In terms of numbers of people under arms, and total amount spent on defense, the West would appear to be more than adequately strong to meet the Warsaw Pact threat.

But the statistics hide a grim reality. As a military force, NATO actually functions as a collection of 14 separate national defense efforts.

Each member determines what it will buy and when it will buy it. Consequently, NATO forces are quantitatively uneven and qualitatively inferior to the Warsaw Pact. They have only a limited ability to rearm, repair, reinforce, support, supply, or even communicate with one another. One could almost say that NATO equipment is a hodge-podge of custom-built parade pieces.

Similarly, the NATO defense industrial base is fragmented into wasteful and duplicative national efforts. Each of the 14 NATO nations with armed forces tries to maintain some kind of defense industry, despite gross inefficiencies of scale.

Mr. President, NATO can no longer afford to live in a make-believe world of giving complacent lip service to allied cooperation, while its individual members pursue divergent and even conflicting defense policies.

A number of developments are converging to render current strains in NATO qualitatively different from those that have erupted in the past. In fact, the situation is so serious that I fear that if something dramatic is not done soon, the security system that has kept the peace and provided the baseline for prosperity in Western Europe will collapse in the not too distant future.

First, the relentless growth in Soviet military power is driving the industrial democracies apart, rather than bringing them together to meet the common threat. Soviet strategic parity with the United States and nuclear superiority in Europe has caused many Europeans to doubt the American commitment to European defense. They simply do not believe that the United States would risk New York to save Berlin.

Yet the Europeans remain as reluctant as ever to bear the costs of fielding a credible conventional deterrent. An apparently growing number are even seeking refuge in neutralism, and in unilateral disarmament.

Other Europeans seem to want to go well beyond détente in seeking economic ties to the Eastern bloc. Concerns that accommodation may bring costs to European independence are ignored or downplayed as cold war-mongering.

On this side of the Atlantic, these events in Europe have begun to generate a blacklash. The question being asked with increasing frequency is: "Why should the United States defend those who will not defend themselves? Or worse yet, why should the United States defend those who do not want to be defended?"

These questions are being asked against the backdrop of the already astronomically high, and still escalating costs of defense.

Calculations concerning general purpose forces are difficult to make. Nevertheless, it has been estimated that more than 60 percent of the defense budget will be spent on defending Western Europe. And given a reasonable projection of cost growth, Western Europe will probably cost us $2¼ trillion in the next decade.

According to a recent Heritage Foundation study, the cost of major weapons systems has been rising at about 10 percent per year, as measured in constant dollars. Obviously, the NATO target of 3-percent annual real budget increases will not even keep pace with cost growth.

In fact, the pressure of rising defense costs is compelling some NATO countries to drastically cut their defense industrial capabilities. This trend is so serious that one analyst has termed it the "structural disarmament" of the West. Formerly significant producers of first class military equipment such as Great Britain are retrenching. Were it not for sales to the Third World, especially to OPEC countries, Britain and France might be virtually out of the modern defense equipment business.

The demise of Western Europe defense industries would not, as some might think, lead to a commensurate increase in the sales of American military equipment to our Allies. Rather, it will lead to a progressive decline in total Allied military strength as the Allies simply procure less and less.

There are a number of reasons defense costs have skyrocketed. But one of the most important is that too many countries are making the same sorts of things, and there is too much duplication of research and development. In other words, we are not getting the maximum return on our defense dollar investment.

NATO forces today have seven kinds of tanks; and six separate communications systems are under development. Other equipment is equally nonstandardized. This short-sighted approach means that production runs are too short to sustain output at acceptable costs.

In this country, 8 of the 13 production lines building Navy aircraft, for example, are turning out fewer than 20 planes a year. Three of these lines will each produce in fiscal year 1983 only six aircraft. This has led to what the Senate Armed Services Committee, under the very able leadership of the distinguished Senator from Texas, Mr. TOWER, has correctly termed "exorbitant unit costs and wasted resources."

Pooling the West's financial, technological and industrial resources in a meaningful fashion would not magically whisk away all our defense problems. We must also abandon our penchant for confusing complexity with effectiveness, and for funding every program on the Pentagon's "wish-list." We need much stricter prioritizing among alternatives. We need to take a close look at the organization'and structure of our own Armed Forces. And we badly need to streamline our procurement procedures.

But a broader-based NATO system would make a major contribution to bringing down costs over time. Eight years ago, one expert, Thomas C. Callaghan, estimated that removing unnecessary duplication would result in $10 billion in yearly savings. How much would be saved by larger production runs would depend on what requirements NATO identified. But clearly they would be in the tens of billions of dollars. Competition for defense contracts would be broadened and deepened. New talents and skills would be tapped to assure the best possible results at the least possible costs.

The prospect of lower costs would, in turn, facilitate the creation of a truly effective and credible collective conventional deterrent. Western Europe could be treated as a single geopolitical entity. NATO forces would become far better integrated through using common and interoperable weapons systems.

Perhaps even more importantly, a decision to pool the West's defense would infuse NATO with a restored sense of unity and common purpose. Both the financial burdens and the benefits of jobs, technology, and trade would be shared more equitably. The Europeans would have greater access to our market, but in return, they would have to maintain larger and more powerful conventional forces which would be procuring much of their equipment from American producers.

In fact, the larger NATO-wide market would provide American subcontractors in particular with new business opportunities. This is a particularly important point because one of the most serious defense-industry problems is the shrinking subcontractor base.

And finally, a NATO-wide defense-industrial system would provide the Soviet Union with a powerful incentive to agree to meaningful arms reductions. The West's fragmented and inefficient system has no doubt contributed to the Soviet belief that the so-called correlation of forces has tipped in their favor. Let us disabuse the Soviets of this notion. Let us demonstrate conclusively that our system of democracy and free enterprise cannot only outperform the Soviet system economically, but can also provide a viable and permanent collective defense.

In so doing, we will demonstrate to the Soviets the futility of trying to engage the combined West in a futile arms race. No responsible democratic government can place its faith in the willingness of the Soviet Union to abide by the rules of good international behavior. But at the same time, it is clearly in the interests of both sides to explore all avenues by which the enormous burden of defense expenditures can be reduced.

The adoption of this amendment would be a clear signal to the President, to our allies, and to the Soviet Union that the Congress rejects unilateralism. I have received a letter from the administration that indicates that such an expression would be highly welcome. I will just read the relevant passage from a letter to me from Mr. Duberstein:

> Although the Administration shares your interest in increasing arms cooperation with our allies and has taken positive steps to do so, until the climate of Congress would support stronger initiatives, we hesitate in proposing such an undertaking at the NATA Summit.

This amendment provides just such assurances. Backed by strong congressional resolve, the President could go to NATO with a positive and far-reaching proposal that would do much to reestablish lagging American leadership.

The specific shape of the system would emerge from negotiations that will undoubtedly be arduous. Special interests in all countries will have to be persuaded that they will benefit in the longer term from a much larger market. National differences in practice and in philosophy will have to be reconciled. Agreements on strategies, structures and programs would have to be hammered out in a multisided negotiating crucible.

But the NATO nations would not come to these talks bereft of experience. The multilateral trade negotiations can provide a useful model. As in the MTN's, business, labor, and the Congress should be consulted at every stage. The Congress would of course have to enact implementing legislation, as well as approve any agreement. There will be, in short, many safeguards.

The NATO nations have also in recent years made some progress in enhancing armaments cooperation on an ad hoc basis. Much of this progress is due in no small measure, I might add, to the efforts of my distinguished cosponsor, Mr. NUNN. No one is more aware than he just how difficult it is to get the NATO democracies to pull together on the same oar in the same direction.

Nevertheless, there now exists a track record of experience, according to a letter I have received from Presidential Assistant Kenneth Duberstein, there are now 11 memorandums of understanding between the United States and other NATO countries providing for coproduction or other forms of armaments cooperation. Within NATO committees have been established to promote standardization, interoperability or commonality of weapons.

These are all welcome steps in the right direction. But these measures are either very limited in scope, or are essentially bilateral in nature. They do not fit into a comprehensive political or institutional framework. They are essentially piecemeal attempts to deal with the much larger problem: how to preserve the alliance by providing for our common defense at acceptable costs.

This amendment on NATO defense-industrial cooperation is, of course, not a panacea for all of NATO's ills. Nor would its implementation be easy. But it is an important and dramatic step toward bringing the NATO nations back together to address our common security concerns in concert.

It is time to drop the "no trespassing" and "keep out" signs from our defense industrial policies. If the industrial democracies are going to preserve our shared values and way of life in the last 20 years of this century, we simply must pull together.

Mr. President, I yield the floor.

Mr. TOWER. Mr. President, I want to thank the Senator from Delaware for his initiative on an extremely important matter. I have some reservation about dealing with this matter on the Senate floor as an amendment to the Department of Defense authorization bill. There have been no hearings held on it in the Armed Services Committee. I think perhaps the matter is under advisement in the Foreign Relations Committee. There is some question as to jurisdiction, as to where it might belong, whether in the Armed Services Committee or in the Foreign Relations Committee. We will not attempt to resolve that here.

We have talked a great deal in the Armed Services Committee over the years about standardization and interoperability, and about some better, more efficient and rational utilization of the defense industrial capabilities of the various NATO countries.

It is a matter on which we would like to hold hearings, but I would have to agree that timeliness is of the essence in this particular instance, with the NATO summit occurring in June. Therefore, I think we are justified in considering this legislation in this bill. Absent the time constraint, perhaps this amendment might be better considered later.

We are prepared to support this amendment, but I would like to say to my colleagues that if we support this we better understand what we are doing because we are talking here about a "two-way street" in defense procurement. We cannot expect West European nations to purchase all of its defense requirements in the United States. We are going to have to purchase things from them. If we are going to preserve in the various European capitals a political climate which supports increased defense spending, which we have urged our NATO partners to do, we are going to have to be willing to make some purchases from those countries.

I would point out that in the 5 years previous to last year, NATO Europe bought on the average six times as much military hardware in the United States as the United States purchased from NATO Europe. For 1980, NATO Europe purchased nine times as much military hardware from the United States as the United States purchased from it.

We are going to have to understand that we are going to have to give these people some offsets in terms of U.S. purchases from them, or the political climate in those countries for support of high defense spending will deteriorate and we might, in effect, strangle the goose that lays the golden egg. I anticipate that there will always be an enormously favorable trade balance for the United States in terms of the sale of arms between and among the NATO partners.

It is always going to be in our benefit because we have a bigger industrial base. We have a bigger capability. We can produce a greater quantity, and therefore it is logical that we could expect that we will sell more to them than they will sell to us.

There are two amendments pending to this bill that we should think very seriously about in terms of their impact on what we are trying to do with this amendment.

One amendment would restrict the purchase of military equipment from Europe that contains certain specialty metals.

I might say that they purchase more equipment from us with specialty metals than we purchase from them. But, because of some recession in the steel industry in this country, some people think we ought to restrict specialty metal imports, when what we, in fact, might be doing is jeopardizing millions of dollars of purchases from this country for $4 million or $5 million of U.S. purchases abroad.

Another amendment concerns administrative-use vehicles for U.S. military forces. There are informal agreements that we will purchase administrative-use vehicles from the British, the Germans, and Italians as a partial offset of their enormous defense purchases from us.

If we pass the amendment today that restricts U.S. purchases of administrative vehicles from Britain, Germany, and Italy, we are going to create a political problem for friendly governments. There is going to be pressure on them in their respective parliaments and among their constituents to reduce their purchases from the United States. Just for the sake of a few hundred jobs in this country, we might be risking thousands. For the sake of a few million in military sales, we may be risking billions in purchases by the Europeans from the United States. We must understand that; that if we really believe in rationalization, standardization, and interoperability, we have to also believe in the "two-way street." Our Secretary of Defense has to be able to conclude deals with our NATO allies for occasionally purchasing some equipment which they produce efficiently and well and in good quality as only a partial offset of what they buy from us.

The Italians are really in a difficult position, for example, because they purchase a very great deal from the United States. We purchase virtually nothing from them in the way of military hardware. It has created a political problem there for a friendly government and threatens enormous dollar sales from the United States to Italy.

We must not proceed willy-nilly. We have to use good judgment. In passing protectionist legislation here, we better understand the consequences of what we do. For maybe the sake of saving a few jobs over the short term, we might be risking thousands of jobs in the United States and billions of dollars.

I commend the Senator from Delaware for this initiative. It is the right initiative. I hope that we can proceed with greater rationalization, standardization, and interoperability. As he points out, there are several different types of tanks, several different types of aircraft, several different types of communications gear, and I think we need to move in that direction.

I think our European friends will support us if we are prepared to.

As a matter of fact, they talk constantly about what they call RSI—rationalization, standardization, and interoperability—in the various seminars I have attended over there. They seem to be more conscious of the need to move in that direction than we do. So I am glad that this has been proposed to reflect our own consciousness on this matter.

For my part, I support and am prepared to accept the amendment offered by the Senator from Delaware.

It is my understanding that the Senator wants a record vote on it. I hope that there will be a strong show of support in the Senate. If it passes only marginally or fails, it will be an empty-handed President who would go to the June NATO summit, the Senate having rejected the notion of rationalization, standardization, and interoperability.

I ask my colleagues to think of the consequences of their votes. I hope that we will have a strong manifestation of support for this amendment. I hope it will be a unanimous manifestation of support for this amendment.

My friend, the distinguished ranking member, is not on the floor. It is my understanding that this measure has been cleared with him.

I see the distinguished Senator from Washington on the floor. Perhaps he might enlighten us on the position on the minority side.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I am informed that the minority side does support the amendment. There have been some minor changes. It is my understanding that it is supported on the other side, and Senator GLENN and Senator NUNN had a hand in the formulation of this amendment.

Therefore, I yield to Senator JACKSON at this time for any comments he may have.

Mr. JACKSON. Mr. President, I support the amendment, and I know of no objection on this side of the aisle.

The amendment does address a problem we have had for many, many years, ever since NATO came into being in 1949. This, of course, relates, among many other things, to the need to standardize weapons.

I believe that the amendment is most appropriate in light of the fact that the President will be meeting with the leaders of NATO later, in the month of June. This amendment does not tie his hands. Basically, it expresses the very things that the President certainly will want to have on the agenda in his meeting with the NATO leaders.

So I hope that the Senate will adopt this amendment. I am sure it will be a unanimous vote.

Mr. TOWER. Mr. President, I am aware that the amendment offered by Senators ROTH, GLENN, and NUNN was introduced on May 3, 1982, as a separate resolution which was referred to the Senate Foreign Relations Committee.

I also recognize that the distinguished chairman of the Foreign Relations Committee had intended to address this resolution during committee hearings on NATO to be held later this session.

I ask the chairman of the Foreign Relations Committee to set aside any objections that he might have to this amendment on jurisdictional grounds. The substance of this amendment—improved defense cooperation in the North Atlantic Alliance—is one in which both the Foreign Relations and Armed Services Committees have a substantial interest.

I would offer to have the two committees work together in the next several weeks and during Conference Committee action on this bill to strengthen this sense of the Congress resolution.

Mr. PERCY. Mr. President, I would have preferred that the Foreign Relations and Armed Services Committees would have had time to hold hearings on this resolution to clarify the concepts presented. However, I recognize that the resolution is time sensitive, being oriented to the June NATO Summit.

I agree that both the Foreign Relations and Armed Services Committees have a coordinate interest in this topic. I appreciate the proposal that the two committees work to improve this resolution, if necessary, over the next several weeks.

With this agreement, I support the amendment offered by Senators ROTH, GLENN, and NUNN.

Mr. TOWER. I thank the chairman of the Foreign Relations Committee for his cooperation on this important matter.

● Mr. GLENN. Mr. President, I am pleased to join my colleagues from Delaware and Georgia in raising this issue, which I firmly believe could lead to both a more effective and a more reasonably priced NATO defense system.

This amendment calls on the President to propose at the June NATO summit that our allies in that alliance begin in earnest to effectively pool their vast resources—those human, technological, and financial assets which provide the basis for our common defense.

For too long, NATO has relied upon the American nuclear deterrent to the neglect of conventional forces. Indeed, the present NATO system has permitted Western Europe to get by on the cheap. It functions as a loosely knit collection of national defense efforts, which is a highly inefficient way to operate. Reliance on the American nuclear superiority has permitted, if not encouraged, our allies to adopt defense industrial policies inspired more by concerns of their internal economic needs and issues of national prestige, rather than to focus their efforts on the real needs of our common defense. But the rules have changed. The Soviet Union has changed them, and NATO had best address the reality of Russia's challenge.

Mr. President, the Soviets have attained parity with our strategic nuclear superiority that once existed over Europe. The Soviets have fashioned a vast ability to project military power around the globe. What their challenge means is that the industrial democracies of the West must get their act together, as the saying goes, and fashion a more cooperative defense industrial system—one that will also help to bring down the costs by eliminating fragmentation and duplication and by providing for larger, more productive production systems.

The advantages of a more cooperative, more equitable sharing of the burdens and benefits of the alliance will help strengthen NATO in numerous ways. It will send a strong signal to the Soviet Union, helping to encourage the Soviets to participate seriously in arms reduction.●

● Mr. GRASSLEY. Mr. President, I feel that my vote against the amendment offered by the Senator from Delaware (Mr. ROTH) needs a word of explanation. I am not opposed to cooperating with our allies politically and militarily, nor do I oppose greater standardization of military equipment. I wonder, though, if the Roth amendment doesn't carry a good thing a bit too far. In other words, I believe there is a right way and a wrong way to do things. The right way to bring about standardization of NATO equipment is through industrial cooperation, not industrial integration. In reading the amendment, it seems to me that it leans too much toward the latter, to the point where I am concerned at the implications for maintaining our independent defense industrial base.●

Mr. TOWER. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Colorado (Mr. ARMSTRONG), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Kansas (Mrs. KASSEBAUM), and the Senator from Nevada (Mr. LAXALT) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from New York (Mr. MOYNIHAN), the Senator from Rhode Island (Mr. PELL), and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

The PRESIDING OFFICER (Mr. BRADY). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 87, nays 1, as follows:

[Rollcall Vote No. 108 Leg.]

YEAS—87

Abdnor
Andrews
Baker
Baucus
Bentsen
Boren
Boschwitz
Bradley
Brady
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
East
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Helms
Humphrey
Inouye
Jackson
Jepsen
Johnston
Kasten
Leahy
Levin
Long
Lugar
Mathias
Mattingly
McClure
Melcher
Metzenbaum
Mitchell
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Zorinsky

NAYS—1

Grassley

NOT VOTING—12

Armstrong
Biden
Heinz
Hollings
Huddleston
Kassebaum
Kennedy
Laxalt
Matsunaga
Moynihan
Pell
Sarbanes

So the amendment (UP No. 932) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, if I may have the attention of the Senate for a moment, this is going to be a long, long day. I estimate we will be in at least until midnight. There are a great number of amendments to be dealt with. I thank all Senators for getting an early start. I understand another amendment will be ready soon.

I wish now to tell Senators that I think it is important that we try to be at or on the floor or near the floor so as to be ready to vote within the timeframe allotted. It has nothing to do with our count on yesterday. If we have 15 or 20 votes today, we had better try to do them in that time.

Mr. STENNIS. Mr. President, will the Senator yield to me?

Mr. BAKER. I yield to the Senator from Mississippi.

Mr. STENNIS. In keeping with that problem just stated, maybe some of these amendments will be just as effective if we do not have a rollcall vote and consume all the time. We can have good explanations, and we can call for a voice vote. I thought perhaps the leadership, all the way around, could carry out that possibility. As a member of the minority I just bring it up and encourage it.

Mr. TOWER. Mr. President, will the majority leader yield to me?

Mr. BAKER. I yield.

Mr. TOWER. It is my intention, in cooperation with my distinguished colleague, the ranking member, Senator STENNIS, to dispose of as many amendments by voice vote as possible. However, quite a few of these amendments the committee regards as meritorious, and we believe we can accept, so we will not consciously have a surfeit of rollcall votes. But certainly there are some that should be disposed of by rollcall votes, and will be.

Mr. BAKER. Mr. President, I yield now to the Senator from Utah.

UP AMENDMENT NO. 933

(Purpose: expressing the sense of the Congress that members of the National Guard of the United States and the Reserve Forces of the Armed Forces of the United States deserve public recognition for their vital contribution to our national defense and that members of these forces need the support and cooperation of their civilian employers in order to train and remain ready to respond to national emergencies)

Mr. GARN. Mr. President, I send to the desk an amendment expressing the sense of the Congress that members of the National Guard of the United States and the Reserve Forces of the Armed Forces of the United States deserve public recognition for their vital contribution to our national defense. It is a noncontroversial amendment.

I listed 51 cosponsors to be sent with the amendment to the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Utah (Mr. GARN), for himself, Mr. HAYAKAWA, Mr. LEAHY, Mr. GOLDWATER, Mr. RANDOLPH, Mr. TSONGAS, Mr. HOLLINGS, Mr. MITCHELL, Mrs. HAWKINS, Mr. MURKOWSKI, Mr. NICKLES, Mr. STENNIS, Mr. CHILES, Mr. SARBANES, Mr. ROTH, Mr. PROXMIRE, Mr. FORD, Mr. EXON, Mr. ABDNOR, Mr. STAFFORD, Mr. INOUYE, Mr. BURDICK, Mr. MATTINGLY, Mr. LUGAR, Mr. HUDDLESTON, Mr. CANNON, Mr. KASTEN, Mr. HEFLIN, Mr. PRESSLER, Mr. ANDREWS, Mr. PERCY, Mr. THURMOND, Mr. JOHNSTON, Mr. WALLOP, Mr. COHEN, Mr. HATCH, Mr. LAXALT, Mr. WARNER, Mr. SCHMITT, Mr. D'AMATO, Mr. DURENBERGER, Mr. SYMMS, Mr. HUMPHREY, Mr. JEPSEN, Mr. BRADLEY, Mr. DOLE, Mr. HARRY F. BYRD, Jr., Mr. STEVENS, Mr. GRASSLEY, Mr. BUMPERS, Mr. COCHRAN, Mr. NUNN, and Mr. TOWER proposes an unprinted amendment numbered 933.

Mr. GARN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, add the following:

Since the National Guard and Reserve Forces of the United States are an integral part of our total force policy for national defense and need to be ready to respond, on short notice, to augment our Active Forces in national emergencies;

Since attracting and retaining sufficient numbers of people to serve in the Guard and Reserve in a no-draft environment is a difficult challenge; and

Since the support of employers and first-line supervisors to grant reservist-employees time off for military training without detriment to earned vacation, promotions, and job benefits is essential for securing a strong Guard and Reserve Force: Now, therefore, be it

Declared, That it is the sense of the Congress that the citizen-military volunteers who serve our Nation as members of the National Guard and Reserve require and deserve public recognition of the role they play in our national security, and particularly the support and cooperation of their civilian employers, in order to be fully ready to respond to national emergencies.

SEC. 2. The Congress urges all citizens, including employers and firstline supervisors of employees who are members of the National Guard or Reserves of the United States, to recognize the vital need for a trained, ready National Guard and Armed Forces Reserve in our national defense and to abide by the Veteran's Reemployment Rights Act by granting time off for military training exclusive of earned vacation and also grant them equal consideration for job benefits and promotions as all other employees.

Mr. TOWER. Mr. President, Senator GARN has discussed this matter with both Senator STENNIS and myself. We think the amendment has great merit and should be passed, and on behalf of the majority I am prepared to accept it.

I yield to my distinguished friend from Mississippi.

Mr. STENNIS. Mr. President, I am familiar with this amendment and I commend the authors of it heartily. I think it is a recognition of the Guard and Reserve and they will really appreciate it. I am glad to join in.

Mr. GARN. I thank my colleagues.

The PRESIDING OFFICER. Is there further debate?

Mr. GOLDWATER. Mr President, will the Senator yield?

Mr. GARN. I will be glad to yield.

Mr. GOLDWATER. Am I one of the cosponsors?

Mr. GARN. If you are not, I ask unanimous consent, Mr. President, that Senator GOLDWATER be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. I thank the Senator for making this recognition of the Guard and Reserve possible. I spent 37 years of my life in the Guard and Reserve, and I cannot speak too highly of these men who really contribute as much to our regular forces as the regular forces themselves.

I know I am speaking to a man who like myself served long in the Guard.

Mr. GARN. I thank the Senator from Arizona.

Mr. TOWER. Mr. President, I am delighted to note that Senator GOLDWATER has spent 37 years in the Guard and Reserve. I have even more time. I have spent 39 years in the Naval Reserve, and I commend Senator GARN for his amendment and I am delighted to accept it.

Mr. GARN. Mr. President, may I say that I am happy to observe that I am not old enough to have served as long as either one of my distinguished colleagues. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah.

The amendment (UP No. 933) was agreed to.

Mr. GARN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 934

(Purpose: To require a report on the adoption of a maneuver style of warfare)

Mr. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr HART) proposes an unprinted amendment numbered 934.

Mr. HART. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the committee substitute, insert a new section as follows:

REPORT ON MANEUVER WARFARE CONCEPTS

SEC. . (a) Not later than January 1, 1983, (1) the Secretary of the Army shall submit a written report to the Committees on Armed Services of the Senate and the House of Representatives on the extent to which maneuver warfare concepts are being or have been incorporated into the policies and training of the Army, and (2) the Secretary of the Navy shall submit a written report to such Committees on the extent to which such concepts are being or have been incorporated into the policies and training of the Marine Corps. Each such report shall explain the manner in which such concepts have been or are being incorporated into the policies and training of the military service concerned and indicate the extent to which field manuals and other doctrinal, operational, and training publications reflect such concepts.

(b) As used in subsection (a), the term "maneuver warfare concept" means pertaining or envisioning an armed conflict as time-competitive observation-orientation-decision-action cycles in which the object is to destroy the enemy's cohesion by maintaining a consistently faster cycle.

Mr. HART. Mr. President, this amendment relates to one of the military reformers' most fundamental concepts: maneuver warfare. It involves no money. It merely directs the Secretary of the Army and the Secretary of the Navy to report to the Armed Services Committee, no later than January 1, 1983, on the extent to which maneuver warfare is being incorporated into the doctrine, the field manuals, the policies and the training of the Army and the Marine Corps. It in no way directs that maneuver warfare shall be so incorporated. It is simply a request for information.

What is maneuver warfare?

Maneuver warfare refers to an overall concept or "style" of warfare. It has an opposite, the firepower-attrition style. Firepower-attrition is warfare on the model of the battle of Verdun in World War I, a mutual casualty inflicting and absorbing contest where the goal is a favorable exchange rate. The conflict is more physical than mental. Efforts focus on the tactical level with objectives usually set in terms of terrain. Defenses tend to be linear, "forward defense"; attacks frontal, battles set-piece, and movements preplanned. "Maneuver" really means "movement," and movement is used primarily to position firepower so as to inflict maximum casualties.

In contrast, maneuver war is warfare on the model of Genghis Khan, Stonewall Jackson's Valley campaign, the German blitzkrieg, General Patton's campaigns, the landing at Inchon, and almost all Israeli campaigns. The goal is destruction of the enemy's cohesion, not piece-by-piece physical destruction. The objective is as much the enemy's mind as his body. Depending upon the opponent and the circumstances, defenses often are organized in depth, with strong reserves; attacks are concentrated against enemy weaknesses; battles are fluid, and movements change constantly as the situation develops. Firepower is generally a servant of maneuver, used to create openings in enemy defenses and, when necessary, to annihilate the remnants of hostile forces after their cohesion has been shattered.

A key to understanding maneuver warfare is to realize that not all movement is maneuver. Maneuver is relational movement. Maneuver is not simply a matter of moving or even of moving rapidly. Maneuver means moving and acting consistently more rapidly than the opponent.

Recently, the concepts behind maneuver war have been elucidated, organized and expanded into an overall theory of conflict. This theory was developed by Colonel John Boyd, USAF (Ret.) and is appropriately known as the "Boyd theory."

Colonel Boyd was the father of energy management air combat tactics. More recently, he has devoted himself to studying the nature of conflict in general. He has observed that in any conflict situation, all parties go through repeated cycles of observation-orientation-decision-action. The potentially victorious party is the one with an observation-orientation-decision-action cycle consistently quicker than his opponent's (including the time required to transition from one cycle to another). As the faster party repeatedly cycles inside his opponent, the opponent finds he is losing control of the situation. Because of his longer cycle time, his reaction is facing a later action than the one it was intended to oppose, and is irrelevant. Instead of achieving convergence, he finds himself facing ever-widening divergence. At some point, he realizes there is nothing he can do to control the situation or turn it to his advantage. At that point, he has lost. Often, he suffers mental breakdown in the form of panic or passivity and is defeated before he is destroyed physically.

The Boyd theory is the theory of maneuver warfare. In maneuver warfare, if the enemy is destroyed physically—and sometimes that is not necessary—that is not the decision but the denouement. The real defeat is the organizational/mental/systemic breakdown caused by the enemy's realization that the situation is beyond his control, which is in turn a product of our ability consistently to cut inside the time of his observation-orientation-decision-action cycle.

Historically, maneuver warfare has been the most promising style of warfare for the force which must fight outnumbered. In the past, while we have had individual commanders who used maneuver warfare, our general style has been firepower/attrition. We could afford to fight that way, since we outnumbered our opponents in manpower and, especially, materiel. Now, we must plan to fight outnumbered, which means we must seriously examine the potentials offered by a maneuver style of warfare.

In fact, there is already substantial movement toward maneuver warfare in some of the services. The Marine Corps has been the leader in looking at maneuver warfare. The 2d Marine Division at Camp Lejeune, N.C., has officially adopted maneuver warfare as its doctrine, has formed a maneuver warfare board to teach the concept within the division, and is attempting to practice it in field exercises. It is also being taught as doctrine at the Marines' Amphibious Warfare School at Quantico. More recently, the Army has incorporated the Boyd theory into its doctrine, as part of its briefing, "Air/Land 2000." Maneuver warfare concepts are also being expressesd in the draft of the Army's new basic field manual, FM 100-5. The new National Guard study, "Vista 1999," a look at the future of the Army and Air National Guard, also calls for the adoption of maneuver warfare.

All of these individual efforts are extremely praiseworthy, and reflect great credit on those who are promoting them. However, because many of the initiatives for maneuver warfare are local, it is difficult to know exactly what is happening, where it is happening, and how one effort relates to others. This amendment would provide the information necessary to see the larger pattern of doctrinal change, and to see how all the efforts interrelate. Such information would not only be of interest to the Congress—which certainly should be interested in something which costs no money, yet has substantial potential for improving our military capability—but also to the services themselves.

I hope the distinguished chairman of the committee and the Senate will support the amendment, and I hope that our colleagues will see the advantage in pursuing information along this line.

Again, it costs no money, and it compels nothing beyond the providing of some information. But the information which it directs be gathered will be of great use to the services as well as to the Congress. The move toward a maneuver style of war may, seen in the future in retrospect, have proven far more important in terms of success in combat than many of the weapon systems we are authorizing here. It is worth some effort on our part to have a clear picture of its progress.

I urge adoption of the amendments.

Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. I would like to ask a question of the distinguished Senator from Colorado. I first might say I am also a great believer in maneuver warfare, particularly when one is outnumbered. I know that my sainted great grandfather, P. R. Goodwin, a distinguished corporal in H Company of the Mississippi infantry, belonged to an army commanded by Nathan Bedford Forrest that was very good at maneuver warfare. I appreciate Senator HART's reference to Stonewall Jackson. Indeed, the Confederates were superior at maneuver warfare and exacted a horrible toll from the Yankees. As a matter of fact, I think Yankee casualties outnumbered Confederate casualties in the magnitude of about 3 to 2. In the final analysis, however, they did not win the war. The Germans were excellent at maneuver warfare in World War II. Erwin Rommel had a great ability to create superior forces out of inferior resources and accomplish his military objectives. We are all familiar with the great armored campaigns that the Germans waged during World War II. They were good, the best in the world. Probably we will never see a better Army from the standpoint of its professionalism than the German Wehrmacht from World War II. But they also lost.

That is not to say there is no validity in maneuver warfare. I believe that there is. I think Senator HART is absolutely right when he says we are not going to match the Soviets in manpower when you consider that they have a land army of almost 3 million, with reserves that are staggering in numbers in terms of soldiers that they could mobilize for land operations. We do have to think in maneuver terms.

Let me suggest, too, that means we are going to have to have superior equipment. If we are going to have inferior numbers, we have to be technologically at least as good as the enemy, if not better, in addition to being smarter than he is.

I am prepared to accept the amendment of the Senator from Colorado, but I want to raise one question with him. Does he believe that the Armed Services Committee or the Congress should get into the business of dictating tactical doctrine to the professional military people?

I would have some problem with that if that is his long-range intent.

Mr. HART. The distinguished chairman of the committee and floor manager of the bill is certainly well within his rights to raise that question, and it is a pertinent question.

That is by no means the intent of this Senator or this amendment. In terms of trying to define what the proper role of a Member of the Congress should be vis-a-vis the military, this Senator's judgment is that it has to be something more than just being accountants and bookkeepers approving numbers of dollars that various services want in gross terms.

On the other hand, I think it would be well beyond our capability, and in the case of most of us our competence, to try to substitute our judgment on purely military matters. That is not my intent, nor is it the intent of this amendment. This is an informational amendment and an effort on the part of at least one Member of Congress, hopefully the committee and the Senate, to get information as to the progress being made particularly by the Army and the Marine Corps in moving in this direction.

As I indicated in my statement, it well may be that the service chiefs and the senior commanders can convince us that moving in this direction is not a good idea and give us some rational reasons why. I think the Senator's statement earlier is a very powerful statement in support of the reasons why they should be at least thinking along these lines.

But I think our role should be to work with the services, to ask serious and, hopefully, penetrating questions not only about weapons systems, which we probably spend 90 or 95 percent of our time on as members of that committee, but also about tactics and strategy and doctrine. If we believe, as the Senator from Texas does, that we are for the first time perhaps in our Nation's history facing a potential adversary that we cannot overwhelm with numbers of people and weapons, then we are going to have to prepare to engage in combat and use more brainpower at it.

It is because of that conviction that I have become interested in seeing the progress that particularly the land forces are making in adapting training and style of combat to take account of superior thinking and not just superior weapons and superior numbers.

Therefore, I do not in any way suggest that we ought to force any doctrine on any service, but we ought to encourage transition where it is important to our national survival. I think that is well within our scope of competence.

Mr. TOWER. I certainly agree with the Senator from Colorado that it is important that the Congress, and particularly the Senate Armed Services Committee, be enlightened on this matter. There has been some controversy raised with respect to maneuver warfare, and perhaps the study that is requested by the Senator from Colorado will go a long way toward resolving some of this controversy.

I might say I would be very interested in seeing the results myself. I think that the study can serve a useful function. I am not sure that General Meyer and General Barrow agree that it would, but I think for our information it is a good thing to have. After having expressed my caution, let me say that certainly I feel that it is incumbent upon us to be as well informed as we can be, and therefore I support the Senator's request for the study.

Mr. GOLDWATER. Will the Senator yield for a moment?

Mr. President, with the assurance of the Senator from Colorado that he has no intentions of Congress getting into the problems of tactical and strategic decisions, I think his amendment will be a good one, to keep the Congress posted on the subject of maneuverability. He referred to the new infantry manual, which I have referred to many times, written by General Starry It is a new rewrite of the old infantry manual, but it lays particular stress on maneuverability. In the last 10 days I sent a rather lengthy report around to each member of the Armed Services Committee relative to my visit with the rapid deployment force down in Florida, and their whole stress is on mobility.

I might point out that the doctrine, if you want to call it that, that has governed the teachings of our armed services, beginning with Clausewitz on the ground, Douhet in the air, and Mahan on the sea, all stress maneuverability. In fact, the only example I can think of where we were not maneuverable might have been Custer; he was just immobile to the point that he got the hell knocked out of him.

So I think it is a nice move.

I hope that the Senator will visit with the different services so that they understand just what it is we want. I think it will be an educational experience for the Members of this body, many of whom do not understand either the subject of stability or mobility, and I am glad that the chairman has taken the amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter I wrote to Senator TOWER on May 3, 1982.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 3, 1982.

Hon. JOHN TOWER,
U.S. Senate,
Washington, D.C.

DEAR JOHN: As I pointed out in a recent letter, I have been able, in the last couple of weeks, to get out and visit some Air Force installations as well as some joint headquarters. For your interest, I am passing along my comments on a visit to MacDill Air Force Base, Florida, on April 17, 1982.

MacDill AFB, as some of you know, is the headquarters of the United States Readiness Command. Although I was unable to meet with the Commander-in-Chief at Readiness Command, General John Starry, of the United States Army, I did speak at length with Lt. General M. Brickel, United States Air Force, Vice Commander of Readiness Command. General Brickel brought me up to date on the progress being made in improving our ability to rapidly move our forces to respond to contingencies throughout the world.

The primary mission of the Readiness Command is to maintain a continuous capability to reinforce or augment the other unified or specified commands. To perform its mission, Readiness Command has an operational command of Army component consisting of two headquarters, nine divisions, and four separate brigades. They also have command of an Air Force component of fifty-one tactical units of the Ninth and Twelfth Air Forces here in the United States. The current inadequacy of both sea and airlift limits Readiness Command's ability to move forces as rapidly as desired, but the proposed additional C-5 aircraft should help to alleviate the intertheater airlift problem. The inadequacy of intratheater airlift assets, however, remains largely unaddressed.

Overall, I was impressed with the strides being made by the Readiness Command in developing a capability to rapidly move our forces to meet worldwide contingencies. As I have before, I would urge any of you who have the opportunity to get out and visit our military installations and talk with not just the installation commanders, but service personnal of all ranks. You can get a very good idea of how the taxpayers' money is being utilized. By and large, I believe you will be satisfied with what you see.

With best wishes,

BARRY GOLDWATER.

Mr. TOWER. If the Senator will yield, I am reminded that Custer's big mistake was that he divided his force in an effort to try to outmaneuver the Indians and in the process was outmaneuvered and decimated. We all know what that gallant general's ultimate fate was. But we will not get into that discussion right now. I think we will get on with the committee's business.

I am prepared to accept the amendment of the Senator from Colorado. It is my understanding that he has discussed it with the Senator from Mississippi.

Mr. HART. The chairman of the committee is correct.

Mr. TOWER. And the Senator from Mississippi, I understand, is also prepared to accept the amendment.

Mr. HART. That is my understanding as well.

Mr. TOWER. Mr. President, I yield to the Senator from Mississippi. I have indicated my assessment of the amendment to the Senator from Colorado.

Mr. STENNIS. Mr. President, the amendment is entirely acceptable to me. I have heard most of the debate, and I think the amendment is justified.

Mr. HART. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 934) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HART. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1448

(Purpose. To make adjustments in authorizations for the procurement of aircraft)

Mr. JACKSON. Mr. President, I call up printed amendment No. 1448.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Washington (Mr. Jackson), for himself, Mr. Gorton, Mrs. Kassebaum, Mr. Eagleton, Mr. Danforth, Mr. Symms, Mr. Melcher, Mr Wallop, Mr. Proxmire, Mr. Dole, Mr. Dodd, Mr. D'Amato, Mr. Moynihan, Mr. Pell, Mr. Mathias, and Mr. Burdick, proposes an amendment numbered 1448.

Mr. JACKSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the committee substitute add the following new section:

ADJUSTMENTS IN AUTHORIZATIONS FOR PROCUREMENT OF AIRCRAFT

Sec. . (a) None of the funds authorized to be appropriated under this Act or appropriated in prior fiscal years may be obligated or expended after the date of enactment of this Act for the reestablishment of production facilities for manufacturing additional C-5 aircraft or for the procurement of any additional C-5 aircraft.

(b) Notwithstanding section 101 of this Act, funds are hereby authorized to be appropriated for fiscal year 1983 for Air Force procurement for aircraft in the amount of $17,333,800,000, of which $186,100,000 is authorized for the contribution of the United States in fiscal year 1983 for the cost of the acquisition by the North Atlantic Treaty Organization (NATO) of the Airborne Early Warning and Control System (AWACS); and of which $350,000,000 is authorized for the procurement of the most cost-effective commercial wide-body cargo aircraft. In procuring commercial wide-body cargo aircraft, priority shall be given to procurement, through competitive bidding, of the most cost-effective commercial wide-body aircraft which are available as surplus. The commercial wide-body aircraft procured under the preceding sentence shall be (1) suitable for conversion to military cargo configurations, and (2) owned by domestic companies on the date of enactment of this Act.

(c) Notwithstanding section 901 of this Act, in addition to funds authorized to be appropriated in the Department of Defense Authorization Act, 1982 (Public Law 97-86; 95 Stat. 1099), there are hereby authorized to be appropriated to the Air Force for fiscal year 1982 for procurement for aircraft an amount not to exceed the sum of $120,000,000.

(d) Notwithstanding any other provisions of law, the $120,900,000 amount which is authorized and appropriated by law for the Civil Reserve Air Fleet enhancement program is hereby authorized for procurement, through competitive bidding, of the most cost-effective commercial wide-body aircraft which are available as surplus. The aircraft procured with funds under the preceding sentence shall be (1) suitable for conversion to military cargo configurations, and (2) owned by domestic companies on the date of enactment of this Act.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. JACKSON. Mr. President, I yield the floor.

UP AMENDMENT NO. 935

(Purpose: Amendment to Amendment No. 1448)

Mr. GORTON. Mr. President, I offer an amendment in the nature of a substitute to the pending amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Washington (Mr. Gorton) for himself, Mr. Jackson, and Mr. D'Amato proposes an unprinted amendment numbered 935 in the nature of a substitute to amendment numbered 1448.

Mr. GORTON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted, insert the following:

ADJUSTMENTS IN AUTHORIZATIONS FOR PROCUREMENT OF AIRCRAFT

Sec. . (a) None of the funds authorized to be appropriated under this Act or appropriated in prior fiscal years may be obligated or expended after the date of enactment of this Act for the reestablishment of production facilities for manufacturing additional C-5 aircraft or for the procurement of any additional C-5 aircraft.

(b) Notwithstanding section 101 of this Act, funds are hereby authorized to be appropriated for fiscal year 1983 for Air Force procurement for aircraft in the amount of $17,333,800,000, of which $186,100,000 is authorized for the contribution of the United States in fiscal year 1983 for the cost of the acquisition by the North Atlantic Treaty Organization (NATO) of the Airborne Early Warning and Control System (AWACS); and of which $350,000,000 is authorized for the procurement of the most cost-effective commercial wide-body cargo aircraft. In procuring commercial wide-body cargo aircraft, priority shall be given to procurement, through competitive bidding, of the most cost-effective commercial wide-body aircraft which are available as surplus. The commercial wide-body aircraft procured under the preceding sentence shall be (1) suitable for conversion to military cargo configurations, and (2) owned by domestic companies on or before May 13, 1982.

(c) Notwithstanding section 901 of this Act, in addition to funds authorized to be appropriated in the Department of Defense Authorization Act, 1982 (Public Law 97-86; 95 Stat. 1099), there are hereby authorized to be appropriated to the Air Force for fiscal year 1982 for procurement for aircraft an amount not to exceed the sum of $120,000,000.

(d) Notwithstanding any other provisions of law, the $120,900,000 amount which is authorized and appropriated by law for the Civil Reserve Air Fleet enhancement program is hereby authorized for procurement, through competitive bidding, of the most cost-effective commercial wide-body aircraft which are available as surplus. The aircraft procured with funds under the preceding sentence shall be (1) suitable for conversion to military cargo configurations, and (2) owned by domestic companies on or before May 13, 1982.

Mr. GORTON. Mr. President, I am pleased to join with Senator Jackson and the other cosponsors of this amendment in our mutual effort to insure that the Air Force obtains its needed airlift capability and that, in doing so, the Pentagon purchase only what is needed. The amendment is particularly important to me as I am convinced that by its adoption Congress will be exerting its proper oversight responsibility concerning what represents, in this case, an extravagant Department of Defense proposal.

In 1980, it was Congress which forced the Pentagon to study its ability to move the developing Rapid Deployment Force (RDF) to the trouble spots for which it was designed. The result of that congressional initiative, the congressionally mandated mobility study, or CMMS, highlighted just how serious our airlift shortfall is. Unfortunately, for reasons the Pentagon has never adequately explained, the Defense Department proposed that we eliminate this shortfall by building more of the enormous and expensive C-5 cargo planes. When carefully studied, however, the CMMS reveals that our actual airlift shortfall can be handled by buying far less expensive and readily available commercial cargo aircraft. In light of these findings, Congress must again force the Pentagon back into the bounds of reason on the matter of airlift.

As we all know, the C-5 has the attribute—which the Pentagon claims is vitally needed—of carrying outsized equipment. This material, which has the unreducible dimensions of tanks and the like, is the only category of military airlift cargo the commercial wide-body plane cannot handle. While this would seem to be a telling point on behalf of purchasing more C-5's, one must reflect on the fact that the CMMS scenarios—military scenarios testing the highest needs of RDF airlift requirements—demonstrated not that we needed more outsized lift, but rather showed that the existing 77 C-5's could handle the entire outsized load. There is one condition to this finding: The Air Force must purchase additional planes capable of carrying the oversized and bulk loads. The outsized airlift requirements were never more than 27 percent of the required airlift, despite subsequent and dubious claims which have included POMCUS and sealift outsized requirements to create the impression that the C-5 is needed. When just the airlift requirement is studied, it becomes apparent that by purchasing the less expensive commercial cargo planes, we can free the C-5 to handle the outsized load it was designed for while erasing the remaining airlift capability shortfall.

Some have feared that such a change might alter the planned RDF unit deployment schedules in a way which could reduce the military effectiveness of the force by delaying the transport of priority outsized cargo. Yet internal Air Force memorandums and independent analysis indicate otherwise. The Air Force has granted the claims of equality in RDF deployment under the CMMS, continuing, however, to argue for the C-5 on the basis of even greater flexibility given by having more outsized lift. I submit that we cannot afford this greater flexibility, a flexibility not proven to be necessary even by its own most rigorous studies.

In rejecting the Pentagon's request for the C-5, and instead substituting commercial wide-body aircraft, we fulfill the requirements the Air Force itself has identifed. We meet the critical airlift requirements at least 3 years sooner, and we save the American taxpayers between $4 and $5 billion over the next several years. This enormous savings, which was earlier disputed by the Pentagon, was admitted by Air Force officials testifying before a House hearing early last week.

In determining the best wide-body cargo plane alternative, the amendment leaves the matter essentially up to the Air Force. But there is little doubt that the best such airplane available is the Boeing 747. Boeing has made four proposals to the Air Force, all offering firm-fixed prices and featuring the 747, a time-tested and reliable product. The 747 has the additional benefits of a far superior range than either the C-5 or other commercial cargo wide-bodies, of carrying a greater payload than any of the others, and of flying faster than its commercial competitors and the C-5. Also contained in this amendment is a provision that existing used 747's, planes currently a liability to airlines hard hit by the Nation's economic slump, will be purchased and refurbished by Boeing.

This is particularly important in light of the front page news today about the closure of Braniff Airlines due to its financial difficulties.

Again, this offer is made with a fixed price tag.

Under this proposal, domestic airlines would receive a much-needed financial shot in the arm. The Air Force would meet its designated airlift needs with a final delivery by 1989 final delivery schedule for the C-5. The Air Force would get refurbished surplus planes which will come with a guarantee already given to the Air Force by Boeing, and the Boeing Co. has offered to private company maintenance for the lifecycle of these planes. As with any purchase involving the 747, such offers are made with a tremendous degree of reliability, based on the 747's record during over 12 years and 11 million flight hours of commercial service.

The Pentagon's proposal is, on the other hand, a much greater risk. The C-5's have not performed up to promised standards, and have, indeed, been sent back to the shop for rewinging, adding $1.6 billion to the program's cost. In addition, the Air Force has a list of some 200 other desired modifications, none of which, to my knowledge, are included in the price offered by Lockheed for the next 50 of these planes.

In my work and personal dealings, I have long held to the maxim: "Fool me once, shame on you. Fool me twice, shame on me." I believe this applies well to our decision here today. I do not trust as accurate cost figures provided on a production line dormant since 1972, and on a plane with a long list of unfulfilled user demands.

Because of the general excellence of the work done by Senator TOWER and the members of the Armed Services Committee, and particularly in light of their undertaking to trim this authorization bill to meet the defense mark approved by the Senate Budget Committee last week, the full Senate will have few opportunities to demonstrate its resolve to force achievable savings while protecting capability. This is as it should be. However, the sponsors of this amendment have located and, by this amendment are attempting to eliminate, a clearly unjustified and extravagant Pentagon request.

We agree with the Air Force in its description of our airlift demand as urgent, and we hope the Members of the Senate recognize that our efforts have been directed toward finding a solution which is cost effective, militarily effective and which lessens our airlift shortfall without undue delay. Our objective has been to prevent the Pentagon from choosing a costly long-term program—one which would be in considerable jeopardy should our budget picture not improve—and instead to acquire the vitally needed airlift quickly and inexpensively. There is little doubt that airlift has been treated as a weak sister in defense spending priorities. We must not support programs—such as the proposed C-5 restart—which makes airlift even less able to survive the budget process and which further delays our acquisition of needed airlift capability.

With the substantial savings possible, with the effectively equal military potential, and with a timeline more conducive to enhancing our airlift needs, those supporting this amendment can correctly claim to be preventing waste while enhancing strength.

I commend this amendment to the Senate both in connection with its military wisdom and because of the fact that it is obvious that the defense budget will be under further pressure. This pressure can be better taken in this fashion than in any other proposal with which we will be presented.

I thank the Chair.

The PRESIDING OFFICER (Mr. DENTON). The Senator from Washington.

Mr. JACKSON. Mr. President, I want to commend my distinguished colleague for an excellent statement explaining the reason for the pending amendment.

Mr. President, the reasons that I am offering this amendment can be summarized as follows:

First. We need to cut some of the growth in the defense budget over the next few years to bring our Nation's economy back to health.

Second. We need to look for places to cut where we do not affect our military readiness.

Third. We need to cut where significant savings can be found.

Fourth. We can do all of these things by prohibiting the production of new C-5 aircraft.

To that end, this amendment will permit us to save $6 billion as measured in fiscal year 1982 dollars by buying used commercial widebody aircraft instead of new C-5's. For hauling oversize and bulk cargo, commercial widebody cargo aircraft are less costly to buy, less costly to operate, less costly to maintain, more reliable, more capable, and immediately available. There is simply no justification for buying an expensive plane with very large doors to haul oversize and bulk cargo. As I will prove in the course of this debate, there is not a shortage of aircraft capable of hauling the large outsized cargo. We can save these billions of dollars and still improve our military readiness.

We can do this and still meet military requirements because the facts are as follows:

First. The current practice of the military is to use our existing fleet of 77 C-5's to haul all types of military equipment.

Second. These planes are our only way to haul the required outsized equipment needed in the early days of an RDF mission.

Third. If we require the Air Force to dedicate these aircraft to their optimum use of hauling outsize equipment, then we can more than double our outsized capability; that is, we can effectively add 1.5 times the capability of proposed additional 50 C-5's.

Fourth. This constitutes more additional outsized capability than the congressionally mandated mobility study recommendation of enhancement of our outsized capability by acquiring 10 million ton-miles/day of additional capacity.

Fifth. When the Air Force is forced to use the existing C-5's for predominantly outsized equipment, the shortfall in our existing airlift capabilities swings even more heavily to the hauling of oversize and bulk cargo.

Sixth. This shortfall can be most readily met in cost and schedule by purchasing used commercial widebody aircaft which are available as surplus equipment for sale by our domestic airlines at a small fraction of the cost of a new C-5.

These facts, which I will discuss in detail later, lead me to offer this amendment with Senator GORTON and others.

Mr. President, I would like to detail, which I will do a little later on in the debate, the amendment, but I would like at this time to yield to the distinguished Senator from Wisconsin (Mr. PROXMIRE) who has spent a lot of time on this problem and is as well-versed as anyone in the Senate.

Mr. PROXMIRE. Mr. President, I thank my good friend, the senior Senator from Washington.

Mr. President, it is important to know the history of the C-5A before entering into a vote on the Jackson amendment. There are many Members who were not present in this body when the C-5 program was started. There are many who were not here when the Air Force repeatedly testified that this aircraft had no significant problems.

There are many who were not here when Congress was repeatedly misled by the need for a wing fix for the C-5 and its associated cost.

I am not going to speak today on the basis of personal opinion. I am going to speak on the basis of an extraordinarily thorough study of this issue by the General Accounting Office. The GAO issued a report on the C-5A wing fix 2 weeks ago. That report revealed why the wings failed on the C-5A, why the taxpayers have to pay for the cost of repairing the wings, and why the taxpayers may have to pay for any new problems in the future.

The General Accounting Office study demonstrates that the C-5A wing cracks occurred because Lockheed deviated from contract specifications. The wing problems stem from Lockheed's decision to reduce the weight of the wings to offset weight increases elsewhere in the plane and, as a result, the wings were weakened. This directly caused the cracking problem the Air Force for years refused to admit even existed.

Mr. President, in the early 1970's the Pentagon and Lockheed agreed to convert the C-5 contract from a fixed price to cost plus in the context of a larger package designed to extricate Lockheed from impending losses on defense contracts. That first Lockheed bailout should be distinguished from the second bailout in which the Federal loan guarantees were provided for the Lockheed commercial L-1011 aircraft.

The point is that the first bailout had the effect of relieving the company from financial responsibility for the wing cracks. The company and the Pentagon agreed that any subsequent deficiencies should be paid for by the American taxpayer not the company. What a sweetheart deal. They build a faulty plane, they know the wings have been weakened, the Pentagon knows the wings have been weakened, the Pentagon knows there will be a need for a wing fix, and the decision is to pass that obligation on to the taxpayer.

Among the unanswered questions in this case is why the Air Force agreed to change the contract in view of the fact that they knew that wing cracks had occurred already in the C-5A aircraft.

One theory is that the Air Force was not aware of the seriousness of the wing crack problem prior to converting the C-5A contract to cost-plus. That is one theory. But it does not appear to be a reasonable excuse, since the wing cracks were widely publicized and intensely studied at the time by the Air Force itself. They knew the facts; 74—four Pentagon reports noted the wing problems—74 Pentagon reports, Mr. President.

The Air Force knew that once the C-5A went into production Lockheed had great difficulty keeping the weight within contract specifications. The GAO states that the Air Force had data in 1967 indicating airframe weight problems in the original design. In fact Air Force technical advisors recommended that structural tests be conducted on an accelerated basis to determine the effect of weakening the wing on mission capability. But Lockheed refused to accelerate testing.

In 1969 and 1970 the static tests on the C-5A displayed fatigue cracks in the wing—this during the period of time when the Air Force retained a legal right to negotiate a settlement for deficiencies in the aircraft.

But in May 1971 the Air Force gave away its legal position and transferred the financial responsibility to the backs of the taxpayers.

I remember well the day that the former chairman of the Defense Appropriations Subcommittee was informed by the Air Force that the C-5A wings would have to be fixed.

That former chairman was Senator McClellan of Arkansas. It was in a markup meeting in the Capitol. When an Air Force representative confirmed what the staff had said on the subject, Senator McClellan responded, "You mean that what PROXMIRE has been saying all these years has been true—you will have to have new wings?" The affirmative answer was greeted with a remarkable lecture which extended well beyond the markup session. I think the Air Force got the word—but it was too late.

So what happened? The original plan called for building 120 C-5's at a cost of $28 million each or $3.4 billion for the total package. Because of cost overruns the quantity was reduced to 81 aircraft. Eventual costs were $62 million each or about $5 billion for the program. Then came the wing crack problem. The service life of the C-5 was reduced from 30,000 to 7,500 hours and the Air Force decided upon a wing fix at $20 million per plane for 77 aircraft, 4 having crashed or burned, or a $1.6 billion total. The final costs of procurement plus the wing fix will be $82 million each or $6.6 billion.

Mr. President, that includes a $2 billion cost overrun on the original acquisition. The story of that overrun is long and complex. It involves the testimony of Mr. Ernest Fitzgerald before the Joint Economic Committee in 1969. Mr. Fitzgerald, who was a weapons analyst, had been decorated as the top weapons analyst in the Air Force the year before. Under intense questioning, Mr. Fitzgerald confirmed the $2 billion estimate which heretofore the Air Force had denied. Mr. Fitzgerald was correct and history recorded that the C5-A suffered the largest cost overrun in the history of the country to that time. But the program went forward, including, the wings repair.

And who got the work for the wing modifications? Well no other than the Lockheed Co. and with a solesource award. Why? Because no other aircraft firm would compete for the program. The Air Force was insisting on an urgent time schedule and only Lockheed had the equipment and production line open for the fix. So the firm that caused the problems in the first place received the contract for repairing their deficiencies and charged the bill including a substantial profit—once again—to the taxpayers.

The GAO makes a remarkable statement in its report conclusions. They point out that one of the reasons why the C-5 program incurred so many difficulties was "the selection of the original C-5A contractor who offered the lowest bid but whose proposal was neither technically superior nor the most cost effective." That is their language. That is as close to a definition of a "buy-in" as one will see in a Government document.

This brings us up to the new wings. Here the GAO makes a startling observation. They find that Lockheed has refused to warrant the C-5A's new wings. Instead, the Air Force agreed to a limited warranty on the test model and a 1-year warranty for design and workmanship for each aircraft.

This is a limited warranty of limited use. If ever there were justification for making a contractor provide a thorough, complete, exhaustive, comprehensive warranty—this was the situation. Lockheed's total liability for warranty costs under the wing fix contract is limited to $20 million.

It is with this backdrop that the Senate today considers the Jackson amendment.

The Senator from Washington makes a compelling case. Let me add a few words. Boeing is not a major entity in my State, in Wisconsin. But this firm, I think all of us know, has an excellent record in producing military and civilian aircraft on time at cost and with great reliability.

I am sure that, as with all corporations, big corporations—especially with defense contractors, because it is a difficult and uncertain technology—I am sure that they have made some mistakes, and they may make some in the future. But, day in and day out, Boeing has served our Nation very well. Thus, we should pay particular attention when they suggest that the Federal Government can save billions by purchasing an alternative aircraft.

The costs of 50 new C-5's are estimated at $100 million each, or $5 billion in 1980 dollars. This works out to $160 million each, or $8 billion after inflation over the life of the program.

Boeing has offered to build modified 747's for $58 million each, or about $2.9 billion in 1981 dollars. They have offered to modify existing 747's for a cost of $12 million plus the used market value of the aircraft. The 747 has a longer range and a greater payload than the C-5. The ton-mile costs are also far less than the C-5. The C-5's advantage is that it can carry outsized equipment, such as tanks. But the C-5 probably will require tanker aircraft for aerial refueling, whereas the 747 would not, and this must be taken into consideration when calculating total program costs.

Given these conditions, the amendment by the Senator from Washington is the most cost-effective aircraft alternative to the airlift requirements debate.

Right now our Nation is faced with the unparalleled combination of high interest rates, high unemployment, and mammoth deficits for as far as the eye can see. The Senate should not refuse to seize every opportunity to reduce spending, while, at the same time, actually increasing our military preparedness. And that is what the Jackson amendment would do. That is the remarkable asset of the Jackson amendment. We will improve our military capability while earning a dividend for the taxpayers.

Mr. President, I thank my good friend from Washington. I yield the floor.

Mr. JACKSON. Mr. President, I yield to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I thank the Senator from Washington.

Mr. President, I rise in support of this amendment. I decided to cosponsor this amendment because I believe it provides the most timely and cost-effective solution to our pressing needs for increased strategic airlift capability.

The purchase of commercial wide-body cargo aircraft to meet our airlift requirements makes good sense. The aircraft already exist in large numbers, can be quickly acquired and cheaply converted to military configurations. Buying these aircraft now puts additional airlift in the Air Force inventory more rapidly than would any other course of action. Cost savings resulting from this amendment will make possible future purchases of aircraft to replace C-141's and C-130's in the Air Force inventory.

My amendment in the nature of a substitute requires any commercial wide-body aircraft bought pursuant to the amendment be "owned by domestic companies on May 13, 1982." This provision will prohibit the purchase of foreign-owned wide-body aircraft under this program.

Given the depressed state of our domestic airline industry, I see no justification for spending American taxpayers' money to buy aircraft from foreign air carriers. This aspect of this legislation, while not its main objective, takes on additional importance in light of Braniff Airlines' decision to file for protection from its creditors under the provisions of Federal Bankruptcy law. Purchases of aircraft from foreign air carriers strengthens their competitive position versus our U.S. flag international air carriers. The specific intent of the section of my amendment is to flatly prohibit purchases of aircraft which were not owned by U.S. companies as of May 13, 1982. If this amendment becomes a conference issue, I will ask for language in the conference report making this point unmistakably clear.

This is a particularly significant matter because of the large positive impact this provision will have on our ailing domestic air carriers. As of the end of the first quarter of this year, U.S. airlines posted losses of more than $1 billion for the last 6 months. As you know, several other major airlines are on the brink of bankruptcy. One of the beneficial side effects of this measure will be to inject much needed funds into these domestic air carriers, thus preserving thousands of people's jobs.

In closing, I ask my colleagues to lend their support to this measure because it makes good military sense, is fiscally responsible, and has a positive impact on a segment of industry which is presently in serious trouble.

Thank you, Mr. President.

Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, this is a very difficult issue to resolve. I think that there is great merit in the argument advanced by the Senators from Washington, Senator JACKSON and Senator GORTON. It is a very difficult issue for even the most objective men to arrive at a conclusion.

The Armed Services Committee has concluded that we are short of airlift. As a matter of fact, we have been concerned for some time about our total lift capability, both air and sea. It has been a matter of growing conviction in the Armed Services Committee that our mobility capability is inadequate. It is inadequate because our mobility needs have grown far beyond our ability to provide them.

These needs have grown for essentially two reasons; that is, the improved mobilization for deployment of the Warsaw Pact forces, which necessitates an ability on our part for a rapid response in the event of hostilities and making adequate provision for our forces in Western Europe; second, the fact that Western interests are now being seriously challenged in Southwest Asia and, indeed, in other parts of the world, to the extent that we must have the capability for mobilization and deployment by air and by sea in a timely fashion.

Given our deployment needs, the Armed Services Committee requested a study of required mobility forces from the DOD. This study was entitled "The Congressionally Mandated Mobility Study." It recommended a balanced enhancement of our deployment capabilities in programs for airlift, sealift, maritime prepositioning, and land-based prepositioning.

The airlift program recommended by the congressionally mandated mobility study was for the acquisition of 20-million-ton miles per day of airlift capability. Of this amount, the study recommended that 10-million-ton miles per day be outsized airlift capable of lifting the largest pieces of military equipment.

The Department of Defense announced in late January of this year that it intended to procure 44 KC-10 advanced cargo tanker aircraft and 50 C-5B strategic airlift aircraft, to offset part of the 20-million-ton mile shortfall. The committee did not take any issue with the KC-10 recommendation.

Regarding the C-5 program, the congressionally mandated mobility study did not provide sufficient information to evaluate the need for additional outsized aircraft, so the committee undertook an exhaustive evaluation of the C-5 program and its alternatives, which included buying new 747 commercial wide-body aircraft, used 747's, and the civil reserve air fleet (CRAF) enhancement program, which has been ongoing for some time.

The committee undertook this evaluation of the C-5 and the alternatives knowing that the C-5 is the best military airlift aircraft presently available.

But it came to our attention that volumetrically a 747 had as much lift capability as a C-5. As a matter of fact, the 747 has a slightly greater volume than the C-5. The C-5, on the other hand, is designed as a military aircraft designed for easy loading, and designed for operation in rather austere facilities, on austere fields, without requiring too much in the way of support equipment. As a matter of fact, the aircraft airframe is lower so it can be loaded from the ground fore and aft. The 747, on the other hand, would require special loading equipment and could not be retrofitted to the kind of loading configuration that the C-5 is, nor could it carry the outsized cargo that a C-5 can carry.

So the question is this: Do the current numbers of C-5's that we have, the current inventory, provide us with enough outsized capability in the event of hostilities, in the event of the need to move a vast amount of outsized equipment, in a very timely way? Further, is the added cost of the C-5 justified because it does possess these unique qualities when there are available the 747's that, from the established point of volume, can carry as much?

So we have to weigh this question to see if the 747's are a good buy. It really is an economical way, at least volumetrically, to get at our airlift problem. The only unresolved question, then, is whether it can fulfill the military requirement in such a way that it could be utilized as well or marginally as well as the C-5 in the event of a requirement for a great deal of airlift in a short period of time.

The committee came to the conclusion that the additional cost of the C-5 was justified, and I am seized of that same conviction and conclusion myself.

It is a very difficult choice to make.

The proposal made by the Senators from Washington is a very attractive proposal. The 747's could have great utility. But in my view, the possible scenarios that we can envision would provide us with a military requirement that I think the C-5 is best configured and designed to fulfill. Therefore, it is my hope that the Senate will sustain the committee position.

Mr. GOLDWATER. Will the Senator yield?

Mr. TOWER. I yield.

Mr. GOLDWATER. Mr. President, I rise to oppose the amendments offered by the distinguished Senators from Washington.

I would like to preface my remarks by saying that this is not a pleasant task for me because I have known the Boeing Co. intimately. I think I have flown every airplane they have built since the late 1930's. It is difficult to oppose ideas which come from that company.

On the other hand, I have been very close to Lockheed for all of the life of that company, and I have likewise flown practically everything they have ever made, including the C-5.

When we originally talked about this, that is, people from Boeing and myself, I was of the understanding that regardless of the fact that we were buying more C-5's, when that purchase is completed we are still about 20 percent short on any M-day airlift needs. I was of the opinion that the suggestion that would be made by Senator JACKSON would be to buy surplus 747's and DC-10's in addition to the C-5's, a program that I could very, very easily support.

Mr. President, I intend to speak more on it, but I would like to refer to a letter written by Gen. Lou Allen, back in March, in which he states:

> The principal attraction to this offer is that the used aircraft could be presumably purchased at lower cost and would have sufficient life to provide many years of service to the Air Force. A major concern is that of the 30 747's identified by Boeing as available for this purpose, 12 are owned by United States firms and are already available to us in emergencies for passenger and bulk additional capability. But by acquiring these aircraft, a collateral result may be to improve the financial and competitive position of foreign carriers relative to United States flag carriers.

I will say that the amendment suggested by the Senator from New York will destroy the chances of 18 of those being purchased. So what we are looking at, Mr. President, is an opportunity to buy 12 surplus 747's, unless we go into the business of contracting with Boeing for additional 747's to be delivered as new aircraft down through the years.

I should like to address myself to some of the aerodynamic problems that the 747 will present, and these have to be considered.

There have to be modifications in the 747 in order to handle outsized cargo or odd-sized cargo. What does this mean? The 747 deck, or the floor, is about 20 to 22 feet above the ground level. It means that we would have to develop loading equipment to get the heavy material, the outsized material, up to the level that it can get on to the floor.

I have no idea what those loaders are going to cost; I have no idea what they are going to weigh, but I know that it is going to be impossible to have those loaders at every place in this world that we are going to have to ship military cargo in the event of hostilities.

What happens aerodynamically when you remove the floor of a wide carrier or remove the floor of any carrier? It presents an aerodynamic problem that will require complete redesign because that floor is an integral part of the aerodynamic structure of the aircraft.

I do not think the sponsors of this amendment have thought about that, but it is something that we have to think about.

On the other hand, the C-5 has been designed to drive equipment into and out of. It does not require special loading devices. It merely needs a place to land and unload.

There is no refueling capability in the 747, and while I will have to admit it is not a relatively high cost item, it is going to cost money and it is going to take time.

Mr. President, I hate to bring this up because I think people might get the wrong idea about the aircraft; it is a perfectly safe airplane for passengers, but if you have ever flown in the rear-end of a 747, it does have a distinctive wobble. This is of no danger at all to passengers, but I do not know what is going to happen if we put heavy equipment in there and we develop that aerodynamic flutter in the tail section. A movement might be set that could be disastrous to the aircraft or to its mission.

Those are just a few of the things that we have to consider, Mr. President, as we think about the adoption of the Jackson amendment.

Seventeen mobility studies over the past 12 years have reached the same conclusion—outsized airlift is critically short. Aircraft are designed for different purposes, as you well know, Mr. President. The 747 would require disassembly of outsized cargo: ground support equipment, as I have mentioned, to lift the cargo to the hold, and probable reinforcement of the cargo platform. In fact, in my opinion, it will require the complete replacement of the cargo platform, as I hope some pictures which Senator NUNN told me he would have will show, in order to get——

Mr. NUNN. Mr. President, we have been able to get those up, and I think, as the Senator has pointed out, is a most vivid demonstration of what is wrong with the Jackson amendment.

Mr. GOLDWATER. People cannot see it, but this type of presentation shows the need to remove the cargo floor of the 747 in order to get any of our heavier outsized equipment into it, which, as I have just said, is an aerodynamic effort that is going to cost a lot of money and take a lot of time, because it really means the redesign of the aircraft in order to make it flyable and safe without that great structure strength in the middle.

The cost situation: The 747's would cost more in the near term. In fact, it exceeds the President's program for airlift by $2 billion in the next 3 years. Real cost saving is less than $1 billion, Mr. President, not $6 billion, since the Air Force needs their own organic maintenance, a cost increment more than warranted by the priorities of outsized requirements and special capabilities of the C-5. As I mentioned, the C-5 was designed just for this purpose, to carry heavy equipment, outsized equipment, such as the M-1 tank, the 16 tank, artillery pieces, heavy rolling stock, helicopters, and so forth.

The C-5 has the off-ramp capability because of high flotation landing gear and off-pavement maneuverability. The flexibility is there; with some 24 landing wheels, it gives it the opportunity to land on soft dirt where the landing gear of the 747, with all of the weight concentrated on a few wheels, would probably not be capable of performing in that area.

All the senior Army and Marine Corps field commanders agree that outsized airlift is our greatest priority, and their preference is for the C-5 versus the 747.

Mr. President, I have been asked why it is that I do not push for the C-17, when I so strongly advocated the building of this aircraft and finally after years of beseeching the Air Force we had some idea of what they wanted. But what they want and what the C-17 amounts to, now that it is on paper, is an airplane really too small to handle the heavy lift requirements that the C-5 will provide. I think sometime in the future we might look at the C-17 again, and if we can upgrade it in size, and so forth, it might fit into the picture.

Mr. President, to boil this all down, I think the C-5 does a job that has to be done and that the 747 cannot do. The C-5 offers greater flexibility in what we can carry, where we can take it, how we can plan to respond to threats, and how we can react to unforeseen developments. The C-5 flexibility in my mind is clearly worth the extra cost.

The Senator from Wisconsin talked at great length today about the wing problems of the C-5. We all know about those wing problems. I think I can put my finger on the reason those wing problems occurred—because no aircraft company in the history of this country had ever built an airplane as big as the C-5.

What Lockheed did, in my humble opinion, was to build a larger aircraft using the wing concept of the C-130, and as brilliantly conceived as the C-130 roof and wings are, they were not capable of sustaining the great loads of the C-5. But those are things that no aerodynamic engineering could have proved by computers, slide rules, or anything else. We were into a new field completely. The C-5 has responded in a magnificent way. It has completely supported all of our airlift requirements in the Middle East or wherever we had equipment to be taken.

I return to the concept I tried to make at the outset: that if the Senators from Washington want to add 747's and DC-10's to the C-5 buy, I would be perfectly willing to go with them on such a concept, because we need it. The C-5's are not going to handle our heavy airlift requirements. Let me say quickly that in war, we transport only about 5 percent of our materiel by air. The remainder of it has to go by sea. So speed is of the essence, and speed with size is something we have to have.

With due respect to Boeing and the 747 and to Douglas with the DC-10, I do not believe that this aircraft will fulfill the requirements that our Armed Forces need today and tomorrow and in the coming years.

I hope the Senate will defeat the amendment offered by my friend from Washington.

Again, it is not easy for me to speak against any proposal coming from Boeing. I probably have had more intimate associations with Boeing than anybody else in this body, and I have tremendous respect for them. But I also have tremendous respect for our Armed Forces, and I want to see them travel around in the best we can get; and, in my humble opinion, that is the C-5.

Mr. President, I yield at this time to the Senator from Georgia.

Mr. NUNN. Mr. President, I thank my colleague and friend on the Armed Services Committee, the Senator from Arizona. I do not believe anyone here has studied the whole question of air power, particularly the airlift question, more than the Senator from Arizona. I am very grateful for his comments, which I think reflect the essence of what the Army is all about.

I am going to speak a few minutes and then yield to my colleague from Georgia, Senator MATTINGLY.

Mr. President, we have on display in the Chamber what I think is the most vivid demonstration anybody could have about the debate that is going on here today. You are not comparing apples and apples. You are comparing an apple with an orange. These are two different airplanes, designed for two totally different purposes, with two totally different capabilities. If you just look at the charts, you can see the situation very vividly. It brings out in picture form exactly what one witness after another witness after another witness has said. Every uniformed witness who has appeared before the Armed Services Committee on this issue, every Department of Defense witness, every witness we have had, had pointed out the difference.

This is not to denigrate the C-47. The C-47 was not built to carry outsize loads. This is to say that the outsize load is the key to this issue. You can talk about full weight all you want. You can talk about how far the planes will fly without refueling. You can talk about any number of factors that are interesting but irrelevant.

The question is, do we want the military forces of the United States of America to be able to arrive in far distant places with the kind of equipment, in the early stages of war, that is absolutely necessary for them to survive and fight?

You can see very vividly what it takes to load a 747, the amount of space that is required to load the 747 and the C-5. That picture shows it.

On this side, we have the same picture from a different angle—the 747 with side-door loading. Not only does it have a small loading capacity, but also, you have to lift it, and the equipment to lift it with cannot fly on the 747 without complete disassembly and reassembly.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. NUNN. I yield.

Mr. GOLDWATER. The outsize cargo might fit into the middle or up forward, but this is a typical airline fuselage. As it goes aft, it becomes smaller. So what you are talking about aft, a few feet past the middle entrance door, is a growing restricted space; and even though the cubic content might be the same, it is not the same in square inches or square feet.

Mr. NUNN. Mr. President, I am going to yield in a moment, and I will have remarks that go into considerable detail from military witnesses about the outsize load. As I said, all of them are unanimous on that—any to whom I have had access.

I just want to make one point. If we want a bill to really relieve the pressures of the airline industry—and there is no doubt that they have pressures, and there is no doubt that we want to continue to have a strong airline industry in this country. If we want to help the problems Boeing has—and no doubt they have problems that are similar to those of the airline industry. I hope Boeing does well. I think they are one of the great corporations of our Nation. If we want that kind of bill, let us get it on the floor and debate it. Let us not do it at the expense of the military of our country. Let us not do it at the expense of the marines, who will be on the other end when that equipment comes off and they will not have the firepower to defend themselves in the Persian Gulf. Let us not do it at the expense of the U.S. Army forces, many of whom will be sitting there waiting for the equipment they need in order to have any chance in NATO. Let us get another bill here and call it a relief bill for the airline industry. I am very saddened by the problems of Braniff Airways, and I hear this circulating all around this Chamber. There is no question about what is going on. Many people are receiving calls from the airlines saying, "We are in trouble. Let's buy 747's."

Of course, that would help their problems, but it would not help the U.S. Army, the U.S. Marine Corps, and the U.S. Air Force in trying to prevent the continued lack of an airlift that is absolutely essential for any kind of scenario we can envision in the Persian Gulf or NATO.

Mr. President, I believe that to let votes be influenced by headlines today with respect to Braniff Airlines would be very, very shortsighted for our national security. If we want to help Braniff, if we want to help the other airlines, let us put the cards on the table and get a bill here that relates to airline relief. Then let us debate it in a logical way and put it in the overall economic considerations of our country.

At this moment, we have International Harvester, another great company, which has made a great contribution to our Nation. International Harvester has great difficulties. They are in great financial stress, and anyone who reads the business press knows that. But I do not think anyone is going to propose that in order to help International Harvester, we knock the M-1 tanks out of this bill and buy combines. I do not believe International Harvester is going to produce that tank. But that is about the same thing that is being talked about here today.

I will admit that it is stretching it a little, because the 747 is an airplane, but it will not carry the essential equipment needed to defend this Nation, any more than we can defend Europe or the Persian Gulf with an International Harvester combine.

Mr. President, there is one other point that I believe will come out loud and clear in this debate, and I hope it will. The "Dear Colleague" letter circulated by my good friend from Washington and his cosponsors makes reference to the same figures we had before our hearings and as claimed by the Boeing letter that has been circulated, saying that $6 billion in savings can be made in the defense budget by this kind of amendment.

I should like to observe that there was no support whatsoever for that figure in the Armed Services Committee hearing, and that came about after the letter was circulated. There was no support whatsoever for that figure.

The Department of Defense refuted the figure; the Department of the Air Force refuted the figure. Everybody who testified refuted it. The true figure, if you look at the life cycle costs, according to the Department of Defense, according to the Department of the Air Force—I have heard no rebuttal of this from anyone; maybe we will hear it during the debate—is $1 billion. You are talking about $1 billion difference over the entire life cycle of the 747 or the C-5, whichever this body decides to go with today.

To put it in proper perspective, the initial acquisition cost is about $2 billion, but the life cycle cost is $1 billion The upfront acquisition difference is $2 billion in the first 5 or 6 years, where this program would be implemented, but the overall life cycle, including acquisition costs, diminishes.

The overall lifecycle difference is $1 billion, and that includes acquisition costs, maintenance costs, and so forth. One of the main reasons for this big difference is the fact that Boeing projects a lot fewer airplanes, about 10 fewer airplanes, for what they say would be the equivalent on C-5. The Air Force and the Department of Defense say that about 10 more airplanes would be required, considering the essential fact that no matter what number of planes you get, if you bought 200 747's, you still could not get in the essential equipment that has to be there if you are going to have any chance to survive.

There is one other figure that I think the Budget Committee itself may be interested in and the people who are struggling so hard to get our deficits down because the Boeing proposal would buy existing aircraft that is already there or can be bought in an early stage. Again I want to put this in perspective; I do not want it to be misunderstood. Because of that, the first 3 years, that is, 1983, 1984, and 1985, the years we are struggling with in the budget, those 3 years, during that period of time the Boeing proposal, that is the Jackson amendment, will increase outlays by $1.9 billion.

So whatever our deficit is, I read figures varying from $105 billion to $180 billion in 1983; I read figures that show we are going to have anywhere from $450 billion to $600 billion over the next 3 years. Depending on whose figures we read and what the assumptions are, whatever number we prefer on the deficit problem facing this country, and it is a serious problem, if Senators vote for the Jackson amendment, Senators can add $1.9 billion to that in outlays over the next 3 years. Again to put it in perspective, the life cycle cost of the C-5 is $1 billion more, but the outlay figures in the first 3 years, if the Jackson amendment passes, are going to increase the outlay problem and the deficit by about $2 billion. And if Senators want the figures on that for 1983, it would make a difference of $381.5 million; for 1984 $950 million, and for 1985 $595.2 million, a cumulative total of $1.9984 billion that we are talking about increasing the deficit in the next 3 years.

So make no mistake about it. Anyone who votes for this amendment today is voting to increase the deficit in the next 3 years. They are also voting again in fairness to decrease the life cycle cost over 20 years by $1 billion. But again the question is whether we want our forces to survive and if we really want our forces to survive and be able to fight they have to have something to fight with. Tent poles and bullets are not going to get the job done. They have to have some heavy equipment.

There is one final point that I think has been overlooked in all the coverage I have seen. It was not overlooked in the hearing, but it is a very, very important point. That is the question of if after looking at these pictures, after hearing this debate, after listening to the testimony of P. X. Kelly, the testimony of Kelly Burke, the testimony of every military witness we have had—Senators will hear it before the day is over—if after all of that Senators conclude that they want a smaller cargo carrier capability and they are not worried about what happens when the Marines are waiting for the outsize equipment, they are not worrying about what happens when the Army is waiting, if Senators conclude all of that which I think would be totally erroneous then they have to ask themselves how do we go about acquiring the 747 if we want to buy 747's or if we want to have access to 747's. Let us look at the perspective.

We do not have to buy them. They are already out there. We have a program called the Civilian Reserve Air Fleet program. That program has been going on since 1952 in various stages.

But in recent years we have what is called the enhancement program. That means that the Department of

Defense will pay the airlines up-front money to be able to get access to the plane for a period of time to shore up the cargo-carrying section, and so forth, and then the plane goes back into the commercial fleet. It is used to carry passengers, and then it is on call for the Air Force in an emergency.

Let us suppose the British had tried to run the Queen Elizabeth II now for the last 15 years by buying it instead of using it as they are doing today in a crisis. That is the analogy. They do not have to buy these planes and if they decide to buy the 747's, make no mistake about it, compared to the CRAF program, the program which is available, which the Department of Defense is utilizing, which they plan, they plan to utilize in 1984 and 1985 by letting the wide-bodied jets like the 747 and the DC-10, by letting them compete as to which one should go into that program, then they are wasting an awful lot of money.

We have an Air Force chart that shows that we can get 55 747's in the CRAF program over the period of the lifetime of the aircraft for $3 billion. For $3 billion we can get 55 of them, and if we want to buy them and maintain them and keep them in the fleet we are getting ready to spend $15 billion, and that is what the Jackson amendment is about.

So we are not saving $6 billion by this amendment; we are saving $1 billion over the lifetime if we vote for the Jackson amendment, but if we decide to buy the 747's we are making a mistake.

We should lease them like any sensible economic analysis will show and we can save $12 billion in that respect.

So I urge my colleagues to pay careful attention to this debate. If the C-5 side of the debate loses on the merits, then I will accept that. But I think it would be a tragedy for our Nation if we let the problems of the airlines decide this debate when in fact what is at stake is the national security of our country.

I will be delighted to yield to the Senator from Georgia.

Mr. MATTINGLY. I thank the Senator from Georgia, Senator NUNN.

The PRESIDING OFFICER (Mr. SIMPSON). The Senator from Georgia is recognized.

Mr. MATTINGLY. Mr. President, I rise to support Senator NUNN and Senator GOLDWATER, and I rise to oppose the amendment of the Senator from Washington and urge my colleagues to support the President's airlift program as approved by the Armed Services Committee.

Some of the facts I will be giving will be repeated as we have heard them before. But we have heard a lot of debate here in the Chamber about the relative merits of the C-5B and the 747.

Under all the conflicting claims, under all the statistics, under all the oratory, and the home-State boosterism, I think everyone in this body will agree that we need to increase our airlift capacity and that we need to increase it now.

The main thrust of this effort should be to increase airlift capacity and God forbid that this capacity would fit combat conditions in the most cost-efficient manner possible. The President's airlift program, as reported out by the Armed Services Committee, does just that.

I shall address several points of comparison between the two proposals under consideration today.

I think the military and the budgetary advantages of the committee proposal will be clear in each of these cases.

First, we have the area of cost. The advocates of the amendment to cut the President's program claim that it is going to save money. But the reality is, as Senator NUNN said, according to the testimony on April 16 of this year, the amendment actually costs more money in the short run, about $2 billion more than the President's program over the next 3 years.

In the long run, the life cycle cost to buy and operate the 747 is actually only slightly lower than the C-5.

When all these factors are taken into account and a very evenhanded comparison is made, the committee proposal to buy C-5's will cost only about $1 billion more over the next 20 years. That is a small price to pay for the C-5's proven ability to handle priority outsize cargo and the special capabilities of the C-5 which cannot be provided by any other existing aircraft.

The next point to consider is the procurement timetable which has not been brought up. The backers of the amendment say the 747 can be put on the flight line at least 3 years earlier than the C-5.

But the Air Force disagrees with this comment. According to their research, the difference would be closer to 1 year, and certainly speed is of the essence. But the demonstrated advantages of the C-5's—the world's biggest and best military airlifter—more than make up for this slight delay.

Up until now, I have stated some comments and have argued as if we face an either/or decision. Fortunately, that is not the case. By spending a modest amount on the civil reserve air fleet, as Senator NUNN says, we can add the proposed 747 oversize bulk capability for a fraction of what it would cost using the amendment under consideration. This goes back to the point I made earlier about looking for a cost-effective method to increase airlift capability.

Experts in this area agree that the CRAF program is the best way to do this. The Department of Defense is currently evaluating an expanded CRAF program in light of the current depressed conditions in the civil airline market. The bottom line is very simple. The authors of the amendment are asking the taxpayers and my colleagues to pay $15 billion for capacity that can be obtained for $3 billion. That is hardly cost effective.

But I think there is another area we need to look at. There are major threats which we should consider in relation to our Armed Forces for which they must be prepared, and for them to have the capability to approach these threats. To overlook these threats would be erroneous at this time. There is an unswerving dedication on the part of the Soviet Union with respect to this country; there is the fragile NATO alliance; there is an instability in the Middle East and the Persian Gulf region; there is widespread turbulence to be anticipated in Third World countries, and tasks have to be assigned to the Armed Forces to approach and to meet those problems.

The strategic review that has been going on should prompt questions about how we must approach our programs to make sure that we contribute to the readiness in carrying out these important strategic tasks with which we are confronted and on which we are voting now. The question should be what is the definition adopted for task readiness, the simultaneous readiness of all the supporting elements necessary to move a task force from the United States to a foreign battlefield, because when all is said and done the issue is mobility, combat mobility, for outsize and offsize military equipment which number in the hundreds.

The C-5 is the cornerstone of the effort to enable our forces to protect our national interests anywhere in the world. In addition to its military value, the C-5 makes sense on the balance sheet. I urge my colleagues to look at all the facts. The President's program, supported by the Department of Defense and the Armed Services Committee, addresses the priority airlift requirements in the most cost-effective fashion.

If Lockheed and Boeing were merged and were one company, what would they offer here on the floor of the Senate today in order to haul outside equipment, to meet combat capability? I say it would be the C-5, and I think if we look rationally at the problem and look for a resolution of this problem we will vote against this amendment and support the C-5. I thank the Chair.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, as chairman of the Defense Appropriations Subcommittee, I do not lightly oppose the administration's position, any position, on the defense budget. As a matter of fact, I think the position I am taking in the long run is consistent with the defense goals of the administration.

One of the things I think we must do as we revise this bill is to put the CX back into it, and to do that requires some thinking about the mix of the procurement items in this bill.

I think the record will show that I have rarely taken a position counter to any major budget proposal on defense, but when I do adopt a contrary position it comes on the basis of a strong conviction based on the fact that there is a basic flaw involved in the budget decision.

There is, in my considered opinion, such a basic flaw in the Pentagon's decision to revive production of the C-5 transport aircraft.

The entire airlift enhancement program involves complex decisions and a bewildering array of options. In this situation, and confronted last year with congressional refusal to proceed with the CX program, I can certainly understand why and how the Defense Department selected the C-5B alternative.

The problem with the C-5 is that its selection is not the final solution. Building 50 more C-5's is simply a stopgap measure. The Air Force, in testimony before the Defense Appropriations Subcommittee that I chair, made it clear that the CX is still essential to our military airlift requirements and is indeed moving forward under funding currently available for research and development. What we will have by the end of this decade, under the strategy sketched out by the Air Force at our hearings, is a mix of improved aircraft already in the inventory—C-130's, C-141's, C-5A's, and others—coupled with new C-5B's and the C-17 that would be built under the CX program selection. Supposedly, this mix would meet all our requirements.

The major single argument in favor of building more C-5's, however, was the need for more outsized cargo capability. Currently, the C-5 is the only aircraft that has that outsized capability—the loading access that can handle the great bulk of some equipment and weapons that are required in a forward deployment situation.

However, the C-17 would also provide that outsized capability almost as quickly as the new C-5B's could be brought onboard. So the question occurs: If it is essential that we develop and acquire the new C-17 transport that is far more capable than the C-5, and if we can do it almost as quickly as building new C-5B's, why should we consider the C-5 option at all? If we are looking for stopgap aircraft enhancement until the C-17 is available, why not turn to a much more capable cargo hauler that is available much sooner than the C-5B? That is the cargo version of the 747 that the Senator from Washington believes we should turn to instead of the expensive and troublesome C-5.

The 747 does not have outsized capability, true. But it can haul oversized cargo better than any other aircraft. It can haul more cargo farther and faster than the C-5. It is immediately available. We can buy some aircraft right away from domestic airlines that have more of the 747's than they can use right now in this difficult economic period. All you have to do is look at the morning paper to see how difficult it really is.

These aircraft, I am told, are already configured to be adaptable for military cargo as part of the civilian reserve air fleet (CRAF). And we can build more 747's to military specifications, again, more quickly and more inexpensively than the C-5. But I am not here to argue to buy more 747's.

I recognize the 747 has certain deficiencies that trouble the Air Force. It sits high, and special equipment is needed to load and unload cargo. But there are even more serious drawbacks to the C-5, in my opinion, and I am confident the Air Force can overcome the loading problems if it is necessary to send the 747 into austere air fields.

While we turn to the 747 as a proven and reliable interim airlift enhancement, we should also move ahead with the CX program as the best permanent solution to military airlift requirements, both for outsized cargo and for operation in and out of small, primitive airfields that we would have to use for intratheater airlift.

It was the refusal of Congress last year to appropriate more money for the CX program that forced the Department to turn to the C-5 concept, a concept which was rejected in the CX competiton. The C-5 did not qualify under the airlift requirement study that was mandated by Congress.

I am frank to say that last year I expressed reservations about the need to build a new cargo transport for the Air Force. I did so on the basis of funding requirements, not on the basis of needs of the Air Force. I am convinced that the complex airlift demands make it essential that we move forward with a new aircraft that can handle all cargo and operational requirements of the military deploy problems we face in the Rapid Deployment Force concept.

Accordingly, I believe any amendment to alter the budgeted airlift enhancement program must include increased funding to accelerate research and development of the C-17. At least $200 million would be required under the Air Force research and development program to restore this program to the original level and to achieve an initial operating capability for the C-17 in 1988, which I consider to be the year of need, or 1989, at the latest.

Mr. President, I would like to point out that while my position does not reflect the specifics of the Defense budget proposal before the Senate now, I do not think it is a major departure from the basic Air Force policy on airlift enhancement. We must continue to rewing the existing C-5A's— and they are doing that. The C-5A's will then be capable of flying at full capacity instead of the restricted 25 percent of capacity that they have been flying at in the past. And there are 75 or more existing C-5A's. We must continue to improve on other existing aircraft, also. We should provide immediate cargo expansion capability in a proven and reliable transport and the available 747 would do that as an interim measure.

But we should not open up a new line of C-5's as interim measures because when we do so we commit ourselves to buying 50 of the C-5's, rather than going to the C-17's, to buy 64 of those. If we go into the C-5 acquisition, we will put off the acquisition of the aircraft that is needed, the one that was designed specifically for the task ahead of us and the one that came out of a congressionally-mandated study and competition that led to, under the CX competition, the C-17.

I want to see us accelerate the C-17 program to bring online aircraft designed to be fully capable to meet all airlift transport needs. The C-17 is designed to meet all current airlift shortfalls by the end of this decade or sooner.

I think that is an offer the Pentagon cannot refuse and they ought to recognize where some of us are coming from. We can have a more effective and less costly approach if we go now to the C-17. It is one that guarantees the continuation of our CRAF capability and, at the same time, offers assistance to some of our troubled domestic airlines.

I hope the Senate will accept that alternative. As chairman of the Defense Appropriations Subcommittee, I am convinced, after hearings that I have personally conducted, that it is the best alternative for the Nation.

Mr. President, I have some quotes from the hearings that we conducted. General Allen said:

> I think, speaking for myself, I would rather have it if I could get the C-17 on a time schedule close to that of the C-5.

That was the testimony just this week, General Allen saying he would rather have the C-17 than to have the C-5B at all at this time.

I said to him:

> We are talking about an interim solution now, an interim solution in terms of wide bodied availability over this near term using CRAF and still concentrating on the C-17 which, as I take it,

I repeat this, Mr. President—

> which, as I take it, all of you would agree is the best airplane for the RDF, ultimately. Isn't that right?

I asked that question of all of these people who appeared for the Air Force. They all nodded their heads. General Allen said:

> I think, without any question, we would agree with that.

General Burke said:

> General Allen could speak with a little more authority than I, but I just don't think of the C-5 as an outdated airplane. I think it is a superb airplane. But I think the C-17 would have been a better one.

Now, we are faced here with not a decision coming out of a congressionally mandated study which led to the CX and then to the C-17. We are faced here with a policy decision based upon a reading of what we did in the Congress last year that we would not commence the CX program. The Department of Defense went to its next best alternative, and I think it was the next best alternative, and said:

> All right, we will reopen the C-5 line.

The cost of that and the cost of this acquisition will delay the acquisition of the C-17's—the planes that we need most—well into the next decade. I just do not believe that that is the right decision.

Mr. President, let me state to the Senate that the C-5B will cost us $6.4 billion; that is to acquire 50 of them. To acquire 50 C-17's will cost $10 billion. But we are going to buy them anyway. And it will cost nowhere near that to buy an interim airplane during the period of time between the time we can get the C-17's on line.

Our real needs are not 50, Mr. President. Our needs for the Rapid Deployment Force and for the airlift necessary to augment the forces in Europe in the event of a problem there are 130. That is the defined minimum needs to meet the airlift requirements for outsized and oversized cargo. That is going to cost $13 billion.

Mr. President, it will cost us $16.4 billion to get 50 C-5B's and 50 C-17's, which is the current plan. It would cost $13 billion, less money, to get the full 130 C-17's.

Now, I cannot understand anyone that does not follow that just on simple arithmetic. We do not need an expensive stopgap. We need the C-17. We need it to start as soon as possible. We need to have it delivered as soon as possible and we certainly need the full complement. As I said, we can get the full complement of 130 C-17's for about $3.5 billion less money than going through this expensive stopgap procedure.

Mr. President, I support the amendment because it would give the Appropriations Committee the discretion to look at the airlift requirements and to meet the needs of the country.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. HAYAKAWA. Mr. President, today I am happy to speak in favor of Senator JACKSON's amendment to deploy new and/or modified commercial 747's as an alternative to the reopening of the C-5 production line. I had hoped this decision would be made by the Defense Department instead of Congress. But, it has come before us and, after careful consideration, I believe the procurement of the 747 would be the best alternative for several reasons.

The refurbished widebodied 747 has proved capable of meeting the wartime requirements of the Air Force by providing effective air transportation of outside and oversize equipment. This is evidenced by its present use in identical operations by the Civil Reserve Air Fleet (CRAF). The 747 can more than adequately meet the urgent need of airlift equipment and up to 4 years sooner than the C-5. The savings in funding as well as in operation and support will amount to billions of fiscal year 1983 dollars.

In addition to its meeting our military needs, the 747, if procured, would provide a needed boost to our country's industries and economy. By purchasing aircraft which are presently unused, we will be providing assistance to the financially distressed airline industry. Also, the refurbishing will be done, largely by subcontractors thereby providing jobs for the unemployment and opportunities for small businesses. Our economy needs a leg-up and the purchase of the 747 will offer a needed helping hand to the State of California and the Nation as a whole.

I believe that purchase of the 747 is the best and most cost-efficient alternative.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, if I were to express my personal choice, I certainly would not want to choose between my two colleagues on the Armed Services Committee, both of whom are of such great value to our committee and to this entire body. I refer to Senator JACKSON, of Washington, and Senator NUNN, of Georgia. I have additional personal reasons, too. I do not want to choose between them and I would be excused, rather than doing so. By the way, I want to mention that neither of these Members has tried to talk to me in a special way about this matter.

As far as the 747 is concerned, it could not have had a more able presentation here than that presented by the Senator from Washington, and assisted by his colleague from the same State.

I know most of us who have been trial lawyers know the story about the old lawyer in the courtroom who was pressing his point on an important matter. The judge started off, before actually ruling, by complimenting him. The lawyer said, "Judge, I appreciate your attitude, but do not compliment me out of court."

I do not want to compliment the 747 out of court. I remember when the Senator urged me to go by and see the 747 while it was in the making, and to meet the fine gentleman who was the president of Boeing at that time.

To get down to the substance of this matter, this question of cargo delivery has been before the committee for a long time, and is quite a problem. Air cargo has always wound up being a second choice; that is, we would put it off, or we would not put in the full request in the bill, but would delay for one reason or another. The pressures of the times have changed somewhat, and it seems to me that we ought to move forward.

Of course, there are points here which favor each one, but when it comes right down to the military value, the military needs, and the military demands, it seems to me that the decision falls in favor of the plane built primarily as a military plane, the C-5.

I really think we ought to move forward and make a decision. What I said about the military value includes the landing and the positioning of the weaponry and supplies of various kinds, even concerning battle formation, with such forces such as the amphibious forces of the Marines. That is the task, of getting the big job done, and that will be the job in the future. That is what the plane is made for, not only to carry cargo but to be able to unload it's cargo quickly, in order for that cargo to perform the job at hand.

There is a small difference in cost, but I do not see that difference as determinative.

So with those things primarily in mind, and with the unanimity of the military witnesses in this matter, it comes down to the point that the military will have to use and fly this plane.

Of course, we did give a trial to the idea of renting the craft, but I believe now we had better move forward with the C-5.

Mrs. KASSEBAUM. Mr. President, I think the statements we have heard so far certainly illustrate the confusion on this issue, not only the confusion in savings between these two models, but it shows how frequently we find figures to fit the assumptions that we want to make. However, it is troubling for those of us who are trying to decide which would be the best plane for carrying equipment and meeting our mobility needs.

I believe there are two points I would like to ask clarification about.

One of them was in the comments of the senior Senator from Georgia, who certainly has expertise on defense issues which I greatly respect, as I do the Senator from Washington.

The Senator from Georgia in his comments offered the testimony of several before the Armed Services Committee regarding the need to have the C-5. Gen. Lew Allen said, "It is worth the difference," having the C-5.

The Senator from Alaska just quoted General Allen as saying that it would be far better to have the 747 as an interim plane while we needed to move forward with the C-17, that it would be a savings for the interim period.

I believe this certainly illustrates the confusion that we have in trying to decide which would be the best plane.

In response to the junior Senator from Georgia saying that the issue is combat mobility, it is my understanding that one C-5 can carry one M-1 tank. If we are anxious to move our M-1 tanks into combat, is it not far quicker and far less expensive to send them by ship? I wonder if someone can answer that, as far as combat mobility?

Mr. NUNN. I will be glad to answer that. The most efficient way of getting heavy equipment to any remote spot is by sealift. The problem is unless you have prepositioned equipment and you have it there in advance, you do not get sealift equipment there until about day 20. So it is during the first 15 or 20 days that we have such a tremendous shortfall of outsized equipment. If you assume that the war does not start or that you have 20 days notice before war starts, and you start getting your ships out there, then the Senator is correct. But that is an assumption that we do not believe we can make in the Persian Gulf, NATO, or any place else.

It is true that the sea is the best way to move the outsized load, the best way to move any kind of outsized load. It is more efficient than the C-5 or any other aircraft. But the problem is it will not get there quickly enough. No better example exists than the 1973 war, the Israeli conflict. If it had not been for the C-5, according to Golda Meir and President Sadat, the C-5 made the difference in the war because they got the equipment there in time.

I think it is important to note three quotes on that point.

This is a quote by Henry Kissinger:

> In the first full day of the airlift we had more than matched what the Soviet Union had put into all the Arab countries (Egypt, Syria, and Iraq) combined in all the four previous days . . . and had perhaps enhanced Arab conviction that the United States was the key to a peace settlement.

Another quote from Anwar Sadat:

> . . . Colossal U.S. transport aircraft landed, loaded with tanks and sophisticated equipment . . . the United States was now taking part in the fighting by supplying Israel . . . I did not intend to fight the entire United States of America.

Golda Meier says, and I quote her:

> For generations to come, all will be told of the miracle of the immense planes from the United States bringing in the material that meant life to our people.

So that is the situation, the first 20 days where you have to have that airlift.

Mrs. KASSEBAUM. But the Senator does not think the 77 C-5's that we already have could meet that need?

Mr. NUNN. There is no doubt about it, according to all the military witnesses and all the analyses. We asked that question over and over again in the hearing. I do not want to take a lot of time on the answer, but let me just summarize by saying every military witness including Kelly Burke, Air Force; Secretary Carlucci, DOD; Gen. John Vessey, Army; Gen. P. X. Kelly, Marine Corps, each one of them said the existing fleet would not meet that capability. As a matter of fact, even with the 50 C-5's we will still have a shortfall in outsized airlift, but we will increase our outsized capability by approximately 400 percent in the early stages of a war by this purchase. So there is no doubt about that fact.

The Boeing Co. comes up with this chart so that if you used the C-5's for nothing but outsized equipment under the least demanding scenario, under the congressional mandated mobility study, after 28 days they would be in pretty good shape with the Boeing compared with the Lockheed C-5. The problem with that is that you cannot pick out the 28th day. You may have lost the war on day No. 18. You may have lost it on day No. 15. That is a very interesting intellectual exercise that is irrelevant to the debate.

Mr. JACKSON. Will the Senator from Kansas yield for a comment on this point?

Mrs. KASSEBAUM. I would be happy to.

Mr. JACKSON. May I say that this whole debate gets down to a question, Mr. President, of management of the airlift. That is, the four scenarios that we looked at in the committee—and we had a hearing on this specific problem—can be met if you use the 77 C-5's to carry the outsized equipment supplemented by DC-10's or 747's, wide-bodied jets.

The military would love to have every plane with a wide door, regardless of the costs. There is not any dispute about the additional cost here. There is a $4½, $5, $5½ billion difference. It is an avoidable cost that must be saved.

Much has been said here about the Yom Kippur war. I was deeply involved in some aspects of that problem.

The interesting thing is that the Israelis used El Al planes to move their cargo from the United States to Israel, and they were able to fly nonstop. The truth is that the C-5 had to be refueled, and that was a very, very dangerous situation.

The only place that the refueling could occur was in the Azores. Our allies in Western Europe denied us the use of their fields.

There is a good example because we could have almost been caught in the situation where they would not be able to get the cargo there because it requires refueling.

The difference in the aircraft in that regard—and I think we ought to make it a part of the RECORD—is that with the 75-ton payload the 747 has a range of 5,600 nautical miles and the C-5, when they rewing it has a range of 3,900 nautical miles.

With all due respect, they should have built the plane right in the first place. We are spending $1.6 billion, Mr. President, to rewing the 77 aircraft. That is what it is costing to be able to carry the designed payload.

I have a high regard for the Lockheed Co. They do a lot of fine work in both shipbuilding and in space. We have a shipbuilding company in Seattle. But I think the record should be made clear that the range specifically on this rewinged plane is 3,900 nautical miles against 5,600 for a 747.

May I says that the GAO study in connection with the Yom Kippur example of readiness said, and I quote from the study on page 2:

> In GAO's opinion, however, the relatively small quantities of outsized equipment delivered in this manner had no decisive effect on the war's outcome. And the ton-mile costs for the C-5 and the C-141 aircraft were 40 cents and 20 cents, respectively. At the same time, a commercial cargo configured 747 provided service at a ton-mile cost to the command of only 11 cents.

I repeat—and that is a part of the costs here—40 cents per ton-mile for the C-5 and 11 cents per ton-mile for the 747.

Mr. President, there is not any real dispute about the costs. Let me state it as simply as I can about costs.

Is there anyone in this Chamber who honestly believes that you are not going to have fairly high costs when you reopen a production line that has been closed for what, 9 years? For 9 years. That is just a cold, hard fact of life.

I mention this because the other fact, of course, I think speaks for itself. More than 700 747's have been sold in the commercial market, and I asked Gen. Kelly Burke how many C-5 versions have been sold as cargo aircraft. The answer was none.

The marketplace is still a pretty good arbitrator of costs.

Mr. LONG. Will the Senator yield for a question?

Mr. JACKSON. The distinguished lady from Kansas has the floor. I will be glad to yield.

Mrs. KASSEBAUM. I am happy to yield.

Mr. LONG. I would just like to ask a question because I really am poorly informed on the subject and hope to learn something by the debate.

There are some pictures in the back of the Chamber, one is "747 side door loading" and the other says "typical C-5 load." For which one of these planes is the Senator speaking? Which is he advocating?

Mr. JACKSON. I am advocating that the Congress ask the Defense Department to go out into the marketplace to buy used aircraft and the number of planes available including the Braniff announcement of last night will be very substantial. I am asking, as the amendment provides, to go out and purchase wide-bodied commercial jets that are available.

The American people, Mr. President, are going to ask why, with all these surplus commercial wide-bodied jets available, is the Congress of the United States asking to start up a production line to provide a wide door that is not needed to meet requirements. The story is—and it is very clear to me—you manage your airlift in a way in which you use the C-5's and that is important in that regard, to take care of what we call the outsized equipment. Bear in mind that, by volume and by weight, the 747 can carry more weight over a greater distance nonstop at a lower cost than the C-5.

Mr. LONG. Does the Senator then claim that the 747——

Mr. JACKSON. Or the DC-10.

Mr. NUNN. Mr. President, I just want to enlighten the Senator from Louisiana on that very good question he asked.

The pictures here show the difference between what you get from the 747 and what you get from the C-5. The problem with the 747 is that it is not a useful aircraft. The problem is that it will not carry the equipment you have to have on the ground in the first 15 days. I will have on the Senator's desk a computer printout of the equipment which will show all the items that will not fit into the 747.

It is very important to realize that 52 percent of the mechanized armored division equipment will not fit on the 747.

Senator JACKSON makes the point that the only thing you are getting in a C-5 is the weight bearing. That is the only thing that matters when you are trying to get outsize equipment. That is the key to it. You cannot win the war unless you have units and equipment arriving near the same time.

Senator JACKSON said three of four times this morning—and the Senator from Kansas talked about this—that if they just managed the existing fleet well, they would not need any more C-5's, that they would be able to carry the outsize equipment. The Air Force did a direct study on this point, and the chart shows very vividly that that is not the case. If they use the ones they have now and the ones they are going to purchase, they will still have a shortfall with respect to getting the outsize equipment there on time.

It is true that this proposal will save about a billion dollars over the whole lifetime of the 747 or the C-5. But what it amounts to is that you are saving a billion dollars but you are going to lose the war, unless you have 20 or 30 days' notice.

Mr. LONG. Mr. President, I do not know much about airplanes, but I was in the amphibious force during World War II. We had amphibious boats that would go up on the shore. If the water was not too deep, if the water was no more than 5 feet deep, you could get across the sandbar and roll onto the beach and roll the tanks off, to take on the enemy.

It would not have helped too much to have a standard-type ship—that is, if you had to have a hull and a depth of 10 feet or deeper. Then you could not get to the sandbar, much less get across it.

If I understand the Senator's argument, it is that if you are using something like the 747 and assuming that you are trying to take something over there for combat, the question is that you could get the material in, but the problem would be how to get it out when you got there.

Mr. NUNN. The Senator is correct.

If the Senator will look at these pictures, he will see that you have to have a huge lift to be able to load anything on the 747, and that lift will not fit into the 747. You have to have a C-5. If you buy these 747's, you have to have a C-5 to put the lift in so that you can load the 747.

It amounts to this: If you want to lose the war a billion dollars cheaper, you go along with this proposal, unless you assume that you will have an enemy kind enough to let you know 30 days in advance that the war is about to start, in which case you can get the sealift there. The sealift is the most efficient way, more efficient than the C-5 or the 747. The ideal situation is that you have enough warning time so that you can get the ships there on time.

Mr. LONG. For this type of work, you need a plane designed to do this particular task, not just a plane that is out on the market in surplus.

Mr. NUNN. That is right.

If people are concerned about the defense of the country and the first 15 days of any war, they will vote against the proposal of the Senator from Washington. If they are concerned about bailing out the airline industry—and we may want to do that in the right kind of bill—then they should vote in favor of that proposal.

I am concerned about the airline industry. It is a legitimate concern, but it should not be confused with the national security of our country. We should not be talking in terms of bailing out the airline industry when it is going to cost us many hundreds of American lives, perhaps thousands, while they are sitting there with tent poles and utensils and bread but no big equipment with which to defend themselves.

Several Senators addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Ohio.

Mr. GLENN. Mr. President, I regret having to get into this matter and take sides between two very good friends who both feel very strongly about the positions they have taken in this matter.

I agree with the statement by Senator GOLDWATER earlier today that it is too bad they are not considering whether we are going to buy both of these planes, because we really could use both of them to guarantee the mobility we may need one of these days. But we are not doing that. We are making a choice here today.

The unfortunate thing is that they are both good airplanes for their purposes. The 747 undoubtedly would be cheaper to operate. It is excellent long range. But it comes down to the bottom line of what will do the combat job and what will not.

The distinguished Senator from Washington put his finger on it a little while ago when he said what could be carried in one airplane or the other. When you come down to that kind of analysis, it seems to me you determine what your vote should be in this matter—the combat job to be done, starting at the far end, in some remote area.

The argument here is with respect to outsize equipment. No one disputes that. Mr. Carlucci, in his testimony on what was needed in the congressionally mandated mobility study said there is a call for 25 million additional airlift tons per mile per day, of which 10 million should be outsize. The budget proposal calls for 17 million, of which 8 million is for outsize. That leaves us with a big deficit.

General Vessey, to answer Senator LONG's question, was asked about the percentages of various Army units which were outsize and specific equipment which required a C-5 for air transport—not just normal equipment. General Vessey said 41 percent of the Army mechanized equipment is outsized equipment, which can only be loaded and offloaded combat ready from a C-5. Vessey said this was also true of 52 percent of their armored divisions, 25 percent of their infantry divisions, about 60 percent of their motor transport brigade, and 45 percent of an engineer brigade and very high percentage of a cavalry brigade unless the helicopters are reassembled after being lifted off a 747. He indicated that the following equipment can only be carried on a C-5—combat engineer vehicle, CH-47 helicopter, 8-inch self-propelled howitzer, 155-millimeter self-propelled howitzer, armored vehicle launch bridge, a Lance missile carrier, the M-88 and armored cavalry vehicle, a 12-ton supply van, the division air defense gun, the 5-ton truck with 12-ton communications van—it can be carried in a 747 but must be reassembled after being lifted off the plane—and, of course, the M-1 and M-60 tanks.

In conclusion, Vessey confirmed that there are hundreds of items that can only be carried on the C-5.

To summarize this, General Burke, in his testimony, used 5-day increments for the outsize requirements in each of the CMMS scenarios as to what the shortfall would be in outsize equipment. He said we are consistently short of outsize mobility, both today and some shortfall, even after the purchase of 50 additional C-5's. Upon further questioning as to the magnitude of the current outsize shortfall in the first 5-day increments, General Burke stated, "It is on the order of 2,500 tons per day."

That is not just normal supply that comes by ship or by other airplanes, or anything like that. That is just the outsize equipment shortfall they see for the 5-day scenario.

So when we come down with those troops out there on the beach or inland or wherever they have been landed or wherever the combat is about to occur or is occurring will we be able to land the materiel that is absolutely necessary to conduct combat?

When we come down to that it seems to me that we regrettably have to come down on the side of the C-5. I would wish to see both of them purchased.

Now, as far as some of the other capabilities—we have talked about the outsize cargo—but there is the ability to go onto a shorter runway 4,000-foot runway, and the C-5 does that. It drives on and drives off. It can be loaded more rapidly.

The support equipment might be a fairly minor item but because there is enough 747 support equipment available just from the airline's use, that would not be necessarily the deciding criteria we would want to include, but there would be new support equipment needed in the Air Force, and I am sure it could be obtained rapidly, but now there would be no new support equipment people who are familiar with that.

The C-5 also has an airdrop capability, if we wish to use that, and that would not necessarily be for outsize equipment, but it has that as an additional feature and, of course, it has the cargo floors already in it that will take off with many of these higher weights.

The previous Secretary of Defense, writing from his position at the School of Advanced International Studies, Mr. Harold Brown, has written to Senator NUNN, and I think his letter is worth including in the RECORD, and I shall quote from it.

He states that his views have been asked for and he is glad to give them:

> (1) We need to at least double our long-range airlift capability in order to be able to move ground force equipment rapidly to great distances quickly. Unless we do that, added sustaining capability by sealift, which is also needed, will have no forces in place to sustain.
>
> (2) We already have enough passenger capability with military and civil aircraft. Bulk and oversize military equipment lift capability needs to be increased somewhat. But the most critical need is outsize capability—

Not oversize, but outsize, that which cannot get into anything else, not just oversize, something that requires a big airplane, but one that is outsize that will only fit the C-5.

I repeat:

> But the most critical need is outsize capability, which can handle tanks and can also move helicopters without disassembly except for rotor stowage.
>
> (3) My own preference, in office, had been the new CX, designed specifically for intercontinental airlift of outsize payloads and with advantages in improved unloading capability, more airfields availability, and added capability in the role of intra-theater airlift.
>
> But given the uncertainty of cost and of development and procurement, the longer time to achieve a capability, and Congressional reflection of these concerns, I agree with the view of the present Administration that an existing aircraft or a slight modification thereof is a more practical solution.
>
> (4) I continue to believe that the outsize capability is the requirement that should govern the decision. For that reason, the C-5B seems to me the preferred solution. No other existing aircraft, even with major modifications, can meet the requirements for carrying outsized equipment.

He goes on to close with another paragraph on the end, but I think that pretty well states it, Mr. President, and if you look at it from the combat end, we have people out there fighting and they have to have outsize equipment delivered to them that nothing else can carry, and I might add that I think the Pentagon should take this into account in future design of equipment to make sure that it is more easily air transportable than perhaps they have been reading into their designs in the past.

We do not want to have equipment that has to be transported halfway around the world to some place where combat is underway and then have to design a special vehicle just to get the stuff there. We can design equipment that will probably do the job and still be transportable within existing airplanes.

So I think that is a little lesson to be learned from all this quite apart from the debate here today.

But we come back to my opening remark that the combat job to be done has to be the bottom line.

We look then at these statements from our military planners as to what is needed for the outsize equipment, not normal transport, and it seems to me we only can come to the conclusion that we have to get the C-5.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GLENN. I yield.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. GLENN. I was yielding just for a question. Does the Senator have a question?

Mr. LONG. It is just a question.

Please understand that the Senator from Louisiana has an open mind. I am not committed to either side and I am committed merely to my own conscience to try to do what I think is right about the matter.

Do I understand it to be the Senator's view that if we are trying to fly by airlift some support troops who will be dropped in who will land by surprise to try to help someone, for those troops to have a chance they are going to have to be sustained by heavy artillery.

Mr. GLENN. That is correct.

Mr. LONG. And to try to defend themselves against heavy artillery, if they do not have it, is a rather hopeless task.

Do I understand the Senator's position to be that we need something like that C-5 airplane in order to get the heavy artillery in there?

Mr. GLENN. I shall answer the Senator's question by saying we cannot define every combat scenario with which we might be faced. Obviously, one time there might be outsize equipment needed in the way of 8-millimeter self-propelled howitzers or 150-millimeter self-propelled howitzers to be absolutely critical. At another time it might be delivery of an M-1 tank or multiple tanks. At another time it might be bringing in some attack helicopters that we lost some of those, or it might be an 8-inch self-propelled howitzer and an 155-inch self-propelled howitzer, and all sorts of things, whatever the combat situation is.

So we cannot just say that in every situation we would need that type artillery but certainly we need the flexibility of providing any of these outsized items in a particular combat situation. If we do not have that we are just running an unnecessary risk and we have people out there who need that equipment. It is that simple to me.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, as the occupant of the chair knows the Senator from New Hampshire was on his feet seeking recognition and in any case hoping to have an opportunity to speak. I have just learned that Senator THURMOND is late for an appointment and if my colleagues would be willing I ask unanimous consent, Mr. President, that it be in order for the Senator from New Hampshire to be recognized after the Senator from South Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER (Mr. MURKOWSKI). The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I rise to oppose the pending amendment which would alter the strategic airlift program recommended by the Reagan administration and approved by the Senate Armed Services Committee.

I would like to see both planes bought. I think we need both, the C-5's and the 747's, but that is not the issue before us today. The issue is which will we take now at this particular time, which is more urgent now, the C-5's or the C-747's, and my position is that the C-5's are urgent at this time.

The importance of strategic airlift is its flexibility and its responsiveness. There is little doubt that the ability to move men and material to a trouble spot anywhere in the world is vital to our own national security and that of our allies.

The thrust of the pending amendment is to terminate the recommended Defense Department procurement of C-5B aircraft and substitute in its place purchases of a freighter configured version of the 747 commercial passenger aircraft.

Mr. President, there are a number of reasons why this amendment should be defeated but I would like to center my comments on what I feel is the main argument against this proposed shift in our airlift program.

Simply stated, the most urgent need in the area of airlift is the requirement to transport outsized or bulk items of military equipment and only the C-5 can move the majority of this equipment.

Outsize cargo, as opposed to oversize cargo, includes such items as helicopters, howitzers, the Lance missile carrier, the M-1 and M-60 tanks, armored vehicle launch bridges, the division air defense gun, 5-ton trucks with 12-ton common vans, and other similar items of great bulk and weight. These items can only be carried by the C-5.

These, and hundreds of other items which only the C-5 can move, are the items that our military planners say we need greater capability to transport. In fact, Gen. John Vessey, the nominee to be Chairman of the Joint Chiefs of Staff, testified that large percentages of the equipment of various Army divisions fall into the outsize category. General Vessey told our committee that outsized equipment makes up 41 percent of the mechanized divisions, 52 percent of the armored divisions, 25 percent of the infantry divisions, 60 percent of the motor transport brigades, 45 percent of the engineer brigades and a high percentage of the cavalry brigades.

Mr. President, the need to move more outsize cargo was proven in the congressionally mandated mobility study. This study documented a strong need for at least an additional 10-million-ton miles per day of outsize capable airlift. Gen. Lew Allen, Air Force Chief of Staff, recently stated:

> Given the special importance of the outsize cargo, we view the shortage of outsize capable, intertheater airlift as the most serious deficiency in our airlift forces.

Mr. President, the C-5 was designed from the first drawing to meet military requirements. Conversely, the 747 was designed to transport passengers in the commercial market. Even when modified, the 747 cannot compete with the C-5 as a military cargo system, especially in the movement of outsized cargo.

Mr. President, proponents of this amendment should listen to the statements made by our defense leaders on this subject. I would like to quote a few of these statements.

Defense Secretary Caspar Weinberger:

> The B-747-220-F just does not have the military utility of the C-5. The roll-on, roll-off features of the C-5, truck bed height of the cargo deck, the 5 foot higher ceiling, the capacity to carry 70 troops in addition to their cargo, and the aerial refueling capability are formidable advantages which the lesser cost of the 747 does not offset.

Deputy Secretary of Defense Frank Cariucci:

> When we started the budget review process, we had a general review of the strategy and we had all the CINC's (Commander in Chief's) in. I was personally impressed by the fact that the CINC's emphasized strategic mobility as their highest priority.

Air Force Chief of Staff Lew Allen:

> We cannot see the future clearly, we would be ill advised to restrict our buy to aircraft that do not have outsize capability or needed military utility.

Army Gen. John Vessey:

> This airlift package, plus other parts of the President's budget, will mean that we will be able to reinforce four times the force in the first ten days.

Gen. R. H. Barrow, Marine Commandant:

> The ability to carry outsized cargo is among our most critical deficiencies. The C-5 aircraft provides us with the maximum flexibility in this area and; therefore, has my very strong support.

Gen. P. X. Kelley, Assistant Marine Commandant:

> We have today, I believe for the first time a consensus among both the users and the suppliers on a responsible and reliable program which goes a long way toward redressing the shortage of strategic airlift. The credibility of the United States, sir, to deploy adequate combat capability on a global basis is the issue.

Lt. Gen. Robert Kingston, Rapid Deployment Force Commander:

> In testimony before the Senate Seapower Subcommittee, General Kingston stated he would make strategic airlift his No. 1 priority.

Mr. President, it is therefore clear that the Defense Department and our military leaders strongly endorse procurement of the C-5B to enhance our military airlift capabilities.

While there are other good arguments against this amendment, I believe the unique and proven military capabilities of the C-5 and the urgent need for more outsize cargo airlift are sufficient reasons to support the Senate Armed Services Committee and the Defense Department on this issue.

Mr. President, this is a serious amendment. It proposes that the Senate reject the recommendations of the Defense Department in a $16 billion program. Despite the size of this program, the authors of the amendment are asking the Senate to reject the requests of the Air Force, the Army and the Marines.

Not one, not a single one of our military leaders, nor a civilian defense official, favors buying the 747 for this critical resupply mission instead of the C-5.

Those that do favor it are the manufacturer of the 747, some airlines that would benefit from sale of their surplus planes, and some subcontractors that would benefit from the conversion work.

In fact, if this amendment passes we would be favoring certain airlines that want to get rid of their old 747's and not helping at all those airlines which have no 747's to sell. Thus, we would be aiding selected airlines, and not the industry as a whole.

Mr. President, the Senate should think carefully about its responsibility to the men who wear the uniform. No one knows what requirements in the way of airlift we will need for the future. A military plane such as the C-5 can do it all, it could go into the Falklands and numerous other locations in the Middle East, Europe or elsewhere.

Now this Senate has a responsibility to those men and women whom we ask to wear the uniform to defend our country. Are we going to buy a military aircraft that we know can provide them with the supplies they need, or are we going to reduce the military capability of our forces to help the airlines through yet another financial bind?

Mr. President, this is a serious matter. We are talking about military capability which could mean life or death to our own forces or those of our allies.

There is a sizable list of military equipment the 747 cannot carry. With more C-5's we enhance our capability to get this equipment to our fighting units, but if we convert 747's we do not enhance this capability.

Gen. John Vessey, our new Chairman of the Joint Chiefs, has testified that only—I repeat only—the C-5 can carry a number of essential firepower systems. His testimony revealed:

The 747 cannot carry the combat engineer vehicle.

The 747 cannot carry the CH-47 helicopter.

The 747 cannot carry the 12-ton communications van.

The 747 cannot carry the 12-ton supply van.

The 747 cannot carry the AH-64 and AH-1G/S attack helicopters.

The 747 cannot carry the 8" self-propelled howitzer.

The 747 cannot carry the armored vehicle launch bridge.

The 747 cannot carry the 155 mm. self-propelled howitzer.

The 747 cannot carry the Lance missile loader transporter.

The 747 cannot carry the infantry fighting vehicle.

The 747 cannot carry the cavalry fighting vehicle.

The 747 cannot carry M-1 main battle tank.

The 747 cannot carry the division air defense gun.

The 747 cannot carry the M-60 battle tank.

Mr. President, these are but a few examples of items the 747 cannot carry. General Vessey noted further that there were hundreds of items that could only be carried on the C-5. In fact, he testified that 41 percent of all Army mechanized equipment is outsize and specific equipment which can only be loaded and offloaded combat ready on a C-5.

Mr. President, our military leaders—without exception—have testified to the need to transport more of the heavier equipment required by initial deployment forces. The C-5 can meet this requirement, the 747 cannot. The supporters of this amendment say that the current force of 77 C-5's can do this job, but the military and the civilian leaders of our Nation say otherwise. I ask you who are the experts on this subject, those who want to buy 747's or those who have the responsibility to supply any forces we might have to commit to some faraway place?

Mr. President, I urge that the Senate reject this amendment as to do otherwise would reduce the capability of our military forces to sustain themselves should they face some future life or death situation.

I wish to thank the distinguished Senator from New Hampshire.

The PRESIDING OFFICER (Mr. MURKOWSKI). The Senator from New Hampshire is recognized.

Mr. HUMPHREY. Mr. President, the proponents of buying the 747 often say that the argument boils down to one of management of cargo; that the admitted deficiencies of the 747 aircraft for accommodating military vehicles and weapons can be overcome, can be finessed, if you will, through management techniques. It is just a matter of matching up the right cargo with the right aircraft.

That might be so, if we were running a civilian air freight company, Mr. President. If we were simply landing at Kennedy Airport, Los Angeles, or Chicago, where we would have plenty of time and lots of equipment to painstakingly unload the 747. But that is not what we are talking about. We are not talking about running a civilian airline. We are talking about supplying our troops with these weapons and vehicles and other kinds of supplies.

We are talking about not profits for a civilian airline. We are talking about sustaining our military people. We are talking about life or death. We are talking about victory or defeat. We are talking about national interests and those of our allies.

And there are very great differences between these aircraft. Both are fine and both are exemplary for the purposes for which they were designed, but the 747, even the freighter model, is not designed for the combat theater.

As my colleagues can see from these photos and others reproduced which they may have in their offices, the cargo floor of the 747 is 16 feet off the ground. In order to unload or to load a 747, it is necessary to have a scissor-type elevator or some kind of unloading equipment that can reach the height of 16 feet. And for expediting loading or unloading, you need two, because there are two entrances on the 747, the front and the side door.

Interestingly enough, as the Senator from Georgia has pointed out, the 747 cannot even accommodate this equipment within its cargo hold which is absolutely essential to unloading the aircraft itself. So it is necessary to precede the 747 with a C-5 carrying equipment which would be used to unload the 747. Unless, of course, by some means we could preposition this equipment. I wonder if Iran would be willing to preposition some of these unloading platforms, these elevators, so they would be there when the 747's land.

And even if we were to send off a couple of C-5's in advance of mobilization to emplace these loading platforms, how do we know that, once hostilities heat up, those fields will be available. We do not know that at all. Indeed, in a hostile environment, it is quite likely some of them would not be available.

What I am saying is that however excellent our efforts would be to deploy these elevators, they may not be available to us when it came time for the 747's to land, since they might not be available and the 747's would have to defer to an alternative field.

On this subject of the loading elevators, Mr. President, it is not enough simply to have two. We are talking again about a hostile environment, and inviting targets for adversary aircraft to attack. We want to get these airplanes unloaded very quickly. We will need plenty of these loading platforms in the case of the 747—not just two, many, many, scores in the hostile environment.

Even if we happen to have enough of them in the right place, think of how much time is takes to unload an aircraft of this kind in a hostile environment. It is not just a matter of rolling equipment or driving equipment off, as is the case with the C-5's. It is a matter of hauling this loading platform to the plane—and you have to haul it, it is not self-propelled, you have to pull it up to the plane and painstakingly push cargo out onto it and lower it and move the cargo, and so on. It would take a very long time. This is just not the airplane for this purpose.

If we were running a civilian outfit, it would be wonderful. It stands far above the C-5 in that kind of capability. But in the kind of scenario, the kind of environment we are talking about, the 747 cannot even begin to approach the C-5.

And this leads us to, and others have already adequately covered the ground, the considerations of landing surface. The 747 needs a well-prepared runway; the C-5 does not.

Mr. President, focusing again on this argument—and it is the only halfway good argument the 747 proponents have. They have really conceded that there is really no argument about capabilities, superiority of the C-5 versus the 747.

The only good argument they have is this issue that if we just manage that cargo right, if we do not mind too much splitting up the equipment of a division—and that is another consideration. It might not be able to land that split equipment in the same place and in the same fashion that it took off at the same place.

In any case, they make the argument that if you just match up equipment with aircraft you will have no problem whatever.

Mr. President, I wish to engage the Senator from Georgia in a colloquy on this point. Has the Senator from Georgia analyzed this argument? Does he have any statistics, any data, on how a unit might be mismatched with equipment and split up cargoes in this fashion?

Mr. NUNN. Mr. President, I would give the Senator from New Hampshire a twofold answer on that question. First of all, unit integrity, according to all the military testimony, getting all the unit's equipment there at the same time, so the unit will be in a position to defend itself, is very, very important. So when they are loading these planes, the C-5's, it is virtually impossible to load only outsized equipment on those planes. It is virtually impossible, because you do not want all your tanks there with no ammunition. Neither do you want your ammunition there with no tanks; neither do you want your artillery tubes there with no ammunition. So you try to get equipment there that go together.

That means you get as much outsized equipment on the C-5's as you can, plus some other type of equipment that is not outsized.

Senator JACKSON's argument—and I think a lot of people have focused on this argument—would be a good argument if it was accurate. Unfortunately, it is not accurate. His argument is if you managed the fleets of existing C-5's better than the Air Force is now managing them—in other words, if you did not take any of the C-5's space and use anything other than outsized equipment, fill the C-5's up with outsized equipment, nothing else, that you would have enough existing C-5's to do the outsized job.

We asked the Air Force to test that out under that kind of assumption. First of all, that assumption is fallacious. You really cannot manage it that way without greatly damaging your unit integrity. So this is a fallacious assumption. For the purposes of this, the Air Force did make that assumption.

Mr. HUMPHREY. It is a highly unrealistic assumption.

Mr. NUNN. Totally unrealistic.

Mr. HUMPHREY. I have seen situations in the civilian airplane industry where whole operations would be fouled up for hours by the breakdown in one piece of equipment such as an elevator like this. And it feeds on itself. It is an unrealistic belief or assumption to think that we are going to be operating under ideal circumstances in a hostile environment.

Mr. NUNN. The Senator is entirely correct.

But for the purposes of this discussion we asked the Air Force to do that. General Kelly Burke went through a computer run, using the Boeing argument and the Boeing assumption. They used sophisticated computer models and years of experience in looking at the four scenarios which we have.

General Burke charted the outsized requirements prior to the arrival of the first sealift, which is always the key when the sealift begins.

General Burke outlined the current capability of the C-5 fleet when it carries only outsized equipment. In other words, the fallacious assumption. He indicated that when he used the computer run on that kind of an assumption, the shortfall during just the first 5 days in scenario No. 1, and there were 4, is on the order of 2,500 tons per day.

So there is a very serious shortfall, even if you used the perfect world type scenario that was portrayed by the Boeing kind of argument.

Also, there is a chart on that. I do not know that I can verbalize this chart. On one side it shows the tons in thousands that are needed. It shows the demand. It shows what would happen with a current force of 77 C-5's. It goes through that and shows the shortfall on every day under the kind of unrealistic assumption.

So that argument is completely rebutted by the Air Force.

Mr. HUMPHREY. Is the Senator referring to the chart based on the congressionally mandated study?

Mr. NUNN. The Senator is correct. There are two or three charts here, but the one I am specifically referring to says, "Outsized cargo comparison demand capability, CMSS, scenario number three."

Mr. HUMPHREY. My point is that this is based on a study mandated by Congress.

Mr. NUNN. That is correct. It is the mandated mobility study. I know of no argument on the other side. If there is one, I would like to hear it.

Mr. HUMPHREY. The Department of Defense has drawn up a number of charts with different kinds of scenarios. In every case, in the critical part of the scenario, the critical part of the battle, in plain English, very early on, even in the best situation within the first 2 weeks we run short of airlift capability to accommodate outsized cargo. That situation exists even if we buy the C-5's as now proposed. If we opt instead for the 747, the situation is even worse.

Mr. President, I yield the floor.

The **PRESIDING OFFICER.** The Senator from Washington.

Mr. GORTON. Mr. President, during the course of the last 3 hours or so, three of the very distinguished Senators who oppose this amendment, the wise and respected senior Senator from Arizona, the distinguished senior Senator from Ohio, and our President pro tempore, have begun their remarks by stating that both of the proposed forms of airlift capacity were important, both were efficient, both were helpful. Each of them has expressed the view that we really ought to be making both purchases, the new C-5's and the 747's.

With all respect to each of them, that set of statements illustrates something of the unreality of the opponents on this amendment.

We are not going to get both at the same time. In fact, almost every Member here must recognize the fact when a budget resolution finally goes through this body there is going to be less for 1983, 1984, and 1985 available for our national defense buildup than the President asked for or than the chairman of the Armed Forces Committee has agreed to.

As in everything else in this particular controversy, we must weigh various goods against one another. We are not going to have all of these various opportunities, any more than we are going to have all of the rest of the weapons systems which the Pentagon might desire.

What that does, it seems to me, Mr. President, is to reduce the arguments of the opponents to the abstract nature of arguments taken in the absence of any airlift capability whatsoever.

Under circumstances like that, it might well have been the case if we were making one buy of one type of aircraft we would purchase the C-5.

What has been almost ignored during the course of this argument, however, is that we are speaking of the purchase of 48 to 50 new aircraft for major airlift capabilities to add to 77 C-5's, which are already in existence and in service in the Air Force, though many of them, one may say, incidentally, as the Senator from Wisconsin did, are not much good because they were designed wrong in the first place and have to be rewinged at a tremendous cost to the taxpayers of the United States.

If the Senator from Georgia is correct, that the only thing we are concerned with is outsized capacity or capability, his argument would be a good one. But he cannot so define this debate. We, as Members of this body, and as serious persons concerned about the defense of the United States, must, even within the framework of military capability as well, be concerned about the total bulk capacity of the aircraft which we are to purchase; we must be concerned about their speed; we must be concerned about their range.

My distinguished colleague, the senior Senator from Washington, pointed out graphically that at the time of the 1973 war in Israel only the 747 could get from the United States to Israel without the necessity to refuel, and only by the blind luck that we had the ability to refuel in the Azores were the C-5's of any use whatsoever.

It would seem to me obvious that the question before us would be a close question if there were no difference in cost on the part of these aircraft whatsoever, simply because of the fact that the 747 will move more cargo, it will move that cargo faster, and it will move that cargo further without being refueled than will the C-5. It would seem to me under those circumstances the better part of wisdom to have both types of aircraft available immediately in the Air Force even if there were no cost difference whatsoever.

The Senator from Georgia, however, has added two additional factors in connection with that cost, stating that nowhere is there any indication of the multibillion-dollar savings proposed for the 747, and pointing out that even if his figures are accepted the costs for the 747 in the next 3 years would be greater than those for the C-5.

Let us examine both of those questions for just a moment.

Last week in a hearing before a House appropriations subcommittee dealing with the national defense, the Deputy Assistant Secretary of the Air Force for Logistics, Mr. Mosemann, in specific response to a question agreed that there was a $4.5 billion difference over the life of these aircraft.

And, Mr. President, that question was premised on the purchase of new 747's, not the purchase of 747's already existing and owned by various airlines. That $4.5 billion figure becomes $5.7 billion when one reflects on the precise content of the amendment which is before this body at the present time.

But the Senator from Georgia went on to say, "Well, do not worry about those long years in the future," counseling it has probably gotten us through many of the problems we face today, because in the next few years it would probably cost more to have the 747's under this proposal. That also is a statement which bears some examination.

In fact, with this amendment there will be an immediate savings of more than $20 billion in fiscal year 1982, because no costs will attend the 747 program then, and that amount would be involved in the proposal from the Armed Services Committee.

Likewise, next year there would be a difference of some $75 million under which the C-5 would be more expensive than the 747.

It is true that by fiscal year 1984, if we worked at the fastest possible schedule, there would be $125 million more spent on the 747's than on the C-5's and an additional $40 million in fiscal year 1985.

So through fiscal year 1985, at full speed, at maximum purchase rates, there would be approximately a $70 million difference between the two purchases. But at the end of fiscal year 1985, we would have 42 aircraft in service for the Air Force under the 747 purchase; we would have two C-5's for that difference in expenditure. If we desire to stretch out the 747 program, it probably can be done much more easily than the C-5.

In connection with the C-5, we will spend some $5 million before we have received a single aircraft simply because there is no C-5 production line. It must be started all over again.

The Members of this body are responsible for the security of the United States. There is a good and lively question. The Air Force and the Army would rather have something which they have designed themselves. They would rather have something that no one else has. Of course they would. They have always made choices like this when they were permitted to do so.

But we have a responsibility for the fiscal condition of the United States as well. We have the duty to weigh the validity of a particular differential against its cost and against its ready availability.

In connection with this amendment, we can either provide a major additional airlift capacity much more quickly, 3 years more quickly, at a tremendous saving of money in the outyears or we can provide it still more quickly, but without as great a difference, at a less cost even in 1984 and 1985.

Mr. President, this is exactly what we are going to do. We are not going to do as the President pro tem suggested, buy both of these. We are not going to pass a defense budget that is higher than that proposed by the administration or at the present time by the Budget Committee. In fact, by the time we are finished, every Member here knows we are going to be spending less. There is no single place in the entire defense budget that savings like this are available at such a minuscule difference in capacity, even from the point of view of those people who are seeking these aircraft, simply because in so many of these areas the 747 does a better job.

The one argument the other side can make is in connection with outsized capacity, and that simply has to ignore the presence of 77 of these C-5's at the present time.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. GORTON. The Senator will yield.

Mr. DOLE. Mr. President, the Senator from Washington and other Senators are both, of course, experts in this area. Some of us have an interest only because it may affect our State, and I confess to that. I lean very heavily in the direction of the 747, because if there were modifications, those modifications would be done in Wichita, Kans. In addition, the Wichita plant builds the nose section.

Mr. President, may we have order? I want to ask one question.

The PRESIDING OFFICER. The Senate will please come to order.

Mr. DOLE. I think it is very difficult for some of us who are not on the committee, in fact maybe even some who are on the committee, to really fully understand this massive legislation and the total cost and the total impact, not only on the budget but on everything else that we are going to consider.

To make certain I understand it correctly, we do have some C-5's now. We are not just starting from scratch with one plane that you can drive in and the other you have to load a little differently. Are there not some C-5's available now?

Mr. GORTON. The Senator is correct. There are 77 C-5's at the present time, and the second buy about which we are talking varies between 48 and 50 additional aircraft. So that even if all of them were a type other than the C-5, the great majority of the heavy airlift numbers would be in favor of the C-5.

Mr. DOLE. I assume those 77 are in good condition and available for use?

Mr. GORTON. Unfortunately, I have to say to the Senator from Kansas, as he knows from listening to earlier portions of the debate, the C-5 was not designed very well in the first instance, and we are now in the process of spending $1.6 billion to put new wings on all of those aircraft. There are also a number of other questions the Air Force has raised about them, of significantly less importance but 200 different questions raised about them. I think one can say that after we have spent this additional $1.6 billion, we may have what the opponents of this amendment are talking about as a real C-5. They had very real problems when they were first brought into the Air Force.

Mr. DOLE. Mr. President, if the Senator will yield for just one additional question, I have talked to some Members who say if the American people did not do anything maybe the world would not come to an end. But that is not the choice before us, and I am persuaded by the arguments of people on both sides that both of these planes have great capabilities. We have 77 of the C-5's. We could have a lot of these 747's around. This Senator is convinced, at least at the outset, that we may be making the right choice with the amendment offered by Senator JACKSON and Senator GORTON and others from the savings side.

I listened to the statement of the Senator from Wisconsin earlier today and I have listened to others. It seems to me, notwithstanding what may be perceived as a selfish interest because of the activity in Wichita, that the Jackson amendment certainly deserves support from the cost-savings standpoint in addition to all the other arguments made in favor of that position.

I thank the Senator.

Mr. GORTON. I thank the Senator from Kansas, but I would point out that all who have studied this problem feel that our armed services do need additional airlift capacity now. Of course, in that connection, one of the great advantages of this amendment is that it will be received as much as 3 years sooner than what otherwise would be the case.

Mr. DANFORTH addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Missouri.

Mr. BAKER. Mr. President, will the Senator permit me to interrupt for a moment?

Mr. DANFORTH. Certainly.

Mr. BAKER. Before the Senator from Missouri proceeds, may I inquire how many other Senators intend to speak on this? As I indicated earlier today, it is my intention at some point to make a tabling motion, perhaps against the Jackson amendment. I do not want to do that while Senators still have things they want to say, but I would like to do it as soon as possible. It is now 10 minutes to 2. I thought we had an informal target time of 1:30 to vote on this matter. If there are other Senators who wish to speak, either on the floor or within the hearing of my voice in their offices, I hope they will come to the floor right away so we can get on with this business. We have a big, big agenda of amendments that must be dealt with.

Mr. TOWER addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Texas is recognized.

Mr. TOWER. I am just wondering if there is any possibility we could get an agreement to vote at a time certain, say, at 2:30.

Mr. BAKER. Mr. President, I certainly echo that request. I am perfectly willing to do that. I see the Senator from Washington.

Mr. JACKSON. I am prepared to do that.

Mr. TOWER. What occurs to me is we could divide the remaining time equally between the two sides. I think under that circumstance we could get the speakers here a little more quickly.

Mr. BAKER. Mr. President, I see a general agreement, it would appear, developing on the floor, judging by both the number and velocity of the head wavings, and I am going to put that unanimous-consent request in just a moment.

Mr. NUNN. Mr. President, Senator BIDEN is on a plane coming in, and I understood that he would be here at 1:30. He wants to speak on this subject. It is not just a matter of a vote; he wants to speak on it. I hope that he will be here soon.

I also know that Senator GARN would like to speak on it, as well as Senator SASSER, on our side. I know that Senator ROTH would like to speak on it. So we have four speakers.

I would be able to complete my remarks in a very brief time, but I suggest that I see no way we are going to conclude the debate much earlier than 3 o'clock, no matter what we do.

If the majority leader would like to get a time certain to vote at 3 o'clock, to vote on the motion to table——

Mr. TOWER. If the Senator will yield, I had intended to make some remarks. I will not make my remarks, in the interest of accommodating other speakers.

Mr. NUNN. I would prefer that the Senator from Texas make some remarks. I would not object, on the basis of that assurance.

Mr. TOWER. If we can get 40 minutes equally divided, I think that will accommodate the number of speakers.

Mr. BAKER. Mr. President, I think we are quibbling over minutes now. I see that the minority leader has not yet reached the floor, but I would like to get this agreement while we can, and I will put it at this time. If the minority leader has an objection, perhaps he can come to the floor and make it. I hope he does not have any objection.

Mr. President, I ask unanimous consent that the vote on or in relation to either of the two amendments occur at 3 p.m. I ask unanimous consent that the time between now and 3 p.m. be divided equally between the chairman of the committee and the distinguished Senator from Washington (Mr. JACKSON).

I further ask unanimous consent that at 3 o'clock, I be recognized for the purpose of making a tabling motion against one of the two amendments.

Mr. NUNN. Mr. President, reserving the right to object, and I hope I will not have to object——

Mr. DOMENICI. Mr. President, reserving the right to object, something completely irrelevant to this matter came to my mind. I wonder if the majority leader might assure me that we would have time between now and 3 o'clock to discuss a very exciting idea. I think we should take the military budget off budget. [Laughter.]

Mr. BAKER. Mr. President, all I can say is that if we take the military budget off budget, we will have a surplus, and I would be in the vanguard of proposing another tax cut.

Mr. DOMENICI. I thank the majority leader.

Mr. TOWER. Will the Senator add me as a cosponsor?

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. BAKER. Mr. President, I am advised that the minority leader does not object to the request if it is satisfactory to the Senator from Washington and the Senator from Georgia.

Mr. NUNN. Will the majority leader repeat the request?

Mr. BAKER. I ask unanimous consent that a vote on or in relation to the Jackson amendment or Gorton amendment occur at 3 p.m.; that the time between now and 3 p.m. be divided equally between the chairman of the Armed Services Committee and the distinguished Senator from Washington (Mr. JACKSON); that at 3 p.m. I be recognized for the purpose of making the tabling motion against one or the other of the two amendments.

Mr. NUNN. I have no objection.

The **PRESIDING OFFICER.** Is there objection?

Mr. BAKER. Mr. President, the suggestion has been made that if it is not tabled, we proceed immediately to vote.

Mr. JACKSON. That is right.

Mr. NUNN. I object to that, and I do so only to protect——

Mr. BAKER. Let me work that vineyard a little. Let us get what we can get right now. Let me put the request I have just stated.

The **PRESIDING OFFICER.** Is there objection?

Mr. JACKSON. Mr. President, I object, unless we are going to deal with this matter realistically. It is not just the motion to table.

Mr. BAKER. Mr. President, I hope the Senator will not object. I said I will try to work it out. We cannot work out everything at once. I do not think there is a person in the Chamber who wants to finish this bill more than I do. We are going to stay very late tonight to do it.

Will the Senator from Washington give me a little time to try to work that out? I assure him that I will do my best to obtain a time limitation on any subsequent debate, assuming that the amendment is not tabled.

Mr. NUNN. I say to the Senator from Washington that if the motion to table fails, I do not intend to unduly delay the Senate in reaching a conclusion, but I should like to have a period of time—we can make it a very short period of time—to repeat for those who may be in the Chamber some of the arguments, summarize some of the arguments, after the motion to table, if the motion to table fails.

Mr. JACKSON. Mr. President, we had an informal understanding that we would try to bring this to a vote at 1:30. We have people leaving. We have waited here for someone to arrive on behalf of the Senator from Georgia. It is now 5 minutes of 2. The vote was supposed to be at 1:30. We are pushing it out to 3 o'clock.

I can only say that if we cannot dispose of this amendment, whether it is by motion to table or, if that fails, then by a vote up-and-down on the amendment. I think it is not unreasonable to insist that that should be done. Otherwise, it is wide open again, and we have people leaving all afternoon.

Mr. **BAKER**. Mr. President, how much time does the Senator suggest for debate, in the event the tabling motion does not carry?

Mr. **JACKSON**. We have been on this matter since 5 minutes of 11. Certainly, more than 15 minutes.

Mr. **BAKER**. Fifteen minutes on a side?

Mr. **JACKSON**. No, 15 minutes all told. Our side will take 3 minutes.

Mr. **NUNN**. Mr. President, if the Senator from Washington would make that 20 minutes equally divided, so that we would vote not later than 3:20, with equally divided time, I would agree.

Mr. **JACKSON**. That is fine.

Mr. **TOWER**. The vote on the tabling motion would take 15 minutes.

Mr. **NUNN**. Delete the 3:20. Twenty minutes after the conclusion of the tabling motion vote.

Mr. **BAKER**. Mr. President, I amend my request to provide that in the event the tabling motion against the Jackson amendment or the Gorton amendment does not prevail, there will be 20 minutes of debate on the pending question, to be equally divided between the chairman and the Senator from Washington or the author of the amendment.

The **PRESIDING OFFICER**. Is there objection? The Chair hears none, and it is so ordered.

Mr. **BAKER**. I thank all Senators.

Several Senators addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Missouri still has the floor.

Mr. **TOWER**. Mr. President, on whose time is the Senator from Missouri speaking?

Mr. **DANFORTH**. On the time of the Senator from Washington.

Mr. **JACKSON**. On my time.

Mr. **DANFORTH**. Five minutes.

Mr. **JACKSON**. Whatever time the Senator from Missouri wants.

Mr. **TOWER**. Mr. President, will the Senator yield to me, on my time.

Mr. **DANFORTH**. I yield.

The **PRESIDING OFFICER**. The Senate will be in order.

Mr. **TOWER**. Mr. President, while there are a few Senators on the floor, it would be wise for the Senate to be advised that immediately following the disposition of the amendment of the Senator from Washington (Mr. JACKSON), it is our intention to proceed on amendments to be offered by the Senator from Colorado (Mr. HART) on the aircraft carriers. It is my understanding that he has two amendments, one of which would delete one of the carriers and the second of which, if that prevails, would substitute a light carrier for the remaining carrier.

I hope that if the Senator from Colorado comes to the floor, we can arrive at a time agreement. This is an extremely important series of amendments. Therefore, I hope Senators will be present for the debate and the action on those amendments.

The **PRESIDING OFFICER**. The Senator from Missouri.

Mr. **DANFORTH**. Mr. President, the amendment offered by the Senators from Washington is precisely the sort of proposal the Senate ought to be looking for in these times of severe budget constraints, since it is designed to fill an urgent military need more quickly and more economically than would the Pentagon's chosen course of action.

Mr. **RANDOLPH**. Mr. President, the Senate is not in order.

The **PRESIDING OFFICER**. The Senator is correct.

Mr. **RANDOLPH**. I dislike to interrupt the Senator, but this is not fair to the Senator who speaks, regardless of his viewpoint on the pending measure.

The **PRESIDING OFFICER**. The Senator is correct. The Senate will come to order.

Mr. **DANFORTH**. I thank the Chair and I thank the Senator from West Virginia.

The Defense Department's handling of the whole issue of military airlift enhancement has been a classic example of mismatching military tools and military needs. As we consider this amendment, it is especially important that we not lose sight of the military problem we face. Everyone agrees that the United States is not as capable as it should be of moving men and materiel quickly to the many places around the world where we may be called upon to fight. The Pentagon, at the direction of Congress, did an exhaustive study of the types and amounts of military hardware and supplies which would be needed to meet threats in distant parts of the globe. We now know what we lack.

The congressionally mandated mobility study showed that we lack the ability to get our men and machines to remote airstrips. This is partly due to the fact that some of our hardware, like the M-1 tank, will not fit in a small airlifter. It takes a widebody. Another major problem is that widebodies cannot land on short runways.

On August 28, 1981, the Air Force announced that it had found a solution to both of these problems. On the basis of a nearly year-long competition, it chose a design for a new aircraft, to be known as the C-17, capable of taking outsize equipment like the M-1 tank into remote airstrips. However, the Secretary of Defense, overruling the Chiefs of the Air Force, Army and Marines, decided to proceed not with the C-17 but with the purchase of 50 enormous C-5 cargo planes, at a total cost of over $8 billion. We already have an inventory of 77 C-5's. This is the plane that invented the term "cost overrun." This is the plane whose wings leak so badly that the taxpayers are having to throw in another $1.5 billion for brand new wings. More importantly, this is the plane that cannot land on short runways.

One thing should remain clear. Regardless of whether the pending amendment passes, the need to get outsized equipment to remote airstrips will not be met. That, however, is a question for another day.

The question before the Senate today is much more limited. The question is, How we can best supplement our fleet of 77 C-5's with aircraft capable of carrying bulk and oversized cargo to large airstrips overseas? It is a question which the Defense Department apparently failed to ask, since it overlooked the possibility of using existing widebody aircraft like the Boeing 747 and the McDonnell Douglas DC-10. The Pentagon's own numbers make it clear: We can solve this aspect of our airlift problem years faster and billions of dollars cheaper if we do not ask Lockheed to start up the old C-5 line. Given the airlines' excess supply of commercial widebodies and the ease with which such aircraft can be converted into superior military airlifters, it would be a profound mistake to resurrect the granddaddy of the cost overrun. The Secretary of Defense wants to restart the Edsel line at a time when there are perfectly good automobiles overflowing the sales lot.

I urge my colleagues to support the amendment.

The **PRESIDING OFFICER**. Who yields time?

Mr. **EAGLETON**. Mr. President, will the Senator from Washington yield me 3 minutes?

Mr. **JACKSON**. Mr. President, I yield whatever time the Senator from Missouri may require.

The **PRESIDING OFFICER**. The Senator from Missouri.

Mr. **EAGLETON**. Mr. President, I commend my colleague from Missouri for his excellent remarks and I identify with everything he said. I shall only add a brief few words of my own.

Mr. President, I rise today to speak in support of the Jackson-Gorton amendment.

In my opinion, this amendment appropriately focuses attention on perhaps the singlemost glaring deficiency of the Reagan military revitalization program—that of failing to adequately address the military's considerable intercontinental airlift requirements. Whatever the disagreements between the Congress and the Executive over the level and general thrust of planned defense expenditures, no one argues that the United States has anything but a serious—and potentially fatal—airlift shortfall.

To support this contention, I cite the following examples of recent Pentagon statements on the subject.

In a March 1, 1982, letter to Senator JACKSON, Secretary of Defense Weinberger stated "the overriding consideration is that a significant airlifter shortfall exists now."

On March 19, 1982, in hearings before the Senate Armed Services Committee, General James R. Allen stated "there is still a major shortfall in our overall strategic airlift capability."

On April 16, 1982, in Airlift Hearings before the same committee, Deputy Secretary of Defense Carlucci stated "the requirement for strategic airlift is an urgent requirement."

As concern has mounted over the past several years about the growing military threat posed by third world nations, increased emphasis has been placed on strengthening U.S. force projection capabilities. For instance, if all goes as planned, the so-called Rapid Deployment Force will make its official debut on January 1, 1983. Originally conceived in 1977, the rapid deployment force has become the focus of U.S. force projection plans and programs. The future success of the rapid deployment force will, in large part, depend on our ability to transport men and equipment rapidly to remote regions of the globe. How to insure that we will be prepared to meet this challenge is a matter of considerable debate—even among the military's highest ranking and most capable leaders.

Legitimate disagreement persists over how to best proceed. Reagan administration officials propose—and the Armed Services Committee agrees—that we should begin by immediately expanding our fleet of C-5's. Their rationale for this approach is that the most serious of our airlift shortcomings is in transporting "outsize" cargo—generally agreed to mean the M-1 tank and its support vehicles. In order to increase our "outsize" carrying capability, the administration would have us commit to a $9 billion program to build 50 C-5's.

The Jackson-Gorton amendment quite properly questions the wisdom of placing such an emphasis on "outsize" cargo—especially given the considerable cost of the C-5 and its checkered history. It is important to note that the C-5 was never the first choice of any of the military departments. The Air Force, Army and Marine Corps all favored development of a new intratheater airlifter such as the C-17. In fact, it is generally understood by all involved that the C-5 proposal offers only an interim solution at best and does little to meet long-term need. If this is true—and I believe it is—then the determination that needs to be made today is not one of simply selecting between the C-5 and some smaller aircarrier but rather one of deciding what is the best interim solution to fill the void between now and when a new airlifter can be pressed into service.

A review of the findings of the congressionally mandated mobility study shows that the recommendation that "outsized" carrying capability be increased by acquiring additional capacity can be met in the near term by simply requiring better utilization of existing C-5 assets. If this is done, then the single most glaring shortfall in existing airlift capabilities becomes hauling oversize and bulk cargo. This requirement can be most quickly satisfied by purchasing used commercial widebody aircraft which can be readily obtained from domestic airlines at a fraction of the cost of a new C-5. Estimates show a potential savings of $6 billion over the next 20 years if this course were pursued.

Given the circumstances, I urge my colleagues to vote for the Jackson-Gorton amendment which, if adopted, would: prohibit the restart of the C-5 production; authorize funding for procurement of the most cost-effective commercial widebody cargo aircraft instead of the C-5; and require that the first priority be given to procurement of surplus commercial cargo aircraft currently owned by domestic companies.

This amendment offers Senators the opportunity to cast a vote for increased military capability at a substantial cost savings. This year, more so than in years past, the Congress is going to have to make some hard decisions with respect to overall defense expenditures. I would hope that this body would move swiftly to adopt the Jackson-Gorton proposal before it is forced to trim back much needed readiness improvement items—the traditional action of past Congresses that have had to conform to budget constraints.

Mr. TOWER. Mr. President, I yield 2 minutes to the distinguished Senator from Delaware.

Mr. ROTH. Mr. President, I rise in opposition to the amendment. Others have already much better stated the case as to why the C-5 is the plane we need, and it seems to me that the critical determination in this vote should be what are the military needs.

I have been impressed by such statements as those made by Lieutenant General Kingston, when he says, "If I were given nonconstrained outsize airlift options, the strategy and deployment flow would be much, much more outsize capability demanding to better meet the spectrum of threats."

Mr. President, in contemplating the military airlift needs of this country, we have to ask three questions. First, what are our needs? Second, what kinds of equipment would best meet those needs? And third, how much does it cost?

Both the administration and the Armed Services Committee have recommended that we need to beef up the so-called outsized airlift capability in order to meet the global threats to our security interests.

After careful examination of the available choices, the committee has given its expert judgment that the C5-B is the most effective aircraft. In brief, the C5-B can, in the committee's judgment, do everything the alternatives can do, plus it has capabilities that are absent from any other aircraft. In its off the shelf form, the C5-B can carry large combat equipment that cannot be loaded on alternatives even if the alternatives have been reconfigured. Furthermore, this equipment can be literally rolled on and rolled off the aircraft. No special equipment would be needed.

Special capabilities, in other words, have already been built into the C5-B design. It not only can accommodate large military equipment, but can carry a host of equipment that no other aircraft can. Furthermore, since it has a large number of landing wheels that spread the enormous weight of large military equipment, the C5-B can even operate on dirt airfields such as those that are found in many parts of the world.

We are then left with the question as to whether or not this extra capability is worth the cost.

As I have learned in chairing hearings in my own Government Affairs Committee on Defense Procurement, projecting the costs of defense purchases into the future is a very hazardous business. But nevertheless, we have to make good faith efforts to do so. Otherwise, we might as well buy anything and everything. Or nothing at all. Neither course would serve our security interests well.

The best approach to cost estimating that I have seen projects the total cost over the expected useful life of the equipment to be purchased. By this measurement, as presented by the Department of Defense to the Armed Services Committee, the added cost of procuring C5-B's is approximately $1 billion over a 20-year period. I am convinced that, given the distinct capability superiority of the C5-B, this is a reasonable price to pay to safeguard our vital interests.

I yield back the floor.

Mr. TOWER. Mr. President, I yield 2 minutes to the distinguished Senator from Delaware.

Mr. BIDEN. Mr. President, I am pleased to join with Senator NUNN, Senator ROTH, and the chairman of the full committee and others of my colleagues in supporting the plan to secure additional C-5 aircraft in order to strengthen America's airlift capability.

The Air Force wants these planes. The Army needs them to carry extra-large equipment on a moment's notice.

The Armed Services Committee wisely approved the President's request for this program. I have a special and parochial knowledge of the versatility and effectiveness of these planes because many of them are assigned to the Dover Air Force Base in Dover, Del.

The C-5 has proven its responsiveness in numerous military crises requiring rapid transport of huge quantities of equipment around the globe, and if we are ever to be fully capable of rapid deployment and having a RDF that in fact means something, we need sufficient airlift.

Right now, according to a congressionally mandated study of mobility requirements, we do not have enough. But with the Air Force plan for additional cargo planes, including the C-5, we will be able to quadruple our reinforcement capability in the critical first 10 days of a distant conflict, according to Gen. John Vessey, nominee for chairman of the Joint Chiefs of Staff. That is his view.

Other planes, the 747's, may cost less, but they are less capable. Only the C-5 can carry such potentially critical items as the M-60, M-1 tanks, CH-47 helicopters, 8-inch and 155-millimeter self-propelled howitzers, division air defense guns, and 12-ton supply vans.

In fact, General Vessey testified that 41 percent of the Army's mechanized equipment is outsized, which can be loaded and off-loaded, combat ready only from a C-5.

It would be extremely unfortunate, Mr. President, for America's security posture if we were pennywise and pound foolish by purchasing less capable aircraft when we actually need the unique capability of the C-5.

The distinguished junior Senator from Missouri, said we should not be building an Edsel. I would suggest we should not be buying an Edsel. We have an Edsel here. We have a picture of one, a side-loading Edsel. That is what we should not be buying rather than in the way in which he characterized it.

We have a plane that works and works well.

I yield the floor and I thank my colleague for yielding the time.

Mr. TOWER. Mr. President, I yield to the Senator from Tennessee, 5 minutes to the junior Senator from Tennessee.

Mr. SASSER. I thank the distinguished chairman of the Armed Services Committee for yielding to me.

Mr. President, I oppose the Jackson amendment to delete the C-5B buy from the 1983 DOD authorization. I say that with all deference to the able Senator from Washington (Mr. JACKSON) who has been a staunch advocate of a strong national defense. He has been, and he continues to be, supportive of a high degree of military preparedness.

Let me note, however, today my reasons for opposing the Jackson amendment. First, we need to add to our airlift capacity, and we need to add to it now. Our present fleet of C-5's is simply not adequate to meet our national security needs if a defense emergency arises.

This has been amply verified by the testimony of many of our general officers, including those associated with the concept of developing the Rapid Deployment Force.

Indeed, with the purchase of the C-5's as directed by the Armed Services Committee, we can increase our overall airlift capacity by an average of 30 percent and, in some cases, increase it as much as 400 percent in the case of security emergencies that might arise in certain theaters of conflict, such as the NATO area.

Second, the C-5B, unlike the 747, is uniquely fitted for our airlift capability. Let us look at the photographs at the rear of the Chamber here which indicate that the C-5 has structural characteristics that are not available for the 747, which well should be. The 747 was designed as a civilian air carrier, and the C-5 from its very inception was designed as a heavy military airlifter.

According to various Department of Defense reports and memoranda that have been delivered to my distinguished colleague from Georgia (Mr. NUNN) the C-5 has the best—and I repeat, the best—capability of bringing outsized military equipment, especially firepower capability, to the field of battle in the quickest possible time.

Those of us who remember the last Arab-Israeli war will recall the C-5A's that landed at Tel Aviv, discharging M-60 tanks that had only to be armed and crewed and they were ready to go in just a matter of moments.

The C-5 is a military aircraft. It has been and it will always be. It does not need to be redesigned, it does not need to be retrofitted as the 747 would have to be in the years ahead.

I appreciate the contention of some of my colleagues that the domestic aircraft industry is in trouble. Certainly this is a matter of concern for all of us, and I appreciate the argument that we should look at the surplus capacity of the domestic airline industry and press 747's into service there.

But, Mr. President, we can already exercise that option with the civilian reserve air fleet program. In this program we can obtain surplus 747's on an as-needed basis at a substantially lower cost than would be contemplated under the Jackson amendment.

I know that my colleagues on the Armed Services Committee will go into all the facts and go into the figures in great detail. But in the brief materials that I have read there really is no long-range appreciable cost difference in obtaining the C-5's, as directed by the Armed Services Committee, and a comparable number of 747's.

In sum, Mr. President, the C-5 is a military aircraft. It was designed from the ground up to perform a role in our military capability. It is uniquely suited to bring about the greatest and most effective payload delivery when we need to airlift our troops and material to different conflict spots around the world.

For this reason, and for the reason that we can already obtain 747's on an as-needed basis through the civil reserve airfleet program, I urge my colleagues to oppose the Jackson amendment.

Mr. President, I have a letter directed to the distinguished Senator from Georgia (Mr. NUNN) from the former Secretary of Defense, Dr. Harold Brown which I would like to at this time read into the RECORD. He says:

SCHOOL OF ADVANCED
INTERNATIONAL STUDIES,
May 13, 1982.

Hon. SAM NUNN,
U.S. Senate, Dirksen Senate Office Building,
Washington, D.C.

DEAR SAM: You have asked my views on the current issue of how best to increase strategic airlift capability. The main points, it seems to me, are these:

(1) We need to at least double our long-range airlift capability in order to be able to move ground force equipment rapidly to great distances quickly. Unless we do that, added sustaining capability by sealift, which is also needed, will have no force in place to sustain.

(2) We already have enough passenger capability with military and civil aircraft. Bulk and oversize military equipment lift capability needs to be increased somewhat. But the most critical need is outsize capability, which can handle tanks and can also move helicopters without disassembly except for rotor stowage.

(3) My own preference, in office, had been the new CX, designed specifically for intercontinental airlift of outsize payloads and with advantages in improved unloading capability, more airfields availability, and added capability in the role of intra-theater airlift.

But given the uncertainly of cost and of development and procurement, the longer time to achieve a capability, and Congressional reflection to these concerns, I agree with the view of the present Administration that an existing aircraft or a slight modification thereof is a more practical solution.

(4) I continue to believe that the outsize capability is the requirement that should govern the decision. For that reason, the C5B seems to me the preferred solution. No other existing aircraft, even with major modifications, can meet the requirements for carrying outsized equipment.

(5) For bulk or oversized cargo, if any expansion in capability is needed beyond that inherent in purchase of additional outsize capability, a CRAF program using existing commercial aircraft that would remain the property of the airlines seems to me the appropriate solution. Since there is little cur-

rent production under way of new widebodied commercial aircraft, this would entail paying for modification and extra operating costs of existing airframes. Commercial in-service ratios are probably low enough to allow such modificaiton without great disruption.

Sincerely,

HAROLD BROWN.

Mr. TOWER. Mr. President, I yield 3 minutes to the Senator from Utah.

Mr. GARN. Mr. President, I will be very brief. I realize everyone is anxious to vote on this.

I do oppose the Jackson amendment, and rather reluctantly, because let me say that I was stationed in Washington and more than half of my 10,000 hours of flying time has been in Boeing aircraft, and I suppose that would bias me toward Boeing more than any other manufacturer because I have flown Boeing.

But I also spent 11 years flying in the Military Airlift Command, and that is what we are talking about, airlift in C-5's, 747's, C-141's, and I spent a good deal of time sitting on a lot of ramps, flying a lot of cargo all over the world.

So it simply gets down to the bottom line. These pictures show it very well, and that is all our colleagues have to look at, the difficulty of loading the 747 as compared to a C-5. On either side of the Chamber the pictures tell the story.

From personal experience I can tell you those pictures do not lie. It is an extremely more difficult situation because of the height to load the 747. It is a fine airplane. It simply will not be able to carry the cargo that the C-5 does. In a way it is sort of like a Coke bottle. The front end opening up simply is not big enough. You can get it down inside the fuselage, which might take care of the problem, but you cannot with the difference of not being able to load out of both ends of the aircraft virtually at ground level. I simply cannot tell you what a difference that means in terms of time and being able to operate many times in fields that are not prepared and do not have all of the equipment around.

The 747 simply could not perform that function. So I would urge my colleagues to vote against the Jackson amendment on just the basis of practicality, and I hope that my personal experience, not from a theoretical standpoint or looking at numbers or any figures, charts, graphs, but from the 11 years of flying in the Military Airlift Command, would indicate that the C-5A would certainly do a much better job for the type of cargo we are talking about hauling in a military emergency.

I thank the Senator from Texas.

Mr. TOWER. I yield 2 minutes to the Senator from Georgia (Mr. MATTINGLY).

The PRESIDING OFFICER. Who yields time?

Mr. MATTINGLY. One last comment, Mr. President. I think we all have friends on the floor, as has been said before, and we should put aside the interests of States from which we all come, whether it be a Boeing State or a Lockheed State or some State which builds parts for those companies. I think the one thing we need to look at here is what is in the interest of national security of our country.

And I think, to repeat once again, today, if we were standing on this floor and there had been a merger yesterday of the Lockheed and Boeing Cos., what would they be offering for the aircraft here today? Which one would they offer that would be the best and at the lower cost, the one suited for military combat conditions and able to deploy the combat equipment, as the facts are so ably stated by the Department of Defense, within a 20-day period of time?

Mr. President, I would say they would not be concerned about bailout. What they would be concerned about was what was right. And what is right is that we need more airlift capacity, we need more capacity that it can send outsized equipment to the front immediately. I think this new corporation called Lockheed-Boeing would recommend the typical C-5.

Mr. President, I thank the Chair.

Mr. JACKSON. Mr. President, parliamentary inquiry. How much time do I have remaining?

The PRESIDING OFFICER (Mr. BRADY). Twenty-two minutes.

Mr. JACKSON. And how much time does the chairman of the committee have remaining?

The PRESIDING OFFICER. About 17 minutes.

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time consumed be equally divided between the two sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I yield myself such time as I may require. I would just like to say a brief word.

In the final analysis, even though the proposal by the Senator from Washington (Mr. JACKSON), who I think is one of the most valued military experts in the history of the Congress of the United States, a man whose judgment I have always respected and admired, and with whom I have worked for a long time and from whom I have learned so much, is a meritorious suggestion, in the final analysis, Mr. President, the question is not one of cost but of combat effectiveness and survival of American military men.

If the balloon goes up, we are going to have to go to war with what we have. If we have to airlift men and outsized equipment in a hurry, we are going to have to have the aircraft configured to do the job and to operate off some rather austere fields.

I think in the final analysis, if we have to fight, our ability to mobilize, reinforce, and deploy will be far better served by opting to buy the C-5. Therefore, I oppose the amendment of the Senator from Washington. I believe what we pay for the C-5 is worth it in terms of the capability that it will give us in a time of crisis in which not only the national interest but the lives of Americans will be at stake.

I yield to the Senator from Georgia such time as he may require.

STRATEGIC AIRLIFT—READINESS, REQUIREMENT, AND RESOURCES

Mr. NUNN. Mr. President, today's debate should not just focus on which aircraft—the C-5 or 747—should be purchased by the Department of Defense which has requested additional C-5B's and KC-10's, and which have been approved by both the Senate and House Armed Services Committees. Today's debate should really be about the readiness of our combat forces. It should focus on this Nation's ability to apply its combat power when and where it is needed to protect our vital interests. It should be about the ability to respond to a wide range of contingencies, many of which are unpredictable and uncertain as events of recent weeks demonstrate.

It should be about the ability to supply and sustain our fighting personnel with the types of equipment that have the ability to change the tide of a battle. It should be about the time-honored and tested principle of warfare embodied in Nathan Bedford Forrest's dictum that victory belongs to he who "gits thar fustest with the mostest." In my opinion, today's debate will prove conclusively that it is the Department of Defense's requested airlift program of C-5's that meets this test.

AIRLIFT ISSUES CONFUSED

Airlift has been a stepchild of our overall military capabilities and resources since the early 1970's with many false starts during this period such as the AMST and the CX program. The primary users of airlift—the U.S. Army and U.S. Marines—do not budget for the airlift aircraft. These aircraft are provided by the Air Force who can fly much of their assets into battle without airlift.

With this background, it is no surprise that many of the questions surrounding the airlift program included in the fiscal year 19[illegible] DOD budget request needed examination. The committee hearing cycle provided concrete answers and the committee recommended approval of the requested airlift program. However, some unresolved issues developed when the Boeing proposal was submitted at a late date and Chairman TOWER decided to hold a special airlift hearing on April 16, 1982. I applauded the chairman's initiative and joined Senator JACKSON in supporting this hearing.

This hearing had a most distinguished panel of civilian and military witnesses including Deputy Secretary of Defense Frank Carlucci, Air Force Chief of Staff Gen. Lew Allen, Army Vice Chief of Staff Gen. Jack Vessey, Marine Assistant Commandant and former RDF Commander Gen. P. X. Kelley, and Air Force Deputy Chief of Staff for Research and Development Lt. Gen. Kelly Burke. During his opening statement at the hearing, Chairman TOWER posed six precise and appropriate questions, and I quote these questions from the chairman's opening statement:

> First, as airlift capabilities are augmented, what is the need for additional outsize lift?
>
> Second, what are the cost differences between procuring roughly equivalent amounts of C-5B airlift and 747 airlift, the latter for both existing and new aircraft?
>
> Third, how do equal cost alternatives of C-5B and 747 aircraft improve force deployment capabilities?
>
> Fourth, what are the specific military advantages of a C-5B?
>
> Fifth, does it make sense to place 747's in the Department of Defense's organic airlift inventory?
>
> And lastly, what efforts should the Department of Defense undertake to ensure that 747 aircraft—currently surplus to the needs of U.S. commercial carriers—remain available as U.S. assets for use in times of crisis?

Mr. President, the hearing provided clear-cut and persuasive answers to all of the chairman's questions. I would like to take his questions and the answers provided by the DOD and military witnesses one by one. I stress that the material I will be citing is strictly from DOD testimony and statements.

1. FIRST, WHAT IS THE NEED FOR ADDITIONAL AIRLIFT

The Boeing Co. contends that better management of the existing C-5 fleet of airplanes would suffice in meeting military requirements. Boeing Co. contends that the C-5's are used to carry all types of cargo—outsize, oversize, and bulk—and that there would be enough outsized airlift if the C-5 only carried the outsize firepower equipment. In other words, the Boeing Co. would have you believe the military has enough outsized airlift today to meet the need to move combat firepower and support over strategic ranges.

Mr. President, each and every witness at the special airlift hearing completely and totally disagreed with the Boeing Co. that we have sufficient outsize airlift today. In fact, I cannot find a single senior military leader today who does not support the critical need to add to our strategic outsize airlift. The following are quotes from the DOD witnesses at the April 16, 1982 airlift hearing:

> Secretary CARLUCCI. We face a very significant outsize constraint . . . We clearly need more outsize capability.
>
> General VESSEY. This study (CMMS) along with several others has documented once again the need for additional mobility forces and particularly the need to lift outsize cargo.
>
> General KELLEY. If there is anyone in this room who truly believes we could move sufficient outsize equipment . . . and I mean move it simultaneously because that is what the requirement would be—worldwide, simultaneously—in the paltry 77 C-5s that we have available in the Military today, then I am wasting my breath.
>
> General KELLEY (continued). When you ask "Don't we have enough to lift the Rapid Deployment Force?" the answer has to be relative in that, if you want me to not be very rapid and take an inordinate period of time to deploy the force, 77 C-5s can hack it. If you want me to provide credible closure capability, in my professional opinion, 77 C-5s do not hack it.
>
> General BURKE. The CMMS was the 17th study on airlift that the Department of Defense has done in the last dozen years, none of which has failed to show there is a critical shortage of airlift and particularly a critical shortage of outsize airlift.

Mr. President, the hearing went much further than the stated and experienced judgments of our most senior uniformed military personnel. Lt. Gen. Kelly Burke provided a detailed analytical foundation based on sophisticated computer models and years of experience to determine the airlift requirements. In just looking at the four scenarios in the congressionally mandated mobility study, General Burke charted the outsize requirements for each and every day prior to the arrival of the first sealift. General Burke outlined the current capability of the C-5 fleet when it carries only outsize equipment. I stress this fact—the analysis was done with the C-5 carrying only outsize equipment. General Burke indicated the shortfall during just the first 5 days in CMMS Scenario I "is on the order of 2,500 tons per day." It would take many more C-5's than even the President's budget requests to completely eliminate that shortfall in the least demanding of the four scenarios studied. General Burke then went on to explain that this shortfall would then become a carryover backlog for the second 5-day period, which also produces additional shortfall of its own.

The total outsize requirement for any period is not only the outsize requirement for that period but also the accumulated outsize shortfall for all previous periods. In other words, the ability to carry that firepower and combat support equipment which the operational commanders in the field have determined is essential to their mission cannot be met with the current fleet of C-5's and will not be completely met with the additional 50 DOD is requesting.

NATO REQUIREMENT

In an important NATO scenario, the cumulative outsize demand versus the cumulative outsize capability shows that in just the first 15 days the shortfall is on the order of 100,000 tons and 100,000 tons represents a significant amount of firepower which cannot be delivered with our current C-5 fleet carrying only outsized equipment. Mr. President, I doubt that even Boeing's imaginative analysts can "manage away" 100,000 tons. The same shortfall exists in the remaining two scenarios as well. I ask unanimous consent that these official DOD charts, and a letter dated April 23, 1982, be entered in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE AIR FORCE,
Washington, D.C., April 23, 1982.

Hon. SAM NUNN,
Committee on Armed Services,
U.S. Senate, Washington, D.C.

DEAR SENATOR NUNN:

1. This is in response to your request for additional information concerning alternative airlift programs. All of the information in response to your questions is based on Air Force estimates and analyses which show that 55 B747s are needed to close Scenario I in approximately the same overall time as the 50 C-5Bs. Boeing believes that 48 B747s are the proper equivalent and for that reason I have included the information which would result if the Boeing view were correct.

2. The following answers to the questions contained in your letter to me of April 19, 1982 are numbered to correspond to the questions.

(1) The difference in the budget impact of the DOD program and a program which substitutes B747s for the C-5Bs in the DOD program are plotted in Attachment 1. The B747s are purchased at a rate which closely follows the Boeing accelerated buy profile, but is limited to the TOA available for the C-5B. A 55 aircraft B747 buy is shown. The net result is that although the authorizations are essentially the same into FY 85, the outlays from FY 82 through FY 85 for the B747 are $2 billion higher than the outlays for the C-5s.

(2) The total life cycle cost to obtain the equivalent B747 capability through CRAF in fiscal year 82 dollars is $2.5B for 48 B747 or $2.9B for the 55 B747 force. These figures have been adjusted to account for the difference in utilization' rates between the CRAF (10.0 hr/ac/day) and organic airlift (12.5 hr/ac/day) and for the differences in the CRAF contract period of 16 years vice the 20 year life cycle which we use for organic computations. The result of these adjustments is that 1.56 CRAF modifications are required for each primary authorized aircraft which is to be replaced.

(3) Attachment 2 contains the four charts which were used in the April 16 presentation to the SASC. In addition, there is a plot of the cumulative outsize demand for Scenario III versus the cumulative capability of both the current and the proposed force of

C-5s. The chart also contains a demand curve if one assumes that half of the day 6 through day 15 demand were to be prepositioned. In both cases, we are still short of the demand although the proposed program nearly meets the requirement in the case of assumed additional prepositioning.

(4) The measure of effectiveness, which I presented in my briefing, Brigade Days in Theater, is a measure of our ability to get fighting forces, properly equipped, to the places needed and, in my judgment, is the most illustrative measure of the value of airlift. In establishing the number of B747s needed to make up an equal Life Cycle Cost (LCC) force in comparison to the Air Force program several LCC estimates can be considered. By using the LCC comparison presented in my briefing, an equal LCC force would contain 58 B747s. These additional B747s would result in the following table:

ARMY AND MARINE BRIGADE DAYS IN THEATER—EQUAL LIFE CYCLE COST

	W/50 C-5	W/58 747	Difference in percent
Scenario I	50	46	9
Scenario II	110	105	5
Scenario III	120	97	24
Scenario IV	138	107	29

(5) The NATO CRAF was considered in performing the CMMS analysis in Scenario III and IV. In presenting the DOD program to the Congress and in evaluating the number of brigade days improvement that a C-5 force offers in comparison to a B-747 force the NATO CRAF was not included in order to make the comparison consistent across all scenarios. In Scenario III and IV inclusion of any NATO CRAF would have the effect of improving the oversize and bulk delivery thus increasing the demand for outsize capability in order to maintain a balanced airlift force.

3. I hope this information will be useful. We continue to believe the balanced airlift program proposed in the President's budget is the best possible within the funding available.

KELLY.

Enclosures.

COMPARISON OF BUDGET IMPACT—C-5B/747

	1982	1983	1984	1985	1986	1987
Total obligational authorization:						
C-5B	270.0	860.0	2,171.5	2,308.7	2,506.6	725.0
747	166.1	897.0	2,213.3	2,061.6		
Ann diff	-103.9	+20.0	+41.8	-247.1		
Cum diff	-103.9	-73.9	-32.1	-279.1		
Outlays:						
C-5B	21.6	182.2	629.4	1,424.7	2,024.2	2,167.2
747	93.0	563.7	1,579.7	2,019.0	884.2	134.2
Ann diff	+71.4	+381.5	+950.3	+595.2	+1,140.0	[illegible]
Cum diff	+71.4	+452.9	+1,403.2	+1,998.4	+858.4	[illegible]

Mr. NUNN. Mr. President, the need for more C-5 outsize aircraft is supported by much testimony over the years. I would cite a few more examples and ask that the remainder be inserted in the RECORD. Charts and graphs are important in an analytical context, but our military commanders make the point with much more authority.

Secretary of Defense Harold Brown in testimony before the Senate Armed Services Committee, June 5, 1980:

> We have a critical need for intertheater airlift of outsize cargo.

Secretary of Defense Cap Weinberger in his annual posture statement:

> To provide additional capacity for moving our large weapon systems and vehicles, we plan . . . to produce 50 additional C-5N aircraft. The C-5 is our most flexible mobility resource; it is aerially refuelable and can carry a wide mix of unit equipment to any theater.

Gen. Lew Allen, Air Force Chief of Staff in a speech to the Air Force Aviation Convention, Los Angeles, Calif.

> The demand for the movement of Army "outsize" cargo—which can be moved today only by the C-5—will increase fivefold between now and 1985.

Gen. Edward C. Meyer, Army Chief of Staff, in response to question:

> What is the Army's most pressing requirement in terms of airlift?

Stated:

> The major deficiency in the current airlift fleet's capability is its limitation in carrying outsize cargo . . . For worldwide contingencies the shortfall in intertheater airlift of outsize cargo is the Army's most constrained factor. (Senate Armed Services testimony, Feb. 22, 1980.)

Gen. James Allen, Commander in Chief, Military Airlift Command, said,

> Requirements to NATO at C+15 are more than double the capability of currently available in-flight refueled C-5s. (Senate Armed Services testimony, March, 1982.)

Maj. Gen. Robert D. Russ, Air Force director of operational requirements, in an article entitled "We Have To Get There In Time," Airlift Operations Review, October 1981:

> All of these major efforts plus others will add to our airlift. . . . We will still be short of airlift in general, but desperately short of airlift to carry the outsize equipment vital to our principal customers, the Army and Marine Corps.

U.S. military posture for fiscal year 1983, prepared by organization of the Joint Chiefs of Staff, page 55:

> There is adequate passenger lift capability within the CRAF to support most major planned deployments. However, cargo airlift, especially for outsize equipment such as self-propelled howitzers, fighting vehicles, attack helicopters and support vehicles . . . is less than adequate to meet early deployment and sustainability requirements.
>
> Mobility shortfalls are especially pronounced when multiple, simultaneous contingencies are considered. Although some military mobility needs can be met by commercial carriers, the features listed above (flexibility to operate in all areas of the world, responsiveness to changing needs of combat, ability to perform and survive near the combat objective, and capability to load an offload military equipment and supplies with a minimum of local support and equipment) require dedicated military mobility forces for the rapid projection and sustained support of combat forces.

OPERATIONAL COMMANDERS

The priority of outsized airlift has also been stressed by many of our operational commanders:

Gen. Bernard Rogers, Supreme Allied Commander, Europe in a letter April 15, 1982:

> Airlift and its outsize capability are essential to our mission. At present, airlift assets are insufficient to satisfy the requirements of our military plans. This critical airlift shortage is well documented in the Congressionally Mandated Mobility Study. If sufficient outsize airlift were not available for our planned deployments, we could fail to have balanced and adequate forces available at the proper place within critical time limits. Our initial combat forces and their combat support and combat service support which are to be deployed require outsize airlift. Lack of sufficient outsize airlift impacts adversely on the orderly buildup of forces in theater.

Gen. Robert Barrow, Commandant of the Marine Corps, in a letter March 24, 1982, stated:

> The ability to carry outsize cargo is among our most critical deficiencies. The C-5 aircraft provides us with the maximum flexibility in this area and; therefore, has my very strong support.

Lt. Gen. Robert C. Kingston current RDJTF commander, in a letter April 14, 1982, stated:

> It should be clearly understood that all of our planning has been constrained to existing airlift assets. If I were given unconstrained outsize airlift options, the strategy and deployment flow would be much, much more outsize capability demanding to better meet the spectrum of threats. We should procure additional outsize capability to accommodate ground force growth and to improve our deployment and employment flexibility.

The Commander of the 101st Airborne Division at Fort Campbell, Ky., in a message that April states:

> Outsize airlift allows the firepower intensive elements to deploy in a rear ready to fight configuration. The buildup of forces in an operation requires that initial reconnaissance, logistics and maneuver elements arrive prepared to move immediately to an objective area. As an example, the difference between deploying 6 UH-60 Helicopters in a C-5A versus 2 in a C-141 means a delay of several days before adequate lift is available to move combat elements to an objective.

General Prillaman, the commander of the Second Armored Division at Fort Hood, Tex., states:

> Outsize aircraft availability is critical to our wartime mission. The absence of sufficient outsize cargo carriers is a serious flaw in the strategic concept for rapid deployment of NATO and the role the 2d Armored Division is expected to play in executing that strategy.

The commander of the 18th Airborne Corps and 82d Airborne at Fort Bragg, N.C.—and I should add that many forget that light infantry units such as the 82d Airborne have outsize requirements—said:

> The requirement for outsize airlift is not available to move out helicopters and numerous pieces of combat service support equipment, our ability to seize key facilities in operational areas will be severely degraded. The quick, decisive seizure of these objectives is critical to the establishment of tactical fighter aircraft basing: the opening of seaports to meet arriving combat equipment, and the opening of the additional air facilities necessary for the building of significant logistical installations.

The commander of the Army Forces Command, General Cavazos, who is in charge of all Conus-based U.S. Active and Reserve Army units said:

> While additions to all airlift are desirable, there are some nonmilitary resources which can be made available in a crisis to move bulk and oversize cargo. Outsize airlift, however, is a finite resource—only the military has it and there is no alternative supply. The addition of more strategic outsize airlift capability is essential for FORSCOM units to deploy for many of our missions. Without adequate outsize airlift capability, we risk degradation of our force's capability for rapid deployment and subsequent employment for missions other than a display of force.

Mr. President, the quotes from our military commanders stressing the need for more outsize airlift go on, and on, and on, and I have them from the division commander at Fort Polk, the commander of our forces in Korea, the commander of our U.S. Army forces in Europe, our Marine commander of the 2d Marine Division, and so on. I will ask unanimous consent that these statements, letters and official messages be included later in the RECORD. Mr. President, I do not believe any further evidence is needed to document the outsize shortfall, but I would cite the congressionally mandated mobility study as one analytical study which specifies the need to add 10 million ton-miles per day of additional outsize airlift. It is the most recent and very authoritative. However, I want to add a note here about the CMMS and the use of planning scenarios. Gen. Kelly Burke stated that,

> The CMMS considered four scenarios that were first selected in a general sense by the Congress and reviewed by the Joint Chiefs of Staff and matched as closely as possible to actual war planning that is done by the JCS.

General Burke hastened to add—

> Not that anyone holds out that we can write a scenario that will predict exactly how war unfolds.

This is a key point. No computer model or analytical scenario can precisely duplicate what Clausewitz termed the "fog" and "friction" of war. Just as it is misleading for Boeing to base their analysis on only one CMMS scenario—the lightest one needless to say—it is misleading to depend strictly on one study for all the answers. However, this is one of 17 major mobility studies in the past 12 years, all of which highlight the shortage of airlift and, in particular, the need for additional outsize airlift. I will ask unanimous consent later that an Air Force summary of these studies be included in the RECORD.

These studies with the testimony and statements of our military commanders around the world refute without question the attempt by Boeing to dismiss the outsize requirement.

THE VALUE OF OUTSIZE EQUIPMENT

The issue of the outsize requirements in tons, or ton-miles per day or cumulative shortfalls presents only one dimension of the problem. The second dimension is the value of this outsize equipment in a combat context.

General Vessey indicated that 41 percent of the Army mechanized equipment is outsize, which can only be loaded and off-loaded combat ready from a C-5. General Vessey said this was also true of 52 percent of their armored division equipment, about 60 percent of their motor transport brigade equipment, 45 percent of an engineer brigade equipment, and the key 20 percent of an air cavalry combat brigade. I will later ask that a chart showing the Army outsize percentages be included in the RECORD.

There are significant percentages, and they represent important combat equipment, both in terms of value to the mission and in the overall numbers needed for the various scenarios.

Outsize equipment is not just tanks and fighting vehicles as some suggest. General Vessey indicated that, for instance, the following equipment can only be carried on a C-5: Combat engineer vehicle; CH-47 helicopter; 8" self-propelled howitzer; armored vehicle launched brigade; Lance missile carrier; M-88 recovery vehicle; armored cavalry vehicle; 12 ton supply van; division air defense gun; 5 ton truck/12 ton communication, command, and contol van; M-1 and M-60 tanks

I showed General Vessey two long computer printouts of the outsize equipment for two of the scenarios studied. I asked General Vessey to validate the fact that these printouts I am holding here represent item after item of outsize equipment that can only be carried by the C-5. General Vessey and the Army reviewed the list and confirmed this fact for the record. Both General Vessey and Gen. P. X. Kelly confirmed that there are presently hundreds of combat items which can only be carried on the C-5. On each Senator's desk is a copy of these printouts and they show hundreds and hundreds of combat and combat support equipment.

Mr. President, we are not talking about tentpoles which can be carried in bulk pallets. We are talking about anti-armor weapons, communications equipment, fighting vehicles, water trucks, fuel trucks, artillery, air defense weapons, tanks, engineer equipment, and more—all of which must arrive at the proper time and in the proper order to build up and apply combat power. Further, both General Vessey and General Kelley indicated the Army and Marine Corps outsize requirements will increase in the next 10 years.

QUESTION NO. 1: THE ANSWER

Mr. President, the unambiguous answer to the chairman's question No. 1 is: The demonstrated and critical need is for additional strategic outsize airlift to move the combat power of our military. This is not my conclusion; this is not Lockheed's conclusion; this is not Boeing's conclusion. This is the conclusion of all the military witnesses at the hearing, our senior military commanders around the world, the civilian leadership of the DOD over several administrations, years of testimony, years of studies, and just plain commonsense.

QUESTION NO. 2: COSTS

The chairman's second question related to the important area of cost. He asked,

> What are the cost differences between procuring roughly equal amounts of C-5B airlift and 747 airlift, the later for both existing and new aircraft?

The answer was again clear as the chart displayed on the floor shows. General Burke's testimony established that the Air Force and OSD estimate on the basis of their computer models and loading calculations that it would take 55 747's to compare to the 50 C-5B's requested. For these two different fleets, the cost differential is not the $6 billion the Boeing Co. tosses around with much abandon, not $5 billion, not $4 billion, not $3 billion, not $2 billion, but roughly $1 billion over the 20-year lifecycle of the programs—a little under $50 million a year for the military capability provided by the C-5 that is so critical to our men in the field.

In answer to my question to each witness:

> When you look at the difference in lifecycle costs of $1 billion, is there a priority that warrants that additional expenditure? Does the outsize airlift priority warrant that kind of money difference?

Each witness answered in the affirmative.

IS IT WORTH THE DIFFERENCE

> Secretary CARLUCCI. There is no doubt about it; it does warrant the difference.
>
> General P. X. KELLEY. An unequivocal yes, it does warrant the difference.
>
> General J. VESSEY. It is essential to carry out the plans we have.
>
> General LEW ALLEN. It is worth the difference.
>
> General KELLEY BURKE. Yes. It does come out of our budget and we don't have outsize cargo airlift. The country needs it.

CRAF

Mr. President, the cost differential between the two is not the only cost that should be considered. When considering adding bulk and oversize airlift, one must look at the CRAF—Civil Reserve air fleet program.

The CRAF program is one of the best bargains our taxpayers have. It is a partnership that has been in existence since 1952 and has proven effective in various levels of emergencies while operating in a peacetime mode. It is essentially a program whereby commercial freighter and passenger aircraft such as the B-747 and DC-10 are available to DOD for both peacetime contracts and in emergencies to augment organic airlift. CRAF currently represents 40 percent of our total airlift capability and virtually every cargo B-747 and DC-10 owned by U.S. domestic carriers is already committed to the CRAF.

There are three stages of CRAF in which these aircraft become available to DOD. Stage I can be activated by the commander in chief of the Military Airlift Command and the aircraft are available immediately. Stage II provides additional augmentation during an emergency not requiring national mobilization, and stage III is activated in a national emergency.

This is a key point. The bulk and oversize assets represented by the 747 and DC-10 are available to DOD today. DOD does not need to purchase organic airlift to have this capability.

Mr. President, the difference between obtaining additional oversize and bulk capability in CRAF as opposed to buying 747's is $12 billion—not $1 billion, not $2 billion, not $6 billion, not $7 billion, not $8 billion, not $9 billion, not $10 billion, not $11 billion, but $12 billion. The cost chart shows that the lifecycle cost of 55 747's in CRAF is $3 billion—buying them would cost $15 billion.

Mr. President, what the Boeing Co. has not told anyone is that their proposal will cost $12 billion more than the most cost-effective way to have this bulk and oversize capability, which is via the CRAF program. There is no dispute on this point. If the C-5 was available as a commercial aircraft, CRAF would be the most cost-effective way to obtain this capability. But it is not a commercial aircraft, Mr. President, it is a unique military airlifter designed to carry combat equipment and there is no demand for this in the commercial sector.

What else did Boeing forget to tell you about costs. They did not tell you the outlays if you purchase 747's—the dollars to be spent—for the next 3 years—fiscal year 1983, fiscal year 1984, fiscal year 1985—would be $2 billion more than the President's airlift program—not $50 million a year, not $500 million a year but $2 billion in the next 3 years. The 747, then, is not $6 billion less than the C-5 program. Adding organic 747 capability is $12 billion more than we can get it in CRAF and would be $2 billion more in outlays.

Mr. President, I believe the same imaginative Boeing analysts who "managed away" over 100,000 tons of outsize shorfall must be doing the "artful arithmetic" which claims to represent $6.6 billion in savings to the taxpayers when it actually would cost $12 billion more than necessary. Can we call it "savings" when it costs $12 billion more to buy the 747 than it would cost to get them via CRAF?

ANSWER NO. 2

Mr. President, the answer to the chairman's question No. 2 about the cost differences is abundantly clear:

CRAF is the most cost-effective way to add the oversize and bulk capability the 747 represents. This is $12 billion less than buying them for organic airlift which would be $15 billion. Buying them for organic airlift would also cost $2 billion more in outlays in the next 3 years over the C-5 program which is, over 20 years, only $1 billion more than the 747. Is the outsize military capability represented by the C-5 worth the difference? The unanimous answer is yes and the testimony I cited indicated.

This is not my conclusion; this is not Lockheed's conclusion; this is not Boeing's conclusion. This is the conclusion of the DOD witness.

QUESTION NO. 3

The chairman's third question was,

> How do equal cost alternatives of C-5B's and 747 aircraft improve force deployment capabilities?

The answers here again all favor the President's C-5 program.

Secretary Carlucci testified as follows:

> If we compare the performance of the DOD program with the Boeing alternative during this initial period in each of the CMMS scenarios, we find that the DOD program is considerably better at deploying Army and Marine Corps forces. This result is particularly striking should we need to reinforce Europe subsequent to a Persian Gulf deployment. In that case, we find that the DOD program provides at least a third more capability to deliver Army or Marine units than the Boeing alternative.

I asked General Vessey about the improvements in Army ability to deploy forces to Southwest Asia. General Vessey answered that, in a general, unclassified context,

> You can say it improves the additional combat power by a third across the scenarios.

In answer to the same question in the NATO context, General Vessey indicated that the airlift package, plus other parts of the President's budget, would mean

> That we will be able to reinforce four times the force in the first 10 days.

I asked,

> Are you saying it increases our overall capability by 400 percent?

General Vessey answered, "that is correct."

Mr. President, this program in this scenario represents a 400-percent improvement in the first critical 10 days.

There are other ways to measure effectiveness of equal cost forces. Gen. Kelly Burke wrote me a letter on April 23, 1982, to answer some followup questions from the hearing and presented an analysis of the effectiveness of equal lifecycle cost forces. This is an "apple-to-apple" comparison to obtain an idea of which performs the mission better for the same money.

General Burke analyzed 50 C-5's and 58 747's in the 4 CMMS scenarios. The number of 58 747's was determined by the Air Force to be that number which would cost the same as the 50 C-5's. General Burke dealt with the measure of "Army and Marine Brigade Days in Theater." This is the measurement of the ability to get fighting forces, properly equipped, to the places needed when they are needed. In each and every scenario the C-5 equal cost force outperformed the 747, ranging from 10 percent better to 30 percent better. General Burke further stated that "50 C-5B's provide a clear edge over 48 747's."

General Burke even did the same comparison using a combination of new and used 747's to make up an equal lifecycle cost fleet to 50 C-5's. Using 75—that is right—75 747's as compared to the same 50 C-5's, the C-5 still outperformed the 747 in all four scenarios in getting fighting forces to the places and at the times needed. According to General Burke,

> The DOD program closes the forces more quickly in each of the CMMS scenarios and provide significantly better closure in Scenarios III and IV which are most closely related to our planning scenarios.

Secretary Carlucci confirmed this fact in a May 6, 1982, letter to the chairman of the board of Boeing which stated:

> Both Air Force and OSD computer models show that 50 C-5Bs provide more capability in each of the 4 CMMS scenarios than an equal cost force of commercial freighters.

In each and every case, the significant addition of more 747's was not helpful since the constraint was the outsize equipment which only the C-5 can carry. The 747 simply cannot carry this equipment whether you have one 747 or 100 747's. Once you bump into the outsize constraint, only C-5's will help.

Assistant Secretary of the Air Force Dr. AL Keel has just provided my office with some additional analysis comparing the DOD program to the Boeing program, using their assumptions.

In Scenario I, after 15 days, the DOD program delivers about 22,000 tons. The Boeing program, with Boeing assumptions on use of C-5's, delivers about 12,000 tons total—90 percent of which is late. Not only does the Boeing proposal deliver 50 percent less than the DOD program, but 90 percent of it is delivered late. This is the lightest scenario and the one on which they based their proposal.

In Scenario II, which is the "heavy" scenario, after 15 days, the DOD program delivers almost 35,000 tons. The Boeing proposal delivers 22,000 tons, 95 percent of which is late.

Mr. President, these two points should be emphasized. The Boeing program delivers 13,000 tons less and 95 percent of the total tonnage they deliver is late. When you talk about 12 to 13,000 tons less equipment and even that they do deliver is 90 to 95 percent later than required, it could spell the difference between victory and defeat.

There is another important point here that General Burke emphasized in his testimony. He explained that the percentages which show the C-5 outperforming the 747—

> Greatly understate the difference. It is merely the comparison between outsize capability and nonoutsize cargo capability. I have not factored in the flexibility and responsiveness. We did not penalize the 747 for how they would get the heavy loads in there, how they were going to get extra people in to assemble the equipment, whether they could find airfields that are suitable.

ANSWER NO. 3

Mr. President, the answer to the chairman's third question is that the proposed C-5 program—when compared to an equal lifecycle cost 747 force—outperforms the 747 in each and every scenario. It does this when using several measures of effectiveness including closure time and brigade days in theater. The Boeing proposal delivers much less and that they do deliver is extremely late.

This is not my conclusion, this is not Lockheed's conclusion; this is not Boeing's conclusion; this is the conclusion of the top-level military and civilian witnesses at the hearing and the OSD and Air Force analysis.

QUESTION NO. 4

The chairman's fourth question was,

> What are the specific military advantages of a C-5B?

Mr. President, it will be a pleasure to deal with this issue since it is a completely one-sided answer. The C-5 is a military airlifter from the ground up but I have a number of photographs which can provide this answer much more dramatically. The photographs on the floor are duplicated in photographs on the Senator's desks.

The first two photographs show a side-by-side comparison of the loading of C-5 and a 747. Just looking at the type of equipment and the loading features side by side tells the whole story.

The entire line of combat and combat support vehicles can be driven right onto the C-5 while bulk pallets are being lifted over 16 feet with combersome loading equipment up to the loading position of the 747.

The next series of photographs is another view of the different loading/unloading capabilities of C-5 and 747. Much emphasis is given the opponents to the fact that the C-5 has wide doors. These photographs show exactly what the difference between a small door and a large door means in combat firepower.

According to General Burke,

> When the airplane industry builds a commercial freighter they make the assumption it will spend the bulk of its life operating between main terminals where there will be ample and adequate support equipment and people. They don't pay for extra features for it to operate in places that are remote and don't have such equipment.

Another aspect of the 747 and C-5 comparison relates to the disassembly and reassembly issue. The C-5 delivers literally the hundreds of different firepower and combat support equipment in ready-to-fight condition. Army attack helicopters go on and, in turn, come off combat ready with fuel and armaments. Whithin a few minutes, they fly off to be employed as needed.

On the 747, the Cobra attack helicopter takes 3 to 4 hours to disassemble and another 3 to 4 hours to reassemble at the other end. You then have to flight test the helicopter. General Kelley testified that:

> The AF-IT Cobra takes 10 men 3.5 hours to disassemble to put in the 747 and ten men 3.25 hours to reassemble.

He further testified that in a RDF situation it is extremely difficult to do these processes. •

> It is not only enemy action one has to contend with but also the windstorms and sandstorms. This was an extremely difficult time, putting together a helicopter under those kinds of conditions.

Of course, any equipment that could be disassembled to fit in the 747 can also be carried in the C-141.

The C-5 has a great deal of unique military capabilities which the 747 does not in addition to the outsize ability: Aerial refueling, airdrop, soft field landing and taxi, off runway capability, drive through loading/unloading and the ability to carry bulk, oversize, and outsize all at the same time.

First, just as photographs provide the best explanation of the differences between the C-5 and the 747, the unique military and other capabilities of the C-5 are best understood in some examples from its past history.

Some of the outstanding airlift accomplishments by the C-5A include: A nonstop Chicago-to-Moscow flight with an 85-ton superconducting electromagnet; 1,650,000 pounds of equipment, tanks, and helicopters to the beseiged airbase at Da Nang, Vietnam, in 1972 on one span of only 10 missions, with an average ground time of only 32 minutes from touchdown to takeoff; 14,000-mile roundtrips with 10,763 tons of cargo including M-48 and M-60 tanks and helicopters in the 1973 Israeli airlift; and a 100-bed mobile hospital, purification units, and communication equipment for relief operations and earthquake-damaged Nicaragua in 1972. No other plane in the world could match this performance.

There are several unique missions: A C-5 Galaxy flew to Hakodate Air Base on Japan's northernmost island off Hokkaido to pick up a Soviet Mig-23 jet fighter nicknamed "Foxbat," the most advanced plane in the Soviet arsenal at the time. The supersonic jet was transported by the C-5 to a Japanese air force base for further inspection by Japanese and United States experts.

During the Zaire crisis of 1978, a C-5 participated in the rescue and evacuation operations requested by the French.

In 1974, a C-5 successfully demonstrated the feasibility of air launching ICBM's with the air drop and subsequent firing of a Minuteman 1 missile.

Mr. President, the C-5 is the only aircraft in the world then, now, and in the future capable of these military unique feats. There is no comparison. To be fair to the 747, it should be compared to the DC-10, not the C-5. The C-5 is not a commercial passenger plane turned freighter although the C-5 can carry 70 passengers at the same time it is carrying a full load of combat equipment. In fact, this is exactly what General Richardson, Deputy Chief of Staff of the Army, suggested. He said:

> Comparing the C-5 and the 747 is like comparing apples and oranges. A more appropriate comparison of the 747 would be to the DC-10.

ANSWER NO. 4

Mr. President, the answer to the chairman's fourth question is that the C-5 Galaxy is a unique, one-of-a-kind military airlifter unparalleled in its ability to deliver combat firepower in military circumstances.

This is not my conclusion; this is not Lockheed's conclusion; this is not Boeing's conclusion. This is the conclusion of the military witnesses and the documented history of this unique military airlifter which now has over a decade of service and more than 5 billion ton-miles of operations.

What do these military features mean? They mean the C-5 can airdrop essential equipment in difficult terrain; they mean the aircraft can be refueled in-flight to provide extended range; they mean it can operate in austere field conditions; they mean it can load and unload firepower equipment in ready-to-operate condition; they mean it can carry to crewmembers who operate these firepower systems.

QUESTION NO. 5

Mr. President, the chairman's fifth question was,

> Does it make sense to place 747's in the Department of Defense organic airlift?

This simple answer is "no". The simple reason is $12 billion. To procure and operate the 747's that Boeing would have the Department of Defense buy for organic airlift is $12 billion more than obtaining that same equivalent capability via the Civil Reserve air fleet or CRAF program for $3 billion.

Witness after witness and analysis after analysis has shown that CRAF is the most cost effective way to add oversize and bulk capability. Bulk and oversize cargo capability represented by the 747 can be added in this fashion. The outsize capability of the C-5 cannot—there is no commercial equivalent. This is the most attractive feature of the CRAF program—the ability to expand cargo airlift capability at 5 to 6 times less cost than procuring and operating organic military airlifters.

As stated previously, Lt. Gen. Kelly Burke has completed an analysis that shows the total liftcycle cost to obtain the equivalent Boeing 747 capability through CRAF in fiscal year 1982 dollars is $2.5 billion for 48 Boeing 747's or $2.9 billion for the 55 Boeing 747 force which the Air Force insists is the appropriate number for comparative purposes. He goes on to say.

> These figures have been adjusted to account for the difference in utilization rates between the CRAF (10.0 hr/AC/day) and organic airlift (12.5 hr./AC/day) and for the differences in the CRAF contract period of 16 years vice the 20-year lifecycle which we use for organic computations.

We have already documented the fact that the Air Force analysis and testimony shows that the 20-year life cycle cost of 55 Boeing 747's as organic airlift in fiscal year 1982 dollars is $15 billion. This is where the $12 billion difference comes in. The capability represented by the Boeing proposal is available in CRAF for $3 billion. In organic airlift, that same cost is $15 billion for the number of planes the Air Force model insists is correct. CRAF is less expensive by $12 billion.

Mr. President, there are a number of other reasons why it does not make any sense to have commercial freighters organic to the Military Airlift Command other than the most persuasive argument of cost. In an emergency situation, the capability represented by our commercial wide-bodied cargo and passenger aircraft are available to us today. The Department of Defense does not need to purchase these aircraft to obtain this capability. Many of these commercial aircraft operate contract to the Military Airlift Command today flying passengers and cargo to meet certain peacetime requirements. They are available now and they are available in emergencies.

Let me say a little bit about used aircraft. From my conversations with top military personnel and from the testimony during the hearings, it is evident to me that the Department of Defense has no intention of buying used 747's. The very idea that the Department of Defense should purchase, sight unseen, aircraft with tens of thousands of flying hours, with different types of avionics equipment, in unknown condition, with major modifications needed, is absurd. When Boeing first started circulating their used aircraft proposal, they cited various numbers of aircraft owned by domestic and foreign carriers that would be available to the Air Force for purchase. Included in the list which Boeing presented as part of their proposals were two 747's owned by Iran. That is right, the Boeing Co. apparently did not even take their own used aircraft proposal seriously. Many of the used planes cited are not even the freighter versions. Again, even the domestic used airplanes are available to the Air Force in emergencies and just like the average American citizens, the Air Force has no intention of buying a 10-year-old used model in uncertain and unspecified condition.

ANSWER NO. 5

Mr. President, the answer to the chairman's fifth question is that it makes absolutely no sense to place 747's in the Department of Defense's organic airlift fleet. This is not my conclusions; this is not Lockheed's conclusion; this is not Boeing's conclusion; this is the conclusion of the military and civilian witnesses at the hearing and the documented reports from the Department of Defense over the years.

QUESTION NO. 6

The chairman's last question was,

> What efforts should the Department of Defense undertake to insure that 747 aircraft—currently surplused to the needs of U.S. commercial carriers—remain available as U.S. assets for use in times of crises?

Mr. President, I admit that the answer to this question is not as certain or as clear as the answers to the first five.

We are all painfully aware of the current domestic economic problems which are impacting many industries and many individual citizens. The airlines industry is just like any other business looking for shelter in a storm. The skies are not clear and calm in the airline industry.

However, it does not logically follow that the burden of absorbing the slack in the airline industry should fall in the domain of the Department of Defense. I am certain that the Department of Defense has no intention of purchasing combines and farm tractor equipment from a major manufacturer that is in trouble in this area. If our Government decides to adopt policies to assist certain industries, such as the airline industry, it certainly can provide much more effective assistance than a $12 billion program to absorb surplus aircraft excess to current demand. This is no bargain for either the taxpayer nor the Department of Defense which is faced with a critical shortage of airlifting military outsize equipment not lifting the profit margins of the domestic airline business.

Mr. President, the Department of Defense has indicated a commitment to a renewed and revised CRAF program. Both Deputy Secretary of Defense Carlucci and Chief of Staff of the Air Force Lew Allen have indicated that they intend to consider the Boeing 747's in that context. Under the CRAF program, the Department of Defense would modify certain airplanes at no cost to the industry and then pay a differential operating cost while these aircraft remain in the civilian fleet. In this fashion, these aircraft would be available to our Government in emergencies just as they are today.

There is another aspect to this availability issue. Much emphasis is given by the opponents of the President's airlift program to the fact that these 747's may not be available since they could be sold overseas. I find it interesting that the same Boeing proposal indicates a certain number of aircraft owned by foreign carriers that are available for purchase at so-called bargain prices due to the lack of demand. I wonder why Boeing thinks that these foreign carriers who are attempting to sell us 747's are so interested in buying 747's that are excess in the United States.

The Air Force is working on a new CRAF enhancement program to begin in fiscal year 1984. The fiscal year 1982 Defense Authorization Act allowed more flexible contracting authority for the Air Force in the CRAF program—principally in allowing operating cost increases to be reimbursed as a lump-sum payment, as annual payments or a combination thereof. This could be an attractive program for the airlines since there would be an upfront payment for operating costs that would actually be incurred over a 16-year period. For example, the Air Force estimates that, of a contract for CRAF enhancement of a Boeing 747 for a total $35.1 million, $19.3 million would be an offset for increased operating cost that would be given to the contractor immediately upon completion of the contract.

Mr. President, as I stated at the beginning of the answer to this final question, I cannot point to a chart or one single DOD statement that says unequivocally every single wide-bodied aircraft will be available 1 year from now, or even 5 years from now. Just as no one could have predicted the devastating tornado and hailstorm that hit Altus Air Force Base in Oklahoma 2 days ago and completely destroyed three C-5 aircraft which the Air Force preliminary indications are cannot be repaired. There are no replacements for these C-5's in the commercial passenger fleet. There are no replacements for these C-5's in the commercial freighter fleet. These three C-5 aircraft represent the ability to carry 18 Harrier jet aircraft, or 210 passengers while carrying a full cargo of equipment.

But as long as the 747's are owned by U.S. carriers, and current world economic conditions indicate they will be, they are available to the Department of Defense. We have a surge capability in bulk and oversize capacity. There is no surge capability in outsize equipment. All we have is the existing number of C-5's which has tragically been reduced by three airplanes in just the last 2 days.

Mr. President, there is another fact and that is NATO has committed 49 747 equivalents to the CRAF program. This represents another surge capability in the bulk and oversize area.

Mr. President, I can only conclude that the Department of Defense is pursuing a reasonable course to insure that the surge in the bulk and oversize area is available, as it is now, in times of emergencies. With the foreign carriers attempting to sell their surplus 747's in the United States, I do not believe that the danger of many U.S.-owned 747's finding their way overseas is sizable quantities is likely. There is a possibility, however, that some could find their way into the overseas NATO CRAF program which would be helpful to us.

In conclusion, Mr. President, the chairman's six questions have been answered and the answers all support the requested and recommended airlift enhancement program of additional C-5B's and KC-10 cargo/tanker aircraft. In summary, the requirement for additional outsize airlift which only the C-5 can provide, is well-documented and pursuasive. The costs of the two programs is equally clear. The best bargain for the U.S. taxpayer would be to obtain additional 747 bulk and oversize capability in the CRAF program which is $12 billion less than DOD purchasing these aircraft outright. When equal cost forces of C-5's and 747's are compared, the C-5 outperforms the 747 in every scenario. This is the case even when dozens of additional 747's are added. They simply cannot meet the outsize firepower requirements no matter how many airplanes are added.

The military advantages of the C-5 including aerial refueling, adverse field conditions, airdrop, delivery of combat equipment in ready-to-fight condition, and ease of loading and unloading, plus the flexibility to carry outsize, oversize, and bulk with 70 passengers on board cannot be matched by any commercial aircraft.

Mr. President, we are not deciding today what is good for the U.S. domestic airline industry. We are deciding on whether or not our combat units in the field will have the wherewithal to defend and sustain themselves in battle protecting America's vital interests. We are deciding on whether or not this Nation will improve its ability to apply combat power when and where it is needed, not whether or not financial assistance is appropriate for one particular ailing aircraft producer. We are deciding whether or not this Nation will provide our military the ability to "get there firstest with the mostest," or "whether we will relegate them to arriving lastest with the leastest."

Mr. President, I ask unanimous consent that the material to which I referred during the course of my statement be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHAT OUR MILITARY FIELD COMMANDERS SAY ABOUT THE NEED FOR OUTSIZE (C-5) AIRLIFT

General Smith, Commander, 24th Infantry Division, Fort Stewart, Ga.—The question of strategic airlift, in particular outsize airlift, is extremely important to the 24th Infantry Division. Several exercises such as Gallant Knight 82 have shown that outsize airlift is a critical asset and that present assets are not sufficient to meet the planned closure requirements, especially those of the Mechanized Forces.

It is absolutely essential that equipment and personnel arrive in a ready-to-fight condition.

General Kingston, Commander, Rapid Deployment Joint Task Force, MacDill AFB—If I were given unconstrained outsize airlift options, the strategy and deployment flow would be much, much more outsize capability demanding to better meet the spectrum of threats.

Clearly, the acquisition of an outsize system that inherently has oversize and bulk capability yields the greatest flexibility for the RDJTF or any other strategic deployment planning.

General Prillman, Commander, 2d Armored Division, Fort Hood, Tex.—If equipment does not arrive in ready-to-operate condition, the division cannot be employed until the deficiencies have been corrected and the consequent delay could be fatal to NATO.

Outsize aircraft availability is critical to our wartime mission. The absence of sufficient outsize cargo carriers is a serious flaw in the strategic concept for rapid reinforcement of NATO.

General Kelley, Assistant Commandant Marine Corps.—Again, I must emphasize our critical requirement to transport helicopters in support of commitment of the NTPF/MPS Forces. Outsized airlift to meet the stipulated 10-day response must be sufficient in quality and capability to deliver these helicopters without significant disassembly/reassembly requirement. Currently, only the C-5 provides this capability.

General Bagnal, Commander, 101st Airborne Division, Fort Campbell, Ky.—Outsize airlift allows the firepower intensive elements (primarily Army aviation) to deploy in a near-ready-to-fight configuration.

General Cavazos, Commander, Forces Command.—A good example of the outsize airlift requirement is our plan to reinforce NATO. Forces Command units need more than 240 C-5 plane loads immediately.

The addition of more strategic outsize airlift capability is essential for Forces Command units to deploy for many of our missions.

General Rogers, Commander in Chief, U.S. European Command.—If sufficient outsize airlift were not available for our planned deployments, we could fail to have balanced and adequate forces available at the proper place within critical time limits—our inability to meet this total need puts at risk our forward deployed forces.

General Mackmull, Commander, XVIII Airborne Corps, Ft. Bragg, N.C.—In summary, the global character of U.S. interests makes it imperative that we maintain the ability to deploy effective combat forces worldwide with great dispatch.

RAPID DEPLOYMENT
JOINT TASK FORCE, OFFICE OF THE
COMMANDER,
MacDill Air Force Base, Fla., Apr. 14, 1982.

Hon. SAM NUNN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR NUNN: As the Commander of the Rapid Deployment Joint Task Force (RDJTF), I appreciate your invitation to provide an RDJTF perspective on the issues of airlift adequacy in general and selecting the proper balance in cargo carrying capability of additional strategic airlift.

In regard to those in Congress that contend there is no strategic airlift shortfall, I must assume they are not referring to RDJTF type deployments to Southwest Asia. I have a significant strategic airlift shortfall now. The Congressionally Mandated Mobility Study (CMMS-1981), sent to Congress on May 21, 1981, indicates my current strategic airlift shortfall will grow to 25 million ton miles/day (MTM/D) by FY 1986, unless additional strategic airlift aircraft are purchased. Further, DOD, through sixteen other major studies over the past several years, has confirmed that deployment scenarios across the board have a severe shortage of strategic airlift aircraft. The issue then reduces itself to that of determining the required cargo mix—outsize/oversize and bulk—for additional strategic airlift.

Current RDJTF capability plans reflect the use of the total strategic airlift capability, including outsize assets, and it should be clearly understood that all of our planning has been constrained to existing airlift assets. If I were given unconstrained outsize airlift options, the strategy and deployment flow would be much, much more outsize capability demanding to better meet the spectrum of threats. Having said that, I should also point out that my current Army ground force consists primarily of mobile light Infantry units and less than one Mechanized division. Even with this, the outsize carrying capacity would be inadequate if my optimum SWA force of outsized helos and Mechanized units were up front in the flow. Deploying current RDJTF units in accordance with the constrained deployment schedule for Scenario I, CMMS, indicates our outsize cargo fraction is approximately 15 percent of total airlift over the first 15 days. Since about 30 percent of our current airlift capability is outsized, the outsize demand is adequately satisfied in this capability constrained scenario, which I judge to be risky. It would appear then, that the airlift shortfall would be primarily in oversize and bulk capacity and this would be a correct assessment if only current, constrained contingency capabilities were considered. However, I must emphasize that my unconstrained requirements would be much more outsize intensive today; furthermore, there are two additional factors that must be considered: future force size and operational flexibility.

The size and composition of the RDJTF is scheduled to change over the next three years. These additional and heavier forces will provide a larger inventory of combat forces from which to task organize for a particular scenario. There are scenarios which may require the RDJTF to use intertheater airlift to deploy some Mechanized units along with mobile light Infantry. While moving Mechanized units by air is certainly not the preferred method of movement the flexibility to use this strategic option, if the situation presents itself, is absolutely essential. Consequently, a deployment scenario could require a disproportionate balance of outsize cargo to be moved by airlift within the first 20 days. Further, there are other scenarios of interest which envision tailoring light-heavy force packages for airlift deployment. These flow options could include organizing antitank teams from highly mobile Infantry units and heavier Mechanized units. These type organizations generate unusually high outsize cargo requirements.

In a scenario where we would need to move Mechanized units along with mobile light Infantry, the outsize cargo fraction could be high as 32% of total airlift over the first 15 days. This demand exceeds the FY 1986 programmed outsize capability. The results of this type of scenario are not intended to preempt the source selection process on specific aircraft, but rather to provide essential rationale supporting acquisition of derivative airlift systems. Clearly, the acquisition of an outsize system that inherently has oversize and bulk capability yields the greatest flexibility for the RDJTF or any other strategic deployment planning.

Unit closure times are developed on assumptions relative to how rapidly an enemy force could make units available for combat at a certain decisive geographic point. This point is sometimes defined by terrain or physical location such as an airfield or seaport. Unit closures are established to insure the enemy is denied access to these decisive geographic points. To accomplish this, I must insure the deployment sequence is such that RDJTF forces can pose an early, credible deterrent to aggression, and failing deterrence, generate favorable fractional exchange ratios (greater than 1) at critical engagement sites. Maximum exploitation of mobility and defensible terrain are critical elements in such engagement scenarios.

While this may appear to be simplistic, it is far from that. Difficulty arises in identifying and countering the full spectrum of enemy capabilities. Essentially, the objective here is to be able to meet the most probable enemy force projection capability. Should the enemy behave as we expect him to, then the closure times are inelastic and consequently, deemed to be most critical. Unfortunately, the ultimate criticality of force closures will not be known until the actual confrontation unfolds.

In summary my views are:

We have a significant strategic airlift shortfall now.

We should procure additional outsize capability to accommodate ground force growth, and to improve our deployment and employment flexibility.

Sincerely

Robert C. Kingston,
Lieutenant General, USA,
Commanding.

Mr. NUNN. Mr. President, I just want to try to sum up a couple of things.

Mr. President, I want to emphasize again this whole issue of cost. The Boeing proposal says there is a $6 billion cost differential. The Department of Defense and the Air Force rebut that, and I think very thoroughly and very analytically. We have charts, we have analyses, we have the backup on it. It shows that the life cycle cost of the C-5 is $16 billion; the life cycle cost of the 747 is $15.1 billion. There is about $1 billion in difference in life cycle cost.

I hope the Senator from New Mexico will pay close heed to this because the Budget Committee, of course, is deliberating on the deficits now.

The second point that I think everyone needs to recognize is that because you are buying existing aircraft, used aircraft under the Jackson proposal, the outlays for the next 3 years are $2 billion more than the outlays under the committee approach. That means we are increasing the deficit over the next 3 years, the 3 years we are trying and struggling to get the deficit down, by $2 billion.

The third point I would like to make, and I am a bit frustrated that this point never seems to be reported very thoroughly, or it has not been so far, is that if you are going to go the 747 route, and I think that would be a sad mistake, but if you are, then why buy existing aircraft when they are available under the CRAF program? The CRAF program has been in existence since 1952. We have the enhanced CRAF program where they can go in and lease the planes for a period of time, take them and make certain repairs to them, shore them up for cargo purposes, put them back in the commercial fleet, and have them on call in any kind of an emergency.

When we are talking about cost, the difference between acquiring the 747's and leasing the 747's is the difference between $3 billion lifetime and $15 billion, which is a $12 billion differential. I think that pretty well explains the cost situation.

Mr. President, I have put on everyone's desk a list of quotations from the key military commanders around the United States and those abroad, which I hope people will look at before they vote. I shall not read all of those. There are two pages from almost every key military player in any kind of rapid deployment mobilization. They all come down strongly on the fact that we have to have outsize capability.

That gets us to the pictures. If Senators will look at the pictures before they vote, I believe they will come to the conclusion that the 747 was not built for heavy outsize military equipment. (Pictures not reproducible in Record.)

On everyone's desk, Mr. President, there is also a computer printout. This has been verified by the U.S. Army, by the Vice Chief of Staff Vessey, who will be the new Chairman of the Joint Chiefs. Every one of these items on this printout cannot fit into the 747. It is not just three or four items. There are hundreds of items on this list. We have key equipment that has to be on the ground if our troops are going to survive.

Mr. President, you cannot get a combat engineer vehicle in a 747. You cannot get a CH-47 helicopter. You cannot get the 8-inch self-propelled howitzer. You cannot get the 155 millimeter self-propelled howitzer. You cannot get an armored vehicle. You cannot get the Lance missile carrier. You cannot get the M-88 recovery vehicle. You cannot get the armored cavalry vehicle. You cannot get the 12-ton communication and control van. You cannot get the air defense gun; you cannot get the tanks; you cannot get the attack helicopters. You cannot get the water distribution trucks that would be essential in any kind of Middle East situation. You cannot get the attack helicopter, the fuel distribution trucks, the Hawk air defense, the Lance missile, the Huey helicopter, and on and on.

Mr. President, I urge my colleagues to take a look at the military situation.

We are on a military bill. This is not a Chrysler bailout bill, this is a military bill. We are supposed to be talking about national security. We can get another bill up here if we want to have a bill for the relief of the airlines. I regret as much as anyone here the distress that our airline industry is in. But I think it is a very tenuous proposition to try to influence the vote on crucial military issues with the argument that the airlines would be benefited.

Mr. President, I do not believe anyone seriously would propose that we substitute International Harvester combines for M-1 tanks in this bill because International Harvester is in trouble. I do not believe people would seriously propose this. Yet, because they are both airplanes, people are not looking at the fundamental difference, too many people, between the C-5 and the 747.

There it is, Mr. President. It is there for anyone to see. So I urge my colleagues to take a close look at the equipment, take a close look at the military argument. There is not a single uniformed military person that I know who is supporting this amendment.

If you answer the question as I have, you will come down strongly opposed to the amendment we are about to vote on and you will be voting in the interest of our national security.

Mr. JACKSON. Mr. President, I yield myself such time as I may need. Then I shall yield to the Senator from Alaska.

Mr. President, the overriding issue facing Congress is: How much are we going to be able to cut out of the defense budget? Let us be candid. I speak as one who, in my 30th year, has strongly supported the defense budget. But let us not kid ourselves. With a deficit running, Mr. President, as high by some estimates as $180 billion, are we going to turn around and approve the funding here of a program that clearly, by their own statements on the part of spokesmen for the Department of Defense, has capital costs alone of $5 billion more?

I reject the idea that the 747 and the C-5 are about the same with regard to operation and maintenance. That is just nonsense. Incidentally, the 747 was never bailed out, speaking of bailouts. I have a recollection, and I voted for it, that we have bailed out Lockheed. We saved them. I think it was a good idea. I voted for it. But when it comes to sound business practices, let us face it, Mr. President, the best evidence that one can offer is the success of the 747 in the marketplace.

If this C-5 is as good and as efficient as has been alleged here, first of all, they would have sold them in the marketplace. They did not sell any in the marketplace. Over 700 747's were sold. We have had to refit the C-5 wings. And today, when we talk about the C-5 in the pictures, what the C-5 supporters are not saying is that there is in the budget impact of $1.6 billion to do something that is fundamental in aerodynamics. That is, you have to have wings that will fly.

Mr. President, whom are we kidding here? When you have to re-wing all 77, you have problems. We have not heard that about a 747 or DC-10, Mr. President.

The real issue that we have to face is how much are we going to cut out of the defense budget? Are we going to say that we are going to OK this, which means that we are going to take it out of something else? Because the cuts in the defense budget are going to be substantial. Let us not kid ourselves.

How anyone can say that they are going to vote, in effect, over the time frame that we are talking, to pay $5 billion more for aircraft when that can be avoided, I can only say that the American public will begin to wonder whether we are really serious about cutting the budget and reducing the rate of growth in spending for defense in particular.

Clearly, Mr. President, this is the area in which to begin those cuts. If we do not do it here, where are we going to cut it? Are we going to take it out of weapons systems? Are we going to demobilize various military units?

This is going to come back to haunt people. What are they going to say, with all those planes that Braniff today has as surplus? They say, "Well, we are starting up a new production line to produce more wide-bodied jets." I say to you, Mr. President, the people, the public, are not so foolish as to buy the nonsense that we should turn around and open up a new production line where the record, Mr. President, has been one of overruns, where the record is very, very clear that the plane that has been turned out required additional appropriations to make it airworthy to carry out its assigned role and mission.

Mr. President, I ask you, is that what we want to subsidize? Is this the way we start the great debate on the defense budget, where we are going to make cuts by announcing we are going to spend more instead of spending less?

Just one final thing, Mr. President. With all these doors out here, let us look at the record. The truth is, Mr. President, that they have been using the C-5 for outsize but predominantly for oversize and bulk cargo. If the C-5 were used, Mr. President, fully for the purpose that obviously it was designed to take care of—and that is outsize equipment—there is no problem at all of meeting the various scenarios that we dealt with.

Mr. President, I would like to explain the amendment in detail so that it will be very clear what the precise intent of the amendment is. First, the amendment statutorily prohibits the use of any funds authorized or appropriated by this act, or funds appropriated in prior years, to be used for restarting the production line for the C-5 aircraft, and it also prohibits the use of any funds for procurement related to production of additional C-5 aircraft. The amendment would not, of course, impact upon the existing operations at the Marietta, Ga., plant operated by Lockheed to rewing the existing fleet of 77 C-5's or other activities to revamp the existing fleet of C-5's. The intent is to make sure that we do not start activities toward production of additional C-5's.

The second part of my amendment reduces the budget request for Air Force procurement by a total of $450 million in fiscal year 1983. The administration's proposed budget contained $800 million in fiscal year 1983 for procurement of additional C-5 aircraft. Thus, my amendment would leave $350 million of that total for procurement of the most cost-effective commercial widebody cargo aircraft which are available as surplus, as long as these aircraft are appropriate models for conversion to cargo airlift to meet military airlift requirements and are owned by domestic companies on the date of enactment of this act. The language in the amendment pertaining to the NATO AWACS funding was reiterated from section 101 to make it clear that the amendment did not vitiate that specific authorization.

This part of the amendment is intended to insure that the aircraft that we purchase are indeed the most cost effective by any one of a number of possible measures. However, the aircraft are to be cargo aircraft—and not cargo/tanker aircraft, and I believe that by any rule of measure the B-747 will be proven to be the most cost effective. However, we are not specifying in the amendment that the aircraft be B-747's, rather we leave that to the Department of Defense to determine in an honest and fair evaluation of the competing commercial widebody aircraft. For instance, on the basis of cost per ton-mile, I believe commercial experience will bear out the fact that the B-747 is more cost effective than the competition.

There are many aircraft currently owned by domestic airlines and domestic companies which are available for purchase as surplus over the current needs of those companies. To be eligible for purchase under this amendment, the test is that they should be commercial widebody aircraft which are appropriate models for conversion to military cargo aircraft. Some commercial widebodies, because of their design, do not have the strength in their wings to facilitate hauling large cargo loads over long distances. Many also do not have sufficient range. I think it is also important to explain that we restrict the purchase of surplus planes to the domestically owned aircraft on the date of enactment of this act to preclude domestic firms from purchasing abroad used aircraft from foreign companies and then, in turn, selling them to the U.S. Government. The intent of putting a priority on the purchase of surplus, domestically owned widebody aircraft is to obtain a bargain for the Federal Government, while at the same time providing some important infusion of cash into the troubled airline industry of our country which, without new sources of ready cash, may not survive the current economic downturn.

A second change to the authorizations in S. 2248 is to reduce the supplemental authorization for fiscal year 1982 by $99.1 million, eliminating authorizations related to C-5 procurement during this fiscal year. This amendment does not affect the requested $120 million for KC-10 tanker/cargo aircraft as requested by the administration in the supplemental.

The last element of my amendment is to redirect the $120.9 million already authorized and appropriated for CRAF enhancement to be used during the current, and perhaps next, fiscal year to procure the most cost-effective commercial widebody aircraft which are available as surplus, appropriate for conversion to military needs, and domestically owned as required for the authorizations in fiscal year 1983. This, then, is a detailed description of the provisions and intent of my amendment.

I should point out that $60 million requested for C-5 spares and support equipment in fiscal year 1983 has been retained for similar purposes related to the procurement of commercial widebody aircraft. Second, I would note that $50 million was authorized and appropriated in fiscal year 1982 for the procurement of widebody aircraft, and those funds are available already to buy either used or new commercial widebody cargo aircraft.

I think it is also important to point out that the C-5 and the C-141 do not meet the test of being a commercial widebody aircraft under this amendment.

Mr. President, I would like to address the question of the cost savings to be achieved by the purchase of B-747's to meet the shortfall in our airlift capabilities, as opposed to the C-5 to haul oversize and bulk cargo. I was disturbed during a recent hearing on April 16, at which the Department of Defense presented figures for the 20-year life cycle costs for purchasing C-5's and B-747's. I was disturbed because I had information to the contrary with which I challenged the statements of the Department at the hearing. This information was prepared by the Aeronautical Systems Division of the Air Force in Dayton, Ohio which had calculated the 20-year life cycle cost for the B-747. These are the people who are in charge of procurement of new aircraft for the Air Force. They are clearly schooled in incorporating all the necessary factors to establish the costs associated with Government purchase of the B-747's. The Air Force Deputy Assistant Secretary for Logistics, Mr. Mosemann, testified on May 4 before the House Appropriations Committee and answered a question regarding life cycle costs of the C-5 and B-747, using the ASD figures.

Mr. President, their figures indicated a cost saving to the American taxpayer, in current dollars, of about $6 billion over a 20-year period, including purchase, operation, and support of the B-747's in comparison to the C-5. As their basis for comparison, Mr. President, they compared 48 B-747's to 50 C-5's. The chart that is provided from table C-9 of the CMMS shows that the B-747, as an oversize and bulk carrier, is 20 percent more capable than the C-5, and yet the Department of Defense chose to compare 55 B-747's to 50 C-5's. Moreover, the Pentagon added 40 percent to the cost established by the Aeronautical Systems Division for the B-747. This, in my mind, calls into grave question the accuracy of the Pentagon's figures and raises the specter that efforts were made to adjust the figures to narrow the cost savings between the C-5 and the B-747. Under any fair comparison, Mr. President, I believe that the facts will establish that the B-747 is significantly cheaper to purchase and operate over a 20-year life cycle cost than the C-5. I would only submit that if the C-5 were that good a carrier that the commercial airlines would have been much more interested in buying the C-5 than the B-747 for their use. However, not a single C-5 was ever sold to a domestic or foreign airline for freighter purposes. Moreover, not a single C-5 was ever sold to any of our allies for their military capabilities. Clearly, the C-5 is not by its reputation and by its cost considered to be a competitor to the B-747 for hauling oversize and bulk cargo.

These ASD cost figures, Mr. President, reflect the price of new B-747's. If we buy used B-747's as a first priority in the purchase of commercial widebody aircraft, the savings will be even more. In fact, the savings in fiscal year 1982 dollars could be about a billion dollars more in comparison to the new B-747's. Thus, there is even a greater bargain for the American taxpayer if we buy aircraft from the surplus available from domestically owned companies.

I wish I had, Mr. President, as much confidence in the price of the C-5 as I have in the price of the B-747, both in terms of the initial acquisition cost and the life-cycle costs. The C-5 has not had a particularly noteworthy history in terms of achieving the stated cost and performance objectives that were the basis of awarding the contract initially to the Lockheed Corp. The fact is that there were massive cost overruns initially and that the plane simply did not and could not perform according to the design specifications. We are currently suffering an added expense to the taxpayers to rewing the existing fleet of 77 C-5's at a cost of $1.6 billion. This massive cost overrunning and shortcoming of performance may not accrue to the new C-5's proposed to be purchased; however, the Military Airlift Command recently prepared a lengthy list of improvements which should be incorporated into the new C-5 if it were to go back into production. Moreover, many of these improvements should be, in the eyes of the Military Airlift Command, incorporated into the existing fleet of C-5's. Thus, we may not in fact buy these planes for the $128 million in fiscal year 1982 dollars that is currently being contemplated. Rather with changes that are contemplated by the Military Airlift Command, we may have massive additional charges due to Government-ordered changes in the plane that would not be covered by the Lockheed fixed-price proposal. The answers to my questions from the March 19 hearing before the Senate Armed Services Committee indicate that 18 changes have already been identified as improvements which the Pentagon also concurs should be made and many others are likely to be forthcoming. This gives the taxpayer little hope that further cost overruns for the C-5, predicated on Government-initiated changes, are unlikely to occur.

The fiscal year 1983 request is for $800 million toward the reopening of the production line and for procurement of C-5 aircraft. Over the lifetime of this initial purchase program of 50 additional C-5's, the expected expenditures in year-of-expenditure dollars will be $8.1 billion. The following chart shows the budget authority and the cumulative deliveries of C-5 aircraft by fiscal year.

[Dollars in billions]

	Funding	Cumulative deliveries
Fiscal year:		
1982	$270.0	
1983	800.0	
1984	2,159.4	
1985	2,194.6	3
1986	2,312.5	12
1987	321.9	24
1988		44
1989		50
Total	8,068.6	50

This chart demonstrates that we will have committed in excess of $5.4 billion before we receive delivery of the first C-5 aircraft. But this procurement action is probably just the toe in the door to a purchase of up to 200 additional C-5 aircraft. Moreover, as indicated in information provided to the Congress, these additional planes beyond the 50 would not be at the current fixed-price proposal of the Lockheed Co.

The question of the work for people living in Georgia versus Washington State has been interjected into the debate by the media. I believe that it is unfair to both Senator **Nunn** and to myself to have this issue interjected. I believe that our records will establish that the first priority in our judgment is what is best for the Nation, and the impact of the labor markets in our home States is considerably down the list in our decisionmaking as to what programs we will support and what programs we will not support. I will note that my amendment urges the purchase of used B-747's. As a consequence, if this amendment is adopted and the used aircraft are purchased, the jobs for converting these aircraft to a military version will not accrue to Washington State other than through perhaps some subcontracting work, because the bulk of the work will be performed at a Boeing facility in Wichita, Kans. and not in Seattle, Wash., or the surrounding cities.

In the discussion of this option of buying B-747's to meet military cargo needs for oversize and bulk equipment, I have sensed that a large part of the resistance to buying this type of aircraft is the NIH problem; that is, not invented here. The resistance to buying a civilian design and manufactured plane for a military purpose could stay precedent in the minds of some military people which could reduce the opportunities which they have over time to initiate new aircraft of their own special design. I would only suggest, Mr. President, that the precedent has already been set, because the Pentagon chose to buy the DC-10 in a military tanker/cargo version for meeting predominately tanker requirements.

Mr. President, the issue of how to meet our mobility requirements to provide a projection of our military forces into troubled areas of the world prior to the beginning of hostilities has been a major source of discussion in the Congress over the last several years. Clearly, the least expensive options are prepositioning on land and at sea and sealift, including fast sealift, in which ships that can steam at high speeds are used to haul the heaviest equipment into the theater of potential conflict. The role of airlift is to provide an early presence prior to the arrival of sealift from distant ports but in the same general timeframe as some prepositioned maritime ships which provide capability of delivery of outsized cargo.

I think it is important that my colleagues have an appreciation of what we are contemplating in the Rapid Deployment Force missions. The basic fact is that the amount of men and material to be delivered to a potential theater of conflict is very large. For instance, if we compare the level of manpower and hardware to be delivered in Scenario II into the Persian Gulf region, by day 5 the amount of men and material is equal to one-half that delivered to the beaches of Normandy from England by day 5. Considering that England was 30 miles away from Normandy and the Persian Gulf is 6,000 miles away from the United States, it is easy to comprehend the magnitude of the effort to deploy a Rapid Deployment Force into a remote theater one-quarter of the way around the world. Basically, there is simply no way to achieve this type of deployment by air. To invade Normandy, we used virtually everything that would float to deliver men and equipment across the English Channel. It is clear that we will have to depend in large part upon prepositioning and fast sealift in order to begin to meet the requirements for an RDF mission. In particular, prepositioning equipment in the region, or at least in Europe, as opposed to storing it in the continental United States, is critical to maximizing the capability of our existing airlift and any new airlift capabilities that we obtain. To haul equipment from Europe instead of the continental United States cuts the distance in half and nearly doubles the capability to meet airlift requirements with a given number of planes.

I think it is important to explore the military's resistance to using the C-5's for outsized cargo predominately, in light of what is really entailed in moving a unit by air to a potential theater of conflict. A typical unit for early deployment by air may have 15,000 tons of equipment and supplies. With a 75-ton per mission load for either C-5's or 747's, this unit would require 200 planeloads to be delivered to obtain its full military capability in the field. It strains credibility to say that one must mix oversize and bulk with outsize on C-5's in order to achieve proper closure of the unit when you have so many planeloads to be delivered before closure is achieved.

It should be a straightforward exercise to assemble the unit at the point of embarkation in a way where the C-5's haul predominately outsized equipment. With computers, it is a trivial task to keep track of where each plane is, when it will arrive, and what unit equipment should be ready for loading.

Our ability to get our force into a region and to sustain it requires optimal use of prepositioning and sealift. It is simply infeasible to airlift the entire RDF into a potential area of conflict and sustain it, especially NATO, without ample sealift and prepositioning, including outsized equipment. To try and establish a coherent and analytic framework for making decisions about the relative contributions to an RDF mission to be derived from sealift, prepositioning, and airlift, the Congress required by law that the congressionally mandated mobility study (CMMS) should be prepared. The CMMS was submitted to the Congress in May 1981. While there had been several airlift studies over the past several years, this was to be the definitive study because it considered the role of the other options for delivery of all types of equipment.

The CMMS sets out the required delivery dates of various military units to the forward area of operations in each of four scenarios. These dates are, in some instances, very ambitious and perhaps even imprudent. If these required delivery dates were met for certain units, the only way they could be achieved is by airlift, and yet that cost may be prohibitive in relationship to the military utility of the units. I think an illustrative example will make my point. The CMMS shows that in one scenario the addition of 20 MTM/day of outsize capability would result in a military decision to add to the list of units to be airlifted several military units, including one unit with nearly 100,000 tons of equipment.

It would take 44 days to deliver that unit with the current addition of 13.1 MTM/D through the purchase of an additional 50 C-5's and 44 KC-10's. We would have to buy twice as much additional airlift as currently requested just to move this one unit by air by roughly the required delivery date. We would have to spend $25 billion to move one support unit—not a combat unit—into the theater on the schedule established by the military. This is beyond all budgetary reason. That cost would exceed the annual budget for all our strategic programs. Fast sealift could deliver the same cargo load faster than this current airlift enhancement for only $3 billion invested in seven roll-on, rolloff ships. Airlift for this unit is simply not realistic.

Airlift is made up of two components. One is the intertheater airlift requirement for delivering both men and their equipment. The other aspect of the airlift requirement is the intratheater requirement to deliver equipment to the forward area of operations. This equipment arrives by intertheater planes like the C-5 at a major airport in a rear area, and by sealift at ports, and by the pre-positioning of equipment in the region. By proper utilization of the intratheater capability and optimization of sealift and pre-positioning, the intertheater airlift requirements can be minimized. Moreover, some versions of the intertheater airplanes do have the austere field capability to land very near the forward area of operations, and thus further minimize the intertheater airlift requirements, as I will explain later.

The C-5 aircraft is an intertheater airplane capable of hauling outsized equipment—that is the equipment which does not fit in a C-141 or a B-747—to a major airfield in all likelihood removed by a considerable distance from the forward area of operations for the Rapid Deployment Force. Our existing fleet of 77 C-5's is being rewinged so that after the conversion is completed, each C-5 will be capable of hauling up to 100 tons of outsized cargo per mission. The C-5 is optimally designed for hauling outsized equipment due to the very large doors and the ability to load all outsized equipment with little, if any, disassembly. This is the role to which the C-5 should be applied. With regard to hauling oversize and bulk equipment, the C-5 can haul oversize and bulk equipment, but the cost for each plane and its life cycle costs are not competitive with that of alternatives, and the utilization of this very expensive aircraft to haul the more routine oversize and bulk airlift requirements is a mismanagement of a valuable and expensive resource.

The addition of 50 C-5's to our existing airlift capabilities would be negated to a significant degree by the lack of an intratheater outsize-capable aircraft. There are three reasons for this reduction in the utility that the additional C-5's would provide to airlift requirements. One negative factor is that it is necessary to deliver the outsized equipment earlier if it is to be delivered to a rear airport, because 2 to 4 days will be necessary to move it to the front. Thus, it will take more planes to obtain the same closure of equipment than if an intratheater outsize-capable aircraft could deliver equipment directly to the front. A second factor is that because the outsized equipment must travel by land to the front, other outsized equipment will be necessary to haul it to the front since many outsized pieces of hardware are not suitable for long distance over-the-road travel. Thus, even the types of outsized equipment that must be delivered by certain days changes. A third contributing factor to the reduced utility of the C-5's is that because they are a source of major congestion at airports, the C-5's flying into the region may be diverted to even more remote airfields to unload their outsized cargo further exacerbating the early delivery requirements to maintain the same closure date and further lengthening the supply lines requiring additional equipment to haul the outsized equipment to the front. These three factors make a major reduction in the contribution that 50 additional C-5's would make in comparison to the C-17 which can haul outsized equipment, both intertheater and intratheater directly to the forward operations area where the closure distances are very short.

In the hearing before the Senate Armed Services Committee on April 16, the Air Force presented a chart for each CMMS scenario purporting to show the amount of airlift capability for outsized equipment that was needed by 1986 in 5-day increments, and the shortfall with the existing fleet of 77 C-5's. These charts were simply wrong. They either show the total airlift requirement for bulk, oversize, and outsize or show the outsize equipment fully planned to go by sea. The tonnages in the charts were not limited to outsized equipment that would be airlifted under the recommended airlift enhancements of program A or B in the CMMS. If the outsize-capable C-5's are used to haul predominately outsized equipment, there is no shortage of C-5's to meet the Scenario I outsized requirements for all units planned to be airlifted by the program A 20 MTM/D enhancement. Moreover, the requirements of Scenario II can be met by the existing fleet of C-5's, except for the movement of one support group involved in construction activities. As described more fully earlier, it does not make sense to airlift this unit when the arrival of the unit in the forward operations area is only improved by a few days' time compared to sealift.

The other remaining scenario of importance, Scenario III, deals with a NATO reinforcement. This scenario is simply not well designed if it is dependent upon airlift to provide the heavy equipment deliveries. The requirements for ammunition, personnel, and general expendibles requires that airlift be used to a very large extent for this scenario for oversize and bulk capability independent of the delivery of outsized equipment. Basically, the outsized equipment and much of the oversized equipment will have to be provided through prepositioning and sealift. The totals being suggested for delivery outstrip all airlift capabilities, and the cost of acquiring those planes to provide the airlift is simply prohibitive.

To illustrate my point, the cost of an Army division's equipment is about $1.8 billion. It would require only a purchase of 15 C-5's to equal that amount. Compared to prepositioning in Europe, it would take those 15 C-5's 78 days, using the calculations of the CMMS, to deliver the equivalent hardware for that division. It is a very poor investment to buy aircraft to deliver the equipment late, rather than prepositioning the equipment itself, where it may be needed to dissuade a potential aggressor.

The charts used in the April 16 hearing also understated the ability of our existing 77 C-5's to do the job. For instance, the charts showed for Scenario I a maximum capability each day of about 1,200 tons of outsized equipment delivered. If we use the nominal 64 primary authorized aircraft (PAA) as assumed by the Air Force and a 2-day roundtrip per plane, this corresponds to an average load of only 37 tons of outsized equipment per C-5 mission for an aircraft with a nominal 120-ton capacity. Other data presented to the committee in answers to questions show an average C-5 mission to carry only about 30 tons or less of outsized equipment for the various scenarios. As shown in table C-9 of the CMMS—inserted later in this statement—the average outsized load for a C-5 when used predominately for outsized equipment is about 65 to 70 tons for the various military units with significant outsized requirements. Thus, if we simply require the Air Force to use the capacity from the nominal 12.2 MTM/D by nearly twofold. This increase constitutes the additional 10 MTM/D of outsized capability recommended in the CMMS, and no additional C-5's need to be purchased to fulfill that recommendation.

In response to a question that I put to the Air Force, we received back an answer with attached charts which I believe is also a rather revealing way to illustrate the lack of need for additional outsized-capable aircraft.

Mr. President, I ask unanimous consent that the answer and one of the tables be inserted in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CUMULATIVE OUTSIZE CARGO CLOSED IN THEATER

Question. In a response to the staff of the Senate Armed Services Committee to the following question, the Air Force provided a table which appears to show total cargo including that carried by sea. Please provide the data which shows the additional cargo carried by air. Also please provide the data in terms of millions of ton miles per day.

Answer. In developing an answer to this question, it was discovered that the data reported in the CMMS computer runs is outsized cargo in the aggregated requirements file and the C-5 deliveries file actually include the oversized and bulk filler cargo that would be a normal part of the C-5 sorties that carry outsized cargo. The amount of outsized cargo alone cannot be determined from the CMMS runs. The CMMS baseline cases have been rerun on the new model and three revised tables generated: (1) showing outsized cargo delivered to final destination, which can be compared to the requirements in CMMS Volume II; (2) showing outsized cargo delivered to ports of debarkation in the theater, and (3) converting the tons delivered to average million ton-miles per day for each time period of outsized airlift capability actually achieved in the computer simulations. This table is based on the cumulative data in Table 2.

Million ton miles per day is a convenient way of expressing a hypothetical capability of a fleet of aircraft but it is not a statement of expected capability in any particular scenario. It is calculated by multiplying the following attributes for each aircraft and summing over aircraft types: inventory, payload, utilization rate (hours per day), blockspeed and a productivity factor. A common payload for such a calculation is 75 percent of maximum allowable cabin load. This method was used to describe the various force levels examined in CMMS. It is useful in describing a generic amount of airlift or in placing several different aircraft types on a common basis, but it is not a good predictor of actual capability.

Actual capability is subject to many variations in the attributes that make up the MTM/D calculation, particularly in payloads. The computer modeling in CMMS accounted for the variability in aircraft payloads due to different densities in unit equipment payloads. Because of variations in payloads and variations in the time phased requirements for forces, detailed computer modeling is needed to evaluate the capability of an existing or proposed airlift fleet (along with sealift and prepositioning) to meet the force movement requirements. This method was used to evaluate various force levels in CMMS.

Table 3 expresses the data in Table 2 in MTM/D by multiplying the data in Table 2 by the average distance to the theater and dividing by the number of days. It shows the MTM/D of outsized airlift actually achieved in each of the CMMS scenarios.

TABLE 3.—IMPACT OF ADDITIONAL OUTSIZE CAPABLE AIRCRAFT IN CMMS SCENARIOS

[Average daily million ton miles per day]

	1986 base line[1] 12 MTM/D	+10 MTM/D	+15 MTM/D	+20 MTM/D
Scenario I				
5	2.00	2.77	4.33	4.83
10	3.27	4.97	5.28	5.76
15	3.84	7.25	9.77	11.13
30	3.97	7.31	7.80	9.13
45				
60				
Scenario II				
5	3.43	7.66	7.66	[2] 7.49
10	4.69	7.44	7.78	8.31
15	5.58	7.65	8.10	8.54
30	4.51	6.78	7.33	9.10
45	3.45	5.34	7.76	11.57
60				8.7[illegible]
Scenario III				
5	1.15	1.51	1.60	2.24
10	2.00	3.53	4.31	4.54
15	2.37	5.87	6.23	6.70
30	4.05	4.94	5.14	6.40
45	3.67	4.01	4.35	4.90
60	3.45	[2] 3.26	3.49	3.73
Scenario IV				
5	2.00	2.77	4.33	4.96
10	3.27	4.97	4.97	5.76
15	3.84	7.25	6.35	11.20
30	4.06	8.88	7.38	10.44
45	4.10	8.26	6.83	9.28
60	4.27	8.15	6.33	8.78

[1] MTM/D means million ton miles per day.

[2] The addition of outsize capable airlift can alter the order in which units are moved. This produces faster unit closures although the outsize cargo moved in a specific time period may be reduced.

Mr. JACKSON. Mr. President table 3 that I have included for the RECORD shows the MTM/D of outsized tonnage actually delivered for the various scenarios in the CMMS. The current fleet of C-5's provides 12 MTM/D of capability according to the testimony of the Air Force. Column one shows that they never use as much as half of that capability in any scenario for any given time period. In fact, it would appear that the average utilization is about 25 to 30 percent for outsized cargo, meaning that the planes are used predominately for hauling oversize and bulk cargo.

The table also shows that by adding an additional 20 MTM/D for a total of 32 MTM/D of capability to haul outsized cargo, this 20 MTM/D increment frequently results in only 3 or 4 MTM/D of additional outsized cargo delivery so that the utilization of this additional capability would be even more heavily oriented toward oversize and bulk cargo.

The most revealing point is that the outsized delivery in MTM/D with the 20 MTM/D addition never exceeds the capability of the existing fleet of 77 C-5's. If the planned deliveries with the equivalent of 123 additional C-5's do not exceed our existing capability, then it seems pointless to buy 50 C-5's until the planned deliveries actually tax our existing capability.

The basic reason that the Department of Defense claims there is a shortfall in their outsize-capable aircraft requirements is that the CMMS simply overstated the amount of outsize requirement. The CMMS was structured to deliver the respective units in the RDF mission serially with the C-5's being used to haul oversize and bulk once each unit's outsized equipment had been delivered. This results in an over-estimation of the shortfall in outsize capability because the planes are simply not being used to haul predominately outsized hardware. When they are in fact used in this mode, the capability of the existing fleet of C-5's is magnified dramatically. Moreover, the Air Force does not consider its ability to generate the full complement of C-5 aircraft to occur at the date of commencement of the RDF mission. Rather several days go by before the full complement of available aircraft is activated. This is at variance with other considerations in the CMMS where actions are initiated prior to the day of launching the RDF mission. This indicates that the Air Force is not responding to the possibility of an impending mission and mobilizing this capability accordingly, but rather waiting until the clock starts to run before bringing its C-5 assets to a state of readiness.

What I am basically saying is that if the assets that are available are mismanaged, then it is quite likely that we will never have enough airlift capability to meet our requirements. When those existing 77 C-5's are properly managed and dedicated to the movement of predominately outsized equipment, the shortfall in our capability actually shifts to the oversize and bulk requirements where much less costly commercial widebody aircraft can be utilized with as much military utility as the C-5 for this purpose.

On April 1, Deputy Assistant Secretary Mosemann sent a list of questions to various organizations within the Department of Defense to elicit answers pertaining to the Boeing proposal. I ask unanimous consent that a copy of his memorandum be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE AIR FORCE,
Washington, April 1, 1982.

Subject: Outsize airlift requirements.

Various Congressional committees are caveating support of the KC-10/C-5 procurement program pending completion of DOD analysis of the B-747 alternative. For example, the SASC has scheduled a hearing on the subject for 14 April.

In consultation with OSD (PA&E and USDR&E), I have structured the following efforts. These have, in turn, been communicated to Col. Morrison (SA), Col. Goven (AC), Col. Bevelhymer (RD), Maj. Mikolijcek (XO), LTC Miller (SAFLL) and LTC Rex Newman (DAMO-SSW). In addition, I have suggested to General Brown of MAC that his staff participate with these organizations.

This is to confirm that the following data is required by 12 April 1982:

1. Rerun CMMS models with current DOD program data using both the proposed additional C-5Bs and the alternate of B-747s in the outsize role (OSD PA&E will take the lead).

2. Reaffirm or redefine definition of "outsize" considering the Boeing list of equipments that can be carried on B-747 with disassembly.

This shall include consideration of time and effort to disassemble; time and effort, people and equipment, additional airlift or prepositioning resources associated with reassembly and test.

In addition, this analysis shall consider the likelihood and implications of "port clogging" at the in-theatre off-load points resulting from reassembly efforts. (AF/SA will take the lead.)

3. Feasibility of dedicating C-5As to outsize loads exclusively as proposed by Boeing. (AF/SA and MAC.)

4. Can the six inch clearance requirement for loading outsize vehicles be objectively demonstrated? (MAC will take lead.)

5. Identification of training and other start-up costs associated with B-747 acquisition as compared with C-5 acquisition. (AF/AC and OSD PA&E.)

6. C-5 vs B-747 ground times, especially in consideration of differences in loading feasibility and impact on overall closure times. (AF/SA take lead.)

7. CRAF vs AF ownership as the preferred means of obtaining B-747 capability. (AF/SA take lead.)

These analyses should be available no later than 12 April. If any difficulties are encountered which would impact this schedule, it is requested that the lead office discuss with SAFALG.

L. K. MOSEMANN II,
Deputy Assistant Secretary,
(Logistics).

Mr. JACKSON. Mr. President, on April 8, the Military Airlift Command submitted its responses to the request of the Mosemann memorandum, and I ask unanimous consent that the Military Airlift Command memorandum be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM

APRIL 8, 1982.

Reply to Attention of: XPW (Col. Arent, 3169).
Subject: Outsized airlift requirements.
To: HQ USAF/LET.

1. The following comments refer to Mr. Mosemann's memorandum for AF/CVA, same subject, which was provided to this headquarters by members of your staff.

a. Reference paragraph 3. Our preliminary review of the proposed Boeing solution indicates that Boeing did not exclusively dedicate C-5A for outsize but used the C-5A in accordance with our planning practices. The C-5A is scheduled to carry outsized cargo first, then we use any excess C-5A capability to move oversized and bulk cargo. Our standard practice is to look ahead for outsized requirements before committing the C-5A to bulk/oversized missions.

b. Reference paragraph 4. Loadability of an aircraft is determined by dimensional clearance, pounds per linear foot, pounds per square foot, and restraint available to secure the load. The 6-inch or greater loading clearance is desirable and is the accepted baseline clearance for normal loading. If the clearance is less than 6 inches, then MAC policy is to refer to TO 1 C-XXX (i.e., C-130, C-141, C-5)-9. The criteria for the loading are established by the Air Transportability Test Loading Agency. To provide operational flexibility and to reduce the potential for aircraft damage, the 6-inch clearance is desirable and should be considered for new aircraft design. However, to make optimum use of our existing aircraft, we routinely load aircraft at less than the 6-inch clearance.

c. Reference paragraph 6. The following average ground times are planning factors used for the C-5A and the B747. These ground times can vary based on a number of factors including the qualification of the ground crews, simultaneous loading/unloading and fueling, and limiting factors at the onload or offload stations. However, it must be noted that, in all analyses we have conducted with aircraft productivity constrained by UTE rate, differences in ground times such as listed in the following table produce no significant effect on unit closure time.

GROUND TIMES

Aircraft	Onload	En route	Offload
C-5A	3.7	2.3	3.3
B-747	4.3	1.8	3.3

d. Reference paragraph 7. We believe that the most practical approach to use in addressing this subject is to consider the options in relationship to cost.

(1) Civil carrier ownership and commitment to the CRAF would eliminate O&M costs and thus be the least cost approach.

(2) Some form of AF ownership and leaseback arrangement should be the next least cost consideration. However, in both of these options, we must presuppose that the industry needs the aircraft. Since Boeing states that there are 40 US and 19 foreign B747s on the market, it would appear that there is surplus capability. Should that in fact be true, then both of these options could be impractical solutions.

(3) The next lease cost option would be AF ownership with the aircraft placed in units of the MAC-gained Reserve Forces. This option would result in reduced O&M costs.

(4) The final option we would consider is the AF ownership of B747s and their assignment to active duty units. This and the previous option would be more costly, but the questions (concerns) that have been voiced about nonavailability of CRAF in contingencies short of a national emergency would be answered.

2. These comments should prove helpful in your reply to Mr. Mosemann. Please notify us if we can be of any further assistance.

Brig. Gen. DONALD D. BROWN,
USAF, Deputy Chief of Staff, Plans.

Mr. JACKSON. Paragraph 1-A of this memorandum makes it very clear that the Military Airlift Command does use, as a planning practice, the C-5's to haul outsized cargo first. Thus, there is no disagreement between the Military Airlift Command and Boeing's proposal regarding the feasibility of doing this. However, they also confess to using C-5's for oversize and bulk cargo. Paragraph 1-C also points out that the criticisms about the lengthy and difficult loading and unloading of the B-747 in comparison to the C-5 are ill-founded, because the ground times for the two aircraft in loading, stops in route for refueling, and unloading are in sum the same for the two aircraft. Thus, loading is not a shortcoming in the B-747's ability to meet the Military Airlift requirements. The argument is also made that the B-747 needs special equipment for loading and unloading which is true. However, even though these loaders are available at most of the major airports in the world, due to the commercial operations of B-747's throughout the world as cargo freighters, the loader for the B-747 can be hauled in the lower cargo bay of the aircraft so that on its very first load the requisite equipment necessary for loading and unloading can be taken to the field in the B-747. Consequently, this argument is not an impediment of a serious nature to the B-747's field capabilities. Also, paragraph 1-D of this Military Airlift Command memorandum puts the CRAF program in a better perspective.

Clearly, the cost to the Government for meeting oversize and bulk capability is minimized if a CRAF program is successful. However, efforts to expand the CRAF program have been very unsuccessful in recent years. Moreover, the existing fleet of planes proposed for the CRAF program may not be all available over time, because some of the airlines with planes committed to the CRAF program may go bankrupt, and the planes would either be lost or sold overseas so that they would not be available for the CRAF program. Given the inability in recent years to expand the CRAF program, the purchase of used B-747's available from airlines will insure that for the least-cost option the Government is able to obtain and maintain oversize and bulk capability which might otherwise disappear. If the domestic airlines expand their operations over time, these planes could in fact be leased back to the domestic industry for use, while lowering the cost to the Federal Government from its ownership. I believe this memorandum by the Military Airlift Command makes it very clear that many of the criticisms and concerns expressed by the officials in the Pentagon regarding using B-747's in lieu of C-5's to expand in the near-term our airlift capabilities are unfounded.

Other aspects of this memorandum from Mr. Mosemann were addressed by the systems analysis group and the planning analysis and evaluation group within the Department of Defense. These comments, along with the comments of the Military Airlift Command, were condensed into a memorandum prepared by Brig. Gen. John Shaud, and the proposed memorandum was recommended for signature and transmittal to the Assistant Secretary, Mr. Mosemann. Mr. President, I ask unanimous consent that the draft memorandum prepared by General Shaud be printed in the RECORD to establish the judgment and understanding of the military experts at the working level in the military services and the Department of Defense.

There being no objection, the memorandum was ordered to be printed in the RECORD as follows:

DEPARTMENT OF THE AIR FORCE,
Washington, D.C.

Memorandum for SAF/ALG.
Subject: Outsize Airlift Requirements (Your Memo, 1 Apr. 1982)—Information Memorandum.

The following information is provided concerning the Boeing Company's 17 March 1982, B-747 proposal and how it compares with the C-5/KC-10 Airlift decision.

a. OSD (PA&E) is still in the process of rerunning the CMMS scenarios in their model. Preliminary results for one scenario show that units close somewhat (3-5 days) sooner using the C-5 than using the B-747. However, the CMMS model cannot account for differences in clearance requirements (6" vs 3"), equipment disassembly, or dedicating the C-5 to carry primarily outsize.

b. AF/SA analysis thus far using C-5s or B-747s reflect a difference in unit closures of 2-5 days, depending on which of Boeing's assumptions are used. These closure differences could be further reduced by adding additional B-747s. This difference in a 30-day closure is within the range of modeling uncertainty. Therefore, based on the Boeing assumptions, SA analysis does not dispute the Boeing claim of equality between the DOD program and their alternatives. Attachment 1 is a detailed explanation of the AF/SA work done thus far.

c. Reference Question 2. The definition of outsize remains unchanged. It is cargo that exceeds 828 inches long by 117 inches wide by 105 inches high in any dimension. The disassembly done by Boeing to reduce some outsize equipment to oversize dimensions for air transportability does not violate any existing Air Force or Army practices, or AR 220-10 (Preparation for Overseas Movement of Units). Today, the Army units disassemble equipment to acceptable limits to be consistent with the intended mission and to most efficiently use available aircraft. While the Army does this today they would prefer not to do it in the future. Aerial port congestion is driven more by aircraft size, ground maneuverability characteristics, and daily sortie rates than by the reassembly operations carried out in the vicinity of the offload area.

d. Reference Question 3. Our preliminary review of the proposed Boeing solution indicates that Boeing did not exclusively dedicate the C-5A for outsize cargo movement, but used the C-5A in accordance with our planning practices. The C-5A is scheduled to carry a unit's outsize cargo first, then we use any excess C-5A capability to move oversize and bulk cargo for each unit with a defined RDD. Boeing's analysis was accomplished in exactly this manner. With the current shortfall of outsize life capability, the standard practice of the Military Airlift Command in flow planning for today's war plans is to look ahead to the next unit for outsize requirements before committing the C-5A to bulk/oversize missions.

e. Reference Question 4. Loadability of an aircraft is determined by dimensional clearance, pounds per linear foot, pounds per square foot, and restraint available to secure the load. The six inch or greater loading clearance is desirable and is the accepted baseline clearance for normal loading. If the clearance is less than six inches, then MAC policy is to refer to T.O. 1 C-XXX (i.e., C-130, C-141, C-5)-9. The criteria for the loading is established by the Air Transportability Test Loading Agency. To provide operational flexibility and to reduce the potential for aircraft damage, the six inch clearance is desirable and should be considered for new aircraft design. However, to make optimum use of our existing aircraft, MAC routinely loads aircraft at less than the six inch clearance.

f. Reference Question 5. The training costs for the B-747 are included in the acquisition price. This includes initial aircrew training for eight crews and 140 maintenance personnel. Total logistics support is similar to the KC-10. An additional $175M would be required for training equipment/instructional system development for ongoing training. The acquisition cost for 50 C-5Bs in the DOD budget is $8.1B compared to the cost of 48 B-747s for $4.6B (Gov't estimate).

g. Reference Question 6. The following average ground times are planning factors used for the C-5A and the B-747. These ground times can vary based on a number of factors, including the qualification of the ground crews, simultaneous loading/unloading and fueling, and limiting factors at the onload or offload stations. It should be remembered that, although it may take a little longer to load a B-747 with oversize or bulk cargo, these aircraft can carry more cargo than a C-5A. However, it must be noted that in all analyses we have conducted with aircraft productivity constrained by UTE rates, differences in ground times, such as listed in the following table, produce no significant effect on unit closure time.

GROUND TIMES

Aircraft	Onload	En route	Offload
C-5A	3.7	2.3	3.3
B-747	4.3	1.8	3.3

h. Reference Question 7. We believe that the most practical approach to use in addressing this subject is to consider the options in relationship to cost. Attachment 2 further explains the summary below.

(1) Civil carrier ownership and commitment to the CRAF would eliminate O&M costs and thus be the least cost approach.

(2) Some form of Air Force ownership and lease back arrangement should be the next least cost consideration. However, in both of these options we must presuppose that the industry needs the aircraft. Since Boeing states there are 40 U.S. and 19 foreign B-747s on the market, it would appear there is a surplus capability. Should that, in fact, be true, then both of these options could be impractical solutions.

(3) The next least cost option would be Air Force ownership with the aircraft placed in units of the MAC gained Reserve Forces. This option would result in reduced O&M costs.

(4) Finally, Air Force ownership and assignment to active duty units. These last two options would be more costly, but the question (concerns) that have been voiced about nonavailability of CRAF in contingencies short of a national emergency would be answered.

The difference between the Boeing proposal and the DOD program lies in the unique military utility and full range of loading flexibility provided by the C-5 aircraft. Also, the DOD program addresses the airlift shortfall with a balanced outsize/oversize cargo procurement strategy. We hope the above information will be useful for the upcoming SASC hearing. We will be happy to provide additional information as needed.

2 Attachments:

1. SAGM Memo For Record, 8 Apr 82 w/atch (S).
2. The B-747 CRAF vs Air Force Ownership (U).

THE B-747: CIVIL RESERVE AIR FLEET VERSUS AIR FORCE OWNERSHIP

CRAF ENHANCEMENT

The Civil Reserve Air Fleet (CRAF) Enhancement Program provides the most cost effective option for the acquisition of additional airlift capability. The aircraft can be retrofitted to a convertible configuration and carriers reimbursed for additional operating costs for approximately $35M per aircraft. This is not only less than the $58M acquisition costs of new B-747s offered by Boeing, but it also saves $4M to $5M per year in operating and support costs since these costs are not faced with a CRAF enhancement option. However, this form of program is not the only option available for a B-747 force. A CRAF Enhancement Program, while truely cost effective, does have some drawbacks in the area of aircraft availability. The current program structure has aircraft in Stage III of the CRAF. This means that they would only be available to the DOD after the President or the Congress had declared a national emergency. They would not be available for the broad spectrum of conflicts below this level. In addition, although these aircraft would be committed to the CRAF for 16 years, the contractor could terminate his commitment under the CRAF enhancement contract at any time by simply refunding unamortized portions of the modification and operating funds provided by the government. While it is highly probable that these aircraft would remain in the CRAF anyway, the carrier does have the option of selling or leasing his aircraft to a foreign carrier, in which case the aircraft would be lost from the CRAF. If these drawbacks are assumed strong enough to overcome the cost effectiveness of the program, there are some intermediate options which should be considered.

BUY/LEASE ARRANGEMENT

The first would be a program in which the government bought B-747 aircraft, modified them to a convertible configuration and then leased them back to interested carriers. This option would have two elements of cost to the government. B-747 acquisition cost would run $25M to $45M, depending on model and age, and modification and added operating costs would run $35M. Therefore, an average aircraft would cost $70M. However, there would be no O&S costs and there would be a return to the government of $7M to $8M per year per aircraft in lease revenue. An option within this leasing plan would be to have a holding company, or companies, purchase the aircraft and lease them to the government for modification and sub-lease to interested carriers. This would avoid the acquisition costs and place the option on a par, financially, with the original CRAF Enhancement Program.

Availability under such a program would be more controllable. If a carrier decided to divest itself of an aircraft, it would return it to the government which could lease it to another carrier. However, if the government failed to find a carrier interested in leasing the aircraft, it would not be available for a contingency since it would not have the necessary support structure to provide crews, maintenance and parts. Therefore, availability is improved, but it is not as sure as it would be if the Air Force owned and operated the aircraft. An added amount of risk is injected into any leasing arrangement through the assumption that the civil carriers want to retain B-747 aircraft. It can be demonstrated that there is a base number of wide body, long range aircraft which are needed to support certain kinds of routes. However, the aircraft which carriers might be willing to sell are probably assets they feel represent overcapacity or inefficiency. In this case, they would be unwilling to lease them back from the government.

BUY AND ASSIGN TO GUARD OR RESERVE

This option would increase availability but would involve higher acquisition and operating costs than a basic CRAF Enhancement Program. The new or used aircraft would be purchased by the Air Force and placed in National Guard or Air Force Reserve units where they would be flown at lower utilization rates than aircraft in the active force. This would result in lower costs than would be faced with the aircraft placed in the active force. However, availability would not be as good as the active force option.

THE B-747, CRAF VERSUS AIR FORCE OWNERSHIP

Options	Cost effective	Availability	Comments
CRAF enhancement program	1	4	Most cost effective, available for national emergency
Buy/lease arrangement	2	3	Approaches most cost effective; dependent on carrier desire to lease
Guard/Reserve	3	2	Less costly than active, lower availability than active
Active Force	4	1	Most costly, best availability

Mr. JACKSON. Mr. President, this memorandum makes it very clear that the CMMS model does not account for dedicating the C-5 for carrying primarily outsized equipment. As such, it is flawed and overstates the outsize requirement and thus the shortfall in our current outsize capability. This point is expressed in paragraph A. The Systems Analysis Division indicates, that the ability to deploy the forces in the field with additional C-5's or additional B-747's is the same within the uncertainty of their modeling capability for meeting scenario I. Specifically, this memorandum says that the Systems Analysis Division does not dispute the Boeing claim of equality between the DOD program and their altenatives. In fact, their modeling shows that the Boeing program would achieve the unit closures in the same time as the DOD program within the estimating error of their modeling. Thus, the shortfall in airlift capabilities can be made up by either adding additional C-5's or additional B-747's because the requirement for additional capacity is really to haul oversize and bulk.

Great hoopla is made of the requirement to disassemble some outsized equipment in order to make it oversized and thus fit into a B-747. This is expressed in paragraph C where is states: "The Army units today disassemble equipment to acceptable limits to be consistent with the intended mission and to more efficiently utilize available aircraft." The acquisition costs of the C-5 compared to the B-747 has also become a point of considerable debate, but in fact this memorandum makes it clear that the Government's own estimate in year-of-expenditure dollars, there is a difference of $3.5 billion in the costs between the B-747 and the C-5. Efforts by the Department of Defense in the Pentagon to inflate the costs of the B-747's beyond those developed in the field are regrettable because there is seemingly no basis for these escalations beyond those routinely developed by field organizations where the actual purchases are conducted.

The bottom line of this memorandum is that the difference between the Boeing proposal and the DOD program lies in the unique military utility and full range of loading flexibility provided by the C-5 aircraft. I would submit that these considerations are luxuries and not necessities and do not warrent the excessive expenditure of funds to achieve the slight flexibility improvements which the additional C-5's would provide.

Mr. President, there has been a lot of discussion about the limitations of the B-747 with regard to hauling military cargo. I would ask unanimous consent that the following unclassified excerpt from table C-9 of the CMMS be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE C.9.—AVERAGE PAYLOADS ACHIEVED AT MAXIMUM ACL FOR 3,100 NAUTICAL MILES CRITICAL LEG FOR MILITARY AND CIVILIAN AIRCRAFT [1] [2] [3] [4]

Tons/mission	C-5A		B-747
	Outsize [5]	Oversize [6] and bulk	
Air Force	49.6/49.9	69.2/69.5	89.3
Airborne	59.0/59.2	71.3/71.9	89.1
Airmobile	40.8/40.9	68.8/68.9	89.1
Ammunition	NA	NA	96.8
ACR	85.0/85.5	84.2/86.3	87.7
Armored	85.0/25.5	84.2/86.3	87.7
CBAC	37.7/37.8	72.6/74.8	87.7
CS	92.8/95.4	87.4/88.6	89.0
CSS	74.2/75.0	62.9/62.9	79.7
Infantry	82.4/83.0	78.4/79.0	87.5
Marines	90.6/92.9	75.7/75.8	88.0
Mechanized	83.4/86.1	83.3/84.3	87.1
Navy	49.6/49.9	69.2/69.5	89.3
Prepo	42.6/42.6	29.8/29.8	89.1
Resupply	NA	NA	96.8

[1] Average payloads for aircraft capable of aerial refueling are expressed: Without Aerial Refueling/With Aerial Refueling.

[2] Payload weight includes: passengers, bulk, oversize, outsize (C5/C-X only) cargo.

[3] Payloads exclude weight of pallets and nets (354 lb) for cargo loading.

[4] All vehicles were loaded to their maximum capacity with bulk cargo after vehicle loading, excess aircraft space/payload filled with bulk cargo.

[5] Payload when aircraft is moving predominately outsize cargo.

[6] Payload when aircraft is mostly oversize and bulk cargo.

[7] Bulk only.

Mr. JACKSON. Mr. President, this unclassified table shows that the B-747, for each different military unit, carries more oversize and bulk cargo per mission than does the C-5. Second, it shows that the payloads for using the C-5 for predominately outsized cargo have already been established and that they are quite high in terms of the average tonnage per mission, reflecting the fact that the density of the cargo is sufficient to give a good payload per mission from each C-5 flight when dedicated predominately to outsized cargo.

Clearly, it is a matter of management, and I think and I hope, Mr. President, that it is also a matter of prudence.

I now yield to the distinguished Senator from Alaska for such time as he may need.

Mr. STEVENS. Mr. President, I feel like a child born out of wedlock at a family reunion, because I am really not for either the C-5 or 747 under the circumstances. I want to get the C-17 going, as it should be.

We hear a lot of talk about the C-5 and 747. Each one of them have their role in defense, but Congress started the process of trying to get an aircraft that would meet the needs of the Rapid Deployment Force, and that plane is the C-17. When we had the committee hearings last week, I asked, for instance, General Allen of the Air Force:

> I take it all of you would agree that the best airplane for the RDF ultimately is the C-17, isn't that right?

General Allen answered,

> I think without any question we would all agree with that.

We have Kelly Burke making the statement to Senator Andrews:

> I was and am a strong supporter of the C-17. If we get the C-17 on anywhere near the same time schedule as these other alternatives, I would not support the C-5 today.

The only reason the C-17 is not on the same time schedule is because the Department of Defense misread our signal last year.

Unless this amendment passes, we are going to start an interim program which has an $18 billion life cycle cost. The plane we need, the C-17—a minimum of 128 to 130 planes—to meet our airlift capabilities is going to cost about $32 billion.

I submit to the Senate that if we do not pass this amendment now and stop starting up a new C-5 line, and get to the C-17's now, it is going to cost us more money to get the same airlift. We ought to go to the C-17's.

I propose to offer an amendment to this bill later on, not to increase the budget but to give us the opportunity in the Appropriations Committee to use a portion of this money to get the C-17 back on schedule.

It would take $200 million this year to get the C-17 back on schedule to have a delivery in late 1988. That program is the best program for the country. I support this amendment because I think we need the flexibility.

Incidentally, in answer to the comment of the Senator from Georgia about the CRAF progam, I remind the Members of the Senate that the planes that are sold by Braniff, planes that are sold by these other airlines and go out of airline ownership—they will all go abroad or go into some other form of operation—are no longer in the CRAF program. Once they are sold, we cannot rely on them. The best thing to do right now is to buy some of them, and I say a minimum—I do not think as much as the Jackson amendment would authorize, a minimum number—and then, when they are converted, lease them back to the airlines when the economy comes back, but meanwhile stay on course for the C-17.

Mr. President, unless we have the C-17, which is the all-around capability that is needed by the Rapid Deployment Force, the billions of dollars we are committing to the Rapid Deployment Force will be meaningless. We must have the C-17 to make the Rapid Deployment Force concept work.

Mr. **BIDEN**. Will the Senator from Texas yield me a minute?

Mr. **TOWER**. Mr. President, how much time have I remaining?

The **PRESIDING OFFICER**. The time of the Senator from Texas has expired. The Senator from Washington has 5 minutes.

Mr. **JACKSON**. I yield the Senator 1 minute.

Mr. **BIDEN**. I thank the Senator very much. In listening to this debate, I think an amendment to the Senator's amendment would be in order.

Ford Motor Co. is having trouble selling buses. We have a short supply of them, and we are stockpiling buses. I think in terms of armored personnel carriers we might as well use yellow schoolbuses. We can save money. So long as they are not shot at, we will be all right and we can use them to transport a lot of things. I would suggest in order to keep these bus companies from going out of business we consider the fact that we buy a number of buses, particularly Ford. I like the Ford better than Chrysler. They do not do as well but they have that big Ford emblem in the front that looks more military.

Mr. **JACKSON**. I will just comment quickly.

I assume the Senator, if he is buying an airplane, would want to buy an airplane with good wings.

That is all I have to say, Mr. President. I yield back my time.

Mr. **TOWER** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Texas.

Mr. **TOWER**. If the Senator from Washington is prepared to yield back his time——

Mr. **JACKSON**. I yield.

Mr. **TOWER**. And the time has expired, I would like to yield some time to the distinguished majority leader, if it is agreeable to the Senator from Washington.

Mr. **JACKSON**. May I just ask my colleague if he needs time?

Mr. **GORTON**. It is perfectly appropriate to yield to the majority leader.

Mr. **BAKER**. I do not want to do that, Mr. President.

Mr. President, are the parties ready to yield back their time?

Mr. **JACKSON**. I am ready to yield back the time.

Mr. **BAKER**. Mr. President, under the order am I to be recognized?

Mr. **NUNN**. Mr. President, may I ask unanimous consent that we have an additional 2 minutes on each side?

Mr. **BAKER**. Mr. President, I would rather go ahead and vote.

The **PRESIDING OFFICER**. The majority leader is recognized.

Mr. **BAKER**. Mr. President, I move to table the Jackson amendment and I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk called the roll.

Mr. **CRANSTON**. I announce that the Senator from South Carolina (Mr. HOLLINGS), is necessarily absent.

The **PRESIDING OFFICER** (Mr. GORTON). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 39, nays 60, as follows:

[Rollcall Vote No. 109 Leg.]

YEAS—39

Baker
Baucus
Biden
Boren
Bradley
Byrd,
 Harry F., Jr.
Chiles
Cochran
Cohen
Cranston
Denton
East
Exon
Garn
Glenn
Goldwater
Grassley
Hart
Hatch
Helms
Huddleston
Humphrey
Jepsen
Johnston
Kasten
Laxalt
Levin
Long
Mattingly
Nickles
Nunn
Percy
Roth
Sasser
Stennis
Thurmond
Tower
Tsongas
Zorinsky

NAYS—60

Abdnor
Andrews
Armstrong
Bentsen
Boschwitz
Brady
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
D'Amato
Danforth
DeConcini
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
Ford
Gorton
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Inouye
Jackson
Kassebaum
Kennedy
Leahy
Lugar
Mathias
Matsunaga
McClure
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Packwood
Pell
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Rudman
Sarbanes
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Wallop
Warner
Weicker

NOT VOTING—1

Hollings

So the motion to table Mr. JACKSON's amendment (No. 1448) was rejected.

The **PRESIDING OFFICER**. The majority leader is recognized.

Mr. **BAKER**. Mr. President, I inquire: Are the yeas and nays ordered on the Gorton amendment?

The **PRESIDING OFFICER**. They are not.

Mr. **BAKER**. Mr. President, with this vote I wonder if Members are prepared now to vote on Gorton without further debate. I understand that 20 minutes are provided for to be equally divided under the previous order.

Mr. **JACKSON**. We are ready to yield back our time.

Mr. **NUNN**. I object.

The **PRESIDING OFFICER**. Objection is heard.

There are 20 minutes of debate equally divided.

Who yields time?

Mr. **TOWER**. Mr. President, does anyone seek the time under my control?

The **PRESIDING OFFICER**. Does the Senator from Georgia seek time?

Mr. **NUNN**. Yes.

Mr. **TOWER**. Mr. President, I yield 5 minutes to the Senator for Georgia.

Mr. **NUNN**. Mr. President, while everyone is in the Chamber, we have had a long debate this morning. Senator JACKSON has presented his view very well. Senators on that side of the issue have presented their views very well. I think we presented the substance of our view as well as possible.

I think what Senators have not focused on here, and this is the indication of this vote, is that this Jackson amendment or Gorton amendment will pass. That is the indication.

What I think that Senators are not focusing on is the fact that they want to buy the 747's. They do not have to buy them. They can lease them. They are already there. They are in the commercial fleet. These are Air Force figures and Department of Defense figures.

They can get the same number of these airplanes under the CRAF program, and that is a program where they bring them in, they shore them up, they come out of the commercial fleet for a temporary period of time, and then they are available for an emergency.

Senators can get the same capability that their votes indicate they want. Instead of spending $15.1 billion over the lifetime, which is what the Jackson proposal calls for, they can spend $3 billion.

What we are about to decide would be the equivalent of Great Britain having bought the *Queen Elizabeth II* 10 years ago and kept it up as part of their merchant fleet instead of calling on it in emergency.

The CRAF program is the most efficient way to get the 747 or the DC-10, whatever the case may be, capability.

That would also be the most effective way to get the C-5 capability. But the C-5 was built for military airlift purposes, as you can easily see from the picture, and the C-5 is not in the component.

Mr. **GARN**. Mr. President, will the Senator from Georgia yield for a question?

Mr. **NUNN**. I would be glad to yield for a question.

Mr. **GARN**. I will ask the Senator a question: When you talk about the CRAF program and the cost of leasing versus buying, what I would really like to say is I am amazed that the Senate made this decision because I feel very strongly that if this decision is upheld and we do not buy any C-5's, there is no point in buying 747's. The issue is not the cost. The 747 will not do the job.

I spent 11 years in MAC flying military lift airplanes. I sat on ramps for 11 years watching them being loaded and unloaded, and the 747 will not do it. Those pictures should explain it to all of you. You get into a field that has been destroyed, and that equipment is waiting there to unload it, you cannot unload that 747. But the C-5 can go to some other place and drive the stuff out.

I do not understand it, but I think what the Appropriations Committee, the Defense Appropriations Subcommittee, had better do then, if this is the decision of this body, is to go for the C-17. I think any money—I think the 747 is a wonderful airplane for commercial uses but it is not designed for and will not perform the functions necessary in a wartime situation that the C-5 will.

So if we kill the C-5 we had better kill the 747, not waste one dime on it, get them for the airlines on leases, and we had better go ahead with the C-17.

Mr. NUNN. I would agree.

Mr. GOLDWATER addressed the Chair.

Mr. NUNN. I do not control the time.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. TOWER. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Six-and-a-half minutes.

Mr. TOWER. I yield 1 minute to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, just before the last vote the Senator from Washington asked a question: "Do you want an airplane with wings?" I want to ask the Senator do you want to fly an airplane you cannot get anything into? And how much is it going to cost to completely rebuild the 747 so that it will handle the adequate freight required?

Mr. JACKSON. The average estimated cost of those planes that are now surplus, and we have got a big surplus as of yesterday with the demise of Braniff, will run about $33 million with an additional $12 million to convert—against the cost of a C-5 of $128 million.

Mr. GOLDWATER. And we still have not heard how much it is going to cost to build that lift and how we are going to get that lift around the world, unload these airplanes, when they land in Timbuktu. You are not worried about that?

Mr. JACKSON. No, no, wait a minute. The 747 has a self-contained unloading system, and I would point out again, and I want to emphasize this over and over again, we heard so much about the Yom Kippur war, it was the Israelis taking El Al 747's, I will say to the Senator.

Mr. GOLDWATER. I am not talking about the Yom Kippur war. I am talking about getting the equipment on a 747, and you cannot do it.

Mr. JACKSON. Well, you can when you are not dealing with——

Mr. GOLDWATER. You can put a little box on there.

Mr. JACKSON [continuing]. When you have on size, you have 77 of them to do it.

Mr. GOLDWATER. Then we will get along with camels.

Mr. JACKSON. The trouble is that there are those—I will take it on my time.

The PRESIDING OFFICER. The Senator from Texas does have control of the time.

Mr. TOWER. I am prepared to yield back the remainder of my time.

Mr. JACKSON. I yield back the remainder of my time.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. The two amendments are so similar that we ought not to be put to the test of voting twice or at least not voting at all by rollcall.

I ask unanimous consent that the two amendments be considered en bloc. Have the nays and yeas been ordered in either case?

The PRESIDING OFFICER. They have been ordered on the first-degree amendment.

Mr. BAKER. Mr. President, I ask unanimous consent, if the Senator from Washington has no objection, that the yeas and nays be vitiated.

Mr. NUNN. I object.

Mr. BAKER. Let me put it this way: I ask unanimous consent that the first two amendments be considered en bloc.

Mr. NUNN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. NUNN. Has all time been yielded back?

The PRESIDING OFFICER. All time has been yielded back.

UP AMENDMENT NO. 936

(Purpose: To limit the use of funds made available for commercial, wide-body aircraft to make payments under the Civil Reserve Air Fleet program)

Mr. NUNN. Mr. President, I propose an amendment and send it to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia (Mr. NUNN) proposes an unprinted amendment numbered 936:

At the end of the language proposed to be stricken in the bill insert the following new section:

FUNDS FOR COMMERCIAL WIDE-BODY AIRCRAFT

SEC. Notwithstanding any other section of this Act or any other provision of law, the funds authorized by this Act for the purchase of surplus, commercial, wide-body aircraft shall only be available to make payments permitted under the terms of Subchapter II of Chapter 931 of title 10, United States Code, as originally enacted in Section 915 of the Department of Defense Authorization Act, 1982 (P.L. 97-86, 95 Stat. 1099).

Mr. JACKSON. Mr. President, point of order.

The PRESIDING OFFICER. The Senator from Washington will state his point of order.

Mr. JACKSON. Mr. President, this is an amendment in the third degree and it is clearly out of order.

The PRESIDING OFFICER. This is an amendment to the language proposed to be stricken by the committee substitute. It is a first-degree amendment.

Mr. MATTINGLY addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

UP AMENDMENT NO. 937

(Purpose: To limit the use of funds made available for commercial, wide-body aircraft to make payments under the Civil Reserve Air Fleet program)

Mr. MATTINGLY. Mr. President, I offer a second-degree amendment to the amendment of the Senator from Georgia (Mr. NUNN).

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia (Mr. MATTINGLY) proposes an unprinted amendment numbered 937:

In lieu of the language proposed to be inserted insert the following new section:

FUNDS FOR COMMERCIAL WIDE-BODY AIRCRAFT

SEC. . Notwithstanding any other section of this Act or any other provision of law, any funds appropriated pursuant to an authorization contained in this Act for the purchase of surplus, commercial, wide-body aircraft shall only be available to make payments permitted under the terms of Subchapter II of Chapter 931 of title 10, United States Code, as originally enacted in Section 915 of the Department of Defense Authorization Act, 1982 (P.L. 97-86, 95 Stat. 1099).

Several Senators addressed the Chair.

The PRESIDING OFFICER. Debate is not in order at this point.

Mr. TOWER. Mr. President, has all time expired?

The PRESIDING OFFICER. All time has expired.

Mr. NUNN. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. NUNN. Would not this amendment provide that any wide-bodied aircraft that is put into the airlift program have to be under the CRAF program, thereby saving $12 billion?

The PRESIDING OFFICER. The Chair will have to rule that the Senator is not stating a parliamentary inquiry.

The question is on agreeing to the second-degree amendment offered by the junior Senator from Georgia. All in favor——

Mr. NUNN. Mr. President, I ask for the yeas and nays.

Mr. JACKSON. Mr. President, I move to table.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. JACKSON. I withdraw my motion.

Mr. BAKER. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the junior Senator from Georgia (Mr. MATTINGLY) as a substitute for the language of the amendment of the senior Senator from Georgia (Mr. NUNN) to the language proposed to be stricken by the committee amendment.

Mr. DOLE. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Kansas will state his parliamentary inquiry.

Mr. DOLE. Is the Mattingly amendment the amendment that is pending?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. I move to table the Mattingly amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas to lay on the table Mr. MATTINGLY'S amendment. The clerk will call the roll.

The bill clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Carolina (Mr. HOLLINGS), the Senator from Illinois (Mr. DIXON) and the Senator from Maryland (Mr. SARBANES), are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. DIXON), would vote "yea".

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 53, nays 44, as follows:

[Rollcall Vote No. 110 Leg.]

YEAS—53

Abdnor
Andrews
Bentsen
Boschwitz
Brady
Bumpers
Burdick
Cannon
Chafee
D'Amato
Danforth
DeConcini
Dodd
Dole
Domenici
Durenberger
Eagleton
Ford
Gorton
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Inouye
Jackson
Kassebaum
Kennedy
Leahy
Lugar
Mathias
Matsunaga
McClure
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Packwood
Pell
Pressler
Proxmire
Pryor
Randolph
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Wallop
Warner

NAYS—44

Armstrong
Baker
Baucus
Biden
Boren
Bradley
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Cochran
Cohen
Cranston
Denton
East
Exon
Garn
Glenn
Goldwater
Grassley
Hart
Hatch
Helms
Huddleston
Humphrey
Jepsen
Johnston
Kasten
Laxalt
Levin
Long
Mattingly
Nickles
Nunn
Percy
Quayle
Riegle
Roth
Sasser
Stennis
Thurmond
Tower
Tsongas
Weicker
Zorinsky

NOT VOTING—3

Dixon
Hollings
Sarbanes

So the motion to lay on the table UP amendment No. 937 was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I ask unanimous consent that I may proceed for 3 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. TOWER. Mr. President, it is my understanding the Senator from Georgia (Mr. NUNN) intends to withdraw his amendment so it will not necessitate a vote on that but we will go immediately to the amendment of the Senator from Washington.

Let me say that we have about 17 amendments that are on the schedule, about 3 or 4 of which can be disposed of with colloquys. Some are major amendments that will require rollcall votes.

The Senator from Colorado (Mr. HART) has indicated that he is willing to agree to our time limitations on his first carrier amendment, and some time might be yielded back. So do not anybody schedule themselves according to these time agreements.

Let me say that the majority leader has expressed his intention to stay in tonight until we finish the bill. That means we will be in very late, perhaps all night. I would urge Senators with amendments to bring those amendments to the floor once the ones informally or unofficially have been disposed of, because if we have to wait around here for hours or so, I think we will simply try to go to third reading. I think it is reasonable to do that if there are no amendments.

Let me say one thing further. Some more amendments are being floated here. Some have budgetary impact that I cannot ascertain right now. But I will say this: Any amendment that adds money to outlays or budgetary authority without some offset or compensation I will move to table. I believe that is my commitment as far as the budget resolution is concerned, and my commitment as chairman of the committee pursuant to our meeting of last Monday in which we made some rather painful reductions in the authorization bill to try to accommodate that.

So I want to put Senators on notice that that is what I intend to do if we are to exercise any kind of budgetary discipline and responsibility around hear.

Mr. NUNN addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, I rise for the purpose of withdrawing my amendment, but I would like to comment based on the last comment of the chairman.

The PRESIDING OFFICER. Who yields time?

Mr. NUNN. Will the chairman yield 1 minute? I am going to withdraw my amendment.

Mr. DOLE. I ask unanimous consent that the Senator be granted 1 minute.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. NUNN. We have just added $2 billion in outlays over the next 3 years when we voted on the Jackson amendment. We spent all Monday trying to cut out less than that. So when we add this amendment, this bill is now out of sync with the budget resolution, $2 billion over on outlays. I leave it up to the Members to take that into consideration. I do not know what you want to do about it. It seems to me that the chairman of the Budget Committee ought to have something to say about it. We have unwound all the efforts the Budget Committee has made in trying to cut. You are adding $2 billion in outlays over the next 3 years when you vote for the Jackson amendment.

Mr. STEVENS. Mr. President, I ask for 1 minute to answer that. That is simply not the case. The Appropriations Committee has stated its goal of restoring the C-17, of keeping its acquisition to an absolute minimum. This is an authorization figure. There is absolutely no assurance that we will spend one dime on this program. I guarantee the Senator I will keep it to the minimum possible to get the C-17 going. I have the amendment in my desk and will offer it later on this afternoon.

Mr. NUNN. If the Senator will yield, if that is the case, all of this is just authority. None of it has been appropriated.

Mr. President, I withdraw my amendment.

THE PRESIDING OFFICER. The amendment is withdrawn.

The question is on the amendment of Senator GORTON.

Mr. BAKER. Is the Gorton amendment the pending question?

The PRESIDING OFFICER. It is.

Mr. BAKER. Have the yeas and nays been ordered?

Mr. President, I renew my request that the two amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, have the yeas and nays been ordered on either amendment?

The **PRESIDING OFFICER.** They have been ordered on the first-degree amendment.

Mr. BAKER. Is there now an objection to vitiating the order for the rollcall?

Mr. President, I ask unanimous consent that the order for the yeas and nays on the consolidated amendment be vitiated.

The **PRESIDING OFFICER.** Is there objection? Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendments (UP 935 and No. 1448) were agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ANNOUNCEMENT OF POSITION ON VOTE

Mr. ROBERT C. BYRD. Mr. President, I voted against tabling the Jackson-Gorton amendment because I felt that Senator JACKSON was entitled to an up-or-down vote on his amendment. Had a rollcall vote occurred on that amendment, I would have voted against the amendment, as I had previously informed Mr. JACKSON.

ORDER OF PROCEDURE

Mr. TOWER. Mr. President, it is our intention to dispose of the amendment to be offered by the Senator from Wyoming (Mr. WALLOP) which will take only a few minutes and will be disposed of by a voice vote. Following that, I hope the Senator from Colorado will be prepared to offer his amendment.

I ask unanimous consent that when the Senate proceeds to consideration of the first Hart amendment, there be controlled time of 2 hours to be equally divided between the Senator from Colorado and the Senator from Texas.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. TOWER. I yield to the minority leader.

Mr. BAKER. Mr. President, I understand that Senator WALLOP's amendment will not require a rollcall vote.

Mr. WALLOP. It will not.

Mr. BAKER. Has a request been put for a time limitation on the carrier amendments?

Mr. TOWER. Yes.

Mr. BAKER. Has it been granted, Mr. President?

The **PRESIDING OFFICER** (Mr. QUAYLE). It has not been granted.

Is there objection to the unanimous-consent request? Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I have an amendment on the C-17 to earmark $2 million of R. & D. money to get the C-17 back on. After the discussion has gone so far, I am perfectly willing to have a time limit of 15 minutes on a side to get that done. I would like to ask unanimous consent to have a time agreement of 15 minutes on a side.

Mr. TOWER. Mr. President, I am unprepared to agree to that now. If the Senator will withhold that, I think we can work something out.

Mr. STEVENS. Very well, Mr. President.

The **PRESIDING OFFICER.** The majority leader is recognized.

Mr. BAKER. Mr. President, I have nothing further. I yield the floor.

The **PRESIDING OFFICER.** The bill is open to further amendment.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader state what the program is for the rest of the afternoon? I heard the distinguished Senator from Texas state what the program is. I would like to have the majority leader's expression.

Mr. BAKER. Mr. President, I must say to my friend, the minority leader, that I do so with fear and trepidation, because I know my remarks will not be well received by my colleagues in the Chamber.

For a variety of reasons, Mr. President, it is absolutely essential that we try to finish the bill today—not because it has to be passed today, but simply because we have other matters that are piling up. It will be very difficult to carry this over until tomorrow. I very much fear that we shall have complications that we cannot deal with. We have the budget resolution that does qualify tomorrow and it is essential that we reach that resolution as soon as possible, in my judgment.

Therefore, Mr. President, I must say that the Senator from Texas was correct when he said that tonight, we shall be in session very late, perhaps all night.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. Yes, I yield.

Mr. ROBERT C. BYRD. Mr. President, word has gone out from both the majority leader and the minority leader that there will be no rollcall votes tomorrow and there will be no rollcall votes on Monday. Tomorrow and Monday, the attendance will not be the very best, I would say, here, so I urge my colleagues, those on my side, to be prepared to stay in as late as is necessary to complete action on the bill tonight so that those Senators who do plan to be away from the city tomorrow, based on our earlier assurances, will not miss votes on tomorrow.

Mr. President, I join the distinguished majority leader in hoping that we can reduce time as much as possible on amendments and that Senators will be prepared to call up their amendments and finish action on this legislation today so that Senators can, indeed, be sure that there will not be rollcall votes tomorrow.

Mr. BAKER. Mr. President, I thank the minority leader. Of course, I am prepared to stay in as late as possible in order to finish this bill tonight. If we do not finish this bill tonight, it is my intention to continue right into tomorrow with whatever break is necessary to let us change clothes and refresh ourselves as best we can.

I hope that is not thought of as a threat, Mr. President, because we really need to finish this bill tonight. I urge Senators to come to the floor, present amendments, discuss them in as brief a time as possible, and forego rollcall votes when it can be done.

Mr. BUMPERS. Mr. President, will the majority leader yield?

Mr. BAKER. Yes, I yield.

Mr. BUMPERS. Does the majority leader have any feel for how many amendments are going to be offered, or possibly offered?

Mr. BAKER. I have not kept a list today. I yield to the chairman of the committee. Maybe he can give us the number.

Mr. TOWER. Mr. President, I have on my list about 20, at least 3 of which have been identified as amendments that will be dealt with by colloquy and possibly withdrawn. Some may not be offered. I have discussed some with Senators who are not certain yet whether or not they will offer amendments. But there are some so-called big-ticket amendments that certainly are going to take some time: the carrier amendments of the Senator from Colorado (Mr. HART), the amendment on the MX of the Senator from Ohio (Mr. GLENN).

Senator STEVENS has just announced his intention to call up a couple of amendments that we had no prior knowledge of and I have no idea how long they will take, if they are important amendments, serious amendments. The Senator from Arkansas (Mr. PRYOR) has one to delete the armored earth mover. I think that one will require some debate.

The Senator from Michigan (Mr. LEVIN) has about four amendments, one on administrative-use vehicles and one on the B-1, deleting the B-1, which is somewhat more than a noncontroversial issue.

Senator LEVIN also has one to add $100 million to the rapid deployment force. Senator HEINZ has one on specialty metals. Senator GARN has one on the Siberian pipeline. That one probably will take some time.

So we have some things to occupy us. I urge those Senators who do not feel strongly about their amendments or who have some foreknowledge that they may be beaten on them not to offer them. I was not just looking directly at the Senator from Colorado when I said that.

Mr. **BUMPERS**. Mr. President, the chairman overlooked one little old amendment here on chemical warfare.

Mr. **TOWER**. Mr. President, I am sorry. I did not mean to overlook that one, because that is one that is certain to provoke a considerable amount of enthusiasm here.

Mr. **BUMPERS**. Mr. President, how much time does the Senator estimate? We might get a time agreement on that. Senator GARN and Senator HART are both here.

Mr. **TOWER**. Mr. President, why not go ahead and proceed with the amendment of the Senator from Wyoming. I shall be available in the cloakroom to discuss these matters with anyone who is willing to cooperate. I certainly am.

UP AMENDMENT 938

The **PRESIDING OFFICER**. The Senator from Wyoming.

Mr. **WALLOP**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The bill clerk read as follows:

The Senator from Wyoming (Mr. WALLOP) for himself, Mr. GARN, Mr. SCHMITT, Mr. WARNER, Mr. NICKLES, and Mr. SYMMS proposes an unprinted amendment numbered 938.

Mr. **WALLOP**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

SPACE LASER PROGRAM

SEC. . The Secretary of Defense shall expend such funds as are authorized and appropriated for an on-orbit laser weapons system to produce such system as quickly as technology will allow, and to that end he shall:

(1) provide that a program for accomplishing that goal be managed in a streamlined and efficient manner;

(2) restructure the Defense Advanced Research Project Agency (DARPA) Triad technology programs so that system integration concepts and designs are pursued vigorously and concurrently with technology development;

(3) direct the Department of the Air Force to conduct an aggressive analytical effort to ensure that the capability is maintained to integrate DARPA's Triad technology into a future on-orbit system demonstration within a decade;

(4) ensure that sufficient funds are requested from the Congress to permit an aggressive, balanced research and technology effort to be pursued consistent with the foregoing provisions;

(5) provide the Congress by December 1, 1982 with a report describing the programmatic and management actions that must be taken to achieve the goals set forth in this section and the steps taken to date.

Mr. **WALLOP**. Mr. President, this amendment is in behalf of Senator GARN, Senator SCHMITT, Senator WARNER, and Senator NICKLES.

Mr. President, basically the amendment directs the Secretary of Defense to expend such sums as may be authorized and appropriated, to produce an on-orbit laser weapons system, preferably within the decade. It asks them to restructure the DARPA Triad technology programs so that system integration concepts and designs are pursue vigorously and concurrently with technology development.

Mr. President, Senator WARNER has been most cooperative in this matter. We have had experts testifying before us. In every instance, what was a couple of years ago referred to as a sort of Flash Gordon dream is now recognized as clearly within the capability of this country, and clearly within the capability of the Soviet Union. It behooves us to get on with a coordinated program that has a goal of defending the American people.

Mr. President, General MacArthur, following both commonsense and the Western tradition of statecraft which began with Aristotle, found it necessary to remind us that "in war there is no substitute for victory." When MacArthur spoke 30 years ago, he did not find it necessary to remind us that there is also no substitute for survival. If you do not plan to come out of a conflict alive, your plans are not worth much. Thirty years ago we knew that. This Government was making excellent preparations to defend the lives and homes of the American people from Soviet attack.

During the 1950's, we spent about $50 billion—real dollars in those days—to provide ourselves with a first-class air defense system. The Soviets could have come in force. Few if any would have gotten through. As the missile age began, this country was far ahead in developing defenses against ballistic missiles. Up until the mid-1960's, while this Government might have not been too keen on the fine points of strategy, it had a firm grip on the basic duty of all governments: to protect the civilian population.

Then the doctrine of mutual assured destruction became fashionable. It became fashionable to think in utopian terms, to neglect the hard realities of life. If only we could destroy the Soviet Union, and the Soviets could destroy us, and neither of us was able to protect ourselves we would all live happily ever after. Robert McNamara and the civilian and military dynasty he started wanted so much for this condition to be real that they imagined it was real. As a consequence, we have scrapped our air defense system, scrapped a promising ABM system, and slowed down our research and development on new technology for defensive weapons. Such R. & D as we have done has been intended to keep the dream world of the late 1960's—assured second strike, and MAD—from slipping away.

But technology has advanced in recent years, and the Soviets have made the most of it. Not only does their missile force outclass ours, but more importantly, their defensive weapons and their plans for developing more, outclass ours. Just look at the Soviet air defense system. Look at the new ABMX-3 ground-based ABM system. Observe how new technology allows some air defense systems to give substantial protection against ballistic missiles to lightly attacked targets—that is, to the majority of targets. Then look at the reports that our own national intelligence estimates and our own Under Secretary of Defense expect the Soviet Union to test a laser weapon in space as early as next year but no later than 1988.

This is the real world. Any number of people can give us plausible scenarios as to how the Soviet Union could defeat us while minimizing damage to itself. Nobody, but nobody, can describe for us how we might use the weapons we have or which are being planned to defeat the Soviets and, above all, to preserve our own lives.

The American people, like people anywhere, have certain reasonable priorities. First they want their Government to do everything possible to safeguard their lives and homes. They would like to be protected at least as well as the Soviet people are, and they have the right to that. Then they want their Government to be able to maintain the country's independence. That requires the ability to prevent us from being beaten in war. These are the priorities that some of us have tried to push on the Department of Defense.

The reason I began to urge the Defense Department to build a space laser weapon—having looked into the technology enough to convince myself that it is feasible—is threefold: First, this weapon, unlike so many others now being bought or developed, could make the difference between the Soviet Union winning a war against us or not. Above all, this weapon would make the difference between millions of American dying and living. Last, it is a weapon, not of destruction, but one solely of protection.

If we do not build a space laser weapon or an equivalent protection, how are we going to deal with the fact that the Soviet Union has an insurmountable advantage over us in counterforce warheads? Is anyone here proposing that we outbuild them in missiles? I see no such proposal in this bill, nor have I seen it anywhere else. Do we then propose to accept, indefinitely, Soviet superiority in this key field? Well, the Secretary of Defense can say "No" all day long, but so long as he does not come up with a plan for neutralizing the Soviet missile force, his actions will continue to say: Yes, the United States accepts, indefinitely, inferiority in prompt counterforce weapons. Yes, we will keep our public in unnecessary danger.

If we do not build a space laser weapon, how are we going to deal with the fact that the Soviet Union can, at any time, kill the majority of the American people yet steadily, daily, they decrease the number of their own people vulnerable to a counterstrike? By what reasoning will we elected officeholders explain to the American people that, though the Soviet Government is doing all it can to provide its own people with limited but ever-growing active defense the American people must remain naked to missile attack? How do we explain that? How will we explain it when the Soviet Union's first laser goes into orbit, and then is joined by a second and a third, and so on? The Defense Department tells us these Soviet lasers will not be militarily important. I categorically tell you that nobody in this country now knows how good those Soviet lasers will be. Furthermore, even once they are up, we will not have good information about the factors which make lasers militarily effective—such as retarget time, beam jitter and beam quality. So I repeat. If we do not build a space laser ourselves, how are we going to explain to the American people that, despite commonsense, they should be content in their defenselessness while the other side builds defensive weapons?

I have been pressing the DOD to build a space laser weapon because I know that the balance of power is now against us and is growing worse; because this weapon, if it works for us, can turn the balance around; because if the Soviets get it before we do they can use it to make our inferiority permanent; and because I know that peace in the world depends on the ability of the American people to defend themselves, and, above all, because I think it immoral not to do everything possible to defend the lives of the American people.

When after looking at the technology, I published my article on space lasers in the Strategic Review (fall, 1979), detractors in the Department of Defense tried to give the impression that space lasers were Buck Rogers stuff—a nice dream but not for real, not today. Well, in the 2½ years since that time the detractors have had to concede every single technical point. Today, everyone who has looked at the data from Gen. Kelly Burke, the Air Force's Chief of Research, on down, agrees that we could build a space laser if we wanted to. Today nobody will argue with Eastman Kodak's statement that, if properly funded it could begin quantity production of 10-meter, segmented laser-quality mirrors in 5 years. Today nobody argues with TRW's statements that the company is capable of building a 10 megawatt laser for space. Indeed there is broad agreement that the laser TRW is now building may put out nearly that much. Today nobody argues with Lockheed's claim that pointing and tracking mechanisms more accurate than two-tenths of a microradion exist. Today anyone with access to certain Air Force programs knows that the technology for a surveillance system to serve a space laser exists. What, then, is the argument against putting all of these technologies together into a system?

The paltriest, but most common, argument was made by Dr. Cooper, current Director of DARPA, in testimony before Senator WARNER's subcommittee. He said that we just could not manage a bigger program efficiently. Well, that may be so. Maybe the people we have managing in this area just do not know how to do any better. But look at the Soviets. They are managing a space laser program three to five times our own and they are expected to put something in orbit soon. My preference would be that the American Secretary of Defense, armed with a legal mandate to build a laser weapon, should put into key places people who actually want to do it. That would be a remarkable departure from recent practice. Imagine, actually appointing people who want to do what the President has said he wants to do. At any rate, any talk that the immaturity of the technology prevents us from putting together a test model of a space laser is simply misinformed.

Who else agrees? The GAO, our own efficiency experts, looked at the technology and said that, in effect, we are wasting money by going so slowly. Their preferred option is to add $400 million to this year's budget and build a demonstrator. Anyone else? Last spring, OMB, renowned for budget-cutting skepticism, suggested that a new program be increased drastically. What might have led them to do it? Regardless of the reason, OMB and GAO have finally demolished the arguments that the technology is immature and that we are doing everything that we can efficiently do.

The DOD bureaucracy has one last argument. We really should wait, to build the infrared lasers we know how to build, and instead put our money on the short-wavelength lasers we do not yet know how to build. He have heard this sort of thing before from the DOD. Do not build—continue perfecting weapons and putting them off. Because we have listened, we have slipped behind in quantity and quality of strategic weapons. More importantly, we have lost time.

How important is time? Circa 1966, both we and the Soviets set out to build a 10-warhead, counterforce missile. Theirs was the SS-18, ours was the MX. Today the Soviets have not only built the SS-18, but are completing their fourth modification of it. The MX has yet to fly. How long can elected officeholders continue to follow the self-indulgent advice of this bureaucracy? How long will we consider as experts people who so consistently lose?

Because I do not think we can trust the bureaucracy, my amendment would require the Secretary of Defense to take the technology now available and build a demonstrator weapon. I do not mean to close the door on the future. We should continue to try for better lasers and for better equipment to handle them. But time will not permit us the self-indulgence of endless procrastination.

Because time and money are scarce, my amendment directs the Secretary of Defense to manage the effort to build a space laser demonstrator weapon using the procedures used to build our intelligence satellites and other special items. On the Intelligence Committee we have solid experience with these methods of management. They have produced technical marvels in about half the time the DOD uses to procure less complex systems. The technical marvels have cost substantially less than they would had they been bought according to the DOD procurement bible, regulation A-109. There is not secret to these procedures. They simply allow things to be done almost as rationally as they were in the old days, before MacNamara's efficiency experts made the Pentagon so damned inefficient.

In short, this amendment says, "Do it!" Do it as quickly as technology (not regulations on the whims of bureaucrats) will allow, do it by using the most efficient management tools we have, and do it before the Soviets do. To vote against this amendment is to vote for the proposition that the United States should continue indefinitely to accept strategic inferiority and absolute vulnerability, and that the Soviet Union's development of laser weapons is not very worrisome. I suggest that the American people—and their President—disagree with every point of that proposition.

Let me now turn to what the lasers which this amendment proposes to demonstrate, could do.

The lasers we are proposing to build as soon as possible are chemical lasers. They work like rocket engines, and use hydrogen and flourine as fuel. Chemical lasers work best in space. The laser light is produced directly by the burning of chemical fuels—no external power is needed—under extremely low pressure. On Earth, we need huge machines to create such an environment. In space it is there for free. Also, in space there is no turbulence to affect the perfect stillness the platform needs for accuracy, and no impediment whatever to the beam which, of course, propagates at the speed of light.

Even a single, small laser system of the kind that we could put together from pieces of spacecraft currently in use, plus some old test lasers, could purge the skies of enemy satellites in short order, could defend itself against the kind of antisatellite interceptor the Soviets now have, and therefore could act as a defender for any of our satellites we chose to defend. Whichever nation is first with a laser weapon in orbit may be in a position to dictate what payloads are allowed to enter space safely, and which will be shot down.

As few as four "primitive" 5 megawatt/4 meter lasers would destroy every single long-range bomber launched against us, and a significant proportion of Soviet submarine-launched ballistic missiles. But they could only kill some 50 ICBM's. Twenty-four 5/4's would give us protection against just about all SLBM's, protection against all SS-18's, plus a few other missiles. But 24 10-megawatt, 10-meter lasers would kill Soviet ICBM's—even assuming they were twice as hard as they are—at a rate of two per second. That would mean that we would kill 1,000 boosters during a coordinated 5-minute launch (plus 250 second burn time). If Soviet missiles are made like normal liquid fueled missiles, that is, painted or anodyzed aluminum, we would get them all.

At any rate, even a few American lasers in orbit would make it much more difficult for the Soviet Union to plan a coordinated, counterforce attack on the United States. Even a few American lasers would "thin out" any Soviet missile attack and make it possible for ground-based ABM interceptors to do their job. As the number of American lasers grew, the American people could once again be confident that their Government was protecting their lives and homes. The United States now has over 400 naval ships to protect the ocean approaches to this country. It is hardly improper to think that the United States should have several dozen armed space stations to protect our country from threats which can come to us through space.

COST

Not surprisingly, there is a great deal of disagreement about how much money it will take. Some of the disagreement is honest and inevitable, since we are dealing with something that has not been done yet. But some of the controversy is clearly designed to scare off potential supporters. That is why I am not addressing the issue of funding at this time. Once we decide to build a demonstrator, I think the discussion of funding will become more honest.

THE CHOICE

We are faced with two sharply contrasting sets of claims in this field. The bureaucracy's claims which are reflected in the Armed Services Committee's report, and my claims, backed by the only source of facts in the field: the aerospace industry. We will have a chance to examine the claims, and choose in whom we put our trust. When the Soviets launch their laser, we will all be on record.

The bureaucracy had claimed that our laser program is well-funded, and that it could not efficiently use any more money. But the GAO, our own efficiency experts, found that to be nonsense. Just to make efficient use of the technology, and to move toward a weapon in a rational way, they said, would take an additional $350 million per year.

Of course it never made any sense to say that our program could not efficiently be bigger and faster, because we know that the Soviets have a space laser program three to five times as big as ours, and that their program is due to bear fruit long before ours. If our bureaucrats do not know how to make good use of the technology they have, perhaps we should hire ourselves some new managers. In addition, Senator **Warner** noted, in his questioning of Dr. Cooper, that of course this country could, if we wanted, take existing technology and build a space laser weapon now. But Dr. Cooper, instead of opposing the laser program, directly implied that any funds spent to that end would somehow be spent imprudently. Mr. President, the bureaucracy may have its own definition of injudiciousness or imprudence but, as far as I am concerned, imprudence means falling behind the Soviets in a vital area of strategic weaponry.

The detractors in the defense bureaucracy, like the Englishmen who argued against radar almost half a century ago on the ground that "the bomber will always get through" and like the Presidential adviser who, in 1949, said that ballistic missiles were impossible and satellites were just foolish talk, believe that the Soviets could always insulate their missiles against laser radiation. They have been forced to admit that the lasers we are building could destroy any missile the Soviets have already built or are now planning to build. But they suggest that we not build lasers until we can build them powerful enough to destroy missiles 100 times as hard as the Soviets' missiles are now. Simple insulation will not work. Recall how the insulation on the shuttle fuel tank ripped off in flight. As for building missiles out of the same materials that warheads are made of, let them try. I doubt they will succeed. But if they do, I hope we will have developed better lasers by then. And even if somehow we have not, we will have made obsolete the Soviet Union's strategic rocket force which has taken that poor country one generation of hard labor and privation to provide. That alone would be worth the cost.

The strategic weapons bureaucrats ask for your trust on the basis of their own position. They cannot ask on the basis of the record they have compiled in recent years. If President Reagan's wise decision to develop strategic defenses for this country continues to be carried out with the same level of judgment and skill that has characterized the MX program, then we can count on debating about paper studies when the Soviet Union controls the skies above us.

Mr. President, I do not believe it is prudent to plan to be inferior in a vital field of weaponry. I do not believe it is prudent to plan to leave the United States defenseless against enemy missiles and bombers when a defensive weapon is available.

Industry says and the GAO confirms that the technology is here now to start building space laser demonstrators. The Air Force's NORAD says we need it. Everyone agrees that the Soviets will orbit one before us. Unless our instincts for survival have been really dulled by bureaucracy, I believe we are going to vote for this amendment.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. WALLOP. I am happy to yield.

I yield to the Senator from Arizona.

Mr. GOLDWATER. I understand that there is no money involved in this amendment now?

Mr. WALLOP. We are not seeking to add money, though I believe that that is shortsighted. But given the constraints that we are now operating under, I believe the report that we asked for will tell us how much we should spend and must spend in order to achieve the goals contained in the amendment.

Mr. GOLDWATER. Mr. President, I want to congratulate the Senator. He has been very, very persistent in this area, an area that I have great interest in. I ask that he carry my name as a cosponsor.

Mr. WALLOP. I thank the Senator from Arizona. I ask unanimous consent that the Senator from Arizona (Mr. **Goldwater**) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. WALLOP. Yes; I yield.

Mr. STENNIS. Mr. President, I remember the Senator's work from last year, and his keen interest. I found out there was more than I realized to what he said. I am glad to support the Senator.

Mr. WALLOP. I thank the Senator from Mississippi. It gives me great pleasure to receive those words from him.

Mr. President, I yield the floor for the moment.

Mr. WARNER. Mr. President, I am pleased to cosponsor the amendment offered by the distinguished Senator from Wyoming. He has indeed been a driving force in the Senate on this subject for quite some time. Much of the interest that has been expressed in space-based laser defensive systems in the Congress and among the general public can be attributed to his outstanding leadership.

I wish also to commend the distinguished Senator from New Mexico (Mr. SCHMITT), whose experience gained from his work in the space programs of our Nation, both military and civilian, have contributed greatly to the decisions made for space in the fiscal 1983 authorization bill.

The pending amendment is the product of lengthy and intensive consultations between Senator WALLOP, Senator SCHMITT, Senator TOWER, myself, and others as well as discussions between Members of this body, representatives of the House Armed Services Committee—including its ranking member, Congressman DICKINSON—and members of the administration. Our conversations have been conducted in good faith and in the interest of accomplishing an agreement that is both responsible and constructive.

These meetings had special urgency because the House Armed Services Committee, in its action on the counterpart to S. 2248, H.R. 6030, reduced the funds sought for research and development of space-based lasers from $156.2 million to $85 million. We were advised in the course of our discussions that the effect of this reduction would be to terminate virtually all work now underway on promising, near-term laser technologies. In addition, these cuts would do violence to important laser weapon subsystem developments with applicability to short wavelength laser technologies. The House Committee recognized that lasers with these wavelength characteristics hold considerable promise for longer term laser weapons and advocated the restructuring of the U.S. space laser program to achieve accelerated development of short wavelength systems.

The Senate Armed Services Committee has consistently advocated the pursuit of a balanced laser development program designed to bring on line at the earliest feasible time an effective weapon system.

Mr. President, after careful personal review of the President's space-based laser program and several hearings by the Strategic and Theater Nuclear Forces Subcommittee which dealt with this matter, I am persuaded that the administration's request is consistent with the committee's position. I believe the language offered by the Senator from Wyoming reflects the goals and programmatic initiatives that are incorporated in the current administration space-based laser development effort.

I believe the amendment proposed by the Senator from Wyoming is helpful, however, because it indicates the strong support that exists in the Senate for an aggressive R. & D. effort aimed at developing at the earliest feasible time, preferably not later than 1992, and, ultimately, utilizing an appropriate laser system for a number of important defensive missions. In view of the action of the House Armed Services Committee which is fundamentally at odds with the Senate Armed Services Committee's and the administration's approach to this technology program, I believe this expression of the will of the Senate will be of great assistance to us in bringing back from conference the President's space-based laser program.

I urge the adoption of this amendment.

Mr. WALLOP. Mr. President, of all the things that we have sought to do, or will seek to do in this bill, none offers the promise of defense the way this one does. The space laser cannot melt cities. It will not maim people. It will simply help Americans avoid the engines of destruction that are aimed at us through space or through the stratosphere. It is, as weapons go, rather civilized. We are trying for a way to protect the American people, so that they will not be held hostage to the threat of Soviet nuclear destruction.

I yield to the Senator from New Mexico.

The **PRESIDING OFFICER.** The Senator from New Mexico.

Mr. SCHMITT. Mr. President, I want to state my strong support for the pending amendment that the distinguished Senator from Wyoming has offered. It is a step in the right direction if we are ever going to exploit the rapidly developing technology of directed energy and lasers in particular. It is also consistent with a strong position which the Senate has adopted in the past with regard to space-based lasers. Last year, for example, the Senate voted 91 to 3 in support of an amendment which I cosponsored and which added $50 million to the administration's request for space-based lasers.

The amendment also directed the Secretary of Defense to establish a Program Management Office within the Air Force to conduct a systems definition program which is the first step to any space demonstration of a laser weapon.

Mr. President, this year's defense budget includes the funding for the type of program which the Senate encouraged last year.

That in itself is a great step forward by the administration.

In addition, the Air Force Program Management Office has been in existence for over 8 months. After carefully reviewing the plans of the Department of Defense, I am in support of their program and their objectives, although I think we are going to find that considerably more has to be done as we build this program in the future.

We are confronted with a military-industrial complex within the Soviet Union that continues to not only outproduce us in both conventional and nuclear weapons but also outproduce our estimates of their production goals. We are being challenged by a totalitarian system that functions with a wartime economy. Clearly, the United States is not prepared at this time to match Soviet production of armaments in absolute quantity.

The United States, however, does have and has maintained a technological lead over the Soviet Union. Recently, that lead has been significantly narrowed due to technology transfer, both legal and illegal, as well as our own failure to invest in research and development at the levels required, such as that concerned within this amendment. If we, the United States and our allies, are to remain free, then we must increase our defense spending in those areas where our qualitatively superior weapons can make Soviet quantitative superiority obsolete. Technology should be and has been our strong suit. If it ever becomes a weak suit, we are finished.

Totalitarian societies such as the Soviet Union find it more difficult to develop and utilize new technologies due to the nature of their systems. We must, therefore, exploit this area.

Laser technology and other directed-energy technologies is such an area.

We have not even begun to understand the potential of this technology. A space-based laser weapon offers the potential, for example, of finally making ballistic missiles obsolete. If space lasers prove their potential, then a ballistic missile defense (BMD) could protect not only our military assets, but also our economic and human resources and those of our allies in the free world.

It is vital that the Department of Defense proceed with a program that emphasizes research and technologies development for lasers in general. Clearly, lasers offer the potential for many missions, although other directed-energy weapons should not be ignored.

Therefore, it is important that research and development in the broad range of directed-energy weapons continue. As the technology for specific directed-energy programs mature, weaponization of that technology should take place.

It is also important that the various services have adequate funds to do the systems definition required for weaponization. The budget request for the Air Force will accomplish that purpose with regard to space-based lasers.

The administration's program, contained in this bill, will begin—and I underline and emphasize "begin"—putting together the type of program which we need. It will, however, require additional funding beginning next year as well as a more clearly defined purpose to the program. In the area of space-based lasers, an on-orbit demonstration is a vital part of that program provided it is done prudently. The administration and the Department of Defense should be on notice that the Senate will carefully review their fiscal year 1984 and out-year requests for directed energy weapons programs. The Senate is also prepared to take the initiative in this area if the program of the Department of Defense is found lacking.

Mr. President, technology, including directed-energy technology, will provide the United States with new strategic policy options. It offers the potential of making ballistic missiles obsolete and of protecting our civilian population from any form of ballistic attack, and also potentially provides defense from airborne attack. It must also be emphasized that laser weapons are primarily defensive weapons in nature. Their development and deployment will allow the United States to move away from major investments in offensive strategic weapons as strategic deterrent to a much more acceptable and humanistic form of weaponry, and that is the weapons of defense.

Mr. WALLOP. Mr. President, I ask unanimous consent that the Senator from California (Mr. HAYAKAWA) be added as a cosponsor.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. WALLOP. Mr. President, I also offer the Senator from Virginia my thanks for the effort that he has made to accommodate this, and I believe we have provided a program with some direction and some definition where none existed to the extent that we sought in this amendment.

Mr. President, I ask unanimous consent that the following Senators be added as cosponsors for my amendment on space-based lasers, Unprinted Amendment No. 938, the Senator from Georgia (Mr. MATTINGLY), the Senator from North Carolina (Mr. EAST), and the Senator from New York (Mr. D'AMATO).

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Wyoming.

The amendment (UP No. 938) was agreed to.

Mr. WALLOP. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WALLOP. Mr. President, I also thank the Senator from Colorado for his courtesy and patience.

UP AMENDMENT NO 939

(Purpose: To defer authorization of funds for one *Nimitz*-class aircraft carrier)

Mr. HART. Mr. President, I have at the desk an unprinted amendment, and I ask for its immediate consideration.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Colorado (Mr. HART) proposes an unprinted amendment numbered 939.

Mr. HART. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

> On page 14, line 23, delete the figure "$18,368,700,000" and insert in lieu thereof the figure "$14,678,700,000."

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Colorado yield?

The **PRESIDING OFFICER.** There are 2 hours on this amendment, under the previous agreement, equally divided.

Mr. HART. I am glad to yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. I thank the Senator. The chairman of the committee is not present, but I do not think that is necessary.

Mr. WARNER. The Senator from Colorado may proceed.

Mr. HART. I thank the Senator from Virginia.

Mr. President, the amendment is very simple. It would delete from the bill $3.690 billion by deferring the authorization of the second *Nimitz*-class carrier. I stress that it defers consideration of the carrier. It does not attempt to decide whether or not we shall build a second carrier of this class. Rather, it defers consideration of the question until some future year, perhaps as early as the next fiscal year, when the state of the economy is better, until a time when we could afford to authorize the ship if we determined we needed it.

As my colleagues are aware, it is my intention to offer two amendments related to the carriers. Let me attempt to make clear the difference between them. This amendment is related solely to the question of how much we can afford to spend this year for aircraft carriers. It has no relationship to the question of what kind of ships, or what kind of aircraft carriers, we should build. It defers the whole debate on that subject, insofar as it relates to the second of the two carriers in the bill. The Senate may ultimately decide to build another carrier of the *Nimitz* class, or a larger number of smaller carriers instead. By supporting this amendment, Senators would not prejudge that case, and this amendment has nothing to do with any positions on those issues. It is purely a judgment on whether we can afford to spend as much for defense as the bill has provided, and it reflects the judgment that, in view of the current state of the economy, we cannot afford those two carriers in fiscal 1983.

My other carrier-related amendment, which I will offer subsequently, does deal with the issue of what kind of Navy we should build. It substitutes two 40,000-ton light carriers for the first of the *Nimitz*-class carriers in this bill.

But this amendment presently before the Senate makes no such determination. It is, in the customary language of committee reports, a deferral "without prejudice" of one *Nimitz*-class carrier.

Mr. President, the reason I propose deferring one carrier is very simple. We cannot afford it this year. Due to the projected massive deficits we face, the economy is in the most precarious state it has been in for perhaps half a century. Unless we take dramatic action to reduce the $630 billion in deficits which are projected over the next 3 years, interest rates cannot come down, the housing and auto industries will not be able to recover, and we will be seriously flirting with depression conditions throughout our economy.

As the Senator from Georgia has observed with regard to the actions just taken, we have just increased by rather large amounts—some $2 billion or more over the next 3 years—outlays for defense spending. The question was raised as to what steps could be taken by the Senate to offset that decision. This amendment offers, in one swift stroke, the ability to offset that increased expenditure.

This dramatic, deficit-reducing action must be comprehensive. It must consist of restraints on both defense and nondefense spending as well as revenue increases. Deferring one carrier is a sensible form of defense spending restraint.

Mr. President, in the face of these economic facts, we cannot this year provide everything the Defense Department wants. If the economy were booming, I would perhaps favor keeping this $3.690 billion in the bill, although I would propose spending it differently. But in the face of recession—in some areas, depression—and a soaring deficit, we must reduce Federal spending; and we must include the defense portion of the total budget.

The defense budget must carry its share of this reduction. The desires of the Pentagon cannot be evaluated apart from the state of the economy. This is not just a matter of fairness, or of an arbitrary sharing of the load. Rather, it is a recognition of a basic political and social fact: the American people will not accept cuts in areas which affect their direct interests adversely unless they clearly see that everyone is making similar sacrifices. They will not accept the creation of a privileged class—whether it is an income group or a segment of our society—where some categories of spending are exempt from the cuts which are falling heavily on others. In view of the seriousness of the economic situation, this is truly a situation where, as Benjamin Franklin said many years ago, we will either hang together or we hang separately.

If we agree—as I believe a majority of the American people agree—that the defense budget must do its share in the battle to control the deficit, then deferring one of the two nuclear-powered supercarriers in this bill is a logical step. Each of these ships is a commitment of not just $3.7 billion—which is enough in itself—but of far more: of somewhere between $12 and $17 billion for a carrier battle group.

The Navy, the Defense Department, and the administration—who are the advocates of this carrier—all concede that it does not go to sea by itself. So the issue is not just outlays of overall budget authority of $3.6. It is an overall outlay and expenditure of $12 billion to $17 billion. Those carriers do not fight alone. The Navy says it needs Aegis escorts, at $1 billion each; SSN-688 class attack submarines as escorts, at about $600 million each; aircraft; antisubmarine escorts; and logistics ships. Authorizing the carrier is a commitment to all of these, not just to the carrier itself. Clearly, we should have more confidence that the economy and the budget can support this sort of commitment than we can have today.

Deferring one of the carriers is not just a symbolic act, in terms of the budget.

It defers a commitment of between $12 and $17 billion in both budget authority and outlays, until we can have a clearer idea or whether the future economy will be able to support that commitment.

It saves us $3.690 billion in budget authority this year.

It saves outlays. Calculating from standard naval ship construction outlay rates, it should save about $80 million this fiscal year, $424 million in fiscal year 1984, and $664 million in fiscal year 1985. That is over a $1 billion reduction in the Federal deficit over the next 3 years.

Furthermore, contrary to what the Navy has argued, it does not cost us more money to defer one carrier. The Navy has claimed—and I suspect we will hear this claim repeated here on the Senate floor this afternoon—that it can save $754 million if both carriers are authorized this year, compared to authorizing one carrier this year and one in a subsequent year. On March 26, the Comptroller General sent a letter to the Senate Armed Services Committee evaluating this claim. In that letter, the Comptroller General states:

> When the interest costs associated with the funding differences are considered and these differences are expressed in terms of their present value, the claimed cost avoidance (if both carriers are authorized this year) is reduced or even negated.

He subsequently adds:

> The Navy is projecting a cost avoidance of $754 million, or 10 percent, if funds for the multiship approach are authorized and appropriated rather than the single ship approach. The funds authorized and appropriated for the two approaches would, however, be spent over a different number of years and the amount spent in each fiscal year would be different . . . Because the outlay streams differ both in terms of annual outlays and in terms of duration, we considered the interest costs associated with the funding (which in turn influence the deficit) and expressed the outlay streams in terms of their discounted present value. Taking these factors into consideration, the results depend on many variables, including the interest rate(s) assumed and the outlays per year projected for each alternative. Varying any of these factors can change the results.

He goes on to lay out the assumptions by which his calculations are made.

> The present value of the two funding approaches using a discount rate of 10 percent as prescribed by the Department of Defense (DOD) shows that the multiship alternative is about 2 percent less costly (compared to the 10 percent claimed by the Navy). Using a 13.97-percent discount rate based on the 12-year Treasury bond yield, the approximate period of outlays, our analysis shows that the single ship annual approach is less than 1 percent less costly that is, that deferring one carrier actually saves money).

Then I continue the quote from the Comptroller General's opinion:

> Results affecting the budget deficit are obtained by including the compounded interest effect on the two projected outlays streams. The Office of Management and Budget used variable interest rates obtained from the 90-day Treasury rates presented in the budget projected to 1994 when compounding the outlays. These calculations showed that the multiship approach has a slightly less negative effect on future year's budget deficit. Our calculations using 13.97 percent reversed the result and the single ship annual approach had the lesser effect on the deficit.

That is the Comptroller General. The point, put simply, is that there may be a slight saving by authorizing both ships this year, or there may be a slight saving if we defer one carrier.

But there is certainly on the part of this unbiased objective observer no clear savings of $754 million. Which of these options that I have outlined occurs depends on future movements of interest rates, which are difficult to predict. But clearly, there is no basis for the Navy's claim of a 10-percent saving. Indeed, there is no firm basis for claiming any savings at all by authorizing both ships this year. It might work out that way, but it might work out to the contrary.

Nor does deferring one carrier delay the achievement of the Navy's goal of a 15-deployable carrier Navy. Why? Deferring one carrier naturally means that carrier will be delivered later—although how significant that will be by the end of this decade is difficult to say, since by then the survivability and utility of the large carrier may be seen in a very different light. But as the Congressional Research Service pointed out in a paper of March 5, "The Navy's Five-Year Shipbuilding Plan: What of the Fifteen-Carrier Battlegroup Goal?" These two carriers do not seem to be enough to reach that goal. This study by the Library of Congress Congressional Research Service states the following:

> It seems widely to be assumed that the administration's 5-year plan will produce a 15-carrier battlegroup Navy. The administration has not made such a claim, however, and an analysis of the plan and a careful reading of its testimony raises serious questions as to whether that is in fact the case . . . Commissioning of the *Carl Vinson* later this year will bring the Navy to 15 carriers, 13 of which are deployable (one—currently the *Lexington*—is routinely to be assigned as a training ship and one—currently the *Saratoga*—is to be undergoing its 2-year-long ship life extension program). Over the next decade, however, the Navy will presumably want to retire the *Coral Sea* and the *Midway* and replace the *Lexington* with another ship dedicated to the training role. Thus, the carrier authorized in fiscal year 1980, plus the two requested in the fiscal year 1983 budget, might only sustain as few as 13 deployable carriers for battlegroups.

So we are not delaying the achievement of the 15-deployable carrier force, because it does not appear that, even with two carriers in this bill, we will even begin to obtain that force.

Even the Navy is not fully committed to two super-expensive ships in a year when the deficit must be held down. My colleagues will find ample proof of this on their desks. It is a copy of a recent issue of Navy Times. The headline is, "Navy would forego CVN to insure raise in October." In the subsequent article, the Secretary of the Navy, Mr. John Lehman, announces he would rather have one of the *Nimitz*-class carriers stricken from the bill than have the pay raise cut.

If the Navy does not take its own request seriously; can we be expected to do so?

Mr. TOWER. Mr. President, will the Senator yield at that point just for a comment on that?

Mr. HART. I am almost finished with my statement. Then I will yield.

Nor should we let this essentially false issue distract us from the other carrier question: What kind of carriers do we need? I hope we can place that issue before the Senate very shortly.

Mr. President, I will yield to the Senator from Texas and then I will yield to the Senator from Arizona.

Mr. TOWER. Just yield the floor.

Mr. HART. Yes; I yield to the Senator from Texas.

Mr. TOWER. Mr. President, I have here a communication from the Secretary of the Navy in the matter just mentioned by the distinguished Senator from Colorado. It is from Secretary Lehman embarked in the U.S.S. *John F. Kennedy* CVN 67 in the Indian Ocean.

He is not present among us obviously.

I have strongly supported keeping military pay even with inflation. A 4-percent raise should be sufficient to cover the 12 months of inflation ending October 1982. If inflation is greater than 4 percent, I would favor reducing force levels sufficient to pay the difference.

Certainly, deferring the second CVN would not be necessary to make up such a difference. If there is a difference this amount should be made up in early retirement of older ships.

Sincerely, John F. Lehman, Secretary of the Navy.

Mr. HART. Mr. President, I am impressed by the date line of that letter more than I am impressed by the Secretary's attempt to rehabilitate his more candid statements that are imprinted in the Navy Times of April 19, 1982.

I ask unanimous consent to have printed in the RECORD the entire interview containing the statement by the Secretary of the Navy that he would be willing to forgo the second nuclear carrier in order to maintain pay commitments.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

[From the Navy Times, Apr. 19, 1982]

NAVY WOULD FORGO CVN TO INSURE RAISE IN OCTOBER

(By Rick Maze)

WASHINGTON.—The Navy would sacrifice one proposed nuclear-powered aircraft carrier if necessary to insure that Navy people get a pay raise this year and that personnel programs are funded, Navy Secretary John F. Lehman, Jr., said.

Lehman, in an interview with *Navy Times*, said, "If cuts are made, and we see no place where cuts can be made, we would take cuts in programs, go down to one carrier instead of two, go down to one attack submarine, rather than cutting into personnel compensation."

He also said that as the Navy grows by about 130 new ships, those ships will not necessarily be homeported in current areas of fleet concentration. "We need a wider home porting our Navy in general. We are too concentrated. We are not going to load these 130 ships into San Diego and Norfolk until they sink under all of the steel."

Lehman admitted the wider homeporting of ships will make programs such as keeping people assigned to the same geographic region for an entire career more difficult, if not impossible, but said, "You cannot have everything." Competing requirements, including geographic stability for sailors, military considerations and industrial base, must be considered when home ports are chosen, he said. "We don't want the Soviets to just be able to find three or four ports."

The Navy intends to begin a test of career basing sailors in October. The test will involve boiler technicians with more than five years of service.

Pay continues to be his "number one priority, above procurement, aircraft, ships and readiness," the SecNav said. "It is the top of the top of the list. My personal pledge, and the CNO's, is to keep our people even with inflation."

Calling the Navy an "island of serenity" when compared with civilian industry, Lehman said that the Navy's dependence on congressional budget approval can be disruptive, but that Navy people should not be "cry babies."

He said that he believes inflation has been licked and that without inflation, ". . . we will not need a pay raise every year."

"Our force structure is too small to meet the commitments we have today and there is nothing more expensive than losing a war," Lehman said in defense of the large Navy buildup being called for in the Reagan administration's five-year budget request. The Navy buildup is justified, he said, because of the "hostile environment" against the Navy during the Carter administration that put the Navy through "a period of suppression."

Here is an edited transcript of the *Navy Times* interview with the SecNav:

QUESTION: When you started your term as SecNav, you said that care for Navy and Marine Corps personnel was one of your highest priorities. However, to many people, the current budget emphasis on this defense buildup is hardware. There are not a lot of new and innovative things proposed in the personnel area right now, leading to the feeling that personnel are being forgotten. Can you give some assurance that personnel have not been forgotten?

LEHMAN. I don't know how they could get that, because the CNO and I have testified at every one of the committees (House and Senate Armed Services and Appropriations Committees) and said that if cuts are made, and we see no place where cuts can be made, we would take cuts in programs rather than cutting into personnel compensation. That is our number one priority, above everything else; above procurement, aircraft, ships, readiness and other personnel. It is the top of the top of the list.

Our pledge, my personal pledge and the CNO's, is to keep people even with inflation. Right now I believe we have brought compensation back right to where it ought to be, that is as of the October pay raise. Now, we are determined to make up whatever has been lost to inflation in the period between the Oct. 1, 1981, pay raise and Sept. 1, 1982.

We have tentatively budgeted for eight percent, but it looks like inflation could be lower than that. My guess is that it may come out to be somewhere between four and six percent overall inflation for the year. The last two months it has been running zero.

I think inflation really has been licked. That means that this annual anxiety over "will we get the pay raise or not" will disappear because, except for adjustments within rates and for bonuses, the basic pay level should remain valid. If it is a zero state of inflation, we will not need a pay raise every year.

QUESTION. Rep. Bill Nichols (D-Ala.), chairman of the House Armed Services Subcommittee on Military Personnel and Compensation, is suggesting cutting end-strength to guarantee adequate, eight percent military pay raises next fiscal year. Is the Nichols proposal necessary? Is this the situation we have reached, choosing between adequately paying the people we have or growing in numbers to man a larger fleet?

LEHMAN. If that is what we have to do to do it, that is what we will do rather than accepting no pay raise. But, end-strength is like cutting force structure. What are we going to give up? We are still spread too thin.

If we are going to cut end-strength and force structure, we are going to have to cut commitments.

QUESTION. Then how do you man a growing fleet if you are losing people?

LEHMAN. You don't. That is what I am saying. If you cut end-strength, you cut ships too. There is no point in buying ships without the end-strength to man them.

QUESTION. In your mind, is that the situation we have reached? Is that the choice we have to make?

LEHMAN. No, I don't think so. I think we have submitted an austere budget that includes the pay raise, an expansion in end-strength and an expansion in ships and aircraft. I don't think we can afford to cut any of that. I will not support any cuts. We went right to the bone last August in the round of cuts we went through with OMB (Office of Management and Budget). There is nothing more to be cut without cutting commitments.

Our force structure is too small to meet the commitments we have today and there is nothing more expensive than losing a war.

QUESTION. Through what appears to be inadequate planning, the Navy manpower area has turned financially bleak this fiscal year. Promotions were canceled for one month, both officer and enlisted, and SRB entitlements were trimmed to allow less early receipt of bonuses. Is this just a one-time oversight or are personnel programs going to face bleaker times?

LEHMAN. This happens every year as part of the congressional budget cycle. They tell us to plan for a supplemental (appropriation) every year to meet the pay raise, then inevitably the supplemental gets delayed. That is part of our annual authorizing process. It is like when they invented airconditioning in the 30s and kept Congress in session all year long.

QUESTION. You believe then that this is not an example of how personnel are losing emphasis in the budget process?

LEHMAN. No, there is just no evidence that people are losing interest in the personnel issue. All of our leaders, at Defense, me, the CNO, have said repeatedly . . . that we would give up anything rather than giving up adequate compensation, liveability and improving living standards.

The fact that we have won most of the battles pushes it off the headlines. We have achieved the policy battle. We won the issue that personnel is the underlying, most important issue for the Navy. Now that we have succeeded in getting that recognition, we don't have to be making campaigns all of the time to stay there.

We are not willing to accept any erosion of benefits, any reduction in pay through a pay cap or any slowing down of improving deployment schedules. We put forward a new plan to reflect more flexible deployment schedules that will provide a substantial increase in homeport time for Navy personnel. There is absolutely no lessening.

QUESTION. You have to admit that by cancelling promotions for officers and enlisteds for one month, morale is affected.

LEHMAN. Well, we don't expect our Navy families to be cry babies. They live in the United States. The United States is a democracy that depends on its Constitution, on the annual authorizing of legislation and appropriations. You have to live with this situation that is part of democracy. You have uncertainties in the budget and from the budget itself.

So far, we haven't missed a payroll, or failed eventually to deliver. If they think this is disruptive, they ought to be working in industry today. Compared to the kind of turmoil in promotions and demotions and layoffs and RIFs (Reductions In Force) in industry, the Navy is an island of serenity.

QUESTION. Last night, (April 5), you approved increases in Aviation Officer Continuation Pay to levels based on FY '82 pay tables, yet the future of the aviation bonus is still in doubt. If you were faced with the choice of either paying the bonus only to pilots—not naval flight officers—or losing the bonus all together, a choice that might have to be made soon, which way would you lean?

LEHMAN. I would cancel the bonus for all aviators if they start to discriminate against helicopter pilots, whose retention is even higher than NFOs, and other pilots: P-3 pilots, attack pilots, NFOs, carrier NFOs, VP NFOs. That would be nonsense.

If Congress were to try to micromanage that way, then I would drop the bonus and go to what the Air Force is doing—just paying increased flight pay.

I think the bonus is one of the most cost-effective savings to the taxpayer that I have seen since I have been in government. It would be very short-sighted indeed if Congress were not to renew the bonus or extend it. I will work very hard to see that the bonus is extended. It is the best possible expenditure of money that guarantees very tangible and substantial cost savings.

QUESTION. Adm. Thomas B. Hayward's term as Chief of Naval Operations is over soon. Do you have any comments on his tour as CNO and about Hayward's relief, Adm. James D. Watkins, whom you worked with when he was Vice Chief of Naval Operations?

LEHMAN. Of course, Jim Watkins was my choice as his relief. I think that Jim is a leader. I think that he is a superb leader and that he will use his real range of leadership qualities. One of the reasons I think so much of him is that he is an extremely strong, capable guy. He is not a passive, low-profile person.

The Navy needs a very strong CNO to follow a very strong CNO. Tom Hayward has been a strong CNO.

Tom bridged a very difficult period and the success that we have been having this year, the congressional support and the popular support and not having to make promises but actually seeing results, has been due in no small measure to the fact that Tom was able to preserve a very strong base against a very determined opposition within the Carter administration.

Tom was able to maintain a very strong base in that hostile environment without crossing the bounds of propriety and loyalty and so forth. I think that is a tremendous accomplishment.

QUESTION. You said the past administration was anti-Navy. Would you say that the current administration favors the Navy over the other services?

LEHMAN. No, only in relative terms because the Navy went through such a period of suppression under the last administration. The view of Harold Brown, the former Secretary of the Air Force (and former Secretary of Defense), was keep them out of harm's way and give them little ships to do convoying and the Air Force and Army will take care of the central front, the only place where the threat is.

This administration thinks that is a kind of sandbox, sophomoric view of the world, and the President and this administration is committed to restoring the Navy to the role it has traditionally played. It is in no way denigrating or reducing the commitment to modernize the other services, but the Navy is the only service that has actually been through a major force level reduction over the last 15 years. The Air Force has actually expanded, as has the Army, from 13 to 16 divisions. The Air Force has expanded to 26 divisions and is going, under the Reagan administration, to 44.

If you look at the share, the Navy is actually getting less real growth in outlays over the five-year plan than either of the other two services. This has been more a mistaken view in the press than a real budgetary reality.

QUESTION. Maybe that is because of the Navy's big ticket items being up front? (Two fully funded nuclear-powered aircraft carriers.)

LEHMAN. Yes, we have taken a marked departure from past policies where you had a lot of high-flown rhetoric and shoving it to the out years of the five-year plan and saying we are going to get well next year.

We have decided to face up to it and make Congress face up to it. If you want to expand the Navy to meet the commitments, here it is this year, not next year or the year after. This is the only real year. Out years of the POM (Program Objectives Memorandum), I have always believed, are just fantasies.

Putting the investment up front is the only real way you save money, the only way you make it affordable. We have negotiated a procurement policy with Newport News (Shipbuilding and Dry Dock Company) that will save at least $750 million for the taxpayer by fully funding the carriers. Now, GAO has submitted a report confirming our estimates and saying they are a little conservative.

QUESTION. The combination of the tough crackdown on drug use in the Navy and Project Upgrade have weeded a lot of people out of the service. Was the weeding process really necessary in your view? Did the programs have to cut so deeply into personnel numbers at a time when the Navy is growing?

LEHMAN. I think it is great, that it shows that the pride-and-professionalism really reflects what the fleet wants, that the petty officers, warrant officers, chiefs, division officers and commanding officers really wanted this. I have reviewed the people that have been bottom-blown and the Navy is well shunt of them.

I think it has been a very successful policy. I am just delighted that recruiting and retention is good enough to enable us to take such a step. I don't think it is too deep. Quality begets quality and the faster you can flush the no-loads from the system, the tauter, the more excellent a team you are going to have and the faster your retention of the right kinds of people is going to improve.

QUESTION. Rumor has it that you are considering stepping up to relieve Frank Carlucci as Deputy Secretary of Defense, allowing Carlucci to replace David Stockman as Director of the Office of Management and Budget. Is there any truth to this speculation?

LEHMAN. I have heard that rumor, but never from any authoritative place. Let me say that my firm intention is to stay right here in the Navy and Frank Carlucci's firm intention is to stay as Deputy Secretary of Defense.

I think he has been the best Deputy Secretary of Defense of many, many years, and I think it would be tragic for the department if he were to be moved anywhere else right now because his expertise is superb in management of what is a vast, interagency enterprise. He has proved that he knows what the main levers of force are in this building and has really brought them under control for the first time.

I believe my place is here in the Navy, at least for the next three years. I think it would be a disservice to the Navy to make moves at this point in time along the lines that have been speculated in the press.

It is a good rumor, but it has been around rather longer than rumors tend to last in this town, which says there is not much basis to it or it would have happened.

To prove all of the changes we have set in motion in the Navy will take me and my team and the new CNO at least two or three years to get them firmly in place. It would be a great disservice to the Navy to change anybody at this time.

Mr. HART. Mr. President, I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I start by asking my friend from Colorado a question.

Is it his intention just to strike one of the two big carriers?

Mr. HART. It is the intention of the amendment presently before the Senate to defer action on the second requested nuclear carriers without prejudice.

Mr. GOLDWATER. Mr. President, I rise in support of the amendment of my friend from Colorado, even though I recognize full well the arguments in favor of a large carrier. The other day I heard our good friend and colleague, Senator GLENN, who has flown from the carrriers, tell of the safety involved in the wide deck and the long deck and the larger the ship the less the roll, and I concur with all of that.

It is not a question of safety with me. It is a question of the vulnerability of all of our ships at sea today.

I do not cite what happened down off the Falkland Islands as the inspiration for this because I think I have been very consistent in this position through the years that as modern weaponry improves particularly in the missile field we are going to see more and more vulnerability amongst the navies of the whole world.

This missile that was used the other day off the Falkland Islands would not be called a highly sophisticated, modern missile in comparison with what we have in our inventory, and what certainly I would assume the Soviets have in their inventory.

It is a fact, Mr. President, that we build a giant ship that offers a giant target, and even though our naval aviators are flying, in my opinion, the best defense aircraft ever built to defend these carriers, the F-14 with the Phoenix missiles, the enemy or the potential enemy now has the Backfire bomber, and he has them in sufficient quantities to launch not just one but as many as he cares to.

No matter how expert our aviators are they would be very hard put to defend a ship of the size of the carrier we are talking about against an attack from a missile launched at almost any distance one wanted to launch it.

So even if we have a good defense, I think this is one case where the offense is a little bit ahead of the defense.

It is a strange thing in the history of warfare. We have always developed defenses and we have said that there is no offense that can win it, and we have developed offenses, and we have said that there is no defense that can counter it.

As we grow older and as history grows older, we see more and more sophisticated and accurate weapons developed, and it is mainly for that reason that I would like to see this year's budget restricted to the building of one supercarrier, and I think we should explore, with all the techniques we have, the possibilities involved in the smaller carrier, even though I recognize it is going to mean probably a change in the type of aircraft that we use—even though it might not be but I think it would.

So, Mr. President, I am happy to support my friend from Colorado in this, even though I hastily admit that if I were a Navy pilot flying off a carrier, I would like to probably have that great big deck to look at instead of a little one. But also as a Navy pilot I would know that somebody out there can just blow a big hole in that thing every time they want to.

Mr. HART. Mr. President, I thank the Senator from Arizona for his comments, which go right to the mark.

I want to supplement what he has said about the threat to carriers from the Backfire bomber. Let us just state to our colleagues the total Soviet threat to our carrers that is presently available to the Soviet Union. The source for these facts, for these data, is from the International Institute for Strategic Studies, "The Military Balance 1981-82."

First of all, the submarines, the Soviet submarine fleet, total of 290 entire shipping submarines armed with torpedoes or a combination of anti-ship cruise missiles and torpedoes. That 290 submarine fleet includes:

> Submarines: Total of about 290 (*Polmar source*) anti-shipping submarines armed with torpedoes or a combination of anti-ship cruise missiles and torpedoes.
>
> Includes: at least 69 submarines armed with anti-ship cruise missiles, 47 of which are nuclear powered. Includes one *Oscar* class, which can launch SS-N-19 anti-ship missiles while submerged (missiles have range of over 200 miles and warhead of over 1,000 pounds); 17 *Charlie* and *Papa* classes which can also launch anti-ship missiles while submerged (missiles have a range of about 30 miles); plus older classes which fire SN-3 or SSN-12 anti-ship missiles but must surface to do so. NB: these missiles have shaped-charge warheads of over 1,000 pounds. The shaped charge is specially designed to penetrate deep into U.S. carriers to hit magazines, fuel storage etc. before exploding. These submarines all also carry torpedoes.
>
> Over 200 torpedo-armed attack submarines, of which at least 52 are nuclear powered. These include submarines of the *Alpha* class, which are the fastest and deep-est diving subs in the world. The Soviet conventional subs are very quiet on battery, and our ASW forces have great difficulty finding them.
>
> 294 major surface ships, 30 ships of destroyer size or larger are armed with anti-ship missiles, many of which are the large, powerful SSN-3 or SSN-12.
>
> 834 minor surface combatants, including 149 armed with anti-ship missiles (including 21 of the *Nanuchka* class which are large enough for operations in the Mediterranean and are also armed with air-defense missiles), and 220 armed with torpedoes.
>
> Naval bombers: at least 300 armed with anti-ship missiles. The total includes at least 70 supersonic Backfire naval bombers. The bombers are supported by naval reconnaissance aircraft (100 aircraft, some fitted out with sophisticated electronics to jam our air defenses), and 190 fixed-wing ASW aircraft.

The **PRESIDING OFFICER** (Mr. ABDNOR). Who yields time?

Mr. TOWER. Mr. President, I yield 10 minutes to the Senator from Maine.

Mr. COHEN. I thank the chairman for yielding.

Mr. President, I rise in opposition to the amendment proposed by the Senator from Colorado. First, I point out that the purpose of the amendment is based, I assume, on trying to save some money in the defense budget. The second part of the argument used by the Senator from Colorado is one of vulnerability of carriers. We should not be mistaken here about what the Senator has in mind. He seeks to delete both of the large deck carriers the committee has approved, and to substitute two light carriers. This will follow in the next amendment.

But we should not soothe our sensibilities by telling ourselves we are only going to defer one of those aircraft carriers until the economy is in better shape. The objective is to delete both of them included in the bill.

It is interesting to listen to the latter part of the Senator's argument because he is talking about vulnerability, and I could not help but note a major magazine that came out this week that had on its cover a ship with a missile headed toward it, and it said, "are big ships doomed?"

I think the cover, frankly, was overdrawn. After the sinking of the H.M.S. Sheffield, the cover should have asked the question: "Are small ships doomed?" Because the Sheffield was, in fact, not a big ship, but a small ship; a little ship.

Now presumably the editors of this magazine were trying to make the point that if you can sink a small ship, you, of necessity, can sink a big ship. Again I would submit to my colleagues that the deductive process is wrong. It is wrong because it is in reverse. If you can sink a large ship, you, of necessity, can sink a smaller one, because a smaller ship, while still capable of being painted on a radar, is still big enough to be picked up by radar. And it has less speed, less armor, less active and passive defense systems and, therefore, is less survivable.

So the lesson of that particular incident in the Falkland Islands is that all ships are vulnerable. It is a question of the degree of vulnerability, and to my colleague from Arizona, whom I admire a great deal, I point out that everything is vulnerable. Every system we have is vulnerable. The Minuteman missile system is vulnerable. We all know that.

We are trying to figure out a way to build an MX missile. We have spent 4 years now trying to figure out how to place an MX missile in a mobile basing system. We have gone through the entire array of alternatives from vertical-launched MX missiles to horizontal-launched, to a race track with a visor over the top, to President Carter's diffuse land-based missile system, to President Reagan's initial suggestion, and that of Caspar Weinberger, that we should have them in hardened silos. Then we find out we should not have them in hardened silos. Everything is vulnerable; the B-52's are vulnerable as well, because they cannot get off the ground in time.

If there is any lesson about the Falkland Islands, it is that airstrips can be targeted preemptively and taken out. That is what happened with the Argentinian Air Force. They are now rendered immobile on the Falkland Islands because their airfields were vulnerable, and they were destroyed by the British.

You talk about Trident submarines. They are perhaps less vulnerable and harder to detect, even if they are also hard to communicate with, but we are still worried about our opponents' ASW capability and their potential to detect them.

So it is a situation where even if we go into space, let us say to the Senator from Arizona, even if we go into space with our laser system, we are vulnerable. We have a Space Shuttle up there which may pick up a few of those laser systems, and we also know the Soviets have killer satellites to destroy our satellites. There is nothing we can build that is not vulnerable to being destroyed. It is only a question of the degree of vulnerability. In the end everything can be undone by a greater amount of bombing, by a bigger or smarter bomb, and that, it seems to me, should not obscure the real issue here, and that is that we are committed to the principle of projecting power.

If we are, in fact, committed to projecting power, the next question is how do you get there from here? Are you going to be able to fly all of our troops over from the United States to the Persian Gulf? That assumes, No. 1, you are going to have some bases to land on, and we are not too sure about that.

Are we going to strap them to a missile and launch them over there? Are we going to put them in a Trident submarine and convey them that way? The answer is, no. There is only one way to get them there under current circumstances, and that is by projecting power with a capable carrier battle group.

I just came back from the Middle East in February. The fact of the matter is we have determined that the Persian Gulf is one of our vital national interests that we have chosen to defend. But, those people in the Persian Gulf do not want to have the land-based presence of troops on behalf of the United States. If we had our choice we would put our troops over there to guard those oilfields, if we deemed it necessary. But we cannot do that for two reasons: First, I am not sure that our own people would accept it; and, second, the Arab nations do not want us there.

They want to have our presence nearby. They want to feel us, but they do not want to see us. And you can do that only with a sea presence; an over-the-horizon presence.

So if you talk about our power protection capabilities, the question has to be asked: Are ships doomed, all ships doomed? Are carriers obsolete in the age of the missile?

It seems to me that if the answer is yes, this debate is over. Because if that is the answer, you should cancel the carriers in the budget, cancel the Aegis cruisers, the destroyers, the frigates, the SL-7's. Cancel them all. Because if we determine they are all vulnerable and they will be destroyed, do not build them.

But if you come to the conclusion, as I do, that the proper answer is that the carriers remain an important instrument of diplomacy and of our protection, the question becomes: Which of the carriers is least vulnerable, which is least costly, and what combination of vulnerability and cost produces the best purchase of security for the American people?

And that is what this debate should really be focused upon. I think Senator HART has done a service in raising the issue, because it is a legitimate one that ought to be debated without preconceived bias or by trying to paint it black or white. It is not black or white.

Let me refer quickly to the real cost of these platforms. I think there are some valuable lessons to be derived from what is taking place down in the Falkland Islands. We recently turned to our British allies, and we passed a resounding resolution in this body to support them. In the recent past they were faced with similar problems to the ones we face today; perhaps even of greater magnitude—runaway domestic problems at a time when they had to modernize their military. What they chose to do was to retrench and cut back on all their forces, but especially they cut back on their navy. They made the specific decision to go with smaller carriers primarily equipped for antisubmarine warfare, and they are now paying the price. They have had to mobilize a major portion of their naval assets, as well as a large number of merchant vessels, just to get a sufficient force 8,000 miles away to dislodge 7,000 troops on an island inhabited by 1,800 people and 6,000 sheep.

Now, I admire what they are trying to accomplish with what they have. But I will tell you, if we offered them a Nimitz class aircraft carrier today, they would take it today, and quickly. In fact, I agree with a recent editorial in the Wall Street Journal that indicated that when the British had adequate forces back as recently as 1977, the Argentines were forced to back down.

Ironically, it also appears that if the Argentines had waited one more year, the problems of the British would have been even greater, because they were about to retire the HMS *Hermes*, one of the two light carriers they have left, and the other, HMS *Invincible*, had been sold to Australia. And they would not have had any long-range bombing assets, for example, because they were going to retire all the Vulcan bombers next year. So, if the Argentines had waited 1 more year the British would not be in the position they are today, which, while it is not a good one, is better than it could have been.

Can we afford to place ourselves in a similar position? I submit to you we were the umbrella under which England restructured her forces to aid us against the Soviets. And I admire them for what they have done. They are one of our most loyal allies. But where is the umbrella under which we can restructure our forces toward smaller, less capable platforms.

The Senator from Colorado has just cited some impressive statistics about the threat from the Soviet Union. They are outbuilding us 2 to 1 in major surface ships, 5 to 1 in submarines, and 29 to 1 in other naval construction. The question then is, Can we really afford not to go forward with these two aircraft carriers?

Let me also make it clear that what the Soviets are producing are not cheap, and they are not simple, and they are not ineffective.

What the Department of Defense and the Secretary of the Navy have requested is authorization to build two aircraft carriers, not simultaneously, but in series, and to purchase some material more efficiently to produce real savings. And even the Comptroller General, who has been cited here today, has said that we can save $754 million, or 10 percent of the total cost, and that the savings projected by the Navy were reasonable. They did not disagree with that.

Indeed, they briefed our subcommittee on this particular matter, and they agreed with the claim that the shipbuilders could, in fact, save that 10 percent, and that it still might be conservative.

Second, the Comptroller pointed out that if the Navy and the contractors were permitted to meet their planning schedule, they could deliver each carrier 22 months earlier than the original traditional plan.

In fact, if we get early delivery of the *Teddy Roosevelt*, as we expect, the Navy and the Nation will have 58 months, or almost 5 years, earlier use from these ships.

Mr. President, this equates to readiness and improved capability, and a decreased strain on our enlisted personnel because of better peacetime rotation patterns. And these savings can be achieved through reduced escalation, through economic order quantities, through the reduction in nonrecurring costs, and of improved productivity.

I think we have also all seen in the past that it takes a long time to build ships. Now we have an opportunity to get two major ships a total of 44 months earlier than you ordinarily would receive them at a savings of some $754 million. In view of the nature of the threats that we face in various parts of the globe, in view of our responsibilities to defend those areas of interest, then I submit to you we cannot afford to defer—which is a nice way of saying "kill"—an aircraft carrier under the amendment of the Senator from Colorado.

Mr. GLENN. Will the Senator yield?

Mr. TOWER. Mr. President, I promised the Senator from Virginia time, and then I will yield next to the Senator from Ohio. I yield 10 minutes to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, the amendment offered by the distinguished Senator from Colorado has some appeal. I oppose it, however, for several basic reasons.

I think that each of us must judge for ourselves whether our Navy does or does not need two additional nuclear-powered aircraft carriers. In my judgment, we do need two additional nuclear-powered aircraft carriers. The Navy believes that it does, the top military people in our Government believe that it does, and the President of the United States favors the two additional nuclear aircraft carriers.

If we do need those, then the best and the most economical way to get those two carriers is to authorize both of them in this 1983 defense authorization bill. The cost in obtaining the two carriers will be less by authorizing both at this point. And also the delivery date will be earlier.

Now these carriers must, if we are going to have a 15-carrier battle group, there must be new carriers to replace the old carriers which must be taken out of service during the 1980's.

The distinguished Senator from Colorado mentioned a letter from the Comptroller General dealing with costs. Now what he did not read and what I would like to read from that letter is this statement:

> We believe that the Navy's estimate of the cost avoidance of $754 million, or 10 percent of the estimate cost, is reasonable based on our analysis of their cost-estimating assumptions and techniques.

So I would observe that the report, on the whole, supports the conclusions of the Department of the Navy with respect to the funding of the two nuclear carriers.

Now, I want to address the part mentioned by the distinguished Senator from Colorado, and I will quote that part of the Comptroller General's report:

> When the interest cost associated with the funding differences are considered and these differences are expressed in terms of their present value, the claimed cost avoidance is reduced or even negated.

Now how did they reach that conclusion?

They reached that conclusion by this assumption:

> The equation assumes that the cost of the carriers will be financed entirely out of the deficits, when, in fact, to be accurate each Government program should be charged its proportion, in this case about 13 percent instead of the 100 percent assigned on the assumptions.

I think that reasoning certainly does not stand up, and, as a matter of fact, the entire letter, if one reads the entire letter—and I have this letter which I will ask later to be made a part of the RECORD, the letter from the Comptroller General, addressed to the chairman of the Committee on Armed Services and the chairman of the Subcommittee on Defense Appropriations in the House of Representatives—the entire letter taken in its totality sustains the Navy's position, the Government's position, that by authorizing both of these carriers this year the cost avoidance or cost saving will be $754 million.

I say again, Mr. President, that the basic point, as I see it, in this debate on the Hart amendment, and the subsequent one to come, is that we believe we need two additional nuclear aircraft carriers. If we believe we do not need them, then obviously the Hart amendment would have appeal. But if one believes, as does the Senator from Virginia, as does the overwhelming majority of the Senate Armed Services Committee, as does the U.S. Navy, as does our President, that we do need two additional nuclear aircraft carriers, then I say the logical thing to do is to authorize both of those carriers in this bill. As a result of that, the Government will find it the most economical way to obtain the two additional carriers and at the same time will get speeded up delivery on those two carriers.

Mr. President, I may ask for additional time later on, but at this point I ask unanimous consent that the letter from the Comptroller General going into the whole question of cost avoidance be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington D.C., March 26, 1982.

Subject: Request to fully fund two nuclear aircraft carriers in fiscal year 1983 (MASAD-82-27).

Hon. JOHN G. TOWER,
Chairman, Committee on Armed Services, U.S. Senate.

Hon. JOSEPH P. ADDABBO,
Chairman, Subcommittee on Defense, Committee on Appropriations, House of Representatives.

Your letters of February 5, and February 9, 1982, requested that we review the Navy's proposal for fully funding two nuclear aircraft carriers in fiscal year 1983 to determine if their projected improved delivery schedule and cost avoidance estimate are achievable. We found the improved delivery of 22 months is reasonable under the assumption made by the Navy and can be achieved if certain events happen as planned. The Navy's estimate of the cost avoidance of $754 million, or 10 percent of the estimated cost, is reasonable based on our analysis of their cost estimating assumptions and techniques. However, when the interest costs associated with the funding differences are considered and these differences are expressed in terms of their present value, the claimed cost avoidance is reduced or even negated. This consideration does not account, in dollar terms, for the value of the early delivery made possible by the multiship approach.

In conducting this review, we obtained and analyzed data related to the delivery and cost estimates and interviewed personnel in the Office of the Secretary of Defense; the Navy; Office of Management and Budget; Congressional Budget Office; and the contractor, Newport News Shipbuilding Company. We also used some economic analysis techniques to attempt to determine the economic effects of the funding alternatives. We analyzed this information to determine if the Navy's schedule and cost avoidance projections are achievable. Because of the time constraints, we were not able to verify the accuracy of the improved schedule and cost avoidance in detail; however, we did review the reasonableness of the underlying assumptions on which these projections are based.

We did not examine the military need for the two carriers nor did we address such issues as the proper force level structure, small versus large carriers, procuring adequate carrier aircraft, and other battle group ships to meet the improved carrier delivery schedule nor did we look at the availability of necessary trained personnel.

BACKGROUND

The Navy is seeking $6.8 billion in its fiscal year 1983 budget proposal to fully fund two nuclear aircraft carriers, the CVN-72 and CVN-73. According to the Navy, the carriers are required to replace two of the older carriers—the Coral Sea and the Midway—which are scheduled to be decommissioned after nearly 45 years of service. Thus the two proposed carriers, along with the CVN-71, which was funded in fiscal year 1980 and is currently under construction, will maintain the number of carriers at 15.

According to the Navy, full funding both carriers in fiscal year 1983 will result in a delivery date for each which will be about 2 years earlier than would be possible if they used the single ship annual approach. Also, the Navy believes it can achieve cost avoidance of $754 million, about a 10-percent savings. Navy officials said that the improved delivery schedule is the critical factor. The savings in both time and money are based on comparing the full funding of two carriers in fiscal year 1983 versus full funding one in fiscal year 1984 and one in fiscal year 1986.

IMPROVED DELIVERY SCHEDULE

The Navy is projecting that by fully funding the two carriers in fiscal year 1983, rather than funding the two as single ship annual procurements, each carrier delivery can be improved approximately 22 months. The 22 months improved delivery is due to a saving of:

About 10 months due to the earlier start of work afforded by full funding in fiscal year 1983 instead of a year later.

About 12 months actual construction time compression due to the economies accruing from series construction. These series construction economies result from such things as a stable workforce which can move from carrier to carrier without the gaps that normally occur and the production efficiencies regarding material and work flow that could be accomplished with multiship construction of carriers. Also, phasing the two new carriers in with the CVN-71 to achieve optimum labor and work flow could have an additional shortening affect beyond the projected 22 months.

The Navy believes that the contractor is in a position to build carriers faster than it has in the past. In the 1970s, the contractor added modern, potentially more productive facilities to its yard. These facilities were to be used to produce large, commercial ships. However, the commercial shipbuilding market is currently depressed, thus freeing these facilities for use in constructing carriers. The CVN-71, which is about 10- to 15-percent complete, is the first carrier being constructed using these facilities. The Navy and the contractor believe these modern facilities will permit productivity gains enabling an early delivery of the CVN-71. The Navy has not considered these improvements, however, in the delivery of the CVN-72 and CVN-73 because (1) the results have not been proven to date and (2) other variables, such as how the contractor will phase its work between the new and old facilities, would affect how the expected productivity gains will accrue to the series ships.

In December 1981, the Navy executed a modification to the CVN-71 contract that offers an incentive to the contractor to deliver the carrier approximately 14 months earlier than the current contract delivery date of February 1988. The projected delivery dates of the CVN-72 and CVN-73 are predicated on the CVN-71 delivering earlier than February 1988 The projected CVN-72 and CVN-73 improved delivery is also based on the following events

Providing sufficient fiscal year 1982 Research, Development, Test and Evaluation funds to the contractor during the spring of 1982 for planning purposes;

Awarding a long-lead contract in October 1982; and

Having fiscal year 1983 funds appropriated in time to award the basic ship construction contract by January 1983.

If these dates are not met, the delivery dates of the CVN-72 and CVN-73 could slip, but we were unable to find out the extent of the possible slippage. Neither the Navy nor the contractor could provide us with data linking these milestones with possible resulting slippages.

According to the Navy, the CVN-72 and CVN-73 are the same configuration as the CVN-71—the design is stabilized.

Looking at the three ships together as a series construction, the multiship procurement of the CVN-72 and CVN-73 will facilitate the earlier delivery of the CVN-71. If the contractor does not get the CVN-72 and CVN-73, some of the motivation to deliver the CVN-71 early could be lost. If delivery schedules are to be improved, we believe that the contractor must quickly begin and effectively implement the planning necessary to phase in the CVN-72 and CVN-73 with the CVN-71. This would also enhance the potential achievement of optimum labor, material and work flow, and optimum facilities use.

COST AVOIDANCE

The Navy's multiship cost estimate is based on the projected improved delivery and economies to be gained from series construction of the CVN-72 and CVN-73. The Navy projects that $754 million can be avoided by fully funding the two carriers in fiscal year 1983. The projected cost avoidance is attributable to reduced escalation, economic order quantities of ship sets, reductions in nonrecurring costs, and improved productivity and labor use.

Table 1 shows the funding profiles for the multiship proposal and the single ship annual approach. The cost avoidance projection of $754 million is obtained by comparing these two approaches.

TABLE 1.—CVN-72 AND CVN-73 ALTERNATIVE FUNDING PROFILES

[In millions of dollars]

	Fiscal year					
	1982	1983	1984	1985	1986	Total
Single ship annual approach	475	583	3,056	945	2,965	8,024
Multiship proposal	475	6,795				7,270
Cost avoidance		6,212	3,056	945	2,965	754

Assuming the single ship annual approach, the two carriers would be funded as follows:

Fiscal year 1982—First increment of nuclear long lead for CVN-72.

Fiscal year 1983—Second, increment of nuclear long lead for CVN-72. Nonnuclear long lead for CVN-72.

Fiscal year 1984—Remainder of funding for CVN-72. First increment of nuclear long lead for CVN-73.

Fiscal year 1985—Second increment of nuclear long lead for CVN-73. Nonnuclear long lead for CVN-73.

Fiscal year 1986—Remainder of funding for CVN-73.

The multiship proposal contains partial long-lead funding for nuclear components for the CVN-72 in fiscal year 1982 and full funding in fiscal year 1983 for the CVN-72 and CVN-73.

The Navy's projected $754 million cost avoidance results from:

Reduced escalation resulting from early procurement and improved delivery. The escalation portion of both estimates is based on the January 1982 Office of the Secretary of Defense's inflation indexes and escalation clauses in the shipbuilding contracts. The Navy estimates that of the $754 million projected savings, approximately $304 million, or 41 percent, is due to the reduced escalation costs resulting from improved delivery.

Economic order quantities of ship sets. Approximately $250 million, or 33 percent, of the $754 million cost avoidance results from savings due to economic order quantities of ship sets buys of both the Government and the contractor furnished equipment. This represents about a 10-percent reduction in the cost of the Government and the contractor furnished equipment over the single ship annual approach. According to the Navy, there is some risk that there may be difficulties in obtaining some of their Government furnished equipment to meet the projected construction schedule. However, both the Navy and the contractor believe this will not cause disruptions to the improved carrier delivery schedule. They feel subcontractors involved will make an extra effort to meet delivery schedules if more than one ship set is ordered.

Reductions in nonrecurring costs. Approximately $100 million, or 13 percent, of the cost avoidance is the result of savings in nonrecurring and startup costs. This is from being able to plan for, procure, and make multiple use of jigs and molds, and so forth, for two ships instead of one. According to the contractor, the reduction in paperwork alone in the procurement of equipment and material will result in a significant cost avoidance.

Improved productivity and labor use. Approximately another $100 million, or 13 percent, of the avoidance results from the improved productivity and labor use resulting from the series construction. Ship construction is a highly labor intensive industry and thus, labor hour savings can have a significant affect on cost. The Navy's estimate for labor hours was based on those contracted for on the CVN-71. An adjustment was made for series production using the labor-hour reduction experienced on the CVN-68 and CVN-69. This resulted in approximately a 3-percent labor production improvement which was used in projecting the CVN-72 and CVN-73 labor hours.

The contractor observed that the Navy's potential cost avoidance of $754 million is low. According to contractor personnel, the cost avoidance could be 30 to 40 percent low. We did not examine the support for their estimate.

ANALYSIS OF COST AVOIDANCE

The Navy is projecting a cost avoidance of $754 million, or 10 percent, if funds for the multiship approach are authorized and appropriated rather than the single ship annual approach. The funds authorized and appropriated for the two approaches would, however, be spent over a different number of years and the amount spent in each fiscal year would be different. The enclosure shows the Navy's projections of the outlay streams for the two funding approaches.

Because the outlay streams differ both in terms of annual outlays and in terms of duration, we considered the interest costs associated with the funding (which in turn would influence the deficit) and expressed the outlay streams in terms of their discounted present value. Taking these factors into consideration, the results depend on many variables, including the interest rate(s) assumed and the outlays per year projected for each alternative. Varying any of these factors can change the results.

The present value of the two funding approaches using a discount rate of 10 percent as prescribed by the Department of Defense (DOD) shows that the multiship alternative is about 2 percent less costly. Using a 13.97-percent discount rate based on the 12-year Treasury bond yield, the approximate period of outlays, our analysis shows that the single ship annual approach is less than 1 percent less costly.

Results affecting the budget deficit are obtained by including the compounded interest effect on the two projected outlays streams. The Office of Management and Budget used variable interest rates obtained from the 90-day Treasury rates presented in the budget projected to 1994 when compounding the outlays. These calculations showed that the multiship approach has a slightly less negative effect on future years' budget deficit. Our calculations using 13.97 percent reversed the result and the single ship annual approach had the lesser effect on the deficit.

Although we have demonstrated here that the cost difference of 10 percent in the two funding approaches can be reduced or negated, such comparisons involve only the estimated cost of the alternatives. The Navy puts much more emphasis on the improved delivery schedule offered by the multiship approach. The need for the carriers within the schedule offered by this approach is the driving factor rather than the potential savings. The Navy also believes that the multiship approach will strengthen the shipbuilding industrial base. We believe there are potential savings which will accrue to the CVN-71 if the commitment is made to fully fund the CVN-72 and CVN-73 in fiscal year 1983. The extent of these savings depends on how far along in construction the CVN-71 is when the CVN-72 and CVN-73 are phased in. Additional savings may accrue to the three ships because of productivity improvements which may be achieved if the commitment is made now for the two carriers.

FUNDING ALTERNATIVES TO FULLY FUNDING CVN-72 AND CVN-73 IN FISCAL YEAR 1983

Alternatives to fully funding the two carriers in fiscal year 1983 do exist. The single ship annual approach and incrementally funding the carriers are two. If the single ship annual approach is used, which the Navy used as a basis of comparison to the multiship proposal, the projected improved delivery and cost avoidance is lost.

Early in its preparation of the fiscal year 1983 budget, the Navy proposed a plan to incrementally fund the two carriers. Table 2 shows the funding profile for this proposal. Though not a legal requirement, there has been, since the early 1950s, an agreement between DOD and the Congress, implemented through DOD directives, that Navy ships would be fully funded in a single year. Using their proposed incremental approach, the Navy projected essentially the same improved delivery and cost avoidance and outlays as if fully funded. However, a problem with incremental funding is that funds planned to be budgeted in future years may not be. This may cause disruptions in a program and such instability may cause schedule delays and cost overruns. The Office of the Secretary of Defense and the Office of the Management and Budget told the Navy that the full-funding concept should be used to request funding for the CVN-72 and CVN-73.

TABLE 2.—INCREMENTAL FUNDING PROFILE FOR CVN-72 AND CVN-73

	Profile	Amount
Fiscal year:		
1982	Some nuclear and nonnuclear long lead for CVN-72, some nonnuclear long lead for the CVN-73, and some prefabrication for both the CVN-72 and CVN-73 [1]	$658
1983	Some nuclear and nonnuclear long lead and prefabrication for both the CVN-72 and CVN-73	1,304
1984	Remainder required to fund the CVN-72. Some nuclear and nonnuclear long lead and some prefabrication for the CVN-73	1,790
1985		
1986	Remainder required to fund the CVN-73	3,037
Total		6,789

[1] The Congress disallowed $181 million for some nonnuclear longlead components in its fiscal year 1982 budget.

CONCLUSION

The Navy is projecting that by fully funding the CVN-72 and CVN-73 in fiscal year 1983—

Each carrier can be delivered 22 months early and

A cost avoidance of $754 million (about 10 percent) can be achieved.

We found improved delivery of 22 months is reasonable under the assumptions used by the Navy and can be achieved if the certain events happen as planned. These events are:

The Navy must award—

Sufficient research and development funds to the contractor in spring 1982 for planning purposes,

A long-lead contract in October 1982, and

The basic construction contract by January 1983.

The contractor must—

Deliver the CVN-71 earlier than the February 1988 contract delivery date, and

Quickly begin and then effectively implement the planning necessary to phase in the CVN-72 and CVN-73 with the CVN-71 to achieve optimum labor, material and work flow, and optimize facilities use.

If one or more of these events do not occur, the projected delivery dates of the CVN-72 and CVN-73 could slip.

According to the Navy, it can achieve a 10 percent, or $754 million, cost avoidance using the multiship approach instead of the single ship annual approach. We believe that the Navy's estimate of the cost avoidance of $754 million, or 10 percent of the estimate cost, is reasonable based on our analysis of their cost estimating assumptions and techniques. However, when the interest costs associated with the funding differences are considered and these differences are expressed in terms of their present value, the claimed cost avoidance is reduced or even negated. This consideration does not account, in dollar terms, for the value of the early delivery made possible by the multiship approach.

As discussed with your offices, due to time constraints, we did not obtain official DOD comments on this report.

As arranged with your offices, unless the contents are publicly announced earlier, we plan no further distribution of this report until 30 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

MILTON J. SOCOLAR,
for Comptroller General
of the United States.

Enclosure.

CVN-72 AND CVN-73—ESTIMATE OF OUTLAYS

(In millions of dollars)

Fiscal year	A. Single ship annual approach	B. Multiship approach	Delta (B to A)
1982	77	77	
1983	210	235	25
1984	422	482	60
1985	574	780	206
1986	774	929	155
1987	[illegible]	1,174	[illegible]
1988	1,246	1,423	177
1989	[illegible]	1,092	154
1990	1,115	655	460
1991	785	175	610
1992	353	53	300
1993	112		112
1994	82		82
Total	8,074	7,320	754

Mr. TOWER. Mr. President, I yield 10 minutes to the Senator from Ohio.

Mr. GLENN. I thank the distinguished floor manager of the bill.

I would say to the distinguished Senator from Colorado I believe it is good that he is bringing this up so we can have a discussion on it. I think it particularly appropriate to have his figures of a few moments ago of the number of ships the Soviets have which, it seems to me, in this case, makes the best case I can think of on why we need the two carriers now. When the distinguished Senator says they have 1,000 subs with certain weaponry, the figures are very valid. I agree—it shows the enormity of the threat and the problem we are up against in trying to keep a naval presence all over the world to do exactly what we have to do to fulfill our commitments. It seems to me that the distinguished Senator from Colorado has made an excellent case for why we need those two carriers and why we need them now.

As the Senator from Maine said a few moments ago, we get those ships sooner this way.

The second point I would like to address very briefly is one of cost. I believe the distinguished Senator from Colorado also said that he had no objection to having the two carriers sometime, but that in this year's budget it was not the time to put the two carriers in but we should hold one back.

Mr. President, I would say that would be a mistake and for a very good reason. It is more costly to do it that way.

The Navy figures that because of reduced escalation costs, we would save, by building the two carriers at the same time, CVN-72 and CVN-73, $304 million. The economic advantage of quantity savings from multiple ship set buys adds another $250 million, if you buy two ships together. The reduced startup, setup, and other nonrecurring costs adds another $100 million. Improved manpower productivity adds another $100 million by their estimates.

Those figures total up to some $754 million of estimated savings if we go ahead and do the two ships at one time.

Obviously, those are estimates and might be challenged in some respect. But if we have the threat that we face at sea, and if we face the number of Soviet ships and the building Soviet Navy, which the distinguished Senator from Colorado carefully enumerated to us a little while ago, that makes the case in spades for going ahead with the two carriers now instead of waiting.

A BARGAIN FOR NATIONAL SECURITY

Skyrocketing budget deficits have generated mounting pressure to trim defense expenditures. Although certain cuts may be wise, the suggestion that we reduce or eliminate our purchases of new aircraft carriers surely is not. The aircraft carrier continues to be a first-line bulwark in our efforts to keep the peace, and the nuclear-powered *Nimitz*-class carriers provide the most economical means of defending our interests around the world.

Years of neglect have reduced the U.S. Navy's effectiveness as an instrument of diplomacy, dangerously weakened a key element in our conventional military capability, and limited our foreign policy options. While American interests—and those of our allies—have become ever more dependent on the foreign supply of raw materials and the outcome of events in distant lands, our shipbuilding programs have not kept pace either with our commitments or with our changing vulnerabilities. If we now fail to upgrade our fleet via-a-vis that of the Soviet Union, we will further erode our diplomatic flexibility and make our national security perilously dependent on nuclear weapons.

The diplomatic advantage of the aircraft carrier lies in its ability to establish a quick and credible military presence without the potential political problems that often occur with land bases. Nowhere is this capability more valuable than in the Persian Gulf-Indian Ocean region. There the Soviets and their surrogates threaten not only our friends in the Middle East, but the energy jugular of the entire industrialized free world as well. Despite efforts to diversify our sources of supply, the United States, Western Europe, and Japan continue to derive 20, 53, and 64 percent of their oil imports, respectively, from the Persian Gulf.

Despite their own vulnerability, Middle Eastern nations are reluctant to have U.S. ground forces stationed on their territory. This, coupled with Soviet aggression in Afghanistan and Iranian hostility in the region, gave birth to the much publicized rapid deployment force. The problem is that the bulk of the RDF's combat power is located within the United States and may not be able to respond in those crucial first hours of a crisis. Only American aircraft carriers can provide the over-the-horizon military presence in that and other areas that can reassure our friends and give pause to our adversaries. The question, therefore, becomes what kind of carrier is most economical and best suited to the task.

Opponents of the 90,000-ton *Nimitz*-class aircraft carrier claim that its size and cost make it both vulnerable and prohibitively expensive. Far better, these critics argue, to build greater numbers of conventionally-powered carriers that are about half the displacement tonnage of the nuclear carriers. This would reduce the ability of Soviet reconnaissance to target our naval air arm because aircraft would be dispersed among more and smaller carriers over a larger area. These smaller ships are also said to be more economical, since two or three of them could be bought for the price of one *Nimitz*-class carrier.

In trying to get the greatest on-target capability per dollar spent, however, the facts are otherwise. Indeed, whether in terms of survivability, capability, or cost, the larger carrier is superior to its smaller counterpart. With respect to survivability, the wartime life expectancy of any aircraft carrier largely depends on its ability to avoid detection or to protect itself in combat.

The small carrier is no less detectable than the *Nimitz*-class carrier because each is equally targetable. The flight deck of the small aircraft carrier would be roughly 800 feet long, only 200 feet shy of the monster nuclear vesssel. To today's sensors that can pinpoint objects the size of baseballs from hundreds of miles away, the relative seeability of any aircraft carrier is a distinction without a difference. In fact, the smaller carrier, because of its limited cruising range and greater replenishment requirements, could be more easily tracked by enemy intelligence.

An aircraft carrier's combat capabilities hinge on a combination of active and passive factors, including the assistance it can lend its escorting vessels and the reciprocal aid the escorts can provide in turn. The large-decked *Nimitz*-class carrier can carry an airwing of 98 airplanes—including defensive interceptors—as well as a sizeable contingent of attack and antisubmarine aircraft.

By contrast, Mr. President, smaller carriers, able to accommodate less than 40 airplanes, could well force the Navy back toward the days when limited hangar space and fuel capacities dictated single-purpose attack or antisubmarine carriers. It is likely that a small carrier, with its reduced airwing and thus reduced defensive capability, could require an even larger number of escort ships to provide the same degree of protection that is provided by the larger carrier's more numerous aircraft. Moreover, returning to the smaller carrier would require the close grouping of several single mission carriers to achieve the broad-gaged combat power that one *Nimitz*-class carrier can project by itself.

With respect to durability under hostile fire, Mr. President, the *Nimitz* carriers can stand up to far more punishment than can smaller ships. For one thing, the size of the *Nimitz* carrier and the extra power provided by its nuclear plant have enabled designers to better protect the sensitive heart of any warship—the ammunition magazines and flammable fuel storage cells. The large carriers are also equipped with massive armor plating, extensive firefighting facilities, and more than 2,000 watertight compartments, making them far less vulnerable to conventional torpedo or missile attacks. The smaller 40,000-ton carrier's weight and power limitations make it impossible for it to carry as much protection.

Basic, grocery-store arithmetic shows that the taxpayer gets far more combat capability per dollar from the larger carrier. The small carrier would need at least the same number and kind of escort ships to accompany it as the large carrier. But, as I have pointed out, the small carrier has only 38 airplanes compared to 98 airplanes on the large carrier. If we divide the costs of these aircraft carriers and their escort ships by the planes each type carrier can launch, then we find that it costs $245 million to base each plane on the small carrier as opposed to $121 million per plane on the large carrier.

Over its long service life, the larger carrier also will be less expensive to maintain and operate. It makes more efficient use of the large investment that goes into logistics and maintenance of naval aviation. The *Nimitz* class carrier also makes better use of highly skilled technicians, and its nuclear reactor provides more power at lower costs over the service life of the ship than would conventionally fueled powerplants. If we compare the life-cycle costs of two light carriers and aircraft against a nuclear carrier with its aircraft, the two light carriers will cost $3 billion more than the larger vessel, even though the *Nimitz* class ship has about 20 percent more aircraft than both small carriers combined. But that is not all: The larger carrier's economy of scale also results in lower overhead costs per aircraft launched. And the efficient launching of aircraft is, after all, the true bottom line when comparing aircraft carriers.

If the aircraft carrier is relevant to our national security needs and the larger *Nimitz* class nuclear carrier is better suited to the demands of deterrence and consequences of combat than smaller carriers, how should we go about getting the ships we need at the best possible price?

Quite simply, Mr. President, this year's defense legislation should provide for the building of two *Nimitz* class ships. The near-parallel construction of two carriers will permit a more efficient use of our shipyards and of the highly skilled—and, unfortunately, diminishing—pool of specialized labor. The savings resulting from this construction plan—as opposed to the traditional one-at-a-time approach—could be as much as $750 million. And we would be adding two carriers to our fleet nearly 2 years earlier in the bargain.

The debate now raging over defense spending can be healthy and productive—but only if it leads to greater public understanding of the wide range of complex problems that confront us. But the debate could be disastrous if budgetary myopia causes us to focus exclusively on the size of the deficit—and to ignore even greater threats to our national security.

The **PRESIDING OFFICER**. Who yields time?

The Senator from Colorado.

Mr. **HART**. Mr. President, let me respond briefly to some of the arguments made by the other side and then I shall yield to my colleague from Arkansas.

First, Mr. President, the comments of the Senator from Ohio are interesting but irrelevant to the matter before the Senate. The point of the amendment before us is whether to purchase two *Nimitz* class carriers. It has nothing whatever to do with the relative merits of big and small carriers.

I do point out, however, to the Senator from Ohio this fact: We are not talking about one-for-one tradeoffs. The Senator from Colorado has spent a great deal of time arguing the merits of both aircraft carriers. He has never argued that the small aircraft carrier is the equivalent of a larger aircraft carrier. That would be nonsense. So one-to-one comparisons about why the *Nimitz* carrier is better than a smaller carrier are irrelevant to any debate on this amendment.

We have, aside from the argument of the Senator from Ohio here, what I consider to be the fairly phony savings estimates by the Navy—self-serving if not phony—in the range of three-quarters of a billion dollars for building two carriers at once. It reminds me of the joke about the man who comes home at night and finds two fur coats in his closet and asks his wife about it; she says, "I bought two because they were on sale." That would, I suppose, make some sense if you did, in fact, save three-quarters of a billion dollars. But the General Accounting Office disagrees.

Mr. President, it is interesting to this Senator and, I hope, others, that in a body that debates the health and well-being and future of our economy almost constantly, and certainly every time some kind of domestic spending question arises, that mysteriously and magically flows out of these doors in all directions when we come to the 25 or 30 percent of the budget represented by defense spending. I hear from colleagues on both sides of the aisle constantly in committees, on the floor, in speeches, in newspapers, about the deficit, the deficit, we have to get down the deficit.

Some of us have just come from a couple of weeks in the Budget Committee, very unhappy weeks in the Budget Committee, worrying about how to reduce the deficit in 1983, 1984, 1985. No one said anything this afternoon about the deficit. Why is that? Because defense has nothing to do with the deficit? I do not think so. If Senators on this floor, including many who have spoken on this issue generally, are concerned about the $500 and $600 billion in deficits over the next 3 years, this amendment offers them the chance to do something about that.

Mr. President, does anyone seriously argue that we are going to solve the deficit problem without making cuts in defense, or that the cuts in the defense budget made this week are going to satisfy the requirements of seriously reducing the deficit in fiscal 1983? I think not.

I ask my colleagues who are opposed to this deferral where they intend to make further cost savings or deficit reductions in the military budget. It would be interesting to know what their options and alternatives are.

The Senator from Maine argued so eloquently about the weakened state of the British Navy. Let us ask ourselves why. It is because of the weakened state of the British economy. If we continue to debate defense issues as if they were totally unrelated to the health of this country's economy, we will, in fact, end up like the British in both regards. So if we want a strong Navy, let us get a strong economy or we shall end up with two or three 20,000-ton carriers and that will be it. We are not going to get a strong economy unless we attack the 25 or 30 percent of this Federal budget that the defense budget represents.

Mr. President, we cannot afford two *Nimitz* class carriers this year. It is that simple. I do not care how much capability they have. It is not some abstract argument about what wonderful ships these are. We just cannot afford it.

Mr. President, I do not know what possesses my colleagues, as I have indicated, when it comes to the issue of defense, that somehow, the economic impact of defense spending suddenly has nothing to do with anything.

I only respond very briefly, finally, to my colleague from Maine, who talks about the vulnerability issue. You do not have to sink an aircraft carrier to defeat it. All you have to do is disable it. Mr. President, I do not know how many tons of bombs it can absorb or how many torpedoes it can take or how many cruise missile hits it can take before it sinks. That is not the issue. What does it take to disable it? What does it take to put it out of commission?

What disabled the *Sheffield* was not sinking. It was fire. A nuclear aircraft carrier, or any aircraft carrier for that matter, is a floating gasoline station. You do not have to sink it. All you have to do is start a fire on board and that carrier is out of commission. That is what one missile or one torpedo will do.

When I talked about the size of the Soviet threat, this was not an argument in favor of building aircraft carriers. That threat is not just a gross number of ships. Those are ships specifically designed—submarines, surface ships, and naval bombers—to disable aircraft carriers. Those are not abstract numbers. That is a carefully designed Soviet Navy that is nowhere near the Imperial Japanese Navy. It is an anticarrier navy. And building two more decks at sea is not going to cause the Soviet Union any greater trouble. I have quoted the statistics, and those statistics will take care of two more carriers as well as they would take care of probably three or four more. It is an anticarrier Soviet Navy. We are playing right into their hands.

I think we better get this economy healthy, and then we can talk about how to build the kind of Navy that we need for the future.

The Senator from Ohio talked about the U.S. shipbuilding program not keeping pace. The reason it has not kept pace is not because we are not spending money. It is because we are spending money on fewer and fewer ships. We cannot afford as many ships as the Soviet Union because each one of them costs too much, whether they are surface ships or subsurface ships.

The number of ships we are building is directly related to protecting that carrier. We talk about 94 aircraft on the deck of that carrier, and we talk about Aegis cruisers and more destroyers and more frigates, and all of them are designed to protect that deck.

Now, if that is called power projection, I will eat your hat. More and more of the assets of the carrier task group are not designed to take that carrier into a high-threat environment. They are designed to stand off and protect the carrier from being sunk or disabled. That is not what I call power projection.

The Chief of Naval Operations is on record, testifying before the Senate Armed Services Committee, that the last thing you want to do with that *Nimitz* aircraft carrier is go in search of that anticarrier navy because you will get it sunk.

So more and more the power projection ship which is the hallmark and the centerpiece of the U.S. Navy has to stand back and protect itself.

I yield to the Senator from Arkansas.

Mr. BUMPERS. Mr. President, I cannot add much to what the Senator from Colorado has just finished saying in response to the arguments of the Senators from Maine and Ohio.

I preface my remarks by saying it occurs to me that we ought to do something different around here just out of pure boredom.

We have had a world war mentality in defense, certainly, ever since I have been in the Senate, and based on what I can learn about our defense posture, the weapons we have, the ships we have, and so on, we have been suffering from that same mentality since the end of World War II. It reminds me of the automobile business. In my young adult years Detroit assumed that the world economic growth was going to be limitless, and that we had a resource base that would last forever. People demanded bigger cars, with more gadgets and more chrome, and Detroit was more than happy to provide it. All of a sudden, about 4 years ago, Detroit began to realize that the whole ball game had changed and everybody in the world knew it except us.

Now, here we are about to authorize two more ships that will each cost a minumum of $3.5 billion in current year dollars, with another billion to a billion and a half to put 90 planes on board. My guess is—and I am trying to keep this within reasonable limits without engaging in a lot of hyperbole—that by the time these two aircraft carriers are completed, you will have between $5 billion and $7 billion invested in each of them.

That is a lot of change, $7 billion, even by the defense-spending standards we are adopting these days. If this were a perfect world I would be happy to vote against the Senator's amendment. If we had an unlimited amount of money and we did not have a budget problem, if we had unlimited manpower and no problems with recruitment, and we had an unlimited resource base, that would be a perfect world and I would vote against the amendment. Unhappily, this is not a perfect world. We do not have an unlimited amount of money. On the contrary, we have what the Senator has just described—an economy that 2 years ago was a mess and is now a shambles. Instead of telling the American people that suddenly we have broken out in a spate of sensibility, commonsense, and rational thinking, we come here and tell the American people that we are increasing the 1983 budget by only $33 billion.

The 1983 budget the President submitted us was only $33 billion more than this year's budget. But what nobody has bothered to say, from the President on down, is that 102 percent of that increase is for defense—a $34 billion increase in defense.

So not only is the entire increase in the budget allocated to defense, but defense is to receive $1 billion more than the total increase in the Federal budget.

I cannot say it any better than Senator HART has already said it. If this economy collapses, it will not make any difference how many aircraft carriers you have.

Mr. President, the real world dictates that we need to project power. Nobody denies that. Hot spots develop all over the world. We never know when we are going to be asked to project power in two or three places at one time. Certainly, from that standpoint, it is good to have aircraft carriers—the more the better.

But it does not make any sense to me to put this much manpower and this much money into one ship. Nobody denies that these big *Nimitz*-class carriers serve a very useful purpose. However, I will say this: The second year I came to the Senate I bet I heard 10 Senators stand up and say, "Just one more, that is all we want, just one more of those big *Nimitz*-class carriers." And it was approved over my objection. So, the carriers in this budget will not be the first or, I expect, the last that will ever pass over my objection.

How many times do you hear about how many ships the Soviet Union has compared to how many we have? Why, you cannot pick up U.S. News & World Report that you do not see it. But how many times do you ever find, even in small print, on page 87 that the U.S. Navy has twice the tonnage that the Soviet Union has. You cannot have it both ways. You cannot squawk about them having a numerical supriority in ships and continue to do exactly what we have been doing since World War II, and that is building more of these big behemoths, and then try to match the Soviets in numercial superiority. You cannot do it. As great as this Nation is, we cannot do it.

There has been a lot said about the vulnerability of the carrier. I had a long conference with Harold Brown in my office last week, along with four or five Senators who just wanted to talk about a whole lot of things—battleships, B-1, MX, C-5's, all of those things. I am an admitted fan of Harold Brown. With absolute due respect to the present Secretary of Defense, I personally think Harold Brown is the best Defense Secretary we ever had; a very bright, sensible man. And he just made the obvious observation—all surface ships are vulnerable and becoming more vulnerable all the time.

Tanks are also becoming more vulnerable all the time. Nobody suggests that we try to match the Soviet Union with 40,000 to 50,000 tanks. It would be insane. But it is not insane to have three tow-missiles and their follow-on systems for each tank the Soviet Union has. As a matter of fact, I think that is what I would rather have.

When Israel got in trouble—and I am digressing—in the 1973 war, and the Syrians were on one side and the Egyptians were on the other and they were about to overwhelm the Israelis, we sent some tanks, but that is not the main thing we sent them. We sent them tow, wire-guided missiles, and that is what turned the tide of battle in that war.

You can say that these aircraft carriers, these gigantic battle task force brutes, are equipped to deal with any contingency, and in a sense, theoretically, they are.

A British admiral said that if the crew of the *Sheffield*, a destroyer, had been on the ball, the ship might have survived. They had antimissile missiles on board, and the successful attack did not have to happen. What that admiral was saying is that this is not a perfect world. If the crews at their battle stations had seen the Argentine missile coming and fired an antimissile missile, they might have hit it. But it is not a perfect world.

One other thing: Harold Brown said the other morning that it does not take very much to put an aircraft carrier out of commission. You do not have to sink it. A lot of people do not know that a lot of our antimissile missiles are not made to penetrate thick armor or hit the gas tanks referred to earlier. All you have to do is lay a 10-pound bomb on the catapult. You put the catapults on the *Nimitz* out of commission—you can do it with a hand grenade—and you put the carrier out of commission. You drop 10-pound bombs on the catapults of an aircraft carrier in which we have $7 billion invested, and you might as well just turn around and bring it back to Newport News, because that is what you will have to do with it. The same thing can happen to the smaller carrier we are talking about.

Incidentally, I am just saying this for debate. Actually, this amendment simply defers one aircraft carrier. You can make the judgment later on as to whether you want one *Nimitz*-class carrier or two or three smaller ones. I for one, believe we should disperse our naval and air power.

The other day, the Secretary of the Navy was pretty cute. He called those British carriers in the Falklands "Hart-sized carriers." The Secretary of the Navy should not be talking like that. He should not be trying to denigrate a Senator who has spent all his Senate life on the Armed Services Committee and has very thoughtfully tried to come up with some rational changes that make good economic and military sense.

In the first place, the Secretary of the Navy was wrong. The carriers that Senator HART has always said we should go for will carry twice as many planes as both the British carriers down there—two little carriers, about 20,000 to 25,000 tons each, protecting 40 ships. Two little British carriers with 18 Harriers and a few helicopters protecting a 40-ship fleet. They cannot even launch a high-performance airplane. Nobody would suggest that a Harrier is any match for an F-14. Of course they are not. We are talking about carriers that would carry 40 to 45 planes, twice as many as both those carriers down there carry, which are guarding 40 ships.

Mr. TOWER. Does the Senator mean it is as many as both or each?

Mr. BUMPERS. Each of the carriers advocated by Senator HART will carry twice as many planes as both British carriers.

Mr. TOWER. As many as both put together?

Mr. BUMPERS. That is right. There are 18 Harriers on those 2 carriers.

Mr. TOWER. They have helicopters.

Mr. BUMPERS. They have helicopters.

Mr. **TOWER**. But some of Senator HART's aircraft would be helicopters, because they are ordinarily part of the total mix of aircraft on a larger carrier.

Mr. **BUMPERS**. The point I am leading up to is very simple. If the British lose one of those aircraft carriers down there—which they very well could in the next few days—they will still have another one. If you send anyone of our *Nimitz* class carriers down there and it is knocked out, you are out of business and your fleet is out of business, and you are not going to invade anything, because you cannot give your fleet air cover. It would then be absolute insanity to think about invading the Falklands. It would even be folly to talk about invading Cape Hatteras without air cover, and you would not have it.

Every ship is vulnerable. All I am saying is that it is better to have two ships that are vulnerable than one.

Mr. President, it seems to me that since this is not the best of all worlds and since the kind of economy the United States has is imperfect, we should think about it. When are we going to start thinking about it?

The American people, in every poll I have seen, say the economy is our No. 1 problem. There is not a soul in this body who would not stand up tonight or at any other time and say that the basic problem with our economy is the $182 billion deficit we are facing next year. There is not another soul in the Senate, from the most liberal to the most conservative, who would say that he is not for a strong defense. But everybody is for a cost-effective defense. We just happen to see the cost-effectiveness of various items through different eyes.

Last year, when we debated this defense authorization bill on the floor of the Senate, Senators will recall that 10 consecutive readiness item amendments were submitted and defeated. What we wound up with was a defense authorization bill that protected the B-1 bomber. In order to protect the B-1 bomber, we denied ourselves not only those readiness items, but we also, actually cut the authorizations for tactical aircraft by 18 percent and shipbuilding by 20 percent. I do not know what we are sacrificing this year in order to build two carriers.

Mr. President, we cannot survive as a nation economically if we do not deal with the budget. Our defense is strong. Nikita Khrushchev once said, "We will bury you," and every newspaper in the United States went bonkers. So did a lot of politicians. Old Khrushchev kept saying, "We didn't mean militarily; we simply meant economically."

I cannot help believe that if he were around today, he would have a little grin on his face.

Mr. President, I hope that the Senate will heed the warning of the Senator from Colorado and say No. 1, that we will be sensible about balancing the budget and trying to get our budget deficit down. One aircraft carrier deferred will save us a lot of money.

No. 2, if we go the route he is talking about, we will be changing a mind-set concerning military procurement that should be changed around here.

That is about it for me, Mr. President. I see that my time is up, and I yield the floor.

The **PRESIDING OFFICER**. Who yields time?

Mr. **TOWER**. Mr. President, I yield 10 minutes to the distinguished Senator from Alabama.

Mr. **DENTON**. I thank the chairman.

Mr. President, I have total faith in the good will and sincerity of the Senator from Colorado and the Senator from Arkansas, both of whom I consider friends. I have respect for the opinions they have offered on this debate. It is a difficult debate.

I will make simple points because I believe that it is impossible to go through the entire litany of arguments about capability, vulnerability, and cost, considering the time constraint.

The first point I will make is that I think we can afford to trust the U.S. Navy in their judgment on this issue. They, too, have devoted years of their lives to this country, and it is their collective opinion that we maintain a certain mix of battleships, aircraft carriers, submarines, destroyers, and so on.

I happen to share the general judgment that they have presented on this.

I believe we will make an error if we continue to talk in presumptuous phrases beginning "we cannot afford to do this or that." It is irrevocably justifiable economics to authorize this multiship procurement. They are going to have side-by-side shipyard utilization, and dockside equipment commonality, and intertransfer of manpower utilization, commonality of transportation for the work force—all of those things that the Navy and the shipyards involved realize are going to save us money. I assure the Senate they will.

All I am asking is that the Senate take the Navy's word for the Navy's business. They have shown us that they have come out of the old divisions among themselves, battleship versus carrier. Why? Because desperation is upon them. They have a 1½-ocean Navy for a 4-ocean commitment.

If necessity is the mother of invention, then desperation is the mother of unity and objectivity.

I believe that my former colleagues in the Navy are extremely objective about this proposal. I think they are absolutely right about what they are proposing. I believe we in this body should, as Senators, respect that.

I think that we should recognize that in Vietnam we permitted a superior military force to lose an issue, which, had we left it to the military, would have been won. I think Congress may have intervened in a political way that interfered with success.

I believe we would not have lost the issue over there, we would not have lost the people, the minerals, the oil off Vietnam. We would not now be losing access to the minerals in Africa, the opportunities in Latin America, were we politically perceiving our military as accurately as our military perceives its own problems.

Respectfully, I would rather trust the services themselves to come up with the force structure that they think is best. I ask the Senate to consider that point as we debate this issue today.

I ask the Senate to consider that the aircraft carrier, the nuclear carrier, is the queen of the chessboard in the war at sea. Yes, we could exchange that queen for pawns. But what intelligent chessplayer would? On that larger carrier we have the superior capacity for all-weather operation. We are going to have the dispersion, the movement of many small defense units because we will have a lot of ships in the air, aircraft that can truly bring over-the-horizon force to bear against enemy elements deployed against them at sea.

It makes no sense, I say to the Senator from Colorado, to talk about a 200-mile missile launched from a submarine against a carrier, because the submarine and the missile have no way of seeking out that carrier that easily.

That is why usually we talk about a 14-mile missile, with which one can see what he is aiming at and can fire at it and zap it.

There are some exotic ways one can arrange to get that done, but it is impractical, truly overexpensive.

The *Queen* is what the Navy wants to use. It sweeps the board, it clears the seas, it controls the seas, and there has not been, as Admiral Hayward has said, a battle at sea won since World War I by the side that did not control the air. We are talking about World War II. We are talking about Korea. We are talking about Vietnam. We are talking about today in the Falklands. There has not been a victory at sea without control of the air since World War I.

The way to get that is with the means of controlling the air, and that is the CVN.

I invite the attention of my colleagues to the fact that spending to regain our military strength is not to be seen simply as an attack on our economic self-interest.

In the past 15 years we have suffered tremendously in our domestic economy from the weakening in our military strength and from the perceived weakening of our understanding of how to use that military strength.

I ask the Senate to understand that we have lost a lot of economic advantage. Who in this body would now maintain that OPEC would have tripled the price of oil in one day had we not demonstrated a lack of commonsense in our international orientation and a lack of intelligence about what we can do with our military forces and how to do it?

I say they would not have. It was not even in their best interest to do so.

What are the economic repercussions of that, of the nonavailability of minerals in Africa, of the strategic minerals to which we had access and no longer do? What are the repercussions for our economy? If businessmen understood this, we would not be arguing this budget authorization for the armed services, for equipment, the way we are arguing it. We are arguing it as if it is simply this or that.

To be strong is economically beneficial. To be weak, and we have permitted ourselves to become so, is economically disastrous, and that is what is happening to us. It is happening to us in Latin America, in Africa, in the Mideast, and in the Far East. I ask that that simple point be considered. I trust the good will of those here debating this.

I will stop at this point and simply ask the Senate to remember that the Navy knows its business best. Let us respect that. I think that the facts that the Navy brought out about the economics of the "two for one" are valid. I believe the carrier, the large carrier, is misperceived by some, and not seen as being the queen that it is—capable of doing the best, the most, to control the sea of any unit out there.

What other airfield is less vulnerable? Yes; there is some vulnerability to the queen on the chessboard just as there is to a pawn. But the big carrier is less vulnerable than the smaller carrier. If has the armor and protection, more planes, more sophisticated electronics and, yes, it takes electronics to win the modern war, to fight the modern battle.

If Senators look at the article that was brought up by Senator COHEN, the esteemed chairman of the subcommittee, in this debate, they will find that it talks about Mr. McNamara having doubted carriers. But it notes that, 2 years later, McNamara changed his mind and approved the construction of three nuclear age supercarriers, and that the deciding factor was the Vietnam experience. While many aircraft were damaged, and many were destroyed, on land bases by Communist guerillas, the carrier steamed in the Gulf of Tonkin and the South China Sea with complete impunity.

As to the argument that it cannot survive, no unit will survive in a nuclear war with the Soviet Union.

What we are trying to do is preclude that war from happening. Getting these aircraft carriers out there, yes, will cause the Soviets to build more and more anticarrier units. They are doing it because they know that the carrier is the queen of the sea. They know it is the key to control of the air and thus control of the sea.

I will stop at this point, Mr. President.

The **PRESIDING OFFICER**. Who yields time?

Mr. **HART**. Mr. President, how much time is remaining on the part of the proponents of the amendment?

The **PRESIDING OFFICER** (Mr. BOSCHWITZ). Twenty minutes and 15 seconds.

Mr. **HART**. Mr. President, I yield 2 minutes to the Senator from Michigan.

Mr. **LEVIN**. I thank my friend from Colorado.

Mr. President, I support Senator HART's amendment to defer authorization of one of the two aircraft carriers proposed for fiscal year 1983.

Senator HART and Senator BUMPERS have set forth the military limitations of these carriers as well as the economic challenges we face here at home. Those challenges are truly frightening. We have deficit projections which stagger the imagination, and we have millions of unemployed people who stagger from job interview to job interview without ever finding work, and we know that if we do not get these deficits down, we are not going to get these people back to work.

That was what I thought motivated us to set aside this bill last week and to consider it after the Armed Services Committee had an opportunity to propose $5 billion in savings which would make this authorization consistent with the Senate Budget Committee recommendation.

Mr. President, that result or the result that we received from the Armed Services Committee fell short of meeting the Budget Committee recommendation. According to the budget summary released by Senator DOMENICI on May 11 this bill is $1 billion over the Budget Committee mark, using their baseline assumptions, and that is if you accept the premise of the Armed Services Committee relative to revenue generated by stockpile sales and retired pay legislation. It is $1.5 billion over the Budget Committee mark if you share the skepticism of the Budget Committee about those premises.

One way or another we are $1 billion to $1.5 billion short of the outlay savings required to meet the minimal requirements and recommendations of the Budget Committee.

It is true we could still edge toward that recommendation if we found that money in the other authorization bills which count toward the national defense function, military construction, and DOE nuclear weapons, but those bills combined total about $10 billion, and their spend-out obligational rate is relatively low. So we are not likely to get $1 billion to $1.5 billion in those two bills. That would represent a 10-percent cut in those bills, when all we can manage in this bill was $3.5 billion out of a total of $224 billion or about 1.5 percent in cuts.

Mr. President, the difficulty is greater than that. The savings we have made in this bill do not help us nearly enough to meet the target established by the Budget Committee for fiscal year 1984 and fiscal year 1985.

I have been trying to get official estimates of the out-year implications of the changes we made in the Armed Services Committee, and I do not have them yet. I believe, however, that the savings resulting directly from the changes in this bill are $4.5 billion in fiscal year 1984 and $4.7 billion in fiscal year 1985.

But the Budget Committee recommended that we save $7 billion in fiscal year 1984 and $10 billion in fiscal year 1985. By my mathematics that leaves us $2.5 billion short of the savings the Budget Committee recommended for 1984 and $5.3 billion short of the 1985 recommendation, and we are not at all likely to get that kind of money then unless we start to make plans for it now.

If those figures are inaccurate, I certainly would appreciate the chairman of the Armed Services Committee correcting them because they are critical figures. They are shortfall figures which are going to create a dreadful trap for us in 1984 and in 1985.

We are going to have to cut the O. & M. account, which most everybody has said has already been the most shortchanged, or we are simply not going to meet the goals set by the economic realities that we face in this country.

If we start then to cut procurement, given the rate of outlays in the procurement accounts, we are not going to get the savings we need. Only if we start to cut procurement now, procurement such as this aircraft carrier, can we get the savings we need.

I would not argue, Mr. President, that we cut procurement for militarily essential programs. But the carriers simply are not our top priority for the reasons Senator HART and Senator BUMPERS have well set forth.

Hyman Rickover told us that these carriers would last about 2 days, in his words, in the face of a concentrated Soviet submarine attack. Dr. Richard DeLauer called the 600-ship Navy, built around such carrier, a "target-rich environment."

Given the budget restraint we face, we cannot afford to spend $7 billion to build carriers that require billions more to defend in both aircraft and in other ships required to form defensive task forces, and we cannot afford to build ships and to use ships which we cannot afford to lose. It gets to be a vicious circle, and it ends up in a circular argument that concludes at the poorhouse.

There is, Mr. President, an inadequate military justification then for these carriers. There is a massive economic justification for deferring and delaying their construction, the construction of the one carrier which this amendment would defer.

To those who say it is cheaper to build two carriers than one I ask if it is cheaper to build two than one, why not build three or four or five, and really get a significant economic advantage from buying in quantity? The answer is because we can go broke saving money like that.

Mr. TOWER. Mr. President, if the Senator will submit such an amendment, I would be glad to vote for that.

Mr. LEVIN. It will not get many votes and, by the way, the chairman knows that I have so many amendments——

Mr. TOWER. That is right.

Mr. LEVIN. The answer to the question of why not buy two or three or four or five and really get the advantage from buying in quantity is because we can go broke saving money like that, and we can go broke without adequately increasing the military strength of the United States.

Mr. President, I have indicated the economic shortfalls in this bill, and again if my figures are incorrect, if it is incorrect that we are $1 billion short of the Budget Committee mark for 1983, and if it is incorrect that we are short by $2.5 billion in 1984 and $5.3 billion in 1985, I would hope the corrected figures could be forthcoming from the chairman. We have tried to get those figures from the Budget Committee. So far we have not received them in a form we can use. But we are continuing to try.

In times of economic constraint, such as these, with the shortfalls we have in this bill in terms of not meeting the Budget Committee recommendation either this year, next year, or the year after, this carrier should be deferred, and I urge my colleagues to support the Hart amendment.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I yield 6 minutes to the distinguished Senator from Mississippi.

Mr. STENNIS. Mr. President, I certainly thank the distinguished Senator from Texas.

We have to learn from our experience the best we can.

The first time I came on this committee they gave me a triple dose of antiaircraft warnings and talks, and it disturbed me greatly. But let me say parenthetically here that I have no word of criticism at all with those who are saying: "Be careful and consider the small carrier, too."

But I found out, as one year followed another, that the carrier came nearer to being the stabilizer, the front-runner, the one that we depended on and had in reserve to go anywhere anytime with unlimited power, than anything else. Nothing has ever been put together in the recorded history of mankind that is stronger than the power that this colony of people has, with these antisubmarine planes, fighter planes, defensive planes, everything.

But, they have to be replaced at some point, and that is why we have to keep bringing along some new ones. They do not last forever, although they have a good lifetime. I remember casting the deciding vote as to whether the *Kennedy* carrier would be a nuclear- or conventional-powered carrier. I make a mistake in voting for conventional power. Well, that is just part of it as it came along.

As an example, about 2 years ago, South Yemen and North Yemen were on the verge of war, right there in the oil supply sealanes, and we get half of our oil from abroad. The President ordered a carrier, as a show of force, and it made a dashing run from somewhere in the South Pacific, straight through, full speed. And when it got there it was ready to go into action had that been necessary.

Things quieted down over there. The fighting gradually stopped. Everyone could see this carrier, see its supporting ships and planes, and the oil supply lanes stayed open, not only for us but our allies, nations all over the world allied with us.

It went on that way for I do not know how long, but things quieted down.

Thus, it was a great stabilizer with all the group built around it. They had the planes when they got there, as I say offensive planes, defensive planes, antisubmarine planes, everything.

I found out gradually over the years that here is, after all, the best, most effective, quick defense, offense, if necessary—which, God forbid that we would have to use—that we could have.

They are versatile, they adjust to any circumstance almost, and they go here and there, encircling the world. So I wish we did not have to spend this money. I looked at those figures a long time, and they looked mighty high, but they stand up and they make a pretty good case for this saving money, too. They claim they are going to save $750 million by getting two at once. I was suspicious of that at first, but the case holds up pretty well.

I do not buy the idea that we are second rate or anything like that, but to keep from being second rate we have got to be doubly sure we are first rate and stay ahead.

I believe in the long run we may have to go to smaller carriers in order to put them in more places. Anyway, let me put in this claim, that one of these carriers is just to replace one that went in on the Stennis amendment in 1978 and was vetoed. It was approved here on the floor and in the House and went to the President, and I think we already had the money in the appropriation bill when he vetoed it.

The House then failed to override the veto. So I say this one is the delayed delivery for the one for 1978. I think the next year we put in another carrier, and that one stuck. So this is one for the one that was vetoed and then one new one.

So, Mr. President, I think this goes as part of the package. This is one case where we are not overdoing things. The carriers are not plagued by trouble keeping them out of order half the time or any part of the time.

This is a necessary replacement, keeping us ahead. That is the big difference—they will keep us ahead in these uncertain years.

I thank the Senator for the time. I yield back my time.

Mr. TOWER. Mr. President, I yield 3 minutes to the Senator from Virginia.

Mr. WARNER. Mr. President, I was particularly impressed with the remarks just made by the distinguished ranking minority member of the Armed Services Committee. I think the arguments on behalf of the proponents have been succinctly stated with the opening remarks of the distinguished Senator from Maine, and I shall, therefore, be very brief.

I have been through many carrier battles in the last dozen or so years, both in the Pentagon and here in the Congress. It seems to me that the most fundamental argument on behalf of the carriers is to go back over the history of our military participation worldwide and see what has happened to the airfields that were, in large part, paid for and developed by the United States of America at a cost to the American taxpayers.

I mention airfields because, as the distinguished Senator from Maine so eloquently put it, this Nation's defense is predicated on the forward deployment of its troops—troops which must have air cover.

Therefore, I put the following facts in the record for the benefit of my colleagues:

Airfields now being used by the Soviets and built by Americans: in Vietnam and in Cuba. Airfields controlled by the Soviets or their clients today: Cuba, Ethiopia, South Yemen, and Libya. Airfields politically inaccessible today: Morocco, Algeria, and France. Airfields heavily restricted to U.S. forces by host nations: Greece, Turkey and, to some extent, Saudi Arabia.

If we are to have the forward deployment of our troops, then it is absolutely essential to protect them with air cover.

It is for that reason that I rise in opposition to the distinguished Senator from Colorado.

I might say now that I would like to be among those that apologizes for the reference to the carriers now in the Falklands in connection with the Senator's name. That is a clear misstatement of fact. But I would say to the distinguished Senator from Colorado, if a *Nimitz* carrier were in the British fleet today in my judgment there would have been no loss of life by either side. The air cover that would have ben provided by that carrier would have been sufficient to protect the tragedies to the *Sheffield* and, in all probability, the Argentine fleet would have never ventured out with the presence of a nuclear attack carrier in that area.

There are, of course, several justifications for a nuclear aircraft carrier. Some of these are:

POWER PROJECTION

With its typical complement of approximately 24 fighter, 36 bomber, 16 antisubmarines, 3 photo-reconnaissance, 4 electronic jamming, and other miscellaneous aircraft—total of 95—the CVN is able to project enormous firepower ashore and at sea at great distances from the carrier itself.

EASILY ADAPTABLE TO VARIETY OF THREATS

The CVN can easily alter the number and type of onboard aircraft to fit a variety of situations, as well as submarine threat, aircraft or cruise missile threat, air support for amphibious landings, power projection ashore, and so on.

VULNERABILITY AND AVAILABILITY

Unfortunately, in today's environment all weapons systems will be vulnerable during periods of hostilities. The key question is "compared to what" is the CVN vulnerable? Unlike a land base—the CVN's only known alternative—

The CVN is not easily pretargeted because of its 30-plus knot speed and its excellent maneuverability. Even if the CVN is targeted by strategic weapons, it can move 12 miles or more during time of flight of ICBM's;

The CVN can be positioned in the proximate area of hostilities; and

The CVN does not require the prior consent of a host nation on a situation-by-situation basis to conduct operations, because it can conduct operations from international waters.

SYMBOL OF U.S. INTERESTS

In addition to its wartime capability, the carrier is truly an instrument of peacetime diplomacy. In 106 situations between 1946 and 1975, the aircraft carrier responded quickly to troubled areas of the world to indicate U.S. interests and to provide a stabilizing influence on the crisis of the moment, that is, Anglo-French invasion of Suez, United States landing in Lebanon, Formosa Straits crisis, Vietnam, Arab-Israeli, India-Pakistan, Jordanian conflicts, Cuban missile crisis, and so forth.

With an aircraft carrier, the United States can influence local events without violating a country's territorial sovereignty. An Army division or an Air Force wing does not have the luxury of being able to operate in the same unconstrained fashion.

The British certainly wish that they had not deactivated their larger carrier given the Falkland Island dispute.

Regarding the two CVN's in fiscal year 1983 budget, the 15 carrier battle groups are required to provide a "reasonable" degree of comfort in safeguarding our vital strategic interests; we now have only 13 carrier battle groups.

By fully funding two CVN's in fiscal year 1983, we can save approximately $754 million and receive each CVN 22 months earlier than if one is authorized now and one later.

With a light carrier, you get the following:

GREATER COST FOR LESS CAPABILITY

At best, the Navy could procure two light carriers for one CVN. This does not, however, account for the greater number of ships required to escort these more numerous and more vulnerable light carriers, or the cost overruns which inevitably plague the first ships of any new class. It also does not account for the approximately $850 million worth of oil required to operate two light carriers for 15 years compared with $0 required to operate one CVN because of the 15-year life of the CVN's nuclear propulsion plant.

The endurance of oil-burning light carriers, at 20 knots, is approximately 8,000 miles—a matter of days before a vulnerable and logistically cumbersome at sea replenishment must be conducted. Compare this with the 1.5 million miles (about 15 years) that the CVN can travel without replenishing its nuclear fuel.

INCREASED VULNERABILITY

It is not possible—because of its relatively small size—to equip a light carrier with the survivability features that it must have, given the present and future Soviet submarine and cruise missile threat. It is because of its larger size that the CVN can be equipped with these essential survivability features. We cannot have it both ways.

With only 38 vice 95 aircraft, the light carrier will have to use many of these aircraft just to protect itself, leaving relatively few aircraft to project the offensive power which justifies the carrier's existence.

With only two vice four catapults, the light carrier would be easier to put out of commission.

The light carrier is significantly more susceptible to pitch and roll and in high sea states would be unable to launch even a "protective" screen of aircraft; between 1965 and 1974, the accident rate for all types of aircraft on *Essex*-class carriers (44,700 tons) was twice that of large *Forrestal/Kitty Hawk* ships (80,000 tons).

The light carrier would be capable of sustaining speeds of only 25 knots vice the 30-plus knots of the CVN.

REDUCED FLEXIBILITY

With the U.S. Navy having far fewer ships than the Soviet Navy, our aircraft carriers must be that much more mission flexible—able to confront the enemy in high- and low-threat areas and able to adapt to the type of threat that presents itself; that is: submarine, aircraft, cruise missile, or a combination thereof. Because of its limited size, the light carrier would not be able to accommodate the number or variety of aircraft needed to adapt quickly and effectively to what we must assume will be a multi-faceted attack.

The following estimate of outlays for the CVN-72 and CVN-73 illustrates how $754 million is saved from 1982-94 when compared with the single-ship procurement approach:

	(A) Single ship annual approach [1]	(B) Multiship approach [2]	Outlay difference (B - A)
Fiscal year			
1982	$72	$72	$0
1983	210	235	25
1984	422	482	60
1985	524	780	256
1986	774	929	155
1987	1,102	1,374	272
1988	1,246	1,423	177
1989	1,246	1,092	-154
1990	1,115	655	-460
1991	787	175	-612
1992	354	53	-301
1993	112		-112
1994	62		-62
Total	8,024	7,270	-754

[1] Fiscal years 1984-86.

[2] Two in fiscal year 1983.

Mr. President, I ask unanimous consent to have printed in the RECORD two messages received from operational fleet commanders who endorse the large carriers.

There being no objection, the messages were ordered to be printed in the RECORD, as follows:

MAY 5, 1982.

Commander-in-Chief of Pacific Fleet:
To CNO
ZEM
Uuclas
Personal for ADM Hayward from Watkins
Section one of two
Subj: Congressional issue—CYN

1. As an operational commander I am appalled by the current CYN procurement budget debate. I find it incredible that responsible legislators would consider using the opinions of a casual observer, no matter how well intentioned, as a substantive basis for taking issue with one of our most essential requirements for national security. Careful analysis over a number of years is being challenged by pundits who advocate larger numbers of smaller carriers instead of the more capable large deck carriers. I must honestly question whether we would ever see "large numbers" clearly indicate that survivability of small ships is measured in minutes, not hours or days. I am professionally distressed that we may now be denied the CYN capability proven necessary to prevail at sea by years or stringent analysis and operational experience—because of a shallow and emotional challenge based upon one view of exercise ocean venture 81—an exercise presumably designed to test tactical concepts, not force requirements.

2. In my view, maritime superiority is a national security imperative; we cannot prevail without it. The CVN is the cornerstone in rebuilding this Nation's maritime power. In my testimony before the Preparedness Subcommittee of the Senate Armed Services Committee on 5 March 1982, I described our net assessment process and results which clearly demonstrate that large-deck carriers are essential for success in any conflict with our most probable adversary. In that testimony I also stated that several more carrier battle groups are needed to assure victory and establish Pacific maritime superiority and strongly supported Navy's shipbuilding goal of achieving 15 deployable carrier battle groups in this decade. Our force level requirements are based on the best analytic techniques available and are well scrubbed. Time and time again we in the Navy have come to the conclusion that the *Nimitz* class nuclear carrier is the most cost effective alternative because of its greater efficiency, capability of carrying Tomcat/Phoenix combination, tactical flexibility, and structural strength.

3. The CVN is the most potent weapons system in our arsenal and gives us air superiority at sea—wherever and whenever we deem it vital to our interests. It provides a capability which allows us to support national interests in areas such as the northern Arabian Sea which far removed from accessible land bases when it was first necessary to bring U.S. influence to bear in that remote area. It is our large aircraft carriers that provide the primary difference between our offensive capability and that of the Soviet Union. I am convinced that large aircraft carriers will continue to be the dominant factor in naval warfare well into the future. It is evident that the Soviets also are convinced; witness their aircraft carrier shipbuilding program. The aircraft carrier provides the flexibility and endurance which are the heart of any warfare strategy at sea. Her speed, concentrated air power projection, maneuverability, and sustainability give her capability unmatched at sea by any alternative weapon system.

4. Air power which the large nuclear powered carrier provides is also a key element in defense and survivability of any naval force at sea.

A *Nimitz* class carrier is the least vulnerable of all sea-based platforms. Her aircraft combined with the missile defense provided by her escorts are the best combination possible to counter antiship missile threat. The Tomcat fighter with Phoenix missiles is the most combat effective system we have against Soviet air to surface threat. Because small carriers are constrained in the numbers and mix of aircraft they can carry, they simply cannot provide defense in depth that larger carriers can and still provide the offensive punch necessary to carry the war to a potential enemy. Modern, long-range missiles have forced us to adopt the defense in depth concept with its outer air battle component. Only large-deck carriers can provide sufficient and capable assets in the outer air battle realm, where enemy long-range bombers must be intercepted prior to launch of their supersonic antiship missiles. Small deck carrier defenses would be beaten back and defeated by sustained attack.

5. *Nimitz* class CVN was superbly designed with survivability in mind. Redundancy in systems and more than 2,000 watertight compartments were incorporated to permit these ships to go in harm's way, to accept battle damage, and to continue to fight. In 1969 the nuclear powered carrier *Enterprise* had nine 500 pound bombs explode on her flight deck—the equivalent of being hit by six Soviet guided missiles. Not only did *Enterprise* survive, but within several hours—not days or weeks—was judged capable of conducting flight operations. This survivability is critical to our naval strategy which combines initiative, mobility and offensive action in high-threat environments.

6. Cost is of course important, but must be kept in perspective with the necessity to sustain tactical air power at sea in the face of an increasing Soviet maritime threat. Every study of the large versus small deck carrier has shown that the most cost effective solution to our carrier requirements is the larger, more survivable, carrier. Small deck carriers are simply less efficient in mission capability and more vulnerable due to their design characteristics. They lack sufficient tactical air to provide for their own defense. Two light carriers at half the cost of the CVN would not provide the level of capability and survivability inherent in one CVN. Thus, the CVN is the Navy's choice because it provides greater efficiency, tactical flexibility, and survivability.

7. I know you are well aware of these facts but I am compelled to let you know how strongly I feel about this issue and solicit your strongest possible defense of these essential ships. Only budgeteers have defeated our carriers since the early days of World War II; since then they have never been defeated in combat.

8. Warm regards.

MAY 5, 1982.

Commander-in-Chief of the Atlantic Fleet:
To: CNO Washington, D.C.
BT
UNCLAS personal for Adm. Hayward from Train
Subj: Need for CVNS

1. As proposals surface in opposition to fiscal year 1983 procurement of two Navy CVNS, the following points bear reiteration from the Atlantic Fleet perspective:

A. The focal issue is how best to maintain tactical air superiority at sea. This superiority is our foremost tactical advantage over burgeoning Soviet open ocean offensive capability. The 90 aircraft of an embarked air wing of a CVN provides this advantage through flexible targeting, the capability to concentrate firepower anywhere in a vital ocean area, and the ability to attack land, air, surface, and subsurface threats concurrently.

B. The CVN, at the heart of the battle force, combines high speed, maneuverability, sustainability in ordnance, fuel and spares, as well as the ability to strike, hide in the open ocean, and strike again up to 700 NM away in a 24 hour period.

C. From the lessons learned in World War II continuing through recent studies of carrier mission effectiveness and survivability, results have consistently favored the large deck over the small. The *Nimitz* class CVN incorporates capabilities not achievable with smaller carriers and current technology. The defensive challenge is more effectively coordinated for a single integrated carrier task force than for two or more geographically dispersed groups of lesser capability. The *Nimitz*, because of redundancies, compartmentation, and other safety factors inherent in larger hulls, is less vulnerable even if it were struck. The large deck carrier can operate and support an air wing with a full spectrum of offensive/defensive capabilities to respond to the enemy selected threat or combination of threats.

D. Survivability of a carrier compared to that of a fixed land base is conclusive. The carrier is difficult to locate, target, and hit. A land base is none of these. Further, we have never lost an aircraft carrier in peacetime as we have some airfields due to a change in another Nation's policies.

E. To execute Atlantic fleet strategy in support of our political commitments, I need at least 11 large deck CV's if all tasks must be performed simultaneously: four in the north Atlantic to contain the Soviets north of the GIN gap, two to contend early on with a Cuban threat and then insure the resupply of Europe, more than two to support Cinceur in the Sixth Fleet, one in the Indian Ocean, one in SLEP, and one working up to prepare for SEA. Without this number, in a general war my responsibilities will have to be discharged sequentially, and with the sequence likely a Soviet, not a United States choice. Since having 11 large deck CV's in the Atlantic fleet is unlikey in the near term on the basis of economic, political, industrial base, and manning constraints, and since the present six large deck carriers dictate a high risk strategy, additional CV's need to be of the greatest capability. The addition of two CVN's will allow carrier battle groups to exercise tactics in concert as they would in combat, will allow the flexibility to respond without so frequently drawing down forces committed elsewhere, and will improve the readiness of existing forces by negating the requirement for sustained wartime tempo of operations. Most important, the level of risk to our Nation will be reduced as the level of deterrence increases.

2. If forced to choose, I would prefer one CVN to two CVL's. The one CVN concentrates both military striking and defensive power. One CVL has too scant military capability to operate alone in most combat situations. When two VCL's operate together, they approach the power of a CVN but have the added burden of trying to coordinate offensive and defensive operations in an environment where radio communications are likely to be unuseable and reveal the presence of the carriers to the enemy.

3. Not only is it militarily more efficient to operate one **CVN** vice two **CVL's**, it costs less to put each aircraft to sea. Doubling the volume of a ship approximately doubles its cost, but it increases the effective size of the flight deck by more than twice. Since about the same area must be reserved to launch and land aircraft irrespective of the size of the flight deck, increases in the fight deck lead to large increases in the areas available to store, service, and maintain aircraft. Studies show the cost per aircraft spot are from 10 to 30 percent lower for a **CVN** than for two **CVL's**.

4. Warm regards.

Mr. LEAHY. Mr. President, among the half dozen salient features of the U.S. defense strategy for the 1980's proposed by President Reagan and members of his administration, perhaps none has provided so clear and compelling a case for review and reconsideration as the planned construction of two *Nimitz* class carriers. The principle invoked by the administration—that American sea power commitments can best be satisfied by the construction of these enormous and costly ships—recalls an era when such ships enjoyed a measure of immunity against smaller surface vessels and, when properly supported, against submarines as well. In this frame of mind, such ships become island bases, transporting the nucleus of a potent military system to far corners of the world.

Mr. President, the value of a powerful Navy cannot be questioned. The nuclear age has demonstrated once again that the element of mobility afforded by our naval resources is crucial to the survival of American military power in an age of potentially all-encompassing war, and that in a limited conventional war a powerful naval force is essential to the projection of adequate military power in far corners of the world.

But is the size of ships a proper yardstick of naval requirements in an age which calls for the maximum possible dispersal of military power? Even as this debate takes place the world sees in the South Atlantic a limited albeit tragic testing of some premises upon which the strengths and weaknesses of naval power have been based during nearly four decades of maritime peace.

It is far too early to draw firm conclusions from what has occurred in those cold stormy waters around the Falklands, but one inescapable impression is that a single missile accurately targeted by sophisticated electronic devices and equipped with a small but powerful explosive can cripple and sink large ships. In a war without the limitations which distance, weather, and resource problems have imposed on the United Kingdom and Argentina in this instance, surface ships must expect to be exposed to massive air power and to missiles which hide themselves by hugging the ocean surface until reaching their target. Technological advances in torpedo warfare are also enormous. In the context of the debate this evening concerning plans to proceed with the construction of two *Nimitz*-class aircraft carriers, I am persuaded that we must address the possible danger all of these developments in warfare technology poses to aircraft carriers as requested by the bill.

The Falkland Islands crisis has joined the debate concerning the *Nimitz*-class carriers on several fronts: the virtues of size; vulnerability; cost-effectiveness; and alternative uses for the same resources. Concerning the first—size—I have not yet been able to determine what advantage can be obtained by investing so large a portion of our resources in these carriers. As has been noted by naval experts:

> By relying on these carriers for long-range strikes against ship and land targets . . . an essential part of our nation's peacetime deterrent is dependent on the number and survivability of a few carriers. In four or five regions vital to U.S. interest, the deployable carrier force would be inadequate to deter military enterprises on land, to avoid surprises, and would invite regional pre-emptive attacks.

Neither concentration nor dispersal is an attractive alternative: Because carriers must be surrounded by an armada of smaller vessels to provide some protection for the great ships, they present an enormous and enormously attractive target to an enemy contemplating a nuclear strike. By dispersing one or two carriers among several regions we incur the expense of making each vulnerable to intensive missile attacks. Neither option, moreover, poses for the Soviet Union the problem of trying to attack many naval targets, each of which might strike Soviet targets and thus pose a threat which the Soviet Union could not ignore.

Mr. President, the message in this case is a simple one: The technology of our era, and for the foreseeable future, certainly favors the attacker. This being the case, the corollary is an emphasis upon dispersal, rather than on concentration of resources. We must give serious attention to Admiral Rickover's somber assessment in January that an all-out war would see Soviet submarines succeed in sinking these great ships within 2 days. The concept of a grand ship showing the flag in distant seas no longer meets the exigencies of our age. In the case at hand, a large number of smaller ships equipped with an arsenal of potent missiles presents an appropriate response to the challenge presented by the Soviet menace.

Military history is replete with instances of obsolete conceptual thinking, holding nations hostage while they spend enormous sums on military systems likely to prove of marginal value in the next conflict. In war this frame of mind can prove tragic, as submarine warfare demonstrated to Great Britain at the outset of World War I, and as the maginot line taught the French in 1940. But we need not wait for war to test the weakness of a massive investment in these two aircraft carriers. In an armed peace, such as that which burdens us now, we pay a fearful price for undertaking military programs which simply are not cost-effective and which, in fact, deny us access to other programs—military and nonmilitary alike—which have demonstrated their value. The prospect of spending at least $6 billion constructing these two aircraft carriers, and the prospect of assembling new carrier groups at a cost of $25 billion, cannot be considered lightly. We have entered an age in which we are acutely aware that our national resources are not unlimited. Our economy has been weakened and we are asked to shoulder enormous new costs for our national defense. We must determine to our full satisfaction that every expenditure in our national budget meets a real need, or we shall suffer the consequences of further deficits and continued economic stagnation.

Mr. President, I would like to conclude my remarks by supporting two amendments proposed by my distinguished colleague from Colorado, Senator HART: First, to defer construction of one *Nimitz*-class carrier; and the second to replace the second aircraft carrier with two light carriers. The first amendment meets a pressing requirement to insure that every dollar of defense expenditure is weighed against limitations imposed by our current economic crisis; the second meets the equally important obligation we all share to recognize the need for as effective a military system as possible in light of our international commitments and our enduring hope to deter war in our time.

Mr. MITCHELL. Mr. President, when a vote occurs on the carrier question, I will support the recommendation of the Committee on Armed Services to authorize two *Nimitz*-class vessels in fiscal year 1983.

I will do so because I believe strongly that our Navy must be improved in order to preserve and protect our Nation's security interests overseas, and because I am convinced that if we do not expand to 15 carrier groups, we may be unable to respond in a flexible and effective manner to serious contingencies which may arise in the future.

My specific reasons for supporting the procurement of two carriers include the following:

First, I believe that our country requires the additional capability which these two nuclear vessels can provide. At the present time, our Government operates 13 aircraft carriers, though at any one time a far fewer number are available for active deployment. Due to the routine maintenance, repair, and overhaul needs of these complex vessels, and due to the stress which deployment places on carrier personnel, it is the Navy's standard practice to have on station only 30 percent of our Nation's carrier force at any one time.

This means that it is not uncommon for only 5 or 6 of our 13 carriers to be fully available to meet our security requirements on the seas. Events of the past several years suggest that we need more carriers deployed or at least ready to deploy rapidly.

This Nation's carrier needs were graphically illustrated following the hostage crisis in Iran and the invasion by the Soviet Union of Afghanistan. At one point subsequent to these important events, the *Nimitz* was "on station" in the Indian Ocean for over 7 months. The difficulties which such extended deployments create should be self-evident. Logistical support is an enormous task and personnel management and discipline difficulties multiply rapidly during long cruises. We should have enough carriers to permit periodic overhauling, servicing, and repair work without being forced to stretch thin our carriers, the centerpieces of America's fleet.

Our needs are many.

We need the platform from which 24 fighters, 33 bombers, 16 antisubmarine aircraft, 3 photo-reconnaissance aircraft, and 3 electronic-jamming aircraft can be launched. Each supercarrier gives us that ability with its 800-foot runway.

We must have the capacity to project firepower ashore and at sea from great distances. Supercarriers give us that capability.

We need to be able to adapt to a variety of at sea military threats, such as those which emanate from enemy submarines, cruise missile carriers, and hostile land-based forces. The two 90,000-ton vessels which the committee recommends for authorization each possess weapons systems and support systems capable of responding to these sources of enemy force.

Second, I will support the request for the two supercarriers because it makes economic sense given our security requirements.

We last authorized a nuclear carrier in the fiscal year 1979 budget. If we want to achieve the goal of building and maintaining 15 carrier battle groups, and if we are going to be able to retire the oldest existing carriers when they should be retired, we must move ahead and authorize these two vessels now.

The General Accounting Office, an adjunct of the legislative branch, confirms the Navy's contention that over $750 million will be saved if we authorize both of these vessels this year rather than one this year and another in a subsequent year.

Third, I will support procurement of the two nuclear carriers because these vessels are extremely useful to the United States in peacetime crises as well as during wartime situations.

Over 100 times since the Second World War, carriers have been sent to waters off distant lands to demonstrate U.S. interest in crises, or to provide support for allies facing destabilizing or regime-threatening events. While the United States should exercise sparingly its ability to influence local events overseas, it should never give up that ability. Procurement of these two vessels will insure that our country retains the ability which it has used effectively in the past.

Fourth, I support these vessels because I believe that their maneuverability, advanced electronics, and sophisticated protective systems make them no more vulnerable than the other major naval surface combatants in our fleet, or in the fleets of our potential adversaries.

In an age when an orbiting space vehicle can identify small objects on Earth, it is not possible to guarantee that any naval surface combatant—including a carrier—is totally invulnerable to attack. We can, however, be reasonably confident that our supercarriers, because of the defensive systems possessed by the carrier battle groups, have sufficient air and sea cover to insure that they are not the "sitting ducks" which their detractors claim them to be.

Indeed, they are well guarded. The nuclear carrier *Nimitz*, for example, normally is accompanied by two guided missile cruisers armed with surface-to-air missiles, rocket-launched torpedoes, as well as helicopters whose purpose is to protect the carrier from submarine and surface vessel attacks.

In addition, the *Nimitz* is accompanied by its own complement of nuclear attack submarines and by a *Spruance* class destroyer which concentrates on antisubmarine warfare. These substantial vessels are in addition to the carrier's 24 supersonic F-14's, which can guard the battle group, as well as attack ground targets.

Mr. President, in the past I have stated my strong support for the effort to revitalize our Navy. Authorization by this body of the two carriers contained in the committee's bill is an important part of this effort.

I cannot help but point out that the United Kingdom would consider itself very fortunate to have two large carriers now in place off the Falkland Islands, the possession of which it seeks to regain. Indeed, I understand that British naval authorities deeply regret having deactivated their one large carrier prior to the Argentine invasion of the Falklands.

If the United Kingdom had a large carrier, rather than, or in addition to, the two jump-jet platforms which are now on station in the South Atlantic, its task would be measurably easier. As the editorial in Tuesday's Wall Street Journal summed up the situation:

> . . . The Falkland Islands episode is a classic example of the need to maintain strong general purpose forces, even in this nuclear-weapons age, and illustrates the danger of letting your conventional military capabilities languish.

I believe that there is general agreement in this Senate that the United States, since the Second World War, has also allowed its naval force to deteriorate. We must reverse this trend. Approval of both *Nimitz* class carriers in this authorization legislation will be a major step in the proper direction.

● Mr. KENNEDY. Mr. President, I support the amendments offered by my distinguished colleague, Senator HART, to defer funding for one of the two *Nimitz* class aircraft carriers requested for fiscal year 1983, and to replace the other with two 40,000-ton light carriers. Large surface ships are increasingly vulnerable and costly. I believe that the administration's decision to procure these *Nimitz* class nuclear-powered aircraft carriers and to structure our fleet around them is unwise and wasteful.

Mr. President, there is no doubt that the *Nimitz* class carriers are extremely capable vessels. But in this age of satellite detection systems, long-range laser and computer guided antiship missiles, long-range cruise missiles, and tactical nuclear warheads, large surface ships are extremely vulnerable targets.

Today the bulk of our naval capability is structured around 13 aircraft carriers. The loss of even one of these ships would severely reduce U.S. naval effectiveness. Furthermore, this limited number of highly valuable targets allows the Soviet military, or any potential adversary, to concentrate its forces on one mission that could cripple U.S. naval power in a region.

To meet the defense challenges of the coming decades, the United States must do much more than throw money at defense problems and blindly persist in old habits. We must spend wisely and effectively on a coherent defense posture. On land and at sea we must diversify our forces and increase our mobility while reducing our vulnerability. If we are to successfully enhance our naval capabilities, then we must build greater numbers of smaller carriers and ships in contrast to the practices of the past.

President Reagan has asked for nearly $7 billion for the *Nimitz* carriers. This request is unwarranted. The deferral of one of these ships would save nearly $4 billion. And the construction of two smaller carriers to replace the second *Nimitz* would represent a more efficient and more effective use of funds which will enhance our national security.

Mr. President, it is clear that Congress must trim the defense budget if we are to insure social and economic health for this Nation. But we must not do so at the expense of the security of the American people or our allies. The requests for the *Nimitz* class carriers offer us an opportunity for responsibility in terms of both our national security and our national budget. Even the Secretary of the Navy, John Lehman, has indicated that if cuts are to be made in the naval budget, large carriers should be the first to go. The chairman designate of the Joint Chiefs of Staff, Gen. John Vessey, recently concurred with this view. So I ask my colleagues to join Senator Hart and myself in support of a sensible alternative to the administration's requests—two amendments which will better enhance our security at literally half the cost of President Reagan's program.

Mr. TOWER. Mr. President, I am prepared to yield back the remainder of my time. I understand the Senator from Colorado wants to make a few additional remarks and then yield back his time. So we will give him the last word.

Mr. HART. The Senator may want to reserve some of that time. I may say something terribly provocative.

Mr. TOWER. I will reserve my time, but will not use it unless the Senator says something terribly outlandish.

Mr. HART. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HART. Mr. President, the fundamental issue before the Senate is primarily an economic issue, secondarily a military issue. There is no way the Senate, the Congress, or this country is going to solve our economic problems with the size military budget we have before us on the floor of the Senate today. There is no way the size of this budget can be reduced enough in either outlays or budget authority to make a real difference in rehabilitating this country's economy without a measure of the sort represented by this amendment.

So I would hope those Members of the Senate that genuinely believe what they profess to believe about budget reductions, about fiscal responsibility, about fair shares and equal sacrifice, will take that into consideration at a time when we are being asked to do something very extraordinary and that is authorize the construction of two $3.7 billion nuclear-powered aircraft carriers.

Now if this request had come up at a time of economic prosperity, health, growth and opportunity, that would be one thing. But to bring this request up before the American people and the Congress of the United States at one of the most difficult economic times in recent American history, when everyone agrees there must be reductions in spending, and to put this proposal forward with any degree of seriousness boggles this Senator's mind.

I think we have no choice but to reduce spending. We cannot do that without taking the defense budget into consideration to a greater degree than we have done to date where only token reductions have been made.

Finally, Mr. President, I think we desperately need to preserve our shipbuilding options for the 1980's and 1990's without committing ourselves to a smaller and smaller Navy, which is what this decision involves. This is not a decision to expand the size of the U.S. Navy. Let us be clear about that. This is a decision to build a smaller Navy.

We have not heard one word today about manpower. We have an All-Volunteer Force. There are over 6,000 men on board one of these ships and there are thousands and thousands more in the carrier task group. I do not know what the manpower levels are for a carrier task group. But we are not just building one ship, we are building over a dozen ships. And if we authorize this nuclear aircraft carrier, that is a commitment to tens of billions of dollars to additional ships to escort and protect this carrier, in addition to the aircraft.

So we have before us in the U.S. Senate one of the most important military and one of the most important economic decisions this body will make this year. This is a decision affecting tens of billions of dollars of military spending, not one ship.

I cannot help but believe that when this defense budget was put together sometime last year that someone in the Defense Department in the Office of the Secretary or in the Secretary of the Navy's Office or somewhere, said, "Well let's put in an additional carrier because we can always drop it and we will still have one."

And yet, if my scenario is correct, here we are seriously debating at a time of monstrous deficits buying another aircraft carrier and a carrier task group at a time when this Nation simply cannot afford it.

We have barely touched on the issue of vulnerability. We will get to that next.

The Senator from Alabama suggests we ought to trust the Navy. When the next amendment comes along, I will suggest to him and to our colleagues, there is a substantial portion of the Navy, unfortunately, after it retires, which is questioning the Navy's own wisdom.

Mr. President, this is fundamentally an economic choice, a choice having to do immediately with $3.7 billion. It is a choice over the next 5 to 10 years having to do with $12 to $17 billion. It is a choice which will seriously contribute to the unhinging of the Federal budget and fiscal policy, continued recession and depression, and high interest rates and economic failure.

That will not make this Nation stronger, and no amount of nuclear aircraft carriers will fill that gap.

I yield back the remainder of my time.

Mr. TOWER. Mr. President, I yield back the remainder of my time, and I move to table the amendment of the Senator from Colorado. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Illinois (Mr. Dixon), the Senator from South Carolina (Mr. Hollings), the Senator from Maryland (Mr. Sarbanes), the Senator from Nevada (Mr. Cannon), and the Senator from Massachusetts (Mr. Tsongas) are necessarily absent.

I further announce that if present and voting, the Senator from Illinois (Mr. Dixon) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 63, nays 32, as follows:

[Rollcall Vote No. 111 Leg.]

YEAS—63

Abdnor
Andrews
Armstrong
Baker
Bentsen
Biden
Boren
Boschwitz
Brady
Byrd,
 Harry F., Jr.
Byrd, Robert C.
Chiles
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Domenici
Durenberger
East
Garn
Glenn
Grassley
Hatch
Hawkins
Hayakawa
Heflin
Heinz
Helms
Humphrey
Inouye
Jackson
Jepsen
Johnston
Kasten
Laxalt
Long
Lugar
Mattingly
Mitchell
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Quayle
Roth
Rudman
Sasser
Schmitt
Simpson
Specter
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NAYS—32

Baucus
Bradley
Bumpers
Burdick
Chafee
Cranston
Dodd
Dole
Eagleton
Exon
Ford
Goldwater
Gorton
Hart
Hatfield
Huddleston
Kassebaum
Kennedy
Leahy
Levin
Mathias
Matsunaga
McClure
Melcher
Metzenbaum
Moynihan
Pell
Proxmire
Pryor
Randolph
Riegle
Stafford

NOT VOTING—5

Cannon Hollings Tsongas
Dixon Sarbanes

So the motion to lay on the table Mr. HART's amendment (UP No. 939) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, may we have order, please.

Mr. President, I yield to the majority leader.

Mr. BAKER. Mr. President, if the Senator from Texas and the Senator from Colorado will permit, there are two names on the Executive Calendar that need to be cleared tonight. It will not take but just a moment.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, Calendar Orders Nos. 751 and 752 under Nuclear Regulatory Commission are cleared on this side. Will the minority leader consider taking them up at this moment?

Mr. ROBERT C. BYRD. Yes, Mr. President. The minority has cleared those two nominees and is ready to proceed.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the two nominations under Nuclear Regulatory Commission on today's calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. BAKER. Mr. President, I ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

NUCLEAR REGULATORY COMMISSION

James Kilburn Asselstine, of Virginia, to be a member of the Nuclear Regulatory Commission for the remainder of the term expiring June 30, 1982.

James Kilburn Asselstine, of Virginia, to be a member of the Nuclear Regulatory Commission for the term of 5 years expiring June 30, 1987. (Reappointment.)

THE CONFIRMATION OF JAMES K. ASSELSTINE AS A MEMBER OF THE NUCLEAR REGULATORY COMMISSION

Mr. SIMPSON. Mr. President, I do want to take this opportunity to comment briefly on the nomination of James K. Asselstine to be a member of the Nuclear Regulatory Commission.

Jim is known to the Members of this body. He has assisted the members of the Environment and Public Works Committee for the past 5 years. Each and every one of us who serve on that committee have benefited immeasurably from his able and dedicated service as a member of the professional committee staff—and a professional he is in every sense of the word.

Since January 1981, he has been serving as chief counsel of the Nuclear Regulation Subcommittee. Jim was minority counsel to the subcommittee from 1978 to 1981. He was a staff attorney in the Regulations Division, Office of Executive Legal Director, Nuclear Regulatory Commission in 1977-78. Prior to that time, he served as assistant counsel to the congressional Joint Committee on Atomic Energy 1975-77 and was a legal intern and staff attorney of the Atomic Safety and Licensing Appeal Panel, U.S. Nuclear Regulatory Commission in 1973-75.

Jim graduated from Virginia Polytechnic Institute with a B.A. degree in 1970 and received his juris doctor degree in 1973 from the University of Virginia. He presently resides in Alexandria, Va., with his wife, Bette.

It is a compliment indeed, to the Senate as an institution, that a committee staff person has been selected for such an important position of this nature in the executive branch.

But Jim Asselstine is one of those class-type staff persons who demonstrates the importance—the absolute need we have as Members of Congress—of having sound, balanced expertise available to us on the extremely technical and wide ranging issues that we must face daily.

He has performed with such grace and skill in this arena and those are the qualities which made him an outstanding selection to serve as a member of the Nuclear Regulatory Commission.

Recently the Senate debated and passed the Nuclear Waste Management Act of 1982. This legislation was carefully drafted and researched and it moved rather briskly through this body with the fine cooperation of the Energy and Natural Resources Committee, the Subcommittee on Nuclear Regulation and the Armed Services Committee. A significant portion of the credit for the negotiations and the agreed compromise that went into that effort were the result of the skills and abilities of Jim Asselstine. During his tenure on the Nuclear Regulation Subcommittee staff, there has been produced some significant legislation on nuclear waste, on reducing of licensing delays for nuclear powerplants and implementing the "lessons learned" as a result of the accident at Three-Mile Island. His contributions on all these issues have been extraordinary.

As one time ranking minority member of the Nuclear Regulation Subcommittee and now as chairman, I have relied on Jim. I have trusted him. I will always do so. His knowledge of nuclear issues is solid indeed. It was developed through years of experience dealing with the most extraordinarily difficult and technical aspects of nuclear policy and regulation. Jim's experience in the NRC Regulations Division and Atomic Safety and Licensing Appeal Panel provide him with a unique perspective on the regulatory responsibilities of the Commission. This background has clearly enriched his current involvement in the development of nuclear policy and guidelines here in the legislative branch. As counsel to the Nuclear Regulation Subcommittee, he has unfailingly presented the technical details—as well as the policy options of nuclear issues—in a balanced and articulate manner.

Jim's integrity and sound judgment have served each Member of the Senate well. His advice, counsel and personal judgment are always presented just like that—and not as pronounments from "The Great Oz" or as final "facts of the matter." This is the quality that particularly sets him apart from some staff persons who never seem to make that critical distinction when preparing their principals for debate on the difficult questions that confront us.

And, finally, I come to the traits of the man himself which make this nomination such an outstanding one. Jim's conscientiousness, dedication, and high degree of professionalism have been consistently demonstrated in the performance of his duties as the chief counsel to the Nuclear Regulation Subcommittee. His dependability, calmness, and good sense will serve the Commission well—of that we may be fully confident—because those traits have served our committee so well in a remarkable fashion.

It has been such a rich personal pleasure and enjoyable experience for me to learn right along with Jim the intricacies and highly technical details of the nuclear issues which came before the jurisdiction of this committee. His ability to take a complex issue and to clearly and coherently present the details of a difficult subject have been immeasurably helpful to me personally.

I had some serious reservations about the awesome nature of this task as a freshman Senator when I had been here just a little over 2 months—and suddenly found myself sitting in a helicopter with Jim Asselstine headed for Three-Mile Island. But with Jim's guidance, advice, and expertise I survived the experience. Furthermore, his role in the development of the nuclear waste legislation—which the Senate debated and approved last week—must be remembered as one of his significant contributions to nuclear policy in this Nation.

So I have deep mixed feelings—great feelings that the United States of America will have his skills and knowledge to assist it in the serious decisions on nuclear energy—and a real sadness that I feel as I lose his capable counsel. I have a sincere belief that he will be a most extraordinary member of the Nuclear Regulatory Commission and will take on to that body those qualities of competence, excellence, integrity and dedication which have earned him my deepest and utmost respect and confidence. I venture that every Member of this institution feels as I do.

I wish Jim Asselstine well—and Godspeed in this new career phase of his life.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. I move to lay that nomination on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

Mr. BAKER. I thank all Senators.

DEPARTMENT OF DEFENSE AUTHORIZATION, 1983

The Senate continued with the consideration of the bill (S. 2248).

Mr. HART and Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Might I inquire of the Senator from Colorado what kind of time control he is willing to agree to?

Mr. HART. Mr. President, I certainly think 1½ hours equally divided, and probably not all of that time being used.

Mr. TOWER. Mr. President, I think on this side we would not need a whole 45 minutes.

Why not make it 1 hour and 15 minutes, 45 minutes allocated to the Senator from Colorado and 30 minutes to the Senator from Texas.

Mr. HART. Mr. President, given the size of the last vote, I think the Senator from Texas has the right to be careful.

Mr. TOWER. Mr. President, is that agreeable to the Senator from Colorado?

Mr. HART. Yes.

Mr. TOWER. Mr. President, I ask unanimous consent that the time allotted to the next amendment by the Senator from Colorado be 1 hour and 15 minutes divided as follows: 45 minutes to the Senator from Colorado, 30 minutes to the Senator from Texas.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. I reserve the right to object.

Mr. HART addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois has reserved the right to object.

Mr. PERCY. I withdraw my right to object.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Colorado.

UP AMENDMENT 940

(Purpose: To delete authorization of funds for one *Nimitz* class aircraft carrier and add funds for two light aircraft carriers of the Type 45 class)

Mr. HART. Mr. President, I have at the desk an unprinted amendment and I request its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Colorado (Mr. HART) proposes an unprinted amendment numbered 940.

Mr. HART. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is os ordered.

The amendment is as follows:

On page 14, line 23 delete the figure "$18,368,700,000" and insert in lieu thereof "$18,638,700,000 of which not more than $3,480,000,000 shall be available only for the procurement of two light aircraft carriers of the Type 45 class."

Mr. HART. Mr. President, I ask that we have order in the Senate.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HART. I thank the Chair.

Mr. President, since the Senate is clearly not in the mood to seriously consider economic issues, or apparently to seriously consider the problems of the impact of defense spending on our economy, this amendment goes to a more direct military issue. I think I can state it quite simply. It would delete the authorization for one of the *Nimitz*-class aircraft carriers, at a cost of almost $3.7 billion, and authorize in its place two 44,000 ton light carriers at a cost of $3.48 billion.

Let me make two introductory points about the facts surrounding this amendment.

First of all, the light carrier proposed in this amendment is of the class labeled "Type 45" by the Navy.

Last year, the authorization bill passed by the Congress required the Navy to study a variety of light carrier designs and recommend the one which, if it were to build light carriers, it would prefer. The Navy's choice was the so-called Type 45, the one contained in this amendment. It is a ship of 44,000 tons, capable of operating conventional as well as V/STOL aircraft. There is no question here of buying the ship before we have the aircraft to go on it. This ship can operate existing high performance aircraft.

Second, while this amendment substitutes two light carriers for one *Nimitz*, the future goal would be a 3-for-1 ratio. The lead ship of this new class, or the lead ship, for that matter, of any new class, always has substantial costs above the costs of the follow-on ships. That is the case with the first light carrier, which would cost about $1.9 billion, according to the design estimates of the Navy. Follow-on ships are currently estimated to cost about $1.5 billion each, so at present three of those Type 45 carriers would cost about $4.6 billion, compared to $3.69 billion for a *Nimitz*.

But, Mr. President, given the course of follow-on ships and their costs, one could be easily convinced by classified Navy design studies that the light carrier costs can be brought down closer to the 3-to-1 ratio. Indeed, one alternative to the so-called Type 45 carrier, also of the same tonnage, 44,000, is currently estimated to cost just $1.2 billion for the follow-on ships, thus giving the 3-to-1 ratio.

The PRESIDING OFFICER (Mr. RUDMAN). Will the Senator from Colorado suspend?

The Senate in not in order. Will those who do not have appropriate business on the Senate floor please retire to the cloakroom?

Mr. HART. I thank the Chair.

Mr. President, the vote the Senate will soon cast on this amendment will be of historic importance. The administration has decided to embark on a shipbuilding program designed to give this Nation clear naval supremacy. I fully support that goal. Four years ago, in 1978, I joined former Senator Robert Taft, Jr., of Ohio, in a white paper which called for a maritime strategy and clear naval superiority. We are an island nation, and in my view, we cannot permit any other nation to control the seas. It must be clear to all that we have control of the sea, and that any naval war will result in a clear American victory.

It is not quite as simple as that, and then telling the Navy they can have anything they want.

Deciding we want naval supermacy is one thing; obtaining it is something else. Obtaining it requires more than the desire to have it, and more than a commitment of resources. It requires building the right kinds of ships, within a correct understanding of what the future holds for naval warfare. If we fail at this task, then all our desires and all our money will go for naught. We will end up building a seagoing maginot line, a naval museum rather than an effective Navy.

Let us be very clear about one thing from the outset: From the Soviet standpoint, there is virtually no difference between a 13-carrier U.S. Navy and a 15-carrier Navy. There may be a difference to our own Navy, in terms of meeting peacetime deployment requirements, making overhaul schedules more convenient, and shortening the length of cruises—and those are important. But there is virtually no difference to the Soviets in such a small change.

If, on the other hand, the Senate supports this amendment, we will have decided to make a crucial change in direction that could well make the difference in this Nation's survival.

We will have a chance to increase the number of carriers to a point that will make a major difference for the Soviets. For example, instead of the four additional *Nimitz*-class carriers which appear to be needed to provide 15 deployable carriers, we would add 11 carriers—almost doubling the size of our carrier force.

In the April issue of Armed Forces Journal, Dr. William R. Van Cleve—a man noted for his advocacy of a strong defense—discusses the problem of carrier numbers in an article titled, "Strategy and the Navy's 1983-87 Program: Skepticism Is Warranted!" He states:

> The centerpiece of the Navy's FY83 shipbuilding request are two nuclear-powered carriers, priced at a whopping $3.4 billion each. Even with these, carrier levels will not exceed 14.
>
> Yet, one of the most self-evident facts of strategy is that numbers are important. Whatever the cost-effectiveness experts say, restricting an otherwise awesome offensive capability to a very few aim points is not a particularly good idea . . . The fewer and more valuable the targets, the more they invite attack. Likewise, the fewer and more valuable the individual assets one has, the greater the pressure to keep them as much as possible out of harm's way.
>
> Increased offensive capability foreshadowed for the Navy by the 5-year program is welcome, but a distribution of that capability across a larger number and wider variety of platforms would help.

Just two more—or even four more—*Nimitzes* will not affect the numerical situation in a meaningful way. But this is only part of the reason why buying a few more large carriers will not make any difference to the Soviets.

By focusing most of our resources on the large carrier task force, we are building a navy which is largely irrelevant to fighting the Soviet Navy.

The Soviet Navy is first a submarine navy, second a land-based air navy, and only third a surface navy.

Admiral Gorshkov, the commander of the Soviet Navy, has been quite explicit about the fact that his is first of all a submarine navy. He has written:

> As is well known, through the will of the CPSU Central Committee a course has been charted in our country toward the construction of an ocean-going navy whose base consists of nuclear-powered submarines of various types. . . . However, a modern navy, whose mission is to conduct combat operations against a strong enemy, cannot be only an undersea navy. The underestimation of the need to support submarine operations with aircraft and surface ships cost the German high command dearly in the last two wars. . . . Therefore, we, while giving priority to the development of submarine forces believe that we have a need not only for submarines, but also for various types of surface ships.

The point is clear, both in the admiral's words and in the structure of his fleet: The surface ships are a secondary element, and they are there primarily to support the submarines, which are the basis of the Soviet Navy.

Our current naval leadership, uniformed and civilian, places heavy emphasis on the need to be able to fight the Soviet Navy. I agree with that. But, unfortunately, their own naval building program calls for precisely the wrong kind of navy for that task. While the Soviet Navy is first a submarine navy, second a land-based air navy, and only third a surface navy, the U.S. Navy is seeking to build a fleet centered around the large carrier—which is to say a navy designed to fight first a surface navy, second a land-based air navy, and only third a submarine navy. It is exactly backward.

How does the big carrier relate to the task of fighting submarines? Very poorly. Earlier this year, when I asked this question of Admiral Hayward, he said that no one in uniform would advise using a *Nimitz*-class carrier to fight submarines. Secretary Lehman, when asked about the role of the big carrier in fighting submarines, said that the submarines have to come out and attack it. In other words, it serves as a target.

Thus, while the survivability of a Navy built around a small number of big carriers is a major consideration, an even more basic problem may be its relevance. The big carrier simply does not relate to the primary task in fighting the Soviet Navy, which is going after the Soviet submarine force. Authorizing additional *Nimitz* class carriers will just make the irrelevance grow, and, as I noted earlier, it will eat up all the funding so there will be little money left over for the ships and aircraft which are relevant. Truly, we will have built a seagoing maginot line, a defense irrelevant to the forces opposed to it.

The need for numbers and the need to recognize the Soviet Navy for what it is—primarily a submarine navy—drives us to smaller carriers in larger numbers. However, the supporters of building our Navy around a small number of large carriers can quote many serving naval officers of high rank in support of their position. Does this really reflect the merits of the large carrier, or are we instead dealing with the usual tendency of a bureaucratic organization to rally around the flag—the old flag, in most cases, and the most expensive flag with the highest bureaucratic prestige value?

Perhaps the best way to put the Navy's arguments in perspective is to look at their own testimony from just last year. One year ago, the Navy wanted to recommission one or possibly two light carriers, the *Oriskany* and the *Bonne Homme Richard*. These ships are almost the exact same size as the light carriers of the Type *45* class proposed in this amendment—about 44,000 tons full load displacement. Just 1 year ago, the Navy wanted these light carriers very badly.

In the Senate Armed Services Committee hearing on February 5, 1981, the Chief of Naval Operations, Admiral Hayward, spoke about reactivating these two light carriers. He said,

> I made the recommendation (to reactivate them) last year; I have not changed my mind about that. It is still an intelligent option to take this time . . . I fully support the reactivation of USS *Oriskany*.

The Navy also stated its belief that carriers of about 40,000 tons have real fighting value. Secretary Lehman stated in testimony that,

> An augmenting force of four to six smaller carriers would be a highly desirable enhancement of the Navy's at-sea air capability. Such ships would increase our offensive carrier battle group striking power as well as provide some relief for the large deck commitments to lower threat areas and scenarios.

The Secretary, of course, said he first wants more *Nimitzes*, but the point is, he does not dispute the fighting value of light carriers.

Mr. President, the advantage of greater numbers of ships is obvious. It is obvious to the Navy, and the professional views I have just cited support it. I believe it is obvious to the large majority of the Members of the Senate.

What, then, is the basis for supporting additional *Nimitz*-class carriers? I believe the heart of the matter is the Navy's argument that the large carrier is not only superior to the light carrier on a one-for-one basis—something that is obvious, and that I have never contested—but that the *Nimitz*-class carrier is vastly superior, to the point of being much less vulnerable than light carriers. This is the impression the Navy has sought to convey in many of the Armed Services Committee hearings I have attended. We see a stream of testimony, articles, speeches by the Secretary of the Navy, and others, to this effect, especially at budget time. The large carrier is painted in such glowing colors that its capabilities seem to outweigh the inherent disadvantage of having only a very small number of ships.

Is this portrayal accurate?

I believe there is compelling evidence that it is not. In fact, the evidence suggests that these large carriers have serious vulnerabilities, vulnerabilities which mean disaster for a Navy dependent on a small number of such ships.

Few people know more about the nuclear-powered aircraft carrier than Adm. Hyman G. Rickover. He is the father of the nuclear Navy, and for years has fought for all nuclear powered ships, especially the *Nimitz*-class carriers.

Earlier this year, Admiral Rickover testified before the Joint Economic Committee. He was asked by Senator PROXMIRE about the survivability of the big carrier. The exchange was as follows:

> Senator PROXMIRE. Now the Defense Department's fiscal year 1983 budget requests funding for two nuclear-powered aircraft carriers at a construction cost of about $6 billion. It does not include the cost of the planes which is considerably more than $6 billion. In fact, it is more than twice that. Considering the capability of the Soviet submarines, how long do you think one of these aircraft carriers would last in the case of an all-out war?
>
> Admiral RICKOVER. About 2 days.

That is the father of the nuclear carrier talking. That is one of our most distinguished experts about the nuclear carrier. He gives them 2 days against the Soviet submarine force.

Mr. President, the Senator from Alabama, Senator DENTON, a distinguished and noted authority on naval matters, with a distinguished military career, talked about that we should trust the Navy. We should trust, I think he said, what the Navy wants. They know what is best for our defenses.

That would be fine except for two problems. One is history is replete with experts in other nations' navies or other nations' defenses which have predicted wrong and they have so structured our forces and people have so depended upon those so-called experts that nations' national securities have suffered and nations have fallen.

But there are other experts as well, and I shall quote a few of those. Here is one quote:

> Let us hope that historians look back one day and say that one of the consequences of the sinking of the *Sheffield* was to focus thought on the growing vulnerability of surface ships, on the idea that future surface ships must not be larger and more complex versions of today's but ships that take advantage of new technologies and on disbursing our Navy and especially its air power into more numerous, smaller platforms. If the loss of the *Sheffield* does help point us toward a naval strategy for the 21st century its sinking will not have been in vain.

That quote is from Adm. Stansfield Turner.

Another quote:

> Our Navy is threatened by swarms of Soviet cruise missiles launchable at long range from on, under, and over the seas, but planned forces make it easy for the Soviets by limiting rather than multiplying the number of targets we will present. The crux of the problem is the aircraft carrier. It is the picture of the Navy's creating a seaborne Maginot Line, structured around its carrier, that most confounds its friends and critics. For the balance of this century the technological context between less detectable and better penetrating cruise missiles on the one hand, and a future naval Maginot novel redoubt on the other favors the attacker. More and more naval resources are required to protect the carrier while the possibilities for a useful carrier role continue to diminish.

The source of that quotation is the former Chief of Naval Operations, Adm. Elmo Zumwalt, and a former vice admiral, Adm. Worth Bagley.

In a recent book, "Defense or Delusion? America's Military in the 1980's," Prof. Thomas H. Etzold of the Naval War College writes:

> In the Navy's war games, an unwritten rule prohibits the sinking of any American aircraft carrier. The carriers are so few in number and the Navy's tasks in war so great that to do without one is literally inconceivable. In more than 5 years of experience as an umpire and adviser in high-level naval war games, I have witnessed the unwillingness of senior naval officers to permit carriers to be sunk, even when taken under overwhelming attack. On some occasions, indeed, it has been impossible to obtain the agreement of the senior officer in the game merely to put the carrier—or carriers—out of action for a few hours, to simulate lesser damage. The carrier's sacrosanct role in modern naval thought prevents, in many if not all cases, the realistic assessment of possible results of combat even in the Navy's own internal games and analyses.

Remember that Professor Etzold is writing as one who has personally observed the distortion he talks about.

That quotation is from a book by Professor Thomas of the Naval War College.

Finally, Mr. President, this quotation:

> Keep up your fight against the big aircraft carriers. You are right. But be sure to keep naval aviation strong based aboard smaller carriers. Our flag officers know the true vulnerability of our carrier battle groups.

That quotation is in a letter to me from retired Vice Adm. George Steele.

Mr. President, there are naval experts and there are naval experts, and for some reason the naval experts in uniform and in the Pentagon seem to believe that we should trust their judgment and leave it to them to decide how our fleet of the future is to be designed, but there is a disturbing pattern of retired senior naval officers who say just the contrary.

I have read those quotations in the RECORD. These are very senior naval officers, and perhaps most disturbing, if not even shocking, is the statement which I quoted from Professor Etzold which said that the Navy rigs its own war games and exercises so carriers cannot be sunk. They cannot be put out of commission. That is the kind of unbiased Navy that we have advising the Senate so we can continue to build big aircraft carriers that the Navy says cannot be sunk or even disabled or even put out of commission for a few hours. We can continue down that course and think that we are making this Nation stronger if we wish. But I say to my colleagues here tonight, and I wish there were more to debate and discuss what is perhaps one of the most important issues to face this country's long-term national security, we are not making this Nation stronger.

I think we are making it weaker. We are making it weaker economically because of decisions that we just made, but I think we are also making it weaker from the structure of our forces.

We are building a navy that the father of the nuclear navy and the nuclear aircraft carrier says can be sunk. Its centerpiece can be sunk in 2 days. We are building a navy that is premised on self-deception. We cannot even conduct war games that are realistically conducted.

We are building a navy that senior retired and sometimes active duty officers say is not the properly constructed navy. I think it is time that we began to be honest with ourselves. Sure, they provide jobs; sure, they keep shipyards going; sure, they make people in the Pentagon happy; and, sure, they give admirals big decks to command.

But that is not the issue. These are decks and these are ships that are increasingly vulnerable to a Soviet Navy that is not designed like the Navy of the past. It is designed, as Admiral Gorshkov himself has said, around submarines, and those submarines are designed to sink 15 carriers. It does not strengthen this Nation at all to put 2 more large carriers to sea surrounded by 12 or 15 billion dollars' worth of ships designed to protect the carrier, and 94 or 98 aircraft increasingly committed to the defense of the carrier.

You can call that power projection if you want to, well, all night, but it is not power projection. It is self-defense.

If I were going to sea in one of these carriers, I would want all the self-defense I could get because the attack is coming, and I related that attack in connection with the last amendment, and it was never responded to. That is a Soviet Navy sized and shaped subsurface, surface, and from the air, designed to sink 15 ships, and they will do it.

So I think this Nation is at a crossroads, and I think the Senate is at a crossroads. We can continue to say to ourselves, as Senators have said here tonight, "This is the last time I am going to vote for a big carrier. We will consider the light carriers next year."

I have heard that for 5 straight years, and the Navy keeps sending over requests for *Nimitz*-class carriers.

We are either going to turn the Navy around or we are not. The Navy is not going to turn itself around. Admirals come and admirals go, and as they go they tell the truth, and as they stay in office in the Pentagon they do not, and they are not making this country stronger by asking for two more carriers. That is not the issue.

The issue is whether we are going to have a navy that can defeat the Soviet Navy, and that is why this amendment is so important. One way to defeat the Soviet Navy is to disperse our air assets at sea, and this is a step in that direction.

I ask my colleagues to seriously consider this amendment and not vote the way the White House wants you to vote, not vote the way you think is economically important to this State or this shipyard or whatever, but are we building a navy that is going to survive in the combat zone of the future. I think the answer is clearly, "No."

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. I yield for myself such time as I may need.

Mr. President, I think the Senator from Colorado raises an important issue here, but I think we ought to place it in the context of his prior amendment.

First, the Senator argued that we cannot afford a big carrier right now. He said, let us just defer it until economic times are better, and then we will talk about it. However, it is quite clear from his last statement that even if we could afford it, even if prosperity were here today or tomorrow, he would still oppose the construction of another *Nimitz*-class carrier, because they are vulnerable.

First, we cannot afford them and, second, if you could they are vulnerable. He scoffs at the big carrier as not being capable of power projection.

Well, if the *Nimitz*-class carrier is not power projection, I do not know what two light carriers do in the way of projecting power.

I point out that last year Libya found out that these carriers had some capability of projecting power when we had an engagement between two of their aircraft and two of our F-14's.

During the last amendment debate, the point again was made that we have more tonnage of naval vessels than the Soviet Union; that we have some fixation as to greater tonnage in this country. Well, in that same debate it was pointed out that the Soviets are building the *Oscar* and *Typhoon* class submarines, and they are the largest submarines in their classes in the world. Not only that, but in a recent report in the Baltimore Sun, it was announced that the Soviet are now starting work on a large nuclear aircraft carrier.

There is a reason for this. In spite of the fact that they are a land-based power, and they do not need access, as we do, to raw materials that are located far from their shores they are building a strong navy. They have been building a submarine force capable of at least striking our surface ships.

Now they want to project power much as we have projected power over the years, and they are going to challenge us at every single point on the globe and they need the capability to project power outside the cover of their own land-based airpower.

So apparently it is all right for the Soviet Union to build big *Oscars* and big *Typhoons* and big aircraft carriers, but it is not right for the United States, even though we need the access to the raw materials coming from distant shores far more than does the Soviet Union.

Now, the Senator does raise an interesting point about the H.M.S. *Sheffield* once again. If we look at the lesson of the *Sheffield*, it is not a question of are big ships doomed; the question is are all ships doomed, because if you can sink a big carrier you surely can sink a small one. I think it is a legitimate question to look at. The question the Senator from Colorado raises about how much more survivability you get by having two targets as opposed to having one.

Let me submit to you that if the Soviet Union is going to have no trouble destroying 15 big carriers, they will have even less trouble destroying two more light ones. Another missile is all they need. One more missile will take out a light carrier. The *Sheffield* was a classic example. What did it have? It had nothing. It had no air cover; it had no antimissile missile; it had no guns; and it had no protection. It was sitting out there naked and vulnerable, and it was shot down.

There is no question about it that if you put a ship out there without cover, it is going to get shot down. But that is not to argue that if you have two more carriers, limited in capability, these aircraft carriers will not be shot down as well. So I do not think the argument that if you have two targets as opposed to one you get more survivability withstands analysis.

What do you get with the light carriers? You get fewer aircraft. The Senator from Colorado mentioned, I believe, study No. 45. That design would carry 38 aircraft. I submit to you that half of those 38 are F-18's that are needed to defend the ships—and, by the way, those F-18's which, I understand, also are opposed by a number of Members of this Congress, so you cannot put the F-18's on, it is too expensive, and its cost overruns have eroded its credibility, so we go back to the F-14's.

With F-14's on a 40,000-ton carrier you would have less aircraft, maybe 34. Now you are down to 34, half of which you have to use as the defensive power of the small aircraft carrier. You have nothing left to project power.

Talk about power projection. You are going to send 15 aircraft across to some point of the globe. That is power projection? At what cost? Of course, the Senator from Colorado has cited, according to the information I had at the hearing, that it would cost roughly $3.4 billion for those two light carriers. So it would be $3.4 billion versus $3.6 billion, and you would still end up with 20 percent less aircraft on board that carrier.

What else would it have? It has fewer aircraft, less armor because it is lighter, less fuel, and less ammunition. It has fewer catapults, if we go to the catapult system with the smaller deck; it would have two as opposed to four on a big deck.

It has a slower speed. The average speed is about 25 knots as opposed to over 30 for the larger carrier. So the larger ship is a more mobile ship. The smaller one has less endurance because it is conventionally powered. The volume allowed for aircraft fuel and ordnance is very much smaller. Think about what you have to have in terms of refueling capacity——

Mr. HART. Will the Senator yield at that point?

Mr. COHEN. I will yield when I have finished.

Mr. HART. I was just unclear on one comment where you said it has less endurance because of less volume. What does that mean?

Mr. COHEN. What I am suggesting is the large deck nuclear-powered aircraft carrier has more usable volume for fuel and ordnance for its aircraft, and does not have to use any of its own volume for its own fuel. Moreover, it is designed to absorb hits as opposed to the light carrier which does not have that kind of armor protection because the displacement is less. You have less armor, and thus you have less protection.

The Senator cites the *Sheffield*, and I think the *Sheffield* is a pretty good example of a surface ship out there that did not have adequate protection, either air protection or any armor protection.

Mr. HART. I did not cite the *Sheffield*. Admiral Turner cited the *Sheffield*.

Mr. COHEN. I guess Admiral Turner is a retired admiral, and we should weigh this in balance in taking his recommendations.

The suggestion that you cannot trust anyone in the military as long as they are in the military is totally self-defeating. If we cannot trust our military advisers to come forward and give us their best estimation, we ought to give up now.

But it seems that we have to wait until they become 80 years old and are going to retire, and then they offer their respective wisdom as to the mistakes they made. If that is the case, then we are all in trouble if we cannot accept the recommendation of our military advisers.

General Vessey is the new Chairman of the Joint Chiefs, and I suppose you might just as well say, "Chairman, we just cannot trust you. We do not accept your judgment as to your analysis of this military situation, so we are not going to listen to you."

Mr. HART. The Senator knows that was not the argument that was made.

Mr. COHEN. I know the point is we have to trust someone, and if your suggestion is that you cannot trust anyone unless they retire——

Mr. HART. I did not make that statement.

Mr. COHEN. Then I withdraw that statement.

The statement was also made by the Senator from Colorado that in times of confrontation with the Soviet Union on one of those big carriers you would have 2 days.

Mr. HART. Will the Senator yield once again? That was not my statement. That was Adm. Hyman Rickover's statement.

Mr. COHEN. I understand, but the Senator is citing it with approval. I assume he is adopting that theory.

Mr. HART. All I know is what the father of the nuclear navy has publicly stated in testimony before the Congress.

Mr. COHEN. He got religion at the age of 80 after spending all of his life in the Navy promoting something else.

In any event, he said 2 days. Fair enough.

I have a telegram from Admiral Watkins, the Commander in Chief of the Pacific Fleet and the new Chief of Naval Operations, and he said you would have a matter of minutes or hours with the light carriers, not even days. So if you want to match 2 days against a couple of hours, that is a choice we will have to make.

But I would like to say to the Senator from Colorado—and I have worked with him on this committee, and I have enjoyed it—that I have supported his efforts to get studies from the Navy. They have not always been easy to come by, as I have said on many occasions privately and publicly. I also think that what he is trying to achieve in getting more ships has some merit to it, provided you use the light carrier concept as a supplement to and not a substitution for the big deck.

What step is the Navy taking to move at least halfway in that direction to get more ships with some force projection capability? The LHD-1 is a classic case. The Navy is proceeding with the construction of the LHD-1, which is, by the way, a 40,000-ton ship. The same dimensions the Senator from Colorado has argued for—a 40,000-ton carrier.

It is an amphibious assault ship, essentially. It will have AV-8B Harriers which the Senator from Colorado has pushed for for the past 4 years, and I have supported him. It will have also marines on board. It will have LCAC, air-cushion landing vehicles. You could use that 40,000-ton amphibious assault ship as an assault carrier to supplement the large deck.

Mr. HART. Will the Senator yield for an observation on that point?

Mr. COHEN. Yes.

Mr. HART. I think the Navy movement in the direction of that type ship is a welcome one, and I have supported it and will continue to urge it.

But two observations must be made. One is that this is to be used as a carrier after it has landed its marines and disembarked everything else that was on there. Then it goes back to get its aircraft, and then it comes back to the battle area to put those aircraft into operation.

On the issue just mentioned by the Senator, I have a letter from a recognized naval expert, Mr. Norman Polmar, who addresses the very issue the Senator has just made. He talks about the limitations of that type ship, the LHDX. Then he says:

> This is not to preclude the light carriers being used in an ad hoc amphibious role or embarking mine countermeasure helicopters, but to say that the LHD is a light carrier is to drop a "red herring"—and a smelly one at that—into the discussion.

Mr. COHEN. I did not suggest it was a light carrier. What I suggested was the Navy is moving in the direction of trying to multiply the number of ships which have a V/STOL capability, in which the Senator from Colorado has had a great interest. They are moving in that direction. As a consequence you are going to have big decks, and you are going to have that 40,000-ton surface ship which will carry AV-8B Harriers and will also have an amphibious assault capability.

It seems to me we are up to the size the Senator is seeking, and the only thing that is different is the CTOL, conventional takeoff and landing capability.

I will yield in a moment to the Senator from Alabama and the Senator from Ohio.

I am a layman. I went out to the Indian Ocean last February, and I had a chance to be on the U.S.S. *Kennedy*, and I was on the *Eisenhower* before that. And I watched the flight operations. I was impressed with the skill that is required to come in and land on a big deck at nightime.

I also had the experience of being lifted by a helicopter over to one of the destroyers that was escorting the U.S.S. *Kennedy*. On the same day, in the same sea conditions, I had lunch with the commander of the ship and some of the people that were on board. We could barely hold on to our plates and glasses. They were sliding all over that place because you have a different capability as far as working in rough seas. You did not at all have any pitch and roll on the large deck carrier, but there was considerable pitch and roll on the smaller ship. That has to be a factor to a pilot coming in for a landing. Again, I am a layman in that. I have not had the experience, but I will yield to Senator GLENN and Senator DENTON on that particular issue.

Mr. President, we have a limitation on our time. I will certainly want to reserve time for other Senators to speak on this issue. I think the Senator from Colorado raises a valid point, but the point, when analyzed, does not hold up; that is, you do not get more for your money by creating two ships of less capability at roughly the same cost as one with limited power projection capability.

I would close by quoting the words of Winston Churchill:

> Nothing in the world, nothing that you may think of or anyone may tell you, no arguments, however specious, no appeals, however seductive, must lead us to abandon that naval supremacy upon which the life of our country depends.

I would submit to you that we should not sacrifice what is a winning combination of aircraft on board a capable large deck carrier for the surface appeal—if I can use that term—of simply engaging in an amebalike process of subdividing these ships into two smaller, less capable aircraft carriers.

Mr. DENTON addressed the Chair.

The PRESIDING OFFICER (Mr. SCHMITT). Who yields time?

Mr. COHEN. I yield 5 minutes to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 minutes.

Mr. DENTON. Mr. President, I will not take that much time. I thank the Senator.

I submit that I am guilty of having been a Navy admiral. There is a former Marine officer in this room without that stigma who is a much more distinguished career aviator than myself; namely, the Senator from Ohio. I will leave to him the refutation of the economics offered by the distinguished Senator from Colorado. I am sure that he will prove, with details, the general conclusion the Navy reached with its study that at equal cost force structures the CVN, the nuclear carrier, wins every time over the conventional carrier and the smaller carrier.

I also defer to the remarks by our distinguished chairman of the subcommittee, the Senator from Maine, who eloquently put forth the case. I believe it needs no elaboration.

Worth Bagley and Stan Turner were classmates of mine. I know them well, and I respect them. But I consider that they have differences of opinion with the rest of the Navy, the center of gravity of the Navy today on this subject, as we have differences of opinion within this body on matters in which we have equality of interest at times and sometimes equality of knowledge.

But neither of those gentleman are aviators, and neither of them are carrier aviators. My friend from Ohio was one of the best, with an outstanding combat career in Korea, followed by a feat for which we all honor him. So I will leave to him the bulk of these remarks.

But we are both carrier aviators. I do not think the Senator from Colorado meant to imply that we necessarily have to retire before we start telling the truth. I will say more stupid things than that in this Chamber, and I know he did not mean to say what it sounded as though he was saying. But it did sound that way to most of us.

As I say, I am sure that I will stumble or have stumbled worse, and I know he did not mean that.

The senior Senator from Arizona is also an aviator, but not a carrier aviator. He may have differences of opinion with us over the merits of this issue.

We are a fairly sincere group in the Navy. I knew a lot of honest admirals. Although a few of them might slant an exercise now and then, I was not noted for doing that.

As a lieutenant I set up some exercises to prove that a carrier was not as invulnerable as was being represented, not by fake exercises but just realistic ones.

We used to have carriers surviving in the exercises I set up as a lieutenant, and I can refer you to my record, in which the survival time might average 48 hours against nuclear threat then in being, but the carriers were bottled up in the Mediterranean.

I certainly agree with the Navy's contention that the CVN is the best at equal cost force structures every time and I strongly recommend that we table this amendment.

I think that the action taken today already is going to be a signal to the Soviet Union that we are determined in this body to rebuild our strength, that we are going to do it at some sacrifice, but with the realism that there is a relationship between the domestic economy and our military strength, how we regard it, and the respect with which we regard it.

I yield to the Senator from Ohio.

The **PRESIDING OFFICER**. Who yields time?

Mr. **COHEN**. How much time remains?

The **PRESIDING OFFICER**. Eleven minutes.

Mr. **COHEN**. I yield 6 minutes to the Senator from Ohio.

Mr. **GLENN**. Thank you, Mr. President.

I would like to address a question to the Senator from Colorado. I asked earlier about the economics of this. I think we need to come back to a basic question: What are we purchasing with these billions of dollars we are spending? We are purchasing mobile airpower. We are purchasing air power that can be anywhere on the oceans of this world. So you come back to the basis of the number of aircraft to project that power. That is the basic thing we are buying. All of this talk about numbers of ships and so on is a smokescreen for everything else except that one fact, the number of aircraft you can bring to bear at a certain spot around this world.

If you put it on that basis, the economic basis, let us make some comparisons. The Senator from Colorado said we should go to two of the small carriers. Each one of those small carriers will provide a mobile airpower projection base for about 35 aircraft. A small carrier task force includes all the ships necessary to go along with that carrier to escort it, to be the picket ships, the submarine ships, the early warning ships, and all the rest. A small carrier, as a task force with its outlying ships to give it that security, costs somewhere around $8.6 billion. For those 35 airplanes at the cost of $8.6 billion, that comes out to an airpower projection cost of $245 million per aircraft at sea on station. Those figures include the cost of the airplane.

I can make another case. The small deck carrier, since it cannot provide the same amount of vital protection for ASW, ECM, all those things necessary at sea, because it only holds 35 airplanes, may require an additional couple of picket ships. You may have to provide a little bit of additional protection that the big carrier can furnish itself. So the small deck augmented task force, still with 35 airplanes, comes out to about $10.3 billion. That comes out to $294 million per airplane at sea.

Now, let us go to the big one, the *Nimitz*. It carries 2½ times the airplanes. Instead of 35 on each small deck, it will hold, on a single deck, 98 airplanes. You can have the whole gamut of fighter attack, antisubmarine, early warning, electronic countermeasures, fighters, tankers, the whole range of aircraft necessary to go to sea and protect a big carrier task force. With 98 airplanes your cost of the whole task force does go up, to $11.9 billion as opposed to the $8.6 billion. But how much is your cost per airplane for air power projected at sea anywhere in this world? Your cost per aircraft goes to less than half of the small deck carrier cost. It is $121 million per aircraft to protect that power anywhere in the world with a balanced force.

Your small deck carrier comes out to $245 million per aircraft and your small deck carrier augmented then comes out to $249 million.

Let us talk economics. I would challenge the Senator from Colorado to talk economics. The economics are that if you go to the big carrier, you get your projected air power at half the cost per aircraft than you would with the small carrier, where you up your cost to more than double for power projection aircraft at sea. So those are the economics of it.

The Senator from Colorado also mentioned something about how, if we made certain expenditures, we could go to 12 of the smaller carriers. He said that would cost us whatever the figure was. I guess it would be multiplied out times the $3 million per aircraft per carrier, as though those carriers were usable, singly, alone at sea. Nobody but an idiot would put a carrier alone at sea. We are talking about carrier task forces.

If those 12 small carriers that the Senator from Colorado mentioned are multiplied out times the number of task forces that each would have to operate with, which would be 12 task forces at $8.6 billion, the cost then goes up to $103.2 billion. We do not just put carriers out to sea. The cost of the carrier is the cost of everything that is required to put that carrier at sea and project that power. You are talking about the task force that goes along with it.

I will repeat the figures. The distinguished Senator from Colorado was out for a moment. You go with the *Nimitz* carrier with 98 aircraft and the cost of the whole carrier task force is about $11.9 billion. The cost per aircraft, which are the economics the Senator was talking about, is $120 million. If you go to a small deck carrier with 35 aircraft, the cost of that task force goes down, true, to $8.6 billion, but the cost per aircraft put at sea in a power projection mode is $245 million, more than double the cost per aircraft at sea in the case of the *Nimitz* class.

If you take a small deck carrier, augment it with some additional protection which the small carrier cannot provide for itself, at $10.3 billion, it comes out to $294 million per aircraft for power projection.

To me, if we want to talk economics, all of the economics are on the side of the big carrier.

The **PRESIDING OFFICER.** The Senator's time has expired. Who yields time?

Mr. **COHEN.** I yield to the Senator from Virginia.

How much time have I remaining?

The **PRESIDING OFFICER.** Five minutes.

Mr. **COHEN.** I yield 4 minutes.

Mr. **HARRY F. BYRD, JR.** Mr. President, the Senator from Ohio, the Senator from Maine, and the Senator from Alabama have each made a very effective case in opposition to the amendment offered by the Senator from Colorado. I know how hard the Senator from Colorado has worked on this matter. He has certainly rendered a service not only to the committee but to the Senate for the information he has developed in regard to the entire carrier program.

But I have been persuaded by all of the testimony before the Armed Services Committee—and it has been amplified by the comments just made by the distinguished Senator from Ohio (Mr. GLENN)—that the most effective aircraft carrier, the most cost-effective ship, is the large carrier.

I have also been persuaded that it is the least vulnerable of any ship that we have. I have been impressed by the testimony by Navy experts that if we go to the small carrier in order to give that 40,000-ton ship the survivability of the larger carrier, it would require going to 56,000 tons. Then the statement was made by the naval officers testifying, the Chief of Naval Operations and others, that if you are going to 56,000, from a cost-effective basis, you would be much better off to go to the *Nimitz* class 90,000-ton carrier.

Mr. President, I think the evidence is clear that if we want two additional carriers, the way to do that is to go to the *Nimitz* type nuclear-powered carrier.

Incidentally, the two carriers which the Senator from Colorado would substitute for the one nuclear-powered carrier, his two, would be conventional powered carriers. I think that is going in the wrong direction at this time. I feel that the Nation would be better off if we rejected the amendment of the Senator from Colorado and authorize today the two nuclear-powered carriers of the *Nimitz* class.

Mr. **COHEN.** Mr. President, how much time do I have?

The **PRESIDING OFFICER.** The Senator from Maine has 2 minutes.

Mr. **COHEN.** I yield it to the Senator from Ohio.

Mr. **GLENN.** Mr. President, I want to make one additional point. The Senator from Colorado is specifically proposing that we do away with one *Nimitz* carrier and replace it with two smaller carriers. He indicated that we would get two ships for the price of one, roughly. But we would not, Mr. President. Two carriers mean two task forces, unless you are going to sit them side by side, which accomplishes nothing. You may as well have two carriers which carry twice the airplanes. So that means two task forces.

When split that way, it is $8.6 billion for a small task force or $10.3 billion for an augmented small deck task force. We come out with it being $17.2 billion or $23.6 billion for those two carriers to go to sea as opposed to the one larger carrier going to sea at the $11.9 billion. Rather than save money, it becomes a decided economic disadvantage if we go that route.

I yield whatever time there is back to the Senator from Maine.

Mr. **HART.** Mr. President, I see a contradiction between the comments made by the distinguished chairman of the Budget Committee and the Senator from Ohio. The chaiman of the Budget Committee knows, and we know, if you accept that economic premise, certainly, arithmetically, certain consequences flow. The only problem with the case made by the Senator from Ohio is that I, and certainly people much more militarily expert than I, do not accept those fundamental assumptions about the cost of a light carrier task group or the perplane cost or protection, and so on.

In fact, Mr. President, many experts, a number of very qualified experts, believe that the cost of that conventional light carrier task group that is being discussed here this evening is about exactly half of the total cost, the $8 billion cost or whatever it is, that the Senator from Ohio assumes. Even if one assumed those base-line numbers of $8.7 billion or whatever, the issue is not cost effectiveness. The issue is military effectiveness.

Mr. President, we talk about military matters in these bureaucratic cost-effectiveness terms, which seems to me to be so abstract from the real needs of what our defenses are.

The Senator from Maine earlier minimized the difficulty of two targets as if, well, two targets are that much easier than one target. I think that bears a lot more debate and consideration than the Senator from Maine gave it. Many military experts, many naval experts believe that you substantially, exponentially compound the problems of an attacker by dispersing the targets. That is certainly the theory behind Admiral Turner's arguments. It is certainly the theory behind Admiral Zumwalt's arguments. It is certainly the theory behind Admiral Bagley's arguments, and many, many others. By building two more carriers, I do not care how much they cost or what their capabilities are or what kind of aircraft you have on them, you do not substantially compound the problems of the Soviet Navy in defeating our Navy.

The Senator from Maine talked about the need, or certainly, that we have to go in this direction. I have heard that argument for 5 or 6 years around here—certainly, this is the direction we have to go in. My question is when? If these nuclear aircraft carriers, these *Nimitz* class carriers are so sacrosanct, if these are the only kinds of decks we can put to sea, it is going to be well into the 21st century before we can ever "move in the direction" that I have heard my colleagues on the Senate Committee on Armed Services for years say we have to move in and the Senator from Maine says we have to move in. I have heard this argument from the Navy itself for years.

"Certainly, the Senator is right; certainly, this is the direction we have to move in." I want to know when? Do we get 15 nuclear *Nimitz*-class carriers at sea? Is that it? That is about 20-25. That is presuming we have economic recovery, and based on the vote we just cast on the last amendment, I have serious doubts about that any time in the near future.

As I said when I opened the debate on this amendment, I do not think the Senate is really serious about balancing the budget or economic recovery, given the last vote. It certainly did not seem to me to be a serious economic recovery vote. Given that set of circumstances and the mindset across the river about we cannot think about moving in this direction until we get all these 15 *Nimitz* aircraft carriers at sea and all the other vessels and all the high performance combat items, then we move in the direction of supplementing those carriers that we all agree poor Senator HART is right about.

Mr. President, that will be too late. That will be too late.

The Senator from Maine starts out his argument about the tremendous punch this carrier had—against the Soviet Union? No; Libya. If the U.S. Navy were going to war with Libya, I think we would be in pretty good shape. But that is not the issue before the Senate tonight. The issue is the U.S. Navy going to war against the Soviet Navy.

I would take a *Nimitz* aircraft carrier and sail it into the Gulf of Sidra and put my F-14's against Colonel Qadhafi's whatever they were. That is easy. That is not the threat.

Mr. **COHEN.** Does the Senator have something better on the light carrier that he is going to put up against the Soviet Union?

Mr. **HART.** You can send the same kind of aircraft up against Colonel Qadhafi; that is where you need the light carrier.

Mr. COHEN What the Senator wants is the same kind of aircraft, the F-14 or the F-18, to go up against the Soviet Union.

Mr. HART. What I want is a Navy that can survive the Soviets' submarine threat. The Chief of Naval Operations says he is not going to take those carriers into the high-threat environment that the Soviet represents, land-based air or whatever. That was the threat that that *Nimitz* carrier went up against, land-based air. The CNO says he is not going to do that.

Mr. President, the issue before the Senate, as I have said, I think, is a profoundly serious one. It unfortunately will not unfold itself in terms of who is right, who is wrong, probably before it is too late. Then I think the U.S. Senate can get itself back together after a lot of American ships are lost and reconstruct the record and debate about where we went wrong. But I do not think this Nation is going to be well-served by a navy that is built totally around 15 aircraft carriers in the 1980's, 1990's and the 21st century.

In conclusion, Mr. President, since the Senator of Maine is fond of Winston Churchill, I shall quote from Winston Churchill:

> By steadily increasing the size of destroyers, they will turn from being hunters to being the hunted.

I yield back my time, Mr. President.

Mr. THURMOND. Mr. President, I rise in opposition to this amendment because it is militarily unsound and technologically flawed. This issue was debated in 1980 and rejected. The arguments for smaller aircraft carriers have not become more viable or convincing in the ensuing 2 years.

It is very misleading to claim that there is a military advantage in having smaller aircraft carriers because of greater dispersal of aircraft assets. The truth is that two small carriers have only about two-thirds of the aircraft of a *Nimitz* class carrier. They may be dispersed, but a much higher percentage of the aircraft would be needed just to protect the carrier. This results in a great loss of deliverable combat power.

These conventional oil burning light carriers require frequent underway refueling which would optimize the enemy's target acquisition against our carriers. A *Nimitz* carrier has a 15-year supply of fuel for its reactors allowing it to travel about 1.5 million miles before replenishment of its nuclear fuel.

The light carriers would be subject to the cost overruns and delays in delivery associated with new ship designs whereas the *Nimitz* class carrier is a proven design with the last such carrier being delivered ahead of schedule.

Additionally, light carriers are more susceptible to pitch and roll during high seas. This greatly increases the danger to the pilots during launch and recovery operations. The accident rate on light carriers is much higher than that on large aircraft carriers.

Mr. President, the need is for aircraft carriers that have a great degree of flexibility in their mission capability and are survivable in a high threat environment. The *Nimitz* class aircraft carrier provides these options and light carriers do not.

Mr. HART. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. COHEN. Mr. President, how much time do I have remaining?

The **PRESIDING OFFICER.** The Senator from Maine has 45 seconds remaining.

Mr. GLENN. Mr. President, I will only respond with a couple of comments here because the time is very short.

I talked combat capability earlier, and the Senator from Colorado and the Senator from Arkansas were talking the economics of this thing. I addressed the economics of it, and now the Senator from Colorado is talking combat effectiveness. You cannot have it both ways.

Mr. HART. Two separate amendments. The last amendment was an economic amendment. This amendment is a military amendment.

Mr. GLENN. I see. That explains it then, I guess, but it comes down to the fact that per aircraft, airpower projected at sea with the big carriers is $121 million per aircraft. With the small-deck carrier, that cost goes up because the number of airplanes you can carry goes down, so your cost of projection per aircraft is $245 million. The small-deck carrier task force augmented goes up to $294 million. From a cost effectiveness or a combat capability standpoint, the best bet is on the big carrier.

The **PRESIDING OFFICER.** All time on the amendment has expired.

Mr. TOWER. Mr. President, I move to table the amendment of the Senator from Colorado.

The **PRESIDING OFFICER.** The question is on agreeing to the motion to lay on the table the amendment of the Senator from Colorado.

Mr. HART. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER.** The Senator from Colorado requests the yeas and nays.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New Jersey (Mr. BRADY), the Senator from Missouri (Mr. DANFORTH), the Senator from Idaho (Mr. McCLURE), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Illinois (Mr. DIXON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Maryland (Mr. SARBANES), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. DIXON) would vote "yea."

The result was announced—yeas 72, nays 19, as follows:

[Rollcall Vote No. 112 Leg.]

YEAS—72

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boren
Boschwitz
Bradley
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Chiles
Cochran
Cohen
D'Amato
DeConcini
Denton
Dole
Domenici
Durenberger
East
Exon
Garn
Glenn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Humphrey
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Lugar
Mathias
Mattingly
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Quayle
Randolph
Roth
Rudman
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Warner
Weicker
Zorinsky

NAYS—19

Baucus
Biden
Bumpers
Chafee
Cranston
Dodd
Eagleton
Ford
Hart
Huddleston
Kennedy
Leahy
Levin
Matsunaga
Melcher
Pell
Proxmire
Pryor
Riegle

NOT VOTING—9

Brady
Cannon
Danforth
Dixon
Hollings
McClure
Sarbanes
Tsongas
Wallop

So the motion to lay on the table Mr. HART's amendment (UP No. 940) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there is a matter that I believe can be dealt with in just a few moments.

I ask the minority leader if he is in position to take up H.R. 5118 which is at the desk at this time.

Mr. ROBERT C. BYRD. Yes.

ARIZONA WATER SETTLEMENT ACT

Mr. **BAKER**. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 5118.

The **PRESIDING OFFICER** laid before the Senate the following message from the House of Representatives:

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 5118) entitled "An Act to provide water to the Papago Tribe of Arizona and its members, to settle Papago Indian water rights claims in portions of the Papago reservations, and for other purposes", with the following amendments:

Page 4, line 1, strike out "December 12, 1980", and insert "December 11, 1980,".

Page 6, line 25, strike out "December 12, 1980", and insert "December 11, 1980,".

Page 7, line 11, strike out "December 12, 1980", and insert "December 11, 1980,".

Page 9, line 19, strike out "(e)", and insert "(e)(1)".

Page 9, line 23, strike out "(1)", and insert "(A)".

Page 10, line 4, strike out "(2)", and insert "(B)".

Page 10, after line 9, insert:

"(2) There is hereby authorized to be appropriated by this Act, in addition to other sums authorized to be appropriated by this Act, a sum equal to that portion of the total costs fo phase B of the Tucson Aqueduct of the Central Arizona Project which the Secretary determines to be properly allocable to construction of facilities for the delivery of water to Indian Lands as described in subparagraphs (A) and (B) of paragraph (1). Sums allocable to the construction of such facilities shall be reimbursable as provided by the Act of July 1, 1932 (Public Law 72-240; 25 U.S.C. 386(a)), as long as such water is used for irrigation of Indian Lands."

Page 22, line 9, strike out "Notwithstanding", and insert "Except as otherwise provided in section 7 of this Act, notwithstanding".

Mr. **GOLDWATER**. Mr. President, the House of Representatives yesterday approved H.R. 5118 as amended by the Senate, with three additional amendments. The first technical amendment corrects a mistake in dates in sections 2, 3, and 4. They now read December 11, 1980, and not December 12, 1980, as was previously printed.

The second technical amendment clarifies the intent of section 11 in that the extension of the statute of limitations does not affect the obligations of the Papago Tribe contained in section 7, that is, dismissal of the tribe's pending lawsuit and waiver of present and future water claims relative to the named water basins.

The third amendment says that those costs for construction of that part of phase B of the Tucson aqueduct which are allocable to delivery of water to Indian lands are authorized by this act.

I ask that the Senate concur with the House amendments to H.R. 5118.

Mr. **DECONCINI**. Mr. President, I am indeed pleased the House of Representatives has acted so quickly on H.R. 5118 which was passed by the Senate just 2 days ago, May 11, 1982. I am also pleased the House has accepted the Senate amendments incorporated in S. 2114, the Senate bill introduced by myself and Mr. GOLDWATER.

I do, however, have certain misgivings regarding the House amendment which has been incorporated in the bill and which is before us now. The amendment adds those costs to the bill which are attributable to the costs of phase B of the Tucson aqueduct of the central Arizona project. Some of my apprehension results from the fear that my colleagues might interpret this amendment as adding new costs to the bill. These are not new costs, Mr. President. These are costs which will result from the allocation of CAP water by the Secretary of Interior to the Papago Indian Reservation.

It must also be made clear that these funds, authorized in section 4(e)(2) of this act, are intended to be appropriated in conjunction with funds authorized and appropriated under Public Law 90-537, in the properly coordinated construction of the aqueducts delivering water to the Tucson area.

I have previously discussed this amendment with the tribal representatives and with the other principle entities and individuals which have historically contributed to the development of this legislation. They have all indicated their acceptance of the amendment if it is deemed necessary to the passage of the bill by the Members of the House of Representatives. It seems clear, Mr. President, that Members of the House are insistent on the inclusion of this amendment and so, in deference to the will of my constituents, the amendment is accordingly acceptable to me.

I would like to once again commend Congressman MORRIS UDALL for taking the lead in the development of this legislation, and, in addition, my senior colleague, Senator GOLDWATER, for joining me in the introduction of the bill in the Senate, and for his efforts to attain congressional approval.

I sincerely hope, Mr. President, that the President of the United States will concur in the need for the legislation and will join the people of the State of Arizona in this important step forward.

Mr. **BAKER**. Mr. President, I move the Senate concur in the House amendments to the Senate amendment.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

DEPARTMENT OF DEFENSE AUTHORIZATION, 1983

The Senate resumed consideration of S. 2248.

Mr. **BAKER**. Mr. President, I might say, while we are interrupted, that first I thank the managers for giving us this opportunity to deal with this matter and, second, to say it continues to look like a very, very late evening, and it is still the firm intention of the leadership to finish this bill tonight.

Mr. **TOWER**. I think we can.

UNANIMOUS-CONSENT AGREEMENT

Mr. **TOWER**. Mr. President, for the information of my colleagues I am about to propound a consent agreement on time for an amendment to be offered by the Senator from Ohio (Mr. GLENN) on the deletion of MX funds. It is my understanding he is prepared to agree to an hour and 15 minutes, 45 minutes under his control and 30 minutes under mine.

Mr. **GLENN**. Yes.

Mr. **TOWER**. So, if he is recognized to offer his amendment, I ask unanimous consent that the time on his amendment be 1 hour and 15 minutes, to be divided 45 minutes for the Senator from Ohio and 30 minutes for the Senator from Texas.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. **TOWER**. Mr. President, I might add after that it is to be hoped that Mr. MOYNIHAN will be recognized for an amendment on the Maybank amendment which he is prepared to agree to an hour's time on. I will not ask that because I do not know that it has been cleared all the way around.

Mr. President, following the amendment of the Senator from New York (Mr. MOYNIHAN), provided he is recognized after the amendment of the Senator from Ohio is disposed of, there are a number of amendments that I think can be dealt with by voice vote to be offered by Mr. GORTON, Mr. NUNN, Mr. WARNER, Mr. LEVIN, Mr. HEINZ, Mr. CRANSTON, and Mr. HART, and I would hope that we could deal with all of those following the amendment of the Senator from New York, and then there are some controversial amendments that follow that that will involve rollcalls, I think, on about four or five issues to try to give Members an idea of what the schedule is beginning to shape up as.

I feel more optimistic now, if these Senators will all cooperate, that we can finish without having to stay here to the crack of dawn.

The **PRESIDING OFFICER**. Does the Senator from Ohio desire recognition?

Mr. **GLENN** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Ohio is recognized.

Mr. **GLENN**. I thank the Chair.

Mr. President, I yield myself such time as I may require.

The **PRESIDING OFFICER**. Does the Senator have an amendment at the desk?

Mr. GLENN. Yes.

UP AMENDMENT NO. 941

(Purpose: To set aside $565,000,000 for research, development, test, and evaluation of a new intercontinental ballistic missile system in lieu of research, development, test, and evaluation on the MX missile system or on basing of the MX missile system.)

Mr. GLENN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. GLENN) proposes an unprinted amendment numbered 941.

Mr. GLENN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 19, line 13, strike out "$4,455,341,000" and insert in lieu thereof "$2,743,041,000".

On page 21, between lines 9 and 10, insert the following:

LAND-BASED INTERCONTINENTAL BALLISTIC MISSILE

SEC. . (a) None of the funds appropriated for the Air Force under this title may be obligated or expended for research on or development, testing, or evaluation of the MX missile of the basing of the MX missile.

(b) Of the funds authorized to be appropriated for the Air Force under this title, not more than $565,200,000 is authorized for research, development, test, and evaluation on a new intercontinental ballistic missile system consisting of the optimum combination of missile features and land basing modes that will result in the capability of the system to survive an attack by the intercontinental ballistic missiles of a hostile foreign nation and to deliver a devastating counterattack.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. GLENN. Mr. President, we can start out by asking why do we need an MX? I think that is a good question. In particular, why do we need this particular MX?

The theory is abroad in the land and accepted as gospel for the last few years that we are vulnerable to a first strike.

Mr. President, the perception is that we need an MX because our land-based fixed-point missiles become vulnerable to increasing accuracy and megatonnage of what the Soviets can launch in this direction, and the theory goes that we could be held hostage once we had a first strike that knocked out a number of MX missiles, that we then would realize that the Soviets in turn still have a sufficient number left that we dare not reply, so the theory goes that we are vulnerable.

We have some 23 percent of our total strategic nuclear force in ICBM silos.

Let us assume for the sake of the debate tonight that they are in fact vulnerable. So we want to design a new missile system that is somehow supposed to correct that vulnerability.

So we start out and what we have done is we have built an MX missile that is a big new missile, and I do mean big, and we have gone through a whole tantalizing series of possible solutions of how to base that big new booster, that 192,000 pound booster, as a matter of fact, and that parade of solutions has been the multiple protective shelter system that we saw turned down in the desert area. We have had proposals for small submarines. We have had all kinds of proposals for hiding a missile that large but all to no avail.

So here we are going ahead with all the research, all the development for a booster so large that the only place we figured out where to put it to date is to put it back in one of those same holes already targeted by the Soviets that made us vulnerable in the first place.

The Pentagon has been charged with coming up with a better basing system. I have had briefings on what they are considering as many other Senators here have had, and I think we probably all would agree that if we proceed the route that the Pentagon is charting for us right now as far as basing modes are concerned the cost of the missile itself is going to be comparatively small compared to the overall system.

I am not at liberty because of security classifications to go into all of those different methods, those basing modes, on the floor tonight, but I think there are a sufficient number of Senators who have had those briefings that there is general knowledge of what I am talking about.

The types of deception, the types of hiding of these missiles that are being talked about, are going to be tremendously expensive, and some of them have been out in public print. The huge new airplane that Secretary Weinberger proposed at one time, the deep hole solution, where we go down hundreds and hundreds of feet instead of just the shallow silos we have now, the dense pack, as it is called, which is the one that has been written about just recently, which puts all of these holes right in tight together and depends on a fratricide system in case an attack occurs, Mr. President, none of these really answers the problem, the original problem, that caused us to be vulnerable in the first place, vulnerable because we had fixed geographic point vulnerability.

These could not be moved around, and that is the reason why they are vulnerable now, the ones that are going to be placed in the old Titan silos already targeted by the Soviets. What have we gained? What are we in the process of gaining with a system we just put a great big new booster on beyond the size of anything we have had up until now, and put it in that same old hole that the Soviets already have targeted, and repeat once again the vulnerability that got us into trouble in the first place?

Now, Mr. President, what I propose to do with this amendment is to eliminate $1.7 billion in MX missile R. & D. for the current MX, but I would take $560 million now authorized for MX basing mode R. & D. and direct DOD to begin development of a new missile with its basing mode, which is the important thing in this, so that it will give us an optimum chance for a survivable ICBM system that can deliver a devastating counterattack.

That is what we thought the MX was going to be doing for us to begin with, and yet it is not. Right now the current plan is no farther along than to put those missiles back into the same Titan holes that the Soviets already have targeted, and we call this progress.

You go to some of these new basing systems, these deep holes or the airplane, the dense pack, as it is called, and once again they place the MX missile in geographically targeted spots, repeating the same vulnerability mistakes we made to begin with.

It just seems commonsense to me if we are going to an MX—and I do not debate that, I mean a new missile—that we do it in a different way. We do it including the basing mode in the original design, and to me that would mean probably going to a much smaller missile than anything we have proposed so far.

I do not specify in this amendment any particular basing mode or missile, but it does require looking at other missiles than the MX.

The amendment does permit, I would add, DOD to consider something that has been suggested in the past, and that would be to use the Trident II or an adaptation of the Trident II as a common missile, as it has been called, as well as a refurbished Minuteman with upgraded guidance, perhaps.

Smaller missiles of this type offer far more flexible mode options. They are less attractive targets, for one thing. Can you imagine what the first Soviet strikes would be against? The first, the very first, Soviet strikes would be against those Titan silos with the big new MX in it that is supposed to be so invulnerable, and that is the only reason why we are developing it.

A smaller missile in smaller hardened silos or one that is more easily defended by a nonnuclear ballistic missile defense or one that is better because it has better deception potential due to reduced mass and electronic signatures, one that has a mobility potential for cross country or helicopter lift or whatever is one, the type, that I think we should be moving toward.

Is this folly? Is this ridiculous to think we would accept such thing as a mobile in this country?

Well, let us look at what gives us pause when we look at other nations. What worries our European NATO allies is the SS-20. Why does it worry them? Because they know that we cannot guarantee knocking it out in Europe if war starts, because it is mobile.

We do not know where it may be. We do not know where to aim. We do not know what roads it is going to go down or what canals it will be on or whether it will even be in an airplane some place. We do not think they have developed that system, but it certainly is within the weight-carrying capability of an aircraft, so it gives us fits in our planning, and we do not know whether we could knock all those out, and we would try to develop a system to try to knock them out if a war starts in Europe.

Why are the Soviets, on the other side, so concerned about our Pershing missiles coming back into Europe? It is because they will not be in those missile parks if a war starts. They will be off either on a canal down the road, they will be in some place you cannot possibly target enough warheads to hit every place they may be, so they are a good deterrent.

Yet in this country we are going to fixed base, fixed geographical points, once again, and that is supposed to somehow give us more protection because it is bigger. That is the only advantage it has now, bigger with a new guidance system, perhaps with a little increased accuracy, big weight-carrying advantage. But that is of no concern or we would not have knocked out the Titan last night that gives us our biggest throwweight and biggest megatonnage.

The main thing is to consider what is in the Soviet mind that might lead them to a first strike on the United States. The thought that will lead them in that direction is the thought that they will not get obliterated in return; in other words, deterrence. If we go to a smaller missile, if we go to one that is more mobile, if we go to one that is not a sitting-duck target for a Soviet attack, then we cast that doubt in the Soviet mind about whether they can make a first strike against the United States without facing retribution in kind back from a guaranteed reply potential that we would have in this country.

Let us look at the Soviet SS-18 for just a moment. The Soviet SS-18, 308 of them by our estimates, not limited to 10 warheads per booster, that is 3,080. But that big booster has a capability of 40 or even more warheads per booster, with its throwweight capability. That means that right now if the Soviets want to make a breakout with the SS-18 it means they can have some 12,000 warheads just on that SS-18.

I would ask would not that be a target we would shoot for if the shoe were on the other foot? You can bet we would. We would be shooting just as fast as we could get to knock out those SS-18's as fast as we could get to them.

The same thing, the same kind of psychology, obviously would be in the Soviet minds if they decided to fire toward us. They would shoot for those MX's, for our newest missiles, and those that are the most accurate.

So, Mr. President, what I propose is not to eliminate a new missile at all. What I am saying is that our current missile, the MX as we know it now, the 192,000 pound one, is going to be a fixed-base missile no matter what. There is no way to make a 192,000-pound missile into anything other than a fixed-point target for Soviet attack, and if we are going in that direction I think we are off on the wrong foot. We ought to just forget it, and say that our sub forces, which are some 53 percent of our strategic—carry some 53 percent of our strategic—arsenal will do the job for us in the indefinite future because they are largely undetectable under water and can hit anywhere in the Soviet Union, and to just forget the MX because we really do not need it.

I would not prefer to see us go that route. But I would say if we go with the current MX, we are deluding ourselves only, because we are certainly not fooling anyone in the Soviet Union that by placing a big new booster in the same old hole they already have targeted that we have somehow lessened our vulnerability to a first strike. So we have to consider the basing mode in the design of the missile.

We have tried for about the last 4½ years that I know of to get the Pentagon to come up with a basing mode. And we now have them on a short leash once again. We are saying by whatever the date is they have to come up with a basing mode. But I would say that as long as they are continuing work on the current MX, it has to go into a fixed geographical point, that we are wasting our money and we might just as well save that $1.7 billion that I propose to save with this amendment and go ahead with a new missile that will have a basing mode that we can use.

Now, this money that we have spent on the MX so far will not be entirely wasted, I am sure of that. Because there have been some new accuracies developed for guidance systems, it can be developed to another booster or another missile. There are all sorts of things that have come out of the studies as far as engine specifics and new grain for the propellant fuel in the booster. Things like that can be adapted to a different booster, so it is not a total loss.

And we would certainly want to make use of all of those things we can. The basics are there. But we have proceeded with a 192,000-pound missile that is not going to have anything to do except sitting in a specific geographic spot which is what caused the vulnerability of our whole land-based ICBM group to begin with.

So I think we should save this $1.7 billion. I think we can go ahead with a new MX basing mode. The Pentagon, through all of their search for basing modes, has been spectacularly unsuccessful so far in coming up with any basing mode. I have talked to them just recently about their current feelings. They are not yet ready to recommend any one of the modes. And I will tell every Senator here that from what I have seen, the basing modes that I have seen proposed are going to make the cost of the missile look small by comparison, because they are so exotic and would require so much work, so much construction, that they are going to exceed the cost of the booster itself, I think, many times over.

I yield the floor and reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. I wonder if the distinguished Senator from Ohio might engage in a colloquy with me and the time being charged to the respective parties.

The distinguished Senator has proposed in essence that we abandon a program in which we have now invested $3 billion. While there will be some, I think, relatively minor benefits to other areas of nuclear research and development, nevertheless, this is an almost astonishing abandonment of a heavy investment of funds.

I really think that, in view of the fact that the first flight test of the MX is but 8 months away, that it would be highly inappropriate at this time to abandon all that work for a system, Mr. President, which has been studied, I suppose, as carefully as any system in the history of strategic warfare in this country. The road mobile system has been looked at, in my memory, for over two decades. And it has been the decision of several Presidents, several Secretaries of Defense, several Chairmen of the Joint Chiefs and others that it is simply not adaptable to our strategic deterrent complex of weapons for many reasons.

Let us start with, I think, probably the principal reason, that we in the United States enjoy an open and free society, in sharp contrast to the police state of the Soviet Union. As such, the amount of security that would be required to have such a missile as the road mobile system in the United States, coupled with the possible threat of danger to our citizens, those two reasons have been insurmountable. I call on my distinguished colleague to address those points. I think it would be helpful to our colleagues who are listening now and studying this if we performed this by way of a colloquy rather than just speech after speech.

Mr. GLENN. Does the Senator wish for me to reply to that?

Mr. WARNER. Yes.

The PRESIDING OFFICER. If the Senator will yield to the Chair, the Senator made a request that the time be divided between the individual participants. Is that agreeable to the two participants?

Mr. GLENN. That would be fine with me.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Let us say, on security requirements, the same thing would apply as any place in Europe. The Pershings are not kept in one spot. They are moved around. Security is provided. It is accepted there. There would be no difference. The missile sites here would probably be not much larger than that if we design the proper missile.

Although, let me make a specific point. I am not tailoring this process to any particular type of booster. I specifically stayed away from that. I wanted the Pentagon to consider the basing mode in what they are doing. We do not have a basing mode.

Right now, to go ahead and just make the MX as another fixed geographic point target for the Soviets to shoot at, with the additional expenditures of funds that is going to be required, to me makes no sense.

The Senator very properly makes the point that we have already invested $3 billion. But I come back to the basic question: What is the combat capability? What is the combat capability? The combat capability is that we might just as well get those old Titans in the hole, except this has a little more throw weight than the Titan. So, really, we have not solved the problem of the geographic point vulnerability that got us into the problem to begin with.

We put $3 billion in, so we salvage what we can and take our losses. But why proceed with the huge expenditure of funds that is necessary to carry out the remainder of this program when it is not going to solve the problem we set out to solve in the first place?

(Mr. D'AMATO assumed the chair.)

Mr. WARNER. But the Senator is well aware of the action that was taken, first of all, in the subcommittee, of which I am privileged to chair in the Armed Services Committee, whereby we abandoned the interim concept of putting the MX in Minuteman silos and Titan silos. And the Senator is absolutely correct. I concur. It was abandoned. The full committee recommended that action and that is reflected in the bill.

So we are now at a juncture where in excess of $3 billion has been expended for this MX missile and we have to develop a basing mode. The Pentagon has done a good deal of work in connection with Dense Pack. We have yet to consider that basing mode formerly here in the Senate. As such, it seems to me the President should have the opportunity to go forward and explore what may well be the very last element for the survival of the MX; namely, the Dense Pack basing mode. Now, there are some reverse slope concepts. There is the Big Bird concept, which I, myself, think is impractical, and I think the distinguished Senator from Ohio shares that view.

Mr. GLENN. I do.

Mr. WARNER. But, nevertheless, I bring to the Senator's attention that we are asking our colleagues to abandon $3 billion in investments to perhaps build in a further delay in the land-based deterrence by a brief colloquy of an hour and 15 minutes—no disrepect meant to my distinguished colleague—without any hearings on this initiative proposed tonight. I believe that is just more than our colleagues can accept.

Mr. GLENN. I would reply to the distinguished Senator from Virginia that if that was the only consideration that had been given this, then I would agree with him completely. But the Senator knows that he and I both have been concerned about this basing mode for many years.

I personally have been involved with looking into this basing mode with more trips back and forth to the Pentagon and more trips from the Pentagon to my office than were perhaps warranted, trying to find out what the basing mode was going to be or work out some concept that would once again, which I started out with, reduce the geographic point vulnerability that got us into this whole MX thing to begin with.

We are solving it by basically going back to something that is so big that it will, once again, be put at a fixed geographic point.

Now, the Mesa concept, the Big Bird concept, all of these things that he mentioned a moment ago are things that are going to be tremendously expensive, far beyond any $3 billion, if we go ahead and prosecute them. The systems in the world right now that are the ones we worry about the most—in fact, in SALT II, we were so concerned about a system that was not going to be at a fixed point that the Soviets had, the SS-16, we took the special precautions of making sure that was prohibited under SALT II and they could not do that.

One reason was that we were so concerned we would not know where they were. We could not target them. Yet here we are deciding on another missile. This is not something new, as the Senator suggests. This is something we have been considering for roughly the last 4 years. I brought this up on the floor some 3 years ago. From my trips back and forth to the Pentagon, in getting away from a geographical point of vulnerability, I have yet to find anyone in the Pentagon who has not said that going with a smaller missile, which would be more flexible, which could be moved around, is not the best way to go. It is cheaper and it implants the greatest doubt of first strike success in the Soviet minds because they do not know where to aim to hit it. It creates the greatest deterrence.

But the only reason ever given is the social interface of the United States that Americans would never accept what is accepted as a norm in Europe, what is accepted as a norm in the Soviet Union, which gives both sides the greatest concern. That is vulnerability.

I find that just an unacceptable answer.

I will repeat again. I am not pushing toward that. I am saying we should come up with whatever basing mode there is in conjunction with the booster as developed, and not end up with an impossible basing mode such as the huge booster, such as we are doing right now.

Mr. WARNER. The Senator has answered my next question. That is if the Pentagon has always felt this was a concept that should be put forth, first, why did they not bring it to the Congress of the United States so we could explore it in hearings?

Mr. GLENN. Social errors.

Mr. WARNER. Then what evidence have we tonight that we can share with our colleagues that in these mere few minutes suddenly swing around a decision which has been blockaded, so to speak, for three decades?

Mr. GLENN. For three decades?

Mr. WARNER. I would think for 30 years they have been looking at the concept of the deployment of weapons in this country.

Mr. GLENN. I see. We do deploy them.

Mr. WARNER. In a mobile system?

Mr. GLENN. Not in a mobile system, but we ask the communities which are near them to accept them. There is no risk. The booster does not light itself off and go squirting around the countryside, as the Senator knows. The worst thing it could do, if ignited inside the silo, would be to burn in place.

Mr. WARNER. I appreciate that. But mobility means either rail, road, or barge. Am I not correct?

Mr. GLENN. Road, rail, barge, air.

Mr. WARNER. I think the Senator and I have pretty well agreed that the air concept of the Big Bird——

Mr. GLENN. If we go to the big 192,000 pounds, yes. If we have the much smaller one, I do not eliminate air from that.

Mr. WARNER. Then we will put air in for the purpose of discussion.

But, again, what evidence have we to share with our colleagues tonight that that social interfacing can be accepted?

The Senator from Ohio is asking us to cancel a $3 billion program and make a very dramatic restart based on what I might say is the hope that there could be a social interface.

I raise this point to which to address my inquiry. We are experiencing in this country what I regard as a very healthy movement; namely, more and more citizens becoming concerned with all aspects of nuclear power, whether it is power or weapons, studying it. Unfortunately, we have not given them, in my judgment, adequate leadership to direct them on a course that would not stop civilian nuclear power and not stop these resolutions which say, "We do not want anything in our country related to nuclear fission whatsoever, be it civilian power or military weapons."

I think suddenly tonight if we were to go the course the Senator recommends this would fuel this popular movement all over America and we would suddenly be confronted with the situation where all communities would pass resolutions that they do not want any nuclear weapons in their areas.

Mr. GLENN. Let me ask the distinguished Senator from Virginia what basing mode he faces at this time and how it would improve our intercontinental ballistic posture to get away from the fixed mode.

Mr. WARNER. I think this program should be completed, as it will be in 8 months, and then to study, as the President promised, and I was in his office not more than 4 days ago when this very subject was discussed. He said "I will see that this administration brings forth a basing mode not later than December 1, 1982."

I think he is entitled to that opportunity.

Mr. GLENN. I am sure the Senator from Virginia is more familiar with the basing mode than I am. What basing mode does the Senator think would be suitable now to get away from the fixed-point vulnerability?

Mr. WARNER. I have some hesitation on deep ground, but possibly on steep slope.

Mr. GLENN. Have we any cost estimates on those?

Mr. WARNER. I have seen only the rough figures, but certainly my recollection is that they were under what we had for the Carter system on the racetrack. I do not have the cost figures.

Mr. GLENN. I have not seen any figures.

Mr. President, I just feel that we have agonized and the Pentagon has agonized over the basing modes of this booster. They started out with the 192,000-pound booster without knowing what basing mode they would have. They have been unable for the last 4 years to develop a satisfactory basing mode. On the ones I have been briefed upon by the Pentagon, they do not look any more satisfactory than the previous ones the country turned down. I think if we are really concerned about the fixed-point vulnerability of our land-based ICBM's, we have to take a new look at this thing and go back to a system that will be flexible. That does not mean it has to be off Federal lands. It does not mean it has to go up and down the highways or through our cities, necessarily. It means it does have to be flexible enough that it can be mobile, it can be moved around on Federal lands or wherever. It could be at sea. It could be an adaptation of the Trident. It could be a whole series of things I would want them to study that are impossible to even contemplate as long as we stick with the 192,000-pound MX.

Mr. WARNER. I have one last question of the distinguished Senator and then I will yield to my colleagues who are anxious to express their views.

The distinguished Senator from Ohio has been in the forefront of all the considerations of the arms limitations discussions. It would seem to me if we were to take this radical departure now it might well complicate the talks which the President has indicated will commence as early as June. In other words, we would be injecting a new element, an unknown, into this equation, and in all probability numbers that are far greater than anticipated now for the MX.

Mr. GLENN. I think last night on this floor we were concerned about throw weights and megatonnages in doing away with the Titans. That did not seem to be a real consideration last evening. I wanted to keep those Titans in their holes for that very reason, that we have a known capability there and we are giving it up. We really cannot have it both ways. We cannot have little concern by the administration last evening in favoring doing away with the megatonnage throw weight of the Titans, which is a considerable thing, the booster that has the biggest throw weight and megatonnage capability of anything in our arsenal. If we are doing away with those and being concerned with the MX being a bargaining chip when it is nonexistent—we have only spent $3 billion, a lot of money, but we are about to spend a lot more than that, and there are times, I think, when you have gone off on the deep end on a concept that is not viable, is not working, is not giving us the additional security that we thought we were providing with it, we are not getting away from a geographic fixed point vulnerability that got us into trouble to begin with—it seems to me it makes sense to cut our losses, go to a system that will give us more flexibility and give us a better deterrent in that Soviet mind that they do not know where to shoot at in this country and so they better not do it because they will get obliterated.

Mr. WARNER. But to get back to this consideration, does not the framework complicate the negotiations? You do not know the number involved, the number of warheads, and the question of verification of mobile systems.

Mr. GLENN. On the verification aspect, I think there is doubt that this would fit into the SALT II, so I think we would be in violation of it. I do not think going to a mobile would be. We are permitted to develop on new system and if that is our system, we can develop a mobile. The Senator will probably recall that one of the things during the SALT II debate we were most concerned was the mobile the Soviets have, the SS-16. We could not have a strike back. We did not know where it was going to be. Therefore, as far as we were concerned, it was certainly a deterrent in our thinking here to cope with Soviet nuclear weaponry. Think of how it would be if we had a system and they did not know where we were going to be.

Mr. WARNER. Mr. President, I yield to the Senator from Utah.

Mr. GARN. Mr. President, the Senator from Ohio and I are not normally on opposing sides of the issue. In fact, for the past 8 years, we have found ourselves on the floor, as former naval aviators, arguing the same point. So I think it is strange for us to be on different sides.

I think it is a grave mistake, after all these years, to simply take out all the R. & D. funds and abandon this missile. I recall back in 1976, when I first became involved in the Armed Services Committee, more than 6 years ago, I asked for an appointment with President Gerald Ford. I went down and said, "I realize I am only a second-year

Senator, but I have spent a lot of time on this and for whatever my opinions are worth, I would like to express them to you."

I said, first of all, with what the Soviets are doing, since we unilaterally made a decision in 1959 to deploy no more than 1,000—550 Minuteman II's, while the Soviets were working on their SS-18's, SS-19's, SS-20's, and now the mobile SS-16, although I think it is difficult to pick a basing mode, at that time I thought he ought to make a decision. The first one was to proceed with the development of the MX missile itself, so we do not have delays and do not have great cost escalations in the development of the missile while we try to decide on a basing mode; and second, try to build a B-1 to beef up our Triad. Unfortunately, he deferred. Because of the election, he did not want to make those decisions. He lost the election. President Carter came in, killed the B-1 and waited 3 years to decide on the MX. Then in my opinion, he picked the most ludicrous of all the basing modes of the 25 or 30 that could possibly be studied.

I know I get accused of saying I just feel that way because he wanted to put it in my State or Nevada. I have never refused or said I would not accept MX in my State. I said I did not want that basing mode because I did not feel it was survivable, simply not survivable at all. It did not matter where you put those missiles, the Soviets simply could overwhelm it, could target all 46 shelters with 2 warheads each. It was absolutely unsurvivable before you ever completed it.

So, I think President Ford made a mistake. I think President Carter made a grave mistake in not proceeding. Now, in 1982, 6 years later, we are on the floor saying, let us not even build the missile. In my analysis of basing modes, where I think the biggest mistake has been made is we have tried to find one best solution. There is no one best solution. If we look at some combinations, all of them had some warts on them, some problems—either with arms control or verification.

I still feel that if we give up the MX, I see no way that we can achieve an arms control agreement. I see no incentive whatsoever for the Soviet Union to give up their SS-18, with 308 of them in place; no incentive whatsoever for them to give up their 300 SS-20's in Eastern Europe. I have never seen them give anything up for something, most of the time, let alone something for nothing.

I understand, the Senator and I have talked about this many times, about road mobile. We talked about it in 1979 when the SALT treaty was up. I agree, it is a great system. They would have a hard time finding it. I do not know whether we could sell it politically to have them roaming around the roads. We had a hard enough time trying to sell anything in the western Utah desert, let alone roaming the roads.

Forgetting that situation, it may fit or may not, may be in opposition to SALT II; I just cannot imagine how in the world we would ever work out the verification of that system. I really believe if we want to say let us forget arms control and go ahead and have a deterrent, it might be a good idea.

With the Soviets being difficult on agreeing to adequate verification—you know we agreed on that in 1979; there was not adequate verification of fixed points. Despite the fact that the technology has improved somewhat, I do not see any way we can get adequate verification for a mobile system or get the Soviets to agree to one we can verify in their country.

Mr. GLENN. Does the Senator recall it was the Soviets who insisted that NTM, National Technical Means, be their own? We accept that, satellite all sorts of monitoring, because we have no help from the Soviet Union. What is sauce for the goose is sauce for the gander.

Let them have some NTM problems over here. I do not see that as a problem.

Mr. GARN. I do, because I felt at the time very strongly that we needed on-site monitoring, in-field monitoring, because National Technical Means, after losing Iran, as the Senator knows, without giving away any classified information, could not give us some of the items we needed, throw weight and so on, their test sites, in a few seconds.

The Senator from Ohio knows a lot more about rockets and lifting off and so on than I do. I have never been on one, though I hope to some day. He knows how valuable that is. You do not get that from satellites. You cannot get that from satellites at this time.

I do not know how we are going to find mobile systems hiding in the forests, how the Soviets are going to be convinced it is adequate on both sides.

I feel very strongly that this inhibits the arms control process. I feel that, after all these years, we should still proceed with that missile, not defer at all the building of the missile while we continue for only 8 months to try to come up with a solution, I think the Senator knows what my preference has been for a long time.

I think we made a great mistake in the antiballistic missile treaty, that we should have proceeded with some kind of passive defense. I still think that is a better deterrent than building new offensive weapons systems. My basing mode would be the MX 82,000 pounds, starting with the low-adds, which can be built soon, the medium-level system, also the isoatmospheric.

Senator WALLOP has tried very hard to push us to a faster development on space-based laser. We are well behind the Soviets. I believe a layered defense is a lot less risky than many systems talked about, and by the middle 1990's, we can have all three layers that will give us more protection.

Mr. GLENN. I am sure the Senator remembers we agreed if we went into a new generation of MX missiles, we felt they were vulnerable to a Soviet first strike. That is because they are at fixed geographic points and can be targeted. Those targets do not move. And the Soviets have them already in their computers, all set up to go. If we go with a missile as big as this one is going to be in some kind of fixed form, at a fixed launch point—it may have some different entries and exits from that point, but it is going to be at basically a fixed point, because it is so big we cannot make it anything but a fixed-point-based missile.

It escapes me how this really corrects anything or how this gives us additional bargaining power. All we can say is it is new, a little bigger, a little more throw weight, megatonnage capacity. We are not concerned about that or we would not have given away the Titans last night.

Mr. GARN. Mr. President, I do not think you can compare the Titans, with a much bigger band, with the MX. They do not have nearly the accuracy as far as hard target capability. I think that is where the deterrent has to come. I am not one who believes in the philosophy of some who say we can blow up Moscow or Leningrad. I do not want to live in a country that says the deterrent is to kill millions of people. I would rather target their ability to wage war, which, in this case, is their land-based ICBM's.

But I am taking too much time and there are others who want to speak. I just want to say I feel it would be a grave mistake not to continue with the development of the MX missile while we determine a basing mode for it.

Mr. GLENN. Mr. President, how much time remains on each side?

The PRESIDING OFFICER. Nineteen minutes and three seconds for the Senator from Ohio; 13 minutes and 56 seconds for the Senator from Virginia.

Mr. WARNER. Mr. President, I yield 5 minutes to the distinguished Senator from New Mexico.

Mr. SCHMITT. I thank the Senator from Virginia. I have enjoyed the discussion very much. It is illustrative of a great deal of background and experience on all of these issues. As the Senator from Ohio knows, however, you develop more options with more thrust. His option was to go under an Earth orbit. My option was to go to the Moon, and that is the difference between an Atlas and a Saturn. I would just like to add that perspective to this discussion, that, yes, the MX is a big missile. As a consequence, it has more thrust, and also as a consequence it provides options. It provides options for launching a variety of things, not just reentry vehicles. It appears to provide the option of seriously considering the only means that we have of slamming shut the window of vulnerability, and that is a consideration of launch on warning, launch to orbit.

That is something that we must be willing to consider and may have to consider at some point in our future.

Why do I say that, Mr. President? I say that because I personally do not believe that the Soviets can negotiate arms reduction under current circumstances. They have created within their boundaries a military-industrial complex that is on a wartime footing, for which there is no substitute. Unlike our own democracy, our own free enterprise system, once the weapons have been produced to the degree that the people want them, then those industrial components can be diverted to other endeavors—endeavors in a free nation.

The Soviet leadership cannot afford to do that, they cannot afford either to have tens of millions of Soviet citizens out of work, because the military-industrial complex to the production of the kinds of goods that a free people normally would get.

I have to admit that I may be more skeptical than most about the feasibility of any kind of negotiated arms agreement. This does not mean we should not be doing it. It is always wise to talk. You learn a great deal if you talk and listen at the same time.

But I think we also have to ask ourselves the question of why do the Soviets have fixed-base missiles, intercontinental ballistic missiles. Obviously, they built a lot more of them. Again, relating back to this military-industrial complex, not only built a lot more, they are replacing a lot more and they are doing it periodically with new generation weapons But why do they feel they can get away with it? Because they made the decision that we will never launch a first strike. They have that option. That is a very important thing to remember. We are not a first strike offensive nation. In this unfortunate area of military activity, they consider it as one of their options.

In addition, they have worked extensively on ballistic missile defense systems. It would not surprise me to see them move to break out of the ABM treaty, either as soon as it expires or even before it expires. We must be cognizant of that.

I increasingly think this bill that is before us begins to recognize the necessity of the United States moving in research and development and eventually procurement for ballistic missile defense.

The answer, as the Senator from Utah has indicated, to the vulnerability of any land-based missile system is a defensive system.

I do not believe that we are going to be able to have a mobile system for some time on land, although we certainly should do everything we can to upgrade and improve not only the capabilities of our undersea mobile system but also the defense of that system.

In summary, Mr. President, the fundamental reason that I support continued development of the MX is that I believe it does put us in the posture of developing ballistic missile defenses that we need to have anyway, and it gives us a whole new set of options because it is a big booster. The very reason the Senator from Ohio does not like it is the reason I like it.

The **PRESIDING OFFICER**. Who yields time?

Mr. **WARNER**. Mr. President, I would be glad to yield to the distinguished Senator from Michigan.

Mr. **GLENN**. I yield to the Senator from Michigan.

Mr. **LEVIN**. Mr. President, I yield myself 5 minutes. I support the Glenn amendment to redirect the MX missile research and development program toward the goal of producing a survivable missile in a militarily and cost-effective basing mode.

Frankly, I have doubts that such a basing mode exists, no matter what size and shape of MX missile we decide to develop. But proceeding with development of the largest MX missile proposed, the 192,000-pound, 92-inch diameter missile, just complicates and confounds the search for a survivable deployment scheme.

Such complications are both needless and expensive, and they lie at the heart of the dilemma which so far has plagued several administrations during the past decade—how to deploy a new missile to modernize the land-based leg of our strategic deterrent Triad in a way which is militarily, economically, environmentally, and politically affordable, and one which is compatible with efforts at nuclear arms control.

If one believes in the vulnerability of our land-based missiles, it would appear that the only basing mode solution to this hypothetical weakness would rely heavily on deception and mobility.

Some basing mode which would make the Soviets uncertain where our intercontinental ballistic missiles are based, thus reducing their confidence in launching a successful first strike against them, would seem to require us to be able to move our ICBM's from silo to silo or shelter to shelter without Soviet detection of their precise location. The mobility of the MX would be reinforced by whatever deceptive means we employ to "mask" its ultimate location, each time it is moved.

The requirement to move the presently proposed 71-foot MX behemoth insures that moving it periodically will be a major enterprise that would take such a long time that the Soviets would find it easier to monitor and pinpoint its final location. In addition, the weight of the missile, combined with that of its huge transporter, would be so large—almost 1 million pounds—that it could only be moved over specially reinforced roads.

Testimony before our Strategic Forces Subcommittee graphically brings home these points.

On March 2, 1981, the Air Force's Chief of Research and Development, Lt. Gen. Kelly Burke, stated the following about the problems with the interim silo basing mode proposed for MX:

> The MX is so large that, once assembled, it cannot be transported over roads. It is a million pound vehicle. So it will have to be assembled on-site, in the silo, which is differently than we do the Minuteman. The way it would work is, the transporter would bring in the stages, one at a time. * * * So, wherever we go, we are apt to have to do some shoring up of bridges to make these movements.

He concluded that moving such a large missile, along with the requirement to assemble and insert it into a silo in stages, would take probably 8 to 10 days.

You cannot try to hide a missile for that long a period of time and retain much confidence in its deceptiveness, especially in this open society of ours.

Any deceptive basing scheme requiring us to shuttle such a large missile among various shelters, whether it is "Dense Pack" or "Six Pack," as Washington Post editorial cartoonist Herb Block has invented for the MX, probably would suffer from the same problems.

We would reduce these problems considerably if the missile involved in these exercises were smaller.

If we were going to base the MX in deep underground silos or in a continuous patrol aircraft, a smaller missile makes even more sense, since it would impose more manageable lifting and transporting requirements on any specially designed aircraft or subterranean shelter.

The prospect of dropping the present 192,000 pound MX from an aircraft strikes me as close to defying the laws of nature, Mr. President, in view of the stories told about the way the wings of our C-5A almost buckled when it dropped even the lighter Minuteman missile in an experiment some years ago.

The wisdom of redirecting the MX missile R. & D. program to investigate and develop a smaller missile also is borne out by the fact that the AF has acknowledged it is considering the smaller Trident II missile and the much smaller Minuteman III ICBM as candidates for some of the alternative basing modes under review, and that some changes might well have to be made to the present MX to make it compatible with some of these basing modes.

Designing a basing mode around a missile is a dubious proposition, Mr. President. It is putting the "cart before the horse." We have inherited the present MX missile from the now discredited multiple protective shelter basing scheme. We should jettison it and, if a new land based system is otherwise needed and desirable, design a survivable basing mode in conjunction with a missile most suited to that basing mode, not try to make the present white elephant fit whatever deployment scheme is finally selected.

The Glenn amendment before us today would permit us to make this more cost and militarily effective decision.

Finally, on this point, Mr. President, I am aware that opponents of this amendment would argue that stacks of studies as tall as the MX missile itself have determined that the presently proposed missile is the most "cost-effective" vehicle to deliver a particular number of nuclear warheads.

I would only respond that there has been ample testimony that essentially the same levels of militarily effective destructive power can be delivered by a force of smaller missiles. Whatever gains in ease of deployment would far outweigh any minor losses in relative effectiveness, especially since the former would contribute more to the overall survivability and deterrent power of our ICBM force than would the latter based in a more compromised and less survivable mode.

It is for all these reasons that I urge my colleagues to pass the Glenn amendment today.

The **PRESIDING OFFICER**. Does the Senator from Ohio yield additional time to the Senator from Michigan?

Mr. **GLENN**. I yield such time as the Senator may require.

Mr. **LEVIN**. I thank the Senator.

At this time, as we are discussing ways to modernize the land-based leg of our strategic Triad, it also would seem appropriate to address the entire issue of the alleged "window of vulnerability" and our supposed strategic "inferiority."

If you would permit me to mix a few metaphors, Mr. President, it is this alleged "window of inferiority" which has driven our seemingly frantic and sometimes fanciful efforts to find an acceptable MX deployment plan.

This window of nuclear vulnerability is supposedly so drafty that the President of the United States seems to truly believe that, as he stated at his March 31, 1982, press conference, "the Soviet Union does have a definite margin of superiority."

When asked in a followup question whether he was "saying that the United States was vulnerable now, right today, to a nuclear attack that (it) could not retaliate on," the President responded:

> There would be possible, because of some of (our) Triad, retaliation, but the Soviets' great edge is one in which they could absorb our retaliatory blow and hit us again.

Defining nuclear superiority in these terms is not only incorrect, with all due respect to the President, but it also implies that the nation possessing such an alleged advantage actually could "win" a nuclear war.

Yet the President completed his non sequitur by responding to a second followup question by stating:

> I just have to say that I don't think there could be any winners—everybody would be a loser if there's a nuclear war

If no nation could win a nuclear war, Mr. President, of what advantage is it to a nation to possess what some regard as nuclear "superiority?" Logic would argue that there is no advantage to this condition.

But let us also respond to this issue in less theological terms and analyze the strategic nuclear forces at our disposal to determine whether the President is correct in his assessment of our inferiority.

For the purposes of argument, let us assume that our ICBM's are as vulnerable as some contend. I do not believe they are, but let us assume so for this discussion.

At a later press conference, President Reagan elaborated on his theory of our vulnerability in the following exchange. He was asked whether the Soviets could "strike us with impunity" with their strategic forces. He answered:

> I think I spoke of that the other night. That, yes, we would have surviving missiles in our submarines, airborne, of those planes that were airborne at the time of such an attack. Their missiles are aimed at our silos, our ballistic missiles, land-based missiles.
>
> But, would our retaliation result in further devastation of the United States?

The response to the President's own question is that any retaliation by the United States may result in our further devastation, regardless of whether our retaliation is delivered by ICBM's, submarine-launched missiles or bombers.

The President is dismissing too lightly the capabilities inherent in our submarine and bomber forces, and even the small number of ICBM weapons surviving in this "worst case" analysis, to accomplish retaliatory options far more "controlled" than the "surrender or suicide" form of massive retaliation to which he seems to be referring.

We have had such limited nuclear options in our war plans for many years, Mr. President, regardless of whether the prospects for controlling a nuclear war are realistic.

Two years ago, the Defense Department even printed general examples of the types of options we could carry out and the many types of targets we could destroy without engaging in a mutually suicidal countercity attack with the Soviets.

I ask unanimous consent to have this list printed in the Record at this point, and point out that any 1 of our 31 nuclear missile submarines has the capability to destroy many of these types of targets. Our bomber forces possess even greater targeting flexibility.

There being no objection, the material was ordered to be printed in the Record, as follows:

OPTIONS

We target installations associated with:

War supporting industry: ammunition factories, tank and armored personnel carrier factories, petroleum refineries, and railway yards and repair facilities.

Industry that contributes to economic recovery: Coal, basic steel, basic aluminum, cement, and electric power.

Conventional military forces: Kasernes, supply depots, marshalling points, conventional airfields, ammunition storage facilities, and tank and vehical storage yards.

Nuclear forces: ICBM/IRBM LF's and LCC's nuclear weapons storage sites, long-range aviation bases (nuclear capable aircraft), and SSBN bases.

Command and control: Command posts and key communications facilities.

Mr. **LEVIN**. Mr. President, the Defense Department further testified that:

> Policy also dictates that the President be able to choose from a variety of preplanned strike options in order to limit further damage to the U.S. and its allies, control escalation, and end the fighting as quickly as possible.
>
> The existence of a variety of preplanned strike options against target subsets of differing size and composition provides flexibility. It allows the President to control the focus and scale of retaliation and insures that a counter-city response is not the only one available.

These policies have not changed with the change in administrations, Mr. President, as a trip to the Strategic Air Command for a discussion with the experts of the Joint Strategic Target Planning quickly demonstrates.

As long as we can execute a range of these options after a Soviet first strike, I believe we are not inferior to the Soviets, nor do I think we are facing a gaping "window of vulnerability."

The theoretical vulnerability of one leg of our strategic Triad should not be confused to mean that our overall nuclear deterrent is weak and ineffective, and I am afraid that the President has not been sufficiently informed as to this important distinction.

If necessary, we can do much more than simply retaliate once against the Soviets with an all-out attack on their cities, and we will maintain these flexible strategic nuclear capabilities even without throwing good money after bad on an overly large MX missile or a flawed basing scheme.

A close and careful reading of the testimony before our Armed Services Committee clearly contradicts the theories of the "window of vulnerability" and of our strategic inferiority.

Our Nation's top nuclear commander, Gen. Bennie L. Davis, chief of the Strategic Air Command, and Defense Secretary Weinberger himself provide this evidence.

On February 26, 1982, General Davis said:

> As long as the other two legs of the Triad—the bombers and SLBM's—remain survivable, the Soviets will face nearly insurmountable problems in timing a strike that could destroy all the forces of our Triad, including the ICBM's.

This statement may be an excellent argument for modernizing our bombers and missile submarine forces to insure their survivability, but it certainly does not support the theory that our strategic forces are inferior or could not deter or fight a nuclear war. Even some of ICBM's would survive a Soviet first strike, General Davis said.

Secretary Weinberger declared on February 2, 1982:

> We recognize that it is the very strength of the Triad which not allows us the time to find a suitable and survivable long-term MX basing mode by relying on our still survivable and highly capable submarine and bomber forces.

These words also support the need to improve our bomber and submarine forces to protect against their possible compromise in the future. But the words "still survivable and highly capable submarine and bomber forces" should be emphasized, and I commend them to my colleagues and the President. They close the window of vulnerability with a resounding slam.

Secretary Weinberger's statement also supports the wisdom of the Glenn amendment, which would permit us to make the best use of our time available to develop a more suitable and effective long-term basing mode for the MX.

I urge adoption of the amendment.

Mr. WARNER. Mr. President, may I put a question to the distinguished Senator from Michigan, on my time?

The PRESIDING OFFICER (Mr. DURENBERGER). The Senator from Virginia.

Mr. WARNER. Mr. President, I ask the distinguished Senator from Michigan a question, if I may. Will the Senator yield for a question?

Mr. LEVIN. I am happy to yield.

Mr. WARNER. The zero-based option plan which the President of the United States put forward to initiate the realms of arms reduction talks with respect to theater nuclear weapons—is that a program which the distinguished Senator from Michigan felt was a bold step on the part of our President?

Mr. LEVIN. It was a bold statement and a very welcome statement and one that is not acceptable to get us too far, but I was happy to see it.

Mr WARNER. Nevertheless, a basic part of that is to call on the Soviets to dismantle their SS-20's, which pose the greatest threat to Europe today.

I ask this of the distinguished Senator: How would it appear to the negotiators, to NATO, who are concerned about the SS-20, if tonight the U.S. Senate were suddenly to stop this principal land-based system and approve a request for funds to start building a road-mobile system in this country much like the one we are asking to be dismantled in Europe today?

Mr. LEVIN. It would improve our negotiating position if we decided to proceed with a missile which was survivable, instead of one which is not, because a missile which is survivable is a much greater threat and would enhance our negotiating position, rather than putting in another fixed-point missile. We are building a 192,000-pound missile. It cannot be moved. It is a behemoth.

Mr. WARNER. I suggest to the distinguished Senator that if we are to make any progress in arms control—and many of our colleagues here advocate, as I do, that we should make progress—we could not in good faith ask the Soviets to dismantle the SS-20's and tonight take action to begin research and development on a road-mobile system in this country.

Mr. LEVIN. It may be the most effective way to get them to move, if we show them we are building something similar which threatens them. Quite the opposite.

Mr. WARNER. I thank the Senator.

Mr. President, I yield to the distinguished Senator from Indiana.

Mr. QUAYLE. I thank the chairman of the subcommittee.

Mr. President, I, too, question whether we will ever be able to satisfactorily solve the MX basing issue, but I oppose the Glenn amendment for the following reasons:

First, I believe that the problems that we have seen with basing the MX—namely, the question of vulnerability to Soviet missile attack—are common to all land-based missiles, whether they be large—like the MX—or small, like the proposed smaller missile.

The capability of our national technical means is such that even small, fixed-site missiles are probably going to be detectable. The small missiles may be less detectable than MX, but I believe they will be detectable.

We keep talking of "deceptive basing" of such missiles, but I submit that we can never be certain that, however small the missiles, they can be made undetectable to satellite and other surveillance means in the 1990's and beyond.

Second, while I concur with the Senator from Ohio that smaller missiles can be made more mobile, the Congress has thus far rejected road-mobile systems on grounds of social acceptability. I doubt that we shall change our views on that subject.

Third, small missiles on continuous patrol aircraft are certainly technically feasible. But thus far the Senate Armed Services Committee has not looked with favor on such an approach.

Aside from that, a precipitous move to airborne basing might be seen as a duplicitous move by the Soviet Union, since the President has just announced that as a first step in the START process we are recommending a cap on the number of land-based missiles. Aircraft-based missiles seem to avoid that constraint, and might be seen as an acceleration of the arms race by the Soviet Union, and by the American public.

Fourth, I also see no useful purpose in stopping MX missile development when we are nearly at the point of having completed development. To scrap the MX missile at this time, and to initiate development of a new missile, seems wasteful.

I believe the better course of action is to:

First, complete MX missile development as planned, so that it is available for deployment, if that is the wish of the President and the Congress.

Second, continue the MX basing effort, directed at finding a satisfactory solution by December 1, 1982.

Third, concurrently review MX alternatives, including Trident, so that if there is no solution to MX basing, we are prepared to move to an alternative.

Fourth, pursue START negotiations with the highest possible priority, with the intention of reaching a mutually equitable, verifiable arms agreement with the Soviets, hopefully at sharply reduced force levels.

We will factor the results of such negotiations into our future strategic planning.

In summary, although I am skeptical about our ever finding a satisfactory solution to MX basing, I am willing to await the results of the efforts now underway before making any irrevocable judgment about the fate of the MX system.

I am willing to let the chips fall where they may, rather than make a hasty move to a new concept.

Mr. President, I want to add one thing. On this MX issue, time is running out. We have been talking about this basing system and what we are going to do for months and months.

If you want to set December 1 as the magic date, that is fine. As a member of the Armed Services Committee and as one U.S. Senator, I assure Senators that if we do not do something by December 1 that is acceptable to Congress, a majority in both Houses, you might as well forget it—forget basing the MX, because it is not going to happen.

We have kicked this thing around and we have continued to kick it around, and we get all sorts of discussions at the last minute: "Oh, yes, we are going to get a basing mode." We have heard that too long. That is the last chance, period, so far as I am concerned.

If we do not come to grips with this in the next few months, you might as well hang it up. I am serious about it, and I think other people are serious about it.

I applaud the Senator from Ohio for bringing up this matter. I disagree with him in doing it this way, at this time, but I will be with him if we do not get this thing resolved by December 1 and in a way that is acceptable to Congress.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. QUAYLE. I yield.

Mr. GLENN. What I am trying to do is to bring attention to this. Rather than it being something that somehow sneaked up on us in the last few months, this is something we have been considering for 4 years, trying to get a satisfactory basing mode, and we are no further along than we were 4 years ago, because they decided to go for such a big booster an such a big machine that there is no way to make it anything but a fixed point machine so far.

Of all the methods they have tried, none has been satisfactory; and the studies going on right now that I have seen make the $3 billion we already have invested small by comparison to what the basing mode is going to cost.

I do not want to prolong this matter into the night. I believe we have aired this enough. What it boils down to, as a summary, is that we thought we were vulnerable because our ICBM's could be targeted at fixed points by the Soviets. We decided to build a new MX. We made it so big that it is vulnerable because it has to be left at a fixed point. This is not progress. It means we are just perpetuating the same old vulnerability that got us in trouble to begin with, and it does not make any sense to me.

I think before the distinguished floor manager of the bill wishes to make any closing arguments I will be happy to yield back the remainder of my time.

Mr. WARNER. Mr. President, I move to table the pending amendment.

Mr. GLENN. I have not asked for the yeas and nays.

I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. WARNER. Mr. President, I simply by closing say that I think the President of the United States should have the option within the next few months to complete the test on the MX missile and to determine the basing mode which he is committed to do by no later than December 1.

Mr. President, I yield back the remainder of my time.

Mr. GLENN. Mr. President, I yield back the remainder of my time.

Mr. WARNER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WARNER. I made a motion to table the pending amendment.

The PRESIDING OFFICER. The motion to table was not in order at the time that it was made because time had not been yielded back.

Mr. WARNER. I now move to table the pending amendment.

Mr. GARN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GLENN. Mr. President, I ask unanimous consent that I may send an amendment to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. There was a small error in the figures on the other one. This amendment changes it around just a little bit. But this is the correct amendment.

I ask unanimous consent that it replace the other amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be so modified.

The modified amendment is as follows:

On page 19, line 16, strike out "$10,760,643,000" and insert in lieu thereof "$9,026,343,000".

On page 21, between lines 9 and 10, insert the following:

LAND BASED INTERCONTINENTAL BALLISTIC MISSILE

SEC. . (a) None of the funds appropriated for the Air Force under this title may be obligated or expended for research on or development testing, or evaluation of the MX missile or the basing of the MX missile.

(b) Of the funds authorized to be appropriated for the Air Force under this title, not more than $565,000,000 is authorized for research, development, test, and evaluation on a new intercontinental ballistic missile system consisting of the optimum combination of missile features and land basing modes that will result in the capability of the system to survive an attack by the intercontinental ballistic missiles of a hostile foreign nation and to deliver a devastating counterattack.

Mr. WARNER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WARNER. I made a motion to table. The yeas and nays have been ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Ohio.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. MCCLURE), is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Illinois (Mr. DIXON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Maryland (Mr. SARBANES), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

The PRESIDING OFFICER. Are there other Senators in the Chamber who desire to vote?

The result was announced—yeas 65, nays 29, as follows:

[Rollcall Vote No. 113 Leg.]

YEAS—65

Abdnor
Andrews
Armstrong
Baker
Bentsen
Biden
Boren
Boschwitz
Brady
Byrd,
Harry F., Jr.
Byrd, Robert C.
Chafee
Chiles
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dole
Domenici
Durenberger
East
Exon
Ford
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Heflin
Heinz
Helms
Huddleston
Humphrey
Jackson
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Quayle
Roth
Rudman
Sasser
Schmitt
Simpson
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—29

Baucus
Bradley
Bumpers
Burdick
Cranston
Dodd
Eagleton
Glenn
Hart
Hatfield
Hayakawa
Inouye
Johnston
Kennedy
Leahy
Levin
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Proxmire
Pryor
Randolph
Riegle
Specter
Weicker

NOT VOTING—6

Cannon
Dixon
Hollings
McClure
Sarbanes
Tsongas

So the motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I see that the Senator from New York (Mr. MOYNIHAN) is here and available to offer his amendment on the Maybank amendment. I believe that is an amendment to repeal the Maybank amendment or to modify it.

Mr. MOYNIHAN. To modify.

Mr. TOWER. The Senator from New York has kindly agreed to a time limitation of 1 hour. Therefore, I ask unanimous consent that the time on the Moynihan amendment be limited to 1 hour to be equally divided between the Senator from New York and the Senator from Texas.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Before Senator MOYNIHAN calls up his amendment, we expect, at the conclusion of the consideration and disposition of the Moynihan amendment, to take up amendments that are, I think, noncontroversial by Mr. GORTON, Mr. NUNN, Mr. WARNER, Mr. LEVIN, Mr. HEINZ, Mr. CRANSTON, and Mr. HART, which I think could be disposed of by voice vote. Then, from that point, we will take up some amendments that are controversial. There will be several amendments dealing with chemical and biological warfare, an amendment by Senator LEVIN that would delete the funds for the B-1, an amendment relating to specialty metals, and an amendment by Mr. STAFFORD on section 6 schools.

I would expect that, beyond those that we can probably dispose of by voice vote, we could expect four or five that I think probably have to be disposed of by rollcall votes. I expect this amendment offered by the Senator from New York will have to be disposed of by a rollcall vote.

So if Senators will cooperate and agree to rather short time limitations, I think we could move right along and perhaps complete this at not too unreasonable an hour.

Mr. LEVIN. Will the Senator from New York yield to me for a very brief colloquy with the distinguished chairman of the Budget Committee?

Mr. MOYNIHAN. May I say to my friend from Michigan that I do not have the floor.

Mr. TOWER. I yield to the Senator from Michigan for a question

Mr. LEVIN. I am wondering if I could have a very brief colloquy with the chaiman of the Budget Committee, who is in the Chamber. It should take no more than 3 minutes.

Mr. DOMENICI. I would be delighted.

Mr. TOWER. Mr. President, I yield the floor so that the Senator from Michigan may seek it in his own right.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. LEVIN. I wonder if the distinguished chairman of the Budget Committee would help me out on some of the figures involved in this authorization bill. He was kind enough, at my request, to ask the CBO to analyze the bill in front of us to tell us how much this bill cuts from the defense function, how much this authorization bill would cut. The recommendation of the Budget Committee, as I understand it, was that the defense function be cut by $5 billion in 1983, $7 billion in 1984, and $10 billion in 1985. And this bill represents about 95 percent of the defense function, the way I compute it.

I am wondering if the Senator from New Mexico would agree that the CBO reported as follows: That this bill reduces estimated outlays by $2.6 billion in 1983, $2.4 billion in outlay in 1984, and $1.3 billion in outlays in 1985.

Mr. DOMENICI. Mr. President, I am delighted to respond to the question. The answer is, yes, that is the information contained in a letter directed to the distinguished Senator who is asking the question. It is from the Congressional Budget Office dated May 13, 1982. We ought to make that letter a part of the RECORD, if there is no objection.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., May 13, 1982.

Hon. CARL LEVIN,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR LEVIN: Senator Domenici, Chairman of the Senate Budget Committee, has asked me to respond to you regarding your letter to him dated May 12, 1982 in which you requested a cost estimate of the revised bill S. 2248, the Department of Defense Authorization Act, 1983.

The enclosure shows our tentative estimates for the amendments as we understand them recognizing that the speed of events has precluded our reviewing actual revisions to bill language. The estimates shown are based on conversations with Budget Committee and Armed Services Committee staff.

This bill is one of the three major defense authorization bills required annually. Consequently, it is not discernible whether or not individual bills are consistent with budget resolution amounts especially when possible appropriations may be less than the authorization.

When measured against the President's February budget request for items in this bill, the savings from revised S. 2248 are as follows:

[By fiscal year, in billions of dollars]

	1983	1984	1985	1986	1987
Estimated authorization amounts	5.9				
Estimated outlays	2.6	2.4	1.3	0.5	0.1

I hope this information is useful; should you so desire, we would be pleased to provide further detail on these estimates.

Sincerely,

ALICE M. RIVLIN,
Director.

ESTIMATED AUTHORIZATION AND ESTIMATED OUTLAY SAVINGS FROM AMENDMENTS TO S. 2248

[By fiscal year, in millions of dollars]

	1982	1983	1984	1985	1986	1987
Cost of S. 2248 as ordered reported on Mar. 31, 1982						
Authorization amount [1]	1,529	229,137	300			
Estimated outlays	102	128,940	50,372	28,265	9,933	5,383
Amendments Title I—Procurement						
Authorization amount		−1,436				
Estimated outlays		−148	−504	−442	−170	−82
Title II—R.D.T. & E.						
Authorization amount		−532				
Estimated outlays		−305	−184	−34	−7	
Title III—O. & M.						
Authorization amount		−411				
Estimated outlays		−338	−63	−7		
Subtotal						
Authorization amount		−2,379				
Estimated outlays		−791	−751	−483	−177	−82
Cost of active military strength changes						
Authorization amount [1]		−200				
Estimated outlays		−194	−6			
Total amendments						
Authorization amount [1]		−2,579				
Estimated outlays		−985	−757	−483	−177	−82
Revised cost estimate						
Authorization amount [1]	1,529	226,558	300			
Estimated outlays	102	127,955	49,615	27,782	9,756	5,301

[1] The bill does not state specific amounts, the authorization amount shown here is an estimate.

Mr. LEVIN. Would the Senator agree that this bill, which represents 95 percent of the Defense Department cuts for those 3 years, is $6.3 billion in outlays against the recommendation of the Budget Committee of $22 billion in outlays for the entire defense function?

Mr. DOMENICI. I think the answer to that question is obvious. Yes; I do not think there is much relevance to the authorizing bill and the ultimate outlays per year. There is a relationship, but I think the Senate should know that the outlays for all authorization bills are ultimately governed by the appropriation bill, not by the authorizing bill.

I commend the committee for going back to work and trying to reduce the authorizations because to the extent that they do, it makes the job of the appropriators easier in terms of coming in within the mark recommended in the budget, and it also to a great extent puts the authorizing committee in the real business of determining policy. If they have an authorizing bill that is three times as big as the amount you are going to appropriate, then obviously to that extent they relinquish much of their jurisdiction to the Appropriations Committee. In this case, there are two remaining bills, including MilCon and DOE, and they will have to modify those. I think they plan to. Ultimately, the appropriators will have to come in within the mark. This authorization alone, if funded 100 percent, which is not usually the case, would not reduce the dollar figures in this function as recommended to this point by the Budget Committee.

Mr. LEVIN. I agree with my friend's comments, of course, being an expert on the budget function. But I think he will agree that this gives us less than one-third from what the Budget Committee would ultimately recommend the defense function to be reduced. I do agree there are two other bills to come, the DOE energy bill and the MilCon bill. I thank my friend for getting these figures corrected. I do thank my friend for yielding for this colloquy.

Finally, I thank the distinguished Senator from New York.

Mr. TOWER. Mr. President, I just want to point out that it was not anticipated that we would have to reduce from this bill or the other bills we consider in this session the total outlay savings for fiscal 1984 because that can be determined then when we consider the fiscal 1984 bill and consider spending or outlay items. In fact, most of what is seen here for fiscal 1984 is out of programs. When we consider the fiscal 1984 bill, obviously we get into O. & M. funds and other matters which will result in some outlay savings. I do not think it was ever anticipated that we would have to produce in this bill or in our MilCon bill, the pay bill, or the Department of Energy bill all of the outlay savings which are anticipated in 1984.

Mr. DOMENICI. Will the Senator yield?

Mr. LEVIN. Yes.

Mr. DOMENICI. I think the Senator from Texas is correct. On the other hand, I do think it is for the Senate and the Congress ultimately, as they look at the appropriations bill, which is a budget authority appropriation, which carries with it outyear projections as to what that budget authority will cost. I think they have a chance to take a look at whether it is realistic that we will achieve the outyear savings or not, and the appropriators have to look at that, too.

Thus, it sets some guidelines, some guide posts, against which you measure the 1983 appropriations.

The Senator from Texas is correct, you do not make the outyear savings in 1983, but you look at the 1983 to see if it is achievable, and perhaps it has some bearing on how much you appropriate and whether you support that which appropriators appropriate. It is in that regard that we set those outyear numbers. They do not have to be achieved until then, but you look at their achievability in terms of the programs that affect change in 1983. I think the Senator from Texas would agree with that in terms of how it occurs and why it is a policy matter that you have to decide upon each appropriation bill.

Mr. LEVIN. I yield the floor.

UP AMENDMENT NO. 942

(Purpose: To relieve economic dislocations)

Mr. MOYNIHAN. Mr. President, for myself, Mr. D'AMATO, and Mr. DIXON, I send an unprinted amendment to the desk for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN), for himself, Mr. D'AMATO, and Mr. DIXON, proposes an unprinted amendment numbered 942.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 67, after line 13, insert the following new section:

SEC. (a) The Secretary of Defense should conduct a test program during fiscal year 1983 in accordance with this subsection to test the effect of exempting certain contracts of the Department of Defense from the provisions of section 2392 of title 10, United States Code and paying a price differential under such contracts for the purpose of relieving economic dislocations. Under such test program, the Secretary of Defense may exempt from the provisions of such section any contract (other than a contract for the purchase of fuel) made by the Defense Logistics Agency during fiscal year 1983 if the contract is to be awarded to an individual or a firm located in a Labor Surplus Area, as defined and identified by the Department of Labor, and if the Secretary determines—

(1) that the awarding of such contract will not adversely affect the national security of the United States;

(2) that there is a reasonable expectation that bids will be received from a sufficient number of responsible bidders so that the award of such contract will be made at reasonable cost to the United States;

(3) that the price differential to be paid under such contract will not exceed 2 percent; and

(4) the value of such contract, when added to the cumulative value of all other contracts awarded under the test program, will not exceed $3,000,000,000.

(b) Not later than April 15, 1983, the President shall submit a report to Congress on the implementation and results to that date of the test program authorized by subsection (a). The report shall include an assessment of the costs and benefits of the test program.

Mr. MOYNIHAN. Mr. President, I would first like to express my appreciation to the Senator from Texas, the distinguished chairman, for arranging for this matter to be brought up at this hour of the night. The discussion need not be lengthy, the subject having been debated so many times before in this Chamber.

In 1952, President Truman ordered to be issued Defense Manpower Policy 4B, requiring that it be Governmentwide policy to set aside some procurement contracts for labor surplus areas, LSA's.

A labor surplus area is defined as an area that has rates of unemployment 20 percent higher than the national rate.

It happened, however, that in that very same year, 1952, our former colleague, Senator Burnet R. Maybank of South Carolina introduced an amendment which exempted the Department of Defense from this Governmentwide provision. That amendment, the Maybank amendment as it came to be known, was reenacted in each Congress for the succeeding 28 years.

Only last year, with the courteous cooperation of the junior Senator from Virginia, who I see is now on the floor did another view prevail. Those of us who felt that President Truman had not only been correct in his judgment as to social policy, but wise in his judgment as to defense policy, persuaded the Congress to drop the Maybank restriction for a limited period, for a limited amount of procurement contracts of the Defense Logistic's Agency. It was agreed that there would be a trial of the original set-aside policy identified with President Truman.

It could equally well be associated with an earlier President who similarly understood the necessary relation between domestic economic policy and defense policy. I refer to President John Adams, who saw to it that navy yards were established and maintained in virtually every State on the Atlantic seaboard, insuring that not only the costs of defense would be shared by the citizens of the Nation, but also that the returns of defense outlays would also be equitably shared.

I urge my colleagues to keep in mind the wisdom of John Adams; it is relevant to the matter before us. A set-aside program such as I propose to continue would insure that nonstrategic defense dollars were fairly distributed throughout the Nation. There are labor surplus areas in 47 States. There are 1,170 at the most recent count in the United States. Around and among the bustling cities and thriving agricultural communities in almost every State, we find today places suffering genuine economic distress.

May I make the point, Mr. President, that more than half of these LSA's are in the South or the West. I ask unanimous consent to have printed in the RECORD at the end of this debate the Department of Labor's most current list of the counties and municipalities that they now list as labor surplus areas.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MOYNIHAN. Mr. President, last year, the distinguished Senator from Virginia, Mr. WARNER, and I discussed this matter and it was agreed that we would support a trial program that would hopefully demonstrate conclusively the effects that a suspension of Maybank would have on the Defense Establishment and local economies.

I suggest tonight that it is too early to make any final judgments. Certainly it is to early to conclude that the Maybank suspension trial program has somehow failed.

Although it has been a very short trial, we have some preliminary data. They seem to me to warrant the judgment that we were right to go forward in this matter. The costs involved were small; the rewards, we may infer, were considerable. Indeed, during this week in which it was announced that unemployment in this country has soared to its highest level since World War II, it seems to me absolutely vital that we keep alive a program that has funneled Federal spending to areas where the rate of unemployment is even higher than the national average. And done so at such low cost.

During this period, the Defense Logistics Agency awarded 5,554 contracts, valued at $4,940,000. Of these, 1,181 contracts went to labor-surplus areas; 3,703 went to firms in non-labor-surplus areas.

A price differential, Mr. President, was paid on only 248 of the 1,881 contracts that went to the labor surplus areas—about 13 percent of the contracts. Altogether, the cost to the Department of Defense was 1.9 percent on these 248 contracts—in this case, $556,000, offsetting an arguably considerably greater cost in unemployment insurance, in economic decline, in economic inactivity, which is the characteristic of these situations. Some 21,000 jobs were retained or created as a result. The local areas in 47 States were better off; in my view, the country was better off because of it.

The amendment I have submitted to the Senate tonight would simply extend the test program through the next fiscal year, with one important distinction.

I wonder if I may have the attention of the distinguished and respected chairman of the Armed Services Committee as I tell him of this distinction. I say to the Senator from Texas, in the experiment as it has been conducted, the Defense Logistics Agency has been obliged at times to pay a differential as great as 5 percent.

We have learned so far from the trial that the average LSA contractors's difference amounted to just 1.9 percent. I have, accordingly, changed the price differential permitted in the progam. I would reduce it to a maximum 2-percent difference.

It seems to me that it would be in order in this most extraordinary piece of legislation—in which we are authorizing spending in excess of $250 billion—that we allow for the possibility that 3 billion dollars' worth of nonstrategic contracts might be let to labor surplus areas in 47 States, provided that the price differential did not exceed 2 percent.

I would say, Mr. President, that this is not merely good social policy. I think President Truman was right in thinking it wise defense policy.

It is a fact that defense outlays in the United States today are extraordinarily biased against some regions of the Nation and in favor of others. This has not been the intention of any of the persons responsible for the thousands of decisions that have led to this situation, but that has been the result. A result John Adams knew better than to allow to take place. That was why the U.S. Navy was there in the War of 1812 when we needed it.

Some have suggested that this might be simply a regional matter. Let me note that the U.S. Department of Labor, in its most recent announcement of States with newly determined labor surplus areas, on April 30, 1982, lists the following States: Florida, Georgia, Illinois, Iowa, Kentucky, Ohio, Pennsylvania, Tennessee, and Virginia. This is national. It is not a matter of concern only to a few States. It is not even regional in nature. It has to do with different parts of all our States, some parts of which thrive, some of which do not.

President Truman proposed this policy in 1952 in a period of prosperity. We are now in the deepest econmic depression since the 1930's. We have 9.4 percent of our workers workers unemployed. The rate has risen from 7.2 percent last July, when the current recession began, to 9.4 percent. Just the day before yesterday, a member of the President's Council of Economic Advisers forecast that unemployment would pass 10 percent in this year—10 percent. One has to look back to the 1930's to find such a number.

Meanwhile, thanks to the farsightedness of the Senator from Virginia and others, we have in place a trial program which seems to be successfully diverting a small portion of Federal spending to the areas most severely afflicted by the recession.

It is my simple purpose tonight to propose an amendment which makes the test a little tougher, a degree more competitive. It would cut the price differential from 5 percent to 2 percent, because that is what the trial has told us will do the job. That is what the actual bidding turned out to warrant, on average.

It seems to me to be a fair and reasonable continuation of a policy recently adopted by the Senate and the Congress. We do not propose to add radical innovations at this point. We would simply continue a measure we agreed to last year—in less difficult unemployment straits.

We hope, with a much, much larger defense outlay, it might have wider effects than the 248 contracts involved in the first few months of the program in 1981.

I see on the floor the revered former chairman and ranking member of the Committee on Armed Services, whose report comes before us today. I would like to take this opportunity, if he would allow me—and he is always so gracious in these matters—to read aloud the counties in Mississippi that are eligible for set-aside contracts under the program: Alcorn, Attala, Benton, Bolivar, Coahoma, George, Greene, Grenada, Holmes, Jackson, Jefferson, Jefferson Davis, Kemper, Madison, Marshall, Montgomery, Noxubee, Panola, Quitman, Sharkey, Stone, Tate, Tunica, Warren, Washington, Wilkinson and Winston counties. I wonder if there are very many more counties in Mississippi.

I make the simple point that this is national; 47 States are involved. My State is involved. There is not a Senator on the floor whose State is not involved. It is not a question of States versus States. It is a matter of equity and, in my judgment, good sense. I hope this might be an amendment accepted by the managers of the bill.

I certainly will not try their good will by speaking further. I yield the floor.

Mr. TOWER. Mr. President, I yield myself such time as I may require. I think I owe a debt of gratitude to the distinguished Senator from New York for commenting on the positive impact that defense spending has on the economy. I think that is too often overlooked. Many people, who advocate reducing defense spending so that we may adequately fund social programs, fail to take into consideration that defense procurement probably provides more in the way of employment per dollar spent than any other aspect of Federal spending.

As a matter of fact, it is estimated that of every dollar that goes into defense procurement, 46 percent, or 46 cents, comes back to the Treasury because it goes into the pockets of people who are employed and who pay taxes.

Procurement spending for defense has a fallout effect. It not only creates jobs directly, it creates jobs indirectly. But it is also overlooked when we talk about cutting defense spending. Somehow defense spending is wrecking the economy.

Defense spending is providing jobs. It does not seem proper to me to cut procurement spending on defense to fund a welfare program to provide assistance for someone who is unemployed when, in fact, for every $2 billion you spend on procurement, you create 100,000 jobs, directly or indirectly.

I am a little bit puzzled to see that some of the prime advocates of reduced defense spending want defense contracts placed in their areas because they are job producers.

I note that some of the people who voted for the deletion of an aircraft carrier favor channeling defense jobs into their States. New York will get $400 million in some contracts out of the CVN-72's and CVN-73's. It will provide 26,727 jobs, directly or indirectly.

I point out further that those who want us to channel defense contracts into labor-surplus areas also want an Inspector General—some of them. They want to impose this kind of restraint or that kind of restraint on defense spending. This adds cost to defense, when you pursue a program of this kind.

It is like prohibiting contracting out—forbidding contracting out. So the very people abvocating it want to cut defense spending, and forbidding contracting out adds about $50 billion or $60 billion on the defense bill.

Some of the people who want to cut defense spending and channel jobs into labor-surplus areas will fight to the death to preserve Davis-Bacon, which costs us $750 million a year on military construction.

Mr. President, I know that the Senator from New York is loftily motivated. He is perhaps the most eloquent and persuasive Member of this body. He has had a splendid education, because he attended the same school I did, the London School of Economics and Political Science. We came away with some similar impressions and instincts but some that are somewhat diverse.

I understand the humane motivation behind what he is trying to do; but if he succeeds, he is adding cost of defense—adding costs—and not creating any more jobs.

Why is a man in an area that does not have a labor surplus less entitled to a job than a man who does live in an area with a labor surplus?

I can tell you that the unemployed in the less-affluent areas of Texas are just as miserable as the unemployed in the less-affluent areas of New York. Well, they are less miserable, because they live in Texas; and that, of course, is paradise. [Laughter.]

Most Texans, when they die, do not want to go to Heaven; they just want to go back to Texas.

When we provide jobs through defense, we provide them for people in the areas that have the industrial capacity and the technological knowhow and the available labor skills to do a job that is required, to provide security for the people of the United States of America, and that is the way contracts should be let. The more we tinker with it, the more inequitable things are going to become, the more we are going to spend for defense, and the less big bang we are likely to get for the buck.

The PRESIDING OFFICER. (Mr. HATCH). The Senator from New York.

Mr. MOYNIHAN. Mr. President, I believe the matter is set forth as clearly as it might be.

I should like to make the point that last year, we agreed to set aside $5 billion with a 5-percent differential. Tonight we propose a $3 billion maximum for the next fiscal year and a differential of 2 percent.

Let us save this Chamber from the temptation of regionalism and sectarianism that would define the defense budget as a zero sum game in which some win and others lose. For then we shall divide not just our regions, but also our people against each other. Let us seize this opportunity to share the benefits of defense spending, to which the Senator from Texas has referred, with less fortunate communities.

I do not think supporters of my amendment need fear being described as persons against defense. I have voted for every defense bill that has come to this body during my time here, if my recollection is not wrong.

I hope we may do this in a spirit of sharing and of patriotism and not of partisanship and regionalism.

I invoke simply the wisdom of John Adams, and shall say very little more.

Mr. President, I say to the Members of this Chamber, which is not representative of the population of our Nation but of its States, that it might beware the rejection of so modest a proposition as we put forward.

If there is no other Senator who wishes to speak on behalf of the amendment, as I believe there is not now, I am happy to yield back the remainder of my time, if the distinguished chairman wishes to do so.

Mr. TOWER. If the Senator will withhold some of his time, the Senator from Virginia would like to make a brief statement, and then we will be prepared to yield back the remainder of our time.

Mr. MOYNIHAN. That is agreeable.

Mr. WARNER. Mr. President, the distinguished Senator from New York raises the fact that a test was prepared. The test results have not been made official, but I have examined them, and I will take 1½ minutes to acquaint my colleagues with the unofficial results.

The increased costs and results in net loss in jobs, as a result of an 11-month study, are as follows:

DOD paid unnecessary price differential of $1.5 million. The effect was to add 2,300 jobs in one part of the country and lose 2,368 in another part of the country—a net loss of 68 jobs. Thus, we paid $1.5 million to lose 68 jobs.

I broke down the $1.5 million, and about half of it was to hire new Government employees to administer the program, a $795,000 differential.

So I say to my colleagues that the test has been performed, and it has basically come out a wash.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, how much time have I available?

The PRESIDING OFFICER. Five minutes and forty-one seconds.

Mr. MOYNIHAN. Mr. President, I would like to respond to the statement just made by the distinguished Senator from Virginia. I draw his attention to a letter from Mr. Frank Carlucci, the Deputy Secretary of Defense, addressed to the Honorable MELVIN PRICE, chairman of the Committee on Armed Services in the other body. The letter is dated April 14, 1982.

Mr. Carlucci reports that

> a price differential was paid on 248 contracts valued at $29,817,042. The price differential amounted to $555,912 on 1.9 percent of overall value of these contracts.

If there are undisclosed reports different from the one which Mr. Carlucci submitted a month ago, I would ask that they be laid before the Senate.

In any event, I ask unanimous consent to have printed in the RECORD at this point the letter from the Deputy Secretary of Defense, in which he reports the information that I have given the Senate.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE DEPUTY SECRETARY OF DEFENSE,
Washington, D.C. 20301, April 14, 1982.

Hon. MELVIN PRICE,
Chairman, Committee on Armed Services, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN. Attached is a report which describes our activities under the Maybank Amendment Test that was performed under Section 724 of the FY 1981 Defense Appropriation Act, Public Law 96-527. This provision requires that the Defense Logistics Agency (DLA) conduct a test of increasing the placement of contract awards in labor surplus areas (LSA's) by paying a price differential to LSA firms of not more than five percent.

Congress limited the test to a total cumulative sum of contract awards not to exceed $3.4 billion. The test results as of 30 September 1981 indicate that DLA awarded 5,584 contracts valued at $494,871,214. Of these $5,584 awards, a price differential was paid on 248 contracts valued at $29,817,042. The price differential amounted to $555,912 or 1.9 percent of overall value of these contracts. DLA administrative expenses related to the test to date are estimated at $174,385.

Under the test where bids were received on a contract requirement from both LSA and non-LSA firms and where the bid price of the LSA bidder was higher than the five percent limitation, DLA awarded the resultant contract to the lower non-LSA bidder. DLA made 658 such awards to firms in non-LSA areas at an aggregate value of $87,649,571. Had there been no five percent limitation on LSA awards and had DLA been required to award to the lowest LSA bidder, the amount of these awards would have been $110,999,010. This represents and average premium of 26.6 percent, amounting to $23,349,339. The premiums on individual contracts would have ranged from 5.1 percent to 107.2 percent.

The DoD is continuing this test into fiscal year 1982 in accordance with Public Law 97-86, the DoD fiscal year 1982 Authorization Act and Public Law 97-114, the DoD fiscal year 1982 Appropriation Act.

Sincerely,

FRANK C. CARLUCCI.

Mr. MOYNIHAN. I rest with the last information presented to us on this matter from the Deputy Secretary of Defense.

Mr. TOWER. Mr. President, the Senator might wish to withhold his time. The Senator from Louisiana wishes to make a couple minutes worth of remarks.

I yield him 2 minutes.

Mr. LONG. Mr. President, at the moment unemployment figures are high in the State of Louisiana and perhaps we could benefit from such an amendment. But I believe that most of us would prefer to settle for a system by which we know who made the best bid and under which every State or every community benefits from the best bid.

I say that because in years gone by I have been involved in these fights between competing communities. I can recall situations when bids in the area which I had the honor to represent might be as much as $50,000 low on bids on construction amounting to hundreds of millions of dollars and to have the delegation of another State seeking to have the award made to their area rather than ours on the basis the bids were close enough so they should get the business because there were other considerations that might be brought into play.

The trouble with that is it leads to all sorts of favoritism and all kinds of mischief. Everyone then is headed down to the White House to twist the President's arm and remind the President or his administration that they supported him and that their area is entitled to special consideration for political, geographical, or other reasons.

I honestly think rather than getting into all the different considerations that might be raised, knowing how important it is to one community or the other that their concern should prevail in this type of bidding contest for the Nation's business, we would all be better off if we simply let it go by the low bid.

That is one thing that everyone can see. The sealed bids are taken, the bids are opened, someone makes the low bid, and so they get the business, and in the end whether you get the business or do not, it is easy enough to explain to the constituents why they win or why they failed as the case may be.

In the last analysis we are better off with a system that tells us fairly who made the best bid and who did not.

I would hope we would settle for that.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I am prepared to yield back the remainder of my time if there are no other speakers.

Mr. MOYNIHAN. Mr. President, my distinguished friend and colleague, the Senator from New York, is on his feet. I am happy to yield to him such time as he may require.

Mr. President, how much time remains?

The PRESIDING OFFICER. Three minutes and forty-one seconds remain.

Mr. MOYNIHAN. I am happy to yield to my friend and colleague from New York.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I am pleased to support the amendment proposed by the senior Senator from the State of New York and rise to support this amendment which I cosponsor. This amendment will have the effect of extending for 1 year a test program which gives labor surplus area firms a preference in competing against nonlabor surplus area firms for award of defense supply contracts. A similar amendment, the Moynihan-Warner compromise, passed the Senate last year by a vote of 87 to 9.

Since the background of this situation has been amply articulated by others, I will not take up more of my colleagues' time repeating the same material. Instead, I will get to the heart of the matter. There are two different major aspects of this issue which I will discuss in order.

First, I very strongly believe that this test program should be completed so that we can determine once and for all the impact of ending the application of the Maybank amendment to defense procurement. Defense Manpower Policy No. 4 which would provide a preference to firms in labor surplus areas when competing against firms from nonlabor surplus areas for award of defense supply contracts admittedly attempts to use defense procurement dollars to support a social purpose: alleviating hardship in economically depressed areas. I think that that is the purpose that this Senate should be in favor of. Until this comprehensive test is completed, we will not know whether or not this policy is cost effective.

If there ever was a time to explore the possible positive impact of this labor surplus area preference, now is clearly and without question the right time. With unemployment at its highest level since World War II, this test will not disadvantage anyone. It will help those most in need.

Many criticize the use of defense programs to achieve social goals. I have voiced such criticisms myself. I believe that if we carefully reviewed the statutes and regulations governing defense procurement, we would choose to eliminate many of the provisions which bias the procurement process in favor of various social goals. Doing so would undoubtedly increase the efficiency and economy of defense procurement by a significant amount.

However, that same careful review would show that some policy goals should continue to receive the support of the Senate. I firmly believe the labor surplus area preference provided under the authority of Defense Manpower Policy No. 4 is such a policy. If the Senate agrees to this amendment, as I hope it will, the product of this test program will be an adequate data base upon which to calculate accurately the cost effectiveness of this policy. We will, for once, have the ability to make a reasoned judgment on the question of whether we should pursue a particular policy.

There is preliminary data available from that part of the study which has been completed between February 1981 and September 1981. The preliminary data is very favorable to this amendment, based on the Defense Department's own numbers. I will not repeat all of that information again. I will simply state that the additional cost to the taxpayer of this program over the 8-month period in question was only $555,912 on contracts worth $29,817,012, a difference of only 1.9 percent. I note that these were the Department's own figures, and I have strong reason to believe that the real cost of the program was significantly less because of computation errors in the way the Defense Department arrived at those figures.

What did the Nation get for its half million dollars? It got a stronger national defense, because additional firms were kept alive and in the defense industrial base which would otherwise have failed or have switched to nondefense related production. It got a decrease in expenditures for unemployment compensation, and an increase in tax revenues. How much was that worth? Certainly, much more than the half million dollars it cost.

The second major aspect of this debate is, to put it bluntly, a sectional issue between the so-called Frost Belt and the so-called Sun Belt. It is clear that those States which have seen booming aerospace and defense industries fear that the application of the labor surplus area preference to defense supply contracts is the first step toward the application of this policy to all defense contracts. That fear is unfounded.

It is a self-evident fact that no amount of preference will create another major military jet engine manufacturer, another major tank producer, or another shipyard capable of building nuclear-powered aircraft carriers. Contracts for major defense systems go to those firms which are capable of building them. It should be clear to everyone without any further explanation that only major, multibillion-dollar corporations have that sort of capability. You can list the small number of firms capable of competing for those contracts on the fingers of both hands.

This amendment will benefit small firms, the second and third tier contractors and subcontractors who do supply-related contracts. They make such things as combat rations, tentage, sleeping bags, and other material of that sort. These firms are a vital part of our defense industrial base. Without them, we literally could not go to war. They employ large numbers of workers with relatively low skill levels. The injection of funds this amendment would produce would make a real difference in these depressed areas which are eligible for the labor-surplus area preference.

Senator MOYNIHAN, my distinguished and articulate colleague from New York, has pointed out that these labor-surplus areas exist all over the country. If you examine this matter fairly, you must conclude that this measure will benefit all areas of the country. It is not a welfare program. It is a program which will have a definite and direct positive effect on our defense industrial base at minimal cost.

In closing, I ask my colleagues to lend their support to this amendment. If we fail to act now, we will lose a historic opportunity to obtain the data we must have to make a reasoned final decision on this issue. We will also lose the opportunity to make a positive contribution to the process of easing the economic pain this country is now suffering.

Thank you, Mr. President.

Mr. LEVIN. Mr. President, I would like to express my support for this amendment to continue the program to exempt certain Defense Logistics Agency purchases from the restrictions of the Maybank amendment. I believe this move both appropriate and cost effective, particularly in the economic hard times which continue to persist throughout our Nation.

The Maybank amendment exempts the Department of Defense from procuring its nonstrategic goods and services in accordance with Federal Defense Manpower Policy No. 4A. This policy encourages the Government to target its purchases of goods and services to private businesses in high-unemployment cities and counties, known as labor-surplus areas. The Maybank amendment allows DOD to circumvent this national procurement policy in purchasing nonstrategic goods.

I wish to emphasize the nonstrategic nature of these goods, Mr. President. We are not talking about tanks and guns and planes and ships. We are talking about paper clips, and shoelaces, and hats and envelopes. Continuing this exemption to the Maybank amendment will not harm our national defense.

The Maybank amendment, in my opinion, should be eliminated once and for all, but I know that the majority of this body probably would disagree. Repealing Maybank would have a net positive effect on the Federal budget. Supporters of the Maybank amendment have argued that giving preference to firms in labor-surplus areas increases procurement costs for DOD and thus wastes scarce defense dollars.

Nothing could be further from the truth. Studies have shown that the increase in costs would only be about 2 percent or less. This is a very small figure for an investment which would directly and indirectly create tens of thousands of new jobs. In fact, the Defense Department's latest report on last year's exemption to Maybank showed it cost only an additional $555,912, or only 1.9 percent of the value of the few contracts involved. It has been noted that for every unemployed person who finds a job, the Government saves $16,000. Multiplied by 20,000 jobs, this would mean a savings of almost $320,000,000—far offsetting the minimal cost increase due to continue this limited exemption of Maybank. Can any Federal employment maintenance program match this performance in creating jobs and strengthening the private sector?

The latest DOD report shows that this Maybank exemption created or retained some 21,000 jobs, Mr. President.

These preliminary numbers demonstrate that the supporters of the Maybank amendment are employing a false economy in making their argument. Exempting DLA from Maybank would generate jobs and revenues, and it would be an economic benefit to the entire Nation.

It has been argued that exempting DLA from Maybank would harm small businesses and restrict competition. Small businesses are protected by the Small Business Act, which gives highest priority in awarding contracts to small businesses, whether or not they are located in labor-surplus areas.

Competition, moreover, would not be restricted in labor-surplus areas. Firms in such regions would only be given preference if their bids produced a reasonable price for the goods and services being purchased, thus retaining the advantages of a competitive environment.

Supporters of the Maybank amendment have argued that this is a Sun Belt-Frost Belt issue. I don't believe it is. More than half of the labor-surplus areas in the country are in the South and West. Targeted procurement is in the national interest and not merely of regional benefit. The DLA report shows that half of the contracts awarded under this exemption last year went to firms in the South and West.

Unemployment is a national phenomenon, and exempting Maybank will enable the Federal Govenment to employ a highly effective macroeconomic tool to treat this problem on a fair and nationwide basis. We face austere budgets, and direct spending on employment maintainance programs has been cut to the bone. In this context, it is incumbent upon us to employ DMP-4A to the fullest possible extent. The Department of Defense accounts for between two-thirds and three-quarters of all Federal Government procurements. To have the department once again exempt from the policy is to cripple this policy when it is needed most. The Nation will benefit when unemployment is reduced, and this exemption will assist in this reduction effort.

Mr. President, I wholeheartedly endorse targeted Federal procurement for areas of high unemployment on the basis that this is a prudent Federal action that will maximize the impact of already approved and planned expenditures, without exacerbating the Nation's unacceptable rate of inflation and unduly increasing defense costs.

EXHIBIT 1

LABOR SURPLUS AREAS ELIGIBLE FOR FEDERAL PROCUREMENT PREFERENCE FROM JUNE 1, 1981, THROUGH MAY 31, 1982

The rate of unemployment in an area must be at least 20 percent higher than the national rate to qualify as a "Labor Surplus Area."

ELIGIBLE LABOR SURPLUS AREAS

Alabama

Autauga County.
Barbour County.
Bibb County.
Birmingham City.
Blount County.
Bullock County.
Butler County.
Calhoun County.
Chambers County.
Chilton County.
Choctaw County.
Clarke County.
Clay County.
Colbert County.
Conecuh County.
Cullman County.
Dallas County.
Elmore County.
Escambia County.
Franklin County.
Gadsden City.
Greene County.
Hale County.
Jackson County.
Lauderdale County.
Lawrence County.
Limestone County.

Lowndes County.
Balance of Madison County.
Marengo County.
Marion County.
Marshall County.
Mobile City.
Monroe County.
Morgan County.
Perry County.
Pickens County.
Randolph County.
Russell County.
Sumter County.
Talladega County.
Tallapoosa County.
Walker County.
Washington County.
Wilcox County.
Winston County.

Alaska

Angoon Division.
Bethel Division.
Bristol Bay Borough Division.
Cordova-McCarthy Division.
Fairbanks Division.
Haines Division.
Kenai-Cook Inlet Division.
Ketchikan Division.
Kobuk Division.
Kodiak Division.
Kuskokwim Division.
Matanuska-Susitna Division.
Nome Division.
Outer Ketchikan Division.
Prince of Wales Division.
Seward Division.
Sitka Division.
Skagway-Yakutat Division.
Southeast Fairbanks Division.
Upper Yukon Division.
Valdez-Chitina-Whittier.
Wade Hampton Division.
Wrangell-Petersburg Division.
Yukon-Koyukuk Division.

Arizona

Apache County.
Cochise County.
Gila County.
Graham County.
Navajo County.
Santa Cruz County.
Yuma County.

Arkansas

Ashley County.
Bradley County.
Chicot County.
Clay County.
Cleburne County.
Cleveland County.
Crawford County.
Dallas County.
Fort Smith City.
Franklin County.
Greene County.
Hot Spring County.
Jackson County.
Lawrence County.
Lee County.
Little River County.
Logan County.
Balance of Miller County.
Mississippi County.
Monroe County.
Montgomery County.
Newton County.
Ouachita County.
Phillips County.
Poinsett County.
Prairie County.
Randolph County.
Scott County.
Searcy County.
Balance of Sebastian County.
Sharp County.
St. Francis County.
Stone County.
Texarkana City Ark.
Van Buren County.
White County.
Woodruff County.

California

Alpine County.
Amador County.
Berkeley City.
Butte County.
Calaveras County.
Compton County.
Del Norte County.
El Dorado County.
Fresno City.
Balance of Fresno County.
Glenn County.
Humboldt County.
Imperial County.
Balance of Kern County.
Kings County.
Lake County.
Lassen County.
Madera County.
Mariposa County.
Mendocino County.
Merced County.
Modesto City.
Mono County.
Balance of Monterey County.
Nevada County.
Oakland County.
Ontario City.
Placer County.
Plumas County.
Salinas City.
San Benito County.
San Bernardino City.
Balance of San Bernardino County.
Balance of San Joaquin County.
Santa Cruz County.
Shasta County.
Sierra County.
Simi Valley City.
Siskiyou County.
Balance of Solano County.
Balance of Stanislaus County.
Stockton City.
Sutter County.
Tehama County.
Trinity County.
Tuolumne County.
Yolo County.
Yuba County.

Colorado

Archuleta County.
Conejos County.
Costilla County.
Huerfano County.
Lake County.
Ouray County.
Pueblo City.
San Juan County.

Connecticut

Ansonia Town.
Bridgeport City.
Griswold Town.
Killingly Town.
Meriden City.
New Haven City.
Plainfield Town.
Putnam Town.
Seymore Town.
Sprague Town.
Sterling Town.
Thomaston Town.
Thompson Town.
Torrington City.
Voluntown Town.
Waterbury City.
Winchester Town.

Delaware

Kent County.
Sussex County.
Wilmington City.

District of Columbia

Washington, D.C. City.

Florida

Bay County.
Franklin County.
Glades County.
Gulf County.
Hardee County.
Hendry County.
Hernando County.
Indian River County.
Lake County.
Miami Beach City.
Miami City.
Okeechobee County.
Balance of Polk County.
St. John County.
St. Lucie County.
Sumter County.
Taylor County.
Washington County.

Georgia

Augusta City.
Burke County.
Chattahoochee County.
Chattooga County.
Cherokee County.
Fannin County.
Glascock County.
McDuffie County.
Stewart County.
Taliaferro County.
Walker County.
Warren County.
Wilcox County.

Idaho

Adams County.
Benewah County.
Boise County.
Bonner County.
Boundary County.
Camas County.
Clark County.
Clearwater County.
Gem County.
Idaho County.
Kootenai County.
Lemhi County.
Lewis County.
Power County.
Valley County.

Illinois

Alexander County.
Bond County.
Boone County.
Calhoun County.
Chicago City.
Clark County.
Clay County.
Clinton County.
Cumberland County.
Decatur City.
East St. Louis City.
Edgar County.
Effingham County.
Fayette County.
Franklin County.
Gallatin County.
Greene County.
Hamilton County.
Hardin County.
Jackson County.
Jasper County.
Jefferson County.
Jersey County.
Johnson County.
Joliet City.

Kankakee County.
Knox County.
La Salle County.
Madison County.
Marion County.
Massac County.
Montgomery County.
Ogle County.
Peoria City.
Perry County.
Pope County.
Pulaski County.
Putnam County.
Richland County.
Rockford City.
Saline County.
Shelby County.
Springfield City.
Tazewell County.
Union County.
Vermilion County.
Waukegan City.
Wayne County.
White County.
Whiteside County.
Williamson County.

Indiana

Adams County.
Anderson City.
Blackford County.
Cass County.
Crawford County.
Daviess County.
De Kalb County.
Dearborn County.
Elkhart County.
Fayette County.
Fountain County.
Franklin County.
Ft Wayne City.
Gary City.
Grant County.
Greene County.
Hammond City.
Harrison County.
Henry County.
Balance of Howard County.
Jackson County.
Jasper County.
Jay County.
Jefferson County.
Jennings County.
Knox County.
Kokomo City.
La Porte County.
Lagrange County.
Balance of Lake County.
Lawrence County.
Balance of Madison County.
Marshall County.
Martin County.
Miami County.
Muncie City.
Noble County.
Ohio County.
Orange County.
Perry County.
Putnam County.
Randolph County.
Ripley County.
Rush County.
Scott County.
Shelby County.
South Bend City.
Balance of St. Joseph County.
Starke County.
Steuben County.
Switzerland County.
Tipton County.
Union County.
Vermillion County.
Wabash County.
Washington County.
Wayne County.
White County.
Whitley County.

Iowa

Appanoose County.
Floyd County.
Winnebago County.

Kentucky

Bath County.
Bell County.
Boyd County.
Bracken County.
Breathitt County.
Butler County.
Caldwell County.
Calloway County.
Carlisle County.
Carter County.
Clay County.
Clinton County.
Crittenden County.
Edmonson County.
Elliott County.
Estill County.
Floyd County.
Fulton County.
Graves County.
Grayson County.
Harlan County.
Hart County.
Hickman County.
Jackson County.
Johnson County.
Knott County.
Knox County.
Lawrence County.
Lee County.
Leslie County.
Letcher County.
Lewis County.
Lincoln County.
Magoffin County.
Marion County.
Marshall County.
McCreary County.
Menifee County.
Metcalfe County.
Monroe County.
Montgomery County.
Morgan County.
Nelson County.
Owsley County.
Perry County.
Powell County.
Pulaski County.
Robertson County.
Rockcastle County.
Russell County.
Spencer County.
Todd County.
Trimble County.
Washington County.
Wayne County.
Whitley County.
Wolfe County.

Louisiana

Alexandria County.
Allen Parish.
Ascension County.
Avoyelles County
Beauregard County.
Catahoula County.
Concordia County.
East Carroll County.
Evangeline County.
Franklin Parish.
Grant Parish.
Iberville County.
Livingston County.
Madison Parish.
Morehouse County.
Balance of Ouachita Parish.
Balance of Rapides Parish.
Richland Parish.
Sabine Parish.
St. James Parish.
St. Landry Parish.
Tangipahoa Parish.
Union Parish.
Vernon Parish.
Washington County.
Webster Parish.
West Carroll County.
West Feliciana County.

Maine

Androscoggin County.
Aroostook County.
Hancock County.
Knox County.
Somerset County.
Waldo County.
Washington County.

Maryland

Allegany County.
Baltimore City.
Calvert County.
Caroline County.
Cecil County.
Dorchester County.
Garrett County.
Kent County.
Queen Annes County.
Somerset County.
Washington County.
Wicomico County.
Worcester County.

Massachusetts

Acushnet Town.
Adams Town.
Alford Town.
Ashby Town.
Ashfield Town.
Ayer Town.
Berkley Town.
Blackstone Town.
Bourne Town.
Boylston Town.
Brimfield Town.
Brockton City.
Brookfield Town.
Carver Town.
Cummington Town.
Dighton Town.
Dunstable Town.
Edgartown Town.
Fall River City.
Falmouth Town
Florida Town.
Freetown Town.
Gloucester City.
Granville Town.
Hardwick Town.
Harvard Town.
Harwich Town.
Haverhill City.
Holbrook Town.
Holland Town.
Kingston Town.
Lakeville Town.
Leyden Town.
Mashpee Town.
Mendon Town.
Merrimac Town.
Middlefield Town.
Millis Town.
Millville Town.
Monroe Town.
Montague Town.
New Ashford Town.
New Bedford City.
New Marlborough Town.
Newburyport City.
North Adams Town.
Orleans Town.
Phillipston Town.
Plainfield Town

Provincetown Town.
Rehoboth Town.
Rochester Town.
Rockport Town.
Royalston Town.
Sandwich Town.
Savoy Town.
Shirley Town.
Taunton City.
Tolland Town.
Tyringham Town.
Upton Town.
Ware Town.
Wareham Town.
Wellfleet Town.
West Tisbury Town.
Westport Town.
Worthington Town.

Michigan

Alcona County.
Alger County.
Allegan County.
Alpena County.
Antrim County.
Arenac County.
Baraga County.
Barry County.
Bay County.
Benzie County.
Berrien County.
Branch County.
Calhoun County.
Cass County.
Charlevoix County.
Cheboygan County.
Chippewa County.
Clare County.
Clinton County.
Clinton Township.
Crawford County.
Dearborn City.
Dearborn Heights City.
Delta County.
Detroit City.
Dickinson County.
East Lansing City.
Balance of Eaton County.
Emmet County.
Flint City.
Balance of Genesee County.
Gladwin County.
Gogebic County.
Grand Rapids City.
Grand Traverse County.
Gratiot County.
Hillsdale County.
Houghton County.
Huron County.
Balance of Ingham County.
Ionia County.
Iosco County.
Iron County.
Isabella County.
Jackson County.
Kalamazoo City.
Kalkaska County.
Balance of Kent County.
Keweenaw County.
Lake County.
Lansing City.
Lapeer County.
Leelanau County.
Lenawee County.
Livingston County.
Luce County.
Mackinac County.
Balance of Macomb County.
Manistee County.
Marquette County.
Mason County.
Mecosta County.
Menominee County.
Midland County.
Missaukee County.
Monroe County.
Montcalm County.
Montmorency County.
Muskegon County.
Newaygo County.
Balance of Oakland County.
Oceana County.
Ogemaw County.
Ontonagon County.
Osceola County.
Oscoda County.
Otsego County.
Pontiac City.
Presque Isle County.
Redford Township.
Roscommon County.
Roseville City.
Saginaw City.
Balance of Saginaw County.
Sanilac County.
Schoolcraft County.
Shiawassee County.
St. Clair Shores City.
St. Clair County.
St. Joseph County.
Sterling Heights City.
Taylor City.
Tuscola County.
Van Buren County.
Warren City.
Balance of Washtenaw County.
Waterford Township.
Balance of Wayne County.
Westland City.
Wexford County.
Wyoming City.

Minnesota

Aitkin County.
Becker County.
Carlton County.
Cass County.
Clearwater County.
Cook County.
Crow Wing County.
Hubbard County.
Itasca County.
Kanabec County.
Koochiching County.
Mahnomen County.
Marshall County.
Morrison County.
Pine County.
Red Lake County.
Roseau County.
Balance of St. Louis County.

Mississippi

Alcorn County.
Attala County.
Benton County.
Bolivar County.
Coahoma County.
George County.
Greene County.
Grenada County.
Holmes County.
Jackson County.
Jefferson County.
Jefferson Davis County.
Kemper County.
Madison County.
Marshall County.
Montgomery County.
Noxubee County.
Panola County.
Quitman County.
Sharkey County.
Stone County.
Tate County.
Tunica County.
Warren County.
Washington County.
Wilkinson County.
Winston County.

Missouri

Bollinger County.
Butler County.
Carter County.
Clark County.
Douglas County.
Dunklin County.
Franklin County.
Howell County.
Jefferson County.
Maries County.
Mississippi County.
Moniteau County.
Oregon County.
Pemiscot County.
Ripley County.
Shannon County.
St. Louis City.
Stoddard County.
Stone County.
Texas County.
Washington County.
Wayne County.
Webster County.

Montana

Glacier County.
Lincoln County.
Mineral County.
Ravalli County.
Sanders County.

Nevada

White Pine County.

New Jersey

Atlantic City.
Balance of Atlantic County.
Bayonne City.
Camden City.
Cape May County.
Balance of Cumberland County.
East Orange City.
Elizabeth City.
Balance of Hudson County.
Jersey City.
Newark City.
Balance of Ocean County.
Passaic City.
Paterson City.
Sussex County.
Trenton City.
Union City.
Vineland City.

New Mexico

Balance of Bernalillo County.
Catron County.
Guadalupe County.
Luna County.
Mora County.
Rio Arriba County.
San Juan County.
San Miguel County.
Taos County.

New York

Buffalo City.
Cattaraugus County.
Cayuga County.
Chenango County.
Clinton County.
Balance of Erie County.
Essex County.
Franklin County.
Fulton County.
Genesee County.
Greene County.
Hamburg Town.
Hamilton County.
Herkimer County.
Jefferson County.
Lewis County.
Montgomery County.
Mount Vernon City.
Balance of Nassau County.

New York City.
Balance of Niagara County.
Niagara Falls City.
Orange County.
Orleans County.
Oswego County.
Balance of Rockland County.
Schoharie County.
St. Lawrence County.
Balance of Suffolk County.
Sullivan County.
Utica City.
Warren County.
Wyoming County.

North Carolina

Brunswick County.
Cherokee County.
Clay County.
Balance of Cumberland County.
Franklin County.
Graham County.
Halifax County.
Hoke County.
Person County.
Robeson County.
Swain County.
Tyrrell County.
Vance County.
Warren County.
Wilmington City.

North Dakota

McHenry County.
Rolette County.
Sioux County.

Ohio

Adams County.
Akron City.
Ashtabula County.
Athens County.
Auglaize County.
Belmont County.
Brown County.
Canton City.
Cincinnati City.
Clermont County.
Cleveland City.
Crawford County.
Dayton City.
Definace County.
Elyria City.
Erie County.
Fayette County.
Fulton County.
Guernsey County.
Hardin County.
Harrison County.
Henry County.
Highland County.
Hocking County.
Huron County.
Jackson County.
Jefferson County.
Lawrence County.
Lima City.
Lorain City.
Balance of Lorain County.
Balance of Lucas County
Balance of Mahoning County.
Mansfield City.
Marion County.
Medina County.
Monroe County.
Morgan County.
Morrow County.
Noble County.
Ottawa County.
Paulding County.
Perry County.
Pike County.
Putnam County
Sandusky County.
Scioto County.
Seneca County.
Shelby County.
Balance of Summit County.
Toledo City.
Balance of Trumbull County.
Tuscarawas County.
Warren City.
Warren County.
Williams County.
Wyandot County.
Youngstown City.

Oklahoma

Choctaw County.
Coal County.
Haskell County.
Latimer County.
Pittsburg County.
Pushmataha County.
Sequoyah County.

Oregon

Baker County.
Clatsop County.
Columbia County.
Coos County.
Crook County.
Curry County.
Deschutes County.
Douglas County.
Grant County.
Harney County.
Hood River County.
Jackson County.
Josephine County.
Klamath County.
Lake County.
Balance of Lane County.
Lincoln County.
Linn County.
Tillamook County.
Union County.
Wallowa County.
Wheeler County.

Pennsylvania

Altoona City.
Armstrong County.
Bedford County.
Balance of Blair County.
Bradford County.
Bristol Township.
Cambria County.
Cameron County.
Carbon County.
Chester City.
Clarion County.
Clearfield County.
Clinton County.
Columbia County.
Crawford County.
Elk County.
Erie City.
Fayette County.
Forest County.
Fulton County.
Greene County.
Huntington County.
Jefferson County.
Juniata County.
Balance of Lackawanna County.
Lawrence County.
Balance of Luzerne County.
Lycoming County.
Mifflin County.
Monroe County.
Montour County.
Northumberland County.
Philadelphia City.
Pike County.
Potter County.
Reading City.
Schuylkill County.
Scranton City.
Snyder County.
Somerset County.
Sullivan County.
Susquehana County.
Tioga County.
Washington County.
Wayne County.
Westmoreland County.
Wilkes-Barre City.
Wyoming County.

Puerto Rico

Aguadilla Municipio.
Arecibo Municipio.
Bayamon Municipio.
Caguas Municipio.
Mayaguez Municipio.
Ponce Municipio.
Balance of Puerto Rico.

Rhode Island

Bristol Town.
Central Falls City.
Charlestown Town.
Johnston Town.
New Shoreham Town.
North Providence Town.
Providence City.
Warren Town.
West Warwick Town.

South Carolina

Allendale County.
Barnwell County.
Colleton County.
Georgetown County.
Marion County.
Marlboro County.
McCormick County.
North Charleston City.
Union County.

South Dakota

Buffalo County.
Corson County.
Mellette County.
Shannon County.
Todd County.

Tennessee

Bledsoe County.
Campbell County.
Cannon County.
Carroll County.
Claiborne County.
Clay County.
Cocke County.
Crockett County.
Cumberland County.
DeKalb County.
Decatur County.
Dickson County.
Fayette County.
Fentress County.
Franklin County.
Gibson County.
Grainger County.
Grundy County.
Hamblen County.
Hancock County.
Hardeman County.
Hardin County.
Haywood County.
Henderson County.
Henry County.
Jackson County.
Jefferson County.
Lake County.
Lauderdale County.
Lawrence County.
Lewis County.
Lincoln County.
Macon County.
McMinn County.
Meigs County.
Monroe County.
Morgan County.
Overton County.
Perry County.

Pickett County.
Polk County.
Putnam County.
Rhea County.
Roane County.
Scott County.
Sevier County.
Stewart County.
Van Buren County.
Warren County.
Wayne County.

Texas

Brownsville City.
Balance of Cameron County.
Cass County.
Dimmit County.
El Paso City.
Balance of El Paso County.
Balance of Hidalgo County.
Killeen City.
Laredo City.
Loving County.
Marion County.
Maverick County.
McAllen City.
Newton County.
Port Arthur City.
Balance of Potter County.
San Augustine County.
Starr County.
Texarkana City Tex..
Val Verde County.
Balance of Webb County.
Willacy County.
Zapata County.
Zavala County.

Utah

Garfield County.
Piute County.
Sanpete County.
Wasatch County.

Vermont

Essex County.
Grand Isle County.
Lamoille County.
Orleans County.

Virginia

Alleghany County.
Bath County
Brunswick County.
Buena Vista City.
Caroline County.
Covington City.
Dickenson County.
Grayson County.
Highland County.
Lancaster County.
Lee County.
Northampton County.
Northumberland County.
Page County.
Radford City.
Richmond County.
Russell County.
Smyth County.
South Boston City.
Suffolk City.
Sussex County.
Warren County.
Westmoreland County.
Williamsburg City.

Washington

Adams County.
Chelan County.
Clallam County.
Columbia County.
Cowlitz County.
Douglas County.
Ferry County.
Franklin County.
Grant County.
Grays Harbor County.
Jefferson County.
Kittitas County.
Klickitat County.
Lewis County.
Okanogan County.
Pacific County.
Pend Oreille County.
Skagit County.
Skamania County.
Stevens County.
Tacoma City.
Wahkiakum County.
Whatcom County.
Yakima City.
Balance of Yakima County.

West Virginia

Braxton County.
Calhoun County.
Clay County.
Fayette County.
Greenbrier County.
Harrison County.
Huntington City.
Jackson County.
Lewis County.
Lincoln County.
Logan County.
Marion County.
Marshall County.
Mason County.
McDowell County.
Mingo County.
Nicholas County.
Pendleton County.
Pocahontas County.
Preston County.
Putnam County.
Raleigh County.
Randolph County.
Ritchie County.
Roane County.
Summers County.
Taylor County.
Balance of Wayne County.
Webster County.
Wetzel County.
Wirt County.
Wyoming County.

Wisconsin

Clark County.
Forest County.
Janesville City.
Kenosha City.
Lincoln County.
Marquette County.
Menominee County.
Milwaukee City.
Oconot County.
Racine City.
Balance of Rock County.
Rusk County.
Sawyer County.
Taylor County.
Trempealeau County.
Vilas County.
Washburn County.
Waupaca County.
Bayfield County.
Balance of Calumet County.

POLITICAL JURISDICTIONS INCLUDED

Alabama

Autaga County.
Barbour County.
Bibb County.
Brimingham City in Jefferson County.
Blount County.
Bullock County.
Butler County.
Calhoun County.
Chambers County.
Chilton County.
Choctaw County.
Clarke County.
Clay County.
Colbert County.
Conecuh County.
Cullman County.
Dallas County.
Elmore County.
Escambia County.
Franklin County.
Gadsden City in Etowah County.
Greene County.
Hale County.
Jackson County.
Lauderdale County.
Lawrence County.
Limeston County.
Lowndes County.
Madison County less Huntsville City.
Marengeo County.
Marion County.
Marshall County.
Mobile City in Mobile County.
Monroe County.
Morgan County.
Perry County.
Pickens County.
Randolph County.
Russell County.
Sumter County.
Talladega County.
Tallapoosa County.
Walker County.
Washington County.
Wilcox County.
Winston County.

Alaska

Angoon Division.
Bethel Division.
Bristol Bay Borough Division.
Bristol Bay Division.
Cordova-McCarthy Division.
Fairbanks Division.
Haines Division.
Kenai-Cook Inlet Division.
Ketchikan Division.
Kobuk Division.
Kodiak Division.
Kuskokwim Division.
Matanuska-Susitna Division.
Nome Division.
Outer Ketchikan Division.
Prince of Wales Division.
Seward Division.
Sitka Division.
Skagway-Yakutat Division.
Southeast Fairbanks Division.
Upper Yukon Division.
Valdez-Chitina-Whittier.
Wade Hampton Division.
Wrangell-Petersburg Division.
Yukon-Koyukuk Division.

Arizona

Apache County.
Cochise County.
Gila County.
Graham County.
Navajo County.
Santa Cruz County.
Yuma County.

Arkansas

Ashley County.
Bradley County.
Chicot County.
Clay County.
Cleburne County.
Cleveland County.
Crawford County.
Dallas County.
Fort Smith City in Sebastian County.
Franklin County.
Greene County.
Hot Spring County.
Jackson County.

Lawrence County.
Lee County.
Little River County.
Logan County.
Miller County less Texarkana City Ark.
Mississippi County.
Monroe County.
Montgomery County.
Newton County.
Ouachita County.
Phillips County.
Poinsett County.
Prairie County.
Randolph County.
Scott County.
Searcy County.
Sebastian County less Fort Smith City.
Sharp County.
St. Francis County.
Stone County.
Texarkana City Ark., in Miller County.
Van Buren County.
White County.
Woodruff County.

California

Alpine County.
Amador County.
Berkeley City in Alameda County.
Butte County.
Calaveras County.
Compton City in Los Angeles County.
Del Norte County.
El Dorado County.
Fresno City in Fresno County.
Fresno County less Fresno City.
Glenn County.
Humboldt County.
Imperial County.
Kern County less Bakersfield City.
Kings County.
Lake County.
Lassen County.
Madera County.
Mariposa County.
Mendocino County.
Merced County.
Modesto City in Stanislaus County.
Mono County.
Monterey County less Salinas City.
Neveda County.
Oakland City in Alameda County.
Ontario City in San Bernardino County.
Placer County.
Plumas County.
Salinas City in Monterey County.
San Benito County.
San Bernardino City in San Bernardino County.
San Bernardino County less Ontario City.
San Bernadino City.
San Joaquin County less Stockton City.
Santa Cruz County.
Shasta County.
Sierra County.
Simi Valley City in Ventura County.
Siskiyou County.
Solano County less Fairfield City.
Vallejo City.
Stanislaus County less Modesto City.
Stockton City in San Joaquin County.
Sutter County.
Tehama County.
Trinity County.
Tuolumne County.
Yolo County.
Yuba County.

Colorado

Archuleta County.
Conejos County.
Costilla County.
Huerfano County.
Lake County.
Ouray County.
Pueblo City in Pueblo County.
San Juan County.

Connecticut

Ansonia Town.
Bridgeport City.
Griswold Town.
Killingly Town.
Meriden City.
New Haven City.
Plainfield Town.
Putnam Town.
Seymour Town.
Sprague Town.
Sterling Town.
Thomaston Town.
Thompson Town.
Torrington City.
Voluntown Town.
Waterbury City.
Winchester Town.

Delaware

Kent County.
Sussex County.
Wilmington city in New Castle County.

District of Columbia

Washington DC., city in District of Columbia.

Florida

Bay County.
Franklin County.
Glades County.
Gulf County.
Hardee County.
Hendry County.
Hernando County.
Indian River County.
Lake County.
Miami Beach city in Dade County.
Miami city in Dade County.
Okeechobee County.
Polk County less Lakeland City.
St. John County.
St. Lucie County.
Sumter County.
Taylor County.
Washington County.

Georgia

Augusta city in Richmond County.
Burke County.
Chattahoochee County.
Chattooga County.
Cherokee County.
Fannin County.
Glascock County.
McDuffie County.
Stewart County.
Taliaferro County.
Walker County.
Warren County.
Wilcox County.

Idaho

Adams County.
Benewah County.
Boise County.
Bonner County.
Boundary County.
Camas County.
Clark County.
Clearwater County.
Gem County.
Idaho County.
Kootenai County.
Lemhi County.
Lewis County.
Power County.
Valley County.

Illinois

Alexander County.
Bond County.
Boone County.
Calhoun County.
Chicago City in Cook County.
Clark County.
Clay County.
Clinton County.
Cumberland County.
Decatur City in Macon County.
East St. Louis City in St. Clair County.
Edgar County.
Effingham County.
Fayette County.
Franklin County.
Gallatin County.
Greene County.
Hamilton County.
Hardin County.
Jackson County.
Jasper County.
Jefferson County.
Jersey County.
Johnson County.
Joliet City in Will County.
Kankakee County.
Knox County.
La Salle County.
Madison County.
Marion County.
Massac County.
Montgomery County.
Ogle County.
Peoria City in Peoria County.
Perry County.
Pope County.
Pulaski County.
Putnam County.
Richland County.
Rockford City in Winnebago County.
Saline County.
Shelby County.
Springfield City in Sangamon County.
Tazewell County.
Union County.
Vermillion County.
Waukegan City in Lake County.
Wayne County.
White County.
Whiteside County.
Williamson County.

Indiana

Adams County.
Anderson City in Madison County.
Blackford County.
Cass County.
Crawford County.
Daviess County.
De Kalb County.
Dearborn County.
Elkhart County.
Fayette County.
Fountain County.
Franklin County.
Fort Wayne City in Allen County.
Gary City in Lake County.
Grant County.
Greene County.
Hammond City in Lake County.
Harrison County.
Henry County.
Howard County less Kokomo City.
Jackson County.
Jasper County.
Jay County.
Jefferson County.
Jennings County.
Knox County.
Kokomo City in Howard County.
La Porte County.
Lagrange County.
Lake County less Gary City.
Hammond City.
Lawrence County.
Madison County less Anderson City.
Marshall County.
Martin County.

Miami County.
Muncie City in Delaware County.
Noble County.
Ohio County.
Orange County.
Perry County.
Putnam County.
Randolph County.
Ripley County.
Rush County.
Scott County.
Shelby County.
South Bend City in St. Joseph County.
St. Joseph County less South Bend City.
Starke County.
Steuben County.
Switzerland County.
Tipton County.
Union County.
Vermillion County.
Wabash County.
Washington County.
Wayne County.
White County.
Whitley County.

Iowa

Appanoose County.
Floyd County.
Winnebago County.

Kentucky

Bath County.
Bell County.
Boyd County.
Bracken County.
Breathitt County.
Butler County.
Caldwell County.
Calloway County.
Carlisle County.
Carter County.
Clay County.
Clinton County.
Crittenden County.
Edmonson County.
Elliott County.
Estill County.
Floyd County.
Fulton County.
Graves County.
Grayson County.
Harlan County.
Hart County.
Hickman County.
Jackson County.
Johnson County.
Knott County.
Knox County.
Lawrence County.
Lee County.
Leslie County.
Letcher County.
Lewis County.
Lincoln County.
Magoffin County.
Marion County.
Marshall County.
McCreary County.
Menifee County.
Metcalfe County.
Monroe County.
Montgomery County.
Morgan County.
Nelson County.
Owsley County.
Perry County.
Powell County.
Pulaski County.
Robertson County.
Rockcastle County.
Russell County.
Spencer County.
Todd County.
Trimble County.
Washington County.
Wayne County.
Whitley County.
Wolfe County.

Louisiana

Aleandria City in Rapides Parish.
Allen Parish.
Ascension Parish.
Avoyelles Parish.
Beauregard Parish.
Catahoula Parish.
Concordia Parish.
East Carroll Parish.
Evangeline Parish.
Franklin Parish.
Grant Parish.
Iberville Parish.
Livingston Parish.
Madison Parish.
Morehouse Parish.
Quachita Parish less Monroe City.
Rapides Parish less Alexandria City.
Richland Parish.
Sabine Parish.
St. James Parish.
St. Landry Parish.
Tangipahoa Parish.
Union Parish.
Vernon Parish.
Washington Parish.
Webster Parish.
West Carroll Parish.
West Feliciana Parish.

Maine

Androscoggin County.
Aroostook County.
Hancock County.
Knox County.
Somerset County.
Waldo County.
Washington County.

Maryland

Allegany County.
Baltimore City in Baltimore City.
Calvert County.
Caroline County.
Cecil County.
Dorchester County.
Garrett County.
Kent County.
Queen Annes County.
Somerset County.
Washington County.
Wicomico County.
Worcester County.

Massachusetts

Acushnet Town in Bristol County.
Adams Town in Berkshire County.
Alford Town in Berkshire County.
Ashby Town in Middlesex County.
Ashfield Town in Franklin County.
Ayer Town in Middlesex County.
Berkley Town in Bristol County.
Blackstone Town in Worcester County.
Bourne Town in Barnstable County.
Boylston Town in Worcester County.
Brimfield Town in Hampden County.
Brockton City in Plymouth County.
Brookfield Town in Worcester County.
Carver Town in Plymouth County.
Cummington Town in Hampshire County.
Dighton Town in Bristol County.
Dunstable Town in Middlesex County.
Edgartown Town in Dukes County.
Fall River City in Bristol County.
Falmouth Town in Barnstable County.
Florida Town in Berkshire County.
Freetown Town in Bristol County.
Gloucester City in Essex County.
Granville Town in Hampden County.
Hardwick Town in Worcester County.
Harvard Town in Worcester County.
Harwich Town in Barnstable County.
Haverhill City in Essex County.
Holbrook Town in Norfolk County.
Holland Town in Hampden County.
Kingston Town in Plymouth County.
Lakeville Town in Plymouth County.
Leyden Town in Franklin County.
Mashpee Town in Barnstable County.
Mendon Town in Worcester County.
Merrimac Town in Essex County.
Middlefield Town in Hampshire County.
Millis Town in Norfolk County.
Millville Town in Worcester County.
Monroe Town in Franklin County.
Montague Town in Franklin County.
New Ashford Town in Berkshire County.
New Bedford City in Bristol County.
New Marlborough Town in Berkshire County.
Newburyport City in Essex County.
North Adams Town in Berkshire County.
Orleans Town in Barnstable County.
Phillipston town in Worcester County.
Plainfield Town in Hampshire County.
Provincetown Town in Barnstable County.
Rehoboth Town in Bristol County.
Rochester Town in Plymouth County.
Rockport Town in Essex County.
Royalston Town in Worchester County.
Sandwich Town in Barnstable County.
Savoy Town in Berkshire County.
Shirley Town in Middlesex County.
Taunton City in Bristol County.
Tolland Town in Hampden County.
Tyringham Town in Berkshire County.
Upton Town in Worcester County.
Ware Town in Hampshire County.
Wareham Town in Plymouth County.
Wellfleet Town in Barnstable County.
West Tisbury Town in Dukes County.
Westport Town in Bristol County.
Worthington Town in Hampshire County.

Michigan

Alcona County.
Alger County.
Allegan County.
Alpena County.
Antrim County.
Arenac County.
Baraga County.
Barry County.
Bay County.
Benzie County.
Berrien County.
Branch County.
Calhoun County.
Cass County.
Charlevoix County.
Cheboygan County.
Chippewa County.
Clare County.
Clinton County.
Clinton Township in Macomb County.
Crawford County.
Dearborn City in Wayne County.
Dearborn Heights City in Wayne County.
Delta County.
Detroit City in Wayne County.
Dickinson County.
East Lansing City in Ingham County.
Eaton County less Lansing City-Eaton.
Emmet County.
Flint City in Genesee County.
Genesee County less Flint City.
Gladwin County.
Gogebic County.
Grand Rapids City in Kent County.
Grand Traverse County.
Gratiot County.
Hillsdale County.
Houghton County.
Huron County.
Ingham County less East Lansing City.

Lansing City-Ingham.
Ionia County.
Iosco County.
Iron County.
Isabella County.
Jackson County.
Kalamazoo City in Kalamazoo County.
Kalkaska County.
Kent County less Grand Rapids City.
Wyoming City.
Keweenaw County.
Lake County.
Lansing City in Eaton County.
Ingham County.
Lapeer County.
Leelanau County.
Lenawee County.
Livingston County.
Luce County.
Mackinac County.
Macomb County less Clinton Township.
Roseville City.
St. Clair Shores City.
Sterling Heights City.
Warren City.
Manistee County.
Marquette County.
Mason County.
Mecosta County.
Menominee County.
Midland County.
Missaukee County.
Monroe County.
Montcalm County.
Montmorency County.
Muskegon County.
Newaygo County.
Oakland County less Farmington Hills City.
Pontiac City.
Royal Oak City.
Southfield City.
Troy City.
Waterford Township.
Oceana County.
Ogemaw County.
Ontonagon County.
Osceola County.
Oscoda County.
Otsego County.
Pontiac City in Oakland County.
Presque Isle County.
Redford Township in Wayne County.
Roscommon County.
Roseville City in Macomb County.
Saginaw City in Saginaw County.
Saginaw County less Saginaw City.
Sanilac County.
Schoolcraft County.
Shiawassee County.
St. Clair Shores City in Macomb County.
St. Clair County.
St. Joseph County.
Sterling Heights City in Macomb County.
Taylor City in Wayne County.
Tuscola County.
Van Buren County.
Warren City in Macomb County.
Washtenaw County less Ann Arbor City.
Waterford Township in Oakland County.
Wayne County less Dearborn City.
Dearborn Heights City.
Detroit City.
Livonia City.
Redford Township.
Taylor City.
Westland City.
Westland City in Wayne County.
Wexford County.
Wyoming City in Kent County.

Minnesota

Aitkin County.
Becker County.
Carlton County.
Cass County.
Clearwater County.
Cook County.
Crow Wing County.
Hubbard County.
Itasca County.
Kanabec County.
Koochiching County.
Mahnomen County.
Marshall County.
Morrison County.
Pine County.
Red Lake County.
Roseau County.
St. Louis County less Duluth City.

Mississippi

Alcorn County.
Attala County.
Benton County.
Bolivar County.
Coahoma County.
George County.
Greene County.
Grenada County.
Holmes County.
Jackson County.
Jefferson County.
Jefferson Davis County.
Kemper County.
Madison County.
Marshall County.
Montgomery County.
Noxubee County.
Panola County.
Quitman County.
Sharkey County.
Stone County.
Tate County.
Tunica County.
Warren County.
Washington County.
Wilkinson County.
Winston County.

Mississippi

Bolinger County.
Butler County.
Carter County.
Clark County.
Douglas County.
Dunklin County.
Franklin County.
Howell County.
Jefferson County.
Maries County.
Mississippi County.
Moniteau County.
Oregon County.
Pemiscot County.
Ripley County.
Shannon County.
St. Louis City in St. Louis City.
Stoddard County
Stone County.
Texas County.
Washington County.
Wayne County.
Webster County.

Montana

Glacier County.
Lincoln County.
Mineral County.
Ravalli County.
Sanders County.

Nevada

White Pine County.

New Jersey

Atlantic City in Atlantic County.
Atlantic County less Atlantic City.
Bayonne City in Hudson County.
Camden City in Camden County.
Cape May County.
Cumberland County less Vineland City.
East Orange City in Essex County.
Elizabeth City in Union County.
Hudson County less Bayonne City.
Jersey City.
Union City.
Jersey City in Hudson County.
Newark City in Essex County.
Ocean County less Brick Township.
Dover Township.
Passaic City in Passaic County.
Paterson City in Passaic County.
Sussex County.
Trenton City in Mercer County.
Union City in Hudson County.
Vineland City in Cumberland County.

New Mexico

Bernalillo County less Albuquerque City.
Colonie Town.
Catron County.
Guadalupe County.
Luna County.
Mora County.
Rio Arriba County.
San Juan County.
San Miguel County.
Taos County.

New York

Buffalo City in Erie County.
Cattaraugus County.
Cayuga County.
Chenango County.
Clinton County.
Erie County less Amherst Town.
Buffalo City.
Cheektowaga Town.
Hamburg Town.
Tonowanda Town.
West Seneca Township.
Essex County.
Franklin County.
Fulton County.
Genesee County.
Greene County.
Hamburg Town in Erie County.
Hamilton County.
Herkimer County.
Jefferson County.
Lewis County.
Montgomery County.
Mount Vernon City in Westchester County.
Nassau County less Glencove City.
Hempstead Town.
North Hempstead Town.
Oyster Bay Town.
New York City in Bronx County.
Kings County.
New York County.
Queens County.
Richmond County.
Niagara County less Niagara Falls City.
Nigara Falls City in Niagara County.
Orange County.
Orleans County.
Oswego County.
Rockland County less Clarkstown Town.
Orangetown Town.
Ramapo Town.
Schoharie County.
St. Lawrence County.
Suffolk County less Babylon Town.
Brookhaven Town.
Huntington Town.
Islip Town.
Smithtown Town.
Sullivan County.
Utica City in Oneida County.
Warren County.
Wyoming County.

North Carolina

Brunswick County.
Cherokee County.

Clay County.
Cumberland County less Fayetteville City.
Franklin County.
Graham County.
Halifax County.
Hoke County.
Person County.
Robeson County.
Swain County.
Tyrrell County.
Vance County.
Warren County.
Wilmington City in New Hanover County.

North Dakota

McHenry County.
Rolette County.
Sioux County.

Ohio

Adams County.
Akron City in Summit County.
Ashtabula County.
Athens County.
Auglaize County.
Belmont County.
Brown County.
Canton City in Stark County.
Cincinnati City in Hamilton County.
Clermont County.
Cleveland City in Cuyahoga County.
Crawford County.
Dayton City in Montgomery County.
Defiance County.
Elyria City in Lorain County.
Erie County.
Fayette County.
Fulton County.
Guernsey County.
Hardin County.
Harrison County.
Henry County.
Highland County.
Hocking County.
Huron County.
Jackson County.
Jefferson County.
Lawrence County.
Lima City in Allen County.
Lorain City in Lorain County.
Lorain County less Elyria City.
Lorain City.
Lucas County less Toledo City.
Mahoning County less Youngstown City.
Mansfield City in Richland County.
Marion County.
Medina County.
Monroe County.
Morgan County.
Morrow County.
Noble County.
Ottawa County.
Paulding County.
Perry County.
Pike County.
Putnam County.
Sandusky County.
Scioto County.
Seneca County.
Shelby County.
Summit County less Akron City.
Toledo City in Lucas County.
Trumbull County less Warren City.
Tuscarawas County.
Warren City in Trumbull County.
Warren County
Williams County
Wyandot County
Youngstown City in Mahoning County

Oklahoma

Choctaw County
Coal County
Haskell County
Latimer County
Pittsburg County
Pushmataha County
Sequoyah County

Oregon

Baker County
Clatsop County
Columbia County
Coos County
Crook County
Curry County
Deschutes County
Douglas County
Grant County
Harney County
Hood River County
Jackson County
Josephine County
Klamath County
Lake County
Lane County less Eugene City
Lincoln County
Linn County
Tillamook County
Union County
Wallowa County
Wheeler County

Pennsylvania

Altoona City in Blair County
Armstrong County
Bedford County
Blair County less Altoona City
Bradford County
Bristol Township in Bucks County
Cambria County
Cameron County
Carbon County
Chester City in Delaware County
Clarion County
Clearfield County
Clinton County
Columbia, County
Crawford County
Elk County
Erie City in Erie County
Fayette County
Forest County
Fulton County
Greene County
Huntingdon County
Jefferson County
Juniata County
Lackawanna County less Scranton City
Lawrence County
Luzerne County less Wilkes-Barre City
Lycoming County
Mifflin County
Monroe County
Montour County
Northumberland County
Philadelphia City in Philadelphia County
Pike County.
Potter County.
Reading City in Berks County.
Schuylkill County.
Scranton City in Lackawanna County.
Snyder County.
Somerset County.
Sullivan County.
Susquehanna County.
Tioga County.
Washington County.
Wayne County.
Westmoreland County.
Wilkes-Barre City in Luzerne County.
Wyoming County.

Puerto Rico

Aguadilla Municipio in Puerto Rico.
Arecibo Municipio in Puerto Rico.
Bayamon Municipio in Puerto Rico.
Caguas Municipio in Puerto Rico.
Mayaguez Municipio in Puerto Rico.
Ponce Municipio in Puerto Rico.
Puerto Rico Less Aguadilla Municipio.
Arecibo Municipio.
Bayamon Municipio.
Caguas Municipio.
Carolina Municipio.
Guaynabo Municipio.
Mayaguez Municipio.
Ponce Municipio.
San Juan Municipio.
Toa Baja Municipio.

Rhode Island

Bristol Town.
Central Falls City.
Charlestown Town.
Johnston Town.
New Shoreham Town.
North Providence Town.
Providence City.
Warren Town.
West Warwick Town.

South Carolina

Allendale County.
Barnwell County.
Colleton County.
Georgetown County.
Marion County.
Marlboro County.
McCormick County.
North Charleston City in Charleston County.
Union County.

South Dakota

Buffalo County.
Corson County.
Mellette County.
Shannon County.
Todd County.

Tennessee

Bledsoe County.
Campbell County.
Cannon County.
Carroll County.
Claiborne County.
Clay County.
Cocke County.
Crockett County
Cumberland County
De Kalb County
Decatur County
Dickson County
Fayette County
Fentress County
Franklin County
Gibson County
Grainger County
Grundy County
Hamblen County
Hancock County
Hardeman County
Hardin County
Haywood County
Henderson County
Henry County
Jackson County
Jefferson County
Lake County
Lauderdale County
Lawrence County
Lewis County
Lincoln County
Macon County
McMinn County
Meigs County
Monroe County
Morgan County
Overton County
Perry County
Pickett County
Polk County
Putnam County
Rhea County
Roane County
Scott County
Sevier County

Stewart County
Van Buren County
Warren County
Wayne County

Texas

Brownsville City in Cameron County
Cameron County less Brownsville City
Cass County
Dimmit County
El Paso City in El Paso County
El Paso County less El Paso City
Hidalgo County less McAllen City
Killeen City in Bell County
Laredo City in Webb County
Loving County
Marion County
Maverick County
McAllen City in Hidalgo County
Newton County
Port Arthur City in Jefferson County
Potter County less Amarillo City-Potter
San Augustine County
Starr County
Texarkana City Tex in Bowie County
Val Verde County
Webb County less Laredo City
Willacy County
Zapata County
Zavala County

Utah

Garfield County
Piute County
Sanpete County
Wasatch County

Vermont

Essex County
Grand Isle County.
Lamoille County.
Orleans County.

Virginia

Alleghany County.
Bath County.
Brunswick County.
Buena Vista City.
Caroline County.
Covington City.
Dickenson County.
Grayson County.
Highland County.
Lancaster County.
Lee County.
Northampton County.
Northumberland County.
Page County.
Radford City.
Richmond County.
Russell County.
Smyth County.
South Boston City.
Suffolk City.
Sussex County.
Warren County.
Westmoreland County.
Williamsburg City.

Washington

Adams County.
Chelan County.
Clallam County.
Columbia County.
Cowlitz County.
Douglas County.
Ferry County.
Franklin County.
Grant County.
Grays Harbor County.
Jefferson County.
Kittitas County.
Klickitat County.
Lewis County.
Okanogan County.
Pacific County.
Pend Oreille County.
Skagit County.
Skamania County.
Stevens County.
Tacoma City in Pierce County.
Wahkiakum County.
Whatcom County.
Yakima City in Yakima County.
Yakima County less Yakima City.

West Virginia

Braxton County.
Calhoun County.
Clay County.
Fayette County.
Greenbrier County.
Harrison County.
Huntington City in Cabell County.
Wayne County.
Jackson County.
Lewis County.
Lincoln County.
Logan County.
Marion County.
Marshall County.
Mason County.
McDowell County.
Mingo County.
Nicholas County.
Pendleton County.
Pocahontas County.
Preston County
Putnam County.
Raleigh County.
Randolph County.
Ritchie County.
Roane County.
Summers County.
Taylor County.
Wayne County less Huntington City-Wayne.
Webster County.
Wetzel County.
Wirt County.
Wyoming County.

Wisconsin

Bayfield County.
Calumet County less Appleton City-Calumet.
Clark County.
Forest County.
Janesville City in Rock County.
Kenosha City in Kenosha County.
Lincoln County.
Marquette County.
Menominee County.
Milwaukee City in Milwaukee County.
Oconto County.
Racine City in Racine County.
Rock County less Janesville City.
Rusk County.
Sawyer County.
Taylor County.
Trempealeau County.
Vilas County.
Washburn County.
Waupaca County.

To this annual list of labor surplus areas were added 54 areas effective July 1 through September 1, 1981. Then 11 more areas were added October 1 through December 1, bringing the total number of areas to 1,124.

Effective October 1, 1981 the following 3 labor surplus areas were added:

LABOR SURPLUS AREA

Miami City.
Queen Annes County.
Athens County.

POLITICAL JURISDICTION INCLUDED

Miami City in Dade County, Florida.
Queen Annes County, Maryland.
Athens County, Ohio.

Effective November 1, 1981, 6 labor surplus areas were added to the list:

LABOR SURPLUS AREA

Elmore County.
Tallapossa County.
Ontario City.
Androsocoggin Co.
Howell County.
Clark County.

POLITICAL JURISDICTION INCLUDED

Elmore Co., Alabama.
Tallapossa Co., Alabama.
Ontario City in San Bernardino Co., California.
Androsocoggin Co., Maine.
Howell Co., Missouri.
Clark Co., Wisconsin.

Effective December 1, 1981, 2 more areas were added:

LABOR SURPLUS AREA

Bridgeport City.
Seymour Town.

POLITICAL JURISDICTION INCLUDED

Bridgeport City in Connecticut.
Seymour Town in Connecticut.

LABOR DEPARTMENT ADDS 19 AREAS TO LABOR SURPLUS LIST

The Department of Labor has designated 19 additional areas in nine states as "labor surplus" because of high unemployment. Employers in such areas are eligible for preference in obtaining Federal procurement contracts.

The additions, effective May 1, 1982, are in Florida, Georgia, Illinois, Iowa, Kentucky, Ohio, Pennsylvania, Tennessee, and Virginia. They bring the total number of current labor surplus areas to 1,170 out of a possible 4,100.

Labor surplus areas are designated by the Department of Labor to give potential government contractors preference in bidding on procurement contracts if the work is to be performed in these areas.

The 19 new areas are:

Florida, Collier County.

Georgia, Barrow, Floyd, Murray, and Whitfield Counties.

Illinois, Rock Island City and balance of Rock Island County.

Iowa, Davenport City, balance of Scott County, Dubuque City, and balance of Dubuque County.

Kentucky, Covington City, balance of Jefferson County, and Louisville City.

Ohio, Portage County.

Pennsylvania, Beaver County.

Tennessee, Loudon and Obion Counties.

Virginia, Petersburg City.

The initial list of labor surplus areas for the current 12-month period (June 1981 through May 1982) was announced last June. To have made the list, an area's average unemployment rate during 1979 and 1980 must have been at least 20 percent higher than the national average during the same two years. Since the average national rate during the reference period was 6.6 percent, an area's rate must have been at least 7.9 percent to be included.

The **PRESIDING OFFICER**. The time of the proponents of the amendment has expired.

Mr. **TOWER**. Mr. President, I yield back the remainder of my time.

The **PRESIDING OFFICER**. All time having been yielded back the question is on agreeing to the amendment of the Senator from New York.

Mr. **MOYNIHAN**. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

On this question, the yeas and nays have been ordered and the clerk will call the roll.

Mr. MOYNIHAN. Mr. President, has the rollcall begun?

The PRESIDING OFFICER. It has not.

Mr. MOYNIHAN. Mr. President, has the rollcall begun?

The PRESIDING OFFICER. No.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask for the yeas and nays on the amendment of the Senator from New York.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. MOYNIHAN. Mr. President, I believe the yeas and nays have already been ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. McClure) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Illinois (Mr. Dixon), the Senator from South Carolina (Mr. Hollings), the Senator from Maryland (Mr. Sarbanes), the Senator from Massachusetts (Mr. Tsongas), and the Senator from Michigan (Mr. Riegle) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. Dixon) and the Senator from Michigan (Mr. Riegle) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 45, nays 49, as follows:

[Rollcall Vote No. 114 Leg.]

YEAS—45

Baker
Baucus
Biden
Boschwitz
Bradley
Brady
Burdick
Byrd, Robert C.
Chafee
Cohen
Cranston
D'Amato
DeConcini
Denton
Dodd
Dole
Durenberger
Eagleton
Ford
Glenn
Hart
Hatfield
Hayakawa
Heflin
Heinz
Inouye
Jackson
Kennedy
Leahy
Levin
Lugar
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Percy
Quayle
Randolph
Rudman
Sasser
Specter
Stafford

NAYS—49

Abdnor
Andrews
Armstrong
Bentsen
Boren
Bumpers
Byrd,
 Harry F., Jr.
Cannon
Chiles
Cochran
Danforth
Domenici
East
Exon
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Helms
Huddleston
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Mattingly
Murkowski
Nickles
Nunn
Packwood
Pressler
Proxmire
Pryor
Roth
Schmitt
Simpson
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NOT VOTING—6

Dixon
Hollings
McClure
Riegle
Sarbanes
Tsongas

So Mr. Moynihan's amendment (UP No. 942) was rejected.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. WARNER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER and Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, there are several Senators here who are ready to present their amendments. Most of these which are about to be presented are noncontroversial and can be accepted by a voice vote. I believe we can dispose of about six or seven such amendments. Then we are prepared to get into some matters that I think are somewhat controversial.

I believe the Senator from Vermont (Mr. Stafford) is prepared to offer an amendment, which will be followed by amendments by several other Senators which are not controversial.

The PRESIDING OFFICER. The Senator from Washington.

AMENDMENT NO. 1399

(Purpose: To require a report on the teaching of military history in military service schools)

Mr. GORTON. Mr. President, I call up my amendment No. 1399.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk read as follows:

The Senator from Washington (Mr. Gorton), for himself, Mr. Sasser, and Mr. Chiles, proposes amendment No. 1399.

Mr. GORTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert a new section as follows:

REPORT ON THE TEACHING OF MILITARY HISTORY IN MILITARY SERVICE SCHOOLS

Sec. . The Secretary of each military department shall conduct a survey of each school and training program under his jurisdiction with a view to determining the extent to which, if at all, military history is taught in such school and training program. The Secretary of each military department shall submit the results of the survey conducted by him to the Committees on Armed Services of the Senate and the House of Representatives not later than January 1, 1983.

Mr. GORTON. Mr. President, I am pleased to join with a number of other Members in offering four amendments to the 1983 Department of Defense authorization bill. The studies required by these amendments can, in some respects, give us the long-range potential for an even healthier national defense system. The studies would require that new thought be given to some very old problems: How to organize the military to achieve our national defense goals, how to improve fighting strength at the unit level, how to select the most successful warfare tactics, and how to give our officer corps a proper historical perspective of military affairs. I am particularly pleased to have Senators Chiles and Sasser join me in support of the amendment relating to military history.

Many have raised the concern that the future leaders of our military will not be sufficiently familiar with the quirks of military engagement, and many fear that they will be unaware of the extent and importance of the constant interplay of technology and luck on the battlefield. Instead, critics charge we are producing technocrats who may not be aware of how quickly carefully memorized charts and figures are blown out the window by the first winds of war. A former staff member to Senator Nunn, Jeffrey Record, wrote a thought-provoking article, "The Fortunes of War," for the April 1980 issue of Harper's magazine. I commend this reading to the Members of the Senate, and I ask unanimous consent that it be printed in the Record for that purpose at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MOYNIHAN. Mr. President, I send an amendment to the desk.

Mr. GORTON. Mr. President, I have the floor.

Mr. MOYNIHAN. I ask the Senator to forgive me, Mr. President.

Mr. TOWER. Mr. President, there is so much confusion. I am not surprised that the Senator from New York is unaware that somebody is holding the floor. We can hardly hear anything.

The PRESIDING OFFICER. The Senate will be in order. The amendment of the Senator from Washington is pending.

Mr. **GOLDWATER**. Mr. President, I yielded the floor to make a unanimous-consent request when all hell broke loose. May I have the floor?

Mr. **GORTON**. Mr. President, I am happy to yield to the Senator from Arizona.

Mr. **GOLDWATER**. Mr. President, I wanted to ask to be added as a cosponsor of the Senator's amendment. As the Chairman of the Board of the Air Force Academy, I wanted to say there is considerable history of this type.

Mr. **GORTON**. Mr. President, I am delighted to have as an additional cosponsor the Senator from Arizona. I am pleased to ask unanimous consent that that be done.

The **PRESIDING OFFICER**. Without objection, it is ordered.

Mr. **GORTON**. Mr. President, I am not certain that the critics are right, but I have not been comforted to learn of the few required military history courses. In my view, history is underemphasized to Americans across our educational system. To find that military history may be undertaught in our service academies is, of course, of great concern to me, and I hope to the rest of the Congress.

Nevertheless, this amendment does not make any requirements as far as the course of academic pursuits that these academic academies give. It simply asks for a report to Congress by next year on the extent to which they are offered and actually taken by the student in our military academies.

I assure my colleagues that I am requesting only a 1-year evaluation, not an ongoing review. The House has already inserted similar language into its report, and I hope the Senate will today put forth its inquiry into this matter as well.

EXHIBIT 1

[From Harper's, April 1980]

THE FORTUNES OF WAR

(By Jeffrey Record)[1]

What has passed for the study of war in the service academies in recent decades gives some cause for alarm. Increasingly since the end of the second world war, the curriculum has been slanted in a manner that has produced an officer corps overconfident—nay, arrogant—about its ability to direct, manage, and control that most awesome and unpredictable of human experiences, the clash of arms and men on a battlefield.

The service academies have had their share of public attention during the past few years, what with the cheating scandals, the admission of women, and the "liberalization" of curricula. Practically no note has been taken, however, of what has happened at the very core of military education, in the subject area that distinguishes West Point, Annapolis, and Colorado Springs from the liberal-arts campus—namely, the study of armed conflict. The salient development here has been the decline of the study of war's history as the foundation stone of the military curriculum.

History is a victim of an increasing disposition of military educators many of whom are not professional students of war but rather touring officers getting "tickets punched" on the way up the promotion ladder—to treat war as a science. The empirical record of the past has given way to war technology and techniques of command as objects of inquiry. The focus is on tactics, strategy logistics, the marshaling of hardware, and the organization of ever-unfolding technology (e.g., the "electronic battlefield"). This rationalization or "scientification" of warfare breeds a disconcerting hubris in its practitioners because it de-emphasizes, if it does not altogether deny, the role of what Frederick the Great called "His Sacred Majesty Chance"—whimsy, the irrational or unpredictable event or circumstances. *Fortuna*—in shaping victory or defeat on the battlefield. It is a hubris that disregards the elder Moltke's wise caution that "no plan of operations can look with any certainty beyond the first meeting with the . . . enemy," because it cannot govern "the independent will of the opposing commander." The study of history, in contrast, is a humbling experience; the historical record bulges with one aborted attempt after another by the best and the brightest to identify, assemble, and manipulate the ingredients of military triumph.

Inattention to the history of warfare is perhaps the greatest weakness in the training of American military officers. The lack of all but a cursory familiarity with the object of their chosen profession has encouraged a mentality characterized by unwarranted confidence in the malleability of war, and by a faith that most, if not all, problems on the battlefield are susceptible to technological or administrative solutions. It has also fostered an insidious conviction that leadership is little more than a question of good management.

I draw these conclusions from more than a decade of intimate association with military men both on and off the battlefield, from countless conversations with officers from all branches of our armed forces, and from familiarity with the curricula of our professional military academies.

West Point, Annapolis, and Colorado Springs provide their charges with only momentary glimpses of the history of war. Of the 373 courses of instruction that make up West Point's academic program, seventeen are offered in electrical engineering, of which one at most is required; twenty-six in mathematics (two required, including one titled "Advanced Placement Calculus, Multivariable Calculus, Introduction to Linear Algebra, Differential Equations, and Probability Theory and Statistical Inference"); and five courses in military history, of which at most two are required. Moreover, both required courses—"History of the Military Art" and "Advanced History of the Military Art"—focus mainly on warfare in the twentieth century. The two millennia spanning the campaigns of Alexander the Great and Napoleon receive comparatively little treatment, as does the history of military thought, for which no course is offered. (But then, what did Clausewitz or Alfred T. Mahan know about semiconductors, electromagnetics, and microprocessors?)

A cadet at the United States Air Force Academy receives even less exposure to military history: five courses (one required) out of a total of 394 offered, including twenty-two in electrical engineering and some sixteen in the techniques of management.

At Annapolis, would-be Farraguts, Deweys, and Nimitzes may graduate with a knowledge of what happened at Mobile, Manila, and Midway, but not at Actium, Trafalgar, and Jutland: the Naval Academy's sole required course in military history is "American Naval Heritage."

Our military academies produce some gifted students of war (both MacArthur and Patton were exceptionally well read in the history of their profession), but for the most part the schools grind out officers captivated by the idea that a science of war exists and that this most complex, uncontrollable, and least understood of all human activities can be "managed" given the proper tools and requisite faith in its manageability. It is an officer corps, as historian Edward N. Luttwak has noted, that treats the enemy "as a mere inventory of targets" and warfare as little more than "the orderly administration of firepower."

It is an officer corps inadequately tutored in the more fundamental truths of warfare, which can be learned only on the battlefield and through a thorough knowledge of history. It is an officer corps that is intellectually indisposed to accept the dominant role of *Fortuna* in war; that embraces the pretensions of Henri Jomini but neglects the cautions of Clausewitz; that regards the Vietnam war as all but irrelevant to its own future; that still ascribes the failure of American arms in Indochina to the malevolent machinations of a timid if not morally suspect civil authority; and that places less value on the study of war as a human encounter than on the ability to balance an equation, draft concise memorandums, and salute smartly.

In all fairness, it must be said that the American military's assumptions about the nature of war are not unrepresentative of those that we as a society have made about human endeavor in general—at least until recently. The American political ethic was formed primarily by children of Montesquieu and Locke, rather than by progeny of Hobbes and de Maistre. Our Constitution reflects a pronounced confidence in the role of reason in human affairs.

The subsequent history of the United States has tended to shield these assumptions. With the exception of the Civil War and short-lived outbursts of racial and industrial strife, our country has managed to resolve without resort to major violence, most internal problems that continue to tear other nations asunder. As a nation we have been extraordinary lucky. Ours for the taking was the richest continent on the planet. Insulated by vast expanses of ocean, we were free to subdue and organize it with little interference from abroad. Our principal adversary was not a foreign foe but nature itself, whose challenges we mastered through technological innovation. We have never been invaded, wasted by famine, or ravaged by plague. We have waged comparatively few wars and have been unambiguously defeated in only one of them. We have never fought a war that irreparably damaged our country or society. No other nation has had so few skirmishes with the Four Horsemen of the Apocalypse.

In short, there is little in the American historical experience to encourage proper respect for the inherrent infirmity or paradox of human endeavor. Although Vietnam has tempered the American public's faith in the tractability or manageability of war, there is little evidence that it has had the same result among the military. The spirit of "can do"—"The difficult we can do immediately, the impossible takes a little longer"—still flourishes at West Point, reflecting persistent confidence that a commander can impose his will on the battlefield simply by applying proper technologies and leadership techniques. The failure of U.S. military leadership—despite an overwhelming preponderance of measurable resources at its command—to impose its will on the North Vietnamese, and the virtual immunity of the Indochinese conflict to technological resolution, appear to be lessons largely lost on the Pentagon.

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[1] Jeffrey Record, formerly legislative assistant for military affairs to Sen. Sam Nunn of Georgia, is now a senior fellow at the Institute for Foreign Policy Analysis in Washington, D.C. He is the author of Sizing Up the Soviet Army (Brookings Institution).

An excellent example of the American military's continuing unregenerate faith in the capacity of technological innovation to determine outcomes on the battlefield is its ongoing infatuation with "smart" antitank weapons. Indeed, one of the more dangerous illusions being entertained in certain quarters of the Pentagon these days is the belief that such weapons, if simply deployed in sufficient numbers, can neutralize, if not defeat, the powerful Soviet tank armies that for so many years have petrified NATO military planners. It is an illusion especially pervasive among unmechanized U.S. infantry forces, like the marines and the army's 82nd Airborne Division, which are institutionally indisposed to accept the fact that, however elegantly equipped, light infantry forces, which still make up more than half of U.S. ground forces, can rarely be a match for armored or mechanized forces.

In their embrace of the new laser- and wire-guided antitank weapons, the army and marine corps characteristically pursued a technological "fix" for a problem essentially structural in nature; it is more the lack of mobility and less a deficiency in firepower that cripples foot infantry in the face of advancing armor. Even more characteristically, the marines and the army's infantry branch, ever on the lookout for a means of dethroning the tank as queen of the land battle and restoring infantry to the prominence it enjoyed in the centuries from gunpowder to Guderian, failed to appreciate either the inherent limitations of the new antitank guided missiles or the degree to which they could be effectively countered by comparatively cheap measures based on common sense.

Whether guided to the target by wire or laser beam, antitank guided missiles (ATGM), such as the U.S. TOW and Dragon, have one thing in common: they are "line of sight" weapons that can hit only those targets that are visible to the naked eye of the ATGM gunner or the person "designating" the target during the entire flight of the missile. Some ATGMs, such as the TOW, take as much as fifteen seconds to reach targets at optimum ranges, during which time the gunner or designator himself must remain exposed to the threat of hostile fire.

These deficiencies of ATGMs have been carefully noted by Soviet military planners and tacticians. Traditional heavy Soviet emphasis on night operations, camouflage, and the use of smoke has been expanded in an attempt to obstruct the clear vision so necessary to ATGM gunners. Virtually every first-line Soviet tank and armored fighting vehicle has been equipped with externally mounted smoke dispensers that can render an entire armored column invisible within a few seconds. Soviet mastery of the art of camouflage has been increasingly directed toward the specific problems posed by ATGMs. Night fighting, always prominent in Soviet doctrine, is now regarded as providing a combat environment particularly well suited for avoidance of the ATGM threat.

Moreover, the Soviets understand that the same eccentricities of Central Europe's terrain, climate, and demography that might inhibit their own high-speed armored operations also inhibit the employment of ATGMs in defense against such operations. Like such natural barriers as forests and mountains, the urban sprawl that has engulfed much of the North German plain since World War II constitutes no less an obstacle to the use of "smart" anti-armor weapons than to the use of armor itself. Tanks behind buildings are just as invisible to an ATGM gunner as tanks behind hills or tree lines—or, for that matter, tanks shrouded in the thick morning fog that lies heavily on the North German plain during much of the year.

Thus it would seem that Soviet shrewdness, German terrain and urbanization, and the heavens themselves—factors beyond the control of any American or Allied commander—have conspired to downgrade the putative effectiveness of a technological innovation that is still regarded in some quarters as revolutionary. ATGMs are no less vulnerable than any other weapon to the whims of *Fortuna*, or, as we have seen, to the "independent will of the opposing commander." In short, their introduction does not render a potential conflict in Europe more tractable or its outcome less uncertain.

Persistent faith in the tractability of war is both unfounded and dangerous. It is unfounded because it underestimates the importance of what Clausewitz termed "friction" in war—that which separates the theory of war from reality. It is dangerous because the penalty for miscalculation in war is death. It ignores the extent to which the outcome of combat is determined by factors over which commanders and armies have little control—indeed, cannot even foresee. As Clausewitz wrote in his monumental On War.

No other human activity is so continuously or universally bound up with chance . . . Absolute, so-called mathematical factors never find a firm basis in military calculations. From the very start there is an interplay of possibilities, probabilities, good luck and bad that weaves its way throughout the length and breadth of the tapestry. In the whole range of human activities, war most closely resembles a game of cards.

The proper study of war is the study of history, not the study of electrical engineering, parade manuals, football, or even military tactics. As Clausewitz repeatedly emphasized, "historical examples . . . provide the best kind of proof in the empirical sciences. This is particularly true of the art of war." Note that Clausewitz speaks of the art rather than the science of war. Note also that the German general staff, which for almost a century produced the most gifted generalship in the Western world, elevated the systematic study of military history to a position equal in importance to the preparation of operational plans. The German general staff's success in what historian T. N. Dupuy has called "institutionalizing military excellence" rested to no small degree on a profound respect for Fortuna derived from rigorous inquiry into past campaigns; from 1817 onward, despite numerous reorganizations in the general staff, its Division of Military History remained a prominent and distinctive feature.

If cadets and midshipmen at our professional military schools spent less time practicing close-order drill and memorizing meaningless axioms and more time exploring the true nature of the object of their profession, they, too, might gain the profound respect for Fortuna that every great captain has exhibited. For example, they might learn that the success of Hannibal's generalship at Cannae hinged precisely on rigid Roman adherence to the discipline that characterized Roman legions; that the Spanish conquest of the Aztec and Inca empires was due not to the superior arms the conquistadores carried in their hands but to the far more deadly viruses they carried in their bodies; that the Spanish Armada was destroyed less by Drake's "sea dogs" than by wind; that Frederick the Great's famous order of march was the product primarily of the propensity of his troops to desert; that the success of the American War of Independence was clinched by a French king's unwise political decision; that Napoleon's Grand Army was destroyed in Russia not by the wily tactics of Kutuzov but by subzero temperatures; and that Wellington's victory at Waterloo was gained only through flagrant disobedience of orders.

They might learn that McClellan failed to crush Lee at Antietam because a Union corps commander assumed that a bridge was the proper way to cross a creek; that a Confederate detachment's search for shoes determined the location of the Civil War's bloodiest battle; that Missionary Ridge was overrun by Federal troops who had been instructed not to do so; that mosquitoes dictated the timing and location of the U.S. Army's campaigns in both the Mexican-American and Spanish-American wars; that dysentery accounted for more than 90 percent of British losses in the Crimean War; that measles and diphtheria played a far greater role than the U.S. Cavalry in deciding the outcome of the Indian wars; that the Russian disaster at Tannenberg in 1914 was attributable in no small part to a long-standing personal feud between the two principal Russian commanders; that its own preparatory artillery fire guaranteed the defeat of the British Army at Passchendaele; and that famine, not Foch, brought the Germans to the peace table in 1918.

They might learn that the freezing of Lake Ladoga prevented the Germans from capturing Leningrad during the second world war; that the Allied strategic bombing campaign during that same conflict probably prolonged rather than shortened German resistance; that Rommel was beaten in North Africa less by Montgomery than by distance; that "Market Garden," the great Allied airborne assault on Holland in 1944, was crushed as much by fog in England as it was by German forces in the drop zones; and that the real foundation of Israeli military prowess is a social structure vastly superior to that from which Arab armies are drawn.

By assiduous probing of the historical record, cadets and midshipmen also might develop a healthy respect for the difficulties of translating technological advances into battlefield successes. They might learn, for example, that new technologies are virtually worthless if unaccompanied by appropriate changes in force structure and tactics, and that such changes are usually long in coming; that some 500 years separated the introduction of gunpowder and its full exploitation in war; and that the horror of

World War I was to a large extent the product of a deadly combination of twentieth-century weapons and nineteenth-century tactics. The disconcerting truth is that the tactical lessons to be learned from the impact of the rifle, machine gun, barbed wire, and entrenchments on attacking massed infantry were already glaringly apparent at Malvern Hill in 1862, at Gettysburg a year later, and during the Japanese siege of Port Arthur in 1904-05.

They might learn that the consequences of new technologies are not easily predictable in advance; that the full exploitation of the crossbow in the Middle Ages was delayed in 1139 by a papal ban on its use by Christians against Christians; that the ability to preserve food in tins contributed as much as railroads to the strategic mobility of Union armies during the Civil War; that the substitution of steam propulsion for sail during the nineteenth century severely restricted the global reach of many navies; that the first tanks were designed primarily as barbed-wire crushers; that what came to be the most effective antitank weapon of World War II—the German 88 millimeter gun—was designed to shoot down aircraft; and that the mechanization of infantry has had little appreciable effect on the pace at which it can advance into enemy territory.

Finally, the future officers corps might learn that even profound technological superiority is no guarantee of success in combat; that history is littered with battles and wars—the Little Big Horn, Isandhlwana, Adwa, the Chinese Civil War, Vietnam—in which the loser enjoyed vast technological advantage; that true grit and not the Welsh longbow destroyed the French feudal array at Crecy; that low Russian morale and not superior Japanese gunnery proved decisive in the great naval engagement off Tsushima in 1905; that France in 1940 had more and better tanks than the Germans; that Russian manpower and not the superior quality of Allied arms defeated the Third Reich; and that hand-to-hand fighting on Iwo Jima and Okinawa rather than the atomic bomb sealed the fate of Japan in 1945.

These observations about the history of warfare should not be misconstrued as a conclusion that command and technology are irrelevant in war. On the contrary, generalship and weaponry have always exerted a significant influence on the battlefield, and in many instances that influence has been decisive. Few would subscribe today to the proposition, implicit in *War and Peace* and in Tolstoy's subsequent writings on Napoleon's campaign in Russia, that the outcome of any violent human conflict is predetermined by cosmic forces. Napoleon's presence on the battlefield did make a substantial and often crucial difference, as did the presence of Alexander the Great, Hannibal, Caesar, Marlborough, Gustavus Adolphus, Frederick the Great, Lee, Jackson, Grant, Sherman, Moltke, and Manstein. Nor can the importance of technology be denied: the stirrup, gunpower, screw propeller, rifle, Maxim machine gun, internal combustion engine, tank, airplane, wireless radio, radar, ballistic missile, and nuclear weapon have exercised profound influences on the conduct of war. Certainly in modern war, technological expertise is essential.

Generalship and technology, however, are but two of the major influences at play on the battlefield. Significantly, most of the major determinants—weather, terrain, troop morale, lack of complete information about the enemy—are beyond the immediate control of the commander. Of critical importance is the necessity to remember that generalship and technology can dominate war only with the permission of *Fortuna*. Great commanders are invariably lucky men.

Acceptance of these realities is critical for any military leadership—particularly one still obsessed with the notions that leadership is a question of technique and that technology can control Chance—and can be gained only through a thorough knowledge of war's history. If West Point and our other professional military schools are to produce a genuine military elite, as opposed to simply cultivating the values of elitism, they must accept the fact that the study of war is the study of history.

A "historically illiterate" officer corps, which counts on science as the guide to triumph and therefore ignores *Fortuna*, could lead this country into disaster by its overconfidence. Ignorance of history is dangerous. It is not enough for officers to get some inkling of *Fortuna* secondhand. They need to be immersed in it in a way that can come only from an intensive exploration of history. Better to learn about *Fortuna* by precept of historical example than on the battlefield—when it may be too late.

Mr. JEPSEN. Mr. President, will the Senator yield?

Mr. GORTON. Yes, I am happy to yield.

Mr. JEPSEN. Will the Senator include me as a cosponsor?

Mr. GORTON. I ask unanimous consent that that be done.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. TOWER. Will the Senator yield to me for a question?

Mr. GORTON. I certainly will.

Mr. TOWER. Mr. President, when this was mentioned to me by the Senator from Washington, I asked him if this was any kind of suggestion that the Congress should get into the business of prescribing curriculums at the military academies. He assured me that is not the case. I think it would be worthwhile to have that assurance now.

Mr. GORTON. Mr. President, I make that assurance for the RECORD at this point.

Mr. TOWER. Mr. President, I am prepared to accept the amendment of the Senator from Washington. I ask the Senator from Mississippi (Mr. STENNIS) if he has any objection.

Mr. STENNIS. The sad fact is that over here, we just could not hear what was going on. I did not want to say anything about it. I shall have to ask the Senator to tell me.

Mr. TOWER. This is the amendment of the Senator from Washington that asks for a report on the teaching of military history in military academies. The Senator has assured us it is not an attempt to get involved in the prescription of curriculums to the academies.

Mr. STENNIS. I thank the Senator. That is certainly agreeable to me. I commend him for his amendment.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment.

The amendment (No. 1399) was agreed to.

UP AMENDMENT NO. 943

(Purpose: To relieve economic dislocations)

Mr. MOYNIHAN. Mr. President, I have an unprinted amendment at the desk. I ask for its immediate consideration.

The **PRESIDING OFFICER.** The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) for himself and Mr. D'AMATO, proposes an unprinted amendment numbered 943.

On page 67, after line 13, insert the following new section:

SEC. . (a) The Secretary of Defense should conduct a test program during fiscal year 1983 in accordance with this subsection to test the effect of exempting certain contracts of the Department of Defense from the provisions of section 2892 of title 10, United States Code and paying a price differential under such contracts for the purpose of relieving economic dislocations. Under such test program, the Secretary of Defense may exempt from the provisions of such section any contract (other than a contract for the purchase of fuel) made by the Defense Logistics Agency during fiscal year 1983 if the contract is to be awarded to an individual or a firm located in a Labor Surplus Area, as defined and identified by the Department of Labor, and if the Secretary determines—

(1) that the awarding of such contract will not adversely affect the national security of the United States;

(2) that there is a reasonable expectation that bids will be received from a sufficient number of responsible bidders so that the award of such contract will be made at reasonable cost to the United States;

(3) that the price differential to be paid under such contract will not exceed 7½ percent; and

(4) the value of such contract, when added to the cumulative value of all other contracts awarded under the test program, will not exceed $3,000,000,000.

(b) Not later than April 15, 1983, the President shall submit a report to Congress on the implementation and results to that date of the test program authorized by subsection (a). The report shall include as assessment of the costs and benefits of the test program.

Mr. MOYNIHAN. Mr. President, my esteemed colleague (Mr. D'AMATO) and I have discussed the matter and concluded that there may have been honest concerns about the amendment voted on a few moments ago, because it involved unacceptable costs, nonweapons procurement in the amount of $3 billion where the contracts for labor surplus areas of some 47 States would be permitted a price differential in excess of 2 percent. We now propose an identical amendment that would reduce that last figure to 1.5 percent.

Mr. President, I make the simple point and shall not elaborate further that during the 1980 Presidential campaign, if my recollection serves, the current President of the United States said he favored the Defense Manpower Policy 4B of his predecessor, President Truman. I am prepared to be corrected by any Member of the body with a better memory. I admit to not having the quotation in front of me, but I remember that in the Middle West, perhaps it was in Cleveland, in the middle of the campaign, Candidate Reagan said he was for such a measure.

The PRESIDING OFFICER. The Senate Chamber is not in order.

Mr. MOYNIHAN. Mr. President, I make the point that this is a unifying proposal with respect to a divisive defense budget.

I see my distinguished colleague is on his feet.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I am happy to yield.

Mr. GOLDWATER. I just want to say the Senator's memory is correct.

Mr. MOYNIHAN. I thank my colleague from Arizona.

Mr. President, I yield the floor, although I see my distinguished colleague, who is my cosponsor, has risen. I believe he arose before the Senator from Indiana.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I rise in support of this amendment because I think it is important that we demonstrate to the Nation's unemployed, to those regions that are deeply distressed, that we do recognize a responsibility, yes, in the letting of Government contracts and that the dollar implications, as proven by last year's formula given by the Defense Department in their statistics, were minuscule; $559,000, maybe, was the course—maybe.

I suggest, in a time when we have areas that have 12, 13, 14 percent unemployment, this is the right direction in which to move. We are talking nickels and dimes, literally. If we want to demonstrate that we have a commitment to see to it that this tremendous defense spending we are approving, going forward within this Nation, is not going to be regionalized, sectionalized, we are going to recognize that there are areas of this country that have tremendous job dislocations, particularly in the letting of small defense contract bids, a 1.5-percent differential will be recognized.

Mr. President, I think that is a small price we can pay. I urge my colleagues and I hope that we do recognize it. Coming from the conservative, the ultraconservative from New York, I make a plea that we open our hearts and minds.

Mr. TOWER. Mr. President, this is essentially the same amendment with the figures changed. It is a reduction from 2 percent to 1½ percent. I do not intend to belabor the matter. I intend to vote against it because the principle is bad regardless of what the figures are. It is not substantially different from the previous amendment. Therefore, I intend to vote against it. I am prepared to vote unless others want to speak.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. HEINZ. Mr. President, I rise in support of the Moynihan and the D'Amato amendment.

Developing a strong base of contractors for the Defense Department can only improve the efficient expenditure of our defense dollars.

It makes even more sense in these troubled economic times to direct contracting dollars to firms located in areas experiencing high unemployment.

Such an initiative will enhance the flow of private investment capital into depressed areas, create jobs, and thus a healthy economic infrastructure.

These areas had previously been discriminated against by the Maybank amendment.

The restrictions established by the Maybank amendment were modified by the Congress in 1980, by a 1-year test program that directs the Defense Logistics Agency to purchase some of its requirements from firms located in high unemployment areas.

This set-aside program was extended to 1982 to allow businesses located in labor surplus areas preference in competing on up to $5 billion worth of DLA contracts.

The preliminary data available from this set-aside for labor surplus areas is encouraging.

The program created or retained 21,073 jobs.

Of the 248 contracts reported, 132 valued at $8,547,876 went to firms in Northeastern and Midwestern States, while 116 contracts worth $17,134,004 were awarded to businesses in the South and West. Businesses in 47 States have been affected by the program. This program must be continued. It will diversify and expand the industrial base and create jobs and stimulate the flow into depressed areas, decreasing Federal support in the form of welfare, food stamps, and housing subsidies, while generating economic growth and ultimate revenues to the Federal Government.

The Moynihan-D'Amato amendment will create jobs without authorizing the expenditure of additional Federal dollars.

The extension of this small set-aside for labor surplus areas for another year will allow us to gage even further the positive results to be gained from departing from the provisions of the Maybank amendment.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York (Mr. Moynihan). The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. McClure) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Illinois (Mr. Dixon), the Senator from South Carolina (Mr. Hollings), the Senator from Maryland (Mr. Sarbanes), the Senator from Massachusetts (Mr. Tsongas), the Senator from Virginia (Mr. Harry F. Byrd, Jr.), and the Senator from Georgia (Mr. Nunn) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. Dixon) would vote "yea."

The PRESIDING OFFICER (Mr. Nickles). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 48, nays 45, as follows:

[Rollcall Vote No. 115 Leg.]

YEAS—48

Andrews
Baker
Baucus
Biden
Boschwitz
Bradley
Brady
Burdick
Byrd, Robert C.
Chafee
Cohen
Cranston
D'Amato
DeConcini
Dodd
Dole
Domenici
Durenberger
Eagleton
Ford
Glenn
Hart
Hatfield
Hawkins
Heflin
Heinz
Inouye
Jackson
Kennedy
Leahy
Levin
Lugar
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Percy
Quayle
Randolph
Riegle
Rudman
Sasser
Specter
Stafford
Stevens

NAYS—45

Abdnor
Armstrong
Bentsen
Boren
Bumpers
Cannon
Chiles
Cochran
Danforth
Denton
East
Exon
Garn
Goldwater
Gorton
Grassley
Hatch
Hayakawa
Helms
Huddleston
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Mattingly
Murkowski
Nickles
Packwood
Pressler
Proxmire
Pryor
Roth
Schmitt
Simpson
Stennis
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NOT VOTING—7

Byrd,
  Harry F., Jr.
Dixon
Hollings
McClure
Nunn
Sarbanes
Tsongas

So Mr. Moynihan's amendment (UP No. 943) was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. D'AMATO. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, may we have order? Senators are trying to present amendments. It occurs to me that we can finish much earlier this evening if Senators will take their seats and stay in the Chamber.

The **PRESIDING OFFICER**. Senators standing in the aisles will please take their seats and remove themselves from the back of the Chamber.

The Senator from Texas has the floor.

Mr. **TOWER**. Mr. President, I yield the floor.

UP AMENDMENT NO. 944

(Purpose: To strike out a provision relating to payments and arrangements made under section 6 of the Act of September 30, 1950 (Public Law 874, 81st Congress) as modified by section 505(c) of the Omnibus budget Reconciliation Act of 1981)

Mr. **STAFFORD**. Mr. President, I have an unprinted amendment at the desk which I call up and ask for its immediate consideration and that it be stated.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Vermont (Mr. STAFFORD), for himself and Mr. METZENBAUM, proposes unprinted amendment numbered 944.
>
> On page 58, strike out lines 9 through 18. Redesignate the succeeding sections in title XI accordingly.

Mr. **STAFFORD**. Mr. President, I offer this amendment to strike section 1112 from S. 2248, the DOD authorization for fiscal year 1983 and the supplemental authorization for fiscal year 1982. The section I seek to strike, section 1112 on page 58 of the printed bill provides the Secretary of Defense with sole authority for the administration of schools on military bases.

On its face, the provision of section 1112 seems straight-forward and harmless; yet, the intention to provide the Secretary of Defense with this authority contravenes policy which Congress had established and repeatedly reaffirmed. When this policy is examined, I believe my colleagues will agree to strike section 1112 from the bill and avoid contradicting established congressional affirmations and ignoring the traditional procedures by which this issue should be resolved.

Permit me to explain further.

During congressional consideration of the Omnibus Budget Reconciliation Act last year, Congress approved the proposal to provide funding for the so-called section 6—impact aid—schools in the DOD budget. At the same time, Congress instructed the Secretary of Defense to delegate responsibility for the administration of these schools to the Secretary of Education.

These schools are operated on military bases where no public education facilities are located off base in nearby areas. Section 6 schools traditionally have been administered by the Department of Education and its predecessor agency, and by instructing DOD to delegate administrative authority to the Department of Education, Congress was only continuing a long-established practice.

Last December, Congress again reaffirmed its support for this practice. At that time, a section of the defense appropriations bill proposed eliminating that part of the Omnibus Budget Reconciliation Act which mandated DOD funding and Ed administration of section 6 schools.

At that time, I offered an amendment to strike that provision. I was joined by my distinguished colleague, Senator ROTH, chairman of the Governmental Affairs Committee. Our arguments then could be summarized as follows:

First, Congress had already insured continued Department of Education administration of these schools through the Omnibus Budget Reconciliation Act;

Second, the Governmental Affairs Committee had never discussed this issue even though it has primary jurisdiction over the structure of the Department of Education and governmental reorganization; and

Third, the Education, Arts and Humanities Subcommittee, which oversees the impact aid program, has never acted on this matter except to reaffirm continued administration of impact aid by the Department of Education.

At that time, the Senate agreed with these arguments by striking the language in the DOD appropriations bill which would have transferred administrative authority from Education to DOD. This was only December 3, I say to my colleagues. The arguments we are making today are as valid now as they were then in December, and I hope my colleagues will do again what they did then: vote to strike this provision.

Since the Senate last voted on this issue, I have pursued this matter with the Secretary of Education and the Secretary of Defense. I share with my colleagues the replies I received from both individuals regarding the administration of section 6 schools.

Both Secretary Bell and Secretary Weinberger indicated to me that discussions are continuing regarding the mandate Congress placed upon them in the Budget Reconciliation Act.

Secretary Bell has assured me that:

> In an effort to implement section 505(c), staff members from this Department and the Department of Defense have been working together to clarify the roles of the two Departments regarding the section 6 schools.

He later added that he is hopeful that the two Departments "will conclude this matter in a way that is eventually satisfactory and consistent with the law."

Secretary Weinberger, too, stated that he is hopeful of concluding an agreement soon. He admitted some "uncertainty how to proceed" because of "the pending disestablishment of the Department of Education."

I remind the Secretary to differentiate between fact and fancy, between law and proposal. The fact is that these section 6 schools are to be under the ultimate purview of the Department of Education. This is so stipulated by section 505(c) of the Reconciliation Act which reads:

> The Secretary of Defense shall delegate to the Secretary of Education responsibility for the conduct of programs with funds so available.

The fancy is that the Department of Defense can circumvent this provision simply by slipping in a seemingly innocuous provision into legislation without consulting the committees with primary jurisdiction over impact aid and the Department of Education.

The law remains the same. Impact aid is a program administered by the Department of Education. While Secretary Weinberger may be uncertain how to proceed, I remind him that the law is certain, final, and in the statute books.

I, furthermore, advise the Secretary of Defense not to predicate his argument upon what he calls the pending disestablishment of the Department of Education. Although the President has announced his desire to do so, no legislation has been sent to the Senate by the administration to abolish the Department. And, if it were to do so during this Congress, I doubt very much if that legislation would pass.

Therefore, Mr. President, I urge the Secretary of Defense to continue his discussions with Secretary Bell on this matter. He should observe what is stipulated in law now, not what may never be.

In closing, I add that this debate is more than a jurisdictional matter. It is fundamentally an educational issue affecting children in this Nation. In this regard, I note that many of the prominent education organizations—the Council of Chief State School Officers, the National Association of State Boards of Education, the National School Boards Association, and the American Association of School Administrators, to name a few—all support my amendment and the retention of section 6 administration in the Department of Education.

Mr. President, I ask unanimous consent to have printed in the RECORD letters from these organizations.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF STATE
BOARDS OF EDUCATION,
Washington, D.C., May 13, 1982.

HON. ROBERT T. STAFFORD,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR STAFFORD: The National Association of State Boards of Education supports the Stafford/Roth Amendment to S2248, the Defense Authorization bill. The transfer of responsibilities from the Department of Education to the Department of Defense has not been given any thoughtful consideration by the appropriate Senate committees. Further, Congress mandated continued Department of Education administration of section 6 impact aid schools last year under the Omnibus Budget Reconciliation Act.

Therefore, NASBE urges all Senators to vote for the amendment, insuring the administrative control of these schools remains with the Department of Education. NASBE is very grateful to you and Senator Roth for introducing this amendment and offers any assistance you need to insure its passage.

Sincerely,

ANITA EPSTEIN,
Director, Government Affairs.

NATIONAL SCHOOL BOARDS ASSOCIATION,
Washington, D.C., May 12, 1982.

Hon. ROBERT T. STAFFORD,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR STAFFORD: The National School Boards Association wishes to go on record in support of the Stafford/Roth Amendment to S. 2248 to delete Section 1112. NSBA is opposed to Section 1112, which attempts to place full administrative control of Section 6 schools with the Department of Defense. We offer several reasons for our objections:

Section 6 schools have been administratively controlled by the federal education agency, formerly HEW and more recently the Department of Education, since they came into existence in the 1950's.

The Omnibus Reconciliation Act of 1981 (P.L. 9735): 95 Stat. 443, paragraph 3, section 505C states that "the Secretary of Defense shall delegate to the Secretary of Education responsibility for the conduct of programs with funds so available."

There have been no hearings held to date.

NSBA believes that to transfer control of Section 6 schools would not be in the best interest of the future of public education. Section 6 schools have historically been administered by education. The Omnibus Reconciliation Act of 1931 stated that the Department of Education should have administrative control, and there has been no opportunity for the public to express its opinions in a hearing to date. For these reasons, the NSBA supports the Stafford/Roth Amendment, which is an attempt to keep administrative control of Section 6 schools in the Department of Education.

Very truly yours,

THOMAS A. SHANNON,
Executive Director.
RAYMA C. PAGE,
President.

AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS,
Arlington, Va., May 13, 1982.

Hon. ROBERT T. STAFFORD,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR STAFFORD: Since 1950 the federal government has provided financial assistance for local educational agencies to compensate for the loss of revenue resulting from the impact of federal activity. This impact aid program has always been administered and monitored by the federal government's education agency.

The American Association of School Administrators (AASA) feels strongly that the U.S. Department of Education should continue to administer the impact aid programs. We are especially concerned about those children for whom local agencies are unable to provide education because the federal activity is too large for the local area to support. These "Section Six" school districts must continue to be administered by the U.S. Department of Education if we are going to have any reasonable hope of maintaining program continuity and equal educational opportunity for children of military dependents.

Therefore, AASA strongly endorses your effort to continue the established practice of having the "Section Six" schools administered by the Department of Education.

Sincerely,

JOSEPH J. SCHERER,
Associate Executive Director.

Mr. STAFFORD. Mr. President, I hope that the Senate will adopt my amendment.

Mr. JEPSEN. Mr. President, here we go again. The Department of Defense has the funds to pay its checks to the Department of Education to be further handled and processed by more bureaucracy, to write another check back to the Defense Department and send it back to the commander at the local level who in turn hands it to the superintendent of schools. It is bureaucracy at its worst and just another effort to keep the Department of Education in existence, using dependent children as pawns and hostages to try to justify the existence and pay for additional nonessential bureaucrats.

Let us understand why we are here and why we are with this thing in the first place.

The first question that must be answered here is why the administration chose to have the Department of Defense administer section 6 schools in fiscal year 1983.

I submit the facts are that the primary reason is that Senator STAFFORD's committee did not include funds or authority for section 6 schools in fiscal year 1982. The 18 section 6 schools, the local school boards, the military parents, and 35,000 dependent schoolchildren were left to fend for themselves.

It was under Senator TOWER's leadership that funds were restored in the defense budget to fund for the education of these 35,000 youngsters.

The Department of Education was not interested in them when they had to foot the bill, so they dropped it as if it were a hot potato. Now they come back and say, "Let the Department of Defense pay for it but let us handle the money and let us do our thing so we can justify and grab and hold onto what obviously has been mandated and that is the reorganization of the Department of Education."

I suggest that you vote down this amendment and that we get on with the matter.

Mr. DECONCINI addressed the Chair.

The PRESIDING OFFICER (Mr. NICKLES). Will the Senator withhold for just a moment? The Senate is not in order. The Senate will be in order.

The Senator may proceed.

Mr. DECONCINI. Mr. President, I support the amendment being offered by the distinguished chairmen of the Education Subcommittee and the Governmental Affairs Committee, Senators STAFFORD and ROTH.

This bill contains a provision that would take from the Department of Education its authority to administer section 6 schools. If enacted this administrative authority would be shifted to the Department of Defense. This action if successful will change a Federal Government policy that has been in place for approximately 30 years. These section 6 schools are funded by Public Law 81-874, commonly known as impact aid for federally affected areas. These schools are federally owned and operated and for the most part are located on military bases. The schools educate over 30,000 children who reside on Federal land, and as I previously mentioned are administered by the Department of Education, and prior to the Department were administered by its predecessor, the Office of Education. These schools are found throughout the United States and Puerto Rico.

As recently as last year, by enactment of the Omnibus Budget and Reconciliation Act, the Congress recognized and reaffirmed the significance and importance of leaving the administrative responsibility of section 6 schools with the Department of Education. The act, while requiring the Department of Defense to fund section 6 schools, continued to require that the Department of Education administer them. In my judgment, it is only logical to have those who possess the expertise and experience in administering schools and educational programs to continue to do so.

Not only is there a substantive argument for his amendment, there is also a procedural reason to support it. It is my understanding that neither the Governmental Affairs Committee, which has primary jurisdiction over the structure of the Department of Education, nor the Senate Subcommittee on Education, which has jurisdiction over the impact aid program, has examined this issue through hearings. I congratulate Senators STAFFORD and ROTH for recognizing this apparent attempt to circumvent the appropriate committees and to avoid a thoughtful and thorough discussion of the issue. I urge my colleagues to support their amendment which would continue the Department of Education's administration of these schools.

I thank the Chair.

Mr. METZENBAUM. Mr. President, I rise to support this amendment offered by Senator STAFFORD, Senator ROTH, and others. It is only right that this amendment should be adopted. It would allow the Department of Education to retain its authority to administer the section 6 schools as presently is being done.

For over 20 years these schools have been the responsibility of the Office of Education and the Department of Education. Why change it now? The Omnibus Budget Reconciliation Act of 1981 reaffirmed that the section 6 schools would be funded by the Department of Defense but administered by the Department of Education.

That seems to be an entirely reasonable arrangement. The function of these schools is education, and it is only logical, therefore, that they should be administered by the Federal department responsible for education which can offer its experience in school administration and its expertise in education programs.

This amendment is supported by the overwhelming majority of the education community of this country, I think it almost might be said by the education community in toto: The American Association of School Administrators, the National School Boards Association, the National Association of State Boards of Education, the Council of Chief State School Officers, the National Education Association, and the National PTA, among others.

Now, furthermore, there is a procedural question involved here. Normally when a change of this kind is proposed, it would go to the appropriate committee holding jurisdiction. Neither the Committee on Governmental Affairs, which has jurisdiction over the structure of the Education Department, nor the Committee on Education, with jurisdiction over the impact aid program, has had the opportunity to hold hearings on this issue, to give it the careful attention and thoughtful discussion it deserves.

For these reasons, Mr. President, I hope my colleagues will join me in supporting this amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Vermont to strike section 1112 from S. 2248, the Department of Defense appropriation bill. This authorizing language would transfer administrative responsibility for the section 6 impact aid schools from the Department of Education to the Department of Defense. This is not only bad policy, but is bad process as well, and I will explain why.

First, however, I must say that I have a sense of déjau is discussing this issue. The Congress accepted the retention of the section 6 schools in the Department of Education in the Omnibus Reconciliation Act of 1981, and in December of last year the Senate turned aside an effort to transfer these programs through authorizing language placed in an appropriations bill. I trust that my colleagues will act today as they did on these two previous occasions, and by accepting this amendment, preserve the postion of these important education programs under the authority of the Secretary of Education.

I would point to three reasons for the retention of these programs in their current status. In the first place, as previous speakers indicated, the impact aid programs have been under the control of Federal education officials since the early 1950's. These people understand the programs, and most importantly the programs are operating well under these individuals' authority. This is not surprising because educators are the people with the background and the expertise to carry out the Federal level responsibility for the impact aid schools.

Second, in considering what might occur if the programs were to be sent over to DOD, I think it important to remember that the mission of the Defense Department is to protect our national security, not to educate our children. If this language in S. 2248 were allowed to stand we would be forced to train an entire new bureaucracy which is not conversant with education programs. Moving these programs into a department the size of DOD also could lead to the education activities becoming lost in what is a massive bureaucracy.

The ultimate effect of these circumstances would be tremendously disruptive to programs that presently are operating in an effective manner. To my mind this represents a clear instance of "if it ain't broke, don't fix it."

Finally, as I have pointed out in the past, Mr. President, amendments such as this are a clear infringement on the authority of the Committee on Governmental Affairs. This is a reorganization issue. Reorganization issues, as stipulated in Senate rule XX, are under the jurisdiction of the Governmental Affairs Committee. Yet the committee has not considered or approved any such organizational change. For this reason as well, our proposed amendment should be accepted.

Mr. President, the dependents of our military personnel need and deserve the opportunity to receive a quality education. The language of S. 2248 would permit the disruption of these impact aid programs. I encourage my colleagues to let the children come first by supporting this amendment to keep the section 6 impact aid schools under the authority of the Department of Education.

Mr. STAFFORD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. STAFFORD. Mr. President, will the distinguished Senator yield to me just long enough for me to ask unanimous consent that Senator RANDOLPH be added as a cosponsor?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, the several speakers, notably the chief sponsor of the amendment, Senator STAFFORD from Vermont, and his cosponsors Senator ROTH and others, it seems to me have presented what is a well-reasoned approach. This process has been tested by the educational processes of time in reference to those who receive education near the Armed Forces installations throughout the country.

I also take the opportunity to express appreciation for the very effective work done by Senator STAFFORD as he chairs the Subcommittee on Education, Arts and Humanities in the Committee on Labor and Human Resources.

I trust that Members will carefully consider the amendment, its substance, and also its need.

I thank the Chair.

Mr. MELCHER. Mr. President, I ask unanimous consent that I also be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEPSEN addressed the Chair.

Mr. MELCHER. Mr. President, did the distinguished Senator from Iowa wish me to yield to him?

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. MELCHER. Mr. President, this function of the Federal Government relationship to schools has nothing to do with the mission of the Defense Department to provide our national security. This is a basic question of running a public school, a question of public education.

The public school system and how it is managed and how the education is carried out are really the issue. These are schoolchildren, schoolchildren of military parents, who need a quality education, and I believe that if we are going to start here making this little shift, it is the opening shot to end a Federal responsibility of helping to provide quality education where there is an obvious Federal responsibility for helping to finance public school education. I am talking about impact aid.

What does the military know about the public school education system. Not a great deal, and they are not supposed to. The States do know how to set up the requirements for quality schools, quality education in a public school system.

I think of more practical importance on this is that this transfer of administration will result in duplicating administrative costs and be contrary, absolutely contrary, to every sound principle of Federal, State, and local cooperation.

Since it involves schoolchildren and schoolchildren of people who are serving us in our Armed Forces, I think we have an absolute responsibility here to make certain that the schools are operated in the best system possible. And that certainly is under the present system with the Department of Education cooperating with the States, cities, and school administrators.

I strongly urge the adoption of the amendment. I think if it should fail it would be a very serious step backward.

Mr. JEPSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. JEPSEN. Mr. President, I thought maybe I would steamroller this a little bit with a little appeal to a sense of fairness and a little emotion, and it did not work.

Let us set the record straight, and then I will yield to my distinguished colleague, Senator STAFFORD.

The section 6 schools are now and always have been locally administered. Funds have always been disbursed through military finance channels. The Department of Education has never had responsibility for any of the aspects normally associated with administration of a school system, for instance, choice of curriculum, selection of personnel, and so forth.

Congress gave DOD responsibility for funding the section 6 schools. The schools had been funded by the military prior to 1950, and in some cases since the 1800's, quite different than has been presented to this body.

It is inefficient and unnecessary to have two Federal agencies involved in what is essentially a local operation. Senator STAFFORD would have the Department of Defense issue a check to the Department of Education who, in turn would issue a check back to the military at the base level. There is no need for the duplication.

Likewise it is inappropriate to have funds appropriated in one department's budget for use by another department.

It is the administration's intention that DOD have sole responsibility for administration of section 6 schools in fiscal year 1983.

It is entirely appropriate that DOD have this responsibility. The schools are located on military bases, are subject to the decisions of school boards composed of military personnel, educate no one other than onbase military dependents, have their funds disbursed through military finance offices, and make their purchases through base procurement offices.

Deletion of the general provision would be potentially disruptive to the schools. Pursuant to the action of the Congress in the Reconciliation Act, and the administration's intentions in fiscal year 1983, the schools and DOD have expended a great deal of effort to insure incorporation of the schools in the DOD budgetary cycle.

Now that DOD funds the section 6 program, Senator STAFFORD desires the Department of Education to administer the program. However, it was his subcommittee that originally deleted all funds and authority for section 6 schools. He would have had the schools fend for themselves at the local level.

Mr. KENNEDY. Mr. President, I rise in support of the amendment offered by my distinguished colleagues from Vermont and Delaware. Their proposal would preserve the decision made by this body just 10 months ago. It would retain jurisdiction for 23 section 6 schools in the Department of Education.

The Defense authorization bill now before us makes the Department of Defense responsible for the education of 30,000 children residing on Federal land. Now that may seem like a sensible proposal since most of these children are attending classes in schools on military bases. After all, the Defense Department is now paying for these schools out of their appropriations.

But, make no mistake about it, this seemingly innocuous and insignificant provision is really a back-door plan for dismantling the Department of Education—piece by piece, program by program.

Last week this body voted to deny the Department of Education jurisdiction for the overseas schools overturning laws already on the books. This week we are being asked to let the Defense Department run the section 6 schools. Next week we may be voting to relocate other programs.

Clearly there are differences among us on the need for a Department of Education. Clearly this administration has planned the demise of the Department.

But I want to be just as clear—the decision on the future of the Department must be made only after a full and fair and open public debate. There have been no hearings to discuss and consider the transfer of section 6 schools. There has been no consultation with Members of this body whose committee assignments make them responsible for considering the future of the Department.

I object to this kind of legislating and I do not believe the people of this country sent us here to conduct business this way.

Let me say now that I strongly support continuing the Department of Education. I believe that those who educate our children should have a voice at the highest councils of Government and when the time comes I will fight to preserve that seat at the Cabinet table. But that time is not now. I urge my colleagues to support the Stafford-Roth amendment.

Mr. SASSER. Mr. President, I rise today to announce my support for the amendment offered by the Senator from Vermont (Mr. STAFFORD).

The Stafford amendment merely reaffirms a position taken by the Senate on two occasions in the past year. The amendment clearly states that the authority for administering education programs for children of military personnel will remain with the Department of Education. The Secretary of Education has had this authority since 1960, and I can see no reason to change that now.

Language adopted by the Congress last year, placed the financial burden for section 6 schools—those schools for the children of military personnel—with the Department of Defense. This language was designed to guarantee to these school systems continued funding recognizing the importance of providing educational opportunities to the children of military personnel.

However, the language also set out that the Department of Education would continue to have administrative responsibility for these schools. And it is appropriate that the Education Department maintain administrative control of these schools.

It is the Education Department which has had administrative responsibility of these schools for more than 20 years. And it is the Education Department—not the Department of Defense—which has the expertise and experience in administering schools and educational programs.

In December of last year, the Senate once again supported Department of Education administration of section 6 schools.

So, when we look at the history behind this issue, we see that the Senate Labor and Human Resources Committee—which has responsibility over education programs—supported retaining Department of Education authority over section 6 schools, a position supported by the Senate in the Reconciliation Act.

The chairman of the Senate Governmental Affairs Committee—whose committee has the responsibility over Government organization—supports retaining Department of Education authority over section 6 schools.

Neither of these committees has had the opportunity to hold hearings on the matter.

Neither of these committees has had the opportunity to study the implications of removing only one section of our school systems from the administrative authority of the Department of Education.

Therefore, I urge my colleagues to oppose this administrative transfer, and support the amendment by the Senator of Vermont and leave administrative responsibilities for education with the Department of Education.

Mr. LEVIN. Mr. President, I rise to support the Stafford-Roth amendment. I do so as a member of both the Armed Services Committee and the Governmental Affairs Committee.

As a member of the Armed Services Committee, I understand why we reported out this particular provision relative to DOD control over section 6 schools. Given the mandate of the reconciliation bill of last year, DOD is required to fund these institutions and this provision of the bill simply extends their funding responsibilities to administrative functions as well.

Now there may well be a necessity for such a course of action. But Mr. President, the Governmental Affairs Committee, which has jurisdiction over the Department of Education structure and the Senate Subcommittee on Education, Arts, and Humanities, which has jurisdiction over the impact aid progam, have not had an opportunity to consider this issue. The fact that the chairmen of those two committees are proposing this amendment speaks to the institutional interest and need to examine the issues before a decision on them is made by the full Senate.

Without prejudging the merits of the issue, I believe they deserve that opportunity. I do not recall this being an issue of major consideration in armed services and I think the Senate would be better served if other committees, with this issue more central to their mission, gave us the benefit of their thinking before we made a final judgment. For that reason, I urge my colleagues to support the Roth-Stafford amendment.

Mr. DODD. Mr. President, the Department of Education has answered the need for a Cabinet-level agency to coordinate Federal education programs. It symbolizes ongoing reverence for the crucial role of education in a free society. I am aware that both the Department of Education and, indeed, the Federal role in education are under attack. But defense appropriations are the wrong vehicle for debate on the Department of Education. Until this body has had the opportunity to address the Department's role in our educational system, it is inappropriate to discard its functions.

Section 6 of impact aid provides funding for military schools, including money for construction and repair of facilities. So-called military schools are not limited in definition to the service academies, or even to those schools located on military bases. Section 6 funds are allocated as well to many local school districts that are educating the children of military personnel. Those school districts are part of this country's education system. They should no more be under military jurisdiction than should school systems in anybody's hometown. Section 6 properly belongs in the Department of Education budget. The Department of Education has the professional expertise to most effectively allocate these funds and oversee their use.

Mr. President, I will vote in favor of the Stafford-Roth amendment striking section 1112 from this bill.

● Mr. LEAHY. Mr. President, I fully support the amendment offered by Senators STAFFORD and ROTH to allow the Department of Education to continue to administer the section 6, impact education aid program.

The Omnibus Reconciliation Act of 1981 recognized the importance of leaving the administrative responsibility for section 6 schools with the Department of Education. It does not make sense to shift administrative responsibility for this program from the Department of Education to the Department of Defense. It is the latter, the Department of Education, which has the necessary expertise and experience with the impact aid education programs. Moreover, the Senate Governmental Affairs Committee, with primary jurisdiction over the structure of the Department of Education, has not held any hearings on this issue. I support the efforts of Senator STAFFORD, chairman of the Education Subcommittee of the Senate Committee on Labor and Human Resources, to prevent the transfer of this program's administration to the Department of Defense.●

Mr. STAFFORD. Mr. President, I ask unanimous consent that the able Senator from North Dakota (Mr. BURDICK) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STAFFORD. Mr. President, I am prepared to vote and I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment (UP No. 944) was agreed to.

Mr. STAFFORD. I move to reconsider the vote by which the amendment was agreed to.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. TOWER. Mr. President, will the Senator from Pennsylvania withhold? The distinguished Senator from Kansas has been waiting for a long time. She understood she would be permitted to go next. If the Senator from Pennsylvania will defer to her, she has a matter that is noncontroversial.

Mr. HEINZ. Mr. President, I would be happy to do so. Is there anybody waiting in line after her?

Mr. TOWER. The Senator from Pennsylvania is.

Mr. HEINZ. It is my good luck.

CONTRACTING OUT

Mrs. KASSEBAUM. I thank the Senator from Pennsylvania and the chairman of the Armed Services Committee for giving me a brief time to engage in a colloquy on a subject which I think is of concern and importance to many of us here.

Mr. President, as debate continues on the Defense authorization bill I would like to bring to the attention of my colleagues an aspect of the Senate bill which, although adopted by the committee with the laudable goal of reducing Government spending, may ultimately lead to greater costs and inefficiencies.

I am referring to the Government-wide policy of "contracting out." Since 1955, it has been the Federal Government's policy to encourage Federal agencies to hire private firms to perform various commercial and industrial functions instead of Federal employees.

As implemented by OMB directives, this policy permits an agency to eliminate Federal employee positions and contract with private business if it can be shown that such a change would result in at least a 10-percent cost savings. Over the past 7 years, the Department of Defense alone has converted 20,000 positions to performance by private contractors in accordance with this policy.

Despite directions to the contrary from the conferees on the fiscal year 1982 Defense authorization bill, the administration submitted its fiscal year 1983 budget request with 17,000 fewer civilian personnel slots, anticipating that these positions would be transferred to private contractors. The Senate Armed Services Committee has recommended that an additional 11,000 Federal employee positions be eliminated over the next fiscal year.

Quite frankly, Mr. President, I support the motivating philosophy behind the contracting-out policy—namely, the saving of tax dollars. Under normal conditions, contracting with private firms is appropriate for certain basic support functions if a real savings can be shown to result.

However, Mr. President, we are not operating under normal conditions. Nationwide unemployment is at its highest level since the depression, and the economy has yet to recover from the depths of a severe recession. It is true that statistics have shown that under normal economic conditions those Federal employees who have been displaced by private contractors have typically found employment elsewhere. Yet, given the existing economic uncertainties, I am not satisfied that the same would be true today. Any cost savings achieved as a result of reduced overhead costs might well be more than offset by the costs associated with the likely job dislocation. At a time when Federal agencies are already cutting back on numbers, we may well be adding further to the rolls of the unemployed.

My primary concern with the contracting-out policy is its affect on those persons whose jobs would be eliminated by a decision to convert to a private contractor. Most Government employees potentially affected by a decision to contract out have established roots in their communities which stand to be disrupted. Some of these people will have to accept less desirable positions at lower pay, others will be forced into early retirement, and undoubtedly some will be out of work altogether. It seems to me that these are factors which should be considered before a decision to contract out is made. I am not satisfied that present policies and procedures adequately incorporate these considerations into the decisionmaking process.

This past week the Senate adopted an amendment offered by Senator MITCHELL which prohibits the Department of Defense from contracting out firefighting and security functions. I did not vote for this amendment because, in my view, it does not go far enough. The serious questions which have been raised about the practice of contracting out apply to all functions performed by DOD personnel. Accordingly, I believe there should be a 1-year moratorium on contracting out within the Department of Defense. This would provide a reasonable opportunity for the Congress and the executive branch to study fully the implications of converting to private contractors.

It is my hope that in conference the Senate and House will adopt language addressing this issue and thereby avoid further personnel disruption until we have had a chance to analyze the consequences of contracting-out policies.

I thank the chairman of the Armed Services Committee for the opportunity to speak to this issue. I yield to the Senator from Washington.

Mr. JACKSON. Mr. President, I shall be very brief.

I would like to associate myself with the remarks of the distinguished junior Senator from Kansas. I think she makes a lot of sense in light of the problems that we face currently in this country with people being displaced right and left in the employment field. I think the wise course is not to make any further move at this time, a moratorium, if you please.

I would hope that when we are in conference we can have some language in our report, I would say to my distinguished colleague from Kansas, that will move in that direction, to provide some better policy directive at least over the next fiscal year.

I commend the distinguished junior Senator for an excellent statement.

Mrs. KASSEBAUM. I thank the Senator from Washington. That completes our colloquy. We hope that this will be seriously considered at the time of the conference.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, a parliamentary inquiry. Does the Senator from Colorado have at the desk an unprinted amendment related to SALT II?

The PRESIDING OFFICER. The Senator does not.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. TOWER. Would the Senator from Colorado withhold? The Senator from Pennsylvania was kind enough to yield to Mrs. KASSEBAUM. If we can dispose of his shipyard amendment we could then proceed with the Senator form Colorado.

Mr. HART. That will be fine.

UP AMENDMENT NO. 945

(Purpose: To restrict the construction of naval vessels in foreign shipyards.)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ), for himself, Mr. PELL, Mr. COCHRAN, Mr. MITCHELL, Mr. GORTON, Mr. DODD, Mr. SARBANES, and Mr. HEFLIN, proposes an unprinted amendment numbered 945.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new section:

RESTRICTION ON CONSTRUCTION OF NAVAL VESSELS IN FOREIGN SHIPYARDS

SEC. . (a) Chapter 633 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 7309. Restriction on construction of naval vessels in foreign shipyards

"(a) Except as provided in subsection (b), no naval vessel, and no major component of the hull or superstructure of a naval vessel, may be constructed in a foreign shipyard.

"(b) The President may authorize exceptions to the prohibition in subsection (a) when he determines that it is in the national security interest of the United States to do so. The President shall transmit notice to Congress of any such determination, and no contract may be made pursuant to the exception authorized until the end of the 30-day period beginning on the date the notice of such determination is received by Congress."

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"7309. Restriction on construction of naval vessels in foreign shipyards.".

Mr. HEINZ. Mr. President, this amendment is almost identical to the bill I introduced a few weeks ago, S. 2285, which would prohibit the construction of U.S. naval vessels in foreign shipyards. It would also prohibit the construction of really major components of the hull or superstructure.

The reason for this amendment is very simple. Since 1968 the provisions in appropriations acts have prohibited such construction. These appropriations provisions have been in the law, but without putting this into law permanently, as we seek to do today, there is no guarantee that these prohibitions will remain in effect. We must not export thousands of skilled industrial jobs when are experiencing intolerably high unemployment rates and undergoing expansion of our fleet.

At the end of 1981, the number of workers engaged in naval construction had fallen to about 58,000, and it is expected, in spite of the buildup of the Navy, to fall to around 45,000, given current budget work.

In the last 5 years we have seen no less than 21 shipyards go out of business. That leaves only 26 in our active domestic base.

It is the intention of this amendment to strengthen our industrial base and thus allow the shipbuilding industry to plan its growth in ways which will increase efficiency of production, reduce unacceptable losses, and do so while achieving the mix of warships necessary to meet our growing naval needs.

Mr. President, I want to also point our that our amendment would permit the President to authorize exceptions to this general prohibition on the construction of naval vessels or their components in foreign yards when he determines that it is in the national security interest to do so, with the only proviso being that he must give Congress 30 days in which to consider his decision.

We would not prohibit the repair of naval vessels overseas, nor would we prohibit the purchase of standard shipboard equipment, weapons, ammunition, nor the leasing of foreign-built ships.

Further, the amendment would not restrict our participation in regional security agreements in any way, nor does it prevent the purchase of standardized weapons from our allies.

Mr. President, in sum, I believe this amendment is an absolutely vital, totally necessary, signal to the American shipbuilding industry. We want to signal them, their workers, and our citizens, that we are serious about restoring our defense shipbuilding capability. This is the signal, this is the sign, this is the policy that we need. I hope all my colleagues will join in supporting the amendment.

Mr. DODD. Mr. President, I rise in strong support of the amendment offered by the senior Senator from Pennsylvana, (Mr. HEINZ).

The amendment offered by my distinguished colleague would prohibit the construction of U.S. naval vessels or major components of the hull or superstructure of such vessels in foreign shipyards. This prohibition may only be circumvented if the President certifies that it is in the national security interest of the United States to do so and then informs the Congress and allows the Congress 30 days to consider the waiver.

I believe this amendment is an important step in insuring the continued viability of the shipbuilding industrial base in this country. A strong and viable naval shipbuilding industry is essential if the United States is to meet its international commitments and maintain a strong national defense. As a maritime nation, the United States must be able to rely on its own resources to build the naval vessels our Navy requires.

I might point out, Mr. President, that this amendment is entirely consistent with a longstanding policy decision by the Congress. In every year since 1968, the Department of Defense Appropriations Act has included a similar prohibition on the construction of U.S. naval vessels in foreign shipyards. The effect of this amendment will be simply to institute this prohibition into permanent law, obviating the need to include this provision in the Department of Defense Appropriations Act each year.

Normally, one would not consider it necessary to enact such a provision into permanent law, Mr. President, as it is in our clear national security interests to maintain a strong naval shipbuilding industrial base within the United States and prohibit foreign construction. However, last year we witnessed a situation where members of the administration actually suggested that the United States might consider procuring certain warships in other countries. The acceptance of this amendment will insure that there is no uncertainty about the will of the Congress in this matter.

I would also bring to my colleagues' attention an ad placed in the Washington Post on April 22, 1982, by a West German company offering diesel-electric attack submarines for sale. So this amendment does not simply address conjectures or unlikely possibilities. The fact is that other nations have seen how our shipbuilding industrial base has steadily eroded and are looking for opportunities to get into the market.

I urge my colleagues to support this amendment to keep our vital shipbuilding industry afloat and its skilled work force employed.

Mr. TOWER. Mr. President, I wonder if the distinguished Senator from Pennsylvania would be kind enough to respond to a question?

As the Senator knows, we set as an objective the construction of a 600-ship Navy. If we are going to achieve that goal, I think it is going to require all of the usable yard space in the country for that purpose. It might require the rehabilitation of some older yards. It might even require some construction in Navy yards, which we have not done for some time.

I do not anticipate that we would use so much yard capacity that we would be forced, to meet our Navy ship requirements, to go to foreign yards. However, in that eventuality, if there an escape clause in the amendment of the Senator that will permit, in the interest of national security, so certified by the appropriate party, that we would be permitted to contract with foreign yards?

Mr. HEINZ. The answer I would give to the Senator from Texas is that under such circumstances, I would imagine the President would, under his general authorization to make exceptions based on national security need, do what the Senator suggest.

Mr. TOWER. Would this prohibit any kind of coproduction arrangement between the United States and a foreign country, or let us say our NATO allies, for a particular type of ship, perhaps a small ship of some type, which might be utilized in guarding the coastal areas?

Mr. HEINZ. The answer is that it does not prohibit such production.

Mr. TOWER. It does not prohibit one of our domestic shipbuilding companies from entering into a coproduction arrangement with a foreign shipbuilding company?

Mr. HEINZ. No, and it does not prohibit the purchase of standardized weapons from our allies either, and I imagine that most coproduction arrangements would be involved with some kind of coproduction program.

Mr. TOWER. I thank the Senator. I believe his amendment can be disposed of by a voice vote. I feel there is a strong support for his amendment.

Mr. HEINZ. A voice vote would be satisfactory.

THE PRESIDING OFFICER (Mr. WALLOP). The question is on agreeing to the amendment.

The amendment (UP No. 945) was agreed to.

Mr. HEINZ. I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(The following proceedings occurred after midnight:)

UP AMENDMENT NO. 946

Mr. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Colorado (Mr. HART) purposes an unprinted amendment numbered 946.

Mr. HART. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> To be inserted at the appropriate point in the bill.
>
> Since, it is essential that the United States and the Soviet Union actively cooperate to prevent the use of nuclear weapons and the outbreak of nuclear war, and
>
> Since, it is in the national security interest of the United States to limit the size and capabilities of Soviet strategic nuclear forces, and
>
> Since, the SALT II Treaty is the result of careful negotiations by three administrations, Democratic and Republican, and
>
> Since, the SALT II Treaty is balanced, well-crafted and verifiable agreement which the Joint Chiefs of Staff have determined would enhance strategic stability and mutual security, and
>
> Since, the SALT II Treaty permits the necessary modernization of U.S. strategic nuclear forces to ensure an adequae deterrent, and
>
> Since, our national security has been enhanced because of American and Soviet adherence to the provisions of the SALT II Treaty since it was negotiated and signed,
>
> Therefore, it is the sense of the Senate that the SALT II Treaty should be reported to the full Senate by the Senate Foreign Relations Committee within thirty days for amendment and disposition and that it shall become the pending business at that time.

Mr. HART. Mr. President, the amendment we are considering calls on the Committee on Foreign Relations to report the pending SALT II treaty, amended as needed to the floor of the Senate for ratification within 30 days.

I strongly believe it is time for the Senate to ratify that treaty, Mr. President, and it is time for us to seriously take it up and consider it.

In the nuclear age, we all know that our national security cannot be assured by the simple acquisition of additional military resources. Providing for the security of the United States requires that we do more than maintain well-trained and combat-ready Armed Forces; it requires that we do more than procure the most effective and most advanced military equipment. It requires that we do more than maintain a strong and survivable nuclear deterrent.

Controlling the Soviet nuclear threat through verifiable, reliable limits is as essential to our national security as maintaining an adequate convention military posture.

How, specifically, would the ratification of SALT II enhance U.S. national security?

First, this treaty would require the Soviet Union to dismantle 250 strategic nuclear systems, or 10 percent of its missile and bomber force. I remind my colleagues that these are reductions in forces, not a simple cap on existing levels. The United States would not be required to dismantle any of its strategic nuclear weapons systems.

Second, it would slow Soviet acquisition of additional strategic nuclear weapons. With SALT in place, the Soviets cannot build additional ICBM launchers; they cannot exceed rigid limits on so-called warhead "fractionation"; and they cannot deploy more than 820 land-based missiles with multiple warheads.

Third, it would reduce uncertainty over Soviet intentions by allowing us to determine with confidence the size and character of the Soviet stategic arsenal. With SALT II, we know how many missiles, submarines, and bombers the Soviets have. We know the kinds of changes the Soviets are likely to make in their strategic forces between now and the expiration of the treaty. SALT II would allow us to estimate with considerable precision the nature and the dimensions of the Soviet nuclear threat through the middle of this decade.

Fourth, SALT II would set limits on a number of new Soviet nuclear weapons programs. For example, it would ban the deployment by the Soviets of more than one new type of ICBM.

Fifth, it would guarantee regular United States-Soviet exchanges of information on important nuclear issues, such as the deployment of warheads and the flight-testing of missiles, through the Standing Consultative Commission.

Sixth, it would permit the modernization of U.S. strategic nuclear forces to insure a strong deterrent, including the deployment of long-range cruise missiles, the MX missile, and the Trident submarine program.

I remind my colleagues that, in their testimony before the Senate Foreign Relations Committee in the summer of 1979, the Joint Chiefs of Staff endorsed the ratification of SALT II, arguing that U.S. security would be enhanced by the treaty's passage. They also testified that the treaty was adequately verifiable. The Senate Select Committee on Intelligence concurred in that assessment. I continue to believe that ratification of this agreement is very much in our national security interest and that it is verifiable by national technical means.

Mr. President, during Senate consideration of the treaty in 1979, our senior military leaders listed an impressive set of possible penalties and increased dangers we would face in the event of SALT's rejection—whether outright or by a failure to act on the agreement. I think their testimony warrants reexamination.

First, our senior military leaders testified that the failure to ratify SALT could precipitate a more severe Soviet threat than we would face under SALT. Adm. Noel Gayler, former Commander-in-Chief of our forces in the Pacific, said:

> The first consequence (of a rejection of the Treaty) would be more weapons in the hands of the Russians.

Second, our senior military leaders said that the failure to ratify SALT could have another adverse consequence—monitoring Soviet strategic forces would be made more difficult. General Barrow, Commandant of the Marine Corps, said:

> If this Treaty were rejected, our knowledge of the threat we face and must defend against would necessarily diminish, (because there probably would be) no restrictions on Soviet programs and no prohibition against concealment.

Third, they expressed their concern that without a cap on the strategic competition, we would be less able to invest needed resources in our conventional forces, given budgetary constraints.

Fourth, they suggested that the failure to ratify SALT could deprive us of the only reasonable way we have to reduce the dangers of nuclear war. Gen. Russell Dougherty, former Commander in-Chief of the Strategic Air Command, said:

> The military significance (of the SALT process) is transcended by its moral significance to humanity, because it's the only reasonable way in which the horrors of full-scale nuclear war can be ameliorated.

What our senior military commanders said in 1979 with respect to SALT II remains as relevant today as it was 3 years ago.

Mr. President, the President has declared his readiness to resume negotiations with the Soviet Union to reduce strategic nuclear forces. I welcome that commitment wholeheartedly.

But before we proceed to the next round of negotiations, let us take advantage of the agreement we have already concluded.

Ratification of SALT II would materially advance the objectives of those who call for a complete freeze on nuclear weapons.

It would facilitate the achievement of deeper reductions in strategic forces, as advocated by the Reagan administration.

Nothing in the treaty is incompatible with the pursuit of more ambitious goals in arms control.

Mr. President, SALT will not, of course, end the nuclear arms competition between the two superpowers. But it would put a powerful brake on it now—not years down the road, when the United States and the Soviet Union conclude the upcoming round of negotiations. SALT II is a solid achievement. Despite what Secretary Haig said Tuesday before this committee, I do not regard—and I do not believe the American people regard, SALT II as a dead agreement. If the treaty is good enough to abide by—and apparently the administration feels it is—then why is it not good enough to ratify? If we can monitor compliance well enough to know that the Soviets have not violated the agreement, then why are not our verification capabilities good enough for purposes of verification? The administration's position is not logically consistent.

Mr. President, I think we should ratify SALT II now, without further delay, and then proceed to negotiate a better and more far-reaching agreement as quickly as possible.

I have agreed to withdraw my amendment, reluctantly, Mr. President, because of the explicit opposition of this administration to the ratification of the SALT II Treaty. I believe the administration's position is ill-advised and contrary to the national security interests of this country. I continue to believe that if the SALT II Treaty is good enough to abide by, it is good enough to ratify.

As I withdraw my amendment, however, I want to underscore how important it is that we not permit SALT II to become a dead agreement. I strongly urge my colleagues to support a sense of the Senate resolution, calling upon the President to advise Soviet leaders that this country fully intends to abide by the terms of the treaty, as long as the Soviet Union does the same.

I therefore, intend to introduce tonight a resolution to that effect with a number of my colleagues, Senators BAUCUS, BIDEN, BUMPERS, BYRD, CRANSTON, LEAHY, PELL, and TSONGAS, BRADLEY, EXON, FORD, LEVIN, MELCHER, SARBANES, and NUNN.

Mr. President, the message of the American people is clear and unambiguous: the time is right to resume serious negotiations to end the nuclear arms race. Let us affirm our support of the SALT II treaty and then get on with the critical business of reducing the nuclear weapons of the two superpowers and reducing the likelihood of nuclear war.

Mr. President, I ask unanimous consent that it be in order to introduce a resolution the operative clause of which reads as follows:

Therefore, be it resolved by the Senate and the House of Representatives of the United States of America in Congress assembled that the United States shall continue to abide by the terms and provisions of the SALT II treaty so long as the Soviet Union continues to abide by the terms and conditions of the SALT II treaty.

Mr. BAKER. Mr. President reserving the right to object, did I understand the Senator to ask unanimous consent to introduce a free-standing resolution, or a resolution as an amendment to this bill?

Mr. HART. As I indicated in my statement, Mr. President, it is a free-standing resolution. It requires unanimous consent to be able to introduce it at this point.

Mr. BAKER. Yes, I understand, but for referral?

Mr. HART. For referral.

Mr. BAKER. I have no objection to it.

The **PRESIDING OFFICER.** The resolution will be received and appropriately referred.

Mr. PROXMIRE. Mr. President, I send an amendment to the desk——

The **PRESIDING OFFICER.** The amendment of the Senator from Colorado is still pending.

Mr. BAKER. Mr. President, I understood the unanimous-consent request was that it be in order to introduce it, notwithstanding the pendency of this bill, and that it be received and referred.

The **PRESIDING OFFICER.** That is correct, but the Senator from Colorado had an amendment at the desk which was the pending amendment.

Mr. HART. Mr. President, I withdraw my amendment.

The amendment (UP No. 946) was withdrawn.

THE BITTER FRUIT OF SALT: A RECORD OF SOVIET DUPLICITY

Mr. SYMMS. Mr. President, the booklet reprinted below entitled "The Bitter Fruit of SALT: A Record of Soviet Duplicity" by David A. Sullivan is a well-documented description of 91 cases of Soviet diplomatic duplicity in arms control negotiations. The book analyzes, in detail, Soviet negotiating and compliance behavior in SALT I, SALT II, the Threshold Test Ban Treaty, the Limited Test Ban Treaty, the Kennedy-Khrushchev agreement, the Biological Warfare Convention, and several other arms control agreements and treaties.

Several new Soviet SALT violations are described, such as Soviet deployment of air-to-surface missiles with a range greater than 600 kilometers on TU-95 Bear bombers, and Soviet deliberate interference with U.S. national technical means of SALT verification through camouflage and concealment. These violations are established using official U.S. Government sources and Soviet unclassified documents.

In early 1981, the Reagan administration stated that the United States would comply unilaterally with both SALT I and SALT II, which are respectively expired or unratified, as long as the Soviets did nothing to undercut the treaties. More recently, the Reagan administration has stated that there is no evidence that the Soviets have violated SALT I or SALT II. There are many administration officials, however, who now believe, on the contrary, that the Soviets have, in fact, violated SALT. The book reprinted below supports this view. It deserves to be read carefully by all Senators and Congressmen concerned with arms control and U.S. national security.

Mr. President, I ask that a press release and the pamphlet be printed in the RECORD.

The material follows:

NEW SALT STUDY REVEALS DECEPTIONS, VIOLATIONS BY SOVIETS: REAGAN WARNED ON NEGOTIATIONS WITH KREMLIN

Washington, D.C.—A new study of strategic arms limitation treaties (SALT) negotiated between the United States and the Soviet Union documents flagrant Soviet violations of the provisions of the SALT I treaty which expired in 1977 and the SALT II agreement to which the Reagan Administration has been unilaterally adhering, even in the absence of Senate ratification. The Conservative Caucus sponsored a news conference today to make the findings of this new book, The Bitter Fruit of Salt: A Record of Soviet Duplicity (published by the Texas Policy Institute), available to the public.

The author of the study, former CIA official David S. Sullivan and the writer of the book's foreword, Brigadier General Albion W. Knight, U.S. Army (Retired) were joined at the news conference by Howard Phillips, National Director of The Conservative Caucus, Huck Walther of the U.S. Defense Committee, and Philip Cox of the American Security Council.

"The pattern of Soviet SALT negotiating deception and diplomatic duplicity (including disinformation ploys, forgeries, treaty violations and hostile propaganda campaigns) suggest that arms control treaties have served only to lull the U.S. into complacently and unilaterally deactivating its existing strategic forces and reducing its planned strategic forces," Sullivan charged in his book. "I have documented 14 examples of Soviet negotiating deceptions in SALT I and II and 30 cases of other arms control treaty violations. I also describe 47 examples of Soviet treaty violations, disinformation ploys and diplomatic deception ploys. Most of my evidence is from unclassified, official U.S. Government sources," Sullivan continued.

"Former American leaders have recently acknowledged that they were fundamentally deceived by the Soviets on key issues during both SALT I and II," Sullivan said. "I provide conclusive evidence to demonstrate that the Soviets have successfully exploited detente and SALT negotiations in order to achieve a destabilizing level of strategic superiority over the U.S. This crucial advantage provides them with negotiating leverage. That, coupled with the Soviet Union's propensity for deception as part of its negotiating strategy, makes it unlikely that the United States will be able to negotiate equitable SALT III and theater nuclear force (TNF) agreements," Sullivan said.

Sullivan also provided examples of "U.S. unilateral restraint in strategic programs" and said that the Soviets "have continued their strategic buildup relentlessly."

Gen. Knight commented that "the real meaning of this new study is that the Soviets cannot be trusted no matter who is President. In my foreword to the book (page vi), I outline nine prerequisites—nine questions—that must be answered before the President can tell the American people that an arms control agreement can make them safe. Two of these prerequisites are described in detail in Sullivan's book. In my view, the President has not adequately come to grips with any of these questions. If and when the President answers these prerequisites, he should come to the conclusion that the United States should not proceed with new arms control talks with the Soviets," Knight said.

Howard Phillips said that the findings of this study "will be distributed to key opinion makers in Congress, in the media, and in the Executive Branch by The Conservative Caucus."

The Bitter Fruit of Salt is one of the many publications on international and military affairs written by David Sullivan. A graduate of Harvard University (BA cum laude, 1965) and Columbia University (MIA, 1971), Sullivan is considered to be one of the most knowledgeable people in the U.S. on Soviet violations of SALT.

The Conservative Caucus is a non-partisan grass roots lobby founded in 1974, with 400,000 supporters nationwide.

THE BITTER FRUIT OF SALT: A RECORD OF SOVIET DUPLICITY

(By David S. Sullivan)

FOREWORD

(Brig. Gen. Albion W. Knight, U.S. Army (Ret.))

[Note: Charts referred to in this article have been omitted.]

The Reagan administration has resumed the United States Government's journey down the slippery arms control trail. Negotiations on theater long range nuclear missiles began in Geneva in November 1981. Talks begin soon on reducing strategic nuclear forces. While some are pleased about renewing the arms control process, others believe it is incompatible with President Reagan's goal of restoring our "margin of safety" and "closing the window of vulnerability". Arms control agreements have strengthened the Soviet Union and weakened the United States. Before setting out again for new arms control agreements, the United States Government should make a very careful examination of the past agreements, the pitfalls in negotiations, and identify why the past agreements failed before trying to create new agreements.

This book by David S. Sullivan is a significant contribution toward such an examination, should it be made. More important, it gives the American people an authoritative bench mark from which to measure the arms control progress of the Reagan administration. The "fatally flawed" SALT II Treaty could not be ratified by the then Democrat-controlled U.S. Senate because the American people doubted that the Soviet Union could be trusted. Mr. Sullivan reviews the record of Soviet violations of the SALT I Interim Agreement and the ABM Treaty of 1972. He confirms that, in the area of arms control, as noted by President Reagan in January 1981, the Soviet leaders will "lie, cheat, commit any crime" to gain their objective.

The Nixon, Ford and Carter administrations knew of these arms control violations, but refused to make them public or to challenge the Soviet Union because, apparently, to do so might jeopardize the success of the on-going SALT II negotiations. Many supporters of Ronald Reagan hoped and expected that one of the early acts of his administration would be to lay those arms control violations on the table before the Standing Consultative Commission, the body established by SALT I for that purpose. Yet, at the May 1981 meeting of the SCC, the Reagan administration failed to do so.

The Reagan administration apparently believes it can convince the Senate and the American people to support its arms control negotiations with an untrustworthy partner. They will be surprised when that support will not be forthcoming. One reason why the American people will reject the Reagan effort, just as they did the Carter effort, is that they understand the basic truth that you do not play cards at the same table with a confirmed cheat. David Sullivan describes very clearly the extent of that cheating. It is one of the prerequisites to renewed arms control negotiations that the record be cleared on the degree and extent of Soviet cheating. The Reagan administration cannot sweep this grisly record under the rug. It is upon this rock of absense of trust that any new arms control agreement will be smashed.

As the table of contents suggests, this book is also about Soviet deception and use of diplomacy and international law as a weapon of war during the process of negotiation. It is also about the tendency of American negotiators to look the other way and even excuse the Soviet duplicity. This stems from a fundamental belief that many American arms control enthusiasts have that the fact of an agreement is far more important than substance.

Mr. Sullivan's book demonstrates that the Soviet Union uses arms control as a weapon of their unending ideological war by all Marxist-Leninists against all who do not share their interpretation of history. This war is deadly serious because the Soviet leaders possess nuclear weapons with enormous destructive potential. Those weapons give them the tools of intimidation by which they hope to gain their political objective of world domination. A focus of Mr. Sullivan's book is upon the abject refusal of American negotiators to recognize that they are participants and our nation the victims of that ideological war.

Mr. Sullivan explores Soviet behavior and intentions in SALT as thoroughly as the public evidence allows. Of particular interest is the obscure but highly significant "Beecher intercept" of a reported conversation of Soviet leader Brezhnev in Moscow during the climatic last moments of SALT I negotiations in May 1972. This little-known intercept provides conclusive evidence of Soviet negotiating deception in SALT I. As William Safire wrote in The New York Times of August 6, 1981 (Deception Managers," page A-23):

"The first inkling of duplicity came to us in May, 1972, via 'Gamma Guppy' our tuning in to limousine telephone conversations between Leonid Brezhnev, Andrei Gromyko, and Soviet missile designers at the Moscow summit conference. These transcripts quoted Mr. Brezhnev talking about a 'main missile' that had never been mentioned in SALT negotiations, which turned out to be the SS-19. The surprised Henry Kissinger considered this 'sharp practice'."

There are disturbing reports that Dr. Henry Kissinger ordered the CIA to suppress this intercept within the intelligence community. Moreover, it was also reportedly suppressed within the Executive Branch and kept from the Congress. (See Congressional Record, August 2, 1979, p. 22493, and Human Events, August 2, 1980, p. 4-6.) Dr. Kissinger's own public justifications of the SALT I agreements beg the old Watergate question: What did Kissinger really know about the Soviet SALT deception, and when did he know it? Congressman Jack Kemp has asked: did Kissinger attempt during the SALT I negotiations to suppress or coverup intelligence data indicating Soviet SALT deception and violations? Further, did Kissinger knowingly misrepresent the key provisions of SALT I to the Congress in 1972, as Senator Henry Jackson has charged?

If either of the above questions are answered in the affirmative, then the real Watergate, a national security Watergate within Watergate, was the ratification of SALT I and the ABM Treaty under false pretenses.

Indeed, it now seems clear that the SALT I would not have been ratified in 1972 had there been more widespread knowledge among both Nixon administration defenders of SALT I and key senators of the withheld "Beecher Intercept" intelligence. The significance of the June 1972 SALT I coverup directed by Henry Kissinger is now clear: Kissinger was duped in the negotiations by the Soviets on all the key issues, covered up the evidence, then lied about it to the Congress.

If the SALT I Interim Agreements On Strategic Offensive Weapons was disadvantageous to the U.S. and negotiated and ratified through deception, then we must examine the utility to our national security of the SALT I ABM Treaty. Both SALT I agreements are integrally linked in their internal provisions. If one agreement is now proven to be duplicitously negotiated and justified, it sheds a bad light on its companion agreement the ABM Treaty. The terms of the ABM Treaty was already disadvantageous to the U.S., requiring that the U.S. give up an advantage in ABM's in exchange for what proved to be illusory constraints on Soviet offensive forces. What Mr. Sullivan has done is to completely undercut the premises upon which the ABM Treaty is still based. The strategic rationale supporting the ABM Treaty has been shattered by the failure of offensive arms control negotiations and a decade-long buildup of Soviet counterforce capability.

In this book, David Sullivan identifies two of the major prerequisites for new arms control agreements: (1) the need to clear the record on Soviet arms control violations, and (2) the need for firmness by American negotiators in the face of untrustworthy, duplicitous Soviet negotiators. Other prerequisites are equally apparent: (3) the need to assess whether it is technically possible to verify any new agreement, (4) the need to identify critical linkages to Soviet aggressive behavior around the world, (5) the need to identify the actions required to close the "window of vulnerability" so that they would not be foreclosed by new agreements, (6) the need to identify new concepts and technology which would permit "end-running" the present Soviet nuclear superiority so that they, too, would not be foreclosed by new agreements, (7) the need to stop adhering to expired and unratified arms control agreements, and (8) the need for an accurate assessment of the strategic position of the United States vis-a-vis the Soviet Union so that we do not attempt to negotiate while in a nuclear blackmailable condition.

The arms control process has been viewed far too frequently as an exercise in international diplomacy totally isolated from the political conditions and objectives of either the United States or the Soviet Union. David Sullivan's book is a reminder that such a view is both fallacious and dangerous to the safety and survival of the American people.

Mr. Sullivan's book leads to the fundamental question that the Reagan Administration ought to ask itself before traveling too far down the dead end street of arms control (or reduction) agreements with the Soviet Union: Why should the Soviet Union be willing to reduce the number of their nuclear weapons when they are their key means for becoming and remaining a superpower? Until that question is answered, we shall keep deluding ourselves that the arms control process can bring us "peace". Unfortunately the only kind of "peace" arms control can bring us is that which was offered the British people by Neville Chamberlain.

ALBION W. KNIGHT,
Brigadier General, U.S. Army (Ret.)

As the Marquis de Custine wrote in 1839:

The Russian's Byzantine policy, working in the shadow, carefully conceals from us all that is thought, done and feared in their country. We proceed in broad daylight; they advance under cover, the game is onesided. The ignorance in which they leave us blinds us; our sincerity enlightens them. We have the weakness of loquacity; they have the strength of secrecy. There, above all, is the cause of their cleverness.

Phyllis Penn Kohler, editor and translator, Custine's Eternal Russia, Monographs in International Affairs (Washington: Advanced International Studies Institute 1976), p. 114.

"Can it really, be true that Soviet negotiations for the Strategic Arms Limitation Treaties are nothing more than part of the preparations for war? That would place Soviet leaders in no better odor than Adolf Hitler."

Kingdoms Of The Blind: How The Great Democracies Have Resumed the Follies that so Nearly Cost Them Their Life, by Harold W. Rood (Carolina Academic Press, Durham, N.C., 1980)

"Soviet propaganda systematically seeks to conceal the enormous Soviet armament buildup—at the same time it accuses the U.S. of pursuing an aggressive and militaristic policy, and in this way provide itself with a pretext for further increases in the production of arms in the USSR. The Soviet leadership has never paid any serious attention to its treaties with Western states. . ."

SALT—The Soviet Perspective, by Dr. Igor S. Glagoler (The Institute of American Relations, 1979, p. 17).

In 1978, the famous American Kremlinologist George F. Kennan stated that Soviet President Leonid Brezhnev is "a man confidently regarded by all who know him as a man of peace."[1] Is Brezhnev's concept of

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Footnotes at end.

peace based on achievement of Soviet military preponderance through arms control negotiations? An advisor to President Reagan, Laurence Beilenson, wrote recently: "When we play SALT treaties with the USSR for our lives and justify our conduct by our ability to catch Soviet cheating, we are—to be polite—unwise . . . The intelligence process has been almost as untrustworthy as treaties . . . if treaties and intelligence are untrustworthy, then SALT treaties based on them must be undependable." [2] What does the record of SALT I and II tell us about Brezhnev's intentions and the value of arms control in safeguarding U.S. national security?

SUMMARY

Former top American leaders have recently acknowledged that they were fundamentally deceived by the Soviets during the negotiations on each of the key issues of both Strategic Arms Limitation Treaties—SALT I and SALT II. Conclusive evidence presented in detail below shows that the Soviets have successfully exploited detente and SALT negotiations in order to achieve a destabilizing level of strategic superiority over the U.S., in particular, a counterforce capability. This crucial advantage provides negotiating leverage, which is coupled with the Soviet Union's propensity for deception as part of its negotiating strategy and with its circumventions and violations of the agreements. Soviet bad faith makes it unlikely that the United States will be able to negotiate equitable SALT III and theater nuclear force (TNF) agreements.

International stability will be served by a return to at least U.S.-Soviet strategic equality which, in turn, demands the enhanced survivability, increased numbers, and bolstered lethality of U.S. strategic weapons. While renewed SALT III negotiations can accompany the required U.S. strategic buildup to restore parity, these negotiations can in no way be allowed to hinder or block the American return to at least parity. Any eventual SALT III or TNF treaty should provide both U.S. intercontinental and NATO theater nuclear stability and balance with the Soviets. If a SALT III treaty can codify true equality and a stable strategic balance, a solid foundation will be established for negotiation of real and deep reductions equally apportioned on each side.

If on the other hand, the Soviets reject an American demand for parity, then perhaps this will finally be conclusive evidence that the Soviets are seeking only unilateral advantages in SALT.

The Marxist-Leninist ideology, especially as reflected in external Soviet propaganda, is fundamentally hostile to Western hopes for mutual, equitable arms control. The U.S. has negotiated arms control since 1963 hoping that the U.S. and the Soviets could cooperatively limit their strategic forces. But equality and strategic stability have proven to be impossible, because Marxism-Leninism unfortunately actively seeks to totally destroy the structure and fabric of Western society. Soviet ideology denies the possibility that there can ever be cooperative relations with the West, until after the Proletarian Revolution abolishes Capitalist Society. The Soviet achievements of a strategic counterforce capability and overall strategic supremacy through arms control were the direct result of ideological hostility.

But even beyond the obstacles to equitable arms control posed by uncompromising Marxist-Leninism, modern diplomatic history suggests that arms control treaties themselves can inherently do no more than codify the developing configuration of power between the US and USSR. This power relationship would be present irrespective of an arms control treaty, suggesting that such treaties are irrelevant.

In addition to this fundamental ineffectiveness of arms control treaties, they are neither inviolate nor enforceable. Modern diplomatic history demonstrates that powerful nations have systematically circumvented and even violated arms control agreements when it served their interests. Specifically, long before Strategic Arms Limitation Talks (SALT) began in 1969, the Soviets violated two significant arms control treaties—one in the 1920s which even entailed universal onsite inspection, and another in the late 1940s.

The Soviets violate their own Constitution, and use international law and diplomacy as an instrument of policy in international power struggle. The Soviets have been flagrantly violating since 1933 the basic agreement establishing the basis of US-Soviet diplomatic relations. Official US State and Defense Department documents of 1959 and 1962 authoritatively accused the Soviets of over 50 Treaty violations since 1917. The assumptions about Soviet abandonment of Marxist-Leninist objectives that prevailed since 1963 and throughout the decade of detente of the 1970s are belied by the diplomatic record since then. The Cold War never ended for the Soviets.

The pattern of Soviet SALT negotiating deception and diplomatic duplicity (including disinformation ploys, forgeries, treaty violations, and hostile propaganda campaigns) suggests that arms control treaties have served only to lull the US into complacently and unilaterally deactivating its existing strategic forces and reducing its planned strategic forces. Meanwhile, the Soviet strategic buildup has been relentless. Arms control treaties so far have served Soviet national interests, but not those of the US. The cooperation hoped for in US assumptions about arms control is negated by the totally hostile objectives of Marxism-Leninism.

Soviet SALT violations have added Soviet strategic advantages even beyond those already embodied in the unequal provision of the SALT Treaties themselves. The Soviets have also developed "breakout" capabilities without being challenged. The continuous shift of the balance of power in Soviet favor has prevented both equitable negotiation of SALT treaties and their enforcement.

Because an unfavorable strategic balance has made SALT agreements themselves inherently ineffective, inequitable, destabilizing, and unenforceable an American strategic buildup to regain at least strategic parity with the Soviets will restore international security and bolster world peace far better than another SALT agreement.

The Soviets have authoritatively stated repeatedly that they will not comply with the unratified SALT II Treaty.

Candidate Reagan opposed the SALT II Treaty during the 1980 campaign, describing it as "fatally flawed" and unequal. President Reagan has also stated that the US cannot verify SALT II. There is recent evidence of two new and significant Soviet violations of the SALT II Treaty, in addition to at least 27 other reported Soviet SALT violations. Nevertheless, the US is still unilaterally complying with SALT II, despite President Reagan's opposition to it, its nonverifiability, its failure to be ratified, and Soviet disavowals and violations.

The Soviets thus have all the benefits of US compliance with SALT II, while they themselves have accepted no obligations.

A further disadvantage of continued US SALT II compliance is the fact that it hinders the US strategic buildup needed in the near term to restore the survivability of US strategic forces and regain at least parity. But present US strategic plans through 1985 even under President Reagan are postulated upon continued acceptance of severe strategic inferiority. The US is not even striving for strategic parity over the next five years, thus needlessly prolonging the dangerous "window of vulnerability."

I. THE SHIFTED STRATEGIC BALANCE

The most dramatic shift in the world balance of power in world history occurred during the last 20 years almost unnoticed by most Americans. Even before the 1962 Cuban missile crisis the Soviet Union embarked on a massive, relentless military buildup. Authoritative Soviet statements show that the buildup was intended to achieve overall military superiority over the United States. Soviet perseverance and willingness to devote huge resources to military programs has finally allowed them to achieve overall military superiority. In the 1970's, Soviet defense outlays steadily increased, while those of the U.S. declined.

A Blue Ribbon Department of Defense Panel reported authoritatively to the President and the Secretary of Defense on the shifting balance of military power. The panel warned gravely that there is: "convincing evidence that the Soviet Union seeks a pre-emptive first strike capability * * * there is no longer any certainty that our nuclear deterrent will remain credible * * * weakness of the U.S.—of its military capability and its will—could be the gravest threat to the peace of the world."

What is remarkable about this judgement is that it was made eleven years ago, in September 1970. (See Supplemental Statement to Report of Blue Ribbon Defense Panel, September 30, 1970, pp VII, IX, and XI.) It may have seemed to some like alarmism then, but because it was not heeded, the warning is all too accurate today. In fact, Soviet leaders stated as early as 1971 that the strategic balance had shifted in their favor. Since then, a decade of further U.S. military decline has occurred, and the Soviets have now achieved overall military superiority. They now have deployed the first strike capability feared in 1970. Soviet strategic superiority was enshrined in the SALT II Treaty, and will last at least until 1990, if not beyond. (See Chart 1, Chart 2, Chart 3.) It is now going to require extraordinary efforts to restore the military balance.

After ten years of one-sided U.S. arms control and U.S. accommodation through detente, there is now overwhelming evidence that the Soviets have been exploiting detente and Strategic Arms Limitation Treaties (SALT) to retard U.S. defense programs and to lull the U.S. into a false sense of security, while they moved to acquire military superiority and overall geopolitical supremacy.

In retrospect, the balance sheet of the ten year policy of detente is for us (i.e., the West) a simple negative. While contributing to a weakening of our military and defense readiness, detente has paralyzed us in the ideological dispute, and, not least, had an influence on the destabilization of our democratic social system.

This statement is now a commonplace assessment of detente and arms control in the West. It is a quotation from the West German centrist leader K. Biedenkopf. What is unusual is that such a statement can be quoted approvingly by the Soviets themselves. It appeared in Kommunist of July 1980 (pp. 70-81) as an example of the persistence of detente despite the increasing realistic assessment of detente's dangers in the West. The Soviets believe that even though many Westerners now realize that detente has gravely weakened the West, it is so mortally weakened that there is now no alternative to detente and further appeasement.

And the U.S. has even provided significant financial credits, trade, grain, and technology to the Soviets over the past decade, all of which have been directly useful to the Soviet military buildup. Indeed, it has been reported that in 1981 the equivalent of over 2.2 billion dollars was provided as an almost direct U.S. subsidy to the Soviet military effort, due to resumed U.S. sales of grain to the Soviets at below production cost and on credit provided by the U.S. in a real sense, U.S. plowshares are helping to forge Soviet swords. This is in addition to the total Warsaw Pact hard currency debt to the West of over 60 billion dollars, which can also be regarded as a direct Western subsidy to the Soviet military buildup. Moreover, there are reliable reports that the U.S. in 1972 allowed the sale to the Soviets of ball bearing production equipment which was used in the Soviet ICBM MIRV program to increase Soviet ICBM accuracy.

Even the chief architect of detente and SALT, former Secretary of State Henry Kissinger, has belatedly recognized this reality and publicly acknowledged the relentless and aggressive thrust of Soviet military and foreign policy. In 1979, Kissinger forecast extreme danger for the *early* 1980's.

> The 1980's could turn into a period of great instability . . . we could be heading into a *period of maximum peril* . . . by some time in the *early 1980's* the Soviet Union will have the capability to destroy with a reasonable degree of confidence most of our land-based ICBM's. In the same period of time we will not be able to destroy the Soviet ICBM force. This creates a gap in the design of the two forces that is bound to have a geopolitical consequence, *especially since we are clearly inferior in forces capable of local intervention* . . . the military balance is beginning to tilt ominously against the U.S. in too many significant categories of weaponry . . . *To conduct business as usual is to entrust one's destiny to the will of others* and to the self restraint of those whose ideology highlights the crucial role of the objective balance of forces . . . Never in history has it happened that a nation achieved *superiority* in all significant weapons categories without seeking to translate it at some point into some foreign policy benefit. (Emphasis added.)[3]

One of Kissinger's former deputies, William Hyland, grimly stated in November 1978, "We are already witnessing the political consequences resulting from a shift in the overall military balance . . ."[4] Hyland's statement came *after* the fall of Southeast Asia in 1975, Angola in 1976, and Ethiopia in 1977. Hyland's statement was made even *before* the Iranian revolution of 1978 and American hostage fiasco of 1979-1980, the belated discovery of the Soviet combat brigade in Cuba in 1979, the brutal Soviet invasion of Afghanistan in 1979, the Soviet military threats to intimidate Poland in 1980-1981, and the Soviet-Cuban takeover of Nicaragua in 1978, and assault on El Salvador in 1980-1981.

The Communist Party of the Soviet Union (CPSU) program of as early as 1961 stated plainly:

> The *chief aim* of the foreign policy of the CPSU is to ensure peaceful conditions for the building of a communist society in the USSR (and) the development of a world system of socialism . . . (Emphasis added.)[5]

Article 28 of the 1977 Soviet constitution specifically commits the Soviet Union to support "wars of national liberation," and the Brezhnev Doctrine commits the Soviets to use military force to preserve any regime once it becomes communist.

A Soviet ideological statement written for internal communist party use in the mid-1970's is consistent with Hyland's realistic 1978 assessment. Soviet communist party leaders have stated authoritatively that:

> *Soviet military superiority* . . . reliably restrains the aggressive aspirations of imperialistic reaction, blocking its efforts to export counterrevolution, *and* is facilitating the struggle of other peoples for social progress and revolution. (Emphasis added.)

This doctrinal pronouncement clearly means that Soviet military superiority enables them to pursue their worldwide revolutionary aspirations without interference by the U.S. It can be characterized as a Soviet reversal of the Dulles "massive retaliation" doctrine. With strategic nuclear checkmate achieved through SALT negotiations, the Soviet world revolutionary movement is on the offensive. And as a Soviet ideologue stated in 1975, "Peaceful coexistence is a specific and *highly effective* form of class *antagonism* and historical *competition* between world socialism and world capitalism. (Emphasis added.)[6]

Never before in postwar history has the Soviet strategic threat been so dangerous and the strategic balance been so unfavorable to the U.S. This situation has been a long time in developing. It is largely due to the SALT process, which also entailed U.S. unilateral restraint. The terms of SALT I in 1972 were unequal, to the disadvantage of the U.S., and the Soviet strategic buildup since 1972 has been unprecedented. Meanwhile, the U.S. has unilaterally deactivated massive strategic forces. The SALT II treaty, which still binds only the U.S., preserved and increased Soviet advantages, and codified U.S. inferiority throughout the decade of the 1980's.

The stated U.S. purpose of SALT I was to make U.S. strategic forces more survivable and the world balance of strategic power more stable. Neither side was to be permitted to develop a first-strike, counterforce capability. Fundamental U.S. SALT II objectives were the same. But instead of assuring the survivability of our strategic forces, the reverse has occurred. SALT has allowed the Soviet threat to U.S. forces to grow. Most of the now reduced U.S. strategic forces are now vulnerable to a Soviet first-strike, counterforce threat, and the Soviets seem to be developing both offensive and defensive capabilities designed to enable them soon to "break out" of all existing arms control agreements.

The U.S. and the Soviets were evenly matched at strategic parity in 1969, the year SALT negotiations began. But by 1971, the year before SALT I was signed, the Soviets recognized that the "correlation of forces" of strategic power had shifted in their favor and that they were increasingly approaching strategic superiority over the U.S. By the mid-1970's, the change was boldly acknowledged and by the late 1970's, it was described as irreversible. As the late Soviet Defense Minister, Marchal Grechko, stated in March 1975:

> The correlation of forces in the world has changed in favor of socialism, and to the detriment of imperialism. The community of socialist states and their armies is growing and developing. Imperialism no longer has a military advantage.[7]

And V. Kulish, a former General Staff officer and noted Soviet strategic analyst, added in 1979:

> The growth in the forces of peace, progress, and socialism is exerting an increasingly significant and comprehensive influence on contemporary world politics . . . the new disposition of forces has created favorable preconditions for introducing the principles of peaceful co-existence (i.e. the Soviets have stated elsewhere that peaceful co-existence means intensified ideological warfare) into the practice of international relations . . . the attempts to reverse the process of the historic change in the correlation of forces in favor of progress are doomed to fail.[8]

The decisive shift in the strategic balance during the decade of SALT and detente is accepted by all as fact. While this can be partially attributed to the relentless Soviet strategic buildup, the responsibility is also clearly attached to U.S. policies and actions. These include severe unilateral U.S. restraints on strategic programs the provision to the Soviet Union and communist bloc countries of financial credits, trade, grain, technologly, and other direct and indirect assistance, and a U.S. reluctance to acknowledge Soviet exploitation of detente. Indeed, there was even a tendency to excuse and apologize for Soviet behavior.

According to such authorities as Senator Henry Jackson, American appeasement of the Soviets under the failed detente and SALT policies of past administrations has contributed to increasing Soviet superiority.[9] Richard Perle, formerly an aide to Senator Jackson on arms control and now Assistant Secretary of Defense for International Security Policy, has criticized the spirited and moral weakness of the West during the decade, and has compared West accomodations Soviets during the decade of the 1970's to the West's appeasement of expansive Nazi Germany and aggressive Japan during the decade of the 1930's.[10]

During 1980, the Reagan campaign promised to restore a "margin of safety" to the U.S. strategic posture. Renegotiation of the unequal, destabilizing SALT II treaty was called for. Further, decrease in Soviet global adventurism was to be linked to any further progress in arms control. That linkage was formalized as the result mainly of two developments, the Soviet Combat Brigade in Cuba and the Soviet invasion of Afganistan. One-sided detente, in which the West made all the concessions while the Soviets continued to expend their sphere of influence and wage ideological cold war, was deemed unacceptable

Since his election, President Reagan has continued to express his dissatisfaction with detente and Soviet aggressive behavior. For example he stated at a press conference on January 29, 1981:

> So far, detente's been a one-way street that the Soviet Union has used to pursue its own aims . . . their goal must be the promotion of world revolution . . . they reserve unto themselves the right to commit any crime, to lie, to cheat . . .

Professor Eugene V. Rostow, the former Chairman of the nonpartisan Committee on the Present Danger and now the Director of the U.S. Arms Control and Disarmament Agency, also expressed his dissatisfaction with SALT, recognizing the danger of allowing our forces to remain vulnerable to the Soviet threat:

> The paralyzing specter of Soviet military superiority could prevent us from defending our national interests with force if diplomacy and deferrence fail. In short, we could be exposed to nuclear blackmail . . . Since 1972, we have endured the most dangerous period of the Cold War, and called it 'detente.' . . . The Soviet drive for empire is accelerating in momentum and is becoming more and more difficult to contain and to confine . . . Unless effective *containment* is restored, we cannot expect to pursue detente and arms control fruitfully."

These words articulate the disappointment felt in large segments of the American policy elite and public about the results so far from detente and the SALT process.

Professor Rostow also reiterates the need to tie the future of strategic arms control to new and accelarated strategic programs by the U.S. Defense Department to restore a margin of safety and to improve Soviet behavior throughout the world. He, too, recognized that Soviet aggressive actions throughout the world have become so pervasive that they have finally awakened the West from the illusions of detente and have placed the continuation of detente and SALT in jeopardy.

The revoluntionary intentions of the Kremlin oligarchy have so badly destabilized the world state system that the "good faith" basis of "trust" assumed by Americans to be part of all arms control negotiations has finally been called into question. The open-ended Soviet military buildup and quest for world hegemony clearly demonstrate that the Soviets have never shared U.S. arms control objectives. The U.S. has long sought genuine stability, equality, cooperation, and reductions in nuclear armaments through SALT. Guided by Marxist-Leninist concepts, the Kremlin leaders instead have sought and won unilateral advantages and strategic superiority in SALT negotiations.

II. THE SOVIET APPROACH TO SALT

A Soviet General, A. Kornyienko, explained the unprecedented growth of Soviet military forces and military industry when he made the following admission as long ago as 1969 in the classified General Staff journal Military Thought:

> Strengthening of its defenses is now the foremost political function of the Soviet state. . . . Never before has the internal life of the country been subordinated to a war so deeply and throughly as at the present time.[12] (Emphasis added.)

Before proceeding into SALT III, Americans should understand clearly how the Soviets used the SALT process to achieve their dramatic gains in strategic nuclear forces. In all fairness, it can be said that they could not have been so successful without U.S. assistance. The critical issue is, in retrospect, should we ascribe their success to tough negotiating practices, to their clever use of deception techniques, to U.S. self-imposed negotiating deadlines and the need to show progress, to U.S. naivete in negotiating with the Soviets, to U.S. commitment to minimal deterrence which favored the unilateral deactivation of U.S. forces and ignored the significance of Soviet advantages, or to U.S. policy that simply misjudged Soviet doctrine and intentions? To a certain extent, all of these factors contributed to the Soviet success in the SALT I and II negotiation process.

To the United States, SALT was viewed as a cooperative enterprise in confidence building, mutual amelioration of tension, threat, and danger. In U.S. eyes, SALT has had the same "mutuality" as mutual assured destruction (MAD). Rather than being a "zero-sum game," with a winner and a loser, SALT was viewed as a process whereby both sides and the whole world could gain through cooperation, mutual concessions and mutual advantages. Under the rules of detente agreed to in May 1972 in the Declaration of Principles of U.S.-Soviet Relations, seeking unilateral advantages is illegitimate.

But the Soviets have acted as though they regard SALT, like their ideological approach to all diplomacy, to be a zero-sum game in which one side must win and the other must lose. Unilateral advantages at the expense of the other side are the standard Marxist goal. As one columnist, Hal Piper, recently explained:

> A further reason arms control does not enhance security is that it is conducted in a shystering spirit . . . shystering is inevitable so long as one side, the Soviet Union, holds to its view of the world as an arena of class struggle in which there can be no true cooperation, as history will have only one ultimate winner.[13]

SALT has been an integral element of Soviet military policy. There is ample evidence that the Soviet military, specifically, the General Staff and the Defense Council, has dominated Soviet decisionmaking. Most experts believe that Soviet military dominance in SALT stems from their equally important dominance of Soviet defense planning. Soviet negotiators view SALT as subservient to long-term military plans—their long-term military plans. They have no concept of mutual accommodation, concession, and cooperation which could lead to a mutually satisfactory middle ground. The Soviet objective in SALT, based upon Marxist-Leninist ideology, has simply been to gain unilateral advantages, which once achieved are stubbornly defended. At the same time, the Soviets seek to induce complacency and raise false hopes on the U.S. side.

The Soviets may not recognize a distinction between diplomacy and war, being Clausewitzian in their approach to both. One Soviet military theorist stated in 1971, before SALT I was signed, that Soviet diplomacy is war. Military Thought, the classified journal of the General Staff (the Soviet agency most responsible for negotiating SALT) stated that:

> In fact, a nation's diplomatic activity becomes a part of those non-military means of policy implementation which . . . are contained within the concept of the content of war.[14]

If Soviet diplomacy is inseparable from war preparation, then it is understandable that Soviet diplomatic practice includes the use of such ruses of war as camouflage, concealment, deception, and disinformation. A Soviet military writer noted in 1978 the following aspects of deception in war:

> It must be said how important it is to conceal one's true intentions, manpower, equipment, and combat resources from the enemy. Frequently, in order to achieve this. . . it is necessary, for example, to use military cunning, sometimes on a very large scale.[15]

And former U.S. Secretary of State Dean Acheson recognized in 1959 that:

> In the present century the Soviet state has perfected the use of negotiation, including negotiation by mass conference, as a method of warfare.[16]

Soviet patience and tenacity in negotiations are well known, because they believe that the correlation of world power forces is constantly shifting in their favor and will eventually force the U.S. to make further SALT concessions. For example, one Soviet authority on arms control, well known in the West, General H. Trofimenko, has written:

> The basic objective factor which made these (SALT) agreements possible consists of the military-economic might of the Soviet Union, and as a result of it, the change in the correlation of forces in the world in favor of socialism.[17]

In contrast to the U.S. instinct for mutual trust, cooperation, common interests, the Soviet practice in SALT is to provide false information (disinformation) and misleading concepts in order to bolster its negotiating positions. Whether one should regard this as duplicity and deception or merely tough or astute negotiating practices is difficult to say. Is mutual trust and common interest a sine qua non of strategic arms control; or, does this merely reflect idealism, naivete, or questionable assumptions about the political non-utility of strategic power on the U.S. side?

We can usefully recall that the history of Soviet foreign policy contains many examples of diplomatic falsifications, forgeries, disinformation ploys, and negotiating deceptions (see below). The duplicity of Soviet diplomacy and Soviet noncompliance with international agreements are well known.

Dr. Kissinger testified to Congress in 1972 that:

> The possibility always exists that the Soviets will treat the Moscow (SALT I) agreements as they have sometimes treated earlier ones, as just another tactical opportunity in the protracted conflict. If this happens the United States will have to respond. . . . If this agreement were being circumvented, obviously we would have to take compensatory steps in the strategic field . . . the two countries have a unique opportunity right now to move into an entirely different relationship of building additional trust . . . If it turns out that through legalistic interpretations of provisions of the agreement or through failing to specify numbers about which we have left absolutely no doubt as to our interpretation . . . if it should turn out that those numbers are being challenged in any significant way at all, then this would cast a doubt. It would not only threaten disagreement, but it would threaten the whole basis of this new relationship. . . .[18]

We will return to this warning at the end of this book, to see if it has been heeded by the Soviets or by the U.S. The conclusive evidence of Soviet negotiating deception in SALT presented below should raise serious and legitimate questions about their "good faith" in the entire SALT and arms control negotiating process. Moreover, the Soviet SALT circumventions and violations discussed below also bring into question Soviet intentions in SALT.

In 1973, a reliable report from British intelligence described meetings in which Brezhnev was telling Eastern European communist leaders about Soviet SALT successes:

> We are achieving with detente what our predecessors have been unable to achieve using the fist . . . trust us, comrades, for by

1985, as a consequence of what we are now achieving with detente, we will have achieved most of our objectives in Western Europe. We will have consolidated our position . . . and a decisive shift in the correlation of forces will be such that, come 1985, we will be able to extend our will wherever we need to . . .[19]

And the Chief of the Soviet General Staff, Marshal Ogarkov, told U.S. Congressman Breckenridge in 1978 that, "Today the Soviet Union has military superiority over the U.S., and henceforth the U.S. will be threatened. You had better get used to it."[20]

These and many other warnings were explained away by U.S. Intelligence and policymakers because they were inconsistent with the pursuit of detente. However, most U.S. policymakers have now come to express publicly their misgivings over being misled in many particulars that, in retrospect, are now recognized to be very important.

III. SOVIET SALT I DECEPTION

Many knowledgeable defense analysts are still understandably skeptical of the conclusion that the Kremlin oligarchs deliberately misled American leaders on all the key issues of SALT I in Moscow during May 1972. Those analysts correctly believe Soviet negotiating deception to be inconsistent with the Preambles of the SALT I Agreements. There can be no doubt that they are right. Both the SALT I Interim Agreement on Strategic Offensive Arms and the SALT I Anti-Ballistic Missile Treaty explicitly stated in their Preambles that their fundamental purposes included the "strengthening of *trust* between states" (emphasis added). And as the Carter Administration's February 1978 *White Paper* on Soviet SALT I compliance stated, "Confidence and *trust* . . . are important to mutual efforts to establish and maintain strategic arms limitations." Moreover, both the U.S. and the USSR pledged in the Declaration of Principles of U.S.-Soviet Relations of May 29, 1972, to accept "equal security" and not to seek "unilateral advantage."

It is important to note, however, that while the Soviets were pubicly professing an interest in strengthening *trust* and *equal security* and eschewing *unilateral advantages*, the Soviet military was privately stressing the twin themes of total conflict and constant struggle with the U.S. As indicated earlier, the Soviet military dominates Soviet defense planning, and this also gives it the decisive role in Soviet SALT decisionmaking and negotiating. The following statement appeared in a classified Soviet General Staff publication, Military Thought, in early 1972:

> Lenin stressed that "stepped up military preparations for a serious war require . . . protacted, intensive and disciplined work on a mass scale" . . . one important task of party and people, as was emphasized at the 24th CPSU Congress (1971), is "all-out increase in the defensive might of our homeland" . . . this is no temporary or transitory task; it is a constant, continuous task, preceding from the international situation, from the fact that the world is divided into two systems—socialist and capitalist. . . .[21]

Further, in May 1972, Kommunist, the Soviet communist party journal stated: "The military-technology policy of the CPSU is directed toward creating and maintaining military superiority. . . ."[22]

Clearly, to Soviet leaders, diplomacy is part of war preparation, which is avowedly the foremost function of the Soviet state. The above statements are authoritive evidence that Soviet military and political leaders approached the SALT I negotiations in May 1972 with total conflict, constant struggle, and military superiority as their negotiating strategy. (This evidence was available in May 1972, but it was ignored by U.S. Intelligence and policy-makers.)

In SALT I the key issues involving deception or successful efforts mislead U.S. negotiators, efforts that involved the top Soviet military and political leaders, are as follows.[23]

The Heavy ICBM Issue: Soviet negotiators, including Brezhnev himself, made many false statements from 1971 to May 1972 which had the effect of misleading the U.S. about the size of their then secret new, large ICBM, the SS-19. The Soviets themselves considered the SS-19 to be a heavy ICBM, which it was by U.S. standards. They argued falsely that an agreed definition of a heavy ICBM was unnecessary. Their most significant deception was their many false statements during the negotiations that they did not intend to replace light ICBMs (the SS-11) with heavy ones, the precise opposite of their plans as confirmed by events, and contrary to Article II of SALT I. Article II prohibits the replacement of light ICBMs with heavy ICBMs. They also falsely claimed that both sides already knew which ICBMs were heavy, and that this understanding would not change during the five year term of SALT I. The Soviets actually argued several times that the U.S. could "trust" them not to convert light ICBMs into heavy ICBMs. In order to deflect U.S. concerns, they also suggested that a missile like the SS-19 could be banned, even as they were planning to deploy it widely as the replacement for the SS-11. Finally, the Soviets also deceptively bargained to successfully persuade the U.S. to abandon attempts to gain an agreed definition of a heavy ICBM.

The SS-19 turned out to be 400 percent heavier in throwweight than the small SS-11, and its volume is about 50 to 60 percent greater. The SS-19 deployment helped to quintuple the Soviet counterforce threat to the U.S. by the expiration of SALT I in 1977. Even the Carter Administration conceded that the SS-19 was more deadly than the super heavy SS-18, because of the SS-19's enhanced accuracy and larger deployment.

Important intelligence evidence indicating Soviet deception on the SS-19 was reportedly acquired in May 1972. Congressman Jack Kemp has described this evidence in the CONGRESSIONAL RECORD, citing William Beecher ("United States May Reply to Soviet Rays," Boston Globe (October 10, 1976), p 7.) The United States reportedly eavesdropped on Soviet communications in Moscow in May 1972, during SALT I negotiations. According to the CONGRESSIONAL RECORD and to Beecher:

"By way of example, one source noted that in May 1972, in the hours immediately preceding agreement on the SALT I pact in Moscow, a conversation was intercepted in which Soviet Party Chairman Leonid *Brezhnev* checked with a top weapons expert to get assurance that an about-to-be-concluded formula covering permissible *silo* expansion would allow the Soviets to deploy a *bigger* new missile then under development. That intercept provided the first solid information that the SS-19, as it is now known, was destined to replace some of the relatively small SS-11 missiles, which comprise the bulk of the Soviet ICBM force. The SS-19 has three to four times the throwweight of the old missile." CONGRESSIONAL RECORD (August 2, 1979), p E4076, emphasis added.)

This highly significant intercept reportedly occurred on May 26, 1972, just before SALT I was signed. It indicated that the SS-19 was a large, heavy ICBM and that Brezhnev intended the SS-19 to replace the light SS-11 on a large scale precisely in violation of Article II. Yet Brezhnev had deceptively told U.S. negotiators that the U.S.S.R. did not intend to replace light ICBMs with heavy ICBMs. Thus this reported intercept conclusively confirms Brezhnev's negotiating deception on the SS-19. Brezhnev knew that the SS-19 would violate Article II, but he also knew that the U.S. did not then know about the SS-19.

THE SLBM CEILING AND REPLACEMENT BASELINE ISSUE

The Soviets made the false claim in May 1972 that they had 48 submarines operational and under construction carrying 768 SLBMs. The Soviets maximized their claimed baseline in order to minimize their deactivation. In fact, however, the U.S. belatedly discovered only in 1978 that they had far fewer in 1972 at the time of SALT I. This deception allowed the Soviets to significantly minimize and also to postpone for four years the required deactivation of older weapons.

Most significantly, the Soviets claimed in May 1972 that "geographical asymmetries" required that they be allowed a three-to-two advantage over the U.S. in SLBMs and submarines. This claim was accepted as accurate by the U.S. It was proven fallacious by the long-range of their SS-N-8 SLBM demonstrated in late 1972, only after the signing of the SALT I agreement in Moscow. And the Soviets have even exceeded the 62 submarines with 950 SLBMs that they are allowed.

They also deceptively codified their original SLBM plan for 950 SLBMs by 1977 under the gulse of a "freeze."

The H Class of about 6 submarines carrying about 27 modern SLBMs was hidden within the 950 SLBMs allowed, thereby saving them from deactivation. The U.S. discovered this only in 1978.

According to Dr. Kissinger, Brezhnev promised in May 1972 to deactivate about 24 G Class submarines carrying about 67 SLBMs. These subs and missiles are still reportedly operational. Thus Brezhnev reneged on his pledge.

Between 1972 and 1974, the Soviets reportedly tried to exploit a loophole in SALT I—the failure to define a modern SLBM—in order to maintain the right to deploy modern SLBMs in the 67 G-Class launchers, which were not counted in the 950 Soviet SLBMs allowed. This would have circumvented the Protocol to SALT I.

THE MOBILE ICBM ISSUE

In May 1972, Brezhnev himself pledged not to "build" mobile ICBMs during SALT I. Moreover, the Soviets falsely claimed that neither side had mobile ICBMs, so a ban was unnecessary. In fact, however, the Soviets already had a mobile ICBM program underway, which they were extensively concealing and camouflaging. According to The New York Times, the Soviets have built over 100 SS-16 mobile ICBMs, which are still being heavily camouflaged and concealed. These covert missiles were not counted in either SALT I or SALT II, but they could add further to U.S. disadvantages if brought out of hiding suddenly during a crisis.

The above issues were the key issues of SALT I. Thus, Soviet negotiating deception was involved in the resolution of each of the key issues of SALT I.

Soviet SALT I deception consisted of negotiating ambiguous provisions which deliberately contained loopholes favorable to the Soviets, all the while misleading the U.S. into believing that real limitations were being imposed on Soviet forces. There is hard evidence that SALT I placed no constraints on either the original Soviet ICBM and SLBM numerical launcher plans, or their qualitative modernization plans through 1977.

The Soviets also made the false propaganda claim in May 1972 that SALT I "avoided a new round in the arms race" and contained no Soviet unilateral advantages. In fact, however, conclusive evidence indicates that SALT I merely codified preexisting planned Soviet force levels, and the relentless Soviet strategic buildup aimed at superiority continued unchanged through 1977.

It is only proper to note that there has been widespread discussion of a highly classified CIA study by this writer, demonstrating that SALT I did not in fact constrain Soviet programs. The following references to this study are drawn from open sources. According to Air Force magazine (December, 1978, p. 25 and January 1979, p. 17):

"The study . . . cites specific, documented instances when the late Marshal A. A. Grechko—until his death in 1976, the Soviet Defense Minister—issued dictates to Brezhnev concerning what was and was not acceptable to the Soviet military in the Politburo's SALT posture . . . The Soviet military five-year plan predetermines Moscow's SALT negotiating positions in a binding way."

According again to Air Force magazine (March 1979, p. 51):

"It is difficult to envision how SALT II will contain Soviet strategic developments. As with SALT I, U.S. critics contend that the SALT II Agreement merely codifies planned Soviet strategic deployments—a view substantially bolstered by the CIA analysis done by former CIA employee Dave Sullivan. Sullivan's analysis, based on U.S. intelligence monitoring of Soviet communications, reportedly illustrates quite clearly that the Soviet military has not allowed the SALT process to infringe on planned Soviet strategic forces and programs. . ."

By 1979, the Soviets were privately acknowledging that SALT I was a "Soviet victory" and a "defeat" of the U.S.[24] Soviet Ambassador to the U.S. Dobrynin stated after SALT I was signed, "Frankly, we were elated at the results of SALT I."[25]

In addition, Soviet military camouflage, concealment, and deception reportedly increased after SALT I began in 1969. Since 1972 the Soviets have enacted a massive camouflage, concealment, and deception program involving all Soviet strategic forces. This massive camouflage and concealment program was approved by the Politburo and Defense Council, and was coordinated with SALT negotiating deception. This program itself constitutes a violation of the provisions of the agreements themselves, which prohibit deliberately impeding or interfering with national technical means (NTM) of verification (reconnaissance satellites). This is because it has deliberately and clearly interfered with U.S. national technical means of verification. The importance of deliberate Soviet camouflage, concealment, and deception can be recognized in the role it had in misleading U.S. intelligence estimates of both the basic Soviet ICBM and SLBM levels during SALT I.

There has long been strong evidence that Soviet camouflage, concealment, and deception related to their SALT-constrained strategic forces is deliberately intended to interfere with and impede U.S. national technical means of SALT verification. In 1966, the Soviets published a Dictionary of Definitions of Military Terms. This dictionary contained a definition of "maskirovka," the Soviet term for camouflage, concealment, and deception. Maskirovka included: ". . . creating deliberate interference with technical means of reconnaissance." (Colonel P. I. Skeybeda, ed., Dictionary of Definitions of Military Terms (Moscow: 1966), pp 228-229.) This revealing definition of maskirovka appeared six years prior to the 1972 signing of SALT I, which precisely prohibited just such deliberate interference with NTM. Moreover, the Soviets have stated that they have long deployed concealed ICBM launchers, and they have even shown on Moscow television examples of some of them concealed as woodpiles.[26] Such deployment completely circumvents all SALT I and II ceilings on launchers.

As even the Carter Administration State Department White Paper on SALT II verification of August 1979 stated: "Deliberate concealment efforts are themselves a violation, and if detected could be grounds for abrogating the treaty, even if we are not certain what activity is being concealed . . . concealment measures designed to impede verification would themselves be violations. . . ."

Another significant misleading Soviet argument in SALT I negotiating is described in Ambassador Gerard Smith's recent book, Doubletalk: The Story of SALT I. Smith, who was chief of the SALT I delegation, reveals that the Soviets claimed in 1971 during SALT I that they "did not believe the strategic balance was undergoing any genuine change and there was no basis for the (American) concerns expressed about Soviet programs."[27] According to Smith, the Soviet SALT I delegation Chief Semenov stated that:

"The U.S. had been modernizing its strategic armaments, and naturally the Soviet Union was doing the same. Our (American) concerns were unfounded. This development (i.e., Soviet modernization) had in fact no bearing on the strategic relationship."

These Soviet statements were again utterly deceptive. In 1971, only the Soviets knew the scope and capabilities of their then-secret modernization programs. In fact, by 1971, the quantitative strategic balance had already shifted against the U.S. and during the 1972-1977 period of SALT I the Soviet counterforce threat to the U.S. increased more than five-fold due to their SS-19 and SS-18 modernization programs. Thus, during SALT I, the strategic balance shifted in favor of the Soviets in both numbers of delivery vehicles and in the qualitative factor of counterforce capability.

Smith also conceded his fears that the Soviets were using SALT I and the SALT process to gain superiority over the U.S. He stated further: "I never stopped worrying during SALT about the Soviets' possibly using the negotiations to mask deployment of a much larger missile force than the U.S."[29] Unfortunately, Smith's worst fears were in fact realized, as Figure 1 illustrates. The U.S. gave up a potent ABM capability for defending ICBMs, in exchange for no constraints on Soviet offensive programs. The U.S. thus gave up an advantage in ABMs for worse than nothing, a huge Soviet buildup in the very counterforce capability that our ABM was designed to thwart. In retrospect, SALT I was clearly detrimental to U.S. national security interests.

FIGURE 1.—*Summary of SALT I Results, 1969-1977*

Soviet Union

Achieve quantitative and qualitative strategic offensive and defensive superiority.

Add 250 intercontinental Backfire bombers

Add 1,000 new launchers of ICBMs and SLBMs during the period (648 more missile launchers than the U.S.)

Deploy about 6,000 new MIRV counterforce warheads on new ICBMs

Deploy heavy ICBMs in place of light ICBMs in violation of Article II

Build over 100 mobile SS-16 ICBMs as a covert strategic reserve

Improve deployed ABM, increase ABM R&D

United States

Decline to strategic offensive and defensive inferiority (despite adding considerable countervalue capability).

Scrap 250 B-52 bombers

Maintain since 1967 lesser number of ICBMs and SLBMs

Deploy about 7,000 new (mostly small-yield, inaccurate) MIRV and SRAM warheads (only 1,700 of which are counterforce capable)

Scrap ABM, significantly reduce ABM R&D

As Senator Jackson pointed out in 1972, SALT I: "Confers on the Soviet Union the authority to retain or deploy a number of weapons based on land and at sea that exceeds our own in every category, and by a 50% margin. Is this parity? . . . The agreement gives the Soviets more submarine-launched missiles, more submarines, more payload, even more ABM radars. In no area of the SALT I agreements is the U.S. permitted to maintain parity with the Soviet Union." Moreover, at the start of SALT I in 1969, Secretary of State Rogers said that the Soviets had achieved strategic parity, and that this made SALT I negotiations possible. But by 1972, President Nixon reported that the Soviet missile forces had approximately doubled in numbers since 1969.

IV. CONFIRMATION OF SOVIET SALT I DECEPTION

Former SALT I negotiator Gerard Smith, former Defense Secretary James Schlesinger, former Defense Secretary Melvin Laird, former Secretary of State Henry Kissinger, former President Richard Nixon, the leading Senate critic of SALT, Senator Henry Jackson, and even 1976 President candidate Jimmy Carter have all confirmed that the U.S. was misled by the Soviets on the SS-19 ICBM, the key issue of SALT I by all accounts.

Gerard Smith testified to the Senate Armed Services Committee in July 1972:

"If they (the Soviets) tried to deploy in SS-11 holes a missile substantially larger in volume than the SS-11, that would be considered a heavy missile, . . . and would be a violation . . . We will have to look at what comes along (in new Soviet ICBMs) . . . we have put them on clear notice that any missile having a volume significantly larger than their SS-11, we will consider that as incompatible with the Interim Agreement.[30]" (Emphasis added.)

Former Defense Secretary Schlesinger conceded two years later in March 1974:

"What we were unprepared for was the enormous expansion of Soviet throwweight represented by the SS-X-19 as the potential replacement for the SS-11 . . . the SS-17 and SS-19 can no longer be treated as light missiles . . . (the) breadth, depth, and momentum (of the Soviet strategic R&D program) as now revealed come as something of a surprise to us . . . subsequent to the signing of the (SALT I) agreement, we see a Soviet research and development program of astonishing breadth and depth . . . Many people, particularly people in the arms control community, have been surprised by the strength of those programs.[31]" (Emphasis added.)

Former Defense Secretary Laird charged in December 1974:

There is no question that if . . . SS-X-19 missile deployment will go forward in 1975 with a volume of 50 percent greater than the SS-11, such deployment would be in violation of the 1972 (SALT I) interim Agreement . . .[32]

(The distinction between negotiating deception and a violation is difficult for most observers to make, partly because the SALT provisions are imprecise and ambiguous. The deception in the case of the SS-19 was deliberately intended by the Soviets.)

According to Dr. Henry Kissinger's authoritative biographers, Marvin and Bernard Kalb, Kissinger understood Soviet negotiating strategy in SALT even before the negotiations began in 1969. Kissinger believed then that Soviet strategy "would be to engage in arms talks to lull the Americans into a false sense of security."[33]

On June 15, 1972, Dr. Kissinger tried to synthesize the agreed wording of Article II and the U.S. Unilateral definition of a heavy ICBM. Thus he made a U.S. Unilateral Statement appear to be binding on the Soviets. Kissinger told Senators:

"First, there is the safeguard that no missile larger than the heaviest light missile that now exist can be substituted . . . as far as the break between the light and heavy missiles is concerned we believe we have assurances. . . ."

Kissinger did not specify the Soviet "assurances," but they presumably were the Soviet statements that the U.S. could "trust" them not to convert light ICBMs into heavy ICBMs, and that they did not plan to do so.

This June 15, 1972 policy statement is wholly inconsistent with the evidence of Brezhnev's May 1972 deception in the Beecher intercept above. Serious questions about the dissemination and analysis of intelligence in June 1972 are raised by this inconsistency. Several published accounts of this problem suggest that key intelligence evidence was suppressed.

Kissinger later made four admissions, however. He himself evidently was lulled by the Soviets, and their "assurances" turned out to be completely deceptive. First, on December 9, 1975, he stated that: "We obviously did not know in 1972 what missiles the Soviet Union would be testing in 1974. . . ."[34] More explicitly, Kissinger openly acknowledged on August 12, 1979, on national television:

"What we did not understand at the time (May 1972) and on which we had no evidence whatever at the time, because it didn't exist, was that the Soviet Union would construct a missile (the SS-19) which was sort of half-way between the SS-11 and the SS-9 . . . It was simply our lack of knowledge that such a missile existed or could be built . . . I would call it (Soviet deployment of the SS-19 after SALT I was signed) sharp practice."[35]

"Sharp practice" in SALT negotiation on the key issue of SALT I must be regarded as Soviet negotiating deception.

Kissinger also testified to the Senate Foreign Relations Committee in 1979 that:

"We resorted to (unilateral statements) ourselves to perhaps an excessive degree in 1972, and in speaking to a group of Congressmen in the White House at the time (i.e. on June 15, 1972, as noted above), I mentioned unilateral statements that we had made as a restraint on Soviet conduct. I think experience has shown that the unilateral statements that we have made are not a restraint on Soviet conduct, that they do not bind the Soviet Union."[36]

This is a remarkable retraction of his 1972 attempt to make a U.S. unilateral statement defining a heavy ICBM appear binding on the Soviets because of undisclosed Soviet "assurances."

Finally, on August 12, 1979, Kissinger also confessed on national television, "I think the Soviets have pressed against the legal limits of SALT I." Thus, even to Kissinger, SALT I's greatest apologist, the Soviets have come close to violating SALT I, possibly circumventing SALT I. But as noted, he said in 1972 that if SALT I was circumvented by the Soviets, or exploited as a tactical opportunity in the protracted conflict, the U.S. would have to deploy compensating strategic programs. This we have not done, despite the clearcut Soviet circumventions and violations described below.

Most authoritatively of all, we have former President Nixon's statement made in 1980:

First they (the Soviets try to *deceive* us, in order to disguise their intentions and make us relax our will . . . in some cases, such as substitution of the heavy SS-17 and SS-19 ICBMs for the light SS-11s, Soviet force modernization exploited loopholes in the SALT 1 Agreement *contrary to our understanding of that Agreement.*[37] (Emphasis added.)

Such a fundamental U.S. misunderstanding of the terms of SALT I constitutes conclusive confirmation of Soviet negotiating deception.

Senator Henry Jackson confirmed Soviet SALT I deception on June 28, 1976, in a very telling statement:

My interpretation (in 1972) as to what the Soviets could do with the SS-11 has turned out to be absolutely true. (Jackson predicted in 1972 that the Soviets would replace the light SS-11 with a heavy ICBM as large as the SS-19.) And what the understanding was on the part of the President's representatives was contrary to that. And as you know, Secretary Laird has said that it is a complete *violation* of the understanding that they (the Nixon Administration) had . . . *We (the Senate) were lied to in SALT I . . . We were lied to by the Secretary, the now Secretary of State Kissinger* . . . It turned out that the things we predicted were right . . . Secretary of Defense Melvin Laird has since corroborated it, that *they* (the Nixon Administration) *were misled* (by the Soviets).[38] (Emphasis added.)

Finally, Presidential candidate Jimmy Carter himself even recognized that in general the Soviets had out-negotiated the U.S. in SALT I and II. During the 1976 campaign he stated that "in many instances we've been out-traded by the Soviet Union," and he asserted that he would be "much tougher in negotiations." This did not prove to be the case, however, in his own resolution of SALT II.

The SS-19 was the key issue of SALT I, and Brezhnev himself played an important role in negotiating on this and all issues of SALT I. As a former top CIA executive, Cord Meyer, wrote in 1980: "The Soviets in the SALT I negotiations succeeded in winning crucial advantages by hard bargaining and by the *deliberate concealment* of the fact that new types of ICBMs were ready for testing." And as Winston Churchill II stated in his recent book *Defending The West* (Arlington House, Westport, Conn., 1981): "The naivete of western governments and negotiators was matched only by the calculating cynicism of their Soviet counterparts. No sooner was the SALT I agreement signed than the Kremlin launched a test program of an entire new generation of four ICBM systems. . . . This massive strategic superiority over the United States. . . . Henry Kissinger and Cyrus Vance were babes in arms when it came to dealing with the Russians, and Kissinger has had the frankness to admit as much." The conclusive confirmation of Soviet deception on the SS-19 in SALT I indicates that the Soviets were quite capable of deception on the somewhat less important SLBM and SS 16 mobile ICBM issues of SALT I as well. Moreover, other independent evidence also conclusively demonstrates these deceptions.

But Brezhnev was cleverly disingenuous about his SALT I negotiating deception at the time of May 1972 Moscow SALT I Summit. President Nixon reports that Brezhnev told him then:

"If we are trying to trick one another, why do we need a piece of paper? We are playing clean on our side. The approach of 'catching each other out' is quite inadmissible."[39]

This Brezhnev statement was his ultimate SALT I deception.

V. SOVIET SALT II DECEPTION

Most of the above evidence was in the public record well in advance of the culmination of SALT II in 1979. In fact, much more evidence of Soviet SALT I deception is available as well. Accordingly, one must assume the Soviet surprises or deceptions decribed above were known and accepted by U.S. leaders as strictly "political" or inconsequential when compared to the more weighty objectives of continuing detente and accommodating the Soviet Union. Alternatively, the evidence described above could have been ignored, or even suppressed actively in the early years of SALT II. In any case, during the seven years of SALT II negotiations that followed the 1972 Moscow Summit, the Soviets continued to expand and elaborate their SALT I pattern of negotiating ambiguous provisions which deliberately contained loopholes favorable to them, all the while misleading the U.S. into believing that real limitations were being imposed on Soviet forces. The Soviets even expanded their already highly effective concealment and disinformation techniques. Soviet negotiating deception in SALT II was thus wider in scope and equally demonstrable.

Surprisingly, in SALT II the U.S. still believed in Soviet good will, good faith, and that the Soviets could be trusted. Kissinger stated in late 1974, just after the Vladivostok SALT II Summit, that with "*good will*" a SALT II treaty could be achieved. On September 28, 1978, President Carter stated that the Soviets were negotiating "*in good faith*" on SALT II. Izvestiya stated on May 6, 1979, just on the eve of the Vienna SALT II Summit: "The SALT II agreement presupposes mutual trust and the creation of an atmosphere of good will which would promote the improvement of relations between the USSR and the U.S." (Emphasis added.) Moreover, Soviet spokesman Georgiy Arbatov (Director of Moscow's Institute for the Study of the USA and Canada and an important mouthpiece for disinformation) stated to a credulous Newsweek on May 28, 1979: "I would like to reiterate that we conducted (SALT II) negotiations in *good faith* with representatives of three U.S. administrations." (Emphasis added.) As noted, the Carter State Department declared in February 1978 that: "Confidence and trust . . . are important to mutual efforts to establish and maintain strategic arms limitations."

Should good will, trust and assumptions of common interest guide the U.S. approach to SALT, or should they be replaced by mutual respect, which includes respect for the fact that our negotiating adversary was described recently by President Reagan as liars, cheats, and criminals? The only apparent lesson learned from Soviet deception in SALT I seemed to be Carter's understandable but question-begging, subtle omission of the word "trust" from the Preamble to SALT II.

In regard to the SALT II negotiations, it would not be unfair to raise this question: why did the United States SALT II negotiating team exhibit such trust in, indeed charity toward, the Soviet side, in light of the ample evidence of Soviet SALT I duplicity? Many of the identical ploys were used by the Soviet negotiators on exactly the same issues or on comparable issues.

The several examples below illustrate the record of bad faith in the negotiations by the Soviet Union during the SALT II negotiations.[40]

THE HEAVY AND "NEW-TYPE" ICBM ISSUES

The Soviets actually deceived the U.S. twice on their heavy SS-19 ICBM. SALT I's Article II was preserved in the November 1974 Vladivostok SALT II accord, but again without an agreed definition of a heavy ICBM. The Vladivostok accord was the basis for SALT II, and Article II was thus carried forward into SALT II unchanged.

The Soviets insisted on imprecise and ambiguous constraints on "new-type" ICBMs in SALT II, and refused to agree to a heavy ICBM definition or to any ICBM characteristic baseline data. These deceptively negotiated loopholes provided further Soviet unilateral advantages allowing them to develop and deploy all five of their new ICBMs, much as the SS-19, the SS-N-8, and the SS-16 slipped through the deceptively negotiated loopholes of SALT I.

The Soviets continued encryption of telemetry signals in missile R & D during SALT II since 1974, which indicates that the Soviets deceptively wish to hide many characteristics of their new ICBMs and SLBMs. These new missiles are bound to be more lethal. And the Soviets have continued to expand their massive camouflage, concealment, and deception program related to strategic forces throughout SALT II.

THE BACKFIRE BOMBER

The Soviets provided false Backfire range data during SALT II in 1976 and 1977. This disinformation significantly misled U.S. intelligence, at least temporarily.

Brezhnev made a blatantly false summit statement in SALT II denying the Soviet Backfire bomber's intercontinental range and refueling capabilities, in the face of agreed U.S. intelligence to the contrary. Backfire has range better than the oldest B-52s and Bison bombers, both of which do count. The Backfire's exclusion is thus another strange example of Brezhnev's statements being regarded as more reliable than U.S. intelligence.

The Soviets also refused to agree to a definition of a heavy bomber, much as they deceptively refused in SALT I to agree to a heavy ICBM definition. Just as the SS-19 was protected from constraint by this refusal, the Soviets have sought to protect Backfire and their additional three new bombers known to be under development from constraint by refusing to agree to a definition of a heavy bomber.

THE NUMERICAL CEILINGS ISSUE

The Soviets made false claims that SALT II embodied equal numerical ceilings, despite their knowledge of their advantage of over 648 missile launchers, their heavy ICBM monopoly, their still-growing throwweight and counterforce advantages, their exclusion of 400 intercontinental Backfire bombers and over 350 mobile SS-20s and SS-16s, and their possession of a huge reserve of up to 1,300 refire missiles. The Soviets thus deceptively agreed to equal SALT II limits on launchers, while preserving their freedom to circumvent all the launcher ceilings through possession of extra missiles usuable for refire or covert firing from soft sites.

The Soviets were able to agree to the constraints in the SALT II Protocol on mobile ICBMs because they had already tested and produced enough SS-16s, and U.S. technical means of verification could not confidently identify how many had been produced or where they were stored. But if past Soviet behavior in SALT I can be used as a guide, we can logically assume that the Soviets had a plan to produce a given number of SS-16s and they have completed that production run, confident that the United States would not be able to make an issue out of their breach of the agreement for lack of hard evidence in sufficient time.

The U.S. was thus again deceived into believing that SALT II would constrain Soviet mobile ICBM production, when in fact it is only the far less advanced U.S. mobile ICBM (MX) program which is being constrained by SALT II. Under any circumstances, the ban on mobile ICBM production is totally unverifiable.

The Soviets made a false SALT II claim that they do not have cruise missiles with a range greater than 600 kilometers. This unilateral advantage has allowed them to exclude about 250 submarine-launched cruise missiles on 3 classes of submarines, and over 100 air-to-surface cruise missiles carried on the Bear bomber.

This deception is confirmed by the recent DOD book, Soviet Military Power, page 61. This official source reveals for the first time that the AS-3 Kangaroo air-launched cruise missile (ALCM) has a range of "650" kilometers, and that it is carried on two variants of the Bear bomber. Yet the Soviets officially stated in the SALT II Data Exchange of June 18, 1979, that they had "zero" heavy bombers equipped for cruise missiles with range greater than 600 kilometers.

Thus there is another officially confirmed, blatant, Soviet SALT II falsification, and 105 Bear bombers should therefore count in the 1,320 ceiling on MIRVs and ALCM equipped bombers.

Beyond the fact that the Backfire is intrinsically a heavy, intercontinental bomber and therefore should count in the SALT II ceiling of 2250 delivery vehicles, the Soviets have reportably also tested a new air-launced cruise missile with a range well in excess of 600 kilometers from the Backfire bomber. This is the "AS-6", which according to open sources, has a range of 700 to 800 kilometers. The AS-6 is reportedly deployed on the Backfire bomber.

Thus the Backfire should also be counted under the 1320 ceiling on MIRVs and ALCM equipped bombers. And this constitutes another blatent Soviet falsification.

It is especially ironic for the Soviets to have falsified the range of their AS-3 Kangaroo ALCM in 1979, and argued that Backfire with AS-6 should not count. For just two years earlier, on April 14, 1977, a Pravda editorial stated that: "Heavy bombers carrying cruise missiles with a range of more than 600 kilometers must be equated to MIRV missiles and accordingly entered into the established ceilings for such missiles." The Soviets thus meant for only U.S. bombers equipped with long-ranged ALCMs to count under the 1,320 MIRV/ALCM bomber ceiling, but not their own Bear and Backfires equipped with long-range ALCMs.

The Carter Administration admitted that the U.S. succeeded in exempting from SALT II constraints our Forward Based Systems (FBS) in NATO but only by allowing both the Soviet heavy ICBM monopoly and the Backfire exemption. The U.S. made two important concessions, in exchange for what turned out to be an illusory Soviet concession. The U.S. thus paid twice for exempting our FBS, but U.S. FBS were constrained by the SALT II Protocol afterall, and moreover are still negotiable in SALT III. Meanwhile, superior Soviet theater nuclear systems remained totally exempt from SALT II.

Moreover, the U.S. has long agreed to count many of our SLBMs which are dedicated to NATO targets in the Warsaw Pact in both the SALT I and SALT II intercontinental balance. The U.S. intercontinental force total is thus really significantly below the present wholly inadequate level.

These Soviet SALT II deceptions and negotiating successes are also based on solid evidence. One commentator's observation on the Backfire issue provides a further example of the problem. In justifying its exclusion from SALT II, SALT II apologist Strobe Talbott notes that:

"Brezhnev considered it a matter *personal honor* that Backfire not be negotiated as part of SALT. He had given his word to two American administrations that the plane was not a heavy bomber and therefore was not within the jurisdiction of SALT.[41]" (Emphasis added.)

But in light of his confirmed 1972 SALT I deceptions, Brezhnev's "personal honor" in SALT is open to serious question. And the Soviets deceptively used the concept of "radius of action" to exclude Backfire. The Backfire has intercontinental range for one-way missions similar to those programmed for B-52s. They knew that under the most important criterion for defining a heavy bomber, i.e. range, the Backfire would clearly qualify. And another reason for counting Backfire was the installation of long-range AS-6 ALCMs on it. Moreover, Talbott also surprisingly confirmed that the Soviets gave the U.S. false Backfire range data.[42]

Perhaps the best explanation for U.S. toleration of these deceptions was Kissinger's 1974 famous rhetorical question posed in response to news reporters' queries on the then-stalemated SALT II Agreement:

"What in the name of God is strategic superiority? . . . What is the signficance of it operationally, politically, militarily . . . at these levels of numbers? What do you do with it?"

This viewpoint was certainly shared by President Carter, whose belief when he assumed the Presidency was that one or two Poseidon submarines were by themselves ample to deter the Soviet Union. Thus Soviet negotiating deception to achieve unilateral advantages was tolerated out of a wholly unrealistic U.S. belief in minimum deterrence in which any Soviet advantages were completely meaningless.

Five years later, when he testified on SALT II in July 1979, Henry Kissinger's view had undergone significant modification. He then confirmed that strategic superiority was both politically and militarily meaningful:

"My (1974) statement reflected fatigue and exasperation, not analysis. If both sides maintain the balance, then indeed the race becomes futile and SALT has its place in strengthening stability. But if we opt out of the race unilaterally, we will probably be faced eventually with a younger group of Soviet leaders who will figure out what can be done with strategic superiority."[43]

By late 1979, President Carter also seemed to be changing some of his notions about the Soviets. On December 31, 1979, Carter openly conceded on national television that Brezhnev had deceived him regarding the Soviet explanation of their invasion of Afghanistan. Carter stated that Breshnev's response to his note protesting the Soviet invasion of Afghanistan:

"Was obviously *false*. . . . The tone of his message to me . . . was completely inadequate and completely *misleading*. He is not telling the facts accurately. . . . *My opinion of the Russians has changed more drastically* in the last week than even the previous two and a half years before that . . . . this action of the Soviets has made a more dramatic change in my opinion of what the Soviets' ultimate goals are than anything they've done in the previous time I've been in office. . . .

As Senator John Warner stated in a Senate speech on January 2, 1980: "In view of the President's statement that Brezhnev lied to him about Afghanistan, it might well be that Brezhnev lied during the SALT II negotiations." President Carter certainly fundamentally misunderstood Soviet intentions, by his own admission. It is fair to conclude that the Soviets were even more deceptive in SALT II than they were in SALT I.

Brezhnev's SALT I and II negotiating deceptions suggest that he would agree with Stalin's 1913 statement:

"A diplomat's words must contradict his deeds—otherwise what sort of a diplomat is he? Words are one thing—deeds something entirely different. Fine words are a mask to cover shady deeds. A sincere diplomat is like dry water or wooden iron."[24]

The results of SALT II are summarized in Figure 2.

FIGURE 2.—*Summary of Salt II Results, 1977-85*

Soviet Union: increase quantitative and qualitative strategic offensive and defensive superiority. 1985 warhead total: over 14,500—mostly counterforce.

Add over 6,500 more warheads, mostly counterforce capable

Test and deploy five new-type ICBMs to achieve counterforce supremacy

Deploy Typhoon SLBM, SS-N-18 MIRVed SLBM

Test and deploy three new bombers, in addition to the 400 exempted Backfires with ALCMs

Soviets exempt over 3,000 second-line strategic delivery vehicles from SALT II

Further increase ABM R&D, modernize Moscow ABM, mass produce components

Legitimize SS-18 and SS-19 heavy ICBM monopoly

Maintain over 100 covertly stockpiled mobile SS-16 ICBMs

United States: Decline further to minimum deterrence posture. 1985 warhead total: less than 11,900 (mostly small, inaccurate, vulnerable).

Deploy Trident SLBM, ALCMs on B-52

Add less than 2,700 more soft target warheads on SLBMS and vulnerable ALCMs

Test MX ICBM

But, in apparent ignorance of the above evidence, SALT apologist Strobe Talbott has claimed as recently as late 1979 that U.S. and Soviet Salt objectives are identical:

"In SALT, however the object has not been for one player to beat the other—Neither side has sought to check the other's king . . . to play to win would be to seek 'unilateral advantage' or 'strategic superiority.'"[45]

We would be better advised to heed Zbigniew Brzezinski's early assessment of Soviet SALT objectives. Six years before he became President Carter's national security advisor, Brezinski made this prophetically accurate statement in Newsweek in 1971:

"My concern is that the Soviet leaders—particularly the Soviet military—may be deliberately exploiting SALT to attain military superiority over the U.S.

"One wonders how Brzezinski allowed President Carter to so fundamentally misunderstand Soviet intentions in SALT II and detente, as Carter admitted."

Alexandr Solzhenitsyn reflects reality. Solzhenitsyn stated in a speech to the AFL-CIO on July 9, 1975

"Take the SALT talks alone: in these negotiations your opponent is continually deceiving you. Either he is testing radar (i.e., SA-5 and SA-10 air defense radars in an ABM mode) in a way which is forbidden by the agreement; or he is violating the limitations on the dimensions of missiles" (i.e., through SS-19 deployment). . . .

SALT is an exceptionally complex process and the treaties are an equally complex product, as clearly evident in the SALT II treaty and its accompanying amplification. Nonetheless, there seem to be some rather basic and easily understood conclusions one can draw that are worth serious consideration in preparing for SALT III.

The Soviets have achieved major strategic advantages from their SALT I and II deceptions—SS-19 exemption, overwhelming ICBM and SLBM superiority, exclusion of mobile ICBMs, exclusion of Backfire bombers, exclusion of strategic reserve ICBMs, and overall quantitative and qualitative strategic superiority.

The Soviets are committed to their five-year defense plans, and they use the SALT process to preserve their long-term commitments to their new programs. The evidence clearly shows that the Soviets do not change their force plans because of SALT. They make their five year defense plans first, and then defend these secret plans from SALT constraints. In contrast, the U.S. has no long-term defense plan, and the U.S. allows SALT to adversely affect its strategic programs. So far, the SALT process has codified Soviet future plans, while impeding U.S. plans.

The intelligence asymmetry (open versus closed society) is a severe handicap to arms control. The SALT negotiations have been conducted using mostly U.S. data. This process can be compared to playing poker with an opponent who knows your cards as well as his own, and who also cheats.

The Soviets have a sustained SALT camouflage, concealment and deception program centrally directed at the Politburo/Defense Council level and coordinated as part of their SALT negotiating strategy. Operational concealment is directly linked to negotiating deception. The closed nature of their society greatly magnifies the effectiveness of this massive program and further exacerbates the intelligence asymmetry.

The SALT decade may be described as a decade of dangerous U.S. strategic decline, and the SALT process contributed to that decline. The SALT process seems to have contributed more directly to U.S. national insecurity than to security. No positive U.S. political or military objectives have been achieved in SALT I or II.

Finally, it is clear that Marxism-Leninism is totally incompatible with equitable arms control. The only arms control possible to the Soviets is one-sided constraints on American arms, while their own remain unconstrained.

VI. INTELLECTUAL ORIGINS OF U.S. ARMS CONTROL AND MINIMUM DETERRENCE PHILOSOPHY

As noted, former Secretary of State Henry Kissinger constructed the philosophic structure of detente in the late 1960s. In 1969, Kissinger believed that the Soviet Union was absorbed in its own economic problems and domestic reforms, had rejected the revolutionary thrust of their ideology, and had embraced global stability. The Soviets had become a satisfied, status quo superpower, in his view. Kissinger cited no evidence or analysis explaining the Soviet Volte face. Kissinger's benign perception of the USSR resulted in his detente strategy of graceful U.S. accommodation to Soviet power and abdication of a vigilant U.S. world role. Neo-Spenglerian nations of inexorable American decline permeated Washington policymaking during the 1970s. In the late 1970s, American leaders rejected an "inordinate fear of communism," and actually believed that weakening American military power made the world safer. They put their hopes in arms control and appeasement.

But there also were much earlier philosophical underpinnings of Kissinger's minimum deterrence, detente and arms control philosophy. These underpinnings were equally unempirical, but were surprisingly persuasive. After the trauma of the October-November 1962 Cuban Missile Crisis, American leaders were ready to draw back from the abyss of Soviet initiated nuclear confrontation, and begin building bridges for convergence with the Soviets. They concluded that nuclear weapons had very limited political utility. A study was published in June 1963 by Vincent P. Rock which was to have enormous influence on American detente, minimum deterrence, and arms control philosophy, even through the present. Rock's 1963 "Phoenix" paper, entitled Common Action for the Control of Confict: An Approach to the Problem of International Tensions and Arms Control, (Institute for Defense Analyses, June 1963) was one of the pioneering advocacies of appeasement, unilateral disarmament, and convergence. Rock's views were extremely influential during the 1960s and 1970s, and are worth quoting at length.

Rock argued in 1963 that "the stability of the strategic balance was closely related to the level of tension in the international environment." The U.S. should therefore do everything possible to reduce tension with the Soviets. Rock believed that "Interdependence already exists between the U.S. and the Soviet Union . . . If conflict is to be controlled, common action which helps to shape the nature of their mutual interdependence is necessary. Arms control and disarmament represents a direct approach to the most dangerous aspect of their mutual involvement . . . The environment for arms control and disarmament can be improved, first, by a wide range of actions designed to enhance restraint on the employment of force or the threat of its use, and, second, by constructive common action designed to expand the area of common purpose between the two societies." (Emphasis added.)

Rock elaborated in 1963 on his concept of mutual interdependence and common purpose: "There is an urgent need for *cross-national* diffusion of interest, purposes, and enterprises . . . Existence of common purposes, and programs for achieving them, would provide a positive incentive for actions to reduce reliance on military force . . . This development signifies a recognition on both sides of the costs and futility of nuclear war . . . To admit the possibility that the two societies exist together indefinitely is to open the possibility that their fate may be *interdependent*." (Emphasis added.) Rock thus concluded that "conflict will be controlled and the convergence of perceptions of what is equitable will be enhanced." (Emphasis added.)

Certain objectives for "common action" were needed. So Rock advocated the following goals to control U.S.-Soviet conflict:

1. "Convergence of values and purposes" must be sought.

2. "Interrelationships of the two sides" must be developed.

3. Force must be restrained so as to result in the "cross-national diffusion of power."

4. "New and expanded cross-national arrangements and organizations will be required, within which transactions can gain a momentum of their own.

Rock added that "substantial shifts of resources will be required to swing the emphasis in the Soviet-American confrontation from conflict to one in which experiences of mutual gain predominate." To him, "The earth was a single system," which suggests an eventual convergence evolving into world government: "The task facing the people and leaders of both the U.S. and the Soviet Union is to manage and direct a *growing interdependence* so as to ensure the control of conflict." (Emphasis added.)

Without presenting evidence or analysis, Rock believed that "a decline in the importance of ideology" was occurring in the USSR, and that "there is a continuing struggle within the Soviet Union to increase the allocation of resources to consumer goods."

In summing up his convergence advocacy Rock concluded:

"Today, American security may be imagined as resting on a three-legged stool. It is perched precariously because one leg is a mere stub. One good leg represents deterrence of Communist aggression. The other stands for the development of Free World strength and cohesion. The stub symbolizes the frustrated aim of achieving a significant basis of understanding of entente with the Soviet Union."

Rock was thus actually advocating a US-Soviet alliance, derived from an expansion of "interdependence which serves the mutual interest." A "Balance of Peace" would replace the "Balance of Terror."

Rock's 1963 recommendations for achieving convergence and entente emphasized the reduction of military expenditures, unilaterally if necessary. He suggested that the U.S. "seek to develop a tacit understanding to reduce the level of military expenditures," and "step-by-step disengagement measures" to reduce political conflict. He actually suggested U.S.-Soviet "collaborration." Finally, he advocated:

1. "US assistance in the development of Soviet agriculture."

2. "The spread of Western technology in the Soviet Union" would be in the "longer-run interests of the United States."

3. "The US should . . . reduce its restrictions on trade with the Soviet Union.

History was strongly influenced by Rock's recommendations. The Rock strategy of interdependence, convergence, accommodation, appeasement, and entente provided the rationale for th[illegible]:

1. 1963 no-inspection Limited Nuclear Test Ban Treaty.

2. The 1963 US credit sale of wheat to the Soviets. This was the basis for the increase thereafter of trade (on US credit) with the USSR.

3. The 1964 unilateral arms control reduction of US enriched uranium and plutonium production, unreciprocated by the USSR.

4. The 1964 bilateral consular convention.

Rock's philosophy also strongly contributed to:

1. The US unilateral deactivation of the 100 Thor and Jupiter IRBMs in early 1963.

2. The US unilateral deactivation of over 2,000 B-47 bombers beginning in 1963, and 70 B-58 bombers in 1967.

3. The US unilateral deactivation of 185 Atlas and Titan I ICBMs in 1963, and the cutback in Titan II deployment from the planned total of 250 to only 54.

4. The US unilateral cutback in 1963 of planned Minuteman ICBM deployment from up to 10,000 to 2,000 to only 1,000.

5. The US unilateral cancelation in 1963 of the B-70 bomber and the Skybolt air-to-surface missile.

6. The unilateral reduction in US air defense interceptors and missiles beginning in 1963.

7. The US unilateral disarmament proposal to the United Nations in 1964.

8. The 1967 unilateral US cutback in ABM development plans and advocacy of opening SALT negotiations.

9. The prevalance of minimum deterence philosophy in the US.

The result of Rock's and Kissinger's unsupported convergence philosophy has been devastating. After 18 years of one-sided US arms control and US accommodation of the Soviets through detente, there is now overwhelming evidence that the Soviets have been ruthlessly exploiting detente and SALT to retard US defense programs and to lull the US into a false sense of security, while they moved to acquire military superiority and overall geopolitical supremacy.

Has Soviet ideology changed, mellowed, or been abandoned, as Rock and Kissinger postulated? As noted, Article 28 of the 1977 Soviet Constitution specifically commits the USSR to support "wars of national liberation." In the mid-1970s, Soviet Communist Party leaders wrote that "Soviet military superiority is facilitating the world revolutionary struggle." This doctrinal pronouncement clearly means that, as in 1963, Soviet military power and now overall superiority enables them to pursue their world-wide revolutionary aspirations without interference by the US.

VII. UNILATERAL U.S. STRATEGIC RESTRAINTS IN SALT I AND II

A major thrust of the new Reagan Administration's approach to arms control has been to pay lip service to building up the U.S. strategic posture to achieve a margin of safety and to pay lip service to making arms control contribute to, not subtract from national security. Previously, the result of arms control's dominance of strategic planning was U.S. unilateral restraint. That dominance was the cause of the dangerous shift in the strategic balance that was allowed to take place over the past 15 years. As former Defense Secretary Brown has stated, when the U.S. builds, the Soviets build, but when we deactivate, the Soviets keep building.

U.S. spending on strategic forces and the megatonnage carried in strategic weapons have both declined significantly since 1963. (See Figure 3.) The numbers of U.S. strategic delivery vehicles and warheads (counting medium bombers and air defense missiles) have also declined since 1963. Effective U.S. air defense were deactivated finally by 1974, and our token ABM defenses were deactivated in 1976. We have never had a viable civil defense. Since SALT began in 1969, we have reduced the number of deployed strategic delivery vehicles by 410. The number of deployed U.S. strategic nuclear warheads has dropped by over 560 since 1977.

If planned forces are also considered, 710 more U.S. delivery vehicles and over 6,000 more U.S. warheads have been cut since 1977.

As figures 4, 5, and 6 illustrate, the U.S. has allowed SALT I and II to severely constain its forces, either directly or indirectly.

The juxtaposition of Soviet gains and U.S. unilateral restraint has led to the following types of concerns, all of which were expressed during the Senate SALT II hearings:[46]

All U.S. ICBM's are already, in 1981, vulnerable to first strike from relentlessly improving Soviet ICBM counterforce capabilities. (The window of vulnerability opened in 1980, as Secretary Brown conceded.)

Most U.S. strategic bombers are likewise, even now, vulnerable and by 1985, all will be vulnerable, due to continuing Soviet advances in SLBM and air defense capabilities. Already about 70 percent of our bombers are vulnerable on the ground, and the initially survivable 30 percent on alert face ever diminishing prospects of penetrating the already quite formidable and improving Soviet air defenses.

With two legs of our strategic Triad now almost totally vulnerable, the vulnerability of our strategic forces is at an all-time high. But in addition, all our command and control systems are also unprecedently vulnerable.

Due to the dangerous erosion of ICBM and bomber survivability, we are now and will continue throughout the 1980's to be unduly reliant on the third leg of our Triad, the sea-based SLBM force, for most of our deterrence. But many of our SLBMs are already dedicated to NATO targets in the Warsaw Pact, and therefore should not be counted in the intercontinental balance. Moreover, despite this dependency, the number of our deployable submarines, SLBMs, warheads, and megatonnage, was dramatically decreased by the Carter Administration by deactivating our ten Polaris submarines prematurely. And by opposing the construction of extremely low frequency (ELF) submarine communications, SLBM survivability was also reduced. While only about 50 percent of our much-reduced force of only 31 remaining SLBM submarines is on patrol at any one time, reportedly only three submarines or as few as 48 U.S. SLBMs, may be in communication with the National Command Authority at any one time, and hence capable of retaliation.

Constraints on U.S. Forces due to SALT I and U.S. unilateral cutbacks during SALT I and II

1963: Deactivate 2,000 B47s, 70 B-58s, 185 Atlas and Titan I ICBMs, 100 thor and Jupitor IRBMs, 200 Titan IIs cutbacks.

Ongoing Soviet Buildup: Retain 700 TU-16 Badgers and TU-22 Blinders; Retain 209 SS-7/8 ICBMs, retain 600SS-4/5s.

1967: U.S. freezes ICBM force at 1,054; SLBM force frozen at 656.

1969-1977: Over 250 B-52 bombers scrapped. By 1969 Soviets equal U.S. in ICBMs and SLBMs, add 1,000 new launchers beween 169-1977, over 400 backfire bombers through 1985.

1972: SALT I required US ABM program to be reduced from 4 planned sites to only 1.

1973: ABM R & D drastically cut.

1976: ABM deactivated. Moscow ABM upgraded; ABM R & D increases 5-to-1 over U.S.; nationwide ABM breakout capability, components mass-produced.

1977-1980: B-1 bomber canceled; Four-year delay in initial operational capability for: MX ICBM (number of missiles and warheads also cut): Three new Soviet bombers in R&D; SS-19, SS-18 fully deployed; five new ICBMs in advanced R&D.

FIGURE 4

Trident SLBM and submarine (construction rate also cut).

Soviet Typhoon ahead of Trident, SS-N-8 operational since 1973.

Air Launch Cruise Missile. New Soviet ALCMs, SLCMs in advanced R&D.

Ground Launch Cruise Missile.

Submarine Launch Cruise Missile.

ALCM A Canceled.

160 Polaris SLBMs deactivated.

Earliest Soviet Y, old G, and H classes kept.

SRAM production ended.

400 Hound dog ASMs deactivated.

Soviet AS-3, 4 kept.

Deployment of 100 Minuteman IIIs canceled.

200 Soviet MIRVed ICBMs, 1,000 warheads deployed per year since 1974, to continue through 1985.

Minuteman III production line dismantled.

Over four Soviet ICBMs in production

All the above U.S. programs were started before SALT I was signed. In contrast, all Soviet offensive and defensive programs were codified by SALT I and II and proceeded to full deployment as originally planned.

The evidence shows that the Soviets defend their rigid five-year defense plan from SALT constraints. But the U.S. has a rolling one-year plan, and allows SALT to constrain its force plans.

The Soviets have spent over $100 billion more than the U.S. on strategic offensive forces alone during the decade of SALT.

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ILLUSTRATIONS OF U.S. STRATEGIC CUTBACKS DURING SALT II NEGOTIATIONS

The U.S. cutbacks listed below occurred between 1974 and 1979, and were either unilateral or were related to U.S. SALT II negotiating proposals.

Delivery vehicles cut: 120—SLBMs on five delayed Trident submarines; 160—SLBMs on ten deactivated Polaris submarines; 130—B-52 ALCM carriers for eventual deactivation: 50—MX ICBMs canceled; 250—B-1 bombers canceled: total, 710—Canceled delivery vehicles.

Warheads cut; 960—on five delayed Trident submarines; 160—on ten deactivated Polaris submarines; 2,600—on 130 canceled B-52 ALCM carriers 1,500—on fewer and down-loaded MX ICBMs; 960—by not maximizing planned B-52 ALCM loading; total, 6,180—warheads forfeited.

Worst case excursions

Delivery vehicles cut:	*Warheads forfeited*
150 more MX canceled	2,100
100 Minuteman III canceled	300
400 Hound Dogs deactivated	400
ALCMs on canceled B-1s	5,000
Cancellation of SRAMs	1,000
Withdrawal of tactical warheads from Europe	1,000
SALT II penalty for more than six Trident submarines or more than 120 B-52 ALCM carriers	650
Total	10,450
	(in addition to 6,180)

For further details, see David S. Sullivan, Arms Control and U.S. foreign Policy: Fatal Flaws of SALT II (Washington, D.C.: Foreign Affairs Council 1980, pp 14-22.) Reproduced with permission, international Security Review.

FIGURE 5

Survivability in the SLBM area remains one of the great unknowns. The Soviets are reportedly spending over three times more than the U.S. on antisubmarine warfare (ASW), and they have well over twice as many attack (ASW) submarines as the U.S. As Rear Admiral Harvey, former Director of Naval Intelligence, noted in 1978, the Soviets:

"Extensive ASW R & D effort . . . is the area in which we could be expected to know the least, because it does not have the manifestations in the open seas that their weapons and platforms do."[47]

Because these 48 SLEMs probably constitute our actual strategic deterrent at any one time, they could, therefore, suddenly become vulnerable to an unanticipated Soviet breakthrough in ASW, one that we would be unlikely to be able to detect.

In sum, the entire U.S. strategic deterrent could soon be rendered vulnerable, and worse, we might not even know until it was too late to react. And U.S. intelligence has an unbroken, scandalous 20-year record significantly underestimating the quantity, quality, and budget of Soviet strategic forces.

As Henry Kissinger openly confessed to a stupified NATO Conference in Brussels on September 1, 1979:

"The amazing phenomenon about which historians will ponder is that all this (dramatic growth of the Soviet strategic power since 1963) has happened without the United States attempting to make any significant effort to rectify that state of affairs. . . . It cannot have occurred often in history that it was considered an advantageous military doctrine to make your own country deliberately vulnerable."

FIGURE 6

SUMMARY OF CONTINUED U.S. STRATEGIC CUTBACKS UNDER DEFENSE SECRETARY WEINBERGER, 1981-1985

ICBMs: No deployment of 100 stockpiled Minuteman IIIs; no upgrade of Minuteman power and airborne launch control.

Reduction in MX from 200 to 100 missiles, in nonsurviving basing mode, with no ABM defense.

Premature and abrupt deactivation of 52 Titan IIs carrying a high percentage (33 percent) of our ICBM megatonnage.

SLBMs: Continued Polaris submarine deactivation—loss of 160 high megatonnage SLBMs—26 percent of our SLBM megatonnage.

Cutback in 1 Trident submarine.

Reduction of Trident construction rate from 1½ to 1 per year.

Delay to 1992 completion of Kings Bay Trident sub base.

One year delay in ELF deployment decision.

Bombers and ALCMs: Premature and abrupt deactivation of 80 B-52Ds, carrying heavy megatonnage—19 percent of our bomber megatonnage.

Reduction of ALCM yearly production rate from 480 to 440 per year, delay of B-52 ALCM initial operational capability one year to December 1982.

Cancellation of KC-10 tanker aircraft procurement.

Failure to deploy sufficient ALCMs on B-1.

No inland basing and increased alert rate for B-52 force.

Defense: Deletion of proposed funding for space laser research and development.

Reduction of Patriot Air Defense missile system.

No acceleration of ABM R&D.

A total of 26 percent of our existing megatonnage is being unilaterally deactivated, with no quid pro quo being either asked for or gained in Soviet restraint.

(Source: Congressional Record, December 11, 1981, p. S-15124.)

VII. SOVIET COUNTERFORCE CAPABILITY UNDERCUTS CONTINUATION OF SALT

In the mid-1950's, the Soviets engaged in a major internal debate concerning the nature of war and the role of nuclear weapons. In the process, they recognized the potential decisiveness of nuclear weapons and the great advantage that could accrue to the antagonist who would be first to strike.

Surprise, previously a military factor of secondary importance, became recognized as a primary factor because without it, a prudent opponent would have to preempt himself to avoid being the object of a potentially decisive first strike. Accordingly, in about 1955 surprise became one of the most important elements of Soviet military doctrine and, along with it, the need to fight a preemptive war—that is, to strike the first blow against an opponent poised to strike. This however, was insufficient, as analyzed by Herber Dinerstein in a January 1985 Foreign Affairs article, because under these conditions, it is the opponent who chooses war; the Soviet Union simply makes the best of it in seeking by earlier action to blunt the opponent's first blow. As long as the Soviet Union has no hope, in its first strike, of hitting the opponent's striking forces effectively enough to preclude retaliation, the initiation of war is an act of extreme desperation.[48]

Dinerstein's prophetic conclusion, then, goes to the heart of our present concerns over the Soviet advantages developed through SALT, and even linkage:

If the Soviet Union should continue to gain technologically while the NATO alliance made little progress, the Soviet Union would be able to make war without fear of the consequences. It will be difficult to attain the ability to eliminate the opponent's nuclear striking forces in a single blow. But that is the goal which the Soviet leaders must strain to reach. If they should acquire such preponderant military strength, they would have policy alternatives even more attractive than the initiation of nuclear war. By flaunting presumably invincible strength, the Soviet Union could compel piecemeal capitulation of the democracies. This prospect must indeed seem glittering to the Soviet leaders.[49]

This is precisely why the foregoing examination of Soviet and U.S. behavior during the decade of SALT and detente is so important and essential to understand before SALT III begins.

Prevention of a Soviet first-strike, counterforce capability has always been the prime, the fundamental U.S. objective in SALT. President Nixon stated in his 1972 Report to Congress on Foreign Policy that: "Our forces must be maintained at a level sufficient to make it clear that even an all-out surprise attack on the U.S. by the USSR would not cripple our capability to retaliate. . . ."

Senator Jackson also pointed out in 1972 that the primary U.S. objective in SALT I was to preserve the survivability of U.S. forces: "The intent of the SALT I Agreements is to enhance our security by enhancing the survivability of our deterrent."[50]

The often forgotten but highly significant U.S. Unilateral Statement in SALT I of May 9, 1972, stated that a permanent offensive limitation SALT treaty (SALT II) would have to be reached within at least five years, by 1977. (Over nine years have now passed since that ominous deadline was set.) The U.S. Unilateral Statement went on to say that if a severe Soviet counterforce threat to the survivability of our strategic forces developed in the meantime, this could constitute grounds for abrogation of both the SALT I Agreements—the ABM Treaty and the Interim Agreement—on the basis of jeopardy to our supreme national interests.

Many experts believe that the Soviet counterforce threat described above is now so severe that there is ample justification for abrogation of the ABM Treaty in order to build a ABM. The SALT I Interim Agreement expired in 1977, and the U.S. should end unilateral compliance with this agreement. The SALT II Treaty was never ratified, therefore it is illegal to continue U.S. unilateral compliance with it.

Moreover, the Jackson Amendment to SALT I was designed for the Congress to support and reaffirm the U.S. Unilateral Statement of May 9, 1972. The Jackson Amendment, Public Law 92-448 passed overwhelmingly by both the House and Senate by September 30, 1972, reemphasized that the paramount, most fundamental U.S. objective in SALT II was to constrain the Soviet threat to the survivability of our forces.

It is seldom remembered, but in 1972 a highly significant proposal by Senator Edward Brooke was added to the Jackson Amendment. It stated that SALT II negotiations would be based on "the preservation of longstanding U.S. policy that neither the Soviet Union or the U.S. should seek unilateral advantage by developing a first strike potential."[51] The Brooke Amendment added that the success of SALT I depended on both sides eschewing first-strike potential.

A first-strike potential is first and foremost a counterforce capabaility. Yet SALT I allowed the Soviet counterforce threat to grow by a factor of five from which it stood when SALT I was signed in 1972 to SALT I's expiration in 1977. As then Defense Secretary Melvin Laird testified on SALT I to the Senate on July 24, 1972:

> If the Soviet Union goes forward with a program. . . which appears to be a concerted attempt to undermine the survivability of the Minuteman deterrent force, we would view this with great concern. In my view, such a program would be contrary to the intent of the agreements that have been arrived at in SALT (I). . . . I think the intent of this agreement would be violated.[52]

In March 1977, the U.S. proposed a SALT II framework which would have partially reduced the Soviet counterforce advantage. The Soviets summarily rejected the U.S. proposal with disdain. This episode should have provided conclusive evidence that the Soviets are not interested in equitable arms control which will stabilize the strategic balance.

SALT II would have allowed the Soviet counterforce threat to grow still more, to the overwhelming level of a nuclear blackmail capability. Thus, the SALT process has completely failed to achieve the most fundamental U.S. SALT objective: preservation of a survivable U.S. deterrent.

Gerard Smith long ago recognized the most difficult problem in negotiating arms control with the Soviets, when he wrote to President Nixon as early as May 1969: "If either side is striving for or appears to be striving for an effective counterforce first strike capability, then there is no hope for strategic arms control."[53]

But the whole thrust of the Soviet strategic buildup of the 1970's, planned by the Soviets as early as 1963, was to achieve just such a first-strike capability against the U.S. Why did it take us so long to recognize the growth of the threat? How can we negotiate with an adversary which is constantly striving to undermine strategic stability and the fundamental purposes of arms control?

Compounding the offensive systems imbalance is the sobering fact that the Soviets possess a balanced array of highly capable strategic defenses. As a result of further U.S. unilateral restraint and cutbacks, the U.S. now has no effective strategic defenses at all. The Soviets already have the world's most extensive ABM and air defense missile and interceptor systems. Moreover, the Soviet ABM and air defense systems are being rapidly modernized. And their air defense missiles and radars probably have a significant ABM capability in certain scenarios. The Soviets have probably already developed the capabilities to "breakout" of the SALT I ABM Treaty into a rapidly deployable, nationwide ABM defense. They also have a huge civil defense system which promises to significantly limit casualties and damage in nuclear war, and an operational antisatellite (ASAT) system. Their emphasis on ASW has been noted above. Further, they are expediting development of advanced charged particle beam and laser weapons technology, and they may well achieve an exotic ABM and space defense capability before the U.S.

If arms control is ever to be able to contribute to U.S. national security interests, a wholly new beginning must be made and completely rethought, new theories and principles developed. Arms control thinking must accept the reality that the Soviets have entirely different and hostile objectives in negotiations which so far have been fundamentally incompatible with those of the U.S. The Soviets have disdain and contempt for those Americans who believe arms control is a cooperative process. To the Soviets, arms control is a weapon of political conflict. Soviet military doctrine embraces warfighting, and is totally competitive. It provides no guide to the Soviets for determining how much military capability is enough. More is always better under a warfighting doctrine. Their warfighting doctrine, guided by Marxist-Leninist principles, provides the impulse for deceptive negotiations aimed at unilateral advantage.

IX. INTERNATIONAL LAW AS A SOVIET WEAPON

S. Krylov, a Professor of International Law at Moscow State University, wrote in 1957 in Izvestiya:

"The Soviet Union. . . From the very first days of its existence has accurately and loyally observed the international obligations which it has assumed. The scrupulous observance by the Soviet Union of the treaties and agreements which its representatives have signed is recognized even by those who are unfavorably disposed toward it."

But Soviet treaty violations are indisputable. According to an official U.S. State Department Soviet Affairs Note of August 10, 1959:

"Few nations can match the USSR in vociferous protestations of loyalty to international obligations. However, such declarations—which are typical of Soviet propagandists and scholars alike—diverge widely from actual Soviet practice. In the years since the Bolshevik Revolution the Soviet government, while consistently accusing others of bad faith in international dealings, has not hesitated to violate its own treaty obligations when such action appeared to be in its interest."

The Soviets use international law, like warfare and subversion, as an instrument of policy. A soviet international legal expert has succinctly stated:

"Those institutions of international law which can facilitate the accomplishment of the stated tasks (of Soviet foreign policy) are recognized and applied in the USSR; those which contradict these aims in any way are rejected." (F. I. Kozhevnikov, The Soviet State and International law, Moscow, 1948, p. 25.)

And, as V.I. Lenin declared frankly in 1918 in regard to the March 1918 Soviet/German Brest-Litovsk peace treaty: Yes, of course we are violating the treaty. We have already violated it 30 or 40 times.

The official 1959 State Department document mentioned above authoritatively concluded that: "The history of the last 40 years provides numerous examples of deliberate treaty violation by the Soviet regime. A cursory examination of the public conventions entered into by the Soviet Union during this period reveals well over 50 violations. The USSR has disregarded treaty provisions inconvenient to itself, has unilaterally denounced conventions to which it was a party, has threatened abrogation as a means of intimidation, and has on several occasions attacked fellow signatories to treaties of friendship and non-agression."

X. THE SOVIET SALT VIOLATIONS AND TREATY COMPLIANCE RECORD

An advisor to President Reagan, Laurence Beilenson, stated in a recent book:

"We consider ourselves sagacious in staking our survival on treaties with the USSR, whose ideology blesses cheating as a virtue." (Survival and Peace in the Nuclear Age, Laurence W. Beilenson, Regnery-Gateway, Chicago, 1980, p. 62.)

Nikita Khrushchev stated on January 6, 1961: "The fight toward disarmament is an active fight against imperialism, for narrowing its war potential." These two statements sum up the Soviet approach to SALT.

Analysis of Soviet compliance with Strategic Arms Limitation Treaties (SALT) has been complicated by the ambiguity of many of the provisions of the agreements. But this ambiguity was deliberately intended by the Soviets and is the direct result of Soviet negotiating deception to create loopholes to protect their strategic programs from constraints.

Analysis of Soviet SALT compliance is also hindered by the well known ambiguity of US intelligence data and judgements. This ambiguity also stems largely from Soviet behavior. Since 1972, the Soviets have enacted a massive camouflage, concealment, and deception program involving all Soviet strategic forces. As noted, this program has deliberately and clearly interfered with US national techical means of verification. The harmful effects of Soviet camouflage, concealment, and deception can be recognized in the role it had in misleading U.S. intellegence estimates of both the basic Soviet ICBM and SLBM levels during SALT I. These were the key verification parameters of SALT I, and U.S. intelligence miscounted both of them.

Thus the Soviets negotiate ambiguous SALT provisions, and then try to confound U.S. monitoring and analysis of their compliance behavior by throwing sand in our eyes.

To add injury to insult, the Soviets often deliberately circumvent and even violate arms control treaties and other treaties. Nevertheless, the Soviets have had the gall to claim frequently that the U.S. should "trust" the Soviet to comply with SALT agreements.

This section analyzes the public evidence showing that the Soviets deliberately violate SALT and other arms control treaties. The conclusion that the Soviets have violated SALT treaties should not be surprising, however, when viewed against the background of the history of Soviet diplomatic behavior and treaty violations since the Bolshevik Revolution of 1917. Moreover, the conclusive evidence of Soviet negotiating deception throughout the SALT negotiations is indicative of Soviet compliance behavior. This pattern of negotiating deception, operational camouflage and concealment, and treaty violations is part of a much larger Soviet effort in diplomatic duplicity which involves progaganda, disinformation ploys, and "active measures" of covert action and subversion designed to totally defeat the West. All of these elements of Soviet foreign policy and diplomacy will be treated below.

A. EARLY WARNINGS ABOUT SOVIET INTENTIONS IN ARMS CONTROL

The 1961 volume Arms Control and Disarmament, edited by the late Donald G. Brennan, has long been the "bible" of arms control philosophy. In this volume, Robert R. Bowie of Harvard University prophetically defined the problem of negotiating arms control agreements with the Soviets:[54]

"All plans for arms control have one common feature: they presuppose some form of cooperation of joint action among the several participants regarding their military programs." (Emphasis added.)

Twenty years ago, Bowie went on to ask: "is such cooperation feasible between major powers whose national purposes are in basic conflict?"

Bowie then warned that arms control would be made difficult because of political conflict: "Military forces are only the reflection of political hostility. They are not the source or origin of tensions and conflicts among nations. Consequently, it is futile to try to regulate or reduce military forces separately from their underlying political causes."

Most significantly, Bowie also warned about the nature of Soviet intentions in arms control negotiations:

"In the Communist view, the conflict between their system and any other is irreconcilable and will be resolved only by the ultimate victory of the Communist order . . . The Communists would not make or carry out any arms agreement in good faith. Any means are legitimate in seeking to promote Communist advance. Treaties are only instruments for pursuing their basic aims and will be violated or evaded as suits their interests. . . . It would be rash indeed to disregard these lessons in devising and analyzing any arms control proposals. The grounds for distrusing the Soviet Union and its purposes should make even the optimistic cautious. The record of broken agreements should warn us not to rely on Soviet promises or good faith as the basis for arms control measures . . . The only safe course is to accept at face value the constant Communist assertions of their basic hostility to our social order."

In the retrospect of twenty years of experience with Soviet arms control negotiating and compliance behavior, Bowie's warnings seem fundamentally sound.

Another prophetic warning must again be noted. Dr. Henry Kissinger, the chief architect of detente and SALT, warned Senators in 1972 that:

"The possibility always exists that the Soviets will treat the Moscow (SALT I) agreements as they have sometimes treated earlier ones, as just another tactical opportunity in the protracted conflict. If this happens, the United States will have to respond . . . If this agreement were being circumvented, obviously we would have to take compensatory steps in the strategic field . . . the two countries have a unique opportunity right now to move into an entirely different relationship of building additional trust . . . If it turns out that through legalistic interpretations of provisions of the agreement or through failing to specify numbers about which we have left absolutely no doubt as to our interpretation . . . if it should turn out that those numbers are being challenged in any significant way at all, then this would cast a doubt. It would not only threaten disagreement, but it would threaten the whole basis of this new relationship . . .[55]" (Emphasis added.)

But has the US responded to Soviet SALT circumventions and violations? Has the US been willing to enforce SALT compliance, to the detriment of the detente relationship?

The Soviet Constitution ostensibly guarantees human rights and freedoms to all Soviet citizens. Yet the record is equally clear that the Soviet Communists have fundamentally violated their own constitution by arbitrarily denying basic human rights to their own citizens supposedly protected by their constitution. If a regime will violate its own constitution, will it uphold treaties?

The record of Soviet non-compliance with arms control treaties since these warnings were issued will suggest that evasion, circumvention, and violation are endemic to Soviet diplomatic behavior. The SALT negotiating and compliance record confirms that the Soviets have entirely different and hostile objectives in arms control which are fundamentally incompatible with those of the US. Thus the Soviets have found evasion, circumvention, and violation of arms control agreements to be in their interest, and have behaved accordingly. They have circumvented, evaded, or violated SALT agreements in order to further the shift in correlation of forces in their favor. Yet, contrary to Kissinger's pledge, thus far the US has failed to respond with compensatory strategic programs or even to challenge Sovet SALT violations.

B. THE SOVIET SALT VIOLATIONS

There is reason to believe that the Soviets view all arms control negotiations to be a sham, useful only for propaganda purposes. The Soviet historian, E. V. Tarle, wrote in the 1930s:

"The idea of disarmament has been one of the most favored forms of diplomatic dissimulation of the true motive and plans of those governments which have been seized by a sudden "love of peace." This phenomenon is very understandable. Any proposal for the reduction of armaments could invariably count upon broad popularity and support from public opinion."[56]

Soviet arms control behavior is consistent with the above statement, which was cited again in the standard Soviet text on diplomatic history, Istoria Diplomatii, Moscow, 1945.) The Soviets always claim to be peace-loving, but they nevertheless build up their military forces, both during negotiations and in circumvention or violation of arms control treaties. Moreover, the Soviets control Russian public opinion and manipulate it in the West. Soviet peace propaganda has successfully obfuscated Soviet SALT cheating, and instead made the US seen to be the main villain in arms control.

In the Spring 1980 issue of International Security Review, Senator Gordon Humphrey stated that the Soviet Union is guilty of 27 violations of the SALT I ABM Treaty, SALT Interim Agreement, SALT II, and other arms control agreements. Several others have become public since then. Humphrey also stated that the Nixon, Ford, and Carter Administrations either suppressed these violations from the American people, or distorted or misleadingly presented them.

According to Humphrey, the SALT violations "coverup" began under the Nixon Administration and was orchestrated by Dr. Henry Kissinger, who continued to perpetuate the coverup under the Ford Administration. It was continued and expanded under the Carter Administration, which extended the coverup to Soviet violations of SALT II. The violations as outlined by Humphrey are as follows:[57]

1. SALT I violations—ABM Treaty

Soviet SAM testing in ABM mode;

Soviet deployment of ABM Battle Management Radars;

Soviet ABM camouflage;

Soviet falsification of ABM deactivation;

Soviet creation of a new ABM Test Range without prior notification;

Soviet development of a rapidly deployable, mobile ABM.

2. SALT I violations—Interim agreement

Soviet deployment of the heavy SS-19 ICBM as the replacement of the light SS-11 ICBM, which is the most dangerous of all Soviet SALT violations;

Soviet failure to deactivate old ICBMs on time, and falsification of official reports;

Bringing back ICBM equipment to a deactivated ICBM complex;

Keeping 18 SS-9 ICBMs at an ICBM test range, illegally operational;

Soviet deployment of IIIX silos with a configuration too similar to a missile-launch silo;

Soviet massive use of deliberate camouflage concealment, and deception, which actually increased after 1972:

Encryption of missile telemetry

Camouflage of ICBM testing, production, deployment

Concealment of SLBM submarine construction, berthing, dummy subs, berthing tunnels;

Constructing over 68 strategic submarines, when only 62 were allowed;

SS-20 IRBM deployment, which should count as ICBM deployment;

Violation of Brezhnev's pledge not to build mobile ICBMs;

Deploying SS-11 ICBMs at SS-4 MRBM sites, probably having a covert soft launch capability.

Keeping about 1,300 to several thousand old ICBMs stockpiled for both covert soft launch and rapid reload of silos for refire.

3. Other arms control violation

Over eight Soviet underground nuclear tests probably over 150 kilotons, in violation of the 1974 Threshold Test Ban Treaty. Several of these high yield underground tests are unambiguous violations;

Over 30 unambiguous Soviet ventings of radioactive debris from undergound nuclear tests in violation of the 1963 Limited Test Ban Treaty. These ventings are all unequivocal, and resulted in the spread of radioactive debris outside of Soviet borders;

In addition to the Soviet Combat Brigade deployed in Cuba, Soviet deployment to Cuba since 1970 of Golf and Echo class submarines carrying long-range nuclear missiles, deployment of nuclear-capable MiG-23 fighter bombers to Cuba, deployment of long-range Bear bomber type aircraft capable of carrying nuclear bombs and missiles to Cuba, all in direct violation of the 1962 and 1970 Agreements Prohibiting Offensive Weapons and their support facilities in Cuba. This arms control violation is even more serious than SS-19 deployment.

The now confirmed April 1979 germ warfare accident at Sverdlovsk, indicating conclusive Soviet violation of the 1975 Convention banning germ warfare. Moreover, there is now also conclusive evidence of Soviet use of biological toxins in Southeast and Southwest Asia. And the Soviets also have an intercontinental delivery capability for Biological Warfare (BW) weapons. This Soviet arms control treaty violation is easily understandable, and all by itself it has graphically demonstrated the duplicitous Soviet approach to arms control. The Director of Political-Military Affairs of the State Department, Richard Burt, has directly accused the Soviets of violating the 1975 BW Convention.[58]

4. SALT II violations

Soviet Typhoon SLBM encryption;

Reported Soviet camouflage of new submarines;

SS-18 Mod X ICBM encryption;

SS-NX-19 SLBM encryption;

SS-20 IRBM encryption and deployment;

Continued stockpiling of SS-16 mobile ICBMs;

Soviet AS-3 Kangaroo deployment on Bear bombers;

Soviet AS-6 deployment on Backfire bombers.

Reported Soviet rapid reload/refire exercises for the SS-18 cold-launched ICBMs.

C. Analysis of the SALT violations

The raising of compliance issues with the Soviets has, as noted, been complicated by the ambiguity of the provisions of arms control agreements, which is largely the result of Soviet negotiating deception, and also by the usual ambiguity of our intelligence caused principally by Soviet camouflage, concealment and deception. But there nevertheless has long been more than adequate evidence to challenge Soviet SALT violations. The shift in the strategic balance in Soviet favor, and US advocacy of a minimum deterrence posture in which Soviet strategic advantages are deemed meaningless, are the principal causes for US acquiescence in the Soviet SALT violations. Soviet circumventions and violation have shifted the strategic balance further in Soviet favor, which in turn has made it more provocative and dangerous for the US to challenge these violations.

As Ambassador Seymour Weiss, former Director of the State Department's Office of Political-Military Affairs, has so succinctly stated:

"Once a democracy has committed itself to a major, formal arms control treaty, a treaty seen as the linchpin of a broader policy of detente, finding the partner in violation of that treaty tends to undermine its own foreign policy. It amounts to an admission of past failure. Violations—and their political as well as military implications—must be explained to the electorate and to one's allies. This means that further arms control proposals will be difficult if not impossible to advance. The consequences are almost endless and all bad, from the point of view of those supporting arms control and those who insist agreements must be and in fact are verifiable. *The violation must be made to go away.* It did not occur, or if it did it was a passing aberration, or no military or political consequence, unworthy of open discussion. At all costs, the process of arms control must be protected. These are not overstatements. It is this pressure of political events that bears most heavily on verification, that causes even relatively clear-cut violations to be rationalized away. *Unfortunately, our failure to confront the Soviets can only be interpreted by them in one way: as proof that the massive shift in the "correlation of forces" away from capitalism and toward socialism has left the leaders of the West no choice but to accommodate themselves to the Soviet position that violations have occurred.* This, in their view, is a "forced concession" caused by Soviet possession of superior power. The Soviet world view allows them no other interpretation of our acquiescence in the face of *overwhelming objective evidence that the Soviets have violated SALT and other arms control agreements and the West has taken no action to repudiate or modify them. (Emphasis added.)*"[59]

Amb. Weiss has thus answered the question of why the US has not acted upon Kissinger's warning that the US would abrogate if the Soviets were circumventing or cheating. Detente and continuing the SALT process are more important than preserving US national security.

Roberta Wohlstetter has also written that:

"The cheater in an arms agreement and the side cheated . . . *both need to preserve the illusion that the agreement has not been violated.* The British fear of an arms race (i.e., in the 1930s) so skillfully manipulated by Hitler, led to a (1935) naval agreement, in which the British . . . tacitly revised the Versailles Treaty. *And British fear of an arms race prevented them from recognizing violations of the new agreement.*" (*The Washington Quarterly*, Autumn, 1979, p 57, emphasis added.)

The Carter Administration defined a SALT violation as a Soviet action which is deliberate, is contrary to the purpose, intent, and precise terms of the SALT agreement, and which results in a significant increase in Soviet strategic power. A violation should be easy to define, however, as simply a confirmed Soviet act which is contrary to the terms of the agreement.

But using the loose Carter definition of a violation, Soviet deployment of the SS-19 ICBM should be recognized as a violation.

This is the single most dangerous Soviet SALT violation, because it has nearly doubled the Soviet counterforce threat to the United States.

Even using the above loose Carter violation definition, the SS-19 case is a precise violation for the following reasons. Soviet SS-19 deployment was deliberate. It was contrary to the purpose, intent, and precise terms of the SALT I Interim Agreement's Article II. This provision simply and clearly bans heavy ICBMs from replacing light ICBMs, and the SS-19 is a heavy Soviet ICBM replacing the light SS-11. The Soviets knew in 1972 that their then-secret SS-19 was a heavy ICBM under the U.S. definition.[60] They regarded it as a heavy ICBM themselves. No agreed definition of a heavy ICBM was necessary for the US to try to enforce Article II. The plain sense of Article II is clear without a definition. Finally, the SS-19 has given the Soviets a significant increase in their military power. But despite their own loose definition of a SALT violation and the above facts which precisely fit it, the Carter Administration explicitly refused to classify the SS-19 as a Soviet SALT violation. So did the Ford and Nixon Administrations before it.

In 1974, former Defense Secretary James Schlesinger stated that the SS-19 was clearly not a light ICBM, and was at least a "medium" missile.[61] (But, as noted, the Soviets themselves have always regarded the SS-19 to be a heavy ICBM all along.) Under the US definition of 1972, the SS-19 was clearly a heavy ICBM. It took the U.S. as long as until early 1975, over 5 years after the first SS-19 silo was started, 3 years after its first test, and after the signing of the Vladivostok Aide Memoire, to raise the question of the SS-19 with the Soviets for the first time. And even then, the U.S. did not bring a charge of Soviet SALT violation. Instead, the U.S. conceded to the Soviets that the heavy SS-19 counterforce, first strike weapon was really a light missile and not a heavy one after all. This was the surprising resolution of an issue at the core of U.S. national security. The Soviets could only conclude that if the U.S. was unwilling to try to enforce a fundamental provision of SALT I, the way was open for further violations.

Another signficant Soviet SALT violation deserves repetition. Soviet military camouflage, concealment, and deception reportedly increased after SALT I negotiations began in 1969. As noted, since SALT I was signed in 1972, the Soviets have enacted a massive camouflage, concealment, and deception program involving all Soviet strategic forces. This massive camouflage and concealment program was approved by the Politburo and Defense Council, and was coordinated with SALT negotiating deception. Both SALT I and II state that "deliberate concealment measures which impede verification by national technical means" will not be used by either side. The Soviet program itself constitutes a violation of the provisions of both the SALT I and SALT II agreements which prohibit deliberately impeding or interfering with national technical means (NTM) of verification (reconnaisance satellites). This is because it has both deliberately and clearly interfered with U.S. national technical means of verification. The deleterious effects of deliberate Soviet camouflage, concealment, and deception can be recognized in the role it had in misleading U.S. intelligence estimates of both the basic Soviet ICBM and SLBM levels during SALT I.

As even the Carter Administration State Department White Paper on SALT II verification of August 1979 stated: "Deliberate concealment efforts are themselves a violation, and if detected could be grounds for abrogating the treaty, even if we are not certain what activity is being concealed * * * concealment measures designed to impeded verification would themselves be violations * * *" [62] Thus any Soviet concealment of strategic activity is a SALT violation, if we only can establish that it is deliberate.

The intentions underlying Soviet stragetic behavior are among the most difficult intelligence questions to resolve. But there has long been strong evidence that Soviet camouflage, concealment, and deception related to their SALT-constrained strategic forces is deliberately intended to interfere with and impede U.S. national technical means of SALT verification. For only one example, in 1966 the Soviets published a Dictionary of Definitions of Military Terms. This dictionary contained a definition of "maskirovka," the Soviet term for camouflage, concealment, and deception. Maskirovka included: ". . . creating deliberate interference with technical means of reconnaissance." (Colonel P.I. Skeybeda, ed., Dictionary of Definitions of Military Terms (Moscow: 1966), pp. 228-229.) This revealing definition of maskirovka appeared six years prior to the 1972 signing of SALT I, which precisely prohibited just such deliberate interference with NTM. Such a definition is surely still accurate.

Moreoever, the Soviets have openly stated that they have long deployed concealed ICBM launchers, and they have even shown on Moscow television examples of some of them concealed as woodpiles. The Soviets evidently want the US to believe that they have concealed ICBM launchers. Such concealed ICBM deployment completely circumvents all SALT I and II ceilings on launchers.

The Soviets have actually had the gall to accuse the US of deliberate concealment. This is tantamount to a Soviet accusation of a US SALT violation. The US has not, however, engaged in deliberate concealment.

A third Soviet SALT violation deserves repeating. The Soviets made a false SALT II claim that they do not have cruise missiles with a range greater than 600 kilometers. This falsification is a unilateral advantage which has allowed them to exclude about 250 sea-launched cruise missiles and over 100 air-to-surface cruise missiles carried on the Bear bomber.

The deception and violation is confirmed by the recent DoD book, Soviet Military Power, page 61. This official source reveals for the first time that the Soviet AS-3 Kangaroo air-launched cruise missile (ALCM) has a range of "650" kilometers, and that it is carried on two variants of the Bear bomber.

Yet the Soviets officially stated in the SALT II Data Exchange (an integral part of the SALT II Treaty) of June 18, 1979, that they had "zero" heavy bombers equipped for cruise missiles with range greater than 600 kilometers.[63]

Thus there is an officially confirmed Soviet SALT II falsification, and the Soviets are in violation of SALT II by not counting their 105 Bear bombers in the 1,320 ceiling on MIRVs and ALCM equipped bombers.[64]

It is especially ironic for the Soviets to have falsified the range of their AS-3 Kangaroo ALCM in 1979. For just two years earlier, on April 14, 1977, a Pravda editorial stated that: "Heavy bombers carrying cruise missiles with a range of more than 600 kilometers must be equated to MIRV missiles and accordingly entered into the established ceilings for such missiles." [65] The Soviets evidently thus meant for U.S. bombers equipped with long-range ALCMs to count under the 1,320 MIRV/ALCM bomber ceiling, but not their own.

Moreover, the Soviet Backfire bomber reportedly carries AS-6 air-to-surface cruise missiles with a range of 700 to 800 kilometers.[66] Yet they also refuse to count these bombers in SALT II as well.

We need now to consider the Soviet SALT violations listed above in more detail. We will examine the SALT I ABM Treaty, the SALT I Interim Agreement, and the SALT II Treaty.

1. SALT I ABM TREATY VIOLATIONS

a. The Soviets reportedly tested SA-5 air defense radars in an ABM mode between 50 and 60 times from 1973 through 1976. Then from 1978 through 1980 the Soviets reportedly tested SA-10 air defense radars in an ABM mode.[67] A U.S. unilateral statement does define rather precisely what ABM mode testing entails. But as in the case of Article II and the SS-19 discussed above, U.S. unilateral statements need not be considered. Both Articles II and VI of the ABM Treaty include obligations concerning ABM components which include not testing them in an ABM mode. In attempting to enforce Soviet compliance with Articles II and VI, the U.S. could have relied solely on the agreed obligations pertaining to prohibition of ABM mode tests. This was not done. The Soviets have clearly violated both these Articles, as well as the U.S. unilateral definition.

b. Since 1972, the Soviets have deployed ABM Battle Management Radars. The Soviets have reportedly built over four large radars which have inherent battle management capabilities in addition to early warning capabilities.[68] Article I prohibited an ABM defense of the entire territory of the USSR and the development of even the "base" for such a large area defense. These four large Soviet battle management radars clearly provide a base for a nationwide ABM defense. They therefore can be considered violations of an explicit, agreed provision of the ABM Treaty.

c. ABM camouflage has reportedly been detected since 1972. This activity falls under the above discussion of how all Soviet strategic camouflage and concealment is deliberate, and therefore is a violation of SALT I and II.

d. The 1978 State Department "White Paper" on Soviet SALT compliance contained a notable revelation. In 1973, the Soviets falsified the number of ABM test range launchers they had deactivated, in order to come below the 15 allowed by Article IV of the Treaty. The Soviets were informed by the U.S. that their deactivation report was false, but they have never been required by the U.S. to fully deactivate their excess ABM range launchers according to secret procedures for this very purpose agreed to in 1974. The Soviets thus stand in violation of Article IV of the ABM Treaty.

e. The Soviets have even created a completely new, additional ABM Test Range, in violation of Common Understanding B of the ABM Treaty. The Common Understanding specified the Soviet ABM test range existing in 1972 as Sary Shagan, and the Soviets stated "that there was a common understanding on what ABM test ranges were." Nevertheless, without prior notification, the Soviets deployed an ABM radar at the Kamchatka ICBM impact area in 1974, thereby violating the Common Understanding and also Article IV, which states that additional test ranges must be agreed to prior to their creation. The U.S. was not asked prior to the Soviet deployment of the ABM radar to Kamchatka, not did the U.S. agree to it. What the U.S. did do was to quietly reclassify the Common Understanding B into a U.S. Unilateral Statement, thereby accepting Soviet violation of Article IV.

f. The Soviet ABM-X-3 system reportedly developed after 1972, is rapidly deployable, reportedly having some mobile components. It is reportedly being mass produced for deployment around Moscow and also stockpiled for probable later rapid deployment. Article I, which prohibits developing a territorial defense or even a base for a territorial defense, is therefore being violated. Moreover, Common Understanding C defined mobile ABM systems as any ABM not being "permanent, fixed types." The Soviet ABM-X-3 is not a permanent fixed type. Yet, while the Soviets agreed to Common Understanding C, they are also violating it.

2. SALT I INTERIM AGREEMENT VIOLATIONS

a. The SS-19 case has already been discussed. It must be considered either a circumvention or violation of Article II. The U.S. showed that it was willing to tolerate this most significant SALT violation by redefining a heavy ICBM to exclude the SS-19. Yet the heavy SS-19 helped to increase the Soviet counterforce threat to the U.S. by a factor of 5 after 1972. This was set-back to U.S. national security comparable to the loss of the Vietnam War, and to Soviet offensive weapons deployment to Cuba in 1962 and after 1970. By tolerating, condoning, and even apologizing for this Soviet SALT violation, the U.S. confirmed that it was willing to allow the Soviets to continue to upset the strategic balance to its advantage. All other Soviet SALT violations are dwarfed in significance by the SS-19 case. Yet the SALT process goes on without challenge to its negative impact on U.S. security.

b. There are many reliable reports that the Soviets failed to deactivate old SS-7 and SS-8 ICBMs on time between 1975 and 1980. There are also reports that they falsified a large number of their required reports on this deactivation. The Soviets thus, clearly violated Article III and the Protocol, as well as the secret deactivation procedures agreed to in 1974. They also ignored the U.S. warning of 1973 on the need for accuracy in reports to the Standing Consultative Commission. According to the State Dept. SALT compliance White Paper of February 1978, the Soviets even admitted in March 1976 that they had failed to deactivate old

ICBMs on time as required. This can be regarded as a violation admitted by the Soviets.

c. The Soviets reportedly brought back ICBM equipment to at least one deactivated ICBM complex. This equipment was reportedly for the mobile SS-16 ICBM, or for the mobile SS-20 IRBM, which use the same equipment. It thus violated U.S. Unilateral Statement B, which stated that mobile ICBM development was inconsistent with the objectives of SALT I.

d. The text of the SALT II Treaty revealed for the first time that the Soviets had 18 SS-9 Fractional Orbital Ballistic System (FOBS) ICBMs at their Tyuratam Test Range. The SALT II Treaty also revealed that these 18 ICBMs had been part of the Soviet operational ICBM force all along since 1972. Yet they never were counted by the U.S. in the Soviet ICBM total allowed under SALT I. This extra deployment of operational ICBMs violated the Article I limit on fixed ICBM launchers, and showed the gullibility inherent in the U.S. failure to require the Soviets to declare their ICBM total in 1972.

e. The IIIX Launch Control silo problem is still controversial. Beginning in 1970, the Soviets reportedly first deployed IIIX silos. According to official sources of 1972 and 1976, U.S. Intelligence mistakenly counted the first 11 of these silos in the total of 1618 Soviet ICBM that the U.S. announced in May 1972. Soviet deception activities caused this U.S. miscount. The Soviets reportedly will probably deploy a total of about 150 IIIX silos, which are quite similar to ICBM launch silos. This whole program circumvented the Article I limit on fixed Soviet ICBMs, and again illustrates the danger of not requiring a Soviet numerical declaration, even if it could be relied upon.

f. The Protocol establishes a limit of 62 on Soviet strategic ballistic missile submarines. Leaving aside the problem that the Soviets were able to exclude 24 G Class ballistic missile submarines and seven H Class ballistic missile submarines from this total, the Soviets have reportedly exceeded the 62 limit since 1977. This is a violation of the Protocol. The Soviets reportedly now have over 68 SSBNs.

g. The Soviets have reportedly deployed over 250 mobile SS-20 MIRVed IRBM launchers. These mobile launchers reportedly also are equipped with at least one refire missile each, so at least 500 IRBMs are involved, each carrying three warheads. (The SS-16 mobile ICBM reportedly uses the same launcher.) The SS-20 itself reportedly has a range estimated to be very close to the 5000 kilometer definition of an ICBM. Even assuming that the SS-20 is below this range, it can easily be covertly modified to be an SS-16 ICBM by removing one or two warheads, or by adding a third stage. Hence, Soviet SS-20 deployment violates the U.S. Unilateral Statement B stating that mobile ICBMs are inconsistent with SALT I. The mobile SS-20s also circumvent the SALT I limit on fixed ICBM launchers.

h. In May 1972, Soviet President Brezhnev reportedly personally pledged to President Nixon that the USSR would not "build" mobile ICBMs.[9] However, the New York Times has reported that the Soviets have "built" over 100 SS-16 mobile ICBMs.[10] This production clearly violates Brezhnev's solemn pledge, and also violates the U.S. Unilateral Statement B against mobile ICBM deployment. It also circumvents the SALT I limit on fixed ICBM launchers.

i. There are reports that the Soviets have deployed SS-11 ICBMs at SS-4 and SS-5 MRBM/IRBM soft sites.[11] This deployment is in direct violation of the Article I ban on further deployement of fixed ICBM launchers. These SS-11s could be covertly available for launch from these soft sites.

j. The Soviets are reported to have stockpiled over at least 1300 to 2000 old and new ICBMs, which are in excess of their 1400 fixed ICBM launchers. These stockpiled ICBMs probably have several purposes. First, there is reportedly strong evidence that the Soviets are training to rapidly reload SS-18 ICBM silos for rapid refire in a nuclear war. Some of the extra ICBMs are evidently for this purpose. But given the fact that over 1000 SS-11 ICBMs are unaccounted for (having been replaced by newer missiles), and given the evidence of SS-11s at MR/IRBM sites, there is reason to believe that the Soviets plan to covertly launch SS-11s from both known and hidden soft sites. Finally, there is also reportedly a large stockpile of deactivated SS-7 and SS-8 missiles also available for covert soft launch. This stockpiled ICBM refire and soft launch capability circumvents or violates the Article I limit on fixed ICBM launchers.

3. SALT II TREATY VIOLATIONS

Before discussing SALT II violations, we need to address the legal status of the treaty. According to a 1972 study commissioned by the US Arms Control and Disarmament Agency, ". . . the prevailing view in Soviet international law literature is that treaties are not self-executing." (The Soviet Legal System and Arms Inspection, by Zigurds L. Zile, Robert Sharlet, and Jean Love, Praeger, N.Y., 1972, p. 311).

Before a treaty can become binding and be executed, the Soviets need a Supreme Soviet or Council of Ministers edict directing the USSR government to comply with the treaty.

Such a Council of Ministers edict was promulgated in October 1972, just after the SALT I agreements were ratified on both sides, directing all Soviet government organs to comply with the provisions of SALT I. The Soviet government nevertheless violated SALT I, even while acknowledging that it was binding.

SALT I compliance was indefinitely extended on both sides in October 1977, by means of parrallel US. Soviet statements. The status of SALT II compliance obligations on the Soviet side is much less clear, however. Since early 1980, when President Carter ordered the SALT II Treaty's ratification to be suspended indefinitely, the Soviets have authoritatively stated several times that they are not bound to comply with SALT II until the US ratifies it. Carter also committed the US to unilateral compliance with SALT II, without even asking for a parallel Soviet compliance commitment statement. The US has restated again under the Reagan Administration that the US will comply with SALT II as long as the Soviets do nothing to "undercut" it. Leaving aside the vague meaning of actions which undercut SALT II, unilateral US SALT II compliance is unsatisfactory. Again, the Reagan Administration has failed to even ask for a Soviet parallel statement committing the USSR to a SALT II compliance policy pending SALT III negotiations.

First, the Soviets have all the benefits of US compliance with SALT II, while themselves accepting none of the obligations. This situation is also illustrated by the fact that the Soviet government has issued no parallel compliance statement or SALT II compliance edit. Nor in two Administrations has the US even demanded or requested a parallel compliance statement.

Second, on January 29, 1981, President Reagan criticized SALT II as being unverifiable as regards limits on Soviet warhead numbers, or "fractionation." In the same press conference in which he called the Soviets liars and cheats, President Reagan said: "There is no verification as to the number of warheads on (Soviet) missiles, no method for us to do this."

Thus President Reagan himself has stated that the US cannot verify Soviet compliance with a key aspect of SALT II—warhead limits. And the Russians themselves have authoritatively declared that they will not comply with SALT II until the US ratifies the Treaty. It is unrealistic for the US to unilaterally comply with a treaty which we know the Russians will not comply with, and which we cannot verify. And Navy Secretary Lehman has stated that continued US unilateral compliance with the SALT II Treaty is illegal, contradicting Section 33 of the 1961 Arms Control and Disarmament Act.

a. The Soviets have reportedly continued and even increased their missile telemetry signal encryption activities, despite SALT II provisions which require the accessibility of all telemetry needed by the U.S. to verify certain parameters. This continued encryption violates Article XV and its Second Common Understanding. The new SS-20 Typhoon SLBM is reportedly being encrypted almost totally, which actively interferes with U.S. ability to determine whether the Typhoon SLBM is a banned heavy SLBM. The Soviets are also reportedly almost totally encrypting the SS-18 Mod X, interfering illegally with the U.S. ability to determine the number, size, and type of warheads carried on it. Moreover, the Soviets reportedly are almost totally encrypting the telemetry on their SS-NX-19 SLCM. This encryption interferes with the U.S. ability to determine whether this SLCM has a prohibited range longer than 600 kilometers or carries multiple warheads. Finally, high levels of SS-20 encryption reportedly continue. This encryption hampers U.S. ability to determine whether SS-20 range is being extended or whether fewer warheads are being tested.

b. The reported Soviet stockpiling of over 100 mobile SS-16 ICBM circumvents the SALT II provisions which ban SS-16 production and deployment. This action directly violates the Protocol to the SALT II treaty.

c. The most serious Soviet SALT II violations are their reported exercises testing a rapid reload/refire capability with their SS-18 ICBM. This activity completely circumvents all the SALT II ceilings on Strategic Nuclear Delivery Vehicles: 2250, 1320, 1200, and 820.

In conclusion, negotiating arms control agreements with and verifying compliance by a closed society requires the best intelligence capability in the world. The Soviet record of noncompliance with existing SALT and other arms control agreements over the last decade has been widely and justifiably criticized. Due to the intensity and duration of the violations controversy the U.S. public has naturally lost confidence in the integrity of the arms control negotiating process and in the integrity of U.S. enforcement of Soviet compliance with arms control agreements. Before further progress can be made in arms control negotiations with the Soviets, confidence in the integrity of the arms control process and its benefits must be restored.

If, however, the Soviet compliance record does not warrant respect, then it may be futile to resume negotiations. Moreover, there have reportedly been severe deficiencies in the quality of U.S. verification intelligence and compliance enforcement leverage.

4. POOR VERIFICATION INTELLIGENCE

Part of the problem in the bad U.S. record of arms control verification and compliance enforcement is due to poor U.S. verification intelligence. Reportedly, degradation of U.S. National Technical Means (NTM) of intelligence monitoring capability has been due to effective Soviet espionage, deliberate, official, high level Carter Administration compromises and revelations during the SALT II debate, loss of Third Country facilities, reported underfunding of advanced technical collection, reported malfunctions of certain collectors, and reported obsolesence of some collectors. The effects of insufficient intelligence collection, a prevasive analytical underestimative bias, and long term faulty analysis upon verification have been severe. In particular, bad analysis and a deeply ingrained underestimative bias have been encouraged within CIA.

Examples of problems with NTM of intelligence monitoring drawn from unclassified sources are as follows.[72]

It is unfortunate that several significant compromises of U.S. NTMs of intelligence collection have recently occurred as a result of Soviet espionage successes (the Boyce-Lee and Kampiles cases):

There have reportedly been reductions in the funding of existing and especially planned NTMs for future collection;

There have recently been losses of U.S. NTM capabilities in Third countries, such as Iran and Turkey;

The CIA has a very bad record of monitoring the simple quantitative constraints of SALT I since 1972. It is highly significant that the U.S. miscounted both the Soviet ICBM and SLBM totals under SALT I. Soviet camouflage, concealment, and deception played a rule in these miscounts. Moreover, due to the underestimative bias and to Soviet concealment and negotiating deception, U.S. intelligence also failed to project either the heavy SS-19 or the long range SS-N-8 at the time SALT I was signed in 1972;

During SALT I, the Soviets increased their camouflage, concealment, and deception efforts, which has constituted deliberate impedence of U.S. NTM collection. Moreover, beginning in early 1977, Soviet efforts to deny SALT related information reportedly intensified across the board and were discussed in the Soviet press;

Certain NTM collection systems reportedly have degraded over time due to obsolescence and also to reductions in auxiliary programs.

According to the Senate Intelligence Committee, certain key intelligence evidence and analysis related to Soviet SALT compliance behavior has reportedly been withheld by the CIA from officials with a need to know.

There have also been problems hampering the policy-making function of verification:

The strategic balance shifted during the 1970s in favor of the Soviets. This shift severely limited U.S. leverage both to negotiate and to enforce arms control agreements;

The U.S. has been willing to agree to some arms control agreements which have no verification provisions at all, such as the 1975 Biological Warfare Convention.

A recent White House study has reportedly been undertaken to evaluate the quality of U.S. Intelligence.[73] One conclusion of this Top Secret study reportedly is: "The American intelligence community, chiefly the CIA, has routinely failed to predict major political and military developments before such developments become irreversible and before they become blatantly obvious, even to the general public."

The report further indicated "massive and virtually inexplicable intelligence failures that have occurred during the last 15 years." These included the following:

Abject failure to predict the massive Soviet buildup of nuclear missiles during the 1960s;

Wholesale failure to understand the characteristics of Soviet missiles under development prior to SALT I;

Failure to predict the major improvements in accuracy of Soviet ICBMs in the late 1970s;

Consistent gross misstatement of Soviet global objectives.

These CIA estimative and analytical failures have been conclusively documented in unclassified critiques by Albert Wohlstetter and the present author.

Finally, the report concluded that "the U.S. ICBM force will be totally vulnerable to a Soviet missile attack, and at least five years (of a 10 year 1980-1990 period of vulnerability) can be attributed to miscalculations engendered by erroneous intelligence produced by the CIA." Such a bad record for analysis suggests major doubts about CIA's ability to monitor and verify Soviet SALT compliance, and also the credibility of CIA judgements about verification, verifiability, and Soviet compliance behavior.

In addition, the CIA has completely failed to understand Soviet SALT negotiating deception.[74] The following checklist of factor was not even deemed noteworthy to CIA's estimators:

As described above, the many false Soviet statements in May 1972 misleading the United States about the size of their then secret, heavy SS-19 ICBM; the false Soviet statement that they did not intend to replace light ICBMs with heavy ones during SALT I; and their suggestion that the SS-19 could be banned even as they were planning to deploy it widely. SS-19 deployment helped to quintuple the Soviet counterforce threat to the United States by 1977;

The false Soviet SALT I claim to having 48 submarines operating and under construction with 768 SLBMs, as of May 1972, when, in fact, the Soviets had far fewer at the time. This allowed the Soviets to minimize and postpone the required deactivation of old weapons.

The Soviet "geographical asymmetries" argument, later proven phony, which they used to gain a huge SLBM superiority over the United States in SALT I.

The false Brezhnev pledge not to "build" mobile ICBMs during SALT I when, in fact, the Soviets had an ongoing mobile ICBM program and, according to the New York Times, have built over 100 SS-16 mobile ICBMs uncounted in SALT I or II;

The false Soviet propaganda claim in May 1972 that SALT I avoided a new arms race and contained no Soviet unilateral advantages, when, in fact, the Soviet strategic build-up continued unchanged. In 1979, the Soviets privately acknowledged SALT I as a "Soviet victory" and a "defeat" for the United States.

The Soviets' insistence on imprecise and ambiguous constraints on "new type" ICBMs in SALT II, and their refusal to agree to a heavy ICBM definition or to any ICBM characteristic baseline data. These loopholes provided for unilateral Soviet advantages;

Continuous Soviet encryption of telemetry signals in missile R & D since 1974, which indicates that the Soviets wish to hide many characteristics of their new ICBMs and SLBMs. These new missiles are bound to be more lethal;

Brezhnev's false statement in SALT II denying the Backfire bomber's intercontinental range and refueling capabilities, in the face of agreed U.S. intelligence to the contrary;

The false Backfire range data provided by the Soviets in 1976 and 1977. This disinformation significantly misled U.S. intelligence.

The false Soviet claim that SALT II calls for equal numerical ceilings, despite their heavy ICBM monopoly, their still growing throw-weight advantage, the exclusion of 400 intercontinental Backfire bombers and 350 SS-20s and SS-16s, and their possession of a huge reserve of 1,300 refire missiles;

The false Soviet claim that they do not have cruise missiles with a range greater than 600 kilometers. This unilateral advantage allowed them to exclude from SALT II about 250 sea-launched cruise missiles and over 100 air-to-surface cruise missiles carried on the Bear bomber;

The massive and expanding Soviet program of camouflage, concealment and deception, involving all Soviet strategic forces. This camouflage and concealment was combined with negotiating deception, and it reportedly expanded during the years of SALT I and II. It represented a violation of these agreements because it was deliberate and clearly interfered with U.S. national technical means of verification.

CIA still actively denies the evidence of Soviet SALT deception, and tries to suppress analysis of Soviet SALT deception.

One must concur with the following statement made by the Reagan Administration's new CIA Director, Mr. William Casey, on February 13, 1981:

"The most frequent criticism is that our (CIA) interpretations and assessments have shown a tendency to be overly optimistic, to place a benign interpretation on information which could be interpreted as indicating danger. It's our obligation to present conclusions which emphasize hard reality undistorted by preconceptions or by wishful thinking. . . . I found in SALT I, for example, that some of the (CIA) judgments were soft. They leaned toward a kind of benign interpretation rather than a harder interpretation of assessing or viewing a situation as being more dangerous."

It must be hoped that Casey will take note of those CIA officials responsible for inaccurate SALT and strategic intelligence.

Finally, former CIA analyst Willian T. Lee has tabulated the following listing of erroneous CIA Soviet estimates, most of which are underestimates.[75] These are shown in Figure 7. Lee's evaluation of CIA's estimates and analysis is cause for grave concern. As Fred Ikle has asked, how could such a large organization have been so wrong for so long? It is probably too late for a Congressional investigation into the causes, because the damage to our national security has already been so severe that we may never recover.

D. IMPLICATIONS OF THE SOVIET SALT VIOLATIONS[76]

The Republican Party Platform of July 1980 explicitly accused the Carter Administration twice of a "cover-up" of Soviet violations of SALT I, II, and other arms control agreements:

"The Republican party deplores the attempts of the Carter Administration to cover-up Soviet noncompliance with arms control agreements, including the now overwhelming evidence of blatant Soviet violation of the Biological Warfare Convention by secret production of biological agents at Sverdlovsk. . . . We pledge to end the Carter cover-up of Soviet violations of SALT I and II, to end the cover-up of the Soviet violation of the Biological Warfare Convention. . . ."

And, as Ronald Reagan reaffirmed in his first press conference after the election: "I ran on the Platform; the people voted for me on the Platform; I do believe in that Platform, and I think it would be very cynical and calloused of me now to suggest that I'm going to turn away from it."

A serious, long-term cover-up has indeed occurred. Former Senator James Buckley, Senators Jake Garn and Gordon Humphrey, former Defense Secretary Laird, and retired Chief of Naval Operations Admiral Zumwalt have taken the lead in exposing Soviet SALT violations and circumventions over the years.

The American people deserve to be told officially in at least general terms of the serious dangers already posed to U.S. national security by past Soviet SALT deceptions, violations and circumventions, and the extent to which they have been misled on Soviet SALT compliance and the negative effects of detente by past administrations.

Figure 7.—BOX SCORE OF INTELLIGENCE UNDERESTIMATES

	Underestimates	Overestimates	Near the mark
Weapon system deployments			
Heavy bombers		X	
Medium bombers	X		
1st generation ICBMs		X	
IR/MRBMs	X		
3rd generation ICBM's	X		
2nd generation SLBM's	X		
ABM deployments		X	
Advanced nuclear powered ASW submarine	X		
Ground and Air Force modernization 1970's			
Tanks and armored personnel carriers	X		
Self propelled guns	X		
Operational tactical missiles	X		
Fighters and fighter-bombers	X		
Helicopters	X		
Transports	X		
SAM's	X		
Selected technologies			
1st A-bomb test	X		
1st H-bomb test	X	X	X
ICBM MIRV's	X	X	
4th generation ICBM's, MIRV deployment rate	X		
Accuracy yields		X	
SLBM MIRV's	X		
Operational tactical Missiles and aircraft			
Avionics & electronics	X		
Soviet defense expenditures			
1960-76 period	X		
1976-80 period	X		

Source: The underestimates of the scale and pace of Soviet modernization and deployment programs for the Ground Forces, Frontal Aviation and Military Transport Aviation in the 1970s have been inferred from the pertinent sections of the annual Posture Statements by the various Secretaries of Defense.

But the U.S. has been, over the last decade, unable to enforce Soviet compliance with SALT and other arms control agreements. Our weak enforcement record and our failure to challenge between 20 and 35 reported cases of Soviet arms control noncompliance or circumvention has been due principally to the shift in the strategic balance against us. Another factor has been the prevalence of minimum deterrence thinking among US leaders. Unless we are to finally succumb to Soviet hegemony, there are compelling reasons that we now need to reverse the burden of proof in SALT compliance. The Soviets should be considered guilty of arms control violations unless they are willing to prove their innocence by providing complete data.

On May 12, 1981, a bipartisan group of 21 Senators led by Senators Garn and Stevens signed a letter to President Reagan accusing the Soviets of violating the SALT I ABM Treaty. The letter pointed out that President Reagan himself had criticized the bad Soviet SALT compliance record during the 1980 campaign. The Senators stated that the Soviets "continue with a standard practice which contradicts the very spirit of SALT." These Soviet violations are inconsistent with continued U.S. unilateral compliance with SALT I and II.

The Soviets have already gotten away with actions which the U.S. told them and the world in 1972 would result in our abrogation of the SALT I agreements. During the SALT I ratification hearings before Congress in 1972, top American leaders assured Congress that U.S. policy was that three specific Soviet SALT violations would not be tolerated. They stated that if the Soviets deployed *heavy ICBMs* to replace light ICBMs, produced *mobile ICBMs* contrary to a Brezhnev pledge, or constructed *more than 62 strategic submarines*, the U.S. would abrogate the agreements.

All the above Soviet violations and many others (reportedly 20 to 35) have nevertheless occurred. Yet the U.S. has still not protested these violations. Our abrogation threat was forgotten.

The Soviets should now be made to explain fully their reported 20 to 35 SALT and other arms control treaty violations or circumventions in the SALT Standing Consultative Commission established for this purpose, or in diplomatic and multilateral channels. They should also be made to understand that U.S. dissatisfaction with the record of Soviet arms control deception, violation, circumvention, and breakout potential could stand in the way of further progress in all arms control negotiations.

The most militarily dangerous Soviet SALT and arms control violations or circumventions reportedly are:

1. Widespread deployment of the counterforce capable SS-19 heavy ICBM, in addition to their authorized monopoly of 308 SS-18s.

2. ICBM stockpile, refire, and soft-launch capability, adding further to the counterforce threat. In addition, the Soviets have stockpiled mobile ICBMs and are deploying inter-mediate range mobile missiles which are easily convertible into mobile ICBMs.

3. Underground testing of high-yield nuclear warheads with increased counterforce potential;

4. Testing of air defense radars and missiles in an ABM mode, providing the breakout potential for a nationwide ABM defense;

5. Building new large ABM battle management radars and a rapidly deployable new ABM system, adding further nationwide ABM defense breakout potential; and

6. Maintenance of a confirmed biological warfare and intercontinental delivery capability. (In 1977, Soviet Foreign Minister Gromyko told the U.N. that such weapons were "cruel and barbaric.")

7. The presence of Soviet *Offensive* weapons in Cuba since 1970 (to include Soviet strategic submarines, intercontinental bombers, and fighter bombers and also their support facilities) is a direct, ongoing violation of the accords ending the 1962 Cuban missile crisis.

Altogether, these dangerous violations potentially give the Soviets both offensive and defensive breakout capabilities that cannot be offset by the U.S.

The backdrop of Soviet SALT deception, violations and circumventions has at last become so severe that the fundamental "good faith" basis of all arms control negotiations has been called into question.

Challenge of Soviet noncompliance with improve the prospects for a serious renegotiation of SALT II on more equitable terms in SALT III talks. Compliance challenge will also provide strong justification for President Reagan's promised *strategic force buildup* required to reestablish the margin of safety needed for a secure, more stable world peace. Additionally, it will provide sound rationale for the increased intelligence collection and analytical assets needed to improve our national technical means of SALT verification. Finally and most significantly, by at long last insisting on early and complete Soviet SALT compliance, the U.S. properly and rightfully seeks to uphold the fundamental integrity of existing arms control agreements. The U.S. thus seeks to preserve the future viability and integrity of the entire arms control negotiating process. But this may ultimately be impossible in the face of massive Soviet violations.

E. THE RECORD OF SOVIET DIPLOMATIC DUPLICITY

In conclusion, we also need to examine a brief and incomplete compilation of examples of Soviet diplomatic duplicity. The table below on Soviet treaty violations is notable for the fact that it is drawn from an official U.S. government document published in 1962. The other examples of Soviet forgeries, disinformation, and diplomatic deception are also extracted for the most part from official U.S. government publications. Many more examples of Soviet diplomatic duplicity are available, but were not included because research into them is still underway.

1. SOVIET DISINFORMATION PLOYS

a. The "Trust" Deception of Western Intelligence of the 1920s.

Soviet intelligence used false emigres and defectors to infiltrate all Western intelligence services. Western intelligence also financed the whole Soviet deception operation throughout the 1920's, including the Soviet use of false emigre front groups and double agents.

b. The "Bomber Gap" of 1955.

The Soviets flew the same new Bison bombers over Moscow several times, making them appear more numerous then they were. U.S. Intelligence then over-estimated the number of Soviet bombers.

c. The "Missile Gap" of 1957 to 1961.

Premier Khrushchev made provocative "rocket rattling" threats during this period. He also repeatedly boasted that the USSR was mass producing missiles and portrayed Sputnik as evidence of Soviet superiority in ICBMs. These threats and boasts had the intended effect of causing U.S. intelligence to greatly overestimate Soviet ICBM deployment in this period.

d. Soviet Foreign Minister Gromyko and Soviet Ambassador Dobrynin Lied to President Kennedy during the 1962 Cuban Missile Crisis.

In September and early October 1962, Soviet Foreign Minister Gromyko and Soviet Ambassador to the U.S. Dobrynin both falsely assured President Kennedy personally twice that there were no Soviet offensive missiles in Cuba.

e. The "Top Hat-Fedora" Deception on Soviet Biological Warfare and Missile Accuracy Capabilities, 1969, 1973.

According to writer Edward J. Epstein, Top Hat and Fedora (Soviet diplomats who worked as espionage agents for the FBI in New York) reported in 1969 that the Soviets were worried about being behind the U.S. in chemical warfare (CW) and biological warfare (BW) capability.[77] Largely because of this information, President Nixon reportedly decided to avert a U.S.-Soviet arms race in this area by renouncing these capabilities unilaterally, in the hope that the Soviets would do the same. Nixon, therefore, unilaterally destroyed all U.S. BW capabilities, greatly reduced U.S. CW capabilities, and signed the 1972 Convention Prohibiting Biological Warfare Capabilities (ratified in 1975 by both the US and the USSR.) By 1973, however, Soviet military equipment captured in the Yom Kippur War revealed that Soviet CW and BW defenses were superior to the U.S. and also that the Soviets had actually accelerated their development of CW and BW offensive capability in 1969. By 1973, it appeared that Top Hat and Fedora were really double agents working for the KGB, and that they had provided the U.S. with significant disinformation. The Soviet BW accident at Sverdlovsk in 1979, the reported expansion of Soviet BW facilities after 1975, and the recent physical evidence of Soviet BW agents picked up in Asia altogether confirm that the Soviets are massively violating the 1972 BW Convention. According to the London Daily Telegraph an FBI source reportedly also claimed that the Soviets were having trouble perfecting missile accuracy. This too turned out to be disinformation. The FBI has reportedly recently confirmed that Fedora was a double agent.

f. The "Trigon" Disinformation Report on Former Secretary of State Kissinger, 1977.

In early 1977, the Soviets reportedly planted what appeared to be disinformation in a report from a valuable CIA agent in Moscow named "Trigon."[78] According to an article in Newsweek, the disinformation indicated that Kissinger was trying to undermine Carter Administration SALT policy, and seemed intended to severely embarrass Kissinger. All Soviet disinformation schemes are known to receive approval from the Politburo, so this was good evidence of Soviet willingness to humiliate U.S. leaders even to the detriment of ongoing SALT negotiations.

g. Soviet Forgeries of Statements by President Carter and Vice President Mondale, 1977-1978.

In 1977, the Soviets went so far as to actually forge a statement by President Carter, and in 1978 they forged a statement by Vice President Mondale. These forgeries were intended to harm U.S. foreign relations. Even in the harshest of days of the Cold War, the Soviets had refrained from forging Presidential-level statements. Again, these forgeries were approved by the Politburo, and they are direct evidence of the hostility and contempt felt by Brezhnev toward top U.S. leaders. There have been at least 20 other Soviet forgeries since 1976 which have been officially confirmed by the U.S. government. There has been a Soviet Forgeries Offensive since 1976.

h. False Soviet Statements in 1979 Denying That Their Brigade in Cuba Had a Combat Capability.

The Soviets reportedly tried to allay U.S. fears over the role of their combat brigade in Cuba, by arguing deceptively that their combat brigade did not have a combat capability. Several deceptive diplomatic notes were reportedly sent to mislead U.S. leaders.

i. Anti-"Neutron Bomb" Covert Action and Propaganda Campaign, 1977-1979.

From 1977 through 1979, the Soviets used disinformation, propaganda and covert action through front groups and press plants to organize mass opposition in Europe to the deployment of enhanced radiation warheads in NATO. This campaign was extended in 1980 and 1981 into generating opposition to NATO modernization of Theatre Nuclear Forces. The Reagan State Department published an official expose of massive and longstanding Soviet disinformation, forgeries, and propaganda in October 1981. More recently, the State Department has exposed the "Holocaust Again In Europe" documents as Soviet forgeries intended to undermine the planned U.S. deployment of Pershing II IRBMs and GLCMs in Europe.

j. Soviet Propaganda Themes Are Disinformation.

An excellent unclassified summary of the main Soviet propaganda themes has recently been published by the U.S. International Communications Agency, entitled Soviet Propaganda Alert-Project Truth, October 15, 1981. This official U.S. government report summarized Soviet propaganda themes as follows:

Support for "national liberation" movements is justified in terms of putting them on the road to the higher plane of existence enjoyed by the Soviet Union.

The foreign and domestic policies of Western countries are criticized because they are dedicated to the preservation of the status quo and are opposed to progressive change.

Western military measures are portrayed as inherently aggressive because they are directed against the Soviet Union and the progressive principles for which it stands.

Anti-imperialism (ant-Americanism) is claimed to be good because it represents a movement against the ancient regime and toward historical progress. The methods used in the anti-imperialist struggle are sometimes harsh but are justified by the ends.

The Soviet Union is the natural ally of Third World countries and all others who have freed themselves from imperialism (i.e. Eastern Europe.)

The U.S. is escalating the arms race, provoking conflict, and trying to counter every aspect of Soviet influence in the world in its efforts to regain the military-strategic superiority it once possessed.

The U.S.S.R. has always been and continues to be dedicated to the struggles for peace, its military might is intended only to defend itself and other peoples who want and deserve help in defending themselves.

The U.S. is not seriously interested in arms control negotiations.

The U.S. is introducing sinister new weapons, such as the neutron weapon, the Pershing II, the MX, and chemical and biological weapons.

The false or misleading nature of each of these themes should be obvious, but the Soviets have nevertheless been quite effective in persuading a large portion of world and even domestic US public opinion that the U.S. is the real villian of arms control. The Soviets bombard the world with shrill and blatantly hostile Anti-American propaganda on a daily basis. The US, in contrast, usually neither notices nor responds. It should be difficult to understand how the US can negotiate SALT in "good faith" or "trust" compliance with such an uncompromisingly hostile "partner."

As a Soviet ideologue has typically stated: "There is not one field (i.e. including arms control) in which there is not waged an embittered ideological war by the two social systems . . . In the ideological field, there is not, and never will be, peaceful coexistence. There can not be an ideological truce between Capitalism and Socialism."

2. SOVIET DIPLOMATIC DECEPTION PLOYS

a. Nazi-Soviet Non-Aggression Pact—August 1939.

This agreement was reached suddenly and took the world by surprise. It precipitated the beginning of World War II. The Soviets had been openly negotiating a potential military alliance with the British and the French. Simultaneously with these open negotiations, but in secret, the Soviets were negotiating the nonaggression pact with the Nazis. The deception stemmed from the concurrency of secret negotiations and the surprise factor. The Soviets simply took the best deal offered to them.

b. In 1973, the Soviets Violated the 1972 Basic Principles of US-Soviet Relations During the Yom Kippur War.

In this case, the Soviets reneged on their 1972 pledge to engage in mutual consultations in the event that nuclear war was threatened, and they sought unilateral advantage by encouraging the Egyptian attack on Israel. They also threatened unilateral intervention against Israel, and made a nuclear threat against the U.S.

c. Soviet MBFR Data Falsification.

The Soviets grossly falsified the Order of Battle data they provided to NATO in 1976 on their conventional forces. The credibility of the Soviet data has, not surprisingly, become a significant stumbling block for five years in the ensuing negotiations.

3. SOVIET TREATY VIOLATIONS

a. With Soviet aid and encouragement, North Vietnam broke the Paris Accords on Peace in Southeast Asia throughout the 1973-1975 period.

b. The Soviets also violated two arms control treaties in the 1920s and 1940s. According to Laurence Beilenson in his brilliant book, *The Treaty Trap*.

"There are . . . two cases where the Soviet abetted violations of disarmament treaties. The Soviet Union was not a party to the Treaty of Versailles, but . . . it abetted the breach by Germany of its disarmament provisions, and helped Germany to defeat the provisions for verification of performance.

The peace treaties of the wartime Allies—including the USSR and the United States—of 1947 with Rumania, Bulgaria, and Hungary each had clauses specifically limiting the military forces of each of the three countries, a disarmament provision. The clauses were not given even token performance. The breachs began and continued while the USSR dictated the conduct of the three countries."[79]

c. There are recent charges by high Reagan Administration officials that the December 1981 imposition of martial law in Poland was directed by the Soviets, and that the Soviets have directly threatened military action against Poland, intimidated its leaders, and ordered basic human rights of the Polish people to be violated by the

Polish Communist Party and Polish Army. Eugene V. Rostow, Director of the US Arms Control and Disarmament Agency even went so far on NBC-TV on December 22, 1981, as to charge that the Soviets have *violated* the UN Charter by their aggressive actions in Poland. Other high Reagan Administration officials have also accused the Soviets of *violating* the 1975 Helsinki Accord by their suppression of the basic human rights of the Polish people.

d. Violation of the Litvinov Agreement

An *official* U.S. State Department document, *Soviet Affairs Notes* of August 10, 1959, directly accuses the Soviets of many treaty violations, including violation of the basic agreement establishing U.S. Soviet diplomatic relations.

In 1933, the U.S. recognized the government of the USSR following negotiations and an exchange of letters between Soviet Foreign Minister Litvinov and President Roosevelt in regard to various outstanding differences between the two nations. Litvinov stated in a letter to President Roosevelt of November 16, 1933:

"It will be the fixed policy of the Government of the Union of the Soviet Socialist Republics . . . not to permit the formation or residence on its territory of any group or organization which has an aim (of) the overthrow or the preparation for the overthrow of, or the bringing about by force, of a change in the political or social order of the whole or any part of the United States, its territories or possessions. (Emphasis added.)"

However, Foreign Minister Litvinov's solemn pledge produced no effect whatever upon the activities of the Third International, or Comintern, which continued to carry out its role as the organizer and directing center of the World Communist movement from its Moscow headquarters. The purpose of the Comintern, clearly defined in its statutes and theses, was "the struggle by all available means, including armed forces, for the overthrow of the international bourgeoisis and the creation of an international Soviet Republic." Thus the Comintern, located in Moscow with the permission and aid of the Soviet government, as explicitly committed to overthrowing the U.S. government by force.

The Comintern was formally dissolved in 1943, but Soviet-inspired communist activity in the U.S. continued unabated. Evidence of systematic violation of the Litvinov agreements after 1945 was brought to light by convictions under the U.S. Alien Registration Act of 1940, which made it a criminal offense "to organize or help to organize any society, group, or assembly of persons who teach, advocate, or encourage the overthrow or destruction of any government in the U.S. by force or violence." The trial and conviction in 1949 in a U.S. Federal Court in New York of 11 communist leaders, revealed that the American Communist Party, acting upon orders of the USSR issued by Dmitri Manuilsky, (Comintern Leader and in 1949 Foreign Minster of the Ukranian Soviet Socialist Republic and therefore an official member of the Soviet Government), had returned to a policy of violent revolution.

Despite continuous Soviet violation of the very agreements establishing U.S.-Soviet relations, the U.S. still seems to believe that the USSR is a nation capable of normal adherence to international law. Soviet propaganda, covert action, subversion, and espionage inside the U.S. has increased markedly over the last decade.

According to a new book by James L. Tyson, Target America: The Influence of Communist Propaganda on US Media, there are at least 4,000 active Soviet propaganda agents within the US, spending over 240 million dollars a year on Soviet propaganda inside the US. This activity is a blatant violation of The Litvinov Agreement, and in itself should make the USSR unfit to negotiate with on SALT.

e. Figure 8 reflects a number of other Soviet treaty violations. It is extracted from an official U.S. government book entitled Soviet Treaty Violations, Department of Defense, November 5, 1962.

FIGURE 8.—*History of Major Soviet Treaty Violations*

The Agreement May 7, 1920. Soviet regime signs treaty with independent Georgian republic, pledging no interference in Georgia's internal affairs.

The Result February 1-12, 1921. Soviet troops invade Georgia, in step leading to absorption of Republic into USSR.

March 16, 1921. In trade agreement with Britain, Soviet Union pledges not to engage in propaganda in that country.

May 26, 1927. Britain ends agreement because of Soviet violations, including failure to stop propaganda as promised.

June 5, 1922. Soviet Union concludes friendship agreement with Czechoslovakia.

June 29, 1945. USSR compels Czechoslovakia to cede Carpatho-Ukraine to the Soviet Union.

December 12, 1943. USSR and Czech government-in-exile sign treaty of friendship and mutual assistance.

February 25, 1948. Czechoslovak government forced to accept communist ultimatum, as USSR completes arrangements to force it into its satellite empire. Ultimatum compels appointment of a cabinet of Moscow followers and climaxes Soviet postwar drive to absorb once-independent Czechoslovakia.

December 17, 1925. USSR signs non-aggression and neutrality pact with Turkey.

March 20, 1945. USSR denounces this pact, begins campaign to secure control of Black Sea straits.

August 31, 1926. USSR concludes non-aggression pact with Afghanistan.

June 14, 1946. USSR forces Afghanistan to cede border territory of Kishka.

September 28, 1926. USSR makes non-aggression pact with Lithuania, later extending this agreement through 1945.

June 15, 1940. Soviet troops invade Lithuania.

August 3, 1940. Lithuania is annexed by Soviet Union.

September 27, 1928. Soviet Union adheres to Kellog-Briand pact for renunciation of war.

By 1939. USSR violates this pledge—40 invasions of Poland, Lithuania, Lativa, Estonia, Rumania, and Finland.

January 21, 1932. USSR agrees to non-aggression pact with Finland.

November 30, 1939. Soviet military forces invade Finland.

February 5, 1932. Soviet Union signs non-aggression pact with Latvia.

June 16, 1940. Soviet troops invade Latvia.

August 5, 1940. Latvia is forcibly incorported into the USSR.

May 4, 1932. Soviet Union pledges non-aggression in agreement with Estonia.

June 16, 1940. Soviet military forces invade and occupy Estonia.

August 6, 1940. Estonia is annexed by USSR.

July 25, 1932. Soviet Union signs non-aggression pact with Poland.

September 17, 1939. Soviet troops invade Poland.

May 4, 1934. USSR-Poland extend non-aggression pact for 10 years.

September 29, 1939. USSR signs agreement with Nazi Germany to partition Poland.

June 9, 1934. USSR recognizes Rumania, guarantees its sovereignty.

June 27, 1940. Soviet army invades Rumanian provinces of Bessarabia & No. Bukovina. Soviet occupation of these areas completed in four days.

September 15, 1934. USSR enters League of Nations, pledging thereby "the maintenance of justice and a scrupulous respect for all treaty obligations in the dealings of organized peoples with one another."

August 23, 1939. USSR makes treaty with Nazi Germany, termed "a joint conspiracy to deprive Poland, Estonia, Latvia, Lithuania, Finland, and Rumania of their independence and territorial integrity."

August 21, 1937. Soviet Union signs non-aggression pact with Republic of China.

October 2, 1949. USSR breaks relations with ROC after recognizing Communist Chinese regime it helped to gain power.

July 30, 1941. USSR concludes agreement with Polish government-in-exile pledging mutual aid and cooperation.

April 25, 1943. USSR breaks relations with Polish government-in-exile on pretext of Polish request for Red Cross investigation of Katyn Forest massacre.

August 14, 1945. USSR enters into treaty with Republic of China, containing these pledges: "each high contracting party undertakes not to conclude any alliance and not to take any part in any coalition directed against the other high contracting party. The treaty comes into force immediately and shall remain in force for a term of 30 years."

February 14, 1950. These pledges were broken when the USSR made a new agreement with Communist Chinese regime it had helped create. Soviets did not even bother to change the basic wording. The new treaty also pledged: "Both high contracting parties undertake not to conclude any alliance against the other high contracting party and not to take part in any coalition or actions or measures directed against the other high contracting party . . . The present treaty will be valid for 30 years."

March 10, 1947. Council of Foreign Ministers, meeting in Moscow, agrees that all German prisoners of war should be repatriated by December 31, 1948.

August 3, 1955. Soviet regime furnishes West German Red Cross with data on the health and whereabouts of only 20 of the approximately 14,000 Germans known to be still held in the USSR.

May 4 & June 30, 1949. Four Power Agreements of New York and Paris guarantee U.S., British, French, and Soviet joint control of Berlin, all access routes to and from the city and freedom of movement within the city.

September 20, 1955. USSR unilaterally transfers Soviet control over all access routes to and from Berlin to East German regime.

August 13, 1961. Construction of Berlin Wall completely prohibits free passage from Soviet sector to the Western sectors.

July 27, 1953. Military armistice established between UN Command and opposing communist forces, assisted by USSR, China & North Korea. Armistice agreement pledges signers to "cease introduction into Korea of reinforcing military personnel."

July 11, 1955. UN Command details long list of armistice agreement violations by Communist parties.

May 6, 1957. UN Command, in another of series of official complaints, charges that Communists have sent troops into Korea's demilitarized zones six times in a period of less than four months.

January 14, 1956. USSR signs agreement with Yugoslavia, pledging $110,000,000 in credits for industrial construction.

August 4, 1956. USSR pledges an additional grant of $175,000,000, bringing total to $285,000,000.

May 28, 1958. Yugoslav sources disclose USSR has postponed for 5 years the grant to Yugoslavia amounting to $285,000,000. This represented an attempt to retaliate against Yugoslavia for its refusal to accept the CPSU's ideological leadership.

September 24, 1941. USSR pledges adherence to Atlantic Charter, which provides that agreeing countries seek no aggrandizement, that the countries desire no territorial changes not made in accord with freely-expressed wishes of the people concerned, and that they respect the right of all peoples to choose their own form of government.

Against these promises stands the USSRs record of occupation and domination of Rumania, Estonia, Latvia, Lithuania, Czechoslovakia, Tannu Tuva, Afghanistan territory, Hungary, East Germany, Albania, Bulgaria, Poland, North Korea, Mongolia.

January 29, 1942. USSR, with Iran and Britain, signs treaty of alliance, providing for military use of Iranian territory only until end of military operations against Germany.

Soviet Union refused to withdraw its troops from Iran at the end of World War II.

February 4-11, 1945. At Yalta Conference, USSR agrees on various postwar measures, including adoption of a resolution that the liberated peoples of Europe should have the opportunity to solve their economic problems by democratic means.

East Germany, Hungary, and Czechoslovakia, and other countries which were forced into postwar roles as satellites of the Soviet Union.

February 11, 1945. USSR, at Yalta conference, agrees to declaration that Polish provisional government "shall be pledged to the holding of free and unfettered elections as soon as possible on the basis of universal suffrage and secret ballot.

January 5, 1947. Soviet Union refuses to participate in meeting with Britain and US to secure compliance with the 1945 agreement pledging free elections in Poland.

January 19, 1947. Communist-controlled fraudulent election carried out under conditions of Soviet military occupation.

April 11, 1945. USSR signs 20-year treaty of friendship, mutual aid, and cooperation with Yugoslavia.

September 29, 1949. Soviet Union denounces this agreement.

June 14-18, 1945. President Truman and Premier Stalin agree, in an exchange of letters to "free access by air, road, and rail from Frankfort and Bremen to Berlin for United States forces."

April 1, 1948-May 12, 1949. USSR imposes the Berlin Blockade by severing all land and water routes between Berlin and West Germany. Western allies supply Berlin by airlift.

March 1962. USSR harasses flights by allied airplanes between Berlin and West Germany.

July 17-August 2, 1945. At Potsdam conference, USSR agrees that there should be uniform treatment of the German people throughout Germany.

East Germany today continues to be a rigidly controlled Soviet satellite. Its people have been denied free elections, isolated from the people of West Germany, and victimized by the same kind of regimentation, police rule, and economic restrictions imposed on the peoples of all the Soviet Bloc states in Europe.

October 19, 1956. USSR-Japanese Joint Declaration pledges the Soviet Union to refrain from interference in Japan's internal affairs.

1958. During the weeks preceding Japanese elections of May 22, Soviet radio beams propaganda at Japan violently opposing the reelection of Premier Kistri's government.

1959-1960. USSR threatens Japan with the possibility of nuclear war if Japan ratifies United States-Japan Security treaty, signed January 19, 1960.

XI. CONCLUSION

As the journal of the Communist Academy in Moscow put it in 1930: "The road to true disarmament is to be seen not in diplomatic agreements, but in the proletarian revolution."

The 6th Comintern Congress stated in Moscow in 1928 that: ". . . Disarmament and the abolition of war are possible only with the fall of capitalism."

These statements accurately describe Soviet behavior in the 1970s, equally as well as they describe Soviet behavior in the 1920s.

It is important to note that after the Cuban Missile Crisis of October-November 1962, it became increasingly difficult to publish, officially, criticism of Soviet diplomatic behavior. This is because in the aftermath of Cuba many American leaders believed that the Cuban crisis demonstrated that the Cold War was over, and that detente and accommodation with the Soviets were now to be sought. But the Cold War was never over to the Soviets.

In conclusion, we should recall the warning that Former Secretary of State Acheson wrote in 1958: "No matter how plainly the Russians talk and act we simply refuse to believe what they say and to understand the meaning of what they do . . ."[80]

Soviet noncompliance with treaties is now indisputable, as is the record of Soviet forgeries, deceptions, and disinformation ploys. How can the U.S. continue arms control negotiations with so unreliable a nation as the Soviet Union? As Laurence Beilenson, an advisor to President Reagan, has pointed out, arms control treaties in any case can not be relied upon to keep the peace. Only adequate U.S. military forces will do that.

But as bad as Soviet treaty non-compliance actions have been, we also can not ignore Soviet words. As noted, Stalin said in 1913: "Words have no relation to actions, otherwise what kind of diplomacy is it? Words are one thing, actions another. Good words are a mask for concealment of bad deeds. Sincere diplomacy is no more possible than dry water or wooden iron."[81]

V.I. Lenin stated: "Promises are like pie crusts, made to be broken."[82]

As Laurence Beilenson concluded in his famous and authoritative book, The Treaty Trap: "The pattern of evidence (i.e. in modern diplomatic history) is that treaties of disarmament have been broken by powerful nations . . . the central pattern is habitual unreliability in performance and recurring treaty reliance . . . (Treaties have) been only a formal recording of the then respective strengths of the parties making it, and (have) lasted only by reason of the continuance of such relative strengths, irrespective of the treaty."[83]

Who needs SALT? US national security and world peace would be far better served by an acceleration of unilateral US strategic programs designed to restore at least US-Soviet strategic parity. The world was far safer in fact during the Cold War years of US strategic superiority, before the US invented SALT, to its own disadvantage.

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UP AMENDMENT NO. 947

(Purpose: To express the sense of the Congress that the President take certain diplomatic actions relating to the development, production, stockpiling, and use of bacteriological and toxin weapons)

Mr. **PROXMIRE**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The bill clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an umprinted amendment numbered 947.

At the end of the bill add the following new section:

VERIFICATION UNDER CONVENTION ON BACTERIOLOGICAL AND TOXIN WEAPONS; USE OF SUCH WEAPONS

SEC. . (a) The Congress recognizes that—

(1) the United States and the Union of Soviet Socialist Republics are parties to the Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, done at Washington, London, and Moscow on April 10, 1972 (hereafter in this section referred to as the "Convention");

(2) Article I of the convention prohibits each party to the convention from developing, producing, stockpiling, or otherwise acquiring or retaining certain microbial or other biological agents or toxins or certain weapons, equipment, or other means of delivering such agents or toxins;

(3) the convention does not contain provisions establishing procedures for inspection or verification of suspected violations of the terms of the Convention; and

(4) under Article XI of the Convention any state party may propose an amendment to the Convention, and any such amendment shall enter into force after a majority of the state parties to the Convention has accepted such amendment.

(b) It is the sense of the Congress that the President should—

(1) at the earliest practicable time, propose, on behalf of the United States, an amendment to the Convention to establish comprehensive procedures for investigating and verifying suspected violations of the terms of the Convention and to establish standards for distinguishing between research on biological weapons and toxins for defensive and peaceful purposes, permitted by the Convention, and research on such weapons and toxins for hostile purposes, prohibited by the Convention; and

(2) undertake such diplomatic and international initiatives as necessary to condemn strongly the use of toxins, mycotoxins, or other biological weapons, directly or indirectly by the Union of Soviet Socialist Republics or its allies in Laos, Kampuchea, Afghanistan, or in any other country.

Mr. **PROXMIRE**. Mr. President, this amendment has been discussed with the majority and minority managers of the bill. As far as I can tell, there is no objection to it.

Mr. President, this is a sense of the Congress resolution that calls upon the President to amend the Biological Warfare Convention to include verification procedures and to establish standards for distinguishing between defensive and offensive research on biological weapons.

In addition, the resolution asks the President to undertake diplomatic and international initiatives to condemn the Soviet Union's use of toxins, mycotoxins or other biological weapons—directly or indirectly—in any country.

Mr. President, they have been using those, or we have all the evidence to indicate they have been, in Southeast Asia.

Since this is a simple resolution, it does not mandate Presidential action. But it does indicate the depth of congressional alarm over the increasing evidence of the use of biological agents by the U.S.S.R. or its allies in various parts of the world. It is a two-pronged resolution. In the short term, it calls for diplomatic action against these specific activities—a position that the administration already has taken to some degree and which would be reinforced by a congressional statement. For the long run, this resolution urges that the Biological Warfare Convention be reopened and that specific amendments be proposed by the United States to provide for verification procedures and to clarify some ambiguous language about permitted as opposed to prohibited research activities.

A little history is necessary to understand the current situation.

THE NIXON UNILATERAL ACTION

On March 25, 1969, President Nixon renounced the use of lethal biological weapons and agents and all other methods of biological warfare. He declared that the United States would confine its biological research to defense activity such as immunization and safety measures. Further he ordered the destruction of existing American stockpiles of biological weapons.

This was a unilateral action by the United States but it, in turn, triggered negotiations that led to the drafting of the 1972 Convention on the Prohibition of Biological and Toxin Weapons. Please notice, Mr. President, the inclusion in the title of that convention the term "Toxin Weapons." This is a point to which I shall return.

This Biological Warfare Convention was adopted by the Senate on January 22, 1975. It has been ratified by 76 nations including the U.S.S.R.

It bans the development, production, and stockpiling of biological and toxin weapons and requires the destruction of existing stocks other than those used for "prophylactic, protective, or other peaceful purposes." There are no agreed upon definitions as to what prophylactic, protective, or peaceful purposes means. There are no quantities of agents or toxins cited that are permitted for peaceful purposes. There is no dividing line between peaceful and offensive or military use.

Article V of the convention instructs all parties to cooperate and consult with regard to any problems arising under the terms of the convention. But there is no mechanism for verification under the treaty and the measures for cooperation have no compliance requirements. A significant case can be taken to the Security Council of the United Nations but inasmuch as the U.S.S.R. has a veto in that Council, this often is an unproductive device.

Article XI of the convention permits any party to the convention to propose an amendment changing the terms of the convention. An amendment enters into force after a majority of the parties have accepted it. Thus, my resolution is consistent with the language of the convention.

SUSPECTED VIOLATIONS OF CONVENTION

Mr. President, in early April 1979, an anthrax epidemic spread through Sverdlovsk, a city of 1.2 million people, 875 miles east of Moscow. Because the city is off-limits to foreign visitors, this information did not reach the West for almost 1 year and to this date some of the data is contradictory.

The incident was suspicious for several reasons. First, it took place near a facility that for years U.S. intelligence agencies had suspected as being related to biological weapons research. Second, attention was drawn by the estimate of fatalities—ranging between 40 and 1,000. Anthrax is not unheard of in the Urals where there have been periodic outbreaks of the disease, but the type of anthrax appeared doubly curious. Again, although there are various medical interpretations that can be made, it appears that the form of anthrax was pulmonary rather than intestinal. Pulmonary is the rarest form of anthrax and likely is the one type that would be produced for military purposes.

Thus, we had the evidence of a suspicious facility with physical characteristic suggesting biological research, venting stacks, animal pens, refrigeration, revestments, and intense security, coupled with an outbreak of a rare form of anthrax in the vicinity.

Evidence of an accident began to trickle into the hands of U.S. experts. Clinical reports from informed personnel gave credence to the pulmonary anthrax version of the incident as opposed to the Russian admission that anthrax was present but was related to the eating of infected meat.

In February and March of 1980 the administration made inquiries of the U.S.S.R. about this incident. The Russians reacted with hostility.

This led to the forming of an investigation team representing various experts in and out of government. The investigation has been publicly documented, in detail by Leslie H. Gelb, writing for the New York Times magazine in November of 1981.

Mr. President, I ask unanimous consent that the portion of the Gelb article dealing with the investigation team be placed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times Magazine, November 1981]

(By Leslie H. Gelb)

It was almost a year after the incident at Sverdlovsk before the United States finally set about a serious investigation. A group was established with representation from the Joint Chiefs of Staff, the National Security Council, the State Department and other agencies. Several outside experts were also called in, including Dr. Philip Brachman of the Center for Disease Control in Atlanta, the leading American expert on anthrax; Joshua Lederberg, president of Rockefeller University and winner of the Nobel Prize in Physiology or Medicine, and Paul Doty, a professor of biochemistry at Harvard University. Matthew Meselson, another Harvard biochemist, served as an independent consultant.

The group's first move was to find out what had been discovered by spy satellites and other means back in the spring of 1979, when the incident occurred. They found a significant amount of information, the importance of which had been overlooked at the time. For all the expertise assembled, it soon became clear that it would not be easy to determine the truth.

The working group's first hypothesis was that there had been a problem at a facility producing anthrax vaccine. The Russians do give between one million and two million anthrax innoculations each year; more than one factory might be needed to provide that quantity of vaccine. But the working group also had substantial evidence that the Russians used only an avirulent strain for their vaccinations—a strain that could not have caused the epidemic that occurred.

The group's second hypothesis was that the outbreak had been produced by a single explosion involving virulent, airborne anthrax spores. Critical to any such scenario was the testimony of the key secondhand witness, which has been backed up just this fall by new testimony from other secondhand witnesses highly regarded by the CIA in an interview, Dr. Brachman said that the clinical evidence provided by the secondhand witness was "probably consistent only with inhalation anthrax"—very high fever, suddenness of the onset of the disease, trouble breathing, the large number of cases and, in particular, the high mortality rate. The symptoms of intestinal anthrax, he said, were quite different, and that version of the disease is usually not lethal. He did cite one form of it in which there is trouble with breathing—further complicating the problem of distinguishing between pulmonary and intestinal anthrax.

Placing all responsibility for the outbreak on pulmonary anthrax, however, was no answer. A single, deadly cloud, the group concluded, could have wreaked havoc in the first day or so, but it would thereafter have dispersed; a thin layer of spores would have settled over a wide area. That could not result in the concentration of spores in any one place that would be necessary to produce a continuing flow of pulmonary anthrax cases over a six-week period.

What could the continuous source of lethal anthrax be? The possibility that anthrax spores were leaking over a six-week period from the military facility was explored but discarded, on the assumption that such a leak would have soon been discovered. The Russians were claiming that all of the anthrax deaths had been caused by contaminated meat being sold on the black market; that possibility was considered by the members of the group but discarded. They could find no historical precedent for an outbreak of intestinal anthrax causing so many deaths over a period of several weeks.

As time went by, the members of the group became somewhat uncertain about diagnostic distinctions between intestinal and pulmonary anthrax. Thus the group came to concentrate more and more on one fact: the unprecedented numbers of people who had been struck down in that brief time.

The judgment of the working group—the explanation the C.I.A. still sticks with—has two chapters. Initially, it holds, there was an explosion at the factory in Sverdlovsk, causing a sudden huge release of virulent spores being used for the development of biological weapons. The quantity released was large enough to cause a number of deaths from pulmonary anthrax. After the explosion and the initial wave of pulmonary anthrax cases, the C.I.A. believes, the long-lived spores settled to the ground, where they were eaten by cattle, and the meat from these infected animals was sold on the black market. Then, theoretically, there was a second wave of anthrax—of the intestinal variety—filling out the six weeks.

There is one important fact that this theory has never been able to resolve: None of the witnesses reported even a single case of intestinal anthrax.

Other, nonmedical factors contributed to the working group's conclusion. One was the arrival in Sverdlovsk, shortly after the anthrax outbreak, of Soviet Defense Minister Dmitri Ustinov. The trip was not on his usual itinerary.

Another factor was Moscow's private denial that it had imposed a quarantine in the Sverdlovsk area. Material obtained by the C.I.A. offers convincing evidence that there had actually been some form of quarantine.

For some members of the group, the clincher was a satellite photograph of a building in Military Compound 19 one year after the anthrax epidemic. The structure had been virtually abandoned. There were no animals in the pens. The snow had not been shoveled. As in the Sherlock Holmes tale, the indirect piece of evidence, the absence of the expected, was damning: The dog had not barked.

Mr. PROXMIRE. It is difficult to summarize the results of the investigative team. There was substantial evidence of unusual activities and deaths, yet conflicting evidence which did not allow for a clear cut analysis.

The major point is that the United States had no procedures for inspection or verification relating to the incident. Thus, while suspicions linger, strong suspicions held by many, the United States has no protection under the terms of the Convention.

The Senate took note of the situation on May 14, 1980, when it passed a resolution dealing with compliance with the Convention by the U.S.S.R. This was a Proxmire resolution but I would credit Senator Javits, Senator Church, and Senator Dole with providing the leadership in the Foreign Relations Committee which resulted in its unanimous approval by the Senate. The House passed an identical measure on May 19, 1980. Mr. President, I ask unanimous consent the 1980 resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

S. Res. 405

Expressing the sense of the Senate with respect to compliance by the Soviet Union with the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction.

Whereas the United States and the Union of Soviet Socialist Republics are parties to the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, done at Washington, London, and Moscow on April 10, 1972;

Whereas Article I of the Convention prohibits each Party to the Convention from developing, producing, stockpiling, or otherwise acquiring or retaining certain microbial or other biological agents or toxins or certain weapons, equipment of means of delivery designed to use such agents or toxins; and

Whereas on March 17, 1980 the Government of the United States inquired of the Government of the Union of Soviet Socialist Republics as to the nature of an outbreak of pulmonary anthrax near the city of Sverdlovsk, Union of Soviet Socialist Republics, during April 1979 and has not received a satisfactory reply: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President should—

(1) urge and request the Government of the Union of Soviet Socialist Republics promptly to exchange such scientific data as may be necessary to resolve any dispute regarding the nature of the outbreak of pulmonary anthrax near Sverdlovsk, Union of Soviet Socialist Republics, as provided for by Article V of the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction; and

(2) undertake consultative and cooperative measures through appropriate international procedures as provided by Article V of the Convention, or, if necessary, lodge a complaint with the Security Council of the United Nations, as provided by Article VI of the Convention, if the Government of the Union of Soviet Socialist Republics fails to make available such data.

Sec. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President with the request that such copy be further transmitted to the Government of the Union of Soviet Socialist Republics.

TOXIN WARFARE

Mr. PROXMIRE. The well-known incident at Sverdlovsk is sufficent on its own to justify reopening the Biological Warfare Convention. But now even more compelling evidence is at hand.

Since the mid-1970's there have been reports from Southeast Asia that lethal chemicals or agents have been employed by Soviet-backed forces. On September 13, 1981, Secretary of State Haig first disclosed that the agent called yellow rain is a combination of three mycotoxins.

Toxins are chemicals derived from natural sources such as certain fungi and snake venom. Mycotoxins, as a type of toxin, often cause blurred vision, dizziness, vomiting, and internal hemorrhaging before killing the victim.

The State Department conclusion is based on two arguments. First, U.S. laboratory analyses of leaf and stem samples brought from Kampuchea and Laos had up to 20 times the level of mycotoxins expected to occur naturally. Second, the symptoms of the victims are consistent with mycotoxin poisonings.

Our Government believes that the Soviet Union is producing these weapons and then farming them out for trial on distant battlefields. As evidence, the State Department cites the need for sophisticated large-scale laboratories and cool, not tropical, climates to make mycotoxins. These conditions are found in the U.S.S.R. but not in Laos, Kampuchea, or Afghanistan.

THE 1980 REVIEW CONFERENCE

The Biological Warfare Convention comes up for review by member states periodically. The last such review occurred during March 3-21 of 1980. At that time the Swedish delegation attempted to add teeth to the treaty by providing for an expert consultative committee under the U.N. Secretary-General, empowered to investigate complaints of violations.

The Russians argued that since no nation had yet raised a complaint under the convention, there was no need to change the procedures. About two-thirds the way through the conference the United States raise the issue of Sverdlovsk but the Russians answered that the reveiw conference was no place to amend the convention or answer questions about specific incidents. As a result the conference concluded without accomplishing much. A further review conference will be held sometime between 1985 and 1990.

Mr. President it is unlikely that another review conference will accomplish more than the last. They are not much more than a sounding board for complaints which then are routinely dismissed by the other side.

STRONGER MEASURES NEEDED

This convention is flawed. When the Nixon administration testified on the need to ratify the convention, they acknowledged that it could not be verified. They did not think it so important since there was a very low probability that the U.S.S.R. would violate the convention.

While flawed, the convention is redeemable. We are faced with two choices. We can either improve the convention to the point that we have assurance, by national technical means or onsite verification, that its terms are being adhered to, or we can drop all pretext of compliance and join with the U.S.S.R. in a race to develop, test, and use biological weapons with all the terrible consequences that entails.

Actually it is not a choice at all. There is only one clear-cut alternative that makes sense. And that is to redraft that convention so that it is unambiguously clear as to intent, definition, application, and verification procedures.

At the same time, the Senate should support the most vigorous condemnation of Soviet actions in Laos, Kampuchea, and Afghanistan which appear to be violations of the convention itself. World opinion is an amorphous entity. But it can be an effective tool in the international arena.

Mr. President, I seek support for this resolution.

Mr. TOWER. Mr. President, it is the opinion of the chairman of the committee that this is a meritorious amendment, and I am prepared to accept it.

Has the Senator cleared it with the distinguished Senator from Mississippi?

Mr. STENNIS. Mr. President, it is acceptable on this side.

Mr. TOWER. Mr. President, if my distinguished friend and mentor from Mississippi accepts it, I cannot refuse.

Mr. PROXMIRE. Mr. President, I thank my good friends from Texas and Mississippi. I appreciate it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin (Mr. PROXMIRE).

The amendment (UP No. 947) was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 948

(Purpose: To delete the amendment in the bill to the specialty metals clause)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Pennsylvania (Mr. HEINZ), for himself, Mr. ROBERT C. BYRD, Mr. RANDOLPH, Mr. SPECTER, Mr. MOYNIHAN, Mr. DIXON, and Mr. METZENBAUM, proposes an unprinted amendment numbered 948.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> Strike section 1106. Renumber succeeding sections accordingly.

Mr. HEINZ. Mr. President, this amendment is the so-called specialty metals amendment.

Let me take one moment to explain to my colleagues what specialty metals are. A lot of people think that there are only one or two kinds of specialty steel, that it is just a question of maybe a little stainless flatware. Indeed, nothing could be further from the truth. Specialty metals do include special steel, but they also go further than that. They include such items as high speed steel that we make jet engines out of and their bearings. Forgings, extrusions, super alloys, titanium-based alloys. Those are tool steel.

Stainless steel, we think of stainless steel cutlery, but the numbers of nuts, screws, fittings, rivets, aircraft structurals, jet engine components, fuses, naval reactor valves, and pumps, are a literally endless procession of components made out of stainless steel. Valve steel for reciprocating engines; high temperature alloys essential to jet engines and reactors; titanium alloys so essential to airframes, airframe fasteners, jet engine blades, hydraulic tubing; alloy bar, again essential to naval reactors, special vacuum grades of alloy bar steel, landing gear, and so forth.

Mr. President, I mention all of this because the fact is that specialty metals are an indispensible building block not just of many, industries in this country but an indispensible component of our national defense effort.

As we debate the Department of Defense authorization bill, I think it is enormously important that we recognize just how vital our specialty metals are.

Mr. President, I hope every Member of this body also realizes that the United States has the most efficient specialty metals industry in the world. A lot of people think, when you say specialty metals or specialty steel, it is the same as carbon steel. Clearly, it is not.

Our specialty metals and specialty steel companies, with more efficiency, less hours per ton, higher productivity, can outproduce the Europeans and the Japanese, who are supposed to be able to beat us at anything. We can beat and we do beat them every day of the week in specialty steel.

In spite of the fact that the specialty steel industry is efficient, it is being murdered right now, has been for the last year—some people say has been for the last 7 years—not by any more efficient competitors but by inefficient competitors who are supported by their foreign governments to the tune of billions of dollars a year in subsidies, supported through a variety of practices that allow them to dump their steel in this country at far below cost.

They are obtaining increase subsidies time and time again from our NATO allied countries, specifically Italy, the United Kingdom, West Germany, and Spain. I am not quite sure what category to put France in, but I will throw it in, out of deference to our long friendship to the French people. The fact is that as we debate tonight, this tremendous surge of unfair subsidized competition, including specialty metals coming down this gigantic super highway to the United States, it is not a two-way highway. There are many lanes on it, and the traffic is moving very fast, but it is going in one direction. Trade, Mr. President, is not a two-way street in this industry.

What this amendment does is to recognize the unfairness of foreign competition with respect to this particular category of components of metals.

Right now we have the Defense Department purchasing, week in and week out, subsidized foreign government-dumped products, products from countries and industries against which countervailing duty suits, section 301 unfair trade practice suits, antidumping suits are pending.

In a 6-month period starting on July 17, 1980, and running through January 5, 1981, the Defense Department made 34 separate purchases, some as high as 71,000 pounds at a time, of imported foreign specialty steel products from the very people against whom Secretary Baldrige, our Secretary of Commerce, self-initiated for the first time in the trade history of the U.S. antidumping and countervailing duty suits—including several of our NATO allies.

Mr. President, I should like anybody in this Chamber to stand up and let me and anybody else in this country know how we can—and this is what the bill that is before does—repeal the so-called specialty metals provisions of the law that protect our specialty metals industry from exactly what I have described.

I should like to know how anybody could stand up and say, "No, we want to create a huge loophole in our specialty metals clause that has been on the books all these years since 1972. We really need that loophole right now, even though 100,000 steelworkers are out of work, even though unemployment in the specialty steel industry is 23 percent, even though, for example, imports of alloy and stainless steel rod are up around 44 percent and 47 percent, respectively."

Mr. President, this is not just a few dribs and drabs of imports that we are talking about.

Looking at the first quarter of 1980 to the fourth quarter of 1981, looking at the five countries named in the 301 case on which the U.S. Special Trade Representative agreed to take action a few months ago, in stainless steel sheet and strip there is a 120-percent increase, up 1,359 percent in the case of Great Britain alone.

Stainless steel: a 338-percent increase, 960 percent up in the case of the United Kingdom alone.

Stainless bar: a 141-percent increase overall, up 419 percent in the case of Italy, a 196-percent increase in the case of France.

And so it goes, time after time.

Mr. DENTON. Mr. President, will the Senator yield?

Mr. HEINZ. I will yield in 1 minute, as soon as I have finished my statement.

Mr. President, this amendment I offer is designed to strike from the bill what the Committee on Armed Services has sought to do—namely, to eliminate those protections on which we have depended these many years, and I hope my colleagues will support this amendment.

Mr. President, I ask unanimous consent that the name of the Senator from New York (Mr. D'AMATO) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. I am happy to yield to the Senator from Alabama for a question.

Mr. DENTON. Mr. President, I ask the distinguished Senator from Pennsylvania to realize that Birmingham, the major city in my State, is called the Pittsburgh of the South.

I recognize the validity of the Senator's allegations regarding the probability that countervailing duty and antidumping charges may very well be sustained against a number of our friends, nations which in a number of ways are our allies.

I sympathize and support the general thrust of the Senator from Pennsylvania in challenging the foreign practices vis-a-vis the specialty steel situation in the United States. Although in some steel categories we have very, very high labor costs, in specialty steel, we have only 15 percent labor costs; yet, we are noncompetitive with our NATO allies, or at least a number of them.

However, notwithstanding that trade situation in steel and in consideration of the other military-industrial agreements by which the United States enjoys a not disadvantageous trade position with respect to those allies, would it not be more suitable to take up this imbalance in the steel trade in another forum than the defense authorization bill we are now considering?

Mr. HEINZ. I should like to respond to the Senator's question. I think we have to understand that the authorizing committee, the Senate Committee on Armed Services, has done something very unusual and not well appreciated by some people. What they have done in an authorizing bill is to strike language that has been in our appropriations bills since 1972. If the Armed Services Committee had left the Appropriations Committee alone—I do not happen to serve on either, so I cannot wave the flag of total righteous indignation on behalf of the Appropriations Committee; I can only do it as an interested observer—but if the Armed Services Committee had kept its hands off the appropriations language, we would not be here today—this morning, at 12:30—debating this matter. I agree with the Senator. We would not be here if section 1106 of the bill had not been put in.

Mr. DENTON. Is the Senator not aware that in today's newspapers our Secretary of Commerce was quoted as indicating that it was possible, in view of these suits, that we would not only find countervailing duty suits to be justified, but also might rule that any punitive measures might be retroactively enforced.

Would that not justify the action taken by the committee, realizing that we are dealing with allies who have shed blood, and who remain committed to do so in a military sense? I submit that the two subjects should be divorced and considered separately, in the proper context.

Mr. HEINZ. As I understand the Senator's question, he is asking this: Is it not sufficient protection against the importation of these subsidized specialty metals that the Secretary of Commerce has done what the Senator describes? The answer is no.

We might be encouraged that he has said some things; but unfortunately for all of us, the cases that he was addressing in his statement regarding the existence of critical circumstances happen to apply only to carbon steel, not to specialty steel.

In carbon steel, the same thing happens: There are subsidies; there is dumping across the board. But the carbon steel cases were filed in some instances by the Department of Commerce in December and by the industry subsequently.

The Secretary will have to make a preliminary determination of countervailing duty by June 10, but it will not have any direct effect on specialty steel. The main specialty steel case that is pending is the section 301, the unfair trade practices case, and that he has not commented on.

Mr. DENTON. I await his comment. But, being from a State which also has interests——

Mr. HEINZ. If the Senator is from a State which has that interest, I will be happy to add his name as a cosponsor.

Mr. DENTON. I have a national interest in my mind, also.

I believe this amendment would impede and injure the defense relationships which have been intact for many years, since 1948, when NATO was formed. I find those security relationships to be separate from those policies which, in our Nation and theirs, address different interests, and therefore, different propensities for inequitability. I would prefer to keep that out of this situation.

Mr. HEINZ. I am not going to try to change the Senator's mind. I only observe that we seem to have gotten along, all things considered, pretty well with our NATO allies to date. We would like them to act perhaps differently from the ways thay have acted on occasion. They probably feel the same way about us.

Mr. DENTON. That is right. We have some relations in wheat and so on with the Soviet Union, and they have some interest in gas, and I think we should be realistic.

Mr. HEINZ. I do not argue with the Senator on that point at all. I think that is very true. But what is also true is that as of today the law that the Senator is objecting to—the substance of my amendment, in fact, is current law—is current law today. What we are trying to do is keep current law from being gutted.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. HEINZ. I yield.

Mr. GOLDWATER. Mr. President, I just wish to inject a thought in this whole area.

The United States depends on foreign countries for 63 percent of its critical metals. For years we were prohibited from buying cobalt from Rhodesia. We had to buy it from the Soviet Union who in turn bought it from Rhodesia, and we paid five times the price for it.

We cannot build stainless steel without cobalt. We have no titanium in this country. Yet we cannot build stainless steel without titanium. We do not have much manganese or magnesium. Without those we cannot build stainless steel.

I can tell my friend from Pennsylvania, knowing the aircraft industry as I do, we are dreadfully short of stainless steel. We are short of things like landing wheel struts, nose wheel struts, wherever stainless steel is required.

I will also add, and I do not wish to get my friend from Pennsylvania upset, but the manufacturers of stainless steel have not kept abreast of the modern methods of producing stainless steel, so we are importing it from Belgium, Germany, and even Japan a little bit.

I suggest that the real source of evil here has been our State Department down through the years that has prohibited us from buying the essential needed minerals that we do not find in our country.

I will just add one additional little bit: If we would allow the Department of the Interior to allow more exploration of our western lands we might be able to turn up these precious metals that we do not have in this country.

I certainly am sympathetic with the position that the Pennsylvania steel people and the Alabama steel people find themselves in, but this is nothing that was born yesterday. This has been going on a long, long time.

Mr. ROBERT C. BYRD. Mr. President, I rise in strong support of the amendment offered by the Senator from Pennsylvania (Mr. HEINZ), and I commend him, as chairman of the Steel Caucus, for offering this amendment. I am an original cosponsor of the amendment.

It is quite appropriate for the Senate to discuss the economic health of the American specialty metals industry in the context of the Department of Defense authorization bill. Our specialty metals industry has long been recognized as a valuable military asset in itself. As such, that critical asset cannot be allowed to deteriorate. This country cannot afford to allow our specialty metals industry to be undermined by economic or political forces from outside the United States.

Yet, that is precisely what is happening at present. The domestic specialty metals industry is vigorously pursuing a "section 301" unfair trade complaint against foreign producers. The section 301 complaint, which I and other members of the Steel Caucus urged Trade Representative Bill Brock to investigate, alleges that foreign governments are subsidizing specialty metals producers in their own countries. Subsidized goods will always be sold more cheaply than goods produced in a rigorously competitive manner.

The purpose of this amendment is to prevent the American Government from adding to the damage done to our domestic specialty metals industry by unfair foreign competition.

HISTORY OF THE "BUY AMERICA" REQUIREMENT

The fiscal year 1973 DOD appropriations bill contained language that required the Department of Defense to purchase domestically produced specialty metals, except when: a sufficient quantity or satisfactory quality of domestically produced metals were not available, or in emergency circumstances.

That requirement remained in effect from fiscal year 1973 through fiscal year 1977. In fiscal year 1978, a waiver of the "buy America" requirement was enacted. The rationale for the waiver of the buy America requirement for specialty metals was to bolster the efforts that the United States and other NATO countries were taking to achieve interoperability and standardization of material and equipment.

Although I am sensitive to a need for NATO countries to pursue further standardization and interoperability of their weapons and equipment, that program cannot be used to shield European NATO members from the buy America requirement for specialty metals. The adverse economic effects in America that result from the unfair trade practices of foreign specialty metals producers greatly diminish what gains may occur, if any, from the standardization program.

The waiver of the buy America requirement has been used in too broad a manner. Instead of using the waiver in a selective fashion to bolster standardization programs, the Department of Defense has applied the waiver more routinely than Congress intended.

In fiscal year 1982, Congress removed the option to waive the buy America requirement with regard to specialty metals. The bill before the Senate would reestablish the waiver provision.

Congress was correct in removing the waiver last year, and the amendment to delete the waiver from the bill before the Senate is a sound and necessary step.

MILITARY APPLICATIONS OF SPECIALTY METALS

I have made reference to the American specialty metals industry as a valuable military asset. The industry is on the cutting edge of high technology, and in order to remain competitive, extensive research is carried out constantly within the industry. Those research programs are of a long-term nature, and long-term procurement contracts add greatly to the stability and technical integrity of those research programs. Continued research into heat-resistant and corrosion-resistant metals is essential for the production and use of modern weapons.

Specialty metals are widely used in weapons and components. Some of the commonest, unclassified uses of specialty metals are for jet engine parts, naval reactor components, gun barrels, aircraft fasteners, and special machine tool parts.

Due to the severe demands of combat, weapons and equipment have to be designed to withstand extreme heat, cold, stress, abrasion, or corrosion. Specialty metals are designed and produced with those qualities engineered into them.

STRATEGIC AND CRITICAL MINERALS ARE USED IN SPECIALTY METALS

The special qualities required by the military uses of specialty metals are achieved through the use of minerals and other substances. Many Senators, including a number of Senators from the Western United States, have addressed the Senate on the subject of strategic and critical minerals. These minerals include chromium, cobalt, tungsten, titanium, nickel, managanese, copper, slicon and others.

The reason why these minerals are important is that they are used in the production of specialty metals. The strategic uses of these minerals are not in their raw mineral form—they are in the form of jet aircraft and missile components, or in other weapons or equipment.

Specialty metals are, in effect, the endusers of stragetic and critical minerals. It is the minerals, combined with the high-technology processes of the specialty metals producers, that makes these substances vital to our national security. The high-alloy content, technological properties, and the unique processing techniques that must be used for specialty metals to meet the exacting specifications required for military applications makes these materials nearly impossible to replace.

LOSS OF DEFENSE INDUSTRIAL BASE AND JOBS

The unique qualities that make specialty metals valuable also makes the industry vulnerable to unfair competition. The equipment necessary to manufacture specialty metals is complex and expensive.

The investment needed to keep a producing facility at a competitive, state-of-the-art level is enormous. The constant research into improving metallurgical technology necessitates a long-term capital commitment on the part of management.

Even more critical than the expensive equipment or extensive research programs are the highly specialized and finely trained workers in the specialty metals industry. The employees in this industry develop their skills over a number of years. Once these employees are lost, as many are now due to the unfair flood of subsidized imports of specialty metals into America, they remain lost permanently. Even now, thousands of employees of the specialty metals industry are on layoff. This country runs the risk of losing these specialized, experienced workers to other jobs outside the industry. In the event of a mobilization, this country could be approaching the stage where we are caught critically short—without enough experienced workers to produce the materials we would need in an emergency.

Several specialty metals producers are near the point of no return. Despite making the investments in the most modern equipment, and improving productivity to equal the best rates in the world, these producers are suffering staggering losses and have put their plants up for sale.

These are the facts which provide the backdrop for the amendment offered by the Senator from Pennsylvania. The question that we must address in not whether the adoption of this amendment will have a marginal effect on NATO standardization programs. It is the far more serious and fundamental question of whether the U.S. Government will add to the specialty metals industry's problem, or will help the industry and its workers solve those problems.

The choice for me is clear. Specialty metals producers in West Virginia, or which employ West Virginians, need help. The industry as a whole needs help—not more nails in its coffin.

The specialty steel sector of the specialty metals industry is in especially desperate straits. That industry is currently operating at approximately 47 percent of capacity. Total manhours worked in 1981 dropped to 35 percent compared to 1980. That is not a recession, like the one that almost every business and worker in America is suffering through now. That is a depression. Faced with that bleak economic situation, the industry now discovers that its own Government may add to the forces that are determining the specialty metals producers in America. A strong American special metals industry is absolutely vital to the defense of the United States.

The Armed Services Committees of the Senate and the House have studied this matter with great care and have recognized the tremendous value of the specialty metals industry. We should not risk permanent injury or even total loss of this vital industry, which is where the industry is heading at present. We have to recognize that the point of no return is closer to a number of American businesses and industries now than at any time since 1933.

We cannot afford to come any closer to the edge of disaster with specialty metals. There will be no opportunity in the event of an emergency situation or a quick mobilization to call up the various foreign producers of specialty metals and ask for spare parts for our jet engines or for our naval reactors or for our specialized machine tools. We obviously need to retain our own productive capacity.

The American specialty metals industry is as modern as any in the world. Virtually every significant advance in technology in the industry has been initiated by the American industry. Our foreign competitors admit this. The American industry is as productive as any in the world.

The reason why this industry is in trouble is that our trading partners are engaging in grossly unfair practices. Dumping and subsidization of specialty metals imports have been alleged by the domestic industry in complaints filed with the Office of Special Trade Representative Bill Brock.

It is easy to understand why our trading partners are subsidizing their specialty metals producers. Those foreign governments recognize the critical importance of a strong specialty metals industry in each of their own countries, and that is what the U.S. Government had better recognize in this case before it is too late.

I find it difficult to believe that American Government officials would defend the economic health and well-being of foreign countries while, at the same time, sacrificing the economic health of a vital American industry.

I hope those officials appreciate the fact that the existence of a waiver of the Buy America requirement is impossible to justify to a worker who has lost his job to unfair competition. It is equally impossible to try to explain to that worker that his own Government was against him.

UP AMENDMENT NO. 949

Mr. **ROBERT C. BYRD**. Mr. President, I send an amendment to the desk, and amendment to the amendment by Mr. Heinz, and I ask that it be stated by the clerk.

The **PRESIDING OFFICER**. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from West Virginia (Mr. Robert C. Byrd) for himself and Mr. Heinz proposes an unprinted amendment numbered 949 to amendment 948.

Mr. **ROBERT C. BYRD**. Mr. President, I ask that the amendment be read.

The **PRESIDING OFFICER**. The clerk will read the amendment.

The assistant legislative clerk read as follows:

> In section 1106, strike all after the first colon through the end of the section, and insert in lieu thereof the following:
>
> "*Provided*, That nothing in this section shall preclude the procurement of foreign produced specialty metals used in the production or manufacture of weapons or weapons systems made outside of the United States except those specialty metals which contain nickel from Cuba if such procurement is necessary to comply with agreements with foreign governments requiring the United States to purchase supplies from foreign sources for the purposes of offsetting sales made by the United States Government or United States firms under approved programs serving defense requirements or if such procurements is necessary in furtherance of the standardization and interoperability of equipment requirements within the North Atlantic Treaty Organization (NATO) so long as such agreements of section 36 of the Arms Export Control Act (22 U.S.C. 2776) and section 814 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 10 U.S.C., 2351 note).".

Several Senators addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Texas.

Mr. TOWER. Mr. President, I agree that we must support our domestic industry, but I do not want to see our domestic metal workers out of a job. I think the amendment that has been proposed is more calculated to lose American jobs, if it is adopted, than if we follow the position established by the Armed Services Committee.

Any restriction would at best only result in an insignificant gain for the U.S. specialty metals industry, and it can hurt it in the long run.

The DOD estimates that in 1980 DOD and U.S. defense contractors used only 2 to 4 percent of the total U.S. specialty metals industry output.

I think this is an important statistic: Total imports of specialty metals in finished equipment and raw stock by DOD and U.S. defense contractors amounted to only $4 to $8 million in 1980. Contrast this to the fact that DOD estimates that the defense equipment manufactured in the United States and shipped to European members states of NATO contained $44 million in U.S. special metals.

Further, this amendment would place all U.S. defense purchases in Europe in jeopardy.

Now, this jeopardizes millions of dollars of defense purchases made in this country. What we are doing here, if we adopt this, is to embarrass friendly governments that are purchasing military equipment from the United States in ratios that vary from 3-to-1 to 9-to-1. That is what we are doing.

Now, this morning we passed, 87 to 1, a very nice resolution urging the President to go to the NATO summit and talk about rationalization, standardization, interoperability. Here is what we said:

> Share more equitably and efficiently the financial burden as well as the economic benefits, including jobs, technology and trade of NATO defense.

Eighty-seven Senators voted for that this morning. Are you going to repudiate it tonight? If this amendment is passed, then I think we ought to reconsider this and not embarrass the President of the United States by saying:

> Go to NATO and talk about the two-way street, in effect; talk about standardization, interoperability, but tell those Europeans we ain't buying anything from them. We want them to buy all from us.

I cannot imagine anything that has created bigger problems in terms of the ability of our NATO allies to support high levels of defense spending than this kind of Buy America stuff that we do on defense.

Let me note again that they buy nine times, last year they bought nine times, as much defense equipment from us as we bought from them.

You can jeopardize that if you want to. You can go after this mindless protectionist legislation, and the parliaments in Europe are going to have a difficult time sustaining the level of defense spending that we want them to sustain because every time we ask them to increase their defense spending remember we are asking them to buy more from the United States, because they do buy more.

Now, I would like to read a portion of a letter from Secretary Haig and from Secretary Weinberger. It says:

> Dear Mr. Chairman,
>
> We are taking the unusual step of writing this joint letter to you because of the harm to our national economic, political, and security interests contained in two restrictive provisions of the 1982 DOD appropriation bill, specialty metals and administrative use vehicles. These amendments give a clear signal to our allies that we are all for a line standardization, interoperability except where it might have a local economic consequence regardless of how minor that consequence may be.

In another portion of the letter they say:

> Our allies have noted at the highest government levels that the removal of the specialty metals exception will damage alliance interests militarily, industrially, politically, and we agree with their conclusion.

Some of our allied friends have pleaded with us on this. They say:

> We want to buy American equipment. It is good, we need it for our defense. But can't you remove this? It is an embarrassment to us.

Let us take the Italians. They buy nine times as much equipment from us as we buy from them. As a matter of fact, we buy virtually nothing from them. I think the position this puts a friendly government in, which has to go to parliament and defend its purchases of American goods, is very embarrassing when it has to respond to the question of "Why do the Americans discriminate against us?"

Now, the proper forum for this kind of thing is not on this bill. I would say that the proper legislative approach would be in general legislation addressed to the whole business of trade.

There has been a claim that foreign special metal producers use unfair trade practices. This claim, if true, is directed at the wrong source. A number of cases concerning allegations of unfair trade practices are pending before the U.S. Special Trade Representative of the Department of Commerce, and there have been no decisions made in those cases. Thus the United States has established a decisionmaking process by which to come to a decision on allegations of foreign unfair trade practices.

It would be presumptuous for the Senate to take action before the mechanism that has been established has made a decision. If the Special Trade Representative decides in favor of domestic specialty metal producers, then the appropriate course of action would be for the United States to set a tariff on all imports of specialty metals from the country involved.

Mr. President, I hope that this amendment will not be adopted. It will fly in the teeth of policy already established by the Senate in the Culver-Nunn amendment to the 1976 DOD Authorization Act, which was designed to encourage rationalization and standardization.

If we could move in that direction it would only benefit American industry. But I implore you not to adopt an amendment that creates political problems for our friends, creates economic problems, and may result in a reduction of their defense purchases from the United States and cost us more jobs than this amendment could save.

So why should we jeopardize thousands of jobs, billions of dollars worth of defense business for just a few jobs and a few dollars' worth of defense business?

Mr. STEVENS addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Alaska.

Mr. STEVENS. Mr. President, I agree with the Senator from Texas about the question of whether we should be addressing this matter in this bill. This is an amendment to the appropriations bill. It really is an amendment to the Department of Defense Appropriations Act of 1982. We looked into that matter in the last session and we found that because of exceptions that were allowed in the fiscal years 1978 through 1981, American industry had lost about $399 million annually in business in specialty metals.

We had been looking into this subject to see whether we went too far in the 1982 appropriations bill, and we intended to try to modify the provision in the 1983 act. The authorizing committee has seen fit to try to repeal a section of the appropriations bill, which I find to be unusual. It is a process which I hope will not be repeated.

When we spend time in holding hearings to try to determine whether our amendment in the 1982 act was proper or whether it should be modified, it disturbed some of us to find that we spent the time on those hearings only to have the Defense authorization bill seek to amend the appropriations bill.

Nonetheless, the matter is before us. It seems to me that we have to address the question directly. I think that that involves the assessment of the extent to which our allies are really supporting the effort that we are making throughout the world. We still see our allies at less than 3 percent of their gross national product devoted to defense, and we are at 7 to 8 percent. We see that they come to us and they argue: "But to the extent that we do spend money, we ought to get credit for it because we do not like to buy America provisions." And whether you like it or not, this is a buy America provision. And it removes an exception for specialty metals that existed for a 3-year period that almost destroyed the specialty metals industry of this country.

Incidentally, I would say to the Senator from West Virginia, I do not know why he left out of his amendment the chemical warfare protective clothing. If you are going to offer a substitute for Senator HEINZ' amendment, I would hope you would consider that problem as well, because we have been going into it in committee and trying to find out where we may have gone too far with this provision in the appropriations bill. I think the Senator from West Virginia and the Senator from Pennsylvania are trying to address that problem of adjusting the Appropriations Committee action rather than totally erase it as proposed in the authorizing bill.

From my point of view, until our allies get to the point where they are dedicating as much of their gross national product to defense as we are, it behooves this country to remember to buy America, because we are shouldering the defense costs of the world. To have these people come in and tell us that we cannot use protective measures to keep our specialty metals industries going, industries that we will need if they fold up, then I think we are wrong. And I urge the Senate not to delete, as the defense authorization bill would completely, this provision of the appropriation bill.

I am sort of ambivalent here toward the amendment offered by Senator HEINZ and the amendment offered by the distinguished Senator from West Virginia. Again, as I say, if the Senator wants to get as specific as his amendment does, then I think we ought to include the question of chemical warfare protective clothing.

For my part, I would like to see the whole section 1106 out of this bill and let those of us who started this provision refine it in the process that comes from the Appropriations Committee. Because, Mr. President, we lived under the exception for a 4-year period. And if we go back to that, which is what the committee bill would put us into, we will lose our specialty metal capabilities in the country.

Mr. PERCY addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I have worked closely with the distinguished Senator from Pennsylvania and the distinguished Senator from West Virginia as fellow members of the Steel Caucus. We have specialty steel manufacturing in Illinois. It is an important industry and an industry which we try to promote in many ways.

However, I think there is a much larger principle involved with respect to this amendment. I may surpise my distinguished friend from West Virginia when I say that I think the overwhelming issue is whether or not we are going to go protectionist, particularly with respect to a region where we have a $15 billion trade surplus. The trade surplus we have with Europe is essential to this country. It is paying for our oil; it has helped in balancing our payments with Japan. If we start going protectionist, our allies will do the same thing.

Let us take one segment of our economy, important to many, many States here. An attempt was recently made in the European Community by France to limit corn gluten feed and put an absolute limitation on its importation.

I contacted 10 countries. I happened to be out of the country at the time and I met with the Ambassadors from each of the European countries and asked them to transmit our messages back loud and clear that such limits would cost the farmers of this country hundreds of millions of dollars. And by a vote of 8 to 2 they defeated that protectionist effort just 3 weeks ago, indicating that our allies believe in freer trade, for the most part, and they would not want that protectionist element to come in.

Just about 4 or 5 months ago, Spain tried to limit the importation of soybeans and soybean oil because they wanted to sell olive oil. And that again was decisively defeated because our allies went for freer trade rather than protectionism.

Now in the case of this amendment, we would lose not only the benefit of being essentially, as we have been for 40 years, a freer trade country, trying to hold down tariff barriers, because we are the biggest benefactors of the world in freer trade, but in this case we would also have the distinction of losing the benefits of the standardization of the weapons systems deployed by the member states of the North Atlantic Alliance.

The specialty metals waiver has been the keystone of U.S. efforts to increase standardization for the member states of the North Atlantic Alliance. The buy American restriction on foreign made specialty steel has been waived for our own good, not only to help standardization throughout NATO, but also recognizing, as the chairman of the Armed Services Committee said, that defense trade is a two-way street. Protectionist measures enacted on our part will ultimately come back to haunt us.

Let us look at military sales. The United States currently sells huge volumes of military equipment to its friends and allies. We are importing a relatively small volume of foreign-made military equipment. For example, the current ratio of transatlantic defense trade with our NATO allies runs about 6 to 1 in favor of the United States. If we were to prohibit any importation of military equipment containing foreign-made special metals, our friends and allies may well retaliate, and a good export market could be lost. Those exports include a lot of American-made steel. We would lose that business. I think on net the steel industry would be behind.

Mr. TOWER. Will the Senator yield?

Mr. PERCY. I yield for a question.

Mr. TOWER. The Senator is right. We are jeopardizing more jobs than we might be saving. Actually, they buy more special metals from us in the things that they buy than we buy from them either in finished or raw form. It would be foolish to jeopardize the jobs of the very people this amendment is supposed to correct.

Let me correct one thing that the distinguished Senator said. In fact, during the period 1976 to 1980 we enjoyed a 6.3 to 1 advantage over our NATO allies in procurement, but in 1980 we had an advantage of 9.4 to 1, almost 10 to 1, and the trend is still going up.

Mr. PERCY. Mr. President, I believe I still have the floor.

Mr. HEINZ. Will the Senator yield for a question?

Mr. PERCY. Yes.

Mr. HEINZ. It was just stated that Europeans buy by a ratio of 6 to 1 more military equipment from us than we do from them. Does the Senator from Illinois believe that our amendment in some way prohibits the DOD from procuring finished weapons or weapons systems made outside the United States that contain foreign specialty steel?

Mr. PERCY. What I do know is that the waiver has permitted us to take an important step toward standardization, that has included the NATO AWACS program, the AV-8B Harrier, the advanced medium- and short-range air-to-air missiles system, and the Rapier program.

Mr. HEINZ. If the Senator will yield further, he is incorrect. This amendment does not prohibit the purchase of any of that. I hope the Senator will take another look at the amendment as perfected by Senator BYRD, cosponsored by me.

I know the Senator does not intend to make an inaccurate statement, but, frankly, this Senator will tell him that it says in the amendment that it will simply not prohibit DOD procurement of weapons systems or finished weapons that contain foreign specialty metals.

There was another statement, if I might go further, made by the Senator from Texas, that the Europeans buy more raw specialty steel from us than we do from them.

Let me tell you something. They do not buy anything from us, and we do buy a fair amount from them.

Mr. TOWER. What I said was that they buy more specialty metals from us contained in the systems they buy from us than we buy from them in systems and raw in the aggregate. That is what I said.

I believe the Senator from Illinois has the floor.

Mr. PERCY. I have.

Mr. TOWER. I would simply like to say the Senator from Illinois is right because this says production and manufacture of weapons or weapons systems, but it does not say anything about subsystems or coproduction arrangements, which would be jeopardized by the passage of this amendment.

Mr. PERCY. It is the understanding of the Senator from Illinois that coproduction would be seriously jeopardized by this.

I admit that the amendment offered by the Senator from West Virginia improves the amendment. The statements I made would have applied directly to the original amendment. It has been improved. But still I think it is a matter of grave concern. Without any question, this issue is being watched very closely by European countries.

I offer for the RECORD as an indication this reference. The Foreign Relations Committee has received an unusual joint letter signed by the Secretary of Defense and the Secretary of State, which has been inserted into the RECORD by Senator TOWER.

I ask unanimous consent to insert into the RECORD at this point a letter I received from the delegation of the Commission of the European Communities signed by the head of the delegation, dated May 13, 1982, indicating their alarm at the possibility of this kind of an amendment, and a letter from the Ambassador of the Federal Republic of Germany dated May 11, 1982, indicating similar alarm.

There being no objection, the letters were ordered to be printed in the RECORD as follows:

DELEGATION OF THE COMMISSION
OF THE EUROPEAN COMMUNITIES,
Washington, D.C., May 13, 1982.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR SENATOR PERCY: The Delegation of the Commission of the European Communities understands that efforts are being made to maintain in the Department of Defense fiscal year 1973 Authorization Bill provisions that would restrict the access of E.C. manufacturers to the Department of Defense procurement of specialty metals, administrative vehicles and protective clothing, and to certain technical data.

You will undoubtedly recall that the European Community expressed its grave concern to the U.S. Government with the introduction of such protective measures into the fiscal year 1982 Appropriations Act.

I therefore wish to restate the European Community's concern with the introduction and possible maintenance of such protection in circumstances where both the United States and the European Community make considerable efforts to preserve free trade.

Furthermore, the proliferation of such restrictive provisions would prejudice further negotiations regarding the coverage of the GATT Agreement on Government Procurement.

It is also of concern that the memoranda of understanding negotiated with E.C. Member States are subject to unilateral amendments. Such action can only undermine the value and credibility of such understandings.

The Delegation of the Commission of the European Communities, consequently, urges that these restrictive provisions be eliminated.

I hope that you will fully appreciate our views on this matter.

With best regards.

Sincerely,

HERMANN DA FONSECA-WOLLHEIM,
Charge d'Affaires.

THE AMBASSADOR OF THE FEDERAL
REPUBLIC OF GERMANY,
Washington, D.C., May 11, 1982.

Hon CHARLES H. PERCY,
U.S. Senate Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR PERCY: As I understand, efforts are under way to reintroduce the so-called "Specialty Metals" and "Administrative Use Vehicles" clauses into the 1983 Department of Defense Authorization Bill to be discussed on the floor of the Senate these days. I might recall that the inclusion of these clauses into the 1982 Appropriations Bill has caused great concern in the Federal Republic of Germany. The Defense Committee of The German Bundestag passed a resolution on February 11, 1982, expressing its expectation that those clauses be repealed. It pointed out the severe consequences for transatlantic cooperation with regard to standardization and interoperability of weapons systems within NATO. I might also mention that the Armed Forces of the Federal Republic of Germany purchase more than five times the amount in defense equipment in the United States than the U.S. Forces procure from German sources. I am pleased to note that the Secretary of State as well as the Secretary of Defense are strongly advocating the re-instatement of the previous legal status and, consequently, are proposing appropriate language to be included in the 1983 DOD Authorization Request. In the interest of continuing unimpeded armaments cooperation, I hope that the administration's efforts toward this end will be successful.

I should like to ask you, dear Senator Percy, to exert your influence in the U.S. Senate to help the administration's proposal to be passed. A renewed inclusion of the restrictive provisions in a 1983 Budget Bill would undoubtedly cause irritation on the part of Germany and harm the credibility of the willingness on the U.S. side to continue cooperation in the armament field.

Sincerely yours,

PETER HERMES.

Mr. PERCY. Mr. President, if this amendment passes the weapons systems of the NATO Alliance would over time become progressively less standardized.

This is not to suggest, of course, that there are not special concerns unique to defense matters that must be taken into account. The sources for defense hardware must be sufficiently diversified to protect against a situation in which a sole supplier located abroad could be vulnerable to disruption in a crisis or in time of war. For this reason, it is longstanding U.S. policy to encourage licensed coproduction—an approach, I might add, that insures that U.S. jobs and manufacturing capability can be expanded even in cases of foreign-designed military hardware. In addition, I do not believe that the United States should grant foreign suppliers a price differential; all weapons competitions should be fairly determined on the basis of the cost, quality, and availability of the equipment to be procured.

Last year, the Congress deleted the specialty metals waiver from the fiscal year 1982 defense appropriations bill. This action was taken without debate; indeed, I doubt that very many Members even knew that the bill, as reported by the Appropriations Committee, included this provision. For reasons that remain a mystery to me, the Defense Department failed to highlight their concern over this action until after the legislation was enacted.

Our allies in Europe, though, were not so quiescent. In the week following final passage of the bill, virtually every European Ambassador in Washington was in to see Secretary Weinberger. The Common Market and the North Atlantic Assembly protested the action, and the United States was asked in the North Atlantic Council whether it still believed in NATO standardization and the two-way street. On February 16, the Defense Committee of the German Bundestag wrote Senator TOWER to register their dismay with the restriction.

Mr. President, as I said before, were the waiver authority to be deleted from the bill reported by the Armed Services Committee, a number of important multinational weapons development programs could be adversely affected. Moreover, repeal of the waiver could sharpen European concerns about American reliability and good faith, concerns that have already been enhanced by our decision last year to terminate further procurement of the Franco-German Roland air defense missile system.

Earlier this year I attended the Wehrkunde Conference on Allied Security, which met in Munich. I came away from that Conference convinced that nothing would be more tragic than for the United States inadvertently to take steps which would divide the NATO alliance at just the time we must stand shoulder-to-shoulder to meet the threats posed by the continuing Soviet military buildup and its oppressive role in the imposition of martial law in Poland. On February 25, I wrote President Reagan and offered him my full support in reinstating the specialty metals waiver authority.

I think the amendment, though improved by the Senator from West Virginia, still would be looked upon as a protectionist amendment. I think on balance we would lose. We would lose in two different ways. We would be looked upon as being protectionist and there would be retaliation against us. We would weaken our case on every appeal we made to the European community on a European protectionist issue. Second, we would lose on the standardization program that we have been the leaders in instigating.

The **PRESIDING OFFICER** (Mr. ANDREWS). The Senator from Georgia.

Mr. **NUNN**. I will not take but just a moment at this late hour. I want to agree with everything the Senator from Texas and the Senator from Illinois have said on this subject. They are entirely correct. If we pass this amendment, we are sending a signal that we are not interested, indeed, in a two-way street; that we are not interested in standardization; that we are not interested in interoperability.

The most distressing thing about the NATO alliance, as far as I am concerned, and I share the frustration of the Senator from Alaska about our allies not doing more than they are doing, even more frustrating than that is NATO spends more money than the Warsaw Pact. We spend more money every year than the Warsaw Pact, but we get a lot less in return.

I will not say that everything hangs on this amendment, but this is a very important symbol. I remember very well the Senator from Iowa, Senator CULVER, spent 3 years working to try to get a provision in the law that says the Buy American Act can be waived to further standardization and interoperability in NATO. To improve the defenses of our country was what he was trying to do. He was trying to do that, and he did that by getting this amendment passed that is now threatened again unless the armed services' version prevails. I think it is very important that this amendment be defeated.

I completely endorse the remarks of the Senator from Texas. I urge my colleagues on this side to recognize that what is being repealed is an amendment that Senator CULVER worked on for many, many hours, for a long period of time, because he deeply believed that not only would it improve the security of the Alliance, but also that it would be in the long run and in the broader scope help our American economy.

We have a very favorable balance of trade. We have a very favorable balance of military procurement. While this may help small pockets where specialty steel is an important item, and I certainly have a sensitivity to that, it is going to hurt American jobs overall.

If you want to cost this country more jobs, you can certainly do so by supporting this amendment. I urge you not to.

● Mr. **SPECTER**. I rise in support of the amendment offered by my distinguished colleague from Pennsylvania (Mr. HEINZ). This amendment will delete section 1106 of the bill, the provision which amends current law by adding certain waivers to the requirement that DOD purchase domestically produced specialty metals.

Since 1972, language has been contained in Department of Defense bills requiring that the Department purchase domestically produced specialty metals. Beginning in fiscal year 1978, however, certain provisions were added to this Buy America requirement. These provisions proved to be ambiguous and ineffective and detrimental to American industry. Last year, Congress decided to remove the waiver provisions and return to the original wording of the legislation.

Now is not the time to take action which will further undermine our crippled steel industry, which is so vital to a strong national defense. Unemployment levels in the industry have reached over 99,000 employees and the industry as a whole is operating at 50 percent capacity, even lower than the years of the Great Depression. Within the specialty industry, unemployment is approximately 25 percent, capacity utilization is down by more than a third, while import penetration increased from 11.6 percent in the first quarter of 1980 to 21.2 percent in the last quarter of 1981.

A major reason for the current depression in the steel industry is the dumping of government-subsidized, foreign steel on American markets. This year, the steel industry has filed extensive antidumping and countervailing duty suits against a wide range of foreign producers. In total, several dozen suits have been filed with the primary culprits being countries in the EEC, including Belgium, France, West Germany, Italy, Luxembourg, the Netherlands, and the United Kingdom. The original purpose of the waiver provisions were to help NATO and in part, EEC nations, and comply with certain bilateral agreements. These waiver provisions are certainly inappropriate when these same countries are dumping government-subsidized steel on American markets. It is particularly unfair to American industries who are required to make a profit in the marketplace to stay in business, and who must compete with these foreign companies who cannot earn a profit but who remain in business because of billions of dollars of government subsidies.

Mr. President, various studies, including one by the Senate Armed Services Committee, have found that the specialty industry is essential to national defense. Recent actions by foreign companies and governments are driving American producers out of business and threatening our future national security. This industry is responsible for making a wide variety of defense-related materials including engine bearings, tooling to manufacture aircraft parts and other defense materials, naval reactor valves, jet engine components, landing gear, and a vast array of other critical parts and materials for various weapons systems. Reinstituting the waiver provisions will only further undermine this critical industry.

Further, House Armed Services Committee conducted a study that found that these waiver provisions are ineffective and have not worked in the interests of the United States. This study concluded that these provisions are subject to confusing interpretations by the Department of Defense. While there may be some cost savings in purchasing government-subsidized foreign steel, these savings are more than offset by loss of employment and tax revenues and undermining of the capability of American steel industry to provide for our national security.

I hope that my colleagues will join me in supporting this amendment to delete section 1106.●

Mr. **TOWER**. Mr. President, I move to lay the amendment of the Senator from Pennsylvania on the table. I ask for the yeas and nays.

Mr. **HEINZ**. Mr. President, will the Senator withhold for 1 minute?

Mr. **TOWER**. I shall withhold for 1 minute provided I do not lose my right to the floor.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **HEINZ**. Mr. President, I simply want to ask the Senator from West Virginia if he will consider perfecting his amendment—I do not believe the yeas and nays have been ordered as yet—by adding the following words:

Mr. **TOWER**. Mr. President, I did not yield for that purpose. I yielded for a question.

The **PRESIDING OFFICER**. The Senator from Texas has the floor.

Mr. **TOWER**. Mr. President, I move to table the amendment of the Senator from Pennsylvania.

Mr. **ROBERT C. BYRD**. Mr. President, will the Senator from Texas withhold his request for a moment and let the Senator from Pennsylvania finish his sentence? I should like to respond to it.

Mr. **HEINZ**. The Senator from Texas has the floor. He has been very courteous and I do appreciate that.

Mr. **TOWER**. All right, provided I do not lose my right to the floor.

Mr. **HEINZ**. Mr. President, I ask the Senator from West Virginia if he is willing to add, after the word "Cuba" the words "or chemical warfare protective clothing produced outside the United States or its possessions."

Mr. ROBERT C. BYRD. Mr. President, I so modify my amendment.

The **PRESIDING OFFICER.** Without objection, the amendment is modified.

The amendment, as modified, is as follows:

In section 1106, strike all after the first colon through the end of the section, and insert in lieu thereof the following:

"*Provided*, That nothing in this section shall preclude the procurement of foreign produced specialty metals used in the production or manufacture of weapons or weapons systems made outside of the United States except those specialty metals which contain nickel from Cuba or chemical warfare protective clothing produced outside the United States or its possessions if such procurement is necessary to comply with agreements with foreign governments requiring the United States to purchase supplies from foreign sources for the purposes of offsetting sales made by the United States Government or United States firms under approved programs serving defense requirements or if such procurement is necessary in furtherance of the standardization and interoperability of equipment requirements within the North Atlantic Treaty Organization (NATO) so long as such agreements with foreign governments comply, where applicable, with the requirements of section 36 of the Arms Export Control Act (22 U.S.C. 2776) and section 814 of the Department of Defense Appropriation Authorization Act (Public Law 94-106; 10 U.S.C. 2351 note):".

Mr. HEINZ. Mr. President, I thank the Senator from Texas.

Mr. TOWER. Mr. President, I move to lay on the table the amendment of the Senator from Pennsylvania.

The **PRESIDING OFFICER.** Is there a sufficient second for the yeas and nays? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The question is on agreeing to the motion to table the amendment of the Senator from Pennsylvania. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. McClure) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Illinois (Mr. Dixon), the Senator from South Carolina (Mr. Hollings), the Senator from Maryland (Mr. Sarbanes), and the Senator from Massachusetts (Mr. Kennedy) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. Dixon) would vote "nay."

The **PRESIDING OFFICER.** Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 59, nays 36—as follows:

[Rollcall Vote No. 116 Leg.]

YEAS—59

Armstrong
Baker
Boschwitz
Bradley
Byrd, Harry F., Jr.
Chafee
Chiles
Cochran
Cohen
Cranston
Danforth
Denton
Dodd
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Helms
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Leahy
Long
Lugar
Mathias
Mattingly
Mitchell
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Roth
Schmitt
Simpson
Stafford
Stennis
Symms
Thurmond
Tower
Tsongas
Wallop
Warner

NAYS—36

Abdnor
Andrews
Baucus
Bentsen
Biden
Boren
Brady
Bumpers
Burdick
Byrd, Robert C.
Cannon
D'Amato
DeConcini
Durenberger
Eagleton
Exon
Ford
Glenn
Heflin
Heinz
Huddleston
Inouye
Jackson
Levin
Matsunaga
Melcher
Metzenbaum
Moynihan
Randolph
Riegle
Rudman
Sasser
Specter
Stevens
Weicker
Zorinsky

NOT VOTING—5

Dixon
Hollings
Kennedy
McClure
Sarbanes

So the motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD and **Mr. TOWER** addressed the Chair.

The **PRESIDING OFFICER.** The question now occurs on the amendment of the Senator from West Virginia, as modified.

The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I supported the amendment offered by Mr. Heinz, by me, and other Senators. That amendment was tabled. So the amendment I have offered now, which is to be voted on, is an effort to make allowance for the concerns that have been expressed by the Department of Defense with respect to "offset" agreements that the United States has with other countries.

I strongly support the total deletion of the waiver of the "Buy America" requirement—which is what the Heinz amendment would have accomplished. From fiscal year 1973 through fiscal year 1977, no waiver of the "Buy America" requirement for special metals existed. The waiver was put in place in fiscal year 1978, in an effort to bolster NATO's standardization programs.

Congress repealed the waiver of the "Buy America" requirement last year. The waiver was repealed in 1981 because it was not working. The Department of Defense routinely applied the waiver with respect to procurement actions—which is not what Congress intended when it allowed the waiver to be used beginning in fiscal year 1978. Congress intended that the waiver of the "Buy America" requirement be applied in a judicious and limited manner, in circumstances where the requirement would be exceedingly difficult or impossible to fulfill.

The overly broad use of the waiver is unacceptable. That is one reason why the Heinz amendment, to strike the waiver entirely, is meritorious. However, I recognize that certain limited situations may arise where the waiver is appropriate. For that reason, my amendment permits a waiver of the "Buy America" requirement in the case of "finished products"—complete weapons or weapons systems that the Department of Defense may procure.

The Senator from Pennsylvania (Mr. Heinz) and I have been willing to make this concession to those who are pressing for a totally unrestricted waiver, because the industry affected, the American specialty metals industry, is in desperate straits.

Mr. President, this amendment substantially defends current law. The fiscal year 1982 Defense appropriations bill allows no waiver of the "Buy America" requirement. National policy is set already. The current law allows no waiver.

The amendment I have offered now, and which will be voted on now, and which is cosponsored by Mr. Heinz, would allow a waiver for finished products; complete weapons, such as jets, missiles, or other weapons. European weapons sales to the United States would not be jeopardized under the provisions of this amendment. It is a fair amendment to Europeans.

However, that is not entirely the point, Mr. President. It is time somebody stood up for the American economy. It is time somebody stood up for American workers. It is time somebody stood up for American jobs.

The American specialty metals industry is in very bad shape. It needs help, not more undercutting.

As I say, this amendment would allow finished products, complete weapons or systems, to be bought: and I think this is a significant concession to those who have argued against the Heinz-Byrd amendment which has just been tabled. This is a compromise, and I hope the Senate will support this amendment.

Mr. STEVENS. Mr. President, the amendment of the Senator from West Virginia is quite close to an amendment of the Appropriations Committee to modify the provisions of the 1982 Defense Appropriations Act, but we do not allow the waiver. In 4 years, from 1978 to 1981, there had been no protection at all for the specialty metals industries of our country.

The result of the provisions that had been riders on appropriations bills from 1978 to 1981 had been to lead the specialty metals industries into a decline in which they lost almost $400 million a year because of this foreign competition.

We have been looking at this with the idea that we should modify the rider for the 1983 appropriations bill. I remind the Senate that the provision we are modifying just went into effect on October 1. We do not really yet have a track record of it.

I know that many people have had calls from ambassadors from foreign nations. However, as a practical matter, I join the Senator from West Virginia in asking what is going to happen to the domestic specialty metals industry unless it has the same protection of the "Buy America" provisions that other industries have had. We restored that protection. We may have gone too far in preventing waivers.

The Senator from West Virginia, with his amendment, does provide for waivers in this area in terms of the finished products.

I urge the Senate not to erase what we started in 1982 by trying to restore the special metals industries. If this provision had not been in the bill, we intended to modify this provision in the supplemental appropriations bill as it came to the Senate—the 1982 supplemental appropriations bill.

The defense authorization bill from the Armed Services Committee has seen fit to amend the appropriations bill. I emphasize that. We held hearings on it. I do not think the Armed Services Committee held any hearing in this matter. I think it is time we looked at the question of what we do with specialty metals and what kind of protection remains in our Federal law to protect our domestic special metals industry.

I support the Senator from West Virginia.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. HEINZ. I thank the Senator for yielding.

Mr. President, I support this amendment. I think it is a very reasonable compromise. It will permit us to buy weapons systems, major kinds of weapons, acquisitions from our allies in NATO.

I think it will permit the kind of flexibility that will allow us to avoid any of the earlier criticisms that were leveled against the original amendment I offered, even though my amendment simply sought to strike a rider or a part of this DOD bill that sought to strike, in turn, something the Appropriations Committee had put in the 1982 appropriations bill.

So, Mr. President, I hope our colleagues will adopt the Byrd-Heinz amendment.

Mr. TOWER. Mr. President, this amendment would jeopardize American jobs, not save them. It would jeopardize the sales we make to NATO Europe.

This is a sore political and economic point with our NATO allies. It militates against the nationalization and inoperability which we have already endorsed in this body by an 87-to-1 vote today.

The same objections that were lodged against the amendment by the Senator from Georgia (Mr. NUNN) and the Senator from Illinois (Mr. PERCY) still obtain.

So I think we must do what most Senators probably thought they were doing when they voted to table in the first place. I am sure most Senators thought they were taking the Byrd amendment down with tabling the amendment by the Senator from Pennsylvania.

Therefore, I move to table the amendment of the Senator from West Virginia.

The **PRESIDING OFFICER**. The question is on the motion to table the amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question is on agreeing to the motion to table the amendment of the Senator from West Virginia. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. MCCLURE) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Illinois (Mr. DIXON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. DIXON) would vote "nay."

The **PRESIDING OFFICER**. Are there Senators in the Chamber who have not voted?

The result was announced—yeas 56, nays 39, as follows:

[Rollcall Vote No. 117 Leg.]

YEAS—56

Armstrong
Baker
Boschwitz
Brady
Byrd,
  Harry F., Jr.
Chafee
Chiles
Cochran
Cohen
Cranston
Danforth
Denton
Dodd
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hart
Hatch
Hawkins
Hayakawa
Helms
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Leahy
Long
Lugar
Mathias
Mattingly
Mitchell
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Proxmire
Quayle
Roth
Schmitt
Simpson
Stafford
Stennis
Symms
Thurmond
Tower
Tsongas
Wallop
Warner

NAYS—39

Abdnor
Andrews
Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
D'Amato
DeConcini
Durenberger
Eagleton
Exon
Ford
Glenn
Hatfield
Heflin
Heinz
Huddleston
Inouye
Jackson
Levin
Matsunaga
Melcher
Metzenbaum
Moynihan
Pell
Pryor
Randolph
Riegle
Rudman
Sasser
Specter
Stevens
Weicker
Zorinsky

NOT VOTING—5

Dixon
Hollings
Kennedy
McClure
Sarbanes

So the motion to lay on the table Mr. ROBERT C. BYRD's amendment (UP No. 949), as modified, was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was tabled.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, Senator HART, I believe, is prepared to offer an amendment on binary and chemical warfare, and I think others have joined with him. I am uncertain at this moment how many amendments on that subject we have because I know there are several of them which are involved.

Could the Senator enlighten me on that?

Mr. HART. My understanding is one amendment. The Senator from Oregon may have an amendment also.

Mr. TOWER. Yes. The Senator from Oregon has one and the Senator from Colorado has one, and I do not know of any others—the Senator from Mississippi.

Mr. COCHRAN. It is my understanding there are three amendments on this subject that I am aware of: the Hart-Cochran amendment, the Hatfield-Pryor amendment, and then a Cochran sense-of-the-Congress resolution that would be a amendment that would be a third amendment.

Mr. TOWER. I would suggest that we can take those amendments in sequence since they deal all with all the same subject matter, and I think those are going to be our toughest amendments of the evening. I think after that it is going to be a little easier. If the Senator from Georgia will forbear, I know he has amendments that I think are going to be acceptable, and it might be wise to get a time agreement to proceed on this.

Let me ask the Senator from Colorado if he is prepared to enter into a time agreement.

Mr. HART. An hour-and-a-half?

Mr. TOWER. An hour-and-a-half? Let us not have a time agreement and talk a little while and perhaps try again.

UP AMENDMENT NO. 950

(Purpose: To authorize funds for the procurement of equipment and materials to defend or protect against chemical munitions in lieu of funds for the production of lethal binary chemical munitions or the procurement of equipment or tooling to produce such weapons)

Mr. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. HART) for himself, Mr. COCHRAN, Mr. PRYOR, Mr. BURDICK, Mr. DURENBERGER, Mr. EAGLETON, Mr. HATFIELD, Mr. HEINZ, Mr. HUDDLESTON, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. MATSUNAGA, Mr. MELCHER, Mr. MITCHELL, Mr. PELL, Mr. PRESSLER, Mr. PROXMIRE, Mr. RIEGLE, Mr. SARBANES, Mr. TSONGAS, and Mr. WEICKER proposes an unprinted amendment numbered 950.

Mr. HART. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 19, between lines 5 and 6, insert the following new section:

CHEMICAL WEAPONS

SEC. 108. (a) Notwithstanding any other provision of law, after the date of enactment of this Act none of the funds authorized under this Act or any other Act may be obligated for the production of lethal binary chemical munitions or for the procurement of equipment or tooling to produce such munitions.

(b) Of the funds authorized to be appropriated for the Army under this title, not less than $54,000,000 is authorized only for the procurement of equipment or materials to defend or protect against chemical weapons.

(c) As used in this section, the term "lethal binary chemical munitions" shall have the same meaning given such term in section 818(b) of the Department of Defense Authorization Act, 1976 (Public Law 94-106; 50 U.S.C. 1519).

On page 14, beginning with "$2,733,384,000" on line 17 strike out all through $4,363,991,000" on line 18 and insert in lieu thereof "$2,705,384,000; and other procurement, $4,417,991,000".

On page 14, line 24, strike out $3,971,756,000" and insert in lieu thereof "$3,945,156,000".

Mr. HART. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order. Those Members desiring to converse retire to the cloakroom. Those Senators standing in the aisle will please retire to the rear of the Chamber or the cloakroom.

Mr. HART. Mr. President, I ask unanimous consent that Mr. Chip Blacker of my staff have floor privileges during the consideration of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. Mr. President, this amendment is relatively simple and straightforward. It prohibits the expenditure of $54 million contained in the bill for the production of lethal chemical munitions, binary weapons, and it transfers the same $54 million for the procurement of defensive equipment for troops.

Mr. President, the Chamber is not in order.

The PRESIDING OFFICER. The Senator makes an excellent point. The Chamber is not in order. The Senator from Minnesota will retire from the well. [Laughter.] Other Senators who are conversing will retire to the cloakroom. The hour is late and the way to expedite the business of the Senate is to pay attention to the individual who is recognized to speak.

The Senator from Colorado.

Mr. HART. I thank the Chair.

Mr. President, this amendment is offered on behalf of myself, the distinguished Senator from Mississippi (Mr. COCHRAN), the Senator from Arkansas (Mr. PRYOR) and a variety of other sponsors.

The basis for this amendment, Mr. President, can be, I think, fairly stated in a straightforward manner.

The already existing quantities of both 155-millimeter and 8-inch nerve gas artillery projectiles are more than ample for U.S. artillery requirements for at least 30 days of chemical warfare in Europe.

Chemical artillery fire is generally less effective than conventional artillery fire for causing casualties to well-protected troops.

By forcing troops into protective posture, chemical weapons degrade mission performance and slow the tempo of military operations. Since firing more chemical rounds means firing fewer conventional rounds, there is an optimum rate for the disposition of these munitions dependent upon the amount required to force the other side into a protective posture. Firing more chemical rounds than this optimum mix means reducing, not increasing, combat effectiveness.

The number of chemical rounds needed to force the other side into protective gear is relatively small, perhaps 5 percent of the total number of artillery rounds. For a 30-day campaign in Europe, this translates into a requirement for 200,000 to 300,000 chemical rounds. We know from unclassified sources that the existing stockpile of U.S. nerve gas artillery projectiles in Europe substantially exceeds this figure.

In addition, Mr. President, contrary to popular belief, U.S. stocks of serviceable nerve gas artillery projectiles are not deteriorating. Recent tests have shown no substantial deterioration of the chemical rounds. Due to improved maintenance and inventory programs, the stockpile of serviceable munitions is actually increasing. Some types of chemical munitions are deteriorating, but these do not include the 155 millimeter and 8-inch shells. With proper maintenance, the current stocks of artillery rounds can remain in excellent and useable condition for the indefinite future.

The 155-millimeter and 8-inch artillery shells are not obsolete, nor are they becoming so. Both these munitions are fully compatible with currently deployed artillery weapons and can be fired to their full range.

Binary chemical weapons have not been field tested. In addition to revealing possible design faults, field testing is needed to develop "munitions effectiveness" tables, which presently do not exist for the binary shells. Only testing in the field can provide information to determine the safety, reliability, and effectiveness of the binary weapons which this bill procures. And open-air field testing is likely to encounter stiff opposition from a whole variety of citizens and citizen organizations.

Binary chemical weapons would place greater demands on our airlift and sealift capabilities than would our existing unitary munitions. Binary shells (with bursters) are actually heavier than unitary munitions which we presently have in stockpile, and they occupy three to four times the volume. In times of crisis, binary weapons would have to compete for space with other, more important kinds of military equipment.

Finally, Mr. President, and I think perhaps most importantly, our NATO allies are extremely unlikely to accept any new deployments of chemical weapons. Both public and governmental opinion in Europe is so opposed to the deployment of additional chemical munitions on European soil that none of our allies would sanction such a move. And we have been given no evidence by the administration of the intent to deploy these weapons in Europe or any acceptance of those weapons by our European allies. Any attempt to deploy such new weapons would only create an intense and divisive debate on the issue and endanger the deployment in Europe of our existing stocks. Even the conservative press in Europe has warned repeatedly that any decision by the administration to proceed with the deployment of binary weapons would precipitate a crisis of the first order in NATO.

The production of binary weapons will be expensive. Cost estimates run as high as $5 billion over the coming decade for the administration's program. In light of budgetary constraints, we must make every effort to insure that all defense expenditures can be justified as necessary and essential to our national defense. Chemical weapons satisfy neither requirement.

The Soviet program in chemical warfare represents a serious threat to our forces, not because we are not keeping up, but because we are so ill-prepared to deal with a chemical weapons attack on the battlefield and to conduct military operations in a contaminated environment. Our forces constitute a very inviting target in the field. As a consequence, our highest priority in meeting the Soviet challenge must be to complete the acquisition of American capabilities to protect our forces against the effects of chemical weapons. This requires special defensive equipment and the placement of advanced warning devices on our fighting vehicles to warn of an attack. Our chemical defensive posture is still inadequate and it must be improved. And that will require expenditures of the amount set forth in this amendment to adequately protect and defend our forces and our equipment.

Because we have not engaged in the manufacture of chemical weapons for 12 years, we are in a position to draw the sharpest of distinctions between American restraint and Soviet excesses. We should not surrender that advantage by embarking on a course of action that is ill-conceived and unnecessary.

Mr. President, I support, and I think my colleagues support, practical and effective steps to counter the Soviet threat in chemical warfare; I support the maintenance of an adequate retaliatory capability which we presently have in our inventory. But I strongly oppose the needless and costly expansion of the U.S. arsenal of lethal chemical weapons.

Mr. President, we are on the verge of breaking out into a rather unlimited nuclear arms race which we all hope we can avoid, whether through negotiations or self-restraint. What we do not need on top of that is an unrestrained chemical arms race. This amendment is designed to prevent that from happening.

The administration's proposal to launch out a $4 to $5 billion investment in a new generation, or several new generations, of chemical munitions, I think, threatens to not only engage this Nation in a very, very dangerous race with the Soviet Union, but it threatens, in a vital way, the consensus that exists among our European and NATO allies as to what our posture should be with regard to chemical warfare agents.

If we engage in this race and our allies are not on board—and they are not on board—then we threaten to strain even further an alliance which is in very, very difficult trouble.

Mr. President, I think it would show substantial wisdom and good judgment on the part of the U.S. Senate if we were to reallocate the funds presently contained in this bill for chemical warfare procurement and, instead, use that, as it should be used, to procure the proper defenses for our own forces which would constitute the greatest deterrent to any use of chemical munitions in the European battlefield or elsewhere.

Mr. President, I yield to my colleague and cosponsor, the Senator from Mississippi.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER (Mr. Cohen). The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I thank the Senator from Colorado. I am pleased to join him in sponsoring this amendment. It is not often that I find myself in opposition to a position of the Committee on Armed Services, but, in my view, the provision in this bill authorizing the production of the binary chemical weapons runs contrary to what I believe should be the policy of our Government on chemical weapons.

My views and concerns on the question of chemical weapons have been expressed since 1977, when I joined with several of my colleagues, when I was a Member of the House, in sponsoring a resolution to urge the President then to declare a moratorium on the manufacture of chemical weapons, including the so-called binary agents.

The resolution further urged the President to destroy 3,000 tons of lethal agents from our stockpiles as an indication of U.S. sincerity in behalf of seeking a treaty to ban these weapons. The final provision of that resolution stated that the President should urge the participants at the Committee on Disarmament to rapidly conclude a treaty banning chemical weapons.

The question of producing the binary weapons comes at a very significant time—a time when we are involved in an active debate on the issue of arms control. The arms control debate has consumed a lot of our attention during the past several weeks and even months. But it has given all of us an opportunity to look at the arms race, the relative strengths and weaknesses of the superpowers, and their relative ability to wreak havoc upon each other and virtually destroy the planet.

But I am hopeful that this debate will give impetus to negotiations on the subject and lead to some positive steps to reduction in nuclear arms, as well as chemical weapons.

I am confident the President and his administration are capable of negotiating a ratifiable treaty that will provide the security that all humanity has to design. I commend President Reagan for taking the initiative and providing the leadership that is required to move toward negotiations that result in an arms reduction treaty. This process, of course, could take months or even years. But I am convinced that he is moving in that direction and will continue to provide leadership in that area.

But I am not convinced that the authorization of the new binary chemical weapons will contribute in any way to expediting this process. Instead, the production of these weapons may have the opposite effect.

We have the necessary chemical and conventional weapons to provide the appropriate deterrence against the possibility of Soviet first use. But our historic and continuing policy not to make use of chemical weapons, and our previous decision to stop production after building up our stockpile over several years, is evidence of our longstanding policy on the use of chemical weapons and our Nation's willingness to go forward toward a complete ban of chemical weapons.

I hope that our discussion tonight will help establish the fact that there are many of us who feel that we ought to clearly state a policy that would keep the United States in the forefront of leadership on this issue and would help to convince our allies and our potential enemies alike that we are willing to take the necessary steps to equip ourselves to adequately defend against the use of chemical weapons, but not to engage in an arms race, as it were, in this area of binary munitions and chemical weapons.

Our President on May 9 in his address at Eureka, Ill., stated:

> In the 40-nation Committee on Disarmament the United States seeks a total ban on all chemical weapons.

It seems to me that a decision to produce the binary weapons will send the wrong signal to our allies and other nations working with us in the Committee on Disarmament.

It may also send the wrong signal to the Soviet Union and encourage a greater effort on their part to develop and produce even more lethal forms of weapons, rather than negotiating a treaty to ban them.

It is hard to predict how the Soviet Union or others will correlate the President's statement on the issue of chemical weapons and a decision here in the Senate to provide millions of dollars to begin the production of chemical weapons.

Mr. President, I do not think there is any evidence that the weapons are vital to U.S. security interests. In fact, their production may, in the long run, lessen the potential for concluding a verifiable and effective treaty.

It is much easier to produce a new weapons system than to produce an arms control agreement. I support the bill before us generally, but I feel we can accomplish the rebuilding of our defense capability without the production of binary chemical weapons. I certainly hope that a majority of the Senate will speak out tonight in opposition to the inclusion of funding for these binary weapons.

In conclusion, Mr. President, to this Senator it is simply unthinkable that the United States would ever use the weapons that we are being asked to produce in this legislation.

I yield the floor.

Mr. **THURMOND** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise in opposition to this amendment because its purpose is contrary to the goal of a balanced and credible chemical deterrent capability.

The United States has not produced chemical munitions since 1969. Since that time our stockpile has deteriorated to a point that makes our deterrent capability doubtful at best. Additionally, a number of the launcher systems used for stockpiled weapons have been removed from our active inventory.

The unilateral restraint that the United States has displayed is rapidly bringing this Nation to the point of chemical disarmament. What has our restraint gained us? Besides a chemical deterrent capability with almost no credibility, we have gained nothing.

The Soviets, on the other hand, now have one-third of their shells, rocket warheads, or bombs in Eastern Europe loaded with some form of chemical payload. The Soviets have 106 chemical plants in operation with half producing or being capable of producing chemical substances for military use.

Some Members of Congress believe that what we have is good enough for deterrent purposes. This is not true. The inventory is old, deteriorating, and rapidly becoming unusable. By the end of this decade, the usable portion of the stockpile will be almost nil.

We cannot maintain this complacent attitude. It will result in the United States being dangerously susceptible to chemical attacks in time of war. The events in Laos, Kampuchea, and Afghanistan are real, and we must not be blind to their implications.

History shows us that strong chemical preparedness deters its use by our enemies. The Germans and Japanese chose not to use chemical weapons against us because they were aware of our ability to retaliate in kind.

Mr. President, I strongly urge my colleagues to reject this amendment because of the precarious position in which it will put our Nation.

Mr. President, several months ago I made a trip to NATO where I visited with our troops on the front lines. One comment I heard consistently from these soldiers, both officers and enlisted men, was their concern that the Soviets would use chemical warfare against them. They were very concerned that the United States had no capability in this field and, thus, no deterrent against a Soviet attack.

Mr. President, I reported this finding to the Armed Services Committee of the Senate and recommended that we take steps to correct it. The need for a chemical deterrent is clear.

The Chairman of the Joint Chiefs, Gen. David Jones, stated the Joint Chiefs support the modernization of the U.S. chemical munitions stockpile. It is suported by military officers in general.

Mr. President, I bring to the Senate in this debate firsthand concern on this issue from the officers and enlisted men whose lives are at stake in the front lines in Europe. They want a deterrent to chemical weapons. They fear a Soviet attack if we do not have it. Are we going to support our troops in Europe or not?

All of our defense authorities say we need this capability. Our soldiers in NATO are pleading for this deterrent. The Senate must approve this amendment and thereby let our soldiers know we will give them the means to deter the Soviets from use of the terrible weapons.

Mr. President, I could go on and speak for an hour or more on this subject. I hope the Senate will not adopt this amendment for the sake of our soldiers who are on the front line protecting the free world today. I hope the Senate will not adopt this amendment.

Mr. WARNER. Mr. President, I salute our distinguished colleague from South Carolina for his statement on this subject.

Mr. President, I rise in opposition to the amendment offered by the Senators from Colorado, Arkansas, Mississippi, and others. I do so at this time, as I have on a number of occasions in the past, not out of any enthusiasm for chemical warfare, but rather because I am convinced that the only sure means of preventing such warfare requires a fundamentally different approach from that advocated by the amendment's sponsors.

I believe President Reagan's program for chemical preparedness represents the proper—and necessary—alternative approach. His agenda calls for an aggressive arms control effort to achieve a global, verifiable chemical disarmament agreement, increased investment in defensive equipment and clothing, improved training, destruction of hazardous and obsolete agents and their replacement with modern, safe, binary munitions.

This approach differs from that endorsed by the amendment's sponsors in a fundamental way: It recognizes that 6 years of negotiating with the Soviet Union in our present chemical readiness posture has yielded no real progress toward the effective, verifiable ban on chemical weapons we all seek.

Underlying this disappointing record is a central fact: The U.S. current capabilities for engaging in sustained chemical warfare operations are so inferior to those of the Soviet Union as to provide them with little real incentive to conclude an agreement which would eliminate the considerable advantages they enjoy in this area today.

This incentive is lacking for essentially one reason: The credibility of the U.S. retaliatory stockpile has diminished steadily over a 13-year period of neglect. Since 1969, the United States has unilaterally refrained from the production and open-air testing of chemical munitions. Consequently, we maintain today a chemical arsenal which not only lacks credibility as an inducement to the Soviet Union to give up what is widely believed to be a vast and highly potent offensive chemical capability; it also is in danger of losing its credibility as a deterrent.

Mr. President, much of the debate about the need for binary munitions production has centered on the status of our chemical stockpile. Many, including the proponents of the pending amendment, have asserted that the U.S. chemical arsenal is more than adequate for deterrence purposes. I would like to address that point in some detail.

The Subcommittee on Strategic and Theater Nuclear Forces, which I chair, held a number of in-depth hearings in March 1982 on chemical warfare matters. Particular emphasis was placed on a thorough review—in closed session and, to the degree it was possible to do so, in open session—of the condition, safety, deliverability, and reliability of the U.S. chemical inventory—all of which bear on its deterrent effectiveness.

Unfortunately for the purposes of this debate, detailed information concerning the condition and disposition of our chemical weapons arsenal is classified; therefore, I am not able to discuss it in open session. Similarly, our best intelligence assessments of Soviet chemical stockpiles are also classified. The reasons for holding this information closely are obvious; on the one hand, precise data concerning our chemical retaliatory capability could be of considerable use to a would-be adversary. On the other hand, intelligence sources and methods could be compromised by the divulgence of estimates of Soviet capability.

Mr. President, I say this by way of explanation to my colleagues who have not had an opportunity to engage in the kind of systematic, careful study of this matter that other members of the Armed Services Committee and I have had. Regrettably, I cannot share with them in the open record my detailed findings.

The subcommittee's classified record, however, makes it unambiguously clear that the condition of our stockpile is unsatisfactory. I invite—and, indeed, encourage—Members of the Senate to acquaint themselves personally with the record of these hearings.

I simply say that, to the degree Members of the Senate may be inclined to disapprove the President's program for chemical preparedness in the belief that our present stockpile is satisfactory, such is not the case.

I would like to try to explain, in an unclassified way, the nature and magnitude of the problem we face in posing a realistic deterrent to Soviet chemical warfare with our present retaliatory arsenal. I direct the attention of my colleagues to a chart now being displayed in the back of the Chamber. I think certain facts will become quite clear. As this chart shows, the vast majority of the U.S. chemical stockpile either now is or shortly will be obsolete, ineffective, or undeliverable. While the numbers reflecting the quantities of agent represented in these various categories have been removed for reasons of classification, the proportions suggest that the percentage of the American chemical arsenal that is in a ready condition—including having the necessary delivery systems in the active inventory—to pose a realistic retaliatory capability is a very small fraction of the total arsenal we maintain.

Mr. President, I cannot stress that too strongly. The coupling of the chemical itself with a delivery system to propose a realistic retaliatory capability is a very small fraction of the total arsenal we maintain. The yellow on the chart is that which is deliverable.

It is not more reasonable to credit U.S. chemical retaliatory capabilities with all of the munitions presently in the stockpile—regardless of their status—than it is to count mothballed aircraft at Davis-Monthan Air Force Base as part of our ready, active tactical and strategic airborne capabilities or mothballed ships tied up at naval shipyards around the United States as part of our maritime power vis-a-vis the Soviet Union.

Mr. President, the issue here after all is deterrence. A grave disservice is done to the American public and our allies when it is blithely asserted that there is nothing wrong with the U.S. chemical deterrent, that it is more than adequate to destroy the world's population many times over, or that the binary modernization program represents a mindless and unnecessary expenditure of public funds. The truth is that today, a real danger exists that a potential adversary—equipped, trained, and prepared for chemical warfare—will not be deterred by an American retaliatory capability comprised largely of antiquated and undeliverable weapons, bulk agents that would take many months to deploy in weaponry, and munitions whose age and uncertain condition pose increasingly great hazards to U.S. personnel.

If the United States is to restore a measure of credibility to its chemical stockpile, it must undertake to replace at a minimum, some portion of its arsenal with new chemical munitions.

As I mentioned a short while ago, an important part of the administration's program to restore the deterrent value of our stockpile involves the destruction of the dangerous and obsolete munitions and bulk agents now comprising much of the U.S. chemical inventory. There can be no question that prudent policy dictates the destruction in a safe manner of increasing quantities of hazardous unitary chemical systems.

I note, Mr. President, that even some of the most outspoken critics of the binary modernization program, such as the senior Senator from Colorado, have acknowledged the importance of demilitarizing these weapons and their toxic agents. I only ask this question: Does the prospect of the United States unilaterally disposing of vast quantities of its chemical stockpile—if undertaken without replacement—increase or decrease the effectiveness of our chemical deterrent? Would such an action encourage or discourage a potential adversary from perpetrating chemical attacks against U.S. personnel? Would such unilateral action be more likely or less likely to result in progress at the arms negotiating table where we seek a comprehensive and verifiable chemical disarmament treaty?

In each case, I think there can be little doubt that the unilateral dismemberment of the U.S. chemical deterrent—such as it is—will not advance the national security interests of the United States. In fact, I concur with President Reagan, who on February 8, 1982, certified to the Congress that the production of binary chemical munitions is "essential to the national interest." A balanced program, such as that proposed by the administration, and recommended by the Armed Services Committee, which calls for the replacement of demilitarized munitions on a less than one-for-one basis, appears to me to be—in the absence of an effective and verifiable chemical disarmament agreement with the Soviet Union—the only way we can responsibly proceed.

Mr. President, let me say a few words about the binary weapon itself. As a chart now on display in the rear of the Chamber illustrates, the principle behind the binary munition is a simple one: Unlike "unitary" weapons which contain lethal chemical agents, binaries package two chemicals in such a way as to make them harmless until mixed, following weapon launch. Notwithstanding the often-heard allegation concerning the complexity of this weapon, its simplicity should be manifest. When that simplicity is translated into ease of transport, maintenance, combat operation, and demilitarization, the case for the binary approach to chemical stockpile modernization is intuitively compelling.

Mr. President, the U.S. Congress has, in several previous votes related to the binary program, gone on record as stating its belief that the United States must have the option to replace existing retaliatory systems with modern, safe binary weapons. As a result of these votes, the Nation now has under construction at Pine Bluff, Ark., a production facility capable of fabricating such weapons. It was the hope of many of us, myself included, that the mere act of authorizing and appropriating funds for such construction—signaling our determination, if necessary, to abandon more than a decade of unilateral restraint in chemical weaponry—would promote greater willingness on the part of the Soviet Union to agree to means whereby a chemical disarmament treaty could be verified. Regrettably, the Soviet Union has indicated no such willingness. Consequently, due to a lack of progress in resolving outstanding differences over verification provisions, the unfaltering improvement in the U.S.S.R. chemical warfighting capability, and the as yet unchecked slide of our own retaliatory capabilities into obsolescence and ineffectuality, the administration has been forced to request funds to initiate production of binary munitions.

Let there be no mistaking our purposes, however, in embarking on a program for chemical predparedness. The United States stands ever ready to conclude a comprehensive and verifiable agreement providing for the elimination of all chemical weapons from the face of the Earth. This is a goal the Reagan administration and the Senate Armed Services Committee share with those Members on the other side of the binary issue.

But, I must reiterate the concern I expressed a moment ago. Absent a demonstrated willingness on the part of the United States to take what actions it must to maintain an effective deterrent to Soviet aggression employing chemical weapons, why should the U.S.S.R. give up a potent warfighting capability?

If they gain through unilateral U.S. action the effective chemical disarmament of the United States, without having to sacrifice their own prodigious capabilities, why agree to a treaty that would require them to eliminate their chemical warfighting assets? Why give up instruments of warfare that, as the examples of Afghanistan, Laos, and Kampuchea demonstrate, have considerable tactical utility, have been invested in at great expense to the Soviet Union, and are, at this juncture, utterly unmatched by the North Atlantic Treaty Organization--giving rise to a potentially decisive Warsaw Pact advantage over NATO. What on Earth would ever prompt the U.S.S.R. to accede to U.S. demands for mandatory onsite inspection in support of a chemical disarmament agreement? The simple answer is that the Soviet Union will never agree to a verifiable chemical ban under present circumstances.

Mr. President, we must do all we can to induce the Soviets to join us in insuring the complete and verifiable elimination of all chemical weapons. I believe, as does the President of the United States and the Senate Armed Services Committee, that the balanced program I have described and upon which the administration intends to embark is an essential step toward that end. I urge my colleagues to oppose the pending amendment. It would strike the most important component of that program from the standpoing of providing an incentive to the Soviets, and it would relegate the United States indefinitely to the position of inferiority vis-a-vis Soviet chemical capabilities and without any inducement for them to give up their growing advantage in this area.

Mr. PRYOR addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Arkansas.

Mr. PRYOR. Mr. President, I rise tonight, or rather this morning, in support of the amendment offered by the very distinguished Senator from Colorado (Mr. HART), and my colleague and neighbor, Senator COCHRAN, of Mississippi.

I applaud both of these fine gentlemen and Senators for their positions, their statements, and their work on this issue.

I can truthfully say, Mr. President, that I do not think that there is any defense decision that we are going to make this year, or even next year or the next few years, which will have broader moral implications or more impact on our relationship with our allies than our vote on whether to fund production of a new breed, or as some people in the Pentagon say, "a new generation of lethal nerve gas weapons."

Over the past weeks, we have witnessed outcries of public anguish, both here and abroad, over the administration's decision to repeal a 13-year ban on chemical weapons production and replenish our stockpiles of agents which even the Pentagon ranks at the top of the list of immoral weaponry.

The administration assures us that a new buildup of chemical stockpiles is a preventive measure. We are told that the binary weapons are not meant to be used, but to serve as merely a deterrent to the Soviet Union's strong chemical warfare capability. The only way to convince the Soviets to renounce chemical weapons, the Pentagon argues on this point, is to have them ourselves.

But the truth is, Mr. President, we have those weapons ourselves. We have those weapons in huge stockpiles.

In the testimony that we have received, I have come down on the side of those people, those scientists, those individuals who say that our weaponry in the chemical warfare area has not deteriorated, that we have today an adequate supply.

The administration provides a weak justification for a multimillion-dollar expenditure that, in the opinion of numerous defense experts, will add very little to our already adequate nerve gas stockpiles and do devastating damage to our international image.

Engaging in a senseless game of chemical weapons brinkmanship, as one European radio commentator recently described it, is the "logic of lunatics, a logic of death." In fact, we are on the eve of engaging in a race that neither the Soviet Union nor the United States can win.

The Defense Department wants to create an illusion of strength by destroying our current stocks of ready-mixed nerve gas and replacing them with safer to handle binary projectiles that combine during flight to produce a lethal agent. Yet, the Pentagon's desire for the latest, most sohisticated chemical weaponry ignores one compelling fact. The United States already has an enormous stockpile of chemical weapons, enough to exterminate human life several times over. There is no evidence that binary weapons would improve our military effectiveness.

Just last week, Rear Adm. Thomas D. Davies, the former assistant director of the U.S. Arms Control and Disarmament Agency under Presidents Nixon, Ford, and Carter, gave this analysis during a May 5 hearing of the Senate Appropriations Committee:

> The safety record of our current stockpile of munitions is excellent * * * We already have an adequate stockpile, and its location or distribution is not likely to be improved by the introduction of binaries, nor in my opinion will the start of binary nerve gas production frighten the U.S.S.R. into more productive negotiations. In fact, the most likely outcome is that the U.S.S.R. will start some equivalent production of its own, increasing the already large stockpiles and adding to the difficulty of ever constraining this weapon.

Dr. Matthew Meselson, of Harvard University, an adviser on chemical weapons to every President from Kennedy to Reagan, agreed that our capabilities are adequate in a May 2 interview in the New York Times. "We already have more than enough artillery shells," he said. "They are not deteriorating, contrary to a myth that is prevalent; they are not obsolescing, contrary to a second myth." Former Secretary of Defense Harold Brown, in Senate testimony in 1980, called existing stockpiles a credible deterrent that could cause tremendous damage. Estimates show that we have enough nerve gas artillery shells in current stockpiles to aggressively wage chemical warfare in Europe.

But even if we have enough weapons to mount an adequate defense, we must ask ourselves a broader question: Who will be the victims of chemical warfare? Certainly not the soldiers, geared in masks and protective clothing. We would be dooming to a gruesome death innocent civilians. In the words of Dr. Meselson:

> A civilian goes down into his cellar, the way civilians do to avoid high explosive fire—he's going down into his gas chamber. * * * We can calculate the ratio of military to civilian deaths under various kinds of scenarios. With chemicals, you might end up killing 20 civilians for every soldier; with high explosives far, far less.

Mr. President, one of the great authorities today on chemical weapons and chemical warfare has testified recently before the Senate Appropriations Committee and has visited informally with many Members of the U.S. Senate. This individual is Dr. Saul Hormats. Dr. Hormats is the former Director of Development for the Army's chemical munition program, and he explained last week:

> All we would do would be to confuse the battle and prolong the battle. They could not see what military value there was for prolonging the battle, because it meant merely they would suffer more casualties, and why should their men die for no reason?

Dr. Hormats also said that, in contrast, he estimates that less than 1 percent of the existing weapons that we now have in our stockpile would fail to fire.

Mr. President, these are statements by a man who is responsible and who accepts responsibility today for being a part of manufacturing much of our chemical stockpile of chemical warfare.

Not only former military people, not only present-day scientists and physician, and people who are gravely concerned about this issue have come forward in the last several months to testify about chemical warfare, religious leaders today are calling upon Congress to face up to the inhumane, abhorrent consequences of chemical warfare. "Nerve gas is an antipersonal weapon which kills the civilian population in an area where it is used. Troops outfitted with protective clothing and equipment are spared its horrible death," the leaders said in a February petition to Congress. "The President's decision to launch an arms race in chemical weapons—an area where arms control has been working—should be opposed by civilized people everywhere, beginning with the United States Congress."

The Pentagon ignores another important stumbling block in its haste to build up chemical arsenals. We have no place to put this new stockpile of nerve gas and chemical weaponry we are about to produce. Our European allies have refused to admit binary nerve gas or chemical weapons on their soil. We have seen no assurances—absolutely no assurances whatsoever—that any country in Europe is going to allow us to store or to deploy this "new generation" of nuclear agents or warfare on their soil.

President Reagan's decision to move forward with binary nerve gas production was met with an outpouring of enraged commentary from the European press. "Beware Europeans, you will be the first victims of a chemical conflict," one Paris newspaper cautioned. To many of our allies, the U.S. decision seemed hypocritical in view of our recent diplomatic offensive against the Soviets over their alleged involvement in use of "yellow rain."

Richard Burt, Assistant Secretary for Political and Military Affairs in the State Department, testified during recent Senate hearings that the administration's decision to begin chemical weapons production was "a unilateral decision." But that logic ignores the fact that in order to be effective, chemical weapons would have to be deployed in Europe and none of our allies are willing to take them on their soil. Authorizing this program would commit us to an expenditure of millions—eventually billions—with no prior thought, or assurances as to how or where or when we would use these weapons.

It is in some respect the MX missile debacle all over again, building weapons, creating weapons, manufacturing weapons, with no place to put them.

Finally, I think we need to examine our defense priorities. The production of nerve gas as outlined by the President is going to squander resources that could be put to better use in a buildup of conventional forces.

As columnist Anthony Lewis has recently written, "To start producing a new generation of chemical weapons would be a dangerous step politically and a pointless one militarily. It would cost at least six billion in the next 5 years. It would be an extreme example of technological folly: A clever, costly cure for a problem that does not exist."

Professor Meselson emphasizes, finally, that chemical weapons are not only inhumane and immoral but also of questionable effectiveness, hardly worth this major investment of national resources during such austere years.

I am hard pressed to find the logic tonight in the Defense Department's insistence that chemical weapons are critical to our national defense.

Commonsense and an overwhelming body of scientific evidence tell us otherwise. We have heard the familiar rallying cry at the Pentagon. "Give us more weapons," they ask us, "Just in case we need them." In this instance, that argument is totally indefensible. We have more than enough chemical weapons to defend ourselves and our allies.

We have enough chemical weapons to kill all the inhabitants on the face of the globe, and producing a new generation of binary nerve gas would be a pointless step militarily, a financially draining step economically, and a dangerous step politically. I think it is a step that we cannot afford.

Mr. CRANSTON. Mr. President, will the Senator yield?

Mr. PRYOR. I am glad to yield to my friend from California.

Mr. CRANSTON. Mr. President, I applaud the leadership of the Senator from Arkansas and his courage in taking on this issue as forcefully as he has.

I listed with care to the Senator's statement, and he covered the ground very, very thoroughly. I agree with all of his points. I would have expressed some of them myself, but I will not since the Senator from Arkansas has done them so thoroughly.

I also congratulate the Senator from Colorado for his leadership on this issue. It is a very important matter relating to the appropriate use of American resources, the appropriate approach to national defense and to the issue of arms control. This is a very vital matter.

I wish to see this administration carry on the work undertaken by three preceding administrations in a row, now interrupted by this administration, to get back to the task of seeking to develop an adequate international agreement that would preclude the use of these weapons.

I deplore the use of the these weapons by the Soviets, if they are using them. I know there are reports that indicate that they may. They have not been fully verified. It is a terrible step backward if that is what the Soviet Union is doing.

But instead of emulating the Soviet Union when they transgress let us get to the task of halting this very unpleasant threat to the lives of so many people.

I once again applaud the two Senators for their comments.

Mr. President, I am a cosponsor of the amendment to prohibit the expenditure of any funds from the fiscal year 1983 defense appropriation for the production of lethal binary chemical weapons.

The Reagan administration has proposed to put the United States back in the business of producing binary chemical weapons. This decision reverses the position of the last three administrations—both Republican and Democratic—on this issue. In 1969, President Nixon determined that it was neither necessary nor in the national interest to continue to produce chemical weapons. Presidents Ford and Carter concurred in that judgment.

President Reagan, however, has determined that for national security reasons it is in the interest of the United States to produce chemical weapons. I disagree. I do so only after very careful study.

This administration argues that the United States should begin to produce chemical weapons again to have an adequate deterrent. And it argues that the United States should produce chemical weapons because of allegations that the Soviets or their surrogates are using chemical weapons in Southeast Asia and in Afghanistan.

I am deeply concerned about the reports of chemical weapons usage in Southeast Asia and Afghanistan. I will continue to support our country's efforts to investigate these reports and bring relevant information to the attention of the world community. If these reports are true, it represents a tragic step backward. But I question whether the most appropriate response to these reports is for the United States to start production of chemical weapons. What would we gain other than fueling another aspect of the arms race? After studying this issue very closely, I have concluded that we would gain very little from such action and that we would stand to lose a great deal.

I agree with the President that we need to have a sufficient deterrent against a possible Soviet first use of chemical weapons. But we already have that deterrent. The United States has a sufficient stockpile to deter against possible first use by the Soviets. Producing binary weapons would add only marginally to this deterrent.

To have an effective response to chemical weapons warfare and to have an effective deterrent, it is essential for us to have adequate defense for U.S. troops so that in the event of a chemical weapon attack, our troops could continue to fight. This means our troops must have good defensive equipment and good training.

I have strongly supported providing these requirements and I will continue to do so. But despite increased levels of funding, the military is still not able to certify that our troops are adequately equipped or trained. It is pointless to proceed with a new generation of offensive chemical weapons, as the President has asked, if our own troops will be poisoned by the use of such weapons. It would be far better to concentrate on providing equipment and training, which this amendment proposes to do.

This is the most appropriate response to assertions of Soviet buildup of chemical weapons and to charges of use of chemical weapons. It is the best deterrent. Production of binary chemical weapons divert us from this primary task.

Renewing production of chemical weapons poses other problems. Our European allies have made it clear that they will not permit deployment of these new chemical weapons on their territory. This poses a serious logistical problem for the United States. If we cannot deploy the new binary weapons in Europe, we must store them here in this country. This is what the President has proposed to do. But in a time of crisis, chemical weapons will have to compete for precious cargo space with more important kinds of equipment that needs to be transported immediately. These weapons will have little utility and little deterrent value if this is the case.

Finally, I would raise the issue of arms control. What do we gain by fueling another aspect of the arms race? We have an adequate, credible deterrent. Instead of adding to the arms race, should we not be trying to control it? President Ford initiated the effort to negotiate a comprehensive chemical weapons ban with the Soviets. We made substantial progress on this goal. Unfortunately, the Reagan administration has chosen to let these talks lapse. We should revive this effort and look for ways to make such an arms control agreement satisfactorily enforceable and verifiable. I strongly urge the administration to review this matter and begin as soon as possible to work toward the goal of a comprehensive chemical weapons ban.

Given these concerns, it does not make sense to proceed with the production of binary chemical weapons. It is not in our national security interest. It will not make us more secure. It will, however, put added strains on the NATO alliance. It will cost more money and expend limited and scarce resources. I urge my colleagues to join in deleting funds for production of binary chemical weapons.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. PRYOR. I am glad to yield for a question.

Mr. MOYNIHAN. If I may simply say to the distinguished Senator from Arkansas, he surely would agree that the use of chemical agents in war is now banned by international treaty, the Geneva Treaty of 1925, and to prepare for such warfare, would he not as a distinguished attorney as well as a distinguished Senator, agree is to anticipate a violation of a treaty which we now have reason to believe the Soviets have violated which we think should be a horrendous fact on which we should base a major diplomatic initiative in the world and which initiative would only be weakened if we appeared prepared to emulate them?

Mr. PRYOR. I think the Senator is absolutely correct, and I further state that we are already prepared, but for us to overprepare I think it would certainly be an implication that this country is getting ready to repeat the horrors or to repeat the mistakes of the Soviet Union, and I see no worthwhile gain for this country in overpreparing or making that statement to not only our own people but also the world community.

I think the Senator's point is very, very well taken.

Mr. TOWER. Mr. President, I join the distinguished chairman of the Strategic and Theater Nuclear Forces Subcommittee, Senator WARNER, in opposing this amendment.

The subcommittee has done a very thorough job in reviewing the considerations and issues that underpin the President's initiatives.

I believe that the careful and thoughtful case for the President's chemical readiness program, described in the committee's report language—which I ask unanimous consent to have printed in the RECORD—has been muddied somewhat by the incessant introduction into the debate of a number of misleading and specious issues.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CHEMICAL PREPAREDNESS

[In millions of dollars]

	Fiscal year 1983 request	Fiscal year 1983 recommendation	Change from request
Protective measures:			
RDT & E	$236	$235.85	$0.15
Procurement [1]	189	189	0
O & M	73	73	0
Military construction [2]	9	9	0
Total [3]	508	507.85	.15
Demilitarization:			
RDT & E	13	13	0
O & M	61	61	0
Military construction [2]			
Total [3]	74	74	0
Retaliatory:			
RDT & E	32	32	0
Procurement [4]	54	54	0
O & M [5]	18	18	0
Military construction [2] [6]	19	19	0
Total [3]	123	123	0
Total program	705	704.85	.15

[1] Includes Army stock fund for war reserve individual protective equipment.

[2] Will be considered in separate legislation.

[3] Subtotals may not add to totals due to rounding.

[4] Includes production equipment: $74,000,000 in fiscal year 1983, $34,000,000 in fiscal year 1984.

[5] Maintenance.

[6] Includes $1,000,000 maintenance facility on Johnston Island.

The administration's request for funds in fiscal year 1983 associated with chemical warfare preparedness fall into three basic categories: protective measures, demilitarization of the existing stockpile and retaliatory weaponry. The proportion of the total request of $705 million sought for such purposes going to protection is 72 percent; for demilitarization, 11 percent; and for retaliatory purposes, 17 percent. A separate section is provided at this point in the report because of the multi-service, multi-account nature of the administration's program for chemical readiness.

The bulk of the funding requested for chemical defense, $503 million, is associated with research and development of new individual and collective protective systems, decontamination, alarm and reconnaissance equipment and medical technology research. For these purposes, the committee recommends the authorization of $235.85 million, a reduction of $150,000 in the Navy's medical development account. An additional $189.0 million is requested, and approved to procure off-the-shelf equipment which will address some of the most immediate and critical shortcomings in U.S. chemical defenses.

The administration seeks $61 million in operations and maintenance funding for demilitarization of obsolete and dangerous chemical munitions and agents currently in the Nation's retaliatory stockpile. These funds and the $18 million requested for research and development on demilitarization techniques are believed to be particularly important elements of a responsible approach to the maintenance of a credible chemical deterrent. The committee commends the administration for committing significant resources to addressing this long-neglected and onerous national responsibility.

The most controversial aspect of the President's program for chemical preparedness is the $104 million requested in this legislation for modernizing the U.S. chemical retaliatory arsenal. As is discussed elsewhere in this report, the committee believes this portion of the request to be an indispensable part of the comprehensive approach to deterring the outbreak of chemical war announced by the administration. Consequently, the committee strongly supports the $54.1 million sought for procurement of components for the production of 155mm binary chemical artillery shells and Bigeye spray bombs. It also endorses the request for $31.6 million for research and development associated with these and other chemical munitions and $18 million for maintaining and restoring certain unitary munitions already in the stockpile.

The funds recommended for authorization by the committee represent a first step intended to correct significant deficiencies which exist in the U.S. chemical preparedness posture. They are requested, and recommended for authorization, to deter Soviet first-use of chemical agents and to provide an incentive to the U.S.S.R. to engage in a comprehensive, global and verifiable accord to reach zero-levels in chemical weaponry.

Their expenditure for the authorized purposes should not be construed as committing the United States irrevocably to a chemical rearmament program. To the contrary, the funds approved for demilitariza-

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tion R.D.T. & E. and for the introduction of binary munitions which are easily and readily dismantled, supports the objective of an early and complete chemical disarmament agreement.

The committee states categorically its preference for a world without chemical weapons: its belief that the verifiable elimination of chemical stockpiles from the United States, the U.S.S.R.'s and all other nations' arsenals is the goal it ardently hopes will be pursued; and its readiness to work for the prompt enactment of legislation to dismantle the American retaliatory capability as soon as such a comprehensive and verifiable ban is in place.

CHEMICAL WARFARE

The committee completed a comprehensive review of Soviet capabilities to conduct chemical warfare and examined the readiness of U.S. forces to defend themselves and, if necessary, respond to chemcial attack. Officials from the intelligence community, the Office of the Secretary of Defense, and the uniformed services were asked to provide information from their various perspectives about the magnitude of the threat of chemical warfare facing U.S. military forces.

The Strategic and Theater Nuclear Forces subcommittee held a series of in-depth hearings on this subject. Witnesses, both those representing government agencies and the armed services and those not affiliated with the government, were called by the subcommittee to testify on a variety of chemical warfare issues.

These hearings had special importance in light of two separate, yet related developments in recent months. First, mounting evidence has become available that appears to support the contention that the Soviets and Soviet-supplied allies are engaged in the use of chemical weaponry in Southwest and Southeast Asia. This demonstrated willingness to employ those horrible instruments of modern war—in violation of several international agreements—has grave implications for U.S. national security.

Secondly, the President, in January, 1982, certified that production of binary chemical munitions was essential to the national interest. In doing so, the President departed from the policy followed by his three predecessors, and proposed to initiate such production as part of a comprehensive, balanced program intended to enhance dramatically the United States' chemical preparedness posture.

This program consists of several elements: (1) a commitment to pursue a verifiable chemical disarmament accord with the Soviet Union; (2) a considerable investment in chemical protective equipment and the research and development necessary to field the most effective defensive systems possible; (3) improved training in chemical warfare operations for U.S. military personnel; (4) initiation of a technology development effort to dispose of obsolete and hazardous chemical weapons and agents, and (5) a production program to replace unserviceable unitary chemical munitions with safe, modern binary weapons.

The committee believes that the administration's program represents the best hope for achieving a satisfactory chemical arms control agreement and for deterring an outbreak of chemical warfare. Once implemented, it should deny the Soviet Union any appreciable advantage it might otherwise gain from maintaining an offensive chemical arsenal. In addition, by making it clear that the United States will, in the absence of such an agreement, maintain the ability to respond to *any* Soviet use of chemical munitions, it will provide a positive incentive for the USSR to begin productive chemical disarmament negotiations.

As a consequence of the committee's hearings on this subject, the following conclusions are inescapable:

(a) In the absence of a credible deterrent, defensive protection alone cannot deter the outbreak of chemical war. Such a posture permits an adversary to fight the war in ways and under circumstances of his choosing;

(b) The credibility of the U.S. chemical deterrent is becoming increasingly marginal: a large proportion of that deterrent is in bulk form, rather than munitions, and is, for all intents and purposes, unusable. A further portion is in a form not compatible with current launcher systems. The remainder is in unitary munitions, which, under the best of circumstances, are inherently hazardous to U.S. personnel because of the toxic agent contained within, and are becoming more so as increasing numbers of those weapons begin to develop leaks;

(c) The threat of Soviet use of chemical weapons—under present circumstances—is great and is increasing. The Soviet Union has trained and equipped its forces systematically for chemical warfare. They appear in Southwest (and, through surrogates, in Southeast) Asia to have demonstrated a willingness to employ such weapons when it suits their purposes to do so. It is evident from the USSR's warfighting doctrine that they expect the battlefields of the future to provide ample opportunity for effectively utilizing chemical munitions.

(d) Chemical disarmament is an important national objective. The United States, however, has been unable to obtain Soviet agreement to a verifiable arms control accord so long as the United States maintains its inferior chemical posture. A credible deterrent is a necessary precondition for negotiating a satisfactory accord.

(e) Binary weapons are more militarily effective and, therefore, a more credible deterrent than the unitary weapons they will replace. The binary chemical stockpile proposed by the President will be smaller, yet significantly more effective, than today's inventory.

These conclusions revalidate the committee's support in previous years for improving the U.S. chemical defensive posture and for modernizing the retaliatory arsenal with binary munitions. They also justify the committee's endorsement of the administration's approach to this difficult issue.

Mr. **TOWER**. For example, some have suggested that this decision must not go forward until our NATO allies have assured us of their enthusiastic support for this program. Given the emotionalism usually attending any public discussions of warfare in Europe—and especially nuclear and chemical warfare—it is hardly surprising that opponents of the binary program should insist upon this consideration; to do so virtually insures that the chemical modernization program would not go forward. The import of making such prior consent a part of U.S. policy is that a decision that is and by its nature must be, an American national security judgment would be subordinated to European consensus. Clearly, should we elect to deploy binary chemical weapons in Europe, such action would be undertaken with the consultation and consent of our European allies.

I suppose, similarly, should we elect to deploy such weapons to the Middle East, to Latin America, to Korea, or to any other area where their deterrent value should be deemed essential, we would engage in appropriate discussions with host nations involved.

But, Mr. President, it is dangerous and imprudent to insist that, in the face of a truly global chemical threat, manifested by the apparent equipping by the Soviets or their proxies with chemical ordnance indicates that any of our allies should be accorded a veto power over our decision to produce binary munitions.

Following this flawed logic to its inevitable conclusion, one would be forced to ask our allies whether or not we could transport chemical munitions within the United States, whether they could be located in one site or another within the continental United States, or whether, indeed, any chemical agent and munitions could be disposed of. Certainly none of the advocates of continued unilateral restraint in chemcial preparedness is suggesting that such interference on the part of our allies in these decisions, which are uniquely American responsibilities, would be appropriate. Neither would be their interference in the U.S. decision to enhance the credibility of its chemical deterrence.

Mr. President, I believe if the amendment of the Senator from Colorado is adopted that what it does is really enhance the prospects that gas will be used against Americans and against Europeans.

I do not know of any time in history when the possession of a particular type of weapon encourages the opponents to use that same kind of weapon. I do not know of any time when a retaliatory capability did not deter the opponent if he knew that the enemy possessed that retaliatory capability.

If we adopt an agreement—and I hope we do—that reduces strategic nuclear weapons, that reduces theater nuclear weapons, I hope we get to the zero-based option.

If we are not armed with adequate chemical weapons, the temptation on the Soviets to use them against us should they decide to engage in a war in Western Europe might be too strong to resist.

The best historic example of deterrence is the fact that Hitler ordered his generals in World War II not to use chemical weapons against the allies even when his army was in extremis, because he knew of the capability to retaliate against them, and knew we would retaliate in kind.

What fools we will be if we expose ourselves to this enormous capability the Soviets possess and not try to deter it with some capability of our own. We virtually insure the fact that then if we go to war civilians will die and our soldiers will die.

I know there is a wave of emotion in this country; there are a lot of people who think if we do not possess nuclear weapons, there will never be a nuclear war; if we do not possess chemical weapons, chemical weapons will never be used. But, in fact, the fact that we do not possess a deterrent increases the likelihood that horrible weapons will be used against us.

Mr. President, I am concerned about the outcome of this amendment. There is a lot of sentiment abroad, people do not understand the arcane business of arms or deterrence, and a lot of election-year jitters around. But I hope that the Senate will act in a statesmanlike way and not on what they consider to be a popular whim of the moment.

The security of the United States may depend on it. I think the security and safety of the people of Western Europe almost certainly depend on it.

Mr. President, I move to table the amendment of the Senator from Colorado.

Several Senators addressed the Chair.

Mr. **BUMPERS**. Mr. President, will the Senator withhold?

The **PRESIDING OFFICER** (Mr. MATTINGLY). The question is on agreeing to the motion of the Senator from Texas to lay on the table the amendment of the Senator from Colorado.

Mr. **TOWER**. I will withhold for a moment, but I am being badgered by a number of my colleagues because it is 3 o'clock in the morning and they want to get some action and they want some votes. I will withhold but I ask for what purpose.

Mr. **COCHRAN**. There are two statements which I would like to have printed in the RECORD on behalf of two other Senators.

Mr. **TOWER**. I defer to the Senator from Mississippi.

Mr. **COCHRAN**. Mr. President, I ask unanimous consent that the Senator from Missouri (Mr. DANFORTH) be added as a cosponsor to the amendment, and that his statement be printed in the RECORD.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The statement follows:

● Mr. **DANFORTH**. Mr. President, I rise to oppose President Reagan's request that Congress approve funding to enable the United States to reenter the chemical weapons race. Last May, in an exceedingly close vote, the Senate approved $20 million for the construction of a manufacturing facility for binary chemical munitions. This May, the Defense Department is asking Congress to take a giant leap and approve a request for funds to get the United States back in the business of making lethal nerve gas and other chemical weapons.

Approval of this request would be a fundamental reversal of a policy announced by President Nixon in 1969. For 13 years, our Nation's policy has been to oppose the proliferation of chemical munitions and nerve gas rather than join in an endless effort to devise more dangerous and vicious ways to kill people.

Needless to say, we cannot afford to be unprepared for chemical warfare. The Soviet Union, for example, has compiled an impressive arsenal of chemical weapons. Moreover, they have shown a capability and willingness to use such weapons. The evidence is strong that Communist forces have used chemical agents in both Indochina and Afghanistan.

The Defense Department argues that we must respond in kind with a program which could cost the taxpayers more than $2 billion over the next several years. I disagree. We should not forget that the United States already possesses an enormous stockpile of chemical munitions and nerve gas. To resume production of new munitions at this point would have more symbolic than military significance. It would send the wrong signal to other nations, particularly our allies in Western Europe, nearly all of whom categorically oppose the storage of such weapons on their soil. At a time when the international community has denounced Communist use of chemical agents, the United States can ill afford to follow in the transgressor's footsteps. We must condemn such basic disregard for humanity.

The administration argues that we must have these new weapons so we will be able to negotiate a chemical weapons treaty with the Soviets. We must not forget that even the primitive chemical agents used by both sides during World War I proved to be so horrifying that, in 1925, every major nation of the world, including the United States and the U.S.S.R., signed a protocol in Geneva banning their use. If we catch the Soviets redhanded, and cannot bring the Geneva protocol to bear, we cannot expect that our tacit endorsement of the use of chemical weapons will produce a meaningful arms reduction agreement with the Soviets.

In addition to international considerations, we must be realistic about the practicality of resuming chemical weapons production. In my judgment, producing a new stock of binary chemical weapons is entirely impractical. In view of budget constraints, Congress should scrutinize any new multibillion dollar weapons program very carefully. We do not have to look very closely at this program to see that the proposed new binary munitions have never been field tested. I do not see how we could approve a multibillion-dollar weapons program where we don't even know that the weapons would work.

Finally, Mr. President, the Senate must realize that deadly chemical agents do not kill highly protected and trained soldiers. In a chemical battle, only civilians—unprotected men, women, and children—would be killed. In the case of chemical weapons, the best defense—in fact the only defense—is not a good offense. It is a good defense.●

Mr. **COCHRAN**. Mr. President, I further ask unanimous consent that a statement by Mr. DURENBERGER be printed in the RECORD.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The statement follows:

● Mr. **DURENBERGER**. Mr. President, 2 years ago, Congress chose to add funding to the military construction bill to begin work on the Pine Bluff chemical weapons facility. It did so not because this funding had been requested by the Department of Defense, but rather because of its own concerns. I did not share those concerns, and I voted against this funding. I intend to do so again today.

We are all familiar with the arguments offered in support of binary chemical weapons. They are safer to handle, we are told, because they do not become lethal until the chemical components are mixed after the weapons have been fired. They ease logistics, we are told, because they can be shipped in bulk. They will add to our deterrent, we are told, because they will let the Soviets know that we can respond in kind if they choose to violate the treaty to which we are both signatories, and resort to first use.

But, as a recent series of articles in the Army Times makes clear, few of these arguments are as compelling as their proponents would hope. It is not at all clear to me why chemicals which present a massive problem of toxic waste disposal should be seen as any safer than our existing stockpiles. We are already spending time and money trying to dispose of the millions of tons of nerve gas and other chemical agents which have accumulated over the years. We do not really have a solution. And it is anticipated that we will spend billions over the next few years simply trying to dispose of those agents which have begun to decompose and which present a massive public health threat to this country. What plans do we have for binary chemical weapons and their components when they, too, become obsolete?

Just as important, it is not clear that these weapons will necessarily be any safer for their military users than existing weapons. In the first place, we have not conducted open-air testing of actual binary weapons. If the Army should apply for permission to do so, I would be inclined to urge my colleagues to deny this permission simply because of the hazards presented by such testing. But the point is that without actual open-air testing of real weapons, instead of simulations, we cannot be sure that binary weapons will perform as they are designed to perform. Saul Hormats, the former director of development at the Army Chemical Systems Laboratories, has stated that we can anticipate a failure rate of 20 to 30 percent in artillery rounds and 50 percent in Bigeye bombs without open-air testing. This is hardly safe for our fighting troops.

What about the issue of simplified logistics? At one point, the Army was claiming that binary chemical artillery rounds would weigh some 40 percent less than existing artillery rounds, permitting a major increase in shipping volumes in the event of a conflict. After some examination, however, it was found that binary weapons will actually weigh more than existing rounds. The Army had overlooked such things as fuses, shipping canisters, and so forth. And, as Matthew Meselson, an authority on chemical weapons has stated, shipping two chemicals in separate containers will actually require more volume than shipping existing weapons. So once again, the claims of the proponents are not as clear as one might hope.

Finally, what about the deterrent value of chemical weapons? There is no question that Soviet troops are well trained in chemical warfare operations. There is no question that their vehicles are fitted with filters and overpressure systems to permit continued operations in a contaminated environment. And, as many of the H'mong refugees living in Minnesota can testify, such Soviet allies as Vietnam are using chemical agents—mycotoxins and other forms of "yellow rain"—against helpless populations. An item in today's paper provides further evidence that the Soviet Union is building, using, and transferring to its allies, chemical weapons which are used against Cambodians, H'mong, and the freedom fighters of Afghanistan.

They are doing so in part because they are not deterred from resorting to these horrible weapons of mass destruction. Refugees and peasants cannot strike back with comparable weapons. But this is not the case for the United States. We have a major stockpile of chemical weapons. I agree that some of these weapons are deteriorating. And I agree that some of these weapons no longer fit our current arsenal of launchers and artillery tubes. But some reports indicate that we have as many as 3 million rounds of 155-millimeter chemical shells, which are suitable for existing artillery. And there are literally tons of bulk chemical agents which can be transferred into bombs and shells if we wish. In other words, we have a deterrent stockpile. So why must we add to it?

Ultimately, the real threat of chemical weapons is twofold. First, troops who must climb into cumbersome protective suits simply cannot fight as well as troops who are unencumbered. This is a simple problem of human engineering, but it is real and it is threatening. It is particularly pertinent for such activities as servicing combat aircraft between sorties. Much of our defensive posture in Europe and elsewhere relies on rapid turnaround rates for our combat aircraft so that we can maintain a high number of sorties. If the people who must service, refuel, and reload our aircraft are forced to button up, they cannot work as fast and our combat effectiveness will suffer. This is also true, of course, for the infantry.

But will this threat be reduced by building binary weapons? I think not. No sensible military commander will wait until he has been attacked before ordering his troops to don protective gear. Instead, he will give the order as soon as he has the slightest suspicion that the enemy might—just might—resort to chemical weapons. And, if he is cautious, he will assume that there is a threat of chemical attack as soon as hostilities have begun. In other words, we can do nothing except to recognize the necessity to put on protective gear. This means that we should be devoting every effort to developing protective suits which permit the maximum possible freedom of motion.

We can and should seek to insure that the Soviets will also be forced into protective suits so that they do not obtain any advantage through the force multiplier of the threat of chemical weapons. Their efficiency must be reduced as much as ours. To some extent, it will be, because we already have the chemical agents in our arsenal to pose a credible counterthreat. Just as important, Soviet troops who plan to conduct chemical operations know that they must march through contaminated areas—areas which they themselves have poisoned—so they will have a further incentive to don their own protective gear.

But the best way we can reduce their advantage is simply to begin realistic and regular training exercises ourselves. The Soviet Army does so. We do not. Our protective gear is not adequate, and our training—while substantially better than was the case 10 years ago—is still insufficient.

In short, the threat of chemical weapons is one which we can solve without investing several billion dollars in new binary weapons. We already have the means to force the Soviets into protective gear in the event of combat. Our deterrent is in place. But we do not have the kind of protective gear or the kind of training which will permit our troops to operate with the maximum efficiency on a battlefield which has been or might be contaminated.

Finally, of course, the ultimate victims of chemical warfare will be civilians, and not the military men who can wear protective gear. Artillery rounds are confined in range. If we should be forced to fire chemical artillery shells—whether existing shells or new binary shells—we can be sure that those shells will fall into the areas we are trying to protect. The devastation which would follow a conflict in Europe is already massive. Should we add to it by building more weapons which blanket huge areas with lethal effects? I say no.

Consequently, I see no reason to invest millions this year and billions over the next few years in weapons which are neither needed nor even as efficient as their proponents claim. That is why I joined 11 of my colleagues in writing to the Armed Services Committee last March, urging that funds for binary weapons be denied. That is why I have repeatedly voted against this program. It is why I will later join Senator Cochran in introducing a resolution urging negotiations on the control and abolition of chemcial weapons. And it is why I am about to vote to delete the funding for this program.

Mr. President, I ask that the letter which I mentioned be introduced into the Record, along with two articles from the Army Times and an editorial from the Minneapolis Star and Tribune.

The material follows:

U.S. Senate,
Washington, D.C., March 12, 1982.

Hon. John Tower,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: On February 8th, the President notified Congress that his Administration intends to resume the production of lethal chemical weapons, the first such directive since President Nixon cancelled production in 1969. The Department of Defense has requested more than $30 million to begin actual procurement of binary chemical weapons. We oppose the Administration's decision and have joined in introducing legislation to prohibit the expenditure of any funds to produce binary chemical weapons. This legislation has been cosponsored by a bipartisan coalition of Senators.

We oppose the Administration's decision to resume the production of lethal chemical weapons because it will not enhance our national security. Renewed production of chemical weapons would, in fact, undermine efforts to restore our military capability by diverting important defense resources to a nonessential program.

We are concerned about Soviet capabilities in the area of chemical warfare and mindful of the threat these weapons might pose to our national security. For these reasons, we seek practical and effective military measures to reduce this threat. The critical issue is how best to respond to the Soviets. The production of binary chemical weapons is not necessary for the national defense, nor is it necessary to deter Soviet first use. Our current stockpiles are adequate for that purpose. Our principal emphasis should be the acquisition of additional protective and defensive equipment for U.S. combat forces to reduce the effects of a chemical weapons attack.

The decision to resume the production of chemical weapons will not enhance our national security. It will not restrain Soviet activities. It will result in a needless diversion of defense resources.

We urge this Committee and our Senate colleagues to oppose appropriations for the procurement of lethal, binary chemical weapons.

Sincerely,

Nancy Landon Kassebaum, David Pryor, William Proxmire, Edward M. Kennedy, Thad Cochran, George J. Mitchell, Gary Hart, Lowell P. Weicker, Donald W. Riegle, Paul E. Tsongas, Walter D. Huddleston, and Dave Durenberger.

[From the Army Times, Apr. 12, 1982]

BINARY WEAPON DEBATE CENTERS ON PERFORMANCE

(The Defense Department has requested $30 million from Congress for FY '83 to begin producing chemical weapons for the first time since 1969. DoD says that new binary weapons are needed to replace a rapidly deteriorating stockpile.

(Sen. Gary Hart (D-Colo.) and Rep. Toby Moffett (D-Conn.) have countered DoD's request by introducing bills that would prohibit production of the binary weapons.

(The first test on the issue may come in mid-April, when the FY '83 DoD authorization bill is expected to reach the Senate floor.)

(By Neil Roland)

WASHINGTON.—As the Army's request for money to produce new binary chemical weapons nears a vote in Congress, the Army and its critics are in fundamental disagreement over the most basic question of all: how well will the new weapons work?

That is, if they should be employed in combat, would the munitions that launch them fire reliably? And once fired, would the two chemical components of the nerve agent mix properly and effectively kill enemy soldiers?

In existing chemical weapons, the toxic agent already is mixed. But in binary weapons, the chemical components are in separate canisters and are mixed only after the weapon has been launched.

DoD wants to produce two binary weapons—a 155mm artillery shell containing GB nerve agent to replace the existing 155mm projectiles, which defense officials say will deteriorate in 10 years, and a Bigeye bomb filled with VS nerve agent, an advancement over the Weteye bomb in the existing stockpile.

But questions over the performance of these proposed weapons may raise the sensitive issue of open-air testing.

The Army says the new binary weapons can be tested safely without firing live munitions in the open air. Instead, the Army has conducted laboratory tests of scaled-down binary weapons, in which the components formed deadly nerve agent, and has field fired munitions filled with harmless stimulants in place of the binary components.

But civilian critics argue that unless binary weapons actually are tested in the open air, the Army can't be sure that they will work properly if used in combat.

Without open-air testing, said Saul Hormats, former director of development at the Army Chemical Systems Laboratories, about 20 percent to 30 percent of the projectiles and 50 percent of the Navy's proposed Bigeye bombs would be duds. In contrast, he estimates that less than one percent of the existing weapons would fail to fire. The existing weapons, produced between 1942 and 1969, were field tested with live agents rather than simulants.

"There's a terrible, enormous risk with simulants," says Hormats. "Simulants will tell you that the chemicals mix, but they won't tell you the temperature, the percentage converted to agent or the effectiveness of the mix."

The Army sharply disputes Hormats' estimates of the dud rate of both the current and proposed weapons.

With simulant testing, said Col. Bobby Robinson, "the number of (binary) duds would be so miniscule that I couldn't put a number on it."

Robinson, the Deputy Director of the Army's Nuclear and Chemical Directorate, added that more than 20 percent of the existing weapons would prove to be duds if they had to be used now, largely as a result of deterioration of the munitions.

While the Army's official position is that open-air testing of chemical weapons is unnecessary, one version of a speech by the Chief of Staff, Gen. Edward C. Meyer, suggests open-air testing might be preferred by the Army leadership.

Meyer spoke at the U.S. Naval Academy at Annapolis, Md., Oct. 21, 1980. After his address, the Army provided a transcript to the American Defense Preparedness Association. In that transcript, published by ADPA, Meyer is quoted as saying:

"We also need public support of the CW program and open-air testing of (chemical) munitions. This is very critical if we are going to catch up (with the Soviets)."

But 18 months later the Army produced a different version of Meyer's speech in which there is no mention of open-air testing.

Thus, while it is not clear which version of the speech Meyer actually presented, the Army's position is that Meyer did not say the Army favors open-air testing.

The Army concedes that simulation is somewhat less reliable than open-air testing with live nerve agents, but it maintains that the difference is too small to justify resumption of open-air testing.

In 1968, the nozzle of an aerial spray tank carrying VX nerve agent malfunctioned during an open-air test at Dugway Proving Ground, Utah. Within the next several days, some 6000 sheep grazing 27 miles away were found dead. No cause-and-effect relationship was proved, but the episode stirred widespread opposition to such testing.

A year later Congress passed legislation requiring the Army to get congressional approval for such tests. The Army has not applied for approval since.

In its binary development program, the Army has used simulants to field-test more than 2750 artillery projectiles and has tested about 350 projectiles in the laboratory.

Two independent groups of scientists reviewed and approved these tests, the Army said. But Army spokesmen would not release any information about the scientists or their findings on the grounds of security.

Binary munitions are simpler and safer to ship, the Army contends, thus adding to combat effectiveness. But some civilian specialists argue that binary munitions would complicate, not simplify, logistics.

Because the binary would be shipped as two harmless canisters and a projectile, transportation would be more efficient than with existing weapons carrying live agent, the Army says. No special equipment or safety precautions would be needed, and the Army could be more flexible in selecting storage sites along the way.

Most important, says the Army, the 155mm binary munition would weigh less than the existing 155mm munition. Therefore, more binaries could be shipped at one time.

The most important logistical advantage of the binary, the Army originally said, was its lighter weight. The Army initially claimed that the shipping weight of each binary projectile would be 60 pounds—40 percent lighter than the existing projectile, which weighs 101 pounds.

The Army's assertion was written on March 19, in response to requests made by several congressional committees that had met in March.

"The weight of the projectile is critical in understanding transportation requirements," the Army wrote. "The 155mm binary munition weighs approximately 40 percent less than its counterpart unitary munition, and as a consequence, a larger number of munitions can be transported."

When pressed by Army Times to break down its computations, however, the Army revised its estimate of the shipping weight of the binary to 107 pounds—six percent more than the weight of the existing projectile. The Army said that it had omitted the weight of the two canisters, the fuse and the packaging materials in its original calculations.

"The guy who did these calculations didn't have much time to do them," said Robinson.

Robinson attributed responsibility for the original estimate to Col. William Mourtel, who was chief of the Army's Chemical Nuclear, Biological and Chemical Defense Division before retiring at the end of March.

Robinson added that more binary than unitary projectiles could still be fitted on a plane, despite their greater weight, because binaries could be stacked. Safety requirements prevented existing projectiles from being stacked, he said.

In addition to the greater weight, the shipping volume of the binary would be more than three times as large as that of the existing projectile, says Dr. Matthew Meselson, a professor of biochemistry at Harvard University. This extra volume results primarily from the separation of the second canister from the projectile.

Finally, Meselson discounts the transportation advantages that safety would offer, arguing that the safeguards developed by the Army for its current weapons have proven effective.

Another civilian specialist raises an additional concern—that the Army may have trouble coordinating the shipment of separate parts to the combat zone. William J. Weber, ex-chief of munitions and of environmental technology at the Army Chemical Systems Labs before retiring in 1980, also expressed concern that assembling the binary in the field could jeopardize the safety of the soldier.

"You could end up with half of the chemical weapon in Africa and the other half in Antarctica," says Weber. "And putting the weapon together in combat adds one more complication when you're being shot at."

But the Army says it would take a soldier only about two minutes to assemble the binary.

Defense and civilian specialists also are at odds over the Bigeye bomb. DoD proposes that the Navy would produce the casings and the Army would fill the weapons with nerve agent and would store them.

The Bigeye, designed for rear-echelon targets 525 kilometers or more away, would improve on the long-range weapons in the existing stockpile, the Army says. It contains persistent agent which, once released, can remain lethal for weeks or even months. In contrast, the nonpersistent agent contained in the existing counterpart to the Bigeye—the Weteye bomb—would stay lethal for only several hours.

In addition, the Bigeye could disseminate nerve agent over a wider area than could the Weteye, according to the Army. The Bigeye would spread agent over about one-half square kilometer before landing. In contrast, the Weteye releases agent over the much smaller area after making impact.

A biochemist at the University of Pennsylvania criticizes several aspects of the Bigeye.

The odor of sulfur in the VX agent carried by the Bigeye could tip off enemy soldiers that the agent is present in an area, said Dr. Robert Rutman, who worked for the Army Chemical Corps from 1942 to 1944. This warning could give them time to don protective clothing, he said.

According to the Army, the GB nerve agent in the existing Weteye is odorless.

Also, Rutman said, timing is critical in delivery of the weapon. The bomb must be in flight long enough for the chemicals to mix but not so long that the nerve agent, after it is formed, starts to decompose.

The chemical reaction to form nerve gas in the binary munition can take a minimum of 10 seconds, according to the Army, which would not estimate how long it would take for the agent to begin decomposing.

"Binaries present liabilities as compared to the original weapons that are intended to replace," said Rutman.

Meselson also questions the effectiveness of the VX in the Bigeye. If the agent were to alight on a soldier's clothing, it would take 100 mg to incapacitate him eventually. If the soldier removed the clothing within an hour, he said, the soldier would escape in injury.

The Army responded that an enemy soldier still would be exposed to VX in the immediate area even after removing his clothing. It added that VX also would harm the respiratory system if an enemy soldier were to inhale it.

After its combat effectiveness, the most important advantage of the binary is its safety during peacetime, the Army says. Because the harmless chemical components would be maintained in separate canisters, the binary would be safer during all phases of its life cycle.

The Army's views on the safety advantages of the binary were supported by the Defense Science Board in a 1980 study. This semi-independent group of academics, consultants, businessmen and government officials found safety to be the most compelling reason for building the binary.

"Current munitions are not adequately safe to store, deploy and demilitarize," said Dr. John Deutch, professor of chemistry at the Massachusetts Institute of Technology, who chaired the board. Accordingly, we shouldn't field these weapons when the binary is safer."

Civilian specialists concede that the binary is somewhat safer than the existing weapons, but argue that the margin of difference is small. They point to the fact that there has been no fatal accident from handling chemical weapons during the 40 years since the oldest existing weapon was built.

Current and former DOD officials agree that these weapons probably will not seriously injure anyone during storage and handling for at least the next 10 to 20 years. Leakages have occurred in about 1200 of the munitions—less than one-tenth of one percent of the number of existing munitions. In addition, the chance of an explosion occurring is "very, very remote," say George Marienthal, who was deputy assistant secretary for energy, environment and safety at DOD until several months ago.

Meselson suggests that the lack of an urgent need to replace the existing stockpile affords the United States an opportunity to examine its chemical weapon requirements more thoroughly. The binary may not be the best solution, he says, and a decision on whether to produce the binary need not be forced on Congress now.

"A rush to judgment is not the way to get a good judgment," said Meselson. "Why not wait for one or two years and think before making a decision forever and ever?"

[From the Army Times, Apr. 19, 1982]

CHEMICAL WEAPONS: NO GRAVEYARD

(By Neil Roland)

WASHINGTON.—Swords can be forged into plowshares, old hand grenades can be detonated, but how can obsolete chemical weapons be disposed of safely and efficiently?

That is the problem facing the Army—and the nation.

"We have another national problem," said Maj. Gen. Niles J. Fulwyler, referring to the disposal of obsolete chemcial weapons. Fulwyler, the Director of the Army's Nuclear and Chemical Directorate, discussed the problem at a House subcommittee hearing in March.

Since dumping chemical weapons in the ocean was outlawed a decade ago, the Army has been burning them, neutralizing them chemically and now is considering whether underground nuclear blasts could be used to destroy them. Actually, the Army has three main problems in disposing of chemical weapons:

What should be done with the obsolete weapons in the existing stockpile? Although some civilian specialists dispute the Army's projection that the total stockpile will become unusable in about 10 years, they agree that those weapons that are obsolete should be disposed of.

The Army has requested $74 million for FY '83 to begin disposing of 660,000 rounds of obsolete weapons. The Army estimates that $3 billion to $4 billion ultimately will be required over the next 10 to 15 years to dispose of the entire stockpile.

What should be done with the toxic salt residue left from destroying nerve agent? The Army has stored 12,000 tons of salt that nobody wants.

Each pound of nerve agent that is chemically neutralized leaves about 2½ pounds of salt, according to Fulwyler. (One-and-one half pounds of neutralizing chemicals combine with each pound of agent to form the salts.) The salts contain chemicals used as rat poison by private industry and described by DoD as "rather toxic." The Army has proposed no solution for disposing of the salts.

If Congress agrees to fund the production of binary weapons, how will the Army dispose of them when they become unusable?

The Army says that the binaries will be easier to dispose of than the existing weapons because they consist of harmless chemicals rather than lethal nerve agent. The chemical components of the binary would be maintained separately until after the weapon is launched when they would mix to form deadly nerve agent.

The Army has not yet examined methods for disposing of the binary because it anticipates that future research will yield a better solution.

"Neither you nor I can anticipate the technology that will be available in several decades," said Col. Bobby Robinson, Deputy Director, Nuclear and Chemical Directorate. "With advances in the scientific community, there will probably be a simple way."

Sen. David Pryor (D-Ark.), cosponsor of a bill to bar production of the binary, is not so optimistic. He opposes the production of binary weapons in part because of the disposal problems that ultimately would arise.

"We don't know how to demilitarize (i.e. dispose of) the present stockpile," said Pryor. "Some day, a later generation will have to figure out how to dispose of the present stockpile as well as a whole new generation of binary weapons."

Of these three disposal problems, the most immediate is how to dispose of the obsolete weapons in the existing stockpile.

The stockpile consists of chemicals and nerve agent stored both in bulk containers and in an assortment of rockets, bombs, spray tanks and mines. The obsolete weapons fall into two categories: agent and munitions that have deteriorated until unusable, and munitions now outmoded because their delivery systems no longer are used.

About three-fourths of the rounds declared obsolete are M55 rockets. Many of these rockets are leaking nerve agent, and their delivery systems—the M91 rocket launchers—are no longer in the force structure. The remainder of the obsolete weapons include agent, explosives and metal parts.

Until 1970, the Army dumped its obsolete weapons in the ocean. As a result of environmental concerns, however, Congress passed legislation that prohibited ocean dumping.

Since 1972, the Army has relied on incineration and chemical neutralization plants to destroy 400 tons of explosives and 7000 tons of agent. In 1979, the Army set up a pilot plant with new thermal deactivation and incineration technology at Tooele Army Depot in Utah, called the Chemical Agent Munitions Disposal System.

The Army is considering several methods of destroying obsolete weapons in the existing stockpile.

One option is to explode nuclear weapons at an underground site containing the obsolete weapons. The Defense Nuclear Agency is paying $100,000 to S-Cubed of La Jolla, Calif., to determine if this approach is technically feasible. The study is to be completed in September.

"The study will address a number of technical questions," said Col. John Spence, commander of the Army Toxic and Hazardous Materials Agency in Maryland. "Will munitions be driven into the periphery, for instance, and overground? Will a nuclear detonation cause complex, unexpected technological changes?"

The Army also is considering how to apply the CAMDS technology. It is deciding between two basic options: whether to build two or three centrally located facilities, or six to 10 plants near the current storage sites. The Senate Armed Services Committee has asked the Army to recommend a course of action within a few months.

About 40 percent of the existing stockpile is stored at Tooele. The rest is kept at seven sites in the U.S., one at Johnston Island in the Pacific and one in Germany (probably at Hanau, according to Julian Perry Robinson, senior fellow at the University of Sussex in England).

A few central facilities would be more efficient to build and operate than numerous dispersed plants, according to specialists in and out of the government. They could be built more quickly and at lower cost, and their larger scale would enable lower unit operating costs.

In addition, fewer trained employees would be required to handle disposal operations at centralized plants. Therefore, the chances of an inexpert employee causing an accident would be reduced.

"You wouldn't want to take a Ferrari to a Volkswagen dealer," said George Marienthal, deputy assistant secretary of Energy, Environment, and Safety at DoD until several months ago. "There's a night and day difference in risk with an experienced worker at Tooele and one you'd train on a one-time basis."

However, public perception of the safety hazards involved in shipping the weapons looms as a factor in the Army's decision. The distance from the storage site to the disposal plant would be greater if just a few plants were built. Consequently, the weapons would be shipped through larger civilian populations.

When the Army shipped the Weteye bombs last summer from Rocky Mountain Arsenal in Colorado to Tooele in Utah, Gov. Scott Matheson of Utah sought a temporary restraining order to block the move. The Federal District Court in Salt Lake City, Utah, rejected his request, and the Army completed the transfer without accident.

In addition, when lethal phosgene gas was shipped from Rocky Mountain Arsenal to Lockport, N.Y., in March, Rep. George M. O'Brien (R-Ill.) asked the Army to stop the shipment O'Brien's district was one of many along the transportation route. Van De Mark Chemical Co. purchased the gas from the Army and transported it without accident.

"No state wanted it to pass through," said Spence.

Ultimately, then, the Army plans to step up its disposal operations by increasing its number of CAMDS-type plants from one to anywhere between three and eight. This general approach would be altered only if a decision is made to use nuclear incineration or if research yielded new, unforeseen technologies.

While the near-term approaches appear to be CAMDS-type plants or nuclear weapons or both, research could provide longer-term technology. The Army is hoping that this technology can be applied to existing weapons, to the salts resulting from incineration, and to the binary weapons it has proposed to Congress. DoD has requested $12.8 million for research and development for fiscal year 1983.

[From the Minneapolis Star and Tribune,
Apr. 27, 1982]

NERVE-GAS PLANS: A HAZARDOUS WASTE

Should this country respond to the Soviet Union's undoubted buildup of chemical-warfare weapons and troops trained to use them? Yes. But should the response be a reflex rush to arm America with shells, bombs and missiles carrying poison gas? No. A proposal by President Reagan to start large-scale production of nerve-gas weapons comes before the Senate this week. The Senate should turn it down.

Reagan's request is dubious even in military terms. Since battlefield poisons are an unreliable weapon, the way to combat them is not with more poison but with good defensive measures. Yet Reagan's budget reduces funds for protective equipment and training to operate under chemical attack. The Senate should heed economic arguments, too. In the midst of necessity to rein in the growth of military budgets, the nerve-gas proposal points to additional spending of more than $1 billion annually as production expands.

And amassing an arsenal of chemical weapons would needlessly strain relations with U.S. allies. Western Europeans are nervous enough already about neutron bombs and nuclear missiles for use in their territory. They are not apt to welcome American poison gas as an addition to their defense. On the contrary. Instead of welcoming nerve-gas plans here, West Germany and Great Britain have proposed resuming international talks on a treaty totally banning production and stockpiling of chemical weapons.

That is the sensible response to test-tube rattling by the Soviet Union, and is especially appropriate for Americans to pursue. This country initiated the 1925 pact, still in force, prohibiting first use of chemical weapons. In 1969 President Nixon unilaterally ended U.S. production of such weapons and started to destroy American stockpiles. In 1976 President Ford began bilateral talks with the Soviet Union looking toward a comprehensive ban. By 1980 those negotiations—and multilateral talks in a U.N. committee—had reached the point of drafting a joint text and agreeing in principle to onsite inspections.

It is tragic to abandon, as Reagan apparently has, this work already accomplished. Instead, this country should be pushing for Soviet help in a tough treaty now to cut off the chemical arms race before it goes further. And the hazardous waste of new nerve-gas production should be nipped in the bud in the Senate this week.●

● Mr. **KENNEDY**. Mr. President, the Senate should join in support of this amendment which I have cosponsored along with the distinguished Senators from Colorado and Mississippi (Mr. HART and Mr. COCHRAN) to prohibit expenditures of any funds for the production of lethal binary chemical weapons. President Reagan's request for $30 million for these weapons will not provide the United States or its allies with a dime's worth of increased security, but it will put our Nation on the side of a dangerous and unnecessary arms race in chemical weapons.

President Reagan and congressional supporters of chemical weapons modernization have argued that the United States must add to our already large stockpile of these weapons to counter growing Soviet chemical warfighting capabilities. This flies in the face of the fact that the United States already stockpiles approximately 200,000 tons of chemical munitions which, if necessary, can more than adequately respond to any Soviet first use of these weapons. While some have charged that our arsenal is becoming obsolete, Dr. Matthew Meselson, a leading expert in the field of chemical weapons, has testified that there is not a single official study in existence which supports this contention.

In requesting funds for the production of chemical weapons, the Reagan administration is breaking with the practice of the past three administrations, Democratic and Republican. As with its plan to build the neuton bomb, the Reagan administration claims that deployments are necessary to deter the Soviets from launching an offensive in Europe. But it is not necessary to have a superior offensive capability at every conceivable level of warfare to maintain effective deterrence.

Instead of this costly and ineffective response to the U.S.S.R., I believe that the United States should concentrate on improving our capabilities to protect our troops in the event of chemical war. While we are sufficiently armed to respond to any Soviet attack, we need to do more to train our troops to defend against a chemical attack and we have yet to provide them with effective and usable protective gear. This effort would be a far less expensive and far more effective means of demonstrating to our enemies that chemical weapons will give them absolutely no advantage in the event of a war.

Above all, I believe that our Nation must press ahead with negotiations for a comprehensive and verifiable agreement to prohibit the production, stockpiling and use of chemical weapons. Instead of taking new steps to escalate an arms race, the United States should lead in efforts to eliminate these inhumane and unacceptable weapons. Therefore the Senate should adopt Senator COCHRAN's resolution, asking the President to actively pursue both bilateral and multilateral negotiations for the prohibition of the production and stockpiling of all chemical weapons.

President Reagan's funding request for lethal binary chemical weapons is dangerous and wasteful. I call upon my colleagues to join in opposing this unconscionable expenditure.●

Mr. **BUMPERS**. Mr. President, will the Senator defer for just one moment?

Mr. **TOWER**. For what purpose?

Mr. **BUMPERS**. To have my statement printed in the RECORD.

Mr. TOWER. I yield for that purpose.

Mr. BUMPERS. We are confronted with a most difficult decision: Whether to approve the administration's request for funds to produce binary chemical weapons. If funding is approved, these weapons would be produced at Pine Bluff Arsenal in my home State of Arkansas. I have spent many hours studying and reflecting on this issue, and I would like to share with my colleagues some of the thoughts I have developed. Let me say at the outset that both opponents and proponents of the administration's proposal have presented their case effectively; that there are merits to both sides of the issue; and that a number of the more sensitive and controversial technical issues relating to the shelf life of the present stockpile and the adequacy of the testing program for the binary weapons are likely to remain unresolved for years to come.

In the past I have voted against renewed production of nerve agents. My opposition was based on the hope that negotiations with the Soviets would produce a treaty to limit or abolish these horrible weapons. I also saw little possibility of the use of chemical agents by the Soviets or their allies. However, the breakdown in the negotiations and recent evidence showing that the U.S.S.R. and its clients are prepared and apparently willing to wage chemical warfare forced me to look again at the pros and cons of producing binary weapons.

The United States has not produced any chemical munitions since 1969, and the existing stockpile is becoming increasingly difficult and dangerous to maintain. Having visited Pine Bluff Arsenal where a considerable portion of our current stockpile is stored, and having spent hours listening to the residents of Pine Bluff and surrounding communities, I can tell my colleagues that both Army personnel and Arkansans are genuinely concerned about the potential hazards associated with storing these unitary chemical weapons. If a retaliatory stockpile is required to deter possible Soviet use, it must be much safer to handle and store than the one we have now.

Binary munitions are totally safe because they are made up of two nonlethal chemicals that are manufactured and stored separately. The two chemical agents would be left apart until they reach the battlefield, where they would be put together in an artillery shell or bomb. The chemicals mix and become toxic only after the shell is fired or the bomb is dropped. An important factor affecting my position on this issue has been the administration's response to my insistence that any proposal to proceed with the production of binary weapons include a clear, binding commitment on the part of the Department of Defense to destroy the weapons currently in the inventory. Mr. President, I would like to read from the letter I received from Mr. Richard Wagner, Assistant to the Secretary of Defense, which outlines this commitment and insures that the production of binaries will not add to the chemical stockpile; but rather replace the aging, decreasingly effective and increasingly unstable unitary munitions with a smaller number of binary munitions that are totally safe to store. I would also like to submit this letter for the RECORD.

Mr. President, the primary emphasis of our total chemical program must continue to be on developing and producing protective clothing, equipment, and decontaminants, and I am pleased that the bulk of the resources in the proposed plan will be devoted to this effort. If we show the Soviets that we can protect our troops against a chemical attack, the Soviets should see the futility of using such repugnant weapons. The administration also needs to develop a clear and unified position with our NATO Allies concerning binary weapons. Since the primary rationale for producing binaries is to deter the use of chemicals by the Soviets in the European theater, their value would be greatly reduced if they were not deployable.

Most importantly, now is the time to renew talks with the Soviet Union on limiting or banning chemical weapons. In this regard, Mr. President, I am cosponsoring the resolution of the distinguished Senator from Mississippi, Mr. CORCORAN, that calls on the President to actively promote negotiations with the Soviet Union and within the Committee on Disarmament for the purpose of drafting a treaty for the complete and effective prohibition of the development, production, and stockpiling of all chemical weapons and on their destruction. We should all remember that if these weapons were ever used, it would be the civilian population, not the troops, that would be most susceptible to their horrendous effects.

Mr. President, I ask unanimous consent that a letter I received from Richard L. Wagner, Assistant to the Secretary of Defense (Atomic Energy), dated May 12, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D.C., May 12, 1982.

Hon. DALE BUMPERS,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR BUMPERS: As the official responsible for chemical matters, I want to assure you that the Department of Defense is fully committed to disposing of all chemical munitions and agents presently in the U.S. arsenal. A major objective of the proposed chemical deterrence program is to replace the current chemical agent stockpile with one that at the end of a reasonable period of time is smaller, safer, more mobile and more militarily effective. Replacement of existing unitary munitions with binary munitions will permit the accomplishment of this important objective. Most of the current chemical agent stockpile has little or no military utility and will be disposed of over the next ten to fifteen years, provided Congress adequately funds the demilitarization program. A smaller fraction of the stockpile is in aging munitions that will be disposed of in the immediate future to eliminate any potential safety hazards. Our ultimate objective is to achieve a verifiable chemical disarmament treaty that will include a provision for the disposal of the chemical weapons arsenals of all nations.

Technologies presently exist that permit the safe demilitarization of chemical weapons. The two systems that have been developed and are currently operating to meet immediate demilitarization requirements are the Drill and Transfer System (DATS), and the Chemical Agent Munitions Disposal System (CAMDS).

DATS is a portable system designed to handle defective munitions ("leakers") at storage installations. DATS does not destroy the agent or munition; it merely separates the two, and both must be disposed of by other means at a later date. DATS successfully completed pilot testing at Dugway Proving Ground, Utah, in December 1979, and operations at Pine Bluff Arsenal, Arkansas, in June 1981. DATS is currently at Anniston Army Depot, Alabama, where it began operations in March 1982.

CAMDS is an industrial size, prototype system designed to develop and demonstrate advanced procedures and equipment for large scale demilitarization. The system is located at Tooele Army Depot, Utah. Processes employed by CAMDS include chemical neutralization of nerve agents, incineration of mustard agents, and thermal destruction of residual agent contamination on inert metal parts. The system will be tested during 12 different phases over the period 1981-1987. Scheduled to be destroyed during this period are approximately 130,000 assorted rockets, projectiles, bombs, mortar rounds, spray tanks and bulk containers filled with chemical agents. Initial prototype tests have proved the effectiveness of the overall design for disposing of M-55 GB nerve agent rockets; and have shown that operating personnel and the surrounding population are not subject to any environmental or health hazards.

Using these current technology systems, the Department of Defense will continue to dispose of those "leakers" and unserviceable munitions—approximately 100 agent tons annually—which pose the greatest safety hazard. However, the projected costs of using existing technologies to dispose of all obsolete agents and munitions range above $2 billion. Because of the very large costs that would be involved in expanding these systems to handle the total demilitarization effort, the Department of Defense will concurrently and vigorously pursue an enhanced program to develop less costly procedures and techniques for disposal of the entire stockpile. The FY 83 Defense budget request contains $74 million for demilitarization, and approximately one-sixth of our five year chemical program will be devoted to this critical area. This compares with a request of about $54 million for production of binary munitions in Fiscal Year 1983, and the total amount to be requested for production over the next five years will be roughly equal to that requested to carry out demilitarization.

In summary, the goal of the Department of Defense is the ultimate disposal of the entire existing stockpile cf unitary agents and munitions, and we are establishing programs to develop the technologies to achieve this goal in the safest and most cost effective manner. Our first priority continues to be disposal of those unserviceable munitions which pose the greatest hazard. I believe that the decision to procure binary weapons will not only convince the Soviets that they could gain nothing by initiating chemical warfare, but I will also serve as an incentive for them to negotiate a verifiable ban on chemical weapons

I am pleased to respond to your request for a commitment on our part to dispose of our present chemical agents at the earliest possible time, in tandem with our production of binaries.

Sincerely,

RICHARD L. WAGNER,
Assistant to the Secretary of Defense (Atomic Energy).

Mr. **BUMPERS**. I will ask the floor manager's indulgence that I be permitted to read the first paragraph of this letter. It says:

DEAR SENATOR BUMPERS: As the official responsible for chemical matters, I want to assure you that the Department of Defense is fully committed to disposing of all chemical munitions and agents presently in the U.S. arsenal. A major objective of the proposed chemical deterrence program is to replace the current chemical agent stockpile with one that at the end of a reasonable period of time is smaller, safer, more mobile and more militarily effective. Replacement of existing unitary munitions with binary munitions will permit the accomplishment of this important objective. Most of the current chemical agent stockpile has little or no military utility and will be disposed of over the next ten to fifteen years, provided Congress adequately funds the demilitarization program.

Mr. **TOWER**. Mr. President, I was prepared to yield to the Senator for a brief insertion. I was not aware he was going to read a statement.

Mr. President, I move to table the amendment of the Senator from Colorado.

Mr. **COCHRAN**. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Texas to lay on the table the amendment of the Senator from Colorado. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. **STEVENS**. I announce that the Senator from Florida (Mrs. HAWKINS) and the Senator from Idaho (Mr. McCLURE) are necessarily absent.

Mr. **CRANSTON**. I announce that the Senator from Illinois (Mr. DIXON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

On this vote, the Senator from Illinois (Mr. DIXON) is paired with the Senator from Massachusetts (Mr. KENNEDY). If present and voting, the Senator from Illinois would vote "yea" and the Senator from Massachusetts would vote "nay."

The **VICE PRESIDENT**. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 49, nays 45, as follows:

[Rollcall Vote No. 118 Leg.]

YEAS—49

Abdnor
Armstrong
Baker
Bentsen
Boschwitz
Brady
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Cohen
D'Amato
Denton
Dole
Domenici
East
Exon
Garn
Glenn
Goldwater
Hatch
Hayakawa
Heflin
Helms
Humphrey
Jepsen
Johnston
Kasten
Laxalt
Long
Lugar
Mattingly
Murkowski
Nickles
Nunn
Pressler
Quayle
Randolph
Rudman
Schmitt
Simpson
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—45

Andrews
Baucus
Biden
Boren
Bradley
Burdick
Chafee
Chiles
Cochran
Cranston
Danforth
DeConcini
Dodd
Durenberger
Eagleton
Ford
Gorton
Grassley
Hart
Hatfield
Heinz
Huddleston
Inouye
Jackson
Kassebaum
Leahy
Levin
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Packwood
Pell
Percy
Proxmire
Pryor
Riegle
Roth
Sasser
Specter
Stafford
Tsongas
Weicker

NOT VOTING—6

Dixon
Hawkins
Hollings
Kennedy
McClure
Sarbanes

So the motion to lay on the table UP amendment No. 950 was agreed to.

Mr. **TOWER**. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. **BAKER**. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 951

(Purpose: To prohibit the obligation or expenditure of funds for binary chemical weapons unless the President makes certain certifications)

Mr. **HATFIELD**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **VICE PRESIDENT**. The amendment will be stated.

The bill clerk read as follows:

The Senator from Oregon (Mr. HATFIELD), for himself and Mr. PRYOR, proposes an unprinted amendment No. 951.

Mr. **HATFIELD**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **VICE PRESIDENT**. Without objection, it is so ordered.

The amendment is as follows:

On page 67, immediately below "2213. Cooperative military airlift agreements." insert the following:

SEC. 1117. (a) Notwithstanding any other provision of law, no funds may be obligated or expended after the date of enactment of this Act for production of binary chemical weapons unless the President certifies to the Congress that—

(1) it is the policy of the United States not to engage in live chemical or bacteriological agent testing on human beings and that the President rejects the findings of the Ad Hoc Air Force Advisory Board that such testing is critical;

(2) for each binary artillery shell produced, a unitary shell from the existing arsenal shall be destroyed, until such time that the Government of the Federal Republic of Germany and the North Atlantic Treaty Organization Council of Ministers approve replacement of existing stocks of lethal chemical munitions forward deployed in the Federal Republic of Germany with lethal binary chemical munitions; and

(3) (A) the United States has undertaken bilateral negotiations for a period not less than 300 days with the Government of the Soviet Union for the purpose of concluding a verifiable treaty barring production and stockpiling of chemical weapons and has concluded that such negotiations cannot produce agreement; or

(B) the reason that such negotiations are not taking place is that the Government of the Soviet Union refuses to engage in such negotiations.

(b) If the President makes a certification under paragraph (1) of subsection (a), he shall prepare and transmit to the Congress, together with such certification, a report setting forth the basis for such rejection.

(c) As used in subsection (a), the term "lethal binary chemical munitions" shall have the same meaning given such term in section 318(b) of the Department of Defense Authorization Act, 1976 (Public Law 94-106; 50 U.S.C. 1519).

Mr. **TOWER**. If the Senator will yield, the Senator from Oregon has an amendment on chemical warfare, and I believe the Senator from Mississippi has one. I believe that finishes off the chemical warfare amendments tonight.

Are there any on the other side? There are not.

Then the Senator from Arkansas has three or four amendments.

Mr. **PRYOR**. Probably two, and on one I think we will have a rollcall.

Mr. **TOWER**. Are there any other amendments on that side? I know the Senator from Georgia has several and the Senator from Montana has one.

Mr. **LEVIN**. Senator BUMPERS and I will not be offering the B-1 tonight. We will probably pick up a few votes, I am sure, when the appropriations bill comes before us. [Laughter.]

Mr. **TOWER**. That is possibly the case.

I think we can bring this thing to a conclusion at a fairly reasonable time if we just press on. [Laughter.]

Mr. **MOYNIHAN**. Will the distinguished chairman yield for a question?

Mr. **TOWER**. Yes.

Mr. MOYNIHAN. Surely, we have just, as the U.S. Senate, at a very late hour requiring the Vice President to come to the Chamber, made a close decision about a solemn matter, one which the world has been horrified by for half a century and has had treaty on treaty with respect to.

Is it really useful to continue this debate? Ought we not to recess a moment, think what we have done, and in the fullness of a new day resume the discussion that the Senator from Oregon would like to bring us to? Is this an hour for such matters?

Mr. TOWER. I think everybody is as sharp a wit at this hour of the night as they are early in the morning.

I apologize to my distinguished friend from Oregon for intruding on him so much at this time.

Mr. HATFIELD. Let me just briefly say——

Mr. MOYNIHAN. Will the Senator yield for just one moment?

Mr. HATFIELD. Yes.

Mr. MOYNIHAN. The Senator from Texas did not deign to answer my query.

Mr. BAKER. Mr. President, if the Senator will yield, I would like to answer that if I may.

Mr. President, it is almost 3:30 in the morning and I understand how the Senator feels. But the Senate collectively is at best to try to finish this bill. I think we can finish this bill. I urge we do so as early as possible. I would not be favorably disposed to recess the Senate.

The **PRESIDING OFFICER** (Mr. MATTINGLY). The Senator from Oregon.

Mr. HATFIELD. Mr. President, I had great hopes for a while that we might work out this amendment with the committee. We have reached an agreement on one of the major parts of this amendment. I feel that basically it is an amendment that should be agreed to because it is a very simple amendment. It only states three propositions.

No. 1, under this program there shall be no use of human beings for testing purposes.

I have documentation from a scientific advisory board to the Air Force that it is critical that we have such testing. I will be very happy to give the citation.

This merely says that we shall not use human beings in the testing.

No. 2, it states that for every binary weapon 155 shell that we produce, we shall destroy one currently serviceable unitary shell of the same caliber in the arsenal, one for one replacement.

No. 3, it limits the production to the time when we get a commitment from our allies in the NATO alliance as to whether or not they are going to accept this in the forward deployment position in their arsenals.

Let me remind you that the Congress in the last session, in the appropriations measure, wrote in the conference report that we wanted a state-by-state commitment from our allies before we move to production. The administration ignored that provision of the appropriation language report, and admitted to it in our hearings in the Appropriations Committee.

That, basically, is all this amendment does. It is a fallback position from the Hart amendment, which I supported.

I cannot conceive of anybody really wanting to use human beings for testing.

All this amendment does is to put us on record in opposition to that. I might say Mr. Gold, from the Defense Department, in testimony before our Appropriations Committee said they had no plans to do so, they had no intentions to do so, and as far as he was concerned we could throw that recommendation in the garbage can.

So it is not as if the Pentagon is up here battling at this hour of the morning for the privilege of using human beings for testing.

I refer to the document which is entitled "Report of the USAF Scientific Advisory Board Ad Hoc Committee on Potential New Methods of Detection and Identification of Chemical Warfare Agents, Scientific Advisory Board of the United States Air Force, September 1981."

I will read one brief paragraph to illustrate the point. This is on page 15.

> Consequently, there is a need to acquire information showing it does affect relationship for critical physiological functions. The political and emotional issues associated with using live agents on human subjects are recognized as difficult but, nevertheless, their use is critical to acquiring key information regarding the effects of nerve agents on the ability to complete operational missions.

Mr. President, the second factor of this measure, simply stated, is to let us hear from our allies, as far as production is concerned.

I could recite—I have a 20-page statement here that I am not going to go into. But I can recite to the Senate what the German Republic's major ruling party has stated in their own convention. I can quote what the Dutch Government has said about storing such chemical weapons on their land. I can tell about the resolution pending before the British House of Commons today, all of these indicating very strong either opposition or reservation about seeing this kind of weaponry on their soil.

It seems to me only logical, Mr. President, that we have some kind of commitment, some kind of statement of policy, from those allies before we move to that level of production.

Third, as I indicated, it seems to me we ought to be willing to replace, projectile by projectile, as we develop a binary one, replace the 155—the unitary one—in our arsenal. That is all I ask, a replacement of one for one.

Mr. BUMPERS. Will the Senator yield?

Mr. HATFIELD. I am happy to yield.

Mr. BUMPERS. First, Mr. President, I commend the Senator for what sounds like an eminently sensible approach to this problem, one which has troubled me ever since we started on it. As he knows, we have these unitary munitions stored in Arkansas. They are a trouble to the people in the area because we have some leakers, and there is always the possibility of an accident.

I have been negotiating with the Pentagon for 2 weeks now, trying to get a letter, which I finally got yesterday, that does not nail it down quite as precisely, but it is what I like. That is, they say they will destroy our existing stocks in tandem with the production of binaries.

Mr. President, I think I can support the Senator's amendment, but let me make this point, as I understand it. While, in their letter to me, the Pentagon said that they will destroy these munitions as quickly as possible and as fast as Congress will appropriate the money for them to do it, because of the technology there could be a lag time between the time they produce and the time they are capable of destroying. I am wondering if the Senator would consider an amendment to say that, at the end of, say, a 10-year period, they will have accomplished what he has asked for, that they will have destroyed as much as they have produced, in order to accommodate a realistic problem that they might have, even if they are as optimistic as the Senator is about the destruction of these unitary munitions.

Did the Senator hear the question?

Mr. HATFIELD. No, I did not, Mr. President.

Mr. BUMPERS. The question is this: In light of the fact that there will be a lag time between the destruction and the production—in other words, if you start production 24 months from now, you would produce munitions faster than you can destroy initially. Later on, hopefully, the destruction of the existing stocks could occur at a faster pace.

My question is very similar to what we call multiple-use-sustained yield on an even basis over a 10-year period in the forest. Would the Senator consider an amendment to his amendment that would say that, at the end of 10 years, they must have destroyed, or at the end of some time certain, they must have destroyed as much as they have produced?

Mr. HATFIELD. I would consider such an amendment, Mr. President. I have not found any opposition from the Defense Department itself on the question of a one for one.

Mr. WARNER. Will the Senator yield?

Mr. HATFIELD. Yes.

Mr. WARNER. Mr. President, I have actually been at a facility. It simply cannot destroy as fast as they can make the new system. If we can provide some flexibility in that, I am going to do the very best we can to try to work this out.

Mr. HATFIELD. Mr. President, I recognize the problem the Senator from Arkansas raises. Of course, we have to have some flexibility in this, because we are not in the same sequence of destruction and production. At the same time, I think it has to be clearly understood that within a reasonable period—I think 10 years is a little too long—there has to be a balance between that which is production—the number produced—and the number that are destroyed.

Mr. BUMPERS. I do not know exactly how we are going to work this out in the time constraints we are under here right now. My primary interest in the whole thing is to get our existing stocks destroyed at the earliest possible time. The Senator's amendment will do that.

Let me proceed to the third point, just for clarification.

The Senator states that we will not begin production until our allies state that they are willing to accept——

Mr. HATFIELD. No, Mr. President, I did not say we will not begin production. The question today, and we cannot really discuss it in open session, is whether or not our commitment is to produce for our NATO arsenals as well as our own arsenal.

Mr. BUMPERS. I misunderstood that, Mr. President.

Mr. HATFIELD. I want to restrict this to our own arsenal. Then at such time in the future at which our allies have developed a position in which we can be the supplier, I would not have this, then inhibit that possibility. But only upon that kind of certification from our allies would we reach that production to provide for their arsenals.

Mr. BUMPERS. Mr. President, how does the Senator define allies?

Mr. HATFIELD. We get into the situation of what percentage and for what length of time you want to have that supply. In the unclassified area we are talking about 5 percent per million rounds for a 30-day war. When you look at what we are talking about here in quantitative factors something becomes very obvious. The commitment is for far greater than what our own arsenal requires if you take the experts like Dr. Messelson and others who talk about the percentage of rounds per million needed to be fired in order to keep the enemy in combat or protected status.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. HATFIELD. Yes.

Mr. BAKER. Mr. President, if I may interrupt, it sounds to me like the parties are very close to working something out. May I make a suggestion to the managers of the bill on both sides?

I think we might profit from letting the principals in this get together and talk about if off the floor and see if they can work it out if there is something we can go to in the interim.

Mr. TOWER. I agree with the majority leader, Mr. President. I have just spoken to the Senator from Arkansas to see if he is ready to offer his amendment.

Mr. PRYOR. I am embarrassed, Mr. President. I have my speech but I do not have my amendment. I shall try to find it.

Mr. TOWER. I shall speak to Senator NUNN and see if he is ready to offer his.

Mr. HATFIELD. Mr. President, I would object to taking up any other amendment on this subject until we resolve this particular one. I do not think we should do that.

Mr. CHILES. Will the Senator yield for just a moment on this subject?

Mr. HATFIELD. I would be happy to, Mr. President.

Mr. CHILES. I wanted to ask the Senator about the language he has in his amendment where you could not use humans for testing. My concern is, would that go to say that we could not test our defensive equipment to use of nerve gas to determine whether our defensive equipment is good or not? I understand what the Senator is talking about, not to have experiments on people with the gas to see what its effects are. But I would be sort of concerned if we are going to say we are going to make defensive equipment for this but we are not going to allow ourselves to test that equipment. We are not going to have the Russian gas to test that equipment.

Mr. HATFIELD. I say to the Senator, according to the information we have, there are other ways you can test that kind of information without the use of human factors in terms of developing the action or reactions of soldiers to chemical weapons. Mr. Gold says we do not have to use human beings to acquire information. He says "We disagree with that report."

I just want to nail it down. I do not like the idea that the reports still say this is critical and then the possibility of that report to be adopted later if it is the desire of the agencies to change their mind. That is all we are suggesting here.

Mr. President, if the Congress approves the administration's proposal without amendment today it will be departing from a moratorium established 13 years ago by President Nixon. While the $54 million production and procurement funding level for this year is relatively small by military standards, we will be taking a first step toward a program which will ultimately cost many billions of dollars.

We have all heard the ugly reports of the use of chemical weapons by Communist governments in Southeast Asia and possibly elsewhere. However, I am unaware of any Member of the Senate who believes it is wise or prudent to simply assume that we can trust the Soviets not to initiate chemical warfare against U.S. Forces and our allies. We all believe this is possible and that steps must be taken to deter such an eventuality. This is why the alleged use of chemical weapons by Soviet surrogates is not particularly relevant to this debate. We all agree that the threat is real; what we must determine is how to best respond.

The sufficiency of our deterrent capability is a complex issue. It involves the current and future integrity of the U.S. chemical munitions stockpile; it involves the political ramifications with respect to Europe; it involves the potential benefit we may be providing to terrorist groups and governments, and it involves certain opportunity costs.

Mr. President, we are in a period of budget austerity. We must reduce the Federal deficit and return our economy to a healthy state. Producing chemical munitions will mean forgoing other steps aimed at enhancing our national security, including other conventional defense priorities. We cannot afford to close our eyes because of the relatively small size of this year's request and ignore the long-term budget implications of this program, which are immense.

We must also look at the implication for arms control contained in this proposal. This administration has not pursued bilateral negotiations with the Soviet Union on chemical weapons.

Finally, we must recognize that there is a moral and strategic dimension to this issue. Chemical warfare will entail massive civilian casualties. We offer no protection to the innocent. Our allies are justifiably concerned over unilateral military decisions posing grave implications for their security. We cannot be secure unless the NATO alliance as a whole is cohesive and secure. There is certainly a tolerance level beyond which we do more harm than good. If it is truly not necessary to do so, the production of nerve gas could move us beyond this threshold.

This is why Congress has endorsed, on two occasions during consideration of the appropriations bills, language requiring consultation with our European allies on the binary program.

The administration did not comply with these directives.

It is the issue of European deployment which I would like to address first. Dr. Matthew Messelson testified before the Appropriations Committee recently and pointed out that it would be unnecessary, indeed, irrational from a military standpoint to commit any more than 5 percent of our total artillery capacity to chemical weapons. Beyond this point, chemical weapons lose their military value. In fact, they become a serious detrimental to our military aims.

There are two principal reasons for this. First, if we are firing too many chemical rounds we are forgoing an equal share of conventional rounds. Ultimately, a chemical attack is not negated by a counterchemical attack, but rather by a conventional explosive force which destroys the enemy's delivery capability. There is one purpose and one purpose only for chemical retaliation, and that is to force the enemy into a cumbersome protective posture. Any level of chemical armament beyond this threshold is not only illogical and dangerous from a military point of view, it is the height of immorality from a humanitarian point of view. This is the crux of the issue we face. Do we have the 5 percent needed to complete such a mission? The answer is an unequivocal "yes."

We all know that the standard projection of the number of days we should anticipate for a war in Europe is 30. Of course, we must have additional supplies for other contingencies. But I think it is widely held that the European theater is the most likely arena where massive amounts of chemicals are likely to be used. I would like to call the Senate's attention to a chart prepared by Dr. Matthew Messelson, widely recognized as the foremost expert in the United States on chemical warfare and a consultant to every administration on chemical warfare matters since the Kennedy administration.

In Dr. Messelson's chart he shows a range of tons of chemical weapons starting at 5,000 and going up to 15,000. From unclassified sources we know that the current usuable, immediately ready stockpile of chemical weapons, consistent with existing and projected delivery systems, is greater than the lowest tonnage figure of 5,000 tons. We also know from unclassified sources that the amount of nerve agent requested by the administration is greater than the 15,000-ton extreme figure; 5,000 tons of chemical agent equates to roughly 1 million artillery rounds.

Using the 5,000-ton level, firing at a rate of 5 percent of total fire at maximum capacity, which is roughly 1,500 cannon, around the clock at the rate of around 100 rounds a day, we would have enough chemical weapons for 135 days of use for U.S. troops. If you include all of NATO we would have enough for 45 days.

If you take the most extreme tonnage figure of 15,000 tons which is roughly 3 million rounds, we would have enough for 405 days. If all of NATO is included, we could fire chemicals for 135 days.

Two major points can be derived from this information. First, it is clear that the tonnage being requested by the administration cannot possibly be designed for the United States alone. To make such an assumption is absolutely, completely outrageous. Second, we see that even if one assumes that all of the NATO nations will be firing chemical weapons along with us—a most unlikely possibility—the quantities are still absurdly high. What, then, is the administration's aim?

In order to answer this I would like to make one further point and it applies to the logistical element which comes into play here. If we take the lowest tonnage figure which is 5,000 tons or 1 million artillery projectiles, again, more than the United States has in usable chemical munition right now, it would take the following transport capability: using the entire C-141B transport fleet carrying nothing but chemical weapons, no troops, no artillery, no supplies, no food, just chemical weapon; 2 weeks of flying back and forth to Europe constantly. If we take the 3 million artillery round figure, less than what the administration desires, it would take 6,300 flights using our entire C-141B transport capability, which would take 6 weeks.

Dr. Gold gave the Appropriations Committee some insight into this the other day. He said that the United States expects to use several times the 5-percent figure pointed out by Dr. Messelson. Dr. Messelson was careful to point out to us that most experts agree that a 5-percent chemical firing rate is the maximum amount necessary. He reported that his conversations with military personnel in charge of these programs reveal that a 5-percent ratio is viewed as a high-end number. Yet Dr. Gold tells us that this administration wants several times that amount.

Now, let us give the administration the benefit of the doubt—let us accept everything that they say. What we see is that even by firing three times the maximum acceptable amount of chemicals needed to keep the Soviets in a protective posture by all of the available NATO cannon we are still being asked to provide far more than we would need for a 30-day European war. This is height of Pentagon scandal.

There is no evidence whatsoever that Europe will accept the binary munitions. Reams of evidence to the contrary exist. The Appropriations Committee demanded that the administration "provide a country-by-country report from our NATO allies on their view of the long-range binary program." Not only did the administration arrogantly, if reluctantly, admit that they flatly chose not to comply with the congressional initiative, but they refer to forward deployment in Europe as nothing more than hypothetical.

The ratio of military to civilian deaths in the event of chemical war is roughly 20 to 1. Experts estimate that the number of civilian casualties in Europe from chemical war would be between 4 and 40 million. Either this administration and the Armed Services Committee is fully prepared with its eyes wide open to pursue a strategy which it knows will result in slaughter of the innocent on a scale that bears no reasonable relationship whatsoever to the end in view; or it has no strategy at all. I would not level such a charge against any of my colleagues or the officials promoting this weapons system in the administration, as I do not question their intentions. So one must conclude that the latter point is the reason there is no strategy. I must say that it is consistent with the preponderance of military decisions we have seen. There is no blueprint, there is no strategy, there is only knee-jerk reaction to the 10-foot-tall Soviet bear. Perhaps we should appropriate more money. Perhaps we should instruct the Department of Defense to design a gas mask for European infants and for elderly people. They will be the ones who will bear the brunt of this policy, or perhaps we should be telling the Europeans to begin to prepare evacuation plans.

There are three other matters of strategic concern that our hearing proved that the administration has not addressed. I have not seen any evidence that the Armed Services Committee has addressed these questions either. First, for those who feel that at least a minimal chemical deterrent in Europe is necessary, what evidence do they have that proceedings with this program will not create such a backlash as to place in concrete a European rejection of this plan? Within a week of President Reagan's certification the Dutch Government had publicly espoused a new policy for rejecting the use and storage of chemical weapons by Dutch Armed Forces. On the basing of chemical weapons within its territory, the Norweigian Government endorsed an analogous policy. Three weeks ago Chancellor Schmitt's party in West Germany adopted a resolution at its annual convention which, and I quote, "Requests that the Federal Government remove all stockpiles of poison gas and give no permission for future deployment of such warfare agents as a contribution to a mutual withdrawal of such weapons from Europe." In Britain there is a bill before Parliament which seeks to make storage of chemical weapons in Britain illegal.

The second point I would like to make is that this weapon, in the amounts envisioned, will create immense political pressure for either surrender or escalation to nuclear war. None of these possibilities have been addressed by either the administration or the Armed Services Committee.

Finally, I think there are very few in this Chamber who would disagree that the United States plays a powerful leadership role in military technology. I also doubt whether anyone would disagree with the fact that other nations, particularly less developed nations lacking our technology base, look to this Nation for guidance in military developments. We have seen that it is the most desperate and unstable regimes that have been attracted to nuclear weapons.

Yet testimony showed that virtually no thought has been given to the proliferation implications of this weapon and just as little thought to the potential for the Idi Amin's and the Colonel Qadhafi's of this world to begin to think about poison gas as a practical military alternative to nuclear weapons.

One of the central themes is that these munitions can be produced, stored, and transported more safely and easily. The 1980 Army Factsheet on Chemical Weapons states that the binary concept is a process that allows for manufacturing simplicity. In the face of a nuclear proliferation problem that is essentially out of control, this administration, this committee and the proponents of this system have nothing of substance to say to this point.

Finally, I would like to share with the Senate a report which I obtained recently from the Air Force. After lengthy questioning, the Department of Defense informed me that I can throw it in the trash can. Perhaps their commitment on this point will be as forthright as was their response to the Appropriations Committee request for a report from our European allies. This report does not apply directly to the binary program. It does remind us that we are dealing with the same people who brought us 6,000 dead sheep in Utah, and the testing of bacteriological agents in the New York subway and the Washington, D.C., Greyhound bus depot. We are dealing with an overly zealous Army Chemical Corps which has not even field tested this weapon.

The former director of this program says that it would be criminal to send troops onto the battlefield with an untested weapon. I wonder if the Armed Services Committee is also prepared to make a commitment that we can throw this report in the trash. I would also like to have a technical assessment from the Armed Services Committee stating why I can do so if it agrees with the Defense Department's assessment. I assume that when a report of this kind repeatedly states that such measures are critical, not casually recommended, critical, that there may be some liability that we face that will affect the safety of our troops. The only response I was able to garner from the administration was that they were prepared to live with the uncertainty. Although the report does not say so, it is only logical to assume that the results of such testing of nerve agents on human beings on troop degradation would also have direct applicability to the effectiveness of the binary on Soviet troops.

Mr. TOWER. Mr. President, if the Senator will yield, I would like to ask unanimous consent that his amendment be temporarily laid aside to permit the Senator from Arkansas (Mr. PRYOR) to offer an amendment. After disposition of that, we can return to consideration of the amendment of the Senator from Oregon.

Mr. President, I so propound that request.

The **PRESIDING OFFICER.** Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 952

(Purpose: To establish a Director of Operational Testing and Evaluation in the Department of Defense)

Mr. PRYOR. Mr. President, I have an amendment I send to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER.** The amendment will be stated.

The bill clerk read as follows:

The Senator from Arkansas (Mr. PRYOR) proposes an unprinted amendment numbered 952.

Mr. PRYOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

At the end of the substitute add the following new section:

DEPARTMENT OF DEFENSE DIRECTOR OF OPERATIONAL TESTING AND EVALUATION

SEC. . (a)(1) Chapter 4 of title 10, United States Code, is amended by inserting after section 136 the following new section:

"§ 136a. Director of Operational Testing and Evaluation: appointment: powers and duties

"(a) There is a Director of Operational Testing and Evaluation of the Department of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate.

"(b) The Director performs all duties relating to operational testing and evaluation in the Department of Defense including—

"(1) being the principal adviser to the Secretary of Defense on operational testing and evaluation in the Department of Defense;

"(2) monitoring, reviewing, and providing guidance to all operational testing and evaluation in the Department of Defense; and

"(3) reviewing in advance for each major development program in the DOD the adequacy of the plans for, and the funds for, the relevant operational tests and evaluations.

"(4) analyzing the results of the operational test and evaluation for each major development program and reporting to the Secretary of Defense on (a) whether the testing accomplished was adequate, and (b) whether the test results confirm that the hardware actually tested is effective and suitable for combat.

"(5) reviewing and making recommendations to the Secretary of Defense on all budgetary and financial matters relating to operational testing and evaluation in the Department of Defense.

"(c) The Director shall report directly, without intervening review or approval, to the Secretary of Defense. The Director and his staff are to be completely independent of any research and development agencies or offices within the Department of Defense.

"(d) The Director shall—

"(1) transmit to the Congress annually a report on the results of the operational test and evaulation accomplished for the year in the Department of Defense;

"(2) inform Congress on operational testing and evaluation matters in the Department of Defense at such other times as the Director considers appropriate; and

"(3) respond to requests from Congress for information relating to such matters.

"(e) The Director shall have access to all such records and data in the Department of Defense, including the records and data of the military departments, as the Director determines necessary to carry out his duties under this section and shall have the authority to have observers designated by himself present during the preparation for and conduct of operational tests within the Department of Defense.

"(f) For the purposes of this section 'operational testing and evaluation' means the field testing and evaluation, under realistic combat conditions, of any item of weapons, equipment, munitions to determine its effectiveness and suitability for combat in the hands of typical military users.

"(g) The Comptroller General of the United States shall have the authority to designate observers to be present during the preparation for the conduct of any operational tests within the Department of Defense.

(2) The table of sections at the beginning of such chapter is amended by insertion after the item relating to section 136 the following new item:

"136a. Director of Operational Testing and Evaluation: Appointment, powers and duties.".

(b) For Each fiscal year, the President shall include in the Budget transmitted to the Congress pursuant to section 201 of the Budget and Accounting Act, 1921, a separate request for new budget authority for, and an estimate of outlays by, the Director of Operational Testing and Evaluation of the Department of Defense in carrying out the duties and responsibilities set forth in section 136(a) of title 10, United States Code.

(c) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new item: "Director of Operational Testing and Evaluation, Department of Defense.".

Mr. PRYOR. Mr. President, and my colleagues in the Senate, I will only take a very few moments because of the late hour tonight.

This amendment basically will do four very simple things, but I think it will have some long-range, meaningful, constructive, and beneficial results.

It would establish one new position at the Defense Department. This position would be the Director of Operational Testing and Evaluation, who would be appointed by the President and confirmed by the Senate. This would be a civilian, not a military person. In all likelihood this individual and hopefully——

Mr. TOWER. Mr. President, may we have order, please?

The PRESIDING OFFICER. May we have order, please.

Mr. PRYOR. I thank the chairman very much.

This would be an individual who would be a civilian and not a military person who is not tied into the present—I do not want to say bureaucracy, I do not want to say club, but let us say to the present structure of the Pentagon.

This would be an individual who would report directly to the Secretary of Defense and directly to the Congress. He would have the responsibility of advising the Secretary and supervising, testing, and controlling testing costs. It would provide for direct reporting responsibility to the Secretary of Defense. This amendment would require that the director of the Operational Testing Office make an annual report to the Congress and respond to requests from congressional committees about the status of testing.

I should like to say, Mr. President, that this amendment is the result of GAO reports. It is the result of a 1970 blue ribbon commission appointed by President Nixon. It is a result of testimony received recently from Russell Murray, former head of DOD's Program Analysis Office who has been involved in testing for the military and is very knowledgeable of it. Mr. Murray recently listed inadequate operational testing as one of the key problems with the development of new high technology weapons.

I would like to quote, if I might, Mr. Murray, when he testified before the Senate Governmental Affairs Committee last fall:

> We may think we are doing the right thing by rushing the latest equipment to the field but we are doing the exact opposite. We lose all discipline in the acquisition process and kid ourselves that we'll be able to bring programs up to snuff through retrofits and band-aids. People rightly worry about the acquisition process already taking too long, but wrongly try to speed things up by shortcutting the operational tests.

Mr. President, I am not on the Armed Services Committee, nor the Appropriations Committee. I am not an expert in this field, but I have read many books, many articles, many accounts, many letters, of service people, of people who are knowledgeable, who complain about the lack of testing of our weapons systems.

Look, for example, at the M-1 tank. Look, for example, at the M-16 rifle. We know those horror stories in Vietnam, where the Vietcong would find those rifles on the ground and not even pick them up.

Last fall, the Senate Committee on Governmental Affairs held extensive hearings on weapons procurement and the adequacy of weapons which are costing American taxpayers billions of dollars each year. At that time, and subsequently on the Senate floor, I raised concerns about the reliability of weapons we are producing for use by American servicemen. I stressed the importance of rigorous testing of new weapons systems to weed out wasteful duds that could pose an unnecessary threat to our own soldiers. Let me address this subject again today, and call on the Senate to take a long overdue step to correct the problem.

Since the late 1960's defense analysts and the General Accounting Office have emphasized again and again the need for improvements in our weapons testing system. Yet, these criticisms have been largely ignored.

In August 1969, the military aircraft panel of the President's Scientific Advisory Committee concluded that the Department of Defense needed to establish a separate office to conduct operational tests of new weapons to find out how they would perform on the battlefield.

"We regard the creation of the testing and evaluation group as of the utmost importance," the group said, "since we believe most of our previous failures to be prepared for wars we fight would have been thoroughly exposed had an adequate program of testing and evaluation existed."

The Joint Chiefs of Staff, in their research and development document for fiscal years 1971-88, reached the same conclusion. "Operational test and evaluation," the report said, "is the final essential step in the research, development, test, and evaluation process; as such it needs increasing support and expansion as weapons systems become more complex and interdependent."

A blue ribbon panel appointed in 1970 by President Nixon in response to nightmarish weapons failures in Vietnam found that testing centers in each branch of service were not managing to identify faulty weapons and halt production in time for lifesaving improvements to be made.

The panel concluded 12 years ago what defense critics have been saying ever since—that operational testing needs to be removed from the "researchers" and "developers" in the Pentagon and put into the hands of independent testers totally removed from the politics of weapons procurement.

The panel found that too much attention is devoted to developmental testing, conducted by scientists under highly controlled conditions, while too little time and money is set aside for operational tests. Operational tests are conducted out in the field by actual servicemen under conditions simulating wartime conditions as closely as possible.

The panel recommended establishment of an operational testing and evaluation group, with civilian leadership, within the office of the Secretary of Defense.

It urged allocation of a substantial budget for operational testing, which would be administered through the independent office. It also recommended that services be required to budget separately for operational testing, rather than including the estimated costs of tests in the total budget for a new weapons system. Finally, it called for more joint testing of weapons systems, a move which individual services have consistently resisted.

The report cited three major reasons for the recurrent problems we have seen in testing conducted by the services with little direction from above. "First, operational testing and evaluation in the services has lacked much of the independence which encourages objectivity and high level action * * *. Second, throughout the services there has been little guidance from high levels as to what is desired from O.T. & E. activities. Third, there has been too little support and encouragement of operational testing and evaluation from high levels within the services. This means that not only is more funding required to support operational testing but also that there should be the visible indication of how operational testing results are used in making important decisions," the report said.

The Defense Department made a halfhearted and short-lived attempt to comply with the Presidential panel's recommendations.

An independent testing office set up after the blue ribbon panel's report was issued soon was reorganized and placed under the control of the Defense Department's research and development arm.

The weaknesses in the testing system identified by the panel became even more glaring. The same Pentagon employees involved in promoting weapons systems to Congress and the public played a critical role in passing judgment on a weapon's expected performance.

Russell Murray, the former Assistant Secretary and head of DOD's Department of Defense program analysis, summarized the situation during testimony at committee hearings last October. Having the Undersecretary for Research and Development involved in operational testing poses an obvious conflict of interest, he said. "In effect," Mr. Murray explained, "it puts him in the position of grading his own final exams."

I could cite many examples, dating back to World War II, of weapons flops which could have been avoided through more thorough and demanding operational testing. These tests are one of the public's few protections against exorbitant investments in weapons systems which do not work.

The M-16 rifles issued to soldiers during the Vietnam war were perhaps the best publicized weapons disaster. They failed miserably in combat jamming and misfiring so frequently that the Vietcong would not even pick up abandoned rifles on the battlefield. The problems could be traced back almost entirely to modifications made by the Army to the rifle's original design. The Army knew the rifle had problems, but rushed the weapons to the front lines anyway without thoroughly exploring the potential failures.

The Army's negligence in this matter has been thoroughly and painfully documented through congressional hearings. James Fallows, in his book "National Defense," calls the transcripts of those hearings "the purest portrayal of the banality of evil in the records of modern American defense."

Similar questions have been raised about newer, more advanced weapons systems.

The General Accounting Office, in a report issued in December 1981, revealed numerous unresolved questions about the M-1 tank, a lumbering armored weapon which is costing the American public roughly $2.7 million a tank.

The GAO cited serious problems with the tank's power train—the engine and transmission—which affect the tank's ability to move through dusty battlegrounds. The report said this defective system requires frequent replacement and costly maintenance. The Army, which calls the M-1 the "most tested weapon in military history", claims that it has incorporated enough improvements into the power train system so that the tank will far exceed requirements.

The GAO, however, urges caution in reviewing the Army's claims. Questioning the reliability of the Army's testing system, the GAO concluded that Congress would be unwise to invest billions of dollars into M-1 tanks until the failure rate could be dramatically improved.

Also in December, the GAO called attention to worrisome problems with another of the Army's weapons systems—the advanced attack helicopter (AH-64). The GAO again said that the Army's test results overstate the helicopter's reliability. It warned Defense Secretary Caspar Weinberger to proceed cautiously in his decision to go ahead with helicopter production. The GAO report warned him not to rely on what it called the Army's "incomplete information, questionable evaluations and optimistic projections."

If the Pentagon continues to give clearance to weapons with serious defects, then, clearly, it is now time to evaluate the testing system itself.

The GAO has done exactly that. The agency, over a period of years, has raised repeated complaints about the Defense Department's testing procedures and the lack of objective test data provided to key decisionmakers.

Congress, the GAO tells us, has been routinely deprived of essential objective test data that can be used to make decisions about major expenditures of public money for new weapons.

As recent as March 1979, the GAO observed:

> Operational testing is important in predicting how well new weapons systems will work and can be invaluable in identifying ineffective and unreliable systems before they are produced. However, test results have not been accurately reported to Congress in the past, and consequently, Congress has not received the information it needs in considering procurement decisions. In the past, some weapons systems entered production prematurely, cost overruns were incurred and the attainment of required operating capabilities was delayed or downgraded. (GAO 1979 report.)

We have heard charges from defense critics that the services "baby" their exotic weapons during operational testing to improve performance ratings and speed up production of new weapons systems.

In June 1978, the GAO warned in a report that overly qualified maintenance crews and operators were used during tests of the B-1 and A-10 systems, giving an unrealistic picture of how the weapons might perform in the hands of the average soldier.

Defense critic Dina Rasor of the project on military procurement charged in an April article in Reason magazine that deceptive test scores were compiled by the Army for the M-1 tank by combining low operational scores with much higher development testing ratings. The result, she said, was to pull up the weapon's low battlefield scores and give Congress and the public a misleading gage of the tank's performance capabilities.

Russell Murray, during his testimony last fall, listed inadequate operational testing as one of the key problems with the development of new, high technology weapons.

"The answer," he concluded, "is not to reject high technology but only to demand that it works before we accept it. And that is the whole reason for operational testing—a most sadly neglected activity in the Defense Department."

Mr. Murray recommended essentially the same solution that President Nixon's Blue Ribbon Panel put forth 12 years ago—transfer operational testing out of the Pentagon's research and development arm into an office free from potential conflicts of interest, give it an adequate staff and fund it well enough to make sure that necessary testing is done.

My amendment to the defense authorization bill would:

First, establish a new position at the Defense Department—a Director of Operational Testing and Evaluation who would be appointed by the President and confirmed by the Senate.

Second, assign responsibilities for advising the Secretary, supervising testing and controlling testing costs to the director of the new office.

Third, provide for direct reporting responsibility to the Secretary of Defense.

Fourth, require that the Director of the Operational Testing Office make an annual report to Congress and respond to requests from congressional committees about the status of testing.

This new Office would be small, and its staffing could be accomplished through transfers of existing personnel. Its funding should be separate from research and development activities, and it should be given adequate resources to accomplish its mission.

We have committed ourselves to a $1.6 trillion defense buildup over the next 5 years. Surely, it is time to take this small step to assure more quality control and safety in the weapons we plan to send to our own soldiers.

For our military personnel, it could well mean the difference between life or death.

Mr. President, this particular amendment would create an independent person who would be in charge of testing for the Department of Defense. It is a far-reaching amendment, I must grant you, but yet it is simple in concept. It is direct, and I think it answers a major concern that service people who are sent into battle have been faced with for a very long time—weapons that do not work, weapons that have been looked at and tested, if I might use this worn out expression, "by those who might be too closely involved with the Military Establishment or the military industrial complex."

I think it is sound, and I should like, Mr. President, to get the feeling of the Senate on this matter. I hope that we can support it, and at this late hour in the morning I hope that we can also have a vote on this particular matter of weapons testing.

Mr. TOWER. Mr. President, this is the first explanation I have had of this. There certainly have been no hearings held on the creation of this kind of position in the Armed Services Committee. I do not know whether the Governmental Affairs Committee has had hearings on the creation of this position. Perhaps someone on the Governmental Affairs Committee could advise me. Have there been hearings in the Governmental Affairs Committee on the creation of this position?

Mr. PRYOR. I do not see the chairman of the committee.

Mr. TOWER. I was looking for the chairman.

Mr. PRYOR. I am on that committee.

Mr. STEVENS. No.

Mr. TOWER. I am told there have been no hearings of the Governmental Affairs Committee. It seems to me it would be irresponsible for us to legislate in creating administrative positions and engaging in administrative reorganization, however minor it may appear, without some sort of hearings on the subject and a legislative recommendation from the appropriate committee. I would therefore be inclined to oppose the amendment of the Senator from Arkansas. It is not clear in my mind what it would do.

We have, of course, an elaborate system of testing and evaluation in the Defense Department. It seems to me the suggestion is that we should have some super civilian that supervises T. & E. and second guesses professional military men on the selection of weapons systems. But as a Naval Reservist, if I get called up and have to go to war, I certainly want to know that the weapons that are placed in my hands were selected by a professional military man and not by some guy from the think tank at Brookings or any place else.

I do not know what the thrust of this is supposed to do. Is the suggestion that we cannot trust professional military men to do the testing and evaluation of our weapons; therefore, we have to get some civilian to do it of unknown qualification or disposition?

Mr. STENNIS. Mr. President, will the Senator yield to me?

Mr. TOWER. I yield.

Mr. STENNIS. Mr. President, I think there is merit here. The Senator is a careful man and constructive, but this was not brought before the committee, was it?

Mr. TOWER. No, sir.

Mr. STENNIS. We have not had a chance to have a hearing, understand it, measure its depth, receive opinions about it. If we are really serious about finishing this bill in continuous setting, that is an additional reason but the primary reason is that a thing like this has to be gone into.

I respectfully suggest that the chairman of the committee could offer to hold a hearing. You could take it on to the committee with the understanding you would hold hearings later. But we can hardly go into it here; it would take hours to measure it.

Mr. TOWER. I appreciate the intervention of my distinguished colleague from Mississippi. I would be delighted to hold a hearing on the matter provided my committee has jurisdiction. I am not sure that it does. If it falls within the jurisdiction of the Governmental Affairs Committee, I would be glad to support a request by the Senator from Arkansas to my good friend, the Senator from Delaware, the chairman of that committee, that he hold hearings. I do not want to tread on the jurisdiction of anyone else.

Mr. COHEN. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. COHEN. I indicate to the Senator from Texas that Senator PRYOR has been very active in the hearings we have had in the Committee on Governmental Affairs Oversight Subcommittee, which I chair, and the practices of DOD. I think this falls in the same category. We could arrange for similar hearings in the Oversight Subcommittee of the Committee on Governmental Affairs.

Mr. PRYOR. I would certainly accept what the distinguished Senator from Maine has offered. Also, I would have absolutely no objection to a joint referral or a joint hearing, or whatever, in order to get to the bottom of this matter and look at it very closely.

Mr. TOWER. Given that we have colonized the Governmental Affairs Committee with Senator COHEN, I think we can trust him to look after our interests there, and I would be pleased to see it referred to the appropriate committee.

I have just had a note handed to me from Senator ROTH. He has sent the message that he would not look with favor on this, because this does come within the jurisdiction of his committee.

Mr. PRYOR. That he would look with favor?

Mr. TOWER. He would not look with favor on our acting on this now, because it does come within the jurisdiction of his committee, and he would want to examine it in his committee.

Mr. PRYOR. Mr. President, in order to solve the matter, I say to the Senator from Texas that I hope we could have hearings on this matter in the next month or two and look at this area, inasmuch as we are spending so much in a weapons procurement system. I would appreciate the courtesy of the chairman of the Armed Services and/or the Governmental Affairs Committee in arranging such a hearing.

Mr. TOWER. I have found Senator COHEN's word to be as good as his poetry, and we can be sure that those hearings will be held.

Mr. PRYOR. I thank both Senators.

I ask unanimous consent at this time to withdraw my amendment.

The PRESIDING OFFICER. The Senator has that right. The amendment is withdrawn.

Several Senators addressed the Chair.

The question recurs on the amendment of the Senator from Oregon (Mr. HATFIELD).

Mr. TOWER. Mr. President, I think probably some work is still being done on that. So I ask unanimous consent that we proceed to the consideration of another amendment, with the understanding that upon the disposition of the amendment, the Senate will return to the consideration of the amendment by the Senator from Oregon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

UP AMENDMENT NO. 953

(Purpose: To study the reorganization of the Joint Chiefs of Staff)

Mr. NUNN. Mr. President, I have three amendments, and I do not think they will take long. I hope not. I ask the attention of the chairman of the Armed Services Committee.

I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Georgia (Mr. NUNN), for himself and Mr. HART, Mr. SASSER, and Mr. CHILES, proposes an unprinted amendment numbered 953.

Mr. NUNN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert a new section as follows:

SEC. . The Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, shall conduct a study of the organizational structure and operation of the Joint Chiefs of Staff and submit a report on the result of such study, not later than January 1, 1983, to the Committees on Armed Services of the Senate and the House of Representatives. Such report shall include—

(1) recomendations for such changes in the organizational structure and operation of the Joint Chiefs of Staff as the Secretary determines appropriate;

(2) an explanation and analysis of each recommended change;

(3) an analysis and evaluation of each of the changes in the organizational structure and operation of the Joint Chiefs of Staff advocated by General David D. Jones, United States Air Force, in an article writ-

ten by him entitled "Why the Joint Chiefs of Staff Must Change" and published in the February 1982 issue of Directors and Boards magazine as well as an article written by General Edward C. Meyer, United States Army, entitled "The JCS—How Much Reform Is Needed?" published in the Armed Forces Journal in April 1982, and;

(4) if the Secretary does not recommend any change in such structure or operation, the rationale for such position.

Mr. NUNN. Mr. President, in recent months, several top military and civilian leaders have called for reform or reorganization of the Joint Chiefs. Earlier this year, Gen. David C. Jones, current Chairman of the Joint Chiefs, recommended a series of improvements designed to streamline the operation of the Joint Chiefs and provide greater interservice integration. General Jones proposed that the Chairman be given greater authority, that the position of Deputy Chairman be created to support this expanded role, that the involvement of the service staffs in the joint process be limited, and that the training, experience and rewards for joint duty be broadened.

In a subsequent article in the Armed Forces Journal, Gen. Edward C. Meyer, Chief of Staff of the U.S. Army, supported General Jones' call for JCS reform and suggested that even more comprehensive structural changes than those recommended by General Jones are needed. General Meyer pointed out additional problem areas that should be addressed and recommended the creation of a National Military Advisory Council of distinguished four-star-rank officers to advise the President and Secretary of Defense on broad strategic and military policy. As in General Jones' proposal, General Meyer provides for a strengthened Chairman who would direct the Joint Staff. This plan also contains features designed to clarify the roles of the individual service chiefs in the joint process.

Both General Jones and General Meyer have drawn on their personal experience as members of the Joint Chiefs in formulating their proposals. Both have clearly laid out the historical factors and organizational requirements that demand change in the present system. Both have expressed the frustrations of senior military experts trying to provide the most professional military advice within the current structure of the Joint Chiefs of Staff. I hope that each of my colleagues will take the time to read and study the perceptive analyses offered by General Jones and General Meyer. These two distinguished military officers have greatly increased our understanding of the way in which the Joint Chiefs operate and the reasons why change is necessary for our national security.

Mr. President, I also believe that the Armed Forces Journal is to be commended for publishing a series of articles on this subject. In addition to General Meyer's proposal in the April 1982 issue, Armed Forces Journal printed three articles on JCS reform in the May 1982 edition. These studies by knowledgeable civilian defense experts with experience at the top levels of Government—former Deputy Secretary of Defense and Secretary of the Navy W. Graham Claytor; former Deputy Secretary of Defense, Ambassador to NATO, and Member of Congress Robert F. Ellsworth; and Member of Parliament, Neville Trotter—provide valuable additional perspectives on the need for reorganization and the types of changes that might be effective.

I ask unanimous consent that the articles written by General Jones and General Meyer, as well as those published in the May Armed Forces Journal, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. NUNN. Mr. President, we face increasingly formidable challenges in the national security arena in the coming years, and it is vital that the civilian leadership in the executive branch and the Congress receive the best possible advice on strategy and priorities from the Joint Chiefs. It is also imperative that the command structure be organized to provide maximum operational capability and efficiency in the combat commands.

The members of the Joint Chiefs of Staff have performed their duties with great distinction, and their advice has often pointed us in the right direction in formulating defense policy. Nevertheless, these same top military leaders have clearly stated that the present JCS structure does not provide the capabilities we need.

As I have pointed out, a number of recommendations and solutions have been offered. I do not believe we are ready to adopt any single comprehensive plan at this point. But what is clear now is the need for a thorough evaluation of JCS structure and operation and alternatives that could enhance JCS performance. In this regard, I believe we should give careful consideration to the views already expressed by top military experts.

Mr. President, I hope that this matter will receive immediate attention in both the executive branch and the Congress. An effective Joint Chiefs of Staff is a top priority if we are to devise a national security strategy to meet the rigorous requirements of the future.

This amendment requires the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, to conduct a broad study of the organizational structure and operation of the Joint Chiefs of Staff and recommend changes that are needed. It specifically requires an analysis and evaluation of the proposals offered by General Jones and General Meyer.

Mr. President, I believe that such a comprehensive study and report would contribute significantly to both JCS effectiveness and our overall military capabilities. I urge my colleagues to join me in recommending a thorough evaluation of JCS organizational structure and operation.

EXHIBIT 1

WHY THE JOINT CHIEFS OF STAFF MUST CHANGE

[A slightly abridged version of this article will appear in the Hay Associates' Magazine, Directors and Boards during February 1982]

(Gen. David C. Jones, Chairman, Joint Chiefs of Staff, Board of Governors—American Red Cross, Board of Directors—Youth Service, U.S.A., Inc.)

The Joint Chiefs of Staff, if viewed as the military board of a government corporation, would provide some striking contrasts to organization and management principles followed in the private sector: . . . Board consists of five directors, all insiders, four of whom simultaneously head line divisions . . . reports to the chief executive and a cabinet member . . . supported by a corporate staff which draws all its officers from line divisions and turns over about every two years . . . line divisions control officer assignments and advancement; there is no transfer of officers among line divisions . . . Board meets three times a week to address operational as well as policy matters, which normally are first reviewed by a four-layered committee system involving full participation of division staffs from the start . . . at seventy-five percent of the Board meetings, one or more of the directors are represented by substitutes . . . if the Board can't reach unanimous agreement on an issue, it must—by law—inform its superiors . . . at least the four top leadership and management levels within the corporation receive the same basic compensation, set by two committees consisting of a total of 535 members . . . and any personnel changes in the top three levels (about 150 positions) must be approved in advance by one of the committees.

I have been a member of this "Board" for nearly eight years and its Chairman for most of the past four years, and have thus served as a member of the Joint Chiefs under four Presidents and four Secretaries of Defense. During this time, and before, many good men have struggled very hard to make the best of the joint system, and most, if not all, have experienced a great sense of frustration in dealing with both large and small problems.

Much of this frustration comes from having to cope with legislative and organizational constraints which reflect concerns of the past, inhibit attempts to meet the rapidly changing demands of today's world, and violate basic leadership and management principles. Yet, despite many studies that have periodically documented problems with this military committee system and made cogent recommendations for improvements, the system has been remarkably resistant to change. Committees can serve a useful purpose in providing a wide range of advice to a chief executive or even in making some key policy decisions, but they are notoriously poor agents for running anything—let alone everything.

Although I recognize the very strong and persistent headwinds, I could not leave office in good conscience this summer without making a major effort to illuminate the real issues once more and hopefully wrest some substantial changes. Most of the problems and some of the approaches I will address have been discovered—then reburied—many times in the past thirty-five years. The difference this time is that the proposals for improvement are coming from someone inside the system who for many years has been in the best position to understand the causes and consequences of its shortcomings. In formulating my approach, I have been helped by a group of senior retired officers who are in a better position than those now serving to step aside from long-standing Service positions and objectively assess the joint system.

ROOTS OF THE PROBLEM

The roots of enforced diffusion of military authority can be traced to a period which precedes the founding of the republic. The Continental Congress distrusted standing armies and military heroes, and even with George Washington in command, established multiple checks on his authority. The principles of the separation of powers and civilian control over the military have appropriately become deeply imbedded in our culture, both in law and in custom as well as in the attitudes of our military professionals.

In many cases, however, the mechanisms erected to exercise such controls have had the unintended effect of permitting—and often promoting—serious organizational deficiencies. As our military institutions evolved, the various military sub-bureaucracies attempted to establish as much independence as possible. As a result, by the end of the nineteenth century, both military departments—War and Navy—were riddled with semi-autonomous, often intractable fiefdoms: branches, corps, departments, bureaus, and so forth.

By the time we went to war with Spain in 1898, conditions were ripe for reform, but as is so often the case it took near military disaster in the conduct of the war to provide the impetus within the Army and Navy to move toward better integration within the Services. The Army, despite much opposition, created a Chief of Staff position in 1903; after several intermediate steps, the Navy created the position of Chief of Naval Operations in 1915. Institutional resistance was still great, however, and it would take decades before centralized authority had shifted to the Chiefs of the Services.

Both the Army and the Navy began World War II with authority and responsibility diffused. The Army still had a large number of semi-autonomous agencies with little effective coordination below the Chief of Staff level. Immediately after Pearl Harbor, General Marshall streamlined the Army by reducing the number of officers reporting directly to him from 61 to six. In December of 1941, the Navy had split responsibility in Washington with Admiral Stark as Chief of Naval Operations and Admiral King as Commander-in-Chief of the U.S. Fleet. A few months later much of that problem was solved when Admiral King assumed both jobs.

Interservice cooperation developed even more slowly. Before technological developments began to blur the boundaries between sea and land warfare, the Services had evolved independently into distinctly different organizations with separate policies and traditions. Competition rather than cooperation was the standard. This evolution resulted in four organizations which even today gravitate quite naturally to two groups of shared traditions and experiences: a maritime grouping (Navy and Marine Corps), and primarily a land warfare grouping (Army and later the Air Force).

However, circumstances surrounding defense in the twentieth century created needs and motives for unified action. The first United States experience in deploying and supplying large expeditionary forces occurred in 1898, and it was not until World War I that the airplane emerged to blur historical distinctions between ground and sea warfare. These sorts of changes spurred the military into developing embryonic arrangements in the early part of the century for coordinating strategic and logistic plans ands for conducting joint maneuvers. Until World War II, however, such arrangements remained rather exceptional and clearly did not work well.

The watershed for development of a permanent interservice system was the crisis atmosphere surrounding our entry into World War II. The British had established a committee of the heads of their military Services in 1923. When intensive military consultation with British commenced after Pearl Harbor, it soon became apparent that we too needed some such system, not only to assure smoother dealings with the British but also to coordinate our own national war effort.

The Joint Chiefs of Staff were established informally by President Roosevelt in February 1942. The White House appointments calendar suggests that the President met with the Chiefs as a body frequently during 1942, but primarily with the Chief of Staff to the President in the remaining three years of the war. For the most part, the Chiefs, along with their British counterparts, directed largely separate wars through three geographic commands which were essentially divided by Service. General Eisenhower commanded Europe while Admiral Nimitz and General MacArthur commanded separate theaters in the Pacific. Strategic planning was conducted on the basis of direct guidance: put first priority on Europe, use the nation's full resources to support coalition efforts to defeat the enemy forces, and compel the Axis governments to surrender unconditionally. In many ways, it was a simpler world. But as the biographies of many World War II leaders reveal, the joint system established then did not work very well: Service partisanship and inadequate coordination resulted in innumerable delays on many critical issues.

As the war drew to a close, an exhaustive debate ensued on how to organize the postwar military: the Army favored, but the Navy opposed, a highly integrated system. Many at that time believed that the Army would dominate any integrated system. The Air Force, then still part of the Army, supported integration, but was primarily interested in becoming a separate Service.

After nearly two years of studies, committee reports, and presidential interventions, the National Security Act of 1947 emerged as a compromise between those who favored full Service integration and those who feared centralization of military authority. The Act created a loose confederation among the military Services and a Secretary of Defense who initially had little authority. Amendments in 1949, 1953 and 1958 served to strengthen the Secretary's authority and to expand the size and purview of his staff, but as far as the joint system was concerned, the changes were much more marginal. The role of the Chairman was formalized, the Joint Staff was expanded, and the chain-of-command from the President and Secretary of Defense to the Combatant Commands was clarified.

Even modest changes, however, created great controversy. During part of the period the amendments were being addressed, I was aide to General Curtis LeMay, then Commander of the Strategic Air Command, and I had many opportunities to observe the intense debate which took place not only in Washington but throughout much of the military. Only from such a vantage point was it clear how strong the pressures for preserving Service autonomy remained.

President Eisenhower, writing in 1965, said he had reminded his associates on signing the Defense Reorganization Bill of 1958 that it was just another step toward what was necessary. I believe he would be disappointed that further steps have not been taken.

Since 1958, there have been many recommendations for fundamental revisions of the system but few changes in its statutory framework. In 1978 the Commandant of the Marine Corps was made a full member of the Joint Chiefs by law, but this primarily codified what had already become practice. Essentially, despite major changes in the world on which I will comment later, we have had 24 years—and in many ways 35 years—without fundamental revisions of the joint system, a system which in effect represents arrangements developed in a patchwork way during World War II.

HOW WE OPERATE

At the top of that system are the Joint Chiefs, appointed by the President and confirmed by the Senate. By law, we are the principal military advisors to the President, the Secretary of Defense and the National Security Council.

As a body, we are responsible for reviewing and developing ways to improve the state of military readiness, assessing threats to our security interests and identifying the forces required to meet those threats. We supervise but do not command the senior Combatant Commanders,* and maintain an elaborate command, control and communications system which provides the links to and within our combat forces worldwide. We also consult with foreign military leaders and provide military representation to arms control negotiations teams.

Four of the members of the Joint Chiefs are the military heads of their individual Services who, except in time of war, are restricted to a single four-term. Since 1947, nearly 50 officers have held the office of Chief of one of the four Services. A Service Chief is not only a full member of the Joint Chiefs of Staff but also is the leader of his uniformed Service. As its principal military spokesman, the Service considers him the guardian of its professional interests, standards and traditions.

The fifth member of the Joint Chiefs, the Chairman, is the only one to devote all of his time to joint affairs. Although outranking all other military officers the Chairman does not exercise command over the Joint Chiefs or the Armed Forces but acts as an advisor, a moderator, an implementer, and an integrating influence whenever possible. A Chairman is appointed for a two-year term and may be reappointed one time, except during time of war when unlimited two-year reappointments are allowed.

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* The Commanders of European Command, Pacific Command, Atlantic Command, Southern Command, Readiness Command, Strategic Air Command, Aerospace Defense Command, Military Airlift Command, and the Rapid Deployment Joint Task Force. Some of these have multiple services involved (Unified Commands) and some a single service (Specified Commands).

After four years as a Service Chief and now on my fourth year as the Chairman, I have found that a Chairman generally has more influence but less control than a Service Chief. Whereas a Service Chief can draw on significant institutional sources of formal authority, the Chairman's influence must be derived primarily from his effectiveness in personal relationships. His position provides the opportunity to meet with the leadership of the nation, but it is his professional competence, his ability to present well thought out and broad-based arguments, and his performance as a team player in grappling with difficult questions of national priorities that determine his degree of influence. The Chairman's only institutional advantage is his status as the one senior military official whose sole responsibility encompasses the entire spectrum of defense.

The Joint Chiefs are supported by a Joint Staff which is significantly limited by law in terms of size—it is dwarfed by the Service and Secretary of Defense staffs—and the tenure of officer assignments. Except for urgent matters, a joint action is traditionally handled by assigning the issue to a Joint Staff action officer who meets with comparable level representatives from the four Service staffs. The pressures at this point create a greater drive for agreement than for quality; the process usually results in extensive discussion and careful draftsmanship of a paper designed to accommodate the views of each Service—at least to the extent of not goring anyone's ox.

The paper then works its way up through a series of such committees to a group composed of the Service Operations Deputies (three-star positions on each Service staff) and the three-star Director of the Joint Staff. These individuals—who normally attend the meetings of the Joint Chiefs—can approve a routine paper, but refer any substantive issue or unagreed matter to the Chiefs. As would be expected, papers produced by such a multiple committee process are often watered down or well waffled, although not as badly as Dean Acheson judged when in his 1969 memoirs he wrote of the Joint Chiefs organization: "Since it is a committee and its views are the result of votes on formal papers prepared for it, it quite literally is like my favorite old lady who could not say what she thought until she heard what she said."

When there is not time for this elaborate staff process or even to convene the Joint Chiefs, I must take action and consult with my colleagues later. The most extreme example would be that of direct attack on the United States. The Soviets have a number of submarines on alert off our Atlantic and Pacific coasts which could deliver nuclear warheads on Washington and other targets in a very few minutes. If an attack were made, our warning sensors would pick up the launches within seconds and reports would reach Washington and other key points almost immediately. The general or admiral on 24-hour duty in the National Military Command Center would at once notify me as well as others. I then would recommend a course of action to the President and Secretary of Defense, and would implement the Presidential decision without delay.

At the other end of the spectrum are incidents such as the one last year when a Libyan pilot fired a missile at our Navy fighters over the Gulf of Sidra and our pilots responded by downing two of the Libyan planes. I was notified immediately and in turn informed the Secretary of Defense. I then proceeded to the National Military Command Center in the Pentagon to determine what further action, if any, was required. The need to respond to crises and incidents such as this one requires that I be immediately available, a requirement to which I have long been accustomed.

The more routine actions are considered each week in three regularly scheduled Joint Chiefs meeting in which operational as well as policy issues are addressed. When in Washington, the first responsibility of a member of the Joint Chiefs of Staff is to attend all of these meetings, but because of our worldwide responsibilities we must be gone a considerable amount of the time. The Vice Chief of Staff substitutes when a Service Chief is absent but since the Chairman is not allowed a deputy (a major weakness which I will address later), the senior Service Chief in attendance chairs the meeting when I am away. My experience has been that one or more substitutes attend about three-quarters of the meetings, a situation that results in a lack of continuity.

By law, if we cannot reach unanimous agreement on an issue, we must inform the Secretary of Defense. Such splits are referred to the Secretary a few times a year, but we are understandably reluctant to forward disagreements so we invest much time and effort to accommodate differing views of the Chiefs.

The Joint Chiefs must maintain many constructive external relationships, the most important of which derives from their role as the senior military advisors to the civilian leadership, particularly the Secretary of Defense and the President. The Chiefs meet with the Secretary and Deputy Secretary of Defense each Tuesday to discuss joint matters as well as attend other meetings with them during the week. As Chairman I meet privately with the Secretary and his Deputy each day and participate with them in interagency discussions.

Traditionally, Presidents have met with the Chiefs as a body only on a few occasions. More often we send memoranda to the Secretary of Defense and request that they be forwarded to the President. Any Chief has the right to ask for an individual appointment or correspond directly with the President, but this right has also been exercised very rarely. To the best of my knowledge, it was last used in 1974 by Admiral Elmo Zumwalt, then Chief of Naval Operations, who wrote directly to President Nixon to urge a stronger negotiating stance during SALT Two negotiations.

The main contact with the President comes when I participate as the Joint Chiefs' representative in National Security Council meetings. Such meetings are scheduled frequently by President Reagan who has used the National Security Council forum more than any President since Eisenhower. I have the full opportunity at these meetings to express to the President the corporate views of the Chiefs as well as my personal views on any matters, regardless of whether the Chiefs have addressed them. I also have the opportunity to express such views below the Presidential level as a member of various interagency and Defense working groups such as the Military Manpower Task Force, the Defense Resources Board and the Armed Forces Policy Council.

Next to advising the President and the Secretary of Defense, the Joint Chiefs' most important responsibility is the requirement to oversee the Combatant Commands. In meeting this responsibility, it is essential to nurture a close relationship with the commanders through long-standing personal contacts and frequent communications as well as visits to the field. The Service Chiefs are also responsible to their Secretaries for organizing, equipping, and training the forces assigned to the Combatant Commands.

Responsiveness to Congress is another important responsibility of the Joint Chiefs. The Secretary of Defense and I normally appear together before eight Congressional committees—many times each year before some. Service Chiefs also have hearings before several Committees, particularly those concerned with Service budget matters. And the Joint Chiefs occasionally will appear as a body, as we did during various arms control hearings. Extensive questioning of every action of the Defense Department is the norm during hearings as well as in detailed written questions addressed to us throughout the year.

Whenever military officers appear at a Congressional hearing, we are expected to respond fully to questioning, even when asked for personal views about matters on which we may disagree with the position of the Administration. I have responded to unsolicited questions with personal views at variance with the decisions of the civilian leadership on a number of occasions, the most recent of which concerned my reservations on the basing decision for the MX Intercontinental Ballistic Missile. I believe our system is unique among the nations of the world in airing such disagreements. A number of years ago, when I explained this aspect of U.S. military-Congressional relations to a head of government of one of our Allies, he responded that one of his military officers would be fired if he gave a view other than the official position to his Parliament. The U.S. civilian leadership throughout the years has understood and even supported the military's responsiveness to Congressional questions so long as our comments have been made in good faith and neither solicited nor intended to circumvent a decision. I have found that senior officers have generally been sensitive to this responsibility.

Since it is essential to maintain the American people's confidence and support for our defense programs, the Joint Chiefs consider public relations, including speeches and other public appearances, another important function.

Finally, it is important for the Joint Chiefs to work very closely with our friends and Allies since we simply cannot go it alone in today's world. I meet with my NATO counterparts on at least four occasions each year, and with officials from many other countries somewhat less frequently. Since almost every aspect of our job has international implications, foreign travel is an indispensable aid to understanding key issues and establishing good relations with foreign leaders.

These important external relationships take a great deal of time, but it is the cumbersomeness of the committee processes that constrains our ability to produce the best joint military advice. One of the Presidentially-directed studies of the joint system, the 1978 "Steadman Report," concluded that the advice provided personally (usually orally) by the Chairman and the Service Chiefs was of high quality but that the institutional products (the formal position papers) were not found very useful.

SOME PROGRESS

Despite the institutional constraints, however, we have managed to make some joint program improvements over the last few years. Much of the credit for whatever progress has been made must go to my colleagues on the Joint Chiefs. The nation has been, and continues to be, well served by these competent, hard-working officers. Some of the improvements are:

Development of a broader joint exercise program, to include mobilization practice.

Establishment of a Joint Deployment Agency to integrate deployment plans and activities.

Integration of our land and sea transportation systems.

Redirection of the Industrial College of the Armed Forces to achieve better understanding of mobilization.

Revamping of our joint education system, to include establishment, in conjunction with the Secretary of Defense, of research centers at the National Defense University to help us take fresh looks at defense problems.

Organizational adjustments for better integration of the joint command, control and communications system.

Establishment of the Rapid Deployment Joint Task Force to improve our capability to deploy and operate forces in Southwest Asia and as a mechanism to develop and exercise integrated operations by elements of all four Services.

Increasing the Combatant Commanders' opportunity to influence resource decisions, to include appearing before the Defense Resources Board.

Involving the Service Chiefs in specific joint issues when visiting the field in order to report findings and recommendations at a Joint Chiefs meeting.

BUT PERSISTENT SHORTCOMINGS

While the above represent some important and helpful changes in interservice programs, such progress has been limited primarily to issues which only marginally affect important Service interests. However, unless the basic long-term shortcomings of the system are corrected, the severity of their consequences will continue to increase as the national security environment becomes ever more complex. We need to spend more time on our war fighting capabilities and less on an intramural scramble for resources.

In my view, the basic causes of our most serious deficiencies can be divided into two categories: personnel and organization.

Personnel.—There is inadequate cross-Service and joint experience in our military, from the top down. The incentives and rewards for seeking such experience are virtually nonexistent. And the problem is compounded by the high degree of turbulence in key positions.

We do not prepare officers to assume the responsibilities of membership on the Joint Chiefs as well as we should. I include myself in this judgment even though I was fortunate in having an unusually diversified background before becoming a member of the Joint Chiefs. In my many years in the Air Force, I had been assigned to bombers and fighters, command and staff, Washington and field tours. I had attended the National War College, an institution designed to prepare military officers and foreign policy civilians for joint and interagency duty. I had been an aide to an unusually competent commander, General LeMay, and he taught me much—his initial guidance to me was "you are in this job to learn first and serve second and do not mix those priorities." I had ten years overseas in Japan, Vietnam and Europe, including direct involvement in two wars. And in my last overseas assignment I had two jobs—as US air commander with geographic responsibility stretching from Norway to Iran, and concurrently as a NATO air commander with coalition responsibility for the air forces of a number of nations.

However, I still lacked two major ingredients of a fully rounded experience when I was appointed Chief of Staff of the Air Force. I had begun service in the Army and had maintained close contact with that Service even after the Air Force became independent. But my contact with the maritime forces—the Navy and Marines—was limited. I had visited and had participated in joint exercises with maritime forces, but still did not have as deep an understanding of their strengths and weaknesses, their doctines and traditions, as I would have liked. Unfortunately, my experience in this regard is far from unique: few Navy or Marine officers have substantial exerience with the Army or Air Force, and vice versa.

The second gap in my experience is also far too common among officers who assume key positions in the joint system (both on the Joint Chiefs and as Combatant Commanders). I had never served on the Joint Staff or in the headquarters of a Unified Command. And, frankly, I have found from my own experience that serving on the Joint Chiefs as head of a Service does not necessarily make an individual a truly joint officer. My perspective changed when I became Chairman and was immersed every hour in joint attitude and believed that some fundamental changes were needed. I must confess that I was very reluctant—as were the other Service Chiefs—to accept any infringement on Service autonomy on individual issues.

Most newly assigned officers arrive on the Joint Staff or a Unified Command staff from a Service-oriented career with little interservice experience and inadequate preparation for joint duty. In the case of the Joint Staff, the problem is compounded by statutory limits—restrictions which do not apply to the Service and Secretary of Defense staffs. For example, public law (10 USC 143) states that:

"The tenure of members of the Joint Staff . . . except in time of war, . . . may [not] be more than three years."

"Except in time of war . . . officers may not be reassigned to the Joint Staff [in] less than three years . . . except . . . with the approval of the Secretary of Defense" who may waive this restriction for no more than 30 officers.

Furthermore, officers come from and return to their Services which control their assignments and promotions. The strong Service string thus attached to a Joint Staff officer (and to those assigned to the Unified Commands as well) provides little incentive—and often considerable disincentive—for officers to seek joint duty or to differ with their Service position in joint deliberations. Indeed, it is hard to argue that Joint Staff duty is a path to the top. With the exception of Army General Earle Wheeler, not a single Director of the Joint Staff or one of its major components has ever become Chief of his Service or Chairman of the Joint Chiefs of Staff.

We have many outstanding officers on the Joint Staff who work very hard under very difficult conditions with few rewards. It is no wonder that many retire while on or soon after leaving the Joint Staff, or seek early release for a more rewarding job. The three-year limit on assignments—when coupled with our reluctance to stand in the way of good people attempting to move to Service jobs that may further their careers—results in a turnover of the Joint Staff in a little more than two years. Better continuity is required.

Organization.—In the Joint system we not only have the advantages and all the disadvantages typical of committees, but our problems are further compounded by the "spokesman-statesman" dilemma that a Service Chief encounters. This is especially true when the issue of distribution—of resources or of missions—is raised. Time after time during my years as a member of the Joint Chiefs, the extraordinary difficulty of addressing—let alone gaining the Chiefs' agreement on—the distribution of constrained resources has been driven home to me. A Service Chief finds himself in a very tough position when asked to give up or forgo significant resources or important roles and missions, both because his priorities have been shaped by his Service experience and because he must be the loyal and trusted leader of a Service whose members sincerely believe their Service deserves a greater share of constrained resources and of military missions—and the control thereof.

Service Chiefs do differ with the position of their Service staffs on occasion, but to do so too often and particularly on fundamental issues is to risk losing the support essential for carrying out Service responsibilities. One former Chief relates that during a joint meeting, a Service action officer (a Major) handed him a note which said, "General, under no condition can you agree to the third paragraph." This incident is representative of a phenomenon which has often been called "the tyranny of the action officer." However, that phrase tends to obscure a significant point: the Major was expressing the viewpoint of a large and often unforgiving bureaucracy.

We in the defense business share the problem which afflicts most of Corporate America—the difficulties inherent in long-range planning. Today's business leaders are of course well aware of the problems of accurately predicting the future and developing successful strategies to improve long-range profitability—and creating incentives within constituencies to address the long term. Those of us responsible for defense planning must contend with the same problems as well as further complications stemming from the lack of a readily calculable "bottom line," the buffetings of political and social disturbances anywhere on the globe, and a high degree of resistance to change.

Any institution that imbues its members with traditions, doctrines and discipline is likely to find it quite difficult to assess changes in its environment with a high degree of objectivity. Deep-seated Service traditions are important in fostering a fighting spirit, Service pride and heroism, but they may also engender a tendency to look inward and to perpetuate doctrines and thought patterns that do not keep pace with changing requirements. Since fresh approaches to strategy tend to threaten an institution's interests and self-image, it is often more comfortable to look to the past than to seek new ways to meet the challenges of the future. When coupled with a system that keeps Service leadership bound up on a continuous struggle for resources, such inclinations can lead to a preoccupation with weapon systems, techniques, and tactics at the expense of sound strategic planning.

Despite valiant efforts to improve strategic planning in the Pentagon, we are often faced with intense pressures to spend most of our time addressing immediate issues. Those pressures are particularly great with regard to budget actions: sometimes we are addressing three budget documents at a time. For example, in the fall of 1981 we were working with Congress on the Fiscal Year 1982 budget (well after the fiscal year had started), preparing the 1983 budget for submission to Congress in January 1982, and doing long-range planning for the following five-year budget period (1984-1988). The work with the Congress obviously took budgetary precedence, and at the same time, big and small crises (Poland, El Salvador, Libya, Middle East, etc.) were rippling through Washington with increased frequency. Under such conditions, it takes strong discipline to avoid being a total captive of the urgent.

NEEDED CHANGES

The shortcomings outlined above have been with the joint system for too long and the need for correction is more urgent now than at any time. Since we live in an era when conflicts could erupt regionally or globally much more quickly than in the past, we must build our military strength without delay—and we must be able to integrate our military forces with great efficiency.

It is clear to me that the fundamental problem is not with individuals but is an organizational one. I have been a close observer or a direct participant in joint activities for more than 20 years. During that time there have been six Chairmen and dozens of Service Chiefs and the basic problems have continued regardless of who has been in a specific chair.

As a minimum, we need changes in three specific areas:

(1) Strengthen the role of the Chairman.

Many areas cannot be addressed effectively by committee action, particularly when four out of five committee members have institutional stakes in the issues and the pressure is on to achieve unanimity in order to act. It is unreasonable to expect the Service Chiefs to take one position as Service advocates when dealing in Service channels, and a totally different position in the joint arena. Such matters should therefore be removed from addressal by the Joint Chiefs as a body.

To the extent that an interservice perspective is needed on distribution issues, that perspective could be better provided by the Chairman in consultation with the Combatant Commanders. This in turn would require strengthening of the Unified Commander's role with respect to his Service Component Commanders who command the forces and report both to the Unified Commander and the Service Chief. Under the current system the Service Component Commander's attention is often drawn more to Service issues than to interservice coordination problems. In other areas—such as joint operational and long-range planning, crisis management, and a number of routine matters—neither the Service Chiefs nor the Service staffs need participate at the level of detail in which they are involved today.

Furthermore, the Chairman should be authorized a deputy. It is an anomaly that the military officer with the most complex job is virtually the only senior—and in many cases not so senior—officer who does not have a deputy. This causes substantial problems of continuity when individual Service Chiefs, who spend only a fraction of their time on joint activities, stand in for the Chairman in his absence. Secondly, the Chairman needs assistance, particularly in insuring the readiness, improving the war planning, and managing the joint exercising of the combatant forces. I would also recommend that, at least until there is far more cross-experience and education among all four Services, the Chairman and the Deputy Chairman should come from the two different groupings (one be a Navy or Marine officer and the other an Army or Air Force officer).

I am convinced that without some such revised role for the Chairman and less reliance on the cumbersome committee processes, the very great demands on the time of a Service Chief will continue and perhaps even worsen. President Eisenhower recognized this problem and when he transmitted his final reorganization plan to Congress in 1958, he stated: "This situation is produced by their having the dual responsibilities of chiefs of the military sevices and members of the Joint Chiefs of Staff. The problem is not new but has not yet yielded to past efforts to solve it." Unfortunately, the approach Eisenhower then advocated—having a Chief delegate major portions of his Service responsibilities to his Vice Chief (with the hope that this would overcome many of the joint problems)—has not worked either, as the subsequent 24 years of experience have shown. I, for one, would also like to see the Service Chiefs be able to spend more time as the leaders of their Service in improving the capabilities of their units and in managing the spending of the billions of dollars in the Service budgets.

There is great wisdom in having the Joint Chiefs of Staff act as senior military advisors to the President and Secretary of Defense on certain key issues. But without a stronger role and better support for the Chairman, the work of the Joint Chiefs is likely to remain too dispersed, diluted, and diffused to provide the best possible military advice or to insure the full capability of our combatant forces.

(2) Limit Service staff involvement in the joint process.

As mentioned before, the Service staffs dwarf the Joint Staff with many of the Service officers duplicating the work of the Joint Staff. There are two basic problems. First, the Service staff involvement is a cumbersome staffing process and, second, the Service Chiefs receive their advice on joint matters from their Service staffs.

There are some advantages of having Service staffs involved in the joint process, but we should abolish the current system in which each Service has almost a de facto veto on every issue at every stage of the routine staffing process. President Eisenhower noted 23 years ago that "these laborious processes exist because each military department feels obliged to judge independently each work product of the Joint Staff." The situation has not changed. The role of Service staffs can and should be reduced to providing informational inputs—the result would be a better product and fewer officers needed on the Service staffs.

When a Service Chief acts on a Service matter he should receive advice from his Service staff and when he acts on a joint matter he should receive his advice from the Joint Staff; however, since the beginning of the joint process, Service Chiefs have relied almost exclusively on their Service staffs in preparing for joint meetings. It is unrealistic to expect truly interservice advice from a staff comprised of officers from only one Service. The Joint Staff can and should provide such advice.

(3) Broaden the training, experience and rewards for joint duty.

Finally, more officers should have more truly joint experiences at more points in their careers—and should be rewarded for doing so. There should be more interchange among Services at the junior ranks, as Eisenhower strongly advocated, and preparation for joint assignments should be significantly upgraded. The joint educational system should also be expanded and improved. (Along these lines, one innovative idea that is being addressed is to have all newly appointed generals and admirals attend a common course of joint education.) An assignment to the Joint Staff or to a Unified Command headquarters should be part of an upward mobility pattern rather than a diversion or end of a career, as has been the case so often in the past. It is difficult to see how present patterns can be changed, however, without some influence by the Chairman on the slection and promotion of officers. Also, the statutory restrictions on service on the Joint Staff should be removed.

Despite the magnitude of the task, I am encouraged by the willingness of my colleagues to address the issues and by the support of the Secretary of Defense and others in the Administration on the need for change. Furthermore, I sense a different mood in Congress than that shown in the '40s and '50s when large and powerful elements strongly protected Service autonomy. I am working hard in my final months as Chairman to bring about the necessary changes. More specifically, I have underway a course of action which addresses, first, recommendations to my colleagues on changes which are within the authority of the Chiefs, and second, recommendations to the Secretary of Defense and the President on other changes, to include specific proposals for legislative action.

Such change never comes easily. As the Navy approached its major reorganizations at the start of the century, Mahan concluded that no Service could agree to give up sovereignty, but would have to have reorganization forced upon it from outside the organization. Six months before Pearl Harbor, a farsighted Chairman of the General Board of the Navy proposed a truly integrated joint system to the Secretary of the Navy. Like many innovative proposals before and since, the idea was referred to a committee for study and overtaken by events. It is interesting to note, however, that then-Brigadier General Dwight D. Eisenhower supported this proposal with the judgment that "coordination by cooperation is ineffective."

The Services have an understandable desire to protect organizational interests, to preserve their sovereignty, and to conserve hard-won prerogatives. Nevertheless, we cannot escape the fact that our national security today requires the integration of

Service efforts more than at any time in our history. To attempt to achieve meaningful intergration only through the existing committee system is to leave it at the mercy of well-proven institutional counterpressures. I believe we can find a middle ground which draws on the strengths of the separate Services and of having Service Chiefs as members of the Joint Chiefs, while at the same time making the changes necessary to strengthen our joint system. If not, major surgery will be required.

THE JOINT CHIEFS OF STAFF

General David C. Jones, U.S.A.F., Chairman of the Joint Chiefs of Staff (1978-80, 1980-82).

Admiral Thomas B. Hayward, Chief of Naval Operations (1978-82).

General Edward C. Meyer, Chief of Staff of the Army (1979-83).

General Lew Allen, Jr., Chief of Staff of the Air Force (1978-82).

General Robert H. Barrow, Commandant of the Marine Corps (1979-83).

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THE JCS—HOW MUCH REFORM IS NEEDED?

(By Gen. Edward C. Meyer, Chief of Staff, United States Army)

An excellent case for strengthening the authority of the Joint Chiefs of Staff has been made by General David C. Jones. His recommendations echo a well-established pattern, as the accompanying boxes make clear. His is but the latest expression of a frustration long felt by senior military officers—for all the reasons cited by General Jones—that there must be a better way to shape alternatives and to provide the best possible military advice. Virtually every serious student and practitioner has recommended that the JCS be strengthened. The near unanimity of their views can no longer be ignored, particularly in the light of grave new dimensions to the problem of national security.

The Soviets understand full well that the United States no longer enjoys clear nuclear superiority. Their new nuclear prowess, combined with other radically improved Soviet military capabilities, lends them new confidence in their ability to mount and sustain a rapid offensive, nuclear or conventional. Indeed, after two decades of sustained build-up, the Soviets may now believe they can conduct simultaneous and sustained offensive military operations in several theaters.

The West has not responded firmly and in a united fashion to this challenge. A carefully nurtured and sophisticated Soviet political offensive and growing Western revulsion to a defense build-up, particularly among the youth, have considerably weakened the old consensus based on traditional notions of how to defend against Soviet aggression.

Overshadowing these factors is the sharp change that has occurred in the pace of warfare:

> A revolution . . . [changing] the whole scale and tempo.
>
> Warning times are vanishing . . . making timely reaction difficult.

These words of President Eisenhower, true in 1958 when the sequencing of conventional operational phases was measured in weeks and months, are even more compelling today when some scenarios allow only days, perhaps hours, for decision and reaction.

Domestically, the explosion of lawmaking and regulation-writing in the '70s has greatly complicated the development of a coherent defense posture. Additionally, the increasing demands of the appointed and elected leadership and the growth in Congressional staffs have had an impact on the time available for the individual Chief to direct his Service. The Chiefs have even less time for strategic reflection or attention to the responsiveness of the JCS system.

Fortunately, we now appear to be beginning a serious reexamination of the role, organization, and functioning of the JCS. In the process, we should examine the even broader issue of whether the nation's civilian leaders receive the best possible advice from their military experts. The challenges our nation faces today and the prospects for more demanding challenges in the critical years ahead require that the reforms we finally adopt cure the ills of the system. Strong medicine is needed. Various inadequacies in the National Security Act of 1947 have been addressed but were not fully corrected by a series of amendments over subsequent years. We now have a 35-year patchwork of law, custom, and shibboleth.

My own professional judgment is that the changes urged by General Jones, while headed in the right direction, do not go far enough to correct what ails the JCS. I believe that we must consider the feasibility of changes beyond the ones proposed by General Jones creating a stronger Chairman and Joint Staff. We must find a way to provide better balanced, sounder, and more timely advice from senior Service professionals in addition to strengthening the Chairman and the Joint Staff.

THE EXPERIENCE OF WAR

The historical context of the problem goes back much further than 1947, to the Civil War when President Lincoln brought into being the "unified command" which eventually won the war. Since then reformers have tried every 20 or 30 years to instutionalize a better mechanism for planning and directing the military establishment, but none fully succeeded. What is notable is that each wave of reform followed the trauma of war and each sought to prevent in the future the troubles—sometimes disasters—encountered in devising and executing national strategy. Thus, the turn of the century reforms were the product of the planning debacle of the Spanish-American War; the 1920 reforms reflected our World War I experience.

Today, war is too devastating, the cost of war-making machinery too expensive, the likely warning time too short for us to await another lesson. We must not delay until after World War III to create the command structure needed to fight it, nor can we defer any longer those reforms which if in existence today are likely to help prevent war.

The Joint Chiefs of Staff dates back to the committee of heads of Services we adopted in 1942, emulating the British. The bureaucratic latticework of the '20s and '30s erected a facade of cooperation over well-protected Service prerogatives, which quickly gave way under pressures of wartime reality. With all-out war facing the President, he began to pay close attention to the committee of Chiefs. The continuous dialogue between the White House and the Chiefs resulted in sound military directives from on high so indispensable to victory. The key to this system was frequent access by the military to the decisionmaking bodies of government, both executive and legislative. That access was a matter of necessity, for the experience of war demonstrated anew the need for combined cross-Service planning. There is little doubt that the Chiefs established their credibility as trusted military advisors in World War II.

It is important to remember, however, that the times and the circumstances of the '40s are not those of the '80s. The geographical separability and remoteness of the combat theaters, coupled with limited overlap in the technologies employed by each Service, allowed the national leadership to parcel out theater responsibilities using traditional Service roles. Resource constraints such as we face today were of minimal consideration at the national level: American industry concentrated on war production; conscription provided manpower for 90 Army and six Marine divisions, an 8,200-ship Navy (including 98 carriers), and 79,000 aircraft (roughly equivalent to 1,097 tactical wings today). Defense was allotted more than one-third of the Gross National Product. Such abundance obviated the kind of inter-Service competition for scarce resources we know today, with the draft on stand-by, with defense allocations one-twentieth of the GNP, and with many disincentives for industry's participation in defense.

POSTWAR CHALLENGES AND LEGISLATION

After World War II, the urgencies which had supported wholehearted joint prosecution of the war at the top disappeared. What remained were underlying sources of wartime intertheater, intra-theater, and inter-Service disputes; Nimitz vs. MacArthur, Navy vs. Army, Pacific vs. Europe. Additionally, our postwar alliances generated new requirements for starkly different environments of threat and geography. New technological developments offered weapons systems whose capabilities blurred the accepted boundaries among Service roles and missions. Renewed interest in domestic programs greatly reduced defense resources. It was hardly an environment supportive of inter-Service harmony. President Eisenhower's message to Congress in 1958 pointed out the path to pursue:

> Separate ground, sea, and air warfare is gone forever. If ever again we should be involved in war, we will fight it in all elements, with all Services, as one single concentrated effort. Peacetime preparation and organizational activity must conform to this fact.

AN IMPERFECT LAW

The first effort toward a more integrated defense establishment was the creation of the Department of Defense in the National Security Act of 1947.

That act also formally established the Joint Chiefs of Staff as a council of advisors to the President and the Secretary of Defense on military policy, organization, strategy, and plans.

At the same time, members of that council, the Service Chiefs, were told to retain their departmental responsibilities to organize, equip, and train their forces. Foremost of these, for the Chief of Staff of the Army, is his direct responsibility ". . . to the Secretary of the Army for the efficiency of the Army, its preparedness for military operations, and plans. . . ."

It should not therefore be surprising that the four Service Chiefs found it somewhat difficult to sit down three times a week and act as a corporate body against some of the very remedies they individually were seeking to apply within their respective Services. Nor were the oft made criticisms of their deliberations without a strong element of unfairness. Given budgets which provide for less than minimum defense needs, the Chiefs often found themselves unable to act responsibly in their joint role except to the detriment of legitimate Service requirements. This "dual-hatting," dictated by law, confers real power with the Service Chief hat and little ability to influence policy, programming, and budget issues with the joint hat. This is the root cause of the ills which so many distinguished officers have addressed these past 35 years.

The Act of 1947 has been successively amended to grant increased authority to the Secretary of Defense and to build up the Joint Staff and the Chairman of the JCS. But while centralized civilian control over the process of determining defense resources materialized, structural changes for the JCS were minor, largely cosmetic. The JCS, while charged with the responsibility to conceive, plan, and organize a defense founded on a unified command structure, has never been provided the means to realize these plans. In particular, they continue to lack real linkages with the resource allocation process.

The 1947 legislation as amended in 1958 might have worked if the only threat to our national values was a Soviet invasion of Europe. The planning world, however, is far more complex: in conjunction with our allies we must be able to respond to legitimate national interests in many regions of the world. The central problem for a coherent defense program is funding the right balance of mutually supporting Service forces to meet the full array of likely contingencies. As currently worked in the resource allocation process today, we do not make a true horizontal examination. Rather, we focus on single Services or on functions—vertical slices—which in aggregate yield less than what might otherwise be attainable. Solid linkages must be forged between likely contingencies and resources if we are to minimize risk in the future.

All of this accounts for a long thread of continuity in the critiques of Generals Bradley, Gavin, Taylor, and Jones. They are not alone. Almost from its inception the JCS has been a magnet for critical studies. There have been at least nine such efforts during the past 12 years alone. As General Jones notes, each new Administration customarily revisits the national security apparatus and its decision-making process. Unfortunately, only evolutionary adjustments occurred in the wake of these efforts, and change targeted at fundamental shortcomings of the JCS has been absent. (See box, pp. 84-85.)

On the other hand, the resource management process within DoD has been a favorite area for structural change: as in the case of the Planning, Programming, and Budgeting System (PPBS), Zero Base Budgeting; and the current Defense Resources Board. Evidently the motivation has been stronger toward efficient management rather than the development of effective military planning. The latter could only result from much greater interplay between the joint military and civilian leadership. Simply put, the basic issue of aligning Service programming and expenditures to the requirements of unified command planning has been inadequately treated.

CRITERIA FOR CHANGE

The key to the effectiveness of the current JCS structure, or any other we might examine, lies in how well it serves the President, the Defense establishment, and the Congress with timely and thoughtful advice on issues regarding:

Policy: objectives, goals, restraints, and insights;

Strategy: concepts, global interrelationships, direction, and warnings;

Planning: force development, options, and range of realistic alternatives together with risks,

Assessments: key national security issues, arms control, security assistance, regional defense policies, and the like;

Priorities: based on operational needs; discipline the PPBS; and

Resources: money, men, and material of war in a joint or unified context.

Against these criteria, how is the current system judged? Criticism from civilians within Defense comes from many directions:

> We badly need, and have not had, a coherent overall military view about such matters as strategy and forces. Partly as a result, a gaggle of kibitzers has formed throughout government on these questions. . . . The individual military Services have clear stands on many of these issues, but an overall coherent military view has been conspicuous by its absence.
>
> For years the only central voice in defense has been provided by the civilian staff of the Secretary of Defense. Lacking military expertise it has, largely, failed.
>
> James Woolsey, 1982

> There is certainly a lot of commentary available from people who have been involved . . . who say that the plans are not what they want them to be. . . . The Chiefs and the Joint Staff can rightfully respond that frequently they get no guidance at all in the preparation of plans, that the key decisions in formulating plans for various contingencies are often political decisions. . . ."
>
> John Kester, April 1980

Criticism comes from civilians *outside Defense as* well. It takes this tone:

> In fact, during the last decade the Chiefs have gradually lost influence both in the Pentagon and in wider interagency debates. In part, their declining clout reflects the rise of the civilian defense intellectuals . . . who entered the Pentagon as experts in the arcane world of nuclear weapons and arms control and challenged the traditional notion that "wars should be left to the generals."
>
> Richard Burt, June 1979

> If the Congress perceives shortcomings in the work of the Chiefs, it is perhaps because their present organizational structure forces them to wear two hats simultaneously.
>
> What we in Congress desperately need from the Joint Chiefs are military judgments and recommendations . . . free from Service bias. Then we can make informed judgments about cutting or adding to a budget.
>
> Senator John Culver, 1978

The thrust of these statements is clear: when advice on joint military issues is required, sources other than JCS are increasingly sought. What verdict is rendered about the credibility of the system when it becomes desirable to create a new cell embedded within the National Defense University to provide alternative military strategies?

WHAT KIND OF FIX IS NEEDED?

It is surprising that the system works at all in light of its serious organizational, conceptual, and functional flaws. When it does work, it is principally due to the exceptional officers assigned to the Joint Staff who labor mightily to make the creaking machinery turn. It is their diligence and dedication which get us through operational crises and find paths through planning and staffing obstacles.

It is possible, of course, to jury-rig an unofficial arrangement to answer at least some criticisms of the current organization. But we are in a time when that solution is increasingly unattractive. Today, the Services are working to implant at their operational and tactical levels—a military command structure capable of reacting faster than any opponent. The rapid pace of global change and the need for competent advice on short notice argue instead for a comparable capability at the strategic level. Though the pace of decision-making in peacetime may not routinely demand this, most contingencies we face in the future will require us to go to war with whatever peacetime military structure is in place. *Ad hocracy* is not the answer.

What, then are the options?

THE JONES PROPOSAL

General Jones' proposal is intended to make the joint system more responsive and effective than it is now. As a first priority he urges development of a stronger Chairman, an essential ingredient of *any* reform. The JCS would still be composed of the Chiefs of Service, but the joint role of the latter in operational planning and risk assessment of the individual Service programs and budgets would decrease appreciably and would remain to be defined. As a consequence, their role in the policy aspects of joint military planning would be changed. The Chairman's role would be stronger in the development of contingency plans, in directing the unified and specified commanders in conducting military operations, and in providing an independent assessment of the operational risks associated with consolidated Service programs.

Additionally, the Jones proposal would establish a new position of Vice Chairman to provide continuity in directing the joint process in the absence of the Chairman. The creation of this position could result in more effective coordination between the JCS and the National Security Council, the President, and the unified and specified commands on a routine basis because one of the same two men would be at all the key meetings. However, the addition of this Vice Chairman would degrade the position of the Service Chiefs and change their role in still undetermined ways.

Accompanying these policy and structural changes would be an important procedural change. The Joint Staff would work for the Chairman, not the JCS corporately. The extent of Service staff participation in the development of joint positions and papers would be limited to providing factual inputs and advice on fewer issues selected by the Chairman. The Joint Chiefs would meet to consider proposals from an improved Joint Staff.

Unchanged, or as yet unclarified in the Jones proposal, are the relationships between the various agencies within the Defense Department most affected by changes in military structure. Will some functions of OSD be subsumed by an invigorated Joint Staff? Will an enhanced voice for the Chairman affect the ability of the Services to make Service views known to the Secretary of Defense and Congress? These and other relationships need to be laid out clearly before the full impact of the Chairman's proposal can be understood.

IS THERE A BETTER WAY TO GO?

General Jones' proposal clearly moves us beyond the current system and well along the path of reform. Yet, even with adoption—a process which will require some legislative action—an opportunity for further building exists. Three major problems still need to be solved.

First is the divided loyalty we currently demand of the Service Chiefs. Dual-hatting, however refined, will continue to impair the ability to these top military authorities to provide sound, usable, and timely military advice to our civilian leadership.

Second, while the Chairman's proposal clearly promises to improve the Joint Staff's performance in peacetime, there may be a better way to provide a structure which can transition rapidly to war.

It is likely the process of joint strategic direction in wartime will totally consume the Chief's time. Simultaneously, immense issues of internal Service prioritization and direction will erupt, making equally large demands. Some will say that two relatively major wars have been fought satisfactorily with the current system. But today we face the most formidable force ever assembled in the history of the world, an opponent with the means to seize the initiative globally, in unanticipated ways, using an arsenal of great variety. Additionally, we must be prepared to respond to lesser yet equally critical contingencies which if not quickly contained could provide the flash point for World War III. The pace of future war is the key, and having the right structure in place to keep up with that pace is vital.

The other aspect of transitioning to war involves the creation of solid relationships in peace which do not have to be abruptly (perhaps chaotically) rewickered in crisis. I believe that the driving factor in war is the ability to sustain effective theater operations which are fully responsive to the grand design of national political objectives. Similarly, the driving element in wartime resource distribution is the operationally derived requirements of the theater commanders. However, we operate in a peacetime mode which accords highest priority to cost effectiveness: the best defense at or under cost. This is a worthy objective. But we should arrive at it by a process which at the outset subordinates cost with acceptable risk to intended capability of the commanders-in-chief (CinCs). Resource allocation must be tied to operational planning directly, not ex post facto. This requires not only a strengthening of the Joint Staff, but redirection as well.

Third, we need to increase the role of the CinCs even more than General Jones has proposed in order to involve them more fully in the defense decision-making process.

These fundamental problems of the joint system lead me to believe that we have a situation in which major surgery may be necessary.

A COUNCIL

One clear option is the creation of a body of full-time military advisors to the President and Secretary of Defense, thus ending the dual-hatting which has proved so troublesome.

The new body would logically consist of distinguished four-star rank officers, not charged with any Service responsibilities, who would never return to their respective Services. Each member would possess a varied background with extensive joint Service experience. Additionally, individual members would be sought who had particular expertise in areas of special importance to the joint arena; e.g., strategic nuclear policy; unconventional as well as conventional warfare; and command, control, and communications. One of the Council members could be appointed Vice Chairman for continuity purposes.

Based on guidance from the Secretary of Defense, this body of military advisors would examine military alternatives and recommend strategic scenarios to govern how the military departments are to organize, equip, and prepare their forces for war. The group might be called the National Military Advisory Council (NMAC), as Senator Symington suggested in 1960.

THE CHAIRMAN

The Chairman's position would remain in the new Council but with a greatly enhanced role and increased influence. He would no longer be the first among equals, dependent upon consensus to shape his advice. Instead he would direct planning and operations and be able to speak his own mind as well as disagree with the opinion of the Council. Thus, more than one view and well-conceived strategic alternatives would emerge. The real or perceived obsession with unanimity, with an accompanying tendency for a lowest common denominator solution would end.

The Chairman alone would direct the Joint Staff. He would determine the issues for study and initiate staff actions through the director of the Joint Staff. Throughout, he would remain sensitive to the concerns of the Council. To fulfill the enhanced responsibilities of the Chairman and the Council, the staff would be strengthened. One particular area of emphasis would be the development of an effective programming and budgeting capability. Other technical and administrative support would be increased to permit the Joint Staff to support the proposed role of the Chairman and the Council.

The Council's method of operation would be somewhat akin to that of a judicial body, its members sitting as an experienced body of military professional to decide matters of joint military importance. The authenticity and credibility of their judgments would be based not only on decades of firsthand experience, but also by the continuous opportunity to review requirements of the unified commands and their reported readiness. The Councilors would be able to arrive at recommendations in a reflective atmosphere, focused on how best to flesh out the means to achieve the national objectives. Opinions would be freely given by all members and presented as majority and minority views. The recommendations would be timely and objective, and as the developers of the prime military input to the President and the Secretary of Defense, their views would be hard to dismiss.

Experience clearly shows that the more trusted and professional the advice, the more willing civilian authorities are to seek it. Simply eliminating the dual hats raises the expectation of heightened objectivity in the proffered advice of this body. Over time, its credibility verified, the Council could assume an increasingly influential voice in formulating defense policy. Additionally, and of equal importance, the direct formal link between the Secretary of Defense and the Council would serve to encourage a greater degree of civil-military interaction and dialogue which in turn could strengthen the bond between the Secretary and his military advisors. The dangers of today's world and the new dimensions to the national security problem clearly require full-time joint military advisors. Greater interaction and dialogue would provide the civilian leadership with a deeper understanding of the complexities involved in military planning and operations. Clearly, a better civilian perspective would be invaluable in unexpected crises which demand sound and rapid policy decisions.

ADVANTAGES OF FULL-SCALE REFORM

The Council would remove the conflicting dual-hat roles of the Service Chiefs. In peacetime the clear division between military authorities responsible for providing advice on Service and joint matters should result in a major improvment in the timeliness and value of military advice. In wartime, the division of responsibilities between the Council and the Chiefs should permit both bodies to better engage the greatly increased decision making demanded during a crisis.

Removal of direct Service involvement in the relationship of the Chairman and the Council to the CinCs would free the latter to become more visible participants in the development of defense policy and joint programs. The CinCs would give the Council their views on the development of feasible and affordable military courses of action for the near term, as well as the near-team fixes which would improve their force capabilities. Coupled with an improved Joint Staff, the CinCs input would influence the "front end" formulation of military strategy instead of the CinCs remaining in a reactive mode to established policy in the Defense Guidance.

RELATIONSHIPS

The manner in which these improvements would operate is summarized by viewing how relationships and lines of authority would shift in the several proposals. (See box, pp. 84-85.) In the Defense decision-making hierarchy, the Council, led by the Chairman, would be directly responsible for translating top-down policy guidance from the Secretary of Defense and the President into strategic and cross-Service programming direction to the Services. The Council might best fulfill its responsibilities to the Secretary of Defense by analyzing strategic alternatives for cost and risk implications. As part of its role, the Council would suggest allocations among the Services as well as a distribution of major combat forces designed to meet strategic objectives.

Unlike some similar proposals of past years, the Services would be closely involved with the Council in the development of strategic alternatives, and would help a stengthened Joint Staff provide the individual land, sea, and air perspectives necessary for effective joint planning and analysis. Periodically throughout the analytic process, the Services, represented by the Service Secretaries and Chiefs, would meet as a collective "board of directors" to comment on, or to disagree with, the Council's position on key issues.

Armed with the Council's recommended strategies and programs, together with any dissenting views from the Services, the Secretary of Defense and the President would be equipped to make fundamental decisions on the specific course of defense planning and programming.

The close Service affiliation with the Council might at first glance appear to focus the Council too narrowly on tactical and administrative detail and not enough on what the President needs. However, past experience has shown that continuous Service involvement is essential in the development of grand strategy to ensure that the product reflects the latest, most imaginative, and dynamic aspects of individual Service doctrine and technological development, as well as a clear appreciation of what is feasible.

For this process to be successful, the Service Chiefs would undertake to sponsor visits by the Council to the commands, and to update the members on doctrinal developments, new weapons systems, and readiness of the forces. Indeed, it ought to be easier for a four-star to learn about the joint system and study in depth developments taking place in other Services once he is freed from the daily pressures of a high-level Service assignment.

Once approved by the Secretary of Defense, the strategic recommendations of the Council would become directive in nature and would shape the general outline of each Service program. Consequently, the Services would have less of a voice than at present in resolving cross-cutting resource issues and determining the composition of their major forces. However, by narrowing the focus to internal Service concerns, the Chiefs and the Service Secretaries would be given more freedom to concentrate on long range Service planning and the discrete Service aspects of doctrinal, tactical, and technological innovation.

The streamlined relationship between the CinCs, the Council, and the Secretary of Defense would have a beneficial effect on how we plan for war. The new relationship between the Secretary and his military advisors would lead to more clearly defined "top down" guidance from civilian leaders. The Council, now fully committed to joint matters and familiar with requirements from the CinCs would then translate that policy into strategic guidance for the field commanders.

Last the CinCs, in turn, would send more useful feedback from the field to civilian policy makers, thus completing the repetitive dialogue so essential for solid contingency planning. The Council would also decentralize the planning process by focusing primarily on the larger issues of global integration of strategies and regional planning guidance. As a result, the CinCs would be freed to determine details of force composition, force employment, deployment, and support.

The Council would also better assist Congress in discharging its important role. At present, Congressional committees debate at length the specifics of Service programs without full insight into how these programs fit into an overall strategic context. Because of its cross-service perspective, the Council would be able to provide Congress with a much-needed horizontal appraisal of individual Service programs divorced from Service advocacy of weapons systems. The Council's view would present the Administration's program to Congress.

The format would be cast in terms of the capabilities provided by the combined budgets of the Services to the operating forces in relation to the near- and long-term threat. Congress would thus have an opportunity to probe for the genuine coals of military policy and would be better able to isolate less essential and redundant programs. The position of the Council in relation to the Services would give them a central role in the Congressional budget review.

THE ARGUMENTS AGAINST

No solution which seeks fundamental reform is without potential drawbacks. At first glance it might appear that the influence of the Service Chiefs might be severely diminished by the loss of their JCS responsibilities. It is true that the role of the Chiefs would change. My belief is that the additional time available to the heads of Services by being relieved of time-consuming JCS duties would permit them to concentrate on the more meaningful aspects of Service roles in joint and combined operations. Relinquishing of routine JCS duties would be a small price to pay to achieve this end. The Council would also relieve the Chiefs of the need to continually justify and defend to Congress the size of Service budgets and the composition of major Service forces to meet the national strategy. These issues would be developed and explained to Congress and the President by the Council.

A particularly emotional issue might be the creation of four new general officers. Why add another layer of military bureaucracy when other government agencies are being pared to the bone? It is important to observe that the Council would not be another staff layer but would, in fact, consist of four-stars who, because of their backgrounds and seniority, would otherwise continue to be influential in national security affairs regardless of their official positions.

Since they would in effect be merely extended on active duty before final retirement, the members would not disturb internal Service command arrangements. Moreover, the efficiency with which the advisors could provide advice and make decisions would greatly diminish the need for the redundant joint and Service staff work now necessary with the Service Chief wearing two hats. While the Joint Staff would grow moderately, the total number of officers now engaged directly or indirectly in joint work either on the Joint Staff or in the Service would decrease.

Another criticism might be that such senior officers would be unable to rise above their Service biases. I believe this to be unwarranted since the officers would have had past joint experience, and therefore access to the experience of other Services. Moreover, the officers would be representing joint interests and would not be returning to their Services upon completion of their appointment to the Council.

Reform as sweeping as this would require legislative change to the National Security Act of 1947. New relationships as outlined above would have to be fully defined, understood, and accepted by Congress—a process complicated by a historical reluctance to accept any change which might suggest creation of a "General Staff" from which a military elite might emerge. This has been a recurring theme in opposition to reform of our highest military body since first suggested during World War II. It is imporant to emphasize that all reforms suggested since [illegible] war have clearly accepted military subordination to civilian authority. Contrary to popular belief, the German General Staff was an army staff; not a joint staff. In fact, it was Germany's lack of an effective joint staff apparatus and a corresponding failure in both World Wars to establish a unified control over three separate Services that contributed significantly to final defeat. One of the most telling indictments of this lack of coordination was made by General Zimmerman of the German army:

> It is a matter of irony that Eisenhower, the servant of the great democracies, was given full powers of command over an armed force consisting of all three Services. With us, living under a dictatorship where unity of command might have been taken for granted, each of the services fought its own battle. Neither Rundstedt nor Rommel, try though they might, succeeded in changing this state of affairs in creating a unified command. The result was that the German army fought singlehanded against all the armed forces of the Allies.

CONCLUSION

Since the end of World War II the correlation of forces has shifted dramatically. The shift demands that our national security policy be buttressed by better and faster planning mechanisms. It also demands that the roles of the civilian and military leaders charged with this vital responsibility be clearly defined so that we provide our citizens the defense posture necessary to ensure their freedoms.

The prerequisites for organizational changes include:

First and Foremost: to ensure for civilian leaders the best and most usable military advice possible. Above all, this advice must be relevant and timely.

Second: to ensure that the organization will work in wartime; and, where possible, that it focuses in peacetime on the same issues with which it will be seized in wartime.

Third: to ensure that the CinCs are given sufficient guidance and resources to do meaningful planning, are permitted to do such planning, and remain intimately involved in near-term issues relating to the capabilities and readiness of their forces.

If these three prerequisites are used as the basis for evaluating organizational changes we should be able to come up with an organization which:

Provides clear, concise, and timely military advice;

Permits the Chairman to shape internal discussions;

Gives CinCs the ability to influence in peacetime what they are expected to implement in wartime;

Focuses the Service Secretaries and Chiefs on the current readiness and the future of their Services;

Directs the OSD staff toward implementation of the Defense Department's critical functions in peace and war; and

Provides to the President, the Congress, and the American people a clear indication of how much more secure they are as a result of the dollars spent on defense.

Reform of the mechanism which provides military advice and counsel to our civilian leadership is long overdue. Tinkering with the mechanisms will not suffice. Only by addressing the issues which have been considered to be too tough to cope with in the past do we have a chance of instituting the reforms necessary to develop the smooth-running machinery required to see our nation through to the 21st Century with our freedoms and national values intact.

[From the Armed Forces Journal, May 1982]

JCS Reform: Necessary, but in Moderation

(By W. Graham Claytor, Jr.)

On the basis of my experience as Secretary of the Navy and Deputy Secretary of Defense in 1977-81, I would like to endorse the recommendations made by the chairman of the Joint Chiefs of Staff, USAF General David C. Jones, that changes are needed in the existing joint system (Mar AFJ). I would not, however, go as far as US Army Chief of Staff General Edward C. Meyer recommends (Apr AFJ). I believe we should make modest changes, evaluate how they work, and then decide on what, if any, further moves are needed. In this area, especially, experience is a better touchstone than theory, and I would move accordingly in relatively small steps, with continuing evaluation of the effectiveness of each step as we go along.

Certainly experience to date shows that the system is not working well, and I think it indicates two primary areas in which the greatest improvement is needed: an increase in the Chairman's authority (and with it his accountability); and a corresponding increase in both the quantity and quality of his staff support.

The fundamental change that should be made now is that the Chairman—not a committee consisting of the Chairman and the four Service Chiefs—should be the one to advise the President and the Secretary of Defense on genuinely joint matters—that is, matters on which an overall collective military judgment is needed, as distinguished from internal Service problems or budgetary details. Certainly my relatively brief experience in OSD confirms the validity of the almost universal indictment of the existing "committee" approach to advice in these areas. Almost any one with executive experience will agree that responsibility without authority or accountability is a blueprint for futility.

How would the Chairman be able to carry out so awesome a responsibility alone? The answer, of course, is that he must be given significantly more support than is available to him under the present system. As a minimum that should include:

A four-star deputy Chairman, drawn, as General Jones suggests, from a different grouping than that of the Chairman (Army and Air Force on the one hand, Navy and Marine Corps on the other), this seems such an obvious need that it ought to be done promptly, even if no other changes are made;

Closer coordination between the Chairman and the Unified and Specified commanders. Under existing law, the chain of command runs from the President to the Secretary of Defense to the Unified and Specified commanders and the Services, though the Joint Chiefs. If the Chairman's role is modified as suggested, this should be changed to insert the Chairman in the chain of command ahead of the Service Chiefs and with direct authority over the Unified and Specified commanders. This in turn would provide the Chairman with the close and direct liaison with the Unified commanders, that General Jones properly sees as important, and should enable the Chairman in turn to strengthen the Unified commander's role with respect to his Service component commanders.

The Service Chiefs' role would still be critically important, since the chain of command would still be through them to their particular Services, and they would continue to serve as principal advisers on joint matters to (but not as co-equal decision makers with) the Chairman.

Thirdly, and in some ways most importantly, as General Jones puts it, we must "broaden the training, experience, and rewards for joint duty." I suggest two ways initially in which to move up on this problem: one requires a statutory change, and another can probably be done by the Secretary of Defense under existing authority. I would favor both of these changes, even if none of the other recommendations is immediately adopted.

The first change would be to authorize a small number of three- and four-star billets from each Service for permanent assignment to the Joint Staff in addition to, or partially in place of, those currently filled by limited-term or rotating assignments. Recommendations to the President for filling these posts would be made by the Secretary of Defense after recommendation by the Chairman. Recommendations could also be sought from Service Chiefs and Service Secretaries, but this should not be a prerequisite. It would also seem desirable to authorize a limited number of one- and two-star joint billets to be filled by Defense appointment or by promotion through a special joint selection board, appointed by the Chairman with the approval of the Secretary of Defense—not exclusively by Service selection boards. Those so appointed or selected would normally be expected to remain in joint assignments and not to return to duty with their respective Services.

These changes would provide an additional senior career path for officers assigned to joint service and should go far toward making joint service by both senior and junior officers more attractive.

The second suggestion would be to require that those officers assigned by the Services to joint duty for a limited duration be selected from the more promising candidates available in each class. An effort to accomplish this in the last several years was made by requiring those officers promoted to general or flag rank in any of the Services to be promptly assigned to joint duty if they had not previously had this experience. I would enforce this requirement even more strictly, and add an additional directive that those limited-duration, joint duty assignments at ranks below three stars designated by the Chairman with the Secretary's approval as of particular importance would have to be drawn from early promotion selectees—normally the brightest and most capable in a particular group. An explanation satisfactory to the Secretary of Defense would have to be submitted for any exception to this requirement.

Designating the Chairman alone—not the Chairman and the Service Chiefs collectively—as the formal adviser to the President and the Secretary on genuinely joint strategic and military matters should by no means isolate the Service Chiefs from input on these questions. While the Chairman would no longer have to speak for the Service Chiefs in his advice, their views as well as those of the CinCs and of his own Joint Staff would all be important factors in influencing his decisions; if a Service Chief disagrees with the Chairman's advice, the former would still have access as at present to the Secretary, and even the President, in order to present his side of an issue. The difference would be that the Chairman's advice would be substantive and as impartial as human limitations permit, not merely the best compromise of conflicting views that he can come up with—which results too often as Jim Woolsey so poignantly put it in an article in the Washington Post on February 18th: "intellectual flab clothed in flaccid prose."

At least it seems to me, this rather limited experiment seems worth trying.

One last word: I would continue, at least initially, to limit involvement of the Chairman and the Joint Staff in detailed budgetary matters. If anything, there is too much review and re-review of the details already. I would have the Chairman continue to provide budgetary advice in cross-Service areas where a truly joint military perspective is needed—like command and control. But otherwise, the Chairman and his Joint Staff ought to concentrate on the ever-present tough military and strategic problems that are too broad to be properly left for decision by the individual Services, and leave alone the highly charged and parochially sensitive budget matters, except for relatively rare specific requests for advice in these areas by the Secretary of Defense.

[From the Armed Forces Journal, May 1982]

JCS Reform—and More: A Long Overdue Initiative

(By Robert F. Ellsworth)

Gen. David C. Jones has done the nation a great service in triggering the debate over how our senior military command should be organized. General Edward C. Meyer has made an equally important contribution by going further than General Jones could tactfully go, noting that much stronger central institutions are needed, and not simply a stronger Chairman. Both sets of recommendations are in our interest if we are to avoid seeing our military become bureaucrats in uniform. As I look out over the next few years, one thing this nation surely requires is military and strategic advice straight from the shoulder. Professional. Tough. And smart. One way to get it is to begin with reform of the JCS, as Jones and Meyer have suggested.

THE OBJECTIVES REFORM MUST SERVE

The objectives of such reform may be summarized as follows:

To give professional military expertise a central role in shaping the nation's military strategy;

To strengthen the role of military expertise in military operations; and

To channel military professionalism so that it can influence the nation's force plans, to create more effective deterrent and war-fighting capabilities for the money made available.

The nation's present Chiefs of Staff and Joint Staff are incapable of adequately meeting these objectives, not because of personal inadequacies but because of statutory institutional roadblocks. The nation's top commanders must now give strategic advice in spite of their Services. They must give it privately, and in the knowledge that Service differences undermine their ability to staff strategic planning from an overall perspective. Whether the issue is nuclear strategy or strategy for the Gulf, the present Joint Staff system tends to reduce military advice to a lowest common denominator of Service and branch biases. Civilians have not taken over strategic planning, but the military are blocked from providing it.

Similarly, it has been exceedingly difficult to get unvarnished professional military advice on military operations. The efforts of the Joint Chiefs to create a national command center in Washington have largely been a waste of time. It has been all too clear that the Joint Staff, which supports this command center, lacks the political sophistication needed to advise on operations, the practical experience in military operations and crisis management, and the ability to react quickly and effectively. On balance, the Joint Staff has become a Service-oriented filter between the nation's top civilians and the Unified and Specified Commands—while the nation's top policy makers have tended to bypass it because it lacks the expertise, flexibility, and competence to do the job.

Among the failures of the present system, moreover, is the inability of the nation's top military to properly influence force planning. While the sophistication of the Joint Staff has increased steadily since the time of former Defense Secretary Robert S. McNamara, the grim truth remains that no responsible civilian can fully trust its advice. The Joint Staff has many competent individual members, but it produces formal staff work that has aroused the dismay of every senior civilian who has been forced to read it. It is laborious, cumbersome, and hopelessly compromised. It ignores real-world resource constraints.

REFORMING THE JOINT CHIEFS AND THE JOINT STAFF

The answer to this is obviously to create a strong single chief of staff and a career joint staff. General Jones and General Meyer are absolutely correct in seeking this objective. Without such reforms, this nation's top military command institutions will continue to fall far short of what the nation needs. General Meyer is also correct in emphasizing the role of the commanders of Unified and Specified Commands. This nation no longer has a serious need for Service chiefs of staff, any more than it has a need for Service Secretaries. Our strategy, our military operations, and our force plans must be shaped to support national missions and to meet global needs involving joint operations. While there is a need for Service-oriented administrators at the major general and assistant third secretary level, such administrators are not the proper advisors to the JCS Chairman, the Defense Secretary, or the President.

REFORMING THE SERVICES AND JOINT COMMANDS

This of course means that reform must in fact go somewhat further than either General Jones or General Meyer has suggested. The time has come to firmly subordinate Service interests to area commands like CINCPAC, CINCLANT, CINCEUR, and Readiness Command, and mission-oriented joint task forces. This can be done by going one step further than General Meyer suggests and giving the major commanders a direct voice in reporting to the JCS Chairman. They should be part of a committee or council that is subordinate to the Chairman, but clearly superior in rank and authority to any committee with a membership that includes the senior, single Service staff officers.

The end result will be more than a stronger Joint Staff, or Chairman. It will be to limit the career path to high command to either operational command or joint command. It will make single Service staff commands at best steppingstones to serving in such a command. It will cut through the forest of uniformed civilians or bureaucrats that now make up the service military staffs and, combined with a strong, centrally led Joint Staff, will give the nation's responsible commanders a direct voice in decision making.

REFORMING CIVILIAN PLANNING AND DECISIONMAKING

These reforms must be supplemented by reforms within the civilian side of the Department of Defense (DoD) and within the Congress. First, with all due respect to General Meyer, the military are not going to reassert their roles as commanders, strategists, and planners unless they work directly with civilian resource managers and policy planners in shaping one coherent force plan that can be implemented with the manpower and defense resources the nation has available.

This means that the Joint Strategic Objectives Plan must vanish forever, and that it must be replaced with a joint policy, planning, programming, and budgeting effort that is jointly drafted, reviewed, and implemented by staffs that mix members from the new Joint Staff and the Office of the Secretary of Defense. As long as the military planner is segregated from the civilian resource manager, and as long as military planners focus on trying to live beyond their resources, the real defense planning in this country will always be done by civilian planners. The golden rule in defense planning is that he who has the gold rules. No reform of the JCS will have much meaning that ignores this reality.

Second, the revised policy, planning, programming, and budgeting system must be directed toward giving the major commands the forces they need to meet potential threats. No reform can survive, or meet the nation's needs, which continues to plan and program around Service-oriented "slices" of general-purpose forces; which prevents joint planning and programming of the nation's strategic forces across Service lines; and which segregates the nation's research, development, and acquisition effort from an explicit link to the forces that will be built in each mission area. The nation must refocus its defense planning and budgeting activities away from a Service-oriented structure. It must concentrate on key mission areas, and it must judge by outputs rather than inputs.

This requires a third reform as well. The nation's force plans will never support effective military operations or the implementation of a meaningful strategy as long as the annual Congressional budget cycle focuses on Service-oriented or line item budgets; as long as it only looks one year into the future; and as long as it ignores how the mission capabilities being built up compare to those of the threat. Yet the planning effort within DoD is not focused on a budget review process that forces this inadequate and shortsighted approach to planning. Defense must submit plans and budgets to the Congress with a five-year time horizon, which are structured by mission area rather than by Service, and which involve explicit net assessments of U.S. capabilities, those of our allies, and those of the threat.

These are not minor reforms, and it is certainly necessary to begin with the efforts suggested by General Jones and General Meyer. The President and the Congress must, however, have no illusions about the results. Reforms of the Joint Chiefs will not be enough by themselves. They must be accompanied by broad reforms in the organization of the Department of Defense, in the way civilians operate within the Office of the Secretary of Defense, and in the way in which the Congress treats the nation's defense budget. Without such reforms, the nation is virtually certain to fail to create a broad and sustainable public consensus around its true requirements.

[From the Armed Forces Journal, May 1982]

A BRITISH VIEW ON THE INCENTIVES FOR JCS REFORM

(By Neville Trotter, F.C.A., J.P., M.P.)

I was interested to read the article in the March issue of *AFJ* in which General David C. Jones outlined why the US Joint Chiefs of Staff must change, because significant changes to the structure of our own Chiefs in the United Kingdom have only just been approved.

In its April edition, *AFJ* also published what was probably a longer account of the UK changes than has so far been seen publicly in Britain. The problems facing David Jones in Washington and those facing his colleague, Admiral Sir Terence Lewin, in London are essentially similar—but the environment in the two capitals is very different. The former had to publish his views in advance and presumably is now faced with much argument in full public scrutiny. The changes sought in our Ministry of Defense only became public in February, when Defense Minister John Nott wrote to the Chairman of the House of Commons Defence Committee, advising him that they would take effect immediately.

I realize, of course, that unlike Britain, such a change in organization amounts to a change in the US Constitution and requires legislative approval. There is, however, also a great difference in the degree of informed public discussion on defence matters in the two countries. Although the changes were revealed to the British press, there has been hardly any comment in the papers. Our House Defence Committee will probably scrutinize the changes when it reviews the governments' annual defence posture statement. It will not, however, be able to alter the decisions already taken.

While the British changes have produced little public comment, they are nonetheless very significant. In particular, the Chief of Defence Staff (CDS), as the Defence Minister's principal military adviser, will no longer offer the consensus advice of the Chiefs of Staff. He will now provide his own independent military advice, as well as seeing that the views of the Chiefs of Staff are properly reflected. The Chiefs of Staff Committee will now become the forum where CDS seeks the views of his colleagues. The Chiefs, however, will continue to be the professional heads of their Services, giving advice on strategy, operations, and the implications of defence policy. They will still have the right of access to the Defence Minister and to the Prime Minister and will accompany CDS as necessary to meetings of the Cabinet or its committees.

While the change is officially described as one of emphasis, there can be no doubt of its importance, and the authority of CDS should be greatly enhanced. The change is also described as being evolutionary, representing a further necessary step in the development of Britain's central defence organization.

The first central defence organization in Britain came into being at the turn of the century, when the Cabinet formed a Committee of Imperial Defence with a small Secretariat, in the light of experience in the Boer War. The Royal Navy and Army, however, continued to pursue their own paths. Thus in 1911, when the Agadir crisis occurred, Prime Minister Asquith was startled to discover that the Admiralty's plans and strategy were profoundly different from those of the War Office. As a result, an elaborate naval staff was imposed upon the Admiralty and the machinery established for joint staff planning with the War Office.

Supreme control over the direction of the 1914-18 war ended up in the hands of a War Cabinet, but after the war the Committee of Imperial Defence was revived. Chaired by the Prime Minister, its members were senior Cabinet Ministers and the Service Chiefs of Staff.

The creation of the RAF in 1918 as a third independent Service made coordination more difficult as it blurred the frontiers of responsibility completely. In 1923 a committee was set up to examine the relationship between the Services and the coordination of defence policy making. A major development followed in 1924, with the establishment of the Chiefs of Staff Committee. The responsibilities of the three Chiefs were extended from the traditional role of advising on single Service policy so that they were now to have an individual and collective responsibility for advising on defence policy as a whole.

In 1927 the Directors of Plans of the three Services came together in a joint Planning Committee, and in 1938 this was followed by a similar Three Services Intelligence Committee.

There was no Minister of Defence until 1936, when one was appointed following public demands caused by the growing threat from Hitler. Prime Minister Baldwin saw this position as a potential rival for power, and the new Minister was not an effective leader in defence matters.

In the 1939-45 war, Winston Churchill, as Prime Minister, also took on the role of Minister of Defence. The Chiefs of Staff became the central body; they issued orders to the Commanders-in-Chief in the field and spoke as a single professional body on relations with the USA. They had their own representatives in Washington.

It was Churchill's practice to leave the Chiefs alone to do their own work, subject to his general supervision and guidance, and he presided, for example, over only 44 of the 462 meetings in 1941. He was, however, constantly informed by a two-star officer who represented him on the Committee.

In 1947 a Minister of Defence was again appointed. This time the change was fundamental, for at the same time the three individual Service Ministers lost their traditional positions in the Cabinet. Henceforward the Minister of Defence was supreme. It is interesting to recall that in the 1920s there had been opposition to the appointment of a Minister of Defence on the grounds that he would suffer from the weaknesses inherent in politicians! In the changed postwar conditions this argument was heard no more. The new Minister was served by the newly created Ministry of Defence, formed coincidentally in the same year as the US Department of Defense. The change took place 25 years after Winston Churchill had first pointed out the need to establish a Ministry of Defence.

In 1957 Duncan Sandys was appointed as Defence Minister with a remit to reshape the Services. He is still remembered for his forecast that in the future the missile would replace the manned aircraft! He was, moreover, instrumental in setting in motion the next round of organizational change. A new defence Board was established under the chairmanship of the Defence Minister. The other members were the individual Service Ministers, the Chiefs of Staff together with two civilians, the Permanent Secretary, and the Chief Scientist. Although now known as the Defence Council, this body continues to operate today. Constitutionally it exercises the Royal prerogative of command and administration of the armed forces, and serves as the link with parliamentary control. The Council can be used as a senior policy board, but in practice it is rarely used as such, and meets infrequently. The individual Service Boards are subcommittees of the Defence Council and deal with the day-to-day running of the Services.

In 1956 an additional member had been added to the Chiefs of Staff as their chairman. Under the new scheme this post became known as Chief of Defence Staff. It was now formally established that when CDS was unable to give consensus advice from the Chiefs, he was to report their individual views as well as to offer his own advice in the light of those views. This remained his position until the changes introduced in February of this year.

The Joint Planning Staff became directly responsible to CDS as Chairman of the Committee, and he was also entitled to call on each of the Chiefs to assist by providing the services of the naval, general, and air staffs, who were together regarded as forming a Joint Defence Staff. These Staffs were responsible to the Committee for the study of inter-Service problems.

It was soon realized that the 1957 changes were not sufficient; their success had relied too much on the strong personality of Duncan Sandys. Prime Minister Macmillan was fortunate enough in 1959 to be able to appoint as CDS a man of vision and determination, Lord Louis Mountbatten, who was known to be an ardent advocate of reform. Mountbatten came to the post not only with experience at the head of the Navy, as First Sea Lord, but also as the wartime Supreme Allied Commander in Southeast Asia. His connections with the Royal Family and the respect in which he was held by senior politicians were obviously advantageous.

Mountbatten's first innovations were to create unified operational commands overseas in Aden, Cyprus, and the Far East. The latter was just in time to ensure success in the Borneo confrontation with Indonesia.

As head of the Navy, Mountbatten had previously sharply dissociated himself from the attempts by his other two Service colleagues to tone down the reforms of Duncan Sandys. He now sought one Central Defence Board, with functional responsibility and with central control of logistics, personnel, and equipment throughout the three Services. He proposed that CDS should have responsibilities across the board, with single Service Chiefs downgraded in status to almost assistant level. In fact he sought a system of total centralization.

There was naturally much inter-Service opposition to Mountbatten's proposals, and consequently Macmillan sought a report from respected senior retired officers. History surely repeats itself with David Jones recently conferring with a group of similar officers, who "are in a better position than those now serving to step aside from long-standing Service positions, and objectively assess the joint system."

In 1963 the report was presented to Macmillan by General Lord Ismay, who had been Churchill's link with the Chiefs of Staff during WW II, and then the first Secretary General of NATO. The report acknowledged that the aim should ultimately be a completely integrated Ministry of Defence with a single functionally organized structure. It even went so far as to suggest that there might eventually be a single United Service, which, it was suggested, could eliminate the waste caused by duplication. Nevertheless, Ismay felt that drastic alterations could only be implemented in stages, and for the time being he recommended an organization in which the Defence Minister assumed complete responsibility for the whole machinery. There would be a comparatively small central staff and the three Service departments would continue, but they would be presided over only by junior Ministers.

Ismay's recommendations were implemented. The three Service Ministries were absorbed into the Ministry of Defence, and the headquarters were integrated in a single building. The change amounted to a quite dramatic move toward stronger central political control.

Other than a slight increase in the central staff, the Chiefs of Staff Committee emerged from these changes unaltered. Thus, while the reform shook the political world, it is ironical that, despite Mountbatten's efforts, the position of CDS and his relations with the single Service Chiefs had hardly changed. The individual Services were left intact, administered by their own Chiefs, who retained ultimate responsibility for their operations. Obviously it was easier to persuade politicians to forego their traditional status than it was the heads of powerful Service tribes!

The 1963 reform led to the bringing together in various Defence Secretariats of civilian staff from the old Ministry of Defence and the three Service departments. Whilst civil servants give general advice to the appropriate Chief of Staff, they are also responsible for advising the senior civil servant in the Ministry, the Permanent Secretary. This powerful post is without an equivalent in Washington. He is a career civil servant, there being no political appointee below the Minister in the British Ministry of Defence. The fact that the senior civilians are pursuing a long-term professional career in the Ministry provides a vital continuity, and since 1947 there have been only nine Permanent Secretaries. The frequent rotation of Ministers and Service Chiefs further places heavy reliance on the established Civil Service.

The Permanent Secretary is responsible as head of the department for the overall efficiency of the Ministry, and for managing all of the civilians in the employment of the Ministry at home and overseas. The relationship between the military and civilian staffs, while outside the scope of this article, is of great importance to the efficient functioning of the Ministry. Suffice to say that the Chairman of the House Public Accounts Committee regards the present Permanent Secretary and his staff as being among the most capable departmental heads to appear before the Committee.

So far as the Service staffs are concerned, it has always been a cardinal principle of the British organization that the men responsible in the Service departments for carrying out the policies are brought together in the central machine to formulate it. In World War II the methods employed in the British organization were adopted, unaltered, in both the machinery of the US combined Chiefs of Staff and at the various Anglo-American headquarters formed in the field.

Between the World Wars, America's isolationism, security from attack caused by geographical isolation, and economic preoccupations resulted in very little modification being made in the US organization. When they entered World War II the Americans saw the contrasts between the unity of the British Service representatives with a national military viewpoint, and their own diverging viewpoints. The JCS was thus formed in 1942 as a coordinating body along British lines. Sir John Dill, the head of the British Joint Staffs Mission in the States, described the previous US organization as "belonging to the days of George Washington."

The pattern in the States since World War II seems to have been somewhat similar to that in Britain, in that there has been an increase in the centralized power of the political boss rather than the military boss. In both countries, however, it is now recognized that there is a need to reexamine the organization and functions of the Chiefs, so that the very demanding challenges of the critical years ahead can best be faced.

There must inevitably be some conflict between the two tasks of a Chief of Staff—giving professional advice on national defense policy and acting as a guardian of his own Service. In the latter capacity he would be less than human if he was not affected by the interests of his Service. One hopes that on both sides of the Atlantic the situation has somewhat improved since 1948, when Field Marshal Montgomery wrote, "I can only recall one case of real unanimous agreement in the Chiefs of Staff Committee, and that was when I put forward and proposed in July 1948 that we should ask the Prime Minister for a new Minister of Defense."

The recent change in position of the British Chief of Defense Staff reflects as much as anything the ever-increasing importance of resource allocation and balance of investment questions. The Defense Minister increasingly needs to look to the Chief of Defense Staff for independent advice on military priorities across the UK's defense commitments and programs.

As General E. C. "Shy" Meyer said in April's AFJ, funding the right balance of mutual supporting Services to meet the full array of likely contingencies is the central problem. Great difficulty must arise in both countries when scarce resources are to be allocated between the competing demands of the various Services for ever more expensive new equipment.

Where money is involved, consensus is naturally much harder to achieve and a Service Chief must face difficulties over inter-Service resource allocations. Can a First Sea Lord really be expected to accept willingly that an additional squadron of RAF Nimrods is a better contribution to the maritime defence than additional frigates? Can the head of the Army accept that more aircraft are the best way to stop a Russian tank attack? (Perhaps at this point I should declare that it is not my own RAF background that is influencing me to offer these two hypothetical examples!)

The changes now being made in Britain will cause the Central Defence Staff to be wholly responsible to the Chief of Defence Staff, who in turn will be responsible for directing their work. Furthermore, members of this Central Staff will have direct access to the individual Service Staffs without having to go through the Service protocol. If one excludes the Intelligence Staff (which has long operated on a three Service basis responsible to CDS), the British Central Staff is quite small and is unlikely to see extensive growth. Yet another stage of evolution is likely in the near future. For example, at present, personnel and logistics is a four-star post; operational requirements three-star; and policy two-star. While no decisions have yet been taken, the possible reorganization would see all the posts at this level becoming three-star, as in the exising intelligence appointment.

In his article General Jones also drew attention to the career problems of those officers assigned to the US Joint Staff. One of his proposals seeks to allow the Chairman influence in the selection and promotion of officers. The similarity of the situation in Britain is again most notable, as CDS is now to chair a Senior Appointments Committee on which the single Service Chiefs will serve; it will review all three- and four-star promotions and appointments together with the most important two-star posts. CDS will thus be formally involved in the process of selecting officers for senior appointments across the three Services.

For a generation the United Kingdom enjoyed the staff benefits of Joint Commands overseas, but no major Command of this nature now remains. In the future, therefore, officers are going to be appointed to the Central Staff without the benefit of experience in a Joint Command, and this problem will have to be borne in mind by the new Appointments Committee.

A review of the scenario on both sides of the Atlantic shows David Jones and Terry Lewin faced with the same problem and seeking similar solutions through the strengthening of the role of the Chairman. It seems from my conversations in Washington that there are a number of additional factors aggaravating the position of the US Chairman. The UK (when not dealing with problems in the Falklands!) now concentrates 95% of its military resources on NATO, whereas the American scope is worldwide. The United States must look in five directions at once: Southwest Asia, the Pacific, Europe, the Atlantic, and Central America. Only the problems in the last two are close at hand. Britain concentrates on Europe and the Atlantic, both on its doorstep.

While CDS inevitably has recently spent a great deal of time on Britain's program to replace Polaris with Trident, I am sure that strategic nuclear matters are normally much more of a preoccupation for the US Chairman. Coming from the British Parliament, I am astonished to find the amount of time my American Service friends must spend testifying on the Hill, and I well appreciate how much preparation must go into their appearances before the well informed Congressional Committees. In Britain there are no similar detailed line-by-line reviews of Service budgets. In the eight years I have served in the House of Commons, neither CDS nor the Service Chiefs have ever given formal evidence. Indeed, the recent sight of the First Sea Lord in uniform in the House on a private visit to the Defence Minister brought home to me the impending seriousness of the situation in the Falklands.

A further difficulty for General Jones must arise from not having known until recently who was to be his successor. In Britain the appointment of CDS has always been a matter of strict rotation between the three Services. It has thus been known for at least two years that General Sir Edwin Bramall will take over from Admiral Sir Terence Lewin later this summer. It must have been helpful for CDS to know who his successor was, and it seems reasonable to suppose that they agreed on the need for reform.

The position in Britain today is the result of continuing evolution. We have come a long way from the Committee of 1923, where it was agreed that the question of a combined staff had been disposed of effectively by Field Marshal Sir William Robinson. This officer considered that for the Service heads to work under a single Chief would be "fantastic and dreadfully mischievous," and "there could be no more pernicious system than for such a Chief to have his own staff." That the problem of organization has been around for a long time can be judged from the remark of Caius Petronious of the Roman Army in AD 66: "We trained hard—but it seemed that every time we were beginning up into teams, we would be reorganized. I was to learn later in life that we tend to meet any new situations by reorganizing, and a wonderful method it can be for creating the illusion of progress." The recent changes in Britain, however, really do represent progress and and the need seems to me to be as great in the States.

No doubt David Jones will argue his views powerfully before Congress in the next few weeks, although during my recent visit to the U.S., all the attention seemed to be focused on budgetary matters.

The need for change has been clearly spelled out by General Jones and with full support from General Meyer. Inevitably there will be some opposition, but I would have thought that Congress in pursuit of increased efficiency must accept that change is called for. At a time of scarce resources, defense must surely be seen as an integrated whole, and not as the compromise that inevitably must come from the Chiefs of Staff Committee. Surely there can be no more urgent task facing the relevant U.S. Congressional Committees.

Mr. NUNN. Mr. President, I have talked with the Senator from Texas about this. My amendment calls for a study by the Secretary of Defense on this very subject. I have not made any decision on it, but I think it is an enormously important subject and really demands our attention.

I ask the chairman of the committee whether he plans to hold hearings on this issue.

Mr. TOWER. I am sorry. I was distracted.

Mr. NUNN. I was talking about the subject about which we had a dialog earlier, about having hearings on the issue of the Joint Chiefs—General Jones' proposals, General Meyer's proposals; those on the other side of the issue. I think it is an enormously important subject.

Mr. TOWER. I agree with the Senator from Georgia. As he recalls, we discussed this in the committee, that we want to look into General Jones' proposal, or any other proposals that might appear to have some merit.

Once the new service chiefs who are just coming on board and the new Chairman have been in the saddle a few days, we would like to call them down and get their views on what we should do to improve the function and operation and the participation of the Joint Chiefs in the decisionmaking process. I think it leaves very much to be desired.

I give the Senator from Georgia my assurance—and I think he will have virtually unanimous support of the committee—that we will have hearings at the earliest possible date.

Mr. NUNN. I thank the Senator. I will not pursue the matter.

I think it would be preferable to have a defense study, because I believe it will take a very broad look from the congressional point of view. So I ask unanimous consent that my amendment be withdrawn.

The **PRESIDING OFFICER**. The Senator has that right. The amendment is withdrawn.

The question occurs on the amendment of the Senator from Oregon.

Mr. **TOWER**. Mr. President, I ask unanimous consent that the amendment of the Senator from Oregon be temporarily laid aside; that the Senator from Georgia may offer another amendment; that upon the disposition of that amendment, the Senate return to the consideration of the amendment of the Senator from Oregon.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

UP AMENDMENT NO. 954

Mr. **NUNN**. Mr. President, I send to the desk another amendment.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Georgia (Mr. NUNN) proposes an unprinted amendment numbered 954.

Mr. **NUNN**. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following section:

SEC. . (a) The Secretary of Defense shall conduct a full and complete study and evaluation of the recent report and recommendations by the Chairman of the VISTA 1999 task force entitled, "Vista 1999, A long-range look at the future of the Army and Air National Guard." Such study and evaluation shall include but not be limited to the following:

(1) A detailed evaluation of the study's findings, conclusions, and recommendations;

(2) The views of the Chief of the National Guard Bureau on the "Vista 1999" study;

(3) Any plans and recommendations for implementation of the contents of the "Vista 1999" study.

(b) This report shall be provided to the Committees on Armed Services of the House and Senate no later than February 1, 1983.

Mr. **NUNN**. Mr. President, this amendment would require a study by the Secretary of Defense of the recent report of the "Vista 1999" task force which was a group of senior Army and Air National Guard adjutants general, general officers, and commanders. These individuals took a long-term, no-holds-barred look at the scope, size, nature, and methods of operations for what they considered the appropriate ways for the Army and Air National Guard to fulfill their constitutional and statutory responsibilities for the security of the Nation through the year 1999.

In its report entitled "Vista 1999, A Long-Range Look at the Future of the Army and Air National Guard," the task force made a number of findings and recommendations which bear serious review.

I am offering an amendment which will require a high-level focus by the Secretary of Defense on this substantive and provocative report. The amendment will require a study and evaluation by the Secretary of Defense in coordination with the Chief of the National Guard Bureau with a report to the House and Senate Armed Services Committees on their views.

Congressman NEWT GINGRICH has introduced a similiar amendment on the House side and in fact brought this amendment to my attention. I commend him for this leadership in this effort and am pleased to offer a companion, although not identical, amendment in the Senate side.

I hope the chairman and the ranking minority member will accept this amendment.

Mr. **TOWER**. Mr. President, will the Senator enlighten me a little further on what the objective of the study is?

Mr. **NUNN**. To require high-level focus in the Department of Defense on a very important study into the Army and Air National Guard, which really affects the whole posture of the Guard for the next 20 years.

As the chairman knows, many times what the Guard recommends is ignored, and this would require high-level focus and reaction by the Secretary of Defense on what is a very substantive report.

Mr. **TOWER**. Does this have to do with the Guard's equipment?

Mr **NUNN**. The whole gamut of the Guard's role—tactics, mission. It is a whole look at what the Guard's position is in the national security picture.

Mr. **TOWER**. This is the Guard and the Reserve?

Mr. **NUNN**. This is primarily the Guard. It addresses some Reserve issues but is primarily the Guard.

Mr. **TOWER**. Is it something to the effect of how they fit into the total force concept?

Mr. **NUNN**. That is right, and what role they should be playing in the future. It makes some thought-provoking suggestions. I believe it should be looked at very high up in the Defense Department.

Mr. **STENNIS**. Mr. President, if the Senator will yield, I should like to support the amendment.

Mr. **TOWER**. If my distinguished friend from Mississippi is prepared to support it, I can hardly do otherwise. I am prepared to accept the amendment.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment.

The amendment (UP No. 954) was agreed to.

The **PRESIDING OFFICER**. The question occurs on the amendment of the Senator from Oregon.

Mr. **TOWER**. Mr. President, I ask unanimous consent that the amendment of the Senator from Oregon be temporarily laid aside; that the Senator from Georgia may offer an amendment; that upon the disposition of the amendment of the Senator from Georgia, the Senate return to the considerations of the amendment of the Senator from Oregon.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

UP AMENDMENT NO. 955

(Purpose: An amendment to evaluate arms control initiatives to include military crisis control center and hotline enhancements.)

Mr. **NUNN**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Georgia (Mr. NUNN), for himself, Mr. WARNER, Mr. JACKSON, Mr. DURENBERGER, Mr. MITCHELL, Mr. CRANSTON, Mr. BURDICK, and Mr. CHILES, proposes an unprinted amendment numbered 955.

Mr. **NUNN**. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following section:

SEC. . (a) The Secretary of Defense shall conduct a full and complete study and evaluation of initiatives for improving the containment and control of the use of nuclear weapons, particularly in crises. Such study and evaluation shall include but not be limited to the following initiatives:

(1) establishment of a multi-national military crises control center for monitoring and containing nuclear weapons used by third parties or terrorist groups;

(2) development of a forum for joint U.S./U.S.S.R. sharing of information on nuclear weapons that could be used by third parties or terrorist groups; and

(3) development of U.S./U.S.S.R. confidence-building measures for crisis stability and arms control to include:

(A) an improved U.S./U.S.S.R. communications hotline for crisis control;

(B) enhanced verification procedures for any arms control agreements;

(C) measures to reduce vulnerability of command, control and communications on both sides; and

(D) measures to lengthen the warning time each nation would have of potential nuclear attack.

(a) this report shall be provided to the Committees on Armed Services and Foreign Relations of the House and Senate by August 1, 1982 and should be available in both a classified, if necessary, and unclassified format.

(b) the President shall report to the Committees on Armed Services and Foreign Relations one month later on September 1, 1982 on the merits of such initiatives developed in section (a) to the arms control process and on the status of any such initiative as they may relate to any arms control negotiation with the Soviet Union.

Mr. **NUNN**. Mr. President, I am sponsoring this amendment and the cosponsors are Senators WARNER, JACKSON, DURENBERGER, MITCHELL, CRANSTON, BURDICK, and CHILES.

Mr. President, in all of the current focus on nuclear freezes, "no first use" and arms control policies in general, there is an extremely important element missing—the need to deal constructively with the prospect of a nuclear war triggered by a third country or terrorist group. No change in NATO's nuclear doctrine and none of the freeze proposals would decrease or prevent the chances of such a catastrophe. An accidental nuclear war or war by miscalculation should be of mutual concern to the two superpowers.

I have been concerned about the potential of an accidental nuclear exchange between the two superpowers for some time. On March 10, 1981, I wrote the Commander of the Strategic Air Command, Gen. Richard Ellis, and asked SAC, as the premier defense command in nuclear matters, to analyze the potential for this type of exchange and to recommend some initiatives for dealing with the problem. General Ellis is now retired and serving as the U.S. representative on the Standing Consultative Committee and is one of the most thorough and knowledgeable military men in the arms control area as well as an expert in nuclear policies and weapons.

I outlined my belief that our strategic arms control efforts have for sometime concentrated almost exclusively on the number of launchers and warheads and the "bolt from the blue" premeditated strategic strike. While I certainly agree with the importance of this focus and these negotiations, I feel that we should also begin to think seriously about what could be more likely catalysts which could lead to nuclear war. There are many factors that need assessment as to how the U.S./U.S.S.R. would interact at the strategic level in times of crises and conflict. For example, a disguised third country attack on one of the superpowers could precipitate a United States/Soviet nuclear exchange.

I asked General Ellis to examine four key areas in his study as follows:

First. Is our communications, command, and control capable of discerning the source of attack under this type scenario?

Second. What capabilities do the Soviets have in this respect (warning and threat assessment)?

Third. What other scenarios should be considered in terms of U.S./U.S.S.R. strategic interaction in periods of crises and conflict?

Fourth. Are there arms control innovations and initiatives that can be proposed in this general area as well as the overall C-3/connectivity area?

General Ellis established a study group that spent many months working on these issues, and in July of that same year I went to SAC in Omaha to discuss the results of their study.

Mr. President, I believe that their conclusions are even more relevant today, and I hope that the members of both the Foreign Relations Committee and the Armed Services Committee at some point will be briefed on this classified information.

In brief, in an unclassified way, the SAC analysis showed that the United States and the Soviets must dramatically improve their warning and attack characterization to deal with the use of a nuclear device by a third party in either peacetime or a crisis situation.

To be able to detect the origin of a nuclear attack is all important for the superpowers, both superpowers, if we are going to avoid and hopefully prevent that kind of situation from developing.

The SAC analysis dealt with the potential third party threat by examining the various unconventional delivery systems that could be utilized to explode such a device on United States or Soviet soil.

SAC also identified many unconventional methods of delivery other than the normally discussed platforms such as fighter planes, missiles or bombers that a Third World nation might utilize.

Mr. President, by the end of the decade over 20 nations will have the industrial capability to build nuclear weapons, and the possibility of possession of these weapons by terrorists cannot be dismissed.

Mr. President, I am convinced that both the United States and Russia have a common and mutual interest in preventing such a Third World trigger or a terrorist use of nuclear weapons. I am convinced that both nations have a mutual interest in working together to identify the source of a nuclear strike from a third country or from a terrorist attack. I am convinced that arms control efforts can be made relevant to the growing danger of this type of a nuclear catalyst.

Everyone now seems to be in search of an easy solution in the arms control area, but there are no nuclear quick fixes. What we can begin to do jointly with the Soviet Union is to build a capability and mutual trust to reduce the likelihood of accidental nuclear war or war by miscalculation. This step could add a strong element of deterrence to any party contemplating the use of nuclear weapons for the purpose of provoking a confrontation between the superpowers.

For this reason, Mr. President, I am proposing this amendment to the fiscal year 1983 defense authorization bill directing the Secretary of Defense to conduct a full and complete study of initiatives for improving the containment and control of the use of nuclear weapons including:

First, establishment of a multinational military crisis control center for monitoring and containing nuclear weapons used by third parties or terrorist groups;

Second, development of a forum for joint U.S./U.S.S.R. sharing of information on nuclear weapons that could be used by third parties or terrorist groups; and

Third, development of U.S./U.S.S.R. confidence-building measures for crisis stability and arms control to include:

An improved U.S./U.S.S.R. communications hotline for crisis control;

Enhanced verification procedures for any arms control agreements;

Measures to reduce vulnerability of command, control and communications on both sides; and

Measures to lengthen the warning time each nation would have of potential nuclear attack.

This study and report would be provided to the Congress by August 1, 1982, and I would further require that the President review the results of the DOD analysis and submit to the Congress within a month his views on the merits of the proposals and their relevance to U.S. arms control policies and proposals.

Mr. President, I believe this amendment will provide a sound analytical framework for the key agencies in our Government and the public to deal with the issue of accidental nuclear war. There has been very little work done in this area other than the pioneer study by SAC under General Ellis' direction.

This amendment will also serve to focus attention on this important element of the nuclear issue which is missing in the current debate and discussion and which is a more likely contingency, in my view, than a premeditated nuclear attack or "bolt out of the blue."

Mr. President, I hope that this amendment will be acceptable to the Senate.

Mr. TOWER. Mr. President, after discussing the matter with the distinguished Senator from Mississippi, I have arrived at the conclusion that it is a good amendment, and I am prepared to accept it on behalf of the majority.

Mr. STENNIS. Mr. President, I think it has good possibilities, also, and we will have a better chance before conference and at conference to really consider it than we do here this morning.

So I hope we take it.

Mr. NUNN. I thank the chairman and the ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment (UP No. 955) was agreed to.

The **PRESIDING OFFICER**. The question recurs on the amendment of the Senator from Oregon.

Mr. **TOWER**. Mr. President, I ask unanimous consent that the amendment of the Senator from Oregon be temporarily laid aside to permit the Senator from Michigan to offer an amendment and on the disposition of the amendment of the Senator from Michigan return to the consideration of the amendment of the Senator from Oregon.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

UP AMENDMENT NO. 956

(Purpose: To establish a procedure for increased legislative oversight of increases in costs of acquisition of certain major defense systems)

Mr. **LEVIN**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN), for himself, Mrs. KASSEBAUM, and Mr. EAGLETON, proposes an unprinted amendment numbered 956.

Mr. **LEVIN**. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

ANALYSIS OF REPORTS ON UNIT COSTS OF MAJOR DEFENSE SYSTEMS

SEC. . (a) At the same time that the Secretary concerned transmits to the Congress any report under section 1103(b)(3) of this Act or any certification under section 1103(c)(2)(b) of this Act, the Secretary concerned shall transmit a copy of such report or certification to the Comptroller General of the United States (hereafter in this section referred to as the "Comptroller General").

(b)(1) Not later than 45 days after the date on which the Secretary concerned transmits under subsection (a) a copy of any report or certification referred to in such subsection, the Comptroller General shall review and analyze such report or certification and transmit to the Committees on Armed Services of the Senate and the House of Representatives a written report on such review and analysis. Where applicable, the report by the Comptroller General shall include his opinion on—

(a) the accuracy of the cost estimates that—

(i) relate to the major defense system that is the subject of the report or certification reviewed and analyzed in the Comptroller General's report; and

(ii) were included in the selected acquisition report submitted to the Congress pursuant to section 811 of the Department of Defense Appropriation Authorization Act, 1976 (10 U.S.C. 139 note), which first included information on such major defense system. * * *;

(b) the accuracy and reasonableness of the total program acquisition unit cost estimates or the procurement unit cost estimates included or referred to in the report or certification reviewed and analyzed in the report of the Comptroller General;

(c) the completeness of the reasons submitted by the Secretary concerned for the growth in the total program acquisition unit cost or the procurement unit cost of the subject major defense system;

(d) the adequacy if the actions taken and proposed to be taken by the Secretary concerned to control future cost growth of such system;

(e) the adequacy of the organization in the Department of Defense and military department to manage and control the total program acquisition unit cost and the procurement unit cost of such major defense system;

(f) the likelihood that any future increases in the total program acquisition unit cost or the procurement unit cost of such major defense system will not exceed the percentage at which notifications to the Congress are required under section 1103 of this Act; and

(g) whether there are no alternatives to such system which will provide equal or greater military capability at less cost.

(2) every report on a review and analysis conducted by the Comptroller General under this section shall include—

(a) his opinion and recommendations on any further steps which he determines may and should be taken to prevent future increases in unit cost for the major defense system that is the subject of such certification;

(b) his opinion on whether a violation of any statute or regulation on the expenditure of appropriated funds or on contracting procedures has occurred with respect to such major defense system.

(c) The Committees on Armed Services of the Senate and the House of Representatives shall decide whether or not to include in any report accompanying any bill or resolution authorizing funds for any major defense system with respect to which a report or certification has been transmitted under section 1103(b)(3) or section 1103(c)(2)(B) of this Act—

(1) summaries of such report or certification;

(2) summaries of the Comptroller General's review and analysis such report or certification under subsection (b) of this section; and

(3) any additional analysis by the committees.

(d) Subsections (a) and (b) shall not apply in the case of any report or certification transmitted by the Secretary concerned with respect to an increase in the total program unit cost or procurement unit cost that is due solely to the termination or cancellation of the entire program for a major defense system.

(e) As used in this section:

(1) The term "total program acquisition unit cost" has the same meaning as provided in subsection (d)(1) of such section.

(2) The term "procurement unit cost" has the same meaning as provided in subsection (d)(2) of such section.

(3) The term "Secretary concerned" has the same meaning as provided in subsection (d)(3) of such section.

Mr. **LEVIN**. Mr. President, this amendment is being offered on behalf of myself and Senators KASSEBAUM and EAGLETON.

This amendment addresses the question of cost overruns and picks up from where the Nunn amendment of last year left off.

As the Senate will remember, the Nunn amendment requires a unit cost report on systems where there is a 15-percent annual cost increase. This amendment requires that the Department of Defense report be analyzed by the General Accounting Office and that the General Accounting Office report to Congress whether the DOD justification for the large cost overrun is valid and whether the DOD has instituted management controls sufficient to prevent further overruns. It also requires the GAO to offer its own estimate of the likelihood that future large unit cost overruns will occur in the particular weapons program experiencing the initial 15-percent cost increases.

Mr. President, the American people are becoming increasingly impatient with our inability to control the rapidly rising costs of weapons systems. Frequent reports that this or that system has suffered huge cost increases, have contributed to a growing frustration on the part of our constituents that the legislative and executive branches of the Federal Government—along with our military—are simply incapable of responsibly managing the billions of taxpayers dollars required for national security. The risk that the national consensus for improving our Armed Forces will erode even further is substantial.

Last year, Congress took its most formal step in recent years to control the escalating costs of weapons systems by enacting what has become known as the Nunn unit cost report amendment. That provision established detailed and rigorous reporting requirements on the military services, so that any large, annual cost growth in particular weapons systems must be explained and justified to Congress.

My amendment takes the next logical step in this renewed congressional effort to exercise tighter cost controls over weapons acquisition programs. The amendment requires special review by the General Accounting Office—GAO—over any program suffering a large—15 percent—annual increase in its unit costs, and would require the Comptroller General to report to the Congress whether the official justification for any large cost overrun is valid, whether the Pentagon has instituted management controls sufficient to prevent further overruns.

My amendment also would require the Comptroller General to offer his estimate of the likelihood future large unit cost overruns will not reoccur in a particular weapons program.

This projection about future cost increases is a particularly important part of my amendment, Mr. President, since there is extensive testimony before Congress that we rarely receive such information under present cost reporting systems.

For example, it is a recognized deficiency of the quarterly selected acquisition reports on major weapons systems that these documents only cover past problems and only contain historical data on systems costs.

Thus, Congress spends more time conducting postmortems on the reasons for past cost increases—instead of considering preventive medicine against future possible overruns.

My amendment would give Congress more information about future cost overrun threats, and thus an increased capability to prevent them before they occur.

Also included in my amendment is a requirement that our Armed Services Committee specifically decide whether to print summaries of the unit cost reports, summaries of the GAO analyses and recommendations and any additional analyses by the committee in its report on the annual Defense Authorization Act.

In this way the committee could demonstrate Congress increased awareness of the need to prevent weapons cost overruns and what Congress actually is doing to control these costs.

There is ample evidence that cost growth in the weapons acquisition programs threatens to overwhelm our efforts to improve America's military capabilities and to exhaust our taxpayers' patience to support militarily justifiable defense spending increases.

This evidence comes from many sources, including those not usually seen as instinctively critical of the Pentagon and its spending practices.

For example, a Heritage Foundation special study entitled "Cutting the High Cost of Weapons," stated:

> The high cost of weapons is emerging as a major issue in the coming debate over the fiscal year 1983 defense budget. * * * If the Administration wants to preserve the pro-defense consensus, it will have to bring the cost of weapons under control * * * If the U.S. is to have any chance at all of offsetting the Soviet arms buildup within the current budget constraints, it must vastly improve the economic efficiency of its weapons procurement.

My amendment is designed to provide Congress with the method with which to encourage such improvements in DOD's weapons procurement processes.

The Heritage Foundation study continued in a section on "Cost Overruns:"

> The GAO reported in 1972 that DOD weapons programs were running about 40 percent higher than original estimates. Today, overruns average 100 percent and more for the life of a program. Overruns are serious because they lead to program budget shortfalls, to which the Services typically respond by lowering procurement rates, stretching out programs, or cutting costs elsewhere, such as in the operations and maintenance account. As a result, weapons cost mounts and readiness deteriorates.

In the past 3 years, Congress has appropriated many billions of dollars to make up for the past mistakes of robbing the readiness-related O. & M. accounts to pay escalating procurement costs. My amendment will help us to avoid repeating these mistakes in the future.

The study further said:

> Making matters worse is the widespread suspicion that the Defense Department, by not carefully monitoring weapons cost, is risking high cost overruns.

It concluded:

> After being provided with years of stories like these, overruns here, shortfalls there, what does the public think? By far the most dangerous aspect of cost overruns is obviously that ultimately they will so undermine the credibility of the Defense Department that support for defense funding will be destroyed.

Mr. President, Congress must not permit this to happen, and my amendment will help prevent this loss of Pentagon credibility and support for needed defense spending.

In addition, Congress own credibility as the responsible manager of the taxpayers' revenues also is on the line as far as the defense budget is concerned. Passage of my amendment will reinforce our own credibility in this regard.

The Congressional Budget Office also provided evidence of the need for my amendment. In testimony at a special Governmental Affairs Committee hearing on April 22, on cost growth in Government procurement, CBO Director Alice M. Rivlin, stated:

> Real cost growth in the acquisition of weapon systems continues to be large and to present budget and management problems. The dramatic increases in budget authority and outlays in the Administration's 1983 budget proposal highlight the need for a most careful congressional scrutiny of procurement management. To facilitate congressional oversight, the information that the Congress now receives about weapons acquisition needs to be, and can be, improved substantially.

My amendment not only would improve the information submitted to Congress by requiring the General Accounting Office to analyze the reasons for substantial cost increases, but it would address this need for most careful scrutiny of weapons procurement management.

CBO's testimony went on to state that despite past efforts to control costs for weapons:

> The typical weapon system entering development today can still be expected to experience real cost growth totaling about 50 percent by the time the system is introduced into service.

The problems with escalating weapons costs have become so serious and worrisome that the House Armed Services Committee created a Special Panel on Defense Procurement Procedures to study the issue. This special panel recently issued a report entitled "Weapons Acquisition Policy and Procedures: Curbing Cost Growth."

The conclusions of this report are most disturbing, and demonstrate that we are pricing ourselves out of the defense business if we do not create better methods to constrain cost growths. This report concluded:

> The panel recognized that unanticipated cost growth in the acquisition of major weapon systems had affected many vital military programs. This unanticipated cost growth causes major weapon systems to consistently cost more than originally estimated, thus reducing the Defense Department's ability to procure the numbers and types of weapons necessary to meet force structure requirements.

In a separate section discussing "Major Cost Growth Factors," the panel made these observations:

> Defense Department outlays have increased from about $14 billion in 1950 to approximately $184 billion for 1982. The intervening years have witnessed some startling increases in the cost of acquiring, deploying, and operating vital military weapon systems. This has occurred amidst claims that crippling cost growth has infested defense weapon systems programs. In fact, one of the witnesses testifying before the panel, appropriately summarized the situation when he said, "Enough material has been written on the subject of cost growth during the past 10 years to fill a Minuteman silo. Unfortunately, cost growth is still with us, and it is time for some serious efforts to be made to put existing machinery into action.

My amendment not only is just such a serious effort to better use the existing machinery to control weapons costs—the Nunn unit cost amendment, for example—but it strengthens that machinery significantly.

Finally, Mr. President, Congress has only to look at the quarterly selected acquisition reports submitted by the Defense Department for evidence of rampant cost growth in major weapons systems. No military service has been immune from this cost growth. Let me provide some examples of the growth in the costs of individual weapons systems, comparing the original estimates of their costs with their present costs and adjusted for any additional quantities included in the program since the original estimates:

For the Army, the Black Hawk helicopter has experienced a cost growth of 243 percent.

The Bradley fighting vehicle, 276 percent.

The Copperhead laser guided projectile, 126 percent.

For the Navy, the FFG-7 Class frigate has had a cost growth of 103 percent.

The F-18 jet fighter, 101 percent.

The TACTAS towed array sonar system, 130 percent.

For the Air Force, the ground launched cruise missile price has grown by 154 percent.

The A-10 ground attack aircraft, 121 percent.

The EF-111A electronic warfare aircraft, 131 percent.

The latest GAO report on the status of major acquisitions as of September 30, 1981: Better Reporting Essential To Controlling Cost Growth--shows that there has been a 132-percent cost growth overall for 137 projects in DOD when current prices are compared with original price estimates.

Mr. President, we cannot permit future weapons cost increases to approach these magnitudes. My amendment provides Congress with better information upon which to base aggressive actions to deal with such cost growth.

The wisdom of requiring the GAO to review the unit cost reports is demonstrated by the fact that the chairman of the committee himself wrote to GAO when the first unit cost reports were submitted and made this request. Senator Tower also asked GAO to begin a long-term study to "suggest improvements, if any, that might be made to the unit cost reports and to the selected acquisition reporting system itself."

While the long-term study deals with the entire process of cost reporting, my amendment deals with the quarterly possibility that unit cost reports might be filed. It would simply set in law a requirement that GAO review them to determine their validity. Such a statutory requirement is a logical extension of Chairman Tower's letter.

Senator Tower's own request to GAO stated:

> It is essential that the report provided by the Secretary (of Defense) be complete, current, and accurate to permit sound decisions and judgments by the Congress. * * * The importance of valid cost data has been stressed by both the Congress and your office for many years.

My amendment would give Congress this better information on a regular basis.

There also is precedent in both law and the Standing Rules of the Senate requiring committees to include certain information in reports on legislation. In our own report on S. 2248, the bill before us, the section on "fiscal data" on pages 176-180 and the "regulatory impact statement" on page 184 reflect these requirements.

Current authorization and appropriation procedures provide Congress the opportunity to scrutinize and decide weapons acquisition issues during the annual Federal budget cycle. My amendment would increase the formal congressional oversight of weapons programs and therefore demonstrate to the taxpayers—and to military program managers—that we are paying special attention to the management of our scarce defense resources.

Annual cost growth in major weapons systems has been likened to "unilateral disarmament" as price increases prevent the military from purchasing weapons in the quantities needed to assure adequate combat capabilities. My amendment would allow for better weapons systems management by ourselves and the services, with the objective of preventing such "disarmament" from further endangering our national security.

Mr. President, I believe that the amendment as it has been refashioned is now agreeable to both the majority and to the minority.

I want to express my appreciation, to Senator Tower, to Senator Stennis, and to Senator Nunn; and also to Senator Tower's staff for their assistance and cooperation with this amendment.

Mr. TOWER. I would confirm, Mr. President, that this matter has been worked out satisfactorily to all interested parties, and I commend the Senator from Michigan for his spirit of cooperation.

I am prepared to accept the amendment if the distinguished Senator from Mississippi is also prepared to accept it.

Mr. STENNIS. Yes.

Mr. LEVIN. I do understand the Senator from Mississippi concurs. I thank him for that and I thank his staff.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment (UP No. 956) was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Oregon.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask unanimous consent that the amendment of the Senator from Oregon be temporarily laid aside to permit the Senator from Montana (Mr. Melcher) to offer an amendment. On the disposition of that amendment the Senate will return immediately to the consideration of the amendment of the Senator from Oregon.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Montana.

UP AMENDMENT NO. 957

Mr. MELCHER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICE. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Montana (Mr. Melcher) proposes an unprinted amendment numbered 957.

Mr. MELCHER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> At the end of the bill add the following new section:
>
> Sec. . The President shall intensify negotiations with the Japanese Government to obtain a commitment from the Japanese Government to meet the obligations they entered into under the articles of the "Mutual Defense Assistance Agreement Between the United States of America and Japan" by increasing the Japanese Government's financial support of American defense efforts in the Pacific area by $6 billion over the next three years. The President shall negotiate to obtain a rate of increase in financial support from the Japanese Government of $3 billion in fiscal year 1983 and an additional $1.5 billion in each of the following fiscal years of 1984 and 1985.

Mr. MELCHER. Mr. President, there are a number of points that have been discussed in the consideration of this bill concerning Japan's participation in the Mutual Defense Assistance Treaty of 1960 and in the mutual defense efforts between our two countries.

One of those is the annual report to Congress by the Secretary of Defense for fiscal year 1983. In short, Secretary Weinberger said:

> In order to strengthen these alliances, we hope that the Japanese, with the free world's second largest economy and the eighth largest defense budget, will increase its contribution through regional stability.

The bill itself has on page 52 a section dealing with this question of mutual defense, and goes into a series of discussions aimed at another study with a report back some time next year.

The report on the bill itself states on page 150 that a number of studies have been made. For example, the Defense Authorization Acts for fiscal years 1981 and 1982; the Secretary of Defense submitted to Congress annual reports addressing this very issue.

This year's report states:

> The committee received testimony from the Departments of State and Defense regarding allied contributions to Western defense. This testimony, taken together with the Secretary's report, leaves the committee dissatisfied with the progress that has been made toward a more appropriate sharing of the common defense burden. Although some countries are trying to do their part, some have not borne as much of the common burden of which they are capable.

So we are going to enter into another study.

Now, listening to the President's news conference last evening, it came through loud and clear that the concern of the country, both by the questions asked by the news media reporters and the President's answers, is our very sick economy in the United States. How deep is this recession? What about high unemployment and the high rate of business bankruptcies and the everlasting high interest rates?

The President expressed the hope that the recession will bottom out soon and that economic recovery will come later this year.

He emphasizes that the budget must be tight—that spending must be reduced before interest rates will come down, before there is a halt to the recession or an increase in employment, and before we could expect an opportunity for a better economy with more jobs available and less unemployment.

The President last evening repeated his commitment to the retirees on social security. Let me say that when we examine this bill either it authorizes too much money, and certainly it is not part of a tight budget. We are going to have to draw some other conclusions about cutting spending for defense or some other part of the budget or raise taxes.

We could perhaps draw a conclusion that, one, social security taxes could be increased or, two, social security benefits will have to be reduced. The thrust of the President's news conference was protect social security recipients and have a tight budget to reduce the projected deficits.

I personally reject the idea that we are going to increase social security taxes and I also reject the idea that social security benefits would be reduced. I believe Congress will also reject both of those proposals.

So an area where we have failed in the United States is to succeed in getting one of our most stable allies and our largest trading partner to participate in our mutual defense, and that ally and trading partner, of course, is Japan.

We have the mutual defense assistance treaty of 1960. But, in 1980, Japan spent $2 billion on supporting U.S. Forces—just $2 billion.

This amendment proposes to increase that support to approximately $5 billion for fiscal year 1983, $6.5 billion in fiscal year 1984, and $8 billion in fiscal year 1985.

This is in support of our efforts in and around Japan and in that part of the Pacific. These funds would go to support functions such as civilian support of U.S. military forces in Japan; construction, maintenance, and repair of facilities, such as naval yards and runways for aircraft, aircraft hangars, and other permanent facilities in Japan; funding for managing the currency conversion program; and, probably much more important, providing military housing for U.S. personnel in Japan.

But, beyond that, what about fuel costs for aircraft and ships and what about transportation costs and shipping of materials to Japan?

The Weinberger report to Congress of which I read a small portion indicates that Japan is a weak ally in terms of providing money. The amendment seeks to help correct that, to increase the $2 billion that is now being provided by Japan for support of U.S. efforts, to more meaningful amounts, rather modest amounts, indeed.

When we look at our trade deficit with Japan last year, it was $12 billion, and now currently it runs between $15 billion to $20 billion. We look at the amount of their GNP that was spent for defense by Japan—we find it is less than 1 percent, as compared to 6½ percent of our GNP for defense. We can reasonably understand why their economy is strong, making them strong in world trade, but a weak ally in defense spending.

Their potential to provide defense assistance is much greater and it is justified, as this amendment would seek to do.

Beyond that, the Mutual Defense Assistance Treaty is simply not being lived up to by Japan. Article 8 of that treaty states, in part, that: "Japan will make, consistent with the political and economic stability of Japan, the full contribution permitted by its manpower resource facilities and general economic conditions to the development and maintenance of its own defense strength and the defensive strength of the defense strength of the free world." The time has come for change.

I believe the time has come for Japan to correct its shortcomings, that Japan assists in their own defense to a greater degree and accepts greater responsibility to pay more of the cost in and around the Islands of Japan and in that region of the Pacific.

Our strength in military arms protects them. And they pay virtually nothing for that.

They are hurting the U.S. economy in two ways: They are not buying enough from us, and that is why we have those staggering inbalances of trade with them; and, second, we protect them militarily and they pay only $2 billion of that. That is an insignificant amount of the cost. We pay the rest.

It is our Air Force that takes the major share of protecting their airspace. It is our Navy ships and submarines that patrol and protect their shipping lanes, we protect their very great commercial seashipping that supports, indeed, their foreign trade network all over the world, in the Pacific, the Indian Ocean, the Mediterranean, and the Atlantic. Indeed, we continue to protect all of that without more financial participation by Japan and their 100 million citizens.

They are draining our economy. They are draining U.S. taxpayers money from out of our own Treasury. The time has come for Japan to ante up.

This amendment seeks that the $12 billion cost of defense that we now pay to provide defense for Japan be paid by Japan itself over the next 3 years. The time has come that they pay more of their share.

Mr. TOWER. Mr. President, I think it is a pretty universal agreement in this body that the Japanese should do more for their own defense and defense of the area; that they should contribute at least 1 percent of their GNP to defense of our mutual interests in that area, as well as their own homeland.

I think, however, that this is not the appropriate vehicle for that amendment. I would suggest it is coupled with the purview of the jurisdiction of the Foreign Relations Committee.

I would hope that with the expression of all of us that we support the substance of the amendment of the Senator from Montana he will give consideration to withdrawing his amendment and perhaps offering it again on a more appropriate legislative vehicle.

Mr. MELCHER. I thank the chairman of the committee, my colleague from Texas, for indicating the concern of himself and perhaps the entire body for correcting the shortcomings of Japan's paying its share of defense costs. I do intend to pursue it at every appropriate time here on the Senate floor. I do recognize that the amendment does have overlapping jurisdiction of two committees.

I will do as the chairman suggests, withdraw the amendment at this time and present it at a later time.

Mr. STENNIS. Mr. President, if the Senator will yield, let me say that I know he has put a lot of work into that amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

UP AMENDMENT NO. 951

Mr. TOWER. I believe the pending amendment now is the amendment of the Senator from Oregon.

The PRESIDING OFFICER. The Senator is correct.

Mr. WARNER. Will the Senator yield?

Mr. TOWER. I yield.

Mr. WARNER. Mr. President, we are grateful that both Senators from Arkansas, the Senator from Oregon, and ourselves, have worked out a compromise which we believe will be acceptable. It will be presented to the Senate.

Mr. President, I have three amendments, each of which has been agreed to by the other side.

The PRESIDING OFFICER. Is there objection to the present consideration of the amendments? If not, the Hatfield amendment will be temporarily set aside and the Senator may proceed.

UP AMENDMENT NO. 958

Mr. **WARNER**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Virginia (Mr. WARNER), for himself, Mr. CHILES, and Mr. SASSER, proposes an unprinted amendment numbered 958.

Mr. **WARNER**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert a new section as follows:

REPORT ON UNIT COHESION INITIATIVES

SEC. . The Secretary of Defense shall submit a written report to the Committees on Armed Services of the Senate and the House of Representatives, not later than January 1, 1983, regarding unit cohesion initiatives, if any, that have been taken in each of the armed forces and any such initiatives planned for any of the armed forces for the next five years.

(b) As used in subsection (a), the term "unit cohesion initiatives" means, in the case of any armed force, any plan or program of such armed force to retain its members in the same regiment, company, platoon, or other military unit from the time such members enter such armed force until they are discharged, released, or retired from such armed force.

Mr. **WARNER**. Mr. President, I rise to offer an amendment to S. 2248 which would require a report from the Secretary of Defense on unit cohesion initiatives. I am joined by Senators CHILES and SASSER as cosponsors.

The success of a military unit, no matter how large or small, often depends upon the bonds established between members of the unit. These bonds are vital for effectiveness in combat. Our present personnel systems pay little attention to them.

This bond is strongest immediately following basic training or boot camp. Recruits have trained together and suffered together for weeks. They are freshly disciplined and skilled in the military routine. But too often this training and discipline is lost when the recruit leaves the training environment and is transferred from one unit to another.

The history of military engagements shows repeated examples of where, although often outmanned and outgunned, a unit is victorious. When evaluated, that success was found to be based on the bond between the members of the organization; a "Band of Brothers or Esprit de Corps" which gave the unit the extra incentive necessary not only to win, but to survive.

This bond is established only through a concentrated effort on the part of unit leaders—most often only after members of the unit have trained together under his leadership for extended periods of time.

Perhaps the British are the best example of unit cohesion, where an individual often spends his entire military career in one regiment.

Mr. President, although I believe unit cohesion is important to success on the battlefield, I realize it is not the answer in every case. But it does need to be studied to determine where it is best suited within our Defense Establishment.

This amendment will require a written report to the Armed Services Committees of both the Senate and the House of Representatives, not later than January 1, 1983, regarding unit cohesion initiatives, if any, that have been taken in each of the services, and any such initiatives planned by any of the services in the next 5 years. The House Armed Services Committee has included a like type amendment in their report, and no appropriations are required.

I urge the adoption of the amendment.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment.

The amendment (UP No. 958) was agreed to.

UP AMENDMENT NO. 959

Mr. **WARNER**. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Virginia (Mr. WARNER) proposes an unprinted amendment numbered 959.

Mr. **WARNER**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert a new section as follows:

PLAQUE HONORING MEMBERS OF THE ARMED FORCES

SEC. . That it is the sense of Congress that the Secretary of the Army should construct and place in Arlington National Cemetery a plaque honoring the eight members of the United States Armed Forces who died on April 25, 1980, during an attempt to rescue the American hostages then being held in Iran.

Mr. **WARNER**. Mr. President, I rise today to submit a Senate concurrent resolution which calls on the Secretary of the Army to erect a plaque in Arlington National Cemetery honoring the eight U.S. servicemen who died during the attempt to free the Americans held hostage at the U.S. Embassy in Tehran, Iran, 2 years ago this past weekend.

It was April 25, 1980—2 years ago last Sunday—that a brave group of American military personnel launched their clandestine mission which ended in tragedy. The men who died, died as heroes.

The men who died, in my judgment, died in the service of their country and, thereby, merit recognition. They gave their lives to protect the lives of other Americans, hostages of a ruthless and uncivilized regime. I think it appropriate and timely for America to pay honor to those eight brave men who volunteered and died in service to our country, in service to their countrymen.

As you may recall, a review of this mission by a military board found no evidence of negligence or incompetence on the part of those participating in the rescue attempt. All Americans should be proud of the way these service personnel conducted themselves. Their sacrifice elicits the strongest praise.

Mr. President, it is my hope the plaque which this resolution authorizes will in some small way express the deep appreciation this Nation feels for those who took the risk—who had the courage to try.

Once this resolution passes both Houses of Congress, it will authorize for the first time the placement of a plaque in Arlington Cemetery not associated with a specific gravesite. A similar resolution has already passed in the House of Representatives, and the Secretary of the Army has no objections to this resolution.

Those whom this plaque pays tribute to include: Marine Cpl. George N. Holmes, Jr., 22, of Pine Bluff, Ark.; Air Force Capt. Richard Bakke, 33, of Long Beach, Calif.; Marine Sgt. John Davis Harvey, 21, of Roanoke, Va.; Marine S/Sgt. Dewey L. Johnson, 31, of Jacksonville, N.C.; Air Force Capt. Harold Lewis, 35, of Mansfield, Conn.; Air Force T/Sgt. Joel C. Mayo, 34, of Bonifay, Fla.; Air Force Capt. Lyn D. McIntosh, 33, of Valdosta, Ga.; and Air Force Capt. Charles T. McMillan, 28, of Corrytown, Tenn.

Following this unsuccessful rescue attempt, as a member of the Senate Committee on Armed Services, and at that time at the direction of the distinguished chairman, the Senator from Mississippi (Mr. STENNIS) I personally interviewed almost all of the aviators and a number of the ground personnel who participated in that raid.

Subsequently, a group under the leadership of Adm. James Holloway, former Chief of Naval Operations, made an independent assessment of the conduct of this raid. It was my judgment, as well as Admiral

Holloway's judgment, that these men who participated in the raid, actually took part in it, all did their duty as best they could.

Madam President, I ask unanimous consent to have printed in the RECORD a copy of Admiral Holloway's letter to me.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ANNAPOLIS, MD.,
April 15, 1982.

Hon. JOHN W. WARNER,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR WARNER: Recently you invited my views on the propriety of a memorial plaque honoring those military men who were killed in the Iranian hostage rescue operation, based upon my experience as Chairman of the Special Operations Review Group, commissioned by the Joint Chiefs on Staff to conduct a broad examination of the aborted operation.

In my opinion, and after a great deal of careful thought, I am convinced that a memorial honoring those brave men who perished on the Iranian desert is most appropriate and fully deserved.

As you may recall, the unanimous findings of our group determined that there was not one shred of evidence of culpable negligence or incompetence. The facts were that in the conduct of the review, we saw infinitely more to be proud of than to complain about.

The major areas of criticism contained in our report centered around the planning and judgment made at the higher echelons of command. The brave men who volunteered to put their lives on the line in a very high risk operation to rescue fifty-two other Americans, elicited only our strongest admiration and praise. These people were being called upon to perform at the upper limits of human capability, using new techniques in the most hostile of invironments. We in the review group felt deeply that the American servicemen who participated in the operation deserved to have a successful outcome. It was the ability, dedication and courage of these people who made what everyone thought was an impossibility, into what should have been a success.

The United States military, alone in the world, had the ability to accomplish the rescue plan. It was risky, and they knew it, but it had a chance of working and these soldiers, sailors, airmen and marines had the courage to try.

Sincerely,

J. L. HOLLOWAY III.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment.

The amendment (UP No. 959) was agreed to.

UP AMENDMENT NO. 960

Purpose: to adjust funding for ballistic missile defense system technology

Mr. **WARNER**. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Virginia (Mr. WARNER) proposes an unprinted amendment numbered 960.

Mr. **WARNER**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the end of Title II add the following new section:

"SEC. . Of the funds authorized to be appropriated for the Army in this Title, not more than $362,700,000 is authorized for the Low Altitude Defense (LoAD) System, and not more than an additional $100,000,000 is authorized only for development of a low exoatmospheric/high endoatmospheric ballistic missile defense system to complement the LoAD System. The funds authorized for the development of such complementary ballistic missile defense system shall not be available for obligation until 30 days after the date on which the Secretary of Defense reports in writing to the Committees on Armed Services of the Senate and the House of Representatives that the deployment of such complementary system would significantly enhance the survivability of the MX missile system in the permanent basing mode as to which the Secretary of Defense has been directed to notify the Congress not later than December 1, 1982."

Mr. **WARNER**. Mr. President, I would like to offer a technical amendment which is necessary to bring the bill into conformity with an action taken by the Armed Services Committee in the course of its recent budget reduction effort.

This amendment implements the steps taken by the committee to make adjustments in the ballistic missile defense systems technology line. It reflects a reduction of $300 million in the LoADS research and development program deemed advisable in light of the uncertainty concerning the MX basing mode such ballistic missile defense system would ultimately be required to defend.

It also provides authorization of an additional $100 million to make possible the deployment of a complementary low-exoatmospheric/high-endoatmospheric system should such a capability be deemed desirable. Expenditure of these funds is restricted until 30 days after the date on which the Armed Services Committees of the Senate and the House are advised of the survivable basing system selected for the MX and the Secretary of Defense reports in writing that the deployment of such a complementary system would significantly enhance the survivability of an MX missile so deployed.

I believe this amendment is satisfactory to both the manager of the bill and the ranking minority member. I hope it will be accepted.

Mr. **TOWER**. Will the Senator yield for a question? Is this the matter that Senator CRANSTON had an interest in?

Mr. **WARNER**. Yes.

Mr. **TOWER**. And he has expressed his approval, I understand.

Mr. **WARNER**. Yes.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment.

The amendment (UP No. 960) was agreed to.

Mr. **TOWER**. Mr. President, during the brief hiatus, may I say that this cleans out our slate except for the disposition of the amendment of the Senator from Oregon, the disposition of the amendment of the Senator from Mississippi (Mr. COCHRAN), on the same subject; namely, chemical warfare, and the amendment to be offered by the Senator from Alaska (Mr. STEVENS) on the C-17. Those are the only three outstanding amendments that I know anything about. If anyone has knowledge of other amendments I would be pleased for them to indicate that right now.

Apparently not. If we dispose of the three amendments left to be disposed of, and I believe we can certainly dispose of the chemical warfare amendment in an expeditious way, that will leave only one or more amendment to deal with, the C-17 amendment.

UP AMENDMENT NO. 951

Mr. **WARNER**. Mr. President, I think we are prepared to start a dialog preparatory to introducing the amendment of the distinguished Senator from Oregon. I now yield the floor to my distinguished colleague.

The **PRESIDING OFFICER**. The Senator from Oregon.

Mr. **HATFIELD**. Mr. President, as the Senator from Virginia has indicated, with the cooperation of the committee represented by the Senator from Virginia, the Senator from Arkansas (Mr. PRYOR), and others, we have reached a compromise, an agreement, on this amendment. We have been in consultation with representatives of the Defense Department and they have, in effect, found no objection to the present wording.

Mr. **STENNIS**. Mr. President, may we have order in the Chamber? I would like to hear the Senator.

Mr. **HATFIELD**. Basically, we have retained the three principal objectives of the amendment, with the clarification of language in order to make it acceptable.

One, that human life shall not be used as agents to test the weaponry under consideration in this bill.

And I want to stress again that at no time did we have any evidence that there were plans to do so. I do not want to raise any kind of strawman here or cast any question of ethic upon our Defense Department. As I stated, there was a report which was given to the U.S. Air Force by their scientific board.

Two, it makes very clear that for each 155 binary shell that is produced, a serviceable unitary shell in the existing arsenal shall be permanently destroyed.

We use the language, "shall be rendered useless for military purposes." This is a permanent rendering. This is not one of those things where they take out a pin, put it on a shelf, then put it back in, and have the weapon back in operating order. This is to render it useless within the safeguards required to detoxify and handle this type of material.

Three, we provide that no production may exceed the U.S. requirements for our own arsenal unless there is certification from a member or members of the NATO forces that they are willing to accept this weapon in their arsenal.

That, basically, is a summarization of the three points of the amendment as now agreed to by Senator WARNER, Senator PRYOR, and others who have been involved in this process.

Mr. WARNER. Will the Senator yield for a point of clarification?

Mr. HATFIELD. I yield.

Mr. WARNER. On the first provision, in order to meet the suggestions of the distinguished Senator from Florida (Mr. CHILES), there was no restriction whatsoever on the testing of the equipment that would be used by personnel.

Mr. HATFIELD. The Senator is correct. We had the information given to us by the Defense Department experts that it was not necessary to use human factors to test such equipment for defensive purposes. There are other ways to test that. That No. 1 section in no way inhibits us from properly testing.

Mr. WARNER. With respect to the second provision in there, it is recognized that the safety of all U.S. military and civilian people is paramount concerning the devising of a means of rendering nonserviceable the shells from the inventory.

Mr. HATFIELD. Yes; we certainly recognize that to render this type of weaponry permanently useless that we had to do so within the confines of safety factors, and others, in handling this type of material.

Mr. WARNER. And, second, that the reason for the revision from your earlier draft was that we recognized the de-mil facilities, as that term is now used, are simply inadequate and, as such, there has to be sort of a parallel construction program, one under the de-mil program as it now exists and perhaps will be in much of the future, and the other in this category of rendering useless and unserviceable.

Mr. HATFIELD. We are discussing here, Mr. President, in this bill, actually, the 155 binary artillery shell. In our second paragraph, what we are saying is that the forward movement of demilitarizing the arsenal of other material and other weapons is in no way retarded or inhibited. But we are really putting our emphasis on the fact that the 155 binary is purely a replacement for existing unitary weaponry.

So that the stockpile, in effect, is not growing. That is all we are trying to do, keep the stockpile from growing and being charged with arms escalation here. We are in a replacement activity.

Mr. WARNER. I thank the distinguished Senator from Oregon. I think those are all the concerns I have. In fact, I think it is a major contribution to the effort we have been working on tonight. I think I would be privileged to be added as a cosponsor.

Mr. HATFIELD. Mr. President, I would be honored to add the Senator from Virginia as a cosponsor. It was a very important contribution the Senator made to sit through these discussions in this session.

I want to say, too, Mr. President, that we still have problems. This does not solve a number of the problems. This is no panacea. We shall have to deal with these problems, some of these problems, maybe, later on when we get to the question of what constitutes the requirements for U.S. Forces. That is not the issue at this moment. We shall deal with that later on in the committee, perhaps.

Mr. President, I know we are in a late hour. I am really rather anxious to have a rollcall, yet I recognize the hour and I am going to ask counsel from the majority leader on this, the question of the rollcall, to underscore what I think is the importance of this amendment.

Mr. BAKER. Mr. President, if the Senator will yield to me, it is most important. Several Senators asked me specifically to have a rollcall on this amendment. If there is still a desire to do that, I shall do it.

Mr. HATFIELD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Does the Senator wish to modify his amendment before he asks for the yeas and nays?

Mr. HATFIELD. Mr. President, I do ask to modify my amendment, which I send to the desk.

The modified amendment is as follows:

On page 67, immediately below "2213. Cooperative military airlift agreements." insert the following:

Sec. 1117. (a) Notwithstanding any other provision of law, no funds may be obligated or expended after the date of enactment of this Act for production of binary chemical weapons unless the President certifies to the Congress that—

(1) it is the policy of the United States not to engage in live chemical or bacteriological agent testing on human beings and that the President rejects the findings of the Ad Hoc Air Force Advisory Board that such testing is critical;

(2) for each 55 binary artillery shell produced a servicable unitary artillery, shell from the existing arsenal shall be rendered permanently useless for military purposes; and, in no case, shall a number of new weapons be produced which exceeds the requirement of U.S. forces.

(3) an exception may be made to this prohibition of lethal chemical munitions only if certification is received from a NATO member or members which agree to accept such weapons.

Mr. HATFIELD. Mr. President, the names of Senator MELCHER, Senator COHEN, Senator WARNER, Senator PRYOR, Senator COCHRAN, Senator JEPSEN, Senator BUMPERS, Senator HART, and Senator DOMENICI should be added to the amendments as cosponsors.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, before the vote starts, let me say this, if I may. I think I am correct in saying that Senator GARN perhaps does not plan to introduce his amendment at this time.

Mr. GARN. I do not at this time of the morning, Mr. President.

Mr. BAKER. Mr. President, I think Senator STEVENS does not plan to introduce his amendment at this time. I hope he is in earshot and can tell me if that is correct.

The only thing left is the Cochran amendment. It is my understanding that that has been modified so it may be accepted. I hope, Mr. President, that we might go ahead and do the Cochran amendment, then have the rollcall vote on the Hatfield amendment as modified, followed immediately by the rollcall on passage.

Mr. President, I ask unanimous consent that the first vote be 15 minutes and the second vote 10 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HATFIELD. Mr President, will the Senator yield?

Mr. BAKER. Yes.

Mr. HATFIELD. Mr President, I take this opportunity again to thank Senator PRYOR for his long-time efforts on behalf of this amendment.

Mr. STENNIS. Mr. President, I commend the Senator from Oregon highly for the work he has originated and, with others, helped to complete.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, we have not had a third reading. I ask unanimous consent that it may be in order to order the yeas and nays on passage at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have not yet been ordered on the Hatfield amendment, as modified.

Mr. **HATFIELD**. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. **TOWER**. Mr. President, if my colleagues will forbear, we have some necessary housekeeping matters to take up.

INCORPORATION OF UP AMENDMENT NO. 904

Mr. **TOWER**. Mr. President, when the Senate moved to recommit S. 2248, and to report forthwith, it was the intention of the Armed Services Committee to adopt all amendments that had been agreed to by the Senate up to that point in reporting a committee amendment. Through an oversight, we neglected to incorporate the amendment that had been offered by Senators Jackson and Nunn, unprinted amendment No. 904, and agreed to by the Senate regarding Iranian claims.

I send to the desk that amendment and ask that it be incorporated into the bill as earlier agreed to.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment referred to (U.P. 904) is as follows:

MILITARY PERSONNEL CLAIMS RESULTING FROM IRANIAN CRISIS

Sec. —. Section 9 of the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 243a) is amended—

(1) by inserting a comma and "subject to subsection (f)," after "shall" in the second sentence of subsection (d); and

(2) by adding at the end thereof the following new subsection:

"(f)(1) In the case of any claim against the United States made under subsection (a) by any individual for damage to, or loss of personal property in a foreign country after December 30, 1978, and before January 22, 1981, that was incident to the service of such individual as a member of the uniformed services, the Secretary concerned may settle and pay an amount determined under paragraph (2).

"(2)(A) For the purposes of paragraph (1), the Secretary may, subject to subparagraph (B), pay not more than $55,000.

"(B) In the case of lost personal property that any individual described in paragraph (1)—

"(i) appropriately and reasonably owned and possessed in the foreign country considering his official representational duties and responsibilities; and

"(ii) reasonably did not remove from the place where it was lost or did not have an opportunity to remove from such place,

as determined by the head of the agency concerned such head of the agency may pay to the individual an amount equal to the excess (if any) of the documented full replacement cost of such lost personal property over the total amount of compensation payments available to the individual from all other sources with respect to such lost property."

CORRECTION OF UP AMENDMENT 932

Mr. **TOWER**. Mr. President, I ask unanimous consent that the official record be corrected concerning unprinted amendment 932 which was approved by the Senate this morning.

On line 3 of page 5 of the amendment, four words, "redouble their efforts to," were inadvertently left in the text that was adopted. In addition, two words "more effectively" were omitted from the beginning of line 6 of page 3.

Senators Roth and Nunn, on behalf of the cosponsors of the amendment, have asked that these words be so modified. The Chairman of the Foreign Relations Committee has concurred.

I understand that this correction has been cleared on both sides of the aisle. I ask unanimous consent that it be made.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

UNPRINTED AMENDMENT NO. 951

Mr. **TOWER**. Mr. President, I yield to the Senator from Alabama.

Mr. **DENTON**. Mr. President, I wanted to ask the Senator from Oregon one question about this amendment. It is getting late and my mind may have missed it.

Does the requirement that we place the unitary weapon or render it useless for each weapon that is produced in the binary mode mean that at the point at which we have exhausted the existing stockpile of the unitary weapons, we are prohibited from manufacturing any more binary weapons?

Mr. **HATFIELD**. Mr. President, this does not include the Big Eye. It has no implications at all as far as the Big Eye is concerned. It was with the 155 artillery shells only. The language is there should be a number of new weapons produced which does not exceed the requirement of U.S. forces. So that phrase, "requirement of U.S. forces" is still debatable among the experts. We left it in that kind of general language, so we do not get tied down to a specific number.

Mr. **DENTON**. I thank the Senator.

Mr. **PRYOR**. Mr. President, my only purpose for rising is to congratulate and thank Senator Hatfield for his splendid work on this amendment and throughout this entire cause; also to express my compliments and congratulations to the distinguished Senator from Virginia (Mr. Warner) for working out this particular proposal as offered. I am very proud to be associated with this particular amendment with Senator Hatfield and others. It has been an honor to work with these Senators.

Mr. **WARNER**. Mr. President, let me express my appreciation to the distinguished Senator from Arkansas. Indeed, we have done it. It has been in the nature of a sunrise service which is now completed.

UP AMENDMENT NO. 961

(Purpose: To express the sense of the Congress with respect to certain negotiations regarding chemical weapons.)

Mr. **COCHRAN**. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The **PRESIDING OFFICER**. The clerk will state the amendment.

The bill clerk read as follows:

The Senator from Mississippi (Mr. Cochran), for himself, Mr. Melcher, Mr. Bumpers, Mr. Hatfield, Mr. Dole, Mr. Danforth, and Mr. Heinz, proposes an unprinted amendment numbered 961.

On page 67, immediately below "2213. Cooperative military airlift agreements." insert the following:

Sec. 1117. It is the sense of the Congress that the President should—

(1) actively promote negotiations among the member countries of the ad hoc working group on chemical weapons of the Committee on Disarmament, established by the United Nations General Assembly and meeting in Geneva, Switzerland, for the purpose of elaborating a treaty for the complete and verifiable prohibition of the development, production, and stockpiling of all chemical weapons and on their destruction; and

(2) communicate to the Government of the Union of Soviet Socialist Republics the willingness of the Government of the United States to proceed as soon as possible with these and related efforts for the purpose of concluding such a treaty.

Mr. **COCHRAN**. Mr. President, the cosponsors of this amendment include Mr. Melcher, Mr. Bumpers, Mr. Hatfield, Mr. Dole, Mr. Danforth, and Mr. Heinz.

Mr. President, the amendment is very straightforward. It expresses the sense of the Congress that the President should actively promote negotiations to conclude a treaty banning chemical weapons.

Our decision on the production of binary chemical weapons, in my view, should not detract from our longstanding policy and leadership role in behalf of negotiating and concluding a verifiable and comprehensive treaty to ban chemical weapons.

The President, in his speech of May 9, stated that in the 40-nation Committee on Disarmament, the United States seeks a total ban on chemical weapons. I applaud and commend the President's statement, and his expression of support for broader arms reduction.

This amendment is intended to encourage the President by expressing the sense of the Congress that he should actively promote negotiations among the member countries of the committee on disarmament, and that he should communicate to the Soviet Union the willingness of our Government to proceed as soon as possible with bilateral negotiations for the purpose of concluding a new treaty to ban chemical weapons.

Since the conclusion of the Geneva Protocol of 1925, the United States has taken an active and positive role in behalf of banning chemical and biological weapons. Following World War II, we accumulated a tremendous stockpile of lethal chemical weapons to insure our ability to retaliate should they ever be used against us. However, in 1969, President Nixon took a major step forward by ordering a moratorium on production of U.S. chemical weapons and renounced possession of all forms of germ and toxin weapons.

This U.S. initiative became the basis for the 1972 Biological Weapons Convention which banned the development, possession, and production of germ weapons. Also in 1972, the Committee on Disarmament began multilateral discussion to seek an agreement on chemical weapons. In 1976, President Ford futher advanced our committment to concluding a treaty on chemical weapons when he launched bilateral negotiations with the Soviet Union in behalf of a treaty.

The multilateral negotiations which President Reagan indicated his support for are still open. However, the bilateral forum has been inactive since mid-1980. I believe it is important at this time that the United States reaffirm its longstanding policy in support of concluding a comprehensive treaty to ban chemical weapons.

My amendment does not require a timetable for discussions in either forum. It only encourages the President to actively promote negotiations in the multilateral forum and express to the Soviet Union our willingness to proceed with bilateral negotiations to seek a comprehensive treaty.

Such action by the administration, in my opinion, would reaffirm our policy on chemical weapons, and place upon the Soviets the burden of proof as to their intentions for all the world to see.

I urge my colleagues to join in support of this amendment.

Mr. President, I hope the managers of the bill can accept the amendment. They have suggested to me certain alternative language which I think is an improvement to the amendment that is being offered. Specifically, we are urging the administration to participate in a leadership way, taking a leadership role in promoting discussions with the Multilateral Committee on Disarmament in Geneva to help achieve an agreement, a treaty banning the use of nuclear chemical weapons and to move as soon as possible in elaborating and furthering our treaty negotiating efforts with the Soviet Union.

Mr. MELCHER. Will the Senator yield?

Mr. TOWER addressed the Chair.

Mr. COCHRAN. I will be happy to yield to the Senator from Montana.

Mr. MELCHER. I wonder if the Senator would put me on as a cosponsor and I wish to commend his efforts as well as Senators HATFIELD, PRYOR, and HART, for their work on these series of amendments, to limit the threat of binary nerve gas.

Mr. COCHRAN. Yes, I will be happy to.

Mr. MELCHER. Mr. President, I thank the Senator from Mississippi.

UP AMENDMENT NO. 962

Mr. TOWER. Mr. President, I certainly agree with the thrust of what the Senator from Mississippi is doing. I do have an amendment I would like to offer which expands on it slightly. For one thing, it urges that we press vigorously in every appropriate forum for a full explanation of outstanding allegations concerning Soviet and Soviet proxy use of chemical weapons in violation of international law.

I will send the amendment to the desk and call for its consideration in the nature of a substitute.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Texas (Mr. TOWER) proposes an unprinted amendment numbered 962 to the Cochran amendment numbered 961.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted, insert the following:

"It is the sense of the Congress that the President should continue to promote actively negotiations among the member countries of the Ad Hoc Working Group on Chemical Warfare of the Committee on Disarmament established by the United Nations General Assembly and meeting in Geneva, Switzerland for the purpose of drafting a treaty for the complete, effective and verifiable prohibition of the development, production and stockpiling of all chemical weapons and for their destruction and

"(2) press vigorously in every appropriate forum for a full explanation of outstanding allegations concerning Soviet and Soviet-proxy use of chemical weapons in violation of international law.

"(3) communicate to the government of the Union of Soviet Socialist Republics the earnest desire of the government of the United States for a comprehensive, verifiable ban on chemical weaponry and its willingness to participate in negotiations toward this end as soon as the government of the United States can be satisfied that the Soviet Union is not in violation of existing international accords applying to the prohibition of first use of chemical weapons and the production and transfer of biological weapons and that the Soviet Union is prepared to agree to provisions needed to ensure the verifiability of an accord banning chemical warfare.

Mr. TOWER. Mr. President, I should like to ask the Senator from Mississippi if he will accept that.

Mr. COCHRAN. Mr. President, I thank the distinguished manager of the bill and appreciate his contribution to improving the language of this amendment. I think it is a very constructive change, and I appreciate his cooperation very much.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

So the amendment (UP No. 962) was agreed to.

The PRESIDING OFFICER. The question is on agreeing also to the amendment of the Senator from Mississippi.

So the amendment (UP No. 961) was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, if the distinguished managers of the bill are prepared to do so, I am prepared to take care of any other details and ask the Chair to have third reading of the bill.

Mr President, is there not an order for the Hatfield amendment and final passage to occur back to back and has that not already been entered?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. TOWER. Mr. President, I ask unanimous consent that on page 23, line 17, delete $2,518,800,000, and insert $2,756,800,000 in lieu thereof.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. On page 21, line 21, strike out $22,621,400,000 and insert in lieu thereof $22,562,400,000.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Will the distinguished floor manager yield for a question?

Mr. TOWER. Yes.

Mr. BUMPERS. Will the Senator tell us now before final passage where we are in relation to the budget resolution that came out of the Budget Committee?

Mr. TOWER. We took our bill back to the committee. The committee convened on Monday and agreed on a committee amendment that incorporated certain reductions in a number of weapons systems, some in force structure, some in research and development, some in personnel related costs, and then, of course, had a motion to recommit with instructions to report forthwith with that amendment. We have achieved savings in that bill in outlays in the amount of a little over $2.5 billion. Other outlay savings we expect to achieve in other bills to be reported by the Armed Services Committee and in appropriations do not require authorization.

Mr. BUMPERS. On outlays, are we at least a billion over the resolution at this point?

Mr. TOWER. No, we would not be over the Budget Committee resolution until all of the bills of the armed services could be acted upon and in the aggregate would add up to an amount in excess of the resolution.

We still have the military construction bill, from which we expect to achieve obligation authority savings of about $1.4 billion.

Mr. BUMPERS. One point four?

Mr. TOWER. Yes.

Mr. BUMPERS. Will that put all of that particular function then under the Budget Committee's resolution?

Mr. TOWER. Yes.

We expect eventually to have the total funding of the 050 function to conform to the Budget Committee resolution which is in the neighborhood of $219 billion in outlays.

Mr. BUMPERS. I thank the Senator.

Mr. DECONCINI. Mr. President, 2 weeks of the Senate's attention and countless hours of the Armed Services Committee's time have produced a piece of legislation described by the distinguished chairman of the Armed Services Committee, Senator TOWER, as an early step in a 5-year program to strengthen our defenses. Yet this early step is, indeed, a costly one and, in terms of its specifics, a controversial one. The Senate debate on this bill has covered such diverse issues as the contracting out of services on military bases, arms control, the production of chemical weaponry, the comparative worth of cargo aircraft, and the need for an inspector generalship in the Defense Department, just to name a few.

A bill of such magnitude and cost cannot please all Senators in all respects. In general, I believe that it represents a good early step toward strengthening both our Nation's security and our Nation's ability to project power. I also believe that it represents a good early step—and I emphasize the word early—in controlling the problem of cost overruns which has plagued the Department of Defense since its creation and which has proven to be a particularly harmful problem as weapons systems became costlier and as our economic welfare has declined. Such provisions as the continuation of the reporting procedure I supported last year which requires the Department of Defense to report to Congress within a specified period of time whenever it is determined that unit costs of major defense systems have exceeded a certain percentage threshold, the establishment of a requirement of the Secretary of Defense to report to Congress various statistics relating to award of sole-source contracts, and the establishment of an inspector generalship in the Department of Defense seem to me to be excellent beginnings for Congress attempt to get a hold on the overrun problem.

The problems with this $200 billion attempt to get our defense effort on track stem from what I might describe as a lack of focus on the part of the administration. Perhaps the reason for this lack of focus is that there is so much to do in the way of preparing our Nation militarily. Nevertheless, the over 25 page discussion of perspectives, missions, interests, and problems which precedes in the Senate report the discussion of the specifics of the bill, does not set priorities. This puts us in the position of going full force to fulfill every perceived gap in our military arsenal without taking the time to think about where our sizeable yet limited resources for defense should be concentrated. One glaring example of this is the administration's proposal to produce new, binary chemical weapons.

Mr. President, I wholeheartedly support the vast majority of the President's chemical weapons preparedness program, including the construction of the production facility in Pine Bluffs, Ark. I am very much concerned with the well-substantiated reports that the Soviets are using chemical and/or biological weapons in Afghanistan or are giving them to their proxies in Southeast Asia. But, Mr. President, I have no reason to believe that the actual production of binary chemical weapons will do any more to stop the Soviets from using these weapons or to bring them to the bargaining table in a frame of mind which would lead to the abolition of these weapons than would the threat that United States is in a position to produce such weapons without delay and that the United States is currently pursuing research and development on advanced versions of these weapons. If I believed that the addition of binary chemical weapons to our chemical weapons arsenal would lead to fruitful negotiations or a rejection of this form of weaponry by the Soviets, I would most certainly have favored U.S. production of these weapons. I am convinced, however, that the production of binary chemical weapons would merely break our 13-year record of nonproduction of chemical weapons and cause us to spend millions of dollars on a weapon that would not be useful to us in any plausible war scenario.

Similarly, the administration seems unable to settle on a sensible, survivable basing mode for the MX missile system. After rejecting for reasons that still remain unclear to me the multiple protective shelter deployment mode chosen by the Carter administration and endorsed by the Air Force, the Reagan administration decided to select an interim basing option which required the hardening of existing silos. Even after the Senate expressed its dissatisfaction with this interim decision by deleting funding for the hardening of the silos, the administration could not take the hint and returned this year with the plan to house the MX in Minuteman silos, sans hardening. I am grateful to the Armed Services Committee for sparing the full Senate the effort of going through the motions of rejecting this proposal which would have done absolutely nothing to enhance the survivability of our land-based missile force. Unfortunately, other than setting a time limit to announce his decision, we can do little else to influence directly the President's thinking on a permanent basing mode. Also unfortunate is the fact that due to this indecision on the part of the administration, the country remains saddled with an aging, vulnerable, and inaccurate land-based missile force, particularly in terms of the Titan II missiles, which have been housed in the great States of Arizona, Kansas, and Arkansas for almost two decades. Yet, I sincerely hope that the administration will now understand the Senate's message and get on with the business of providing our Nation with a sensible, survivable, and capable land-based missile system.

Mr. President, during the past 5½ years, I have established a record in this body as a strong supporter of attempts to enhance our military power and to increase our national security, particularly in terms of the threat posed by the Soviet Union and its proxies. The Soviets have done nothing to indicate to us that their imperialistic furvor has been diminished. The fate of the peoples of Afghanistan and Poland is clear to us, and we mourn the loss of their freedoms. The Soviets, through their Cuban and East European proxies, are exploiting the vulnerabilities of impoverished nations throughout the world, most notably—and currently most directly threatening to the United States—in Central America, our own backyard. It is my hope that this legislation is an indicator that we do not need to learn the lesson that Britain is now learning the hard way, that we will not allow ourselves to become vulnerable as Britain has become vulnerable and therefore allow ourselves to be subject to attack or blackmail by those who desire to challenge us.

Yet, Mr. President, as we begin to regain our position of strength, let us not forget that our paramount goal is to maintain peace through strength. This bill expresses the sense of the Senate that it is time for the administration to initiate arms control talks with the Soviet Union and it is time for the Soviet Union to reciprocate such contact by being willing to negotiate in good faith a verifiable equitable and significant arms control agreement. I applaud President Reagan for the steps that he is taking and has taken in this regard, and I am sure that he shares my belief that the attainment of such an agreement—and I repeat that it must be a significant, equitable, and verifiable agreement—would be one of the greatest achievements that could possibly be attained by any administration.

It is on this optimistic note, Mr. President, that I would like to conclude my remarks on this legislation. The restoration and maintenance of the United States position of strength and security in the world is a costly process, both in terms of time and money. It is most assuredly a worthwhile process, for it is my firm belief a strong America provides a shield not only for ourselves but for the other democracies of the world and for the peoples of the world which are struggling to establish their own destinies. The knowledge that America chooses to remain strong will, I firmly believe, make other nations which might wish to oppose us militarily realize that such opposition would be fruitless and thus will make those nations willing to join us in laying down the weapons of war forever in exchange for using the tools of peace.

The **PRESIDING OFFICER.** The question is on agreeing to the Hatfield amendment as modified. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. **STEVENS.** I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Florida (Mrs. HAWKINS), and the Senator from Idaho (Mr. MCCLURE) are necessarily absent.

Mr. **CRANSTON.** I announce that the Senator from Illinois (Mr. DIXON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Maryland (Mr. SARBANES), and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

I further announce that if present and voting, the Senator from Illinois (Mr. DIXON) would vote "yea."

The **PRESIDING OFFICER.** Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 119 Leg.]

YEAS—92

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Brady
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dodd
Dole
Domenici
Eagleton
East
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Grassley
Hart
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Huddleston
Humphrey
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Zorinsky

NOT VOTING—8

Dixon
Durenberger
Hawkins
Hollings
Inouye
Kennedy
McClure
Sarbanes

So Mr. HATFIELD's amendment (UP No. 951), as modified, was agreed to.

REDUCED FUNDING FOR LOADS PROGRAM

Mr. **CRANSTON.** Mr. President, Senator CHAFEE and I introduced an amendment on May 6 to the fiscal year 1983 defense authorization bill, S. 2248. This amendment proposed to reduce funding for the low altitude defense system (LoADS) by $385 million.

At the time I introduced this amendment, I outlined in detail my reasons for proposing this reduction. My main concerns were: That the LoADS program could not efficiently absorb an increase of more than 150 percent in 1 year; that in the absence of a decision on basing the MX and in light of the action taken by the Senate Armed Services Committee to defer production of the MX, it made no sense to accelerate the LoADS program; and that there had been inadequate public debate or analysis of what the effect of deploying an ABM system would be.

I am pleased that the Senate Armed Services Committee, as part of its revised legislation on the defense authorization bill, has followed though on my amendment and Senator CHAFEE's, reducing funding for the LoADS program by $300 million. While I would have preferred that the committee had kept the LoADS program to a real growth rate of 5 percent, apparently the committee is satisfied that the Army has provided adequate justification for this program to give it $85 million more than Senator CHAFEE and I proposed. I hope that the Army will have specific cost figures for this program in the near future—certainly before we begin deliberation on the defense appropriation bill.

Given the committee's action regarding the reduction in funds for LoADS, I withdraw the amendment at this time. I think that the committee's reduction of funds for LoADS is a step in the right direction. But I remain concerned about where we are headed with respect to the possible deployment of a ballistic missile defense system and with respect to the lack of policy regarding such a deployment. I hope that the issues that Senator CHAFEE and I have raised will give this administration pause and will prompt a careful assessment of what the possible ramifications of deployment of an ABM system are for our national security and for arms control.

Mr. **CHAFEE.** Mr. President, last week the senior Senator from California, Mr. CRANSTON, and I offered an amendment which would have reduced the amount of funding for the low altitude ballistic missile defense system (LoADS) program by $385 million. The revised Armed Services Committee authorization for this program contains a reduction of $300 million in LoADS. As a result, Senator CRANSTON and I have withdrawn our amendment.

Mr. President, when we introduced this amendment, I outlined my principal concerns about the ballistic missile defense program. These centered around the lack of justification provided for the accelerated LoADS program and the serious implications for arms control which, in my judgment, had not been thoroughly considered.

I am pleased that the Armed Services Committee has taken the action that it has. I believe our ballistic missile defense programs, along with our other strategic force programs and our arms control efforts, merit full and careful study in the coming months. Proceeding in a more measured manner with our ballistic missile defense research, and in particular keeping growth in LoADS research spending at a lower level, is an appropriate step at this time.

ELIMINATION OF FEDERAL STUDENT AID FOR INDIVIDUALS NOT REGISTERED FOR SELECTIVE SERVICE

Mr. **STAFFORD.** Mr. President, yesterday the Senate passed, by a unanimous voice vote, the Hayakawa amendment, which would eliminate Federal student aid benefits for individuals who have not registered for the Selective Service, a policy which I strongly support. I sincerely appreciate the intent of the Hayakawa amendment—to restrict Federal benefits for those who have not met their responsibilities under Federal law. I believe, however, that the language of the Hayakawa amendment is seriously flawed, and that the amendment will not in fact do what it is purported to do. Indeed, prior to the Senate's consideration of the amendment yesterday, the staff of the Senator from California met with my Education Subcommittee staff to discuss problems with the language of the amendment and its effects as drafted. I thought these problems would be worked out prior to the consideration of the Hayakawa amendment, and would have voiced objection to its consideration had I known that it was going to be brought up as originally drafted.

Mr. President, the intent of the Hayakawa amendment is to eliminate all

Federal student financial assistance under title IV of the Higher Education Act of 1965 for students who have not registered with the Selective Service if they are required to do so. Each student applying for Federal student aid benefits must certify to the Secretary of Education that he has so registered. However, due to the way in which the Federal student aid programs funds are distributed, the amendment will be effective only for prospective recipients of Pell grants, who are the most economically disadvantaged of all student aid recipients. The only student aid funds the Secretary of Education distributes directly are Pell grants; the campus-based aid programs—SEOG, college work-study, and national direct student loans—are distributed by the student aid officers at the campus itself, and the Secretary has no list of applicants or recipients of such aid. Similarly, the guaranteed student loan program, which benefits almost 4 million students, is an arrangement between private lenders and students. The Federal Government pays interest subsidies to lenders for making these loans available, and has no list of these recipients. Finally, in most States, the recipients of State student incentive grant funds are impossible to distinguish, as States which receive these block grants commingle these funds with their own pot of need-based student aid funds. It is impossible to tell what part of a student's aid from the State is made up of State funds and what part is Federal SSIG money.

Therefore, as the student aid programs are presently constituted, the Secretary could enforce this amendment only for the Pell grant program, and this would mean only the most disadvantaged students would be covered by the Hayakawa amendment. Enforcement of the Hayakawa amendment for the other student aid programs would require the Secretary to maintain a list of more than 3 million recipients of student aid—an enormous paperwork burden not only for the Secretary, but for student aid officers and private lenders as well. Again, no middle-income student who receives a guaranteed loan would be affected by the Hayakawa amendment as presently drafted.

I would have preferred, of course, to have considered such an important amendment in the Education Subcommittee, as it will have a major impact upon the effective delivery of Federal student aid. The members of the Education Subcommittee share Senator HAYAKAWA's opposition to giving student aid to those who have not registered for the draft. At the very least, I would hope that we would have the opportunity to work on the Hayakawa amendment before the pending bill is taken to conference in order to insure that the amendment does what it purports to do.

I thank the Senator from California, and the Chair.

Mr. HATFIELD. Mr. President, I am here today to voice my strong opposition to the amendment to this bill by the Senator from California, Mr. HAYAKAWA, requiring the Department of Education to certify that any male student applying for Federal student financial aid provide documentation that he has registered for the draft. It is my understanding that this amendment was offered and accepted without the full knowledge and involvement of the chairman of the Subcommittee on Education, Arts, and Humanities, Senator STAFFORD, and many other Members of this body, including myself.

I believe this amendment is seriously flawed in the following ways:

There have been no hearings on this proposal, and if there were, it is very unlikely that there would be much support.

This is one of the worst examples of governmental coercion. The Orwellian implications of this type of action endangers the freedoms of all Americans. Supporters of this amendment would suggest this will enhance readiness by punishing those young Americans including many who have taken an action of conscience by not registering.

I have read in the RECORD the statements of my colleagues, who suggest these young people should safeguard our rights and freedoms by registering, while, at the same time, this amendment abridges those rights. Hardly a consistent policy.

This amendment only applies to men. Female applicants have no responsibility to register, or to document to the Department of Education any similar information.

One of the saddest aspects of this amendment is that it strikes at a group of Americans who are regularly affected by this type of legislation—the poorer elements of society. The only real aid program that will be affected by this amendment is the Pell grant program, as it is directly administered by the Department of Education. One can only assume that campus-based programs—SEOG, college work study, and national direct student loans—are not going to be affected. Neither is the guaranteed student loan program, which is a business transaction between the student and a commercial bank.

There are many ways to enforce compliance of the registration requirement, some equally as coercive as this amendment, so there was little need to rush this type of measure.

This is one more layer of regulation and responsibility heaped on the back of the American taxpayer. In this time of fiscal austerity and reduction of unnecessary regulation, this action is totally inconsistent.

I have been contacted by many young Americans who, in their conscience, feel they meet the requirements of conscientious-objector status. I sponsored an amendment to the registration legislation that would have required a checkoff box for these thoughtful young men. The Selective Service opposed this amendment, and now the conscientious objector must defy the law and not register. If this body had been foresighted, the compliance rate could be higher, and this amendment would be even less necessary.

Mr. President, I find it unconscionable that this body was willing to act in such a cavalier manner on this profound amendment. So little time and thought went into this approach, which will have major implications for higher education and for our entire society. It infuriates me to see us use America's educational institutions as instruments of coercion and pressure. As my able colleague, Senator DURENBERGER, said in his remarks yesterday, this is "overkill" which would punish "middle-class lawbreakers more than we punish those who are wealthy enough to pay their own way through college, and more than those who do not attend college at all." This is all too true. And through the adoption of this amendment, we have told young, patriotic Americans, who have a firm commitment to the sanctity of human life through their adherence to conscientious objection, that this Senate is willing to deny their opportunity to attend college because we were unwilling to require a simple checkoff box on a Selective Service form. We have also told young men that they must shoulder this burden alone, as we have exempted young women from this responsibility. I am outraged, shocked, and appalled by this amendment, and suggest that we have acted in the worst tradition of this body.

SUPPORT FOR PURCHASE OF 747'S AND FURTHER FUNDING FOR DEVELOPMENT OF THE C-17 IN PLACE OF THE C-5

Mrs. HAWKINS. Mr. President, I believe it is critical that we eliminate inadequacies in our strategic airlift capabilities. These inadequacies threaten our ability to project power abroad into regions essential to the interests of the United States. Though habitually underfunded, the Department of Defense and the Senate Armed Services Committee now recognize the importance of rebuilding our ability to transport fighting men quickly and with sufficient resources to protect American interests. Strategic airlift issues have never received much attention, but their resolution is critical. For this reason, it is important that we make the right decisions affecting the Nation's ability to move its forces thousands of miles to protect national interests. And we must remember that the decisions we make will shape the capabilities of our Armed Forces through the 1980's and into the 1990's.

Today we are faced with two strategic airlift options. We can authorize the production of 50 C-5's, or we can approve the purchase of 48 B-747 cargo aircraft and fund continued development of the C-17 intratheater cargo carrier. I support purchasing B-747's. My primary concerns in arriving at this decision were with determining our airlift needs, and comparing the costs of the two options. One of our most pressing needs, in my opinion, is to insure the deployment of the airlifted portion of the Rapid Deployment Force to the Middle East in no less than 4 weeks. To accomplish this, the Department of Defense believes that 50 additional C-5's are necessary. However, I believe that we can accomplish the same goal with less expense by instead purchasing B-747's. This becomes clear if we look at our specific airlift requirements.

The Air Force has identified eight airlift battlefield assignments, covering combinations of distance and size of objects moved, these are: First, intratheater bulk/oversize; second, intertheater oversize; third, intertheater bulk; fourth, inter/intratheater troops/personnel; fifth, intratheater outsize; sixth, intertheater outsize; seventh, inter/intratheater litters, and eighth, intertheater/noncombatants. In laymen's terms, both the B-747 and the C-5 can carry cargo such as food, ammunition, jeeps, or trucks. But the C-5 is also able to carry larger vehicles such as tanks and artillery. But now important is the intertheater outsize capability? The demand for outsized cargo comprised only 12 to 27 percent of the airlifted portion of the Rapid Deployment Force. I believe that this need can be filled by our current fleet of 77 C-5's.

This same conclusion is acknowledged by the Department of the Air Force in an internal memorandum. This memo states that a comparison "using C-5's or B-747's reflects a difference in unit closure of 2 to 5 days, depending on which of Boeing's assumptions are used. These closure differences could be further reduced by adding additional B-747's. This difference in a 30-day closure is within the range of modeling uncertainty." The memo then goes on to say, "Therefore, based on the Boeing assumptions, the Air Force Studies and Analysis Group analysis does not dispute the Boeing claim of equality between the DOD program and their alternatives."

Having determined that the B-747 is capable of meeting our airlift needs, we now come to the question of cost comparisons between the two options. Every estimate that I am aware of indicates that purchasing B-747's is less expensive. Some estimates indicate that the savings could be as high as $5.45 billion. According to the Air Force memo I cited earlier, the Government's estimate is that the B-747's could be acquired for $3.5 billion less than the C-5. However, even if these estimates prove optimistic they demonstrate that substantial savings are possible.

Purchasing B-747's will meet the critical needs of the airlifted portion of the Rapid Development Force, and do so at a savings of billions of dollars. But there is another reason to favor the purchase of B-747's over C-5's, delivery time. Current estimates indicate that we can begin to receive delivery of B-747's 3 years earlier than if we opt for the C-5 option. As a result, by purchasing B-747's, we will have the aircraft we need to move the Rapid Development Force at a savings of billions of dollars, and we will have the aircraft on hand 3 years sooner. Purchase of the B-747's is the sound decision.

However, the purchase of B-747's will not resolve our No. 1 airlift priority—the transportation of intratheater bulk and oversize loads. This need can be met by deploying the C-17.

Until recently, the C-17 was the top priority of the Air Force. However, because of our urgent needs this recommendation was changed in favor of the C-5 which can be deployed more quickly than can the C-17. However, as we have seen, the purchase of B-747's is consistent with the new sense of urgency; it can be delivered 3 years earlier than the C-5. In addition, money saved by the purchase of B-747's can be used to speed up the delivery dates of the C-17. Thus the Air Force can have the B-747 to fill its urgent needs and an earlier delivery on C-17 which has been the Air Force's top priority to fill its shortfall in intratheater bulk/oversize carrying capability. I believe this will give the Air Force the best of all worlds, and at less cost than their own recommendations.

THE NAVY'S MEDIUM-DEPTH MINE PROGRAM

Mr. THURMOND. Mr. President, Navy mine warfare is one of the most important and most cost effective capabilities of the Navy.

The use of mines to bottle up hostile ships in enemy harbors was most recently demonstrated in the Vietnam war at Haiphong. Mines can also deny surface ships and submarines access through narrow straits leading to the seas and oceans of the world. Further, some mines can disable or sink ships and in past wars such mines have caused devastating losses to vessels of the major combatants.

I was therefore most disturbed, Mr. President, when I first learned that the Navy had requested no funds in the current defense budget to continue development of the medium-depth mine (MDM), formerly called the intermediate water depth mine. The MDM is one of the three mines comprising the family of mines which are needed to counter enemy surface ships and submarines.

This family consists of the Quickstrike mine, a shallow water mine; the Captor, a deepwater mine; and the medium-depth mine (MDM) which fills the important gap between the Quickstrike and Captor.

Mr. President, it is most significant that the four major ports from which Soviet surface warships and submarines operate are areas of medium depth. The Soviet North Fleet operates from the Barents Sea; the Far East Fleet from Petropavlovsk to Vladivostok; the Black Sea Fleet from the Black Sea; and the Red Banner Fleet from the Baltic Sea. These areas are prime targets for the medium-depth mine which can be deployed from our aircraft, surface ships, and submarines.

On October 1, 1981, Representative THOMAS HARTNETT joined me in addressing a letter to the Deputy Secretary of Defense expressing our serious concern that the MDM had been deleted from the Navy 5-year plan. We urged that the Defense Department continue this very important program. His reply of November 10, 1981, advised that the Navy had recommended canceling the MDM program due to budgetary constraints.

Mr. President, I request unanimous consent that copies of these two letters be inserted in the RECORD at this point in my remarks.

Considering the cost-effective benefit of this essential program, and the fact that the requirement for an MDM still exists, I believe that the Navy should have given this program higher priority. At the minimum the MDM program should have been funded at a reduced level.

Mr. President, on February 18, 1982, the Chief of Naval Operations notified the Congress that $1.2 million of the $15 million in fiscal year 1982 MDM funds were being used to investigate a Captor variant and other alternatives to MDM. Also, the CNO advised that $6.4 million was being deferred pending redirection of the MDM program. Mr. President, I ask unanimous consent to have a copy of this letter inserted in the RECORD at this point in my remarks.

Mr. President, in conclusion I expect this issue to be subject of discussion during the forthcoming conference between the Senate and House Armed Services Committees. I favor conference language which would require that the Navy use at least $6.4 million, less than half of the sum approved last year by Congress for the MDM, to maintain program continuity in fiscal year 1982 and fiscal year 1983. This would keep the program in being while the Navy determines whether to go forward with MDM or an alternative program. I urge the Navy to seek the most cost effective program possible.

SUPPORT OF THE STAFFORD-ROTH AMENDMENT TO RETAIN ADMINISTRATION OF SECTION 6 SCHOOLS BY THE U.S. DEPARTMENT OF EDUCATION

Mr. CHILES. Mr. President, I would like to express my full support of the Stafford-Roth amendment to keep administration of the section 6 schools under the Department of Education.

First of all, they have been, and are currently, administered by the Department of Education. I just do not see any reason for changing the status quo at this point. There is always a cost and disruption involved in transferring a program from one agency to another. When Congress authorized the establishment of the Department of Education, we were trying to bring some order to our scattered education programs, get them under one roof, and streamline them. A hasty transfer of these approximately 20 schools on military bases in the United States, without some hearings and forethought, just does not make sense. We should remember that these are the only educational services available to these children living on the bases. They were authorized as part of the impact aid program to meet their educational needs. We should not be careless about shifting the administration of the schools around.

Second, the Governmental Affairs Committee has jurisdiction for legislation affecting the status of the Department of Education. The Labor and Human Resources Committee has authority for the impact aid program. Neither of these committees has had an opportunity to hold hearings or consider the transfer. I support the continuation of the Department of Education as a separate, Cabinet-level agency. I think we are establishing a dangerous precedent here if we start a piecemeal, program-by-program dismantlement of the Department, without consideration by the appropriate committees.

Finally, a vote for this amendment is a vote in support of our impact aid program for children whose parents live and work on military bases. I know the program's under attack these days. I myself have opposed expansions of the program that have gotten away from its original purpose—to reimburse those school districts that have property off the tax rolls and yet have increased numbers of school children to educate because of Federal installations and reservations. These section 6 schools, as I mentioned, are the only educational services available to these children. I certainly think the schools on military bases are at the heart of the intent of the impact aid program. I think they deserve our support by allowing them to remain under the administration of the Department of Education.

● Mr. LEVIN. Mr. President, my vote against this bill is based on both military and economic concerns. Let me begin by briefly outlining my economic reservations.

I would first like to call the attention of the Senate to the remarks made by President Reagan at a press conference he gave tonight while we were considering the Defense authorization bill. While commenting that the economy would start improving when interest rates were lowered, the President noted that the quickest way to reduce interest rates was for Congress to show that it was willing to reduce Government spending.

Mr. President, by passing this bill, we have failed to rise to that challenge.

The Senate Budget Committee has recommended in its first budget resolution that the Armed Services Committee cut $5 billion in nonpay outlays out of the President's original request for national defense. The Senate took this action by the Budget Committee seriously. We agreed to take the Defense bill off the floor last week after we had started to debate it, in order to allow the Armed Services Committee to reevaluate its recommendations and, hopefully, report a bill that conformed with those Budget Committee levels. The committee met on Monday, and came up with a committee recommendation.

But Mr. President, the committee's action—and the action taken on the floor—have not brought us into conformity with the Budget Committee mark for national defense. While this bill does not constitute the totality of our national defense spending, over 90 percent of the money spent for defense nonpay outlays is in this bill. And, in that context, the bill before us gives us no real hope that we will make the reductions we need to make to revitalize our economy. We have failed to make the reductions that even President Reagan, who can hardly be accused of being soft on defense, has agreed to.

Let me cite two reasons to conclude that this bill fails to meet the even minimal test for fiscal restraint established by our Budget Committee.

First, according to the budget summary released by Senator DOMENICI on May 11, if this bill is adopted, we would be $1 billion over the Budget Committee's mark, using their baseline assumption and accepting the revenue-related claims of the Armed Services Committee relative to stockpile sales and retired pay legislation, or $1.5 billion if you share the Budget Committee's skepticism about those revenue sources. Either way, this bill does not comply with the modest request for fiscal restraint established by the Budget Committee.

Now, it is, of course, theoretically possible for us to meet the Budget Committee mark for national defense spending by finding that extra $1 billion to $1.5 billion in the other bills which make up the national defense portion of the budget. But we are voting on over 90 percent of the defense budget in nonpay outlays. Those other bills—military construction and the Department of Energy nuclear weapons bills—together authorize only about $10 billion and the spend-out or obligation rate for that authorization is relatively low. How can we reasonably propose that we are going to get $1 billion to $1.5 billion out of less than $10 billion in authorization when all we could manage was $3.5 billion in this bill?

While I am bothered by our failure to meet the Budget Committee mark in this bill, I am deeply concerned about the choices we made to get the relatively little reduction we did get in this bill. The committee elected to make changes in programs which had immediate outlay impacts on the budget. But the changes we have made this year do nothing to help us to meet the additional savings which the Budget Committee has recommended we achieve in the outyears.

The Budget Committee has recommended that we achieve a savings of $5 billion in fiscal year 1983, $7 billion in fiscal year 1984 and $10 billion in fiscal year 1985, a total savings of $22 billion over 3 years. During a colloquy with me tonight, the chairman of the Budget Committee, Senator DOMENICI and I read into the RECORD a letter from the Congressional Budget Office to me. The CBO analysis showed that we would only be achieving $6.3 billion in savings in outlays over this 3-year period, requiring that we find $15.7 billion in additional cuts in fiscal year 1984 and fiscal year 1985. Senator DOMENICI pointed out, quite correctly, that we should ask whether it is realistic that we can achieve savings in the outyears based on the actions in this bill.

Mr. President, this is precisely what we should be asking. The cuts we have chosen to make today will not help us achieve the cuts we will need to make next year, and the year after that. In fact, we have chosen to make cuts which will make it more difficult for us to cut defense spending in the future.

According to the Congressional Budget Office, the savings achieved today will only result in $2.6 billion in savings in fiscal year 1983, $2.4 billion in savings in fiscal year 1984, and $1.3 billion in savings in fiscal year 1985. Without significant help from reductions in the MilCon or nuclear weapons bills, which is highly unlikely, we will fall short of the Budget Committee targets by $2.4 billion in fiscal year 1983, $4.6 billion in fiscal year 1984, and $8.7 billion in fiscal year 1985.

The nondiscretionary, or previously obligated, spending portion of the defense budget is growing at a fast rate. I would argue that there is no way for us to preserve our military readiness, strengthen our conventional forces, preserve our nuclear deterrent and meet our budget responsibilities unless we make the hard choices now to deal with major procurement programs. In fact, Senator TOWER acknowledged tonight that we will probably have to reduce O. & M. accounts in the future to achieve the required savings. If, for example, we had chosen to defer MX deployment, did not authorize the B-1B bomber and did not authorize one CVN carrier, we could reduce outlays by $1.7 billion in fiscal year 1983, by $4.8 billion in fiscal year 1984, and by $8.9 billion in fiscal year 1985. This simple action would virtually eliminate the projected outlay gap I just described. And it would save us, in those outyears, from making additional harmful cuts in readiness and O. & M. accounts—cuts which, given the need to translate authority into immediate outlay reductions, are all that will be available to us.

The path we have chosen to follow in cutting defense will lead us to lower levels of readiness, to lower force levels and to a less capable military. This is not the path the American people should be taking. Faced with the necessity of making cuts, we should have chosen those programs which would have impacts not only in fiscal year 1983, but in fiscal year 1984 and fiscal year 1985—we certainly will still be facing fiscal restraints in these later years too. By failing to plan ahead, we now stand in danger of creating more budgetary problems in the future—we have only delayed the day of decision. There was not sufficient support to strike the MX missile and a CVN carrier. There will come a time when we will be forced to make cuts in these big-ticket programs, when we can no longer ignore the effects of this year's cuts on next year's budget. I hope that as the budget realities become clear to my colleagues, and the figures on the real costs of these systems become available to us, we can measure again the costs of these programs against their military value.●

● Mr. HUMPHREY. Mr. President, as chairman of the Preparedness Subcommittee, I had the opportunity to review the operation and maintenance request in some detail.

The administration submitted an O. & M. budget for fiscal year 1983 that was 12 percent higher than last year. In contrast, procurement increases by 38 percent and R. & D. increases by 20 percent. Thus, because O. & M. is not growing as fast as investment accounts, the share of the defense budget devoted to operation and maintenance drops from an average of 30 percent in recent years to only 27 percent in fiscal year 1983.

This falling share of O. & M. relative to investment is cited by some as evidence of misguided defense priorities, and even as a potential reason to oppose the administration's defense program. However, the role of O. & M. spending should be placed in proper perspective if we are to fully appreciate its contribution to the current budget.

First, there is no military or accounting logic which dictates that all accounts must grow at the same rate. In fact, O. & M. is a trailing account; most operation and maintenance requirements do not emerge until new equipment is delivered to the field.

Second, annual expenditures for O. & M. are actually quite stable. The fixed cost of payrolls and utilities, for example, is relatively constant. Thus, when measured as a share of defense outlays, O. & M. spending has only declined from 33 to 31 percent since fiscal year 1981.

Finally, we should keep in mind that the alleged reductions in the O. & M. portion of the budget reflect no real reduction in O. & M. but rather the long awaited increases in procurement. During the early and midseventies the O. & M. and personnel accounts grew substantially as a portion of the defense budget, causing some concern in Congress. Apart from real cost increases in these areas, however, the true cause of this growth was the conscious depression of military investment accounts which indirectly inflated the percentage of O. & M. and personnel spending.

Having placed the O. & M. request in its proper budget perspective, the committee assessed the progress made from fiscal year 1982 to fiscal year 1983 in various programs of special interest such as flying hours, steaming tempo, depot and real property maintenance.

The increase for flying hours from fiscal year 1982 to fiscal year 1983 was 200,000 hours, or about 3 percent. Hoping to improve the proficiency of our crews even more, the committee investigated the possibility of making increases in this area. However, we found that, because spare parts bought last year would not be delivered in sufficient quantity, the requested number of hours is really the maximum that can be supported at the present time.

Likewise, the committee assessed the possibility of adding more steaming and training days for the Navy. However, Navy officials indicated that because the operational tempo remains so high for deployed fleets, they would rather provide some rest for nondeployed ships and crews than continue to train at high levels during homeport rotation.

By most accounts the depot maintenance program appears bright. The administration has established a policy of zero backlogs and, with a 22-percent increase over fiscal year 1982, has provided funding to achieve this objective in fiscal year 1983. Any backlogs in ship overhauls, aircraft, tracked vehicles or component maintenance, are expected to be limited to those resulting from operational or work force constraints and scheduling considerations.

In the area of real property maintenance, which supports the industrial and physical plant constructed in the 1930's, 1940's, and early 1950's, we are barely holding our own. In fiscal year 1983, the total requirement for facility maintenance exceeds $7 billion; but only 59 percent of that amount has been funded. This includes the committee's addition of $460 million in fiscal year 1983, the amount originally denied in the fiscal year 1982 supplemental request.

In addition to our action concerning these particular areas of interest, the Senate should know that the committee also made those reductions it thought could prudently be made. Because of a soft oil market caused by the world glut, the committee approved fuel savings of $350 million which will result from prices lower than those actually budgeted. In addition, the improved strength of the U.S. dollar compared to foreign currencies resulted in a savings of $195 million. Savings also accrued from a reduction in the administration's request for civilian personnel.

We have reported an O. & M. budget that is $334 million below the request. I support this budget; and any attempts to reduce it further should be viewed with the greatest caution.

While it might be true, the fastest way to reduce outlays is to cut the O. & M. account, it is also true there is no faster way to reduce preparedness than to cut O. & M.●

● Mr. RIEGLE. Mr. President, I rise in support of the Stafford/Roth amendment to strike section 1112 of S. 2248, the Defense Department authorization bill. This section would transfer the administration of section 6 impact aid schools from the Department of Education to the Department of Defense.

My opposition to transferring the administration of section 6 schools to the Department of Defense stems from my concern that the entire issue of impact aid must be thoroughly considered. The Senate Governmental Affairs Committee, which has primary jurisdiction over the structure of the Department of Education, has held no hearings concerning impact aid and the disposition of impact aid schools.

Making such a move on the defense authorization bill, seems inappropriate and unwise to me, especially without thoroughly investigating the effects of such an action.

At the same time that the jurisdiction of the Governmental Affairs Committee has been side-stepped, the authority of the Senate Subcommittee on Education of the Labor and Human Resources Committee has also been undermined by this attempt to transfer administrative responsibility out of the Department of Education.

The Education Subcommittee along with the entire Congress affirmed the Department's administration of section 6 schools in the Omnibus Reconciliation Act of 1981. Members of the Senate also rejected a similar attempt to circumvent the law in December of last year on the defense appropriations bill.

It is only reasonable that the Department of Education—the Federal agency with the necessary background, expertise, and ability to administer education programs—continue their longstanding tradition of operating the section 6 impact aid program. In any case, such a change, without further discussion and consideration involving all committees of jurisdiction is precipitous and unwise.●

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill, having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Florida (Mrs. HAWKINS), and the Senator from Idaho (Mr. MCCLURE) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Illinois (Mr. DIXON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Maryland (Mr. SARBANES), and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. DIXON) would vote "yea."

The PRESIDING OFFICER. Is there any other Senator in the Chamber wishing to vote?

The result was announced—yeas 84, nays 8, as follows:

[Rollcall Vote No. 120 Leg.]

YEAS—84

Abdnor
Andrews
Armstrong
Baker
Bentsen
Biden
Boren
Boschwitz
Bradley
Brady
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dodd
Dole
Domenici
Eagleton
East
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Grassley
Hatch
Hayakawa
Heflin
Heinz
Helms
Huddleston
Humphrey
Jackson
Jepsen
Johnston
Kasten
Laxalt
Leahy
Long
Lugar
Mathias
Matsunaga
Mattingly
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NAYS—8

Baucus
Hart
Hatfield
Kassebaum
Levin
Pell
Proxmire
Tsongas

NOT VOTING—8

Dixon
Durenberger
Hawkins
Hollings
Inouye
Kennedy
McClure
Sarbanes

So the bill (S. 2248), as amended, was passed.

The title was amended so as to read: "A bill to authorize appropriations for fiscal year 1983 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize supplemental appropriations for fiscal year 1982, to provide additional authorizations for fiscal year 1982, and for other purposes.".

S. 2248

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Defense Authorization Act, 1983".

TITLE I—PROCUREMENT

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1983 for the use of the Armed Forces of the United States for procurement in amounts as follows:

ARMY

For the Army: for aircraft, $1,786,914,000; missiles, $2,846,600,000; weapons and tracked combat vehicles, $4,704,985,000; ammunition, $2,733,384,000; and other procurement, $4,363,991,000.

NAVY

For the Navy: for aircraft (including aircraft for the Marine Corps), $11,167,800,000; weapons (including missiles and torpedoes), $3,810,200,000; naval vessels, $18,368,700,000; and other procurement, $3,971,756,000.

MARINE CORPS

For the Marine Corps: for procurement (including ammunition, other weapons and combat vehicles, missiles, communications and electronics, support vehicles, and engineering and other equipment), $2,198,700,000.

AIR FORCE

For the Air Force: for aircraft, $17,783,800,000, of which $186,100,000 is for the United States contribution of its fiscal year 1983 share of the cost of the acquisition by the North Atlantic Treaty Organization (NATO) of the Airborne Early Warning and Control System (AWACS); missiles, $5,269,800,000; and other procurement, $5,721,600,000.

NATIONAL GUARD AND RESERVE COMPONENTS

For aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, other weapons, and other procurement, as follows:

For the Army National Guard, $50,000,000.

For the Air National Guard, $30,000,000.

For the Army Reserve, $30,000,000.

For the Naval Reserve, $30,000,000.

For the Marine Corps Reserve, $30,000,000.

For the Air Force Reserve, $30,000,000.

The authorization of appropriations for the National Guard and Reserve components contained in this paragraph is in addition to any other funds authorized to be appropriated by this or any other Act.

DEFENSE AGENCIES

For the Defense Agencies: for procurement, $859,584,000.

REQUIREMENTS RELATING TO MULTIYEAR CONTRACTS FOR CERTAIN EQUIPMENT

SEC. 102. Notwithstanding any other provision of law, no multiyear contract may be entered into for the procurement of—

(1) F-111 weapon navigation computers;
(2) C-2 aircraft;
(3) EA-6B aircraft;
(4) A-6E aircraft;
(5) MULE laser designators;
(6) CH-53E helicopters;
(7) MLRS rocket systems; or
(8) ALQ-136 radio jammers,

until (A) the Secretary of the military department concerned has submitted to the Committees on Armed Services of the Senate and the House of Representatives a written report setting forth the justification for entering into a multiyear contract for the procurement of the equipment concerned, and (B) thirty days have elapsed after the date on which such report is received by such committees.

CERTAIN AUTHORITY PROVIDED THE SECRETARY OF DEFENSE IN CONNECTION WITH THE NATO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) PROGRAM

SEC. 103. Section 103(a) of the Department of Defense Authorization Act, 1982 (Public Law 97-86; 95 Stat. 1100) is amended—

(1) by inserting "and each fiscal year thereafter" after "fiscal year 1982" in the matter before clause (1); and

(2) by striking out "for fiscal year 1982" in clause (3).

PROHIBITION AGAINST PROCUREMENT OF ADDITIONAL A-10 AIRCRAFT

SEC. 104. Notwithstanding any other provision of law, none of the funds appropriated to or for the use of the Air Force for fiscal year 1983, or any prior fiscal year, may be obligated after the date of the enactment of this Act for the procurement of any A-10 aircraft in any amount greater than the amount authorized for the procurement of such aircraft in the Department of Defense Authorization Act, 1982 (Public Law 97-86; 95 Stat. 1099).

PROHIBITION AGAINST PROCUREMENT OF ADDITIONAL AH-64 (APACHE) HELICOPTERS

SEC. 105. Notwithstanding any other provision of law, none of the funds appropriated to or for the use of the Army in the Department of Defense Appropriation Act, 1982 (Public Law 97-114; 95 Stat. 1565), may be obligated after the date of the enactment of this Act for the procurement of any AH-64 (Apache) helicopters unless the procurement thereof is specifically authorized by legislation enacted after the date of the enactment of this Act.

RESTRICTION ON PROCUREMENT OF TACAMO COMMAND, COMMUNICATIONS, AND CONTROL EQUIPMENT

SEC. 106. None of the funds appropriated pursuant to this Act may be obligated or expended for the procurement of any airborne very low frequency equipment for the TACAMO EC-130Q aircraft until thirty days have elapsed after the date on which the Secretary of Defense has submitted a written report to the Committees on Armed Services of the Senate and the House of Representatives discussing the feasibility of replacing such equipment with modern communication systems consistent with the planned acquisition of replacement aircraft.

CBU-90 ANTIARMOR CLUSTER MUNITION

SEC. 107. None of the funds appropriated pursuant to section 101 of this title may be used for the procurement of the CBU-90 antiarmor cluster munition until after the Secretary of the Air Force certifies in writing to the Committees on Armed Services of the Senate and the House of Representatives that procurement of such munition is essential to the Air Force inventory.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) Funds are hereby authorized to be appropriated for fiscal year 1983 for the use of the Armed Forces of the United States for research, development, test, and evaluation in amounts as follows:

For the Army, $4,161,741,000.

For the Navy (including the Marine Corps), $6,131,698,000.

For the Air Force, $10,760,643,000.

For the Defense Agencies, $2,276,384,000, of which $54,000,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1983 such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in such subsection.

REQUIREMENT FOR COMPETITION BETWEEN THE LANTIRN AND FLIR SYSTEMS

SEC. 202. Of the amount authorized to be appropriated in this title for the Air Force, not more than $88,700,000 is authorized for development of the LANTIRN System. However, no funds appropriated pursuant to this title for the Air Force may be obligated or expended for the development of such system until the Secretary of the Air Force submits to the Committees on Armed Services and Appropriations of the Senate and the House of Representatives a written statement certifying that the LANTIRN program has been restructured to provide a competitive demonstration between the current LANTIRN System and a suitably modified version of the Navy's F/A-18 aircraft FLIR System. The Secretary of the Air Force may not enter into any contract for the production of the LANTIRN System until after a competitive demonstration between the LANTIRN System and the suitably modified version of the Navy's F/A-18 aircraft FLIR System has been carried out.

SUBMARINE ADVANCED COMBAT SYSTEM

SEC. 203. Of the funds authorized to be appropriated for the Navy in this title, not more than $85,937,000 is authorized for the Submarine Advanced Combat System research and development program. However, no funds appropriated pursuant to this title may be obligated or expended for the Submarine Advanced Combat System program until the Secretary of the Navy has presented to the Committees on Armed Services of the Senate and the House of Representatives a detailed explanation in writing of how the Department of the Navy plans to proceed with the phased array radar portion (phase III) of the MK-92 Fire Control System upgrade.

BALLISTIC MISSILE DEFENSE SYSTEM TECHNOLOGY

SEC. 204. Of the funds authorized to be appropriated for the Army in this title, not more than $362,700,000 is authorized for the Low Altitude Defense (LoAD) System, and not more than an additional $100,000,000 is authorized only for development of a low exoatmospheric/high endoatmospheric ballistic missile defense system to complement the LoAD System. The funds authorized for the development of such complementary ballistic missile defense system shall not be available for obligation until thirty days after the date on which the Secretary of Defense reports in writing to the Committees on Armed Services of the Senate and the House of Representatives that the deployment of such complementary system would significantly enhance the survivability of the MX missile system in the permanent basing mode as to which the Secretary of Defense has been directed to notify the Congress not later than December 1, 1982.

TITLE III—OPERATION AND MAINTENANCE

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. (a) Funds are hereby authorized to be appropriated for fiscal year 1983 for the use of the Armed Forces of the United States (other than the Coast Guard) and other activities and agencies of the Department of Defense for operation and maintenance in amounts as follows:

(1) For the Army (including the Army Reserve, the Army National Guard, and rifle practice, Army), $18,675,775,600.

(2) For the Navy (including the Naval Reserve and the Marine Corps Reserve), $22,562,400,000.

(3) For the Marine Corps (including the Marine Corps Reserve), $1,513,515,000.

(4) For the Air Force (including the Air Force Reserve and the Air National Guard), $19,937,300,000.

(5) For the Defense Agencies and other activities of the Department of Defense, $5,896,010,000.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1983 such additional sums as may be necessary (1) for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in such subsection, and (2) for unbudgeted increases in fuel costs and for increases as the result of inflation in the cost of activities autnorized by subsection (a).

STATIONING OF E-4 NATIONAL EMERGENCY AIRBORNE COMMAND POST AIRCRAFT

SEC. 302. (a) None of the funds appropriated pursuant to this title may be obligated or expended for the stationing of the E-4 National Emergency Airborne Command Post aircraft, or associated maintenance and logistical support for such aircraft, at Andrews Air Force Base, Camp Springs, Maryland, unless the President certifies to the Congress in writing that the continued deployment of the E-4 National Emergency Airborne Command Post aircraft at Andrews Air Force Base is essential to and supportive of the national security of the United States.

(b) Notwithstanding the prohibition contained in subsection (a), funds appropriated pursuant to an authorization provided in this title for deployment and support of the National Emergency Command Authority's E-4 aircraft shall be available for obligation and expenditure for such deployment and support if (1) an alternative deployment site more than five hundred miles inland from the Atlantic coast has been selected, (2) the chairmen of the Committees on Armed Services of the Senate and the House of Representatives have been notified in writing of the selected site, and (3) thirty days have elapsed following the date on which such notification is received by the chairmen of such committees.

NAVY SHIP OVERHAULS

SEC. 303. Of the funds authorized in section 301(a)(2), not more than $2,756,800,000 may be obligated or expended for ship overhauls for the Navy.

TITLE IV—ACTIVE FORCES

AUTHORIZATION OF END STRENGTHS

SEC. 401. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1983, as follows:

(1) The Army, 778,600.

(2) The Navy, 555,800.

(3) The Marine Corps, 193,300.

(4) The Air Force, 589,500.

AUTHORITY TO EXCEED END STRENGTH AUTHORIZATION

SEC. 402. (a) Section 138(c)(1)(A) of title 10, United States Code, is amended by adding the following new sentence after the first sentence: "The end strength authorized for any component of the armed forces for any fiscal year may be increased by a number equal to not more than 0.5 per centum of the total end strength authorized for such component for such fiscal year if the Secretary of Defense determines that such increase is needed to maintain a stable personnel force.".

(b) The amendment made by subsection (a) shall apply with respect to end strengths for active-duty personnel authorized for fiscal years beginning after September 30, 1981.

LIMITATION ON NUMBER OF NON-HIGH-SCHOOL GRADUATE RECRUITS

SEC. 403. Section 302(a) of the Department of Defense Authorization Act, 1981 (Public Law 96-342, 10 U.S.C. 520 note), is amended by striking out "October 1, 1981" and "September 30, 1982" and inserting in lieu thereof "October 1, 1982" and "September 30, 1983", respectively.

ACCRUED LEAVE SAVING PROVISION

SEC. 404. A member of the Armed Forces of the United States who was authorized under section 701(f) of title 10, United States Code, to accumulate ninety days' leave during fiscal year 1980 and lost any leave at the end of fiscal year 1981 shall be recredited with such lost leave and may retain leave in excess of sixty days until the end of fiscal year 1982, but in no case may such member accumulate leave in excess of ninety days.

TITLE V—RESERVE FORCES

AUTHORIZATION OF AVERAGE STRENGTHS FOR SELECTED RESERVE

SEC. 501. (a) For fiscal year 1983 the Selected Reserve of the Reserve components of the Armed Forces shall be programed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 407,400.

(2) The Army Reserve, 258,700.

(3) The Naval Reserve, 105,500.

(4) The Marine Corps Reserve, 38,300.

(5) The Air National Guard of the United States, 101,100.

(6) The Air Force Reserve, 66,000.

(7) The Coast Guard Reserve, 10,700.

(b) The average strength prescribed by subsection (a) for the Selected Reserve of any Reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such Reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of such individual members.

AUTHORIZATION OF END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES

SEC. 502. (a) Within the average strengths prescribed in section 501, the Reserve components of the Armed Forces are authorized, as of September 30, 1983, the following number of Reserves to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, or training the Reserve components:

(1) The Army National Guard of the United States, 14,419.

(2) The Army Reserve, 8,251.

(3) The Naval Reserve, 12,038.

(4) The Marine Corps Reserve, 678.

(5) The Air National Guard of the United States, 5,158.

(6) The Air Force Reserve, 479.

(b) Upon a determination by the Secretary of Defense that such action is in the national interest, the end strengths prescribed by subsection (a) may be increased by a total of not more than the number equal to 2 per centum of the total end strengths prescribed.

INCREASE IN NUMBER OF CERTAIN PERSONNEL AUTHORIZED TO BE ON ACTIVE DUTY IN SUPPORT OF THE RESERVE COMPONENTS

SEC. 503. (a) Section 517 of title 10, United States Code, is amended by striking out the table in subsection (b) and inserting in lieu thereof the following:

"Grade	Army	Navy	Air Force	Marine Corps
E-9	265	156	132	6
E-8	1,744	329	441	56".

(b) The columns with the headings "Army", "Air Force", and "Marine Corps" in the table contained in section 524(a) of such title are amended to read as follows:

"Army	Air Force	Marine Corps
1,351	281	95
671	267	40
234	170	21".

TITLE VI—CIVILIAN PERSONNEL

AUTHORIZATION OF END STRENGTHS

SEC. 601. (a) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1983, as follows:

(1) The Department of the Army, 378,000.

(2) The Department of the Navy, including the Marine Corps, 320,600.

(3) The Department of the Air Force, 242,800.

(4) Activities and agencies of the Department of Defense (other than the military departments), 83,000.

(b) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program, and the Federal junior fellowship program and personnel participating in the worker-trainee opportunity program. Personnel employed under a part-time career employment program established by section 3402 of title 5, United States Code, shall be counted as prescribed by section 3404 of that title. Whenever a function, power, duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(c) When the Secretary of Defense determines that such action is necessary in the national interest or if any conversion of commercial and industrial type functions from performance by Department of Defense personnel to performance by private contractors which was anticipated to be made during fiscal year 1983 in the budget of the President submitted for such fiscal year is not determined to be appropriate for such conversion under established administrative criteria, the Secretary of Defense may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed 2 per centum of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under this subsection.

TITLE VII—MILITARY TRAINING STUDENT LOADS

AUTHORIZATION OF TRAINING STUDENT LOADS

SEC. 701. (a) For fiscal year 1983, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 78,311.

(2) The Navy, 66,930.

(3) The Marine Corps, 20,435.

(4) The Air Force, 48,769.

(5) The Army National Guard of the United States, 18,052.

(6) The Army Reserve, 14,579.

(7) The Naval Reserve, 1,000.

(8) The Marine Corps Reserve, 2,971.

(9) The Air National Guard of the United States, 2,328.

(10) The Air Force Reserve, 1,351.

(b) The average military student loads for the Army, the Navy, the Marine Corps, and the Air Force and the Reserve components authorized in subsection (a) for fiscal year 1983 shall be adjusted consistent with the manpower strengths authorized in titles IV, V, and VI of this Act. Such adjustment shall be apportioned among the Army, the Navy, the Marine Corps, and the Air Force and the Reserve components in such manner as the Secretary of Defense shall prescribe.

TITLE VIII—ATTACK-RELATED CIVIL DEFENSE

AUTHORIZATION OF APPROPRIATIONS

SEC. 801. There is hereby authorized to be appropriated for fiscal year 1983 to carry out the provisions of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2251-2297) the sum of $144,530,000.

AMOUNT AUTHORIZED FOR CONTRIBUTION FOR STATE PERSONNEL AND ADMINISTRATIVE EXPENSES

SEC. 802. The third sentence of section 408 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2260) is amended by striking out "$47,000,000" in the second proviso and inserting in lieu thereof "$50,000,000".

TITLE IX—SUPPLEMENTAL AUTHORIZATIONS FOR FISCAL YEAR 1982

PROCUREMENT

SEC. 901. In addition to the funds authorized to be appropriated in the Department of Defense Authorization Act, 1982 (Public Law 97-86; 95 Stat. 1099), there is hereby authorized to be appropriated to the Navy and the Air Force for fiscal year 1982 for procurement in amounts as follows:

For the Navy: for naval vessels, $263,400,000.

For the Air Force: for aircraft, $219,100,000 and missiles, $5,300,000.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

SEC. 902. In addition to the funds authorized to be appropriated in the Department of Defense Authorization Act, 1982, there is hereby authorized to be appropriated to the Air Force for fiscal year 1982 for research, development, test, and evaluation, $16,400,000.

OPERATION AND MAINTENANCE

SEC. 903. In addition to the funds authorized to be appropriated in the Department of Defense Authorization Act, 1982, funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense for operation and maintenance in amounts as follows:

For the Army, Army Reserve and Army National Guard, $90,200,000.

For the Navy, Naval Reserve and Marine Corps, $164,600,000.

For the Air Force, Air Force Reserve and Air National Guard, $30,300,000.

For the Defense Agencies and Defense-wide activities, $41,200,000.

INCREASE IN END STRENGTH AUTHORIZATION FOR THE ARMY FOR FISCAL YEAR 1982

SEC. 904. Section 401 of the Department of Defense Authorization Act, 1982 (Public Law 97-86; 95 Stat. 1104), is amended by striking out "Army, 780,300" and inserting in lieu thereof "Army, 784,400".

TITLE X—ADDITIONAL AUTHORIZATIONS FOR FISCAL YEAR 1982

PROCUREMENT

SEC. 1001. In addition to the funds authorized to be appropriated in the Department of Defense Authorization Act, 1982 (Public Law 97-86; 95 Stat. 1099), funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Navy and Air Force for procurement in amounts as follows:

NAVY

For the Navy: for naval vessels, $123,600,000.

AIR FORCE

For the Air Force: for aircraft (including aircraft for the Air National Guard), $137,800,000 and missiles, $12,000,000.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

SEC. 1002. In addition to the funds authorized to be appropriated in the Department of Defense Authorization Act, 1982, funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Navy and Air Force for research development, test, and evaluation in amounts as follows:

For the Navy: $53,969,000.

For the Air Force: $73,000,000.

TITLE XI—GENERAL PROVISIONS

SPECIAL DEFENSE ACQUISITION FUND

SEC. 1101. Section 138(g) of title 10, United States Code, is amended—

(1) by striking out "and" after "1982" and inserting in lieu thereof a comma; and

(2) by inserting ", and may not exceed $900,000,000 in fiscal year 1984" after "1983".

INCREASE DOLLAR AMOUNTS FOR REPORTS TO CONGRESS REGARDING TRANSFER OF DEFENSE ARTICLES

SEC. 1102. Section 813 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 10 U.S.C. 133 note) is amended by striking out "$25,000,000" and inserting in lieu thereof "$50,000,000".

REPORTS ON UNIT COSTS OF MAJOR DEFENSE SYSTEMS

SEC. 1103. (a)(1) The program manager (as designated by the Secretary concerned) for each major defense system included in any selected acquisition report submitted to the Congress pursuant to section 811 of the Department of Defense Appropriations Authorization Act, 1976 (Public Law 94-106; 10 U.S.C. 139 note), shall submit to the Secretary concerned, as hereinafter provided in this section, a written report on the unit cost of the major defense system included in such selected acquisition report for which such manager has responsibility. The program manager shall submit such report to the Secretary concerned not more than seven days after the end of any quarter for which a selected acquisition report is required to be submitted to the Congress containing information on such defense system. The program manager shall include in each such unit cost report—

(A) the total program acquisition unit cost for such major defense system as of the last day of the quarter for which the report is being made; and

(B) in the case of a major defense system for which procurement funds are authorized for the fiscal year containing the quarter for which the unit cost report is submitted, the current procurement unit cost for such major defense system as of the last day of the quarter for which the report is being made.

(2) If at any time during any quarter for which a unit cost report is required under this section, the program manager of a major defense system referred to in paragraph (1) has reasonable cause to believe that (A) the total program acquisition unit cost, or (B) in the case of a major defense system for which procurement funds are authorized for the fiscal year containing the quarter for which such report is to be submitted, the current procurement unit cost has exceeded the applicable percentage increase specified in subsection (b), such manager shall immediately submit to the Secretary concerned a unit cost report containing the information, as of the date of such report, required by paragraph (1).

(3) The program manager shall also include in each unit cost report submitted for any major defense system pursuant to paragraph (1) or (2) any change from the schedule milestones or system performances with respect to such system reflected in the selected acquisition report used as the base for applying the applicable percentage increase specified in subsection (b) and that is known, expected, or anticipated by such manager.

(b)(1)(A) The Secretary concerned shall determine within seven days after any unit cost report has been submitted to him pursuant to subsection (a) whether the total program acquisition unit cost (including any increase for expected inflation) for any major defense system for which no procurement funds are authorized for the fiscal year containing the quarter for which the report is submitted has increased by more than 15 per centum over the total program acquisition unit cost for such system as reflected in the selected acquisition report which first included information on such defense system or as reflected in the selected acquisition report covering the first quarter of the fiscal year immediately preceding the fiscal year containing the quarter for which such unit cost report is submitted to the Secretary concerned, whichever selected acquisition report is later.

(B) If the Secretary concerned determines that the total program acquisition unit cost (including any increase for expected inflation) for any such major defense system has increased by more than the amount referred to in subparagraph (A), he shall notify the Congress in writing of such determination and of the increase with respect to such system within ten days after the unit cost report was submitted to him. The Secretary shall include in such notice the date on which the determination was made. Except as provided in paragraph (3), if the Secretary makes such a determination with respect to a major defense system, no additional funds may be obligated in connection with such system after the end of the thirty-day period beginning on the day on which the Secretary makes such determination.

(2)(A) The Secretary concerned shall also determine within seven days after any unit cost report has been submitted to him pursuant to subsection (a) whether—

(i) the current procurement unit cost of any major defense system for which procurement funds are authorized for the fiscal year containing the quarter for which the unit cost report is submitted has increased by more than 15 per centum over the procurement unit cost derived from the selected acquisition report which first included information on such defense system or derived from the selected acquisition report covering the first quarter of the fiscal year immediately preceding the fiscal year containing the quarter for which such unit cost report is submitted to the Secretary concerned, whichever selected acquisition report is later, or

(ii) the total program acquisition unit cost (including any increase for expected inflation) of such system has increased by more than 15 per centum over the total program acquisition unit cost for such system as reflected in the selected acquisition report which first included information on such defense system or as reflected in the selected acquisition report covering the first quarter of the fiscal year immediately preceding the fiscal year containing the quarter for which such unit cost report is submitted to the Secretary concerned, whichever selected acquisition report is later.

(B) If the Secretary concerned determines that the current procurement unit cost has increased by more than the percentage referred to in subparagraph (A)(i) or that the total program acquisition unit cost (including any increase for expected inflation) has increased by more than the percentage referred to in subparagraph (A)(ii), he shall notify the Congress in writing of such determination and of the increase with respect to such system within ten days after the unit cost report was submitted to him. The Secretary shall include in such notice the date on which such determination was made. Except as provided in paragraph (3), if the Secretary makes such a determination with respect to a major defense system, no additional funds may be obligated in connection with such system after the end of the thirty-day period beginning on the day on which the Secretary makes such determination.

(3) The prohibition contained in paragraphs (1) and (2) on the obligation of funds shall not apply in the case of any major defense system to which such prohibition would otherwise apply if the Secretary concerned submits to the Congress, before the end of the thirty-day period referred to in

paragraph (1) or (2), a written report which includes—

(A) a statement of the dollar increase in total program acquisition unit cost or procurement unit cost, in both current and constant dollars, and the percentage increase for each,

(B) a statement of the reasons for such increase in total program acquisition unit cost or procurement unit cost;

(C) the identities of the military and civilian officers responsible for program management and cost control of the major defense system;

(D) except when the cost increase is due solely to termination or cancellation of the entire program for the major defense system—

(i) the action taken and proposed to be taken to control future cost growth of such system, and

(ii) any changes made in the performance or schedule milestones of such system and the extent to which such changes have contributed to the increase in total program acquisition unit cost or procurement unit cost;

(E) the identities of the principal contractors for the major defense system; and

(F) the history of the total program acquisition unit cost of such major defense system, including all changes in such unit cost, from the date of the selected acquisition report which first included information on such defense system.

(c)(1)(A) The Secretary concerned shall also determine within seven days after any unit cost report has been submitted to him pursuant to subsection (a) whether—

(i) in the case of any such system for which procurement funds are authorized for the fiscal year in which the unit cost report is submitted, the current procurement unit cost of such system has increased by more than 25 per centum over the procurement unit cost derived from the selected acquisition report which first included the information on such defense system or derived from the selected acquisition report covering the first quarter of the fiscal year immediately preceding the fiscal year containing the quarter for which such unit cost report is submitted to the Secretary concerned, whichever selected acquisition report is later, or

(ii) the total program acquisition unit cost (including any increase for expected inflation) for a major defense system has increased by more than 25 per centum over the total program acquisition unit cost for such system as reflected in the selected acquisition report which first included the information on such defense system or as reflected in the selected acquisition report covering the first quarter of the fiscal year immediately preceding the fiscal year containing the quarter for which such unit cost report is submitted to the Secretary concerned, whichever selected acquisition report is later.

(B) If the Secretary concerned determines that the current procurement unit cost of a major defense system referred to in subparagraph (A)(i) has increased by more than the percentage referred to in such subparagraph or that the total program acquisition unit cost (including any increase for expected inflation) for a major defense system referred to in subparagraph (A)(ii) has increased by more than the percentage referred to in such subparagraph, he shall notify the Congress in writing of such determination and the increase with respect to such system within ten days after the unit cost report was submitted to him. The Secretary shall include in such notice the date on which such determination was made. Except as provided in paragraph (3), if the Secretary makes such a determination with respect to a major defense system and submits a report to the Congress with respect to such system pursuant to subsection (b)(3), no additional funds may be obligated in connection with such system after the end of the sixty-day period beginning on the day on which the Secretary makes such determination.

(2) The prohibition contained in paragraph (1) on the obligation of funds shall not apply in the case of a major defense system to which such prohibition would otherwise apply if—

(A) the cost increase was due solely to termination or cancellation of the entire program for the major defense system; or

(B) the Secretary of Defense submits to the Congress, before the end of the sixty-day period referred to in such paragraph, a written certification stating that—

(i) such system is essential to the national security;

(ii) there are no alternatives to such system which will provide equal or greater military capability at less cost;

(iii) the new estimates of the total program acquisition unit cost or procurement unit cost are reasonable; and

(iv) the management structure for such major defense system is adequate to manage and control total program acquisition unit cost or procurement unit cost.

(d) As used in this section:

(1) The term "total program acquisition unit cost" means, in the case of a major defense system, the amount equal to (A) the total cost for development and procurement of, and system-specific military construction for, such system, divided by (B) the number of fully configured end items to be produced for such system.

(2) The term "procurement unit cost" means, in the case of a major defense system, the amount equal to (A) the total of all procurement funds available for such system in any fiscal year, reduced by the amount of any funds appropriated for such fiscal year for advanced procurement for such system in any year subsequent to such fiscal year and increased by any amount appropriated in years prior to such fiscal year for advanced procurement for such system in such fiscal year, divided by (B) the number of fully configured end items to be procured with such funds during such fiscal year.

(3) The term "Secretary concerned" has the same meaning as provided in section 101(8) of title 10, United States Code.

REQUIREMENTS RELATING TO THE AWARDING OF SOLE-SOURCE CONTRACTS

SEC. 1104. (a) Chapter 137 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2316. Requirements pertaining to the awarding of sole-source contracts

"(a) In this section—

"(1) 'sole-source contract' means a negotiated contract for the purchase of property or services which is entered into or proposed to be entered into by a military department or defense agency after soliciting the purchase of such property or services from only one contractor; and

"(2) 'person' has the same meaning as provided in section 551(2) of title 5.

"(b)(1) The head of a military department or defense agency may not enter into negotiations for the award of a sole-source contract for more than $100,000 unless—

"(A) the head of such department or agency has first published in the Commerce Business Daily a notice that the department or agency intends to negotiate such contract;

"(B) a period of at least thirty days after the date of the first publication of the notice has expired, and all interested responsible persons have been permitted to respond or submit proposals in response to such notice within such period;

"(C) the head of such department or agency has considered all responses submitted within the thirty-day period referred to in clause (B); and

"(D) the head of such department or agency has approved the proposal to negotiate such contract.

"(2) The notice required under paragraph (1)(A) shall include—

"(A) all information pertaining to the contract that would be required to be published if the contract were to be awarded under formal advertising procedures; and

"(B) a statement that any person may respond to the notice within thirty days after the date of the publication of the notice.

"(c) The Secretary of Defense may waive the requirements of subsection (b) in the case of any contract if he determines such action is necessary because of national security reasons.

"(d) The provisions of subsection (b) shall not apply in the case of—

"(1) a classified procurement if the notice required under subsection (b)(1)(A) cannot reasonably be worded to avoid disclosure of classified information;

"(2) a procurement with respect to which disclosure of the Government's interest in the property or service to be purchased would compromise the national security;

"(3) the procurement of utility services (not including the purchase of equipment or supplies);

"(4) the procurement of perishable subsistence and services related thereto, if the head of the military department or defense agency determines that it is impracticable to comply with the thirty-day requirement referred to in subsection (b)(1)(B);

"(5) a procurement with respect to which only foreign sources are to be solicited;

"(6) a procurement from another agency, including a procurement from the Small Business Administration under section 8(a) of the Small Business Act (15 U.S.C. 637(a));

"(7) the procurement of any property or service the price of which is established by law;

"(8) a procurement that is of such urgency that the Government would be seriously injured by the delay involved in complying with the thirty-day requirement referred to in subsection (b)(1)(B);

"(9) the procurement of any property or service the cost of which is to be reimbursed by a foreign country, if the foreign country requires that the property or service be obtained from a particular source;

"(10) a procurement to be awarded as a follow-on contract or a contract for related supplies or services if such follow-on contract or contract for related supplies or services is awarded in connection with a program for the procurement of an end item of a major weapons system for which there was a contract competition evaluated on the basis of price and design factors or price and technical factors;

"(11) the procurement of personal or professional services in an amount less than

$500,000, to the extent that a determination is made that only one source can provide the desired service;

"(12) the procurement of construction services if a contractor or group of contractors is already at work on the site at which such services are to be provided and it would not be practicable to allow another contractor or additional contractors to work on the same site;

"(13) procurements to be made by an order placed under an existing contract, but only if the existing contract was awarded after a notice published in the Commerce Business Daily in accordance with subsection (a);

"(14) facilities contracts when the performance required practicably can be obtained only from one source; and

"(15) procurements from nonprofit institutions.

"(e) The Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives, not later than March 1 of each year, a report on all sole-source contracts of more than $100,000 entered into by each military department and defense agency during the preceding fiscal year. Such report shall include the number of sole-source contracts entered into during the preceding fiscal year by each such department and agency that were exempt from the requirement of subsection (b) and the total dollar amount of such contracts.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2316. Requirements pertaining to the awarding of sole-source contracts.".

(c) The amendments made by subsections (a) and (b) shall apply with respect to contracts entered into more than sixty days after the date of the enactment of this Act.

REPEAL OF PROHIBITION ON PURCHASE OF ADMINISTRATIVE USE VEHICLES FROM FOREIGN SOURCES

SEC. 1105. Section 783 of the Department of Defense Appropriations Act, 1982 (Public Law 97-114; 95 Stat. 1591), is repealed.

PURCHASE OF CHEMICAL WARFARE PROTECTIVE CLOTHING AND ITEMS CONTAINING SPECIALTY METALS FROM FOREIGN SOURCES

SEC. 1106. Section 723 of the Department of Defense Appropriations Act, 1982 (Public Law 97-114; 95 Stat. 1582) is amended by inserting after the first colon the following new proviso: "*Provided*, That nothing in this section shall preclude the procurement of specialty metals or chemical warfare protective clothing produced outside the United States or its possessions if such procurement is necessary to comply with agreements with foreign governments requiring the United States to purchase supplies from foreign sources for the purposes of offsetting sales made by the United States Government or United States firms under approved programs serving defense requirements or if such procurement is necessary in furtherance of the standardization and interoperability of equipment requirements within the North Atlantic Treaty Organization (NATO) so long as such agreements with foreign governments comply, where applicable, with the requirements of section 36 of the Arms Export Control Act (22 U.S.C. 2776) and section 814 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 10 U.S.C. 2351 note):".

PROHIBITION AGAINST CONSOLIDATING FUNCTIONS OF THE MILITARY TRANSPORTATION COMMANDS

SEC. 1107. (a) None of the funds appropriated pursuant to an authorization of appropriations in this or any other Act may be used for the purpose of consolidating any of the functions being performed on the date of the enactment of this Act by the Military Traffic Management Command of the Army, the Military Sealift Command of the Navy, or the Military Airlift Command of the Air Force with any function being performed on such date by either or both of the other commands referred to in this subsection.

(b) The Secretary of Defense shall submit a report to the Committees on Armed Services of the Senate and the House of Representatives explaining—

(1) any changes proposed or contemplated by the Department of Defense in the management structure or contracting authority of the three commands referred to in subsection (a);

(2) the necessity or desirability of such changes and the effect such changes likely would have on the operational readiness of each of the commands referred to in subsection (a);

(3) the consequences such changes likely would have on the ability of the fleet support elements of the Military Sealift Command of the Navy to be fully integrated and fully supportive of the operating naval fleets;

(4) the effect such proposed or contemplated changes likely would have on the Navy's ability to develop comprehensive shipbuilding, ship repair, and ship maintenance programs;

(5) the effect such proposed or contemplated changes likely would have on the identification and fulfillment of the overland movement and ocean terminal needs of the Army;

(6) the anticipated cost savings, if any, which would result from such changes; and

(7) the relationship that any new transportation organization that may be established by the Department of Defense would have with the Joint Deployment Agency.

The Secretary shall submit such report to the committees not later than March 1, 1983, together with such comments, recommendations, and proposals for legislation as he considers appropriate.

REPORT ON ALLIED CONTRIBUTIONS TO THE COMMON DEFENSE

SEC. 1108. (a) In recognition of the increasing military threat faced by the Western World and in view of the growth, relative to the United States, in the economic strength of Japan, Canada, and a number of Western European countries which have occurred since the signing of the North Atlantic Treaty on April 4, 1949, and the Mutual Cooperation and Security Treaty between Japan and the United States on January 19, 1960, it is the sense of the Congress that—

(1) the burdens of mutual defense now assumed by some of the countries allied with the United States under those agreements are not commensurate with their economic resources; and

(2) the continued unwillingness of those countries to increase their contributions to the common defense to more appropriate levels will endanger the vitality, effectiveness, and cohesiveness of the alliances between those countries and the United States.

(b) It is further the sense of Congress that the President should seek from each signatory country (other than the United States) of the two treaties referred to in subsection (a) acceptance of international security responsibilities and an agreement to make contributions to the common defense which are commensurate with the economic resources of such country, including, when appropriate, an increase in host nation support.

(c)(1) The Secretary of Defense shall submit to the Congress not later than March 1, 1983, a classified report containing—

(A) a comparison of the fair and equitable shares of the mutual defense burdens of these alliances that should be borne by the United States, by other member nations of the North Atlantic Treaty Organization (NATO), and by Japan, based upon economic strength and other relevant factors, and the actual defense efforts of each nation together with an explanation of disparities that currently exist and their impact on mutual defense efforts;

(B) a description of efforts by the United States and of other efforts to eliminate existing disparities;

(C) estimates of the real growth in defense spending in fiscal year 1983 projected for each NATO member nation compared with the annual real growth goal in the range of 3 percent set in May 1978;

(D) a description of the defense-related initiatives undertaken by each NATO member nation within the real growth in defense spending of such nation in fiscal year 1983;

(E) an explanation of those instances in which the commitments to real growth in defense spending and to the long-term defense program have not been realized and a description of efforts being made by the United States to ensure fulfillment of these important NATO commitments;

(F) a description of the activities of each NATO member and Japan to enhance the security and stability of the Southwest Asia region and to assume additional missions for their own defense as the United States allocates additional resources to the mission of protecting Western interests in world areas not covered by the system of Western alliances; and

(G) a description of what additional actions the Executive Branch plans to take should the efforts by the United States referred to in clauses (B) and (E) above fail, and, in those instances where such additional actions do not include consideration of the repositioning of American troops, a detailed explanation as to why such repositioning is not being so considered.

(2) The Secretary of Defense shall also submit to the Congress not more than thirty days after the submission of the report required under paragraph (1) an unclassified report containing the matters set forth in clauses (A) through (G) of such paragraph.

CRITICAL SKILL NEEDS AND SUPPLIES

SEC. 1109. The Secretary of Defense, in conjunction with the Secretary of Labor, shall conduct a study to determine the level of skilled labor needed and available in the civilian work force to accomplish the programs planned by the Department of Defense for fiscal years 1983 through 1987 and needed and available during a mobilization period. The Secretary shall submit a report on the results of such study, not later than February 15, 1983, to the Committees on Armed Services of the Senate and the

House of Representatives. Such report shall include—

(1) an analysis of the expected level of the demand for skilled labor in the civilian work force, by type of skill and by regions of the country, to accomplish defense programs during fiscal years 1983 through 1987 and the expected level of the supply of such labor in the civilian work force available to meet such demand during such fiscal years;

(2) an analysis of the expected level of demand for skilled labor in the civilian work force, by skill and by regions of the country, during a mobilization period and of the ability of the present civilian labor work force to meet such a demand; and

(3) recommendations for programs or legislation to effect any improvements in the level of skilled labor in the civilian work force needed to accomplish defense programs during fiscal years 1983 through 1987 or during a mobilization period.

TECHNOLOGY TRANSFER CONTROL POLICY

SEC. 1110. (a) The Secretary of Defense shall conduct a study of the effectiveness of the technology transfer control policy formulation and related activities of the Department of Defense and shall submit the results of such study to the Congress not later than December 31, 1982, together with such comments and recommendations for such improvements as he considers appropriate. The Secretary shall specifically indicate in such report whether he favors establishing a separate office within the Office of the Secretary of Defense to manage and coordinate technology transfer control policy formulation and related activities within the Department of Defense and shall indicate his reasons for favoring or not favoring, as the case may be, the establishment of such a separate office. The Secretary shall make available sufficient manpower and fiscal resources from the Office of the Secretary of Defense and the military departments to ensure that the requested study is carried out in a complete and timely manner.

(b) The Secretary of Defense shall also submit to the Congress a written report, not later than February 15 of each fiscal year, recommending the amount of funds to be appropriated to carry out the technology transfer control policy formulation and related activities of the Department of Defense during the next fiscal year. The Secretary shall also include in such report the proposed allocation of the funds requested for such purpose and the number of personnel proposed to be assigned to carry out such activities during such fiscal year.

REPORT ON STANDARDIZATION AND INTEROPERABILITY OF NATO WEAPONS AND EQUIPMENT

SEC. 1111. Section 302(c) of the Department of Defense Appropriation Authorization Act, 1975 (88 Stat. 402; 10 U.S.C. 2451 note), is amended by adding at the end thereof the following:

"The Secretary shall also include in each such report—

"(1) a description of each existing and planned program of the Department of Defense that supports the development or procurement of a weapon system or other military equipment originally developed or procured by members of the North Atlantic Treaty Organization (NATO) other than the United States and for which funds have been authorized to be appropriated for the fiscal year in which the report is submitted;

"(2) a summary listing of the amount of funds appropriated for all such existing and planned programs for the fiscal year in which the report is submitted; and

"(3) a summary listing of the amount of funds requested, or proposed to be requested, for all such programs for each of the two fiscal years following the fiscal year for which the report is submitted.

Such report shall also include a description of each weapon system or other military equipment originally developed or procured in the United States and that is being developed or procured by members of the North Atlantic Treaty Organization (NATO) other than the United States during the fiscal year for which the report is submitted.".

TEMPORARY INCREASE IN NUMBER OF NAVY OFFICERS THAT MAY SERVE IN GRADES OF ADMIRAL AND VICE ADMIRAL

SEC. 1112. (a) Section 525(b)(2) of title 10, United States Code, is amended by striking out "15 percent" each place it appears and inserting in lieu thereof "17½ percent".

(b) Effective October 1, 1983, section 525(b)(2) of such title is amended by striking out "17½ percent" each place it appears and inserting in lieu thereof "15 percent".

MODIFICATION OF REPORTS ON CONVERSION OF PERFORMANCE OF COMMERCIAL AND INDUSTRIAL TYPE FUNCTIONS FROM DEPARTMENT OF DEFENSE PERSONNEL TO PRIVATE CONTRACTORS

SEC. 1113. (a) Section 502 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2304 note) is amended—

(1) by striking out "Department of Defense personnel" each time it appears and inserting in lieu thereof "Department of Defense civilian personnel"; and

(2) by striking out subsection (d) and inserting in lieu thereof the following:

"(d) Except as provided in subsection (a)(1), subsections (a) through (c) shall not apply to a commercial or industrial type function of the Department of Defense that is being performed by less than fifty Department of Defense civilian personnel.

"(e) In no case may any commercial or industrial type function being performed by Department of Defense personnel be modified, reorganized, divided, or in any way changed for the purpose of exempting from the requirements of subsection (a)(2) the conversion of all or any part of such function to performance by a private contractor.

"(f) The provisions of this section shall not apply during war or a period of national emergency declared by the President or the Congress.".

(b) The amendments made by subsection (a) shall become effective on October 1, 1982.

MILITARY RECRUITING INFORMATION

SEC. 1114. (a) The Congress finds and declares that in order for the Congress to carry out effectively its constitutional authority to raise and support armies, it is essential—

(1) that the Secretary of Defense obtain and compile directory information pertaining to students enrolled in secondary schools throughout the United States; and

(2) that such directory information be used only for military recruiting purposes and be retained in the case of each person with respect to whom such information is obtained and compiled for a limited period of time.

(b) Section 503 of title 10, United States Code, is amended—

(1) by inserting "(a)" before "The Secretary"; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) The Secretary of Defense is authorized to collect and compile directory information pertaining to each student who is seventeen years of age or older, or who is in the eleventh grade (or its equivalent) or higher regardless of age, and who is enrolled in a secondary school in the United States, its territories, possessions, or the Commonwealth of Puerto Rico.

"(2) Directory information collected and compiled by the Secretary of Defense under this subsection may be made available to the armed forces for military recruiting purposes only.

"(3) Directory information pertaining to any person may not be maintained for more than three years after the date the information pertaining to such person is first collected and compiled under this subsection.

"(4) Directory information collected and compiled under this subsection shall be confidential and no person who has had access to such information may disclose such information except for the purposes described in paragraph (2).

"(5) The Secretary of Defense shall prescribe regulations necessary to carry out the provisions of this subsection and may authorize each Secretary concerned to issue further implementing regulations necessary to administer the program established under this subsection. Each regulation issued pursuant to this section shall be reported to the Committees on Armed Services of the Senate and the House of Representatives. Any regulations issued by the Secretaries concerned shall be as uniform as practicable.

"(6) In this subsection, 'directory information' means, with respect to a student, the student's name, address, telephone listing, date and place of birth, level of education, degrees received, academic grades and class standing, and the most recent previous educational agency or institution attended by the student.".

(c)(1) The heading for section 503 of such title is amended to read as follows:

"§ 503. Enlistments: recruiting campaigns; compilation of directory information".

(2) The item in the table of sections at the beginning of chapter 31 of such title relating to section 503 is amended to read as follows:

"503. Enlistments: recruiting campaigns; compilation of directory information.".

(d)(1) Chapter 31 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 520. Criminal history information for military recruiting purposes

"(a) Each State and each unit of general local government of a State is requested to make available, upon request, to the Secretary concerned any criminal history information maintained by or available to such State or unit of general local government which pertains to any person who, within ninety days before the date on which such information was requested (1) has made application for enlistment in the armed forces, or (2) has made, in connection with such person's application for enlistment, an application for participation in a program of the armed forces which requires a determination of the trustworthiness of persons who participate in such program.

"(b) In this section, 'criminal history information' means the following information with respect to any juvenile or adult arrest, citation, or conviction of any person referred to in subsection (a):

"(1) The offense involved.

"(2) The age of the person with respect to whom such information pertains.

"(3) The dates of the arrest, citation, and conviction, if any.

"(4) The place the offense was alleged to have been committed, the place of the arrest, and the court to which the case was assigned.

"(5) The disposition of the case.

"(c) Criminal history information received under this section shall be confidential and no person who has had access to any information received under this section may disclose such information except to facilitate military recruiting.

"(d) The Secretaries concerned shall prescribe regulations necessary to carry out the provisions of this section, which shall be as uniform as practicable. Any regulations issued pursuant to this section shall be reported to the Committees on Armed Services of the Senate and the House of Representatives.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"520. Criminal history information for military recruiting purposes.".

COOPERATIVE MILITARY AIRLIFT AGREEMENTS

SEC. 1115. (a) Chapter 131 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2213. Cooperative military airlift agreements

"(a) Subject to the availability of appropriations, and after consultation with the Secretary of State, the Secretary of Defense may enter into a cooperative military airlift agreement with the government of any allied country for the transportation of the personnel and cargo of the military forces of such country on aircraft operated by or for the military forces of the United States in return for the reciprocal transportation of the personnel and cargo of the military forces of the United States on aircraft operated by or for the military forces of such allied country. Any such agreement shall include the following terms:

"(1) The rate of reimbursement for transportation provided shall be the same for each party which rate shall not be less than the rate charged to military forces of the United States as determined by the Secretary of Defense under section 2208(h) of this title.

"(2) Credits and liabilities accrued as a result of providing or receiving transportation shall be liquidated not less often than once every three months by direct payment to the country which has provided the greater amount of transportation.

"(3) During peacetime, the only military airlift capacity which may be used to provide transportation is that capacity which is not needed to meet the transportation requirements of the military forces of the country providing the transportation and which is not created solely to accommodate the requirements of the military forces of the country receiving the transportation.

"(4) Defense articles purchased by an allied country from the United States under the Arms Export Control Act (22 U.S.C. 2751 et seq.) or from a commercial source under the export controls of the Arms Export Control Act may not be transported (for the purpose of delivery incident to the purchase of the defense articles) to the purchasing allied country on aircraft operated by or for the military forces of the United States except at a rate of reimbursement which is equal to the full cost of transportation of the defense articles, as required by section 21(a)(3) of the Arms Export Control Act (22 U.S.C. 2761(a)(3)).

"(b) The Secretary of Defense may also enter into nonreciprocal military airlift agreements with North Atlantic Treaty Organization subsidiary bodies in the manner provided in subsection (a) and under such terms as the Secretary of Defense considers appropriate.

"(c) Any amount received by the United States as a result of an agreement entered into under this section shall be credited to applicable appropriations, accounts, and funds of the Department of Defense.

"(d) Notwithstanding chapter 138 of this title, military airlift agreements may be entered into only under the authority of this section.

"(e) In this section—

"(1) 'Allied country' means—

"(A) a country which is a member of the North Atlantic Treaty Organization (NATO);

"(B) Australia and New Zealand; and

"(C) any other country designated as an allied country by the Secretary of Defense with the concurrence of the Secretary of State.

"(2) 'North Atlantic Treaty Organization subsidiary bodies' has the meaning given such term by section 2331 of this title.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2213. Cooperative military airlift agreements.".

PROHIBITION REGARDING CONTRACTS FOR THE PERFORMANCE OF FIREFIGHTING AND SECURITY FUNCTIONS

SEC. 1116. None of the funds appropriated pursuant to an authorization contained in this Act or any other Act enacted after the date of enactment of this Act may be obligated or expended to enter into any contract for the performance of firefighting functions or security functions at any military installation or facility, except "when such funds are for the express purpose of providing for the renewal of contracts in effect on the date of enactment of this Act.

DEFENSE DEPENDENTS' EDUCATION SYSTEM

SEC. 1117. (a)(1)(A) Sections 202(e), 208, 302, 401(f), 419(a)(2), and 503(a)(2) of the Department of Education Organization Act (20 U.S.C. 3412(e), 3418, 3442, 3461(f), 3479(a)(2), and 3503(a)(2)) are repealed.

(B) The items relating to sections 208 and 302 in the table of contents of such Act are repealed.

(2) The second sentence of section 414(b) of such Act (20 U.S.C. 3474(b)) is amended by striking out "302,".

(b)(1) Section 1402 of the Defense Dependents' Education Act of 1978 (20 U.S.C. 921) is amended by adding at the end thereof the following new subsection:

"(c)(1) In carrying out subsections (a) and (b), the Secretary of Defense may request the Secretary of Education to furnish to the Secretary of Defense information, advice, and technical support concerning educational programs and practices.

"(2) The Secretary of Education may furnish to the Secretary of Defense any information, advice, and technical support requested under paragraph (1).".

(2) The second sentence of section 1410(b) of such Act (20 U.S.C. 928(b)) is amended by striking out "The Secretary of Education, in consultation with the Secretary of Defense," and inserting in lieu thereof "The Secretary of Defense".

(3)(A) Subsection (a) of section 1411 of such Act (20 U.S.C. 929) is amended to read as follows:

"(a)(1) There is established in the Department of Defense an Advisory Council on Dependents' Education (hereinafter in this section referred to as the 'Council'). The Council shall be composed of—

"(A) the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics (hereinafter in this section referred to as the 'Assistant Secretary'), who shall be the chairman of the Council;

"(B) twelve individuals, appointed by the Assistant Secretary, who have demonstrated an interest in the field of primary or secondary education and who shall include representatives of professional employee organizations, school administrators, sponsors of students enrolled in the defense dependents' education system, and one student enrolled in such system; and

"(C) representatives from overseas military commands and from educational organizations as designated by the Assistant Secretary.

"(2) The Director shall be the Executive Secretary of the Council.".

(B) Subsection (b)(1) of such section is amended by striking out "Secretary of Education" and inserting in lieu thereof "Assistant Secretary."

(C) Subsection (c) of such section is amended—

(i) by striking out "four times" in the first sentence and inserting in lieu thereof "once";

(ii) by striking out clauses (2) and (4);

(iii) by redesignating clauses (3) and (5) as clauses (2) and (3), respectively; and

(iv) by striking out "Secretary of Education" in clause (3) (as redesignated by clause (iii) of this subparagraph) and inserting in lieu thereof "Assistant Secretary".

(4) Section 1412 of such Act (20 U.S.C. 930) is repealed.

(c) Section 5316 of title 5, United States Code, is amended by striking out "Administrator of Education for Overseas Dependents, Department of Education.".

Amend the title so as to read: "A bill to authorize appropriations for fiscal year 1983 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize supplemental appropriations for fiscal year 1982, to provide additional authorizations for fiscal year 1982, and for other purposes.".

MILITARY PERSONNEL CLAIMS RESULTING FROM IRANIAN CRISIS

SEC. 1118. Section 9 of the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 243a) is amended—

(1) by inserting a comma and "subject to subsection (f)," after "shall" in the second sentence of subsection (i); and

(2) by adding at the end thereof the following new subsection:

"(f)(1) In the case of any claim against the United States made under subsection (a) by any individual for damage to, or loss of, personal property in a foreign country after December 30, 1978, and before January 22, 1981, that was incident to the service of such individual as a member of the uniformed services, the Secretary concerned may settle and pay an amount determined under paragraph (2).

"(2)(A) For the purposes of paragraph (1), the Secretary may, subject to subparagraph (B), pay not more than $55,000.

"(B) In the case of lost personal property that any individual described in paragraph (1)—

"(i) appropriately and reasonably owned and possessed in the foreign country considering his official representational duties and responsibilities; and

"(ii) reasonably did not remove from the place where it was lost or did not have an opportunity to remove from such place,

as determined by the head of the agency concerned, such head of the agency may pay to the individual an amount equal to the excess (if any) of the documented full replacement cost of such lost personal property over the total amount of compensation payments available to the individual from all other sources with respect to such lost property.".

SOCIAL SECURITY

Sec. 1119. The Social Security System is vital to the well-being of the Nation's elderly and disabled citizens and currently provides benefits to more than thirty-six million Americans; and

According to the Congressional Budget Office, the Social Security Board of Trustees, and the Social Security Actuaries, the old-age and survivors insurance program will be unable to pay full benefits beyond June of 1983 and the entire system faces the possibility of insolvency by 1984; the financial problems of the system only become more grave in the decades ahead; and

In light of the serious short-term and long-term financing problems, the President on December 16, 1981, established the National Commission on Social Security Reform for the purpose of making recommendations to ensure the fiscal soundness of the Social Security System; and

The National Commission on Social Security Reform is charged with issuing its recommendations this year; and

The Senate on December 15, 1981, passed legislation authorizing inter-fund transfers among the three Social Security Trust Funds to provide that Social Security faces no funding shortage before the Commission's report is issued and before the Congress can fully consider its recommendations; and

As a Presidentially appointed commission, it operates under an Executive Order and is independent of Congress: Therefore be it declared

That, the full Social Security cost-of-living adjustment of 7.4 percent be paid in full on July 1, 1982, as scheduled; and be it further declared

That, the Senate hereby renews its commitment to maintaining and assuring that the Social Security System shall be preserved and strengthened so that benefits will be paid in a timely manner; and be it further declared

That, any corrective action to be taken shall not include any more than is absolutely necessary to preserve the financial integrity of the Social Security System; and be it further declared

That, Congress will await the recommendation of the National Commission on Social Security Reform prior to ultimately deciding any binding, statutory amounts, changes or corrective actions to be taken.

SENSE OF THE CONGRESS RECOMMENDING A SUMMIT MEETING ON REDUCING THE RISK OF THE OCCURRENCE OF NUCLEAR WAR

Sec. 1120. (a) The Congress finds that—

(1) a general nuclear war could cause the death or mutilation of hundreds of millions of people;

(2) the damage that a general nuclear war would cause to the environment would be of unknown, unimaginable, and unprecedented kinds and degree;

(3) many survivors of a general nuclear war would, after suffering extraordinary agony, die of radiation poisoning, disease, overexposure to the elements, starvation, or similar causes;

(4) the probability of the occurrence of a general nuclear war would increase vastly and, perhaps, uncontrollably if any government initiates major hostilities or the use of nuclear weapons, regardless of the circumstances;

(5) the recent development of nuclear weapons that are capable of destroying the nuclear weapons of rival nations increases the likelihood of a preemptive nuclear strike;

(6) the governments of many nations already have nuclear weapons, and the governments of many more nations may soon develop or otherwise be able to acquire nuclear weapons;

(7) even a local or regional armed conflict or terrorist incident could escalate into a conflict involving the superpowers and leading to general nuclear war; and

(8) launched missiles carrying nuclear weapons, including those launched in error or by accident, cannot be recalled from proceeding to and devastating preassigned targets.

(b) It is the sense of the Congress that the President of the United States should be commended for his expressed desire to meet with the President of the Union of Soviet Socialist Republics in June 1982.

(c) It is the further sense of the Congress that this meeting should be an essential step in a patient and persistent effort to achieve significant, balanced and verifiable reductions in the strategic arsenals of the United States and the Union of Soviet Socialist Republics and, thereby, reduce the dangers of nuclear war. Such effort should feature, after appropriate preparation and with the goal of achieving concrete results, a summit meeting between the leaders of the two nations. Such meetings should be pursued so as to achieve a more constructive framework for Soviet-American relations.

(d) It is the further sense of the Congress that the President of the Union of Soviet Socialist Republics should, at the earliest possible date, respond favorably to the invitation extended to him by the President of the United States to meet in June 1982, and any subsequent invitation to attend a summit meeting.

ELIGIBILITY FOR ASSISTANCE UNDER TITLE IV OF THE HIGHER EDUCATION ACT OF 1965

Sec. 1121. (a) Section 12 of the Military Selective Service Act (50 U.S.C. App. 462) is amended by adding at the end thereof the following new subsection:

"(f)(1) Notwithstanding any other provision of law, any person who is required under section 3 to present himself for and submit to registration under such section and fails to do so in accordance with any proclamation issued under such section, or in accordance with any rule or regulation issued under such section, shall be ineligible for any form of assistance or benefit provided under title IV of the Higher Education Act of 1965.

"(2) Each person who—

"(A) is applying for any form of assistance or benefit described in paragraph (1); and

"(B) is required to present himself for and submit to registration under section 3,

shall certify to the satisfaction of the Secretary of Education that he has presented himself for and submitted to such registration.

"(3) The Secretary of Education shall verify with the Director each certification under paragraph (2).

"(4) In the case of any person whose certification under paragraph (2) is not verified by the Director, the Secretary of Education shall notify such person that he has failed to establish to the satisfaction of the Secretary of Education that he has complied with the registration requirement under section 3.

"(5) Any person who receives a notification pursuant to paragraph (4) shall have thirty days following notification to provide the Secretary of Education materials establishing that he has complied with the registration requirement under section 3. If the Secretary of Education finds that the materials provided establish compliance, he shall take no further action under this subsection. If the Secretary of Education finds that the materials provided do not establish compliance, the Secretary of Education shall determine that the person is ineligible for any form of assistance or benefit described in paragraph (1) and shall take such actions as may be necessary to deny the person such assistance and benefits. The Secretary of Education may, in his discretion, afford such person an opportunity for a hearing to establish his compliance or for any other purpose.".

(b) The amendment made by subsection (a) of this section shall take effect on October 1, 1982.

DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

Sec. 1122. (a) The Inspector General Act of 1978 (PL 95-452) is amended—

(1) by inserting "the Department of Defense," after "Commerce," in section 2(1);

(2) by redesignating subparagraphs (C) through (M) of section 9(a)(1) as subparagraphs (D) through (N), respectively;

(3) by inserting after subparagraph (B) of such section the following new subparagraph:

"(C) of the Department of Defense, the office of that department referred to as the 'Defense Audit Service', and the portion of the office of that department referred to as the 'Defense Investigative Service' which has responsibility for the investigation of alleged criminal violations and that portion of the Defense Contract Audit Agency responsible for post award audit work with this transfer consisting of no less than 1400 positions.

(4) by inserting "Defense," after "Commerce," in 11(1); and

(5) by inserting "Defense," after "Commerce," in section 11(2).

(b) Section 8 of the Inspector General Act of 1978 is amended to read as follows:

"ADDITIONAL PROVISIONS WITH RESPECT TO THE INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

"Sec. 8. (a) No member of the Armed Forces, active or reserve, shall be appointed Inspector General of the Department of Defense.

"(b)(1) The last two sentences of section 3(a) do not apply to the Inspector General of the Department of Defense.

"(2) The Inspector General of the Department of Defense shall be under the authority, direction, and control of the Secretary of Defense.

"(c) In addition to the other duties and responsibilities specified in this Act, the Inspector General of the Department of Defense shall—

"(A) be the principal adviser to the Secretary of Defense for matters relating to the prevention and detection of fraud, waste and abuse in the programs and operations of the Department;

"(B) initiate, conduct and supervise, through the Defense Audit Service and the Defense Criminal Investigative Service such audits and investigations in the Department of Defense (including the military departments) that the Inspector General deems appropriate;

"(C) provide policy direction for audits and investigations that the Inspector General may initiate, conduct and supervise regarding waste, fraud, and abuse and program effectiveness.

"(D) investigate fraud and abuse uncovered as a result of other contract and internal audits, as the Inspector General deems appropriate;

"(E) develop policy, monitor and evaluate program performance, and provide guidance with respect to all Department activities relating to criminal investigation programs;

"(F) monitor and evaluate the adherence of Department auditors to internal audit, contract audit, and internal review principles, policies, and procedures;

"(G) develop policy, evaluate program performance, and monitor actions taken by all components of the Department in response to contract audits, internal audits, internal review reports, and audits conducted by the Comptroller General of the United States;

"(H) request occasional assistance as needed from other audit, inspection, and investigative units of the Department of Defense (including military departments); and

"(I) give particular regard to the activities of the internal audit, inspection, and investigative units of the military departments with a view toward avoiding duplication and insuring effective coordination and cooperation.

"(d) Notwithstanding section 4(d), the Inspector General of the Department of Defense shall expeditiously report suspected or alleged violations of chapter 47 of title 10, United States Code (Uniform Code of Military Justice), to the Secretary of the military department concerned or the Secretary of Defense.

"(e) The Inspector General of the Department of Defense is authorized to establish such rules and instructions as may be necessary to carry out the provisions of this Act.

"(f) In carrying out section 6(a)(2), the Inspector General of the Department of Defense is authorized to make such investigations and reports relating to the administration of the programs and operations of the Department as are, in the judgment of the Inspector General or the Secretary of Defense, necessary or desirable.

"(g)(1) In carrying out section (7)(a), the Inspector General of the Department of Defense may receive and investigate complaints or information from an employee of the Department or a member of the Armed Forces.

"(2) The Inspector General of the Department of Defense shall not, after receipt of a complaint of information from an employee of the Department or a member of the Armed Forces, disclose the identity of or information that could be attributed to that employee or member without the consent of that employee or member, unless the Inspector General determines such disclosure is unavoidable during the course of the investigation.

"(3) Section 7(c) shall apply to employees of the Department of Defense and members of the Armed Forces who have authority to take, direct others to take, recommend, or approve any personnel action with respect to employees of the Department of Defense or members of the Armed Forces.

"(h)(1) Each semiannual report prepared by the Inspector General of the Department of Defense under section 5(a) shall include a listing of each contract audit conducted by the Department during the reporting period. Each such report shall be transmitted by the Secretary of Defense to the appropriate committees or subcommittees of the Congress and to the Committee on Governmental Affairs of the Senate and the Committee on Government Operations of the House of Representatives.

"(2) Any report required to be transmitted by the Secretary of Defense to the appropriate committees or subcommittees of the Congress under section 5(d) shall also be transmitted, within the seven-day period specified in such section, to the Committee on Governmental Affairs of the Senate and the Committee on Government Operations of the House of Representatives.

"(3)(A) Any report prepared by the Inspector General of the Department of Defense under section 5 shall not include information which is

"(i) specifically prohibited from disclosure by any other provision of law;

"(ii) specifically required by Executive order to be protected from disclosure in the interest of national defense, national security, or in the conduct of foreign affairs; or

"(iii) a part of an ongoing criminal investigation.

"(B) Notwithstanding subparagraph (A)(iii), any report prepared by the Inspector General of the Department of Defense under section 5 may include information with respect to a part of an ongoing criminal investigation if such information has been included in a public record.

"(i)(1) If the Secretary of Defense determines that it is appropriate for purposes of preserving the national security interests of the United States to prohibit the Inspector General of the Department of Defense from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoenas, after the Inspector General has decided to initiate, carry out, or complete such audit or investigation, or issue such subpoenas, the Inspector General shall submit a statement concerning the prohibition within thirty days to the appropriate committees or subcommittees of the Congress and to the Committee on Governmental Affairs of the Senate and the Committee on Government Operations of the House of Representatives. Any such statement shall include the views of the Inspector General concerning the prohibition

"(2) The Secretary shall, within thirty days after making such determination in paragraph (1), transmit a statement of the reasons therefore to the appropriate committees or subcommittees of the Congress and to the Committee on Governmental Affairs of the Senate and the Committee on Government Operations of the House of Representatives.

"(3) Notwithstanding paragraphs (1) and (2), if the portions of the statement required by such paragraphs would necessarily reveal intelligence or counterintelligence activities, sensitive operations plans, ongoing criminal investigations of the Department of Defense, or other information the disclosure of which may constitute a serious threat to the national security, the Secretary is only required to transmit such portions of such statements to the Majority and Minority Leaders of the Senate and the House of Representatives and the Speaker.

"(j) The provisions of section 1385 of title 18, United States Code, shall not apply to audits and investigations conducted by, under the direction of, or at the request of the Inspector General of the Department of Defense to carry out the purposes of this Act."

ACTIVE DUTY FOR TRAINING OF PERSONS ENLISTING IN A RESERVE COMPONENT OF THE ARMED FORCES

SEC. 1123. (a) Section 511(d) of title 10, United States Code, is amended by striking out the second sentence and inserting in lieu thereof "Each person enlisted under this subsection shall perform active duty for training for twelve weeks or for such other period as the Secretary concerned determines to be necessary to complete the basic military training prescribed by such Secretary. The period of active duty for training shall commence within two hundred seventy days after the date of the enlistment, if practicable.".

(b) The amendment made by this section shall be effective with respect to persons enlisting on or after the date ninety days after the date of enactment of this section.

OPEN ENROLLMENT PERIOD FOR SURVIVOR BENEFIT PLAN

SEC. 1124. (A)(1) A person who, before December 1, 1980, performed the number of years of service required by clauses (2) and (3) of section 1331(A) of title 10, United States Code, for entitlement to retired pay under chapter 67 of such title and who is not at least sixty years of age on the date of enactment of this Act may elect to participate in the Survivor Benefit Plan and may designate an effective date under section 1448 (e) of such title during the open enrollment period specified in subsection (b).

(2) A person who—

(A) became entitled to retired pay under chapter 67 of such title before the date of enactment of this Act;

(B) is a participant in the Plan; and

(C)(i) elected not to participate in the Plan at the maximum level; or

(ii) in the case of an eligible person who is married, elected to provide an annuity under the Plan for a dependent child and not for the person's spouse,

may, during the open enrollment period specified in subsection (b), elect to participate in the Plan at a higher level or to provide an annuity under the Plan for such spouse at a level not less than the level provided for the dependent child.

(3) Any election under this subsection shall be made in the same manner as an election under section 1448 of such title and shall be effective when received by the Secretary concerned. Notwithstanding the last sentence of section 1452 (a) of such title, the reduction in retired pay prescribed by the first sentence of such section shall, in the case of a person making an election under paragraph (1), begin on the first day of the first month beginning after such election is effective.

(b) The open enrollment period is a period of twelve months beginning on the first day of the month that begins 30 days after the effective date of this Act.

(c) If any person making an election under subsection (a) dies before the end of the two-year period beginning on the date of the election, the election is void and the amount of any reduction in the retired pay of such person that is attributable to the election shall be paid in a lump sum to the person's beneficiary under the Plan (as designated under such election).

(d) Sections 1449, 1453, and 1454 of title 10, United States Code, are applicable to individuals making elections and to elections under this section.

(e) For the purpose of this section—

(1) the term "Survivor Benefit Plan" or "Plan" means the program established under subchapter II of chapter 73 of title 10, United States Code; and

(2) the term "Secretary concerned" has the meaning given such term in section 101(5) of title 37, United States Code.

AUTHORIZATION TO REPAY LOANS OF CERTAIN COMMISSIONED OFFICERS IN THE SELECTED RESERVE

SEC. 1125. Section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note), is amended—

(1) by inserting "or commissioned officer serving in pay grade O-1 or O-2 who previously served as an enlisted member in" after "as an enlisted member of" in subsection (a)(2)(A); and

(2) by inserting "or are appointed" in subsection (g) after "enlist or reenlist" the first place it appears.

NATO COUNTRIES POOL THEIR RESOURCES FOR THEIR COMMON DEFENSE

SEC. 1126. (a) The Congress finds that—

(1) the United States remains firmly committed to cooperating closely with its North Atlantic Treaty Organization (hereafter in this section referred to as "NATO") allies in protecting liberty and maintaining world peace;

(2) the financial burden of providing for the defense of NATO Europe and for the protection of the interests of NATO member States in areas outside NATO's geographic boundaries has reached such proportions that new cooperative approaches among the United States and its NATO allies are required to achieve and maintain an adequate collective defense at acceptable costs;

(3) although the NATO member countries collectively possess more than half again as many people as and more than twice the gross national product of the Warsaw Pact countries, the loosely organized defense efforts of the fourteen armed nations of the North Atlantic Alliance produce a collection of national military forces that is qualitatively uneven, quantitatively inferior, and has only a limited ability to rearm, repair, reinforce, support, supply, or even communicate with one another;

(4) the need for a credible conventional deterrent in Western Europe has long been recognized in theory but has never been fully addressed in practice, largely because of the existence for many years of United States nuclear superiority in Europe;

(5) United States nuclear superiority in Europe has now been lost, leaving European, Canadian, and American forces in Western Europe more vulnerable to the threat of attack by the overwhelmingly superior conventional forces of the Warsaw Pact countries;

(6) a more equitable sharing by member countries of the North Atlantic Treaty Organization of both the burdens and the technological and economic benefits of the common defense would do much to reinvigorate NATO with a restored sense of unity and common purpose;

(7) NATO's duplicative defense-industrial system and inadequate collective conventional deterrent do not provide the Soviet Union with incentives to agree to meaningful and mutual arms reductions; and

(8) a decision to pool the enormous technological, industrial, and economic resources of NATO member countries will not only lead to lower than otherwise necessary defense costs, but will provide a powerful inducement for the Soviet Union to enter into a meaningful arms reduction agreement so that both Warsaw Pact countries and NATO member countries can devote more of their energies and resources to peaceful and economically more beneficial pursuits.

(b) It is the sense of the Congress that—

(1) the President should propose at the summit meeting of the heads of government of the member countries of NATO, scheduled to take place in June 1982 in Bonn, Federal Republic of Germany, that the NATO allies of the United States join the United States in agreeing to—

(A) more effectively pool their defense efforts and resources to create, at acceptable costs, a credible, collective conventional force for the defense of the North Atlantic Treaty area;

(B) establish a cooperative defense-industrial effort within Western Europe and between Western Europe and North America that would ultimately reduce the otherwise necessary defense costs of the United States and other NATO countries, by providing a larger production base while eliminating unnecessary duplication of defense-industrial efforts;

(C) share, more equitably and efficiently, the financial burdens, as well as the economic benefits, including jobs, technology, and trade, of NATO defense; and

(D) begin negotiations promptly to establish the strategies, structures, policies, and programs to give full effect to the agreements described in clauses (A) through (C); and

(2) to assure the NATO allies of the United States that the policy described in paragraph (1) has the full support of the American people, the President should work with the Congress in developing the implementing strategies, structures, policies, and programs, and should present such agreements with the European members of the Alliance acting on a united and collective basis, and with Canada, to the Congress for approval.

RECOGNITION OF NATIONAL GUARD AND RESERVE FORCES OF THE UNITED STATES ARMED FORCES

SEC. 1127. Since the National Guard and Reserve Forces of the United States are an integral part of our total force policy for national defense and need to be ready to respond, on short notice, to augment our Active Forces in national emergencies;

Since attracting and retaining sufficient numbers of people to serve in the Guard and Reserve in a no-draft environment is a difficult challenge; and

Since the support of employers and first-line supervisors to grant reservist-employees time off for military training without detriment to earned vacation, promotions, and job benefits is essential for securing a strong Guard and Reserve Force: Now, therefore, be it

Declared, that it is the sense of the Congress that the citizen-military volunteers who serve our Nation as members of the National Guard and Reserve require and deserve public recognition of the role they play in our national security, and particularly the support and cooperation of their civilian employers, in order to be fully ready to respond to national emergencies.

Declared further, that the Congress urges all citizens, including employers and first-line supervisors of employees who are members of the National Guard or Reserves of the United States, to recognize the vital need for a trained, ready National Guard and Armed Forces Reserve in our national defense and to abide by the Veteran's Reemployment Rights Act by granting time off for military training exclusive of earned vacation and also grant them equal consideration for job benefits and promotions as all other employees.

REPORT ON MANEUVER WARFARE CONCEPTS

SEC. 1128. (a) Not later than January 1, 1983, (1) the Secretary of the Army shall submit a written report to the Committees on Armed Services of the Senate and House of Representatives on the extent to which maneuver warfare concepts are being or have been incorporated into the policies and training of the Army, and (2) the Secretary of the Navy shall submit a written report to such Committees on the extent to which such concepts are being or have been incorporated into the policies and training of the Marine Corps. Each such report shall explain the manner in which such concepts have been or are being incorporated into the policies and training of the military service concerned and indicate the extent to which field manuals and other doctrinal, operational, and training publications reflect such concepts.

(b) As used in subsection (a), the term "maneuver warfare concept" means perceiving or envisioning an armed conflict as time-competitive observation-orientation-decision-action cycles in which the object is to destroy the enemy's cohesion by maintaining a consistently faster cycle.

ADJUSTMENTS IN AUTHORIZATIONS FOR PROCUREMENT OF AIRCRAFT

SEC. 1129. (a) None of the funds authorized to be appropriated under this Act or appropriated in prior fiscal years may be obligated or expended after the date of enactment of this Act for the reestablishment of production facilities for manufacturing additional C-5 aircraft or for the procurement of any additional C-5 aircraft.

(b) Notwithstanding section 101 of this Act, funds are hereby authorized to be appropriated for fiscal year 1983 for Air Force procurement for aircraft in the amount of $17,333,800,000 of which $186,100,000 is authorized for the contribution of the United States in fiscal year 1983 for the cost of the acquisition by the North Atlantic Treaty Organization (NATO) of the Airborne Early Warning and Control System (AWACS); and of which $350,000,000 is authorized for the procurement of the most cost-effective commercial wide-body cargo aircraft. In procuring commercial wide-body cargo aircraft, priority shall be given to procurement, through competitive bidding, of the most cost-effective commercial wide-body which are available as surplus. The commercial wide-body aircraft procured under the preceding sentence shall be (1) suitable for conversion to military cargo configurations, and (2) owned by domestic companies on or before May 13, 1982.

(c) Notwithstanding section 901 of this Act, in addition to funds authorized to be appropriated in the Department of Defense Authorization Act, 1982 (Public Law 97-86; 95 Stat. 1099), there are hereby authorized to be appropriated to the Air Force for fiscal year 1982 for procurement for aircraft an amount not to exceed the sum of $120,000,000.

(d) Notwithstanding any other provisions of law, the $120,900,000 amount which is authorized and appropriated by law for the Civil Reserve Air Fleet enhancement program is hereby authorized for procurement, through competitive bidding, of the most cost-effective commercial wide-body aircraft which are available as surplus. The aircraft procured with funds under the preceding sentence shall be (1) suitable for conversion to military cargo configurations, and (2) owned by domestic companies on or before May 13, 1982.

SPACE LASER PROGRAM

SEC. 1130. The Secretary of Defense shall expend such funds as are authorized and appropriated for an on-orbit laser weapons system to produce such system as quickly as technology will allow, and to that end he shall:

(1) provide that a program for accomplishing that goal be managed in a streamlined and efficient manner;

(2) restructure the Defense Advanced Research Project Agency (DARPA) Triad technology programs so that system integration concepts and designs are pursued vigorously and concurrently with technology development;

(3) direct the Department of the Air Force to conduct an aggressive analytical effort to ensure that the capability is maintained to integrate DARPA's Triad technology into a future on-orbit system demonstration within a decade;

(4) ensure that sufficient funds are requested from the Congress to permit an aggressive, balanced research and technology effort to be pursued consistent with the foregoing provisions; and

(5) provide the Congress by December 1, 1982, with a report describing the programmatic and management actions that must be taken to achieve the goals set forth in this section and the steps taken to date.

REPORT ON THE TEACHING OF MILITARY HISTORY IN MILITARY SERVICE SCHOOLS

SEC. 1131. The Secretary of each military department shall conduct a survey of each school and training program under his jurisdiction with a view to determining the extent to which, if at all, military history is taught in such school and training program. The Secretary of each military department shall submit the results of the survey conducted by him to the Committees on Armed Services of the Senate and the House of Representatives not later than January 1, 1983.

TO RELIEVE ECONOMIC DISLOCATIONS

SEC. 1132. (a) The Secretary of Defense should conduct a test program during fiscal year 1983 in accordance with this subsection to test the effect of exempting certain contracts of the Department of Defense from the provisions of section 2392 of title 10, United States Code, and paying a price differential under such contracts for the purpose of relieving economic dislocations. Under such test program, the Secretary of Defense may exempt from the provisions of such section any contract (other than a contract for the purchase of fuel) made by the Defense Logistics Agency during fiscal year 1983 if the contract is to be awarded to an individual or a firm located in a Labor Surplus Area, as defined and identified by the Department of Labor, and if the Secretary determines—

(1) that the awarding of such contract will not adversely affect the national security of the United States;

(2) that there is a reasonable expectation that bids will be received from a sufficient number of responsible bidders so that the award of such contract will be made at reasonable cost to the United States;

(3) that the price differential to be paid under such contract will not exceed 1½ percent; and

(4) the value of such contract, when added to the cumulative value of all other contracts awarded under the test program, will not exceed $3,000,000,000.

(b) Not later than April 15, 1983, the President shall submit a report to Congress on the implementation and results to that date of the test program authorized by subsection (a). The report shall include an assessment of the costs and benefits of the test program.

RESTRICTION ON CONSTRUCTION OF NAVAL VESSELS IN FOREIGN SHIPYARDS

SEC. 1133. (a) Chapter 633 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 7309. Restriction on construction of naval vessels in foreign shipyards

"(a) Except as provided in subsection (b), no naval vessel, and no major component of the hull or superstructure of a naval vessel, may be constructed in a foreign shipyard.

"(b) The President may authorize exceptions to the prohibition in subsection (a) when he determines that it is in the national security interest of the United States to do so. The President shall transmit notice to Congress of any such determination, and no contract may be made pursuant to the exception authorized until the end of the thirty-day period beginning on the date the notice of such determination is received by Congress.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"7309. Restriction on construction of naval vessels in foreign shipyards.".

VERIFICATION UNDER CONVENTION ON BACTERIOLOGICAL AND TOXIN WEAPONS; USE OF SUCH WEAPONS

SEC. 1134. (a) The Congress recognizes that—

(1) the United States and the Union of Soviet Socialist Republics are parties to the Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, done at Washington, London, and Moscow on April 12, 1972 (hereafter in this section referred to as the "Convention");

(2) Article I of the Convention prohibits each party to the Convention from developing, producing, stockpiling, or otherwise securing or retaining certain Microbial or other biological agents or toxins or certain weapons, equipment, or other means of delivering such agents or toxins;

(3) the Convention does not contain provisions establishing procedures for inspection or verification of suspected violations of the terms of the Convention; and

(4) under Article XI of the Convention any state party may propose an amendment to the Convention, and any such amendment shall enter into force after a majority of the state parties to the Convention has accepted such amendment.

(b) It is the sense of the Congress that the President should—

(1) at the earliest practicable time, propose, on behalf of the United States, an amendment to the Convention to establish comprehensive procedures for investigating and verifying suspected violations of the terms of the Convention and to establish standards for distinguishing between research on biological weapons and toxins for defensive and peaceful purposes, permitted by the Convention, and research on such weapons and toxins for hostile purposes, prohibited by the Convention; and

(2) undertake such diplomatic and international initiatives as necessary to condemn strongly the use of toxins, mycotoxins, or other biological weapons, directly or indirectly by the Union of Soviet Socialist Republics or its allies in Laos, Kampuchea, Afghanistan, or in any other country.

BINARY CHEMICAL WEAPONS

SEC. 1135. Notwithstanding any other provision of law, no funds may be obligated or expended after the date of enactment of this Act for production of binary chemical weapons unless the President certifies to the Congress that—

(1) it is the policy of the United States not to engage in live chemical or bacteriological agent testing on human beings and that the President rejects the findings of the Ad Hoc Air Force Advisory Board that such testing is critical;

(2) for each 155-millimeter binary artillery shell produced a serviceable unitary artillery shell from the existing arsenal shall be rendered permanently useless for military purposes; and in no case, shall a number of new weapons be produced which exceeds the requirement of United States forces; and

(3) an exception may be made to this prohibition of lethal chemical munitions only if certification is received from a NATO member or members which agree to accept such weapons.

VISTA 1999 TASK FORCE

SEC. 1136. (a) The Secretary of Defense shall conduct a full and complete study and evaluation of the recent report and recommendations by the Chairman of the Vista 1999 task force entitled, "Vista 1999, A long-range look at the future of the Army and Air National Guard." Such study and evaluation shall include but not be limited to the following:

(1) A detailed evaluation of the study's findings, conclusions, and recommendations;

(2) The views of the Chief of the National Guard Bureau on the "Vista 1999" study;

(3) Any plans and recommendations for implementation of the contents of the "Vista 1999" study.

(b) This report shall be provided to the Committees on Armed Services of the House of Representatives and Senate no later than February 1, 1983.

CONTROL OF THE USE OF NUCLEAR WEAPONS

SEC. 1137. (a) The Secretary of Defense shall conduct a full and complete study and evaluation of initiatives for improving the containment and control of the use of nuclear weapons, particularly in crises. Such study and evaluation shall include but not be limited to the following initiatives:

(1) establishment of a multi-national military crisis control center for monitoring and

containing nuclear weapons used by third parties or terrorist groups;

(2) development of a forum for joint United States/Union of Soviet Socialist Republics sharing of information on nuclear weapons that could be used by third parties or terrorist groups; and

(3) development of United States/Union of Soviet Socialist Republics confidence-building measures for crisis stability and arms control to include:

(A) an improved United States/Union of Soviet Socialist Republics communications hotline for crisis control;

(B) enhanced verification procedures for any arms control agreements;

(C) measures to reduce vulnerability of command, control and communications on both sides; and

(D) measures to lengthen the warning time each nation would have of potential nuclear attack.

(b) This report shall be provided to the Committees on Armed Sercices and Foreign Relations of the House and Senate by August 1, 1982, and should be available in both a classified, if necessary, and unclassified format.

(c) The President shall report to the Committees on Armed Services and Foreign Relations one month later on September 1, 1982 on the merits of such initiatives developed in section (a) to the arms control process and on the status of any such initiative as they may relate to any arms control negotiation with the Soviet Union.

ANALYSIS OF REPORTS ON UNIT COSTS OF MAJOR DEFENSE SYSTEMS

SEC. 1138. (a) At the same time that the Secretary concerned transmits to the Congress any report under section 1103(b)(3) of this Act or any certification under section 1103(c)(2)(b) of this Act, the Secretary concerned shall transmit a copy of such report or certification to the Comptroller General of the United States (hereafter in this section referred to as the "Comptroller General").

(b)(1) Not later than forty-five days after the date on which the Secretary concerned transmits under subsection (a) a copy of any report or certification referred to in such subsection, the Comptroller General shall review and analyze such report or certification and transmit to the Committees on Armed Services of the Senate and the House of Representatives a written report on such review and analysis. Where applicable, the report by the Comptroller General shall include his opinion on—

(A) the accuracy of the cost estimates that—

(i) relate to the major defense system that is the subject of this report or certification reviewed and analyzed in the Comptroller General's report; and

(ii) were included in the selected acquisition report submitted to the Congress pursuant to section 811 of the Department of Defense Appropriation Authorization Act, 1976 (10 U.S.C. 139 note), which first included information on such major defense system or which covers the first quarter of the fiscal year immediately preceeding the fiscal year containing the quarter for which such unit cost report or certification is submitted by the Secretary concerned, whichever selected acquisition report is later.

(B) the accuracy and reasonableness of the total program acquisition unit cost estimates or the procurement unit cost estimates included or referred to in the report or certification reviewed and analyzed in the report of the Comptroller General;

(C) the completeness of the reasons submitted by the Secretary concerned for the growth in the total program acquisition unit cost or the procurement unit cost of the subject major defense system;

(D) the adequacy of the actions taken and proposed to be taken by the Secretary concerned to control future cost growth of such system;

(E) the adequacy of the organization in the Department of Defense and military department to manage and control the total program acquisition unit cost and the procurement unit cost of such major defense system;

(F) the likelihood that any future increases in the total program acquisition unit cost or the procurement unit cost of such major defense system will not exceed the percentage at which notifications to the Congress are required under section 1103 of this Act; and

(G) whether there are no alternatives to such system which will provide equal or greater military capability at less cost.

(2) Every report on review and analysis conducted by the Comptroller General under this section shall include:

(A) his opinion and recommendations on any further steps which he determines may and should be taken to prevent future increases in unit cost for the major defense system that is the subject of such certification;

(B) his opinion on whether a violation of any statute or regulation on the expenditure of appropriated funds or on contracting procedures has occurred with respect to such major defense system.

(c) The Committees on Armed Services of the Senate and the House of Representatives shall decide whether or not to include in any report accompanying any bill or resolution authorizing funds for any major defense system with respect to which a report or certification has been transmitted under section 1103(b)(3) or section 1103(c)(2)(B) of this Act—

(1) summaries of such report or certification;

(2) summaries of the Comptroller General's review and analysis of such report or certification under subsection (b) of this section; and

(3) any additional analysis by the committees.

(d) Subsections (a) and (b) shall not apply in the case of any report or certification transmitted by the Secretary concerned with respect to an increase in the total program unit cost or procurement unit cost that is due solely to the termination or cancellation of the entire program for a major defense system.

(e) As used in this section:

(1) The term "total program acquisition unit cost" has the same meaning as provided in subsection (d)(1) of section 1103 of this Act.

(2) The term "procurement unit cost" has the same meaning as provided in subsection (d)(2) of such section.

(3) The term "Secretary concerned" has the same meaning as provided in subsection (d)(3) of such section.

REPORT ON UNIT COHESION INITIATIVES

SEC. 1139. (a) The Secretary of Defense shall submit a written report to the Committees on Armed Services of the Senate and the House of Representatives, not later than January 1, 1983, regarding unit cohesion initiatives, if any, that have been taken in each of the armed forces and any such initiatives planned for any of the Armed Forces for the next five years.

(b) As used in subsection (a), the term "unit cohesion initiatives" means, in the case of any armed force, any plan or program of such armed force to retain its members in the same regiment, company, platoon, or other military unit from the time such members enter such armed force until they are discharged, released, or retired from such armed force.

PLAQUE HONORING MEMBERS OF THE ARMED FORCES

SEC. 1140. It is the sense of Congress that the Secretary of the Army should construct and place in Arlington National Cemetery a plaque honoring the eight members of the United States Armed Forces who died on April 25, 1980, during an attempt to rescue the American hostages then being held in Iran.

BANNING CHEMICAL WARFARE

SEC. 1141. (a) It is the sense of the Congress that the President should continue to promote actively negotiations among the member countries of the Ad Hoc Working Group on Chemical Warfare of the Committee on Disarmament established by the United Nations General Assembly and meeting in Geneva, Switzerland for the purpose of drafting a treaty for the complete, effective and verifiable prohibition of the development, production and stockpiling of all chemical weapons and for their destruction.

(b) Press vigorously in every appropriate forum for a full explanation of outstanding allegations concerning Soviet and Soviet-proxy use of chemical weapons in violation of international law.

(c) Communicate to the Government of the Union of Soviet Socialist Republics the earnest desire of the Government of the United States for a comprehensive, verifiable ban on chemical weaponry and its willingness to participate in negotiations toward this end as soon as the Government of the United States can be satisfied that the Soviet Union is not in violation of existing international accords applying to the prohibition of first use of chemical weapons and the production and transfer of biological weapons and that the Soviet Union is prepared to agree to provisions needed to ensure the verifiability of an accord banning chemical warfare.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, it will not take long. It is 5:23 in the morning, and I wish to take this opportunity to thank the distinguished chairman of the Armed Services Committee, who has been diligent in the extreme and who has handled this bill with such skill.

I admire his tenacity, his courage, his diligence, and his effectiveness. We have dealt with a great number of amendments, more than 15 by rollcall vote, on highly controversial issues in some cases, and I can honestly say that in my years in the Senate I have never seen a major bill handled more effectively and with greater dispatch, and I give my congratulations to the Senator for his work.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. BAKER. Yes.

Mr. TOWER. I would be remiss if I did not express my profound appreciation to the distinguished majority leader for his prestigious and prodigious assistance and for the kind of discipline he exercised on the Senate during the course of the consideration of this bill that enabled us to finish it in an expeditious way. I cannot thank him too much, and I am grateful to him.

Mr. BAKER. I thank the Senator.

Mr. STENNIS. Mr. President, will you yield to me for just a minute before we leave? Mr. President, the Senator from Texas has done a marvelous thing—not the first time he ever did it—but the work he put in on this bill beginning last fall and then starting anew in January, on down to this minute, is just beyond imagination almost.

This has grown to be a monstrous bill, a monstrous problem too, that goes with it. The fine workmanship here on the floor of the majority leader and the chairman of these committees—and I know something about the burden they have carried, the load there is to it—we all owe them a debt.

Mr. TOWER. Mr. President, will the Senator yield to me further? It would not be possible without the great cooperation and good counsel and very constructive contributions made by the man whom I regard as my mentor, Senator STENNIS, and whom I have regarded as such ever since he was my team captain on the Southern caucus when I first came here 21 years ago, and I am grateful to him and to all of our subcommittee chairmen who have performed so splendidly and who handled major sections of this bill and did so in a very professional way.

Mr. BAKER. Mr. President, I wish to join the Senator from Texas, the chairman of the committee, in paying my respects to a man who, perhaps, has no peer in terms of admiration by the Senate as a whole. For many of us he has been not only a guiding light for us in this Chamber, but for me personally, and without his good counsel and participation in this complex bill, I am sure we would not have been able to reach final passage even at this early hour on the morning of May 14, and I wish to express my appreciation to the Senator from Mississippi (Mr. STENNIS).

Mr. STENNIS. I thank the majority leader very, very much.

Mr. BAKER. Mr. President, to the ranking members of the subcommittees, and especially to the chairmen of the subcommittees, I wish to express my gratitude, and I am sure that of every Senator for their excellent handling of this matter; to the distinguished minority leader and his staff I wish to express my continuing admiration and deep gratitude for their unfailing cooperation and concern.

Mr. President, the final word I will say is a word of apology, first, to the wives and families of Members for asking them to remain for this extended period; next, to the officers and functionaries of the Senate who have been so diligent for so long; and then to my friends, the sleepy pages, who grace both sides of the podium at this moment.

AMERICAN HOSPITAL SHIPS: A VITAL ASSET

Mr. JEPSEN. Mr. President, we have held long discussions about the ability of our airlift to rapidly deploy forces anywhere in the world. Today I want to discuss an area that can properly be termed the achilles heel of our rapid deployment planning.

Let us assume that we can move all of our units quickly to trouble spots around the world. Let us envision, for example, the dispatch of a Marine amphibious force to a beachhead assault in response to Soviet aggression in the Third World. The fact is that we do not have the capability to deliver adequate medical care to support such an operation.

On Wednesday May 5, 1982, I chaired a hearing of the Senate Armed Services Manpower and Personnel Subcommittee on the state of our military medical readiness. The testimony I received from the acting Assistant Secretary of Defense for Health Affairs and from the Surgeons General of the armed services appalled me.

At the present time we can provide adequate medical care to 1 in 10 of our servicemen who would be wounded in combat. If we focus on specific areas of medical readiness, the picture is even grimmer. Our most serious weakness is in our ability to support operations in areas where no land-based medical facilities exist. A glance at a map is all that is necessary to show that most of the world's potential hot spots fall under this geographical category.

In wartime medicine, an operating room is a critical asset. Soldiers wounded in combat must often receive some form of surgery before they can be evacuated. Hospital beds are needed for postsurgery recovery and recuperation.

Let us return to the example of the Marine amphibious force mentioned above to illustrate medical support requirements in greater detail. The support of a single Marine amphibious force in light combat requires 24 hospital ship operating rooms and 2,000 hospital ship beds. These requirements are in addition to the Marine Corps organic medical assets, such as the battalion aid station, hospital company, and so on, which are only capable of providing care for the lightly wounded who can be returned to active duty.

The facilities aboard our amphibious ships are only equivalent to the organic land-based medical assets. They can only provide substitute care for the lightly wounded until the organic facilities can be moved ashore.

The 24 hospital operating rooms and 2,000 hospital rooms are vital, if those who are seriously wounded can be treated quickly enough to save American lives. The only way to provide this capability to a Marine amphibious force is on a hospital ship, and the number of hospital ships in the U.S. Navy is zero.

What does our lack of a hospital ship mean in rapid deployment planning? Absent a hospital ship, the only way to treat seriously wounded soldiers is in a surgical hospital constructed onshore. Unfortunately, if enemy resistance is encountered in the landing, this could take as long as 30 days.

How can we contemplate sending U.S. forces into combat, when they might have to wait 30 days for proper medical support? Other countries may do this; the United States cannot.

We are finally making a slow attempt to rectify this shortfall. The Department of Defense has programed $300 million in fiscal 1983 and $256 million in fiscal 1984. We are now scheduled to have some hospital ship capability in 4 years.

I an no expert in shipbuilding. I do understand, however, that a hospital ship can be converted from an existing design. It currently takes 21 months to demothball and convert a battleship. It takes 3 years to build a nuclear attack submarine. How can it take 4 years to convert a hospital ship?

Mr. President, I suspect that that reason for the extended delivery schedule is a result of the low priority that the hospital ship program has had here in the Congress, as well as in the Department of Defense. This is simply no longer acceptable. There can be no greater priority than to insure that our young men who fall in defense of our country receive medical treatment that could insure their survival.

By spending what amounts to one-half of 1 percent of the funds programed for the 600-ship Navy, we can begin to provide the hospital ships we so desparately need. A hospital ship would repay that investment, not only in the all-important area of military medical support, but other very important areas as well.

A hospital ship is a peacetime diplomatic asset. In the developing countries, a hospital ship could provide humanitarian services that would show American goodwill in a more effective and long-lasting manner than the mere presence of U.S. warships.

Moving up and down the coasts of Africa, Asia, and South America, providing training for foreign physicians, and inoculations, examinations, and surgical services to the populace, a hospital ship could create a uniquely positive image for the United States. Providing such services would help train American medical personnel to meet challenging medical problems as well.

The Soviet Union already understands the important role a hospital ship can fill. In the last 4 years they have deployed two hospital ships and they are now sailing around the world helping to spread Soviet influence.

Mr. President, the Rapid Deployment Force has been conceived as a deterrent to Soviet aggression. Without proper medical support, however, this deterrent simply is not credible. Providing a hospital ship capability would show an unmistakable resolve to defend American interests worldwide and the humanitarian services that such ships provide in peacetime could further the general causes of world peace and international order.

IN OBSERVANCE OF NATIONAL SMALL BUSINESS WEEK

Mr. MATSUNAGA. Mr. President, as a Senator whose State's economy is made up primarily of small and independent businesses, I rise in observance of National Small Business Week, which began on May 9 and ends on May 15, 1982.

With the enactment of Senate Joint Resolution 180 authorizing President Reagan to proclaim this week as National Small Business Week, the Congress has reaffirmed its commitment to America's small business community and has once again acknowledged its immense and, heretofore, unheralded contribution to the strength and well-being of our national economy.

Indeed, Mr. President, it is seldom remembered in this modern age of giant corporations and business conglomerates that throughout American history nearly every business started as a small business and that this climate of free enterprise served our youthful Nation well in terms of both economic wealth and national character. Business men and women founded the great commercial centers of the East and expanded the frontiers of our Nation westward. They helped to build an economy that has made us strong and proud at home and the envy of nations abroad. They provided the individual inventions and the technological innovations that have determined the very nature of the modern world.

Let us consider the following facts about small business as we enter the decade of the 1980's.

First, there are about 14 million small businesses in the United States which comprise a full 97 percent of the number of businesses in existence.

Second, small business provides jobs for more than 58 percent of all the employees in the private sector. In doing so, it directly or indirectly provides the livelihood for over 100 million Americans.

Third, small business accounts for 43 percent of our gross national product (GNP) and 48 percent of our gross business product (GBP).

Fourth, small business accounts for over 50 percent of all industrial innovations in the United States each year.

Fifth, small business generates more than 90 percent of all new jobs in the private sector.

Behind these impressive statistics are other facts about small business which are not easily expressed in percentages. Small business stimulates competition in the marketplace, helps to reduce inflation, creates a steady stream of badly needed private sector jobs, and provides consumers with a wide choice of high quality goods and services at reasonable and competitive prices.

But in spite of the long and successful history of small business in America and its central role in our economy, small business men and women in this country are struggling desperately to stay in business in today's rocky economic climate.

Certainly, the many complex problems facing the small business community are not new. They were with us in the 1970's and include, among other things:

First. A tax structure which gives important advantages to big business and which fails to provide adequate incentives for capital formation and retention;

Second. Regulatory policies which stifle innovation and drain profits;

Third. A Government paperwork load which is costing small businesses over $20 million per year;

Fourth. An inability to obtain adequate amounts of credit or raise money due to shrinking venture capital markets;

Fifth. Anticompetitive practices by large corporations;

Six. High energy costs;

Seventh. High interst rates.

It should be understood that innumerable changes have occurred since the Second World War which have created this increasingly adverse environment for small business. To be sure, these changes were not planned with the intent to injure small and independent businesses. The damage occurred as the unintended peripheral consequences of broad economic and market changes along with political and governmental decisions.

Nonetheless, Mr. President, small businesses are finding it increasingly difficult to survive. Fifty-five percent of all businesses in United States fail within the first 5 years of their existence. That is a fact of business life in this country and, indeed, a sorry one. And with prime interest rates now hovering at 14, 15, 16 percent and higher, an alarming number of small firms are being forced into bankruptcy.

The truth of the matter is that the Congress, the President, and the people of this country should be alarmed at the decline of the small business sector of our economy because our efforts to control inflation, maintain high levels of employment, and stimulate productivity and economic growth depend in large measure on a healthy small business community.

The continued growth of small business in America is vital—I repeat—vital to the success of our efforts toward economic revitalization.

Mr. President, this economic reality just cannot be overemphasized. Without the significant contribution of small business to the health of our economy, we will have little chance of reaching our ambitious economic recovery goals.

Mr. President, if we, in the Congress, are intent on aiding small businesses to weather the prevailing economic storm, we must move to reduce the massive budget deficits which are projected for fiscal year 1983 and beyond, and which are keeping interest rates at extraordinarily high level. As we all know, these high interest rates are literally clobbering small business men and women in all parts of our Nation.

The fact of the matter is that because the small business community is so heavily reliant on bank-financed debt capital as its major supplier of funds, an increase in the cost of financing and a decrease in the availability of funds from banks has a more severe impact on small businesses than on larger firms. As stated in the President's recent report on the state of small business in the United States, small businesses experience the impact of high interest rates sooner and for a longer duration than larger firms.

As a consequence, small businesses all across the country are now calling high interest rates their single most important problem and certainly the most damaging to their businesses.

Certainly, the statistics on business failures over the past 2 years bear this out. Last year, there were 46 percent more business bankruptcies than in 1980—close to a national record and, without a doubt, an alarming trend. But what is even more alarming is that in the first 14 weeks of 1982, there have been 55 percent more business failures than there were during the same time period last year. If business failures continue at this rate for the balance of the year—and there is a good chance that they will—1982 business failures will exceed last year and break the record set for business failures in 1932 in the depths of the Great Depression.

It is evident, Mr. President, that high interest rates have replaced inflation, taxes, and Government regulations as the single greatest threat to the survival of small business in America and, as a consequence, to the health of our economy.

It is, therefore, essential that this Congress and this administration begin a bipartisan effort to drive down interest rates to levels which will permit small business to survive. This means that we must drastically reduce the projected $182 billion Federal deficit for fiscal 1983 and $500 billion deficit over the next 4 years, which would place the Federal Government in direct competition with the business community for borrowed funds, and set a stable and predictable monetary supply policy. The Congress should also enact legislation to place a small business representative on the Federal Reserve System's Board of Governors. With interest rates so crucial to small business growth, the small business community must have a voice in the formulation of monetary policy by the Federal Reserve Board.

I am afraid, Mr. President, that if interest rates are not brought down soon, there will be no small business community left to underpin any true economic recovery. We must act now to bring some relief to the thousands, if not millions of small businessmen who are floundering in today's economic recession.

Mr. President, in transmitting to the Congress the 1983 State of Small Business report, President Reagan stated that small business in America is "the heart and soul of the free enterprise system." He could not be more correct. Small business is clearly the backbone of our economy—it is the service provider, the innovator, the job creator, the exporter, and the competition maker. In short, small business is important, if not crucial to our national economy and to the very fabric of life in this country.

For these reasons, it is, indeed, appropriate that the American people and their leaders acknowledge the contributions of small business during this National Small Business Week. But more than that, we must use this time of recognition to rededicate ourselves to addressing the problems facing the small business community and to set a firm agenda for solving them.

Mr. President, with the health of our economy at stake, we can afford to do no less for America's small businesses.

MESSAGES FROM THE HOUSE

At 11:28 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 5118) to provide water to the Papago Tribe of Arizona and its members, to settle Papago Indian water rights claims in portions of the Papago reservations, and for other purposes.

The message also announced that the House has passed the following joint resolutions, with amendments, in which it requests the concurrence of the Senate:

S.J. Res. 53. Joint resolution to provide for the designation of September 6, 1981, as "Working Mothers' Day"; and

S.J. Res. 160. Joint resolution to designate July 9, 1982, as "National P.O.W.-M.I.A. Recognition Day".

At 3:52 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House insists upon its amendment to the bill (S. 923) to amend chapter 207 of title 18, United States Code, relating to pretrial services; asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. RODINO, Mr. HUGHES, Mr. CONYERS, Mr. KASTENMEIER, Mr. GLICKMAN, Mr. McCLORY, Mr. SAWYER, and Mr. FISH as managers of the conference on the part of the House.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 861. An act to amend the National Trails System Act by designating additional national scenic and historic trails, and for other purposes; and

H.R. 6256. An act to authorize appropriations for the Federal Election Commission for fiscal year 1983.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 322. Concurrent resolution regarding membership in the United Nations General Assembly.

ENROLLED BILLS SIGNED

At 4:18 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 6038. An act to amend section 235 of the National Housing Act;

S.J. Res. 145. A joint resolution authorizing and requesting the President to proclaim "National Orchestra Week";

S.J. Res. 170. A joint resolution to designate the week of November 7, 1982, through November 14, 1982, as "National Hospice Week."

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

HOUSE BILLS REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 861. An act to amend the National Trails System Act by designating additional national scenic and historic trails, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 6256. An act to authorize appropriations for the Federal Election Commission for fiscal year 1983; to the Committee on Rules and Administration.

HOUSE CONCURRENT RESOLUTION REFERRED

The following concurrent resolution was read and referred as indicated:

H. Con. Res. 322. Concurrent resolution regarding membership in the United Nations General Assembly; to the Committee on Foreign Relations.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3458. A communication from the General Counsel of the Department of Defense transmitting a draft of proposed legislation to extend the expiration date of the special pay provisions for reenlistment and enlistment bonuses; to the Committee on Armed Services.

EC-3459. A communication from the Deputy Assistant Secretary of Defense for Administration transmitting, pursuant to law, information on real and personal property of the Department of Defense as of September 30, 1981; to the Committee on Armed Services.

EC-3460. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Examination of Financial Statements of the Federal Home Loan Bank Board and Related Agencies for the year ended December 31, 1981"; to the Committee on Banking, Housing, and Urban Affairs.

EC-3461. A communication from the Secretary of Transportation transmitting, pursuant to law, a report on minimum levels of financial responsibility for motor carriers; to the Committee on Commerce, Science, and Transportation.

EC-3462. A communication from the Secretary of Transportation transmitting, pursuant to law, a report on collision avoidance systems for air traffic; to the Committee on Commerce, Science, and Transportation.

EC-3463. A communication from the Secretary of the Interior transmitting the Department's final 5-year Outer Continental Shelf oil and gas leasing program; to the Committee on Energy and Natural Resources.

EC-3464. A communication from the Acting Secretary of the Treasury transmitting, pursuant to law, a report on the status and operation of the State and Local Fiscal Assistance Trust Fund for fiscal year 1981; to the Committee on Finance.

EC-3465. A communication from the Acting Secretary of the Interior transmitting, pursuant to law, actions taken during

1981 under the Alaska Native Claims Settlement Act; to the Committee on Governmental Affairs.

EC-3466. A communication from the Administrator of the Veterans Administration transmitting, pursuant to law, a report on the VA's Inspector General Employee Complaint Center Privacy Act records system; to the Committee on Governmental Affairs.

EC-3467. A communication from the Assistant Secretary of the Treasury for Administration transmitting, pursuant to law, a report on a reinstated Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3468. A communication from the District of Columbia Auditor transmitting, pursuant to law, an audit of the D.C. Boxing and Wrestling Commission; to the Committee on Governmental Affairs.

EC-3469. A communication from the Secretary of Education transmitting, pursuant to law, a study of teacher training programs in bilingual education; to the Committee on Labor and Human Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-853. A resolution adopted by the Legislature of the State of Hawaii; to the Committee on Agriculture, Nutrition, and Forestry:

"SENATE RESOLUTION NO. 42

"Whereas, in December of 1981 the United States Congress passed the agricultural appropriations bill which included a $139,000 appropriation for the establishment of a United States Agricultural Cooperative Service Branch Office in the State of Hawaii; and

"Whereas, the Agricultural Cooperative Service Branch Office in Hawaii which will be one of only six such offices throughout the United States will provide information and counsel to interested agriculturists regarding the establishment, maintenance, and operations of agricultural cooperatives in the State for the purpose of fostering the growth of agricultural cooperatives in Hawaii; and

"Whereas, is has long been a public policy of this State to support the continual development of diversified agriculture and, toward this end, the State has encouraged the establishment of agricultural cooperatives as a means for the small agriculturists to band together and help themselves economically; and

"Whereas, the establishment of an Agricultural Cooperative Service Branch Office in Hawaii will provide, on a regular and permanent basis, much needed information and services not currently available to agriculturists in Hawaii and will greatly enhance the development of diversified agricultural industries; and

"Whereas, while the United States Department of Agriculture is in the process of planning the logistics for the establishment of the branch office in Hawaii, the Legislature is concerned that with the recent federal budget cuts and hiring freeze, there might be a delay in the establishment of the much needed branch in Hawaii; now, therefore,

"Be it resolved by the Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1982, that this body expresses its unequivocal support for the decision by the Congress and the President of the United States to establish an Agricultural Cooperative Service Branch Office in Hawaii; and

"Be it further resolved that the President is urged to release the funds for the establishment of the Hawaii office as soon as possible since the future of agriculture in Hawaii is in a critical state due to the problems faced by the sugar and pineapple industries, the pillars of Hawaiian agriculture, and there is an urgent need to expand the diversified agricultural industry to lessen the State's dependency on sugar and pineapple; and

"Be it further resolved that the Secretary of Agriculture, the President and the Congress of the United States assure the funding of the branch office for a period of at least five years; and

"Be it further resolved that the Secretary of Agriculture is urged to (1) seek a special exemption from the hiring freeze in order to properly staff the Hawaii branch office with sufficient federal personnel; and (2) insure that the branch office has sufficient travel funds as to provide necessary services to agriculturists on the other islands in the State; and

"Be it further resolved that certified copies of this Resolution be transmitted to the President of the United States, the Secretary of Agriculture, the Administrator of the Agricultural Cooperative Service, the President of the United States Senate and the Speaker of the United States House of Representatives, and to each member of Hawaii's delegation to Congress."

POM-854. A resolution adopted by the Senate of the Commonwealth of Massachusetts; to the Committee on Armed Services:

"RESOLUTION

"Whereas, nuclear warfare threatens the survival of the world; and

"Whereas, fee debate on matters of life and death is essential to prevent the issues of military parity or deterrence from placing at risk the survival of mankind; and

"Whereas, nuclear disarmament concerns every person in the world, irrespective of their national allegiances; and

"Whereas, the continued planning for the actual use of nuclear weapons is divorced from the reality of a nuclear cataclysm and represents a lack of creativity and imagination in dealing with the problems among nations; and

"Whereas, the superpowers, so-called, in their quest for superiority have forgotten the ordinary person who will suffer the ultimate result of a nuclear holocaust; now, therefore, be it

"*Resolved*, That the Massachusetts Senate, acting as representatives of a threatened and alarmed people, calls upon those who are charged with the responsibilities of leadership in the United States to take the first step toward the prevention of another Hiroshima and beyond by reducing the number of nuclear weapons possessed by our great nation, demonstrating to the people of the world a true attitude of peace; and, be it further

"*Resolved*, That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the presiding officers of the Congress of the United States, and to the chairman of the Joint Chiefs of Staff."

POM-855. A resolution adopted by the Legislature of the State of Hawaii; to the Committee on Armed Services:

"SENATE RESOLUTION NO. 129

"Whereas, for many years, Fort DeRussy has served as an affordable and enjoyable rest and recreation site for members of the miltary establishment in Hawaii and for personnel passing through Hawaii to and from the western Pacific; and

"Whereas, the seventy-two acre rest and recreation site is located in Waikiki and is presently owned in fee simple by the federal government; and

"Whereas, recently, David Stockman, the Director of the federal Office of Management and Budget, indicated that one way in which the federal government could raise additional revenues to reduce the federal deficit would be to sell unnecessary federal lands; and

"Whereas, Budget Director Stockman further indicated that some federal lands in Hawaii, such as Fort DeRussy, may be sold in an effort to reduce the large federal deficit; and

"Whereas, this body, however, strongly objects to the proposal for selling Fort DeRussy in Hawaii for numerous important reasons; and

"Whereas, Fort DeRussy has served as a valuable rest and recreation facility for the armed forces and is the location of the famous Hale Koa Hotel (which was constructed principally with nonappropriated funds and operated to provide low-cost accommodations for the benefit of defense service personnel and their dependents in Hawaii); and

"Whereas, this body, finds that it would be a mistake for the federal government to sell the federal lands now encompassing Fort DeRussy since the site (which includes the Hale Koa Hotel and the adjacent beachfront) is urgently needed to accommodate the recreational needs of Hawaii's large military establishment and the personnel passing through Hawaii to and from the western Pacific; and

"Whereas, the loss of Fort DeRussy would have a deleterious effect upon the morale of present-day service personnel and would limit the value of Hawaii as a future rear area rest and recreation destination should that become necessary again as it was during the Vietnam War; and

"Whereas, Fort DeRussy is valuable to the people of Hawaii primarily because it provides Waikiki with its largest area of open green space west of Kapiolani Park (space which becomes more scarce and precious as the private development of hotels and condominiums surrounding Fort DeRussy intensifies) and the people of this State therefore strongly believe that this open space must be preserved for the purpose of keeping Waikiki attractive; and

"Whereas, the Mayor of the City and County of Honolulu opposes the disposition of Fort DeRussy for the purposes of private development and would prefer to see Fort DeRussy maintain its open green area configuration for the benefit of all people of this State; and

"Whereas, the people of this State furthermore enjoy both its extensive beach fronting upon the last major open green area in Waikiki and the free parking lot; and

"Whereas, tourism represents the leading export industry for the State and would be severely affected (with respect to the reduction in the number of military personnel vacationing in the State) by the sale of Fort DeRussy; and

"Whereas, as a result of these important military, economic, and aestetic considerations, this body strongly opposes the federal government's proposal to sell Fort DeRussy in Hawaii; now, therefore,

"Be it resolved by the Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1982, that this body strongly opposes the federal government's proposal to sell Fort DeRussy in Hawaii; and

"Be it further resolved that this body urges the President and Congress of the United States and Hawaii's congressional delegation to take appropriate action to prevent the sale of Fort DeRussy in Hawaii; and

"Be it further resolved that certified copies of this Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, each member of Hawaii's congressional delegation, the United States Secretary of Defense, and the Mayor of the City and County of Honolulu."

POM-856. A petition from a citizen of Laguna Hills, Calif., supporting Senate bill 6 to return America's currency to the gold standard; to the Committee on Banking, Housing, and Urban Affairs.

POM-857. A joint resolution adopted by the Virginia General Assembly; to the Committee on Banking, Housing, and Urban Affairs.

"HOUSE JOINT RESOLUTION NO. 42

"Whereas, a number of bills have been introduced in Congress which would authorize interstate banking by permitting large banks to merge with smaller or less successful financial institutions in other states; and

"Whereas, passage by Congress of one or more of these bills could place in jeopardy the independent existence of many of the Commonwealth's smaller financial institutions by allowing their acquisition by large out-of-state banks, thereby destroying the vital local character of much of Virginia's private financial decision making; and

"Whereas, the Secretary of the Treasury of the United States and spokesmen for large banks in the United States are not only increasing their promotion of interstate banking, alleging that it would help remedy the problems of many financial institutions; but also are strongly advocating elimination of state usury ceilings; and

"Whereas, if effected, those changes could remove from the supervision of the Commonwealth much of the business transacted by financial institutions within this Commonwealth, thereby seriously weakening state government; now, therefore, be it

"*Resolved by the House of Delegates, the Senate concurring*, That the Congress of the United States is hereby memorialized to oppose any new or proposed legislation which would have the effects of eliminating independent financial institutions or removing from state governments the power to regulate such financial institutions, so that constitutional government in these United States may be fully preserved and safeguarded; and, be it

"*Resolved further*, That the Clerk of the House of Delegates is hereby instructed to transmit copies of this resolution to the Speaker of the United States House of Representatives, the President of the United States Senate, and the members of the Virginia delegation to the Congress of the United States, in order that they may be apprised of the sense of this body."

POM-858. A petition from a citizen of Albany, N.Y., including a report of the New York State Standing Committee on Cities entitled "Pathways to the Future Cities, Towns, Villages"; to the Committee on Banking, Housing, and Urban Affairs.

POM-859. A resolution adopted by the City Council of Baltimore, Md., condemning the President's latest round of proposed budget cuts; to the Committee on the Budget.

POM-860. A resolution adopted by the Nebraska Unicameral; to the Committee on Energy and Natural Resources:

"LEGISLATIVE RESOLUTION 212

"Whereas, the Natural Gas Policy Act of 1978 calls for the gradual deregulation of most natural gas wellhead prices by 1985; and

"Whereas, the Federal Energy Regulatory Commission has discussed raising allowable prices for old flowing (NGPA Section 104) natural gas administratively; and

"Whereas, the changes, which are being discussed by the FERC, could affect the price of a substantial quantity of Nebraska's natural gas supply; and

"Whereas, approximately seventy-five per cent of the residential structures in Nebraska are heated with natural gas and the average cost of natural gas to each residential user could increase substantially if prices were raised in this manner; and

"Whereas, agricultural, commercial, and industrial users in Nebraska could also incur substantially increased costs if prices are increased administratively; and

"Whereas, increased natural gas costs for agriculture, commerce, and industry in Nebraska will result in higher consumer prices for all commodities; and

"Whereas such price increases could further damage an already frail Nebraska economy.

"Now, therefore, be it resolved by the members of the Eighty-Seventh Legislature of Nebraska, second session:

"1. That the Legislature supports the gradual decontrol of natural gas prices as outlined in the Natural Gas Policy Act of 1978.

"2. That the Legislature opposes the raising of the allowable wellhead price of old flowing gas administratively by the Federal Energy Regulatory Commission.

"3. That the Legislature urgently requests the Nebraska Attorney General to initiate and/or intervene on litigation to prevent the acceleration of deregulation of natural gas by the FERC, pursue such litigation to the fullest, and report on the progress of such litigation to the Legislature and the Executive Board of the Legislative Council.

"4. That the Clerk of the Legislature send copies of this resolution to the President of the United States, the Nebraska congressional delegation, and Speaker of the United States Senate."

POM-861. A resolution adopted by the House of Representatives, Northern Marianas Commonwealth Legislature; to the Committee on Energy and Natural Resources:

"H. RES. NO. 29

"Whereas, the inauguration of Governor Pedro P. Tenorio and Lieutenant Governor Pedro A. Tenorio on January 11, 1982 marked a new beginning for the Commonwealth; and

"Whereas, Mr. Pedro A. Sanjuan, Assistant Secretary for Territorial and International Affairs, Department of the Interior, representing the Executive branch of the United States Government, played a major role in the ceremonies, delivering a most welcome and stirring address to the inaugural crowd; and

"Whereas, ten Congressmen from the United States House of Representatives' Committee on Interior Affairs, representing the Legislative branch of the United States Government, along with a number of their staff, participated in the inaugural ceremonies; and

"Whereas, Mr. Pedro A. Sanjuan, in the course of his inaugural day address, acknowledged that the citizens of the Commonwealth of the Northern Marianas "are Americans, and this is America"; and

"Whereas, Mr. Pedro A. Sanjuan has pledged to assist the Commonwealth in securing its citizens the full rights and liberties to which they are entitled as Americans; and

"Whereas, the delegation of Congressmen and their staff who represented the Legislative branch of the United States Government at Governor Tenorio's inauguration is the largest and most distinguished delegation from the United States ever to participate in any political ceremony held by the Commonwealth; and

"Whereas, the United States Congressmen and their staff who participated in the inaugural ceremonies also spent more than a day of their valuable time familiarizing themselves with the issues and concerns of the Commonwealth; and

"Whereas, these gestures by the United States delegation to Governor Pedro P. Tenorio's inauguration move us to feel deep appreciation, both toward the delegates themselves and toward the branches of the United States Government they represent; and

"Whereas, the same gestures by the United States delegation hold for the citizens of the Commonwealth the promise of their being recognized, at last, as permanent and full-fledged members of the United States political family; now, therefore,

"Be it resolved by the House of Representatives of the Third Northern Marianas Commonwealth Legislature, First Regular Session, 1982, that our heartfelt thanks and appreciation be extended to the individual members of the United States delegation to Governor Pedro P. Tenorio's inauguration, and to President Ronald Reagan, the President of the United States Senate, and the Speaker of the United States House of Representatives for sending such a distinguished delegation to the gubernatorial inaugural ceremonies of the Commonwealth of the Northern Mariana Islands; and

"Be it further resolved that the Speaker of the House of Representatives shall certify and the House Clerk shall attest to the adoption of this resolution and transmit copies to President Ronald Reagan, to the President of the United States Senate, to the Speaker of the House of Representatives, to the Secretary for Territorial and International Affairs, Department of Interior, to Mr. Pedro A. Sanjuan, and to all the Congressmen in the United States' delegation to the inauguration of Governor Pedro P. Tenorio and Lieutenant Governor Pedro A. Tenorio."

POM-862. A joint resolution adopted by the Illinois General Assembly; to the Committee on Energy and Natural Resources:

"JOINT RESOLUTION

"Whereas, The Congress of the United States is currently considering legislation which would protect and greatly enhance the beautiful and historic Illinois and Michigan Canal; and

"Whereas, This legislation would establish the Illinois and Michigan Canal National Heritage Corridor, thereby creating the first nationally designated recreation area in Illinois; and

"Whereas, The bill creates a new designation in the National Park System called the Heritage Corridor, and creates a Federal commission to coordinate and implement National Park Service goals in areas so designated; and

"Whereas, This concept, which the Secretary of the Interior has termed daring and precedent-setting, has received enthusiastic support from many individuals and many Federal, State and local organizations; therefore, be it

"*Resolved, by the Senate of the Eighty-Second General Assembly of the State of Illinois, the House of Representatives concurring herein*, That we strongly urge members of Congress to give their support to S-2157 and H.R. 5665, a bill which would establish the Illinois and Michigan Canal National Heritage Corridor; and be it further

"*Resolved*, That we pledge to give our full cooperation in the administration of this legislation if it is enacted; and be it further

Resolved, That copies of this preamble and resolution be sent to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to the Illinois Congressional delegation."

POM-863. A joint resolution adopted by the House of Representatives, Northern Marianas Commonwealth Legislature; to the Committee on Energy and Natural Resources:

"H.J. RES. NO. 6

"Whereas, section 601 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America provides that "the income tax laws in force in the United States will come into force in the Northern Mariana Islands as a local territorial income tax"; and

"Whereas, section 601 of the Covenant is based upon the mirror-image application of United States Internal Revenue Code, a concept which has been thoroughly discredited by two studies prepared by the United States Department of the Treasury:

"(1) "Territorial Income Tax Systems" prepared by the United States Department of the Treasury in October, 1979, discussing the tax systems in the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa;

"(2) "United States Federal Tax Policy Towards the Territories" prepared by Karla Hoff, International Economist on the Department of Treasury staff, in August, 1981, analyzes and critiques the present income tax systems in Puerto Rico, the Virgin Islands, and Guam; and

"Whereas, the mirror-image application of the Internal Revenue Code would disasterously affect the economic development of the Commonwealth at a time when the Commonwealth is seeking to achieve economic development on a par with that enjoyed by the continental United States; and

"Whereas, pursuant to Public Law of the United States, the provisions of the Internal Revenue Code will apply in the Commonwealth as of January 1, 1983; and

"Whereas, the Commonwealth Advisory Commission on Revenues and Taxation submitted its final report to the Governor and the Legislature on March 4, 1982, after nearly two years of study; and

"Whereas, the Tax Commission and its tax consultant, Professor Oliver Oldman, Director of the Harvard Law School's International Tax Program, agree that the least desirable income tax system for the Commonwealth is the one specified in Section 601 of the Covenant; and

"Whereas, the Tax Commission recommends that the Commonwealth develop a simplified income tax system for individuals and businesses residing in the Commonwealth, a system which will be based in part upon the concepts reflected in the United States Internal Revenue Code; and

"Whereas, the Tax Commission has submitted general guidelines to the Governor and the Legislature for the implementation of an income tax system in the Commonwealth; and

"Whereas, the Government of the Commonwealth endorses the Tax Commission's recommendation for an independent income tax system for the Commonwealth; and

"Whereas, pursuant to the Covenant, the mutual consent of the Governments of the United States and the Commonwealth of the Northern Mariana Islands is required to modify the provisions of Section 601; now, therefore,

"Be it resolved that the Commonwealth hereby expresses its desire to modify Section 601 to enable the Commonwealth to develop an alternative income tax system for individuals and businesses residing in the Commonwealth; and

"Be it further resolved that the Commonwealth requests the Government of the United States to enact legislation to modify Section 601 of the Covenant prior to January 1, 1983; and

"Be it further resolved that the Office of the Representative to the United States for the Commonwealth of the Northern Mariana Islands is hereby authorized to take all steps necessary to facilitate an early modification of Section 601 by the Government of the United States; and

"Be it further resolved that the Governor, the President of the Senate, and the Speaker of the House of Representatives shall each appoint a representative to assist the Washington Representative in negotiating the modification of Covenant Section 601 and the extension of the assistance necessary to enable the Commonwealth to develop an alternative income tax system which reflects the policies and needs of the Commonwealth; and

"Be it further resolved that the Commonwealth formally requests financial and technical assistance from the United States to develop an alternative income tax system in accordance with the Tax Commission's recommendations; and

"Be it further resolved that the Speaker of the House of Representatives and the President of the Senate shall certify and the respective clerks shall attest to the adoption of this resolution and the House Clerk shall thereafter transmit a certified copy to the Governor who shall endorse the resolution and forward copies of it to the President of the United States, the Secretary of the Department of the Treasury, the Commissioner of the Internal Revenue Service, the President of the United States Senate, and the Speaker of the United States House of Representatives."

POM-864. A resolution adopted by the San Antonio River Authority requesting amendments to Section 402 of Public Law 92-500, eliminating the requirements of a national pollutant discharge system permit for water releases from reservoirs; to the Committee on Environment and Public Works.

POM-865. A resolution adopted by the Legislature of the State of Hawaii; to the Committee on Finance:

"SENATE RESOLUTION NO. 115

"Whereas, the Caribbean Basin initiative is the latest in a series of proposals to help out Latin America going back to President Franklin D. Roosevelt's Good Neighbor Policy, and including President Kennedy's Alliance for Progress and President Carter's own Caribbean plan; and

"Whereas, the economic package is an integrated program that helps our neighbors to help themselves, a program which is intended to create conditions under which private entrepreneurship and self-help can flourish; and

"Whereas, the "centerpiece" is a free trade for Caribbean products exported to the United States for a period of twelve years, which is expected to be long enough to encourage the participation of investors; and

"Whereas, only textile and apparel products have been exempted from the one-way free trade zone program; and

"Whereas, we must share to a certain extent in the sacrifices that are necessary to enable our neighbors to achieve some economic improvement; and

"Whereas, although the Caribbean Basin Economic Recovery Act is well-intentioned, it places an extremely heavy burden on Puerto Rico, the Virgin Islands, Hawaii, and those states involved in light manufacturing; and

"Whereas, the President's proposal to increase the quantity of duty-free sugar imports will jeopardize the program authorized under the provisions of the Agriculture and Food Act of 1981, and will be of negligible help to the countries involved; and

"Whereas, sugar is the single most important export product for the State of Hawaii; and

"Whereas, the demise of sugar in Hawaii would have very obvious catastrophic consequences for the State of Hawaii since many thousands would become unemployed, thus adding a tremendous strain to our economy which is currently experiencing one of the highest levels of unemployment ever in its history; and

"Whereas, Hawaii's pineapple, papaya, and ornamental flower growers could also be harmed by the President's program, the extent of which depends on the ability of the Caribbean growers to produce and market these crops; and

"Whereas, the passage of the Caribbean Basin Economic Recovery Act in its present format would strongly encourage the supply to the United States of sugar, agricultural products, and light industrial products such as shoes; and

"Whereas, it is manifestly unfair to have specific groups and states pay for this national policy initiative; now, therefore,

"Be it resolved by the Senate of the Eleventh Legislature of the State of Hawaii, Regular session of 1982, that this body respectfully urges the United States Congress and President Reagan to evaluate all reasonable alternative approaches to the United States Caribbean Basin Economic

Recovery Act before approving or otherwise implementing the Act; and

"Be it further resolved that the Foreign Affairs and Foreign Relations Committees and other appropriate committees and subcommittees of the United States Congress, as well as the United States International Trade Commission, hold public hearings in the State of Hawaii concerning the Caribbean Basin Economic Recovery Act; and

"Be it further resolved that Hawaii's congressional delegation is respectfully urged to give their highest priority to the Caribbean Basin Economic Recovery Act and to act as a united group in a manner which protects the interests of Hawaii; and

"Be it further resolved that certified copies of this Resolution be transmitted to President Ronald Reagan; to the President of the United States Senate; to the Speaker of the United States House of Representatives; to the Chairpersons of the Foreign Affairs and Foreign Relations committees; to each member of Hawaii's delegation to Congress; and to the Chairperson of the United States International Trade Commission."

POM-866. A joint resolution adopted by the Virginia Assembly; to the Committee on Finance:

"HOUSE JOINT RESOLUTION No. 28

"Whereas, the withholding of federal and state income taxes is beneficial to both government and taxpayers for reasons of convenience and accountability; additionally it provides an element of thrift to the taxpayers and longer use of funds by the governments; and

"Whereas, the federal government has withheld state income taxes from the salaries of civil service employees for many years; and

"Whereas, the federal government has withheld state income taxes from the salaries of active duty members of the military since 1976; and

"Whereas, later this year the federal government will begin withholding state income taxes from the pay of civil service retirees who request it; and

"Whereas, no provision of federal law allows the federal government to withhold state income tax from the salaries of militarty retirees; now, therefore, be it

"*Resolved by the House of Delegates, the Senate concurring,* That the United States Congress is memorialized to enact legislation to permit the appropriate agencies of the federal government to withhold state income tax from those military retirees who request such action; and be it

"*Resolved further,* That the Clerk of the House of Delegates is directed to send copies of this resolution to the Speaker of the United States House of Representatives, the President of the United States Senate and all members of the United States Congress representing the Commonwealth of Virginia or one of its congressional districts."

POM-867. A joint resolution adopted by the Virginia General Assembly; to the Committee on Finance:

"HOUSE JOINT RESOLUTION No. 140

"Whereas, prior to the instituting of public assistance, families assumed the responsibility for the care of aged or infirmed relatives; and

"Whereas, prior to the Medical Assistance Program (Medicaid) the eligibility of the elderly to receive assistance was based upon disclosure of their children's financial status; and

"Whereas, an average payment of only one dollar per day per institutionalized Medicaid patient would raise approximately $9.8 million toward the current $122.6 million deficit in the Medicaid program projected for Virginia in the 1982-1984 biennium; and

"Whereas, Title 19 of the United States Code prohibited the consideration of whether families could support their elderly or infirm members unless voluntary disclosures of the child's or spouse's financial status had been made; and

"Whereas, the child's or spouse's financial status may be reviewed on a voluntary basis to determine the family's contributions for services provided under the Medical Assistance Program, and Medicaid payments decreased accordingly; and

"Whereas, it is then difficult or impossible to collect family contributions, particularly from out-of-state relatives, and equally difficult to obtain enforcement of the law due to philosophical differences of the judiciary regarding the enforcement of such support; and

"Whereas, there are some authorities within the present federal administration who believe that appropriate legislative action should be taken to provide states the option of enforcing familial support of the elderly and the infirm; now, therefore, be it

"*Resolved by the House of Delegates, the Senate concurring,* That the Congress of the United States is hereby memorialized to act expeditiously to provide certain state options for third-party payments for care and services received by Medicaid recipients; and, be it

"*Resolved further,* That the Clerk of the House of Delegates transmit copies of this resolution to the Speaker of the United States House of Representatives, the President of the United States Senate, the Secretary of the Department of Human Services, and the members of the Virginia congressional delegation in order that they may be apprised of the sense of the General Assembly."

POM-868. A concurrent resolution adopted by the General Assembly of Pennsylvania; to the Committee on Finance:

"CONCURRENT RESOLUTION

"Whereas, The Railroad Retirement System was established by an act of Congress in 1935 to provide retirement-survivor and unemployment-sickness benefit programs for the nation's railroad workers and their families; and

"Whereas, The Railroad Retirement System has been financed jointly through contributions from rail carriers and railroad workers since its inception, including the administrative costs of the Railroad Retirement Board, and therefore is not a burden upon the taxpayers of this country; and

"Whereas, The Railroad Retirement System has a present cash investment worth between $3,000,000,000 and $4,000,000,000 and more than 1,000,000 annuitants, yet it is administered with only 1.7% of the revenues; and

"Whereas, More than 81,000 of these railroad annuitants reside within the Commonwealth of Pennsylania, the largest total for any state in the nation; and

"Whereas, The present structure of the Railroad Retirement System, with its organization, financial strength and longevity, allows for the even distribution of both railroad program benefits and, since 1974, social security benefits to eligible recipients; and

"Whereas, The proposal of the Office of Management and Budget to eliminate the Railroad Retirement Board has caused great stress and trauma to the annuitants of railroad retirement and their families; and

"Whereas, The uncertain prospects of the proposed alternative raises many questions as to the guaranteed continuation of benefits and the fiscal integrity of these programs; therefore be it

"*Resolved, (the House of Representatives concurring),* That the General Assembly of the Commonwealth of Pennsylvania memorializes President Ronald Reagan, Congress and, more specifically, the members of the Pennsylvania Delegation, that the present railroad retirement and unemployment insurance programs be left intact; and be it further

"*Resolved,* That copies of this resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives and each Senator and Representative from Pennsylvania."

POM-869. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Finance:

"RESOLUTION

"Whereas, the Social Security Act, a vintage product of the hard times of a half-century past, has borne witness through the years that government serves humanity best when it seeks to care for those who are unable to care for themselves; and

"Whereas, much of the legislative initiative of the Federal Government in the last twelve months has been aimed at dismantling programs that have helped the multitudes; and

"Whereas, by voting to cut back on the benefits paid to survivors under the Social Security Act at President Ronald Reagan's behest last fall, a majority of the men and women in the Congress of the United States evidenced an unsettling inclination to eliminate desperately needed social programs while concurrently emphasizing defense spending; and

"Whereas, establishing the survivor's benefits program as a high priority item to be slashed from the budget, with such trickle-down effects as the disclocation of dependent scholars, a reactionary Congress, following the Presidential lead, has insensitively manifested an intent to ignore and reject the vast segment of our society for whom such public assistance as food stamps, welfare and college loans are both real and necessary; therefore be it

Resolved, that the Massachusetts House of Representatives hereby condemns wholesale budgetary cutbacks on social security programs that are vital to the Nation's continued good health and progress, such as college tuition benefits; and be it further

"*Resolved,* that a copy of these resolutions be forwarded by the Clerk of the House of Representatives to the presiding officer of each branch of the Congress and the members thereof from the commonwealth."

POM-870. A resolution adopted by the Board of Aldermen of Waterbury, Conn., supporting reform of federal and state policies and procedures which have to date obstructed payment of rent for State welfare clients directly to the landlords of those clients; to the Committee on Finance.

POM-871. A resolution adopted by the Unitarian Society of New Haven, Conn., calling for the United States and the Union of Soviet Socialist Republics to stop the nuclear arms race; to the Committee on Foreign Relations.

POM-872. A resolution adopted by the Pacific Coast Council on Latin American Studies condemning the Vice President's intervention in the internal affairs of Nicaragua; to the Committee on Foreign Relations.

POM-873. A resolution adopted by the council of the city of Erie, Pa., urging the President and the Congress to suspend nuclear weapons production while seeking a permanent, international nuclear weapons ban; to the Committee on Foreign Relations.

POM-874. A petition from a citizen of Huntington, Calif., supporting the President's policy on Central America and the Caribbean; to the Committee on Foreign Relations.

POM-875. A resolution adopted at the annual town meeting of Rockford Township, Winnebago County, Ill., urging that all funds presently appropriated for the testing, production, and deployment of nuclear weapons and their delivery systems be transferred to the use of establishing a better life for humankind; to the Committee on Foreign Relations.

POM-876. A resolution adopted by the city council of St. Cloud, Minn., supporting a mutual freeze with the Soviet Union on testing, production, and deployment of nuclear weapons and delivery systems; to the Committee on Foreign Relations.

POM-877. A resolution adopted by the city council of Linden, N.J., urging the President and Congress to initiate and enter into a mutual and verifiable nuclear weapons freeze with the Soviet Union; to the Committee on Foreign Relations.

POM-878. A resolution adopted by the city council of Maple Heights, Ohio, urging the President and Congress to establish a permanent international nuclear weapon ban; to the Committee on Foreign Relations.

POM-879. A resolution adopted by the National Academy of Sciences calling for the President, Congress, and the Soviet Union to limit strategic arms and to reduce significantly the numbers of nuclear weapons and delivery systems; to the Committee on Foreign Relations.

POM-880. A joint resolution adopted by the Virginia General Assembly; to the Committee on Governmental Affairs:

"HOUSE JOINT RESOLUTION NO. 160

"Whereas, the federal government holds title to certain property which includes over 758 million acres of land in addition to deserted Army and Air Force bases, federal buildings and other properties; and

"Whereas, much of this property is seen to have little or no value or use to the government and brings no tax revenue to the states in which it is located; and

"Whereas, the national debt of this country is reaching astounding proportions with no viable, quick solution in sight; and

"Whereas, interest alone on the national debt has reached almost one-half of our national budget and to pay this off would create an opportunity to reduce taxes substantially; and

"Whereas, it has been suggested that this surplus property could be appraised and sold in such a manner that would be feasible and acceptable in order to aid in the reduction of the national debt; and

"Whereas, it is understood that much open land such as parks and game preserves would not be considered salable and should be held by and for the use of the citizens; now, therefore, be it

"*Resolved by the House of Delegates, the Senate concurring*, That the General Assembly of Virginia does hereby memorialize Congress to consider the sale of certain surplus properties in order to reduce the national debt of the United States; and, be it

"*Resolved finally*, That the Clerk of the House of Delegates prepare a copy of this resolution for transmittal to the Congressional Delegation of Virginia, the Speaker of the House of Representatives and the President of the Senate in order that they may be apprised of the sense of the General Assembly of Virginia."

POM-881. A joint resolution adopted by the Legislature of the State of California; to the Committee on the Judiciary:

"SENATE JOINT RESOLUTION NO. 51

"Whereas, The Refugee Act of 1980 clearly places the responsibility for refugee resettlement at the federal level, and this is logical and appropriate since it is at the federal level that admission levels of refugees are determined; and

"Whereas, In addition, refugee resettlement is a national responsibility, not just the responsibility of the few states that house refugees, therefore, the cost of this program should come out of the purses of all 50 states, not just those states directly involved; and

"Whereas, The State of California receives refugees at a rate of 4,000 to 5,000 a month and as long as the United States continues to receive refugees from other countries, a substantial number will continue to come to California, and many of those who initially go to other states will continue to relocate in California to join their friends and families; and

"Whereas, California is undergoing an extremely serious fiscal crisis which threatens basic health, welfare, and educational services to California residents and refugees alike. Yet, the state has struggled to maintain a healthy and hopeful environment for our refugees, in spite of underfunding by the federal government, because of the strong commitment that we feel to those who come here seeking a haven from oppression; and

"Whereas, because of an apparent mistake on the part of the Federal Office of Refugee Resettlement in the Health and Human Services Department, the amount of money appropriated for refugee programs during the federal fiscal year 1982 budget process is totally inadequate, in spite of assurances to Congress during budget discussions that the amount requested would be enough to fully fund assistance for all needy refugees for 36 months; and

"Whereas, there is $477 million available to fund the refugee resettlement program cash and medical assistance nationwide for federal fiscal year 1982, and California's share is projected to be $204.6 million, an amount inadequate to cover the costs of the program in California for federal fiscal year 1982, which is projected to be at least $307.5 million; and

"Whereas, this will result in a shortfall of $102.9 million, and as a result California will run out of federal refugee funds by the first of June 1982; and

"Whereas, unless the State Legislature establishes a state-funded program, the refugee resettlement program must be discontinued in California when federal refugee money is no longer available in June 1982, which will mean termination of cash assistance grants for approximately 60,000 refugees; and

"Whereas, an estimated 25 percent of these refugees may go on county general relief programs, which have not budgeted for such a caseload increase, and the remaining 75 percent will be ineligible for any aid, other than medical assistance, in California; and

"Whereas, of the $102.9 million federal funds shortfall, $71.5 million must be absorbed beginning in June 1982, by the state General Fund ($65.8 million) and county funds ($5.7 million) to pay for categorical aid programs (AFDC, SSI/SSP, and medical assistance), which by law the state is required to provide regardless of the availability of federal funds, and this $71.5 million will be in addition to the estimated $33 million which the state and counties will incur this federal fiscal year to cover the cost of providing categorical aid to time-expired refugees (i.e., refugees who have been in the United States more than 36 months and no longer qualify for special federal refugee funding); and

"Whereas, The impact of the federal funding shortfall for refugee resettlement affects not only California, but all the other states of the nation that have generously opened their doors to welcome the hundreds of thousands of persons fleeing from oppression who have been invited to the United States by the federal government and while these states have made every effort to assist with refugee resettlement, the federal government clearly has a legal, as well as a moral, responsibility to provide adequate financial assistance to those states that have provided a home for refugees; now, therefore, be it

"*Resolved by the Senate and the Assembly of the State of California, jointly*, That the Legislature of the State of California respectfully urges the Congress and the President of the United States to appropriate sufficient federal funds to maintain the operation of the Refugee Resettlement Programs in California and in other states for the federal fiscal year 1982; and, be it further

"*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Secretary of the Health and Human Services Department, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-882. A resolution adopted by the Southern Association on Children Under Six supporting the retention of full developmental services to children enrolled in Head Start, and other services; to the Committee on Labor and Human Resources.

POM-883. A resolution adopted by the Southern Association on Children Under Six supporting the continuance of the Department of Education; to the Committee on Labor and Human Resources.

POM-884. A resolution adopted by the Arkansas Council of the Blind requesting retention of complete Department of Education 504 guidelines; to the Committee on Labor and Human Resources.

POM-885. A resolution adopted by the Arkansas Council of the Blind urging the restoration of training and inservice training funds to the 1981 budget levels, so that the erosion and degeneration of services to the blind may be deterred and the quality of services be enhanced; to the Committee on Labor and Human Resources.

POM-886. A resolution adopted by the Associated Students of the University of Washington opposing the proposed Federal financial aid cutbacks; to the Committee on Labor and Human Resources.

POM-887. A resolution adopted by the California Association of Families of Mentally Disabled urging Congress to balance national defense concerns with a humane attitude toward the disabled; to the Committee on Labor and Human Resources.

POM-888. A resolution adopted by the board of supervisors of the County of Sacramento, Calif., urging the revision of current regulations of the Veterans' Administration regarding the provision of health care to veterans exposed to atomic radiation; to the Committee on Veterans' Affairs.

POM-889. A resolution adopted by the Southern Association on Children Under Six opposing any and all censorship of thought and teaching materials used in any public learning institution; Ordered to lie on the table.

POM-890. A resolution adopted by the Southern Association on Children Under Six supporting quality child care programs for preschool and school age children; Ordered to lie on the table.

POM-891. A resolution adopted by the Legislature of the State of Hawaii; to the Committee on Environment and Public Works:

"SENATE RESOLUTION NO. 103

"Whereas, the U.S. District Court for the District of Columbia has held that the Environmental Protection Agency must issue regulations covering dams as a point source category under Section 402 of the Clean Water Act (P.L. 92-500); and

"Whereas, in the opinion in the case of *National Wildlife Federal vs. Gorsuch* issued on January 29, 1982, Judge Joyce Hens Greene ruled that certain water quality conditions associated with dams and reservoirs should be dealt with as a "discharge" of pollutants prohibited by Section 301 of P.L. 92-500; and

"Whereas, Judge Greene has rejected EPA's long held position that the National Pollutant Discharge Elimination System does not apply to releases from reservoirs and the Court has held that the EPA has violated a nondiscretionary duty in failing to regulate dams with NPDES permits; now, therefore,

"Be it resolved by the Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1982, that P.L. 92-500 be amended to eliminate the application of NPDES permits to discharges from reservoirs; and

"Be it further resolved that certified copies of this Resolution be transmitted to the Secretary of State and presiding officers of the legislative bodies of each state of the United States of America, the Speaker of the United States House of Representatives, the President of the United States Senate, and to Hawaii's congressional delegation."

POM-892. A resolution adopted by the Virginia Synod of the Lutheran Church of America calling for a halt to the nuclear arms race; to the Committee on Foreign Relations.

POM-893. A concurrent resolution adopted by the Legislature of the State of Hawaii; to the Committee on Foreign Relations.

"SENATE CONCURRENT RESOLUTION No. 42

"Whereas, the world today is increasingly troubled by international strife; and

"Whereas, technological advances have enabled international conflict to have potentially disastrous consequences for all humanity; and

"Whereas, the systematic use of trained personnel and applied research in the resolution of international conflict, backed by increased public awareness of practicable alternatives, could save this nation and others countless billions of dollars and untold human suffering; and

"Whereas, Senator Spark M. Matsunaga of Hawaii with 52 bi-partisan co-sponsors has introduced S. 1889 to establish a United States Academy of Peace, and similar legislation H.R. 5088 has been introduced in the House of Representatives; and

"Whereas, the legislation provides that the Academy should be an independent institution to specifically train Americans and other persons in the art of conflict resolution, undertake research, and initiate information services affecting peacemaking; and

"Whereas, the Board of Directors of the Academy of Peace is empowered to develop an outreach program involving public and private institutions in various states and territories in its training, research, and public information activities; now, therefore,

"Be it resolved by the Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1982, the House of Representatives concurring, that it urges Congress to enact legislation establishing a United States Academy of Peace; and

"Be it further resolved that President Ronald Reagan is requested to give full support to the establishment of this National Academy of Peace immediately following passage of the legislation; an

"Be it further resolved that certified copies of this Concurrent Resolution be transmitted to Ronald Reagan, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, Senator Robert T. Stafford, Chairman of the Senate Subcommittee on Education, Arts, and Humanities of the Committee on Labor and Human Resources, Representative Dante B. Fascell, Chairman of the International Operations Subcommittee of the House Committee on Foreign Affairs, and to each member of Hawaii's delegation to the United States Congress."

"POM-894. A petition from a citizen of Lincolnton, N. C., requesting information concerning records of the Federal Bureau of Investigation; to the Committee on the Judiciary.

"POM-895. A resolution adopted by the Legislature of the County of Suffolk, N.Y., urging Congress to sustain financial aid for Isabelle, a proton-proton collider; Ordered to lie on the table."

ENROLLED BILLS, AND JOINT RESOLUTIONS PRESENTED

The Secretary reported that on today, May 13, 1982, he had presented to the President of the United States the following enrolled bills and joint resolutions.

S. 146. An act to authorize the Secretary of the Interior to assist in the preservation of historic Camden in the State of South Carolina, and for other purposes; and

S. 1131. An act to require the Federal Government to pay interest on overdue payments, and for other purposes; and

S.J. Res. 145. Joint resolution authorizing and requesting the President to proclaim "National Orchestra Week"; and

S.J. Res. 170. Joint resolution to designate the week of November 7, 1982, through November 14, 1982, as "National Hospice Week".

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 377. Resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 2226.

By Mr. ROTH, from the Committee on Governmental Affairs, with an amendment in the nature of a substitute:

S. 1407. A bill to amend title 39, United States Code, by strengthening the investigatory and enforcement powers of the Postal Service by authorizing inspection authority and by providing for civil penalties for violations of orders under section 3005 of such title (pertaining to schemes for obtaining money by false representations or lotteries), and for other purposes (Rept. No. 97-392).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute, and an amendment to the title:

S. 2332. A bill to extend the expiration date of section 252 of the Energy Policy and Conservation Act (Rept. No. 97-393).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DOMENICI (for himself, Mr. HATFIELD, Mr. McCLURE and Mr. DOLE):

S. 2523. A bill to amend part B of title IV of the Higher Education Act of 1965 to reform the guaranteed student loan program in order to reduce entitlement expenditures under that program, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. JACKSON (for himself and Mr. GORTON):

S. 2524. A bill to withdraw from mining and mineral leasing certain public lands in the Mount Baker-Snoqualmie National Forest in the State of Washington; to the Committee on Energy and Natural Resources.

By Mr. ROTH (by request):

S. 2525. A bill to amend title 5, United States Code, to entitle officers and employees of the Postal Service who transfer to other Government agencies to the standard Federal reimbursement for their travel, transportation and relocation expenses; to the Committee on Governmental Affairs.

By Mr. CRANSTON (for himself, Mr. RIEGLE, Mr. BURDICK, Mr. BAUCUS, Mr. FORD, and Mr. MOYNIHAN):

S. 2526. A bill to reduce interest rates, control inflation, and ensure the availability of credit for productive purposes, and promote economic recovery by extending the Credit Control Act, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. THURMOND:

S. 2527. A bill to authorize the Secretary of the Interior to enter into a contract or cooperative agreement with the Art Barn

Association to assist in the preservation and interpretation of the Art Barn and Pierce Mill located in Rock Creek Park within the District of Columbia; to the Committee on Energy and Natural Resources.

By Mr. SASSER:

S. 2528. A bill to amend the Agricultural Act of 1949 to stabilize the commodity prices received by farmers and provide credit assistance to farmers, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. COHEN:

S. 2529. A bill to establish objective criteria and procedures for closing and consolidating weather stations; to the Committee on Commerce, Science, and Transportation.

By Mr. HART (for himself, Mr. Robert C. Byrd, Mr. Cranston, Mr. Baucus, Mr. Biden, Mr. Bradley, Mr. Bumpers, Mr. [illegible]on, Mr. Ford, Mr. Levin, Mr. Melcher, Mr. Nunn, Mr. Pell, Mr. Sarbanes, Mr. Tsongas, and Mr. Leahy):

S.J. Res. 198. Joint resolution to preserve the terms and conditions of the SALT II Treaty; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DOMENICI (for himself, Mr. Hatfield, Mr. Dole, and Mr. McClure):

S. 2523. A bill to amend part B of title IV of the Higher Education Act of 1965 to reform the guaranteed student loan program in order to reduce entitlement expenditures under that program, and for other purposes; to the Committee on Labor and Human Resources.

(The remarks of Mr. Domenici on this legislation appear earlier in today's Record.)

By Mr. JACKSON (for himself and Mr. Gorton):

S. 2524. A bill to withdraw from mining and mineral leasing certain public lands in the Mount Baker-Snoqualmie National Forest in the State of Washington; to the Committee on Energy and Natural Resources.

WITHDRAWAL OF CERTAIN LANDS FROM MINING AND MINERAL LEASING

● Mr. JACKSON. Mr. President, today I am introducing legislation which would withdraw from mining and mineral leasing certain public lands in the Mount Baker-Snoqualmie National Forest in the State of Washington.

Like many of my constituents, I was shocked to learn last month that the Department of the Interior had issued five oil and gas leases on Federal lands in the Mount Baker-Snoqualmie National Forest that are part of the watershed for the water supply systems of the cities of Seattle and Tacoma. These leases were issued over the objections of the U.S. Forest Service. They were issued despite the fact that the Forest Service and the cities have a cooperative agreement calling for management practices on Federal lands designed to protect watershed values. Since they were issued, the entire Washington State congressional delegation has gone on record in opposition to the leases and they have been rescinded.

While the immediate threat to these lands appears resolved, I am deeply concerned at the helter-skelter approach the Department is taking with respect to additional leasing. It appears that there is a policy of leasing whatever land industry asks for, with little or no thought given to the potential impacts of development. Surely, municipal watershed lands should be one of the last places leased. The same can be said for congressionally designated units of the National Wilderness Preservation System.

The Department's current program flies in the face of the principles of the Federal Land Policy and Management Act and the National Forest Management Act, both of which I helped to enact in 1976. These laws call for multiple-use decisions on national forest and Bureau of Land Management lands to be made in accordance with land management plans which consider all resource values and are subject to review and comment by State and local governments and the general public.

The Department's actions on the Seattle and Tacoma watershed leases reverses the process to a "lease first and get comments later" approach. The result is predictable—public outrage and opposition. Furthermore, this "act first and think later" approach is bound to stimulate widespread opposition to development, even in circumstances where development would be appropriate.

In the weeks and months to come, we can only hope that the administration will propose something more constructive with regard to wilderness—something more constructive than trying to resolve these self-induced leasing crises.●

● Mr. GORTON. Mr. President, I concur in the statement of my distinguished colleague, Senator Jackson. He has correctly characterized the reaction of the Washington delegation and our constituents to the issuance of oil and gas leases on Federal lands that are part of the watersheds of Seattle and Tacoma as one of shock. I must add, however, that the fact that such a decision was made without first consulting with the local authorities is as troublesome as the decision to issue the leases itself.

The Senate Environment and Public Works Committee's Subcommittee on Toxic Substances and Environmental Oversight of which I am chairman, is currently considering amendments to the Safe Drinking Water Act. I intend, in the course of the subcommittee's hearings, to take evidence on the question of the advisability of issuing oil and gas leases in watershed areas. It may well be that an exemption of a more generic nature is necessary or that requiring a specific procedure to be followed by the Department of Interior in the course of the consideration of such leases will suffice. This problem is undoubtedly one that is shared by many communities throughout the Nation. It is my intention to find a suitable means by which to spare other communities the experience of Seattle and Tacoma. I am sure that Senator Jackson will join me in this effrot, and I thank him for his continued cooperation in all issues of concern to our great State.●

By Mr. ROTH: (by request):

S. 2525. A bill to amend title 5, United States Code, to entitle officers and employees of the Postal Service who transfer to other Government agencies to the standard Federal reimbursement for their travel, transportation, and relocation expenses; to the Committee on Governmental Affairs.

POSTAL SERVICE EMPLOYMENT BENEFITS

● Mr. ROTH. Mr. President, I am introducing by request a bill to amend title 5, United States Code, to entitle officers and employees of the Postal Service who transfer to other Government agencies to the standard Federal reimbursement for their travel, transportation, and relocation expenses.

This legislation was proposed in Executive Communication No. EC-3379, dated April 20, 1982, and referred to the Governmental Affairs Committee on May 5, 1982. I am introducing this measure so that the public may have a legislative proposal upon which to comment.

Mr. President, I ask unanimous consent that a copy of the letter sent by the Postmaster General, dated April 20, 1982, and the text of the bill be printed in full in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

The Postmaster General,
Washington, D.C., April 20, 1982.

Hon. George Bush,
President of the Senate,
Washington, D.C.

Dear Mr. President: There is transmitted herewith a draft of legislation "To amend title 5, United States Code, to entitle officers and employees of the Post Service who transfer to other government agencies to the standard federal reimbursement for their travel, transportation and relocation expenses."

The bill would correct an oversight in present law which led the General Accounting Office to rule that Postal Service employees, despite having a statutory right to transfer to other agencies (39 U.S.C. 1006), are not entitled to the standard federal reimbursement for travel, transportation and relocation expenses when they transfer. 58 Comp. Gen. 132 (1978); 59 Comp. Gen. 28 (1979).

As we understand these rulings, they are based entirely on the technical language of the relevant statutes and not on any view that transferring postal employees should not receive these benefits as a matter of policy. Since these rulings, one private relief bill has been enacted (Priv. L. No. 96-115) to relieve from liability a transferred employee who was mistakenly paid these benefits by his new agency. Other such situations have created similar individual liabilities not yet relieved.

The proposed bill would entitle postal employees to be reimbursed for travel, transportation and relocation expenses to the extent authorized for transferring federal employees generally by subchapter II of Chapter 57 of title 5, just as employees of the former Post Office Department were entitled to reimbursement. This would be a fair and equitable solution to the problem of what seems to be a simple oversight in drafting the transfer provisions enacted for Postal Service employees in 1970.

Enactment of the proposed legislation is necessary if the right to transfer to other positions in the executive branch of the government, specifically provided by Congress in 39 U.S.C. 1006, is to have full practical effect. Accordingly, it is recommended that the bill be referred to the appropriate committee and that it be given prompt and favorable consideration.

The Postal Service does not believe that this bill would involve any additional appropriations or outlays for fiscal year 1983 or future fiscal years. If postal employees were entitled to reimbursement for their travel, transportation and relocation expenses, the total number of transfers government wide should not increase significantly and the amount reimbursed to a postal employee should not be any larger on the average than the amount which would have been expended if a nonpostal employee had been transferred instead. It seems unlikely that postal employees typically would wish to be considered for transfers involving substantial expenses unless such expenses will be reimbursed.

A similar letter is being sent to the Speaker of the House.

Sincerely,

WILLIAM F. BOLGER.

S. 2525

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Subchapter II of chapter 57 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 5734. *Travel, transportation and relocation expenses of officers and employees of the Postal Service.*

"Notwithstanding the provisions of any other law, officers and employees of the United States Postal Service promoted or transferred under section 1006 of title 39, United States Code, from the Postal Service to an agency for permanent duty are entitled to reimbursement for their travel, transportation and relocation expenses to the extent authorized by this subchapter for other transferred employees within the meaning of this chapter.".●

By Mr. CRANSTON (for himself, Mr. RIEGLE, Mr. BURDICK, Mr. BAUCUS, Mr. FORD, and Mr. MOYNIHAN):

S. 2526. A bill to reduce interest rates, control inflation, and insure the availability of credit for productive purposes, and promote economic recovery by extending the Credit Control Act, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

LOW INTEREST RATE ACT OF 1982

Mr. CRANSTON. Mr. President, I am introducing legislation today to renew the President's authority to act to lower interest rates through the policies and powers of the Federal Reserve Board.

The Low Interest Rate Act which I am introducing on behalf of myself and Senators RIEGLE, BURDICK, BAUCUS, FORD, and MOYNIHAN, will extend permanently the Credit Control Act of 1969 which is due to expire on June 30, and would strengthen the authority of the President to authorize the Federal Reserve Board to act to lower interest rates and to prescribe limitations on credit for unproductive corporate takeovers and for other generally nonproductive purposes.

One effect of the bill could be to free up more than $70 billion in credit tied up in financing the corporate takeover game which adds nothing to increased productivity.

This credit could be used productively by agriculture, housing, the automotive industry, and other interest rate sensitive sectors of the economy now in a state of depression.

The Credit Control Act, which was enacted in 1969, empowers the President to "authorize the Federal Reserve Board to regulate and control any or all extensions of credit" when he determines that such action is necessary for the purpose of preventing or controlling inflation.

The Low Interest Rate Act would extend the use of Presidential power over credit "to reduce high levels of unemployment in any sector of the economy, or to prevent or control inflation or recession."

The bill permits the Federal Reserve, when authorized to do so by the President, to apply monetary restrictions selectively rather than relying solely on across-the-board tight money which strangles the entire economy.

The late Arthur Okun of the Brookings Institution estimated that the blunderbuss approach to controlling inflation costs the economy $200 billion in lost GNP for each point we reduce inflation. That is coming to be a trillion-dollar cure.

Farming, housing, heavy industry, and small business already cannot afford to pay current interest rates. Those businesses and enterprises are going broke. But despite the depression in major sectors of the economy, the Federal Reserve keeps up interest rates in order to choke off other inflationary, nonproductive activity.

The low Interest Rate Act gives the President the authority to tell the Federal Reserve Research to ease up selectively on those sectors of the economy which have been flattened out by high interest rates while at the same time keeping up the pressure against highrolling corporate takeover artists who find it cheaper and easier to merge than to build new assets.

The corporate takeover game is not increasing our productivity. Some mergers are necessary to consolidate failing businesses, but most of this kind of beneficial merger activity is in response to the seriousness of the recession. Some jobs are saved by it. But few new jobs are added. Many are lost and productivity is not increased.

Our economy cannot afford to have billions spent on corporate takeovers when what we need is investment in plant construction and equipment modernization.

A record $82.6 billion was spent on corporate takeovers and mergers last year; $70 billion in bank loan commitments were available to finance mergers in 1981. That is credit which was not available to other sectors of the economy which are more productive in terms of real growth and product added to the national economy.

The increasing use of credit for nonproductive purposes is a leading cause of high interest rates. And it is clear that unless rates go down this year there will be widespread failures of major businesses, greater numbers of farm mortgage foreclosures and lengthening unemployment lines.

Interest charges for corporate borrowing this year will exceed $400 billion. That compares with $261 billion corporations paid in interest costs in 1979, according to IRS.

Farmers paid more in interest in 1981 than they earned in net income that year, according to the Department of Agriculture. This year the Department estimates net farm income ranging from $13.5 billion to a high of $18 billion and interest costs will exceed $19 billion.

Customers of the TVA face the prospect of paying for $1 billion in borrowing costs incurred by TVA. Other public utility customers will see rates going up to pay for record-high utility borrowing charges.

The fastest growing item in the Federal budget is interest payments which cost $115 billion this fiscal year and will cost $132 billion next year, according to the Treasury.

Interest rates must come down. But the blunderbuss approach of tight money, causing as it does massive business failures and high unemployment, is far, far too costly. There are better ways of bringing down interest rates, all of which must be used if we are to succeed in saving ourselves from an economic disaster.

These include reducing the deficit and enacting a budget which will continue to reduce deficits in future years with a definite downward trend; judicious expansion of the money supply;

a planned, phased lowering of interest rates, and limitations on the use of credit for expensive and unproductive corporate takeovers and similar unproductive activities.

My bill is one such step to lower interest rates.

My bill is not a bailout bill.

It is not costly to the Treasury.

The Low Interest Rate Act does not subsidize victims of high interest rates. Rather, by freeing capital for productive purposes, it would have the effect of lowering rates, thereby providing relief to ravaged sectors of the economy as well.

The bill properly should be seen as a capital availability measure. For this reason I have added to my bill a provision to rename the old Credit Control Act the Capital Availability Act.

This measure when fully understood is an extremely vital tool for the executive and legislative branches to communicate their recommendations on monetary policy to the Federal Reserve Board through an Executive order of the President which the Federal Reserve Board probably would not ignore. It is an important power.

It would be a mistake to allow this tool to expire on June 30. Even if unused the act remains available and serves as a reminder to the Federal Reserve Board that its powers can be invoked to bring down interest rates if the Fed does not act on its own to do so.

Used in a precise and sophisticated manner, the act can make vitally needed capital available to sectors of the economy whose low performance is in turn dragging down the rest of the economy. It is a tool whose time will come and it should be saved for that time, if the current President does not wish to use its powers.

I urge my colleagues to study my proposal carefully.

I intend to seek action on my bill in the Banking Committee and should that effort not succeed in obtaining consideration, I will seek opportunities on the floor of the Senate to offer it as an amendment to other appropriate measures.

I ask unanimous consent that the text of the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows;

S. 2526

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Low Interest Rate Act of 1982.".

SEC. 2. Section 211 of the Credit Control Act (12 U.S.C. 1910) is hereby repealed.

SEC. 3. (a) Section 205(a) of the Credit Control Act (12 U.S.C. 1904(a)) is amended to read as follows:

"(a) Whenever the President determines that such action is necessary or appropriate to reduce high levels of unemployment in any sector of the economy, or to prevent or control inflation or recession, the President may authorize the Board to regulate and control any or all extensions of credit.".

(b) Section 206 of the Credit Control Act (12 U.S.C. 1905) is amended by redesignating paragraphs (7) through (11) as paragraphs (8) through (12), respectively, and by inserting after paragraph (6) the following:

"(7) prescribe limitations with respect to credit for nonproductive purposes, including corporate takeovers, and otherwise ensure the availability of credit for productive and necessary purposes.".

SEC. 4. The Congress finds that the short title of Title II of Public Law 91-151 does not accurately describe the objective and the actions authorized to be taken under the Act in order to lower interest rates and make capital available for productive investment and that this inaccurate short title has had the consequence of deterring utilization of the Act for the purposes of lowering interest rates and making capital available for investment, therefore

Section 201 of Public Law 91-151 is amended to read "This Title may be cited as the 'Capital Availability Act'" and the caption for Title II of Public Law 91-151 is amended to read, "AUTHORITY FOR MONETARY POLICY CHANGE AND CREDIT CONTROL.".

By Mr. THURMOND:

S. 2527. A bill to authorize the Secretary of the Interior to enter into a contract or cooperative agreement with the Art Barn Association to assist in the preservation and interpretation of the Art Barn and Pierce Mill located in Rock Creek Park within the District of Columbia; to the Committee on Energy and Natural Resources.

PRESERVATION AND INTERPRETATION OF THE ART BARN AND PIERCE MILL

Mr. THURMOND. Mr. President, today I am introducing legislation which will authorize the Secretary of the Interior to enter into a contract or cooperative agreement with the Art Barn Association to assist in the preservation and interpretation of the Art Barn and Pierce Mill located in Rock Creek Park within the District of Columbia.

Rock Creek Park provides an area of natural beauty and tranquility within the confines of the District of Columbia. For over a decade, the National Park Service has entered into annual agreements with the Art Barn Association, a small group of women from in and around the District of Columbia, to use the carriage house of the old Pierce Plantation in Rock Creek Park as an admission-free gallery for local artists to display their work.

As a result of the dedicated, volunteer efforts of these women, this carriage house, now known as the Art Barn, has presented an unparalleled opportunity and setting for local artists to display, and for residents of, as well as visitors to, our Nation's Capital to view, fine works of contemporary art. These women would now like to extend their efforts to the mill located adjacent to the carriage house, and this bill would authorize the Secretary of the Interior to enter into a contract or cooperative agreement with these women in furtherance of this endeavor.

Under the contemplated agreement, the National Park Service would continue to maintain these properties, with the Art Barn Association providing the management and supervision for the art exhibitions and other community outreach cultural programs. This legislation would permit the agreement to last for more than a single year, thus allowing the Association to plan exhibitions and programs with greater certainty.

Mr. President, I believe this is a fitting and proper measure which will benefit a great number of local citizens and out-of-town guests. I ask unanimous consent that this bill appear in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2527

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) in furtherance of section 2 (e) of the Act entitled "An Act to provide for the preservation of historic American sites, buildings, objects and antiquities of national significance, and for other purposes.", approved August 21, 1935 (49 Stat. 656; 16 U.S.C. 462 (e)), and in order to preserve for the benefit and inspiration of the people of the United States the Art Barn and the Pierce Mill location in Rock Creek Park within the District of Columbia, the Secretary of the Interior is authorized to enter into contracts or cooperative agreements with the Act Barn Association to assist in the preservation and interpretation of the barn and mill.

(b) Pursuant to subsection (a) and subpart to such terms and conditions as the Secretary of the Interior may prescribe, funds appropriated to the Secretary of the Interior for operation and maintenance of the Art Barn and Pierce Mill may be made available to the Act Barn Association.

By Mr. SASSER:

S. 2528. A bill to amend the Agricultural Act of 1949 to stabilize the commodity prices received by farmers and provide credit assistance to farmers, and for other purposes; to the Committee on Agriculture Nutrition, and Forestry.

EMERGENCY FARM STABILIZATION ACT OF 1982

● Mr. SASSER. Mr. President, I rise today to introduce legislation to deal with the existing farm crisis.

My bill S. 2528 would force the Secretary of Agriculture to use some of the authority that Congress has in the past given him to deal with farm emergencies like the existing one. It would, first, require that he disseminate the $600 million in Farmers Home Administration economic emergency loan funds that Congress authorized last year. Second, it would force him to forgo foreclosure of Farmers Home farm loans for a period of 2 years.

Mr. President, low prices, skyrocketing costs—led by high and volatile interest rates and unusually bad weather have combined to put the farm community under intense financial pressures. Overall farm income was below $10 billion and projections for this year are no better. It is estimated that for 1982 real farm income will again be below $10 billion as it was in both 1980 and 1981.

The last time we saw 3 consecutive years of such decline was in the midst of the Great Depression. Not since then have we seen such farm income declines.

If the projection for real farm income in 1982 is accurate, we will see the lowest real farm income since the Department of Agriculture began making such estimates in the early part of this century.

These statistics and others indicate that if something is not done soon, many farmers will not be around to farm another year. They will be driven off the farm.

This fact is obvious if you talk to any of the many farmers now in financial distress. Now the Department of Agriculture downplays this problem. The Farmers Home Administration contends that farm foreclosures, though increasing, are not that high when compared with some past years. But I predict that if something is not done farm foreclosures could well set records.

Many foreclosures have not occurred simply because no one wants to have foreclosures on their books. So instead, farmers are simply being cut off from support. They are not getting the funds they need to continue operations. If farmers do not produce a crop, they do not stay on the farm. The bills come due whether they plant or not and they must pay. They do this by selling off property "voluntarily." This is a foreclosure of sorts, of course.

We do not want massive farm liquidations "voluntary" or otherwise. Vast sales of farmland and equipment pose a threat to the national economy. There is over $200 billion out there in outstanding farm debt. Falling land and equipment values could jeopardize this security.

The Department of Agriculture reported recently that for the first time in almost 30 years farm values have declined. Continued soft demand for farmland and equipment combined with forced sales of farms could prolong and accelerate this trend of declining farm values.

We must deal with this deteriorating situation. We must overcome the reluctance of the Department of Agriculture to come to terms with the problems. As I have said, the Department has the authority to act in any of a number of ways to deal with the economic problems agriculture is experiencing.

So far, however, the Department has chosen not to use this authority that Congress has provided for use in such emergencies.

High on this list is the authority of the Secretary of Agriculture to release $600 million in economic emergency loan funds authorized by Congress last year. This program, invoked in past years to deal with economic distress in the farm sector, could assist many farmers in their efforts to stay afloat for another season. Secretary of Agriculture John Block has repeatedly said that these funds are not needed and has refused to release them.

It is my feeling and that of many others that these funds are desperately needed now, and should be dispensed.

Another power which the Secretary has but has not chosen to use is to stay foreclosures on Farmers Home farm loans. This action is necessary to prevent the kind of "domino effect" that we saw during the Great Depression where plummeting farmland values reduced the value of all farms. If land and equipment continue to be forced on the market, we could see this same kind of cycle take hold once again.

Swift action must be taken to deal with this crisis. I urge my colleagues on the Senate Agriculture Committee to act expeditiously on this bill.

Mr. President, I ask unanimous consent that the full text of S. 2528 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2528

Be in enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Emergency Farm Stabilization Act of 1982".

ECONOMIC EMERGENCY LOANS

SEC. 2. Effective only for the fiscal year ending September 30, 1982, notwithstanding any other provision of law, the Secretary of Agriculture shall make new contracts of insurance or guarantee under tilte II of the Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. 1946 note) that will cause the total amount of money borrowed under such contracts by such date to equal $600,000,000.

LOAN MORATORIUM

SEC. 3. (a) Notwithstanding any other provision of law and in addition to any other authority that the Secretary of Agriculture may have to defer payments of principal and interest on loans and to forego foreclosure on loans, the Secretary of Agriculture shall permit, at the request of the borrower, the deferral of principal and interest on any outstanding loan made by the Secretary under title IV of the Consolidated Farm and Rural Development Act or any other law administered by the Farmers Home Administration, and shall forego foreclosure of any such loan, upon a showing by the borrower that due to circumstances beyond the borrower's control, the borrower is unable to continue making payments of such principal in interest when due without unduly impairing the standard of living of the borrower. The Secretary shall permit interest that accrues during the deferral period on any loan deferred under this section to bear no interest during or after such period, except that, if the security instrument securing such loan is foreclosed such interest as in included in the purchase price at such foreclosure shall become part of the principal and draw interest from the date of foreclosure at the rate prescribed by law.

(b) This section shall expire two years after the date of the enactment of this Act.●

By Mr. COHEN:

S. 2529. A bill to establish objective criteria and procedures for closing and consolidating weather stations; to the Committee on Commerce, Science, and Transportation.

WEATHER SERVICE STATION ACT OF 1982

● Mr. COHEN. Mr. President, today I am introducing a bill designed to establish objective criteria and procedures for closing and consolidating weather stations.

This bill is identical to legislation (H.R. 6269) introduced by Congresswoman VIRGINIA SMITH on May 4, 1982.

Over the past 5 fiscal years, the executive branch has consistently proposed the closing of at least 72 weather service stations. Each year, Congress has resisted administration efforts and voted the appropriations to keep all of the stations open.

Mr. President, this bill makes no judgment as to which weather stations should remain open or be closed. It does seek to establish a workable framework for making these decisions and, at the same time, protecting weather station employees from the recurring threat of being transferred or furloughed. Presently, there is no rational test for need, no outside experts making reasonable judgments, no public hearings and little notice.

In making a determination whether or not to close or consolidate a weather service office, my bill would require the Secretary of Commerce to consider the following stipulations:

First. The effect of a proposed closing or consolidation on the community served by the weather service office;

Second. The effect of such closing or consolidation on employees of the National Weather Service employed at such office;

Third. The economic savings to the National Weather Service resulting from such closing or consolidation; and

Fourth. Such other factors as the National Weather Service determines are necessary.

My bill would also require that the Secretary hold hearings allowing the public to voice its concerns and opinions.

In many States, the very livelihood of some communities depends on the vital information provided by local weather service stations. The Portland, Maine Forecast Office and its programs serve the people of Maine and New Hampshire. Fishermen, farmers, and pilots alike rely heavily on the services rendered by the 18 employees at this forecast station. Any reduction of meteorologist positions and subsequent transfer of those functions from Portland to another out-of-State office could very well jeopardize public safety. The loss of these services would therefore be immediately felt by the entire community.

My bill would address each of the aforementioned problems by making the Government take a closer look at each weather station before deciding which to close, consolidate or keep open.●

By Mr. HART (for himself, Mr. ROBERT C. BYRD, Mr. CRANSTON, Mr. BAUCUS, Mr. BIDEN, Mr. BRADLEY, Mr. BUMPERS, Mr. EXON, Mr. FORD, Mr. LEVIN, Mr. MELCHER, Mr. NUNN, Mr. PELL, Mr. SARBANES, Mr. TSONGAS, and Mr. LEAHY):

S.J. Res. 198. Joint resolution to preserve the terms and conditions of the SALT II Treaty; to the Committee on Armed Services.

(The remarks of the Mr. HART on this legislation appear earlier in today's RECORD.)

ADDITIONAL COSPONSORS

S. 1664

At the request of Mr. ROTH, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 1664, a bill to amend title 10, United States Code, to allow supplies under the control of departments and agencies within the Department of Defense to be transferred to the Federal Emergency Management Agency as if it were within the Department of Defense and to amend the Federal Civil Defense Act of 1950 to authorize the Federal Emergency Management Agency to loan to State and local governments property transferred to such agency from other Federal agencies as excess property.

S. 1866

At the request of Mr. GORTON, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 1866, a bill to assure safe drinking water.

S. 1910

At the request of Mr. BENTSEN, the Senator from Maine (Mr. MITCHELL) was added as a cosponsor of S. 1910, a bill to amend section 403(B)(2) of the Internal Revenue Code of 1954 with respect to computation of the exclusion allowance for ministers and lay employees of a church; to add new section 430(B) annuity contract includes an annuity contract of a church, including a church pension board; to conform section 403(c) with recent amendments to 402(a)(1); to amend section 415(c)(4) to extend the special elections for section 430(b) annuity contracts to employees of churches or conventions or associations of churches and their agencies; to add a new section 415(c)(8) to permit a de minimis contribution amount in lieu of such elections; and to make a clarifying amendment to section 415(c) by adding a new paragraph (9) and conforming amendments to sections 415(d)(1), 415(d)(2), and 403(b)(2)(B).

S. 1992

At the request of Mr. RANDOLPH, his name was added as a cosponsor of S. 1992, a bill to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes.

S. 2059

At the request of Mr. COHEN, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2059, a bill to change the coverage of officials and the standards for the appointment of a special prosecutor in the special prosecutor provisions of the Ethics in Government Act of 1978, and for other purposes.

S. 2196

At the request of Mr. HUMPHREY, the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 2196, a bill to allow the criminal and civil forfeiture of real property under the Comprehensive Drug Abuse Prevention and Control Act of 1970.

S. 2309

At the request of Mr. RANDOLPH, the Senator from Colorado (Mr. HART) was added as a cosponsor of S. 2309, a bill to amend the Endangered Species Act of 1973, to authorize funds for fiscal year 1983, and for other purposes.

S. 2353

At the request of Mr. BENTSEN, the Senator from South Dakota (Mr. PRESSLER), the Senator from Georgia (Mr. NUNN), the Senator from Illinois (Mr. PERCY), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 2353, a bill entitled "The Life Insurance Taxation Act of 1982."

At the request of Mr. RANDOLPH, his name was added as a cosponsor of S. 2353, supra.

S. 2369

At the request of Mr. DOLE, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 2369, a bill to amend the Internal Revenue Act of 1954 to clarify the standards used for determining whether individuals are not employees for purposes of the employment taxes, and for other purposes.

S. 2428

At the request of Mr. MATHIAS, the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 2428, a bill to amend title 18 of the United States Code to strengthen the laws against the counterfeiting of trademarks, and for other purposes.

S. 2464

At the request of Mr. COHEN, the Senator from Michigan (Mr. LEVIN), and the Senator from Tennessee (Mr. SASSER) were added as cosponsors of S. 2464, a bill to amend the Public Works and Economic Development Act of 1965 to reauthorize the Economic Development Administration for fiscal years 1983, 1984, and 1985, and for other purposes.

S. 2486

At the request of Mr. EAGLETON, the Senator from Oregon (Mr. HATFIELD), the Senator from Montana (Mr. BAUCUS), the Senator from Montana (Mr. MELCHER), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Oklahoma (Mr. BOREN), the Senator from Nebraska (Mr. EXON), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of S. 2486, a bill to authorize the Secretary of Agriculture to purchase stored commodities from producers under certain circumstances.

SENATE JOINT RESOLUTION 149

At the request of Mr. METZENBAUM, the Senator from Indiana (Mr. QUAYLE) was added as a cosponsor of Senate Joint Resolution 149, a joint resolution to designate the week of June 6, 1982, through June 12, 1982, as "National Child Abuse Prevention Week".

SENATE JOINT RESOLUTION 150

At the request of Mrs. KASSEBAUM, the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of Senate Joint Resolution 150, a joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day".

SENATE JOINT RESOLUTION 183

At the request of Mr. SPECTER, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of Senate Joint Resolution 183, a joint resolution to authorize and request the President to issue a proclamation designating October 19 through October 25, 1982, as "Lupus Awareness Week".

SENATE CONCURRENT RESOLUTION 93

At the request of Mr. DOLE, the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from New York (Mr. D'AMATO), the Senator from Washington (Mr. GORTON), the Senator from Indiana (Mr. LUGAR), and the Senator from Colorado (Mr. ARMSTRONG) were added as cosponsors of Senate concurrent resolution 93, a concurrent resolution to urge the Government of the Soviet Union to facilitate the emigration of certain Soviet citizens, and for other purposes.

SENATE RESOLUTION 334

At the request of Mr. METZENBAUM, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of Senate Resolution 334, a resolution to express the sense of the Senate disapproving the policy of the administration with respect to railroad retirement for fiscal year 1983.

SENATE RESOLUTION 340

At the request of Mr. ROBERT C. BYRD, the Senator from Colorado (Mr. HART) was added as a cosponsor of Senate Resolution 340, a resolution to express the sense of the Senate that no action be taken to terminate or otherwise weaken the community service employment program under title V of the Older Americans Act of 1965.

SENATE RESOLUTION 387

At the request of Mr. CHILES, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of Senate Resolution 387, a resolution to acclaim the New World Festival of the Arts, to be held throughout Greater Miami and Dade County, Fla., June 4, 1982, through June 26, 1982, as a major cultural and artistic event.

SENATE RESOLUTION 390

At the request of Mr. LEVIN, the Senator from Pennsylvania (Mr. SPECTER), and the Senator from Iowa (Mr. GRASSLEY) were added as cosponsors of Senate Resolution 390, a resolution urging the Soviet Union to allow Abe Stolar, his wife, Gita, and his son, Michael, to emigrate to Israel.

AMENDMENT NO. 1399

At the request of Mr. GOLDWATER, his name was added as a cosponsor of amendment No. 1399 proposed to S. 2248, a bill to authorize appropriations for fiscal year 1983 for procurement, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe personnel strengths for the Armed Forces and for civilian personnel of the Department of Defense, and for other purposes.

UP AMENDMENT NO. 933

At the request of Mr. GARN, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of UP amendment No. 933 proposed to S. 2248, a bill to authorize appropriations for fiscal year 1983 for procurement, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe personnel strengths for the Armed Forces and for civilian personnel of the Department of Defense, and for other purposes.

UP AMENDMENT NO. 938

At the request of Mr. WALLOP, the Senator from North Carolina (Mr. EAST), the Senator from New York (Mr. D'AMATO), and the Senator from Georgia (Mr. MATTINGLY) were added as cosponsors of UP amendment No. 938 proposed to S. 2248, a bill to authorize appropriations for fiscal year 1983 for procurement, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe personnel strengths for the Armed Forces and for civilian personnel of the Department of Defense, and for other purposes.

AMENDMENTS SUBMITTED FOR PRINTING

EMERGENCY INTEREST REDUCTION PAYMENTS

AMENDMENT NO. 1449

(Ordered to be printed and to lie on the table.)

Mr. PRESSLER submitted an amendment intended to be proposed by him to the bill (S. 2226) to amend the National Housing Act to provide for emergency interest reduction payments, and for other purposes.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

AMENDMENT NO. 1450

(Ordered to be printed and lie on the table.)

Mr. HEINZ submitted an amendment intended to be proposed by him to the concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982.

● Mr. HEINZ. Mr. President, on behalf of myself and Senators DANFORTH, D'AMATO, and PERCY, I submit an amendment to the first concurrent budget resolution, which I will offer at the appropriate time. The task of restoring solvency to the social security system must be undertaken later this year by the Congress. My amendment will insure the independence of this task from the separate task of reducing the Federal deficit.

In my judgment the solvency of the social security system cannot be achieved in the context of the current budget debate. The needs of the social security system must be kept separate and apart from the debate over budget deficits and revenues. Thus far, our failure to keep these issues separate has jeopardized the success of the budget process itself.

We must also recognize that any action taken to achieve solvency of the social security trust funds must await the report by the National Commission on Social Security Reform, at which time the House Ways and Means and Senate Finance Committees will report specific revenue and savings levels after reviewing the considered recommendations of the Commission.

We do not want to make unnecessary cuts in social security benefits purely to meet arbitrary budget targets. The $40 billion figure included in the budget resolution as the social security savings to be realized by Congress is simply an estimate. I am not convinced that this figure is at all accurate in representing the level of savings absolutely necessary to keep the system solvent. Therefore, other expert opinions should be carefully considered before any figure, $40 billion or otherwise, can be adopted.

This amendment would remove from the third reconciliation instruction the mandate to save $40 billion. It would retain the requirement on the Finance and Ways and Means Committees to report solvency legislation by December 1. It would also adjust the totals in the budget resolution to reflect the treatment of OASDI separate from the budget resolution. This avoids having any significant adverse effect on the annual budget deficit totals. Finally, it makes clear that the purpose of the instruction must be solely to insure the solvency of the social security trust funds and to set in motion the process—which includes reviewing the Commission's recommendations and receiving the congressional tax committees' specific figures—by which solvency can be achieved .

I urge my colleagues to join me in striking the $40 billion figure from the budget resolution when it comes to the floor. I ask that the full text of my amendment appear in the RECORD.

Mr. President, I also ask that an analysis of the effect on the budget aggregates prepared by the Congressional Budget Office be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

On page 2, beginning with line 4, strike out through line 15 on page 3 and insert the following:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1982: $623,000,000,000;
Fiscal year 1983: $509,200,000,000;
Fiscal year 1984: $565,700,000,000;
Fiscal year 1985: $624,400,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $22,000,000,000;
Fiscal year 1984: $37,000,000,000;
Fiscal year 1985: $42,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000;
Fiscal year 1983: $673,500,000,000;
Fiscal year 1984: $718,200,000,000;
Fiscal year 1985: $767,600,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,000,000,000;
Fiscal year 1983: $609,700,000,000;
Fiscal year 1984: $639,100,000,000;
Fiscal year 1985: $677,100,000,000.

(4) The amount of deficits in deficits in the budget which are appropriate in the

light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,000,000,000;
Fiscal year 1983: $100,900,000,000;
Fiscal year 1984: $73,300,000,000;
Fiscal year 1985: $52,700,000,000.

On page 3, line 16, strike out "(6)" and insert "(5)".

On page 4, line 4, strike out "(7)" and insert "(6)".

On page 16, beginning with line 8, strike out through line 12 on page 17 and insert the following:

(12) Income Security (600):
Fiscal year 1982:
(A) New budget authority, $260,900,000,000;
(B) Outlays, $251,500,000,000;
(C) New direct loan obligations, $2,800,000,000;
(D) New primary loan guarantee commitments, $17,000,000,000;
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $120,600,000,000;
(B) Outlays, $100,300,000,000;
(C) New direct loan obligations, $2,000,000,000;
(D) New primary loan guarantee commitments, $18,700,000,000;
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $123,900,000,000;
(B) Outlays, $99,400,000,000.
Fiscal year 1985:
(A) New budget authority, $130,300,000,000;
(B) Outlays, $104,000,000,000.

On page 23, beginning with line 12, strike out through line 13 on page 24 and insert the following:

(19) Undistributed Offsetting Receipts (950):
Fiscal year 1982:
(A) New budget authority, -$30,500,000,000;
(B) Outlays, -$30,500,000,000;
(C) New direct loan obligations, $0;
(D) New primary loan guarantee commitments, $0;
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, -$36,400,000,000;
(B) Outlays, -$36,400,000,000;
New direct loan obligation, $0;
(D) New primary loan guarantee commitments, $0;
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, -$42,000,000,000;
(B) Outlays, -$42,000,000,000.
Fiscal year 1985:
(A) New budget authority, -$43,100,000,000;
(B) Outlays, -$43,100,000,000.

On page 32, beginning with line 19, strike out through line 15 on page 33, and insert the following:

(c)(1)(A) In order to insure the solvency of the Social Security Old Age and Survivors Trust Fund created pursuant to title II of the Social Security Act as amended, the Senate Committee on Finance shall report changes in the laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, in order to meet the appropriate levels of budget authority, budget outlays, and revenues specified in the resolution adopted by that committee pursuant to subparagraph (B) of this paragraph.

(B) Prior to the date on which the Senate Committee on Finance reports the changes in law required under subparagraph (A) of this paragraph, that committee shall adopt a resolution specifying for fiscal years 1983, 1984 and 1985 levels of new budget authority, budget outlays, and revenues, or a combination thereof, for the Social Security Old Age and Survivors Insurance Trust Fund.

(2)(A) In order to insure the solvency of the Social Security Old Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the House Ways and Means Committee shall report changes in the laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, in order to meet the appropriate levels of budget authority, budget outlays, and revenues specified in the resolution adopted by such committee pursuant to subparagraph (B) of this paragraph.

(B) Prior to the date on which the House Committee on Ways and Means reports the changes in law required under subparagraph (A) of this paragraph, that committee shall adopt a resolution specifying for fiscal years 1983, 1984 and 1985 levels of new budget authority, budget outlays, and revenues, or a comnbination thereof, for the Social Security Old Age and Survivors Insurance Trust Fund.

(3) The changes in law referred to in paragraphs (1)(A) and (2)(A) and the resolutions referred to in paragraphs (1)(B) and (2)(B) shall take into account the recommendations of the National Commission on Social Security Reform with respect to the amount of reductions in budget authority and outlays or increases in revenues, or combination thereof, needed to insure the solvency of the Social Security Old Age and Survivors Insurance Trust Fund. Such changes in law shall be reported, and such resolutions shall be adopted, by the Senate Committee on Finance and the House Committee on Ways and Means no later than December 1, 1982.

BUDGETARY IMPACT OF REMOVING THE OLD AGE SURVIVORS AND DISABILITY INSURANCE TRUST FUNDS FROM THE SENATE BUDGET COMMITTEE FIRST CONCURRENT RESOLUTIONS

[By fiscal year, in billions of dollars]

	1983	1984	1985
Resolution revenues	667.0	739.0	822.0
Change to revenues	-157.8	173.3	-197.6
Revenues after change	509.2	565.7	624.4
Resolution outlays	779.1	825.0	878.5
Change to outlays	169.4	-185.9	-201.4
Outlays after change	609.7	639.1	677.1
Social security solvency	6.0	17.0	17.0
Change to social security solvency	-6.0	-17.0	-17.0
Social security solvency after change	0	0	0
Resolution deficit	106.1	69.0	39.5
Change to deficit	-5.6	4.4	13.2
Deficit after change	100.5	73.4	52.7 ●

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Committee on Rules and Administration plans to hold a meeting on Wednesday, May 19, 1982, at 2 p.m., in room S-207, the Capitol. The purpose of the hearing is to receive testimony from Senators concerning their views on regulations and/or rules changes to implement Senate Resolution 20.

As you know, the Senate on April 20 approved Senate Resolution 20, which authorized and directed the Rules Committee to provide for television and/or radio coverage of Senate proceedings. The resolution will become effective on the date on which the Senate agrees to a resolution containing such regulations and/or rules changes needed to implement television and/or radio coverage of the Senate. The Rules Committee is required to report such a resolution within 60 days.

Members interested in testifying or in submitting a statement for the record should contact John Swearingen of the Rules Committee staff on x49078.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. TOWER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, May 13, at 10 a.m., to hold a business meeting to consider pending calendar business.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

ADDITIONAL STATEMENTS

NATIONAL SMALL BUSINESS WEEK

● **Mr. TOWER.** Mr. President, I rise in recognition of, and support for, National Small Business Week. It is an occasion to honor that sector of our country that provides much of the innovation and competitiveness that has made the American economy the leader in the world. As President Reagan recently stated:

> Small business is the cornerstone of our free enterprise system and since the birth of our country has represented opportunity, independence, and fulfillment of dreams for generations of Americans.

Indeed, the initiative and challenge of small business is the lifeblood of the American way. Small business is symbolic of the freedoms that only Americans enjoy. I congratulate and commend the entrepreneurial spirit of all our small businessmen and women around the country.

I would also like to commend this administration for their promotion of and their cooperation with small busi-

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ness. The economic recovery program is designed to provide a pervasive and lasting positive effect on small business. It consists of a tax policy designed to promote work, savings, and investment; a budget policy designed to return resources to the private sector for investment and growth; a regulatory reform program to reduce the inefficiencies and enormous costs that are holding back production and raising prices; and a cooperative effort with the independent Federal Reserve Board to achieve a moderate and steady monetary policy to end inflation. The Congress has enacted some parts of this program to date, but in my view, we would do well to remember that a large portion of these goals have yet to be accomplished. There are many who would point to our current economic difficulties as reason to return to the failed high taxing and high spending policies of the past. I would urge this Congress to recognize that small business can only reach its full economic potential by being freed from the shackles of excessive taxation and overregulation by a Federal Government that has grown too large. The goals of the economic recovery program remain the most viable and effective means of getting small business and the American economy growing again.

The recently released report of the President entitled "The State of Small Business," represents a good effort on the part of the administration to fully examine the current status of small business and provide a useful summary of our current knowledge of small business. Many of the findings are frankly disturbing to me, and stand as evidence of my belief that the growth of Government has coincided with a decline in our small business sector.

The report found:

The small business share of gross national product declined in all major industry sectors from 1972 through 1977, from 56 percent to 51.3 percent.

In particular, there was an across-the-board decline in the sales share of firms with less than 20 employees.

There was an overall decline in the number of small businesses with less than four employees. Declines were significant in the areas of retail and wholesale trade.

One finding in the report is particularly divergent and troubling. While the number of small businesses overall has increased, the number of businesses with fewer than four employees declined slightly. This decline may be attributed to scale economies associated with improved methods and technology but a significant portion of it also appears to be due to the effects of regulation. The extent to which small businesses have been regulated has meant that the typical small business must become larger in order to survive the increasing burden of regulatory redtape. This is a dangerous trend that, in my view, must be corrected and reversed. Final enactment of S. 1080, the Regulatory Reform Act, recently passed by the Senate and pending in the House, would be an excellent first step toward easing the burden of overregulation on the small business sector.

The Economic Recovery Tax Act of 1981 seeks to provide incentives for small firms to increase their capital outlays as well as to encourage employment growth. The across-the-board individual rate cuts and the indexing provisions increase the real take-home pay of workers and owners. The accelerated cost recovery system and expensing provisions encourage increased capital investment. The estate tax reduction in ERTA significantly enhances the ability of small, family-owned enterprises to be perpetuated beyond the present generation, instead of requiring liquidation to meet excessive estate tax obligations. Other important provisions include the expansion of the funding limitations of the Keogh Plan and individual retirement accounts (IRA's). These changes and others in this hallmark tax legislation are essential elements in restoring the incentives to work, save, and invest.

Inflation, which prior to the Reagan administration was specified in polls as the biggest problem facing American citizens, has been brought under control and currently is running at approximately a 4-percent annual rate. Interest rates, although lower now than when President Reagan took office, remain persistently high, as do unemployment figures. It is my opinion that these indicators remain unfavorable because the private sector remains unconvinced that the tenets of the economic recovery program will be adhered to by the Congress. Main Street views the program in Washington as talk about fiscal restraint, but a lack of discipline to act, and as a consequence real interest rates are 11 to 12 percent. Borrowers will continue to pay this inflation premium on loans until the financial markets are convinced that Congress will establish and maintain a course of lower taxes and lower spending.

In my view, it is spending restraint that is needed to return the real and financial resources now being absorbed by the Government to the private sector for use in investment and growth. The capital needs of the private sector, and of small business in particular, have been squeezed by the growth of the Government sector. Government spending in fiscal 1982 will account for approximately 23.5 percent of our gross national product, the highest in our history. The largest growth has come in the entitlement programs which, since 1970, have grown 234 percent in real terms, while defense spending has grown only 12 percent in that same period. This excessive spending problem manifests itself most directly in the competition for funds in the credit market, where the growing deficits must be financed. When the purchases and financial claims of Government increase relative to GNP, it means fewer real and financial resources are available for use by the private sector to expand capacity and production. Improving access of small business to needed resources requires curtailing this Government preemption of the country's work force, capital goods, raw materials, and productive capacity, as well as credit. Government spending crowds out the private sector's access to these resources whether that spending is financed by taxes or borrowing.

In summary, we must continue to pursue the goals of the economic recovery program. In addition, we must stress the importance of the small business sector and our free enterprise system in our national policies on exports, Federal procurement, and research, development and innovation. It is small business that will play the primary role in the economic revitalization of this country, and it is in recognition of that fact that this Congress must continue to effectively address the needs and problems of small business. I am pleased to take this opportunity to join in the tribute to National Small Business Week.●

GEOTHERMAL ENERGY: ALIVE AND GROWING

● Mr. SCHMITT. Mr. President, low-temperature geothermal energy is alive and well in New Mexico. Irrefutable evidence of this fact occurred on April 21, 1982, when a large low-temperature geothermal hot water and space heating project was dedicated at New Mexico State University in Las Cruces. This project is one of the Nation's largest direct-use applications of geothermal energy and is the star of the State of New Mexico energy research and development program.

The New Mexico State University (NMSU) geothermal heating project is an excellent example of research leading to commercialization. This project advanced through the spectrum from basic research to commercialization in approximately 6 years, with the financial support of the State of New Mexico and the U.S. Department of Energy. University faculty and research staff discovered and developed the geothermal resources. As a matter of interest, this resource had no surface manifestations. Student labor was employed to install much of the system during the 1981 summer academic recess. The system delivers about 10 million Btu's per hour for hot water heating in 30 campus buildings, including 5 multistructure dormitories, space heating of the natatorium and football stadium, and heating of the indoor and outdoor swimming pools. Although the project had a total installed cost of about $1.2 million, the annual savings on expenditures for natural gas will be approximately $300,000 in 1982.

The operating system uses two 860-foot production wells capable of producing a total of 700 gallons per minute of water at a temperature of 142° to 146° F. The geothermal water has a total dissolved solids content of 2,000 parts per million with no hydrogen sulfide, and is therefore potentially usable on the surface. The hot water is transported via double insulated cement asbestos pipe, Temptite, to a heat exchanger prior to being reinjected 2,600 feet away. Fresh water from the campus water supply is heated at the heat exchanger and transported by the same type of pipeline 6,500 feet to a central distribution point, arriving at a temperature of 137° F. The hot fresh water is then distributed to buildings within a radius of about 4,000 feet.

The major use of the hot water is for showers in the student dormitories for which the water is delivered at a temperature of over 125° F. Current natural gas savings exceed 80 million cubic feet per year with substantial potential for increasing these savings since the system is currently being used at only about half its capacity. Natural gas is in short supply in the Las Cruces area and gas that is saved can be used by other customers. Thus, this project provides a double benefit, low cost energy for NMSU and increased energy supplies for residences, commercial establishments, and industry.

There have been a number of individuals who have contributed to the success of this project. Notable are: Roy Cunniff, project engineer; Dr. Chandler Swanberg, geophysicist; Dr. Paul Morgan, geophysicist; Dr. Lokesh Chaturvedi, geological engineer; Dr. George Jiracek, geophysicist; Dr. Harold Daw, physicist; Dr. Larry Icerman, engineer. Also involved in the project were the Energy Institute and the Physical Science Laboratory at New Mexico State University. The Physical Science Laboratory was responsible for the engineering design and construction of the project.

But this project is only the tip of the volcano. In the course of the research which led to the NMSU campus geothermal project, research into the geothermal potential of New Mexico was ongoing in many areas of the State. Over 60 new sites with low-temperature geothermal potential were discovered. The most exciting of these areas is the mesa to the east of the Rio Grande extending much of the north-south length of Dona Ana County in southern New Mexico. This area is the southern extent of the geothermally active Rio Grande Rift. This statewide research program in low-temperature geothermal energy was directed by New Mexico State University for the State of New Mexico. Funds for this purpose were provided by the New Mexico State Legislature through the Department of Energy and Minerals and by the U.S. Department of Energy.

It is now known that water some 6 miles immediately to the east of the city of Las Cruces, New Mexico's second largest city, is hot 140° to 160° F., at a depth of less than 1,000 feet. Already one private company, Chaffee Geothermal, Ltd., has drilled into this area with success. To the north about 20 miles, Hunt Energy Corp. has also drilled successful geothermal wells. These results open up a large area for locating low energy cost greenhouse operations. Some of the temperatures found so far, over 215° F. at the Hunt location, are also adequate for the food processing industry.

Direct use applications of low-temperature geothermal energy of this type are characterized by high utilization efficiencies, often in excess of 80 percent; use of abundant and widely distributed resources; use of standard, readily available equipment such as piping, pumps, heat exchangers, and controls; straightforward engineering designs; short development and construction times; inexpensive well developed equipment; and short, 3 to 5 year, return capital in the form of reduced expenditures for conventional fuels, most commonly natural gas. Compared to geothermal electrical power projects, direct-use applications are less demanding of geothermal resources, project management experience, and financial resources. Also development time is shorter. In addition, direct-use applications have the capability of economically displacing significant quantities of fossile fuels. The outstanding results at New Mexico State University together with the ongoing hot-dry rock program at Los Alamos National Laboratory demonstrate conclusively that geothermal energy is alive and well in New Mexico.●

A NUCLEAR FREEZE: BAD FOR YOUR HEALTH?

● Mr. GARN. Mr. President, the word is now out: Nuclear war would be bad for your health. We have recently been subjected to a flurry of exhortations on this topic. As to what good it has done us all, I am not quite sure. Actually, it seems something akin to learning everything you already knew about the consequences of nuclear war.

Writing in the New York Times, Mr. Benjamin J. Stein characterized this phenomenon in the following manner:

> We have known that nuclear war is horrible ever since there have been nuclear weapons.
>
> For the proponents of the freeze to act as if they had discovered something new is a sign of almost staggering ignorance of the history of the last 37 years. For all of that time, the United States' paramount goal has been to maintain freedom and avoid a nuclear war. To imply otherwise is not only specious but insults the speaker as well as the listener . . . The nuclear freeze petition signers are uttering a truism that is embarrassingly hackneyed. Of course no one wants nuclear war.

The question, quite obviously, is how do we go about achieving this objective upon which we are all agreed? One option that has been proposed is that of a nuclear freeze on the testing, production, and further deployment of nuclear warheads, missiles, and other delivery systems. That sounds simple enough, but where does it get us? Quite frankly, it gets us nowhere. It does not resolve the vulnerability problem of our ICBM force, it does not provide us with an effective replacement for our aging B-52 force, it does not allow us to deploy survivable air launched cruise missiles, it does not place any restraints on Soviet air defense systems, and it does not allow us to restore the nuclear balance in Europe. In short, it does nothing to enhance the security of this country or its allies.

There is one thing the freeze proposal would accomplish if it were adopted by the United States, and that is, it would insure that we would never succeed in negotiating with the Soviets an agreement involving "major, mutual, and verifiable reductions in nuclear warheads, missiles and other delivery systems." Yet this is the very objective which the proponents of the freeze consider so essential.

Mr. Jonathan Schell has provided much of the gory grist for those promoting the freeze. The series of articles Mr. Schell wrote for the New Yorker have been noted extensively by those involved in the nuclear debate. Yet what has this gentleman added to the debate or our understanding of nuclear weapons issues? Very little, if anything, I am afraid. The Wall Street Journal summed it up as follows:

> Mr. Schell spares the reader no horrifying detail about what a nuclear war, even one intended to be limited, would be like. He dwells on the imagined human gore and devastating effects to the ecosystem, concluding that any use of nuclear weapons will inevitably and literally lead to the end of the world. From this outcome, he reasons that the mere possession of nuclear weapons in some way reduces us to the level of our enemies—indeed, to the level of a Nazi Germany. And this being the case, the informed elites who have not yet been "anesthetized" by the national security state are justified in taking to the streets. To what end? Mr.

Schell is pathetically short on suggestion. "In sum," he concludes, "the task is nothing less than to reinvent politics." Like, wow, man.

Such nonsense, typical of much apocalyptic ban-the-bomb mentality, might be laughable if it weren't so destructive of serious thought about how to prevent war and control the spread of nuclear arms.

Mr. President, the peddling of nuclear fear and the promulgation of what Mr. Stein characterizes as "junk thought" has gone quite far enough. President Reagan has outlined a responsible approach to the nuclear arms challenge facing us today. This is where we should focus our attention, and work to build a nonpartisan consensus of support on behalf of a plan that seeks to secure what we all desire, a world made safer from the threat of nuclear war.

Mr. President, I ask unanimous consent that Mr. Stein's article, "Nuclear Freeze: 'Junk Thought,'" as well as an editorial and article from the Wall Street Journal be printed in the RECORD.

The articles follow:

NUCLEAR FREEZE: "JUNK THOUGHT"

(By Benjamin J. Stein)

LOS ANGELES.—I used to see a great deal of complaint a few years ago about junk food. Junk food is food that has almost no real nutritional content, has a lot of calories and salt to make the eater feel good, and might contain additives that are life-threatening. I always thought the problem of junk food was overdrawn. To my mind, the real problem in our society is not junk food but junk thought. That is, thought that looks appetizing, makes the thinker feel good, but is either empty or harmful. The best example of junk thought to appear in years is the nuclear freeze movement.

It is not that the movement is a joke or frivolous. It is deadly important and even frightening, but it is junk thought nonetheless.

There are two basic reasons why the concept of a nuclear freeze as prescribed by Senators Edward M. Kennedy and Mark O. Hatfield and any number of housewives, university professors, and students across the United States is bad for you.

First, it is deeply simple-minded and irresponsible. Second, if carried to its logical extreme, it is terrifyingly dangerous.

Let's begin by saying that no sane person is eager for nuclear war. On college campuses across America, students are demonstrating to say that they have discovered that nuclear war would be an unspeakable catastrophe. Members of Congress have joined in, pointing out that nuclear war would end life as we know it.

But come on, people. We have known that nuclear war is horrible ever since there have been nuclear weapons.

For the proponents of the freeze to act as if they had discovered something new is a sign of almost staggering ignorance of the history of the last 37 years. For all of that time, the United States' paramount goal has been to maintain freedom and avoid a nuclear war. To imply otherwise is not only specious but insults the speaker as well as the listener.

If no one is eager for nuclear war, the demonstrators and senators are doing no more than uttering a cliche: "We do not want nuclear war." The nuclear freeze petition signers are uttering a truism that is embarrassingly hackneyed. Of course no one wants nuclear war. Are the proponents of the freeze doing anything more than satisfying themselves by uttering a momentarily satisfying, but empty banality? No. And that's what makes junk thought.

Carrying a sign endorsing a cliche is not a moral effort. It is joining the "incrowd." A moral statement might be a question of whether it is fair for the Government to deny abortions to poor women, or whether taxpayers should subsidize corporations that are losers in the free market. Those concerns have real moral meat on both sides of the bone, are not platitudes, and require some thought and agony of decision.

Saying that you do not want the world to end in a nuclear holocaust amounts to saying that the real world of Soviet threats and the horrifying need for a deterrent cannot be faced. The proponent of the freeze lives in an alternate reality without those dangers and complexities. This is not a useful moral contribution.

But the nuclear freeze is not only empty mental calories. It is dangerous as well. To ask the United States to trust the Soviet Union to live up to a treaty banning further increases in nuclear arms is to ask the American people to commit suicide as a free society. At this very minute, there is proof positive that the Soviet Union is using germ warfare in Southeast Asia in criminal violation of its signature on at least three different treaties. The Russians occupy all of Eastern Europe in contravention of the strictest accords at Yalta and at Helsinki. They invaded Afghanistan in violation of the most basic international law agreed to by them. To believe that they would freeze production and deployment of nuclear arms when to keep building and deploying them would give them nuclear mastery is frighteningly ignorant.

A nuclear freeze would mean, in fact, that old devil: unilateral United States disarmament. The freeze would mean that we were telling the Soviet Union that from now on it would have the whip hand on planet Earth, as we inevitably disarmed and the Soviet Union became even more dominant. I would like to suggest to those who demonstrate for a nuclear freeze that they contemplate life and death in Cambodia or Vietnam or the Soviet Union if they would like to see just exactly what a Soviet-dominated world would be like.

If the nuclear freeze movement is merely restating platitudes, it is condoning an irresponsible abnegation of our society's interest in real problems. If it aims at, or will result in, unilateral disarmament, it is deadly. Either way, it is junk thought.

GETTING THE DRIFT OF EUROPE'S "PEACE-ISM"

(By David R. Gress)

STEGE, DENMARK.—In the last year or so, the spectacular growth of the so-called peace movement in West Germany, Britain and Scandinavia has given rise to intense speculation about its origins and its possible effect, and especially about whether it is in some way controlled or directed by the Soviet Union.

One of the difficulties involved in answering this question is that it is part of the very ideology of "peace-ism" that outside influence is denied. A peace activist, when questioned about his own commitment and asked whether he is not, perhaps, worried that sinister forces may profit from his enthusiasm, is liable to denounce the questioner as a "McCarthyist" or, upon reflection, to say that even if the Russians were involved, it would hardly matter, because the issue, peace, is so important. Furthermore, it is also part of the ideology of peace-ism that once the West disarms or refuses to re-arm, the Soviets will follow suit; such is the power of moral example.

It is clear that a majority of the hundreds of thousands who have signed appeals and joined rallies and demonstrations against the strengthening of the Theater Nuclear Forces in Western Europe or against NATO and the U.S. in general believe that the risk of war is being increased by Western action. A majority probably also believe that any defense in a war which could go nuclear is immoral.

NOT SO INNOCENT COMMITMENT

But apart from them, there are others whose commitment is not so innocent. One of them is the Danish writer Anne Herlov Petersen, who was charged in November 1981 with having helped the Soviets spread disinformation and in particular with having placed, at Soviet expense, full-page ads in Danish papers urging opposition to NATO and support for "reasonable" Soviet peace proposals. The ads bore no indication that they were paid for by the Russians, and they were officially sponsored by the "Co-operative Committee for Peace and Security," the chief organization in the Danish "peace movement."

Those who knew the committee's history were hardly surprised, since it was founded in 1974 as the outgrowth of a Moscow "peace conference" and is largely led and directed by Communists. In other words, it is a front organization whose real purpose is to use the energy and enthusiasm of young Danes to discredit and undermine Danish security, but whose ostensible purpose is merely to "criticize" official policy and oppose NATO's "war-mongering strategy."

Unfortunately, in the present climate of opinion, even revelations such as that concerning Herlov Petersen are liable to be viewed by peace-ists and their sympathizers as either irrelevant to the great cause or, indeed, as attempts to sow discord in their ranks. And, just in case anyone should start asking awkward questions or re-thinking his commitment, El Salvador and Turkey, not to mention the iniquities of capitalism at home, are being used assiduously as alternative foci of indignation.

The populist-pacifist movement recieves a good deal of supposedly authoritative and academic support from the professional "peace researchers." They flourish in many Scandinavian universities, but their headquarters is in Stockholm at the International Peace Research Institute (SIPRI), which is directed by a Briton, Frank Barnaby.

He is a sincere man, obviously convinced that if the West would change its evil ways, transform its economy and social relations and abandon all military industries, the world (especially the Third World) would be a better and safer place. He is a great favorite with certain Scandinavian TV reporters, because he can always be relied upon to explain at any given time why a certain American move endangers world peace or why a Soviet move, despite appearances, does not.

SIPRI's credibility, however, was recently damaged when in January 1982 one of its members, Owen Wilkes, a New Zealander, was convicted in Stockholm of "grave unlawful handling of classified information." He had been investigating Swedish defense installations and had accumulated a dossier of information, some of which was immediately classified when he was arrested.

In neutral Sweden no one says publicly who might have benefited from this information, but the Swedes, in some ways more realistic than the Danes, did not have to be told, and in any case Wilkes's extreme left-wing views and affiliations were no secret. His sentence, six months in jail was at once appealed. (He has since been convicted of similar activities in Norway.)

More dangerous than the popular manifestations of peace-ism for Western security in the short run is the attitude of governments, and here one can observe a gradual increase in the influence of "peace-ist" beliefs, suppositions and rhetoric even in official pronouncements.

This tendency toward an intermingling of popular anti-Americanism and official criticism of America is specially marked in Denmark; much less so in Norway since the election of a Conservative government in September 1981. The election of Ronald Reagan and what is perceived as a new "hard line" against the Soviet Union have evoked intense resistance in the Danish Social Democratic government, despite the fact that the Social Democrats were originally great supporters of NATO and nothing if not anti-Communist.

On a Danish TV newscast of Feb. 9, for example, Danish Premier Anker Jorgensen delivered himself of a strongly worded outburst against American policy in El Salvador and Turkey, charging the Reagan administration with "a reprehensible double standard" and saying that its behavior was a liability for its allies. He said that in regard to El Salvador it was no different than Soviet policy in Poland.

Mr. Jorgensen is entitled to his opinion, and even to his fashionable dislike of President Reagan, although one is surprised that as the premier of a democratic country he does not take the trouble to inform himself of the facts before giving his opinion in public. But his remarks had a very unfortunate effect. Because of his popularity, which perversely seems directly proportional to his weakness as a leader and the incompetence of his government, his views give sanction to the anti-Americanism and neutralism of the peace movement.

SYMPATHETIC TO RUSSIA

Thus, a middle ground of opinion is being built up which does not share the hysteria of the peace activists but which is nevertheless suspicious of America and sympathetic to the Soviet Union and above all unwilling to consider any further effort at self-defense.

Mr. Jorgensen himself clearly does not believe in a Soviet threat; during a trip to China his Communist hosts lectured him on the need for NATO to bolster its defenses, but Mr. Jorgensen deplored their views and said that negotiation and co-operation are the only acceptable methods of dealing with the Russians. This idea that there is an alternative to deterrence and that the Soviets are only aggressive if we "force" them to be is on the advance in Western Europe and Scandinavia. It is not yet—in official quarters, at least—tantamount to appeasement, but sometimes the distinction becomes difficult to make.

PEDDLING NUCLEAR FEAR

Spring is officially here, and as surely as swallows return to Capistrano or college students to Florida, the ban-the-bomb lobby will be returning to the streets and our television screens. Poland and a bitterly cold winter kept the demonstrators indoors for awhile, as West German commentator Josef Joffe noted in these pages last week. But as he also noted, Poland and the weather are fast fading from mind, and the time is once again growing ripe for a little marching to and fro on the emotionally satisfying issue of nuclear war.

Sure enough, we note the arrival in New York today of a large contingent of West European anti-nuke activists. After a press extravaganza at the always accommodating United Nations, they will be fanning out across the country to instruct U.S. colleagues in the fine art of mobilizing the credulous. No doubt most of the anti-nuke crowd is well-meaning, but if anyone thinks the church affiliations so assiduously flaunted by many protest leaders are any guarantee of innocence, he would do well to take a look at the David Gress article elsewhere on this page.

And last week, 150 members of Congress declared themselves in favor of a Ted Kennedy-Mark Hatfield resolution calling for a freeze and eventual reduction in nuclear arms. This sounded more impressive than it was, however. If you read the fine print, you discovered that the resolution really only calls for negotiations, which we seem to recall have been going on for years. And if you took a close look at the list of supporting signatures, you also noted the striking absence of most Democratic arms control experts, who understand the danger of leading people to believe that there are easy fixes to the threat of nuclear war.

Leonid Brezhnev, in any case, apparently thought the congressional freeze idea was pretty swell, and he joined in the fun with a freezing gesture of his own. For the most part, the Brezhnev proposal was nothing new. It gets trotted out whenever the Kremlin thinks it can score a few cheap propaganda points. What better time, now that Moscow has finished installing at least 300 mobile medium-range missiles in Central Europe? Each of the missiles carries three warheads and the launchers come equipped with a reload of three more warheads: 1,800 new atomic weapons aimed at Western Europe. A freeze would simply ensure that NATO can't offset this sudden and staggering shift in the Eurostrategic balance with effective missiles of its own.

But the tragedy of much of the nuclear freeze and ban-the-bomb movement is that it sees only what it wants to see. It pretends to deal in facts, but at base it is simply an emotional reaction that feeds on fear, contempt for Western values and a pathological sense of guilt. In coming days and months, as the anti-nuke protesters grow more shrill, it's important to understand this form of emotional blackmail for what it is.

The basic calculus is made clear in a three-part series of articles recently in that bastion of limousine liberalism, the New Yorker. The series is called "The Fate of the Earth," and the author is Jonathan Schell, well known for his anti-Vietnam war writings. The articles were entered in the CONGRESSSIONAL RECORD by an approving Sen. Kennedy as support for his nuclear freeze resolution

Mr. Schell spares the reader no horrifying detail about what a nuclear war, even one intended to be limited, would be like. He dwells on the imagined human gore and devastating effects to the ecosystem, concluding that any use of nuclear weapons will inevitably and literally lead to the end of the world. From this outcome, he reasons that the mere possession of nuclear weapons in some way reduces us to the level of our enemies—indeed, to the level of a Nazi Germany. And this being the case, the informed elites who have not yet been "anesthetized" by the national security state are justified in taking to the streets. To what end? Mr. Schell is pathetically short on suggestions. "In sum," he concludes, "the task is nothing less than to reinvent politics."

Like, wow, man.

Such nonsense, typical of much apocalyptic ban-the-bomb mentality, might be laughable if it weren't so destructive of serious thought about how to prevent war and control the spread of nuclear arms. Indeed, one can only suspect that such hysteria has less to do with genuine concern about atomic bombs than with justifying the inchoate hatred that many on the left, burdened by guilt over Western affluence, feel toward democratic values. The threat of extinction becomes an excuse for almost anything, including bypassing the ballot box. Politics must be "reinvented," as if democracy were some sort of quaint and dangerous irrelevancy.

There's no need to get too worked up about all this. We have survived ban-the-bomb movements before; ultimately the public sees through their superficiality. For our part, they remind us of nothing so much as the economic doom sayers, those prophets of apocalypse who go around the country earning fancy fees giving lectures that scare the wits out of people even though their prophecies never quite pan out. They know, as does Mr. Schell, whose articles will soon be available in hard cover in your local bookstore, that fear sells.●

RETIRED SENIOR VOLUNTEER PROGRAM

● **Mr. CHILES.** Mr. President, we have been celebrating Older Americans Month by recognizing the valuable contributions that our older Americans have made and continue to make to this great country. I want to bring it to the attention of the U.S. Senate that the retired senior volunteer program (RSVP) of Palm Beach County, Fla., is celebrating its 10-year anniversary.

Established by the ACTION Agency in 1972, and sponsored by the United Way of Palm Beach County, the RSVP program now involves 1,850 senior volunteers in over 140 agencies throughout the country. These 1,850 volunteers contributed more than 224,000 hours of volunteer service in 1981. These hours multiply into more than $1 million of service. Most of the services provided would have been unavailable to the community without the assistance of the volunteers.

While we cannot individually recognize all of the 1,850 volunteers, we should give special commendation to 6 original volunteers who are still serving in the RSVP program. These are Shirley Cohen, Loretto Levander, Gertrude Ewing, Sophie Barmutz, Evelyn Last, and Sally Feinberg. These women have touched the lives of many persons in Palm Beach County during the past 10 years. Their fine work and willing spirit is appreciated.

Senior volunteers provide valuable service across America, and are especially needed during times of severe budget restraint when other Government social service programs are threatened. Senior citizens have knowledge, experience, and expertise that can be well utilized by the community. Let me share with you the thoughts of Shirely Cohen, one of the original senior volunteers who is still serving:

> RSVP offered me a chance to spend my time and be with people who are younger. I think they have a little different perspective, and it gives you something to think about. It keeps your mind alert, that's for sure. . . . There are so many people 60 and over who have so much to offer, former professionals who want to give their time. We really haven't tapped the reservoir of people who want to give their time and service

I am sure my colleagues in the Senate will join me in wishing a happy anniversary to the Palm Beach County Florida RSVP program. We appreciate the excellent service these volunteers provide, and extend our best wishes for the future.●

IMPORT RESTRICTIONS

● Mr. **TOWER**. Mr. President, from the earliest days of our Republic, international trade has been one of the mainstays of our economic prosperity. As the world has shrunk in this century, the free movement of goods and services across national boundaries has become more critical than ever. We depend on foreign markets to supply us with important materials, and to purchase our products.

Agriculture accounts for one-fifth of our export trade. U.S. farmers are the most efficient and productive in the world. They produce three times more during each work hour today than they did as recently as in 1960. As a result, we are the best fed Nation in history, and still have sufficient production to be a major food supplier to the rest of the world.

Were it not for the substantial contribution of agriculture to the positive side of our balance of payments, we would be hard pressed to finance the import of oil and other vital materials. Without agriculture exports in 1980, our trade deficit would have been double the $23.4 billion we recorded. Our agriculture surplus is sufficient alone to pay one-third of the cost of our oil imports. The 1982 surplus in agriculture trade is projected to be $26.5 billion.

Yet, because of its efficiency, U.S. agriculture has been subject to trade barriers that discourage or prevent foreign buyers from purchasing its products. Certainly these barriers are not limited to agriculture. In fact, the entire industrial economic community faces a crisis caused by nations establishing restrictive barriers that hinder free trade.

But in agriculture, the inequities affecting American producers are particularly visible and clear cut. European nations and Japan subsidize their own inefficient production, and penalize U.S. imports. The result is higher costs and world market disruptions which create surpluses in the United States.

These import restrictions imposed by our trading partners account for most of the impediments our farmers face in foreign markets. This year, despite the impressive levels of our exports, they will be down both in volume and value. This drop will be especially noticed in the wake of 12 years in a row in which new records were set for agricultural exports, and is contributing substantially to a poor net farm income for this year.

Our Government has an obligation to enter into serious negotiations to ease these externally imposed restrictions. But, in my view, they are not the sole reason for our farm trade problems.

I am convinced that one reason the volume of our agricultural exports will be down this year is fear of another suspension of trade in U.S. agricultural markets. Our recent experience with a grain embargo against the Soviet Union proved this single-commodity boycott to be a singularly ineffective vehicle of foreign policy. It certainly caused an unfair hardship on American farmers. But less obvious at first glance was the psychological effect it had on commodity markets internationally.

Our reliability as a supplier of food and food products is an essential element of effective trading. The ever-present specter of another attempt to use farm products alone as a lever in international crises diminished confidence in our ability to supply what we have promised.

Therefore, I join the distinguished Senator from Kansas, Mr. DOLE, as a cosponsor of Senate Joint Resolution 185.

This resolution would place Congress on record in declaring that U.S. agricultural trade should not be interrupted except as part of a general embargo—and that step to be taken only in the most extreme circumstances that justify the united support of the entire free world community.

This approach retains for our Government the option of using trade as an instrument of influencing world events when such a step is required—while assuring both our farmers and their customers they will never again be called upon to bear alone the burden of economic sanctions.●

ARMS REDUCTIONS: AN ALTERNATIVE TO FREEZES AND SALT II

● Mr. **GARN**. Mr. President, addressing the graduating class of Eureka College, President Reagan once again seized the initiative in the area of nuclear arms control. He has demonstrated his commitment to the goal of achieving substantial reductions in the nuclear arsenals of both the United States and the Soviet Union. He has helped to refocus our attention on the substance of the issues at stake, rather than on the theatrics of the debate as characterized by much of the nuclear freeze movement in this country, as well as in Europe.

For some time now the arms control debate has drifted from its mark. Indeed, this has occurred, in my opinion, to the detriment of the legitimate objective sought by all those involved in the debate, namely, a world made safer from the threat of nuclear holocaust.

Though the President's call for real reductions in nuclear weapons is a sensible one, it was followed by a push for a nuclear freeze. For all their sincere hopes in proposing a freeze on the testing, production, and deployment of nuclear weapons, to be followed by mutual and verifiable reductions, the freeze proponents refused to recognize the real world consequences of their proposal, namely the freezing of a destabilizing imbalance of nuclear forces that favors the Soviets and increases the dangers of nuclear war. Futhermore, a freeze would effectively derail the United States/NATO negotiating position at the INF talks in Geneva by removing all incentive for the Soviets to negotiate meaningfully. Is there little wonder then that President Brezhnev endorsed his own freeze proposal for Europe that would leave our allies at the mercy of 300 SS-20's with 1,800 warheads, which includes one refire missile per launcher?

The debate has been further skewed by the recent spate of proposals intended to revive the discredited SALT II Treaty. One would think that some of my colleagues would grow weary of trying to pump new life into the corpse of SALT II, yet this seems not to be the case. There is little to be gained from reiterating in detail the many objections to this agreement, but a quick review of its principal weaknesses may be helpful.

First, SALT II was a very poor excuse for arms control. I know of no responsible commentator who would argue otherwise. The best that can be said for SALT II is that it would have provided for a reduction of some 250 launch vehicles from the total Soviet nuclear arsenal. Little is ever said that this reduction would involve antiquated weapon systems that serve merely to draw our attention from the massive growth of warheads that would be allowed under the terms of the accord. As Mr. Anthony Cordesman recently noted in his article, "Measuring the Strategic Balance: Secretary of Defense Brown as an American Oracle":

> ". . . the SALT II agreement theoretically allows the USSR to deploy well over 17,000 warheads if it should choose to go for the maximum permitted loading of SLBMs and bombers . . . SALT II only channeled the direction Soviet force improvements could take; *it did not constrain the size or capability of Soviet forces*" (emphasis added).

Second, SALT II was inequitable. Possibly more dangerous than the massive force buildup allowed under the treaty was the inequitable quality of its terms. The treaty presented the image, but not the substance, of equality. The exclusion of the Backfire bomber from the equal force ceilings and subceilings established by the treaty was only one of the more glaring examples that demonstrated this conflict between image and reality. The sublimit of 820 MIRVed ICBM's was another case in point. Not only was the Soviet Union allowed to deploy over 300 heavy SS-18 ICBM's while the United States was prohibited from deploying a missile system of comparable capability, but the sublimit was set so high that only the Soviets could deploy such a large number of MIRVed ICBM's. With 550 MIRVed MM III missiles, and no MX until 1986, at the earliest, the proponents of SALT II were prepared, and remain so today, to concede a massive ICBM warhead advantage to the Soviets. It is simply incredible to me how readily this point is dismissed by the supporters of SALT II despite our present predicament in designing a survivable basing mode for MX.

Third, SALT II was not verifiable—adequately or otherwise. Key provisions of the agreement, particularly dealing with qualitative, as well as quantitative, constraints on weapon systems, could not be verified with confidence through the sole method of national technical means (NTM). Certainly this was true with respect to the limit on one new ICBM deployment. I remember to this day a discussion between my friend and colleague, Senator JOHN GLENN, Democrat, Ohio, and former Secretary of Defense Brown. The gist of the conversation was that by trying to establish limits that were militarily significant, the United States had far overshot its ability to verify Soviet compliance with the restrictions. Yet those restrictions we might have felt comfortable in verifying by NTM were essentially meaningless in limiting Soviet ICBM modernization programs. Then to add salt to the wound, the United States was prepared to endorse in SALT II a significant loophole concerning telemetry encryption that would have further debilitated our verification capabilities and would have increased the basis upon which compliance with the treaty would have relied on trusting the Soviets.

My colleague from Colorado, Senator HART, may put stock in the fact that SALT II would have reduced our uncertainty with respect to the growth of the Soviets' nuclear arsenal, but I find small comfort in this fact when the United States would simply have been assured of a position of nuclear inferiority vis-a-vis the Soviets. If this is what certainty buys us, together with an increase in Soviet foreign policy adventurism, then I must opt for a state of uncertainty that does not involve the endorsement of a fatally flawed agreement masquerading as arms control.

Mr. President, it is time for the arms control debate to come full circle and for the United States to concentrate its attention on the task of achieving nuclear force reductions that are verifiable, conducive to international stability, and provide for equal force capabilities. President Reagan has given us the basis upon which to pursue this objective, and I suggest that that is where we should set our sights.●

SOIL STEWARDSHIP WEEK

● Mr. TOWER. Mr. President, the week of May 16-23 has been officially proclaimed Soil Stewardship Week. I would like to take this opportunity to commend ranchers, watermen, farmers, and rural Americans for their devotion to sound soil conservation practices in recent years which have been ably coordinated through the Soil Conservation Service. It is also important to note that Texans are most certainly leaders in soil stewardship. In fact, during the Great Depression, when much of our best farmland literally blew away in the Dust Bowl, Texans realized that soil conservation had to become a priority if the agriculture industry was to remain viable.

In 1935, Texas passed the first law in the United States creating soil conservation districts as government subdivisions. This law became the model for national legislation setting up the Soil Conservation Service and the soil conservation system for the entire Nation. Effective soil conservation made U.S. agriculture more productive and more prosperous.

However, in recent years rising demands on productivity, the conversion of cropland to urban use, strains on farm cost-income balances, drought, and a new understanding of the costs of soil erosion have made conservation more important than ever.

The most damaging form of erosion is caused by water run-off, which results in the loss each year of more than 4 billion tons of soil. That is the equivalent of a one-foot-deep slice of soil large enough to cover 2,247,000 acres. Wind erosion takes another 1½ billion tons—more than 800,000 acre-feet—and gully erosion, about 300 million tons—165,000 acre-feet.

This soil loss translates directly into productivity loss. Research in one Southern State showed that each inch of eroded topsoil cost the producer approximately 5¾ bushels of corn per acre per year.

Loss of soil nutrients is one of the major reasons for these yield losses. One estimate is that each ton of medium-textured topsoil eroded results in loss of 26 pounds of potassium, 7 pounds of phosphorus and 2 pounds of nitrogen.

That farmers understand the dimensions of the problem is illustrated by a recent survey conducted by the U.S. Soil Conservation Service. By an overwhelming majority, farmers said soil conservation should be the highest priority goal for that agency. That may be the obvious function of the Soil Conservation Service, but in recent years soil conservation has taken a back seat to other areas.

Our farmers are better educated and better equipped than ever. They know conservation methods.

Yet a significant number of farmers have failed to use proven methods of conserving their soil. Windbreaks, terraces, and conversion of cropland to pasture take cropland out of production. Maneuvering large farm equipment around exisiting terraces is time-consuming and increases fuel consumption. These short-term reasons for not using every means available to conserve the soil have potentially disastrous long-term consequences.

It is imperative that the Soil Conservation Service and other Government agencies do everything that they can to encourage voluntary use of conservation methods. We must continue to direct our agriculture programs toward that end.

We depend on our farmers for food for ourselves and much of the rest of the world, and for much of the prosperity of our national economy. We must look toward the future and insure that our agriculture industry continues to be the most productive and most prosperous of any nation's in the world.

Our Nation has seen once the awful effects of failing to take care of our soil—the terrible Dust Bowl of the 1930's. We must never allow that to happen again.●

ALL-VOLUNTEER FORCE GETS NEW LEASE ON LIFE

● Mr. COHEN. Mr. President, our All Volunteer Army is doing very well right now.

Both in terms of quality and quantity, in recruiting and retention, our military sevices are having unparalleled success. In both intelligence and education, today's recruits surpass Vietnam-era military draftees and even the public as a whole.

This success can be attributed to several factors. These include the revived prestige of the military, improvements in benefits and quality of life items for service personnel, and the state of the economy.

The result is a strong, quality force. Enlistments and reenlistments are up, alcohol and drug abuse are declining, desertion and absenteeism have dropped sustantially, discipline is better, and attrition has been reduced.

As the May 17 issue of U.S. News & World Report indicates.

> Under these circumstances, the Pentagon is tightening education and other standards to permit enlistment of only the best and brightest military prospects.

In an article, "All-Volunteer Force Gets New Lease on Life," the magazine notes that—

> the Volunteer Force has made remarkable gains against heavy odds in recent years.

It is now the responsibility of the administration and Congress to build on those gains to maintain the strength of todays Force. We must continue to provide the incentives necessary to attract and retain the top quality people needed to man the Force.

My one concern is that we may become overly sanguine about today's successes and conclude we can begin cutting corners in the personnel area. Already, I am hearing talk that the Volunteer Force is doing so well that we can cap pay, cut recruiting funds, and reduce other benefits.

All of this brings me a sense of "deja vu." We must all recall that in the mid-1970's, Congress said the All-Volunteer Force is doing so well that we can take away some of the items for attracting and retaining personnel. Recruiting funds were cut, pay was capped, the GI bill was ended, other benefits were reduced.

The results were devastating for the Force. The experience of the late 1970's should be a lesson to us. As we seek budget reductions, we must weigh the implications of taking them out of manpower programs. As has been said time and again, the most expensive and sophisticated weapons in the world are of little avail if we do not have the men and women needed to operate them.

For the benefit of my colleagues, I am including the U.S. News article, along with a piece by George Wilson in yesterday's Washington Post. The article, "Reneging on Military Pay Raises Demonstrates Budget Realities," touches on some of the manpower cuts which are being made in the fiscal year 1983 budget. One not mentioned, a reduction of about $45 million in recruiting funds, coupled with the pay cap and enlistment and reenlistment bonus budget reductions, could hamper the efforts of our services to meet their manpower needs.

If the All-Volunteer Force again runs into problems as a result of the manpower budget cutbacks, we must be prepared to accept the consequences. It would be tragic if today's All-Volunteer Force successes would translate into policies which could bring us the hollow Army to which Gen. Edward "Shy" Meyer referred before the upturn in recruiting and retention and to the "hemorrhage" which Adm. Tom Hayward warned us about in discussing the career force not that long ago.

The articles follows:

ALL-VOLUNTEER FORCE GETS NEW LEASE ON LIFE

The volunteer military force—once dismissed by many as a concept doomed to fail—is proving a surprising success at a time of growing controversy over President Reagan's defense plan.

When Reagan took office 16 months ago, many analysts had written off the all-volunteer force as unworkable. But now dramatic changes are forcing a reassessment of the AVF's prospects.

Impressive strides have been made in coping with the acute shortage of qualified troops that once plagued the system. The services are attracting and holding the skilled people needed to operate battleworthy units.

Troop quality is improving markedly. The verdict of many analysts now is that the volunteer force is up to the task of defending the United States.

High civilian unemployment, a protracted recession, better pay and revived prestige of the military all are contributing to the increased popularity of service in the armed forces.

For President Reagan, the Pentagon's success in dealing with manpower problems is a boon as he faces mounting pressure in Congress to slash his proposed 1.6-trillion-dollar, five-year defense buildup. With manpower costs finally stabilizing, more money can be freed to spend on weapons and other fighting equipment. Pressure is also off the Pentagon and Reagan to seek big pay hikes and other high-cost recruitment lures.

The size of the U.S. military, which in 1981 reached authorized levels for the first time in almost a decade, is now expanding under rigorous new enlistment standards that are rapidly improving troop caliber.

All four U.S. services have met or exceeded recruiting goals for more than two years running, a trend that shows every sign of continuing for at least the next few years.

Also encouraging: Alcohol and drug abuse are declining, desertion and absenteeism are at the lowest level since the Vietnam War and military commanders report better discipline in the ranks.

On the whole, say commanders, combat units are better trained and more cohesive—the product of reduced personnel turbulence, longer tours of duty and more experienced leadership.

The turnaround in recruiting, bedrock of the volunteer force, is most obvious in the Army, which three years ago was running 11 percent short of its goals. The recruiting situation was so acute that Gen. Edwin Meyer, the chief of staff, complained he was commanding a "hollow Army." Today, the Army's ranks are filled, and recruiters reject prospects who not long ago would have been eagerly signed up.

In the next few years, the Pentagon's recruiting task could be further eased by reduced attrition that is taking place today throughout the military.

The dropout rate among new soldiers is down sharply. Forty-three percent of those who finished up first hitches in 1981 decided to re-enlist—a level unmatched in peacetime.

As a result, the services will be forced to recruit fewer young men and women in years ahead to maintain the strength of the all-volunteer forces.

Under these circumstances, the Pentagon is tightening education and other standards to permit enlistment of only the best and brightest military prospects.

The proportion of high-school graduates among new service recruits rose from 68 percent in 1980—a five-year low—to 81 percent last year. The figure for 1982 may turn out to be even better since the Army is no longer recruiting high-school dropouts.

Average troop intelligence is also rising steadily. Only 18 percent of the recruits are now coming from the lowest acceptable mental-test category, compared with 31 percent in 1980.

BETTER THAN DRAFTEES

In both intelligence and education, today's recruits surpass the military draftees of the Vietnam era and even the public at large. "We're getting more than our fair share of the above-average people in the population," says Pentagon manpower chief Lawrence Korb.

Even more significant than the recruiting turnabout is the buildup of the corps of skilled noncommissioned officers—veteran sergeants and petty officers who carry most of the burden for keeping warplanes flying, ships sailing, tanks rolling and troops marching.

A re-enlistment surge has reversed the exodus of trained NCO's. It was their departure for higher-paying civilian jobs that sapped the volunteer force in the 1970s. Career re-enlistments among noncommissioned officers rose by 12,000 between 1980 and 1981, bolstering the operations of all four service branches.

The Navy is benefiting most. Its shortage of 22,000 senior petty officers is expected to drop to 18,000 this year. This is being achieved even though a substantial expansion of the fleet is creating hundreds of new slots for petty officers.

In the Air Force, pilot retention is up by 30 percent. Where some Army units once existed only on paper because there were no sergeants to lead them, the service is now exceeding re-enlistment goals for maintenance, combat and other critical job skills.

With trained servicemen re-enlisting at record rates, 43 percent of the military now has at least five years in service. That gives the force greater experience than at any time since the early 1960s, before America's heaviest involvement in Vietnam.

Taxpayers benefit directly from these higher retention rates. It costs $850,000 to train each new Navy pilot, meaning that increased retention of Navy aviators saved the Treasury 450 million dollars in 1981 alone.

Greater stability is a major reason that manpower costs have shrunk over the past year from 48 to 41 percent of the defense budget.

Better pay and benefits have played a large role in making military life more attractive to potential recruits as well as those already in the service.

A decade-long erosion of compensation was checked in 1980 and 1981 when Congress appropriated a 26 percent pay increase for all uniformed personnel. This boost has helped the military to compete for manpower with private industry

Also helping the trend along is a slack economy that has driven thousands of young men and women into the services. In better times, many might have taken civilian jobs.

But joblessness is now at its worst since World War II. "Supply-side economics is working," comments Senator Sam Nunn (D-Ga.), a leading military expert. "It is supplying the military with volunteers."

The upturn in manpower is also strengthening the organized reserves. These standing units are made up of civilians paid to attend regular drill and summer training sessions. Whole units would be called to active duty in time of war.

For several years, the declining state of the active services choked off the flow into reserves of trained servicemen completing tours of duty. It also discouraged enlistment directly into reserve units. The resurgence of the military has eased that worry

Most Navy, Marine and Air Force units report having nearly 100 percent of the reservists they would need if a crisis forced their mobilization.

The Army remains short by 175,000 troops. Still, one senior Army official says there has been a "quantum leap" in Army Reserve and National Guard strength since the late 1970s.

The effort to beef up Individual Ready Reserves—a civilian manpower reservoir of veterans assigned to no standing unit—has been slower to show results. These reservists would be called up, one by one, to replace initial wartime casualties. They are drawn from among veterans who have completed active service but are still available for call-up in an emergency.

IRR strength is growing slowly, but a war today would still find the United States lacking 250,000 of these reservists. "If we take our global strategy seriously," says Senator Nunn, "then we're short—way short."

The Pentagon has other worries, too. Some analysts fear that the all-volunteer force could again fall on hard times if the economy turns up and unemployment drops. With civilian jobs plentiful, the services could be hard pressed to find enough high-quality soldiers to meet their needs.

FEWER TO CHOOSE FROM

The recruiting job could be made still tougher by a shrinking pool of eligible youth. One Pentagon study shows that the number of men ages 17 to 21, the prime recruiting ages, will drop 17 percent, from 10.8 million in 1978 to barely 9 million in 1990. Competition for qualified and talented youth among the military, colleges and industry is bound to intensify.

Further complicating the problem: Reagan's bid for a big expansion of military forces in years ahead. His plan to rearm America calls for adding 162,000 more troops by the end of the 1980's. "We're pleased with today's results," says Vice Adm. Lando Zech, Jr., the Navy manpower chief, "but we are concerned about the future."

But whatever problems remain, the volunteer force has made remarkable gains against heavy odds in recent years. The Reagan administration is betting heavily that the force will continue to show improvement.

[From the Washington Post, May 12, 1982]

Reneging on Military Pay Raises Demonstrates Budget Realities

(By George C. Wilson)

The Reagan administration's decision to back off the 8 percent pay raise it promised the 2.1 million men and women in uniform this October is a choice example of how budget realities are forcing the president to restructure his proclaimed military policies.

The world of President Reagan is beginning to look far different than the world of candidate Reagan when it comes to such national security issues, all much trumpeted in the campaign, as closing the "window of vulnerability," negotiating arms control with the Soviets and, most recently, paying military people as much as they could earn in civilian jobs.

So far every idea Reagan has proposed for making land missiles less vulnerable, thus closing the window of vulnerability, has been found wanting, either by the administration or by Congress. The expense of some of the MX deployment schemes in this day of looming $100 billion deficits has always been influential, sometimes determinative.

The costs involved in a speed-up of the nuclear arms race with the Soviet Union also seem to be more sobering to President Reagan than to candidate Reagan. President Reagan has just offered to negotiate arms reductions with the Soviets even though they seem to be behaving badly in Poland, breaking the linkage formulas of candidate Reagan.

And now comes the turnabout on military pay, perhaps the most dramatic one of all, considering the fiery rhetoric Reagan and his lieutenants have blown across the country on the subject.

Candidate Reagan assailed President Carter for letting military pay fall behind civilian salaries. He brought cheers from American Legionnaires gathered in Boston on Aug. 20, 1980, by promising to "implement a program of compensation and benefits for valued military personnel comparable to what is available in the private sector."

Defense Secretary Caspar W. Weinberger, in appearances before congressional committees, repeatedly has portrayed the past low pay of military people as a national disgrace. And Navy Secretary John F. Lehman, Jr. as recently as last month said he would rather give up a nuclear aircraft carrier than cut into military pay.

Specifically, Lehman told Navy Times on April 18 that "We would take cuts in programs, go down to one carrier instead of two, go down to one attack submarine, rather than cutting into personnel compensation."

Despite all this talk, the administration has decided to keep asking for two nuclear carriers in the fiscal 1983 budget but halve the promised 8 percent pay raise for military people and scrap the 5 percent increase slated for government civilians in fiscal 1983, starting Oct. 1.

One reason for choosing to cut pay is that the savings on the spending side of the ledger are immediate. Canceling a weapon saves comparatively little in spending, because it is bought on the installment plan over several years. Reagan estimates that military and civilian pay cuts will save $3.9 billion in fiscal 1983.

Reagan, Weinberger and Lehman would of course have preferred to continue raising military pay. They had lived up to their promises on military pay, with this year's raise a hefty 14.3 percent, until this new reversal.

But the ailing economy is forcing them to put a "new look" on their military program, one that resembles those of the past as the nation went through fest and famine cycles in deciding how much is enough for defense.

Thus the new look is really the return of the old look.●

EFFECTS OF JUSTICE DEPARTMENT ANTITRUST ACTION

● **Mr. EAST.** Mr. President, I recently ran across an editorial by Peter Brimelow in Barron's which was of particular significance to me. This article illustrates the counterproductive effect that some antimerger actions taken by the Justice Department may have. We must not cripple competitors—and destroy jobs—by slavish attention to the so-called Herfindahl index. I ask unanimous consent that Mr. Brimelow's article be printed in the Record.

The article follows:

Crippling Competition—That's What Antitrust Is Doing in the Beer Industry

(By Peter Brimelow)

"It is easy to suggest a situation where a business merger would increase competitive pressures," writes Professor Dominick T. Armentano in his striking new book, Antitrust and Monopoly: Anatomy of a Policy Failure (John Wiley, $22.95). His suggestion: the beer industry, where two merging firms could benefit from economies of scale and dovetailing marketing. This could even allow "a more effective rivalry with, perhaps, some larger, more established company. Although there is one less independent beer producer, and although market share and concentration ratios might even increase, consumers would likely be more efficiently served. . . ."

Even as Armentano's study was being dispatched to blase book reviewers, the management of loss-making Milwaukee-based Jos. Schlitz Brewing Co. was taking his advice. Even if involuntarily. Both G. Heileman Brewing Co. and Stroh Brewing Co. have struck deals to buy Schlitz. Last October, the Justice Department threatened an antitrust suit and gave the relieved Schlitz managers an excuse to climb back out of Heileman's jaws. Last week, Justice allowed Stroh's unfriendly takeover to proceed. It will probably go through, although Russell G. Cleary, the fierce lawyer who runs Heileman, is threatening to go to court attacking what he calls "this double standard." But whatever happens, the episode is providing more evidence that, in Armentano's words, "the theory and practice of antitrust is fundamentally flawed."

The beer business has turned into a barroom brawl that may well leave only the biggest on their feet. That means Anheuser-Busch Co. and Miller Brewing, a unit of Philip Morris Co., which together boast over 50% of market share. The efficiencies and marketing resources of these much-admired national operations are such that most analysts believe they will continue to grab an ever-larger share of the slowly growing beer market from the smaller, basically regional second-tier producers.

Enter Heileman. The smallish La Crosse, Wis.-based firm has fought to fourth place nationwide (7.7% market share) with a show of stunning management virtuosity. In the past six years, the company's return on equity has averaged more than 24%, over twice the industry average. Its stock has gone from 2 in 1974 to a high of 32⅝ and a recent 24.

Heileman's specialty has been acquiring troubled regional brewers cheaply and turning them around. It has imaginatively capitalized on their locally popular products, integrating some two dozens brands into its strong distribution system. Schlitz (7.8% market share) would have fitted perfectly into this strategy. Heileman's breweries were in the Midwest and Northwest. Schlitz's were in the South, and its brands, nationally known, could have been used in a major marketing drive.

Stroh (4.5% market share) is much less of an ideal match for Schlitz. The family-held, Detroit-based brewer has barely digested its first significant acquisition, F&M Schaefer Corp. In fact, Schaefer's Allentown, Pa., plant is still closed for a refurbishing aimed at penetrating precisely the section where Schlitz is strongest. Moreover, Stroh's earnings have been uninspiring—it netted a mere $8.1 million on $391.4 million sales in the last nine months—and it was nearly twice as leveraged as Heileman even before the Schlitz acquisition, which will reportedly take its debt-to-capitalization ratio to over 80%. It is unlikely that Stroh-Schlitz can afford the promotion campaigns—let alone the risk of rescuing Schlitz—that have become essential in modern mass marketing.

Perhaps this isn't exactly "trying to put two sick chickens together and make a well one," as one disaffected member of Schiltz's controlling Uihlein family described last year's abortive bid for his company by Pabst Brewing Co. But Stroh hardly qualifies as a fighting cock. It is inconceivable that this merger will offer the competition to Anheuser-Busch and Miller that the Heileman combination could.

Which consideration, oddly, does not enter into the Justice Department's decision. A spokesman explains that it's really just a matter of applying the Herfindahl Index, a measure of industry concentration obtained by the sum of the square of all participating firms' market shares. An industry where one firm had 100% of the market would have a Herfindahl of $100^2 = 10,000$, right? An industry with a Herfindahl of over 1,000 (ten firms each with a 10% share) upsets the Justice Department. The beer industry is 1,600. A merger that increases the Herfindahl by about 75 upsets Justice. On 1980 figures, Stroh-Schlitz was a borderline case. Heileman-Schlitz was about 128.

Of course, other measures are used. And much discretion. Thus, the concentration in local markets matters to Justice. It is making Stroh sell off a Schlitz plant in the Southwest, where its sales in combination with Schlitz would have topped 20%. And for some reason, Stroh's sales to Puerto Rico are discounted from its national total.

Perhaps significantly, the Justice Department's objection to Heileman was issued unexpectedly. It arrived so late in the proceedings that Schlitz had already closed its Milwaukee brewery, an unpleasant chore that often seems to fall to managements about to be swallowed by Heileman. It was the first merger barred by the new Administration's antitrust chief, William F. Baxter, and some observers say that if Stroh had been first, it would have been barred, too. There were also rumors that if the Justice Department did not act, antitrust suits would be filed by Heileman's alarmed competitors. Chairman Cleary wanted to fight in the courts, and his bitter reaction to the merger's collapse pointedly noted that Anheuser-Busch's stock was making new highs. Anheuser-Busch declined comment.

The actual statute upon which all this figuring is based, however, is not concerned with concentration. It aimed to preserve competition, not competitors. Concentration does not, as Armentano demonstrates, necessarily diminish competition. In this case, it would have increased it, since without Schlitz's undervalued capacity, Heileman is just not in a position to challenge Anheuser-Busch and Miller in most of the South. Market share, moreover, is not immutable. The beer business is dangerous. Schlitz itself was the industry leader in the 1950s, and a strong runner-up until the 1970s. But then disaster struck when it changed its brewery procedure. Despite quickly switching back, Schlitz never recovered its position, and observers frankly doubt whether it can survive. Falstaff Brewing Corp. has plunged similiarly, from being third to 17th in the industry. Even entrenched operations can be blasted out of their regional strongholds, as has recently happened to Coors in the West. What antitrust theory sees as dangerous predators are, in fact, transient butterflies. Profits are not as stable nor as certain as legal fees.

Beyond this, there is the fundamental question of whether the Justice Department can tell what the structure of any given industry should be. In effect, it is decreeing that the beer business must stay fragmented. But there is no reason to suppose that this is the most efficient deployment of assets. In the case of Heileman-Schlitz, antitrust action has almost certainly prevented assets from passing into more capable hands. The possibility must be faced that antitrust law is a factor in America's declining productivity.

The thesis of Armentano's book is that antitrust legislation is rather like laws forbidding witchcraft. It is aimed at a chimera, arising from an imperfect understanding of the nature of competition in a free market and the role of "cartels" and "monopolies" (except where created by governments).

This will distress many legislators and publicists who derive a child-like comfort from the notion of cigar-chomping Robber Barons, like inverse Santa Clauses. A gentler course may be to strip away the encrustation with which the years, judges and bureaucrats have gradually transformed the antitrust statutes, and simply require some evidence of diminished competition before mergers are halted. That would avoid the present paradox by which antitrust activity has produced exactly the opposite result of what was intended.

Actually, since 1975, the courts and the bureaucracy have slowly been retreating from antitrust excess. The Justice Department's 1968 merger guidelines, issued under President Johnson, have not been enforced for some time. In May, Assistant Attorney General Baxter is due to issue new guidelines. But they will probably rely on some version of the Herfindahl Index. The bureaucracy will still be making pronouncements about industry structure, although they will not be as arbitrary as under the previous four-firm standard. This typifies the ameliorative tinkering, reducing paper burden and so on, which seems to be what many Republicans mean by regulatory reform. "Metooism" has become "me-lessism." Not making waves may be a good rule in the executive suite. But the problem of regulation has to be viewed in principle. As it is, the Administration is just trimming a cancer.●

SMALL BUSINESS WEEK

● Mr. PRYOR. Mr. President, this week, by Presidential proclamation, the Nation is celebrating Small Business Week. Small businesses are the heart and backbone of every community, and we deal with them every day of our lives. But small business means more than just the corner store. It is important to remember that small businesses are responsible for 43 percent of our gross national product and that of the 11 million U.S. businesses, 10.5 million are classified as small, that is, having 500 or fewer employees.

The most recent figures show national unemployment at 9.4 percent, representing the highest unemployment level ever in absolute terms. If we included people who have simply quit looking for work, the national unemployment figure would reach 10.5 million. These numbers have caused considerable concern in Washington, but I suggest that when the Congress seeks to reverse the frightening increase in the jobless rate, it look no further than small business. Small business employs 58 percent of the private work force and creates 75 percent to 85 percent of all new jobs.

It is obvious, too, that small businesses are the most innovative and vigorous sector of the economy. U.S. productivity has been lagging behind other developed nations, notably Japan and West Germany, and one reason is our inferior position in technical innovation. There has been no increase in Federal investment in research and development in recent years. According to the Office of Federal Procurement Policy, small, high tech firms produce more innovations per dollar than larger firms. Between 1953-73, firms with fewer than 1,000 employees accounted for more than one-half of major U.S. innovations as measured by new patents. Now, however, small businesses receive only 3.5 percent of Federal R. & D. dollars. To correct this shortcoming, the Senate has approved S. 881, the Small Business Innovation Research Act, directing more Federal R. & D. dollars to smaller firms. The House of Representatives has not acted on the bill, but I hope that this initiative will be approved soon and signed into law.

THE BAD NEWS

Small businessmen may be excused, however, for asking whether there is really any cause for celebration during this week in their honor. By any reckoning, small business in the worst shape since the 1974-75 recession, perhaps in the worst shape ever:

Business failures increased by 45 percent from 1980 to 1981. 6,205 companies have gone under during the first 14 weeks of 1982—an increase of 55 percent over this time last year—and if this rate continues over the rest of the year, we will exceed the number of failures in 1932.

According to the Small Business Administration, failure rates are up 49 percent in the construction industry, 41 percent in the retail industry, 32 percent in the wholesale industry, and 27 percent in service industries.

The net cost of interest now accounts for 52 percent of aftertax business earnings. This is an increase of 36.5 percent over 1979 and represents potential investment capital which is lost because of high interest rates.

The National Federation of Independent Business reports that the loss in employment in small businesses in the last quarter was the greatest since it began keeping records, earnings and sales are at near-historic lows, and capital expenditures are stagnant.

In my State of Arkansas, SBA loan demand is at an alltime low, due, apparently, to high interest rates and economic uncertainty. There is an increase in bankruptcies and liquidations which parallels the trend in the rest of the Nation. In farm States like Arkansas conditions are exacerbated by low commodity prices which affect farm-related businesses such as seed and equipment dealers as much as they affect farmers.

CONGRESSIONAL ACTION

The most effective long-term solution to the problems of small business is lower interest rates, but interest rates will not come down overnight. In the meantime, the Congress has taken a number of steps to aid small business and is considering other actions in the future.

For example, the Economic Recovery Tax Act allows a faster writeoff of certain capital investments, and the revised estate tax law should ease the tax burden on family-owned businesses. Both the administration and the Congress have worked hard to reduce the paperwork burden which has choked so many small firms.

I supported all of those actions and expect them to have a positive effect on our economy, but at the same time I recognize that there is much more that we can do. Among the initiatives which have been proposed and are under active consideration are a tax credit for the creation of new jobs and a small business debenture to finance and encourage growth of small firms.

The industrial development bond program, which has helped so many firms, is under attack, and I feel strongly that we must find a way to preserve the program and direct its benefits where they were meant to go.

Several of us in the Senate have been particularly outspoken on the need to appoint a small businessman to the Federal Reserve Board. In filling the last open position, President Reagan chose to ignore our advice, I am sorry to say, but we will continue to press for small business representation on the Board. To some such an appointment may be viewed as largely symbolic, but the small businesses of this Nation should have at least one voice in the monetary decisions which affect them so directly.

The Government Affairs Committee, of which I am a member, has a role to play in improving the prospects of small business. For starters, we need to carry forward our initial efforts toward regulatory reform to further reduce the redtape which chokes our small firms. At the same time, we need to improve the Federal procurement process. In 1980 the Federal Government bought $100 billion in goods and services, but small firms did not get their share of the business. Even when small businesses win a Government contract, chances are the Federal Government will be months late in paying for it. There is no excuse for the Government of the most powerful Nation on Earth lagging months behind in payments for uniforms or paperclips or air conditioning provided by small firms which are, in all likelihood, operating on a shoestring. Fortunately, this week the Senate approved and sent to the President legislation requiring the Government to pay its bills on time from now on.

The Federal Government recognized the special importance of small firms when it created the Small Business Administration, but recent evidence suggests that that agency is not living up to its commitment. We must insist on some serious belt tightening at the agency to make sure that the benefits of its programs are directed at those whom it was meant to serve.

THE EFFECTS OF HIGH INTEREST RATES

In a recent NFIB survey, small firms listed the greatest threats to their success in order of importance. Not surprisingly, inflation has been supplanted by high interest rates as business enemy No. 1, followed by inflation, taxes and slow sales.

This survey brings us to the crux of the problem. Small businesses simply cannot compete with Federal, State and local governments and big business for scarce capital. There is barely any credit available to start a new business, to expand current operations or to pay for operating expenses to keep a firm going during slow times. Owners of family businesses and family farms are refinancing their homes, farms, and businesses over the long term, thus effectively abandoning the equity they had built up over the years.

Due to the credit crunch, many banks have been charging small businesses higher interest rates than big business, substantially raising fees for bank services, and turning away longtime small business customers. There are some banks which are eager to keep small firms as customers, but many of the banks in Arkansas are having to turn down at least three-fourths of their loan applications because applicants cannot generate enough profit margin to pay interest on the loans.

A DUAL-PRIME INTEREST RATE

Because small businesses have been borrowing at rates above the prime, Senator CHILES and I and several other Senators introduced Senate Joint Resolution 112 last year. The resolution directed the President to work with the Federal Reserve Board to assure an adequate flow of credit to small borrowers and to limit the diversion of credit to less productive uses, such as corporate mergers and takeovers. Under this concept, banks would voluntarily set aside funds to lend to small firms at affordable rates. This would not be the first time that this Government proposed such a program. In 1973 the Fed established a Committee on Interest and Dividends, which issued voluntary guidelines for dual-prime interest rates, with lower rates available for small business, housing, and agriculture. Although a lower interest rate of this sort might not cover a bank's cost of lending, many financial institutions might reasonably be expected to go along with this idea in order to keep potentially profitable small business customers. One bank which has experimented with this program is First Tennessee National Bank in Memphis, which sets its small business rate at 1 percent over the cost of 6-month money market certificates. Last fall, while the bank's base lending rate was 18 percent, small firms could borrow at 16.25 percent.

A RAY OF HOPE

I have painted a gloomy picture for small business, but the recent, slight drop in interest rates leaves some room for hope. Short-term small business lending rates declined from 19.5 to 17.9 percent by the end of 1981. In addition, the NFIB's "Index of Small Business Optimism" rose slightly in January of this year.

There are further tax and administrative changes that would help prolong this encouraging trend, but the most serious challenge to the Congress and administration in the months ahead is clearly to set policies that will reduce interest rates and increase the supply of credit. There is no question that the Congress is painfully aware of the problems of small business and will devote a great deal of time and attention to finding practical remedies.

"A nation of shopkeepers" is a term of derision which the French have used to describe England, but in the United States small, independent entrepreneurs have long been a source of national pride. The health of our economy depends upon the strength of our small businesses and upon the growth, innovation and spirit of private enterprise which they represent.●

TRIBUTE TO KAY RIORDAN, SOUTH DAKOTA SMALL BUSINESS PERSON OF THE YEAR

● Mr. **PRESSLER.** Mr. President, I want to take this opportunity to recognize the outstanding accomplishments of one of South Dakota's truly enterprising women, Kay L. Riordan. Kay has been named the South Dakota Small Business Person of the Year and she is indeed deserving of this great honor.

Kay has been a personal friend of mine for some time now and it gives me the greatest of pleasures to share with my distinguished colleagues here in the Senate the Riordan success story.

Kay Riordan is the daughter of a South Dakota cowboy and homesteader. Obviously the pioneer spirit of her family was carried into the business world by Kay. For she is responsible for converting a log cabin structure at the base of Mount Rushmore into a 30,000 square foot dining room and gift shop. Many persons from all over our Nation, and indeed the world, who have visited the Mount Rushmore Memorial in South Dakota's Black Hills have been served by the excellent concession Kay has maintained there for 31 years.

Today, Kay employs more than 150 workers at the Mount Rushmore site, including 100 college age students. Her concession is a good example of how the success of one small business person can provide growth and jobs for the entire community.

Kay freely shares her business expertise with others. She has represented South Dakota at the White House Conference on Small Business and has advocated small business interests as a member of numerous boards and associations. Recently, the South Dakota School of Mines and Technology awarded her the honorary degree of doctor of business administration.

Kay has also been appointed to the Senate Commerce Committee's Travel and Tourism Industry Advisory Council, a group of national Industry leaders and chief executive officers of the travel and tourism business.

We are all aware of the difficulties currently being faced by our Nation's small business persons. Therefore, it is especially important that we have this "Small Business Week" to recognize the accomplishments of those men and women who have built the foundation of our free-enterprise system.

The State of South Dakota recently proclaimed May 5, 1982, as Kay Riordan Day to thank Kay for all she has done for the State and to congratulate her on her outstanding appointment as the only woman in America appointed to the Travel and Tourism Industry Advisory Council.

Perhaps the greatest tribute paid to her, however, is a letter to the editor of the Rapid City Journal from one of her former employees, Mr. F. John Kinyon. Mr. Kinyon, who spent four summers in college working for Kay, says of her:

> She understands the importance of improving the whole business and atmosphere and living quality in an area, if one's own business is to succeed. Her success is thus more than financial; she demonstrates that good taste and good business are not only compatible, but go together well.
>
> The first word to come to my mind whenever I consider her as a businesswoman, as a patron of the arts, or as a person, is quality.

Mr. President, I share this assessment of Kay Riordan and am proud to recognize her as my State of South Dakota's Small Business Person of the Year.●

RESTORING BALANCE IN UNITED STATES-JAPAN RELATIONS

● Mr. **DENTON.** Mr. President, as we continue consideration of the fiscal year 1983 Department of Defense authorization bill, we must attend clearly to means to assure our security, protect our vital interests, and honor our commitments to our allies.

The issue of the participation of our allies in sharing the defense burden has received considerable attention during the fiscal year 1983 authorization process. It is the subject of a number of amendments and resolutions to be considered in conjunction with S. 2248. For this reason, I call the attention of my colleagues to an article by the distinguished President pro tempore that was published in the April issue of the Harvard International Review. "Restoring Balance in U.S.-Japan Relations" examines the need for a more equitable distribution of burden sharing based on the Treaty of Mutual Cooperation and Security signed by Japan and the United States in 1960.

The security policy of the United States has a profound impact on the political and economic stability of our allies. At a time when significant increases in defense expenditures are required if we are to continue to preserve the peace and insure protection of vital interests, it is imperative that our allies recognize the inherent responsibilities of partnership.

In this context, Senator THURMOND's analysis is both timely and appropriate. I ask that "Restoring Balance in U.S.-Japan Relations" be printed in the RECORD immediately following my remarks.

The analysis follows:

RESTORING BALANCE IN U.S.-JAPAN RELATIONS

(BY STROM THURMOND)

A major issue facing Congress during this session is the nature of the relations between the United States and Japan for the next decade and beyond. The current relationship is based on the Treaty of Mutual Cooperation and Security signed by Japan and the U.S. in 1960. That treaty has served both Japan and the United States well. According to its provisions, the United States defends Japan against outside aggression and in return, Japan provides the U.S. with a platform from which to deploy forces in the western Pacific Ocean. For more than two decades, this treaty provided Japan with a security umbrella under which it pursued economic development free of the burdens of a significant defense budget. Largely due to this umbrella, Japan has been able to pull itself out of the depths of destruction and into prosperity.

Many geopolitical changes have taken place since the U.S. and Japan entered this accord. First, Japan has moved from a minor economic entity to become an economic superpower with a Gross National Product (GNP) equal to half of the United States' GNP. Second, the United States and Japan have become not only good friends and staunch allies in security affairs, but they also enjoy a strong economic relationship as major trading partners. Third, the Persian Gulf region has acquired strategic significance it did not have in 1960. Protection of our common vital interests in the Persian Gulf places new military requirements on the United States, such as the rapid deployment of forces that may be based in the Indian Ocean or even in the western Pacific Ocean. Fourth, the Soviet Union gained new military and political capabilities for acting on a global scale: they made significant advances in their strategic buildup; they overran Afghanistan, and their forces are now poised only 700 miles away from the Persian Gulf; and they acquired new surrogate states, some of which are in the Middle East—in close proximity to the oil fields. Finally, while the United States remains today an economic superpower, it now has severe inflation and steep unemployment—problems it did not have in 1960, when the Mutual Security Treaty was signed.

A prosperous Japan could certainly assume an increased role in its own defense, relieving some of the pressure on the United States. Current Japanese defense outlays fall short of what is needed for the defense of that area. While the United States spends about 7 percent of its GNP on defense, and while the various European allies defense spending is somewhere between 3 and 5 percent of GNP, our Japanese friends have consistently spend less than 1 percent. In budgetary terms, the U.S. spends more than 25 percent on defense, while Japan spends about 5 percent. In fact, the Japanese defense budget in relation to overall government outlays has declined from 14 percent in 1955 to 5 percent in 1980. The Japanese argue, however, that they have been increasing their defense spending. They point out that their budget for this year shows an increase in defense spending of 7.5 percent. However, in terms of GNP, this amounts to a very minimal increase from 0.9 to 0.93 percent. This level of defense spending is minuscule and hardly commensurate with the needs of an economic superpower.

While relieved of the full responsibility of defending Japan, the Japanese government pursued an effective program to subsidized Japanese industry in its quest for world markets and to become a world leader in the steel and the shipbuilding industries. In addition, Japan pursued a protectionist policy which created enough import barriers, including quotas, and unreasonable product standards, that make it impossible for our products to penetrate the Japanese markets. As a result of these policies, the U.S.-Japan trade imbalance has been growing steadily for several years. The cumulative trade deficit for the years 1974-1980 stood at $47 billion. The deficit for 1981 alone is estimated to be $18 billion and it is expected to grow this year to $25 billion.

While the American taxpayer spends over $700 per year on defense, the Japanese counterpart spends less than $100 annually. Given the current economic situation in the United States, and considering that the per-capita incomes in the two countries are comparable, the American taxpayer has a right to expect help from the Japanese in providing more for the defense needs of that country.

According to its government spokesmen, Japan is committed to assuming the primary role in the defense of its own territories, airspace, coastal waters, and sea lanes up to 1000 miles. Assuming this responsibility would require Japanese defense expenditures to be at a level considerably more than the current 1 percent of GNP. An increase to a level of 3 percent would probably be required. This would put Japan on an equal footing with our European allies. It is time that Japan entered not only as a full partner in the alliance of free nations, but also as a full participant in the defense of the free world.

The arguments against a strong Japanese military posture center on two points: one, that it would violate the constitution of Japan; and two, that other Asian nations would be apprehensive about such a posture.

With regard to the first argument, let us not forget that the Japanese themselves have accepted for some time now an interpretation of their constitution which is consistent with a defense spending of about $11 billion annually. In today's world, however, this level of spending, although sizable, is just not enough to take care of Japan's self-defense needs. As for the second argument, the continued presence of the U.S. forces in that region is a reassuring element that should reduce any apprehensions resulting from a militarily strong Japan. Furthermore, we are not calling on the government of Japan to defend the whole area, but to participate in the defense of the region by contributing substantially to its own self-defense.

Significant movement by Japan in both the defense and the trade areas will help alleviate the general uneasiness in the United States about the lack of balance in our relationship with Japan. This relationship is too important for both countries to allow this condition to go unaddressed. From a military standpoint, Japan is the gateway to East Asia and the western Pacific region. As such, Japan is an important friend and ally to the United States. However, this friendship has not produced a two-way street in our defense and economic relationship. So far, it has been one-way, heavily tilted to the benefit of Japan. Maintaining and strengthening our friendship with Japan hinges on achieving a balance that has been lacking. The Congress of the United States may have to take steps to guarantee the achievement of this balance, and in the process, protect our manufacturers, jobs and markets, and at the same time, safeguard a healthy long-range relationship with Japan.●

SMALL BUSINESS WEEK

● Mr. EAGLETON. Mr. President, this week we highlight the achievements of small businesses throughout the country as we recognize National Small Business Week. Statistics have proven small businesses as the most vital force in our economy today, but they face increasingly severe problems caused by high interest rates, increased business failures, and lack of progress toward economic recovery.

As pointed out in the President's first annual report on the state of small business, small businesses:

Represent 99.8 percent of all U.S. businesses;

Produce 38 percent of the Nation's gross national product;

Employ 47 percent of the nongovernment labor force;

Contribute two out of three new jobs; and

Produce twice as many innovations per employee as larger firms.

Nevertheless, this vitality has been threatened by relentless, unprecedented high interest rates and a subsequent rise in the number of bankruptcies. High interest rates are especially crippling for small businesses because they depend on bank loans—yet find they must pay more to borrow than their larger corporate counterparts.

In recent years, Congress has sought to devote its attention more to the special problems and the needs of small businesses. We have focused on the burden of Federal regulations for small businesses, on the need for equal access to justice, and special tax problems that arise for small businesses. Yet, the biggest problem faced by small businesses today is the lackluster state of our economy. It is incumbent on us, the Congress, to work toward a consensus budget compromise. Such a compromise must include spending restraint and revenue recapture from the 1981 tax bill. I have little doubt that if Congress provides a favorable economic climate, the entrepreneurial spirit that is inherent in small businesses nationwide will continue unsurpassed as a source of job-creation, innovation, productivity, and competitive pricing.●

NATIONAL SMALL BUSINESS WEEK

● Mr. CHILES. Mr. President, I want to congratulate the Small Business Committee for once again authorizing a resolution recognizing the importance and accomplishments of our Nation's small business community. Committee Chairman LOWELL WEICKER and ranking minority member Senator SAM NUNN have done an outstanding job to see that May 9-15 is declared National Small Business Week.

I do, however, have mixed emotions as I rise to add my voice to those of others who are interested in and concerned about the small business sector. On the one hand, no one can underestimate the importance of the small business community. It continues to be the bedrock of our national economy. Small business provides half the private sector jobs in the country and accounts for two out of every three jobs created. Small businesses represent the vast majority of private firms in the country and are also on the cutting edge of most of the innovations that keep us technologically advanced. And, the small business contribution to the total wealth of our country is considerable. Even after some years of decline, almost 40 percent of our gross national product comes from small business. Without question, in order to have a healthy economy we must have a healthy small business community.

On the other hand, I am very concerned about the economic condition the small business community finds itself in today. What we know is that these are the most difficult economic times since the Great Depression.

Small businesses are being closed or merged out of existence at an alarming rate. Dun & Bradstreet said recently that in the first 14 weeks of this year 6,205 businesses failed. This is a 55-percent increase in business failure over the same period in 1981 and 2½ times greater than the same period in 1980. At the same time, large corporations and conglomerates are in a headlong rush to acquire small businesses. I understand that merger announcements in 1981 were up in the neighborhood of 35 percent over the preceding year. In addition, we have seen an unfortunate erosion of the antitrust laws, the first line of defense against anticompetitive business practices. The less than vigorous enforcement of these laws by the administration threatens to increase economic power in the hands of large corporations and threatens the economic recovery in the small business community.

The result of these business failures is a devastating increase in the number of unemployed. The figures for April were just released and we now know that we have the highest unemployment rate since the Depression. The unemployment problem in the small business community is particularly severe. The National Federation of Independent Business reported recently that the loss of employment among small business was particularly great in the fourth quarter of 1981. The NFIB went on to say that on a seasonally adjusted basis the losses were 50 percent higher than in the spring of 1980.

I would like to be able to tell the small business community that the Federal Government clearly recognizes the problems it faces and that every effort is being made on the part of Congress and the President to foster the kind of economic environment conducive to small business growth and development. Unfortunately, I would be less than totally honest if I told them this. While I am pleased that Congress has passed some very significant legislation dealing with paperwork reduction, which I authored, and has also provided some regulatory relief, there remains much more that Congress and the President can do to make sure that small business continues to play an important role in our economic structure.

Without question the most pressing problem facing the small business community is high interest rates. For small business to recover, these rates must come down. When you require people to pay the going market rate of 18 percent for a small business loan, the only small businessman who is going to do well is the guy who auctions off belly-up businesses. High interest rates are particularly a problem for small business since most of their financing is done through bank-loaned, relatively short-term debt. It is not very often that a small business can successfully market corporate bonds. Also, while high interest rates directly affect them, small businessmen feel the effects of high interest rates because of the recession that grips our economy. It is no secret that business activity in general is way off and demand is way down.

As a member of the Senate Budget Committee I have seen first hand the problems we face with the budget and how it affects interest rates. We simply have to reduce deficits before we can expect to see interest rates come down. To do this we must have a bipartisan effort. One thing that would help would be to convene an economic summit where leaders from Congress, the Federal Reserve, business and labor get together with the President to iron out the differences in our economic recovery approach. I believe this would send out a strong signal to the money markets that the Government is serious about reducing the deficit and bringing about economic stability. Congress also needs to continue to cut into Federal spending levels. I do not believe any spending area should be above review. Both defense and entitlements should be looked at. But with the size of the deficits that are being proposed, the spending side of the budget cannot bear all of the pressure alone. We need to look at the revenue side of the budget. I do not mean raising taxes, but rather we need to look at some of the massive tax cuts passed last year. Tax cut bills that build deficits into the budget are written in red ink and I think we would be wise to at some point tie tax cuts to the spending cuts. That way a deficit would not automatically be created by the tax cut.

Mr. President, National Small Business Week offers us the opportunity to recognize the important contributions of the small business community. It also offers us the opportunity to focus on the problems that plague it. I hope all of us in Congress and those in the administration take advantage of this opportunity and reaffirm the value of small business to our overall economic health and well-being.●

THE ELECTIONS IN THE DOMINICAN REPUBLIC

● Mr. **HELMS**. Mr. President, on Sunday, May 16, the Dominican Republic will hold elections to elect a President. These elections are a welcome event, signifying the Dominican Republic's continuing dedication to the democratic process. Freedom-loving people everywhere commend the Dominican Republic for holding such elections, and wish the country well.

But no election is worth the effort if it is not free and fair. Thus, there is a special obligation on the part of the Government of the Dominican Republic, and especially the military, to insure that the people of that critical Caribbean nation will be participating in an election with proper ballot security, and with as little occasion for fraud as possible. Even in the most experienced democracies, there are frequent allegations of fraud and election rigging. Many such allegations prove to be well founded, and the democratic process is put in jeopardy. Recent elections in the District of Columbia provide an example.

Furthermore, Mr. President, no election outcome is valid unless and until recognized by all elements contending for power. Thus, again, the military in the Dominican Republic has a special obligation to insure not only the integrity of the electoral process, but of the election outcome as well—so that the winner in Sunday's election can be assured that he will assume the office to which he has been elected by the people of the Dominican Republic.

Mr. President, it is in the interest of stability in the Caribbean Basin region for there to be a free and fair election in the Dominican Republic.●

FRAUD HOTLINE

● Mr. **SASSER**. Mr. President, I wish to take this opportunity to point out that, while both the administration and the Congress are looking for new ideas or ways to cut back on Federal spending, the most worthwhile weapon in the battle against waste, fraud, and abuse in the Federal Government will round out its 40th successful month of operation at the end of this week.

I refer to the nationwide, toll-free fraud hotline established by the General Accounting Office (GAO) at my suggestion in January 1979.

A few simple numbers are the clearest testimony to the continued success of the hotline.

First, it costs approximately a half million dollars a year to fund the entire hotline operation, including the fraud task force that manages the hotline. On the basis of cases it has successfully pursued, the hotline has already paid for itself hundreds of times over. Charles Bowsher, the Comptroller General, has indicated that the hotline saves "millions of dollars annually," and that it has a deterrent effect on waste and fraud in Federal agencies.

Second, nearly a thousand calls a month come into the hotline. This shows that the proven success of the hotline in helping to thwart waste, fraud and abuse in the Federal Government is encouraging additional and continued participation by those wanting to report such instances. Success is, in effect, breeding success.

Third, there are the hotline numbers themselves. The nationwide, toll-free hotline number is 800-5454. In the Washington, D.C. metropolitan area the number is 644-6987.

Any concerned citizen with knowledge of fraud and abuse—in any Federal program—can report that knowledge by calling the hotline number. Anonymity to callers is guaranteed.

Finally, I ask that the latest report by GAO's fraud task force on the activities of the hotline be printed in the RECORD so that others may see for themselves the success of this most valuable Government activity.

The report follows:

FRAUD TASK FORCE HOTLINE SUMMARY APRIL 15, 1982

VOLUME OF CALLS AND GEOGRAPHIC AREA—FIRST 39 MONTHS OF OPERATION

We announced the hotline telephone number on January 18, 1979 and after the first 39 months of operation, (April 15, 1982), had written up over 11,000 allegations which require classification as to materiality, agency and program involved, and geographic location. In addition to the above, we have received numerous calls that were more appropriately the concern of other Federal agencies or state or local officials that were referred but not written up. We have received over 38,000 calls in total. Computer analysis of the first group of calls written up is complete and the follow-up process on these hotline leads has begun. Additional calls are being received daily, and will be handled by the same process.

Calls have been received from all 50 States, the District of Columbia and overseas locations.

A geographic breakdown based on the 7,037 allegations believed to warrant further review in our screening of 11,169 cases is as follows:

Location of reported activities

Washington, D.C.	486
Alabama	124
Alaska	29
Arizona	74
Arkansas	79
California	831
Colorado	117
Connecticut	44
Delaware	11
Florida	285
Georgia	303
Hawaii	17
Idaho	26
Illinois	196
Indiana	81
Iowa	42
Kansas	54
Kentucky	127
Louisiana	87
Maine	26
Maryland	191
Massachusetts	101
Michigan	266
Minnesota	51
Mississippi	80
Missouri	184
Montana	40
Nebraska	32
Nevada	29
New Hampshire	20
New Jersey	128
New Mexico	62
New York	324
North Carolina	122
North Dakota	26
Ohio	339
Oklahoma	82
Oregon	59
Pennsylvania	266
Rhode Island	18
South Carolina	55
South Dakota	27
Tennessee	262
Texas	417
Utah	35
Vermont	8
Virginia	327
Washington	179
West Virginia	58
Wisconsin	57
Wyoming	6
Overseas	58
Missing codes	93

Affected Government entity—Executive branch

Department of Agriculture	359
Department of Commerce	92
Department of Defense (other than Air Force, Army, Navy)	117
Department of the Air Force	249
Department of the Army	418
Department of the Navy	372
Department of Energy	86
Department of Health, and Human Services (formerly HEW) (other than SSA, OE, NIH)	591
Social Security Administration (welfare, SSI)	1,126
Office of Education	55
Department of Education	60
National Institutes of Health	17
Department of Housing and Urban Development	444
Department of the Interior	183
Department of Justice (other than FBI)	158
Federal Bureau of Investigation	9
Department of Labor	486
Department of State	12
Department of Transportation	173
Department of the Treasury (other than IRS)	81
Internal Revenue Service	689
Community Services Administration	76
Environmental Protection Agency	90
Equal Employment Opportunity Commission	18
Federal Emergency Management Agency	26
General Services Administration	206
National Aeronautics and Space Administration	28
National Science Foundation	8
Small Business Administration	61
Tennessee Valley Authority	30
Office of Personnel Management	38
United States Postal Service	198
Veterans' Administration	279
Agency for International Development	10

Legislative branch

Congress	12
General Accounting Office	20
Library of Congress	9

Other

D.C. government	13
Other Federal agencies	111
Missing agency codes	31

MIX OF CALLS—SUBSTANTIVE VERSUS NONSUBSTANTIVE

Approximately 30 percent of all calls received appear to have some substance and are written up for further evaluation. After additional screening approximately 63 percent of those written up appear to have some substance for investigation or audit. For example, of 11,169 allegations that have been screened, 7,041 appear to have some substance for investigation or audit. Of the 7,041, about 30 percent are in the "mismanagement" category, while the remaining 70 percent (4,959 allegations) appear to involve intentional wrongdoing.

TYPES OF ALLEGATIONS RECEIVED

Other than those of a non-substantive nature and those that did not appear to involve the expenditure of Federal funds, hotline allegations fell into one of two categories:

Instances of apparent mismanagement, and

Instances of intentional wrongdoing.

In summarizing the allegations of wrongdoing, we found it useful to categorize them according to the participants in the alleged improper activity. We established the following five activity participant categories:

1. Federal employees only.
2. Federal employees in conjunction with others.
3. Federal contractors or grantee organizations.
4. Individual and Corporate recipients of Federal financial assistance.
5. Other individuals or corporate entities.

Of the 4,959 allegations of wrongdoing, the highest proportion, 33.4 percent, was in the participant category "Individual and corporate recipients of federal financial assistance." The table below shows the number and proportion of total wrongdoing allegations falling in each of the five participant categories.

Participating category	Number of allegations	Percent of total
1 Federal employees only	1,234	24.9
2 Federal employees in conjunction with others	295	5.9
3 Federal contractors or grantee organizations	1,000	20.2
4 Individual and corporate recipients of Federal financial assistance	1,658	33.4
5 Other individuals or corporate entities	772	15.6
Total	4,959	100.0

Looking first at the "Federal employees only" category we found that there were 188 allegations of theft, 236 allegations of private use of Government property, 412 reports of employee working hour abuses, 234 reports of improper financial transactions, and 164 reports of other improper activities.

In the second category, that of "Federal employees in conjunction with others" there were 132 allegations of a bribe or kickback having been paid, 4 allegations of extortion and 159 miscellaneous other allegations.

In the "Federal contractor/grantee" category there were 422 allegations of improper expenditure of Government grant funds, 184 allegations of contract non-performance, 96 reports of the theft of Government funds or property and 298 other allegations of various natures.

The fourth category, "Individual and corporate recipients of Government financial assistance" included 586 allegations of welfare cheating, 211 of cheating on social security benefit eligibility, 400 on collecting inappropriate disability benefits, 70 of cheating on veterans benefits, 101 instances of food stamp cheating, 38 of medicare/medicaid cheating and 252 miscellaneous allegations.

The fifth and final category, "Other individuals or corporate entities" included 613 allegations of personal and corporate income tax cheating, and 159 other allegations of improper activity.

The allegations of wrongdoing that were received to date involve the funds of every one of the 13 cabinet departments of the Federal Government and involve activity in Washington, D.C., and all 50 States.

In 70 percent of the cases, the informant was anonymous. Thirty-one percent of the informants were Federal employees.

Referrals made as of April 15, 1982

HHS	1927
DOL	531
HUD	510
DOD	1,139
IRS	740
VA	312
GSA	282
USDA	371
Post Office	186
Interior	186
EPA	98
NRC	8
FEMA	33
D.C. government	13
Office of Personnel Management	63
State Department	13
AID	11
DOT	176
DOE	85
Commerce	93
Justice	181
Treasury	116
SBA	73
NASA	31
LEAA	28
GAO	141
CSA	89
OMB	5
Merit System	3
TVA	32
Legal Services Corporation	13

Securities and Exchange Commission	1
Department of Education	66
Total referrals	[1]7,556

[1]Total cases referred is greater than the number of substantive cases received because some allegations were referred to more than one agency.●

NATIONAL SMALL BUSINESS WEEK

● Mr. FORD. Mr. President, Many of my colleagues have produced useful and timely statements this week in recognition of National Small Business Week.

It is important, however, that while we pay tribute to the many important contributions small business men and women make to the Nation's economy, we also make a point of reflecting on the current health of small business which we do not need a doctor to diagnose as not so good.

The statistics have been cited many times before this week; that small businesses employing fewer than 500 workers create over 80 percent of the new jobs in this country, employ over one-half of the Nation's work force, and are responsible for most of the new products and innovations in America. With this kind of record, there should be little doubt that the health of our economy is dependent on the health of small business. And, I think, over the last few years, there has been increasing recognition in Congress of the importance of small business. We have passed a number of pieces of legislation aimed at removing regulatory and tax burdens from the small business community and facilitating capital formation. But, despite our best efforts to remove government burdens, it is clear that small business is suffering today more than ever under the weight of unwise government policies that have brought on a recession amidst continuing high interest rates.

As our economy continues its steady downhill slide, the first and most numerous victims are small business which are today experiencing failure at a record rate. Even in normal times, when the economy is operating near full productive potential, there is a significant percentage of businesses that fail because, after all, this is the nature of small business—to strike out for success against high risk of failure. But these are not normal times. We are currently averaging almost 450 business failures per week, 83 per 10,000 businesses. That amounts to the greatest rate of business failures since the Great Depression in 1933. These figures do not take into account the impact that the current recession and high interest rates are having on decisions to start new businesses. How many Americans have decided not to go ahead with plans to start a new business because there is no demand in the economy and the high rate of interest has made it impossible to finance start-up costs? There are no precise figures for this, but we can see some measure in the figures for new job creation and the ever-increasing number of unemployed Americans which in April reached 10.3 million persons, the highest number of unemployed since 1938.

The prime interest rate that continues to stay around 17 percent—which actually means around 20 percent for most small businesses—is bad enough. But as tough as high interest rates are for small business, even more serious is the simple unavailability of credit.

Small business must depend, to a greater extent than big business, on debt to finance growth. In many areas of the country, the money is just not there. It has already been gobbled up by the Federal Government which, this year, must finance a $100 billion Federal deficit—the largest in our history. It has also been gobbled up by big business, which last year tied up a record $70 billion in bank loan commitments to finance unproductive corporate mergers. The situation might have been made more tolerable if the amount of savings had increased, but in spite of efforts to encourage greater savings through tax incentives over the last year, we have seen an actual decline in the already low level of private savings that is available to finance business borrowing.

We in Congress are concerned about the problems facing small business. We have given the small business men and women of this country our attention in the past and attempted to respond to their concerns. But, the problems of the past pale in comparison to the hard realities of today's dismal business climate. This is not to say that there are not remedies. The overriding problems of high interest rates and credit scarcity can be addressed by Congress if we can come together and agree on a remedy.

First of all, the Federal Reserve Board must be influenced to follow a slow growth monetary policy that allows for reasonable expansion of the money supply sufficient to finance growth without inflation. There are indications that the Federal Reserve is pursuing a more moderate policy, but we must make it clear that Congress will not tolerate another year of 2 percent money supply growth. Second, we have to take steps to make sure that scarce credit is made available to small business. That may require credit allocation policies by the Federal Reserve Board, or at least some type of limit on the amount of money that is tied up in loan commitments for unproductive corporate mergers. Another aspect of this problem is the gradual reduction in the number of small banks that service small businesses. The increasingly likely action to restructure financial institutions must take into account the credit needs of small business.

Of course, the most important answer to the problems that beset small business is to bring down the size of the deficit so that the Federal Government's intrustion in the credit markets can be reduced. We are now in the midst of those efforts and it appears progress is now being made.

A few months ago, we all mourned the devastating effect high interest rates were having on particular credit sensitive sectors of the economy such as housing and autos. Now, conditions have deteriorated to such an extent that all sectors of the small business community, from retailing to wholesaling and manufacturing, are falling victim to the growing recession and bankruptcy wave. It is time for action.

Mr. President, I am pleased to join my colleagues in saluting the small businessmen and women of this country during this National Small Business Week. I hope this week will serve to highlight the importance of small businesses, the problems they face, and the responsibilities we in Congress have to pursue policies to ease their burdens.

Unless we do, there will be even less to salute the next time Small Business Week comes around.●

SERTOMANS AND BETTER SPEECH AND HEARING MONTH

● Mr. CHILES. Mr. President, I would like to take a moment to commend Sertoman International for adopting better speech and hearing as its major sponsorship and to recognize the importance of the month of May as "Better Speech and Hearing Month."

Sertoman stands for "SERvice TO MANkind." This foundation has built speech and hearing clinics throughout the Nation. The organization works closely with public education programs and other health and social service agencies to develop an effective network of help for people with communication disorders.

How often we take the ability to speak and hear for granted. Yet the month of May is a time when we should remember that about 1 out of every 13 Americans suffers from hearing loss; 1 of every 20 Americans has a speech or language impairment, including over 1 million stutterers. And the yearly loss of earnings due to speech and hearing disorders is over $1.75 billion.

We should be aware that communicative disorders know no barriers of age, race, sex, or economic circumstances. Hearing loss can be present at birth, begin in childhood and progress through life, or strike at middle age or old age. Speech impediments appear in the young, or represent part of a learning disability, or occur as a result of stroke, head injury, or cancer.

However, during Better Speech and Hearing Month we should not just focus on the human and economic tragedy of communicative disorders. We should also recognize the fact that most individuals suffering from speech and hearing loss can be helped. The advances in medicine, surgery, hearing aids and other devices, and speech-language-hearing rehabilitation are most encouraging. We should all join the Sertomans in offering hope to the Americans with communicative disorders.●

FTC'S USED CAR LEMON

● Mr. McCLURE. Mr. President, I share with my colleagues a recent editorial in the Idaho Statesman that makes some interesting points in opposition to the proposed ruling by the FTC regulating used car dealers.

The proposed rule could effectively eliminate used car dealers altogether. Specifically, it requires that dealers post on the windows of all used cars for sale the status of 52 prescribed areas. Speculation from informed sources indicates that the costs of these inspections would approach $150. Of course the cost of this burdensome Government overregulation would be passed on to the consumer. The Statesman correctly states that if the rule is implemented, the only recourse the buyer would have is to prove that the dealer knowingly sold a defective car. Undoubtedly an impossible task.

I am, and always will be, a strong believer in the free enterprise system. If a consumer has any doubts about the condition of an automobile, any nonbiased mechanic would be more than happy to provide a more thorough examination at one-third the cost.

I ask that the Statesman editorial be printed in the RECORD.

The editorial follows:

[From the Idaho Statesman, May 4, 1982]

FTC'S USED CAR RULE IS A LEMON

It's no wonder there's another move afoot to kill a Federal Trade Commission rule requiring used car dealers to inform buyers when the dealer knows of major defects in a car. The rule doesn't make much sense.

It's a sad fact that buying a used car is a risky business. The modern automobile is a complicated piece of merchandise that may or may not live up to the salesman's pitch.

Just because a few unscrupulous dealers create a problem, however, does not mean the federal government can solve it, particularly not with regulations like the FTC's used car rule.

If an angry buyer turns up at the car lot to complain, all the dealer has to do is say, "Hey, I didn't know." Even with the FTC rule in effect, the buyer's only option would be to prove the dealer knowingly sold a defective car. That is likely to be a difficult, expensive and unfruitful proposition for everyone concerned. In short, the rule is not going to do much, if any, good. So why have it?

Unfortunately, getting rid of the rule opens another can of worms. According to a consumer group called Congress Watch, the National Auto Dealers Association has given more than $500,000 in campaign contributions to senators and congressmen who have co-sponsored bills that would veto the FTC rule. Some sort of veto bill is almost certain to pass this session.

That might be OK except that federal courts have held the congressional veto to be unconstitutional, noting that such a device "allows special interests to achieve their ends by pressuring administrative agencies through congressional committees."

At issue is the independence of all the federal government's regulatory agencies. Fiascos like the used car rule make the agencies look bad. But these agencies do a lot of good and, to be effective, must retain their independence. They don't need Congress butting in every time they sneeze.

The best thing that could happen would be for the FTC to admit its mistake and get rid of the used car rule—not because of the pressure from Congress, but because it is a bad idea.●

REMARKS BY THE HONORABLE FERNANDO MANFREDO ON THE CARIBBEAN BASIN INITIATIVE

● Mr. DENTON. Mr. President, on February 24, 1982, before a meeting of the Organization of American States, President Reagan outlined his program for a Caribbean Basin Initiative. The policy declarations made by the President constitute a sound foundation for a comprehensive program based on a true partnership of the nations of the Americas.

The implementation of the Caribbean Basin Initiative depends primarily on action that will be taken by the Congress of the United States. As we face that responsibility, I believe it is important that we recognize the broad-based support that our Latin American neighbors have given to the President's proposal. I call to the attention of my colleagues a recent speech by the Honorable Fernando Manfredo, Jr., Deputy Administrator of the Panama Canal Commission. On March 12, at a celebration in honor of West Point Founders' Day, Mr. Manfredo reiterated Panama's assessment of the Caribbean Basin Initiative as an important step in addressing the critical needs and long-held aspirations of the peoples of our hemisphere.

Mr. Manfredo's comments merit our attention as we consider the action necessary to insure the implementation of the President's program.

Mr. President, I ask that the full text of Mr. Manfredo's speech be printed in the RECORD.

The speech follows:

PRESENTATION BY DEPUTY ADMINISTRATOR IN HONOR OF WEST POINT FOUNDER'S DAY, MARCH 12, 1982

It is indeed a pleasure to be with you tonight and to share in commemorating the "Founders' Day" of the United States Military Academy at West Point.

As we celebrate the 180th anniversary of the founding of the Academy, we are honoring a period in the life of a great institution rather than a single event.

West Point and its graduates, through their spirit, ideals and traditions have contributed to making America a great country. Their contributions to the security and welfare of the democratic system of government have extended to other countries whose citizens have been privileged to enter the halls of West Point or have come in contact with its graduates.

The Academy has been and continues to be a source of leaders in all areas of society. The leadership they have provided both in the public and private sectors has been pivotal to social, economic and political development in the United States and elsewhere.

Able leaders—planners, administrators, technical personnel, and teachers—are, in fact, fundamental to achieving such development. They are in a very real sense, the prime movers for change, the directors and shapers of society. The United States Military Academy has been training those individuals since 1802.

The America of 1802 was not the America of today. The United States 180 years ago was a relatively small nation. It was militarily weak and economically poor, and yet had already caught the imagination of the world, not because of its strength or wealth but rather because that nation, since its independence in 1776, stood for something far more important. It had a flamming idealism and freedom of spirit. The American people believed in themselves, in their country, and their ideals. The United States 180 years ago was weak in arms and poor in goods, but rich in spirit. Today the United States is strong in arms and strong in spirit.

At the time West Point was founded, what the United States did or did not do had little effect on the peace and economic well being of the world. But today it holds the high trust of free world leadership, and if the United States fails to meet that trust, the danger of serious world problems is vastly increased.

Just three weeks ago, President Reagan unveiled a program of trade, investment assistance, and direct financial aid for the contries of Central America and the Caribbean, and declared that he "will do whatever is prudent and necessary" to ensure peace and security in this area. In so doing, he demonstrated that the U.S. is willing to assume its leadership role in working toward lasting peace and prosperity in the region.

The Caribbean Basin Initiative that the president has proposed to the U.S. Congress is a six point plan that includes:

A program of 12 years of duty free trade for U.S. imports from the region;

Tax incentives to encourage U.S. firms to invest in the area;

$350 million in supplemental appropriations to be concentrated in the private sector, in addition to the $475 million appropriated this year;

An offer of technical assistance and training including investment promotion, and export marketing;

Additional special assistance for Puerto Rico and the Virgin Islands; and,

Efforts to encourage stronger international assistance from such countries as Mexico, Canada, and Venezuela which already have aid programs in the region.

At the same time assistance to many countries in the region is being increased. President Reagan has made it very clear that economic and military aid will not be provided to Marxist oriented governments. The United States is apparently initiating a program of action aimed at curtailing leftist intervention in Central America and the Caribbean, with particular emphasis on supressing the Cuban and Nicaraguan style of insurrection.

President Reagan is aware of the strategic importance of Central America and the Caribbean. He recognizes that events such as those in Cuba, Grenada, El Salvador, Guatemala and Nicaragua pose serious long range threats to U.S. political and economic interests. The Caribbean Basin Initiative reveals his strategy to curtail those threats through economic assistance, while avoiding the use of direct military force.

The economic aid package is consistent with the Administration's efforts to promote free trade and investment and, in President Reagan's words, is an "integrated program that helps our neighbors help themselves, a program that will create conditions under which creativity, private entrepreneurship and self help can flourish."

The program offers a positive step forward and demonstrates that President Reagan views the United States and the Caribbean region as sharing a common destiny. The plan shows that he accepts the great commitment of our time to eliminate the age-old conditions of poverty: the lack of opportunity and hope that characterizes the Central American and Caribbean countries. By implication, the program is also expected to stop the spread of regional socialism. As the President pointed out in presenting his program, "if we do not act promptly and decisively in defense of freedom, new Cuba's will arise from the ruins of today's conflicts."

I am encouraged to see that the attitudes and actions of conscientious and dedicated leaders, such as President Reagan, are becoming more responsive to the needs and aspirations of the people of this region. And, I find it very positive that the program is focused on a solution favorable to Latin American countries and not simply one favorable to the United States. By doing so, one of the mistakes of the past is being avoided.

Nevertheless, I want to offer a word of caution. The approval of the Congressional authorization requested by President Reagan will not, by itself, miraculously implement the plan. The task will require careful and rational planning on the part of all involved nations. All other things being equal, countries which do the most careful and logical planning will achieve their goals sooner and with less discomfort than others.

The Caribbean Basin Initiative offers the rudiments of a program of economic development. The primary objective is a better individual standard of living for the people of the country undertaking the program, but it has to include related objectives, such as increasing the nation's strength to preserve its independence and satisfying the desire for national and personal respect and importance in a world, which experience shows, does not readily accept "backward", weak countries and their citizens. These related objectives seldom materialize unless the primary one is achieved, and that should be well understood.

There needs to be a clear recognition that the social changes and upheavals, the frustrations and hardships involved in the early stages of development provide the seeds for communist exploitation or internal moves toward totalitarianism and dictatorship. As a noted economist has observed: "Economic development does not necessarily make nice people." This is not an argument against economic development since undesired political and social changes are certainly not incompatible with economic stagnation and, in fact, are probably more likely to occur in such an environment. It is simply a caution against placing too much faith in what is often considered a guaranteed panacea for world democracy.

A successful economic development program involves the transformation of society as a whole. Centuries of deeply rooted attitudes, patterns of thought, social outlook and social institutions must be changed. Achieving the transformation and successfully moving down the road of progress requires the accomplishment of many things. I will briefly touch on the major ones to suggest the general pattern.

Fundamental to all other factors is the desire and will to develop, both on the part of the country's leaders and people. These factors themselves are in large part the product of a complex interaction of other forces including:

(1) Broadening the bases of political power, allowing those previously outside the power structure to acquire the means to influence political, economic, and social decisions.

(2) Establishing conditions which assure that people can receive the fruits of their own efforts through such actions as equitable land laws, protection of private property, and curtailing communal distribution of individual earnings and agricultural resources.

(3) Establishing an honest and efficient system of public administration.

(4) Generating a supply of skilled technicians and middle managers in private enterprise.

(5) Bringing about changes in prevailing attitudes toward manual work, a task that will require a major shift in values in any under-developed countries. The low esteem in which manual work is held must be completely revised, not only in regard to the performance jobs (such as machine operators or carpenters) but also to the middle management group of foremen, supervisors, etc., all of whom must stand ready to dig in and get their hands dirty instructing workers and getting projects underway. Much of this task will fall upon the educational system—expanded, invigorated and reoriented to the goals of national development.

(6) Creation of an equitable tax structure is also necessary, to assure that taxes are assessed according to ability to pay and that all persons pay their required share and, finally,

(7) Broadening the distribution of the benefits of economic progress thus providing incentives to workers to respond favorably to changes in traditional patterns of work.

Achieving economic goals, however, is only possible if countries have a political system for carrying them out. Of paramount importance, is an atmosphere of political stability and the establishment of mechanisms to mobilize resources and focus those resources in critical areas. Such stability and mobilization of effort presupposes a high degree of patience. The temptation is often to move too quickly, to attempt to minimize effort and maximize short term gains. This temptation must be put down. Economic development is slow, demanding work. The great secret to success is to create motivation for the investment effort and patience to wait for its results.

Now that I have described the Caribbean Basin Initiative in general terms and provided a note of caution against expecting too much, too fast, I would like to make some brief remarks about the participation of my country in the program.

Vice President Ricardo de la Espriella's first reaction when interviewed by the press was that the plan provides a good opportunity for Panamanian businessmen and that their spirit is being tested. I concur with Vice President de la Espriella, but I also believe more than spirit is needed if the program is to be of real benefit to Panama.

Other nations in Central America and the Caribbean will be competing with Panama for the investments and for the opportunity to take advantage of the duty free trade programs with the United States. We will have to be at our very best to be competitive.

Many people believe that because we have more political stability in our country vis-a-vis others in the region, that we have a more competitive position. That is a half truth. Other factors are just as important, if not more so, in providing a competitive edge in international trade.

Labor costs for example are going to be very important. Panama has the highest salary rates in the region. I think that is an advantage provided our productivity is also higher. In recent years, however, Panama has experienced increasing salary levels and decreasing productivity. There are a number of reasons why we are in this situation. Let me briefly mention a few.

The Government has made a strong issue of the Panamanian "right to work," but little has been said about a person's "obligation to work." The idea of the "right to work" is a good one in principle but in practice it is difficult to implement without driving up labor costs and eroding the competitive position of businesses.

Related to the labor costs and the "right to work" principle is the education and training for work. In Panama, our educational system has concentrated on what is called a general curriculum. So today, thousands of young people leave the classroom and enter the working world without suitable preparation. The education and technical training programs must be improved.

Labor-management relations is another area of major concern that impacts on the competitive edge. In Panama we live in an industrial-relations climate, where higher and higher compensation is demanded for fewer and fewer hours of work for more and more people. We all favor this desirable goal; but we cannot enjoy these material blessings with inadequate growth in productivity. Growth in productivity is fundamental to the competitiveness of business and the economic well being of the nation.

Personal gain is necessary, but if we are to enjoy the fruits of our private enterprise system, investors must have a fair return on their capital investment and more important, the company has to remain competitive. The idea of personal gain and competitive business are not incompatible although they often cause conflict between management and labor.

Finally, I would like to make a brief observation on the role of the Government in the program. As I indicated previously, no economic development plan can be successful without a political system with the mechanisms to implement it.

The Government must play an important role if we want to attract capital investments and be competitive. The Government's task is to discover the conditions that make us noncompetitive, and to act to clear them away. At the same time, the Government should cooperate closely with the private sector and seek their advice and participation in the formulation of development policies. This will allow the Government to focus resources on areas where they can really make a difference.

The Government must also make efforts to reduce the political sensitivity of foreign investment and to correct the misunderstandings and exaggerations on both sides as to its role. If a foreign company is to operate successfully in this country, it needs the support and understanding of the Panamanian public. What the public does not understand, the public seldom supports.

Ambassador Moss and the Minister of Commerce and Industry have, in fact, been making efforts through meetings, in which high-level representatives of the private sectors of the United States and Panama have participated, to examine issues and formulate policies for encouraging investment. This type of forum should be promoted because it may dispel some of the emotion that discourages additional investment.

In summary then, President Reagan's plan has been well received both in Panama and elsewhere and we view it as a positive, practical step forward. At the same time, we appreciate the complexity of the plan and the difficulties in implementing it successfully. Nevertheless, we believe it can and must achieve its objective. It is difficult to imagine Central America and the Caribbean at peace if the standard of living for all its people is not immensely improved.

We must proceed toward that objective, confident in the knowledge that the peace and security of this area depend upon it. This will require capable and effective leadership. Political leaders, business leaders and labor leaders with foresight and a sense of responsibility. Leaders like those produced by the United States Military Academy at West Point for the last one hundred and eighty years.

THE TET OFFENSIVE

● **Mr. DENTON.** Mr. President, in January of this year, a documentary about the Tet Offensive in Vietnam was shown on network television. "The Uncounted Enemy: A Vietnam Deception" strongly implied that order of battle and intelligence information was withheld from our Commander in Chief at the direction of American military commanders. Since the broadcast of the documentary, we have been subjected to numerous articles that defend that irresponsible implication.

In an effort to provide a proper perspective to this issue, I call the attention of my colleagues to a letter to the editor that appeared in the New York Times. "The Tet Offensive Was No Surprise to Johnson" reflects knowledgeable and objective analysis of the Tet debate that is worthy of consideration.

Mr. President, I ask that the letter by Walt W. Rostow be printed in the RECORD immediately following my remarks.

The letter follows:

[From the New York Times, Feb. 7, 1982]

THE TET OFFENSIVE WAS NO SURPRISE TO JOHNSON

To the Editor:

Your Jan. 24 editorial "War, Intelligence and Truth" draws from the CBS documentary of Jan. 23 precisely the conclusion it clearly projected: "that Lyndon Johnson himself was victimized by mendacious intelligence" before the Tet offensive of January 1968.

The conclusion is false; and those who produced the documentary know it is false.

President Johnson received directly and read voraciously the captured documents to which you refer—not summaries—as well as reports of C.I.A., State Department and A.I.D. officers in the provinces; prisoner-of-war interrogations; intercepts, and all manner of other basic information.

Each week, Ambassador Ellsworth Bunker filed a long country-team report covering every dimension of the situation in South Vietnam, military and nonmilitary, which historians will find exceedingly accurate and done with patent integrity. On the basis of this flow, it was clear by November 1967 that Hanoi planned a maximum offensive in the time ahead, including efforts to induce "a great uprising."

Late in November 1967, through Deputy Ambassador Eugene Locke (briefly in Washington), I asked the country team in Saigon to prepare a comprehensive analysis of the coming offensive, including the possibility of fruitful negotiations when it was turned back. That evaluation plus the observations of the Washington intelligence community went to the President on Dec. 16. Without the benefit of these particular papers, he had already decided to send to Vietnam the forces he had promised General Westmoreland by mid-1968. These were airlifted out before Christmas.

On Dec. 21, talking to the Australian Cabinet on the occasion of the memorial service for Prime Minister Holt, President Johnson explained that a maximum effort, with "kamikaze" tactics, was about to be made and that there were dark days ahead, after which a bombing halt and negotiations might be possible.

Just before Tet, General Westmoreland asked the President for permission to cancel the Tet truce in I Corps, put U.S. forces on alert and made special dispositions for Saigon's protection.

The only surprise at Tet was that the Communists attacked as many as 40 provincial capitals. Most of the attacks were on a small scale and easily turned back. The surprise was not the scale of the Vietcong forces revealed but the bold imprudence of the effort: an unlikely diffusion of resources that resulted in a disaster from which the VC (and their political cadres) never recovered.

The only city entered and partially held for a significant interval was Hue. This was done by North Vietnamese, not VC, forces; and they were rooted out mainly by the South Vietnamese.

President Johnson was fully aware of the Vietcong order-of-battle debate, at the center of the CBS documentary. It concerned the size of the logistical and local forces, not the VC main force units or the North Vietnamese forces.

It was at my suggestion that General Wheeler ordered an effort to reconcile the Washington and Saigon estimates at a Honolulu meeting. It was precisely because order-of-battle estimates were so inherently difficult that we relied on the widest possible range of intelligence, never on the order-of-battle numbers alone.

CBS is quite aware of all this, from its own research and from a three-hour taping session with me on Jan. 24, 1981, in New York. The director of the documentary, George Crile, wrote to me on Jan. 15, 1982, explaining that nothing from that session was to be used and that CBS was therefore relieved of the requirement of providing me a transcript of the taping. (CBS had every right to make that decision.)

His letter included this sentence: "We did not suggest that the enemy's attack at Tet came as a surprise to the White House or to the American military command." Whatever his intention, you and every other viewer of the documentary had the right to draw a contrary conclusion.

It is difficult enough for the nation to digest and put in perspective our experience in Southeast Asia without complicating the task with distorted renditions of what happened.

W. W. ROSTOW.

DR. ROSS RHOADS ON ABORTION

● **Mr. HELMS.** Mr. President, Dr. Ross S. Rhoads is Senior Minister of Calvary Church in Charlotte, N.C. He is one of North Carolina's most dynamic citizens. In addition to his many pastoral duties, Dr. Rhoads writes a newspaper column entitled "Something to Think About" which appears only in the Charlotte News. I found particularly interesting his analysis of the heavy-handed tactics and false rhetoric of Planned Parenthood in promoting abortion.

Concerning a recent Planned Parenthood advertisement which appeared in the Washington Post, Dr. Rhoads said:

> The ad contends that "abortion is something personal, not political." That's like saying that wife beating is personal, so let's have no law against it. PP's seductively simple rhetoric ignores the moral implications of abortion. Focusing on the mother's "right" to abortion, it neglects the unborn child's right to life. A woman can defend herself against pregnancy but an unborn child cannot defend itself. Thus abortion is not just a personal, private matter.

Dr. Rhoads has the courage to speak out on the abortion issue at a time when so many others duck and cringe. I believe that his courageous ministry is responsible for the success Calvary Church has experienced since Dr. Rhoads was installed as minister in 1973. At that time the congregation was about 500. Today, largely as a result of Dr. Rhoads' efforts, the congregation is approximately 3,000. He is a true leader.

Mr. President, I ask that the column, "Pro-Abortion Campaign Is Not Very Subtle," by Dr. Ross Rhoads which appeared in the April 16 edition of The Charlotte News be printed in the RECORD at the conclusion of my remarks.

The article follows:

[From the Charlotte News, Apr. 16, 1982]

PRO-ABORTION CAMPAIGN IS NOT VERY SUBTLE

(By Dr. Ross Rhoads)

For the first time since the Supreme Court's controversial 1973 decision making abortions legal, a full committee of Congress has approved a measure aimed at overturning it. On March 10, the Senate Judiciary Committee by 10-7 passed to the full Senate the Human Life Amendment sponsored by Sen. Orrin Hatch, R-Utah. The proposal gives to Congress and to the states concurrent authority to restrict or prohibit abortions. It may be debated on the Senate floor as early as late April.

Standing in the wings is Sen. Jesse Helms, R-N.C., with his newly modified Human Life Bill, giving the unborn constitutional protections over which Congress has enforcement powers. Majority leader Howard Baker, R-Tenn., wants the Senate to consider one abortion measure during this 97th Congress and has urged pro-life forces to get their act together.

How does one respond to Planned Parenthood's not-very-subtle full-page ad in the Washington Post? With a ludicrous photo picturing a stern senator sitting in bed between a husband and wife, it states that "the decision to have a baby could soon be between you, your husband and your senator." Well, politics makes strange bedfellows.

The ad contends that "abortion is something personal, not political." That's like saying that wife beating is personal, so let's have no law against it. PP's seductively simple rhetoric ignores the moral implications of abortion. Focusing on the mother's "right" to abortion, it neglects the unborn child's right to life. A woman can defend herself against pregnancy but an unborn child cannot defend itself.

PP also asserts that pro-life people are trying to "impose their religious beliefs" on others.

What's wrong with religious beliefs as the foundation for moral good? "Thou shalt not steal' is one religious belief on which society concurs. Even so, abortion as an issue is not solely a religious matter. Secular reasoning underlaid the original Hippocratic Oath for physicians, which included, "and especially I will not aid a woman to procure an abortion." Noted pro-life advocate Dr. Bernard Nathason, an atheist, observed, "Even if God does not exist, the fetus does."

Anyone, religious or not, should not hesitate to oppose the practice of terminating unborn human life for convenience's sake. We must protect those in our society who cannot protect themselves.●

BILL MURRAY HOPES TO UNDO BAN ON SCHOOL PRAYER WHICH HIS MOTHER BROUGHT ABOUT

● Mr. HELMS. Mr. President, on more than one occasion I have described my meeting a young man named Bill Murray in Dallas in 1980. Bill Murray is the son of Madalyn Murray O'Hair, the self-proclaimed atheist who filed the lawsuit that led to the tragic Supreme Court decision banning prayer in the schools of America.

As I have related several times in this Chamber, Bill Murray contends that the major news media of this country drop a curtain of secrecy on the fact that, as Bill Murray relates it, his mother's lawsuit was orchestrated by known Communists. "When I begin talking about that," he says, "the television lights go off and the reporter's notebooks snap shut. The major news media just aren't going to report that aspect," Bill Murray says.

Mr. President, I myself have challenged a number of television network news people to allow Bill Murray to tell his story. Up to now, none have been interested in doing so.

However, I recently ran across a clipping from the Herald & Review of April 22, published in central Illinois. That newspaper, at least, was willing to report Bill Murray's story.

Mr. President, I ask that this article be printed in the RECORD.

The article follows:

"BORN-AGAIN" MURRAY HOPES TO UNDO PRAYER BAN

(By Norm Lewis)

CLINTON.—William Murray never really wanted to go to school anyway. He tended to get into fights, and his grades weren't the best.

So when his mother pulled him from the Woodburne Junior High School in Baltimore, Md., he didn't mind the two-week vacation. Besides, he preferred not to say prayers in school.

Now, William Murray says he prays daily that his mother, Madalyn Murray O'Hair, will find salvation in God.

Murray packed the Clinton Assembly of God church Wednesday night to tell 600 people the story of his life. He will speak at 7 p.m. today in Decatur's Maranatha Assembly of God, 945 S. Jasper St.

It was Murray, then 14, who was the plaintiff in the lawsuit against the Baltimore school board that led to the 1963 U.S. Supreme Court decision banning compulsory prayer in public schools.

The suit was brought by his mother, whom he portrayed Wednesday night as a frustrated social revolutionary who happened upon the school prayer issue as an avenue for her energies.

Wearing a light three-piece suit and spit-shined boots characteristic of Houston, where he now makes his home, Murray described his family's life in 1960 shortly before they gained national attention.

In September, his mother, who was divorced, gathered William Jr. and his brother, Garth, on a ship from New York to France "to what Mom thought would be a new life."

They stopped in Paris and she presented immigration papers to the Soviet Embassy for citizenship into the Soviet Union. She could hold jobs for only a few months before she would get fired "because of her superior intellect," as Murray recalled her saying.

She had been active in Socialist and Communist parties in the United States but was thwarted in her attempts to gain leadership she craved for, Murray said. That made Russia look attractive.

But the Murrays were denied entry into the country. After a delay of several days, an embassy official explained that in a work-or-starve atmosphere, Mrs. Murray's record indicated she would have a hard time keeping a job.

"My mom was heartbroken and so was I," he said. "I was looking forward to being a commissionar."

Murray, though, believes that the application went to Nikita Khrushchev's desk. "He probably said, 'We need these people (in the United States). Send them back.'"

When they returned to Baltimore, he had already missed five weeks of school. Mrs. Murray took him to be registered, and he recalled walking down the hallway at 7:50 a.m. seeing some classes praying and others reading from the Old Testament.

"My mother turned purple," he said. She told the school counselor they objected to saying prayers in school and wanted her children to be freethinkers, unlike what she believed Americans to be.

"Mom always said that America was a slave labor camp operated by a handful of Jews in New York. 'If we can't leave this country, we'll have to change it,' she said."

It was then that young Murray became the focal point of a national debate that still rages. He described how he and television evangelist Cecil Todd, who appeared with him Wednesday night, deposited the signatures of 1 million people who want school prayers reinstated at the White House during a rally over Easter weekend.

In 1960, the opposition to Mrs. Murray's efforts were just as strong. But what surprised them, Murray said, was the number of people who sent letters of support with donations of $5,000 or more.

"Mom looked at all these letters," recalling her inability to get leadership roles in local Socialist and Communist organizations." 'And now the people have come to me,' she declared."

Together they opened the first official Communist Party of America bookstore outside of New York. Murray became involved in Students for a Democratic Society and the Young Communists League while his mother chaired the Free Play for Cuba Committee.

Murray married when he was 17, but the relationship didn't last long. Soon he was involved in the airline industry and became a manager for Braniff and other airlines.

During those years he said he learned new lessons, "that you could vote for a man and he could win. My mom had never voted for a man who'd won before. Of course, she always went in there and wrote in her own name."

Meanwhile, his mother's atheist organization was in trouble and he agreed to her plea to come to Austin, Texas, to help.

He took a shabby office with a "secretary who couldn't type," and in 18 months put the organization in a $500,000 office building with 12 full-time workers, a video studio and a printing press.

A heavy user by then of tranquilizers and alcohol, Murray said he "came to love my country" and realized that "no matter what I did for my family it destroyed the country."

It was while he was in San Francisco, working again for an airline, that his personal problem prompted him to search for answers, Murray said. "I knew now there was a God but I did not know his nature."

He studied Buddism and other Eastern religions. "I even went to a Unitarian Church and shared my problems with him, but the minister told me not worry about it. There probably wasn't a God anyway, he told me."

"I'll never forget getting off the plane in San Francisco and hearing that the City Council had just voted to require that 10 percent of the recruits for the police force be homosexuals.

"And then I said to myself, 'What have we done in the name of freedom?' It was my responsibility."

At 2 a.m. in his hotel room, the answer came.

"I awoke with a sudden awareness of where the truth was. I knew it was in a book I had never had in my home."

He went to the wharf to an all-night department store and found a Bible. He almost wrecked his car reading Luke and the description Jesus' life.

"By the time I got to the hotel, I had found the truth, that Jesus Christ can set men free . . . that he came to Earth and died on a cross so the sins of Bill Murray could be washed away."

He fell to his knees and repented, Murray recalled, and was cured of his three-pack-a-day smoking habit and of his desire to drink.

"The miracle that change lives available tonight," he added.

Murray said after his speech that since his conversion he announced two years ago, he has spoken across the country in churches and football field meetings.

He has formed the William Murray Faith Foundation, and during the last year has taken to the road full-time to tell his story, sometimes with Cecil Todd. A book, "My Life Without God," is scheduled to be released in June.

He said he has not returned to the origins of his story, where his former junior high school is now something like a vocational school. Now, he said, he is working and praying that prayers can again be said in those schools.

And his mother won't speak to him.●

IT'S TIME TO GET TOUGH WITH JAPAN

Mr. METZENBAUM. Mr. President, I have been a free trader all my life. I believe that domestic and foreign markets should be as open and competitive as possible. But I have sadly concluded that we have reached the point in our trading relationship with Japan where it would be irresponsible to adhere to some romantic notions of free trade while American workers and farmers are denied the chance, indeed, the right, to compete effectively in Japan.

It is commonly known, of course, that Japan has erected an array of barriers designed to protect its domestic industries at the expense of the rest of the world. One can only conclude that free trade to the Japanese means the freedom to export as much as they can to others and the freedom to limit imports from others as much as possible.

Over the years, we have asked, cajoled, even begged Japan to accept more American products, to dismantle many of the unfair obstacles to increased imports.

And the Japanese nod, they tell us they understand and they assure us they will be helpful. We have accepted this litany of guarantees in good faith. And we have waited for something positive to happen. But good faith hasn't gotten us anything, except hardship and an increasing number of unemployed American workers.

It has not caused the Japanese to accept United States test data showing that American pharmaceutical products are safe.

It has not caused the Japanese to accept United States test data with respect to electrical appliances or cosmetics.

It has not caused them to accept our procedures certifying that various agricultural products are safe.

It has not caused them to stop the ridiculous practice of inspecting each and every foreign automobile for compliance with emission standards, as opposed to spot testing.

And it has not caused them to change some of their most restrictive agricultural import quotas.

Indeed, about all it has caused is an $18 billion trade deficit which experts say is likely to go even higher in 1982.

That deficit, in turn, has contributed to dangerously high unemployment levels across the country. In my State of Ohio, 610,000 persons are out of work. Many as a direct result of Japan's unfair trade practices.

It is true that Japan has thrown us a few crumbs.

Last June, under heavy pressure from the United States, it agreed to limit automobile exports to the United States to 1.68 million cars, roughly 18 percent of the market. A top Japanese official recently announced that they would hold to that figure for at least another year.

But that turns out not to be much of a sacrifice at all since the auto sales market is so soft that the 1.68 million figure still represents about 22 percent of total sales, the same as when the agreement was struck.

In 1978, the Japanese agreed to expand yearly imports of high quality beef to 30,800 tons, oranges to 82,000 tons, grapefruit juice to 6,000 tons and orange juice to 6,500 tons by the end of fiscal 1983.

But these increases, particularly with respect to beef, are incredibly small given the affluent population, rising incomes and relatively low beef per capita consumption levels.

Until 1979, our efforts to deal with the growing trade imbalance were confined to half-hearted complaints filed under the general agreement on tariffs and trade, the internationally recognized forum for airing trade practice disputes.

But incredibly, the United States has not filed a single complaint with GATT against Japan in 2 years. It is the height or irresponsibility on the part of this administration and the previous one to ignore one of the only avenues open to us in curing our disastrous trade imbalance with Japan.

It seems to me that this administration, self-proclaimed, holier-than-thou free marketers, has paid little more than lip service to the issue of unfair trade practice by Japan.

Last March 25, the Wall Street Journal reported that William Brock, the administration's special representative for trade told a Senate subcommittee that it will rely on bilateral talks, more cajoling and more begging to press our case, but it has refused to get really tough.

We have seen what bilateral talks have accomplished in the past—a big fat zero. And there is no reason to believe they will accomplish much more in the future as long as Japan believes it can get away with turning up its nose without facing stern retaliatory action.

I wonder what it will take for Mr. Reagan to finally get serious about this issue. Is he waiting for the U.S. auto industry to go under? Is he waiting for more family farms to fold?

It is clear to just about everyone that the time for talk is past. The Japanese are not interested in reaching genuine solutions. If they are, they are going about it in a most peculiar way. They seem intent on dragging out any talks so long that any agreement eventually reached will be grossly inadequate to repair the damage caused by delay, recalcitrance and inaction.

I believe it is high time to use every means at our disposal to bring Japan around to a more flexible and responsible position.

First, if Japan has not taken significant steps toward eliminating some of the more egregious nontariff barriers by June 4, the date they have promised to come forward with new proposals, the United States should immediately file complaints under the GATT.

Second, Congress should move swiftly to pass legislation that would enable the United States to retaliate automatically against countries that establish barriers to U.S. trade. There are several such proposals floating around Capitol Hill. I will support the strongest. There should be no mistake in anyone's eyes about the congressional resolve. Now is no time to send weak signals.

I do not relish supporting this so-called reciprocity legislation. I hope it is ultimately not needed for it is clearly not in anyone's long-term interests.

But Japan has left us little choice. We live in an interdependent world, something the Japanese ought to understand given our commitment to defend them against attack. But many Americans are wondering whether Japan does in fact understand this reality. The sooner it does, though, the sooner we can avoid the recriminations and anger which have characterized our relations in recent months.

FORTIETH ANNIVERSARY OF THE ORGANIZATION OF THE WOMEN'S ARMY CORPS

● **Mr. BUMPERS.** Mr. President, May 14, 1982, marks the 40th anniversary of the organization of the Women's Army Corps. Although women and men have now been integrated into a single corps, the spirit of the Women's Army Corps survives. Most of the original members of the corps are veterans of World War II. Some of the original group remained in the service as career officers and enlisted personnel and have since retired. These women are bona fide veterans in every sense, and yet, it is the perception of some people that the Women's Army Corps was little more than a ladies auxiliary of the Regular Army. Let us use this anniversary to recognize the invaluable contribution of women to the U.S. Army and to dispel this myth.

Although women were originally placed only in the medical and administrative jobs, there were instances during World War II when women assumed combat roles in emergency situations and fought valiantly. Today, many of the traditional sexual barriers to equal opportunity have been eliminated, and women may serve in any army job that is not strictly a combat role. Women comprised 10 percent of the Army in 1981 and projections indicate that the figure will rise to over 11 percent in 1983. The original Women's Army Corps began this long struggle for equal opportunity for women in the Army and we honor them today for that contribution.●

THE STATES AND THE CONSTITUTIONAL BUDGET AMENDMENT

● **Mr. NICKLES.** Mr. President, the States have sent a strong signal to Washington—that message is: Limit deficit spending in any fashion, either by Constitution or statute; if not, we will begin drafting an amendment of our own in a constitutional convention.

There is no doubt that there has been support for the concept of a balanced budget amendment among the States. Currently 39 States have constitutional provisions limiting their ability to incur budget deficits. In addition, 31 States have called for a constitutional convention in hopes to bring about congressional action on this issue.

It is no wonder that the States are frustrated by the lack of fiscal control exercised by the Federal Government when State and local governments continually operate in a surplus. In 1980, when the Federal Government was incurring a deficit of $59.6 billion, State and local governments had a surplus of $29.1 billion. Thus far, we have proven ineffective in controlling Federal spending, a stringent solution is necessary to resolve our economic problems.

My State of Oklahoma adopted a constitutional amendment in 1941 to balance its receipts and outlays. If revenues are insufficient to balance the budget, then appropriations in excess of revenues are void. This amendment passed a vote of the people by nearly 2 to 1. In 1981, Oklahoma had revenues of $3.98 billion and expenditures of $3.76 billion, leaving a surplus of approximately $220 million. This surplus is the typical experience for most States. This demonstrates the frustration the citizens feel toward the Federal Government and its inability to control its budget. The actual language of the constitutional provisions of each State varies. Further, many of the States have limitations more strict than that of Senate Joint Resolution 58. Some States require that the Governor submit a balanced budget to the legislature. Other States stipulate that the legislature shall not appropriate in excess of anticipated revenues, while others place restrictions on both the executive and legislative branches. To answer the problem of debt financing, some States limit the amount of debt they are allowed to incur. There debt limits are relatively small, the lowest being $50,000 for the State of Rhode Island.

Some argue that comparing the Federal budget to that of the States is inequitable, that the comparison is hardly fair. Admittedly, the fiscal policy of States vary widely in budgeting, accounting, and reporting procedures. But even more convincing are the similarities between the State and Federal entities. Both operate under similar three branch systems with judicial review of executive and legislative decisions. Both operate on the same system of representative government and answer to the citizens and special interests.

In closing, the National Governors Association adopted, as a part of its policy position for 1981-82, the following statement: "The continuing growth of the Federal budget and the tax burdens associated with it present serious problems for the Nation, including concentration of a large percentage of national activity in the noncompetitive Government sector, increasing centralization of Government power in Washington, and the imposition of tax burdens that encourage evasion, sap individual and corporate enterprise, and prevent Americans from increasing their aftertax standard of living."

The States and the citizens of those States are asking, pleading with Congress to act on a measure that will insure fiscal responsibility. I believe Senate Joint Resolution 58 is such a measure.●

JAPANESE TRADE BARRIERS

● **Mr. WARNER.** Mr. President, it has recently come to my attention that for 1981, Japan posted a record $14.42 billion surplus in trade with the United States. This is a staggering amount and of great concern to me, not only because of its magnitude, but also since the deficit is obviously increasing. The United States is not the only major trading partner of Japan which suffers a huge trade deficit. In 1981, Japan enjoyed a $10.21 billion surplus with the European Common Market another record. It is inescapably clear that our huge trade imbalance with Japan is due to Japan's protectionist trade philosophy and practices, and not due to any inability of U.S. companies to participate effectively in world trade.

A glaring example of the protectionist attitude of the Japanese is evidenced by the numerous tariff and nontariff barriers which Japan continues to impose upon foreign tobacco products. I want to acknowledge, at this time, that Japan is a major importer of U.S. flue-cured leaf tobacco for use in their manufactured tobacco products. However, an open market policy by Japan should not affect that market. The Japanese cigarette market is completely controlled by an official institution of the Japanese Government, the Japan Tobacco and Salt Monopoly. The Monopoly is not only the sole licensing authority for retail outlets for cigarettes, both domestic and foreign, but is the sole and exclusive distributor and manufacturer of cigarettes in Japan. As a consequence, imported cigarettes can only be sold in 20,000 of the 250,000 retail outlets licensed to sell cigarettes, or less than 1 out of every 12 licensed tobacco outlets. In addition, the Monopoly controls the content and level of all advertising and is the clearance authority for the introduction of any new brands. Thus, the Monopoly is positioned to control all aspects of the sale of domestic cigarettes as well as those of its competitors.

These are only a few examples of the discriminatory nontariff obstacles which prevent U.S. cigarettes from competing effectively in the $11 billion Japanese cigarette market, the fourth largest in the World. Of equal significance is the fact that Japan imposes a 35 percent tariff on imported cigaretts. Usually tariffs can be justified for protecting an infant industry, on grounds of encouraging local manufacture, or on the basis of limiting imports in order to protect the outflow of foreign exchange. In the case of Japan, the Monopoly is over 75 years old, foreign firms are prohibited from manufacturing cigarettes locally, and Japan has one of the largest foreign exchange reserves in the world. Therefore, the 35 percent tariff on imported cigarettes is unjustified and exists solely to exclude foreign cigarette companies from competition in Japan. The tariff, coupled with excessive Monopoly distribution charges on foreign brands, causes U.S. cigarettes to be sold at a retail price of 100 yen per pack, approximately 40 cents, above the price of comparable domestic brands. The retail price differential insures the advantageous position of Monopoly brands over U.S. brands. As long as an import tariff exists without the right to manufacture locally, foreign companies are in a "no win" situation and true market access cannot be achieved.

Due to the combined effect of the tariff and nontariff barriers, U.S cigarette sales have been held to a little more than 1 percent of the total market in Japan. Despite an agreement reached between the United States and the Government of Japan in November 1980, which was intended to increase U.S. cigarette sales in Japan, the market share for U.S. brands has only risen from 1.3 to 1.49 percent. U.S. cigarette manufacturers have demonstrated their ability to be competitive in foreign markets when afforded the opportunity to participate in the marketplace on a fair and equitable basis. In France, for example, also a country with a government-controlled monopoly, U.S. cigaretts enjoy a 30 percent share of market.

We are currently at a critical stage in our overall trade discussions with Japan, which include the prospects for increased market access for U.S. cigarettes. The Government of Japan is preparing its package of "trade concessions" which should be announced within the next few weeks. While the Government of Japan continues to make statements of its good intentions, we should make it perfectly clear that we expect concrete measures to be taken and that nominal concessions will not be accepted.●

ORDER FOR RECESS TODAY

Mr. BAKER. Mr. President, I ask unanimous consent that on today, when the Senate reconvenes, that it do so at the hour of 12 noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR KASTEN ON TODAY

Mr. BAKER. Mr. President, I ask unanimous consent after the recognition of the two leaders under the standing order that the Senator from Wisconsin (Mr. KASTEN) be recognized on special order for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL MONDAY, MAY 17, 1982

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business on Friday, today, it stand in recess until the hour of 12 noon on Monday thereafter.

The PRESIDING OFFICER. Without objection it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, on today, after the recognition of the two leaders under the standing order, Senator KASTEN will be recognized on special order for not to exceed 15 minutes. It is anticipated, thereafter, that there will be a brief period for the transaction of routine morning business. It is the intention of the leadership, Mr. President, to ask the Senate to then turn to the consideration of the budget resolution. There will be no votes tomorrow but it is expected that opening statements and debate will be undertaken and that it will be a useful and productive day for the Senate.

RECESS UNTIL 12 NOON TODAY

Mr. BAKER. Mr. President, I move, in accordance with the order just entered, that the Senate now stand in recess until the hour of 12 noon today.

The motion was agreed to; and the Senate, at 5:28 a.m., recessed until Friday, May 14, at 12 noon.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 13, 1982:

NUCLEAR REGULATORY COMMISSION

James Kilburn Asselstine, of Virginia, to be a Member of the Nuclear Regulatory Commission for the remainder of the term expiring June 30, 1982.

James Kilburn Asselstine, of Virginia, to be a Member of the Nuclear Regulatory Commission for the term of 5 years expiring June 30, 1987.

EXTENSIONS OF REMARKS

IN HONOR OF THE 40TH ANNIVERSARY OF THE WOMEN'S ARMY CORPS

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. WAXMAN. Mr. Speaker, May 14 marks the 40th anniversary of the Women's Army Corps. I would like to take this opportunity to recognize the lasting contribution that the thousands of women who served in WAC have made to our Armed Forces, and our country as a whole.

The Women's Army Corps was first established by an act of Congress on July 1, 1943, as a component of the U.S. Army to succeed the Women's Army Auxiliary Corps. The women who joined did not go into combat but participated actively in the military service, taking over vital Army jobs behind the front. Their myriad services were urgently needed during World War II, and continued to be indispensable in the decades that followed. The skills of enlistees were tapped in countless positions from surgical technician, map-maker, radio operator, munitions workers, to airplane mechanic, truck driver, clerk-typist, and mess sergeant. WAC's became officers, many were posted overseas, and the success of the corps eventually resulted in its abolition in 1978 to reflect the continuing integration of women into army activities.

Col. Oveta Culp Hobby, the director of the Women's Army Auxiliary Corps, told the first group of officer candidates at Fort Des Moines, Iowa in July of 1942:

> May 14th is a date already written into the history books of tomorrow. . . . You are the first women to serve. . . . Never forget it. . . . You do not come into a corps that has an established tradition. You must make your own. But in making your own, you do have one tradition—the integrity of all the brave American women of all time who have loved their country. You, as you gather here, are living history.

Through its contributions and achievements, the Women's Army Corps went on to earn much more than a symbolic place in history. This 40th anniversary of the corps is a fitting time to call to mind the veterans of WAC, and to applaud the women who follow in their footsteps.●

THE ARMED ROBBERY AND BURGLARY PREVENTION ACT OF 1982

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. WYDEN. Mr. Speaker, today I am introducing legislation that will strike at the heart of violent crime by invoking Federal jurisdiction to deal swiftly and effectively with the problem of the habitual offender.

My bill, the Armed Robbery and Burglary Prevention Act of 1982, would permit Federal prosecution of an individual who, after being previously convicted of two or more robberies or burglaries, is charged with a third robbery or burglary involving the use of a firearm. Conviction in Federal court of this offense would impose a minimum 15-year sentence in Federal prison with no possibility of parole.

This bill is very similar to S. 1688, the Armed Career Criminal Act, introduced in the Senate by Senator ARLEN SPECTER of Pennsylvania, a former district attorney in Philadelphia.

The objective of this legislation is to add the full force and power of the Federal law enforcement system to the efforts of local prosecutors in dealing with the most vicious and insidious form of criminal activity: The habitual violent offender.

I am introducing this legislation with the full support of the district attorney in my hometown of Portland, Oreg., and the full support of the U.S. attorney for the State of Oregon. Portland is unfortunately experiencing an unprecedented explosion of criminal activity. According to recently released FBI statistics:

Serious crime in Portland in 1981 went up at a faster rate than any other city in the country.

An astounding total of 50,432 serious crimes were reported in Portland during 1981, an increase of 24 percent over the previous year. This increase was led by a rise in the rate of robberies and burglaries—the crimes my bill would help stop—of more than 30 percent.

Portland now has the fourth highest rate of serious crime in the country and ranks second in per capita crimes against property.

National statistics are equally sobering. Between 1978 and 1980, the number of burglaries reported rose 20 percent and reported robberies were up 30 percent. One in every 14 households in this country is burglarized each year. Less than 25 percent of all property taken during robberies and burglaries is ever recovered and property losses from all crime now exceeds $8 billion a year.

In Portland, as in other jurisdictions, local criminal justice and law enforcement resources are being stretched to the limit—and beyond. By putting additional teeth in the Federal criminal code and allowing the U.S. attorney's office to assist in prosecuting the most serious habitual offenders, my bill could give a significant boost to local prosecutors struggling to combat the skyrocketing rise in violent crime in Portland and across the Nation.

Because of a limited number of prosecutors and investigators, a huge backlog of cases pending in our courts, and a severe shortage of jail space, we are slowly losing the war on crime. Local authorities are forced to resort to excessive plea bargaining, too many probationary sentences and too-early parole for many serious offenders. Eighty percent of all convicted felons in Oregon were sentenced to probation in 1980. The hardcore criminals sentenced to the Oregon State Penitentiary end up serving an average of only 17 months, even though the average sentence for these felons is 9.9 years.

Because of their frequency, the crimes of robbery and burglary are most likely to be subject to plea bargaining, even for repeat offenders. Kenneth Conboy, the deputy police commissioner in New York City, quoted in a Wall Street Journal article this week, said that "large numbers of people with very serious criminal histories are serving only 3 months or 6 months, largely because of plea bargaining."

Many of these career criminals realize that the system is overloaded and that they can continue to prey on innocent victims even after they get caught. Nationally, 44 percent of individuals arrested for burglary are on parole, probation, or out on bail on a previous charge or conviction at the time of their arrest. Eighty percent have a prior record of adult arrests.

It is the problem of the habitual offender that my bill seeks to address. The number of crimes committed by many of these career criminals—and the substantial role they play in the epidemic of violent crime we are struggling to deal with—is mind-boggling.

One study showed that only 49 imprisoned robbers had committed more than 10,000 felonies over a 20-year period.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Another study indicated that more than half of all crimes—and two-thirds of all violent crimes—are committed by only 6 percent of the total criminal population.

According to a front page story in the Wall Street Journal this week, a third study concluded that 243 drug-addicted career criminals had committed more than half a million crimes in their lifetimes.

One of the most attractive features of this legislation is that, according to the Criminal Division of the Department of Justice, it would not create significant new responsibilities for the Department—and thus would not require additional budget outlays. On the basis of the studies that have been done, Federal prosecution and long-term incarceration of only 500 career criminals under this bill would in itself prevent hundreds of thousands of crimes and save millions of dollars each year.

My bill has been carefully drafted to insure a maximum level of cooperation and consultation between the Justice Department and local prosecutors in deciding which defendants will be subject to Federal prosecution. The possibility of Federal prosecution alone would provide local prosecutors with an important additional weapon in their battle against the crime wave that is plaguing virtually every major urban area in the United States today.

I am most excited about this bill because I believe that—while imposing only a minimal additional responsibility on the Department of Justice—it would have a significant deterrent effect.

The type of criminal this legislation seeks to stop is a rationale, calculating, and street-smart individual Once a career criminal has been apprehended and convicted twice of robbery or burglary, he will think long and hard about doing it again.

A third conviction will no longer mean another trip through the revolving door of a severely overloaded local criminal justice system.

These people will no longer be back on the street again in a matter of a few hours, weeks, or months—after pleading guilty to a reduced charge or after being paroled prematurely because the State penitentiary or county jail is overflowing.

They will no longer be able to assume that they can thumb their nose at the system and quickly return to a life of preying on the safety and property of innocent victims.

They will instead be faced with the very real possibility of spending 15 years in a Federal penitentiary with no possibility of parole.

This legislation would also be an important complement to State habitual offender statutes and to the many career criminal units that are being established across the country to deal with this problem. These special units—under which plea bargaining is prohibited and an intensified effort is made to secure a conviction and long-term incarceration when a habitual offender with two or more prior felony convictions is again apprehended—have effectively allocated scarce law enforcement resources where they will do the most good and have been retained in many jurisdictions despite the termination of Federal grants that provided the original funding.

I believe that, if enacted and utilized wisely in conjunction with career criminal units and State habitual offender statutes, my bill could help reduce the overall prison population and the total number of robberies and burglaries at the same time.

Because such a huge number of robberies and burglaries are committed by a handful of incorrigible career criminals, Peter Greenwood, a researcher for the Rand Corp. who has studied this problem extensively, estimates that the number of incarcerated robbers in California could be reduced 5 percent and the robbery crime rate dropped 15 percent by stretching terms for habitual offenders and using probationary or other rehabilitative punishment for first- and second-time offenders.

The legislation I am introducing today also has the support of the Reagan administration. Assistant Attorney General D. Lowell Jensen testified in support of Senator SPECTER's bill at a Senate hearing earlier ths spring, stating that:

> The battle against violent crime is one of the top priorities of the Department of Justice. We believe this legislation targets a critical area of the violent crime problem and facilitates a concrete federal participation in attacking the problem with limited expenditures of additional resources. It is our view that this is one of the most cost effective means of making an impact on violent crime. The incapacitation of a small number of recidivist robbers and burglars would save our communities millions of dollars.

I am very optimistic that my bill will quickly attract widespread support in the House. I am encouraged by the administration's support for this legislation. I am also encouraged by the support that seems to be building in the Senate for this type of legislation and I would hope that the Senate would also act quickly on the Justice Assistance Act that passed the House by a 4 to 1 margin in February of this year.

It is high time the Federal Government provided some real assistance to our beleaguered local criminal justice system. Violent crime is a national problem and the Federal Government has a legitimate and important role to play in this area.

The complete text of the Armed Robbery and Burglary Prevention Act of 1982 follows:

H.R. —

A bill to amend title 18, United States Code, to provide a mandatory penalty for the commission of a third or subsequent robbery or burglary while in the possession of a firearm

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Armed Robbery and Burglary Prevention Act".

SEC. 2. Chapter 103 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 2118. Armed robbery or burglary

"(a) Whoever—

"(1) commits any robbery or burglary while such person, or any other principal to such robbery or burglary who is present at the site of such robbery or burglary, is in the possession of a firearm; and

"(2) before the date of such robbery or burglary has been convicted of not less than 2 other robberies or burglaries;

shall be imprisoned not less than 15 years and fined not more than $10,000.

"(b) No person sentenced to a term of imprisonment under subsection (a) shall be eligible for parole with respect to such sentence. No court may suspend such sentence or make such sentence a probationary sentence. Such term of imprisonment shall not run concurrently with any other term of imprisonment to which such person is sentenced.

"(c)(1) No provision of this section shall be construed to invalidate, or operate to the exclusion of, any other provision of law of the United States or any State.

"(2) In any case in which the Federal Government proposes to prosecute any person for any offense under this section involving a robbery or burglary that would not be a Federal offense in the absence of the provisions of subsection (a), the attorney for the Government shall, unless impracticable, notify the prosecuting authority of the State having jurisdiction with respect to such robbery or burglary of such proposed Federal prosecution not later than 24 hours before the return of an indictment or the filing of an information with respect to such offense, or the making public of such indictment or information, whichever occurs later.

"(3)(A) No person may be prosecuted for any offense under this section that is subject to the notification requirement established in paragraph (2) until—

"(i) the Attorney General, or an Assistant Attorney General designated by the Attorney General, certifies that—

"(I) before the return of an indictment or the filing of an information with respect to such offense, the attorney for the Government notified the appropriate State prosecuting authority of the proposed Federal prosecution and such prosecuting authority did not object to such Federal prosecution; or

"(II) at the time of such indictment or information, there was no pending State prosecution of such person with respect to the robbery or burglary involved and, in the determination of the Attorney General or Assistant Attorney General, as the case may be, such State was not about to undertake such a prosecution; or

"(ii) the Attorney General certifies that such Federal prosection is required by the interests of justice.

"(B) The responsibility of the Attorney General, or an Assistant Attorney General designated by the Attorney General, to make a certification under subparagraph (A) may not be delegated to any other person.

"(4) No failure of the Federal Government to comply with the provisions of paragraph 2 or 3 shall be a basis for dismissal of any indictment or information or for reversal of, or collateral attack upon, any conviction.

"(d) For purposes of this section:

"(1) The term 'burglary' means any offense in violation of the law of the United States or of any State that, at the time of the commission of such offense (A) is classified by the jurisdiction involved as burglary or attempted burglary; and (B) is punishable by a term of imprisonment exceeding one year.

"(2) The term 'convicted' means subjected to a final judgment on a verdict or finding of guilty, a plea of guilty, or a plea of nolo contendere. Such term does not include any final judgment that is expunged by pardon, reversed, set aside, or otherwise rendered nugatory.

"(3) The term 'firearm' has the meaning given such term in section 921(a)(3).

"(4) The term 'robbery' means any offense in violation of the law of the United States or of any State that, at the time of the commission of such offense (A) is classified by the jurisdiction involved as robbery or attempted robbery; and (B) is punishable by a term of imprisonment exceeding one year.

"(5) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.".

SEC. 3. The table of sections for chapter 103 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"2118. Armed robbery or burglary.".●

SMALL BUSINESS: THE BACKBONE OF OUR ECONOMY

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. CONYERS. Mr. Speaker, the role small business plays in the overall well-being of this Nation cannot be over-emphasized. Having the week of May 9 designated as National Small Business Week helps promote the type of recognition small business deserves.

Recently there has been increasing concern that the economic program the present administration is pursuing may not alleviate the twin problems of inflation and lagging productivity. Quite the opposite, it may exacerbate them as it pushes interest rates to higher and higher levels. This makes it more and more difficult for smaller and medium-sized firms to expand and compete, let alone survive.

Small business makes many contributions to this Nation's economy. First, small business accounts for almost half of this Nation's private gross national product (GNP). Second, small business provides virtually all new private sector employment. Research has shown that new jobs are created most efficiently by firms that have less than 20 employees. Thus, if your main concern is getting the economy back to full employment you must have a growing small business sector. Third, small business accounts for at least 50 percent of all major innovations. In order for a small business to survive, it must provide the community with a service or product that has, until now, been unattainable. In this way there is constant incentive for innovation. And fourth, small business is the most competitive sector of the economy at a time when the free market is more highly regarded in theory than in practice. This competitiveness strengthens the free-enterprise system.

Small business is facing many problems at the present time. The tremendously high interest rates are proving to be disasterous. Small businesses sensitivity to interest rate levels exists due to its reliance on short-term bank-borrowing. A recent study by the House Banking Committee on the prime rate lending practices of the largest U.S. banks demonstrates that small business is hit hardest by a high-interest policy. The study shows that the prime rate is not the interest rate banks charge their biggest and most creditworthy customers but is a means for widening the differential between the interest charged to small- and medium-sized companies and large companies. According to data in the study, these banks have been giving loans to their customers at interest rates that are well below the publicly announced prime. Small businesses, on the other hand, are being charged well above the prime rate.

Moreover, big companies have many alternative sources of funds that allow them to beat the prime rate. Small companies do not. Typically, they are tied to their local banks and usually to the small- and medium-sized banks which do not offer a wide range of financing options.

The aspect of current policy that has proved most damaging to small business is the size of the deficit. Unfortunately, until recently this has not been something the administration has taken as one of its immediate key policy goals—the balancing of the budget.

The size of the deficit is important for the following reasons. First of all, if, as has been done in the past, the Federal Reserve monetizes the deficit, it will increase inflationary expectations which will result in even higher interest rates. Increased inflation will also force the Federal Reserve to eventually stomp on the monetary brakes. We are going to have tight money policies again and small business failures are going to rapidly increase.

Last year 50,000 small businesspersons went bankrupt. This at a time when the administration was proposing and getting approval for a record $750 billion tax giveaway to rich individuals and corporations. If this were not enough, the administration and several members of the legislative branch of the Government have proposed enterprise zone legislation that does not provide for significant participation by small businesses. This is significant because the enterprise zone proposal is the only major program being offered by the administration that suggests concern for the plight of small businesspersons. What the administration should be doing is supporting the Small Business Innovation Act which would require all major Federal agencies to earmark an additional 3 percent of research and development money for small business. This is the type of support that will benefit small business.

There is no simple answer to the problems currently facing small business. A first step that will help ease these problems, however, is the removal of present discrimination the small business sector faces. Second, you must insure that the value of the externalities provided by small business to our economy are returned to the small business sector—are internalized. Finally, we need to redirect and focus on policies that are specifically directed at increasing innovation. These are the steps that must be taken in order to create a healthy economic climate in which small business may flourish.●

NATIONAL SMALL BUSINESS WEEK

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. COELHO. Mr. Speaker, the President has designated the week of May 9 as National Small Business Week. Given this, it is entirely appropriate that we recognize and remember the significant contributions that small businesses have made in shaping our Nation's growth as we seek the solutions to our present economic problems.

Over the last decade, we have come to rely on small business to create millions of new jobs and to keep our economy productive and competitive. Studies show that almost 90 percent of the recent new net employment in our economy has come from firms with 500 or fewer employees and that firms with 20 or fewer employees have accounted for over two-thirds of the new jobs. Moreover, small business produces 24 times more innovative per

R. & D. dollar than large firms and 4 times more than medium-sized firms.

Yet today, as our Nation's 15 million small businesses experience the most serious problems since the Great Depression, the Small Business Administration has proposed cutting its guaranteed loan program for the second year in a row. Under SBA's plans, the guaranteed loan program would be reduced to $2.4 billion in fiscal 1983 from $3.3 billion in fiscal 1982, a reduction of 27 percent.

This action is being taken while business failures, as compiled by Dun & Bradstreet, are running at near depression levels. Small business' share of the gross national product is shrinking as well. It dropped to 39 percent by 1976 from 43 percent in 1963 and has fallen since because of inflation and recession. Small businesses are paying 10 to 12 percentage points above the inflation rate on their bank loans, the highest interest rates since before World War II.

The reality for small business today is that it has been crowded out of the short-term bank borrowing market, the primary source of its financing. This reality, coupled with the SBA's plans to cut back further its guaranteed loan program, will effectively preclude small business from taking an active role in any economic recovery. The guaranteed loan, the safety net for hundreds of thousands of small businesses, is being shredded. The shortsightedness of this action is dramatically exposed by the following point. The Japanese Government has four agencies that can lend, directly or indirectly, up to $20 billion to small businesses in that country. That demonstrates the importance that the Japanese, our major competitor at home and abroad, place on maintaining a vigorous small business sector. This is just the type of support that we should be providing to our battered small business sector. We can only have a strong broad-based recovery if we have healthy and dynamic small businesses.●

INFORMED AMERICANS SUPPORT ANNUNZIO'S OLYMPIC COIN LEGISLATION

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. ANNUNZIO. Mr. Speaker, a few days ago I received a letter from Mr. Joseph P. Ruddell, of Houston, Tex. In this letter, Mr. Ruddell apologized for a previous letter in which he had accused me of sabotaging the Olympic coin program. Apparently, Mr. Ruddell had read a newspaper article concerning the private marketers' April 9, 1982 withdrawal from their contract with the Los Angeles Olympic Organizing Committee. After I pointed out many of the inaccuracies in the article, Mr. Ruddell realized that he had been misled by the supporters of private marketing. I share this letter with you today because it illustrates a recurring problem; many media accounts of this controversial issue mislead, rather than inform, the public.

One need go no further than the first sentence of this Houston Post article to find an inaccurate statement:

> The 1984 Olympic coin program collapsed Friday, victim of a running battle between its backers and a powerful congressman, and organizers said that the loss of an estimated $125 million would force them to stage "super Spartan games."

The fact that a private marketing group consisting of Occidental Petroleum, the Franklin Mint, and Lazard Freres decided to cancel a contract with the Los Angeles Olympic Organizing Committee hardly means that "the 1984 Olympic coin program collapsed." There were at that time, and still are, two different bills before the Congress designed to facilitate an Olympic coin program. My bill, H.R. 6158, is not contingent upon the whims of a private group.

At a press conference given by several Olympic athletes on March 17, 1982, spokesman Chris Knepp responded to a question concerning the possible effect the absence of an Olympic coin program would have on the 1984 Summer Olympics in the following way:

> . . . The games themselves will go on. The sources of financing for the games are other . . . because (when) the games were awarded . . . the Coin Act was not in the picture . . . the Coin Act is fairly recent.

Since Mr. Knepp was clearly under the impression that the Olympic coin program had nothing to do with the financing of the 1984 summer games, I find it peculiar that the Houston Post quotes Mr. Peter Ueberroth, president of the Los Angeles Olympic Organizing Committee, as stating that his organization is now forced to hold "super-Spartan games." Indeed, the article goes on to quote him as saying that the loss of income "substantially damages our efforts to put on the games" and "will turn the Spartan games into ultra-Spartan games." Thus, I do not understand Mr. Ueberroth's statement for two reasons: One, because of Mr. Knepp's remark; two, because the private marketers' withdrawal does not mean the end of Olympic commemorative coins.

The article then makes another misleading remark:

> Annunzio has suggested minting one commemorative with none of the money going to the LAOOC.

My bill, H.R. 6158, calls for the minting of two silver dollars and one gold coin to be sold to the public directly by the mint. Experts have estimated that it could raise as much as $600 million. All of these proceeds would go to the Olympic committees as there is no provision for private marketing. The difference between $230 million and $600 million is plain enough.

It is quite easy to understand why Mr. Ruddell thought that I was sabotaging the 1984 summer Olympics given the source of his information.

> . . . Crucial legislation has been bottled up in the House. Rep. Frank Annunzio, D-Ill., chairman of the subcommittee on consumer affairs and coinage, has refused for months to allow the legislation out of his subcommittee.

If anyone was refusing to allow anything, it was the private marketers who refused for 10 months to show me a copy of the contract that they made with the Los Angeles Olympic Organizing Committee. Frankly, I do not understand how anyone could expect the Congress to approve a program that they did not have detailed information about. Surely it is appropriate for the Congress to carefully consider a program that would give $300 million from the sale of official United States commemorative coins to private enterprise.

I think that we would agree that misinformed individuals cannot make balanced and objective decisions. Now that Mr. Ruddell has heard all of the facts, I assume that he will be able to come to his own conclusions. There is certainly something wrong with those who presume to interfere with an individuals ability to make his own choice by omitting information and distorting fact.

Although this article was written after April 5, 1982, it makes no mention of the bill that I introduced on that day. Under that proposal, a sizable percentage of money would have gone to the Los Angeles Olympic Organizing Committee and the United States Olympic Committee. I wholeheartedly support our Olympic athletes, and would do nothing to undermine the Olympic effort. As a result, I cannot understand why this article attempts to imply otherwise. In fact, I object to the private marketing of the Olympic coins precisely because of my strong support of our athletes. I fear that under that approach the proceeds from the sale of our commemorative coins will go to the marketers and not to our athletes.

Although this article goes on in great detail about the amount of money that the Olympic committees will lose as a result of the marketers' withdrawal, it makes no mention of the possible revenue accruing to them under my bill:

> Ueberroth estimated $125 million would be lost by the organizing committee—$25 million from half an immediate payment by the private firms once the legislation

passed, and $100 million in later sales revenue.

Another $125 million would have gone to the U.S. Olympic Committee, Ueberroth estimated.

In the first place, the organizing committee did not lose a $25 million deposit; the correct figure was $15 million. Second, the figure of $100 million is pure speculation. Nevertheless, even if all of Mr. Ueberroth's numbers were correct, the grand total would be $230 million. The article neglects to mention the private marketers' share which many experts have estimated could be as high as $300 million. If you add these two figures together, you get $520 million. It is interesting to note that out of this sum the Olympic concerns get $230 million, at best.●

PLACING SOCIAL SECURITY OFF BUDGET

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mrs. HECKLER. Mr. Speaker, social security beneficiaries—particularly the elderly—are understandably anxious about pending budget proposals to cut social security benefits. Having earned their benefits, recipients are apprehensive about their payments being included in the budget debate, made subject to buckpassing and horse trading.

Such inclusion is both unfair and unwise, Mr. Speaker. That is why I support depoliticizing the social security old age, disability, and hospital insurance trust funds, by placing them off budget. Such placement would remove the funds as targets in political games, and hopefully give them the security they were established to secure.

Last year, partly due to politicizing of the social security system, the National Commission on Social Security Reform was wisely created to consider social security issues comprehensively and to make recommendations, by December 31, 1982, on insuring the system's fiscal soundness. Putting the trust funds off budget would be a second wise move, one which I endorse.●

POLISH CONSTITUTION DAY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. DERWINSKI. Mr. Speaker, it has been pointed out on numerous occasions that the Polish-American community in Chicago almost outnumbers the Poles in Warsaw. The Chicago area is the center of the Polish-American fraternal, patriotic, and civic activities. This is dramatically shown in the annual observance of Polish Constitution Day which is commemorated the first Saturday in May.

On May 3, 1791, Poland adopted a Constitution which led to a complete reform of its internal life and asserted the country's democracy. The observance of this important anniversary is banned in Poland, but in Chicago, the celebration of the 3d of May Constitution includes a large parade of over 100,000 people, and a program of festivities.

At this year's event, the Director of the International Communication Agency, Mr. Charles Z. Wick gave the keynote address following the parade. I wish to insert Director Wick's interesting and significant remarks which were delivered on May 1 in Chicago:

REMARKS OF CHARLES Z. WICK

Ladies and Gentlemen, we are here in celebration of Polish Constitution Day, May 3.

Today is an emotional day for me. Dzis czuje sie Polakiem. (Today I feel like a Pole.) Today I stand before you in both joy and sadness. Sadness, because as I look out at your faces, my thoughts turn to your loved ones living under martial law in Poland. And joy because I know that our messages of hope are reaching the people of Poland.

As Director of the International Communication Agency, it is my job to send America's messages of hope and freedom to Poland and to the world through the Voice of America and our other efforts. Since December, we have increased our Polish-language broadcasts from 2 and ½ hours to 7 hours per day. The Voice is covering today's events here for our listeners in Poland.

In January, I decided that we had to do something extraordinary to demonstrate the world's outrage at the imposition of martial law in Poland. With the enthusiastic support of President Reagan, Secretary of State Haig and many other dedicated people, we produced "Let Poland Be Poland."

Through that program—seen and heard by millions of people—we let the Polish people know that they are not alone in their struggle for freedom.

I regret that the great Senator, Charles Percy, could not be here this afternoon, and he sends you his best. As you know, Senator Percy is Chairman of the Senate Foreign Relations Committee which has jurisdiction over ICA. Without Senator Percy's unfailing and inspirational cooperation, "Let Poland Be Poland" might never have been possible. Senator Percy is enormously proud of his Polish constituency. I have first-hand knowledge.

I should also like to express my regret that another great friend of ICA and of the Polish people cannot be here today. The great Congressman, Edward Derwinski. While not being directly responsible for USICA, he has been a great supporter of our programs for many years and gave enthusiastic support to our efforts in the production of "Let Poland Be Poland."

I would like to begin this afternoon by reading a brief quotation:

"The restoration of an independent, strong Poland is a matter which concerns not only the Poles but all of us. A sincere collaboration of the European nations is possible only if each of these nations is fully autonomous in its own house. This independence can be gained only by the young Polish proletariat, and in its hands it is secure. For the workers of all the rest of Europe need the independence of Poland just as much as the Polish workers themselves."

You might think that those words are from a newspaper editorial published since the imposition of martial law in Poland last December 13.

They are not.

They are by Friedrich Engels and are taken from the foreward to the Polish edition of the Communist Manifesto.

What a pity that communists don't listen to their own prophets!

The Poles love freedom. They have been partitioned by other nations—for more than 100 years they were erased from the political map of Europe. They have been crushed by two world wars.

But their spirit has never been crushed.

The proud Polish people have survived as a nation because of their faith and their tradition of freedom, preserved through two centuries of foreign and domestic tyranny.

There is a section in the Polish Constitution of 1791 which says, "In human society all authority originates from the will of the nation." How tragic that that remarkable Constitution was never applied. An invasion from Russia stopped it.

At the end of World War II the Poles fell into the Soviet sphere. Since then, Polish workers have periodically taken to the streets to demand reforms and an end to oppression.

In 1980, frustration at the ineptitude and corruption of the authorities led to the birth of Solidarity. It embodied a nation's desire for dignity in the workplace, for freedom and for self-determination.

There is nothing novel about these rights; most of them are supposedly guaranteed by Poland's constitution of 1947, a document cynically written and then wholly ignored by Poland's authorities for thirty-five years!

Solidarity sought to address and resolve Poland's economic ills. It acted in good faith. It pursued a path of constructive dialogue with the Warsaw authorities.

Once again, the spirit of the Polish nation caused free people everywhere to watch with admiration.

Then came December 13, 1981. Brutal repression descended like a dark cloud on Poland. Martial law destroyed the newborn freedom. The clock was turned back 30 years.

The results are clear. Instead of dignity, there is degradation. Instead of truth, there is doublespeak. Instead of freedom, there is oppression.

Ten million Poles belong to Solidarity. With their families, they are an overwhelming majority of the Polish nation. By persecuting Solidarity, the Polish authorities wage war on their own people. Hardly an encouraging advertisement for a system which claims to free its people from their chains.

Four months after the imposition of martial law, the Warsaw military regime does not seen to know what to do next. It is one thing to conduct a military operation and jail opponents, but quite another to force a whole society to work for a cause it categorically rejects. Napoleon said: "You can do anything with bayonets except sit on them."

Economic production lags far behind pre-December 13 levels. Ironically, a failing economy caused by social unrest was one of the regime's justifications for imposing martial law in the first place.

In Rome and Warsaw, the Catholic Church has strongly condemned martial law. The Church has also called for the release of political prisoners and for negotiations among the various elements of Polish society.

The authorities insist that movement on other economic and social issues must await the reconstruction of the Polish Communist Party. But that is like trying to revive a corpse. As for Solidarity, reports of its demise were not only premature but greatly exaggerated.

Every day that passes demonstrates that martial law will not solve Poland's problems.

If accommodation is not sought by the Polish authorities, what solution does the regime foresee?

Do they intend to maintain martial law indefinitely?

Will the military regime ignore the worldwide outcry against the war they are waging on their own people?

If so, are the Polish authorities prepared for the consequences, within Poland and in a continued deterioration of East-West relations?

We and our allies have a stake in these decisions, because they will have a profound effect on the history of all Europe for years to come.

The Soviet Union has applied unyielding pressure on Poland throughout the past 18 months.

And the Soviets accuse the United States of interfering in Poland's internal affairs.

We have no need to interfere in Poland. There, as elsewhere, history is on the side of freedom.

Moscow has tried to distract attention from this failure of the communist system by seeking to exploit differences in the West. But Western condemnation of martial law has been strong and unanimous.

Our position is clear.

It reflects principles embodied in the Universal Declaration of Human Rights and in the Helsinki accords, to which Poland and the Soviet Union are signatories. It is also in accord with the position of the Polish Catholic Church and the groups of intellectuals who have bravely sent open letters to the martial law authorities since last January.

We will continue to press the Polish authorities for an end to their repressive measures. Their refusal to end martial law can only bring greater tensions and chaos. Those who have imposed martial law must understand that they have only postponed the inevitable reckoning with the Polish people.

On January 30, the day marked as "A Day of Solidarity with the People of Poland," President Reagan and fourteen other heads of government made statements on the Polish situation. Each called for:

The end of martial law;

The release of Lech Walesa and all of the Solidarity detainees and the dropping of all charges against them;

Negotiations among the government, Solidarity, and the church, aimed at national reconciliation.

Today, President Reagan stands ready to provide support and assistance to Poland once it has restored internationally recognized human rights to its people.

The statements by the 15 world leaders and other dramatic expressions of solidarity with the people of Poland were beamed around the world in my Agency's international television special "Let Poland Be Poland." Here is part of the soundtrack of that film, including a statement by President Reagan.

President Reagan said:

"There is a spirit of solidarity abroad in the world today that no physical force can crush. It crosses national boundaries and enters into the hearts of men and women everywhere. In factories, farms and schools, in cities and towns around the globe, we the people of the free world stand as one with our Polish brothers and sisters."

And Prime Minister Willoch of Norway:

"The Norwegian people have reacted jointly and strongly against the suppression of the Polish people."

Next, to Iceland and Prime Minister Gunnar Thoroddsen:

"The Polish people have often, through ages, suffered from despotism, but never has the soul surrendered."

Prime Minister Fraser of Australia:

"Despite occupation and suppression, they still fight for freedom."

Portuguese Prime Minister Bal Semao:

"Now and always the Portuguese people will stand beside the Polish people and all those whose freedom has been destroyed."

And the Prime Minister of Japan Zenko Suzuki:

"Men of goodwill throughout the world deplore the present situation in Poland and earnestly hope for successful search for an avenue which leads to genuine stability and prosperity in Poland."

The list of world leaders continues with Italian Prime Minister Giovanni Sadolin:

"The fate of the Polish people is today in all our hearts, just as it was on the very day of General Jaruzelsky's coup d'etat, certainly not unbeknown to the Soviet Union."

Canada's Prime Minister Pierre Trudeau:

"In the name of all Canadians, I fervently call upon the Government of Poland to bring an end to martial law and to open the way to national renewal and reconciliation."

Prime Minister Bulend Ulusu of Turkey:

"Turkey has traditionally nurtured great sympathy and friendship for the Polish people."

Prime Minister Werner of Luxembourg:

"Patience and courage, Polish people, history goes forward in the direction of the inalienable rights of man and nations."

From France, President Francois Mitterrand:

"The Polish people need to know that their struggle for greater freedom is joined by the unity and solidarity of millions and millions of people throughout the entire world."

Belgium's Prime Minister Wilfried Martens:

"Poland recalls to us the value, and also the fragility, of what we have to represent and defend."

And concluding, Chancellor Helmut Schmidt of Germany:

"Together with our friends in Europe and in America, we demand of the Polish rulers: Lift martial law, release the detainees, and return to the national dialogue with the church and with the elected leaders of the Solidarnosh Trade Union."

"Let Poland Be Poland" reached nearly 350 million people—186 million who saw it on television in 48 countries and another 165 million who heard the program on radio.

The radio audience was crucial because so many people were denied the right to see the telecast. Again, our message got through. Despite jamming, 10 million people in the Soviet Union and another 8 million in Poland heard the radio version. Radio Free Europe and Radio Liberty broadcast the television soundtrack, which reached at least 50 million in Eastern Europe and 15 million in the Soviet Union.

We know that "Let Poland Be Poland" focused world attention on the plight of the Polish nation and of your loved ones in Poland.

We also know that it struck a communist nerve. The Soviets' reaction has been especially abusive. The number of police the Warsaw regime dispatched to prevent Poles from seeing the videotape in the U.S. Embassy also speaks volumes about its impact.

In 1970, following the uprising of Polish workers on the Baltic coast, Czeslaw Milosz wrote a poem to honor the workers who died in the fighting there. He lives in our country now, and he appeared in "Let Poland Be Poland."

The words of his poem are inscribed on a memorial in Gdansk.

I would like to close with a small part of what he said:

Do not feel safe. The poet remembers.
You can slay one, but another is born.
The words are written down, the deed, the date.

We say to the Warsaw regime: You can slay one, but another is born. Poland will not die. Poland cannot die. The sight of a peaceful people seeking peaceful change terrifies the Marxist-Leninists in Warsaw. But the brutal actions of these fearful men will not deprive the Poles of their faith, their courage or their dreams to Zeby Polska byla Polska (Let Poland Be Poland).

Thank you very much.●

NATIONAL SMALL BUSINESS WEEK

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. DE LA GARZA. Mr. Speaker, as we pay tribute to small business, during this Small Business Week, let us reflect on the role which small business plays in our society and in our day to day lives. Let me start by asking how many of us have direct dealings with companies in the Fortune 500, or the large financial and service corporations? I would venture to say that our dealings with these large companies are very infrequent.

In some parts of the country, such as my congressional district in South Texas, virtually all commercial operations have been small, independently owned and operated businesses. In the Rio Grande Valley, these independent businesses have helped build and maintain the unique culture of this border community. Only more recently have the large corporations and the national retail firms discovered this long ignored part of the country.

In fact, I believe that people throughout the country are much more dependent on small businesses than is realized. Whether one needs a car repaired, clothes cleaned and pressed, a home repaired, or dines out in a restaurant, one will most likely be dealing with a small business. In short, we depend on small businesses for many of the goods and services we appreciate and take for granted.

Just as we depend on small business, so do the large manufacturing corporations, for the small business serves as an intermediary between the consumer and manufacturer. While most all of us own products made by companies listed in the Fortune 500, there is a good chance we purchased the product from a small business.

Sales and service, however, comprise just one segment in which small business plays an important role. Many large corporations subcontract at least part of their work to smaller, specialized firms which can produce more efficiently than the large corporations. In a similar manner, the large food and beverage processors, depend on small, independent farmers to supply them with the raw commodities which they need.

Small business is so integrated into our economic structure that without it, commerce as we know it would come to an end. Yet while successive administrations, and we in Congress have often paid lip service to the needs of small business, I fear we have neglected our duties in failing to give due consideration to those needs in setting economic policy. There is little question that the current economic policy, as structured by the administration backed Omnibus Budget Reconciliation Act of 1981, and the Economic Recovery Tax Act of 1981, has hurt small business much more than the large corporations. These economic policies have given us the highest real interest rates in recent memory, and while interest rates are a plague on every sector of the economy, they are especially hard on small businesses. Large companies have much greater access to the financial markets, and a greater ability to pay the higher interest rates than do small businesses. When in severe economic troubles, some large corporations can convince their bankers to renegotiate their loans, and in some cases have even had the Federal Government guarantee them. Small businesses have no such option and are often forced to cease operations. Many of the Federal programs created to assist sound but financially troubled small businesses have been curtailed as an economy measure.

The restrictions on Federal aid to small business adopted by this administration may be shortsighted and counterproductive. In the Rio Grande Valley, and in most communities on our border with Mexico, small businesses are suffering from the recent devaluation of the Mexican peso. Many retail stores, employing thousands of persons have seen their sales fall dramatically because Mexican nationals no longer come to the United States in large numbers on shopping trips. Last time the peso was devalued, the Federal Government provided credit at a reasonable cost in order to help these businesses survive. The lack of Federal assistance combined with the high cost of credit resulting from current economic policies may drive many of these businesses under. Fewer businesses along the border will mean fewer goods available for sale to Mexican nationals once they are ready to resume shopping in the United States, and fewer jobs for our own citizens.

It is more than our economic structure, however, which is at stake when we consider the future of small business, it is the entire fabric of our society which has developed since long before our ancestors first settled in North America.

One of the liberties we all take for granted, and one denied many people throughout the world, is the freedom to go into business for oneself. It is the freedom of the individual to go into business that has in many cases been responsible for the continued growth and prosperity of our economy. While many large companies are like the Federal Government, slow and ponderous in coming to a decision, small companies led by entrepreneurs can respond to changes in the market and fill needs overlooked by larger companies.

Our future prosperity depends on an economic climate in which the entrepreneur, the small businessman, can continue to innovate and develop new markets for their products. It is imperative that we in Congress act, and act soon, in order to correct the downward slide of our economy before we have allowed many more small businesses to be destroyed.●

HEAD START PARENTS APPEAL FOR PROGRAM

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. MILLER of California. Mr. Speaker, I continue to get letters from Head Start parents who both testify to the ways in which this program has dramatically improved their lives and those of their children, and express their concerns about Head Start's future. We know that Head Start works; that Head Start is cost-effective. And yet, even today, it serves only 25 percent of the eligible children, and faces substantial erosion from inflation and cutbacks in supportive services (CETA, title XX, child care food, medicaid). We need to listen to the parents of Head Start children and keep this exemplary program working. Another letter from a Head Start parent follows:

> Four years ago, when I learned about Head Start, I went to investigate the program and learn what the requirements were to enroll my child. I liked everything that I was told and observed and decided to register my child. I was elected class representative and later on I was elected Vice-President of the policy committee and later on chairwoman. When a teacher is absent, I work either as a volunteer or as a paid substitute. Mostly all Head Start mothers are my friends. We have a good relationship. We meet in the parent room and talk about everything.
>
> I attend monthly meetings of the New York City Head Start Policy Council where I learn how other programs work throughout New York City and what is happening in Washington.
>
> I recommend Head Start programs for children and families. I feel good in Head Start because when I have problems and I don't have someone to talk to, I talk to my social worker and she helps me try to solve them. If she is unable to help, she finds another agency where my problem is solved. As a result I feel better, and feeling better helps me be a better mother.
>
> I am able to help my child, and the rest of the family. Also, as a result of this, I have no fears. Now I even go to the special school, talk to the Principal, visit the school frequently and serve as a volunteer in the classroom to see how the teachers teach and work with my child. This has helped me also with the schools that my other children attend.
>
> I feel that, in the years that I've known Head Start and Head Start has known me, I have bettered myself, my life, my home and learned skills which I could not have learned on my own. Head Start is a very important program for every young child and their family in resources, education, and socially.
>
> HEAD START PARENT,
> *New York City.*●

CIVIL DEFENSE AN ILLUSION

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. MAVROULES. Mr. Speaker, no graver issue confronts humankind today than the threat of nuclear war. This threat, moreover, is compounded by a certain strain of contemporary strategic thinking that posits it may be possible to fight, survive, and essentially win such a war. There seems to be an inclination, at least within the administration, to look upon nuclear conflict as something less than a terminal holocaust.

The Reagan administration has proposed the largest civil defense buildup since the cold war. The President has budgeted $252 million for the program next year, nearly double the $134 million appropriated for the fiscal year

1982 budget. However, the Senate Armed Services Committee recently recommended $144 million for 1983. Budget authority would increase slowly to $400 million in 1986 and then jump to $1.2 billion in 1987.

Much of the Federal money would go to State and local governments, which would be responsible for planning the evacuation of the cities and the dispersal of the population into the countryside in the event of an imminent nuclear attack. But unlike the fallout-shelter mania that followed the Berlin crisis of 1961, the Reagan program is focused on "Crisis Relocation" to evacuate probable target areas, and on contingency plans for resuming normal operations after a nuclear attack.

Administration officials and planners estimate that even the largest cities could be evacuated in perhaps 5 days, and they believe the United States would have that much warning of a Soviet attack.

The Reagan administration argues that the program would double the anticipated number of survivors of a nuclear attack from 40 percent of the population to 80 percent.

The administration is concerned that the Soviets' superior civil defense system embolden them in a nuclear showdown.

However, Mr. Speaker, the administration fails to mention or correctly measure the weaknesses of the Soviet civil defense program. The CIA notes that there is sufficient blast-resistant shelter space for the Soviet leadership at all levels. These shelters, however, are vulnerable to direct attack.

Chronic Soviet food shortages, food distribution snarls, and the fact that the Soviet citizens buy their food from day to day would prevent many from bringing the requisite 2-week supply of food and water to the predesignated host shelters.

A Soviet decision to proceed with an evacuation would result in gigantic transportation problems. The Soviet road network has been constructed to accommodate travel within that country's cities and would be hard pressed to support mass exodus from those cities.

During the winter, spring thaw periods, and autumn rainy seasons, Soviet roads are virtually impassable.

Soviet evacuation plans call for 17 million urban residents to walk 30 miles and then build expedient protection. How the very young, the very old, and the sick are to make such a formidable progress is not clear.

Many crucial economic and industrial facilities cannot be protected at all. These include oil refineries, powerplants, chemical storage plants, steel mills, and so forth.

The CIA report concludes that the United States could absorb a nuclear strike by the Soviet Union and still retaliate with savage and unacceptable destruction. Indeed, the credibility of the U.S. deterrent is so strong that the Soviet confidence in their civil defense must be called into question.

I would like to bring to the attention of my colleagues some ideological considerations of the Soviet civil defense plan. An active civil defense program helps maintain order and stability. It bolsters faith that the Communist Party and government watch over and protect the citizenry.

However, an extensive civil defense program is, in fact, infeasible and unattractive to a democratic society. Apart from questions of technical and economic feasibility, one must consider the concept of a shelter-centered society which would be a wholly new departure from U.S. history and psyche.

A successful civil defense program would require a gigantic bureaucracy and a number of trained cadets.

A significant portion of the population would have to be in a constant state of readiness.

An extensive civil defense program might anger our allies who might interpret the program as an inward turn that abandons non-Americans to die in a nuclear holocaust.

This extensive civil defense program is frankly a waste of money not only because it cannot protect the society from the effects of nuclear war, it is harmful because it fosters the illusion that Americans can be protected.

Neither Russia nor the United States can possibly hope to protect its civilian population to the extent that nuclear war can be called "safe." Nuclear war would be the greatest mistake for both sides.

One should also take a pragmatic approach to this new "head for the hills" program.

The administration makes outrageous claims such as the one that 140 million Americans can be saved by evacuating the cities—anyone who has tried to leave a city in a normal holiday weekend, let alone a nuclear alert, knows how easy that is.

Many American cities—San Francisco, for example—have overwater escape routes that are clogged enough during normal rush hours.

What life would be like when evacuation was complete is another "imponderable." In some places, refugees would be less than welcome. Ethnic groups would compete for urban shelters spaces, and urban evacuees would be viewed as depletors of farmers' stocks.

Regardless of how successful or unsuccessful the evacuation plans go, without the cities and surely without the economy, there will be mass starvation and epidemics.

If the United States commences to clear her cities and "relocate" the population, there is no guarantee that the U.S.S.R. would not retarget its missiles at the "host" areas.

Furthermore, the mass relocation and evacuation of the cities in a time of crisis might be interpreted by the Soviet Union as a U.S. preparation for a first strike.

Mr. Speaker, this civil defense budget and plan are part of fundamental illusions about nuclear war. The illusion of survival. The illusion of recovery.●

HON. LEO W. O'BRIEN

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. HORTON. Mr. Speaker, like my good friend and colleague, SAM STRATTON, I, too, had the privilege of serving with Leo O'Brien. He and I served together for two terms.

For those of my colleagues who may not know it, Leo O'Brien was first elected to the Congress in a special election in 1952. As the Representative of Albany and Schenectady Counties, Leo brought considerable experience and political sense to the House. His constituents knew him prior to his service in the House as one of the more distinguished local newspapermen.

One of Leo's outstanding achievements was the key role he played in the passage of legislation admitting Hawaii and Alaska to the Union. He also served on what was then called the Space Committee, now the Committee on Science and Technology.

On May 3, 1982, our former colleague and friend passed away. He was well liked and admired by his constituents, colleagues, and friends and will certainly be missed.●

MONDALE SPEECH TO THE NATIONAL COUNCIL ON AGING

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. PEPPER. Mr. Speaker, recently the delegates to the National Council on Aging's annual convention had the privilege of hearing former Vice President Mondale address them concerning key aging issues. Vice President Mondale delivered an eloquent statement which truly captures the guiding principles many of us share concerning the elderly. He also pointed out the radical nature of administration plans to reverse almost 50 years of progress for the elderly and turn our back on the important vision that shaped such important programs as

social security, medicare, and the Older Americans Act. I am convinced that anyone reading what the Vice President said in this address will be as moved as I am by his commitment to the elderly.

Since this speech addressed so many of the issues that will be coming before this body in the coming weeks, I think many Members might find it to be as informative as I did. Perhaps no more important message comes through in this speech than Vice President Mondale's absolute opposition to social security cuts. I could not agree more with this position and in the days ahead I intend to join with dozens of my colleagues who have the same view in fighting against the latest Republican plan to "save" social security by cutting $40 billion from the program.

I want to commend Vice President Mondale for the sincere commitment to the elderly evident in this speech. I also want to urge my colleagues to read this excellent statement and therefore, I am inserting the text of the speech in the RECORD following my remarks.

Remarks Delivered by Walter F. Mondale to the National Council on the Aging

Thank you very much, Anna, for that very, very kind introduction. I'm delighted to be at the 32nd Annual Conference of the National Council on Aging, and I take particular pride in my association over all these years with the magnificent work of your Council. Since its founding in 1950, your Council has fought for decency and dignity for older Americans and you've been at the center of every fight that matters. And we need you at the center more than ever before today.

The quality of your officers I think underscores the importance and the sophistication and the commitment of this organization. Your president, Ellen Winston, who performs so superbly in her position; your executive director, Jack Ossofsky; and the other key leaders of your staff say much about the quality and distinction that this organization enjoys in your nation's Capitol.

I know today is a special day for all of you. I'm sure you heard with me the radio report last night that many of the issues that I think concerned you as you came to Washington have now been settled in your favor. Yesterday's announcement that they were dropping all efforts to reduce Social Security benefits, that they were rescinding the cuts in Medicare, and that we're going to restore the benefits to dependents of single parents and their survivors I know was greeted by all of us as good news. The bad news was that yesterday was April Fool's Day!

I am told that later today the Vice President of the United States is coming here. I know something about that job. It can be tough, and even dangerous. You recall the Three Mile Island disaster, when the nuclear plant nearly went up in smoke. I was coming home about the thrid or fourth day after the disaster and they were interviewing a woman who lived next to the plant who wasn't moving. And they said well, "why aren't you moving?" She said, "It's safe." Well, the interviewer said, "Why do you think it's safe?" She said, "Well, the President and his wife were just here visiting the plant." He said, "Why does that make it safe?" She said, "Because if it was dangerous they would have sent the Vice Preisdent."

I was reminded of this story this morning as I thought of Mr. Bush coming here explaining President Reagan's policies on aging.

The great Pope and ecumenicist Pope John XXIII once said "Men and women are like wine. Some turn to vinegar, but the best improve with age." This Council has understood that point from the beginning—that the aging both need help and they want to help. Some need assistance, but many are more active, better skilled, and more independent than ever before. Many want to work and to help as long as they can. You understand that. It is not a case of giving them something, it is a fact that our nation must have the benefit of their contribution.

But it's tough for anyone to find any work these days. Indeed, the most serious problem the elderly face is the problem all of us face, namely, our stalled economy. Today the nation stagnates in a severe recession. Just minutes ago the Bureau of Labor Statistics announced the latest unemployment figures. Unemployment has now risen to 9 percent, which is the highest unemployment level in our country since the Great Depression of the early 1930's. Real interest rates have soared to heights that stifle investment. The auto, the housing, and many, many other industries are not in a recession, they're in a depression. Farmers in my Midwest, in my own state of Minnesota, are having the worst year since the Depression. Approximately 1,200 farmers a day are leaving the land. Seventeen thousand businesses have failed and entire sectors of our economy—airlines, savings and loans, farm equipment—totter on the brink of bankruptcy.

The magnitude of such problems may scure their meaning to some. But as you know, older Americans are forced to make due with less, are deprived of essential services, and are required to pay more for necessary health care. And incidentally, in health care, unlike much of the economy, inflation continues to roar ahead.

Each percentage point increase in unemployment causes a $5 billion drop in Social Security trust fund receipts. The stagnating economy strikes those least equipped to respond and for the elderly it is bad news and disaster.

The irony is that this is a recession that did not need to happen. When this Administration took office, in fact, all economic indicators were improving. This was a year when the circumstances were about as good as we've seen for many, many years. Finally, we had an energy surplus in the world, and instead of oil prices soaring through the ceiling, for the first time in many years the price of oil has begun to drift downwards. We've just had the best food crop in American history. Raw material prices are lower than they've been for a long time. It was a good year for moderate economic policies to boost our economy, to provide new jobs, and to provide the revenues that we need to be a just and caring society.

But as soon as their program took hold, it paralyzed economic recovery. And it has brought us already the largest deficits in history—more than $100 billion in 1982, more than $125 billion in 1983, and more than $200 billion in the year 1985 unless policies change. As a matter of fact, unless they change course in these next four years we will add more to the national debt than was added since the time of George Washington.

This is not a moderate program, it is not a conservative program, it is a radical program and it is a disaster. And there are several things that I believe the President and our government must do right now.

First of all, the President should withdraw the 1983 budget. It's a good thing that the Federal Trade Commission laws against false advertising do not apply to Presidential budgets or he'd be over there answering questions right now.

Secondly, Congress should repeal the personal tax cut for 1983 and repeal the tax leasing provision that costs billions and billions of dollars and provides no economic benefit. The other day a major corporation announced in its annual report profits of $3 billion last year and they earned a $100 million tax rebate.

Third, Congress should repeal or defer the indexation of taxes, which, when combined with the repeal of the 1983 tax cut would reduce the deficit by over $50 billion.

Fourth, in my opinion, the Congress should accelerate the '82 tax cut to January 1st of this year to stimulate growth and help end the recession as soon as possible.

Fifth, we simply must control the growth of defense spending. With no sacrifice to our security—and I notice former President Ford this morning was saying that—we can save at least $10 billion in 1983. And while we're at it, let us also realize that wise, sensible, skilled negotiations that lead to arms control also can help reduce this defense budget.

There is a big debate going on in this town, around this country, and indeed, around the world about whether we should be seeking a nuclear strategic arms agreement with the Soviet Union right now. There was a SALT agreement that we reached when we were in office. That agreement requires the Soviet Union to reduce their nuclear delivery systems by over 200 systems that now exist. It stalls the arms race and it makes the situation much more stable than it is today, with more adequate verification. And it reduces the likelihood that these dreadful weapons would ever be used.

I plead with the President to end this sterile and tiresome public debate about what we might do. Instead of that he should join what has been a bipartisan tradition since the day the bomb first went off. And do what all Americans want our President to do—and that is to start SALT talks right now and put on the table a SALT agreement that will freeze and reduce these terrible nuclear armories before they destroy all of us. I say that as well to point out that if SALT II had been ratified we would not only be stronger, not only would we be a more secure nation from a national security standpoint, but we would save approximately $45 billion that we have to spend to deal with problems that would not have existed were SALT II now a ratified treaty.

Finally, we need an agreement from the Federal Reserve Board that they will be more forthcoming in the supply of credit in the face of a more responsible fiscal policy. The combination of the two is essential. And in order to do that, the President must lead. The President is not just another officer in this town—he is called the Chief Executive Officer because he's supposed to be in charge of the public dialogue and the Executive Branch and be the officer who leads this country along the course required by the American people. In the absence of

Presidential leadership, we see what's happening in this town. The Senate blames the House, the House blames the Senate, the Congress blames the President, the President blames the Congress, and Fed blames the President and the Congress, the Congress and the President blame the Fed. All very interesting, but what about the country?

And we need the President's leadership right now—not just to listen, but to get these parties together, work out an arrangement that brings these deficits down along the lines that I've suggested, get an accord with the Federal Reserve Board, and end this enormous economic disaster that is now visited upon this country. That's essential to everything that this Council wants done—we simply must have a healthy economy.

We cannot have the future we want without the active participation of older Americans. As we all know, it is our seniors who built this country, took us through the Depression and World War II, and certainly they have the right to retire with dignity and security. That's a point that Americans have agreed on since the passage of the Social Security Act of 1935.

That is until now.

I have tried to understand the current Administration's policies, but my imagination fails me. What are we to make of an Administration that repeatedly slashes the food stamp program, the one program that has virtually abolished hunger in America. I remember, as does Jack and many of you here, the Congressional committee that went around and saw people in America, in the midst of our incredible agricultural abundance, suffering from severe malnutrition in America. Where we saw school children unable to learn because they were so hungry that they were just unable to function. I do not want to see the specter of malnutrition and hunger visited again in this land. This is something that is intolerable in a humane society and the food stamp program, whether it is popular or not, has worked and is an essential underpinning of a healthy and a caring society. Let us support that program.

And what are we to make of proposals to cut the emergency fuel assistance program by 30 percent. I'm an expert on cold weather, coming from Minnesota. And boy did we have a winter! Americans should not have to choose between eating a meal or heating their home. And that emergency assistance program is essential to avoid that inhumane choice.

Today we are told that the Administration will not cut Social Security. But only a few short months ago it advanced the most radical and breathtaking attack on Social Security that we've ever seen from any Administration since that program was adopted. We all know that last year the Administration proposed to slash the minimum benefits paid to 3 million Americans. As a matter of fact, they did terminate it for those not yet receiving benefits. But what many have forgotten is that the Administration also proposed changes in benefits that would have reduced permanently future benefits by over 20 percent. Disability benefits would have been reduced by 30 percent. Benefits for those who retire early at 62 would have been reduced by 40 percent. Fortunately, the Congress blocked most of those cuts.

The other day in his news conference, the President said he hasn't touched Social Security. I sometimes wonder whether they read the newspapers over there. The fact of it is they tried to make all these changes and were blocked from making them. But they did put in place some reductions. We have had a program since the beginning of Social Security, or nearly since that time, to provide the dependents of survivors education assistance up to age 22. That's been repealed and is being phased out. And you're starting to hear about that as you move around the country. They terminated the burial benefits and they terminated the minimum benefits for those not now on retirement. And as you know from your studies, many of those who would have received these minimum benefits are going to be in desperate shape.

My dad was a Methodist minister, and dad would preach and my mother handled the choir, the music, and the kids at home. And it was great, but she didn't earn a dime in her lifetime. And then dad died. Is there something about our Social Security system that says that people who choose that kind of life, who serve their families and their communities, and who are magnificent contributors to our society—somehow because they didn't have earning records on their own, should not be entitled to a minimum benefit that permits them to have some kind of dignity in life? I think it's a mean-spirited approach not to ensure this dignity.

What we should be doing is getting on with the urgent agenda of action needed for our senior citizens. I think there's several things we need to do.

First and foremost, we must strengthen Social Security. Social Security rests on the principle that older Americans deserve a secure retirement. That principle stands at the heart of our nation. You know, we hear so much about all the programs at the federal level. Some of them need to be reduced, eliminated, or reformed. But Social Security is not just another program. If you ask me, after all my years in public life, what program was the most important, fundamental program for social justice in America, if I were forced to say what is the one program, if I could only pick one, that this nation could not do without—and I'd hate to be put in that place—I'd say it's easy. Social Security! Social Security is the most fundamental, profound engine for social justice and decency in this country. It should not be looked at as just another detail in American life. We make a bargain in America, it's a social compact, that when Americans work for a lifetime, care for themselves and their families, pay their taxes and are good citizens—that when the time comes to retire in America that a Social Security check adjusted for inflation should be there just as sure as the sun comes up in the morning. It's as basic as that.

And yet some want to reduce these cost of living increases for retirees and push millions back again below the poverty line. Of the elderly who live in poverty, two-thirds live alone. I don't know any person who grows rich on Social Security benefits. And the least they deserve is to know that their benefits won't be eroded by inflation.

This is not to suggest that the system is free from possible short-term underfunding for the rest of the decade. Or that it treats women with full equity. Or that long-term demographic implications need not be addressed. But read that trustee report in the morning paper very carefully. They carefully disguise the good news. But if you read it carefully, it's there. The fact is that they now say that the Social Security trust fund from 1990 to 2020 is going to be in surplus. The Medicare fund right now is in surplus. We face a short-term, modest, temporary problem that can be handled, and all of this scare rhetoric I hope will be put behind us once and for all.

These problems must be and can be easily resolved. Those who propose drastic reductions are not trying to improve Social Security—they're trying to dismantle it. And I remember a famous, elegant statement by Sam Rayburn. He said: "Any jackass can kick a barn down, but it takes a carpenter to build one." And I agree with him.

Secondly, we must expand Medicare and Medicaid to meet the health needs of the elderly. And we must explore alternatives to long-term institutionalization and incentives for home health care.

I think one of the most significant struggles this year will be the fight to reduce by $3 billion the support for Medicare. I was an original sponsor of Medicare and I'm proud of it. And if I can get personal once more for a moment: my mother was in the hospital with cancer and we had virtually no health insurance and the Medicare provisions made all the difference in the world to her, to her pride and her dignity, and to her family. And that has been true of millions of Americans. And just as I don't want this country to return to a time when people are hungry again, I don't want to return to a time when older Americans live hourly with the dread and the fear of being struck by a major illness and having the humiliation after a lifetime of self respect of having to go somewhere and beg for help from somebody to pay for those costs. It shouldn't happen in America and there are far better and humane ways of dealing with it.

This is not the speech to go into this in detail, but as you know, once again hospital and health costs are soaring in America. At a rate nearly double that of inflation again. For a while you will recall they slowed down a little bit, almost at or below the inflation rate. That occurred when we were pressing a bill called Hospital Cost Containment. This program is a special one. The market doesn't work the way it should in some of these areas because with Medicare, Medicaid, and private insurance, many times there aren't the incentives to be careful about costs, to be restrained in charges that would occur in other circumstances. And for that reason I think the American people should again urge, and I hope this Administration would support, a proposal to put into legislation hospital cost containment, to require the hospitals and the providers of services to keep their charges at the inflation level or below. And that would save billions and billions of dollars for the Medicare fund.

Third, we must adequately fund Title XX, which can help assure full access to community life for every needy American.

Fourth, we must strengthen the Older Americans Act—in particular, funding for senior centers and nutrition services for the elderly. We should expand, not retract, the services state and area agencies, senior centers and nutrition projects provide.

Fifth, we must safeguard the legal services program in the name of every poor, weak and helpless person. The elderly, as we all know, are singled out above all for fraud, discrimination and every form of illegality. They need lawyers, particularly the poor, to defend them from this abuse.

I think we must also be much more concerned about the effect and the feelings that seniors have about the incidence of crime in their neighborhoods. I don't know how many times I have been in senior citizen highrises and in community meetings.

We talk about Social Security and Title XX and the Older Americans Act. And then you say what would you like to talk about. And immediately you're talking about crime and about how one of them had been hassled and so on. I am not here to say there are easy answers, but I do believe that there is nothing humane, liberal or progressive in being insensitive to the way older people are exposed to crime. And I think we need to constantly press ahead for programs of enforcement, for prosecution, and for punishment that will better protect senior citizens and all Americans.

Sixth, we must open up opportunities for older persons to work and be involved in their communities. And there's a reason for this that is new. I think many of you are aware of it. And that is that we're now about to enter the "baby-bust generation." In 1940, we had 9 people working for every retiree. In 1990, we will have 2 people working for every retiree. And if there was ever a time when everyone who could work will be needed, it will be in these coming years. To sustain an adequate work force, we will need every single older American who wants to work, and we must remove all the obstacles that stand in their way.

The direct advantages to older workers will be substantial. The nation will gain. Tax receipts will increase. The pressure on the Social Security trust fund will be eased. And the burden on younger workers to support retirees will diminish.

We must also reject the Administration's effort to abolish the Title V senior employment program. We must insist on an EEOC that enforces age discrimination laws. And we must all work to enact Claude Pepper's bill to abolish mandatory retirement at age 70.

Ah, Claude Pepper! You know, I remember Ponce de Leon came to Florida about 400 years ago looking for the fountain of youth. He said it wasn't there. That's because he arrived 400 years too early. If he'd seen Claude Pepper he'd have found the fountain of youth!

The point is simply this. For those who want to work, we should end discrimination and help them work. And for those who can't, we have no duty more important than to insure that they lead a life marked by dignity, not by deprivation; and by love and not neglect.

This morning in the Washington Post you will read a national survey that shows how seniors are living with a sense of insecurity and anxiety. Those of us who have been involved in this field and are not retired become interested with various debates. But for millions of senior citizens who are beyond the working years and who have relied overwhelmingly on Social Security and these other programs, that interest is converted into anxiety and fear. What we need to do is not only improve these programs, but the Administration and our government have to speak with the clarity and with a sense of commitment that does something that is just as important as the money. And that gives these senior citizens a chance to plan the rest of their lives with a certain and secure notion that this country of ours stands unquestionably behind them.

You know America is the only nation that declared as one of its purposes the pursuit of happiness. Our country is more than just programs and money and jobs and machines and plants and equipment. Americans are supposed to have a sense of joy. But that's not possible for seniors when they feel that the very minimum support they need for their dignity, for their survival, for their health, is in doubt. All of us have a duty, it seems to me, to once again reassert with a clarity and a strength that is undeniable, our support across partisan lines for these policies so essential to decency in life. So our seniors can live without that unneeded anxiety.

This year marks the 100th anniversary of Franklin Roosevelt's birth—the President who bequeathed to us our understanding of the principles and purposes of modern government. FDR captured the spirit of the New Deal in a single sentence. We are trying, he said, to create a society in which no one is left out. FDR included the excluded. Let us not now in our generation exclude the included.

This Administration has done one thing for all of us. It has forced us to think profoundly again about our nation and our purposes. It has asked us to ask ourselves again what kind of a people are we? What are the moral duties that define our national purpose.

My old friend and mentor, Hubert Humphrey, once said: "the moral test of government is how that government treats those who are in the dawn of life, the children . . . those who are in the twilight of life, the elderly . . . and those in the shadows of life, the sick, the needy and the unemployed."

This country was not established for puny and cold reasons. We were never intended to be an uncaring, survival of the fittest, social Darwinist society. This country was intended to be not only for people who believe in competition, independence, and self-reliance, but a caring society in which those who have advantages understand some responsibility for those who have been overwhelmed by problems beyond their reach.

Read the Preamble to the Constitution. Particularly that one phrase that said this nation is founded to provide for a common defense and to promote the general welfare. It doesn't say to provide for a common defense or to promote the general welfare. It says both. And the Preamble starts with the simple phrase "We the people." We are a society which understands the oneness of our existence, that we are in this together.

And I want to close with a wonderful story that John Gardner once told me about the young granddaughter who took an American coin to her grandfather and said, "What does 'E pluribus unum' mean?" And the grandfather thought for a minute and he said, "Well, out of many, one." And the grandchild thought a minute and she said, "I don't understand." So he took another whack at it. He said, "Well, it means we're a collectivity, a whole." And she said, "I still don't understand." And then the grandmother said, "What it means is that we need each other."

And so we do.

Thank you very much.●

CLAYTON BRACE

HON. BILL LOWERY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. LOWERY of California. Mr. Speaker, Clayton Brace is one of the most respected and distinguished members of the San Diego community. It is then with honor that I draw the attention of my colleagues to the following Frank Rhoades article about Clayton.

CLAYTON BRACE

(By Frank Rhoades)

There's nothing smug about the free-television industry these days.

Great fear of competition from cable and pay TV is prevalent among many station owners across the land, says Channel 10's vice president-manager, Clayton Brace.

He's just back from a meeting of the National Association of Broadcasters in Dallas.

Brace predicts that more informational programs will be among the chief weapons chosen for the coming battle by the free TV networks.

"Programs like David Brinkley's new one on ABC. Public preference has already been shown."

More situation comedies can be expected, "although it costs like the devil to produce them," Brace said. Moreover, the ever-popular Westerns may be returned.

On the local level everywhere, news coverage will be expanded constantly. Brace was sure of this, "because remote telecasts (outside the studios) no longer are so difficult to set up, but can be done in a jiffy from anywhere in town."

Brace, himself, is not among the fearful in the face of growing competition, he said.

Almost from the time he came to San Diego in 1963, Brace has been identifiable in the minds of the townspeople for a string of civic titles he has held: president of the Chamber of Commerce, the United Way fund drive, Rotary, etc.

But what's behind all this?

His first job in the broadcast industry was janitor in Denver radio station KLZ, in 1941.

"I bugged them for a job until they put me on as night janitor and part-time page boy."

The following year he went to the Army Signal Corps as a private and spent three years in Army radio operations, much of it during combat.

Never got higher than a staff sergeant but did a lot of traveling that would pay off as a civilian after the war.

Back at KLZ, he ultimately worked his way up to station manager and played a key role in a situation that made television history.

KLZ wanted a television license, and the desired channel was sought by another applicant. KLZ won after the first contested hearing before the FCC. This was because the FCC liked the way KLZ said it would operate a TV station. Brace had learned the ropes by visiting all the 100 TV stations in operation at that time.

Time Inc. had bought the station and, as assistant to its president, Brace then was sent back to Europe to study operations of government and commercial television stations.

Time later sent Brace to Beirut to manage a television station of which it was part owner.

He and his wife, the former Jeanne Haney of Denver, and their four children spent nearly three years there.

"We loved it in Beirut," Brace recalls.

It was with considerable apprehension the family accepted a transfer to San Diego in 1963.

"We never had been in San Diego and knew nothing about it," Clayton explains.

"It was a very tough decision to make, choosing between San Diego and New York. We came here, saying that if we didn't like it we would leave."

And what a welcome Clayton Brace got in San Diego!

Shortly after he took over a Time-owned Channel 10, the magazine ran its memorable story about San Diego being a "bust town."

The City Council, county supervisors, the Chamber of Commerce and other representative groups read the story and were boiling mad.

Brace remembers that he took their heat on a false belief that he had written the piece in the magazine. Time's refusal to back down did him no good.

McGraw-Hill retained him as vice president-general manager when it bought the station in 1972.

Clayton Brace, born in Topeka, Kan., Aug. 8, 1923, was reared mostly by his mother. His parents split up when he was 9.

The mother was a buyer for luggage stores. She and young Clayton resided in Rochester, N.Y., Dallas, where Mrs. Brace worked for Neiman-Marcus, then in Minneapolis and finally in Denver.

During much of his working life in Denver, Clayton took extension courses at the University of Colorado and Denver University but attained no degree. His mother died in Boulder, Colo., four years ago.

The Brace offspring long since have left the nest. Son Kim owns a counseling service in Washington, D.C. One daughter, Dianne Kennedy, is a professional ballerina; another, Lynn Lapp, is housewife and mother, the third, Kerry, is a newswriter at her father's television station here, KGTV.

Clayton and Jeanne were among the very first residents of Del Cerro and have remained there. Clayton is a calm, polite man who asks if it's all right to light one of his mentholated cigarettes in the presence of others.

There can be no doubt he bats as high at home as he does with McGraw-Hill. He does all the cooking on weekends.●

CYPRUS

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. PURSELL. Mr. Speaker, I continue to urge the Government of the United States to use all the influence of its offices to bring about a just resolution to that tragedy, which is Cyprus.

For 8 years now the people of that Republic have been separated by partition, blocking access of families to their homes, farms, and businesses.

This division continues to deny all Cypriots the prosperity, happiness, and liberty envisioned at the time of the establishment of that nation.

Unfortunately, the passage of time has caused many to forget the plight of these proud people.

But, time has not and will not resolve this problem. The United States must make a total commitment to the reunification of Cyprus and the guaranteed independence of that Republic.●

A TRIBUTE TO ISRAEL COHEN

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. HOYER. Mr. Speaker, I would like to bring to the attention of my colleagues, the work of one of the most outstanding and farsighted businessmen in the Washington metropolitan area. I speak of Mr. Israel Cohen, president and chairman of the board of Giant Foods, Inc.

The story of Izzie Cohen, as he is fondly called by friends, is closely intertwined with the history and development of Giant itself.

In 1936, Izzie began his lifelong career with Giant as a truckdriver in Giant's first store. It was a shiny, new self-service supermarket, the first of its kind in the Washington area, and people were flocking to it. Until this time, most food stores were small, offered little selection, and relied upon high markups to produce profits. It was during the Depression, and people were desperately casting about to find ways to reduce costs, and still find good and nutritious food.

With the idea of resolving this situation, N. M. Cohen, Izzie's father, and Samuel Lehrman came from their small grocery stores in south central Pennsylvania to introduce a new type of food market to the Washington area. They had already decided that Washington was going to be the place to grow, and they wanted to be a part of that growth. Their idea was centered around what would become a key maxim in the grocery industry—high volume and lower prices. While this seems natural to us today, in 1936 it was an extremely novel idea.

From that first supermarket, located on Georgia Avenue, to the 132 stores located throughout Virginia, Maryland, and the District of Columbia, Giant has diversified and become a corporation, offering pharmacies, garden centers, and clothing stores, as well as food, to its public. All of this was accomplished with the guidance and direction of Izzie Cohen.

Izzie is a modest man. He will be 70 years old later this year, but his age is of little consequence considering the amount of fire and energy that underscore his every action. His life revolves around Giant. His father and cofounder, N. M. Cohen, while in his nineties, still visits the corporate headquarters in Landover. His brother, Emanuel, is vice president and treasurer of the company.

Izzie's personal imprint is on every facet of the company's operations, and for the past 45 years, the company's destiny and his have been inextricably bound. Izzie's philosophy that Giant owes a great deal to the communities in which its stores are located, has produced a tremendous sense of family within the enterprise. When the ads say, "We're a Giant family," they sincerely mean that.

The 15,000 men and women who work for Giant contribute an enormous amount of support to the community activities of this area. They are active in the Kiwanis, March of Dimes, Juvenile Diabetes, the Lions Clubs, men's and women's clubs throughout the area, and rescue squads and volunteer firefighters associations. Giant's major cause is the United Way and it is the second largest contributor in the metropolitan area. This philosophy of giving, as well as receiving, is a Giant credo, and it emanates from the man who implements it most, Izzie Cohen.

Mr. Speaker, I think it is important that we occasionally point out in this House the tremendous impact and contributions made by the businessmen and businesswomen of America. They are, indeed, the backbone of our society, providing jobs and products for millions of Americans. Izzie Cohen is one of these innovative, energetic men. His positive contributions will long benefit our area for years to come.

Under his leadership and that of former president Joseph Danzansky, Giant now has a consumer affairs program considered the most progressive in retailing. It was the leader in unit pricing of goods, and later of warehouse pricing.

Mr. Cohen is also a director of the Food Marketing Institute, a national trade association serving the food retailing industry with more than 1,600 members. He knows, as his father before him, what it means to be innovative, well-informed and a leader in his field.

That brings me to another point, Mr. Speaker. Mr. N. M. Cohen and Mr. Samuel Lehrman decided to take a chance with their new idea. They were not afraid of losing their profits from their neighborhood markets, but took the plunge into a dynamic, but risky venture. Luckily, not only for them but for all of us in this area, their vision paid off. This type of adventure is crucial to our idea of American enterprise.

Izzie Cohen has shown that he follows admirably in the footsteps of Giant's founders. His leadership has set Giant on a remarkable path, and to be sure, Giant is the product of Izzie's excellence.

Izzie Cohen and his Giant Food Inc. have both provided tremendous contributions to the residents of Prince George's County and to the entire Washington metropolitan area. In recognition of that service, I offer this tribute.●

SMALL BUSINESS WEEK

HON. ALBERT LEE SMITH, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. SMITH of Alabama. Mr. Speaker, I rise to join many of my colleagues in saluting small business in Alabama and in America on the occasion of Small Business Week. There are approximately 14 million small businesses in the country today, including farms, and they contribute approximately 43 percent of the gross national product. Small business also accounts for more than half of the total U.S. work force. Permit me to share some other interesting statistics:

Business with fewer than 20 employees creates two out of three new jobs;

Small business accounts for over half of the new products and service innovations since World War II;

Complying with government paperwork regulations costs small business approximately $12.7 billion a year;

Almost every energy-related innovation of the past century has come from small business;

There are over 1,300,000 minority-owned businesses in the United States;

Eighty percent of U.S. businesses are sole proprietorships. Virtually all sole proprietorships are small businesses.

In my home State of Alabama, the over 64,000 small businesses are the economic backbone of the State. Over half of the gross State product is generated by small business and an equal percentage of the civilian work force is employed by them.

In spite of these impressive statistics, small business is operating today in an oppressive environment. It has proven it can be successful at doing things which big business cannot, but this competitive and creative edge is being wrecked by external forces it cannot control—high interest rates, costly and oppressive Government regulations, an inequitable tax rate, inadequate management practices and the lack of information to make wise business decisions. In most cases, these are the same shackels which harness big business, particularly those stemming from what the U.S. Government does or does not do, but the impact on small business is far more severe.

Small businesses have been failing at an unprecedented rate and these widespread failures are a reality the Nation and Alabama can ill afford. (Optional: Under the Reagan administration.) The U.S. economy is undergoing a major restructuring designed to culminate in a significant return to the free enterprise system. This restructuring includes, among other things, a more equitable tax structure and relief from burdensome and expensive Government regulations. It is up to the Congress to create a favorable economic climate so these changes can be permitted to work. At stake is the very survival of our economy.

In closing, Mr. Speaker, I would like to again congratulate American small business for the contributions it has made toward a better quality of life for us all. I challenge my colleagues to join together to insure a prosperous future.●

WHAT IS LIFE?

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. MAZZOLI. Mr. Speaker, I am fortunate to call Jim Burrice of Louisville my friend.

Jim is young, bright and wise beyond his years. He is all these things, Mr. Speaker, despite—or, maybe, because of—the fact that he has cerebral palsy.

But, cerebral palsy has not held Jim back. He has graduated from college, he conducts his own business activities and he writes. He writes beautifully, sensitively, and with remarkable insight.

Just the other day, Jim sent me a speech he had written and which a friend of his actually delivered. It is such a moving and sincere discussion of life—in all its grandeur and all its sorrow—that I want to share it with my colleagues.

The speech follows:

WHAT IS LIFE?

Someone walks up to you and asks: What is Life? You open your mouth and start to answer. Suddenly you close your mouth, scratch your head, and pause for a few moments of further reflection. When you feel that you have your thoughts together and are ready to answer, you try again. The same thing happens, and you repeat the process.

Finally you give up, telling your questioner that the answer to his question is obvious—so obvious that you can't put it into words. Everyone knows what Life is; after all, they live it day in and day out. But what is it?

I would like to offer this definition of Life: Life is everything that happens to you—and everything that you make happen—from the instant that you enter this world until the instant that you leave it.

Life is laughter and tears. It is joy and sorrow; success and failure; serenity and frustration. Life is caring and sharing; it is being with those you love and it is loneliness. Life is loving and being loved.

God has blessed me abundantly with the strength and enthusiasm to carry on many important and worthy endeavors.

One of the most sacred and most rewarding privileges that I have is that of sharing in, and contributing to, the lives of others. When I have a definite plan or intention to do something helpful for another person, I begin my day much more excited and eager to get to work than when I have no such plan or intention in mind. To help others is a responsibility that I accept gladly, gratefully, and seriously.

I love and enjoy life because as I work in my office each day, I can think warmly and gratefully of my friends—friends whom I love and care about and who love and care about me. I like to work, to accomplish things, and to make good things happen. Indeed, I have the right to work and to succeed. I also have the right to try and to fail.

While it is true that I have reached my present level of achievement by the grace of God and largely through my own efforts and perseverance, I would be remiss if I did not acknowledge with deepest gratitude my wonderful, loving, and loyal family for having done so much throughout my lifetime to help me reach my goals and realize my aspirations. Also, I want to say a very warm and sincere "Thank You" to my many cherished friends for sharing in my life and giving me the privilege of sharing in theirs. All these people have added happiness, meaning, and fulfillment to my life. Without my family and friends, I certainly would not be where I am today.

This is not to say that Life is always smooth and carefree for me. Like everyone, I have disappointments, frustrations, and difficult moments. For me, two of the biggest frustrations in life are its uncertainty and my own dependency. It is said that the only certainty in life is its uncertainty; I realize this more and more each day. As a physically limited individual, what will Life be like for me next month? Next year? Five years from now? Who will be there when I need help, when I need comfort, when I need love? I am not preoccupied by these questions every day, but I am aware of them. I must be, for someday I will have to deal with them.

While one of my greatest joys is helping others, I also realize my dependency on them. In dealing with my physical limitations and my dependency on others, there are two other related factors which affect my personal situation and with which I must deal. These factors are lack of mobility and loneliness.

If someone were to ask me: "Jimmie, do you ever get lonely?," in all honesty, I would have to answer: "Yes, sometimes I do get lonely."

Sometimes I get lonely because I yearn to be with my friends, but I can't. As I work in my office or relax in my den, I can "see" my friends in my heart, but I can't see them with my eyes. I can feel their love and their warmth, but not their hugs and their embraces. I can "hear" and reflect upon things they've said to me in the past, but I can't hear their words of encouragement and concern at that moment. Sometimes the pain of physical separation is difficult for me.

Perhaps it could be said to me: "Jimmie, your parents are right there with you all the time, so why should you ever be lonely?" True, my parents are with me and care for me constantly, but I have come to realize—from my own feelings and experiences and from the sharing and counsel of friends whom I love and whose wisdom I respect and value highly—that your family can't always meet all of your needs, no matter how much they love you and how hard they try to always make you feel happy and secure. Sometimes you need to go outside your family for companionship, for encouragement and support, for that special kind of love and warmth that only friends can give. I cherish my friends, and I love them dearly.

The fact that practically every activity in which I engage must be a "planned" activity—that I can do nothing spontaneously—is another source of frustration for me. I am not complaining about this, for I know that this is one of the realities that I must accept. I am grateful to my friends for letting me do things with them and to my parents for taking me places I need and want to go so that I can have special occasions to which to look forward.

Despite its inherent problems and frustrations, with each passing day I realize more profoundly and more vividly what a beautiful life this is—and how beautiful the people are who give life its beauty. With each passing day my gratitude for being a part of this life—for being a part of God's Divine Plan—deepens and becomes more profound. Each day I resolve to carry out my responsibilities—whatever they might be—with Faith, Courage, and Dignity. Each day I thank God for the strength and the courage to deal with life's problems.

"One Day at a Time" is the name of both a popular television series and an inspirational song. This is the way life must be lived. Sure, we make plans to do things in the future—we have to, for this is the way we give order and direction to our lives. But basically, we must take one day at a time. As we do this—as we journey along the Road of Life—let us strive to live each day to the fullest, to give as much as we can. Above all, each day let us love with every breath and with every ounce of strength that is in us, for What is Life? Life is Love.●

TAX EQUALIZATION ACT OF 1982

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. LENT. Mr. Speaker, I am today introducing a bill to place cooperative business enterprises on the same basis for tax purposes as other businesses with which they compete.

A recent U.S. Department of Agriculture study illustrates the significant competitive advantage current tax law gives cooperatives over ordinary businesses. After surveying nearly 6,000 cooperatives USDA found that on aggregate net savings, or profits, of $1.9 billion in 1976, these cooperatives paid only 5.7 percent of their net income in taxes. This rate is only one-third the rate paid by the cooperatives' more conventional business competitors.

I think it is important to note, Mr. Speaker, that these cooperatives compete in the marketplace primarily with the independent small businesses of the Nation—producers, wholesalers and retailers in farm supplies and equipment, groceries, hardware, drugs, and automobile parts.

Cooperative businesses pay lower taxes than ordinary businesses because a tax is not levied on any profits they return to their owners. Since most cooperative earnings go into refunds to owners, the income taxes paid by cooperatives are very small.

Present law enables cooperatives to generate significant amounts of untaxed earnings for expansion of their business, an advantage not enjoyed by ordinary businesses. This occurs because most cooperatives actually distribute 50 percent or less of their net income to their patrons or owners, in cash. The balance is often returned in the form of certificates which may not be redeemed for cash for 10 years or more. No interest is paid on these certificates, so cooperatives have the use of a substantial reserve of tax-free funds for growth and expansion of their businesses almost indefinitely. The USDA estimated that the cooperatives in their survey had approximately $3.8 billion in tax-free equity capital on hand. That was about 49 percent of their total equity capital of $7.7 billion outstanding in 1976.

It was the original intent of Congress many years ago to exempt from the income tax small groups of individuals that act for themselves on an agency basis. Today, however, this constitutes a tax loophole of major proportions. The Joint Committee on Taxation has estimated that the revenue loss from this loophole will be approximately $950 million by 1983 and more than $1 billion by 1985.

Given the widespread concern in the Congress over the size of the deficit in future years, I think it is important that we recoup this lost revenue for the taxpayers of this Nation who experience economic difficulties because of deficit spending. At the same time, we will be providing equal competitive opportunity for America's independent small businesses.

Under my bill, cooperative businesses and their patron-owners would be taxed in the same way as other businesses and their owners are taxed. If the earnings of cooperative businesses were subject to tax at both the cooperative level and the owner level—as earnings of ordinary businesses are now taxed at both the business level and owner level—as proposed, cooperative dividends, like the dividends of ordinary business corporations, would be excluded from the income of the recipients up to $100—$200 in the case of a joint return. This is already permitted under present law. As comparatively few members of cooperatives receive more than $200 a year in dividends, there still would be, to a large extent, a single tax on the cooperatives' earnings, but it would apply directly to the cooperatives themselves.

Mr. Speaker, the change in character of these cooperatives in recent years makes it imperative that the tax treatment of the cooperative business enterprise change as well. It is a matter of simple equity in my view, and I urge my colleagues on the Ways and Means Committee to take immediate action in providing a remedy.●

VOLUNTEERING IN GOVERNMENT ACT Of 1982

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. CONABLE. Mr. Speaker, today I am joining my colleagues, Congressmen MICKEY EDWARDS and GENE TAYLOR, in introducing a bill to authorize Federal agencies to use volunteer services of individuals and nonprofit organizations. Similar legislation has been introduced in the Senate by Senators ARLEN SPECTER and DAVE DURENBERGER.

I am currently serving on the President's Task Force on Private Sector Initiatives as chairman of a committee charged with looking into statutory and regulatory impediments to volunteer and charitable activities. I was surprised to learn that there is a law which states that voluntary services may be accepted by a Federal Government agency only "in cases of emergency involving the safety of human life or the protection of property." Unless a specific exemption is made to this statute, Federal agencies may not accept the services of volunteers no matter how motivated, talented, or needed those services might be.

This bill would remove that impediment to volunteerism in the Federal Government. Under this legislation, executive agencies could recruit, train, and accept the services of individual volunteers or nonprofit organizations. In addition, the bill provides that preference will be given to applicants for Federal grants who will use volunteer services to help accomplish the purposes of the program.

Several protections are provided in the legislation. No Federal employees can be dismissed or contracts impaired as a result of the use of volunteers permitted in the bill. Volunteers shall be deemed to be Federal employees for purposes of workers' compensation and tort claims.

There are many citizens who are eager to contribute their skills, talents, experience, and energy to worthwhile Federal programs. Whatever the historic reasons were which led to the prohibition of volunteer activities many decades ago, they are outmoded in today's climate of limited Federal problem-solving resources. Many State and local governments have used volunteers with excellent results, and the two Federal programs, both in our national forests and parks, where specific exceptions to the antivolunteer rule have been enacted have likewise had excellent results. It is time that the

Federal Government begin to look at its record in encouraging and utilizing the enormous reservoir of talented and capable volunteers to supplement its programs and services. This bill is a first step in facilitating greater volunteer participation in Government programs.●

WAC'S CELEBRATE 40TH ANNIVERSARY

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. HUNTER. Mr. Speaker, on a hot summer day in 1942, 1,300 women began assembling at Fort Des Moines, Des Moines, Iowa. These patriotic women were entering into an unknown endeavor. Mr. Speaker, these women, and those who followed in other branches, amassed a superb record of achievement and established traditions and high standards that are evident in our servicewomen today. On May 14, 1942, the Women's Army Corps was established and tomorrow the WAC's celebrate their 40th anniversary. I would like you to join me in celebrating this occasion.

The organization of the group of 1,300 was not easy. Not only was opposition encountered in these Halls of Congress, but also at home where fathers and mothers were reluctant to send their daughters into the unknown. But this group of courageous women sensed the mark they would make and accepted the challenge. In their first assignment, World War II, these women served in a variety of fields, providing support and expertise which helped lead to our victory. In 1946, when many wanted to disband the Women's Army Corps, others recognized their invaluable services and realized the WAC's still had a greater contribution to make.

The heritage of the Women's Army Corps lives on in the Women's Volunteer Forces. On May 14, we can look at the 68,000 women in the U.S. Army, and the more than 190,000 women in the U.S. Armed Forces, and thank the WAC's for their courage and determination. Today in the U.S. Armed Forces women are performing many tasks from traditional office support to pilots of the most advanced aircraft in the world; from operating radar stations to driving trucks. These and the many other functions that our servicewomen perform today only underscore the importance of those 1,300 women who assembled in Des Moines 40 years ago. Their significance in history is unquestionable and I am sure you will join me in expressing our deep appreciation.●

FREEDOM FOR PAVEL AND LENA ZASLOVSKIJ

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. HOYER. Mr. Speaker, I would like to bring to the attention of my colleagues the plight of Pavel Zaslovskij and his 7-year-old daughter, Lena. Both Soviet citizens, they have been denied emigration visas from the Soviet Union three times.

Mr. Zaslovskij has been waiting for an exit visa since he and his wife, Irina, first applied for one in December 1979. Sadly, Irina Zaslovskij died just a few months ago during childbirth. Her newborn son also died. Irina Zaslovskij, a biologist and zoologist, was just 33 years old when she died.

Since his wife's death, Mr. Zaslovskij has again applied for emigration visas for his daughter and himself, but they have also been denied.

Mr. Zaslovskij is currently working as an engineer in Moscow but is unsure of the permanence of his position. Soon after he applied for a visa in 1979, he lost his job as a metallurgist, computer operator, and technical translator in Moscow, and had to support his family with menial odd jobs. According to letters received from relatives here in the United States, he is experiencing severe financial problems and is still very eager to emigrate.

It should be noted that since his wife's death and his further attempts to emigrate, Pavel Zaslovskij and his daughter have experienced continued harassment by the authorities in the Soviet Union.

I have written to the Soviet authorities urging them to grant the visa request, but, as yet, have received no response. Last summer, when I visited the Soviet Union, I had an opportunity to meet with Dr. Georgiy Arbatov, Director of the Institute of United States and Canadian Studies. At that time, Dr. Arbatov assured our group that the Soviet Union was not faltering in its attempt to grant visas to those persons desiring them.

While this is a hopeful sign, in all honesty these are empty words for the thousands of Soviet citizens who have been denied the opportunity to emigrate.

We must remain vigilant in our support for men and women like Pavel and Irina Zaslovskij and their daughter, Lena. Their plight is shared by far too many Soviet citizens, who, for a variety of reasons, want to leave their homeland. We cannot even begin to understand the political, economic, and emotional upheaval that surrounds them. We can only continually urge their government, both publicly and privately, to grant them the right to emigrate.

Mr. Speaker, we, in government, must continue to stress the need for full Soviet compliance with the humanitarian provisions of the Helsinki agreement. Each year, the number of Jews allowed to emigrate continues to fall, and repressive campaigns against refuseniks are becoming more harsh. I will continue to urge the Soviet Government to issue visas for families like the Zaslowskij. Pavel and Lena have suffered enough. I only hope they know that we have not forgotten them, but will work until they are reunited with their families here in the United States.●

THE 1981-82 VFW VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM—OKLAHOMA WINNER, SCOTT E. GRIFFIN OF TULSA

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. JONES. Mr. Speaker, it is with great pride that I insert in the CONGRESSIONAL RECORD an essay written by Scott Griffin, a Tulsa high school student. In response to a request by the Veterans of Foreign Wars and its ladies auxiliary, Scott entered the competition for a national scholarship in the Voice of Democracy contest. Inspired by this year's theme, he has written a speech that gives me confidence about our future generation. I commend his words to the House of Representatives and hope that you will enjoy his essay as much as I did.

BUILDING AMERICA TOGETHER

Building America Together. America has long been recognized by outsiders as the freest country on the face of the earth. Our system of government has been hailed as "a monument to the liberty of man". But what prompts this positive recognition from others? What is it that teaches outsiders what Americans have known for years? It's the fact that America has pledged throughout its history to insure every citizen three basic, God-given rights. Those being: life, liberty, and the pursuit of happiness. But how have these freedoms survived domestic struggles, external aggressions, and the inevitable test of time? They have survived due to the fact that there have always been Americans who were willing to help build America, together.

We've been building for over 205 years now, from the very beginning of our country's existence. Shortly after our victory in the revolutionary war, we were faced with the task of building a new nation. It's obvious that we built the best!

We needed to build, and we did build.

Later in our country's history, when our economic productivity was lagging, we had to tackle the problem of equaling ourselves with other nations on the economic and industrial front. Hence, the industrial revolution which would forever alter the course of American productivity.

We needed to build, and we did build.

And we are still building today. In the age of advanced technology and scientific knowledge, Americans are responding with such dramatic achievements as increased computer technology and the flight of the space shuttle. Along these lines, we have produced a computer which can decipher and translate in seven different languages. And the space shuttle Columbia has completed two successful flights already, with a third scheduled for late in the Spring of 1982.

We need to build, and we are building.

But, likewise, in history, whenever we had achieved, we were faced with the task of defending what we had worked so hard to build. We responded in traditional American fashion. We demonstrated this in such conflicts as World War I, World War II, the Korean police action, and Vietnam, in which, in an effort to preserve our interests, more American young men offered their lives than in the Revolutionary War, World War I, World War II, and the Korean conflict combined.

But who were those men who died in service to America? Who were those pioneers of the industrial revolution? Who is responsible for achievements like advancing computer technology and the space shuttle flights? Who is it that really builds America?

Some say that it is the prominent figures in history who are responsible for America's greatness. America has always been blessed with great leadership. Men of the quality of Washington, Lincoln, Roosevelt, and Eisenhower have played an important role in shaping America. Even our present leader, Ronald Wilson Reagan, has pledged from the beginning to act toward building America together. He stressed this in his Inaugural Address of January 20, 1981, in which he said, "let there be no mistake. We are going to begin to act, beginning today."

But great men like these are not the sole builders of America. Picture the building of a house, in which the two most important components are the supervisors and the workmen, for without them, nothing gets done. The supervisors guide and oversee the workmen, but it is the workmen who do the actual construction. Now relate this analogy to the building of America. You have the supervisors: men like Washington, Lincoln, Roosevelt, Eisenhower, and now, Reagan. You also have the workmen: you and me, the woman in the corner drugstore, the never-tiring mailman, and millions of others like us who are helping to build America, together.

And just as in the building of the house the workmen are the essential factor, so are we the essential factor to the building of our nation. The point is this, America: Let's continue on the course of history and, even in our diversity, work toward one common goal—Building America Together!●

DISSENTING VIEWS OF RON PAUL ON MONETARY POLICY

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. PAUL. Mr. Speaker, recently the House Banking Committee filed its semiannual report on monetary policy. Since I have been in Congress, I have filed dissenting views on monetary policy, for I have long believed that our present monetary system guarantees the collapse of the American economy. I would like to insert in the RECORD at this point my latest dissenting views. I certainly hope that this Congress takes the steps that must be taken to avert the more calamitous results of our present paper money system before it is too late.

I was astonished when I read the draft of the Committee's views, for their last paragraph quotes from the Constitution. It is a rare occasion when any Committee takes cognizance of the Constitution, and the majority deserves our commendation.*

But not our highest commendation. I would be more lavish with my praise were the Constitution quoted accurately. The Committee writes, "The Constitution (Article I, Section 8) entrusts to the Congress of the United States the power 'to create money, regulate the value thereof.' If the Federal Reserve should refuse, on its own initiative, to alter its present, dangerous policy, then Congress must exercise its constitutional mandate and its public responsibility."

I don't understand why Congress should defer to the Federal Reserve and postpone performing its "constitutional mandate," but more importantly, that mandate is to "coin" money, not "create" money as the Committee has it.

Article I, Section 8, clause 5 says: "The Congress shall have power . . . to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures." Nothing is said about "creating" money. In fact it was the creation of paper money that caused the authors of the Constitution to use the language they did.

When the Founding Fathers wrote the Constitution in the summer of 1787, they had fresh in their minds the debacle of the paper money printed and issued by the Continental Congress during the Revolutionay War. The paper notes, "Continentals" as they were called, eventually fell to virtually zero percent of their original value because they were not redeemed in either silver or gold. They were "greenbacks," and were the first of three major experiments with "greenbacks" that this nation has conducted.[1] The Continental greenback failed miserably, giving rise to the popular phrase "not worth a Continental."

Consequently, when the Constitutional Convention met in 1787, the opposition to paper money was strong. George Mason, a delegate from Virginia, stated that he had a "mortal hatred to paper money." Delegate Oliver Ellsworth from Connecticut thought the Convention "a favorable moment to shut and bar the door against paper money." James Wilson, a delegate from Pennsylvania, argued that "It will have a more salutary influence on the credit of the United States to remove the possibility of paper money." Delegate Pierce Butler from South Carolina pointed out that paper was not a legal tender in any country of Europe and that it ought not be made one in the United States. Mr. John Langdon of New Hampshire said that he would rather reject the whole Constitution than allow the federal government the power to issue paper money. On the final vote on the issue, nine states opposed granting the federal government power to issue paper money, and only two favored granting such power.

The framers of the Constitution made their intention clear by the use of the word "coin" rather than the word "print," or the phrase "emit bills of credit." Thomas M. Cooley's Principles of Constitutional Law elaborates on this point: "to coin money is to stamp pieces of metal for use as a medium of exchange in commerce according to fixed standards of value."

In his explanation of the Constitutional provisions on money, James Madison, in Federalist No. 44, referred to the "pestilent effects of paper money on the necessary confidence between man and man, on the necessary confidence in the public councils, on the industry and morals of the people, and on the character of republican government." His intention, and the intention of the other Founders, was to avoid precisely the sort of paper money system that has prevailed for the past ten years.

This intention was well understood throughout the 19th century, and was denied only when the Supreme Court found it expedient to do so. For example, Daniel Webster wrote:

"If we understand, by currency, the legal money of the country, and that which constitutes a lawful tender for debts, and is the statute measure of value, then undoubtedly, nothing is included but gold and silver. Most unquestionably, *there is no legal tender, and there can be no legal tender in this country under the authority of this government or any other, but gold and silver,* either the coinage of our mints or foreign coins at rates regulated by Congress. *This is a constitutional principle, perfectly plain and of the very highest importance.* The states are expressly prohibited from making anything but gold and silver a tender in payment of debts, and although no such expressed prohibition is applied to Congress, yet as Congress has no power granted to it in this respect but to coin money and to regulate the value of foreign coins, *it clearly has no power to substitute paper or anything else* for coin as a tender in payment of debts in a discharge of contracts. . . .

The legal tender, therefore, the constitutional standard of value, is established and cannot be overthrown. *To overthrow it would shake the whole system.*" (Emphasis added.)

In 1832, the Select Committee on Coins of the House of Representatives reported to the Congress that "The enlightened founders of our Constitution obviously contemplated that our currency should be composed of gold and silver coin. . . . The obvious intent and meaning of these special grants and restrictions [in the Constitution] was to secure permanently to the people of the United States a gold or silver currency, and to delegate to Congress every necessary authority to accomplish or perpetuate that beneficial institution.

The Select Committee states its conclusion that "The losses and deprivation inflicted by experiments with paper currency, especially during the Revolution; the knowledge that similar attempts in other countries . . . were equally delusive, unsuccessful, and injurious; had likely produced the conviction [in the minds of the framers of the Constitution] that gold and silver alone could be relied upon as safe and effective money."

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*All references to the Constitution, erroneous or otherwise, have been deleted from the final version of the committee report.

[1] The other two experiments were during the Civil War, 1862-1879, and the present period from 1971. The second experiment had a happy conclusion because the Civil War greenbacks were paid off dollar for dollar in gold.

Twelve years later, in 1844, the House Committee of Ways and Means concluded that:

"The framers of the Constitution intended to avoid the paper money system. Especially did they intend to prevent Government paper from circulating as money, as had been practiced during the Revolutionary War. The mischiefs of the various expedients that had been made were fresh in the public mind, and were said to have disgusted the respectable part of America . . . The framers [of the Constitution] . . . designed to prevent the adoption of the paper system under any pretext or for any purpose whatsoever; and if it had not been supposed that such object was effectively secured, in all probability the rejection of the Constitution might have followed."

Later in the century, Justice Stephen Field presciently wrote in the case *Julliard* v. *Greenman* (1884):

"There have been times within the memory of all of us when the legal tender notes of the United States were not exchangeable for more than half of the nominal value. The possibility of such depreciation will always attend paper money. This inborn infirmity, no mere legislative declaration can cure. If Congress has the power to make the [paper] notes legal tender and to pass as money or its equivalent, why should not a sufficient amount be issued to pay the bonds of the United States as they mature? Why pay interest on the millions of dollars of bonds now due when Congress can in one day make the money to pay the principal; and why should there be any restraint upon unlimited appropriations by the government for all imaginary schemes of public improvement if the printing press can furnish the money that is needed for them?"

Justice Field foresaw what would happen in the 20th century when the federal government had used the printing press—and the computer—as the means of financing all sorts of "imaginary schemes of public improvement."

Under the Constitution, Congress has power to coin money, not print money substitutes. Such money is to be gold and silver coin, nothing else. It is significant that this power of coining money is mentioned in the same sentence in the Constitution as the power to "fix the standards of weights and measures," for the framers regarded money as a weight of metal and a measure of value. Roger Sherman, a delegate to the Constitutional Convention, wrote that "If what is used as a medium of exchange is fluctuating in its value, it is no better than unjust weights and measures . . . which are condemned by the Laws of God and man. . . ."

Rather than urging the Congress to execute its "constitutional mandate" to "create" money, the Committee should urge Congress to "coin" money as the Constitution requires. But the Committee recommends instead that "The Federal Reserve should ease the monetary targets in effect for 1982 so as to permit interest rates to fall." The Committee is recommending, to be candid about it, the rapid creation of paper money this year in order to compensate for what the Committee views as its too slow creation last year.

After reading the Committee's Report, it is obvious that inflation is, and will continue to be a deliberate policy of the government. Inflation is not an accident, nor an Act of God; it is a man-made phenomenon, a deliberate policy of this government.

The Committee thinks that "easing the monetary targets" will "permit interest rates to fall." The Committee ignores all the data which show that the market has become so alert to fluctuations in the money supply that increases in the money supply cause interest rates to rise, not fall. In his testimony before the Domestic Monetary Policy Subcommittee, Undersecretary of the Treasury for Monetary Policy Beryl Sprinkel called the attention of the Subcommittee to this phenomenon. But his data have apparently been lost on the majority.

The Committee does state that "the single issue of high interest rates transcends all others in discussion of monetary policy." While it takes no great insight to discern the importance of interest rates, it does take insight to advocate a solution to present interest rate problems.

The history of interest rates under the gold standard is very illuminating for rates ranged between 1 percent and 5 percent depending on the term of the loan. In the last two decades of the 19th century and the first decade of the twentieth century, corporations offered—and sold—100 year bonds at 4 percent and 5 percent. Some even offered—and sold—bonds in perpetuity. Until confidence in our money is restored, interest rates will continue to fluctuate at high rates. The only practical way to restore that confidence permanently is to fulfill our constitutional mandate and institute a modern gold standard.

The Committee dimly recognized that the present interest rate problems are a-historical. The Report states: "Historically, even under the most stable [sic] economic conditions, nominal interest rates have normally been no more than 3 percentage points higher than the inflation rate, resulting in a real interest rate of about 3 percent."

The Committee fails to realize that "historically" the dollar was tied to gold, and even the most tenuous of gold-paper links such as that under the Bretton Woods System seem to stabilize interest rates. Interest rates today are a-historical precisely because our present monetary system is a-historical.

It is time that the Committee examined its premises. There can be no proper monetary policy unless the system is changed. Managing a central bank—and through it the entire economy—is as impossible as squaring a circle. The American people need gold money now. Paper has failed; it will always fail.●

MULTIEMPLOYER PENSION PLAN STABILIZATION ACT

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. RUDD. Mr. Speaker, in 1980 the Congress passed the Multiemployer Pension Plan Act amendments in an effort to stabilize multiemployer pension plans. The effects of this legislation, however, have been anything but stabilizing. Despite the fact that participating employers contributed to multiemployer plans in good faith according to their obligations determined in the collective bargaining process, these amendments hold employers liable for up to 100 percent of their net worth for their unfunded vested liability to a plan.

The multiemployer plans are governed by boards of trustees who set benefits using actuarial data. The boards have no control over employers' contributions and are expected to calculate benefits according to the contributions agreed upon by labor and management. Because of unanticipated economic fluctuations, however, benefit levels set by the trustees can often exceed the agreed upon contributions to the fund.

The 1980 amendments trigger 100 percent employer liability for a number of reasons, including ordinary sales of a business, relocation of a business outside the jurisdiction of the original multiemployer plan, or even union decertification on the part of the employees.

A thorough and expeditious review of the 1980 amendments by the Congress is necessary to protect the solvency of pension plans which are directly related to the stability of contributing companies.

Unless corrective action is taken, the security of participating businesses will be threatened. Individuals will be discouraged from purchasing businesses with a high unfunded liability. Lenders will hesitate to extend loans when high unfunded liability is reflected in a company's financial statement. And, high liability will discourage new participants from joining the plans.

The 1980 amendments will surely have a detrimental effect on participating companies and thus the pension plans themselves and future retirees.

The Multiemployer Pension Plan Stabilization Act was introduced late last year by the gentleman from Tennessee (Mr. DUNCAN) to correct the practical problems caused by the 1980 legislation. I would urge my colleagues to join me in cosponsoring this necessary legislation and protect the hard-earned retirement benefits of American workers.●

WHAT OUR COUNTRY SHOULD BE DOING FOR THE ELDERLY

HON. BILL LOWERY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. LOWERY of California. Mr. Speaker, young people often display wisdom beyond their years as illustrated in the following essays concerning the elderly, written by San Diego city schools' sixth grade students.

I applaud these students' efforts and call the attention of my colleagues to their fine work.

Excerpts from essays by sixth graders follow:

SAN DIEGO ESSAY CONTEST, 1981—WHAT OUR COUNTRY SHOULD BE DOING FOR THE ELDERLY

"When we talk about old age, we talk about our own future * * *. Why not start now as a nation to make old age something to look forward to?"

"We should stop showing them on TV as helpless people or old people who cannot do anything except sit around."

"Most young people hardly ever see or talk to old people except kids who see their grandparents."

"Most elderly people would like a place that is relatively cheap, in a good neighborhood, and crime-free. Places like those are almost extinct."

"After all, elderly people are humans also and can do just as much as anyone else."

"When you have parties, invite some older people around your neighborhood. If there are none, invite your parents or your grandparents."

"Senior citizens * * * deserve a lot of thanks from our whole nation. They deserve a break because they worked hard all their lives and they put a lot of effort into the nation."

"My great-grandmother is 88 years old. She is afraid to live alone but she doesn't want to live with my grandma and grandpa so she lives in a special hotel for the elderly. She doesn't have enough money to pay so my grandparents have to pay for her."

"Keep one thing in mind. It is the beautiful people in them that bring out the people in us."

"We need to ask what THEY want; it's their life. Certainly they have some solutions concerning what we could do to help."

"Elderly people have a lot of talents and our nation should respect those talents by having more jobs for the elderly and making them feel important."

"People should take some time to sit and talk with their grandparents and other elderly people. They should read to them or do a puzzle with them. They will find it's really pleasurable and a lot of fun."

"Last week the class I'm in and another class had a grandperson's day, where we invited our grandparents and some people from an old folks home. We interviewed them. It was a lot of fun."

"I also feel that we should treat senior citizens the way we would like to be treated, because some day the senior citizens will be us."

"For those elderly who are of different language or of different ways of living, some students could go to their homes and teach them English. In return some of the elderly could go to the students' classes and teach their language."

"I think the nation should somehow announce to the businesses that they should give the elderly a chance to show what they can do."

"They should not raise taxes on everyday items like milk, candy, jellybeans, food items or anything because it's not fair to everyday people who pay taxes."

"If the buses can't bring them to the schools, then maybe the buses could take them to a park and the youngsters could meet them there. The park would be full of love."

"Most of the children I talked to before my sixth grade class interviewed senior citizens said they were mean and crabby. Now, they say they're kind and would rather spend hours with them than go and play."

"I think the government should let senior citizens adopt condemned dogs and cats. There was a survey out that said people live longer if they have something to love and get loved back. It is also good protection."

"So next time you see an elderly person, say 'Hello' and make a friend."

"High school students should help the elderly for extra credit in school."

"The president only cares for the elderly that have money but he doesn't care for the middle class or for the poor elder . . ."

"My mom wishes she had enough money so we could go and see my grandfather in Texas."

"I'm sure we all love our greatgrandparents and grandparents but sometimes you can get frustrated with them."

"Our nation should put up more ramps for people in wheelchairs to help them get around."

"For some there is a language barrier which is a true handicap for any age. The government needs to set up some programs so the elderly of another race can learn our language."

"I am positive I would not put my parents in a retirement home if I had a room in my house."

"Maybe after school the children could go to these people's houses and run errands or do certain tasks for them."

"Maybe an agency could be created in which people go and live with lonely elderly. They could keep the elderly company and take care of them."

"Elderly people are individuals the same as young people. Some have a lot of energy and some are very quiet. They should be allowed to express themselves through work and recreation, the same as young people."

"The elderly barely have anything to do so they write books, weave baskets, etc."

"You have more peace when you grow old. No kids to bug you, no dogs barking at the mailman, no blasting TV, no daughters' slumber parties, no sons' rock band practice, no cats yowling, and no phone ringing. Just you. All in peace. Not a care in the world. All the time in the world. Total peace and quiet."

"Elderly people can be maids or butlers for rich people and the rich people would be able to give them a good home if they didn't have one."

"People just don't care. I bet that over 75 percent of the United States don't even know about this essay contest. Hardly anyone cares about problems of the elderly . . ."

"The elderly people should have their own maid so they won't have to do so much of the work in the house."

"Each time an elderly woman or man drives a car slowly, people start getting mad. I think that elderly people should not drive cars because then people will start getting madder and madder."

"Another thing that bothers me is that there are no old people on magazine covers. I think they should show elderly people on magazines . . . it would probably make the elderly people happy."

"We could take shows off the air like 'Three's Company,' 'Cartoon Carnival,' and many more. Then we could fill in their places with things like 'Karate for People Over 60' and 'Fun Activities for People Suffering With Arthritis' and many more. These would interest them and make them feel good."

"I am scared of elderly people because some of the people are mentally sick."

"Why don't they have old people models like in Playboy or any of those model magazines? Because they are not as pretty as they used to be?"

"High schools should offer a program for credit where they learn to care for the elderly such as going to their homes and clean their house or give a bath or even cook for them."

"The elderly don't like to be called old."

"Maybe we could give the elderly jobs that you can do right in your own home like painting, cooking, carving, sculpture, inventions, teaching."

"Some elderly people are very sad. I don't know how our nation could do something about that. But the other people need to be nice with them."

"Growing old should be something you can look forward to but now the way the government and the media are treating the elderly, I don't want to get old."

"I have seen some elderly people looking in the trash cans for food and clothing."

"I think it is wrong to force retirement on people . . . because then we and our nation would be losing and wasting a lot of valuable people. Besides, where would we be today if Mr. Ronald Reagan was forced to retire? Let me tell you: we would be without a president and he would be without a job!"

"Giving the elderly people better housing for less money is probably the most important thing our nation could be doing for them."●

SMALL BUSINESS VITAL; JACKSONVILLE SBA OFFICE COMMENDED

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. FUQUA. Mr. Speaker, I want to go on record in support of Small Business Week in honor of the millions of businesses in this country which are so vital to our national economic wellbeing.

Many do not realize that small business is the biggest business in the country, accounting for 13 million of our 16 million businesses, nearly half of our employment and 48 percent of the total production of goods and services in the Nation.

Studies have shown that nearly 90 percent of the recent new jobs in the country—and we all know how desperately we need new jobs—were created by small business and that two-thirds of the new jobs were created by businesses employing fewer than 20 persons.

In my home State of Florida we are proud that small business—representing 191,000 of our 196,000 businesses—is growing and prospering at a rate equaled by few States. More than 69,000 new small businesses were chartered in Florida in 1981 and we look forward this year to 72,000 new companies being formed in the State.

We credited a great deal of that growth to the invaluable assistance provided to our businessmen by the two Small Business Administration offices in the State, one in Coral Gables and another in Jacksonville.

The Jacksonville office serves the 43 counties of northern Florida, including all 23 within my congressional district.

On a very personal basis I would like to commend Douglas McAllister, district director of the Jacksonville Small Business Administration Office, and his staff for all they have done to make the work of this agency successful in our area of the Nation.

Many times my staff has commented that this office is an example of how Government should work. They are responsive and really care about what they are doing.

Any tribute coming from me would not be complete without a very sincere personal commendation to Mr. McAllister and the Jacksonville SBA Office for the consistently high quality of service and dedication of which I have personal knowledge.

Government should indeed be concerned about the health of small business and I believe the SBA is the most significant evidence of that concern.

In addition to providing business loans and disaster assistance to north Florida, the Jacksonville SBA Office last year completed 5,239 management counseling cases and provided management training and advice to 8,615 small business owners or prospective owners at 303 training courses, workshops, or conferences.

This is the kind of practical assistance to small businesses which helps them survive and prosper and of which we can all be proud.●

TWENTY-FIVE YEARS OF COMMUNITY SERVICE

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. ROUSSELOT. Mr. Speaker, I would like to direct the attention of the House to the outstanding record of community service that is the history of the Methodist Hospital of Southern California, which will soon celebrate its 25th anniversary of service.

The Methodist Hospital of Southern California was founded in Los Angeles in 1903, and relocated to the city of Arcadia during the 1950's. Since the Methodist hospital opened in Arcadia on May 27, 1957, they have provided medical care to 228,223 inpatients, and served 506,193 patients in their emergency room. The Methodist hospital's maternity ward had delivered 32,612 babies during the last 25 years.

In a continuous response to the evergrowing health care needs of their community, the Methodist hospital has added facilities for a paramedic base station, and has expanded from 138 to 345 beds, in addition to establishing numerous technologically advanced services. The hospital is currently carrying out a major expansion and remodeling project, including a 372-car parking structure, and a 62,000-square-foot north wing, to be named the "Walter R. Hoefflin, Jr., wing." This new facility will contain a clinical laboratory, radiology and nuclear medicine department, two intensive care units, and an emergency department.

On May 22, the Methodist hospital's quarter century of contributions to the community will be honored by a celebration in the clubhouse at the Santa Anita racetrack. I think I can speak for the whole House in extending our appreciation, and in wishing the Methodist hospital many, many more years with the friends it has made during the last 25 years of service.●

SMALL BUSINESS—THE BACKBONE OF THE ECONOMY

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. MARKEY. Mr. Speaker, the occasion of Small Business Week gives us all the opportunity to reflect on the vital role of small business in the American economy. This week is also an important time to recognize clearly the serious problems facing small businesses in the Nation, and understand the role of the Federal Government in trying to alleviate those problems.

Mr. Speaker, the importance of small business to our economy has been well documented. Small businesses employ nearly half of all the nongovernment labor force in the United States. Studies have demonstrated that nearly 80 percent of all new jobs created in this country in the last decade were created by firms with less than 50 employees. Small business represents the heart of growth potential in the American economy. Taking Small Business Week to discuss the state of small business is a fitting way to look into the real future of our economy.

Mr. Speaker, Small Business Week falls at a very opportune time, in the midst of the Congress consideration over the Federal budget for fiscal year 1983. While small businesses do not rise and fall solely as a result of Federal fiscal policy, we must recognize our responsibility as national representatives to craft a policy that creates a favorable environment. Unfortunately, the policies pursued by the administration in the last year have created a horrendous climate for small businesses in this country.

Mr. Speaker, the recession begun last July, just after passage of the major elements of the administration's economic program, has had a devastating impact on businesses large and small. Large industries such as housing and automobiles are in a depression-like state, and this has had a reverberating effect on millions of smaller businesses. Unemployment is up to 9.4 percent, the highest level since 1941. In the first quarter of this year, the gross national product shrunk 3.9 percent. And in the last year, the rate of business failures was the second highest since World War II. This calamity must not continue.

Mr. Speaker, President Reagan has called small business the "heart and soul of our free enterprise system." Yet the policies of this administration have reflected a disturbing bias against small businesses. For example, the enormous tax package passed last year was far more beneficial to big business than to small business. And the deficit created by the tax giveaways has resulted in a period of unrelenting high interest rates despite a falling rate of inflation. High interest rates have been disastrous for small business, severely hindering plans to modernize, expand, or start up. Smaller firms lack the access to capital enjoyed by larger firms and the Federal Government.

The administration has also significantly curtailed funding for programs of particular concern to small businessmen. The Small Business Administration is making fewer loans, and the guaranteed loan program has been greatly cut back. The Treasury Department has also slashed the tax-exempt small-issue industrial development bond program, which has been such an important tool of capital formation for smaller firms. With market interest rates intolerably high, preventing small businesses from using IRB's is a crushing blow.

Mr. Speaker, as work progresses on the budget this year, I hope that Congress can put together a program that will create a more favorable climate for small business. Small businessmen represent an important link to our past, and are in many ways an outpost of initiative, risk taking, and independence. The Federal Government should be encouraging these qualities by creating a positive environment for small business. Such a policy is critical to the future health of our economy.●

DON'T INCREASE TAXES FASTER

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. MARTIN of North Carolina. Mr. Speaker, do not increase taxes faster. Taxes are rising fast enough already. Over the last decade, of runaway fiscal spending and rampant inflation, taxes on the American people have risen much faster than inflation. Should not that be enough, Mr. Speaker?

The only reason that $623 billion in revenues is not enough in this fiscal year 1982 is simply because of the unrepentant extravagance of the liberal increases in spending. Even with taxes rising half again faster than inflation, spending for all these Great Society free rides has grown even faster. When can we tell the taxpayers that is enough, Mr. Speaker?

Last night and today, the Democratic dominated House Budget Committee, with its arbitrary excess majority of 18 Democrats and 12 Republicans, has fashioned a partisan budget resolution for the next fiscal year, 1983, which will raise taxes even faster. After 3 months of sniping against the President's budget proposal and his attempts to get Congress to restrain its appetites to tax and spend, it is notable that we finally have a Democratic Party alternative. Now we can look at their proposal: and we see that all it is is higher and higher taxes.

The following table puts the issue in perspective, based on forecasts by the Congressional Budget Office (CBO).

Total revenues:	*Billions*
Fiscal year 1982 current law	$623
Fiscal year 1985 current law	780
Fiscal year 1985 Democratic budget	846

Revenue Increases Over Fiscal Year 1982

Fiscal year 1985:	*Percent*
Current law	25
Annual average	7.7
Fiscal year 1985:	
Democratic budget	36
Annual average	10.8
Forecast average inflation rate	6.7

Mr. Speaker, the first thing that emerges from these facts and CBO forecasts is that taxes are not going down as a result of the 1981 tax cuts; they are going up. All that can be said is that they are not going up as fast. The so-called largest tax cut in history has merely cut the tax increases roughly in half.

The second thing that emerges is that the result of this hard fought tax cut is that tax revenues are still going to rise slightly faster even than inflation. Federal annual revenues thus are going to rise 25 percent over the next 3 years, if we leave the Tax Code unchanged. That is a rate exceeding the consensus forecasts of inflation for that period by roughly one-sixth.

The third thing that emerges is that the budget resolution offered now as the official leadership position of House Democrats does not accept those built in real tax increases as being enough. They want more. They propose to raise taxes by 36 percent over the 3-year period. That is an additional $66 billion in 1985 over and above the $157 billion increase already provided by current law. For some dissidents, even that is not enough. They want even more.

The House majority party's leadership and Budget Committee majority is proposing that taxes rise at an average annual rate two-thirds faster than inflation.

Is that enough, Mr. Speaker?

The only apparent way to stop this restoration of the liberal principle of tax and tax, spend and spend, is for the taxpayers to rise up and put a stop to it. It is time for American voters to tell you, "That is enough, Mr. Speaker."●

THE NEW AMERICAN GOLD COINS

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. PAUL. Mr. Speaker, when it delivered its report to the Congress, the U.S. Gold Commission recommended that Congress enact legislation to resume the minting of gold coins, which ended in 1933. The Commission wrote:

> We favor Treasury issue of gold bullion coins of specified weights, and without dollar denomination or legal tender status, to be manufactured from its existing stock of gold and to be sold at a small mark-up over the market value of the gold content, and recommend that the coins shall be exempt from capital gains taxes and that the coins shall be exempt from sales taxes.

On April 1, Senator HARRISON SCHMITT and I introduced legislation that would carry out this recommendation of the Commission. H.R. 6054, the "American Eagle Gold Coin Act of 1982," provides for the minting of four coins, all bearing the same design, but each containing a different weight of gold: 1 ounce, one-half ounce, one-quarter ounce, and one-tenth ounce.

The coins would be denominated by weight only, just as the first American gold coins were. The first U.S. gold coin, the $5 half eagle, bore no dollar denomination from 1795-1806. The early $10 eagles carried no dollar denominations until 1838. The new American eagles would wisely continue this same practice.

The design of the new American eagle would be the figure of Striding Liberty from the 1908 St. Gaudens' double eagle on the obverse, and the heraldic eagle on the reverse of the Great Seal of the United States on the reverse.

As official coins of the United States, the new American eagles would not be sold as the gold medallions minted under the American Arts Medallions Act are, but exchanged for other official currencies of the United States through the banking systems and money dealers. Just as with Federal Reserve notes and the present clad coinage, there would be no tax imposed on the exchange of such coins, nor any capital gain—or loss—imposed on any appreciation or depreciation in the value of the coins.

The new gold coins would be acceptable in the settlement of private debts, just like any other official money, but unlike other moneys, the coins would not be acceptable in payment of any Federal taxes, duties, or dues.

The coins would not only be minted from the Treasury's own stock of gold, any owner of gold bullion would be able to deliver it to any mint of the United States and receive in exchange an equal weight of American eagles.

Under article 1, section 8 of the Constitution, the Congress is given power "to coin money." The meaning of this phrase is clear but Congress has been ignoring it for the past 70 years, ever since it delegated power to the Federal Reserve System to print money and create credit ex nihilo. For those 70 years we have had the worst depression, inflations, unemployment, recessions, bankruptcy, and interest rates in our history. Nothing we suffered with an imperfect gold standard during the 19th century can compare to the damage our economy has sustained under the management of the Federal Reserve.

The authors of the Constitution wrote article 1, section 8 precisely for the purpose of outlawing the type of monetary system we now have.

When the Founding Fathers wrote the Constitution in the summer of 1787, they had fresh in their minds the debacle of the paper money printed and issued by the Continental Congress during the Revolutionary War. The paper notes, "Continentals" as they were called, eventually fell to virtually zero percent of their original value because they were not redeemed in either silver or gold. They were "greenbacks," and were the first of three major experiments with "greenbacks" that this Nation has conducted. The Continental greenback failed miserably, giving rise to the popular phrase "not worth a Continental."

Consequently, when the Constitutional Convention met in 1787, the opposition to paper money was strong. George Mason, a delegate from Virginia, stated that he had a "mortal hatred to paper money." Delegate Oliver Ellsworth from Connecticut thought the Convention "a favorable moment to shut and bar the door against paper money." James Wilson, a delegate from Pennsylvania, argued that "It will have a more salutary influence on the credit of the United States to remove the possibility of paper money." Delegate Pierce Butler from South Carolina pointed out that paper was not a legal tender in any country of Europe and that it ought not be made one in the United States. Mr. John Langdon of New Hampshire said that he would rather reject the whole Constitution than allow the Federal Government the power to issue paper money. On the final vote on the issue, nine States opposed granting the Federal Government power to issue paper money, and only two favored granting such power.

The framers of the Constitution made their intention clear by the use of the word "coin" rather than the word "print," or the phrase "emit bills of credit." Thomas M. Cooley's "Principles of Constitutional Law" elaborates on this point: "To coin money is to stamp pieces of metal for use as a medium of exchange in commerce according to fixed standards of value."

In his explanation of the constitutional provisions on money, James Madison, in Federalist No. 44, referred to the "pestilent effects of paper money on the necessary confidence between man and man, on the necessary confidence in the public councils, on the industry and morals of the people, and on the character of republican government." His intention, and the intention of the other Founders, was to avoid precisely the sort of paper money system that has prevailed for the past 10 years.

This intention was well understood throughout the 19th century, and was denied only when the Supreme Court found it expedient to do so. For example, Daniel Webster wrote:

> If we understand, by currency, the legal money of the country, and that which constitutes a lawful tender for debts, and is the statute measure of value, then undoubtedly, nothing is included but gold and silver. Most unquestionably, *there is no legal tender, and there can be no legal tender in this country under the authority of this government or any other, but gold and silver*, either the coinage of our mints or foreign coins at rates regulated by Congress. *This is a constitutional principle, perfectly plain and of the very highest importance.* The states are expressly prohibited from making anything but gold and silver a tender in payment of debts, and although no such expressed prohibition is applied to Congress, yet as Congress has no power granted to it in this respect but to coin money and to regulate the value of foreign coins, *it clearly has no power to substitute paper or anything else* for coin as a tender in payment of debts in a discharge of contracts . . .
>
> The legal tender, therefore, the constitutional standard of value, is established and cannot be overthrown. *To overthrow it would shake the whole system.* (Emphasis added.)

In 1832, the Select Committee on Coins of the House of Representatives reported to the Congress that:

> The enlightened founders of our Constitution obviously contemplated that our currency should be composed of gold and siver coin. . . . The obvious intent and meaning of these special grants and restrictions [in the Constitution] was to secure permanently to the people of the United States a gold or silver currency, and to delegate to Congress every necessary authority to accomplish or perpetuate that beneficial institution.

The Select Committee states its conclusion that:

> The losses and deprivation inflicted by experiments with paper currency, especially during the Revolution; the knowledge that similar attempts in other countries . . . were equally delusive, unsuccessful, and injurious; had likely produced the conviction [in the minds of the framers of the Constitution] that gold and silver alone could be relied upon as safe and effective money.

Twelve years later, in 1844, the House Committee of Ways and Means concluded that:

> The framers of the Constitution intended to avoid the paper money system. Especially did they intend to prevent Government paper from circulating as money, as had been practiced during the Revolutionary War. The mischiefs of the various expedients that had been made were fresh in the public mind, and were said to have disgusted the respectable part of America . . . The framers [of the Constitution] . . . designed to prevent the adoption of the paper system under any pretext or for any purpose whatsoever; and if it had not been supposed that such object was effectively secured, in all probability the rejection of the Constitution might have followed.

Later in the century, Justice Stephen Field presciently wrote in the case *Julliard* v. *Greenman* (1884):

> There have been times within the memory of all of us when the legal tender notes of the United States were not exchangeable for more than half of the nominal value. The possibility of such depreciation will always attend paper money. This inborn infirmity, no mere legislative declaration can cure. If Congress has the power to make the [paper] notes legal tender and to pass as money or its equivalent why should not a sufficient amount be issued to pay the bonds of the United States as they mature? Why pay interest on the millions of dollars of bonds now due when Congress can in one day make the money to pay the principal; and why should there be any restraint upon unlimited appropriations by the government for all imaginary schemes of public improvement if the printing press can furnish the money that is needed for them?

Justice Field foresaw exactly what would happen in the 20th century when the Federal Government had used the printing press—and the computer—as the means of financing all sorts of "imaginary schemes of public improvement."

Under the Constitution, Congress has power to coin money, not print money substitutes. Such money is to be gold and silver coin, nothing else. It is significant that this power of coining money is mentioned in the same sentence in the Constitution as the power to "fix the standards of weights and measures," for the framers regarded money as a weight of metal and a measure of value. Roger Sherman, a delegate to the Constitutional Convention, wrote that:

> If what is used as a medium of exchange is fluctuation in its value, it is no better than unjust weights and measures . . . which are condemned by the Laws of God and man . . . .

For decades now, but especially for the past 10 years, we have had a medium of exchange, the Federal Reserve note, which is "fluctuating in its value" and therefore "no better than unjust weights and measures * * * which are condemned by the Laws of God and man." With the issuance of new gold coins by the Treasury, the Federal Reserve's monopoly on money will be challenged. H.R. 6054 represents a major step toward the eventual replacement of our present irredeemable paper money system with a gold based system. Following is the text of the bill:

H.R 6054

A bill to provide for the minting of the American Eagle gold coin pursuant to article I, section 8 of the Constitution of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "American Eagle Gold Coin Act of 1982".

AUTHORIZATION FOR MINTING

SEC. 2. (a) The Secretary of the Treasury shall mint gold coins which shall be referred to as "American Eagles", and which shall be minted as provided in this Act in accordance with the following specifications:

(1) an "Eagle", having a gold content of one fine troy ounce and a diameter of 1.28 inches;

(2) a "Half Eagle", having a gold content of one-half fine troy ounce and a diameter of 1.06 inches;

(3) a "Quarter Eagle", having a gold content of one-quarter fine troy ounce and a diameter of 0.87 inches; and

(4) a "Tenth Eagle", having a gold content of one-tenth fine troy ounce and a diameter of 0.65 inches.

(b) Coins minted under this Act shall be of a fineness of 900 parts per 1,000 of pure gold and 100 parts per 1,000 of alloy. Coins shall not be struck from ingots which deviate from the standard contained in this subsection by more than one part per thousand.

(c) Coins minted under this Act shall bear—

(1) on the obverse side, the design of the 1908 double eagle, together with inscriptions specifying the gold content and the year of minting;

(2) on the reverse side, the reverse of the Great Seal of the United States; and

(3) have reeded edges.

(d) The Secretary of the Treasury may mint the American Eagle coins authorized by this Act in the weights and sizes set forth in subsection (a) of this section, in such quantities as he determines to be necessary to meet public demand.

(e) Notwithstanding section 102 of the Coinage Act of 1965 (31 U.S.C. 392), coins minted under this Act shall not be legal tender for public debts, public charges, taxes, duties, or dues. Nothing in this subsection shall prevent the use of such coins or coins of like weight for the payment of private debts.

DELIVERY AND MARKETING

SEC. 3. (a) Coins minted under the authority of this Act shall be delivered to banks and other institutions and retailers for distribution and sale to the public, pursuant to rules and regulations of the Secretary of the Treasury.

(b) The Secretary of the Treasury shall begin delivery of the one-ounce American Eagle coins authorized by this Act, not later than January 1, 1984, and delivery of the one-half, one-quarter, and one-tenth ounce coins not later than January 1, 1985.

PRICE

SEC. 4. (a) Coins authorized by this Act shall be sold to the public in accordance with section 3 of this Act, at a price to be determined daily by the Secretary of the Treasury, according to their relative weight of gold, equal to the price of gold bullion sold on the Commodity Exchange, Incorporated, New York, at 4 o'clock postmeridian on the previous business day, plus an amount determined by the Secretary to pay for the minting, delivering, and distribution expenses of the coins, and all other related expenses.

(b) The Secretary of the Treasury shall have the power to adjust the seigniorage charge on the sale of all coins authorized by this Act to finance the expenses for minting, delivering, and distributing such coins.

EXCHANGE OF BULLION FOR COINS

SEC. 5. (a) Any owner of gold bullion may deposit such gold in any mint of the United States designated by the Secretary for such purpose and receive in exchange for its relative weight of gold content an equal weight of gold in American Eagle coins, less an amount to be determined by the Secretary of the Treasury to be equal to the charge established pursuant to section 4(a) and any other related expenses.

(b) All gold bullion deposited in any United States mint pursuant to subsection (a) of this section shall be available for the minting of American Eagle coins.

(c) The Secretary may prescribe such regulations as may be necessary to carry out this section, including regulations specifying charges for assay and other related expenses.

TAXATION

SEC. 6. (a) Any gain or loss derived from the sale, exchange, or other disposition of any coin authorized by this Act shall not be recognized as a capital gain or loss under any Federal, State, or local income tax.

(b) Any purchase or sale of any such coin shall be exempt from any Federal, State, or local sales, personal property, or excise tax.●

CHAIRMAN RODINO SCHEDULES EXPORT TRADING COMPANIES BILL

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. HYDE. Mr. Speaker, yesterday I urged my colleagues to join me in calling upon the chairman of our Judiciary Committee to schedule markup of the export trading companies bill.

I have since learned that Chairman RODINO had, in fact, scheduled a markup of this important legislation in our Subcommittee on Monopolies and Commercial Law for May 19.

I wish to commend the distinguished chairman for his leadership in scheduling this important bill which represents a bipartisan initiative designed to help the economy and create jobs.

With Chairman RODINO's guidance, I am hopeful that we will shortly take positive action on legislation that will create jobs, reduce the deficit, and increase the GNP.●

NEWLY FORMED WASHINGTON DULLES TASK FORCE

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. WOLF. Mr. Speaker, I want to bring to the attention of the Members of the House what I believe is a significant event in the effort to create a better balance of air travel service in the greater Washington area.

Yesterday, a new organization to be known as the Washington Dulles Task Force was created. The purpose of this nonprofit Virginia corporation is to promote better air service at Dulles International Airport and to encourage greater utilization of this outstanding airport.

This newly formed task force was developed by the former Dulles Policy Task Force. The Dulles Policy Task Force was abolished Tuesday having accomplished its major objective of assisting in the formation of the Washington Metropolitan Airports Policy which took effect last December. The new Washington Dulles Task Force will have as its primary objective the marketing of Dulles International Airport.

As Carrington Williams, the chairman of the new nonprofit corporation, said at a public announcement Wednesday:

> Now that Washington has a firm airport policy, we need to go out and sell the potential of Dulles to the airlines and promote the new services to the traveling public.

The new Washington Dulles task force intends to encourage future air travel growth at Dulles by making the air carriers aware of the market potential of Dulles Airport. Recent surveys by the Washington Council of Governments and the Fairfax County Chamber of Commerce indicate a major demand for increased service at Dulles by area residents and visitors.

The new task force has set as its goal the doubling of passenger traffic at Dulles Airport by the end of 1985.

The task force planners estimate that 39 percent of the Washington area's effective buying power, 37 percent of its population, and 26 percent of its employment exists in areas most conveniently served by Dulles Airport. They believe that nearly half a billion dollars worth of air travel was generated by those in the Dulles service area during 1981.

The new task force intends to employ a full-time staff with an annual budget of approximately $650,000. Funding for the organization will be provided through private donations and by funds provided for specific tasks by various Government entities. Metropolitan Washington Airports, the proprietor of both National and Dulles Airports, has agreed to provide up to $150,000 during the organization's first year to fund studies of local air service needs that will be useful for both MWA and the Washington Dulles task force. The Commonwealth of Virginia has committed $175,000 for each of the first 2 years of the organization's 3-year life.

The task force will be governed by a 21 member board of directors. Its members will be business organizations and civic groups having an interest in airport development.

It has been a privilege for me to work side by side with the leadership of the Washington Dulles task force to assist in its formation.

The announcement of the creation of the Washington Dulles task force marks not only a historic step in meeting this area's transportation needs but is another example of how the private sector and governments at all levels can and must work together to find responsible solutions to important problems. Given the enthusiasm and dedication with which the members of the Washington Dulles task force have approached this challenge, I am confident that we will continue to make progress toward a safer and more balanced air transportation system for the greater Washington area. Such a system had been a concern of mine for years. I remain committed to working with the Washington Dulles task force and other organizations to develop such a system.

I want to pay special tribute to the leadership of this new task force for their outstanding efforts. Also, I want to recognize the board of directors of the new task force. The directors of the Washington Dulles task force are June M. Bachtell of Leesburg, Charles E. Beatley, Jr., of Alexandria, James C. Cleveland of Reston, Sharon B. Donovan of McLean, Rosalind K. Ellingsworth of Arlington, Stephen L. Gelband of Washington, D.C., Charles G. Gulledge of McLean, Stanley E. Harrison of McLean, John T. Hazel, Jr., of Fairfax, Francis E. Lattin of McLean, R. Robert Linowes of Silver Spring, Philip M. Reilly of Fairfax, Leo J. Shefer of Manassas, Foster Shannon of Washington, D.C., Robert R. Sohl of Leesburg, Stanfield S. Taylor of McLean, John M. Toups of McLean, Leslie E. S. Tuck of McLean, and Carrington Williams of Falls Church.●

WE'VE HAD ENOUGH LEMON ECONOMICS

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. DORGAN of North Dakota. Mr. Speaker, virtually every day in this Chamber we hear orations on the need to get the government "out of our economy" and to return to a "free market."

Sometimes I have to wonder whether those who make these orations know what they are talking about.

Frequently, these very people are the first to violate this principle when the beneficiary of the violation in question is some interest group that they favor.

When the subject turns to taxes, for example, we often stop hearing the "free market" tune. All of a sudden the vocabulary changes to an economic pharmacopiae of "stimulants" and "incentives." They want stimulants for investment. Stimulants for savings. Stimulants for this industry or that.

You name the problem, and they will propose some new tax stimulant that will solve that problem, so they say.

Apparently the free market is not good enough for those who say they believe in the free market. They want to use the power of Government—specifically through the tax laws—to alter this market.

This is economic planning. It is using the powers of Government to determine where investment dollars go and to determine who gains and who loses in our economy.

This kind of under-the-table economic planning has proven to be a lemon. Last year's corporate tax benefits are a prime example. Under the pretense of providing economic stimulus Congress bestowed billions of dollars in new tax breaks upon our major corporations.

Result? The Commerce Department reports that business investment is going down this year rather than up. Many companies are using their new tax-cut largesse not to invest in new plants and equipment, but rather to buy up other companies. This reduces competition and ensnares large portions of our economy in conglomerate bureaucracy and redtape.

That is what we got for the billions we spent on this new stimulus program.

Tax stimulants are not the only form of lemon economic planning in which Congress regularly engages. The Chrysler and Lockheed bailouts stand out as examples of how Congress has used the people's tax dollars to prop up yesterday's failures instead of laying the groundwork for tomorrow's successes.

If the Government is going to get involved in our economy at all, then it should do so in a way that is intelligent. We know that what we are doing now is not working. We know that we cannot go back to the 1920's, where the President would like to lead us. And we know we cannot go back to the 1960's, where many others would have us go. We need a real debate over the kind of economic policy that will enable the American people to have economic stability and prosperity in the decades ahead.

Recently an organization called the Democracy Project held a symposium here in Washington to help to generate such a debate. One of the speakers at this symposium was Prof. Lester Thurow of the Massachusetts Institute of Technology. Mr. Thurow is known to many of us through his books, his magazine articles, his regular columns in Newsweek magazine and his many appearances before congressional panels. Mr. Thurow is one of the most prolific and original economists addressing the American public today.

In his talk, Professor Thurow raised some of the questions which we in Congress must face. For example:

PRODUCTIVITY: STATISTICS VERSUS REALITY

Much of the alleged decline in American "productivity," as that term commonly is defined, has virtually nothing to do with the level of our investment, or how hard we work. Rather, it arises from changes in our life patterns that frequently are beneficial. Energy conservation, for example, has reduced our use of energy, and in some cases has—on paper, at least—reduced the productivity of our utility plants. Obviously, we do not want to start wasting electricity just to improve our national productivity statistics. So what do we do? Do we use some other asset or resource more intensively to make up the difference? Or, do we have to go deeper and change the way we define productivity so that progress does not show up statistically as regress?

FOREIGN COMPETITION

Intense competition from the Japanese and others has squeezed profits for our auto makers. Without their former profit levels, where will they get the capital they need to retool and meet this competition? In Japan, both government and private investment banks provide such capital. Who will provide it here?

RELUCTANT CORPORATIONS

Some of our major corporations do not seem to want to do the job that needs to be done. Our steel industry, for example, desperately needs new and more efficient plants. The steel companies have been blaming their problems on the Japanese. Yet when United States Steel gathered together a stockpile of cash, did it build a new steel plant? No; instead, it went out and bought an oil company. How do we build a healthy steel industry in America if our steel industry itself does not want to build a steel industry?

These are the kinds of questions that we have to start to ask. I am not sure that Mr. Thurow's answers—for example, consumption taxes and Japanese-style investment banks—are the best ones. In some form they might be part of an answer. But at least Mr. Thurow is addressing the tough questions and is not covering them over with a gauze of dreamy economic nostalgia the way the administration is doing.

To get the right answers, we have to start asking the right questions. We need a genuine economic debate. For this reason I offer Lester Thurow's paper for the benefit of my colleagues and the American public.

Part 1 of Mr. Thurow's paper follows. Part 2 will appear in the RECORD on another day.

INVESTMENT BANKING

(By Lester C. Thurow)

By themselves industrial policies are not going to cure America's economic problems. They can, however, play a role in helping to cure America's economic problems and without them, I believe that it will be highly unlikely that America will cure its economic problems.

AMERICA IN A COMPETITIVE ECONOMIC WORLD

The immediate American problems are productivity growth and inflation but they need to be seen in a broader context. For 35 years after WWII the U.S. enjoyed "effortless superiority". It had a per capita GNP far above that of anyone else. Technologically it had a huge lead in almost everything. As late as 1960 only 5 percent of the GNP was exported or imported and international trade could have been abolished without any major harm to the standard or style of life of the average American. America could afford activities, and mistakes, that no one else could afford.

The effortless superiority has disappeared. Economically and technologically the U.S. is simply one among equals and its rate of progress, productivity growth, is well below that of its major economic competitors. Exports have risen to 13 percent of the GNP and the country is importing necessities such as oil. It can no longer afford to spend more on defense and less on civilian investment than its military allies but economic competitors.

While it is a shock to be simply one among equals, it is also more pleasant to live in a neighborhood with other wealthy countries. To catch up, other countries obviously had to have an extended period of time when they grew faster than the United States. But there inevitably comes a time, and it is now, when the U.S. has to accelerate its economic performance to keep up with the rest of the industrial world.

There is no turning back to the "good old days" of unfettered capitalism as the Reagan administration wishes. The good old days simply weren't that good. Before or after the New Deal, the U.S. has never had the sustained productivity gains now being achieved by Japan.

To keep up in the future, the United States is going to have to develop new institutions and new ways of accelerating economic growth. Things that "can't" be done have to be done if we are not to decline relative to the rest of the world as the U.K. has declined over the past 80 years.

PRODUCTIVITY VERSUS INFLATION: A MATTER OF PRIORITIES

Opinion polls show that inflation is the country's number one problem in the minds of the public, but inflation is not the number one economic problem. With productivity falling, as it is, inflation could stop; yet the American standard of living would still be falling both absolutely and relatively. Conversely if productivity were growing, the standard of living would be growing regardless of the rate of inflation.

Given the political popularity of anti-inflation rhetoric, policy makers are apt to embark on crusades against inflation that are both unwinnable and counterproductive. The monetary brakes are applied with a limited effect on inflation but a major effect on stopping the investment necessary to help alleviate the productivity problem.

As long as productivity is falling there is no realistic cure to the inflation problem. With falling productivity the only noninflationary wage increase is a wage decrease. What are the chances that any modern democratic industrial society can hand out wage decreases year after year? Politically it is just easier to hand out money wage gains and then let inflation deliver the bad news that real purchasing power is down.

But it is also true that no industrial policy can work in the midst of restrictive monetary policies. Slow growth, high interest rates, rising unemployment are just not an environment where pro-growth policies of either the micro or macro kind can work. If we aren't able or willing to devise an alternative to monetarism for fighting inflation or to put the anti-inflation fight on the back burner until the productivity problem is solved, we might as well not talk about industrial policies.

THE DECLINE IN PRODUCTIVITY

Productivity growth is like a gold mine. Some smart or lucky prospector finds a vein of high grade ore that is then followed down into the bowels of the earth. But eventually every vein of ore peters out. To keep the same or an increasing volume of gold coming out of the mine, new veins of ore must continually be found.

Similarly the cessation of American productivity growth cannot be traced to stupid or lazy miners. Old low grade veins of productivity ore simply haven't been replaced with new high grade finds.

For example, when American productivity was growing at 3 percent per year, the productivity of electrical and gas utilities was growing at more than 6 percent per year. Utility productivity is now falling at the rate of 1 percent per year. This change alone explains 10 percent of the slow down in American productivity. What happened?

The answer is simple. In utilities most of the hours of work are involved in maintaining the distribution network. As long as every home and factory is demanding more energy, productivity rises rapidly. More kilowatts are being delivered, but the same number of hours are needed to maintain the distribution network. But conversely when the demand for energy goes down because energy prices are up, the same number of hours are needed to maintan the lines and productivity falls.

The utility productivity problem is not curable. Some other new source of productivity problem is not curable. Some other new source of productivity growth must be found to offset the declining producitivity in utilities. Other source of the decline, such as the decline in mining productivity, the end of the shift out of agriculture, and the rapid growth of services are of a similar character. They cannot be cured. New sources of productivity growth must be found.

The Reagan administration has focused on inadequate investment as the sole cause of the productivity problem. Most studies only trace 20 to 25 percent of the productivity slowdown to inadequate investment, but the problem is not that Americans are investing less. While productivity was growing at more than 3 percent per year from 1948 to 1965, Americans were investing 9.5 percent of the GNP in private plant and equipment. While productivity was falling at the rate of 0.3 percent per year from 1977 to 1980, Americans invested 11.4 percent of the GNP in private plant and equipment. Investment went up 20 percent while productivity died. Why?

The solution to the puzzle is simple. Because of the baby boom 20 years ago the labor force is growing very rapidly. Plant and equipment per worker is falling even though the capital stock is growing faster. With a falling capital-labor ration, falling productivity is no great surprise. But the solution is not to return to some virtuous past when Americans invested more (there never was such a past) but to raise American investment to levels that it has never achieved.

STIMULATING SAVINGS AND INVESTMENT

When it comes to the investment the Reagan administration has solved half of the problem. For all practical purposes the July tax cut abolished the corporate income tax. Everyone agrees that businesses will invest more without the corporate income tax unless it is squeezed off with high interest rates.

But high interest rates are precisely what will occur if policies are adopted to stimulate investment without at the same time adopting policies to stimulating an equivalent amount of savings. The Reagan answer to the savings problem—a 25 percent across-the-board income tax cut—isn't an answer. Americans are apt to do what they have been doing—saving 5 percent of their income and consuming 95 percent of their income.

Americans savings rates must go up, but it is not necessary to engage in inefficient inequitable "trickle down" economics. The necessary savings is not going to be found by slashing the income transfer payments of the poor to pay for tax cuts for the rich. Including both earnings and transfers the poorest 20 percent of the population has 4.2 percent of total income. To compete with competitors such as Japan on an investment per worker basis, a lot more than 4.2 percent of total income will have to be moved from consumption to investment. This means that some of the necessary cuts in consumption are going to have to be allocated to the middle and upper classes—a fact of life recognized by Mr. Stockman in his famous Atlantic article but not yet faced up to by the President.

To discourage consumption and promote savings while distributing the burden across the income spectrum the present tax structure should be replaced with a system of progressive consumption taxes. The income tax should be converted to a progressive consumption tax by establishing unlimited Keogh accounts. Keogh accounts are now available for the self-employed to save for their retirement. Money put into the accounts may be deducted from income but is taxed when withdrawn. If such accounts were available to anyone for any purpose for any length of time, the income tax would instantly become a consumption tax. A family earning $50,000 and saving $5,000 would pay taxes on $45,000 while a family taking $5,000 out of its savings accounts would pay taxes on $55,000 at progressive rates.

The payroll tax used to finance Social Security should be replaced with a progressive value added tax. Workers should be encouraged to buy their pensions cheap by consuming less than their entire income. Liberals have traditionally objected to the VAT on the grounds that being a comsumption tax it levied a larger tax rate on the poor than the rich. This is easily cured if the value added tax is combined with an income tax credit. With a 10 percent tax and a $1,000 income tax credit, the $10,000 family would pay $1,000 in taxes as it spent its income, but get the $1,000 back as an income tax credit. The $20,000 family would pay $2,000, get $1,000 back and be a net taxpayer of $1,000. And so on up the income scale.

It is of course imperative to avoid the Thatcher mistake and take the value added tax out of the Consumer Price Index before shifting to the value added tax. If the value added taxes are in the Consumer Price Index and wages are indexed to it, the only result is an explosion in inflation.

Since most individuals will only save if they cannot get the things that they want without savings, it will be necessary to eliminate the tax deductibility of consumer and mortgage interest and to increase minimum down payments. If interest payments are tax deductible while interest earned is taxable and if no down payment is required to get what you want (in the United States homes can be bought with no down payment), it isn't rational to save.

It will also be necessary to raise national savings with public savings. This means large budget surpluses rather than the large deficits scheduled under Reaganomics. The proposed Reagan budget deficits are bad not because they cause inflation but because they reduce national savings.

Politically none of the necessary changes are now feasible, but the ground must be prepared for them over the next three years just as the ground was prepared for the Kemp-Roth Reagan tax cuts over the past three years.

Here again unless the U.S. can do something to dramatically raise savings by a large amount, it is useless to talk about industrial policies. Current supplies of savings simply aren't adequate to finance any new industrial policy.

INSTITUTIONAL CHANGES

There are going to have to be institutional changes as well as efforts to increase the quantity of physical capital and the quality of human capita. Other successful economies are marked by aggressive investment banking—usually government backed. For all practical purposes the U.S. does not have investment banks. There are institutions, such as Morgan Stanley, bearing the name but none of them have major amounts of money that can be committed to long run investments. They are instead middle men between potential industrialists and investors.

The problem is now visible in the auto industry. Because of Japanese competition, auto producers cannot raise prices to finance needed investment. But without the new investment they won't be able to build a competitive car to fend off the Japanese. Unless some new technique can be found for infusing the industry with capital, it will simply go out of business. But autos are not a sunset industry that America can afford to discard.

Compare what is going on in the auto industry with what did go on at Mazda after the 1973-74 oil shock. Mazda had been gearing up to conquer the auto world with the rotary engine car. It might have succeeded but the price of gasoline went up and the one weakness of the rotary engine car was its bad fuel mileage. Suddenly the companies sales plunged and it was for all intents and purposes broke. What happened? The banking system (government) absorbed much of the losses on the economically obsolete rotary engine plants and the firm was lent billions of dollars to redesign and retool for a conventional piston engine car. After a number of years the company was able to turn the situation around and once again became a powerful competitor in the auto business. But during the interim period, the company was carried by the banking system. What would have happened to Mazda in the U.S.?

A similar problem is visible in steel. The steel industry probably should go out of business as a producer of hundreds of millions of tons of raw pig iron, but it ought to be rejuvenated as a high technology steel industry. The industry might be much smaller but it would still play an important role in the U.S. industrial life. How is this to come about in the context of foreign competition and a "big" steel industry that is clearly interested in getting out of steel. Mini steel mills will play an important role, but there is also probably room for a new integrated big steel mill to produce the products that cannot be produced in mini steel mills. If such a mill costs $3.5 billion, how is it to be financed? U.S. Steel just put the money that it had set aside for a new steel mill into Marathon Oil.

The semi-conductor industry is on the edge of the same problem. The industry is shifting from low capital intensive technologies to much higher levels of capital intensity. At the same time it is in competition with Japanese firms. The normal American way to finance the necessary shifts in technology would be to accumulate internal savings from current profits to finance the plants necessary to produce the products of the future. But with competition that holds prices down and does not need current savings to finance plants for future expansion, there is no way that the traditional American pattern can work. To rely on it is simply to give up the semi-conductor industry to the Japanese.

Consider robots. Why do the Japanese have two-thirds of all of the robots in the world? The answer is clear. One, they save enough to afford them but two, government has played an active role in promoting the use of robots. What problem do you have if you are a producer of robots? It is difficult to sell enough robots initially to get the overhead economies that permit low per unit costs. What problems do you have if you are a potential buyer of robots? You are not sure how productive they will be and if you can repair them. You want to buy one or two to experiment, but not very many. MITI and the Japanese banking system stepped into this situation to organize a government backed leasing company. The company guaranteed the producers sales of a certain level and leased the robots on a short-run basis to industry. No overt cost subsidies were given, but the leasing company took much of the risk. If robots had not worked, it would have been left with millions of dollars in unusable robots. Social actions were taken to reduce private risk. This is essentially the role that industrial policy should take.

Society should not subsidize the private sector, but is should take actions to lower private risks.

But the real case for private and public investment banks is not even that we need them, but that we are gradually creating an inefficient system of congressional investment banking. It should be replaced with a more efficient and overt system of investment banking that organizes a sharing of the risks without the political pressures of congressional special interest groups.

Think of recent congressional investment banking actions. Lockheed and Chrysler are two examples of congressional investment banking designed to bail out failing companies. The Alaskan natural gas pipeline act was an example of congressional investment banking designed to get a large project underway. Whatever you think about the rights and wrongs of these actions, it is clear that we need a different mechanism for dealing with the demands that led to those congressional actions.

To be against private and public investment banking is simply to be in favor of a highly politicized and inefficient congressional investment banking system. ●

VOLUNTEERING IN GOVERNMENT ACT OF 1982

HON. MICKEY EDWARDS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. EDWARDS of Oklahoma. Mr. Speaker, today I have introduced the Volunteering in Government Act of 1982, a bill to open more doors of opportunity for volunteers in the United States. Along with my colleagues, Mr. CONABLE and Mr. TAYLOR, I am excited about the prospect of creating a thriving volunteer work force within the Federal Government.

Currently, Federal law prohibits the acceptance of volunteer services by the Federal Government, except in specifically exempted agencies such as the National Forest Service and the Federal Emergency Management Administration. This antiquated law, approved at the turn of the century, has been allowed to obstruct the volunteer spirit for too long.

No reasonable explanation exists to deny people the opportunity to volunteer in Federal programs, as long as their service is needed, their tasks are appropriate for voluntary action and protections exist for Federal employees. All three of these safeguards are expressed within the language of the Volunteering in Government Act.

The Volunteering in Government Act affords all executive agencies of the Federal Government permission to accept volunteer services. The bill limits the amount of funds which can be expended on behalf of these programs and also encourages agencies to consider voluntarism when awarding grants to private organizations.

One of President Reagan's goals for his task force on private sector initiatives is to identify areas in all aspects of American life where volunteer resources can be used or used more extensively. Joining this effort, businesses, foundations, charities, State and local governments, churches and civic organizations are aggressively working to expand charitable contributions and volunteer services. This vibrant effort on behalf of voluntarism has lead to important discoveries. While we all knew that volunteers run fire departments and fold bandages at the Red Cross, we perhaps did not know that they also conduct research, provide financial counseling, tutor the young and the disabled, assist with health examinations, and operate computers. And, we have discovered that volunteers are attorneys, doctors, construction workers, teachers, artists, housewives, college students, and retirees.

By approving the Volunteering in Government Act, Congress will make it more possible for these and other Americans to contribute their time and talents on behalf of others through programs administered by the Federal Government.

In the coming weeks, I will be communicating to my colleagues in the House some further examples of the array of volunteer service opportunities which could be made available through enactment of this legislation.

On behalf of my cosponsors and myself, I urge the support of all Members of this body for the Volunteering in Government Act of 1982.●

LOWER TAXES

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. COLLINS of Texas. Mr. Speaker, lower taxes means more business, more progress, and more jobs. Incentive and profit from capital stimulates and puts money to work.

Time magazine summed up well the facts about "Risking Capital." When you cut taxes, business grows. Here is the Time article:

RISKING CAPITAL

> In 1969 Congress increased from 25 percent to 49 percent the maximum tax on long-term capital gains—the profit made by an investor on the sale of stocks, real estate and other property. The effect was devastating. In 1969, $171 million was amassed in venture capital. By 1975 the amount had fallen to just $10 million.
>
> In 1978, however, Congress rolled back the capital gains tax rate to 28 percent. With the potential payoff increased, investors were again willing to take a risk. Last year $1.3 billion in venture funds was accumulated, more than 100 times the amount of only six years earlier.●

ROBERT M. EBERHARDT TO HEAD DUCKS UNLIMITED

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. SHUMWAY. Mr. Speaker, it is with both pride and pleasure that I share with my colleagues the fact that Mr. Robert M. Eberhardt of Stockton, Calif., will assume the presidency of Ducks, Unlimited, Inc. an extremely worthwhile conservation organization which has literally worked wonders in the four decades of its existence. On May 19, in Reno, Nev., Bob Eberhardt will accept the gavel of responsibility which accompanies his new position. It would be difficult to find a more qualified man for the job.

As my colleagues may know, Ducks, Unlimited came into existence at a time when the Nation's resources and waterfowl in particular were experiencing abuse as a result of both man and nature. In 1937, the organization began its effort to rescue the dwindling numbers of ducks and geese from inevitable extinction. Ducks, Unlimited realized that the key to success would lie in providing appropriate habitat for waterfowl. Since more than 70 percent of all North American continent waterfowl originate in Canada, Ducks, Unlimited undertook the task of restoring and rehabilitating the wetlands in the Canadian prairie provinces. American sportsmen and conservationists provided the needed funding for this effort and, to date, Ducks, Unlimited has completed 1,585 wetland projects—projects which provide the added benefits of flood control and irrigation in addition to habitats for waterfowl. Ducks, Unlimited has made almost $68 million available for wetland development throughout its history. Over 285,000 individuals belong to Ducks, Unlimited, which can truly be termed an international conservation organization.

Obviously, the man who heads such a program must be of the very highest caliber in the realms of leadership, decisionmaking, and financial management. Such a man is Bob Eberhardt, a native Californian who presently serves as president of the Bank of Stockton. A graduate of the University of the Pacific, Bob Eberhardt has a roster of civic and professional involvements which is far too long and impressive to itemize at this time. He has served as president of both the California Bankers Association and the Independent Bankers Association of northern California, and as director of the Western States Bankcard Association. He has also served as vice president of the American Bankers Association for the State of California. Outside of his own profession, Bob serves as chairman of the Board of Regents of the University of the Pacific, a position he has held since 1975. He is a member of the Stockton Sportsmen's Club, the Greater Stockton Chamber of Commerce, and has served as a commissioner for the Port of Stockton. He served on the Board of Trustees of the San Joaquin County Pioneer Museum, and was president of his alma mater's Pacific Athletic Association.

In 1976, Bob Eberhardt received the coveted "Mr. Stockton" award from the Stockton Board of Realtors, and in 1980, he was awarded the Rotary International Club's Paul Harris Fellowship Award. His involvements and memberships cover a wide range of interests, and his outstanding efforts and fine leadership have benefited groups from the Boys Club to the Credit Bureau, the Navy League to the Exchange Club.

Most importantly, however, an individual who heads Ducks, Unlimited must be a conservationist and an outdoorsman. Bob Eberhardt most assuredly qualifies! He has been actively involved with Ducks, Unlimited for an extended period of time, serving as area chairman of the San Joaquin Chapter of Ducks, Unlimited from 1971-75, and as California State chairman in 1975-76. From 1977-79, Bob Eberhardt served as South Pacific regional vice president of Ducks, Unlimited, and he has been senior vice president of the Pacific Flyway since 1979. He serves on Ducks, Unlimited's finance committee, as well as the development committee. In short, few men understand Ducks, Unlimited's goals and objectives as well as Bob Eberhardt, and few are as qualified to assume the leadership of this remarkable organization.

I congratulate the membership of Ducks, Unlimited for the wisdom they have demonstrated in selecting Bob as their leader, and I certainly congratulate Bob for his success. Hopefully, his tenure as president will be rewarding and fulfilling, marked by even greater accomplishment and preservation of our precious natural resources.●

SMALL BUSINESS WEEK

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. IRELAND. Mr. Speaker, this week is Small Business Week. I am pleased to be able to join with my colleagues to salute the true holders of the American spirit's flame—the small business community.

Small business is a combination of social values, a pattern of civic life, a free society, and a healthy competitive community. It is the small business person who is the foundation of his or her hometown's growth and development.

The small business person is in some respects in an enviable position. If one is to believe the folklore that surrounds small business, it has few enemies and most small business people are in fact some sort of heroes. For the small entrepreneur represents the independence, freedom, and perseverance that has long represented the American way of life.

Out of the group of small revolutionary producers of the 18th century rose the American dream. It was a dream of progress and freedom moving everyone toward new and higher fulfillment. At the center of this movement was the ideal of the liberty and equality of people who could own their own means of livelihood.

While businesses grew larger, the beginning of the 20th century saw new, more well-to-do captains of industry emerge as hero types. Through their audacity and ambition a new society was shaped. Unfortunately world war and severe economic depression set in. There followed a second world war. Large businesses, aided in part by the Government defense contracts, assumed a greater role and share of the economy. Recognizing that small business was suffering, the House of Representatives created a Select Committee on Small Business. Today that committee is a full legislative committee and I am proud to serve as the chairman of its Subcommittee on Export Opportunities and Special Small Business Problems. As chairman, I have found that much needs to be done. Small business is up against it in many areas.

Other countries are ahead of us in helping small business. Belgium and Canada have Cabinet-level ministers for small business. France has designated financial institutions which may pay up to 90 percent of an invoice owed small business by the Government. West Germany permits capital assistance to small businesses. What other countries have done we can do too, and better, and we will.

Small business is the cutting edge of competition; small business is the Nation's job creator; small business is the vanguard of innovation and invention; and small business is the source of the free enterprise leadership. America needs its creative entrepreneurs. Small business today is in a vise squeezed by the power of big labor, big business, and most all, big government. We must come to grips with the forces threatening small business. If America will save small business, small business will save America.●

SUPPLY-SIDE ECONOMICS

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. SOLOMON. Mr. Speaker, with all the doom and gloom about budget deficits and the state of the American economy, I think we should look at it from another view.

Warren Brookes, one of the most respected economic analysts in the United States, recently noted that tax revenues for the fiscal year 1982 are coming into the Treasury a lot faster than anyone predicted. In fact, Mr. Brookes thinks the deficit for this year will be substantially less than the $100 billion or so estimated by mainstream economists.

Although any Federal budget deficit is too much, the fact that it will be less than predicted seems to indicate that the basic assumption of supply-side economics is working. Tax rate reductions do not result in tax collection reductions. Or at least they do not have to.

I urge all my colleagues to read the following article, which was written by Mr. Brookes and distributed by the Heritage Foundation. It should give us all second thoughts as we consider whether or not to raise taxes.

WILL 1982 FEDERAL DEFICIT BE SMALLER THAN ADVERTISED?

(By Warren T. Brookes)

Barring a real depression, the federal deficit is going to be a lot smaller this year (1982) than the $99 billion the administration is now predicting—perhaps as much as $25-to-35 billion smaller.

That's the unmistakable message, not from the economists or the computer models, but from the actual trend in revenues and outlays for the first five months (October to February) of the 1982 fiscal year (See table).

This trend shows that while outlays have been running about 10 percent above last year (as projected), revenues have been rising at a steady 13-percent rate over 1981, despite both the tax cuts in place and the recession. That is nearly triple the 4.6-percent rate of growth forecast by the administration.

If this trend continues for the balance of the year, total revenues (even allowing for the $9 billion to be lost through the July tax cut) could easily exceed $660 billion, leaving a projected deficit of around $65 billion—or not much more than the 1980 and 1981 figures.

Even if this revenue-growth rate (which has persisted right through the dismal month of February) were immediately cut in half, to about 6-percent, the deficit would still be in the $75-billion range, some $24 billion below administration estimates.

Put another way: in order for the revenues to fall to the level forecast by the administration, there would have to be no growth at all over the 1981 figures for the balance of the year. There is simply no modern precedent for such a sudden huge drop in the income growth rate.

Since inflation is still running about 6-to-7 percent, and personal income is still growing at a 9-to-10 percent rate, and Social Security is benefitting from a huge 1982 tax increase, it seems highly unlikely that the revenue gain for the last seven months will fall below the 7-to-8 percent range.

This automatically means a deficit of some $25-to-35 billion below what both the Office of Management and Budget (OMB) and Congressional Budget Office (CBO) are now projecting for the current fiscal year, and a higher level of revenues this year could change all the deficit numbers down the line in 1983 and 1984—for the better.

So far, no one is willing to confirm or deny this pleasant possibility. We can't even get the Treasury or OMB people to talk about it. Congressman Jack Kemp (R.-N.Y.) told us, "Federal revenues are definitely coming in at a faster rate than anyone had predicted. It is a reminder that in fact the real tax cuts have yet to take effect, and that the tax burden on the nation is still rising, not falling, despite all the protests."

Kemp's economic adviser on the Republican Conference, John Mueller told us, "The Treasury officials we have talked to are surprised at the revenue growth so far. We're watching this closely, because if the trend continues, then the deficits will be smaller."

However, Merrill Lynch economics budget-watcher Joe Carson warns us that "the revenue uptick so far can be explained primarily in terms of higher corporate and excise tax revenues—both of which will fall because of the weak economy and lower oil prices. We expect this temporary lift to be washed away over the next seven months. Still, the five-month trend is puzzling.

"If the March and April figures continue this trend, then we could all be forced to change our estimates," Carson told us.

One point can be made without fear of contradiction: despite all the brouhaha over "massive tax cuts" and "massive spending cuts," the federal government's spending and taxing are still growing faster than the annualized rate of inflation, by a huge margin. Since October the Consumer Price Index (CPI) has been rising at a 4.6-percent annualized rate. Spending is now double that rate; and revenues are growing at nearly triple the inflation rate. While both figures have been cut substantially from the simply monstrous increases of the Carter era, neither one reflects "austerity."

What is interesting is to speculate about the possibility that OMB and the administration well understand the implications of these higher revenue trends, and are waiting to tell us, along about June or July, that in fact the budget deficit will be much smaller than they predicted ("because of strong revenue growth"). And they will use this signal to help lower interest rates and "tone up" the economy for the fall elections.

In the meantime, there is another more-sinister view: the OMB faction within the administration which is pressing for higher taxes and big cuts in both defense and Social Security, are deliberately downplaying the positive revenue trends to keep pressure on both Congress and the president for compromise.

If that's the case it is a dangerous game, because in the interim the uncertainty is keeping interest rates high, and the economy perilously sluggish. If there is a chance that actual revenue trends are leading toward a smaller deficit, the administration had better own up to it now, and try to reassure the nervous nellies in the bond market.

FEDERAL DEFICIT TRENDS 1981-82

[Dollars in billions]

	Fiscal year—			Percent change
	1981	1982		
For February (actual)				
Outlays	$53.75	$57.82		+7.6
Revenues	38.13	43.04		+12.9
Deficit	15.62	14.78		-5.4
For first 5 months (October to February actual)				
Outlays	271.88	297.96		+9.6
Revenues	216.28	244.3		+12.9
Deficit	55.61	53.66		-3.5
Full year (projected)				
Outlays	657.2	725.3		+10.4
Revenues	599.3	626.8	[1] (660.1)	+4.6
Deficit	57.9	98.6	[1] (65.2)	+72.1

[1] Projection based on historical budget trends at the 5-mo mark, less allowances for further tax cuts (July 1982) and adjustments.

Source: Treasury, for actual data OMB for projections.●

MICHIGAN 15TH DISTRICT POLL RESULTS

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. FORD of Michigan. Mr. Speaker, as an indication of how concerned the residents of the 15th Congressional District are with the plight of the economy and how it and the severe cutbacks in the Federal budget have impacted their lives, I received more responses to my 1982 questionnaire than ever before. The input I have received from these questionnaires during the 18 years I have been honored to serve in the Congress has been extremely useful in helping me gage my constituent's positions on the issues before the House of Representatives.

By far the most compelling message I receive this year was the overwhelming concern throughout the district over jobs and unemployment. With Michigan's statewide unemployment rate at 15 percent and that in western Wayne County in the range of 20 percent efforts have been intensified to bring more jobs in southeastern Michigan and the rest of the State. Therefore, when I asked my constituents whether they believed more defense work should be directed to our State to provide more jobs and stimulate the economy, 86 percent responded affirmatively. To confirm their heightened interest, approximately one-third of the respondents independently listed unemployment as their top priority.

This year, I made a special effort to poll Government classes of high schools throughout the district. And the students' response was very similiar to that of their parents with 95 percent agreeing that more jobs should be funneled into Michigan. More than half of the students listed unemployment as their foremost concern.

A 59-percent majority finds itself in worse financial shape after 1 year of Reaganomics, while only a small portion—11 percent—see themselves as being "better off." At the same time, 23 percent gage themselves as being in about the same position as they were last year at this time. A significant majority of those responding—75 percent—do not believe the administration's tax cut will help the economy recover.

Three-quarters of my constituents support legislative initiatives I have cosponsored to assist the ailing auto and steel industries. They agree with me that quotas should be instituted to limit foreign automobile and steel imports to the United States. They also feel strongly that a significant percentage of parts in automobiles should be made in the United States.

In the area of environmental protection, almost half of those polled believe we should retain the current level of environmental safeguards. One-third would intensify environmental protection, while 16 percent would recommend cutting back in this area. Polled on the same question, 61 percent of the students surveyed would increase efforts toward environmental protection.

Twice as many respondents do not think the State of Michigan or the local government can shoulder more of the burden of funding education programs without raising the State income tax or local millage levels, than those that do. And twice as many are opposed to the Federal Government withdrawing its commitment to funding for elementary-secondary education programs and student financial aid.

Students, by large margins, supported Federal aid to college students and for elementary and secondary school programs.

The Federal Government should assist local communities in fighting crime according to 58 percent of those who replied, while 29 percent believed local officials should not be aided in this effort.

Crime control is of greater concern to the student population than their parents—71 percent of the students asked indicated they thought the Federal Government should be doing more to help fight crime locally, while 58 percent of their parents opted for this position.●

SECRETARY-GENERAL'S ADDRESS AT INAUGURATION OF INSTITUTE FOR EAST-WEST SECURITY STUDIES

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. DERWINSKI. Mr. Speaker, it was my pleasure to participate in the inauguration of the Institute for East-West Security Studies which was held in New York City on April 21. I also had the honor of introducing His Excellency, U.N. Secretary General Javier Perez de Cuellar. Secretary-General Perez de Cuellar's remarks were dramatic evidence of the special talent and energy which he brings to the awesome assignment which is now his. I insert his address at this point:

Following is the text of an address by Secretary-General Javier Perez de Cuellar at the inauguration in New York this evening of the Institute for East-West Security Studies:

Let me first thank Congressman Derwinski for his kind words. I appreciate your inviting me to speak on this occasion and I extend sincere congratulations to the Board of Directors for the establishment of this Institute. It is an undertaking of great importance as it can help bring clarity to an area of international relationships which is crucial to the maintenance of peace.

I would like, in the beginning, to focus on the word "security" in the title of this Institute. National security has always been, and will continue to be, the foremost concern of Government everywhere. History has provided examples enough of instances when the neglect of security gave rise to war and subjugation. However, history does not provide an accurate guide for determining how security in this last quarter of the twentieth century can best be obtained. This, I presume, will be a major theme of the discussions that will take place and the papers that will be written here. There are two propositions I would like to stress in this regard.

The first is that the primary idea behind the establishment of the United Nations is that there can be no assurance of national security without a system of collective security and that collective security, in turn, cannot be made to rest on the power factor alone. If we have learnt anything from contemporary political experience, it is that security is not to be viewed in purely military terms. For what, after all, is security? No matter how sophisticated our analyses might be and whatever be their context, there is no getting away from the fundamental fact that security means not only practical immunity for external aggression but also freedom from fear and confidence in the stability of the world order.

The workings of power politics have not brought security in this sense to any nation, great, medium or small. Two world wars had served to underscore the lesson that freedom from the apprehension of war can be assured only by the renunciation of the threat or use of force in international relations. Moreover, it was not an utopian idealism but a perception of the roots of conflict that made the framers of the United Nations Charter conjoin justice with peace. They knew what we are all too often prone to forget that only those adjustments of explosive international situations can prove to be lasting which are in conformity with the principles of justice and international law. It is a cornerstone of the Charter that all Members of the United Nations shall settle their international disputes by peaceful means in such a manner—and this is explicitly laid down—"that international peace, security, and justice, are not endangered".

This is a comprehensive—and I would add, the only viable—notion of security which takes into account the dynamics of international relationships. A vast gulf separates it from the fragmented view that regards security in terms of a mathematical relation between the weapons systems and military capabilities of one great Power vis-a-vis another. The kind of security which flows from a balance of power—or, more accurately, balance of terror—is inherently unstable. Thanks to modern military technology, the point at which deterrence of aggression is supposed to be gained through the acquisition and deployment of weaponry never remains stationary. The perpetual escalation of arms race demonstrates this truth most convincingly. It is because of the prevalence of the view of security as something that can be obtained by a superiority of military power, or even a parity of strength between two potential adversaries, that a steadily increasing proportion of the world's resources, desperately needed for development, is being squandered in the pursuit of an ever elusive and ever receding goal. Regardless of how we add to it, power alone fails to bring complete security. Even on a pragmatic view, therefore, a movement towards disarmament is an essential for strengthening peace and security.

I might recall here that the point I am making was the subject of an extensive debate at the United Nations during its twenty-fifth anniversary. At the conclusion of that debate, the General Assembly issued a Declaration on the Strengthening of International Security which amplified the relevant provisions of the United Nations Charter, without underrating the importance of the other pronouncements contained in it. I would like to quote two of its paragraphs which have special relevance to many of the pressing problems facing us today. I quote:

"Solemnly reaffirms that every State has the duty to refrain from the threat or use of force against the territorial integrity and political independence of any other State, and that the territory of a State shall not be the object of military occupation resulting from the use of force in contravention of the provisions of the Charter, that the territory of a State shall not be the object of acquisition by another State resulting from the threat or use of force, that no territorial acquisition resulting from the threat or use of force shall be recognized as legal and that every State has the duty to refrain from organizing, instigating, assisting or participating in acts of civil strife or terrorist acts in another State;"

And I quote again:

"Affirms its belief that there is a close connexion between the strengthening of international security, disarmament and the economic development of countries, so that any progress made towards any of these objectives will constitute progress towards all of them."

The second proposition I would like to suggest is that, though what you call East-West security presents certain problems peculiar to itself, no conclusions of real value for peace can be drawn about it if it is viewed in isolation from universal security. Our age does not permit the luxury of insularity to any Power or group of Powers, least of all to the great. East-West relations operate in the context of international developments in which the medium and small Powers, including the non-aligned States, are also deeply involved. These relations affect, and are affected by, the general direction of world affairs. Moreover, I need hardly give examples here of diverse situations, initially of a limited scope, which have drawn the involvement of the great Powers. Efforts towards détente between the great Powers, therefore, have to be reinforced by, and have themselves to reinforce, efforts towards the resolution of the world's problems on the basis of the purposes and principles of the United Nations Charter. We most certainly need, and would wholeheartedly welcome, real détente between East and West. But we equally need détente among all the members of the community of nations. As long as there is inequity in international relationships, as long as legitimate demands are denied peaceful fulfilments, as long as recourse to violence or the threat of it remains the mode of asserting national interests, as long as human rights are subject to violations, as long as the world's majority remains economically dependent on forces which it cannot control, so long will the fabric of peace remain fragile and this fragility will, in one way or another, continue to tell upon the relations of the great Powers themselves.

Coming now to the other part of the title of this Institute. I am sure that by the use of the term, "East-West", you would not wish to encourage a world-view based on an oversimplification. We cannot regard the international scene in quasi-Manichean terms because we are not living in a bi-polar world. Any suggestion of a fundamental, irreversible division of the world along the East-West line, it seems to me, is incompatible with the idea of the United Nations. As far as the relationship of the two great-Power groupings is concerned. I believe that uncertainty on both sides as to ultimate intentions is perhaps the major impediment to the kind of confidence between them that would provide a basis for a meaningful reduction in arms, eventual denuclearization and greater co-operation in assisting global development.

Past history, differing ideologies and conflicting interpretations of international development have implanted doubts of such depth and endurance that they resist the effect of general assurances and declarations. It is this uncertainty more than national hostility that makes so difficult the development of a stable security relationship entailing less cost, less peril to humanity and less waste of the world's resources. Such a relationship has become an international imperative—a word I do not use lightly. If uncertainty as to ultimate intentions is an impediment to stability in this relationship, then it is desirable to establish as many specific areas as possible where intent is defined and confirmed by both sides. In this way, policy formulation on a "worst case" basis will be gradually precluded. Measures towards nuclear disarmament constitute the most critical requirement of our times. But pending its fulfillment, there can be value, it seems to me, in verifiable agreements that will serve to chip away significant areas from the mass of doubt in which East-West relations are embedded. This approach can also be applicable outside the disarmament field. The Agreement reached by the USSR, the USA, France and the United Kingdom with regard to Berlin in 1971 is an example.

Over and above the usefulness of such an approach, we need to bear in mind that the soundest basis for the security of both East and West is the interests they share in common. I believe that this commonality exists to a far greater degree than the current troubled state of relations would imply. To my mind, the first, all encompassing interest shared in equal measure by East and West is survival. Since a war between them would make any objective other than self-destruction unattainable, it must surely be a shared and credible interest of both sides to avoid the risk of war.

Almost as evident should be the shared interest in a reduction of arms. It is the most mystifying phenomenon of the present time why nations proceed in this field contrary to their own interests. Part of the explanation surely lies in lack of confidence about the ultimate intentions of each other which I mentioned earlier. But whatever these intentions may be, the objective of security could surely be achieved with less rather than with more weapons to the very considerable advantage of both sides. The peril of accident would be diminished, resources would be saved which all the world needs, and the psychological burden of fear which has become widely evident would be reduced.

I could list a good many other important interests held in common by East and West but I will dwell for a moment on two which, to my mind, should not be clouded by controversy.

First, I am convinced that the Soviet Union and the United States, as leaders of the Warsaw and Atlantic alliances, share an interest in having an effective United Nations. Let me explain why I think this is so before you assume simply that the Secretary-General could say no less. It is often said that the great Powers do not need the United Nations. This, I would suggest, is quite misleading. It is true that the United Nations is not well suited to resolve conflicts between the great Powers because it was fashioned on the assumption that these Powers would not be in conflict. It seems to me, however, that both East and West need, and need badly, an international organization which can deal effectively with regional conflicts since the involvement of the great Powers in such conflicts tends to complicate their own relations and transfer East-West problems to these other regions. To be effective in resolving regional problems, the United Nations needs the support of the permanent members of the Security Council. This can produce double benefit. It can encourage peaceful solutions in the particular problem areas and it can enhance the security of East and West by excluding from their mutual relations unnecessary causes of suspicion, competition and tension—of which there are at present all too many examples.

It follows that stability in the third world, which is dependent on economic and social progress and the elimination of all remnants of colonialism and racial descrimination, should be a goal shared by all of the developed world and towards which they should co-operate in their mutual interest. Again, the United Nations provides the institutions through which this can be done without the complicating factor of ideological rivalry.

Let me say in this context that there is most compelling need at this time to find a means of resolving the increasingly dangerous situation in the Middle East. At this very time when a significant and constructive event is taking place through the final Israeli withdrawal from the Sinai, efforts to resolve other principal aspects of the Middle East problem appear to have reached an impasse. I am afraid that a void is emerging which can have extremely damaging consequences for the area and beyond. The Middle East problem must be viewed in a global context precisely because the repercussions of developments there are so broad and potentially so perilous. That is why I strongly believe that a new effort to find a Middle East solution must be made and that this may well be best done within the United Nations framework. The United Nations provides the only existing forum in which all parties and all interested countries can be present in the same room. I do not believe that a comprehensive and lasting solution is likely to be achieved without such broad participation.

By this I do not mean that there is a magic United Nations formula for a Middle East solution. The most effective step in the critical months ahead could be a concerted undertaking by the members of the Security Council to bring about communication and negotiations among the parties concerned aimed at a solution which will meet their legitimate national requirements and their basic security, economic and humanitarian needs. It seems to me that the long-range interests of the Arab States, Israel and the Palestinian people can best be met through such an approach. What I wish to emphasize particularly today, is that, in my opinion, a comprehensive Middle East settlement responds to the security requirements of all, including the great Powers. Then it seems both logical and necessary, that therefore, these Powers work together within the United Nations framework toward achieving this urgent goal.

Another common interest between East and West that I would single out is symbolized by a very small thing: the hyphen between East and West in the title of this new Institute. It has long been the practice to examine Western security and Eastern security separately, linked only in the sense that the security of one side has to be assessed in terms of the intentions and capacity of the other. I believe that East-West security is linked in another way. The security of one side is dependent on that of the other, or more precisely, on its feeling of security. In a sense, this is the converse of the concept of mutual assured destruction which places security on the foundation of the ultimate total insecurity of both sides. Despite its deadly logic, this concept seems to be failing in a very important aspect. It is like a drug which can prevent death but which has dangerous side-effects that, under certain circumstances, can themselves be lethal.

If insecurity has this effect, then it follows that each side would be better served, in its own interest, by ensuring that the other has a sense of security. It is in the mutual interest of each that defence policies are developed and implemented on the principle that they should reassure the other side of no aggressive intent. Stated in more direct terms, this means that each should take account of the security interests of the other. This would take the concept of confidence-building measures, which has long been under East-West discussion, to its logical conclusion.

This is a hope and a vision, no doubt, but it is an essential vision, essential to East and West and to the whole world. As Secretary-General I have the opportunity to survey the world's problems and the world's needs on an almost daily basis. From this perspective the area encompassed in the Atlantic and Warsaw alliances presents two images. First there is the ominous, threatening image of two mammoth forces which together account for some 70 per cent of global arms expenditures and, except for those of China, all the nuclear weapons that are known to exist in the world. The second, however, is the image of an area covered by those two forces disposing of immense resources and industrial capacity, with evidence everywhere of high technological achievement. When seen in this perspective, the area offers not a threat to the world's survival and peace but a demonstration of human genius and also a prospect of almost limitless benefits that can flow if that genius is put to the wisest use. Let us not forget that this area is not, and cannot be, segregated from that large part of the world which has to contend daily with hunger and disease. It is by helping to lighten the crippling burden of poverty on the majority of mankind that the developed world can best realize its own rich potential.

I would wish that those who come to study and communicate at this Institute will see both images of the East and the West an will examine how the reality and the promise of the second can become a central element in East-West relationship. This, I think, would mean realization of the commitment made in the Charter of the United Nations by East and West, indeed by all Member States, "to unite our strength to maintain international peace and security."●

THE DEATH OF THE HONORABLE LEO W. O'BRIEN

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. CONTE. Mr. Speaker, my fellow colleagues, some of the newer Members of this Chamber did not have the occasion to work with our late colleague, Leo W. O'Brien, who served in this body from his special election in 1952 until his retirement in 1966. I feel sorry for those of you who were not here because you missed working with and becoming acquainted with a noteworthy Member of Congress.

I am glad that I am able to say that I served with Leo; it was a special opportunity to work with a man of so many talents and so much dedication. Not only did Leo serve his constituents from the New York counties of Albany and Schenectady so well while an active Member of the House, but afterward he continued to keep abreast of all political developments which affected his district and the Nation as a whole. For Leo politics was a way of life, but it was not the only way. Before coming to Congress, Leo was an eminent newspaper reporter, as well as a radio and television commentator. These varied talents gave Leo a unique insight into our political process so that he was later able to immerse himself in that process and make a distinguished name for himself.

All of us who knew Leo will greatly miss him. It is legislators like him that make me proud to be a Member of this venerable body.

Thank you, Mr. Speaker.●

ST. BASIL ACADEMY'S CELEBRATION OF 50 YEARS OF EDUCATION

HON. CHARLES F. DOUGHERTY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. DOUGHERTY. Mr. Speaker, St. Basil Academy, conducted by the Sisters of St. Basil the Great, is celebrating the 50th anniversary of its founding. The year-long jubilee celebration opened in September 1981 and will conclude this month. I ask that my colleagues join with me in the celebration of the Sisters of St. Basil the Great, the parents, students, and alumnae of the academy on this joyful occasion.

St. Basil's is an institution known throughout Philadelphia for its fine education of young women, especially those of Ukrainian descent. The Sisters of St. Basil, known throughout the Ukraine for their works of education, came to the United States in the early part of the 20th century. Arriving in Philadelphia in 1911, working first in elementary schools and orphanages, they opened the academy on July 19, 1931, with the support of His Excellency Constantine Bohachevsky, the Ukrainian Catholic ordinary in America. Mother Josaphat Theordorovich and Mother Marie Dolzytcha played important roles in these early days as founding superior and principal, respectively.

Under the administration of Mother Marie, St. Basil's grew in its curriculum and student body. The first faculty included Helen Martel who initiated programs in journalism and the original school publication, the Basilian Bugle. A wide range of courses were offered, including music. Sister Jerome Roman, the third member of the founding faculty, contributed to the early strong foundations in faith and education at the academy.

Milestones in St. Basil's development included the admission of Helen Pastras Monicelli, the first resident student, in the up-until-then convent boarding school. By 1936, the number of resident students, not studying for the religious life, grew to 18. However, it was in 1934, that the first diplomas were granted under the affiliation of the Catholic University of America to Sister Ogla Kish, Sister Anselm Holup, and Sister Michael Koval.

In 1939, the Pennsylvania State Department of Education placed St. Basil's on the list of accredited secondary schools. And, on May 2, 1939, the cornerstone of a new building to house a resident dormitory, a libarary, a dining room and a chapel was laid. And, by 1941, enrollment grew to 80 students and a faculty of 7. By 1945, the academy graduated 74 young women; 24 were religious Sisters.

St. Basil's responded to the needs of the entire neighboring Catholic community when it opened its doors to the first day students in September 1948. Fifty-seven freshmen started school at that time. And, as with all schools, programs continued to expand meeting the changing needs of society and student body. Drama and the arts, publications and literary works were launched. In the area of physical education, St. Basil's would begin to emerge as a champion school in girls' basketball in the Interacademic League of Philadelphia.

Throughout these years of growth and development, the Christian education of young women continued to be the highest priority at St. Basil's. Under the leadership of the Sisters of St. Basil and dedicated by lay persons, these efforts took firm shape. Throughout the years guided by Sister Emellia Prokopik, successor to Mother Marie, starting in September 1950 and then by Sister Boniface Masleak, principal from 1956 to 1957, the good works continued. Under the administration of Sister Angela Stur, spanning the years 1957 to 1961, the science curriculum developed. And, while Sister Daria Roshko served as principal from 1961 to 1970, the school enrollment grew to 400.

During 1970, Sister Theodosia Kukiw guided the restructuring of the school's programs to meet the needs of increased faculty and student body. And, since 1975, under Sister Dorothy Ann Busowski, the academy has been fully accredited by the Middle States Association of Colleges and Secondary Schools for a 10-year period.

Throughout these years of service to the education of young women, to the church and to the Catholic Ukrainian community, both the Sisters of St. Basil the Great and St. Basil's Academy have offered a unique experience. Continuing to nurture the spirit of the Ukrainian Catholic rite by sharing the historical heritage with students of the Latin Catholic rite, the academy has demonstrated the Catholicity of Christianity. Continuing to nurture the early commitment to quality education, the faculty and administration of St. Basil's has shown that a sound education is a firm foundation for growth to maturity. These commitments are to be recognized and encouraged in the work of the Sisters of St. Basil and the faculty of St. Basil's Academy on this 50th anniversary.●

IMPORTANCE OF A JOINT CANADIAN-UNITED STATES STRATEGIC PETROLEUM RESERVE

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. ST GERMAIN. Mr. Speaker, on May 4, I was pleased to submit a list of 15 additional cosponsors for House Joint Resolution 355, urging that the President direct the Secretary of Energy and the Secretary of State to begin discussions with appropriate officials of the Government of Canada on the feasibility of establishing a joint regional strategic petroleum reserve for the United States and Canada.

A major concentration of the Western Hemisphere's industrial base is located in the Northeastern and Middle Western States of the United States and the Eastern Provinces of Canada. Any significant disruption of imported petroleum supplies to these areas would pose a critical threat to that concentration of industry and clearly endanger the national security and economic health of both countries. Past and recent events in the Mideast, from which a major portion of these petroleum supplies is derived, heighten our concern for future dependable sources of this petroleum, especially for purposes connected with the continued uninterrupted operation of key American industries.

Mr. Speaker, the current glut of oil is subsiding, world oil demand is about to increase, and soon we will be back to debating the issue of the impact of future shortages. I hope you will agree with me that we should not wait upon an international crisis to prompt further action, but rather, that we should try to move ahead toward a satisfactory resolution. The benefits of such a reserve strategy for both our countries far outweigh the risks of nonaction.

On June 15, 1982, I am going to reintroduce my original resolution. I urge my colleagues to join in the bipartisan cosponsorship of House Joint Resolution 355.

EMERGENCY MEASURE INTRODUCED TO HALT DRAIN ON THE SOCIAL SECURITY TRUST FUND

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. BIAGGI. Mr. Speaker, yesterday I introduced legislation which would put a halt to a growing practice which is draining millions of dollars from the social security trust fund each year—the withdrawal of State, local and nonprofit organizations from the social security system. This bill seeks to impose a 5-year moratorium on all withdrawals from the system and should be viewed as an emergency, stopgap measure to effect stability in our Nation's largest retirement program.

My bill, H.R. 6356, would eliminate the withdrawal option for these groups which now have the ability to terminate their contract with the social security system. This termination option is being utilized at an alarming high rate—and it is estimated that if all such termination notices pending with the Social Security Administration were to go into effect, the trust funds would lose on the order of $500 million each year. Clearly, at a time when we are seeking ways in which to bring solvency back into the social security system, this will be a critical component of any overall reform package we adopt this year.

The second component of this legislation would allow those organizations which have voluntarily withdrawn from social security coverage to opt back into the system if they so choose. Under current law, once termination by State, local, and nonprofits occurs, they can no longer return back into the system. Such a provision is patently unfair to employees who have been denied the opportunity to decide if, in fact, they indeed wanted to withdraw from the system. Employers are not required to notify employees that they plan to terminate participation in social security. Current procedure requires the participant to send written notice to the Social Security Administration—and the termination of their contact occurs within 2 years. During this waiting period, no notification of employees is required nor do they have any formal role in the decision. Withdrawal, once completed, becomes irrevocable. Since 1959, 22 percent of the State and local employees covered by social security have been terminated with the bulk of the terminations having occurred in the past 3 years. For tax-exempt, nonprofit organizations, the problem is greater, although difficult to measure because these organizations are protected from disclosing such information because their very status as nonprofits exempts them from the requirement of providing information to the Social Security Administration. In fact, when a tax-exempt organization, currently participating in social security, decides to terminate coverage, it can virtually do so overnight by closing its books on Friday and reopening as a new, nonprofit entity on Monday. Such a practic allows these entities to circumvent the 2 year waiting period required in the law and renders it virtually impossible to track participants in the system. In 1981, the Social Security Administration estimates that nonprofits paid about $5 billion into the OASI and DI trust funds. To allow this level of participation without insuring the futures of 350,000 employees who are making half of these contributions is clearly unconscionable.

The problem of social security withdrawals is especially pronounced in nonprofit hospitals. According to the Social Security Administration, 3.8 million of the 4.7 million workers in nonprofit facilities are enrolled in social security. Of the 2.3 million in nonprofits/hospitals some 1.6 million are participating in the system. Coverage is through an equal employer-employee contribution of 6.74 percent of salary.

Originally omitted from coverage, nonprofit health facilities were provided the option of coverage in the 1950 amendments to the Social Security Act, along with public employees. With the increase in the payroll tax deduction in 1978, more facilities have begun to "opt out," driven by rising costs associated with both health care delivery and employee wages and benefits. In fact, one prominent Social Security Administration official estimates that withdrawal notices from nonprofits have increased 500 percent in the last year alone. To date, we know that 377 hospitals have filed withdrawal notices, pending termination, representing nearly 300,000 employees. While these hospitals may see withdrawal as a short-term benefit in reduced payroll taxes, these withdrawals represent a genuine threat to the long-term stability of the entire system. This bill will return stability to the system and to future benefits those employees who are now merely protected at the fiscal whim of employers.

This bill would also require new, nonprofit entities formed after January 1, 1983, and granted tax-exempt status to be covered under social security—the option would be removed. Such mandatory coverage would eliminate the ability that these groups now have to disband themselves on paper and to reorganize as new organizations—effecting immediate withdrawal from the system. This provision will close the existing loophole in the law which allows for this growing and dangerous practice.

This bill also addresses the lack of accountability of organizations which seek to terminate their contracts with the Social Security Administration by requiring the Internal Revenue Service to make available any such information to the Secretary of Health and Human Services. While all organizations will be required to stay in the system, this disclosure provision will insure that the Social Security Administration is made aware of all entities which have notified the IRS of their intent to withdraw from the system to date.

Finally, this bill includes a sunset provision of January 1, 1988, and also requires the Secretary of HHS to submit a report to Congress, 1 year prior to that date, of recommendations as to whether this 5-year freeze on withdrawals should, in fact, be permanent. The policy rationale which provided for optional coverage by State, local and nonprofits was sound when it was enacted in 1950. However, 1982 is not 1950 and the social security challenge before us is unmistakably clear. We must act immediately on this measure to prevent any further unnecessary hemorrhaging of the social security trust fund—a drain which is costing the system one-half billion dollars per year and which threatens to grow larger if this practice continues unchecked. Passage of H.R. 6356 will put an immediate stop to this.

I stand firm in my opposition to any budget plan which seeks to reduce benefits to social security recipients, such as the proposal currently before the Senate—without clarifying how we will effect this change. Congress eagerly awaits the recommendations of the President's Social Security Commission which is currently studying reform proposals. The Commission is charged with the responsibility of providing us with long-range options to secure the system for present as well as future beneficiaries. While this bill is certainly not a cure-all its passage will take a significant step toward closing loopholes in the present system which have, over time, contributed to the situation we find ourselves in today. We cannot afford to wait nor can we continue to torture elderly social security recipients with daily headlines that tell them of the imminent demise of social security. We must act immediately and I urge my colleagues to join me in the adoption of H.R. 6356 to impose this moratorium and put an end to this costly and perilous drain on the social security system.●

H.R. 5922 MOST IMPORTANT FUNDING BILL TO PASS HOUSE THIS YEAR

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. EMERY. Mr. Speaker, yesterday the House considered one of the most important funding bills of the year, the urgent supplemental appropriations for fiscal year 1982. I am extremely pleased that we approved the passage of this funding package.

This bill includes an additional $1.3 billion for the guaranteed student loan program, which will enable the Department of Education to authorize lenders to grant financial assistance to college students for the next school year. The funding we provided under the continuing resolution for the GSL program ran out in April because of unexpectedly high interest rates, and thousands of college students are anxiously awaiting to receive loans for they are eligible under this entitlement program. Lenders and universities across the Nation are watching us here today for a confirmation of our commitment to our college students, and I urge my colleagues to reaffirm our support for higher education by approving this additional appropriation.

The urgent supplemental also includes an additional appropriation of $2 million for the National Weather Service's Forecasting Offices, which provide information used by farmers, mariners and aviators. If this additional funding is not accepted, reductions-in-force will take place in the Portland, Maine, Cheyenne, Reno, Juneau, Milwaukee, Albany, N.Y., Lubbock, San Juan and Ruskin, Fla., offices, leaving these stations without the ability to provide their important informational function. If the scheduled RIF takes place in Portland, Maine, the WSFO will not be able to provide aviation forecasts for commercial flights in Maine and New Hampshire, international flights refueling in Bangor, and general aviation flights in the three northern New England States. This additional funding must be approved to insure the accurate climatological information required for the safety of our skies and seas.

Finally, the money included in this legislation provides $48 million for operating expenses for the Coast Guard, and the approval of this funding is crucial to the continued ability of the Coast Guard to provide a minimum of essential services to the American public. Proposed cutbacks in the service's fiscal year 1982 budget would have severely jeopardized the safety of many at sea, particularly the fishermen from Maine to Alaska. The cuts would also have played havoc with this Nation's ability to adequately deal with the problems of illegal drug trafficking and immigration. These are areas which affect all citizens, and it is becoming obvious to many around the country and in this Congress that reducing the capabilities of the Coast Guard is detrimental to our military readiness, our safety-at-sea efforts, and our law enforcement responsibilities.

I am by no means suggesting that enactment of this urgent supplemental appropriations bill will solve the immediate funding problem of the Coast Guard, because much more remains to be done. However, allocation of an additional $48 million for fiscal year 1982 is a definite step in the right direction, and I trust this House will remain responsive to the needs of the Coast Guard, which ultimately reflect the needs of this Nation.

I am extremely pleased that my colleagues have acted favorably on H.R. 5922.●

HATS OFF TO THE CONSERVATIVE BUDGET

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. PAUL. Mr. Speaker, on April 16 a coalition of conservatives introduced a budget proposal for 1983 which would wipe out the red ink for the first time since 1969. Most importantly, it would do this without any new taxes or tax increases. I would like to heartily commend these groups and the distinguished individuals involved for reminding this Congress of an obvious but important point: That despite the squawking of the spendthrifts and the hooting of the special interests, our top priority should be the drastic and immediate reduction of Federal spending.

I do not endorse every single item in this conservative budget, however, it is an extremely important step in the right direction. It proposes $123 billion in real spending cuts—and not just reductions from future, projected, increases—and it would leave us with a budget surplus of $53 billion in 1983. My own staff has compiled cuts of $225 billion, and Mr. David Boaz, writing in Inquiry magazine, topped that by suggesting cuts of over $250 billion.

I commend the cuts that the conservative budget does make, and of course, I applaud the adoption of a gold standard—which would itself save billions by lowering interest rates, and cutting the cost of financing the national debt. This budget shows clearly that it is possible to really reduce Federal spending, to provide a budget surplus so that the debt can be reduced, to provide additional, substantial, tax relief, and to restore honest money. If, by some act of Divine Providence, this Congress could be persuaded to do all of these things, our country would experience the renaissance we all desire and so desperately need. Only if we act now to really reduce the size of the Federal leviathan will we know a future worthy of our past. This conservative budget shows the direction in which we must head.

I would like to mention one reservation I have about this budget—it concerns the magnitude and nature of military spending. We must do whatever it takes to remain secure: I will never pinch pennies where American defenses are concerned. However, the bulk of our military budget is spent on the defense of foreign countries, and not on the defense of America. NATO alone costs the U.S. taxpayers around $130 billion, and the defense of Japan costs us additional billions. We have forgotten what the Founding Fathers knew quite well: That the purpose of the military is self-defense. We could save perhaps $50 billion or more and provide for stronger defenses by adopting a noninterventionist foreign policy. The Europeans and Japanese can afford to pull their own weight.

The conservative budget is based on OMB's projection of outlays, and receipts for current services levels; that is, spending levels assuming no changes from existing law. Outlays are initially frozen at their fiscal year 1982 levels and are further decreased by $123 billion reflecting needless and wasteful programs that we would cut or eliminate. The suggested cuts have been broken down into their functional categories and subtracted from their 1982 functional levels.

Receipts are based on OMB projections of current services and are further adjusted to reflect suggested program changes for fiscal year 1983. These changes include accelerating scheduled income tax rate reductions, the minting and sale of gold and silver coins, increased corporate income tax receipts due to immediate decontrol of natural gas, increased receipts from social insurance taxes due to universal coverage under social security, and repeal of tax cuts for Members of Congress.

The CBO estimates of this budget are based on CBO's baseline projections—that is, spending levels assuming no changes from existing law—for frozen fiscal year 1932 outlays and fiscal year 1983 revenues which are then adjusted to reflect our $123 billion in outlay reductions, and $2.4 billion in increased receipts.

The endorsers of the conservative budget include: Terry Dolan, NCPAC; Howard Phillips, the Conservative Caucus; Richard Viguerie, David Keating, National Taxpayers Union; Dick Walters, Life Lobby; Gordon Jones, United Families of America; Peter Gemma, National Pro-Life Political Action Committee; Larry Pratt, Gun Owners; Joe Cobb, Silver Dollar Political Action Committee; John Robbins, Father Rueda, Catholic Center Free Congress Foundation; Howard Ruff, Free the Eagle; Paul Weyrich, Coalitions for America; and Rhonda Stahlman, Conservatives Against Liberal Legislation.

OUTLINE OF PROPOSED CHANGES IN FISCAL YEAR 1983

(1) Freeze spending at the fiscal year 1982 levels.

(2) Increase spending for an adequate defense to the levels recommended by President Reagan.

(3) Decrease spending for needless and wasteful programs and activities by $122.6 billion.

CURRENT SERVICES OUTLAYS BY FUNCTION

[In billions of dollars]

	1982 levels	1983 specific reductions	Proposed 1983 levels
National defense	186.2	34.9	221.1
International affairs	11.1	6.7	4.4
General science, space, and technology	6.9	1.6	5.3
Energy	6.4	10.1	[1] -3.7
Natural resources and environment	12.6	6.9	5.7
Agriculture	8.6	8.5	0.1
Commerce and housing credit	3.3	1.1	2.2
Transportation	21.1	16.6	4.5
Community and regional development	8.4	6.5	1.9
Education, training, employment, and social services	28.2	17.8	10.4
Health	74.0	10.9	63.1
Income security	251.5	17.9	233.6
Veterans benefits and services	24.2	8.1	16.1
Administration of justice	4.6	1.0	3.6
General Government	4.9	1.0	3.9
General purpose fiscal assistance	6.4	5.0	1.4
Interest	99.1	5.6	93.5
Allowances			
Civilian agency pay raises	0.4	0.0	.4
Reduction of fraud, waste and abuse		1.0	1.0
Undistributed debt collection		10.0	10.0
Elimination of Davis-Bacon requirements		.3	.3
Undistributed offsetting receipts			
Employer share, employee retirement	7.6	.8	8.4
Interest received by trust funds	16.1	0.0	16.1
Rents and royalties on the Outer Continental Shelf	7.9	10.1	18.0
Federal surplus property disposition		10.0	10.0
Total outlays	725.3	122.6	603.7

[1] Elimination of the Synfuels Corporation would free funds set aside for the Corporation under the Energy Security Reserve. The amount included in this fund is not reflected in fiscal year 1982 outlay for the Synfuels Corporation. Therefore more money is saved than is included in the proposed level of outlays for energy category, resulting in a negative amount for fiscal year 1983.

(4) Accelerate tax cuts, eliminate tax benefits to members of Congress and Social Security tax exemption for federal employees, sell gold and silver coins as recommended by the Gold Commission.

	1983
Current services receipts estimate	653.3
Tax revisions:	
Accelerate tax cuts by 6 months	16.0
Repeal tax benefits for Members of Congress	.0005
Mandate universal coverage for social security	.6
Increase receipts due to immediate decontrol of natural gas	10.0
Sale of gold and silver coins	7.8
Total proposed receipts	655.7

(5) Fiscal year 1963 receipts, 655.7; Fiscal year 1983 outlays, 603.7; surplus 52.

	Fiscal year	
	1983 (revised)	1984
Reagan budget		
OMB ESTIMATES		
Receipts	665.1	722.0
Outlays	767.0	815.8
Deficit/surplus	-101.9	93.8
OMB ESTIMATES		
Receipts	660.1	715.6
Outlays	780.7	844.5
Deficit/surplus	-120.6	128.9
Conservative budget		
OMB ESTIMATES		
Receipts	655.7	707.8
Outlays	603.7	603.7
Deficit/surplus	+52.0	+104.1
OMB ESTIMATES		
Receipts	649.6	698.6
Outlays	627.4	627.4
Deficit/surplus	+22.2	+71.2

●

VIC R. RIVO—GUAM OFFICER OF THE YEAR

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. WON PAT. Mr. Speaker, it is never easy to be in a minority and it is even more difficult when a member of the minority wins the overwhelming support of those around him.

Vic R. Rivo, one of Guam's "finest", is a man who has accomplished these impossible goals by being named as the Guam Police Officer of the Year for 1981. Officer Rivo was chosen by his fellow 272 police officers for the great honor recently and was picked from eight other nominees.

What distinguishes Officer Rivo's selection as officer of the year is the fact that he is one of only 12 Filipino officers on the Guam police force. He came to Guam in 1966 and has worked his way up in the community by virtue of hard work and devotion to duty. It is obvious that the entire Rivo family is dedicated to community work by the fact that since joining the police force, Officer Rivo has talked his two brothers into becoming police officers.

Officer Rivo serves on the burglary detail and his selection as officer of the year reflects the superior performance he has put forth in the past year.

A family man with one son, Officer Rivo says he will continue to work for law and order in his adopted home—a fact which we on Guam can be extremely grateful to hear. Only recently, Officer Rivo was instrumental in breaking up a burglary ring which committed 36 break-ins.

I am extremely proud of Officer Rivo and he deserves the support and praise of the entire community on Guam. He has shown that a determined man can overcome all obstacles to success and in doing so has shown others in his community the true meaning of being concerned about their fellow citizens. I wish Officer Rivo and his family good fortune in the years ahead. Congratulations to a fine citizen of Guam and to an outstanding police officer. I share the pride his fellow police officers feel in this devoted professional.

The following is an article about Officer Rivo in the May 11, 1982, Guam Pacific Daily News:

RIVO SELECTED AS OFFICER OF THE YEAR

(By Jolene Krawczak)

During his seven years as a police officer, Vic R. Rivo has been working to be the best.

This year Rivo's fellow officers recognized his accomplishments in the detective division by voting him the Police Officer of the Year for 1981.

Rivo, assigned to burglary detail, said he was both surprised and proud to receive the honor given each year during Police Week.

"Being a member of a small group of Filipinos on the force, I was very honored," he said. There are about 12 Filipino officers on the force of 272.

"I've always said that Guam is the land of equal opportunity and this award proves that," he said.

Rivo was picked from eight nominees by a group of officers representing various police divisions.

Rivo came to Guam in 1966 and worked as a construction supervisor until he saw an announcement for police officers. He applied, passed the test and made the grade.

Since joining the force, Rivo has also talked his two brothers into becoming patrol officers for the Department of Public Safety.

Rivo was selected for his "sustained superior performance for 12 months," according to the chairman of the awards board, Sgt. B. A. Leon Guerrero.

Leon Guerrero also said the award is given for exemplary service and professionalism.

During 1981, Rivo investigated and arrested members of a burglary ring involved in 36 burglaries, recovering $30,000 worth of stolen property.

He also uncovered an in-house theft operation at the Guam Power Authority supply warehouse which resulted in seven arrests and the recovery of $10,000 of material and supplies.

In December, Rivo and F.J.T. Lujan, another officer, arrested two Gibson's Shop and Save warehouse employees who had pilfered $24,000 worth of merchandise from the store.

Rivo said his job would be easier if there were more cooperation between members of the community and the police.

"We need more involvement," he said. "People are so reluctant to give information to the police."

Rivo intends to stay on Guam with his wife Myrna and son Vic, 15. He said he is looking for promotion and wants to complete a bachelor's degree in police science.

Rivo will be commended today along with other award winners following a 9 a.m. command inspection at police headquarters in Agana. The inspection is part of the week's activities which include a memorial service, open house, community visits, demonstrations, receptions and sports activities.●

COURT SYSTEM AT IT AGAIN

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. APPLEGATE. Mr. Speaker, The U.S. court system is at it again. In at least two separate cases, the U.S. Supreme Court, in their infinite wisdom, has ruled that the individual States are exempt from Federal antitrust laws, but cities are not, unless they have the most specific mandates from their States. The Court in essence is defining a city as a business which it clearly is not.

Supreme Court Justice William Brennan has made it quite clear in writing the following:

> The Federalism principle gives states a significant measure of sovereignty and thus antitrust exemption. But ours is a dual system of government which has no place for sovereign cities.

In other words, the U.S. Supreme Court is saying that a city or village cannot regulate aggressively in its own interest or to act in its own interest to lessen its dependence on outside economic forces.

At a time when the New Federalism policy is being touted by President Reagan, I find it ironic that, not only are the courts going against this concept of local control, but even the Justice Department has entered a case now pending before the Supreme Court as a friend of the court in acting to undermine States rights and revenues. Governors of the States involved are outraged.

The real culprit of this whole matter, however, is the courts, Mr. Speaker. It is their interpretation of this matter that has led to this situation and it must be through the courts that a remedy is sought. Remember House Joint Resolution 8.●

SMALL BUSINESS WEEK

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. LUNDINE. Mr. Speaker, this week of May 9 is National Small Business Week. In his March report to the Congress on the state of small business, President Reagan states, "The success of the American economy is critically dependent upon preservation of real opportunity for small business." This assertion by the President is appropriately made. The critical question facing us is what mechanisms do we rely on and what steps do we take to insure that a real opportunity for small business creation and growth exists in our economy.

At the outset of this discussion, I think we must first acknowledge that the state of small business in our country is not good. Dun and Bradstreet statistics on business failures of the first quarter of 1982 reflect 7,170 business failures, approximately 98 percent of these being small businesses with 100 employees or less. This compares to a rate of failure in the first quarters of 1981 and 1980 of 4,791 and 3,280 businesses, respectively. For the entire year of 1978, only 6,000 business failures are reflected. While these statistics should not be interpreted in a vacuum, they are a clear signal of distress in the small business community and of difficulty in remaining profitable.

Continued decline in the small business sector of our economy will have serious implications for the long-term health of our economy. Historically, small businesses have proven to be the major innovators, job creators, and opportunity for minorities and women seeking entrance into the business community and job market. In a world that demands that the United States remain competitive with our international trading partners and in a country currently with an unemployment rate of 9.8 percent—the highest since the Great Depression—to fail to provide remedies for the difficulties being experienced by our small business sector will be tantamount to contaminating stagnate water.

We need to get the stagnate water flowing again. To do so, our attentions must be focused insofar as small business is concerned primarily on bringing down the crippling level of high interest rates to allow smaller firms access to financing both for new ventures and to encourage expansion on reasonable terms. Since 1978, small businesses have witnessed a 3- to 4-percent increase in the real rate of interest paid on loans. The customary greater debt-equity ratio for small firms combined with higher ratio of short-term debt to total assets than that of larger firms means that high-interest rates will have an unusually severe impact on small business activity in the economy.

The macroeconomic policies of the current administration have been ineffective in bringing down interest rates. Tight monetary policy, combined with a fiscal policy that will increase dramatically the size of the Federal deficit over the next several years, have combined to keep interest rates at unacceptable levels, thereby choking small business activity. The single most effective action which could be taken to assist small businesses is to bring down interest rates. In this view, the House Banking Committee on which I serve, recently called upon the administration and the Federal Reserve to ease monetary targets in effect for 1982 to permit interest rates to fall.

In addition, to reduce the size of the Federal deficit, I believe we must reduce Federal expenditures, particularly in the area of national defense by reducing the level of increase sought by President Reagan. On the revenue side, we must postpone the third stage of the scheduled income tax cut enacted last year and close some of the most objectionable corporate tax loopholes.

These actions should be taken without doing damage to the Federal initiatives which historically have been helpful to the particular problems of small business. With this in mind, I was distressed to learn earlier this year that the administration is recommending elimination of the small business loan program in fiscal year 1983 and to reduce 1982 guaranteed credit assistance 10 percent below 1982 levels.

In addition to bringing down interest rates, the Federal Government must work toward providing small businesses greater access to Government procurement contracts and research and development dollars. Enactment of the Prompt Payment Act to insure that the Government pays its bills in a timely way will remove some of the problems small firms have experienced in Government contracting. Pending legislation, the Small Business Innovation Research Act, to provide small firms a set percentage of R. & D. contracts from Federal agencies with research budgets over $100 million annually, will go a long way toward breaking many existing barriers to Federal R. & D. contracting with general business and provide a stimulus to innovation and startup and growth of small firms.

Finally, we must continue our efforts to implement regulatory reform measures that will relieve some of the cost burdens for compliance by smaller firms. Enactment of the Paperwork Reduction Act and Regulatory Flexibility Act during the last Congress were steps in the right direction. Pending regulatory reform legislation now in Congress should attempt to address this problem further.

In conclusion, it is important to note that this Congress has not been insensitive to the problems of small business. We have initiated legislation, which in many cases has been enacted into law, that attempts to address the problems of small business. These include: Public Law 97-34, the economic recovery tax cut which provides tax relief to small businesses, and Public Law 97-72, to provide a small business loan program for Vietnam veterans. Currently, over 300 additional bills have been introduced in Congress that deal with small business matters. We should examine these carefully to assess their potential contribution to improving the plight of small business.

Over the long term, however, the best medicine for an ailing small business community will be found in a combination of approaches to our economic problems that provide for economic growth. In the upcoming debate over budget priorities, tax policy, and policy reforms, this legislative body must direct its energies toward adopting measures to enhance the role of small business in stimulating growth in our economy.●

CLOSED TRADE DOORS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. DERWINSKI. Mr. Speaker, there is a growing negative public sentiment over the impractical and unethical trade practices conducted by the Japanese Government in its attitude toward American businessmen. The Pointer Economist, serving suburban Cook County, Ill., takes a look at this situation in their April 21 lead editorial. I wish to insert it at this point:

CLOSED TRADE DOORS CONTINUE TARNISHING THE JAPANESE IMAGE

As we remember it, and it was many springs past, we spent an inordinate amount of our youth pondering tariffs—good tariffs and bad tariffs.

We might have been happier had we been given serious instruction on how to properly grip a baseball along its seams to achieve an appropriate bend in its flight, but our classroom teachers persisted with the pros and cons of tariffs—theirs and ours.

Tariffs were, in fact, so all-important that back then a man's worth was pretty much measured by his stance on tariffs. And, now we have the Japanese.

The Japanese have been forced in recent weeks to take cognizance of the rising wave of hatred against them, not only in America but elsewhere where Japanese goods have taken away jobs and helped bring on economic difficulties.

But recognition that a problem exists has done little to persuade Japanese policy makers to open trade doors of their nation to products from other countries.

The Japanese have been content to flood the world with autos, TV sets, watches, recorders, cameras and other items from their factories to the extent that great industries have been crippled or put out of business.

They have taken some little steps, of course, like agreeing to limit 1982 auto shipments to the U.S. to 1981 levels.

They have not acted to eliminate the trade imbalance caused by the barriers against imports of American agricultural products and other items which we should be selling to the Japanese.

Americans are becoming frustrated, studies show, at the loss of jobs—and even whole industries—to the Japanese at the same time we are not allowed under import quotas to share in their home market.

There must be continuing and strong efforts by the American business community and by our government to open those trade doors and wipe out the staggering trade imblance. Our economic future can be imperiled if they remain locked.●

TRIBUTE TO DR. JOHN M. PFAU

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. LEWIS. Mr. Speaker, on June 4, 1982, friends and colleagues will pay tribute to an outstanding educator and community leader, Dr. John M. Pfau. I would like to take this opportunity to join with those honoring Dr. Pfau and commend him to the House of Representatives today.

Dr. Pfau has had the rare experience not only of founding one college but also of being involved in the creation of two other institutions. Founding president of California State College, San Bernardino, Dr. Pfau was on the original planning staff for Sonoma State University, and earlier was sent out from Chicago Teachers College to establish a branch which today is Northeastern Illinois State University.

Dr. Pfau currently is the senior president in terms of tenure among the 19 presidents in the California State University system. Fifty-eight college and university presidents have been appointed in the system since he assumed the helm of the San Bernardino campus.

When Dr. Pfau assumed the presidency of the future San Bernardino College, January 16, 1962, he began the process of selecting a planning staff and securing a site. With the assistance of about a dozen planners, an educational philosophy and design of the physical plant was developed.

Classes began in September 1965 with 270 students and 33 faculty—administrators and librarians—in three buildings in the foothills of the San Bernardino Mountains. Reflecting a steady growth pattern, the college today serves just under 5,000 students.

The college which exists today is, in great part, a reflection of the educational philosophy of its founding president. Dr. Pfau's concern for maintaining close contact between faculty and students led to the design of classrooms which would limit the size of the classes, thereby creating a seminar-type learning environment. President Pfau's deep belief in the value of a general education program has been demonstrated by the curriculum of the college, and was reinforced during the past year by mandates from the CSU board of trustees concerning graduation requirements for all students.

Dr. Pfau, born in Yugoslavia, spent his childhood in Chicago. He received his education at the University of Chicago, earning his A.B. in 1947, his A.M. in 1948, and his Ph. D. in 1951. His academic field is history.

While pursuing his doctorate, he was an instructor in American history at North Central College in Illinois. During his tenure at the Chicago Teachers College, now Northeastern Illinois State University, he served as associate professor of history, administrative assistant to the dean, and assistant dean in charge of the foreman branch.

Dr. Pfau came to California in 1959 as professor of history and chairman of the Division of Social Studies at California State University, Chico. He then served a similar position on the founding faculty of Sonoma State University, before coming to San Bernadino in 1962.

He has been active in professional organizations and in the community. His academic involvement includes service on several accreditation committees and on the Statewide Advanced Placement Committee of the California State Board of Education; chairmanship of the Committee on the Humanities of the American Association of State Colleges and Universities, and chairman of the Inland Empire Higher Education Council. He currently is a member of the Committee on Cultural Affairs of the American Association of State Colleges and Universities.

Dr. Pfau served three terms as president of the San Bernardino Symphony Association, was a founding member and director of the World Affairs Council of Inland southern California, a director of the San Bernardino Chamber of Commerce, and a member of the corporate board and the board of directors of San Bernardino Community Hospital. He has also been a member of the California Council for the Humanities in Public Policy and the Labor Management Council for the Inland Empire. He also is a Rotarian.

Dr. Pfau and his wife, Antreen, also a graduate of the University of Chicago, have two daughters. Madelaine is employed by a consulting firm in Dallas, Tex., and Ellen is an audiologist in Upland. Dr. and Mrs. Pfau will continue to make their home in San Bernardino.

Mr. Speaker, it is truly an honor to recognize Dr. Pfau as an inspirational educator and exemplary community leader. While he will be missed as president of San Bernardino State College, we look forward to his continued residency in San Bernardino. With great pride I commend Dr. Pfau to the House of Representatives.●

FLORIDA SMALL BUSINESS PERSON OF THE YEAR

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. IRELAND. Mr. Speaker, I would like to take this opportunity to congratulate Mr. Joseph O'Brien, president of ITD Industries, Inc., of St. Petersburg, Fla. Mr. O'Brien is the "Florida Small Business Person of the Year."

In 1970, Mr. O'Brien, a graduate of Rensselaer Polytechnic Institute, and his wife, Josephine, purchased a small manufacturers' representative business dealing in building supplies. Recognizing the potential of solar control film, he began manufacturing his own product in 1974 through the use of outside firms. In the meantime, ITD undertook its own research into ways of improving the composition and application process of this complex and precise product, and in 1975 the firm patented its own dry-bonding adhesive process which dramatically improved the solar control film's marketability in the do-it-yourself market. This breakthrough earned ITD recognition as a technological leader in an industry dominated by major firms.

ITD is the manufacturer of Sun-Gard, and since its entry into solar film production, the company has become one of the seven major producers of solar film in the world. The firm now employs 82 persons and markets its products through the largest mass merchandising chains throughout the United States and 18 foreign countries. In 1979, the firm was nationally recognized when it was invited by the U.S. Department of Commerce to participate in a U.S. Trade Exhibition on Energy Conservation Products in Milan, Italy, displaying the latest American products in the energy conservation field.

Congratulations to the "Florida Small Business Person of the Year," Mr. Joseph O'Brien. All of us in Florida are proud of his accomplishments.●

STIMULATE INVESTMENT, RAISE FEDERAL REVENUES

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. PHILIP M. CRANE. Mr. Speaker, the matter of taxes is on the lips of our colleagues here in Congress and on the minds of our constitutents at home. They hear many Senators and Congressmen talk of increasing taxes while they suffer continuing blows to their morale due to the tax burden under which they toil. They are correct to call for reduced taxes. The mood is right for us to represent their views and take action. The incredible complexities of the Internal Revenue Code have been refined over the years to effectively discourage productivity and investment. If the United States is to again be the great economic engine of the free world, we must reverse the current trend.

There is a way to encourage investment and raise Federal tax receipts: eliminate the holding period on capital gains. In December 1981, I introduced H.R. 5248, a bill to accomplish just that. Repeal of the 12-month holding period required to get more favorable tax treatment of capital gains will help the economy and boost the sagging morale of the small investor.

An article by Steven Seiden in the Wall Street Journal May 12, 1982 (reprinted below), points out that the current 12-month holding period possesses three major inherent disadvantages. First, it penalizes the investor for realizing short-term profits by levying a substantially higher tax on that gain—a trap which converts short-term profits into long-term losses. The investor is hurt—some are frightened away from further investments—and tax revenue is lost. Second, recently completed studies indicate that the holding period decreases Federal revenues. The disincentive to make short-term investments decreases opportunities to make profits and, therefore, decreases revenues to the U.S. Treasury. Third, the holding period tilts the Tax Code toward the large investor and denies the small investor equal opportunity. This is because the prohibitive tax cost of realizing short-term gains is relatively easier for the large investor to absorb. The small investor becomes a prisoner of timing in an attempt to make a long-term gain that may never develop.

Repeal of the 12-month holding period requirement would, therefore, encourage expanded investment, increase Federal tax revenues, and help small investors. The economy will be helped because investors are helped.

Last year, while part of a bipartisan privately funded congressional fact-finding trip to study Japan's high level of productivity, I was struck by the fact that they have neither a holding period nor a capital tax. Most other Westernized industrialized nations do not require a holding period for capital investment. If we are to regain our place as the world's preeminent economic power, we must vigorously stimulate our aggregate savings, growth, and economic health. That is one reason why the Japanese economy is so strong. Eliminating the holding period for capital gains is one very timely step in the right direction.

OVERTAXING SHORT-TERM GAINS

Sen. Daniel Moynihan a Democratic member of the Senate finance committee, has just introduced a bill to eliminate the capital-gains holding period. This brings to five the members of Congress who have introduced similar legislation in recent months. Two weeks ago, the Republican Senate finance chairman, Robert Dole, said he favors reducing the holding period. There is wisdom in what they propose.

Realizing long-term stock market gains so far in the 1980s required not only "odds-against" selection but superb timing, courage and patience. Why, then, penalize the investor for taking short-term profits (which have proven to be his only salvation) and Uncle Sam, who is deprived of capital-gains tax revenues?

If 1982 throws the same price curves to the investor as 1980 and 1981 did, his batting average on long-term gains could be just as poor. Despite the well-intentioned investment incentives that took effect on Jan. 1, the new 50 percent maximum tax on short-term gains is still 2½ times the new 20 percent top rate on more elusive long-term gains. To wit, the penalty on short-term profits was of equal magnitude as in prior years when the maximum tax rate on them was 70 percent and the highest long-term rate was 28 percent.

IT'S HARD TO MAKE A PROFIT

What opportunities have there been for taking long-term versus short-term profits in the 1980s? An investor who bought the Dow Jones industrials in the low 800s in January 1979, hoping to realize a long-term gain in 1981, would have just about broken even. In the interim, he missed two short-term profit opportunities: the April '79 high of 884 and the October top of 904.

Let's assume our Dow investor was astute enough to pick the May '79 low of 815. How much long-term profit would he have made? Not much. A year later the Dow bottomed again near 840, affording him an annual gain of only 3 percent. In the meantime he missed not only the aforementioned October peak, but an even higher short-term top when the averages reached 918 in February 1980. Unless the investor was smart enough and quick enough to buy the Dow under 800 in either November 1979 or in the spring of 1980, major long-term gains eluded him. Moreover buying the Dow stocks much past mid-1980 wound up costing the long-term investor dearly. Even buying them at their fall 1980 low of 894 in December resulted in a long-term loss.

What must have exasperated the investor is that while waiting out the holding period not only did he forfeit a 136-point short-term gain when the Dow went to 1030 in April 1981, but that he could have made money by selling at any point within 18 weeks of the time he hoped his paper profit would go "long-term"!

The price action of the Dow average typifies that of many widely held U.S. companies. Of course long-term gains were attainable, provided the investor had been willing to maintain his position for several years. However, the longer a security is held in order to achieve a profit, the less the annualized return on the investment.

In short, the 12-month holding period has become a trap during which short-term unrealized profits have been turned into long-term realized losses. As a result, not only has the investor suffered but so has Uncle Sam, at the very time when "revenue enhancements" are crucial.

In fact, in an up market the government is the investor's "general partner," since it shares in every dollar of capital gain. But in a down market—since only $3,000 of net loss is deductible against ordinary income—the government is the investor's "limited partner" and is insulated against what would otherwise be an equivalent reduction in tax revenue. It seems only logical that reducing the holding period will increase tax revenues.

That view is supported by a statement in a National Tax Journal article by Anita Wells. Commenting on the 1942 cut in the holding period from 18 to 6 months she reported, "In justification of this drastic change, the [Senate finance] committee stated that the realization of capital gain is entirely a matter within the discretion of the taxpayer and shortening of the holding period would have the effect of encouraging the realization of capital gains and thereby result in added revenue to the Treasury."

Further support for this argument appeared recently in a National Bureau of Economic Research working paper, "The Holding Period Distinction of the Capital Gains Tax," in which Steven Kaplan suggests "that the holding period distinction is not very effective in deterring speculation and does not increase government revenues; in fact may decrease them."

The investor looks to 1982 and beyond mindful of the pitfalls of seeking long-term gains, recalling a dismal 1981 in which only one-third of all NYSE and Amex issues registered gains more than 10%, and aware that any short-term profits he makes will be taxed at ordinary rates plus those levied by states and cities. With good reason, then, might he consider joining the many others who have long since taken refuge in the debt market. That couldn't happen at a worse time. The very "smokestack" companies whose debt ratios are at an all-time high and which need equity financing the most display compressed stock cycles that are more conducive to short-term rather than long-term profit-taking.

Moreover a just-published study by the Securities Industry Association, based on a recent survey by Opinion Research Corp. revealed that more than half the respondents said they would make new investments or increase existing investments in one of 11 alternative investment vehicles if the holding period were reduced.

So why not shorten or eliminate the holding period if doing so would enhance capital gain tax revenues, attract investors back into the equities markets and benefit companies whose balance sheets are overladen with debt?

The answer dates back to 1921. Congress was then considering a bill which, for the first time, would provide for a lower rate on capital gains than on ordinary income. Just before passage, Sen. Walsh of Massachusetts argued that unless a two-year holding period was established to qualify for such preferential treatment, the new law would encourage speculation rather than investment in American industry.

MORAL BIAS AGAINST SPECULATION

It's a view I've heard espoused in Washington even today. There is no economic logic to this notion for one inescapable reason: Once the public's money has already been invested in a company via a stock underwriting, it represents premanent capital to that business no matter how frequently those shares are traded in the aftermarket. So the bias against speculation in the form of a holding period is purely a moral one.

Interestingly, the holding period puts the small investor at a disadvantage. A wealthy investor faced with a paper loss can commit other funds to an attractive new investment, but the investor with limited capital often finds himself locked-in.

Reducing or eliminating the holding period is not without precedent. Belgium, Canada, France, Italy, the Netherlands, the United Kingdom and Japan do not require one to qualify for capital-gains treatment. Of these countries Japan possesses the best record of individual savings as a percentage of after-tax income followed by France, the United Kingdom, Canada, and trailed by the U.S.

Perhaps some day students of history will be amazed to learn that there once existed such ancient economic injustices as guillotining short sellers, debtor's prisons and tax penalties on short-term profit-taking.●

NATIONAL SMALL BUSINESS WEEK

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. HORTON. Mr. Speaker, this week, designated as "Small Business Week" affords the Members of the House and Americans all across the United States the opportunity to pay homage to what is the backbone of the American economy. The men and women who constitute our small business community have made innumerable contributions to our Nation's growth, prosperity and standard of living.

While large corporations tend to gain the widest attention in the press and elsewhere, it is well to remember that a majority of new jobs is created by firms with less than 20 employees. Equally impressive as that statistic may be consider the following: Small businesses comprise 97 percent of all firms; 43 percent of the gross national product, 73 percent of all retail sales, and 58 percent of employment of the private nonagricultural work force.

Small business having contributed so greatly to our Nation's outstanding record of achievement and innovation is not immune to the economic strains of today. High interest rates and the uncertainty that characterizes the immediate future are serious undermining threats to this sector of the economy. It is therefore of vital importance that as we in the Congress formulate the fiscal policies of the Federal Government which play such an important role in the market place we keep foremost in our minds the concerns of small business.

As a former member of the House Committee on Small Business and as chairman of the former Commission on Federal Paperwork, I am well aware of the overriding need to recognize the significant impact small businesses have had and will have on our economy. Through enactment of legislation such as the Prompt Pay Act and other specific measures that acknowledge the Federal Government's relationship to small business, we can help move our Nation toward economic recovery. Obviously, other steps must be taken. Reducing the size of the Federal deficit, cutting back on Federal spending, and consideration of the special problems confronting small business. During this week and all future weeks, let us remember the many contributions this group of men and women have made to the greatness of our country.●

HOUSE BUDGET AGAINST ECONOMIC RECOVERY

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. MARTIN of North Carolina. Mr. Speaker, the budget submitted to the House by the House Budget Committee is an atrocity on the revenue side. It will abort economic recovery. It is unique in history in that it must have both Adam Smith and John Maynard Keynes turning over in their graves.

The committee's budget extravagantly increases taxes at the very point at which inflation has been curtailed, durable goods orders are rising and consumer demand, represented by retail sales has moved upward. There is no way to meet the committee's revenue targets without considerable increases in individual income taxes.

By way of background it must be noted that under present law, using Congressional Budget Office numbers, even after the 1981 tax bill, tax revenues will rise considerably over the next few years. Present law provides revenues as follows:

	Billion
1981	$599.3
1982	623.0
1983	645.0
1984	702.0
1985	780.0

That represents revenues for 1985 that are 27.3 percent higher than for 1981. The annual increases run 4 percent in 1982 over 1981, then 3½ percent, 8.8 percent, and, in 1985 over 1984, 11 percent.

Those are significant increases that will occur even if the Congress does nothing, not even what the President proposed in February.

Now, with the revenue increases proposed in the President's February budget, revenues would rise considerably faster, to $665 billion in 1983, $722 billion in 1984, and to $796 billion in 1985: that latter figure represents an increase of 33 percent over 1981. That is an increase well ahead of anyone's inflation prediction.

The committee's recommendation carries those figures up dramatically: to $676 billion in 1983, $753 billion in 1984, and $846 in 1985. That last figure is a 41-percent increase over 1981. That 41-percent tax increase should be compared to an anticipated 30-percent change in price levels over the same period. That's a very large increase in the tax burden in real terms and it can only be economically damaging.

Last year, this Congress did not cut taxes in any real sense of the term. Neither the Ways and Means Committee's bill, nor the substitute bill which did pass—and they were almost identical in revenue effect—did that. Rather, they cut the increase in taxes, down roughly to the expected inflation rate, providing increased dollars, of only slightly rising value. That is what the American electorate voted for in 1980.

Over the 3 fiscal years we are dealing with—1983 through 1985—the Budget Committee's bill will wrench out of the economy $91 billion more than would be taken under the President's proposals and $148 billion more than under present law. This, at a time when we are seeing the feeble signs of a beginning to the end of a recession is a prescription for an aborted recovery.

On the spending side of the equation, in spending function after spending function, the Budget Committee chairman has produced spending recommendations that differ from the recommendations of the President and of the Budget Committee of the Senate, but which are susceptible of compromise in a conference, even if both were to pass in their respective Houses without amendment. For this, a debt of gratitude is owed to the chairmen of the House and Senate Budget Committees.

But, here on the revenue side, we find in the House Budget Committee more of Robin Hood running amok. The only way to meet these figures is by penalty taxes on middle class taxpayers on their way up, in order to keep them from moving up. Significantly, on the credit budget side, we do not touch the giants of industry, including those in the synthetic fuels business, with their huge subsidized and guaranteed loans—running at $225 billion—that, more than the deficit, crowds out would-be homebuyers and farmers at the loan window.

Even after a heavy round of loophole closings and taxes on consumption items and reforms of tax benefit leasing and all those nice things that make for laudatory editorials, the House is being asked implicitly by the Budget Committee to put us back where we were, with individual tax rates rising 16 percent for every 10 percent rise in income. Implicitly, we are being asked to stifle initiative, to keep the middle class in its place.●

IS COAL SLURRY PIPELINE LEGISLATION NECESSARY?

HON. DAN MARRIOTT

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. MARRIOTT. Mr. Speaker, it was my pleasure recently to address the annual national convention of the American Mining Congress about a critical component of our drive toward energy independence—coal slurry pipelines. As the ranking minority member of the House Interior Mines and Mining Subcommittee, I have been closely involved with legislation to make slurry pipelines a viable part of the coal industry to the betterment of the industry and the Nation as a whole.

The following is the text of my remarks for the consideration of my colleagues and all those interested in this crucial matter:

[1982 American Mining Congress Coal Convention, St. Louis, Mo., May 11, 1982]

IS COAL SLURRY PIPELINE LEGISLATION NECESSARY

(By Dan Marriott, U.S. Representative from Utah)

INTRODUCTION

It's an honor for me to be among my friends today at the American Mining Congress and to address one of the most crucial issues facing America today, and that is coal and its long term development.

Crude oil remains as our largest imported energy source at 8.9 quads in 1981. This figure, however, represents a significant decline from the decade's high of 14 quads in 1977.

This decline may be attributed largely to two factors (1) the steady conversion of electric utilities from the use of petroleum to coal as their source of fuel over the last decade, and (2) conservation resulting in a decline of overall U.S. consumption of energy since 1973.

Largely due to our dependence on imported crude oil, this Nation's energy trade balance was a whopping $71 billion in 1981, roughly only $4 billion less than the decade's high of $75 billion reached in 1980. When offset by our overall positive trade balance of $43.5 billion in other areas, the deficit trade balance was still $27.5 billion for 1981. The export of domestic coal contributed nearly $6 billion toward diminishing our balance of trade deficit, an increase of $1.3 billion from the previous year.

Domestically, consumption of petroleum and natural gas have decreased while coal consumption has increased since 1973, indicating coal has become more competitive with oil and gas as conversion of electric power plants to coal has taken place. Correspondingly, domestic coal production has increased steadily while the domestic production of oil and natural gas has declined somewhat.

We have reached the point now where today approximately 82 percent of all coal used in the United States is burned by utilities to produce electricity while more than half the electricity used by Americans is generated from coal.

These trends toward a greater domestic use of coal and an increased demand for the export of coal, must continue if this Nation is to maintain a strong and respectable economic and energy position in the world. That means we must develop our coal resources to the fullest for domestic use and for export and, in order to develop them to the fullest, we must do all we can to make U.S coal competitive both at home and abroad.

COAL'S COMPETITIVE SITUATION

As coal prices have finally stabilized after a decade of rolling in environmental and health and safety regulations and massive capital investment, coal has become increasingly competitive with oil and gas in terms of cost of production. We are beginning to see realistic market competition among these three energy sources. In short, we are approaching healthy competition among energy sources, which is a development that can only be healthy for America.

Still, coal suffers from a major competitive disadvantage which may seriously compromise national goals to offset our unfavorable balance of trade with the export of coal and domestic conversion to coal use where feasible.

THE PROBLEM

With production costs of coal stabilized, the most volatile factor affecting its competitiveness in the market is the cost and means of transportation. With the deregulation of rail carriers under the Staggers Rail Act and the lack of competition in coal transportation in the West, domestic utilities and foreign importers who are interested in using coal cannot make a rational business decision because the factors of assured delivery and transportation costs are currently destabilized.

I sometimes wonder where we would be today if we were still delivering oil in barrels rather than by pipeline.

Surely not the least of the attractions of oil and gas for energy users is the fact that pipeline delivery of these energy forms is continuous, and therefore convenient as well as reliable and economical.

Energy users are well aware that reliability and continuity of supply are important, along with direct ton/mile costs, storage costs and all the other economic considerations that shape their decisions on which energy form to employ. If we are to make the decision for coal an attractive choice, to in fact encourage its use, we ought to be striving to make its delivery as convenient and stable as possible.

I am not talking about delivering all coal by pipeline. What I am talking about is some healthy competition where it does not now exist.

Today—65 percent of total U.S. production moves by rail, 98 percent of Western coal moves by rail. No inland waterways for barge traffic (NCA).

Eighty-five percent of all coal produced in United States and shipped via rail was captive (NCA study, May 1979).

Ninety-eight percent of Western coal is captive to rail shipment.

Current transportation costs roughly double the price of delivered coal. Some domestic users, particularly in Georgia and Florida, find it cheaper to import coal to the United States than to use domestic coal.

The decision to convert to coal-burning powerplants is also affected by the delivered price of coal and the cost of transportation is often critical in making that choice. Reportedly, the high cost of transportation resulted in decisions by a large chemical company and utilities in Tampa, Florida, and Corpus Christi, Texas, not to convert to coal or else to import it.

The recently enacted Staggers Rail Act gave railroads the right to enter into contracts with shippers, cut ICC regulation (over prices especially), ICC now considering whether to deregulate prices for transportation of coal bound for export (which is critically price sensitive).

Fallout from Staggers Act—overall increase in price of coal transportation by rail, especially in the West where there is no effective competition. Price of transporting coal from the Powder River basin to Minnesota in one instance increased 80 percent over the last 16 months.

In contrast, the only coal pipeline now in operation (the Black Mesa) runs from Arizona to Nevada and carries 4.8 million tons a year at a cost estimated at less than half the comparable rail shipment.

COMPETITIVENESS IN INTERNATIONAL MARKET

The inability to deliver coal at a competitive price may result in losing the opportunity to capture more of the international market for coal.

Coal is forecast to become our leading export commodity within 20 years but it must be competitively priced to fulfill this forecast.

Yet some forecasters contend that increases in the price of export coal due to deregulation of rail transportation could reduce U.S. overseas coal sales by 30 percent—or 450 million tons—between 1983 and 1990.

The projected foreign market for U.S. steam coal is immense. In Europe, coal use is projected to increase from 46.1 million tons in 1979 to 122.2 million tons in 1990—an increase of almost 265 percent in 10 years.

In Japan, Korea, and Taiwan, the estimates are that steam coal use will grow from 13.9 million tons in 1979 to 80.5 million tons in 1990—an increase of almost 600 percent in the same 10-year period.

But U.S. coal currently suffers from price disadvantages of 15 to 40 cents per million Btu's in the European market and 30 to 60 cents per million Btu's in the Pacific market in comparison with our South American and Australian competitors.

Thus, for the present, the security of the United States as a source of coal and the desire of Europeans, who are planning a decade ahead, to establish buying power here early, have offset successfully our higher delivered cost of coal.

But how long can this continue?

Importers are becoming increasingly concerned about the lack of competition in the transportation of coal.

On September 19, 1980, Dr. Carrol L. Wilson, director of the World Coal Study, testified before the Energy and Minerals Resources Subcommittee of the Senate Committee on Energy and Natural Resources in a hearing on coal exports. In reporting on the concerns about the United States expressed by steam coal importers in Europe and the Far East, Dr. Wilson reviewed some of the fears that had been expressed to him, stating:

"They also see a rail domination which would exclude supply by alternative systems such as slurry pipelines." (P. 262 of the transcript.)

Concerns about railroad pricing strategies under the Staggers Rail Act and the general dominance of U.S. coal transportation by the railroads were expressed by several of the European witnesses who testified before the same subcommittee on November 10, including particularly the witnesses from Belgium, France, Finland, and Italy. Similar concerns were expressed on December 1 by witnesses from the Pacific rim countries.

What assurances must we provide importers in order to secure a sizeable share of the international market for the long-term?

My Answer is that we must create a climate conducive to healthy competition in the delivery of coal. We must enable coal slurry pipelines to compete with railroads and barge transportation for the delivery of domestic coal.

THE NEED FOR LEGISLATION AND THE COAL PIPELINE ACT OF 1981 (H.R. 4230)

H.R. 4230 passed the Interior Committee on Dec. 7, 1981, by a vote of 21-20. It passed the Surface Transportation Subcommittee on Public Works by 17-14. Hearings are now being conducted in the Senate. The administration's position on the legislation is unclear, although Secretary Watt testified before our committee against the bill as a State's right on the ground of a State's rights issue.

In H.R. 4230, the Congress finds that the construction of coal pipelines is a beneficial public use that justifies granting Federal eminent domain for certified pipelines.

The bill specifically provides that coal pipelines certified by the Interstate Commerce Commission as serving the public interest may acquire rights-of-way over private lands by exercise of the power of eminent domain in Federal or State court. (State and Indian trust lands are excluded.)

Rights-of-way over Federal lands may be granted by the Secretary of the Interior but no right-of-way may be acquired over land which is part of a historic site, wilderness, or wildlife refuge unless there is no feasible and prudent alternative.

Pipeline carriers holding certificates from the ICC must be common carriers, providing service on reasonable request and not discriminating in its contracts.

The Secretary of Transportation is empowered to issue regulations establishing Federal standards for safe construction, operation, and maintenance of coal pipeline facilities.

WATER—WATER LANGUAGE IN H.R. 4230

In acting to provide coal slurry pipelines the right of eminent domain, we in Congress have been especially careful to assure that the States retain complete authority over the appropriation of water for pipeline use.

I have been particularly active in advocating water language in the proposed legislation to protect States rights.

The water provision that I helped draft is in H.R. 4230 which passed the Interior Committee in December:

It states that the granting of a certificate of public convenience and necessity for a coal slurry pipeline by the Interstate Commerce Commission will not convey with it any right or claim to water rights.

Water rights must be obtained in accordance with State substantive and procedural law.

Further, it explicitly states that the granting of the Federal right of eminent domain will not in any way affect State law or interstate compacts.

The water provision is designed to prevent the Interstate Commerce clause of the Constitution from being invoked to prevent a State from conditioning permits or terminating rights to water once a pipeline has begun operations across State boundaries.

In my view, and in the view of attorneys who have examined this language, no stronger or clearer language could be devised to preserve the States' prerogative than that which is in this provision. Secretary Watt also expressed this view in his testimony before the House Interior Committee.

The only weakness in the water provision of H.R. 4230 is that which is common to any piece of legislation. Congress may at any time change its mind, amend the law and invoke the Interstate Commerce clause under the Constitution to regulate or claim water rights in place of the States. Only an amendment to the Constitution can change this fact.

With each State in full command of its water resources, in cooperation with other States, and without Federal interference, I believe the agreements hammered out between the States and private enterprise with regard to water still have the best potential for meeting the needs and protecting the interests of our citizens both locally and nationally.

THE NEED FOR LEGISLATION—STATE LEGISLATION NOT SUFFICIENT

Twelve States, including Utah, have specifically granted coal slurry pipelines the necessary eminent domain authority. But even if all States passed such legislation, the eminent domain problem may still not be solved. (States with eminent domain legislation: Florida, Louisiana, Arkansas, North Carolina, North Dakota, Ohio, Oklahoma, Texas, Utah, West Virginia, Wyoming, and Colorado.)

In some States, it is not clear whether a coal slurry pipeline can meet the "public use" standard, which is a prerequisite to the exercise of eminent domain, if the pipeline would merely pass through the State and not supply coal to utilities in the State or serve coal mines within the State.

Our previous experience indicates that this legal deficiency in State legislation once presented an insurmountable problem to natural gas pipelines (as it might for coal slurry pipelines) even though the 1938 Natural Gas Act provided for certification of natural gas pipelines by the FPC that they would serve the public interest. The 1938 act had to be amended by Congress in 1947 in order to provide for full eminent domain authority to interstate natural gas pipelines which did not serve every State which they passed through.

In order to have a national network of natural gas pipelines, Congress had to step in at the Federal level just to remove the legal difficulties encountered in dealing with various States with individual statutes containing special requirements, many of which are often times inconsistent with those of neighboring States.

LITIGATION COSTLY

It was just such a situation that gave rise to the Commerce Clause of the U.S. Constitution. Congress was given the power to regulate commerce among the several States so it could step in and resolve interstate transportation and trade conflicts where it was in the national interest to do so.

That preeminent authority is there to be used especially when it is clear that the costs in terms of time and money of dealing with the several States and local and private interests on their own terms outweigh the public benefit which would be reaped by congressional action.

Well, we have followed a policy of congressional restraint on coal slurry pipeline legislation. We have waited to see if interstate coal slurry pipelines could not make their own way through the bevy of parochial interests without interference from the Federal Government.

What do we have to show for it? We think we might now have the ETSI Coal Pipeline from Gillette, Wyo., to Little Rock, Ark., and Baton Rouge, La.—at least as far as rights-of-way are concerned. But at what cost? Seven years of litigation and 65 lawsuits at a cost which will be ultimately paid by the consumer.

Now that ETSI has established court precedents, what need is there for Federal legislation? The sad fact is that in the ETSI cases, ETSI simply obtained the right to negotiate with the owners of the property to be crossed for subsurface easements where railroads had only surface easements. These precedents will not serve to overcome railroad resistance to granting rights-of-way across rail lines in the West where railroads own the land in fee or in the East where they own their rights-of-way. The ETSI cases do not, therefore, resolve the problem caused by private interests in refusing to grant rights-of-way nor do they reduce the amounts of time and money which can be anticipated in obtaining rights-of-way through numerous States.

PRECEDENT FOR FEDERAL EMINENT DOMAIN

What is at issue here is whether coal slurry pipelines should be accorded the kind of treatment that fostered development of all other modes of energy transport—positive action by the Federal Government to clear away obstacles to the construction of an interstate delivery system.

SURFACE TRANSPORTATION

The Nation's railroads were fostered by massive Federal assistance, in their early years by grants of land for rights-of-way, today by subsidies, loan guarantees, and other incentives.

The three land-grant railroads, in addition to gigantic holdings of land in fee, received a specific grant of Federal eminent domain in the 1860's.

Trucks use Federal highways.

Barges operate on waterways built and maintained by the Government.

Coastal shipping is protected by U.S. flag law and calls at ports developed and maintained by Federal funding.

SUBSURFACE TRANSPORTATION

Back in 1941, with passage of the Cole Act, the Congress granted the right of Federal eminent domain to oil pipelines, persuaded that this was the only way long-distance petroleum transport by this efficient, reliable, continuous mode could be realized. In 1947, the Congress extended Federal eminent domain to natural gas pipelines.

Finally, the transportation of electricity: Certain long-distance electric transmission lines also are covered by Federal eminent domain.

In short, every mode of transportation for every form of energy has been covered by Federal law and/or assisted by Federal policy—except coal slurry pipelines.

COAL SLURRY AND RAILROADS

Let me address the railroad/coal slurry controversy by making the point that I consider myself pro rail. I want a strong, viable, competitive, and profitable railroad system. I believe, however, that in the long run, the combined efforts of deregulation and more competition will be healthy for railroads.

Some rail carriers fear that creme-skimming by pipelines operating along choice routes will occur and that railroads will lose revenue from competition. Loss of these revenues will threaten financial viability due to their large fixed investments.

I believe, however, that expanding markets will support both railroads and pipelines and the public will benefit by healthy competition.

It is now projected that coal shipments will approximate 1.4 billion tons in 1990.

As of 1980, the railroads were moving about 500 million tons of coal per year. Today, the figure is closer to 550 million tons.

By 1990, the railroads are expected to be moving between 700 and 800 million tons of coal which is roughly the total coal production in the United States today. (NCA.)

Eight major coal slurry transportation projects are in various stages of development: six of which are in the West. These are projects that have been publicly announced, with routes at least generally defined and annual capacities projected, and backed by companies that have invested substantial amounts of time and money in feasibility studies.

Assuming that all presently planned and existing slurry pipelines are operating at their maximum projected capacities, in 1990, they would be handling approximately 170 million tons.

Further assume that coal hauling by trucks and barges, which in 1979 accounted for approximately 260 million tons, increased by 50 percent by 1990, to 390 million tons.

The coal shipping situation in 1990 would then be: Total coal shipped—1,400 million tons; by pipeline—170 million, by trucks/barges—390 million (560 million tons); railroad potential—840 million tons.

Thus, assuming all of this, railroad coal hauling would increase by 355 million tons. The increase for railroads would be more than twice the total handled by coal pipelines.

In 1990, coal pipelines would account for—at most—12 percent of all coal shipped in the United States. Railroad could handle at least 60 percent.

I don't believe that coal slurry pipelines will displace railroads as America's principal transportation system for coal in the foreseeable future—or indeed, at any point.

Health competition in the transportation of coal can only benefit the public. With deregulation now of railroads, railroads can compete without disadvantage.

CONCLUSION

The bottom line is—we need to set our sights on national priorities and one of those priorities is energy independence achieved within the context and with all the resources of a competitive free enterprise system.

In pursuing this goal, we cannot afford to allow parochial interests impede healthy competition which is in the national interest.

"Hell hath no fury like a vested interest masquerading as a moral principle."

It is our responsibility in Congress to rise above those forces which would compel us to side with one interest or another which naturally seeks its own advantage. Rather, we must seek the long-term, best interest of the American people holding in trust, as we do, their future security and economic well-being. In seeing to it that economic competition proceeds fairly, ever moving toward the best interest of the American people as a whole, I believe we in Congress will have discharged that duty faithfully with passage of the Coal Pipeline Act of 1981.●

FINANCIAL STATEMENT—1981

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. STUDDS. Mr. Speaker, I insert in the RECORD a copy of my 1981 financial statement:

PART I—SUMMARY OF 1981 INCOME

Salary	$60,662.50
Dividends—See Part II for detailed explanation	1,116.47
Interest—See Part III for detailed explanation	795.60
Newspaper fee—Los Angeles Times, for column written	150.00
Total income	62,724.57

PART II—DIVIDEND INCOME, 1981

Security (Number of shares or face value):	Income derived
40 Burlington Industries	$60.80
347 Exxon	1,040.00
$402 Tucker, Anthony Cash Management Fund	15.67
Total	1,116.47

PART III—INTEREST INCOME, 1981

Bonds:	Income derived
$3,100 Loew's Theater 6⅞% Debenture	$213.13
$3,333 U.S. Treasury 12%, due 5/15/87	464.58
Savings	
First National Bank of Cape Cod	36.33
Cape Cod Five Cents Savings Bank	41.35
First National Bank of Boston	40.21
Total	795.60

PART IV—ASSETS

1. Beatrice Studds Irrevocable Trust: My brother, Colin A. Studds, my sister, Mrs. Howard Babcock, and I have placed the following securities—owned jointly by the three of us—in an irrevocable trust for our mother, Beatrice Studds, with my brother as trustee. All income from these securities goes to our mother for as long as she shall live. My brother, my sister, and I each own one-third of the securities—and they will revert to us upon the dissolution of the trust at our mother's death. The following represents my one-third interest in the trust.

Colin A. Studds III, Trustee Beatrice Studds Irrevocable Trust, Under Agreement Dated Aug. 1, 1973

(Market value as of May 5, 1982)

Security (Number of shares or face value):	
$5,000 U.S. Treasury 13.875% note, due 11/15/86	$5,000
$3,333 Wang Labs 10% Conv. Deb., due 11/15/2006	3,466
Common stocks:	
133 West Point Pepperell	3,059
66 Xerox	2,310
100 Square D	2,800
60 Gulf Oil	1,860
67 W. R. Grace	2,680
100 Middle South Utilities	1,350
50 General Motors	2,150
50 IBM	3,250
200 Washington Energy	2,800
40 A.T. & T.	2,200
(50 Dupont sold 11/16/81 for $1,916; 60 International Paper sold 10/9/81 for $2,362; 50 General Electric sold 8/7/81 for $2,977; $3,333 U.S. Treasury 8⅜% note, due 8/15/2000, sold 8/7/81 for $2,063.	

2. I own the following securities:

(Market value as of May 5, 1982)

Security (Number of shares or face value):	
Bonds:	
$3,100 Loew's Theater 6⅞% Debenture	$1,705
$3,333 U.S. Treasury 12%, due 5/15/87	3,166
($1,666 U.S. Treasury 7⅝%, due 2/15/2007, sold 8/11/81 for $993.13)	
($3,333 U.S. Treasury 8¼%, due 5/15/88, sold 8/11/81 for $2,452.08)	
Common stocks:	
40 Burlington Industries	920
347 Exxon	10,069
Tucker, Anthony Cash Management Fund	402

3. Our family home in Cohasset, Mass., with an estimated market value of approximately $115,000 is owned jointly by my brother, my sister and me. My interest in the house, therefore, is roughly	38,333.00
4. Savings Accounts:	
a. NOW account, First National Bank of Cape Cod	374.73
b. Savings account, Cape Code Five Cents Savings Bank	143.00
c. NOW account, First National Bank of Boston	1,260.00
5. One bedroom cooperative apartment, Washington, D.C., estimated market value	175,000.00
6. 55% Share in undeveloped lot, Provincetown, Mass, estimated market value	47,000.00
7. Two room condominium apartment, Provincetown, Mass., estimated market value	85,000.00

8. 1975 Chrysler Newport Sedan.
9. 1974 Saab.

PART V—LIABILITIES, 1981

1. Mortgage, one bedroom cooperative apartment, Washington, D.C., approximately	$17,800.00
2. Secured loan, Rockland Trust Co., Rockland, Mass., approximately	46,600.00
3. Mortgage, condominium apartment, Provincetown, Mass., Cape Cod Five Cents Savings Bank, approximately	46,400.00
4. Home improvement loan, Cafritz Co., Washington, D.C., approximately	1,200.00
5. Secured "bridge" loan, Rockland Trust Co., Rockland, Mass.	44,000.00
6 Loan, Sergeant-at-Arms Bank, House of Representatives	13,200.00

PART VI—1981 TAXES PAID

1. Federal income tax	$7,352.00
2. Massachusetts income tax	1,872.00
3. Local property taxes	2,806.99
4. Automobile excise and personal property taxes	66.00
Total taxes	12,096.99●

EASTERN CONNECTICUT'S OUTSTANDING SCORE VOLUNTEER

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. GEJDENSON. Mr. Speaker, this week was proclaimed "National Small Business Week" so that we can show our due appreciation to the men and women who employ millions of Americans, who provide the innovation needed to fuel our production capacity, and who comprise the basic structure for economic growth.

In the spirit of this special week, I would like to call my colleagues' attention to Mr. Edward McClory, a resident of Uncasville, Conn., who gives his total energy and talents to the betterment of his fellow man, his community, and society.

As chairman of the SCORE/ACE chapter in Norwich, Mr. McClory heads a group of retired and active business owners who volunteer their services to residents of eastern Connecticut. The SCORE/ACE team offers, on a continuing basis, the background experience and technical know-how needed to assist owner-managers of small businesses in identifying basic management problems and their causes. With the help of these volunteers, businessmen are able to develop solutions and to achieve efficient, profitable business operations.

In addition to his outstanding services as chairman of SCORE/ACE, Mr. McClory conducts workshops, on a monthly basis, at Mohegan Community College. These workshops deal with topics of interest to the area's small business, and several hundreds of people have benefited from his effort.

After a career in the armed services, Mr. McClory retired as colonel, USAF, in 1965. Since his retirement, he has pursued a long and meritorious record of service to the community. In addition to his work with the SCORE/ACE chapter, Mr. McClory serves as selectman in the town of Montville, Conn.; he is a member of the board of directors of the Southeastern Connecticut Tourism District; he is on the board of directors of the Community Service Credit Union in Groton, Conn.; he is active with the Easter Seals Society.

Edward McClory contributions to the small business community—and indeed to all residents of eastern Connecticut—are immeasurable. Small business is characterized by service and progress, both of which are exemplified by the work of this outstanding citizen.●

SHALES INTERVIEW

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. PHILIP M. CRANE. Mr. Speaker, a transcript of a recent WRC-Radio show conducted by Pat Buchanan and Morton Kondracke has been brought to my attention. The two newsmen interviewed Washington Post TV critic Tom Shales relative to his review of the Bill Moyers' "People Like Us" on CBS.

In his Washington Post review, Shales contended the "People Like Us" show had the effect of altering "one's image of President Reagan from that of a well-meaning boob to something more along the lines of a callous cad." One wonders why this political observation wasn't on the Washington Post editorial page rather than in the section covering television. During the interview, Shales conceded he did not check with the White House to give the administration an opportunity to respond or to attempt to explain the administration's viewpoint.

In the course of the WRC-Radio interview, Shales was asked about the factual accuracy of the Moyers show. He sidestepped this question with the incredible reply that something called "emotional truth" overrides the facts. Now I must confess that the plain truth can at times be fairly elusive, but this new critter, "emotional truth," for all the world appears to be an early installment on Orwellian Newspeak. Mr. Speaker, I think the time has long past when we should set aside both partisanship and "emotional truth." The news media has an obligation to present the facts so that the public can arrive at something close to the truth. But in the case of "People Like Us," any reasonable observer would be offended by the tendentious arguments put forth. The plain fact of the matter is that Ronald Reagan is neither responsible for the plight of the poor in this country nor has his economic program added to their misery. To imply otherwise, as does this TV show and its review in the Washington Post, is an exercise in what is at best misinformed—and at worst malicious—mendacity. Mr. Speaker, I include the transcript of the Shales interview in the RECORD:

[From the Washington Post, Apr. 21, 1982]

TV PREVIEW: THROUGH THE SAFETY NET—THE VICTIMS OF REAGAN'S ADMINISTRATION

(By Tom Shales)

Tonight's edition of "CBS Reports," "People Like Us," could mark a turning point in American public opinion toward the Reagan administration and its cavalier treatment of the poor. This could be the most influential network documentary since "Teddy," the 1979 Roger Mudd interview that effectively killed Sen. Edward M. Kennedy's chances for the Democratic presidential nomination the following year.

Though probably not intended as a direct attack on administration policies, the effect of "People Like Us" is to alter one's image of President Reagan from that of well-meaning boob to something more along the lines of calious cad.

Neither Reagan nor any of his army of gray spokesman and ax-wielding henchmen is seen on the report—at 8 on Channel 9—but it is difficult to watch the program's four stories of hardship and destitution and not invoke the visual memory of the president romping in the surf outside Claudette Colbert's house in Barbados, and the distressing symbolism that goes with it: The president splashes about in the lap of luxury while Americans go hungry. Even the people on this program, victims of Reagonomics all, are reluctant to say a word against him, but the program leaves one feeling that a very fragile bubble is just about to burst.

"These are people who have slipped through the safety net and are falling away," says correspondent Bill Moyers in his introduction. "In the great outcry about spending, some helpless people are getting hurt. No one knows how many." But the number of people isn't the issue. What is happening to those profiled shouldn't be happening to anybody, anywhere, and most of all, not here.

This program is a killer. Perhaps some of official Washington will be able to tear itself away from its white wine long enough to watch it. It tells its four stories eloquently and powerfully.

The first is about a man with cerebral palsy who lives with his wife and four children in Ohio and was dropped from the Social Security disability rolls, as part of Reaganesque cost-cutting measures, last year: bureaucrats decided without examining him, that he was suddenly fit to take a desk job. The man almost weeps as he vows to Moyers that he will not give up his home in spite of the new crisis. In one heart-wrenching sequence, the camera captures the humiliation and degradation in the faces of the man and his wife as they sit quietly while a welfare worker phones a local charity in an effort to get them some hand-out food.

In New Jersey, a Hispanic woman who works part time, and who has a 13-year-old son who needs major surgery to avoid developing cancer, has been dropped from welfare and Medicaid as part of the new Reagan blood bath. The woman finds she is actually going to be penalized under revised rules for having gone back to work, so she is forced to quit her job and go back on welfare full time.

In Wisconsin, Moyers talks to the mother of a 13-year-old girl who has suffered two strokes and lies speechless in a coma. Because of Reagan-mandated changes in Medicaid rules, the girl must be taken from her home and the care of visiting nurses and placed in an institution. The camera is there on the day the child is taken away, as the mother cries, "I just can't take it." A nurse says of the insensitivity that caused this tragedy to occur, "It's going to make enemies out of our own people."

Finally, in Milwaukee, Moyers visits a church which provides food for the downtrodden and has seen the demand for such charity double in the past year. This would seem an example of Reagan's oft-invoked private sector moving into the breach left by the government's abdication of responsibility to the disadvantaged. But a volunteer at the church notes of the Reagan economic czars, "They're asking the wrong people to sacrifice."

Father Steve Gliko, who supervises the volunteer program, tells Moyers, "It's unfair to put any poor person in the precarious situation of having to depend on the generous whims of the wealthy." Moyers quotes the Reagan contention that the "truly needy" are being provided for. "The American citizen who can say that," Gliko responds, "is blind."

The program also puts the lie to the pet Reagan myth that if we can just eliminate welfare cheating, everything about the economy will be hunky-dory (and we'll be able to afford Reagan's trillion-dollar defense budget). Moyers says far more revenue is lost through under-reporting of income to the IRS than through welfare cheating, that the government is bilked out of seven times the welfare budget by tax cheating each year. A lawyer retained by the Ohio man with cebreal palsy says of welfare money, "The people who are the so-called cheats are the ones that are still getting it. They are the ones who know how the system works."

Moyers is such a skillful and resourceful journalist that it is difficult to pinpoint his strongest suit; he wrote the script for the program with producer-director Judy Towers Reemtsma. But where he shines most is probably in the interviews with the victims, whom he never patronizes. Moyers has his detractors, and even his fallibilities, but damn, he's good. He may be The Best.

"People Like Us" was brilliantly shot by Tom Spain and Rick Thompson, and edited by Merle Worth. This documentation of a shameful moment for America constitutes another proud hour for CBS News and, especially, "CBS Reports."

PROGRAM: BUCHANAN AND KONDRACKE

STATION: WRC RADIO

SUBJECT: TOM SHALES

Date: April 22, 1982, 6:35 p.m., Washington, D.C.

PAT BUCHANAN: Tom Shales, Washington Post yesterday, Wednesday, April 21st said, coming away that program leaves one feeling that a very fragile bubble is just about to burst. The bubble being, I guess, the Reagan Administration or Mr. Reagan's reputation is an amiable boob.

Right now let's talk to the man who made that statement, Tom Shales.

Are you there, Mr. Shales?

Tom Shales. Yes.

Buchanan. Good to talk with you.

Did you watch it again last night?

Shales. No. I'd like to see it again some time but I didn't see it last night.

Buchanan. Do you still think 48-hours—or, I guess 24-hours after you wrote that it's going to have all that dramatic an impact?

Shales. Well, it may, Pat, because of the White House reacting so strongly to it. The overnight ratings showed that the program did no better than most documentaries, which is not very well at all.

Buchanan. It came in about 65th or something like that?

Shales. Yeah. Well, we don't know yet the national ratings. We just have city over nights and it got a 12 share. Well, a 30 share is considered good. So you see how badly it did.

Mort Kondracke. Well, if the White House—if—this is Mort Kondracke—if the White House's reaction is accurate, CBS seems to be guilty of at least two-thirds lousy journalism. I mean they—David Gergin said that the first case, that of the man—that he was a victim of a policy that had nothing to do with Pegan. The second—there was a girl who was a victim of a policy that was not a result of any Reagan change. And in the third case, the Hispanic woman was actually benefited by the safety net there . . .

[Unintelligible statement by Buchanan]

Kondracke. That it works.

So——

Shales. Well, I don't know. I can't argue that because I can't go out and report it all again for myself. I have to take CBS News and Bill Moyers at their word and their . . .

Kondracke. Why?

Shales. Because they're certainly as reputable as you can get.

Kondracke. But why do you have to take them at your word—at their word? Why couldn't you have taken the transcript or a cassette over to the White House and said, what's the truth about . . .

Buchanan. What's your answer on this? I mean ask the White House that.

Shales. That's not—I don't mediate disputes between the White House and CBS. That's hardly my job. My job is to report on my own reactions to something I see on the air and to pass those along to people in the hope that, you know, it'll inspire some other reactions.

Buchanan. Let me ask you this, Mr. Shales. You basically agreed with the thesis that Reagan is an amiable boob. Is that right? I mean, you said on your show—you said in your column, you did, now he's going to come off as a callous cad. I mean don't—didn't you come into this with your own sort of Washington Post opinion about Reaganomics and the Reagan Administration? And did this not sort of confirm what you think editorially?

Shales. I came into it with opinions but they're not Washington Post opinions. I don't have any Washington Post opinions that I know of. You know, I was born with a . . .

Buchanan. But you came into it with a bias against Ronald Reagan and his program, right?

Shales. I like Reagan personally. I have no political affiliations myself. I don't belong to any party. I was aware of other reports that made it look like this indeed is a government of the rich. And we're all aware of these reports. I mean, there've been lots of stories over the months and weeks.

Buchanan. What would you say if what Mr. Gergin told us true that, the first example, the fellow with the palsy—if anything happened to him it was the consequence of a decision taken by a Democratic Congress in the Carter Administration, not Mr. Reagan?

Shales. Yeah.

Well, I'd say it was terrible no matter who did it.

And I also think that the documentary works kind of as a portrait of people caught in the wheels of bureaucracy and it doesn't really matter who's the president except that . . .

Buchanan. I think that's a very valid point.

I think if Moyers had gone and showed—he said, look, despite the fact we've got a giant welfare state, here are three people who dropped through the cracks of bureaucracy.

But you would agree that that thing was targeted at Ronald Reagan?

Shales. No, I said that in my review that I didn't think it was. I don't think——

Buchanan. You said it in your review but you don't think it was?

Shales. I said I didn't—I think that's the way it would be perceived but I don't think it's the way it was intended. And there's a difference. It's the difference between implication and inference.

So I reported on how I reacted and the emotional responses that this program brought out in me. And I don't think necessarily that they sat down—I don't think at all they sat down and said let's get Reagan. I think they sat down and said, look at all these statistics. Why don't we go in and show the human side. Let's find people who illustrate . . .

Kondracke. OK.

The fact of the matter is that in the documentary the only public official that you have is Ronald Reagan on the whole program. You don't have Tip O'Neill standing there defending . . .

Buchanan. Right.

Let me ask you this, Mr. Shales——

Shales. But that's boring television. Believe me. Spokesmen . . .

Buchanan. Well, who cares about—it might be exciting to nail Reagan—let's take it—Mr. Shales—let's take Mr. Shales, an honest, open-minded fellow looking at this report and he comes off and saying, look, your impression of Reagan is an amiable boob, the guy comes off as a callous cad.

Now if Moyers had put material in there that is basically not accurate—it reflects decisions taken in the Carter Administration and things like that—and if they'd used information and material which is not complete or in some cases not true, to create the reaction with you about Ronald Reagan they did, is that not grossly unfair?

Shales. Well, you're making a lot of suppositions there, really.

Buchanan. Yeah, I'm making the supposition that what the White House told us was the truth.

Shales. Yeah.

The truth I don't know. And I mean any news report of any kind eliminates facts. You can't tell everything and you don't put everything in.

And the good thing about CBS Reports now is that they're doing shows with a point of view. The Defense of the United States had a point of view. And—I don't—if a point of view comes out of a partisan motive—a partisan political motive, then I agree with you. I think it's despicable.

Buchanan. Well, if——

Shales. What I'm doing is I'm taking them on faith that they don't have such motives. You assume they do. I kind of assume they don't. So obviously our reactions differ.

Kondracke. But you know, what do you make of the argument that there was no opportunity for the Administration to even see this thing in advance or to respond to, or to attempt to explain what the Administration viewpoint was on this?

Shales. Well, come now, Morton, if you were writing a piece about the Administration and they called up and asked to see it you sure wouldn't show it to them?

Kondracke. But I certainly would consult them.

Shales. Read it.

Kondracke. I would certainly go and interview them to find out what their argument was about they were—about what they felt they were doing.

Shales. No, it wasn't that kind of a show. It was a show about people, about specific people, specific case studies. It was not a show about policies or Administration spokesmen. And for good reason, because, as I said, that's deathly to watch on TV.

Buchanan. Now look——

Shales. Administration spokesmen——

Kondracke. But what is the purpose?

Buchanan. Wait a minute now. He says—wait a minute. You say yourself, Mr. Shales, this doumentation is of a shameful moment for America.

Shales. Well, so it seems from that report.

Kondracke. Well, doesn't—doesn't documentary television have some obligation to try to represent the facts of the world as they are in whole? This—emotionally this program said that the government of the United States is screwing poor people. And the——

Buchanan. And Reagan is responsible.

Kondracke. And by implication Reagan is responsible.

Now if this is journalism and not show business and some sort of emotional jolt [?] vision is there not some obligation to try to get some facts into this thing about what the whole context is in which this drama takes place.

Shales. Are you sure there was no context of that kind?

Kondracke. Where was the——

Buchanan. I didn't see it.

Kondracke. Administration reaction? Where was the attempt of the government to try to explain what the policies actually are?

Buchanan. That's what Mr. Shales—go ahead, Tom.

Shales. Well, I can only review what I said. It was a broadcast with a point of view and there was no real reason to have Administration spokesmen on the show. I just don't see how it fits in with what they were doing.

I mean television does appeal to emotions, it's not like newspapers. It is different.

I was talking to the producer of the documentary "Middletown" and I said on one episode, I said, now look, did these things happen exactly in this order? Because it looked kind of funny to me. He said, well, we're dealing with emotional truths here.

Now maybe that sounds like a buzz word but I think emotional——

Buchanan. Sounds like Costa-Graves.

Kondracke. Sounds like propaganda.

Shales. Yeah. No, no, no. I think there is such a thing as an emotional truth, especially when you're dealing with a volatile medium called television and it is a manipulative . . .

Buchanan. OK. Let's let Tom—you want to get the last—go ahead, Tom. We have to take a break. I'm sorry.

Shales. OK.

Buchanan. Thanks very much for taking the call.

Shales. Pleasure.●

NEW DEFENSE IDEAS IN VISTA 1999

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. GINGRICH. Mr. Speaker, the national press has taken notice of the ideas in the National Guard's VISTA 1999 Report. No wonder, since the ideas in the VISTA 1999 Report could offer a significant and prompt improvement in our military strength.

Charles Mohr's article in the New York Times, reprinted below, highlights one of those ideas. The Guard report, he observes, argues that the best force multiplier is more forces. This challenges the prevailing idea that smaller but theoretically more capable forces can cope with a large and well-armed opponent.

This point raised in VISTA 1999 is important for us to think about as we confront the defense debate in the House. We must decide whether we are better defended with a high cost force with shrinking numbers, or with a lower cost force with expanding numbers. The problem is, how can we know?

The VISTA 1999 Report's ideas ought to be closely looked at by us in Congress and by the Department of Defense. Only then will we know whether we are on the right or wrong path in our defense buildup.

I urge my colleagues to read Charles Mohr's article and to read the VISTA 1999 Report.

Report Criticizes U.S. Policy on Arms

(By Charles Mohr)

Washington, April 14—A committee of National Guard officers has recommended a major shift in the nation's philosophy of weapons acquisition, away from complex and highly sophisticated systems and toward greater numbers of simpler weapons.

A debate has been underway among American military specialists and officials for several years on the issue of complexity versus simplicity in weapons. The advocates of complex weapons, who prefer to describe the issue as one of "quality versus quantity," have generally prevailed, as illustrated by high-cost weapons designs, such as the F-15 fighter plane and the M-1 tank.

The proponents of larger quantities of simpler, less costly weapons were seemingly reinforced by the conclusions and recommendations of a study group of 15 general officers of the Army and Air Force National Guards.

In December 1980 the Defense Department's National Guard Bureau asked the officers to examine the best way for the Guard to fulfill its role in any future military operations through the end of the century. The 77-page report, entitled "Vista 1999," was submitted to the Pentagon March 8 and was made public recently. The chairman of the Vista committee was Maj. Gen. Francis R. Gerard, chief of staff of the New Jersey National Guard.

FIGHTER PLANE CRITICIZED

The committee's report, which covers a wide range of subjects, including personnel and training policy, was especially provocative in the subject of weapons selection. It said the Air Force's A-10 air-to-ground fighter-bomber was too expensive, at $10 million to $12 million a plane, to permit an adequate battlefield force and was "too big, too slow."

The Guard officers said design studies by aerospace corporations showed that "a more lethal, more agile, more survivable" plane could be built for less than $3 million each. The committee said that such a plane should be very light, small and agile, as well as capable of great acceleration but not necessarily a high cruising speed.

The report also recommended that such a plane be armed with a relatively simple, rapid-firing 30-millimeter cannon rather than expensive and sophisticated missiles, such as the new infrared Maverick antitank missiles, which have been criticized as inaccurate. The Guard officers said that the 30-millimeter cannon was more lethal to tanks.

The report also called for the production of relatively simple air-superiority fighter planes, saying there was no need for radar-guided air-to-air missiles. In future conflicts, it contended, the so-called rules of engagement imposed by commanders would not allow pilots to fire long-range missiles at aircraft "beyond visual range." The F-15 and the Navy's F-14 are currently armed with such missiles.

HIGH COSTS ARE CITED

One argument advanced by the panel was that the ever-increasing costs of sophisticated aircraft made it impossible for the United States to purchase enough weapons to adequately equip the Guard units that would be mobilized in case of a major war in Europe or elsewhere. By ordering simpler weapons, the committee said, it would be possible to buy 750 attack planes and 670 air-to-air fighters for the Guard.

The report challenged the Air Force's rationale for selecting "quality" complex aircraft, at the cost of fewer numbers. It said that numerical inferiority would not be solved by high-technology "force multipliers," but rather by more "friendly fighters."

In recommendations pertaining to the Army National Guard the report made a similar case, criticizing what it called "the current trend of purchasing high cost, high-technology systems that have uncertain reliability and significant difficulties of maintenance above the operator level." It called for greater numbers of lower-cost weapons with proven 'here and now' effectiveness."●

H.R. 6046—THE EXTRADITION ACT OF 1982

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. HUGHES. Mr. Speaker, on March 24, 1982, the Subcommittee on Crime, which I chair, reported to the full Judiciary Committee my bill, H.R. 6046, the Extradition Act of 1982. This bill represents the first comprehensive reform of the extradition laws in over a century. As it is with many attempts at comprehensive reform, this bill has generated a fair amount of controversy. I have previously included in the Record a brief description of the important features of the bill. See Congressional Record, December 15, 1981, at 31656. However, because of the large volume of mail from constituents of many Members on this bill, I felt it would be appropriate to answer some of the questions that come up most frequently.

What is the basic purpose of the bill? H.R. 6046 creates a modern and coherent set of procedures for the executive branch and the courts to use in processing requests by foreign governments for the return of persons accused of committing crimes in foreign countries. The United States has a treaty obligation to extradite such persons if the requirements of the treaty and international law are complied with.

Why is such legislation necessary? The current Federal law has not been comprehensively reviewed in over 100 years. Current law contains a large number of antiquated provisions and anomalies. For example, under current law neither the person being sought or the government can appeal an extradition decision. The bill cures this and other defects of current law in a manner that is generally acceptable to the Departments of Justice and State as well as to persons representing persons being sought for extradition.

Does the United States have a treaty obligation to extradited persons who are being sought for political offenses? All of the extradition treaties to which the United States is a party contain an exception to the extradition obligation for persons who have committed or are being sought for a political offense. This so-called political offense doctrine serves to guarantee that our Government will remain neutral with respect to the internal political disputes of foreign countries. Just as it would have been inappropriate for France to return George Washington to England for a criminal trial during the Revolutionary War, we should not be forced to take sides in another country's civil war. As a general matter, the political offense exception has been defined by the courts to include both free speech or political advocacy crimes as well as certain crimes of violence that are politically motivated.

Who decides whether a person is being sought by a foreign state for a political offense? Under current law this decision is left to the discretion of the courts. Under the provisions of H.R. 6046, as well as its predecessor bill, H.R. 5227, this question will be decided by the Federal courts. Current law is improved by the addition of legislative guidance as to the meaning of the concept of a political offense.

H.R. 6046 retains current law because the subcommittee concluded that there was a strong showing that the detachment and neutrality of the judiciary is necessary to preserve the political and human rights of persons being sought for extradition. Because extradition involves removal of a person, including U.S. citizens for trial in a foreign country upon a mere showing of probable cause, we felt that some rudimentary due process protections should be required.

The position of the administration on this issue is that the Secretary of State should decide—without any judicial review—whether a person being sought for extradition has committed a political offense. This position is embodied in S. 1639, and S. 1940, as introduced, by Senator THURMOND.

What relationship does the legislation have with a pending extradition treaty with the Philippines? The administration has negotiated, but has not yet officially sent to the Senate, an extradition treaty with the Republic of the Philippines. One of the provisions of the proposed treaty is that political offense questions are to be decided by the Secretary of State. Any conflict between this treaty provision and any domestic law would be decided according to which act occurred later in time. The administration has indicated to me informally that in the event that the House version of the Extradition Reform Act passes that the proposed extradition treaty with the Philippines will not be submitted until the decisionmaking authority on the political offense question has been changed to preserve the role of the courts.

What is the status of the legislation? H.R. 6046 has been successfully reported by the Subcommittee on Crime and is awaiting action in the full Judiciary Committee. S. 1940 by Senator THURMOND has been reported (see S. Rept. No. 97-331) and on April 19, 1982, was sequentially referred to the Senate Committee on Foreign Relations for 30 days. The Senate version of the Extradition Reform Act provides that the political offense question shall be decided by the Secretary of State using the legislative guidance as is found in the House bill. Unlike the original Senate bill, the bill as reported provides that the decision of the Secretary of State on the political offense question is judicially reviewable by an appropriate U.S. Court of Appeals using a substantial evidence test.

What other controversial issues are raised by this legislation? Some of the constituent mail has raised questions about three other issues relating to extradition. One concern relates to the potential unfairness of the criminal tribunal that the person will be returned to. Under a well-established rule of law, American courts have refrained from inquiring into the fairness of the court procedures to be applied in the foreign country. *Neeley* v. *Henkel*, 180 U.S. 109 (1901); *Gallina* v. *Fraser*, 278 F. 2d (2d Cir. 1960). This is not to say, however, that the person being sought has no protection from abusive treatment by the foreign country. First, we should enter into extradition treaties only with those countries with legal systems that provide some fundamental fairness. For example, we do not have an extradition treaty with the Soviet Union. To the extent that we have existing extradition treaties with countries with a less than perfect record concerning the protection of human rights, there are two other steps that can be taken. First, we can renegotiate such treaties, or if that is not possible, terminate the agreement. Second, the Secretary of State has broad discretion in deciding whether to proceed with the extradition request. Moreover, even if extradition is permitted by the courts, the Secretary can condition such person's return upon an agreement by the foreign country to treat the person in a particular fashion; for example, no trial by any ad hoc court.

H.R. 6046 preserves the current rule of noninquiry into the procedures used in the foreign state, but in light of the other safeguards, this approach remains viable. Any significant departure from this rule of noninquiry would inappropriately involve American courts in evaluating the fairness of other countries legal systems. Such a result would be nearly impossible to achieve without both embroiling our country in sensitive political judgments about the relative merits of other countries laws and mores. Decisions about whether or not to have an extradition relationship with a foreign state are best left to the treaty ratification process and the discretion of the Secretary of State.

Another concern raised in some constituent mail relates to the question of whether the courts should have some role in determining whether the person is being sought by the foreign country based upon political motives. A similar set of considerations apply here as with the rule of noninquiry. Judgments about the political context or motivation of the requesting state in making the extradition request have traditionally been left with the discretion of the Secretary of State. Unlike the political offense exception, which usually involves a subjective assessment of the state of mind of the alleged offender, the question of the motive of the requesting country involves a subjective evaluation of the state of mind of a foreign government. This type of judgment is not appropriate for judicial assessment. It is one thing to ask the courts to look into the motive of an individual offender, it is quite another matter to require them to make what are essentially foreign policy judgments. *Abu Eain* v. *Wilkes*, 641 F. 2d 504 (7th Cir. 1981), cert. denied, ——— U.S. ——— (1981); *Garcia-Gullerin* v. *United States*, 450 F. 2d 1192 (5th Cir. 1971); In re *Lincoln*, 228 Fed. 70, 74, aff'd per curiam, 241 U.S. 651 (1916).

What is the position of the administration on the House bill? The administration prefers to have the question of whether a person committed a political offense to be decided by the Secretary of State without any judicial review or jurisdiction.

The only other issue raised by the Justice Department relates to release pending an extradition hearing. Under current Federal law there is no statutory right to release pending an extradition hearing. The courts have pointed to their inherent power to justify the release of persons based upon a showing of special circumstances. *Wright* v. *Henkel*, 190 U.S. 40, 62-63 (1903). The subcommittee concluded that the standards for release under current law should be clarified. As a result the provisions of H.R. 6046 permit a person being sought for extradition to apply for prehearing release. The bill recognizes the fact that the United States may not have sufficient information about the person being sought at the time of the initial request because the dejure complainant is the foreign government. Thus, for the first 10 days after arrest, the burden of proof is on the person being sought to establish that he or she can be released without risk. After the expiration of 10 days, or the receipt of a complete set of information from the foreign government, the burden of justifying detention is on the government.

H.R. 6046 does not apply the same bail rules or procedures as are used in domestic criminal cases. Our treaty obligations impose a legal duty on the United States to make our best efforts as securing the return of alleged fugitives. The failure to return such persons because of flight from an extradition hearing could have deleterious consequences both in terms of treaty compliance and—as a practical matter—with respect to subsequent American extradition from that foreign country.

The differences between extradition cases and domestic criminal cases is recognized in the legislation in two important ways. First, the bill provides for a shifting burden of proof based on the likelihood of information being available. Second, the courts are instructed not to release a person being sought for extradition if such a person is: a flight risk; a danger to the community; or such release would jeopardize an extradition treaty relationship with a foreign state.

The Department of Justice apparently would prefer to have the burden of justifying release always remain with the person being sought for release. This preventive detention approach seemed to the subcommittee to tip the balance of liberty considerations too far against the individual. In addition, the subcommittee felt that the release considerations outlined above sufficiently took into account the unique nature of extradition proceedings. Finally, the inclusion of a Government right to appeal release decisions should eliminate the possibility of erroneous release decisions.

What are the differences between the bill as originally introduced, H.R. 5227, and the bill as reported by the Subcommittee on Crime, H.R. 6406?

First, a new section 3197 on transit extradition has been added at the suggestion of the Justice Department. This section provides that the United States may cooperate with the movement of persons through the United States to assist extradition to a third country.

Second, a new subsection (f) is added to section 3199 to authorize the Supreme Court to issue rules of practice and procedure.

Third, several minor changes are made to make clear the intention of the drafters that the Secretary of State has an adequate period of time to evaluate claims that a person found extraditable by the court should nonetheless not be extradited for some other reason.

Fourth, the requirement of dual criminality is amended to provide that, in addition to requiring that an offense that is the basis for an extradition request is a violation of the criminal law of both countries, the alleged criminal conduct must also be the subject of serious penal treatment. The amendment requires that the crime for which extradition is being sought be punishable by more than 1 year in jail—when the person is to be prosecuted—or 6 months in prison—if the person has already been convicted and is being returned to serve a sentence.

Fifth, an amendment to limit the use of provisional arrests to 60 days, regardless of whether the extradition treaty provides otherwise.

Sixth, three amendments are made to improve the procedure for decisionmaking with respect to determinations on the political offense exception: To allow either party to move to have such cases decided only by the district court; to preclude the introduction of political offense exception evidence until the person being sought is found otherwise extraditable, and to place the burden of proving the application of the political offense exception on the person being sought by a preponderance of the evidence.

Seventh, an amendment to set forth criteria to be used by the Secretary of State in assessing the order of priority to give to competing extradition requests for the same person.

Eighth, an amendment to the general provisions, section 3199, to clarify the statutory release criteria for persons awaiting an extradition hearing.

Any Member wishing to obtain further information on this bill should contact the staff of the Subcommittee on Crime; majority—51695, 207 Cannon or minority—57087, 111 Cannon.

The description referred to follows:

EXTRADITION REFORM

Mr. HUGHES. Mr. Speaker, today I am introducing a bill to reform the laws of the United States with respect to extradition. Current extradition laws have been on the books for well over a century and have never been reviewed in a comprehensive fashion. According to both the Departments of Justice and State and leading practitioners and academics, these provisions are not adequate in dealing with international crime control. The bill I am offering for introduction is designed to facilitate reform in this area. The Subcommittee on Crime, which I chair, will hold a hearing on this bill in the near future.

Increased ease and frequency of intercontinental travel has created international law problems that were unforeseen by the Congress of the 19th century. In recent years there has been a dramatic increase in the number of extradition requests made by foreign countries for terrorists and for persons involved in drug trafficking. Improved international cooperation in prosecuting these types of offenses will very likely produce an even greater level of extradition demands in the future. The current procedures carry forward the anomalies of a bygone era. The inconveniences caused by these statutory deficiencies are relatively minor now, but are likely to cause major problems in the future.

In addition, the United States has undertaken negotiations and executed new extradition treaties that cannot be fully implemented under present law. The modernization of extradition procedures would be an important step forward in implementing these international obligations.

This bill has been developed with the assistance of the Departments of Justice and State. Many of the ideas for reform in this area have come directly from their suggestions. Among the suggestions made by the administration that have been incorporated are the following:

First, require that the Attorney General act as complainant in extradition matters. Under current law a foreign government—or someone claiming to be acting on behalf of such government—can initiate an extradition proceeding. The suggested change is recognized practice in virtually every other country. The proposed change will also avoid foreign policy problems that arise under current law.

Second, permit an arrest warrant to be issued when the location of the fugitive is not known. This procedure will facilitate the efforts of law enforcement in locating persons sought for extradition, including suspected terrorists.

Third, permit the commencement of extradition proceedings upon the issuance of a summons. This procedure is appropriate when the fugitive's location is known and the risk of flight is small. This procedural device will also save money.

Fourth, set standards for the release of a person sought for extradition. Under current law there is no explicit treatment of the question of when and whether to release a person sought for criminal activity by a foreign government. The absence of statutory criteria for use by the courts has produced some inappropriate results. The proposed release criteria takes into account the dangerousness of the accused person, ties to the community, seriousness of the offense, and the need to honor our solemn treaty obligations.

Fifth, permits fugitives to be temporarily extradited to the United States for trial and sentencing. This change will assist law enforcement by allowing timely disposition of violations of American law. Under current law we would have to wait until any foreign sentence was served.

Sixth, establishes the right to counsel of accused persons and authorizes the appointment of counsel for indigents.

Seventh, clarifies the requirements of double criminality. International law and our extradition treaties require that the offense that is the subject of the proceeding be an offense in both the requesting State and the United States. The bill clarifies current law by providing that the alleged offenses must be an offense similar to a crime against: A majority of the States or the United States; the United States; or against the laws of the State in which the suspect is found.

Eighth, permits either party to appeal the decisions of the district court. Under current law neither side may appeal. As a practical matter, however, the defendant can obtain review through habeas corpus proceedings, and the Government by commencing a new proceeding. Direct appellate review will be more efficient.

Ninth, clarifies or codifies current extradition practices and sets forth clear procedures for use by the courts and the Attorney General.

There is one area where the bill differs from the previous recommendations of the Departments of Justice and State; treatment of the political offense exception and the application of defenses to extradition. Under current law virtually all of our extradition treaties provide that the United States does not have an obligation to return an alleged offender who has committed a political offense. The Federal district courts generally make this determination under current law. The administration wants to change this practice to vest these determinations in the discretion of the Secretary of State.

The bill I am introducing leaves the authority for making decisions about political offenses with the independent judicial branch. While there are legitimate concerns about the possible adverse consequences of the current practice on the political offense question, I believe they are adequately addressed in the bill. The bill sets forth for the first time in Federal law clear statutory criteria for the courts to use in determining a safeguard against possible abuse by guaranteeing the Government the right to appeal. These two changes should resolve most of the objections the affected agencies have to current law. If the witnesses at our forthcoming hearings offer persuasive reasons for modifying the current law, then such a change in the bill will be made. I am confident that any bill that emerges will fashion an appropriate balance between the rights of the accused and the foreign policy needs of our Government.

I extend an invitation to interested parties to comment on this bill. Comments or requests to testify should be made to the Subcommittee on Crime, 207 Cannon House Office Building, Washington, D.C. 20515 or telephone: 202/225-1695.

SCOUT MEDAL OF HONOR PRESENTED TO FREDERICK (PETE) VEY III

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. CHAPPELL. Mr. Speaker, this Saturday I will have the privilege of presenting a Scout Honor Medal for Lifesaving to Frederick (Pete) Vey III, who resides in my district, and I would like to share with my colleagues the great courage and bravery exhibited by this young boy.

On December 14, 1980, Pete started out for school, walking with his grandmother, Mrs. Gertrude Marsh, and her small poodle. As they reached the schoolbus stop, a large German shepherd suddenly began to attack the poodle, which Pete's grandmother was holding in her arms. Immediately, young Pete jumped between the attacking dog and his grandmother and kept the German shepherd from causing her harm. Peter risked his own life in order to protect the life of another and fulfilled the Cub Scout motto which says, "Do your Best." The Scout Honor Medal for Lifesaving has only been presented three times this year by the Boy Scouts of America and is the first to go to a Floridian in more than 2 years. Saturday, Pete will receive this special honorary medal and will be the highlight of "Scout World '82" at the Naval Air Station in Jacksonville, Fla.

Today we are painfully aware of the difficulty in getting people to lend a hand to their fellow citizens. We are constantly being told that the American people have grown apathetic and do not believe that a lone individual can change the course of events. However, I believe that this 9-year-old boy's courage and bravery represents the true and valor that breathes in the hearts of all Americans, regardless of age. We are, indeed, a fortunate country when we are blessed with young people such as Pete Vey. His action stands as a source of inspiration for his parents, community, fellow Scouts and classmates and will certainly continue to serve as an example for us all.●

NATIONAL POLICE WEEK

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. BIAGGI. Mr. Speaker, once again another "National Police Week" is drawing to a close with very little public notice. As a 23-year veteran of the New York City Police Department, I am deeply grieved by this fact, because plain and simply, our Nation's police officers deserve better.

At a time when our Nation's 528,000 law enforcement officers are being asked to strengthen the front line of defense against our growing crime problem—all too often at the expense of their own lives—they deserve the support and recognition that "National Police Week" was intended to provide.

Clearly, no such occasion could fully acknowledge the supreme sacrifice unselfishly made by the law enforcement community, particularly by those 1,147 police officers who were killed in the line of duty during the past decade. However, we can and should * * * express our gratitude for the vital services they have provided * * * pay tribute to those who have died * * * and focus attention on the need to better protect those who continue to protect us.

Earlier this year, we were informed that the U.S. crime rate leveled off in 1981 for the first time in 5 years. This included an 8-percent drop in arson crimes, a 4-percent decrease in motor vehicle thefts, a 3-percent murder rate decline, a 2-percent drop in aggravated assaults, and a 1-percent decrease in the number of rapes and burglaries.

Mr. Speaker, as the front line of defense against crime, our Nation's law enforcement community deserves a great deal of the credit for these favorable statistics. Especially significant is the fact that these dramatic achievements were being made at a time when many police departments around the country were being forced by budget considerations to cut back on manpower levels.

Much of this success is largely attributable to improved crime prevention techniques and a well-trained, highly professional police force.

Tragically, no matter how low the crime rate, or how well trained the law enforcement officer, history tells us there will always be police deaths. It is the supreme sacrifice that all law enforcement professionals potentially face each and every day on the job.

As our Nation prepares for "Police Memorial Day" on Saturday, May 15, I wish to pay a special tribute to the 91 courageous law enforcement officers who lost their lives in the line of duty during 1981. The include:

ROLL CALL OF HEROES—1981

Terry Lee Baker, Gerald Lee Morris, Lawrence Dale Coker, Wilson C. Elms, William H. Pogue, William Ray Tate, Theron A. Burnham, Charles B. Smith, Robert E. Walsh, George Leeland Claypool, Mark Wayne Griffen, Patrick Stephen Runyon, Ray R. Clark, Greg Mullinax, Tony E. Swartzlander, John Thomas McCarthy, Ben L. Green, Henry David McCall, and Larkin V. Pettit.

Paul H. Mueller, Dennis J. Roberts, Robert Wesley Martin, Philip Carl Metz, Michael Francis Hurley, Kathleen Garcia, William Larry Whitwell, Robert Patrick McDermon, William Rankin Hickman, John G. Scarangella, Richard J. Helbush, Jan Brinkers, Leon G. Garrett, James N. Mason, Clarence P. Cox, Jr., Robert T. Jordan, Rosalin Suarez, Jr., Thomas J. Szafranski, William T. Whitehead, Kenneth Bateman, and Harry K. Tiffany.

Ronald R. Ebeltoff, William J. McGuirk, Ray Brown, Gerald L. Horn, Eddie R. Duncan, Delbert J. Roush, Sr., Fasiolepia F. Taase, Debra Sue Corr, Michael J. Faulkner, Ferdinand F. Pribbenow, Wayne R. Rice, Michael W. Hoing, Ronald L. Tracey, Gerald A. Rauft, Grant L. Wilson, and Ronald D. Oliver.

Darrell L. Phelps, George Yaros, John E. Johnson, Richard P. Miller, Nathaniel Broom, Charles R. Carrington, David I. Rucker, Jesse Henderson, Tommy L. Thedford, Johnny R. Martinez, Enrique Carrisalez, Justico Santiago Surillo, Peter F. Egnor, Edward O'Grady, Waverly Brown, and Anthony J. Johnson.

John Litch, Jr., Robert R. Lawson, Donald C. Benson, Michael D. Avila, Dennie Q. Enevold, Edmond C. Cannon, George S. Watkins, Robert L. Kirby, Jose Luis Troche-Vargas, George U. Darnell, Daniel Faulkner, Michael Wayne Ritchie, Paul J. Harmon, Anthony Abruzzo, Phillip J. Lamonaco, John Alan Machajewski, Charles S. Mehlberg, Daniel Thomas Maloney, and Billy Morris Langham.

Mr. Speaker, in honor of these 91 brave men and women, and the thousands of other law enforcement officers who have lost their lives in the line of duty, I introduced legislation today that would establish a national police memorial in our Nation's Capital. This measure, which is cosponsored by over 20 of my House colleagues, would authorize a "National Law Enforcement Heroes Memorial" to be built on Federal grounds near the FBI headquarters in Washington, D.C. With good reason, we have honored those who have lost their lives in foreign wars. A similar national monument is needed to honor those brave men and women who have lost their lives at home in the war against crime.

No Federal expenditures would be required to build the monument. Instead, the measure authorizes the Secretary of the Interior to "accept and use" private contributions to pay the entire cost of planning and constructing the memorial.

In addition, an advisory panel, composed primarily of active or retired police officers, would be appointed to develop recommendations on the design and precise location for the monument. The Interior Secretary would be in charge of constructing the memorial once plans have been completed and adequate funds have been raised.

Recognizing the extreme difficulties faced by the survivors of a slain police officer, I was proud to be a leading sponsor of a 1976 law that established a $50,000 lump sum death benefit to the survivors of public safety officers killed in the line of duty.

Another similar measure I authored this Congress would provide college scholarships for the surviving children of public safety officers killed in the line of duty.

Clearly, however, there is also much we can do to prevent future police deaths—to better protect those who continue to protect us. Acting in this belief, I have authored a number of measures this Congress aimed at achieving this goal. They include:

H.R. 5437—to outlaw a small class of handgun bullets being specially made to penetrate the bulletproof vests worn by police officers. Currently, there is no Federal restriction against such ammunition.

H.R. 4978—to require the licensing of bulletproof vest dealers, and require that anyone wishing to purchase a vest must first be screened by local police authorities in order to prevent criminals from easily obtaining these vests.

H.R. 5559—to establish a mandatory, minimum prison sentence of 1 to 10 years for any person wearing a bulletproof vest in the commission of a crime.

H.R. 5560—to encourage States to establish the death penalty for any person convicted of willfully killing a law enforcement officer.

Other measures I have authored this Congress in an effort to better serve our law enforcement community include:

H.R. 3596—to encourage all States and localities to adopt a "Law Enforcement Officers Bill of Rights." Specifically, this would insure that police officers are treated fairly by spelling out the rights an officer is entitled to during intradepartmental investigations.

H.R. 6301—to exclude from taxation the retirement income received by a police officer or firefighter.

Mr. Speaker, our law enforcement community performs a very difficult, yet vitally important task. We must provide whatever assistance we can. I believe the legislation I have introduced is an important step in that direction. However, there is much more that is being and can be done.

A major supplement to police work in recent years has been increased community cooperation with law enforcement. Certainly, this trend must be encouraged.

Finally, I wish to focus attention on yet another major improvement in our Nation's crime prevention effort—a crackdown on career criminals. At this time, I would like to insert a recent article on this issue which appeared in the Wall Street Journal:

STREET-CRIME DRIVE: D.A.S' SPECIAL TEAMS WIN STIFFER SENTENCES FOR "CAREER CRIMINALS"

(By Robert E. Taylor)

LOS ANGELES.—When Deputy Distict Attorney Dan Murphy saw Charles W. Conley's criminal record, he told Conley's attorney to forget about plea bargaining. "We're going to the wall with this guy," Mr. Murphy said.

Conley, 49 years old, was charged with a series of robberies and rapes, but some of the distraught victims couldn't even identify him. Normally, a prosecutor might have considered letting Conley plead guilty to lesser offenses and draw perhaps 10 years behind bars.

But Mr. Murphy openly set out to lock up Conley "for the rest of his life." He spent hours coaxing one victim to return from Wisconsin to testify. He had a crime-scene photograph enlarged to reveal a boot print similar to Conley's. With charts and careful measurements, he showed that Conley could have committed the crimes just before and after work, disposing of the alibi that Conley was on the job. The jury found Conley guilty on all counts. The judge gave him the maximum term, 60 years in prison.

Why so tough? Conley had prior convictions for assault, kidnapping and robbery. This targeted him for the relentless treatment that is provided by lawyers like Mr. Murphy in this city's Career Criminal Prosecution Unit.

DESIGNED FOR CRACKDOWN

Career-criminal units—also called habitual-offender units, among other names—are designed to crack down on a relatively small number of repeaters who are blamed for committing a huge proportion of street crimes. Generally, the units gather the most experienced prosecuters, give them more time for each case, and tell them to spurn plea bargaining and to seek long prison terms.

Mounting evidence shows that the units put more of their defendants behind bars, and put them there longer, than do other prosecutors. "The surest way to a state prison term in California today," says a state study, "is to be prosecuted and convicted by the Career Criminal Prosecution Units."

The idea was pioneered in New York City's Bronx and in San Diego, Calif., in the early 1970s. Briefly spurred by federal dollars, it has been adopted by more than 100 prosecutors' offices nationwide, and its emphasis on repeat offenders is spreading to other areas of law enforcement.

Last September, for example, the New York City police department singled out almost 6,000 suspected career criminals who had prior robbery arrests for added investigation if they are arrested again. Chicago has set up special Repeat Offenders Courts, known as "the rock," to dispense swifter justice to career criminals and avoid plea bargaining. And although the idea of providing for or requiring longer terms for repeat offenders isn't new, the number of states with such laws has risen to 45; and 28 have a possible life term usually after the third felony conviction.

SPURRED BY FINDINGS

The focus on habitual offenders stems from criminologists' findings. In one study by Prof. Marvin Wolfgang of the University of Pennsylvania, only 18% of the criminals committed more than half the crimes of the whole group. Another study of 243 drug addicts in Baltimore concluded that they committed more than half a million crimes in their lifetimes.

The best evidence that the special prosecutions work is a 27-month study of 12 career-criminal units in California. It found that although they only slightly increased the conviction rate overall, they increased convictions on the most serious charges to 85% from 60%. And their average prison sentence was five years and four months, almost a year longer than in similar cases handled through normal channels.

Some question these statistics. Los Angeles's public defender, Wilbur Littlefield, says the units "usually pick the sure winners—aces, straights and cinches." Rand Corp. researcher Peter Greenwood remarked last year that "with a little careful screening you can achieve whatever performance levels you want."

But prosecutors strongly deny such manipulation. And they have converted Mr. Greenwood, who today joins many criminologists in aruging that the units do curb crime.

TOO MUCH TOO LATE?

Some street-smart people agree. Upon their arrest, three persons here have begged police to keep their cases away from the career-criminal unit. And generally, the units are popular with prosecutors. Only a few units have been dropped in the past three years as federal aid for them has dried up.

The programs' strongest criticism comes from criminal experts who say they may be cracking down on criminals too late in life.

Several studies have shown that burglars, for instance, are most active between the ages of 15 and 22. Yet they aren't likely to be singled out as career criminals until late in that period. Why? Because even incorrigible juveniles seldom draw long sentences, and when they become adults, they generally start out with a clean criminal record. By the time they acquire a record long enough to be singled out, their criminal career is likely to be waning.

"The criminal-justice system is more likely to punish an older and often worn-out offender than a young and very criminally active one," argues Barbara Boland of the Institute for Law and Social Research here.

(Several states are allowing more juveniles to be prosecuted as adults for serious crimes; Vermont allows murder trials for 10-year-olds. A few states also are giving juvenile records to prosecutors so that young career criminals can be spotted sooner.)

Some laws that require longer terms for repeat offenders also stir controversy. Norval Morris, a professor of law and criminology at the University of Chicago, says such statutes "very rarely work well" because they require long terms for "too many minor offenders." In one case, recently upheld by the U.S. Supreme Court, Texas courts gave a man a life sentence for three fraudulent transactions netting him a total of only $229.11.

Alvin Bronstein, the head of the American Civil Liberties Union prison project, calls it "inherently unjust" to impose a longer sentence because of prior crimes for which an offender already has served time. "You're punishing a person two times for the same offense," he argues.

Shrugging off such qualms, the Rand Corp.'s Mr. Greenwood says that attempts to rehabilitate criminals or deter them haven't been effective. He contends that the only proven way to curb crime is to lock up the most incorrigible offenders, and criminologists generally agree.

Won't that overburden already jammed state prisons? Not necessarily, says Mr. Greenwood. He maintains that California could cut its prison population of robbers by 5 percent while reducing the robbery rate by 15 percent. The answer, he says, is to stretch terms for habitual offenders while shrinking them for others.

Critical to such estimates are the criteria used for singling out persons for career criminal prosecution. These vary, but generally rely on evidence of prior offenses.

Los Angeles, like most communities, stresses burglary and robbery—troublesome offenses that normally are likely to be subject to plea bargaining even for repeaters. It prosecutes as a career criminal anyone charged with three or more such crimes and anyone previously convicted of either one serious offense, such as armed robbery, or two lesser charges, such as receiving stolen goods. In addition, the unit handles many murders.

EFFECT IN THE BRONX

By directing heavy prosecution efforts at a specific crime, some career-criminal units claim to have cut the incidence of that crime quickly. The Bronx initially used its unit, according to director Sheri Roman, to sharply reduce robberies of taxi drivers and fast-food restaurants. Other units emphasize sex crimes, murders or drug trafficking.

A strong argument for the units is that they can obtain long sentences against some criminals who otherwise escape lightly. "Largely numbers of people with very serious criminal histories are serving only three months or six months" in jail, largely because of plea bargaining, says Kenneth Conboy, New York's deputy police commissioner.

Two who once got off lightly here were Glenn Alderson and Clyde Stevens. Both had extensive juvenile records and were convicted of robbery and burglary, respectively, shortly after becoming eligible for adult-court prosecution. Yet instead of prison, they drew a few years each in the California Youth Authority, a juvenile institution.

Less than a year after release, they pulled a series of holdups and shot a grocery-store butcher. The career-criminal unit got them convicted of assault and multiple armed robbery. The judge sent Alderson to prison for 12 years and four months, and Stevens for 14 years—both the maximum available sentences.

Mr. Murphy, the prosecutor, tried to get the men locked up even longer for attempted murder, but the charge was rejected. "These guys have a history of violence," he says. "We believe that if you let them out, they'll be at it again."

NO ASSEMBLY LINE

One reason for the success of career-criminal prosecutors is that they work as individual craftsmen instead of assembly-line workers. Ordinarily in most big-city prosecutors' offices, several lawyers each work on a different stage of the case. "Some of these prosecutors don't know a thing about the case until they get into court," says William Turner, a defense attorney in Los Angeles.

"A lot of information gets lost," says Robert Heflin, the chief of the career-criminal unit in Los Angeles. Witnesses disappear. Evidence or criminal histories are misplaced or ignored.

But career-criminal prosecutors follow their defendants from arrest through trial. They work more closely with police and other prosecutors. They are supposed to handle about 15 cases at a time, half the normal load, and they make more-detailed sentencing reports. "This is the way we really should handle all our cases," Mr. Heflin says.

Longer terms for hardened criminals are generally popular, and the federal government, too, is considering adopting career-criminal concepts.

Rudolph Giuliani, an assistant attorney general, talks of using federal prosecutors like career-criminal units—to crack down on repeat state-law offenders who violate federal laws. Two researchers at the Institute for Law and Social Research say they can predict with 86% accuracy which convicts will be rearrested within five years. The researchers, Charles Wellford and William Rhodes, estimate that 2,000 persons prosecuted each year in federal courts are career criminals.

Sen. Arlen Specter, a Pennsylvania Republican who was Philadelphia's district attorney for eight years, proposes providing federal career-criminal sentences of 15 years to life for anyone found guility of a robbery or burglary with a handgun on top of two similar convictions. The Reagan administration has endorsed the idea, though some view it as an infringement on state and local responsibilities.

Sen. Specter contends that the threat of speedier sentencing in federal courts to longer terms would spur local judges to tougher sentencing, deter some crime and supplement local efforts against career criminals. "These guys are the central part of violent crime in this country," he says. "I think the federal government ought to take responsibility for helping to prosecute and incarcerate the worst of them"●

CALL TO CONSCIENCE VIGIL: VIACHESLAV ROYAK

HON. CHARLES F. DOUGHERTY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. DOUGHERTY. Mr. Speaker, I have once again this year joined the Congressional Call to Conscience Vigil to draw attention to the inhumanity of the Soviet Union toward its Jewish citizens. I would like to thank my colleague, Congressman NORMAN LENT of New York, for taking the time to organize this event.

In the 3 years that I have participated in the Vigil I have been working on behalf of Viacheslav Royak, a mathematician, and his family, who since 1977 have tried to emigrate to Israel. Over 5½ years have passed since Slava, Irana, his wife, and their two daughters first applied for an exit visa. In addition, Slava has suffered recrimination upon recrimination because of his Jewish heritage.

When President Franklin Roosevelt negotiated the agreement by which we officially recognized the Government of the Soviet Union, the Soviets agreed to foster religious freedom in their country. However, 40 years later, we are still witnesses to a complete lack of religious toleration in that country. The Royaks are victims of the same tyranny that the Soviets promised to end two generations ago.

While the Call to Conscience Vigil serves very well as a reminder to the world that the United States does value the freedom of others, we must express our commitment to these values. The President has taken several steps toward expressing that commitment. Technological sales and capital equipment can serve as valuable sources of leverage against the Soviet Union. It is my hope that we will continue to express our commitment to human rights by exercising these tools properly.●

COMMENTS ON THE SUPPLEMENTAL APPROPRIATIONS BILL

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. SIMON. Mr. Speaker, yesterday, due to House Budget Committee markup, I was unable to be on the floor during debate on the supplemental appropriations. I would like to address two items in that bill.

First, I would like to voice my support today for the supplemental appropriations for the WIN program—the work incentives program. This program was established by the Social Security Amendments of 1967 to help recipients of AFDC—Aid to Families with Dependent Children—move off the welfare rolls into productive jobs.

WIN provides a number of services related to securing employment: Direct job placement and training, job search instruction, transportation, counseling, and other supportive services such as day care. The different WIN offices throughout the country provide a mix of these services.

The WIN program has been moderately successful in helping AFDC recipients secure jobs. Approximately 15 to 20 percent of the WIN participants secure employment each year, with a savings of $760 million. Although this percentage could be higher, we now know from U.S. Department of Labor research which elements of the program are the most successful. WIN offices which have the highest rate of placing AFDC recipients into steady jobs did the following two things: First, they provided systematic individualized job search training, including followup counseling.

Second, they actively incorporated a rich mix of supportive social services for their clients, including child care, extensive counseling, home visits, emergency transportation or money, and household management.

The point is that moving out of poverty and welfare dependency can be extremely difficult, and solutions do not come easily. The WIN program not only has helped thousands of people find jobs. It has also helped policymakers identify viable solutions for helping people become more self-sufficient.

I believe the WIN program should be applauded for its efforts and for the information we now have regarding the promotion of self-sufficiency. I urge the passage of the supplemental appropriations.

Second, I would like to call attention to the supplemental appropriation for the Bureau of Labor Statistics. This supplemental appropriation is vital.

At this point in time, the Bureau of Labor Statistics has reduced its budget by 12 percent last September after the President requested an across-the-board 12-percent cut. Last December with the passage of the continuing resolution, the Bureau of Labor Statistics budget was reduced by an additional 4 percent, bringing the total cut to 16 percent.

The BLS has made a number of changes in its data collection and analysis activities in order to meet the 12-percent reduction. These changes have included a hiring freeze, the elimination of 200 positions, and a freeze on certain travel. The Bureau has also reduced its publication rate.

More importantly, the BLS has had to reduce or eliminate a number of surveys which I believe are of utmost importance to the Nation. According to a recent report from the Congressional Research Service, at least 19 surveys are being affected. To highlight a few:

First, the Current Population Survey, which provides statistics on employment and unemployment has had to reduce its sample size from 66,000 to 60,000 households, a move which will make employment data on small States and cities, and minority populations less precise.

Second, research to improve methods for estimating unemployment in local areas has been eliminated, despite the recommendation from the National Commission on Employment and Unemployment Statistics that this research be conducted.

Third, the Consumer Price Index needs to be rebased from the 1967 population characteristics to the 1977 population characteristics. This has been postponed.

These are just a few examples of how the 12-percent budget reductions are affecting the quality and timeliness of employment data of national importance. Therefore, I believe that it would be unconscionable to maintain the additional 4-percent cut which occurred last December.

BLS Commissioner Norwood believes that any further reductions past 12 percent in the BLS budget will seriously impair the core statistical programs of the Bureau. At a time when the Congress and the administration are making unprecedented decisions about the Federal budget, we cannot afford to impair the key Federal bureau which provides important information on the implications of our decisions. I strongly urge the support of the supplemental appropriations for the Bureau of Labor Statistics.●

THE RESPONSIBILITY OF REMEMBERING THE HOLOCAUST

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. SOLARZ. Mr. Speaker, I rise today to bring to the attention of my colleagues a moving address recently delivered by Ms. Eva Fogelman at a commemoration of the Warsaw Ghetto uprising. Ms. Fogelman, a psychotherapist and doctoral candidate at New York University, is an auxiliary member of the U.S. Holocaust Memorial Council and a founding member of the International Network for Children of Jewish Holocaust Survivors.

Her remarks poignantly portray the terrible responsibility survivors of the Holocaust bear to speak out about their experiences, no matter how terrible, and to bear witness not only to the cruelties of the Nazi death machine, but to the courage and bravery of those Jews who actively resisted the Nazis even in captivity. We must also remember the efforts of others who risked their own lives to enable thousands of intended victims to escape abroad.

The world needs to know what happened during the Holocaust, and survivors must help us to understand, not only what happened in Europe, but what can be done to insure that such a campaign of death and destruction will never happen again.

National and local observances such as the Days of Remembrance suggested by the National Holocaust Memorial Council and commemorations of particular events, such as the Warsaw uprising, provide us with an opoortunity to reflect on what blind hatred and militant fanaticism can do if unchallenged.

Mr. Speaker, I ask that Ms. Fogelman's remarks be included in today's RECORD.

SPEECH PRESENTED AT A HOLOCAUST COMMEMORATION, APRIL 18, 1982, EVA FOGELMAN

It is with pleasure that I share this platform with Congressman Stephen J. Solarz whose actions have helped to insure the continuity of the Jewish people and freedom for all those who are still oppressed.

I speak to you today, at this Yom Hashoa commemoration, as a child of survivors, whose parents have instilled in me a sense of responsibility . . . to remember, not only my own relatives who were murdered by the Nazis, but also the millions of others who do not have anyone to say Kaddish (Mourner's Prayer) for them.

Memories of "the war" are part of your consciousness, as if it happened yesterday. I do not have to remind the people sitting in this audience. Rather, what I would like to share with you is what to do with your memories and why.

In recent years we have witnessed a paradoxical phemenon. The media, schools and even the United States government are developing programs, curricula and permanent institutions like the United States Holocaust Memorial Council which is establishing a museum in Washington, D.C. On the other hand, over one hundred books have been published denying that the Holocaust, in particular the murder of six million Jews actually occurred. These "experts" theorize that the Holocaust is Zionist propaganda designed to insure the existence of the state of Israel. For many who did not suffer the atrocities perpetrated by the Nazis, whether the Holocaust is fact or propaganda becomes an intellectual exercise.

Without knowledge people ask naive questions like, "Why didn't the Jews resist" and "Why were they so passively complying with the executioners?". Blaming the Jews for their extermination, unfortunately, becomes the lesson which is transmitted. Those of you who were there know better. My own father, who is sitting in this audience, was in the Illya ghetto from which he escaped when the Nazis evacuated the Jews and transported them to concentration camps. As the Nazis followed five of them with their machine guns into the woods, only two survived. They were wandering in the woods for six months and managed to live with the food and warnings of Gentile farmers in the area. They then joined a partisan unit known as "Maschetel" (Revenge). They blew up trains, set mines on railroad tracks and blew up German police stations. And who says there was no resistance when it was humanely possible.

Before long there will be few survivors left to bear witness. . . . Only the pictures and words will remain. Elie Wiesel who began to bear witness before anyone would listen to him pleads with the survivors,

"We must tell the tale . . .. and we want to tell it not to divide people but, on the contrary, to bring them together, not to inflict more suffering but, on the contrary, to diminish it, not to humiliate anyone but, on the contrary, to reach others to humiliate no one. This is why we bear witness . . . not for the sake of the dead. It is too late for the dead. Not even for our own sake. It may be too late for us as well.

"We speak for mankind."

President Ronald Reagan, who spoke last year at the Holocaust Commemoration in the White House, expressed the importance of remembrance.

"Today, yes we remember the suffering and the death of Jews and all those others who were persecuted in World War II. We try to recapture the horror of millions sent to gas chambers and crematoria. . . .

"The hope of a ceremony such as this is that even a tortured past holds promise if we learn its lessons . . . . It is up to us to ensure that we never live it again."

For many survivors, speaking out may seem like an overwhelming responsibility. As a psychotherapist and researcher who has worked with survivors and their children I would like to suggest some personal reasons for communicating about the Holocaust. For one, bearing witness helps the survivor resolve a certain inner struggle which has been poignantly described by Terrence Des Pres in his book, "The Survivor":

"Through the survivor as witness the silence speaks and the new spirit of resistance stays loyal to the suffering which was its birth. The conflict between silence and the scream so prominant in Wiesel's novels is in fact a battle between allegiance to the dead and care for the living which rages in the survivor and resolves itself in the act of bearing witness."

It is not easy to explain what it was like to experience the depth of man's inhumanity and to lose parents, siblings, grandparents, aunts, uncles, cousins and friends all at once. After sharing his story, the survivor is at a loss for words, feels misunderstood and has sleepless nights. Therefore, why not spare the listener and the survivor? Because despite the pain, many survivors feel a sense of emotional relief when they find someone who cares and who wants to know.

And then, there are the children. Many survivors ask me, "Why tell my children what happened? I suffered enough. They should be spared the horrors and enjoy a happy life in America or Israel. If we talk about the war still affecting us, it is as if we are giving Hitler posthumous victory. We must be strong. Besides the children, like other listeners, will find it incomprehensible.

From my therapeutic work with survivors' children, whether you, the parents, speak or not the children feel your pain. They will understand you better if you share your experiences. You may be one of those parents who found that your children did not ask you questions or didn't want to know. This often happens when the child wants to protect their survivor parent from remembering. They want to spare themselves the pain and be like everyone else who doesn't want to know about the past. But like the story of Exodus it must be told.

At the Passover Seder there are always questions that repeat themselves. From the first time we hear them we are never satisfied with the answers. Like the first time you give a child bitter herbs to taste and she says "yeck" and immediately asks the appropriate question, "why do we have to eat this?" and when it is served again the next year, they ask "why keep repeating it year in and year out?"

The continuity of the Jewish people, their history and culture, must include the joy as well as the sorrow. In telling your story you should include the Jewish culture you experienced before it was destroyed. Your lives did not begin with the war and thus your story nor Jewish history should begin with World War II.

Many children of survivors experienced their parents as overprotective and worriers. They would worry about everything. At times this became a burden to the children. They felt that their parents were different from their American peers whose parents took them to baseball games and the Boy Scouts. When children hear their parents' war traumas, the overprotectiveness is no longer misunderstood. Their fears are based in a reality beyond the comprehension of most Americans. For example, many sole surviving family members recall a familiar experience.

"My brother went out in the middle of the night to find some bread for us and never returned. The next night, my older sister went out and she never returned. We then almost starved to death because my parents wouldn't let me go out. They didn't want to lose their only child. The Nazis came and we were deported to a concentration camp. My parents were gassed there and I was left all alone in the world."

When a child of survivors hears such a story, the parents' overprotectiveness takes on a different meaning.

Thirty seven years after, the survivors and their organizations are just beginning to get the support and understanding they deserve. Similarly, the Torah teaches that the generation that left Egypt was permanently scarred by slavery, but the message carried on by their children liberated humanity and changed not only Judaism, but the world. And in fact this is what has happened in recent years. The children have been called upon to tell the story. The children carry a special pain precisely because of the Holocaust. Being born to a survivor doesn't mean you have to spend your life witnessing the Holocaust. However, like any other background, you can accept your past, and integrate it into your own destiny and identity. Or, one may flee from it as Jonah did. Or, one may remain indifferent. In essence we each face the same choices that existed during the Holocaust: to be part of the ongoing victimizing effort, part of the defense against forgetting or a bystander. The world needs to know. Unless children of survivors and others are told by those who experienced it first hand, they will not be able to carry on their mission to remember.

What to do with the memories? Some survivors are writers, poets, filmmakers, musicians. They should record their experiences in whatever creative means they have at their disposal. Others can be interviewed and have their documentation recorded in Holocaust archives in the U.S. and Israel. Those who have public speaking ability should make themselves available to public and religious schools who teach this part of world history. Children will remember your faces better than any words they read. Aside from the more public form of sharing your experiences, each survivor should have a recording for his own family for generations to come.

Rabbi Irving Greenberg reminds us, "The Torah teaches us that the righteous are more powerful after their death and will hopefully liberate humanity from another Holocaust." This can only be accomplished if the survivors as well as all of us no longer maintain a conspiracy of silence.●

LISTEN AMERICA, SMALL BUSINESS IS SPEAKING

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. ROTH. Mr. Speaker, as a former member of the Small Business Committee and former small businessman myself, I join in celebrating National Small Business Week. The small business man or woman is the consumer's best friend. We supply the services and deliver the goods to virtually every farm, village, town, and city in our country. We are today, as we were in the past, representative of the varied and unique citizens of America. I ask my colleagues to listen, small business is speaking and should be heard.

The economic impact, jobs creation and community leadership generated by small business today is impressive. The very nature of small business is the ability to respond quickly to changes within our society. Small business takes the lead in innovative consumer products, opportunities for women and minorities, jobs for more than half of America's workers. If each small business could employ just one more worker, we would eliminate the 10 million Americans on the unemployment rolls today.

It is important that we continue along the road to success taken by this administration and this Congress. The Economic Recovery Act includes important provisions for the preservation of the family business and the family farm. Regulatory reforms further promote the free market forces. The Small Business Innovation Development Act which will come to us for passage later this week will expand the initiative and potential of this established and vital sector of our economy.

Listen, the small business man and woman are making their voices heard in Washington. Recently, a new member with business background was named to the Federal Reserve Board. A number of us have already cosponsored a resolution urging the President to include the head of the Small Business Administration on his Cabinet Council of Economic Affairs. I can think of no one more responsive and representative of the 97 percent of American businesses who should serve on the Council. This working group includes the Secretaries of Commerce, Labor, Transportation, Treasury, Office of Management and Budget and Office of Trade Representative. I would like to see small business not only recognized, as we are doing this week, but represented in the strategic planning sessions for our economic affairs.

What's good for small business is indeed what's good for America. In addition to this tribute to these fine men and women, let's roll up our sleeves and tackle the job ahead. Let's maintain the new tax incentives, unleash the final restraints of regulation, set aside funds for innovation and development and listen to the voices of the spirit of our free enterprise system, the small businessmen and women of America.●

CASTING FUSION ADRIFT

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. STARK. Mr. Speaker, I have come before this body on numerous occasions to stress to you the importance of continuing a strong magnetic fusion effort here in the United States. In a recent edition of the Christian Science Monitor, Mr. Edwin E. Kintner, former Director of the Department of Energy's Office of Fusion Energy, explained the severe situation we are facing with the cutbacks to fusion energy research and development funds. Those of us who are dedicated to preserving the future of fusion energy must speak up now in defense of this invaluable program.'

MUST FUSION FAIL?

(At a time substantial progress has been made toward harnessing hydrogen fusion, the process that powers the sun and stars, as a practical energy source, budget cuts are crippling the U.S. fusion program. Here the former director of the Department of Energy's Office of Fusion Energy explains why he felt compelled to resign in protest earlier this year.)

(By Edwin E. Kintner)

The development of [hydrogen] fusion energy has reached a critical point. There is now a consensus: We can safely assume our ability to generate and contain plasmas [the hot gas of electrically charged hydrogen nuclei and electrons in which fusion takes place] under conditions we believe will make possible commercial energy production. We should now proceed in earnest to develop the engineering technology required to refine this scientific achievement for practical use.

But ironically, that judgment has been reached in the U.S. just when federal discretionary funding, especially for energy research, is being sharply restricted. As a result, the technological development of fusion, although already planned by the Department of Energy and mandated by Congress, will be delayed indefinitely. . . .

Though fusion energy is many years away, our investment in the strong, aggressive program begun during the crisis of the oil embargo of 1973 has brought significant returns. The United States has assumed prestigious world leadership in this advanced scientific field, a leadership held until 1973 by the Soviet Union. This effort has resulted in new developments in many areas in addition to high-temperature plasmas, including superconducting magnets [whose coils are cooled to such a low temperature they lose resistance to electric currents and hence have very low energy loses]; high-temperature, irradiation-resistant materials; high-voltage, high-power electrical equipment; and mathematics and computational techniques. This advanced work has already yielded valuable industrial spinoffs that have helped maintain US technological leadership and economic strength, and fusion research and development will continue to have this kind of payoff in the future. In fact, no other energy or defense program contributes as strongly to broad, long-term research needs—the kind of support provided in past years by nuclear energy, radar, and space research. This continued leadership has substantial practical value for the United States, especially in a period when the country's technological position seems to be eroding. . . .

The Department of Energy [encouraged by earlier studies] chartered another thorough scientific review of the magnetic fusion program [called "magnetic" because magnetic fields confine the plasma] later in 1980, this time by a panel headed by Solomon J. Buchsbaum, vice-president of Bell Telephone Laboratories, who was then chairman of the DOE's Energy Research Advisory Board. A broadly experienced group of scientists and engineers, the Buchsbaum panel has been called "the most powerful group of its kind ever assembled for a scientific program review." Its major recommendation was that "a broad program of engineering experimentation and analysis under the aegis of a Center for Fusion Engineering" to be established to achieve economically feasible magnetic fusion.

A key element of the program would be construction of a Fusion Engineering Device to "provide a focus for developing and testing reactor-relevant technologies and components" and to help "explore and firmly delineate problems of operator and public safety." Such a device should be in operation within 10 years, the Buchsbaum panel said, and the cost was estimated at "not more than" about $1 billion (in 1980 dollars). Achieving these goals, said the Buchsbaum panel, would require "a doubling in the size of the present fusion program in five to seven years."

Following this report, the US Congress enacted the Magnetic Fusion Energy Engineering Act of 1980, which declared that US policy is "to accelerate the national effort in research, development, and demonstration activities related to magnetic fusion energy systems. . . . To ensure the timely commercialization of (such) magnetic systems, the United States must demonstrate at an early date (their) engineering feasibility." The act recommended 25 percent increases in magnetic fusion budgets in each of the first two years of the new program. . . .

Recent implicit and explicit decisions have dimmed the prospects that the strategy and timetable mandated by the Energy Engineering Act can be carried out.

The initial budget request by the Magnetic Fusion Program Office for 1981-82 was $525 million. This included strong support for two new projects in the scientific program [to evaluate toroidal devices in which magnetic forces confine the plasma in doughnut-shaped tubes] . . . It also included funds for construction of a Fusion Materials Irradiation Test (FMIT) Facility, the only project anywhere in the world capable of irradiating materials at the high neutron energies and fluxes of fusion reactors, and $33 million to establish a Center for Fusion Engineering and begin in earnest the design of the Fusion Engineering Device.

The Office of Management and Budget reduced this request by $18 million before it went to Congress as part of President Carter's 1981 budget, and it was later further reduced by the Office of Management and Budget to meet the Reagan administration's guidelines. Thereafter, a series of step-by-step reductions in fusion budget plans for 1981-82 and 1982-83 made it clear that the strategy and timetable for fusion set forth by the 1978-80 studies could not be maintained. The amount available in the 1981-82 budget for the Center for Fusion Engineering was cut to $9.1 million, allowing only for organizational expenses and conceptual design activities. The new proposals effectively canceled the Fusion Materials Irradiation Test Facility, despite the fact that materials development has been recognized for years as the most difficult, longest-term technological problem in fusion . . . [A] new initiative in toroidal confinement was [also] canceled. Congress reinstated $14 million for the FMIT, and the 1982 fusion budget was settled at $456 million.

The initial request by the fusion program office for 1982-83 was for $596 million. At this level, all the steps required by the Magnetic Fusion Energy Engineering Act could have been modestly reinitiated, including establishing the Center for Fusion Engineering, beginning the long-term research to obtain competitive designs for a Fusion Engineering Device, and continuing a strong physics program.

The Department of Energy's review of these proposals in June 1981 continued to embrace the goal of determining "the engineering feasibility of fusion energy during the next decade." But it was understood that while DOE would do engineering work, it was "not prepared to commit to the construction of a Fusion Engineering Device at this time." Accordingly, a 1982-83 budget of $557 million, about 10 percent above the 1982 budget, was proposed—the minimum required to hold to the basic strategy of the Magnetic Fusion Engineering Act, although at a much reduced pace. The large increases in expenses visualized by the act were delayed beyond FY 1985. As the program director, I believed that this proposed 1983 program balanced the need to reduce expenditures with the strong program recommendations made by the review panels and enacted by Congress.

Now, however, with no formal hearings between the Department of Energy and the Office of Management and Budget [OMB], the 1983 budget has been presented to Congress with a total of $444 million for the fusion program. This is 25 percent less than the 1977 budget in real terms.

That amount allows for continuation of present laboratory activities, including the tokomak [advanced toroidal device] at Princeton. Indeed, most existing experimental efforts and many activities in the plasma physics program may be overfunded. But the $444 million does not provide for the broadening of activities recommended by [an earlier study] committee nor the engineering initiatives recommended by the Buchsbaum panel and authorized by Congress. The 1983 budget . . . puts the Fusion Materials Irradiation Facility "on the shelf," although over $60 million has already been spent for its design and development, and there are no funds to actively plan for the establishment of a Center for Fusion Engineering or a Fusion Engineering Device.

Finally and most important, the 1983 budget removes $25 million from the funding profile for the major mirror machine. [This is a device in which plasma is contained in a straight tube. Strong magnetic fields at each end turn back plasma particles that would escape as though reflecting them from a mirror. It is an alternative to the torodial devices.] If similar amounts are removed over the next two years as well, as implied by OMB action, the mirror machines will be delayed by almost three years.

Two fundamental program decisions are implied in these changes. The first is to forego, for an undetermined but extended period, the strategy and schedule recommended by the Buchsbaum panel and incorporated in the Magnetic Fusion Energy Engineering Act of 1980. (Senior officials in the Department of Energy characterized this act as "permissive" and "a silly piece of paper.") The second is to delay the major mirror facility by up to three years and, therefore, to postpone by at least that long the comparison between toroidal and mirror systems.

Those decisions leave the fusion program without a strategic backbone—it is a collection of individual projects and activities without a defined mission or timetable . . .

In sum, these budgetary actions redirect fusion research entirely away from the practical engineering developments that could prove critical when fossil-fuel reserves are exhausted.

Why this sudden reversal in national policy? The obvious answer is that proceeding as planned requires a mortgage on the future at a time when the administration's overriding objective is to reduce such commitments. But there are gross inconsistencies between this thrust and the administration's stated energy policies. The National Energy Plan as forwarded to Congress by President Reagan says: "There is an appropriate federal role in certain long-term research . . . [to bring] promising technological innovations to the point where private enterprise can reasonably assess their risk. . . . The federal government recognizes a direct responsibility to demonstrate the scientific and engineering feasibility of fusion."

The administration's recommendations for other research programs in the Department of Energy (high-energy physics, basic energy sciences, and nuclear physics) generally were consistent with this policy statement. Only the technology programs—solar, synthetic fuels, fusion, and others—have been grossly weakened.

These budget reductions would be more readily understandable if the magnetic fusion program were failing, but the last several years have seen rich experimental and theoretical advance, with more promise for the achievement of practical fusion energy than ever before. These advances represent the start of an invaluable return on the investment the United States has made since 1973. A doubling of the present fusion budget from $400 million to about $800 million annually over a five-to-seven year period seems a modest investment considering past progress and the historic implications of fusion.

What are the consequences of this decision to turn away from a comprehensive program for the development of fusion as a practical energy resource?

Strong US leadership in the world's fusion program will be seriously weakened. The U.S. program, although only one-third of the world effort, exerts significant leverage on the remaining two-thirds. The effectiveness and confidence with which the United States has carried out its program since 1973 has stimulated fusion research everywhere, especially in Japan. With the possible exception of the Japanese, world programs will slow down in response.

Divisive forces will surface withing the U.S. program: one confinement concept vs. another, one laboratory vs. another, science vs. engineering, industry vs. national laboratories, national vs. international objectives. In a time of consensus, competition is a source of strength. But in a time of restricted funding, it may become a point of controversy.

With their strategic plan abandoned and additional budget cuts, researchers will be hard pressed to maintain morale and progress even toward reduced goals. The diminished short-term industrial payoffs from fusion development will likely lead to additional attempts to restrict the fusion program's objectives to science-oriented activities.

Most important, the day when fusion can make a significant contribution to world energy resources will be delayed indefinitely.

WHAT IS NEEDED FOR FUSION SUCCESS

Given present constraints, what should be done to assure an effective program to assess and develop the future contribution of fusion to world energy needs?

The following six steps are essential:

A wider public understanding of our present and likely future energy situation, and the significance of fusion within that context, must be encouraged. Such public understanding can be developed only with the active participation of all media and by unremitting efforts of knowledgeable citizens in all parts of society. It is surprising and troubling that fusion has no vocal proponents at influential levels of American life.

A new strategic timetable for fusion development, dictated wholly by technical objectives and not short-term political considerations, should be established as soon as possible. The plan should emphasize pursuit of all fusion engineering research, including a Fusion Engineering Device.

The United States should take the lead in making fusion an international project by sharing its knowledge with other nations and delegating responsibility for some research areas. Fusion research could provide a unique precedent for international technical efforts in many fields of common concern, such as acid rain and the buildup of atmospheric CO_2.

Industrial participation in fusion research should be encouraged and expanded. If fusion is to contribute to industrial technology and become a practical energy resource, industry must be involved, especially if it is to make large investments of capital and personnel.

The fusion program should develop a strong organizational structure independent of short-term energy programs in sponsorship and funding. Fusion has not done well in competition with other energy technologies and science programs because it does not promise immediate—or even certain—benefits.

The safety and regulatory programs governing fusion must be independent of those controlling fission reactors and not simply an addition to existing programs of the U.S. Nuclear Regulatory Commission. The safety concerns of fusion are unique, and experience and practices with present reactors would not be appropriate precedents.●

FORTIETH ANNIVERSARY OF WOMEN'S ARMY CORPS

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. BETHUNE. Mr. Speaker, on May 14, the Women's Army Corps will celebrate the 40th anniversary of the founding of their organization. Back in July of 1942, Col. Oveta Culp Hobby, the director of the WAC, addressed the first group of officer candidates at Fort Des Moines, Iowa:

> May 14 is a date already written into the history books of tomorrow. You are the first to serve. Never forget it. You do not come into a corps that has an established tradition. You must make your own. But in making your own, you do have one tradition—the integrity of all the brave American women of all time who have loved their country. You, as you gather here, are living history.

The members of the Arkansas Diamond Chapter No. 34 of the WAC Veterans Association have carried on that tradition very well. Diamond Chapter No. 34 does volunteer work in both the Little Rock and the North Little Rock veterans hospitals, and also at the Veterans Home in Little Rock. Those who are unable to participate in this type of work help by working on special projects, such as making throws for wheelchair patients, bed socks, bibs, and other items as requested. They visit veterans—both male and female—and have instigated a veterans writing project for hospitalized veterans.

Though the WAC is sometimes incorrectly referred to as an auxiliary, their contributions and spirit demonstrate that they are veterans in the truest sense of the word. Mr. Speaker, I join with my colleagues in congratulating the women of the WAC who have served and continue to serve our country so honorably.●

AIR NATIONAL GUARD MOVE TO STEWART AIRPORT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. GILMAN. Mr. Speaker, I wish to call to the attention of my colleagues the impending move of an Air National Guard unit in New York State to Stewart Airport, in Newburgh, N.Y., from Westchester County Airport in New York.

This proposed move is the fruition of numerous and extension conferences with Regional Air Guard officers, officials of the Metropolitan Airport Authority, our local, and State officials, and Federal representatives of the Pentagon. Without the coordinated efforts of all of these people, this move would not have been possible. It is a move which will be mutually beneficial to our region, and to the Guard.

Some of the details of this proposal are as follows:

Stewart Airport, located in Newburgh, N.Y., is an ideal location for an Air National Guard unit. Its strategic location in Northeastern United States, coupled with a modern 12,000 foot runway and taxiway system, and an extensive unused ramp area gives the United States Air Force and the Air National Guard considerable latitude and flexibility in the assignment of any future military aircraft. Jumbo airlift aircraft such as the C-5 and C-141 would be able to utilize this facility as a staging area in case of troop mobilization during times of need in the European Theater. Stewart Airport which was an Air Force Reserve Base until 1969, retains many of the characteristics of a functioning base.

Stewart lies outside the heaviest concentration of air traffic in the New York Metropolitan area and is large enough to base up to three Reserve Force Aviation Groups. Congress recognized the airport's potential as a Reserve Force site by planning the joint establishment of an ANG airlift unit and a U.S. Marine Corps Reserve KC-130 tanker group. These two units, operating side by side on a newly developed corner of the airport will share certain support and operational facilities together in a program which has the potential of setting a precedent for Reserve Force Basing (i.e., cost effective due to co-location of Reserve units. Reference, Report of the Committee on Appropriations, House of Representatives to accompany H.R. 4995, Nov. 16, 1981).

As with any Guard and Reserve outfit, a great deal of the success of the units depends greatly on the support derived by the local community. The Newburgh area is rich in the tradition of the true militiaman. The Revolutionary War tapped some of its finest soldiers from this area and General Washington's Headquarters at Newburgh, planned some of the most strategic battles of the War. This beautiful area of the Mid Hudson Valley is a military oriented community. The people who reside here welcome the opportunity to serve an additional military unit in the neighborhood especially one that derives its strength from the local community in the true tradition of the militiamen.

In turn, the community would reap the following proposed economic benefits from an Air Guard and Marine Corps Reserve unit being located at Stewart.

ECONOMIC IMPACT ON NYANG AND USMCR UNITS AT STEWART

Personnel

Approximately 1,750 personnel would be assigned to the units. This would transfer about 480 full-time jobs to Stewart Field. Approximately 95 percent of these positions would be federally-funded, the balance would be State-funded or funded via federal-state cost sharing. The annual payroll would be $15 million.

The "drill-status" or non-full-time military personnel who, as a minimum, participate in training once per month, would generate an additional annual payroll of $3.3 million.

Total annual payroll: $18.3 million.

Annual operation/maintenance budget: $15 million.

Depending upon Defense Procurement policies; a significant portion of these funds would be expended in the local economy. A conservative estimate is that 40 percent, or $6 million, would directly impact upon the local economy.

MAJOR CONSTRUCTION—FISCAL YEARS 1983-85

Federal appropriations to provide for major construction of facilities to support the units are planned to be obligated and spent as soon as possible (following authorization of airport use by the New York Air National Guard). This construction program will provide major facilities such as aircraft ramps, hangars, maintenance facilities, supply warehousing office and administration building. The program, spanning the next three years, would cost $63.45 million and would be divided as follows: FY 83—$22.0 million (including planning and design costs); FY 84—$34.6 million; FY 85—$6.85 million.

OTHER

Miscellaneous local procurement, purchasing and contracting for goods and services required to sustain the operation of these units is estimated at $800,000 annually.

CONCLUSION

When in place and operational, the Marine Corps and Air Guard units will bring $25.1 million into the regional economy annually. This figure does not include the one-time economic impact of the initial major construction program in the first 3 years or future, major, and minor construction programs which certainly would follow in the outyears.●

PRESIDENT REAGAN'S ARMS CONTROL SPEECH AT EUREKA COLLEGE

HON. ALBERT GORE, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 13, 1982

● Mr. GORE. Mr. Speaker, President Reagan's arms control speech at Eureka College on May 9 contains many provisions that deserve our support and careful attention in Moscow. However, in order to assess the President's proposal, it is crucial that we know precisely how the forces of each side would evolve through the two phases of his proposal.

In testimony yesterday before the Senate Foreign Relations Committee, I expressed concern that the President's call for parity may not necessarily lead to stability. In fact, it is possible to construct a scenario that would fit precisely within the President's proposal, but yet would lead to less, not greater, stability for both nations.

The table listed below outlines a plausible reaction by both sides to a Phase I agreement. This is not intended to demonstrate what would happen as the final details of the President's proposal have not been announced. However, this analysis is illustrative of a scenario that would be among the least disruptive to existing and oncoming capabilities to both sides. I realize the President's proposal is an opening position for the negotiation, but I believe this analysis will be of interest nonetheless.

Referring to the table below, the United States would have 500 ICBM's consisting of a combination of Minuteman III's and MX's with a total of 2,500 reentry vehicles. The Soviet Union would have 370 ICBM's consisting of a combination of SS-19's and SS-18's with 2,500 reentry vehicles. The United States would therefore have seven warheads for each Soviet missile silo and the Soviets five warheads to target on each U.S. missile silo.

This is far in excess of the 2-on-1 ratio considered necessary to destroy an opponent's target. Thus, each side would be in a position to launch a first strike against the other's ICBM's while retaining a substantial force in reserve. At the conclusion of the exchange, the attacking side would enjoy a substantial numerical advantage over the victim. In other words, the President's formula can be worked out in a way which leads to the worst of all possible arrangements: mutually vulnerable forces, poised always on a hair trigger alert.

When this analysis is extended to submarine launched missiles, a question is raised about the negotiability of this proposal with the Soviets. Under these projections, the United States and the Soviet ICBM's would both possess hard target capability. However, only the U.S. SLBM force with the Trident II's would possess hard target capability unless the Soviets improve the accuracy of their SLBM's.

Another ironic twist of the scenerio outlined below is that it would not pressure on both sides to move forward with an ABM system.

If, for example, the Soviets were to launch a successful first strike using 1,000 of their warheads, they would only have to defend against an additional 2,500 warheads on U.S. SLBM's. This could create an incentive for the Soviet Union to break out of the agreement and go to the ABM. A similar incentive would exist for the United States. In fact, an argument could be made that the United States would have a greater incentive to break out because we would have more advanced ICBM's with greater unused MIRV capacity than the Soviet Union.

Mr. Speaker, the above scenario is, obviously, not a desirable outcome. It illustrates the dangers to both sides when the proposals do not eliminate the theoretical possibility of a strategic first-strike.

PHASE I OF PRESIDENT REAGAN'S START PROPOSAL [1]

	Reentry vehicles
United States:	
300 Minuteman III—3 MIRV's each	900
200 MX—8 MIRV's each	1,600
Subtotal for 500 ICBM's	2,500
6 Ohio Class submarines:	
144 launchers—6 MIRV's each	864
12 Lafayette Class:	
192 launchers—8 MIRV's each	1,536
Grand total for 836 launchers	4,952
Soviet Union:	
300 SS-19's—6 MIRV's each	1,800
70 SS-18's—10 MIRV's each	700
Subtotal for 370 ICBM's	2,500
3 Typhoons:	
60 launchers—10 MIRV's each	600
15 Delta 3:	
240 launchers—7 MIRV's each	1,680
4 Delta 2:	
64 launchers	64
9 Delta 1:	
108 launchers	108
Grand total for 842 launchers	2,952

TESTIMONY BY ALBERT GORE, JR., SENATE FOREIGN RELATIONS COMMITTEE

The President's speech at Eureka College has, as he hoped it would, changed the nature of the debate over strategic arms control in the country, and here in the Congress. Regardless of the merits of his proposal, the very fact that he has now called for a resumption of talks with the Soviet Union and has outlined our official negotiating position alters the terms of the discussion from this point forward.

Advocates of a nuclear freeze and proponents of alternative plans for strategic arms control must reassess the roles they now wish to play as the debate continues, perhaps taking comfort in the knowledge that they have forced the President to change his timetable and have helped convince the President to adopt a meaningful as opposed to a cosmetic approach to the negotiations.

The proposal itself raises many questions. It looks like a bid for formal, numerical parity between the U.S. and Soviet ballistic missile forces, at sharply reduced members. In the first phase of his proposal, the President calls for sharp reductions to a level where both sides have equal numbers of warheads on an equal number of ballistic missiles, with more or less equal numbers of those warheads deployed on land. Specifically, there would be 5,000 warheads for each side, 850 ballistic missiles including both land and sea based, with not more than 2,500 warheads to be based on land.

In the second phase of his proposal, the President calls for a ceiling on the overall throw weight of the ballistic missiles of both sides, at a number lower than the figure for current U.S. Forces.

According to the President, these reductions would be made with the objective of achieving "stability through significant reductions in the most destabilizing nuclear systems, ballistic missiles, and especially intercontinental ballistic missiles."

This statement is in line with the growing consensus in our country that the vigorous use of arms control can and should be used to help resolve strategic nuclear problems that will otherwise force both sides to deploy ever greater numbers of weapons in a search for safety.

However, the problem is that not all reductions are benign, and not all forms of parity lead to stability. Stability is not something inherent in the strategic forces of either country in isolation—it is instead dependent on the relationship between the two forces and how these forces tend to influence decision making when they are played off against each other.

In order to assess the President's program, it is therefore essential to know precisely how the forces of each side would evolve through the two phases of his proposal.

There are many paths that either side could take. But it is quite possible to realine the forces of both countries in conformity with the President's proposal, in a way that would lead not to greater stability but to less stability.

Both sides could have numerical parity—indeed, they could be almost symmetrical—and both sides could exist in smaller numbers. Yet each side would still be in a position to launch a first strike against the other's ICBM's, while retaining a substantial force in reserve. At the conclusion of the exchange, the attacking side would enjoy a substantial numerical advantage over the victim. In other words, the President's formula can be worked out in a way which leads to the worst of all possible arrangements: mutually vulnerable forces, poised always on a hair trigger alert.

This is obviously not a desirable outcome and presumably one which both the United States and the Soviet Union will seek to avoid as both nations negotiate away from their opening positions. It can certainly be avoided if both nations wish to avoid it.

In my opinion, the key to a successful agreement in the age of parity is the elimination of even the theoretical possibility of a strategic first-strike by either side.

Earlier this year, I introduced an arms control proposal which begins from premises rather like those of the President. It selects counterforce weapons as its focus and it had two phases.

In the first phase, we and the Soviets would avoid making any additions or improvements to the counterforce inventory of either side. This selective moratorium was designed to be followed immediately by negotiations for synchronized reductions beginning with the dismantling of counterforce weapons on both sides, starting with the MIRV'd version of the Soviet SS-18. In return for substantially larger reductions on the Soviet side, the United States would agree not to deploy MX or the Trident D-5, although development and testing of both would continue as a hedge against the breakdown of negotiations. To maintain mutual deterrence, the agreement would mandate replacement of MIRV'd ICBM's with a new, less destabilizing type: an ICBM carrying just one warhead.

If both sides were to carry out this change, neither would be in a position to make the arithmetic of a first strike work. Although either side could attack the other's ICBM's, the attacker would have to use up his entire ICBM inventory and a very large proportion of his submarine based missiles to do the job. Both sides would be in a much better position to continue the arms control process towards greater reductions. And, as a byproduct of these changes, the Soviet advantage in throw weight would be substantially narrowed, and indeed, the United States could close the gap. Moreover, the number of ICBM's would be equal.

I will provide a detailed discussion of this plan for the record. As I have indicated earlier, however, the existence of a Presidential position transforms the way in which we must address the question of arms control. As a first priority, we have to ask ourselves how relevant to the issue and how helpful to the country are the proposals that have been advanced in the Congress and in the public to date?

The principle value of a freeze proposal was as a means for showing the President the depth of the public's belief that arms control has been held in abeyance too long, and that it needs to move rapidly.

Having clearly fulfilled this function, the freeze movement would be wise to change its agenda. U.S. policy is not going to adopt a freeze proposal while the present administration is in office. To continue to advocate this course of action means that the movement will be sidelined.

The principle value of the current proposal that the SALT II agreement should be resurrected and ratified was to underscore a fact this administration seems to have learned since taking office—but which it hasn't acknowledged: there was value in the arms control process and in the SALT II agreement. Its constraints were not merely cosmetic but were useful to the national security.

The fact is that the President's position is relatively closer to SALT II than to more radical arms control concepts pushed by others in the administration. But the administration would nevertheless feel forced to go to the political "battle stations" to head off any formal effort in the Congress to bring SALT II into force. That effort, at this stage in the game, could serve as a distraction from the negotiations with the Soviet Union.

We in the Congress would do better to take a less confrontational route. A resolution to the effect that the Congress desires to be consulted in advanced by the President, should he decide to break with current policy of informal observation of major elements of the SALT agreements would be a better approach. I am introducing such a resolution this week.

The most important thing, however, is that the President has now chosen to pursue a meaningful arms control agreement with the Soviet Union.

Hopefully with arms control off dead center, the way may now open up for discussion of other areas of U.S.-Soviet friction. The president's speech contains much on these issues that deserves our support, and careful attention in Moscow.●

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[1] Since neither the MX nor the D-5 have been flight tested one may speak of reducing the number of MIRV's without running into verification problems. In addition, in order to make room for MX and D-5 in this calculation, it was necessary to reduce their warhead loadings from those presently projected. As an offset for these reduced numbers, the capability of the warheads might be upgraded by selecting warheads being developed in the ABRES system.

SENATE—*Friday, May 14, 1982*

(*Legislative day of Tuesday, May 11, 1982*)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Gracious Father in Heaven, this has been an exhausting week for the Senators and all who labor here. We are accustomed in our culture not to reveal need. Strong people are never supposed to be vulnerable or manifest weakness. So we keep the "lid on," conceal our feelings, and allow pressure to build up until it explodes in anger or frustration or, worse, implodes, damaging delicate balances inside us.

But some in our large family are hurting. Some are ill in hospital or home. Some here are silently enduring pain—physically or emotionally. Some are discouraged and about ready to "throw in the towel." Others may have financial difficulty or be estranged from spouses or a son or daughter may be in trouble—into drugs or alcohol or immorality.

Whatever the need, loving Father, touch that life with healing and renewal. Help us, dear God, to be gentle with each other, to affirm and love one another. And for those who face busy weekends, campaigning or whatever, help them to get some rest and relaxation and have some time with the family. In Jesus' name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The **PRESIDENT** pro tempore. The majority leader is recognized.

Mr. **BAKER**. I thank the Chair.

THE JOURNAL

Mr. **BAKER**. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The **PRESIDENT** pro tempore. Without objection, it is so ordered.

ORDER FOR PERIOD FOR ROUTINE MORNING BUSINESS

Mr. **BAKER**. Mr. President, I announced this morning that, after the recognition of the two leaders under the standing order and the recognition of the Senator from Wisconsin, Mr. KASTEN, on a special order, I would provide for a period for the transaction of routine morning business. I ask unanimous consent that there be a period for the transaction of routine morning business after the execution of the special order of not to exceed 30 minutes in length in which Senators may speak for not more than 5 minutes each.

The **PRESIDENT** pro tempore. Without objection, it is so ordered.

FIRST CONCURRENT BUDGET RESOLUTION

Mr. **BAKER**. Mr. President, it is the intention of the leadership on this side to ask the Senate to proceed to the consideration of Senate Concurrent Resolution 92, the first concurrent budget resolution, which is Calendar Order No. 544 on the Calendar of Business for today. Assuming that the Senate agrees to take up that matter, and I expect that it will since it is a privileged matter and must be dealt with according to provisions of law, I would hope that opening statements could be given, that general debate would ensue, but that no amendments would be offered today and no votes would occur today.

Mr. President, I ask unanimous consent that there be no rollcall votes today, and if any are ordered that they be postponed until Tuesday next, motioned by the majority leader after consultation with the minority leader, no earlier than 1 hour after convening and prior to the recess or adjournment of the Senate on Tuesday.

The **PRESIDENT** pro tempore. Is there objection? Without objection, it is so ordered.

Mr. **BAKER**. Mr. President, the outlook is as follows: Today the budget resolution will be laid down as the pending business. I anticipate that the distinguished chairman of the Budget Committee, Senator DOMENICI, will commence the debate with his opening statement. I anticipate that other Senators will wish to be heard on the first day of consideration of this measure.

I remind Senators that there are not more than 50 hours of debate provided for under the statute under certain terms and conditions. I anticipate that perhaps 6 hours of that time will be consumed in debate today or otherwise arranged to be charged against the time limitation on the resolution.

There will not be a session of the Senate on Saturday, Mr. President. It is my hope and expectation, however, that, notwithstanding that I do not now anticipate asking the Senate to be in on Saturday, we may be able to arrange to reduce the time or at least to charge the time for a normal session on Saturday against the 50-hour cap. I will consult with the acting minority leader in the course of this day in an attempt to complete the arrangements on that.

On Monday, Mr. President, the Senate will convene at noon, according to the order already entered. After the opening formalities, I anticipate that there will be a period for the transaction of routine morning business to be followed by the resumption of debate on Senate Concurrent Resolution 92.

Mr. President, I anticipate that on Monday general debate will continue and perhaps amendments will be offered, but I ask unanimous consent that if votes are ordered on Monday, they be deferred until Tuesday, not earlier than 1 hour after the Senate convenes and not later than the recess or adjournment over of the Senate on Tuesday next.

The **PRESIDENT** pro tempore. Without objection, it is so ordered.

Mr. **BAKER**. Mr. President, I may say to Senators that it is my hope and expectation that the Senate will be able to complete action on the budget resolution by the close of business on Wednesday next. If we have not finished it, of course, we will continue. But, in view of the schedule of debate that I have just tried to outline, and other arrangements that I hope to complete today, if we do not finish up Wednesday at a reasonable hour, something like approximately the usual recess or adjournment hour of 6 p.m., that we would continue on Thursday and then Senators should be on notice that Thursday would once more be a late evening, it being our usual and regular day for late sessions if necessary.

Mr. President, after completion of the budget resolution, there are other matters which will require the attention of the Senate. I will have a more thorough announcement to make on that in the course of the next few days.

I would remind Senators, as well, that the time between now and the Memorial Day recess will be a busy one. In addition to the Department of Defense authorization bill, which we just completed, and the budget resolution, which we are about to commence, there is an urgent supplemental ap-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

propriations bill here from the other body which must be dealt with in this Chamber. There is a requirement that we consider, as well, other matters, including the Voting Rights Act, including an immigration bill, the debt limit, and many others. So the next few weeks will be a busy time.

MEMORIAL DAY RECESS

Mr. BAKER. Mr. President, I have indicated privately to a number of Senators, including the distinguished minority leader, that it is my hope that we might be able to extend the time for the Memorial Day recess. I will have an announcement to make on that next Tuesday. I bring it up now so that Senators should be aware of the fact that it is still not fixed and set. It is going to have to be balanced with the requirements of the Senate, and I will consult with Members on this side and the minority leader, who I am sure will consult with Members on his side. An announcement will be made on firm dates for the Memorial Day recess during the day on Tuesday, perhaps immediately after the two caucuses at 2 o'clock.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, if I have any time remaining under the standing order, I reserve it for disposition during the course of this day.

I ask unanimous consent that the time of the minority leader or the acting minority leader be reserved for his use during this calendar day.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KASTEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEFENSE MINISTER ABU GHAZALA

Mr. KASTEN. Mr. President, I rise to call to the attention of my colleagues an honor bestowed upon Mohammed Abd el Halim Abu Ghazala, the Egyptian Minister of Defense, Military Production and Commander in Chief of the Egyptian Armed Forces, and to extend to him my warmest congratulations on his recent promotion to field marshal—yet another honor to a distinguished soldier, a distinguished man.

Over the last year and a half, I have had the good fortune to become acquainted with Defense Minister Abu Ghazala, an acquaintance I value highly. I have had the opportunity to get to know him personally, as well as to learn of his outstanding military career and his service to his country in peacetime. I would like to share with my colleagues a few comments regarding this outstanding individual upon the occasion of his promotion to Egypt's highest military rank.

Minister Abu Ghazala began his military career even before his graduation from the Egyptian Military Academy. As a cadet, he participated in the Palestine war in 1948. He was graduated from the Egyptian Military Academy in February 1949, and later received a B.S. in commerce from the University of Cairo. His graduate studies in Egypt's War College were augmented at our own Army War College. While serving as Egypt's Defense and Armed Forces Attaché to the United States, he was the first foreign officer to be made an honorary graduate of the U.S. Army War College.

In the 1956 Suez war, Minister Abu Ghazala served as an artillery captain in the Sinai. He distinguished himself in battle and won the recognition and the respect not only of his colleagues in the Egyptian Armed Forces, but also of his adversaries. In one engagement, he held a position deep in the Sinai until his unit had used its last artillery round. The last to depart his station, he rigged his guns to explode, retreating in a perilous, 3-day march through the desert, finally delivering his entire unit safe and sound at the Suez Canal.

In the 1967 war, then Col. Abu Ghazala commanded an artillery division and again acquitted himself and his division with valor and distinction. In 1973, as a brigadier, Abu Ghazala commanded the artillery of Egypt's 2d Army, which provided the field of fire across the Suez Canal from Port Said to the Great Bitter Lake. His artillery enabled the Egyptians to cross the Suez Canal; when the counterattack was launched, his artillery held the line.

In 1974, in recognition of his accomplishments in the 1973 war, Brig. Abu Ghazala was promoted to major general and was awarded the Star of Honor, Egypt's highest military medal, for his exceptional acts of courage in the field. He has received 15 other decorations, including the Military Order of the Republic (First Class), the highest honor that President Sadat awarded to any military man for peacetime service to his country.

Defense Minister Abu Ghazala, a hero in battle, has been and will continue to be an exceptional advocate for peace. He is fully committed to building the Egyptian Armed Forces into an excellent peacetime defense force, paying special attention to the improvement of morale in the middle and lower levels of the officer corps and the enlisted ranks. He has emphasized the need for collateral civilian-oriented education for Egypt's military officers, encouraging engineering, management, industrial, and technological skills.

Minister Abu Ghazala is well known outside of Egypt as a military man. Inside his country—and to those of us who know him well—he comes across often as an academician, soft spoken and thoughtful. Indeed, he has written several military textbooks and no doubt will continue such writings. He is considered by his fellow Egyptians and by Arabs generally to be specially watched by Allah, having escaped three very close brushes with death, the latest when he stood at the side of President Anwar Sadat on the reviewing stand in last October's parade. Through the news films, we were all witness to his courage and his presence of mind on that fateful day when, wounded in the head, face and arm, he rose up and restored calm and order immediately after the murder of President Sadat.

Mr. President, recently I spent some time in Egypt in my capacity as chairman of the Foreign Operations Appropriations Subcommittee. While there, Defense Minister Abu Ghazala went out of his way not only to make me feel welcome, but also to insure that I was able to see everything I needed to see during my stay. In Egypt, I had the opportunity to spend some hours with the Defense Minister, hours which were invaluable to me both as chairman of the subcommittee and as a person interested in the thinking of a man so important to peace in the Middle East.

There is no question that Defense Minister Abu Ghazala is already in the ranks of world leaders working for peace, as was evidenced by President Mubarak's recent decision to promote him to the rank of field marshal, the highest rank possible for an Egyptian military officer. While most of this statement has been devoted to Defense Minister Abu Ghazala, I wish also to praise President Hosni Mubarak, who possessed the wisdom to promote and rely on such a man as Mohammed Abd el Halim Abu Ghazala.

Finally, Mr. President, let me convey to this body the commitment to peace given to me by President Mubarak and Defense Minister Abu Ghazala. Both men, distinguished in war, recognize that their mission is to continue the peace, a peace based on political stability, economic progress, a strong peacetime defense, and a close relationship with all who extend the hand of friendship to Egypt.

POLAND: DECLARE THE DEFAULT

Mr. KASTEN. Mr. President, 5 months have now passed since the Soviet-backed imposition of martial law in Poland. Four thousand Poles have been imprisoned by the state, Lech Walesa remains in confinement, movement toward democracy has been crushed, and Stalinistic repression of the Polish people continues. Yet even the brutality of martial law cannot stop the Poles from fighting for a say in the way their country is run.

Tens of thousands of demonstrators are now openly defying the martial law authorities by staging pro-Solidarity strikes and rallies in the streets of Warsaw and Gdansk. Protest marches erupted in violence on May 3 when demonstrators were beaten and teargassed by riot police. Yet, Radio Solidarity continues to broadcast, and Solidarity activists are committed to continue the struggle for political and economic reform.

Mr. President, the United States can no longer stand idly by while the Polish people battle for political and economic freedom. We have been unable to persuade our NATO allies to join us in imposing tough sanctions against the Soviets and the Polish military regime. I believe we have waited long enough. It is time for the United States to stand up for Poland by declaring the military government in default and cutting off credit to the Soviet bloc.

Mr. President, a number of articles have appeared in the press over the past few weeks which document the struggle of the Polish people and the lack of response on the part of the West. I ask unanimous consent that these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, May 4, 1982]

WARSAW RENEWS CURFEWS AFTER RIOTING, PHONE SERVICE CUT—CLASHES GO ON IN ONE CITY—MILITARY RULERS HOLD EMERGENCY SESSION

(By John Darnton)

WARSAW, May 4—The Polish military Government moved swiftly today to reintroduce curfews, cut telephone service and impose other restrictions in selected regions after clashes Monday between anti-Government demonstrators and the police.

The Military Council of National Salvation, the 21-member ruling body set up during the military takeover last December, met in emergency session under Gen. Wojciech Jaruzelski.

A three-sentence item on the official press agency said only that the council "evaluated the current socio-political situation following the recent events" and "adopted decisions necessitated by the situation."

RIOTS LAST OVER 6 HOURS

One such decision was the reinstatement of a curfew for Warsaw, where thousands of protesters chanting slogans in support of the suspended Solidarity labor union battled heavily armed riot policemen for more than six hours Monday. Telephones that were disconnected throughout the capital on Monday remained dead today.

The Polish press agency said that in addition to Warsaw, there were protests leading to violence in at least nine other cities, including the coastal cities of Gdansk and Szczecin and the central and southern cities of Bydgoszcz, Torun, Lublin, Lodz, and Cracow.

At a session of Parliament debating a culture bill, the Interior Minister, Gen. Czeslaw Kiszczak, disclosed that what he called "illegal events" were continuing in Szczecin today. There were no reports of disturbances elsewhere, although a partial communications blackout made accurate information hard to come by.

General Kiszczak, a slight man whose tunic was bedecked with medals, said 1,372 people had been taken into custody for participating in demonstrations, 271 of them in Warsaw. They would be "brought to public responsibility," he said.

72 POLICEMEN INJURED

He said 72 policemen had been injured in the clashes, 10 seriously enough to require hospitalization. In Warsaw alone, 50 policemen were injured. Figures on the number of demonstrators injured could not be given, he said, but he noted that some of them were also hospitalized.

General Kiszczak emphasized the youthfulness of many of the demonstrators, as part of a general line that opposition forces have taken advantage of the gullibility of the young. But he also struck out at what he called "Western circles," and in particular Radio Free Europe, the United States-sponsored broadcasting unit that is based in West Germany. He said they had fomented a "May offensive" because they were dissatisfied that "the situation in Poland is calming down."

"They're unhappy that the Polish issue had begun to disappear from the sensational headlines of their newspapers," General Kiszczak said.

"Or perhaps this action is undertaken out of a sense of shame over the Malvinas situation," he said, referring to Britain's conflict with Argentina over the Falkland Islands.

SHOW OF SUPPORT FOR SOLIDARITY

The scope of the disturbances Monday indicated that a new crisis has erupted for General Jaruzelski's Government, which had only recently begun to talk of striving for "national accord" to overcome public anger and resentment over martial law. It also showed the depth of support for the Solidarity union.

The fact that so many demonstrations broke out at once was represented by the authorities as evidence that behind them lay some kind of active underground organization aided by Western "imperialist" circles. "They were based on a pretty similar scenario," General Kiszczak said. "This is one of the proofs that there was a homogeneous inspiration."

He made it a point to note that the beginning of many of the marches coincided with crowds leaving churches after services. In an oblique warning to the Roman Catholic hierarchy, he said, "Unrest in the streets neither facilitates the church's performing of its religious mission nor serves its interests."

In addition to disturbances in Warsaw, Gdansk and Szczecin, the Interior Minister said that "serious street incidents" also took place in Elblag, Torun, Lublin, Cracow and Gliwice. The Polish press agency said clashes also occurred in Gdynia, Lodz, Bydgoszcz, Swidnik and other cities.

"IT'S REMARKABLE"

A Government official, speaking privately, said that "quite a number" of small towns had also been the scenes of violence. "It's remarkable," he said. "Some of these places are just little towns and haven't had any trouble over the past two years."

This morning's newspapers gave the demonstrations scant coverage, but by tonight the official press agency, P.A.P., provided more extensive coverage, suggesting that the Government had shifted its position and was now arguing that a full-scale assault on socialism was once again under way.

The agency said about 10,000 people attended the Warsaw demonstration and, dispersed by riot police, broke into smaller groups "to pick up street battles and brawls in some places, which at the course of events indicated were preplanned."

"The hostility and aggression were initially spearheaded against the still conspicuous May Day decorations, especially red flags, which were torn down and burned," the agency said.

The agency said young people were spotted in Warsaw's Old Town with buckets, blankets and food, heading for a church.

This, it said, was evidence that "it was a preplanned action to run for a longer time."

A PARTY HEADQUARTERS ATTACKED

In Szczecin, the agency said, barricades were erected by demonstrators on Victory Square and "groups of hooligans seized a hotel and put it to the torch." In Gdansk, it said, the building housing the headquarters of the local Communist Party was attacked, and a crowd "several thousand strong" tried to overrun the city center near the Jan Sobieski Monument.

In Gdynia and Elblag, it said, the disturbances were smaller and marked by a spree of tearing down red flags.

The agency said the organizers of the demonstrations misread as weakness and indecisiveness the attitude of the authorities, who were tolerant of opposition marches on May Day because they did not want to "disturb the solemnity" of the Communist holiday.

PRIVATE CARS ARE BANNED

In addition to the reimposition of curfews and the cutting of telephone communications in various regions, cultural and sports events were suspended and the use of private cars was banned.

In Warsaw, effective immediately, the curfew will begin at midnight for adults and at 9 P.M. for people under 18 and will run until 5 A.M. This is in line with the assertion that youths made up most of the demonstrators. All cultural and entertainment centers will be closed.

A curfew that had been in effect since martial law was imposed Dec. 13 was lifted only on Sunday.

Little information was available about the situation in Szczecin, a port city that is a Solidarity stronghold close to the East German border. A.P.A.P. dispatch said only that "groups of unruly youngsters" took to the streets in rioting, shouting antistate slogans and destroying public facilities."

"Order was restored by the law-enforcement organ," it said.

Unofficial sources, including Westerntravelers, said the disorders in Gdansk were much larger than indicated by the Government-controlled press. The crowd was as large as 10,000, the sources said, and at one point it turned against a police headquarters, setting fire to a police shed.

Although the official press said that demonstrators in Warsaw went on a rampage of destruction, smashing windows and overturning cars, Western journalists on the scene did not witness such incidents. The clash turned violent when marchers were attacked by truncheon-wielding policemen, and the protesters' actions appeared aimed only at the police.

DEBRIS QUICKLY CLEANED UP

Municipal authorities hastened to clean up the debris from the rioting in Old Town. By late this morning, an outdoor cafe, whose metal chairs had been used to construct a barricade, was back in service. A fruit stand that had been raided for missiles was selling its fare. A glass cutter was doing a brisk business fitting new windows.

But the smell of tear gas was still strong. Some people at the cafe dabbed at their eyes with handkerchiefs while sipping their tea or eating ice cream.

Armed police could be seen in the city, and in midafternoon a helicopter circled overhead.

A press agency commentary issued today said the disturbances would only make martial law last longer and have a negative effect on the discussion of the future of the trade-union movement.

"The excesses," it said, will not "facilitate" the further release of internees, of whom there are still about 2,000.

[An editorial from the Washington Post, May 14, 1982]

In the Streets of Warsaw

The Polish Communist regime's effort to cheat its way back into the toleration of the Polish people and the international community fell apart in the streets the other day. The regime had made a great display of "normalization," releasing some of its thousands of political prisoners (too often, by the way, called "internees"), relaxing the curfew and mumbling of a "national dialogue." On Monday, however, in Warsaw and other Polish cities, tens of thousands of citizens demonstrated against martial law. They were met by police violence; scores were injured and 1,300 detentions were reported. So much for any hope of inducing the Polish people to forget about their lost liberties and to cooperate, however sullenly, with Gen. Jaruzelski's police rule.

And now? Archbishop Jozef Glemp, for one, still seems to believe there is a negotiable way out of the crisis the Communist authorities created last December when they shut down Solidarity. He blames "extremists" for the current impasse—the government's for relaxing martial law too little and Solidarity's for pushing protest too hard. Cardinal Glemp is the most credible voice in Poland arguing for a dialogue and a political compromise between the narrowly based, Soviet-supported regime and the people, whose allegiance to their chosen representatives in Solidarity remains strong.

There is the real possibility, however, that the "extremists" on the Communist side will take the demonstrations not as proof that normalization had lagged but that it had gone too far. Nor can it be doubted that some in Solidarity figure that there can be no worthy compromise with the regime, only a tightening test of wills. So it could happen that before either side reaches out further to the other, both will intensify their internal debates. This makes the moment fraught with fresh uncertainty.

For Solidarity, as for its friends outside Poland, however, the test must be whether martial law is rolled back and whether Solidarity itself is allowed a role commensurate with its standing among its constituency. Until that happens, there will be little taste in the West for providing Poland with a measure of cooperation, especially the cooperation essential to its long-term economic revival. That should be clear by now to everyone in Poland, including Gen. Jaruzelski.

[An editorial from the New York Times, May 4, 1982]

Solidarity Calls Again

They waved red flags on May Day in Poland and a caged people roared forth with predictable wrath. The defiant Solidarity marchers were tolerated for a day. When that inspired more provocative challenges, the regime answered with tear gas, arrests, curfews and dead telephones. So much for the "normalization" that was going to yield relaxations of martial law this week.

The aborted show of tolerance was not a function of Poland's domestic order. It was meant to soften up Western bankers as Poland seeks new indulgence for its $29 billion debt. But as the demonstrations prove again, there will be no social or economic order until the regime negotiates with the elected, still-detained leaders of Solidarity.

The Communists who hoped to rule by force alone have learned in Moscow that no rescue is conceivable without Western aid. Now they have learned in Warsaw that there can be no credible appeal to the West without the people's cooperation. And not only in Warsaw: "It's remarkable," a Government official said as the violence spread. "Some of these places are just little towns and haven't had any trouble over the last two years."

A modern nation's productivity cannot be compelled. Only a cooperative Polish people can rescue Communism's reputation—and capitalism's loans. And if the Poles are to stomach a decade's austerity, they need political and spirtual rewards.

All this was at first understood by the Reagan Administration. But having failed to seize the moment for a major new bargain with the Soviet bloc, it settled for frail sanctions and propaganda. Now the Polish people call again. They have not surrendered the struggle for a more humane order. What they need is measured support for their cause: a resolute "No" to new credits or loan rollovers for their Government until Solidarity is reborn.

[From the Wall Street Journal, May 4, 1982]

Review & Outlook—Seeing Red on May Day

May Day has been a time of celebration for socialists since it was declared a labor holiday by the Second Socialist International in 1889. In recent years, the Soviet Union has saved its tanks and missiles for November and paraded youth groups and workers through Red Square on May Day to signify allegiance to the party and its leaders. This year, however, May Day took on an ominous hue for the Communist world. In Poland, the red flags revived a national anger that had been smoldering through the winter.

The flags themselves were ripped down in an outburst of rioting and disorder that the military government has been struggling to put down with harsh police measures and, in Warsaw, a telephone service shutdown—and new curfew. The Polish rioters were shouting that they are 10 million strong, inviting their police oppressors to switch loyalties. The party proved it could no longer rule last year by turning the job over to the military. The military is now trying to prove it can rule by brute force.

Poland is a special case in the socialist bloc, to be sure. It was the victim of a brutal and cynical Russian subversion at the end of World War II. The party was never able to destroy allegiance to the church or subdue the peasants as Stalin did so brutally. It held its power in part by periodically defying the Russians rather than by emulating them. Yet there are some broader points.

Communist parties are no different from other political parties in one sense. They cannot rule entirely by force. They must offer something to believe in, a system of values. The Communists have always promised social justice, with everyone marching together in equality and cooperation toward a better life. Personal freedom or "careerism," to use a favorite Communist pejorative, must be sacrificed to this larger goal.

But any organization is in trouble when its central ethic is no longer believed and it can no longer offer hope. Communist parties are especially vulnerable to public disillusionment because they lay claim to so much power and control as the price for the utopia they promise. As the dream vanishes, they have to rely more and more on crude instruments—demagoguery, the secret police and the army—that can only cause the people to hate them all the more.

The Soviet party and other European Communist parties have not reached the desperate straits of the Polish party. But their economies also are suffering from the same loss of morale and work effort that afflicts the Poles. Their ability to maintain living standards by borrowing from the West is diminishing as Western bankers become increasingly doubtful of their ability to pay their debts. The dream has withered for their peoples too as hopes diminish for better living standards or progress toward social justice. They see more and more evidence of official corruption and party-protected elitism. Parties and governments have been unable to suppress contact with the outside world, so they know the quality of their lives is inferior in most ways to that of the people who live under capitalist systems they are told to despise.

We have no way of knowing the outcome of the conflict between people and party in Poland. It is hard to see how it can heal. It could become increasingly bloody. In a less immediate sense, the Soviet Union and the other Communist countries face a similar rift. Yet the prospects for peaceful modification of those systems in a liberal direction are not bright. There is not much we can do about it; certainly pouring good money on top of bad won't help. But it is not something we should necessarily cheer about either.

[From the New York Times, May 6, 1982]

Warsaw Plans Talks On '82 Debt—Unrest Clouds Rescheduling

(By John Tagliabue)

Bonn.—The renewed unrest in Poland is expected to complicate talks planned this week on the rescheduling of loan and interest repayments that Warsaw is due to make this year.

Poland's 1982 debt to Western governments and banks is estimated at $10.4 billion in principal and interest, including about $2.5 billion in principal and $2 billion in interest owed to Western banks.

High-ranking Polish bank officials are to hold talks this week in London with British bankers on rescheduling all of the 1982 bank debt, including interest, an unusually far-reaching request. They may also seek new loans.

But the new crackdown in Poland could stiffen Western resistance to aid. "It can complicate the process," one West German bank official said. "It has immense psychological and possibly political effects."

BANK CHAIRMAN IN LONDON

An official at the London office of Bank Handlowy, Poland's foreign trade bank, said that the bank's chairman, Marian Minkiewicz, would meet representatives of Poland's British clearing banks.

Mr. Minkiewicz is expected to test the bankers' receptivity to possible new loans to Poland to finance the industrial imports that Warsaw says it needs if it is to repay interest owed this year. Polish officials said that without such help, they might be forced to seek rescheduling of both the principal and interest owed.

Such a full rescheduling would set an unwanted precedent, many Western bankers say. Particularly in Britain and the United States, rescheduling of the principal of loans is undertaken ordinarily on condition that interest payments be met.

In April, Polish and Western banking officials signed an agreement in Frankfurt to postpone payment of most of the principal owed to Western banks in 1981, but the banks insisted that Poland pay the interest due.

HELP WITH 1981 INTEREST PAYMENTS

Poland was able to meet the 1981 interest payments partly because Western bank loans to purchase raw materials and semi-finished products for industry lessened the demands on Poland's reserves of hard currency. But after the crackdown in December, the NATO governments refused to grant direct loans or to guarantee commercial bank loans until Poland returned to normal. Western bankers generally refuse to grant additional loans without government backing.

Thus the unrest this week is causing concern. Several non-NATO countries, including Austria and Switzerland, have been softening their attitudes toward aid to Poland, and some NATO states might follow.

But bankers are concerned that a renewed flareup might harden the views within the North Atlantic Treaty Organization. This week, Secretary of State Alexander M. Haig Jr., in testimony to a Congressional subcommittee, restated American resistance to a looser credit policy toward Poland.

O.E.C.D. MEETING

In coming weeks, Western bankers will be seeking clarification from their governments on export credit policy; the next opportunity for such clarification will come Thurdsay, when members of the Organization for Economic Cooperation and Development convene in Paris for two days to discuss renewal of an agreement on export credits.

Poland's difficulties, which were followed in March by a request by Rumania for a postponement of much of its debt to the West, have discouraged Western commercial banking business with Eastern Europe. East Germany, for example, until recently a prime credit risk, failed last month to muster a Western consortium to float a $300 million loan.

[From the New York Times, May 10, 1982]

Poland Mounts Show of Force To Maintain Calm in Warsaw

Warsaw, May 9 (Reuters).—Polish authorities mounted a huge show of force in Warsaw today to try to prevent a repetition of last week's violent clashes with supporters of the Solidarity trade movement.

As tension grew in the streets, more than 100 vehicles, including an armored personnel carrier fitted with a machine gun, water cannons and buses filled with armed riot policemen, were brought to the central Victory Square.

They parked next to a group of about 500 people of all ages, who sang religious songs and made victory signs while standing around a cross of flowers laid on the paving stones. The cross, first laid a year ago, serves as a symbol of opposition.

Earlier in the same square, troops marched behind a military band to mark the 37th anniversary of the end of World War II in Europe.

The atmosphere in Warsaw and other Polish cities has been tense since last Monday's street battles following demonstrations called by activists of the suspended Solidarity union. They demanded an end to martial law, release of interned Solidarity leaders, including Lech Walesa, and restoration of the union.

In the Old Town section of Warsaw, hundreds of people walked about today in a light drizzle, but they did not march together or demonstrate with chants or banners.

Security forces swarmed through the Old Town and around Victory Square. Patrolling in groups of four or more they checked identity papers and dozens of people, mostly youths, were taken away in trucks.

After allowing the gathering in Victory Square to continue for several hours, policemen, carrying rubber truncheons in their belts and rifles on their backs, moved in and cleared the area.

Earlier today, Poland's Roman Catholic Primate, Archbishop Jozef Glemp, repeated an appeal to young people to refrain from street fighting.

The Archbishop told a crowd of about 100,000 people massed in the downtown area of the southern city of Cracow: "Stones are the worst form of argument. Every stupid man knows how to throw stones. Stones do not make laws."

[From the New York Times, May 11, 1982]

Warsaw Expels Two U.S. Attaches

(By John Darnton)

Warsaw, May 10.—In the first incident of its kind here in years, two United States diplomats were expelled tonight for receiving papers from a Polish scientist in his apartment Sunday night.

The official Polish press agency P.A.P., in disclosing the news shortly before it was read over national television, described the papers as "materials hitting out at the interests of the Polish People's Republic."

A statement from the United States Embassy strongly denied this. "We categorically reject the charges of the Ministry of Foreign Affairs that the two officers named were engaged in activities, as the ministry put it, prejudicial to the process of stabilization in the Polish state," the embassy said. "We note that when we tried to find out how their actions might have been prejudicial to this process, the Ministry of Foreign Affairs was unable to explain."

The two officials involved were John William Zerolis, the scientific and technical affairs officer, and James Daniel Howard, the first secretary for cultural affairs. Mr. Zerolis arrived in Poland in August 1980 and Mr. Howard eight months ago. The two were given until Friday to leave the country for "activity incompatible with their diplomatic status."

ANTI-WESTERN CAMPAIGN NOTED

American diplomats in Warsaw could not recall the last time that a United States diplomat was expelled from Poland. Privately, they linked the move to a stepped-up propaganda campaign that has charged Western "imperialist circles" with responsibility for anti-Government demonstrations.

The Polish scientist, Dr. Ryszard Herczynski, who is with the Institute of Basic Problems of Technology in the Polish Academy of Sciences, was put under temporary arrest while the case is investigated by the military prosecutor's office, the Polish agency said. Dr. Herczynski was interned when martial law was declared Dec. 13 and was subsequently released after he signed a pledge to refrain from antistate activity, the press agency said.

At the same time, a document from seven Solidarity union leaders in hiding said they feared the authorities were preparing to mount show trials of the suspended union's leaders, using forged evidence and rigged verdicts. They appealed to world public opinion to try to prevent the trials.

ASK SUPPORT FOR STRIKE

Another leaflet signed by the union leaders asked Solidarity supporters not to take to the streets to demonstrate but instead to back a 15-minute strike called for noon Thursday to mark the end of five months of martial law. The appeal seemed motivated by concern over tensions unleashed by nationwide protests last week that turned violent when riot police dispersed crowds.

Officials at the United States Embassy said that they had requested a meeting at the Foreign Ministry to lodge a formal protest over the treatment of the two embassy officials by the police. A protest was made when the Foreign Ministry told the embassy of the expulsions tonight.

Also present at Dr. Herczynski's apartment when Mr. Zerolis and Mr. Howard visited it Sunday night was Prof. Waldyslaw Fiszdon, the former deputy rector of Warsaw University, the Polish agency said.

"These two are distinguished members of the Polish academic world and longstanding acquaintances of the U.S. Embassy," one embassy official said.

The official said the attaché had gone to the apartment to arrange a meeting next week with Debora Wince, an officer of the National Science Foundation, who had expressed an interest in meeting the two Polish scientists.

As the two diplomats were leaving, the embassy official said, 11 plainclothes policemen barged in, forced them to stand spread-eageled against a wall and searched them for papers. The two identified themselves as American diplomats, the official said. "One got his ID out to show it," he said, "and the police just threw it across the room."

The embassy official said the police took "some papers" from the two, but was unable to say what they contained.

United States Embassy officials noted that the expulsions coincided with a bitter anti-Western, and especially anti-American, campaign in the official press. "The simultaneity of the announcement to the world at large and to us is an indication that it's mostly for public relations," one official said. "In other words, they were set up."

The anti-Western campaign began soon after martial law was imposed, but since last week's demonstrations it seems to be growing. One aspect is an all-out attack on Western newspapers, news agencies and broadcasting stations for "sensationalism" in reporting and for conveying information about demonstrations before they take place, which is regarded as instigation.

RADIO FREE EUROPE ASSAILED

Tonight, Polish television began a four-part series on Radio Free Europe, the United States-financed station based in Munich, West Germany. It focused on an interview with a man who gave his name as Mieczyslaw Lach and said he was formerly an employee there. He charged, among other things, that heads of various sections were staffed by Central Intelligence Agency personnel.

Meanwhile, a statement from the Polish Government spokesman, Jerzy Urban, said 2,269 people were detained in demonstrations last week and Sunday. So far, he said, 24 have been sentenced to prison terms and 1,339 have been tried by misdemeanor courts, which pass sentences of up to three months in jail or fines. Investigations against the rest were continuing, he said

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[From the Wall Street Journal, May 13, 1982

GERMAN BANKS MAY INCREASE PIPELINE CREDITS

(By John M. Geddes)

BONN.—The Soviet gas pipeline project to Western Europe, slowed in the aftermath of the imposition of martial law in Poland, seems to be gaining momentum again.

A West German government official said he expects German banks to accede soon to a Soviet request that they finance 100 percent of the German share of the pipeline project, instead of the 90 percent originally planned. That would mean the equivalent of a further $131 million in credits for the Soviets to addition to the $1.12 billion already granted.

The Bonn government, however, has informed the banks that it will provide export credit insurance for only 85 percent of the German share of the project, and not the 100 percent that the banks are being asked to consider.

The 3,600-mile pipeline, with an estimated cost of between $10 billion and $15 billion, is being designed to carry 1.41 trillion cubic feet of natural gas annually from western Siberia to Germany, France, Italy and other European countries.

A Soviet delegation is expected in the next weeks to visit Germany to discuss the credit issue and perhaps visit industrial concerns, banking sources said. They said the Soviets may attempt to assuage German companies, which have complained that their share of the pipeline orders of about $657 million hasn't matched the German credits granted.

One German industrialist expects his problems with the pipeline project to be resolved soon. Heinz Duerr, managing board chairman of AEG-Telefunken AG, said he expects the U.S. government to lift its ban within the next month on the export of U.S. turbine parts to be used for the pipeline.

The ban blocked the export of rotor blades and other turbine parts by General Electric Co. to its European licensees building compressors for the pipeline, including Telefunken. A West German official said the Bonn government recently requested, through private channels, that the Reagan administration lift the ban.

If German banks accede to the Soviet request for additional credits, as the Bonn government official predicted, it would be a reversal of the banks' earlier stance. In January, German banks rejected that request, citing changes in the original terms of the agreement, improper timing (due to Poland) and worries about Soviet demands for favorable borrowing rates.

That stance, however, was undercut weeks later by French banks, which agreed to provide 100 percent financing.

The Soviets have been pressing West German banks for 100 percent financing in an apparent attempt to gain needed hard currency and to prove their creditworthiness. A Deutsche Bank AG spokesman said after a trip to Moscow by some of its top officials last month that it wouldn't rule out the acceptance by German banks of complete financing.

Other German bankers are less confident about acceptance of the Soviet request, noting that although German interest rates have dropped it will still be problematic building a consortium for the $131 million credit. They emphasize that concrete negotiations on the issue have neither been held nor are scheduled.

[From the New York Times, May 14, 1982]

POLES STOP WORK IN NATIONAL PROTEST

(By John Darnton)

WARSAW, May 13.—Poles staged brief work stoppages and other acts of protest at noon today to mark five months of martial law.

Work was disrupted at most major factories in Warsaw. At the steel mill, the siren blared for 25 minutes as strikers jammed its mechanism and at an auto plant, some 500 workers gathered outside the gate after the morning shift, chanting "Long live Solidarity."

Traffic was tied up for half an hour at the downtown intersection of Jerozolimskie and Marszalkowska Avenues as motorists stopped their cars and blew their horns. Policemen wearing plastic visors, shields and batons dispersed 2,000 chanting onlookers.

In the evening, violence flared as the police charged a group of 150 to 200 young people in the Old Town outside St. John's Cathedral, where a mass was under way to pray for Pope John Paul II after the attempt on his life in Portugal on Wednesday.

CROWD OUTSIDE CATHEDRAL CHARGED

When the crowd ignored orders to disperse, the police charged, beating youths with truncheons as they sought to enter the cathedral. A priest came out to plead for calm. After the police had fired a concussion bomb, the crowd dispersed, chanting threats—not carried out—to take their protest downtown.

A 15-minute general strike had been called by Solidarity leaders in hiding. The protest, the first attempt to mount a nationwide demonstration against the military regime, was regarded as a test of strength for the suspended union.

But it was difficult to gauge the scope of the strikes, especially outside Warsaw, since most major factories have been placed under military supervision and are off limits to outsiders.

There were reports, from the official press and from unofficial sources, of stoppages and other acts of resistance in Gdansk, Wroclaw, Poznan, Gniezno, Nowy Sacz, Lodz and Bydgoszcz.

Foreign reporters interviewed workers as they left their plants, but some were reluctant to talk, reflecting fear inspired by the military takeover and by a press campaign against Solidarity, "antisocialist" forces and "Western centers of subversion."

The Government press agency said the protest had not been successful.

"Attempts to whip up unrest in Poland's streets have fizzled," it said, "in spite of calls by illegally operating extremists of the suspended Solidarity and hostile groups wanting to intensify the public mood and in spite of hostile propaganda by the Western media."

"Normal work continues everywhere and traffic is normal," the agency said shortly after noon, praising what it called the "maturity" of the populace and its dedication to "honest work and social discipline."

But as the day wore on and more reports of industrial unrest were disclosed, the sanguine tone was interspersed with concern. On the evening news, a commentator said that, considering the "noisy campaign" beforehand, the results of the protests were "rather small." He added that the protest might prolong martial law and thus "should be alarming."

SILENT DEMONSTRATION BY STUDENTS

At Warsaw University, 5,000 to 6,000 students filed out of buildings and assembled in the central courtyard for a silent demonstration. Police in battle gear stood nearby but did not intervene. Smaller demonstrations occurred at the Warsaw Polytechnic, the Agriculture Institute and at least seven high schools in a northern suburb.

Under new rules, students found participating in illegal demonstrations are liable to explusion. This can make them eligible for induction into the army, which has helped the police keep order.

In Gdansk, according to travelers, there was a 15-minute strike in the Lenin shipyard, where the Solidarity movement was born in the summer of 1980. Students at the Polytechnic held a silent demonstration and intercity buses stopped. The travelers said riot police, posted throughout the city, checked identity papers.

The Warsaw radio reported "attempts to stop work in some factories in Lower Silesia," the industrial areas.

SOLIDARITY STRONG IN WROCLAW

In Wroclaw, where Solidarity's underground organization remains strong, it reported several stoppages. At a railroad-car factory, only 20 to 30 worked in one shop, and in the Dolmel electrical equipment plant, so 200 workers put down their tools. Air conditioning was switched off in another factory and leaflets were passed out demanding the release of eight workers who have been interned.

In other cities and towns, the radio said, there were silent demonstrations, leaflet distribution, taxis blaring their horns, and workers going on "extended cigarette breaks." At one cooperative in Zakopane, the radio said workers decided to hold an exercise class.

The official reports suggested that everything was normal in major factories around Warsaw, but this was not borne out in interviews conducted by foreign journalists.

Workers said there had been efforts to thwart the stoppages by increased supervision, voluntary police-patrols and warnings that strikers would be dismissed or imprisoned. Plant departments were sealed off from one another so that workers had no idea of what was going on elsewhere.

Despite the precautions, there were stoppages at the Ursus tractor factory, the Warsaw steel mill and the F.Z.O. plant which makes Polish Fiats.

"In my shop, the gears division, about 80 percent of the workers just switched off the machines and stood around," said a woman at Ursus, wearing a black jacket adorned with a button of the Black Madonna, the sacred icon. "We are going to win," she added.

Mr. KASTEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business not to exceed 30 minutes, during which Senators may speak for 5 minutes each.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERMISSION FOR USE OF ELECTRONIC CALCULATORS IN THE SENATE

Mr. GORTON. Mr. President, I ask unanimous consent that the presence and use of small electronic calculators be permitted on the floor of the Senate during the consideration of Senate Concurrent Resolution 92.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. GORTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

BYRD-GRASSLEY AMENDMENT

Mr GRASSLEY. Mr. President, this week the House of Representatives on Wednesday voted to repeal section 7 of Public Law 95-435. This section of our public law states as follows:

> Beginning with the fiscal year 1981, the total budget outlays of the Federal Government shall not exceed its receipts.

Mr. President, the repeal of this law is the height of irresponsibility and cynicism. It was passed on a voice vote and in a way that punctuates the hypocrisy of crying for balanced budget, on the one hand, and voting to repeal the law which mandates a balanced budget on the other.

This law was authored by Senator HARRY F. BYRD, JR. of Virginia and was passed in July 1978.

I like to refer to it as the Byrd-Grassley amendment because at that time I was a member of the House Banking Committee and I served on the Banking Committee and as a member of the Committee with jurisdiction I camped out on the floor of the other body for 3 session weeks during August and September of that year to force a recorded vote on this amendment.

We stood the test of time and were able to force a vote on that issue, and it carried overwhelmingly on the floor of the House of Representatives because of public pressure demanding fiscal responsibility.

This amendment became public law. It called for a balanced budget by 1981. I need not remind any Member of this body that it is now past 1981 and that the budget is not or has not yet been balanced.

It is past time to meet our legal obligations, but that calls for us to take necessary action to comply with the law, not to repeal that law.

It has typically been the attitude of Congress that if it lacks the fortitude to obey the law then it will either circumvent the law or repeal it.

This week's action by the House of Representatives indicates that nothing has changed. It chose simply to throw the law away.

Mr. President, as far as I am concerned, this is very serious action indeed. It does not help psychological problems peculiar to the financial markets. High interest rates today reflect the risk premium those markets attach to the cost of money. The risk factor results from doubts about Congress willingness to cut Federal spending and move toward a balanced budget.

Yesterday's House action confirmed that risk premium. In fact it probably added a "cynicism premium" that might show up before long.

The House, in effect, has exacerbated the problems in the market and has once again violated the trust that the American people have in their Government and in us, their elected leaders.

The Senate Budget Committee on which I serve has produced a budget resolution designed to renew trust in this Congress and to allay the fears of the financial markets. The resolution we adopted signals that Congress can take the necessary action to bring down deficits and to work toward a balanced budget.

Yet we have thrown it all away in such an irresponsible manner in what the House of Representatives did this week.

Mr. President, I hope that this Chamber is more prudent and sensible than the other Chamber and will not even contemplate bringing up such a ridiculous repeal measure.

If the House of Representatives chooses to be irresponsible and cynical, let us not show that we are their equal.

Instead let us continue in the responsible manner we have by moving toward getting a grip on Federal spending and deficits. Let us take swift action to pass the budget resolution that will be before us today and next week. Let us continue to pursue action that will move us toward a balanced budget, not away from one.

DEPARTMENT OF DEFENSE AUTHORIZATION, 1983

Mr. GRASSLEY. Mr. President, I thank the members of the Senate Armed Services Committee, particularly the chairman and the distinguished floor manager of the defense authorization bill, the Senator from Texas (Mr. TOWER) for his excellent work on this bill.

They have all done an excellent job of reconciling the sometimes contradictory goals of keeping our defense effort on track while exercising fiscal restraint.

Mr. President, the fiscal year 1983 Department of Defense authorization is faithful to the spending guidelines set forth by the Senate Budget Committee. It also continues a number of programs that have been controversial but which are, nonetheless, important to this Nation's defense. Because of the large expenditures contained in the bill and the controversy generated by some of the individual programs, some people will say, no doubt, that we are giving the Department of Defense a blank check. Nothing could be further from the truth, Mr. President. I think it is safe to say that every single program in this year's defense authorization has received careful scrutiny. In addition, I would point out that this bill contains a requirement adopted by the Senate last year to require Congress to be notified of major cost overruns. We have also adopted, as a floor amendment to this bill, legislation to establish an office of Inspector General in the Department of Defense.

It is not easy to balance our defense needs against the current need for fiscal austerity. This bill is a responsible effort to do just that, and I support it in good conscience. However, as every Member knows, authorizing bills do not determine final levels of spending. My support for this bill in no way locks me into a predetermined position on defense budget and defense appropriation matters. I shall cast my votes on those items in a manner consistent with my belief that the Reagan defense budget is too high.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRASSLEY). Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 12:09 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 1611. An act to amend Public Law 90-553m to authorize the transfer, conveyance, lease, and improvement of, and construction on, certain property in the District of Columbia, for use as a headquarters site for an international organization, as sites for governments of foreign countries, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment:

S. 2317. A bill to recognize the organization known as the National Federation of Music Clubs (Rept. No. 97-394).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

H.R. 4769. An act to recognize the organization known as the American Council of Learned Societies (Rept. No. 97-395).

BILL DISCHARGED AND PLACED ON THE CALENDAR

The Committee on the Judiciary was discharged from the further consideration of the bill (S. 2419) to amend title 28, United States Code, regarding venue, and for other purposes; and the bill was placed on the calendar.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MOYNIHAN:

S. 2530. To amend the Internal Revenue Code of 1954 to eliminate the holding period for capital gains, to change the rules for deducting capital losses, and for other purposes; to the Committee on Finance.

By Mr. GARN (for himself, Mr. TOWER, Mr. HEINZ and Mr. LUGAR):

S. 2531. A bill to provide flexibility to the Federal Savings and Loan Insurance Corporation and the Federal Deposit Insurance Corporation to deal with financially distressed institutions; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GARN (by request):

S. 2532. A bill to provide flexibility to the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the Federal supervisory agencies to deal with financially distressed depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOYNIHAN:

S. 2530. A bill to amend the Internal Revenue Code of 1954 to eliminate the holding period for capital gains, to change the rules for deducting capital losses, and for other purposes; to the Committee on Finance.

CAPITAL GAINS AND LOSSES TAX CHANGES

Mr. MOYNIHAN. Mr. President, the bill I am introducing today has four provisions. It eliminates the holding period for capital gains. It changes the rule that half an investor's long-term capital loss may be deducted from ordinary income. In future, only 40 percent of the loss may be deducted. It reduces the so-called alternative rate for corporations on their capital gains. The alternative rate is now 28 percent. In future, it would be 20 percent. And the bill strikes out a preference item for corporations under the add-on minimum tax: the preference item for net capital gain.

ELIMINATION OF THE HOLDING PERIOD

Current law requires that an investment be held for more than a year before the investor qualifies for lower tax rates on his profits from the investment.

The holding period has not always been a year. As recently as 1976, it was 6 months. In the General Explanation of the Tax Reform Act of 1976, the staff of the Joint Committee on Taxation observes that Congress increased the holding period to a year in two stages after 1976 because it felt the 6-month holding period "was inappropriately short."

Said the joint committee:

> (It was) argued that there should be special tax treatment for gains on assets held for investment but not on those held for speculative profit. The underlying concept is that a person who holds an asset for only a short time is primarily interested in obtaining quick gains from short-term market fluctuations.

Also, Congress did not view the special, capital gains rates as an incentive for investment, but as a remedy for the so-called bunching problem. The problem: It would be unfair to tax an individual in a single year at progressive rates on a profit that was earned over many years. For example, the man who sells his house. He has a huge profit in 1 year. This propels him into the highest tax bracket. The Government would take half his profit in taxes when, perhaps, it ought to take less.

Said the joint committee:

> The six-month holding period cannot be justified by the unfairness that results from (the so-called "bunching" problem). This argument clearly suggests a holding period of one year . . .

Nevertheless, Congress has experimented with many different holding periods over the years. The holding period has been as long as 10 years. As short as 6 months. I ask unanimous consent that a table showing the holding periods in effect since 1922 be included at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

HISTORY OF THE CAPITAL GAINS HOLDING PERIOD

Years	Holding period
1922-33	2 yr
1934-37	4 different holding periods, ranging in length from 1 to 10 yr
1938-41	2 different holding periods, 18 mo and 2 yr
1942-76	6 mo
1977	9 mo
1978 to present	1 yr

Mr. President, the best policy is to have no holding period at all. There are two reasons. First, economics. A powerful case exists for leaving investors free to move their capital about in search of the highest return. The need to hold an investment for a specific time in order to get preferential tax treatment injects a nonmarket factor into investments. People are reluctant to shift their funds to more productive uses if they must wait to take advantage of the capital gains rates on their current investments. The capital markets become distorted. Capital is used relatively inefficiently.

Evidence of this type of distortion can be seen in another table, which I would also like to have included in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Gross gains on corporate stock transactions by length of time held, 1973

Holding period (months):	*All returns (millions)*
Under 1	$163.5
1 to 2	114.9
2 to 3	106.6
3 to 4	75.6
4 to 5	57.9
5 to 6	44.9
6 to 7	153.4
7 to 8	132.7
8 to 9	99.4
9 to 10	96.2
10 to 11	53.1
11 to 12	60.6

Mr. President, the table shows that in 1973, individuals tended to postpone transactions until their capital gains achieved long-term status: 6 months in 1973. This is the most recent year for which such data is available. The Treasury has just finished gathering similar data for 1977, but the data has not yet been made public.

A holding period of any length produces distortion. Eliminate it. The result would be higher productivity. More output.

It is interesting to note that most other countries with special capital gains taxes do not require that an investment be held for any particular period of time. Three countries have no holding period: Canada, Great Britain, and France. In four countries, capital gains simply are not taxed at all: Japan, the Netherlands, Belgium, and Italy.

A second reason for eliminating the holding period is that it would simplify the tax laws. My bill would repeal three sections of the tax code. It would shorten another 52 sections.

No longer would there be a distinction between short- and long-term capital gains and losses. This helps. No need in future to net one's short-term gain against long-term loss, and long-term gain against short-term loss. No need to fuss with overcomplicated rules for carrying forward capital losses. Or with carrying back losses from regulated futures contracts.

Profits on commodity contracts would no longer be taxed as if 40 percent of the profits were from short-term investments and the other 60 percent from long-term investments.

Also, tax shelters aimed at converting short-term gain into long-term gain would disappear. No need for them. The tax laws would be measurably simpler.

DEDUCTIBILITY OF CAPITAL LOSSES

In addition to eliminating the holding period, my bill changes the rule that half of an investor's long-term loss may be deducted from ordinary income. In future, only 40 percent of the loss could be deducted.

This makes sense. Only 40 percent of a capital gain is taxed. Therefore, only 40 percent of the loss should be deductible. It is also a way of cutting the revenue loss to the Treasury.

The joint committee says that a preliminary estimate of the cost of eliminating the holding period is $400 million a year. That is a static estimate. Not very much time was spent on preparing it. It does not include any feedback—economic growth that would result from the elimination of the holding period—which would tend to reduce the revenue loss. Nor does it take into account the change in the fraction of a capital loss that may be deducted from ordinary income.

Let me emphasize two points. The Treasury is going to say we cannot afford the bill. Do not need it. Because we are going to have so much investment anyway. That is not right. We do need it. The latest Commerce Department survey of capital spending suggests that business investment was down 1 percent—in real terms—in the first quarter of this year over 1981. For a generation now, the United States has had the lowest rate of capital formation of any major industrial country in the world save Great Britain. That is why the United States, which a generation ago had far the greatest per capita income of any nation on Earth, now ranks eighth. Britain ranks 19th.

The other point: There are some who think it is better to ask for a 6-month holding period. I respectfully disagree. A 6-month holding period is no easier to enact. It does not eliminate the distortion in the capital markets. It does not simplify the tax laws.

I am proposing something that can be done. Last summer, it was my bill that did away with the holding period for commodity futures contracts. Today, profits from commodity contracts are taxed at a top rate of 32 percent, whether the contracts are held for 1 hour, 1 day, or 1 year. There ought to be no holding period for stock.

ALTERNATIVE RATE FOR CORPORATIONS

My bill also cuts taxes for corporations on their capital gains. A corporation with a long-term capital gain has a choice under present law: It may pay taxes on the gain at the ordinary income tax rates. Corporate income tax rates run from 17 to 46 percent. Or it may pay taxes at an alternative rate of 28 percent. The bill reduces the alternative rate to 20 percent.

I proposed this last summer in the Finance Committee as an amendment to the Economic Recovery Tax Act. We were dropping the maximum capital gains rate for individuals from 28 to 20 percent. It seemed reasonable to bring down the alternative rate for corporations at the same time.

The Assistant Treasury Secretary for Tax Policy, Mr. Chapoton, said the amendment cost too much: about $700 million a year by 1984. Mr. Chapoton also said:

> I would point out that unlike capital gains in individuals which affect a lot of taxpayers . . . capital gains in the corporate sector . . . are concentrated in the timber and paper industries and to some extent in venture capital operations.

The chairman of the committee, Senator DOLE, said the amendment "may have great merit, but not at this time."

Mr. Chapoton added the thought that the capital gains rate for corporations was an appropriate subject when the committee takes up "the corporate tax rate if indeed we deal with that, as we probably will."

The committee voted. The amendment failed. The vote was 4- to- 11. I am asking that the matter be considered again.

There are two reasons why the alternative rate should be 20 percent. Again, economics. Cutting capital gains taxes increases investment. We saw this in 1978, when Congress cut the top capital gains rate for individuals from 49 to 28 percent and the alternative rate for corporations from 30 to 28 percent. Stanley Pratt, editor of Venture Capital Journal, the recognized source for statistics on the venture capital industry, has produced a table, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

New private capital committed to venture capital firms

[Dollars in billions]

Year:	
1981 (estimate)	1.3
1980	.9
1979	.319
1978	.570
Capital gains tax decrease:	
1977	.039
1976	.05
1975	.01
1974	.057
1973	.056
1972	.062
1971	.095
1970	.097
Capital gains tax increase:	
1969	.171

Mr. President, the table shows that investment in small venture capital firms climbed dramatically, beginning in 1978. This is how we will get new technology. As Peter Drucker noted in "The Age of Discontinuity":

> Folk wisdom has long held that new technology does not come out of the old, and especially big company. Although there is no inherent reason why this should be true, there have so far been few exceptions. . . .

Pratt estimates that venture capital firms have a pool of about $5.8 billion to invest. About $3.2 billion of that amount was being invested by corporations at the end of last year. This speaks to the importance of cutting capital gains taxes for corporations.

The second reason for bringing down the corporate rate is fairness. It is not fair to tax venture capital companies organized as partnerships at one rate on their capital gains, while taxing venture capital corporations at a higher rate. Why discriminate? What purpose is served? The tax laws ought not to favor one form of ownership over another.

The individual and corporate rates for capital gains have been roughly the same since the 1940's. I ask unanimous consent that another table showing the rates since 1942 appear at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

MAXIMUM TAX RATES FOR CAPITAL GAINS, 1942 TO PRESENT

[In percent]

Year(s)	Individuals	Corporations
1942-51	25	25
1952-54	26	26
1955-69	25	25
1970	29½	28
1971	32½	30
1972-78	35	30
1979-80	28	28
1981-present	20	28

Mr. President, it should be said that Mr. Chapoton was not right about corporate capital gains being just another tax break for the timber interests. In 1979, corporations reported roughly $20 billion in net long-term capital gains. About $2.3 billion were reported by lumber and wood products companies. Another $1.8 billion were reported by paper and allied products companies. My source is the statistics of income series published by the Internal Revenue Service. This is hardly a case of concentration of capital gains in the timber and paper industries.

CORPORATE MINIMUM TAX

Finally, the bill strikes out a preference item for corporations under the add-on minimum tax: The preference item for net capital gain.

The add-on minimum tax is an extra tax that corporations pay each year. It limits the extent to which a corporation can benefit from deductions and exclusions called tax preference items. The list of tax preference items includes net capital gain. Basically, any corporation with a net capital gain has to pay 1.67 percent of the capital gain. Although the minimum tax rate is 15 percent, the tax is not 15 percent of the capital gain, but rather 15 percent of a portion of the capital gain. Thus, the effective rate is 1.67 percent.

Because of the way the tax formula works, in future were the alternative rate for corporations to fall to 20 percent, the effective minimum tax rate on corporate capital gains would increase to 5.48 percent. Under current law, a corporation effectively pays 28 percent plus 1.67 percent on its capital gain. In future, it would pay 20 percent plus 5.48 percent.

So parity with the individual tax rate of 20 percent is not achieved unless one also strikes out net capital gain as a preference item for corporations under the add-on minimum tax. My bill would do that.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2530

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. REMOVAL OF THE HOLDING PERIOD REQUIREMENT FOR CAPITAL ASSETS AND FOR PROPERTY USED IN A TRADE OR BUSINESS, AND CHANGE IN TREATMENT OF CAPITAL LOSSES.

(a) Removal of Holding Requirement for Capital Assets.—Section 1222 (defining terms relating to capital gains and losses) is amended to read as follows:

"SEC. 1222. OTHER TERMS RELATING TO CAPITAL GAINS AND LOSSES.

"For purposes of this subtitle—

"(1) Capital gain.—The term 'capital gain' means gain from the sale or exchange of a capital asset, if and to the extent that such gain is taken into account in computing gross income.

"(2) Capital loss.—The term 'capital loss' means loss from the sale or exchange of a capital asset, if and to the extent that such loss is taken into account in computing taxable income.

"(3) Net capital gain.—The term 'net capital gain' means the excess of the capital gains for the taxable year over the capital losses for such taxable year.

"(4) Net capital loss.—The term 'net capital loss' means the excess of the capital losses for the taxable year over the capital gains for such taxable year.".

(b) Removal of the Holding Period Requirement for Property Used in a Trade or Business.—

(1) In general.—Subsection (a) of section 1231 (relating to property used in the trade or business and involuntary conversions) is amended by striking out "held for more than 1 year" each place it appears.

(2) Definition of property used in the trade or business.—

(A) Paragraphs (1) and (4) of section 1231(b) are each amended by striking out "held for more than 1 year" each place it appears.

(B) Paragraph (3) of section 1231(b) is amended—

(i) by striking out ", and held by him for 24 months or more from the date of acquisition", and

(ii) by striking out ", and held by him for 12 months or more from the date of acquisition".

(c) Change in the Treatment of Capital Losses.—

(1) Amendment of section 1211.—Subparagraph (C) of section 1211 (b)(1) (relating to limits on capital losses) is amended to read as follows:

"(C) 40 percent of the net capital loss for the taxable year.".

(2) Amendments to section 1212.—

(A) Paragraph (1) of section 1212(a) (relating to capital loss carrybacks and carryovers of corporations) is amended by striking out "and shall be treated as a short-term capital loss in each such taxable year.".

(B) Subsection (b) of section 1212 (relating to capital loss carrybacks and carryovers of other taxpayers) is amended to read as follows:

"(b) Other Taxpayers.—If a taxpayer other than a corporation has a net capital loss for any taxable year, the excess of such loss over 2.5 times the amount allowed for the taxable year under subparagraph (A), (B), or (C) of section 1211(b)(1) shall be treated as a capital loss in the succeeding taxable year.".

(C) Paragraph (1) of section 1212(c) (relating to carryback of losses from regulated futures contracts) is amended to read as follows:

"(1) In general.—If a taxpayer (other than a corporation) has a net commodity futures loss for the taxable year and elects to have this subsection apply to such taxable year, the amount of such net commodity futures loss shall be a carryback to each of the 3 taxable years preceding the loss year.".

(D) Subparagraph (A) of section 1212 (c)(6) is amended to read as follows:

"(A) Carryforward amount reduced by amount used as carryback.—For purposes of applying subsection (b)(1), if any portion of the net commodity futures loss for any taxable year is allowed as a carryback under paragraph (1) to any preceding taxable year, such amount shall be treated as a capital gain in the loss year.".

(E) Subparagraph (B) of section 1212(c)(6) is amended by striking out "short-term or long-term".

(d) Conforming Amendments.—

(1) Sections 57(e)(2) (defining timber preference income), 62(3) (defining adjusted gross income), 80(c)(2) (relating to restoration of value of certain securities), 170(e)(1)(A) (relating to certain contributions of ordinary income and capital gain property), 172(d)(2)(B) (relating to the net operating loss deduction), 233(1) (relating to cross references), 593(b)(2)(E)(iv) (relating to reserves for losses on loans), 1247(c)(2) and (d) (relating to the election by foreign investment companies to distribute income currently), and 1378(c)(3)(B) (relating to the tax imposed on certain capital gains) are amended by striking out "long-term" each place it appears.

(2) Subparagraph (B) of section 163(d)(3) (relating to limits on interest on investment indebtedness) is amended by inserting "and" after the comma at the end of clause (i), striking out clause (ii), and redesignating clause (iii) as clause (ii).

(3) Subparagraph (B) of section 166(d)(1) (relating to nonbusiness debts) is amended by striking out "held not more than 1 year".

(4) Paragraph (3) of subsection (c) of section 246 (relating to rules applying to deductions for dividends received) is amended—

(A) by inserting "and" at the end of subparagraph (a);

(B) by striking out "and" at the end of subparagraph (B); and

(C) by striking out subparagraph (C).

(5) Paragraph (2) of section 333(e) (relating to the election as to recognition of gain in certain liquidations) is amended by striking out "short-term or long-term capital gain, as the case may be" and inserting in lieu thereof "capital gain".

(6) Section 341 (relating to collapsible corporations) is amended by striking out "held for more than one year" in subsection (a) and striking out "section 1223 shall apply, but" in subsection (b)(3).

(7) Paragraph (2) of section 402(a) (relating to taxability of beneficiary of employees' trust) is amended by striking out "held

for more than 6 months [9 months for taxable years beginning in 1977; 1 year for taxable years beginning after December 31, 1977]".

(8) Subparagraph (L) of section 402(e)(4) (relating to taxability of beneficiary of employees (trust) is amended by striking out "held for more than 1 year".

(9) Paragraph (2) of section 403(a) (relating to taxation of employee annuities) is amended by striking out "held for more than 1 year".

(10) Section 483(f) (relating to interest on certain deferred payments) is amended by striking out paragraph (4) and redesignating paragraph (5) as paragraph (4).

(11) Paragraph (2) of section 582(c) (relating to bad debts, losses, and gains with respect to securities held by financial institutions) is amended by striking out "net long-term", "net short-term", and "held for more than 1 year".

(12) Paragraph (1) of subsection (c) of section 584 (relating to income of participants in common trust funds) is amended to read as follows:

"(1) Inclusions in taxable income.—Each participant in the common trust fund in computing its taxable income shall include, whether or not distributed and whether or not distributable—

"(A) as part of its gains and losses from sales or exchanges of capital assets, its proportionate share of the gains and losses of the common trust fund from sales or exchanges of capital assets; and

"(B) its proportionate share of the ordinary taxable income or the ordinary net loss of the common trust fund, computed as provided in subsection (d).".

(13) Subsection (a) of section 631 (relating to gain or loss in the case of timber, coal, or domestic iron ore) is amended by striking out "(providing he has owned such timber or has held such contract right for a period of more than 1 year)".

(14) Subsection (b) of section 631 is amended by striking out "held for more than 1 year before such disposal".

(15) Subsection (c) of section 631 is amended by striking out ", held for more than 1 year before such disposal".

(16) Paragraphs (3) and (4) of section 642 (c) (relating to the deduction for amounts paid or permanently set aside for a charitable purpose) is amended by striking out "held for more than 1 year".

(17) Subsection (a) of section 702 (relating to income and credits of partners) is amended by striking out "held for not more than 1 year" each place it appears.

(18) Subsection (b) of section 735 (relating to holding period for distributed property) is amended by striking out ", as determined under section 1223.".

(19) Paragraph (4) of section 801(g) (defining life insurance company) is amended to read as follows:

(4) Investment yield.—For purposes of this part, the policy and other contract liability requirements, and the life insurance company's share of investment yield, shall be separately computed—

"(A) with respect to the items separately accounted for in accordance with paragraph (3), and

"(B) excluding the items taken into account under subparagraph (A).".

(20) Subsection (b) of section 804 (relating to taxable investment income) is amended by striking out paragraph (2) and redesignating paragraph (3) as paragraph (2).

(21) Subparagraph (A) of section 817(a)(1) (relating to rules for certain gains and losses) is amended by striking out ", held for more than 1 year" in both places it appears.

(22) Subparagraph (A) of section 817(b)(2) is amended by striking out ", determined with reference to section 1223".

(23) Subparagraph (B) of section 852(b)(3) (relating to taxation of regulated investment companies and their shareholders) is amended by striking out "held for more than 1 year".

(24) Paragraph (4) of section 852(b) is amended by striking out "long-term" in both places it appears.

(25) Paragraph (4) of section 856(c) (relating to real estate investment trusts) is amended by striking out subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(26) Subparagraph (B) of section 857(b)(3) (relating to the method of taxing real estate investment trusts) is amended by striking out "held for more than 1 year".

(27) Paragraph (5) of section 857(b) is amended by striking out "long-term capital gain; and short-term capital gain to the extent of any short-term capital loss" and inserting in lieu thereof "capital gain".

(28) Paragraph (7) of section 857(b) is amended by striking out "long-term" and "held for more than 1 year".

(29) Subparagraph (B) of section 871 (a)(1) (relating to the tax on nonresident alien individuals) is amended by striking out "and gains on transfers described in section 1235 made on or before October 4, 1966".

(30) Subsection (h) of section 1023 (relating to carryover basis for certain property acquired from a decedent) is amended by striking out "as determined under section 1223; except that" and inserting in lieu thereof a semicolon.

(31) Subsection (h) of section 1033 (relating to involuntary conversions) is amended by striking out paragraph (1) and redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively.

(32) Subsection (f) of section 1034 (relating to tenant-stockholder in a cooperative housing corporation) is amended by striking out ", section 1016 (relating to adjustments to basis, and section 1223 (relating to holding period)" and inserting in lieu thereof "and section 1016 (relating to adjustments to basis)".

(33) Subsection (b) of section 1092 (relating to straddles) is amended by striking out "and of subsections (b) and (d) of section 1233".

(34) Subparagraph (B) of section 1092(d)(2) (relating to straddles) is amended to read as follows:

"(B) Special Rule for Stock Options.—The term 'position' includes any stock option which is a part of a straddle and which is an option to buy or sell stock which is actively traded, but does not include a stock option which is traded on a domestic exchange or on a similar foreign exchange designated by the Secretary.".

(35) Section 1223 (relating to holding period for property) is repealed.

(36) Paragraph (2) of section 1232(a) (relating to bonds and other evidences of indebtedness) is amended by striking out "held by the taxpayer for more than one year," and "held for more than one year" every place they appear.

(37) Subparagraph (A) of section 1232(a) (4) is amended by striking out "held less than 1 year".

(38) Section 1233 (relating to gains and losses from short sales) is repealed.

(39) Subparagraph (C) of section 1234(a) (3) (relating to options to buy or sell) is amended to read as follows:

"(C) a loss attributable to a failure to exercise an option to sell property at a fixed price acquired on the same day on which the property identified as intended to be used in exercising such option is acquired and which, if exercised, is exercised through the sale of the property so identified. If the option is not exercised, the cost of the option shall be added to the basis of the property with which the option is identified. This paragraph shall apply only to options acquired after August 16, 1954.".

(40) Paragraph (1) of section 1234(b) is amended by striking out "held not more than one year."

(41) Section 1235 (relating to sale or exchange of patents) is repealed.

(42) Subsection (a) of section 1246 (relating to gain on foreign investment company stock) is amended by striking out paragraph (4).

(43) Section 1246 is amended by striking out "(determined under section 1223)" in subsections (c) and (d).

(44) Subsection (i) of section 1247 (relating to election by foreign investment companies to distribute income currently) is repealed.

(45) Section 1248 (relating to gain from certain sales or exchanges of stock in certain foreign corporations) is amended by striking out "and has been held for more than one year" and "held for more than one year".

(46) Paragraph (3) of section 1248(g) is amended by striking out ", or" at the end of subparagraph (B), inserting in lieu thereof a period, and striking out subparagraph (C).

(47) Subsection (e) of section 1250 (relating to gains from dispositions of certain depreciable realty) is amended—

(A) by striking out "the provisions of section 1223 shall not apply,"; and

(B) by striking out "of section 1250 property" the first time it appears.

(48) Subsection (a) of section 1256 (relating to regulated futures contracts) is amended by inserting "and" after the comma at the end of paragraph (2), striking out paragraph (3), and redesignating paragraph (4) as paragraph (3).

(49) Paragraph (1) of section 1375(a) (relating to special rules for distributions of electing small business corporations) is amended by striking out "long-term".

(50) Subsection (b) of section 1441 (relating to withholding of tax on nonresident aliens) is amended by striking out "transfers described in section 1235" and inserting in lieu thereof "certain transfers of patients and patent rights".

(51) Subparagraph (B) of section 4942(e)(2) (relating to taxes on failure to distribute income) is amended to read as follows:

"(B) capital gains and losses from the sale or other disposition of property shall not be taken into account;".

SEC. 3. REDUCTION IN CAPITAL GAINS TAX RATE FOR CORPORATIONS.

(a) In General.—Paragraph (2) of section 1201(a) of the Internal Revenue Code of 1954 (relating to the alternative tax for corporations) is amended by striking out "28 percent" and inserting in lieu thereof "20 percent".

(b) Conforming Amendments.—

(1) Section 170.—Paragraph (1) of section 170(e) of the Internal Revenue Code of 1954 (relating to certain contributions of ordi-

nary income and capital gain property) is amended by striking out "(28/46, in the case of a corporation)" and inserting in lieu thereof "(20/46, in the case of a corporation)".

(2) Section 593.—Subparagraph (E) of section 593(b)(2) of such Code (relating to additions to reserves for bad debts) is amended by striking out "18/46" each place it appears and inserting in lieu thereof "10/46".

(3) Section 852.—Clause (iii) of section 852(b)(3)(D) of such Code (relating to the treatment by shareholders of undistributed capital gains) is amended by striking out "72 percent" and inserting in lieu thereof "80 percent".

SEC. 4. REMOVAL OF CAPITAL GAINS AS AN ITEM OF TAX PREFERENCE FOR CORPORATIONS.

(a) In General.—Paragraph (9) of subsection (a) of section 57 (relating to items of tax preference) is amended—

(1) by striking out subparagraphs (B) and (C); and

(2) by redesignating subparagraph (9) as subparagraph (B).

(b) Conforming Amendments.—

(1) Paragraph (2) of subsection (d) of section 56 (relating to the regular tax deduction adjustment for timber) is amended to read as follows:

"(2) the lesser of—

"(A) the corporation's timber preference income (as defined in subsection (e) of section 57), or

"(B) the sum of—

"(i) one-third of such timber preference income, and

"(ii) $20,000.".

(2) Paragraph (2) of subsection (e) of section 56 (relating to tax carryover for timber) is amended by striking out "57(a)(9)(C)" and inserting in lieu thereof "56(d)(2)".

(3) Subsection (e) of section 57 (as amended by paragraph (1) of subsection (d) of section 1 of this Act) is further amended by striking out "multiplied by the fraction determined in paragraph 57(a)(9)(B)" and inserting in lieu thereof "multiplied by a fraction the numerator of which is equal to the highest rate of tax imposed under section 11(b) for the taxable year minus the alternative tax rate imposed under section 1201(a) for the taxable year, and the denominator of which is the highest rate of tax imposed under section 11(b) for the taxable year. In the case of a corporation to which section 1201(a) does not apply, the amount to be subtracted from the highest rate of tax imposed under section 11(b) for the taxable year in order to determine the numerator of the fraction described in the preceding sentence shall be determined by the Secretary in a manner consistent with such sentence".

(4) Subsection (d) of section 58 is amended to read as follows:

"(d) Electing Small Business Corporations and Their Shareholders.—The items of tax preference of an electing small business corporation (as defined in section 1371(b)) for each taxable year of the corporation shall be treated as items of tax preference of the shareholders of such corporation and shall not be treated as items of tax preference of such corporation. The sum of the items so treated shall be apportioned pro rata among such shareholders in a manner consistent with section 1374(c) (1). For purposes of this subsection, this part shall be treated as applying to such corporation.".

(5) Subsection (f) of section 58 (relating to regulated investment companies) is amended to read as follows:

"(f) Regulated Investment Companies, Etc.—In the case of a regulated investment company to which part I of subchapter M applies of a real estate investment trust to which part II of subchapter M applies, the items of tax preference of such company or such trust for each taxable year (other than the item of tax preference set forth in section 57(a) (2) in the case of a real estate investment trust) shall be treated as items of tax preference of the shareholders of such company, or the shareholders or holders of beneficial interests of such trust (and not as items of tax preference of such company or such trust), in the same proportion that the dividends (other than capital gain dividends) paid to each such shareholder, or holder of beneficial interest, bears to the taxable income of such company or such trust determined without regard to the deduction for dividends paid.".

(6) Paragraph (2) of section 58(g) (relating to tax preferences attributable to foreign sources) is amended by striking out everything after the semicolon in the matter immediately following subparagraph (B) and by replacing the semicolon with a period.

SEC. 5. EFFECTIVE DATES.

(a) Except as provided in subsection (b), the amendments made by this Act shall apply to taxable years beginning after the date of enactment of this Act.

(b) The amendment made by paragraph (1) of subsection (b) of section 3 of this Act shall apply to contributions made after the date of enactment of this Act.

By Mr. GARN (for himself, Mr. TOWER, Mr. HEINZ, and Mr. LUGAR):

S. 2531. A bill to provide flexibility to the Federal Savings and Loan Insurance Corporation and the Federal Deposit Insurance Corporation to deal with financially distressed institutions; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GARN (by request):

S. 2532. A bill to provide flexibility to the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the Federal supervisory agencies to deal with financially distressed depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

CAPITAL ASSISTANCE TO CERTAIN FINANCIAL INSTITUTIONS

Mr. GARN. Mr. President, today I am introducing legislation to provide much needed capital assistance to financial institutions engaged in mortgage lending. This bill would increase the net worth or surplus accounts of savings and loan associations, mutual savings banks, and any other banks that qualify, by providing such institutions with additional flexibility to develop operating procedures necessary for their long-term survival in an increasingly competitive financial marketplace.

Thrift institutions have served the savings and housing credit needs of consumers for decades. They have provided the means through which millions of Americans have attained the goal of homeownership. Unfortunately, because of the fact that they have served their mandated purposes so well, they have been less able than other financial institutions to withstand the economic turmoil and uncertainty of the past several years.

Their long-term fixed-rate mortgage loans have become millstones on their financial statements, yielding much less than these institutions have to pay for the short-term market rate deposits which have become the primary funding vehicle for thrift operations. For the last 6 months of 1981, savings and loan associations had an average cost of funds of 11.32 percent, while their mortgage portfolios were yielding an average of 9.8 percent. Unfortunately, this asset-liability mismatch has continued.

Losses of Federally-insured savings and loans in 1981 amounted to almost $5 billion, with industrywide net worth going from $33.1 billion in January 1981 to $28.3 billion by year end. Through the first quarter of this year, FSLIC-insured institutions have lost almost $2 billion, with a corresponding reduction in the industrywide net worth account.

Due to the financial difficulties within the thrift industry during the past 15 months, there have been over 250 mergers among savings and loan associations. In 1981, there were approximately 70 supervisory mergers, of which 23 involved FSLIC financial assistance. During the first quarter of this year, approximately 100 savings and loan associations have been merged out of existence and almost two-thirds of these have involved FSLIC assistance.

Although there are far fewer mutual savings banks than savings and loan associations, the size and geographic concentration of savings banks experiencing difficulties have increased regulatory and congressional attention on these institutions. In 1981, savings banks lost $1.5 billion, resulting in a decline in the industry net worth position from 6.6 percent at year end 1980 to approximately 5.7 percent currently. During the past 12 months, 9 mutual savings banks have been the subject of supervisory mergers involving FDIC assistance.

In responding to the financial difficulties of savings and loans and mutual savings banks, the FSLIC and FDIC have established merger and assistance programs. In fact, these programs have resulted in substantial financial commitments by these insurance agencies. The total cost of such agency assistance programs during the past 15 months has been $3.1 billion; $1.4 billion for FSLIC and $1.7 billion for the FDIC.

While the agencies have taken steps to cope with the problems of thrift institutions, the focus of their efforts has been the merger of failing institutions with more healthy ones. Although it is important for our free enterprise system to permit unprofitable organizations to fail, it is critical that we maintain the stability and promote the growth of our financial system. Since a large number of thrift institutions are facing continued short-term reductions in net worth, Congress must consider expanding the merger assistance programs already instituted by the FDIC and FSLIC to insure that well-managed thrift institutions which have been following the dictates of government policies during the past five decades be given a chance to survive these temporary difficulties.

The form of assistance which the bill provides is capital assistance. It is a temporary, not a permanent solution to thrift problems. It authorizes the FSLIC and the FDIC to issue promissory notes in exchange for capital certificates issued by depository institutions, the effect of which would be to increase the net worth or capital accounts of affected institutions. For institutions with 2 to 3 percent net worth, the assistance would amount to 30 percent of the institution's actual losses which, in effect, are reducing the institution's net worth. For institutions with 1 to 2 percent net worth, assistance would be in the amount of 40 percent of actual losses, and for institutions with 0 to 1 percent net worth, the assistance would be equal to 50 percent of actual losses.

This capital assistance program would involve an exchange of financial instruments and would not result in budget authorizations or outlays. The costs would be borne by the FSLIC and the FDIC from their existing resources.

Under the bill's eligibility standards, assistance could be provided by the FSLIC or the FDIC to any federally-insured institution which has 3 percent or less net worth; losses during the preceding two quarters; the ability to remain solvent for more than 6 months; and at least 20 percent of assets in mortgages or mortgage-backed securities.

Although thrift institutions have been buffeted by high interest rates and uncertain economic conditions, they have been able to meet their operating expenses. In other words, their cash flows from interest revenues, deposit inflows and other sources are adequate to meet payrolls, any deposit withdrawals and other expenses; however, they have been largely unable to generate earnings, thereby suffering losses which have diminished their net worth positions. What they need, therefore, is net worth assistance.

This legislation will not maintain all institutions at a particular net worth level. As such, it does not remove the risk element from the thrift business environment. It does provide assistance to institutions in such a way as to prevent failures, slow down the merger process, continue market discipline, and provide institutions, which have the ability to overcome their problems, a better chance for long-term viability. Thus, capital assistance is another tool which thrift managers may utilize to ease the transition for their institutions into a deregulated environment.

In introducing the capital assistance legislation, I wish to thank especially Senators D'AMATO and HEINZ for their ideas and recommendations. For the past several months, they and their staffs have spent considerable time and effort examining the problems of thrift institutions, and I look forward to their continued interest and guidance as the Banking Committee begins its consideration of this legislation.

In addition to the capital assistance bill, I am introducing, by request of the FDIC and the Federal Home Loan Bank Board, a revised regulators' bill. This bill contains provisions similar to the emergency powers provisions included in S. 1720. One change is a new approach to the regulatory treatment of mutual savings banks which convert from State to Federal charter. The FDIC-Bank Board bill would authorize the bank board to issue a Federal charter for a mutual savings bank but provide for FDIC insurance for such entity. Another change from S. 1720 is to authorize interstate acquisitions of FDIC-insured failed banks with assets of $500 million or more.

Hearings will be scheduled in the very near future on the capital assistance bill and also on the revised regulators' bill. I would hope that the committee will be able to move expeditiously on these matters within the next few weeks.

The capital assistance and regulators' bills are, as I have indicated on previous occasions, short-term solutions to long-term problems. The financial industry is changing rapidly and Congress must at least begin the process of updating Federal statutes to insure that regulated depository institutions are able to compete among themselves and with nondepository financial intermediaries. Thus, to the extent that the Banking Committee works toward a compromise on various issues regarding S. 1720, I remain committed to moving on that legislation.

Mr. President, I ask unanimous consent that the capital assistance bill and the revised regulators' bill, as well as the summaries of the bills, be printed in full at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2531

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Capital Assistance Act of 1982".

SEC. 2. (a) Section 406(f) of the National Housing Act (12 U.S.C. 1729(f)) is amended by adding at the end thereof the following:

"(4)(A) Notwithstanding any other provision of State or Federal law, and without limitation on any authority provided elsewhere in this Act or the Home Owners' Loan Act of 1933, the Corporation, in its sole discretion and on such terms and conditions as it may provide, is authorized to increase or maintain the capital of a qualified institution by making periodic purchases of capital instruments, as defined by the Corporation, for such form of consideration as the Corporation may determine, from such qualified institution, and may authorize such institution to issue such instruments, pursuant to this paragraph.

"(B) For the purposes of this paragraph, the term 'qualified institution' means an insured institution which, as determined by the Corporation—

"(i) has net worth equal to or less than 3 per centum of its assets;

"(ii) has incurred losses during the two previous quarters;

"(iii) agrees to comply with all the terms and conditions established by the Corporation for receiving assistance pursuant to this paragraph, including, without limitation on the totality of the foregoing, those relating to reporting, compliance with laws, rules and regulations, execution and implementation of resolutions and agreements to merge or reorganize, suspension of dividends by stock institutions, submission and adoption of plans of operation, restrictions on operations, repayment of assistance received, and consent to supervisory action;

"(iv) will be solvent for more than six months, as determined by the Corporation in accordance with the methods for calculating net worth pursuant to this paragraph; and

"(v) has investments in residential mortgages or securities backed by such mortgages aggregating at least 20 per centum of its assets.

"(C) The Corporation may initially purchase capital instruments as follows:

"(i) With respect to a qualified institution having net worth greater than 2 per centum and less than or equal to 3 per centum, the Corporation may purchase capital instruments in any period from such institution in an amount equal to 30 per centum of its actual losses (not occasioned by mismanagement or speculation in futures or forward contracts), as determined by the Corporation.

"(ii) With respect to a qualified institution having net worth greater than 1 per centum and less than or equal to 2 per centum, the Corporation may purchase capital instruments in any period from such institution in an amount equal to 40 per centum of its actual losses (not occasioned by mismanagement or speculation in futures or forward contracts), as determined by the Corporation.

"(iii) With respect to a qualified institution having net worth greater than zero and less than or equal to 1 per centum, the Corporation may purchase capital instruments in any period from such institution in an amount equal to 50 per centum of its actual losses (not occasioned by mismanagement or speculation in futures or forward contracts), as determined by the Corporation.

"(D) In the exercise of its authority under this paragraph, the Corporation may at any time, in its sole discretion, establish criteria which, with respect to ranges of net worth, calculation of losses, and percentage of losses to be met by purchases of capital instruments, differ from those set forth in subparagraph (C).

"(E) No assistance may be provided to a qualified institution pursuant to this paragraph if the Corporation determines that providing such assistance would be costlier than liquidating (including paying the insured accounts of) such institution or dealing with it in accordance with paragraph (1) or (2) of this subsection.

"(F) Notwithstanding any other provision of this paragraph, the Corporation shall in no period purchase capital instruments from a qualified institution in an amount equal to more than 100 per centum of such institution's actual losses incurred for the immediately preceding period.

"(G) The provisions of the constitution of the laws, civil or criminal, of any State, express or implied, limiting the authority of a qualified institution (i) to take part in programs under this paragraph, (ii) to issue and otherwise deal in capital instruments issued pursuant to this paragraph, or (iii) to continue operations, including the receipt of deposits and the payment or crediting of interest or dividends to depositors, because of the level of such institution's net worth, surplus fund, or guaranty fund, shall not apply to any qualified institution which the Corporation has approved for the purpose of taking part in programs under this paragraph, continuing operations, or paying interest or dividends.

"(H) During any period when a qualified institution has outstanding capital instruments issued in accordance with this paragraph, such institution shall not be liable for any State or local tax which is determined on the basis of the deposits held by such institution or the interest paid thereon.

"(I) Notwithstanding any other Federal or State law, capital instruments purchased by the Corporation under this paragraph shall be deemed to be net worth for statutory and regulatory purposes.".

(b) Section 5(b)(5) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)(5)) is amended—

(1) by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) Capital instruments issued by an association pursuant to section 406 (f) of the National Housing Act shall constitute part of the general reserves and net worth of the association, in accordance with the rules and regulations of the Board."; and

(2) by adding at the end thereof a new subparagraph

(C) as follows:

"(C) The Board shall provide in its rules and regulations for charging losses to mutual capital certificates, capital instruments issued pursuant to section 406(f) of the National Housing Act, reserves, and other net worth accounts.".

(c) Section 403(b) of the National Housing Act (12 U.S.C. 1726(b)) is amended—

(1) in the fourth-to-last sentence by inserting after "items," the following "including capital instruments issued pursuant to section 406(f) of this Act,"; and

(2) in the second-to-last sentence by striking out "the mutual capital certificate" and inserting in lieu thereof "mutual capital certificates, capital instruments issued pursuant to section 406(f) of the National Housing Act, as amended,".

Sec. 3. Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) is amended by adding at the end thereof the following:

"(n)(1) Notwithstanding any other provision of State or Federal law, and without limitation on any authority provided elsewhere in this Act the Corporation, in its sole discretion and on such terms and conditions as it may prescribe, is authorized to increase or maintain the capital of a qualified institution by making periodic purchases of capital instruments, as defined by the Corporation, for such form of consideration as the Corporation may determine, from such institution, and may authorize such institution to issue such instruments, pursuant to this subsection.

"(2) for the purpose of this subsection, the term 'qualified institution' means an insured bank which, as determined by the Corporation—

"(A) has net worth equal to or less than 3 per centum of its assets;

"(B) has incurred losses during the two previous quarters;

"(C) agrees to comply with all the terms and conditions established by the Corporation for receiving assistance pursuant to this subsection, including, without limitation on the totality of the foregoing, those relating to reporting, compliance with laws, rules and regulations, execution and implementation of resolutions and agreements to merge or reorganize, suspension of dividends by stock institutions, submission and adoption of plans of operation, restrictions on operations, repayment of assistance received, and consent to supervisory action;

"(D) will be solvent for more than six months, as determined by the Corporation in accordance with the methods for calculating net worth pursuant to this subsection; and

"(E) has investments in residential mortgages or securities backed by such mortgages aggregating at least 20 per centum of its assets.

"(3) The Corporation may initially purchase capital instruments as follows:

"(A) With respect to a qualified institution having net worth greater than 2 per centum and less than or equal to 3 per centum, the Corporation may purchase capital instruments in any period from such institution in an amount equal to 30 per centum of the actual losses (not occasioned by mismanagement or speculation in futures or forward contracts), as determined by the Corporation.

"(B) With respect to a qualified institution having net worth greater than 1 per centum and less than or equal to 2 per centum, the Corporation may purchase capital instruments in any period from such institution in an amount equal to 40 per centum of the actual losses (not occasioned by mismanagement or speculation in futures or forward contracts), as determined by the Corporation.

"(C) With respect to a qualified institution having net worth greater than zero and less than or equal to 1 per centum, the Corporation may purchase capital instruments in any period from such institution in an amount equal to 50 per centum of the actual losses (not occasioned by mismanagement or speculation in futures or forward contracts), as determined by the Corporation.

"(4) In the exercise of its authority under this subsection, the Corporation may at any time, in its sole discretion, establish criteria which, with respect to ranges of net worth, calculation of losses, and percentage of losses to be met by purchases of capital instruments, differ from those set forth in paragraph (3).

"(5) No assistance may be provided to a qualified institution pursuant to this subsection if the Corporation determines that providing such assistance would be costlier than liquidating (including paying the insured accounts of) such institution or dealing with it in accordance with subsection (c) or (d) of this section.

"(6) Notwithstanding any other provision of this subsection, the Corporation shall in no period purchase capital instruments from a qualified institution in an amount equal to more than 100 per centum of such institution's actual losses incurred for the immediately preceding period.

"(7) The provisions of the constitution or the laws, civil or criminal, of any State, express or implied, limiting the authority of a qualified institution (A) to take part in programs under this subsection, (B) to issue and otherwise deal in capital certificates issued pursuant to this subsection, or (C) to continue operations, including the receipt of deposits and the payment or crediting of interest or dividends to depositors, because of the level of such institution's net worth, surplus fund, or guaranty fund, shall not apply to any qualified institution which the Corporation has approved for the purpose of taking part in programs under this subsection, continuing operations, or paying interest or dividends.

"(8) During any period when a qualified institution has outstanding capital instruments issued in accordance with this subsection, such institution shall not be liable for any State or local tax which is determined on the basis of the deposits held by such institution or the interest paid thereon.

"(9) Notwithstanding any other Federal or State law, capital instruments purchased by the Corporation under this subsection shall be deemed to be net worth for statutory and regulatory purposes.".

SUMMARY OF CAPITAL ASSISTANCE ACT OF 1982

The Capital Assistance Act of 1982 establishes a program authorizing the Federal Savings and Loan Insurance Corporation and the Federal Deposit Insurance Corporation to purchase capital instruments from qualifying institutions, for the purpose of increasing the capital and, therefore, the net worth of such institutions. The form and nature of the capital instruments and the form of consideration given by the Corporations for such instruments are to be defined by the FDIC and FSLIC with respect to the institutions they insure.

In order to qualify for assistance under the Act, institutions must:

Have net worth of 3% or less;

Have incurred losses during the two previous quarters;

Agree to comply with the terms and conditions established by the Corporations as a condition of receiving such assistance;

Be able to remain solvent for at least six more months; and

Have at least 20% of their assets invested in residential mortgages or mortgage backed securities.

The Act sets forth an initial formula for the Corporations to follow, but permits them to alter the formula at any time. The initial formula authorizes the Corporations to purchase capital instruments as follows:

With respect to institutions with 2% to 3% net worth, the Corporations may purchase instruments in an amount equal to 30% of an institution's actual losses, so long as such losses are not the result of mismanagement or speculation in the futures market;

With respect to institutions with 1% to 2% net worth, the Corporations may purchase instruments in an amount equal to 40% of an institution's actual losses, so long as such losses are not the result of mismanagement or speculation in the futures market; and

With respect to institutions with 0% to 1% net worth, the Corporations may purchase instruments in an amount equal to 50% of an institutions actual losses, so long as such losses are not the result of mismanagement or speculation in the futures market.

In no event are the Corporations permitted to purchase capital instruments in an amount that exceeds 100% of any institution's actual losses.

The Act removes all obstacles that would prevent qualified institutions from receiving assistance under these provisions or from benefiting from such assistance. It makes clear that irrespective of any other Federal or State law, capital instruments purchased pursuant to the Act shall be deemed to be net worth. It preempts any State laws that would limit the ability of qualified institutions to issue capital instruments or to continue normal operations, including the receipt of deposits and the paying of interest thereon. Finally, qualifying institutions that have capital instruments outstanding shall not be liable for any State or local franchise tax.

S. 2532

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—FEDERAL DEPOSIT INSURANCE CORPORATION AMENDMENTS ASSISTANCE TO INSURED BANKS

Section 101. Section 13(c) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)) is amended to read as follows:

"(c)(1) The Corporation is authorized, in its sole discretion and upon such terms and conditions as the Board of Directors may prescribe, to make loans to, to make deposits in, to purchase the assets or securities of, to assume the liabilities of, or to make contributions to, any insured bank—

"(A) if such action is taken to prevent the closing of such insured bank;

"(B) if, with respect to a closed insured bank, such action is taken to restore such closed insured bank to normal operation; or

"(C) if, when severe financial conditions exist which threaten the stability of a significant number of insured banks or of insured banks possessing significant financial resources, such action is taken in order to lessen the risk to the Corporation posed by such insured bank under such threat of instability.

"(2)(A) In order to facilitate a merger or consolidation of an insured bank described in subparagraph (B) with an insured institution or the sale of assets of such insured bank and the assumption of such insured bank's liabilities by an insured institution, or the acquisition of the stock of such insured bank, the Corporation is authorized, in its sole discretion and upon such terms and conditions as the Board of Directors may prescribe—

"(i) to purchase any such assets or assume any such liabilities;

"(ii) to make loans or contributions to, or deposits in, or purchase the securities of, such insured institution or the company which controls or will acquire control of such insured institution;

"(iii) to guarantee such insured institution or the company which controls or will acquire control of such insured institution against loss by reason of such insured institution's merging or consolidating with or assuming the liabilities and purchasing the assets of such insured bank or by reason of such company acquiring control of such insured bank; or

"(iv) any combination of subparagraphs (i) through (iii).

"(B) An insure bank described in this paragraph (2)—

"(i) is an insured bank which is closed;

"(ii) is an insured bank which, in the judgment of the Board of Directors, is in danger of closing; or

"(iii) is an insured bank which, when severe financial conditions exist which threaten the stability of a significant number of insured banks or of insured banks possessing significant financial resources, is determined by the Corporation, in its sole discretion, to require assistance under subparagraph (A) in order to lessen the risk to the Corporation posed by such insured bank under such threat of instability.

"(3) The Corporation may provide any person acquiring control of, merging with, consolidation with or acquiring the assets of an insured bank under section 13(f) of this Act with such financial assistance as it could provide an insured institution under this subsection.

"(4) No assistance shall be provided under this subsection in an amount in excess of that amount which the Corporation determines to be reasonably necessary to save the cost of liquidating (including paying the insured accounts of) such insured bank, except that such restriction shall not apply in any case in which the Corporation determines that the continued operation of such insured bank is essential to provide adequate banking services in its community.

"(5) Any assistance provided under this subsection may be in subordination to the rights of depositors and other creditors.

"(6) In its annual report to the Congress, the Corporation shall report the total amount it has saved, or estimates it has saved, by exercising the authority provided in this subsection.

"(7) For purposes of this subsection, the term 'insured institution' means an insured bank as defined in section 3 of this Act or an insured institution as defined in section 401 of the National Housing Act (12 U.S.C. 1724).".

FEDERAL DEPOSIT INSURANCE CORPORATION—INSURED FEDERAL SAVINGS BANKS

Sec. 102. Section 5 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464), is amended by adding at the end thereof the following:

"(p)(1) Notwithstanding any other provision of this section, the Board, subject to the provisions of this subsection, may authorize, under the rules and regulations of the Board, the conversion of a State-chartered savings bank insured by the Federal Deposit Insurance Corporation into a Federal savings bank, provided such conversion is not in contravention of State law, and provide for the organization, incorporation, operation, and regulation of such institution.

"(2)(A) The Federal Deposit Insurance Corporation shall insure the deposit accounts of any Federal savings bank chartered pursuant to this subsection, until such time as the accounts of such institution are insured by the Federal Savings and Loan Insurance Corporation.

"(B) The Board shall provide the Federal Deposit Insurance Corporation with notification of any application under this Act for conversion to a Federal charter by an institution insured by that Corporation, shall consult with said Corporation before disposing of the application, and shall provide said Corporation with notification of the Board's determination with respect to such application.

"(C) The Federal Deposit Insurance Corporation shall have the power to make special examinations of any Federal savings bank it insures and for which the Board of Directors of the Federal Deposit Insurance Corporation determines an examination is necessary to determine the condition of the bank for insurance purposes.

"(D) Except with the prior written approval of the Federal Deposit Insurance Corporation, no Federal savings bank insured by the Federal Deposit Insurance Corporation shall:

"(i) merge or consolidate with any bank, association or institution that is not insured by the Federal Deposit Insurance Corporation;

"(ii) assume liability to pay any deposits made in, or similar liabilities of, any bank, association or insitution that is not insured by the Federal Deposit Insurance Corporation; or

"(iii) transfer assets to any bank, association or institution that is not insured by the Federal Deposit Insurance Corporation in consideration of the assumption of liabilities for any portion of the deposits made in such bank.

"(E) In granting any approval required by paragraph (D) of this subsection, the Board of Directors of the Federal Deposit Insurance Corporation shall consider the financial and managerial resources, and the future prospects of the existing and proposed institutions.

"(F) Notwithstanding section 402(j) of the National Housing Act, or any provision of the constitution or laws of any State, or paragraph (1) of this subsection, if the Federal Deposit Insurance Corporation determines conversion into a Federal stock savings bank or the chartering of a Federal stock savings bank is necessary to prevent the closing of a savings bank it insures or to reopen a closed savings bank it insured, or if the Federal Deposit Insurance Corporation determines, with the concurrence of the Board, that severe financial conditions exist that threaten the stability of a savings bank insured by such Corporation and that such a conversion or charter is likely to improve the financial condition of such savings bank, the Federal Deposit Insurance Corporation shall provide to the Board a certificate of such determination, the reasons therefor and conformance with the requirements of this Act, and the bank, without further action by the Board, shall be converted or chartered by the Board, pursuant to the rules and regulations thereof, from the time the Federal Deposit Insurance Corporation issues such certificate.

"(3) A Federal savings bank chartered under this subsection shall have the same authority with respect to investments, operations and activities, and shall be subject to the same restrictions, including those applicable to branching and discrimination, as would apply to it if it were chartered as a Federal savings bank under any other provision of this Act.

"(4) For purposes of the Bank Protection Act of 1968, the Home Mortgage Disclosure Act, the Community Reinvestment Act, the Depository Institution Management Interlocks Act, the Depository Institutions Deregulation Act of 1980, the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Debt Collection Practices Act, the Electronic Fund Transfer Act, and section 12(i) of the Securities Exchange Act of 1934, a Federal savings bank, the deposits of which are insured by the Federal Deposit Insurance Corporation, shall be regarded as an institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation."

CONFORMING AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 103. (a) Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813 (q)) is amended—

(1) in paragraph (2) thereof, by striking out "and" at the end thereof;

(2) in paragraph (3) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(4) the Federal Home Loan Bank Board in the case of an insured Federal savings bank."

(b) Section 3 of the Federal deposit Insurance Act (12 U.S.C. 1813) is amended by inserting at the end thereof the following:

"(t) The term 'insured Federal savings bank' means a Federal savings bank chartered pursuant to section 5(p) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(p)) and insured by the Corporation."

(c) Section 4 of the Federal Deposit Insurance Act (12 U.S.C. 1814) is amended by inserting at the end thereof the following:

"(c) Every Federal savings bank which is chartered pursuant to section 5(p) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(p)), and which is engaged in the business of receiving deposits other than trust funds as herein defined, shall be an insured bank from the time it is authorized to commence business, until such time as its accounts are insured by the Federal Savings and Loan Insurance Corporation."

(d) Section 7(a)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(2)) is amended by inserting at the end thereof the following:

"The Corporation shall have access to reports of examination made by, and reports of condition made to, the Federal Home Loan Bank Board or any Federal Home Loan Bank, respecting any insured Federal savings bank, and the Corporation shall have access to all revisions of reports of condition made to either of them, and they shall promptly advise the Corporation of any revisions or changes in respect to deposit liabilities made or required to be made in any report of condition."

(e) Section 7(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(3)) is amended by revising the first sentence of the subsection to read as follows:

"(3) Each insured State nonmember bank (except a District bank) and each foreign bank having an insured branch (other than a Federal branch) shall make to the Corporation, each insured national bank, each foreign bank having an insured branch which is a Federal branch, and each insured District bank shall make to the Comptroller of the Currency, each insured State member bank shall make to the Federal savings bank shall make to the Federal Home Loan Bank Board, four reports of condition annually upon dates which shall be selected by the Chairman of the Board of Directors, the Comptroller of the Currency, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Federal Loan Bank Board."

(f) Section 7(a)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(6)) is amended by inserting ", the Federal Loan Bank Board" after "Comptroller of the Currency" and before the word "and" the first place it appears.

(g) Section 8(a) of the Federal Deposit Insurance Act (12 U.S.C. 1818(a)) is amended by—

(1) inserting in the second sentence thereof, after the words "district bank,", the following: "to the Federal Home Loan Bank Board in the case of an insured Federal savings bank,"; and

(2) inserting in the third sentence thereof, after the words "national bank,", the following: "or the Federal Home Loan Bank Board in the case of an insured Federal savings bank,".

(h) Section 8(o) of the Federal Deposit Insurance Act (12 U.S.C. 1818(o)) is amended by inserting at the end thereof the following:

Whenever the insured status of an insured Federal savings bank shall be terminated by action of the Board of Directors, the Federal Home Loan Bank Board shall appoint a receiver for the bank, which shall be the Corporation."

(i) Section 10(b) of the Federal Deposit Insurance Act (12 U.S.C. 1820(b)) is amended by inserting in the second sentence thereof, after the words "or District bank,", the following: "or any insured Federal savings bank,".

(j) Section 11(c) of the Federal Deposit Insurance Act (12 U.S.C. 1821(c)) is amended by inserting at the end thereof the following:

"Notwithstanding any other provision of law, whenever the Federal Home Loan Bank Board shall appoint a receiver, other than a conservator, of any insured Federal savings bank hereafter closed, it shall appoint the Corporation receiver for such closed bank."

(k) Section 11(g) of the Federal Deposit Insurance Act (12 U.S.C. 1821(g)) is amended by inserting in the first sentence thereof, after the words "District bank,", the following: "or closed insured Federal savings bank,".

(l) Section 12(a) of the Federal Deposit Insurance Act (12 U.S.C. 1822(a)) is amended by inserting, after the words "foreign bank,", the following: "insured Federal savings bank,".

(m) Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) in subsection (e)—

(A) by inserting "(e)" before "No agreement"; and

(B) by striking out the first paragraph of such subsection.

(n) Section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) is amended by inserting at the end thereof the following:

"(12) The provisions of this subsection do not apply to any merger transaction involving an insured Federal savings bank unless the resulting institution will be an insured bank other than an insured Federal savings bank."

(o) Section 18(j) of the Federal Deposit Insurance Act (12 U.S.C. 1828(j)) is amended by adding a new paragraph (4), to read as follows:

"(4) The provisions of this subsection shall not apply to an insured Federal savings bank."

(p) Section 26 of the Federal Deposit Insurance Act (12 U.S.C. 1831(c)) is amended as follows:

(1) By adding "(a)" at the beginning thereof and adding a new last sentence to read as follows: "The provisions of this subsection shall apply only to mergers, consolidations or conversions consummated and effective prior to the effective date of this amendment."; and

(2) By adding a new subsection (b) to read as follows:

"(b) No transaction involving a change of deposit insurance agencies from the Corporation to the Federal Savings and Loan Insurance Corporation shall be deemed a termination of insured status under section 8(a) of this Act.".

(q) Section 7(j)(16) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j)(16)) is amended by adding the following sentence: "This subsection shall not apply to an insured Federal savings bank."

CONFORMING AMENDMENTS TO THE HOME OWNERS' LOAN ACT OF 1933

SEC. 104. (a) Section 2(d) of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1462(d)), is amended to read as follows:

"(d) The term "association" means a Federal savings and loan association or a Federal savings bank chartered by the Board under section 5 of this Act and any reference in any other law to a Federal savings and loan association shall be deemed to be also a reference to such Federal savings banks, unless the context indicates otherwise."

(b) Section 5(d)(6) of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(d)(6)), is amended as follows:

(1) By inserting in paragraph (B), after the words "Federal Savings and Loan Insurance Corporation", the words "or the Federal Deposit Insurance Corporation";

(2) By inserting in the second sentence of paragraph (D), after the words "shall appoint", the words "(except as hereafter provided)"; and

(3) By inserting at the end of paragraph (D): "In the case of a Federal savings bank chartered pursuant to subsection (p) and insured by the Federal Deposit Insurance Corporation the Board shall appoint only the Federal Deposit Insurance Corporation as receiver for the association and the Federal Deposit Insurance Corporation shall have the same powers as receiver as those granted by this paragraph to the Federal Savings and Loan Insurance Corporation as receiver of other associations."

(c) Section 5(d)(11) of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(d)(11)), is amended by striking the words "with other", and substituting therefor the words "with associations or with any".

CONFORMING AMENDMENTS TO THE NATIONAL HOUSING ACT

SEC. 105. (a) Section 403(a) of the National Housing Act, as amended (12 U.S.C. 1726(a)), is amended to read as follows:

"(a) It shall be the duty of the Corporation to insure the accounts of all Federal savings and loan associations, and all Federal savings banks, except for Federal savings banks the deposits of which are insured by the Federal Deposit Insurance Corporation, and it may insure the accounts of building and loan, savings and loan, and homestead associations and cooperative banks organized and operated according to the laws of the State, District, Territory, or possession in which they are chartered or organized, and of savings banks chartered pursuant to section 5(p) of the Home Owners' Loan Act of 1933, as amended."

(b) Section 408(a)(1) (A) and (B) of the National Housing Act, as amended (12 U.S.C. 1730(a)(1)), are amended to read as follows:

(A) "insured institution" means a Federal savings and loan association, a Federal savings bank, a building and loan, savings and loan or homestead association or a cooperative bank, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, and shall include a Federal savings bank the deposits of which are insured by the Federal Deposit Insurance Corporation;

(B) "uninsured institution" means any association or bank referred to in subparagraph (A) hereof, the accounts of which are not insured by the Federal Savings and Loan Insurance Corporation, except for a Federal savings bank the deposits of which are insured by the Federal Deposit Insurance Corporation;".

(c) Section 407(m) of the National Housing Act, as amended (12 U.S.C. 1730(m)), is amended by adding a new paragraph (4), to read as follows:

"(4) The Federal Home Loan Bank Board, or its designated representative, shall have the same power with respect to a Federal association (or affiliate thereof) the deposits of which are insured by the Federal Deposit Insurance Corporation as it or the Corporation has under paragraphs (1) and (2) of this subsection with respect to insured institutions (or their affiliates)."

(d) Section 407(*l*)(6) of the National Housing Act, as amended (12 U.S.C. 1730(*l*)(6)), is amended by adding the following sentence: "For the purposes of this subsection the term "insured institution" shall include a Federal savings bank the deposits of which are insured by the Federal Deposit Insurance Corporation."

(e) Section 407(q)(13) of the National Housing Act, as amended (12 U.S.C. 1730(q)(13)) is amended by adding the following sentence: "For the purposes of this subsection, the term "insured institution" shall include a Federal savings bank the deposits of which are insured by the Federal Deposit Insurance Corporation."

EXTRAORDINARY ACQUISITIONS

SEC. 106. Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) is amended by inserting after subsection (e) thereof the following:

"(f)(1) Nothing contained in paragraphs (2) or (3) shall be construed to limit the Corporation's powers in subsection (c) to assist a transaction under paragraphs (2) or (3).

"(2)(A) Whenever an insured bank with total assets of $500 million or more (as determined from its most recent report of condition) is closed, the Corporation, as receiver, may, in its discretion and upon such terms and conditions as it may determine, and with such approvals as may otherwise be lawfully required by any court or any State or Federal supervisory agency affecting its chartered bank, sell assets of the closed bank to and arrange for the assumption of the liabilities of the closed bank by an insured depository institution located in the State where the closed bank was chartered but established by an out-of-State bank or holding company.

"(B) In determining whether to arrange a sale of assets and assumption of liabilities of a closed insured bank under the authority of this paragraph (2), the Corporation may solicit such offers as are practicable from any prospective purchaser it determines, in its sole discretion, is both qualified and capable of acquiring the assets and liabilities of the closed bank.

"(C) In making a determination to solicit offers under subparagraph (B), the Corporation shall consult the State bank supervisor of the State in which the closed insured bank was chartered. The State bank supervisor shall be given a reasonable opportunity, and in no event less than twenty-four hours, to object to the use of the provisions of this paragraph (2). Such notice may be provided by the Corporation prior to its appointment as receiver, but in anticipation of an impending appointment. If the State supervisor objects, the Corporation may use the authority of this paragraph (2) only by a unanimous vote of the Board of Directors. The Board of Directors shall provide to the State supervisor, as soon as practicable, a written certification of its determination.

"(3)(A) Whenever the Corporation has determined, in its discretion, that an insured bank with total assets of $500 million or more (as determined from its most recent report of condition) is in danger of closing, then, with such approvals as may otherwise be lawfully required by any appropriate supervisory agency respecting its chartered bank, the insured bank may merge with or its assets may be purchased by and its liabilities assumed by an insured depository institution located in the State where the insured bank is chartered but established by an out-of-State bank or holding company or its stock may be acquired by an out-of-State bank or holding company.

"(B) The Corporation may make a determination under paragraph (A) only where the board of directors (or board of trustees) of the insured bank and the appropriate Federal or State chartering authority have specified in writing that the bank is in danger of closing and have requested in writing that the Corporation assist a merger or a purchase.

"(C) Before making a determination under subparagraph (A), if the bank is not State-chartered, the Corporation shall consult the State bank supervisor of the State in which the bank in danger of closing is chartered. The State bank supervisor shall be given a reasonable opportunity, and in no event less than twenty-four hours, to object to the use of the provisions of this paragraph (3). If the State supervisor objects, the Corporation may use the authority of this paragraph (3) only by a unanimous vote of the Board of Directors. The Board of Directors shall provide to the State supervisor, as soon as practicable, a written certification of its determination.

"(4) Notwithstanding subsection (d) of section 3 of the Bank Holding Company Act of 1956 or any other provision of law, State or Federal, or the constitution of any State, an institution that merges with or acquires an insured bank under paragraphs (2) or (3) is authorized to be and shall be operated as a subsidiary of the out-of-State bank or holding company; except that an out-of-State bank may operate the resulting institution as a subsidiary only if such ownership is otherwise specifically authorized.

"(5) No sale may be made under the provisions of paragraphs (2) or (3), (i) which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States; or (ii) whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the Corporation finds that the anticompetitive effects of the proposed transactions are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

"(6) As used in this subsection, (i) the term 'receiver' shall mean the Corporation when it has been appointed the receiver of a closed insured bank; (ii) the term 'insured depository institution' shall mean an insured bank or an association or bank insured by the Federal Savings and Loan Insurance Corporation; and (iii) the term 'out-of-State bank or holding company' shall mean an insured bank having its principal place of banking business in a State other than the State in which the closed bank or the bank in danger of closing was chartered or a company that is not otherwise operating an insured depository institution subsidiary in the State in which the closed bank or the bank in danger of closing was chartered."

ASSESSMENTS

SEC. 107. The third sentence of section 7(d)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(d)(1)) is amended—

(1) by striking out "and" before "(3) the insurance losses"; and

(2) by inserting before the period at the end thereof the following: "; and (4) any lending costs for the calendar year, which costs shall be equal to the amount by which the amount of interest earned, if any, from each loan made by the Corporation under section 13 of this Act after January 1, 1982, is less than the amount which the Corporation would have earned in interest for the calendar year if interest had been paid on such loan during such calendar year at a rate equal to the average current value of funds to the United States Treasury for such calendar year.".

WAIVER OF NOTICE REQUIREMENTS

SEC. 108. (a) Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)) is amended by striking out the semicolon at the end thereof and inserting in lieu thereof the following: ". Notwithstanding any other provision of this Act, if the Board finds that an emergency exists which requires it to act immediately on any application under this subsection involving a thrift institution, and the primary Federal regulator of such institution concurs in such finding, the Board may dispense with the notice and hearing requirement of this subsection and the Board may approve or deny any such application without notice or hearing;".

(b) Section 2(i) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(i)) is amended by—

(1) striking out "or" before "(3)"; and

(2) by inserting before the period at the end thereof the following: "or (4) a Federal savings bank."

(c) The first sentence of section 3(d) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(d)) is amended by inserting after "no application" the following: "(except an application filed as a result of a transaction authorized under section 13(f) of the Federal Deposit Insurance Act (12 U.S.C. 1823(f)))".

TITLE II—FEDERAL HOME LOAN BANK BOARD AMENDMENTS

FEDERAL STOCK SAVINGS INSTITUTIONS

SEC. 201. (a) Section 5 of the Home Owners' Loan Act of 1933, as amended (12

U.S.C. § 1464), is amended by adding at the end thereof the following:

"(o) Notwithstanding any other provision of Federal law or the laws or constitution of any State, and consistent with the purposes of this Act, the Board may authorize (or in the case of a Federal association, require) the conversion of a mutual savings and loan association or Federal mutual savings bank that is insured by the Federal Savings and Loan Insurance Corporation into a Federal stock savings and loan association or Federal stock savings bank, or charter a Federal stock savings and loan association or Federal stock savings bank to acquire the assets of, or merge with such a mutual institution under the rules and regulations of the Board. Authorizations under this subsection may be made only to assist an institution in receivership, or if the Board has determined that severe financial conditions exist which threaten the stability of an institution and that such authorization is likely to improve the financial condition of the institution, or when the Federal Savings and Loan Insurance Corporation has contracted to provide assistance to such institution under section 406 of the National Housing Act. A Federal savings bank chartered under this subsection shall have the same authority with respect to investments, operations and activities, and shall be subject to the same restrictions, including those applicable to branching and discrimination, as would apply to it if it were chartered as a Federal savings bank under any other provisions of this Act, and may engage in any investment, activity, or operation that the institution it acquired was engaged in if that institution was a Federal savings bank, or would have been authorized to engage in had that institution converted to a Federal charter."

ASSISTANCE TO THRIFT INSTITUTIONS

SEC. 202. (a) Section 406(f) of the National Housing Act 24 (12 U.S.C. 1729(f)) is amended to read as follows:

"(f)(1) The Corporation is authorized, in its sole discretion and upon such terms and conditions as the Corporation may prescribe, to make loans to, to make deposits in, to purchase the assets or securities of, to assume the liabilities of, or to make contributions to, any insured institution—

"(A) if such action is taken to prevent the default of such insured institution;

"(B) if, with respect to an insured institution in default, such action is taken to restore such insured institution in default to normal operation; or

"(C) if, when severe financial conditions exist which threaten the stability of a significant number of insured institutions or of insured institutions possessing significant resources, such action is taken in order to lessen the risk to the corporation posed by such insured institution under such threat of instability.

"(2)(A) In order to facilitate a merger or consolidation of an insured institution described in subparagraph (B) with another insured institution or the sale of assets of such insured institution and the assumption of such insured institution's liabilities by another insured institution, the Corporation is authorized, in its sole discretion and upon such terms and conditions as the Corporation may prescribe—

"(i) to purchase any such assets or assume any such liabilities;

"(ii) to make loans or contributions to, or deposits in, or purchase the securities of, such other insured institution (which, for the purposes of this subparagraph, shall include a Federal savings bank insured by the Federal Deposit Insurance Corporation); or

"(iii) to guarantee such other insured institution (which, for the purposes of this subparagraph, shall include a Federal savings bank insured by the Federal Deposit Insurance Corporation) against loss by reason of such other insured institution's merging or consolidating with or assuming the liabilities and purchasing the assets of such insured institution.

"(B) An insured institution described in this subparagraph—

"(i) is an insured institution which is in default;

"(ii) is an insured institution which, in the judgment of the Corporation is in danger of default; or

"(iii) is an insured institution which, when severe financial conditions exist which threaten the stability of a significant number of insured institutions, or of insured institutions possessing significant financial resources, is determined by the Corporation, in its sole discretion, to require assistance under subparagraph (A) in order to lessen the risk to the Corporation posed by such insured institution under such threat of instability.

"(3) The Corporation may provide any person acquiring control of, merging with, consolidating with or acquiring the assets of an insured institution under section 408(m) of this Act with such financial assistance as it could provide an insured institution under this subsection.

"(4) No assistance shall be provided under paragraphs (1), (2) or (3) of this subsection in an amount in excess of that amount which the Corporation determines to be reasonably necessary to save the cost of liquidating (including paying the insured accounts of) such insured institution, except that such restriction shall not apply in any case in which the Corporation determines that the continued operation of such insured institution is essential to provide adequate savings or home financing services in its community.".

(b) Section 406(b) of the National Housing Act (12 U.S.C. 1729(b)) is amended to read as follows:

"(b)(1) In the event that a Federal savings and loan association is in default, the Corporation shall be appointed as conservator or receiver and as such—

"(A) is authorized—

"(i) to take over the assets of and operate such association;

"(ii) to take such action as may be necessary to put it in a sound and solvent condition;

"(iii) to merge it with another insured institution;

"(iv) to organize a new Federal association to take over its assets;

"(v) to proceed to liquidate its assets in an orderly manner; or

"(vi) to make such other disposition of the matter as it deems appropriate,

whichever it deems to be in the best interest of the association, its savers, and the Corporation; and

"(B) shall pay all valid credit obligations of the association.

"(2) The Corporation shall pay insurance as provided in section 405. The surrender and transfer to the Corporation of an insured account in any such association which is in default shall subrogate the Corporation with respect to such insured account, but shall not affect any right which the insured member may have in the uninsured portion of his account or any right which he may have to participate in the distribution of the net proceeds remaining from the disposition of the assets of such association.".

(c) Section 406(c) of the National Housing Act, as amended (12 U.S.C. § 1729(c)) is amended by striking the phrase "savings and loan" wherever it appears.

(d) Section 406(c)(1) of the National Housing Act, as amended (12 U.S.C. § 1729(c)(1)), is amended by adding the letter "(A)" immediately after the phrase "(c)(1)", and by adding a new subparagraph (B), to read as follows:

"(B) Notwithstanding any provision of the constitution or laws of any State, or of this section, in the event the Federal Home Loan Bank Board determines that any of the grounds specified in section 5(d)(6)(A) (i), (ii) or (iii) of the Home Owners' Loan Act of 1933 exist with respect to an insured institution, other than a Federal association, the Board shall have exclusive power and jurisdiction to appoint the Corporation as sole conservator or receiver of such institution. In such cases the Corporation shall have the same powers and duties with respect to insured institutions as are conferred upon it under subsection (b) of this section with respect to Federal associations."

(e) Section 406(c)(2) of the National Housing Act, as amended (12 U.S.C. § 1729(c)(2)), is amended by adding the words "conservator or" immediately after the word "sole" in the first sentence.

(f) Section 406(c)(3) of the National Housing Act, as amended (12 U.S.C. § 1729(c)(3)), is amended as follows:

(1) By adding the phrase "conservator or" immediately prior to the word "receiver" wherever it appears therein;

(2) By striking the phrase "paragraph (2)" and substituting therefor the phrase "paragraphs (1) or (2)"; and

(3) By striking the second sentence thereof.

(g) Section 406(d) of the National Housing Act, as amended (12 U.S.C. § 1729(d)), is amended to read as follows:

"(d) In connection with the liquidation of insured institutions, the Corporation shall have power to carry on the business of and to collect all obligations to the insured institutions, to settle, compromise, or release claims in favor of or against the insured institutions, and to do all other things that may be necessary in connection therewith, subject only to the regulation of the Federal Home Loan Bank Board, or, in cases where the Corporation has been appointed conservator, receiver, or legal custodian solely by a public authority having jurisdiction over the matter other than said Board, subject only to the regulation of such public authority."

EMERGENCY THRIFT ACQUISITIONS

SEC. 203. (a) Section 408 of the National Housing Act, as amended (12 U.S.C. § 1730(a)), is amended by adding a new subsection (m), as follows:

"(m) Notwithstanding any provision of the laws or constitution of any State or any provision of Federal law, except as provided in subsections (e)(2) and (1) hereof, and in the third sentence of this subparagraph, the Corporation, upon its determination that severe financial conditions exist which threaten the stability of a significant number of insured institutions, or of insured institutions possessing significant financial resources, may authorize, in its discretion and where it determines such authorization would lessen the risk to the Corporation, an insured institution that is eligible for assistance pursuant to section 406(f) of this Act to merge or consolidate with, or to transfer its assets and liabilities to, any other insured institution or any insured bank (as that term insured bank is defined in section 3(h) of the Federal Deposit Insurance Act (12 U.S.C. § 1813(h)), may authorize any other insured institution to acquire control of said insured institution, or may authorize any company to acquire control of said insured institution or to acquire the assets or assume the liabilities thereof. Mergers, consolidations, transfers and acquisitions under this subsection shall be on such terms as the Corporation shall provide. Where otherwise required by law, transactions under this subsection must be approved by the primary Federal supervisor of the party thereto that is not an insured institution. In considering authorizations under this subsection, the need to minimize financial assistance required of the Corporation shall be the paramount consideration, but the Corporation shall make a reasonable effort to authorize transactions under this subsection in the following sequence: First, between institutions of the same type within the same State; second, between institutions of the same type in different States; third, between institutions of different types in the same State; and fourth, between institutions of different types in different States. As used herein, the term type shall refer to the purpose of the organizations and the general nature of their powers rather than to the identity of the characters or their form of corporate organization."

(b) Section 408(e)(2) of the National Housing Act, as amended (12 U.S.C. § 1730a(e)(2)), is amended as follows:

(1) By adding in the first sentence immediately after the term "subsection" the following: ", or any transaction under subsection (m) hereof,"; and

(2) By adding in the third sentence thereof immediately after the word "acquisition," the following: "except a transaction under subsection (m) hereof,".

ASSISTANCE TO FEDERAL HOME LOAN BANK MEMBERS

Sec. 204. Section 16 of the Federal Home Loan Bank Act (12 U.S.C. 1436) is amended by inserting "(a)" after "Sec. 16." and by adding at the end thereof the following:

"(b) Notwithstanding subsection (a) or any other provisions of this Act, if the Board determines that severe financial conditions exist threatening the stability of member institutions, the Board may suspend temporarily the requirements of subsection (a) that a portion of net earnings be set aside semiannually by each Federal Home Loan Bank to a reserve account and permit each Federal Home Loan Bank to declare and pay dividends out of undivided profits.".

BORROWING AUTHORITY

Sec. 205. (a) The first sentence of section 402(d) of the National Housing Act (12 U.S.C. 1725(d)) is amended by inserting before the period at the end thereof the following: ", except that interest on loans from the Federal Home Loan Banks shall be not less than their current marginal costs of funds, taking into account the maturities involved, and loans from the Federal Loan Banks shall be adequately secured, as determined by the Board".

(b) The first sentence of section 402(i) of the National Housing Act (12 U.S.C. 1725(i)) is amended—

(1) by striking out "any other source" and inserting in lieu thereof "any source other than the Federal Home Loan Banks";

(2) by inserting "from the Treasury" after "Provided, That each such loan".

(c) Section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431) is amended by adding at the end thereof the following:

"(k) The Federal Home Loan Banks are hereby authorized, as directed by the Board, to make loans to the Federal Savings and Loan Insurance Corporation. All such loans shall be made in accordance with the provisions of section 402(d) of the National Housing Act.".

INSURANCE FUND RESERVES

Sec. 206. Section 404 of the National Housing Act, as amended (12 U.S.C. § 1727), is amended by redesignating subsection (h) as subsection (i) and adding a new subsection (h), as follows:

"(h) Notwithstanding any other provision of this section, the Corporation upon its determination that extraordinary financial conditions exist increasing the risk to the Corporation, may terminate distribution of shares of the secondary reserve and utilize said reserve on the same basis as the primary reserve. If otherwise authorized, the Corporation may resume such distribution upon its determination that said conditions no longer exist."

FEDERAL HOME LOAN BANK ACT

Sec. 207. Section 17(a) of the Federal Home Loan Bank Act, as amended (12 U.S.C. § 1437(a)), is amended by adding a new sentence immediately after the first sentence, to read as follows: "Notwithstanding any other provision of law, the Board may from time to time make such provision as it deems appropriate authorizing the performance by any officer, employee, agent or administrative unit thereof of any function of the Board (including any function of the Federal Savings and Loan Insurance Corporation), except with regard to promulgation of rules and regulations in accordance with the Administrative Procedure Act, and adjudications subject to such Act."

ATTORNEYS' FEES

Sec. 208. Section 5(d)(8)(A) of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. § 1464(d)(8)(A)), is amended by adding in the last sentence thereof, immediately after the word "party", the following: ", which prevails,".

CONTINUATION OF INSURANCE

Sec. 209. Section 405(a) of the National Housing Act, as amended (12 U.S.C. § 1728(a)), is amended by adding after the first sentence the following: "Whenever the liabilities of an insured institution for accounts shall have been assumed by another insured institution or institutions, whether by way of merger, consolidation, or other statutory assumption, or pursuant to contract, all accounts so assumed shall have separate insurance which shall terminate at the end of six months from the date such assumption takes effect or, in the case of any certificate accounts, the earliest maturity date after the six-month period."

TITLE III—NATIONAL CREDIT UNION ADMINISTRATION AMENDMENTS

ASSISTANCE TO CREDIT UNIONS

Sec. 301. Section 203 of the Federal Credit Union Act (12U.S.C. 1783) is amended—

(1) in subsection (e), by inserting "from the Secretary of the Treasury" after "So long as any loans"; and

(2) by adding at the end thereof the following:

"(f) In addition to the authority to borrow from the Secretary of the Treasury provided in subsection (d), if, in the judgment of the Board, a loan to the fund is required at any time for carrying out the provisions of this title, the fund is authorized to borrow from the National Credit Union Administration Central Liquidity Facility.".

CREDIT UNION MERGERS

Sec. 302. Section 205 of the Federal Credit Union Act (12 U.S.C. 1785) is amended by adding at the end thereof the following:

"(h) Notwithstanding any other provision of law, the Board may authorize a merger or consolidation of an insured credit union which is insolvent or is in danger of insolvency with any other insured credit union or may authorize an insured credit union to purchase any of the assets of, or assume any of the liabilities of, any other insured credit union, which is insolvent or in danger of insolvency if the Board is satisfied that—

"(1) an emergency requiring expeditious action exists with respect to such other insured credit union;

"(2) other alternatives are not reasonably available; and

"(3) the public interest would best be served by approval of such merger, consolidation, purchase, or assumption.

"(i)(1) Notwithstanding any other provision of this Act or of State law, the Board may authorize an institution whose deposits or accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to purchase any of the assets of or assume any of the liabilities of an insured credit union which is insolvent or in danger of insolvency, except that prior to exercising this authority the Board must attempt to effect the merger or consolidation of an insured credit union which is insolvent or in danger of insolvency with another insured credit union, as provided in subsection (h).

"(2) For purposes of the authority contained in paragraph (1), insured accounts of the credit union may upon consummation of the purchase and assumption be converted to insured deposits or other comparable accounts in the acquiring institution, and the Board and the National Credit Union Share Insurance Fund shall be absolved of any liability to the credit union's members with respect to those accounts.".

CENTRAL LIQUIDITY FACILITY ADVANCES

Sec. 303. Section 307(a) of the Federal Credit Union Act (12 U.S.C. 1795f(a)) is amended—

(1) in paragraph (15) thereof, by striking out "and" at the end thereof;

(2) in paragraph (16) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(17) advance funds to the National Credit Union Share Insurance Fund under such terms and conditions as may be established by the Board.".

TITLE IV—EFFECTIVE DATE AND SHORT TITLE

Sec. 401. The amendments made by this Act shall be effective on the date of the enactment of this Act.

Sec. 402. This Act may be cited as the "Deposit Insurance Flexibility Act".

SECTION-BY-SECTION SUMMARY OF DEPOSIT INSURANCE FLEXIBILITY ACT

TITLE I: FEDERAL DEPOSIT INSURANCE CORPORATION AMENDMENTS

Section 101: Assistance to insured banks

This section expands the FDIC's powers to assist troubled banks.

Present law allows the FDIC to provide direct assistance to a troubled bank (one that is closed or in danger of closing) only when the bank is essential to provide adequate banking service in the community. Present law allows the FDIC to give merger-related assistance only when such action will reduce the risk or avert a threatened loss to the Corporation. Under this bill, the FDIC may provide direct or merger-related assistance (a) to prevent the closing of any insured bank, (b) to reopen a closed bank, or (c) when severe financial conditions exist which threaten the stability of a significant number of insured banks or of insured banks possessing significant financial resources, if the FDIC's risk of loss would thereby be lessened.

With respect to direct assistance, present law permits the FDIC to assist by making loans to, or purchasing assets of, or making deposits in the insured bank. This section expands FDIC's power by authorizing FDIC also to purchase the securities of, to assume the liabilities of, and to make contributions to, any insured bank.

Merger-related assistance authority is expanded to include these same methods, as well as a guaranty to the assisting institution against loss by reason of the acquisition. Additionally, this section permits the FDIC to assist holding companies and FSLIC-insured institutions in acquiring failing FDIC-insured banks. Present law permits merger-related assistance only to FDIC-insured banks in acquiring failing FDIC-insured banks.

With respect to both direct assistance or assistance for a merger, the amount of FDIC assistance is limited to that necessary to save the cost of liquidation, unless the FDIC finds that the institution is essential to provide adequate banking service in its community, in which case the assistance limit does not apply. The FDIC is required to provide Congress, as part of its annual report, a summary of the total amount saved, or estimated to be saved, by FDIC's using the authority provided in this section.

Section 102: FDIC-insured Federal savings banks

This section provides for the conversion of State-chartered savings banks insured by the FDIC into Federally-chartered savings banks and, in effect, creates a new institution, the FDIC-insured, FHLBB-chartered savings bank.

First, it authorizes the FHLBB to authorize conversion from State to Federal charter, so long as such conversion does not violate State law. The FHLBB will be the primary regulator of the institution. The FDIC will insure the deposits of any Federal savings banks chartered under this section, until such time as the accounts are insured by the FSLIC. The FDIC is authorized to examine any Federal savings bank it insures.

Second, the FDIC, in certain circumstances, could, in effect, compel the Bank Board to charter a Federal stock savings bank, pursuant to the Bank Board's rules and regulations. Such action would accomplish a conversion from mutual form to stock form when necessary to prevent a closing, to reopen a closed bank, or if the FDIC determines and the FHLBB concurs that severe financial conditions threaten the stability of the savings bank and such conversion is likely to improve the bank's financial condition. FDIC-initiated conversions from mutual form to stock form are authorized in these emergency situations, even if such action preempts State law.

FDIC approval is required before any Federal savings bank it insures can merge or consolidate with, or transfer assets to, or assume liabilities of, any bank, association, or institution that is not insured by the FDIC.

A Federal savings banks created under this section shall have the same authority with respect to investments, operations, and activities, and shall be subject to the same restrictions on branching, as would apply to it if it were chartered under any other provisions of the Home Owners' Loan Act of 1933.

Section 103: Conforming amendments to the Federal Deposit Insurance Act

This section complements Section 102 as it contains technical and conforming amendments to the Federal Deposit Insurance Act necessary to cover the new institution, the FDIC-insured, FHLBB-chartered savings bank. It provides for FDIC access to examination reports and reports of condition, for removal of insurance in the event of unsafe or unsound condition, and that the FDIC shall be appointed receiver for a FDIC-insured Federal savings bank.

Additionally, this section amends the indemnification provisions of the FDI Act which require limited indemnification by FDIC to FSLIC when a FDIC-insured institution converts to a FSLIC-insured institution. Under this bill, the new institutions will be insured by the FDIC, until such time as the accounts are insured by the FSLIC. This section provides, therefore, that the indemnification requirement shall not apply to conversions, mergers, or consolidations after the effective date of this Act.

Section 104: Conforming amendments to the Home Owners' Loan Act of 1933

This section contains amendments to the Home Owners' Loan Act of 1933 necessary to cover the newly-created Federal savings banks, including a provision requiring FDIC to be the receiver of closed FDIC-insured Federal savings banks.

Section 105: Conforming amendments to the National Housing Act

This section contains amendments necessary to cover the new institutions, the FDIC-insured Federal savings banks. It provides an explicit basis for Federal savings banks to obtain deposit insurance coverage from the FSLIC. Also, it provides the FHLBB with the same supervisory powers with regard to a FDIC-insured federal savings bank that it has with respect to other federal associations.

Section 106: Extraordinary acquisitions

This section allows closed insured banks with assets of $500 million or more, or insured banks with assets of $500 million or more which are in danger of closing, to be acquired out-of-State banks or holding companies.

In the case of a closed bank, the FDIC as receiver may sell the assets of the closed bank and arrange for the assumption of its liabilities by an insured depository institution located in the State where the closed bank was chartered but established by an out-of-State bank or holding company. The FDIC may solicit offers from any prospective purchaser it determines qualified and capable of providing the needed assistance. In determining to solicit offers, the FDIC must consult the State bank supervisor of the State in which the closed insured bank was chartered. State supervisor's objections may be set aside by the unanimous vote of the FDIC Board.

In the case of an insured bank with assets of $500 million or more which is in danger of closing, the FDIC may arrange an acquisition by an insured depository institution located in the State where the insured bank is chartered but established by an out-of-State bank or holding company or by an out-of-State bank or holding company. The acquisition may be accomplished only if the appropriate Federal or State chartering authority and the board of directors of the failing bank have specified that the bank is in danger of closing and have requested FDIC assistance. If the bank is not State chartered, the FDIC still must consult with the State bank supervisor prior to acting. State supervisor's objections to FDIC action may be set aside by the unanimous vote of the FDIC Board.

The FDIC must take into account the competitive implication of any sale when completing a transaction under this section. No sale may be made which would result in a monopoly or whose effect would be to substantially lessen competition, unless the FDIC finds the anticompetitive effects are clearly outweighed by the public interest in meeting the needs of the community to be served.

Section 107: FDIC assessments

This section permits the FDIC to treat as an expense, and therefore deduct from assessments, the earnings it foregoes by extending assistance loans at rates below what the FDIC could have earned if interest had been paid on the loan during a calendar year at a rate equal to the average current value of funds to the United States Treasury for that calendar year.

Section 108: Waiver of notice requirements

Subsection (a) permits waiver of the notice and hearing requirements of the Bank Holding Company Act to allow the Federal Reserve to approve emergency, nonprecedential acquisitions of thrift institutions by commercial banks, subject to the approval of the thrift's primary Federal regulator. Subsection (b) defines the term "thrift institution" for purposes of the Bank Holding Company Act to include a Federal savings bank. Subsection (c) is an explicit exception to the Bank Holding Company Act's prohibition on interstate holding company acquisitions in cases involving emergency transactions authorized by Section 106 of the bill.

TITLE II: FEDERAL HOME LOAN BANK BOARD AMENDMENTS

Section 201: Federal stock savings institutions

This section would allow the FHLBB to authorize (or in the case of a Federally-chartered association, to require) a mutual institution to become, or merge into, a newly-chartered, Federal stock association, regardless of other State or Federal law. These authorizations could be granted only with respect to: (1) an institution in receivership; (2) an institution that has contracted to receive FSLIC assistance; or (3) an institution the stability of which is threatened by the existence of severe financial conditions, provided the authorization is likely to improve its financial condition.

Section 202: Assistance to thrift institutions

Section 202(a) would allow the FSLIC to provide assistance to insured institutions at a somewhat earlier point in their financial difficulties than is presently allowed under the threshold criteria that to receive aid, an institution must be in default or in danger of default. The amendment would permit assistance in cases when severe financial conditions exist threatening the stability of a significant number of insured institutions, or of insured institutions possessing significant financial resources, where such assistance would reduce the threat to the FSLIC posed by institutions under such threat of instability. In addition, the amendment clarifies that assistance may take the form of deposits in the institution or of purchase of its securities, as well as the current approach of making contributions or loans or purchasing the assets of the troubled institution. This section also would allow the FSLIC to provide assistance to FDIC-insured institutions acquiring troubled FSLIC-insured institutions, and, in the case of extraordinary acquisitions authorized under Section 408(m) of the National Housing Act, to any acquiror.

Section 202(b)-(g) would provide the FSLIC with conservatorship/receivership powers over State-chartered insured institutions approximately equal to those which it now has with respect to Federal associations. While the FSLIC still could accept an appointment as receiver or conservator from a State authority, and operate according to its regulation, the FHLBB would be able to appoint the FSLIC as sole conservator or receiver of a State-chartered insured institution, superseding and preempting any State appointment, upon a determination that the institution was in an unsafe or unsound condition to transact business, had substantially dissipated its assets, or had assets less than its obligations. Under current law, such preemptive power exists only where an institution actually has been closed or a State receiver has been appointed for at least 15 days, where grounds exist identical to those required to appoint a receiver or conservator for a Federal association, and an account-holder has been unable to obtain a full withdrawal of his account.

Section 202 also would clarify the fact that when the FSLIC acts in its capacity as a receiver of a Federal association, it pays the credit obligations of that institution only in its capacity as receiver. The present statutory language raises the possibility that the FSLIC's insurance fund might be held liable for all the debts of a defaulted Federal association. Additionally, the amendment would allow the FSLIC, as receiver of a defaulted institution, to make such disposition of the defaulted institution as it determines to be in the best interests of the association, its savers and the Corporation itself. Currently, an anomalous situation exists whereby the ability of the FSLIC to make "such other disposition" of a defaulted S&L as is in the best interests of its insured members applies only to State-chartered insured institutions, and not to Federal associations.

Section 203: Emergency thrift acquisitions

This section would allow the FSLIC, regardless of any other law (except antitrust law) to authorize an insured institution eligible for FSLIC assistance to merge with any other insured institution or an FDIC-insured bank, or to be acquired by any holding company. This would enable the FSLIC to arrange mergers of institutions across State lines notwithstanding interstate branching prohibitions, and to let holding companies acquire institutions other than in their home State, or without regard to normal activities restrictions. In making such authorizations, the paramount consideration would be to minimize the cost of the FSLIC, but the FSLIC would have to make a reasonable effort to arrange transactions involving: first, institutions of the same type in the same State; second, institutions of the same type in different States; third, institutions of different types in the same State; and, fourth, institutions of different types in different States. The condition precedent to the use of the authority conferred by this section would be the existence of severe financial conditions which threaten the stability of a significant number of insured institutions or of institutions possessing significant resources.

Section 204: Assistance to Federal Home Loan Bank members

This section would allow the FHLBB, upon its determination that severe financial conditions exist threatening the stability of member institutions, to waive the requirement of Section 16 of the Federal Home Loan Bank Act that a portion of net earnings of the FHLBanks be set aside semi-annually to a reserve account, and to allow the Banks to pay dividends from undivided profits.

Section 205: Borrowing authority

This section would allow the FSLIC to borrow from the FHLBanks, as long as the rate on the loan is not less than the FHLBank's marginal cost of funds and the loan is adequately secured.

Section 206: Insurance Fund reserves

This section would allow the FSLIC, when it determines extraordinary financial conditions exist increasing the risk to it, to terminate the payback of the secondary insurance reserve and to use the reserve exactly as it uses the primary reserve. The payback could continue thereafter, if otherwise authorized by law. Under present law, the FSLIC's secondary reserve (now approximately $700 million) is required to be paid back to insured institutions until such time as the aggregate of the primary reserve and the secondary reserve is not at least equal to 1¼ percent of the total amount of all accounts of insured members of all insured institutions. The secondary reserve at present may be used only to cover losses of the FSLIC, and only to the extent the primary reserve is not available.

Section 207: Federal Home Loan Bank Board Act

This section would allow the FHLBB to delegate any of its functions, except those of promulgating regulations and performing adjudications. The Federal Reserve already has similar power under 12 U.S.C. § 248.

Section 208: Technical amendment to Home Owner's Loan Act of 1933

This section would clarify that a court may assess attorneys' fees against the FHLBB only in the event the agency *loses* a lawsuit.

Section 209: Continuation of insurance

This section would provide that depositors who have accounts in a FSLIC-insured institution that merges into another such institution in which they have accounts will be able to have separate insurance for the two accounts for a period of six months. Authority to offer short-term dual coverage of this type already is possessed by the FDIC.

TITLE III: NATIONAL CREDIT UNION ADMINISTRATION AMENDMENTS

Section 301: Assistance to credit unions

This section permits the National Credit Union Administration Board to authorize the National Credit Union Share Insurance Fund to borrow from the NCUA Central Liquidity Facility.

Section 302: Credit union mergers

This section allows the NCUA Board to approve mergers or purchase and assumption transactions between two insured credit unions if one of the credit unions is insolvent or in danger of becoming so, if an emergency is found to exist, and if other reasonable alternatives are not available. The Board may also authorize a purchase and assumption arrangement between a failing insured credit union and any Federally-insured financial institution other than a credit union if assistance from a credit union is not available.

Section 303: Central liquidity facility advances

This section permits the NCUA Central Liquidity Facility to advance funds to the Share Insurance Fund.

TITLE IV: EFFECTIVE DATE AND SHORT TITLE

Section 401: Effective date

This section prescribes the effective date of the Amendments to be the date of enactment of the Act.

Section 402: Short title

This section prescribes the short title of the Act, the "Deposit Insurance Flexibility Act."

● **Mr. RIEGLE.** Mr. President, in my opinion the problems of the savings and loan industry are the most important issues that we must face on the Banking Committee between now and the end of this session of Congress.

While I have not yet had the opportunity to digest the proposals submitted by Senator GARN, the chairman of Banking, Housing, and Urban Affairs, I pledge my best efforts toward working with him and others to assist the savings and loan industry.

The plight of the savings and loan industry is well-known to all and is equally well-documented. Their current condition is a result of their having to pay higher interest rates to attract funds than they receive on their long-term outstanding mortgages. Savings and loan associations are in their worst state since the bleakest days of the Great Depression.

The Federal Home Loan Bank Board recently released the following statistics regarding the industry:

Over 90 percent of the associations in the country are losing money.

In 1981 return on assets for the S. & L. industry translated into a negative 0.75 percent.

And in 1981, FSLIC-insured institutions closed only $52.1 billion in mortgage loans, an amount 27-percent lower than the 1980 figure, and representing the smallest lending volume since 1974.

According to the Federal Home Loan Bank Board, if interest rates in 1982 remain about where they are, some

400 associations will exhaust their capital accounts.

Even were interest rates to decline on a 6-month T-bill rate to 9.5 percent in 1983 and be maintained at that rate thereafter, according to the Board, the industry would still be in a very weak net-worth position.

There is no question in my mind that the industry is in desperate need of assistance and with interest rates unlikely to go down significantly anytime in the near future, I believe that we can no longer afford to ignore the issue. Hearings in the Banking Committee on the subject must be scheduled immediately.

In my opinion, a number of factors favor some form of immediate legislative action. Among them is the need to preserve orderly financial markets and public confidence in the regulated financial system.

I personally also happen to believe that not only should every American have the right to own a home under reasonable terms and conditions, but that in addition there should be depository institutions to accommodate and finance this need as well as the needs of the housing industry. The savings and loan industry has filled this need in the past and they should not be discouraged or prohibited from servicing it in the future.

I believe that the savings and loan industry is a vital sector of the overall American financial system and that its health and solvency is of utmost importance to the welfare of our economy.

Recently the Federal Savings and Loan Insurance Corporation has been extremely active in merging and consolidating savings and loan associations. FSLIC-approved mergers totalled 294 in 1981, more than doubling the 1980 figure of 139. About 25 percent of the 1981 transactions were supervisory in nature, and, of these, 23 involved FSLIC financial assistance. This level of supervisory activity was about 10 times greater than in an earlier typical year.

Mr. President, I applaud the efforts of the FSLIC, but clearly considerably more is needed.

Short-term assistance is needed and the following objectives should be achieved by any short-term assistance plan:

First. It should be structured to allow and encourage the strongest and best-managed institutions to survive;

Second. It should not place an unmanageable administrative burden on the regulatory agencies; and

Third. It should be structured to give management a continuing incentive to minimize costs, operate efficiently and solve existing problems.

I believe that there is a clear consensus of opinion in the administration, the House of Representatives, the Senate, and amongst the bank regulators, that the problems of the savings and loan industry can no longer be ignored.

A number of issues have been brought to the attention of the full Senate Banking Committee by Senator GARN. He has brought to our attention the increasing competition banks and other depository institutions face from nondepository institutions. He has instituted a review of the Glass-Steagal Act which prohibits banks from offering mutual funds or underwriting revenue bonds. He is commited to reviewing the McFadden Act and Douglas amendments which prohibit interstate banking. He has initiated debate on the Federal preemption of State usury laws and State due-on-sale provisions. I look forward to addressing all of these issues with Senator GARN and others.

But as I have already stated, in my opinion successfully resolving the immediate savings and loan association problems must be the No. 1 priority of the Senate Banking Committee between now and the end of the session.

I look forward to working with the chairman and the other members of the Senate Banking Committee to insure passage of legislation on this subject as soon as possible.●

ADDITIONAL COSPONSORS

S. 1880

At the request of Mr. THURMOND, the Senator from Washington (Mr. JACKSON) and the Senator from Illinois (Mr. DIXON) were added as cosponsors of S. 1880, a bill to amend the manufacturing clause of the copyright law.

S. 2309

At the request of Mr. RANDOLPH, the Senator from North Dakota (Mr. BURDICK), and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of S. 2309, a bill to amend the Endangered Species Act of 1973, to authorize funds for fiscal year 1983, and for other purposes.

S. 2413

At the request of Mr. LONG, the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. CANNON), the Senator from Maine (Mr. MITCHELL), the Senator from Iowa (Mr. GRASSLEY), the Senator from Mississippi (Mr. COCHRAN), and the Senator from Wisconsin (Mr. PROXMIRE) were added as cosponsors of S. 2413, a bill to delete the provisions of the Internal Revenue Code of 1954 which treat Members of Congress separately with respect to living expense deductions.

SENATE JOINT RESOLUTION 183

At the request of Mr. SPECTER, the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of Senate Joint Resolution 183, a joint resolution to authorize and request the President to issue a proclamation designating October 19 through October 25, 1982, as "Lupus Awareness Week."

SENATE RESOLUTION 387

At the request of Mr. CHILES, the Senator from North Dakota (Mr. BURDICK), the Senator from Indiana (Mr. LUGAR), the Senator from Alabama (Mr. HEFLIN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Michigan (Mr. RIEGLE), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Maryland (Mr. MATHIAS), the Senator from Tennessee (Mr. SASSER), the Senator from Florida (Mrs. HAWKINS), the Senator from Washington (Mr. JACKSON), the Senator from Oklahoma (Mr. BOREN), the Senator from Massachusetts (Mr. TSONGAS), the Senator from Hawaii (Mr. INOUYE), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Wisconsin (Mr. KASTEN), the Senator from New Mexico (Mr. DOMENICI), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Georgia (Mr. NUNN), the Senator from Maine (Mr. MITCHELL), the Senator from New York (Mr. D'AMATO), the Senator from Vermont (Mr. LEAHY), the Senator from Connecticut (Mr. WEICKER), the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), and the Senator from Arkansas (Mr. PRYOR) were added as cosponsors of Senate Resolution 387, a resolution to acclaim the New World Festival of the Arts, to be held throughout Greater Miami and Dade County, Fla., June 4, 1982, through June 26, 1982, as a major cultural and artistic event.

AMENDMENTS SUBMITTED FOR PRINTING

FIRST CONCURRENT RESOLUTION ON THE BUDGET

AMENDMENT NO. 1451

(Ordered to be printed and lie on the table.)

Mr. CHAFEE (for himself, Mr. DURENBERGER, Mr. STAFFORD, Mr. ROTH, Mr. LUGAR, Mr. WEICKER, Mrs. HAWKINS, and Mr. MATHIAS) submitted an amendment intended to be proposed by them to the concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the U.S. Government for fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982.

Mr. CHAFEE. Mr. President, the amendment I am submitting today with my distinguished colleagues deletes from the budget resolution the provision that benefits paid by the social security old age and survivors insurance trust fund be reduced, and/

or that social security taxes be increased, so as to provide a savings of $40 billion in the cost of the program over 3 fiscal years, 1983-85.

It also removes the resolution's requirement, contained in section 2 relating to reconciliation, that the Finance and Ways and Means Committees report, by December 1, legislation implementing the requirement for a $40 billion saving.

It retains, however, the provision requesting the President to direct the National Commission on Social Security Reform to report by November 11 its recommendations for insuring the solvency of the system.

And it contains a provision requiring the Finance and Ways and Means Committees to report by December 1 this year whatever legislation may be needed to insure the solvency of the social security trust funds. It also contains a requirement that such changes in laws shall do no more than is absolutely necessary to preserve the financial integrity of the social security system.

The amendment makes no change in the technical treatment of the social security trust funds for budgetary purposes; it leaves intact the unified budget.

Mr. President, I believe this amendment is directly responsive to the expressed desire of a great many Members of this body that we not mandate specific changes in the social security system in order to achieve budgetary objectives. By deleting the requirement for changes in the social security system providing $40 billion of savings over 3 fiscal years and by removing the requirement that legislation implementing such an amount of savings be reported by the Finance and Ways and Means Committees we make inalterably clear that any changes that may be needed to keep the system solvent will be based on the findings of the bipartisan Commission on Social Security Reform after hearings and public discussion of such recommendations. It will help assure that decisions taken by the committee will be based not on an arbitrary estimation of the needs of the system but on thorough study and analysis.

The amendment is not an effort to sweep the problems of the social security system under the rug, out of sight. By requiring the Finance Committee and Ways and Means Committee report by December 1 the amendment acknowledges that the Congress may have to reconvene in December to deal with social security. The fundamental purpose of the amendment is to insure the short- and long-term solvency of the system, so that future and current beneficiaries can be sure of the security of their retirement incomes.

Mr. President, I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 3, strike out line 2 and all that follows down through the end of line 8.

On page 3, lines 9 and 16 and on page 4 line 4, redesignate paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6) respectively.

On page 3, strike out lines 12 through 15 and insert in lieu thereof the following:

"Fiscal year 1982: $117,700,000,000;
"Fiscal year 1983: $112,100,000,000;
"Fiscal year 1984: $86,000,000,000;
"Fiscal year 1985: $56,500,000,000.

On page 32, strike out line 19 and all that follows down through line 19 on page 33, and insert in lieu thereof the following:

"(c)(1) In order to insure the solvency of the social security trust funds, the Committee on Finance of the Senate, taking into account the recommendations of the National Commission on Social Security Reform, shall report such changes in laws within the jurisdiction of that committee as may be needed to provide for increased revenues, reduced outlays, or a combination thereof sufficient to assure that such funds will have adequate resources to meet their benefit obligations. Such changes in laws shall do no more than is absolutely necessary to preserve the financial integrity of the social security system.

"(2) In order to insure the solvency of the social security trust funds, the Committee on Ways and Means of the House of Representative, taking into account the recommendations of the National Commission on Social Security Reform, shall report such changes in laws within the jurisdiction of that committee as may be needed to provide for increased revenues, reduced outlays, or a combination thereof sufficient to assure that such funds will have adequate resources to meet their benefit obligations. Such changes in laws shall do no more than is absolutely necessary to preserve the financial integrity of the social security system.

"(3) The legislation required in paragraphs (1) and (2) of this subsection shall be reported no later than December 1, 1982.

"(4) It is the sense of the Congress that the President of the United States should direct the National Commission on Social Security Reform to report its recommendations to the Congress not later than November 11, 1982.

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY REGULATION

Mr. **HUMPHREY**. Mr. President, I would like to announce for the information of the Senate and the public that the hearing previously scheduled for Tuesday, May 25, at 9:30 a.m. to continue consideration of S. 1626, to amend the Department of Energy Organization Act to clarify the jurisdiction of the Federal Energy Regulatory Commission, to reform and improve the regulation of oil pipelines, and for other purposes, has been canceled.

The subcommittee has scheduled a hearing for Monday, May 24, at 10 a.m., to consider amendments to S. 1885 dealing with avoided cost and interconnection provisions of PURPA. The hearing will be held in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Subcommittee on Energy Regulation, Room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing you may wish to contact Mr. Dan Freihofer of the subcommittee staff at 224-5205.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. **McCLURE**. Mr. President, I would like to announce for the information of the Senate and the public that the full committee hearing on S. 1844, the Coal Distribution and Utilization Act of 1981, previously scheduled for Thursday, May 20, at 10 a.m., has been rescheduled for Tuesday, June 8, beginning at 9:30 a.m., in room 3110 of the Dirksen Senate Office Building.

For further information regarding this hearing you may wish to contact Mr. Gary Ellsworth of the committee staff at 224-7146.

ADDITIONAL STATEMENTS

ARKANSAS' TERRI UTLEY CROWNED MISS U.S.A.

● Mr. **PRYOR**. Mr. President, last night in Biloxi, Miss., Terri Lea Utley of Cabot, Ark., was crowned Miss U.S.A. and will represent our Nation at the Miss Universe Pageant at Lima, Peru in July. This outstanding young woman graduated from Cabot High School, was a cheerleader, member of student council, and received the outstanding senior award. She has attended the University of Central Arkansas at Conway and hopes to be a professional model. She presently works for Hamilton Harbor Resort in Hot Springs, Ark.

Mr. President, I would remind my colleagues that Terri is not the only Arkansas woman to win a national pageant. Our own Elizabeth Ward of Russellville is the reigning Miss America.

I think it is quite clear, Mr. President, who leads the Nation in 1982 in beautiful, intelligent, and talented women.

I hope my colleagues will join me in congratulating Terri and in offering our best wishes to her at the Miss Universe Pageant in July.●

CONCLUSION OF MORNING BUSINESS

Mr. **BAKER**. I inquire of the Chair as to whether there is further morning business.

The **PRESIDING OFFICER**. Is there further morning business? If not, morning business is closed.

FIRST CONCURRENT BUDGET RESOLUTION

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate the first concurrent budget resolution, Senate Concurrent Resolution 92.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

> A resolution (Senate Concurrent Resolution 92) setting forth the recommended congressional budget for the United States Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the United States Government for the fiscal year 1982.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. I ask unanimous consent that notwithstanding the provisions of section 305(b)(1) of the Congressional Budget and Impoundment Control Act of 1974, as amended, that when the Senate resumes consideration of Senate Concurrent Resolution 92, the concurrent resolution setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982, on Monday, May 17, 1982, that 36 hours of debate remain on the resolution under the same terms and conditions as specified in section 305 of the Budget Act, that is to say, equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I designate the distinguished Senator from New Mexico, the chairman of the Budget Committee, to manage and control the time on this side.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BAKER. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER. Will the majority leader withhold? Is there objection to the immediate consideration of the resolution? The Chair hears none, and it is so ordered.

The Senate proceeded to consider the resolution.

Mr. BAKER. Mr. President, has the request been granted in respect to 36 hours?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. The Chair acknowledges the assignment of the control of time to the chairman of the Budget Committee?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, will the Senator from New Mexico yield to me 30 seconds?

Mr. DOMENICI. I would be pleased to yield to my distinguished leader.

Mr. BAKER. Mr. President, we have arrived at a pivotal moment in the economic recovery of our Nation. Months of dialog must now yield to hours of action; today, we seek to push forward responsibly and decisively and immediately.

It was just 2 weeks ago that the prospects for such action on the first concurrent budget resolution for fiscal year 1983 appeared grim. Numerous and painful attempts to forge a compromise of the countless complexities in the budget had met with despair and frustration. But last week, under the able leadership of Senate Budget Committee Chairman DOMENICI, a compromise package was voted out of committee. Moreover, it was a package that was immediately endorsed by President Reagan, and assures our continued perseverance of the economic goals that this country needs and wants.

Mr. President, it is both my hope and expectation that the Senate will be able to finish consideration of the resolution by Wednesday evening. This resolution has statutory requirements which will be adhered to, and which will, I hope, serve as an incentive for acting as quickly as possible.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. BAKER. Mr. President, will the Senator yield to me for 30 more seconds?

Mr. DOMENICI. I am pleased to yield to the leader.

Mr. BAKER. I wish to state the net effect of the order and arrangement we have provided for today, which is as follows: The Senate has before it the pending business, Senate Concurrent Resolution 92, the first concurrent resolution on the budget.

We will proceed to debate that measure today to whatever extent the managers of the bill may wish. The distinguished Senator from New Mexico is in control of time on this side.

Notwithstanding the length of the session today, when the Senate resumes its session on Monday, as provided for in the order already entered, at 12 noon, Senate Concurrent Resolution 92 will be the matter before the Senate. When the Senate resumes consideration of that measure 36 hours of debate will remain under the statutory provisions of the law to be equally divided.

According to the order previously entered, Mr. President, if any rollcall votes are ordered today, or Monday next, they will be deferred and postponed until Tuesday, at a time not earlier than 1 hour after the Senate convenes, and no later than the time of recess or adjournment, as the case may be, on Tuesday.

I anticipate that next week will be a busy week. It is my hope that we can finish this measure on Wednesday. If we do not, we will continue until we do finish it, and we should be prepared to stay late on Thursday of next week, if necessary, in order to accomplish that purpose.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, so that the Senate will know our intentions, the Senator from New Mexico does not intend to use much time today. I do not intend to even make my opening remarks. I intend to yield quickly to the distinguished junior Senator from Kansas and the distinguished junior Senator from Washington.

As far as I know, those are all of the people seeking recognition on my side today.

I understand the distinguished Senator from Nebraska (Mr. EXON) desires to make an opening statement, and I have been informed, those are all the requests we have had for opening statements today. Am I correct, I ask my good friend, the Senator from Nebraska?

Mr. EXON. The chairman of the Budget Committee is correct. We have no other requests for time on this side of the aisle today.

Mr. DOMENICI. Might I ask my good friend from Nebraska approximately how much time does the Senator intend to use?

Mr. EXON. I think that any time that I would use or any other on this side of the aisle would use would not exceed 15 or 20 minutes at the outside.

Mr. DOMENICI. I thank the Senator.

(By request of Mr. EXON, the following statement was ordered to be printed in the RECORD:)

● Mr. HOLLINGS. Mr. President, on May 6, President Reagan finally got his budget compromise. However, since the majority party in the Senate chose to go it alone fashioning this budget, they will have to go it alone defending it. I did not support the Reagan/Domenici budget in committee; I cannot support it on the floor of the Senate.

This budget resolution is a restatement of misplaced faith in the Kemp/Roth view of massive tax reduction, and it implies a complicated, piecework approach to revenue increases. The budget resolution sadly fails the test of equity. It is almost certain to be an inadequate and insufficient signal to the markets that we are serious enough about deficit reduction to bring about a healthy cut in interest rates. And many of the dollar savings are only illusions, phantom inducements suspended from doctored numbers.

Wall Street and the economy will not be reassured by more promises. They must have specifics, details, in order to gage the budget's credibility. Unfortunately, this budget is totally lacking in such fundamental information. The budget numbers materialized out of closed-door meetings of Republicans without any consideration of programs. How can we have any faith in numbers which are pulled out of a hat; which have no specifics, indeed no policy, behind them? What are the details of the entitlement cuts? We were not told. What defense programs would receive smaller increases? We were not told. Where will the additional revenue come from? Again, we were not told. All that is said is that other committees must make those decisions. True enough. But the Budget Committee is shirking its responsibility to the Senate in not presenting a credible set of assumptions to back up the numbers.

This Reagan/Domenici budget is far from bipartisan. Instead, it is a highly partisan measure that essentially bypassed the formal budget process and converted this year's budget debate into a Republican caucus. The heart of this compromise was framed offstage and out of sight. It is less a firm attack on our economic problems than a truce among Republicans that the Senate Budget Committee was asked to ratify. Perhaps the President and his party are satisfied they have reached an agreement. They did not reach beyond themselves, however, either to the members of the Democratic party or to the many people who are to be victimized by the Republican agreement.

The resolution slaps the face of the congressional budget process. When it became clear to the Republicans that the process would certainly end up repudiating a Republican President, they turned off the lights, went private, and ignored the statutory process. Because that process was designed as a neutral device favoring neither Republican nor Democrat, because it is objective, because it exposes the sins as well as the virtues of any plan before it, the majority realized it could not be used to their advantage. So this budget was built in back rooms and at night. The shadow process worked. It brought the President aboard the Republican substitute. But the long-term cost to the future of the Congressional Budget Act may be as damaging to its welfare as the budget gymnastics calculated outside it will be damaging to the economy.

REAGANOMICS: STAGE ONE

If this budget resolution is, in the end, a squandered opportunity, it is important to reflect upon the events that led up to it. On February 18, 1981, President Reagan presented his supply-side design for the American economy. The President's original budget promised rapid economic growth as deficits declined—to minus $45 billion in fiscal 1982; -$22.8 billion in fiscal 1983; virtual budget balance in fiscal 1984; and a $5.8 billion budget surplus in fiscal 1985.

With those promises as a background, the President exerted his great reserves of charm and communications skill to move his program through Congress. In that effort, the congressional budget process was brutalized. The first concurrent budget resolution approved in April 1981 by the Senate Budget Committee was fashioned in a supply-side dream world made even more haunting by ghost numbers.

The committee rejected the economic assumptions of the Congressional Budget Office (CBO). In place of the CBO estimates, the committee voted to use Reaganomics numbers, figures which predicted twice the growth rate for 1982, far more than any reputable economist had ventured to assume. The result was a budget resolution which claimed to be in balance in fiscal 1984 when the actual CBO figures predicted an $80 billion deficit for that year. In defense alone, the resolution assumed what I described then as a program that was purposely and grossly underpriced by over $20 billion. Yet, the rush into the embracing arms of Reaganomics was underway, and with a Republican majority in the Senate, there was no logic, no objectivity, that could head it off.

By the end of July, Congress had agreed to the President's package of program cuts and consolidations in the Omnibus Reconciliation Act of 1981, involving more than $35 billion in spending reductions.

At virtually the same time, the Economic Recovery Tax Act of 1981 was moving through Congress. In three yearly stages, the package called for tax reductions of 25 percent, yielding a revenue loss to the Federal Government of $750 billion over a 5-year span. The tax cut, more than any other feature of his program was the darling of the President. Under the relentless whip of JACK KEMP, the administration concluded that what had worked for Treasury Secretary Mellon in the 1920's was certain to work as well in the 1980's.

I, for one, rejected the notion that a balanced budget could ever be achieved with revenue cuts in multiples of spending changes. That prescription meant the people in greatest need would end up paying a disproportionate share of the freight while remaining budget deficits and higher interest rates would greatly reduce the prospects for economic recovery.

Yet, on August 13, 1981, the President signed the spending cuts and the revenue hemorrhage legislation into law. Many doubted the program would work, but not enough to restrain its enactment.

In September, the first clear signs of trouble began to unfold. On September 24, the President went on national television to request what was termed a "mid-course correction" of his economic game plan. In order to come close to the deficit reduction figure he had promised in July for fiscal 1982-84, the President was now requesting additional spending cuts and tax increases amounting to $16 billion in fiscal 1982, $28.3 billion in fiscal 1983, and $35.8 billion in fiscal 1984.

To a nation and a Congress only recently subjected to the promise-laden world of supply-side dogma, the President's speech was an uncomfortable hint of trouble. But before the chickens came home to roost on the economy, they landed first on the shoulders of Budget Director David Stockman.

In a series of blunt confessions to the Atlantic Monthly, Mr. Stockman confirmed that the foundation of Reaganomics was made of sand. "There was less there than met the eye," said the Budget Director, and "nobody has figured it out yet." He candidly admitted that, "We didn't add up all the numbers. We didn't make all the thorough, comprehensive calculations about where we really needed to come out. . ."

Whatever immediate pain his interviews cost the Budget Director, the suspicions had become facts. The Reagan numbers had been a fraud. And those fraudulent numbers had been the basis of the budget cuts and tax plans rammed through Congress by the President. Any doubts they were not working as advertised were erased in February of this year when the President released his budget for fiscal 1983.

REAGANOMICS: STAGE TWO

Where the President's first budget submission in March 1981 had shown deficits totaling $67.3 billion in fiscal 1982-84, his February 1982 budget for fiscal 1983 showed a deficit of $91.5 billion for that year alone. Total deficits over fiscal 1982-84 were expected to reach $273 billion. By April, the President's budget deficits for fiscal years 1983-85 were estimated to be $405 billion.

The effect was immediate and overwhelmingly hostile. Senator LAXALT called the projected deficits, "numbing." Senator ARMSTRONG, a Republican member of the Senate Budget Committee conceded, "we can't live with deficits of the magnitude of those projected in the President's budget." The director of London's Royal Institute of International Affairs said the President's budget was "a major calamity, not just for the United States, but for the West as a whole and for the world."

The President's reply to the widespread criticism of his budget was, "Put up or shut up." He said that on February 9. On February 10, I offered a comprehensive substitute budget to put us on a glide path to a balanced budget by fiscal 1985. It called for a freeze and reform of COLA's, indexed entitlement programs, a 1-year freeze on defense spending and Federal pay raises, and cancellation of part year of the Kemp/Roth tax plan. My plan would have yielded a budget surplus in fiscal 1985.

But between the time I offered my alternative budget and the end of April, the President's belief in his February budget remained unchanged. Even the series of private budget talks were doomed to failure because of the conditions imposed by the President. It was quickly made clear to congressional negotiators that the Kemp/Roth tax package could not be touched. We were not to discuss it at all.

With Kemp/Roth chained off, the President was assuming the classic Henry Ford position: We could have any color car we wanted, so long as it was black. We could have any kind of budget, the President was insisting, so long as it was his—and in the red.

We ended up talking about energy fees, excise taxes, surtaxes, and a long shopping list of little ideas we could add up to make a small substitute. It was just too small, and the talks came apart.

With the talks over, and the formal congressional budget process resumed, I offered a modified version of my original budget plan in an effort to reach a balanced, fair, and effective alternative to the President's February budget. That effort, however, was countered by the Republican compromise, a plan worked out in private at the 11th hour. With the approval of the President, and to the relief of the Senate Budget Committee Republicans, the Reagan/Domenici proposal became the budget plan approved and reported by the committee, Senate Concurrent Resolution 92.

REPUBLICAN BUDGET

All those who rejected the President's budget and hoped that the Senate Budget Committee would produce a credible, workable, and balanced budget will be dismayed at the budget reported by the committee.

It is not credible. The committee-reported plan claims to reduce the deficit to $40 billion by fiscal year 1985. Yet it is based, like last year's budget resolution, on unspecified deficit reductions—this time affecting social security. This is nothing more than a $40 billion plug. This is the first budget resolution in which the deficit is not the difference between revenues and outlays.

It is not workable. The Republicans have declared the 3d year of the tax cut off limits. This means that Congress will have to enact numerous small tax increases, which will be extremely difficult, if not impossible, to achieve. Further, it assumes large cuts in such programs as medicare and medicaid, education, food stamps, and child nutrition. These programs were all cut last year and Republican committee chairmen with jurisdiction over them have expressed grave reservations about making further cuts.

Finally, it is unbalanced. The Republican budget makes excessive cuts in domestic programs while allowing for too rapid growth in defense spending. It also relies too heavily on spending cuts in order to preserve the exorbitant tax cuts enacted last year.

In the tradition we have come to expect from the White House, the Republican budget emphasizes cuts in programs for people who need help the most, in favor of relief for those who need it least. Cuts run deepest in such programs as food and nutrition aid, health care, and education. These cuts also short change the investment we must make in our future.

SOCIAL SECURITY

The Republican budget assumes 3-year savings in social security of $40 billion. However, it fails to specify how those savings will be made, leaving open the possibility that social security payroll taxes could go up again, on top of large increases enacted in 1977 which are being phased in through 1985. Alternatively, basic benefits could be cut.

The intent of these future savings is to maintain the solvency of the Social Security Trust Fund. However, the $40 billion target assumes that social security must continue to borrow from the equally bankrupt medicare fund. Such robbing of Peter to pay Paul may buy time, but it should not be falsely represented as insuring the solvency of anything.

The millions of social security recipients, both present and future, deserve a more credible solution to the problem than this. My temporary freeze and moderate reform plan would have preserved the integrity of the system without unfairly penalizing any beneficiary, and it would have done so in a specific, certain way. The Republican solution is a mystery plan, wrapped up in May, not to be opened until after the election. Nothing is more cruel to beneficiaries than uncertainty, and nothing is less credible fiscal policy than unspecified savings.

HUMAN INVESTMENT

The Republican majority believes spending cuts are the only way to a balanced budget. Yet many legitimate programs which cost money today actually save money tomorrow.

WOMEN, INFANTS AND CHILDREN (WIC)

This program provides nutritious food supplements to low income women and children judged to be at nutritional risk. Studies have shown that food supplements have reduced the infant mortality rate and reduced the incidence of low birth weight babies. The Harvard School of Public Health has documented that each $1 spent on the prenatal component of WIC saves $3 in future hospital costs.

The administration, however, wants to shut down the WIC program and fold it into block grants at greatly reduced funding levels. The Republicans on the Senate Budget Committee rejected my amendment to increase WIC funding to keep up with inflation. Instead they agreed to freeze the program at fiscal 1982 levels for the next 3 years, meaning that 200,000 low income women, infants and children would be eliminated from the program in 1983.

EDUCATION

Title I compensatory education would be frozen at this year's reduced levels for the next 3 years, resulting in a loss of purchasing power of 30 percent between 1981 and 1985. Yet studies have shown title I to be a good investment. Disadvantaged students score significant achievement gains in English as a result of the program. If title I and the students it serves will suffer, so will the participants in the guaranteed student loan program. The Republican budget chops $2 billion from that program by fiscal 1985. The year's Republican proposal on GSL would force at least another 300,000 students out of the program and force them to assume a greater debt burden.

FOOD STAMPS

The Republican budget assumes benefit cuts for all recipients of over $3 billion over the fiscal year 1983-85 period. A family of four, no matter how poor, would lose nearly $200 a year in stamps. This program was cut over $2 billion last year.

VETERANS

The Republican freeze in veterans health care will require significant cutbacks in services as the cost of drugs, medical supplies, and technology will continue to rise. Further, the freeze on COLA's for veteans' pensioners and the disabled is especially unfair, if all other COLA's are not also frozen.

MEDICARE AND MEDICAID

The Republican budget targets medicare and medicaid for a $25 billion reduction over the next 3 years. These cuts can only add to the distress of our poor and elderly citizens already living on limited resources and could prevent many of them from seeking and getting necessary health care.

CAPITAL INVESTMENT

While many in need are shortchanged by the Republican budget, important public investments in our future are neglected as well. The budget would exact savings from research, law enforcement, the space program and highway maintenance and other areas. In effect, the budget provides far less than is necessary to continue programs vital to the country's welfare and security.

LAW ENFORCEMENT

The Republican budget is $100 million below the President's request and could force layoffs of up to 2,000 employees, undoubtedly affecting the FBI, Drug Enforcement Administration, and Immigration and Naturalization Service. The FBI is already short 354 agents and this situation would simply be exacerbated by the Republican budget. The Republican budget also includes a $100 million cut for Federal courts which could force cutbacks of 2,000 persons.

SPACE SHUTTLE AND SCIENTIFIC RESEARCH

The Republican budget cuts $1.5 billion from space and science programs over 3 years. A reduction of this size could cut the number of Shuttle flights by about one-third and delay others, including those missions vital to our national defense. The budget also takes a shortsighted view of the need to improve our scientific research base.

HIGHWAY AND BRIDGE MAINTENANCE

The Republican budget would allow for no increases in spending for our Nation's highway and bridge systems, both badly in need of major rehabilitation. Currently, almost 8,000 miles of the interstate highway system and two out of every five bridges must be rebuilt. Without the needed increase, our Federal investment will continue to deteriorate.

STRATEGIC PETROLEUM RESERVE

The Republican budget would reduce funding for facility construction for SPRO by $0.2 billion, thereby severely hampering construction of needed storage facilities.

ENERGY CONSERVATION

The Republican budget would continue the decline in energy conservation funding allowing $600 million less than was spent in fiscal year 1981. This despite documentation that energy conservation accounted for 23 percent of all energy savings in 1980.

Although Senate Concurrent Resolution 92 was approved by the Republican majority on the Senate Budget Committee, it is important to note that the committee also flatly rejected the President's February budget. The vote came on May 5 and the result was 20 to 0 against the President's original plan. Not a single member of the President's own party felt that the Reagan February budget was even remotely realistic.

HOLLINGS ALTERNATIVE

The need for a bipartisan compromise on the budget is greater than ever, now that the Senate Budget Committee has reported Senate Concurrent Resolution 92, a budget resolution which is neither bipartisan nor a compromise.

The country is in serious economic trouble. It desperately needs a budget which is:

Sensible—it must cut deficits to restore sound fiscal and economic policy, which will cause interest rates to fall and let people go back to work;

Responsive—it must meet vital national needs such as transportation, education, law enforcement, health care, and defense; and

Fair—it must not ask undue sacrifice of those most unable to make sacrifices, the elderly, the handicapped, and the poor.

Regrettably, Senate Concurrent Resolution 92 is not as credible as it might have been; not as equitable as it should have been. If House Minority Leader MICHEL is any guide, the Senate Budget Committee's proposal has no chance of final approval.

We need something better than Senate Concurrent Resolution 92. I will, therefore, offer a plan I believe is a better alternative, and can serve as the basis for a truly bipartisan, workable budget. I ask unanimous consent that a table explaining the elements of my proposal be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

BUDGET PLAN

	1982	1983	1984	1985	Total
Baseline deficits	119	182	216	233	
Spending changes					
Cap Federal pay and retirement at 4 percent		5	11	16	32
Defense—6 percent real growth	1	7	11	17	36
Management savings		7	9	9	25
Entitlements		3	5	7	15
Discretionary nondefense		2	7	13	22
Total spending	1	24	43	62	130
Revenues		35	60	75	170
User fees		1	1	1	3
Interest savings					
Market effect		10	20	29	59
Debt service		3	17	27	47
Total deficit reductions	1	73	141	194	409
Remaining deficits	118	109	75	39	

Mr. HOLLINGS. Mr. President, I oppose the $40 billion in unspecified social security savings contained in Senate Concurrent Resolution 92. Most people know where I stand on social security. Since last year, I have proposed to meet head-on the social security trust fund solvency problem by temporarily restricting the growth in benefits—the cost-of-living-adjustment (COLA). I have not advocated cuts in benefits or payroll tax increases. However, I realize there are just not enough votes to settle the social security question at this time. Therefore, my proposal eliminates the social security cuts proposed in Senate Concurrent Resolution 92, and contains no other social security proposals.

My plan provides for:

Deficit reductions—to approximately the level of Senate Concurrent Resolution 92, cutting the deficit to $39 billion in fiscal 1985, some $0.5 billion lower than the level projected by the Senate Budget Committee's resolution.

Essential increases in discretionary programs—such as law enforcement, transportation, employment programs, education, and space and science. Senate Concurrent Resolution 92 would actually cut these programs 20 percent by 1985 after considering the effects of inflation.

Prudent savings in entitlement programs—less than one-half the cuts assumed in Senate Concurrent Resolution 92.

Defense real growth rate of 6 percent—per year fiscal year 1983-85—increases budget authority by $30 billion, and outlays by $25 billion in fiscal year 1983 over 1982.

Realistic management savings—of $25.1 billion. Senate Concurrent Resolution 92 assumes savings of $33.1 billion—grossly exaggerated and simply not achievable.

Guaranteed 4-percent pay raise and COLA for Federal retirement programs.—Senate Concurrent Resolution 92 would freeze civilian pay raises for a year, limit military pay raises, and eliminate COLA increases for a year in all cash benefit programs other than social security.

Sensible revenue changes.—The proposals would raise revenues in the amounts of $35 billion in fiscal year 1983, $60 billion in fiscal year 1984 and $75 billion in fiscal year 1985 for a 3-year total of $170 billion.

These proposals would accommodate repeal of the third year of the individual tax cuts and repeal of the indexing of personal taxes that is to begin in 1985. This proposal would also allow repeal of safe harbor leasing, the provision that allows companies to transfer tax benefits with no obvious economic gains for the country.

In addition, the proposals would accommodate changes in the accelerated cost recovery system (ACRS) to prevent the acceleration of depreciation allowances in 1985 and 1986 as well as to alter the investment tax credit to prevent the excessive subsidies already granted under ACRS. Other possible inclusions are a stengthened corporate and individual minimum tax, a speed-up of corporate tax collections, improved tax compliance measures, as well as a number of other revenue raising measures that involve the closing of tax loopholes.

I hope my colleagues will consider my plan as a means of reaching the truly effective and bipartisan budget we need.●

Mr. DOMENICI. I yield now to the distinguished junior Senator from Kansas (Mrs. KASSEBAUM).

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. I thank the Senator from New Mexico.

Mr. President, today we have before us the first budget resolution for fiscal year 1983. It is not a perfect document. The committee has not reported a perfect budget. There is much within the resolution with which I disagree. Taken in its entirety, however, this budget resolution represents a legislative accomplishment of enormous proportions. This accomplishment was achieved under the leadership of the chairman, who provided courageous and dedicated leadership.

Only a few short weeks ago Congress and the President were deadlocked in a spending and revenue disagreement to which there appeared no possible resolution. The budget process depends heavily on the credibility of the administration's annual budget submission. The budget we received from the administration could not pass the test of credibility. Congress therefore had no starting point, no frame of reference—for preparation of this resolution.

After weeks of laborious, bipartisan negotiations, the Congress and the President agreed to disagree. The budget process was dead in the water. Projected deficits for the coming year exceeded $180 billion.

Against that backdrop the distinguished senior senator from New Mexico—in his capacity as chairman of the Budget Committee—engineered a remarkable legislative compromise. He produced a budget document that was crafted, refined, and adjusted almost daily. In the end, it totally pleased no one. But it gained the support of a majority of the Budget Committee and the President of the United States—no small accomplishment.

Today, that compromise budget plan is on the floor. It will certainly be amended during the course of our deliberations. That fact, however, should not—and will not—detract from the accomplishment of our chairman. The budget process is once again working.

In the course of debate in the hours ahead, I intend to offer an amendment to address the resolution targets for national defense.

This resolution continues the fundamental program begun by the President and the Congress last year to restrain the growth of Federal spending. It is both comprehensive and selective. It recommends reductions in spending growth totaling $275 billion over the 1983-85 fiscal period. Yet it exempts, by way of assumption—certain programs previously restrained from further reductions. The resolution provides for revenue increases of $95 billion over 3 years, yet it preserves the integrity of the personal income tax rate reductions enacted last year. And most importantly, it provides for a rapidly declining trend line in near-term deficits.

The base line deficits from which this resolution was constructed would almost double in 4 years. Without the restraint provided by the resolution, Federal deficits would grow to $233 billion by fiscal year 1985. The deficit as a percentage of GNP in that year would surpass the level reached during the height of the Great Depression.

As outlined in the resolution, the deficit for fiscal year 1983 will be reduced from $182 billion to just over $100 billion. For fiscal year 1983 and 1984 that figure will decline to $69 billion and $39.5 billion respectively. Put another way, if no action is taken, deficits will increase to 24 percent of outlays by 1984. Under the committee resolution, deficits will decrease to 4.5 percent of outlays. The course we chose to follow is of critical importance to financial markets and, ultimately, to the American people.

To the extent we chose to finance Government operations through deficit spending, we surreptitiously increase the tax burden on the public. The shortfall in revenue is always made up at the expense of the people. Either borrowing is increased which reduces asset values and increases real interest rates, or inflation is fueled and purchasing power declines. It cannot be any other way. Our deficit will be borne by the American public.

I truly wish we could fully fund free education for all, cradle to grave medical care, countercyclical jobs and housing program, and many other worthwhile benevolent endeavors. I wish we could—but we cannot. The money is not there. And the deficits we created when we tried that route are still with us today. They are being paid for in this resolution as a $115 billion outlay on a trillion dollar national debt.

Clearly we must cut the growth of Federal spending—and this resolution is an important step in that direction. It does not, however, go far enough. Entitlement spending is restrained. Discretionary appropriated accounts are capped. Government pay is frozen and management efficiencies are mandated. However, the resolution embraces one of the most massive peacetime military buildups in history. To deny the need for a buildup would be naive. But to fail to subject increased funding for defense to budgetary control is unconscionable. This resolution, in spite of its strengths, fails the litmus test of responsible budgeting in the area of national defense.

In the course of debate in the hours ahead, I intend to offer an amendment to address the resolution targets for national defense. In offering an amendment and address budgeting considerations for our national defense I will do so in the hopes of effecting savings without impairing force structure—for I do not believe that we should be demobilizing forces. Rather, I believe we should require vigilance in procurement, efficiency in operations, and fiscal discipline in the administration of defense programs. Those in the Pentagon cannot continue to operate as if money were no object. But they will—until Congress requires they do otherwise. And that day is drawing near. Today's economic statistics are harbingers of the fiscal reckoning to come. The Congress cannot forever sanction what the economy cannot support.

The promise of better days ahead is the thematic foundation of this budget resolution. Economic growth will resurface if we act to pave the way. Inflation can be contained and unemployment reined in. And yes—even interest rates can be returned to substratospheric levels. But it will not happen on a promise.

We must decide we are ready to get our fiscal house in order. We must enact the legislative prerequisites to policy changes that will achieve the spending reductions at issue here today. This budget resolution provides us with the opportunity to take the first step down that long road to fiscal responsibility.

I supported the resolution in committee. At that time, I knew it was not perfect—and I know it now. Nevertheless, it addresses our economic crisis in a responsible, straightforward way. It meets tough issues head-on and recommends a tough course of action. There is no easy course of action. The promise of economic recovery is within the resolution. I intend to support it and urge its adoption.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I wish to thank my distinguished colleague, Senator KASSEBAUM, for her most generous remarks. It would be totally inappropriate if I did not indicate to the Senate that producing a budget resolution in these times is most difficult. Without the kind of cooperation, dedication, and steadfastness to duty that she has exhibited, we would not be here. I thank her for that, and I think the Senate should know I am most appreciative.

I yield whatever time the distinguished Senator from Washington needs at this time.

The PRESIDING OFFICER. The Chair recognizes the Senator from Washington.

Mr. GORTON. Mr. President, I thank the chairman of the committee and the Presiding Officer. I am here this afternoon, of course, to speak in support of Senate Concurrent Resolution 92, the first budget resolution for fiscal year 1983. I am delighted to support this resolution and the work of the Senate Budget Committee and its hard-working members.

I am convinced that what we have before us is a good budget—one which will assist mightily the economy in recovering from the current recession and one which treats our citizens in a fair and equitable manner.

This budget resolution is also a better budget, better than anyone would have predicted only a month ago during the midst of the negotiations which ended abortively and when prospects for any successful budget resolution appeared slim. Furthermore, the resolution which we are considering today is, I believe, as close to being the best budget that we could possibly arrive at. It is the best budget which could have been fashioned under the circumstances and also the best which has been proposed to either House of Congress so far. I am delighted and proud to be one of the architects of this resolution.

Mr. President, as proud as I am of that participation, I am even more proud of the single individual who was, in my view, and those of the entire Senate, primarily responsible for the resolution which we are considering this afternoon, the chairman of the Budget Committee, the distinguished Senator from New Mexico (Mr. DOMENICI). Certainly, without his patience, his skill, his iron will, his dedication, and his statesmanship, we would not be here this afternoon debating this resolution. The distinguished Senator from New Mexico carefully, and with great skill, piloted this resolution through our committee, adroitly avoiding the obstacles revealed by the rising and falling tides of public opinion and Presidential approval. So well did the chairman do his job that he was able to garner the support of every Republican on the committee, as well as the endorsement of the President himself for this resolution.

Senator DOMENICI continues his efforts today. This time, he is trying to convince a majority of Senators to adopt the resolution which the Budget Committee has recommended. I am delighted to be able to help him in this task, for I know of no more important decision which we in the Senate could take than to adopt this resolution.

The economy of the country is in serious difficulty. We are in the midst of the second recession in the last 2 years. Indeed, in many parts of the country, a continuous recession has gone on since the middle of 1980. This is specifically true for my home State of Washington, and it is also true for the entire Pacific Northwest. It may be even true for the whole economy.

Mr. President, I call the attention of my colleagues to two charts that appeared on the front page of the Wall Street Journal on Monday, May 10, 1982, and Wednesday, May 12, 1982. The first is a record of business failures. It shows that the rate of business failures was at a cyclical low early in 1980 at an annual rate of less than 30 per 10,000 businesses. Since that time, it has risen continuously and sharply, until the annual failure rate exceeded 65 per 10,000 businesses for the latest reporting week. This represents a rise of more than 100 percent in less than a year and a half.

Accompanying the rise in the rate of business failures has been a rise in the unemployment rate over an even longer period. Early in 1980, the unemployment rate stood at 6 percent and was criticized at that rate. During the 1980 recession, it rose by one-third to almost 8 percent. But with the brief recovery of late 1980 and early 1981, the rate did not fall back to 6 percent. Rather, it remained above 7 percent, and with the current recession, the rate has jumped to nearly 10 percent. Both the rate of business failures and the rate of unemployment have remained high and are continuing to rise.

A look at the industrial production of our economy will clinch my case. A chart prepared by the Federal Reserve Bank of St. Louis, shows that not only has industrial production fallen since July of 1981, the month in which the current recession began, but even more revealingly, it has yet to equal or exceed the high reached in 1979. The weakness in industrial production has led to a decline in the utilization of manufacturing capacity which is generally associated with the increase in unemployment we are now experiencing.

The cause of the last 2 years of economic stagnation is no mystery—high interest rates have crippled the economy. Real interest rates are currently at all-time record levels. Inflation has come down dramatically, but interest rates have not fallen correspondingly. Inflation was more than 13 percent only 6 months ago, but has dropped substantially since then. During the first quarter of this year, the Consumer Price Index rose at an annual rate of only 2½ percent, and in March, the CPI actually registered a decline. Interest rates, however, have not dropped as much, causing real interest rates to soar to record levels.

It is simply impossible to have a lasting economic recovery, which is both strong and long, in the face of such high real interest rates. This is not to say that there will be no recovery—there are already some signs of an approaching economic turnaround. But the recovery will be short and feeble unless interest rates fall, and unless they fall soon and unless we retain a low rate of inflation.

Whether interest rates fall will in no small way depend upon what happens during the course of the debate over this budget resolution in this body and in the House of Representatives. Perhaps never before have political considerations intruded so much into the operation of the economy. While there are several plausible explanations for such high real interest rates, it is clear that huge projected budget deficits in the future must be considered to be a probable and major cause of the stubborn refusal of interest rates to go down to a reasonable level.

The explanation which I believe to be the most cogent is the one offered in the committee report. Financial markets view current Federal fiscal and monetary policies to be in conflict with one another. The markets expect that a runaway fiscal policy which produces huge budget deficits will eventually force monetary authorities to change course and follow a more accommodative monetary policy. This action would necessarily and inevitably lead to the resumption of high inflation.

This widely acknowledged fear is supported by existing estimates of budget deficits which would occur over the next 3 years if the Federal Government were not to change its spending policies. Without necessary changes, the deficit will reach $182 billion in fiscal year 1983, $216 billion in 1984, and $233 billion in 1985. If projected off-budget outlays, borrowings by Government sponsored enterprises, and federally guaranteed loans are added to these deficits, then the true fiscal impact of the Federal Government becomes clear. Simple addition shows that total Federal borrowing and credit activities for the coming fiscal year will exceed the projected net national savings generated by the economy. In short, it is conceivable that the Federal Government's voracious hunger for credit could more than equal the Nation's ability to feed it. Nothing would be left for new investment in the private sector, and, in fact, some private disinvestment would be required. Is it any wonder, faced with such a prediction, that real interest rates are so high?

But, if the Federal Government could arrive at a fiscal policy which promises to reduce substantially the estimated future deficits to manageable levels, I am sure that this development would be favorably received by the financial markets, and would be accompanied by sharply lowered interest rates.

There is ample testimony to this effect. My colleague on the Budget Committee, Senator BILL ARMSTRONG, wrote to a number of noted economists and asked them what could be expected if a credible deficit reduction plan were adopted by the Federal Government. He published these replies as his additional views to the committee's report on this resolution. The consensus among the economists was that a credible budget, such as the one before us today, would result in a quick and substantial drop in interest rates.

In my view, the committee has indeed arrived at a credible budget. Most importantly, it reduces deficit spending by a total of $417 billion over 3 years. By fiscal year 1985, the Federal budget will be out of balance by only $39.5 billion. A true litmus of the fiscal policy which any budget embodies is the percent of the gross national product which total outlays represent. Under the committee's resolution, Federal spending would be reduced from 24.3 percent of GNP in 1982 to 21.1 percent of GNP in 1985, far closer to its recent historic average before the rapid swing in the last 2 or 3 years of the Carter administration.

Thus, in addition to sharply reducing budget deficits, this budget would continue the necessary reduction of the Federal Government's role in the private economy. Because total Government spending is the ultimate tax burden borne by the economy, it is also clear that this budget represents a substantial tax reduction over what would have occurred under current policy, by a combination of direct tax revenues and Federal borrowings with their effect on interest rates and on inflation.

The committee's resolution is a good budget because it recommends a balanced mix of spending reductions and revenue increases.

There is a very real difference between the impact on the economy of the same amount of deficit reduction depending on how much of it comes out of the growth in Federal spending relative to how much of it arises out of the increase in taxation. The positive effect on the economy is much sharper and much more marked if we heavily accent the spending reductions as against the tax increases.

The resolution before us today calls for approximately $3 of spending restraint—a dollar of which is due to reduced interest costs—for every dollar of additional revenues raised.

The Budget Committee recommends, as part of its plan to reduce Federal budget deficits, that additional revenues be raised in the amounts of $20 billion in 1983, $35 billion in 1984, and $40 billion in 1985. In addition, $2 billion in user fees are to be collected during each of these fiscal years. The committee made no assumptions about the ways in which these revenues should be raised—that is the prerogative of the Finance Committee, and of this body in debate on the tax and revenue policies.

The Budget Committee did recommend that the 1983 personal income tax rate cuts take effect as scheduled.

Speaking as an individual Senator, it is my hope that the additional revenues will be found by enlarging the tax base—through the elimination of tax loopholes—rather than by raising tax rates on all taxpaying Americans. I feel strongly that the indexing provisions of the Economic Recovery Tax Act of 1981 be retained as enacted last year. Clearly, there is substantial room to raise revenues by clamping down on tax preferences—also known as tax expenditures. In fiscal year 1983, tax preferences will total $273 billion. Cutting only 7 percent of this amount would raise the additional revenues required by this resolution in 1983.

Surely it is not an impossible task to raise $95 billion over 3 years from this source alone, and to do so in a way which would actually increase the efficiency with which the economy operates. I say this to my colleagues who are concerned about the economic disincentives which increased taxes create: A number of tax preferences which exist today create incentives which actually run counter to stated public policy. The consumer interest deduction, for example, encourages consumption and discourages savings. Other tax preferences are merely inefficient. The tax credit granted to corporations receiving income from operations in U.S. possessions is one example. This preference costs the U.S. Treasury several times more in foregone tax revenues, allegedly to create jobs, than these jobs pay in wages. A substantial portion, perhaps most of the revenues needed, could be raised by repealing counterproductive and inefficient tax preferences.

It is thus possible to raise substantially all the additional revenues required in the resolution by eliminating tax loopholes. This can be done without altering the 1981 Economic Recovery Tax Act, thus protecting the 3d year of the individual tax cuts and the implementation of tax indexing, scheduled for 1985. It is this latter provision which I consider to be one of the most important measures to be passed by this Congress.

This resolution represents our best alternative, in part, because of the way it handles additional revenues, and most profoundly because of the ratio of those additional revenues to additional spending restraints.

This budget requires a modest amount of new taxes, not so much as to jeopardize last year's tax cut or to considerably affect economic incentives, but enough when combined with spending reductions, to substantially reduce the deficit.

This is a good budget because it is a fair budget. Every category of Federal spending has been made to bear its share of the burden of reducing Federal deficits. The committee early on adopted a principle of equal sacrifice with respect to categories of Government spending. In the budget resolution before the Senate, no category of spending was exempt. Obviously, taxes were not either.

This resolution urges spending reductions which total $275 billion over the next 3 years—more than $169 billion in program reductions and $105 billion in interest savings due to lower Federal borrowing and the market effect of assumed lower interest rates.

That last figure, as large as it is, is perhaps the most dramatic example of the dividends which we can pay to ourselves by fiscal restraints.

During our work, members of the Budget Committee found it useful to break down Federal spending into four categories—national defense, entitlements, nondefense discretionary programs, and interest on the national debt. I would like to consider the recommended reductions in each of these categories.

The Budget Committee recognized that current international conditions require that the United States build up its Armed Forces. This was reflected in the committee's decision to take as the current policy baseline the President's recommendations for an adequate defense. The cost of this request was estimated by the Congressional Budget Office. Despite the recognition of the need for a strong defense, the committee felt that a policy of equal sacrifice required it to recommend a somewhat lower defense budget than requested by the President. The committee felt, that a real growth of substantially more than 5 percent in defense programs was adequate to meet the Nation's needs.

The action last night, incidentally, was consistent with these recomendations, but it is certainly more than possible that in the course of examining this budget resolution the Senate may decide on further reductions, although I doubt very seriously that there will be anything like the amount recommended by the proposed budget being considered by the House Budget Committee at the present time.

The reductions in defense outlays included in the committee's resolution will total $36.5 billion during the next 3 years. This restraint is assumed to come in three areas: $20.8 billion in program reductions, $12.5 billion in pay restraint, and $3.2 billion in reduced cost-of-living allowances for retired military personnel.

Spending for entitlement programs, the growth of which has been relatively uncontrolled, also receives proper attention in this budget. All entitlement programs other than social security—which is handled separately—will go without scheduled cost-of-living increases for 1 year. This action would save $15 billion over the next 3 fiscal years. Furthermore, other entitlements, whose benefits are not directly indexed to the consumer price index, are also targeted for reform.

Programs such as medicare, medicaid, and the guaranteed student loan program are assumed to be changed in ways which will result in $33 billion in savings through the end of fiscal year 1985.

In keeping with the policy of equal sacrifice, automatic cost-of-living pay raises granted to Federal employees will also be canceled for 1 year. The cumulative savings of this action will amount to $19 billion over 3 years.

The budget recommended by the committee also includes a spending freeze on discretionary programs for fiscal year 1983 and the 2 succeeding years. These programs bore a large part of the cuts enacted last year and were targeted in the President's budget for more substantial reductions. The committee felt that further cuts in discretionary spending were unwarranted. Nevertheless, these programs were not exempt from the committee's policy of fiscal restraint—the further effects of inflation will have to be absorbed without compensating increases.

Finally, the payments needed to service the national debt received attention in the committee's recommended budget. The interest savings in this area stem from two sources: lower interest payments due to smaller deficits and the market effect of lower interest rates. Smaller than originally projected budget deficits will save $51 billion in debt service costs over 3 years. The $311 billion in deficit reductions included in the committee's resolution, it is assumed will result in lower market interest rates, which will generate an additional $55 billion in interest savings. The committee received ample testimony from nationally respected economists as to effect lower, Federal budget deficits would have on interest rates and the economy in general. The committee's budget represents the kind of credible deficit reduction plan which these economists said was necessary to bring about lower interest rates.

None of these spending reductions, Mr. President, will, of course, be at all easy. Each of them will affect someone or some interest group. Every individual and every interest group, however, will be much more benefited by the positive impacts on the economy of lower budget deficits, lower interest rates, and greater economic growth, which are, of course, the overriding goals of this resolution.

This should also be considered a better budget, better than any other proposed so far because it most equitably shares the burden of reducing Government expenditures. Just as all groups of Americans will benefit from the economic recovery which will result from lower deficits, so should all Americans bear the sacrifice. This budget represents a fair distribution of the sacrifices.

The budget resolution before us today is also a good budget, because it squarely faces the severe financial problems which beset our social security system. According to the April 1, 1982, report of the trustees of the social security system, the retirement trust fund (OASI) will not contain sufficient funds to pay benefits on time by July 1983. The medicare trust fund itself will be bankrupt within 5 years. Combining all the several trust funds—retirement, disability (DI), and hospital insurance (HI)—would only maintain the entire system's solvency until 1984.

It is absolutely and clearly evident that these financial problems cannot be ducked or dodged or ignored any longer. They will come up and they will have to be dealt with in the near future.

Mr. President, the budget resolution reported out by the Budget Committee sets an agenda for dealing with the problems. It requires that the minimum foreseeable necessary financial adjustments be made to keep the system solvent. The budget resolution calls for the bipartisan National Commission on Social Security to expedite its work and report by November 11 of this year its specific recommendations to insure the system's solvency. This resolution directs the Senate Finance Committee then to immediately consider the Commission's recommendations and report appropriate legislation to the Senate by December 1, 1982.

The resolution would require that a $40 billion improvement be made in the financing of the social security system. The Budget Committee has not specified how much of this change should be achieved by slowing benefit growth, altering eligibility standards, or raising additional revenues—making these decisions is the proper role of the Finance Committee. The Budget Committee's resolution does require the Congress to face the problem squarely and do the minimum needed to solve social security's financial woes by the end of this year. Even so, the required $40 billion in financial help will be sufficient to maintain only a 2-month reserve in the system's combined trust funds. This is the minimum prudent level of reserves necessary to insure the uninterrupted payment of social security benefits.

Mr. President, it should be noted that this resolution, if adopted, would not require any cuts in current benefit levels. Furthermore, it recommends that the full 7.4-percent cost-of-living increase due in July 1982 be paid as scheduled.

The $40 billion cash-flow improvement could be achieved solely through the slowing of social security benefit increases over the next 3 years. Even then, only a partial reduction of the cost-of-living adjustment would be required. In this case, the average recipient of social security retirement benefits would still receive a $1,300 benefit increase over the next 3 years.

This budget is a good budget precisely because it would require Congress to take actions to insure that the Nation's 36 million social security recipients will continue to receive their checks on time.

This budget is also a better budget than any of the proposed alternatives because it explicitly recognizes the financial straits of the social security system. The agenda established in this resolution faces up to the immediacy of the problem and outlines a solution. Let each of my colleagues in the Senate answer the following question: Do you want social security recipients to continue to receive their benefit checks on time and in full? If the answer is yes, as I am sure it will be, then this resolution is clearly superior to any of the proposed alternatives. it is superior because of the responsible way in which it faces up to financing problems of the system. This resolution provides for a solution to the social security crisis; the alternatives do not. If we were to adopt the alternatives of our colleagues across the aisle and do nothing, or follow the lead offered by the House and move social security off budget, then we would be no closer to a solution now, or in a year from now, when one of the trust funds will be empty. Thirty-six million Americans deserve responsible congressional action on this important issue, and they deserve it now.

The most recent polls show that, among persons 45 years of age and younger, 70 percent have no long-term confidence in the social security system. This skepticism is even worse among those aged 30 and under. Fully 74 percent of this group believe that they will never receive a check from social security when they reach retirement age. Given the unwillingness of many Members of Congress to face up to the social security crisis, perhaps this lack of confidence is justified.

Mr. President, if we take the actions proposed here today, we will make that lack of confidence unjustified and we will help guarantee that benefits will be available for those who are paying into the system now.

The budget set forth in this resolution is the best available budget because it would require the Congress to fulfill its duty to all Americans, both young and old.

This is a good budget because it will be enforced. This resolution contains reconciliation instructions which direct the relevant congressional committees to make changes in existing laws in order to reduce outlays and increase revenues. Without reconciliation, this budget would be a paper tiger. With reconciliation, it promises to be a main force in reviving our economy.

In conclusion, Mr. President, I am pleased to support this budget resolution. It is a good budget because it will work to bring about economic recovery and because it is based upon the principle of equal sacrifice. It is a better budget that any of the alternatives which have been proposed because it faces squarely the problems of runaway projected deficits and the impending insolvency of the social security system.

This budget is the best budget available. It will do the job in a fair and equitable manner. I am proud to have helped to fashion it, and I am proud to support it. I urge my colleagues in the Senate to do likewise.

The **PRESIDING OFFICER**. The Senator from New Mexico.

Mr. **DOMENICI**. Mr. President, I thank the distinguished Senator from Washington for that excellent summary of where we are as a Nation and where we will be if we adopt this budget. I also thank him for his dedication, hard work, and major contributions to the Budget Committee and to this resolution.

Even more personally, Mr. President, I thank him for his help to me. It has been a rather difficult couple of months. I can say without hesitation that whenever the chairman was in need of a right hand, the Senator from Washington was there. Whenever I was in need of assistance while we were working on this in committee, he was there.

His contributions are readily visible in the record of the markup, and before we are finished here on the floor the people of this country will understand the significance of his contribution.

Mr. President, I am very shortly going to yield to my good friend on the other side, the distinguished Senator from Nebraska, Senator EXON, who is acting on behalf of the minority leader. I have told him I am going to yield very shortly to him. I wonder if I may just make two or three general observations and I will yield.

Mr. **EXON**. Certainly.

Mr. **DOMENICI**. First, in a very real way, I am sorry that we are here today instead of last September or October. The Senator will recall, when we were trying to put together a second budget resolution last year, the sense that we would be in this predicament with the kind of deficits that we now project. I want to say that as chairman of the committee it was my real belief at that point that we should have faced up to these deficits then; that we should have had a resolution somewhat like this one before this Senate and ultimately before the Congress then.

That was not in the cards, not only because our President thought it was premature but, obviously, there were many who were not yet ready to take the kind of action that is now required.

There are very few Senators and Congressmen left who do not think that Congress had better get on with the job of prescribing a method of reducing the deficits that are projected.

I am pleased that there appears to be a growing consensus on both sides and in both parties that deficits must be controlled.

I regret that this resolution is not bipartisan. I hope that before we finish we will have a resolution that is bipartisan, but I do not think that should detract from the fact that both sides agree on those deficits of approximately $629 billion over the next 3 years. Almost everyone says we have to do something to get those numbers down.

I hope that if we modify the resolution, we will come up with bipartisan agreements on both sides.

But if we do not get bipartisan support, this resolution is one way to accomplish our task. Monday I will explain in detail how we got where we are, and why I think this budget resolution ought to be adopted. I will do it in great detail with as much historical perspective as I can muster.

I want to reiterate: If this matter was urgent last September, I hardly have a word for it today. It is more urgent, it is absolutely urgent, it is imperative, that we act quickly, decisively, and credibly in both bodies to reduce these deficits if we are going to have economic recovery.

Not too long ago, this budget compromise was worked out with the President and his staff. I support it wholeheartedly. It is somewhat different than the budget I had put together and that I believe I had a majority of the committee ready to support. The most significant difference, it should be noted, is that I would have recommended capping social security increases for 1 year, as we are capping other cost-of-living raises in this resolution.

The President and the White House thought that that should be deferred; that in lieu of it we should prescribe a solution for the solvency of social security—the now famous $40 billion.

I would like to say, once again, that I think it is imperative that we do so, that we put it in this budget; that we recognize the need for solvency in the trust funds. I suggest nothing more.

For those who have alleged that the resolution language in some way hurts our retired senior citizens, or is intented to hurt them, or intended to take something from them, let me say the Senator from New Mexico thinks the opposite is true. To leave the solvency issue out is wrong. To leave it out is to deceive them. To leave it out is to fail to tell the truth. The truth is the final dimensions of the insolvency. And this committee can hold its head high, in my opinion, because as difficult as it is to tell it to the people and to the Congress, we did.

So I consider our action to be truth in budgeting, nothing more. To leave social security solvency out is to fail to tell the truth. To fail to put it in the budget is to assume that the Federal deficit is well known. Therefore, since it is so well known and so big, we cannot get interest rates down. But if we do not address social security, can we possibly believe that those same people who know the truth about the deficit will say, "It didn't really matter that social security is $40 billion in arrears over the next 3 years."?

Can we really believe that? Can we think that Congress is going to pass a resolution saying it is going to bring down interest rates by bringing down deficits while leaving out a $40 billion responsibility? Will it go unnoticed? I do not believe it. I believe that is about as ridiculous as those who think we will solve our economic and social security problems by taking it "off budget"!

I said yesterday we ought to take the defense budget "off budget." Just imagine what a fantastic budget we would have. We could cut taxes again, we would be so much in the black. Does anybody believe that the market places of America would believe it? If we could do that, we would not have any problems left. What would we ultimately wind up with, the "off budget" budget? I think there would still be a budget, but maybe we would call it all "off budget" and be back in business again.

In any event, this next week will be a tough one here in the Senate, there will be no easy decisions, no easy way to live up 51 people and achieve what they want. But I have confidence in the institution. The problems are great and the greatness of this institution comes to the surface when the problems are most difficult. I hope that greatness shows sometime next Wednesday or Thursday, and we give the American people what they deserve: A truly fair and hopefully a bipartisan budget. One that the President will support; one that is enforceable and credible; and one that people believe will become a reality.

I yield to my good friend from Nebraska.

The **PRESIDING OFFICER** (Mr. GROTON). The Senator from Nebraska.

Mr. **EXON**. I thank my friend and colleague, the chairman of the Budget Committee.

Mr. President, I am going to be rather brief, but there are some things that I feel need to be said as we begin the debate on the budget.

In the first place, I think that both the Senator from Washington (Mr. GORTON), who now occupies the Chair, and the distinguished chairman of the Budget Committee, who happens to be on the other side of the political fence from this Senator from Nebraska, know, recognize, and realize that the three of us generally have worked closely on a whole series of things with regard to meeting the prime consideration of the devastating deficits that face this country. I hope we can put partisanship aside. I join them in that request.

However, in listening very patiently here for the last 50 minutes or so, I noticed a partisan jab or two that I think should be straightened out very early in my remarks.

I salute, I applaud, and I will join, evidently, in the positions stated here today by the chairman of the committee and the distinguished Senator from Washington in opposition to going off budget with the social security system. I agree that that would be a step backward from truth in budgeting.

In my opinion, if there is one thing the people of the United States need today it is a little straight talk and truth. It is always going to be varnished somewhat when it comes from the lips of politicians, and I say that with regard to all politicians, including those on the executive side of this Government.

I inferred from the remarks I heard that already the Democrats are beginning to get the blame for going off budget with social security. I should like the RECORD to be corrected, because the first I ever heard about going off budget with the social security system was from the House Republican side—particularly I think, from the minority leader in the House of Representatives. I also understand that supplysider JACK KEMP made a motion to go off budget with the social security. Indeed, in the House Budget Committee deliberations of the last few days——

Mr. DOMENICI. Mr. President, will the Senator yield?

Mr. EXON. I am happy to yield.

Mr. DOMENICI. I want to correct the RECORD. If I left any impression that I blamed the minority in the Senate, the Democrats, for the proposal to taking social security off budget, I did not intend it. I do not think I said it.

I certainly do not accuse them of that at all. Perhaps the Senator thinks that any time I disagree, it is only with Democrats. Perhaps it was the tenor of my remarks.

I assure the Senator that when I disagree, I will state it; whether I disagree with Democrats or Republicans.

In this case, the leading proponent in the Senate for taking social security "off budget" is a Republican, not a Democrat. I want to clarify that and say that I have spoken to him. I was on the floor when he submitted the measure. The Senator from Nebraska will find that it is a pending amendment to our resolution. I do not think it can take social security off this budget, even if it were adopted, because I believe such a step requires a change in the law.

I certainly do not want to leave that impression, and I thank the Senator from Nebraska for giving me the opportunity to clarify it.

(Mr. SYMMS assumed the chair.)

Mr. EXON. Mr. President, I appreciate the statement of the chairman. I did not have his remarks in mind. I had more in mind the remarks made by the junior Senator from Washington. However, I have been wrong before, and perhaps I heard incorrectly.

I have not read the statement, but in listening to it, there may have been a little rabbit punch on the Democrats by blaming them—as is traditional with some people—for everything that goes wrong in America and very few of the things that have gone right in America for the last 40 years, which some people would like to believe were the most dark and depressing times in the economic history of the United States of America. Just the opposite is true, but we will not go into that.

Mr. President, at this critical economic juncture, I urge again that partisanship be put aside, in an effort to meet the critical situation of the recession that faces this country and still has the country in its grip. I submit to my colleagues that we have little chance of ever working our way out of this recession until we can begin to reduce interest rates on a sustained basis and have some assurance that they will stay down.

While there are many suggestions as to how we are going to do that today, it seems that the budget process we are on is the only tool we have at hand immediately. We are launching the budget debate here, and we are tardy, and we must move forward. However, I still maintain that we are making some most interesting progress.

The amendment offered the other night in the Budget Committee by the chairman of the committee, after consultation with the President of the United States, was a significant step in the right direction. I should like to talk for a moment about how significant that was.

I think there is a general misunderstanding today in the United States of America as to just what has been going on with regard to the budget. Let us start, if we may—and I will be brief—from the budget that was offered to us by the President of the United States earlier this year.

If we look at the projections on that President's budget, going along with that President's budget, the way he presented it to us, according to CBO, the deficits in the outyears would be $132 billion in 1983, $135 billion in 1984, $136 billion in 1985, $156 billion in 1986, and $175 billion in 1987.

That was from a supposedly conservative President who is trying to cut down the total expenditures, outflow, from the Treasury of the United States. I find, generally, that few people understand or believe that. Somehow, they feel that President Reagan has submitted to us a budget overall that really slashes things and cuts down spending and that, therefore, they are going to get some kind of tax break. Hogwash.

I am not being overly critical of the President, because he has problems, just as we have, but the general perception out there is that this is the most conservative President we have ever had with regard to spending. The fact is that he is the biggest spender, as President of the United States, under his projections, that we have ever had in all our history.

Let us go back and compare the deficit figures of the President's budget that I have just cited with deficits that accrued in the last 12 years of these terrible 40 years that we——

Mr. GRASSLEY. Mr. President, will the Senator yield?

I hope you had your tongue in cheek when you said——

Mr. EXON. I am not yielding. If the distinguished Senator from Iowa wishes to talk, he can. I have been sitting here very patiently for a long time, listening, and you have not been here. If you wish to talk, take your seat, and as soon as I finish, I will be very happy to yield to my friend from Iowa.

I know it is very difficult for some people to listen to what the perceptive is of the difficulty of the United States, but I intend to have my say here, and I am trying to be as brief as possible.

Let us go back and look for a moment if we can about the last 10 years or some of the deficits to compare—these are actual deficits—those with the deficits which were proposed by the President. In 1974 the deficit was $4.7 billion; in 1975, $45.2 billion; in 1976, $66.4 billion; in 1977, $45 billion; in 1978, $48 billion; in 1979, $27 billion; in 1980, $59 billion; and in 1981, $57 billion.

So what I am saying is that we have problems. We have problems whether we are Democrats or Republicans.

I think little has been served by all of the rhetoric and communication that I have heard from a whole series of sources with regard to trying to affix the blame. Frankly, I do not care whether it is the Democrats' fault or President Reagan's fault. The facts of the matter are that whether you are a Democrat or whether you are a Republican or whether you are an Independent by and large you are in difficulty with the economic times that we face today and I suggest that we had better get on with the solution.

Mr. President, I simply say, to recap the CBO projected figures on the

President's budget that were submitted to us, I ask unanimous consent to have those printed in the RECORD at the appropriate place in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

	Federal on-budget deficits	National debt
1970	2.8	382.6
1971	23.0	409.5
1972	23.4	437.3
1973	14.8	468.4
1974	4.7	486.2
1975	45.2	544.1
1976	66.4	631.9
Transition quarter	13.0	
1977	45.0	709.1
1978	48.8	780.4
1979	27.7	833.8
1980	59.6	914.3
1981	57.9	1003.9
1982	[1] 113.9	[2] 1141.7
1983	[1] 132.3	[2] 1302.9
1984	[1] 135.6	[2] 1466.0
1985	[1] 136.1	[2] 1637.8
1986	[1] 156.8	[2] 1838.5
1987	[1] 175.3	[2] 2058.9

[1] CBO reestimate of President Reagan's budget.

[2] CBO estimate of debt subject to limit.

Mr. EXON. At this point, Mr. President, the chart that I have referred to is somewhat explanatory and it lists the Federal on-budget deficits for 1970 through 1981 and from 1982 through 1987 as recently estimated by the Congressional Budget Office. This chart also contains the national debt and national debt best estimates for the same years.

So we are talking about deficits here under the President's budget presented to us and now we are talking about what is going to happen to the national debt had Congress accepted the recommendations given to us in February by the President.

No one on the Budget Committee accepted those recommendations for the President. I salute particularly the chairman of the Budget Committee for the very, very viable work that he has done on truly a nonpartisan basis, I might add, in my opinion to meet this difficult situation.

But let us look back. Looking back over the decade of the 1970's, we find that a record deficit of $66.4 billion was set in fiscal year 1976. In 1980 the deficit reached $59.6 billion. In 1981 Congress held the deficit to $57.9 billion, in part through the utilization of the reconciliation process for the first time ever. But in 1982 even though we employed reconciliation again last year and adopted the President's budget basically untouched, we are expected to have a deficit of some $113.9 billion this year or more.

As the Congressional Budget Office has estimated the deficits through 1987, based upon the assumptions Congress adopts the President's budget recommendations of last February we see only rising deficits, reaching over, reaching over $175 billion in 1987.

Likewise, the national debt figures are also equally shocking. At the end of 1981, we saw the debt ceiling go through the trillion dollar level for the very first time in our history. Again, even if we would adopt the President's February budget we would see the total debt increasing nearly 50 percent again by the year of the next Presidential election, and get this: If we accept the President's recommendations in February, according to CBO estimates, we would have exceeded $2 trillion in total national debt by the end of 1987, 5 years from now. These deficits are of critical concern to all of us and I think are the real reason for the nervousness in the money markets today.

In closing, let me pass out some accolades to those who I think are really entitled to them.

At the outset of the discussion on the 1982 budget, I believe that we should take time to recall the chairman's efforts over the past few months. Last fall, when it was clear that President Reagan's economic program was not working according to his schedule, the distinguished Senator from New Mexico sought to revise the Second Budget Resolution for 1982 in a way which would have cut down on the size of the huge future Federal deficits which are facing us. Regrettably, the President opposed the chairman's initiatives at that time and the country's economy drifted deeper and deeper into recession.

A few months later, not long after President Reagan introduced his 1983 budget in February, the chairman of the Budget Committee presented his own budget proposal much along the extended lines of his initiative in the fall of 1982. The chairman's main differences with the President over the 1983 budget centered on entitlement programs, defense spending, and revenues. The chairman took a courageous stand in calling for substantially increased revenues, cutbacks in entitlement programs, and a reduction in defense spending from the President's request.

As a member of the gang of 17, the Budget Committee chairman helped moved the President toward his revised budget of April, which I believe was a responsible proposal, even if not ideal. Having come this far, I regret that it was not possible to build upon the President's April offer in order to develop a truly bipartisan 1983 budget which is necessary to sustain any real economic growth.

I have nothing but praise for the distinguished chairman's initiatives and courage from the fall of 1982 through April of this year.

Let me turn briefly to the efforts of the distinguished ranking minority member, the Senator from South Carolina, over the past year.

The Senator from South Carolina, Senator HOLLINGS, perceived early in 1981 that President Reagan's program for economic recovery was extremely risky and not likely to work as the President envisioned. On numerous occasions he offered his own alternatives, and eventually voted against the Economic Recovery Tax Act of 1981. The distinguished Senator was a cosponsor of my own so-called safety valve amendment which gave us a last chance in September 1982 to give us some insurance against Federal deficits getting out of hand. The distinguished ranking minority member continued to offer constructive alternatives, and responded to the President's "put up or shut-up" challenge last February with a major budget freeze of his own. The Hollings budget freeze was designed to move us quickly back toward a balanced budget and shock the financial markets in such a way that interest rates would fall. I spoke with the distinguished Senator from South Carolina about 2 weeks before he made his February budget proposal, and I encouraged him to offer this kind of budget alternative in order to make it clear to the country just how serious the deficit situation had become and to show what kind of severe action would be necessary to get us back on track toward a balanced budget.

Our ranking minority member has not only been perceptive in his views on the budget and the economy, but he has also been a courageous leader and risk-taker when it comes to doing what is right for our country. Rather than saying "I told you so," the Senator from South Carolina has given his party and his country leadership during these very difficult times. As a member of the "Gang of 17," Senator HOLLINGS did his best to develop a compromise, bipartisan budget, even though this attempt unfortunately fell short of its goal.

That brings me to May 1982, a month which will not go down in history as a month which distinguished the Senate Budget Committee, the President's role in the budget process, or the budget process itself.

I simply say though we must push on. From being so close to a bipartisan compromise, the May 1982 session of the Senate Budget Committee was definitely a step backwards, and in some respects the ultimate product of our committee is less desirable than President Reagan's budget of February, which we wisely turned down on a 20-to-nothing vote. The month of May, so far at least, has seen the breakdown of an attempt to reach a bipartisan budget. It has seen the budget process taken behind closed doors to develop a budget which serves too many narrow, partisan interests. The month of May has seen President

Reagan endorse his third budget this year, a budget which may yet prove to be his third strike with Congress. Indeed, the President is striking out on pitches tossed up by members of his own party. His first swing in February did not even come close to connecting, as evidenced by the fact that no member of the Senate Budget Committee, and even no Member of the Senate, so far as I know, supported the President's February budget.

The second strike in April was a called strike, as the President never took a swing at it. It was the perfect pitch to hit, but the President apparently felt that the April budget would be too hot for those on the supply-sider team to handle.

The third strike, the May budget, was a wicked social security curve thrown by the Republican pitcher in the House of Representatives. The President was caught looking at his third base coach in the Senate who did not know the President could not hit the social security curve.

Yet the President continues to broadcast a good game; he is a great communicator. But communications alone will not solve the problem.

The month of May is only half over, however, and I hope that this month will yet be the time when the Senate rises to the occasion and develops a workable and convincing 1983 budget. It is not too late to do so. What will be required is a more realistic approach to both 1983 revenues and expenditures. On the revenue side, the budget resolution which we have before us is approximately $30 billion short of the 3-year revenue increases that the President agreed to in April. Deferring the July 1, 1983, individual income tax cut, as I proposed in committee, would be one way of handling the problems on the revenue side. The Congressional Budget Office has confirmed that this change would result in a balanced budget in 1985. On the spending side, this budget needs a dose of reality and fairness in handling federally supported retirement programs. I am not only referring to social security, but I am referring to the other retirement programs as well. For example, this budget before us completely eliminates the July 1, 1982, cost-of-living adjustment for railroad retirees, while it provides for a 7.4 percent increase for social security retirees. This is not only unfair, since tier I of railroad retirement benefits are based on equality with social security, it is probably also unworkable since it is unlikely that Congress can pass this resolution, a reconciliation act, hold two conferences with the House of Representatives, and transmit this information to the Railroad Retirement Board in order for the freeze to go into effect this July.

Again on the expenditure side of the budget, the Senate must be given the opportunity to look at the various spending functions of the Government. This was not done in the Budget Committee in any systematic way, since the only votes on functional totals were taken after the vote to approve the backdoor budget negotiations had already been taken. Senators have not yet had an opportunity to look at what is necessary next year for the housing industry, agriculture, veterans, law enforcement, and many other important areas. It seems to be the procedure in the Budget Committee that if a motion had a chance of passing, it was held off until the resolution had a chance to reach the floor of the Senate. In time, this may prove to be an acceptable procedure if the Senate now takes the time to weigh carefully all the various budget priorities. I regret that no member of the Budget Committee can really come before the Senate and say that the Budget Committee has looked carefully at all the options and has presented its considered recommendations. In a sense, we will really be doing the committee's work on the floor of the Senate during the next few days.

Mr. President, as we work on this budget for 1983, I believe we have to keep one figure in mind above all others. That figure is the Federal deficit. Over the years there has been controversey about the significance of the size of the Federal deficit. Comparisons of the size of Federal deficits over the years have been made on the basis of comparing the raw numbers themselves, the deficits as percentages of the gross national product, the deficits compared to the total national savings which can be used to finance the deficit, and probably in many other ways as well. But never in recent memory has there been such a consensus in Congress that, by whatever way we measure deficits, the projections for the next few years are frightening and these deficits must be reduced.

Mr. President, I have a table which lists the Federal on-budget deficits from 1970 through 1981, and from 1982 through 1987 as recently estimated by the Congressional Budget Office. This table also contains the national debt and national debt estimate for the same years.

Looking back over the decade of the 1970's, we find that a record deficit of $66.4 billion was set in fiscal year 1976. In 1980, the deficit reached $59.6 billion. In 1981, Congress held the deficit to $57.9 billion, in part through the utilization of the reconciliation process for the first time ever. But in 1982, even though we employed reconciliation again last year and adopted President Reagan's budget basically untouched, we are expected to have a deficit of $113.9 billion. As the Congressional Budget Office has estimated the deficits through 1987, based upon the assumption Congress adopts the President's budget recommendation of last February, we see only rising deficits, reaching over $175 billion in 1987. Likewise, the national debt figures are also shocking. At the end of 1981, we saw the debt ceiling go through the trillion-dollar level for the first time in history. Again, even if we would adopt the President's February budget, we would see the total debt increasing nearly 50 percent again by the year of the next Presidential election, and exceeding $2 trillion by the end of 1987. These deficits come from a President who recently went on television to ask for a constitutional amendment to force a balanced budget.

Mr. President, I believe there is a consensus among members of both parties, and among liberals and conservatives alike, that large deficits are bad for our economy. There are still those who cling to the idea that deficits are not important, but they are becoming fewer every day. There now appears to be a consensus that large deficits are at least in part responsible for high interest rates, and there is no doubt whatsoever but that interest on the Federal debt is the fastest growing portion of the Federal budget and is truly uncontrollable. For whatever the reasons, there is a feeling in the Congress that measures must be taken, however painful, to reduce the deficits which lie before us and block the road to economic recovery. In acting on our budget, we must convince the money markets that the size of the deficits are actually going to be reduced, to enable interest rates to fall.

And interest rates, which are as high now as they have every been in the history of our Republic when measured in real terms, must fall by several percentage points before housing, agriculture, and all interest-sensitive industries get back on their feet and pull us out of this severe recession.

I have my own ideas as to what would convince the money markets that deficits are indeed going to be brought under control and interest rates are going to fall. First, there must be no areas of the budget that are "off limits." This means entitlement programs, as well as the heretofore untouchable third year of the individual income tax cut.

Second, the expenditure cuts and revenue increases which we propose in this resolution will have to be believable. Savings cannot be unspecified as they were in last year's resolution, to be identified at a later time. Neither can revenue increases be based upon theories drawn on a napkin. Let us not make that mistake again.

Finally, Mr. President, the best signal we can send to Wall Street and to main street, to farmer and to factory worker, to homeowner and homebuilder, it to work for and come up with a bipartisan budget. The failure to achieve a bipartisan approach will only signal the country that Washington is working not on the budget, but on new ways to blame the other party for our economic difficulties.

The passage of last year's disastrous budget was an anomaly. The President's successes with Congress were not due so much to boll weevil or any other kind of Democratic support for his budget policies, but to a nearly unprecedented degree of cohesion among the members of his own political party. History will not repeat itself this year, and this has been amply demonstrated by the difficulty Republicans themselves have experienced in coming up with a budget which is acceptable to their own membership. But it is not just the President and members of his party who have a responsibility to reach out and develop a bipartisan budget. It is also the responsibility of those of us in the minority. As one Democratic Senator, I stand ready to make the necessary sacrifices, political and economic, which may make individual Senators, political parties, or political ideologies losers, but which will make our great country the eventual winner. I know I speak for many others on this side of the aisle, and I suspect on your side of the aisle as well, Mr. Chairman, when I express the hope that while we are apparently deeply divided at the outset of our discussions on this important budget resolution, we will find that we can bridge the gap as the Senate works its will on this, the first concurrent budget resolution for 1983.

Mr. Chairman, I know from your previous efforts to reach a budget compromise, that we are not all that far apart. If we do come up with a budget that finds support on both sides of the aisle, it will be because of the groundwork that you have laid over the past few months.

In closing, Mr. President, I think we are going to get something worked out here. I do feel it would still be much better for the country if a consensus was reached between Democrats and Republicans in the Senate, Democrats and Republicans in the House of Representatives, and with President Reagan. Therefore, I call once again for a Camp David-type summit meeting. This is the time for it right now. Rather than running away from compromise, rather than holding press conferences or issuing press statements, we should all be encouraging the President and the leadership on both sides of the aisle in the House and Senate to meet once again at Camp David because while I suspect it may not have been fully understood by many people, I think most of the members of the so-called Gang of 17, including the distinguished chairman of the Budget Committee, would agree with me that they were much, much closer to a workable compromise than they are generally given credit for.

So for that effort I salute the Gang of 17. I salute the President, because I think he tried.

My only suggestion is that I wish the President would try one more time. Call the Gang of 17 or anyone else he wants into a meeting so that hopefully we could come out with a battered compromise, but with a compromise, that we generally could agree on. If that could be done, I think we would be able to stay away from very many of the difficult battles that we are likely to have both here and in our companion body on the other side of the Hill.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I am prepared to invite the acting leader, Senator STEVENS, to the floor for whatever purpose he sees fit. I think we are no longer in need of any time.

Mr. EXON. We are prepared to abide by the agreement that was announced earlier by the majority leader as far as time is concerned on this day, and I have no other requests for time on this side of the aisle.

Mr. DOMENICI. I think the distinguished occupant of the chair has some opening remarks, so I will take the chair and yield to him.

Mr. SYMMS addressed the Chair.

The PRESIDING OFFICER (Mr. DOMENICI). The Senator from Idaho is recognized.

Mr. SYMMS. Mr. President, I should first like to praise the chairman of the Senate Budget Committee, the distinguished presiding officer, Senator DOMENICI, for the job he did to bring the budget through the Senate Budget Committee. I was pleased to be able to help the chairman get that bill through our committee.

Having said that, I will go on to say that there are some points about that budget with which I am in disagreement. I think the tax increases are probably too high. But the President of the United States himself called for $50 billion worth of increases in revenues over a 3-year period.

The Senator from Wisconsin (Mr. KASTEN) and I tried to persuade the committee to lower our numbers for revenue increases to $72 billion, and the committee chose, I think, a figure somewhat in excess of $90 billion. So I suppose, given the size of our economy, who is to say how much is enough and how much is too much?

I just believe personally that, historically, the posture of raising taxes in the face of a recession does not give a good, positive ringing signal to the economy. Nevertheless, I would like to make a couple of other comments.

In 1981 President Reagan introduced his economic recovery program. President Reagan's program planned to reduce inflation, restore economic growth, and provide jobs through reductions in the growth of Government spending, improved capital formation, a less-onerous tax burden, fewer repressive Government regulations, and a sound, consistent monetary policy. With the cooperation of Congress, major parts of this program were enacted into law, laying a solid foundation for long-term economic growth with a lower rate of inflation. I strongly supported the basic principles and objectives of the President's economic program, and continue to believe that the program's direction is sound and should be pursued. Ecomomic policy must be geared toward the long-range goal of a vigorous, competitive economy with essential price stability.

Real progress has been made in lowering the rate of inflation. However, it was inevitable that all our deep-seated structural economic problems, which developed over a number of years, could not be cured in a short period of time. The simple fact is that 40 years of accumulated debt is coming due. This Congress and this administration have inherited a situation in which expenditures have been growing faster than GNP and are projected to do so under existing law. At this time, we are all faced with the enormous problems resulting from a 40-year effort to spend ourselves into prosperity.

The administration's economic recovery program is a long-range plan, and as it has moved forward, it has required adjustments, as economic conditions dictate, in order to stay on course. Through a combination of circumstances, we are faced with a recession, unemployment, inordinately high interest rates, and the prospect of continuing substantial budget deficits.

A clear perception has been created which incorrectly blames the recession, unemployment, high interest rates, and the budget deficits on the Reagan program.

For example, if I have heard it once, I have heard it a dozen times in the last week that the 1981 tax cuts and increases in the national defense program were the cause of the deficits. Many members of the news media and many members of the administration and Congress believe, in my opinion misguidedly, that since we can no longer spend our way into economic prosperity, we can tax our way into economic recovery.

I have heard many of my colleagues say this: The causal chain of concern about deficits goes something like this: Large deficits are causing high interest rates which threaten economic recovery. Therefore, taxes ought to be raised in order to bring down interest rates.

In my opinion, this logic that I just spoke of, that I have heard so many of my colleagues talk about, is at best convoluted, particularly since the illiquidity of the private sector has not been considered as a factor in the equation of those favoring tax increases. Interest rates, in my opinion, will not decline if the private sector has to borrow additional funds to pay for a higher tax bill. In fact, interest rates might even increase because we do have an illiquidity of the private sector on our hands, and we have to face the fact that tax increases are going to reduce consumer spending, they are going to reduce individual saving, and they are going to reduce business' ability to invest, and thus tax increases will slow the private sector's economic activity and raise unemployment.

Tax increases will crimp economic expansion. Tax increases will discourage employment. Tax increases are going to reduce the supply of lendable funds, driving up interest rates. Reduced economic activity not only costs the Government revenues, but it adds to the demand for outlays such as income maintenance programs and unemployment compensation. Therefore, in my opinion, Mr. President, a tax increase may be self-defeating in terms of deficit reduction.

I share the concern that many members of this committee and others have expressed regarding the large deficit forecast for 1983 and beyond. And these deficits can and should be reduced.

But, in my opinion, the proper way to reduce these deficits is through spending cuts, not through tax increases. Concern for deficits, while clearly justified, can be misguided when not related to the primary objective of the program of economic recovery—reducing the share of the national income that accrues to Government. This share has reached record levels. Lowering it should be our goal. That is what the Reagan program started out to achieve. That is what I started out to achieve 1 year ago, and I hope will not be detoured from that goal.

Debate over the source of this increased governmental share of national income—taxes, borrowing, or inflationary increases in the money supply; that is, counterfeiting the currency with the printing presses to pay for Government bills that come due—distracts us from our primary objective of reducing Government spending.

But I want to applaud Chairman DOMENICI and the members of the Senate Budget Committee for taking a significant step in attempting to reduce Government spending. And I applaud my colleagues for taking an initial step in grappling with the uncontrolled growth in entitlement programs. Growth in entitlement programs, including social security, medicare and the Federal pensions, had to be reduced and they have to be reduced and substantially reformed still further in the future. Nothing need be taken away from any individual American, but there has to be a reduction in the rate of future increases in these programs. Because, Mr. President, these programs have been increasing in cost at a rate of about 15 percent a year and represent about 60 percent of budgeted expenditures. The deficit problem could not have been responsibly addressed without a reduction in the scheduled increases for these programs.

So I encourage other Senators and Members of the other body to look carefully at the compromise budget that was worked out by the Senate Budget Committee.

I think it is essential that both parties of Congress exercise statesmanship on a bipartisan basis in supporting reforms and entitlement programs. It is important that Members of Congress enact legislation which is beneficial for all citizens, combating the special interest lobbies, compromised of organized and special interest groups, both in and out of Government, including some elected officials who are politically dependent on the "tax, spend and elect" ways of the past.

Mr. President, I might just bring to the Senate a story of something that has happened in my State of Idaho in the last 2 weeks. The State of Idaho operates in a situation where they have a constitutional amendment that mandates that they balance the budget each and every year. So the State legislature and the administration of the State are chained down by the State constitution to stay within the constraints of a balanced budget.

It is interesting that in our State we have achieved a bipartisan solution. I hope we do get support for a bipartisan national budget from those on the other side of the aisle here in the Senate, whose tolerant attitudes toward fiscal largess are responsible for our current deficit problem. I hope that we can get support from many, many Members from the other side of the aisle so that we can solve the problem.

But in my State of Idaho, it was brought to the attention of the State legislature and the Governor in the past 10 days by the State auditor that they are going to have a shortfall of $17 million in the next 6 weeks to operate the State budget. The State of Idaho's fiscal year ends on June 30. So the Democratic Governor of the State, in cooperation with the Republican speaker of the house and the Republican Lieutenant Governor, who are both candidates for Governor—so two of them are in a Republican primary vying for the opportunity to run against the Democratic Governor—all agree that the solution to the deficit problem was to reduce the payroll of the State of Idaho by 20 percent for the next 6 weeks. So they gave everybody 1 day a week off on an unpaid furlough, and reduced the State spending by 20 percent. This was in agreement with the appropriations committee of the house, which is not in session, and the senate of the State legislature, without having to call the legislature back. That was agreed to by the parties, the leadership of the Republican and the Democrats in the State. Bold, decisive action was taken and the problem will be solved.

I would still like to see this Congress take a more bold approach to the solution of the problem than we have crafted in this Senate budget. I would still like to see this Congress and this Budget Committee, when this Senate deals with this problem to consider a bold idea: That they would say, for example, that there will be a pay and benefits reduction starting the 1st of October, next fall, or 5 percent across the board for everyone from the President of the United States to everyone who is on the Government payroll or anyone who receives any check from a Federal retirement pension program down to those who would be below the line of poverty, so that we could get this situation fixed and corrected once and for all and see a restoration of the bond markets.

But having said that, that probably will not become a reality because there does not seem to be that much resolve at this point in time. But I do think that the budget that has been passed by the Budget Committee, if enacted into law, if put into effect in the coming 6 months, as we go on our course for economic recovery, in my opinion it will go a long way toward reducing the high rates of interest that are so detrimental to the private sector and causing so much grief, misery, and bankruptcies in the private sector. And I think that we should support it.

I would hope my good friend from Nebraska would be one of those who would eventually get on board with some kind of a bipartisan, compromise budget so that it will be a bipartisan solution, so that we will not have to have just a political donnybrook here in this town. But if we choose to have a partisan donnybrook, I still believe that the people of the United States, in a general sense—and it is a general argument we are engaged in—are supportive of the economic goals and the aspirations of Ronald Reagan. And they are tired of the policies that the Speaker of the other body has been imposing on the people. They are tired of the old "tax, spend and elect" policies. They are tired of this attitude of, "Do not worry about what happens, leave interest rates up and then we will win more seats in the fall." They would like to see the Congress get together and pass a sound budget.

In my opinion, if it means reductions in future benefits of Government retirement programs, that is what the American people want. If it means a reduction in the wages and salaries of all people on the Government payroll, that is what the American people want.

The American people are looking to the Congress for leadership. I think if we give them bold, decisive leadership, we would see a precipitous drop in the interest rates and with that precipitous drop in the interest rates we will see a restoration of economic growth and activity in this country that will sustain us well into this decade.

Mr. President, I yield back my time.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. It would be my intention to seek to recess the Senate at this time until the hour of 12 noon on Monday. There is an order for that already, is there not?

The PRESIDING OFFICER. The Senator is correct.

Mr. EXON. There is no objection on this side.

RECESS UNTIL MONDAY, MAY 17, 1982

Mr. STEVENS. If there is no objection, I ask unanimous consent that the Senate stand in recess until the hour of 12 noon Monday.

There being no objection, the Senate, at 2:29 p.m., recessed until Monday, May 17, 1982, at 12 noon.

SENATE—*Monday, May 17, 1982*

(Legislative day of Tuesday, May 11, 1982)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

God have mercy upon us, and bless us and cause His face to shine upon us. That Thy way may be known upon earth, Thy saving health among all nations. Let the people praise Thee, O God; let all the people praise Thee.—Psalm 67 : 1-3

Lord God of the nations, the people desperately need direction. They are confused by many conflicting voices which are fragmenting and disintegrating society. The people need to hear one voice, one clear united voice instead of an avalanche of babble.

If the Senate communications confusion, what can be expected of the people, Lord? If 100 leaders cannot "get it together," certainly the people will not. Dear God, help the Senate to give the leadership so urgently needed in the Nation and the world at this time. Help them to speak with one voice in truth and justice, righteousness and peace. We pray in the name of Him who came to Earth to unite all people in love and peace. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business, not to extend beyond the hour of 1 p.m., in which Senators may speak therein for not to exceed 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, is there a convening hour set for Tuesday?

The PRESIDENT pro tempore. There is not.

SENATE AGENDA

DOD AUTHORIZATION

Mr. STEVENS. Mr. President, last week the Senate completed a long and arduous task in reviewing and passing S. 2248, the defense authorization bill for 1983. That piece of legislation brought about long hours and late nights, but it was necessary to pass this major piece of legislation.

I want to take the opportunity, Mr. President, to commend the chairman of the Armed Services Committee Senator, JOHN TOWER, who did a remarkable job in guiding that bill through the Senate. As usual, Senator TOWER's skillful presentation of the issues, his eloquent arguments in support of the defense bill, and most of all his willingness to work out solutions to issues that were presented on the floor at critical junctures of the debate, demonstrated why he is such a valuable and effective chairman of the Armed Services Committee.

FIRST CONCURRENT BUDGET RESOLUTION

The completion of the DOD bill, however, does not mark the end of the Senate's work by any means. The schedule this week will be quite full. As the majority leader has previously announced, it is the desire of the leadership to finish Senate Concurrent Resolution 92, the first concurrent budget resolution, which will be the pending business at 1 p.m. today, hopefully by Wednesday. It is our intent, if at all possible, to finish it by Wednesday evening.

VOTING RIGHTS EXTENSION

In addition, it is hoped that at some point during the week, we will begin consideration of S. 1992, the voting rights extension bill, We do expect votes throughout the week, except for today. As has been previously announced any rollcall votes ordered today will be held and taken tomorrow.

ROLLCALL VOTES DEFERRED UNTIL TUESDAY

Mr. President, again I would note for all Members of the Senate that any rollcalls ordered today will be deferred until tomorrow to commence no earlier than 1 hour after the convening time, and we will determine the convening time at a later hour.

Mr. President, I reserve the remainder of our time.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER (Mr. MATTINGLY). The acting minority leader is recognized.

Mr. BOREN. Mr. President, there is no request for time on this side of the aisle. I yield back the leadership time on this side.

Mr. STEVENS. Mr. President, I yield back the remainder of our time and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business not to extend past 1 p.m., during which Senators may speak for 5 minutes each.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A COMBAT PRAYER

Mr. DOMENICI. Mr. President, as we approach Memorial Day weekend, I feel that it is appropriate to recognize our servicemen who gave their lives for our country. In this spirit, I introduce today a combat prayer sent to me by, Mrs. Margie Garber, in memory of her husband, Lt. De Witt Garber, who lost his life in World War II while flying over Berlin. This prayer was written by Lieutenant Garber on July 25, 1944, just a few days before he was shot down. I ask unanimous consent that this prayer be printed in the RECORD.

There being no objection, the prayer was ordered to be printed in the RECORD, as follows:

COMBAT PRAYER

Towards the sunrise, climbing upward
  Hear thou God our silent prayer
Mid the thunder of our engines
  Guide us safely through the air.

Strengthen now our minds for battle
  And our prayer for victory heed
Close our thoughts to fear of dying
  Give to us a Combat Creed.

And if, from these skies we tumble
  Dear as life is to us all—
Be then with us God Almighty
  By your presence ease our fall.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Acting President pro tempore laid before the Senate a message from the President of the United States submitting a sundry nomination which was referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

PROPOSED CONSTITUTIONAL AMENDMENT ON SCHOOL PRAYER—MESSAGE FROM THE PRESIDENT—PM 137

The **PRESIDING OFFICER** laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on the Judiciary:

To the Congress of the United States:

I have attached for your consideration a proposed constitutional amendment to restore the simple freedom of our citizens to offer prayer in our public schools and institutions. The public expression through prayer of our faith in God is a fundamental part of our American heritage and a privilege which should not be excluded by law from any American school, public or private.

One hundred fifty years ago, Alexis de Tocqueville found that all Americans believed that religious faith was indispensable to the maintenance of their republican institutions. 1 de Tocqueville, *Democracy in America* 316 (Vintage ed. 1945). Today, I join with the people of this Nation in acknowledging this basic truth, that our liberty springs from and depends upon an abiding faith in God. This has been clear from the time of George Washington, who stated in his farewell address:

"Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports. . . . And let us with caution indulge the supposition that morality can be maintained without religion . . . (R)eason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle." 35 *The Writings of George Washington* 229 (J. Fitzpatrick ed. 1940).

Nearly every President since Washington has proclaimed a day of public prayer and thanksgiving to acknowledge the many favors of Almighty God. We have acknowledged God's guidance on our coinage, in our national anthem, and in the Pledge of Allegiance. As the Supreme Court has stated: "We are a religious people whose institutions presuppose a Supreme Being." *Zorach v. Clauson*, 343 U.S. 306, 313 (1952).

The founders of our nation and the framers of the First Amendment did not intend to forbid public prayer. On the contrary, prayer has been part of our public assemblies since Benjamin Franklin's eloquent request that prayer be observed by the Constitutional Convention:

"I have lived, Sir, a long time, and the longer I live, the more convincing proofs I see of this truth—that God governs in the affairs of men. . . . I also believe that without his concurring aid we shall succeed in this political building no better than the Builders of Babel: We shall be divided by our little partial local interests; our projects will be confounded, and we ourselves shall become a reproach and bye word down to future ages. . . .

"I therefore beg leave to move—that henceforth prayers imploring the assistance of Heaven, and its blessings on our deliberations, be held in this Assembly every morning before we proceed to business. . . ." 1 *The Records of the Federal Convention of 1787*, 451-52 (M. Farrand ed. 1966).

Just as Benjamin Franklin believed it was beneficial for the Constitutional Convention to begin each day's work with a prayer, I believe that it would be beneficial for our children to have an opportunity to begin each school day in the same manner. Since the law has been construed to prohibit this, I believe that the law should be changed. It is time for the people, through their Congress and the state legislatures, to act, using the means afforded them by the Constitution.

The amendment I propose will remove the bar to school prayer established by the Supreme Court and allow prayer back in our schools. However, the amendment also expressly affirms the right of anyone to refrain from prayer. The amendment will allow communities to determine for themselves whether prayer should be permitted in their public schools and to allow individuals to decide for themselves whether they wish to participate in prayer.

I am confident that such an amendment will be quickly adopted, for the vast majority of our people believe there is a need for prayer in our public schools and institutions. I look forward to working with Congress to achieve the passage of this amendment.

RONALD REAGAN.

THE WHITE HOUSE, *May 17, 1982.*

MESSAGES FROM THE HOUSE

At 1:41 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 5890. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; and

H.R. 5922. An act making urgent supplemental appropriations for the fiscal year ending September 30, 1982, and for other purposes.

HOUSE BILLS REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 5890. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 5922. An act making urgent supplemental appropriations for the fiscal year ending September 30, 1982, and for other purposes; to the Committee on Appropriations.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3470. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a cumulative report on budget rescissions and deferrals dated May 1, 1982; pursuant to the order of January 30, 1975, referred jointly to the Committee on the Budget; the Committee on Appropriations; the Committee on Foreign Relations; the Committee on Agriculture, Nutrition, and Forestry; the Committee on Commerce, Science, and Transportation; the Committee on Armed Services; the Committee on Labor and Human Resources; the Committee on Energy and Natural Resources; the Committee on Banking, Housing, and Urban Affairs; the Committee on Finance; the Committee on Environment and Public Works; the Select Committee on Indian Affairs; the Committee on the Judiciary; the Committee on Veterans' Affairs; the Committee on Governmental Affairs; and the Committee on Small Business..

EC-3471. A communication from the Secretary of Agriculture transmitting, pursuant to law, the 1981 Annual Report of the Secretary of Agriculture; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3472. A communication from the Secretary of Housing and Urban Development transmitting, pursuant to law, the report on Manufactured Homes; to the Committee on Banking, Housing, and Urban Development.

EC-3473. A communication from the Secretary of Transportation transmitting, pursuant to law, the 1982 Highway Safety Stewardship Report; to the Committee on Commerce, Science, and Transportation.

EC-3474. A communication from the Secretary of the Interstate Commerce Commission transmitting, pursuant to law, a request for an extension of time for investigation in the matter of Unit Train Rates on Coal, Thunder Jct., Wy, to Mill, TX; to the Committee on Commerce, Science, and Transportation.

EC-3475. A communication from the Secretary of Transportation transmitting, pursuant to law, the Department's report on certain contracts negotiated without formal advertising; to the Committee on Commerce, Science, and Transportation.

EC-3476. A communication from the Secretary of Labor transmitting, pursuant to law, a report on funds made available for training, job search, and relocation for permanently laid-off, trade-impacted workers; to the Committee on Finance.

EC-3477. A communication from the President and Chief Executive Officer of the Overseas Private Investment Corporation transmitting pursuant to law, the 1981 Annual Report of OPIC; to the Committee on Foreign Relations.

EC-3478. A communication from the Assistant Secretary of Health and Human Services for Health transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3479. A communication from the Assistant Attorney General of the United States for Legislative Affairs transmitting a draft of proposed legislation to authorize appropriations for fiscal year 1983 for the Department of Justice; to the Committee on the Judiciary.

EC-3480. A communication from the Secretary of Health and Human Services transmitting a draft of proposed legislation to extend various health authorities; to the Committee on Labor and Human Resources.

EC-3481. A communication from the Comptroller General of the United States entitled "Tobacco Program's Production Rights and Effects on Competition"; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3482. A communication from the General Services Administration transmitting, pursuant to law, a report entitled "Statistical Supplement Stockpile Report to the Congress"; to the Committee on Armed Services.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. Hatch, from the Committee on Labor and Human Resources:

Tony Guglielmo, of Connecticut, to be a Member of the Federal Council on the Aging for a term expiring June 5, 1983.

(The above nomination was reported from the Committee on Labor and Human Resources with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HELMS (by request):

S. 2533. A bill to improve the milk price support program and provide additional authority for the disposition of dairy products; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. TOWER (by request):

S. 2534. A bill for the relief of Hildegard Mercedes Schlubach Ercklentz, Enno W. Ercklentz, Junior, Hildegarde Ercklentz Mahoney and Alexander T. Ercklentz, all citizens of the United States; to the Committee on the Judiciary.

By Mr. STEVENS (for himself, Mr. Packwood, Mr. Murkowski, Mr. Jackson and Mr. Gorton):

S. 2535. A bill to regulate the operation of foreign fish processing vessels within State waters; considered and passed.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HELMS (by request):

S. 2533. A bill to improve the milk price support program and provide additional authority for the disposition of dairy products; to the Committee on Agriculture, Nutrition, and Forestry.

EMERGENCY DAIRY ADJUSTMENT ACT OF 1982

● Mr. HELMS. Mr. President, almost without fail, it is more difficult to correct a mistake than to admit a mistake in the first place. The current dairy program is a case in point.

There is an almost unanimous consensus that the adjustments made in the dairy provisions of the 1981 farm bill have not accomplished what was intended. Government expenditures are likely to exceed $2 billion and may be more than 25 percent greater than that. Production is increasing in the face of almost unbelievable surpluses. Obviously it is in the interest of dairy farmers, the dairy program, consumers, and taxpayers that Congress make further adjustments in the program. Congressional action has created the problem, and now it is up to the Congress to correct it.

I really do not believe this will be as painful an experience as many have said. I sense a willingness among dairy farmers to get their program under control, and they expect Congress to do that. If we do not take remedial action, public support for the traditionally effective dairy program could well dissipate and leave dairy farmers in the lurch. I sense that farmers are sick and tired of those who would play politics with their program. They want us to get down to business and the Senate Agricultural Committee intends to do just that.

The Secretary of Agriculture has initiated the process by sending up a legislative proposal to address the question and to reduce dairy program costs and surpluses. I congratulate the Secretary on his sensitivity and resourcefulness.

Today I am introducing, by request, the administration's bill, and announce that the Agriculture Committee will conduct hearings on that bill and any others introduced. Senator Thad Cochran will conduct the hearings on Thursday, May 27. We shall move with sensitivity, but with all deliberate speed to effectively address the issues.

The Secretary has worked hard to develop the approach provided for in his request bill. There is much in the proposal to commend it to Congress.

Producers are willing to do their fair share, and at this time there appear to be several alternative suggestions. I believe we will have a number of them on the table by the time the hearings are held.

It is my own view that Congress is likely to want to provide for some specific level of price support, rather than the range suggested by the administration bill. Further, some dairy farmers have told me that they would prefer to make some immediate price adjustments rather than wait until October and then again in January as suggested in the administration bill. The hearings will help develop that in more detail, and I look forward to seeing a proposal that would make some of the vitally necessary adjustments at the most desirable time.

I have long believed that the best service we can provide to farmers is to establish farm programs which have a rather certain degree of predictability. Farmers need to plan their production and marketing strategies with as much leadtime as possible. Most have told me that they just want to know the rules of the game. It is the responsibility of Congress to provide that kind of program, and I sense a willingness in the Senate—at least—to do that the best way we can, just as soon as we can.

I ask unanimous consent that a copy of the letter from Secretary Block conveying the administration bill, a section-by-section analysis, and the attached legislation be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 2533

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Dairy Adjustment Act of 1982".

Sec. 2. (a) Section 201(c) of the Agricultural Act of 1949 is amended to read as follows:

"(c) The price of milk shall be supported at such level as the Secretary determines necessary in order to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs. Such price support shall be provided through purchases of milk and products of milk.".

(b) Effective only for the period beginning with the date of enactment of this Act and ending five years thereafter, section 416 of the Agricultural Act of 1949 is amended by adding at the end thereof the following new sentences: "Effective for the period beginning with the date of enactment of the Emergency Dairy Adjustment Act of 1982 and ending five years thereafter, such dairy products (1) may be donated, notwithstanding any other provision of law, for distribution to needy households in the United States and (2) may be donated through foreign governments, international organizations, and public and nonprofit private humanitarian organizations for use outside the United States to alleviate problems of world hunger. Such donations for use outside the United States shall be made in accordance with such procedures as may be established by the President to assure that the donations complement other United States foreign assistance and are consistent with United States foreign policy objectives. The Commodity Credit Corporation may pay, with respect to commodities so donated, reprocessing, packaging, transporting, handling, and other charges, including the cost of overseas delivery."

(c) There is hereby established an advisory board to be known as the Dairy Advisory Board. The Board shall be appointed by the Secretary of Agriculture and shall be composed of representatives of producers, processors, consumers and such other representatives as the Secretary determines to be appropriate. The Board shall advise the Secretary on all matters relating to the dairy industry which involve the Dapartment of Agriculture. The Board shall from time to time review the programs administered by the Department relating to the dairy industry, including the milk price support program, and advise the Secretary as to methods to improve the effectiveness of such programs in order to assure a continuous and adequate supply of pure and wholesome milk. The Board shall meet annually, or more frequently if necessary, for the purpose of carrying out its functions. The Secretary shall provide such staff personnel, clerical assistance, service, materials, and office space as are essential to assist the Board in carrying out its duties.

[Section-by-Section Summary]

EMERGENCY DAIRY ADJUSTMENT ACT OF 1982

The first section of the bill would provide that it may be cited as the "Emergency Dairy Adjustment Act of 1982".

Subsection (a) of section 2 of the bill would amend the provisions of section 201(c) of the Agricultural Act of 1949 which govern the level at which the price of milk must be supported by the Secretary of Agriculture. Under the amendment, the Secretary would be required to support the price of milk at the level he determined necessary to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs. There would be no minimum or maximum level of support.

Subsection (b) would amend section 416 of the Agricultural Act of 1949 to expand the authority of the Secretary to dispose of dairy products owned by the Commodity Credit Corporation during the next five years. The amendment would authorize the donation of dairy products for distribution to needy households in the United States and for the assistance of needy persons outside the United States. Overseas donations would be made in accordance with any procedures established by the President to assure the donations complement other United States foreign assistance.

Subsection (c) would establish a dairy advisory board to advise the Secretary on the administration of the Department's programs affecting the dairy industry, including the appropriate level of price support for milk and means of disposing of CCC-owned stocks of dairy products. The board would be appointed by the Secretary and would include representatives of all interested groups, including producers, processors, and consumers of milk and milk products.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 6, 1982.

Hon. GEORGE H. W. BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for consideration of the Senate is emergency legislation to amend the dairy provisions of the Agricultural Act of 1949 to give the Secretary of Agriculture discretionary authority to set the milk price support level. In addition, we are requiring that Congress provide authority to the Commodity Credit Corporation to donate surplus stocks of dairy products to needy households in the United States and to needy persons abroad. We are also requesting that a Dairy Advisory Board be established. These legislative changes, together with the use of existing authorities, will form the basis for an emergency program designed to restore a sound economic base to the dairy industry.

Largely as a result of rigid dairy price support provisions instituted in the late 1970's, milk production has increased much more rapidly than consumption. As a result, the Commodity Credit Corporation (CCC) has been forced to purchase ever-increasing quantities of dairy products at a substantial cost to taxpayers. Attempts to control the situation have been inadequate to date.

The dairy program cost nearly $2.0 billion in fiscal year 1981, and our projections indicate that the cost of the dairy program will again be nearly $2.0 billion for fiscal year 1982. To prevent the continuation of this situation, we are requesting emergency authority to adjust the dairy price support level below the levels mandated in the Agriculture and Food Act of 1981. Under this new authority, we would plan to maintain the support price at $13.10 per hundredweight (cwt.) on October 1, 1982. We would then closely monitor the relevant indicators related to milk production, consumption and government purchases and, if supply is not coming back into line with demand, we would reduce the milk support price. It is my present view that such an action would not require a reduction below $12 per cwt. on January 1, 1983.

We believe that before the price support level is reduced dairy producers should be given time to bring the situation under control themselves. Through no fault of their own, they have been responding to legislated price support levels that caused milk production to increase beyond our needs. However, if the situation does not improve, the Secretary should have the authority to adjust the support level to send a stronger signal to producers to reduce milk production. This action would not create a shortage of milk, but assure an adequate supply of dairy products without excessive costs and government inventory accumulation.

Enactment of this emergency price support legislation will not do the job by itself. Something also must be done to dispose of the excessive inventories on hand. We expect that by next October government inventories will be equivalent to 18 billion pounds of milk—more than 75 pounds per person. Thus, as part of our emergency program we plan to move aggressively to increase the utilization of surplus dairy products with a minimum of disruption to domestic and foreign markets.

By amending Section 416 of the Agricultural Act of 1949, we will be able to distribute CCC inventories to needy households in the United States and to needy persons overseas. We also plan to continue to use existing authorities to (1) expand butter and cheese distribution domestically, (2) increase distribution of nonfat dry milk under the P.L. 480 program, (3) expand commercial exports after enactment of legislation to bring production in line with demand, and (4) increase CCC sales of out-of-condition nonfat dry milk for animal feed. We also intend to explore the possibility of raising fluid milk standards, and create a special task force to investigate the use of subsidies for casein by exporting countries and recommend any offsetting actions required by the United States.

The current dairy problem is a complex one. Its solution requires a close working relationship between the dairy industry and government. In this regard, Congress should mandate the establishment of a Dairy Advisory Board. The advisory board would be constituted from a broad spectrum of the industry. Its purpose would be to provide guidance to the Secretary of Agriculture on a wide range of dairy issues, including the setting of price support levels and the disposition of government-owned inventories of dairy products.

We believe that this combination of actions will help to relieve some of the short-run problems, but, over the longer term, consumption of dairy products will need to be expanded. Reasonable support prices will encourage milk consumption, but other specific actions, such as enhancing dairy product acceptance, developing new dairy products, and encouraging the use of nonfat dry milk in baked goods, will also be needed.

This Administration firmly believes that the dairy program must be brought under control. This is the third attempt in the past year, and possibly our last chance, to correct the dairy problem. It is imperative that the Secretary have complete flexibility to adjust the milk price support level so as to maintain a viable dairy program and avoid any recurrence of the current intolerable situation. Therefore, we urge the Congress to take prompt action on our legislative proposals.

A similar letter has been sent to the Speaker of the House of Representatives.

The Office of Management and Budget advises that enactment of this legislation would be in accord with the program of the President.

Sincerely,

John R. Block,
Secretary.●

ADDITIONAL COSPONSORS

S. 1947

At the request of Mr. Weicker, the Senator from Michigan (Mr. Levin) was added as a cosponsor of S. 1947, a bill to improve Small Business Access to Federal Procurement Information.

S. 1958

At the request of Mr. Dole, the Senator from Wisconsin (Mr. Kasten) was added as a cosponsor of S. 1958, a bill to amend title XVIII of the Social Security Act to provide for coverage of hospice care under the medicare program.

S. 1977

At the request of Mr. Johnston, the Senator from Arkansas (Mr. Pryor) was added as a cosponsor of S. 1977, a bill to repeal the Public Utility Holding Company Act of 1935 as no longer necessary to accomplish the purpose for which it was enacted.

S. 2127

At the request of Mr. Roth, the Senator from North Carolina (Mr. East) was added as a cosponsor of S. 2127, a bill to revise the procedures for soliciting and evaluating bids for Government contracts and awarding such contracts, and for other purposes.

S. 2225

At the request of Mr. Baucus, the Senator from Texas (Mr. Bentsen) was added as a cosponsor of S. 2225, a bill to amend the Internal Revenue Code of 1954 to remove certain limitations on charitable contributions of certain items.

S. 2362

At the request of Mr. Armstrong, the Senator from Kansas (Mrs. Kassebaum) was added as a cosponsor of S. 2362, a bill to abolish the Synthetic Fuels Corporation.

S. 2459

At the request of Mr. Randolph, the Senator from Hawaii (Mr. Inouye), the Senator from Nevada (Mr. Cannon), and the Senator from Maryland (Mr. Sarbanes) were added as cosponsors of S. 2459, a bill to strengthen certain national resources, facilities, and services for deaf-blind individuals and other handicapped individuals, and for other purposes.

S. 2511

At the request of Mr. Dixon, the Senator from Illinois (Mr. Percy) was added as a cosponsor of S. 2511, a bill to amend the Merchant Marine Act of 1936 to provide that government generated cargoes transported on United States-flag or foreign vessels shall be shipped at the lowest landed cost.

SENATE JOINT RESOLUTION 168

At the request of Mr. Baucus, the Senator from Maryland (Mr. Sarbanes) was added as a cosponsor of Senate Joint Resolution 168, a joint resolution to establish reciprocal entrance fees for Canadian citizens entering Glacier National Park in connection with the 50th anniversary of the Waterton-Glacier International Peace Park.

SENATE JOINT RESOLUTION 173

At the request of Mr. Tsongas, The Senator from Arkansas (Mr. Pryor), the Senator from Montana (Mr. Baucus), the Senator from Pennsylvania (Mr. Heinz), the Senator from Florida (Mrs. Hawkins), the Senator from Massachusetts (Mr. Kennedy), the Senator from Maryland (Mr. Sarbanes), the Senator from Georgia (Mr. Nunn), the Senator from North Dakota (Mr. Burdick), the Senator from Alabama (Mr. Heflin), and the Senator from Kentucky (Mr. Huddleston) were added as cosponsors of Senate Joint Resolution 173, a joint resolution to authorize and request the President to issue a proclamation designating the calendar month of June 1982, as "National Rivers Month".

SENATE JOINT RESOLUTION 175

At the request of Mr. Kasten, the Senator from Maine (Mr. Mitchell), the Senator from Montana (Mr. Baucus), the Senator from Utah (Mr. Garn), the Senator from New Hampshire (Mr. Humphrey), and the Senator from Illinois (Mr. Percy) were added as cosponsors of Senate Joint Resolution 175, a joint resolution authorizing and requesting the President to proclaim "National Junior Bowling Championship Week".

NOTICES OF HEARINGS

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH AND RULES

Mr. DANFORTH. Mr. President, on Thursday, May 20, the Subcommittee on Federal Expenditures, Research, and Rules of the Committee on Governmental Affairs, will hold a hearing at the Federal Labor Relations Authority to investigate the Authority's excessive procurement of furniture and to consider legislation to prevent such incidents from recurring. The hearing is scheduled to begin at 9:30 a.m. in the agenda room of the FLRA offices, 500 C Street SW., Washington, D.C.

SUBCOMMITTEE ON COURTS

Mr. DOLE. Mr. President, I have scheduled a hearing before the Subcommittee on Courts of the Senate Judiciary Committee for 10 o'clock a.m. on Tuesday, May 18.

I regret our inability to provide the notice normally required under the rule 26. This difficulty stemmed from uncertainty last week as to the availability of the principal witness at the hearing. The conflict which created that uncertainty has now been favorably resolved.

The hearing will be the third in a series of hearings focusing on the problems posed for farmers by grain elevator bankruptcies.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Wednesday, May 19, to mark up the food stamp reauthorization legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate at 2 p.m., on Wednesday, May 19, in S-207, to receive testimony from Senators concerning their views on regulations to implement Senate Resolution 20, providing for television and radio coverage of proceedings of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

MONTANANS ON TAX ISSUES

● Mr. BAUCUS. Mr. President, last year President Reagan's economic program became law, and all of us hoped we were on the road to economic recovery. But high interest rates, fueled in part by huge budget deficits, have become a roadblock to recovery.

The economy in my State of Montana is in deep trouble. Western Montana is suffering from unprecendented unemployment. Agriculture, our State's No. 1 industry, is in its worse slump since the Great Depression.

High interest rates are the root cause of our economic problems, and they continue to prevent any economic recovery.

Because tax policy will play an important role in any program to lower interest rates, and because tax law changes will be a part of the formula for rebuilding Montana's economy, I asked my constituents in April for their views on the administration's tax proposals and for their suggestions as well. Subsequently, I received many very thoughtful responses.

Mr. President, I would like to share with my colleagues a representative sample of the responses I have received from concerned and interested

Montanans on tax issues. I ask that the letters be printed in the RECORD.

The letters follow:

WARREN W. SCHELLHASE,
Ennis, Mont., April 15, 1982.
Senator MAX BAUCUS,
U.S. Senate,
Washington, D.C.

DEAR MAX: Thank you for the opportunity to put in my "two-bits" worth regarding taxes and proposed legislation. In my profession I deal with many small businesses, from family operated plumbing shops to medical partnerships to the Montana University System.

Many of my clients have gone out of business within the past two years, and the relative rate of failures due to circumstances beyond the control of effective management is increasing dramatically. The 1981 tax reform act has been of no significant assistance to these folks. The fact is that the federal tax structure actively discriminates against these people who are touted to be the mainstay of our economy; if they are as important as we have been led to believe they are, they need help. I would suggest the following revisions to the existing tax sturcture to provide some very badly needed reforms:

"Permit the partnership and the sole-proprietorship to take advantage of the same tax provisions as the corporation and Subchapter S corporation, i.e. deduct the cost of life insurance, health plans, disability plans, death-benefit plans, dividends, pensions, and profit sharing plans, and retained earnings, not only for the employees but the owners and partners as well. If this proves not feasible, then amend the tax code to subject the corporation to the same taxes as these businesses now pay."

In addition, I find it inconsistent to hear that part of the tax reduction enacted in 1981 is to be rescinded or delayed while Congressmen and Senators give themselves additional tax deductions for travel and "second home" maintenance. I recognize the amount of revenue is of little consequence, but the impression has had a staggering impact on practically everyone I've talked with. I am not unfamiliar with the expenses that one incurs as a result of this kind of service, but it does leave the average fellow, who just today may have mailed his tax return, with just a little taste of bile.

I further oppose additional defense spending as proposed by the President. It seems to me to be not a waste so much as the wrong thing to do at a time when so many of my fellow citizens have the "where are the eats going to come from" hurts. Twenty-five years of military service lead me to believe that additional spending is necessary and must be prudently undertaken; but what the President proposes is so vast that even Solomon in all his wisdom could not disburse that much money wisely, productively and without great waste.

I am greatly dissapointed with the emasculation of Veterans' benefits, i.e., burial allowances, funeral expenses and the increasingly hardening VA approach to disability benefits for Vietnam era veterans. Here in Ennis a paraplegic vet has lost his VA disability (resulting from a bullet near the spine, inoperable) because some bureaucrat has decided he could walk if he really wanted to, while in Helena another extremely intelligent vet has been able to parley pseudo-psychosis into total disability due to delayed stress syndrom (but only after he made a detailed study of the symptoms which he was then able to develop). If we are to have waste, would it not abe more humane and better spent helping the guy in the wheelchair?

On the agricultural scene it would seem that our farmers and ranchers would certainly benefit from a more enlightened government policy on low-interest, deferred repayment government guaranteed loans, just think what you could do with 1/100th of the money the President has asked for defense! Additionally, can't agricultural products export policies be liberalized somewhat so that some of our surplus could be sold abroad? In the tax arena, the private family farmer and rancher does not benefit from equal tax treatment when he is competing in the market with the corporate farm, why not the same treatment there too?

I regret that I have probably raised more questions than I may have helped you answer—there are no easy solutions. Once again, thanks for the opportunity to comment.

Best wishes,

WARREN.

HOLIDAY LODGE.
Senator MAX BAUCUS,
U.S. Senate,
Washington, D.C.

DEAR MAX: I just finished your "Montana Business and Taxes" and was impressed primarily because it wasn't filled with petty political harangue and instead addresses the issues head on. Here a few responses from the field:

You are dead right about interest rates remaining high as long as government is a big customer in a tight money market. I can't argue with tight money policy though because it's realistic. I'm frightened at the prospect of us going on another binge.

Congress will indeed have some difficult choices in budget cuts and taxes. If you were to ask me which to cut defense or entitlement programs I'd say both and it will take more courage to cut the latter.

I don't think much of "safe harbor leasing" even though I might personally benefit from it. I simply think it's unfair to the majority of taxpayers and won't really accomplish it's objective. I'm glad you are attempting repeal.

Tax exempt revenue bonds are in the same league as tax leasing, in actual practice benefiting large corporations at the expense of the small taxpayer.

IRS enforcement certainly must be increased. Many are fudging or worse. I really believe that federal spending being excessive and wasteful is a primary justification in the minds of most taxpayers. If the money is to be wasted, and we witness examples every day, people reason they'd rather do it themselves. Also, some of your colleagues are not setting real good examples.

In closing I'm reminded that in the most inspirational speech of contempory times the speaker reminded his constituents that he had nothing to offer but blood, sweat and tears. Not calculated to make for popularity but the truth. The last thing I want to hear from my legislator is how many special little "goodies" he will give me. In general I favor legislation that reduces expenditure and helps get our indebtedness in hand. We simply must perceive that we are making some progress. This process will be most unpopular with a constituency who believe government should "take care of everything". I wish you success.

Fondest Regards,

CURT MEEDS.

E. R. YOUNG CO., INC.
Billings, Mont., Apr. 20, 1982.
Senator MAX BAUCUS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BAUCUS: I received with pleasure your latest report to Montanans, and I have a few comments in regard to some of the measures you are considering on the Senate Finance Committee.

In regard to Safe Harbor Leasing, I did, as a small firm find it difficult to utilize this to my best advantage but if I had been purchasing new equipment, I could of used this Leasing Provision. And I have substantial loses in my corporation so the additional cash flow would have been a great benefit. I do know of some other small firms in Billings who have been able to utilize this Leasing Provision with the purchase of new equipment to good advantage for them. I think if this were to be changed it might be to put some sort of limit on the maximum amount of unused tax credits that could be sold, still giving the small business man some ability to use this provision but eliminate the extreme large amounts that some large corporations are able to use. I do know that if this is cancelled that many large companies such as some of the airlines would be forced to cancel the purchase of some of the new more fuel efficient airplanes.

I feel withholding taxes on interest paid by depository institutions would be far more costly as far as the administration and paper handling than any additional revenue the treasury would hope to gain by such a measure, it would be just an irritant and I do not feel it should be done.

In regard to the second page, The Industrial Revenue Bonds, I think some of your provisions spelled out as far as the amount of outstanding IRBS etc. is real good. I don't believe they should be approved at the state level as I feel the local city and county officials have the ability to determine if they should be in a local area. I feel going to the state level would just increase the already burdensome costs of having an Industrial Revenue Bond and add another bureaucratic level to this already burdensome type financing. I feel that if the state could pool some smaller IRBS into one larger issue it might help more smaller businesses as the present costs are excessive. In my experience on a million dollar Industrial Revenue Bond the Attorney and bond cost were almost 10% of the bond. Anything less than a million it would be absolutely prohibitive. If the state were able to pool some of these bonds these costs might be able to be reasonable for the smaller user.

In regard to Energy Tax Incentive being cancelled or repealed in 22-31-82, I feel this is a mistake. Granted we have an oil glut right now but I feel this is only temporary and if we don't start encouraging the use of solar wind and other alternate energy resources we will not be prepared for the next energy crises which could be upon us at any time.

I do feel that IRS enforcement staff should be increased so that every one has the incentive to be honest with their tax payments. In regard to your other proposals, I feel they are all good except the delaying or elimination of the personal income tax cuts. I feel this should be a last resort to delay or reduce these tax cuts.

The main concern we have now is to get the interest rates down as quickly as possible so that our economy can begin to move. I feel that you should do everything in your power to eliminate all possible spending on the part of the government to decrease the deficit. This must be done quickly if we in Montana are to survive this recession.

Yours sincerely,

RAE F. YOUNG,
President.

HELENA, MONT.,
April 17, 1982

DEAR MAX: In response to your April 1982 letter on Montana business and taxes:

I think I support your actions to date in connection with the 1981 tax cut, and I wish you success in cutting the deficit, which I agree, is killing businesses rapidly by raising interest levels to an unacceptable level.

I would like to speak to the options you listed for raising additional revenue. First of all, I think it would be a totally false "economy" to repeal any energy tax incentives, although clearly this would be consistent with the Reagan administration's conspicuous anti-environmental policies. Our short-lived "oil glut" does not mean that energy independence and conservation should not be encouraged to the hilt. We as a nation lose royally through the hidden costs of pollution and the high (subsidized by us) prices of fossil and nuclear power. Even in the short run, I would wager that repealing energy tax incentives would cost this country far more than it would gain.

I think I am in the majority opinion in supporting the delay or elimination of the proposed personal income tax cuts. In connection with this, I must say I support tax indexing as a far more equitable concept than percentage-based tax cuts, which obviously benefit the rich more than the poor. Not that the rich aren't nice guys or don't deserve breaks, too. But the fact is that lower income people are the ones who have been subject to paying a higher percentage of their real income because of the effect of inflation pushing them into higher brackets. High-income individuals are paying less taxes as a result of the cuts; low-income individuals well may not be.

Better IRS enforcement would be desirable, and in theory would not only cut the deficit but would be taking revenue from the right places. I don't know whether better enforcement is a realistic possibility, however, much though I would support it. I was in India recently, and it seemed that there everything is illegal but nothing is enforced. In such a confused system corruption is inevitable, and laws generally apply only to those who can not buy their way out. So it is with the IRS, it seems, though probably on a lesser scale. I think this is a large threat to our system and should be paid close attention to. There is so much news now about how the tax system is becoming unworkable, and unless the growing tide of noncompliance is stemmed, the federal government will become completely powerless. This may be the single greatest threat to our stability.

I don't feel so strongly on the other issues, but I would urge you to consider what the extra hassle of withholding would do to our already beleagured savings institutions. (I'm sure they'll lobby that one to death anyway!)

I would encourage you to work for increased excise taxes on cigarettes and liquor. These items have undermined the health of America and costs hundreds of thousands of lives (probably millions indirectly). If they were taxed into nonexistence (or the black market), we would only gain.

Thanks for listening.

Sincerely,

LAUGHING WATER,
Proprietor, Real Food Store, President, Center for the Public Interest.

MORRISON-MAIERLE, INC.,
April 19, 1982.

Hon. MAX BAUCUS,
U.S. Senate,
Dirksen Senate Office Building,
Washington, D.C.

DEAR MAX: I recieved your newsletter on Montana Business and Taxes today and would like to comment as follows:

1. Our company, which is a small business has certainly been affected by the economic downturn. This has resulted in our asking our employees to defer raises and also the layoff and early retirement of some personnel. While this is going on our cost of business has increased. Last year the cost of the firms' fringe benefit package increased approximately 16%. Of this increase, approximately 60% was due to increases in the cost of FICA and Unemployment Compensation Insurance. The remaining 40% was due to payment of accrued vacation to terminated and retired employees.

Our fringe benefit package is modest by governmental and industry standards. Our employees don't have 9 days of holidays they can give back like General Motors and Ford workers. They would be in the hole. With ERISA controlling our pension plan and with the built-in increase in Social Security we can only project increased costs in this part of our overhead.

Congress is the only one which can control these overhead costs and I would give Congress a failing mark in this area.

2. I feel that the sacrifices our employees are making should also be made on the federal level. I see no need for Federal employees or Federal retirees to receive cost of living increases while our country is in an economic bind. After all, ERISA requires our retirement program to be fiscally sound. The Federal retirement program is based on the premise that I, my children, my grandchildren and my grandchildren's children will pay for today's retirees.

If Congress and previous administrations had been half-way fiscally responsible, perhaps you would have mortgaged only the earnings of myself and my children. Again another failing mark for Congress.

3. Our firm, as one who practices primarily in the public sector, has been affected by reductions in spending at the federal, state and local level on capital improvement projects. Part of the reduction is due to the high cost of money and part is due to reduced federal funding of programs. This we can accept as part of paying the price for past excesses. We would point out, however, that the available money would go a lot further with the elimination of conflicting federal (and also some state) regulations and red tape. In 25 years I have seen the engineering and construction industry go from a place where engineers could engineer and contractors could build to a situation where every one of our engineers must have 2 or 3 bureaucrats looking over his shoulder. Saddling our industry with well meaning social goals has certainly reduced productivity and given a lot of employment to federal/state bureaucrats.

It would appear to me that Congress can do a lot of pruning here without resorting to increasing taxes. It was our experience this past year that the Federal Agencies terminated outside contracts in an effort to maintain their agencies' own staffing levels within their reduced budgets.

4. It seems that most of the proposals by this Congress to deal with the nation's current economic difficulty is to tax, tax, tax mainly by taking away personal and corporate income tax breaks of 1981. Can you explain to me why giving more money to the federal government will improve the economy?

I noted in reading another newsletter, that a "significant intellectual problem for our generation is that since World War II most of the economists that write the books and teach the classes have been soberly instructing us that 1) deficits do not matter as we owe the resultant debt to ourselves and, 2) lower the taxes and increase the deficit to correct a recession."

This newsletter goes on to note that Congress having dutifully followed this prescription almost without exception for over 30 years, went into shock several days ago when one of the most prominent pump primers of all time, Professor Paul Samuelson instructed Congress that this recession could be cured only by slashing the terrible Reagan deficit.

Could you comment on this?

5. I note that Congress is considering eliminating or curtailing tax benefits associated with leveraged lease transactions. The Congressional discussion has caused United and Eastern Airlines to put their new Boeing 757 and 767 fleet expansion on hold. If Congress repeals these benefits, the indications are that these orders will definitely be cancelled placing Boeing, which is already on the edge of financial difficulty in a serious economic crunch. Is Boeing going to go the way of General Motors and Ford?

6. My last thought is that to impress on you that business does not pay taxes, but is only a tax collector. Only people pay taxes. If a business cannot pass them on—they go bankrupt.

My recommendation is, if Saumelson is right, that the deficit be reduced by curtailing spending including suspension of built-in increases triggered by inflation before raising taxes.

Tax increases should be limited to certain excise or fuel taxes which can be rechanneled into capital improvement programs. This will do much to straighten out the economy.

Max, we sincerely appreciate the help and support you have given us in the past with several of our specific problems and endeavors. However, I did want to give you the benefit of my thoughts and raise the above questions for your consideration.

Again, thanks for your support,

Best personal regards,

JOHN H. MORRISON, Jr., P.E.,
President.

KOFI,
Kalispell, Mont., April 22, 1982.

Senator MAX BAUCUS,
Dirksen Senate Office Bldg.,
Washington, D.C.

DEAR MAX: I have your latest bulletin in front of me with your request for constituent views. I had thought you might be in the office over the Easter recess or would have written sooner.

First of all, I think this constant smoke screen talk about balancing the budget is unfortunate. Of much more importance is putting a ceiling on the national debt. Then, repayment and reduction of the debt will take care of itself if interest rates on Treasury notes and money market certificates are lowered to a point where investment in the private industries is a better and more profitable investment. We should not delay the personal income tax cuts. The reason that we are not seeing any great reaction so far is that 2½ percent cut is not enough to make any real difference to the average person or family. In a twenty million dollar business, 2½ percent is noticeable, at $200 a week, 2½ percent means nothing!

Over 26 years of being a small business owner have convinced me that government will always spend every penny available and waste most of every congressional session on ways to get more . . . to be specific however, I, too, favor repeal of "safe harbor leasing". Withholding taxes on interest would be an expensive way to collect taxes in advance. I favor doing away with, not just restricting, tax exempt industrial revenue bonds. I favor repeal of energy tax incentive laws. Conservation will do more to solve energy problems than anything research has found to date. I'm against any windfall profits taxes. If there is an additional profit for companies in decontrolled areas, then decontrol is doing exactly what we hoped and adequate taxes will be collected under our graduated tax laws. Nor do I favor increased taxes on tobacco products, liquor or luxury items. However, all price supports to tobacco growers should be stopped. It is absolute stupidity to subsidize any industry that is harmful to our health.

Bill and I still fully support the changes that President Reagan is trying to afffect, and am sure you do, too. You would like to use other methods perhaps but we are all looking for the same result . . . a peaceful country with a healthy economy.

Sincerely yours,

LOIS PATTERSON.

HAVRE CLINIC,
Havre, Mont., April 20, 1982.

Re Montana business taxes and your recent report.

Hon. MAX BAUCUS,
U.S. Senate,
Washington, D.C.

DEAR MR. BAUCUS: I was interested in reading your review and impression of the current fiscal situation in this country. I am in partial support of your notions and in vigorous disagreement with others. I agree totally with your efforts to reduce the budget deficit, and I hope that the bureaucracy in this country can be made more efficient and responsive to needs and less self perpetuating. I would agree with efforts to decrease defense spending. I agree with efforts to reduce or eliminate safe harbor leasing.

I am totally opposed to restriction of tax exempt industrial revenue bonds. I am currently a partner in a medical facility, desperately in need of a new physical plant. Without industrial development revenue bonds, a new Havre Clinic will never be realized. The President's pressure on this system has set back our efforts to construct a new building over 12 months and has cost us a documentable figure expressed in at least five digits. I do hope that if some limitation is placed on tax exempt industrial revenue bonds, they will still leave the smaller business operation to take advantage of the tax benefits which make these bonds have appeal in the financial market as a whole.

I do not agree with removal of energy tax incentives.

I would hope more time and opportunity can be given for supply-side economics to have its effects, but I also totally agree that with the government operating at a deficit, it is unlikely that interest rates will be in the ranges necessary to allow a true "load" of the supply side, and that this is as important a priority as the tax reductions already suggested. Thank you for your interest in this matter.

Sincerely,

ROBERT T. HENDERSON, M.D.

ADDRESS BY THOMAS S. DINE BEFORE AIPAC POLICY CONFERENCE

● Mr. KASTEN. Mr. President, last week the American Israel Public Affairs Committee (AIPAC) held its 23d annual policy conference here in Washington.

On May 10, Thomas S. Dine, the executive director of AIPAC, delivered a statement to the conference entitled "The United States in the Middle East: Problems and Prospects." His statement is both insightful and informative, and because I believe my colleagues will find it of great interest, I ask that it be inserted in the RECORD.

The statement follows:

THE UNITED STATES IN THE MIDDLE EAST: PROBLEMS AND PROSPECTS

(By Thomas S. Dine)

Thank you very much for those generous words.

Congratulations to you Mort, on your election as president. I look forward with anticipation to the building blocks you will add to our organization based on the strength of your personality and experiences in the Jewish communities of Florida. To you and your committee of officers, I pledge on behalf of myself and the AIPAC staff that we shall continue to work diligently, professionally, and effectively with you on behalf of our common cause: close and consistently strong relations between Israel and America.

To Larry Weinberg I express my deepest personal appreciation and respect. You have given AIPAC, America's Jews, and our country, dedication, direction and the highest degree of stature. Working closely with such a thorough and tough person, and sharing ideas with such a disciplined and skeptical mind, have been experiences I will long remember and always cherish. Together we have joined hands in the constitutional right and responsibility to struggle to help strengthen the bonds between Israel and our own country. Larry Weinberg is a bold and brave patriot, and has set an example for all of us to follow.

The theme of this policy conference is "political action," and you, Larry, have been "Mr. Political Action."

As I say many thanks for the past—I also look forward to your new activities as AIPAC's chairman of the board. In this capacity, you will help shape the strategic direction of our effort, and continue to share with us your energy, your intellect and your commitment.

Harry Truman was once asked by a reporter if he "would be against lobbyists who were working for his program." The President replied, "we probably wouldn't call these people lobbyists. We would call them citizens appearing in the public interest." And it is indeed in the real, concrete interest of the United States to conduct an alliance partnership with Israel.

Welcome to Washington my fellow citizens, concerned and committed as you are.

The messages you carry to capitol hill today and tomorrow are very much in the public interest. The messages you carry from this policy conference back to your communities are equally important. Not only will you have input into the foreign policy debate and the November elections, but you can actively participate in setting the direction our country takes for the remainder of this decade and the course of this century. We are at a pivotal point in the policy struggle; without your support, which is the muscle of our effort, I would not be as confident as I am.

I have had the privilege of serving as your executive director for just more than a year and a half. Those twenty months remind me of the many months of plenty in Joseph's dream.

Months of growth in which our membership increased by more than 100 percent;

Months of needed change in our organizational structure. Our new by-laws featuring regionalization should carry us through this decade;

Months of fertile development in our activities outside Washington, D.C., including regional political education workshops that are now taking place state-by-state; a growing student membership that yesterday held its first national political leadership training seminar; and direct solicitations that are hard-hitting and productive.

Months of witnessing a virtual explosion of Jewish Political Activity;

Ten months of a political marathon in which the Jewish community stood united, firm, and tall as we took the high ground in our opposition to the AWACS/F-15 enhancement sale to Saudi Arabia.

The American Jewish Community, with active support from many American Christians, worked hard, tapping the energy and resources of this country's pro-Israel Community. We fought with sophistication and elegance. We built a coalition of liberals and conservatives, Democrats and Republicans, Jews and Gentiles to block the sale. One-half year later, I report to this audience that it is now almost universally accepted that while the President pulled out of the fire enough Senate chestnuts to win at the last moment by the most able exercise of power politics I have seen in my career, we won the intellectual and public debate over the sale, particularly in light of subsequent Saudi behavior in the region and against the United States.

Months, indeed 24 hours a day, seven days a week, of hard work on a multitude of issues, amendments to amendments, tending to detail after detail, Congressman after Congressman, I report to you that AIPAC today and by extension the entire Jewish community is stronger politically than it was one year ago. This organization and the Jewish community as a whole—is recognized and respected throughout the Nation's Capitol. Our reputation has improved substantially, and this will be a critical asset in the future.

This final point in Joseph's modern dream leads me to the subject of staff. The sum of AIPAC's parts are what I am most proud of. We have a professional and support staff that excels, and will soon be reaching a higher standard of excellence. Sitting here are three of the most able people with whom I have ever worked. These senior chieftains are in charge of our three sections: legislation, research and information, and community issues. They have produced remarkable products under the most demanding conditions and will continue to do so.

In a new study published last month, I can proudly report to you the Library of Congress congressional research service calls AIPAC "the most effective ethnic lobby in Washington."

Please join me in acknowledging the excellent performance of Doug Bloomfield, director of legislation; Lenny Davis, director of research and information; Arthur Chotin, director of community issues—and the entire AIPAC staff, to whom I am enormously grateful for the initiatives and high, high level of competence each performs around the clock.

Allow me to pause to comment on one of these men before commenting on the substantive issues we face and what we need to do in dealing with them.

Lenny Davis, director of information and research, has been a vital part of AIPAC for the past decade. He has stood at AIPAC's core through tempestuous and critical times. In August, he leaves his post to make ALIYAH and to continue his efforts in Israel. Lenny's role has been unique. Just as James Madison masterfully articulated the philosophy of the founding fathers, Lenny has repeatedly taken the essence of AIPAC's world view and eloquently and persuasively conveyed it to Congress and the public. Although the label of "the great communicator" has become associated with another figure in town, the term truly applies to Lenny Davis.

His dedication and devotion have been and are remarkable. People often speak in terms of a Protestant work ethic: Lenny is filled to the brim with a Jewish work ethic. I am deeply grateful for his talents, inspirations, extremely hard work and friendship. He will be sorely missed at AIPAC, and I wish him well in Jerusalem.

You will hear Lenny, Art Chotin, and Doug Bloomfield tomorrow morning at our important political action panel that precedes the ten regional caucuses.

It is a delightful pleasure for me to announce to you Lenny's successor. Our new man is currently head of Middle East studies for the Rand Corporation in Santa Monica, California, the nation's top national security "think tank." One of the leading defense analysts in the country, he is the co-author of the best-selling textbook on international relations on college campuses today, "The Logic of International Relations." It is the dynamic and foresighted man who testified before the Senate Foreign Relations Committee in 1978 against the F-15 sale to Saudi Arabia and, interestingly, predicted at that time that it would lead directly to the eventual sale of the AWACS, something the Administration then vehemently denied. On July 1st he becomes a member of the AIPAC family. Please join me in welcoming Dr. Steven Rosen.

Let us look at the issues of the day. They are both complicated and multi-faceted, taking on added importance because of the lack of coherence and consistency in our present approach to foreign and national security policy. Contradictions abound:

Whether in policy toward the Soviet Union, where the renewal of grain sales undermined any attempt to enhance our credibility with regard to arms control negotiations and containing Soviet adventurism;

Whether in the Middle East, where a regional design labeled "strategic consensus" was announced and our community, among others, heralded and supported it—only to see it undermined by latter Administration moves, such as the Saudi arms sale, such as America's failure to force Syria to remove its SAM missiles from the Bekaa Valley despite a promise over one year ago; such as the condemnation of Israel for its brilliant strike ending Iraq's nuclear threat against Israel and indeed against the entire world; such as the non-consensus among the Arabs regarding the Soviet Union.

Whether in the promise to maintain Israel's qualitative edge which is being broken by a series of actions that does just the opposite.

For all these and more, the United States suffers from a confused foreign policy. There is a focus on tactics, but no link between tactics and overall strategy. There is no real policy toward the tragedy of Lebanon, toward the Iraq-Iran war, toward Jordan's refusual to join the peace process; toward Saudi Arabia's uncooperative actions toward the U.S. The list is endless.

Second, there is the impending arms sale to Jordan, a country with whom Israel has maintained some measure of stability. This relationship could, however, pose a new and very real danger if the current Jordanian arms buildup continues. The Administration is proposing F-5G's, Stinger missiles, and Lasar-guided bombs in the first package, with more—probably the F-16 and mobile Hawk ground-to-air missiles—to follow.

Let's take a brief look at six particular issues of special interest to America and its true allies.

First is foreign aid. We are getting to the point in Israel's debt burden where, before too long, if nothing is done, Israel will be repaying more to the U.S. each year than the U.S. sends to Israel. Part of the solution is to change some of the current loans into grants—this would fulfill the President's pledge to offset the Saudi arms package with new aid to Israel. This is a very sensitive issue in Congress right now, where a House subcommittee has recommended a $200 million increase in grants and opposed an Administration cut of $310 million for Israel. On Tuesday the Senate Foreign Relations Committee will consider the same terms.

Is it in the best interest of regional peace for Jordan to become a militant confrontation state? Has Jordan supported the peace process? Why are Jordanians now training in the Soviet Union? This is going to be a major issue this year, and we hope the Administration will reconsider this dangerous course. But let us be clear: We are prepared to mount a major fight in opposition to the sale of modern, high technology weapons systems to Jordan as long as Jordan rejects the Camp David peace process, maintains a state of war with Israel, and buys advanced, lethal arms from the Soviet Union.

Third is the issue of Lebanon. Does the Administration expect Israel to sit back in the face of the PLO/Syrian buildup? Can Israel be expected to let its implacable enemies, with unlimited help from the Soviet Union, choose exactly when they will strike? This is unrealistic and unacceptable to Israel, and should be to America.

The United States must either find some real solutions, or show genuine understanding if and when Israel is driven to solve the problem itself. I applaud the decision by President Reagan and Secretary Haig to stand by the United Kingdom in the Falklands crisis. The same for Democratic ally Israel, let us stand behind Jerusalem if having exhausted all the alternatives, Israel is forced to take direct measures to defend itself. In Lebanon, Israel's vital security interests are much more obviously engaged than those of Britain.

The fourth issue is the U.N. The effort to expel Israel from the U.N. and its organs is not abating, but accelerating. The American stand must be bell-clear to all, as in the Moynihan-Byrd and Kemp-Bingham resolutions before Congress: If Israel is out, so are we, and let's forget about our contributions until these illegal actions are reversed. Although the full Senate has passed the resolution and the House will debate it this week, there has been no word from the White House. We need a clear policy from this Administration on this extraordinary situation, where a collection of ruthless dictatorships proposes to expel from the General Assembly a Democratic ally of the west. This issue is tailor-made for President Reagan, and we expect consistency and bold action.

Fifth, there is terrorism. The Administration has removed Iraq from a list of countries that promote international terrorism and has declared its desire to sell Iraq 12 L-100's, a dual-use cargo plane. We want (a) a reversal of this strange action on Iraq, which ignores the very clear documented record of terrorist violence organized at the highest levels in Baghdad. This should be a natural issue for the Reagan Administration, but it, too, has become an area of confusion. We want (b) a firm and continuing commitment to refuse to deal with the PLO until it gives up terrorism—which it appears incapable of doing.

Sixth and finally, is the overarching issue of the peace process. Part one is complete. Israel has taken an extraordinary risk and paid a terrible price by withdrawing from the Sinai. That historic withdrawal is based on Irael's faith in the United States commitment to the peace process. We must be sure that America if faithful and fair to part two—The autonomy negotiations where a final outcome is open-ended.

United States policy in the Middle East needs a coherent vision. American interests would best be advanced by adherence to the following five principles:

1. The U.S. must reemphasize the Camp David peace process. This is the cornerstone of our efforts in the Middle East. It works. We must meet, in the wrods of President Reagan to Prime Minister Begin on April 25th, challenges to the treaty of peace "from whatever quarter."

2. The U.S. must reaffirm its partnership with its Democratic ally, Israel, maintaining a context in which Israel feels secure. Not only are military and economic assistance essential, but so are avoiding direct dealings with the PLO and sales to Saudi Arabia and Jordan which threaten Israel. So, too, are any "redirections" of U.S. policy away from Israel to the Arab world. And in this context I call on the Reagan Administration to bring back into effect the Memorandum of Understanding on Strategic Cooperation as soon as possible.

3. The U.S. must behave as a determined, directed great power in the area and this includes pushing and prodding Jordan and Saudi Arabia to demonstrate their so far invisible moderation by joining the peace process. We must constantly pressure rejectionist states; we must punish unfriendly acts; a price must be paid for going to Moscow for arms.

4. The U.S. must work to restore a strong and independent Lebanon. We must call and call for Syria's ouster from Lebanon.

5. The formulation and inplementation of policy for U.S. energy independence is essential for America's internal and external well-being. The Armageddon issue for all of us, for every American, is energy. Therefore, I strongly recommend that the policy of the United States Government be the intensification of energy conservation, the expenditure of federal funds for research and development seeking alternative sources of energy, encouragement of oil and gas exploration in this country and abroad, filling our strategic petroleum reserve as mandated by Congress, a fee placed on domestic and imported oil, and the declared objective of destroying the OPEC cartel.

Only a clear and coherent policy based on these five premises can protect and advance U.S. interests in the middle east. In view of the administration's misguided approach to the region, and its neglect of these essential points, what can concerned Americans do to have an impact upon U.S. policy?

Here the answer is vivid, and is the main trust I would like to leave you with today. We, you and I, must step up our level of political action. The other guys may have the money, but we've got the people—committed people whose motive is not profit but principle. Our supporters are energetic people who act from the heart, American people who don't need Saudi princes to speak for them so they can make petrodollar profits.

And we must carry out political action at a level and intensity never before performed. The stakes are very high; the Saudi connection, as documented in both the February 17th and current issue of The New Republic by Steve Emerson, does not wish us well.

What we need to do is to be more active and move to new levels of professionalism. We need you. With your help, we can win.

You are here to lobby. You are here to take the political message back home and spread it to associates, friends, and neighbors. Let us heed in this election year the words of Senator Jesse Helms, "If you are going to win on issues," he said, "You've got to help elect the candidates who will vote your way."

I say thanks to you, fellow citizens, who care enough to be here and to perform spectacularly in the bipartisan political arena. Thank you.●

HAROLD WILLENS ON THE FREEZE

● **Mr. KENNEDY.** Mr. President, the campaign to halt the nuclear arms race has reached truly national proportions. Across the Nation, from the towns of New England to the Pacific coast, increasing numbers of Americans are calling for a nuclear freeze to halt the arms race and then run it in reverse.

A distinguished leader of the nuclear freeze movement is Mr. Harold Willens, chairman of the California bilateral nuclear freeze initiative campaign which has garnered 750,000 signatures to insure that there will be a vote on the freeze on the statewide November ballot. With other leaders of the national nuclear weapons freeze campaign, Mr. Willens had the foresight and tenacity to support and work for the adoption of a nuclear freeze during the critical months before Senator HATFIELD and I introduced our joint resolution for a freeze and reductions in Congress.

In the May 12 issue of the New York Times, Mr. Willens examines two congressional approaches to the freeze. He describes the major differences between the two principal freeze resolutions introduced in the Senate:

> The battleground between the Hatfield-Kennedy call for an immediate freeze and the Jackson-Warner call for a freeze after America wins nuclear superiority—that illusion that exists only in the minds of those who look at the world through a rearview mirror.

Mr. Willens correctly points out that while both resolutions use the term freeze, the two initiatives proceed from two fundamentally different premises. Senator HATFIELD and I introduced a call for an immediate freeze followed by reductions in the nuclear arsenals of the Soviet Union and the United States, because we believe the countries have reached a level of essential equivalence in nuclear arms.

The Jackson-Warner resolution calls for a freeze after equality has been reached with the Soviet Union, on the premise that the United States is in an inferior position. The goal of so-called equality will be reached either by forcing the Soviets to give up substantially more than the United States at the negotiating table—an unlikely prospect—or by U.S. efforts to substantially increase the numbers and types of its nuclear weapons—a dangerous and destabilizing prospect.

Mr. President, I ask that the full text of Mr. Willens' compelling article be printed in the RECORD.

The article follows:

[From the New York Times, May 12, 1982]

A FREEZE AND ITS ANTI-

(By Harold Willens)

LOS ANGELES.—"No taxation without representation!" was the battle cry of a popular uprising that gave birth to our nation. "No cremation without representation!" could become the cry of a popular movement based on the belief that the death of our nation can be prevented only by bringing a quick end to the nuclear arms race.

As a step toward ending that race, President Reagan's proposal Sunday for strategic nuclear arms reductions can be seen only as a half-step at best. His reductions would take years to negotiate, years during which both superpowers would build thousands of nuclear warheads, spend hundreds of billions of dollars, and deploy new and highly destabilizing weapon systems.

The recent groundswell generated during Ground Zero Week dramatically demonstrated the American people's desire to end the nuclear-arms race before such dangerous and costly projects are undertaken. The question that remains is: Was that groundswell an emotional tidal wave that will soon recede, or are we witnessing the cutting edge of a current that will carve our fundamental political change in relation to this one potentially terminal problem of our time?

"If you want to know what the U.S. will be like in two or three years, come to California today." This slogan, often heard in this state, may contain a clue to the answer to that question.

On April 20, Californians for a Bilateral Nuclear Weapons Freeze Initiative filed 750,000 signatures (more than twice the required number), assuring that next November the voters of America's largest state, where 10 percent of the electorate lives, will be able to vote for or against an immediate freeze on "the testing, production and further deployment of all nuclear weapons, missiles and delivery systems in a way that can be checked and verified."

While a victory would have no legal force, this call for our Government to propose such a freeze to the Soviet Union and become a catalyst that created a nationwide grassroots mandate that politicians would find hard to ignore, as was the case when an earlier California initiative set off the so-called taxpayers' revolt that spread like wildfire across the country.

The California vote will also serve as a popular referendum on two competing United States Senate resolutions. It will become the battleground between the Hatfield-Kennedy call for an immediate freeze and the Jackson-Warner call for a freeze after America wins nuclear superiority—that illusion that exists only in the minds of those who look at the world through a rearview mirror.

The Jackson-Warner resolution falsely called a "freeze," is actually an antifreeze formula for heating up the nuclear-arms race whose action-reaction cycle over the last three decades has steadily reduced our national security while robbing our national treasury of resources we can ill afford to waste. We would be putting our money where our myths are if, once again, we fell victim to another of those "gap' games played on us by experts in gapsmanship like Senator Henry M. Jackson.

In California, we are appealing to citizens' common sense, confident that ordinary people will see through the political manipulation of a measure meant to deceive and divert the public from its legitimate desire to freeze nuclear weapons now, as proposed by the Hatfield-Kennedy resolution. Common sense will see through President Reagan's mystifying assertion that we are "inferior" when in fact we have enough nuclear weapons to wipe Russia off the face of the earth many times. Apparently Mr. Reagan ignores his own Defense Department, which says we have "parity—not inferiority." The department's status report for fiscal 1982 states: "The U.S. and the Soviet Union are roughly equal to strategic nuclear power." Where then is the justification for continuing a nuclear arms race that can only result in a world filled with nuclear armed nations?

Would the Kremlin accept the kind of offer the California initiative proposes? Let's find out. If it says no there's no deal. But there are indications to the contrary. Common sense requires that Washington at least make the offer.

The measure before the California electorate begins: "The safety and security of the United States must be paramount in the concerns of the American people." A freeze represents a significant first step toward safety and security.

If the people of our state agree, it will be a vote heard 'round the world—and possibly even a linchpin in the history of our time.●

DOD AUTHORIZATION, 1983

● Mr. NUNN. Mr. President, I want to take a moment to discuss some of the actions which the Armed Services Committee took in developing the committee amendment which has been approved by the Senate.

On Monday, the committee received the list of reductions proposed by the Defense Department totaling $7.4 billion in budget authority in fiscal year 1982 and fiscal year 1983 and $3.2 billion in outlays in fiscal year 1983. For the RECORD, I would like to insert a summary table outlining the reductions proposed by the administration. This list included significant reductions in our current combat capability and in the Army National Guard and Reserve programs.

I want to highlight for the RECORD some of these reductions in force structure and in the National Guard and Reserve which the administration proposed:

As originally proposed, the reductions would have eliminated four Army combat battalion equivalents from our current Army force structure and would have delayed new Army unit activations planned for fiscal year 1983. The total reduction would have amounted to 4,800 in personnel in the Army. These battalions constitute 2.7 percent of our active combat brigades.

One entire active Air Force fighter interceptor wing equivalent would have been deactivated, allowing a reduction of 2,700 Air Force personnel. This wing equivalent of three squadrons constitutes 3 percent of our attack fighter squadrons and 12 percent of our F-4 squadrons.

Twenty-two Navy ships, including 17 destroyers and 5 amphibious ships, would have been decommissioned—some as much as 4 years earlier than under the current plan for retiring these ships. These 17 destroyers represent 8 percent of our surface combatants and 20 percent of our active destroyers. The five LSD's represents 7.6 percent of our amphibious warfare ships.

In the Army National Guard and Army Reserve, the reductions proposed by the Defense Department would have eliminated 20,000 of the 30,000 increase in strength currently planned for the Army Reserve and Army National Guard to fiscal year 1983. This reduction represents 3.2 percent of the total authorized end strength for fiscal year 1982 for the Army National Guard and Reserve at a time when the Army would be at least 250,000 short of the pretrained manpower it would need if we had to mobilize. The number of active duty military personnel currently providing full-time support to improve the readiness of Army National Guard and Army Reserve units would have been held at the 1982 level, instead of allowing the increase of almost 5,000 originally planned for fiscal year 1983 and approved by the committee. There were also reductions in the budgeted increases originally approved by the committee in training time and unit supplies in the Army National Guard and Army Reserve.

Mr. President, even given the compelling need to reduce the size of the budget deficit, I found these reductions in our current combat capability to be shortsighted and unacceptable. Our combat forces are the first ones we will turn to in a crisis; they ought to be the last place we turn to make budget cuts. I therefore offered an amendment during the markup of the committee amendment which would have restored all of the funds necessary to reverse all of these actions except for the retirement of 13 of the 17 destroyers. This amendment was adopted by the committee by a vote of 13 to 1.

My amendment to restore these funds included offsetting reductions in other areas of the defense budget so that the overall outlay reduction recommended by the Defense Department would have been preserved. One of the offsetting reductions that the committee used to restore these funds was to restrain the growth in benefits and bonuses requested in fiscal year 1983. The savings in this area totaled $218 million, but I should emphasize that these savings were not achieved by cutting current benefits. Rather, the committee elected to defer benefit increases proposed in the fiscal year 1983 budget. At a time when all of our citizens are being asked to make sacrifices, the committee felt these savings could be made without harming recruiting or retention.

The second area in which the committee achieved savings was a reduction in the increased number of military personnel serving in support functions since fiscal year 1981. The amendment which I originally offered included a reduction of 18,600 military personnel in support functions in all of the active services. This accounted for the remaining $200 million in savings needed to restore the reductions in combat capability in the National Guard and Reserve programs which the administration proposed. I later offered an amendment to restore 9,300 of this 18,600 reduction, but this amendment was not accepted by the committee.

Mr. President, this 18,600 reduction was apportioned by the committee as follows: 3,900 in the Army; 8,400 in the Navy; 1,300 in the Marine Corps; and 5,000 in the Air Force.

While these reductions may seem large, let me just indicate some of the support areas in which the services have requested increases over the fiscal year 1981 level.

In the Army, the fiscal year 1983 budget assumes an increase of 300 military personnel in management and support of R. & D. programs; an increase of 1,100 in management headquarters; an increase of 200 in personnel support functions such as recruiting, personnel administration, and finance centers; and an increase of 2,300 in the number of Army personnel in a move status.

In the Navy, the fiscal year 1983 budget assumes increases of 3,400 military personnel in base operating support functions; 700 in personnel support functions such as recruiting and counseling; 500 in research and development function's; 400 in the training establishment; 100 in combat developments; and 100 in management headquarters. In addition, the 13 destroyers which will be retired have crews of approximately 300 each who will no longer be needed for those ships and who can be transferred to other activities.

In the Marine Corps, the fiscal year 1983 budget includes increases of 300 military personnel in base operating support; 200 in research and development; and 1,700 in the numbers of military personnel in a move status.

Finally, in the case of the Air Force, the fiscal year 1983 budget assumes increases of 300 military personnel in research and development; 5,200 in base operating support, including an additional 100 military personnel in base operating support at the Military Academy; 1,400 in the training establishment; 300 in combat developments and security services; 300 in selected management headquarters; and 2,900 in students and trainees.

Mr. President, I am not highlighting these increases in military strength over the fiscal year 1981 level in order to give specific direction to the services as to where the reductions proposed by the committee should be taken. But I think the examples I have given are an indication that these reductions can be achieved without reducing combat capability or cutting into essential support functions.

One final point, Mr. President. This year the Armed Services Committee has included a new provision in the fiscal year 1983 authorization bill giving the Secretary of Defense the discretionary authority to increase the authorized end strength of each service by one-half of 1 percent. If it turns out that the full reduction of 18,600 personnel recommended by the committee cannot be made without cutting essential support functions, then the Secretary of Defense has the authority on his own to restore over half—10,600—of this reduction.

I have to say, Mr. President, that I do not think the Secretary of Defense will need to use this authority.

Mr. President, I think that the actions taken by the Armed Services Committee to reject the reductions proposed by the administration in our current combat capability and in essential increases in our Army Reserve components deserve the strong support of the full Senate. Cutting out Army combat battalions, deactivating Air Force fighter squadrons, and decommissioning Navy ships are not the way to demonstrate our resolve and determination to the Soviet Union or to our allies.●

WHERE WE ARE HEADED IN TAX POLICY

● Mr. DOLE. Mr. President, this past weekend I had the pleasure of addressing the Section on Taxation of the American Bar Association, which was holding its spring meeting in Washington. The Section on Taxation has a long and distinguished history of working for clarity, conciseness, and fairness in our tax laws. I have had the privilege for a number of years to work with representatives of the ABA Tax Section in tax matters before the Finance Committee. As chairman of the Finance Committee, I find the input of the Section on Taxation to be of invaluable assistance in determining how we can best accomplish our goals in taxation. We should not underestimate the value of knowing how tax practitioners regard the practical effects of what we legislate in the tax area: It is all too easy to get carried away with an idea without considering the day-to-day reality of living with our tax laws. The input of the Tax Section helps correct that problem.

In my May 15 remarks to that Tax Section I commented on the likely trends in tax policy over the next few years. Other Members may find these comments helpful in putting into perspective what we accomplished last year and the difficult decisions we face this year in the tax area. Accordingly, I ask that the full text of my remarks to the ABA Tax Section be printed in the RECORD.

The remarks follow:

REMARKS OF SENATOR DOLE BEFORE THE AMERICAN BAR ASSOCIATION SPRING MEETING

It is a pleasure to be here this afternoon to talk about taxes. Not that taxes are the most pleasant thing to discuss these days—lately every time I mention taxes I have a lurking fear that the next day I will be accused of having destroyed another industry or driven some company into bankruptcy. It's always good to know people are listening, but some of the reactions I have seen convince me to weigh my words carefully.

Taxes are always a problem: this year is no exception. The very existence of the Tax Section is an acknowledgment of this fact. But the fact that tax problems do not go away should not be any reflection on the work of the Tax Section. You have done outstanding work over the years in trying to help rationalize the tax code and focus the attention of Congress on the practical problems that too often go unanticipated in the rush of legislation. The Tax Section has worked closely with the staffs of the Senate Finance Committee, the Ways and Means Committee, and the Joint Committee on Taxation on the ongoing tax simplification project and other matters—this has proved to be a valuable working relationship, and I am sure we all hope that it continues in the years ahead.

WHERE WE STAND

For students of tax policy, 1982 should prove to be a fascinating year. Some would say that we are at a crisis point when it comes to taxes; others that we are witnessing the customary congressional flip-flops when it comes to tax policy and economic policy in general. I would not subscribe to either view. Rather, I would say we are witnessing a necessary reckoning in tax policy that has been coming for some time. It should not surprise anyone who has been observing tax trends over the past decade or so.

After approving the largest tax cut in history last year, why are we obliged to raise revenues this year? On the face of it, it seems as though we have been working at cross purposes. But the fact is, both last year's tax reduction and this year's revenue-raising proposals were needed.

Federal taxes grew steadily during the 1970's, despite periodic tax cuts. This was largely due to rampant inflation and bracket creep, and partly due to payroll tax increases approved in 1977. By 1981 Federal taxes reached a record high of 21% of GNP. Without the 1981 tax cut, that percentage would have climbed to 24% by 1987. The results of this high-tax policy were slow growth, high inflation, and declining productivity. Clearly a major correction was in order, and that is what we got in 1981. The same analysis applies with respect to business taxation. No one disputes that inflation has caused such a wide gap between depreciation writeoffs and actual recovery costs that we were actually imposing a tax burden on capital investment. In both cases, last year's tax cut may be seen as an attempt to overcome the distortions of inflation on tax policy and economic decisionmaking.

Now we are in recession—hopefully close to the end of the recession. The decline in growth, and the success of our anti-inflation policy, means that we now see record deficits projected for the years ahead: sustained, triple-digit deficits that are sure to undermine any chance for long-term recovery unless they are averted. Because we must cut those deficits, and because we can't do it all on the spending side, we need to raise taxes. This is not a consequence of last year's action: the tax cut did not cause the recession, nor did the budget cuts. As a matter of fact, I would submit to you that all the recession has done in terms of taxes is accelerate a trend that was already there. Even without a major deficit problem, I believe we would be considering things like a stronger minimum tax, modification or repeal of certain loopholes, and steps to close the compliance gap.

The reason is simple. Last year we reduced individual tax rates and indexed them against future inflation, so that Congress could no longer count on an automatic revenue windfall. In addition, the depreciation changes, carried out several years, left little room for further reduction on the corporate side. It has always been our experience that innovative Members of Congress—and of the bar, for that matter—each year come up with a wide array of new proposals for easing taxes here or there in order to stimulate this type of activity or that, or to revieve a perceived inequity. There are many examples of this in ERTA—the above-the-line charitable deduction, the incentive stock option, and the credit for adoption expenses. But let us be candid about it—these specialized tax provisions were much easier to enact when we had a windfall in inflation revenues to divvy up.

Once we committed outselves to major, sustained tax rate relief—as we did last year—we changed the rules of the game a bit. From that point on, it was clear that further tax policy changes could come only at the expense of eliminating or modifying preferences already in the Code, or by raising new revenues elsewhere. We had already reduced taxes more than we had cut spending. Everyone understood last year that we would have to make significant additional spending cuts in order to bring the deficit under control. The recession has magnified that problem, as well, but it hasn't changed the nature of the problem. The fact is that we have put the squeeze on both the revenue and spending sides of the budget. On the revenue side, that means we are obliged to reexamine the tax base and consider whether it is being used in an effective way.

THE TAX BASE

I need not remind this audience that, as Chairman of the Finance Committee, I am not overly fond of the concept of "tax expenditure". There are those in Congress who would regard any differential in tax rates as a "tax expenditure" if by so doing they could keep taxes high. In addition, there is something unappealing in a free society about the notion that taxes foregone by the Government for any reason are "spent"—as though the Government had an automatic right to all our wealth.

Still, even if we can't agree on what a tax expenditure, is, we can observe what the growth of special tax preferences tells us about our tax base. According to the Congressional Budget Office, in 1967 there were 67 tax expenditure items with an associated revenue loss totalling $36.6 billion. That amounted to 4.4 % of GNP. By 1981, this list had grown to nearly a hundred items, totalling $228.6 billion, or 8.0 % of GNP.

One should be cautious in generalizing here, but the near-doubling of this list of tax preference items over a 15-year period does, I think, tell us something. It shows we have a "swiss cheese" tax base: broad and solid, but full of holes. By allowing taxpayers to be inflated into higher marginal rate brackets, we not only raised taxes generally, we also facilitated their reduction in specific ways, for specific purposes, many of which have little to do with tax or economic policy per se. We consistently chose special, narrowly targeted tax breaks at the expense of general tax relief.

THE RESULT

The consequences of this policy, whether it was conscious or unconscious, have been mixed. Some would say that many special tax credits and deductions fulfill a valuable purpose, and do it well—if not always fairly. The investment tax credit and the mortgage interest deduction are often cited as examples, but even in these very basic provisions of our tax code there are clearly distortions, inefficiencies, and excesses. Other tax preferences are obviously not so good—safe harbor leasing is a prime example. In addition, good or bad, we cannot forget that the special relief must come at the expense of the general.

This has led, I believe, to much of the taxpayer resentment and frustration over the perceived unfairness of our income tax system. People do not want to soak the rich—but they are concerned to see that the wealthy pay a fair share of tax. That is why working men and women increasingly see an inequity in the availability of sophisticated tax shelters to the wealthy which enable them to drastically reduce their tax burden. Whether the existence of these shelters makes sense from the standpoint of some other congressional purpose is beside the point: when the proliferation of special tax privileges undermines confidence in the system, it is time for a change.

The system has become too complicated, too vulnerable to the charge of inequity. I do not think it is a coincidence that 9 to 16 percent of interest and dividend income goes unreported, or that 44 percent of capital gains go unreported, or that private barter transactions in the so-called underground economy are on the rise. We have a lot of explaining to do for the inconsistencies in our tax system.

HOW TO PROCEED

As the budgetary situation increases the pressure for a thorough reexamination of the tax base, we need a few guiding principles. I would suggest three: equity, balance, and simplicity. Equity, because it is important in a system of voluntary compliance to ensure that everyone pays a fair share of tax, and for taxpayers to perceive that the system is fair. Balance, because we do not want to veer to one extreme or the other. There will still be many occasions where we will want to use tax incentives to advance a legitimate public policy goal. But we do not want to allow such devices to get out of hand, so that general tax relief is slighted and the average taxpayer foots the bill. What we need is a balance between the general and the specific, so that narrower policy goals do not undermine tax policy in general and the revenue-raising function in particular. Finally, we need simplicity because it aids our other goals—it reduces the burden of compliance, it is more efficient for purposes of raising revenue, and it enhances public acceptance and understanding of what our tax system is all about.

These three general principles lead us right into a few specifics. To increase equity and the perception of equity, we can improve our compliance record. It is difficult to explain to taxpayers why they should be asked to pay more in taxes when we are doing less than the maximum in collecting taxes already due. That is why Senator Grassley and I have proposed a package including better information reporting, a revised system of penalties, and voluntary withholding on benefit payments from qualified plans. This Taxpayer Compliance Improvement Act is far from a radical measure, but it provides enough new and improved tools for the Internal Revenue Service to help narrow the compliance gap and better ensure that the tax burden is fairly shared.

Another step we can take, in the interest of both equity and balance, is to greatly strengthen and revise the present minimum taxes. The present alternative and add-on minimum taxes simply are not effective. If we are to have a minimum tax in the interest of fairness, then it has to be effective. On both the individual and the corporate side, we need a minimum tax that ensures that every taxpayer pays a reasonable percentage of real income in taxes, regardless of other tax preferences and incentives we have provided by law. This is fair because it prevents taxpayers from avoiding tax altogether: it helps restore a balance in the tax code by ensuring that the revenue-raising function is not undermined by the proliferation of special tax incentives.

Finally, we come to the matter of specific loopholes. I believe we can greatly improve the simplicity of the tax code over time, as well as encourage the public to perceive the system as fair, by proceeding to reexamine the economic effectiveness of many tax incentives. I am not proposing a systematic or radical overhaul—I suspect that events, as I have indicated, will force us to review tax incentives in any event. The heat is already on, and we have to set priorities and stick to them from now on in the tax area as much as in the spending area. It simply will not do to shift our resources from direct spending programs to targeted tax breaks as a means of implementing national policy. There will always be room for both of those approaches, but the danger with tax incentives is that relying too heavily on them dangerously undermines the broader goals of tax policy, and frustrates our efforts to manage fiscal policy as well. We have to make choices, and we have to start making them right now.

Safe harbor leasing is not the only example of an unwarranted deviation from general tax policy, but it will serve as a good example of the problem that concerns me. When Congress approved safe harbor leasing it did so largely on the understanding that the provision was needed to balance out the capital cost recovery system, make it 'neutral' amount various types of industries. But this was an illusion: extending tax benefits to loss firms is not neutrality, it is a form of subsidy. We agree to a provision that makes some firms better off than if there were no corporate income tax at all: and we provided windfalls for some highly profitable firms in the process, as well. The highly publicized abuses of the leasing provision have undermined public confidence in tax fairness. But they also represent a policy that was not adequately thought through from the standpoint of overall tax policy.

Besides it is not clear that leasing is even in the long-term interest of a company. I have been told that some corporate managers have been under pressure to enter into leasing arrangements just to improve short-term profit-and-loss statements. Some of us thought we were trying to get away from tax-motivated decisions and encourage business to make decisions that make long-term economic sense. Leasing appears to cut the other way.

Perhaps leasing is not the best example: we may never come to a complete agreement on the question of extending tax benefits to firms (or individuals for that matter) that are not making a profit. Some of us would urge extreme caution in this area, on the theory that tax incentives are by their nature designed for affecting the decisions of profit-making enterprises or individuals with real income. If we want to assist companies in a loss position or individuals in poverty, the tax code may not be the best place to turn. But the safe harbor leasing problem does tie together the principles I suggested—equity, balance, and simplicity—and it is the kind of tax policy decision that we ought to be more cautious about in the future.

Another example of the kinds of inequity we need to address is the tax break we allow for contributions to private pension plans. To allow over $45,000 to be set aside tax-free each year may be hard to justify in a time of fiscal austerity. That kind of over-generosity just undermines confidence in our tax system.

Fortunately, the President appears to agree with this view of the general direction we have to take. Now that it is conceded that we need to raise revenues, the administration has endorsed steps to narrow the compliance gap. It has proposed a number of loophole-closings of its own, including restrictions on use of industrial development bonds, cutting back on use of the completed contract method of accounting, and revising the taxation of the insurance industry. The administration also endorses a much stronger corporate minimum tax, and has conceded the need for at least some equitable adjustments in safe harbor leasing. All of this means that we are likely to make progress this year in the areas I have outlined.

THE BAR CAN HELP

I am sure that the sweeping tax changes of last year, followed by a wholly new set of signals this year, has been somewhat bewildering to members of the bar as it has been to the entire tax community and the public at large. But I think you will agree that many of the changes made last year were long overdue. I think you will also agree that the fresh scrutiny of existing tax provisions is needed and is likely to lead in the long run to a better and fairer tax system.

You have an important role to play. It is in your interest, and in the interest of your clients, to have some confidence of what the rules are, and to have them fairly and consistently enforced. It is also in the interest of the bar to maintain strong public support for our system of voluntary compliance.

I have already mentioned that the Tax Section performs a valuable role in working with the Congress and the Executive to help fashion tax legislation that will be clear, fair, and comprehensible. The simplification project is a perfect example. But you also have an important function in educating the public. You keep abreast of legislative and other developments within your profession—but you also provide an important line of communication to the public through your daily contacts with clients, through your conferences, seminars, and publications. You are in a position to guage the public's attitudes towards taxes, and to help them understand better what the thinking is in Congress.

These lines of communication are more important now than ever. I sense both in the Congress and the public a growing sense of frustration over our tax system, and a growing desire to make radical changes. The concept of a flat-rate tax, of a gross income tax, or of shifting to a consumption or other tax base, all are being seriously discussed as never before. In fact, I have indicated that the Finance Committee may review the flat-tax idea—our tax system demands a fresh look. There is a universal perception that our tax code has gotten too complex, too diverted to peripheral matters, and that fairness has suffered as a result. People are less confident that a progressive tax system really is progressive.

Unless we, the Congress, the bar, and the tax community in general deal with this problem, we risk forfeiting control over tax policy. I do not fear that will happen: Congress has already reasserted control over tax policy by the simple act of removing the 'automatic pilot' of inflation that distorted things for too many years. But it will take a concerted effort to restore public confidence in the tax code as a fair and straightforward device for raising revenue to meet the needs of our people. We hope to begin the efforts to restore that confidence in the tax legislation we put forth this year. We need your help, and we look forward to working with you to achieve the goals I know we share.

Thank you.●

ARMS CONTROL OR MEDIA CONTROL

● Mr. TSONGAS. Mr. President, there can be no doubt that the greatest challenge facing mankind is to prevent nuclear war. Our firm resolve to meet this ultimate challenge will require that we draw on a multitude of varied talents and energies ranging from the grassroots of Middle America, to Government agencies, the Congress, the White House, and even the Kremlin. We must all, in our own way, contribute to the pursuit of peace. The awesome consequences of nuclear war leave us no alternative.

In this regard, I am greatly troubled by a recent article in the Washington Post concerning a memorandum that allegedly was sent from the Arms Control and Disarmament Agency to the White House last month. The memorandum proposed that the administration begin a media campaign to deal with "the growing stridency and hysteria" of the antinuclear weapons movement. Fortunately for the administration, it chose not to act on this divisive proposal.

This memorandum is disturbing for a couple of reasons that should be very obvious to everyone in this Chamber. First, it is a cynical distortion of ACDA's central purpose and responsibility during a critical period. In the past, ACDA has made substantial contributions to this Nation's ability to formulate and negotiate meaningful arms control proposals. In view of the administration's START and INF initiatives and the arms control resolution pending in the Congress, it now becomes even more crucial that ACDA continue to devote its full resources to its primary task—support for the formulation and implementation of U.S. arms control and disarmament policies.

But apparently the director of ACDA, Mr. Rostow, has a different perception of how best to spend his agency's budget. Instead of supporting a groundswell of national awareness for arms control, unfortunately he seeks to undermine it.

In addition, Mr. President, we should all be concerned by the insight the ACDA memo provides into the administration's misguided perceptions of Ground Zero Week activities and other arms control movements such as the Freeze. Rather than welcoming the grassroots arms control movement as a mandate and a national asset, the ACDA media team fears Ground Zero Week as "strident hysteria." I attended some Ground Zero Week activities both in Massachusetts and here in Washington. I found nothing remotely resembling hysteria. These were serious events, educational in nature, with an emphasis on the consequences of nuclear war.

If the Arms Control and Disarmament Agency is alarmed by such activities as Ground Zero Week, then that agency would do well to look inward for the roots of these movements. They have grown exponentially because of the bellicose tone that has characterized the administration's foreign policy statements and its continued loose talk about survivable and winnable nuclear war.

Mr. President, I ask that the text of the Washington Post article be printed in the RECORD.

The article follows:

[From The Washington Post, May 9, 1982]

THE ANTI-ANTINUCLEAR BATTLE PLAN

The Arms Control and Disarmament Agency last month proposed to the White House that the Reagan administration "should begin an immediate media campaign" to deal with "the growing stridency and hysteria" of the antinuclear weapons movement.

In a memorandum from Eugene V. Rostow, director of ACDA, to William P. Clark, the national security advisor, the agency said that Ground Zero Week, a national educational campaign on the dangers of nuclear war, would produce an "eruption of the issue of nuclear war."

A copy of the memorandum was sent anonymously to The Washington Post, and its authenticity was confirmed by the agency.

"The press and electronic media will be full of demagoguery and emotion as journalists hungrily interview tearful mothers and self-righteously indignant clergymen against a mushroom cloud background," the ACDA memo predicted.

To counteract this publicity, ACDA proposed a series of op-ed articles and television appearances by friends of the administration and statements by administration officials. The memo proposed that these appear daily from April 17 to 26, starting before and ending after Ground Zero Week activities.

The White House apparently rejected the specific advice contained in the Rostow memorandum, choosing not to react extensively to Ground Zero Week. Some of the general ideas the memo contained—for example, using Vice President Bush as an administration spokesman to respond to the antinuclear weapons movement—were used. None of the specific events described in the proposed schedule printed on Page D4 actually occurred, as far as The Washington Post could determine.

The "eruption" of the antinuclear issue the memo predicted also failed to materialize. Although Ground Zero Week promoted extensive media coverage and activities attended by hundreds of thousands of Americans, it produced no great outpouring of popular feeling.

The ACDA memo warned that the nuclear war issue was infecting the public. "While this movement includes such perennial elements as the old-line pacifists, the environmentalists, the disaffected left and various communist elements," the memo said, "there is participation, on an increasing scale in the U.S., of three groups whose potential impact should be cause for concern. They are the churches, the 'loyal opposition' and, perhaps most important, the unpoliticized public."

(This the schedule of events which Eugene Rostow proposed to the White House to counter Ground Zero week. The "scenarios" refer to expected developments on the Ground Zero side. The first "scenario" refers to Germany.)

SATURDAY, APRIL 17

Ground Zero Week, minus one.

Scenario.—FRG-demonstrations at SPD Congress. If Necessary:

PM—Commentary of FRG-demonstrations by Richard Burt and Manfred Von Nordheim: offered to networks and evening news.

George Will on Agronsky & Co. (Friday taping).

Photo Opportunity—President and Mrs. Reagan at Camp David: spring flowers—atmosphere of calm.

SUNDAY, APRIL 18

Ground Zero Week, day one.

Scenario.—Ground Zero Opening Ceremonies in Lafayette Park (White House backdrop) and nationwide.

AM—Meet the Press—Vice-President Bush.

Face the Nation—Ambassador Nitze.

Photo Opportunity—President returns to White House (exits helicopter with briefcase) to confer with Secretary Haig, etc.

New York Times Op-ed by Rumsfeld (as GAC Chairman) on the boldness and promise of the Reagan arms control policy.

Washington Post Op-ed by Professor William O'Brien (Georgetown University) stating moral and religious justification for prudent self-defense in the nuclear age.

MONDAY, APRIL 19

Ground Zero Week, day two.

Scenario—Clips of national symposia fed for evening news.

Photo Opportunity—The President meets at the White House with Archbishop Hickey (Pro-freeze) and Biship O'Connor (pro-defense).

PM—Eugene Rostow speaks at the National Press Club (Scheduled).

ABC Nightline—Seymour Weiss and Colin Gray give critical assessment of Ground Zero Week and Administration arms control policy.

TUESDAY, APRIL 20

Ground Zero Week, day three.

Scenario.—More cuts of gatherings and demonstrations—interviews with Warnke, LaRocque, Caldicott, et al.

AM—American Security Council holds press conference assailing both Kennedy-Hatfield and Jackson-Warner.

Today Show—Sen. Warner on Jackson/Warner.

Good Morning America—Burt.

PM—"Fireside Chat" by the President on peace, the lessons of World War II, etc. (no hardware or balance discussions).

WEDNESDAY, APRIL 21

Ground Zero Week, day four.

Scenario.—More of the same (religious commentary, etc.)

AM—CBS Morning News—Dr. William O'Brien and Bishop O'Connor discuss the Catholic anti-nuclear movement (Archbishop Hunthausen, Bishop Matthiesen, etc.).

Photo Opportunity—The President meets with a moderate women's group in the Oval Office—press release describes President's concern and attention to their expressed anxieties about war, etc.

Post Op-ed by respected historian on the lessons of the 30's.

PM—McNeill/Lehrer—Richard Perle—peace/deterrence (not limited nuclear war).

THURSDAY, APRIL 22

Ground Zero Week, day five.

Scenario.—More of the same (Kennedy demagoguery, etc.).

AM—Today Show—Sen. William Cohen—Congressional Resolutions.

Good Morning America—Rep. G. William Whitehurst—Congressional Resolutions.

Photo Opportunity—Secretary Weinberger tours SAC Base—informal—conversation with pilots, mechanics, etc. (emphasize readiness, patriotism, etc.).

Demonstration—by Students for Peace and Security (contact Scott Thompson) against pacifism/unilateralism (site: White House gates).

Wall Street Journal—editorial about hysteria and policy development—the need for calm (alternatively—interview with Solzhenitsyn on subject of Ground Zero Week).

PM—Speech by Vice-President Bush to a World Affairs Council "Photo Opportunity—Rowny meets with Swedish Ambassador to discuss START/Arms Control.

Nightline—Rep. Jack Kemp on arms control and the Defense budget.

FRIDAY, APRIL 23

Ground Zero Week, day six

Scenario—More of the same (European reaction to Ground Zero Week, etc.).

AM—CBS Morning News—Sen. Tower—criticizes Administration MX Plan—urges more MX in survivable mode.

Today Show—Anne Armstrong—women in support of a strong defense.

National Public Radio—speech or interview by Secretary Haig.

PM—Discussions with George Will for Agronsky & Co.

PM—Photo Opportunity—President or Secretary of State to visit Arlington National Cemetery (sobering backdrop of war's consequences).

SATURDAY, APRIL 24

Ground Zero Week, day seven.

Scenario.—Large demonstrations in D.C. and elsewhere—possible weather factor.

AM—Photo Opportunity—President working, meeting Cabinet members (no President-at-play contrasted with earnest protestors).

AP/UPI exclusive interviews with Haig on START.

Submit Perle Op-ed on Ground Zero Week to Post for Monday printing.

PM—George Will on Agronsky & Co.

SUNDAY, APRIL 25

Ground Zero Week, plus one.

Scenario.—Ground Zero Week closing remarks in Lafayette Park—much sound and fury (White House backdrop).

AM—David Brinkley—Eagleburger—on Ground Zero Week/Europe.

Meet the Press—Sen. Baker on Administration arms control policy/budget.

President invites small group (3-5) of Ground Zero Week leaders (thoroughly screened) to the Oval Office for discussion (no White House-under-seige á la Nixon).

MONDAY, APRIL 26

Ground Zero Week, plus two.

Scenario.—Analysis and review of Ground Zero Week.

AM—Perle Op-ed in the Post.

Good Morning, America—European diplomat or journalist to comment on similarities and differences of U.S. and European peace movements.

Today Show—Midge Decter of Committee for a Free World.

New York Times Op-ed—Nitze on truth and diplomacy.●

INDUSTRIAL REVENUE BONDS

● Mr. WEICKER. Mr. President, I would like to bring my colleague's attention to an article from the May 1982 issue of Inc. magazine, written by Mr. Robert E. Patterson, the executive director of the Massachusetts Industrial Finance Agency. Entitled "Why Industrial Revenue Bonds Must Be Saved," Mr. Patterson's article accurately presents the current attack posed by the Treasury Department on industrial revenue bonds.

As Senators D'AMATO, STEVENS, and I have pointed out to the Senate Finance Committee and to this body, the Treasury's proposals for restricting the use of industrial revenue bonds would effectively gut this very important program for local economic development and job creation. Those proposals should be rejected. Instead of further restricting this productive program, Congress should simply reverse revenue ruling 81-216 and the proposed regulations, as we have suggested in S. 2335.

Mr. President, I have stated before that I believe the claims of abuses in the small issue IRB program are overstated. I urge my colleagues to read Mr. Patterson's article, which, as he states, "separate(s) the rhetoric from fact" about the benefits of IRB's.

Mr. President, I ask that the text of the article be printed in the RECORD.

The article follows:

WHY INDUSTRIAL REVENUE BONDS MUST BE SAVED

(By Robert E. Patterson)

In the name of "revenue enhancement," the U.S. Treasury is mounting a deadly assault on one of the country's most successful economic programs. Its target is industrial revenue bonds (IRBs)—tax-exempt bonds that state and local governments sell to finance business expansion, primarily by small firms.

Armed with tales of a few well-publicized abuses—such as IRB funding for a country club, a go-go bar, and a few McDonald's and K mart stores—Treasury officials, who sense the time is right, are trying to push through Congress "reforms" that will virtually eliminate the benefits of IRBs for small business. They are ignoring documented evidence that IRBs have helped create thousands of private-sector jobs at low cost to the government, and without adding a single bureaucrat to the federal payroll.

The Treasury's campaign to rein in the tax-exempt bond privileges of state and municipal governments goes back many years. The latest attack began last August when the Internal Revenue Service suddenly prohibited the decade-old practice of marketing IRBs in pools, which is essential to selling public bond issues for small businesses. This February, the Treasury said that it would permit pools again if Congress would enact certain restrictions on IRBs. In other words, it is holding IRBs for small business hostage until the measures it seeks are adopted.

One proposed rule would force borrowers to choose between IRB financing and the accelerated depreciation schedules included in the 1981 Economic Recovery Tax Act. Another would require state and local governments, beginning in 1985, to contribute financially to IRB-financed projects. A third would limit IRB borrowers to $20 million in nationwide capital expenditures—counting both IRB and non-IRB financing—over a six-year period. A fourth would limit each company to $10 million in IRB loans outstanding at any one time.

The Treasury asserts that forcing a choice between accelerated depreciation and IRBs will prevent what it calls "double dipping." In fact, this will mainly curtail expansions by smaller firms. In times of tight credit, it's no secret that funds for small businesses dry up before they do for their larger competitors. A small company able to raise expansion capital at a reasonable rate only through an IRB would have to depreciate its building over 35 years, while its bigger competitor will be allowed accelerated 15-year depreciation.

Congress adopted both IRBs and accelerated depreciation to achieve the same objectives: to create jobs and stimulate private investment in new productive assets. Considerable evidence shows that small business has been the most siginificant source of new jobs in the country in recent years. Small firms need—and deserve—both inventives.

The proposed $20-million, six-year, capital-spending ceiling and the $10-million ceiling on outstanding loans are too strict for many fast-growing small firms. Yet these are the very ones that create the most jobs and contribute the most to the economy and to government tax coffers.

Are IRBs as abused and costly as the Treasury claims? Let's separate rhetoric from fact about the costs and benefits of IRBs.

Rhetoric: IRBs help large national corporations which don't need the assistance.

Fact: The Congressional Budget Office found in a 1981 study that IRBs have been used overwhelmingly by small businesses. For example, more than 90% of all IRBs have been issued for closely held firms not listed on any stock exchange, and therefore dependent on local sources of financing. Only 70% of IRB issues went to Fortune 1,000 companies.

Rhetoric: IRBs are inefficient and costly to the federal government.

Fact: The CBO projected that if IRBs were eliminated, the government would raise only $200 million more in taxes in 1982, rising to $700 million in 1986. And the Treasury's own proposal shows a *decline* in 1983 revenues if its IRB restrictions are adopted. A study at the University of Chicago for the Smaller Business Foundation of America shows that the revenue losses are much lower than the Treasury or the CBO estimate. Why? Most IRB investors are attracted away from alternative investments on which they would pay little or no income tax, such as equities, collectibles, or real estate. In addition, without IRBs, borrowers would pay higher interest rates and would deduct these on their tax returns, thereby reducing their tax payments.

The concept that IRBs actually increase tax revenues is hardly a crackpot notion. In 1980, economist Norman Ture, now the U.S. Treasury's undersecretary for tax and economic affairs, studied IRBs and concluded: "IRBs are productive instruments for promoting economic development by making saving an investment more attractive to individuals and businesses. . . . The resulting expansion of tax bases—individual and corporate income and payroll taxes—would generate net gains in tax revenues for the federal government and for the state and local governments of the issuing jurisdictions."

Rhetoric: IRBs are out of control because they have over-generous eligibility criteria.

Fact: Though originally developed to lure northern industry to the South, in recent years two-thirds of all IRBs have benefited employers in the Frostbelt states. And many states earmark IRBs specifically for distressed areas. For example, the Massachusetts Industrial Finance Agency has been able to attract $140 million of investment to distressed downtown areas by using IRBs for specific commercial real estate projects.

Commercial real estate projects such as regional shopping malls, which pull shoppers away from economically distressed downtowns, are the most often cited abuses of IRBs. Yet Treasury staffers have consistently refused reforms that would directly eliminate this abuse. Instead, the Treasury intends to make all tax-exempt bonds as unattractive as possible.

Rhetoric: The IRB program stimulates little additional private investment. Almost all of the investment that occurs with IRBs would occur without them.

Fact: The CBO estimated that in 1986 IRBs would generate over $4 billion in additional gross national product, including $2.2 billion in private salaries and wages. That would serve to pay 150,000 workers at $15,000 a year each. If these IRBs take away $700 million from federal revenue in the same year, as the CBO estimated, the program would cost about $4,700 a job—vastly less per job than the CETA program for example.

Fact: Though high interest rates have caused an increase in IRB financing in recent years, because of inflation today's $10-million ceiling per municipality for each company actually means that a company can buy less plant and equipment than it could under the original $5-million limit enacted by Congress in 1968. As the CBO noted, "The $10-million . . . limit effectively keeps most large corporations from making much use of [IRBs]."

Rhetoric: IRBs don't help distressed areas.

In Massachusetts we have seen firsthand the impact that small business private investment can have. For decades, traditional New England industries left Massachusetts for other states and countries with cheaper labor. From 1960 to 1975 the Commonwealth lost 120,000 manufacturing jobs—one-fifth of all such jobs existing in 1960. The state hit bottom in 1975 when unemployment reached nearly 50 percent more then the national average.

Since then the growth of high-technology companies and many traditional industries has buoyed the state's economy. Unemployment in the state over the past three years has been consistently lower than the national average and second only to Texas as the lowest among the 10 major industrial states.

The Massachusetts Industrial Finance Agency has stimulated much of this growth with industrial revenue bonds often combined with loan guarantees. Projects assisted with bonds in the last two years alone will result in over 12.5 million square feet of new industrial space. Companies using the bonds will create 47,000 new permanent jobs and 18,000 man-years of construction work.

Smaller companies have overwhelmingly been the beneficiaries of this financing. One-half of the companies aided by the agency had sales of less than $5 million, and three-fourths had sales of less than $20 million.

Recently we surveyed companies that had received IRBs to determine how important the lower interest rates were to their expansion. Coopers & Lybrand reviewed and certified the result. Of the 200 companies responding, 93% would have been forced to reduce their expansions without IRBs. One-third would have canceled their expansion outright; another third would have delayed their growth; and one-fifth would have cut their expansions, on average, by 40%.

Thus far, IRB opponents are winning the fight in Washington. IRBs can be saved only if small businesspeople, and the thousands of employees who owe their jobs to IRB-financed plants, express their dismay to their congressmen over the Treasury Department's latest attack.

Small business—and the country—can't afford to lose this battle.●

MILITARY LOGISTICAL SUPPORT

● Mr. NUNN. Mr. President, I am pleased to bring an excellent article on military logistical support to the attention of my colleagues.

Army magazine recently published "How Sharp the Teeth if the Tail Won't Thrash?" which was written by Roy A. Werner. Roy is well known in this field having worked for Senator JOHN GLENN as his defense and foreign policy adviser and having served as the Principal Deputy Assistant Secretary of the Army for Installations, Logistics, and Financial Management from 1979 to 1981. Mr. Werner is now the corporate director of policy research for the Northrop Corp. Mr. Werner outlines some critical deficiencies in communications, transport, munitions, and medical support, shortages which directly impact on our defense posture by significantly impairing our capacity for rapid response and sustained operations in a crisis situation. Further, Mr. Werner suggests several policy changes to help correct these logistics problems and enhance our overall defense preparedness. His suggestions relating to POMCUS, sealift, and ammunition expenditures are particularly worth consideration by top U.S. policymakers.

His overall analysis is perceptive and enlightening, and I highly recommend it to my colleagues. I am sure that this article and his views will continue to be of assistance to those of us in Congress as we work to strengthen our national security requirements.

Mr. President, I ask that this article be printed in the RECORD.

The article follows:

[From the Army magazine, February 1982]

OUR LOGISTICS LAG—HOW SHARP THE TEETH IF TAIL WON'T THRASH?

Logistical readiness is the single most important element in immediately improving Army combat readiness—not more sophisticated weaponry. Since 1974, the Army has added more than 50 combat and combat support battalions within a relatively fixed end-strength authorization of 780,000 people. Clearly, early combat power has been maximized.

Yet, today the Army is outmanned, outgunned and outtanked by its Soviet adversary. The Soviets continue to increase their quantitative edge while maintaining rough qualitative parity. A NATO deterrent that is not credible because of logistical shortfalls will hardly persuade the Soviets to think again.

Ironically, this growth in early combat power has exacerbated logistical problems. A continuing issue between OSD (PA&E) (Office of the Secretary of Defense for Program Analysis and Evaluation) and the Army in the last four years has been the imbalance between combat and support forces. This debate is hardly new: historical ratios reflecting costly battlefield experiences are shown in Figure 1.

Admittedly, the geographic arena, tactics and allies all make this data casually specific. However, the general trend line of requiring massive increases in logistical support—especially given the firepower and lethality curves of modern weapons—is a valid generalization.

The problem has not arisen overnight. Declining budgets, necessary weapons modernization, an emphasis on D-day readiness as a deterrent, confused logistics concepts, and the ever-present dreary lack of appeal that nuts-and-bolts issues hold for many senior military and civilian personnel have all contributed to a decade of neglect.

Institutionally, the lack of vocal "operations and maintenance" supporters in Congress (now changing), OMB (Office of Management and Budget) and OSD have probably hurt logistics readiness even more than artifically low OMB inflation guidance and periodic fuel increases. This neglect will-be shockingly evident to the American people if war comes, because their sons and daughters will be buried in mass graves on the battlefield due to the lack of graves registration personnel in active and reserve units.

Wars are won when the available military means are brought into an interrelationship with the geographical and tactical realities in the zone of operations. But the General Accounting Office reported in 1978 that "since the U.S. forces' relocation from France in 1967, the Army has been trying to get a stable wartime supply line to support its troops in central Europe. Despite concerted efforts, there is still no reasonable assurance that adequate resupply stocks arriving from the United States could be delivered to U.S. combat troops in a crisis."

Further, severe shortages in prepositioned war reserve stocks held in Europe further weaken any combat staying power beyond several weeks. Add to these the already publicized problems with unit readiness and manpower shortages. Indeed, logistics units are generally in poorer shape—more undermanned and lacking more equipment—than combat units. The net result is an army that can be defeated if resupply cannot be effected.

In line with the realization that our diminished economic status demands that allies do more, emphasis has been placed on the concept of "host nation support." But this doctrine is complicated by German laws prohibiting civilians in forward battle areas, uncertainty regarding the use of German territorial reserves, potential sabotage, inadequate planning in the Benelux countries, and, of course, the unknown chaos of war. It seems likely that extensive use can be made of the allies' transportation assets. However, German railroads and bridges are susceptible to Soviet interdiction at key locations.

This situation will be critical at marshaling yards, bridges and electrical power stations. Moreover, German railroads are naturally less numerous near the forward combat zone.

But the drastically reduced U.S. logistics force structure means that insufficient personnel are available to "hump" ammunition (a necessity given insufficient forklifts) deliver spare parts, distribute gasoline and oils (a severe problem if the Metz pipeline is disrupted) and repair equipment on the battlefield. Also, our NATO alies have only limited intratheater mobility.

Combat service support units are dependent upon the reserve structure for more than 60 percent of their ultimate capability. Yet, reserve readiness for rapid depolyment is questionable. The equipment that reservists train on its often quite different and, most significantly, airlift priorities may squeeze such units out of early arrivals.

The range of heavy equipment that must accompany early deploying troops, prepositioned equipment shortfalls, the time necessary to generate maximum aircraft utilization rates, the condition of aerial ports in Europe, and the time after arrival in Europe to issue equipment all weaken the likelihood of achieving early combat power. Hence, both mobilization doubts and transportation difficulties multiply resupply problems.

Faced with Soviet numerical superiority in many weapon systems, we also lack the capability to achieve desirable rates of battlefield recovery and repair, especially heavy equipment transporters. Although study groups are at work on this problem, there is a limit to what efficiencies can do in the absence of sufficient weapon systems.

The most severe logistical problem is in adequate war reserves. For years OSD and the Army have been bickering over ammunition expenditure rates and combat loss rates. What the present Administration must do is to develop an agreed-upon methodology and then alleviate the shortfalls. For by any standard, the Army in Europe would have to curtail firing rates in the midst of battle unless the situation is corrected.

Another continuing problem is the acute shortage of repair parts. Although aerial delivery has dramatically improved peacetime responsiveness, the uncertainty of aerial ports during war and the difficulties of delivery to units on a fluid battlefield suggest greater stockage levels with combat units. U.S. Army, Europe, has already begun to move war reserve stocks forward to allow a speedier issue in the event of hostilities, but improved management visibility over these stocks is still desirable.

The intense firepower of modern war leads to immense consumption rates for ammunition. Yet, the Army lacks specific levels of ammunition in particular mixes and the facilities to store additional munitions. Resupply from the United States is going to be insufficient because of out-loading shortfalls—the result of safety requirements (waiver provisions on U.S. ports are unclear)—and military facilities without sufficient tonnage capabilities. Production capacity and deteriorating rail networks also need examination.

Finally, allies will request ammunition from the United States in the early stages of war because of their own limited quantities and mixes. Thus, we should be encouraging greater European production or purchase of ammunition, a solution that NATO governments with their national prerogatives ought to be able to tackle. Sustainability, the percentage of demand supportable over time, is seriously weak for ammunition.

COMBAT TO COMBAT SERVICE SUPPORT FORCE RATIOS

[In percent]

	Combat	CSS
Start World War I	87	13
End World War I	66	34
Start World War II	88	12
End World War II	57	43
Start Korean war	67	33
End Korean war	60	40
Start Vietnam war	75	25
End Vietnam war	53	47

Rapid mobilization and deployment are crucial to the successful execution of our national strategy. But the 1978 exercise "Nifty Nugget" confirmed what many logisticians had known: the United States is unprepared to go to war. More recently, Mobex-80 identified new deficiencies and incomplete progress on correcting earlier faults.

Renewed emphasis must also be placed on exactly what an "industrial base" is supposed to accomplish and in what time sequences. Presently, industry receives no funds for the active planning of a responsive surge capability. But before money is thrown at the problem, analysis need to consider the rapidity of technological change, the eroding subcontractor network, future skilled-labor mixes, and dependency levels for imported raw materials.

Import levels of raw materials, however, do not reveal dependency levels, since stockpile inventories alternate sources of supply and substitution prospects are not calculated. In the foreseeable future, the industrial base is unlikely to influence significantly the first six months of war or to compensate for war reserve stockpile shortages.

Thus, a reliable surge capacity is needed—and to some extent exists—and planning funds should first be directed there. Then, facing squarely the obsolescence curve, an analysis should be made to consider whether it may not be wiser for the government to grant special tax incentives and cash awards for the defense industry to modernize at levels beyond expected business demands.

This may be preferable to once again paying for tons of equipment that will rust away before being used, at less than effective production rates.

Automated data processing, severe shortages of medical personnel and communications support are other areas of glaring weakness. One of these may be corrected if civilian end strength is increased during the current session of Congress. Army depots, the unsung heroes of World War II, do not have enough personnel to accommodate a wartime surge. Some help will come from the assignment of longer term deploying reserve units to the depots in the earliest stages of war.

Across the Atlantic, visibility over intransit cargo will be weak, and computers in Europe lack both hardening and capacity. What few supplies that may be around at D + ten may not be properly distributed, and we lack either the manpower or knowledge to undertake a manual-resupply effort.

Even with the assistance of European medical personnel, projected casualties are greater than facilities and personnel can care for in the early stages of combat. Evacuation from the theater to the United States is a partial answer—if that can be arranged.

The Rapid Deployment Force (RDF) mission further complicates logistical planning. Transportation of both personnel and equipment is essential because of limited prepositioned stocks. Escalation control is inherently involved because the force first reaching the objective shifts the burden of escalation to the other superpower.

Given shorter distances from Soviet bases to the Persian Gulf, the Soviets already have one major advantage. Indeed, U.S. stocks may be malpositioned, given basing problems and geographic spread. In addition, an RDF mission without a declaration of national emergency means constricted lift assets. Commercial and military fleets are heavily container-oriented, but many potential RDF ports lack container off-load capabilities.

This same degree of difficulty exists with respect to fuel, drinking water and repair parts.

In effect, a RDF mission would strain U.S. logistical capabilities; the simultaneous execution of a NATO defense and a RDF mission is beyond the present capacity of U.S. forces. Yet, that may be the most plausible scenario for a future war.

What then is the unfinished agenda? On a purely personal basis, it seems to me that the following tasks suggest themselves:

Resolve the host-nation support issue so that all parties can begin to undertake the necessary force-structure changes and clear up mobilization ambiguities.

Task a senior OSD official with analyzing the industrial base in light of a range of scenarios and developing an investment plan for its modernization and both surge and long-term capacity.

Further refine scenarios using actual times for deployment, not notional estimates. This must include extensive analysis of reserve readiness and upgrading where necessary in the areas of manning, equipment and training.

Examine the prospects for stateside port prepositioned equipment (POMCUS), recognizing that further POMCUS stocks in Europe only draw down active and reserve components units, degrade training, heighten vulnerability and, most importantly, limit flexibility outside for deployment beyond Europe.

Move on with plans to increase airlift capacity with C-5A wing modification extending lifetime beyond the year 2000, and the stretching of C-141 aircraft, that by adding 23 feet creates the equivalent of about 90 more aircraft without additional maintenance and flight crew personnel.

Refine the program that enables rapid use of civilian airline fleets by enlarging doors and reinforcing floors. Stock additional repair parts and crews to achieve higher wartime utilization rates.

Examine sealift with particular attention being paid to the trade-off between fast sealift and further POMCUS overseas. Continue to upgrade the readiness of the National Defense Reserve Fleet. Restore physically a senior naval officer to the liaison billet at the Maritime Commission, and improve present plans to use NATO shipping assets in an emergency.

To facilitate RDF missions, roll-on, roll-off ships are essential to move heavy divisions and should be procured for the Military Sealift Command.

Critically examine ammunition expenditure rates, stocks, allied needs and production, then decisively fill imbalances while continuing the emphasis on uploading munitions.

Arthur Wellesley, the Duke of Wellington, said during the Peninsular Campaign, "To guide a biscuit from Lisbon to a man's mouth is a matter of vital importance, for without biscuit no military operation can be carried out."

It ramains a truism: without logistical support, no army can fight outmanned and win.●

TAX ON ASSETS

● Mr. CANNON. Mr. President, all of us are laboring to find commonsense solutions to the economic grief spreading in our country today.

We debate the need for a sense of fairness in the distribution of the tax burden and the frustration in which we find ourselves at this point in time, wherein budget cuts do not go far enough and various economic theories seem impotent in the face of interest rates which refuse to shrink and rising unemployment at a time when our productivity needs a shot in the arm.

This is a time when we have to call upon the intelligence of the Nation—even outside of our deliberative efforts here in the legislative halls. It is for this reason that I wish to insert a statement of a constituent of mine, Paul Fisher of Boulder City, Nev., a successful businessman and independent thinker, who has proposed some drastic changes in our economic thinking and the manner in which we levy and collect taxes. For, certainly, we need not be reminded that if the vast majority of American taxpayers do not view our system as fair and our sacrifices as capable of leading us out of this deepening recession, all of our ministrations will avail us nothing.

Mr. Fisher proposes that we study a tax on assets, in the belief that the richest Nation in the world, with over $15 trillion worth of assets largely untaxed, must be closely examined.

Mr. President, I commend his brief statement to you and to Congress as a novel change of direction in our economic deliberations worthy of thought and study, and ask that the article, which appeared in the Washington Post on May 11, be printed in the RECORD.

The article follows:

I HAVE A DREAM

Our Government can end the recession, reduce unemployment, balance the budget, and stop inflation by applying the scientific technique to our economic problems: Common sense tells us that there is no excuse for our Government not to balance its budget because this is the richest nation in the world with over $15 trillion worth of assets that are now largely untaxed.

Begin with two simple steps:

1. Stimulate the economy and end the recession by abolishing all (income and all payroll) taxes on the first $10,000 of income for everyone.

I estimate this will put $80 billion extra into the hands of those who need and deserve it most.

2. Balance the budget with a modest, nonconfiscatory, graduated tax on all of those $15 trillion worth of assets. All organizations (without exception and including government) should be taxed on exactly the same basis.

Exempt the first $200,000 of assets owned by each individual and each organization.

Tax the next $10,000,000 in assets (with no credit for liabilities) at the rate of 1% per year, the next $100,000,000 at 2%, and all assets over $100,000,000 at a maximum rate of 3% per year (a fair and reasonable governmental charge for helping to defend those assets).

I estimate that this will raise $225 billion per year over and above its additional cost to our Government. This will balance the budget without depressing the economy nor adding to inflation.●

RECESS UNTIL 1 P.M.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 1 p.m. today.

There being no objection, at 12:16 p.m., the Senate recessed until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. SIMPSON).

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FIRST CONCURRENT BUDGET RESOLUTION

The PRESIDING OFFICER. The Senate will resume consideration of the pending business, which the clerk will report.

The legislative clerk read as follows:

A resolution (Senate Concurrent Resolution 92) setting forth the recommended congressional budget for the United States Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the United States Government for the fiscal year 1982.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself, at the onset, 1 hour.

Mr. President, I bring to the floor today a document that promises hope for the American economy. It also promises to be a most controversial document, because it recommends a fundamental change in the way the Federal Government does its business.

The first concurrent budget resolution for fiscal year 1983 asks the Congress to do some things that Congress has never found the ability to do. The resolution asks that Congress restrain growth in Federal programs: That is, that Congress restrain itself, in an election year. I am told that such a thing cannot happen. The resolution, for reasons that I will go into at some length this afternoon, says that such a thing must happen.

I recall a story that I was told by my good friend LEON PANETTA, the Congressman from California who has played such an important role in the budget process in the House. LEON recalled the story of the frog and the spider. Both were stranded on a lily pad in a flood. Soon, the flood would overwhelm them both. The spider asked the frog to carry him through the waters to the safety of the shore. The frog asked, "If I do that, you will bite me and I will die, won't you?" The spider replied, "Of course not. We would both die. Why should I do that?" So, the frog allowed the spider to get on his back and, halfway to shore, the spider bit him. As they both sank to their deaths, the frog asked, "Why did you do that?" And the spider responded, "Because it's my nature."

I can assure my friends that if, indeed it is Congress nature merely to spend and spend in an election year, and if it is Congress nature to avoid hard votes in an election year, then we may deliver a fatal bite to our Nation's economy this year. This resolution says, "No, even in an election year Congress can and must act."

We shall see in the following weeks whether this resolution, which embodies the hopes of the Senate Budget Committee and carries the strong support of the President of the United States, can prevail, or whether the so-called nature of Congress will prevail. And, on the outcome of that battle hinge millions of jobs, thousands of business bankruptcies, and untold numbers of dreams.

This resolution has been criticized at some length during the past week, even though it has not been on the floor. In fact, it was criticized before it was even reported out of committee. It has been called premature, unfair, and harsh. I judge that all of this rhetoric simply means that the resolution asks some very tough decisions on the part of the Senate.

Let me repeat what I said earlier this week. I plead guilty to bringing before the Senate a resolution that asks the action this resolution asks. I plead guilty to the accusation that this budget breaks with the past. I plead guilty to the charge that this budget asks Congress to do what it has too rarely done in the past 25 years—show fiscal restraint.

Yes; this budget confronts squarely and honestly the question of the pending bankruptcy of the social security system.

Yes; this budget says, "no growth" to many areas of Government spending.

Yes; this budget asks for slowing the rate of growth of entitlement programs.

Yes; this budget recognizes that defense spending must increase, but at a slower rate than we had originally hoped possible.

And, finally, yes; this budget says that in order to buy the good things this Congress wants to buy for America, we must raise taxes during the next 3 years.

In summary, the main problem with this budget resolution is that it is absolutely honest. May I repeat: In summary, the main problem with this budget resolution is that it is honest. It lays out for all to see the problems confronting us. It shrinks from none of the results of our past fiscal decadence.

And, predictably, many of my colleagues already are running away from this budget resolution as though it were the plague.

I will repeat what I said last year to the President, and which he has used since:

> You can run, but you can't hide.

You cannot hide from the growing might of the Soviet Union.

You cannot hide from the out-of-control growth in medicare and guaranteed student loans, as well as other entitlements.

You cannot hide from deficits so large that they could threaten our entire financial structure.

You cannot hide from the precarious nature of our national economy now and the prospects for even more serious problems in the future, unless we act boldly.

Finally, you cannot hide from the impending bankruptcy of social security.

This resolution merely asks the Congress to stop running and to stand and fight.

The budget resolution that the Budget Committee has passed with the support of the President does not promise miracles for the American economy. The days of miracles are past—if, indeed, they ever existed. But although it promises no miracles, it does offer a fair, responsible, and straightforward approach to our Nation's needs and social goals within the constraints placed upon us by the state of the economy.

The committee has recommended substantial savings in outlays, proposed savings of $275 billion during the next 3 years. I do not wish to split hairs, but I would like to note that the term savings is not merely a euphemism for spending cuts. The largest single type of budget savings proposed by the committee—roughly $106 billion—is a saving in net interest. This saving does not require cuts in any Government program that serves our social goals. It is a genuine saving brought about by the lower interest rates and the lower deficits that are expected to occur if our proposed resolution becomes national policy.

Although I think savings is the best general word for the reduction in outlays the committee suggested, I will candidly admit that the resolution also proposes some reductions in growth and a very few actual cuts in Government spending programs. I do not expect every Senator to like every proposal, and I certainly do not expect special interests and lobbyists to be calm about our proposals. Nor will I try to defend every individual proposal the committee made in its effort to keep Federal outlays within reason. But I will defend the entire package.

In our debate, we should not forget that the entire package is what matters, not the individual items. The Budget Committee does not have jurisdiction over any individual program or any line items in the budget. It naturally has to examine the budget in detail to make sure that its recommendations are possible and reasonable. But its proposed budget resolution, if passed, would only set the broad outlines of the budget. Thus, it is appropriate that the budget be considered as a package, not as a collection of individual items.

In its resolution, the Budget Committee recommends revenue increases of $95 billion during fiscal years 1983, 1984, and 1985. It proposes that these revenue increases be instituted without tampering with the individual tax cuts that were passed last year. It also proposes that $6 billion in new user fees be raised. The committee, of course, recognizes that only the Finance Committee has authority to give final advice to the Senate on the details of revenue decisions.

I submit that as a package, this budget resolution is very, very good. It brings deficits down dramatically from $117.7 billion in 1982 to $30.5 billion in fiscal 1985. It reduces our projected deficits by a total of over $400 billion in this 3-year period.

RESOLUTION REDUCES DEFICITS

I would like now to take a closer look at the projected deficits. The chart in the rear of the chamber tells the story. Without some action to reduce deficits, deficits would have skyrocketed to $233 billion as they did in the baseline projection. However, if the committee's recommendation is accepted, deficits will steadily decline and a balanced budget will be within reach once again.

That is shown very graphically by the chart, the last column being especially dramatic. The darker colored bars show what we start with—the baseline deficits. The lighter colored bars, the very small ones, show the deficits we will end up with if the policies assumed in the budget resolution are carried out and the economic assumptions, which as I indicated are rather reasonable, become a reality.

Deficits in our baseline projections are large for one simple reason. Outlays are growing rapidly and revenues are also growing but not as rapidly.

Let me rephrase that. Deficits in our baseline are large for one simple reason. Outlays and revenues are both growing, but revenues are not growing as rapidly as outlays.

RESOLUTION NARROWS BUDGET GAP

The next chart clearly depicts the significance of this resolution in this one very significant characteristic or quality, the narrowing of the budget gap.

On this second of the charts, the two solid lines represent the outlays and revenues which are likely to occur if Congress does not take responsible action on the budget. Note that the gap between outlays and revenues gets wider every year.

The two broken lines represent the outlays and revenues that are expected if the committee's recommendation is accepted. Here, the gap narrows every year. The chart also shows that the proposed budget resolution changes both revenues and outlays, and that it permits overall Government spending to continue to increase. Again, I might note that we are talking about budget savings, restraining growth, not budget cuts. But regardless of terminology, the committee has unequivocally recommended a significant reduction in deficits, a reduction that is urgently needed.

The question that appears obvious to this Senator and obvious to most of those who have helped us, who testified before us and advised us, from all parts of the country is: Why is it so necessary to reduce our enormous deficits?

One answer, one very important answer, is that deficits are projected to be completely out of proportion to the real economy, unless Congress acts. To put it in less-technical terms, Federal borrowing for deficits is growing faster than anything the Government can tax to pay for the borrowing. Not only are deficits projected to grow faster than actual tax revenues, they are projected to grow faster than potential tax sources.

RESOLUTION LOWERS DEFICITS AS A PERCENT OF GNP

Let us look at the next chart, lower deficits as a percent of our total productivity, the GNP. This chart shows that deficits, during the last two decades, were fairly small compared to the size of the economy. But look at what would happen in the next few years if no action were taken to reduce our deficits. The red line, the baseline projection, shoots up to levels the Nation has not experienced in an entire generation. In fact, to find levels higher than this, we would have to go all the way back to World War II. Our deficits would rival those of the depression days in their relationship to our economy.

On the chart, the committee's recommendation is represented by the broken line. The proposed budget resolution would significantly lower deficits as a percent of GNP. I think our choice is clear. We need to take action now even if it is against our nature.

I know there are people in this room who believe that deficits are not important for one reason or another. I will not attempt to convince them at this time, but I will say that the weight of public opinion and academic opinion is firmly against them. And if our constituents feel that deficits are too high now, imagine how they would feel in 1985 when deficits, unless we act, will be so much higher.

Another important answer to the question, Why is it necessary to reduce our enormous deficits? is that Federal borrowing, in the absence of bold congressional action, will intrude more and more in financial markets. Borrowing under Federal auspices has ballooned in the past two decades, as the next chart indicates.

RESOLUTION AIDS FINANCIAL MARKETS

In our best years for economic growth, this borrowing absorbed less than one-fifth of the available credit.

Mr. President, you will note that in those years of sustained growth, 16 to 20 percent of the available resources—to wit, the collective savings of our people and their institutions—were absorbed by our National Government. In the years immediately ahead, unless we control our deficits, direct and indirect Federal borrowings will require over half of all the funds available in the Nation's credit markets. Can anyone seriously believe that interest rates will move down and stay down when the Federal Government's credit demands are 57 percent of available funds?

Can anyone seriously believe that business will expand and create new jobs under such conditions? I do not.

Can anyone believe that those who lend money and make judgments regarding credit will believe that they can lend at lower rates with this kind of projection about crowding out? When the Federal Government needs to borrow money, it has no alternative. Those who lend it, however, have a choice. They have little or no pressure to lend money to the Government. The Government must borrow; they can lend. That is why I believe that the committee's recommendations are necessary, so vital, so urgent.

Let us look at the chart again. The committee's proposal is projected to bring the Federal share of the Nation's credit down to 25 percent, or half of what it is today. That has to have a beneficial effect on interest, business expansion, unemployment, growth, and jobs.

Mr. President, I said this budget resolution was not going to promise miracles and I do not think it does. I do not think the committee voted miracles and I did not recommend that they count on them. But I can say fairly that our economy would be in far better shape if the proposed resolution became national policy than if our baseline projections came true.

Although I have noted that deficits are a growing problem and the resolution offers a responsible way to deal with them, I have not yet mentioned the most misunderstood part of the budget resolution: The steps to keep social security solvent. I should like to say here, with the greatest respect to all of those who have easy answers to this, such as taking it off budget, the facts will not change. If we take it off budget, the facts are the same. Those same people who are worried about future inflation and will not let interest come down, they will know that social security is in trouble, even if we take it off budget. To try to take it off the budget, I say, is to try to cloud the issue or hide the issue. So let us talk about it.

I sense that while this budget resolution has many difficult decisions, the most misunderstood is that part of the resolution dealing with social security. The problem, as the committee faced it, is that the amount of reserves in social security trust funds is projected to be dangerously low in the very near future. Let us look at that chart.

RESOLUTION KEEPS SOCIAL SECURITY SOLVENT

As it indicates, actual reserves have been declining for several years. They are projected, in the absence of congressional action, to reach the minimal acceptable level of reserves—not in 1993, not in 2030, but in 1983, the first year of this 3-year budget. This level of reserves is indicated by the shaded area of the chart—that is the insolvency danger area.

Now let us focus on the red line. That is what is projected to happen to the social security trust funds if we ignore the problem. The amount of reserves drops below the minimum level required for solvency within 14 months. This means, if that happens, that the 36 million people who receive social security benefits may not receive them on time, or at least would not recieve them in full. At that point, I imagine, and I hope, that Congress would do something to correct the problem.

But why should we wait until there is a crisis? Why should we wait until the last minute and then act hastily, perhaps foolishly? We know that we are going to have a problem very soon.

I note with some amusement an article by Irving Kristol in the Wall Street Journal. His remarks illustrate why economists and sociologists run risks when they get into politics and political matters. His opinion is that Republicans are playing into Democratic hands if they raise the social security issue. He thinks that we shall scare so many people that they will vote against us.

I disagree. I believe that most Americans know how serious the problems confronting social security are. Poll after poll shows that. The majority of the elderly believe that social security is in trouble and the overwhelming majority of younger workers in this land simply believe that the tens of thousands of dollars they are paying into this fund are being poured down a rat hole, they say. They do not believe social security will even be around when they reach the age that they should begin to get benefits.

Yet we are urged to wait. We are urged to run. We are urged in the name of some alleged political advantage to pretend that no problem exists.

I still believe that good public policy is good politics. I believe that guaranteeing that social security can survive is good public policy and good politics. It is also our moral duty, whether it brings us trouble or not. I frankly believe that the tide of public opinion will be with us and I think we are seeing in both the print and the electronic media the expression of that tide. We are right on social security and the American people know it.

No one denies that social security is in trouble. The Office of Management and Budget, the Congressional Budget Office, the trustees of the social security system, social security actuaries, and the Budget Committee have all looked and come to the same conclusion: We have a problem and it is serious. Interfund borrowing cannot and will not keep the fund solvent.

Some funds will go under sooner than others, it is true. One will be in serious trouble in just 14 months, but all the funds combined will be insolvent by 1984. Then there will be no fund that has enough money to lend any other one.

With or without interfund borrowing, the committee felt it was our solemn duty to act now so that the Federal Government's commitment to social security recipients can be met next year, the year after, and all the years after.

It is amazing, Mr. President, how the issue of social security solvency has been presented. Let me repeat the last statement: With or without interfund borrowing, the committee felt it is our solemn duty to act now so that the Federal Government's commitment to social security recipients can be met next year, the year after, and all the years after. You would not think, from what we have heard, that solvency was the issue. That it the issue. The issue is the amount of dollars that this committee found will be necessary if we are going to live up to that commitment.

Is that not amazing? That is a cut, someone says. It is not a cut. But if we do not somehow fix it to that extent, then there is not going to be enough money for the checks. So what do we do?

Some say take social security off budget. I just answered that a while ago. That will fool nobody. Some say it is balancing the budget on social security. How could that be if the facts are that if we do not find this amount, either in reform or taxes, there will not be enough money to make the checks?

If we say "Find that much, fix it that much," how can we be balancing the budget on social security? Those who believe that are just saying that we are not going to do it, right? But if we do not do it, what happens? Most probably there is not enough money around to pay the checks.

How could this be a cut resolution? It is a solvency resolution. It is a "but for this amount there will not be money to make the checks resolution." It is honest. It is telling the truth in the budget. And then it is even more, because if this Congress adopts it, it is saying to those 36 million people who are waiting to see if they are going to get their checks in full in 1983 and 1984 and 1985, and those in our country who are wondering whether we are going to have truth in budgeting and a credible budget, saying to all of them, "That much is needed to make it solvent, and if Congress votes it in, the appropriate committees must act before the year is out." It says do it by December 1, after the Commission has reported.

Now, that is pretty good medicine for the size and dimensions of the ailment. To ignore it, to take it off budget, to say no, it is against our nature, is to ignore the ailment—no cure provided. As if it will simply go away.

Our analysis is that the system needs $6 billion in 1983, $17 billion more in 1984 and $17 billion more in 1985. If this recommendation is accepted, the trust funds will have sufficient reserves to stay solvent. They will not be as comfortable as they were in the seventies, but at least they will have enough on hand to make payments on time.

In making its recommendations, the committee does not do two things it has been accused of. And I repeat, because it is not just the Senator from New Mexico, it is a fine, super, dedicated committee: The committee in making its recommendations does not do two things it has been accused of.

First, it does not ask Congress to take any legislative action before it receives the report of the National Commission, the National Commission on Social Security Reform. The proposed budget resolution in fact calls for the Commission to expedite its work and report before November 11. Far from trying to ignore the work of that Commission, the Budget Committee's proposal would direct the Finance Committee to consider its recommendations immediately and report legislation to the Senate only after it has done that.

It is unfortunate that certain Members of Congress benefit from sowing confusion on this issue, and I understand that; I know that is our nature. I am not saying it should not be done. I am just saying it is unfortunate.

I say let the truth be known. The resolution that the committee is proposing welcomes the recommendations of the National Commission and provides a way that they can be acted on.

Second, the committee's recommendation does not, and I repeat, does not propose any cuts in benefits for social security retirees.

RESOLUTION GUARANTEES GROWTH IN BENEFITS FOR SOCIAL SECURITY RETIREES

Now, this is an interesting one. Immediately after the numbers came out, somebody divided the number of social security recipients into $40 billion and said they are going to be cut $1,100, and that message has gone across this land.

Well, let us look at this chart. As this chart points out, the average annual benefit will increase over $1,200 in 1983, 1984, and 1985 at the minimum under the committee's proposal. If all the $40 billion necessary to make the fund solvent was arrived at through benefit reforms, the money left would still allow over $1,200 as an average increase during those 3 years.

None of the critics has bothered to do that arithmetic. We know that there are not going to be across-the-board benefit reductions if there is reform, plus some tax revenue. It means that payments to many recipients may be kept entirely intact while reform may affect others. Benefits could indeed increase more than this, but they need not increase less than this if the resolution is accepted.

The committee proposes solvency actions totaling $6 billion in 1983, and $17 billion for each of the next 2 years without specifying how they will be achieved.

This has confused people, so let me tell the Senate what it means and what will happen.

The Finance Committee and ultimately the Congress will make the final decisions on how solvency is achieved. They have three options—no more, no less. First, growth in benefits, which has been simply phenomenal during the last decade, could be slowed somewhat. Second, the revenues into the system could be increased either from general revenues or earmarked taxes. Third, and most likely, a combination of increased revenue and slower growth could be agreed to.

None of these three alternatives, however, necessitates a cut in benefits from current levels. Any one of them, in fact, accommodates substantial growth.

So there are the facts and they are here in this resolution recommended by this committee. The committee's recommendations will reduce deficits by essentially keeping discretionary accounts for the next 3 years at the 1982 level. Not a cut in spending, a freeze. As I indicated in my earlier remarks, looked at as a package, for all of those discretionaries, the sum total will be a freeze. There is flexibility because those are only targets for the Appropriations Committee to work within. That committee may decide that some programs will go up while some come down, but the freeze is a collective or a cumulative freeze.

Next, our recommendation will reduce the growth of entitlements—not a cut in spending, but a reduction in growth.

Next, or recommendation will slow the rate of increase for defense. Again, not a cut but a slowing. And our recommendations will ask for additional revenues which are about one-third as large as the outlay savings we request. The ratio is about 3 to 1. That is, $3 in savings to $1 in new revenue.

That was deemed appropriate in this committee's judgment.

Let me conclude by saying that I frankly did not believe that a budget could emerge from our committee 3 months ago. That it has emerged is a tribute to the extraordinary courage and ability of the members of the committee who put aside deeply help personal convictions in some cases in order to vote for the resolution. To them, and to their strong support for the chairman during the difficult past 3 months, I offer public thanks and deep gratitude.

I believe that budget is sound, that it is fair, and that it ought to become the law of the land in all its manifestations. And, while it predicts no miracles, it does promise to be an important part of our national efforts to avert the disastrous consequences of doing nothing.

Mr. President, I recommend the passage of the budget resolution without reservation.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, before the Senator from Louisiana takes the floor, I suggest the absence of a quorum. I want to talk with him for a moment.

The PRESIDING OFFICER. On whose time?

Mr. DOMENICI. On the time of the Senator from New Mexico.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. DOMENICI. I object, Mr. President.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

The bill clerk continued the call of the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

The bill clerk continued the call of the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. DOMENICI. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

The bill clerk resumed the call of the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, so that Senator RIEGLE and I can offer an amendment to repeal the $40 billion in cuts in social security.

Mr. STEVENS. I object.

The PRESIDING OFFICER (Mr. WARNER). Objection is heard.

The clerk will call the roll.

Mr. KENNEDY. Mr. President——

SEVERAL SENATORS. Regular order.

Mr. KENNEDY. Mr. President——

The PRESIDING OFFICER. Under the rules, the Chair is not able to recognize the Senator from Massachusetts. A quorum call is in progress.

Mr. KENNEDY. Is the Senator entitled to ask unanimous consent to offer an amendment to restore the funds for medicare?

Mr. DOLE. Regular order.

Mr. KENNEDY. Is the Senator entitled to offer that amendment——

Mr. DOLE. Regular order.

Mr. KENNEDY. If the Senator is not permitted, he would like to find out who is——

The PRESIDING OFFICER. The Chair will hear the Senator from Massachusetts and rule at the conclusion of his statement.

Mr. KENNEDY. Excuse me?

The PRESIDING OFFICER. The Chair will hear the Senator from Massachusetts and rule at the conclusion of his statement.

Mr. KENNEDY. Can I appeal the ruling of the Chair? I appeal the ruling of the Chair.

The PRESIDING OFFICER. Under the rule, a quorum call is in progress. Objection has been lodged to the withdrawal of the quorum call, and the call will continue.

The assistant legislative clerk continued the call of the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. HEINZ. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk continued the call of the roll.

Mr. KENNEDY. Mr. President——

Mr. DOLE. Regular order.

Mr. KENNEDY. Mr. President, what time did the quorum call start? It seems to me it started about 1:45; it is now 2:55.

The PRESIDING OFFICER. The Senator can——

Mr. KENNEDY. The majority leader has indicated we are going to have Senate business, and I ask, on the basis of the statement of the majority leader—I ask consent that this quorum call be suspended, so that Senator RIEGLE and I can offer our amendment to restore the social security cuts and the medicare cuts.

The PRESIDING OFFICER. The Chair wishes to advise the distinguished Senator from Massachusetts that, under the rule, the Chair has absolutely no flexibility. A quorum call is in progress. There has been objection to the withdrawing of the quorum call.

The rule referred to is on page 840 of Senate Procedure: "Business or Debate Out of Order in the Absence of a Quorum or During a Quorum Call."

Mr. KENNEDY. Mr. President, a point of information.

The PRESIDING OFFICER. The Chair regrets to say that it cannot entertain any further inquiry from the Senator from Massachusetts, under the rules.

Mr. RIEGLE. Mr. President, is a parliamentary inquiry in order?

The PRESIDING OFFICER. A parliamentary inquiry is not in order.

Mr. DOLE. Mr. President——

Mr. KENNEDY. Mr. President, as a point of inquiry, the majority leader indicated that the Senate would be in session for the purpose of doing business and receiving amendments.

The PRESIDING OFFICER. The Chair respectfully asks all Senators to refrain. The rule has been stated. The rule is precise in its term. A quorum call is in progress. Unless there is unanimous consent to withdraw it, the Chair will not entertain——

Mr. RIEGLE. Has the absence of a quorum been determined?

The PRESIDING OFFICER. A quorum call is in progress.

Mr. DOLE. Mr. President——

Mr. RIEGLE. How many Members are present?

The PRESIDING OFFICER. If the Senator will indulge the Chair——

Mr. KENNEDY. Will the Chair tell us what the rules say about the time for a quorum call?

Mr. DOLE. Mr. President——

The PRESIDING OFFICER. Under the rules, there is no limit on the time in which a quorum call can be conducted.

Mr. KENNEDY. For the Senator from Michigan to offer——

The PRESIDING OFFICER. The clerk will resume the call of the roll.

The assistant legislative clerk continued the call of the roll.

Mr. JOHNSTON. Mr. President, the quorum call is not in progress. The clerk is not calling the roll.

The PRESIDING OFFICER (Mr. KASTEN). A quorum call is in progress. The clerk will continue to call the roll. The Senator is out of order.

The legislative clerk continued the call of the roll.

Mr. JOHNSTON. Mr. President, I repeat: The clerk is not calling the roll.

The PRESIDING OFFICER. A quorum call is in progress.

Mr. JOHNSTON. Mr. President, if the minority is expected to abide by the rules by refraining from speaking, then the clerk should also abide by the rules by calling the roll. The rules provide for the calling of the roll.

The PRESIDING OFFICER. The clerk is calling the roll. The Senator is out of order.

Mr. RIEGLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. How many Senators have to be present——

The PRESIDING OFFICER. An inquiry is not in order. A quorum call is in progress. The Senator may request unanimous consent that the order for the quorum call be rescinded.

Mr. RIEGLE. I ask unanimous consent——

Mr. DOLE. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will continue the call of the roll.

The legislative clerk continued the call of the roll.

SEVERAL SENATORS addressed the Chair.

The PRESIDING OFFICER. The Senate will be in order.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, reserving the right to object.

Mr. STEVENS. Mr. President, let me say to the Senator what I wish to do and I appreciate his reserving the right to object.

Mr. KENNEDY. Mr. President, I am just reserving only for the ranking minority member to be able to speak.

The PRESIDING OFFICER. The Senate is not in order.

Mr. STEVENS. The Senator has every right to make that request.

The PRESIDING OFFICER. The Senator from Massachusetts may not reserve his right to object.

Mr. KENNEDY. Mr. President, I reserve the right to object.

The PRESIDING OFFICER. The Senator from Massachusetts may not reserve the right to object on the rescinding of a quorum call.

Is there objection?

Without objection, it is so ordered.

The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, it is my intention to yield to the Senator from New Mexico, who has committed himself to yield to the ranking minority member so he may make his statement as soon as we get some routine matters out of the way.

Mr. RIEGEL. Mr. President, if the Senator will yield for a question, does that involve also protecting the rights of the Senator from Massachusetts and myself to at least discuss the issue that we have been trying to raise here today?

Mr. STEVENS. I may say to my friend it does.

Mr. RIEGLE. I thank the Senator.

UNANIMOUS-CONSENT AGREEMENT—FTC USED-CAR RULE LEGISLATION

Mr. STEVENS. Mr. President, I ask unanimous consent that at 9 a.m. on Tuesday, May 18, the Senate proceed to the consideration of Senate Concurrent Resolution 60, a resolution to disapprove the Federal Trade Commission's used-car rule.

Further, I ask unanimous consent that the debate on Senate Concurrent Resolution 60 not exceed 3 hours, 1 hour to be controlled by the Senator from Wisconsin (Mr. KASTEN) and 2 hours to be controlled by the Senator from Oregon (Mr. PACKWOOD).

Also, I ask unanimous consent that, at the conclusion of the yielding back of time, the Senate proceed to vote, without any intervening debate, motion, appeal or point of order on adoption of Senate Concurrent Resolution 60.

Further, I ask unanimous consent that following the conclusion or the yielding back of time and the vote on Senate Concurrent Resolution 60, if the yeas and nays are not ordered, the Senate stand in recess until 2 p.m.

Further, I ask unanimous consent that the recess time on Tuesday be charged against Senate Concurrent Resolution 92 unless objection is lodged by the minority leader.

Mr. JOHNSTON. Mr. President, that request has been cleared on this side.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Mr. President, reserving the right to object.

Mr. STEVENS. Mr. President, there is one further agreement.

I ask unanimous consent that in the event a rollcall vote is ordered on adoption of Senate Concurrent Resolution 60, it occur at 2 p.m. on Tuesday, May 18.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—FIRST CONCURRENT BUDGET RESOLUTION

Mr. STEVENS. Mr. President, I ask unanimous consent that there be 1½ hours of debate on the pending business with the understanding that no amendments will be introduced today and at the conclusion of that 1½-hour debate the Senate stand in recess until the hour of 8:30 a.m. tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSTON. Mr. President, reserving the right to object, 1½ hours today, is that equally divided?

Mr. STEVENS. Yes, that is equally divided.

Mr. JOHNSTON. May I ask my friends from Massachusetts and from Michigan how much time they may wish?

Mr. KENNEDY. We prefer to offer an amendment, but I have no objection to this proposal if we can have assurance that I get 20 minutes.

Mr. STEVENS. Twenty minutes.

Mr. RIEGLE. I wish 15 minutes.

Mr. STEVENS. Twenty and fifteen will be sufficient.

Mr. KENNEDY. Yes.

Mr. JOHNSTON. All right.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Alaska?

Mr. HEINZ. Mr. President, reserving the right to object, on the time agreement of the Senators from Massachusetts and Michigan is there any time reserved to the majority?

Mr. DOMENICI. We have half of the 1½ hours under the proposed agreement, as I understand it, I say to may friend from Pennsylvania.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Alaska?

Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR BRADY ON TOMORROW

Mr. STEVENS. Mr. President, I ask unanimous consent that there be a special order on Tuesday, May 18, for Senator BRADY.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 8:30 A.M. ON TOMORROW

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 8:30 a.m. in the morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—FIRST CONCURRENT BUDGET RESOLUTION

Mr. STEVENS. Mr. President, I ask unanimous consent that notwithstanding the provisions of section 305(b)(1) of the Congressional Budget and Impoundment Control Act of 1974, as amended, that when the Senate resumes consideration of Senate Concurrent Resolution 92, the concurrent resolution setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982, on Tuesday, May 18, 1982, that 30 hours of debate remain on the resolution under the same terms and conditions as specified in section 305 of the Budget Act.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Mr. President, reserving the right to object, might I just ask then if we all understand that we will be here for 1½ hours equally divided on the budget resolution and then it is understood that there are 30 hours remaining under the resolution and that no amendments will be offered during this day in the Senate?

Mr. STEVENS. That is my understanding, and that is the agreement so far.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Alaska?

Mr. DOMENICI. Is there objection to that? That is the understanding.

Mr. JOHNSTON. On the 30 hours.

Mr. DOMENICI. On the 30 hours and we are talking about no amendments from either side from anyone being offered today. That was the understanding.

Mr. STEVENS. That was agreed to.

Mr. JOHNSTON. Mr. President, reserving the right to object, I wonder if we might have a bit more than 45 minutes? The Senator from New Mexico had time to make his opening statement.

Mr. DOMENICI. Yes.

Mr. STEVENS. I am happy to revise that to make that debate between the parties on the pending business be 2 hours equally divided, and I ask unanimous consent that my past request be amended in that fashion.

Mr. RIEGLE. Mr. President, reserving the right to object, and I do not object, I simply wish to respond to the question the Senator from New Mexico raised.

My understanding of the agreement is that there are those of us on this side, Senator KENNEDY and myself, who want to offer an amendment today, and under the rules amendments are to be offered today, but we are not to be allowed to do so, that our first opportunity to offer an amendment now will come presumably tomorrow rather than today?

Mr. STEVENS. Tomorrow at 2 p.m. The Senator is correct.

Mr. RIEGLE. I want to make it clearly understood our preference is to offer the amendment today and if we were allowed to offer it today we would offer it today.

Mr. DOMENICI. The first opportunity for any amendment to be offered will be tomorrow at the hour stated, and if we are going to have debate on it, let me say there are Members on this side who had amendments they wished to offer today also. So that is not the question.

Mr. RIEGLE. We are not here to debate it. If I may then continue reserving the right to object, and I shall not object, could we have an understanding that the amendment we wish to offer today we could offer tomorrow at 2 p.m.?

Mr. DOMENICI. Absolutely not. The Senator from New Mexico would clearly object to that. That is not part of our understanding, and the reason for this delay is that we have been requested by the majority leader to await his return. I could not make that agreement since he has asked us to do otherwise.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Alaska?

Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I further ask unanimous consent that at the expiration of the 2-hour debate the Senate stand in recess until the hour of 8:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

FIRST CONCURRENT BUDGET RESOLUTION

The Senate resumed consideration of Senate Concurrent Resolution 92

Mr. DOMENICI. Mr. President, I say to my good friend from Louisiana I am not going to speak long. It is his turn. I gave my opening remarks last Friday, but so the Senate will know why I have been conducting myself in the way that I have with reference to amendments, I wish to state what I understand the situation to be:

Our majority leader will not return until this evening. We will be out of session at that point. He asked me to proceed with the budget resolution, but since we could not take any votes on any amendment until tomorrow, he asked that there not be any amendments offered today. I have been trying to accomplish that, to let everyone do whatever talking they wanted, but to get an understanding that there would be no amendments offered today.

We now have an agreement that there will not be any amendments. I thank my good friends, both the Senator from Massachusetts and the Senator from Michigan, for agreeing to that.

I also state that there are some good friends on the Republican side who have some amendments they wish to offer, among them the distinguished Senator from Rhode Island (Mr. CHAFEE) and the distinguished Senator from Pennsylvania (Mr. HEINZ), who had amendments on social security pending for 3 or 4 days on this proposal.

They have all now agreed, as have others on both sides, that they will not offer amendments today.

Mr. President, it is obvious that we are going to have a number of amendments and much debate. I am only doing what the majority leader asked that I do. That is to see that no amendments are offered today, nothing more and nothing less.

One last comment: It is the tradition on budget resolutions that the majority leader or his designee, in this case the Senator from New Mexico, decide what amendment will be called up first. We intend to do that when we meet tomorrow.

For that reason I cannot agree to any departure from that tradition. We are working on an amendment, the majority leader is interested in that amendment and, therefore, I have had to preserve and protect that right as he requested of me. I thank everyone for cooperating, and hope that we finish here in the very near future.

Mr. RIEGLE. Mr. President, will the Senator from New Mexico yield for a question?

Mr. DOMENICI. Surely, I will yield. On your time.

Mr. RIEGLE. Without trespassing on the time of the Senator from Louisiana. I understand now it is the Senator's intention to offer an amendment tomorrow initially, the first amendment will come from yourself in behalf of whomever.

I am wondering if the Senator would be willing to allow the amendment of Senator KENNEDY and myself to be the second amendment tomorrow? As long as we cannot lay it down today, can we be second in line tomorrow on our amendment?

Mr. DOMENICI. Senator, I am not going to agree to anything like that. You know that I am merely acting for our majority leader. He is generally here; he could not be here today. He has asked me to do what I have done, and he will have to agree to the Senator's request.

The majority leader will exercise the prerogative of deciding on the order of the amendments when we convene tomorrow. I am not going to agree until he is here. The Senator from Michigan may propound that to him tomorrow when we open the session. The majority leader will know what the amendments are, and he can answer for himself.

Mr. JOHNSTON. Mr. President, I yield myself 15 minutes.

Mr. President, to our friends of the press and the observers who are wondering, have been wondering, what has been transpiring these last 2 hours, let me give my version. What has been going on is that Senators have been trying to decide the very questions that have been asked here, and that is who offers the first amendment.

Let me first say that it has been a tradition 1 year in length, that is to say, since the Republicans have been in control of this body, that the majority leader decides what amendment comes first. Prior to that time there was no such tradition.

Nevertheless, what has been going on here today has been a competition to decide who will lead the fight to extract the social security cuts from the budget. That is what it is all about. The Senators from Michigan and Massachusetts, who have long been leaders in this fight, were ready to offer their amendment, and notwithstanding the fact that the unanimous-consent agreement contemplated the possibility of amendments being offered, there were objections being lodged when they tried to offer the amendment. Later some of our friends from the majority side of the aisle wanted to be sure that they were the first to offer what, in effect, is almost precisely and verbatim the Riegle-Kennedy or Kennedy-Riegle amendment, and that was why the objections were coming from that side of the aisle.

So I suspect we shall see tomorrow that a Kennedy-Riegle amendment with a Republican's name on it will be offered as perhaps the first amendment.

So I say to those who wonder whether or not the $40 billion in social security cuts or $40 billion in arresting the rate of increase will pass this Senate, I say that you have your answer in what you have seen today, that is, in this exquisite competition, bipartisan competition, as to who will be the first to author the extraction of $40 billion in social security cuts.

Now, Mr. President, I want to begin today by praising my colleague, Senator DOMENICI from New Mexico. If you think it is not a tough job to lead this Budget Committee in these perilous times, you are dead wrong. To say that the Senator from New Mexico has a rambunctious Senate on his hands is an understatement. Look at his own side of the aisle, look at both sides of the aisle, and then look toward the White House, and you will see that none of those three paths is moving in concert. They are going off in as many directions as there are Senators, and almost as many directions as there are members of the White House staff.

If there is one light of leadership involved in this whole matter it is the Senator from New Mexico on the majority side of the aisle, and I think he is entitled to a good bit of credit in being able to put anything together.

The only unanimous vote that has been held all year is the vote to throw out the President's budget, and that was indeed bipartisan.

I suspect the second bipartisan vote we will have this year is to do away with the $40 billion in cuts. But the Senator from New Mexico is entitled to what I called in the Budget Committee the Great Communicator Award of 1982 in putting anything together that would get through that Budget Committee.

Mr. President, second, I think he is entitled to credit for facing up squarely and candidly to the economic difficulties which face this country. You cannot look to any kind of misery index or any kind of Pollyanna interpretations of the economic situation today and fool the American people. The American people know what the Senator from New Mexico says is correct, and that is that we are in deep, and in many instances, tragic economic circumstances which demand bold action of the Senate, of the Congress, and of the White House.

The Senator from New Mexico has never tried to cloud over or tried to conceal the depth and breadth and misery of the present situation with which we are faced. I am glad for his leadership that we finally have a resolution, however flawed that resolution is, because now we can begin the process.

Mr. President, we have lost weeks and, indeed, months of valuable time by frittering away in a nonexistent compromise situation with the so-called Gang of 17. Just who were they compromising with? Nobody. The President, representing the administration, embodying the administration, was not even part of the process, and it got nowhere because it did not involve a real compromise.

The PRESIDING OFFICER. If the Senator will suspend, the Senate is not in order. The Senate will come to order.

The Senator from Louisiana.

Mr. JOHNSTON. So, Mr. President, with all the loss of time we are finally in a situation in which the congressional process under the Budget Act does have a chance to work. It does not have a guarantee that it will work and, indeed, the question of whether it will work well or properly to save this economy in time is a question yet to be answered. We are late getting started, but the challenge is great and I trust we will be equal to the task.

Now, Mr. President, we have had a great deal of talk about social security in these last few days during the Department of Defense authorization bill. There will be more talk on both sides of the aisle before this is over with.

Just what is it that was wrong with the social security part of the budget resolution? Well, first of all, Mr. President, it was not honest, it was not intellectually honest, at least, in saying that it was not a cut.

Mr. President, there are only two ways to take $40 billion out of the social security account. One is by cutting benefits. The other is by increasing taxes. I have not heard anybody, certaintly no one from the majority side of the aisle, talk about increasing social security taxes. Quite the contrary. So if you are not going to increase taxes, you have got to cut benefits either by reducing the amount of the COLA or by restricting the number of people who can come on the rolls or by otherwise cutting benefits or delaying benefits. And if that is to be done, the first thing that must be done, Mr. President, is to be honest and to be candid about it and say you are doing it.

Where does the President stand on this whole matter? I do not know. We asked in the Budget Committee whether he was going to back this and go on television. Well, after having proposed the $40 billion cut, and after being assured that the President was for it, then the next thing we hear from the President is that this, in fact, does not represent a $40 billion cut.

If the Senate, if the Congress, is to cut social security or otherwise alter the pattern of benefits so as to save $40 billion, Mr. President, we have got to be honest about it. We have got to ask for the order.

Second, these cuts were not fair because they were too deep; $40 billion from social security recipients is, over a period of 3 years, the equivalent of $1,100 a person in reduced benefits.

It does not help very much to say that this is a reduction in the rate of increase if inflation continues to gallop. What it would amount to, if it is taken from the COLA, is over a thousand-dollar reduction in the real dollar benefit, in the value of those benefits to the recipient. And the size of that cut is not fair, Mr. President.

Just where did this $40 billion figure come from? Well, we do not know. We think it came from OMB. It is represented to us as being the amount by which the social security system over a period of 3 years is in arrears. It is represented as being the amount necessary to restore financial stability to that system.

But our conversations, informally, at least, at this point, with the Congressional Budget Office would indicate that that figure of $40 billion is not correct; that the real figure would come to something in the neighborhood of half that much.

Finally, Mr. President, there is the question of taxes. Taxes under whatever name are still taxes, whether they are called user fees or revenue enhancers or otherwise. And, Mr. President, no one wants to raise taxes, but to cut taxes out of the deficit simply does not make economic sense.

When we were debating the question of the tax cut, the President called a number of the moderate-to-conservative Democrats to the White House. We sat around the Cabinet table with the President and the Secretary of the Treasury. And I raised to the President the question of having some kind of linkage between the third year of the tax cut and the performance of the economy, because frankly there was a great deal of skepticism on both sides of the aisle, certainly from those on the Budget Committee, as to whether the predictions as to interest rates, inflation rates, unemployment rates were really going to come true. We were repeatedly assured that the present program would lead to those kinds of rosy predictions.

But I asked the President, I said:

> Mr. President, can we not have some kind of trigger, some kind of linkage between this predicted performance which you say will occur in the economy and the third year of the tax cut?

And the President answered, along with Secretary Regan, that it was much more important that we give to the financial markets, to the money markets, assurance and stability and definiteness as to what the tax policy would be. And for that reason he said it is necessary not to have any trigger or linkage.

And about that time, my colleague from Louisiana, Senator LONG, made a statement which I found quite persuasive. He said:

> Mr. President, if this matter does not work out as you say it will, if those rosy economic predictions do not occur as predicted, you will be the first one in here to ask for a rescission of the third year of the tax cut.

So, Senator LONG said, "For my part, I do not insist that you have some kind of linkage or trigger to the performance of the economy."

Mr. President, I must say I found that persuasive at the time, because I thought if it did not work out, indeed the President would be the first to ask that it be modified.

Well, it is a year later now, or a little over a year, and indeed it has not worked out. Indeed its performance has been more dismal than anybody had predicted. Many on our side of the aisle were not sanguine about it, but no one predicted it would be as bad as it is.

And so it is really time, I think, according to most of us on this side of the aisle, for the President to do what Senator LONG predicted he would do and which he is rather late in doing, and that is offer some change in that program which is leading to such incredibly large deficits.

Mr. President, let me close with one final word. We have had a lot of talk about the need for compromise and the need for a bipartisan budget resolution. I could not agree more, Mr. President, I could not agree more that the state of the economy demands Members of the Senate to act as Americans first and partisans second. But Mr. President, it takes two to tango, and there has been no request that I have been aware of—and I am a member of the Budget Committee—for any kind of bipartisan negotiations or compromise.

This resolution has been put together on the Republican side. The compromise has been between the White House and the Republican side, not between Members of both parties. We are ready, Mr. President, to talk about compromise. We are ready to talk about a bipartisan policy, but we have to at least be asked. And Members from this side of the aisle have not even been asked to meet to talk about compromise. We have not been invited, Mr. President, to any kind of summit or conference.

Rather, Mr. President, late in the hour on the Thursday night in which this budget was put together, we were given a budget plan, a sheet of budget numbers which we had not even seen before that time and, within a period of 2 hours, the matter was voted on and, in effect, no amendments were entertained.

Mr. President, I know that the Senator from New Mexico perhaps did not have any choice or felt that he had no choice. But I can tell you, Mr. President, if we are to be faulted for not having a bipartisan budget compromise, then let it be after the request is made. That request has not, at this point, been made.

Mr. President, I will close by saying that the situation in this Nation is exceedingly serious. We cannot allow the President's initial budget figures containing, as they do, a prediction of more than a $130 billion deficit for 1985 to come about. And indeed the Budget Committee, by a unanimous vote, said no to that budget.

The Domenici numbers now on the floor obviously will not fly, Mr. President, because there is keen competition on both sides of the aisle to take those social security cuts out of the budget. If that is done—and I think it is clear that it will be done—the problem of the budget still will not be solved. All we will know at that point is what is not in the budget resolution. We will still not, at that point, know what is in the budget resolution and what steps are to be taken to cut the size of this incredible deficit.

Speaking for Democrats, Mr. President, I can promise cooperation to reduce the deficit and to do so in a fair way so that all Americans, not just certain parties and segments of our society, will equally bear and fairly bear the costs of cutting the size of that deficit.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. KENNEDY addressed the Chair.

Mr. JOHNSTON. How much time does the Senator need?

Mr. KENNEDY. I think I asked for 20 minutes.

Mr. JOHNSTON. Mr. President, I yield—

The PRESIDING OFFICER. The Chair recognized the Senator from New Mexico. The Senator from New Mexico may wish to yield time.

Mr. DOMENICI. Mr. President, if the Senator from Massachusetts is now ready, I will yield to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I yield 20 minutes to the distinguished Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. DOMENICI. Will the Senator yield for a unanimous consent request?

Mr. KENNEDY. I yield.

Mr. DOMENICI. I was going to ask a unanimous consent request. I have to leave the floor. Under the Budget Act I have to assign somebody to control my time. I designate the Senator from Kansas.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico?

Mr. KENNEDY. The Senator from Kansas?

Mr. DOMENICI. The Senator from Kansas, yes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, we have been here now for close to 2 hours on the issue of the budget resolution. I would read into the RECORD the statement of the majority leader of May 14, at page 5298, where he said as part of his dialog:

> Mr. President, I anticipate that on Monday general debate will continue and perhaps amendments will be offered, but I ask unanimous consent that if votes are ordered on Monday, they be deferred until Tuesday, not earlier than 1 hour after the Senate convenes and not later than the recess or adjournment over of the Senate on Tuesday next.

Members of the Senate were put on notice that this was going to be a day of business, and that although we would not be having votes today, as the majority leader had pointed out, general debate will continue and perhaps amendments will be offered.

Senator RIEGLE and I had hoped to be able to offer an amendment which would eliminate the cuts in the social security program which had been proposed by the Budget Committee, and the cuts in the medicare program that would lead to further shifting the cost of the medicare system to the individuals, in an amount in excess of some $3 billion next year alone.

Mr. President, I think it would be entirely appropriate that the Senator from Michigan and I, who intended to offer this amendment, have the opportunity to present this issue to the Senate.

We have had many Members of the Senate who have been extremely interested in the whole question of social security since the initial assaults on social security last year and also this year. Our minority leader, Senator BYRD, has provided extremely important leadership in this area. Senator MOYNIHAN, of New York, as a member of the Finance Committee, has made a very important and useful contribution. I think both of those Senators voted consistently with Senator RIEGLE last year when he put forward before the Senate the restoration of the minimum social security benefit. I was proud to join with him at that time, and I am proud to join with him today and will be tomorrow when he offers this amendment.

I recognize, Mr. President, that there have been 30 votes on social security in 1981 and 1982 to restore some of the reductions and cuts in social security. On all of those amendments I have been listed as a cosponsor, and on most of those amendments the Senator from Michigan has been a leader.

So, Mr. President, the Senator from Michigan and I do not come to this issue having just found it or just having heard the concerns of senior citizens, whether it has been in my State or in other parts of this country.

Mr. President, I want to make it extremely clear that this afternoon if Senator CHAFEE or other Members of the Senate had offered this identical amendment, I would have asked, rather than objecting to any consideration, to be a cosponsor of their amendment. I would have applauded their initiatives and their efforts, and would have welcomed many of our Republican colleagues to the battle to save social security, a battle which was fought with a number of our colleagues on this side of the aisle last year.

But I regret, Mr. President, that the Republican leadership has objected to the Senator from Michigan's attempt to offer this amendment. I am aware that the statement has been made that in past considerations of the budget the members of the Budget Committee have been given priority in offering amendments. I am not familiar with that tradition. I have been involved in the budget debates since that time of the budget resolution. I think, obviously, if the chairmen of particular committees have a particular matter of interest, the Senate has acceded to their request.

But I know of no agreement at this time, nor in the past, when Members of the Senate have been foreclosed from offering amendments on this issue. As I say, I would hope, certainly, that the Senator from Michigan would be given and would be entitled to recognition tomorrow. I am not going to hold my breath until he is given recognition after we begin consideration tomorrow, but I certainly would think that, given the Senator's record of strong interest in this issue and concern about this question, he would be entitled to recognition.

Mr. President, as I said, I deplore the fact that we will not have the opportunity to offer this amendment and have a dialog and debate on it. But I certainly think we can assure our colleagues that, during the course of the the debate on the budget resolution, there will be plenty of opportunity for those who have stood here and fought against social security reductions in the last Congress to oppose the reductions in social security continued in this budget resolution which would be the equivalent of $1,000 for every social security recipient over the next 3 years. We will have an opportunity to vote on that issue, as we will on what I consider to be the unfair and unjust proposal of the Budget Committee to shift the cost of the Medicare program to the elderly to pay out of their pocket.

Mr. President, I will speak briefly on both of these issues and then I will reserve whatever time remains.

How much time have I remaining?

The **PRESIDING OFFICER**. The Senator has 11 minutes, 20 seconds of the 20 minutes still remaining.

Mr. **KENNEDY**. Mr. President, as I mentioned, Senator RIEGLE and I had intended to propose an amendment to strike the $40 billion in savings included in this resolution under the heading of social security solvency. I regret that the Senate leadership is using the Senate rules to prevent the amendment from being offered.

The Government must honor its commitment to the 36 million Americans now receiving social security and rekindle faith in the system for the millions of Americans who will rely on social security in the future.

Mr. President, the President has promised he will not cut benefits. The President has promised he will not raise taxes. Simple arithmetic will tell you that a $40 billion savings in social security will mean that each man, woman, and child now receiving benefits will lose a little more than $1,000 over the next 3 years.

Now my colleagues on the other side of the aisle argue that we do not want to face reality. Social security is in trouble and we have to act now to save the system.

The fact is that the only reason this $40 billion savings is included in the first budget resolution is to lower the unprecedented deficits brought about by the failed economic policies of this administration.

On the details of the financial stability of the social security system, I think the presentation that was made to the Senate by the Senator from New York, with his chart displays of last week, provides overwhelming and compelling evidence about the stability of the social security system. It also points out the realities that we are facing in terms of some short-term deficits and long out-year difficulties beyond 75 years. But I do believe that the principal problems we are facing now are because of the failed economic policies of this administration.

Mr. President, last December, this body acted to deal with the short-term financing problems facing social security. We restored the minimum benefit to 3 million Americans and authorized interfund borrowing through the end of 1982.

At that time, the President created a bipartisan commission to look at the financial problems facing social security. That blue ribbon panel is not scheduled to make its recommendations to this body until later this year.

Yet the Republican majority of the Budget Committee, in an action endorsed by the President, has decided to preempt the commission's recommendations and insist on $40 billion in savings now.

Mr. President, I am not denying that there are short-term financing problems facing the social security system, but I point out that the problems facing social security today are a direct result of the Reagan recession. We have the highest unemployment in 40 years, with over 10.3 million Americans out of work. When men and women are unemployed, they and their employers are not paying taxes into the trust fund.

I believe these financing problems are short-term and should not be dealt with in the context of heated debate on next year's budget. Instead we should look carefully at a number of options that will be presented to this body by the commission.

Mr. President, social security has, in my judgment, been erroneously put in the category of entitlements along with a number of other programs. But social security is unique in that it is paid for out of taxes paid by workers and employers, in a compact with the Government.

Social security is an earned right. Workers pay into the system over the years with the understanding that they will be entitled to specific benefits when they retire. This was the genius of social security when it was created in 1935 and remains the unique principle which must guide our deliberations today. I hope my colleagues will give favorable attention to that provision of the Riegle-Kennedy amendment.

Mr. President, the Budget Committee's proposal also seeks to make dramatic changes in the medicare program by forcing the elderly to pay about $3 billion more out of their own pockets next year alone.

The Budget Committee mark assumes that medicare patients will pay 8-10 percent out-of-pocket for days they are in the hospital. This will mean an additional copayment of about $25 a day for medicare patients, over and above the $260 deductible they now pay when they are hospitalized. This means that for the average hospital stay, our senior citizens will have to pay about $250 more out of their limited dollars.

And that is not all.

The Budget Committee mark assumes indexing the part B deductible and the part B premium—which will cost the elderly $300 million next year alone. They would charge the elderly another $100 million for copayments in home health care—and several hundred million more in copayments for medicaid services.

The Budget Committee calls these savings. But the elderly know that these are not savings; they are simply proposals to shift the costs to the elderly.

Mr. President, in 1977, the elderly paid nearly 30 percent of their health care costs out-of-pocket. That cost does not even include the $150 per year they pay for medicare part B premiums or the $300-$400 they typically pay for private supplemental insurance; 19.1 percent of the elderly's income goes for health care costs not covered by medicare—up from 16.8 percent over a decade ago. That is about $1,436 a year for the average medicare beneficiary.

Mr. President, these proposals will do nothing to stem the explosion of hospital costs—which increased 19 percent last year alone. They will simply shift the burden to those who are the captives of this runaway system—the elderly, the sick, the disabled.

There are steps we can take to get control of hospital and other health costs—by reforming how we pay for health care costs, by providing incentives for prevention, by encouraging the growth of HMO's and other cost-effective health care systems. We owe it to the elderly to come up with constructive approaches to health care costs and not ask the elderly to pay the price for our failure to take the hard, necessary steps.

Our amendment would restore $19 billion for medicare and medicaid for 1983-85. This would leave a cut of about $8.5 billion, which we believe we can achieve through cost-containment measures like prospective reimbursement—which will help hold down costs without asking the elderly to sacrifice through reduced benefits and higher out-of-pocket costs.

Mr. President, I would have welcomed the opportunity to have further debate and discussion on these issues. I regret that Senator RIEGLE and I were prohibited from offering the amendment which I think would have provided an opportunity for this body to face up to what is a matter of enormous concern and importance to millions of elderly people and to all American citizens. I certainly hope that we shall be able, at the earliest possible time, to have the opportunity to address these issues and some of the other important questions which are included in the Budget Committee's recommendations. I am hopeful that our colleagues on both sides of the aisle will take early action in the course of the Senate deliberations so that we can respond to the deep anxiety and concern of millions of elderly people all over this country.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, did the Senator from Michigan wish 15 minutes?

Mr. RIEGLE. Yes, I would like to take 10 minutes of the 15 minutes now, if I may.

Mr. JOHNSTON. Mr. President, I yield 10 minutes to the distinguished Senator from Michigan.

Mr. RIEGLE. Mr. President, at the outset, let me commend the Senator from Louisiana for what I thought was a fine opening statement for our side of the Budget Committee and our side of the aisle.

Let me also acknowledge the leadership of Senator KENNEDY of Massachusetts on this issue before us today. I want first to thank him for his generous comments earlier. I want to acknowledge the strong and able and determined leadership he has been giving to this issue over a period of many years and very forcefully over the last 2 years. I do not think anyone has worked harder or shown a greater understanding of the problems of senior citizens in this country than he has.

As a member of the Budget Committee, Mr. President, I want to try to lay out some of the history that led to today's impasse and the fact that the proposed $40 billion in cuts in social security is really only part of the social security cut.

There is also a $24 billion cut in medicare buried in these budget numbers. So the actual cuts that hit the social security programs, as we think of them, total $64 billion rather than $40 billion. There are so many cuts in the domestic areas in this budget that it is not surprising that the news accounts have not yet tracked down all these cuts specifically. But the $24 billion cut in medicare, in addition to the $40 billion cut in social security benefits, are the two items that we had hoped to try to restore today in the form of the amendment that we had drafted.

Earlier today, Mr. President, when we tried to offer that amendment, we were prevented by a number of challenges on the other side of the aisle. Finally, the only way we were able to speak about it at all was to do so under a requirement that no amendment be offered today. That is at odds with the unanimous-consent agreement of last week, which makes it very clear that amendments were contemplated today, and we are here to offer our amendment. Unfortunately, we have been prevented from doing so.

Mr. President, in terms of the record, it should be known that at least a major part of this amendment was offered before in the Senate Budget Committee. In the Budget Committee report which I have here in my hand, on page 126, one will note that vote No. 9, which was taken in the Budget Committee, was on an amendment that I offered to strike the proposed $40 billion in cuts in social security over the next 3 years. What is interesting, if one looks at that vote and the vote total, is my amendment to set aside those cuts was defeated by a vote of 10 to 9. As it turns out, the vote was divided right down the center in terms of the parties, with 8 Democrats voting with me to take these $40 billion in cuts out of the budget and 10 Republicans on the committee voting to retain the $40 billion in social security cuts.

I think this illustrates as much as anything the point I heard the Senator from Louisiana making earlier, and that is that this is really not a compromise budget. It is certainly not in any bipartisan sense. We Democrats were not asked to participate in the meetings, were not involved in the meetings. To the extent it represents a compromise, it is a compromise between the administration and the Republicans here in the Senate where they have attempted to resolve their differences and in the process have left out any participation by Democrats.

I think that is unfortunate. I think we would have gotten further had there been an effort to do this on a bipartisan basis, but that unfortunately, was not the case.

I referred previously to a sheet of paper which I want to draw attention to again today, and I ask unanimous consent to make the sheet called the "Modified Domenici Plan, 5-5-82" a part of the RECORD at the end of my statement.

THE PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, I would like to see it, if I could.

Mr. RIEGLE. The Senator is certainly welcome to. The sheet that I hold in my hand is a sheet that was distributed in the Budget Committee. I am sure he is familiar with it because it was distributed by the chairman's staff. It was handed to me at that time, and there was quite some discussion about it, because there are some controversial matters on this sheet.

But in any event, on this sheet, what is still not fully understood, I think, by the people in the country is this sheet starts with a baseline deficit that shows the following numbers: 1983, a deficit of $182 billion; 1984, a deficit of $216, and a deficit in 1985 of $233 billion.

What this sheet does not explain, and what you have to do some detective work to find out, is that there is a hidden increase in the defense budget of $110 billion buried in what is called the baseline deficit. The way that happened was that for all the other functions in the budget we used the normal CBO estimates of an extension of current policy, but an exception was made for defense, and there the President's numbers were chosen and were adjusted; and they were built into the baseline deficit. This had the effect of hiding and burying in that deficit an increase, a hidden increase for the defense budget of $110 billion out over the 3 years.

Having done that, it then became necessary to raid a whole host of other programs to try to come up with the money to cover this hidden defense increase. So you will see, then, further, on down the sheet a lot of different categories: management, user fees, Federal pay freeze, COLA freeze, targeted entitlements, which to a large extent means the medicare cuts, and so forth. And then, finally, No. 9, which was labeled the "Social Security Commission Solvency Recommendations." After some fight and controversy over the use of that language, it was modified and that category No. 9 was relabeled so that it was not saying what it seemed to be saying, namely, that this was a recommendation of the Commission. But that was the line that contained the social security cuts.

The point is, the reason that all these other domestic programs, including social security, are being raided here in this Domenici-Reagan plan is in large measure to take care of this very much increased defense number and to cover what in my view was a bloated increase in the defense budget.

In any event, that is where the drive came from, in my view, to cut the social security payments in the future, and to make those cuts there and in medicare. Of course, now that this fight is being made, the mask is coming off and people are beginning to realize what happened. There are a lot of people on the other side of the aisle who have gotten quite jumpy about it, and I am delighted to see that they are. Some have come forward to say that they do not want to be associated with the cuts in social security.

Let me quickly make this point. This attack on social security, the current attack, the $40 billion in cuts over the next 3 years, is not the first cut or the first attack on social security. We have seen over the period of the last year a variety of attacks on social security, first on the minimum benefit under social security; next, the attack on the cost-of-living adjustment, an effort made to reduce or to strip those away. Then there was the 40-percent reduction proposed by the administration in the early retirement benefits, and finally the latest cut, which is a nonspecified cut of $40 billion over the next 3 years, in addition, as I say, to the $24 billion cut in medicare, which really has to be added on to it.

I think what this represents is a systematic sustained attack on social security. I think many of the leaders on the other side of the aisle, whether they want to say so publicly or perhaps even have this as a clear intent in their mind, are nevertheless out to dismantle as much of the social security system and as many of its protections as they can. As a matter of fact, the President of the United States made a very revealing comment the other night in his televised press conference. He was responding on social security, and he made the comment that he thought that young workers in the country, and I am paraphrasing—I do not have the precise text, but this is the thrust of what he said—he said that young workers in the country, in his opinion, ought to be able to get out of social security and not have to pay into it; they ought to be able to put their money into a private plan.

Anybody who knows anything about social security knows that if you want to kill social security altogether, that is the quickest way to do it, to allow people to walk out, because, clearly, then the system would not be sound, it would not be actuarially sound. The flow of revenue that needs to come in would not be present in that case, and so, in a sense, that is just another way of saying, "Let us do away with social security."

I do not know whether the President understands the implication of his remark. I have to assume he does because it is a very serious comment to make. But I think it shows so vividly and clearly the antisocial security mentality that permeates this administration and it comes right on through in this budget plan that we have in front of us today.

The PRESIDING OFFICER. The 10 minutes yielded to the Senator have expired.

Mr. RIEGLE. I will take just 3 minutes of my additional 5 minutes.

Mr. JOHNSTON. Mr. President, I yield an additional 5 minutes to the distinguished Senator from Michigan.

Mr. DOMENICI. Mr. President, may I just say to my good friend that I have no objection to the unanimous consent that I previously reserved on. I have seen the document and I take full responsibility for it.

Mr. RIEGLE. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Michigan?

If there is no objection, it is so ordered.

(See exhibit 1)

Mr. RIEGLE. The economy of our country is in serious trouble. We have had over 8,000 bankruptcies of businesses in this country since the first of the year. As has been pointed out, we have over 10 million people unemployed in the country that we know by name, another 5 million people who are substantially underemployed, and, of course, that mass of unemployment, the deliberate, planned recession that we see ourselves in at the present time is obviously damaging the flow of funds that would otherwise be coming to social security. If people are working, they are paying social security taxes, and when they are not working they are unable to do so. The best way for us to make social security healthy and robust is to get the economy moving and to get people back to work.

As a matter of fact, in the Senate Budget Committee, Senators MOYNIHAN, SASSER, and I offered a budget plan which, would have exactly that effect. In fact, our budget assumptions were quite different. We talked to Data Resources, an outside economic consulting firm, and asked them to run our budget assumptions in their econometric model. What they demonstrated was that there were lower deficits, higher employment, receding loss of money coming to the Government, and altogether an improvement in our national economic circumstance.

I will not put that in the RECORD now; I have put it in the RECORD on other occasions, but it should be known that there are other alternatives that are plausible and sound that have been put forward to treat all these issues but in the context of an entire macroeconomic strategy for the country.

I think what is needed is for us to recognize that we are not going to be able to solve the dimension of our budget and overall fiscal, monetary, economic strategy problems in the context of the kind of debate that will occur on the floor of the Senate over the next few days. We need an extraordinary setting, I think, to tackle the problems in the dimension in which they exist, and that is why I suggested in the past that we have a Camp David summit-type setting on the budget where the President would directly involve himself, invite the leaders from both parties in the Congress and the Federal Reserve Board Chairman, Paul Volcker, and meet in continuous session, whether it would be 2 or 3 days or 2 or 3 weeks, to hammer out a revised economic strategy for the country, to make a major midcourse correction that can change fiscal policy and bring down the outyear deficits and, at the same time, bring about a corresponding and simultaneous change in monetary policy which would bring down the interest rates and allow people to go back to work.

That is what is needed. And as an alternative to this exercise, that would be a far better way to go.

At the first opportunity tomorrow it is my intention, with Senator KENNEDY and whatever other cosponsors wish to join us, to move to restore the money in the budget for social security and also for medicare, to set aside the $40 billion cuts in social security and $24 billion cuts in medicare and to see to it that the commitments in law that have been made will be kept in the future.

We think that is the appropriate step to take. We think there is plenty of room in the budget where reductions can be made. Amendments have been offered in the committee and some will be offered on the floor, in an effort to reduce some of the bloated areas of the budget, but those are not in the area of protection for our senior citizens. Those we have to restore, and it is essential that we do.

I reserve the remainder of my time.

EXHIBIT 1

MODIFIED DOMENICI PLAN

	1983	1984	1985
Baseline deficit	182	216	233
Deficit reduction measures			
Management	7	12	12
User fees	2	2	2
Federal pay freeze [1]	4	6	9
Freeze military pay [2]	2	3	4
COLA freeze (excluding Social Security) [1]	3	5	7
Freeze nondefense discretionary	6	13	20
Targeted entitlements	7	11	15
Social Security Commission solvency recommendations	6	17	40
Defense (excluding pay/retirement)	5	7	10
Revenue	20	35	40
Interest (market effect)	7	15	20
Debt service	6	20	35
Total deficit reduction	—	—	—
Remaining deficit	105	70	42

[1] Assumes 4 percent increase in outyears.

[2] Allows targeted readiness-related pay contingency fund of $1.4 billion.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Who yields time?

Mr. DOMENICI. Madam President, I yield 5 minutes to the distinguished Senator from Kansas.

Mr. DOLE. I thank the distinguished chairman of the committee and the other Members who have spoken.

Madam President, the Senator from Kansas is under the impression that we will have an opportunity to discuss social security a number of times this week, so I do not want to spend the rest of today on this subject.

We spent 3 days on social security last week, during deliberations on the defense bill. Now we are in a legitimate discussion of social security. I assume we will spend a lot of time on it, and we should. It is a very important matter.

I hope that everybody who has spoken recalls the vote last week of 91 to 7 on the resolution that closed with the following words: that we will take corrective action and shall not include any more than is absolutely necessary to preserve the financial integrity of the social security system, and we are going to await the recommendations of the National Commission on Social Security Reform before deciding any binding, statutory amounts, changes, or corrective actions.

That, in essence, is what we agreed to do last week, last Wednesday, by a vote of 91 to 7. Six of those seven votes in the negative were from Senators who did not think we should be considering social security on a defense bill. So the vote was really 97 to 1, the one being the distinguished Senator from New York (Mr. MOYNIHAN). I think he actually felt this was not a good resolution because it contained the following language:

> According to the Congressional Budget Office, the Social Security Board of Trustees, and the Social Security Actuaries, the old-age and survivors insurance program will be unable to pay full benefits beyond June of 1983 and the entire system faces the possibility of insolvency by 1984; the financial problems of the system only become more grave in the decades ahead.

That, in effect, is what 91 Senators voted for last week. That is the resolution passed by this body on May 12, sponsored by this Senator, and, the Senator from New Mexico (Mr. DOMENICI), the Senator from Rhode Island (Mr. CHAFEE), and a host of other responsible Senators.

Everybody has confessed now—at least in this Chamber—that we have a problem with social security. It may not be what they are saying to the senior citizens groups, but they have said it on the Senate floor. Some of us, particularly those on the Senate Finance Committee, have the final responsibility for dealing with social security. The budget resolution, in the view of this Senator, can be very helpful; but, in the final analysis, it will be up to the members of the Senate Finance Committee to come to grips with social security.

I want to reinsert in the RECORD—since we seem to be going over the same ground—a letter dated May 11, 1982, from Alice M. Rivlin, Director of the Congressional Budget Office. This letter indicates that the figures used in the budget resolution are just about on target.

I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., May 11, 1982

Hon. ROBERT J. DOLE,
Chairman, Committee on Finance, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request, the attached table shows the estimated Old Age and Survivors Insurance (OASI) trust fund balances at the start of each fiscal year as a percentage of projected annual outlays under three alternative scenarios.

The first line in the table shows the OASI balance as a percent of outlays, assuming no interfund borrowing after December 31, 1982. The table also shows the assumed status of the OASI fund if the $6 billion, $17 billion and $17 billion in added trust fund reserves included in the Senate Budget Committee's recommended resolution targets for fiscal years 1983, 1984 and 1985 were directed entirely to the OASI trust fund. Under this path, the OASI fund's balance remains positive over the period. The final estimate shows projected trust fund balances assuming that balances in all three trust funds are maintained at the same percentage of expected outlays; in other words, under the assumption that the $6 billion, $17 billion and $17 billion transfers are directed to the OASI fund and full interfund borrowing is allowed over the period. The OASI fund's balance at the start of fiscal years 1984 and 1985 in this case would be 15 percent of outlays, rising to 18 percent by the start of 1986.

These estimates are consistent with the SBC markup baseline economic assumptions and assume that the 1982 cost-of-living adjustment (COLA) is 8.1 percent. The estimates are subject to considerable uncertainty, however, since trust fund balances are sensitive to levels of economic activity and to rates of inflation. For example, if the unemployment rate were 1 percent higher than currently assumed in each year from 1983 to 1985, the trust fund balance would be 5 percent lower than shown by the start of 1986. In addition, since the actual 1982 COLA will be 7.4 percent, the trust fund balances are expected to be somewhat higher than shown.

Should you so desire, we would be glad to provide further details.

Sincerely,

ALICE M. RIVLIN,
Director.

TABLE 1.—OLD AGE AND SURVIVORS INSURANCE TRUST FUND BALANCES AT THE START OF EACH FISCAL YEAR AS A PERCENT OF YEAR'S OUTLAYS [1]

	1983	1984	1985	1986
1. Current law	8	0	-10	-18
2. Added trust fund reserves [2]				
a. Interfund borrowing expires December 31, 1982 [3]	8	5	3	2
b. Interfund borrowing extended indefinitely [3] [4]	19	15	16	18

[1] Based on markup baseline. Assumes 8.1 percent June 1982 COLA. These estimates are very sensitive to economic conditions, and could change significantly if the economy improves or worsens from assumed levels.

[2] Includes $6 billion, $17 billion, and $17 billion in outlay reductions, revenue increases or a combination of both in 1983, 1984, and 1985 respectively as recommended in the Senate Budget Committee's resolution.

[3] The estimates assume added reserves. If all the added reserves result from outlay reductions, higher trust fund ratios than shown would result.

[4] Assumes all three trust funds are maintained at the same percentage of outlays at the start of each year.

Mr. DOLE. Madam President, the Senator from Massachusetts and the Senator from Michigan have made pretty much the same speeches they make each time they speak on social security, with more or less vigor, depending on the time of day and who may be in attendance. But, as I did last week, I also include in the RECORD what happened after the action taken in 1977, when we not only raised taxes on small business people and employees but also cut benefits an average of $130 a month.

The Senator from Kansas does not disagree that that was a responsible action in 1977. This Senator did not vote for it. But as we look back on it, had benefits not been cut by that action in 1977, when we had a Democrat President and a Democrat majority in the Senate, and had taxes not been raised, we would be faced with much more serious problems today.

It is well to point out that in the same period of time that we are talking about a $40 billion solvency test—fiscal years 1983, 1984, and 1985—there is going to be a $93 billion increase in taxes and reduction in benefits due to the action taken in 1977.

The Senator from Kansas repeats these facts today solely for the purpose of trying to make a record that sooner or later we have to come to grips with social security.

The Chicago Tribune of Saturday, May 15, states that the Senate should stop playing games, Congress should stop playing games, and we should address the problem of social security.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. DOMENICI. I yield 5 additional minutes to the Senator from Kansas.

Mr. DOLE. That same thrust has been present in other articles in leading papers all over the country—the New York Times, the Washington Post, the Christian Science Monitor, and the Charlotte Observer. Of course, the editors cannot vote. That is one problem. But we can vote, and sooner or later, we are going to find a responsible majority among Democrats and Republicans who will address this question.

Finally, the Senator from Kansas points out that, in my view at least, there is no Member of this body who wants the system to go broke. If we adopt the do-nothing plan advanced by the Senator from Michigan (Mr. RIEGLE), then, of course, social security recipients would not get their full checks, come July 1983, and the system would be technically broke. You might have to wait a few days for your check or they even might reduce your check. However, I think there are enough of us around here who will try to make certain that does not happen. We will not adopt the Senator from Michigan's do-nothing plan.

I believe that all of the members of the National Commission on Social Security Reform, of which the Senator from Kansas is a member, believe we must do something before July of 1983. There are members of the Commission with different views on social security. The members were appointed by the President, by the Speaker of the House, and by the majority leader of the Senate.

We can continue to frighten senior citizens with rhetoric. We can talk about cuts when they are not cuts. We should be talking about the solvency of the social security system—SSS, social security solvency. That is what senior citizens are concerned about. It seems to this Senator that if we focus on the three S's, then we can get on with our work.

Again, this budget resolution is just one step in that direction. There are a number of things that can be done with respect to social security to make certain this shortfall is not going to be a problem for those now receiving benefits. It would be less than honest to the senior citizen, and to the 115 million Americans paying taxes into the system to say that we can increase taxes again. Many young people pay more in social security taxes than in income taxes, so that does not appear to me to be a good option.

As for general revenue financing, do we have extra general funds in the Treasury? We have a national debt of approximately $1.079 trillion. We will have to increase that to $1.140 trillion in the next 30 days. There just are no general funds to transfer into social security.

So I commend the distinguished chairman and the members of the Budget Committee for their outstanding work in giving us a vehicle to address this problem. I do not quarrel with Senators on the other side or Senators with another view of the matter who do recognize that there is a problem. But to close our eyes and try to fool the American people by saying there is no problem in social security does a great disservice, in my opinion.

Obviously, it is a very sensitive issue. A number of Senators are running this year. Certainly, no Senator wants to offend any voter, particularly those in the social security beneficiary category.

But in an effort to preserve the system, it is my hope that we can address this problem as we should. Then interest rates will come down. More people will buy cars. People in Detroit will build more cars. More people will be working. The social security system is part of the overall budget package which must be addressed.

So I commend the Budget Committee. There may be another way to approach the same problem. There is a lot of work going on right now about what we might do to address the problem and get the same result, and that is solvency of the social security system.

If there are better ways to do it, this Senator and the Senator from New Mexico, and others responsible for the budget process and the budget resolution, are going to be amenable to any suggestions.

I also commend the distinguished Senator from Louisiana. The Senator from Louisiana is a responsible Member of this body. Sooner or later those of us who are concerned about the system are going to come to some agreement. We are concerned about the system's solvency, concerned that senior citizens are going to continue to receive benefits. We may do it after the election, we may do it early next year, but sometimes we must do it, or the day of reckoning will be here next June. We might be able to get by another few months if we authorize additional borrowing between the social security trust funds, but then all the funds will be going broke—the disability insurance fund, the health insurance fund, and the old-age insurance fund.

I thank the Senator for yielding.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. DOMENICI. Madam President, how much time do I have remaining on our side?

The PRESIDING OFFICER. Forty-seven minutes and ten seconds.

Mr. DOMENICI. I yield 5 minutes to the distinguished Senator from Rhode Island.

Mr. CHAFEE. Madam President, I was very pleased to hear the distinguished senior Senator from Massachusetts indicate that he would be glad to be a cosponsor of my amendment. If I could have the attention of the Senator from Massachusetts, I would be delighted to have him, if he wished to go through with that offer.

Mr. KENNEDY. Yes.

Mr. RIEGLE. Madam President, if the Senator will yield, he expressed another concern.

Mr. KENNEDY. I applaud his amendment up to paragraph (c) on page 2 where he is talking about reducing benefits and adding revenues. If the Senator wants to strike all the language on page 2, line 10, where he talks about the Finance Committee reducing outlays and increasing revenues, which is another way of talking about reducing benefits and increasing taxes, then I would certainly wish him to add me as a cosponsor. I may very well be a cosponsor in any event, but I would be particularly delighted to join with him tonight if the Senator wishes to make the change I suggested.

Mr. CHAFEE. This is permissive, not mandatory language.

Mr. KENNEDY. If the Senator is asking me now, prior to the time that the Senator has explained that language, I will withhold cosponsorship, though I will be glad to listen to the Senator's explanation of those provisions. If he wishes to strike the provisions I mentioned, I would ask consent to be included as a cosponsor tonight.

Mr. CHAFEE. Those are merely permissive words that permit the Finance Committee to do what it is required in its judgment based upon the report of the Commission on Social Security Reform.

Madam President, here is the difficulty we are arriving at: The two Senators who have spoken, the Senator from Michigan and the Senator from Massachusetts, as I understand their presentation, and I would be delighted to be corrected, are giving the impression that nothing at all needs to be done. That is where we believe they are irresponsible. The truth of the matter is that most people who have studied this situation, including those on the Commission, have indicated we have a real problem.

What we are saying in the amendment that I have presented is, let us hear what that problem is. If it is not there, three cheers. But I do not think any of us are naive enough to think that there are no problems.

As the senior Senator from Kansas just said, it is his estimation that every person on this Commission recognizes that the fund is in trouble.

I say and those who are in support of my amendment say we will do everything we can to insure the survivability of that fund. We are dedicated to that fund being there for present beneficiaries and retirees and future beneficiaries and retirees.

There is the difference. The Senator from Michigan, as I understand him, and I am willing to be corrected, makes it clear that we are just trampling on those receiving social security, to even suggest that something may have to be done.

When we try to correct this system, there are three ways of doing it:

We can increase the tax, we can reduce the benefits, or we can make changes in the eligibility.

There is no magical, other way.

We have seen proposals put forth here. The junior Senator from Minnesota has a list of some 19 different proposals. There are all kinds of different proposals.

But, Madam President, to suggest that everything is rosy, everything is hunky-dory, that those who suggest that something has to be done are evil is, I think, doing a disservice to those 36 million Americans receiving social security and disability benefits, and it must be well into 150 million or 160 million other Americans who are listed as potential eligibles.

The PRESIDING OFFICER. The 5 minutes yielded to the Senator from Rhode Island have expired.

Mr. CHAFEE. I thank the Senator from New Mexico for affording me this time.

Mr. DOMENICI. Does the Senator desire additional time?

Mr. CHAFEE. No; I had some questions, but those I would address my remarks to seem preoccupied.

Mr. RIEGLE. Madam President, will the Senator yield to me for a question?

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. RIEGLE. Madam President, I have 1 minute remaining. I just wish to ask the Senator from Rhode Island one question about his amendment because I may cosponsor his amendment tomorrow also if I am not able to offer my own.

I wonder if the Senator's amendment—I know it deals with the $40 billion in social security cuts—but I am not clear on how he deals with it. Does he deal with the medicare cuts as well, the $24 billion in medicare cuts?

Mr. CHAFEE. We do not. This is strictly in the retirees benefits.

Mr. RIEGLE. Will the Senator be willing over the nighttime to take a look at the medicare portion and see if he might be willing to add that. There are $24 billion in savings over the next three years in medicare, and for many people that is synonymous with social security, and it comes out of whatever they have to live on. I am talking about senior citizens. I wish to urge the Senator to take a look at that because that is covered in the amendment that Senator KENNEDY and I were trying to offer today. There were both items. I simply wish to ask him to consider it if he will.

Mr. CHAFEE. I would not want to include that matter in this particular amendment. However, Senator DURENBERGER and I have cosponsored an amendment which deals with the overall budget, a more comprehensive approach to the budget, rather than this amendment which solely deals with social security retiree benefits, the $40 billion.

If the Senator from Michigan will take a look at that, I will give him the number of it and if he would wish to cosponsor that, we would be delighted to have him.

Mr. RIEGLE. I have it here. I say if the Senator puts the medicare restoration in there, I would be tempted.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. How much time does the distinguished senior Senator from Pennsylvania desire?

Mr. HEINZ. Four minutes.

Mr. DOMENICI. I yield 5 minutes to the distinguished Senator from Pennsylvania.

Mr. HEINZ. Madam President, Thursday night a number of my colleagues and I introduced an amendment to the budget resolution, No. 1450, to deal with the issue that so many people have been speaking about here, namely, how we solve the problem of dealing with social security and the disability insurance trust fund in this resolution.

It is this Senator's view, and I suspect there are many on the other side of the aisle, the Senator from Massachusetts, the Senator from Michigan, and others, who share this concern, that it is a real mistake for Congress to attempt to do anything that even looks as if, regardless of motivation, balancing the budget on the backs of the social security recipients; that looks as if we are paying for increases in the Defense Department budget out of the social security trust funds; that look as if we are hanging on to a tax cut and have to find 40 billion dollars' worth of savings in social security cuts in order to do that.

I do not say, by the way, that that is the intention of the Budget Committee. The Budget Committee has said in their resolution they are looking for either revenue enhancement or cuts but, nonetheless, there are people who choose to ignore some of the language in the third reconciliation instruction.

It was for that reason that on Wednesday, and then again on Thursday, my cosponsors and I introduced not one but two amendments to the budget resolution, the first one being No. 1447, the second being 1450, both being printed in the RECORD, both being available now, and I want to just make it clear what our No. 1450, which is basically an improvement on the earlier one, does.

I would only add that it represents the work of a number of Senators. Senator MATHIAS, Senator DANFORTH, Senator D'AMATO, Senator PERCY, and I have been working to try to get a solution that not only addresses the issue of the $40 billion, that not only addresses the issue of how it is handled subsequent to the report of the National Commission On Social Security Reform, on which I and a number of other of our colleagues serve but, most importantly, how it affects this budget resolution.

It is possible to have an amendment to the budget resolution that just strikes the third reconciliation instruction, leaving only a process, some dates. If we did that I think it would be the worst of all possible worlds, because what would happen is although we would have separated the issue of social security from the budget debate, which we must do if we are ever going to get a budget resolution through the House and Senate, it would create the appearance of an additional $40 billion deficit on top of the existing deficits and that, it seems to me, would be a totally irresponsible, very dangerous, kind of signal to send to the country at large that we were taking an action that according to the way we keep our books around here would enhance the deficit by $40 billion.

There is a correct and an honest and an appropriate way to handle this issue, and that is as we strike the specific amount of $40 billion from the reconciliation instruction, to also strike from the other part of the budget resolution the revenues, the budget authority, the outlays associated with the OASDI fund, and if you do that you get a budget resolution that is consistent. You have an amendment that is not subject to a point of order and, more importantly, you have a bottom line that everybody can live with.

If anyone cared to look on page 10112 of the May 13 CONGRESSIONAL RECORD, my colleagues, cosponsors, and I have put in a very lengthy analysis of our amendment to the budget resolution, No. 1450, which demonstrates that after we make these changes the budget deficits that result from this will be $100.5 billion in fiscal 1983, which is roughly $6 billion less, I repeat less, than that reported by the Budget Committee; it would be $73.4 billion in 1984, $27 billion less than 1983 under this approach; in fiscal 1985, $52.7 billion, again some $21 billion less than the deficit in fiscal 1984 under this approach.

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. DOMENICI. I yield 2 additional minutes.

Mr. HEINZ. I thank my colleague.

In other words, by making these consistent changes we reflect in the budget resolution the kind of progress on getting deficits significantly down each year that the Budget Committee seeks to achieve.

Madam President, I think everybody in this Chamber should understand that it is not this Senator's intention to engage in any game of political sleight of hand with social security. We all know the solvency of the social security system is an issue that must be dealt with and must be dealth with expeditiously.

It is not going to be dealt with, we know, prior to the election, and nobody should be fooled that whether it be by savings or by increasing revenues we must deal with this issue, even if we choose to deal with it after November 2.

It is my hope that my friend from Michigan will also see the value of this approach and will not only support it but may wish to cosponsor it as well. The Senator from Michigan is a very popular man, and we want to be sure he has a chance to reap the benefits of that popularity whenever they are deserved, and he can, I think, only increase his standing should he wish to do so by cosponsoring this resolution or this amendment to the resolution, and I do urge all my colleagues to join those of us who will at the appropriate time expect to be offering this amendment.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I would like to inquire—as I understand it, the distinguished acting majority leader needs about 5 minutes of time that I have remaining. Does anyone else that you know of, Mr. Leader, desire time on our side? I know of no one. Might I ask my good friend from Louisiana what the situation is on his side?

Mr. JOHNSTON. Does the Senator from Michigan or anyone else desire time on our side? I am not aware of anyone who desires time on this side.

Mr. DOMENICI. I would say to my good friend that to accommodate the Senate I would only use 5 minutes and yield 5 minutes to my friend, the acting majority leader, and at that time I am going to yield back my time. I do not want to do it now in the event it is helpful to you or someone else in the Senate.

I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I certainly would not want the Senate to think that because my good friend from Pennsylvania asked me for 4 minutes and I gave him 5, and he asked me for 1 minute and I gave 2—if he would have asked me for more I would probably have doubled anything he asked for—I do not want anyone to think that I agree we ought to take social security off budget.

Let me just take the issue as he described it—and this is said in all respect to the good senior Senator from Pennsylvania—why are we going through this exercise? The Senator from Louisiana, who is managing this bill on the minority side, in his opening remarks clearly stated that we have an economic problem of real significance that centers around what? Enormous deficits credibly projected, and he stated them again. He stated them, and I have stated them.

Now, Madam President, if we say those deficits are affecting the economy of this country, what we are saying is that a lot of people lend money or have money loaned for them by others, know about the deficits, and in fact they know we have got to somehow do something about them or we are going to have superinflation again because the Federal Reserve is going to be forced to loosen money enormously to prevent a disaster unless we have some fiscal restraint.

No approach that does not substantially reduce deficits will be credible to those that lend money. Therefore, interest will not come down if such an approach is attempted. Obviously, people have become educated about out deficit. Maybe the budget process, for all its shortcomings, has finally convinced people that they ought to look at the budget for a few years into the future, make some projections and say, "Something is wrong," or, "Gee, things are great."

Imagine if we were to say to that business community: "We just solved it. We made it all disappear because we took social security, which is insolvent and needs money right out of the Federal budget." We heard the Senator from Louisiana say that maybe the correct figure is not $40 billion, maybe it is $20 billion. We have CBO saying, "You're pretty close to right, it is 42 or 43." We have OMB saying, "Yes, that is right."

We could say: "Now, listen, Senators, what we are going to do is take social security and shift it over on the side—out of the budget—with full knowledge that it is not solvent and we are going to have the on-budget deficit fixed up a little bit as a result."

And then what? Will we run around the United States saying, "We produced a budget that has a lower deficit; therefore, bring interest rates down."

Now, what are they going to be saying: "How are you going to solve the other problem—the one you put off-budget? It did not go away."

So I do not want anyone to think that while the Senator from New Mexico has been saying we are going to resolve this issue. I certainly do not want to be misinterpreted in it that I was advocating the "solution" of taking it off budget.

I suggest to the distinguished junior Senator from Kansas, who now occupies the chair—she has been looking at the Defense budget and how much it has grown; she has a pending amendment to do something about it—maybe we ought to take it off budget, I say, Madam President. That would be very exciting. Perhaps we ought to leave social security on and take defense off and then we would look at the deficits and we would say, "My, they really have improved." And, after all, we must defend ourselves, just as we must make sure social security beneficiaries get paid.

In fact, someone said if you take the military costs off budget, you would have room for another tax cut, I say to my good friend from Louisiana.

Now, whatever we do, we have to be honest with the American people. Whatever the budget process is, it has to be truthful.

Second, it must produce a credible diminution of the deficits. Therefore, it must have some mandates in it. And it appears to this Senator that in some credible way it must say to the money markets of America—large and small, individual, institutional, mutual and otherwise—that we are going to solve these problems.

And that is what I am hoping to work out. Something that clearly makes the budget credible; that we are in fact going to take action and that people can believe we are going to do it and do it in a binding way within a limited timeframe.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. DOMENICI. Yes; I am happy to yield.

Mr. JOHNSTON. On this question of $40 billion need in social security funds and what the Senator refers to as the response of CBO by saying that it was in fact 40 or 42, is it not a fact that the reserves as a percentage of annual outlays are now running in the neighborhood of 8 percent?

Mr. DOMENICI. Are running in the neighborhood of what?

Mr. JOHNSTON. Eight percent for fiscal year 1983.

Mr. DOMENICI. That is about right.

Mr. JOHNSTON. And that figure, indeed, is, in the opinion of many and in the opinion of CBO, too small. But when CBO was asked to comment upon the $40 billion figure, were they not asked to assume that a 19 percent reserve-to-outlay proportion was the necessary assumption and this was on the basis of that assumption that they came to the conclusion that indeed $40 to $42 billion was necessary?

Mr. DOMENICI. I say to the Senator, the reserve ratio under the Budget Committee's mark in 1983 is 19 percent, in 1984 it is 15 percent, and in 1985 it is 16 percent.

Mr. JOHNSTON. That is the interfund borrowing that has been done. I am not talking about interfund borrowing. I am talking about reserves as a percentage of annual outlays.

Mr. DOMENICI. Yes; that includes interfund borrowing and the $6 billion, $17 billion and $17 billion. To end up with a sufficient reserve, those are the dollar numbers you need.

Mr. JOHNSTON. Right. The point is this: A reserve-to-outlay percentage of 13 percent is generally considered, and I think privately, at least, because they have not come out with a written response yet, but we are told privately by CBO that a 13-percent reserve-to-outlay percentage is sufficient and is sound and, based upon that, that not $40 billion but something in the neighborhood of $20 to $25 billion would be required to assure the solvency of the social security system.

Mr. DOMENICI. The Senator is correct. However, a 13-percent ratio is sufficient on calendar year basis; you need higher reserve levels at the start of the fiscal year to insure that 13 percent on a calendar year basis. But I would also say to the Senator that we have put in the RECORD today the most current May 4, 1982 letter from CBO, using different trust fund ratios that the Senator might think show sufficient solvency. And the Senator and I understand that all we are doing is trying to provide solvency so that the trust funds are no longer subject to the ups and downs of a recession, a little bit more unemployment, inflation, deflation, and that that reserve will be there so that social security beneficiaries will always get their checks.

I will give you the amounts required to keep the trust funds at the 13-percent level and I will read you the numbers. We know that the ratios vary depending on a lot of things. They say at a 13-percent level you need $7.6 billion, $12.9 billion, and $22.6 billion respectively in fiscal years 1983-85. If you add those up, the amount turns out to be $43.1 billion over the 3 years.

While the Senator is reviewing the CBO May 4 letter, which I believe is a part of the RECORD from this morning—if it is not, I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 4, 1982.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Attached are two estimates of the financial status of the social security trust funds requested by your staff.

Table 1 shows estimates of the amounts needed by each fund if balances are all kept at 13 percent of estimated annual outlays at the start of each fiscal year assuming full interfund borrowing over the period. Note that the amounts shown are needed by the start of each fiscal year, and therefore must be transferred in the prior year. The estimates are based on the current markup baseline. This assumes an 8.1 percent cost-of-living increase in June 1982.

Table 2 follows a similar format. The amounts shown assume that the trust funds are kept at 15 percent of estimated annual outlays at the start of each year, and allows interfund borrowing only through 1984. This option also assumes the markup baseline, adjusted for the 1982 actual COLA adjustment—7.4 percent in June 1982. The 13 percent and 15 percent goals were specified by your staff.

If you have further questions, please have your staff contact Stephen Chaikind (62820).

Sincerely,
RAYMOND C. SCHEPPACH
(for Alice M. Rivlin, Director).

TABLE 1.—ESTIMATED ANNUAL AMOUNTS OF BENEFIT REDUCTIONS OR REVENUE INCREASES NEEDED BY START OF YEAR TO ENSURE THAT THE OASI, OR THE COMBINED OASI, DI AND HI TRUST FUNDS ARE MAINTAINED AT 13 PERCENT OF OUTLAYS AT THE START OF EACH FISCAL YEAR, WITH ASSUMED INTERFUND BORROWING IN THE 1983 TO 1987 PERIOD, IN BILLIONS OF DOLLARS[1]

	1983	1984	1985	1986	1987	Total
Total amount needed by start of each year to bring OASI trust fund to 13 percent of outlays[2]	7.6	12.9	22.6	20.4	20.5	83.9
Amount of total needed by OASI by start of year that can be borrowed from the DI trust fund without the DI fund falling below 13 percent	3.8	-0.4	8.5	15.0	20.2	47.2
Amount of total needed by OASI by start of year that can be borrowed from the HI trust fund without the HI fund falling below 13 percent[3]	3.8	12.4	-1.9	-3.6	-4.1	6.6
Amount of total needed by start of year OASI fund from other sources if combined OASDHI funds are maintained at 13 percent of outlays		0.9	16.0	9.0	4.4	30.3

[1] Assumes no distinction between added revenues or lower outlays. If all the required moneys result from benefit reductions, slightly lower amounts than shown would be necessary because reserves needed as a percent of the lower outlays would be lower. No interest income is included in these estimates.

[2] Based on markup baseline. Assumes 8.1 percent June 1982 COLA.

[3] The minimum level of HI reserves needed may be much lower than 13 percent. 13 percent is assumed here at committee request.

Note.—Minus signs indicate amount that DI or HI trust funds must be repaid to be maintained at 13 percent of outlays.

TABLE 2.—ESTIMATED ANNUAL AMOUNTS OF BENEFIT REDUCTIONS OR REVENUE INCREASES NEEDED BY START OF YEAR TO ENSURE THAT THE OASI, OR THE COMBINED OASI, DI AND HI TRUST FUNDS ARE MAINTAINED AT 15 PERCENT OF OUTLAYS AT THE START OF EACH FISCAL YEAR, WITH INTERFUND BORROWING THROUGH 1984, IN BILLIONS OF DOLLARS[1]

	1983	1984	1985	1986	1987	Total
Total amount needed by start of each year to bring OASI trust fund to 15 percent of outlays[2]	10.3	12.2	21.8	19.5	19.5	83.3
Amount of total needed by OASI by start of year that can be borrowed from the DI trust fund without the DI fund falling below 15 percent through 1984	3.5	-0.3	8.6			11.8
Amount of total needed by OASI by start of year that can be borrowed from the HI trust fund without the HI fund falling below 15 percent through 1984[3] [4]	6.8	8.4	-2.0	-3.8	-4.0	5.4
Amount of total needed by start of year by OASI fund from other sources if combined OASDHI funds are maintained at 15 percent of outlays, with interfund borrowing only through 1984[4]		4.1	15.2	23.3	23.5	66.1

[1] Assumes no distinction between added revenues or lower outlays. If all the required moneys result from benefit reductions, slightly lower amounts than shown would be necessary because reserves needed as a percent of the lower outlays would be lower. No interest income is included in these estimates.

[2] Based on modified markup baseline. Assumes 7.4 percent hypothetical June 1982 COLA.

[3] The minimum level of HI reserves needed may be much lower than 15 percent. 15 percent is assumed here at committee request.

[4] Interfund borrowing assumed through 1984. Totals include amounts shown to insure that the HI trust fund does not fall below 15 percent of outlays through 1987.

Note.—Minus signs indicate amount that DI or HI trust funds must be repaid to be maintained at 15 percent of outlays.

Mr. DOMENICI. Let me just make my last point here.

I think we are beginning to get some people to understand that whether it is the Budget Committee's $40 billion over 3 years, or CBO's $42 billion or $43 billion over 3 years, that the failure to put that number in the budget is acknowledging that we are not providing enough funds to make sure the checks are paid. That is the opposite of what everybody is saying. If you take the number out, leave it out, do not account for it, the truth of the matter is there is not enough money for social security solvency. If you put it in, you challenge Congress to fix it.

That point has been very difficult to get across, very hard for us because it may be a combination of taxes, of reform, or perhaps putting something off, perhaps putting off for a few months one of the increases.

In conclusion, the Senator from New Mexico wishes that social security could increase during this next decade per recipient check as much as it did this last decade. And let me tell the Senate what that increase has been. I earnestly wish we were rich enough as a Nation. My numbers indicate that starting with Wilbur Mills' first campaign—first, short and last campaign—for the Presidency in 1971, that we voted a 15-percent increase in social security. That was a campaign commitment he made early on to become President. We voted it in. For those who say there is an agreement or contract, let me say there was not any until then, and we voted it in.

And then, as if that was not enough, the next year we voted again in the Congress, and we voted 10 percent. We did that ourselves. We had a very solvent social security fund. Wilbur Mills set the momentum and we voted 10 percent.

We ought to go back and see what inflation was in those days, but surely it was not 15 and 10 percent.

Then the next year, so as not to be outdone, we voted again, and we voted 20 percent. Do you know, Madam President, we all of a sudden saw that we were going to vote social security checks into bankruptcy, so we did not want to vote any more. That is when we said, "Let us put it on automatic pilot and let us give them Consumer Price Index increase every year."

So that year we said, "Everybody that is in the social security system will get it automatically."

We chose the CPI in those days as a pretty good indicator of inflation. It turns out, as the distinguished occupant of the Chair knows, in the last 3 years it has not been a good indicator of inflation. But we left it there, to the end, Madam President and Members of the Senate, that over that period of time until now, and before the next 7.4-percent increase is given automatically in July, we granted increases of 205 percent. I wish it could be 410 percent, but let me remind everyone that while that increase was occurring, the working men and women of America were getting pay increases, too, for working. The problem is they only got 121 percent in increases in that same period of time. And they are the ones from whose checks we take the money to make sure that social security is solvent.

What this Senator was suggesting months ago—last September—to our President, to anyone who would listen, was to tell the senior citizens what happened, tell them we are going broke, tell them, "For 1 year, can you put up with no increase, for 1 year?"

I submit they would have done it in droves, with what I have just explained.

We do the same for retired Federal employees. We talk about them. That issue will come up. They would have waited, too, without arguing, if we had told them this story.

How many dollars do you think it would save if we, for 1 year, did not pay any cost-of-living to everyone other than SSI and food stamps?

Madam President, a 1-year waiver would save $17 billion, most of it out of social security. And then if you did not do much else but just carried that out, since it does not get compounded, you save $18 billion the next year automatically, and $19 billion the following year.

If my arithmetic is right, the social security share of those numbers is more than the $40 billion by which social security is insolvent.

Mr. RIEGLE. Will the Senator yield for a question?

Mr. DOMENICI. Not until I am finished. Then I will yield.

Then it would be solvent. There would have been 1 year that nobody had to get cut, no reform, no change. Just restrain the cost-of-living adjustment. Tell social security recipients that, after all this 205 percent that I have just described. Incidentally, the compounded increase for Federal employees in the same period of time is 176 percent. We now have retired people on the Federal side making more than their counterparts who are working.

I say to my good friend, the acting majority leader, who is desperately trying to reform things, I had the head man of the U.S. Navy in my office, one of the top men in the Navy, an admiral who is in charge of naval operations for America. He told me that if we did not give him the pay raise last year when we gave the military a large pay rasie, "Senator, if I were to retire, I would make more in the first month in retirement as fully retired, no longer running the Navy, than I do with all the stars doing the job." That is what he said. I do not know if it is true, but I think he reads his paychecks, and I think he knows what he is talking about.

Mr. RIEGLE. Will the Senator yield now or is he not finished?

Mr. DOMENICI. Let me say this and I will be pleased to yield, not for a question, but yield the floor.

All we are doing in this budget resolution is saying, "Congress, this is our absolute best estimate of what you are going to have to do. Do it. If you do not do it, you are not telling the truth and you are not going to have enough money to pay the checks to all the people who are expecting them come 1983, 1984, and 1985."

Mr. RIEGLE. Will the Senator yield for one question?

Mr. DOMENICI. I yield the floor.

Mr. JOHNSTON. I just want to make a 1-minute statement to clear up this question of $40 billion and where it came from.

I have been given the letter from the CBO where these figures relative to the amount needed in the OASI trust fund to maintain the 13-percent reserve to outlay percentages are shown. It is true, as the Senator says, that a figure of $42 billion, is used.

However, there are two assumptions given to the CBO which throw these figures out of sync. Those two assumptions are as follows: First, a COLA of 8.1 percent for June 1982 was assumed.

Actually, the June 1982 COLA has already been fixed at 7.4 percent. That almost 1 full percentage point disparity makes a huge difference.

Second, they were asked to assume that the health insurance reserve would be maintained at 13 percent. As CBO points out, the minimal level of HI reserves needed may be much more than 13 percent. Undoubtedly, it would mean much less than 1 percent. Of course, there is also the impact of interfund borrowing.

The point I am making is that, if you give the right set of assumptions, you can come up with any figures you want. But if you asked CBO, as we have asked, and at least informally have received the answer and soon will get a formal written answer, as to what is actually needed to insure the solvency of the fund, it would be in the neighborhood of half as much as the $40 billion, given the proper assumptions.

I yield 2 minutes to the distinguished Senator from Michigan.

Mr. RIEGLE. I would like to address a question to the chairman of the Budget Committee.

In terms of the assumption on the social security cuts, the $40 billion, we have assumed would be withdrawn or not spent, in the context of the budget document as a whole, does that $40 billion end up reducing the deficit by $40 billion over the 3-year period, or does that $40 billion end up going to other programs?

Mr. DOMENICI. I have heard the Senator talk about spending this money before, I think last week when we were arguing the social security question on the defense bill. He talked about spending the $40 billion. There is no $40 billion to spend. It comes off the deficit.

Mr. RIEGLE. In other words, the $40-billion reduction in social security, in your mind, reduces the deficit, is that correct?

Mr. DOMENICI. It is not a question of being in my mind. Those are the numbers. If you take them out of the resolution and leave social security in budget, in the year 1985 you will just add $17 billion plus some interest.

So the next question the Senator will have is this: Are we not balancing the budget on social security? My answer to that is, to the exent that we do not need $17 billion for social security solvency, the answer is yes. To the extent that we need it for social security solvency, the answer is no.

Mr. RIEGLE. I thank the Senator.

Madam President, I yield 3 minutes to the Senator from Kansas.

Mr. DOLE. Madam President, I want to take just a moment on medicare, which was earlier discussed. I think that is an area where I do find some disagreement with the Budget Committee.

Madam President, I must say that I cannot agree with the total amount to be added back by some who have spoken. However, it is well to remember that, in 1965, the projected cost of medicare, we were told, if we do not watch it, might be $8.8 billion by 1990. It is in the budget this year for $57.1 billion. The 1990 estimates are now $103 billion, as compared to the $8.8 billion that was estimated just a few years ago. So, Madam President, there is no question in the mind of this Senator that the Senate House Finance Committee can make some adjustments in medicare.

This Senator believes the Budget Committee went too far in medicare. I do not believe we can achieve the numbers set forth in the budget resolution. At some appropriate time, I hope to have some more discussion with the Senator from New Mexico and others who are concerned about this area.

There are a number of ways to reduce some medicare costs, Madam President; for example, the way we reimburse hospitals and physicians, including pathologists. The alternative is, If we do not reduce the cost of medicare, it is going to continue to skyrocket. Health care costs continued upward last year when inflation was going down—67 percent of the medicare budget went for hospital care alone.

There must be some way to control health care costs in general and hospital costs in particular. Although this Senator disagreed with President Carter, who wanted mandatory cost containment, we have been forced to look to similar proposals and have asked the hospitals to assist us in figuring some way to reduce hospital costs in the hopes of finding some reasonable solution.

I do not quarrel with the Senator from Michigan, the Senator from Massachusetts, the Senator from Rhode Island, and the Senator from Minnesota, who talked about their concerns about the proposed budget numbers in medicare and medicaid being too high. I hope we can work out some adjustment that will be satisfactory. We have other numbers we think we can achieve in these same areas that will be substantially less than the numbers in the budget resolution.

Madam President, medicare can be addressed and should be addressed, for the same reason we must address social security. If we want to preserve the system, preserve medicare for our mothers, our brothers, our sisters, our children, and ourselves, we are going to have to start making some reforms in that system.

Madam President, I thank the Senator from New Mexico for yielding.

● **Mr. LEVIN** Mr. President, I will support the DURENBERGER-CHAFEE-HART-BAUCUS budget proposal. I do so with misgivings but also with enthusiasm.

My enthusiasm is built on the fact that this country desperately needs a bipartisan alternative to the Reagan/Budget Committee budget. Without such an alternative, we run the very real risk of ending up with the President's initial $180 billion deficit. And without such an alternative, the partisan nature of whatever we pass will lead the financial community to doubt our ability to honor its limits and, as a result, we may well fail to realize the much-ballyhooed economic vote of confidence which a resolution of this "budget crisis" is supposed to bring.

In addition to these considerations, this bipartisan budget has another significant advantage over the Reagan/Budget Committee plan: It is straightforward. And, if there is one thing the American people want right now, it is some straight talk from their Government: If things are going to be bad, they want to know it; if things are going to be good, they want to be told about it—and they want to be able to believe what they hear.

The Reagan/Budget Committee plan fails to meet that need because it plays us a magical mathematical game with social security. While claiming that we will not consider social security cuts until after the blue ribbon Presidential committee reports in 6 months, the Reagan/Budget Committee assumes a $40 billion savings in social security benefits over the next 3 years. It is downright disingenuous for us to take credit in the budget for $40 billion in social security savings while saying we are not committed to cutting social security.

The DURENBERGER-CHAFEE-HART-BAUCUS proposal will also lead to the honest conclusion to defer the third year of the Reagan tax cut. Their bipartisan alternative has a revenue figure which is consistent with my belief that the third year of the tax cut must be deferred if we are to have any program for reducing deficits which will work. The tax bill we passed last year was just too large and the sooner we realize that and act on it, the better off the country will be.

The DURENBERGER-CHAFEE-HART-BAUCUS budget, then, has the advantage of being honest. Its honesty, to some degree, compensates for its shortcomings. I cannot say that I agree with this proposal 100 percent or that I will not try to change it when the Senate considers possible amendments. I would like to see defense spending held to 3 percent real growth, I would like to protect some discretionary programs like WIC and I would like to make sure that Federal workers and retirees are treated more equitably. I am hopeful that changes of that kind can be made during Senate consideration of the bill.

But I am also hopeful that some of the good things in this bipartisan alternative are retained. I approve of the fact that the figures in this budget are consistent with the preservation of guaranteed student loans. I approve of the fact that the revenue figures in this budget would appear to require that we defer the third year of a costly and unfair Reagan-Kemp-Roth tax program. And I approve of the fact that this budget preserves more of our traditional concern for the plight of those who have been most seriously hurt by the recession we have been forced to endure.

I do not, then, approve of every item in this proposal. But I do believe that its substance is worth support and I am convinced that the political process it represents—a bipartisan and inclusive process—requires our allegiance.

Accordingly, while reserving my right to try and improve this plan, I am announcing my support for it and indicating my intention to vote to substitute it for the Reagan/Budget Committee plan.●

Mr. JOHNSTON. Madam President, are there further Members on this side of the aisle who wish to make any statements, I ask the Senator from Michigan?

Mr. RIEGLE. No, Madam President; I thank the Senator.

Mr. DOMENICI. Madam President, I understand that the distinguished acting majority leader needs up to 5 minutes. I yield back all my time save up to 5 minutes that he may need for matters not related to his resolution.

Mr. JOHNSTON. Madam President, I yield back the remainder of my time.

REGULATION OF OPERATION OF FOREIGN FISH PROCESSING VESSELS WITHIN STATE WATERS

Mr. STEVENS. Madam President, I send a bill to the desk and ask unanimous consent to consider it at this time.

The **PRESIDING OFFICER.** The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (S. 2535) to regulate the operation of foreign fish processing vessels within State waters.

The **PRESIDING OFFICER.** Is there objection to present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. STEVENS. Madam President, this statement is an explanation of the intent of the bill. It has been endorsed by myself and Senators PACKWOOD, GORTON, MURKOWSKI, and JACKSON.

We are deeply indebted to the chairman of the subcommittee in the other body, the Honorable JOHN BREAUX, Representative from Louisiana, for his understanding and helpfulness in connection with this legislation.

We are hopeful that by providing an explanation of our interpretation of the legislative language, we will make the task of the affected Governors easier. Let me emphasize that we are hoping that this bill will serve as a solution to the problem and not simply be a basis for further litigation.

The purpose of this bill is to provide that no foreign vessel may process fish within the internal waters of a State unless the Governor of that State finds that U.S. fish processors do not have the capacity and intent to process all U.S. harvested fish from the fishery concerned.

Federal participation in the decision-making process being delegated to the Governors is assured by limiting the Governors' authority to invite into internal waters only those vessels under the flags of nations with which the United States has concluded a Governing International Fishery Agreement, or other fishing rights treaties.

Consistency with the principles of the Magnuson Fishery Conservation and Management Act, section 204(b)(6)(B) is assured by providing in paragraph (2) that the Governor of a State may not grant permission for foreign vessels to process fish in internal waters if fish processors within the State have adequate capacity, and will utilize that capacity, to process all of the fish from that fishery that are landed in that State.

With respect to the determination of U.S. processing capacity and intent, it is not our intent that the decision of a Governor be based solely on the price, or other contract provisions, offered by foreign processors; nor that the decision be used to intervene in labor disputes. In our view, U.S. processors need not match or exceed the price, or other contract provisions, being offered by the foreign processors in order to demonstrate their capacity and intent for a certain fishery.

At the same time, Madam President, we do not intend to deprive a fisherman of his right: First, to refuse, as he has been able to do in the past, to deliver fish to U.S. processors if the fisherman is unsatisfied with the terms offered; and second, to sell fish to a foreign processor if a Governor determines that U.S. processors in his State do not have the capacity and intent to process the U.S. harvested fish.

Allowing States to make decisions of this nature is a workable and practical approach, in our view.

Madam President, I thank all concerned that we have been able to consider this bill. It is essential to the future of my State. We expect the largest run of fish in the course of our history this year and it has taken time to work out a bill which meets the objections and concerns of all concerned.

The **PRESIDING OFFICER.** The question is on the third reading of the bill.

The bill was read the third time, and passed, as follows:

S. 2535

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 306 of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1856) is amended by adding at the end thereof the following new subsection:

"(c) EXCEPTION REGARDING FOREIGN FISH PROCESSING IN INTERNAL WATERS.—(1) A foreign fishing vessel may engage in fish processing within the internal waters of a State if, and only if—

"(A) the vessel is qualified for purposes of this paragraph pursuant to paragraph (4)(C); and

"(B) the owner or operator of the vessel applies to the Governor of the State for, and (subject to paragraph (2)) is granted, permission for the vessel to engage in such processing.

"(2) The Governor of a State may not grant permission for a foreign fishing vessel to engage in fish processing under paragraph (1)(B) if he determines that fish processors within the State have adequate capacity, and will utilize such capacity, to process all of the United States harvested fish from the fishery concerned that are landed in the State.

"(3) Nothing in this subsection may be construed as relieving a foreign fishing vessel from the duty to comply with all applicable Federal and State laws while operating within the internal waters of a State incident to permission obtained under paragraph (1)(B).

"(4) For purposes of this subsection—

"(A) The term 'fish processing' includes, in addition to processing, the performance of any other activity relating to fishing, including, but not limited to, preparation, supply, storage, refrigeration, or transportation.

"(B) The phrase 'internal waters of a State' means all waters within the boundaries of a State except the territorial sea.

"(C) A foreign fishing vessel shall be treated as qualified for purposes of paragraph (1) if the foreign nation under which it is flagged will be a party to (i) a governing international fishery agreement or (ii) a treaty described in section 201(b) of this Act (16 U.S.C. 1821(b)) during the time the vessel will engage in the fish processing for which permission is sought under paragraph (1)(B).".

SEC. 2. Paragraphs (10)(D) and (11)(B) of section 3 of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1802(10)(D) and (11)(B)) are each amended by striking "at sea".

SEC. 3. Section 307(2)(A) of the Magnuson fishery Conservation and Management Act (16 U.S.C. 1857(2)(A)) is amended to read as follows:

"(A) within the boundaries of any State, except that this subparagraph does not apply to fish processing permitted under section 306(c)(1); and".

SEC. 4. This Act shall take effect on June 1, 1982.

Mr. **STEVENS.** Madam President, I move to reconsider the vote by which the bill was passed.

Mr. **JOHNSTON.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **STEVENS.** Madam President, I yield back my time.

RECESS UNTIL 8:30 A.M. TOMORROW

The **PRESIDING OFFICER.** Under the previous order, the Senate will stand in recess until tomorrow morning at 8:30 a.m.

Whereupon, at 4:57 p.m., the Senate recessed until tomorrow, Tuesday, May 18, 1982, at 8:30 a.m.

NOMINATIONS

Executive nominations received by the Senate May 17, 1982:

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. Robert W. Sennewald, 492-22-4165, Army of the United States (major general, U.S. Army).

HOUSE OF REPRESENTATIVES—*Monday, May 17, 1982*

The House met at 11 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Thy Kingdom is an everlasting kingdom, and Thy dominion endures throughout the generations.—Psalm 145: 13.

Gracious Lord, we are aware of all Your blessings throughout the years, and we lift our hearts in Thanksgiving for Your many gifts. When we have faltered, You have been strong; when we have seen only our own interests, You have opened our eyes to the people about us and to Your whole created world. We thank You that Your Spirit has guided us in days past, and we pray that Your presence will lead us into this new day and all the days before us. May Your mighty hand uphold us, Your strength sustain us, and may Your peace be with us always. Amen.

THE JOURNAL

The **SPEAKER**. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendments of the House to the amendment of the Senate to the bill H.R. 5118 "An act to provide water to the Papago Tribe of Arizona and its members, to settle Papago Indian water rights claims in portions of the Papago reservations, and for other purposes."

RECESS

The **SPEAKER**. Pursuant to the order of the House on May 13, 1982, the Chair declares the House in recess, subject to the call of the Chair, to receive the former Members of Congress.

Accordingly (at 11 o'clock and 1 minute a.m.), the House stood in recess subject to the call of the Chair.

☐ 11:15

RECEPTION OF FORMER MEMBERS OF CONGRESS

The Speaker of the House presided.

The **SPEAKER**. On behalf of the Chair and the Chamber, we have the honor and the distinct privilege to welcome many of our former colleagues here today. May I say personally to all of you, I am delighted to see you.

I am pleased to note that there are many Members from the 83d Congress here today. I am sorry I missed your reunion last evening and I will look forward to next year's get-together.

This is a bipartisan affair and in that spirit, the Chair will recognize the floor leaders of both parties.

The Chair now recognizes the gentleman from Texas, the majority floor leader of the Democratic Party, Mr. WRIGHT.

Mr. **WRIGHT**. I look out among these faces and I think, "How young they look." So many of you look better, more rested, more relaxed, and more refreshed. It is almost tempting enough to make a fellow want to join you, and I do aspire to join you, but it is a little bit like St. Augustine when he prayed, "Lord, make me holy, but not just yet."

Things have changed around here. I get a comfort from looking at some of your faces. Some of you remember the days when there were not all that many subcommittees, and when you might have stayed for 10 years before becoming a subcommittee chairman or a ranking member of the subcommittee. Well, that is not the case anymore. Just stop and think what changes have swept over this old Chamber.

Today, a substantial majority of the total membership has less than 5 full years of experience in the legislative system here. That is an unprecedented situation for our time. Nothing like it has happened in recent times. We need an institutional memory, and it is good that you come back around. I hope you will touch base as you are here with some of the younger Members and try to remind them of some of the things that maybe they have not yet discovered, such as what you say when you are sitting there trying to decide just how you are going to open this speech for this meeting or dinner, and some fellow comes up and says, "Hey, you ever hear anything on that?"

You know, of course, that takes a little while to discover the answer. The answer is, "Did you get my letter?"

He says, "Yes."

You say, "I have not heard anything since then."

That is absolutely the truth because if you had you would have written him another letter, of course. But, it takes a little while, so I hope while you are here, you will manage to rub off just a little bit of that valuable experience on some of the newer people who yet have not thought about joining your august ranks.

But I will now quote to you something that was written about 175 years or more ago in Boston by a man named Andrew Oliver, speaking of that much maligned term, "politics."

He said:

> Politics is the noblest of all professions. There is not another in which one may do such widespread good to his fellow creatures. Nor is there another in which by mere loss of nerve he may do such widespread harm, nor yet another in which a positive and strict veracity is so difficult; nor yet another in which he might so easily lose his soul.

But—

He said—

> With all the temptations and the degradations that beset it, politics is still the noblest career any man can choose.

And so, we belong to a fellowship. Some have served for 2 years and some have served for 20 years, and I look out among you and I see some who have served for 30 years. It is a fellowship of service, and to some degree, I guess, a fellowship of suffering, to some minute degree a fellowship of sacrifice, and all of us like to talk about what we sacrificed to come here, but I think while here those of us who did so, always remember that we were not sentenced by a court to serve in Congress, nor did anyone hold a gun on us and force us to do it. Some of us knew that at any time we chose we could resign, and the country would probably go on.

Those of us who sat here before us today remind us that that is true, and that the world will go on, and that each of us is probably just about as indispensable as would be the example given to me one day that said if you want to know how indispensable you are, stick your finger in a glass of water and the pull it out and see how big the hole will be.

Some of you did leave big holes here, but someone came and filled the hole, and when I leave someone will come and fill that hole, and the chances are he will be a lot better than I am.

I know that those of you who are back here are enjoying the reunion, and I rejoice with you in it. I hope you are enjoying your lives. I hope you are looking back over happy and pleasant memories, and the farther you get away from them the more pleasant they are around that, so enjoy them and thanks for being here.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

The SPEAKER. It is my understanding that the minority leader, Mr. MICHEL, is involved in budget deliberations at this time. We are honored to have in his place the man who preceeded him in his leadership position, the Honorable JOHN RHODES of Arizona.

Mr. RHODES. Mr. Speaker, my honored classmates and my good friends, ladies and gentlemen, I consider it a privilege and an honor to be able to pinch hit for my good friend, BOB MICHEL, who has been and is my worthy successor as Republican leader of the House. He was unavoidably detained, and thus I have the honor of welcoming you back to this Chamber, which is so familiar to all of you, and to which I know you attach wonderful memories, and in which you served so well the people of your district, the people of your State, and the people of your country.

When I look around and see the faces of so many friends, so many people with whom I associate great deeds in the legislative history of our country, I really am overwhelmed and pleased. It is no secret, because I have already announced it, that I am going to be one of your recruits after this term. I am going to join the ranks of those persons who have served in this body. Not the least reason for my decision to do so is the fact that all of you look so good when you come back. There must be something out there that I need to partake of, and I am looking forward to the opportunity to do it.

Also, one of the reasons that I decided to do this is the fact that I had an appointment the other day with one of the Navy doctors. He is a dermatologist, and I had a little thing on the side of my face. He gave it a Latin name, two names actually. The first one was "wart," and the second one was "senilis." I said, "Now, wait a minute, what is this senilis bit all about?"

He said, "You know, it is interesting, but Admiral Halsey asked me the same thing when I told him." He said, "I am sorry, I should not have given that name to it because when Admiral Halsey took umbrage at the word 'senilis,' I tell you what: What it really is, is a gathering of material which you gather through your life. It sort of attaches itself."

He said, "It is like a barnacle."

I understand that. I understand the barnacle bit very well, so from now on we will call this, whatever it is is not senilis, but a barnacle. I figure that I am gathering barnacles and it is time to get out and see if I cannot lose them like you have.

As the majority leader has said, this body is different than it used to be, and the difference is caused by many things, but I think the main difference is that the average age of the average Member of the House has gone down like that, and I have got to say that I do not believe that the average ability has gone down at all. I think these young people who have come and moved into the positions which you occupied and which I will have occupied next year, are tremendous people. They understand the art of politics probably better than any of us ever did. They are computerized. They are modernized. They know exactly how to translate dollars into votes. It is amazing. It almost gets to be an exact science anymore. You spend a certain amount of money on television and you figure you are going to get a certain number of votes, and you can almost have an exact science and determine what you need. At least, so they tell me. I have never tried it, but anyway, the country is, I think, in very good hands with the makeup of the House today, and of the Senate.

The fact that we do need to get together every now and then to get a budget adopted—and it seems to be a little bit more difficult perhaps than it used to be, is beside the point. We will get it done. It will come out, and I think that the country will be well served by what we do in this Congress.

I am very pleased, as I say, to have the opportunity of greeting all of you for the minority leader, and to tell you that this day, when the former Members assemble in this hall, is, I think, one of the bright days of the whole year as far as the Congress is concerned. You bring to us not only the amassed wisdom of many years, but also the devotion to duty which all of you exemplify.

So, Mr. Speaker, I join you and the majority leader in greeting the former Members who are here, and wishing them the best of everything in the years to come.

□ 1130

The SPEAKER. It is interesting, relative to the group assembled here, that it does not seem long ago when Dr. Judd and Brooks Hayes were the initial formulators of this organization. It was a beautiful idea.

Brooks was such a great man and such a beautiful storyteller. I remember well the last occasion I had to meet with him.

He said, "I understand you have become an avid golf fan."

I said, "I am."

He said, "Did you hear the story about the 85-year-old fellow who went out to be a caddy? The golf pro looked at him and he said, 'Well, you are too old to carry the bag, but you can walk as a fore caddy. Are your eyes good?'

"The old man said, 'My eyes are perfect.'

"So he went out and a fellow hit the ball about 270 yards.

"'Did you see where it went?' he asked.

"'I sure did. My eyes are perfect,' the old man replied.

"'Where did it go?' he asked.

"And the old man said, 'I forget.'"

I know that many of you still read the CONGRESSIONAL RECORD. It gets to be a habit when you are around here as long as I have been. I think the one poem that has appeared in it more than any other in the 30 years I have been in the Congress is one that has come to have a bearing on my mind when I see a group of old friends; perhaps it influenced Dr. Judd and Brooks Hays in setting up this organization:

AROUND THE CORNER

Around the corner I have a friend,
In this great city that has no end;
Yet days go by, and weeks rush on,
And before I know it a year is gone,
And I never see my old friend's face,
For Life is swift and terrible race.
He knows I like him just as well
As in the days when I rang his bell
And he rang mine. We were younger then,
And now we are busy, tired men:
Tired with playing a foolish game,
Tired with trying to make a name.
"To-morrow," I say, "I will call on Jim,
Just to show that I'm thinking of him."
But to-morrow comes—and to-morrow goes,
And the distance between us grows and grows.
Around the corner!—yet miles away. . . .
"Here's a telegram, sir. . . ."
"Jim died to-day."
And that's what we get, and deserve in the end:
Around the corner, a vanished friend.

CHARLES HANSON TOWNE.

So it is beautiful that we have this occasion for former Members of Congress, on both sides of the aisle, in a bipartisan manner, to meet and have the opportunity to keep in touch.

Once again, I am delighted to see you all.

The Clerk will now conduct a rollcall of the former Members of the Congress.

The Clerk called the roll of former Members of the Congress, and the following former Members answered to their names:

FORMER MEMBERS OF CONGRESS—ROLLCALL, MAY 17, 1982

E. Ross Adair of Indiana;
Hugh Q. Alexander of North Carolina;
Gordon L. Allott of Colorado;
Elizabeth Andrews of Alabama;
William H. Ayres of Ohio;
Laurie C. Battle of Alabama;
J. Caleb Boggs of Delaware;
Daniel B. Brewster of Maryland;
J. Herbert Burke of Florida;
William T. Cahill of New Jersey;
Tim Lee Carter of Kentucky;
Elford A. Cederberg of Michigan;
Charles E. Chamberlain of Michigan;
Marguerite Stitt Church of Illinois;
Frank M. Clark of Pennsylvania;
Jeffery Cohelan of California;

James C. Cleveland of New Hampshire;
Albert M. Cole of Kansas;
W. Sterling Cole of New York;
David L. Cornwell of Indiana;
Isidore Dollinger of New York;
Francis E. Dorn of New York;
William Jennings Bryan Dorn of South Carolina;
Frank E. Evans of Colorado;
Michael A. Feighan of Ohio;
Charles K. Fletcher of California;
Edward A. Garmatz of Maryland;
Harry G. Haskell of Delaware;
Chet Holifield of California;
Craig Hosmer of California;
Roman L. Hruska of Nebraska;
William L. Hungate of Missouri;
A. Oakley Hunter of California;
Jed Johnson, Jr., of Oklahoma;
Charles R. Jonas of North Carolina;
Walter H. Judd of Minnesota;
Frank M. Karsten of Missouri;
Hastings Keith of Massachusetts;
Martha Keys of Kansas;
David S. King of Utah;
Horace R. Kornegay of North Carolina;
Theodore R. Kupferman of New York;
John Davis Lodge of Connecticut;
William S. Mailliard of California;
James R. Mann of South Carolina;
D. R. (Billy) Matthews of Florida;
George Meader of Michigan;
D. Bailey Merrill of Indiana;
Abner Mikva of Illinois.
Walter H. Moeller of Ohio;
John S. Monagan of Connecticut;
Frank E. Moss of Utah;
F. Jay Nimtz of Indiana;
James M. Quigley of Pennsylvania;
William J. Randall of Missouri;
Ben Reifel of South Dakota;
John M. Robsion, Jr., of Kentucky;
J. Edward Roush of Indiana;
William Royer of California
Harold M. Ryan of Michigan;
Fred D. Schwengel of Iowa;
Hugh Scott of Pennsylvania;
William L. Scott of Virginia;
Carlton R. Sickles of Maryland;
Alfred D. Sieminski of New Jersey;
Henry P. Smith III of New York;
Lynn Stalbaum of Wisconsin;
James Symington of Missouri;
Robert Taft, Jr., of Ohio;
Roy A. Taylor of North Carolina;
John H. Terry of New York;
Andrew J. Transue of Michigan;
James E. Van Zandt of Pennsylvania;
Fred Wampler of Indiana;
Charles W. Whalen, Jr., of Ohio; and
Ralph W. Yarborough of Texas.

The SPEAKER. The Chair announces that 75 former Members of the Congress have responded to their names.

The Chair recognizes the Honorable John S. Monagan, a great former Member of the House from the State of Connecticut, to speak and to yield time for appropriate remarks. [Applause.]

Mr. JOHN S. MONAGAN. Mr. Speaker, it is a great pleasure for all of us to be back in this Chamber and I want to express particular thanks to you for your presence here today and also for your interest in making it possible to use this Chamber for our reports and for our meeting here on the floor today.

It is with a combination of sadness and satisfaction that I present our 12th annual report to the Congress. The sadness, as you suggested, is occasioned by the fact that in the last year we lost one of our cofounders, Brooks Hays, a long-time Congressman from the State of Arkansas, whom all of us knew so well and loved so much.

Brooks, with his gentle wit, keen intellect, and remarkable capacity to bring people together, will be sorely missed by us all.

He and our other cofounder, Walter Judd of Minnesota, who is here with us today, at a meeting 12 years ago infused life into the proposal to found an alumni association of Congress.

Under their leadership and with their interest in utilizing the experience and the talent of those who served in this great institution, a remarkable record of achievement has been accomplished.

I regret to say that in addition to the loss of Brooks Hayes, we mourn the passing since our last meeting of the following Members of our organization:

Frank J. Becker of New York; Andrew J. Biemiller of Wisconsin; Horace Seely Brown, Jr., of Connecticut; Clarence G. Burton of Virginia; Clifford P. Case of New Jersey; Colgate W. Darden of Virginia; Irwin D. Davidson of New York; Braswell Deen of Georgia; Robert V. Denney of Nebraska; Edwin B. Dooley of New York; Sidney A. Fine of New York; Ella Grasso of Connecticut; Don Hayworth of Michigan; Donald I. Jackson of California; John Jarman of Oklahoma; Catherine D. Norrell of Arkansas; Leo W. O'Brien of New York: John L. Pilcher of Georgia; Robert T. Ross of New York; Herman T. Schneebeli of Pennsylvania; Clark Thompson of Texas; and Carl Vinson of Georgia.

I would ask that you stand for a moment of silent prayer in memory of these departed Members.

[Members and former Members standing in silent prayer.]

Mr. MONAGAN. May they rest in peace.

The satisfaction that I feel is because I can tell you that this alumi association is well and thriving with nearly 600 Members. The seeds that Brooks and Walter planted 12 years ago have grown and flowered into a remarkable array of educational, research, and social programs, both in the United States and indeed in the world at large. These programs will serve as a lasting memorial to our cofounders.

I am pleased to report that during the past year we have completed our 100th Campus Fellows visit. A list of the schools and fellows and sample comments is submitted, and I ask that they be included in the RECORD at this point.

COLLEGES AND UNIVERSITIES VISITED UNDER THE CONGRESSIONAL ALUMNI CAMPUS FELLOWS PROGRAM, MAY 1982

COLLEGE/UNIVERSITY, STATE, AND FELLOW

Alaska Pacific University, Alaska, William S. Mailliard (California).

Albion College, Michigan, David S. King (Utah).

Alfred University, New York, Frank E. Moss (Utah).

Arizona State University, Arizona, Gale W. McGee (Wyoming).

Assumption College, Massachusetts, Gale W. McGee (Wyoming).

Auburn University, Alabama, William L. Hungate (Missouri).

Bainbridge Jr. College, Georgia, Gilbert Gude (Maryland).

Baylor University, Texas, James Roosevelt (California).

Bradley University, Illinois, Charles W. Whalen (Ohio).

Brandeis University, Massachusetts, Abner J. Mikva (Illinois).

Brandeis University, Massachusetts, Richardson Preyer (North Carolina).

Cameron University, Oklahoma, William L. Hungate (Missouri).

Carleton College, Minnesota, William S. Mailliard (California).

Carroll College, Montana, Ralph W. Yarborough (Texas).

Chatham College, Pennsylvania, Catherine May Bedell (Washington).

Chatham College, Pennsylvania, Martha Keys (Kansas).

Collage University, New York, William S. Mailliard (California).

College of the Sequoias, California, Gale W. McGee (Wyoming).

Columbia College, South Carolina, Catherine May Bedell (Washington).

Concordia College, Michigan, Walter H. Moeller (Ohio).

Connecticut College, Connecticut, Ralph W. Yarborough (Texas).

Converse College, South Carolina, Jed Johnson, Jr. (Oklahoma).

Dartmouth College, New Hampshire, John O. Marsh, Jr. (Virginia).

Dartmouth College, New Hampshire, William S. Mailliard (California).

Davis & Elkins College, West Virginia, J. Glenn Beall, Jr. (Maryland).

Davis & Elkins College, West Virginia, Frank E. Moss (Utah).

Denison University, Ohio, Frank E. Moss (Utah).

DePaul University, Indiana, Hugh Scott (Pennsylvania).

Eckerd College, Florida, William L. Hungate (Missouri).

Elmira College, New York Charles W. Whalen (Ohio).

Friends University, Kansas, Henry P. Smith III (New York).

Furman University, South Carolina, Jed Johnson, Jr. (Oklahoma).

Grinnel College, Iowa, Neil Staebler (Michigan).

Gustavus Adolphus College, Minnesota, Charles W. Whalen (Ohio).

Hamilton College, New York, William S. Mailliard (California).

Hartwick College, New York, Ralph W. Yarborough (Texas).

Hiram College, Ohio, Howard Callaway (Georgia).

Hiram College, Ohio, Roman L. Hruska (Nebraska).

Hope College, Michigan, Walter H. Judd (Minnesota).

Hope College, Michigan, Gale W. McGee (Wyoming).

Hope College, Michigan, Catherine May Bedell (Washington).

Idaho State University, Idaho, John R. Schmidhauser (Iowa).

Indiana State University, Indiana, Gordon L. Allott (Colorado).

Indiana University Northwest, Indiana, Neil Staebler (Michigan).

Jackson State University, Mississippi, Allard Lowenstein (New York).

Johns Hopkins University, Maryland, Hugh Scott (Pennsylvania).

Kansas-Newman College, Kansas, Henry P. Smith III (New York).

King College, Tennessee, Charles W. Whalen (Ohio).

King's College, Pennsylvania, Philip Hayes (Indiana).

Kirkland College, New York, William S. Mailliard (California).

LaGrange College, Georgia, Ralph W. Yarborough (Texas).

Lake Forest College, Illinois, Ralph W. Yarborough (Texas).

Lindenwood Colleges, Missouri, Gaylord A. Nelson (Wisconsin).

Marshall University, West Virginia, John J. Gilligan (Ohio).

Mary Hardin Baylor, Texas, Brooks Hays (Arkansas).

Mesa Community College, Arizona, Gale W. McGee (Wyoming).

Miami University-Middletown, Ohio, James Roosevelt (California).

Millsaps College, Mississippi, Allard Lowenstein (New York).

Montclair State College, New Jersey, Walter H. Judd (Minnesota).

Murray State University, Kentucky, Brooks Hays (Arkansas).

Northern Illinois University, Illinois, William L. Hungate (Missouri).

Oklahoma State University, Oklahoma, Ralph W. Yarborough (Texas).

Otterbein College, Ohio, James Roosevelt (California).

Randolph-Macon College, Virginia, Gale W. McGee (Wyoming).

Rose Hulman Institute of Technology, Indiana, Gordon L. Allott (Colorado).

St. Lawrence University, New York, Roman Pucinski (Illinois).

St. Mary-of-the-Woods College, Indiana, Gordon L. Allott (Colorado).

St. Mary's College, Indiana, Gale W. McGee (Wyoming).

St. Michael's College, Vermont, Walter H. Judd (Minnesota).

St. Olaf College, Minnesota, William S. Mailliard (California).

Sangamon State University, Illinois, Andrew J. Biemiller (Wisconsin).

Sangamon State University, Illinois, Martha Keys (Kansas).

Sangamon State College, Illinois, Alan Lee Williams (Great Britain).[*]

Southeast Community College, Kentucky, Donald Lukens (Ohio).

Southwestern College, Kansas, Henry P. Smith III (New York).

State University at Oswego, New York, Martha Keys (Kansas).

Syracuse University, New York, Charles W. Whalen (Ohio).

Taladega College, Alabama, Theodore Kupferman (New York).

Tougaloo Southern Christian College, Mississippi, Allard Lowenstein (New York).

Translyvania University, Kentucky, James M. Quigley (Pennsylvania).

U.S. Air Force Academy, Colorado, Alan Lee Williams (Great Britain).[*]

U.S. Coast Guard Academy, Connecticut, Ralph Yarborough (Texas).

U.S. Naval Academy, Maryland, John S. Monagan (Connecticut).

U.S. Naval Academy, Maryland, William S. Mailliard (California).

University of Alaska, Alaska, William S. Mailliard (California).

University of California at Berkeley, California, Newton I. Steers, Jr. (Maryland).

University of North Dakota, North Dakota, Neil Staebler (Michigan).

University of Redlands, California, Catherine May Bedell (Washington).

University of South Carolina, South Carolina, Gale W. McGee (Wyoming).

University of South Carolina, South Carolina, Alan Lee Williams (Great Britain).[*]

University of South Dakota, South Dakota, William L. Hungate (Missouri).

University of Utah, Utah, Alan Lee Williams (Great Britain).[*]

University of Washington, Washington, Alan Lee Williams (Great Britain).[*]

Urbana College, Ohio, David S. King (Utah).

Vanderbilt University, Tennessee, Ralph W. Yarborough (Texas).

Virginia Military Institute, Virginia, Gale W. McGee (Wyoming).

Wake Forest University, North Carolina, William L. Hungate (Missouri).

Washington & Lee University, Virginia, Gale W. McGee (Wyoming).

Westmont College, California, Ronald Sarasin (Connecticut).

Wheaton College, Massachusetts, Charles A. Vanik (Ohio).

Whitman College, Washington, Frank E. Moss (Utah).

William & Mary College, Virginia, Hugh Scott (Pennsylvania).

SAMPLE COMMENTS ON 1981 CONGRESSIONAL ALUMNI CAMPUS FELLOWS PROGRAM

"She (Catherine May Bedell) carried well the positive message about the work of Congress . . . her sessions with the local news media were of benefit to the off campus community as well . . . We are much impressed by the Congress-to-Campus Program of the Former Members of Congress and hope that we can benefit by it again in the future."—Dr. Robert Morre, History Dept., Dr. Selden Smith, Associate Professor, Columbia College, Columbia, South Carolina, October 27, 1981.

"Thank you for your assistance in helping us participate in the Fellowship Program. Congressman Gilbert Gude was the perfect choice. Everyone was so thoroughly impressed that we have been receiving requests that we participate again in the program . . . if it is possible to include us again, please do so."—Raymond L. Chambers, Ph.D., Bainbridge Jr. College, Bainbridge, Georgia, June 2, 1981.

"From our vantage point, the visit was an unqualified success. Judge Hungate is an extremely effective public speaker and an engaging individual personally . . . everyone with whom he had contact was most impressed by him and found his discussion of his experiences in the Congress most helpful . . . This aspect of the Former Members of Congress program is a great idea and we are deeply appreciative of having been selected to have a former member visit our campus."—Donald C. Dahlin, Chairman, Political Science, University of South Dakota, Vermillion, South Dakota, December 9, 1981.

"Dr. Judd's visit was extremely successful and enjoyed by all concerned. This was a clear cut success and especially a beneficial experience for our students."—George T. Menake, Chairman, Political Science Department, Montclair State College, Upper Montclair, New Jersey, December 2, 1981.

"All of those with whom I have discussed the visit found it rewarding and educational on a campus that sometimes seems isolated from the mainstream of political events. A number of students have told me that they have been inspired to be more politically active as a result of Ms. Keys' visit . . . It was a great educational experience for us."—Bruce E. Altschuler, Assistant Professor, Political Science, State University of New York, Oswego, New York, December 7, 1981.

"It was an excellent opportunity for students to get to know a national figure and learn first hand what his job and positions were like."—Student Comment on Ambassador David King's visit, Albion College, Albion, Michigan, November 18, 1981.

". . . former Congressman Dan H. Kuykendall was very productive and successful in his presentations. Many nice compliments were received from our students and faculty relative to his visit. This is a very worthwhile program and I hope that we may avail ourselves of this program in the future."—Jack E. Bizzel, Head, Dept. of Government & Public Affairs, Morehead State University, Morehead, Kentucky, October 22, 1981.

"Everyone agreed that Ambassador McGee made good use of his several life experiences in addressing the topics on his agenda . . . a valuable learning experience for our students . . . The visit was one of the highlights of our academic year. . . . We very much would like to be able to have a Former Member of Congress Fellow next year . . ."—Jack E. Holmes, Associate Professor, Political Science, Hope College, Holland, Michigan, April 7, 1981.

"Our faculty members and student body were extremely impressed by Mr. Roosevelt's personableness, his knowledge and his experience. I don't think anyone . . . could have . . . done a better job. I only hope that other campuses . . . will be fortunate enough to have Mr. Roosevelt in residency."—Eugene Bennett, Executive Director, Miami University-Middletown, Middletown, Ohio, October 28, 1981.

"I cannot fail to express the immense gratitude Dr. David G. Lawrence, our departmental chairman and I feel toward Ron (Sarasin) for the excellence of his presentations and the openness and candor he demonstrated in sharing the life of a Congressman with the students."—Richard C. Burnweit, Department of Political Science, Westmont College, Santa Barbara, California August 13, 1981.

"The students and faculty were extremely pleased with Professor Schmidhauser's presentations and knowledge of Congress. Our organization would like to consider a visit by another former member of Congress next year . . . it was a very informative and successful visit and the students benefitted greatly."—Steve Caan, Assistant Professor of Political Science, Idaho State University, Pocatello, Idaho, October 19, 1981.

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[*] Pilot project funded by the Ford Foundation of former member of the British Parliament.

". . . so many individuals were impressed by our visitor's wide range of knowledge and interest . . . this is the most exciting thing we have done here for so long and why don't we do it more often? Faculty, students, staff, and administrators have voluntarily shown both their enthusiasm and gratitude for Mr. Staebler's visit and their recognition of his broad accomplishments in life . . . and, of course, no one will ever forget his warmth . . . for our students to be able to discuss public affairs with such a practitioner in this varied context was a rare opportunity.—George C. Roberts, Dept. of Political Science, Indiana University Northwest, Gary, Indiana, March 4, 1981.

"We were delighted with the presence of such a fine representative of Congress (former Senator Ralph Yarborough) who demonstrated to our students and to the local community that it is possible to have persons of exemplary character, commitment, and concern in national politics."—Donald Roy, Dept. of Political Science, Carroll College, Helena, Montana, February 19, 1981.

I myself have participated in this program, and I know how valuable and helpful it is because it provides a means of communicating with students in our colleges, explaining and justifying the Congress as an institution with an explication by people who have served in it and who can speak from practical experience.

Under a recent grant from the Ford Foundation, we have expanded the concept of this program to include an International Campus Fellows visit and last month completed the first of these with a cross-country series of visits by a former member of the British Parliament, Alan Lee Williams, who visitied five colleges and universities in five States.

We are very fortunate to have the services of a former Member of the House and a former Assistant Secretary of Education, Martha Keys, of Kansas, who is directing this educational program as a consultant to our association.

We estimate that we have reached approximately 50,000 students in this endeavor, and we plan to expand it in the years to come provided we can get the necessary financial support.

This year it was my pleasure to present to Dr. Daniel Boorstin, the Librarian of Congress, 80 oral history transcripts which represent the first major oral history project dealing with the Congress as such. These oral histories have been placed on microfiche by the New York Times and are available to students of the Congress there and at the Library of Congress.

Under a grant from the German Marshall Fund, a group of our Members met last November with a similar delegation from the Association of Former Members of the German Bundestag at the Konrad Adenauer Foundation Conference Center at Cadenabbia, Italy, and at that meeting we adopted a statement of cooperation between our associations which forms a basis for future collaboration with counterpart organizations in the developed democracies.

I hereby ask that this statement be included in the RECORD at this point.

STATEMENT OF COOPERATION ADOPTED AT LAKE COMO, NOVEMBER 6, 1981

1. *International cooperation* between the Association of Former Paliamentarians as far as they do exist in all O.E.C.D. member countries should be encouraged and strengthened.

2. *To achieve a fruitful cooperation* between these associations of Former Members of Parliament this necessary coordination should be provided on the basis of rotation for a two year period by one of the existing associations.

The Association of Former Members of Congress should act as the coordinator of the mutual efforts for the next two years.

3. It is anticipated that this coordination would engage in the following kinds of programs:

(A) *International university fellows program* modeled on the successful campus fellows program of the Association of Former Members of Congress. The cooperation between the existing associations in the O.E.C.D. countries would provide the framework for similar and reciprocal activities.

(B) *Comparative Research on Parliamentary Institution* within the framework of coordination of the parliamentary associations research on legislative institutions would be sponsored to improve public, scholarly and official understanding of the ways these institutions function. In contrast to much academic writing on such subjects, this research would be carried out by mixed groups of scholars and experienced practitioners in legislative institutions. The Association of Former Members of Congress, for example, has completed a very successful program of this sort in co-sponsoring a Comparative Study of the U.S. Congress and the Japanese Diet in cooperation with the Japan Center for International Exchange and the East-West Center's Culture Learning Institute.

(C) *Research on International Issues of Importance to Legislative Institutions.* The cooperating Associations of Former Parliamentarians would also try to sponsor research on substantial transnational issues focusing the interrelationship of such issues and the role of legislative institutions.

The major purpose of these studies is to increase understanding, particularly by those in one legislative institution, of the impact their actions have on the other country, with a view to promoting greater international cooperation.

(D) *Issues of War and Peace.* Studies in arms control and the international problems related to world peace could be undertaken with appropriate foreign policy institutes with the realization that any recommendations would come from the pool of practical political experience and that has operated at the highest levels in each of the countries. A delegation of former Members of Congress participated in such an Aspen Institute Seminar in Berlin in 1980.

(E) *Bilateral and Multilateral Forums for Discussion.* Based upon the success of a series of seminars at the Johnson Foundation Conference Center, "Wingspread," with Former Members of the Canadian Parliament, the Japanese Diet, and the German Bundestag, similar bilateral and multilateral sessions would be undertaken on timely current issues.

The Association of Former Members of the Bundestag in particular will support this program by organizing a yearly seminar with the assistance of foundations in the Federal Republic for a two year period.

Concluding Summary. International cooperation between associations of persons with parliamentary experience can play a valuable role in improving international understanding of democratic political processes. Like sitting members of parliaments, former members have practical experience in the political life of their countries, but they are not bound to the same degree by political, party, or governmental constraints of sitting members. Generally speaking, former members also have more time to devote to the study of comparative legislative questions and they are, therefore, in a position to perform a significant educative function. At the same time, their personal and professional relationships with sitting members and government officials assures that their contribution will be given attention by those still directly involved in governments.

□ 1145

We found also, interestingly enough, there were counterpart associations in four other countries of Europe: Belgium, France, Switzerland, and Italy. We had the opportunity of meeting with them and telling them about our programs.

We have also received a grant from the United States-Japan Friendship Commission to publish a comparative study of the Japanese Diet and the United States Congress. This has been under the direction of our consultant, Francis R. Valeo, who most of you know as long-time Secretary of the Senate and an expert on the Orient.

This project will be made available in handbook form to Members of the Congress and also will be published in book form a little later this year in English, and also in book form in Japanese by the Semal Press.

We have also been able to provide participants from our membership for the American Specialist Program of the International Communications Agency. These people speak to audiences overseas about our Congress and about our political system.

Participants in the last year, particularly appropriate, I think, were two former ambassadors to the Organization of American States, Bill Mailliard, our immediately past president, and Gale McGee, who is a member of our board of directors, who visited Argentina and Brazil earlier this year. I understand they assume no responsibility for what took place in Argentina since the time of their visit.

Also one of our members, David King, who is fluent in French, lectured in French in Senegal and the Ivory Coast as part of another project of this type.

Former Senator James Pearson, and former Congresswoman Martha Keys, spoke to audiences in Japan about the Congress and the political system as part of this same program.

During the last year we held out 11th Annual Fall Meeting in Minneapolis-St. Paul where we were hosted by two former colleagues, Don Fraser, now mayor of Minneapolis, and Al Quie, who is now Governor of Minnesota.

It is not unworthy to note that our programs have been well received and we have had projects in four continents: Asia, Africa, Latin America, and Europe. We just completed a study tour of the Middle East where 27 members met with officials of the Israeli and Egyptian Governments, and that was a most productive trip.

I am finally pleased to report that this fall we will be carrying forward the existing programs and also another tour of the People's Republic of China, a second meeting with a German political foundation, the Friedrich Ebert Stiftung, our first visit to the Soviet Union and Eastern Europe, a foreign policy study seminar with the Gerald R. Ford Library, and the Atlantic Council which will be at "Wingspread" in Wisconsin.

Ambassador Mailliard and I have just returned from a very interesting and, I think, noteworthy meeting between former parliamentarians in France of France and Germany which took place in Strasbourg, and we were invited to attend as members of the Former Members of Congress Organization. There were almost 100 participants at this conference, and afterward Ambassador Mailliard went to London to talk with former members of the British Parliament about the possible organization of a counterpart organization, and I went to Dublin to talk with former members of the Dail there about the formation of a similar organization. We were very favorably and well received in both places.

I would like to insert at this point also, if I may, the list of 76 foundations, corporate, institutional, and individual sponsors who have contributed funds to our organization and who, of course, have made possible the educational programs that I have spoken of.

SUBSTANTIAL CONTRIBUTORS TO FMC'S CAMPUS FELLOWS PROGRAMS AND OTHER EDUCATIONAL PROJECTS

PATRONS[1]

1. Ford Foundation.
2. Japan-U.S. Friendship Commission.
3. Lilly Endowment, Inc.
4. National Endowment for the Humanities.

BENEFACTORS[2]

5. Anonymous Individual.
6. Anonymous Private Foundation.
7. Claude Worthington Benedum Foundation.
8. Hon. Charles K. Fletcher.
9. German Marshall Fund of the United States.
10. Grand Street Boys' Foundation.
11. Flora & William Hewlett Foundation.
12. John Crain Kunkel Foundation.
13. Charles Stewart Mott Foundation.
14. Rockefeller Foundation.
15. Louise Taft Semple Foundation.
16. U.S. Dept. of State, Bureau of Education and Cultural Affairs.
17. University of South Carolina, James Byrnes International Center.

SPONSORS[3]

18. AMAX Foundation, Inc.
19. American Brands, Inc.
20. Anonymous Private Foundation.
21. Ashland Oil Company.
22. Battelle Memorial Institute.
23. Beech Aircraft Corporation.
24. Black & Decker Manufacturing Co.
25. Hon. Charles B. Brownson.
26. Howard H. Callaway Foundation.
27. Castle & Cooke, Inc.
28. Champion International Corporation.
29. Congressional Staff Directory.
30. Exxon Company, USA.
31. Finance Factors Foundation.
32. Former Members of Congress Auxiliary.
33. Ford Motor Company Fund.
34. Gulf Oil Corporation.
35. Richard T. Hanna Family Fund.
36. Hartwick College.
37. Hon. Brooks Hays.
38. Home Federal Savings & Loan Association.
39. I.B.M.
40. International Harvester.
41. International Union of Operating Engineers.
42. Mrs. Benjamin F. James.
43. Johnson Foundation.
44. Hon. Jed Johnson, Jr.
45. Hon. Walter H. Judd.

45a. Mr. J. C. Kennedy

46. Hon. William S. Mailliard.
47. Hon. D. Bailey Merrill.
48. Mid-America Nazarene College.
49. Mobil Oil Corporation.
50. Hon. John S. Monagan.

50a. Mr. Richard Murphy.

51. Mt. Vernon College.
52. National Association of Independent Insurers.
53. National Paint & Coatings Association, Inc.
54. National Study Commission on Records and Documents.
55. Pacific Federal Savings & Loan Association.
56. Panhandle Eastern Pipeline Company.
57. Pioneer Federal Savings & Loan Association.
58. Portsmouth Community Trust.
59. Prudential Foundation.
60. Relief Foundation, Inc.
61. Sangamon State University.
62. Dr. Scholl Foundation.
63. Florence & Johnson Schumann Foundation.
64. Mrs. Kay Sheppard.
65. Hon. Carlton R. Sickles.
66. Smith Kline Corporation.
67. Sperry Corporation.
68. St. Cloud University.
69. TRW, Inc.
70. The Tobacco Institute.
71. University of Utah.
72. Rep. Guy Vander Jagt.
73. Whalley Trust.
74. Mr. and Mrs. James Yao.

(Special thanks also to Hon. David King and Hon. Martha Keys who helped secure a number of these contributions).

In conclusion, Mr. Speaker, I would like to express to you and to other Members of the Congress our thanks to the House for having enacted our Federal charter legislation. We hope and trust that the Senate will do likewise at an early date.

Of course, no report of our doings would be complete, Mr. Speaker, without expressing appreciation and paying tribute to Jed Johnson, our Executive Director. Without his dedication, his imagination, is enterprise, his faith and his equanimity in the face of disappointment, our association would be an all-Members' social club and not the vibrant organization it is today.

So for your essential contribution to this achievement, Jed, you have our deepest thanks.

Mr. Speaker, I have the very pleasant duty today of presenting the Distinguished Service Award of Former Members of Congress to a long-time friend and one of the most prominent Members of Congress in the history of this distinguished body.

Hugh Scott served for 34 years in both Houses of Congress. Sixteen of these were in the House and 18 in the Senate. In the latter body he served on the Committees on Foreign Relations and on the Judiciary and for 8 years was minority leader in the other Chamber. He favored internationalism in foreign policy and in floor activity excelled in smoothing the way for the consideration and processing of necessary legislation.

He was the national chairman of the Republican Party in 1948 and 1949 and managed to survive those eventful years with good humor, not being averse to striking hard blows for his party when circumstances called for a vigorous exchange. He found what was undoubtedly a more salubrious atmosphere on the Eisenhower personal staff in 1952.

While politics filled his life for many years, his interests have not been confined to that uncertain science.

In 1931 he published a respected legal treatise on the esoteric subject of bailments. Twenty-five years later, drawing upon the results of his long years of collecting oriental ceramics, he published a well-known study, "The Golden Age of Chinese Art," a work justly praised by experts in the field.

A graduate of Randolph Macon College and the University of Virginia, he saw active service in the Navy in World War II.

In 1967 he served as visiting professor at Balliol College, Oxford. The record does not show whether he taught bailments, ceramics, or politics. Undoubtedly, a little of each.

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[1] Patrons have contributed at least $50,000

[2] Benefactors have contributed between $10,000 and $50,000

[3] Sponsors have contributed $1,000 to $10,000

He has enough honorary degrees, 30 in all, to paper his living room. They came not only from the University of Pennsylvania and Lafayette College, but also from such diverse institutions as the Philadelphia College of Osteopathy and Hebrew Union College.

He is today an active senior partner in the Washington law firm of Barnett and Alagia.

Hugh's wife, Marian, an essential partner, is a genial and friendly lady who is known and loved by all of the members of our organization.

In view of his long and remarkable career of public service and personal achievement, the Association of Former Members of Congress has voted to confer upon Hugh Scott its distinguished service award.

Hugh, on behalf of our association, it is my pleasure to present this award to you today.

Mr. **SCOTT**. Mr. Speaker, I hope that on attempting to leave this building with the gavel that the Doorkeeper will not think I have impinged on the Speaker's prerogatives or, even worse, on his gavel.

But I am very grateful. I briefly want to take this opportunity to say that I admire so much the work being done by the former Members of Congress. It is a pleasure to see so many of them here, to see some of my friends like the Senators, and Senator HELMS, and Senator STEVENS and others, and other sitting Members of the House. We are honored by your interest and by your presence as well.

I think our own congressional memories are somewhat like bagpipe music. The further away you get from them, the better they sound.

We are certainly under no delusions as to the impact of our existence and our organization. I think a former Member of Congress has about the same impact on the incumbent bodies as the cheerleader on a computer.

But it is a great experience for all of us who have had it. We welcome all of you not too soon to our membership. Our best wish for you is that you will take your time.

I do thank all of you for this presentation, and I am glad I am still physically able to carry it out of the Chamber. If you had waited a couple of years you would have had to present it to one of my grandchildren instead, I think.

But thank you very much. I greatly appreciate it.

☐ 1200

Mr. **MONAGAN**. I think we have come to the conclusion of the program, Mr. Speaker.

The **SPEAKER**. The Chair again wishes to thank the former Members of the House for their presence here today. Good luck, God bless you, and we hope to see you again next year.

Thank you.

The House will continue in recess until 12:15.

Accordingly (at 12 o'clock and 1 minute p.m.), the House continued in recess until 12 o'clock and 15 minutes p.m.

☐ 1215

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 o'clock and 15 minutes p.m.

REPORT ON FIRST CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEARS 1983, 1984, and 1985 AND REVISING THE BUDGET FOR FISCAL YEAR 1982

Mr. **WRIGHT**, from the Committee on the Budget, submitted a privileged report (Rept. No. 97-521) on the concurrent resolution (H. Con. Res. 345) revising the congressional budget for the U.S. Government for the fiscal year 1982 and setting forth the congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, which was referred to the Union Calendar and ordered to be printed.

Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point the text of the budget resolution and a brief statement by the chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES).

The **SPEAKER**. Is there objection to the request of the gentleman from Texas?

There was no objection.

● Mr. **JONES** of Oklahoma. Mr. Speaker, last week, the joint leadership of both parties in the House announced a schedule and procedure for consideration of the first budget resolution for fiscal year 1983 in the House of Representatives.

Members were put on notice that any proposed amendments or substitutes to be considered and made in order by the Rules Committee when it meets on May 20, should follow certain guidelines. Among those guidelines was the intention of the leadership to require that any amendments or substitutes be printed in the RECORD of May 19, and that such amendments or substitutes be also given the House Committee on Rules and to the House Budget Committee.

It is the intention of the leadership of both parties to conduct the debate on the first budget resolution in an orderly manner, and in a manner that will focus debate on the substance of the issue, and not on technical disputes involving the calculation of numbers and program speed-out rates. For that reason, I hope all substitutes or amendments will be calculated from the bipartisan baseline, established in the negotiations between the administration, the House, and Senate negotiators during the 5 weeks of discussions on the fiscal 1983 budget. Simply put, that baseline, as measured by the Congressional Budget Office and the Joint Tax Committee, calculates the starting point for deficit reduction at $181.35 billion for fiscal year 1983; $215.30 billion for fiscal year 1984; and $232.15 billion for fiscal year 1985.

In addition to the agreed upon baseline, the bipartisan negotiators also agreed upon a set of common economic assumptions from which the baseline is calculated. The economic assumptions, and the reduction in interest rates reflecting a deficit-reduction policy, form the basis of any deficit reduction calculations, and I intend to urge the House Committee on Rules to require that any amendment or substitute made in order be verified by CBO and/or JCT as to its effect on budget authority, outlays, and revenues based on these economic assumptions.

This year, it is imperative that we all compare apples to apples and oranges to oranges as we try to thread our way through this complicated economic debate.

We have succeeded in getting broad agreement on the baseline numbers from the Director of the Office of Management and Budget, from the chairman and ranking member of the Senate Budget Committee, and from the broad range of Members on both sides of the aisle. Both the House and Senate Budget Committees used the bipartisan baseline in drafting their own budget resolutions, and the President used these numbers in a nationally televised speech on the budget a few days ago.

It is my hope that all Members will use these numbers in calculating their own deficit reduction plans. It is my intention to urge the House Committee on Rules to insist that any amendments or substitutes made in order for debate on the House floor utilize this bipartisan baseline for purposes of deficit reduction calculations, and Members should be on notice as to this fact.●

H. Con. Res. 345

Resolved by the House of Representatives (the Senate concurring),

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Sec. 101. The provisions of this title shall supersede the figures reaffirmed in Senate Concurrent Resolution 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102(a)(1). The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000;

(2) the level of total new budget authority is $784,500,000,000;

(3) the level of total budget outlays is $743,900,000,000;

(4) the amount of the deficit in the budget is $121,100,000,000;

(5) the level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000, and

(6) the level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5)Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000;

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000;

(B) Outlays, −$30,250,000,000.

SEC. 103. (a) There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000

(2) New primary loan guarantee commitments, $74,850,000,000

(3) New secondary loan guarantee commitments, $68,950,000,000

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New Secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New Secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New Secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New Secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New Secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New Secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loans guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $676,700,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $31,700,000,000;

(2) the level of total new budget authority is $828,000,000,000;

(3) the level of total budget outlays is $780,550,000,000;

(4) the amount of the deficit in the budget is $103,850,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $242,850,000,000;

(B) Outlays, $212,300,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,150,000,000;

(B) Outlays, $12,100,000,000.

General Science, Space, and Technology (250):

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(B) Outlays, $10,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,900,000,000;

(B) Outlays, $10,100,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $8,050,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

(A) New budget authority, $22,,300,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,550,000,000;

(B) Outlays, $27,450,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $80,100,000,000.

(12) Income Security (600):

(A) New budget authority, $286,950,000,000;

(B) Outlays, $273,800,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,100,000,000;

(B) Outlays, $23,400,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, −$1,050,000,000;

(B) Outlays, −$850,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$43,650,000,000;

(B) Outlays, −$43,650,000,000.

SEC. 203. (a) There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $60,900,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

International Affairs (150):

(A) New direct loan obligations, $10,850,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, −$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000,

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $29,850,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $753,650,000,000.

Fiscal year 1985: $846,550,000,000.

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $51,650,000,000.

Fiscal year 1985: $66,550,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $888,400,000,000.

Fiscal year 1985: $952,850,000,000.

(3) the level of total budget outlays is as follows.

Fiscal year 1984: $826,400,000,000.

Fiscal year 1985: $881,200,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984: $72,750,000,000.

Fiscal year 1985: $34,650,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000.

Fiscal year 1985: $1,490,800,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000.

Fiscal year 1985: $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,150,000,000;

(B) Outlays, $235,350,000,000.

Fiscal year 1985:

(A) New budget authority, $295,950,000,000;

(B) Outlays, $265,950,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $12,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,750,000,000.

Fiscal year 1985:

(A) New budget authority, $7,600,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,050,000,000.

Fiscal year 1985:

(A) New budget authority, $4,650,000,000;

(B) Outlays, $3,850,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $8,750,000,000;

(B) Outlays, $9,850,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $8,850,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $8,400,000,000;

(B) Outlays, $8,250,000,000.

Fiscal year 1985:

(A) New budget authority, $6,350,000,000;

(B) Outlays, $7,500,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $8,650,000,000;

(B) Outlays, $2,750,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $2,600,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $22,400,000,000;

(B) Outlays, $20,050,000,000.

Fiscal year 1985:

(A) New budget authority, $22,950,000,000;

(B) Outlays, $20,250,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,150,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,350,000,000;

(B) Outlays, $7,700,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $28,250,000,000;

(B) Outlays, $28,000,000,000.

Fiscal year 1985:

(A) New budget authority, $28,300,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $81,700,000,000;

(B) Outlays, $89,650,000,000.

Fiscal year 1985:

(A) New budget authority, $94,100,000,000;

(B) Outlays, $101,250,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $314,500,000,000;

(B) Outlays, $290,050,000,000.

Fiscal year 1985:

(A) New budget authority, $344,550,000,000;

(B) Outlays, $312,400,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $25,150,000,000;

(B) Outlays, $24,550,000,000.

Fiscal year 1985:

(A) New budget authority, $26,000,000,000;

(B) Outlays, $25,900,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,500,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $6,750,000,000;

(B) Outlays, $6,700,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $6,850,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $119,300,000,000;

(B) Outlays, $119,300,000,000.

Fiscal year 1985:

(A) New budget authority, $110,850,000,000;

(B) Outlays, $110,850,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority, $200,000,000;

(B) Outlays, $500,000,000.

Fiscal year 1985:

(A) New budget authority, $500,000,000;

(B) Outlays, $900,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, −$49,500,000,000;

(B) Outlays, −$49,500,000,000.

Fiscal year 1985:

(A) New budget authority, −$50,850,000,000;

(B) Outlays, −$50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the

Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $000,000,000 and outlays by $273,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985.

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985.

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985.

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985.

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985.

(E) The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $190,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(G) the Senate Committee on Foreign relations shall report changes in law within the jurisdication of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdication of that committee to reduce spending in amounts sufficient to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985.

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

SEC. 303. The committees named in sections 301(A)-(I) and 302(C)-(1) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

DEFERRED ENROLLMENT

SEC. 304. In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such act.

302(b) REPORT

SEC. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983,

within the jurisdiction of any of its committees unless and until such committees makes the allocations or subdivisions required by section 302(b) of the Budget Act.

SEC. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

PRINTING OF PROCEEDINGS HAD DURING RECESS

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the proceedings had during the recess be printed in the RECORD and that all Members and former Members who spoke during the recess have the privilege of revising their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the Consent Calendar.

RELEASE OF REVERSIONARY INTEREST IN CERTAIN LANDS CONVEYED TO THE ARKANSAS FORESTRY COMMISSION

The Clerk called the bill (H.R. 3881) to direct the Secretary of Agriculture to release on behalf of the United States a reversionary interest in certain lands conveyed to the Arkansas Forestry Commission, and to direct the Secretary of the Interior to convey certain mineral interests of the United States in such lands to such Commission.

There being no objection, the Clerk read the bill, as follows:

H.R. 3881

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a)(1) Subject to subsection (b), the Secretary of Agriculture shall release on behalf of the United States, with respect to lands within the Southern Arkansas Land Utilization Project (AK-LU-22) conveyed by the United States to the Arkansas Forestry Commission (hereinafter referred to as the "Commission") by a quitclaim deed dated February 11, 1980, the condition in such deed which requires that such lands be used for public purposes, and if not so used, that the lands revert to and revest in the United States.

(2) Section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c)) shall not apply to the release authorized in paragraph (1).

(b) The Secretary of Agriculture shall not execute the release authorized in subsection (a)(1) until the Commission, in consideration of such release, enters into an agreement satisfactory to the Secretary of Agriculture which provides that—

(1) the Commission will not exchange the lands referred to in subsection (a)(1) for other property (real or personal) unless—

(A) the fair market value of such property is approximately equal to the fair market value of such lands, and

(B) after such exchange, such property will be used exclusively for public purposes, and

(2) the Commission will not sell, lease, exchange, or otherwise dispose of such lands unless the proceeds thereof are—

(A) deposited and held in an account open to inspection by the Secretary of Agriculture, and

(B) used, if withdrawn from such account, exclusively for public purposes.

SEC. 2. (a) Subsequent to the release executed by the Secretary of Agriculture under section 1, the Commission may apply to the Secretary of the Interior seeking acquisition of all the undivided mineral interests of the United States in any parcel or tract of the lands to which such release applied, and the Secretary of the Interior shall, subject to subsection (b), convey such mineral interests are requested.

(b) The Secretary of the Interior shall not convey the undivided mineral interests of the United States in any parcel or tract as requested in an application filed by the Commission under subsection (a) unless—

(1) such application is accompanied by a sum of money which the Secretary of the Interior determines is necessary to pay the administrative cost involved in conveying such mineral interests to the Commission, including the costs of determining the mineral character of such parcel or tract and the costs of establishing the fair market value of such mineral interests, and

(2) the Commission, in consideration of such conveyance, pays to the Secretary of the Interior—

(A) $1, in the case of any such parcel or tract determined by the Secretary of the Interior to have no mineral value and to be under no active mineral development or leasing, and

(B) the fair market value of such mineral interests (as determined by the Secretary of the Interior), in the case of any such parcel or tract not subject to subparagraph (A).

With the following committee amendment:

Strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. (a)(1) Subject to subsection (b), the Secretary of Agriculture shall release on behalf of the United States, with respect to lands within the Southern Arkansas Land Utilization Project (AK-LU-22) conveyed by the United States to the Arkansas Forestry Commission (hereinafter referred to as the "Commission") by a quitclaim deed dated February 11, 1980, the condition in such deed which requires that such lands be used for public purposes, and if not so used, that the lands revert to and revest in the United States.

(2) Section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c)) shall not apply to the release authorized in paragraph (1).

(b) The Secretary of Agriculture shall release the condition referred to in subsection (a)(1) only with respect to lands covered by and described in an agreement or agreements entered into between the Secretary and the Commission in which the Commission, in consideration of the release of such condition as to such lands, agrees that—

(1) the Commission will not exchange any parcel or tract of the lands referred to in subsection (a)(1) for other property (real or personal) unless—

(A) the fair market value of such property is approximately equal to the fair market value such parcel or tract, and

(B) after such exchange, such property will be used exclusively for public purposes, and

(2) the Commission will not sell, lease, or otherwise dispose of any parcel or tract of such lands unless the proceeds thereof are—

(A) deposited and held in an account open to inspection by the Secretary of Agriculture, and

(B) used, if withdrawn from such account, exclusively for public purposes.

SEC. 2. (a) Subsequent to any release executed by the Secretary of Agriculture under section 1, the Commission may apply to the Secretary of the Interior seeking to acquire all the undivided mineral interests of the United States in any parcel or tract of the lands to which such release applied, and the secretary of the Interior shall, subject to valid existing rights and subject to subsection (b), convey such mineral interests as requested.

(b) The Secretary of the Interior shall not convey the undivided mineral interests of the United States in any parcel or tract as requested in an application filed by the Commission under subsection (a) unless—

(1) such application is accompanied by a sum of money which the Secretary of the Interior determines is necessary to pay the administrative costs involved in conveying such mineral interests to the Commission, including the costs of determining the mineral character of such parcel or tract and the costs of establishing the fair market value of such mineral interests, and

(2) the Commission, in consideration of such conveyance, pays to the Secretary of the Interior—

(A) $1, in the case of any such parcel or tract determined by the Secretary of the Interior to have no mineral value and to be under no active mineral development or leasing, or

(B) the fair market value of such mineral interests (as determined by the Secretary of the Interior), in the case of any such parcel or tract not subject to subparagraph (A).

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the amendment recommended by the Committee on Agriculture be withdrawn.

The **SPEAKER**. Is there objection to the request of the gentleman from Texas?

There was no objection.

The **SPEAKER**. The Clerk will report the amendment recommended by the Committee on Interior and Insular Affairs.

With the following committee amendment:

Page 2, line 3, strike all after the enacting clause and insert the following:

SECTION 1. (a)(1) Subject to subsection (b), the Secretary of Agriculture shall release on behalf of the United States, with respect to lands within the Southern Arkansas Land Utilization Project (AK-LU-22) conveyed by the United States to the Arkansas Forestry Commission (hereinafter referred to as the "Commission") by a quitclaim deed dated February 11, 1980, the condition in such deed which requires that such lands be used for public purposes, and if not so used, that the lands revert to and revest in the United States.

(2) Section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c)) shall not apply to the release authorized in paragraph (1).

(b) The Secretary of Agriculture shall release the condition referred to in subsection (a)(1) only with respect to lands covered by and described in an agreement or agreements entered into between the Secretary and the Commission in which the Commission, in consideration of the release of such condition as to such lands, agrees that—

(1) the Commission will not exchange any parcel or tract of the lands referred to in subsection (a)(1), or any mineral or other interest in any such parcel or tract for other property (real or personal) unless—

(A) the fair market value of such property is approximately equal to the fair market value of such parcel or tract or interest therein and

(B) after such exchange, such property will be used exclusively for public purposes, and

(2) the Commission will not sell, lease, or otherwise dispose of any parcel or tract of such lands or any mineral or other interest in any such parcel or track unless the proceeds thereof are—

(A) deposited and held in an account open to inspection by the Secretary of Agriculture, and

(B) used, if withdrawn from such account, exclusively for public purposes within the authority of the Commission, and

(C) equal to the fair market value of the fee, leasehold, interest in such parcel or tract, or other property right which is the subject of such sale, lease, or other disposition.

SEC. 2. (a) Subsequent to any release executed by the Secretary of Agriculture under section 1, with respect to lands in Nevada county, Arkansas described as the SE¼ SW¼ and SW¼ SE¼, Section 27, T12S, R20W (aggregating 80 acres more or less) the Commission may apply to the Secretary of the Interior seeking to acquire all the undivided mineral interests of the United States in the lands to which such release applied, and the Secretary of the Interior shall, subject to valid existing rights and subject to subsection (b), convey such mineral interests as requested.

(b) The Secretary of the Interior shall not convey the undivided mineral interests of the United States in any lands as requested in an application filed by the Commission under subsection (a) unless—

(1) such application is accompanied by a sum of money which the Secretary of the Interior determines is necessary to pay the administrative costs involved in conveying such mineral interests to the Commission, including the costs of determining the mineral character of such lands and the costs of establishing the fair market value of such mineral interests, and

(2) the Commission, in consideration of such conveyance, pays to the Secretary of the Interior—

(A) $1, in the case of any such lands determined by the Secretary of the Interior to have no mineral value and to be under no active mineral development or leasing, or

(B) the fair market value of such mineral interests (as determined by the Secretary of the Interior), in the case of any such lands not subject to subparagraph (a).

The committee amendment was agreed to.

● Mr. **SEIBERLING**. Mr. Speaker, H.R. 3881 would authorize the Secretary of Agriculture to release on behalf of the United States a reversionary interest in certain lands conveyed to the Arkansas Forestry Commission, and would provide for conveyance of certain mineral interests of the United States in a portion of such lands to that commission.

The bill deals with the Poison Springs State Forest in Arkansas. That forest totals about 19,440 acres, the surface estate to which was transferred to the State by the United States. The United States reserved all the mineral interests, and the deed transferring the surface includes a reversionary clause providing that title shall revert to the United States if the lands are ever used for other than public purposes.

The immediate purpose for passage of the bill is to facilitate an exchange of lands between the Arkansas Forestry Commission and a private firm. This exchange cannot take place unless the reversionary clause is removed from the State's title. The exchange would involve about 80 acres.

As introduced, the bill would have directed Secretary of Agriculture to release the reversionary clause from the entire forest; it would also have allowed the Arkansas Forestry Commission to apply to the Secretary of the Interior for conveyance of all or part of the mineral interests. Under section 2 of the bill as introduced, conveyance of mineral interests would have been mandatory upon the State's paying the administrative costs involved, plus either $1 (for tracts determined to have no mineral value) or fair market value.

In order to resolve some questions raised by the administration, the Interior Committee adopted an amendment in the nature of a substitute which incorporates the suggestions of the Agriculture Department in section 1, makes a few other technical amendments, and limits the mineral-disposition provisions of section 2 so that they apply only to the 80-acre exchange which is the primary purpose of the bill. The existing provisions of the Federal Land Policy and Management Act of 1976 (FLPMA) and other existing law would continue to apply with regard to the reserved minerals in the rest of the national forest.

I believe that this committee substitute, which was worked out on both sides of the aisle, resolves the questions raised by the administration, and eliminates the possible adverse precedent with regard to the minerals provisions of FLPMA. Under section 2 of the substitute, the State would be entitled to obtain the minerals in the 80-acre tract which it proposes to exchange, and would in return be required to pay the fair market value of those minerals. The chief difference from the provisions of FLPMA which would otherwise apply is that the Secretary would be required to make this sale of mineral rights, whereas under FLPMA it would be a matter of discretion. I believe that this is an appropriate way to deal with this matter, since it satisfies the desire of the State to be assured of carrying out a desired exchange—which it wants to do in order to establish a nursery for seedlings—while still assuring the Federal Government a fair return, without being a precedent in terms of overall public lands management.

Relevant portions of our committee's report on H.R. 3881 follow these remarks.

Committee Report on H.R. 3881

PURPOSE

H.R. 3881 provides for the release without cost to the Arkansas Forestry Commission of the reversionary interests of the United States to the surface estate in the Poison Springs State Forest, under certain conditions, and for transfer to the same Commission of the reserved mineral interests of the United States in about 80 acres within that forest, in return for an appropriate payment to the United States.

BACKGROUND AND NEED

The Poison Springs State Forest totals about 19,440 acres, the surface estate to which was transfered to the State by the United States. The United States reserved all the mineral interests, and the deed transferring the surface includes a reversionary clause providing that title shall revert to the United States if the lands are ever used for other than public purposes.

When the surface interests in the forest were transferred to the State, the United States received approximately $72 per acre, for a total of $1,396,465. According to the Department of Agriculture, this sale price included 30 percent discount intended to cover the reservation by the United States of all mineral rights and the inclusion in the deed of the reversionary clause.

The Arkansas Forestry Commission, which manages the State Forest, desires to exchange about 80 acres of this forest land for an equal acreage of private land, in order to assemble lands suitable for expanding production of pine seedlings for reforestation purposes. Such an exchange cannot be accomplished unless the reversionary rights of the United States are released.

As introduced, the bill would have directed the Secretary of Agriculture to release the reversionary clause from the entire forest; it would also have allowed the Arkansas Forestry Commission to apply to the Secretary of the Interior for conveyance of all or part of the mineral interests. Conveyance of mineral interests would have been mandated in return for the State's paying the administrative costs involved, plus either $1 (for tracts determined to have no mineral value) or fair market value.

COMMITTEE AMENDMENT

The Committee adopted an amendment in the nature of a substitute which generally revised the bill as introduced.

As recommended, the bill would permit release of the reversionary clause only with regard to lands specified in appropriate agreement or agreements between the Secretary of Agriculture and the State Forestry Commission, which would have to include requirements that the Commission exchange, sell, lease, or otherwise dispose of any such lands or interests therein only in return for fair market value, that proceeds of such transactions could be used only for public purposes within the authority of the Commission (that is, for purposes related to forestry); and that records be open to inspection by the Secretary of Agriculture. This would be a source of permanent authority vested in the Secretary of Agriculture, and would allow release of the Federal reversionary interests with respect not only to the 80-acre tract presently proposed for exchange, but also with respect to any other portion of the lands within the State Forest described in section 1, as may be appropriate in the future, subject to the specified requirements.

The amendment also modifies section 2 of the bill so as to limit its provisions with regard to transfer of mineral rights. As so recommended, section 2 applies only to the specified 80-acre tract currently being considered for exchange. With regard to the remainder of the reserved mineral rights of the United States in the State forest, applicable existing law, including relevant provisions of the Federal Land Policy and Management Act of 1976, would continue to apply. In all cases, valid existing rights would be protected.

The Committee believes that the bill, as amended, appropriately addresses the present desire of the Arkansas Forestry Commission to complete an exchange that will enhance the Commission's reforestation program, while at the same time providing necessary safeguards for the continued interests of the United States in the mineral values of the lands in the forest and in assuring continuation of the public purposes for which the surface estate in those lands was transferred to the State.

SECTION-BY-SECTION ANALYSIS

Section 1, as amended, deals with the surface estate in the lands involved.

Subsection 1(a) provides for release by the Secretary of Agriculture on behalf of the United States of the reversionary interest of the United States in lands within the Southern Arkansas Land Utilization Project, regardless of section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 101(c)), but subject to subsection (b) of section one.

Subsection 1(b) details the conditions under which the Secretary of Agriculture can release the reversionary interest of the United States in lands described in subsection 1(a). Such release can take place only with respect to lands covered by an agreement between the Secretary and the Arkansas Forestry Commission, which may include other terms but must at least include agreement by the Commission that exchanges, sales, leases, or other dispositions of lands affected or mineral or any other interests therein will be on the basis of approximately equal fair market values; that property acquired by the Commission will be used for public purposes; and that the Secretary of Agriculture shall be permitted to inspect relevant records to assure that the conditions are being complied with.

Section 2 deals with the mineral interests within the specified 80-acre tract which the Arkansas Forestry Commission presently wishes to exchange for lands held by International Paper Company. These interests were reserved by the United States at the time that the surface estate in this tract was transferred to the State of Arkansas.

Subsection 2(a) directs the Secretary of the Interior to convey such mineral interests, subject to valid existing rights and the conditions specified in subsection 2(b), upon an application for such transfer made by the Commission subsequent to release of the reversionary interests of the United States in the surface estate of that tract.

Subsection 2(b) specifies that conveyance of the mineral interests shall be conditioned upon payment by the Commission of both (1) the administrative costs of the conveyance, including the costs of determining the mineral character of the lands involved and in determining the fair market value of the mineral interests, and (2) either $1.00 if there are determined to be no mineral values involved, or the fair market value of the mineral interests to be conveyed.

The Committee, in limiting the provision of section 2 of the bill to the 80-acre tract presently proposed for exchange, is of opinion that the objections raised by the Department of the Interior against mandatory (rather than discretionary) conveyances of U.S. mineral interests have been resolved. This limited, site-specific provision should not be viewed—and the Committee does not view it—as providing a precedent for other departures from relevant provisions of exising law, including the Federal Land Policy and Management Act of 1976, dealing with situations in which the United States owns the mineral interests in lands the surface estate of which is in other ownership.●

● Mr. DE LA GARZA. Mr. Speaker, I rise in support of H.R. 3881, as reported by the Committee on Interior and Insular Affairs.

This bill is narrow in scope. It pertains to a tract of land consisting of somewhat in excess of 19,000 acres, which the Secretary of Agriculture conveyed to the Arkansas Forestry Commission in 1980. The conveyance is one of many that the Secretary has made over the years under the Bankhead-Jones Farm Tenant Act. The deed conveyancing the tract to the commission provides that if the tract ceases to be used for public purposes, it shall revert to the United States. This provision presents a problem which H.R. 3881, as amended, is designed to address.

A private party which owns land adjacent to the tract conveyed by the Secretary to the Arkansas Forestry Commission has need for some 80 acres of land for expanding its production of pine seedlings for reforestation purposes. The commission is interested in exchanging this amount of its acreage for land of equivalent value now owned by the seedling producer. Such an exchange would not impair the usefulness of the tract for State forest purposes. Acquisition of the 80-acre parcel, which is particularly well suited for the production of seedlings, would, however, permit the private owner to assist in fulfilling a need for seedlings for reforestation purposes by other forest landowners in the State of Arkansas. Further, similar valid needs for exchange or other disposition of other portions of the commission tract may arise in the future. And since the United States retained the mineral interest in the land conveyed to the commission, arrangements permitting the commission to acquire those interests for their fair market value will enhance the commission's ability to complete the types of transactions which are envisioned.

H.R. 3881, as amended, would address present and future needs of this nature. It would permit the Arkansas Forestry Commission, through exchange, sale or lease, to dispose of portions of the land obtained from the Secretary of Agriculture, but only under certain conditions. If any portion of the land is exchanged, the property obtained by the commission would be required to approximately equal the value of the parcel which would be conveyed away, and the newly acquired property would have to be used exclusively for public purposes. If any portion of the land is sold, leased or otherwise disposed of, the proceeds would be required to be deposited in a separate account and used exclusively for public purposes. Therefore, the essential public purpose character of the original transaction would be preserved. With respect to the conveyance of mineral rights, the commission would be required to pay not only the costs of conveyance, but the fair market value of the rights as well.

The primary difference between the versions of H.R. 3881, as reported by the Agriculture and Interior Committees, relates to the acreage covered by the provisions governing the conveyance of mineral interests retained by the United States. The Agriculture Committee amendment covers the mineral interests in any of the lands with respect to which the Federal reversionary interests are conveyed. The Interior Committee amendment limits the mineral interest provision to the tract of about 80 acres which is subject to the pending exchange. The Agriculture Committee is agreeable to this modification made by the Interior Committee.

I urge my colleagues to support this legislation which is narrowly focused but of significant interest to those immediately involved.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

COMMUNICATION FROM WILLIAM C. THOMPSON, JR.

The **SPEAKER** laid before the House the following communication from William C. Thompson, Jr.:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 6, 1982.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: In compliance with Rule L of the Rules of the House of Representatives, I am informing you that I have been served with a subpoena from the United States District Court for the Eastern District of New York.

A copy of the subpoena is enclosed.

Yours sincerely,
WILLIAM C. THOMPSON, Jr.

PERMISSION FOR COMMITTEE ON JUDICIARY TO FILE CERTAIN REPORTS

Mr. WHITE. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until 5 p.m. today to file certain reports. It has been cleared with the minority. The subject is H.R. 5949, copyright law amendments, with respect to cable television.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

THE BUDGET

The **SPEAKER** pro tempore (Mr. SEIBERLING). Under a previous order of the House the gentleman from Georgia (Mr. GINGRICH) is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, this will be the week, a few days after the deadline which had been set for the budget to be reported, that we finally will in fact begin to see the budget and to debate the budget for fiscal year 1983.

The House is actually not doing too badly to be taking up the budget only a week after the official deadline and yet it is somehow ironic that for millions of Americans, whose deadline for employment, for keeping their business, for keeping their job, has passed, that this body does seem to be unable to work on time, and when it does finally work, it works with a haste which makes it difficult to decide precisely what is happening.

The Chairman of the Budget Committee and the liberal Democrats who run the Congress, or run the House, have finally come up with a budget which they are getting printed this week which they will take to the Rules Committee this week, which they will begin to debate this week, moving with sudden haste after a long period of waiting, talking, and doing little.

One of the reasons for the haste is because the longer we have to look at their budget and the longer we have to analyze their proposals, the less likely it is that that budget will be passed.

Put simply: The United States is at a crossroads. We face a choice between continuing to decay, as we have in the seventies, continuing to lose industry and jobs overseas, continuing to be in a situation in which American workers have obsolete factories and obsolete equipment and are literally unable to compete, or changing to a new way of doing business.

In 1980, the American people were faced with that choice and voted for a new way of doing business. They voted to cut Government spending, to cut taxes, to change the way in which the country had been decaying.

In a very real sense, we have lost a decade in our national history. The peak of real take home pay for working Americans was 1965. The peak of our military power compared to the Russians was 1968. The peak of our technological advantage, at least symbolically, was 1969, when Americans landed on the Moon.

For the decade of the seventies, we spend more than we earned. We made up the difference with inflation. We devalued our dollar so each year if you saved money you had lost, but if you borrowed money you had all sorts of advantages. And for 10 years American businesses built fewer factories, bought fewer machines, and we grew weaker and weaker.

For the same 10 years, the share of our Federal Government that was taken up by the Defense Establishment grew smaller and smaller while the share of our Federal Government taken up by transfer payments grew bigger and bigger.

Many people have heard these transfer payments referred to as entitlements, but I think that is fundamentally misleading. In fact, the transfer payment is taking money from one American to give it to another American, and it has been the rise of transfer payments more than any other single thing which has led to the dramatic increase in American Government.

Let me give you an example of the size of change we have been dealing with.

In 1967, all transfer payments for individuals amounted to $42 billion. By 1982, 15 years later, that had grown to $329 billion.

Think of it. Almost a 1,000-percent increase from $42 to $329 billion.

During the same period, outlays for national defense in terms of contracts and obligations, that is, the things we buy to protect ourselves, went up only from $20 to $55 billion. For all the talk about the size of our national defense system, the fact is that national defense takes a smaller share of our Federal budget than at any time in the last 25 years.

In fact, we have reversed positions. Whereas national defense, when President Kennedy took office, was about 49 percent of the budget, national defense today has dropped dramatically. The exact figures are that in 1960, 49 percent of the Federal budget went for defense and 27.7 percent went to transfer payments.

By 1980, only 23.6 percent of the budget went for defense, while 52.1 percent went for a variety of transfer payments in other forms of subsidy. Think of the difference—literally reversing roles.

Now we have seen in the Falkland Islands that it is very dangerous to be weak. We have seen in Poland, in Afghanistan, in El Salvador, and in Lebanon, that it is very dangerous to invite war.

The question is, How much does it take to be strong and how much do we need in our defense system to insure that Americans can live in peace?

The liberal Democratic budget which has been proposed by the Budget Committee will force tremendous changes in the Defense Department. It will cut defense spending back to a level of President Carter. In effect, we have been warned it would require the deactivation of at least one and maybe two Army Divisions. It would require that we cut out at least one Marine brigade, that we take out of commission at least 36 Navy ships, that we take out of action two Active and two Reserve fighter wings, that we might have to retire all the remaining B-52D squadrons, and you can go down with a list of item after item after item.

What would that mean? It would mean a weaker America, it would mean greater danger of war, it would mean that other countries could look at us and decide maybe to challenge us, maybe to take risks because they might think we would be too weak to do anything.

Now in 1980 the American people voted for a stronger defense, not a weaker defense, and yet the liberal Democratic budget clearly calls for cuts in defense spending on a scale which will return us to weakness.

Second, in 1980, the American people voted for a smaller Federal Government. They said it is better to spend money in Texas or to spend money in Nebraska than to spend money in Washington, it is better to have strong local and State government to have money in your own pocket, to have money for your church and neighborhood association. Yet, in fact, the liberal Democractic budget will continue the same basic pattern of bigger Federal Government, bigger spending, more outlays. It will lead to in the long run even more money being spend in Washington, even more things being done by the Federal Government.

Now, for a long time politicians thought they could send more and more to Washington because they automatically were going to get more and more. What is happening is that inflation was pushing workers into higher and higher tax brackets so that each year more and more Americans automatically lost more money to the Federal Government.

Congressman **Bob Michel**, the Republican leader, commented recently that in his entire career here in over 20 years in Washington he had never voted for a permanent tax increase.

□ 1230

But the way the tax system is structured, it just automatically went up every year a little higher and a little higher. Now we have tried to change that. We have begun to put the Federal Government on a diet; but the problem is that the liberal Democratic budget does not want us to be on a diet. It does not want to shrink the size of the Federal Government. Far from it, it wants to see that Government continue to increase, to get larger and larger every year.

Now, this increase has not been modest. To take just the programs that are relatively uncontrollable under present law, that is, where we have to change the law to bring them under control, those programs totaled $92 billion in 1967. By 1982 they had grown to $544 billion, a tremendous increase. If they are allowed to continue down the road, they will grow bigger and bigger and bigger, and what does that mean? It means more money in Washington and less and less money back home.

There are only two ways to spend that much money; either to raise taxes on the American people directly, or to have inflation, to raise taxes indirectly; but in 1980 the American people voted against that and in 1980 the American people said no, let us cut the size of Government and let us cut taxes.

Now, what does that mean? If we cut the size of Government, we can, in fact, cut taxes and we can nonetheless stop inflation; but if we only cut taxes and allow Government to grow bigger and bigger, we have no choice except to go back and have more inflation and/or have more taxation.

The liberal Democratic budget will yield both. It will create more inflation and it will raise taxes. In fact, over the next 3 years the liberal Democratic budget would raise taxes by $145 billion.

Now, that is a lot of money and it is hard to figure out what a billion dollars means, so let me translate it back into human terms, into what real people spend.

Hopefully, in the next few years as employment picks back up, as the recession ends, we will return to about 100-million-working Americans. That is an easy number to work with. A total of $145 billion in tax increases means that every working American would pay $1,450 in additional money in taxes. That means if you and your wife both work and you are typical Americans, you would pay over the next 3 years an additional $2,900 in taxes.

Now, I will let each family decide what they would spend $2,900 on; but the bottom line of the liberal Democratic budget is very simple. It means more Government spending in Washington, less of it on defense, so we are weaker in foreign policy. We have a weaker defense system. We are less able to protect ourselves. At the same time, it means more taxes by $145 billion, or $1,450 for every working American, $2,900 for every working couple. That means a car that will not be bought, a room that will not be added to the house, furniture that will not be bought, vacations that will not be taken; college classes that cannot be attended. It means less money for working Americans.

Well, let me carry it a step further. We got sicker and we lost ground, we lost a decade in the 1970's, in part because of policies that were just sheer nonsense, because liberal Democrats believed you could raise taxes over and over and you would not kill industries, but you could raise taxes and raise inflation and you would not weaken the country.

We see the same thing in their current plan. For example, they suggest that they will save $55 billion as interest rates come down with their budget. That happens to be the exact amount that would be saved under President Reagan's recent budget proposals to the Senate, $55 billion, because as interest rates come down, the Government, which is the largest borrower of all, would be spending less to pay interest.

Now, no one believes that a budget which is going to raise taxes by $145 billion is going to dramatically bring down interest rates, and let me explain why. Interest rates are staying high because the Federal Government is borrowing a great deal and because Americans have not saved enough to bring down interest rates. It is not just a simple equation of how much are we borrowing, but it is also a question of how much are we saving.

In both Germany and Japan, governments have run bigger deficits than we are running, with lower interest rates because in both Germany and Japan the people save a great deal more money.

The fact is that at the present time Americans have not been saving enough. Why? Because the laws have been biased against savings. We said that if you save, we will tax your interest; but if you borrow, we will let you take a tax deduction.

Furthermore, by raising taxes, we do not leave you with enough money to save.

Now, let us take a simple step here. A typical American family in my hometown of Carrollton, Ga., sits down and says, "Let's open an individual retirement account. Let's put some money away."

We have now changed the laws in Congress to make it worthwhile to save in an individual retirement account. They say, "I know, why don't we save $1,450 over the next 3 years? That will go into that individual retirement account. That will go into the savings pool of the Nation. That will be used to cover the Federal debt and interest rates will come down."

That is, in fact, how Germany and Japan cover their deficits without high interest rates; but now what has happened? Now, the liberal Democrats have come along and said, "Ah, you are not going to be able to save that $1,450 because we are going to take it out of your pocket in the form of higher taxes.

Every businessman and economist is familiar with the idea of crowding out. Crowding out means that when the Federal Government borrows in Washington or in New York, it borrows money that would otherwise have been borrowed by somebody who wanted to buy a house or a car or a small business. It crowds out those other transactions; but equally, you can crowd out through higher taxes, because if you cannot get the money in your pocket because the Government took it out before it got home, you cannot save.

If you cannot save, the money is not there to be borrowed. If the money is not there to be borrowed, you are going to have increased interest rates; so it is laughable to have the liberal Democratic budget suggest the same interest rate level as the more conservative budget, because clearly, the more conservative budget by not raising taxes $1,450 per working American is not going to have the same level of interest rates, and when you borrow as much as the Federal Government does, every percentage point matters.

It is important to remember that the Federal deficit has gotten so big, so big that in fact we spend more on interest alone than the Army and the Marine

Corps combined cost the American taxpayer.

Let me repeat that because it is so unbelievable. We pay more in interest than we pay for the Army and the Marine Corps combined, because our debt is now that big and our interest rates are now that high.

The question really in the next 2 weeks in the Congress is, which way do we want to go? In effect, the liberal Democrats and the Budget Committee are carrying us back to President Carter's budgets to 1979 and 1980. They are saying, "Let's cure the economy by raising taxes. Let's cure unemployment by taking more money away from the American people. Let's cure interest rates by having even less savings, even less investments." This will prove to be a budget of unemployment, a budget of bankruptcy, a budget of high interest rates and a budget of high inflation. In fact, the last time we attempted to raise taxes in the middle of recession was in 1932. In 1932 the Hoover administration and Congress agreed to raise taxes by about 30 percent, but receipts actually fell. The more they raised taxes, the fewer people there were to work to pay them.

Let me give you a few other examples when we tried that. In 1916 to 1920, we raised taxes. The amount of money dropped dramatically.

In 1968 to 1969, we raised taxes. There was a sharp drop in reported income, in tax collections and economic activity.

By contrast, when we cut taxes in the 1920's, the amount we raised went up. When we cut taxes in 1946 and 1948, the amount we raised went up. When we cut taxes in 1964-65 the amount we raised went up. When we cut taxes in 1978, the amount we raised in capital gains went up.

Overseas, when Germany cut taxes in 1948, the amount they raised went up. When Japan cut taxes in 1950, the amount of money they raised went up. When Puerto Rico cut taxes from 1977 to 1979, they increased their jobs and they increased their tax receipts.

Now, why does this happen? It happens because every time we raise taxes, remember, the liberal Democrats are talking about a $1,450 per worker tax increase. Over all the taxes you have already paid, they are talking about raising it $1,450 per worker. That means more people cheat, more people avoid doing the things they get taxed for. More people decide it is not worthwhile to go to work. More people decide it is not worthwhile to stay in business.

And what happens? The number of jobs goes down. The amount of tax money we get in goes down. The deficit gets bigger. We have more unemployment. We are sicker as a country.

By contrast, what happens when you cut taxes? When you cut taxes, all of a sudden people decide it is worthwhile to go out and do things.

Let us take the capital gains cuts of 1978. Many people who had money locked up in tax-free municipal bonds decided it was worthwhile to go back and start getting involved in activities you paid capital gains tax on, because you cut taxes.

The result was, and this is absolute historic fact, this is not some theory, the result was that the amount of money we got in tax revenues went up after we cut the capital gains tax. The Treasury got more money because there was a lower tax.

Let me put it simply. Let us say we had a 50-cent tax on swinging a baseball bat. Most Americans would not swing baseball bats. The ones who did would pay 50 cents every time they swung the bat, but there would not be many people swinging it.

By contrast, let us say we dropped that down to a nickel. If 11 people were swinging a bat, where yesterday only 1 person had done it at 50 cents, all of a sudden you would be getting 55 cents off of what is only a nickel tax. Now, that is the theory.

It shows up best near Philadelphia where there are two bridges. One charges a lot of money to cross the Delaware River, one charges a little bit to cross the Delaware River. Guess which one gets the most money? You are right, the one that charges a little bit, because most people looking at a choice between a bridge that is very expensive and a bridge that is very cheap choose the cheap bridge. Literally, the Government makes more money out of the cheap bridge than out of the expensive bridge.

Now, let us look in that sense at the liberal Democratic budget that has been proposed. That budget, by raising taxes $145 billion, $1,450 per working American, guarantees that fewer Americans will be at work, more bankruptcies, it guarantees that we will have a bigger deficit, that there will be less savings, and as a result we will pay higher interest rates.

Now, why would they pass a budget so clearly destructive? The reason, I think, is twofold. First, despite the fact that we reached our peak of real take-home pay in 1965, despite the fact that we lost the entire decade of the 1970's as we ran out of jobs, as we ran out of industry, as we ran out of opportunities for working Americans, I honestly think liberal Democrats simply have not learned those lessons, that down deep they are so wedded to a strong central liberal welfare state, they are so wedded to spending money in Washington, they believe so deeply that the American people are not smart enough to spend their own money and they believe so deeply in the need to raise taxes and spend that money through the bureaucracies here in the city, that they just literally have not learned the lesson of failure of the last 17 years.

Second, I think that they are desperate because, in fact, when the American people voted to cut spending, when the American people voted to cut taxes, when the American people voted for a real change from a liberal welfare state to a conservative opportunity society in 1980, they challenged a lifetime of work on the part of liberal Democrats.

The fact is that we are at a crossroads, that we are trying to change the way America works, that we are trying to leave enough money in the pockets of working Americans that they can open a retirement account and save money, that by saving that money they will bring down interest rates, that we are trying to cut Government spending here in Washington so your Government is not competing with you.

☐ 1245

So, instead of the Government buying cars, you can buy cars. Instead of the Government spending the money here, you can spend the money at home. We are trying to change from a path which for a decade led us to decay and unemployment, onto a path that we believe will make the 1980's a productive and successful period. The choice is, do we want to continue down the road toward a budget which is fundamentally false. The liberal Democratic budget has plans and assumptions in it that just clearly are not going to work.

This is one study of that budget, and let me say candidly that faced with the responsibility after 28 years of being in power, the liberal Democrats have run the House since 1955, January, and after all those years of being in power, faced with the real crisis in social security, they hide from it. Faced with the real problems of big spending, they hide from it. Faced with the real crisis of taxation, they hide from it. What do they offer in that budget? They offer higher taxes. They offer a chance to cut defense spending, the one area the American people said in 1980 we needed to increase. They offer a chance to continue down the same path of the welfare state we have been on, and they do so under the phony banner of a set of assumptions that are fundamentally wrong.

They have created a crisis which is false, and then in answer to that crisis they set up medicine that is even more false. It is a little bit as though you go as a patient to your doctor, having a cold, and your doctor says, "No, no, you do not have a cold. You need brain surgery," and offers you an operation when all you needed was mild medicine.

The current numbers we are being given for the size of the deficit are as phony as being told you have a brain tumor when in fact you have a spring cold. The fact is, the American economy is begining to turn around after 10 years of losing jobs, losing factories, being less and less competitive; we have finally taken the medicine, cutting spending, and cutting taxes, that gives us a chance to be healthy.

Mr. Speaker, I yield to my good friend from New York, the architect of a policy which I think will make us a much healthier nation (Mr. KEMP).

Mr. KEMP. Mr. Speaker, I have been listening to my friend and watching him on the television monitor. I would like to contribute some thoughts along the same lines as he has expressed. I wonder where he is in his special order, and whether it would be appropriate at the proper time to yield to me for 5 or 10 minutes of observations on the subject matter at hand.

Mr. GINGRICH. Since the gentleman is on the Budget Committee, and is one of the most knowledgeable and articulate spokesmen for our policies, I would be glad to yield now. I am perfectly willing to yield some time right now.

Mr. KEMP. Well, I would like to take some time.

Mr. GINGRICH. I suspect I will learn as much as anyone else. Let me ask the gentleman one question because he was there, he is on the Budget Committee. I started by commenting that we went on for weeks after weeks after weeks doing very little, and all of a sudden it seemed as though last Wednesday or Thursday the liberal leadership of this House decided to shoot the starting gun, and I understand the gentleman was in session until 1 and 2 o'clock in the morning, and all of a sudden now we have to race rather quickly toward some conclusion. I made the comment that part of it, I think, is because the longer we have to look at the liberal Democratic budget, it seems to me the less likely we are to pass it.

Mr. KEMP. Well, the gentleman has outlined the problems with that majority party budget, and I totally concur with the gentleman's findings. An increase in taxes not only will exacerbate the recession and keep unemployment high, but it will also fail to raise the revenues that it projects. Those are static revenue gains that the Budget Committee is using. They do not take into consideration the consequences higher taxes would have for employment and economic growth. Considering that nearly four-fifths of the increase in budget deficit projections is due to the recession this is extraordinarily counterproductive.

I cannot give the gentleman any specific numbers, but very frankly, I think talking about $150 billion or so in higher taxes in the next few years is not only a mistake, it is impossible. It is based on a phony premise that tax increases have a static effect, that they do not destroy economic incentives and put people out of work. We cannot raise revenue if we destroy our revenue base. A conclusion may be found if it comes from a sound premise, but the premise here is wrong.

As the gentleman pointed out in his remarks, which I was listening to on my monitor in my office, and as he pointed out on national television yesterday in probably one of the most interesting interviews I have ever seen on television in the 12 years I have been in the Congress, and I want to congratulate him on that also, it has not been since Herbert Hoover that we talked about raising taxes on the American people in the middle of a recession.

Incidentally, he is not a lone voice, nor am I. Moody's Investors Service came out with a blistering attack on the idea of trying to lower interest rates by raising taxes.

According to Moody's Investor Services, Inc., the leading investment advisory and bond rating concern:

> Efforts to balance the budget via higher income taxes could have a devastating effect throughout the economy.

Higher taxes would "probably halt the trend toward larger savings while doing nothing to improve productivity." Economic problems are not the result of the budget deficits but—

> The deficits are a symptom of the economy's general malaise * * *. Higher taxes would drive more people into the underground economy, thereby negating some of the revenue benefits that the higher taxes are expected to bring * * * the worst case scenario might be that higher taxes would substantially deepen the recession and result in even greater budget deficits, thus leading to economic shambles.

The gentleman pointed out, I think quite significantly, that when Herbert Hoover raised tax rates by one-third in 1931-32, the projected revenues never materialized. The tax increases coupled with the tremendous tariff and protectionist measures that were taken by the Congress back in 1929, and signed into law in 1930 by Hoover, threw the world economy into an even deeper depression. Revenues did not go up, they went down. As the gentleman points out, those projected revenues never materialized.

The deficit ballooned, and on July 8, 1932, just weeks after the Revenue Act of 1932 passed, the Dow Jones industrial average hit its low for the century: 41

Hegel is supposed to have said that the only thing that people ever learn from history is that no one has ever learned anything from history. One would think this Congress would be a little more prudent in dealing with our very fragile economy.

Let me add that we could gain some insight into our current problems by looking at recent economic history. As the gentleman pointed out, this recession did not start with Ronald Reagan, nor his election, nor the passage of a modest tax cut. It began in the late 1970's. That is not just to blame another President or another Congress, but simply to point out that the collapse of bond values did not begin with the election of the President. It began in 1979-80, when there was a significant departure in the monetary policy of the Federal Reserve. Interest rates went up to 20 percent in the last year of President Carter—again, not because of anything he was trying to do, but because of the change in monetary policy.

Getting back to the 1930's however, let us look at how one of the outstanding books on the fiscal policy of the United States viewed the 1932 mid-depression tax increase. The book is Herbert Stein's, "The Fiscal Revolution in America." Let me just share with the gentleman one quote that is just so absolutely appropriate that it will amaze us with its historical relevance. Herbert Stein says in his book:

> There is no need here to trace the Revenue Act of 1932 through the Congress. There was a long and bitter fight, but the fight was over the nature of the tax increase, not over the wisdom of raising taxes by such a staggering amount at a time of massive unemployment. Once the President and his financial experts had said that balancing the budget was imperative, there were few, in the Congess or in the country, who would take the responsibility for denying it.

In other words, the same premise existed in the early 1930's, and no one spoke out. The gentleman coming to the well of this House, despite the sparse crowds in the Chamber, should not be discouraged from continuing his effort to bring to the attention of this body and the American people and the administration, as he did yesterday, a simple fact. The emperor has no clothes. Unless we speak out and remind our colleagues of something they have always known—that tax increases in a recession are a disaster not only for the economy but for the budget itself—then we are bound some day soon to be embarrassed by naked truth. I am talking of course metaphorically. The emperor in this case is the Wall Street shibboleth that we can get interest rates down by reaching any type of budget compromise, irrespective of what type of compromise that be. That particularly includes a compromise reached, as Mr. JONES and his Budget Committee friends on the other side of the aisle want to reach it, to pass a $150 billion tax increase.

Herbert Stein said:

> Some Congressmen did rise to say that the tax increase was unnecessary, that the Treasury was having no difficult in borrow-

> ing, that the debt was smaller than it had been 10 years earlier, that the citizens would be better able to pay $10 after the depression than $1 during it, and so on.

That is an interesting point, I say to my friend from Georgia. They are talking about putting permanent tax increases on the American people at a time when savings rates have finally started to climb—marginally, but nonetheless, there has been a slight improvment in savings rates—and ultimately it is from the saving stock of the American people that every investment, every expansion, of the productive capacity of the U.S. economy, must come. Savings are finally starting to rise, and we are seeing some modest signs of recovery—very modest, in my eyes, coming from Buffalo where there is a huge unemployment rate, and factories are operating not at 60 percent capacity but 25 percent capacity. So I cannot understand why the administration and some in both parties are suggesting that a permanent tax increase on the American economy and the American people at this fragile point in the cycle of economic recovery in this country would be better than temporary borrowing, and the acceptance of a deficit, as bad as that is. I stand up here second to none in this House in opposing deficits, but I do not oppose them by believing they should be cured with higher taxes on a stricken economy.

If we are concerned about "crowding out" of private investment—and I think we should be—why should anyone be eager to raise taxes? It is true that large deficits increase Federal borrowing demands, which means the Treasury soaks up a greater share of private capital. This in turn can help raise interest rates and crowd out investment needed to spur economic growth.

What is not clear at all is why increasing taxes does not have precisely the same crowding-out effect. If we reduce the deficit borrowing requirement by $50 billion through a $50 billion tax increase, the Government is still taking just a large as share of resources, and reducing the private capital pool. Actually it is worse, because higher taxes are permanent, and permanently reduce the marginal incentive to save. Once the savings rate is depressed Federal borrowing automatically takes up a greater share of private savings—so we would actually have exacerbated the crowding out problem.

Mr. GINGRICH. If I could reclaim my time for a moment, would not the gentleman agree that in fact the kind of deficit they are trying to create, that is, one which is moderated by higher taxes, by wiping out the savings, because people will not have the money in their pockets to save it, will in fact increase the long-run deficit? It is not a question of those of us who oppose deficits and those who favor it.

Mr. KEMP. Absolutely.

Mr. GINGRICH. Those of us who really want to bring the budget into balance are looking at a bunch of, frankly, phony battle cries, because the liberal Democratic budget is clearly going to increase the deficit in the long run in this country and make borrowing worse.

Mr. KEMP. I agree with the gentleman. I would just like to read the final part of the quote by Herbert Stein. He said that the only people who opposed the Hoover tax increase in the early 1930's in both parties were "back benchers or mavericks."

I want to say to the gentleman, welcome to the back bench of his own party. We may be back benchers and mavericks, but I think the gentleman is right. He suggested that tax increases in recessions are bad. Let us go back to some more history. There was a tax increase in 1968 in the face of a deficit. The result was a recession, higher interest rates, and higher unemployment—all at the same time. More than in 1968 2 million workers lost their jobs, the savings rate tumbled, and business investment dropped. In the same way, when capital gains taxes were doubled, revenues shrank, and venture capital dried up almost completely, interest rates did not go down. They went up.

Now, there is only one way to get the deficit down. Well, let me retract that and add a rejoinder: There are two ways of getting deficits down, both of which I support. One is to continue efforts to reduce borrowing and spending and credit subsidies, corporate welfare programs, and those budget items on and off the unified budget that place a drain on the private sector activity of this country.

The appropriate measure of Federal activity is the sum of all Federal obligations, whether on or off budget, whether appropriations, entitlements, or credit programs. Only when all of these are considered in total do we have an accurate view of Federal claims on productive resources.

If a goal of budget policy is to send a signal to financial markets, total resource claims by the Federal Government must be the target. Financial markets are an allocation mechanism for credit. But credit is merely a financial representation of claims on real productive resources. No one is interested in having money in the bank, they are interested in the future investment or consumption which the money represents.

Therefore, the financial markets are the means by which real resources are allocated. If they are to react to Federal economic activity, the reaction will come as a response to changes in Federal demand for real resources without regard to the manner in which the Government lays claim to these resources.

What this means is that the "crowding out" that is commonly referred to is not a phenomenon of Government borrowing but of Government spending and credit activities. The Government crowds the private sector by using or directing the use of an increasing level of productive resources. Real interest rates, the price of using scarce resources, rise as resources available to private users are reduced.

THE CREDIT BUDGET

A reduction in the unified budget deficit will have no effect whatsoever on credit markets unless it is accomplished by reduced outlays and constant or declining offbudget spending and credit activities. The credit budget proposed by the committee ignores the administration's initiatives in this area and continues the astronomical rate of growth in Federal credit allocation. While reducing the budget deficit to settle credit markets, the committee recommends increased credit activities of $42.2 billion.

Due largely to the offbudget nature of these programs and to deficiencies in the Congressional Budget Act, Federal lending has exploded in recent years. Direct loans and guarantees grew by 136 percent between fiscal years 1977 and 1981 compared to a 64-percent increase in outlays over the same period.

For fiscal year 1983, the committee budget recommends $160 billion in new direct loans and primary guarantees. These do not even include the $2.4 billion in guarantees made available in foreign aid to the multilateral development banks. With over $600 billion in Federal loans and guarantees outstanding, this addition in unlikely to soothe the financial markets.

Where does this credit go? Much of it is corporate welfare for the richest corporations in the country. The Export-Import Bank, which subsidizes selected American jobs at the cost of others in housing, steel, and autos, provides the majority of its assistance to major corporations.

The Synthetic Fuels Corporation, with $16 billion in credit authority, makes subsidized loans and guaranteed prices available to major oil producers so that they can make a "profit" from oil costing $75 per barrel when the world market is $32 per barrel.

The Office of Management and Budget estimates that the Federal Government will subsidize such credit activities by $14 billion in fiscal year 1983 alone. With this level of Federal interference just through subsidies, the committee budget will truly "send a signal."

Must this continue? Obviously not. During markup we offered an amendment to put real teeth into the credit budget by making it subject to points of order. The chairman followed the lead of the heavily stacked Rules Committee which has refused to even hold hearings on H.R. 2372 to make this part of the budget. The amendment was ruled nongermane.

We are sure that the American people will not find billions of dollars of Federal credit diversion "nongermane." They especially will not find it so when they discover that the committee has recommended virtual repeal of their tax reduction to pay for it.

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But there is another even more important way to get the deficit down, and that is through economic growth. If you look at every recession from 1969-70 to 1974-75 to 1981-82, all of them are characterized by deficits being cured by economic growth.

The spending cuts and tax increases in President Reagan's February budget would have reduced the deficit by about $60 billion in fiscal year 1983, from the $150 to $180 billion range to the $90 to $120 billion range.

Most of the rest of the deficit is due to lower inflation, recession, and the uncertain monetary policy.

The lower inflation and the recession added $60 billion to the deficit. This was due to lower nominal and real payroll and profits, which lowered both nominal and real tax receipts, and to higher outlays on unemployment compensation and welfare.

The erratic monetary policy has cost about $30 billion in higher interest outlays.

As lower inflation reduces future cost-of-living adjustments on Federal outlays, as employment and profits recover, and if the Federal Reserve evens out its policies so that interest rates come down, the deficit will fall by another $90 billion without further policy changes.

The high employment budget shows the underlying level of Federal spending programs versus the revenue raised by the Tax Code in a normal year without the effects of recession. At full employment, CEA estimates that the budget would be only about $30 billion in deficit if the February budget's spending cuts and tax increases were adopted. Policy changes that go much beyond that are unwise and unnecessary.

Now, this is a legitimate part of this debate. How do we get interest rates down, and how do we get deficits down, by what action? I say to my friend, the gentleman from Georgia, that if we think the shibboleth, the orthodoxy of suggesting that any tax increase coupled with deficit is going to automatically translate into a lower interest rate, we will be wrong. It will not.

It is true that not all tax increases are created equally. But putting $150 billion or putting even $100 billion of tax increases on this American economy over 5 or 6 years—which is the length of the so-called Economic Recovery Tax Act—is not going to help. You would have to go back to the Democratic-passed tax increase on social security, which we are still suffering from, to find a tax increase of the same magnitude. That was passed in 1977, which the gentleman from Georgia—I will ask the gentleman, was he here?

Mr. GINGRICH. I was not here.

Mr. KEMP. The gentleman was not here. I wish he were. We needed his strong voice. But my friend, the gentleman from Texas, was here, and both he and I voted against it.

Is it not interesting that the social security trust fund is in just as much trouble, if not more trouble, today than it was when we were panicked into passing a $250 billion tax increase? And the working men and women and the young people of this country are now in a position where there are two or three more tax increases scheduled to go into place, and the wage base or the income base is going to go up. So, very frankly, those young people in this country who are working in factories in Buffalo or in office buildings in Dallas are, I think, beginning to realize what is held in store for them. It did not work, I will say to my friend.

Mr. GINGRICH. Let me interject a thought.

Mr. KEMP. Let me say to the gentleman that I need to make one more point in order to be even more provocative than I have been so far, and that is to do what the gentleman has suggested and our Democratic friends wanted to do in the Budget Committee on the Jones Budget and, to be honest about this, to do what some of our friends in the other body would like to do. That is to really Thatcherize our economy. I do not mean to be critcal of Mrs. Thatcher. I use that as a way of characterizing it, which may not be fair, but nonetheless it was the term that was used Thatcherization.

In the face of Mrs. Thatcher's first deficit, Sir Geoffrey Howe, the Chancellor of the Exchequer, decided that the way to get the economy moving was not to fulfill the campaign promises, to reduce spending and borrowing and regulations and taxes, but it was to raise taxes. They put on a value added tax. They raised the value added tax in the United Kingdom from 7 and 8 percent to 14 and 15 percent. So they doubled the value added tax. They put a tax on cigarettes and luxury items, and they put a tax on North Sea oil. And the effects are there. Two years later the revenues from those tax increases have gone down, not up. Interest rates have gone up, not down, and the deficit has expanded, not contracted.

If raising taxes on this economy could cure the problems, I would join the effort. I am not against tax increases in all instances. I think there are things in this country that we desparately need. Roads need to be repaired, potholes need to be filled, bridges need to be rebuilt, and the defense needs of this country and the infrastructure needs of this country require that we have a healthy tax system.

But as one of our friends said on the other side of the aisle in the Budget Committee—and this is a fundamental difference, I think, between the two parties, I would say to my friend, the gentleman from Georgia, or between the two philosophies—my friend on the other side of the aisle, during debate on taxation and revenue enhancers, said:

> I think that the problem is that the American people are undertaxed.

Well, now that really ought to be the vote in the referendum in 1982. If the American people feel like they are undertaxed, then they can support the budget of the majority party. But if the American people by and large believe that the economy is already burdened by excessive taxation, overtaxation of inventories and underdepreciation of investment in plant and equipment and overtaxation of income from working, and overtaxation of income from savings, then it seems to me there ought to be a clear choice.

What I fear is that we are heading toward a point where the differences between the two ideas is so ambiguous as to be almost meaningless.

The last point I would make to my friend is this: Every single analysis that I have seen of the economy—as the gentleman pointed out in his remarkable special order here today, one that will live and be etched in the minds and hearts of everyone—has shown that all these ideas are static. They look at this economy in a static sense; they look at taxes in a static sense as if it is going to have no impact on the work effort, the savings effort, or the productive effort of the American people.

Frankly, I cannot come as a Representative from western New York—well, I used to be able to say that, but they just redistricted my district, and my district encompasses upstate New York and middle state New York, and I am rapidly crossing the whole State—but I do not know of anybody in my district or outside my district from New York or the Northeast who really thinks: First, they are undertaxed; and second, that lifting the third year would be equitable, or taking off indexing or putting an excise tax on imported oil would be equitable.

Now, who do we think we are kidding by putting a tax on imported oil?

Mr. Speaker, I just want to ask unanimous consent that the gentleman in the well—well, I really do not need it, but I would just make the point in my remarks that I would like to introduce in his special order some of the tax increases and revenue enhancers that are in store for the American people coming from our friends on the Budget Committee that the gentleman has talked about, and some of those that are in store for the American people coming from our friends in the other body. Those are surtaxes, changing the income taxes, raising them, putting a tax on imported oil, an excise tax on energy, all of which are passed on to the consumers, people who heat their homes with oil, people who refrigerate their homes or air-condition their homes with natural gas, people who drive to work, people who are sales men and women.

And, frankly, I think by the time, I would say to my friend, the gentleman from Georgia, the American people get a look at what the Congress or what the majority party of the Congress has in store for them by way of tax increases, there will be some letters to the Congress not only about reducing deficits and getting interest rates down but also about this other problem so well articulated by my friend, the gentleman from Georgia.

What does the majority party have in mind for tax increases on the American people? The committee budget calls for tax increases of $31 billion in fiscal year 1983, $51 billion in fiscal year 1984, and $66 billion in fiscal year 1985, for a total of $147 billion over the 3 years. The need for these revenue increases is to a great extent a consequence of the overly pessimistic economic assumptions from which the committee worked. However, the tax increases proposed in the committee budget would have the effect of making the pessimistic economic projections a self-fulfilling prophecy.

While the chairman specified in his markup no particular tax increases, he did mention repealing the third year of ERTA and indexing. However, these two actions would raise only $7.5 billion in fiscal year 1983 and $87.2 over fiscal years 1983-85. Another $60 billion would have to be raised in addition to repealing the third year and indexing. An additional $23.5 billion would have to be raised in fiscal year 1983.

The distribution of the recommended tax increases is difficult to achieve because the first year tax increase would call for such drastic policy changes that the revenue increases would be much greater in the outyears. We wonder if the chairman understood this when he put together his budget.

In order to raise $31 billion in fiscal year 1983, using the tax increase options presented in the markup materials of the Senate Budget Committee, the Congress would have to repeal the third year and indexing, double all excise taxes, impose a $5 per barrel oil import fee, and repeal several business and individual deductions. Continuation of these policies would raise $65.2 billion in fiscal year 1984 and $83.8 billion in fiscal year 1985, making the total tax increase $180 billion over the 3 years. The following table shows these tax increases:

POSSIBLE TAX INCREASES UNDER COMMITTEE BUDGET

	1983	1984	1985	Total
1. Individuals:				
a. Repealing third year and indexing	7.5	32.9	46.8	87.2
b. Student exemption	0.4	1.1	1.1	2.6
c. State and local sales tax deduction	0.8	5.4	6.0	12.2
d. State and local personal property tax deduction	0.1	0.6	0.6	1.3
e. Consumer interest expense deduction (excluding autos)	0.9	6.3	6.7	13.9
f. $100 dividend exclusion	0.2	0.6	0.6	1.4
g. $150 health insurance deduction	0.1	0.4	0.4	0.9
h. 10 percent floor under medical expense deduction	0.3	2.3	2.5	5.1
i. 10 percent floor under casualty deduction	0.1	0.7	0.8	1.6
Total individual	10.4	50.3	65.5	126.2
2. Business:				
a. Employer health deductions	2.6	4.5	5.6	12.7
b. Island possessions credit	0.6	1.4	1.5	3.5
c. DISC	0.5	2.0	3.0	5.5
d. Eliminate capital gains for timber	0.3	0.6	0.7	1.6
e. Entertainment deductions	0.1	0.3	0.3	0.7
Total business	4.1	8.8	11.1	24.0
3. Excise taxes:				
a. double distilled spirits ($21/gallon)	1.6	2.6	2.7	6.9
b. double tobacco (16 cents per pack)	1.2	1.8	1.8	4.8
c. double beer ($18 per barrel)	0.8	1.2	1.1	3.1
d. double wine (34 cents per gallon)	0.2	0.2	0.2	0.6
e. double telephone (2 percent)	0.5	0.6	1.3	2.4
f. double motor fuels (8 cents)	2.3	3.4	3.3	9.0
g. 10 percent excise tax on luxuries	1.5	1.6	1.7	4.8
Total excise	8.1	11.4	12.1	31.6
4. $5 per barrel oil import fee	8.6	12.2	11.6	32.4
Total	31.2	82.7	100.3	214.2

Before the Congress moves to increase taxes as proposed by the committee budget, it should consider the tax cuts under ERTA compared to automatic tax increases built into the law. Bracket creep due to inflation and payroll tax increases scheduled under the 1977 social security amendments wipe out most or all of the personal income tax reductions in the Economic Recovery Tax Act across a wide range of middle-income families.

Even the full 3 years of marginal tax rate reductions followed by indexing are not enough to provide meaningful tax relief. Most families end up paying a higher percentage of their income to the Goverment than in 1980.

Even with ERTA, the median-income family of four ($24,000 in 1982) receives a real tax cut from 1980 rates of $25 in 1983, $110 in 1984, and $24 in 1985, after which its real tax burden starts to increase again. The real tax cuts and increases for families earning between $15,000 and $50,000 are shown in the following table. With repeal of the third year and indexing, none of these families would ever receive a real tax cut from their 1980 rates.

TABLE 2.—NET TAX CHANGE AFTER BRACKET CREEP AND PAYROLL TAX INCREASES UNDER CURRENT LAW FROM 1980 TAX RATES

[Net tax increase (+) or decrease (–) in current dollars]

1982 income	1981	1982	1983	1984
$15,000	145	88	56	32
$20,000	199	108	71	–34
$25,000	253	139	–34	–107
$30,000	306	171	–49	–136
$40,000	517	318	52	21
$50,000	646	434	10	–112
	1985	**1986**	**1987**	**1988**
$15,000	90	111	116	122
$20,000	40	65	68	72
$25,000	–22	6	5	4
$30,000	–37	–4	–5	–6
$40,000	180	266	373	477
$50,000	30	107	207	302

Without the third year and indexing, the tax increases are much sharper. No middle income family would receive a net tax cut. These tax increases are shown in table 3. In dollar terms, the cost to middle income families of repealing indexing and the third year is substantial. The tax increases above current law resulting from the repeal of the third year and indexing are shown in table 4.

TABLE 3.—NET TAX INCREASES AFTER BRACKET CREEP AND PAYROLL TAX INCREASES IF INDEXING AND THE THIRD YEAR ARE REPEALED

1982 income	1981	1982	1983	1984
$15,000	145	88	98	144
$20,000	199	108	101	169
$25,000	253	139	125	217
$30,000	306	171	155	274
$40,000	517	318	359	675
$50,000	646	434	480	883
	1985	**1986**	**1987**	**1988**
$15,000	263	342	405	471
$20,000	333	445	535	629
$25,000	434	585	710	850
$30,000	550	748	914	1,094
$40,000	1,100	1,519	1,966	2,424
$50,000	1,405	1,858	2,426	3,007

TABLE 4.—TAX INCREASE FROM CURRENT LAW IF INDEXING AND THIRD YEAR ARE REPEALED

1982 income	1983	1984	1985	1986	1987	1988
$15,000	42	112	173	231	289	349
$20,000	80	203	293	380	467	557
$25,000	159	325	457	580	705	845
$30,000	204	410	587	752	919	1,101
$40,000	307	654	921	1,253	1,593	1,948
$50,000	470	995	1,375	1,751	2,219	2,705

Without the third year and indexing, only the highest (six figure) income families would come out ahead, those who received major benefits from the reduction of the top tax bracket from 70 to 50 percent.

The Brodhead amendment to lower the top rate from 70 to 50 percent in 1 year was offered during the debate over ERTA by the Ways and Means majority and the Democratic leadership in hopes of dissuading the bipartisan coalition from pressing for the third year and indexing. The coalition insisted on the deeper middle bracket rate cuts, because middle-income families get no relief without them. That is as true now as last summer. If the Congress repeals the third year and indexing, it will make last summer's tax bill just a rich man's tax bill.

The tax proposals in President Reagan's budget and the ERTA produce a sound long-term tax code. Long-term receipts would be just over 19 percent of GNP. Under the committee budget, receipts would be 19.9 percent of GNP in fiscal year 1983 and 1984 and rise to 20.3 percent in fiscal year 1985.

From 1964 through 1974, receipts averaged 18.7 percent of GNP. From 1975 through 1979, receipts averaged 19 percent of GNP. Only in 1980 and 1981 were receipts at 20 and 21 percent of GNP. Receipts would already be at or above historical levels under President Reagan's budget without the added tax increases in the committee budget.

The watered down and delayed 1.25 percent tax cut in 1981 was really a tax increase that helped cause the recession. In fact, there was a net personal tax increase of roughly $15 billion in 1981. In 1982, taxpayers will barely break even. Not until 1983 and 1984 will there be real tax cuts for most families under ERTA, totaling $12 billion in 1983 and $13 billion in 1984.

Taxes will again start to rise in 1985 due to a scheduled payroll tax increase. The net personal tax cut between 1981 and 1984 is only $10 billion. The committee budget would change this to a net tax increase of between $40 and $90 billion for individuals, depending on how much of his tax increases come from individuals.

There is no economic or budgetary justification for increasing taxes on the American people. No economic theory calls for increasing taxes during a recession. And it is clear that even under current law, the Federal Government is taking too high a percentage of the GNP in taxes.

I will make one last point, and then I will stop.

The **SPEAKER** pro tempore. The Chairman will inquire, was the gentleman from New York (Mr. KEMP) making a unanimous consent request?

Mr. KEMP. Mr. Speaker, I guess I really do not need it to introduce some material into the body of my remarks. Those are already under the general provisions of the unanimous-consent request. So I appreciate the alertness of the Speaker.

But the last point I would make is this: Look, there is a fundamental disorder occurring in the financial markets not only of this country but of the Western democracies as a whole. And I am not asking the gentleman to agree with me or not; I am simply saying, for the benefit of the people who might hear my remarks or see them in print, that the problem can only be cured those high interest rates can only be cured by a proper mix, a proper balance, a proper equilibrium between fiscal policy and monetary policy.

Now, what has happened is that our friends in the Budget Committee on the Democratic side of the aisle are criticizing the President for what they perceive to be his following a tight monetary policy coupled with a loose fiscal policy. Yet what they are suggesting through this document is that we tighten up our fiscal policy by raising taxes and loosening up on our monetary policy.

In addition, the view is becoming prevalent among the orthodox liberals, the dialectical liberals, as the gentleman from Georgia would characterize them, that if we simply print more money, in effect we can solve what essentially is a fiscal problem, and then they are trying to cure the monetary problem; that is, high interest rates, by raising taxes.

Now, what I am suggesting, I guess—not just "I guess"; I absolutely believe it—is that you must cure the interest rate problem, which is a monetary disorder, with a sound monetary policy. And we can debate that at another time. I prefer stable exchange rates, targeting something other than M_{1B} at 5 percent. I do not think we ought to worry so much about the supply of money. I think we ought to look at the price of money, the quality of money, the integrity of the money, and the restoration of a monetary policy that will repair the damage that was done to this Nation's financial markets by the tremendous shift in monetary policy that occurred in 1971 when President Nixon suspended the convertibility of the dollar, and then again in 1979 when Mr. Volcker, appointed by President Carter, decided to shift from targeting interest rates to targeting the money supply figures.

But we can use monetary policy basically and generally to fight interest rates and we can use fiscal policy to fight the recession. If we use fiscal policy to fight inflation, unemployment would require easing up on tax policy, not tightening up on tax policy, and I do not think a minimum tax on corporations, minimum taxes on individuals, surtaxes on individuals, surtaxes on corporations and small businesses, and excise taxes and oil import fees and punishing domestic refiners, and taking off intangible drilling expenses and all those gimmicks that are going to be coming forth, frankly, in the next few days—and they are coming very quickly—are really anything but gimmicks.

They are going to exacerbate the problems, as the gentleman from Georgia has so ably pointed out. They will not raise revenue. They will exacerbate the recession, they will increase unemployment, and the final results will be bigger deficits, not less, more inflation, not less. And then let me tell the American people what is in store for them.

The staff of the Congressional Budget Committee believes that the only way to control inflation in the future is through wage and price controls. Now, I know they call it guidelines, and I know they call it, euphemistically, incomes policy, but I want to say here today that the real danger in the CBO majority party's budget, I say to my friend from Georgia, particularly is that they foresee an early return to an incomes policy, which everybody knows is a euphemism for controlling the wages of the working men and women of this country.

I am offended by that. I think it is a mistake. It was tried by Mr. Nixon, and it did not work. It was tried by the Emperor Diocletian, and it did not work. There is not any body of thought other than in the liberal left activist wing of the Democratic Party in which anybody really believes that by controlling the wages of working people, which incidentally have been reduced substantially in the auto and steel industries and other places, we can cure the problem. But nonetheless, we still see our friends on the liberal side of this debate who believe that it is the working people's wages that ultimately cause inflation.

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That is what this debate is all about. The gentleman has cut through the mist, he has cut through the mythology, he has cut through the fog, he has cut through the rhetoric, he has cut through the demagoguery, he has cut through all of the various posturing that has taken place over these budget debates.

I want to congratulate the gentleman because he has gotten right to the heart of the matter.

If we care about this country, if we care about people, if we care about getting down deficits and interest rates, we are going to have to look at something bigger than just that phony, false, ersatz premise upon which the Budget Committee and the Congress is being stampeded toward, and I just want to stand up here as one of the gentleman's friends, admittedly, but nonetheless, fellow soldier in this small army of backbenchers and mavericks to say that the gentleman is right, that he is to be commended, and I think there are more people who in their heart of hearts agree with he and I.

Let us not silence our voices just because someone dares to suggest that we might be radical or be cut out of the loop, so to speak.

I thank the gentleman for his tremendous patience and forebearance and for standing down there in the well listening to me preach to the choir.

Mr. GINGRICH. I thank the gentleman for his comments. He is one of the architects and inspirations of this policy.

Let me say in closing three things. Whether you want to call this the undertaxation budget, or the high unemployment budget, or the higher interest rate and bigger deficit budget, the liberal Democratic budget that has been developed is a disaster.

On top of the $1,450 in tax increase per working American which it proposed, everyone has to remember that the liberal Democrats in 1977, 5 years ago, passed a tax increase which will come in the next 3 years at an additional $685 per worker for social security. So we are looking, in a sense, at a liberal Democratic budget that has a combined tax increase of $2,135 per worker over the next 3 years.

Mr. CRAIG. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I am happy to yield to my good friend from Idaho.

Mr. CRAIG. I would like to thank the gentleman from Georgia for taking this special order. I appreciate him allowing me to add a few comments.

I just came home, back to Washington, from my district out in Idaho. I had a unique experience over the weekend that I think reflects so well the very things the gentleman has been saying in the last several minutes as to how the American public perceives and understands what a tax cut is, what a budget out of control is.

I would say to the gentleman from Georgia I stood in a JC breakfast line for 2 hours on Saturday morning and turned pancakes and listened to over 1,200 people as they came by me to offer comments about what is going on in Washington. They would say, "Have you got the budget under control yet?" And, "Are you really going to do what you said you were going to do in 1980, and that is cut that budget and get those taxes down so that we can get back to work?"

One gentleman came along and he said, "I haven't heard much about that Democratic alternative budget yet but," he said, "I read just a few comments about it in the paper the other morning." He said, "You know, there is not much out on it yet and apparently they are trying to rush something through." He said, "From what I have read, they are going to increase taxes again, aren't they?" And I said, "Yes, that is their plan, to increase them some 140-plus billions of dollars in the next 3 years." He said, "Well, what is that going to do to me and my family? Am I going to have to pay more taxes?" And I said, "Yes, that is exactly what you are going to have to do. They are going to force you to pay more taxes. They are going to take more of your money away from you."

He said, "Well, can't you cut the budget? Isn't that the way you get interest rates down, is to stop that kind of spending and that kind of demand on the money supply of this country?" And I said, "Well, that is what we have tried to do because we knew that is what you wanted as a working person, as a small businessman and as a farmer and a rancher, and as a blue-collar worker, that you wanted more of your own money and you wanted to have the Government take less of it away."

So I thank you today for taking this special order to clarify some of the points that are pretty hazy out there at this moment, hazy only because they have not been spelled out the way you are spelling them out.

The American public understands very clearly what is going on at this moment. They know what they asked for in 1980 and it has not been delivered to them. We have only gotten a taste of it in the last 15 months and now the opposition is reaching out to grasp back and take away the very kinds of things they asked for, because that is exactly what that budget alternative talks about, is increased taxes, increased spending.

That is the kind of business as usual that created those high interest rates and that high inflation, and it is awfully important, and the gentleman takes on a very important responsibility in spelling it out as clearly as he does that we are really back to business as usual.

When we get back to business as usual, it really means no business at all. When we have no business at all, we have no jobs, and then we will not have the kind of unemployment rates which we inherited from the spending of the 1960's and the 1970's, but we will have much higher.

So I again congratulate the gentleman on taking this special order.

Mr. GINGRICH. I thank my good friend for joining in and would say to him that we have, as he knows, a wonderful system. The American people can make a great difference and we are beginning a week of debate on the budget, and we will probably vote on this budget next week.

The American people do have a choice. If they want a $1,450 tax increase per worker, they can write, or wire, or call their Congressman and say, "Please vote for the liberal Democratic budget."

But, in fact, if they agree with us that the time has come to change, that we have lost one decade, and that is one decade too many, that now is the time to start building a newer and better America; if they think now is the time to cut spending rather than raise taxes, then they can call, write, or wire their Congressman and say, "Please vote against the $1,450 tax increase of the liberal Democratic budget."

This is a marvelous system. The Founding Fathers were very wise in allowing all of us to have a chance to participate in shaping our dreams, our hopes, and our fears.

I simply want to take some time today to bring to everyone's attention the fact that the clock is running, the decisions will be made, and we will have a major choice in the next week or so.

BALANCED BUDGET

(The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 30 minutes.)

Mr. COLLINS of Texas. Mr. Speaker, as I have been listening intently to the remarks of the gentleman from Georgia (Mr. GINGRICH) I was impressed by everthing he had to say about the budget. The way we are discussing the budget here in the House, the way that we are trying to work out a temporary solution, is providing no solution at all.

I appreciate what the gentleman from New York (Mr. KEMP) said. He is chairman of our Republican Conference. He emphasized the fact, talking about tax increases, that they will not do one thing to help business. In fact, all tax increases will do is damage to business. What the need in America today is for jobs, we do not really face the job issue in that committee but talk about taxing, taxing, taxing.

The gentleman from Idaho had it right. He said what we ought to be doing is cutting, cutting, cutting expenses.

We are living today with the problems that we carry over with the Carter recession. The Carter recession was brought on because of big spending. It was big spending created by Carter's economic advisers that took interest rates during the 4 short years (1976-80); and they sure seemed pretty long while he was there, in 4 years Jimmy Carter took interest rates from 5.5 to 21.5 percent. You cannot run a business when you are paying 21.5 percent interest. You cannot buy a house today with 21.5 percent interest. You cannot operate a farm when you have interest rates so high.

All of this came under this big spending, big taxing, program under President Carter.

There is one basic solution, and today is the day we ought to face up to it. That solution is to put in a balanced constitutional budget amendment that applies to Congress.

The distinguished chairman of the Agriculture Committee, Mr. DE LA GARZA, is from Texas and we come from a great State. We both share pride and respect for the fact that in the great State of Texas we have a constitutional requirement that our State legislature balances its budget before they can go home. That is a great idea. That means that Texas is going to move forward. In fact, the legislature does not spend a lot of time down in Austin. They just meet once every 2 years. For about 5 months. That is probably the healthiest thing they do. The less government you have, the better off you are to build a progressive economy.

So what they do in Texas is meet; have a balanced budget; because they cannot adjourn until they have a balanced budget. What we need here in Congress is to have that same balanced budget rule.

A distinguished speaker said a few years ago, "If you want to get along, you have to go along." So the procedure is that every time somebody comes up with another spending bill most voices say, "Amen," and then another one comes along and it is another "aye vote." Congress spends, spends, spends. Congress does not balance the budget.

This policy must come to an end. I have submitted a budget constitutional amendment that would require a balanced budget and it would require tax limitations which are also essential, because you can tax America into oblivion.

We are debating this budget and we are talking about taxes. I was interested to hear the gentleman from New York (Mr. KEMP) say how taxes, taxes, how they are growing on us. Are taxes growing on us?

I read in the U.S News & World Report last week that individual income taxes were up 17 percent last year. You see, what inflation does is to keep moving you up with this bracket creep and they keep creeping and going up and up, so you are paying higher and higher taxes. You have inflated dollars. You do not have more money. All you have is just more dollars and it does not buy you as much.

Here is something to evaluate. The most efficient agency I think in the Government is either the IRS or the FBI. They are both well managed. But I will tell you, the IRS is more than an efficient group. When it comes to collecting taxes, the IRS really collects them. Here is the latest figure on it. It says that the IRS have doubled the amount that they have collected in the past 5 years and they took it out of you, and you, and you. It just means that you taxpayers are having less and less money available.

In fact, you hear the statement down home that "I am making more but it buys less." Well, you are absolutely right when you say that. You are making more dollars but you have less purchasing power. In terms of dollars, I am telling you what a dollar will really buy. Seventy percent of American families today have less real after-tax dollars than they did 15 years ago.

The Federal spending back in 1960 was $92 billion. It is hard to imagine that, $92 billion. What we are talking about here today is $800 billion. Remembering $92 billion, you would think that we could take from $800 billion and cut it back to $700 billion. We have plenty of programs that we could cut. We have too many of these deadheads, these people that are flagrantly abusing these welfare programs. That is where we ought to start.

We just ought to put them to work. Tell a fellow that if he turns down one job that is all right, but when he turns down that second job he is off of relief.

People that work are happier people.

I saw an interesting show the other day that really caught my eye. It said, "America is too young to die." What they were talking about is the economics that we have here before us today. We are getting ready to lose America if we just keep spending our country into oblivion and just spend, spend, spend, spend.

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Deficit financing ought to end. We could stabilize the interest rates, we could stabilize inflation, we could build confidence in America if we would just balance the budget.

Yesterday, as I was flying back up to Washington—got back here at midnight last night—as I went through the airport, I wanted to buy a package of gum. Do you know what a package of gum costs today in that vending machine? It costs 50 cents. That is for an old nickel package of gum. Now, it does not make you feel any richer to pay 50 cents for a nickel package of gum. All it tells you is that up here in Washington we are just giving this country too much inflation. You pay 10 times as much as we used to pay for a package of gum.

The answer is very, very simple. We need a constitutional amendment. And the way to do it is to let the American citizens vote on it.

When we know that we must balance the budget, we will say, "Well, we are going to have to cut this one 10 percent; we will have to cut this 5 percent." We want to keep a strong social security.

And let me add one thing about national defense. The gentleman from Georgia (Mr. GINGRICH) talked quite a bit about that. And what impressed me was that the last time we had a balanced budget, 46 percent of this Nation's expenditures from Congress were going for defense. Today 26 percent goes for defense. It is not defense that is the problem. It is this wild, overspending on these welfare programs. We simply cannot give everything to everybody. We must get back to basics.

I heard someone say the other day, "I can't take a job unless it has dignity." And I was reminded of what a distinguished publisher of the Post said. She said, "When I was a little girl, my folks told me that any work has dignity." And I believe that. I believe that any work has dignity. And I believe that when America works that America is happy. And the happiest America will be is the day that Congress decides we are going to have a balanced budget with a constitutional amendment voted on by the American people.

Mr. Speaker, I have just submitted a constitutional amendment which will require a balanced budget, and tax limitation.

There must be flexibility in this amendment. I have provided:

First, three-fifths of both Houses of Congress may provide for a deficit budget, but they must vote on the specific subject that will be in excess;

Second, a majority of both Houses must pass a bill allowing for additional revenues to be received;

Third, Congress may waive the balanced budget requirement and tax limitation provisions for any fiscal year in which a declaration of war is in effect;

Fourth, for any fiscal year, any amount by which total receipts exceeds total outlays shall be applied to repayment of the public debt;

Fifth, changes in compensation, tax treatment, or limitations on earned income for Members of Congress shall be determined by recorded vote; and

Sixth, Congress shall not adjourn until a balanced budget is reached.

Federal spending back in 1960 was $92 billion. If we take into account all of the budget, plus the off-the-budget items, plus the anticipated supplemental appropriations, we are probably looking at $800 billion today.

We see interest on the national debt rising to where it will run $100 billion a year.

Thomas Jefferson said, "The public debt is the greatest of dangers to be feared by a Republican government." Our early Presidents shared the worries and understood the dangers of deficit spending. In the early years of our Republic, we had balanced budgets and even had surplus budgets.

Most of the people back home believe America has more government than it needs. Americans believe we have more regulations than they want. And they are nearly unanimous in telling us we have more taxes than they can afford to pay.

Back before the 1930's our Nation outlined its budget based on what they anticipated in the way of revenues. During the 1930's, under President Roosevelt, the Government changed this policy and began to borrow and to go actively into public expenditures and general relief. Back in 1930, public expenditures accounted for 3 percent of the GNP, but today, public expenditures are 23 percent of the GNP which is the highest peacetime percentage we have ever had.

In Washington, Congress has chosen politically expedient temporary alternatives. If the budget is not balanced, Congress can print money. Since there is no limitation on spending, Congress can authorize additional debt. The ease of deficit financing must be removed. Congress must balance the budget every year, and we can do this if we know it is required.

In any family household, if we heard our salary had been cut 10 percent, we would immediately cut our spending 10 percent. But in Congress we do not cut spending, but instead we add on for anticipated inflation, which has been caused by our big congressional spending.

Remember this, as we began the sixties, Congress was spending less than $100 billion. As we began the eighties, we are talking about $800 billion. We could run a tighter ship, be more efficient, and have more muscle and strength, if Congress would cut the waste out of the general budget.

In this constitutional amendment, we are asking that a balanced budget law have a vote by American citizens. I feel sure when America votes that this constitutional amendment will receive overwhelming support, because the average citizen in America understands that a balanced budget is essential to our Republic.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following this legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. BEREUTER) to revise and extend his remarks and include extraneous material:)

Mr. GINGRICH, for 60 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. COLLINS of Texas, for 30 minutes, today.

(The following Members (at the request of Mr. WHITE) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DE LA GARZA, to revise and extend his remarks prior to the vote on H.R. 3881.

(The following Members (at the request of Mr. BEREUTER) and to include extraneous matter:)

Mr. RITTER.

Mr. CORCORAN in two instances.

Mr. WINN.

Mr. CHAPPIE.

Mr. WAMPLER in two instances.

Mr. GRISHAM.

Mr. CONTE.

(The following Members (at the request of Mr. WHITE) and to include extraneous matter:)

Mr. MATSUI.

Mr. BLANCHARD.

Mr. FORD of Michigan.

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. RATCHFORD in two instances.

Mr. WALGREN in three instances.

Mr. SKELTON.

Mr. WON PAT in three instances.

Mr. RODINO.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on the following days present to the President, for his approval, bills of the House of the following title:

On May 13, 1982:

H.R. 2863. An act to authorize the Secretary of Agriculture to sell the portion of the Tahoe National Forest known as Blyth Arena.

On May 14, 1982:

H.R. 6038. An act to amend section 235 of the National Housing Act.

ADJOURNMENT

Mr. MINETA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 33 minutes p.m.), the House adjourned until tomorrow, Tuesday, May 18, 1982, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3926. A letter from the Secretary of Housing and Urban Development, transmitting a report on the administrative and legislative steps that would be necessary to improve the block grant program, pursuant to section 315 of Public Law 97-35; to the Committee on Banking, Finance and Urban Affairs.

3927. A letter from the Mayor, District of Columbia, transmitting the annual report of the Office of Emergency Preparedness of the District of Columbia for fiscal year 1981, pursuant to section 6 of Public Law 81-686; to the Committee on the District of Columbia.

3928. A letter from the District of Columbia auditor, transmitting copies of various reports of his office, pursuant to section 455 of Public Law 93-198; to the Committee on the District of Columbia.

3929. A letter from the Chairman, Securities and Exchange Commission, transmitting the 47th annual report of the Commission for fiscal year 1981; to the Committee on Energy and Commerce.

3930. A letter from the Secretary, Interstate Commerce Commission, transmitting notice that the Commission is unable to render a final decision in Docket No. 38772, Unit Train Rates on Coal Thunder Junction, Wyo., to Mill, Tex., within the initially specified 5-month period, pursuant to 49 U.S.C. 10707(b)(1); to the Committee on Energy and Commerce.

3931. A letter from the General Counsel, Department of Energy, transmitting notice of various meetings relating to the international energy program to be held on May 21, 1982, in New York, N.Y., to the Committee on Energy and Commerce.

3932. A letter from the Acting Director, Defense Security Assistance Agency; transmitting notice of proposed lease of certain defense articles to Egypt (Transmittal No. 6-82), pursuant to section 62(a) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3933. A letter from the Chairman, U.S. Nuclear Regulartory Commission; transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1981, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3934. A letter from the Chairman, National Transportation Safety Board, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1981, pursuant to 5 U.S.C. 552(b)j; to the Committee on Government Operations.

3935. A letter from the Assistant Attorney General for Administration, Department of Justice, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3936. A letter from the Secretary of the Interior, transmitting the annual report covering calendar year 1981 on implementation of the Alaska Native Claims Settlement Act, pursuant to section 23 of the act; to the Committee on Interior and Insular Affairs.

3937. A letter from the Under Secretary of the Interior, transmitting notice of the proposed refund of $87,336.79 in excess royalty payments to ANR Production Co., $14,985.00 to Diamond Shamrock Corp. $9,887.81 to Shell Oil Co., and $15,000.00 to Columbia Gas Development Corp., pursuant to section 10(b) of the Outer Continental Shelf Lands Act of 1953; to the Committee on Interior and Insular Affairs.

3938. A letter from the Secretary of Transportation, transmitting the department's final report on the Federal highway cost allocation study, pursuant to section

506(c) of Public Law 95-599; to the Committee on Public Works and Transportation.

3939. A letter from the Deputy U.S. Trade Representative, Executive Office of the President, transmitting the semiannual report on the operation and effect of the International Sugar Agreement, 1977, pursuant to section 5 of Public Law 96-236 and information and statistics concerning the domestic and world sugar situation; jointly, to the Committees on Agriculture and Ways and Means.

3940. A letter from the Chairman, Nuclear Regulatory Commission; transmitting the Commission's report of the nondisclosure of safeguards information for the quarter ending March 31, 1982, pursuant to section 147.e of the Atomic Energy Act; jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

3941. A letter from the Comptroller General of the United States, transmitting a report on the need for the Department of Energy to consider and resolve certain issues before making a final decision on the need for appliance efficiency standards (GAO/EMD-82-78, May 14, 1982); jointly, to the Committees on Government Operations and Energy and Commerce.

3942. A letter from the Acting Secretary of the Interior, transmitting a report covering fiscal year 1981 concerning the department's efforts to recruit and train Indians, pursuant to Public Law 96-135; jointly, to the Committees on Interior and Insular Affairs and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Omitted from the Record of May 13, 1982]

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 5662. A bill to extend until October 1, 1983, the authority and authorization of appropriations for certain programs under the Fish and Wildlife Act of 1956. (Rept. No. 97-514). Referred to the Committee of the Whole House on the State of the Union.

[Submitted May 14, 1982]

Mr. DE LA GARZA: Committee on Agriculture. H.R. 2035. A bill to authorize certain employees of the Department of Agriculture to carry firearms in the performance of their duties; with an amendment (Rept. No. 97-515). Referred to the Committee of the Whole House on the State of the Union.

Mr. DE LA GARZA: Committee on Agriculture. H.R. 6164. A bill to implement the agreement on the International Carriage of Perishable Foodstuffs and on the special equipment to be used for such carriage (ATP), and for other purposes; with amendments (Rept. No. 97-516). Referred to the Committee of the Whole House on the State of the Union.

[Submitted May 17, 1982]

Mr. NICHOLS: Committee on Armed Services. H.R. 1400. A bill to amend title 38, United States Code, to establish new educational assistance programs for veterans and for members of the Armed Forces; with an amendment (Rept. No. 97-80, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee on Education and Labor. H.R. 4861. A bill to provide for the conservation, rehabilitation, and improvement of natural and cultural resources located on public or Indian lands, and for other purposes; with an amendment (Rept. No. 97-500, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 3072. A bill to designate the control tower at Memphis International Airport the "Omlie Tower" (Rept. No. 97-517). Referred to the House Calendar.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4848. A bill entitled the "Gladys Noon Spellman Parkway"; with an amendment (Rept. No. 97-518). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 5930. A bill to extend the aviation insurance program for 5 years (Rept. No. 97-519). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 5990. A bill to amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations and further borrowings for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes; with an amendment (Rept. No. 97-520). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of Oklahoma: Committee on the Budget. House Concurrent Resolution 345. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1982 and setting forth the congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985 (Rept. No. 97-521). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 6120. A bill to reauthorize the Deep Seabed Hard Minerals Resources Act for fiscal years 1983, 1984, and 1985 (Rept. No. 97-522, Pt. I). Ordered to be printed.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 6120. A bill to reauthorize the Deep Seabed Hard Minerals Resources Act for fiscal years 1983, 1984, and 1985 (Rept. No. 97-522, Pt. II). And ordered to be printed.

Mr. ZABLOCKI: Committee on Foreign Affairs. H.R. 6120. A bill to reauthorize the Deep Seabed Hard Minerals Resources act for fiscal years 1983, 1984, and 1985. (Rept. No. 97-522, Pt. III). Referred to the Committee of the Whole House on the State of the Union.

Mr. FUQUA: Committee on Science and Technology. H.R. 6193. A bill to authorize appropriations for fiscal year 1983 for research, engineering and development, and demonstration projects relating to aviation (Rept. No. 97-523). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4347. A bill to authorize the Secretary of the Interior to proceed with development of the WEB pipeline, to provide for the study of South Dakota water projects to be developed in lieu of the Oahe and Pollock-Herreid irrigation projects, and to make available Missouri basin pumping power to projects authorized by the Flood Control Act of 1944 to receive such power; with an amendment (Rept. No. 97-524, Pt. I). And ordered to be printed.

Mr. DE LA GARZA: Committee on Agriculture. H.R. 4347. A bill to authorize the Secretary of the Interior to proceed with development of the WEB pipeline, to provide for the study of South Dakota water projects to be developed in lieu of the Oahe and Pollock-Herreid irrigation projects, and to make available Missouri basin pumping power to projects authorized by the Flood Control Act of 1944 to receive such power; with an amendment (Rept. No. 97-524, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. BRINKLEY: Committee on Armed Services. H.R. 6214. A bill to authorize certain construction at military installations for fiscal year 1983, and for other purposes (Rept. No. 97-525). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 6197. A bill to amend the National Advisory Committee on Oceans and Atmosphere Act of 1977 to authorize appropriations to carry out the provisions of such act for fiscal years 1983 and 1984; with amendments (Rept. No. 97-526). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 3600. A bill to amend the National Ocean Pollution Planning Act of 1978 to provide greater coordination of research efforts concerning the Great Lakes, and for other purposes; with an amendment (Rept. No. 97-527, Pt. I). Ordered to be printed.

Mr. PERKINS: Committee on Education and Labor. H.R. 4920. A bill to provide for pension reform for State and local public employee retirement systems, and for other purposes; with amendments (Rept. No. 97-528). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee on Education and Labor. H.R. 4928. A bill to provide for pension reform for State and local public employee retirement systems, to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 to promote more efficient and satisfactory management of the functions of the Federal Government relating to employee benefit plans and to more effectively carry out the purposes of such Act and such Code relating to such plans, and for other purposes; with amendments (Rept. No. 97-529, Pt. I). Ordered to be printed.

Mr. PERKINS: Committee on Education and Labor. H.R. 5540. A bill to amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States; with an amendment (Rept. No. 97-530, Pt. I). Ordered to be printed.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 5540. A bill to amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States; with an amendment (Rept. No. 97-530, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 5566. A bill authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes; with an amendment (Rept. No. 97-531). Referred to the Committee of the Whole House on the State of the Union.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 6296. A bill to amend and extend certain Federal laws which establish housing and community and neighborhood development and preservation programs, and for other purposes; with amendments (Rept. No. 97-532). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 6254. A bill to amend title 3, United States Code, to clarify the function of the United States Secret Service Uniformed Division with respect to certain foreign diplomatic missions in the United States, and for other purposes; with an amendment (Rept. No. 97-533). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 5659. A bill to authorize the Smithsonian Institution to construct a building for the Museum of African Art and a center for Eastern art together with structures for related educational activities in the area south of the original Smithsonian Institution Building adjacent to Independence Avenue at Tenth Street Southwest, in the city of Washington; with an amendment (Rept. No. 97-534). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 6272. To amend the Earthquake Hazards Reduction Act of 1977 to extend authorizations of appropriations, and for other purposes. (Rept. No. 97-535, Pt. I). Ordered to be printed.

Mr. FUQUA: Committee on Science and Technology. H.R. 6272. A bill to amend the Earthquake Hazards Reduction Act of 1977 to extend authorizations of appropriations, and for other purposes. (Rept. No. 97-535, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 6290. A bill to increase authorizations of appropriations for land acquisition for Voyageurs National Park, Cape Cod National Seashore, Cape Lookout National Seashore, and Sleeping Bear Dunes National Lakeshore; with an amendment (Rept. No. 97-536). Referred to the Committee of the Whole House on the state of the Union.

Mr. PERKINS: Committee on Education and Labor. H.R. 5320. A bill to establish a community public-private training and employment assistance system and to provide employment and training services, and for other purposes; with an amendment (Rept. No. 97-537). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee on Education and Labor. H.R. 6250. A bill to provide employment opportunities to long-term unemployed individuals in high unemployment areas, and for other purposes; with an amendment (Rept. No. 97-538). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 5723. A bill to authorize appropriations for certain maritime programs of the Department of Transportation for fiscal year 1983, and for other purposes; with an amendment (Rept. No. 97-539). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 6100. A bill to amend the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965; with an amendment (Rept. No. 97-540, Pt. I). Ordered to be printed.

Mr. MAZZOLI: Committee on the Judiciary. H.R. 5879. A bill to amend the Immigration and Nationality Act to extend for three years the authorization for appropriations for refugee assistance, to make certain improvements in the operation of the program, and for other purposes; with amendments (Rept. No. 97-541). Referred to the Committee of the Whole House on the State of the Union.

Mr. KASTENMEIER: Committee on the Judiciary. H.R. 6260. A bill to authorize appropriations to the Patent and Trademark Office in the Department of Commerce, and for other purposes; with an amendment (Rept. No. 97-542). Referred to the Committee of the Whole House on the State of the Union.

Mr. MONTGOMERY: Committee on Veterans' Affairs. H.R. 6350. A bill to amend title 38, United States Code, to authorize the Administrator of Veterans' Affairs to provide that Veterans' Administration nurses who work two twelve-hour regularly scheduled tours of duty over a weekend shall be considered to have worked a full basic workweek, and for other purposes. (Rept. No. 97-543). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 6196. A bill to authorize appropriations for the fiscal year beginning October 1, 1982, for the maintenance and operation of the Panama Canal, and for other purposes; with amendments (Rep. No. 97-544). Referred to the Committee of the Whole House on the State of the Union.

Mr. EDWARDS of California: Committee on the Judiciary. H.R. 6191. A bill to amend the Civil Rights Act of 1957 to authorize appropriations for the United States Commission on Civil Rights for the fiscal year ending September 30, 1983. (Rep. No. 97-545). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 5663. A bill to authorize appropriations to carry out the Anadromous Fish Conservation Act during fiscal year 1983, with amendments (Rept. No. 97-546). Referred to the Committee of the Whole House on the State of the Union.

Mr. ZABLOCKI: Committee on Foreign Affairs. H.R. 6370. A bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize additional international security and development assistance programs for fiscal year 1983, and for other purposes (Rept. No. 97-547). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. H.R. 6297. A bill to authorize appropriations to carry out the activities of the Department of Justice for fiscal year 1983, and for other purposes; with an amendment (Rept. No. 97-548). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 5002. A bill to improve fishery conservation and management; with amendments (Rept. No. 97-549). Referred to the Committee of the Whole House on the State of the Union.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 6267. A bill to revitalize the housing industry by strengthening the financial stability of home mortgage lending institutions and ensuring the availability of home mortgage loans; with an amendment (Rept. No. 97-550). Referred to the Committee of the Whole House on the State of the Union.

Mr. STRATTON: Committee on Armed Services. H.R. 6329. A bill to authority appropriations for the Department of Energy for national security programs for fiscal year 1983, and for other purposes; with amendments (Rept. No. 97-551). Referred to the Committee of the Whole House on the State of the Union.

Mr. NICHOLS: Committee on Armed Services. H.R. 6317. A bill to revise the manner in which the October 1, 1982, pay increase for members of the uniformed services is to be determined, to make various adjustments in military personnel and compensation programs, and for other purposes; with amendments (Rept. No. 97-552). Referred to the Committee of the Whole House on the State of the Union.

Mr. DE LA GARZA: Committee on Agriculture. H.R. 5831. A bill to provide lending limits for fiscal years 1983, 1984, and 1985 for programs under the Consolidated Farm and Rural Development Act; with amendments (Rept. No. 97-553). Referred to the Committee of the Whole House on the State of the Union.

Mr. ST GERMAIN: Committee on Banking, Finance, and Urban Affairs. S. 1230. A bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games; with an amendment (Rept. No. 97-554). Referred to the Committee of the Whole House of the State of the Union.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 6211. A bill to authorize appropriations for construction of certain highways in accordance with title 23, United States Code, for highway safety, for mass transportation in urban and rural areas, and for other purposes; with an amendment (Rept. No. 97-555). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAWKINS: Committee on House Administration. H.J. Res. 400. Joint resolution to authorize and direct the Secretary of the Interior, subject to the supervision and approval of the Franklin Delano Roosevelt Memorial Commission, to proceed with the construction of the Franklin Delano Roosevelt Memorial, and for other purposes; (Rept. No. 97-556). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 6324. A bill to authorize appropriations for atmospheric, climatic, and ocean pollution activities of the National Oceanic and Atmospheric Administration for the fiscal years 1983 and 1984, and for other purposes; with amendments (Rept. No. 97-557, Pt. I). Ordered to be printed.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 6112. A bill to amend title II of the Marine Protection, Research, and Sanctuaries Act of 1972; with amendments (Rept. No. 97-558, Pt. I). Ordered to be printed.

Mr. KASTENMEIER: Committee on the Judiciary. H.R. 5949. A bill to amend the copyright law respecting the limitations on exclusive rights to secondary transmissions, and for other purposes. (Rept. No. 97-559, Pt. I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONTE:

H.R. 6389. A bill to provide loans under the Small Business Act for the removal of urea-formaldehyde foam insulation from residences, and for other purposes; to the Committee on Small Business.

H.R. 6390. A bill to provide the past expenditures for urea-formaldehyde foam insulation shall not be taken into account in computing the dollar limitation under the Federal residential energy tax credit and to allow a medical expense deduction from income tax for the removal of urea-formaldehyde foam insulation; to the Committee on Ways and Means.

H.R. 6391. A bill to provide loans under the Small Business Act for the removal of urea-formaldehyde foam insulation from residences, to provide for certain tax expenditures relating to problems caused by such insulation, and for other purposes; jointly, to the Committees on Small Business and Ways and Means.

By Mrs. SCHROEDER:

H.R. 6392. A bill to amend title 5, United States Code, to abolish the special counsel of the Merit Systems Protection Board, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. JONES of Oklahoma:

H. Con. Res. 345. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1982 and setting forth the congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985.

By Mr. CONTE:

H. Res. 467. Resolution expressing the sense of the House of Representatives that the Secretary of the Treasury should increase the standard mileage rate which is used in computing the tax deduction for use of an automobile for charitable purposes; to the Committee on Ways and Means.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

378. By the SPEAKER: Memorial of the Legislature of the State of Colorado, relative to surplus properties of the Federal Government; to the Committee on Government Operations.

379. Also, memorial of the Legislature of the State of California, relative to the 11th and 12th U.S. Coast Guard Districts; to the Committee on Merchant Marine and Fisheries.

380. Also, memorial of the Legislature of the State of Arizona, relative to the sale of wild horses and burros from the public range; jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 808: Mr. Robinson.

H.R. 4773: Mr. Gunderson, Mr. Lowery of California, Mr. Kastenmeier, Mr. Smith of Oregon, Mr. Hunter, Mr. Broyhill, Mr. DeNardis, Mr. Dougherty, Mr. Hammerschmidt, Mr. Mitchell of Maryland, Mr. Beard, Mr. Jacobs, Mr. Vander Jagt, and Mr. Marriott.

H.R. 5002: Mr. Anderson, Mr. Hughes, Mr. Emery, Mr. Young of Alaska, Mr. Sunia, Mr. Dyson, Mrs. Schneider, Mr. Bonker, Mr. Hutto, Mr. Studds, Mr. Tauzin, Mr. Pritchard, and Mr. Carney.

H.R. 5133: Mr. Smith of Alabama, Mr. Breaux, Mr. Fascell, Mr. Harkin, and Mr. Simon.

H.R. 5147: Mr. Glickman.

H.R. 5320: Mr. Pursell and Mr. Wolpe.

H.R. 5457: Mr. Davis, Mr. Trible, Mr. Crockett, Mr. Lewis, Mr. Wolpe, Mr. Weaver, and Mr. Evans of Georgia.

H.R. 5464: Mr. Schumer.

H.R. 5613: Mr. Nowak, Mr. Dwyer, Mr. Petri, Mr. Oberstar, Mr. Vento, Mrs. Schneider, Mrs. Bouquard, Mr. Hansen of Idaho, Mr. Hughes, Mr. Wilson, Mr. Hendon, Mr. Bevill, Mr. LeBoutillier, Mr. Goodling, and Mr. Walgren.

H.R. 5663: Mr. Anderson, Mr. Hughes, Mr. Bonker, Mr. Dyson, Mr. Sunia, Mr. Hutto, Mr. Studds, Mr. Tauzin, Mr. Young of Alaska, Mr. Emery, Mr. Pritchard, and Mr. Carney.

H.R. 5632: Mr. Lundine.

H.R. 5723: Mr. Anderson.

H.R. 5834: Mr. Foglietta, Mr. Atkinson, Mr. Staton of West Virginia, Mr. Wolf, Mr. Gunderson, Mr. Aspin, Mr. Marlenee, and Mr. Hansen of Idaho.

H.R. 5853: Mr. Edwards of California, Mrs. Holt, and Mr. Mineta.

H.R. 5865: Mr. Bafalis.

H.R. 5932: Mr. Bedell, Mr. Simon, and Mr. Walgren.

H.R. 6062: Mr. Railsback and Mr. Weber of Minnesota.

H.R. 6082: Mr. Frenzel.

H.R. 6100: Mr. Roberts of South Dakota.

H.R. 6113: Mr. Dyson.

H.R.: 6133: Mr. Schneider, Mr. Bowen, Mr. Oberstar, Mr. Bonker, Mr. Dyson, Mr. Sunia, Mr. Hutto, Mr. Studds, Mr. Tauzin, Mr. Pritchard, Mr. Emery, Mr. Fields, Mr. Shumway, Mr. Dougherty, and Mr. Carney.

H.R. 6213: Mr. Paul.

H.R. 6219: Mr. Lott, Mr. Horton, Mr. Whitehurst, Mr. Stanton of Ohio, Mr. Hendon, Mr. Kindness, Mr. Broomfield, Mr. Bevill, and Mr. Yates.

H.R. 6310: Mr. Udall, Mr. Clay, Mr. Leland, Mr. Albosta, Mr. Hoyer, Mr. Dellums, Mr. John L. Burton, Mr. Heftel, Mr. Oberstar, Mr. Jeffords, and Mr. Downey.

H.J. Res. 417: Mr. Winn, Mr. Matsui, Mr. Rodino, Mr. LaFalce, Mr. Ford of Michigan, Mr. Stump, Mr. Quillen, Mr. Yates, Mr. Bedell, Mr. Reuss, Mr. Erdahl, Mr. Mavroules, Mr. Dellums, Mr. Conte, Mr. D'Amours, Mr. Beard, Mr. Bevill, Mr. Coelho, Mr. Lundine, Mr. Carney, Mr. Livingston, Mr. Benjamin, Mr. Blanchard, Mr. Moorhead, Mr. Kildee, Mr. Barnes, Mr. Oberstar, Mr. Porter, Mr. Leach of Iowa, Mr. Heftel, Mr. McCloskey, and Mr. Anthony.

H.J. Res. 449: Mr. Kemp, Mrs. Holt, and Mr. Ford of Tennessee.

H. Con. Res. 86: Mr. Leland.

H. Con. Res. 309: Mr. Hiler and Mr. Lowry of Washington.

H. Con. Res. 326: Mr. Hunter and Mr. Goldwater.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

439. By the SPEAKER: Petition of the Common Council of the City of Janesville, Wis., relative to nuclear weapons; to the Committee on Foreign Affairs.

440. Also, petition of the Township Committee of the Township of East Hanover, N.J., relative to nuclear weapons; jointly, to the Committees on Armed Services and Foreign Affairs.

441. Also, petition of the Board of Trustees, Township of South Orange Village, N.J., relative to nuclear weapons; jointly, to the Committees on Armed Services and Foreign Affairs.

EXTENSIONS OF REMARKS

MINISTER SUH, SUK-JOON CALLS FOR BETTER TRADE RELATIONS

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. WON PAT. Mr. Speaker, the other night I was privileged to attend a reception and trade round table dinner engagement held in honor of the Korean Minister of Commerce and Industry, Hon. H. E. Suh, Suk-Joon. The dinner was hosted by the Pan Pacific Community Association, which has as part of its membership some of the most successful members of America's business community and present and former members of Congress including David Bowen, Lester Wolff, president of the organization, and Senator Hugh Scott, who is chairman of the board of directors. In attendance also were Korean Ambassador Lew, Byong-Hian and officials from the U.S. Departments of Commerce, Energy, and Agriculture.

Because my own congressional district of Guam lies in the middle of the Pacific Basin, I am naturally quite interested in any effort to better economic ties with this Nation and others in the Pacific community of countries.

To this end, the Republic of Korea has been a staunch military and political friend of this Nation and one of its most competitive trading partners. I was very pleased to hear the comments of His Excellency Suh, Suk-Joon at the dinner party as he spoke about "Korea's Trade Outlook for the United States and the Pacific Basin."

It was of great interest to know the extent of trade between our nations and to know that today some 40,000 Americans of Korean ancestry live and work in the United States. Contrary to popular myth, the trade between our two nations is indeed a two-way street. While we in this Nation have benefited from low cost and high quality goods made in the republic of Korea, our own exports have been flowing into the Republic of Korea at an astonishing rate providing jobs for our people and taxes to keep the Government operating.

There is no doubt in my mind that Americans want to continue the strong bonds of friendship which tie us to the Republic of Korea. We have thousands of troops there to maintain peace and I believe that our relations will continue to improve and prosper.

As this time I insert the speech of Minister H. E. Suh, Suk-Joon in the RECORD so that my colleagues who could not attend the dinner can avail themselves of his timely and thought-provoking comments:

The speech follows:

SPEECH BY H. E. SUH, SUK-JOON, MINISTER OF COMMERCE AND INDUSTRY, REPUBLIC OF KOREA ON "KOREA'S TRADE OUTLOOK FOR THE UNITED STATES AND THE PACIFIC BASIN"

Mr. Chairman, Ladies and Gentlemen:

I would like to begin by saying how greatly honored I am to be given this opportunity to speak before a meeting of the Pan Pacific Community Association. You have distinguished yourself as a leading forum for the discussions of vital issues relating not only to the Pacific region, but to the world economy as a whole.

EMERGENCE OF PACIFIC BASIN

During the last decade, the Pacific Basin has emerged as perhaps the world's most economically dynamic region. The impressive performance of both the United States and Japan is well known. Equally noteworthy is the rise of the so-called Newly Industrializing Countries of the Pacific Basin—Korea, Taiwan, Hong Kong, and Singapore. And moving up rapidly are the region's other fast growing economies such as Indonesia, Malaysia, the Philippines, and Thailand.

Korea's economic relations with the Pacific Basin countries have grown apace with our economic development. At present, these countries provide Korea with 90 percent of its key raw materials, 80 percent of its capital and technology transfers, and a market for 60 percent of its exports. Without the Pacific Basin trade, Korea's economic development would be only a dream.

Now, I would like to explore in greater detail the most important of Korea's Pacific Basin links—namely, that with the United States of America.

This year, as you know, marks the centennial of diplomatic relations between our two countries. America and Korea have come a long way during the last hundred years, both individually and in close cooperation with each other. Our friendship has withstood the test of battle and prospered in times of peace. What began in 1882 as a simple diplomatic relationship between complete strangers has evolved into a multifaceted partnership embracing almost every dimension of human activity.

And we continue to feel the deepest gratitude for America's determination to stand side-by-side with us in defending our lives and liberty. Let me recall for you the eloquent words of Vice President George Bush before the Korean National Assembly in Seoul just last month: "The United States has no intention of stepping aside in Korea so Kim Il-sung can launch another invasion and set the clock back thirty-two years." Likewise, we Koreans will never waver in our firm determination to ensure that the sacrifices of thirty-two years need never be made again.

Today, some 400,000 Americans of Korean ancestry live and work in the United States, adding their own heritage to the rich tapestry of American life. In Korea, tens of thousands of Americans stand vigil at the frontier of freedom and assist the progress of Korean development.

The flow of people between America and Korea is complemented by an even greater commerce in material goods. Every day in Korea millions of people sit down to a meal of American rice while wearing Korean-produced clothing made from American grown cotton. In the United States, millions of housewives outfit their families in Korean textile products, blissfully unaware of such matters as the Multi-Fiber Agreement and the GSP.

Of course, this would not be possible were it not for Korea's emergence as a major trading nation. For two decades, Korea dazzled the world with its phenomenal growth rates. Starting as a typical underdeveloped country, it had, by the late 1970s, become the eighth largest trading nation and an economic powerhouse in its own right. Statistics tell the story: from 1962 through 1982, Korea's exports increased almost 400 times in value terms, while real GNP nearly quadrupled.

RECENT ECONOMIC TRENDS OF KOREA

Then, in 1979, Korea slid into a severe economic downturn, the sharpest in recent memory. In 1980, when the recession bottomed out, real GNP declined 6.2 percent and inflation soared to around 40 percent.

What had happened? A number of factors—most of them externally generated—made themselves felt within a relatively short time frame. But, in addition to external causes, we must frankly acknowledge that the very rapid growth and development of the economy itself led to structural imbalances.

During the last eighteen months, I am pleased to report, we have gone a long way toward restoring Korea to economic health. Our overall strategy has been to emphasize structural readjustment to achieve balanced growth.

Therein lies the key to Korea's long-term economic well-being: striking the right balance between growth and stability. To create a climate of stability, we have exercised tight demand control by holding down increases in the money supply and maintaining a realistic exchange rate. To spur economic growth with minimum inflation, we have done a number of things.

First, industrial realignment has been pursued so as to rationalize management and thus improve international competitiveness. We are also moving to upgrade the productivity, quality control, technological, and manpower training levels of industry in general.

Second, diversification of export and import markets is being continued with increased emphasis on high value-added exports such as industrial parts and components.

Third, greater reliance is being placed on the market mechanism in allocating resources. A more independent private sector is, we believe, a more efficient one as well.

Fourth, the economy as a whole has been opened up to greater foreign capital and trade flows—a process that will be accelerated step by step. Import liberalization will, by making the home market more competitive, help Korean businessmen prepare for the rigors of world competition. Likewise, increased foreign investment, especially

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

technology-intensive investment, will, we believe, help sharpen Korea's competitive edge in world trade.

So far our policies seem to be working. Last year, for example, real GNP rose 7.1 percent over 1980 and the inflation rate was cut to about 12 percent. Just as important, Korea's balance of payments deficit fell from $5.3 billion in 1980 to $4.7 billion in 1981.

As of the first quarter of 1982, progress continues. By last April, inflation had dipped into the single-digit range, 7.4% to be exact. The first quarter of 1982 also saw the current account deficit drop to $441 million, compared with $1,356 million for the same period of 1981. Moreover, industrial production increased 5.4% for the first three months of this year, bettering the 4.1 gain for the same period of 1981.

While these statistics are encouraging, they give us no reason to be complacent. What worries me most is the slower-than-expected growth of exports in recent months. Although exports grew 5.7% in the first quarter of 1982 over the corresponding period of last year, the increase was not sufficient to stimulate sagging business investment.

Export performance is the lifeblood of the Korean economy since it is the only way for us to achieve reasonable growth without aggravating the balance of payments deficit. Our determination to liberalize imports will be very much affected by our export performance. This will also influence our stabilization policy and industrial improvement programs. I am fairly confident that Korea's exports will begin to pick up as our major trading partners start to recover from the current recession.

LONG-TERM PROSPECTS

Over the long-run, Korea's growth prospects are bright. Fortunately our labor force is hard working and highly skilled. Also, it is expected to grow at about twice the rate of population increase during the next ten years. That means there will be fewer mouths to feed in the typical Korean family and more resources available for domestic savings.

In addition to domestic savings, we will continue to require massive infusions of overseas capital in order to carry out technological renovation. However, rapid economic growth should enable us to keep the debt servicing ratio to a safe 12% or so.

With the new, more liberal economic management policies, Korea's business community will be able to respond quickly and effectively to shifts in world economic conditions. This will minimize the risks of excess capacity and industrial imbalance such as we experienced in the last 1970s.

As a result of these and other factors, I expect and believe the Korean economy will be able to maintain a 7% real annual growth rate with single-digit inflation during the 1980s. My estimate naturally assumes that world trade and economic conditions do not substantially deteriorate.

PROTECTIONIST DANGER

Today the Korean-American partnership is being tested anew, not on the battlefield but in the arena of trade and economic cooperation. How we respond to this challenge will determine, in large part, the course of our relations during the next hundred years. Even more importantly, it will set a precedent, for good or ill, affecting America's relations with all the developing countries of the Free World.

One of the most serious aspects of this challenge is the rising protectionist trend in some advanced countries. For all its dynamism, our economy is still a very delicate mechanism, highly vulnerable to adverse world economic currents. During this crucial transition period, the unfavorable impact of such currents is greatly multiplied.

I must stress that the new and more open Korean economy of the 1980s cannot prosper, or even subsist, in isolation from its partners abroad. Protectionism hurts the interests of both developing and developed countries alike. Guided by the free trade principle of GATT, the world prospered for over three decades. Today, that principle is in serious jeopardy. We must not return to the grim days of the 1930s when economic nationalism prevailed over the common good of all nations.

It is important to recognize that Korea, unlike some other countries, seeks no unilateral advantage at the expense of its trading partners. We already run a large balance-of-payments deficit, importing more than we export. This is also the case in our trading relationship with the United States. Our imports from America such as agricultural produce and capital goods can be expected to rise still further in the years ahead.

Nor should we forget that Korea willingly spends 6% of its annual GNP on defending the mutual security of itself and the Free World. I believe that any realistic calculation of economic costs and benefits should take into account this highly relevant fact.

The new and more open Korean economy of the 1980s can only prosper in close cooperation with its partners abroad. I am thinking in particular of the Pacific Basin group of nations, with the United States as its leading member.

Within the Pacific Basin community, Korea occupies an intermediate position between the advanced nations such as the U.S. and Japan and the developing countries.

To the latter, Korea offers the fruits of its own 20 years' experience of development. We are particularly eager to join in assisting our Southeast Asian neighbors in their economic development. This is one good example of how Korean know-how and manpower in cooperation with American technology and capital can promote the economic betterment of the entire region.

As for Korean-American economic relations, I believe my country can cooperate with the United States to assist the reindustrialization program advocated by President Reagan. This can be accomplished by setting up complementary linkages between U.S. and Korean firms. In other words, Korea may supply many of the parts and components which American firms find uneconomical to produce, thereby helping improve overall American industrial competitiveness.

This will free U.S. companies to concentrate on manufacturing the more sophisticated products in which they enjoy a comparative advantage. These goods can then be exported to Korea and elsewhere, boosting American employment and overseas earnings.

Let me also suggest that American and Korean firms cooperate in launching joint ventures in third countries. Excellent prospects for such partnerships exist in Southeast Asia, the Middle East, and the target countries of the Caribbean Basin Initiative.

Since Korea is perhaps America's oldest and closest ally among the developing countries, the entire Third World will be watching to see how the U.S.-Korea relationship develops. This offers a precious opportunity for the United States to reap a harvest of goodwill as well as material benefits. I am confident it will not be squandered.

As we enter the second century of Korean-American relations, we can be proud of what we have both achieved. From the battlefield to the boardroom, our two countries have passed the test of friendship time and again. Let us, therefore rededicate ourselves to the principles which have served us to so well in the past: defense of freedom, mutual cooperation, and fairness in all our dealings with one another. The enduring vitality of these principles will enable us to overcome the challenges of the moment and inspire us to face the future with renewed confidence. Although none of us here today will be around to celebrate the Korean-American bicentennial in the year 2082, my sincere wish is that our descendants will reap the rewards of our present endeavors.

May I ask you all to stand and join me in drinking a toast to the future of Korean-American economic Cooperation, the symbol of cooperation in the Pacific Basin.●

RECOGNIZING OLDEST HIGH SCHOOL GRADUATE IN UNITED STATES

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. BLANCHARD. Mr. Speaker, it is with pride that I bring to your attention a 98-year-old Michigan resident, Mrs Jessie Byam of Madison Heights, who will on May 21 make history when she becomes the oldest person in the entire United States, to our knowledge, to receive a high school diploma.

Mrs. Byam set out 4 years ago to finish her formal education, taking high school courses offered to Madison Heights senior citizens, and will graduate with all "A" grades. She has been a resident of Michigan since 1916, moving here from her native Watertown, N.Y., after her marriage in 1912 to George Byam, a construction contractor who died in 1947.

I congratulate Mrs. Byam on her remarkable accomplishment. Recognition is also due to her teacher, Mrs. Helen Hennessey of the Madison Heights Community Education Department, and the fine senior citizen program sponsored by the city of Madison Heights. Jessie Byam is an inspiration. Education, she reminds us, is not limited by the calendar, but is the product of an open mind and a youthful spirit.

I invite my colleagues to join me in wishing Mrs. Byam every success and our best wishes for the future.●

HEAD START PARENTS APPEAL FOR PROGRAM

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. MILLER of California. Mr. Speaker, I continue to get letters from Head Start parents who both testify to the ways in which this program has dramatically improved their lives and those of their children, and express their concerns about Head Start's future. We know that Head Start works; that Head Start is cost effective. And yet, even today, it serves only 25 percent of the eligible children, and faces substantial erosion from inflation and cutbacks in supportive services (CETA, title XX, child care food, medicaid). We need to listen to the parents of Head Start children and keep this exemplary program working. Another letter from a Head Start parent follows:

HEAD START PARENT—LETTER

I have some very strong feelings about Head Start. My child has celiac disease and behavior problems related to this disease. But through Head Start we have been able to learn how to help him overcome his problems. He also has speech problems which they are working with and showing us how to work with him so he can talk normally. Hopefully, when he starts school in the fall he won't be labeled "retarded" because of his problems.

Head Start has also given a complete dental, vision, hearing, speech, medical, and psychological screening by qualified specialists to all children enrolled in Head Start. Many of these children would never have had these things without Head Start. It has also helped many children with much more serious problems get the proper treatment for these problems. Scott has been one of these children. He was referred to Mercy Hospital in Kansas City for more indepth evaluation. He is presently being seen in several specialty clinics. They are trying to find out if there is a physical cause for his behavior problems and also why he is not growing well.

Every time the teacher sees Scott, she also leaves learning aids with us. She shows us how to help Scott learn his fine motor ability. Without these aids I know that he would not be doing very well in these areas. He is very difficult to teach because he has such a short attention span, but he really enjoys everything they do in Head Start. The program really has helped him to develop at a more normal rate.

I think that without Head Start Scott would not be ready for school in the fall. I really like this program because it not only teaches the child, but the parent as well.

I am hoping that you are as concerend about the youth of America as I am and will help keep Head Start going as it is today.●

THE DEATH OF CHARLES FROESSEL

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. ADDABBO. Mr. Speaker, it is with great sorrow that I bring to the attention of my colleagues the death of a dedicated public servant and an old friend, Charles Froessel.

Charlie was a former associate judge of the New York State Court of Appeals, a special assistant to the U.S. Attorney General in New York City, and a former justice of the New York Supreme Court. In a legal career that spanned nearly 70 years, Charlie proved himself to be a man of great integrity, intellect, and compassion.

Charlie was born in 1892, and grew up in Williamsburg, N.Y. He began working at the age of 13, with the death of his father, and finished high school at night. He then worked his way through college, and graduated from New York Law School in 1913. His first job was as the counsel to the sheriff of Queens County, and then as assistant district attorney for Queens County. Charlie left the bench at the mandatory retirement age of 70 in 1962, but still remained active in legal and civic affairs. He was appointed to a Governor's commission, and served as acting dean of New York Law School and chairman of the school's board of trustees. He traveled extensively, always curious about other judicial systems.

Charlie was always very active in civic and community organizations, and gave of himself tirelessly in everything he approached. His dedication is a fine example to all of whom will follow as servants of the people. He will be sorely missed by all of us who knew him, and by all of those whose lives were touched by his work. My prayers and deepest sympathies go to his family and friends in their loss.●

STEEL IMPORTS AND OUR DECLINING DOMESTIC STEEL INDUSTRY

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. WALGREN. Mr. Speaker, I wish to express my grave concern for the steady and serious decline of our steel industry, and my belief that the industry is in need of immediate attention. Our steel industry—an important component of America's industrial and defense base—is continuing to deteriorate and to put workers into unemployment lines.

Foreign steel producers have been saturating our markets with their steel which they sell at prices lower than domestic prices because much of these imports are government-subsidized products. At present, the penetration rate of foreign steel in the United States exceeds 25 percent, an all-time high. This means that 1 out of 4 tons of steel consumed in the United States is currently produced in foreign mills.

This makes very little sense at a time when the Nation is suffering from an unemployment rate nearing 9 percent, and unemployment in the specialty steel industry is hovering at 25 percent. Nationally, 116,000 steelworkers are unemployed as of April 24, with 91,000 on indefinite layoff, and 25,000 working less than a full work week. In the Pittsburgh area, where steel is a vital part of the economy, the community is suffering from the layoff of 33 percent of all steelworkers.

Steel mills are operating at lower than 50-percent capacity which of course leads to higher manfacturing costs and begins the vicious cycle once more.

These figures document the need for the administration to strictly enforce U.S. fair trade laws and international agreements.

In response to this need, I, and 93 of my colleagues, have cosponsored House Concurrent Resolution 342 that states that Congress will not allow these blatant violations of fair trade laws to continue. The resolution expresses the need to expedite the processing of 92 countervailing and antidumping suits which were filed by various steel companies against foreign steel-producing nations. It also expresses the intent of the Congress that we will strengthen existing trade laws if necessary in order to rescue our declining steel industry.

In recent weeks, I have taken other steps to put steelworkers back to work:

In December 1981, I wrote a letter to William Brock, the U.S. Special Trade Representative, urging him to act directly on the joint petition filed by the Specialty Steel Industry of the United States and the United Steelworkers of America, asking for relief from the surge of specialty steel imports.

That same month, I asked President Reagan to reactivate the Steel Tripartite Committee, the committee formed during the Carter administration. The committee, composed of representatives of industry, labor, the administration, and environmental groups, worked together to address the problems of the industry and recommended a number of approaches to resolve those problems.

In February, I also cosponsored a bill to establish domestic steel content requirements for motor vehicles sold in the United States, thereby enabling consumers to support and invest in American products and the American economy.

More recently, on May 3, I asked President Reagan to establish quotas limiting imports of specialty steel products. These imports have flooded our market and caused specialty steel in the United States—a modern, efficient, productive industry—to be threatened with imminent and permanent damage.

On that same day, I again wrote to Ambassador Brock, this time inquiring about the administration's plans to deal with the recent award of a major subway car contract by the New York City Transit Authority to Kawasaki, a major Japanese corporation. And on May 12, I asked the New York delegation to the House to take steps to insure that the New York City Transit Authority gives full consideration to American companies in their planned purchase of another 825 subway cars.

It is my hope that we can stop the decline of one of America's greatest industries, and to foster a climate of fair trade in all areas where subsidized imports are harming domestic industries and jobs.

I am pleased to share with my colleagues the letters I have written.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 8, 1982.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am writing to urge that you request the Secretaries of Labor and Commerce to reconvene the Steel Tripartite Advisory Committee on the United States Steel Industry. As you know, the committee was established in July 1978 with bi-partisan support and renewed in January, 1981. Although the committee has existed for almost four years, it has not met since you took office.

The Steel Tripartite Advisory Committee was created under the Federal Advisory Committee Act to advise the President on problems and prospects in the steel industry. It was a unique approach to an industry's problems because it brought together management, labor and government in a cooperative forum to develop recommendations addressing the underlying problems of an industry beset with a wide range of difficulties and challenges. The committee addressed and made recommendations on trade and trade adjustment questions, tax policy, technological research and development, environmental protection and controls, occupational safety and health, and structural readjustment. Several of these recommendations have been implemented, particularly in the tax and environmental areas, but several areas need immediate attention.

Steelmaking is the foundation for a substantial portion of our industrial base. Metals continue to be essential to industrial production and steel represents about 90% of all metals consumed. As the Tripartitie Committee reported in 1980, "The problems of the industry reflect failing on the part of government, management and labor. None has been sufficiently responsive to the changes affecting the industry. All share responsibility for contributing to a more vital industry."

While Congress has made some changes in the tax laws and clean air requirements to encourage investment in modernization, the problems the industry faced in 1980 when the Committee reported remain:

Unemployment is at 8.3 percent, having grown from 4.4 percent in 1978.

Steel imports in January represented 26.6 percent of total shipments. In 1981, steel imports represented 19 percent of all shipments. In 1976, that figure was 14 percent.

Capacity utilization is at 77.7 percent, down 10 percent from 1979 levels.

Interest rates are at an unprecedented 18.9 percent, up from 6.8 percent in 1976.

As a House Energy and Commerce Committee investigation recently found, high interest rates are depressing car and appliance sales, and thus contributing to the steel industry's plight.

The industry's situation is the result of problems that have been building for several decades. A coordinated, integrated, long-range approach is vitally necessary. I believe that the complexity of the problems facing the industry and the responsibility for all sectors to contribute to their solution make the Tripartite Committee approach crucial. The Committee's work so far represents a historic labor-management-government product finely-crafted by parties who usually seem to work against each other.

I am pleased that on March 29 Secretary of Commerce Malcolm Baldrige indicated his support for reconvening the Tripartite Committee. The United Steel Workers have also testified in support of reinvigorating the Committee. I hope you will act promptly to see that the Steel Tripartite Advisory Committee resumes its important work.

Sincerely,

DOUG WALGREN,
Member of Congress.

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS OF THE COMMITTEE ON ENERGY AND COMMERCE,
Washington, D.C., May 3, 1982.

Hon. RONALD W. REAGAN,
President of the United States,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing to ask you to take action under the authority vested in you under Section 301 of the Trade Act of 1974, as amended, to impose immediately, limitations on imports of specialty steel products.

As you may be aware, the Subcommittee on Oversight and Investigations of the House Committee on Energy and Commerce has been conducting a six-month investigation of the crisis faced by the domestic carbon and specialty steel industries. During the course of this investigation the market conditions faced by the specialty steel firms have steadily deteriorated to the point where the entire industry is threatened with imminent, permanent damage. The staff investigation to date has led us to concur with the sworn testimony of Richard Simmons, of Alleghany-Ludlum Steel, that if you take the full time period permitted you under Section 301 to make your decision, "the industry will not be recognizable."

The data is clear. Testimony from both industry and labor document the fact that the domestic specialty steel industry is being materially injured by imports from countries designated in the Section 301 petition filed by the specialty steel industry and the United Steelworkers of America. The same is true for imports from other countries not named in that petition.

Imports of specialty steel are at record levels and growing weekly. The imports of major specialty steel product lines in the fourth quarter of 1981 were as follows:

	Percent
Alloyed tool steel	43.7
Stainless steel rod	55.5
Stainless steel bar	27.0
Stainless steel sheet and strip	14.6
Stainless steel plate	9.9

Imports in January 1982 were higher for every product category than in the fourth quarter of 1981.

These imports are having a disastrous effect on the industry and its workers. Total man hours worked by production and related workers dropped from the first quarter of 1980 to the fourth quarter of 1981 by 35 percent. Capacity utilization has dropped to 47 percent. No industry, regardless of how technologically efficient, can possibly continue production for any extended period of time at only 47 percent of capacity.

It is absolutely clear that specialty steel in the United States is a modern, efficient, productive industry. The Office of Technology Assessment and outside experts who have provided testimony before the Subcommittee are in clear agreement on that point. As enunciated by Ambassador Brock, your trade policy seeks to help such industries survive.

However, under Section 301 you have until early November to make your decision in this case. We are deeply concerned that if you wait until then to make your decision, far deeper, permanent and irreversible injury will occur. The only reason the specialty steel industry faces the problem confronting these firms today has been the targeting of the U.S. market by foreign producers whose government subsidies permit them to sell in the U.S. market below their cost of production. We believe prompt action is both necessary and justifiable.

A final consideration which you should take into account is the indisputable fact that the specialty steel industry is absolutely essential for our national defense. If significant numbers of specialty steel firms are forced to enter a shutdown mode because your Administration has not provided timely relief from unfair imports then it is entirely possible that the United States will be faced with the choice of relying on foreign producers for vital components to our national defense or rebuilding the industry under government auspices. We are sure that you concur with us that such a foolhardy and wasteful predicament is something that the country should avoid if at all possible. It you act quickly within the authority available to you under Section 301 we can avoid this Hobson's choice, as well as provide the relief that the industry, its workers and communities dependent on its health are entitled to under the law.

Specifically, we proposed that you announce annual import limitations for the five product categories of stainless and alloyed tools steel based on the average level of imports in each category from 1970 to 1974. The limitations should continue in effect for a period of five years or until successful action is taken to neutralize the effects of foreign government subsidies in our marketplace.

We sincerely hope that you share our deep concern about the future viability of this industry and will act promptly to avoid endangering our national defense and to end the suffering experienced by workers and communities which rely on a healthy specialty steel industry for their economic well being. We look forward to your prompt decision.

Sincerely,

DOUG WALGREN,
Member, Subcommittee on Oversight and Investigations.
JOHN D. DINGELL,
Chairman, Subcommittee on Oversight and Investigations.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 3, 1982.
Ambassador WILLIAM E. BROCK,
U.S. Special Trade Representative,
Washington, D.C.

DEAR BILL: I am writing to inquire about the Administration's plans to deal with the Japanese sale of government-subsidized subway cars to the New York City Transit Authority. This sale was reported in the March 19 Wall Street Journal and the April 2 Washington Post. According to the Post article, an unnamed Administration spokesman indicated that "the administration has no plans to take any action in the Kawasaki case."

The rise in steel imports and unemployment in the last two years and the general deterioration of the economy, in my view, demand that the Administration begin tough enforcement of our fair trade laws. As you know, The House Energy and Commerce Subcommittee on Oversight and Investigations, on which I serve, is conducting an in-depth investigation of the problems of the steel industry. In our hearings, we have found that imports are at all-time highs—25 percent penetration—that the steel industry is currently operating at about 52 percent of capability, and that there are over 116,000 employees on layoff or short workweeks.

The award of this contract to Kawasaki could set a dangerous precedent. It is well-known that the major attraction to Kawasaki's bid was the Japanese government's offer to provide $126 million in financing at the lower interest rate of 12.25 percent, while domestic producers must contend with the U.S. prime rate of 16.25 percent. We cannot expect our industries to compete with foreign subsidization. This kind of policy only encourages foreign countries to saturate the U.S. with subsidized imports that harm domestic industries and jobs.

This contract will particularly adversely effect America's specialty steel industry, which already suffers from an unemployment rate nearing 25 percent, although it is the most technologically advanced and efficient special metals industry in the world.

I would appreciate knowing what steps the Administration plans to take on the Kawasaki contract, specifically whether you have determined if subsidization has taken place and what U.S. trade laws and the General Agreements on Tariffs and Trade have been violated. I would hope too that the Administration would take the lead encouraging state and local governments to "Buy American," and that the federal government set an example by purchasing domestically produced steel for federal projects.

I look forward to hearing from you.

Sincerely,

DOUG WALGREN,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 12, 1982.
Hon. JOSEPH ADDABBO,
Rayburn House Office Building,
Washington, D.C.

DEAR MR. ADDABBO: The New York Metropolitan Transit Authority will soon place an order for 825 new subway cars (a commitment of over one billion dollars representing tens of thousands of months of new employment).

Whether or not this employment goes to a foreign source will largely depend on the weight the transit authority gives to more generous financing terms offered, directly or indirectly, by foreign governments. As you know, this is a controversial indirect subsidy which many believe will trigger "countervailing duties" under the federal trade laws—which would essentially wipe out any advantage that a foreign source may appear to have.

In view of the widespread unemployment in America, and the interest that our public has in investing their dollars in America, I want to respectfully ask you to take every possible step to assure that the New York Transit Authority gives maximum consideration to awarding this contract to American sources.

I appreciate any help you may be able to give in this regard.

Sincerely,

DOUG WALGREN,
Member of Congress.●

DISCLOSURE OF NET WORTH

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. RATCHFORD. Mr. Speaker, as I have done every year since 1971, when I was a member of the Connecticut Legislature, I am today disclosing a statement of my net worth and an accounting of income and taxes paid for calendar year 1981. While I realize this disclosure goes beyond what is required by law, I feel that such an accounting is a responsibility of public office.

The following is a statement of assets, liabilities, and capital as of December 31, 1981, and a statement of income and taxes paid for tax year 1981. This statement covers myself and my wife Barbara J. Ratchford:

FINANCIAL STATEMENT OF WILLIAM R. RATCHFORD

The following is a statement of assets, liabilities and capital as of December 31, 1981, and covers both William R. Ratchford and his wife, Barbara J. Ratchford:

	Amount
1981 income:	
William R. Ratchford, salary, U.S. House of Representatives	$60,662.50
William R. Ratchford, partnership share law firm of Papazoglou, Ratchford & Garamella[1]	1,388.88
Barbara J. Ratchford, salary, Danbury Board of Education	15,695.39
Barbara J. Ratchford, salary, Arlington County Board of Education	1,927.98
William and Barbara Ratchford, rental income, summer home, Nantucket, Mass	3,900.00
William and Barbara Ratchford, rental income, residence, 2 Johnson Dr., Danbury, Conn	3,000.00
William, Barbara and sons, interest income, savings accounts	101.09
Total, income	86,675.84
1981 Federal income taxes, joint return	20,344.17
Assets:	
Cash:	
Checking account, Connecticut Bank & Trust (William and Barbara)	3,493.24
Savings account, Connecticut Bank & Trust (William and Barbara)	$175.30
Savings account, Connecticut Bank & Trust (Barbara and Scott)	10.30
Savings account, Connecticut Bank & Trust (Barbara and Brian)	226.63
Savings account, Connecticut, Bank & Trust (Barbara and Shaun)	123.50
Savings account, Wright Patman Federal Credit Union (William)	47.06
Share draft account, Wright Patman Federal Credit Union (William)	26.75
Checking account, First American Bank, Arlington, Va. (William and Barbara)	18.31
Automobile: 1981 Chrysler K-car	6,725.00
Household furnishings:	
Danbury, Conn., and Arlington, Va., homes	10,000.00
Nantucket summer home, Nantucket, Mass	7,500.00
Other:	
Teacher's retirement, Barbara Ratchford	13,193.32
Congressional retirement fund, William Ratchford	13,939.27
Real estate:	
Home, 2 Johnson Dr., Danbury, Conn. (market)	87,000.00
Summer home, Nantucket, Mass. (market)	150,000.00
Total, assets	292,478.61
Liabilities:	
Mortgages:	
Danbury home, Danbury Savings & Loan	43,045.73
Nantucket summer home, Nantucket Savings Bank	42,097.21
Danbury home, Commercial Credit, second mortgage	24,136.06
Notes payable: Wright Patman Federal Credit Union	3,870.56
Total, Liabilities	113,149.56
Total, net worth	179,349.05

[1] Law firm dissolved in January 1977. Fees are from 1981 settlements of partnership cases at the time of dissolution.●

TRIBUTE TO REVA BARNES

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. FORD of Michigan. Mr. Speaker, it is with great pride and admiration that I rise today to honor a great friend and teacher from my district, Mrs. Reva Barnes, on the occasion of her retirement from the Taylor School District.

Reva Barnes has devoted 44 years of her life to teaching, 34 of them in the Taylor School District. She began her teaching career in 1936 in Duffield, Va. From there she came to the Taylor public schools where she taught at every level except kindergarten. The latter part of her career she spent teaching mathematics at Taylor Center High School, a post she accepted when the building opened.

Reva has volunteered her time first for the Taylor Federation of Teachers as treasurer, high school vice president, and building representative. She is also a former board member of the Taylor Community Credit Union.

I am very proud to have had the opportunity to work with Reva on a number of occasions, and I am sure I join many former students and colleagues in expressing our deep appreciation and very best wishes for a happy retirement.●

A TRIBUTE TO MRS. MITSU SONODA

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. MATSUI. Mr. Speaker, on behalf of my esteemed colleague, Representative NORMAN MINETA, and myself, I rise in tribute to a distinguished member of the southern California Japanese American community, Mrs. Mitsu Sonoda, who will be honored at a testimonial dinner on June 5 by the Pan Asian Chapter of the Japanese American Citizens League.

A native of Salinas, Calif., Mitsu Sonoda was educated at Hartnell College in Salinas and at the Keisen Girls School of Tokyo, Japan. The mother of three daughters, Cathleen Gail and Lisbeth Ann Sonoda, and Margaret Jean Asuncion, Mrs. Sonoda is the wife of Dr. Koyoshi Sonoda of Los Angeles.

Mrs. Sonoda has been one of the most active members of her community. Among her many accomplishments has been service as a commissioner of the Los Angeles Municipal Arts Commission, from 1973 to 1980, and service on the Cultural Affairs Commission in 1980.

Over the past three decades she has given unselfishly of her time to a great many community projects and activities, including work in the JACL and on many committees and councils for the performing arts, the Los Angeles bicentennial celebration, the United Way, senior citizens, the PTA, Brownies, Girl Scouts, the Girls Club, and many other worthy endeavors.

Her memberships and past affiliations include work with 31 different organizations. She has received a long list of citations and awards, including commendations from Los Angeles Mayor Tom Bradely, Supervisor and former Congresswoman Yvonne Brathwaite Burke, and the California State Assembly.

Mitsu Sonoda's life is filled with endless examples of what one woman, with energy and dedication, can do to make her community a better place in which to live. This exemplary citizen has been an inspiration to all who have had the privilege of knowing her and benefiting from her work.

The Pan Asian JACL could not have made a finer choice for their annual testimonial dinner award. Congressman MINETA and I are proud to add our voices to the many who are paying tribute to an outstanding Californian and American, Mrs. Mitsu Sonoda.●

REAGAN ENERGY POLICY

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. CORCORAN. Mr. Speaker, the cornerstone of President Reagan's energy policy is one of allowing the free market the opportunity to act rather than establishing Government programs and controls. This policy has my full support, and I commend this administration for its efforts to decrease the role of Government in the energy area.

On May 1, the New York Times published an article by Danny J. Boggs, one of President Reagan's top energy advisers. In this perceptive article, Mr. Boggs states that ". . . free decisions are almost invariably wiser than coerced ones, and the best decisions are made by those who feel their effects, not by bureaucrats issuing orders while insulated from the outcome." I could not agree more.

Mr. Speaker, for the benefit of our colleagues, I will insert at this point in the RECORD the text of the May 1, New York Times article by Danny J. Boggs.

REAGAN ENERGY POLICY

(By Danny J. Boggs)

WASHINGTON.—In early 1981, United States energy policy changed markedly. Reliance on manipulation of prices and Government regulation was replaced by an emphasis on market response as the best avenue to stable energy supplies, free of undue dependence on foreign sources of petroleum. As a result of these policies, perhaps the only Washington figures more pitiable than the energy lawyers, unemployed in droves, are the energy journalists, now frequently reduced to covering plane crashes and other real-world events rather than reporting administrative shadow-boxing with the ever-elusive "crisis."

To get a real feeling for the remarkable change in our energy situation, we must look at the actual statistics for the first year of the Reagan Administration, which have now become available.

The United States' net oil imports fell to 5.1 million barrels per day, less than one-third of our total consumption. This was down more than one million barrels a day from the year before, and down 3.5 million barrels per day from 1977.

Total consumption of oil products also fell by more than one million barrels per day.

Oil production outside of Alaska began to increase for the first time in a decade, as the number of oil wells drilled increased 40 percent in one year, and the number of operating drilling rigs increased by more than 1,000 after complete decontrol of oil prices.

Total consumption of energy fell by more than 2 percent, while Americans were able to produce over 4 percent more real goods and services with each unit of energy.

Our net imports of all forms of energy were less than 13 percent of our total use of energy, the lowest since 1972.

Since the President's decontrol decision, and despite the cries of some critics (Senator Howard M. Metzenbaum of Ohio predicted $2 per gallon gasoline by the end of 1981), the price of all petroleum products has declined in real terms. The world price of oil is down almost 20 percent in real terms, in important part because the United States no longer is subsidizing petroleum imports and restraining petroleum production. Gasoline prices have fallen almost 20 cents per gallon, and oil company profits are generally declining. These results would have been thought to be impossible without controls, but they are perfectly consistent with Reagan energy policy.

Finally, this Administration has made enormous advances in creating a strategic petroleum reserve that is truly a deterrent to interruptions in supply, and would be highly useful in the event of shortages.

In the four years before the inauguration of Ronald Reagan, barely 100 million barrels had been placed in storage. In less than a year, this amount was more than doubled, and the strategic petroleum reserve now contains more than 250 million barrels, an amount equal to more than 140 days of crude oil imports from Arab members of the Organization of Petroleum Exporting Countries.

In an effort to deflate the obvious significance of these facts, several alarmist "explanations" have been given, primarily that these are simply the results of recession and higher prices caused by President Reagan. That won't wash.

Economic growth in 1981 was actually higher than was projected in the last predictions made by Jimmy Carter's *Department of Energy*, in January 1981, and the prices of petroleum products were lower. These two conditions should have worked to create more consumption and more imports, yet imports in 1981 were actually 1.5 million barrels per day lower than projected, which saved Americans from sending some $20 billion overseas.

In short, these improvements in the energy situation must be attributed almost entirely to the individual efforts and initiatives of American producers and consumers. These improvements did not result from implementation of some Government master plan. They were the outgrowth of Reagan energy policies, though there were no visible ribbon-cuttings or regulatory mandates that could be identified as the explicit causes.

In fact, this is not so surprising. A bit of reflection will indicate that free decisions are almost invariably wiser than coerced ones, and the best decisions are made by those who feel their effects, not by bureaucrats issuing orders while insulated from the outcome. This wisdom is the heart of the Reagan energy policy. As shown by facts rather than symbols, that policy is working.

This does not indicate that energy is no longer worth thinking about, either by citizens or by the Federal Government. It does mean that concern is best expressed, and our energy situation can best be improved, by the actions of free Americans rather than by Government programs and controls.●

"BIZZ" JOHNSON TRAIL

HON. GENE CHAPPIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. CHAPPIE. Mr. Speaker, I would like to make note in the RECORD of the long and admirable history of public service displayed by former northern California Congressman Harold "Bizz" Johnson.

Because of the many contributions Congressman Johnson made to the general well-being of the constituents in his district, I think it is highly appropriate that this body designate the Susanville-Westwood Rails to Trails Project in Lassen County, as the "Bizz" Johnson Trail.

During his long career as a public servant Congressman Johnson served on the city council of Roseville, Calif., and later as mayor of that community. During his years in the California Senate, Congressman Johnson was highly regarded by his legislative peers for his hard work and fair policies. He was an aggressive advocate on behalf of northern California interests while keeping in mind the necessity of working with his fellow legislators for the general good of all Californians.

That is a political philosophy that Harold "Bizz" Johnson brought to the House of Representatives. He soon established a reputation for knowing the issues and advanced to the chairmanship of the Public Works and Transportation Committee. As chairman of that committee, Congressman Johnson brought many projects and improvements to northern California.

This resolution, H.R. 861, is a fitting reminder to all Californians that Congressman Johnson did much to improve their environment. This trail will allow Californians and all Americans to hike through some of the most beautiful forest areas of our country.●

PEN ARGYL CENTENNIAL

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. RITTER. Mr. Speaker, I would like to share with my colleagues in the Congress and with the American people some historical background about the town of Pen Argyl. Pen Argyl—pronounced Pen R'Jill—is located in Northampton County in an area known as the "Slate Belt" in the 15th Congressional District of Pennsylvania. Living in the heart of that Pennsylvania Slate Belt, Pen Argyl inhabitants number 3,600 strong. Pen Argyl was incorporated as a borough on June 12, 1882. The town evolved primarily around the slate industry. Early settlers were English, Welsh, German, and Italian. The people today—a special blend of the abovementioned ethnic mixes—make Pen Argyl a unique small town.

Traditionally, Pen Argyl people are independent. They work to fulfill their own needs. The same spirit that prevailed during the depression, when people would band together to cut wood in the mountains and share it with the entire neighborhood, prevails today. Over the years, many examples of strong community pride can be cited. Weona Park, the town park, stands today as a testament to Pen Argylites who donated their time and money to make it a beautiful and clean recreation area. The effort made to provide new Christmas lighting without using tax money was another example of the town working together. And, if someone is in need, it will be filled in Pen Argyl.

Pen Argyl people are sincere in their concern for others. During World War II, troop trains used to stop in town. If the movements were secret, nobody told Pen Argyl. The entire town engulfed the trains, showering the servicemen with unbelievable amounts of food, clothing, and love.

If someone walked into Pen Argyl today, they would certainly be surprised at the sights. Keystone Cops, women in long calico and gingham checked dresses, and bearded men roam the streets. One blinks, reassures himself that this is 1982, and then wonders, what the devil is going on? Confusion mounts upon hearing phrases such as "Hello, brother Jim" and "Good morning, sister Carolyn." The sense of community kinship is refreshing and the friendships are sincere. But how does one explain the strange appearance of the townspeople? To the visitor's relief, the local newspaper "The Town Topics" trumpets the news—Pen Argyl is preparing for their centennial.

In observance of the Pen Argyl Centennial I would like to formally recognize the people and the town of Pen Argyl as the centennial celebration approaches. I applaud Pen Argylites for their hard work, dedication to their families, and their community spirit. Those people who hail from Pen Argyl speak of their town with warmth and affection. There is a strong sense of "belonging" in Pen Argyl. Primarily a residential community, Pen Argyl's main industries are slate and garments. The Pen Argyl High School anthem aptly describes the town as "nestled in the Blue Ridge Mountains, neath the azure sky." Many have described Pen Argyl as "idyllic and scenic," "a town where I want my children to grow up," or the "hub of the Slate Belt." Still others simply and contently refer to Pen Argyl as "home."

So ring the bells for ole Pen Argyl, paint the town as n'er before.

I know my colleagues in the Congress offer their wishes along with my own for a joyous centennial celebration to all Pen Argylites.●

A TRIBUTE TO PAUL HUGHES AND PHILIP SHERIDAN

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. GRISHAM. Mr. Speaker, Monday, May 17, 1982, Gallaudet College held its 118th commencement exercise. I would like to take a moment to pay tribute to the recent graduates. Gallaudet College was established by an enabling act passed by Congress and signed into law in 1864 by President Abraham Lincoln.

The college has distinguished itself by its outstanding graduates whose accomplishments have been recognized nationally and internationally. Gallaudet affords many of our hearing impaired and deaf youths the opportunity to attend one of the finest learning institutions in the world.

Two of the more eminent graduates reside in my 33d Congressional District. I am especially proud of Paul Rene Hughes of Whittier and Philip Dean Sheridan of Downey. These two fine young men exemplify the caliber of students that attend Gallaudet. I know I join with my colleagues in the House and all my constituents in congratulating Paul and Philip. In future years they are sure to bring honor to Gallaudet and to the United States.●

LEO W. O'BRIEN—A FRIEND OF THE TERRITORIES

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1982

● Mr. WON PAT. Mr. Speaker, I thank our colleague, Congressman SAMUEL S. STRATTON, for taking this special order to [illegible] tribute to the late Congressman, Leo W. O'Brien of New York.

I came to know Congressman O'Brien quite well when he served as chairman of the Subcommittee on Territorial Affairs in the House during the 1960's. I was then Speaker of the Guam Legislature and in that capacity, had many opportunities to testify before this remarkable man and ask for his support on legislation in the interest of Guam.

It is a reflection of his great concern for Americans in the territories that Congressman O'Brien took great interest in our problems and worked long and hard to help us develop a sound economic base. The success of Guam is in part due to the concern of Congressman O'Brien and the support which he gave us on so many occasions.

As a testament of our affection for this wonderful humanitarian, we on Guam named one of our major thoroughfares after him and today, O'Brien Drive is used daily by thousands of islanders. I hope that this road will continue to serve as a living testament to a man who was genuinely concerned about the needs of our island.

Today, many years later, I hold the same position as Congressman O'Brien. As chairman of the Subcommittee in Insular Affairs, I strive always to remember the deep and abiding concern of my predecessor and pray that I can live up to the excellence which was always reflected in the efforts of Congressman O'Brien to help the territories. My presence in the Congress today is due to the help of many great Members of this esteemed body, and Congressman O'Brien was a very important Member of that group of dedicated representatives who believed that the principles of American democracy should be extended to all Americans who live in the territories.

He was a great American and a great Congressman. On behalf of the people of Guam, I say a sad goodby to a man who was truly our friend. He will long be remembered in Guam with great fondness and I offer his family my sympathy and respect on this sad occasion. Thank you.●

CANADA'S SELF-DESTRUCT ENERGY POLICY

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. CORCORAN. Mr. Speaker, the Canadian Government's energy policy has for some time emphasized heavy government involvement. This approach contrasts sharply with the approach taken by the Reagan administration, and I think it is informative to compare the results of these two opposite approaches.

On May 9, the New York Times published an article by Paul W. MacAvoy, Frederick William Beinecke, Professor of Economics at Yale University. In this revealing article, Mr. MacAvoy describes the declining production of oil and gas in Canada while production rose for the first time in a decade in the United States. MacAvoy discusses other results of these two opposite approaches, and I commend this article to our colleagues.

Mr. Speaker, for the benefit of our colleagues, I would like to insert at this point in the RECORD the text of the May 9 New York Times article by Paul W. MacAvoy.

CANADA'S SELF-DESTRUCT ENERGY POLICY

A radical experiment in political economics is under way north of the border, and the first results do not seem encouraging. During the 1970's, the Canadian and American Governments developed energy policies along the same lines, but over the last year and a half their ways have parted.

As the Reagan Administration's oil and gas policies moved away from price controls in early 1981, the Trudeau Government imposed significant new production taxes and wide-ranging price controls on crude oil and natural gas. The Canadians called for nationalization of several large oil and gas companies and for discriminatory taxes against foreign producing companies—principally American.

Both countries justified their new policies on national security grounds, with the goal being to reduce imports and thus the effects of future oil embargoes. Now, it appears Canada took the wrong course.

Over the past two weeks, Canada has suffered two significant setbacks—the Canadian natural gas pipeline was postponed for two years, and the last two companies pulled out of the $13 billion Alsands heavy oil project, effectively ending it. Both of these projects were considered critical for meeting Canada's goal of increased energy self-sufficiency, but as discouraging as these cancellations are, the results of the country's energy policies are even worse.

Canada's new approach to energy was embodied in the National Energy Program of October 1980. Marc Lalonde, Canada's Minister of Energy, Mines and Resources, said in his introductory statement that its purpose was to "establish the basis for Canadians to seize control of their own energy future through security of supply and ultimate independence from the world market." To achieve this, the program has had four main parts—price controls, taxes, conservation measures, and nationalization of production.

Under its price controls, domestic production was first held to $20 a barrel. Its price was then combined with that of imports, at more than $30 a barrel, and the Canadian oil sold to refiners at the average of those prices. Since Canadian refiners and consumers ultimately pay a price lower than the import price, the "blending" acts as a kind of subsidy. It can be expected that the subsidy will induce Canadian consumers to buy even more of those high-priced imports. How this adds to national security is totally obscure.

Canada's price-control system on natural gas allows producers the equivalent of $6 a barrel for their gas, a level the Government has said is an "ample price incentive for new gas production." But if the Government says it has provided enough incentives to stimulate supply, it also concedes that its restrictions on consumer use are excessive. The National Energy Program drastically reduces demand for gas, since it allows sales to consumers only in those sparsely populated areas in western Canada, plus those served by an inadequate pipeline to eastern Canada.

The new policy also severely curtailed exports to the United States. Were more gas available to this country, at competitive prices, then the Canadians would substantially increase their much-needed flow of foreign exchange, which they then could use to pay for crude imports.

The energy policy's taxes on oil and gas were initially set at 8 percent of a producer's revenues (they are now 12 percent), but the taxes were effectively reduced by direct Government production subsidies. Here is where "Canadianization" comes in: The subsidies for exploration and development are two to three times greater for companies owned by Canadians than for foreign companies. Thus, given the price controls, the taxes and the development subsidies, the incentive for the international oil corporations has to be to sell out to Canadian interests rather than try to compete for costly drilling and operating resources with that disadvantage.

The Canadians believe that the sellout should allow them to reach the goal of at least 50 percent Canadian ownership of oil and gas production by 1990. At the same time, they say they do not think the departure of American and other foreign companies will hinder further technological development, because Canadians are assumed to be as good at energy development as are the foreigners.

This, however, is a fallacy. The technology of deep-well and offshore drilling, particularly in cold climates, is born in the far corners of the world and then transferred to a country like Canada through multinational corporations. The fact is that Canada's energy policy will cut off the competitive edge in new technology just when it is most needed.

The consumer also has a role in Canada's energy policy. He is now required to cut back on petroleum use, allowing imports to be cut by 330,000 barrels a day in this decade.

And to help the consumer, the Government will pay 50 percent of the conversion costs of a fuel-oil furnace and up to $400 for each automobile converted to propane. Industrial consumers have targets set for them as well, with the most energy-intensive users required to maintain long-term "zero growth."

As good as these measures may sound, there is little indication as to how these targets will be achieved in reality.

What has happened since the National Energy Program in Canada and Reagan decontrol in the United States? For the first time in a decade, production of crude oil within the continental United States rose. Drilling of new wells increased 40 percent, and the number of operating rigs hit a record high. Matching this increase, continued decreases in per-capita consumption caused crude imports to decline by as much as half a million barrels a day.

In Canada, on the other hand, 1981 production of crude oil and natural gas fell 10 percent and 4 percent, respectively. Exploratory activities declined by 20 percent in western Canada, as companies either moved to the far North to obtain production incentive payments or left the country entirely.

While $4 billion to $5 billion was spent on drilling, $7 billion dollars left Canada as Canadian companies bought out foreign interests.

The outlook is for another 25 percent reduction in well completions this year. Thus, more than half the rigs in the country during 1980 will have left by the end of 1982, principally for the United States.

But consumption and regulation continue unabated. Per-capita oil use, adjusted for Canada's recession, continues at the rate of the late 1970's.

If the northern projects fail, as the $13 billion Alsands heavy oil project did, then Canada will be importing half of its crude by the end of the decade. Since the United States should be importing only 10 percent of its crude by that time, the Canadians will likely come to us for help in the next embargo. Let us not be of assistance, given that they've wrecked their markets and expelled efficient United States companies. Let them freeze in the dark.●

INTRODUCTION OF A BILL TO PROVIDE RELIEF TO HOMEOWNERS FROM THE HAZARDOUS EFFECTS OF UREA-FORMALDEHYDE FOAM INSULATION

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. CONTE. Mr. Speaker, I am introducing a bill today to address a serious health concern that many of our nation's homeowners are now facing. A rising number of medical experts are reaching the conclusion that urea-formaldehyde foam insulation poses a risk of both short-term and long-term ill effects on people who reside in houses insulated with that material. Canada has already banned the insulation and initiated a policy of providing $5,000 grants to affected homeowners. Massachusetts, Connecticut, Colorado, Minnesota, and several other States have taken action to prohibit or discourage the sale of UF foam. And now, the U.S. Consumer Product Safety Commission has joined the ranks. On March 2, by a vote of 4 to 1, the CPSC banned the sale of UF foam insulation, effective this August.

The reason that these governmental bodies are stepping in to remove this substance from the market is the growing evidence of what happens when formaldehyde gas is given off by the insulation and leaks through the walls into the interior household environment. The CPSC found that any level of formaldehyde can cause all sorts of allergenic effects, from headaches to sore throats, to nausea, to skin rashes. And the Commission documented case after case of such occurrences. I know from my own district of people who have been forced out of their homes because of their reaction after the installation of UF foam.

In addition, the CPSC concluded that formaldehyde carries with it a small but significant risk of cancer. Residing in the 500,000 homes insulated with UF foam are approximately 1.75 million people. Of those 1.75 million people, the CPSC estimates that 89 people could contact cancer as a result of exposure to formaldehyde in the air.

While the CPSC ban takes care of eliminating future installations of this substance, it does not address the needs of the people already living in UF foam insulated houses. Those people cannot be ignored.

The only way to completely clear homes of formal formaldehyde is to remove the insulation from the house walls. However, this is a very expensive proposition. The very thing that makes UF foam so easy to install makes it difficult to remove. It is installed by blowing it into the wall cavities like shaving cream. However, then it hardens, and in order to be removed, the interior or exterior walls must be knocked out. The cost of this removal can range from $6,000 to $20,000 or more. This is clearly a cost that many homeowners cannot bear.

I am today introducing a bill to provide a modest series of measures to assist homeowners in clearing this substance out to their homes. First, the bill provides for low interest loans up to a maximum of $10,000 under the Small Business Administration's disaster loan program. Second, the bill would relieve homeowners of the need to individually justify deducting the cost of replacing the foam from their income taxes as a medical expense. And third, the bill would allow homeowners a tax credit for the installation of replacement insulation regardless of whether they had already used up their one-time energy conservation tax credit in connection with the installation of UF foam.

This bill would not go so far as to hold the homeowner harmless with respect to the cost of removing the UF foam, but at least it would soften the economic blow. The bill would also assist the numerous homeowners who now find they cannot sell their homes because no one will buy a UF foam insulated house.

In addition, the bill would provide a modicum of assistance to small businesses who can no longer ply their trade as a result of the CPSC ban. It would do so by authorizing funds for this purpose under the SBA nonphysical disaster loan program which was enacted precisely to assist small businesses hurt as a result of regulatory changes. If ever there was a situation where a Federal regulation is directly responsible for imposing severe losses on a number of small businesses, it is here in this situation of small businesses suddenly prohibited from continuing their established business of installing UF foam insulation.

In my opinion, this bill represents the least the Congress and the Federal Government should do to assist homeowners and small businesses caught unsuspecting by the apparently hazardous effects of UF foam. I urge my colleagues to support this bill, and I call upon the relevant committees, including the Small Business Committee on which I serve, to hold prompt hearings on this legislation.●

IN RECOGNITION OF THE 1982 CONGRESSIONAL SENIOR CITIZEN INTERN PROGRAM

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. COELHO. Mr. Speaker, today marks the opening of the 10th annual congressional senior citizen intern program, a voluntary, 1-week program of seminars on the work of Congress and the legislative process which is directed at representatives of the elderly of our communities from across the country. This year, some 250 older citizens from 161 House and Senate offices are participating in this internship. As a coordinator of this program along with my Senate colleague, the Honorable WILLIAM ROTH, I am proud to say that this program has developed a fine reputation as an effective vehicle for strengthening the voice of the elderly here in Congress and in enhancing the working relationship between the Members who participate and their older constituents.

During the week they will be here in Washington, the senior interns will have the opportunity to learn firsthand about the operations of their Congressmen's and Senator's offices and to become familiar with the actual work of their legislators. They will attend seminars on current issues of concern to all segments of our population but which are of particular concern to them as representatives of our older population. They will hear from

Federal officials, from congressional Members and staff, and from others active in the Federal policymaking process, and hopefully time will permit them the opportunity for some direct give-and-take with these policymakers as to the needs of the elderly in our home communities and how Government is or is not responding to those needs.

This program has a twofold intent—to provide information for the senior interns to carry back to their communities; and, more importantly, I believe, to enhance the communication link through which they provide information to us from their communities as to what they expect from us as their Representatives.

I know that all of my colleagues who are participating in the program this year and the entire House membership join with me in extending a warm welcome to these very special interns.●

THE WORLD DEVELOPMENT LETTER

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. BINGHAM. Mr. Speaker, I was disappointed to note that the World Development Letter has been discontinued by the Agency for International Development (AID). It was a small, informal report of facts, trends, and opinion in international development which often contained fascinating and surprising facts about foreign aid and developing nations. I would like to share a few of these with readers of the RECORD.

Many of the facts illustrate three important points about development which we often lose sight of:

First. There is still a wide gap between the standard of living in the United States and that in developing countries;

Second. A little aid goes a long way, and progress is being made in solving various problems all over the globe; and

Third. The development aid provided by the United States represents a small portion of our GNP, and reaps many long-range benefits for us.

While you are packing away a staggering 30 tons of food in your lifetime, the average Asian's lifetime diet amounts to about 12 tons, and most of that is rice. Some comparisons: Westerners consume approximately 9,000 pounds of meat and sausages and almost 1,000 dozen eggs in a lifetime; for the average Asian it is 573 pounds of meat, fish, and eggs.

A child who contracts measles in the Third World is 400 times more likely to die than a child who has measles in an industrialized nation.

William Foege of the U.S. Center for Disease Control says that one heart transplant can probably be equated with 10,000 person-years of life if you used that money for measles vaccine in West Africa.

One billion people lack safe drinking water.

A good measure of the great gulf between least developed countries and developing nations is average life expectancy. According to the Third World Quarterly, it is 45 years in the least developed countries, compared to 53 in the rest of the developing world. Those in the developed world can expect to live, on average, 72 years.

Nearly 30 percent of the world's population—814 million people—cannot read or write, according to a UNICEF report.

The number of children who die of malnutrition each year in the Third World equals the number of children under 15 in California, New York, Illinois, and Texas together.

CIMMYT's (International Maize and Wheat Improvement Center) work helped Bangladesh increase its bread wheat production from 114,000 tons in 1975 to more than 1.2 million in 1981.

Getting Third World children to do better in school may be—in many cases—a simple matter of eyeglasses, says former Peace Corps volunteer Michael Walter.

Jamaica is getting a little help from its friends as it grapples with the problem of scarce food. The Friends of Jamaica, a private, nonprofit, Washington, D.C., based group, and Brother's Brother Foundation, an AID-supported, private voluntary organization in Pittsburgh, have teamed up with American business to send the Caribbean nation over 14 tons of vegetable and fruit seed.

Ten years after the independence of the country Henry Kissinger once described as "an international basketcase," Bangladesh is moving toward self-sufficiency in food—maybe not in 1985 as predicted by the country's President, Ziaur Rahman, but soon after.

Fertility rates are now at or below the average 2.1 births per woman needed to replace the population in the long run in two developing countries: Cyprus and Singapore.

The United States leads donors in dollar amount, accounting for almost 20 percent of the world ODA. However, out of almost 30 donors, the United States ranks 19th when ODA is figured as a percentage of the gross national product.

Developing countries are good business for American investors. American investment in the Third World has increased by 40 percent in the last 2 years, reaching $52.7 billion at the end of 1980, according to the U.S. Department of Commerce. This represents more than one-quarter of the $213.5 billion total American overseas investment recorded during 1980 and constitutes an increase of 18.3 percent over the previous year's level.

U.S. exports to developing countries have tripled in the past 5 years. These countries now buy 38 percent of U.S.-manufactured exports.

The per person annual cost of all foreign economic assistance is about $34. Most of that $34 is spent in the United States for goods and services that mean jobs and income for Americans.

One out of every eight jobs in the United States comes from trade with developing countries, and the ability of those nations to buy U.S.-manufactured goods is dependent on their having sound economies.

The annual figure for U.S. overseas development now stands at about one-quarter of 1 percent of our GNP.●

H.R. 3881

HON. BERYL ANTHONY, JR.

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. ANTHONY. Mr. Speaker, last year, I was approached by the Arkansas Forestry Commission which requested that I sponsor legislation to allow them to exchange an 80-acre parcel of land in the Poison Springs State Forest, in my district, for an equivalent tract located on private property. The purpose of the proposed exchange was to facilitate the expansion of a pine seedling orchard onto the tract then held by the Arkansas Forestry Commission. The reason it was necessary for the forestry commission to come to me was that the State of Arkansas acquired the land from the United States with a clause providing that if the lands ceased to be used for a public purpose, title would revert back to the United States. Congress has considered and approved a number of similar bills in recent years.

In order to facilitate this exchange, I introduced H.R. 3881, which was referred to the Committee on Agriculture and the Committee on Interior. The House Agriculture Committee completed markup and reported the bill on March 5 of this year. The Interior Committee then considered the bill as it pertained to the transfer of mineral rights and reported in on April 27.

The Agriculture Committee recommended that the bill be made law with respect only to lands specified in an agreement to be entered into between the Secretary of Agriculture and the Arkansas Forestry Commission. In any proposed exchange, the Secretary is required to secure an equivalent parcel of land with approximately the same market value as that being transferred.

The Interior Committee amended the bill to require the Secretary of the Interior to convey the mineral rights pertaining to the proposed 80-acre tract. Disposal of mineral rights on other areas of the State forest in which reversionary interest remains with the United States is left to the Secretary of Interior under the Federal Land Policy and Management Act of 1976.

In summary, Mr. Speaker, the State is required by the bill to obtain fair market value in any exchange, sale, or other disposal. Only 80 acres of the 19,442 acres in the State forest would be involved in the release of all reversionary interest on the part of the United States. Once the transfer occurs, the private pine seedling nursery and orchard can contribute much more to our efforts to provide for the Nation's future wood and paper needs by resulting expansion.

I wish to thank the distinguished chairman of the Agriculture Committee, Mr. DE LA GARZA, and the distinguished chairman of the Agriculture Committee's Forestry Subcommittee, Mr. WEAVER, for the support and assistance in this matter.

In the Interior Committee, the distinguished chairman of the Subcommittee on Public Lands and National Parks, Mr. SEIBERLING, provided very helpful recommendations and has given the bill his valuable support. Likewise, the distinguished chairman of the full committee, Mr. UDALL, has also helped to advance the bill. I appreciate their efforts which have done so much to help provide the State of Arkansas with the authority to go forward with this proposal.●

THE HEALTH EFFECTS OF DIRTY AIR

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. WALGREN. Mr. Speaker, as the Congress works on revisions to the Clean Air Act, we must not let the complex issues of the act overshadow the basic purpose of the law.

The Clean Air Act has a fundamental goal: to protect our health. This goal is based on the notion that dirty air is a health risk. Scientists and health professionals do not necessarily agree on the health effects of air pollution. Yet it is hard to ignore the hard facts. Studies have been made of exposed human populations. Extrapolation of the findings have been difficult, but overall, the results have been negative.

We know that groups sensitive to air pollution are persons with heart or lung disease, children under the age of 10 years, adults over the age of 65, and pregnant women. Others are susceptible as well. Dirty air can cause irritation of the eyes, nose, and throat areas and labored breathing for healthy individuals.

CHILDREN

The American Lung Association states that children are particularly at risk because they are developing. Studies conducted in 1975 and 1976 by Kagawce have shown a decreased pulmonary function in schoolchildren due to exposure to ozone. The National Research Council in 1977 published findings showing an excess of upper respiratory disease and abnormal chest films when preschool and schoolchildren are exposed to nitrogen oxides. Due to compromising factors created by air pollution, diminished respiratory function can create long-term consequences for the health of children. Also, lead has been demonstrated to create behavioral abnormalities including decreased learning ability and hyperactivity in children.

PREGNANT WOMEN

Pregnant women encounter risks in several ways. Due to their conditions, their air intake increases by 15 to 20 percent which means that they are breathing a greater volume of polluted air thereby decreasing the oxygen capacity of the blood. Additionally, the harmful effects of toxic air pollutants are passed on to the fetus, for whom the health implications are unmistakably more severe. The most prevalent air pollutant, carbon monoxide, creates increased carboxyhemoglobin levels which have been proven to decrease the fetus' ability to utilize oxygen. This can lead to retardation of growth and mental development, according to studies conducted by Kuzed and Cetrulo. Ozone can cause functional impairment of the respiratory tract and lead to permanent damage to both the mother and fetus. Another pollutant, lead, can increase the risk of spontaneous abortion and stillbirth.

THE ELDERLY

Elderly persons experience and increased risk due to deficiencies in their immune systems, deficiencies which increase their susceptibility to respiratory infections. Heart and lung diseases can be aggravated by air pollution. The elderly probably have more chronic respiratory disease than the rest of the population. In my own area, in 1980 in Allegheny County, over 21,000 persons in the 65 plus age category have one of four different types of chronic lung disease.

OTHER RESEARCH FINDINGS

Experiments have found increases in the frequency of acute respiratory illness in adults living in more polluted areas. Hospital admissions have increased on heavy pollution days. Persons with respiratory problems experience more difficulties when exposed to such pollutants as sulfur dioxide, total suspended particulates, nitrogen oxides, and ozone. Heart disease patients experience aggravation upon exposure to sulfur dioxide, carbon monoxide, ozone and lead. When pollution levels rise there appears to be a link between increased mortality.

The human aspect of problems created by air pollution does not tell the whole story. Our environment can also suffer. Pollutants have proven to be toxic to plants, to reduce growth and fertility, and to harm crops. Air pollution leads to corrosion of metals, deposits of dirt and soot on buildings, and discoloration of our atmosphere. Certain pollutants are precursors for others such as ozone. Ozone has been labled the quiet thief because of its harmful effects on crops.

While scholars may argue over precise links between a particular pollutant and a particular unhealthy result, I think there is wide agreement that dirty air is not good for us. Dirty air violates the broad consensus on the right of all living in America regardless of age or sensitivity to live free of the adverse effects of industrial pollution. I am pleased that the House Subcommittee on Health and the Environment, on which I serve, has not changed the health-based standards of the current law. Those standards are as sound today as they were when originally written into the law.●

THE TURKISH MODEL

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. ROSENTHAL. Mr. Speaker, I want to bring to my colleagues' attention an article appearing in the Wall Street Journal of May 13, 1982, written by Alexander Cockburn. The article, entitled "How About Turkey's 'Aggression' Against Cyprus?" is an illuminating depiction of the continuing Turkish military occupation of the northern tier of Cyprus. The horrors revealed in Mr. Cockburn's article underscore the injustice in the recent House Foreign Affairs Committee action to substantially increase fiscal year 1983 military aid to Turkey. These increases—in large part legitimated upon the administration's illusory claims that Turkey has moderated its brutal policies both at home and in Cyprus—will be perceived by both Turkey and the rest of the European Community as U.S. acceptance of the "Turkish Model."

I am aware of the so-called security-related thinking which produces blatant examples of the administration's "double standard" foreign policy: opposing left wing repression in countries like El Salvador while befriending repressive regimes such as Turkey. But even if the United States were justified in its reliance on the military value of an "ally" which has consistently been an enemy or a neutral in Europe's wars for freedom, it is now time to consider the damage done to the cause of the West by such uncritical toleration of a country which currently embodies the antithesis of every moral standard to which the West is committed.

Mr. Cockburn's article follows:

HOW ABOUT TURKEY'S "AGGRESSION" AGAINST CYPRUS?

(By Alexander Cockburn)

To the British, as the world now surely knows, the rape of defenseless islanders and indeed the very notion of aggression and expansionism are intolerable. Devotion to principle has already left in its wake those bodies at the bottom of the South Atlantic. But this indignation is newly minted.

In July and then in August of 1974, the Turkish army took over 36% of the territory of Cyprus—a country Britain was pledged by treaty to defend—thus seizing 60% of that nation's economy. No less than 200,000 people, a third of the Greek populace, were uprooted from their homes. The Turkish soldiers comported themselves with the military gallantry that has characterized their operations down the centuries and which rose to its most conspicuous heights in the sack of Smyrna and the pillage of Armenia in 1916.

To such battle honors a fresh and blood-stained pennant was affixed in the summer of 1974, and by design. The Turkish invader wished to ensure that he would capture only territory and property, from which all vestiges of Hellenism would be extirpated, without the inconvenience of a subject population. The Greek Cypriots had good reason to flee.

Major civilian centers, including the capital city of Nicosia, were bombed and napalmed, at will since the Cypriots had no air defenses. The true casualty rate is still hard to estimate, since 2,000 Greek Cypriots are still posted as missing. Many of them were identified through photographs as being prisoners of the Turks. They have never been seen since.

A subsequent report by the European Commission on Human Rights convicted the Turkish army of rape, looting and massacre of civilians. In the wake of the frightful rapine the Cypriot church was compelled, much against its canonical teaching, to amend its law against abortion.

What provoked the Turkish onslaught?

On July 15, 1974, the colonels then ruling Greece, well supplied with U.S. weaponry, attempted to invigorate their slackening grip by military adventure, in the form of a *Putsch* against Archbiship Makarios, president of Cyprus. Secretary of State Henry Kissinger both knew and approved of this operation in advance. Not the least terrible consequence of this Greek fascist enterprise was the furnishing to the Turks of a long-awaited pretext for invasion. The excuse, thin enough at the time, was that Turkey would restore constitutional order, ravished by the Greek colonels.

The Turks have instead created a colony and a military occupation in the northern tier of the island. The city of Famagusta, once flourishing, now stands vacant in the Turkish zone. Its approaches are guarded by the Turkish army and its former Greek inhabitants sit in camps to the southward, in many cases separated only by barbed wire from their homes. Depopulated areas in the north are being seeded by the Turks with Anatolian colonists. Since the constitution of Cyprus explicitly rules out partition or annexation by any guarantor, Turkish professions to uphold that constitution are evidently void.

Like Argentina, Turkey and its generals were closely allied to the United States. Unlike Argentina, Turkey did not incur its ally's displeasure and support for its victim. The U.S., having endowed Turkey with the weapons it used to attack Cyprus, did nothing to arrest the conquest and now counts the Turkish military junta high on its list of friends.

Prime minister of Turkey at the time of the invasion was Bulent Ecevit. Ecevit it was who let the Turkish army out of its cage and who found himself subsequently unable to get it back in again. He now languishes in prison at the pleasure of General Evren. The leader of the Greek exiled opposition in 1974 was Andreas Papandreou, regarded by the U.S. as a dangerous subversive. Mr. Papandreou warned of the colonels' adventure and denounced it before it took place. He is, of course, now prime minister of Greece, elected by an overwhelming majority, in part because of his pledge to undo the occupation of Cypriot territory.

Since, in the wake of Argentina's seizure of the Falklands, some sort of a public debate is in progress (not conspicuously on the editorial page of The Wall Street Journal, I might add) about the moral timbre and realiability of the allies the United States has mustered over the years, let us take our eyes off Argentina and consider a possible host nation of Jeane Kirkpatrick's next supper party: Turkey.

Like Argentina, Turkey has been prudent in times of war and aggressive in times of peace. In World War II, it adopted a posture of benevolent neutrality—with the benevolence being reserved for the Axis powers. Today, while Turkey is showered with U.S. economic and military aid by reason of its common border with the Soviet Union, its guns and most seasoned soldiery are facing Greece, and occupying Cyprus. Other detachments suppress the Kurds and all vestiges of freedom and dissent in Turkey itself.

In Turkish prisons, according to innumerable reports, torture is an administrative practice and victims of the torturers have died under "interrogation." The press is muzzled. Constitutional and legal processes have been eliminated. Turkish labor leaders, not accorded the international sympathy afforded Poles, are on trial for their lives.

None of this has perturbed, even momentarily, the warm relationship between the Turkish generals and U.S. aid. Indeed proposed aid to Turkey this year puts it almost in the same league as Israel and Egypt. In bold contrast, the very week that Prime Minister Papandreou made a state visit to Cyprus, Secretary of State Haig announced that U.S. aid for Cypriot refugees and for reconstruction would be cut off.

The *Realpolitik* seems to be this: Turkish dictatorship is preferable to Greek democracy. Military occupation of Cyprus is preferable to the hazards of Cypriot self-determination. A country's soundness is judged by its willingness to host American bases, a policy not only brutal but stupid since the experience of U.S.-backed military rule in Greece has created a majority that wishes nothing less than the withdrawal of all American forces.

Cyprus sits at the center of this Gordian knot. Resolutions in the United Nations and other international bodies demand the reunification of Cyprus and the withdrawal of the Turkish invader. The United States subscribes to such resolutions. But its actions belie its words. Who can believe when Mr. Haig next visits Ankara to discuss topics of mutual concern, that he will urge upon his hosts a rapid return to democratic rule or indeed the need to oblige the West (no two NATO countries have ever been at war with each other, except over Cyprus) by abandoning colonial endeavors to the south?

One policy could help to redeem the crimes and blunders of the past, and it was perhaps best expressed by William Gladstone in his famous speech to the voters of Midlothian, during the Turkish atrocities in Bulgaria: "Let the Turks now carry away their abuses in the only possible manner, namely by carrying off themselves, their Zaptiehs and their Mudirs, their Bimbashis and their Yuzbachis, their Kaimakams and their Pashas. One and all, bag and baggage, shall, I hope, clear out from the province they have desolated and profaned."●

HENRY HUDSON FOX, JR.

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. SKELTON. Mr. Speaker, a long time friend of mine, Henry Hudson Fox, Jr., a Jackson County attorney, recently passed away. His accomplishments were many, and he was a warm and congenial friend. The Kansas City Times published a very fitting editorial about the amazing career of this gentleman. I offer it for the enclosure of this RECORD.

HENRY HUDSON FOX, JR.

The amazing career of Henry Hudson Fox Jr., covered a long and historic period of Jackson County politics and public service. His contributions were many, and his strong, delightful personality was a fixture of the Kansas City scene for decades.

Long before his death early this week Henry Fox was known as the dean of attorneys at the criminal bar. As Jackson County prosecutor he tried many cases himself, and took personal responsibility before judge and jury for the big ones. He instituted numerous reforms and innovations now commonplace, such as the close cooperation and liaison between the prosecutor's office and the police department. Later, he continued public service as secretary-attorney for the Kansas City Board of Police Commissioners, before devoting most of his remaining years to private criminal practice.

Perhaps it was in his term as western judge of the old Jackson County Court, the legislative-executive body that preceded the present Jackson County Legislature and executive, that Mr. Fox left his most enduring mark. This was when the master park plan was completed, the $5 million bond program was approved by the voters, and the early formation of what would be Lake Jacomo took place. His was the crucial, swing vote among the three judges. At every stage in that beginning, his vote could be counted in favor of an ambitious park system for the people, a monument created and administered on a thoroughly professional level.

Mr. Fox was a member of a distinguished Kansas City family with strong ties to the military tradition and these newspapers. His father, the late Maj. Henry Hudson Fox, Sr., was head of the mail department at The Star for many years and Henry himself worked in the mail room through his youth. His brother, Kenneth L. Fox, was associate editor and military commentator at The Star and The Times for many years before he retired in 1977. The two brothers, Henry and Kenneth, were colonels. The father, Henry Sr., was particularly proud of a photograph of himself, the major, standing between his two colonel sons.

Lawyer friends knew him as a witty, humorous colleague, a man with an immense fund of stories which he told with great zest. Henry Fox, the innovative lawyer, also served his country and community long and well.

SALUTE TO ISRAEL

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. RODINO. Mr. Speaker, I want to join the tens of thousands of Americans who will be saluting the State of Israel on Sunday, May 23 in New York City. This year's Salute to Israel Parade, sponsored by the American Zionist Youth Foundation, will celebrate the 34th anniversary of the founding of the Israeli Republic.

This a very important time for all Americans to show their support for our Israeli allies, and to speak out for peace and justice in the Middle East. The peace initiative of Camp David, which President Carter, Prime Minister Begin, and President Sadat worked to long and hard to achieve, must be maintained through solemn commitment to its principles.

The Israeli people have shown that effort, and I salute them, while reaffirming my own commitment to Israel as our ally and friend.●

TRUDY BRAUN: SUMMER VACATION AT LAST

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. RATCHFORD. Mr. Speaker, the people of my hometown of Danbury, Conn., recently witnessed the unthinkable—Trudy Braun retired after 37 years at Western Connecticut State College.

When Trudy Braun came to town, WestConn was known as the Danbury State Teachers' College. In that time, more than its name has changed. The original 2-building campus grew to 10, and an entire new campus across town has been added. WestConn's Ancell School of Business was not even near the drawing board in 1945, when Trudy arrived, but the business school now enrolls about one-third of the college's full-time students and even more of its part-timers.

Like the WestConn campus, Trudy Braun has expanded her horizons over the years. Her most recent position as vice president for academic affairs was the latest in a series of challenges offered her and, like all her previous roles, she performed this one admirably.

Mr. Speaker, Trudy Braun's commitment and dedication stand as paragons for professionals. She rejected complacency and worked hard to succeed. Finally, after 37 years at WestConn, Trudy Braun will get her summer vacation. I would like to take this opportunity to insert into the RECORD an article from the News-Times of Danbury which eloquently relays the story of this very special woman:

[From the News-Times, May 4, 1982]

"TRUDY" BRAUN: 37 YEARS OF HELPING WESTCONN GROW

(By Cathy Shufro)

DANBURY.—They are moving the Chinese panda wall hanging and the Buddhist prayer scroll out of Gertrude Braun's office.

After 37 years at Western Connecticut State College—the last six as its vice president for academic affairs—"Trudy" Braun retired last Friday.

Soon, workmen will lug out her Western Connecticut State College armchair and pack up the newspaper editorial, framed by friends, which says Miss Braun's retirement will create a significant void. They will leave an empty office in Old Main that, along with the dormitory, was all of Danbury State Teachers College when Miss Braun and a wave of GIs arrived there in 1945.

Now those turn-of-the century buildings are flanked by eight others and linked to a new, 300-acre campus on the other side of town.

This grey-haired, straightforward woman came here as a 25-year-old instructor—a rebel, she says—and has remained here ever since. She says new challenges kept arising, and the school held her interest. Chairing or serving on the college curriculum committee for 22 years, she stayed close to her first love, teaching.

"I never wanted anything else," she says, sitting in her office with one day left before retirement. "As young as five I can actually remember being in kindergarten and being asked what I wanted to be and saying, 'A teacher.' I never changed."

"The thing I did change, is 'I am never going to go into administration. I will stay in the classroom.' It was one of the things that kind of sneaked up on me."

She says she feared becoming a bureaucrat, which she defines as "someone who hides behind a set of rules in order not to make an independent judgment."

Asked if she had fallen victim to that, she laughs and says, "You'll have to ask other people."

The word bureaucrat does not come up when colleagues talk about Miss Braun. They say she is fair, well-prepared, intelligent—even "brilliant"—and approaches decisions in terms of issues rather than personalities. No one can be persuaded to list any weak points.

"Honest to God, I never encountered any," says Robert M. Bersi, the former WestConn president who chose Miss Braun as vice president and calls her "the best chief academic officer I have ever worked with."

"We're talking about someone who has absolute integrity," says Bersi, now chancellor of the Nevada state unversity system. "I can't say that about more than two or three people I've worked with."

Miss Braun cannot say whether 1945 seems long ago, when there were 200 students, all of them studying to be elementary school or music teachers.

"Thirty-seven years do at times tend to lengthen or very much foreshorten," says Miss Braun, who spent a single year away from the college to complete her doctorate in education at Columbia University. "'It seems only yesterday that . . .' is a frequent feeling, particularly as you sit in the same building that was the only classroom building when I came here. And although student hairstyles, dress and language, have changed a great deal, I feel some characteristics have not changed at all. The fundamental one is idealism."

A new expectation that students will attend college is the biggest change she has seen in a student body that has grown to 2,900 fulltime students and an equal number of part-timers.

"The normal aspiration of finishing high school is now replaced by the aspiration of college," she says. "The other big shift that started with the GI Bill of Rights (which paid for veterans' schooling) was the federal government seeing as a major role the opening of opportunities to many segments of the population. Our population has become much more heterogeneous.

"More recently we have seen the move, particularly for women, to what we call nontrads ("non-traditional" or older, students). They have returned to finish their degrees after marrying and raising children.

"They're among our best students. They know what the want. They've learned an awful lot by living and reading.

"One of the big things I've become sharply aware of in the 60s that has persisted, though not to the same degree, is students' mobility.

She says students' horizons broadened in the 1960s because they had money to travel and the means to do so quickly.

"The airplane was here to stay instead of the train," says Miss Braun.

Since the more affluent 1960s, Miss Braun has seen a change in students' outlooks.

"We're swinging back to a much more serious student body which is concerned about the future. They no longer feel the future will take care of itself as the flower children did. The affluence isn't there. They're frightened about inflation, they're frightened about job security. They see education as a route to job security."

Partly in search of job security, many students have enrolled in the growing business school. Miss Braun was WestConn's academic dean when the business school was started a little over a decade ago.

"We started with one faculty member who was teacher, department chairman and organizer, with 18 students in the first class," she says.

Now the Ancell School of Business has its own dean and enrolls a third of the college's full time students and nearly half its part-timers. The school has garnered more publicity than any other school in the college in the last few years because of large corporate gifts and a vigorous public relations campaign by President Stephen Feldman, the former business school dean.

Miss Braun is worried that undergraduates may use business training as a substitute for a broader education she believes would be just as good—or better—preparation for their professions.

The liberal arts, she says, "are the surest base for any career you want to go into. They are the ones that give you perspective to form the kind of value system that you need. You can get on the job-training. In most companies they will train you but they certainly want you to come with the ability, the knowledge, to receive that training.

"I think we in higher education have not made our case well enough that immediate preparation for the job with a diploma has become too important. We haven't helped students see the fact that jobs are there, and delayed specialized training is not necessarily a handicap."

"You can have your cake and eat it, too."

Miss Braun said she was twice asked to apply for the presidency of WestConn, first in 1975 when longtime president Ruth Haas retired, and again a year ago when Bersi left for Nevada.

When Ms. Haas left, Miss Braun says, "I really felt the college needed someone from outside to bring a whole new construction for the college. I had the freedom to make the kind of imprint on the college that I was capable of. I wouldn't bring anything that wasn't already here.

When Bersi left, she says, "I frankly felt I was too old." She will be 62 next month.

Once she made her decisions about whether to seek the presidency, she allowed herself no regrets.

It was not a decision that caused her never to marry so much as absorption with her job, says Miss Braun, who shares her home with her mother, Ethel.

"I was more interested in my work," she says, cheerfully describing herself as "kind of a workaholic."

She has only one plan, so far, for retirement. "I'm looking forward to something I haven't had since 1966—a summer vacation," she says.

Her progression from a teacher in the college's model elementary school to the vice-president's office was a natural sequence, not the fruition of a career plan.

"I really wasn't so much trying to get ahead as make some differences in what was happening at the college."●

THREE CHOSEN FOR GUAM EDUCATION HALL OF FAME

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. WON PAT. Mr. Speaker, more than ever before we are coming to recognize that the seeds of success are often sown in young people and we on Guam have begun a program to honor our outstanding educators with an Education Hall of Fame.

This month, three veteran Guam educators become the first inductees to our Education Hall of Fame. They are Simon A. Sanchez, Agueda I. Johnston, and George Perdew.

I was privileged to work with and know these outstanding educators and fully believe that their selection is a reflection of the excellence these individuals always gave to their work and to their students.

Simon A. Sanchez is known on Guam as "Mr. Education," because of his early efforts to bring to the island quality education. His career started in 1917 and during 42 years of service to the island he served as a teacher, principal, and superintendent of schools. He was one of the major developers of the Territorial College of Guam, which later became the University of Guam. He was well known for his love of education and was highly regarded in the community as a man of great compassion and honor. He died at the age of 79 in 1975 and his loss will long be felt.

Agueda I. Johnston is another teacher who left her mark on her students, who can never forget her energy and drive for excellence. She began a remarkable teaching career at the age of 15 and for the next 46 years served as a teacher, principal, and assistant superintendent of schools. Among her many proud achievements was the founder of George Washington High School in which she served as its first principal. This determined educator was always willing and ready to do whatever was necessary to bring to her students the highest quality education possible and it is to her credit that she is among the best beloved educators in the history of Guam. Mrs. Johnston passed away in 1977 at the age of 85, and with her passed away a living legend in the annals of education.

George Perdew teaches today, as he has for many years, at the University of Guam. He is a man who enjoys a large following among his students for his wonderful talents and ability to interest his students in gaining ever more knowledge.

One of his proudest achievements is the establishment of the Guam Marine Laboratory. Marine biology is of obvious importance to an island. And thanks to the foresight of Dr. Perdew, we on Guam have a marine biology lab which all can be very proud to call our own.

Dr. Perdew came to Guam in 1956 and has held a variety of positions including teacher, guidance counselor, dean of extended services, and vice president of administrative services at the University of Guam. He has also served as deputy director of education for the trust territory.

We on Guam are most fortunate to have Dr. Perdew choose Guam many years ago as his adopted home. He is a credit to his profession and has done more than words can tell to excite young people about the wonderful world of education. While history may have no exact record on just how many youngsters went on to a fuller life thanks to Dr. Perdew, Mrs. Johnston, and Mr. Sanchez, there is no doubt in my mind that these three people were instrumental in the success of many of Guam's most esteemed people today.

At this time I insert in the RECORD a story which appeared in the May 11, 1982, Pacific Daily News about these three educators so that my colleagues can share with me the extent to which these outstanding people made Guam a better place to live. Thank you.

THREE SELECTED TO EDUCATION HALL OF FAME

Three veteran Guam educators have been selected as the first inductees in the Guam Educators' Hall of Fame, according to a spokesman for the group which established the hall.

Simon A. Sanchez, Agueda I. Johnston and George Perdew are the three pioneer educators selected for the honor by the Guam Chapter of Phi Delta Kappa International, according to Richard G. Tennessen, president of the local chapter.

Sanchez, who began his teaching career in 1917, served a total of 42 years in the field of education as a teacher, principal and superintendent of schools.

Known by many as Mr. Education of Guam, Sanchez, coordinated the development of the island's public school system before and after World War II.

Sanchez also was one of the prime movers behind the establishment of the Territorial College of Guam and served as chairman of the Territorial Board of Education.

Sanchez died in 1975 at the age of 79.

Johnston, who began her teaching career at 15, served in the field of education for 46 years as a teacher, principal and assistant superintendent of schools. She was the founder and first principal of George Washington High School and the prewar Teachers' Institute.

Johnston is listed in Who's Who in America, Leaders in Education and the World Who's Who of Women for her many educational and civic accomplishments.

She died in 1977 at 85.

Perdew, who moved to Guam in 1956, has held a variety of positions including teacher, guidance counselor, dean of extended services and vice president of administrative services at the University of Guam.

He also served as deputy director of education for the Trust Territory and was especially active during the early years of the University of Guam.

He was a planner for the construction of the present UOG campus, wrote the proposal for the establishment of the Marine Laboratory and was active in obtaining the first accreditation and the land grant status for UOG.

Nominations for membership in the Hall of Fame were solicited from the community. To qualify for election, those nominated had to be at least 65 or deceased and have made signficant contributions to education on Guam in the areas of research, service and leadership. Phi Delta Kappa is an honorary educational fraternity with approximately 125 members in the local chapter. The chapter will solicit nominations from the community each year for other educators who deserve to be in the Hall of Fame, according to Tennessen.●

SMALL BUSINESS INNOVATION DEVELOPMENT ACT

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. WINN. Mr. Speaker, small high-technology companies are the primary source of major innovations in our economy. The small business innovation research program at the National Science Foundation is a uniquely successful means for tapping the resources of these firms in order to increase the cost efficiency of Federal research and development and to stimulate the commercialization of federally funded research and development. In 1979, the Department of Commerce Advisory Committee on Industrial Innovation recommended this program be implemented in all major Federal research and development agencies. In 1980, the White House Commission on Small Business made the same recommendation. In 1980, the Subcommittee on Investigation and Oversight and Science, Research and Technology also recommended that small business innovation programs be implemented throughout the Federal Government. This year, the Senate voted 90 to 0 with President Reagan's endorsement, to put legislative clout behind those recommendations.

Together with the over 200 cosponsors of the Small Business Innovation Development Act in the House of Representatives, I urge my colleagues to pass H.R. 4326 and make funding for these programs mandatory in Federal agencies whose R. & D. budget exceed $100 million.●

TWO SPECIAL ANNIVERSARIES

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1982

● Mr. LEE. Mr. Speaker, I take this opportunity today to bring to your attention two anniversaries which coincide in my 33d Congressional District of New York, in the community of Auburn. They are virtually inseparable.

The first is the anniversary of the date on which Father Raymond J. Wahl was ordained—45 years ago. The second is the 25th anniversary of the start of the Sacred Heart Parish in Auburn, the parish shepherded by Father Wahl from its very inception. Together, these two dates have given my community great cause for celebration.

Father Wahl has, for more than a quarter-century, been a familiar and most highly respected figure in the Auburn area. Throughout that time, he has been very active in community betterment projects. He has served since shortly after arriving in the area as chaplain to the Owasco Fire Department and holds board membership seats on both the Sacred Heart and Blessed Trinity school boards.

Father Wahl, without question, deserves this Congress congratulations on the occasion of this anniversary. He is exemplary of the leadership and community and spiritual commitment which we wish all Americans could share. Creation of the Sacred Heart Parish—possibly his most monumental accomplishment and certainly his most difficult—will stand testiment to his dedication and his abilities.

Sacred Heart Parish opened its doors in 1957 with little more than the visions of a small group of parishioners and the drive of Father Wahl. A short time later, the Sacred Heart School was begun by the same group as their enthusiasm and success brought more and more into the fold. By the first day of school, they were so enthusiastic that they even created a "bucket brigade" to bail out the new auditorium—so new that there was still no roof to keep out the rainstorm.

Since that time, both the parish and school have gained widespread respect and admiration. I join with the community of Auburn in today adding my heartfelt congratulations on the occassion of these dual anniversaries, as I know my colleagues here in the House of Representatives join. Our thanks are extended for the American efforts of these fine community members and, in particular, for the life of dedication to others by Father Wahl.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, May 18, 1982, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 19

9:30 a.m.

Finance

Savings, Pensions and Investment Policy Subcommittee

To hold hearings on S. 1910, modifying the tax treatment of certain retirement annuities for clergymen and lay employees; and to review certain ERISA statutes or regulations that inhibit mortgage investments by pension funds, and the Department of Labor's current class exemption efforts regarding pension fund investments in residential housing financing.

2221 Dirksen Building

Governmental Affairs

Federal Expenditures, Research and Rules Subcommittee

To hold hearings on Senate Joint Resolution 93 and S. 2278, measures reaffirming the policy of relying on the private sector to meet public requirements for goods and services, and Office of Management and Budget Circular A-76, relating to Federal procurement policy.

3302 Dirksen Building

Labor and Human Resources

Labor Subcommittee

To resume oversight hearings to review the Pension Benefit Guaranty Corporation premium rate increases.

4232 Dirksen Building

Special on Aging

To hold hearings on the needs and services provided to rural older Americans.

5302 Dirksen Building

10:00 a.m.

Agriculture, Nutrition, and Forestry

Business meeting, to mark up S. 2352, S. 2392, S. 2480, and S. 2493, bills authorizing funds for the food stamp program, and providing for increased State responsibility.

324 Russell Building

Appropriations

Defense Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1983 for the defense establishment, focusing on military pay and bonus programs (including supplemental funds for fiscal year ending September 30, 1982).

1114 Dirksen Building

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1983 for the Department of Housing and Urban Development, and the Neighborhood Reinvestment Corporation.

1224 Dirksen Building

Armed Services

To hear and consider the nominations of Adm. James D. Watkins, U.S. Navy, to be Chief of Naval Operations, and Gen Charles A. Gabriel, U.S. Air

Force, to be Chief of Staff for the Air Force, and to consider other routine military nominations.
212 Russell Building

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To resume hearings on S. 1866, revising regulatory procedures relating to safe drinking water requirements, and S. 2131, authorizing funds through fiscal year 1986 for the safe drinking water program.
4200 Dirksen Building

Select on Indian Affairs
To continue oversight hearings on the implementation of Indian education programs.
6226 Dirksen Building

1:00 p.m.
Armed Services
Preparedness Subcommittee
To hold open and closed hearings on the status of strategic stockpiles.
224 Russell Building

2:00 p.m.
Agriculture, Nutrition, and Forestry
Business meeting, to continue markup of S. 2352, S. 2392, S. 2480, and S. 2493, bills authorizing funds for the food stamp program, and providing for increased State responsibility.
324 Russell Building

*Foreign Relations
Business meeting, to mark up S. 2227, authorizing funds for fiscal years 1983 and 1984 for international security and development assistance programs, title II of S. 2237, Caribbean Basin Economic Recovery Act, authorizing funds for fiscal year 1982 for emergency economic assistance for countries in the Caribbean Basin, including the states of Central America, and certain provisions relating to political offense of S. 1940, setting forth new procedures governing the extradition of persons to and from the United States for alleged criminal activity; and to consider the nomination of Robert Anderson, of the District of Columbia, to be Ambassador to the Dominican Republic.
4221 Dirksen Building

Rules and Administration
To hold hearings on a proposed resolution of regulations and/or rules changes needed to implement television and/or radio coverage of the Senate.
S-207, Capitol

2:30 p.m.
Select on Intelligence
Closed briefing on intelligence matters.
S-407, Capitol

MAY 20

9:00 a.m.
*Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 1380, limiting the amount to which an annuity of a civil service retiree may be increased as a result of any cost-of-living adjustment.
3302 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
Aviation Subcommittee
To hold hearings on S. 1770, authorizing funds to conduct an independent study of airline industry practices and Federal Aviation Administration rules relating to health and safety of passengers and crew, focusing on the availability of medical care for inflight emergencies.
235 Russell Building

Environment and Public Works
To hold hearings on S. 1606, establishing a Federal supplemental property insurance fund for nuclear powerplants, and providing for the cleanup of the damaged Three Mile Island Unit No. 2 nuclear power reactor (TMI-2).
4200 Dirksen Building

Foreign Relations
Business meeting, to mark up Senate Joint Resolution 163, Senate Joint Resolution 171, Senate Joint Resolution 177, Senate Joint Resolution 191, Senate Resolution 323, Senate Resolution 343, Senate Resolution 370, Senate Executive Resolution 5, Senate Executive Resolution 6, and Senate Concurrent Resolution 81, resolutions providing for a reduction of nuclear armaments by the United States and the Soviet Union.
4221 Dirksen Building

Labor and Human Resources
Business meeting, to resume mark up of S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees.
4232 Dirksen Building

Rules and Administration
Business meeting, to consider H.R. 6256, authorizing funds for fiscal year 1983 for the Federal Elections Commission; S. 2102, authorizing funds to the Board of Regents of the Smithsonian Institution to construct a building for the Museum of African Art and a center for Eastern Art; S. 2390, authorizing funds for fiscal years 1983, 1984, and 1985 for the National Museum Act; S. 2391 and H.R. 6132, bills relating to the adjustment of the rate of interest paid on funds of the Smithsonian Institution deposited with the U.S. Treasury; Senate Joint Resolution 194, providing for the appointment of Nancy Hanks as a citizen regent of the Board of Regents of the Smithsonian Institution; and pending administrative business.
301 Russell Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices Subcommittee
To hold oversight hearings on the implementation of the Federal crop insurance program of the Department of Agriculture.
324 Russell Building

Appropriations
Defense Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1983 for the defense establishment, focusing on Army modernization programs.
1114 Dirksen Building

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Joint Economic
Agriculture and Transportation Subcommittee
To hold hearings on private sector initiatives and improved agricultural income through export promotion programs.
5110 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1983 for the Department of State, focusing on antiterrorism, Bureau for International Narcotic Matters, and migration and refugee assistance.
S-146, Capitol

Joint Economic
Agriculture and Transportation Subcommittee
To continue hearings on private sector initiatives and improved agricultural income through export promotion programs.
5110 Dirksen Building

MAY 21

9:00 a.m.
Finance
Taxation and Debt Management Subcommittee
To hold hearings on miscellaneous tax bills, S. 1485, S. 2075, S. 2424, and S. 2425.
2221 Dirksen Building

9:30 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on S. 1626, removing the requirement for Federal regulation to allow the competitive market system to establish petroleum pipeline transportation rates while maintaining safeguards to protect the industry and consumers against unlawful discrimination.
3110 Dirksen Building

Joint Economic
To hold hearings on the Consumer Price Index figures for the month of April.
2154 Rayburn Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices Subcommittee
To continue oversight hearings on the implementation of the Federal crop insurance program of the Department of Agriculture.
324 Russell Building

10:30 a.m.
Governmental Affairs
Energy, Nuclear Proliferation and Government Processes Subcommittee
To hold hearings on energy resiliency, focusing on strengthening and developing the strategic petroleum reserves.
3302 Dirksen Building

MAY 24

9:30 a.m.
Commerce, Science, and Transportation
Aviation Subcommittee
To hold hearings on proposed committee amendments to S. 508, Airport and Airway System Development Act of 1981 (pending on Senate Calendar), extending the funding level through

fiscal year 1987 for airport improvement and development programs.
235 Russell Building

*Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on S. 1713, providing an exemption for farmers from capital gains taxation on the income received from the sale of easement rights, provided the funds are rolled over into the purchase of new farmland or used for capital improvements in the existing farm.
2221 Dirksen Building

Judiciary
To hold hearings on S. 2167 and S. 2517, bills providing economic relief to American industries and companies injured by foreign products being dumped or sold on the American market at less than fair value.
6226 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Forestry, Water Resources, and Environment Subcommittee
To hold hearings on S. 1187, transferring authority to conduct national forest system boundary surveys from the Bureau of Land Management, Department of the Interior, to the U.S. Forest Service, Department of Agriculture.
324 Russell Building

Appropriations
HUD-Independent Agencies Subcommittee
To receive testimony from public witnesses on proposed budget estimates for fiscal year 1983 for certain programs under the subcommittee's jurisdiction.
1224 Dirksen Building

Energy and Natural Resources
Energy Regulation Subcommittee
To resume hearings on S. 1885, to place electric utilities, including members of registered holding company systems, on the same basis as nonutilities to encourage their investment in cogeneration and small power production facilities, focusing on committee amendments thereto, relating to avoided costs and interconnection provisions of the Public Utility Regulatory Policies Act (Public Law 95-617).
3110 Dirksen Building

2:00 p.m.
Finance
To hold hearings on the administration's New Federalism proposal.
2221 Dirksen Building

Select on Intelligence
Closed briefing on intelligence matters.
S-407, Capitol

MAY 25

9:00 a.m.
Governmental Affairs
To hold hearings on the annual report of the Postmaster General.
3302 Dirksen Building

9:15 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1983 for the Federal Trade Commission
S-146, Capitol

9:30 a.m.
Agriculture, Nutrition, and Forestry
Rural Development, Oversight, and Investigations Subcommittee
To hold oversight hearings to review the energy needs of rural communities.
324 Russell Building

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1983 for certain programs which fall within the jurisdiction of the subcommittee.
1224 Dirksen Building

Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on S. 2414, extending Federal Maritime Commission jurisdiction to intermodal shipments of cargo to and from the United States transported through Canadian ports, and requiring the filing of tariffs for such shipments.
235 Russell Building

Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings on social security disability terminations, focusing on the Social Security Administration's decision to accelerate the required review of disability eligibility, the continuing deficiencies in the system, and the resulting impact on claimants.
1318 Dirksen Building

Rules and Administration
To resume hearings on a proposed resolution of regulations and/or rules changes needed to implement television and/or radio coverage of the Senate.
301 Russell Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

*Environment and Public Works
To hold hearings to examine chemical and meteorological effects of acid deposition.
4200 Dirksen Building

MAY 26

9:00 a.m.
Governmental Affairs
To hold hearings on S. 1562, establishing a national policy to promote and consolidate Arctic research programs.
3302 Dirksen Building

9:30 a.m.
Agriculture, Nutrition, and Forestry
Rural Development, Oversight, and Investigations Subcommittee
To continue oversight hearings on the energy needs of rural communities.
324 Russell Building

Judiciary
Juvenile Justice Subcommittee
To hold hearings on the alleged abuse of juveniles in certain State-operated facilities.
5110 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To resume hearings on S. 1866, revising regulatory procedures relating to safe drinking water requirements, and S. 2131, authorizing funds through fiscal year 1986 for the safe drinking water program.
4200 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on certain alleged mismanagement practices within the Department of Energy.
3302 Dirksen Building

10:30 a.m.
Select on Intelligence
To hold closed hearings on intelligence matters.
S-407, Capitol

2:00 p.m.
Select on Committee to Study Law Enforcement Undercover Activities of Components of The Department of Justice
To hold an organizational business meeting.
Room to be announced.

MAY 27

9:30 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1983 for contributions to international organizations of the Department of State, and the Securites and Exchange Commission.
S-146, Captiol

Judiciary
Juvenile Justice Subcommittee
To continue hearings on the alleged abuse of juveniles in certain state operated facilities.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Public Lands and Reserved Water Subcommittee
To hold hearings on S. 1964 and S. 1965, bills designating certain wilderness areas in the Mark Twain National Forest in Missouri as components of the National Wilderness Preservation System, S. 2021, providing for the disposal and acquisiton of certain Federal lands in New Mexico, and S. 2405, providing for certain lands in New Mexico to be included in the Cibola National Forest System and into the existing Sandia Wilderness.
3110 Dirksen Building

*Environment and Public Works
To resume hearings to examine chemical and meteorological effects of acid deposition.
4200 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on certain alleged mismanagement practices within the Department of Energy.
3302 Dirksen Building

10:30 a.m.
Select on Intelligence
To hold hearings on the nomination of John N. McMahon, of Maryland, to be Deputy Director of Central Intelligence.
5110 Dirksen Building

JUNE 8

9:30 a.m.

Banking, Housing, and Urban Affairs
Securities Subcommittee

To resume hearings on S. 1869, S. 1870, S. 1871, and S. 1977, bills revising or repealing certain provisions of the Public Utility Holding Company Act of 1935.

5302 Dirksen Building

*Energy and Natural Resources

To resume hearings on S. 1844, to facilitate the development of interstate coal pipeline distribution systems by granting the Federal power of eminent domain to those interstate pipelines which are determined to be in the national interest.

3110 Dirksen Building

JUNE 9

9:30 a.m.

Select on Indian Affairs

To hold hearings on law enforcement problems on Indian reservations including the authority and effectiveness of the Bureau of Indian Affairs police, tribal police, and the Federal Bureau of Investigation, and the quality of U.S. prosecution of criminal offenses.

6226 Dirksen Building

JUNE 10

9:30 a.m.

Banking, Housing, and Urban Affairs
Securities Subcommittee

To resume hearings on S. 1869, S. 1870, S. 1871, and S. 1977, bills revising or repealing certain provisions of the Public Utility Holding Company Act of 1935.

5302 Dirksen Building

Labor and Human Resources
Labor Subcommittee

To hold oversight hearings on the implementation of the Employee Retirement Income Security program (ERISA).

4232 Dirksen Building

JUNE 14

9:00 a.m.

Commerce, Science, and Transportation
Communications Subcommittee

To hold hearings on S. 2469, providing for improved international telecommunications.

235 Russell Building

JUNE 15

9:00 a.m.

Commerce, Science, and Transportation
Communications Subcommittee

To continue hearings on S. 2469, providing for improved international telecommunications.

235 Russell Building

10:00 a.m.

Select on Indian Affairs

To hold hearings on proposed authorizations for the tribally controlled community college program.

6226 Dirksen Building

2:00 p.m.

Appropriations
Foreign Operations Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1983 for the Agency for International Development, focusing on the trade and development program, international disaster assistance, and American schools and hospitals abroad program.

S-146, Capitol

JUNE 16

9:30 a.m.

Commerce, Science, and Transportation
Merchant Marine Subcommittee

To hold oversight hearings on Federal Government cargo preference.

235 Russell Building

10:00 a.m.

Environment and Public Works
Environmental Pollution Subcommittee

To hold oversight hearings on the implementation of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Super Fund).

4200 Dirksen Building

JUNE 17

9:00 a.m.

Commerce, Science, and Transportation
Communications Subcommittee

To resume hearing on S. 2469, providing for improved international telecommunications.

235 Dirksen Building

Select on Indian Affairs

To hold hearings on S. 1735, providing for the use and distribution of funds awarded the Pembina Chippewa Indians in specified dockets of the U.S. Court of Claims.

5110 Dirksen Building

JUNE 23

9:30 a.m.

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee

To hold oversight hearings on the implementation of the National Materials and Minerals Policy Act of 1980 (Public Law 96-479).

235 Russell Building

10:00 a.m.

Select on Indian Affairs

To hold oversight hearings on indirect cost and contract provisions of the Indian Self-Determination and Education Assistance Act (Public Law 93-638).

6226 Dirksen Building

SEPTEMBER 21

10:30 a.m.

Veterans Affairs

To hold hearings to receive American Legion legislative recommendations for fiscal year 1983.

318 Russell Building

CANCELLATIONS

MAY 18

10:00 a.m.

Environment and Public Works

Business meeting, to consider pending calendar business.

4200 Dirksen Building

MAY 20

9:30 a.m.

Governmental Affairs
Federal Expenditures, Research and Rules Subcommittee

To hold hearings on S. 1782, eliminating percentage retention on Federal Government construction contracts, and S. 1882, improving the effectiveness and fairness of the Federal Government's contractor suspension and debarment programs.

3302 Dirksen Building

MAY 25

9:30 a.m.

Energy and Natural Resources
Energy Regulation Subcommittee

To resume hearings on S. 1626, removing the requirement for Federal regulation to allow the competitive market system to establish petroleum pipeline transportation rates while maintaining safeguards to protect the industry and consumers against unlawful discrimination.

3110 Dirksen Building

SENATE—*Tuesday, May 18, 1982*

(Legislative day of Tuesday, May 11, 1982)

The Senate met at 8:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Our Father in Heaven, the responsibility required of the Senators at this critical time in national affairs is beyond human ability and endurance. The magnitude of national debt and deficit overwhelms reason, turning discussions about billions upon billions and trillions of dollars into meaningless rhetoric, exceeding comprehension.

It has been said, "Man's extremity equals God's opportunity," but there must be the admission of extremity. Deliver the Congress from the presumption that it now can accomplish what a generation of leadership has been unable to do. Father, the finest minds are represented in this body. May humility be a part of their genius and may they acknowledge their need for the wisdom of Solomon which comes from above, to resolve the cosmic dilemma they confront.

And gracious Father, grant to the leadership of the Senate special wisdom and strength to navigate this House through the stormy gale and heavy seas upon which the ship of state is cast. Help them, Lord, to really believe Thee, really trust Thee, really yield to Thy righteous will. In the name of Him who rebuked the wind and the waves and they obeyed. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that following recognition of the two leaders under the standing order and the special order for Senator BRADY, there be a period for the transaction of routine morning business not to extend beyond 9 a.m. in length, with Senators being permitted to make speeches therein for not to exceed 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, I ask unanimous consent that Senator BRADY's comments be printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, following the use of the minority leader's time, I yield the remainder of the majority leader's time to Senator BRADY.

(The following proceedings are printed at this point in the RECORD by unanimous consent:)

RECOGNITION OF SENATOR BRADY

The PRESIDING OFFICER (Mr. PRESSLER). The Senator from New Jersey is recognized.

THE GREATER DANGER

Mr. BRADY. Mr. President, I stand here today as a man with no past and a short future in the U.S. Senate. The interim role given me by the Governor of New Jersey which finds me briefly in the distinguished company of celebrated men and women, is at once a limiting and a liberating experience.

It is limiting because I will scarcely have time to learn and practice the Senate's rules and procedures before I leave office after the elections 6 months hence.

It is liberating for precisely the same reason. There is no time to learn the art of compromise, no occasion to employ the conventions of parliamentary maneuver and no need to hedge bets for a stake in future legislative alliances.

When I came to Washington 3 weeks ago, I left an economy in real distress with a populace in confusion. I left a country of people, big and small, who looked to the leaders in this city, and most particularly in this great Chamber, to reassure them as they become fearful about their jobs, their homes, and their future. They needed to hear that politics would be cast aside and that reason and strength would dictate a safe course home.

This Senate simply must face the fact that its actions in the next several days with regard to the budget, and particularly the budget deficit, will mean the difference between deepening recession and prosperity. This body deals decisively with awesome, mind-bending issues such as nuclear weapons, international treaties, and social dilemmas. For heaven's sake, let us not take leave of our senses and stumble when it comes to a simple matter of arithmetic.

I know it is far from a safe assumption that the world is waiting breathlessly to hear what the newest and lamest duck in Washington has to say about anything, but let me continue.

There is a true story which helps illustrate the situation we are in today.

In 1869, Maj. John Wesley Powell led the first expedition down the Colorado River. Major Powell's diary entry for August 28, 1869, reads as follows:

> We come to a place which seems worse than any yet: to run it would be sure destruction. After supper, Captain Howland asked to talk with me. He, his Brother, and William Dunn have determined to go no farther. All night, I pace up and down. Is it wise to go on? At last daylight comes: Breakfast is solemn as a funeral. Two rifles and a shotgun are given to the men who are going out. I asked them to help themselves to rations. They refused, but Billy the cook had a pan of biscuits for dinner and these lie leaves on a rock. Some tears are shed: each party thinks the other is taking the dangerous course. The three men watch us off. We are scarcely a minute in running the rapids. We have passed many places that were worse.

Mr. President, there is a plaque now on the wall of the Grand Canyon, at Separation Rapids, which says:

> Here on August 28, 1869, Seneca Howland, O.G. Howland, and William H. Dunn separated from the original Powell party, climbed to the North Rim, and were killed by the Indians.

The next day, August 29, Major Powell and his crew rowed safely out of the canyon into quiet waters.

Shooting the treacherous rapids, or scaling the canyon wall, a choice, it was thought, between danger and safety. Yet the greater danger lurked in wait for those who embraced the delusion of safety.

I believe that this story tells us something about danger, real and perceived. I also believe that it suggests to us that the safest course is to tackle our problems head on, and to struggle through to safety.

For about a year and half, we have been trying to shoot the rapids. The President and the Congress have struggled to bring down inflation, to lessen the crippling effects of high taxation, and to encourage business to expand and create new jobs. We have succeeded in overcoming some of these rapids. Inflation is now down to acceptable levels. The growth in Federal spending which fueled that inflation and gobbled up available capital has been slowed. We have started sending the right signals to the financial community. The American people still believe that we are on the right course. They want us to keep pressing through. But there are some more rapids ahead.

Interest rates, though down substantially from where they were, are still choking the life out of our economy. The unused capacity of our human resources—10 million people out of work—is both a human and an economic tragedy.

The Federal budget deficit for the next fiscal year looms at more than $100 billion, perhaps $200 billion, in yet another extension of the sad tradition of deficits.

And the dangerous undertow racing beneath it all is an imperiled system of entitlement programs. These programs deliver essential services to millions of Americans and are central to our society but it is clear that they must be pruned and refined.

We have come now to a critical pass in the economic course the people chose in 1980 and this Congress charted in 1981. Interest rates remain at a level that is both economically and politically disastrous. They remain in the 16-percent range despite the progress we have made against inflation, despite the recession, despite the $40 billion dent made last year in Government spending growth, and despite the tax cuts designed to create a deeper reservoir of savings and investment capital.

They remain high because the managers of the private economy—millions of them from Wall Street to Main Street to your street—know that unless the Federal Government makes some hard and unpleasant choices soon, the Federal deficit will not hold at even $100 billion this year. It will climb to nearly $200 billion. Those choices, my colleagues, have to be made by us. And they have to be made today.

The deficit is not just a concept. It is not a paper transaction. It is real and has disastrous human consequences. First it means that the Federal Government eats up half of the roughly $400 billion available capital. It creates a mad scramble for the capital left over—among businessmen who want to expand, among average working people who want to buy a home, or a car, among students desperate to finance their education. That scramble keeps the cost of money for everyone at astronomical levels.

And do not let anyone confuse you by comparing the budget deficit on a historical basis to the gross national product. It is hogwash. You do not fund the deficit out of the GNP; you fund it out of savings.

The rate of private saving in this country, by both individuals and businesses, lags far behind those of Japan, West Germany, and many other industrial nations. The tax cuts enacted last year were specifically designed to encourage a greater rate of private savings in the United States, and when fully in effect, they will.

But for the moment, and for the prospective future, America's money markets are severely strapped for cash. And interest rates simply cannot come down very far under those conditions.

Currently, it is again convenient to make the steady monetary policy of the Federal Reserve Board the villain. A wink at the past and an upward tweak in the growth of the money supply, which the Fed controls, would remedy a multitude of ills, it is claimed.

But this is a false claim. The Fed is not the villain. It is serving a proper and constructive role by returning to "steady as she goes" policies and a straight course.

The money markets know this has not always been the case. Often in the past, especially as elections approached, an ostensibly apolitical Fed has been pressed into political service and pressured to expand the money supply at a far greater rate than economic conditions warranted.

In the context of this experience, the markets have a well-reasoned fear that history will repeat itself, that the Fed will suddenly take off the brake and floorboard the accelerator, reheating inflation and cheapening the value of their investment dollars. Sadly, it has happened before.

We speak in business of the "hurdle rate," the level of return on investment which can reasonably be predicted as a profitable one. Around American industry, the most commonly used hurdle rate is 15 percent. If a new plant cannot earn 15 percent, it is not authorized * * * no construction, no new jobs.

With a 15-percent cost of money, an even greater level of profitability must be reasonaby forecast before an investment in business expansion will be approved. Not many ventures can meet that test. As a result, not much expansion is planned, and not much economic growth is achieved. Interest rates are the villain. And the huge budget deficits are their sure cause.

Unless the Government acts strongly, consistently, and fairly quickly to reassure the private economy that it will not be overwhelmed by public borrowing and it will not be surprised by radical changes in monetary policy, then interest rates and "hurdle rates" will remain higher than the businessman, the consumer, and the officeholder can afford.

Thus congressional action must begin with a legislated commitment to change the size, the slope, and character of projected Federal budget deficits.

Holding the size of the 1983 deficit to $80 billion or less, rather than allowing it to balloon near $200 billion, will be the first strong and positive step the private economy is looking for.

Putting future deficits on a definite downward slope, and staying on that slope until a balanced budget can over time be achieved, will be the second major step.

And equally important will be the character of the sacrifices we make to achieve our budgetary goals.

There is not enough money in our "discretionary" domestic budget to achieve all the savings these goals demand—at least not without tearing some of our great social programs to shreds.

The Defense Department must come to the party. And the reductions in the 1983 defense authorization bill passed at 5:30 a.m. last Friday is a start on that process. For all our legitimate need to rebuild America's defenses, there are clearly more dollars to be saved at the Pentagon without loss of security, if we have the will to look for them.

And, political heresy though it may be, we have no alternative but to reach into the so-called uncontrollable entitlement programs and bring them under control.

We have no alternative if we hope to lower our budget deficits sufficiently, and we have no alternative if we hope to assure the survival of the programs themselves.

Our choice here is simple. We can continue granting benefits in the usual way, without regard for cost, and bankrupt the system in 3 years. Or we can count the costs, adjust the benefits, and make the programs secure for the future.

Simple as the choice may be to me, it is agony itself for many of you who were national leaders before I came here and will be national leaders long after I am gone.

You see nothing but merit in the case, and nothing but peril in the act, of entitlement reform.

A social security cost-of-living increase reduced from 7 percent to, say, 5 percent is considered political suicide—even if it would help restore the solvency of the system.

Yet, as a Senator who has not faced the voters and does not face the test of reelection, I see an illusion here like the one at Separation Rapids. I see Members of Congress trying to escape one danger only to fall prey to a much greater one—not merely an economic danger but a political one.

As one who is more private citizen than public servant, I feel obliged to remind my colleagues that Americans are smart people. They balance their checkbooks every month.

Ask them to trade in a few dollars in benefits and get in return the solvency of the social security program, the lowering of interest rates, and the recovery of jobs in a stronger economy, and they will make the trade and make it fast.

Make it clear that their sacrifice is in equal measure to that required of others, and they will rally behind you.

But keep things as they are—incredible deficits, unhurdled interest rates, and an economy that closes the door on 10 million workers—only to make the curious boast that you refused to reform entitlements, and the American people will give you their answer at the polls and you are not going to like it.

As we begin consideration of the budget resolution today, I have no illusion that my colleagues will consider at great length what their most junior colleague has said this morning.

I am a citizen honored to address you from this unique position. I bid you listen again to the words of Maj. John Wesley Powell, who spoke as I believe your countrymen would in this hour of decision:

> We are scarcely a minute in running the rapids . . . we have passed many places that were worse.

Mr. STEVENS. Mr. President, on behalf of the leadership I extend my regrets to my good friend from New Jersey that the hour is so early but, because of the timeframe of operating the Senate, it was necessary to convene early today. I think that every Member of the Senate would benefit from listening to Senator Brady or at the very least from reading the comments he has just made.

I am sorry that he will not be with this body. He is to be commended by every Member of the Senate for his willingness to take on the task of representing his State for a short period of time.

His wisdom is fully demonstrated by the comments he has just made, and I doubt there are many who will disagree with what he has said.

I do hope that he will be heard often here in the Chamber during his service in the Senate.

I thank my friend for the fine statement here this morning.

Mr. President, I ask unanimous consent that statements concerning the remarks made by Senator Brady be printed in the Record at this point.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. THURMOND. Mr. President, it is indeed a pleasure to have the new Senator from New Jersey as a Member of this body. He is a man whose reputation has gone before him for character, integrity, and courage. He is a man of capacity and we would do well to have more like him in this body.

I congratulate him for the remarks he has just delivered on this occasion. I hope every Member of this body will see fit to read those remarks.

I wish to say again to him that we are indeed pleased to have him and wish he could stay here longer.

Mr. GORTON. Mr. President, I join with my two leaders in congratulating the Senator from New Jersey on his maiden speech in this body. He has spoken to the most important of all of the issues which we will face this year and he has spoken with cogency and with sure purpose, not only on the necessity for brave and decisive actions to reduce budget deficits, but also in my view of the political consequences as well as the economic consequences of failing to do so.

Having made that statement I wonder if the Senator from New Jersey would answer one additional question for me on this subject.

Mr. BRADY. Certainly.

Mr. GORTON. I gather by implication from the address which the Senator from New Jersey made that he feels it vitally important in order to reduce the budget deficit projected for 1983 and within the foreseeable future, to balance the budget, to control the growth of entitlement programs and discretionary programs and of the budget for national defense. If he will I should like for him to make one or two remarks on whether or not he regards with indifference whether we balance the budget by reducing the growth rate of spending or increasing taxation. From his point of view in the private economy, will we have the same effect on the economy should we balance the budget simply by increasing taxes as opposed to reducing the growth rate of spending, or is there a real economic difference depending upon the approach which we take to this vital task?

Mr. BRADY. I think there is a real economic difference in balancing the budget by increasing taxes as opposed to reducing spending. I think the American people, the financial community, and almost everyone who considers the deficit problem feel that in the long run the problem that has to be cured is one of spending, mandated, uncontrollable spending. So that when I refer in my remarks to the character of the deficit, I refer to that point exactly. We might be able to paper over the 1983 deficit by ignoring mandated, uncontrolled, escalating expenses, but I say to the Senate that the people who watch what is being done in this Chamber and in the House of Representatives have monitoring devices. They are smart people who are watching exactly what is going on and they are very clear about what the future import of those actions are.

So papering over the deficit or balancing the budget by raising taxes makes it very clear to them that we are not willing to face the major problem that is before us. There are programs that are essential, central to this country and important. No one is going to destroy them, everyone wants to keep them, people want to save them, but they have to be trimmed and pruned. If we balance the budget simply by raising taxes and ignoring this problem the American people know fully well it is going to come back next year and we are not going to get the drop in interest rates that we would by doing it by facing these problems head on.

Mr. GORTON. I thank the Senator from New Jersey.

Mr. MATTINGLY. Mr. President, I congratulate the Senator from New Jersey for his outstanding speech. I think he joins with 18 other freshmen Senators and I wish to cite that he is now one of us and cite him for not only his bravery but also his understanding of the private sector and also this Government sector and what can make it be controlled.

And for Senator Brady I wish to say one other comment: Some of those may refer to him as a benchwarmer, that he is here just for a small interim period to fill in until there is an election this year, until January 1983 when a new Senator will fill that slot. But I wish to think of it differently. I wish to think that he has the most valuable tool in his hand, and I think with his perception of the private sector he can be of valuable assistance between now and next year when someone else will come here with the tool of his vote because here in this body there are only 100 votes. Many decisions are changed or have an impact by only one vote. I think that as far as those who may have referred to him as a benchwarmer I will not. He is a full-fledged Senator. His vote has an impact on the remainder of the votes in this body, and I think that it, Senator Brady's vote, could be a determining factor as we fight for the soul of this Republic this year and could be the turning point.

Mr. SYMMS. Mr. President, I wish to join my colleagues in their compliments to our newest Member from New Jersey, Senator Brady, and I especially wish to emphasize the point that I think he gives us a certain perspective in his remarks aimed at the budget because from his background, as many Senators you know, he has more expertise in this budget and this type of process than many of us have.

I think he also brings a fresh perspective on what the American people perceive. I quite agree with the Senator that the American people are often underrated by the politicians in Washington in what their level of intelligence is and I think he put this very eloquently when he makes the point if they were trading a slight reduction in increased benefits over the future years for solvency and fiscal responsibility for a future that can be insured by a social security system and by a Government that will have stability to the dollar and stability to the economy and restored employment, that it is a trade that they would very well be happy to make. I hope that the Senator from New Jersey will not refrain from saying that again and often in the Chamber to remind those of us who are elected here and will be probably running again to remember that sometimes the perspective of someone who is not running is much clearer and more concise as to what people think than some of us who become clouded of what we think the voters want to have us do.

I really compliment him for what I consider to be a very precise analysis of this budget and budget process and also for his speaking as a citizen who is a public servant now by request of his State.

I welcome him to this group. I think that he does have a lot to contribute to us and I hope he will be very outspoken during this budget process today because his remarks will be welcome and respected by our colleagues. So I hope he will say that over and over again because I still think that it is critical that this Senate send a message to the financial market and to the American people that we are not afraid to make the hard votes that have to be made to give solvency to the social security retirement system and votes that will give solvency to the Federal budget.

I wish to join in welcoming Senator BRADY here and wish him every success in his time here and in his future after he leaves this Senate.

I yield back my time.

Mr. MURKOWSKI. Mr. President, I would like to thank the majority whip.

I, too, would like to join with my colleagues in congratulating Senator BRADY from New Jersey. The Senator's reference in his address to the fact that the American people balance their checkbooks is one that deserves a little reflection on the part of all of us here in Government because the American people obviously are asking a question: Why is not our Government also balancing its checkbook?

I join with my colleagues, Senator BRADY, again in urging you during the time that you are with us to make felt your continued commitment to sound fiscal responsibility, and I think with your background and your association, your dedication to this cause you, along with others, can turn this thing around.

I want to commend you highly for the tremendous contribution you made here this morning.

I thank the Chair.

Mr. QUAYLE. Mr. President, I would like to express my sincere gratitude to Senator BRADY for a very thoughtful and serious speech he has given to the Senate. It is one I know he has worked on.

He speaks with a great deal of honesty, a great deal of intellectual background, and though he may have an illusion on whether it will be felt or understood to have an impact on the debate in the Senate, I can assure the Senator from New Jersey that it will.

It will because of the Senator's background, because of the work he put into it, and basically because of the message. The message was very simple: The message was that we will be scrambling this week to preserve everything for every particular group that, in the long run, if there is not some sacrifice on the part of all, we are not going to see the economy recover, we are not going to see a rejuvenation of the private sector, of the productivity for which we are all striving. Furthermore, interest rates will not come down to a level that will induce economic growth but will stay at an intolerably high rate. I believe that message is very simple.

I also thought his political message was quite simple and direct. Although we may confess we are doing this for the people, ultimately the people are going to like what the results will be, and I believe those words will be taken to heart, and I believe as they are taken to heart they will reflect in a constructive, positive way a resolution of this budget that will do something of a serious nature with respect to interest rates, will halt the decline in economic productivity which we have witnessed far too long.

Again I thank the Senator for his contribution. It has been immense, and its impact will be felt.

Mr. PACKWOOD. Mr. President, it is easy, I suppose, for us who remain here to say, "Senator BRADY, well, it is easy for him to say that. He does not have to run for reelection."

Yet for those of us who have been privileged to sit in private meetings with him and listen to the things he says, we are well aware he would not say anything different if he happened to be the candidate running for reelection in the State of New Jersey this year.

Every now and then you come into the presence of somebody who has extraordinary leadership, and it is clear very quickly that that person has extraordinary leadership.

Senator BRADY has that leadership, and the Senate is going to be privileged to share his leadership for the few remaining months of his term.

It would be my hope that, as we have had a chance to taste of his leadership, he might have had a sufficient chance by the time his term ends to have tasted of some of the joys, certainly some of the sorrows, of politics and would continue to give to this country in a variety of ways leadership in politics that he has given for the better part of his life in business.

His speech this morning was simply an example of his thought and his clarity of speech, and I for one hope we can count on his advice and the privilege of his presence and his leadership long beyond the end of this year.

Mr. BAKER. Mr. President, I will not take long. I wish to take this opportunity, however, to do two things: First, to express my regrets to Senator BRADY. I was not present on the floor when he made his talk. I was on my way to the Chamber and, as all of us have experienced more than once in our careers, I was stopped by a group of constituents, and we discussed at some length the question of interest rates, the budget, and the building starts, or the lack of it. I feel Senator BRADY will surely understand, as I could feel their concern and, indeed, their anguish that came through their statements, the distress and difficulties they had in the building industry and related industries. But it did cause me to miss NICK BRADY's maiden speech on the floor, and I regret that.

I had talked to him last week about that speech, and he had indicated to me that he planned to do it today. I fully intended to be here to join with my other colleagues on that momentous occasion.

I recall so clearly the first speech I made on the floor. I recall I waited, I thought patiently, for at least 2 weeks before I spoke, obedient to the decree that new Senators should be seen and not heard, and 2 weeks seemed like a long time to me. But after I made that speech I became a veritable fountain of speeches. That has continued for 15 years.

While it may be that it is a result of the decision made in advance by Mr. BRADY that he will not be here for 15 years, I can commend to him the practice of speaking, and speaking freely, on those subjects of particular interest to him, and even though they may be subjects that may float before his eyes and vision and command his temporary attention.

Senator BRADY is an important contribution to the Senate. He brings valuable experience and insights, and we are proud to have him and we are happy to have this fine ritual of senatorial initiation.

Mr. BRADY. Mr. President, I thank my colleagues for the opportunity to address them this morning, and also for the very, very generous remarks they have made.

THE COLOSSUS

Mr. BAKER. Mr. President, this week's poem, "The Colossus," by Sylvia Plath, is 1 day late, but is nonetheless as meaningful as ever. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

THE COLOSSUS

I shall never get you put together entirely,
Pieced, glued, and properly jointed.
Mule-bray, pig-grunt and bawdy cackles
Proceed from your great lips,
It's worse than a barnyard.

Perhaps you consider yourself an oracle,
Mouthpiece of the dead, or of some god or other,
Thirty years now I have labored
To dredge the silt from your throat.
I am none the wiser.

Scaling little ladders with gluepots and pails of lysol
I crawl like an ant in mourning
Over the weedy acres of your brow
To mend the immense skull plates and clear
The bald, white tumuli of your eyes.

A blue sky out of the Oresteia
Arches above us, O father, all by yourself
You are pithy and historical as the Roman Forum.
I open my lunch on a hill of black cypress.
Your fluted bones and acanthine hair are littered

In their old anarchy to the horizon-line.
It would take more than a lightning-stroke
To create such a ruin.
Nights, I squat in the cornucopia
Of your left ear, out of the wind,

Counting the red stars and those of plum-color,
The sun rises under the pillar of your tongue.
My hours are married to shadow.
No longer do I listen for the scrape of a keel
On the blank stones of the landing.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

ENERGY CONSEQUENCES OF U.S.S.R. NUCLEAR ATTACK ON UNITED STATES

Mr. PROXMIRE. Mr. President, the effect of a Soviet nuclear attack designed to destroy this country's economic capacity has been analyzed by the CATO policy analysis team of Katz and Osdoby. Today I will briefly discuss the effect of such an attack on this country's energy sources and how the consequences would affect our economic survival.

In the Katz-Osdoby study the experts found this consequence:

> The availability of energy is a critical element in national survival and economic power. The United States depends on fossil fuels for about 93 percent of its energy needs, with petroleum accounting for the largest share—49 percent. In the two largest attacks hypothesized in "Life After Nuclear War," 98 percent of the petroleum refining capacity in the country would be destroyed. Surviving capacity would be inadequate to meet even farm fuel needs. Less refinery capacity—but still well over 50 percent—would be destroyed in attacks but damage and disruptions to pipeline, port facilities, rolling stock, and other associated facilities would reduce the effectiveness of the surviving capacity.
>
> Adequate foreign petroleum supplies may not be available, depending on the post-attack international situation, the availability of tanker capacity, the willingness or ability of the OPEC nations to maintain or increase production, and the willingness of oil-producing nations to provide petroleum to a country without the economic capacity to generate adequate funds for payment. In any case, most imported petroleum arrives in the United States as crude oil and thus U.S. refinery capacity, plus its port and distribution system, is needed to render it usable.
>
> Natural gas is produced primarily in Texas and Louisiana (74%) and also in Oklahoma, Kansas, and New Mexico. These states consume one-third of their own production; the remainder goes mainly to the Midwest, New England, Mid-Atlantic states and California. Most of this gas is shipped by pipelines, many of which could be damaged if targeted in the hypothetical attacks.
>
> Although coal is the most abundant fossil fuel in the United States, substitution of coal for oil will be very limited in the near and mid-term because of existing constraints and those imposed by nuclear war on fuel conversion and coal mining capacity. Coal is mined by electrical and diesel equipment, and it is transported by trucks and trains which will be damaged and short of fuel themselves in the post-attack period.
>
> Power generating stations that survive the attacks would also be affected by fuel shortages. As is the case with refining and transporting fossil fuels, efforts to maintain or expand electrical generating capacity will suffer from reduced maintenance capability and lack of equipment and replacement parts. In fact, the loss of skilled personnel is a potentially more significant threat to power plan operation that any physical losses.
>
> Both household and industrial fuel consumption will decrease as a result of losses in manufacturing capacity, population, and housing. It is not possible to predict precisely whether surviving fuel and power resources will match demand, though under the assumed attacks, refining capacity losses exceed losses in industrial capacity. Nor can we know in advance precisely what sort of price system would exist—whether prices would be controlled by government—or even the extent to which barter would replace monetary transactions. It does seem clear that maldistribution of surviving fuel stocks and transportation system damage will create local shortages and hamper immediate relief efforts.
>
> And what about recovery? Postwar experience in Europe and Japan indicates that to replace and rebuild the fuel processing and distribution systems, as well as electrical generating and transmission facilities, will be time-consuming. Even if domestic or imported fuel is available in adequate quantities—an uncertain assumption—the capacity to convert it efficiently to its end use is likely to be inadequate for several years, thereby retarding economic recovery from the post-attack base. The American economy depends on large quantities of electrical power and fossil-fueled transportation systems; combined with the vulnerability of petroleum refining facilities and significant dependence on foreign petroleum, this suggests that the magnitude of the difficulty of meeting energy needs may be one of the most critical determinants of the nation's long-term ability to recover economically from urban-oriented nuclear attacks.
>
> Pursuing full economy recovery will place enormous demands on the damaged energy system, even if stringest rationing were imposed on individual consumption. It remains doubtful whether the badly damaged economy with its output greatly curtailed would be able to generate the enormous sums of capital and other resources required to refurbish the national energy system and to purchase foreign petroleum (assuming it is available). After a limited nuclear attack, people's time preferences would increase dramatically, and savings and investment would nearly grind to a halt, even if the institutions to channel savings into rebuilding productive capacity should happen to survive. It is not a far-fetched prospect that the victim of an urban-oriented thermonuclear attack would find itself in the position analogous to many of today's least developed countries—in a vicious circle where essential consumption prevents accumulation of the surplus resources required to expand productivity and output.

ONE MAN'S FIGHT AGAINST GENOCIDE

Mr. PROXMIRE. Mr. President, a recent New York Times article tells the stirring story of how Gregory Stanton, a 35-year-old student at the Yale Law School, is attempting to chronicle the tragic killing of over 1 million Cambodians by the Pol Pot regime.

Mr. Stanton first became personally aware of the Cambodian slaughter while conducting relief work in Cambodia in 1980. He met a teenage boy who told him how two other teenagers, members of the Pol Pot forces, had forced him to watch as they killed his parents.

This story, and others detailing the many brutal murders committed by the Pol Pot government, deeply affected Mr. Stanton. They spurred him to organize the Cambodian genocide project, a project which is set to begin in October and will include photographic surveys of mass graves, microfilming of bodies by a forensic pathologist, and interviews with survivors.

Gregory Stanton hopes the project will make the world remember the multitude of Cambodians who were killed under the Pol Pot regime. Once completed, it will stand as the most comprehensive historical and statistical survey ever put together on this carnage. Mr. Stanton intends the survey to memorialize the murdered Cambodians and contribute valuable insight toward understanding the phenomenon of mass murder.

These aims have one purpose: To prevent the killing from recurring. That Mr. Stanton has taken this upon himself should inspire us all to support his efforts. Fighting mass murder is one of the most important tasks to which we can devote our attention. As we observe countries like Cambodia, it becomes obvious that the crime of genocide is not vanishing. It becomes obvious that we must promote safeguards which would prevent outbreaks of large-scale killing.

One such safeguard is the Genocide Convention. By ratifying it, we would make a significant statement condemning mass murder. The Convention was drawn up by the international community in response to the Nazi Holocaust. It defines genocide as an act "committed with intent to destroy, in whole or in part, a national, ethnical, racial, or religious group." And it provides for the punishment of those who commit genocide. As such, the Convention takes a strong stand against almost every form of mass murder.

Mr. President, I ask that this body ratify the Genocide Convention and thereby promote all efforts to eradicate the crime of genocide.

COMMERCE SITTING ON 2-YEAR STUDY OF DEFENSE SPENDING

Mr. PROXMIRE. Mr. President, the Commerce Department "is sitting on a 2-year study of the effects of military spending on industry because of Pentagon objections to the conclusions of the study."

I, as ranking minority member of the Senate Appropriations Committee and vice chairman of the Joint Economic Subcommittee on International Trade, Finance, and Security Economics, said in a statement prepared for the Senate:

> Two years ago, I asked the Commerce Department to analyze the effects of increased military spending on the industrial sector of the economy.
>
> The study, after lengthy delays, was finally completed in December, 1981. It is entitled, "Sectoral Implications of Defense Expenditures."
>
> ### PENTAGON OBJECTS TO FINDING OF POTENTIAL BOTTLENECKS
>
> I am informed that the study identifies no less than 20 defense industries where bottlenecks may occur as a result of the military buildup.
>
> The Pentagon has been so incensed at this finding that it has been lobbying to change it and delay the release.
>
> Defense Secretary Caspar Weinberger intervened personally at a meeting of the Cabinet Council on Economic Affairs and succeeded in delaying publication of the study.
>
> The Commerce Department has apparently given in to Pentagon demands that portions of the study be redone.
>
> I wrote Commerce Secretary Malcolm Baldrige on March 26 criticizing the delay and asking when it would be released to the public.
>
> As of now, I still have not received a reply.
>
> Responsibility for the study presently lies with Robert H. Dederick, Assistant Secretary for Economic Affairs.
>
> Unfortunately, Secretary Dederick has gone along with the Pentagon's stalling tactics. He is either being out-smarted or outgunned or both.
>
> The suppression of the Commerce study seems designed to prevent Congress and the public from knowing how potentially harmful the rapid military buildup will be to industry and the economy.
>
> For Commerce to take two years to do a study that should have been completed in one year, and to then suppress it because the Pentagon doesn't like the results, is an outrage against Congress and the taxpayer.

RICKOVER SHOWS OMB HOW TO CUT DEFENSE COSTS

Mr. PROXMIRE. Mr. President, yesterday I released a memorandum on defense procurement prepared by Adm. H. G. Rickover for budget director, David Stockman. The memorandum, delivered by the admiral to Stockman in a meeting on April 22, 1981, contains a discussion of the problems of waste and mismanagement in defense contracting and detailed recommendations for saving money.

I said in a statement prepared for the Senate:

> The full extent of Admiral H. G. Rickover's efforts to correct abuses in defense contracting have not been made known before. I hope to correct this gap in the public record by releasing materials from the admiral's files I obtained prior to his retirement.
>
> One of the key items is a memorandum together with backup materials prepared by the admiral for a meeting he held with budget director, David Stockman, to discuss ways to improve the management of government contracting.
>
> Rickover warned Stockman of the danger that the Pentagon would, under the Reagan Administration, become insulated from efforts to trim the bureaucracy. As a result, "large defense contractors will have even easier pickings in the Department than they have had in the past."
>
> ### DEFENSE DEPARTMENT OVERSTAFFED
>
> Stockman was urged to give high priority to streamlining the Defense Department. Rickover pointed out that the Pentagon suffered from "excessive organization layering, overstaffing, transient management, short tours of duty, preoccupation with management systems, cumbersome and lengthy budget review processes, as well as other factors" which combine to result in inefficiency and waste.
>
> ### ELIMINATE OFFICE OF CHIEF OF NAVAL MATERIAL
>
> Rickover recommended eliminating the 900-man Office of the Chief of Naval Material, and reducing the numbers of officials in the Office of the Secretary of Defense and the number of flag officers.
>
> ### OTHER RECOMMENDATIONS
>
> Among Rickover's numerous recommendations for improving efficiency in government contracting, are the following:
>
> OMB should adopt a policy that cost overruns on continuing programs are to be funded by cutbacks in the same programs.
>
> The Pentagon's $2 billion a year program of independent research and development (IR&D) should be abolished or drastically cut back.
>
> A one-year statute of limitations should be established for the submission of claims by contractors against the government.
>
> Any contractor who stops work on a defense contract as a result of a contract dispute should be required to obtain, at his own expense, a performance bond for new contracts.
>
> The Navy should reinstitute nuclear submarine construction in Naval shipyards.
>
> The Pentagon and OMB should set up a system for recovery of excessive profits on defense contracts.
>
> The Office of Federal Procurement Policy (OFPP) should be abolished because it has become "a focal point where outside special interests can readily influence government procurement policy."
>
> The practice of military people changing jobs every two or three years should be stopped.
>
> The full text of the Rickover memorandum may be found in the Joint Economic Committee Hearings, "Economics of Defense Policy Admiral H. G. Rickover," part I. Additional materials from Admiral Rickover's files will be made available in the near future.

ORDER OF BUSINESS

Mr. PROXMIRE. Mr. President, I reserve the remainder of the minority leader's time for his use at a later time, and I yield the floor.

S. 2542—ESTABLISHING A FEDERAL EMERGENCY SUPPLEMENTAL UNEMPLOYMENT COMPENSATION PROGRAM

Mr. ROBERT C. BYRD. Mr. President, I am today introducing legislation to provide an additional 13 weeks of unemployment benefits to jobless workers. Senators LEVIN, RIEGLE, KENNEDY, JACKSON, SASSER, SARBANES, MOYNIHAN, PELL, MELCHER, HEFLIN, DIXON, EAGLETON, GLENN, RANDOLPH, MATSUNAGA, METZENBAUM, CANNON, CRANSTON, HART, HUDDLESTON, and FORD join me as cosponsors.

Our Nation finds itself today in the grip of the most severe and damaging recession we have experienced since the Great Depression. Virtually every day we are confronted with more depressing economic statistics than the day before. Interest rates remain high. Business failures mount, without regard to the size or influence of the business. Giant firms like Braniff International declare bankruptcy at the same time that literally thousands of small firms are driven out of business.

But the single most distressing impact of the recession has been and continues to be on working men and women and their families. A little over a week ago, banner headlines announced a tragic story in virtually every newspaper in the Nation: The Washington Post headline read "Unemployment Worst Since Great Depression." The New York Times headline read "Jobless Rate Rises to 9.4 Percent, a Record in Postwar Years."

These headlines and others like them were shocking by themselves. But the facts and figures contained in the stories beneath them were even more shocking:

Over 10,300,000 people were jobless in April, an increase of 450,000 over the previous month.

A total of 5.8 million people were forced to work less than full-time in April because they could not find full-time jobs.

Not counted in the previous two categories were more than 1.3 million people who have been unable to find work for so long that they have ceased looking.

The April seasonally adjusted unemployment rate was 9.4 percent—the highest since the Department of Labor began keeping monthly records just after World War II, and higher than any annual unemployment rate before that time since 1941.

This was the national picture. For many Americans, the picture was even bleaker than this:

The unemployment rate in the construction industry was 19.4 percent.

The unemployment rate among agricultural workers was 14.6 percent.

In Michigan, 15 percent of the work force was unemployed.

Some cities and towns reported unemployment rates of well over 20 percent.

My own State of West Virginia has an unemployment rate of 11.3 percent.

What happens to a man or woman who has learned a trade or entered a profession, who has worked for a living for years, and whose income from employment often is supporting a family—when suddenly there no longer is work to be done or a paycheck to bring home?

For many Americans, of course, unemployment compensation is available to tide the worker through. Some workers have additional temporary assistance provided by their previous employers or through union assistance funds.

But these sources of assistance very rarely provide enough income so that unemployed workers and their families can continue to enjoy the standard of living that was theirs while they worked.

And these limited sources of assistance quickly begin to dry up. In most States, regular unemployment compensation is limited to a maximum of 26 weeks. In those States that qualify because of having relatively high unemployment, the unemployed can continue receiving benefits for what in most States is an additional 13 weeks under the extended benefits program.

During periods where the economy is healthy, experience has shown that the duration of regular unemployment compensation is sufficient on average to provide help during the time it takes those who have lost their jobs to find other work or return to their original positions. During periods of relatively brief and shallow recession, the extended benefits program provides an additional buffer.

But these two programs are not designed to provide sufficient aid during severe and lengthy recessionary periods. And unquestionably, these two unemployment assistance programs fall far short of meeting the needs during what appears to be the most severe recession this Nation has experienced in 50 years.

What happens when unemployed workers exhaust the full 39-week combination of regular and extended benefits, and still are unable to find work?

First, of course, these families exhaust all of their savings. Then it becomes really brutal. Parents must make anguishing choices: Whether to pay for food for themselves and their children, or meet mortgage or rent payments, realizing they will be evicted from rented homes—or that homes they own will be repossessed—if they do not make their payments. They begin to sell their personal possessions at a loss just to provide a small trickle of additional income, and they forego every expense that is not absolutely essential, including needed medical care.

If the recession persists, and they still cannot find work, these families finally experience true and absolute destitution. They lose their homes, their automobiles, many of their possessions. In some cases they lose their health. And they lose their self-sufficiency, their pride, and their hope.

I fully realize, Mr. President, that this is a very harsh account. This is not, thank God, the fate of every worker who has been laid off during the current recession. But what I have just related is by no means exaggeration. It is precisely the fate of countless thousands of workers and their families.

We in the U.S. Congress have an obligation to do everything in our power to return our economy to stability. We must take those steps that will put our people back to work.

But in the meantime, we cannot—we must not—sit by and allow millions of Americans to exhaust all currently available unemployment compensation when there is no realistic possibility that most of them can find jobs.

During each of the past two most serious recessions, the Congress has established an additional tier—a third tier—of unemployment benefits for those who have exhausted both regular and extended benefits.

In 1971, such a supplemental benefits program was established when there were 5.1 million unemployed persons, and the unemployment rate was 5.5 percent. That recession was much less severe than the current recession, as is clear from the lower unemployment figures, so the supplemental program was operated for less than 1 year.

In 1974, during the next significant economic downturn, the Congress again established a supplemental program when the unemployment rate reached 7.2 percent and 6.6 million persons were out of work. That program lasted for over 3 years.

Mr. President, according to any objective criterion the recession today is far more severe than were either of these previous recessions. Nearly 4 million more people are out of work than at the time when the last supplemental benefits program was set in place in 1974.

It is for this reason—and because I believe that it is imperative to provide some cushion for those whose lives are being wrecked through no fault of their own—that I am today introducing legislation to provide a maximum of 13 additional weeks of unemployment compensation to those who have exhausted benefits for which they are eligible in both the regular and extended benefits programs.

The bill I am introducing, titled the "Federal Emergency Unemployment Compensation Act of 1982," will be available to any State that is eligible to participate in the extended benefits program. Individuals will be eligible to receive the supplemental benefits it will provide if they have exhausted regular and extended benefits but continue to meet all eligibility criteria for the extended benefits program.

According to the most recent available data from the Department of Labor, 31 States would be eligible to participate in the supplemental program if it were to commence today. The Congressional Budget Office projects that as many as five other States may become eligible during the expected duration of the program.

I am profoundly hopeful that we have experienced the worst of the current recession, and that we will soon begin to see signs of recovery—although frankly I do not believe that is the case. Because the conclusion of the recession cannot be seen clearly today, however, the bill I am introducing provides simply that the supplemental program will terminate when the seasonally adjusted national unemployment rate drops to or below 8 percent. The Congressional Budget Office projects that this should occur during the fourth quarter of fiscal year 1983. States with exceptionally high unemployment at that point could continue in the program for a maximum of 6 more months.

The Congressional Budget Office projects that the program, if put in place in June of this year, will cost $337 million for the remainder of the current fiscal year, $627 million in fiscal year 1983, and $111 million in fiscal year 1934.

During this period when reducing the deficit is such a difficult task, proposing any program that will add to current Federal expenditures can only be done with serious concern. But our current budgetary dilemma not only does not remove Government's responsibilities and its obligations to the people of the United States; in fact, in some crucial respects those obligations and responsibilities are heightened by the very recession that has been such a major contributor to our budgetary imbalance. The bill I am introducing today addresses one of these responsibilities.

It is important to emphasize that the tragedies of unemployment are not partisan tragedies. This recession is resulting in layoffs for Republicans, Democrats, and Independents alike. In State after State Republicans, Democrats, and Independents are exhausting all unemployment benefits currently available.

I am hopeful that the Congress, and in particular the Senate, will not view this legislation in a partisan way. I hope that Senators of both parties can join together to speed this bill on its way to enactment at the earliest possible time in order that the assistance it will provide will reach those who need it quickly.

I want it to be understood clearly that I welcome cosponsors from both parties—I urge Senators from both parties to join as cosponsors.

In conclusion, I again wish to stress how important I believe it is that the Congress act rapidly on this measure in order to minimize human suffering and dislocation. I urge my colleagues to support it, and thereby support American workers whose well-being is on the line.

Mr. President, I ask unanimous consent that a list of the States that would be eligible to participate in the supplemental benefits program my bill would establish, were it to be enacted today, and the text of the bill, be printed in the RECORD at this point.

There being no objection, the list and the bill were ordered to be printed in the RECORD, as follows:

LIST OF STATES

States that will be immediately eligible under Robert C. Byrd emergency unemployment compensation legislation (if effective on May 1, 1982):

Alabama, Alaska, Arkansas, California, Delaware, Idaho, Illinois, Indiana, Iowa, Maine, Maryland.

Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, North Carolina, Ohio, Oregon.

Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin, Puerto Rico, Virgin Islands.

Additional States that Congressional Budget Office projects will become eligible during expected life of the program:

Hawaii, Kentucky, Louisiana, New York, North Dakota, District of Columbia.

S. 2542

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Emergency Unemployment Compensation Act of 1982".

ESTABLISHMENT OF PROGRAM

SEC. 2. (a) The Secretary of Labor (hereafter in this Act referred to as the "Secretary") shall enter into an agreement with any State which is willing and able to do so for the purpose of providing additional weeks of unemployment compensation for eligible unemployed workers.

(b) An agreement between the Secretary and a State under this section shall provide that—

(1) the State shall pay supplemental unemployment compensation to any eligible worker (as defined in section 3) for any week during such individual's eligibility period (as defined in section 3) in the same manner, subject to the same conditions and requirements, and in the same amount as extended compensation is paid under the Federal-State Extended Unemployment Compensation Act of 1970 and the State law approved under section 3304 of the Internal Revenue Code, except as otherwise provided in this Act;

(2) such payments shall be made from the State unemployment fund; and

(3) the Secretary shall pay to such State, in accordance with section 5, an amount equal to 100 percent of the amount expended by such State for supplemental unemployment compensation under the provisions of this Act.

(c) Any State which has entered into an agreement with the Secretary under this Act may terminate such agreement upon providing 30 days notice to the Secretary.

ELIGIBLE WORKER; OTHER DEFINITIONS

SEC. 3. (a) For purposes of this Act the term "eligible worker" means an individual who—

(1) is unemployed;

(2) was entitled to (or would be entitled to if he applied therefor) unemployment insurance for a week within the benefit period (A) in which such individual's most recent period of unemployment began, or (B) which began (or would have begun) by reason of the filing of a claim for unemployment insurance by such individual after the beginning of such individual's most recent period of unemployment;

(3) has exhausted all rights to any unemployment insurance to which he was entitled (or would be entitled if he applied therefor); and

(4) does not have an unexpired waiting period applicable to him for any such unemployment insurance.

(b)(1) For purposes of this Act, an individual's eligibility period shall consist of the weeks in his benefit year which begin in a supplemental benefit period, and, if his benefit year ends while he is receiving supplemental unemployment compensation under this act, such eligibility shall be extended until such time as such individual exhausted his right to any compensation under this Act, or until the end of such supplemental benefit period, whichever is first.

(2) A supplemental benefit period for any State—

(A) shall begin with the first week during which—

(i) the national seasonally adjusted total unemployment rate (as released by the Bureau of Labor Statistics) for the second month preceding the month in which such week begins is greater than 8 percent; and

(ii) there is an extended benefit period in effect with respect to such State under section 203 of such Act; and

(B) shall end with the beginning of the first week—

(i) following a week during which such State does not meet the requirements of clause (ii) of subparagraph (A); or

(ii) beginning in the second month following a month during which the national seasonally adjusted total unemployment rate (as released by the Bureau of Labor Statistics) is equal to or less than 8 percent.

(3) The supplemental benefit period which would otherwise end by reason of the provisions of paragraph (2)(B)(ii) shall continue on a State-by-State basis for a period consisting of those consecutive weeks thereafter, not to exceed 26 weeks, for which such State has, for the third week preceding such week, a State rate of insured unemployment (as determined under section 203(e) of the Federal-State Extended Unemployment Compensation Act of 1970) which equals or exceeds 5.5 percent.

(4) Upon the expiration of the first supplemental benefit period beginning on or after the date of the enactment of this Act, which ends by reason of the provisions of paragraph (2)(B)(ii), the provisions of this Act shall cease to be in effect except as otherwise provided in paragraph (3).

(c) For purposes of this Act—

(1) the term "unemployment insurance" means the unemployment compensation payable to any individual under any State law or Federal unemployment compensation law, including chapter 85 of title 5, United States Code, the Railroad Unemployment Insurance Act, and the Trade Act of 1974;

(2) the terms "unemployment" and "unemployed" refer to weeks of total, part-total, or partial unemployment as determined under the applicable State or Federal unemployment insurance law;

(3) the term "benefit period" means with respect to an individual—

(A) the benefit year and any ensuing period, as determined under applicable State law, during which the individual is eligible for regular, additional, or extended compensation, or a trade readjustment allowance, or

(B) the equivalent to such a benefit year or ensuing period provided for under the applicable Federal unemployment insurance law; and

(4) the terms "compensation", "regular compensation", "extended compensation", "additional compensation", "benefit year", "base period", "State", "State law", and "week" shall have the same meanings as in the Federal-State Extended Unemployment Compensation Act of 1970.

LIMITATION ON COMPENSATION

SEC. 4. Payment shall not be made under this Act with respect to compensation paid to an individual which exceeds an amount equal to 13 times such individual's most recent weekly benefit amount of compensation paid for a week of total unemployment preceding such individual's most recent exhaustion of unemployment insurance.

PAYMENTS TO STATES

SEC. 5. (a) There shall be paid to each State which has entered into an agreement under this Act an amount equal to 100 percent of the supplemental compensation paid to eligible individuals by the State pursuant to such agreement.

(b) No payment shall be made to any State under this section with respect to compensation to the extent the State is entitled to reimbursement with respect to such compensation under the provisions of any Federal law other than this Act.

(c) Sums payable to any state by reason of such State's having an agreement under this Act shall be payable, either in advance or by way of reimbusement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this Act for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State involved.

(d) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this Act. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the funds appropriated pursuant to section 6 to the account of such State in the Unemployment Trust Fund.

AUTHORIZATION OF APPROPRIATIONS

SEC. 6. There are authorized to be appropriated from the general fund of the Treasury, without fiscal year limitation, such sums as may be necessary to carry out the purposes of this Act.

FRAUD AND OVERPAYMENTS

SEC. 7. (a)(1) If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of Federal supplemental compensation under this Act to which he was not entitled, such individual—

(A) shall be ineligible for further Federal supplemental compensation under this Act in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(3) shall be subject to prosecution under section 1001 of title 18, United States Code.

(2)(A) In the case of individuals who have received amounts of Federal supplemental compensation under this Act to which they were not entitled, the State is authorized to require such individuals to repay the amounts of such Federal supplemental compensation to the State agency, except that the State agency may waive such repayment if it determines that—

(i) the payment of such Federal supplemental compensation was without fault on the part of any such individual, and

(ii) such repayment would be contrary to equity and good conscience.

(B) The State agency may recover the amount to be repaid, or any part thereof, by deductions from any Federal supplemental compensation payable to such individual under this Act or from any unemployment compensation payable to such individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the three-year period after the date such individuals received the payment of the Federal supplemental compensation to which they were not entitled, except that no single deduction may exceed 50 percent of the weekly benefit amount from which such deduction is made.

(C) No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(3) Any determination by a State agency under paragraph (1) or (2) shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

EFFECTIVE DATE

SEC. 8. This Act shall become effective on the date of its enactment, and shall apply with respect to compensation paid for weeks beginnning after such date.

● **Mr. RIEGLE.** Mr. President, I rise as original cosponsor of legislation introduced by Senator BYRD to provide for a Federal supplemental unemployment compensation program for States with high unemployment. The adoption of such a program is critical to the well-being of hundreds of thousands of our Nation's workers who already have or soon will exhaust all standard and regular extended benefits for which they are eligible.

The new Federal supplemental benefits would provide for up to 13 additional weeks of unemployment insurance benefits for individuals who have exhausted all standard and regular extended benefits for which they are eligible, and only for so long as they meet all qualifications for the regular extended benefits program.

States would become eligible to participate in the new FSB program when they currently are participating in the regular extended benefits program, and their insured unemployment rate (IUR) exceeds 5 percent. Benefits would be paid fully from Federal general revenue.

The program would terminate nationally in the month following the first month when the national unemployment rate falls to or below 8 percent. However, any State eligible for the program when it terminates nationally could continue to participate in the program so long as it remains eligible in all other respects, until its total unemployment rate falls to or below 8 percent, for a maximum of 6 months.

Mr. President, there is clear precedent for a Federal initiative of this kind to ease the burden of unemployed workers in times of deep recession. The Federal Government instituted a Federal supplemental benefits program in each of the last two most serious national recessions—in 1971, and in 1974. Today's recession has taken a far more devastating toll on our Nation's workers than either of its two predecessors. The national unemployment rate stands at 9.2 percent—a full 2 percentage points higher than the 1974 rate of 7.2 percent when the FSB program was implemented. Today—9,957,000 unemployed persons have been counted by the Department of Labor, representing an increase of 4.5 million unemployed individuals over the 1974 workers who were unemployed. And these figures do not take into account over 1 million additional unemployed who have become so discouraged they have dropped out of the labor force.

Surely, the predicament of our unemployed workers, which is far more serious and dramatic than anything we have seen in the last several decades, merits Federal attention and support. Up until now, America's unemployed workers have had to content themselves with rosy economic forecasts for a recovery that has yet to materialize and rhetoric from various administration officials about the inevitability of high unemployment rates in our present economic climate. I would argue that such rhetoric offers little solace to the unemployed worker, frustrated by futile job search efforts and burdened by financial obligations, who may now be facing the termination of his or her unemployment benefits. This bill, which is being introduced today, offers the unemployed worker in States with high unemployment concrete support in the form of 13 additional weeks of unemployment benefits. Without this support, thousands of unemployed workers will be expected to weather the duration of this recession without financial resources, dependent on a State welfare system which may or may not have resources available to them.

In my own State of Michigan, the socalled recession has looked like a depression to many workers for a long time. Since January 1980, the Michigan unemployment rate has averaged 16.4 percent with the current Michigan unemployment rate standing at 15.5 percent with 654,000 Michigan residents unemployed. In January and February of this year, 33,500 Michigan workers exhausted regular unemployment benefits and 147,100 had exhausted extended benefits. There has been an enormous increase in the demand for welfare and socal services at a time when revenues are decreasing—largely as a result of the severe Michigan unemployment problem. This February, 2,257 new families joined the AFDC rolls in Michigan. Of these, all but 24 were families with parents who had lost their jobs. The State of Michigan simply does not have the resources to handle the tremendous burdens being placed on its unemployment insurance and social service systems.

High unemployment is a national problem. Our Nation's unemployed workers deserve a national response—a response which speaks to their immediate need for financial support in the face of a deep recession with few prospects for new employment opportunities. The bill introduced today by the distinguished minority leader provides a responsible and immediate response to unemployed workers. We must act now. The quality of life for thousands of our Nation's workers and their families is at stake. I urge my colleagues to join me in support for this vital piece of legislation.●

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. PRESSLER). Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond 9 a.m. in which Senators may be permitted to speak for not to exceed 5 minutes each.

Mr. STEVENS. Mr. President, I ask unanimous consent that the period for the transaction of routine morning business be extended for 15 minutes.

The PRESIDING OFFICER. Without objection it is so ordered.

EXTENSION OF TIME AGREEMENT FOR CONSIDERATION OF SENATE CONCURRENT RESOLUTION 60

Mr. STEVENS. Mr. President, I ask unanimous consent that the agreement previously entered into with respect to Senate Concurrent Resolution 60 be extended for 15 minutes so that the 3-hour period will still be there and will expire at 12:15 p.m.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

LET US PRAY FOR A LITTLE SKEPTICISM

Mr. THURMOND. Mr. President, growing attention has been given in recent months to comments made by members of the clergy about the security and foreign policies of the United States. Much of this commentary suggests that the United States is somehow responsible for the political tension and unrest that exists in some parts of the world.

Although world peace is something we all desire, I am concerned about the number of statements that reflect a disregard for global realities. I call to the attention of my colleagues a May 13, 1982, column by Mr. George Will in the Washington Post entitled "Let Us Pray for a Little Skepticism." I believe, in particular, that his cautions about the motives of some Communist "peace" activities merit our consideration. I ask unanimous consent that the full text of Mr. Will's commentary be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LET US PRAY FOR A LITTLE SKEPTICISM

(By George F. Will)

When Vladimir Bukovsky, a Russian dissident, was being sent into exile, a KGB agent noted that the handcuffs on Bukovsky's wrists were made in America. But handcuffs are not America's most embarrassing export.

Billy Graham's sojourn as guest of the masters of the Gulag coincided with the anniversary of the Nazi surrender, so he said (according to The New York Times): "I want to remind you that the United States and the Soviet Union were allies at the time against a common enemy. Now we have another common enemy—the possibility of a nuclear war."

Graham did not remind anyone that the Soviet Union and the Nazis began the war as allies, and their falling-out was not a Soviet idea. But Graham's delicacy is less interesting than his "common enemy" formulation.

Is it his notion that the threat of nuclear war is a mysterious "third force"? Or the result of some odd misunderstanding, some mutual mistake? Whatever, his language suggests a moral symmetry between his country and the Soviet Union. Evidently they are equally innocent victims—but of what? Physics?

The Kremlin is sponsoring the—take a deep breath—World Conference of Religious Workers for Saving the Sacred Gift of Life from Nuclear Catastrophe. The Kremlin's audacious cynicism is wondrous. A "gift"—from whom? Marx? And when did the Kremlin begin speaking of "the sacred"?

This travesty, this exploitation of clergymen's vanities and naiveté, is designed to strengthen the "peace movement"—but only in the West. In East Germany, a new law makes it a crime to wear a button saying "Swords into Plowshares." In Moscow, "Ground Zero Week" lasted the minutes it took the police to pounce on the handful of people who unfurled a banner.

The Washington Post reports that when Graham spoke in two churches, both "were heavily guarded with police sealing off all roads leading to them. Hundreds of KGB security agents . . . were in the congregation." Graham told one congregation that God "gives you the power to be a better worker, a more loyal citizen because in Romans 13 we are told to obey the authorities." How is that for a message from America?

According to The Post, Graham is "a star attraction" at the conference and "is being driven around Moscow in a Chaika limousine while others are shepherded around in a fleet of buses." He has conferred with Georgy Arbatov, the Kremlin's foremost stroker of Americans. Graham calls Arbatov "wonderful."

Graham is America's most famous Christian. Solzhenitsyn is Russia's. The contrast is instructive.

When advocates of a "nuclear freeze" recently showed their movie (the one that says war would be terrible) to some Senate wives, Jane Denton, the wife of the Alabama senator, noted that there would be no showing for the wives of Politburo members. Not to worry, Jane. The Baltimore Sun recently reported on two local "peace" activists:

"When the Rev. Hope Harle-Mould and his wife, the Rev. Linda Harle-Mould, returned nearly a year ago from a trip to the Soviet Union, they were struck by the strength of a 'grass roots' movement there against the nuclear arms race."

The Washington Cathedral (Episcopal) has Gothic architecture but trendy politics. One service last Sunday was a prayerful rally for ERA. And here is Bishop John Walker preaching at the Cathedral last November: "We must know that all we did between 1900 and the independence of Cuba was designed to make Cuba turn away from us. Perhaps if we had the strength and security of who we are, we might say we were wrong. We might reach out a hand of brotherhood and forgiveness to the Cuban people even as we seek their forgiveness of us."

Forgive Walker's mussy language. (Surely he does not mean "designed.") Forgive the hyperbole ("all" that we did?) in the service of facile guilt-mongering. But don't forgive the intellectual vacuum at the core of his thought—the idea that dealings would be with "the people" of Cuba, rather than with the regime that is their jailer.

People pray for different things. There was a London church where, between performances, an actress prayed to be delivered from the attentions of Edward VII. I pray that some of today's clergy, on the left and the right, will stop acting as though pious intentions are substitutes for intelligence, and excuses for irresponsibility. A crusty 19th century Briton, A. W. Kinglake, wanted skeptical words inscribed on all churches: "Important If True." Skepticism becomes more necessary as churches become more political.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

DISAPPROVAL OF FTC USED-CAR RULE

The PRESIDING OFFICER. Under the previous order, the hour of 9 a.m. having arrived, the Senate will now proceed to the consideration of Senate Concurrent Resolution 60, which the clerk will state by title.

The legislative clerk read as follows:

A resolution (S. Con. Res. 60) disapproving the Federal Trade Commission trade regulation rule relating to the sale of used motor vehicles.

The Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, I rise in support of Senate Concurrent Resolution 60, a resolution to disapprove the Federal Trade Commission's used car rule.

I would like to make a parliamentary inquiry, Mr. President. It is my understanding that there are 3 hours of debate scheduled on this resolution and that the time is to be divided with 1 hour to me and 2 hours to the Senator from Oregon, Mr. Packwood; is that correct?

The **PRESIDING OFFICER**. That is correct.

Mr. **KASTEN**. It is my further understanding that the vote on this measure is scheduled to occur at 2 p.m. this afternoon; is that correct?

The **PRESIDING OFFICER**. If it is a rollcall vote, it will occur at 2 p.m.

Mr. **KASTEN**. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. **KASTEN**. It is my further understanding, then, that that vote will occur at 2 p.m. this afternoon.

The **PRESIDING OFFICER**. The rollcall vote will occur at 2 p.m. this afternoon.

Mr. **KASTEN**. The Senate's vote on Senate Concurrent Resolution 60 will represent a milestone in a historic process. It is the first significant test of the new two-House veto procedure for FTC rules. I believe that our consideration of the used-car rule has illustrated how smoothly and fairly congressional review of major agency rules can work and can work in practice.

I have no further statements to make at this particular moment. I reserve the remainder of my time.

The **PRESIDING OFFICER**. The Senator from Oregon.

Mr. **PACKWOOD**. Mr. President, as we start debate on this issue, it is indeed momentous, as the Senator from Wisconsin has said. It is the first example of a legislative veto on a Federal Trade Commission rule, the first example of how the issue of the legislative veto is going to work.

Mr. President, I have supported the legislative veto in the past. I will not do so in the future. And it is not because of this particular issue. But I can see now the road down which we are headed.

Every time any agency, be it the Federal Trade Commission or any other agency, if they are all going to be subject to legislative vetoes, any time an agency issues a regulation that a particular group finds onerous, they will come to Congress in an attempt to overturn it. And in every situation it is going to be the particular aggrieved group—and they will feel very aggrieved—lobbying very specifically and very hard against generalized opposition. But there will be nobody here arguing for the support of the regulation from whatever the agency is that has set it out, and, in most cases, in my experience in government, the specific squeaky wheel will win over the generalized but well-lubricated public opinion.

And I fear that is what may happen today. Because in my experience, again, Mr. President, we have been lobbied very heavily by the used car dealers and by the new car dealers who sell used cars. And in the record they are the only groups that are opposed to the rule of the Federal Trade Commission. The Commission, of course, supported it, the consumer groups supported it, the groups that you might expect support it, but in terms of opposition only those two that are affected.

Let me say, Mr. President, that I have high regard for most of the people that I have met in the automobile business. There is one man I deal with in Portland, Oreg., Jim Breslin of George Wallace Buick—he is one of the coowners—that would sell his soul to the Devil rather than cheat a customer. He would feel personally aggrieved if a single customer of his felt cheated. He would do everything at his expense and his company's expense to right a wrong even if he thought there was no wrong. And I think, Mr. President, he is typical of most car dealers. Unfortunately, he is not typical of all car dealers, new or used.

In California, the California Public Interest Research Group undertook a very interesting experiment. They had a test shopper go out and seek to purchase a car but get an agreement from the salesperson that they could take the car out, have it tested and then brought back before the sale.

In 101 of those tests, where the first test shopper took the car out, brought it back and said, "I found the following defects, and I don't want to purchase the car," in 101 of those tests, they were followed up subsequently by another test shopper from the same group, the California Public Interest Research Group. They went back and they attempted to purchase the same car from the same dealer and, in most cases, from the same sales person, only the second test shopper knew of the defects that had been found when the first test shopper took the car out.

Mr. President, in 75 of the 101 tests, the sales person did not reveal the known defects to the second purchaser. This was not a situation of an unknown defect, but a known defect. In 75 percent of the cases, the sales person refused to reveal it.

In New York, a smaller test sampling, but a similar situation. Eleven cases where the first test buyer took the car out, had it tested, brought it back, and called to the attention of the company and the sales person the defects that had been discovered and a second test purchaser came in the afternoon. In nine of the cases, the sales person failed to disclose the defects that had been pointed out to the sales person, and in most cases earlier that day.

Mr. President, I am not saying that that situation is typical. I think it is not typical. I think most of the car dealers are honest. Most of them would shrink at those kinds of actions and would not countenance it by their employees and if they found their employees doing it, they would fire them.

But, unfortunately, in every barrel there are a few rotten apples. And, unfortunately, as is true with every group, we have difficulty policing our own. That is true whether it is the U.S. Senate—and we are all aware of the torturous process we just went through in considering the case of Senator Williams from New Jersey, how difficult it was for us to have to pass judgment. We have seen it time after time in different professions where there is a tendency to excuse your own because you do not want to get involved in judging people you know well. And this is true whether it is my profession, which is law, when I was active in the bar association as a young lawyer, it is true of physicians, and it is true of car dealers.

There is no question but what those of us that are closest to our profession know our bad apples best. We know which ones cheat. We in the legal profession know to whom we would not take a case under any circumstances because of incompetence or worse. But, except under extraordinary cases, we are reluctant to reveal that to the public, either because we have to judge one of our own or for fear the public will think if we reveal that, that we are guilty of malpractice or worse.

So it is with the car dealers. They could clean up their own. They could very, very well call to the public's attention, by publicity or otherwise, the small percent of shoddy, shabby car dealers who thrive on cheating the public.

Mr. President, there are those who thrive on cheating the public. And you can say the public will get onto them and the marketplace will work and pretty soon the public will not deal with those cheaters, but, unfortunately, in the car business or any other business, it is easy to change your name, move your lot to a different corner and continue on in business cheating and swindling. And the public, by and large, has no recourse.

Now, you can say you can sue. Mr. President, I am a lawyer. Suing is a last-gasp effort after everything else has failed. We are, unfortunately, a very litigious nation and we clog our courts with suits. But the likelihood of success—and by success I mean not only winning the case, but getting adequate recompense because a shoddy used-car dealer has sold you a shabby, shoddy car—is nil. So you buy a used car for $2,500, $3,500, $4,500. And the salesperson says, "Don't you worry. That is a fine car. Nothing wrong with it."

You take it out and 2 days later you discover oil leaking out of the block. You discover the frame is bent. Or you discover transmission problems, or whatever. You take it back. The car dealer says, "Sorry, I sold it to you 'as is.' Don't you recall?"

You say, "No, you said you would make repairs."

He says, "No; I don't recall that."

If you are going to sue that car dealer, first you have to prove what was said, and you have the burden of proof because you are the plaintiff. Then, if you are successful in proving all of that, assuming you can afford to call a mechanic or two to prove your side of the case, you are left with the hope of collecting. And, of course, in most cases, attorney fees are not levied against the loser in that kind of a situation. Court costs are, but not attorney fees. That is the bigger part of the cost, the fees.

So for the bulk of Americans who are swindled by the few unethical dealers who exist, they are really, for all practical purposes, left with no recourse.

What has the Federal Trade Commission tried to do? It is a long history. They started with hearings in 1973. They had several suggested possible remedies. Then in the Magnuson-Moss Act, Congress specifically directed—this is very important—the Federal Trade Commission to come up with some kind of used car rule. This is not a case of an agency going beyond what it was supposed to do. This was a case of an agency doing what Congress had directed it to do.

Let me read the lang[illegible]e from the Magnuson Act.

> The Commission shall initiate within 1 year after the date of enactment of this act a rulemaking proceeding dealing with warranties and warranty practices in connection with the sale of used motor vehicles and, to the extent necessary to supplement the protections offered the consumer by this title, shall prescribe rules dealing with such warranties and practices. In prescribing rules under this subsection, the commission may exercise any authority it may have under this title or other law and, in addition, may require disclosure that a used motor vehicle is sold without any warranty and specify the form and content of such disclosure.

So, indeed, the Federal Trade Commission went ahead and did what it was told by Congress to do. Let me emphasize again, they did not go beyond their authority. They probably would have been in violation of the law had they not gone forward and issued a rule.

What does the rule say?

The rule basically describes a used car buyers guide.

I ask unanimous consent that the Used Car Buyers Guide as suggested by the Federal Trade Commission be printed in the RECORD at this point.

There being no objection, the form was ordered to be printed in the RECORD, as follows:

USED CAR BUYERS GUIDE

Important: Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

Vehicle make, model, year, and ID number.

Notice: For your protection and safety.

Ask about the current condition of the following major mechanical and safety systems of this car. See below which of these systems, if any, are covered by a warranty and which systems are known by the dealer to contain major defects. Dealers must inform you in writing if they know of certain defects in this car's major systems.

Frame and body;
Engine;
Transmission and drive shaft;
Differential;
Cooling system;
Electrical system;
Fuel system;
Brake system;
Steering system;
Suspension system;
Tires;
Wheels;
Exhaust system; and
Accessories.

Pre-purchase inspection: Ask the dealer if you may have this car inspected by your mechanic either on or off the lot.

Warranties for this car:

☐ No implied warranty—"As Is". This means you will pay all costs for any repairs needed when you buy the car or after the time of sale. If this box is checked, the dealer makes no written promises about this car's condition.

☐ Full ☐ limited warranty. The dealer will pay——% of the total repair bill for covered systems that fail during the warranty. Ask the dealer for a copy of the warranty document for a full explanation of warranty coverage, exclusions, and the dealer's repair obligation. Under state law, "implied warranties" may give you even more rights.

Systems covered: (————)

Duration: (————)

☐ Service contract. A service contract is available from ———— for $———— extra. This service contract adds to the dealer's responsibilities under any warranty. If you buy a service contract within 90 days of the time of sale, state law "implied warranties" may give you additional rights.

Major known defects: Dealers must tell you in the space below if they know about certain defects in this car's major systems. The defects that must be disclosed if known are listed on the back of this form. However, there may be defects that are unknown to the dealer. If nothing is listed, the car is not necessarily free of defects.

Below is a list of some major defects that may occur in used cars.

Frame and Body:

Frame-cracks, corrective welds, or rusted through.

Dogtracks—bent or twisted frame.

Engine:

Oil leakage, excluding normal seepage.

Cracked block or head.

Belts missing or inoperable.

Knocks or misses related to camshaft lifters and push rods.

Abnormal exhaust discharge.

Transmission and drive shaft:

Improper fluid level or leakage, excluding normal seepage.

Cracked or damaged case which is visible.

Abnormal noise or vibration caused by faulty transmission or drive shaft.

Improper shifting or functioning in any gear.

Manual clutch slips or chatters.

Differential:

Improper fluid level or leakage excluding normal seepage.

Cracked or damaged housing which is visible.

Abnormal noise or vibration caused by faulty differential.

Cooling system:

Leakage, including radiator.

Improperly functioning water pump.

Electrical system:

Battery leakage.

Improperly functioning alternator, generator, battery or starter.

Fuel system:

Visible leakage.

Inoperable asccessories:

Gauges or warning devices.

Air conditioner.

Heater and defroster.

Brake system:

Failure warning light broken.

Pedal not firm under pressure (DOT specs.).

Not enough pedal reserve (DOT specs.).

Does not stop vehicle in straight line (DOT specs).

Hoses damaged.

Drum or rotor too thin (Mfgr. specs.).

Lining or pad thickness less than $\frac{1}{32}$ inch.

Power unit not operating or leaking.

Structural or mechanical parts damaged.

Steering system:

Too much free play at steering wheel (DOT specs.).

Free play in linkage more than $\frac{1}{4}$ inch.

Steering gear binds or jams.

Front wheels aligned improperly. (DOT speces.).

Power unit belts cracked or slipping.

Power unit fluid level improper.

Suspension system:

Ball joint seals damaged.

Structural parts bent or damaged.

Stabilizer bar disconnected.

Spring broken.

Shock absorber mounting loose.

Rubber bushings damaged or missing.

Radius rod damaged or missing.

Shock absorber leaking or functioning improperly.

Tires:

Tread depth less than $\frac{2}{32}$ inch.

Sizes mismatched.

Visible damage.

Wheels:

Visible cracks, damage or repairs.

Mounting bolts loose or missing.

Exhaust system:

Leakage.

Dealer: (   ).

Address: (   ).

See for complaints: (   ).

Important: The information on this form is part of any contract to buy this vehicle. Removal of this label before consumer purchase (except for purpose of test-driving) is a violation of federal law (16 C.F.R. 455).

Defect disclosure specifications are printed in Volume 16 C.F.R. (Code of Federal Regulations) Part 455.

Mr. PACKWOOD. First, let us make clear what this form does and does not do. This form and the Federal Trade Commission actions do not require the dealer to warrant anything. There is a box on here that you can check that says, "No implied warranty. As is." This means you will pay all costs for any repairs needed when you buy the car after the time of sale. If this box is checked, the dealer makes no written promise about this car's condition.

It is perfectly simple. Many cars are sold on an "as is" basis. The dealer simply checks that and the dealer is not responsible for anything.

Or the dealer can check another box that says "full" or a third box that says "limited warranty" and say specifically what the warranty is, and, beyond that, warrant nothing. That is all that the dealer has to warrant, if the dealer chooses to warrant anything.

Lastly, there is a provision called "major known defects." Dealers must tell in the space below if they know about certain defects in this car's major systems. The defects that must be disclosed if known are listed on the back of this form. However, there may be defects that are unknown to the dealer. If nothing is listed, the car is not necessarily free of defects.

The dealer does not have to inspect the car. If the dealer finds oil leaking, or the car leaning, or the engine will not go, the dealer does not have to tell the buyer; the dealer simply has to say, "The engine will not go" or "the car is leaning" or "the oil is leaking" because those are things the dealer knew, he saw. But he does not have to inspect to find out why the oil is leaking or the car is leaning or the motor will not go. The dealer simply cannot hope that the motor will go for a day and the oil spot will not be noticed and he does not have to tell anybody, if he knows. But I emphasize again he does not have to inspect.

The argument is raised that somehow this warranty form, set up by the Federal Trade Commission at the direction of Congress, creates some new kind of action in State courts or places a new burden on dealers. It does not.

The Library of Congress was asked to prepare a memorandum as to whether or not this particular form created any new actions or obligations. I will not read the entire memorandum, but I will read its conclusion.

> In conclusion, the used car rule apparently would not create any new warranties or significant contractual rights under State law, nor would it apparently affect a dealer's tort liability under State law. It apparently could not be directly enforced by the States, but the States generally would appear to enforce its substance through their own existing law.

Mr. President, this form creates no new rights, it gives the purchaser no leg up over the seller that the purchaser does not now have. As I said at the start of my comments, it is very difficult today for a purchaser to go to court and win if winning means both proving you are right and collecting, and win against a shoddy car dealer.

Let me come back once more full circle to where we are. There is no objection to this Federal Trade Commission "Used Car Buyers Guide" form except by the dealers, no one else. They do not want it for one of two reasons: either they are reluctant to check the box that says "No implied warranty" or because they fear the buyer will not buy the car if they are buying it with no warranty. They are afraid to check that box if they know of defects because they do not want to disclose them, or they simply want to sell the car that has defects and they do not want to disclose them.

In this Congress, if we turn down the Federal Trade Commission regulation, it is, in essence, saying to the public:

> We endorse shabby practices. We endorse cheating. We will take no action against those who would deliberately deceive. And in the process, we will tar the 90 or 95 percent of the auto dealers who are decent and honest.

Mr. President, I have been in this Senate almost 14 years and in the State legislature 6 years before that. If I would have any single generic criticism of business, it is that it acts too late to clean its own house and then strenuously objects when Government sanctions are placed upon it.

If business had been willing to take the lead in cleaning up the environment, we would have had no Environmental Protection Act. If it had been willing to take the lead in compensating injured workers, we would never have had any Worker's Compensation Act. Time and time again, the answer of business to a legitimate grievance from the general public is "No." Either they say the grievance does not exist when, indeed, to anyone with 20-20 eyesight, it does exist; or they say if the grievance exists, it is a matter between the person aggrieved and the person who caused the trouble and the Government should not intervene.

Mr. President, that is not an adequate answer, for business subsequently to come before a legislative body and say, "Yes, we know there are cheats, we know there are frauds; no, we are not going to do anything about it and, no, the Government should not do anything about it, either," is simply leading to the proposition that, one day, Government will do something about it. And the imposition of laws imposed upon business may be worse than they would ever suffer if they would take the steps that they can take to clean up or publicize or, in some way, identify the few cheats in their profession that unjustifiably prey upon the public.

Mr. President, I hope Congress will support the Federal Trade Commission in this effort. It is a relatively limited effort. The only people—the only people—who are going to be hurt by this, if "hurt" is the word, are the cheats and the frauds who are a distinct minority of the used car business. The only enforcement penalty in this—and I emphasize this again—is an action brought by the Federal Trade Commission to attempt to make a dealer comply, and the Federal Trade Commission has the right to levy fines up to $10,000 if the dealer does not comply.

Mr. President, I say once more in conclusion, this does not give a single buyer any action that that buyer does not now have in State courts. It imposes no obligation to give a warranty. It imposes no obligation to disclose defects that are unknown. It imposes no duties that do not now exist. It does attempt to identify and impose sanctions on the few, the very few, who cheat the public. I hope that Congress will not come down on the side of the cheaters and, at least by innuendo, say we approve of that conduct because we shall make no effort to stop it.

The PRESIDING OFFICER (Mr. GORTON). Who yields time?

The Senator from Wisconsin.

Mr. KASTEN. I yield 15 minutes to the Senator from South Dakota, the author of this resolution.

Mr. PRESSLER. Mr. President, I rise in strong support of this resolution, which I am privileged to have sponsored. I have listened to some of the public debate surrounding this resolution with great interest, because it seems that the public debate has centered around the idea that cosponsors of this resolution are somehow influenced by campaign contributions, that cosponsors are somehow not in favor of consumers. In fact, I may be an unlikely sponsor of this resolution because I suppose my opponents over the years have received more contributions from auto dealers than I have.

Mr. President, I have a long record of working to protect consumers. In fact I sponsored this resolution to protect consumers. This resolution will provide more protection to dealers than it will provide to consumers. It will also create enormous paperwork. Every time there is a used car sold in America through a dealer—and only about 50 percent of them are sold through dealers—this FTC rule will require at least two or three legal-sized documents added to the used car sale contract.

Mr. President, this is not merely a sticker in the window. It lists 52 items that, without inspection, the dealer is supposed to know about. Because he is not required to inspect the car, he can check that, as far as he knows, all 52 items are fine. Then he is completely protected.

According to some of the examples my distinguished colleague from Oregon cited of cheating the public or the cases of disclosure failure or when, 2 days later, oil is leaking—in those cases, the dealer would be completely protected because he could say that he did not know about the defects and he was not required to inspect.

I have no problem with the first two parts of this rule, Mr. President. I have said that frequently. This is an historic action the Senate is taking because, for the first time, we are striking down an action by the Federal Trade Commission. Many of us want some kind of a used car rule in the areas defined more clearly by the Federal Trade Commission. Indeed, the Federal Trade Commission had a chance to submit a revised rule that would meet some of the requirements and meet some of the problems. But this rule is poorly drafted. It represents perhaps the vaguest legal language I have ever seen. It will create a lawyer's paradise. It will not solve the problem of consumers.

Indeed, consumers will end up paying a higher price for used cars because of the additional paperwork—and it is an enormous amount of paperwork. Taxpayers will end up paying more because additional personnel at the Federal Trade Commission will be needed to carry this out. At the very time we are supposed to be reducing Federal paperwork, at the very time we are supposed to be reducing the role of the Federal Government in people's lives, this rule runs counter.

This rule will enormously increase paperwork. It will enormously increase the cost of cars to consumers. It will enormously increase the cost of Government to taxpayers, all without solving the problem we are talking about.

Mr. President, I believe a problem does exist. Indeed, in practically every field of endeavor we can find problems. This particular piece of paper will not solve those problems.

I point out, Mr. President, that I have no objection to the first two provisions of this rule. The first provision prohibits any dealer from affirmatively misrepresenting the mechanical condition of a used motor vehicle. That means he cannot represent that any component or system of a used car is in good order when the dealer knows that it is not in good order.

Second, this rule requires dealers to make available to the consumer clear and concise information regarding any warranty on the vehicle and to conspicuously disclose to the consumer that the car is being sold without any warranty coverage when such is the case.

I do not object to these two provisions. They resolve the two major problems in the used-car area as identified by the FTC, and they conform to the expressed written intent of the Congress. I would, in fact, support a rule which incorporated just these two provisions.

I believe the sponsor of this measure in the House has said the same thing. However, the FTC did not stop there. They insisted on incorporating as part of the rule a defect notification provision. This provision would require dealers to inform the consumer of specific defects in the car if he has a reason to conclude that there is a condition in the vehicle which could be caused by one of 52 listed defects, such as "free play in linkage more than ¼ inch." This requirement applies whether or not the vehicle is sold with a warranty of "as is." There are literally hundreds of possible situations that could lead a dealer to conclude that the car contained one or more specific defects of malfunctions. But there is absolutely no way that a dealer could know the specific defect that is causing this condition unless he inspected the vehicle. In order to comply with the rule a dealer must disclose the specific defect causing the condition that he observes. If a dealer makes the wrong judgment, he may be fined up to $10,000.

Second, the defect notification is so ambiguous that attorneys cannot pinpoint the exact nature of the dealer's obligations under the rule.

If attorney's cannot agree, it is certainly a heavy burden on our country's small businessmen to assume that they are able to interpret a 50-page rule. We are not talking about large corporations which have available a staff of talented professionals and attorneys capable of interpreting the legal obligations. Rather, we are talking about an ambiguous rule being imposed on a small businessman who, in most cases, has no legal background.

I might say that in my home State of South Dakota we have lost several dealerships this past year. Many of our dealers also sell new and used machinery. They also sell grain and feed. I suppose, if the thinking of the FTC were extended, such a requirement could be placed on all those sales, but when this rule is analyzed, it will protect the dealer more than it will protect the consumers.

If a regulation is so unclear that the individuals being regulated cannot understand their obligations under the law, something is drastically wrong with the law.

Let me emphasize that this rule is not just two pages. It is 50 pages of fine print, it is extremely ambiguous. This rule will apply only to those cars that are sold by dealers. It will not apply to half the used car sales in the country, which are private contracts.

I think in discussing this whole rule there is an inclination to say, "Oh, let's get after the cheaters with the rule." This rule will not get after them. This rule will actually provide protection for them in many instances for the reasons I have just cited. There is no inspection required, so a dealer can say he was not aware of a defect, even if he is aware of it.

We will not have moved the ball forward a bit. This will not resolve the problem. I know that everybody says "there is a problem; therefore, let us throw some Government paperwork at it."

But let us be careful about that. I think it is time that we start looking at the effectiveness in terms of accomplishing our objectives, and this rule will not be effective.

Another problem with the third portion of this rule is unnecessary additional expense. It is estimated that inspections which dealers will have to perform in order to protect themselves against litigation will cost approximately $150 per vehicle, thereby increasing prices to consumers and dealers alike.

Many used car dealers, although the rule does not require inspection, will feel obligated to inspect. Even with an inspection, many of the 52 items cannot be categorically determined. For example, it is very hard to determine the condition of a bearing in a used car without taking it apart. Unless the car is totaly disassembled, the dealer will have no way of knowing about a defect. He can merely say he was unaware of it, and then he is totally protected under the law. He has more protection than he does under the Uniform Commercial Code. The Uniform Commercial Code is in effect in 49 States, plus its equivalent is in effect in Louisiana. A dealer has less protection under the Uniform Commercial Code than he would have under this.

Mr. President, I think we need to look also at what is happening in the car industry. In my State of South Dakota, nearly 10 percent of the franchised automobile dealers have been forced out of business. From a national perspective, over 3,000 franchised automobile and truck dealers have gone out of business over the past 30 months and over 125,000 dealership employees have lost their jobs, and this staggering attrition rate is continuing.

The latest issue of Automotive News states that:

> There has been no letup in the attrition of dealers handling domestic makes of passenger cars. In fact the decline is getting worse.

The first quarter figures indicate the steepest first quarter decline in the 21 years Automotive News has been compiling dealer totals on a quarterly basis.

Mr. President, I ask unanimous consent that the full text of this article be inserted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

U.S. DEALER TOTAL OFF 276

(By John K. Teahen, Jr.)

It's a new year, but there has been no letup in the attrition in the number of dealerships handling domestic makes of passenger cars.

In fact, the decline is getting worse.

The latest Automotive News census finds that there were 21,404 outlets for U.S.-built cars on April 1, down 276 from the 21,680 counted on Jan. 1.

It was the steepest first-quarter decline in the 21 years Automotive News has been compiling dealer totals on a quarterly basis.

This year's loss of 276 locations compares with dips of 221 in the first quarter of 1981 and 258 in the comparable period of 1980.

Back in the good old days of the U.S. auto industry, the declines were much lighter—86 in the first quarter of 1979, 29 in 1978, 36 in 1977 and 51 in 1975.

All five of the major domestic manufacturers shared in this year's dropoff, but in widely varying degrees. The bigger they are, the bigger the fall.

American Motors and Volkswagen, the two smallest makers, fared best with dips of 12 and 14 outlets, respectively. Chrysler Corp. was down 29, and there were slips of 78 for Ford Motor Co. and 145 for General Motors.

That's a total of 278. A change in the number of intercorporate duals cut the industry's figure to 276.

All figures in this article and in the accompaning tables refer to the net change in the dealership population, both for the individual corporations and car lines and for the domestic industry as a whole.

GM's first-quarter loss was 10 times that of Volkswagen, but on a percentage basis they were about even. The GM dip of 145 outlets amounted to 1.36 percent of its dealer body; VW's 14 was 1.39 percent.

The first-quarter decline in dealer totals is simply another chapter in the saga of the depression gripping the domestic auto industry. A sharp upturn in deliveries and profits at the retail level is a must before the decimation can be curtailed.

Looking at franchise totals, Chrysler Corp. had the best record among the Big Three. Imperial and Plymouth each showed a gain of one franchise during the first quarter, while Chrysler was down five and Dodge car was down four. The franchise count was down less than the dealer total, indicating increased dualing among the corporation's four lines of cars.

The car franchise figures were down for each of the Ford Motor and GM lines. At Ford, the dips amounted to 66 for Ford cars, 34 for Mercury and 12 for Lincoln.

Chevrolet was down 65 franchises for the quarter, almost exactly the same as Ford. Elsewhere at GM, there were drops of 35 for Pontiac, 25 for Buick, 20 for Oldsmobile and 15 for Cadillac.

Chevrolet's 5,430 is the highest franchise total in the domestic industry. Ford is second with 4,768.

AMC had 1,535 car dealers on April 1, little changed from its Jan. 1 total of 1,547. AMC currently has 755 duals with Big Three makes and 34 with VW. At the beginning of the year, there were 737 AMC-Big Three spots and 38 AMC-VW points.

Volkswagen dipped below 1,000 during the first quarter, winding up with 992 outlets for its U.S.-built Rabbits. The total was down from 1,006 on Jan. 1. VW has 98 duals with other U.S. makes, an estimated 64 of which are with Big Three lines. The 98 domestic duals compare with 114 on Jan. 1.

Chrysler Corp.'s April-dealer total of 3,655 was down 29 from 3,684 at the beginning of the year. It was the corporation's smallest first-quarter loss since 1978.

Franchise totals on April 1 were: Chrysler, 2,634; Plymouth, 2,538; Dodge, 2,449, and Imperial, 422.

In addition to its 3,655 car dealerships, Chrysler Corp. has eight that handle only Dodge trucks. They are not included in the corporation's car-dealer total or in the Dodge car-franchise total.

Ford Motor's first-quarter slip of 78 outlets cut its car-dealer total to 5,607 from 5,685 on Jan. 1.

Franchise totals at the beginning of April were: Ford, 4,768; Mercury, 2,629, and Lincoln, 1,453.

Ford Motor has 96 outlets that handle only Ford heavy-duty trucks. They are not included in the company's car-dealership total or in Ford Division's franchise total.

At GM, the car-dealer total was 10,510 on April 1, down 140 from 10,655 at the beginning of the year. The decline was less than the fourth quarter of last year (150), but it was considerably higher than the drop of 55 in the first quarter of 1981.

GM franchise totals on April 1 were: Chevrolet, 5,365; Oldsmobile, 3,170; Pontiac, 3,005; Buick, 2,925, and Cadillac, 1,580.

Going back a year, the current total of 21,404 domestic-car outlets is down 1,047 from 22,451 on April 1, 1981.

The 12-month comparison shows dips of 495 for GM, 291 for Ford Motor, 117 for Chrysler Corp., 111 for AMC and 26 for VW. That's an aggregate drop of 1,040. There are seven more intercorporate duals than there were a year ago, so the industry's net loss is 1,047.

U.S. CAR OUTLETS

	Apr 1, 1982	Jan 1, 1982
American Motors	1,535	1,547
Chrysler Corp	3,655	3,684
Ford Motor Co	5,607	5,685
General Motors	10,510	10,655
Volkswagen	992	1,006
Total	22,299	22,577
Minus intercorporate duals	895	897
Net outlets	21,404	21,680

U.S. FRANCHISES

	Apr 1, 1982	Jan 1, 1982
American Motors	1,535	1,547
Chrysler Corp		
Chrysler	2,634	2,639
Dodge	2,449	2,553
Imperial	422	421
Plymouth	2,538	2,537
Ford Motor Co		
Ford	4,768	4,834
Lincoln	1,453	1,465
Mercury	2,629	2,663
General Motors		
Buick	2,925	2,950
Cadillac	1,580	1,595
Chevrolet	5,365	5,430
Oldsmobile	3,170	3,190
Pontiac	3,005	3,040
Volkswagen	992	1,006

Mr. PRESSLER. At a time when the industry is suffering economically, when employees are losing their jobs, when dealers are going out of business at an unprecedented rate, it is inexcusable that the Federal Government would seek to further injure such a vital segment of our economy.

In short, the Commission has passed a rule which makes little sense as a matter of public policy, while at the same time increases consumer prices and injures hundreds of small businesses. I strongly urge my colleagues to vote in favor of Senate Concurrent Resolution 60 disapproving this rule.

In doing so, I think we will be clearly stating to the Federal Trade Commission that it should do its legal drafting accurately; that it should not send over such a sloppily drawn rule which it has had a chance to revise once; that it should not add such a vague rule which will cause confusion, and which will create literally pages of legal documents in the sale of every used car by a dealer.

The strange thing is that no reason has been given for why the Federal Trade Commission did not extend this rule to private sales of used cars. Nearly 50 percent of all the used cars in the country are sold under private sales.

And, also, would the Federal Trade Commission plan to extend such a rule to the sale of used air-conditioners, to used machinery, to used equipment in general?

Where does the Federal Trade Commission plan to stop. This particular solution will increase the problem.

Mr. President, since coming to Congress, I have been known to be something of a reformer. I participated in reform efforts when I first came to Washington and served in the House of Representatives. The big issue was the political action committees—this was going to reform the political situation. Then the courts came along and said that not only labor unions but also businesses could have political action committees. Now there is great criticism of political action committees and a new call for reform.

The people who seem to be supporting this rule say there are some cheaters out there, so we need reform. Therefore, let us throw this piece of paper at it.

I say let us step back and take a look at what this rule would really do. It would not accomplish the objectives stated. It would provide more protection for dealers than for consumers.

It is going to add to the cost of cars to consumers, but it is also going to add to the cost of the Federal bureaucracy. It is going to take people in the Federal Trade Commission to sort these cases out to decide which one to prosecute, to decide which small businessmen should be cited for being fined $10,000.

The PRESIDING OFFICER. The 15 minutes yielded to the Senator from South Dakota have expired.

Mr. PRESSLER. Mr. President, I ask unanimous consent to proceed for 1 more minute.

Mr. KASTEN. Mr. President, I am pleased to yield 1 additional minute to the Senator from South Dakota.

Mr. PRESSLER. Mr. President, I conclude by saying I hope the debate deals with the issues of this rule. Too much has been said in the simplest of terms that seem to indicate that this two-page legal document, this vague, poorly drawn sticker, if presented in a third year law school class, would be given an "F" very quickly.

I hope we do not thrust this rule upon the American people at this time, when we are trying to cut back paperwork, trying to reduce costs, trying to lower the involvement of the Federal Government.

The **PRESIDING OFFICER.** The time of the Senator from South Dakota has expired.

Who yields time?

Mr. PACKWOOD. I yield such time to the Senator from Missouri as he needs.

Mr. DANFORTH. I thank the Senator from Oregon.

Mr. President, at the outset, I hope it will not be lost on the Senate that this is one of the first tests—maybe the first test—of the efficacy of the legislative veto. The question of how well the legislative veto works is a matter which is raised by this resolution.

We have heard over the years great claims as to how important the legislative veto is, how it provides Congress a way of controlling the bureaucracy.

The point that could be made on the other side is that the legislative veto is an invitation to interest groups to apply the maximum possible amount of pressure on Congress to overturn the work of regulatory agencies.

It was back in 1955 that Congress specifically instructed the Federal Trade Commission to get into the business of investigating the used-car industry. The FTC went through a very long process of devising a rule which it believed was reasonably acceptable, the least onerous of the alternatives that were available to us. No sooner was the rule promulgated than the pressure was turned on Congress by nothing less than the used-car lobby, to try to reverse the work of the Federal Trade Commission.

Mr. President, if the Congress of the United States is to be susceptible to the pressures of the used-car lobby, it will be susceptible to the pressures of any interest group at all. Therefore, it is my hope that as we proceed with consideration of this resolution, we might find at least a few minutes to reflect on the value of the legislative veto, what it can accomplish and what it cannot accomplish. One of the defects, in my opinion, is that it is such an invitation to the interest groups.

Mr. President, the rule that is before us today does not—I repeat, not—require that car dealers inspect automobiles. It is said on the other side that this rule requires the inspection of automobiles and that the inspection of automobiles is very expensive. The rule does not require the inspection of automobiles. To the contrary, the rule expressly states, clearly states, that inspection is not required. Nor does the rule require warranty. The dealer is free to check the form to the effect that the automobile is being sold on an as-is basis.

All the horror stories, the parade of horribles, about the immense costs, the immense paperwork, all the time of inspection—how does anybody know that a ball bearing is wrong? Mr. President, that is not required by this rule. The rule requires simply the disclosure of known major defects in a car.

What is the meaning of this? The meaning is that if an automobile has a major defect and if the dealer knows of the existence of a major defect, then the dealer must disclose the known major defect to his customer. The converse of this rule is that if an automobile has a major defect and the dealer knows of the major defect, he need not disclose it. That is what we will be voting on. That is the issue that will be before Congress and before the Senate, and we will be able to vote on it on a yes or no basis.

If an automobile dealer knows of a major defect in an automobile, should he be required to disclose that defect to the buyer? Yes or no.

As I understand the argument on the other side, it is just too onerous, too burdensome, too expensive, too much paperwork, to compel an automobile dealer to tell the buyer about a major defect of which he knows.

Mr. President, the purchasers of used automobiles oftentimes are not the most affluent members of our society. They are sometimes the poorest members of our society. They are making, for them, a major investment of their resources and something which is essential for their getting along in life. They are purchasing a means of transportation. They are purchasing an automobile. Clearly, this is a group which deserves some protection, which deserves some help, as it makes major decisions.

To say, in effect, that if the dealer knows of a major defect, he does not have to disclose it to some of the poorest people in our society, to me, it is a perverse way of looking at the relationship between the Government and the American people.

I had the honor of serving as attorney general of my State. I had as a brother attorney general at that time the distinguished Presiding Officer, the Senator from Washington (Mr. GORTON). We were both in the business of consumer protection. We both operated consumer protection divisions in our offices.

Essentially, there are two methods of protecting consumers. One method is very detailed rules and regulations as to what can be sold, as to construction, as to the way a product is manufactured, the way it is put together, the kinds of safety devices that are to be included in it. Detailed safety regulations is one way for the Government to regulate the marketplace.

A simpler way of regulation, and one that we found most useful when I served as attorney general of my State, is simply to provide information to the consumers, on the theory that an informed consumer is the best protection against being cheated or against being sold a defective product.

The theory of the rule that has been promulgated by the Federal Trade Commission is not to provide detailed regulations on safety devices or how a product is manufactured but, instead, to provide, in simple form, in the form of a window sticker, relevant information with respect to major defects which are known. There can be no simpler or more straightforward means of consumer protection. There can be no less onerous means of consumer protection with respect to the regulated industry.

This rule is issued pursuant to a mandate from the Congress of the United States. It is issued after years of study. It follows the simplest and most direct possible means of protecting the consumer. It provides information as to known major defects. The rule should not be overturned by Congress.

The **PRESIDING OFFICER.** Who yields time?

Mr. KASTEN. Mr. President, I am about to suggest the absence of a quorum, but before I do so, I ask unanimous consent that the time during the quorum call be divided equally between both sides.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

Mr. KASTEN. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. KASTEN). Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I yield to the Senator from Washington for such time as he needs.

Mr. GORTON. Mr. President, I thank the distinguished Senator from Oregon for yielding this time to me.

As the Senator from Missouri said just a few moments ago, he and I share the relatively rare background for Members of this body of having served as attorneys general of our respective States; and in the States of Missouri and Washington and most others, the attorneys general provide consumer protection services for the people of the State.

In serving in that office for a period of 12 years, I had the opportunity to learn a great deal about consumer protection and come to certain conclusions about the best ways in which to provide that type of service to the people of my State.

As the Senator from Missouri stated, an office engaged in consumer protection can do so through consumer education, as we did in the State of Washington, in the hope of attempting to create more sophisticated and more wary consumers—consumers who are knowledgeable of their rights and knowledgeable of the peculiarities of each of the types of business enterprises with which they deal.

That is, of course, an important consumer aid. It is also a never-ending and a never-perfected aid.

Attorney general offices can also serve the consumer by bringing law enforcement actions, against individual business concerns who are alleged to have violated the minimum standards set by the law for dealing with individual customers.

My office and that of the Senator from Missouri brought many such actions, the overwhelming majority of which were successful.

At the same time each of us learned relatively early in his career that legal action after the fact was never totally satisfactory and, of course, ended up catching only a handful of the most notorious of those who would violate consumer protection laws of our State or of the Nation.

But the third and most important way of protecting the consumer, it seemed to me as attorney general, and I believe it did to the Senator from Missouri as well, was to create an internal and for all practical purposes a self-regulatory situation in which competition was most effective because the consumer was able to make intelligent and informed decisions about the myriad of choices facing every single one of us as citizens and as consumers.

We operate in the United States in the finest and most efficient system of free enterprise which the world has ever known. That free enterprise system is based almost exclusively on the idea of competition, on the idea that success will attend that business enterprise which best anticipates and best meets the needs and the desires of hundreds of millions of consumers from one end of this country to another.

The idea is that the business enterprise will best succeed which best meets those needs, which meets those needs at the lowest possible price set by competition, which provides the best possible goods at a reasonable price, and which offers the best service in connection with those items offered for sale and which will require such service.

Yet it is a fundamental truth of the competitive system that it works precisely to the degree that the customer, that potential purchaser sought by a business enterprise, is able to judge which supplier offers the best goods, which supplier offers those goods at the lowest possible price, and which supplier is most likely to provide reasonable service in backing up those goods.

The Senator from Oregon in his opening statement this morning spoke of a dealer friend of his in Portland who has, I believe, discovered the way in which to be a successful businessman; and that means to success is to treat the customer essentially as always being right, always to take care of a complaint, always to be willing to listen to a person who feels that somehow or other that person has been shortchanged.

Thousands of business enterprises which deal in retail in this country have been successful as the result of just such practices. None of us, however, can overlook the fact that numberless other businesses dealing directly with consumers have sought shortcuts to financial success. None of us can ignore the fact that this is particularly true in connection with the sale of goods or services which are both expensive and concerning which repeat business, if it takes place at all, takes place only at a considerable distance in time from the original sale.

It seems to me that in order to strengthen the free market system, in order to strengthen the forces of competition, we must do whatever we can to close up the very real but artificial difference in knowledge between sellers and purchasers. It is only when the potential purchaser has enough knowledge about the condition of an automobile in this case, which he or she seeks to purchase, that that consumer will be able to make an intelligent choice and to reward the dealer who offers the best possible automobile at the lowest possible price.

There was another secret to this consumer protection field which I discovered, and which I am sure the Senator from Missouri discovered as attorney general, and that secret is simply this: That those business enterprises which are already the most principled, those business enterprises which are least likely to cut corners or to cheat, are precisely those business enterprises which are most benefited by exactly the kind of situation which this rule attempts to impose on the used car business. This is because every time an unprincipled business sells goods by means of deception, such as promoting a price which is not a true price because of the bad condition of the automobile which that enterprise sells, not only is an individual purchaser cheated, not only is an individual customer shortchanged, but so is the honest and principled used car dealer down the street who has lost the sale because his honesty has impelled him to indicate that his apparent price for a particular automobile is not as advantageous as that promoted by his unprincipled competitor.

As a consequence, there is little doubt in my mind but that the adoption of this Federal Trade Commission rule would benefit not only consumers, but the best and most principled dealers as well, simply because it would add to the knowledge and sophistication of every purchaser who availed himself of the information required by this rule. Therefore, it would benefit those businesses which do the best job with their customers; it would benefit businesses like those described by the Senator from Oregon, as against their less principled competitors.

This is the best form of consumer protection, not the worst. I submit to the Senator from South Dakota and to the Senator from Wisconsin that it is far better to prevent a consumer complaint by offering the consumer information before he or she makes the purchase, than it is to give that consumer a remedy either through the Uniform Commercial Code to bring an individual action benefiting mostly the lawyers who represent the parties after the fact or, for that matter, to have a government agency, whether it be the Federal Trade Commission or a State attorney general's office, bring such a law suit after a succession of such frauds.

The glory of the free enterprise system is that it is self-regulatory, but it can be self-regulating only to the extent that the customers as well as the businessmen within that system understand what it is they are getting into. The greatest defects in our system come from the fact that ours is an extremely complex economy in which almost inevitably the seller has more knowledge than the buyer has; and when the seller is unprincipled, the seller can therefore take advantage of that difference in knowledge.

This rule, incompletely and in part, and in connection with one form of business—but I must say one form of business which provides a great deal of work for state attorneys general—attempts successfully to redress that balance. It will, in fact, reduce the amount of litigation over used cars. It will improve the reputation of used car dealers with their customers rather than the opposite. It represents a significant and a major step forward in providing for a better and a stronger free market system.

Mr. President, in determining whether we should disapprove this Federal Trade Commission rule, we should ask ourselves these two questions:

Has the FTC demonstrated a need for any trade regulation in this area?

If so, is this particular rule reasonably designed to correct the problems in the marketplace which underlie this need? In other words, will this rule achieve the legitimate regulatory goals in the most efficient manner, and without unnecessarily or unreasonably placing burdens on the industry?

In assessing the need for an FTC rule on the sale of used cars, we should begin by looking at the history underlying the Commission's action. In 1975, in enacting the Magnuson-Moss Warranty Act, Congress directed the FTC to initiate a rulemaking proceeding, and if indicated by the proceeding, to promulgate a trade regulation dealing with used car warranties and warranty practices. This used car rule was to be promulgated not only under the Magnuson-Moss Warranty Act, but also pursuant to the FTC's general authority under the FTC act and other laws which the Commission is empowered to enforce. Responding directly to this statutory instruction, the FTC formally initiated the used car proceeding on January 6, 1976, by publishing a rulemaking notice. This notice sought public comment on a draft proposal, and was the first of several efforts by the FTC to seek public input about warranty and defect disclosure. Commissioner Patricia P. Bailey testified before the Senate Commerce Committee that:

> A total of 1,681 comments were received through October 1976. Then hearings were held in six cities across the country from December 1976 to May 1977. Two hundred and twelve people testified and were subject to questioning by the commission staff and by designated representatives of used car dealers, auto rental and leasing industries, and consumer groups. Both the presiding officer and the commission staff then summarized and analyzed the massive rulemaking record of 8,232 transcript pages, filing separate reports and recommendations with the commission.

This exhaustive record clearly shows that substantial consumer injury results from the fact that dealers too frequently misrepresent or fail to disclose material facts about the mechanical condition of the car or about limitations on warranty coverage.

In buying a used car, many consumers are making one of the largest individual investments of their lives. In most cases, they necessarily depend upon the seller's expertise and good faith concerning disclosure of the mechanical condition of the car and explanation of the legal technicalities of warranty protection. Obviously, these are among the most material factors that should be carefully weighed in making the purchase decision. Yet, the record documents that with alarming frequency, relevant disclosures of these kinds are not made at all, or are made only after the consumer's decision has essentially been made. For instance, one study showed that when customers took cars from dealers' lots to have an independent mechanic inspect them, and then returned them and told the dealers about the defects they detected, in 75 cases out of 101, salesmen failed to tell other customers about the same defects. Another survey indicated that the fine print of written warranties differed significantly from dealers' oral representations 34 percent of the time.

We should keep in mind that we are not speaking here only of "consumer" protection, but also of protection for the honest, scrupulous businessman. One of the very first major lawsuits to enforce the consumer laws that I prosecuted as Washington State attorney general was one against an automobile dealer which involved precisely the type of conduct we are discussing today. Although there were numerous consumer complaints, it was a group of competing automobile dealers who were loudest in their demands for action in this case, and who supplied the most devastating testimony for the State. Unfair and deceptive practices against consumers clearly constitute at the same time, unfair methods of competition against businesses which do not engage in such conduct. This point was made forcefully in the FTC record by Stanley Hoynitski, spokesman for the Pennsylvania Automobile Dealer's Association when he said:

> The used car business is a natural business for some unscrupulous businessmen. The nature of the motor vehicle, with its many thousands of internal parts, makes it highly susceptible to hidden defects, known or unknown to the seller. There is need to protect the consumer from these unscrupulous dealers who I acknowledge have crept into the (used car) business. (TR 8037)

The FTC has documented a repetitive pattern of deceptive trade practices in the sale of used cars. Regulation is therefore, warranted in this area, but is this particular rule an appropriate response to the record abuses? The Commission considered a series of remedial approaches to the problem. It first considered and rejected a mandatory inspection rule as being too burdensome on the industry. An optional inspection rule next met a similar fate. Finally, the rule before us was adopted. It is the least intrusive conceivable regulation which would respond significantly to the serious problems found to exist in the marketplace for used cars. It is simply a traditional full disclosure approach. Dealers must inform consumers about the existence and extent of any warranties offered, and the existence of certain major mechanical defects in the cars, if they are known to the dealer. These disclosures are to be made by using a window sticker which seems to be very creatively designed to minimize costs and paperwork for dealers. The rule merely requires the dealer to inform potential purchasers of information which is known to the dealer, which often is difficult for the consumer to independently discover, and which is essential for the consumer to have in order to make a rational purchase decision. I cannot imagine a more basic standard of fair dealing. Incidentally, it does not differ significantly in underlying theory from the sticker required in the window of new cars offered for sale which must show what its list or sticker price is. This is also a requirement which, I may say, was opposed by automobile dealers at the time at which it was originally proposed.

Neverthless, arguments have been advanced in an effort to rationalize congressional rejection of this inoffensive regulation. It is argued that the rule would have certain indirect effects which would prove costly and burdensome to the industry. Upon close examination, these arguments involve misapprehension of the rule's scope and effect.

First, it is argued that the rule would operate in some cases to require that dealers inspect used cars prior to sale. The language of the rule could not be more explicit that dealers are not required to inspect or to discover defects. In the course of research for the Commerce Committee, the Congressional Research Service concluded that "the practical application of the rule would not require an inspection of the automobile." Any doubt on this point should be removed by the statement of enforcement policy which the FTC formally issued and forwarded to the committee in March. It states unequivocally that no dealer would ever be subject to an FTC enforcement action for failing to inspect a used car prior to sale.

It is sometimes asked, "What would the rule accomplish if it is so limited?" The FTC policy statement also addressed this question:

> Although the rule does not require dealers to inspect, the record developed in 5 years of proceedings shows that dealers learn a great deal about the cars they sell in the ordinary course of their business. They must learn of major problems in order to decide how much to pay for a car at wholesale, what price to seek for the car at retail and whether to offer warranty coverage. The rule would simply require that they share this information with consumers.

Next, some argue that the rule would indirectly either mandate warranties or somehow increase the potential tort liability of dealers. The proposed FTC sticker is clearly designed to avoid these possibilities. It provides:

> There may be defects that are unknown to the dealer. If nothing is listed, the car is not necessarily free of defects.

Again, the Congressional Research Service addressed this issue at the Commerce Committee's request. It concluded that the rule—

> Would not create any new warranties or significant contractual rights under state law, nor would it apparently affect a dealer's tort liability under state law.

This, of course, was the intention of the FTC, as the record makes clear.

Some supporters of this veto resolution argue that the standards for known defect disclosure are vague. The FTC record contains considerable expert testimony to the contrary. The same standards have worked very well in other contexts.

Still other opponents of the FTC rule worry that dealers would be subject either to a "Flood" of private litigation or enormous civil penalties for minor, technical or inadvertent violations of the rule. Only the Commission would be able to enforce this rule. Its statement of enforcement policy shows that ample safeguards exist to insure that the used car rule would be reasonably enforced by the FTC.

It is also argued that since the rule applies only to dealer sales, and not to private sales, it is discriminatory and would put dealers at a competitive disadvantage. This is nonsense. The FTC record shows a much lower incidence of the abuses against which the rule is directed in the case of private sales. Often, these transactions occur between friends or relatives. Certainly the consumer is more likely to be in a relatively equal bargaining position in the case of purely private sales.

And that, of course, is the point. If it were necessary, before any regulation of any type of business conduct could be adopted, that every other similar kind of transaction which also might merit any kind of change be simultaneously regulated, we would have no laws whatsoever. The fact is that the difference in bargaining ability, the difference in knowledge about potential defects, and the expectation of the consumer is infinitely different in connection with a purchase from a dealer than it is from a purchase from a private party. This is the reality of the marketplace. And it is not necessary or advisable to regulate private sales in order justifiably to regulate sales from dealers.

It would not be practical for the FTC to try to enforce a trade regulation in the case of isolated private transactions. The Federal Trade Commission can only operate efficiently by directing its limited resources to circumstances in which a repetitive pattern of deceptive conduct is shown to occur in the regular course of trade or commerce. Anyone who sells or offers for sale more than five cars per year is considered a "Dealer" and subject to the rule. I believe this provision makes the rule applicable to as broad a range of conduct as is practical. The cost of complying with the rule should be minimal. If anything, the rule should improve the dealers competitive position by insuring customers that when they purchase from a dealer they are at least being told all the essential facts known to the dealer relevant to the car's condition and the dealer's repair responsibility.

Finally, it is argued that these questions should be left to State regulation. The National Association of Attorneys General is a group that is especially sensitive to Federal intrusion into State prerogatives. That association clearly does not see the FTC rule as such an intrusion; it passed a resolution supporting the FTC rule and opposing the veto resolution with but one single dissenting vote.

I have been a strong supporter of the President's program to rid the country of unwarranted and inefficient regulations. This rule, however, is not the sort of excessive regulation which is targeted by those popular deregulation efforts. As Virginia Knauer stated in her capacity as special assistant to the President, the FTC used car rule:

> Will maximize the benefits to society in the least costly, least intrusive and least burdensome manner consistent with the administration's regulatory goals.

Mr. President, I wish to add only one comment. I believe it significant that the only opposition to this rule comes from organizations of dealers themselves. That, of course, should not be conclusive in connection with our decision here. But it is true that support for this rule comes not only from consumer organizations themselves, but from organizations which are more broadly representative than that.

The criticism of the criticisms of the rule, and their apparent interpretation by the dealers associations, comes from our own Congressional Research Service. Support for this rule comes from the National Association of Attorneys General as well as from more specialized consumer agencies. Every organization which has discussed this question objectively, which does not have an immediate financial interest in it, and which has taken a position, has favored the rule. It seems to me that this should weigh very, very heavily in our decisionmaking process.

We have, of course, spent relatively little time on examining the problems of this field. It is to examine such questions exhaustively that the Federal Trade Commission was created in the first place. It would be highly unwise simply to criticize a rule, which has been 5 or 6 years in the making by experts, as being a poor or vague attempt to deal with the problem based upon the complaints of individuals who have never had anything to do with consumer protection and do not know how it works in the real world. Being from a profession which has involved itself in exactly that field, I can assure you that the rule is workable, that is, it is likely to reduce rather than increase litigation, and that it will be a great help to consumers in making important purchase decisions.

If Senate Concurrent Resolution 60 passes the Congress, it will set a very unfortunate and unwise precedent as the first test of the legislative veto in the context of Federal Trade Commission rules. I urge my colleagues to vote against Senate Concurrent Resolution 60.

Mr. President, I ask unanimous consent that the Federal Trade Commission's Statement of Enforcement Policy and the National Association of Attorneys General resolution be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF ENFORCEMENT POLICY FOR THE FEDERAL TRADE COMMISSION'S USED CAR RULE

The Used Car Rule, promulgated by the Federal Trade Commission on August 18, 1981, requires that a "Buyers Guide" sticker be affixed to the window of each used car offered for sale. The sticker has two basic features. First, it requires disclosures concerning the type of warranty coverage offered on a used car, or whether the car is sold without any warranty ("as is"). Second, the sticker contains a blank where dealers must disclose all known defects in a car's major mechanical systems which they discover in the ordinary course of their business. On the reverse side of the sticker, the universe of defects which must be disclosed if known are listed. All of the rule's requirements are contained on the one sheet of paper which is the "Buyers Guide".

Under the Federal Trade Commission Improvements Act of 1980, the Rule is subject to a two-house legislative veto and was submitted for Congressional consideration during this session on January 28, 1982.

Many misconceptions about the rule's requirements appear to persist among used car dealer trade association representatives. In particular, the dealers are concerned that the rule would require dealers to inspect all cars prior to sale and that failure to do so would subject dealers to large civil penalties under the FTC Act. In an effort to address these concerns, the Commission has decided to issue this enforcement policy statement. The statement contains the basic elements of the policies and programs the Commission would adopt to enforce the rule.

At the outset, the Commission wishes to reiterate, unequivocally, that this rule does not—in any manner or for any purpose, in theory or in practice—require that dealers inspect used cars prior to sale. Section 455.6 of the rule states: *"Dealers are not required to conduct inspections;* however, they are required to disclose certain material defects, *if known at the time of sale."* (Emphasis added.) Because of that language, it should be absolutely clear that no dealer can ever be subject to an enforcement action by the Commission for not inspecting. To remain in complete compliance with this part of the rule, dealers must only disclose information about specific defects in a car's major mechanical systems which they discover in the ordinary course of their business.

Although the rule does not require dealers to inspect, the record developed in five years of proceedings shows that dealers learn a great deal about the cars they sell in the ordinary course of their business. They must learn of major problems in order to decide how much to pay for a car at wholesale, what price to seek for the car at retail and whether to offer warranty coverage. The rule would simply require that they share this information with consumers.

In order to prevail in an enforcement action challenging a dealer's alleged failure to disclose a known defect, the FTC has the burden of proving that a dealer had knowledge (See Section 455.2(c) of the Rule). To meet that burden, the FTC would have to demonstrate that a reasonable person under the circumstances would have concluded that the specific, particular defect was present in the car. Thus, the Commission's burden is substantial and requires the fact-finder to weigh all evidence concerning the car's mechanical condition at the time of sale. Because this burden is substantial, the Commission will focus its enforcement efforts on violations of the Rule where serious patterns of abuse and substantial injury to consumers can be demonstrated. Dealers who make good faith efforts to provide accurate information to consumers will not risk prosecution. For example, assume a dealer sees that the car is leaking radiator coolant on the lot. The leakage could be caused by one of several problems in the car's major mechanical systems. The FTC would not prosecute the dealer who simply disclosed the existence of coolant system leakage and did not investigate further to discover the cause of the leakage.

The Commission's primary focus during the initial period after a rule goes into effect is industry and consumer education concerning the rule's requirements. The Commission spends considerable time and substantial resources in this educational effort. Through press releases, consumer and industry educational materials, advisory opinions, speeches, personal meetings of Commissioners and staff with industry, and publication of compliance manuals, the Commission attempts to assist the industry's compliance efforts. Frequently, these efforts involve working with trade associations to disseminate information to their members about a rule's requirements and to enlist their cooperation in encouraging voluntary compliance by their members. An important goal of all these efforts is to prevent inadvertent violations of the rule. The Commission's experience has been that its intensive efforts to inform an industry about a rule's requirements have resulted in extraordinarily high levels of voluntary compliance by their members.

Safeguards exist to insure that the Used Car Rule will be equitably enforced. First, in any enforcement action, the Commission must be able to prove that the dealer knew that a speicific defect existed. Second, as a matter of policy, the Commission will only enforce the rule when a repeated pattern of abuse can be demonstrated. Finally, the merits of a Commission enforcement action are decided by the federal courts, and not by the Commission.

To illustrate how these safeguards would operate in practice, take the case of a dealer who failed to disclose six defects (cracked engine block; leaking battery; insufficient brake pedal reserve; slipping clutch; bent frame; and inoperable defroster).

The Commission would enforce the rule against the individual dealer only if it could prove that the dealer knew of those defects, and only if the dealer's repeated failures to disclose defects had brought potential violations to the attention of the Commission. Moreover, the Commission would recommend a complaint only if negotiations with the dealer did not result in a settlement.

The Commission would then notify the Department of Justice and ask the Attorney General to file suit against the dealer on behalf of the Commission. If the Department of Justice believed the case was meritorious, it would then file suit in the appropriate United States District Court. That court would hear the case and decide whether civil penalties should be assessed and if so in what amount. If the Department of Justice were to decline to file the case, the Commission would consider filing the case itself in a federal district court.

The amount of civil penalties the Commission would seek in negotiations or in a complaint would depend on an evaluation of the factors set forth in the Magnuson-Moss/FTC Improvements Act:

The degree and nature of the violations alleged;

The history of the company's prior conduct;

The company's ability to pay;

Any effect on the company's ability to continue doing business; and

"Such other matters as justice may require." 15 U.S.C. §45(m)(1)(C).

In defining "such other matters as justice may require", the Commission considers the injury to the public caused by the alleged violations, the profit derived directly from the unlawful practice ("unjust enrichment"); the good or bad faith of the company involved; the need to deter other potential law violators; and the cost of any consumer redress or other affirmative educational programs the company has agreed to undertake as part of the consent settlement.

It should also be noted that, for all the trade regulation rules which have become effective to date, formal Commission action resulting in assessment of civil penalties or other sanctions is but a small part of the Commission's effort to secure compliance with its rules and it is reserved for only the most serious violations. Most violations are resolved informally by Commission staff through letters or phone calls.

The enforcement history of the Commission's Holder-in-Due-Course, and Mail Order and R-value Rules illustrate the Commission's enforcement policies. The Holder-in-Due-Course Rule (Preservation of Consumers' Claims and Defenses) covers many millions of sellers. Since it became effective on May 14, 1976, the Commission has initiated seven law enforcement actions brought by the Department of Justice involving Rule violations. Of these, five resulted in consent settlements before a complaint was filed and two are presently in litigation. In addition, three non-public investigations involving possible rule violations are currently pending.

With regard to the Mail Order Rule, which became effective in February 1976, the Commission has initiated 55 formal investigations. Of these, 40 were closed with no action taken by the Commission, 4 resulted in consent agreements, 2 are currently in litigation initiated by the Department of Justice and 9 investigations remain open. There are at least 6,000 mail order sellers who are covered by the Mail Order Rule.

The R-value Rule, which has been in effect since November 1980, covers all sellers of new homes and retail sellers and manufacturers of insulation. The Commission has not yet brought an enforcement action under the rule but has instead devoted available resources to industry and consumer educational efforts.

As the above histories indicate, the large majority of rule enforcement matters have been closed without action or have been settled by the mutual consent of the Commission and the respondent company.

NATIONAL ASSOCIATION OF ATTORNEYS GENERAL MID-WINTER MEETING

RESOLUTION: FTC USED CAR RULE

Whereas, the Congress of the United States is considering legislation to veto the Used Car Rule promulgated by the Federal Trade Commission; and

Whereas, each year the officers of the state Attorneys General receive hundreds of complaints from citizens about the mechanical condition of used cars sold by dealers, and about the existence and extent of any warranties offered by dealers in used cars; and

Whereas, the FTC Used Car Rule creates an effective tool to help citizens avoid being deceived; and

Whereas, the Used Car Rule does not preempt the efforts of individual states to cope with these problems;

Now, therefore, be it resolved that the National Association of Attorneys General:

(1) Supports the FTC Used Car Rule and opposes legislation that would veto that Rule; and

(2) Authorizes the General Counsel to transmit the views of this Assocation to the Congress of the United States, the Administration, and other appropriate officials.

The PRESIDING OFFICER. Who yields time?

Mr. HATFIELD. Mr. President, I thank my distinguished colleague from Washington for that extraordinarily learned presentation, and especially to draw upon his background as attorney general in the State of Washington. That is an experience which most of us cannot duplicate.

Mr. President, I yield 5 minutes to the Senator from New Jersey.

The PRESIDING OFFICER (Mr. GORTON). The Senator from New Jersey.

Mr. BRADLEY. Mr. President, Senate Concurrent Resolution 60, which we are debating today, disapproves of a Federal Trade Commission rule regulating the sale of used cars. Since the FTC first promulgated the final draft of this rule last year, a number of objections have been raised by used car dealers.

The used car dealers fear that they will have to make costly inspections of their vehicles and that they will wrongly be held accountable for unknown defects. In short, many dealers feel Federal regulations will make it harder for them to operate their businesses efficiently.

Over the past 8 months, representatives of the automobile industry have raised these important regulatory concerns, and Members of the Senate and House have responded by supporting this resolution of disapproval. Every

Member of this body knows how burdensome Federal regulations can be, and every Member is sensitive to the needs of small businessmen and businesswomen, so it is understandable that many Members of Congress are supporting this resolution. While I understand their reasons for concern, I think this FTC rule is a moderate, sensible, and practical means of addressing a serious nationwide problem. I will vote against this resolution of disapproval.

I believe the majority of used car dealers are honest and reliable, but the fact remains that misrepresentation problems continue to plague the buyers of used cars and those buyers must be protected. Several years ago, Congress directed the Federal Trade Commission to investigate the sale of used cars and prescribe rules, if necessary, to clean up business practices. Through an exhaustive investigation, the FTC uncovered two common types of abuse: dealers misrepresenting the mechanical condition of the car and dealers misrepresenting their own responsibility, if any, to repair defects discovered immediately after sale.

It is easy to see how an unethical dealer can mislead uninformed consumers. Of the two parties to the transaction, it is the dealer who has the better opportunity to know about a car's condition. He has the expertise to thoroughly inspect a car. He is knowledgable about his legal responsibilities. The consumer has none of these advantages.

So, it is not surprising that some dealers take advantage of their superior position and use it to the detriment of the consumer. The proposed FTC rule will discourage and prevent dealers from engaging in these unethical business practices.

It is important to underline that these sales practices not only rob consumers of their money, but also threaten their safety. Unlike a faulty wristwatch or typewriter, a defective automobile is a potentially lethal object. Every year, over 10 million used cars are sold by dealers. For safety, above all other reasons, the FTC rule deserves our support.

Much of the debate on this rule has focused on its alleged vagueness, the costs of compliance, and the inspection issue. Unfortunately, opponents have failed to recognize that the rule is not the real problem. The real problem is that there are some auto dealers who are cheating consumers.

Representatives of the auto industry maintain that the rule will force dealers to inspect their cars. In fact, the rule and the FTC's enforcement policy statement specifically state that inspections are not necessary. The dealers maintain that the rule is too burdensome. In fact, this rule makes fewer demands than the rule proposed by the National Independent Automobile Dealers Association during the FTC's proceedings.

The dealers maintain that consumers will not buy their cars if defects are listed on the sticker. In fact, it is more likely that consumers will find the dealer's disclosure of known defects to be reassuring because they will know what they are getting and will be able to correct problems before a tragic accident occurs.

The dealers maintain that consumers will bring frivolous law suits as a result of the rule. In fact, only the Federal Trade Commission can enforce its trade regulations; this rule creates no private right of action and should not affect State laws already in existence.

The dealers maintain that the standards for defining a known defect in a car's mechanical systems are vague. In fact, the FTC's record indicates that the dealers can determine when some system in the car is defective or acting improperly. That, after all, is their business.

With all of these arguments the opponents of the rule have tried to show that it is unreasonable and impractical, but a close inspection shows that every one of these arguments is false.

To demonstrate that the FTC has taken the legitimate concerns of the industry into consideration, I will briefly review the evolution of the used car rule. In 1978, the Federal Trade Commission staff recommended that the Commission require inspection of all used cars sold by dealers. After extensive hearings, the Commission rejected this recommendation, directing the staff to consider less burdensome approaches.

In May 1980, the Commission tentatively adopted a less restrictive rule providing for optional inspections. After receiving public comment on its decision, the FTC decided in April of last year not to adopt the optional inspection rule. Rather, the Commission adopted an even less burdensome rule which specifically holds that inspections are not required. That is the rule we are considering today.

And what does that rule say? The requirements of the rule are contained entirely on this one page window sticker. Dealers must complete the sticker with information already in their possession and post the sticker in the window of each used car for sale. At the top of the sheet, the dealer must disclose the name of the manufacturer, the model type, the year in which the car was made, and the vehicle identification number. In the center of the sheet the dealer must specify what type of warranty, if any, the dealer offers. The dealer may offer a full warranty, a limited warranty, or no warranty at all. If certain parts of the car are covered by a limited warranty, the dealer must indicate which parts are so covered and the duration of the warranty.

Immediately below the warranty section, the dealer can indicate whether or not a service contract is available to the consumer. Finally, Mr. President, at the bottom of the form, the dealer must indicate any major defects which the dealer already knows about. On the back of the sticker is a list of major defects which may be found in defective automobiles and a place for the dealer to provide his name and address.

I now ask my colleagues, Mr. President, whether we are asking too much when we require an automobile dealer to list the manufacturer, the model, the year, and the identification number of the vehicle he is selling? Are we asking too much when we require the dealer to give the consumer information on warranties or service contracts which the dealer offers? Are we asking too much when we require the dealer to disclose any known defects in the vehicle, including potentially dangerous defects? The answer, clearly, is in the negative. That is not too much to ask.

The record shows, Mr. President, that the FTC rule deals fairly and effectively with the problem of dealer misrepresentation. An ancient saying notes that honesty is both praised and starves. We have all praised honesty today. I urge my colleagues to join me in support of the Federal Trade Commission's rule to insure that honesty and fair dealings do not starve.

Mr. KASTEN. Mr. President, I yield myself such time as I may consume.

Mr. President, I would like to commend the Senate and my colleagues on the Commerce Committee for their interest in the legislative veto process, their interest in the used car rule, and their participation and cooperation in the Senate's consideration of this rule. I could not be more pleased with the operation of this veto process. Legislation I have prepared for the FTC authorization will provide for a continuation of the legislative veto, in the form recently approved by the Senate as part of S. 1080, the Regulatory Reform Act.

Quite apart from the merits of this rule and the outcome of the Senate's vote, I believe that our experience with the used car rule has demonstrated how smoothly, fairly, and efficiently legislative vetos can operate as a check on unlawful, burdensome, or otherwise unjustified administrative rules.

However, Mr. President, I do have grave concerns about the merits of this particular rule.

The FTC's used car rule would require used-car dealers, those selling five or more used cars per year, to post a sticker on the window of each used car offered for sale. On the sticker, the dealer must:

First, disclose the terms of any warranty offered on the vehicle, or disclose that no warranty is offered; and

Second, disclose the existence of any of 52 serious defects in the mechanical condition of the car if the dealer or one of the dealer's employees has had reason to know of the defect.

Dealers violating the rule may be sued by the FTC in Federal court and subject to a civil penalty of up to $10,000 per violation. In other words, up to $10,000 per car.

There is no doubt the FTC's rule is well intentioned and responds to a consumer need. Used car dealers clearly know more than their customers about the condition of cars they offer for sale, and good business requires that dealers make sure buyers understand the terms of the transaction prior to sale. Misunderstandings between used car buyers and sellers about warranty coverage and mechanical condition, and occasional instances of bad faith, are a constant source of complaints, litigation, and disappointment. But this consumer need alone does not automatically justify a comprehensive, intrusive Federal regulatory scheme.

For me, this is largely a States' rights issue. Nearly every State has consumer protection laws that may cover sales of used cars. Most States, in fact, have "little FTC acts" that mirror the protection afforded by the Federal statute.

Several years ago, my own State of Wisconsin adopted a statewide rule which is stricter than the proposed Federal rule, one that requires dealers to inspect the cars they sell and to repair certain safety-related defects, in addition to disclosing warranty and defect information. If the FTC rule goes into effect, Wisconsin's used car dealers will have to comply with both the State and Federal rules unless Wisconsin goes to Washington, D.C., and petitions successfully for an exception from the Federal rule for our State. In the meantime, the burdensome requirement on Wisconsin dealers to post two window stickers and comply with two rules would be literally valueless in improving the position of Wisconsin consumers.

Unlike some of the Federal automobile safety and environmental standards that arguably address problems that are multistate in character, the used-car rule seeks to regulate a localized, commercial transaction that I believe is more a State prerogative.

I am also troubled by a few other aspects of the rule, including the tone of the sticker, which I think is unnecessarily offensive to the vast majority of honest dealers, and the ambiguities of the rule pointed out in our hearings.

Primarily, I fear that the proposed requirement that dealers disclose known defects is too ambiguous. Does a dealer know about a cracked block if the dealer sees leaking radiator coolant under the car, or if someone trading in the car says it acts funny? In this respect the Wisconsin rule is superior, as well, since with a clear-cut requirement for an inspection, dealers know precisely what they have to do to comply with the law.

We must stem the tide of unnecessary and burdensome Federal regulation, return power to the States, and work to improve balance, clarity, and purpose to our Federal laws.

As chairman of a Senate subcommittee with oversight of the FTC and other consumer agencies, I have taken this responsibility seriously. I believe that we should not be afraid to use the legislative veto and other tools that are available to regain control of the Government. We can no longer afford to rubberstamp new Federal regulations or try to sweep them under the rug. New Federal regulations must no longer be considered justified solely on the basis that a problem exists. Judgments must be made concerning whether the regulations are written clearly, whether a less intrusive regulatory scheme would be sufficient, and whether States are better positioned than the Federal Government to protect their citizens.

After much study this fall, I concluded that the FTC's used car rule simply failed to meet this standard. I believe Wisconsin's rule illustrates how successful State regulation of used car sales can be, and how unsatisfactory the FTC rule is by comparison.

Under the FTC Improvements Act, if a rule is vetoed by Congress, the FTC may rewrite the rule and resubmit it for review. The used car dealers have said that they do not oppose a rule requiring warranty disclosure alone. The FTC should consider taking care of some of the concerns expressed about the rule and resubmitting it.

Mr. President, it was pointed out that Congress has, in effect, mandated that a rule of this type be submitted. In 1975, in the Magnuson-Moss Act, Congress told the FTC to begin a rulemaking "dealing with warranties and warranty practices" in the sale of used cars. But Congress did not tell the FTC to go beyond this, to write a rule requiring the disclosure of known defects. I think there is a legitimate question as to whether the FTC has the authority to require disclosure of known defects. I know that, in particular, Senator CANNON, the ranking member of the committee, feels strongly that there is no such authority. The FTC should have stuck to the mandate of the Magnuson-Moss Act and not expanded upon it.

It also is pointed out, Mr. President, that the used car industry does not have any kind of self-regulatory program. In fact, the used car industry does have a successful self-regulatory program.

The National Automobile Dealers Association has a program entitled "Autocap," the automobile consumers action program, which seeks to take care of consumer complaints. Autocap panels are comprised of dealers along with consumer representatives from the whole community, such as representatives from consumer protection agencies, media, educational institutions, and other kinds of groups. These Autocap programs now exist in a majority of the States, and the NADA is trying to expand the program.

Mr. President, I am hopeful that the Senate will today reject this rule. It does not belong at this level of government; it belongs with the States. We need less regulation, not more.

As we look at any kind of regulation, Mr. President, we have to balance the cost of compliance and the paperwork and the heavy burden of regulations and regulators—individuals who have to be here in Washington to enforce these rules—against the benefits to the consumer. The Wisconsin consumer will benefit not at all. I believe that States can take care of this problem when and where a problem exists.

Mr. PACKWOOD. Mr. President, would the Senator from Wisconsin yield for a question?

Mr. KASTEN. I would be pleased to yield, Mr. President.

Mr. PACKWOOD. The Senator made reference to this as being a States' rights issue. To the best of my knowledge, none of the organizations that are normally quite concerned with that—Governors, counties, cities—has come in and testified in opposition to this on that basis. Is that correct?

Mr. KASTEN. Mr. President, my understanding is that the only group that would be even thought of as close to a State group is the attorneys general group, which came in and testified on the other side. I do not believe that is an indication of a position for or against States' rights. Attorneys general seem to have a number of concerns. We have heard two former attorneys general here today on this issue.

I think overall, Mr. President, State legislators and elected officials at the State level feel as I do, that we do not need more Federal intervention.

(Mr. SYMMS assumed the chair.)

Mr. PACKWOOD. I forgot to mention the State legislators, Mr. President. Interestingly, they, too, did not come in in opposition. Those groups are quite jealous of Federal preemption of their rights or cosharing of their rights or stepping on them. None of them testified in opposition.

The distinguished Senator from Wisconsin is correct, the National Association of Attorneys General last December—December 1981—resolved in favor of the Federal Trade Commission rule.

Mr. President, I do not wish to trespass on the time of the Senator from Wisconsin. I am going to make a few comments, if the Senator from Wisconsin does not mind, and charge it against my time.

Mr. KASTEN. I do not mind, Mr. President.

Mr. PACKWOOD. Mr. President, let me read the attorneys' general resolution:

> Whereas, the Congress of the United States is considering legislation to veto the Used Car Rule promulgated by the Federal Trade Commission; and
>
> Whereas, each year the offices of the state Attorneys General receive hundreds of complaints from citizens about the mechanical condition of used cars sold by dealers, and about the existence and extent of any warranties offered by dealers in used cars; and
>
> Whereas, the FTC Used Car Rule creates an effective tool to help citizens avoid being deceived; and
>
> Whereas, the Used Car Rule does not preempt the efforts of individual states to cope with these problems;
>
> Now, therefore, be it resolved that the National Association of Attorneys General:
>
> (1) Supports the FTC Used Car Rule and opposes legislation that would veto that Rule; and
>
> (2) Authorizes the General Counsel to transmit the views of this Association to the Congress of the United States, the Administration, and other appropriate officials.

Mr. PACKWOOD. Mr. President, may I ask the Senator from South Dakota if he will respond to a question? I realize it is on my time.

In his opening statement, the Senator from South Dakota indicated he would support something. I am curious what would be the limit which the Senator would support. What is he suggesting?

Mr. PRESSLER. As I said in my statement, Mr. President, my problem is with the third part of the rule, which is so confusing. Different Senators perhaps have different reasons for their positions on this rule.

For example, I ask my distinguished colleague from Oregon for his response to this: Let us say that I am a dishonest car dealer. Let us say that a car comes in that I have paid $500 for in one form or another and it is just sitting there. Rather than inspect it at all, I make the notation that the 52 items, as far as I know, are in good shape. Then a little old lady comes in to buy the car and she sees this wonderful form of the Federal Trade Commission that says all these complicated things are all right as far as the dealer knows.

She drives the car for 5 minutes and it collapses. She will be worse off under this rule than she would be under the Uniform Commercial Code.

Mr. PACKWOOD. I ask the Senator why, Mr. President.

Mr. PRESSLER. Because if she came back to me, I could say I did not know there was anything wrong with it; I did not have to inspect it. I am completely protected. Therefore, in certain instances, and I think my colleague would agree, the dealer is more protected than the consumer. In fact, I think consumers are going to suffer under this rule.

Now, let us say that I am a very honest dealer, example No. 2. In example No. 2, a car comes in. I look at it, and I say, "I am going to check this off." Even though the rule does not require inspection, before I check this off, I am going to inspect that car to be knowledgeable about the 52 items listed on that sheet.

It is going to be a fairly expensive inspection, I think my distinguished colleague will agree. It might, on certain cars, cost a mechanic a day's work.

The rule does not require it. But just to be very cautious, I would do it. That would mean I would have to increase the cost of that car to the consumer by $150.

Something else would also happen, if the Senator will let me finish.

Mr. PACKWOOD. Mr. President, I just do not want the Senator to use up my time.

Mr. PRESSLER. I am coming to my point. I shall yield my time to the Senator. He is very generous to allow me to do this.

Not only would the cost of that car go up $150, but 50 percent of the used cars in this country are not sold by dealers. They are sold privately. They would also go up in a chain reaction by $150. Therefore, consumers would be paying more.

Meanwhile, in Washington, the size of the Federal Trade Commission is getting bigger in order to enforce all this, so the taxpayer would be spending more. The circuitous effect of all this is that we have not protected the consumer; we have protected the dishonest guy. He gets more protection. The honest dealer has to increase the price of his car. All consumers have to pay more for cars because of the cost of inspection of those cars sold by dealers; taxpayers spend more; the problem is not solved and we are all worse off.

Mr. PACKWOOD. Mr. President, what would the Senator from South Dakota—he said he would support something. What would he support?

Mr. PRESSLER. Mr. President, I would certainly support a rule that would fall in the first two parts as my written statement indicates.

Mr. PACKWOOD. The first two parts require disclosure of the type of warranty or whether the car is sold with no warranty; the second part, you would disclose all known defects——

Mr. PRESSLER. I have no problem with that.

The reason this rule has so many cosponsors is that it is such a poorly drafted rule.

It protects the dishonest dealer completely. When there is not a requirement for inspection, it makes the cost of all used cars that are inspected higher. I say this protects the dealers.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. Mr. President, I am going to place in the RECORD the entire Congressional Research Service, Library of Congress, memorandum. I want to read from just one part because it touches on a reference the Senator from South Dakota just made:

> It should be noted that, under Uniform Commercial Code Section 2-314, the sale of any used car by a used car dealer includes, unless excluded as prescribed in section 2-316, an implied warranty of merchantability. This means essentially that, exclusions aside, a dealer, whether he intends to or not, warrants that his product is fit for the ordinary purposes for which it is used. In the case of a used car, this might mean that the car runs reasonably efficiently and safely, although it is not necessarily free from defects.

So, in the example cited by the Senator from South Dakota of the used car dealer who takes in a car, refuses to look at it, sells it to the little old lady and it has clear defects, under State law that dealer is liable now.

Mr. GORTON. Mr. President, will the Senator yield for a question?

Mr. PACKWOOD. Yes.

Mr. GORTON. I want to make entirely certain what the Senator said.

What the chairman said is that the existence of this rule and compliance with this rule as outlined by the Senator from South Dakota would have absolutely no impact whatsoever on the duties of the dealer as prescribed by the Uniform Commercial Code; is that correct?

Mr. PACKWOOD. I will warrant that, and I will read the last paragraph of this Library of Congress memorandum:

> In conclusion, the used car rule apparently would not create any new warranties or significant contractual rights under State law, nor would it apparently affect a dealer's tort liability under State law.

It does not diminish any rights. It does not create any rights.

Mr. GORTON. I thank the Senator.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the memorandum from the Congressional Research Service entitled, "Impact of the Federal Trade Commission's Used Car Rule on State Law" be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

IMPACT OF THE FEDERAL TRADE COMMISSION'S USED CAR RULE ON STATE LAW

This memorandum is furnished in response to your letter of October 19 concerning the Federal Trade Commission's Trade Regulation Rule Concerning the Sale of Used Motor Vehicles. This rule, published at 46 Fed. Reg. 41328 (August 14, 1981); correction at 46 Fed. Reg. 43364 (August 27, 1981), is currently before the Congress (see House Concurrent Resolution 178 and Senate Concurrent Resolution 33) for review in accordance with § 21 of the Federal Trade Commission Improvements Act of 1980 (Public Law 96-252), 15 U.S.C. § 57a-1. Under § 21, a rule becomes effective unless both Houses of Congress disapprove it within 90 calendar days of continuous session after the rule is submitted. As you state in your letter, the rule would require used car[1] dealers to post a window sticker on each used care offered for sale to consumers that discloses information about the warranty coverage offered and certain mechanical defects known to the dealer. It would not apply to private used car sales.

To aid in your review of the rule you ask the following questions:

(1) What is the impact on contract law of the proposed requirement that the window sticker be made part of the contract of sale? Is the impact different for the two different types of disclosures required? Could the requirement for disclosure of known defects create a warranty under state law in any way?

(2) Could the required disclosures in any way affect state law by altering the "standard of care" imposed on dealers under ordinary tort law principles?

(3) Could the FTC's rule enforced by state enforcement offices, particularly by those with "little FTC Acts"?

(1) Section 455.3(b) of the rule provides that the information on the window sticker is incorporated into the sales contract for each used car, and that such information overrides any contrary provisions in the contract of sale. It also requires the contract to disclose these facts. The Commission states that this provision is designed to insure that the information on the window sticker will not be excluded from evidence under the parole evidence rule, which provides that a written contract that is apparently complete cannot be varied or supplemented by proof of previous or contemporaneous written or oral agreements. By providing that the information in the window sticker overrides contrary provisions in the contract, the rule will apparently save courts from the often difficult task of reconciling contradictory contractual provisions.

Section 455.6 of the FTC's rule requires dealers to disclose certain known defects, but it does not require dealers to inspect cars to determine the existence of defects. Under § 455.2(c), a dealer has knowledge of a defect if he or his agent or employee has information about the condition of a vehicle (through an inspection, from a previous owner, etc.) that would lead a reasonable person to conclude that the car contains such defect.

Under § 2-313 of the Uniform Commercial Code (U.C.C.), which is law in every state but Louisiana,[2] an express warranty is created by "Any affirmation of fact or promise made by the seller to the buyer which relates to the goods and becomes part of the basis of the bargain . . . Any description of the goods which is made part of the basis of the bargain. . . ."

When a seller discloses the existence of defects in some parts of a used car, there is no logical basis for drawing any conclusions about the condition of other parts of the car. Therefore, it appears that a dealer who makes no express statement about the condition of such other parts would be making no affirmation of fact or promise or description that could be construed as an express warranty under the U.C.C. about such other parts. This result was intended by the FTC, which noted that it had considered and rejected a staff recommendation that would have required dealers to inspect all used cars and disclose the results of the inspection by checking "OK" or "Not OK" in connection with each major mechanical system of the car. Checking "OK" in connection with a particular system would have resulted in an express warranty under the U.C.C. on that system, and the FTC decided that this was undesirable.

It should be noted that, under U.S.C. § 2-314, the sale of any used car by a used car dealer includes, unless excluded as prescribed in § 2-316, an implied warranty of merchantability. This means essentially that, exclusions aside, a dealer, whether he intends to or not, warrants that his product is fit for the ordinary purposes for which it is used. In the case of a used car, this might mean that the car runs reasonably efficiently and safely, although it is not necessarily free from all defects. The implied warranty of merchantability may be excluded under § 2-316 by the dealer's specifically doing so by mentioning merchantability, or by using an expression like "as is" or "with all faults" or other language that plainly discloses that there is no implied warranty.

The FTC's used car rule does not alter these state laws concerning the implied warranty of merchantability and its exclusion. However, in § 455.2(b), it requires that if the implied warranty is excluded, this exclusion must be disclosed on the window sticker by the dealer's checking the "as is" box that is provided. Some states prohibit "as is" sales, and § 455.2(b) states that in such states the "as is" option may not be checked and must be deleted from the sticker.

Thus, the FTC rule would not appear to result in the creation of any warranty that is not already expressed or implied pursuant to state law. There is also, however, the question whether the rule would create for dealers any contractual obligations, apart from warranties, that they would not already have under state law. Section 455.3(b) of the rule states, "The information on the final version of the window form is incorporated into the contract of sale." It also requires the window form to state, "Dealers must tell you [the buyer] in the space below if they know about certain defects in this car's major systems." Arguably, because the fact that dealers must disclose known defects to buyers is "information" and therefore part of the contract, there would be a contractual obligation on the part of dealers to disclose known defects. This view might be supported by the FTC's statement that the purpose of the rule's requirement that dealers disclose the fact that the information on the window form is part of the contract is to allow "consumers who are injured by dealer deceptions concerning disclosures on the [window form to] bring breach of contract actions." 46 Fed. Reg. 41349 (1981). On the other hand, it might be argued that even though the statement on the window form that "Dealers must tell you in the space below if they know about certain defects in this car's major systems" is "information" and therefore part of the contract, this statement does not constitute a promise to the buyer to disclose known defects and therefore is not enforceable in an action on the contract. A rebuttal to this argment might be that if the statement is not enforceable in an action on the contract then there would be no point to its being part of the contract.

Actually, the question whether the rule allows buyers to sue sellers for failure to disclose known defects may be academic. This is because the right appears to exist already under state law. State law generally imposes an obligation on contracting parties to bargain in good faith, and failure to disclose known defects in a product may constitute a breach of this obligation. The obligation to bargain in good faith is found both in case law and in U.C.C. § 1-203, which provides, "Every contract or duty within this Act imposes an obligation of good faith in its performance or enforcement." In *Liebergesell* v. *Evans*, 93 Wash. 2d 881, 613 P. 2d 1171 (1980), the court noted that a "requirement of good faith in disclosing relevant facts while negotiating a contract can be seen in many vendor/purchaser cases in which buyers have recovered against sellers who failed to disclose information relevant to the subject matter of the agreement."

In *Hauben* v. *Harmon*, 605 F. 2d 920, 924 (5th Cir. 1979), the court wrote, "A nondisclosure of a material fact as well as an overt misrepresentation can constitute fraud justifying rescissions of a contract." The court added, however:

> "Where the facts lie equally open to the vendor and vendee with equal opportunity of examination, and the vendee undertakes to examine for himself, without relying upon the vendor's statement, it is no evidence of fraud that the vendor knew facts not known to the vendee and does not make them known to him."

Sunilarly, in *Kaas* v. *Privette*, 12 Wash. App. 142, 529 P. 2d 23, 27 (Ct. App. 1974), the court wrote:

> "Silence is not fraud when the purchaser is on an equal footing with the seller in the opportunity to be aware of material aspects of the subject matter of the sale."

Applying these principles to a used car sale, it appears that, under (at least some) state law, if a dealer fails to disclose a material defect of which he has knowledge, and if such defect is not readily discernible to the buyer, then the dealer would be subject to an action for rescission of the contract. If so, then the FTC's rule, even if it imposes on dealers a contractual obligation to disclose known defects (as opposed to merely an FTC requirement to do so), would not create any liability that is not already present under state law.

What if the dealer fails to disclose a defect that is readily discernible to the buyer? Since the rule's requirement to disclose known defects does not distinguish between defects that are readily discernible to the buyer and those that are not, it appears that failure to disclose even a defect that is readily discernible to the buyer would violate the rule. Therefore, if the rule creates a contractual obligation, it would appear to create it even in cases in which the defect is readily discernible to the buyer. However, it seems reasonable to assume that, even if this is the case, courts might take into consideration the argument that, if a defect was readily discernible to the buyer, then any loss the buyer suffered from buying the car was at least partly his own fault. If courts do take this argument into consideration, then it appears that any new contractual obligation created by the FTC rule (in cases of nondisclosure of known defects readily discernible to the buyer) would not be significant.

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[1] For convenience, this memorandum will use the word "car" The rule actually applies to used vehicles, which it defines in § 455.1(c)(1) as "any [used] motorized vehicle, other than a motorcycle, with a gross weight rating (GVWR) of less than 8500 lbs., a curb weight of less than 6000 lbs., and a frontal area of less than 46 sq. ft."

[2] Maine, Michigan, and South Carolina have adopted § 2-313 with some variations from the officials text, but none has altered the language quoted in the body of this memorandum.

We have one final point before concluding our response to your first question. Whether or not buyers would be able to sue dealers on the contract for failure to comply with the FTC rule, buyers apparently would not be able to sue dealers under the rule itself or under any federal statute for failure to comply. Under § 455.1(a), violation of the rule constitutes "a deceptive act or practice," making it a violation of § 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, which prohibits "unfair or deceptive acts or practices in or affecting commerce." This provision is enforceable only by the FTC, not by private parties. *Fulton* v. *Hecht*, 580 F. 2d 1243 (5th Cir. 1978), *cert. denied*, 440 U.S. 981 (1979); *Alfred Dunhill Ltd.* v. *Interstate Cigar Co.*, 499 F. 2d 232 (2d Cir. 1974); *Holloway* v. *Bristol-Myers Corp.*, 485 F. 2d 986 (D.C. Cir. 1973); *Carlson* v. *Coca-Cola Co.*, 483 F. 2d 279 (9th Cir. 1973).

To summarize our response to your first question, the FTC rule apparently would not create any warranty that is not already expressed or implied pursuant to state law. It might create a contractual obligation on the part of dealers to disclose known defects, but this obligation apparently already exists under state law except in cases in which a buyer is on an equal footing with the seller with respect to the opportunity to discover defects. The rule itself does not contain a private right of action.

(2) Your second question was whether the required disclosures would alter the "standard of care" imposed on dealers under state tort law. There appear to be at least three possibilities to consider in answering this question. The first is whether compliance with the rule would lessen a used car dealer's chances of being found liable in negligence actions; the second is whether failure to comply with the rule would increase his chances of being found liable. Finally, there is the possibility that even though the rule states that it does not require inspections, it will require them in its practical application.

As for the first possibility, it appears that compliance with a rule on the part of a dealer generally will not lessen his chances of being found liable in negligence actions. The general rule, expressed in the Restatement of Torts 2d § 288 C, is that "[c]ompliance with a legislative enactment or an administrative regulation does not prevent a finding of negligence where a reasonable man would take additional precautions."

As for the second possibility, although compliance with a rule generally will not lessen one's chances of being found negligent, failure to comply may tend to increase one's chances. One authority states:

"Probably a majority of American courts have adopted the rule that the unexcused violation of . . . a statutory standard is negligence per se, that is negligence as a matter of law (to be ruled by the court). In a substantial number of jurisdictions such a violation is held to be evidence of negligence to be weighed by the jury."

Harper and James, 2 The Law of Torts 997 (1956, supp. 1968). This authority also notes that the negligence per se rule is often confined to statutes, with breaches of ordinances or administrative regulations being viewed as evidence of negligence only. Id. at 1011. Thus, if, absent the rule, failure to disclose a known defect would not constitute negligence in a particular state, then, given the rule, failure to comply might increase the chances of a jury's finding negligence. However, it appears that, absent the rule, failure to disclose a known defect generally would constitute negligence.[3] Therefore, as a practical matter, it does not appear that failure to comply with the FTC's rule would result in any liability that would not be present without the rule.

The third possibility mentioned above was whether the rule in its practical application will require dealers to inspect their used cars. This arguably might be the case if a dealer observed a general defect in a car—for example, that the car leans to one side—that cannot be attributed without inspection to any of the particular defects that must be disclosed if they are known. A car's leaning to one side, for example, might be caused by any one or more of several specific defects that must be disclosed if known, such as a cracked frame, a bent suspension system, or mismatched tires. However, § 455.6 states, "You [the dealer] are not required to inspect, but you are required to disclose . . . any defects set forth below if known." It appears that in the example of the car that leans to one side, the existence of "any defects set forth below" is not known; all that is known is the likelihood of one or more of several defects set forth below. Therefore, it appears that in this example no defect would have to be disclosed, and the practical application of the rule would *not* require an inspection of the automobile.[4]

Even if the practical application of the rule did require inspections, it is questionable whether this would alter the standard of care required by ordinary tort principles. Prosser indicates that due care generally requires some inspection anyway.[5]

(3) Your third question was whether the FTC's rule could be enforced by state enforcement offices, particularly by those with "little FTC Acts." As noted on page 7 of this memorandum, the FTC will be able to enforce its rule under § 5 of the Federal Trade Commission Act, which prohibits "unfair or deceptive acts or practices in or affecting commerce." However, there appear to be no other means of enforcement provided by federal law. As noted on page 7, the Federal Trade Commission Act does not make available a private cause of action to injured parties; in addition, it does not provide for prosecutions of violations by the states. However, nothing would appear to prevent states from prosecuting violations of the rule in their own forums under their own laws. According to a July, 1977 FTC fact sheet, 49 states and the District of Columbia have "little FTC acts," which are state laws similar to § 5 of the Federal Trade Commission Act. (Alabama was the only state lacking one.) It appears that state courts generally could hold that violations of the use car rule constituted unfair business practices under their little FTC acts. If state courts should so hold, then the states might be viewed as indirectly enforcing the rule. However, the states' penalties for violating their little FTC acts might differ from the penalties mandated by the Federal Trade Commission Act for violating it and rules issued pursuant to it.

In conclusion, the used car rule apparently would not create any new warranties or significant contractual rights under state law, nor would it apparently affect a dealer's tort liability under state law. It apparently could not be directly enforced by the states, but the states generally would appear able to enforce its substance through their own already existing laws.

Mr. PRESSLER. Will the Senator yield for a question?

Mr. PACKWOOD. Yes.

Mr. PRESSLER. In my example of the dishonest dealer who decided he would use this rule to protect himself, the Senator is saying the Uniform Commerical Code already exists in 49 States. What would the rule do to take care of that dishonest dealer?

Mr. PACKWOOD. Notice. He is either going to check "No implied warranty," in which case he says——

Mr. PRESSLER. I have no problem with that. I have no problem.

Mr. PACKWOOD. Or he is going to check, under major known defects, "I know of none." This very clearly says this does not relieve him of any liability. All I am saying, under State law, suing is not a very adequate remedy.

The Senator from Washington knows this better than I do because of his experience as an attorney general. You buy a car for $3,000 or $4,000 or $5,000, a used car, and it does not work right. You think somehow your rights have been violated; you have been sold a lemon. You take it back to the dealer. The dealer says, "I am sorry, it is not my fault. It's your car now." You find a lawyer. You sue. You have the burden of proof. The purchaser has the burden of proof that there was a defect, that the seller should have known it.

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[3] This statement is based on Prosser, Law of Torts 632 (4th ed. 1971), which states, "The seller's negligence . . . may consist of a failure to disclose to the buyer facts of which the seller has knowledge which make the goods dangerous for the buyer's purpose. . . ."

We caution that the above (and footnote 5 as well) is a generalization, now 10 years old. A more specific conclusion as to the extent to which failure to disclose a known defect constitutes negligence would necessitate a study of the current case law of the 50 states.

[4] The leaning car example is taken from question 4.a of FTC staff information provided at the request of the staffs of the House Committee on the Energy and Commerce and the Senate Committee on Commerce, Science, and Transportation. The FTC staff says that in this example (as in all other cases) there is no duty to inspect. This staff information, however, is not legally part of the rule.

[5] "The seller's negligence . . . frequently . . . consists merely in failure to exercise reasonable care to inspect goods to discover defects. . . . [A dealer] can scarcely be absolved from the obligation of such cursory examination as reasonably accompanies [his handling of the goods]. . . . In any case where the nature of the goods themselves makes it more likely that defects will lead to serious injury—as for example in the sale of an automobile—something more careful than such casual inspection will be required. . . ." Prosser, *Law of Torts* 632-633 (4th ed. 1971).

Now, maybe you can get over that burden, maybe you cannot. You hire a lawyer. You pay a mechanic to come in and testify.

When you have finally won your suit, if you win your suit——

Mr. PRESSLER. What about my example? What about the little old lady? She comes back to the dealer with the two-page legal document known as the sticker in her hand. She says, "Look here. You checked, I knew of no defect." He says, "I didn't know of any defects."

Mr. GORTON. Will the Senator from Oregon yield to allow me to answer that question?

Mr. PACKWOOD. Yes.

Mr. GORTON. One can come up with a scenario, though I think it will be a relatively rare one, in which an individual consumer is not benefited by the rule.

What one cannot come up with, I say to the Senator from South Dakota, is a situation in which the consumer is somehow or other hurt by this disclosure.

Let us take his example. This particular dealer will have done one of a number of things. Presumably, at the very least, this dealer, for the "little old lady," will have checked the box stating that there are no warranties, that this car is sold "as is." This, to a normally perceptive consumer, will raise certain questions.

The dealer, under the circumstances outlined by the Senator from South Dakota, will also not have checked any of the defect boxes. Under this set of circumstances, he will have checked "none are known."

If that statement is in fact true, then at least the FTC would have no cause of action against this particular dealer.

The purchaser, the "little old lady," might theoretically have a cause of action under the Uniform Commercial Code, as she has now.

Mr. PRESSLER. That is the point. If she has that now, this rule would not help a bit.

Mr. GORTON. She has that remedy at the present time, though it would be relatively useless in connection with a $500 purchase because it would cost her more than that to hire a lawyer.

She would, however, be benefited by the FTC rule under other circumstances. If, in fact, the dealer was misrepresenting his own knowledge, then that dealer would have been acting in violation of this regulation. The real point that I must make is that it is highly probable under these circumstances that the dealer would have been so misrepresenting his knowledge.

The Senator has used a particular example of a $500 automobile. It would not matter if it had been more expensive. If that dealer is to stay in business, he must know how much to pay for the car in the first place.

How did this dealer decide that he would pay $500 for that car—by looking at its outside? By doing nothing at all? By just guessing that he could sell it for more than that? Or did he make some kind of determination with knowledge of the presence or absence of certain defects?

I submit to the Senator from South Dakota that very few dealers, and an even smaller percentage of dealers who last in business longer than 6 months, buy cars as blindly as the example which the Senator has given to us of the "little old lady."

Mr. PRESSLER. If the Senator will yield for a question, would the little old lady have been protected had the rule said that a reasonable inspection should be carried out?

Mr. GORTON. The lady would have been protected then.

The Senator from Wisconsin has illustrated that the Wisconsin law requires such an inspection. That, however, unlike this requirement, very clearly would have increased the cost of the automobile.

Interestingly enough, it was exactly that idea which Congress very clearly told the FTC that it was not to adopt.

Is it my understanding that the Senator from South Dakota would vote for this rule if it were more stringent?

Mr. PRESSLER. I have said that, if the rule would solve a problem. The examples I come up with are that the dealers are more protected. The rule as we have it here, as this debate illustrates, does not solve the problem. My two distinguished colleagues have fallen back on the Uniform Commercial Code, saying that a consumer can go to the Uniform Commerical Code, and in fact the rule offers no additional protection.

My point is that this is a poorly drafted rule.

Mr. GORTON. I thank the Senator from South Dakota——

Mr. PRESSLER. Let me ask my distinguished colleague, do you think that this is a well-drafted rule?

Mr. GORTON. I feel very definitely that this is a well-drafted rule. I feel that this is a rule which would be of considerable aid to consumers.

I will say this to the Senator from South Dakota: I do not believe that this rule or any other rule can solve every single problem relating to the sale and purchase of used cars. I believe that the search for perfection will interfere vitally with the search for improvement.

I feel we are much more likely to improve the position of the consumer and of the honest used car dealer by this rule than we are by doing nothing.

Very bluntly, it is a red herring to say, "Let's send this back and ask the Federal Trade Commission to do something else." This has already been sent back to the Federal Trade Commission. The inevitable consequence of the veto of this rule is the Federal Trade Commission will get the message that nothing will pass muster in the Congress of the United States. There is simply no escaping that.

If this rule in practice turns out not to be the best possible rule, the Federal Trade Commission will undoubtedly amend it. But if we reject it, we will have nothing.

This rule does help the consumer. The Senator from South Dakota is entirely right, that it will not help every consumer under every conceivable set of circumstances. But if he demands perfection, he will get imperfection.

Mr. PRESSLER. If this rule is adopted, there will be editorials a year from now as to how this rule went through Congress and protects dealers more than consumers.

It protects somebody who has a lawyer, because 50 pages of regulation accompany this rule, and they cannot be understood by the small businessmen in my State. That little old lady will not be protected.

My two colleagues have fallen back on the Uniform Consumer Code. If we are going to use the Uniform Consumer Code, why do we need this added Federal regulation? You will have to give two copies to the buyer, keep two in your files and have two on the car. The paperwork this would create would be astounding. People with lawyers will be protected but that little old lady is not going to be. This rule provides the illusion of protection, not the reality of protection.

Mr. PACKWOOD. Mr. President, the Senator from South Dakota is right in his analysis that all the groups who have any interest in this have simply stood on their heads—all the consumer groups, the attorneys general. The Senator from South Dakota is saying that none of them understand their interests. They are all on the wrong side—180 degrees.

Let me give a chronology of this rule, because the Senator from Washington is right—if we turn this down, this is the end.

There was a 1973 investigation by the Seattle regional office of the Federal Trade Commission. Their report recommended mandatory inspections, disclosure of defects, and mandatory warranties. That was the recommendation from the Seattle office.

In 1975, the Magnuson-Moss Act became effective, and we required the FTC to come up with some kind of warranty rule.

In 1976, the Federal Trade Commission published a proposed rule requiring disclosure of warranty forms prior to use and prior to repairs. The FTC requested comment on this particular rule.

In 1978, the final Federal Trade Commission staff report—I emphasize "staff"—recommended a rule mandating inspections, requiring disclosure of warranty forms prior to use, mileage, and other data. That is similar to the present Wisconsin rule. That was in 1978.

At that time, the National Independent Automobile Dealers Association, which is one of two principal trade associations that represent the used car dealers, testified in opposition to the staff report of the Federal Trade Commission.

I emphasize once more that the 1978 staff report recommended mandating inspections, requiring disclosure of warranty forms, repair cost estimates, prior use, mileage, and other data.

In February 1979, this is what the National Independent Automobile Dealers Association said about that proposed rule:

> It is always difficult and often impossible to determine the exact condition of a used product. Its parts are worn and may have been subjected to abusive treatment by previous owners. Neither buyer nor seller can ever be certain that some latent defect which evades discovery will not surface after resale. Disclosure of significant known defects, however, would assure that consumers, who would possess the same information as the dealer about the car's condition, could bargain for a reasonable price and warranty coverage to reflect the car's known mechanical condition.
>
> NIADA believes that a beneficial balance in consumer and dealer knowledge can be achieved by means of a rule requiring a window sticker which would disclose both significant known defects and defects discovered during any state-required safety inspection. By "significant known defects," we mean all defects which the dealer is personally aware of other than cosmetic or minor defects.

Mr. President, that was the recommendation of the National Independent Automobile Dealers Association, one of the two principal trade associations for the used car dealers.

The rule that the Federal Trade Commission has proposed is weaker than that which the used car dealers suggested. But I understand why they suggested it. That was in February 1979, in opposition to a stronger Federal Trade Commission rule. So in October 1979, the Federal Trade Commission rejected the staff recommendation of mandatory inspections.

In April 1980, the Federal Trade Commission staff recommended an optional inspection rule.

In May 1980, the Federal Trade Commission tentatively adopted an optional inspection rule and asked for comment. After comment, the Federal Trade Commission rejected and in principle approved what we are finally dealing with today.

What we are dealing with today is weaker than what the used car dealers recommended, and they still oppose what we have today.

It is clear what the strategy is of those who oppose this rule. It is, "Slip, slide, duck, dodge, hope we get a new President, hope we get a new Congress, hope we get a new Commission. Put it off. Hope I get by my useful business life and somebody else has this problem. Don't put it in my lap. Let my children, who take over my car agency, worry about it. Let whoever buys the car agency worry about it."

That is the attitude that causes Congress to impose—not the Federal Trade Commission, but Congress—regulations on business far beyond what they would be if business would clean up its own act.

During the consideration of this proposal, I made an offer to the principal lobbyist, or one of the lobbyists, for the Used Car Dealers Association. I said, "All right. Why don't we cut it off at the major defects, and they will say 'no implied warranty' or a fuller 'limited warranty,' but the dealer describes what he wants to give, and beyond that there will be no obligation?" They said "No." They turned it down. I understand why. They think they have the votes to win it.

In 1979, there was a proposal that they suggested would be infinitely more acceptable to them than a harsher proposal; now they want nothing. They may win this. They may get nothing. They may win this battle. In the long run, they are going to lose this war with the consumers, and they will get regulations infinitely more severe than those now proposed.

I hope, therefore, that the Senate will turn down the recommendation that we veto the Federal Trade Commission's relatively mild rule; because, inevitably, the day will come when a more harsh rule will emerge and will be passed if we do.

Mr. KASTEN. Mr. President, before I served in the Senate, I was a small businessman. I understand the problems and the concerns of many people who are in the new car and the used car business.

I think it is fair to say that over the past several years, we have seen a continuous, enormous, and costly trend toward more and more Federal regulations and Federal regulators, as well as more and more reliance upon the Federal Government in general.

Today we are seeking a balance. We are saying that States, too, can assume some of the regulatory burden; in fact, the State government may be the best government to regulate issues such as this.

Although the National Association of Attorneys General has come out in favor of this FTC rule, I think it is important to point out that at least one attorney general, Attorney General Bronson LaFollette, from my State of Wisconsin, said the following:

> However, we do not believe the rule would have a significant consumer protection impact in Wisconsin. In fact, we believe that our State regulation provides substantially more protection for consumers than would the Federal rule. We also believe that there would be more effective enforcement under our State regulation because the Wisconsin Department of Transportation has inspectors to monitor compliance. . . .

It is not the FTC. We already have enforcement authority right there in Wisconsin. We do not need more regulators. They are right there.

> Moreover, we are concerned about the possible preemptive effect of this rule on our State regulation. . . . We are further concerned about duplication of paperwork and forms if Wisconsin is not exempted from the federal rule.

And he goes on to say:

> If both state and federal regulations apply in Wisconsin, the state sticker and federal sticker would have to be posted on a used motor vehicle offered for sale in Wisconsin. We do not feel this is desirable. . . . Representatives of our Department have discussed this matter with representatives of the Wisconsin Department of Transportation, and that department concurs with our comments.

No matter what has been said today, the fact is that States can do this job better than the Federal Government, and my State of Wisconsin in fact has. We do not need a Federal rule. We do not need growing Federal power. What we need is to seek a balance between the States and the Federal Government, and I believe that the Senate should reject this rule and pass the concurrent resolution of disapproval.

● Mr. CANNON. Mr. President, a fair and impartial reading of the "Magnuson-Moss Act" and the legislative history accompanying it would indicate that Congress intended a rule requiring either a clear disclosure that a used motor vehicle was being sold without any warranty or further disclosure as to the nature, extent, and limitation if a warranty is offered. In fact, a large part of the FTC hearing record indicates that consumer misunderstandings about warranties in the sale of used cars is a serious problem, and I support the warranty disclosure part of the rule. I believe this provision will correct most of the problems in the used car market.

However, the known defects provision was not mandated by the "Magnuson-Moss Act" and is poorly written and ambiguous. Conscientious dealers would have to bear the cost of an inspection in order to minimize legal liability for a rule violation due to the complexity and ambiguity of this provision. Further, $10,000 liability per violation would be imposed on the dealer.

Given the ambiguity in the known defects provision, I believe the rule ought to be limited to the warranty disclosure provision so we can see if that will correct the problems in the marketplace, and I will vote to veto the rule.●

● Mr. LEAHY. Mr. President, two issues are really at issue in this debate, the wisdom of the legislative veto and the judgment of this Senate on the use of a legislative veto provision already on the books.

As I made clear during the debate over the legislative veto provision in the Regulatory Reform Act, S. 1080, I oppose the concept of mingling the duties of the legislative and executive branches of Government by letting the Congress veto the regulations promulgated by executive branch agencies. I share the frustration of my colleagues when the agencies exceed their authority, as they occasionally do. But the responsibility to rein in their excesses is ours, and the best tool we have is clearer, firmer statutes.

If we get into the business of writing regulations, we will end up doing both the agencies' work and our own, and we would risk doing both poorly.

But the question before us today is not the wisdom of the legislative veto, but rather the question of FTC regulations promulgated under a duly enacted act of Congress. I believe that until the law is changed or until the Supreme Court rules on the validity of the device, we, as Senators, must do the job we are mandated to do under law, and that is to pass on the regulation before us.

On that issue, I think there can be little doubt. The regulation before us would do little to protect consumers because it has been reduced to little more than a paper exercise. To adopt a regulation that is so ineffective would be an exercise which itself is akin to consumer fraud.

I will vote in favor of vetoing the FTC's proposed used car rule because I believe it is not in the interests of the American consumer. But I will continue to fight against having questions like this brought before us in the future.●

Mr. THURMOND. Mr. President, I am pleased to express my support for Senate Concurrent Resolution 60 introduced by my distinguished colleague, Senator PRESSLER. This resolution calls for the legislative veto of the used car rule recently promulgated by the Federal Trade Commission.

My reasons for opposing this rule, which on its surface appears reasonable, are twofold. First, I have a fundamental concern that the growth of government at the Federal level needs to be checked, particularly in this time of large budget deficits and declining productivity in the private sector. This type of regulation of business practices, if necessary, can and should be handled at the State level, where regulatory requirements can be tailored to the particular needs within each State. Many States, including South Carolina, have taken the initiative in passing legislation, similar to the FTC Act, designed to deal with unfair and deceptive trade practices which may occur within their jurisdictions. The South Carolina General Assembly, when it passed "The Little FTC Act" several years ago, obviously recognized the need for consumer legislation at the State level. It is my belief that the sale of used cars would fall within the same category of practices which, if necessary, can and should be addressed at the State level.

The other concern that I have with the used car rule as promulgated by the FTC is its potential for generating unnecessary litigation by automobile consumer-purchasers against dealer-sellers. As my colleagues well know, the car dealers of this country have been facing severe economic problems because of continued high interest rates, and many have already gone into bankruptcy. Now is certainly not the time to add additional expense to their cost of doing business.

Mr. President, for these reasons, I shall vote to reject the used car rule proposed by the Federal Trade Commission.

● Mr. MURKOWSKI. Mr. President, I rise to indicate my support for Senate Concurrent Resolution 60, the measure to veto the proposed Federal Trade Commission regulations pertaining to the sale of used cars.

Over the past decades, the Federal Government has become increasingly more involved in the regulation of American business. Much of this regulation was implemented with good intentions but has in many cases resulted in greatly increased costs, a decline in productivity, and a competitive disadvantage with foreign producers. This is because, all too frequently, regulations have been drafted and implemented with little thought given to the cost-benefit ratio.

As a result of a heightened awareness of overregulation, the Congress provided for a procedure to review and reject proposed regulations issued by the Federal Trade Commission when it passed the FTC Authorization Act of 1980. The resolution before us today is the first test of this legislative veto.

Mr. President, I have reviewed the evidence which was developed at the Commerce Committee hearings on this subject. The hearings brought forth testimony illustrating the severe ambiguities of the proposal. On one hand, it was pointed out that the regulation would cost millions of man-hours in paperwork and millions of dollars in additional mechanics' wages in complying with the inspection of the 52 mandated items in the automotive system, costs which would be borne by the consumer. On the other hand, it was argued, the forms the FTC requires to be filled out by auto dealers would give the public a false illusion.

Strong arguments were made that dealers could hide behind the FTC required document. Many believe that the $10,000 penalty imposed by the rule would result in adding much litigation to the Federal court.

Mr. President, I am told that many of the 40-plus cosponsors of this veto resolution do not, in fact, entirely oppose some regulations of the used-car market. The consumer should be protected in areas of safety and serviceability. However, the present FTC proposal is ambiguous and overly broad in scope. It should be understood that this proposed rule has three parts. The first two, which may be reasonable, provide for:

A prohibition against misrepresentation on the part of the dealer for any known defects; and

The requirement that the dealer make clear any details regarding warranties, or if no warranty is being offered, to so state.

The third portion of the rule, however, would require the merchant to affirmatively inform the buyer of suspected, but undetermined, defects in 52 prescribed areas. However, the rule also consistently states that the dealer is not required to inspect the car. Thus, a merchant is placed in the position of speculating on what defects there might be. In order to be safe, a dealer would have to give a complete examination to the entire automobile—a costly procedure. Such ambiguity should not be added to the Federal regulations.

I believe there is a consensus that holds that dealers should not be permitted to misrepresent the quality of the automobile sold and that it is reasonable to require that a dealer fully disclose the term of his warranty and his responsibility to provide repairs.

These items are, however, a far step below requiring dealers to look for defects which they do not know about. To impose such a requirement is a drastic departure from current practices. The cost of such inspections, estimated to be about $150 per vehicle, will, of course, be passed on to the consumer. Additionally, there will be the further cost to the Government in hiring personnel in the FTC to police these cases.

Mr. President, conditions vary greatly from region to region in our country. Thus, a uniform regulation pertaining to the serviceability of used automobiles may have application to some States but not to others. For example, the radiator and cooling requirements covered under this proposed regulation may have application for Florida but not necessarily for Alaska. It is my contention that this is the type of regulation which is better left to the States.

Mr. President, I think it is proper that the Congress directly address the question of Federal regulation. The particular regulation before us will, to my mind, place a costly burden upon business with questionable benefit for the consumer. It should be, therefore, rejected.●

● Mr. TSONGAS. Mr. President, I rise in opposition to Senate Concurrent Resolution 60, which would override the Federal Trade Commission's rule concerning the sale of used motor vehicles. Basically, the rule requires used-car dealers to post a sticker in the window of each used car offered for sale. The sticker must disclose in writing all guarantees offered and all major defects known. It does not require dealers to guarantee their cars, nor does it require them to inspect their cars for defects. I believe the FTC rule is a modest and basic standard for fair dealing between dealers and consumers.

However, a number of objections have been raised by the used-car industry, represented by the National Automobile Dealers Association and the National Independent Automobile Dealers Association. I would like the legislative record to show that the concerns raised by the industry merit our consideration and should be addressed. While I believe the concerns are genuine, I feel the evidence rebuts the arguments against the FTC rule.

First, proponents maintain that the disclosure provision operates to require dealers to inspect used cars before offering them for sale. However, the rule merely requires that if the dealer knows that certain identified defects exist in a car, he must pass that information on to the consumer. Requirements for the disclosure of information so that consumers may make informed purchasing decisions is reasonable. Such a rule is especially justified in the case of used-car sales because of the expense involved, the complexity of the product, and the superior knowledge that the dealer usually has compared to the prospective purchaser.

Second, proponents contend that the disclosure provision will have the effect of mandating an implied warranty on vehicles offered for sale. They argue that by disclosing only certain defects on a given vehicle, the dealer might be implying that other aspects are acceptable, thereby creating an implied warranty. However, this argument runs contrary to explicit language in the FTC rule warning consumers "that there may be defects that are unknown to the dealer. If nothing is listed, the car is not necessarily free of defects." There is further protection in the Uniform Commercial Code, section 2-316, which states that all implied warranties are excluded when the term "as is" is used.

Third, proponents maintain that the FTC has exceeded its statutory authority in promulgating a rule to require disclosure of known defects. However, Congress itself required the FTC to promulgate a used car rule when it passed the Magnuson-Moss Act in 1975. The authority of the FTC to promulgate a rule requiring disclosure of guarantees and known defects is squarely within section 109(b) of Magnuson-Moss and section 18(a) of the FTC Act.

Fourth, proponents maintain that the proposed rule would result in increased costs to dealers and increased prices to consumers. They maintain that the actual cost of inspections by dealers may be as much as $100 per car and that the additional costs of the proposed rule may add as much as $250 to the price of a used car. This, they maintain, would increase the cost of many older, higher mileage used cars by more than 25 percent.

However, this prospect seems highly unlikely. Under the rule, dealers would only be required to post a window sticker informing consumers about the existence and extent of warranty coverage for the car and the existence of any major mechanical defects in the car's major systems, if the defects are known to the dealers. Further, as a general rule, dealers do obtain information about the quality of their used cars in the regular course of business. Assuming, as the FTC has estimated, that the cost of their sticker is about 13 cents, the total cost should not exceed 50 cents per car. This is a reasonable cost to dealers to assure consumers who purchase used cars that they are both safe and mechanically sound.

Fifth, proponents maintain that the rule is unfair because it would not be applicable to private sales. They say that if dealers are forced to disclose known defects, while private sellers are not, consumers will go to the private market to avoid being told the known condition of cars. However, the FTC hearing record showed that most consumers were getting a greater amount of accurate information from private sellers than from dealers. Far from fleeing to the private market, the rule should attract more consumers to used car dealers to purchase their automobiles.

Sixth, the current economic conditions of recession and high interest rates make implementation of the proposed rule particularly onerous to the used car industry at the present time. However, the used car industry is healthy these days. In 1980, consumers bought 18.7 million used cars—as opposed to 8.9 million new cars—for $70.8 billion—both record highs—and in the first 9 months of 1981 used car prices increased 31 percent.

The used car industry is an important component in the revitalization of our Nation's economy. With the soaring costs of new cars, more and more people will come to depend on used cars as their primary form of transportation.

The United States has an even greater stake in its inventory of used cars for transportation. As the costs of most everything increases, we are more and more indebted to an industry working to rehabilitate and market used cars.

But we must not abandon our commitment to minimum standards of fairness in that industry—or any other.

I want the RECORD to show that I was persuaded by the arguments presented by the proponents of the used car rule. Nevertheless, I will be vigilent to see that the rule is administered properly and does not unduly hamper the used car industry.

Essentially, the FTC rule is a modest and basic standard of fair dealing. It will enable consumers to access more accurately a used car's mechanical condition and warranties, if any, and will promote a healthier dealer market. I would urge my colleagues not to support this disapproval resolution.●

● Mr. CHAFEE. Mr. President, we will vote today on the FTC's used car rule. This vote is historic because it is the first exercise of the legislative veto over an FTC ruling, but also it signals, perhaps more importantly, a measure of the Senate's commitment to consumer protection.

The free market is the most efficient mechanism known for allocating goods and services. The efficacy of the free market depends upon informed consumers. In the used car market, however, buyers are not very knowledgeable about autos they consider purchasing.

The two major problems pinpointed by used car buyers are a dealer's oral misrepresentation about a car's mechanical condition at the time of sale and the lack of information about warranty coverage or misrepresentations about a dealer's responsibility to repair a car.

To address these problems, the FTC has promulgated this modest, but effective rule requiring three types of disclosure by the dealer. First, it would mandate warranty disclosures. Dealers would have to indicate whether a warranty is offered—and its extent—or whether a car is sold "as is."

Second, the rule would provide some standard form disclosures, for example, warnings to consumers of the unenforceability of oral promises. Third, it would require a limited disclosure of known defects. Dealers would be required to share with used car buyers only the information they have on an auto's defects.

The controversy surrounding this rule has centered on this third point. The rule explicity states that dealers are not required to inspect or discover defects, but its opponents have argued that dealers will be forced to conduct an inspection in order to avoid the chance of facing prohibitively expensive litigation costs and fines. Let me reiterate that this assertion contradicts the letter of the rule.

Placing the burden of disclosure for known defects on dealers makes sound economic sense. They have significant information on the cars put on the block for sale. Over one-half of used car dealers' inventories come from auctions where the person selling the car must provide as complete information as possible about its condition. Before buying a car, an automobile dealer has an excellent idea of its defects. A dealer does not want to be stung and will inspect before purchasing. In short, providing more information to used car buyers is not expensive to produce, thereby not putting an onerous burden on dealers, and allows for more informed purchase decisions.

Besides protecting consumers, this rule will also protect used car dealers who operate in good faith. Deceptive practices in the selling of used cars has tarnished the reputation of all dealers, even trustworthy ones, among the public and, to my way of thinking, constitutes unfair competition.

Finally, let me say that considering this resolution today is particularly timely. Over the past 2 years, sky-high interest rates have inhibited many Americans from buying new automobiles and moved these consumers into the used car market. With more individuals in the market for used cars, there is a greater chance of widespread consumer fraud. More than ever, used car buyers need sufficient information with which to make an informed purchase. If the Senate upholds this resolution of disapproval, we will abdicate our responsibility to give even modest protection to millions of auto buyers.

I, therefore, must oppose this resolution of disapproval.●

FTC USED-CAR RULE

● Mr. **BAUCUS.** Mr. President, the debate over the FTC's used-car rule has taken place in economic and safety terms. There are good points to arguments both in support and in opposition to the proposed rule.

We are about to vote on Senate Concurrent Resolution 60, which would veto the FTC's proposed rule on used car sales. I am a cosponsor of the resolution and I intend to support its passage.

I do want to make very clear, however, that I am not opposed to a used car rule being implemented by the FTC. In fact, I believe we need a rule which deals with the problems of consumer awareness and safety.

What we do not need is a rule that is unnecessarily vague, as I believe the present version to be. Will the present rule impose new paperwork requirements on dealers, drive up the price of used cars, and put dealers at a competitive disadvantage to private sellers? Opponents of the rule say yes. Those favoring the rule have argued convincingly that it will not have these effects.

The rule is very explicit in stating that dealers are not required to make an inspection of each vehicle. But in the same sentence of the rule it states:

> But you are required to disclose on the Buyers Guide any defects set forth below if known.

I do not believe this type of language clearly tells dealers what is expected of them.

I am concerned about safety. I believe someone who knowingly sells a defective car should be prosecuted to the full extent of the law—or by FTC regulation. I also believe that someone who purchases a used car should count on inspecting the car themselves, or with the help of a qualified mechanic, whether purchased from a dealer or a private seller.

Most car dealers realize that if they are to stay in business for long, they must be honest with their customers. The present rule has the potential of penalizing reputable dealers through increased costs.

I cannot support the present rule because it is vague. I do hope the FTC will continue its efforts to come up with a rule that will make dealer requirements clear and also provide for consumer safety.●

THE FEDERAL TRADE COMMISSION'S USED-CAR TRADE RULE SHOULD NOT BE OVERRULED

Mr. **CRANSTON.** Mr. President, I am opposed to this resolution—Senate Concurrent Resolution 60—which would overrule the Federal Trade Commission's regulation requiring used-car dealers to disclose any known defects to buyers.

Several years ago, when Congress reviewed the used-car trade, we found reason for concern that buyers are at a particular disadvantage in buying a used car. For an inexperienced buyer, attempting to judge the quality and adequacy of such a complicated and unknown purchase can be bewildering. Facts about a car's history and quality are difficult to find out. Studies show that buyers not only frequently incur huge unexpected expenses from unknowingly purchasing defective cars, but they are also sometimes subjected to severe safety hazards. Thus Congress directed the Federal Trade Commission to develop regulations which would mitigate the difficulties consumers have had historically in buying used cars.

In compliance with that mandate, the FTC completed its own studies—including testimony from dealers and consumers—of the used-car trade, and last year, proposed a rule which would require used car dealers to disclose known defects in the cars they sell. The FTC rule also requires dealers to inform customers of the existence and extent of warranty coverage of the car. This information would be displayed on a sticker in the windshield of each used car for sale. The FTC rule does not require dealers to inspect the car, but only to report any defects which have come to their attention in normal business transactions. Dealers can not be prosecuted for failing to inspect the car—the rule requires only that when dealers happen to learn of any major mechanical defects they let their customers know. The rule also does not require any warranty on the car—merely a statement about the existence of any warranty.

Now, Mr. President, the FTC has completed the job Congress asked it to do, and Congress finds itself examining FTC's work to decide whether the rule is too harsh or unnecessarily burdensome.

As we, in turn, consider this rule, let us understand the needs of the dealers and of the consumers, and whether a satisfactory compromise has been worked out.

Used-car dealerships are clearly a vital part of our economy. Because of our country's bad economic conditions today and the financial strain on so many, more and more people are buying a used rather than a new car. It is estimated that 70 percent of all cars sold are used cars. Those who sell used cars are doing a great service in keeping good, workable cars from being wasted and in making reduced price cars available to the many people who need and want them.

Mr. President, the FTC has worked to achieve a regulation which does not overburden the industry—a window sticker only is required, with only information the dealer has already discovered—and yet will help buyers make an informed judgment about the safety and quality of the car they intend to purchase. Keeping seriously defective cars off the roads is surely a goal we can all support. And increasing the faith consumers have in car dealerships can lead only to a healthier business environment.

I urge my colleagues to oppose this resolution and to leave the FTC used-car trade rule in place.

● Mr. **LEVIN.** Mr. President, as one who had a role in the legislation which created the legislative veto over FTC rules, I regret that its first use should come on this issue. The used car rule is, in reality, a very modest rule which, in theory at least, appears to be consistent with a general principle that no one ought to object to—that consumers are entitled to some protection.

But in reality, this mild little rule is inconsistent with congressional intent and ought to be vetoed. The Congress said, very clearly, when it considered the basic FTC legislative charter that the FTC could not issue any rules or regulations designed to create an implied warranty on the part of sellers. Yet his proposed rule does just that. While not requiring inspections, it creates a legitimate consumer presumption in favor of such inspections. That presumption, in turn, creates a market mandate on sellers to perform inspections and certify, as the rule requires, the result of that inspection. Once the inspection has been performed, the seller is in a position of having, in essence, to guarantee that the car will have only the problems identified in the inspection—in other words, the seller is placed in an implied warranty situation. But the inspection cannot guarantee the car's performance, cannot reveal all possible deficiencies or future problems. As a result, the seller is placed in an untenable position in a business sense and may be placed in an even more difficult position legally in terms of possible lawsuits. It was precisely this sort of problem that led the Congress to prohibit FTC involvement in "implied warranty" rule—yet this rule does in effect create just such an implied warranty.

In addition to these procedural problems, the rule is deficient in two substantive ways as well. First, it ignores approximately one-half of the used car sales, sales conducted by private individuals, which are not covered by this rule. And second, it ignores the potential cost increase which inspections would create: Costs to the consumer of as much as $200, costs which might, on balance, offset any savings generated by consumers avoiding "lemon" used cars.

Mr. President, the FTC's goal in this rule is laudable but its methods miss the mark. I hope they understand that this veto is not a repudiation of their purposes but rather a rejection of this product. With that in mind, I would encourage the Commission to continue to explore ways to accomplish their goal which would avoid the implied warranty problem and minimize the cost which this proposal places on both seller and purchaser.●

FTC'S USED CAR LEMON

Mr. McCLURE. Mr. President, I would like to share with my colleagues a recent editorial in the Idaho Statesman that makes some interesting points in opposition to the proposed ruling by the FTC regulating used car dealers.

The proposed rule could effectively eliminate used car dealers altogether. Specifically, it requires that dealers post on the windows of all used cars for sale the status of 52 prescribed areas. Speculation from informed sources indicates that the costs of these inspections would approach $150. Of course the cost of this burdensome Government overregulation would be passed on to the consumer. The Statesman correctly states that if the rule is implemented the only recourse the buyer would have is to prove that the dealer knowingly sold a defective car. Undoubtedly an impossible task.

I am, and always will be, a strong believer in the free enterprise system. If a consumer has any doubts about the condition of an automobile, any nonbiased mechanic would be more than happy to provide a more thorough examination at one-third the cost.

I ask unanimous consent that the Statesman editorial be reprinted in full in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Idaho Statesman, May 4, 1982]

FTC's USED CAR RULE IS A LEMON

It's no wonder there's another move afoot to kill a Federal Trade Commission rule requiring used car dealers to inform buyers when the dealer knows of major defects in a car. The rule doesn't make much sense.

It's a sad fact that buying a used car is a risky business. The modern automobile is a complicated piece of merchandise that may or many not live up to the salesman's pitch.

Just because a few unscrupulous dealers create a problem, however, does not mean the federal government can solve it, particularly not with regulations like the FTC's used car rule.

If an angry buyer turns up at the car lot to complain, all the dealer has to do is say, "Hey, I didn't know." Even with the FTC rule in effect, the buyer's only option would be to prove the dealer knowingly sold a defective car. That is likely to be a difficult, expensive and unfruitful proposition for everyone concerned. In short, the rule is not going to do much, if any, good. So why have it?

Unfortunately, getting rid of the rule opens another can of worms. According to a consumer group called Congress Watch, the National Auto Dealers Association has given more than $500,000 in campaign contributions to senators and congressmen who have co-sponsored bills that would veto the FTC rule. Some sort of veto bill is almost certain to pass this session.

That might be OK except that federal courts have held the congressional veto to be unconstitutional, noting that such a device "allows special interests to achieve their ends by pressuring administrative agencies through congressional committees."

At issue is the independence of all the federal government's regulatory agencies. Fiascos like the used car rule make the agencies look bad. But these agencies do a lot of good and, to be effective, must retain their independence. They don't need Congress butting in every time they sneeze.

The best thing that could happen would be for the FTC to admit its mistake and get rid of the used car rule—not because of the pressure from Congress, but because it is a bad idea.

FTC REGULATIONS SHOULD BE VETOED

Mr. DOLE. Mr. President, the Senator from Kansas does not know too much about drive shafts, transmissions, and differentials, but the Senator does know enough to spot a case of overzealous regulatory effort and inefficient results. Of course, I refer to the FTC regulations that are before us, regulations which the Senator feels simply must be vetoed.

The Senator does not oppose the efforts of the Federal Trade Commission to regulate this difficult area. We must recognize that any time we regulate business in a way that results in additional cost to them, they will pass it along to the consumer, and that is to be expected. But it underscores the need to scrutinize regulations of this type to insure their effectiveness. We simply cannot afford to continue to sit by idly while our agencies, to whom we are all too willing to delegate tough questions, promulgate regulations that promise much, end up costing businessmen and in turn, the consumer, but in fact provide little real protection or improvement.

Before criticizing certain parts of these regulations, let me say that the Senator from Kansas recognizes the difficulty of the task which we have passed on to the Commission. Given the complexities of modern day automobiles, and the varying shades of veracity customarily employed by those who sell them to the public, it may indeed be difficult to concoct a standard which is effective, but yet which does not try to accomplish too much.

We told the FTC in 1975 to locate the deceptive practices in the used car industry and devise a regulatory scheme which would curb and discourage those practices. The Commission tells us now that consumers are frequently misled or deceived by affirmative misrepresentations and failures to disclose material facts concerning both the extent of warranty coverage offered by used car dealers and the mechanical condition of used cars.

In the warranty area, the FTC has found that there are particular problems with "as is" sales—situations where the dealer is not obligated to make postsale repairs no matter what is really represented to the purchaser. The solution to this, and the key to the warranty problems, is to either do away with "as is" sales as the Kansas Legislature has effectively done, or to do something to make sure that the consumer understands what an "as is" sale is. In this area, the Senator from Kansas would like to compliment the FTC on pinpointing the problem and in drafting a regulation which may effectively solve that problem. The designation of no implied warranty on the sample form provided by the FTC should explain to most consumers the meaning of the evasive phrase "as is."

Common experience should tell us that a perfect system of disclosure of the mechanical condition of an automobile at the time of sale will probably never be reached. We are dealing here with complex machines, composed of many different parts, any and all of which can fall in various states of disrepair. Perhaps more importantly, parties to the sale are naturally involved in an arms-length bargaining posture, and as such, there is a natural economic incentive for sellers to perhaps experience frequent bouts of amnesia regarding their knowledge of defects. Because of that, there are going to be problems with any system that depends on the person who has the most to lose to disclose information adverse to his interests. In this situation, the requirement that the dealer disclose all known defects may in fact be more idealistic than practical.

The Senator is fully aware that a mandatory inspection requirement was considered, and rejected, by the FTC. The Senator does not suggest that that particular regulation should have been opted either, for it would have unnecessarily added to the cost of buying a car. That regulation would at least have provided something to the consumer on which he or she could have effectively relied.

The regulation in question will not be one that will effectively enable the consumer to judge the mechanical condition of the car he is purchasing. A requirement that the dealer disclose all known defects is simply too ambiguous to really be of much help. We might expect several different reactions from various dealers: First, it may cause dealers to feel they must conduct an inspection in every case. Knowledge of one thing or defect may logically be tied to constructive knowledge of another, requiring further investigation. After the inspection, the consumer may have the benefit of knowing what in fact is discovered, provided that the dealer does in fact comply with the regulation. This Senator is concerned, given the loose and troubling definition of knowledge that has plagued normal citizens and lawyers over time, that adoption of a knowledge standard will only serve as a great boon to the legal profession and as a detriment to consumers.

The Senator is also concerned that this standard might cause dealers to lose all incentive to inspect and repair any automobiles, for fear of learning anything that they might have to divulge. In that event, the automobiles leaving the various used car lots might well be in worse condition than at present. Indeed, the FTC has stated in its report that at present most used car dealers do inspect automobiles. We simply do not want to do anything that will discourage that practice, and this regulation may in fact do that. Now, the Senator is just speculating as to how dealers might react to this ambiguous standard. But that is the point—dealers will have to speculate because this standard is not clear.

Viewed in this light, it seems clear to me that the third prong of this standard, the known defect disclosure requirement, will extract far more from the already burdened used car industry than what the industry, society, and the consumer receives in return. The consumer will end up effectively paying for an inspection but will not be guaranteed that an inspection has actually taken place. The FTC has stated in its report that a defect disclosure requirement will be effective only if the dealer understands his obligations. Since the regulation before us does not accomplish that objective, this Senator must vote to disapprove the regulation.

Mr. KASTEN. Mr. President, I have no additional requests for time, and I am prepared to yield back.

Mr. President, I ask unanimous consent that the quorum call be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KASTEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, will the Senator from Wisconsin yield to me 1 minute?

Mr. KASTEN. I am pleased to yield to the majority leader.

Mr. BAKER. I thank the Senator.

Mr. President, as I understand the unanimous consent order that was entered on yesterday when the time is utilized or yielded back on the resolution the Senate will automatically resume consideration of the budget resolution and go into recess and resume its session at 2 p.m. which would mean, as I interpret that request, that the time between now and 2 p.m. will be charged against the budget resolution.

There seems to be at least some uncertainty about that and 43 minutes are not enough to quarrel over in my view.

UNANIMOUS-CONSENT AGREEMENT

Therefore, I ask unanimous consent that, notwithstanding the provisions of the order now entered, when the time is utilized or yielded back on the resolution that the Senate stand in recess until the hour of 2 p.m. and that the time between 12 noon and 2 p.m. time be charged equally against the budget resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I further ask unanimous consent, since the minority leader is not in the Chamber, that even though I believe that general arrangement conforms with his understanding, he may if he wishes, between now and 2 p.m., enter an objection to vitiate this order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the Senator for yielding, and I believe that arranges the affairs of the Senate so that if the parties on both sides yield back their time, the Senate will automatically be in recess until 2 p.m.; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I thank the Chair.

Mr. KASTEN. Mr. President, I have no further requests for time and I yield back the remainder of my time.

Mr. PACKWOOD. Mr. President, I yield back the remainder of my time.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 2 p.m. today.

The Senate, at 11:19 a.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. WARNER).

DISAPPROVAL OF FTC USED-CAR RULE

The Senate continued with the consideration of Senate Concurrent Resolution 60.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the previous order, the Senate will now vote on the adoption of Senate Concurrent Resolution 60. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Illinois (Mr. PERCY), are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) and the Senator from Illinois (Mr. PERCY), would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. MATSUNAGA) is necessarily absent.

I also announce that the Senator from Arkansas (Mr. Pryor) is absent because of illness.

I further announce that, if present and voting, the Senator from Hawaii (Mr. Matsunaga) and the Senator from Arkansas (Mr. Pryor), would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 69, nays 27, as follows:

[Rollcall Vote No. 121 Leg.]

YEAS—69

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Boren
Boschwitz
Brady
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cochran
D'Amato
DeConcini
Denton
Dixon
Dole
Domenici
Eagleton
East
Exon
Ford
Garn
Glenn
Grassley
Hatch
Hatfield
Hayakawa
Heflin
Helms
Hollings
Huddleston
Humphrey
Inouye
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Leahy
Levin
Mattingly
McClure
Melcher
Murkowski
Nickles
Nunn
Pressler
Quayle
Randolph
Riegle
Roth
Rudman
Sasser
Schmitt
Simpson
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—27

Biden
Bradley
Chafee
Cohen
Cranston
Danforth
Dodd
Durenberger
Gorton
Hart
Hawkins
Heinz
Jackson
Kennedy
Long
Lugar
Mathias
Metzenbaum
Mitchell
Moynihan
Packwood
Pell
Proxmire
Sarbanes
Specter
Tsongas
Weicker

NOT VOTING—4

Goldwater
Matsunaga
Percy
Pryor

So the concurrent resolution (S. Con. Res. 60) was agreed to, as follows:

S. Con. Res. 60

Resolved by the Senate (the House of Representatives concurring), That the Congress disapproves the final rule promulgated by the Federal Trade Commission dealing with the matter of the trade regulation rule relating to the sale of used motor vehicles, which final rule was submitted to the Congress on January 28, 1982.

RECESS UNTIL 3 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 3 p.m. today.

There being no objection, the Senate, at 2:26 p.m., recessed until 3 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Helms).

The PRESIDING OFFICER. The Chair, in its capacity as a Senator from North Carolina, suggests the absence of a quorum.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Durenberger). Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, not to extend past 3:15 p.m., in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE U.S. FOREIGN AID PROGRAM: CONGRESS HAS BROKEN THE BANK AND THE BACKS OF AMERICAN TAXPAYERS

Mr. HELMS. Mr. President, several months ago a friend in North Carolina asked a question I could not answer—but I promised that I would find the answer and report back to him.

Frankly, it did not occur to me at the time that nowhere in the Federal Government, with all of its experts, with all its computers, was the answer to his question to be found.

However, after months of research and computations, I finally have an answer.

The question: How much, including interest on the money borrowed by the U.S. Government to finance the program, has our foreign aid program cost the American taxpayers?

The answer—and I suggest that the distinguished Presiding Officer hold onto his hat—is: $2,304,257,900,000.

Let me spell it out, Mr. President: 2 trillion, 304 billion, 257 million, 900 thousand dollars of the American taxpayers' money.

Mr. President, when I reached the end of literally months of inquiries, calculations, searching of official documents, up popped that total figure—one so enormous that I simply could not believe it. I sent it back to be checked again.

Bear in mind the precise question that was asked of me: How much, including interest on the money borrowed by the U.S. Government to finance the program, has our foreign aid program cost the taxpayers? My friend in North Carolina insisted, correctly, that any honest assessment of the cost would necessarily include the interest because the Federal Government was running a deficit almost every year, and therefore was in effect borrowing the money it was giving away to foreign countries.

To be very technical in the context in which an economist would put it—the present cost of past expenditures equals the nominal dollar amount plus the compound interest that would have been earned in the financial markets. Today's cost includes alternative uses of those funds over the intervening period.

Mr. President, my friend makes a point that should be remembered by Members of Congress when they so freely vote to create and expand multibillion dollar Federal programs of every type. The point is this: These programs would be expensive even if the Federal Government were operating on a balanced budget. But when Congress approves enormous deficits, and when interest on the borrowed money is compounded year after year, the real costs of Federal programs soars into the stratosphere.

And that, Mr. President, is why Congress is to blame for the trillion dollar national debt now smothering the U.S. economy. Think about it, Mr. President. This year, it will cost the U.S. taxpayers about $115 billion just to pay the interest—1 year's interest—on money that the Federal Government has spent in excess of income. Would it not be delightful if we did not have to worry about that $115 billion? The news media and President Reagan's other political critics—who falsely claim that Ronald Reagan is responsible for the huge Federal deficit—would not be able to mislead the American people, because the Federal budget would today be relatively easy to balance, inflation would be less of a problem, the U.S. economy would not be in distress, the unemployment level would be lower, and production would be setting new records.

So, Mr. President, the folly of foreign aid since 1946, the year the program began, is an alarming symptom of what is wrong with the Federal Government—and the country.

The total cost of the foreign aid program—since its inception in 1946 and including the estimated nearly $10 billion cost for fiscal year 1981—the actual figures for fiscal year 1981 are not yet available—is $286,467,000,000. This figure represents total Federal outlays in nominal dollars, that is, the dollars expended in each of the years specified.

More than $286 billion, Mr. President. But that is before we factor in the equivalent interest on the money borrowed in the American taxpayers' name to spread this money across the face of the Earth.

As I said at the outset, the total cost of foreign aid, including interest, since 1946, is $2,304,257,900,000—2 trillion, 304 billion, 257 million, 900 thousand dollars.

Mr. President, to which countries, and how much for each, has this enormous sum been devoted? I have a breakdown, country by country, and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Aid given by the United States for the years 1946–80

Country:	*Total aid given*
Afghanistan	$542,331,000
Albania	20,400,000
Algeria	203,282,000
Andorra	0
Angola	8,898,000
Antigua	0
Argentina	462,826,000
Australia	123,586,000
Austria	1,256,769,000
Bahamas	301,000
Bahrain	2,408,000
Bangladesh	1,503,924,000
Barbados	3,324,000
Belgium	1,867,491,000
Belize	10,246,000
Benin	48,516,000
Bermuda	0
Bhutan	816,000
Bolivia	888,077,000
Botswana	119,040,000
Brazil	3,066,430,000
Brunei	0
Bulgaria	0
Burma	197,000,000
Burundi	24,742,000
Cambodia (Kampuchea)	2,169,645,000
Cameroon	39,713,000
Canada	30,500,000
Cape Verde	37,326,000
Central African Republic	15,829,000
Chad	65,249,000
Chile	1,388,662,000
China	455,000
Colombia	1,603,319,000
Comoros	269,000
Congo	10,427,000
Cook Islands	0
Costa Rica	271,994,000
Cuba	20,130,000
Cyprus	149,259,000
Czechoslovakia	193,001,000
Denmark	921,970,000
Djibouti	4,716,000
Dominican Republic	691,962,000
Ecuador	430,714,000
Egypt	7,874,519,000
El Salvador	284,571,000
Equatorial Guinea	0
Ethiopia	667,704,000
Falkland Islands	0
Faroe Islands	0
Fiji	0
Finland	57,088,000
France	8,466,639,000
French Antilles and Guiana	0
French Polynesia	0
Gabon	18,414,000
The Gambia	22,625,000
German Democratic Republic	800,000
Germany, Federal Republic of	4,980,422,000
Ghana	391,312,000
Gibraltar	0
Greece	5,542,454,000
Greenland	0
Grenada	0
Guadeloupe	0
Guatemala	492,562,000
Guinea	162,001,000
Guinea-Bissau	14,95[illegible],000
Guyana	126,806,000
Haiti	279,167,000
Honduras	356,690,000
Hong Kong	43,800,000
Hungary	32,700,000
Iceland	82,184,000
India	10,268,489,000
Indonesia	3,188,872,000
Iran	2,170,628,000
Iraq	95,584,000
Ireland	146,524,000
Israel	18,490,073,000
Italy	5,584,190,000
Ivory Coast	46,863,000
Jamaica	192,561,000
Japan	3,950,707,000
Jordan	2,417,897,000
Kenya	394,459,000
Kiribati	0
Korea (North)	0
Korea (South)	13,625,486,000
Kuwait	0
Laos	2,509,312,000
Lebanon	299,756,000
Lesotho	78,824,000
Liberia	329,935,000
Libya	230,115,000
Liechtenstein	0
Luxembourg	0
Macao	0
Madagascar	21,185,000
Malawi	64,260,000
Malaysia	237,366,000
Maldives	0
Mali	148,938,000
Malta	84,409,000
Martinique	0
Mauritania	61,283,000
Mauritius	23,532,000
Mexico	341,867,000
Monaco	0
Mongolia	0
Morocco	1,322,612,000
Mozambique	62,038,000
Namibia	0
Nauru	0
Nepal	260,924,000
Netherlands	2,312,211,000
Netherlands Antilles	0
New Caledonia	0
New Zealand	8,592,000
Nicaragua	370,060,000
Niger	119,642,000
Nigeria	408,414,000
Norway	1,245,549,000
Oman	32,841,000
Pakistan	5,684,567,000
Panama	439,547,000
Papua New Guinea	322,000
Paraguay	211,767,000
Peru	903,809,000
Philippines	3,131,494,000
Poland	539,300,000
Portugal	1,326,246,000
Qatar	0
Reunion	0
Romania	22,435,000
Rwanda	29,772,000
Ryukyu Islands	413,725,000
St. Christopher-Nevis-Anguilla	0
St. Lucia	0
St. Vincent and the Genadines	0
San Marino	0
Sao Tome and Principe	566,000
Saudi Arabia	324,036,000
Senegal	163,180,000
Seychelles	3,151,000
Sierra Leone	82,978,000
Singapore	21,962,000
Solomon Islands	0
Somalia	219,292,000
South Africa	1,300,000
Spain	2,537,406,000
Sri Lanka	508,887,000
Sudan	296,238,000
Surinam	5,831,000
Swaziland	43,641,000
Sweden	109,037,000
Switzerland	0
Syria	586,015,000
Taiwan	6,567,227,000
Tanzania	271,446,000
Thailand	2,407,318,000
Togo	50,152,000
Tonga	0
Trinidad and Tobago	40,864,000
Tunisia	1,071,312,000
Turkey	8,361,345,000
Tuvalu	0
Uganda	53,474,000
United Arab Emirates	0
United Kingdom	8,779,506,000
Upper Volta	139,045,000
Uruguay	248,659,000
U.S.S.R.	186,400,000
Vanuatu	0
Venezuela	353,568,000
Vietnam	23,361,456,000
Wallis and Futuna	0
Western Sahara	0
Western Samoa	9,841,000
Yemen (North)	125,000,000
Yemen (South)	4,500,000
Yugoslavia	2,831,962,000
Zaire	784,558,000
Zambia	182,527,000
Zimbabwe	29,905,000
Central Treaty Organization	39,624,000
Near East and South Asia Regional	566,043,000
West Indies-Caribbean Regional	182,143,000
ROCAP (Regional Office, Central America and Panama)	285,116,000
Latin America Regional	667,102,000
Indochina Associated States	1,557,067,000
East Asia Regional	356,520,000
Entente States	38,262,000
Portuguese States in Africa	3,350,000
Central and West Africa Regional	114,452,000
East Africa Regional	33,332,000
Southern Africa Regional	90,929,000
Africa Regional	466,711,000
West Berlin	131,881,000
European Regional	623,976,000
Pacific Islands (Trust Territories of the United States)	824,151,000
Oceana Regional	40,158,000
Interregional	29,830,000
Total U.S. foreign aid for the period 1946 through 1980	229,105,000,000
Total other U.S. loans and grants for the period 1946 through 1980	47,476,000,000
Total foreign aid for fiscal year 1981 (estimate)	9,886,000,000
Grand total	286,467,000,000

Mr. HELMS. Mr. President, $286 billion—what a massive sum. The total budget of the U.S. Government in 1974 was $267.9 billion.

Mr. President, I now offer a table showing how much money, on an annual basis, the U.S. Government has provided for all forms of foreign assistance—including foreign economic assistance, foreign military aid, and other forms of grants and loans. This information was supplied by the Library of Congress, which obtained it from the annual appropriations bills passed by Congress, and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. FOREIGN ASSISTANCE—1946-80

[In millions of dollars]

	Military/economic assistance	Multilateral development banks [1]	Export-Import Bank loans	Total
1946	2,092.0	3,504.3	1,712.3	7,308.6
1947	6,326.9	141.9	214.1	6,682.9
1948	2,961.0	127.0	78.9	3,166.9
1949	8,037.0	170.6	148.6	8,356.2
1950	4,775.2	70.4	330.1	5,175.7
1951	4,181.9	30.8	142.6	4,355.3
1952	4,009.3		110.6	4,119.9
1953	6,394.8		382.8	6,777.6
1954	5,814.1		35.8	5,849.9
1955	4,833.7		354.9	5,188.6
1956	5,407.9		192.1	5,600.0
1957	4,996.7	35.2	469.0	5,500.9
1958	4,669.9		540.3	5,210.2
1959	4,975.3	1,375.0	660.8	7,011.1
1960	4,833.0	80.0	305.0	5,218.0
1961	4,814.0	74.0	962.0	5,850.0
1962	6,862.0	172.0	277.0	7,311.0
1963	7,238.0	122.0	280.0	7,640.0
1964	5,109.0	112.0	352.0	5,573.0
1965	4,998.0	312.0	358.0	5,668.0
1966	6,901.0	354.0	368.0	7,624.0
1967	6,752.0	374.0	1,317.0	8,443.0
1968	6,898.0	424.0	743.0	8,065.0
1969	6,259.0	480.0	679.0	7,418.0
1970	6,307.0	480.0	1,379.0	8,166.0
1971	7,898.0	180.0	1,438.0	9,516.0
1972	9,101.0	142.0	2,237.0	11,480.0
1973	9,100.0	775.0	2,381.0	12,256.0
1974	8,164.0	814.0	3,831.0	12,809.0
1975	6,454.0	784.0	2,569.0	9,807.0
1976	6,582.0	24.0	2,218.0	8,824.0
1977	6,853.0	931.0	719.0	8,503.0
1978	7,910.0	1,104.0	2,867.0	11,881.0
1979	12,213.0	1,632.0	3,688.0	17,533.0
1980	8,217.0	1,478.0	3,236.0	12,931.0

[1] Data excludes callable capital

Mr. HELMS. Mr. President, I then asked the Library of Congress to specify the interest rate at which the Federal Government borrowed money during each year from 1946 through 1980. I ask unanimous consent that the RECORD include that information at this point. This information, I stress, was provided by the Library of Congress as obtained from Historical Statistics of the United States and the Statistical Index to the Annual Report of the Secretary of Treasury.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Year	Total U.S. foreign aid appropriated that year [1]	Interest rate at which U.S. Government borrowed money in that year (percent) [2]
1946	$7,308,600,000	1.996
1947	6,682,900,000	2.107
1948	3,166,900,000	2.182
1949	8,356,200,000	2.236
1950	5,175,700,000	2.200
1951	4,355,300,000	2.270
1952	4,119,900,000	2.329
1953	6,777,600,000	2.438
1954	5,849,900,000	2.342
1955	5,188,600,000	2.351
1956	5,600,000,000	2.576
1957	5,500,000,000	2.730
1958	5,210,000,000	2.638
1959	7,011,100,000	2.867
1960	5,218,000,000	3.297
1961	5,850,000,000	3.072
1962	7,311,000,000	3.239
1963	7,640,000,000	3.360
1964	5,573,000,000	3.560
1965	5,668,000,000	3.678
1966	7,634,000,000	3.988
1967	8,443,000,000	4.039
1968	8,065,000,000	4.449
1969	7,814,000,000	4.891
1970	8,166,000,000	5.557
1971	9,516,000,000	5.141
1972	11,480,000,000	5.093
1973	12,256,000,000	5.872
1974	12,809,000,000	6.560
1975	9,807,000,000	6.352
1976	8,824,000,000	6.457
1977	8,503,000,000	6.424
1978	11,881,000,000	7.126
1979	17,533,000,000	8.057
1980	12,931,000,000	9.032

[1] Statistical information provided by the Library of Congress Congressional Research Service, and based on U.S. Government documents, including Agency for International Development Statistics and Reports Division reports.

[2] Interest figures from Historical Statistics of the United States and Statistical Index to the Annual Report of the Secretary of the Treasury.

Mr. HELMS. Mr. President, I then sought to ascertain the effect of such a large annual expenditure of Federal funds over a period of 35 years—in other words, its effect on the national debt. I sought to determine, as precisely as possible, the effect of spending more than $286 billion in foreign aid.

At this point, I asked the Library of Congress to develop a set of assumptions so that the cost of foreign aid—in terms of 1982 dollars—and its effect on the Federal debt could be reasonably assessed.

Mr. President, here are the assumptions that the Library of Congress took into account in complying with my request:

First, my request was for a tabulation of the interest payments and outstanding debt obligations associated with a series of expenditures. The annual expenditures and interest rates are based on information contained in the preceeding tables, which were prepared with the assistance of the Agency for International Development, the Appropriations Committee of the U.S. Senate, and the Library of Congress.

Second, to calculate the interest payments, the Library of Congress assumed that the U.S. Government issued bonds of 3 year term to finance the full amount of the stated expenditure in each year.

Third, thus, the total amount of interest associated with a given bond issue equals the face value of the bonds, multiplied by the interest rate of the bond, and compounded to the present date.

Fourth, The Library assumed that the interest payments were also financed by borrowing.

Fifth, it was also assumed, at my suggestion, that all bonds were rolled over at maturity into new debt obligations. Thus, for example, in 1946, 7.3 billion dollars' worth of 3-year bonds are assumed to have been issued at an interest rate of 1.996 percent. Since bonds would have matured in 1949, it was further assumed that they would be paid off by issuing 7.3 billion dollars' worth of new bonds at the 1949 interest rate of 2.236 percent. Thus, together with bonds to finance the 1949 expenditures of $8.3 billion and bonds to finance the payments due in 1949, the total amounts of new bonds issued in 1949 would be $16 billion.

It was on this basis, and at my suggestion, Mr. President, that the Library of Congress proceeded to make its calculations. In a moment I will offer for the RECORD a table disclosing this information, but first, Mr. President, perhaps an explanation of the table would be in order:

Column 1 of the table shows the current expenditure in each year.

Column 2 shows the rolled-over debt obligation.

Column 3 identifies the amount of interest due in a given year.

Column 4 discloses the total amount of bonds issued each year.

Column 5 contains the interest rate applicable each year, based on the rate at which the U.S. Government borrowed money during that year.

Finally, the total amount of outstanding bonds insuing from these expenditures is contained in column 6.

Mr. President, I emphasize that I requested that the Library of Congress assume, in its calculations, that the expenditures made in a given year were financed exclusively by borrowing—and that, had those expenditures not been made, the Federal Government would have borrowed that much less.

The hypothetical assumption was made that there would have been no changes in spending on other Federal programs, or in tax rates; and that in the very few years when the deficit was less than the Federal Government's expenditures on foreign aid, none of the relatively small savings made would have been used to retire the national debt.

Mr. President, I ask unanimous consent that these computations by the Library of Congress be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

INTEREST AND PRINCIPLE ASSOCIATED WITH DEBT FINANCING A SERIES OF EXPENDITURES

[Dollar amounts in millions]

Year	Current expenditures	Rolled-over debt obligation	Interest payment due on outstanding bonds	Total bonds issued	Interest rate (percent)	Total outstanding bonds
1946	$7,308.6	0.0	0.0	7,308.6	1.996	7,308.6
1947	6,682.9	0.0	$145.9	6,828.8	2.107	14,137.4
1948	3,166.9	0.0	289.8	3,456.7	2.182	17,594.0
1949	8,356.2	$7,308.6	365.2	16,030.0	2.236	33,624.0
1950	5,175.7	6,828.8	577.7	12,582.2	2.000	46,206.2
1951	4,355.3	3,456.7	685.5	8,497.5	2.270	54,703.7
1952	4,199.9	16,030.0	803.0	21,032.9	2.329	75,736.6
1953	6,777.6	12,582.2	934.4	20,294.2	2.438	96,030.8
1954	5,849.9	8,497.5	1,177.5	15,524.9	2.340	111,555.7
1955	5,188.6	21,032.9	1,347.9	27,569.4	2.351	139,125.0
1956	5,600.0	20,294.2	1,506.2	27,400.4	2.576	166,525.4
1957	5,500.0	15,524.9	1,717.3	22,742.2	2.730	189,267.6
1958	5,210.0	27,569.4	1,974.9	34,754.2	2.638	224,021.8
1959	7,011.1	27,400.4	2,243.5	36,655.0	2.867	260,676.8
1960	5,218.0	22,742.2	2,588.6	30,548.7	3.297	291,225.6
1961	5,850.0	34,754.2	2,974.9	43,579.1	3.072	334,804.7
1962	7,311.0	36,655.0	3,396.8	47,362.9	3.239	382,167.6
1963	7,640.0	30,548.7	3,880.0	42,068.8	3.360	424,236.3
1964	5,573.0	43,579.1	4,286.3	53,438.5	3.560	477,674.8
1965	5,668.0	47,362.9	4,850.0	57,880.9	3.678	535,555.7
1966	7,634.0	42,068.8	5,444.8	55,147.5	3.980	590,703.2
1967	8,443.0	53,438.5	6,230.6	68,112.0	4.039	658,815.2
1968	8,065.0	57,880.9	7,079.2	73,025.1	4.449	731,840.3
1969	7,814.0	55,147.5	8,199.2	71,160.7	4.891	803,001.0
1970	8,166.0	68,112.0	9,480.4	85,758.4	5.557	888,759.4
1971	9,516.0	73,025.1	11,495.0	94,036.0	5.141	982,795.5
1972	11,480.0	71,160.7	13,080.5	95,721.2	5.093	1,078,516.7
1973	12,256.0	85,758.4	14,475.1	112,489.5	5.872	1,191,006.2
1974	12,809.0	94,036.0	16,314.9	123,159.9	6.560	1,314,166.0
1975	9,807.0	95,721.2	19,559.8	125,088.0	6.352	1,439,254.0
1976	8,824.0	112,489.5	22,630.3	143,943.7	6.457	1,583,197.7
1977	8,503.0	123,159.5	25,319.3	156,982.2	6.424	1,740,179.9
1978	11,881.0	125,088.0	27,324.6	164,293.5	7.126	1,904,473.5
1979	17,533.0	143,943.7	31,086.5	192,563.3	8.057	2,097,036.7
1980	12,931.0	156,982.2	37,306.9	207,220.1	9.032	2,304,256.9

Mr. HELMS. Mr. President, when I first examined these figures, I was dumb-founded. But the Library's computations are correct, based on the assumptions that the Library made, and predicated upon my specific request.

So, Mr. President, to reiterate, the Library of Congress has computed that the net cost of foreign aid, in 1982 dollars, has been $2,304,257,900,000.00, more than twice the existing national debt of the United States, and just short of the latest estimates of our Nation's gross national product for the year.

This is an astounding figure.

There may be some, Mr. President, who will choose to find fault with this computation. I do not believe their complaints, if any, will be valid. But if it will comfort them I am willing to halve the total figure, if it will satisfy their concerns.

It is true that some countries have repaid a portion of their debt to the United States over the years—something like $30 billion has been repaid since 1946. So, we should allow for that, of course. In addition, no one knows what effect on taxes, or on other Federal programs, might have derived from a budget with no foreign aid expenditures. That would be sheer speculation. Would there be a decline in tax revenues or lower taxes as a result of cutting foreign aid? What effect would cuts in foreign aid have had on Government borrowing?

It is, however, fair to say that the funds spent on foreign aid, had they been spent in the United States, would have resulted in a far higher gross national product today for the United States. A higher GNP would have meant higher revenues with the same tax rates we have today and thus a smaller deficit and fewer of the problems that are crippling our economy. It is, however, impossible to predict with certainty the effects of reallocated resources, but I think it is fair to say that the return on an investment anywhere in the United States would have been better than in the "investments" we have made with our foreign aid program.

But, Mr. President, what I do know—and every other American knows it—is this: The American people are being stifled by a huge Federal deficit, high interest rates, and a national debt of more than a trillion dollars.

No longer is there confidence in the stock market as a place for long-term investment. In 1966, the stock market peaked at 1,000 and has not seen that level since. Today the market fluctuates in the 800's. But in terms of 1982 dollars, a 1,000 Dow Jones 1966 average would equal about 3,000 today.

In the 1970's people moved from stocks into tangible commodities as a safe haven for investment as public confidence in financial markets waned. Thus, real estate, gold, antiques, and other tangible collectibles became the focus of much public investment.

Today, gold prices have fallen from a high of more than $800 to the low $300's. High interest rates have all but destroyed investment in real estate. Tangibles have gone the way of stocks as stable forms of investment.

The long-term bond market today is minimal. Industry is financing capital expenditures, to the extent they exist, from the short-term market.

The American people are today investing mostly in money market funds, an asset which is more liquid than most others, and more accessible to the investor. Put another way, the store of value that is most attractive today is the one with the shortest future.

What has happened to erode public confidence in the future of our Nation's economy? Why do most citizens feel comfortable in investing only in short-term money market funds?

I submit that the incredible Federal debt is one of the most important reasons for this Nation's economic woes.

That exact Federal debt on May 11 was $1,060,237,928,516.01.

That is one trillion, sixty billion, two hundred thirty-seven million, nine hundred twenty-eight thousand, five hundred sixteen dollars and one cent.

Thus, the national debt is one-third of the gross national product of the United States; in the first quarter of 1982, the GNP of the United States, annualized by the Treasury, was $2.995 trillion.

Mr. President, this fiscal year, it will require more than $115 billion just to pay the interest on the Federal debt. This is a figure which exceeds the entire budget of the United States just 20 years ago; $115 billion is more than three times the budget outlays for defense of Great Britain, our NATO ally. Is there any wonder that the economy is in turmoil?

Without the burden of such interest payments, not only could the President balance the current Federal budget—there would be a surplus to return to the taxpayers.

How did we get into such a state?

Congress after Congress voted irresponsibly to approve grotesque deficits. President after President, of both parties, proposed such budgets, and Congress went along.

Programs having no place in the Federal budget were proposed and became law: Food stamps, a variety of ill-conceived transfer payment programs, and many others. Among the most costly of those has been foreign aid.

Mr. President, have we learned a lesson?

The blame for all this is bipartisan. It has been a bipartisan folly which many Americans condoned through apathy or disinterest. But now that bedraggled economic chickens have come home to roost, perhaps we can now stand united for commonsense—and with an understanding of the tragic arithmetic of the long-accepted myth of "free money from Washington."

The cost of past foreign aid programs cannot be recovered. The expenditures made have been made and we can learn from that loss.

We should ask ourselves: What will the next 35 years hold? Will some Senator in the year 2000 have the Library of Congress compile figures to assess the real cost of foreign aid in the years 1982-99? Will that Senator have to point to more hundreds of billions of dollars of lost resources? Of lost opportunities? Of lost taxpayers earnings?

That is a judgment that must be made now—by those of us now serving in the Congress of the United States.

PRIVILEGE OF THE FLOOR

Mr. STAFFORD. Mr. President, I ask unanimous consent that Polly Gault and David Morse, of the staff of the Education Subcommittee, have the privilege of the floor during the consideration of Senate Concurrent Resolution 92 and votes thereon.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I might explain for those Senators who may be listening in their offices or elsewhere and for any who are in the Chamber that in a moment I shall ask unanimous consent that the Senate stand in recess until 5 p.m.

I have conferred with the distinguished minority leader, and he indicates that he will have no objection to that.

Mr. President, the reason for it, for the information of Senators, is that meetings will be held on this side of the aisle off the floor. I believe those meetings will contribute to an orderly disposition of this matter and perhaps even expedite its final disposition.

RECESS UNTIL 5 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now stand in recess until the hour of 5 p.m. today.

There being no objection, the Senate, at 3:11 p.m., recessed until 5 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. EAST).

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, will the Senator withhold that request, so that we may have a chance to call up an amendment to restore the $40 billion which has been cut from social security?

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

Mr. KENNEDY. There are a number of us who have been here for the past 2 days waiting to offer this amendment.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk continued the call of the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. STEVENS. I object.

The PRESIDING OFFICER. There is objection.

The legislative clerk continued the call of the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

REQUEST FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not past the hour of 6 p.m. in which Senators may speak for not more than 3 minutes each.

THE BUDGET RESOLUTION

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, I inquire of the distinguished majority leader whether or not this means the Senate will not go back on the budget resolution today?

Mr. BAKER. Yes, Mr. President, it does. It means that, at some point after we have transacted certain routine matters, assuming that we do go into a period for the transaction of routine morning business, I will ask that the Senate stand in recess until an early hour in the morning. I would anticipate that the Senate will resume consideration of Senate Resolution 92 at approximately 9 o'clock in the morning.

Mr. KENNEDY addressed the Chair.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object. As I have indicated to the distinguished majority leader in our private conversations, Senators on this side of the aisle have been ready and available and waiting to call up amendments to the budget resolution. They have been prevented from calling up these amendments by virtue of the recesses that have been accumulating during the afternoon. Of course, there is no way that we can keep the recesses from taking place, because if the distinguished Senator from Tennessee gets an objection to his request to recess and finds it necessary to move to recess, that motion is not debatable and all he needs is the votes to deliver a majority vote. So this side of the aisle is rather helpless in preventing recesses.

I must say that Senators on this side do want to offer amendments. I would have to object to the request to go into morning business, hoping that we could get some consideration whereby we could call up some amendments. I realize that the distinguished majority leader can still put us into recess overnight, but we do have some amendments that we would like to call up. Naturally we would like to call up some on social security. But even if we had to have the understanding that we could call up some other amendments, we have other amendments we would like to call up, and we would like not to be prevented from doing so by recessing.

I understand the majority leader's situation. I understand he has had to have time to have discussions with his Members on his side. But my Senators have been waiting. The ranking member on the Budget Committee, Mr. HOLLINGS, has been waiting all afternoon. Mr. KENNEDY has been waiting to call up his amendment, and other Senators have been waiting. So I think I would have to be constrained to object to this request.

Mr. BAKER. Mr. President, before the Senator does object, may I say that I fully understand the position stated by the minority leader.

I can report, as he has indicated, that he and I have had private conversations on this matter during the course of this day on more than one occasion. I may also say for the record that the minority leader has been very insistent that we get on with the business at hand and has advised me that a number of Senators on his side of the aisle have amendments and they are anxious to get to them.

I must say, very frankly, that I have declined to agree that that would occur and, indeed, have asked the Senate to stand in recess for a good part of this day. I would point out that those recesses, except for the period from 12 to 2 when both parties were in caucuses, have not been charged against the time remaining under the statute for debate on this resolution. So no one has lost that time for debate nor has any Senator lost the opportunity to offer amendments.

It is entirely probable that the chairman of the Budget Committee will have a further statement to make on tomorrow when we resume consideration of the budget resolution. And I believe it is customary that the chairman of the committee, the relevant jurisdictional committee, would have the first opportunity. After that is done, I can assure the distinguished minority leader and all Senators on both sides of the aisle that they will have an opportunity to offer their amendments in a fair and equitable way on some basis of exchange of opportunity between the two sides of the aisle.

But the requirements for consultation and caucus on this important matter were such that it simply is not possible to go forward with the consideration of this matter, in my opinion, in an orderly way today. I extend my apologies to Senators who have been inconvenienced by that. But the requirement of the leadership on this side of the aisle is that we attempt to move this measure in an orderly way and to successful conclusion as early as reasonably possible. I believe the time that we have devoted to caucuses and conferences today will facilitate that.

But I acknowledge that it has caused problems. And the minority leader has pointed that out to me most vociferously and energetically on a number of occasions. So, I am not surprised that he indicates he must object to my request.

There were a number of routine matters that I hoped to deal with, but they can go over until tomorrow.

Mr. KENNEDY. Will the Senator withhold his objection for just a moment?

Mr. ROBERT C. BYRD. Yes, I withhold.

Mr. KENNEDY. I thank my colleague.

I wonder if the majority leader can give us some idea of the progress that is taking place on the budget negotiations. This measure has now been before the Senate for 3 days without any action. Yet, the clock has been running on the allotted time. The Budget Act provides for 50 hours. We had 6 hours used on Friday, 8 hours used on Saturday, 6 hours used on Monday, and 2 hours used today. That leaves only 28 hours, yet no serious debate has taken place.

We have had no action of substance on this measure. But we have had long quorum calls. Members have been refused an opportunity to raise issues and debate them and discuss them. We have had a gag rule on amendments.

We are now down to 28 hours remaining for debate on all issues raised by this measure. I know of at least 14 amendments on this side of the aisle. At 2 hours for each amendment, all the time may be used up on those amendments alone. That does not even include the hours of debate permitted for each second degree amendment.

I can understand the reluctance of some on the other side to deal with these measures. But those of us who do have amendments may be put in the position of having to call them up after the allotted time has expired, so that there will be no opportunity for debate at all.

I have great respect for the fairness of the majority leader, and I would hope that he might agree to add some more time for consideration of this important measure to make up for the 8 hours lost yesterday and today. I hope that Members of the Senate will be reassured, on both sides of the aisle, that we are not going to be prevented from debating major amendments because the clock has run out.

The PRESIDING OFFICER. The majority leader has the floor.

Mr. BAKER. Mr. President, I will not take very much longer. I would not be favorably disposed to add time back. I would point out most respectfully to my friend from Massachusetts that it was not exactly a gag rule. It was a device that I am sure we are all familiar with called unanimous consent. It was not totally a Republican initiative that decided we would charge time on Friday rather than be here in debate, or that we would not be in session on Saturday but would charge the time instead, or that we would charge the time on Monday, or that we would charge 2 hours today. All of those things were done by mutual agreement. There is no gag rule. The Senator from Massachusetts will have an ample opportunity to offer his amendments and I assure him I will assist the minority leader in seeing that he has the opportunity, and that he has the option to choose the time, within reason, when he would like to do that. But I would urge that he reconsider his challenge that there is a gag rule. What has been done so far in terms of the use of time has been done by mutual arrangement on both sides of the aisle.

Mr. KENNEDY. Will the Senator yield on that point? I do think there was a gag rule against amendments yesterday. The Senator indicated in his statement before the Senate last week that we would be able to offer amendments yesterday and debate them, and any votes would take place on Tuesday.

I do not know whether the Senator from Tennessee had a chance to review the Record yesterday.

Mr. BAKER. I wonder if the Senator also read the Record of yesterday when the distinguished assistant minority leader entered into a unanimous-consent agreement on the time.

Mr. KENNEDY. There is no question that the Senator from Michigan and I were blocked yesterday from offering our amendment to protect social security. We were assured by the majority leader on Friday that there would be an opportunity to offer amendments on Monday. But the Senator from Michigan and I remained here on the Senate floor for 3 hours yesterday, and each time that we asked for unanimous consent to end the quorum call in order to offer our amendment, an objection was made. Each time that we tried to offer our amendment to protect social security, the acting majority leader used the Senate rules to block us. That is a gag rule.

Mr. BAKER. I do not consider that a gag rule.

The PRESIDING OFFICER. The majority leader has the floor and may continue.

Mr. BAKER. I renew my request.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, I would hope that the distinguished majority leader—and I believe he would be willing to consider this—I would hope that he would consider that when we get up to the allotted time, that Senators on this side of the aisle, who have been shut off from the opportunity to call up their amendments, would have some time for debate. I hope the majority leader will hold in abeyance his judgment on the matter.

Mr. BAKER. Mr. President, I think the minority leader and I, without fail, on every issue that has come before the Senate, have gone to lengths to make sure that our Members on both sides of the aisle have the opportunity to discuss amendments even if time has expired. I think almost certainly that would be the case here. I must say, however, that I am convinced that we can debate this issue and resolve it within the time that still remains.

Mr. ROBERT C. BYRD. That may very well be the case. I know the majority leader fully understands the concerns which have been expressed on our side of the aisle by virtue of the circumstances which have occurred. He fully understands that. I have confidence in his fairness and his understanding. I wanted to express hope at this time that he will not say categorically that no time will be extended but he will hold in abeyance that matter until such time as the circumstances may occur and then render a judgment at that time.

Mr. BAKER. Yes, I will do that, Mr. President. I will hold that decision in abeyance until a later time when it may be necessary to consider it.

Mr. ROBERT C. BYRD. Mr. President, I have no objection to the majority leader's request which I earlier had objected to. I have no objection to his request that the Senate go into morning business, but before I say I have no objection, I wish to yield to the Senator from Maryland to make a few comments.

Mr. SARBANES. Has the majority leader stated his program for today and tomorrow?

Mr. BAKER. I expect the Senate to go into recess at approximately 6 p.m. this evening and resume session tomorrow, perhaps as early as 8 o'clock, in order to accommodate Senators who requested time for special orders, and hope that we can resume consideration of Senate Resolution 92 at about 9 o'clock in the morning. I anticipate that on Wednesday, although not the regularly scheduled late evening, we may run a little longer than we usually do, but not for an extended period.

I would anticipate that Thursday will be a late evening, and I continue to hope that we will finish this debate on Thursday and dispose of the resolution at that time.

Mr. SARBANES. Will there be any way of assuring that rollcalls in the morning will not come at the earliest opportunity but may come possibly later in the morning?

Mr. BAKER. I do not believe I can do that at this moment. I can assure the Senator from Maryland I will do my best to cooperate on that, but I would have difficulty at this time to clear a time certain.

Let me say this: I have no intention of asking for a rollcall, and I know of none that will be requested, prior to, say, 10 o'clock or thereabouts. But I would be reluctant to make a unanimous-consent request to that effect at this time. Would that accommodate the Senator's requirements?

Mr. SARBANES. I see the chairman of the Budget Committee is standing.

Mr. DOMENICI. What was the request?

Mr. SARBANES. I would not like to see any rollcall votes before 10:30.

Mr. BAKER. Let me answer that, if I may. Once again, I cannot make a unanimous-consent request to that effect at this time, but I can assure the Senator from Maryland of my best efforts to not have any rollcall votes before 10:30 in the morning.

Mr. SARBANES. That would not prevent moving on the resolution until that time, of course.

Mr. RIEGLE. Will the majority leader yield?

Mr. BAKER. Yes.

Mr. RIEGLE. As the Senator from Massachusetts has said, he and I were here yesterday and had amendments ready to be offered but we were unable to do so. It took quite a long period of time before we were even able to discuss the matter on the floor. That is all in the RECORD. But we are ready, as well, to go ahead today. I wonder if we can do this, rather than go out at 6 tonight: Would it be possible for us to at least bring up some of the amendments we have tonight and put the votes over until tomorrow, if the majority leader wishes? At least give us a chance to get started on some of these issues we were ready to go with yesterday and are ready to go with today. Can we at least start on some of the items? Suppose we were to set aside the social security issue, which is the one we were trying to bring up yesterday. What if we were to go on with different issues that perhaps we could discuss and agree on and set the votes sometime tomorrow. We could at least begin to discuss these issues.

Mr. BAKER. Mr. President, I understand the request of the Senator from Michigan. Ordinarily, as he knows, I would be jumping up and down to try to expedite the presentation of amendments and to expedite disposition. As I indicated to the minority leader earlier in my remarks in prefacing my unanimous-consent request, much of this day has been spent in conferences and caucuses. I anticipate in the morning when we resume consideration of this matter, the chairman of the committee will probably have a further statement that he wishes to make.

I would not wish to have any other amendment in advance of that.

I can say to my friend from Michigan that there is no desire whatever to prevent him or any other Senator from offering any amendment they wish. Indeed, I shall cooperate with the minority leader and with every Senator to see that they have an opportunity and that we arrive at a satisfactory sequence of amendments. At this time, I wish to preserve for the distinguished chairman of the committee his opportunity for the morning. That is the basis for my request, which is still pending, that we now have a period for the transaction of routine morning business.

Mr. RIEGLE. May I ask one further question: If a package amendment is offered in the morning, and I have no way of knowing what the majority party is planning, it might be necessary to redraft or rewrite our amendments in order that they fit into a new bill or part of a new bill. Obviously, that takes time. If that is what we are facing tomorrow, I think we ought to know that now.

Is there any way we could, somehow, share that information so those of us who have been waiting to offer amendments will at least be in a position to start to redraft our amendments and try to key them into whatever it may be that is going to be offered in place of a committee bill?

I take it the committee bill is going down the drain here and something else is going to be offered in its place.

Mr. BAKER. Mr. President, I would not presume to comment on the conclusion of the Senator from Michigan. I would say let us all wait and see how that works out.

I will tell him that if he has any problem adapting any amendment he has to any revisions or amendments that may occur, I shall cooperate with the minority leader and with the Senator in trying to find a sequence of amendments for him to do that. It may be that we have amendments that do not require any change. It might be, if the Senator has extreme difficulty in preparing his amendment, to control the running of time so he can do that.

Once again, I am not trying to take advantage of the Senator or any other Member, but I must say that the better part of management on the judgment of this measure is for the Senate to go out now until the morning with the exception of perhaps a brief time to take care of any morning business.

Mr. RIEGLE. I appreciate what the leader has said in trying to accommodate us tomorrow. Let me ask one other thing: Can the majority leader give us any indication of how many budget functions are likely to be altered at this point?

Mr. BAKER. No, Mr. President, I cannot. I am sorry to tell the Senator I cannot do that.

Mr. RIEGLE. May I ask if the Budget Committee chairman can give any idea here? I am only asking because I think, under the circumstances, it would be helpful for us to know that. Could he give us some idea of what functions are likely here to be altered from what is in the printed document?

Mr. DOMENICI. I say to my good friend from Michigan I cannot really do any better with that than the majority leader has done. I am sorry. We shall take the matter up tomorrow and I can only join the majority leader in pledging that it is not my intention with anything I am going to do to make it impossible to draw amendments, that we shall have plenty of time to do it. I shall do everything I can to cooperate. If there is not enough time, I am sure we shall work something out with the Senator.

I cannot commit, Mr. President, because I do not know at this point.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield to me again?

Mr. BAKER. Yes, Mr. President.

Mr. ROBERT C. BYRD. Can the majority leader assure the minority leader and the Senate that at 9 a.m. tomorrow, the Senate will indeed be ready to proceed on the budget resolution and we shall then have the opportunity to call amendments up?

Mr. BAKER. Mr. President, may I have just a moment?

Mr. President, the chairman of the Committee on the Budget advises me that while it is possible to be on the bill at 9 o'clock, they would feel more comfortable with an order to provide to resume consideration of this measure at 10 o'clock. Perhaps that would be more useful to some other Members who are concerned about rollcall votes early in the morning. In that case, we would come in at 9 instead of 8 to permit the execution of special orders and request that we resume consideration of this measure at 10 a.m.

Mr. ROBERT C. BYRD. Mr. President, may I have this assurance from the majority leader that, when resumption on the resolution occurs, in recognition of the fact that the majority leader has first prerogative of being recognized by the Chair—there is no question in my mind but that, with that power of recognition, he can put into place his amendment or amendments on social security. I recognize that. Will he assure the minority leader and the minority that if the majority is not ready at that particular time to proceed with their amendment on social security, he will not elect to recess the Senate again, but that members of the minority would be permitted to proceed with at least amendments in other areas of the resolution?

Mr. BAKER. Yes, Mr. President, I shall give that assurance. I shall go even further.

I have no doubt that the Senator from New Mexico, the chairman of the committee, will be in a position to proceed in the morning at 10. If he is not, then I shall certainly agree to see that some other action is taken. But I am confident that will be so.

I am willing as well to say that, after an amendment on this side is disposed of, I am perfectly willing to see that an amendment on the other side of the aisle is next presented.

Mr. ROBERT C. BYRD. Could we have an understanding that there will be alternation between the two sides on calling up amendments, as we have previously done on budget resolutions?

Mr. BAKER. Yes, Mr. President. I would not want to tie that down absolutely by unanimous consent because, in the past, it has created problems that we are both aware of. I give the minority leader my assurance that we shall do that without exception, as far as I am concerned, absent extraordinary circumstances such as the absence of Senators from the floor or some other reason to suggest that we should not do it that way.

Mr. ROBERT C. BYRD. I take it the time we have utilized here is not coming out of the time for the budget resolution, Mr. President.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Mr. President, the time that is allotted to the minority leader under the resolution—I would yield that time to Mr. Hollings on my side of the aisle. I do that at this time.

The PRESIDING OFFICER. The Senator has that right.

Mr. BAKER. Mr. President, I renew my request in respect to morning business.

Mr. HARRY F. BYRD, JR. Mr. President, will the majority leader yield?

Mr. BAKER. Yes, I yield.

Mr. HARRY F. BYRD, JR. Mr. President, in his colloquy with the minority leader, the majority leader indicated that amendments would be going back and forth between the two sides of the aisle. What provision would there be for those who do not have amendments, but who do want to address the subject at hand?

Mr. BAKER. Mr. President, I am perfectly willing to work that out. I honestly have not thought about that subject yet, since the debate would usually be on or in relation to an amendment. I can assure the Senator from Virginia that I shall work with him and with the minority leader in making sure that he has ample time to discuss the resolution or any aspect of it as he may wish to sequence it within the bounds of what is good management of the resolution.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, I do not have any objection to proceeding with morning business, but is it understood that the time that was under my control has been yielded to Senator Hollings?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I take it it is further understood that the majority leader will soon put forth a request that the Senate come in at 9 a.m.?

Mr. BAKER. Yes; Mr. President, let me put the request at this time in order to nail it down.

Mr. ROBERT C. BYRD. Mr. President, for the Record, so that Senators who read the Record will understand, would the majority leader mind stating again that if at 10 o'clock he or Mr. Domenici is not prepared to go forward with the social security amendments they have been discussing, that Senators on this side of the aisle could proceed with other amendments so as to utilize the time?

Mr. BAKER. Yes, Mr. President.

Not social security amendments. I would not like to limit it to that, but an amendment or an action to be taken by the chairman of the Budget Committee or by myself; that if we are not prepared at that time to proceed, then I will facilitate the recognition of a Senator on the other side of the aisle to offer an amendment.

Mr. ROBERT C. BYRD. I thank the majority leader.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I renew my request for a period for the transaction of routine morning business, and I amend the request to say that it would extend not past 6:30, in which Senators may speak for not more than 3 minutes each.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and it is so ordered.

There will now be a period for the transaction of routine morning business not to extend past 6:30 p.m., in which Senators may speak for 3 minutes each.

ENVIRONMENTAL PROTECTION AGENCY FUNDING

● Mr. LEAHY. Mr. President, I will be offering an amendment, with my colleague from New York, Mr. Moynihan, to increase funding for the Environmental Protection Agency by $308 million.

I would like to place in the Congressional Record a copy of our Dear Colleague and extensive background materials explaining how the increase in operating programs will be funded.

I would also like to announce that Mr. Kennedy and Mr. Hart are cosponsors of this amendment.

The material follows:

U.S. Senate,
Washington, D.C., May 17, 1982.

Dear Colleague: When the First Concurrent Budget Resolution reaches the floor, we will offer an amendment to increase the funds for operating programs and the Superfund program at the Environmental Protection Agency by $308 million above the level recommended by the Budget Committee.

We are offering this amendment because the levels recommended by the Budget Committee are inadequate to effectively administer the nation's environmental laws.

The Budget Committee's mark adds only $145 million to EPA's operating budget. It is not based on an analysis of the funds EPA needs to do its job. It is merely an extension of 1982 levels, unadjusted for inflation. It does not even assume funding for Superfund at the level recommended by the Environment Committee.

We are proposing an amendment to add $308 million to EPA's fiscal year 1982 budget. This funding level is based on the following assumptions:

First, that effective control over hazardous wastes and toxic chemicals should be accomplished in the next five years, not in ten to thirty years.

Second, that monies should be made available from the Superfund Trust Fund so that additional cleanup work at hazardous waste sites can begin without delay.

Third, that a cost-effective public health protection program is only possible if it is built on a sound scientific basis funded through an adequate research and development budget.

And, fourth, that grants to the states must be increased commensurate with the increased responsibilities required by new federal environmental legislation.

The 1982 funding levels provided by the proposed budget resolution do not provide sufficient funds to meet these objectives.

If our amendment is adopted, EPA's operating budget would still be $245 million less than the inflation-adjusted 1981 level.

We hope you will join us in cosponsoring and voting for this amendment. If you need more information, please contact Jim Cubie (extension 4-7232) or Sueanne Pfifferling (extension 4-4451).

Sincerely yours,

Daniel Patrick Moynihan.
Patrick J. Leahy.

SUMMARY TABLE.—SUGGESTED LEVELS OF FUNDING FOR FISCAL YEAR 1983 BY EPA PROGRAM

[Amounts in thousands of dollars]

EPA programs	Actual 1981	BA 1982	EPA proposed 1983	Suggested 1983
Air	235,388 5	219,761 9	184,053 3	258,370 6
Water	318,236 9	236,796 7	185,965 7	276,988 3
Drinking water	79,329 7	83,831 1	69,750 1	106,685 2
Hazardous waste	141,427 7	107,228 1	103,343 7	205,090 4
Pesticides	64,769 8	53,738 1	50,732 0	74,129 3
Toxics	94,103 8	77,377 8	68,604 0	106,027 1
Subtotal	933,256 4	778,733 7	662,498 8	1,027,290 9
Other [1]	339,998 3	308,720 3	298,893 2	308,720 3
Total	1,273,254 7	1,087,454	961,392 0	1,336,011.2

[1] Includes management and support, interdisciplinary, noise, radiation, and energy

EPA AIR PROGRAM

[Amounts in thousands of dollars]

Air R. & D.	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Oxidants nonenergy				
(S)	5,268 5	5,240 6	4,581 0	6,226 4
(R & D)	8,433 4	9,961 0	6,877 8	11,539 9
Hazardous air pollutants nonenergy				
(S)	4,799 6	5,339 1	4,941 7	11,743 9
(R & D)	5,099 4	4,034 5	3,052 7	10,805 4
Mobile sources nonenergy				
(S)	4,054 4	3,031 8	2,034 6	2,034 6
(R & D)	2,891 5	2,563 8	2,441 9	2,441 9
Gases and particles nonenergy				
(S)	11,177 9	12,065 1	11,547 1	11,547 1
(R & D)	17,361 1	13,491 8	11,708 2	11,708 2
Total R. & D.	59,085 8	55,731 7	47,185 0	68,047 4

EPA AIR PROGRAM—Continued

[Amounts in thousands of dollars]

Air R. & D.	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
ABATEMENT CONTROL AND COMPLIANCE				
Air quality stationary source				
(S)	9,512 3	9,523 6	8,007 8	8,007 8
(A.C. & C.)	17,199 8	10,733 9	11,781 6	11,781 6
Mobile source air pollution control and fuel economy				
(S)	10,309 6	10,019 3	8,980 7	8,980 7
(A.C. & C.)	4,367 6	1,548 3	3,038 3	3,038 3
State programs resource assistance				
(S)	219 3	223 5	238 1	238 1
(A.C. & C.)	91,057 3	88,734 9	70,578 7	112,234 0
Air quality management implementation				
(S)	9,526 1	9,564 4	8,791 5	8,791 5
(A.C. & C.)	222 0	116 5	34 3	34 3
Trends monitoring and progress assessment				
(S)	3,924 7	4,313 9	4,425 3	4,425 3
(A.C. & C.)	431 7	312 6	452 3	452 3
Total (A.C. & C.)	113,278 4	101,446 2	85,885 2	157,983 9
ENFORCEMENT				
Stationary source enforcement				
(S)	13,038 8	14,232 9	10,101 5	16,064 9
(A.C. & C.)	9,845 0	9,791 2	5,019 1	9,259 2
Mobile source enforcement				
(S)	4,403 0	3,959 6	3,522 6	4,897 7
(A.C. & C.)	2,199 8	955 6	1,896 5	2,117 5
Enforcement total	29,486 6	28,939 3	20,539 7	32,339 3
Air total	235,388 5	219,761 9	184,053 3	258,370 6

AIR PROGRAM DESCRIPTION—AIR OXIDANTS NONENERGY

[Amounts in thousands of dollars]

Program element	Active 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries and expenses	5,268 5	5,240 6	4,581 0	6,226 4
Research and Development	8,433 4	9,961 0	6,877 8	11,539 9

RECOMMENDED CHANGES—MONITORING SYSTEMS AND QUALITY ASSURANCE

Salaries	882 7	978 9	693 9	1,031 5
Research and Development	639 2	364 2	390 1	520 0

The suggested level of funding will provide the resources to continue to fully support monitoring and audits. In addition, the resources will provide research support in developing a low cost portable monitor for volatile organic compounds.

HEALTH EFFECTS

Salaries	1,588 2	1,410 2	1,138 7	1,811 6
Research and Development	2,964 3	3,804 8	1,952 2	4,020 0

The suggested level of funding will provide resources to continue research on the human health effects related to inhalation toxicology of photochemical oxidants. The proposed budget seeks to slow this research down for budgetary reasons. This research is fundamental to the development of ozone criteria documents.

ENVIRONMENTAL PROCESSES AND EFFECTS

Salaries	1,744 5	1,896 8	1,375 4	2,010 3
Research and Development	4,049 0	5,096 4	2,632 0	5,096 4

The suggested level of funding provides the resources necessary to continue the urban scale ozone modeling program, crop loss assessment program, and the biogenic emissions measurement program. Research on ozone is of high priority and should be carried out at least at a constant level. Research is the starting point for determining the need for regulation and effects on health and environment. These research programs should continue.

HAZARDOUS AIR POLLUTANTS NONENERGY

Salaries and expenses	4,799 6	5,339 1	4,941 7	11,743 9
Research and Development	5,099 4	4,034 5	3,052 7	10,805 4

RECOMMENDED CHANGES—MONITORING SYSTEMS AND QUALITY ASSURANCE

Salaries and expenses	1,664 2	1,919 3	1,729 9	5,087 9
Research and Development	1,559 2	957 7	1,013 9	6,210 9

There is a backlog of 37 hazardous air pollutants. EPA is planning to do 9 assessments in fiscal year 1983. The suggested level of funding would provide resources adequate to perform the needed assessments in fiscal year 1983 so the necessary regulatory development can get under way in the next several years.

HEALTH EFFECTS

Salaries	1,348 5	1,414 9	1,476 1	4,920 3
Research and Development	1,799 6	1,292 3	865 8	3,421 5

The suggested level of funding provides resources to do health assessments on hazardous air pollutants and develop a monitoring and laboratory program. Hazardous air pollutants is a new program and requires initial funding to establish a monitoring program and do the basic research necessary to set standards.

STATE PROGRAMS RESOURCE ASSISTANCE

Salaries and expenses	219 3	223 5	238 1	238 1
A.C. & C.	91,057 3	88,734 9	70,578 7	112,234 0

RECOMMENDED CHANGES—CONTROL AGENCY RESOURCE SUPPLEMENTATION

A.C. & C.	89,524 4	87,734 9	69,954 7	111,610 0

The suggested level of funding will provide resources adequate to establish a system of hazardous air monitors and upgrade the traditional air monitoring system. The present cost of the monitoring system for traditional pollutants is $30 million. This systems data is often attacked as inadequate by the regulated community. This level of funding assumes that a hazardous air monitoring system costs approximately the same as a monitoring system for traditional pollutants. The existing air monitoring system does not collect data in areas where 60 percent of the new power plants are likely to be built. The estimate assumes that the existing system will be expanded by 50 percent.

STATIONARY SOURCE ENFORCEMENT

Salaries and expenses	13,038 8	14,232 9	10,101 5	16,064 9
A.C. & C.	9,845 0	9,791 2	5,019 1	9,259 2

RECOMMENDED CHANGES—STATIONARY SOURCE ENFORCEMENT

Salaries	13,038 8	14,232 9	10,101 5	16,064 9
A.C. & C.	8,141 5	9,091 2	5,019 1	9,259 2

The suggested level of funding will provide resources to continue compliance monitoring inspections at the current 1981 levels. Many States have not assumed primacy for the air enforcement program and any reduction in monitoring by EPA now would be counter to what EPA is saying to States assuming primacy and would be unfair to industries that have made the capital expenditures for pollution control equipment.

MOBILE SOURCE ENFORCEMENT

Salaries and expenses	4,403 0	3,959 6	3,522 6	4,897 7
A.C. & C.	2,199 8	955 6	1,896 5	2,117 5

RECOMMENDED CHANGES—MOBILE SOURCE ENFORCEMENT

Salaries	4,403 0	3,959 6	3,522 6	4,897 7
A.C. & C.	2,199 8	955 6	1,896 5	2,117 5

The suggested level of funding provides resources adequate to continue emission testing for vehicle certification at the 1981 levels. These additional resources are necessary to conduct the emission testing program to ensure fair and equal automobile testing across the industry.

EPA WATER PROGRAM

[Amounts in thousands of dollars]

Water (R. & D.)	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Water quality nonenergy				
(S)	13,378 7	12,713 0	10,143 3	13,096 7
(R & D)	11,850 7	6,429 7	900 0	8,059 8
Municipal waste water nonenergy				
(S)	6,606 0	7,169 8	5,514 8	7,158 3
(R & D)	8,132 0	9,398 6	6,117 0	8,878 7
Industrial waste-water nonenergy				
(S)	3,993 5	3,952 1	3,200 3	5,014 0
(R & D)	5,947 3	5,426 5	1,834 7	5,334 3
Total	49,908 2	45,089 7	27,710 1	47,541 8
ABATEMENT, CONTROL AND COMPLIANCE				
Water quality State programs management				
(S)	11,721 3	7,959 8	10,974 9	18,422 4
(A.C. & C.)	14,322 7	8,774 4	2,850 0	10,454 1
Effluent studies and guidelines				
(S)	5,780 4	5,165 6	4,785 5	6,727 8
(A.C. & C.)	22,392 7	6,578 5	7,448 5	10,471 6
Grants assistance programs				
(S)				
(A.C. & C.)	97,802 3	60,700 0	40,845 6	61,440 0
Water quality strategies imp				
(S)	10,189 9	10,240 1	10,239 4	10,975 8
(A.C. & C.)	7,092 4	4,658 3	4,620 3	5,521 9
Water quality monitoring and analysis				
(S)	7,981 4	7,894 3	8,791 7	10,686 0
(A.C. & C.)	2,382 5	573 7	375 7	1,472 7
Municipal Source control				
(S)	28,309 1	26,661 3	18,267 2	18,267 2
(A.C. & C.)	29,721 2	23,777 8	25,502 4	31,849 0
Total	237,695 8	162,983 8	134,701 2	186,288 5
ENFORCEMENT				
Water quality enforcement				
(S)	15,577 1	16,109 2	13,181 0	23,040 0
(A.C. & C.)	3,577 9	1,153 8	176 9	2,099 0
Water quality permits issuance				
(S)	7,109 9	7,149 2	6,986 6	12,705 0
(A.C. & C.)	4,294 0	4,314 0	3,209 9	5,314 0
Total	30,558 9	28,273 2	23,554 4	43,158 0
Water total	318,236 9	236,796 7	185,965 7	276,988 3

WATER PROGRAM DESCRIPTION—WATER QUALITY NONENERGY

[Amounts in thousands of dollars]

Program element	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Salaries and expenses	13,387.7	12,713.0	10,143.2	13,096.7
Research and development	11,850.7	6,429.7	900.0	8,059.8

RECOMMENDED CHANGES—MONITORING SYSTEMS AND QUALITY ASSURANCE

Salaries	2,633.9	2,676.4	2,057.9	2,728.0
Research and development	1,089.6	688.8		924.8

The suggested level of funding will provide resources to continue toxic pollutant measurement, monitoring, and quality assurance on areas where toxics are known to be present and on newly found toxics in the aquatic environment.

HEALTH EFFECTS

R. & D.	1,656.1	1,671	200	2,095.9

The suggested level of funding will provide sufficient resources to do health effects assessments on newly discovered toxics. In addition EPA will continue to do health effects assessments on beaches offered by advanced wastewater treatment effluent.

GREAT LAKES STUDY

Salaries	776.4	994		994
R. & D.	2,654.5	1,500		1,500

The suggested level of funding would continue funding for research and development in the Great Lakes program as part of the continued United States commitment to Canada for this program. Research should continue in particularly the area of newly discovered toxics in the Great Lakes basin.

ENVIRONMENTAL PROCESSES AND EFFECTS

Salaries	7,395.9	7,157.9	6,217.4	7,505.9
R. & D.	3,505.9	1,992.5	500.0	3,339.1

The suggested level of funding will provide resources for developing ocean disposal impact assessment techniques and provide extramural support for determining the biological integrity of "hot spots."

MUNICIPAL WASTEWATER NONENERGY

Salaries and expenses	6,606.0	7,169.8	5,514.8	7,158.3
R. & D.	8,132.0	9,398.6	6,117.0	8,878.7

RECOMMENDED CHANGES—ENVIRONMENTAL ENGINEERING AND TECHNOLOGY

Salaries	4,969.7	5,900.4	4,256.9	5,900.4
R. & D.	6,176.3	7,365.8	4,604.1	7,365.8

The suggested level of funding would provide sufficient resources to continue research on toxic pollutants control and in wastewater treatment facilties and in removing toxics from sludge. In addition research of new processes development again with particular emphasis on toxics should continue.

INDUSTRIAL WASTEWATER NONENERGY

Salaries and expenses	3,993.5	3,952.1	3,200.3	5,014.0
R. & D.	5,947.3	5,426.5	1,834.7	5,334.3

RECOMMENDED CHANGES—TECHNICAL INFORMATION LIAISON

Salaries	171.3	198.4	19	198.4

This level of funding will insure that there are adequate resources to disseminate information on industrial effluents and treatment methods to State and local officials. It will also provide resources to track research and development projects and provide a liaison with States and localities.

MONITORING SYSTEMS AND QUALITY ASSURANCE

Salaries	2,462.4	1,905.1	1,807.7	2,914.5
R. & D.	2,769.5	1,712.6	1,190.2	2,178.0

The suggested level of resources would provide additional support for the research and development for trace priority pollutants in industrial discharges. Better data collection and analyses are needed to develop defensible protocols.

HEALTH EFFECTS

Salaries		172.0	16.5	172.0

This level of funding will support the minimum resources necessary to provide in-house expertise to perform risk assessements and determine acceptable industrial discharges in order to protect public health in downstream water supplies.

ENVIRONMENTAL ENGINEERING AND TECHNOLOGY

Salaries	1,359.8	1,194.0	1,001.2	1,194.0
R. & D.	2,921.3	3,675.9	439.5	2,921.3

The suggested level of resources will allow EPA to launch a large research and development effort on developing and evaluating control technologies for industrial wastewaters with high toxic concentrations.

ENVIRONMENTAL PROCESSES AND EFFECTS

Salaries		482.6	305	535.1
R. & D.		15.0		30.0

The suggested level of funding will provide EPA adequate resources to identify, measure and evaluate other potentially toxic organic chemicals found in industrial effluents. This data must be of high quality to insure proper risk assessments.

WATER QUALITY STATE PROGRAM MANAGEMENT

Salaries and expenses	11,721.3	7,959.8	10,974.9	18,422.4
Abatement control and compliance	14,322.7	8,774.4	2,850.0	10,454.1

RECOMMENDED CHANGES—STATE PROGRAM MANAGEMENT

Salaries	10,668.3	6,190.3	9,661.4	16,598.1
Abatement control and compliance	5,632.8	3,142.0	350.0	5,454.1

This level of funding provides the resources that were reprogramed out of municipal source control that are necessary to adequately oversee State water quality programs including grants under sections 106, 205(g), 205(j), and 303. In addition this level provides resources to continue the wastewater treatment training program. This level of funding does not represent a net increase in resources for this program.

GREAT LAKES PROGRAM

Salaries	751.7	1,396.3	1,313.5	1,824.3
Abatement control and compliance	6,876.9	4,031.7	2,500.0	5,000.0

The suggested level of funding represents the minimum resources necessary to maintain our commitments to Canada and the International Joint Commission. Monitoring of the Great Lakes for toxics will be continued and implementation plans for toxics abatement will be developed. In addition, EPA will work closely with the States to monitor industrial and municipal discharges to insure compliance.

EFFLUENT STANDARDS AND GUIDELINES

Salaries and expenses	5,780.4	5,165.6	4,785.5	6,727.8
Abatement control and compliance	22,392.7	6,578.5	7,448.5	10,471.6

RECOMMENDED CHANGES

The suggested level of funding represents the minimum resources necessary to develop and implement effective effluent guidelines. In addition to the effort in promulgating effluent guidelines the agency must provide extensive followup to a published guideline. Testing, further collection of data and cost effectiveness analyses must be undertaken to ensure that the effluent guidelines provide the necessary level of protection while still economically attainable. EPA must implement pretreatment standards as required under sections 304(g), 307(b) and 307(c) of the Clean Water Act. This level of funding will provide resources necessary to assist state NPDES programs with implementing new effluent standards and enforcing pretreatment standards.

GRANTS ASSISTANCE PROGRAMS

Abatement control and compliance	97,802.3	60,700.0	40,845.6	61,440.0

RECOMMENDED CHANGES—CONTROL AGENCY RESOURCE SUPPLEMENTATION (SEC. 106)

Abatement control and compliance	51,170.7	51,200.0	40,845.6	61,440.0

The suggested level of funding represents increased assistance for State water quality programs to be used by the States for implementation of the "New Federalism" concept. All States will be encouraged, through the use of the section 106, funds to assume full delegation of EPA water quality programs and seek approval of the NPDES program. Funding will be focused on establishing the infrastructure necessary to assume more responsibility for water quality and pollution abatement under "New Federalism." Section 205(j) funds will be focused on reviewing water quality standards and section 106 funds will provide assistance for the NPDES program operations, nonpoint source control, pretreatment programs, monitoring, ground water management and other priority programs.

WATER QUALITY STRATEGIES IMPLEMENTATION

Salaries and expenses	[illegible] 189.9	10,240.1	10,239.4	10,975.8
Abatment control and compliance	7,092.4	4,658.3	4,620.3	5,521.9

RECOMMENDED CHANGES—DREDGE AND FILL

Salaries	2,147.3	2,336.3	2,145.2	2,881.6
Abatement control and compliance	1,306.7	348.9	344.9	1,246.5

The suggested level of funding provides resources adequate to properly review 8,000 section 404 permits and 250 environmental impact statements. In addition, EPA will continue to support enforcement of dredge and fill regulations, actively encourage States to assume 404 permitting authority and develop an effective oversight system of States that have assumed the 404 permits program.

WATER QUALITY MONITORING AND ANALYSIS

Salaries and expenses	7,981.3	7,894.3	8,791.7	10,686.0
Abatement control and compliance	2,382.5	573.7	375.7	1,472.7

RECOMMENDED CHANGES—AMBIENT WATER QUALITY MONITORING

Salaries	7,981.3	7,894.3	8,791.7	10,686.0
Abatement control and compliance	2,382.5	573.7	375.7	1,472.7

The suggested funding level provides resources to continue the development and implementation of toxics control strategies, particularly multi-media toxics, POTW toxics and increase the number of pollutants reviewed for section 307(a)(1). EPA should continue to provide States with assistance in setting up monitoring programs and increase oversight activities as State programs are established. Further EPA should improve the water quality information system and the quality assurance program.

MUNICIPAL SOURCE CONTROL

Salaries and expenses	28,309.1	26,661.3	18,267.2	[1] 18,267.2
Abatement control and compliance	29,721.2	23,777.8	25,502.4	31,849.0

RECOMMENDED CHANGES—MUNICIPAL WASTEWATER TREATMENT FACILITY CONSTRUCTION

Abatement control and compliance	4,055.8	2,772.5	1,904.4	4,120.0

The suggested level of funding reflects the need for extramural support for the municipal wastewater treatment program. Support for the development of the Needs Survey, assistance in the development of a compliance strategy, and support for the development of a State program oversight strategy are priority activities for the use of these extramural funds.

CORPS OF ENGINEERS

Abatement control and compliance	20,810	16,232.5	17,387	21,518

The suggested level of funding reflects the Corps of Engineers increased role in achieving results in the agency's highest priority areas, including completion and closeout of construction grants, compliance with permit limitations, ensuring projects are affordable and Federal funds are protected from waste, fraud, and abuse. These efforts are in addition to the corps activities in the construction, management and inspections.

WATER QUALITY ENFORCEMENT

Salaries and expenses	15,577.1	16,109.2	13,181.0	23,040.0
Abatement control and compliance	3,577.9	1,153.8	176.9	2,099.0

RECOMMENDED CHANGES—WATER QUALITY ENFORCEMENT

Salaries			13,181.0	23,040.0
Abatement control and compliance			176.9	2,099.0

Suggested funding levels provide for compliance inspections each year of all "major sources" in States without permit programs. In addition this level will provide resources to support wetlands and hazardous materials spill enforcement. This level will support the municipal compliance strategy through support for data collection and quality assurance of data on DMR's on minors and support of the continuous compliance strategy.

WATER QUALITY PERMITS ISSUANCE

Salaries and expenses	S7,109.9	7,146.2	6,986.6	12,705.0
Abatement control and compliance	4,294.0	4,314.0	3,209.9	5,314.0

RECOMMENDED CHANGES—PERMITS ISSUANCE

Salaries			6,986.6	12,705.0
Abatement control compliance			3,209.9	5,314.0

Suggested level of funding will provide resources adequate to issue permits to all sources in States without permit programs. This funding level will provide assistance for States developing permits programs and pretreatment programs. In addition, resources will focus on control of toxics from direct and indirect dischargers based on newly completed effluent guidelines.

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[1] Salaries were unchanged due to D.O. restructuring. See State program management.

EPA DRINKING WATER PROGRAM

[Amounts in thousands of dollars]

Drinking Water (R. & D.)	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Drinking water nonenergy				
(S)	7,363.9	9,782.0	9,447.2	9,996.2
(R. & D.)	14,487.5	18,571.5	13,458.3	21,592.5
Total (R. & D.)	21,481.4	28,353.5	22,905.5	31,588.7
ABATEMENT, CONTROL & COMP.				
Drinking water criteria, stds and guidelines:				
(S)	5,027.9	5,009.8	5,540.0	6,034.3
(A.C. & C.)	3,642.4	2,391.5	2,675.7	3,642.4
Drinking water management:				
(S)	7,619.9	8,633.2	8,672.6	11,470.7
(A.C. & C.)	1,013.4	750.9	0	1,877.0
State program asst. (A.C. & C.)	39,421.5	37,847.5	29,100.2	48,907.5
Total	56,725.1	54,632.9	45,988.5	71,931.9
ENFORCEMENT				
Drinking water enforcement (S)	738.2	844.7	856.1	3,164.6
Enforcement Total	738.2	844.7	856.1	3,164.6
Grand Total	79,329.7	83,831.1	69,750.1	106,685.2

DRINKING WATER PROGRAM DESCRIPTION—

[Amounts in thousands of dollars]

Program element	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Salaries and expenses	7,363.9	9,782.0	9,447.2	9,996.2
Research and development	14,487.5	18,571.5	13,458.3	21,592.5

RECOMMENDED CHANGES—HEALTH EFFECTS

Salaries	2,733.0	4,138.9	3,928.7	4,138.9
R. & D.	5,555.7	6,854.8	5,198.1	8,961.3

The suggested level of funding will provide resources to do research on the chronic effects of drinking water contaminants on public health. In addition, health risk assessments related to high priority drinking water contaminants will be continued as a high priority activity.

ENVIRONMENTAL ENGINEERING AND TECHNOLOGY

Salaries	2,751.0	3,217.3	3,153.3	3,274.1
R. & D.	7,017.9	7,560.6	3,726.4	8,039.6

The suggested level of funding will provide resources for research development and evaluation of small systems. Small systems and small water supplies are easily contaminated by ground water. Research into small systems is needed to insure protection of drinking water at a reasonable cost.

ENVIRONMENTAL PROCESSES AND EFFECTS

Salaries	818.7	1,245.3	1,078.1	1,296.1
R. & D.	1,538.5	3,669.6	3,679.6	3,737.4

The suggested level of funding will provide the resources necessary to support research into the fate and effect of contaminants on underground drinking water sources. Additional funds are provided for disseminating the information gathered from the 5-year ground water research plan to the States to support the State assistance grants for sole source aquifer protection.

DRINKING WATER CRITERIA, STANDARDS AND GUIDELINE

Salaries and Expenses	5,027.9	5,009.8	5,540.0	6,034.3
Abatement control and comp	3,642.4	2,391.5	2,675.7	3,642.4

RECOMMENDED CHANGES—STANDARDS AND REGULATIONS DEVELOPMENT

Salaries	5,016.6	5,009.8	5,540.0	6,034.3
Abatement	3,642	2,391.5	2,675.7	3,642.4

The suggested level of funding will provide resources to develop toxicological opinions for additives to drinking water and to develop criteria for waste water reuse. Both of these activities have been deferred in the fiscal year 1983 budget request.

DRINKING WATER STATE PROGRAM RESOURCE ASSISTANCE

Abatement control and comp	39,421.5	37,847.5	29,100.2	*48,907.5

*Includes a new program for sole source of aquifer protection.

RECOMMENDED CHANGES—PUBLIC WATER SYSTEM SUPERVISION PROGRAM GRANTS

Abatement control and comp	30,188.8	29,450	23,560	30,188.8

In order to implement the "New Federalism" concept the suggested level of funding will provide the States with sufficient funds to insure that adequate infrastructure for public water system supervision is in place and that it will be integrated into the State's overall water quality program.

UNDERGROUND INJECTION CONTROL PROGRAM

Abatement control and comp	7,218.7	6,574.5	5,540.2	7,218.7

The suggested level of funding provides resources for EPA to actively encourage the remaining 10 States to assume privacy in anticipation of "New Federalism." In addition resources will be adequate to insure effective oversight of State programs.

STATE ASSISTANCE FOR SOLE SOURCE AQUIFER PROTECTION—STARTING IN FISCAL YEAR 1983

Abatement control and comp	10,000,000

The $10,000,000 level of funding will provide grants for States to use in planning for sole source aquifer protection. When communities rely solely on a single aquifer for drinking water it is vital that safeguards be placed at all levels of government; Federal, State and local, to protect the aquifer from contamination. This planning assistance grant program will provide resources to identify these aquifers and develop plans for protection. Implementation funds will be provided in fiscal year 1984.

SPECIAL STUDIES AND DEMONSTRATIONS

Abatement	1,530.3	1,823.0		1,500.0

It is suggested that this program has not been completed and should continue particularly because 10 States have not assumed primacy of the drinking water program. This program is useful in these states.

DRINKING WATER MANAGEMENT

Salaries and expenses	7,619.9	8,633.2	8,672.6	11,470.7
Abatement control and comp	1,013.4	750.9		1,877.0

RECOMMENDED CHANGES—PUBLIC WATER SYSTEMS SUPERVISION (PWS)

Salaries	5,935.5	5,461.0	4,698.2	5,996.3
Abatement control and comp	981.0	716.4		1,027.0

The suggested level of funding will provide resources sufficient to provide assistance in nonprimacy States and indian lands to improve monitoring and compliance. The proposed 1983 level discontinues this effort. The suggested level of funding in addition provides increased funding for oversight of primacy States. As EPA transfers primary responsibility for the program EPA should move into an oversight role.

UNDERGROUND INJECTION CONTROL (UIC)

Salaries	1,684.4	3,172.2	3,974.4	3,974.4
Abatement	32.4	34.5		50.0

The suggested level of funding provides additional extramural funds to provide support to EPA in assisting States to assume delegation of the UIC program.

SOLE SOURCE AQUIFER (NEW PROGRAM ELEMENT) PROTECTION PROGRAM FOR FISCAL YEAR 1983

Salaries	1,500.0			
Abatement control and comp	800.0			

This new program element will provide the resources to administer the sole source aquifer protection program. Funding of $10,000,000 will be made available in fiscal year 1983 for planning assistance grants to provide development of multijurisdictional plans for the protection of sole aquifers. The suggested level of funding will provide resources to assist States with the development of these plans. Implementation funds will be made available in fiscal year 1984.

DRINKING WATER ENFORCEMENT

Salaries and expenses	738.2	844.7	856.1	3,164.6

RECOMMENDED CHANGES—DRINKING WATER ENFORCEMENT

Salaries	738.2	844.7	856.1	3,164.6

The suggested level of funding provides resources to build a drinking water enforcement program that will address the problems cited in the GAO report on drinking water violations. Implementation of drinking water enforcement programs will be encouraged in all States with improvements initiated in existing State drinking water enforcement programs.

EPA HAZARDOUS WASTE PROGRAM

[Amounts in thousands of dollars]

Hazardous waste R & D	Actual 1981	BA 1982	Proposed 1983	Suggestion 1983
Hazardous waste, non-energy				
(S)	4,605.4	7,942.0	11,862.0	28,937.4
(R & D)	23,695.9	21,546.3	17,717.2	41,350.7
R & D total	28,301.0	29,488.3	29,579.2	70,288.1
Hazardous waste (A.C. & C.)				
Waste management regulations, guidelines, and policies				
(S)	6,199.3	6,574.0	6,559.0	9,430.0
(A.C. & C.)	14,022.1	12,358.3	17,160.0	20,300.5
Waste management, strategies implementation				
(S)	6,974.4	7,185.7	11,382.9	12,003.8
(A.C. & C.)	7,411.1	2,093.7	1,629.5	8,240.0
Financial assistance (A.C. & C.)	39,672.4	41,700.0	35,136.6	56,664.0
A.C. & C. total	101,705.1	69,911.7	71,868.0	106,638.3
Hazardous waste enforcement				
(S)	9,450.2	7,499.2	1,896.5	17,149.8
(A.C. & C.)	1,941.1	328.9	—0—	11,014.2
Enforcement total	11,391.3	7,828.1	1,896.5	28,164.0
Hazardous waste total	141,427.7	107,228.1	103,343.7	205,090.4

HAZARDOUS WASTE PROGRAM DESCRIPTION—HAZARDOUS WASTE NONENERGY

Program	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries and expenses	4,605.4	7,942.0	11,862.0	28,937.4
Research and development	23,695.9	21,546.3	17,717.2	41,350.7

RECOMMENDED CHANGES—MONITORING AND QUALITY ASSURANCE

Salaries	1,557.9	2,966.5	3,521.2	7,896.5
R & D	7,840.2	4,272.1	3,662.1	9,073.8

The suggested level of funding will provide resources to develop and implement monitoring techniques in order to establish an accurate and defensible data base in order to set standards and to determine the environmental and health effects of hazardous toxic chemicals. In addition the oil and hazardous spills program has been transferred into the hazardous waste program requiring resources for equipment and expertise to staff the National Response Teams for spills. Other activities include a major effort in oversight of State and local labs for quality assurance and evaluations of groundwater monitoring systems.

HEALTH EFFECTS

Salaries	90.9	142.4	376.5	5,640.0
R & D	374.0	946.7	691.9	7,250.0

The suggested level of funding will provide resources to do the basic human health effects research on hazardous wastes. This will be accomplished by performing risk assessments to develop criteria to support "listing/delisting" of hazardous waste. The emphasis on health effects research is vital to setting standards and developing technologies to deal with hazardous wastes. This research must be carried out immediately if the control of hazardous wastes is to be achieved in the near future.

ENVIRONMENTAL ENGINEERING AND TECHNOLOGY

Salaries	2,495.2	2,511.6	4,524.9	8,484.2
R & D	14,665.1	14,582.5	10,408.4	18,082.0

The suggested level of funding will provide resources to adopt and develop techniques to assess ecological damage from disposal of hazardous waste. In addition extensive research will be undertaken to determine the effects and uses for landfill and surface impoundment, land treatment, and incineration. This effort must follow closely the health effects research as well as assist in the regulatory development process.

ENVIRONMENTAL PROCESSES AND EFFECT

Salaries	142.0	1,603.2	2,318.2	5,795.5
R & D	430.6	1,484.4	2,559.9	6,550.0

The suggested level of funding will provide resources to develop methods for measuring the bioenvironmental stress of hazardous wastes. Additional funds will be expended on developing models to determine impacts on groundwater and various processes and effects research is vital to setting standards and developing technologies to provide protection from hazardouos wastes.

HAZARDOUS MANAGEMENT REGULATIONS, GUIDELINES, AND POLICY

Salaries and expenses	6,199.3	6,574.0	6,559.0	9,430.0
Abatement, control, and compliance	14,022.1	12,358.3	17,160.0	20,300.5

RECOMMENDED CHANGES—REGULATIONS, GUIDELINES, AND POLICIES—HAZARDOUS WASTE

Salaries	5,365.3	6,574.0	6,559.0	9,430.0
A.C. & C.	12,773.7	12,358.3	17,160	20,300.5

The suggested level of funding represents the consolidation of three program elements. This program element now includes regulations, guidelines, and policy development for solid waste and resources provided will allow EPA to speed up the development and promulgation of final rules for RCRA Phase I and Phase II. The budget submission assumes that these final rules will not

FINANCIAL ASSISTANCE

Abatement, control, and compliance	39,672.4	41,700.0	35,136.6	56,664

RECOMMENDED CHANGES

A.C. & C.	26,726.1	41,700.0	35,136.6	56,664

The suggested level of funding will provide resources necessary to assist States in developing and implementing their hazardous waste programs. Since regulations will become final in FY 1983 many States will need to be encouraged to seek final authorization of their programs. Other States are still in the early stages of developing their programs. The expanded funding is needed to keep States moving toward establishing hazardous waste programs and for providing the additional Federal assistance needed a States phase-in the program.

PROGRAM HAZARDOUS WASTE MANAGEMENT REGULATORY STRATEGIES IMPLEMENTATION

Salaries and expenses	6,974.4	7,187.7	11,382.9	12,003.8
A. C. & C.	7,411.1	2,093.7	1,629.5	8,240.0

RECOMMENDED CHANGES

The suggested level of funding represents the resources acheived through consolidation of the HQ and Regions program elements and to provide additional resources to assist States to achieve at a minimum interim authorization of their hazardous waste programs and encourage phase II and final authorization of programs. The extramural funds will provide assistance to the regions in evaluating hazardous waste facilities and implementing permitting programs in unauthorized States.

HAZARDOUS WASTE ENFORCEMENT

Salaries and expenses	9,450.2	7,499.2	1,896.5	37,149.8
Abatement control and compliance	1,941.1	328.9		16,014.2

RECOMMENDED CHANGES—HAZARDOUS WASTE PERMIT ISSUANCE

Salaries	3,226.3	3,775.1		8,649.3
A. C. & C.	23.4			3,759.7

The budget submission says that resources for this program are requested under two other program elements, Hazardous Waste Management Regulatory Strategies Implementation and Management, Guidelines and Policy. The reprogrammings are grossly insufficient to carry out the task of assisting States and permitting in States without permit programs. In order to complete the permitting program within six years, EPA will have to permit 639 facilities in 1983 and assist States in achieving the same goal. The suggested level of resources will be adequate to achieve the FY 1983 goal.

HAZARDOUS WASTE ENFORCEMENT

Salaries	2,596.4	3,724.1	1,896.5	8,500.5
A. C. & C.	472.3	328.9		7,254.5

The suggested level of funding will provide resources sufficient to inspect each regulated site once every two years as well as tracing manifests that show problems. This would mean that in FY '83 21,000 inspections would be performed. This is significantly higher than the inspections planned for in the '83 budget request and is basically the reason for the major increases in resources. This program is in the process of staffing up in that it is still a very new initiative at EPA. With the additional inspections the number of enforcement actions will increase.

PESTICIDES PROGRAM

[Amounts in thousands of dollars]

Pesticides (R. & D.)	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Pesticides research and development				
(S)	5,606.7	5,302.1	4,360.6	5,873.2
(R. & D.)	2,292.2	279.3	2,108.2	3,620.5
Total (R. & D.)	7,898.9	5,581.4	6,468.8	9,493.7
Pesticides (A.C. & C.)				
Registration, special registration tolerances				
(S)	12,048.6	11,939.8	11,842.5	14,211.7
(A.C. & C.)	1,035.6			740.0
Standards setting & RPAR				
(S)	10,960.3	9,200.7	8,266.2	10,794.6
(A.C. & C.)	17,106.6	10,968.8	11,570.7	17,802.4
Federal and state program support				
(S)	633.3	513.7		513.7
(A.C. & C.)	64.4			100.0
A.C. & C. total	41,848.8	32,623.0	31,67[illegible]	44,162.4
Enforcement				
(S)	3,949.0	4,287.1	3,670.1	6,385.8
(A.C. & C.)	11,027.1	11,251.6	8,963.7	14,087.4
Enforcement total	14,976.1	15,533.7	12,633.8	20,473.2
Pesticides total	64,769.8	53,738.1	50,782.0	74,129.3

PESTICIDES PROGRAM DESCRIPTION—PESTICIDES RESEARCH AND DEVELOPMENT

[Amounts in thousands of dollars]

Program element	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries	5,606.7	5,302.1	4,360.6	5,873.2
R & D	2,292.2	279.3	2,108.2	3,620.5

RECOMMENDED CHANGES—HEALTH EFFECTS

Salaries	2,140.1	2,011.3	1,260.0	2,223.5
R & D	207.7	220.5	1,240.9	1,420.0

The suggested level of funding represents the resources necessary to carry out pesticide exposure assessments on laboratory animals and for field studies of human exposure to pesticides. In the budget submission the pesticide exposure assessments were to be significantly reduced.

ENVIRONMENTAL PROCESSES AND EFFECTS

Salaries	2,572.3	2,339.3	2,330.9	2,880.0
R & D	1,918.8		616.8	1,950.0

The suggested level of funding will provide resources to increase research and information on the environmental effects of pesticides with emphasis on developing better data to use in modeling and predicting impacts of pesticides. The additional information and techniques will be made available with technical assistance to the pesticides program at EPA and in the States.

REGISTRATION, SPECIAL REGISTRATION AND TOLERANCES

Salaries	12,048.6	11,939.8	11,842.5	14,211.7
A.C. & C	1,035.6			740.0

RECOMMENDED CHANGES—REGISTRATION

Salaries	7,725.4	7,782.1	7,224.6	8,594.7
A.C. & C	696.8			500.0

The suggested level of funding will provide resources sufficient to improve the registration process and therefore increase the number of registrations reviewed over the 7,550 reviews carried out in fiscal year 1982.

SPECIAL REGISTRATION

Salaries	2,254.0	1,993.0	2,227.7	2,727.0
A.C. & C.	273.1			120.0

The suggested level of funding will provide resources to insure that the qualtiy of the various reviews will at least be maintained or improved as the Agency now commits to meet the statutory time limits on these permits.

TOLERANCES

Salaries	2,069.2	2,164.7	2,390.2	2,890.0
A.C. & C	65.7			120.0

The suggested level of resources will assure the high quality reviews are maintained while meeting the statutory time limit on tolerance petitions. In addition the additional resources will eliminate the backlog of tolerance petitions.

Standard setting and RPAR:				
Salaries	10,960.3	9,200.7	8,266.2	10,794.6
A.C. & C	17,106.6	10,968.8	11,570.7	17,802.4

RECOMMENDED CHANGES—REGISTRATION STANDARDS

Salaries	6,063.2	4,107.6	3,689.9	5,418.1
A.C. & C	8,115.3	3,913.5	4,180.1	8,400.4

The suggested level of funding will provide increased resources to focus on the registration process and on making significant progress on registration of existing pesticides.

REBUTTABLE PRESUMPTION AGAINST REGISTRATION (RPAR) REVIEWS

Salaries	4,771.3	4,988.0	4,470.9	5,271.1
A.C. & C	8,991.3	7,055.3	7,390.6	9,402.0

The suggested level of funding will provide additional resources to evaluate the RPAR process and improve the process to handle the new requests that will come from the registration standards program.

FEDERAL AND STATE PROGRAM SUPPORT

Salaries	633.3	513.7		513.7
A.C. & C.	64.4			100.0

RECOMMENDED CHANGES—PESTICIDES USE MANAGEMENT

Funding for this program will be provided for fiscal year 1983 to continue this valuable service to pesticide users, producers, and officials at all levels of government. Until State pesticide programs are fully operational in all States there is a need for this service at the Federal level. Information and referral services are vital to poison control centers and hospitals for the treatment of pesticide injuries.

PESTICIDES ENFORCEMENT

Salaries	3,949.0	4,282.1	3,670.1	6,385.8
A.C. & C	11,027.1	11,251.6	8,963.7	14,087.4

RECOMMENDED CHANGES—PESTICIDES ENFORCEMENT

Salaries	3,949.0	4,282.1	3,670.1	6,385.8
A.C. & C	61.8	49.7	45.3	105.0

The suggested level of funding will provide resources sufficient to increase the number of inspections to 2,500 and emphasize State enforcement programs. State enforcement programs must be improved and more States need to establish pesticides enforcement programs.

PESTICIDES ENFORCEMENT GRANTS

A.C. & C	8,013.5	8,701.9	6,918.4	11,250.0

The suggested level of funding will be to provide EPA with the grants to encourage and improve state pesticides enforcement programs. This will in addition provide the resources to continue current monitoring activities that were reduced in the budget submission.

PESTICIDES CERTIFICATION AND TRAINING

A.C. & C	2,951.8	2,500.0	2,000.0	3,250.0

The suggested level of funding will provide resources to the 57 State applicator and training programs and the Federal programs in Colorado and Nebraska. These certification and training programs are vital to improving State pesticide programs.

EPA TOXICS PROGRAM

[Amounts in thousands of dollars]

Toxics R & D	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Chemical testing and assessment non-energy				
(S)	10,345.7	14,236.8	14,500.1	17,103.8
(R & D)	19,952.5	16,939.1	12,148.7	20,686.1
R & D total	30,298.2	31,175.9	26,648.8	37,789.9
ABATEMENT, CONTROL AND COMPLIANCE				
Toxic substances strategies:				
(S)	19,177.9	18,177.2	16,926.3	19,452.8
(A.C. & C.)	39,594.9	23,537.7	22,396.0	39,746.6
A.C. & C. total	58,772.8	41,714.9	39,322.3	59,199.4
ENFORCEMENT				
Toxic substances enforcement:				
(S)	2,450.2	3,289.4	2,425.9	5,632.9
(A.C. & C.)	2,568.6	1,197.6	207.0	3,404.9
Enforcement total	5,018.8	4,487.0	2,632.9	9,037.8
Toxic total	94,103.8	77,377.8	68,604.0	106,027.1

TOXICS PROGRAM DESCRIPTION—CHEMICAL TESTING AND ASSESSMENT NONENERGY

[Amounts in thousands of dollars]

Program element	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries	10,345.7	14,236.8	14,500.1	17,103.8
R & D	19,702.5	16,939.1	12,148.7	20,686.1

RECOMMENDED CHANGES—HEALTH EFFECTS

Salaries	3,060.7	4,789.9	5,556.6	6,057.1
R & D	5,396.3	5,698.1	3,455.8	5,755.3

The suggested level of funding will provide resources to cover higher laboratory costs as well as the development of test guidelines and rules and new chemical reviews. The increase in resources is for continuing long term health effects research. The budget submission moves the majority of resources in long term research and focuses them on short term regulatory needs. This allows the toxics program to take an overall reduction in resources.

ENVIRONMENTAL ENGINEERING AND TECHNOLOGY

Salaries	502.2	673.7	384.9	1,218.1
R. & D.	798.1	965.9	142.7	1,142.7

The suggested level of funding will provide resources to provide technical support to the office of toxic substances for review of premanufacturing notifications. The number of these notifications is expected to increase in fiscal year 1983.

ENVIRONMENTAL PROCESSES AND EFFECTS

Salaries	4,862.0	6,082.9	6,239.8	7,509.8
R. & D.	6,658.3	4,373.0	3,189.1	6,089.0

The suggested level of funding will provide increased resources for the development of predictive techniques in particular structure-activity methods. In addition technical assistance to the Office of Toxic substances and the regions in reviews of premanufacturing notifications and additional assistance to increased long term research activities.

NATIONAL CENTER FOR TOXICOLOGICAL RESEARCH

R. & D	3,173.0	1,823.3	910.0	3,323.0

The suggested level of funding provides resources to improve and maintain a long term toxics research program at EPA. The budget submission doesn't recognize long term toxic research as a priority.

TOXIC SUBSTANCES STRATEGIES

Salaries	19,177.9	18,177.2	16,926.3	19,452.8
A.C. & C	39,594.9	23,537.7	22,396.0	39,746.6

RECOMMENDED CHANGES—TESTING AND EVALUATION

Salaries	6,842.9	7,647.5	6,652	7,068.3
A.C. & C	18,324.7	10,212.2	12,863	18,823.3

The suggested level of funding will provide resources sufficient to investigate new chemicals as well as continue an active testing program for chemicals currently in use, the budget submission suggests that resources can be cut because industry will provide resources to do voluntary testing of these chemicals. It is currently not known whether industry will voluntarily test chemicals. If industry does testing there will need to be an effective oversight system developed. This level of resources will ensure that chemical testing will continue at the current pace.

CHEMICAL CONTROL

Salaries	4,327.1	4,782.8	4,618.0	5,090.7
A.C. & C	6,558.6	5,473.9	3,718.9	6,930.0

The suggested level of funding will provide the minimum resources necessary to continue doing risk assessments and regulatory analyses. The budget submission says industry will pick up these activities through the voluntary control program. It is again unknown what the industry involvement will be and as with any self-monitoring, self-control program an effective oversight program must be developed to ensure that EPA and industry are meeting the requirements of TSCA. This level of resources will provide that assurance.

TSCA INFORMATION

Salaries	5,792.3	4,357.7	4,494.6	5,755.9
A.C. & C	11,276.8	5,932.5	3,460.0	10,531.2

The suggested level of funding will provide resources to handle an increased number of premanufacture reviews. Without additional resources the toxic information offices will be under great pressure to reduce the quality of the reviews in order to get them completed. Premanufacture notification is only 90 days prior to manufacturing. Therefore to maintain the quality of these reviews additional resources are needed.

TOXICS INTEGRATION

Salaries	1,453.9	[illegible]	1,161.6	1,537.9
A.C. & C	3,262.4	1,919.1	2,353.4	3,462.1

The suggested level of funding provides resources sufficient to provide increased assistance to States trying to establish toxics management programs. Although TSCA doesn't describe a major State role, under the "New Federalism" concept EPA will encourage States to develop toxics management programs through an improved Chemical Substances Information Network as well as technical assistance.

TOXIC SUBSTANCES ENFORCEMENT

Salaries	2,450.2	3,289.4	2,425.9	5,632.9
A.C. & C	2,568.6	1,197.6	207.0	3,404.9

RECOMMENDED CHANGES—TOXIC SUBSTANCES ENFORCEMENT

Salaries	2,450.2	3,289.4	2,425.9	5,632.9
A.C. & C	1,568.6	697.6	207.0	3,404.9

The suggested level of funding represents an increase in resources for toxics enforcement based on an increase in inspections and enforcement actions. The Toxic Substances Control Act doesn't contemplate a State role in toxics control. Therefore EPA must carry the responsibility for protection from toxic substances. This level of funding should be sufficient to conduct 17,000 inspections and process an estimated 1500 enforcement actions.

TOXIC SUBSTANCES ENFORCEMENT GRANTS

A.C. & C	1000.0	500.0	0	500.0

The suggested level of funding will be sufficient to continue the pilot State grant program for model chemcial control programs.●

SENATOR JEPSEN'S COMMENTARY ON THREAT TO AMERICAN PHARMACISTS

Mr. McCLURE. Mr. President, I respectfully submit for the RECORD a column by the distinguished Senator from Iowa, ROGER JEPSEN, which appeared recently in newspapers across the United States. This informative and timely commentary exemplifies the overwhelming concern and desire of many in Congress to alleviate the problem of crime and especially crime which is directly related to drug addition. I wish to commend to the Senate's attention the serious threat to American pharmacists, raised by Senator JEPSEN.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

PROTECTION FOR PHARMACISTS IS NEEDED

(By U.S. Senator ROGER W. JEPSEN)

REPUBLICAN CONFERENCE REPORT

More than 10 years ago, Congress passed the Comprehensive Drug Abuse Prevention and Control Act of 1970 to limit the rampant use and abuse of illegal drugs. Since that time, pharmacists have experienced increased threats to their lives as a result of drug-related robberies. Whether drug addicts or hardened criminals commit these crimes, the crimes are always senseless and violent and, many times, tragically result in the death of an innocent pharmacist or customer.

In my home state of Iowa, the incidence of pharmacy robberies and burglaries has shot up alarmingly. In 1979, there were 157 reported pharmacy break-ins. That number is almost double the number committed in 1977. Nationally, thefts of controlled substances are reported to have increased a startling 225 percent between 1976 and 1978. Pharmacists are suffering from a "drug" problem that is reaching epidemic proportions!

In its September, 1980 issue, American Druggist magazine listed the names of over 50 pharmacists who have lost their lives because of drug-related robberies. The loss of one life, in my opinion, is one too many. Those of us in government must support legislation to ensure that more pharmacists do not lose their lives. Without exaggeration, it is fair to say that the government helped create this situation. But, it could have been prevented.

Under existing law, the manufacture, distribution, disposal, and possession of a controlled substance are all subject to federal criminal prosecution and penalties. In fact, the theft of a controlled substance is the only act not covered by federal penalties. For this reason, the number and severity of pharmacy robberies has risen dramatically in the past several years. Unfortunately, this is exactly what the pharmacy industry predicted when Congress was debating this issue 12 years ago.

Appearing before the Senate Judiciary Committee, in its opening series of hearings on the Controlled Substances Act of 1969, Mr. William Woods, Executive Director of the National Association of Retail Druggists stated, "Too many retail pharamacists have been murdered, blinded, or assaulted as a result . . . We are concerned, however, that the robberies, assaults, and senseless murders in retail pharmacies may increase."

The facts show that the greatest fears of pharmacists have proven true. The practical effect of the 1970 Act has been to make pharmacists extremely vulnerable to the ravages of violent crime. I cannot imagine that the intent of the Drug Abuse Prevention and Control Act of 1970 was to make these individuals "sacrificial lambs" in the war against drug abuse; but this is exactly what has happened.

A number of different bills have been introduced in the 97th Congress to deal with the problem. Although the approaches of the various bills may be different, the intent is still the same—stop pharmacy crimes involving controlled substances.

In addition to the legislation, the Senate Judiciary Subcommittee on Criminal Law has indicated that it will make pharmacy crime its number one priority during the 2nd Session of this Congress.

While I am encouraged by the possibility that Congress will finally act, we must realize that similar opportunities have arisen in the past, only to be lost in the legislative maze. Let's hope that legislation can finally be adopted which will protect pharmacists and their customers from these senseless acts.

("Conference Reports" is the bimonthly column of the Senate Republican Conference. The opinions expressed are those of individual senators who comprise the new Senate Majority.)

NATIONAL BAR ASSOCIATION HONORS ATTORNEY ARTHUR D. SHORES, ALABAMA'S BLACK PIONEER IN CIVIL RIGHTS LITIGATION

Mr. HEFLIN. Mr. President, I rise today to commend the National Bar Association for its decision to honor Alabama's black pioneer civil rights attorney, the Honorable Arthur D. Shores. Attorney Shores will be honored along with three other distinguished black Americans on Saturday, May 22, 1982, at the Gertrude E. Rush awards dinner, to be held at the Sheraton Washington Hotel. Gertrude E. Rush (1880-1962) was the only female cofounder of the National Bar Association.

Mr. President, Attorney Shores has been called affectionately by one of his legal proteges, "the dean of black lawyers in the State of Alabama." I would guess that he is so called by them because he taught all black lawyers admitted to practice in Alabama during the 1950's and early 1960's how to practice law. According to Attorney Shores, himself, during the period roughly between 1940 and 1950 he was the only black practicing attorney in the State of Alabama. He was the lone voice in the wilderness defending the civil rights of black people.

During the first 20 years of his now 45-year-old law practice, Attorney Shores practiced all over the State of Alabama—from the Tennessee line to the Gulf of Mexico at Mobile Bay, and from the Mississippi borders to the Georgia limits. As I said previously, he was and is a champion of blacks and their civil rights.

Mr. President, as a former trial lawyer and the immediate past chief justice of the Alabama Supreme Court, I have had numerous occasions to observe Attorney Shores and many of his student attorneys. As an observer and evaluator, I would have to award Attorney Shores and his pupils very high marks in their legal performances.

Now, Mr. President, there is one thing about Attorney Shores that a fellow lawyer might find perplexing. That is, how can a lawyer who has a wife and family not worry about collecting his share of an attorney's fee from another lawyer who has associated him on a case that requires countless hours of work? Also, how can he never refuse to help a younger lawyer try case after case, year in and year out and never worry about a fee?

Mr. President, such was the nature of Attorney Shores during the training period in the lives of all the young black lawyers who sought the technical assistance and expertise of Attorney Shores.

Now, Mr. President, there is one extremely commendable attribute of Attorney Shores from which we legislators ought to take heed. It is my understanding that no matter where in the State that Attorney Shores would travel—from coast to coast or wherever, he always would find the courage and stamina to drive back to his home in Birmingham, Ala., to be with his family at night.

You see, Mr. President, Attorney Shores practiced civil rights law all over the State of Alabama during an era in which his life was in constant jeopardy. His home in Birmingham, Ala., was bombed so many times during the civil rights movement that the hill on which it sat came to be known as dynamite hill.

Attorney Shores was counsel for all civil rights cases in the State of Alabama for approximately 19 or 20 years. He represented U.S. Senator Glen Taylor of Idaho in City of Birmingham against Taylor. He was chief counsel in the case of Artherine Lucy against University of Alabama, and counsel in the following famous cases: Dr. Martin Luther King, Jr., and others, in the Montgomery bus boycott prosecutions; State of Alabama against NAACP; E. L. Shuttlesworth, and others against City of Birmingham, and Birmingham Transit Co.; Vivian J. Malone against University of Alabama; equalization of Negro teachers' salaries in Jefferson County, Ala. and Columbia, S.C.; and United States Steel against L. & N. Railroad, and others.

Attorney Shores is a deeply religious family man. He is married to the former Theodora Helen Warren. They have two lovely daughters: Helen Shores Lee and Barbara Shores Larkin.

Mr. President, I ask unanimous consent that a more indepth biographical sketch of Attorney Shores be printed in full in the Record.

Mr. President, as we can see, Attorney Shores, still practicing law in his seventies, is truly an outstanding lawyer. He is held in very high esteem not only in the State of Alabama, but also in this country as well. I salute him and congratulate him on his very fine and distinguished accomplishments.

There being no objection, the biographical sketch was ordered to be printed in the Record, as follows:

BIOGRAPHICAL SKETCH OF ARTHUR DAVIS SHORES, A.B., L.L.B., L.L.D., L.H.D.

Born: Birmingham, Alabama.

Education:

Birmingham Public Schools.

Talladega College.

University of Kansas.

Honorary Degrees:

Daniel Payne College, Birmingham, Alabama, LL.D, 1956.

Miles College, LL.D., Birmingham, Alabama, 1971.

University of Alabama, L.H.D., 1975.

Talladega College, LL.D, 1980.

Activities:

Education: Taught school—Dunbar High School, Bessemer, Alabama;

Principal—Dunbar High School—4 years;

Served as Secretary, Alabama Teachers Association;

Vice-President, National Teachers Association.

Business and Legal Experience:

Attorney-at-Law;

Vice-President & General Counsel: Citizens Federal Savings & Loan Association of Birmingham, Alabama;

Presently:

General Counsel, Miles College, Birmingham, Alabama;

General Counsel, Free & Accepted Masons of Alabama;

One of the Founders & Former Board member, National Bank of Commerce.

Former member of Birmingham City Council 1969-74, & President Pro Tem—1974-1978.

Bar Memberships:

Admitted to Alabama Bar, 1937;

United States Supreme Court Bar, 1943;

Member, National Bar Association;

Member, American Bar Association;

Member, Birmingham Bar Association.

Religious Affiliations:

Member and Adult Sunday School Teacher, First Congregational Church;

Member of Board of Directors, Board of Homeland Ministries, United Church of Christ;

Member of Board of Trustees, First Congregational Church;

Delegate from Board of Homeland Ministries of United Church of Christ to International Conference on Religion, Art & Architecture, Jerusalem, Israel, September 3 to September 17, 1973.

Civic, Political Organizations:

Birmingham Chamber of Commerce;

Trustee of Talladega College 1949-1979;

Member of Board of Directors, Lawyers Committee for Civil Rights under law, formed at the request of the President of the United States;

Commissioner, Birmingham Housing Authority, 1965-1969;

Former Chairman of the Board, and President of Birmingham Urban League;

Member of Board of Management, Fourth Avenue Branch, YMCA, Birmingham;

Member of Board of Directors, Birmingham Festival of Art;

Member of Advisory Board of Salvation Army;

Member of Board of Directors, Operation New Birmingham;

Member, Board of Directors, National Council of Christians and Jews;

Member, Board of Directors, A. G. Gaston Boys' Club;

Former Appointee to the Honorary Staff of Attorney General of Alabama, by Attorney General Bill Baxley;

Member, State Democratic Committee;

Member, Executive Committee of charter commission of the National Democratic Committee;

Delegate to National Democratic Convention 1963 & 1972, 1976 & 1980.

Awards:

1940: Southern Beauty Congress, Inc: Award for Eminent Leadership in Field of Civil Rights;

1948: Alpha Chi Chapter, Omega Psi Phi Fraternity; Award for Outstanding Achievement in Field of Civil Rights;

1954: Alpha Chi Chapter, Omega Psi Phi Fraternity, Award for Outstanding Lawyer in Fight for Human rights;

1956: Alpha Medal of Honor—Alpha Phi Alpha Fraternity, Most Ordinary, Distinguished & Meritorious Service in Field of Civil Rights;

1960: C. Francis Stradford Award of National Bar Association, for Inspiration to Fellow Lawyers and Rich Contribution to the Legal Profession;

1965: Cook County, Illinois Bar Association; For Twenty-Five Years of Outstanding Service in Legal Profession;

1969: Russwurm Award: For Recognition of Outstanding Achievement and Making Possible a Richer conception of Democratic Principles and for Upholding those highest traditions considered as the Ideal of American Way of Life. (National Newspaper Publishing Association).

Listed In:

Who's Who in American Politics;

Who's Who in Commerce & Industry;

Who's Who in South and Southwest;

Who's Who in Negro America;

The International Year Book and Statesman's Who's Who;

Library of Alabama Lives;

Elected to Alabama Academy of Honor, 1980.

Fraternal Organizations;

Alpha Phi Alpha Fraternity;

Delta Theta Phi Legal Fraternity;

Thirty-Third Degree Mason;

Knight of Pythias;

Sigma Pi Phi (Boule')

JOHN J. CUMMINGS, JR.

Mr. PELL. Mr. President, it is with great personal sadness that I learned of the death of John J. Cummings, Jr., who recently retired as chairman and chief executive officer of the Rhode Island based Fleet Financial Corp., and its banking subsidiary, Industrial National Bank.

John Cummings was an outstanding leader in the New England banking community. His 10 years of leadership at Industrial National transformed a regional banking operation into a $4.2 billion enterprise widely recognized in both national and international financial markets. This enormous growth was due to his keen mind for banking and a remarkable ability to anticipate both new opportunities and problems well in advance of his competitors. His accomplishments stand as a living tribute to his capacity for leadership and incisive decisionmaking, and to the enormous force of his personal talent.

Mr. Cummings was also a man who contributed greatly to the quality of life in Rhode Island, and to the improvement of the State's economy. He played a pivotal role in the building of the Providence Civic Center, and served as the first chairman of the Civic Center Authority. He also gave generously of his time and talents to Providence College, the annual Catholic charity fund, and the Rhode Island Port Authority and Economic Development Corp.

John Cummings was a fine, kind gentleman and one who was hugely respected and appreciated by all those whose lives were touched by him. My wife and I and all Rhode Islanders join in extending our condolences to his widow, Alice Nash Cummings, his mother, Helen A. Cummings, and his three children, John J. Cummings III, Joseph N. Cummings, and James N. Cummings. My wife Nuala and I grieve with and for them in this great loss.

I ask unanimous consent to have printed in the RECORD a sensitive appraisal of him written prior to his death by his friend, Ted Holmberg, the publisher of the Pawtuxet Valley Times, as well as the obituary that appeared in the Providence Evening Bulletin for May 14, 1982, and an editorial from the Providence Journal of May 15, 1982.

There being no objection, the material was ordered to be printed in the RECORD as follows:

[From the Pawtuxet Valley Times, May 10, 1982]

A PRIVATE MAN LEAVES PUBLIC LIFE

(By Ted Holmberg)

John J. Cummings Jr. resigned recently as chairman of the board of Industrial National Bank—now Fleet—and all of its extensions and there have been a number of articles in various publications about him.

Most are obviously by people who know very little about John Cummings.

So this might be as good a time as any to put some other matters on the record.

For John Cummings was pictured most frequently as a distant man, austere, one who keeps his distance, with a consuming interest in the world of finance almost to the exclusion of all else.

To those who believe that, I can only say they knew but a single side of him.

They don't know the thousand and one small kindnesses he extended to so many, the thousand and one large kindnesses he extended to even more. What he did for Providence College, as a board member for so many years, and what he did for his alma mater, Holy Cross, for city and state.

They forgot that he was the real and moving force behind the building of the Providence Civic Center, for which he received almost no credit and much abuse.

Austere?

I remember John Cummings bringing bananas to my youngest child. He loves kids. It isn't something people know about him but if you were at all close it was something you couldn't escape. He would give the small, shy smile of his and offer a bunch of bananas to the three-year-old. What a silly gesture for the chairman of the board of the second largest bank in New England.

I can recall many a time sitting with him and watching the Providence College basketball team thourgh good years and bad, Cummings suffering every downturn, cheering every good play. And being instrumental in helping Providence College in a dozen ways.

And during the cold of winter Cummings making his way to the Patriot's contests. Indeed, he was largely responsible for a great many Rhode Islanders visiting the training camp of the Patriots at Bryant College. But there was never any fuss, any hurrah. Always he went about it in a quiet way, so quiet and unassuming that hardly anyone knew how large a part he was playing. But a large part he played.

Distant? The distance is between him and any fanfare, any credit.

John Cummings is the complete democrat. His friends come from most walks of life and he treats them pretty much the same. Social climbing is beneath him and he never throws around the powerful weight that he obviously possesses. It just doesn't occurr to him. He is just too big a man to be bothered.

He is a better friend than most people know. Better than he may know himself. Never have I heard of a friend calling on him for advice or counsel and being turned away, no matter how busy he was with financial affairs that would have overwhelmed most men. He loves his work but he loved to chat about people, never judging them but always in wry amusement.

It was advice that led me to join with a group of friends in buying the Pawtuxet Valley Daily Times. It was worth the risk, he said, one afternoon in his Narragansett home.

Yet he was never insistent with any counsel offered. There it was, offered with fairness and wisdom. But if the advice was ignored, there were never recriminations, never a feeling that your way was the only way.

I remember once Cummings telling me that he felt that he had very few close friends, that somehow he never got around to making them.

I think he hardly knows how many he has.

On that same occasion, within the last several months, it was my treat for lunch.

"Now I owe you two lunches," he said with a laugh. He keeps track of his obligations always and other's obligations to himself almost not at all.

Distant? Only in the sense of being fair and square and personally decent. Cold? Only to the passions which cause us all to hurt one another. Calculating? Not ever when it came to extending a helping hand.

[From the Providence Evening Bulletin, May 14, 1982]

JOHN CUMMINGS, INBANK HEAD, COMMUNITY LEADER, DIES AT 58

(By Joseph B. Goodrich)

John J. Cummings Jr. of Narragansett, who retired on May 1 as chairman and chief executive officer of Rhode Island-based Fleet Financial Corp. and its banking subsidiary Industrial National Bank, died today at the age of 58 after a long fight against cancer.

A brilliant and competitive banker, Mr. Cummings repeatedly demonstrated his unique ability to anticipate both marketing opportunities and industry problems well in advance of his competitors.

As a result, the bank and its parent, Fleet Financial, prospered. Mr. Cummings' decisions had much to do with the growth of Fleet Financial from a $1.2 billion bank holding company in 1971 when he took over as chief executive officer to a $4.2 billion operation at the end of last year.

While banking was his foremost concern, Mr. Cummings was sensitive to the needs of the state and his native city of Providence. He contributed his time and talent in public and community service projects throughout the years.

Through the 1960s and 1970s, he served as chairman of these groups: Special Committee to Study Government Organization and Operations, better known as the Baby Hoover Commission; the non-profit Majestic Theater Parking Garage Corporation; the annual Catholic Charity Fund Appeal in 1964; the Providence Civic Center Authority; and Project Rhode Island. He was also vice chairman of the state's Port Authority and Economic Development Corporation.

Yet as head of what was by far the state's largest banking and financial services organization, Mr. Cummings had none of the pomposity that is associated with the popular conception of a banker.

He was quiet and unassuming. He could, for example, take time from a busy schedule to discuss banking with students at a Providence College evening class. He was a good listener. Yet, he was a strong and incisive decision-maker. There was no question about who was in command at Fleet Financial or Industrial National Bank.

Mr. Cummings was born in Providence on May 28, 1923, the son of the late John J. Cummings, who for many years was superintendent of the mailing room at the Providence Journal-Bulletin, and Helen A (Curran) Cummings.

He began his banking career as a note teller, handling business loans in the "discount cage" and the Union Trust Co. in this city in 1947. In 1950 was elected auditor.

When the Union Trust and Providence National Bank merged in 1951 to form the Providence Union National Bank, he moved up to an assistant cashier, and when the bank merged with Industrial Trust Co. in 1954 to form the Industrial National Bank, he became an assistant vice president.

His banking talent impressed the late T. Dawson Brown, then Industrial National's chief executive officer. Increasingly, Mr. Cummings assumed greater leadership responsibilities in the newly merged organization. In 1955, he became a vice president. In 1963, he was elected executive vice president and a director of the bank, and in 1968 he became president of the bank.

In what could be described as a staid, perhaps even stuffy industry, Mr. Cummings introduced banking strategies that were wholly innovative.

When the bank in 1968 became one of the first in the country to adopt the one-bank holding company organizational structure, Mr. Cummings played a major role. He was a key figure in developing the strategy that built the bank-holding company into a large financial services organization providing not only banking, but mortgage banking, consumer financing, factoring, data processing, and equipment leasing, serving a national and international market.

He hired a Proctor & gamble sales executive to develop the Industrial National Bank's marketing program.

In 1968, the bank holding company, then called Industrial National Corp., was established to enable Industrial National Bank to break out of the constrictions of the highly competitive Rhode Island market. This year, at Mr. Cummings behest, holding company stockholders changed the holding company's name to Fleet Financial Group so that the organization could be recognized more easily in the national and international markets.

One of his major assets was his grasp of the complexities of commercial banking and his ability to combine that with an ability to interpret national economic developments. As a consequence, he was often able to anticipate opportunities for banking and see developing problems well ahead of his competitors.

In a tribute to Mr. Cummings, Governor Garrahy said today, "All of us knew him as one of the most knowledgeable businessmen in New England" whose achievements and contributions to Rhode Island life were "evidenced in his own public contributions' to both Providence and the state.

In addition to his mother, he is survived by his wife, Alice F. (Nash) Cummings, and three children, John J. III, Joseph W. and James N. Cummings. Funeral arrangements are incomplete.

[From the Providence Journal, May 15, 1982]

JOHN J. CUMMINGS, JR.

Despite occasional overuse, the term "pillar of the community" is not a cliche. The person who excels in his own private career may be respected and admired; but the one who also manages to involve himself deeply in the affairs of his city and state carries and added dimension that makes him memorable.

For Rhode Island, John J. Cummings, Jr., was such a figure. He was instrumental in the success and growth of the Industrial National Bank over the past couple of decades, and this alone was impressive. He is said to have devoted almost all of his energies to the bank, but this can't be completely right, because he found time in a busy life to take on much else of public value.

This isn't the place for a recital of Mr. Cummings' activities, but some clearly stand out: his role in Project Rhode Island, seeking to improve the state's economy; his chairmanship at the beginning of the Providence Civic Center Authority; and his leadership of the Baby Hoover Commission on government operations. These and his other public interests showed that Mr. Cummings had a rare level of commitment to the betterment of his city.

He was known as competitive, incisive and self-effacing, and these qualities, which propelled him to leadership of his bank, also colored his community involvement. He understood the complex play of interests that make up the rich and varied life in Rhode Island, and this understanding aided both his private and his public career. His death yesterday at age 58 is a loss that will be widely felt.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations and a withdrawal which were referred to the appropriate committees.

(The nominations and withdrawal received today are printed at the end of the Senate proceedings.)

REVISIONS TO SIX PREVIOUSLY SUBMITTED BUDGET RESCISSIONS—MESSAGE FROM THE PRESIDENT—PM 138

The **PRESIDING OFFICER** laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Commerce, Science, and Transportation, the Committee on Labor and Human Resources, the Committee on the Judiciary, and the Committee on Small Business:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report revisions to six deferrals previously reported, increasing the amount deferred by $7.5 million.

The deferrals affect programs in the Departments of Commerce, Health and Human Services, and Justice as well as the Small Business Administration.

The details of each deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *May 18, 1982.*

MESSAGE FROM THE HOUSE

At 3:07 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bill and joint resolution, in which it requests the concurrence of the Senate:

H.R. 3881. An act to direct the Secretary of Agriculture to release on behalf of the United States a reversionary interest in certain lands conveyed to the Arkansas Forestry Commission, and to direct the Secretary of the Interior to convey certain mineral interests of the United States in such lands to such Commission; and

H.J. Res. 412. Joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

HOUSE BILL REFERRED

The following bill was read the first and second times by unanimous consent, and referred as indicated:

H.R. 3881. An act to direct the Secretary of Agriculture to release on behalf of the United States a reversionary interest in certain lands conveyed to the Arkansas Forestry Commission, and to direct the Secretary of the Interior to convey certain mineral interests of the United States in such lands to such Commission; to the Committee on Energy and Natural Resources.

HOUSE JOINT RESOLUTION PLACED ON THE CALENDAR

The following joint resolution was read the first and second times by unanimous consent, and placed on the calendar:

H.J. Res. 412. Joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3483. A communication from the Director of the Federal Emergency Management Agency, transmitting, pursuant to law, a report on property acquisitions of emergency supplies and equipment for the quarter ended March 31, 1982; to the Committee on Armed Services.

EC-3484. A communication from the Vice Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the annual report on the Electronic Fund Transfer Act covering calendar year 1981; to the Committee on Banking, Housing, and Urban Affairs.

EC-3485. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, a report on the administrative and legislative steps necessary to implement the four proposals contained in section 315 of the Omnibus Reconciliation Act for the community development block grant program; to the Committee on Banking, Housing, and Urban Affairs.

EC-3486. A communication from the Chairman of the National Research Council, transmitting, pursuant to law, the report of the Council's Committee on Ballastic Acoustics; to the Committee on Commerce, Science, and Transportation.

EC-3487. A communication from the Under Secretary of the Interior, transmitting, pursuant to law, notice of requests by ANR Production Co., Diamond Shamrock Corp., Shell Oil Co., and Columbia Gas Development Corp., for repayment of excess payment on royalties on certain oil and gas leases; to the Committee on Energy and Natural Resources.

EC-3488. A communication from the Deputy U.S. Trade Representative, Executive Office of the President, transmitting, pursuant to law, the biannual report on the operation and effect of the International Sugar Agreement; to the Committee on Finance.

EC-3489. A communication from the Director of the National Legislative Commission of The American Legion, transmitting, pursuant to law, statements describing the financial condition of the American Legion as of December 31, 1981; to the Committee on the Judiciary.

EC-3490. A communication from the Chairman of the National Commission on Libraries and Information Sciences, transmitting, pursuant to law, the annual report of the Commission for fiscal year 1981; to the Committee on Labor and Human Resources.

EC-3491. A communication from the President of the United States, transmitting, for the information of the Senate, the recommendations of the administration on elements deemed desirable in nuclear waste disposal legislation; ordered to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 836. A bill for the relief of S. Sgt. Anne M. Fisher (Rept. No. 97-396).

H.R. 1231. A bill for the relief of the Washington Post, the Washington Star, the Dispatch (Lexington, N.C.), the Brooklyn Times, Equity Advertising Agency, Inc., the Seattle Post-Intelligencer, and the News Tribune (Rept. No. 97-397).

H.R. 1608. A bill for the relief of Frieda Simonson (Rept. No. 97-398).

By Mr. WEICKER, from the Committee on Small Business, with an amendment in the nature of a substitute:

S. 1947. A bill to improve small business access to Federal procurement information (Rept. No. (97-399).

By Mr. WEICKER, from the Committee on Small Business, with an amendment in the nature of a substitute and an amendment to the title:

S. 2408. A bill to amend the Small Business Act (Rept. No. 97-400).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 150. A joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

S.J. Res. 175. A joint resolution authorizing and requesting the President to proclaim "National Junior Bowling Championship Week".

S.J. Res. 197. A joint resolution to provide for the designation of the week of October 17 through October 23, 1982, as "Myasthenia Gravis Awareness Week".

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

S. 2443. A bill to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource developments (Rept. No. 97-401).

● Mr. MURKOWSKI. Mr. President, it is my privilege today to file the Committee on Energy and Natural Resource's report to accompany S. 2443, a bill to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource developments.

Briefly, S. 2443 authorizes 14 feasibility level studies of potential water resource development projects in 8 Western States. The bill was compiled at my request and contains study authorities which are included in legislation presently pending before my Subcommittee on Water and Power as well as authorities for other studies which had been called to the attention of the subcommittee.

Mr. President, no one questions the importance of water as one of our Nation's most significant natural resources. In the decades ahead we will have to conserve this resource and at the same time respond to needs as they arise. The basis of future conservation and action will be found in the studies that are authorized today. As a nation, we must be prepared to invest in today's planning efforts in order to address the resource problems of tomorrow.●

FOREIGN CURRENCY REPORTS

In accordance with the appropriate provisions of law, the Secretary of the Senate herewith submits the following reports of standing committees of the Senate, certain joint committees of the Congress, delegations and groups, and select and special committees of the Senate, relating to expenses incurred in the performance of authorized foreign travel:

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON ARMED SERVICES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1982

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Bill Cohen									
Germany	Deutsche mark	269.04	114.00	1,306.00	553.38			1,575.04	667.38
Israel	Shekel	782	46.00					782	46.00
Egypt	Pound	(1)	(1)						
Bahrain	Dollar	(1)	(1)		1,905.52				1,905.52
Oman	Rial	21.73	63.00					21.73	63.00
Jeff Record									
Germany	Deutsche mark	130	55.00	1,306.00	553.38			1,436	608.38
Egypt	Pound	78	93.00					78	33.00
Israel	Shekel	1,292	76.00					1,292	76.00
Bahrain	Dinar	9	25.00		1,905.52			9	1,930.52
Oman	Rial	35	101.00					35	101.00
Anthony Principi									
Korea					3,438.15				3,438.15
Richard Finn									
Korea					3,424.10				3,424.10
Roy Adams									
Panama	Dollar		193.00						193.00
Senator Jeremiah Denton									
Panama	Dollar		164.00						164.00
James Brown									
Germany		(2)	(2)						
Frank Sullivan									
United Kingdom	Pound	112.50	216.00		3,560.00			112.50	3,776.00
Belgium	Franc	7,122	186.00					7,122	186.00
Netherlands	Guilder	436	178.00					436	178.00
Germany	Deutsche mark	603	267.00					603	267.00
Senator Sam Nunn									
United Kingdom	Pound	112.50	216.00		3,560.00			112.50	3,776.00
Belgium	Franc	7,122	186.00					7,122	186.00
Netherlands	Guilder	436	178.00					436	178.00
Germany	Deutsche mark	603	267.00					603	267.00
Arnold Punaro									
United Kingdom	Pound	112.50	216.00		3,560.00			112.50	3,776.00
Belgium	Franc	7,122	186.00					7,122	186.00
Netherlands	Guilder	436	178.00					436	178.00
Germany	Deutsche mark	603	267.00					603	267.00
Wayne Arny									
Germany	Deutsche mark	387	164.00	1,306	553.38			1,693	717.38
Egypt	Pound	83	100.0					83	100.00
Israel	Shekel	1,632	96.00					1,632	96.00
Bahrain	Dinar	31.12	83.00		1,072.92			31.12	1,155.92
Oman	Rial	47.61	138.00					47.61	138.00
Drew Harker									
Germany	Deutsche mark	387	164.00	1,306	553.38			1,693	717.38
Egypt	Pound	83	100.00					83	100.00
Israel	Shekel	1,632	96.00					1,632	96.00
Bahrain	Dinar	31.12	83.00		1,072.92			31.12	1,155.92
Oman	Rial	47.61	138.00					47.61	138.00
Senator John Tower									
Germany	Deutsche mark	580.56	246.00					580.56	246.00
Turkey	Lira	21,487.50	150.00					21,487.50	150.00
Italy	Lire	166,240	130.78					166,240	130.78
Spain	Pesetas	15,075	150.00					15,075	150.00
United Kingdom	Pound	88.07	162.00	1,148.50	2,205.12			1,236.57	2,367.12
Rhett Dawson									
Germany	Deutsche mark	375.26	159.01					375.26	159.01
Turkey	Lira	21,487.50	150.00					21,487.50	150.00
Italy	Lire	216,240	170.00					216,240	170.00
Spain	Pesetas	15,075	150.00					15,075	150.00
United Kingdom	Pound	88.07	162.00	1,148.50	2,205.12			1,236.57	2,367.12
James Locher									
Germany	Deutsche mark	542.35	229.81					542.35	229.81
Turkey	Lira	21,487.50	150.00					21,487.50	150.00
Italy	Lire	216,240	170.00					216,240	170.00
Spain	Pesetas	15,075	150.00					15,075	150.00
United Kingdom	Pound	76.65	144.10	1,148.50	2,205.12			1,225.15	2,349.22
Carl Smith									
United Kingdom	Pound	146.79	270.00	1,148.50	2,205.12			1,295.29	2,475.12
United States	Dollar				650.00				650.00
James McGovern									
Germany	Mark	278.36	117.95					278.36	117.95
Turkey	Lira	21,487.50	150.00					21,487.50	150.00
Italy	Lire	216,240	170.00					216,240	170.00
Spain	Pesetas	15,075	150.00					15,075	150.00
United Kingdom	Pound	88.07	162.00	1,148.50	2,205.12			1,236.57	2,367.12
Codel Tower [3]									
United Kingdom				2,598.95					
Italy				644.00					
Spain				155.00					
Total				3,427.95			3,427.95		3,427.95
Codel Nunn [3]									
United Kingdom				705.60			705.60		705.60
Codel Cohen [3]									
Oman			140.34						
Israel			826.00						
Total			966.34				966.34		966.34
Expenses paid under the authority of S. Res. 179, agreed to May 25, 1977 and not covered by counterpart funds for delegation expenses in Germany, Turkey, Italy, Spain, and the United Kingdom							3,538.77		3,538.77
Total			8,126.65		37,388.25		8,638.66		54,153.56

[1] No per diem used.

[2] No per diem received.

[3] Delegation expenses other than those paid for by counterpart funds, paid under the authority of section 502(b) of the Mutual Security Act of 1954, as amended by section 22 of Public Law 95-384.

JOHN TOWER,
Chairman, Committee on Armed Services, Mar. 31, 1982.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON THE BUDGET, EXPENDED BETWEEN JAN. 1 AND JAN. 19, 1982

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Charles O. Flickner:									
Hong Kong	Dollar		95.00						95.00
Indonesia	Rupiah		385.00						385.00
Philippines	Peso		525.00						525.00
United States	Dollar				3,137.00				3,137.00
Jeffrey Malashock:									
United Kingdom	Pound	169.64	324.00	131.55	251.66			301.19	575.66
Germany	Mark	773.81	370.00	258.87	123.86			1,032.68	493.86
France	Franc		656.00						656.00
United States	Dollar				1,900.00				1,900.00
Total			2,355.00		5,412.52				7,767.52

PETE V. DOMENICI,
Chairman, Committee on the Budget, Mar. 31, 1982.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON ENERGY AND NATURAL RESOURCES, EXPENDED BETWEEN JAN. 2 AND JAN. 14, 1982

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
H. Elliot Chakoff:									
Taiwan	New Taiwan dollar	10,430	276.00					10,320	276.00
Korea	Won	197,964	282.00	296,364	422.18			494,328	704.18
Japan	Yen	116,994	527.00	18,300	76.25			135,294	603.25
United States	Dollar				2,720.67				2,720.67
Senator Frank H. Murkowski:									
Korea			376.00						376.00
Total			1,461.00		3,219.10				4,680.10

JAMES A. McCLURE,
Chairman, Committee on Energy and Natural Resources, Mar. 31, 1982.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON THE JUDICIARY, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1982

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Alan Simpson:									
Mexico	Pesos	8,190	315.00		1,001.20				1,316.20
Alice Milder:									
Mexico	Pesos	8,190	315.00		587.00				902.00
Richard W. Day:									
Mexico	Pesos	8,190	315.00		587.00				902.00
Donna M. Alvarado:									
Mexico	Pesos	8,190	315.00		587.00				902.00
Joel Lisker:									
Republic of South Africa	Rands	866.70	910.04		2,448.00				3,358.04
Bert W. Milling, Jr:									
Republic of South Africa	Rands	693.36	728.02		2,448.00				3,176.02
Total			2,898.06		7,658.20				10,556.26

STROM THURMOND,
Chairman, Committee on the Judiciary, Mar. 18, 1982.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON FOREIGN RELATIONS, EXPENDED BETWEEN OCT. 1 AND DEC. 31, 1981

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Charles Mathias:									
Switzerland	Swiss Franc	682	329.00					682	329.00
United States	Dollar				1,706.00				1,706.00
France	Franc	1,618.50	288.00					1,618.50	288.00

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON FOREIGN RELATIONS, EXPENDED BETWEEN OCT. 1 AND DEC. 31, 1981—Continued

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Nancy H. Stetson									
Spain	Pesetas	46,410	487.50	1600	16.98			48,010	504.48
United States	Dollar				1,017.00				1,017.00
Casimir A. Yost									
Switzerland	Swiss Franc	175.10	85.00					175.10	85.00
United States	Dollar				1,223.00				1,223.00
Total			1,189.50		3,962.98				5,152.48

CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, Apr. 1, 1982.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), SELECT COMMITTEE ON INTELLIGENCE, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1982

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Patrick J. Leahy									295.50
Edward P. Brynn (Detailed to Senate from State Department.)									195.50
Robert Simmons									3,289.25
Herbert Kline									2,885.25
Total									6,665.50

BARRY GOLDWATER,
Chairman, Select Committee on Intelligence, Mar. 31, 1982.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), COMMITTEE ON LABOR AND HUMAN RESOURCES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1982

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Renn M. Patch									
Switzerland	Franc	1,198.30	635.00					1,198.30	635.00
	United States dollar		89.00						89.00
India	Rupee	4,865.25	525.00					4,865.25	525.00
United States	Dollar				2,661.62				2,661.62
Michael P. Pillsbury									
Switzerland	Franc	1,198.30	635.00					1,198.30	635.00
	United States dollar		89.00						89.00
India	Rupee	4,861.50	525.00					4,861.50	525.00
Pakistan	Rupee	3,538.08	324.00					3,538.08	324.00
Philippines	Peso	1,876.50	225.00					1,876.50	225.00
Japan	Yen	20,000	101.00					20,000	101.00
United States	Dollar				2,650.20				2,650.20
Total			3,148.00		5,311.82				8,459.82

ORRIN G. HATCH,
Chairman, Committee on Labor and Human Resources, Apr. 7, 1982.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), JOINT ECONOMIC COMMITTEE, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1982

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Representative Clarence Brown:									
United States	Dollar				611.42				611.42
England	Pound	117.15	208.53					117.15	208.53
Richard K. Vedder:									
United States	Dollar				648.52				648.52
England	Pound	175.72	312.79					175.72	312.79
Total			521.32		1,259.94				1,781.26

HENRY S. REUSS,
Chairman, Joint Economic Committee, Mar. 31, 1982.

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CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), JOINT ECONOMIC COMMITTEE, EXPENDED BETWEEN JAN. 1 AND DEC. 31, 1981

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Roger Jepsen:									
United States	Dollar				590.45				590.45
Switzerland	Franc	363.05	186.00					363.05	186.00
England	Pound	111.09	258.00	97.46	226.36	10.95	25.44	219.50	509.80
Representative Clarence Brown:									
United States	Dollar				1,100.50				1,100.50
Switzerland	Franc	181	93.00					181	93.00
England	Pound	111.63	259.27	97.46	226.36	10.95	25.44	220.04	511.07
Charles Bradford:									
United States	Dollar				1,100.50		30.45		1,130.35
Switzerland	Franc	363.05	186.00					363.05	186.00
England	Pound	166.63	378.25	97.46	226.36	10.95	25.44	275.04	630.05
Stephen Entin:									
United States	Dollar				1,100.50				1,100.50
Switzerland	Franc	363.05	186.00	10.00	5.13	160	82.05	533.05	273.18
England	Pound	166.63	378.25	100.46	233.17	225.56	512.60	492.65	1,124.02
Total			1,924.77		4,809.33		701.42		7,435.52
Bruce Bartlett:									
United States	Dollar				1,100.50		33.50		1,134.00
Switzerland	Franc	363.95	186.00					363.05	186.00
England	Pound	166.63	378.25	97.46	226.36	10.95	25.44	275.04	630.05
James Galbraith:									
United States	Dollar				1,402.00				1,402.00
France	Franc	4,006.80	742.00	135	25.00			4,141.80	767.00
Representative Henry Reuss:									
France	Franc	3,434.40	636.00					3,434.40	636.00
Richard Kaufman:									
Japan	Yen	75,548	324.00					75,549	324.00
Kent Hughes:									
Japan	Yen	118,450	515.00					118,450	515.00
Representative Henry Reuss:									
United States	Dollar				860.00				860.00
France	Franc	513	95.00					513	95.00
Richard Kaufman:									
Germany	Deutsche mark	1,212.75	183.00					1,212.75	183.00
Total			3,059.25		3,613.86		58.94		6,732.05

The following staff members traveled abroad during the time Jan. 1 to Dec. 31, 1981, with all expenses, air and ground transportation, and per diem, being paid by the International Communication Agency (ICA): James K. Galbraith and Richard Kaufman.

HENRY S. REUSS,
Chairman, Joint Economic Committee, Apr. 22, 1982.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95-384—22 U.S.C. 1754(b), MAJORITY LEADER, EXPENDED BETWEEN JAN. 1 AND DEC. 31, 1981

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Nadine Jacobsen: Korea	Won	88,977	133.00					88,977	133.0
Joseph T. Mayer:									
Germany	Mark	344.32	155.80			4.42	2.00	348.74	157.80
England	Pounds	176.39	326.65	7.97	14.75	3.78	7.00	188.14	348.40
Italy	Lira	10,115.0	8.50					10,115.0	8.50
Turkey	Lira	12,333.83	99.95			987.20	8.00	13,321.03	107.95
Greece	Drachmas	4,616.15	84.70			218.0	4.00	4,834.15	88.70
Total			808.60		14.75		21.00		844.35

HOWARD H. BAKER, JR.,
Majority Leader, Apr. 23, 1982.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DIXON:

S. 2536. A bill to amend the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940 to include individual and self-employed retirement plans as exempted securities; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. CHILES:

S. 2537. A bill to amend title 38, United States Code, to require the Administrator of the Veterans' Administration to consider the number of veterans residing in each State and projected changes in the number of veterans residing in each State in acquiring and operating medical facilities, and for other purposes; to the Committee on Veterans Affairs.

By Mr. TOWER:

S. 2538. A bill to amend section 5137 of the Revised Statutes to extend, under certain conditions, the period of time a national bank may hold real estate; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. DANFORTH (by request):

S. 2539. A bill to extend for 2 years the Act implementing the International Sugar Agreement, 1977; to the Committee on Finance.

S. 2540. A bill to extend the application of the International Coffee Agreement Act of 1980 for 1 year; to the Committee on Finance.

By Mr. CHAFEE (for himself, Mr. Tsongas, Mr. Danforth, and Mr. Heinz):

S. 2541. A bill to amend Section 103(b)(6) of the Internal Revenue Code of 1954 with respect to the exemption from the industrial development bond provisions for certain small issues; to the Committee on Finance.

By Mr. ROBERT C. BYRD (for himself, Mr. Levin, Mr. Riegle, Mr. Kennedy, Mr. Jackson, Mr. Sasser, Mr. Sarbanes, Mr. Moynihan, Mr. Pell,

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Mr. MELCHER, Mr. HEFLIN, Mr. DIXON, Mr. EAGLETON, Mr. GLENN, Mr. RANDOLPH, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. CANNON, Mr. CRANSTON, Mr. HART, Mr. HUDDLESTON, and Mr. FORD):

S. 2542. A bill to establish a Federal emergency unemployment compensation program; to the Committee on Finance.

By Mr. THURMOND (for himself and Mr. HATCH) (by request):

S.J. Res. 199. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. PRESSLER:

S. Res. 393. Resolution expressing the sense of the Senate that the Secretary of Agriculture should promptly call for a section 22 study on honey imports; to the Committee on Finance.

By Mr. WARNER (for himself, Mr. GOLDWATER, Mr. NUNN, and Mr. PELL):

S. Res. 394. Resolution expressing the sense of the Senate to commemorate the bicentennial of the Great Seal of the United States; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DIXON:

S. 2536. A bill to amend the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940 to include individual and self-employed retirement plans as exempted securities; to the Committee on Banking, Housing, and Urban Affairs.

COLLECTIVE INVESTMENT OF IRA'S BY BANKS

Mr. DIXON. Mr. President, today I am introducing legislation to clarify the question of whether the securities laws should apply to collective investment of individual retirement accounts by bank trust departments.

Effective January 1, 1982, anyone with earned income could create an individual retirement account under the Internal Revenue Code. As I understand it, Congress clearly intended to remove barriers that prevented the investment of these moneys in existing Keogh and corporate collective investment funds or in separate IRA collective funds when IRA's were first authorized. This would have provided trust departments with the tools to economically and effectively invest such funds in securities for the benefit of millions of individuals.

However, the Securities and Exchange Commission has taken the position that IRA's invested in this manner would not be exempt from the 1933 and 1934 Securities Acts and that the collective trusts themselves are not exempt from the Investment Company Act. This has occurred because exemption from these securities laws are couched in terms of trusts under section 401 of the Internal Revenue Code, whereas IRA trusts qualify under a different section, 408.

The result is a situation where corporate plans are exempt from SEC registration requirements, but not IRA's or Keoghs. Therefore, bank trust departments are unable to offer IRA's or Keoghs to potential investors outside the State they are located in without having to comply with SEC requirements.

This causes particular problems for smaller trust departments, which are prevented from combining their corporate plans and IRA's in one collective fund, which they might want to do because they did not hold sufficient assets to justify maintaining two different funds while providing the most economic service their customers.

The lack of an exemption from the securities law results in additional unnecessary administrative costs to banks and inhibits their competitiveness. The stance of the SEC prohibits trust departments from effectively serving individuals who want to invest in individual retirement accounts.

Mr. President, I do not believe it makes sense to treat bank trust department collective investment of individual retirement accounts this way. They are currently permitted to invest section 401 corporate trusts collectively without having to meet SEC registration requirements. These plans make employee's voluntary contributions to an employer-sponsored plan tax deductible, as an IRA does.

The only difference, therefore, between a section 401 plan which is exempt from SEC registration requirements and a section 408 IRA or Keogh plan which is not, is that in the former case the plan is sponsored by the employer. From the employee's or banks' perspective, there is no difference.

I do not believe that Congress ever intended to distinguish between employer-sponsored plans and individual-sponsored plans in this area. On the contrary, it was Congress clear intention to encourage the formation of IRA's and to encourage individuals to make use of the new opportunities. Applying SEC registration requirements to collective investment of IRA's by bank trust departments defeats this purpose.

My bill, therefore, eliminates this unnecessary and burdensome restriction, clarifying the law to ensure banks are able to invest IRA funds collectively without the necessity of complying with burdensome and inappropriate SEC registration requirements.

It is intended that IRA's be permitted to be invested in traditional common trust funds where the bank serves as trustee. No statutory change is proposed to effect this purpose for it should be clear from the present language in the statute that none is necessary. I am surprised and disappointed at the position taken by the SEC in its interpretative letters.

The proposed bill is offered to permit banks to collectively invest IRA's in pooled retirement accounts where the bank serves in a capacity other than trustee.

Mr. President, I think this legislation represents a reasonable and appropriate clarification of the law. I look forward to discussing the issue with my colleagues on the Senate Committee on Banking, Housing, and Urban Affairs, on which I am pleased to serve, and I look forward to prompt enactment of these needed changes.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2536

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 (a) (2) of the Securties Act of 1933 (15 U.S.C. 77c (a) (2)) is amended—

(1) in clause (A), by inserting "or individual retirement account" after "or profit sharing plan" and by inserting "or 408" after "section 401";

(2) by striking out subclause (ii);

(3) by redesignating subclause (iii) as subclause (ii); and

(4) by striking out the second sentence.

SEC. 2. (a) Section 3 (a) (12) of the Securities Exchange Act of 1934 (15 U.S.C. 78c (a) (12)) is amended—

(1) in clause (A), by inserting "or individual retirement account" after "profit-sharing plan" and by inserting "or 408" after "section 401";

(2) by striking out subclause (i); and

(3) by striking out "or (ii)".

(b) Section 12 (g)(2)(H) of such Act is amended by striking out "or (ii)" and inserting in lieu thereof "(ii) an individual retirement account which meets the requirements of section 408 (a) of such Code, or (iii)".

SEC. 3. Section 3(c)(11) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(c)(11)) is amended—

(1) by inserting "or individual retirement account" after "profit-sharing trust";

(2) by inserting "or 408" after "section 401" wherever it appears;

(3) by inserting "or accounts" after "of such trusts";

(4) by inserting "or individual retirement accounts" after "profit-sharing plans" in clause (A); and

(5) by inserting "or the requirements of section 408 of such Code" before ", (B)".

By Mr. CHILES:

S. 2537. A bill to amend title 38, United States Code, to require the Administrator of the Veterans' Administration to consider the number of veterans residing in each State and projected changes in the number of veterans residing in each State in acquiring and operating medical facilities, and for other purposes; to the Committee on Veterans' Affairs.

VETERANS' ADMINISTRATION MEDICAL CARE FUNDING

● Mr. CHILES. Mr. President, today I am introducing legislation to provide for a more fair and reasonable distribution of the Federal dollars Congress appropriates each year for VA medical care facilities and services. In this era of budget cutting and belt tightening we cannot realistically expect huge increases in VA medical care funding. Right now, in fact, many of us in the Senate are fighting hard just to hold on to what we feel are meager increases in funding necessary to help the VA keep up with rising medical care costs and increasing health care service demands. I will continue to oppose unrealistic budget cutbacks for VA medical care, but in this period of fiscal restraint, it becomes increasingly important to efficiently target VA health care funds so the money goes to where the need exists. In order to make sure health care dollars can go to where the eligible veterans are, we must make sure the VA health care dollars are distributed in a way that reflects the changing veteran population.

This legislation I am introducing today seeks to achieve this goal by requiring the VA Administrator to collect certain veteran demographic information each year and to recommend the apportionment of VA medical care funds on the basis of this information. I am pleased Congressman DAN MICA from Florida is introducing identical legislation today in the House of Representatives.

What we have seen in past years is a tremendous redistribution of the veteran population. I know my State has witnessed an incredible influx of veterans. Florida's veteran population now exceeds 1.3 million and is expected to reach 2 million by 1990. Florida has the fastest growing veteran population in the Nation. We estimate that 5,000 veterans move from other States to Florida each month. The State of Florida, of course, welcomes these veterans. But you can easily see how this ballooning veteran population strains our medical facilities when you realize that approximately one out of every five veterans seek some kind of medical attention from the VA. Florida's VA medical facilities have just about reached the breaking point. It is clear that VA medical care dollars have not increased through the decade in proportion to the population growth and health care demands of the eligible veteran community.

Florida is not alone in this problem. Many veterans, particularly older veterans, look to the warmer climates in the southern part of the United States when they think about retiring. Other veterans move to warmer States for health-related reasons. Our major problem right now is we lack current, up-to-date information on where our veterans live and where they have moved from, what health care demands exists, and to what extent existing staff, facilities, and VA services are meeting the needs of eligible veterans. In other words, we can not say we are putting VA medical care dollars where we most need them because by the time we find out where our veterans are, the information is out of date.

To help address and hopefully resolve this problem I am introducing the Veterans Medical Care Resources Allocation Act of 1982. The purpose of the bill is to put in place a system that makes sure when an area experiences a boom in their veterans population, the money allocated to that area will reflect that change in population. This is not a problem that just sneaked up on us. I have been in touch with the VA on this matter for several years now, and they tell me they have been working on a system that will shift resources to follow demand. But population patterns continue to change and there has been no action taken to respond to these trends. I think we need action now.

This legislation will require the VA to compile demographic information and require the VA Administrator to look at this information and to operate and establish VA medical facilities on the basis of this information. The areas where the large veteran populations live will start getting funds and facilities to meet the needs of those veterans living there. This kind of system, which cannot be run without the decisionmakers having current data on veterans, is simply the fairest and most reasonable way to go about providing for the health care needs of this country's veterans. This bill has three basic components:

CURRENT VETERANS DEMOGRAPHIC INFORMATION

The first part of this bill requires an annual review of veteran population data. This data would include an accounting of the present number of veterans residing in each State, as well as data on the past and projected changes in the veterans population figures. All of this information is needed to determine where exactly America's veterans are living

MEDICAL CARE SERVICES ADEQUACY REPORT

The bill next requires an analysis of the adequacy of existing medical care services. This entails a study of admission policies throughout the medical care system. The bill would require a review of records of eligible veterans who apply for hospital care or outpatient care or nursing home care, but are turned down. Right now we have current information on the number of veterans that each facility serves. But we do not have any information that would tell us how many more veterans these facilities could service if the veterans could be accommodated. All of this information that is required in this part of the bill will give the VA Administrator a true picture of veterans health care demands.

VA ADMINISTRATOR'S REPORT TO CONGRESS

Based on the review of information that this bill necessitates, the Administrator must send to Congress an annual report detailing the veterans population data and recommending apportionment of appropriated funds. This recommendation would, of course, take into account the veteran population distribution.

This bill is designed to take a step toward reforming the VA system of allocating VA health care dollars. If we document where the veterans live and what health care needs they have, and then we require the VA Administrator to apportion funds based on all of that information, then I think we are moving closer toward making the VA health care system more responsive to the needs of veterans. I hope we will see favorable action on this proposal by the Senate Veteran's Affairs Committee.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2537

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 5002 (c) of title 38, United States Code, is amended by inserting "the number of veterans residing in each State, the past and projected changes in the number of veterans residing in each State, and" after "consideration".

SEC. 2. (a) Paragraph (3) of subsection (a) of section 5010 of title 38, United States Code, is amended—

"(3)(A) The Chief Medical Director shall at the end of each fiscal year (i) analyze agencywide admission policies and the records of those eligible veterans who apply for hospital care, medical services and nursing home care, but are rejected or not immediatey admitted or provided such care or services, (ii) review the adequacy of the capacity of the medical facilities (including outpatient facilities), the adequacy of the established operating bed levels, the geographic distribution of operating beds, the number of veterans residing in each State at the end of the fiscal year, the change in the number of veterans residing in each State during the preceding fiscal year, the projected change in the number of veterans residing in each State during the ensuing fiscal year, the demographic characteristics of the population of veterans and the associated need for medical facilities and medical care in each State, and the proportion of the total number of operating beds that are hospital beds and that are nursing home beds, and (iii) make such recommendations to the Administrator as the Chief Medical Director considers appropriate based on the review under clause (ii) of the first sentence of this subparagraph.

"(B) After considering the analysis and recommendations of the Chief Medical Director pursuant to subparagraph (A) of this paragraph, the Administrator shall, on or before December 1 of each year, report to the committees on the results of the analysis and review of the Chief Medical Director under subparagraph (A) of this paragraph, the adequacy of the capacity of medical facilities (including outpatient facilities), and the number operating beds and level of treatment capacities required to enable the Veterans' Administration to carry out the primary function of the Department of Medicine and Surgery. The Administrator shall include in each such report the number of veterans residing in each State at the end of the preceding fiscal year, the change in the number of veterans residing in each State during such preceding fiscal year, the projected change in the number of veterans residing in each State during the ensuing fiscal year, and recommendations for (i) the number of operating beds and the level of treatment capacities required at medical facilities for the health care of veterans and the maintenance of the contingency capacity referred to in paragraph (1) of this subsection, and (ii) the appropriate staffing of, level of funding for, and apportionment of appropriated funds among medical facilities. In making recommendations relatings to the level of funding for and the apportionment of appropriated funds among medical facilities the Administrator shall consider the number of veterans residing in the State or States served by each medical facility, the change in the number of veterans residing in such State or States during the preceding fiscal year, and the projected change in the number of veterans residing in such State or States during the ensuing fiscal year. The Administrator shall describe in the report submitted under the first sentence of this subparagraph how the recommendations with respect to the apportionment of appropriated funds relate to the factors considered under the third sentence of this subparagraph.".

SEC. 3. The amendments made by this Act shall take effect October 1, 1982.●

By Mr. TOWER:

S. 2538. A bill to amend section 5137 of the Revised Statutes to extend, under certain conditions, the period of time a national bank may hold real estate; to the Committee on Banking, Housing, and Urban Affairs.

NATIONAL BANKS' REAL ESTATE HOLDINGS

● Mr. TOWER. Mr. President, we are all too aware of the problems facing our financial institutions. They are being battered by high interest rates and increased numbers of bankruptcies. Indeed, many of those institutions are beginning to suffer from reduced earnings and attenuating capital bases themselves.

While there are many possible ways to address this problem, there is at least one partial solution which can be easily and readily enacted by this Congress.

Mr. President, a number of banks in this country find themselves in possession of interests in parcels of real estate other than the real estate needed to engage in the banking business. In many cases, this real estate has been owned by the banks for many years, and has been written down to a nominal value by the banks. In other words, the real estate does not appear as a valuable asset on the banks' balance sheets. This is important because the real estate presents no risk to the safety of those balance sheets.

Still, much of this real estate does provide revenues to the banks, and this yields income which strengthens the banks' capital positions. This is a very beneficial result.

There is a problem, Mr. President. The National Bank Act of 1864 limits bank holding of such real estate to no more than 5 years. This provision was included in the 1864 act in order to discourage bank speculation in real estate. In fact, this provision has been largely ignored by the Comptroller of the Currency over the years in States which permitted State-chartered banks to hold such real estate if the real estate were written down to a nominal value. Approximately 2 years ago, due to a new interpretation of this law, the Comptroller notified these banks that they must arrange to dispose of these real assets.

Compliance with this new interpretation would have required these banks to suffer economic hardship and would have been contrary to long-established policy. Consequently the Congress granted temporary relief in legislation enacted last year as part of Public Law 97-25. This law authorized national banks to continue to hold this real estate until December 31, 1982, in order to give Congress the opportunity to evaluate the wisdom of applying the 1864 law as interpreted at present by the Comptroller.

During the interceding year it has become apparent that banks must be permitted to strengthen their capital bases in order to weather the problems which I earlier described.

Therefore, I am introducing legislation which would:

First. Provide a clear statutory basis for the existing real estate holding practices of certain national banks, which practices heretofore have been permitted by the Comptroller;

Second. Maintain a "level playing field" between State chartered and national banks with respect to the holding of real estate in those States where State law and the previous policy of the Comptroller's Office were substantially the same; and

Third. Limit the statutory relief to those national banks which have held such real estate for many years and had, prior to December 31, 1979, written its value down on their books to zero or a nominal amount.

Mr. President, this legislation would simply provide for the continuation of practices which were de facto permitted by the Comptroller, without in any way permitting speculation in real estate. The cutoff date of December 31, 1979, would effectively preclude any actions by national banks which would fly in the face of the new interpretation of the Comptroller, while averting the ill effects of applying the new interpretation to actions in the past.●

By Mr. DANFORTH (by request):

S. 2539. A bill to extend for 2 years the act implementing the International Sugar Agreement, 1977; to the Committee on Finance.

EXTENSION OF INTERNATIONAL SUGAR AGREEMENT

● Mr. DANFORTH. Mr. President, the International Sugar Agreement (ISA) which was due to expire on December 31, 1982, has been extended, with the concurrence of the United States, until December 31, 1984. Public Law 96-236, the act of implementing the ISA, authorizes the President to regulate the entry of sugar into the United States and to take other actions required in order to implement U.S. obligations under the ISA. However, section 2 of Public Law 96-236 grants the President this authority only through the end of 1982. Thus, if the President is to be authorized to carry out U.S. obligations under the ISA, as extended, an extension of the implementing authority is also necessary. Today I am introducing legislation requested by the administration, for this purpose.

U.S. objectives in the ISA can be summarized as: Stabilizing the price of sugar within a range which moderates extreme fluctuations, in the interest of both producers and consumers; and promoting more stable world market conditions for sugar, which is of particular interest to producing countries and regions of importance to the United States, for example, Latin America, Australia, the Philippines, Brazil, and Thailand.

The ISA price range has been revised upward (by 1 cent each time) twice since the agreement began in 1978. The price range is currently set at 13 to 23 cents per pound. The ISA has not been entirely successsful in maintaining prices within the established range. The agreement failed to lift prices into the range during the first 2 years and did not halt their rapid runup in 1980, although these fluctuations may have been more extreme without the ISA. Part of the ISA's failure can be attributed to the nonmembership of the EEC which has doubled its exports of sugar since 1977 and now accounts for over one-fifth of free market exports.

The EC question is central to the ISA's future. Under pressure from complaints in the GATT (Australia, Brazil, United States) and urging from EC member states, the Community appears to be moving closer to ISA accession than at any other time since 1978. EC subsidies may result in over 5 million tons of sugar exports (raw value) next year, over one-quarter of the

ISO's "free market". This figure becomes even more significant in view of the fact that the EC has been a net exporter only since 1977.

Under these circumstances, U.S. interests seem best served by preserving the ISA. The additional time made available by the extension would be used by the United States and all ISA members to determine how the current agreement could be improved and to attempt to bring the EC into the agreement. Also, the ISA, along with the GATT, may help bring EC sugar subsidies under control.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2539

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act providing for the implementation of the International Sugar Agreement, 1977, and for other purposes" (Public Law 96-236; 7 U.S.C. 3602) is amended by striking out "1983" and inserting in lieu thereof "1985".●

By Mr. DANFORTH (by request):

S. 2540. A bill to extend the application of the International Coffee Agreement Act of 1980 for 1 year; to the Committee on Finance.

EXTENSION OF INTERNATIONAL COFFEE AGREEMENT

● Mr. DANFORTH. Mr. President, the International Coffee Agreement (ICA), of which the United States has been a member since 1976, was due to expire on September 30, 1982. At the last session of the International Coffee Organization, a U.S.-supported resolution was passed to extend the ICA for 1 year. Currently, section 2 of the International Coffee Agreement Act of 1980 authorizes the President to implement U.S. obligations under the ICA through the regulation of imports into the United States. This authority expires, however, on October 1, 1982. The legislation requested by the administration which I am introducing today would extend the President's authority to implement the ICA for 1 year, or until October 1, 1983.

According to the administration, U.S. efforts in modifying the ICA during the 1-year extension period will be geared toward improving the distribution of various grades of coffees available to consuming countries. This effort is being made in response to concern expressed by the U.S. coffee industry that they may require more of a particular type of coffee than is made available through the current quota distribution mechanism.

The International Coffee Agreement Act enables the United States to meet fully its obligations under the ICA through the policing of export quotas when the ICO has put them into effect. Export quotas were reduced four times as prices fell during 1981; three times as explicitly provided for in the September 1980 accord and an extraordinary fourth time in July when prices remained below the $1.15 to $1.55 a pound price range. Coffee prices generally remained within, or slightly below, the price range, indicating that the agreement was providing some stability to the coffee market.

In September 1981, at the annual coffee council meeting, exporters and importers agreed on export quotas and a price range for the year beginning October 1, 1981, at about the same levels as in 1980-81 in expectation that demand and prices would be about the same in 1982 as in 1981. As noted, with U.S. support, the council also agreed to extend the current agreement 1 year through September 30, 1983, to allow ample time for renegotiation. A negotiating conference has been tentatively scheduled for spring 1982.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2540

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the International Coffee Agreement Act of 1980 (19 U.S.C. 1356k) is amended by striking out "October 1, 1982" and inserting in lieu thereof "October 1, 1983".●

By Mr. CHAFEE (for himself, Mr. TSONGAS, Mr. DANFORTH, and Mr. HEINZ):

S. 2541. A bill to amend section 103(b)(6) of the Internal Revenue Code of 1954 with respect to the exemption from the industrial development bond provisions for certain small issues; to the Committee on Finance.

SMALL ISSUE INDUSTRIAL DEVELOPMENT BOND REFORM ACT OF 1982

● Mr. CHAFEE. Mr. President, today I am introducing the Small Issue Industrial Development Bond Reform Act of 1982 which will limit the excesses and abuses of tax exempt financing now allowed under current law. This bill is offered as a replacement for the administration's proposal which puts such severe restrictions on IDB financing that I believe it would kill most of the program.

Senators TSONGAS, DANFORTH, and HEINZ are joining in cosponsoring this bipartisan effort. It is based on recommendations of the Coalition of Northeastern Governors (CONEG) and is strongly supported by the National Governors Association (NGA).

The legislation embodies a 6-point reform plan to assure the proper and legitimate use of tax-exempt industrial development bonds (IDB's) to finance needed industrial expansion and economic development projects. This plan is designed to preserve the positive private investment and job creation benefits of State and local IDB programs, while eliminating widely perceived abuses of IDB's. Major elements of the legislation include:

First. Elimination of IDB financing for certain controversial facilities. With the exception of commercial projects located in economically distressed areas, the legislation would prohibit the use of IDB's to finance certain commercial, recreational, or entertainment facilities. Specifically excluded from IDB financing would be such things as golf courses, tennis clubs, racetracks, skating facilities, nightclubs, automobile dealerships, restaurants, office buildings, retail stores, and shopping centers.

Second. Special assistance in distressed areas. Commercial projects, such as restaurants, office buildings, stores, and shopping centers, would be permitted only in areas defined as economically distressed under the legislation. In addition, the maximum amount of IDB's that could be used for a project in a distressed area would be increased from $10 million to $15 million as a means of encouraging the revitalization of economically distressed areas.

Third. Umbrella financing for small business. The legislation would provide an exception to recent IRS regulations to permit states to continue to issue IDB's under umbrella programs, provided all projects financed by an umbrella bond issue are located within the same State. This provision will enable States to continue specially designed IDB programs to help smaller firms obtain needed capital for growth and expansion.

Fourth. Incentives for research and development. Certain research and development expenditures would be excluded for purposes of calculating the capital expenditure limit under the IDB program. This provision would eliminate current disincentives for research and development, and would enable growing high technology firms to make use of IDB financing.

Fifth. Public review requirements. A "sunshine" provision, which would require public notice of proposed IDB issues and approval of such issues in an open public meeting, is included in the legislation. In addition, before an issue could be approved, the issuing authority would have to determine that the financing will result in the creation or retention of jobs, will benefit the local economy, and will be a significant inducement to the construction, rehabilitation, or improvement of the facility to be financed.

Sixth. Annual reporting requirements.

State authorities would be required to submit an annual report to the

Treasury Department detailing the amount of IDB's issued during the previous calendar year, by the State and its political subdivisions, the number of projects financed, the number of jobs created or retained by each project, and the names of the firms using IDB financing.

The effect of these changes will be to reduce the overall growth in the volume of tax-exempt IDB's, while focusing the program more directly on meeting the job creation and economic development needs of the 1980's.

We have two important reasons for introducing this reform legislation:

First, is that the permissiveness of current law has led to enormous increases in the use of private purpose IDB's in recent years and has resulted in what most Senators believe to be abuses of tax-exempt financing.

Among the biggest users of IDB's have been major national corporations which franchise fast food restaurants and own retail store chains. In many cases, tax-exempt financing used to assist such commercial projects is drawing businesses to health suburban areas at the expense of our declining center cities.

Is this how we want to use our scarce tax dollars?

To subsidize fast food restaurants, shopping centers, and office buildings?

Is this an intentional element of our national economic development strategy?

I think not.

Our reform bill, as stated earlier in my remarks, would eliminate nonindustrial small issue IDB's except in economically distressed areas defined as UDAG eligible. In these places, IDB financing for office buildings, stores, and restaurants would be allowed.

The second reason for our industrial development bond reform bill is that we find a compelling need to offer the Senate an alternative to the administration's IDB restriction proposal.

The Treasury has outlined a plan that would not only cripple the small issue IDB program, which is used primarily to assist the expansion of smaller businesses, but it would also apply restrictions to tax-exempt bonds issued for student loans, hospitals, educational facilities, nursing homes, low income multifamily housing, pollution control, and other legitimate purposes.

Our bill does not apply any restrictions to these uses. We propose to limit only the commercial use of small issue industrial development bonds. We feel strongly that our bill makes the kind of responsible reforms necessary to assure the IDB program can continue in its traditional and important economic development role.

This is particularly important in the context of today's high interest rates. Small business, who are the beneficiaries of 93 percent of all small issue IDB's, are experiencing bankruptcies at depression-era levels because of high market interest rates. The IDB program is one of the only tools we have to counter the severe effects of this problem. In my State, like many others, there would have been no economic growth in the past 2 years without industrial development bonds.

I urge all our colleagues to join in supporting this bill and ask unanimous consent that the Small Issue Industrial Development Bond Reform Act of 1982 be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2541

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Small Issue Industrial Development Bond Reform Act of 1982".

SEC. 2. CHANGES IN EXEMPTION FOR CERTAIN SMALL ISSUES.

(a) Restrictions on Financing Certain Facilities.—Paragraph 6 of section 103(b) of such Code is amended by adding at the end thereof the following new subparagraph:

"(K) Restrictions on financing certain facilities.—This paragraph shall not apply to an issue of more than an insubstantial portion of the proceeds of such issue are to be used directly or indirectly for restaurants, office buildings, (excluding office buildings substantially all of which are occupied by a single firm or corporation), stores or shopping centers, automobile dealerships, night clubs, massage parlors, race tracks, tennis and racquetball clubs, golf courses, skating facilities, sun tan facilities or any other entertainment or recreational facility."

(b) Open Government Procedures; Public Hearing and Reporting Requirements.—Paragraph (6) of section 103(b) of such Code is amended by adding at the end thereof the following new subparagraphs:

"(L) Public notification and finding requirements.—No obligation shall be treated as an obligation described in subsection (a)(1) by reason of this paragraph unless—

"(i) the issue of obligations is approved of at a meeting of the issuer which is open to the public and held at such time and place as will facilitate public participation;

"(ii) notice of the proposed issue of obligations and the meeting specified in clause (i) including the face amount and purpose of the issue and the applicant for and location of the facility to be financed by such issue, shall be published in a newspaper of general circulation within the jurisdiction of the issuer at least 7 working days prior to the date scheduled for the public meeting specified in clause (i); and

"(iii) the issuer determines that the issue will benefit the local economy, will result in the creation or retention of employment, and will be a significant inducement to the acquisition, construction, reconstruction, or improvement of the facility to be financed with the issue.

"(M) Reporting requirements.—Not later than June 1 of 1984 and of each subsequent calendar year, each state shall submit to the Secretary a report with respect to obligations issued by the state or any political subdivision thereof during the preceding calendar year which are treated as obligations described in subsection (a)(1) by reason of this paragraph. The information to be submitted in such reports in respect of each issue of obligations shall consist of—

"(i) the name and address of the issuer;

"(ii) the aggregate face amount of the issue of obligations;

"(iii) the date of issuance of the obligations;

"(iv) an estimate of the jobs to be created or retained as of the end of the third full year of operation of the facility being financed by such issue; and

"(v) the name, address, and employer identification number of the principal user of the facility to be financed by the issue of obligations.

(c) Assistance to Economically Distressed Areas.—Paragraph 6 of section 103(b) of such Code is amended by adding at the end of subparagraph (I) the following new words: "and subparagraph (N)"; and such paragraph 6 of section 103(b) of such Code shall be further amended by adding at the end thereof the following new subparagraph:

"(N) Targeted assistance to economically distressed areas.—At the election of the issuer made at such time and in such manner as the Secretary by regulation shall prescribe, with respect to any issue substantially all of the proceeds of which are to be used to provide a facility located in an economically distressed area this paragraph shall be applied—

"(i) by substituting "$15,000,000" for "$10,000,000" in subparagraph (D); and

"(ii) without regard to the restrictions contained in subparagraph (K), to the extent that such restrictions would prohibit the financing of office buildings, restaurants, and stores or shopping centers.

"(O) Economically distressed areas.—For purposes of subparagraph (N)—

"(i) The term "economically distressed area" means an area located within the jurisdiction of the issuer which area—

"(I) is eligible for urban development action grants under section 119 of the Housing and Community Development Act of 1974;

"(II) is an area of chronic economic distress (within the meaning of section 103A(k)(3)); or

"(III) is a pocket of poverty.

"(ii) For purposes of this subparagraph the term "pocket of poverty" means an area in which—

"(I) 70 percent or more of the families have income which is 80 percent or less of the statewide median family income and,

"(II) 30 percent or more of the families have income below the national poverty level.

"(iii) The determinations under clause (ii) shall be made by the issuer on the basis of the most recent decennial census for which data are available."

(d) Exemption for Research and Development Expenditures.—Paragraph 6 of section 103(b) of such Code is amended by adding at the end thereof the following new subparagraph:

"(P) Research and experimental expenditures not taken into account.—For purposes of subparagraph (D)(ii) and subparagraph (N) any capital expenditure which is a research and experimental expenditure (within the meaning of section 174) shall not be taken into account."

SEC. 3. LIMITATION ON PROPOSED TEMPORARY REGULATION.

With respect to obligations sold after August 23, 1981, substantially all the proceeds of which are to be used to finance projects in one State, section 103 of the Internal Revenue Code of 1954 shall be applied without regard to proposed temporary regulations 1.103-7(b)(6) or any other regulation, ruling or decision reaching the same result as, or a similar result to, the result set forth in such proposed regulations.

SEC. 4. TRANSITIONAL PROVISIONS.

The amendments made by this Act shall not apply with respect to any obligation, if before the effective date of this Act—

(1) The issuance of the obligation (or the project in connection with which the proceeds of the obligations are to be used) was authorized or approved by the governing body of the governmental unit issuing the obligation or by the voters of such governmental unit;

(2) In connection with the issuance of such obligation or with the use of the proceeds to be derived from the sale of such obligation or the property to be acquired or improved with such proceeds, a governmental unit has made a significant financial commitment;

(3) Any person (other than a governmental unit) who will use the proceeds to be derived from the sale of such obligation or the property to be acquired or improved with such proceeds has expended (or has entered into a binding contract to expand) for purposes which are related to the use of such proceeds or property, an amount equal to or in excess of 20 percent of such proceeds; or

(4) In case of an obligation issued in conjunction with a project where financial assistance will be provided by a governmental agency concerned with economic development, such agency has approved the project or an application for financial assistance is pending.

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall apply to obligations issued after the date of enactment of this Act (i) except that no capital expenditure which is a research and experimental expenditure within the meaning of section 174 of such Code, paid or incurred after the date of enactment shall be taken into account under paragraph 6 of subsection 103(b) and (ii) except as otherwise provided in sections 3 and 4.●

SMALL ISSUE INDUSTRIAL DEVELOPMENT BONDS

● Mr. TSONGAS. Mr. President, today my distinguished colleagues from Rhode Island (Mr. CHAFEE), Missouri (Mr. DANFORTH), and Pennsylvania (Mr. HEINZ) are introducing legislation on industrial development bonds. In my view, IDB's have played a crucial role in business and economic development during times of economic uncertainty and record borrowing costs. Now, with a deepening recession brought on by the highest real interest rates in history, the administration has proposed restrictions which I believe would cripple this important program. I hope that the Senate will give this alternative proposal to reform the IDB program the thorough consideration that it deserves and will support its enactment.

Let me take a moment to discuss some of the broad issues which this legislation seeks to address and to briefly describe the experience which we have had in Massachusetts.

THE MASSACHUSETTS PROGRAM

In Massachusetts, three-fourths of the companies that have received IDB's had sales under $20 million, and one-half had sales under $5 million. These are the companies that depend almost totally on our local banks to finance their expansions. Today, our thrift institutions cannot make long-term loans to these companies, and commercial banks have moved to shorter maturities and to interest rates floating above the incredible prime.

In addition, Massachusetts has a strict program for targeting bonds for commercial real estate projects to the downtowns of our older communities. Only 10 percent of the Massachusetts IDB program is commercial, as opposed to as high as 60 percent in States with no commerical targeting. This innovative approach has resulted in $140 million in new, private investment in 92 commerical revitalization projects in the downtowns of our older communities. IDB's, combined in many cases with urban development action grants, have been proved effective in revitalizing our distressed areas. In short, the Massachusetts program is truly a national model for effective, but restricted use of IDB's. Our positive experience in targeting commercial IDB's has led us to adopt this focus in modified form in the legislation being introduced today.

RHETORIC VERSUS FACT

Mr. President, the legislation which my colleagues and I are introducing today represents, in our views, a responsible and comprehensive effort to reform the IDB program. Our proposal has support from public officials and small business. Let me add that this legislation is a discussion draft and that on some provisions we would anticipate, and may in fact ourselves, initiate amendments. However, this legislation is not by any means a panacea. The reforms proposed are tough and strict. They are intended to be so. More importantly, the legislation accomplishes what I strongly believe the administration's proposal does not: That is, this bill deals with the real abuses of the program.

If this program is to be reformed, I urge that reforms focus on ending the real abuses in the program. The administration's proposals fail to deal directly with the real abuses. Instead, I believe they aim primarily to reduce the volume of the IDB program.

One abuse has stood out. That is the use of IDB's for commercial real estate developments that are marginally productive, and often locally unpopular. A major reason for targeting in Massachusetts has been to curb this abuse—particularly the financing of anchor stores for regional shopping malls which cripple downtown commerce. Basically, if we want to stop the K-Mart and McDonald's syndrome, we should do it. But we should not enact restrictions that choke off the only effective means of cutting interest rates on highly productive investments.

It is essential, when looking at IDB's, to separate rhetoric from fact.

The rhetoric is that IDB's aid large national corporations. In fact, a CBO study found that IDB's have been used overwhelmingly by smaller businesses. Ninety percent of all IDB's issued in recent years went to closely held, unlisted firms which were dependent on local financing. Only 7 percent went to Fortune 1,000 companies, and only one-half of these issues exceeded $1 million.

The rhetoric is that IDB's result in massive revenue loss to the Federal Government. In fact, CBO projects that total elimination of IDB's would yield only $200 million in 1982. The administration sees a net Federal revenue decrease in 1983 if its proposals are enacted. A recent University of Chicago study questioned the whole assumption of revenue loss. It showed that the private investment stimulated by IDB's actually increases tax revenues.

Although the estimates of revenue gain differ, this is hardly a crackpot notion. Consider the analysis of Dr. Norman Turé, a leading supply side economist, who is now Under Secretary for Tax Policy. In 1980, Dr. Turé wrote the following:

> IDB's are productive instruments for promoting economic development by making saving and investment more attractive to individuals and businesses . . . The resulting expansion of tax bases—individual, corporate and payroll—would generate net gains in tax revenues for the federal government and for the state and local governments of the issuing jurisdictions.

The rhetoric is that the eligibility criteria for IDB's are too generous. In fact, the increase in IDB financings in recent years has been caused not by overly generous criteria but by high interest rates. In fact, the "window of eligibility" ($10 million per facility) buys one-fourth less plant and equipment in real terms than the $5 million limit enacted by Congress in 1968. And again, CBO has noted that "the $10 million limit effectively keeps most large corporations from making much use of small issues."

NEW INVESTMENTS AND NEW JOBS

In Massachusetts, we have seen the lower interest rates from IDB's stimulate new investments and jobs. The 870 projects financed over the past 3 years will produce 47,000 new jobs and 18,000 man-years of construction work.

Clearly, not all these are net new jobs. But recent University of Massachusetts studies show that $100 million in new manufacturing investment produces a net reduction in unemployment of over 4,800 jobs and an increase in personal income of $139 million—in the first year alone. In addition, this investment would produce $11 million in new State tax revenue in the first year, rising to $23 million in the 10th year. These statistics do not even count the added savings in welfare and unemployment benefits.

Do IDB's stimulate new investments? IDB recipients in Massachusetts were surveyed last summer. Eighty-five percent responded that they would have reduced or canceled plant expansions without the interest rate reductions from IDB's. One-third would have canceled their expansion outright, another third would have delayed their growth, and one-fifth would have cut back plans by an average 40 percent.

Mr. President, these are the major reasons which in my view support continuation of the IDB program. Before turning to the provisions of the legislation, let me take a moment to discuss the Administration proposal to reform IDB's.

THE ADMINISTRATION PROPOSAL

As a matter of industrial policy, the administration proposal has two major weaknesses—and these provisions I strongly oppose.

First, the administration proposes to make business choose between IDB's and accelerated cost recovery. Most IDB users are small businesses without access to affordable capital for long-term expansion. IDB's provide reduced interest rate financing to these firms—offsetting their disadvantages in the financial markets. Under the administration proposal, small business would lose that stabilizing financial assistance. In my view, this proposal will result in a chilling of small business expansions at the very time we should be stimulating this type of activity. Furthermore, given the administration's very generous treatment of large business in last year's tax bill, their attitude toward small business as reflected in IDB's is intriguing. The safe harbor leasing provision in last year's bill allowed GE, for example, to make $2 billion in profits and get a $100 million tax refund. Evidently this lack of equitable treatment is not a consideration in the administration's proposal to force small companies to choose between ACR's and IDB's.

Second, the administration proposes a strict capital expenditure test for all small issue IDB's. In particular, I believe that limiting total IDB and non-IDB investments for companies to $20 million over 6 years will have a severe negative impact on the high technology industry, which my State and the entire Nation depend on for our economic future. The administration proposes this limitation despite the severe challenge we face from the Japanese in the high technology area. From a long-term economic survival viewpoint, this proposal does not make any sense.

LEGISLATION PROVIDES A FRAMEWORK FOR REFORM

I urge my colleagues to approach IDB reforms in terms of the abuses. The restrictions on commercial IDB's contained in this legislation will, in my view, go a long way in the right direction. As I indicated earlier, Massachusetts has limited commercial IDB's to downtown areas, and with great success. This legislation goes further, and allows only some types of commercial uses in "UDAG" eligible areas.

Given what is happening in the budget, there will soon be no assistance for distressed areas. Such a policy spells doom for the older urban communities in Massachusetts and throughout the Nation. Now the administration has proposed to use IDB's in connection with enterprise zones—a concept that may hold limited promise down the road. But I believe that the targeting that our legislation proposes, the IDB program right now will be critical.

In conclusion, I cannot help but recall the pressurized atmosphere in which Congress put restrictions on mortgage revenue bonds in late 1980. Today, the housing industry is flat on its back and the administration is talking about returning to mortgage revenue bonds. The lesson for reworkable restraints on IDB's should be clear.

With unemployment growing and small company failures rising at alarming rates, we should be certain that any restrictions are designed to make this program more effective and less subject to abuses. To cripple the program—with the resulting impact on small business investments, job creation and urban area revitalization—would damage our economy now and in years to come.

Mr. President, to conclude, and to summarize the major provisions of the legislation which we are introducing today, I ask unanimous consent that a section-by-section analysis of the legislation be printed in the RECORD.

There being no objection, the material was ordered printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS OF THE SMALL ISSUE INDUSTRIAL DEVELOPMENT BOND REFORM ACT OF 1982

Section 1. Sets forth the title of the act.

Section 2. Changes in exemption for certain small issues.

Section 2(a). Restrictions on Financing Certain Facilities.—This section adds a new subparagraph "(K)" to Section 103(b)(6) which prohibits the use of small issue industrial development bond financing for certain categories of commercial facilities which Congress finds to be inconsistent with the goals of encouraging job creation and business community development. Among these categories are those where substantially all of the proceeds of an IDB are to be used directly or indirectly for restaurants, office buildings (excluding office buildings occupied by a single firm or corporation), stores or shopping centers, automobile dealerships, night clubs, massage parlors, race tracks, tennis and racquetball clubs, golf courses, skating facilities, sun tan facilities or any other entertainment or recreational facility. The restriction against using small issue IDBs for certain controversial facilities is designed to reduce the overall volume of IDB growth, thereby helping to preserve this valuable community development and business financing mechanism for more productive enterprises.

Section 2(b). Open Government Procedures: Public Hearing and Reporting Requirements.—This section adds two new subparagraphs "(L)" and "(M)" to Section 103(b)(6) of the Code. These new paragraphs would apply open government principles to the procedures for approving small issue industrial development bonds:

Public Notification and Finding Requirements.—Subparagraph "(L)" requires that obligations meet the following requirements: i) the obligation is approved at a meeting which is open to the public, ii) notice of the proposed obligation and the meeting (including the face amount and purpose of the issue and the application for and location of the facility to be financed) shall be published in a local newspaper, and iii) the issuer determines that the issue will benefit the local economy, result in job creation or retention, and will be a significant inducement to the acquisition, construction, reconstruction or improvement of the facility to be financed with the issue.

Subparagraph "(M)" provides that no later than June 1, 1984 and of each subsequent calendar year, each State shall submit a report to the Secretary of the Treasury about small issue industrial development bonds issued by the State or any political subdivision of the State during the preceding calendar year. The reports must include the following information on each bond issue:

(i) The name and address of the issuer.

(ii) The aggregate face amount of the issue of obligations.

(iii) The date of issuance of the obligations.

(iv) an estimate of the jobs to be created or retained as of the end of the third full year of operation of the facility being financed, and

(v) The name, address, employer and identification number of the principal user of the facility.

Section 2(c) Assistance to Economically Distressed Areas.—Subparagraph "(N)" provides that the face amount of an industrial development bond can be increased from the present financing limit of $10 million to a total of $15 million in those cases where the proceeds of the issue are to be used to finance a facility located in an "economically distressed area." Additionally, subparagraph "(N)" provides that office buildings, restaurants and stores or shopping centers may be financed within an "economically distressed area." Subparagraph "(0)" defines an "economically distressed area" as one which meets the standards of the Urban Development Action Grant program. As in the UDAG statute, an economically distressed area would have to be eligible for an urban development action grant, would have to be in an area of chronic economic distress within the meaning of Section 103A(k)(3) of the Code, or would have to qualify as a pocket of poverty as provided in the UDAG statute.

Section 2(d) adds a new subparagraph "(P)" of Section 103(b)(6) intitled "Exemption for Research and Experimental Expenditures Not Taken Into Account." This subparagraph provides that any capital expenditure which is a research and experimental expenditure as defined in Section 174 of the Code shall not be considered when determining the total cost of the facility eligible for financing pursuant to subparagraphs (M)(ii) and (N) which establish the $10 million or $20 million financing and capital expenditure limits, respectively, for each project within an incorporated municipality or county. Generally, these are expenditures for research wages and research supplies which are deducted currently by the taxpayer and which pursuant to this section would no longer be considered for purposes of the capital expenditure limits.

Section 3. Limitation on proposed temporary regulations.—Section 3 repeals the proposed temporary regulations 1.103-7(b)(6), or any other regulation, ruling or decision reaching the same result as, or a similar result to, that set forth in the temporary regulations with respect to pooled issues of IDB's for projects located in only one state. In the proposed temporary regulations, the IRS proposed to redefine the term "issue" in a way which prohibits issuers from issuing umbrella or pooled bond issues. The proceeds of the issue are used to make loans available to small businesses in amounts smaller than those generally feasible for an individual industrial development bond.

Section 4. Transitional provisions.—Section 4(a) provides that the amendments to Section 103 made by this Act shall not apply if before the effective date of this Act: (1) the issuance was authorized by the governing body issuing the obligation; (2) the governmental unit has made a significant financial commitment in connection with the issuance; (3) an amount equal to at least 20 percent of the proceeds have been expended, or (4) in the case of projects where federal financial assistance is being provided, the governmental agency has approved the project or the application for financial assistance is pending.

Section 5. Effective date.—The amendments made by this Act shall apply to obligations issued after the date of enactment except certain capital expenditures which are research and development expenditures.●

By Mr. ROBERT C. BYRD (for himself, Mr. Levin, Mr. Riegle, Mr. Kennedy, Mr. Jackson, Mr. Sasser, Mr. Sarbanes, Mr. Moynihan, Mr. Pell, Mr. Melcher, Mr. Heflin, Mr. Dixon, Mr. Eagleton, Mr. Glenn, Mr. Randolph, Mr. Matsunaga, Mr. Metzenbaum, Mr. Cannon, Mr. Cranston, Mr. Hart, Mr. Huddleston, and Mr. Ford):

S. 2542. A bill to establish a Federal emergency unemployment compensation program; to the Committee on Finance.

(The remarks of Mr. Robert C. Byrd on this legislation appear earlier in today's Record.)

By Mr. THURMOND (for himself and Mr. Hatch) (by request):

S.J. Res. 199. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PROPOSED CONSTITUTIONAL AMENDMENT ON SCHOOL PRAYER

Mr. THURMOND. Mr. President, yesterday, the President of the United States sent to the Congress a proposed constitutional amendment to restore the freedom of individuals and groups to engage in prayer in public schools and institutions. Today, I am introducing the amendment along with Senator Hatch.

Mr. President, the first amendment to the U.S. Constitution is simple and straight forward. It reads, in part:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof * * *

Most constitutional commentators agree that this language was intended to prevent any national ecclesiastical establishment and leave each State free to define the meaning of religious establishment under its own constitution and laws.

The Supreme Court, until 1947, did not have the occasion to interpret the first amendment in a manner contrary to the intention of the Founding Fathers as recognized by most constitutional scholars. However, in 1947, the Court decided the case of Everson against Board of Education which first held that: First, the 14th amendment makes the first amendment apply to States; and second, set out the "Wall of Separation" doctrine. Later, in 1962, the Court in Engel against Vitale struck down the reading of a prayer before the start of school each day on the basis that it was a "breach on the wall of separation of church and State."

In ruling that public institutions must be "religiously neutral," the Supreme Court has altered significantly the intent of the constitutional framers and changed the meaning of the "establishment clause" of the first amendment. The Court has, in effect, denied individuals and groups the liberty of public prayer—a denial which, in my judgment, is contrary to the history of our Nation and the opinion of a majority of Americans.

Mr. President, the proposal I am introducing today reinstates the original intent of the Founding Fathers and permits individual and group prayer in public schools or other Government-owned institutions and makes it clear that no person be required to participate in prayer. That was the intent of the first amendment. It is unfortunate that we must resort to an amendment to the Constitution to reinstate the true meaning of the first amendment, but it is the most constitutionally based way to achieve that result.

I support the amendment and its purpose. As chairman of the Senate Committee on the Judiciary, I will press for early hearings and consideration of this proposal.

Mr. President, I ask unanimous consent that a copy of the proposed amendment and the text of the message of the President on it be printed at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

S.J. Res. 199

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution if ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by the Congress:

"Article—"

"Nothing in this Constitution shall be construed to prohibit individual or group prayer in public schools or other public institutions. No person shall be required by the United States or by any State to participate in prayer."

To the Congress of the United States:

I have attached for your consideration a proposed constitutional amendment to restore the simple freedom of our citizens to offer prayer in our public schools and institutions. The public expression through prayer of our faith in God is a fundamental part of our American heritage and a privilege which should not be excluded by law from any American school, public or private.

One hundred fifty years ago, Alexis de Tocqueville found that all Americans believed that religious faith was indispensable to the maintenance of their republican institutions. 1 de Tocqueville, *Democracy in America* 316 (Vintage ed. 1945). Today, I join with the people of this nation in acknowledging this basic truth, that our liberty springs from and depends upon an abiding faith in God. This has been clear from the time of George Washington, who stated in his farewell address:

"Of all the dispositions and habits which lead to political prosperity, religion and morality are indipensable supports. . . . And let us with caution indulge the supposition that morality can be maintained without religion. . . . (R)eason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle." 35 *The Writings of George Washington* 229 (J. Fitzpatrick ed. 1940).

Nearly every President since Washington has proclaimed a day of public prayer and thankgiving to acknowledge the many favors of Almighty God. We have acknowledged God's guidance on our coinage, in our national anthem, and in the Pledge of Allegiance. As the Supreme Court has stated: "We are a religious people whose institutions presuppose a Supreme Being." *Zorach v. Clauson*, 343 U.S. 306, 313 (1952).

The founders of our nation and the framers of the First Amendment did not intend to forbid public prayer. On the contrary, prayer has been part of our public assemblies since Benjamin Franklin's eloquent request that prayer be observed by the Constitutional Convention:

"I have lived, Sir, a long time, and the longer I live, the more convincing proofs I see of this truth—that God governs in the affairs of men. . . . I also believe that without his concurring aid we shall succeed in this political building no better than the Builders of Babel: We shall be divided by our little partial local interests; our projects will be confounded, and we ourselves shall become a reproach and bye word down to future ages. . . .

"I therefore beg leave to move—that henceforth prayer imploring the assistance of Heaven, and its blessings on our deliberations, be held in this Assembly every morning before we proceed to business. . . ." 1 *The Records of the Federal Convention of 1787*, 451-52 (M. Farranded. 1966).

Just as Benjamin Franklin believed it was beneficial for the Constitutional Convention to begin each day's work with a prayer, I believe that it would be beneficial for our children to have an opportunity to begin each school day in the same manner. Since the law has been construed to prohibit this, I believe that the law should be changed. It is time for the people, through their Congress and the state legislatures, to act, using the means afforded them by the Constitution.

The amendment I propose will remove the bar to school prayer established by the Supreme Court and allow prayer back in our schools. However, the amendment also expressly affirms the right of anyone to refrain from prayer. The amendment will allow communities to determine for themselves whether prayer should be permitted in their public schools and to allow individuals to decide for themselves whether they wish to participate in prayer.

I am confident that such an amendment will be quickly adopted, for the vast majority of our people believe there is a need for prayer in our public schools and institutions. I look forward to working with Congress to achieve the passage of this amendment.

Ronald Reagan.

THE WHITE HOUSE, *May 17, 1982.*

ADDITIONAL COSPONSORS

S. 479

At the request of Mr. Robert C. Byrd, the Senator from North Dakota (Mr. Burdick), the Senator from Arizona (Mr. DeConcini), the Senator from North Dakota (Mr. Andrews), and the Senator from Hawaii (Mr. Inouye) were added as cosponsors of S. 479, a bill to designate the first Sunday in June of each year as "National Shut-In Day."

S. 1215

At the request of Mr. Proxmire, the Senator from Oklahoma (Mr. Nickles) was added as a cosponsor of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1698

At the request of Mr. Denton, the Senator from Iowa (Mr. Jepsen) was added as a cosponsor of S. 1698, a bill to amend the Immigration and Nationality Act to provide preferential treatment in the admission of certain children of U.S. Armed Forces personnel.

S. 1741

At the request of Mr. Helms, the Senator from Oklahoma (Mr. Nickles) was added as a cosponsor of S. 1741, a bill to provide that human life shall be deemed to exist from conception.

S. 1810

At the request of Mr. D'Amato, the Senator from Maine (Mr. Cohen) was added as a cosponsor of S. 1810, a bill to amend the Federal Deposit Insurance Act regarding insured mutual savings banks which convert into Federal mutual savings banks.

S. 1961

At the request of Mr. Mitchell, the Senator from Maryland (Mr. Mathias), and the Senator from Maryland (Mr. Sarbanes) were added as cosponsors of S. 1961, a bill to amend the Internal Revenue Code of 1954 to provide energy tax credits for equipment used aboard or installed on fishing vessels.

S. 2061

At the request of Mr. Moynihan, the Senator from Ohio (Mr. Metzenbaum) was added as a cosponsor of S. 2061, a bill to provide for the conservation, rehabilitation, and improvement of natural and cultural resources located on public and Indian lands, and for other purposes.

S. 2124

At the request of Mr. Pressler, the Senator from Oklahoma (Mr. Boren) was added as a cosponsor of S. 2124, a bill to provide relief from honey imports.

S. 2129

At the request of Mr. Mitchell, the Senator from Hawaii (Mr. Inouye) was added as a cosponsor of S. 2129, a bill to establish an Ocean and Coastal Resources Management and Development Fund and to require the Secretary of Commerce to provide to coastal States national ocean and resources management and development block grants from sums in the fund.

S. 2151

At the request of Mr. Robert C. Byrd, the Senator from Hawaii (Mr. Matsunaga) was added as a cosponsor of S. 2151, a bill to amend the Internal Revenue Code of 1954 to include modifications to chlor-alkali electrolytic cells in credit for investment in certain depreciable property.

S. 2179

At the request of Mr. Robert C. Byrd, the Senator from Colorado (Mr. Hart), the Senator from Montana (Mr. Baucus), the Senator from Arizona (Mr. DeConcini), the Senator from South Dakota (Mr. Pressler), and the Senator from Maryland (Mr. Sarbanes) were added as cosponsors of S. 2179, a bill to amend the war powers resolution to require specific authorization before the introduction of any U.S. Armed Forces into hostilities in El Salvador, and for other purposes.

S. 2226

At the request of Mr. Lugar, the Senator from Hawaii (Mr. Matsunaga) was added as a cosponsor of S. 2226, a bill to amend the National Housing Act to provide for emergency interest reduction payments and for other purposes.

S. 2309

At the request of Mr. Chafee, the Senator from Illinois (Mr. Percy) was added as a cosponsor of S. 2309, a bill to amend the Endangered Species Act of 1973, to authorize funds for fiscal year 1983, and for other purposes.

S. 2417

At the request of Mr. Cranston, the Senator from Florida (Mrs. Hawkins) was added as a cosponsor of S. 2417, a bill to amend the Federal Reserve Act to provide for the increased responsiveness and accountability of the Federal Reserve System to Congress and citizens, and for other purposes.

S. 2462

At the request of Mr. Pressler, the Senator from Nebraska (Mr. Zorinsky), and the Senator from Arkansas (Mr. Pryor) were added as cosponsors of S. 2462, a bill to provide appropriations for an Agricultural Export Credit Revolving Fund.

SENATE JOINT RESOLUTION 150

At the request of Mr. Thurmond, his name was added as a cosponsor of Senate Joint Resolution 150, a joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

SENATE JOINT RESOLUTION 173

At the request of Mr. Tsongas, the Senator from Delaware (Mr. Roth), and the Senator from Vermont (Mr. Stafford) were added as cosponsors of Senate Joint Resolution 173, a joint resolution to authorize and request the President to issue a proclamation designating the calendar month of June 1982 as "National Rivers Month."

SENATE JOINT RESOLUTION 175

At the request of Mr. Kasten, the Senator from Arkansas (Mr. Bumpers), the Senator from Arizona (Mr. DeConcini), the Senator from Vermont (Mr. Stafford), the Senator from Washington (Mr. Gorton), and the Senator from West Virginia (Mr. Robert C. Byrd), were added as cosponsors of Senate Joint Resolution 175, a joint resolution authorizing and requesting the President to proclaim "National Junior Bowling Championship Week".

SENATE JOINT RESOLUTION 178

At the request of Mr. Hatch, the Senator from South Dakota (Mr. Pressler) was added as a cosponsor of Senate Joint Resolution 178, a joint resolution to authorize and request the President to proclaim the second week in April as "National Medical Laboratory Week".

SENATE RESOLUTION 340

At the request of Mr. Robert C. Byrd, the Senator from Pennsylvania (Mr. Specter) was added as a cosponsor of Senate Resolution 340, a resolution to express the sense of the Senate that no action be taken to terminate or otherwise weaken the community service employment program under title V of the Older Americans Act of 1965.

SENATE RESOLUTION 346

At the request of Mr. Huddleston, the Senator from Arizona (Mr. DeConcini) was added as a cosponsor of Senate Resolution 346, a resolution expressing the sense of the Senate that emergency action should be taken by the President and the Secretary of Agriculture to stabilize the farm economy.

SENATE RESOLUTION 363

At the request of Mr. Sasser, the Senator from Pennsylvania (Mr. Heinz) was added as a cosponsor of Senate Resolution 363, a resolution expressing the sense of the Senate with respect to Federal funding for fossil fuel programs.

SENATE RESOLUTION 386

At the request of Mr. Danforth, the Senator from Wyoming (Mr. Wallop) was added as a cosponsor of Senate Resolution 386, a bill to express the sense of the Senate on the goals of the United States for the November 1982 meeting of ministerial-level representatives to the general agreement on tariffs and trade.

SENATE RESOLUTION 393—RESOLUTION RELATING TO A STUDY OF HONEY IMPORTS

Mr. PRESSLER submitted the following resolution; which was referred to the Committee on Finance:

S. Res. 393

Whereas, in 1976 the International Trade Commission found that honey imports threatened serious injury to the domestic honey industry and recommended action to control honey imports; and

Whereas, honey imports have continued to increase since 1976 and injury has been incurred by the domestic honey producers; and

Whereas, honey imports have caused the Department of Agriculture to acquire 6 million pounds of surplus honey in 1980 and a substantial amount of 1981 crop honey will also be acquired by USDA; and

Whereas honey imports now account for over 35 percent of the honey sold in commercial markets in the United States; and

Whereas, the domestic honey industry is essential for production of many agricultural crops; and

Whereas, it is imperative that the domestic honey bee industry be maintained at a level sufficient to provide crop pollination: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Secretary of Agriculture should promptly call for an ITC investigation of honey imports, under section 22 of the Agriculture Adjustment Act.

Sec. 2. The President should promptly direct the ITC to conduct an investigation.

IMPACT OF HONEY IMPORTS

● Mr. PRESSLER. Mr. President, today I am submitting a sense-of-the-Senate resolution calling for a section 22, International Trade Commission investigation of the impact of honey imports. The resolution expresses the sense of the Senate that the Secretary of Agriculture should promptly call for a section 22 study of honey imports.

The maintenance of the domestic honey bee industry is essential for pollination of agricultural crops and for assuring consumers an adequate supply of food. Producers of many agricultural crops depend on honey beekeepers to provide bees to pollinate their crops which allows U.S. farmers to continue to produce record harvests. However, honey imports and wide fluctuations in honey prices are threatening the domestic honey industry.

In 1976, the ITC investigated honey imports and recommended that a tariff rate quota system be imposed to prevent serious injury to the domestic honey industry, but unfortunately, the recommendation was not followed. Since 1976, honey imports have continued to increase to the point that in 1981, over 35 percent of the honey marketed in the United States was imported. In 1980, USDA acquired 6 million pounds of surplus domestic honey, and a much larger portion of the 1981 honey crop will be acquired. Domestic honey producers placed 52 million pounds of honey under loan and over 40 million pounds of that remains under loan; if it cannot be sold, it will be acquired by USDA July 1, 1982.

The acquisition of 40 million pounds of honey will cost the CCC over $20 million and will represent over 20 percent of the total domestic production. These statistics clearly show that honey imports are interfering with the domestic price support program as required in section 22.

With these facts in mind, I urge my colleagues to join me in support of the resolution.●

SENATE RESOLUTION 394—RESOLUTION RELATING TO COMMEMORATING THE BICENTENNIAL OF THE GREAT SEAL OF THE UNITED STATES

Mr. WARNER (for himself, Mr. Goldwater, Mr. Nunn, and Mr. Pell) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. Res. 394

Whereas, the Continental Congress, on June 20, 1782, adopted the design for the Great Seal of the United States consisting of an obverse and reverse side;

Whereas, a die for only the obverse side was cut and first used on September 16, 1782;

Whereas, Congress, on July 7, 1884, enacted a law and appropriated the funds to cut dies for both the obverse and reverse sides of the Seal and to make appliances to make impressions of both sides of the Seal;

Whereas, for the second time only a die for the obverse side was cut;

Whereas, the will of the founding fathers and Congress to cut dies for the complete Great Seal has never been carried out;

Whereas, there currently exists a die and appliances only for the obverse side of the Seal.

Whereas, June 20, 1982 is the bicentennial of the adoption of the Great Seal: Now, therefore, be it

Resolved by the Senate of the United States of America assembled, That the week beginning June 20, 1982, be proclaimed Great Seal Bicentennial Week, and that a die be cut and appliances be made for making an impression of the reverse of the Great Seal to complete the Official Seal, to be ready for the bicentennial of its first use, September 16, 1932. In order to promote and enhance efforts to inform the American people of the will of the Founding Fathers and of the meaning and purpose of our national Seal, the President of the United States is authorized and requested—

(1) to issue a proclamation declaring the week beginning June 20, 1982 Great Seal Bicentennial Week, announcing the cutting of dies for the complete Seal, and calling upon the people of the United States, including the States and educational institutions, to observe such week with appropriate ceremonies and activities;

(2) to send a suitable copy of such proclamation to the Governor of each State and to each Member of Congress; and

(3) to direct all Federal agencies and departments which have activities or exhibits relating to the Great Seal and the Continental Congress to cooperate with and participate in the celebration of such week.

BICENTENNIAL OF THE GREAT SEAL OF THE UNITED STATES

● Mr. WARNER. Mr. President, today I am introducing legislation to commemorate the bicentennial of the Great Seal. I am pleased to have Senators Goldwater, Nunn, and Pell join with me as cosponsors of this resolution.

June 20, 1982, will mark the 200th anniversary of the Great Seal of the United States. In 1782, the Founding Fathers, in the Continental Congress, adopted the design for the Great Seal to symbolize the purpose, providential beginning and destiny of our fledgling Nation.

Charles Thomson, Secretary of the Congress, received the recommendations from three committees and, during the 7 days between June 13 and June 20, synthesized them in the design of the Great Seal.

By an act of Congress on June 20, 1782, the design was adopted and the dies for both sides of the Great Seal were to be struck and kept by the Department of State. Those instructions have yet to be carried out; only the die for the obverse side was struck. A commemorative medal was struck bearing both sides of the Seal for the centennial commemoration in 1882. Due to the popularity of the medal. once again, in 1884, Congress ordered that dies be cast for both sides on the Seal for official use. Yet, America remained with only half of her vision manifest in the official Seal.

As part of our bicentennial observance, it seems only fitting that the original intent of Congress finally be fulfilled.

There is sufficient time for the State Department to order and obtain the dies and appliances necessary for making impressions of the reverse side of the Great Seal prior to the 200th anniversary of its first use, September 16, 1982.

President Roosevelt in 1934 ordered that both sides of the seal be put on the dollar bill, where they remain today. While millions of Americans see the Great Seal every day, on the dollar bill, few are aware of its origin or meaning.

It is important that all Americans know, and that our Government has the ability to use the whole seal, because the seal truly represents the key principles upon which this Nation was founded.

The obverse side of the seal, with the eagle holding the olive branch in one talon and the arrows in the other, but always facing toward the symbol of peace, reminds us of the foundation of our foreign policy—peace through strength.

And the reverse side—the eternally surviving pyramid with 1776, the year of independence, at its base and the eye of God or Providence at its apex—reminds us in turn of our spiritual foundations. This side of the seal also bears the words "Novus Ordo Seclorm"—"The Cycle of Great Ages Begins Anew," and represents our dedication to a new beginning for America.

By this resolution the Senate will proclaim its intention to finally have the wishes of the Founding Fathers fulfilled. I know that 200 years is a long time to complete the mandate of Congress, but let it be done this year. By this action, let the world know we still believe and adhere to the principle embodied in the Declaration of Independence, the Constitution, and visually embodied in the Great Seal.

I urge my colleagues to cosponsor this resolution and support it when it reaches the floor.●

AMENDMENTS SUBMITTED FOR PRINTING

INVESTMENT IN SMALL POWER GENERATION FACILITIES

AMENDMENT NO. 1452

(Ordered to be printed and referred to the Committee on Energy and Natural Resources.)

Mr. HUMPHREY submitted an amendment intended to be proposed by him to the bill (S. 1885) to amend the Federal Power and Public Utility Regulatory Policies Act of 1978 to place electric utilities, including members of registered holding company systems, on the same basis as nonutilities with respect to encouraging their investment in cogeneration and small power production facilities, and for other purposes.

CLARIFICATION OF CERTAIN INCENTIVES

● Mr. HUMPHREY. Mr. President, today I would like to introduce into the public record an amendment in the nature of a substitute for S. 1885, a bill to amend the Federal Power Act and the Public Utility Regulatory Policies Act (PURPA) to place electric utilities on the same basis as nonutilities with respect to encouraging their investment in cogeneration and small power production facilities. This bill was introduced by myself and Senator JOHNSTON on November 4, 1981, and a legislative hearing on S. 1885 was held on April 19, 1982. The substitute amendment I am submitting today will be the subject of an additional public hearing before the Energy Regulation Subcommittee of the Energy and Natural Resources Committee on Monday, May 24, 1982, at 10 a.m. in room 3110.

The amendment I am submitting today modifies and expands the original purpose of S. 1885. First, the amendment changes the focus of S. 1885 by providing that the States, rather than the Federal Government, will determine the appropriate level of electric utility participation in "qualified" cogeneration and small power-production projects.

Second, and perhaps more importantly, my amendment is intended to statutorily resolve the legal uncertainties in PURPA which were raised by a recent decision of the District Court of Appeals in the case *American Electric Power Service Corporation* v. *Federal Energy Regulatory Commission*, No. 80-1789, slip. op. (D.C. Cir., January 22, 1982), rehearing denied, (April 9, 1982) ("AEP"). In that case, the Court vacated two major regulations issued under section 210 of PURPA: the "full avoided cost" rule and the mandatory interconnection rule. This has cast a long shadow of uncertaintly over the entire PURPA program, and with these crucial provisions of PURPA threatened by years of additional court action and/or FERC rulemaking, I believe it is all the more important that Congress now revisit this statute to preserve the fundamental integrity of section 210 of PURPA.

Essentially, my amendment would codify, and thereby validate, the present FERC regulations governing interconnection and "avoided cost." It clarifies the statutory provision that utilities must interconnect with "qualified" congenerators and small power producers, with the qualifying facilities bearing all reasonable costs of the interconnection. In cases where parties cannot agree on the terms of such interconnection, the State regulatory authority of jurisdiction will arbitrate the terms and conditions of the hookup. Similarly, the amendment codifies the requirement that utilities purchase power from qualifying facilities at the utilities' "full avoided cost," unless a State agency determines that some other rate is more appropriate.

This approach has several fundamental advantages. It clearly returns to States the authority to tailor this broad Federal program to their individual State circumstances. It is fully consistent with both the traditional concept of State utility regulation and the President's New Federalism program. Finally, it will cause a minimum of disruption in the national implementation of section 210 of PURPA, something which is critical to the timely development of cogeneration and small power production in this country.

In order to better understand the thrust of my amendment, it is useful to briefly review the history of PURPA and the Court decision in the AEP case. First enacted in 1978, section 210 of PURPA was broadly intended to remove the major institutional barriers to the maximum development of cogeneration and small power production in this country. Prior to the enactment of PURPA, a cogenerator or small power producer seeking to establish interconnected operation with an electric utility system faced three major obstacles.

First, utilities were often unwilling to interconnect or purchase electric output from these facilities at a nondiscriminatory rate.

Second, some utilities charged discriminatory rates for backup power service.

Third, a cogenerator or small power producer which provided electricity to a utility system ran the risk of being considered a public utility and subjected to extensive State and Federal regulation. PURPA addresses these obstacles by providing a combination of rate incentives and regulatory exemptions for "qualifying facilities"—cogeneration facilities which meet a basic efficiency test and small power production facilities under 80 magawatts in size which use biomass, waste, geothermal, or renewable resources (including wind, solar, and hydro) to produce electric power.

Under section 210, the Federal Energy Regulatory Commission was instructed to prescribe such rules as it determines are necessary to encourage cogeneration and small power production.

Specifically, the act provides that these rules shall require electric utilities to purchase electricity from qualifying facilities at rates which are in the public interest, that are just and reasonable to the utility's consumers, and that do not discriminate against qualifying facilities. At no time is this mandatory purchase rate to exceed the ceiling of "the incremental cost to the electric utility of alternative electric energy."

Section 210 also requires that rates for backup sales by electric utilities to qualifying facilities must be nondiscriminatory, just and reasonable, and in the public interest.

Finally, section 210 provides that qualifying facilities may be exempted from State regulation regarding utility rates and financial organization, from Federal utility regulation under the Federal Power Act and from the Public Utility Holding Company Act.

In implementing this mandate, the FERC was thus required in its rulemaking to achieve a rather ellusive balance between that which was sufficient to encourage these technologies and that which was in the public interest. Some technologies were new and untested in commercial application, like solar photovoltaics and solid waste gas recovery. Some technologies were well established but had fallen into recent disuse, like hydropower and industrial cogeneration.

Given the overriding concern for reducing our national dependence on imported oil, how was the FERC to balance the public interest associated with short-term ratepayer protection and the long-term public interest associated with encouraging the development of these alternative, indigenous energy resources?

In February of 1980, the FERC completed 15 months of rulemaking pursuant to section 210 of PURPA. Two of the most controversial regulations, the full avoided cost rule and the mandatory interconnection rule, were recently thrown out in Federal district court in the AEP case. It is these two provisions that are the subject of my proposed amendment today.

In establishing a mandatory rate for utility purchases of qualifying facilities power, the FERC instructed individual State ratemaking authorities to determine a rate which represented the purchasing utility's full avoided costs, or specifically, the "incremental costs to an electric utility of the electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source." The ostensible rationale for setting the full avoided cost as a floor as well as a ceiling for utility purchases was that, since ratepayers would not be required to pay any more for a qualifying facility's power than the utility itself would charge for the same increment of power, then the rate would be just and reasonable and in the public interest.

Despite the logical force of this argument, the court ruled in the AEP case that the FERC had not sufficiently justified its ruling that full avoided costs be required in all instances, even if it could be proven that some rate lower than full avoided cost was sufficient to encourage cogeneration or small power production.

With respect to mandatory interconnections, the FERC rule provided that utilities must interconnect with qualifying facilities in order to make power transactions, with the qualifying facility assuming all reasonable costs associated with the physical hookup. In cases where parties could not agree on the terms of such an arrangement, the individual State regulatory authorities were authorized to prescribe terms for interconnection on a nondiscriminatory basis. The AEP court, however, found this rule to be in conflict with the statutory reference if PURPA to sections 210 and 212 of the Federal Power Act, which provide that certain procedural and evidentiary requirements be satisfied before the FERC can order an interconnection.

Mr. President, all of this is a long way of saying that two rather ambiguous provisions in an otherwise well-intended statute have, as a result of court action, caused a great deal of alarm and uncertainty in the marketplace. Thirty-four States have now issued final or proposed rules implementing section 210 of PURPA, and we are now on the verge of seeing this program make a noticeable contribution to our Nation's energy mix.

Some 4,254 megawatts of power from qualifying facilities are either on line or under construction. It has been estimated that a total of 15,000 megawatts of power will obtain as a result of section 210 of PURPA—the equivalent of 30 central oil-fired powerplants.

In closing, I want to reiterate that my central objectives in offering this amendment are to restore certainty to this Federal program, to return to the States the authority to tailor their implementation of section 210 to individual State circumstances, and to cause a minimum of disruption and delay in the State implementation process. A hearing has been scheduled on this amendment to S. 1885 for next Monday, May 24, and I encourage my colleagues to offer suggestions on how this amendment may be modified or improved upon to achieve the above objectives.

I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1452

Strike all after the enacting clause and insert in lieu thereof the following:

QUALIFYING COGENERATORS

SECTION 1. (a) DEFINITION OF QUALIFYING COGENERATORS.—Section 3(18)(B) of the Federal Power Act is amended to read as follows:

"(B) 'qualifying cogeneration facility' means a cogeneration facility which the Commission determines, by rule, meets such requirements (including requirements respecting minimum size, fuel use, and fuel efficiency) as the Commission may, by rule, prescribe.".

(b) STATE AUTHORITY TO LIMIT UTILITY OWNERSHIP.—Section 210 of the Public Utility Regulatory Policies Act of 1978 is amended by inserting a new subsection (k) to read as follows:

"(k) Nothing in this Act shall preclude a State agency from exercising authority to establish limitations on ownership of qualifying cogeneration or small power production facilities by persons primarily engaged in the generation or sale of electric power (other than electric power solely from cogeneration facilities or small power production facilities).".

AMENDMENT TO PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978

SEC. 2. Section 210(e)(1) of the Public Utility Regulatory Policies Act of 1978 is amended by inserting after "qualifying small power production facilities" the following: "or any investment or acquisition of any other interest therein".

RATES FOR PURCHASE

SEC. 3. Section 210(b) of the Public Utility Regulatory Policies Act of 1978 is amended to read as follows:

"(b)(1) RATES FOR PURCHASES BY ELECTRIC UTILITIES.—The rate for the purchase under subsection (a) of electricity from any qualifying facility shall be the incremental cost of alternative electric energy of such purchasing electric utility, unless a State agency, or a nonregulated electric utility, establishes a different rate of prospective application for such purchase sufficient to encourage cogeneration and small power production and consistent with the public interest and the interests of consumers of the electric utility.

"(2) Nothing in this section—

"(A) affects the validity of any contract, or

"(B) limits the authority of an electric utility and qualifying facility to enter into a contract which contains provisions which differ from those provided by this section and by rules prescribed by the Commission under this section.".

INTERCONNECTION AUTHORITY

SEC. 4. (a) Subsection (a) of section 210 of the Public Utility Regulatory Policies Act of 1978 is amended:

(1) In paragraph (1), by striking out "and" and inserting in lieu thereof ";";

(2) In paragraph (2), by striking out the period and inserting in lieu thereof "; and "; and

(3) By adding after paragraph (2) the following:

"(3) interconnect with such facilities.".

(b) Section 210 of such Act is amended by adding at the end thereof a new subsection (l) as follows:

"(l) ARRANGEMENTS FOR INTERCONNECTION.— The rules under subsection (a) shall insure that, in requiring any electric utility to offer to interconnect with a qualifying facility, the arrangements for such interconnection provide that—

"(1) the qualifying facility be obligated to pay any reasonable interconnection costs incurred by the utility;

"(2) such interconnection may relate to any of the matters referred to in subparagraphs (A) thru (D) of section 210(a)(1) of the Federal Power Act; and

"(3) if the electric utility and qualifying facility are unable to resolve disputes concerning interconnection arrangements, the State agency may prescribe the terms respecting such interconnection, including the costs to be borne by the qualifying facility on a non-discriminatory basis. If any State agency notifies the Commission that it declines to perform this function, the Commission shall, upon application, prescribe reasonable terms for such arrangements.".

(c) Section 210(e)(3) of the Act is amended:

(1) In subparagraph (A) by striking "." and inserting ", and";

(2) By striking subparagraph (B); and

(3) By redesignating subparagraph (C) as subparagraph (B).●

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Committee on Rules and Administration will hold a meeting on Thursday, May 20, 1982, at 9:30 a.m., in room 301, Russell Senate Office Building. The committee plans to take action on legislative and administrative items which are currently pending before it.

An original bill to authorize appropriations for the Federal Election Commission for fiscal year 1983 will be considered. Four bills relating to the Smithsonian Institution are also scheduled to be marked up. S. 2102 authorizes construction of an underground museum for Eastern and African art on the Mall in Washington, D.C.; S. 2390 reauthorizes the National Museum Act for fiscal years 1983, 1984, and 1985; S. 2391 adjusts the rate of interest earned on funds of the Smithsonian Institution on deposit with the Treasury as a permanent loan; and Senate Joint Resolution 194 provides for the appointment of Nancy Hanks as a citizen regent of the Smithsonian Institution. Other legislative items to be considered include an original resolution increasing the limitation on expenditures by the Appropriations Committee for the procurement of consultants; two printing resolutions; a number of death gratuities; and an original bill providing for increasing the amount of interest paid on the money of the Oliver Wendell Holmes devise fund deposited with the U.S. Treasury.

Administrative business items include a request from the Budget Committee to become a party-participant in the master contract between Chase Econometrics and the Committee on House Administration and a revision of a regulation for micrographic equipment.

Mr. President, the Committee on Rules and Administration plans to hold a meeting on Tuesday, May 25, 1982, at 9:30 a.m., in room 301, Russell Senate Office Building, for the purpose of receiving testimony from interested parties on their views on regulations to implement Senate Resolution 20, providing for television and radio coverage of proceedings of the Senate.

As you may know, I recently sent a letter to all Senators inviting them to testify or to submit a statement for the record on their views on regulations and/or rules changes to implement Senate Resolution 20. Senators will have an opportunity to express their opinions, suggestions, and comments on Wednesday, May 19. At the May 25 meeting the committee will hear the comments and suggestions of others interested in the implementation of this resolution.

Anyone wishing to testify or to submit a statement for the record should contact Mr. John Swearingen of the Rules Committee staff on 224-9078.

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce that on June 10, 1982, at 9:30 a.m., in room 424 of the Russell Senate Office Building, the Senate Small Business Committee will conduct a full committee hearing on the small business investment companies (SBIC's) and minority enterprise small business investment companies (MESBIC's). For further information, contact Mike Haynes at 224-5175.

SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT

Mr. PACKWOOD. Mr. President, the Subcommittee on Taxation and Debt Management will hold a hearing at 9:30 a.m. on Friday, May 21, 1982. Four bills will be considered: S. 1485, S. 2075, S. 2424, and S. 2425.

The purpose of this statement is to briefly explain the issues raised by the bills scheduled. This may help in charting the progress of tax legislation before the Taxation Subcommittee. It also will help assure greater public awareness of tax amendments coming before hearings.

A synopsis of the bills scheduled follows:

S. 1485—INVESTMENT TAX CREDIT FOR POULTRY HOUSES

S. 1485, introduced by Senator ROTH, would provide that certain amendments to the Revenue Act of 1978 permitting investment tax credits for single-purpose agricultural or horticultural structures for taxable years ending after August 15, 1971, would apply to closed taxable years if application for credit or refund is made within 1 year of the bill's enactment.

S. 2075—TAKE STOCK IN AMERICA ACT OF 1982

S. 2075, introduced by Senator ROTH, would increase the yield on U.S. savings bonds to a level competitive with the yield on 52-week Treasury bills.

S. 2424—TAX CREDIT FOR CARE OF ELDERLY FAMILY MEMBERS

S. 2424, introduced by Senator HEINZ (for himself and for Senators PACKWOOD, PRYOR, BURDICK, and MELCHER), would allow taxpayers a tax credit for a portion of home health care expenses incurred in caring for elderly family members.

S. 2425—MORTGAGE REVENUE BOND LEGISLATION

S. 2425, introduced by Senator ROTH would change certain tax rules applicable to tax-exempt mortgage subsidy bonds and make tax-exempt bonds available for certain residential rental property.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. KASTEN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, May 18, at 10 a.m., to hold a hearing on Treaty Doc. 97-21, Radio Regulations and Final Protocol.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, May 18, at 10 a.m. to hold an oversight hearing on Federal property management and disposal.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON THE COURTS

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Subcommittee on the Courts, of the Judiciary Committee, be authorized to conduct an oversight hearing on grain elevator bankruptcies at 10 a.m. on Tuesday, May 18, 1982.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet during the session of the Senate on Tuesday, May 18, at 10 a.m. to hold an oversight hearing on Indian education.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON PREPAREDNESS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Preparedness, of the Armed Services Committee, be authorized to hold a hearing to receive testimony from the administration on strategic stockpiles, at 1 p.m. on Wednesday, May 19.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Federal Expenditures, Research, and Rules, of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Wednesday, May 19, at 9:30 a.m. to hold a hearing to discuss Senate Joint Resolution 93 and S. 2278, bills relating to Federal procurement, and the Office of Federal Procurement Policy's update of circular A-76.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON TOXIC SUBSTANCES AND ENVIRONMENTAL OVERSIGHT

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Toxic Substances and Environmental Oversight, of the Committee on Environment and Public Works, be authorized to meet during the session of the Senate on Wednesday, May 19, at 10 a.m., to conduct a hearing on the reauthorization of the Safe Drinking Water Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet during the session of the Senate on Wednesday, May 19, at 10 a.m., to hold an oversight hearing on Indian education.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, May 19, at 2:30 p.m., to receive a briefing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE AIPAC POLICY CONFERENCE

● Mr. CHILES. Mr. President, last week, on the 34th anniversary of Israel's independence, 1,000 members of the American Israel Public Affairs Committee gathered here in Washington for their annual meeting. I was honored to meet several times with people attending the AIPAC Policy Conference. Each time, I was struck by their insight, enthusiasm, and involvement. Their commitment to strong American-Israeli relations had already been demonstrated by AIPAC's work on issues like the AWAC's sale and foreign aid. The people I talked to credited this commitment not only to the democratic form of government, Judeo-Christian heritage, and other values which our two nations share. They also stressed factors that do not normally get enough attention; namely our common strategic and economic interests. I sensed an urgency among the participants to make the American public more aware of these facts.

Floridians and people all over the country who care about Israel should be proud that Mort Silberman of Miami has been elected president of AIPAC. Mort has made quite a name for himself in Florida. He was founding president of the Palm Beach Jewish Federation and held major offices in the Greater Miami Federation, including a stint as president. In the business community, he is known as the coowner of the East Coast Supply Co. Mort already has an impeccable reputation in the Jewish community nationwide. In the past, he has served in the leadership of United Jewish Appeal and as vice president of AIPAC. He is presently on the Council of Jewish Federations' board of directors. Throughout all of these associations, he has worked hard to advance Israel's friendship with the United States.

Mort Silberman takes the helm of AIPAC at a particularly crucial time. Israel's position in the world is hardly what you would call secure. Its membership status in the United Nations is being questioned. It is just completed the painful process of returning the Sinai to Egypt. The United States is selling arms to the Saudis, and sales to Jordan and Iraq could well be around the corner. At this point, American public opinion still reflects the importance of our friendship with Israel. However, it is essential that Israel's supporters here remain vocal. As my friend from Delaware, Senator BIDEN, told the group, "When the U.S. is silent, it creates a deafening roar in Israel."

Mr. President, the AIPAC meeting left us all resolved to continued working for peace in the Middle East. The presence of representatives from the Egyptian and Israel Governments, and supporters from Canada and Mexico, strengthened this resolve. The conference also left us with something more tangible, a comprehensive policy statement on the Middle East. It would benefit all of us to take a moment and consider the statement. I ask that it be entered in the RECORD at this point.

The statement follows:

AIPAC POLICY STATEMENT

The peoples of the United States and Israel share ideals, values and spiritual roots. Both governments are committed to democracy, justice, human rights and freedom. The bonds are secure and strong. AIPAC will continue to promote a close U.S.-Israel friendship and cooperation, particularly as Israel takes new and grave risks for peace with her Arab neighbors.

ISRAEL'S RISKS

On April 25, 1982, Israel completed her withdrawal from the strategically important Sinai Peninsula—her third withdrawal since 1948. In addition to air bases, early-warning stations, an extensive infrastructure and strategic depth, Israel relinquished valuable oil fields which would have made her energy independent and erased her current balance of payments deficit. Israel gave up towns, villages, and settlements which provided homes and livelihood for thousands of Israeli citizens. In economic terms, the Israeli withdrawal is estimated to have cost Israel $12 billion in facilities and investments and an additional $5 billion in defense facilities that had to be rebuilt in Israel. The government and people of Israel have made enormous sacrifices for peace. Israel has thus demonstrated its commitment to peace, it is now time for the Arab countries like Saudi Arabia and Jordan to show their good faith by joining the Camp David peace process.

ARAB-ISRAELI RELATIONS

The Camp David peace process is the cornerstone for American policy in the Middle East and is the only path to peace in the Middle East.

The United States should continue to reject Arab demands which attempt to subvert the Camp David process, such as the Saudi plan proposed last year by Prince Fahd which is not a route to peace. The plan demands an end of U.S. support for Israel; it does not recognize Israel. When the plan was announced the head of the Arab League boasted, "There is not one word in Prince Fahd's plan indicating that Saudi Arabia or any Arab party is ready to recognize Israel."

Peaceful coexistence in the Middle East is the ultimate goal. But it cannot be achieved by vesting control of the peace process in the hands of foes of peace.

Underlying the Camp David Accords is U.N. Security Council Resolution 242 which calls on the Arab states to recognize Israel's "right to live in peace within secure and recognized boundaries free from threats or acts of force." Contrary to Arab claims, the resolution does not require Israel's withdrawal from all territories captured in the defensive 1967 war. Any change of Resolution 242 would sabotage the peace process.

Permanent borders must be negotiated directly between Israel and neighboring states. Israel must have secure and defensible borders, unlike the vulnerable pre-1967 armistice lines. Third-party assurances, which have proven ineffective in the past, cannot substitute for mutually negotiated borders or insure Israel's independent defense capability.

A genuine peace between Israel and her neighbors must encompass true people-to-people relations, full diplomatic relations, the end of hostile propaganda and political and economic warfare, and the opening of borders, communications, trade and tourism. Egypt and Israel have moved to implement such a peace. The Egyptian-Israeli peace process should serve as a model for the continuing peace process.

U.S. SECURITY INTERESTS

The United States should strengthen its defenses to check Soviet subversion and aggression in the Middle East, the Persian Gulf and throughout the world. We support the Administration's concept of a "strategic consensus" to confront the Soviet Union. Israel has modern bases and facilities which could be used for the pre-positioning of U.S. equipment and materiel if requested. On the other hand, the response from Arab countries which the U.S. had expected to cooperate—most notably Saudi Arabia—has been negative, thereby undermining U.S. security interests in the area. For instance, Saudi Arabia recently refused to allow Rapid Deployment Force bases in Saudi Arabia and condemned Oman for participating in the U.S. "Bright Star" operation.

American security interests face numerous challenges in addition to the Soviet Union: terrorism by Libya and Iran is directed against American civilians, institutions and officials. The PLO continues its hostility against American interests. Soviet-allied Syria continues its brutal occupation of Lebanon and the Iran-Iraq war threatens to broaden and involve the United States. Iraq is ruled by an oppressive, unstable government supplied by the Soviet Union and Iran threatens established governments and targets the United States. Throughout the Middle East Moslem fundamentalism inflames religious passions. Jordanian purchases of Soviet arms provide an opening for Soviet influence. The security of American technology is threatened by the sale of advanced weaponry and equipment to potentially unstable governments.

The United States and Israel recognize the Soviet threat to the peace and stability in the Middle East and the need for a U.S.-Israel partnership to resist it. Soviet activities in Syria, Libya, Iran, Iraq, Yemen, the Persian Gulf and the Horn of Africa undermine the area's stability and highlight Israel's strategic value, national stability and technological capacity.

On November 30, 1981, the United States and Israel signed the Memorandum of Understanding for strategic cooperation. The agreement noted the "Longstanding and fruitful cooperation for mutual security that has developed between the countries" in meeting "all threats from the Soviet Union to the region."

Unfortunately, the United States unilaterally suspended the agreement less than one month after it was signed. This act raises doubts about American commitments and encourages those seeking to drive a wedge between the United States and Israel. While we do have some reservations about the Memorandum of Understanding—most notably its focus on the Soviet threat and its failure to address regional conflicts—we nonetheless believe the United States should reinstate the Memorandum without delay and implement it.

The United States should reaffirm and implement its commitment to combat international terrorism.

U.S. AND ARMS SALES

We are gratified that the Administration and Congress are continuing the bi-partisan policy of providing substantial military and economic aid essential to Israel's security. The Israeli people continue to bear the major burden of their own defense and to underwrite most of the cost of rebuilding new defense facilities in the Negev. In 1982, Israel's debt service to the United States alone will amount to almost $800 million. Israel needs grants and concessional loans—rather than high interest loans—from the U.S. Government. Aid to Israel is an investment in peace and U.S. security.

The massive arms buildup in the Arab states—estimated at more than $100 billion since 1973—imposes heavy burdens on Israel's defense budget. Last year's sale of Awacs and offensive equipment for Saudi F-15s has put additional strains on Israel's defense forces. We call on the Administration to obtain written, public Saudi commitments to meet all the assurances President Reagan gave the Senate concerning the sales of Awacs to Saudi Arabia.

Israel's vastly outnumbered armed forces are losing their vital technological and qualitative advantages because of the influx of advanced weapons from both West and East to Israel's adversaries. The U.S. must live up to this Administration's often repeated commitment to maintain Israel's qualitative edge against any combination of opposing forces.

We oppose the sale to Jordan of improved HAWK mobile surface-to-air missiles, Stinger anti-aircraft missiles, advanced ordnance, and F-16 or F-15G fighter-bombers. Jordan's King Hussein adamantly opposes both peace with Israel and the Camp David process. He has contributed troops and arms to other Arab states and participated in the 1973 war. Jordan has purchased SAM-8 missiles and ZSU radar-guided anti-aircraft guns from the Soviet Union. Jordanian crews are now in training in the USSR and Soviet advisors are now in Jordan. Before the U.S. considers selling Jordan modern high-technology equipment, Jordan must join the Camp David process.

We oppose the removal of Iraq from the list of nations supporting terrorism and the lifting of restrictions on the sale of aircraft to Iraq, Syria and South Yemen, supporters of international terrorism. Congress should strengthen legislation to prohibit arms transfers to such outlaw states.

We submit that the United States should sell weapons and furnish technology only to meet legitimate defense needs. It is foolhardy and dangerous to sell the most sophisticated weapons to repatriate petro-dollars to promote friendly relations with unstable regimes or to meet repeated "litmus tests" of friendship.

PALESTINIAN ARABS AND THE PLO

The interest of the Palestinian Arabs will be served by the emergence of leadership ready to acknowlege Israel's right to exist and willing to negotiate within the Camp David framework. The terrorist Palestine Liberation Organization does not constitute such leadership and has hindered the development of such leadership through intimidation and assassination. Since the beginning of 1981, the PLO has claimed responsibility for the murder of seventeen Palestinan Arab moderates. The PLO has provoked the recent violence in the administered areas, resulting in the tragic deaths of both Jews and Arabs. The PLO is committed in its Covenant to Israel's destruction and must not be permitted to participate in any Middle East negotiations. A Palestinian state, which would be controlled by the PLO—and to which we are unalterably opposed—would become a Soviet-dominated terrorist base committed to the liquidation of Israel and to the overthrow of Arab governments friendly to the West.

The PLO persists in murderous attacks on civilians and propaganda war against the United States and Israel. In alliance with the USSR, the PLO recruits, trains and subsidizes international terrorist groups, menacing democratic governments everywhere. The PLO has been implicated in the assassination attempt upon the Pope and the kidnapping of U.S. General James Dozier. The PLO boasts of its involvement in the turmoil in Central America.

We welcome the Administration's declared refusal to negotiate with and to legitimize the PLO. The United States must not recognize the PLO until it amends its Covenant, formally recognizes Israel's right to exist, accepts U.N. Resolution 242 and abandons terrorism. Dealing with the PLO would violate American pledges to Israel, undercut Egypt, reinforce the obduracy of Arab rejectionist states and reward terrorism.

The autonomy plan for the administered territories provides the best method for resolving the final status of the territories. The negotiations on Palestinian autonomy should not depend on parties hostile to peace with Israel and should not obstruct the peace between Egypt and Israel.

The Arab-created Palestinian Arab refugee problem will not be resolved until Israel's neighbors accept their responsibility to settle these refugees. For her part, Israel resettled hundreds of thousands of Jewish refugees from Arab lands and has permitted the return of tens of thousands of Arab refugees under its family reunion policy.

We oppose the creation of a second Palestinian state. It should be recognized that Jordan comprises 80 percent of what was the British Palestine Mandate and the majority of Jordan's people are Palestinian Arabs.

LEBANON

Within the last year, the PLO, now based in Lebanon, has received substantial shipments of tanks, artillery, rocket launchers and armored personnel carriers from Libya, Syria, Saudi Arabia, the Soviet Union and the Eastern Bloc. The PLO has emerged as a terrorist army, threatening the civilian population of northern Israel. Despite a cessation of hostilities arranged last summer by the United States, the PLO has continued to violate the agreement by infiltrating terrorists across Israel's borders, attacking Israeli and Jewish targets abroad and fomenting riots and terrorist acts within Israel. In accordance with international law and the United Nations Charter, Israel has a legal right of self-defense to remove PLO terrorist bases in Lebanon.

We urge the United States and the rest of the free world to aid the beleaguered Lebanese Christians who are threatened with extermination. Syrian troops now occupy Lebanon in an effort to establish "Greater Syria." The PLO uses Lebanon as a staging area for attacks against Israel, and the Lebanese central government has been powerless to act.

JERUSALEM

Jerusalem is the heart of the Jewish people's faith and national aspirations. The capital of Israel flourishes as a united, open city with free access to the holy places for all faiths. Jews, Moslems and Christians—citizens of Israel or any other state—must never again be barred from any part of Jerusalem, as they were during Jordan's 19-year belligerent occupation of the Old City. To insure religious freedom and to enhance the continued development of the city for the benefit of all its inhabitants and pilgrims from the entire world, Jerusalem must never again be divided and must remain under Israeli sovereignty. Israel's reunification and rebuilding of the city are legal under international law. The United States should respect this reality by recognizing Jerusalem as the capital of Israel. The U.S. Embassy in Tel Aviv should be moved to Jerusalem. The U.S. Consulate

General in "East" Jerusalem should be closed.

Syrian surface-to-air missiles remain in Lebanon's Bekaa Valley—more than one year after the Administration promised to work for a return to the status quo ante. We call for the withdrawal of Syrian troops and missiles, the cessation of PLO operations from Lebanon, and the restoration of peace in Lebanon.

SETTLEMENTS

We recognize the inherent right of Jews to live anywhere in Judea and Samaria. Israel cannot be deprived of its right to determine its settlement and security needs. Jewish settlements outside the pre-1967 armistice lines are not and have never been obstacles to peace. As eminent authorities have maintained, Israel's administration of the territories, captured in her just and defensive war in 1967, and her settlement policy are in accord with international law.

ENERGY AND OIL

U.S. dependence on foreign energy sources gravely threatens the security and economy of our nation and our allies. The United States must make a determined effort in concert with other oil-importing nations to break OPEC's grip on the world oil market. The Administration should encourage the production of non-Opec oil, particularly in the Western Hemisphere, and support price competitions.

The United States should intensify energy conservation, seek reduction of imported oil, exploit new and under-utilized gas and oil fields in the United States. Our Strategic Petroleum Reserve should be rapidly accumulated-as mandated by Congress-despite Saudi objections. Available domestic energy sources and alternative energy technologies should be developed more vigorously.

ARAB BOYCOTT

Despite current anti-boycott legislation, the Arab boycott against Israel continues to threaten the constitutional rights of American citizens and the principles of open and fair trade. All agencies of the federal government must enforce the anti-boycott laws vigorously. These laws should be greatly strengthened.

We call upon the Administration to oppose vigorously the extension of the boycott to American companies entering into partnerships or joint ventures with boycotted U.S. firms.

ENDANGERD JEWISH COMMUNITIES

We deplore the persecution of Jews in Syria, Iraq and elsewhere. We are deeply concerned for the Jewish community in Iran. Our government should seek to protect the fundamental human rights of these communities, including their right to emigrate.

The perilous condition of Ethiopian Jewry, caught in the crossfire of civil war is increasingly a matter of concern. We urge intensified efforts to alleviate their distress.

We also urge the Administration to support compensation from Moslem countries for the lost property of the hundreds of thousands of Jews forced to flee since 1948.

We express our deep concern over the anti-Semitic outrages in Europe, Latin America and elsewhere.

JEWS IN THE SOVIET UNION

We protest the arbitrary restriction and lower emigration totals for Soviet Jews and Prisoners of Conscience since 1980 and the increased official harassment and government-sponsored anti-Semitism. We urge the Administration to seek higher emigration levels as well as guarantees for the political, cultural and religious rights of Jews remaining in the Soviet Union. The freedom-of-emigration amendment to the Trade Act of 1974 provides sufficient flexibility to encourage further Soviet performance in this area. It should not be modified. Should the Soviet Union qualify under the amendment's waiver provision, it may receive the trade benefits it seeks.

We urgently appeal for the immediate release of the Prisoners of Conscience.

THE UNITED NATIONS

The United Nations, most of its affiliated organizations, and many of its conferences have abandoned the founder's ideals and have become a rubber stamp for bloc voting, anti-Semitism, blatant discrimination against Israel, the vicious canard equating Zionism with racism, anti-democratic actions and the condonation of terrorism. The United States should continue to use its power and influence in all U.N. bodies to block all efforts to delegitimize Israel and to oust her from the U.N. and its specialized agencies. Such anti-Israel actions and resolutions are sponsored by states seeking Israel's liquidation. The United States should also reduce its contributions to the United Nations in proportion to the amount that would otherwise go to support anti-Israel propaganda. We applaud the Administration and its U.N. representatives for reasserting the principles upon which the United Nations was founded and for actively combatting their violation. The United States should cease all financial support and withdraw its membership from any international organization which expels Israel.●

OIL IMPORT FEES AND THE AIRLINE INDUSTRY

● **Mr. JACKSON.** Mr. President, it would come as no surprise to my colleagues if I told them that the U.S. airlines are facing the most turbulent economic period of their history. The filing for bankruptcy by the Nation's eighth largest airline, Braniff International, is the most obvious sign of the airline industry's plight. Laker Airways was forced into receivership in February. There will be much debate as to whether or not the Braniff situation is attributable to deregulation of the airlines. However, one thing is clear—the airline industry is in a state of transience—they are in the process of reaching a new market equilibrium. The Federal Government should be very cautious about imposing new burdens on the airline industry while it is seeking this new market equilibrium in the wake of deregulation.

In particular, my colleagues should be concerned about the potential effect that an oil import fee would have on the airline industry in its present condition. The airline industry is surely the most energy intensive of all major industries, as fuel accounts fully for 30 percent of the industry's operating expenses.

The Air Transport Association of America has sent me a paper on "The Adverse Impact of a Crude Oil Import Fee on the Airline Users and the Airline Industry." They describe how a $5 per barrel import fee, if fully passed through to the airline by fuel distributors, would add over $1 billion annually to airline expenses—a sum that is equal to the industry's total losses for the 12-month period ending June 1982. The industry would have little choice but to pass that cost on to consumers.

I hope that the adverse consequences that an oil import fee will impose on our recessionary economy will not be considered simply in terms of the number of corporate bankruptcy filings. We must not forget that the case of Braniff Airlines means 9,500 jobs are at stake and 9,500 families suffer the loss of a breadwinner.

I submit for the RECORD the paper entitled, "The Adverse Impact of a Crude Oil Import Fee on the Airline Users and the Airline Industry."

The paper follows:

THE ADVERSE IMPACT OF A CRUDE OIL IMPORT FEE ON THE AIRLINE USERS AND THE AIRLINE INDUSTRY

Consideration has been given to the possible imposition of an import fee or excise tax on crude oil and refined petroleum products as an additional revenue source for reducing the federal budget deficit. Such an imposition would be inflationary and cause a further escalation of fares and have an adverse financial impact on the U.S. airline industry, currently experiencing its worst financial period in history.

In addition to its inflationary impact on travel, an oil import fee would exacerbate aviation industry unemployment.

In recent years, travelers and shippers and the airline industry have been severely hurt by skyrocketing fuel prices. The price of jet fuel increased from 39 cents per gallon in 1978 to $1.05 per gallon in 1981. Each one cent a gallon increase adds over $100 million to annual airline operating expenses. The airlines in 1981 consumed less fuel than in 1978, but experienced $7 billion in additional fuel costs because of price increases. Currently, fuel accounts for 30 percent of the industry's $37 billion in operating expenses.

Primarily as a result of rising fuel costs, airline fares have increased significantly in recent years. The price of an average domestic ticket has climbed nearly 50 percent during the past two years.

Since the middle of last year, however, fuel prices have stabilized. In fact, the average price per gallon actually declined slightly to about $1.03 per gallon in February of this year from $1.07 last May. For this and other reasons airline fares have declined over the past several months. For example, the average domestic fare in February was down about 19 percent from a year ago.

The imposition of an import fee on crude oil would wipe out the beneficial aspects to the consumer and the airlines of the recent declines in the price of fuel. The Congressional Budget Office has estimated that a $5 per barrel fee on crude oil could increase the price of refined petroleum, such as jet fuel, by 8 cents a gallon. This would result in more than $750 million in added annual airline costs. To recover such additional costs, airline fares would have to be increased approximately $3 on every $100 of ticket sales. The CBO analysis did not assume a full passthrough of the $5 per barrel import fee by the oil companies. If that were to occur, the price of jet fuel would increase an estimated 12 cents per gallon adding over $1 billion annually to airline expenses. Already, the airlines face a loss of $1 billion for the 12 months ending in June 1982.

The administration has also proposed a significant increase in aviation taxes in regard to the fiscal year 1983 Federal budget. The passenger tax would increase from 5 percent to 8 percent. Taken together with the effect of an import tax on crude oil, airline passengers would be paying 11 percent more.

Certainly, there is a limit to the additional charges that can be placed on the airlines and their customers—the shipping and traveling public. The imposition of a crude oil import fee would place a severe burden on the airlines and their customers at a time of extreme difficulty in the industry.

PETROLEUM COSTS AND THE U.S. AIRLINE INDUSTRY

	Cost of Crude [1] (barrel)	Percent increase	Average price of jet fuel	Percent increase	Average domestic fare per mile (cents)	Percent increase
1975	$10.38		$0.29		7.7	
1976	10.89	4.9	.32	10.3	8.2	6.5
1977	11.96	9.8	.36	12.5	8.6	4.9
1978	12.46	4.2	.39	8.3	8.5	(1.2)
1979	17.72	42.2	.58	48.7	9.0	5.9
1980	28.07	58.4	.90	55.2	11.6	28.9
1981 [2]	35.64	27.0	1.05	16.7	13.2	13.8

[1] Refiner acquisition cost

[2] Estimate ●

ENDANGERED SPECIES ACT

● Mr. TSONGAS. Mr. President, I am proud of the history of the Commonwealth of Massachusetts, particularly its record as a leader among States of the Nation on environmental matters.

The State legislature has recently expressed its strong support of the Endangered Species Act, and has stressed the need for the development of hazardous waste treatment and disposal sites.

Mr. President, I ask that these resolutions memoralizing Congress be printed in the CONGRESSIONAL RECORD.

The resolutions follow:

RESOLUTION

Whereas, ecological, utilitarian, and personal concerns dictate that the preservation of species of plants and animals is in the public interest and of importance to the people of the Commonwealth of Massachusetts; and

Whereas, the number of species of plants and animals facing extinction has increased alarmingly in this century with fifteen species recognized as being in danger of extinction within our own Commonwealth; and

Whereas, the Endangered Species Act, first passed by Congress in 1966, serves as the cornerstone of activities of State and Federal agencies to identify, protect, study and recover populations of endangered and threatened plants and animals in the United States and throughout the world; and

Whereas, the irreversible state of extinction requires that strong policy and comprehensive programs be in place to safeguard the biological diversity of this planet: Now, therefore, be it

Resolved, That the Massachusetts General Court respectfully urges the Congress of the United States in 1982 to reauthorize the Endangered Species Act without weakening amendments and further to provide adequate funding to meet the purposes of the act: And, be it further

Resolved, That copies of these resolutions be forwarded by the Clerk of the House of Representatives, to the presiding officer of each branch of the Congress, and to the Members thereof from this Commonwealth.

RESOLUTION

Whereas, the amount of hazardous waste which must be disposed of in this country each year is increasing dramatically; and

Whereas, the public has become increasingly concerned with regard to the potentially harmful effect of such waste on the public health and safety and the environment; and

Whereas, the number of hazardous waste disposal facilities is decreasing in the face of increasing demand, and under present circumstances and law, the imbalance between supply and demand is likely to further increase in the foreseeable future; and

Whereas, any decrease in the number of existing hazardous waste facilities increases the distance necessary to transport hazardous waste in order to properly dispose of it; and

Whereas, there have been an increasing number of spills and accidents on the Nation's highways involving the transportation of hazardous materials, which threaten the health, safety, and welfare of the citizens of this country; and

Whereas, an increase in the distance which it is necesssary to travel in order to properly dispose of hazardous waste encourages illegal disposal; and

Whereas, while a completely risk-free environment cannot be provided, we as a Nation must do all in our power in order to minimize the risk of significant harm to the public from the adverse effects of exposure to such substances: Now, therefore, be it

Resolved, That the Massachusetts House of Representatives respectfully requests the Congress of the United States to encourage the development of hazardous waste treatment and disposal facilities in each State in the Union by, among other things, developing a system of financial incentives which will encourage the development of hazardous waste treatment and disposal sites within the boundaries of each State: And, be it further

Resolved, That copies of these resolutions be forwarded by the Clerk of the House of Representatives, to the President of the United States, the presiding officer of each branch of Congress, and to the Members thereof from this Commonwealth.●

FAR EAST TRIP

● Mr. MURKOWSKI. Mr. President, I would like to take this opportunity to share some observations about a trip I made in January to three Pacific Rim nations: Japan, South Korea, and Taiwan. This was a most worthwhile and educational trip in terms of understanding the strong ties of friendship and mutuality of interests that exists between the United States and these three allies. In a time when increasing concern is being expressed about our large trade deficit with Japan, we must consider all possible means of augmenting our exports to that nation and others in the region.

Japanese business and government officials expressed concern about what they perceived as rising protectionist sentiments in Congress. Prime Minister Suzuki personally stated his concern to me about this problem. I noted that this sentiment was both sincere and strong, and that many in Washington and Europe, including myself, feel that Japan's market is not as open to U.S. exports as it could be. Therefore, I believe that the Reagan administration's policy of encouraging Japan to expand its imports and open up its market to American exports rather than cutting off exports is both fair and just.

I am most pleased that the Japanese Government announced shortly after I left the island that it was acceding to 67 of 99 specific demands made by foreign governments for the easing or elimination of nontariff trade barriers. Another recent noteworthy measure was the Japanese decision to accelerate reductions, 2 years ahead of schedule, in the tariffs it agreed to reduce in stages during the Tokyo round of multilateral trade negotiations of 1979. Last week, during a meeting here in Washington with senior Japanese Embassy officials, I expressed my sincere appreciation for these reforms. It is my hope that these efforts at trade liberalization will continue. Alaska, the United States, and Japan all stand to gain from an equal, unfettered flow of trade. In a period of recession and low growth, as is now faced by most of the industrialized world, Japan must continue to be aware of the value of opening up their market so that a debilitating wave of anti-Japanese protectionism can be avoided.

During a meeting with a Japanese trade and industry group, a prime topic of discussion was the concept of an "oil swap," or the exportation of Alaskan crude oil to Japan. Although this economically sound proposal is temporarily on the "back burner" with the Reagan administration, the Japanese continually informed me of their interest in obtaining Alaskan crude. They stated, for the first time, that they would be glad to receive a modest amount—50,000-100,000 barrels a day—and that they would welcome the shipping of this oil on American vessels. Both these statements increase the attractiveness of the swap as a means of improving the current $18 billion U.S. trade deficit with Japan.

Another topic of discussion in Japan was the level of that country's defense budget. I am acutely aware of the sensitivity of the Japanese people to military matters and the ruling party's policy in regard to limiting Japanese defense spending. I am satisfied that Japan is making a measured, sincere effort to increase their share of the burden of protecting the Pacific shipping lanes. With continued, private American pressure, I am confident that the Japanese military can eventually play a significant role in containing Soviet aggression in the Far East.

South Korea, with both the population and the need, was most interested in increasing its level of trade with the United States. They were especially interested in Alaskan coal and agricultural products. The leaders of Korea are wisely attempting to move away from their heavy reliance on Middle East oil by converting stationary powerplants to the low sulfer, low BTU coal that is so abundant in Alaska. While in Korea I met with the President of Sun Eel Shipping Co., which has secured a lease on land for loading and exportation of coal from Seward, Alaska, and I toured a Korean powerplant that is also buying Alaskan coal. I plan to continue to work with Korean officials to improve our economic ties.

My personal meeting with Korea's President, Chun Doo Hwan, was an emotional one in which he reiterated his gratitude for American support of South Korea. President Hwan made the noteworthy comment that Americans should pay more attention to the good our Nation has done in the world and spend less time reflecting on our shortcomings. He stated that the prosperity that Korea enjoyed was due to the United States of America.

My trip to the DMZ and the port of Inchon reminded me of the startling state of tension which still exists between South and North Korea. It was obvious that the presence of 40,000 American soldiers in South Korea remains vital to the maintenance of peace in that region of the world.

My visit to Taiwan also revealed the importance that the Taiwanese place on American military assistance. Although President Reagan has decided against selling the FX plane to Taiwan, it is my hope that he will consider giving all-weather capability to the F-5Es he has proposed for sale to the Taiwanese Government. I have joined Senator DOLE and 29 other Senators in expressing my concern over this matter in a letter to the President.

While in Taipei, I also held extensive discussions with members of the Taiwan Solar Energy Society about world energy problems and the various means of cooperation that are helping the United States and Taiwan diversify their energy sources. I was also struck by the high level of labor productivity on Taiwan and the degree of economic success that free enterprise has brought that nation.

Most of us are aware of how centralized the population is in the Pacific Rim. Alaska enjoys the luxury of proximity to this important market. With careful planning, Alaska can play a significant role in providing the resources that Pacific Rim nations need to industrialize and build a strong economic base. My trip gave me an opportunity to meet with many government and business leaders in East Asia and identify what resources represent the best possible means of improving America's economic ties with this strategic region of the world.●

PRIME OSBORN, FLORIDA BUSINESS LEADER, RETIRES

● Mr. CHILES. Mr. President, today I would like to speak briefly about one of Florida's most distinguished businessmen and civic leaders, Prime F. Osborn, who retired as chairman of the board of the CSX Corp., on May 1. Among his many accomplishments in the railroad industry, Mr. Osborn can point with pride to the leadership he showed in helping to bring about the formation of the CSX Corp., which is now the largest railway system in the United States and unites two great railroads, the Chessie System and the Family Lines (the Seaboard Coast Line R.R. and the L. & N. R.R.).

It is fair to say that Mr. Osborn is not retiring but only "stepping down" from the active leadership of CSX Corp. I know he will continue his long record of community service by working with the Boy Scouts and the Salvation Army as he has in the past. Mr. Osborn's public service has been recognized by many awards including the William Booth Award of the Salvation Army, the Americanism Award of the B'nai B'rith Anti-Defamation League and the Outstanding Jacksonville Citizen Award of the Jacksonville Chamber of Commerce. A recent article about Prime Osborn in The Florida Times-Union was headlined: "Former CSX Chief finding retirement no time to be idle." The many friends and admirers of Prime Osborn know that this will be true. I ask that this interesting article about him be printed in the RECORD at the conclusion of my remarks. We wish him well in his active retirement.

The article follows:

[From the Florida Times-Union, May 1, 1982]

FORMER CSX CHIEF FINDING RETIREMENT NO TIME TO BE IDLE

(By Karen Brune)

For his first day of retirement, Prime Osborn scheduled a visit to the Kentucky Derby. Today, his second day of retirement, he plans to fly to Lakeland in time to address graduates at Florida Southern College.

The former chairman of CSX Corp. said he hopes to cut down on his travel now that he has retired. But so far, it seems that Prime Francis Osborn III is as busy as ever.

"It looks like I'm never going to finish my book," the 66-year-old former rail chief said Thursday evening after returning from CSX headquarters in Richmond, Va.

"When I started out, [the subject] was '25 Years at the Podium.' Now, it's '35 Years at the Podium.' "

Osborn has been in the railroad industry since 1946 and has spent countless hours giving speeches, testifying before government committees and orchestrating numerous rail-system mergers. Through his book, he said, he wants to pass on his knowledge to beginning speakers.

"It's how to deal with problems," he said. One of those is the obviously inebriated member of the audience. His solution:

"I invite 'em to come up [to the podium]," he said.

The art of figuring out such obvious solutions could, perhaps, be listed as Osborn's modus operandi.

Osborn was a primary organizer of the gigantic merger of the Ohio-based Chessie System Inc. and the Jacksonville-based Seaboard Coast Line Industries Inc., into CSX Corp. CSX now is the nation's largest rail system in revenues ($5.4 billion) and assets ($8.1 billion).

He worked on the merger, which was completed in November 1980, with Hays T. Watkins, who had been chairman and chief executive officer of the Chessie System. Watkins had served as president of CSX and becomes chairman and chief executive officer upon Osborn's retirement.

"To tell the truth, I've enjoyed everything I've done," Osborn said. "The good highlights have been the merger of the Seaboard Air Line and the Atlantic Coast Line railroads [into Seaboard Coast Line] and the subsequent merger of Seaboard Coast Line

[Industries] and the Chessie System. Those would have to be the highlights."

But those did not constitute his only involvement in rail mergers. He was involved with "a lot of smaller mergers" in his career before the Atlantic Coast Line (ACL) and Seaboard Air Line merger. That merger, which became final in 1967, was at least seven years in the making.

Such business, he said, takes, "oh, my goodness, just enormous amounts of time . . . untold hours. . . . It requires an awful lot of people to consummate a merger."

The Greensboro, Ala., native had not specifically planned to join a railroad. He spent his first 12 years on his family's cotton farm nine miles outside of Greensboro before moving into town with his parents and nearly 2-year-old sister.

After moving into town, he joined the Boy Scouts, an organization with which he has remained involved. The Baden-Powell Scout Reservation near Melrose now boasts Lake Osborn, named in his honor after he raised $560,000 for the reservation while he was president of the Scouts' North Florida Council.

While living on the farm, he was what he said was called a Lone Scout, "just a guy who didn't have anybody to play with." He kept up with the Scouts via mail and do-it-yourself programs.

He liked living on the farm.

"You just had complete freedom to roam and run about. There is so much to do on a farm. I loved every single aspect of it."

Osborn still has the 1,000-acre farm and visits it two or three times a year. A nephew now runs the operation, growing soybeans and wheat.

"As long as I have a good job, I can afford to farm it."

He attended Greensboro public schools and admits he was a "book nut." He loves biographies and says his latter-day hero is MacArthur, though his childhood favorites included Tom Swift.

He received his law degree in 1939 from the University of Alabama at Tuscaloosa. He spent 1941-1946 in the Army.

Upon returning from World War II, "it was just like I was starting over. I was about to enter practice with a law firm and somebody told me the Gulf, Mobile and Ohio [railroad] in Mobile wanted a lawyer. I interviewed, and they hired me."

He moved on to become general solicitor for the Louisville & Nashville Railroad (L&N) in Louisville, Ky., to vice president and general counsel with the ACL, to vice president-law of Seaboard Coast Line (SCL) Railroad, and then to president of SCL railroad and Seaboard Coast Line Industries (SCLI) in 1970.

Ten years ago, he became president and chief operating officer of the L&N, which together with Seaboard, the Georgia Railroad, the Clinchfield Railroad and the West Point Route make up the Family Lines Rail System in Jacksonville – now one of CSX's major operating units. In 1977, Osborn was named president and chief executive officer of SCLI.

In 1978, he became chairman and chief executive officer of SCLI and its primary railroads, SCI. and L&N.

"I became fascinated with it. It's the most fascinating business you can get into," he said. "The retention of transportation as a private enterprise is absolutely imperative. Foremost among that is the railroad system. We have a very great responsibility to preserve it."

One way to-boost the industry is to garner some national publicity, which Osborn aimed to do Oct. 23, 1974, on the Johnny Carson show taped in Burbank, Calif.

Osborn went to the show's late-afternoon taping as a representative of the Association of American Railroads. He and Carson were to discuss the industry and planned a demonstration of model trains.

"They had made a train board with 15 trains on it. It was magnificent," Osborn said.

But when the curtains opened to allow the board to move onstage, "about 90 percent of the trains had been knocked off the track.

"I just admitted we had an accident," he said. "It was quite an experience."

Despite his accomplishments, Osborn acknowledges some areas in which he has failed.

"There are a lot of things I wanted to accomplish that I haven't," he said. "There have been a great many things."

For instance, he wanted to see railroads become total transportation companies in which truck and barge lines could also be operated.

"We've never been to the point where that is legally possible," he says. "My part in that has been a failure."

He cites the "intense" competition between railroads and other forms of transportation and said the merger of SCLI and Chessie into the holding company, CSX, has "put us in the position to be a lot more competitive."

CSX is made up of The Chessie System Railroads, The Family Lines Rail System, CSX Beckett Aviation Inc., CSX Minerals Inc., CSX Resources Inc., Florida Publishing Co. (publishers of The Florida Times-Union, the Jacksonville Journal and The St. Augustine Record), The New River Co., the Richmond, Fredericksburg and Potomac Railroad Co. and The Greenbrier resort hotel in White Sulphur Springs, W.Va.

CSX is now the world's largest coal hauler. Of the 244.8 million tons of coal hauled in 1981, 36.5 million tons were exported.

Coal traffic, as opposed to other commodities, is holding up well, Osborn said.

CSX's first-quarter earnings this year were $48.2 million, down from the $87.7 million in the first quarter of 1981. Last year's first quarter was a record, brought about by a stockpiling by utilities in anticipation of the coal miners' strike as well as by stronger general traffic levels.

"We're still optimistic about 1982," Osborn said. "Traffic is down terrifically from last year, from what we thought it would be. We hope the recession will turn around in the second half.

"But coal traffic is holding up extremely well."

His optimism stems from increased export demands and from the 11 coal-fired power plants expected to come on line in CSX territory over the next two to three years. That does not include any plant expansion.

Of course, he is also in favor of the two coal-fired generating plants proposed by the Jacksonville Electric Authority, which would require from 2.5 million to 3 million tons of coal a year. That would mean more business for Osborn's company.

"Oh definitely, yes ma'am," he said about his favoring the proposed plants, "I supported them when they first started talking about them."

Competition from the planned merger of the Southern Railway System and the Norfolk & Western Railway, which will create a combined system of $3.59 billion in revenues to CSX's $5.4 billion, does not frighten him.

"We felt it was a natural. After we merged, we felt it imperative that they merge in order to compete with our company."

Osborn will now watch the industry from his office suite down the hall from his huge former office on the 15th floor of the Seaboard Coast Line building. From his new office, he will continue his work as a member of the CSX board of directors, as well as his work with other organizations.

He is a member of many boards of directors, as well as chairman of the National Advisory Council of the Salvation Army.

Osborn and his wife, Grace, have been married 43 years, "all my life, it seems," and they will remain in Jacksonville.

His 39-year-old, son Prime IV, is a career Navy officer and a commander based in San Francisco. His daughter, Mary Anne, 30, is involved with child counseling and is working toward her Ph.D. at the University of Florida.

CSX announced yesterday a gift of $100,000 to establish a professorship at the University of North Florida in honor of Osborn. It will serve as endowment for the Prime F. Osborn Professorship in Transportation at the university. That gift followed an earlier announcement of $1.12 million in awards to be made by Family Lines to 34 area organizations over the next three years.

"I guess everybody has some qualms about retiring in some ways, but I've been ready to retire for some years," Osborn said. "I've had a lot of opportunities to do things. I have a job for each day of the week.

"I suppose that's enough," said the man whose CSX business card now reads "Prime F. Osborn, Chairman of the Board (Retired)."●

EVOLVING CONTROLS FOR ISABELLE

● Mr. D'AMATO. Mr. President, as part of my continuing efforts in support of the ISABELLE intersecting beam particle accelerator project at Brookhaven National Laboratory, I have inserted material concerning the project in the CONGRESSIONAL RECORD. Today, I call your attention to an article which appeared in the May 7, 1982, edition of the Brookhaven Bulletin regarding the development of the control system for the accelerator. The activities discussed by Anita Cohen in her article, "Evolving Controls for ISABELLE," illustrate the efforts which are being exerted by the staff at Brookhaven to control costs while producing technical developments which are at the leading edge of modern engineering.

I note in particular the comparison between the capabilities of the Europeans' CERN control system and the system under development at Brookhaven for ISABELLE. The ISABELLE control system will use very advanced computer technology to produce an order of magnitude improvement in reliability over present control systems. The combination of that technology in an innovative and creative way with existing cable television transmission technology points out the special qualities of technical and engineering development the construction of a project such as ISABELLE fosters. As a nation, we cannot afford to allow false budget economies deprive us of the scientific tools we need to blaze new trails into the next century as the world leaders in high energy physics.

Mr. President, I ask that a copy of this article be printed in the Record.

The article follows:

Evolving Controls For ISABELLE

(By Anita Cohen)

Through the Ice Age and the Stone Age and the Age of Reason, through evolution and revolution, for several billion years, the Earth has revolved around the sun with an unfaltering stability.

Until recently, the idea that humanity could duplicate this stability would have met with scorn. But the protons that will circulate through ISABELLE's two beam lines must be stable enough to complete 10 billion revolutions in 24 hours, for several consecutive days. "ISABELLE will be incredibly stable," says John (Rusty) Humphrey, head of the ISABELLE Control Group, "the most stable thing people have ever made."

Such stability can only be achieved if ISABELLE's 30,000 variables are themselves very stable—built and maintained to tight tolerances. This maintenance will require monitoring 30,000 points at one time, so it will be immediately evident if something goes wrong at one of them. How will this be accomplished? "That's part of why the ISABELLE control system exists," says Humphrey.

The control system now being built for ISABELLE is a complex computerized network. Its components will be connected by more than three miles of cable, which will begin at the main computers tied into three control consoles. Data will bus along the highway through ten process computers and arrive at 36 stations. From those, data will be bused locally to 1,500 controllers connected to 30,000 devices for monitoring variables. Already, about 2,000 feet of cable have been installed in the AGS Linac and in a portion of the ISABELLE injection line.

Bob Frankel leads the effort to build the cable system, named RELWAY for RELiable process data highWAY. Essentially, RELWAY takes its technology and parts from the cable TV industry, using large-scale integrated circuitry and standard protocols whenever possible. Adapting this technology to meet ISABELLE's special environment has resulted in a broadband system offering several different channels. On each channel, a communications service can run at the rate of one to ten megabits/second. Via RELWAY, data can not only be sent to several devices simultaneously, but consoles can also receive information about the status of the variables the devices monitor. The ISABELLE Control Group is combining sophisticated programming, computer hardware and RELWAY to create a system that will immediately alert ISABELLE's operators if something is out of tolerance and threatening the beam's stability.

Such a situation is not to be taken lightly. Every machine failure means that valuable experimental time will be lost. If a potential problem can be flagged, it might be fixed before any harm is done.

In most cases, repairs' will be routine. But, when the unforeseen happens will there be any way to avoid shutting down the accelerator to experiment with alternatives? Yes.

Jim Neiderer of Applied Math is leading the effort to build a model containing all the specifications and parameters pertinent to ISABELLE. As he explains, "The model will allow for a variety of options in a given situation—say with magnet settings. If you change the settings, what will be the consequence to the beam? With the model, you can test assumptions. You don't actually change anything until you have determined the best alternative."

Modeling will be used during all phases of ISABELLE's lifetime for designing, troubleshooting and experimenting. "This will contribute importantly to the flexibility of ISABELLE to do new physics," Humphrey says, "The models can be used to explore the effects of new strategies or proposed modifications upon stable beam operations."

Controls for an accelerator as large and complex as ISABELLE might normally be expected to require about three man-centuries of labor to complete. But Neiderer says, "We are paying very close attention to managing the software part of the project with the goal of cutting man-centuries, hopefully by as much as one-half."

To accomplish this, Humphrey says, "Everything must be done efficiently and carefully and cleverly." While this is true of all aspects of accelerator development, it is particularly important to controls. In this fast-paced field, today's state-of-the-art technology could be out-of-date tomorrow. Still, for the Controls Group to meet their schedules, certain tasks must begin now. Humphrey's solution is to "partition the problem. We'll do the things with a lot of industrial technical push later on," he says.

The ISABELLE control system is being designed to have a mean time between failures of ten days, more than enough to allow for projected run times. Humphrey says that "This is a very high standard for a system of this size," and points out that it is an order of magnitude higher than that achieved at CERN's SPS, where the time between computer breakdowns averages one day.

Engineers Thomas Clifford, Susan Kennel and Brian Morris and technician Patricia Taibbi are working on software for ISABELLE's control system. Hardware is the province of engineers Alexander Herman, Doug Pope and Robert Warkentien, whose efforts are supported by technicians John Czachor, Heather Hartmann, Karl Kohler, Philip Pape and William Venegas. The core management team of Frankel, Humphrey and Neiderer is proud of their people's efforts. "This system is in the mainstream of control system development," sums up Humphrey. "We are really doing some fine stuff."●

HOW TO SAVE A FEW BILLION DOLLARS

● Mr. SPECTER. Mr. President, there continues to be grave concern, a concern shared by me, that Federal agencies are not always following the clear sense of the Congress that small business be given every opportunity to participate in government procurement. The following article, "How To Save A Few Billion Dollars," discusses this problem. I ask unanimous consent that it be placed in the Record.

The article follows:

How To Save a Few Billion Dollars

(By Paul J. Seidman)

Government procurement officials have several good reasons for wanting to deal only with big companies. Unfortunately, what's good for the officials is often bad for the taxpayers, and official repudiation of efficient small companies costs the government billions of dollars a year. It's time for small businesspeople and their organizations to unite and demand that bureaucrats let them sell the products they're best at producing.

Say the Air Force needs spare parts, and the procurement official has a choice between a small company that nobody's ever heard of and a big one that advertises in all the glossy magazines. If he gives the contract to the big guy, nobody will blame him if the parts turn out to be bad. After all, look at the company's reputation. But if he gives it to the little one, think of the heat he'll get if the parts are defective: "Whaddya mean, buying from that bicycle shop?"

The procurement officials—especially uniformed military men who can retire at any age after 20 years' service—may also be planning on new jobs in private industry. What better way to improve your second-career prospects than by seeing to it that a major aerospace firm keeps its status as the sole source of some profitable replacement parts?

Of cource, a contracting officer has to contend with bothersome laws and regulations—like competitive bidding rules. What if some tiny company he never heard of (and wouldn't think of working for) submits the low bid on a contract?

First of all, the low bidder has to be found "responsible," which means capable of performing the work in question. Who rules on responsibility? The contracting officer. So much for the small company.

Congress tried to protect small businesses from the tendency of contracting officers to underestimate the capability of small firms. It enacted a law that permits a small business found to be "nonresponsible" to call on the Small Business Administration for a second opinion. If the SBA says the low-bidding small firm can do the job, it gets the contract.

But innovative procurement officials at the Department of Defense have found a way around this law. If we can keep small businesses from bidding in the first place, the officials apparently reasoned, then they can't be low bidders and the SBA can't muscle in.

The procurement officials have assigned each of their aircraft spare parts a procurement method code, or PMC. One code indicates that a part requires unique manufacturing capabilities. Another covers those parts for which the government lacks sufficient data to prepare specifications for production by anyone but the original manufacturer. Yet another designates those manufactured with proprietary techniques. Using the assigned coded for each replacement part, the Department of Defense makes a list of "qualified" bidders. And only those companies on the qualified bidders list can bid to make each replacement part.

Procurement officials asked the original manufacturers of parts to recommend the code that should be applied to their products, then generally followed their recommendations. Thus, the "qualified bidders list" for many products consisted of exactly one name—that of the original manufacturer. This had the desired effect of making prime contractors the sole-source suppliers of replacement parts for their aircraft. And it kept the pesky SBA out of the way.

Of course, some upstart of a small business occasionally makes a fuss about this system. Honeycomb Co. of America, for example, a small family-owned business located in Sarasota, Fla., had an Air Force contract to supply some replacement parts for the F-4 Phantom jet fighter. The Air Force claimed some of Honeycomb's replacement parts weren't good enough and removed the firm from the list of qualified suppliers.

Unfair, said Honeycomb, and demanded a second opinion from the Small Business Administration.

You don't get one, replied the Air Force, because we never said you were "nonresponsible," we only removed you from the qualified list.

Honeycomb persisted, and took its protest to the General Accounting Office, a congressional watchdog agency that rules on the legality of procurement actions at the request of interested parties such as potential bidders or their trade associations. The Air Force got scared, fearing that its whole innovative system of discriminating against small business might be destroyed if the GAO ruled that Honeycomb had a right to a second opinion. Rather than risk total defeat, it surrendered to Honeycomb, and the GAO never rendered a decision on the merits of the case. Honeycomb got to bid on the F-4 parts, but other small companies in similar situations won't get to offer their products to the Air Force unless they're willing to run a similar gauntlet.

Moreover, the Department of Defense and its prime contractors are trying to undermine potential small business bidders in still another way. They are supporting changes to the Freedom of Information Act that would allow the Defense Department to withhold competitors.

The effect of this kind of official cuddling up to big business is increased expenses for the military—and for the taxpayer. Many smaller businesses say they can save the Pentagon one-third to two-thirds of the prices the Air Force currently pays for parts. The savings that have resulted when the SBA has cajoled the military into opening bids to smaller companies have sometimes been even greater.

The SBA recently compared prices for 181, different aircraft spare parts bought through competitive bids after SBA intervention with the prices paid before competition was allowed. It found that the Air Force saved $6.7 million on these 181 parts over an 18-month period in 1980 and 1981. In one case, the cost reduction was 99.5 percent of the price the service paid in noncompetitive buys. "These are only example cases," the SBA said in a report prepared for Rep. John LaFalce (D.N.Y.), chairman of a House small business subcommittee. It noted that only 7.9 percent or approximately 300,000 of the nearly 3.9 million individual spare parts listed in the Department of Defense catalog system were subject to open competitive bidding.

The SBA report shows that there's a potential for billions of dollars in savings if smaller companies are allowed to participate more widely in the defense effort.

But individual small businesses like Honeycomb can rarely take on the Defense Department and the large aerospace contractors and force open bidding on products the small businesses could efficiently produce. Any small business's first concern is staying in business, not battling unreasonable government policies. And the Defense Department and the large prime contractors can easily retaliate if they find a small business is being too successful in a struggle to force open bids.

Given the Reagan Administration's need to cut federal expenditures, one might think the White House would be interested in heightened competition and lower prices. But the Honeycomb case by itself isn't likely to get the Administration's attention.

The country needs a bunch of small companies willing to pool their resources and shout loud and long about the contribution they could make to cheaper and better defense. Without a strong small business coalition on the issue, the country will go on wasting money.●

THE AMERICAN CONSTITUTION

● Mr. MATHIAS. Mr. President, on September 7, 1803, Thomas Jefferson penned a warning to a friend that urgently bears repeating today. In a letter to Wilson C. Nicholas, President Jefferson wrote:

> Our peculiar security is in the possession of a written Constitution. Let us not make it a blank paper by construction.

Today, that warning has a special significance for Members of the U.S. Senate for we are up to our elbows in proposed constitutional amendments and the tide is rising.

To put it succinctly, as Joseph Kraft did in his Washington Post column this Sunday, "The proposed changes would junk up the fundamental law of the land * * *."

We must guard against that. We must preserve the "austere simplicity which distinguishes the American Constitution," to borrow another felicitous phrase from the Kraft column.

I have been sounding this alarm for so long now that my arguments are no doubt all too familiar to my colleagues. Joseph Kraft's eloquent essay on the threat to our Constitution therefore is especially welcome to me. I ask that his column, "A Rage to Amend," be printed at this point in the RECORD.

The column follows:

[From the Washington Post, May 16, 1982]

A RAGE TO AMEND

(By Joseph Kraft)

An austere simplicity distinguishes the American Constitution. The national charter ordains structure and procedure, but leaves social and economic questions open to constant adjustment by the higgledy-piggledy of the political marketplace. "It is not," Alexander Hamilton wrote of the Constitution in the 34th Federalist Paper, "framed upon a calculation of existing exigencies." "It is," Chief Justice John Marshall affirmed in *McCulloch v. Maryland*, "a document intended to endure for ages to come."

That exalted tradition gives the true measure of the current rage to amend the Consitution. The proposed changes would junk up the fundamental law of the land with controversial views on issues of the moment. It is astonishing such proposals could come from groups pleased to call themselves conservative.

The constitutional amendments now being pushed hard from the right fall into four different areas—abortion; the balanced budget; school busing and school prayer. This is the situation in each case:

Abortion is perhaps the most disputed social question in the land today. It is a constant subject of action in both Congress and the state legislatures. The Supreme Court, having ruled against making abortion constitutionally inadmissible, is now refining that decision—particularly with respect to payment of costs by the state. Medical technology alters so rapidly that establishment of the inception of pregnancy is itself something bound to change over time.

The balanced budget goes to the heart of the legislative process. Nothing is more appropriately the province of Congress than the levying of taxes and the voting of appropriations. The size of the deficits now impending stamps support for the amendment by the Reagan administration as a classic example of the drunk preaching temperance. Even so, the administration has been having a hard time reaching accord on the exact terms of an appropriate amendment.

School busing is another topic marked by high controversy and constant readjustment—in the Congress, the courts and by local school boards. The Supreme Court has been fashioning doctrine, case by case, and there is no reason—especially given the rapidly changing pattern of residence in the country—to give up on the tried and true method.

School prayer is also subject to great local variety. In areas of religious diversity, notably on the East and West coasts, school boards constantly avoid, or dilute, religious practice. In areas of basic homogeneity, religious observance keeps asserting itself. To impose uniformity is to invite social tension. Hence the great dispute over the word "voluntary."

The experience of past amendments works to reinforce those arguments. Twenty out of the 26 are purely procedural, covering matters like direct election of senators and the date of presidential inauguration. Six amendments do deal with substantive law.

The Reconstruction amendments (the 13th, 14th and 15th) brought the Constitution abreast of the proposition established in the Civil War, that the nation could not exist half-slave and half-free. The 16th Amendment legalized the income tax. The general rule is that substantive matters are added to the Constitution by amendment only when they involve business essential to the survival of the republic.

The exception that proves the rule is the 18th Amendment, which introduced Prohibition in 1919. By outlawing a common practice that was increasingly accepted in social custom, the amendment worked to foster a national binge of crime and corruption. It was repealed, with a sigh of relief, in 1933 by the 21st Amendment.

To be sure, the amendments now advocated by the right were not bred in a vacuum. They emulate the drive of the women's movement to establish by constitutional amendment a particular reading of equality between the sexes. They represent a reaction to efforts by a minority on the left to entrench in court decisions liberal views on abortion, budgetary entitlements, school busing and school prayers.

But the obvious conclusion is that neither right nor left ought to be able to fix, as eternal verities, notions that are intrinsically subject to change and adjustment. Certainly it cannot be claimed that a practice so remote from the intention of the framers, and so much at odds with traditional interpretations of the Constitution, is conservative. Even to the ideologues of the right, the term conservative ought to denote something more than mere response to liberal folly.●

THE CHURCHES AND U.S. FOREIGN POLICY

● **Mr. GRASSLEY**. Mr. President, on May 14 and 15 the Ethics and Public Policy Center, under the very able direction of Dr. Ernest Lefever, sponsored the Second Annual Conference on Religion and Politics, closely examining a timely topic, "The Responsible Uses of American Power." One of the most thought-provoking speeches presented at the conference was given by Dr. Michael Novak of the American Enterprise Institute. Dr. Novak, in discussing "The Churches and U.S. Foreign Policy," offered a sobering analysis of Soviet intentions and strategies in regard to nuclear arms control.

Additionally, he solemnly urged the churches in America to avoid embracing a blind anti-American ideology. Dr. Novak wisely reminds us that—

> During all those years during which the United States was the sole possessor of the atomic (and later the hydrogen) bomb, this great people did not threaten, or bully, or coerce people into submission. On the contrary the era of unrivalled U.S. military superiority afforded the greatest era of decolonialization the world has ever known.

In contrast,

> While the rest of the world disarmed, the U.S.S.R. created an enormous Gulag of concentration camps and built the largest military force the world has ever known.

Dr. Novak has added penetrating insights to the national debate on nuclear arms control and Dr. Lefever deserves recognition for bringing such scholarly work to our attention through the Ethics and Public Policy Center.

I ask that Dr. Michael Novak's address to the conference be included here in its entirety.

The address follows:

The Churches and U.S. Foreign Policy

(By Michael Novak)

Describing the foreign policy of Alexander Haig, Caspar Weinberger, and President Reagan, National Catholic Reporter editor Michael J. Farrell writes this week (May 14): "Morality has little to do with it, and ideology only slightly more (its main component just now being anti-Communism)."

Sister Gwen Hennessy of the Catholic Peace Ministry in Des Moines, Iowa, tells Farrell: "One change many desire is that the U.S. administration and people get over their obsession with the Soviet Union. The big cry is, 'The Russians are coming, the Russians are coming,' . . . but this is a blind to hide . . . the control the multinationals have over our economy and our lives."

Farrell also quotes Sidney Lens: "We've got to get over that nonsense about the Russians."

It is as if Jimmy Carter had never announced in 1977 at Notre Dame that he was now free of an "inordinate fear of Communism."

What, may I ask you, is an "ordinate" fear of Communism? What ought we to think of the Soviet Union? This is the number one question for the churches as they become increasingly involved in foreign policy. What should the churches say about Soviet foreign policy?

For the first law of foreign policy is that foreign policy never occurs in a vacuum. It is never merely abstract, merely ideal. Foreign policy is designed to be effective in the real world. Foreign policy is an exercise in realism, or else it is an exercise in illusions.

Shall the churches of the United States promote illusions? Is it the mission of the churches to perpetrate false beliefs in foreign policy? Is it our mission to instruct our members in lies?

Surely, the first law for the churches in foreign policy is to speak the truth to power. And, in our day, in our kind of society, power is held not only by an administration—after all, Presidents Johnson in 1968, Nixon in 1974, Ford in 1976, and Carter in 1980 were, in effect, driven from office in no small measure because of the fury of public opinion. Power in our day is held effectively by those who influence public opinion as much as, or even more than, by elected officials.

The first law of the churches in foreign policy is to tell the truth.

Let me ask you. Is Billy Graham an adequate spokesman for the truth told by the Christian churches when he says in Moscow that there is religious freedom in Russia, that the churches are full in Moscow, that Russians eat as only the rich in America eat, dining on caviar everyday?

How would you compare Billy Graham's capacity for truth with the words of another great Christian of our era, Aleksandr Solzhenitsyn, who said in his Nobel Prize address, speaking of literature as Billy Graham ought to have spoken about churches:

"People will ask what literature can do in the face of the pitiless assault of open violence? Well, let us not forget that violence does not have its own separate existence and is, in fact, incapable of having it: it is invariably interwoven with the lie. They have the closest of kinship, the most profound natural tie: violence has nothing with which to cover itself except the lie, and the lie has nothing to stand on other than violence. Once someone has proclaimed violence as his method, he must inexorably select the lie as his principle. At its birth violence acts openly and even takes pride in itself. But as soon as it is reinforced and its position is strengthened, it begins to sense the rarefied atmosphere around it, and it can go further only when fogged about with lies, cloaked in honeyed, hypocritical words. It does not always nor invariably choke its victims; more often it demands of them only the oath of the lie, only participation in the lie."

I ask you, which of these Christians speaks the truth about Soviet power, Billy Graham or Aleksandr Solzhenitsyn?

I ask you, who better speaks for the Christian churches of the United States, Billy Graham of Charlotte, North Carolina, or Alexandr Solzhenitsyn of Vermont?

Ever since the days of Joseph McCarthy, intellectuals have been hesitant to speak about Communism and the Soviet Union. Susan Sontag recently spoke about that hesitance and its resultant blindness. Henri-Bernard Levy in France a few years ago cast this blindness from his own eyes, declaring that until Solzhenitsyn had awakened him and his friends they had all too willingly participated in "fifty years of lies."

Fifty years of lies! Are Michael J. Farrell, Sister Gwen Hennessy, Sidney Lens, and a host of others, still participating in "fifty years of lies"?

Many of you will have read Victor Bukovsky's long article in Commentary describing the Soviet Peace Movement from its beginnings. Always the Soviets, in getting ready for war, begin a huge campaign for peace. They know that everyone in the world longs for peace, particularly in this century of unsurpassed bloodshed, particularly in this new age living under the reign of terror which Winston Churchill described thirty-five years ago, the balance of terror from nuclear arms.

Who does not desire peace? Who would not want to believe with all his heart that the fourteen families of the Soviet politburo also desire peace? The natural instinct of trust and fellow-feeling in the human breast joins in a powerful current with the universal longing of the human heart for peace. The Peace Offensive launched by the Soviet Union in Bucharest in 1979, for which plans were made before the Soviet invasion of Afghanistan, evokes an almost irresistible tide. The fourteen families count upon it.

I ask you again: What is the truth which the Christian churches ought to speak to this Peace Offensive?

Do they simply join it? Do they make a clear and fearless judgment that it is an illusion? Or do they judge that it is real?

The peace movement which has come to flower this spring in the United States has taken three years of intense effort to prepare. Books have had to be written and published. Meetings have been held. Activists have been trained. Lists have been drawn up. Cities and churches and allies have been targeted. A massive movement is not easy to build or to sustain. Riverside Church and Riverside Drive have been main centers of this vast organizational effort. The churches of the land have been a prime institutional base of the Peace Offensive.

Why?

Because they are there. The churches already operate an institutional framework for sermons, meetings, study groups, institutes, coalition-builders, "Peace and Justice" workers, full-time staffs, telephones, copying machines, and members' lists. The churches in the United States are a potent force in public opinion building. Not only the Moral Majority has discovered this fact. Not only the right has discovered it. So also has Cora Weiss in New York and Richard Barnet in Washington. In our day, the left goes to church as never before in our history.

Increasingly, then, the churches are becoming the arena of political combat. More and more time of the clergy and the laity—particularly of the clergy—is going to politics. Categories of good and evil, of salvation and hope, are being given foreign policy formulation.

Sister Gwen Hennessy, for example, speaks not of the power of the Father of Lies, the power of the world, the flesh, and the devil, but of "the control the multinationals have over our lives." The economy of salvation has become political economy.

All this would be more impressive if we judged that the tides of religious faith were running so strong within our churches—

tides of prayer and contemplation, worship and fidelity, the sharp instinct of immortal life and the taste of interior union with the "Love that moves the sun and all the stars." Instead, many have the dismaying sense that religious faith has been steadily waning, almost in proportion as frenetic political activity has been raging.

Can it be that we are seeing an enormous displacement of spiritual energy into a modern form of superstition? The superstition is that humans are saved by politics. Those who hold this superstition—which Eric Voegelin calls the New Gnosticism—corrupt both religion and politics. They corrupt true religion by abandoning it. They corrupt politics by infusing it, not with realism, but with fanatical passion.

This new superstition takes two common forms. One form is Olympian. It pretends to stand outside power politics, outside nation-states, above the foray, looking down upon foreign policy questions from the pseudo-transcendence of superstitious Olympus. This is the pose that Billy Graham struck at his Moscow press conference. Asked to rate the contributions of the U.S. and the U.S.S.R. to peace, the Reverend said:

"I think both are searching for peace. I think all of the countries of the world are searching for peace, and I would not want to put one above the other." (N.Y. Times, May 13, 1982)

In other words, so high is his perch on Mt. Olympus that distinctions between the U.S. and the U.S.S.R. are beneath his notice.

Michael J. Farrell assays a milder version of the same Olympian strategy: "Because the U.S. is the more accessible to criticism, demonstration and confrontation, the current campaign seems directed to a showdown with Washington." We might call this the utilitarian Olympic view. Maybe the U.S.S.R. is worse, or the same, but for pragmatic reasons, let's not worry about differences.

The other common form taken by the New Superstition is much more frankly adversarial. It goes like this. "The greatest menace to peace in the world is the United States. Not exactly the people of the United States, but men like Reagan, Haig, and Weinberger—Protestant, Catholic, and Episcopalian—who represent the ruling circles of capitalism, the military-industrial complex, who use fear of Russia as a ploy to squeeze ever more money for the military." Stated nakedly, this is exactly the way KGB operations all around the world portray the world situation, not only at last week's Moscow World Conference of Religious Workers for Saving the Sacred Gift of Life from Nuclear Catastrophe, but in every world forum. But it is repeated often in less naked—but not much less naked terms—as in this quotation from Sidney Lens in today's National Catholic Reporter:

"The United States [Lens says] produced and used the first atom bomb, the first hydrogen bomb, the first ballistic missile, the first nuclear submarines, the first missile with nuclear warheads. First we said, 'The Russians are catching up.' Now we say, 'The Russians are ahead.' It was a ploy that worked to get more money from a fearful American population for the Pentagon."

Yet, whether in its Olympian or in its bitterly adversarial mode, the New Superstition suffuses well-meaning people with hatred for the government and economic system of the United States. In practical terms, not much can be done about the Soviet Union. So the New Superstition ignores the Soviet Union. It approaches foreign policy with the idea that the United States is, if not the true enemy of humankind, at least in practical terms the most "accessible" adversary. Thus, does a genuinely democratic society become less than the moral equal of a closed, remote, and secretive society run by fourteen families.

If we are to speak the truth about the churches and foreign policy today, then, we must note, first, the enormous confusion in the churches about their own true mission. Of course, the churches have a role to play in foreign policy. But they also have a role to play in religion: with respect to religious truth, with protecting orthodoxy from superstition, with an authentically religious interior and social life. Religion is not merely a private affair. It is a social reality, a public reality, and it properly influences every aspect of the economy, the polity, the arts and culture, as yeast does dough. But religion does have to do with religion first of all, with true religion, or it is not religion at all—it is then only foreign policy.

It does seem odd, does it not, that many today who are utterly uncertain about what constitutes religious orthodoxy are blazingly passionate about what constitutes foreign policy orthodoxy? Religious passion is alive and well, even where religion dies.

The second truth we must speak concerns the fraudulence of the New Superstition. It is fraudulent as religion. It is also fraudulent as foreign policy.

Winston Churchill once said of the Marshall Plan that it was the most generous act by any nation toward other nations in the annals of human history. It was the United States that raised up in Western Europe and Japan its two closest economic competitors—intended to do so, desired to do so, did so.

During all those years during which the United States was the sole possessor of the atomic (and later the hydrogen) bomb, this great people did not threaten, or bully, or coerce other peoples into submission. On the contrary, the era of unrivalled U.S. military superiority afforded the greatest era of decolonization the world has ever known. In 1949, there were 49 nations in the world. Today there are 160. With atomic power, the U.S. stood athwart the globe like a colossus—not in order to conquer, but in order to preside over the decolonization of the world.

Germany, formerly a bitter foe, is today one of our two or three staunchest friends, as is Japan. Both these great nations have prospered by demilitarization. And why? Because the United States bore the burden of their defense, while encouraging such liberties for the 400 million persons of the Atlantic Alliance as they have never before known in history. No generation of Western Europeans has ever tasted such prosperity and freedom as during the era of American prominence.

The U.S.S.R., alas, has not followed the path of Germany and Japan. While the rest of the world disarmed, the U.S.S.R. created an enormous Gulag of concentration camps and built the largest military force the world has ever known. This military power exceeds that of Adolph Hitler at its height by many times. And it presides over one of the largest empires run by brute force ever seen on earth, dominating some 35 nations on its pre-war boundaries. Its armed forces are not in defensive configuration. A landlocked nation, the Soviet Union now has a total fleet—naval and cargo—five times larger than that of the United States, almost twenty times greater than that of Great Britain. Britannia no longer rules the waves. The Soviets move closer to doing so with every splash of every new ship off the construction piers every month. The Soviet Air Force is designed to project power in every region of the globe. Expeditionary forces from Soviet satrapies are deployed in totals of nearly half a million in Africa, Kampuchea, Afghanistan, and elsewhere.

In nuclear capacity, the Soviet Union has, as optimists judge, reached parity with the U.S.; as pessimists judge, it has achieved greater flexibility and more numerous options. The SS-20s ringing Europe without adequate answering balance, moreover, place the nuclear initiative in Soviet hands for the first time in post-war history.

A foreign policy which ignores Soviet power is built on illusions. Yet, there are powerful reasons for indulging in illusions. The prospect of superior military power paralyzes the weak. Fear and panic spread. Fear is all too real.

Yet more awesome than Soviet military power is the Soviet public opinion apparatus. At every international forum, in virtually every institutional setting, the Soviets with great expense, forethought, and imagination work to master the instruments of public opinion even in societies freer than their own. Goebbels could control public opinion in Germany. The Soviet ambition is far vaster. They work might and main to establish the terms of discourse everywhere in the world. Their agents work the parliaments of every major nation, the major institutions of the press, the labor unions, the major high-technology corporations, the universities, and the churches. Targets are diagnosed. Assignments are made.

For the Soviets, in one sense, have abandoned Marxist-Leninist materialism. They are no longer materialists. They no longer rely upon inevitabilities of economic production. How could they? Their economy is a disgrace even to themselves. Their aim is to win the battle of ideas—to win Billy Graham, to corrupt Reverend Preuss, to tempt those who genuinely long for peace and justice to share the Soviet vision of the major evils of this planet.

When the Soviet Union is looked upon, from Mt. Olympus, as equal in its desire for peace with the United States, and by no less a figure than that friend of U.S. presidents, Billy Graham, someone tonight in the Soviet Union ought to be receiving warm congratulations, a medal perhaps, even as we sit here. The fourteen families of the Soviet politburo have been paid a compliment which must satisfy even the most skeptical among them that they have indeed been anointed by ineluctable history to achieve impossible dreams. Even the most hardbitten and anxious among them must be forced to concede that the intellect of the western churches is far more unfeebled, its spiritual life far more decadent, than they had dared to dream. What fools church leaders are!

When the churches become involved in foreign policy, as they must, the least their members and their fellow citizens can ask of their leaders and their theologians is to confront realities. There is more than one strategy available. Tactics may be argued over. There are plenty of matters about which honorable and conscientious persons may disagree. But all without exception are expected to meet standards of elementary realism.

One last word. In my own view, the Soviet Union is far weaker than its military strength and its power over public opinion might suggest. No empire built on lies can long survive. In proportion as Soviet power is legitimated by Marxist-Leninist beliefs about the world, the decay of those beliefs from within, under the pressures of elemental realism, presages the collapse of empire. In thirty-five years of monopolistic control, the Soviet Union has won neither love nor respect from 100 million persons in Poland, Hungary, Lithuania, Estonia, Czechoslovakia and among other oppressed peoples of Eastern Europe. The great Solzhenitsyn testifies that no sophisticated Russian utters the formulae of Marxism-Leninism without a barely suppressed and sardonic smile. The empire is rotting from within.

The greatest threat to Soviet power is not arms. Arms are necessary only to deter Soviet power. The greatest threat to the Soviet Union is the insuppressible longing for liberty in the human breast, the simple and dedicated cleaving to truth on the part of those who will have no complicity with lies. These Solzhenitsyn, Sakharov, Bukovsky, Milocz, Kolokowski and legions of others have manifested in abundance. The Soviet Union is an empire of lies, lies disguising violence.

Let me close with the words I wish Billy Graham had cited in Moscow, the words of Aleksandr Solzhenitsyn:

"Simple is the ordinary courageous human being's act of not participating in the lie, of not supporting false actions! What his stand says is: 'So be it that this takes place in the world, that it even reigns in the world—but let it not be with my complicity.' Writers and artists have a greater opportunity: To Conquer the Lie! In battle with the lie, art has always been victorious, always wins out, visibly, incontrovertibly for all! The lie can stand up and win out over much in the world—but not over art.

"And as soon as the lie is dispersed, the repulsive nakedness of violence is exposed, and violence will collapse in impotence.

"And that is why, my friends, I think that we are capable of helping the world in its white-hot hour of trial. We must not reconcile ourselves to being defenseless and disarmed; we must not sink into a heedless, feckless life—but go out to the field of battle.

"In the Russian language there are some favorite proverbs on Truth. They express enduringly the immense folk experience, and are sometimes quite surprising:

"One word of truth outweighs the whole world."●

ORDER FOR STAR PRINT—SENATE JOINT RESOLUTION 58

Mr. **BAKER**. Mr. President, I ask unanimous consent that Calendar Order No. 193, Senate Joint Resolution 58, be star printed to reflect changes which I send to the desk.

The **PRESIDING OFFICER**. Is there objection?

Mr. **ROBERT C. BYRD**. No objection.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

DEPARTMENT CF DEFENSE AUTHORIZATION, 1983

Mr. **BAKER**. Mr. President, on May 13, 1982, the Senate passed S. 2248, the fiscal year 1983 Department of Defense authorization bill. I ask unanimous consent that the bill, as passed, be printed in full, together with all amendments.

The **PRESIDING OFFICER**. Is there objection?

The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. **BAKER**. Mr. President, there is one item on today's Executive Calendar that is cleared on this side.

May I inquire of the minority leader if he is in a position to consider Calendar Order No. 763, the nomination of Tony Guglielmo, of Connecticut, to be a member of the Federal Council on the Aging.

Mr. **ROBERT C. BYRD**. Mr. President, that item has been cleared on the minority side.

Mr. **BAKER**. I thank the minority leader.

Mr. President, I ask that the Senate now go into executive session for the purpose of considering that nomination.

There being no objection, the Senate proceeded to the consideration of executive business.

The **PRESIDING OFFICER**. The nomination will be stated.

FEDERAL COUNCIL ON THE AGING

The bill clerk read the nomination of Tony Guglielmo, of Connecticut, to be a member of the Federal Council on the Aging for a term expiring June 5, 1983.

The **PRESIDING OFFICER**. The nomination is considered and confirmed.

Mr. **BAKER**. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. **ROBERT C. BYRD**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **BAKER**. Mr. President, I ask that the President be immediately notified that the Senate has given its consent to this nomination.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. **BAKER**. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

SENATOR JOHN WARNER COMPLETES 100 HOURS AS PRESIDING OFFICER OF THE SENATE

Mr. **BAKER**. Mr. President, last Friday, after an all-night session in the Senate, the legislative scheduling staff skeptically reviewed the list of presiding officers for Friday's session. The Senate had been in session until almost 6 a.m., and was due to reconvene at noon. They wondered who would be willing, indeed who would be able, to take the Chair and insure that the Senate was able to conduct its business.

When noon arrived, there was a Senator in the Chair, and to those in the know, it was no surprise to see Senator JOHN WARNER of Virginia presiding. He came to the rescue Friday, like he has done so many times in the past.

Today, we witness his 100th hour in the Chair, and I want to take this opportunity to congratulate him and thank him for this remarkable achievement. By contributing his time, Senator WARNER has contributed to the Senate, and all of its Members. I can only hope that his efforts will encourage others to assist the Senate and spend more time presiding over the Senate's deliberations.

CONCLUSION OF ROUTINE MORNING BUSINESS

Mr. **BAKER**. Mr. President, will the Chair inquire if there is further morning business?

The **PRESIDING OFFICER**. Is there further morning business?

If not, morning business is closed.

ORDERS FOR WEDNESDAY

ORDER FOR RECESS UNTIL 8:45 A.M. TOMORROW

Mr. **BAKER**. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m. tomorrow.

Mr. **HARRY F. BYRD, JR.** Mr. President, reserving the right to object, are there special orders for tomorrow?

Mr. **BAKER**. Yes, there are three that we know of, Mr. President. I was going to provide for that and then, as I have discussed with the minority leader, abbreviate the time available to us under the standing order, then provide that the Senate will resume with the resolution at 10 a.m.

Mr. **HARRY F. BYRD, JR.** Within that timeframe beginning at 9 o'clock, could the Senator from Virginia get 15 minutes?

Mr. **BAKER**. Yes, Mr. President. I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 8:45 a.m. tomorrow.

The **PRESIDING OFFICER**. Is there objection? Without objection, it is so ordered.

REDUCTION OF TIME FOR RECOGNITION OF TWO LEADERS TOMORROW

Mr. **BAKER**. Mr. President, I ask unanimous that on tomorrow, the time allocated to the two leaders under the standing order be reduced to 5 minutes each.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. BAKER. Mr. President, after the execution of the time allocated to the two leaders under the standing order is reduced, I ask unanimous consent that the following Senators be recognized under special orders for 15 minutes each: Senator Chiles, Senator Nunn, Senator Quayle, and Senator Harry F. Byrd, Jr.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

RESUMPTION OF CONSIDERATION OF BUDGET RESOLUTION

Mr. BAKER. Mr. President, it is anticipated that after the execution of the special orders, there may be a brief period for the transaction of routine morning business.

I ask unanimous consent, however, that at 10 a.m. tomorrow, the Senate resume consideration of Senate Concurrent Resolution 92, the budget resolution.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

RECESS UNTIL 8:45 A.M. TOMORROW

Mr. BAKER. Mr. President, I move, in accordance with the order previously entered, that the Senate now stand in recess until 8:45 a.m. tomorrow.

The motion was agreed to, and at 6:08 p.m., the Senate recessed until tomorrow, Wednesday, May 19, 1982, at 8:45 a.m.

NOMINATIONS

Executive nominations received by the Senate May 18, 1982:

The Judiciary

John P. Moore, of Colorado, to be U.S. district judge for the district of Colorado vice Fred M. Winner, retired.

Department of Justice

Francis K. Peo, of New York, to be U.S. Marshal for the northern district of New York for the term of 4 years vice Eugene Madden, Jr.

International Bank for Reconstruction and Development

James B. Burnham, of Pennsylvania, to be U.S. Executive Director of the International Bank for Reconstruction and Development for a term of 2 years, vice Colbert I. King, resigned.

National Advisory Council on Women's Educational Programs

Eleanor Thomas Elliott, of New York, to be a Member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1985, vice Jon W. Fuller, term expired.

National Transportation Safety Board

Donald D. Engen, of Virginia, to be a Member of the National Transportation Safety Board for a term expiring December 31, 1986, vice James B. King, term expired.

Department of Commerce

Guy W. Fiske, of Virginia, to be Deputy Secretary of Commerce, vice Joseph Robert Wright, Jr.

In the Air Force

The following midshipmen, U.S. Naval Academy, for appointment in the Regular Air Force in the grade of second lieutenant, effective upon their graduation under the provisions of sections 541 and 531, title 10, United States Code, date of rank to be determined by the Secretary of the Air Force.

Baptiste, Barry, 147-60-7370
Brog, Tov B., 214-84-4249
Browning, William F., 223-94-4841
Buglewicz, James F., 508-72-2028
Cramer, Jeffrey M., 230-80-6746
Davidson, John M., 228-92-3355
Heller, Rudolph, III, 262-57-6421
Irwin, Stephen R., 044-44-3204
Kennedy, Thomas J., 530-72-1185
Kirby, Charles L., 579-84-4139
Morris, Michael, 434-17-7312
Parrott, Donald L., Jr., 241-82-9760
Roberts, John E., 526-41-0105
Sonderman, Kurt D., 478-64-9577
Sparks, Terence W., 213-50-6978
Terrell, Wayne A., 523-08-1293
Thomson, Thomas G., 231-88-7692
Tracy, Douglas S., 522-66-1114
Vandagriff, Rick L., 081-58-3145

CONFIRMATION

Executive nomination confirmed by the Senate May 18, 1982:

Federal Council on the Aging

Tony Guglielmo, of Connecticut, to be a Member of the Federal Council on the Aging for a term expiring June 5, 1983.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 18, 1982:

Marc Sandstrom, of California, to be a Member of the Board of Directors of the Legal Services Corporation for a term expiring July 13, 1983, vice Richard Allan Trudell, term expired, to which position he was appointed during the last recess of the Senate, which was sent to the Senate on March 1, 1982.

HOUSE OF REPRESENTATIVES—*Tuesday, May 18, 1982*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The **SPEAKER** pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
May 17, 1982.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Tuesday, May 18, 1982.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

Bishop William H. Marmion, interim warden, National Cathedral, Washington, D.C., offered the following prayer:

O Lord our God, we pray for peace with honor and justice, a peace which is born not of our fond desires, but of Your inflexible purpose. Raise up in our midst leaders of vision and courage. Help them and us to displace madness by sanity, force by reason, and war by law. Quell national arrogance wherever it prevails. Frustrate intrigue and selfish scheming. Make good will reign in all hearts and speedily bring us out of our present confusion into the order and righteousness of Your kingdom. In Your name we pray. Amen.

THE JOURNAL

The **SPEAKER** pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested.

S. 2535. An act to regulate the operation of foreign fish processing vessels within State waters.

THE RIGHT REVEREND WILLIAM H. MARMION, D.D.

(Mr. **BUTLER** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **BUTLER**. Mr. Speaker, the gentleman from Virginia (Mr. WAMPLER) and I have the great pleasure of welcoming my friend Bishop William H. Marmion as our visiting chaplain.

We thank him for his blessings and inspirational words this morning.

Bishop Marmion is now in his 50th year in the priesthood, bringing spiritual guidance to many during his very full life, serving churches in Texas, Alabama, and Delaware.

I am particularly proud to have him with us today.

He was consecrated the third bishop of the Episcopal Diocese of Southwestern Virginia 28 years ago in my own church, St. John's in Roanoke, Va.

Throughout his ministry, he has been much involved in civic and social concerns, and was a tower of Christian strength and guidance during the difficult times following the early Supreme Court decisions concerning segregation of the races.

In 1963, Bishop Marmion was elected to the executive council of the Episcopal Church and again for a second term.

He was chairman of the Christian social relations department and of the church and race fund committee.

He was also a member of the ecumenical relations, world relief, and American church institute committees.

He retired in 1979 as bishop of the Diocese of Southwestern Virginia after 25 years of service in that capacity.

He is presently interim warden of the College of Preachers at the National Cathedral in Washington.

Bishop Marmion is clearly an outstanding servant of all mankind.

I express the appreciation of my colleagues to him for being with us, and for his inspiring prayer.

PHONY POSTPONEMENT OF SOCIAL SECURITY CUTS

(Mr. **PEYSER** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **PEYSER**. Mr. Speaker, I felt very badly yesterday, not only for the American people, but for Members of Congress when I read and had seen the stories that the leadership in the Republican Party had stated very plainly that the proposed cuts in social security, nearly $40 billion in benefits which the President had suggested, should really be put off until after the elections because as a member of the Republican Party said, "We really can't ask our members to do this before they have to run."

What kind of phoniness is this, Mr. Speaker?

You know, the issue is if it is right to cut social security, then we ought to cut it today. I do not happen to think it is right as long as we are giving major corporations tremendous tax breaks, as long as we are refunding money to the oil companies.

To talk about cutting social security is outrageous, but what is more outrageous is to try to fool the people and say, well, we are not going to do it before elections because then after all the seniors then vote for us, but after elections then it is an open ball game and let us make those cuts.

I hope the senior citizens and the people of this country are smart enough to see through this plan.

HOUR OF MEETING ON TOMORROW

Mr. **LONG** of Louisiana. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn until 11:30 a.m. tomorrow.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Louisiana?

Mr. **WALKER**. Reserving the right to object, Mr. Speaker, I do not intend to object; but do I understand the new time is to make certain that Members can have time to file amendments to the budget bill; that would give them a half an hour from 11:30 to noon in order to file any amendments we have to the Budget Act; is that correct?

Mr. **LONG** of Louisiana. The gentleman is correct.

Mr. **WALKER**. This is in line with the joint agreement between the leadership; is that correct?

Mr. **LONG** of Louisiana. That is correct.

Mr. **WALKER**. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

PERMISSION TO DELETE DISSENTING VIEWS IN REPORT ON H.R. 6370, INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1982

Mr. **ZABLOCKI.** Mr. Speaker, I ask unanimous consent that the dissenting views of the gentleman from California (Mr. LAGOMARSINO) be deleted in the printing of the report of the Committee on Foreign Affairs on H.R. 6370.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON IMMIGRATION, REFUGEES, AND INTERNATIONAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT ON WEDNESDAY, MAY 19, 1982, AND THURSDAY, MAY 20, 1982, DURING 5-MINUTE RULE

Mr. **MAZZOLI.** Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration, Refugees, and International Law of the Committee on the Judiciary be permitted to sit Wednesday, May 19, 1982, and Thursday, May 20, 1982, during proceedings of the House under the 5-minute rule.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

SUGGESTING A MORE POSITIVE APPROACH FOR THE G.O.P

(Mr. **COELHO** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **COELHO.** Mr. Speaker, yesterday, the Republican Party started a $2 million advertising pitch that "Republicans are beginning to make things better."

I would like to suggest a more positive approach for the Grand Old Party.

Instead of wasting that $2 million on negative and dishonest TV commercials, the Republicans should mail one of those $2 million to each of the more than 2 million Americans who have lost their jobs under Reaganomics.

A dollar would not be much help, of course. But it would be the first concrete thing the Republicans have done to help the unemployed.

CONGRESSMAN BRODHEAD WILL NOT SEEK RELECTION

(Mr. **BRODHEAD** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **BRODHEAD.** Mr. Speaker, for the past 8 years it has been my privilege to serve as the Representative of the 17th District of Michigan. I am very proud that the people of that district have four times given me that high honor. I have enjoyed working with my colleagues, sincere, committed people on both sides of the aisle, and with dedicated staff, especially my own personal staff, which I think is the finest group of people I have ever had the privilege of knowing.

In addition, I am deeply grateful to the hundreds of campaign workers who have made it possible for me to be in Congress; however, I find that I no longer have enthusiasm for my work. I have a strong desire for more time with my family and more quiet goals in my life.

I have, therefore, decided not to seek reelection. I plan to find some sort of work in the private sector, probably a little practice of law.

I have received a large number of campaign contributions toward my 1982 campaign. Every penny of that money will be returned.

BEST WISHES TO CONGRESSMAN BRODHEAD

(Mr. **GIBBONS** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **GIBBONS.** Mr. Speaker, the gentleman from Michigan (Mr. BRODHEAD) has just shocked us with his announcement. He is a very fine and talented Member of Congress. I hope it is not too late for him to reconsider. We need men like him in Congress, especially intelligent, hard-working, and dedicated people.

I regret that the gentleman finds that he must return to the private practice of law; but, Mr. Speaker, we will miss him.

DEEP SHOCK IN PUERTO RICO OVER SHOOTING OF OUR SAILORS

(Mr. **CORRADA** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **CORRADA.** Mr. Speaker, it was with a deep sense of shock and disbelief that I received the news while traveling in Puerto Rico this weekend that shortly after 1 a.m. Sunday morning four of our sailors in the Navy, members of the crew of the U.S.S. *Pensacola*, were shot by strangers as they were coming out of a bar in San Juan. One of the sailors, Darryl T. Phillips, died and three others were wounded. At this time the FBI, the police superintendent in Puerto Rico and the Puerto Rico Department of Justice are conducting a massive and thorough investigation. We do not know for sure whether the motive for this dastardly attack was political terrorism sponsored by a very small but radical group of Marxist-Leninists who support independence for Puerto Rico and who would like to see Puerto Rico become—through independence—another Cuba in the Caribbean, or hardcore criminals moved by the desire to steal or by any other low passion. One thing I know for sure—this act of cowardice, this heartless and coldblooded criminal act, is condemned not only by me but also by the overwhelming majority of the people of Puerto Rico, who are law abiding and peaceful American citizens. I urge Federal and State authorities in Puerto Rico to do everything within their lawful means, resources, and power to investigate this unspeakable crime and to bring to justice the cowards who taking advantage of the dark killed and injured innocent and defenseless victims. I express my heartfelt condolences to the Phillips family and to the families of the injured sailors—Larry Skowronski, Randell Keyte, and Anthony Phaneuf. To all of them I would like to express that freedom, democracy, decency, and justice will prevail over the forces of darkness, whether they be Communist inspired terrorism, hatredness or wanton and vicious crime.

□ 1215

AMERICAN JOBS LOST TO FOREIGN COMPETITION

(Mr. **SOLOMON** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **SOLOMON.** Mr. Speaker, it is no secret that we are losing American jobs to foreign competition. It is also no secret that passage of the export trading companies bill would help keep those jobs in the United States by helping American business to do more exporting of our goods and services.

The only secret appears to be why it has taken so long for this legislation to come before the full House of Representatives for a vote.

The other body approved a version of this legislation in September 1980. However, no bill reached the House floor before the end of the 96th Congress. Once again, the Senate approved an export trading company bill, in April 1981, by a vote of 93-0. Since that time, there have been hearings in all three committees of jurisdiction in the House. The committees now appear to be moving toward some positive actions that may well bring their version of the bill to the House floor before the end of this month.

To this Member, that would not be a moment too soon. Since the other body passed this bill, the cumulative trade deficit has been more than $28.2 billion. That translates into a lot of American jobs lost to foreign competition. The Commerce Department estimates that every billion dollars in increased exports would generate 31,000 new jobs. Passage of this legislation would lead to a minimum of 5 percent in increased exports.

While that would not solve our deficit problem overnight, it would represent increased exports of between $9 to $11 billion over 1980 levels. Using the Commerce figures, that would create between 280,000 and 340,000 new jobs. And, Mr. Speaker, these jobs would be created at little or no cost to the taxpayer.

Can we afford to wait? I urge the committees entering their final stages of action on this legislation to please complete your work as soon as possible. Let us bring this bill to the floor and give American business this valuable tool to compete more effectively in the world market. Let us pass this job creation bill without delay.

ECONOMIC INFRASTRUCTURE

(Mr. CLINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLINGER. Mr. Speaker, can any Members of this Chamber claim that their constituents have not complained about roads and bridges in need of repair, inadequate water and sewerage systems, and breakdowns in public facilities and equipment? Not likely.

Today, 15 members of the House Wednesday Group and I are releasing a report on measures to revitalize our public economic infrastructure. The report documents numerous instances of underinvestment in and deterioriation of America's basic infrastructure.

Measured in constant dollars, America's investment in public capital declined by 30 percent in the last 15 years, from 4.1 percent of the Nation's GNP in 1965 to just 1.7 percent in 1980. In addition to neglect, we have enormous amounts of waste, fraud, and fragmented decisionmaking at all levels of government that adversely affect investment.

The report recommends some administrative modifications to address waste and fraud, and suggests some alternate financing schemes to revitalize the ability of State and local governments to fund public works.

More importantly, Congress must require the executive branch to prepare a Federal capital budget with an inventory and needs assessment. This budget will bring together scattered public works investment into one document. Congress can more rationally allocate scarce revenues in these times of fiscal crisis.

EXPORT TRADING COMPANY ACT—A BREATH OF FRESH AIR

(Mr. ROBERTS of South Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROBERTS of South Dakota. Mr. Speaker, American business is struggling to cope with a number of critical factors that are crippling our ability to maintain the U.S. position as a trade leader.

Passage of the Export Trading Company Act would be a breath of fresh air for our U.S. firms trying to compete with an influx of foreign imports in the domestic market, while searching for a way to market American goods and services efficiently overseas. Export trading companies are already being used effectively by our trading partners such as Japan and Germany.

In fact, an irony of the current situation is that Japanese trading companies can operate freely in the United States without the same limitations facing American firms that would like to form a trading company. According to a decision in 1971 by the Federal Reserve, a foreign bank may have an unlimited investment in a foreign trading company that exports to and imports from the United States, and this activity does not come under the jurisdiction of the Bank Holding Company Act. Free from the kinds of limitations, such as bank participation, that have discouraged the formation of U.S. trading companies, foreign companies have flourished in the United States.

Mr. Speaker, it is time we gave our companies the same advantages we afford to our trading partners. Americans do not shy away from a fair fight—all we are asking is that the rules be the same for everyone. The Export Trading Company Act would allow for bank equity participation, under carefully controlled circumstances, in U.S. export trading companies. Given the financial clout and international expertise which banks can bring to an export trading company, our American firms will be able to compete more effectively and aggressively in the world market.

I urge the three committees considering this legislation to complete their work without delay. Since the other body completed action on their version of this bill last April, the United States has experienced a $28.2 billion trade deficit. American business desperately needs this legislation enacted into law as soon as possible.

SOVIET POSTURING ON START

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, Secretary General Brezhnev's response to President Reagan's START proposal was cynical and designed to influence certain elements in Western society. By labeling the U.S. proposal one-sided, Brezhnev deliberately failed to mention the new U.S. systems that we are prepared to limit in exchange for Soviet limitations. The Soviet call for a freeze once again attempts to undermine efforts at establishing true parity and seeks to spread the Soviet myth that a freeze would end the arms race. To the contrary, it would leave the Soviets in a superior position and remove the incentive for future Soviet arms reductions.

Brezhnev's propaganda statement tried to portray the United States as a dangerous partner. But it is the Soviets that have deployed new and improved generations of nuclear weapons, and it is the Soviet Union that has failed to adhere to previous treaties on chemical-biological weapons and has violated provisions of SALT agreements.

The American people must not be guided by Soviet propaganda statements in assessing this vital issue. We need both verifiable arms control agreements and modernization of existing forces in order to assure a future world of peace and security.

If the Soviets do not like our initial START proposal, let them make their own proposal. Let us get down to serious business and cut out the Communist propaganda.

PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH AND PRODUCTION OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO SIT TOMORROW AND THURSDAY DURING 5-MINUTE RULE

Mrs. BOUQUARD. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research and Production be permitted to sit tomorrow, Wednesday, May 19, 1982, and Thursday, May 20, 1982, during the 5-minute rule for the purpose of receiving testimony. I understand this has been cleared with the minority.

The SPEAKER pro tempore (Mr. PANETTA). Is there objection to the request of the gentlewoman from Tennessee?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORTS

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file two privileged reports on bills which it will hear this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

BUDGET RESOLUTION PROCEDURES

(Mr. BOLLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLLING. Mr. Speaker, I would like to have 1 minute in order to try to state additional information regarding the understanding that we have with the bipartisan leadership on the budget resolution.

The Rules Committee, under that agreement, will consider House Concurrent Resolution 345, the budget resolution, on Thursday, May 20, at 10:30 a.m. This follows the bipartisan leadership agreement of last Thursday, May 13, that all amendments be printed in the RECORD of Wednesday, May 19, and that copies be given to the Rules Committee and the Budget Committee by noon on Wednesday, May 19.

Members should be aware that the Rules Committee is also requesting CBO to make cost estimates on House Concurrent Resolution 345, and all amendments thereto, especially substitutes, but including all amendments.

It is also desirable, not so much on the substitutes, but in terms of trying to manage the problem of a multitude of amendments, as far as the chairman of the Rules Committee is concerned, if the amendments are able to be—what is the new phrase; a new phrase for a variety of things—revenue neutral. That means that the amendments, and this is not a part of the agreement, and would not include the substitutes, will be given first consideration if they are revenue neutral, and revenue neutral means that if there is an additional, there is also a matching cut.

Now, I am not saying that it is going to be possible in all instances to adhere to that. There are all kinds of difficulties. I want to make clear that that was not part of the agreement, but I think it is obvious that as far as amendments are concerned, they will be advantaged in front of the Rules Committee if they are revenue neutral.

Some of the substitutes may or may not be available for examination by all Members for a variety of technical reasons.

I hope that everybody is going to honor the agreement. I hope that everything is going to be in by Wednesday. The Rules Committee will attempt, and I know in a bipartisan way, to be totally fair in the purpose of that agreement. The purpose of that agreement was to see to it that nobody is surprised.

But it is going to take a lot of cooperation, not only by the Members of the House but also by the Public Printer, if we are going to run on time on all of these difficulties. I want to emphasize the importance for all Members who have individual amendments, and even substitutes, that they meet the deadline.

If there are any questions, I would be glad to try to answer them.

Mr. LOTT. Mr. Speaker, will the chairman yield for a couple of questions or comments?

Mr. BOLLING. I yield to the gentleman from Mississippi.

Mr. LOTT. First of all, I thank the gentleman for this clarification. Members should be on notice as to the time frame we are dealing with and the need to get the substitutes or amendments ready, if at all possible, for printing in the RECORD by Wednesday at noon. I join in encouraging the Public Printer to move as quickly as possible.

I would like to raise this one concern that I have, and that really does not involve the Rules Committee as much as it does CBO.

I understand that there has been some preliminary indication that substitutes or amendments delivered to CBO so that the numbers can be run through their computers would come in line behind other matters that may be before the Congressional Budget Office.

I would like to urge here publicly that the Congressional Budget Office give preferential treatment to running these numbers through their processes, if they involve substitutes or amendments to the budget, so that the people that are advancing these substitutes or amendments will be able to get them back as quickly as possible, and so the Members will have the benefit of that effort.

I am sure the distinguished chairman would like CBO to give preferential treatment to these substitutes and amendments within the human limits as much as possible.

Mr. BOLLING. Well, I certainly agree with the gentleman that everything that has to do with the budget should have a priority.

I do think that the first priority has to be the resolution from the committee (H. Con. Res. 345). I would think the next priority would be the minority substitute. I would think that from there on it would be substitutes and then to amendments. But I am not trying to tell the CBO what to do. I am just giving a point of view. But I think it is clear that the CBO and the Public Printer, if at all possible, should be giving priority to all budget matters to the degree possible so that we may move on with this in just as orderly a fashion as possible.

I have used "possibly" three times, and I have done it on purpose.

Mr. LOTT. I think this is the art of the possible we are talking about, Mr. Chairman.

I have no further questions at this time.

PRIVATE CALENDAR

The SPEAKER pro tempore. This is the day for the call of the Private Calendar. The Clerk will call the first individual bill on the Private Calendar.

REMEDIOS R. ALCUDIA, CHRISTOPHER, EZRA, VERMILLION, AND PERISTELLO ALCUDIA

The Clerk called the bill (H.R. 1547) for the relief of Remedios R. Alcudia, Christopher, Ezra, Vermillion, and Peristello Alcudia.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

LASZLO REVESZ

The Clerk called the bill (H.R. 1352) for the relief of Laszlo Revesz.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

JENNIFER FERRER

The Clerk called the bill (H.R. 1830) for the relief of Jennifer Ferrer.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER pro tempore. This concludes the call of the Private Calendar.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4, rule XV.

Such rollcall votes, if postponed, will be taken on Wednesday, May 19, 1982.

□ 1230

INTERNATIONAL CARRIAGE OF PERISHABLE FOODSTUFFS ACT

Mr. DE LA GARZA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6164), to implement the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment To Be Used for

Such Carriage (ATP), and for other purposes, as amended.

The Clerk read as follows:

H.R. 6164

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Carriage of Perishable Foodstuffs Act".

FINDINGS AND PURPOSE

SEC. 2. Congress hereby finds and declares that—

(1) the United States, as a member of the Economic Commission for Europe of the United Nations, participated in development by that Commission of the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment To Be Used for Such Carriage;

(2) the agreement requires that equipment involved in the international carriage of perishable foodstuffs be inspected, tested, and certified to specified standards;

(3) this Act will make it possible for equipment in the United States to be inspected, tested, and certified in accordance with the agreement and the standards specified therein; and

(4) this Act will improve the conditions for the movement of perishable foodstuffs in international carriage in equipment owned or operated by United States firms, which will serve to protect existing trade and promote expansion of trade in perishable foodstuffs, and will improve the sale of United States manufactured equipment for use in international carriage.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "agreement" means the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment To Be Used for Such Carriage, and the annexes and the appendices thereto, done at Geneva, September 1, 1970, under the auspices of the Economic Commission for Europe of the United Nations.

(2) The term "contracting party" means any country that is eligible under article 9 of the agreement and that has complied with the terms of such article.

(3) The term "equipment" means the special transport equipment that complies with the definitions and standards set forth in annex 1 to the agreement, including, but not limited to, railway cars, trucks, trailers, semitrailers, and intermodal freight containers that are insulated only, or insulated and equipped with a refrigerating, mechanically refrigerating, or heating appliance.

(4) The term "perishable foodstuffs" means quick deep-frozen and frozen food products listed in annex 2 and food products listed in annex 3 to the agreement.

(5) The term "international carriage" means transportation of perishable foodstuffs if such foodstuffs are loaded in equipment or the equipment containing them is loaded onto a rail or road vehicle, in the territory of any country and such foodstuffs are, or the equipment containing them is, unloaded in the territory of another country that is a contracting party, where such transportation is by—

(A) rail,

(B) road,

(C) any combination of rail and road, or

(D) any sea crossing of less than one hundred and fifty kilometers, if preceded or followed by one or more land journeys as referred to in clauses (A), (B), and (C) of this paragraph, and the perishable foodstuffs are shipped in the same equipment used for such land journeys without transloading of such foodstuffs.

In the case of any transportation that involves one or more sea crossings other than as specified in clause (D) of this paragraph, each land journey shall be considered separately.

(6) The term "United States" means the fifty States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands of the United States, the Commonwealth of the Northern Mariana Islands, and any other territory or possession of the United States.

DUTIES OF THE SECRETARY OF AGRICULTURE

SEC. 4. The Secretary of Agriculture of the United States shall be the competent authority to implement the agreement. To ensure compliance with the standards specified in the agreement, the Secretary of Agriculture may—

(1) designate appropriate organizations to inspect or test equipment, or both;

(2) issue certificates of compliance in accordance with annex 1, appendix 1, paragraph 4 of the agreement;

(3) prescribe such regulations as may be necessary to implement the agreement and administer this Act, including, but not limited to, provision for suspending or denying the designation of any organization to inspect or test equipment and for denying the issuance of certificates of compliance as may be necessary to ensure compliance with the provisions of this Act and the regulations issued thereunder;

(4) make periodic onsite inspections of facilities and procedures used by those seeking certificates of compliance and by organizations designated to test or inspect equipment under this Act;

(5) require submission of reports by those seeking certificates of compliance and by organizations designated to test or inspect equipment under this Act;

(6) require maintenance of records by those seeking certificates of compliance and by organizations designated to test or inspect equipment under this Act, such records to be made available to the Secretary upon request;

(7) inform contracting parties, through the Secretary of State of the United States, of all general measures taken in connection with the implementation of the agreement; and

(8) take such other action as may be considered appropriate to implement the agreement and administer this Act.

DUTIES OF THE SECRETARY OF STATE

SEC. 5. The Secretary of State, with the concurrence of the Secretary of Agriculture, may take such action as may be considered appropriate to assert and protect the rights of the United States under the agreement.

FEES FOR TESTING, INSPECTION OR CERTIFICATION

SEC. 6. (a) Any organization designated by the Secretary of Agriculture to test or inspect equipment may establish reasonable fees to cover the costs of such testing or inspection. Such fees shall be payable directly to the organization by those seeking inspection or testing.

(b) The Secretary of Agriculture may, effective October 1, 1982, fix and cause to be collected reasonable fees to cover, as nearly as practicable, the costs to the Department of Agriculture incurred in connection with the issuance of certificates of compliance as provided under section 4(2) of this Act. All fees collected shall be credited to the current appropriation account that incurs the cost and shall be available without fiscal year limitation to pay the expenses of the Secretary of Agriculture incident to the issuance of certificates of compliance under this Act.

AUTHORIZATON FOR APPROPRIATIONS

SEC. 7. There are authorized to be appropriated to the Secretary of Agriculture for the fiscal year beginning October 1, 1982, and for each fiscal year thereafter, such sums as are necessary to carry out the provisions of this Act, but not to exceed $100,000 in any fiscal year.

The **SPEAKER** pro tempore. Is a second demanded?

Mr. **WAMPLER**. Mr. Speaker, I demand a second.

The **SPEAKER** pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The **SPEAKER** pro tempore. The gentleman from Texas (Mr. DE LA GARZA) will be recognized for 20 minutes, and the gentleman from Virginia (Mr. WAMPLER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 6164, a bill to implement the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment To Be Used for Such Carriage.

Before I explain the provisions of the bill, allow me to give you a brief history and background on this agreement that will shed some light on the need and purpose for this legislation. Some years back, the Economic Commission for Europe, a subsidiary of the United Nations, came to an accord on intercountry (European) transportation of perishable foodstuffs that requires that all temperature-controlled railroad cars, trailers, and containers be inspected and certified as meeting ATP standards. ATP is the acronym for the French title of the agreement meaning "Accord on Transportation of Perishables."

ATP signatory nations can and do impose ATP requirements on containers owned by citizens of nonsignatory countries. Although American-owned and operated equipment consistently exceeds the ATP standards and specifications, it is often subject to harassment and transportation delays simply because the United States is not a signatory of this agreement. These delays could cause significant disruptions to the flow of U.S. agricultural exports.

The Senate, by a 92-0 vote, has already given its advice and consent to this treaty. However, before the State Department can actually sign this treaty, legislation must be enacted which would assign responsibility for administration of the treaty to the Secretary of Agriculture.

H.R. 6164 designates the Secretary of Agriculture as the properly authorized person to administer this act, and fulfills the necessary prerequisite to the United States becoming a signatory of the treaty.

This act will make it possible for equipment in the United States to be inspected, tested, and certified in accordance with the agreement and the standards specified therein. This act will improve the conditions for the movement of perishable foodstuffs in international carriage in equipment owned or operated by U.S. firms, which will serve to protect existing trade and promote expansion of trade in perishable foodstuffs, and will improve the sale of U.S. manufactured equipment for use in international carriage.

In administering this act, the Secretary is authorized to—

First, designate appropriate organizations to inspect and test equipment;

Second, issue certificates of compliance;

Third, prescribe such regulations as may be necessary to implement the agreement and administer this act;

Fourth, make periodic onsite inspections of facilities and procedures used by those seeking certificates of compliance and by organizations designated to test or inspect equipment under this act;

Fifth, require submission of reports and maintenance of records;

Sixth, inform contracting parties, through the Secretary of State of the United States, of all general measures taken in connection with the implementation of the agreement; and

Seventh, authorize the Secretary of State to take such action as the Secretary of Agriculture may deem necessary to protect the interests of the United States.

As to the costs of this legislation, an annual appropriation of $100,000 is authorized for the establishment of the program, after which the program is expected to be self-financed by user fees to cover costs for testing and inspection as well as administrative costs incurred by the Secretary.

In closing, Mr. Speaker, I want the Members to know that this act which implements the treaty is viewed as noncontroversial and has the support of the White House, the Departments of State, Agriculture, Transportation, and the Maritime Administration.

I ask all Members to join me in supporting enactment of H.R. 6164.

Mr. WAMPLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 6164, the International Carriage of Perishable Foodstuffs Act. This legislation would implement the Agreement on the International Carriage of Perishable Foodstuffs and on the special equipment to be used for such carriage. This agreement was developed under the auspices of the Economic Commission for Europe, a subsidiary of the United Nations, and the Senate ratified the agreement in March 1980.

Before this agreement can be promulgated it will be necessary for this legislation to be enacted into law.

This legislation provides that the Secretary of Agriculture have the responsibility for the U.S. Government for the administration and implementation of the agreement. Essentially what is required is for the Secretary to issue regulations establishing a program for the testing and certification of temperature-controlled equipment; thus manufacturers and owners of oceangoing containers could have their equipment inspected, tested, and certified to the standards outlined in the agreement.

The Bureau of Standards will be called upon to establish the initial standards and a qualified industry organization will do the testing. Costs of inspections will be borne by industry through users fees.

Witnesses which included both industry and Government who appeared before the subcommittee fully supported this legislation, indicating that harassment by European authorities, simply because the U.S. equipment is not certified in accordance with the agreement, should cease. There is no problem with U.S. equipment meeting the standards as outlined in the agreement. A witness for USDA felt that the implementation of this legislation and the agreement would facilitate the growth of our agricultural exports.

Mr. Speaker, I urge the passage of this legislation.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. WAMPLER. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I wonder why, if the industry is going to bear the costs, the taxpayers are going to have to pay $100,000, or am I wrong in thinking that the taxpayers will have to pay $100,000?

Mr. WAMPLER. It is my understanding, if I may respond to the gentlewoman from New Jersey, that the department can recoup that through users fees.

Mrs. FENWICK. Oh, I see. So this is something that will be paid back?

Mr. WAMPLER. That is my understanding.

Mrs. FENWICK. Is that the understanding of the gentleman from Texas?

Mr. de la GARZA. Mr. Speaker, if the gentleman from Virginia will yield, I would like to advise the gentlewoman that when we consider the total operation of the program and the cost involved, we cannot but conclude that the major portion of the cost for implementing the program is to be borne by private industry using such services. User fees would cover all the expenses incurred in performing the testing and inspection services.

Mrs. FENWICK. I see. I thank my colleagues.

Mr. DE LA GARZA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. WAMPLER. Mr. Speaker, I yield back the balance of my time.

The **SPEAKER** pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA) that the House suspend the rules and pass the bill, H.R. 6164, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to authorize the Secretary of Agriculture to implement the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment To Be Used for Such Carriage (ATP), and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZATION OF CERTAIN USDA EMPLOYEES TO CARRY FIREARMS

Mr. DE LA GARZA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2035) to authorize certain employees of the Department of Agriculture to carry firearms in the performance of their duties, as amended.

The Clerk read as follows:

H.R. 2035

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any employee of the United States Department of Agriculture designated by the Secretary of Agriculture and the Attorney General of the United States may carry a firearm and use a firearm when necessary for self-protection, in accordance with rules and regulations issued by the Secretary of Agriculture and the Attorney General of the United States, while such employee is engaged in the performance of the employee's official duties to (1) carry out any law or regulation related to the control, eradication, or prevention of the introduction or dissemination of communicable disease of livestock or poultry into the United States or (2) perform any duty related to such disease control, eradication, or prevention, subject to the direction of the Secretary.

The **SPEAKER** pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Texas (Mr. de la Garza) will be recognized for 20 minutes, and the gentleman from Virginia (Mr. Wampler) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. de la Garza).

Mr. **de la GARZA**. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2035, known as the "river riders" or "tick inspectors" bill. This bill would authorize USDA employees charged with the enforcement of animal quarantine laws, and whose duty area has a high potential for danger and violence, to carry firearms for self-protection under rules and regulations issued by the Secretary of Agriculture and the Attorney General of the United States.

This bill is required in order to protect the lives of animal health technicians, commonly known as tick inspectors, who daily patrol the United States/Mexico international boundary to prevent the illegal entry of animals into the United States.

In the enforcement of our animal quarantine laws, these USDA employees are authorized by law to stop and inspect, without a warrant, persons or vehicles coming into the United States from a foreign country. Conducting such a search for animals, a carcass, or product subject to quarantine laws, without a warrant and unarmed, they are prone to meet with a hostile response. These are not incidents that occur at our designated border crossings, rather, they take place on lonely ranch roads or trails across a pasture by the Rio Grande.

These tick inspectors frequently ride up to a situation where they encounter hostile elements suspected of being engaged in illegal acts. Their witnessing of such often exposes them to acts of violence to their persons.

One inspector was murdered in his camp, others have been shot at, more than once, while many others have barely escaped bodily injury. At the hearing on this bill, one tick inspector exhibited his saddle, pointing to a bullet hole on the horn. Thanks to the metal top, the shot was deflected. Ironically, a week after the hearing, the same inspector was shot at and injured while on patrol in the same area. An investigation of both incidents revealed evidence of illegal alien smuggling activity.

There is no authorization for appropriations since no significant cost is anticipated to be incurred by the Government as a result of enactment of this legislation.

Mr. **WAMPLER**. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2035, which is an authorization bill to allow animal health technicians, commonly referred to as "tick inspectors," of the U.S. Department of Agriculture to carry firearms.

This legislation was brought to our attention by Congressman Kazen. These tick inspectors patrol the international border between the United States and Mexico along the Rio Grande River and a portion of this area is in Congressman Kazen's district. These employees make daily patrols of this international boundary to prevent the illegal entry of animals into the United States. These animals are inspected for prevention of the introduction or dissemination of any communicable animal disease, particularly tick fever. These inspectors are exposed to smugglers, cattle rustlers, and illegal aliens, and there have been numerous incidences of violence. One of the witnesses appearing before our subcommittee told of being fired upon, and several weeks after his subcommittee appearance we learned that he had again been fired upon and this time he had suffered a gunshot wound. As you might surmise there is a certain amount of hostility directed toward the Feds no matter what job they may be doing, and this legislation would allow these inspectors to carry firearms for protection. It should be pointed out that custom inspectors, Immigration and Naturalization Service personnel, drug enforcement personnel, and the Texas Rangers, among others, are all armed and support the arming of these tick inspectors.

The costs of enacting this legislation are minimal, consisting of the procurement of firearms and ammunition for about 100 inspectors and the costs of properly training these employees in the use and care of such firearms. Rules and regulations to implement this legislation will be jointly issued by the Secretary of Agriculture and the Attorney General of the United States.

It is my understanding that the administration supports this legislation and I urge its passage.

Mr. **de la GARZA**. Mr. Speaker, I yield as much time as he may consume to the distinguished gentleman from Texas (Mr. Kazen), the original author of the legislation.

Mr. **KAZEN**. Mr. Speaker, my bill, H.R. 2035, which we consider today, has met with the overwhelming support of those who have become familiar with it. The reaction of most people is the same that I had when the problem was first presented to me: Why has not something been done before?

H.R. 2035 authorizes certain employees of the U.S. Department of Agriculture charged with the enforcement of animal quarantine laws, and whose duty area has a high potential for danger and violence, to carry firearms for self-protection.

What we are talking about here is a corps of hard-working men who patrol isolated stretches of the Rio Grande River on the Texas-Mexico border, alone and on horseback, to prevent animals from crossing through that narrow quarantine zone and spreading tick fever to our domestic cattle industry.

Two questions may immediately arise: Is it, in this day and age, necessary for our country to maintain a corps of tick inspectors to patrol this quarantine area? And second, why should they be armed?

Let me briefly address the first problem. Tick fever in cattle, spread by the Boophilus tick, results in high temperature, loss of appetite and weight to the point of coma, and eventual death to the animal. Mortality may be as high as 90 percent in severe outbreaks. At the outset of the eradication program in 1906, 985 counties in 15 States were placed under quarantine and at that time the annual loss to the southern cattle industry was estimated at between $40 million and $200.

The tick was eradicated in all areas of our country with the exception of that narrow stretch along the Rio Grande, but our animal health experts warn that it has the potential of reinfesting all areas of Texas, Oklahoma, California, Alabama, Florida, Georgia, South Carolina, North Carolina, and Virginia.

Despite an earnest effort on the part of Mexico, the ticks still exist in some areas across the border and they are carried into the quarantine area on cattle and other animals. An outbreak now might mean losses in excess of $1 billion, severely damaging not only the southern cattle industry but our entire economy.

The only way to guard against this—and it is not easy work—is for the tick inspector to patrol the area on horseback. These river riders inspect stray livestock and cattle trails, apprehend and inspect cattle smuggled across the border, and ride and check all fences bordering the quarantined sectors. Some of the people along the border do not want to be stopped, of course, and others object to having their cattle impounded.

This job description is sufficient to show that these inspectors should receive the same protection as any other law enforcement officer, but I also point out that the Rio Grande, especially at night, is a major crossing point for the smuggling of illicit narcotics into the United States and, of course, a busy intersection on the illegal alien trail between the two countries.

As past experience has shown, there is simply no telling what will confront these river riders around the next bend. Sometimes, on a narrow trail, it is difficult to avoid a confrontation between an inspector, who represents Federal authority, and someone who fears or dislikes authority. The inspectors who testified in Washington related numerous incidents of violence that have endangered their lives.

One of them, Mark Smith, brought his saddle to the hearing room and pointed out a bullet hole in the saddle horn, which he said was the result of being fired at while on routine patrol. About 2 weeks after he testified before the House Agriculture Subcommittee on Department Operations, Research, and Foreign Agriculture, he was wounded in the back by an unknown person in yet another incident along the Rio Grande.

I was pleased to note that the Agriculture Committee in its report on the bill has strongly recommended that the Department of Agriculture take prompt measures to equip the tick inspectors with the necessary personal portable radios or similar communications equipment. As the river riders pointed out during their testimony, they not only are frequently alone in isolated areas, they have no communication equipment for emergencies.

Committee Chairman KIKA DE LA GARZA and Subcommittee Chairman GEORGE BROWN, JR., and members of the Agriculture Committee have been most diligent in refining this legislation in cooperation with the Department of Agriculture, and in acting promptly in an effort to correct a dangerous oversight. On behalf of these river riders, many of whom patrol the border of my own district in south Texas, I extend my appreciation for the spirit of cooperation displayed by Members of both sides of the aisle.

Mr. DE LA GARZA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. WAMPLER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA) that the House suspend the rules and pass the bill, H.R. 2035, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to authorize certain employees of the U.S. Department of Agriculture charged with the enforcement of animal quarantine laws to carry firearms for self-protection."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1983

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 462 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 462

Resolved, That upon the adoption of this resolution it shall be in order, section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6068) to authorize appropriations for fiscal year 1983 for intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, for the Central Intelligence Agency retirement and disability system, to authorize supplemental appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the United States Government, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Permanent Select Committee on Intelligence, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore (Mr. KAZEN). The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Arizona (Mr. RHODES), and pending that, I yield myself such time as I may consume.

Mr. Speaker, the resolution provides for the consideration of H.R. 6068, the Intelligence Authorization Act for fiscal year 1983. It is a 1-hour open rule.

The rule contains one waiver of points of order, under section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344). The waiver is necessary because title IV of the bill authorizes certain supplemental appropriations for the current fiscal year. It is not a technical waiver but I am aware of no objections; the provision concerned is in compliance with an administration request for supplemental funds for unforseen contingencies in high priority intelligence activities.

I am aware of no controversy over the rule. Indeed, I am aware of no controversy over the bill. It was reported from the permanent Select Committee on Intelligence by a unanimous voice vote. It was sequentially referred to the Committee on Armed Services which recommended no amendments and reported the bill by a unanimous recorded vote. No other committee which qualified requested sequential referral.

The bill authorizes appropriations for fiscal year 1983 for the intelligence agencies and for certain intelligence activities of other agencies. It also contains certain supplemental authorizations for fiscal year 1982.

Under the rules of the House, the amounts authorized are set forth in an appendix to the report which is not published but is available for inspection by Members. Notice of availability was made to the House on May 11 (page H1964). The agencies and activities authorized under the bill are the Central Intelligence Agency; the Intelligence Community Staff; the Department of Defense, including the individual services and the Defense Intelligence Agency; the National Security Agency; the Department of State; the Department of Treasury; the Department of Energy; the Federal Bureau of Investigation; and the Drug Enforcement Administration.

The bill also contains general administrative provisions and published authorizations for certain counter-terrorism activities and for intelligence retirement programs.

In addition, the bill contains provisions to make changes in the retirement program for intelligence personnel and their spouses similar to those enacted in 1980 for foreign service personnel (Public Law 96-465).

The bill contains a prohibition on unauthorized use of the name, seal, or initials of the Defense Intelligence Agency. The provision is identical to those enacted by the 95th Congress in regards to the Central Intelligence Agency and the National Security Agency.

Mr. Speaker, I wish to commend the distinguished chairman of the committee, the gentleman from Massachusetts (Mr. BOLAND), and the ranking minority member, the gentleman from Virginia (Mr. ROBINSON) for the professional and totally nonpartisan manner in which the vital work of this committee has been handled since the inception of the committee in 1977. The gentleman from Massachusetts proposed the establishment of the committee to restore congressional control and accountability in regards to intelligence activities and to restore public confidence in these vital functions. Under his able leadership and that of our colleague from Virginia that goal has been largely met.

Mr. Speaker, I urge the adoption of the rule to permit prompt consideration and passage of this legislation.

□ 1245

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Massachusetts (Mr. MOAKLEY) has explained the bill thoroughly and also the resolution. There is no opposition to the resolution on my side of the aisle, and, as far as I know, there is no opposition to the bill.

I merely wish to echo the words of the gentleman from Massachusetts in his praise of the Intelligence Committee. I had the honor of serving as an ex officio member during the time that I was minority leader, and at that time I became very much impressed with the workings and particularly the leadership shown by my good friend, the gentleman from Massachusetts (Mr. BOLAND), and also by the Republican Members, including especially the gentleman from Virginia (Mr. ROBINSON).

This is an extremely important committee. Prior to the formation of this committee and its counterpart in the other body, there was very little, if anything, in the way of supervision of the various intelligence-related activities of this Government. There was a lot of fear when these committees were set up that there would be too much in the way of supervision, and that indeed it would not be possible to have the secrets, if you will—and that is a good word for them—of this Government and particularly of our defense establishment entrusted to this many Members of the Congress without serious leakage.

I think it is a matter of pride and it should be a matter of pride to all the Members of this body and the other body that these two committees have functioned so well and done such a good job of aiding the intelligence community to do its job, and yet, as far as I know, there has never been a serious leak either from the members of those two committees or from the staffs of the two committees.

I for one salute the chairman and the other members of the committee for the great record which they have compiled not only in policing the intelligence communities but in doing all the things which they have done to make their work more effective than it otherwise would have been.

Mr. Speaker, I have no requests for time, and I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. BOLAND. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6068) to authorize appropriations for fiscal year 1983 for intelligence and intelligence-related activities of the U.S. Government, for the intelligence community staff, for the Central Intelligence Agency retirement and disability system, to authorize supplemental appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. BOLAND).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6068, with Mr. BIAGGI in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Massachusetts (Mr. BOLAND) will be recognized for 30 minutes, and the gentleman from Virginia (Mr. ROBINSON) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, H.R. 6068, the Intelligence Authorization Act for fiscal year 1983, is the fifth such bill in as many years reported out by the Permanent Select Committee on Intelligence. Like its predecessors, it was approved unanimously in committee, as it was by the Committee on Armed Services.

Mr. Chairman, this information was echoed by my colleague, the gentleman from Massachusetts, (Mr. MOAKLEY), who handled the rule on the majority side, and our colleague, the gentleman for Arizona (Mr. RHODES), who handled the rule on the minority side. I want to express to them, Mr. Chairman, my appreciation for their remarks concerning all the members of this particular committee and the nonpartisan manner in which it has operated.

As in past years, this bill authorizes all the funds for the next fiscal year, as well as supplemental funds in the current fiscal year, for the intelligence and intelligence-related activities of the U.S. Government.

The category of "intelligence activities" includes all the activities of the Central Intelligence Agency; the Defense Intelligence Agency; the National Security Agency; other intelligence components of the Department of Defense, and the Departments of the Army, Navy, and Air Force; the Bureau of Intelligence and Research of the Department of State; the intelligence divisions of the Federal Bureau of Investigation, intelligence elements of the Departments of the Treasury, and Energy, and the Drug Enforcement Administration; and the Intelligence Community Staff of the Director of Central Intelligence. These activities provide intelligence for the use of the President, the Cabinet, the National Security Council, and the Joint Chiefs of Staff.

Further, this bill authorizes intelligence-related activities of the Department of Defense, which are programs that are integral to the defense force structure, but which are similar to national intelligence programs and are often tasked for national intelligence purposes, particularly in peacetime.

The similarity of programs and functions between the national intelligence programs and the intelligence-related activities of the Defense Department is the reason that both are considered by the Permanent Select Committee on Intelligence and authorized in this bill. We have worked to assure that the program areas are complementary and mutually supportive but not duplicative. The referral of this bill to the Committee on Armed Services has assured that the judgments we have made from an intelligence viewpoint are equally sound from a military perspective. We have worked closely with that committee on a continuous basis and achieved a position agreeable to both committees even before referral.

Mr. Chairman, most intelligence activities are classified and necessarily so. In some cases, even the very existence of the program or activity is held secret. This sensitivity limits the description we can offer here on the floor. The schedule of authorizations to accompany the bill and the classified annex to the report have been available to Members. A number of Members have reviewed these materials. The subject material is complex but we have continued to revise these classified reports to improve their clarity.

The committee continues to recommend that the budget for intelligence not be disclosed. The disclosure of a single budget number might not itself be harmful, but some explanation of the content and meaning of the number would be essential. But such an explanation would be excessively revealing. Moreover, the committee recognizes that intelligence is inherently secret, and any disclosure is the beginning of an erosive process. In discussing this point, people often refer to the degree of disclosure of our military budgets and systems. It is not a good analogy: The existence of military systems must be known in order to have deterrent value. If deterrence fails, military systems are effective in battle because of their numbers, the manner in which they are employed, and the skill of the personnel using them. Conversely, in the case of intelligence, the mere awareness of an intelligence activity can easily reduce or eliminate its effectiveness, may endanger lives, and may lead to the collection of false information contrived by our adversaries to confuse or mislead us.

Mr. Chairman, I would like to summarize briefly the organization of H.R. 6068.

Title I provides for the bulk of our intelligence and intelligence-related activities. As I said earlier, funds and program details are in the classified schedule of authorizations and the annex to the report. One exception is the authorization for the counterterrorism program of the FBI, which is unclassified. The bill provides $12.1 million for this function.

Title II provides necessary authorities for the intelligence community staff, whose function is to assist the Director of Central Intelligence with his responsibilities for overall coordination of intelligence and preparation of the budget. The staff is made up of representatives of all elements of the intelligence community. Administratively, it is treated as if part of the CIA.

Title III provides authorization of $91.3 million for the Central Intelligence Agency retirement and disability system. This is a program established by Congress in 1964 to provide for those CIA personnel who perform hazardous duties or are in special situations, usually abroad, which may limit the length of their careers. When title III is read for amendment, I will offer a technical amendment that would conform CIARDS, as it is called, so as to afford certain CIARDS retirees the opportunity to exercise options which can be made by their counterparts under the civil service retirement and disability system. Although current law now permits the President, by executive order, to conform CIARDS to prospective changes made to the civil service system, the differences in question existed prior to this change in the law. Hence the need for the amendments.

Title IV authorizes additional intelligence and intelligence-related expenditures in fiscal year 1982. The details of this supplemental authorization are found in the classified annex to the committee's report.

Title V consists of a provision prohibiting the unauthorized use of the Defense Intelligence Agency's name, initials, or seal in a manner reasonably calculated to convey the impression that such use was authorized and authorizing the Attorney General to seek to enjoin such unauthorized use. This section is identical to those enacted last year protecting against the unauthorized use of the CIA and NSA names, initials, or seals.

Title VI contains a provision providing to spouses and former spouses of certain CIA employees entitlements and rights in relation to retirement and survivors annuities comparable to those provided to spouses of Foreign Service officers by the Foreign Service Act of 1980. This provision recognizes the enormous equity that CIA spouses have in their employee spouses' careers—both in terms of the assistance they provide to intelligence operations and their sacrifice of their own professional advancement. The committee was thoroughly persuaded that these spouses deserve the same benefits as do Foreign Service officer's spouses. Nonetheless, the bill's provisions are more stringent than those of the Foreign Service Act since they require that spouses, to qualify, must serve overseas with their employee spouses.

Mr. Chairman, one reason for the bipartisan support which H.R. 6068 enjoys is that all of the recommendations of the Subcommittee on Program and Budget Authorization adopted by the committee have been so painstakingly documented and reasoned in their approach. I attribute the great success of this effort—and the important and oft-needed guidance it has provided the intelligence community—to the judgment and character of the ranking minority member, KEN ROBINSON of Virginia. He has been the rock upon which the work of the subcommittee has been built and he deserves the thanks not only of the Congress, but of the Nation, for his great contribution in this area.

I should also add, Mr. Chairman, that the staff who assist the committee in its consideration of the intelligence and intelligence-related budgets, is first class. I believe they are the finest, the most professional, of all who work on the intelligence budget in either the executive or legislative branches. I would like to pay tribute and thanks to Duane Andrews, Jim Bush, Marty Faga, Annette Smiley, and Patrica Garber.

Mr. Chairman, as in the last fiscal year, this bill authorizes less than the administration requested but still permits real growth over last year. Some specific proposals have been recommended for deferral, others for termination while a few have been increased.

Mr. Chairman, let me close by stating that, as in year's past, the committee has made, and continues to make, the classfied annex to its report available to all Members of the House during business hours in the committee's rooms. I would urge Members who have not yet had an opportunity to do so to read this report carefully.

Mr. Chairman, I reserve the balance of my time.

Mr. ROBINSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I join my colleagues in urging support of H.R. 6068, to authorize appropriations for the intelligence and intelligence-related activities of our country.

The purpose of the U.S. foreign intelligence effort is to provide civilian and military leaders the intelligence they need to make informed decisions. This intelligence not only serves as a fundamental tool in our defense arsenal but also provides information essential for the maintenance of peace and prosperity.

Whether the questions involve the rebuilding of our defenses, negotiating arms reductions, dealing with increasing terrorist and Communist activities around the world, or coping with the political and economic realities of today's uncertain world, demands for high quality and timely intelligence continue to proliferate.

H.R. 6068 is the fifth intelligence budget authorization bill presented to the Congress. It is the product of a continuing intensive examination of our Government's intelligence needs and a detailed review of the fiscal year 1983 intelligence resources requested by the President to meet these needs.

Concurrent with this review of intelligence resources was a program-by-program review of all intelligence activities. As a member of the Select Committee's Subcommittee on Program and Budget Authorization, I participated in these detailed reviews and I am convinced that the committee has been given full and complete access to the operations and activities of the intelligence community—ranging from relatively open intelligence collection efforts to the most sensitive clandestine collection and covert action programs.

In addition to the activities of the Central Intelligence Agency and other national intelligence organizations, this bill authorizes appropriations for tactical intelligence and related activities of the Department of Defense. These programs are integral to the defense force structure but are similar to national intelligence programs and are often tasked for national intelligence purposes. The similarity of functions between the national and tactical intelligence programs is the reason that both are considered by the Select Committee on Intelligence and authorized in this bill. We have worked to assure that the program areas are complementary and mutually supportive but not unnecessarily duplicative. Further, the referral of this bill to the Committee on Armed Services, which shares tactical intelligence program oversight jurisdiction with our committee, has assured that the judgments we have made from an intelligence viewpoint are equally sound from a military perspective. We have worked closely with the Committee on Armed Services and achieved a position agreeable to both committees even before referral.

For fiscal year 1983, the President requested a substantial increase in overall intelligence funding over 1982 levels. I fully support our committee's recommendation not to disclose publicly the amounts of these requested funds; therefore, I will not discuss specific committee recommendations. Details of these recommendations are contained in the classified annex to our committee report which, along with the classified schedule of authorizations referred to in H.R. 6068, has been available for review by Members of the House since May 12.

While the committee generally supported the funding levels requested by the President, we were not persuaded that all of the specific programs were fully warranted and the committee's recommendations would delete or defer certain programs and in other cases would increase program funding. I am pleased to add that the funding authorization recommended by the committee, while a net reduction from the request, will allow real growth in the intelligence programs.

In addition to authorization of appropriations and personnel ceilings for intelligence activities, our bill contains, under title V and title VI, new statutory authorities which have already been described. I fully support these provisions.

In closing, Mr. Chairman, I simply want to say that this bill would authorize appropriations for what I believe to be a well balanced program to provide intelligence capabilities essential to our Nation. I urge its passage as recommended by the committee.

□ 1300

The CHAIRMAN. The gentleman from Virginia (Mr. ROBINSON) has consumed 5 minutes.

Mr. ROBINSON. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. MCCLORY).

Mr. McCLORY. Mr. Chairman, I would like to commend the gentleman from Massachusetts (Mr. BOLAND), chairman of our committee, and likewise my distinguished colleague, the gentleman from Virginia (Mr. ROBINSON), and concur in the remarks that have already been made with regard to the diligence and the effective work and expertise of the committee and the committee staff.

I also want to concur in the remarks, particularly of my colleague, the gentleman from Virginia, who indicated the careful review which the committee members made with respect to various items in the budget and the fact that these items were individually reviewed and the results were that the decisionmaking was the decisionmaking of the committee. I think it is a tribute to the committee that they make this conscientious effort with regard to providing for an improved and expanded and effective intelligence capability.

Mr. Chairman, I want to join my other colleagues on the permanent Select Committee on Intelligence in urging support for the bill which is now before the House, the Intelligence Authorization Act for fiscal year 1983. The Intelligence Committee has brought to the floor a bill which received unanimous support both from our committee and from the Committee on Armed Services. As in the past, this is due in large part to the workmanlike efforts of our Subcommittee on Program and Budget Authorization, chaired by the distinguished gentleman from Massachusetts (Mr. BOLAND) and served in the position of ranking minority member by the distinguished gentleman from Virginia (Mr. ROBINSON). With exceptional staff support, this subcommittee was able to fashion a bill which—while lean—provides for real growth in the budgets of our intelligence agencies. Of course, this is in keeping with the President's overall program to enhance our military capabilities. Indeed, it has long been my view that, in many ways, an active and fully supported intelligence apparatus can provide greater security than our multibillion dollar, complex weapons systems.

Mr. Chairman, as always, the committee has wisely avoided the publication of an overall budget authorization figure for intelligence activities in the next fiscal year. However, one matter on which the committee has chosen to act in H.R. 6068, and which can be publicly discussed, concerns the interests of individuals, who were formerly married to CIA intelligence officers serving overseas, to the pension and survivors benefits which accrued during their marriage.

The committee carefully reviewed the benefits accruing to former spouses of Foreign Service officers and compared the duties of these spouses and the spouses of CIA intelligence officers. It also held hearings during which testimony was presented by former CIA Director William Colby as well as current and former spouses of intelligence officers in support of such legislation. As a product of these efforts, the committee decided to extend to former spouses of intelligence officers the same benefits as enjoyed by former Foreign Service officers' spouses.

I do not here want to take the time to explain the intracacies of this bill—for they are adequately explained in the committee's report accompanying H.R. 6068. Let me just say that the committee, in recommending this change in the law, is providing recognition of the valuable services which spouses of intelligence officers provide to the CIA, and therefore, necessarily to the security of our country.

Mr. Chairman, I urge support for H.R. 6068.

Mr. BOLAND. Mr. Chairman, I yield such time as she might desire to the gentlewoman from Colorado (Mrs. SCHROEDER).

Mrs. SCHROEDER. Mr. Chairman, I would like to commend Chairman BOLAND and the members of the Permanent Select Committee on Intelligence for their efforts to improve the retirement systems for CIA employees and their families.

The plight of the CIA spouse has been a compelling one. Following a divorce, under current law, the CIA spouse loses eligibility for any survivors benefits after the death of the CIA employee or retiree. This legislation attempts to remedy an inequity in current Federal retirement policy—its failure to assure retirement protection to spouses and divorced spouses of Federal civilian employees. Whereas social security was amended in 1965 to provide automatic benefits for spouses and former spouses, Federal retirement law has not been changed to recognize the contribution of the nonworking former spouse.

I strongly support title VI of H.R. 6068, the Intelligence Authorization Act for fiscal year 1983. This legislation is modeled after the Foreign Service Act, which amended the Foreign Service retirement system in 1980. Public Law 96-465 was enacted after extensive joint hearings before the Civil Service Subcommittee, which I chair, and the Subcommittee on International Operations, chaired by Representative DANTE FASCELL.

This legislation represents a balanced approach. It protects the rights of the nonworking spouse, but at the same time has built-in safeguards for the CIA employee. The legislation provides a presumption of a right to a proportionate share of the pension and a right to a survivor's benefit, which rights could be eliminated by a State court of competent jurisdiction in a divorce proceeding. Thus, where a State court found such "fault" as would make it unjust or inequitable to provide such rights to the dependent spouse or where the dependent spouse has substantial independent means or for other appropriate reasons, the rights to entitlement could be terminated at the discretion of the State court. The parties could also, by agreement, voluntarily eliminate the right of the dependent spouse to a share of the retirement or survivor's benefits.

The mechanism created by this legislation is a fair solution to the problem of retirement benefits for divorced spouses. It provides a measure of protection to prevent dependent spouses from being impoverished in their retirement years following a divorce. At the same time, the State Department reports that it has had little difficulty in implementing the Foreign Service Act, following its enactment in 1980. H.R. 6068 should be enacted by the House.

Mr. BOLAND. Mr. Chairman, I want to thank the gentlewoman from Colorado (Mrs. Schroeder). All of us, of course, in this House recognize the great work that she has done for women in Government and also for the spouses of those employees in the Government. She played a significant part in advice and counsel to us in the amendment that will be offered to take care of the very problems she talked about.

I also add my congratulations to our distinguished colleague from Illinois (Mr. McClory), who perhaps played the leading part within this particular committee in getting the committee to look at this problem and also to structure the amendment in such a way that it takes care of the very area the gentlewoman from Colorado, (Mrs. Schroeder) and so many people were interested in.

That also applies to the gentleman from Virginia (Mr. Whitehurst) who spent some hours in advising the committee on the problems that the spouses of CIA employees have, bringing that to the attention of the committee, and it was through the cooperation of Members like the gentleman from Virginia (Mr. Whitehurst), the gentleman from Illinois (Mr. McClory), and the gentlewoman from Colorado (Mrs. Schroeder) and through their conversations and dealings with the CIA and with the civil service retirement system, and also their contacts with the Civil Service Legislative Subcommittee of the House Committee on Post Office and Civil Service that we were able to get general agreement on this particular amendment.

I want to compliment them publicly for doing so.

I now yield 4 minutes to the gentleman from New York (Mr. Weiss).

Mr. WEISS. Mr. Chairman, I very much appreciate your yielding this time to me.

Mr. Chairman, I objected and opposed the creation of the Select Committee on Intelligence when it was adopted some 5 years ago because of the procedures which it would have had to operate under.

I have objected since then to the reports that they have come out with on the authorization measures.

I believe that the American people have a constitutional right to know how much they are spending for intelligence activities. Yet today, as in the past 5 years, we are being asked to vote on an intelligence budget that has been classified virtually in its entirety. The American people watch helplessly as we consider authorizing unstated funds for unstated personnel to perform unstated activities.

This outrageous affront to the democratic principles of our country should not and must not be tolerated. While national security considerations may justify withholding some specific details, there is simply no excuse for keeping secret the total level of intelligence spending.

The Select Committee on Intelligence, in recommending nondisclosure of the aggregate figures, admitted that such disclosure, in their words, "would probably not harm intelligence activities or capabilities."

The committee claimed, however, that a single intelligence budget total "would be meaningless."

I strongly disagree.

If the budget total remains secret, the American people will have absolutely no idea about how much money is being allocated to intelligence operations.

Is it $100 million, $500 million, $6 billion? Are we spending more for intelligence than we are spending on student aid, more than we are spending on aid to the poor and the elderly, more than we are spending on international development aid?

Aggregate figures would not reveal CIA activities abroad or disclose the scope of the CIA domestic intelligence operations. They would, however, give Americans a general idea about the portion of the economic pie being taken by intelligence operations.

Citizens could thus contribute more meaningfully to the process of setting national priorities. Indeed, how can you have intelligence decisionmaking in a democracy if the people do not know the basic facts?

□ 1315

As Benjamin Franklin once said, "He who would trade a little liberty for a little security will soon have neither liberty nor security."

In our zeal to protect the national security, we must not tread upon fundamental democratic principles. As recent history proves only too well, a government shrouded in secrecy becomes not only unaccountable but eventually irresponsible.

I urge my colleagues to vote no on this bill.

Mr. ROBINSON. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. Derwinski).

Mr. DERWINSKI. Mr. Chairman, as ranking Republican on the Civil Service Committee, I rise in support of those provisions of H.R. 6068 which provide a share of a Central Intelligence Agency employee's retirement annuity to a qualified former spouse. Such a spouse would have to be unremarried before the age of 60, and married to the employee for 10 years of creditable service, 5 of which were spent abroad. The amount of the former spouse's annuity would be 50 percent of the employee's if the marriage lasted throughout the entire period of service to the Agency, and proportionately less of the 50 percent share if the duration of the marriage was less than the service credited.

Title VI also awards 55 percent survivor annuities to former spouses who were married to CIA employees during all their creditable service, have survived CIA annuitants, and have not remarried before age 60. Survivor annuities would be proportionately less than 55 percent if the marriage did not cover all the creditable service.

These provisions recognize, as we did in the Foreign Service Act of 1980, that a spouse's years of support work for Federal employees in foreign lands is not erased by a divorce proceeding. Yet I, like most Members, would be extremely reluctant to begin legislating a national divorce law which automatically splits American annuities everywhere. I would have reservations over these annuity provisions if they were not fully amendable by spousal agreements, court orders, multiple marriages, and the like. Only the State courts can examine marriages on a case-by-case basis and we cannot reasonably second-guess them.

We would compound the neglect of the past if we simply declared all former spouses everywhere worthy—or unworthy—of an annuity. Because most of them are deserving, however, we are legislating a certain presumption in their favor, not telling the State courts how to handle each of their cases. Because the committees who reported this legislation have always favored this approach, the Civil Service Committee did not feel obliged to ask for sequential or joint referral of this bill.

I support H.R. 6068's former spouse annuity provisions. In addition, Mr. Chairman, I would like to take this opportunity to express my general support for this legislation which authorizes appropriations for the intelligence-related activities of the U.S. Government.

There is no question that our intelligence functions are a vital part of our defense and foreign policy and deserve the support of the Congress. I am confident that the members of the committees exercising oversight in the intelligence field have carefully analyzed the budget proposals of the administration and have come up with a reasonable bill.

Therefore, I urge the House to adopt it.

● Mr. PRICE. Mr. Chairman, this is the fifth year that the permanent Select Committee on Intelligence and the Armed Services Committee worked together to report the authorization bill for intelligence and intelligence-related activities of the intelligence community.

As the Members will recall, the Armed Services Committee shares responsibility for authorizing certain elements in the intelligence authorization bill with regard principally to intelligence-related activities for the Department of Defense, and I am most pleased to report on the continued excellent working relationship with, and cooperation of, the select committee members and staff in arriving at complete agreement on all items of joint responsibility.

As part 2 of the report states, the results of our recommendations are classified and are included in the classified annex to the report on H.R. 6068 prepared by the select committee.

For the information of the Members, the overall funds jointly authorized fall in budget category 050 and are in the Armed Services Committee authorization figures contained in H.R. 6030.

I urge the Members to support the intelligence authorization programs for fiscal year 1983 and cast a favorable vote for H.R. 6068.●

● Mr. DICKINSON. Mr. Chairman, for my part as ranking member of the Armed Services Committee, I wish to join Chairman PRICE in his comments as they relate to the work of both committees in arriving at an agreeable solution to the differences which existed in the intelligence-related activities area for the Department of Defense when we commenced our work on H.R. 6068.

I trust the good working relationships between the committees will continue, particularly since never before in the history of this country have our intelligence efforts been so vital to our national defense.

Mr. Chairman, I urge my colleagues to support H.R. 6068 and vote for its passage today.●

Mr. ROBINSON. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the bill by titles.

Mr. BOLAND. Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The text of the bill is as follows:

H.R. 6068

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Intelligence Authorization Act for Fiscal Year 1983".

TITLE I—INTELLIGENCE ACTIVITIES

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1983 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Central Intelligence Agency.
(2) The Intelligence Community Staff.
(3) The Department of Defense.
(4) The Defense Intelligence Agency.
(5) The National Security Agency.
(6) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(7) The Department of State.
(8) The Department of the Treasury.
(9) The Department of Energy.
(10) The Federal Bureau of Investigation.
(11) The Drug Enforcement Administration.

CLASSIFIED SCHEDULE OF AUTHORIZATIONS

SEC. 102. The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1983 for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified schedule of authorizations prepared by the Permanent Select Committee on Intelligence to accompany H.R. 6068 of the Ninety-seventh Congress. That schedule of authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the schedule, or of appropriate portions of the schedule, within the executive branch.

CONGRESSIONAL NOTIFICATION OF EXPENDITURES IN EXCESS OF PROGRAM AUTHORIZATIONS

SEC. 103. During fiscal year 1983, funds may not be made available for any activity for which funds are authorized to be appropriated by this Act unless such funds have been specifically authorized for such activity, or, in the case of funds appropriated for a different activity, unless the Director of Central Intelligence or the Secretary of Defense has notified the appropriate committees of Congress of the intent to make such funds available for such activity.

AUTHORIZATION OF APPROPRIATIONS FOR COUNTERTERRORISM ACTIVITIES OF THE FEDERAL BUREAU OF INVESTIGATION

SEC. 104. In addition to the amounts authorized to be appropriated under section 101(10), there is authorized to be appropriated for fiscal year 1983 the sum of $12,125,000 for the conduct of the activities of the Federal Bureau of Investigation to counter terrorism in the United States.

TITLE II—INTELLIGENCE COMMUNITY STAFF

PERSONNEL

SEC. 201. (a) During fiscal year 1983, the personnel of the Intelligence Community Staff may be permanent employees of the Intelligence Community Staff or personnel detailed from other elements of the United States Government.

(b) During fiscal year 1983, the personnel of the Intelligence Community Staff shall be selected so as to provide appropriate representation from elements of the United States Government engaged in intelligence and intelligence-related activities.

(c) During fiscal year 1983, any officer or employee of the United States or member of the Armed Forces who is detailed to the Intelligence Community Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

INTELLIGENCE COMMUNITY STAFF ADMINISTERED IN SAME MANNER AS CENTRAL INTELLIGENCE AGENCY

SEC. 202. During fiscal year 1983, activities and personnel of the Intelligence Community Staff shall be subject to the provisions of the National Security Act of 1947 (50 U.S.C. 401 et seq.) and the Central Intelligence Agency Act of 1949 (50 U.S.C. 403a-403m) in the same manner as activities and personnel of the Central Intelligence Agency.

TITLE III—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1983 the sum of $91,300,000

TITLE IV—SUPPLEMENTAL AUTHORIZATION FOR FISCAL YEAR 1982

AUTHORIZATION OF APPROPRIATIONS

SEC. 401. In addition to the funds authorized to be appropriated under title I of the Intelligence Authorization Act for fiscal year 1982 (Public Law 97-89; 95 Stat. 1150), funds are hereby authorized to be appropriated for fiscal year 1982 for the conduct of the intelligence and intelligence-related activities of the United States Government. The amounts authorized to be appropriated under the preceding sentence are those specified for that purpose in the classified schedule of authorizations described in section 102.

TITLE V—PROVISIONS RELATED TO THE DEFENSE INTELLIGENCE AGENCY

UNAUTHORIZED USE OF DEFENSE INTELLIGENCE AGENCY NAME, INITIALS, OR SEAL

SEC. 501. (a) Chapter 4 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 140c. Secretary of Defense: Use of Defense Intelligence Agency Name, Initials, or Seal

"(a) No person may, except with the written permission of the Secretary of Defense or his designee, knowingly use the words 'Defense Intelligence Agency', the initials 'DIA', the seal of the Defense Intelligence Agency, or any colorable imitation of such words, initials, or seal in connection with any merchandise, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the Defense Intelligence Agency.

"(b) Whenever it appears to the Attorney General that any person is engaged or is about to engage in an act or practice which constitutes or will constitute conduct prohibited by subsection (a), the Attorney General may initiate a civil proceeding in a district court of the United States to enjoin such act or practice. Such court shall proceed as soon as practicable to the hearing and determination of such action and may, at any time before final determination, enter such restraining orders or prohibitions, or take such other action as is warranted, to prevent injury to the United States or to any persons or class of persons for whose protection the action is brought.".

(b) The table of sections at the beginning of chapter 4 of title 10 is amended by adding at the end thereof the following new item:

"140c. Secretary of Defense: Use of Defense Intelligence Agency name, initials, or seal.".

TITLE VI—PROVISIONS RELATED TO THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND SURVIVOR'S ANNUITY FOR FORMER SPOUSES

SEC. 601. The Central Intelligence Agency Act of 1949 (50 U.S.C. 403a-m) is amended by adding at the end the following new section:

"SEC. 14. (a) Any qualified former spouse of an employee of the Agency, which employee is a participant in an Agency retirement system, is entitled to an annuity under such retirement system—

"(1) if married to the participant throughout the creditable service of the participant, equal to 50 per centum of the annuity of the participant; or

"(2) if not married to the participant throughout such creditable service, equal to that former spouse's pro rata share of 50 per centum of such annuity.

"(b) Any qualified former spouse of such employee of the Agency, which employee is a former participant in an Agency retirement system and is survived by such former spouse, is entitled to an annuity under such retirement system—

"(1) if married to the participant throughout the creditable service of the participant, equal to 55 per centum of the full amount of the participant's annuity; or

"(2) if not married to the participant throughout such creditable service, equal to that former spouse's pro rata share of 55 per centum of the full amount of such annuity.

"(c) Notwithstanding subsections (a) and (b), benefits for qualified former spouses shall—

"(1) commence and terminate; and

"(2) be subject to limitation or modification because of spousal agreements, court orders, multiple spouses or former spouses, recall or reinstatement to service, or other circumstances.

in a manner comparable to the manner in which benefits for former spouses of participants are administered under the Foreign Service Act of 1980.

"(d) As used in this section the term—

"(1) 'Agency retirement system' means any Federal retirement and disability system available to employees of the Agency as employees of the Agency;

"(2) 'pro rata share' means a percentage which is equal to the percentage that (A) the number of years during which the former spouse was married to the participant during the creditable service of such participant is of (B) the total number of years of such creditable service; and

"(3) 'qualified former spouse' means a former wife or husband of a participant who (A) was married to such participant for not less than ten years during period of creditable Agency service by such participant, at least five years of which were spent overseas by both the participant and the former spouse, and (B) has not remarried before becoming sixty years of age.

"(e) The Director shall issue such regulations as are necessary to implement the provisions of this section.

"(f)(1) The provisions of this section regarding the rights of former spouses to any annuity under subsection (a) shall apply in the case of any individual who after the effective date of this section becomes a former spouse of an individual who separates from the Agency after such date.

"(2) Except to the extent that it is inconsistent with an election made which is comparable to an election under section 2109 of the Foreign Service Act of 1980, the provisions of this section regarding the rights of former spouses to receive survivor annuities under subsection (b) shall apply in the case of any individual who after the effective date of this section becomes a former spouse of a participant or former participant in any Agency retirement system.".

SEC. 602. The provisions of and amendments made by section 601 shall take effect thirty days after the date of enactment of this Act.

TITLE VII—GENERAL PROVISIONS

RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES

SEC. 701. The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activities which is not otherwise authorized by the Constitution or laws of the United States.

INCREASES IN EMPLOYEE BENEFITS AUTHORIZED BY LAW

SEC. 702. Appropriations authorizd by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such benefits authorized by law.

EFFECTIVE DATE

SEC. 703. The provision of titles IV and V and by this title shall become effective upon the date of the enactment of this Act.

AMENDMENT OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Chairman, I offer an amendment to title III.

The Clerk read as follows:

Amendment offered by Mr. BOLAND: On page 5, after line 16, insert the following:

SEC. 302. Section 211 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, Public Law 88-643, 785 Stat. 1043, as amended, is amended by adding at the end thereof the following new subsection:

"(c) Amounts deducted and withheld from the basic salary of a participant under this section from the beginning of the first pay period after the participant has completed 35 years of service computed under sections 251 and 252 [excluding service credit for unused sick leave under section 221(h)], together with interest on these amounts at the rate of 3 percent a year compounded annually from the date of the deduction to the date of retirement or death, shall be applied toward any special contribution due under section 252(b) and any balance not so required shall be refunded in a lump sum to the participant after separation [or, in the event of a death in service, to a beneficiary in order of precedence specified in subsection 241(b)(1)], or the participant may use these sums to purchase an additional annuity in accordance with section 281."

Mr. BOLAND (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BOLAND. Mr. Chairman, this amendment affects the Central Intelligence Retirement and Disability System, established by the Central Intelligence Agency Retirement Act of 1964 for Certain Employees. Essentially the act provides, that if a CIA employee, serves overseas for 5 years or more, he or she may opt into the system, called CIARDS. CIARDS permits earlier retirements than under the Civil Service—at age 50 with 20 years of service, or earlier if the participant has 25 years of service. Mandatory retirement for most participants is at age 60. Otherwise CIARDS closely resembles the Civil Service retirement and disability system.

Congruence between the two systems after 1976 was guaranteed by an amendment to the CIARDS statute that permitted the President, by Executive order, to conform CIARDS to any subsequent change in the Civil Service system. However, that authority did not apply retroactively and therein lies the reason for the amendment I offer today.

With regard to this amendment, it should be understood that currently under CIARDS, an employee must continue to make the mandatory retirement contribution from his salary even after he has reached the maximum obtainable benefit level. This, however, is not the case under the Foreign Service or the Civil Service retirement systems. Both of these systems permit the withdrawal of excess mandatory retirement deductions. The Foreign Service retirement system permits a direct refund of excess contributions; under the Civil Service retirement system, excess contributions are placed in a voluntary contribution account for the purchase of an additional annuity or can be refunded from that account.

This amendment would bring CIARDS into line with the Civil Service and Foreign Service retirement systems. Specifically, it would give a CIARDS retiree the option of purchasing an additional annuity under the voluntary contributions provisions of CIARDS or applying for a refund of the excess contributions. Before either option could be exercised, however, the excess contributions would first be applied toward covering any period of service for which the retiree had made no contributions into the retirement fund or for which he had at one time received a refund. This latter proviso is also contained in both the Foreign Service and Civil Service retirement systems.

Mr. Chairman, this amendment simply conforms CIARDS to these other retirement systems in a way that the President by Executive order could not. It should result in no extra cost to the retirement fund actuarially speaking. It will affect very few employees.

Mr. Chairman, we have advised the Committee on Post Office and Civil Service of this amendment and have been told that it is consistent with other Federal retirement system policy. That committee has no objection to the amendment.

Mr. Chairman, I urge adoption of the amendment.

Mr. ROBINSON. Mr. Chairman, if the gentleman will yield, we consider this a perfecting amendment in every way and urge its adoption.

The **CHAIRMAN.** The question is on the amendment offered by the gentleman from Massachusetts (Mr. BOLAND).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Chairman, I offer an amendment to title VI.

The Clerk read as follows:

Amendment offered by Mr. BOLAND: On page 9, strike lines 7-9 and insert in lieu thereof the following:

"(1) 'Agency retirement system' means—

"(A) the Central Intelligence Agency Retirement and Disability System established under the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended; and

"(B) the Civil Service Retirement and Disability System established under Subchapter III of Chapter 83 of Title 5, United States Code, in the case of an employee of the Agency who retires from the Agency on an immediate annuity under such system or who is not a participant in the system described in subparagraph (A) above and who dies while employed by the Agency;"

On page 9, strike lines 23-24 and insert in lieu thereof the following:

"(e) the Director (or in the case of an annuity under the Agency retirement and disability system described in subsection (d)(1)(B) of this section, the Director of the Office of Personnel Management in consultation with the Director of Central Intelligence) shall issue such regulations as are necessary to implement the provisions of this section."

Mr. BOLAND. Mr. Chairman, section 601 of the bill would provide to certain ex-spouses of CIA employees, a pro rata share of their employee spouse's retirement annuity and a survivor's annuity. These benefits are to be comparable to those provided spouses of Foreign Service officers under the Foreign Service Act of 1980. They are to be provided pursuant to regulations written by the Director of Central Intelligence.

The great majority of those who will be affected by this legislation will be participants in the CIA's retirement and disability system, or CIARDS. Some few could be under the Civil Service retirement and disability system, however, since the CIARDS system is elective.

The purpose of this amendment is to permit the Director of the Office of Personnel Management to write the regulations for those few CIA employees, and their spouses participating in the Civil Service retirement and disability system, who will be affected by section 601. This amendment will have the result of retaining the jurisdiction of the Director of OPM over all Civil Service participants.

At the same time, the Director of OPM must consult with the Director of Central Intelligence in writing regulations under this section. This is to insure that the security of CIA personnel is properly protected.

The amendment also makes clear that section 601 applies to civil service participants and their spouses at CIA, only if—besides meeting the other requirements of the section—they actually retire from CIA or die while employed there. This is to avoid unnecessary complications in the administration of these benefits in the cases of those few individuals who will be under the civil service system.

Mr. Chairman, this amendment was suggested to the committee by OPM. It was developed in coordination with the CIA and is supported by the Agency. The committee brought it to the attention of the Committee on Post Office and Civil Service, which advised that it would be consistent with the overall management of the civil service system by OPM. The Committee on Post Office and Civil Service therefore has no objection to the amendment.

Mr. Chairman, I view this amendment as a perfecting amendment which should make the job of administering section 601 easier and more consistent with the personnel policies of both OPM and the CIA.

I urge its approval.

Mr. ROBINSON. Mr Chairman, if the gentleman will yield, again, as stated by the chairman of the committee, this is a perfecting amendment to which there is no objection, and we urge its adoption.

The **CHAIRMAN.** The question is on the amendment offered by the gentleman from Massachusetts (Mr. BOLAND).

The amendment was agreed to.

The **CHAIRMAN.** Are there any other amendments to the bill?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mrs. SCHROEDER) having assumed the chair, Mr. BIAGGI, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6068) to authorize appropriations for fiscal year 1983 for intelligence and intelligence-related activities of the U.S. Government, for the intelligence community staff, for the Central Intelligence Agency retirement and disability system, to authorize supplemental appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes, pursuant to House Resolution 462, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The **SPEAKER** pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The **SPEAKER** pro tempore. The question is on the engrossment and third reading of the bill.

The bill was orderd to be engrossed and read a third time, and was read the third time.

The **SPEAKER** pro tempore. The question is on the passage of the bill.

Mr. WEISS. Madam Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The **SPEAKER** pro tempore. Pursuant to clause 5 of rule I, further proceedings on this question will be postponed. The vote will be taken tomorrow, Wednesday, May 19, 1982.

The point of no quorum made by the gentleman from New York (Mr. WEISS) is considered withdrawn.

GENERAL LEAVE

Mr. BOLAND. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just considered.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The **SPEAKER** pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C., *May 17, 1982.*

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in the Rules of the House of Representatives, I have the honor to transmit a sealed envelope from The White House, received in the Clerk's Office at 3:30

p.m. on Monday, May 17, 1982 and said to contain a message from the President wherein he transmits a proposed constitutional amendment to restore prayer in public schools and institutions.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, JR.,
Clerk, House of Representatives.

PROPOSED CONSTITUTIONAL AMENDMENT ON SCHOOL PRAYER—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-180)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on the Judiciary and ordered to be printed:

(For message, see proceedings of the Senate of Monday, May 17, 1982, page 10230.

☐ 1330

REPORT ON REVISIONS TO DEFERRALS IN ACCORDANCE WITH IMPOUNDMENT CONTROL ACT OF 1974—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-181)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

(For message, see proceedings of the Senate of today, May 18, 1982.)

COMMUNICATIONS FROM THE CHAIRMAN OF COMMITTEE ON VETERANS AFFAIRS

The SPEAKER pro tempore laid before the House the following communication from the chairman of the Committee on Veterans' Affairs, which was read, and, without objection, referred to the Committee on Appropriations:

COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., May 12, 1982.

Hon. THOMAS P. O'NEILL,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Section 5004 of Title 38, United States Code, requires that the Committee on Veterans' Affairs adopt a resolution approving major medical construction projects and leases of $500,000 or more proposed by the Veterans Administration for each fiscal year. The House Committee on Veterans' Affairs met on May 11th and authorized the construction of various projects in fiscal year 1983. There were no leases authorized by the Committee for fiscal year 1983.

A copy of the Resolution adopted by the Committee and a listing of the projects authorized are attached.

Sincerely,

G. V. (SONNY) MONTGOMERY,
Chairman.

RESIGNATION AS MEMBER OF COMMITTEE ON SMALL BUSINESS

The SPEAKER pro tempore laid before the House the following resignation as a member of a committee:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 11, 1982.

Hon. THOMAS P. O'NEILL,
Speaker of the House, The Capitol, Washington, D.C.

DEAR MR. SPEAKER: As a result of recent confirmation by the Steering and Policy Committee and the Democratic Caucus, I have been elected as a member of the Committee on the Judiciary in the House.

I therefore respectfully request that the leadership accept my resignation as a member of the Committee on Small Business, effective immediately.

I look forward to the challenges of my new Committee assignment, and to working with you on matters before this Committee and before the House.

Sincerely,

GEO. W. CROCKETT, JR.,
Member of Congress.

AMELIA EARHART DAY

Mr. HOYER. Madam Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 412) to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day," and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. JEFFRIES. Madam Speaker, reserving the right to object, I want to take this opportunity to thank the chairman of the Subcommittee on Census and Population, Mr. GARCIA, for bringing this resolution to the floor in such a timely manner. I also want to thank my fellow colleagues who have joined me in honoring this great aviatrix, Amelia Earhart, on the 50th anniversary of her solo flight across the Atlantic Ocean.

Amelia Earhart, who hailed from my hometown of Atchison, set a number of aerial records between 1928 and 1935. As a pioneer in the field of aviation, she was an inspiration to all. She believed in the continuing ability of men and women to surpass previous accomplishments, and she risked her life, time after time, to prove this. Her daring flights touched the lives of millions of Americans and others the world over. It is appropriate that this brave woman be given special recognition.

I would like to urge my colleagues here and in the other body to move expeditiously in support of this resolution. Owing to the fact that some 3 days of ceremonies have been scheduled around May 20, with people from all over the country attending, it is necessary that quick action be taken.

Madam Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. DERWINSKI. Madam Speaker, reserving the right to object, I do this merely to commend the gentleman from Maryland for taking the awesome responsibility of bringing these important measures to the floor, and I congratulate all the Members who have shown their legitimate interest in history and civics and governmental responsibility of the various resolutions.

Mr. HOYER. I appreciate the generous remarks of the gentleman.

Mr. DERWINSKI. Madam Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 412

Whereas Amelia Earhart was the first woman to fly across the Atlantic Ocean as a passenger;

Whereas Amelia Earhart set a number of altitude and speed records in various airplanes and autogiros, forerunners of the helicopter;

Whereas Amelia Earhart was widely hailed as an aviator and an inspiring example to all;

Whereas Amelia Earhart worked for the promotion of sound aeronautics and was a strong influence in breaking down resistance to aviation.

Whereas Amelia Earhart was the first woman in American history to be awarded the Distinguished Flying Cross;

Whereas Amelia Earhart was the first woman to fly solo across the Atlantic Ocean on May 20-21, 1932: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to designate May 20, 1982, as "Amelia Earhart Day," as a tribute to that most daring of the pioneer women aviators, and to call upon Federal, State, and local government agencies and the people of the United States to observe such day with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL NAVAHO CODE TALKERS DAY

Mr. HOYER. Madam Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 444) to authorize and request the President to designate August 14, 1982, as "National Navaho Code Talkers Day" and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. RUDD. Madam Speaker, reserving the right to object, I would like to take this opportunity to thank Chairman FORD and Chairman GARCIA as well as Mr. DERWINSKI and Mr. COURTER for their cooperation and leadership in bringing this measure to designate August 14, 1982, as "National Navaho Code Talkers Day" to the floor. The more than 240 House Members who have cosponsored the measure demonstrate the tremendous support which has been generated to honor the Navaho Code Talkers whose contribution to our victory in the Pacific, ending World War II, has gone too long unheralded. August 14 is the 37th anniversary of the surrender of the Japanese in World War II, and I believe that it is fitting that this year we set aside that day to honor this group of unsung heroes.

If you have not heard of the Navaho Code Talkers, do not be embarrassed, since their work required absolute secrecy; they never enjoyed the national acclaim they so richly deserve. And yet, this group of 400 dedicated marines played a vital role in the invasions of Guadalcanal and Iwo Jima without which, many of their comrades believe the islands would never have been won.

After the invasion of Pearl Harbor our naval fleet was crippled and attempts to gain a foothold in the Pacific were repeatedly frustrated by Japanese cryptologists, who were able to decipher our combat codes with amazing speed. The idea of using the Navaho language as the basis for a code came from a man named Philip Johnston, who had grown up on a Navaho Reservation. In early 1942, the Marine Corps accepted Mr. Johnston's idea after a successful demonstration of the complex verb forms and tonal characteristics of Navaho speech. When the Marines went recruiting for this special mission, 29 young Navaho men volunteered. These first Navaho Code Talkers, known thereafter as the Famous 29, received regular boot camp training and were thoroughly briefed on the special function they were to have. Then, the Famous 29 sat down and constructed the code, substituting Navaho words for the 211 most frequently used words in military lexicon. "Submarine" was translated into the Navaho word for "iron fish"; planes were named after different birds, such as "hawk" for fighter planes. Words not included in the code were spelled out with each English letter assigned a Navaho equivalent.

The plan worked. The Navaho Code Talkers were able to encode and decode messages much faster than any method that had ever been used. The ingenuity of the code itself, coupled with the exceptional bilingual fluency of the code talkers, created a devastating weapon. The code was never deciphered by the Japanese. The Navaho Code Talkers served beside their other marine comrades under intense fire. One of my constituents, Mr. Carl Gorman of Window Rock, Ariz., was one of the Famous 29. He tells us that the Navaho Code Talkers landed with the front lines to secure the beaches. In Saipan, he says, the firing from enemy fortresses hidden in caves was so heavy he did not expect to live. He was wounded in combat and served in the attacks against the islands of Tarawa, Tinian, and Guadacanal.

After the surrender of the Japanese, the 400 Navahos who served during the course of the war went back to their homes in the Southwestern United states just as quietly as they had left. I am proud to have the honor of representing so many of the Navaho Code Talkers, and of recognizing them for the tremendous bravery and dedication they showed in the performance of their duty. By passing this resolution, we express the heartfelt thanks of a grateful Nation, and I urge all of my colleagues to vote for his long overdue tribute.

Mr. WHITE. Madam Speaker, will the gentleman yield?

Mr. RUDD. I yield to the gentleman from Texas, who, I might add, had a distinguished war record as a marine.

Mr. WHITE. I thank the gentleman for yielding.

The fact is that I was in the 3d Division, 2d Battalion, 9th Marine Regiment, and we did have Navaho code speakers in our group. The Japanese had infiltrated the lines. Throughout all these combat episodes they would tap our lines. Of course, they would gain intelligence and our positions.

When we had the Navahos who were tough and very effective, they were unable to therefore interpret our signals across from unit to unit and it undoubtedly did save many lives and I had great admiration for these young men. They were indeed good marines.

I certainly compliment the gentleman and the members of the committee for bringing this matter to the attention of the Congress and for establishing this date in recognition of their efforts.

Mr. RUDD. I thank the gentleman for his contribution and I would like to say that I hope the chairman will ask for 5 legislative days for Members to revise and extend their remarks because there are other Members of Congress who were on Iwo Jima who served with the Marine Corps there and who also were acquainted with the code talkers, one of which was our colleague, Colonel, then Lt. BARBER CONABLE, and I know that the gentleman will have some remarks to make with regard to this and I will not steal his thunder by repeating it, but this is an important day for an important people who made a tremendously important contribution to our Nation and its war effort and have long gone unsung and unheralded for their contribution.

Madam Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. BEREUTER. Madam Speaker, reserving the right to object, it has come to my attention as chairman of the minority task force on Indian affairs of the Committee on Interior and Insular Affairs that indeed there were a number of other Indians from a variety of other tribes who were involved in similar activity.

Certainly the Navaho numerically made the greatest contribution and this tribute to them is well deserved. It was my intention at one time to propose an amendment, but trying to avoid any kind of controversy and delay of this amendment and running up to the problem that we really cannot specify all of the other Indian tribes that were involved in similar activity on behalf of our forces in World War II, I would hope that the gentleman from Maryland and the gentleman from Arizona would join me in an expression of tribute to the Navaho Code Talkers while extremely well deserved also will serve as a symbol for other Indians from other Indian tribes in the United States that made similar contributions and I would ask the gentleman if he would be willing to agree to that understanding.

Mr. HOYER. Madam Speaker, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Maryland.

Mr. HOYER. I certainly cannot speak for the chairman of the committee, but I am sure that he would be in 100 percent agreement with the gentleman from Nebraska. Not only are we talking on behalf of Navaho Code Talkers, who have been so eloquently described by the gentleman from Arizona and the gentleman from Texas, but also for all of those who the gentleman from Nebraska speaks of who have made such a significant contribution over the years.

Mr. BEREUTER. I thank the gentleman for his comments and for this agreement that this will be a symbolic gesture to other Indians who made similar contributions to the magnificent service that the Navaho Code Talkers provided.

● Mr. CONABLE. Mr. Speaker, any American boy—white, black, or red—is far from his normal environment when called upon to fight for his country on a distant field of battle. I cannot remember anyone more uncomfortable with his environment than the two Navaho boys who were brought at gun point to my outfit by a young lieutenant from Ohio in the midst of the battle of Iwo Jima in 1945. The lieutenant claimed they were Japanese masquerading as American marines and that they should be shot immediately as spies. We persuaded him their line of descent was more purely American than any that he could claim. He continued to be suspicious because they spoke English with some difficulty; at that time there were substantial parts of the Navaho Reservation where English was a distant second as the spoken language.

The cream of the Navaho Nation were recruited during World War II to be "code talkers" in the Marines. While such an opportunity would have been an honor for anyone, it was not without its risks. The code talkers spoke in a comparatively unknown language over the radio to someone also familiar with that language rather than going through the complicated code requirements for those speaking a major or generally known language. Communications personnel followed the action and so code talkers were communications personnel who were seeking to cut a few seconds out of the translation or the ciphering process because of the need for split-second decision. They were always where the action was, hence always in danger. A further complication for a boy so near the front who was a code talker is that he had to carry a radio on his back, and at that time miniaturization had not yet made the radio an economical or light package. Bulk make him visible; weight made him less maneuverable.

One of the reasons the Japanese were never able to break the code of the code talkers was that much of the language was descriptive. Thus, a tank became in the Navaho language "the fort that walks." Obviously, there was no word for tank in the Navaho language and literal-minded Asiatics found it difficult to think in the somewhat romantic phraseology of the American Indian.

These fine young Americans performed a valuable function for their country at a time when they were needed. Their contribution was unique based on the unusual characteristics of language and background. It is time we had some recognition of their special services, and I commend the gentleman from Arizona (Mr. RUDD) for his having sought for them a special tender of thanks long over due.●

Mr. BEREUTER. Madam Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 444

Whereas the Navaho Code Talkers, a group of United States Marines, devised a communication code, based on the Navaho language, for combat use during World War II;

Whereas the development and use of this code, which was never deciphered by Japanese cryptologists, played a crucial role in the successful resolution of the war effort in the Pacific; and

Whereas this select group of Navaho Marines has never received national recognition for its unique and invaluable contribution to our military intelligence during that conflict: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating August 14, 1982, as "National Navaho Code Talkers Day", and calling upon all government agencies and people of the United States to observe the day with appropriate programs, ceremonies, and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

☐ 1345

GENERAL LEAVE

Mr. HOYER. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the joint resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

GENERAL LEAVE

Mr. WEISS. Madam Speaker, I ask unanimous consent that all Members be permitted to extend their remarks and to include therein extraneous material on the subject of the special order speech today by the gentleman from New Jersey (Mr. RODINO).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

DOES THE CONSTITUTION PROTECT CRIMINALS AND REVOLUTIONARIES?

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAN DANIEL. Mr. Speaker, last Friday, the U.S. District Court here in Washington declared unconstitutional an amendment to the fiscal 1982 appropriations bill for the Departments of Labor, Health and Human Services, Education and related agencies. That amendment said simply that CETA funds could not be used to train those who had within the past 5 years publicly advocated the overthrow of the U.S. Government.

The amendment, which I sponsored, originated from good purpose and was based upon the belief—shared, I might add, by many—that those who seek Government benefits should not at the same time work for the destruction of the system which supplies the benefits. Avowed Communists and other revolutionaries have been beneficiaries of such programs, and in these times when patriotic and law-abiding Americans are out of work, it does not seem rational that Government should train those who advocate revolution.

The court, in a 12-page decision, went out of its way to support the thesis that anyone has the right to advocate anything and that such advocacy cannot be used as a reason to deny Government benefits, so long as the program is available to anyone else.

Considering the fact that courts of the District of Columbia have in times past been zealous in coddling revolutionaries, I am not surprised by the decision. It does, however, increase my concern about where this country is heading. Time and time again, we have seen individuals and groups publicly attack our institutions, only to be upheld by the courts.

What these malcontents say and do seems not to matter—until that last minute when the clear and present danger is obvious. Whether by calculated design or directions of fate these people pocket such decisions (probably amused in the process) and the ultimate security of the United States thereby becomes a little less sure.

First amendment rights are all well and good—and we would not want to change the system—but one wonders at what point it becomes too late to discern the difference between the right to speak and the impulse to act upon those words.

The idle words or sensational opinions of an individual or small group may be dismissed as freedom of speech. But what of the time when our laws and institutions might be cast aside and a new order shall reign? Do we then gain a sense of moral satisfaction by saying that we let anyone say and do what he pleases?

The court gratuitously says that while those "who advocate the violent overthrow of the Government might be ingrates, the Constitution protects them as well as the appreciative"—and so it does. But have we not lost something along the way when those who advocate the abolishment of the system seek and secure its benefits while working for its destruction?

There is no wonder that the moral fiber of our society has weakened when these who flaunt their displeasure with our system, who undermine its existence and seek to substitute a hostile ideology are rewarded in the courts. This is the same softness that has sent criminals back into the streets, accentuated the rights of the accused instead of the fate of the victims, and segmented our society into combative camps of discontent. This philosophy holds that Government largess should be had for the asking. Many are manipulating our guarantee of freedoms to secure personal advantage rather than to contribute to their own survival. This attitude has diminished the effectiveness of law enforcement and relegated the law-abiding to the status of mockery in many places.

It has often been said that if our system is ever overturned, it will be in large part as a result of action from within. Bit by bit the underpinnings of our system are undermined—and if this decision is carried to its logical conclusion by all those who may be encouraged by it, that day of ultimate destruction may be closer than we think.

It is my plan to urge the Justice Department to appeal the decision, as I feel it is too important an issue to be decided by one man. The declaration of actions of Congress as unconstitutional does not come often and should not be taken lightly.

Further, the decision makes the point that the amendment had been characterized by the name of the individual who brought the suit. This may be true but this was not the fault of its author or the Congress which passed it without a dissenting vote. The media, in its zeal to publicize the issue and sensationalize the plaintiff, did obviously blow the matter out of proportion, to the advantage of the challenger of the law. For the court to use the same one-sided journalistic treatment as evidence of the intent of the law is a reasoning difficult to follow.

Finally, it is also worthy of note that at a time when the Federal courts are claiming that their backlog of cases slows justice and frustrates decision-making, this case was heard in record time and the decision came with more than all deliberate speed.

THE REAGAN RECESSION: TIME TO STOP PASSING THE BUCK

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PEASE. Mr. Speaker, last year this Congress approved nearly everything that President Reagan wanted in the way of budget and tax cuts. We acted on the assurance that the President, David Stockman, and numerous other supply-siders gave the American people that unprecedented economic growth and prosperity would soon follow.

What has followed is the worst recession since the Great Depression. And for weeks now, the President and his spokesmen have sought to glibly shift the responsibility for our economic distress to the previous administration, to each Congress and President elected since F. D. R., to the Federal Reserve Board, to anybody but themselves.

Today I am having reprinted in the RECORD information developed by Data Resources, Inc. and the Public Employee Department of the AFL-CIO which confirms that both the responsibility and the blame for our economic woes rests primarily with the ill-advised policies prescribed by the White House. I urge my colleagues to review this material which persuasively answers the question: How would the economy be performing now if the Reagan economic recovery program had not been enacted?

THE REAGAN RECESSION: TIME TO STOP PASSING THE BUCK

WHO IS TO BLAME FOR THE CURRENT RECESSION?

Is it President Reagan and his policies of tight money, huge hikes in defense spending, and generous tax breaks for the wealthy and large corporations? Or, as President Reagan contends, is it his Democratic predecessors and the after effects of their policies of "tax and tax, spend and spend"?

How Congress chooses to answer this question will ultimately determine the shape of next year's federal budget—and whether last year's corporate tax breaks are altered in any way, whether further cuts in basic income security programs will be made, and even whether federal workers will receive a raise. How millions of Americans choose to answer this question in November will ultimately determine the shape of next year's Congress.

The Public Employee Department of the AFL-CIO has attempted to answer this question by looking at two separate forecasts of the American economy, both based on Data Resources, Inc.'s computer model of the U.S. economy. The first forecast incorporates President Reagan's tax and spending proposals, and projects future economic trends assuming that they will remain in place. The second forecast projects future economic trends assuming that key elements of the Reagan program were never adopted. This "baseline" forecast shows how the economy would have performed had the massive corporate tax cuts contained in last year's tax bill never been enacted, had the huge tax breaks for the wealthy been capped at $700 per family, and had there been a slight easing of monetary policy over the course of the forecast period (for a more detailed discussion of the study methodology, please see the PED background paper, "The Impact of Current Economic Policy").

To sort out what effect, if any, the Reagan policy mix has had on the current recession, economic performance under the two competing forecasts must be compared. If the Reagan policy forecast shows some improvement in the economy from the baseline forecast, then clearly the Reagan economic program has had the salutary effect of easing what otherwise would have been an even more severe recession. If the Reagan policy forecast shows no change from the baseline forecast, then the Reagan program at least cannot be said to have made things any worse. But if the Reagan forecast shows a worsening of conditions when compared to the baseline forecast, then the Reagan economic program must be held accountable for having significantly weakened an already struggling economy—and President Reagan must not be permitted to pass the political buck to anyone else.

THE FINDINGS

Comparison of the Reagan policy forecast to the baseline forecast clearly shows a marked deterioration of economic performance directly attributable to the Reagan economic program. In addition, this comparison shows that the recent reduction in the rate of inflation—a fact for which President Reagan has been quite willing to claim responsibility—has had very little to do with his economic program.

The major findings of the PED study are summarized below:

(1) Despite the enactment of federal business tax cuts totaling $33 billion in FY 82 and FY 83, business investment under the Reagan economic program will fall considerably below what would have occurred had these massive tax cuts never been enacted.

The Reagan policy forecast projects that business investment will fall 2.1 percent short of the baseline in 1982 and 3.2 percent short in 1983. This amounts to a decline of $25 billion in investment spending over the two-year forecast period—a decline directly attributable to the Reagan program.

WHY?

The basic premise of the Reagan tax plan for business—that deep cuts in the federal business tax burden would automatically result in increased investment spending—is fundamentally mistaken. While it is true that the accelerated depreciation provisions of the Reagan tax bill will reduce the cost to firms of making investments in new machinery or structures, taxes represent only one of the costs firms consider when making an investment. The cost of borrowing the money with which to pay for the new machine or building is another one. And with real interest rates at record levels, the cost of borrowing easily overwhelms any temporary cash flow advantage the tax cuts might have afforded these firms.

More to the point, however: firms only make investments if they believe that these investments will lead to profits. Even if tax rates are zero—or negative, as is the case under the new federal tax law—firms will not invest in a machine if they do not think that they can sell the products produced by that machine. The basic fact that the investment decision hinges on the level of demand seems to have been forgotten by the architects of the Reagan plan.

With an improved cash position, yet reduced demand for their products, firms have looked for ways to spend their money other than in capital investments. Not surprisingly, increased spending on mergers and dividend payments seems to be the only immediate result of the 1981 business tax cut.

	Annual rate of change—1981 (percent)
Total dollar value of mergers	+86
Number of mergers	+27
Number of "hostile" mergers	+42
Number of $1 billion mergers	+300

Source: W. T. Grimm & Co.

	Annual rate of change—		
	1981	1982	1983
Personal dividend income	12.5	9.6	14.3
Wage and salary disbursements	10.3	5.8	8.7

Source: Data Resources, U.S. Review, April 1982.

Similarly, firms will be unlikely to put much money into new buildings and machines if they are unable to fully utilize the buildings and machines they already have in service. Last month the Federal Reserve Board reported that manufacturers and materials producers were operating at 71% of their capacity—the lowest level of capacity utilization since the depths of the 1975 recession.

Finally, the "Accelerated Cost Recovery System" (ACRS)—the rubric for the new federal depreciation rules—has proven to be perhaps the most inefficient way ever devised for distributing government subsidies to corporations. Because effective tax rates on new investments range from −53% for office and computing machinery to +37% for industrial buildings, ACRS can make a "good" investment—from an economic standpoint—look "bad"—from a tax standpoint. Or, it can make a bad investment look good. And because of the tax leasing provisions of ACRS—whereby poor firms are allowed to sell their tax credits they cannot use to their rich brethren who can—the benefits of ACRS are extended both to firms who don't need them and to firms who don't deserve them—all at a immense cost to the federal treasury.

(2) Despite President Reagan's attempts to curb government spending—and his endorsement of the drive for a constitutional amendment requiring a balanced federal budget—his own economic program adds nearly $50 billion to the fiscal year 1983 deficit.

HOW?

The size of the federal deficit is directly related to the health of the American economy. When people lose their jobs and economic growth declines, tax receipts fall and claims on government programs (e.g., unemployment insurance or food stamps) rise. The Congressional Budget Office estimates that each additional percentage of unemployment adds $28 billion to the federal deficit, and that each percentage drop in GNP growth adds another $17 billion.

Change in Federal deficit

	Billions
A 1-percent increase in unemployment	+$28
A 1-percent increase in inflation	−11
A 1-percent decrease in GNP	+17
A 1-percent increase in rates	+6

Source: Congressional Budget Office.

The quickest way to reduce the federal deficit is to adopt a budget that would have the effect of putting people back to work and spurring economic growth—a fact which seems to have been forgotten during recent Congressional debate over whether or not to cut Social Security or whether or not to freeze the wages of federal workers. The only reason Congress is even forced to consider such deficit-reducing measures is due to the immediate and negative impact of the Reagan program on the economy.

President Reagan has greatly expanded the use of the federal tax system as a means of distributing federal subsidies. In fact the amount of money devoted to corporate tax "expenditures"—or "loopholes"—is slated to grow faster than any other budget item, including spending on defense, between Fiscal Year 1981 and Fiscal Year 1985. Tax loopholes for individuals, too, represent one of the high growth components of an otherwise austere budget.

These tax "expenditures"—which are not subject to the Congressional budget process—contribute to the federal deficit just as surely as do regular spending programs.

The Reagan fiscal year 1983 budget projections in constant 1981 dollars

Function:	*Percent change 1981-85*
Corporate tax expenditures	+57
National defense	+45
Interest	+15
Health	+13
Individual tax expenditures	+11
Income security	+3
Veterans benefits	−7
International affairs	−7
Science, space, technology	−8
General government	−15
General purpose fiscal assistance	−19
Administration of justice	−23
Agriculture	−34
Transportation	−34
Community and regional development	−41
Natural resources and environment	−55
Education, training, employment, and social services	−55
Energy	−71
Commerce and housing credit	−110
Total budget	+5

Sources: Office of Management and Budget, "Budget of the United States Government," fiscal year 1983; Joint Committee on Taxation, "Summary of Tax Expenditures"; Citizens for Tax Justice, March 30, 1982, press release.

(3) Despite OMB predictions that the President's brand of supply-side economics would result in an immediate spurt of labor effort and business confidence, real economic growth under the President's plan will be significantly lower than it would have been in the absence of "supply-side" proposals.

The Reagan policy forecast shows an 0.6% decline from the baseline in real GNP in 1982, and another 1.3% drop in 1983.

OMB has dramatically reduced its own expectations of the impact of the Reagan program on the economy. When the President's tax and spending plans were first unveiled a year ago, OMB predicted that real GNP would grow by 4.2% in 1982. When the President's budget for 1983 was released this year, OMB had scaled back that prediction to 0.2%—a drop of 95%—even though Congress had given the President everything he asked for.

Now that the President has chosen the "blame the Democrats" strategy for our current economic woes, it is useful to note that not too long ago both he and his advisers had a far different opinion of how fast and how well his economic program would work.

OMB FORECASTS OF KEY ECONOMIC INDICATORS FOR 1982

	March 1981	February 1982	Percent change
GNP (constant dollar)	4.2	0.2	−95
Unemployment rate	7.2	8.9	+24
Consumer Price Index	8.3	7.3	−12
Interest rate (91-day Treasury bills)	8.9	11.7	+31
Deficit	[1] $54.9	[1] $91.5	+67

[1] Billion.

WHY?

True believers in Reaganomics argue that high marginal tax rates—that is, the rate applied to the last dollar of taxable income—serve to discourage people from working harder or saving more. Therefore, the real key to economic recovery in their view was the "across-the-board" personal tax cut—a cut that would reduce marginal rates and serve to spur people to greater levels of work effort and sacrifice.

A dubious proposition at best (since people may react to higher after-tax incomes by reducing their work effort—now that they have more money for vacations, entertainment, or leisure)—it is now irrelevant. For the vast majority of working Americans, the Reagan tax plan simply does not lower marginal rates—a fact even the administration now admits.

The 1982 Economic Report of the President points out that in 1984—when the rate cuts will be fully in effect—median income households will be in the 25 percent income tax bracket, an increase compared to the 24 percent bracket they were in in 1980. In other words, even under the optimistic inflation projections of the Reagan Administration, the tax "cut" is more than eaten up by offsetting tax increases as inflation pushes taxpayers into higher brackets. Moreover, the Economic Report ignores the additional upward push on marginal rates for wage earners caused by increases in social security taxes. Even so, it concludes that "despite the substantial reductions introduced by the 1981 tax cut, most rates in 1984 will remain near the historical high rates on real income."

Business confidence in the Reagan program faded quickly with the realization that its strange combination of high deficits and tight money were driving many smaller firms straight to bankruptcy court and forcing widespread layoffs and cuts in production among small and large firms alike.

In fact, the Reagan policy forecast shows that those sectors of the economy which are most sensitive to swings in the interest rate are being particularly devastated by the stop-go, push-pull policies of the Reagan Administration.

The Reagan policy mix will be directly responsible for a decline of 1.2 million automobile sales and 500,000 housing starts over the two-year forecast period.

(4) With business investment, auto sales, housing starts, and GNP growth all on the decline—and federal deficits, real interest rates, and business failures all on the rise—the conclusion that the Reagan economic program has led directly to increased unemployment should hardly be surprising.

The Reagan policy forecast projects a two-year loss of 700,000 jobs when compared to the baseline forecast.

These job losses are concentrated in the major manufacturing states. New York stands to lose 54,000 jobs; Pennsylvania—35,000; Ohio—33,000; Illinois—36,000; Michigan—26,000; New Jersey, 23,000; Massachusetts—20,000. Three states which have been hurt particularly by the downturn in the construction industry—California, Texas, and Florida—will lose an additional 156,000 jobs. All in all, these ten states account for more than half of the total job loss which may be directly tied to the enactment of the Reagan economic program.

(5) Despite the President's call for a return of program responsibility to the states, his own budget policies have turned this long-time "dream" of his into a fiscal nightmare.

The states will lose $2.9 billion of tax revenue over the forecast period as a direct result of the deeper recession caused by the Reagan policy mix.

Cuts in federal grants-in-aid to state and local governments totaled $18 billion in fiscal year 1982 and President Reagan's budget recommendations for fiscal year 1983 contained further cuts of $11 billion.

Conformity to the new federal depreciation rules will cost those states which have failed to take any action to counter the expected revenue loss in excess of $500 million in 1982 and an additional $1 billion in 1983.

For a state-by-state breakdown of the total $34 billion loss to the states that may be directly linked to the President's budgetary program, please see Appendix III.

(6) Despite the President's claims to the contrary, his economic program has had virtually nothing to do with the recent drop in the inflation rate.

The Reagan policy forecast shows no change in the Consumer Price Index for 1982 when compared to the baseline, and only a 0.2 percent decline in the CPI for 1983.

WHY?

The underlying premise of the President's anti-inflation program—that inflation is the direct result of "excessive" federal spending—is invalid. As the accompanying chart demonstrates, a comparison of the relative severity of inflation in other major industrial nations indicates no relationship between the size of the public sector and general price increases.

Country	Taxes as percentage of Gross Domestic Product,[1] 1970-79	Average annual increase Consumer Price Index, 1970-79 [2]
United States	29.97	7.1
Sweden	45.60	8.6
France	37.90	8.9
Germany	35.85	4.9
United Kingdom	34.93	12.6
Canada	29.97	7.4
Japan	22.07	9.1

[1] Source: Organization for Economic Cooperation and Development, "Revenue Statistics of OECD Member Countries," 1965-1980.

[2] Source: International Monetary Fund, "International Financial Statistics," 1981 Yearbook.

In West Germany, for instance—where taxes make up a far greater portion of the Gross Domestic Product (GDP) than in the United States, inflation has consistently run at about two-thirds the U.S. level. In Japan, however—where the share of GDP made up of taxes is well below that of the United States—the average inflation rate during the 1970's was two percentage points higher than ours.

Much—if not all—of the recent decline in the inflation rate may be attributed to non-recurring factors that would have taken place regardless of who was President. The worldwide oil glut—which has driven down energy prices—is the result of gradual consumer adjustment to the OPEC price shocks of the 1970's. Better-than-average food harvests—combined with dampened demand for food exports due to the worsening of U.S.-Soviet relations—have helped keep food prices down.

The table below pinpoints the recent sources of improvement in the Consumer Price Index.

The almost complete devastation of the housing industry by the Reagan economic program—our simulation of economic performance under Reagan policy showed a drop of 500,000 housing starts over the forecast period—probably has contributed to the recent decline in housing prices, yet to force any particular sector of the economy to bear such a disproportionate share of the hardship associated with a policy designed to bring down inflation is both unwise and unfair.

SOURCES OF IMPROVEMENT IN THE CONSUMER PRICE INDEX

	Annual percent change		Contribution to slowdown (percentage points)
	Dec. 1978 to Dec. 1980	Nov. 1981 to Feb. 1982	
CPI—all items	12.9	3.7	9.2
Food and beverages	10.0	5.9	.8
Energy	27.4	−1.1	3.3
Gasoline	35.1	−13.2	2.8
Heating fuels	37.0	4.2	.4
Electricity and gas	15.3	12.1	.1
Home ownership	18.1	2.0	4.3
Home price	13.6	.3	1.4
Finance, taxes, insurance	25.4	1.3	2.9
All other			.8

Source: Data Resources U.S. Review, April, 1982.

CONCLUSION

"Our current problems are not the product of the recovery program that is only just now getting underway as some would have you believe; they are the inheritance of decades of tax and tax, spend and spend."—President Ronald Reagan, State of the Union Address, January 26, 1982.

The President is mistaken. His policies have lengthened, deepened, and broadened the current recession.

This is the only possible conclusion of a comparison of two separate economic forecasts based on the Data Resources, Inc. model of the U.S. economy. The forecast which incorporates the tax and spending policies of the Reagan Administration shows a marked deterioration in economic performance from the baseline forecast.

Moreover, the extent to which the Reagan policy forecast diverges from the baseline forecast understates the negative consequences of the Reagan economic program. This study serves only to compare the Reagan economic programs to a baseline that eliminates or modifies its major elements. It does not compare the Reagan economic program to a set of policies that would truly mean significant improvement in tax fairness, economic security, and employment opportunities for all Americans. No doubt the difference between Reagan policy and that baseline would be much, much greater.

EMERGENCY DAIRY ADJUSTMENT ACT OF 1982

(Mr. WAMPLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WAMPLER. Mr. Speaker, today I am introducing legislation, at the request of the U.S. Department of Agriculture, that amends the dairy provisions of the Agriculture Act of 1949 to give the Secretary of Agriculture discretionary authority to set the milk price support level. In addition, it amends section 416 of the Agricultural Act of 1949 to provide authority to the Commodity Credit Corporation to dispose of its surplus stocks of dairy products to needy households in the United States and to needy persons overseas.

I do not endorse this specific piece of legislation. I do, however, agree with the Secretary of Agriculture and the dairy industry itself that changes must be made in the dairy price support program to reduce the overwhelming surplus of milk production and the huge Government costs to purchase dairy products and support milk prices.

There are issues raised by changes contained in this legislation for the dairy support program that should be addressed in hearings that will hopefully be held promptly to consider this urgent problem faced in the dairy industry. The administration's proposal should be "on the table" for consideration at the same time that other bills addressing this issue are being discussed. The Members will want to hear from industry and others regarding the amount of discretion the Secretary should have in determining the price support level for milk. They will want to examine the proposals to dispose of surplus dairy products into both domestic and foreign markets. In addition, the Members will wish to obtain as much information as possible concerning the raising of the national fluid milk standards to increase the amount of nonfat milk and other products going into commercial use.

As the Secretary has stated in forwarding this proposal to the Congress, this will be the third attempt in the last year by the Congress and the administration to bring the dairy program under control. The effort began by forgoing the scheduled semiannual price support increase in April 1981 and maintaining the support rate at $13.10. Dairy provisions were included in the Agriculture and Food Act of 1981 to continue the $13.10 support level through fiscal year 1982, until next October 1.

In the view of many, it was said to be unfortunate that the price support level established in 1979 was set too high in relation to the total demand for milk and milk products. Coupled with low grain and cull cattle prices, dairy producers expanded herds and fed cows heavier rations. The result was record milk production and unprecedented levels of Government acquisitions of dairy products. Milk production in fiscal year 1979 was 122.5 million pounds and CCC net removal of dairy products totaled 1.1 billion pounds milk equivalent at a net expenditure of $251 million. Projections for fiscal year 1982 estimate milk production at a record 135.5 billion pounds; record CCC net removals of 13.3 billion pounds of dairy products; an unprecedented net purchase cost of over $1.9 billion. As a result, the Government presently holds nearly 2 billion pounds of butter, cheese, and nonfat dry milk.

This situation is one which simply must be addressed again as the dairy industry itself acknowledges. We must act to correct the deficiencies in the price support program to put supply and demand back into proper balance. Otherwise, we risk jeopardizing the dairy support program to those who would see it repealed. This would, in my opinion, devastate both the livelihood of the producer and the assurance of an adequate supply of milk to the consumer.

While the Secretary is without doubt motivated by good intentions in seeking broad discretion to set milk price support levels, it can be expected that the industry will oppose this unlimited discretion. Moreover, precedent will reflect that such broad discretion has rarely been given in the past. On the other hand, if a "range" of discretion is ultimately given the Secretary it should be one that gives meaningful authority to effect results.

Mr. Speaker, I am introducing this legislation by request to insure that this proposal will receive the benefit of examination in hearings along with the other proposals offered by industry and other Members. I would hope that each of these proposals will be judged on their merits, and it may be that the best features of each plan can be extracted and put into legislation that will provide an adequate supply of milk at a reasonable cost to consumers and taxpayers without undermining the welfare of dairy farmers. The attached section-by-section summary of the administration's proposed legislation is provided for the information of interested individuals.

EMERGENCY DAIRY ADJUSTMENT ACT OF 1982

SECTION-BY-SECTION SUMMARY

The first section of the bill would provide that it may be cited as the "Emergency Dairy Adjustment Act of 1982".

Subsection (a) of section 2 of the bill would amend the provisions of section 201(c) of the Agricultural Act of 1949 which govern the level at which the price of milk must be supported by the Secretary of Agriculture. Under the amendment, the Secretary would be required to support the price of milk at the level he determined necessary to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs. There would be no minimum or maximum level of support.

Subsection (b) would amend section 416 of the Agricultural Act of 1949 to expand the authority of the Secretary to dispose of dairy products owned by the Commodity Credit Corporation during the next five years. The amendment would authorize the donation of dairy products for distribution to needy households in the United States and for the assistance of needy persons outside the United States. Overseas donations would be made in accordance with any procedures established by the President to assure the donations complement other United States foreign assistance.

Subsection (c) would establish a dairy advisory board to advise the Secretary on the administration of the Department's programs affecting the dairy industry, including the appropriate level of price support for milk and means of disposing of CCC-owned stocks of dairly products. The board would be appointed by the Secretary and would include representatives of all interested groups, including producers, processors, and consumers of milk and milk products.

ALLEGED GOVERNMENT COVERUP OF AID TO NAZIS

(Mr. LEHMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEHMAN. Mr. Speaker, I watched the television program "60 Minutes" Sunday night and was outraged at the alleged Government complicity with providing sanctuary and employment for Nazi collaborators. As one who deplores the 30-year history of negligence and inaction on the part of our Government to investigate and deport Nazi war criminals living in the United States, I must sadly report that I was not surprised by the "60 Minutes" exposé.

Mr. Arthur Teichner of North Miami Beach called my office yesterday. He is a survivor of the Holocaust. His wife, his parents, and his brother were murdered by the Nazis.

Mr. Teichner asked me how Nazis and their collaborators could have been invited into this country while he, a victim of the Nazi war machine, had so much difficulty getting in. And he wants to know why Nazis and their collaborators were given jobs by the Government, and why his tax dollars should pay their salaries. He resents it, and so do I. I, too, would like to know why our taxpayers must pay 1 penny for Nazi henchmen to live and work in this country.

Indeed, these mass murderers should not be allowed to visit our country, let alone live here and work for our Government.

This Congress has passed laws which prohibit Nazi war criminals from visiting or living in the United States, and I have every reason to believe that those laws have been violated. I am requesting the Attorney General to ascertain whether Federal laws may have been violated by collusion by Federal agencies in having provided a haven for the Nazis.

I will also do everything I can to ascertain whether these perpetrators of Nazi crimes work for any agency of the Federal Government. If they do, I will support their suspension and appropriate court proceedings against them.

Mr. Speaker, on several occasions, I have brought to my colleagues' attention the deplorable fact that Nazi war criminals are still living in the United States. I have urged my colleagues, and continue to do so, to support the important work of the Justice Department's Office of Special Investigations created by Congress to investigate and prosecute former Nazi war criminals living in the United States. Our support of the professional and exceptional work of that office, headed by Attorney Allan Ryan, has never been more justified than now.

INTRODUCTION OF TAX TREATMENT OF PARTNERSHIP ITEMS ACT OF 1982

The SPEAKER pro tempore (Mrs. SCHROEDER). Under a previous order of the House, the gentleman from New York (Mr. CONABLE) is recognized for 10 minutes.

● Mr. CONABLE. Madam Speaker, I have introduced today the Tax Treatment of Partnership Items Act of 1982. The purpose of the bill is to provide a consolidated administrative proceeding and a consolidated judicial proceeding for the determination of the tax consequences of partnership items for individuals at the partnership level. The scheme which would be implemented by the bill would result in a significant improvement over current law, whereby there is a separate determination of partnership items for each individual partner.

The bill represents the culmination of extensive effort and consultation by the Internal Revenue Service with various bar association groups and professional accounting associations. Under the bill, resulting adjustments to partnership items would be binding on both the Internal Revenue Service and the partners. In addition, the statutory scheme of the act would permit multiple proceedings for an individual partnership by groups of partners, if the partners so desire. To insure that individual partners are aware of the ramifications of the new procedure, the Internal Revenue Service is required under the bill to send notice at the beginning of any partnership audit to all partners named in a partnership return. As a result, all partners will be clearly on notice as to the existence of the partnership audit and will have the opportunity to participate if they so desire. The bill also provides for administrative and judicial review of partnership audit adjustments.

A comprehensive description of the bill is attached.

DESCRIPTION OF THE TAX TREATMENT OF PARTNERSHIP ITEMS ACT OF 1982

PURPOSE

The purpose of the proposal is to provide a consolidated administrative proceeding and a consolidated judicial proceeding for the determination of partnership items at the partnership level. The resulting adjustments to partnership items will be binding on both the Service and the partners. In order to achieve this improvement in tax administration, the Service is willing to accept the possibility that multiple proceedings may be required before the tax liability of a partner for a year may be finally determined.

STARTING POINT

The rights and obligations of the Service and the partners are determined by reference to the partnership return.

The Service may not adjust consistently reported items without a partnership proceeding.

If a partner reports an item inconsistently but flags it, the Service may deal with that partner separately or in a partnership proceeding.

Thus, prepayment recourse to the Tax Court will ordinarily be available to a partner who flags an inconsistency.

If a partner reports an item inconsistently but does not flag it, the Service may treat the inconsistency as a computational adjustment and conform the treatment of the item to the partnership return.

The partner has no right to prepayment judicial review of this adjustment and may be subject to a penalty for negligence or disregard of rules.

These rules are applied only to those items determined by regulation to be partnership items; other items, even though related (*e.g.*, the individual partner's basis in his partnership interest), will be determined under existing procedures. A partner may be inconsistent with respect to some items but not others. In such case, the inconsistency rules apply only to the inconsistently reported items.

If there is no partnership return, all partners are deemed to be filing inconsistently.

Those partners who flag the lack of a partnership return are treated as inconsistent filers flagging the inconsistency.

Those partners who can demonstrate that their filing was consistent with a K-1 furnished to them will be treated as if they had filed inconsistently and flagged.

Other partners may be subject to the penalty for failure to flag, but no conforming adjustments are permitted other than through the partnership audit process.

ADMINISTRATIVE PROCEEDING IN GENERAL

All partners may participate in any administrative proceeding with respect to partnership items.

The administrative proceeding will go through the usual steps (examination, Appeals, settlement or notice). The Service may, however, issue a notice of final partnership administrative adjustment (FPAA) even if all partners have agreed to a settlement for the purpose of terminating administrative proceedings and ending the period during which limitations are tolled.

To make the proceeding manageable, there will be a tax matters partner (TMP) with certain rights and responsibilities.

The TMP may be designated by the general partners.

In the absence of a designation, the TMP will be the general partner with the largest profits interest for the partnership taxable year under examination.

If there is no designation and it is impracticable to apply the "largest interest" rule (*e.g.*, due to lack of sufficient information), the Secretary may appoint a TMP. This rule should apply primarily to foreign partnerships.

NOTICE

The Service must send notice of the beginning of a proceeding to the partners whose names and addresses appear on the partnership return.

If the return lists more than 100 partners, the Service provides notice only to those partners shown to have at least a 1 percent interest in the profits of the partnership.

The Service sends notice of the FPAA to the same group of partners except that more current information may be taken into account.

Partners may form "notice groups" (groups of partners with an aggregate interest in partnership profits of at least 5 percent) and have notice of the FPAA sent directly to their representative.

If the Service provides notice to all partners entitled to notice on the basis of the information made available to the Service, all partners are deemed to have notice of the proceeding.

The TMP sends notice of the beginning of an administrative proceeding and notice of the FPAA to all partners not entitled to notice from the Service; the TMP also sends to all partners notice of significant developments during the proceeding (e.g., meetings with the examining agent, appeals conference, settlement offers).

If the Service fails to give a required notice, the partner who should have received the notice may either take the partnership adjustment (including any settlement) or proceed separately and not be bound by the partnership audit proceeding.

SETTLEMENTS

The Service may settle with any partner at any time. If the Service settles with any partner, it must offer consistent settlement terms to any other partner upon request.

The TMP may bind non-notice partners to a settlement by expressly so providing in the settlement agreement; non-notice partners who join notice groups or who notify the Service that the TMP is not authorized to act on their behalf are not bound.

FINAL PARTNERSHIP ADMINISTRATIVE ADJUSTMENT (FPAA)

The FPAA becomes binding on all partners except those who have settled or who are proceeding separately if no petition for judicial review is filed within the specified period (150 days). The Service may issue only one FPAA for a partnership taxable year (this restriction on the Service is the trade-off for barring later claims for refund by the partners with respect to an FPAA).

JUDICIAL REVIEW OF FPAA PERIOD FOR FILING PETITION

The TMP may file a petition for judicial review of the FPAA within 90 days after the mailing of the notice of FPAA.

If the TMP does not file a petition, any other partner may file a petition within the 60 days following the 90-day period for the TMP. The TMP's forum choice always governs.

FORUM

The petition for judicial review may be filed in the:

Tax Court; District court for the district in which the partnership has is principal place of business, or the Court of Claims.

If the TMP does not file a petition and a petition is filed in the Tax Court, that is the forum for the action.

Otherwise, the first petition filed determines the forum (if no petition is filed by the TMP).

A partner filing outside the Tax Court must first pay any deficiency that would result with respect to his individual return under the FPAA.

If review of the FPAA takes place outside the Tax Court, all the partners are subject to immediate assessment and collection.

If review takes place in the Tax Court, payments will be refunded upon request.

ADMINISTRATIVE ADJUSTMENT REQUEST

The administrative adjustment request (AAR) is similar to a claim for refund with respect to partnership items but it is subject to certain special rules.

TIME AND PLACE FOR FILING

An AAR must be filed within 3 years after the due date of the partnership return.

The AAR must be filed with the service center where the partner files the partner's return and with the service center with jurisdiction over the partnership return (to alert the Service to the fact that partnership items are being put in issue).

An ordinary claim for refund with respect to a partnership item or an improperly filed AAR cannot be the basis of a refund suit.

If the TMP files the AAR, the request will be considered to be filed on behalf of all partners, and the Service may

Grant credits or refunds to all partners.

Begin a partnership proceeding within 6 months.

Fail to act within 6 months, in which event, suit may be brought on the AAR.

If the AAR is filed by a partner other than the TMP, the request relates solely to the filing partner, and the Service may

Process it as an ordinary claim for refund.

Begin a partnership proceeding within 6 months.

Fail to act within 6 months, in which event, suit may be brought on the AAR.

No suit based on an AAR may be begun after the Service mails notice that it is begining a partnership proceeding (any claims raised in AAR may be dealt with in the course of the partnership proceeding).

STATUTE OF LIMITATIONS

Assessments with respect to partnership items may be made against a partner at any time until the latest of:

The date that is 3 years after the filing of the partnership return,

The date that is 1 year after the partner is properly identified to the Service, or

The expiration of the period otherwise applicable to the partner (disregarding any extension agreement that does not specifically include assessments with respect to partnership items).

SPECIAL RULES

In the case of a fraudulent partnership return, the period is unlimited with respect to partners participating in the fraud, and 6 years with respect to all other partners.

In the case of an omission of 25 percent of partnership income, the period is 6 years.

The period otherwise applicable may be extended by agreement (the TMP or other authorized person may consent to an extension for all partners).

The period of limitations is suspended on the mailing of a notice of FPAA; the period does not begin to run again until 1 year after the final conclusion of the partnership proceeding.

MISCELLANEOUS

MULTI-TIER PARTNERSHIPS, PASS-THRU PARTNERS

If any partner in the partnership is a "pass-thru partner" (e.g., a partnership, trust, Subchapter S corporation, etc.), special notice and participation rules apply—

If the indirect partners are identified (names, addresses, and profits interests) in an attachment to the return, the Service shall deal with the indirect partners rather than the pass-thru partner for all purposes under the proposal. If identifying information with respect to the indirect partners is furnished in a statement filed after the filing of the return, the Service shall deal with the indirect partners as of the date determined by regulations.

The pass-thru partner has the power to bind the indirect partners until they are properly identified.

The application of any partnership-level determination to indirect partners is considered a computational adjustment.

FOREIGN-BASED PARTNERSHIP

The proposal explicitly provides that the partnership filing requirement applies to all partnerships with U.S. partners (direct or indirect) even if there is no effectively connected U.S. income except to the extent that regulations issued after enactment limit the requirement. Lack of a partnership return can result in disallowance of losses and credits attributable to the partnership if return information is not produced upon request. Information returns by individual partners will also be required in circumstances involving foreign partnership interests.

REVIEW OF COMPUTATIONAL ADJUSTMENTS

The proposal does not permit prepayment judicial review of the application to the partner of adjustments made in a partnership proceeding. Special refund suits are permitted if the partner wishes to dispute computations (but substantive issues may not be reopened in these suits).

REGULATORY AUTHORITY

The proposal authorizes regulations limiting the application of the proposal where special enforcement problems may exist (e.g., pending criminal proceedings with respect to one or more partners). General legislative regulation authority is provided to the Secretary to provide such additional administrative rules as are required. Courts authorized to hear adjustment proceedings are authorized to prescribe rules for such proceedings.

PENALTY

The proposal provides for penalties against second persons when underpayments by partners are attributable to partnership items and there has been fraud or negligence on the part of those persons with respect to those items.●

CONGRATULATIONS TO THE DOMINICAN REPUBLIC ON ITS PRESIDENTIAL ELECTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. BARNES) is recognized for 10 minutes.

● Mr. BARNES. Madam Speaker, on Sunday I was privileged to watch democracy in action in our neighbor to the south, the Dominican Republic. It was the fifth time in an uninterrupted period of 16 years that Presidential elections have been held on schedule and the results honored. The incumbent President, Antonio Guzman, has chosen not to run again, and has worked to guarantee that his successor was chosen by a free and fair election.

From what I was able to observe, he has succeeded. On election day I visited polling places both in the capital city of Santo Domingo and in the outlying areas. The lines were long but orderly as people waited patiently for hours to exercise their franchise. On election night I visited the offices of the electoral commission as well as the campaign headquarters of the two major parties, whose candidates I had met the previous day. Nowhere did I find a hint of fraud or significant irregularity. The entire country seemed prepared to accept the results of the election.

Although the returns are still incomplete, the probable winner appears to be Senator Salvador Jorge Blanco of the Dominican Revolutionary Party. Having spoken with Senator Jorge Blanco at length on several occasions, I am confident that close relations between our two countries will continue for the next 4 years and into the future.

But the next President will face daunting economic problems because of rising oil prices, falling sugar prices, and the absence of foreign investment and credit. Therefore, I am hopeful that by the time of the inauguration in August, President Reagan's Caribbean Basin Initiative will be a reality. Under the CBI, Dominican sugar could enter the United States duty free, and the Dominican Republic would receive $45 million in economic support funds if the action of the Subcommittee on Inter-American Affairs last week is sustained.

Madam Speaker, I know we all wish the new President well and look forward to working with him on the problems we will face together in the Caribbean.●

FOURTH ANNUAL OLIN E. TEAGUE AWARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Madam Speaker, today the Veterans' Administration is presenting its Fourth Annual Olin E. Teague Award for outstanding rehabilitation of war-injured veterans to Howard L. Mowles, a VA social worker whose contributions have been of enormous value to the problems currently facing many veterans.

Named in honor of the very distinguished former chairman of the House Committee on Veterans' Affairs, the award goes to a VA employee or group of employees working as a team whose achievements have been of special benefit to veterans with service-connected injuries. The award was established upon Mr. Teague's retirement from the House in 1978 after 32 years of illustrious service to our Nation, and most especially, to veterans. This award is indeed a fitting tribute to a man whose accomplishments in the field of veterans' rights and benefits are exceeded by none.

Mr. Mowles was selected for this year's award from many nominations submitted by VA facilities around the country. The entries ranged from work with alcoholic and psychiatric patients to an innovative health care delivery system for veterans with communicative disorders. Past Teague awards have gone for pioneering work in the field of sex education and counseling of spinal cord injury victims, for the design and development of devices for veterans with orthopedic or prosthetic disabilities, and for the development of a revolutionary process for voice restoration.

A staff social worker at the Jerry L. Pettis Memorial Veterans' Hospital in Loma Linda, Calif., Mowles was chosen for accomplishments in encouraging recovering alcoholics to help themselves by helping others. He was instrumental in establishing three local organizations that capitalize on the self-help concept pioneered by Alcoholics Anonymous.

He specially selected and trained one group of former patients of the facility's alcoholic treatment unit to help emergency room personnel deal with intoxicated patients. A second group provides after-hours emergency transportation, together with supportive counseling.

A third organization has grown into a State-approved and licensed resident alcohol recovery facility. It began when Mowles encouraged and helped four patients who had no appropriate post-hospital supportive and alcohol-free living environment to share accommodations and expenses and provide mutual support.

In the award nomination, Mr. Mowles was cited for "concern and initiative in identifying areas of unmet need for patients which was only overshadowed by his ability to organize patient and community resources, and to provide therapeutic, cost-effective programs which are mutually beneficial to the VA, the community, and most importantly, to our veteran patients."

I am delighted that Mrs. Olin Teague and her daughter Jill Teague Cochran will be present at the award ceremony this afternoon.●

THE BRANIFF TRAGEDY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 60 minutes.

● Mr. GONZALEZ. Madam Speaker, the sudden collapse of Braniff International Corp. last Wednesday was a tragedy, especially for the employees who had paid the most and suffered the most to keep the airline flying. The employees had taken a 10-percent reduction in pay; one-third of them had been laid off, and thousands more scheduled for layoffs. Back in March, the people who worked for Braniff saw their pay deferred for a week. They worked harder, and ran a good airline, despite it all. In the end, the news of the shutdown came like a bolt of thunder. It started with the cancellation, for unexplained reasons, of international flights. Employees were told nothing; many, probably most, heard the terrible news through radio and television broadcasts. These broadcasts reported simply that Braniff had closed down and was asking its employees not to come to work the next day. So the first trunk airline to fail in American history simply vanished.

The treatment Braniff gave to its employees and customers alike was outrageously shabby. The company closed down so abruptly that it did not even send messages to its employees telling them what was about to happen. The collapse was so fast that fully loaded aircraft, waiting for takeoff, had to be called back to the gates, the passengers simply dumped and left to their own devices, asking for help from employees who had no idea what had happened, or why, or what they could expect to become even of the paychecks they had coming due the next day. Braniff employees found themselves abandoned, often far from home—with no explanations, no way to return home, and without even a word of thanks for all their efforts and sacrifice. To date, the management of Braniff has not to my knowledge said a word to its employees by way of thanks, nor offered even the elemental courtesy of bare information about their pay, benefits, or possible future employment. Likewise, Braniff management has not uttered a word of apology to its customers, owners, creditors, or supporters. What a terrible way for a company to come to an end—simply vanishing into the night, waking up a judge in order to file a bankruptcy petition.

It need not have been this way. Last March 4, I suggested several ways that Braniff could help itself and protect its employees. I outlined these ideas in a letter to the company president, and I offer that letter for the RECORD at this point.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 4, 1982.

Mr. HOWARD PUTNAM,
President, Braniff International, Dallas-Fort Worth Airport, Tex.

DEAR MR. PUTNAM: Braniff International occupies a special place in my heart. For the past twenty years, I doubt that anyone has been a more frequent customer of Braniff than I have. During my seven million miles of travel on Braniff, I have found consistent fine service by loyal and dedicated people. On more occasions than I can recall, Braniff employees have gone out of their way to solve problems and see that service—for me and everyone else—was superb. More often than not, I have found Braniff people ready, willing and able to solve problems that other airlines would not even consider. On one recent swing of mine that involved a complex schedule, Braniff people successfully dealt with three crises, at each of three different stops. In each case, other airlines were not responsive. That's service, and that's what has made me a loyal customer.

Braniff provides an essential service, its employees are the best in the business, and I want to see the airline succeed. No good purpose would be served for Braniff to be swallowed up by another company, or for it to simply vanish.

My first concern is for the employees. Everyone at Braniff has been affected by employment cutbacks, by the ten per cent salary reduction imposed a year ago, and now by the one-week pay deferral of one-half of earnings. Even though Braniff says that the pay will be restored, the employees of the company will have irretrievably lost the use of $8 million in earnings for the week of the pay deferral.

I believe that in cases where there has been a pay deferral or cutback in working hours, employees should have some recourse. I would request that you consider two pertinent suggestions.

First, in the case of pay deferrals, I believe affected employees should have the right to compensation through the unemployment insurance program if full pay is not restored within 30 days. In this way, employees would be certain of receiving the pay they have earned, regardless of circumstances. Would you support legislation to provide for such a compensation program?

Second, in the case of reductions in working hours, I feel that employees should be entitled to partial unemployment compensation. Such a program is operating in California, and is very successful. Under this program, an employee whose workweek is cut from five to four days, for example, is entitled to receive 20 percent of the normal unemployment compensation. The effect of this is to help employees affected by mandatory cutbacks to be held harmless, and to insure that employees are able to stay with their employer through temporary hard times. In the case of an airline, for instance, such a partial compensation program would help the company avert losses of skilled and essential personnel, who might otherwise be forced to seek work elsewhere. Would you support a program of this nature?

Third, I want to see Braniff survive and continue to provide the excellent, competitive service it has always delivered.

I believe that one way this could be accomplished would be for Congress to authorize carriers to refinance their debt through use of funds in the Airport and Airways Trust Fund. The use of such funds is logical, since they are derived from taxes paid by the airlines and passengers who use them—the very people who would benefit from maintenance of a high degree of competition among trunk carriers. Loans from the trust fund would be limited, would carry interest charges, and would be temporary. I know that Braniff is preparing a financial restructuring program for its lenders, and that this will be delivered by the end of March. Nevertheless, I believe that a Federal loan-of-last-resort program would be beneficial to the industry as a whole, perhaps even vital to Braniff. Therefore, I wonder if you would support such a concept as I have outlined.

I believe that Federal loan guarantees might also be considered, but given the extraordinary interest rates we are seeing today, and the evident prospect that Reaganomics will keep interest levels at record highs, it seems to me that a direct loan would be more beneficial than a guarantee. With private investors not interested in equity ventures, owing to the high return on interest-bearing instruments, it seems to me that the only source of cash at reasonable rates would be governmental.

I want to emphasize once again my firm belief that Braniff must be enabled to continue in business—because it has earned a place, provides an essential service, and because the industry itself needs to maintain the level of competition that can only be assured if the present number of trunk carriers remain in business.

I want to help, and urgently solicit your comments on the suggestions I offer.

Viva Braniff!

HENRY B. GONZALEZ,
Member of Congress.

I am sorry to say that Braniff's president never replied to that letter. In a conversation he had with me, Mr. Putnam simply said that he would never ask for Federal help; that if his company could not make it alone it deserved to fail. This was the mentality of the man in the bunker, with the city ablaze all around; if the company did not survive, without help, then it and its employees deserved the ignominy of total disaster. Even now, Braniff management talks about how dirty tricks by competitors caused the most grievous damage; but truthfully the damage was done by a self-indulgent and misguided management that first expanded the line beyond its limits, saddled it with immense debts, and surrounded itself with incredibly elegant headquarters facilities, and prerequisites like a $300,000-plus retirement for the man whose decisions headed the company irrevocably toward disaster.

Financial experts say that Braniff will never fly again. One corporate lending officer even says that the world will be better off without Braniff. But I have never believed that anyone would be helped by the demise of a major airline. Be it by the name of Braniff or something else, I believe the company ought to be revived, its employees put back to work, and its contribution to the Nation restored.

I said on May 15 that the collapse of Braniff was a disaster, and that it could have been avoided. I reiterate that today.

I said on May 16 that Braniff's employees ought to be helped, and reiterate that today.

I said yesterday that the airline's service could be restored, and reiterate that today.

The first need is to take care of the employees, who are now merely in line with all the other creditors to whom Braniff owes money.

I believe that State employment services should consider the Braniff people as unemployed from the date of their last valid check, rather than the date of their actual termination. This is because the employees had not been paid, and evidently will not be paid, for their last period of employment. As I mentioned, the company collapsed the day before the payroll came due, and the company has said, according to press reports, that any paychecks issued last week will not be valid. Accordingly, these people should, for the purposes of receiving unemployment compensation, be considered as unemployed since the last day for which they were paid. This would ease at least some of the blow of not being paid.

Additionally, I believe that the business community in areas served by Braniff should band together to see what can be done to find immediate employment of the company's personnel. This is important for many reasons; first, humanitarian, and second, as a way of expressing appreciation for a job well done under the most trying of circumstances. Because Braniff had already laid off about a third of its personnel, those remaining at the time the company failed were people with great seniority—mature people with considerable family and debt obligations, people who have specialized skills, people who cannot easily relocate. These are solid citizens, who every community should try and keep. I have asked my own community of San Antonio to organize an effort to place Braniff employees, and hope that others elsewhere will join in this effort.

I am contemplating many other steps to alleviate the stress that Braniff employees are facing, and will report on these from time to time. But I want at this time to stress to my colleagues that these people should not, must not, be simply forgotten.

Finally, I am considering possible ways to revive the service that Braniff provided. For example, I would hope that not all the flight authority of Braniff will simply be gobbled up, but that at least the core of the Braniff system be held open, reserved for a new service that might be formed to replace the failed line. This could be, perhaps, in the form of a new line that would be formed by a joint venture of the major stockholders and employees of the old line. Any such effort would take time to organize, and it could not be done if there is no place reserved for it. Even though the Civil Aeronautics Board has no real power over route authority, it does have responsibility to provide reemployment and other assistance to merged or failed airlines. The way to meet that responsibility would, in my judgment, be to take steps that would leave open a place for a new airline to emerge in the stead of Braniff. Such action could be done in the very simple manner of having the Federal Aviation Administration not allocate all the traffic slots that had been held by Braniff.

Certainly enough slots must be provided to meet the most immediate and urgent needs of the traveling public, but enough could be reserved to permit a new operation to be formed over the former Braniff system. This is what should be done, rather than hacking the system up piecemeal; this would preserve the degree of competition that had existed, it would better serve the traveling public, and it would offer the best opportunity for Braniff's personnel to find new employment in their profession.

I know that we are tempted to shrug when a company fails, for this is a time of many corporate failures. But I suggest that such a cold blooded, callous attitude is unworthy and unbecoming. It is not necessary to turn away and ignore the bad fortune of people who have been victimized by bad management and a bad national economic policy. It is, I submit, the necessary and proper thing to try and help people who need assistance, and to give them a chance to get back on the job. That is all I am asking here. The people who worked for Braniff, like so many other millions now unemployed, are asking only for a chance. They have fought against a bad tide and against a bad management. Given a chance, given an opportunity, they can emerge winners. Surely that is not too much to ask.●

RIGHTS OF MINORITY TRAMPLED BY HOUSE BANKING COMMITTEE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Madam Speaker, yet another issue was added to the Olympic coin controversy during the Banking Committee's markup of this commemorative coin legislation. With an unconscionable twist of procedure, the committee chairman considered this legislation in violation of three committee and House rules.

I think that we would all agree that the parliamentary procedures of this Congress were enacted for a specific purpose: to protect the rights of all Members. Indeed, they were enacted to prevent exactly what happened on May 13, 1982; the bulldozing of the minority by the majority. This is no trivial matter, for if we allow these types of violations to go by unnoticed and unchallenged, we run the risk of sabotaging our entire system of government.

The Banking Committee considered the legislation while the House was meeting under the 5-minute rule in violation of Committee Rule II(e) and paragraph (i) of clause 2, rule XI of the House. In enacting this rule, the Congress recognized the importance of an uninterrupted committee meeting. Complete and careful consideration of all bills in committee, especially those involving hundreds of millions of dollars, is obviously vital. It is also crucial that the Members of Congress have the time to devote their undivided attention to the proceedings of the full House. It is clear that the Members of Congress recognized the possible conflict between these two goals when it enacted the 5-minute rule. Since the primary interest of each Member is good legislation, I cannot understand why the Banking Committee risked the quality of the Olympic coil bill by casually tossing aside the 5-minute rule.

The importance that the Congress has placed on the 5-minute rule is amply documented in history. For example, in 1934, the Speaker declared a committee meeting void, and directed a bill stricken from the calendar when he discovered that the committee reporting it had sat and ordered it reported during a session of the House without permission. Thus, this is hardly a new rule without a precedent of enforcement.

The committee also took up the measure only 2½ hours after it had been reported by the subcommittee. Committee rule XVI(c) normally requires that the bill as passed by the subcommittee be available at least 2 calendar days, not 2 hours, before consideration by the full committee. This rule also has an obvious purpose: To allow the Members to have the time to carefully consider each piece of legislation. As the old saying goes "haste makes waste." Yet, for whatever reason, the Banking Committee rushed the bill to the full committee. Clearly, the committee was less concerned with the quality of the legislation than with the speed with which it could be considered. You would think that the full committee was under the impression that the 2-calendar-day rule was made to be broken.

Lastly, I would like to point out that the chairman permitted less than 2 calendar days for the filing of dissenting views. This action was in complete violation of committee rule VIII(e) and clause 2(1)(s) of House rule XI which explicitly states that any "Member shall be entitled to not less than 3 calendar days (excluding Saturdays, Sundays, and legal holidays) in which to file such views."

In my mind, this is the most egregious violation. When the dissenting members of any committee are not permitted the time to prepare their views, they are, in effect, silenced. The day that we begin silencing people because of their opinions is the day that we cease being a democratic republic. And there is absolutely no excuse for this flagrant violation, not only of House rules, but of one of the principal tenets of our society.

You may wonder what the Banking Committee achieved through its bulldozing. The Olympic coin bill introduced by the committee chairman will go to the floor of the House on Wednesday, May 19, 1982. This bill, now embodied in S. 1230, calls for the minting of 17 coins to be sold to the public through private marketers. It proposes that the U.S. Government help finance this program by forgoing $260 million in revenues. It proposes that the U.S. Government give the marketers $50 million worth of gold and silver over the amounts in the original 17 coin legislation. It exempts the private marketers from Federal procurement laws.

How could such an ill-conceived piece of legislation be reported by a committee? The answer clearly lies with the discarded rules of procedure.●

OUR EDUCATION SYSTEM—A GOOD INVESTMENT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. SMITH) is recognized for 5 minutes.

● **Mr. SMITH** of Iowa. Madam Speaker, in the battle of the budget and in times when there is a tight budget, people tend to concentrate on those programs which have an immediate impact rather than the long-term investments. One of the greatest long-term investments this country has ever had has been in our education system. With one of the greatest education systems in the world, we have been able to develop a very large middle class society and to respond to the technological changes.

At a time when we can predict a shortage of many skills 10 years from now, it is proposed that investments in education be reduced. This is inconsistent with our long-term needs. A recent article in Education Week by James H. Sutton discusses some of the aspects of this situation and I would like to make it available for those who read or can secure copies of the CONGRESSIONAL RECORD.

It is as follows:

[From the Education Week, May 5, 1982]

WITHOUT RAW MATERIALS, SCHOOLS CAN'T PRODUCE QUALITY AND QUANTITY

(By James H. Sutton)

One of the virtues of free public education has been the public's freedom to criticize it. And although I believe that public involvement has, on balance, introduced a note of sanity and common sense into the debate we call "education," it does seem to me that lately educators have been getting more than their share of lumps. Our critics tell us that Johnny can't read, Mary can't write, and the teacher can't do either. Our seers tell us that we are losing our technological edge to Japan. Our prophets claim that we are failing to teach values and morals. Surely some of these critics are sincere.

But many are not. Too many of our critics are more concerned with their pocketbooks than with Johnny's skills; with weaponry than with the discovery and application of knowledge; with preaching rather than teaching. Those who complain about Johnny's lack of skill often advocate massive cuts in educational spending. Those warning us of imminent technological decline often advocate massive cuts in graduate and undergraduate education, as if these factors were unrelated. Those who complain most about the lack of values in our schools are more than willing to ignore the values that are taught and to impose their own values on other people's children.

But not all of our critics are hypocrits, and it would be hypocritical of us to ignore those who are sincere. Too many children are failing to reach minimal levels of academic performance. Too many teachers are burned out or otherwise unprepared for the vicissitudes of today's classrooms. The lure of learning is losing out to the heroin of television. There are severe shortages of teachers in mathematics, engineering, and the sciences. The Japanese are leaving us behind. Our critics are right: Free public education today faces critical qualitative deficiencies.

It could not be otherwise, because free public education was never designed to deliver quantity with quality. It was designed to deliver equity. It was asked to provide every child with a chance to obtain an education. This imperative has been realized. We are the first nation in the history of the world to give everyone a chance for an education. No critic can demean or deny the significance of this achievement.

Our critics should not be surprised that this achievement came at the expense of quality. Public expenditures for education over the past century have never been sufficient to increase opportunity and maintain quality too. Even the best public schools have had to endure a reduction in quality as their doors opened to increasing numbers of students from increasingly diverse backgrounds. But even the Boston Latin School was never asked, or expected, to compete with Phillips Andover Academy. Andover was expected to produce its hand-crafted diamonds, but the Latin School was expected to mass-produce bricks.

For over one hundred years, free public education has been making bricks, and making them without straw. the amazing thing is that we could make bricks at all, let alone in ever-increasing numbers. But more bricks were made, and they were made by speeding up the assembly line despite a lack of sufficient raw materials. The result was reduction in unit quality.

But now our critics say that our bricks are not good enough. We are told that our bricks do not meet specifications we were never asked to achieve. We are told that our bricks lack straw. And they do. Free public education is incapable of providing quality and quantity on a mass scale. And the public, in its haphazard wisdom, is right to expect us to provide quantity with quality. Our bricks deserve straw.

The challenge for American education for the remainder of this century is to provide quantity and quality simultaneously. As a profession and as a nation, we must be the first to achieve mass education through individual instruction. Only by fusing quantity and quality can we keep ahead of international competitors. Only by fusing, quality with quantity can we finally minister to the effective needs of our students. Only by bringing quality into mass education can we ensure either effectiveness or sanity in our schools.

Our bricks need straw. But just when the public is clamoring for straw, Washington asks us to make bricks without clay. This policy undermines public confidence in free public education. How can we make good bricks if our brickmaster tells our customers that he buys his bricks from a competitor who has plenty of straw? Actions like these, actions which subsidize private schools while reducing support for public schools through block grants and voucher systems, do not promote competition but destroy it.

The Reagan administration is proposing a two-tiered education market where the affluent and the elite attend one set of schools while those who have the most to learn are consigned to another. A two-tiered education system is not what free public education is about. It is not even what America is about. As a nation, we have labored for over a century to provide equity in education. Now our government says that quality should accrue to the elite while everyone else gets something different.

Educational quality is the issue of the '80's. And if it were not the issue, we would need to make it the issue. But it is the issue because it is being thrust upon us every day. Every day, honest and hypocritical critics alike are holding us responsible for the failure of free public education to achieve the quality of expensive private education. Every day, the public asks why our bricks have no straw. Over and over, the White House says we can improve the quality of our bricks by buying them from our competitors. But even our best critics miss the point: We must have more straw for our bricks.

We happen to have the kind of problem that can be solved by throwing money at it. Reduce the teacher's workload, make individual instruction possible, and the result will be an improvement in educational achievement, student motivation, teachers vitality, and student deportment. Increase teachers' salaries and the result will be an improvement in the supply of teachers in technical subjects and in the quality of teachers at all levels. There is nothing amazing about what happens when straw is added to bricks.

But straw costs money, and money is something our federal government says it does not have. Yet, while claiming poverty, it proposes to shift funds from the public to the private sector. Then it justifies this creeping socialism in the name of "tax reform" and "stimulating competition." Meanwhile, our government continues to attack us for failing to make improvements that cost money when these are the very improvements that could allow us to become competitive. Such a policy is neither enlightened nor sincere.

As educators, we must remind state and federal legislators that they are responsible for providing straw. We must remind legislators and the public that a two-tiered educational system is not the American plan, but the European plan; and that where it thrives, there also thrives stratification and class struggle along Marxist lines. Equity is still important, but we must remind others and ourselves to add quality to equity. And we must be willing to persuade, cajole, seduce, or compel authorities to give us the necessary resources.

The teacher/student ratio for children with learning disabilities is between 5.5 to 8.5 students per teacher, and this is maintained, by law, to ensure that children with learning disabilities can be all that they can be. Why then do we endure classes of 20, 25, 30, or more children per teacher with those with learning abilities? Do they not also deserve the chance to be all they can be? Doesn't society deserve the benefit of their achievements?

Education cannot be substantially improved unless government, including the federal government, makes a major new commitment to education—as major as that to defense. Or, as Senator Charles Sumner said it, "Education is a surer defense of liberty than a standing army." My bottom line for defense, as well as for education, continues to be that every child deserves individual instruction. To make good on that or any future, we must have straw for our bricks.

INTERSTATE TAXATION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Rodino) is recognized for 5 minutes.

● Mr. RODINO. Madam Speaker, I am today introducing the proposed Interstate Taxation Act, a measure which is indeed long overdue.

This legislation was first passed by the House in the 90th Congress by a more than 3 to 1 majority. It was passed again by the House in the 91st Congress by a majority of more than 4 to 1. Sadly, the Senate Finance Committee, to which the House-passed bills were referred, has in the past not acted on this measure. However, I am hopeful that the current Members of the Senate will now recognize the damage that has been done to our economy by the Senate's past failures to give the House-passed bills full consideration.

Madam Speaker, one of our Nation's greatest economic legacies is a simple principle embodied in the commerce clause of our Constitution—the principle that within our borders lies a national market which should be open and equally accessible to merchants in every State. To protect the commerce clause from erosion, the Interstate Taxation Act was fashioned by the House Judiciary Committee after a decade of investigation and study. A four volume report published by our committee in the 1960's has become the definitive work on the efforts of the States to impose taxes on interstate commerce. That report documented the fact that we can ill afford to allow our country to continue to be balkanized by a chaotic and unworkable system of State and local laws designed to tax interstate commerce. In short, no State or local government should be prevented from taxing economic values properly located within its own jurisdiction. Conversely, no State or municipality should be left free to impose unfair and unworkable rules on out-of-State sellers or consumers who have no political representation within the taxing jurisdiction.

To give renewed vitality to the commerce clause, the Interstate Taxation Act provides workable and equitable standards. Title I established uniform jurisdictional standards. Title II establishes uniform formulas for apportioning the income and capital stock of small corporations. Title III establishes equitable principle for the collectors of sales and use taxes. Title IV provides a reasonable mechanism for evaluating the progress being made by the States in working out their own solutions to interstate tax problems. Title V includes definitional and technical provisions as well as a sorely needed prohibition against geographical discrimination. Finally, title VI protects individuals from double taxation on their income.

Frankly, Madam Speaker, I recognize that in the years that have ensued since we originally passed this measure in the House, the States may have made some progress in removing some of the past inequities to which they subjected interstate commerce. However, I also recognize that recently problems have developed in this area which may require legislative solutions not included in this bill. In that regard, I am aware, for example, that small wholesalers are finding it more and more difficult to cope with the complexities of complying with unreasonable requirements for the collection of sales and use taxes. I am also particularly aware of the growing tendency of the States to impose severance taxes which are designed to raise revenues from out-of-State consumers as well as discriminating taxes on wine and insurance premiums. As a result, I would like to make it clear that I am not wedded to the provisions of the bill as originally passed by us.

Madam Speaker, when passed the Interstate Taxation Act in the 90th and 91st Congresses, it was with the widespread support of literally hundreds of trade associations representing small businesses as well as thousands of small companies all over the United States. On reintroducing the bill today, I am pleased to solicit the views of both business and labor as well as the views of State and local officials as to how the bill might be improved to deal with recent developments. At the same time, I am also formally requesting that the Secretary of Commerce provide us with the benefit of the views of the present administration. It is my hope that all of us, including our colleagues in the other body, will give this legislation the full consideration that it has deserved for so long.●

● Mr. McCLORY. Madam Speaker, it is with some sense of "deja vu" that I find myself joining with the distinguished chairman of the House Judiciary Committee to cosponsor H.R. 6402, the Interstate Taxation Act. I recall with some nostalgia that when I first joined the Judiciary Committee as a freshman minority member, I recognized the important work that had already been undertaken by the Judiciary Committee under the chairmanship of the late Emanuel Celler with the close cooperation and support of the then ranking minority member, Bill McCulloch. I recall thereafter as we fashioned the very proposal that is being introduced today the eloquent advocacy of Charles McC. Mathias, who now continues the good fight in the other body.

Madam Speaker, the interstate taxation program of the House Judiciary Committee has always been a completely bipartisan effort and has embodied the best principles of responsible congressional leadership. For that reason I am now optimistic that our colleagues in the other body will also treat this measure in a completely bipartisan manner by giving it the full consideration that it deserves.

Madam Speaker, I am pleased to associate myself with the remarks of Chairman Rodino with respect to this measure and pledge my full cooperation in attempting to develop this legislation in a manner that will be helpful to our Nation's economy as well as the economies of our individual States.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Badham (at the request of Mr. Michel), for today and the balance of the week, on account of representing the President at the commemoration of the Centennial of United States-Korean relations.

Mr. Thomas (at the request of Mr. Michel), for today and the balance of the week, on account of representing the President at the commemoration of the Centennial of United States-Korean relations.

Mr. LUNDINE (at the request of Mr. WRIGHT), for May 18 through 22, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BEREUTER) to revise and extend their remarks and include extraneous material:)

Mr. CONABLE, for 10 minutes, today.

(The following Members (at the request of Mr. WEISS) to revise and extend their remarks and include extraneous material:)

Mr. BARNES, for 10 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. GLICKMAN, for 10 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

Mr. SMITH of Iowa, for 5 minutes, today.

Mr. CROCKETT, for 5 minutes, today.

Mrs. BOGGS, for 10 minutes, on May 19.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. BEREUTER) and to include extraneous matter:)

Mr. CLINGER.
Mr. MCCLOSKEY.
Mr. THOMAS.
Mr. SOLOMON.
Mr. COLEMAN.
Mr. WOLF.

(The following Members (at the request of Mr. WEISS) and to include extraneous matter:)

Mr. OTTINGER in five instances.
Mr. SABO.
Mr. JONES of North Carolina.
Mr. LUNDINE.
Mr. BINGHAM.
Mr. SCHEUER.
Mr. SKELTON in five instances.
Mr. ADDABBO.
Mr. DYSON.
Mr. LEHMAN.
Mr. MURTHA.
Mr. FRANK.
Mr. STUDDS.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2535. An act to regulate the operation of foreign fish processing vessels within State waters; to the Committee on Merchant Marine and Fisheries.

ADJOURNMENT

Mr. WEISS. Madam Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 48 minutes p.m.), under its previous order, the House adjourned until Wednesday, May 19, 1982, at 11:30 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3943. A letter from the Assistant Secretary of Defense (Comptroller), transmitting selected acquisition reports and SAR summary tables for the quarter ended March 31, 1982, pursuant to section 811(a) of Public Law 94-106; to the Committee on Armed Services.

3944. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Navy's proposed sale of certain defense articles to Greece (Transmittal No. 82-54), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

3945. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Navy's proposed sale of certain defense articles to Sweden (Transmittal No. 82-62), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

3946. A letter from the Assistant Secretary of the Treasury (Legislative Affairs), transmitting a report on the activities of the Multilateral Development Banks in the development of renewable energy resources in developing countries, pursuant to Public Law 96-259; to the Committee on Banking, Finance and Urban Affairs.

3947. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-187, "To amend the District of Columbia Traffic Act of 1925, and for other purposes, pursuant to section 602(c) of Public Law 93-198"; to the Committee on the District of Columbia.

3948. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-183, "To amend the District of Columbia Election Code of 1955 to clarify the responsibilities of the qualified elector in voter registration and to provide for reporting undated voter registration information to the citizens of the District of Columbia, and for other purposes, pursuant to section 602(c) of Public Law 93-108"; to the Committee on the District of Columbia.

3949. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-184, "To require the display of the District of Columbia flag at all times and places in the District that the display of the United States flag is required by Federal law"; to the Committee on the District of Columbia.

3950. A letter from the Acting Chairman, Interstate Commerce Commission, a report on the status of negotiations between Conrail and the Philadelphia Belt Line; pursuant to section 1166 of the Northeast Rail Service Act of 1982; to the Committee on Energy and Commerce.

3951. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Air Force's proposed lease of certain defense articles to Norway (Transmittal No. 5-82), pursuant to section 62(a) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3952. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense articles and services to Greece (Transmittal No. 82-54), pursuant to section 36(b) of the Arms Export Control Act, together with certification that the sale is consistent with the principles contained in section 620C(b) of the Foreign Assistance Act, pursuant to section 620C(d) of the act; to the Committee on Foreign Affairs.

3953. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense articles and services to Spain (Transmittal No. 82-61), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3954. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense articles and services to Sweden (Transmittal No. 82-62), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3955. A letter from the Director, Federal Emergency Management Agency, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3956. A letter from the Secretary of the Interior, transmitting the department's proposed final 5-year Outer Continental Shelf oil and gas leasing program July 1982 through June 1987, pursuant to public law; to the Committee on Interior and Insular Affairs.

3957. A letter from the Secretary of Transportation, transmitting a report on negotiated contracts for experimental, developmental, test, or research work, or for industrial mobilization in the interest of the national defense, covering the period October 1, 1981 through March 31, 1982, pursuant to 10 U.S.C. 2304(e); to the Committee on Merchant Marine and Fisheries.

3958. A letter from the Secretary of Transportation, transmitting the 12th annual report on operations under the Airport and Airway Development Act of 1970, pursuant to section 24 of the act; to the Committee on Public Works and Transportation.

3959. A letter from the Fiscal Assistant Secretary of the Treasury, transmitting the first annual report on the financial condition and results of the operations of the reforestation trust fund, pursuant to section 303 of the Recreational Boating Safety and Facilities Improvement Act of 1980; to the Committee on Ways and Means.

3960. A letter from the Comptroller General of the United States, transmitting a report on the management of selected weapon systems (GAO-MASAD-82-34), May 14, 1982; jointly, to the Committees on Government Operations and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the

Clerk for printing and reference to the proper calendar, as follows:

[Omitted from the Record of May 17, 1982]

Mr. FORD of Michigan: Committee on Post Office and Civil Service. H.R. 6310. A bill to amend title 5, United States Code, to provide for additional premium pay and other changes in personnel law applicable to certain employees of the Federal Aviation Administration in order to assure the prompt return of the Federal air traffic control system to full capacity, and for other purposes (Rept. No. 97-560). Referred to the Committee of the Whole House on the State of the Union.

Mr. MITCHELL of Maryland: Committee on Small Business. H.R. 6086. A bill to amend the Small Business Investment Act of 1958; with an amendment (Rept. No. 97-564). Referred to the Committee of the Whole House on the State of the Union.

Mr. de la GARZA: Committee on Agriculture. H.R. 5203. A bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act; with an amendment (Rept. No. 97-566). Referred to the Committee of the Whole House on the State of the Union.

[Submitted May 18, 1982]

Mr. FUQUA: Committee on Science and Technology. H.R. 6324. A bill to authorize appropriations for atmospheric, climatic, and ocean pollution activities of the National Oceanic and Atmospheric Administration for the fiscal years 1983 and 1984, and for other purposes; with an amendment (Rept. No. 97-557, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. DINGELL: Committee on Energy and Commerce. H.R. 6258. A bill to authorize funds for fiscal year 1983 for carrying out the International Travel Act of 1961 (Rept. No. 97-568). Referred to the Committee of the Whole House on the State of the Union.

Mr. DINGELL: Committee on Energy and Commerce. H.R.6162. A bill to authorize appropriations for the national Telecommunications and Information Administration for fiscal years 1983 and 1984; with an amendment (Rept. No. 97-569). Referred to the Committee of the Whole House on the State of the Union.

Mr. FLORIO: Committee on Energy and Commerce. H.R. 6307. A bill to amend the Solid Waste Disposal Act to authorize appropriations for the fiscal years 1983 and 1984, and for other purposes; with an amendment (Rept. No. 97-570). Referred to the Committee of the Whole House on the State of the Union.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 470. Resolution providing for the consideration of S. 1230, a bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games (Rept. No. 97-572). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 471. Resolution providing for the consideration of H.R. 6267, a bill to revitalize the housing industry by strengthening the financial stability of home mortgage lending institutions and insuring the availability of home mortgage loans (Rept. No. 97-573). Referred to the House Calendar.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

[Omitted from the record of May 17, 1982]

Mr. UDALL. Committee on Interior and Insular Affairs. H.R. 5161. A bill to designate certain lands in the Monongahela National Forest, W. Va., as wilderness; and to designate management of certain lands for uses other than wilderness; with amendments; referred to the Committee on Agriculture for a period ending not later than May 26, 1982, for the consideration of such provisions of the bill and amendments as fall within the jurisdiction of that committee pursuant to clause 1(a), rule X (Rept. No. 97-561, Pt. I). Ordered to be printed.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 6113. A bill to amend title I of the Marine Protection, Research, and Sanctuaries Act of 1972, with amendments; referred to the Committee on Public Works and Transportation for a period ending not later than June 24, 1982, for consideration of such provisions of the bill and amendments as fall within the jurisdiction of that committee pursuant to clause 1(p), Rule X (Rept. No. 97-562, Pt. I). Ordered to be printed.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 5617. A bill to authorize appropriations for the Coast Guard for fiscal years 1983 and 1984, and for other purposes; with an amendment; referred to the Committee on Public Works and Transportation for a period ending not later than June 1, 1982 for the consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1 (p), Rule X (Rept. No. 97-563. Pt. I). Ordered to be printed.

Mr. de la GARZA: Committee on Agriculture. H.R. 5447. A bill to extend the Commodity Exchange Act, and for other purposes; with an amendment; referred to the Committee on Energy and Commerce for a period ending not later than June 18, 1982 for consideration of such provisions of title I and section 237 of the amendment as fall within the jurisdiction of that committee pursuant to clause 1(h), Rule X (Rept. No. 97-565, Pt. I). Ordered to be printed.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 6133. A bill to authorize appropriations to carry out the Endangered Species Act of 1973, as amended, through fiscal year 1984; with amendments; referred to the Committee on Foreign Affairs for a period ending not later than June 7, 1982, for consideration of such provisions of section 4 of the amendment as fall within the jurisdiction of that committee under clause 1(i), Rule X (Rept. No. 97-567, Pt. I). Ordered to be printed.

[Submitted May 18, 1982]

Mr. DINGELL: Committee on Energy and Commerce. H.R. 6308. A bill to insure rail safety, provide for the preservation of rail service, transfer responsibility for the Northeast corridor improvement project to Amtrak, and for other purposes; with amendments, referred to the Committee on Interior and Insular Affairs for a period ending not later than June 24, 1982 for consideration of such provisions of section 507 of the amendment as fall within the jurisdiction of that committee pursuant to clause 1(l), Rule X; and referred to the Committee on Merchant Marine and Fisheries for a period ending not later than June 1, 1982 for consideration of such provisions of section 504 of the amendment as fall within the jurisdiction of that committee pursuant to clause 1(n), Rule X. (Rept. No. 97-571, Pt. I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BINGHAM (for himself, Mr. Wolpe, and Mr. Gilman):

H.R. 6393. A bill to amend the Export Administration Act of 1979 to extend until December 31, 1982, those foreign policy export controls in effect on December 31, 1981; to the Committee on Foreign Affairs.

By Mr. COLEMAN:

H.R. 6394. A bill to amend the Food Stamp Act of 1977 to require greater accountability by State food stamp agencies, to strengthen work requirements, to provide authority for the Secretary of Agriculture to require alternative issuance systems in order to protect the integrity of the food stamp program, and for other purposes; to the Committee on Agriculture.

By Mr. CONABLE:

H.R. 6395. A bill to amend the Internal Revenue Code of 1954 to provide that the tax treatment of partnership items shall be determined at the partnership level; to the Committee on Ways and Means.

By Mr. GIBBONS (for himself and Mr. Vander Jagt):

H.R. 6396. A bill to provide for the duty-free treatment of certain needlecraft display models, and for other purposes; to the Committee on Ways and Means.

By Mr. GINGRICH (for himself, Mr. Wolf, and Mr. Hiler):

H.R. 6397. A bill to amend the Internal Revenue Code of 1954 to provide a credit against income tax for computers designed primarily for educational, professional, or other essentially nonrecreational use in the home; to the Committee on Ways and Means.

By Mr. HOWARD (for himself, Mr. Fary and Mr. Stangeland) (by request):

H.R. 6398. A bill to amend Public Law 96-432 relating to the U.S. Capitol Grounds to authorize additional funds for the acquisition of property for addition to the U.S. Capitol Grounds; to the Committee on Public Works and Transportation.

By Mr. MOORE:

H.R. 6399. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of certain employees of institutions of higher education under State unemployment compensation laws; to the Committee on Ways and Means.

By Mr. MICHEL:

H.R. 6400. A bill to amend the Congressional Budget Act of 1974 to make basic modifications in the congressional budget process to improve its effectiveness so that it will better reflect the economic realities facing the Nation; to the Committee on Rules.

By Mr. MICA:

H.R. 6401. A bill to amend title 38 of the United States Code to require the Administrator of Veterans' Administration to consider the number of veterans residing in each State, in acquiring and operating medical facilities; to the Committee on Veterans' Affairs.

By Mr. RODINO (for himself and Mr. McClory):

H.R. 6402. A bill to regulate and foster commerce among the States by providing a system for the taxation of interstate commerce; to the Committee on the Judiciary.

By Mr. UDALL (by request):

H.R. 6403. A bill to provide for the use and distribution of funds to the Wyandot Tribe of Indians in Docket 139 before the Indian Claims Commission and Docket 141 before the U.S. Court of Claims and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WAMPLER (by request):

H.R. 6404. A bill to improve the milk price support program and provide additional authority for the disposition of dairy products; to the Committee on Agriculture.

By Mr. FINDLEY:

H. Res. 468. Resolution to express the sense of the House of Representatives disapproving the policy of the administration with respect to railroad retirement for fiscal year 1983; to the Committee on Energy and Commerce.

By Mr. MICHEL:

H. Res. 469. Resolution amending the Rules of the House of Representatives to impose additional reporting requirements on committees reporting bills or resolutions involving violations of the Congressional Budget Act; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BINGHAM:

H.R. 6405. A bill for the relief of Rose Goldberg; to the Committee on the Judiciary.

By Mr. GONZALEZ:

H.R. 6406. A bill to waive certain time limitations with respect to awarding the Medal of Honor to Rudolph Salais Vela; to the Committee on Armed Services.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 18: Mr. Gregg.

H.R. 1540: Mr. Spence.

H.R. 2936: Mr. Dwyer.

H.R. 3984: Mr. Hightower, Mr. Siljander, and Mr. Robert W. Daniel, Jr.

H.R. 4309: Mr. Stangeland.

H.R. 4449: Mr. Patman.

H.R. 4833: Mr. Bliley, Mr. Duncan, Mr. Dan Daniel, and Mr. Daniel B. Crane.

H.R. 5364: Mr. Goldwater.

H.R. 5664: Mr. Wirth, Mr. Rodino, Mr. Wolpe, Mr. Solarz, Mr. Leland, Mr. Crockett, Mr. Ford of Tennessee, Mr. Vento, Mr. Rosenthal, and Mr. Roybal.

H.R. 5914: Mr. Barnes, Mrs. Fenwick, Mrs. Holt, Mr. Erdahl, Mr. Hertel, Mr. Frenzel, Mr. Roemer, Mr. Hughes, Mr. Kildee, Mr. Brodhead, Mr. Daschle, Mr. Sabo, Mr. Coelho, Mr. Bedell, Mr. Foglietta, Mr. Kogovsek, Mr. Murphy, Mr. Bailey of Pennsylvania, Mr. Rahall, Mr. Zablocki, and Mr. Davis.

H.R. 5995: Mr. Hollenbeck, Mr. Blanchard, Mr. Whitehurst, Mr. Jeffords, Mr. Stokes, and Mr. Vento.

H.R. 6077: Mr. Atkinson, Mr. Downey, Mr. Hoyer, Mr. Guarini, Mr. D'Amours, and Mr. Clay.

H.R 6154: Mr. Courter, Mr. Siljander, Mr. Weber of Ohio, Mr. Edgar, Mr. Dunn, Mr. Forsythe, Mr. Roe, Mr. Hughes, Mr. Molinari, Mr. Markey, Mr. Whitehurst, Mr. Foglietta, Mr. Weaver, Mr. Frank, Mr. Sunia, Ms. Ferraro, Mr. Mitchell of Maryland, Mr. Zeferetti, and Mr. Lehman.

H.R. 6155: Mr. Courter, Mr. Siljander, Mr. Weber of Ohio, Mr. Edgar, Mr. Dunn, Mr. Forsythe, Mr. Roe, Mr. Hughes, Mr. Molinari, Mr. Markey, Mr. Whitehurst, Mr. Foglietta, Mr. Weaver, Mr. Frank, Mr. Sunia, Ms. Ferraro, Mr. Mitchell of Maryland, Mr. Zeferetti, and Mr. Lehman.

H.R. 6158: Mr. Fish.

H.J. Res. 172: Mr. Hance.

H.J. Res. 363: Mr. St Germain.

H.J. Res. 412: Mrs. Smith of Nebraska, Mr. Lungren, Mr. Grisham, Mr. Gregg, Mr. Rudd, Mr. Craig, Mr. Shamansky, Mr. Gingrich, and Mr. McClory.

H.J Res. 416: Mr. Hyde, Mrs. Kennelly, Mr. Hendon, Mr. Tauke, and Mrs. Bouquard.

H. Res. 423: Mr. Morrison and Mr. Tauke.

PETITIONS, ETC.

Under clause 1 of rule XXII,

442. The SPEAKER presented a petition of Lynn M. Henman, Albermarle, N.C., and others, relative to affordable homeownership; which was referred to the Committee on Banking, Finance and Urban Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendment was submitted as follows:

H.R. 4326

By Mr. MITCHELL of Maryland:

—Strike all after the enacting clause and insert the following:

Section 1. This Act may be cited as the "Small Business Innovation Development Act of 1982".

Sec. 2. (a) The Congress finds that—

(1) technological innovation creates jobs, increases productivity, competition, and economic growth, and is a valuable counterforce to inflation and the United States balance-of-payments deficit;

(2) while small business is the principal source of significant innovations in the Nation, the vast majority of federally funded research and development is conducted by large businesses, universities, and Government laboratories; and

(3) small businesses are among the most cost-effective performers of research and development and are particularly capable of developing research and development results into new products.

(b) Therefore, the purposes of the Act are—

(1) to stimulate technological innovation;

(2) to use small business to meet Federal research and development needs; and

(3) to increase private sector commercialization innovations derived from Federal research and development.

Sec. 3. Section 9(b) of the Small Business Act is amended--

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(4) to develop and maintain a source file and an information program to assure each qualified and interested small business concern the opportunity to participate in Federal agency small business innovation research programs;

"(5) to coordinate with participating agencies a schedule for release of SBIR solicitations, and to prepare a master release schedule so as to maximize small businesses' opportunities to respond to solicitations;

"(6) to independently survey and monitor the operation of SBIR programs within participating Federal agencies; and

"(7) to report not less than annually to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives on the SBIR programs of the Federal agencies and the administration's information and monitoring efforts related to the SBIR programs.".

Sec. 4. Section 9 of the Small Business Act is amended by adding at the end thereof the following new subsections:

"(e) For the purpose of this section—

"(1) the term 'extramural budget' means the sum of the total obligations minus amounts obligated for such activities by employees of the agency in or through Government-owned, Government-operated facilities, except that for the Agency for International Development it shall not include amounts obligated solely for general institutional support of international research centers or for grants to foreign countries.

"(2) the term 'Federal agency' means an executive agency as defined in section 105 of title 5, United States Code, or a military department as defined in section 102 of such title, except that it does not include the Central Intelligence Agency, the National Security Agency or the Defense Intelligence Agency.

"(3) the term 'funding agreement' means any contract, grant, or cooperative agreement entered into between any Federal agency and any small business for the performance of experimental, developmental, or research work funded in whole or in part by the Federal Government;

"(4) the term 'Small Business Innovation Research Program' or 'SBIR' means a program under which a portion of a Federal agency's research or research and development effort is reserved for award to small business concerns through a uniform process having—

"(A) a first phase for determining, insofar as possible, the scientific and technical merit and feasibility of ideas submitted pursuant to SBIR program solicitations;

"(B) a second phase to further develop the proposed ideas to meet the particular program needs, the awarding of which shall take into consideration the scientific and technical merit and feasibility evidenced by the first phase and, where two or more proposals are evaluated as being of approximately equal scientific and technical merit and feasibility, special consideration shall be given to those proposals that have demonstrated third phase, non-Federal capital commitments; and

"(C) where appropriate, a third phase in which non-Federal capital pursues commercial applications of the research or research and development and which may also involve follow-on non-SBIR funded production contracts with a Federal agency for products or processes intended for use by the United States Government; and

"(5) the term 'research' or 'research and development' means any activity which is (A) a systematic, intensive study directed toward greater knowledge or understanding of the subject studied; (B) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or (C) a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

"(f) Each Federal agency which has an extramural budget for research or research and development in excess of $100,000,000 for fiscal year 1982, or any fiscal year thereafter, shall expend not less than 0.2 per centum of its extramural budget in fiscal year 1983 or in such subsequent fiscal year as the agency has such budget, not less than 0.6 per centum of such budget in the second fiscal year thereafter, not less than 1 per centum of such budget in the third fiscal year thereafter, and not less than 1.25 per centum of such budget in all subsequent fiscal years with small business concerns specifically in connection with a small business innovation research program which meets the requirements of the Small Business Innovation Development Act of 1982 and regulations issued thereunder: *Provided*, That any Federal agency which has an extramural budget for research or research and development in excess of $10,000,000,000 for fiscal year 1982 shall expend not less than 0.1 per centum of its extramural budget in fiscal year 1983, not less than 0.3 per centum of such budget in the second fiscal year thereafter, not less than 0.5 per centum of such budget in the third fiscal year thereafter, not less than 1 per centum of such budget in the fourth fiscal year thereafter, and not less than 1.25 percentum of such budget in all subsequent fiscal years with small business concerns specifically in connection with a small business innovation research program which meets the requirements of the Small Business Innovation Development Act of 1982 and regulations issued thereunder: *Provided further*, That a Federal agency shall not make available for the purpose of meeting the requirements of this subsection an amount of its extramural budget for basic research or research and development which exceeds the percentages specified herein. Funding agreements with small business concerns for research or research and development which result from competitive or single source selections other than under a small business innovation research program shall not be counted as meeting any portion of the percentage requirements of this subsection.

"(g) Each Federal agency required by subsection (f) to establish a small business innovation research program shall, in accordance with this Act and regulations issued hereunder—

"(1) unilaterally determine categories of projects to be in its SBIR program;

"(2) issue small business innovation research solicitations in accordance with a schedule determined cooperatively with the Small Business Administration;

"(3) unilaterally receive and evaluate proposals resulting from SBIR proposals;

"(4) unilaterally select awardees for its SBIR funding agreements;

"(5) administer its own SBIR funding agreements (or delegate such administration to another agency);

"(6) make payments to recipients of SBIR funding agreements on the basis of progress toward or completion of the funding agreement requirements; and

"(7) make an annual report on the SBIR program to the Small Business Administration and the Office of Science and Technology Policy.

"(h) In addition to the requirements of subsection (f), each Federal agency which has a budget for research or research and development in excess of $20,000,000 for any fiscal year beginning with fiscal year 1983 or subsequent fiscal year shall establish goals specifically for funding agreements for research or research and development to small business concerns, and no goal established under this subsection shall be less than the percentage of the agency's research or research and development budget expended under funding agreements with small business concerns in the immediately preceding fiscal year.

"(i) Each Federal agency required by this section to have an SBIR program or to establish goals shall report annually to the Small Business Administration the number of awards pursuant to grants, contracts, or cooperative agreements over $100,000 in amount and the dollar value of all such awards, identifying SBIR awards and comparing the number and amount of such awards with awards to other than small business concerns.

"(j) The Small Business Administration, after consultation with the Administrator of the Office of Federal Procurement Policy, the Director of the Office of Science and Technology Policy, and the Intergovernmental Affairs Division of the Office of Management and Budget, shall, within one hundred and twenty days of the enactment of the Small Business Innovation Development Act of 1981, issue policy directives for the general conduct of the SBIR programs within the Federal Government, including providing for—

"(1) simplified, standardized, and timely SBIR solicitations;

"(2) a simplified, standardized funding process which provides for (A) the timely receipt and review of proposals, if appropriate; (B) outside peer review for at least phase two proposals, if appropriate; (C) protection of proprietary information provided in proposals; (D) selection of awardees; (E) retention of rights in data generated in the performance of the contract by the small business concern; (F) transfer of title to property provided by the agency to the small business concern if such a transfer would be more cost effective than recovery of the property by the agency; (G) cost sharing; and (H) cost principles and payment schedules;

"(3) exemptions from the regulations under paragraph (2) if national security or intelligence functions clearly would be jeopardized;

"(4) minimizing regulatory burden associated with participation in the SBIR program for the small business concern which will stimulate the cost-effective conduct of Federal research and development and the likelihood of commercialization of the results of research and development conducted under the SBIR program; and

"(5) simplified, standardized, and timely annual report on the SBIR program to the Small Business Administration and the Office of Science and Technology Policy.

"(k) The Director of the Office of Science and Technology Policy, in consultation with the Federal Coordinating Council for Science, Engineering and Research, shall, in addition to such other responsibilities imposed upon him by the Small Business Innovation Development Act of 1982—

"(1) independently survey and monitor all phases of the implementation and operation of SBIR programs within agencies required to establish an SBIR program, including compliance with the expenditures of funds according to the requirements of subsection (f) of this section; and

"(2) report not less than annually, and at such other times as the Director may deem appropriate, to the Committees on Small Business of the Senate and the House of Representatives on all phases of the implementation and operation of SBIR programs within agencies required to establish an SBIR program, together with such recommendations as the Director may deem appropriate.".

EXTENSIONS OF REMARKS

THE CHALLENGE OF LEBANON

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. McCLOSKEY. Mr. Speaker, as the Israeli-Palestinian cease-fire hangs by a thread, the tragedy of Lebanon continues. The challenge to the United States is how to help in restoring stability to this lovely place, a country which cannot have peace until the Palestinians have a homeland.

One of the most insightful articles I have read on the subject, "The Challenge of Lebanon," was recently published by Roger Edde, the Deputy Secretary General of the Lebanese National Bloc. Mr. Edde asks for what would ordinarily seem a simple posture by the United States: that we make a commitment to their territorial integrity and overall security at least equal to that we extend to Israel.

Why not? It would seem to me that Lebanon's 3 million people are as entitled to U.S. friendship as are the 3½ million people of Israel.

The fact is that the Palestinian Liberation Organization is headquartered in Lebanon; and that Lebanon, as a nation, is powerless to control the PLO should not mitigate our traditional respect and friendship for the rights of the Lebanese people.

Clearly a new U.S. initiative in the Mideast is needed if we are to restore the process begun at Camp David.

I commend Mr. Edde's article as an appropriate reference in our search for a new initiative to the peace negotiations.

THE CHALLENGE OF LEBANON

(By Roger Edde)

I

There is in Lebanon today a new political consensus that calls for policies of national renewal organized around a political leader able to save the country from its prevailing turmoil. Uniting Moslems and Christians, if such a consensus were given a chance, would assert itself in the forthcoming presidential elections, now scheduled to be held in July 1982. Yet, as paramilitary factions continue to blackmail the Lebanese people, the international community often ignores this political consensus, and neglects to provide the support Lebanon's national leaders and representatives deserve. A holocaust in Lebanon has occurred, perhaps all too conveniently, as of the most tragic and deplorable side-effects of an erratic search for peace in the region.

In 1981, the Reagan administration uncovered, in the words of Secretary of State, Alexander M. Haig, the "interrelationship which developed between the situation in Lebanon and the peace process" in the Middle East. The early declarations of the Reagan administration appeared to make Lebanon a priority of its Middle East policy. Yet, the actions that were subsequently launched reflected the continued U.S. unwillingness to overcome the tacit alliance that has developed between Israel and Syria over the control of Lebanon.

Thus, the United States has often failed to take into account the consequences of its policies in the region on Lebanon proper. In 1976, Syria entered into Lebanon under conditions secretly negotiated with Israel through the intermediary of the then-Secretary of State, Henry Kissinger. Surprisingly Kissinger apparently assumed that Assad's Syria could eventually control the PLO, and with Jordan quickly emerge as the main U.S. interlocutor in the unfolding peace process. With the approval of Israel, the Syrians were said to rescue the Israeli-backed Phalangists against the counter-offensive launched in Mount Lebanon by the PLO and the leftist Lebanese factions, thus leaving Syria with the startling role of the "peacekeeper" in a country over which its ambitions have been such that no Syrian regime in Damascus has ever agreed to an exchange of ambassadors. In 1976, the presidential elections held in Beirut reflected the informal entente between Damascus and Tel Aviv, an entente that Washington hoped to manipulate but of which it soon became the hostage, and Lebanon the victim.

In 1977-1981, the limits of Syria's credibility were quickly exposed. Not a participant in the Camp David process, Damascus soon provided support for Iran against Iraq confirming further its growing isolation from the rest of the Arab world. In the fall of 1980, its isolation was completed when Syrian President Hafez al-Assad signed a treaty of friendship and defense with the Soviet Union in the aftermath of the Soviet invasion of Afghanistan.

Later, in the spring of 1981, the missile crisis between Israel and Syria permitted an effective manipulation of U.S. diplomacy. By engaging in such an artificial confrontation at the very time when Secretary of State Alexander M. Haig was promoting his vision of an anti-Soviet consensus in the region, both Begin and Assad forced a reappraisal of U.S. priorities as Philip Habib engaged in shuttle diplomacy meant to end the "crisis" by endorsing a status quo (Syrian and Israeli control over Lebanon) that was the source of the true crisis.

Finally, in 1981-1982, whatever remained of Syria's status in the region was ended as internal developments revealed the domestic vulnerability of Assad's regime. By then, Damascus' influence on the PLO could only be negative: it could prevent the Palestinian leadership from participating in any diplomatic effort aimed at the resolution of conflict, but it could not lead that leadership to that path. Thus, when the Fahd Plan was proposed, Syria successfully blocked PLO chief Yasser Arafat's effort to secure the PLO's endorsement of a plan that implied the recognition of Israel in return for the creation of a Palestinian state in the territories occupied by Israel in 1967.

II

The fear of a major Israeli-Arab war that would begin on Lebanese territory has become a cause for serious concern in Washington and in Arab capitals. Adopted in March, 1978, following the Israeli invasion of South Lebanon, U.N. Security Council Resolutions 425 and 426 aimed at "confirming the withdrawal of Israeli forces, restoring international peace and security, and assisting the government of Lebanon in ensuring the return of its effective authority in the area." In addition, the Security Council called on all parties to "respect . . . the territorial integrity, sovereignty and political independence of Lebanon within its internationally recognized boundaries." Not surprisingly, neither Israel, Syria nor the PLO has cooperated in achieving goals which are tantamount to an actual neutralization of South Lebanon if not, ultimately, the whole of Lebanon.

In the political diaries of Moshe Sharret, it is clear that in 1948 Israel planned the destabilization of Lebanon through the manipulation of some of its Maronites in order to take over the waters of the Litani River. More recently, since the start of the Lebanese turmoil in 1975-1976, Israel and Syria have repeatedly agreed to their respective involvement in Lebanese affairs, thus undermining Lebanese sovereignty in such a way as to use Lebanon as a launching pad for their designs there and elsewhere. North of the Litani River, this surprising but tacit alliance between these two "enemy-partners" brought about Syria's de facto annexation of 80 percent of Lebanon's territory within which the Phalangists (linked to both Israel and Syria) received a measure of local control over a tiny territorial enclave. South of the Litani River, the area invaded by Israel in 1978 was shared among the Israelis and the Haddad-led Southern Phalangists, UNIFIL and the PLO.

As we now move closer to a new Israeli military strike in Lebanon, the contradictions between the objectives pursued by Washington on the one hand, Damascus and Tel Aviv on the other, become even more significant.

The consequences of such a strike would be considerable. In Lebanon proper, hundreds of thousands of desperate refugees will pour into northern areas with nothing to lose and seeking revenge for their tragic losses from whomever they can. In so doing, they will set in motion in self-destructive dynamic that may end Lebanon's last chance of recovery, and deny the hopes placed in next July's presidential elections. This will in turn confirm the worst fears of the Lebanese: that in 1982, as in 1976, the election of a president will be the result of a compromise between Syrian and Israeli preferences, thereby preventing the selection of the choice of the real majority of the Lebanese people.

A new military invasion of Israel in South Lebanon would facilitate the radicalization of moderate Arabs, ranging from Egypt to some elements of the PLO. And, perhaps worst of all, it may help generate a new wave of anti-Americanism and Islamic fanaticism *a la* Khomeini among the 700 million Moslems in the world, reaching as far

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

as Pakistan and Turkey. Thus, if the rise of the PLO proved to be the logical outcome of the Arab humiliation suffered during the Six Day War in 1967, the spread of uncontainable Islamic fanaticism may well prove to be the result of further Israeli adventurism in 1982.

Liberated from the 'protection" extended by 30,000 Syrian forces, the moderate leadership within the PLO would be less sensitive to rejectionist pressures exerted by Syria and Marxist-oriented factions. The restoration of the sovereignty of the Lebanese government over Lebanese territory would, therefore, reinforce the PLO's commitment to the ceasefire.

There can hardly be any stable peace between the Arab states and Israel without a reconciliation between the Israeli people and the Palestinian people. Indeed, no separate peace with any one Arab country will last, let alone sufffice, so long as an agreement with the Palestinians has not been worked out and implemented. The predictable evolution of Egypt's policies after the April 25 deadline is a case in point. Egypt's return in the Arab world will not merely result from a change in its leadership, from Anwear el-Sadat to Hosni Mubarak. It reflects instead the gap that prevailed throughout the Camp David process between the frustrated commitment of the Egyptian people to Arab solidarity of which the Palestinian cause is the minimal expression, and the rejection of that cause by the Israeli leadership. Now, it is time for an Israeli leader, too, to do the unthinkable, and, like Sadat, risk an initiative that would at last overcome the remaining psychological barriers that divide the Israelis and the Palestinian people. Once this reconciliation has taken place, other Arab states will inevitably follow.

III

To save Lebanon demands a strong and charismatic leader able to mobilize the nation and remain invulnerable to any challenge, political or otherwise, launched by the many armed factions within the country. The dynamic of national renewal would restore the morale of the Lebanese army, and renew its mandate to re-affirm the national sovereignty and protect the territorial integrity of Lebanon.

This may not have been possible before these seven years of turmoil and suffering from the domination of divided, irrational, greedy, and self-centered factions.

For too long, the paramilitary factions have taken advantage of the vacuum created by a paralyzed Lebanese authority to share the spoils of war and increase their mercenary incomes. Ultimately, their foremost objective is to prevent the restoration of Lebanese sovereignty, and keep any central government in Beirut from enforcing a minimum of national discipline. Indeed, the reverse would have been surprising, as national unity can only take place at the expense of the very privileges these factions have violently stolen from the nation.

Aware of such trends, moderate PLO leaders have privately expressed their concern about the growing hostility of the Moslem communities in Lebanon toward them. Ever since the arrival of the first Palestinian refugees in the late 1940s, the Lebanese (Christians and Moslems alike) have endorsed the Palestinian cause. Long before the PLO came into being, every Lebanese president and diplomat has argued the Palestinian case before the world community. When PLO chief Yasser Arafat was received at the General Assembly of the United Nations, he was introduced by Maronite Lebanese president, Suleiman Franjieh. As for the Moslem Lebanese, their dedication to every Arab and Palestinian issue has been unconditional and passionate. Whenever there has been conflict between the objectives of the PLO and the national interest of Lebanon, the Lebanese Moslems have forcefully shown their solidarity with the Palestinians.

In 1969-1970, as the PLO forces were beginning to settle in Lebanon with an armed contingent of hardly more than 200 men, the Lebanese National Bloc repeatedly underlined the risks of a paramilitary force which would escape the control of the Lebanese government. As the leader of the National Bloc, Raymond Edde campaigned relentlessly to gain the support of other Moslem and Christian leaders for his proposal to deploy U.N. forces in Southern Lebanon along the only internationally-recognized borders between Israel and any of its neighbors. Although such forces were already in place between Israel and its two main adversaries, Egypt and Syria, and despite a nearly unanimous agreement among the Christian and Moslem leaders that Raymond Edde's proposal would protect Lebanon from being sucked into the quicksand of the Arab-Israeli conflict, the proposal was ignored.

Confrontation between the PLO's military and administrative build-up and the Lebanese army began in 1969, one year before Jordan forced the Palestinians out and left them with a democratic and vulnerable Lebanon as their most accessible refuge in the Arab world. At that time, the Lebanese army could have defeated the PLO's rising power. But, given the solidarity extended to the Palestinians by the Moslem communities and pressure from other Arab countries, and with a presidential election scheduled for the summer of 1970, army action was restrained. Instead, the main objective of the Second Bureau that led the Lebanese army at the time, was to ensure the election of any "shehabist" candidate who would guarantee their survival.

In November 1969, the Cairo Agreement was signed. It included such unbelievable concessions on Lebanese sovereignty that it astonished its sponsor, President Nasser. Later, a government that included the Phalangist and Chamoun parties had the Cairo Agreement approved by a parliament which was not even aware of its content. Once again, the Lebanese National Block warned and voted against an accord that gave the PLO the right to establish a state within the Lebanese state, and operate on Lebanese territory without any regard for the legitimate authority of the Lebanese government.

Following the 1973 War, as Kissinger was initiating the Israeli disengagement from Egyptian and Syrian territories, private militias were organized by the Phalangists and their allies with the covert support of President Franjieh. Subsequently, in 1975, a coalition of three Christian leaders—Franjieh, Chamoun, and Gemayel—engaged in a military challenge of the PLO. During two years of fierce fighting, the Moslem community withstood the pressure of the PLO and its leftist allies to participate in the conflict. From without, Syria's president Hafez al-Assad played one side against the other, maintaining a close and sustained dialogue with Franjieh and the Phalangist militias on the one hand, and feeding the confrontation through its control of the Al Saiqa and the Syrian-backed Lebanese Baath faction on the other.

Deceived into believing that the other side was about to exterminate them, the Christian and the Moslem Lebanese communities were used in a conflict which they did not understand, and which most of them refused to enter.

As a minority in the area, the Christians have always considered an independent Lebanon as a refuge and a shelter without which they cannot survive in the region. But, even more significantly, as the Moslem communities experienced Syrian and Palestinian military rule in their towns and villages, they too have come to embrace Lebanon's national identity to a point which, for the first time in their history, may well be even more intensely felt than by the Christians. Today, therefore, the Lebanese Moslems can play a vital role in helping the country regain its sovereignty and its independence as it resists any non-Lebanese entity.

The Lebanese, the Palestinians, and the Syrians are preordained by geography, culture, and history to a cooperative future in which they share risks and opportunities alike. Clearly, with a strong and united Lebanon able to discourage expansionist designs against its territory or its sovereignty, the Lebanese people will have a chance to play, once again, their historic role as mediator, not only in the economic field, but also in politics, culture, and elsewhere.

But to do so, what is needed first and foremost is a strong national leadership which embodies a national consensus that, despite repeated attempts to dismantle it, has not only survived, but even matured over the past seven years.

IV

The Lebanese crisis is an international problem. Even the presidential elections now scheduled for next July may well require the presence of an international commission that would guarantee its procedures. The fact that this may be the case shows the limits that are placed by Syria and Israel on Lebanon's sovereignty.

Most urgently, the international community should help achieve the withdrawal of Israeli and Syrian forces from Lebanon, and successfully prevent an Israeli invasion through the implementation of U.N. Security Council Resolutions 425, 426, 450, 459, 490 and 501. This would entail the replacement of Syria's "war-keeping" forces with an international peace force that would include the participation of the United States and a number of European states, as well as those moderate Arab states without expansionist design over Lebanon. Without such international initiatives, the "Iranization" of the whole area is likely to follow. With regard to Lebanon specifically, this would mean the destruction of an ancient, prosperous, multi-denominational, and Western-oriented democracy where Jews, Christians and Moslems coexist without discrimination.

A strong national leadership in Lebanon would impose its own discipline on the PLO, and deny it the use of Lebanese territory in ways that conflict with Lebanon's own interests. By limiting the PLO's behavior within Lebanon, such a leadership would also strengthen the hand of the Palestinian moderates who are now ready to face the hard challenges of peace against the ideologues whose interests lie elsewhere, in Marxist-inspired dogmas and subversion. In no case would the international peace-keeping force need to police a domestic order which the Lebanese army itself can easily preserve. Well equipped and well led, the Lebanese army, which now numbers 30,000 men, would be the dominant military force in the country. It now merely lacks the morale, credibility, and national support a popular leader would quickly provide.

The Lebanese social, economic, and cultural infrastructure have endured seven years of intense and constant turmoil during which they have miraculously managed to prosper. This alone should be enough to convince the policy makers of friendly nations that Lebanon can and must be helped to regain its sovereignty and restore peace. Saving Lebanon requires the expression of renewed Lebanese nationalism. But, it also needs the assistance of a decisive and visionary U.S. leadership that reflects the will of an international community ready, at last, to meet the challenge of Lebanon.●

MOUNT ST. HELENS ERUPTION ANNIVERSARY

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. BONKER. Mr. Speaker, 2 years ago on this date, Mount St. Helens awoke with a vengeance from a 125-year sleep. It produced the first major eruption of a Cascade Range volcano during this century.

With the eruption came a wave of destruction.

Sixty people died, or are missing and presumed dead. The avalanche and lateral explosion destroyed the northern portion of the mountain, and devastated more than 235 square miles of the Gifford Pinchot National Forest, State and private lands. Some 3.7 billion board feet of timber were blown down.

The May 18 eruption was only the explosive overture to a continuing disaster. Most disasters come suddenly and then abate—flood waters rise and recede; a tornado strikes suddenly and is gone. The Mount St. Helens disaster is different. It is a continuing disaster that does not fit the mold of other disasters—or disaster recovery programs.

Two years hence, the communities surrounding Mount St. Helens still are struggling to adapt to life in the shadow of a volcano that may remain active for decades.

The hot mud, ash, and debris which swept down the Toutle River Valley on May 18, knocking out bridges, clogging the Cowlitz and Columbia Rivers downstream and inundating lowlying property, remains the most significant problem in the aftermath of the eruption. The mud and ash remains unstable and threatens to fill in river beds and cause flooding of major proportions. Should there be a major "washout" on these rivers, the Army Corps of Engineers estimates billions of dollars in damage could result.

Following the May 18 eruption, Congress acted quickly to authorize one of the most dramatic disaster recovery efforts to date. The corps, undertaking its most massive dredging project of the century, removed over 110 million cubic yards of material from the Toutle, Cowlitz, and Columbia Rivers. The corps built several huge "debris retaining structures" to keep sediment from reentering the dredged rivers. It also diked and leveed vulnerable areas. This spectacular effort prevented imminent flooding and further disaster.

Despite these early successful efforts, the Reagan administration suspended all recovery work on the rivers, which has led to growing risks to the surrounding communities. Because there was no money this year to dredge behind the two debris retaining structures, they have been breached and the sediment behind them is now free to wash downstream and fill in the rivers that were dredged at considerable expense. Dredge spoils piled along the Cowlitz and Toutle are eroding back into the rivers because there were no funds to protect the spoil sites.

The short-term savings of several million dollars cited by the administration is a false economy which could result in much greater Federal outlays in the near future and deliver yet another blow to an area already reeling from the effects of the disaster and record levels of unemployment.

To compound the problems posed by potential flooding, the timber-based economy of the Longview-Kelso area has suffered a permanent loss.

NATIONAL VOLCANIC AREA

Legislation currently under consideration by both Houses will help to preserve timber industry jobs by exchanging private interests out of the volcano's path. The exchanges will be crafted in such a manner that the interests of smaller timber companies, which depend heavily on the Gifford Pinchot as a timber base, also will be protected.

This legislation, which will designate a Mount St. Helens National Volcanic Area or Monument, will serve to boost the local economy in other ways.

The phenomenal act of nature also created new geological features unique to the continental United States. Scientists from throughout the world have seized this opportunity to undertake a multitude of studies.

Communities in southwest Washington want a statutory designation to inspire a tourism base that will provide desperately needed economic diversification. While the timber industry is an economic mainstay in the State of Washington, tourism can become a complement to the economic base.

A tourism-related job will not directly replace a timber-related job. But the tourist influx that will develop as a result of this legislation will help the areas most severely affected by Mount St. Helens.

A visitor's center will be developed at Seaquest State Park in Cowlitz County, where sightseers can learn of the volcano's history, recreation opportunities, local services, and accomodations. Ideally, the U.S. Geological Survey eventually will locate research facilities adjacent to the center.

Clark, Lewis and other counties also will play a substantial role in planned tourist facilities. The Forest Service plans portal sites around Mount St. Helens.

These centers, and other tourism opportunities developed through the legislation, will bring many visitors to Washington. Following the 1980 eruptions, the Forest Service set up two temporary centers near Interstate 5. Between July and December 1980, there were 486,383 visitors.

The Forest Service estimates between 500,000 and 750,000 visitors per year will visit the main interpretive center.

This designation will be important to Washington State, scientific and environmental communities, timber interests, and future generations who will value the magnitude and magnificence of Mount St. Helens.

Next year, when the third anniversary of the May 18, 1980, eruption arrives, there will be a more positive slant to the Mount St. Helens story. The national volcanic area will be a reality, and, with the help of my colleagues, we will enable the corps to complete dredging work on the Toutle. Mount St. Helens will become a source of pride and economy for southwest Washington.

JACK BODENHAMER RETIRES

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. SKELTON. Mr. Speaker, a very good friend of mine, Jack Bodenhamer, is retiring as superintendent of schools for the Wellington-Napoleon School District.

Jack Bodenhamer has been in education for 32 years. He has served on the American Association of School Administrators, the Missouri State Teachers' Association, the Missouri Association of School Administrators, and also the Community Teachers' Association.

Jack Bodenhamer has had vast experience in education. He has been a teacher, coach, secondary principal, and superintendent. The communities of Wellington and Napoleon owe him a great deal. I know we all wish him the best in his retirement, and many thanks for a job extremely well done.●

PUBLIC ECONOMIC INFRASTRUCTURE

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. CLINGER. Mr. Speaker, today, 15 Members of the House Wednesday Group and I are releasing a report on measures to revitalize our public economic infrastructure. The report documents numerous instances of underinvestment in and deterioration of America's basic infrastructure.

For the benefit of my colleagues, I include a news release which highlights the key findings and recommendations of the report.

CONGRESSIONAL REPORT PROPOSES MEASURES TO REVITALIZE ECONOMIC INFRASTRUCTURE

"Present federal public works investments are characterized by waste, fraud, fragmentation, and disordered priorities, and are permitting rapid deterioration of our basic economic infrastructure," asserts a Special Report on U.S. Economic Infrastructure released by the House Wednesday Group.

Prepared for the group of House Republicans by Dr. Pat Choate, Senior Policy Analyst at TRW, Inc., the report recommends a series of legislative and administrative measures to restructure federal public works decision-making. Members releasing the report include: Bill Clinger (PA), Bill Frenzel (MN), Jim Coyne (PA), Joel Pritchard (WA), Larry DeNardis (CT), Jim Jeffords (VT), Hamilton Fish (NY), Bill Gradison (OH), Lynn Martin (IL), Tom Petri (WI), Stew McKinney (CT), Bill Whitehurst (VA), Olympia Snowe (ME), Marge Roukema (NJ), Ralph Regula (OH), and Barber Conable (NY).

The report documents numerous instances of underinvestment and deterioration in America's basic infrastructure. For example, "measured in constant dollars, America's investment in public capital declined by 30% from 1965 to 1980. In 1965, 4.1% of the nation's GNP was spent on public works, as compared to just 1.7% in 1980." "Eight thousand miles of the Interstate Highway System and 13% of its bridges are now beyond their engineered life and must be rebuilt. Two thousand miles of this system deteriorate and require reconstructions each year."

Compounding the problems of a deterioration infrastructure, the report states, is "waste, fraud, and fragmented decision-making in the public works investment process." The report contends that "delay is a primary source of waste." "About one-fifth of the $80 billion in annual public works appropriations is lost because of delay."

Public works planning is another problem area cited by the report. "At least 100 separate federal agencies, 50 state governments, 3,042 counties, 35,000 general purpose local governments, and 15,000 school districts are engaged in public works planning and construction. Enormous fragmentation of public works decision-making is the inevitable result."

The report blames fraud as another costly deterrent to efficient public works management, asserting that "awards of architectural/engineering contracts on the basis of 'contributions' to political parties is virtually institutionalized in many states and communities."

The report recommends some administrative modifications to address waste and fraud, and suggests some alternate financing schemes to revitalize the ability of state and local govenments to fund public works. Specifically, it advocates the creation of "Public Works Time Management Standards and Monitoring Procedures." It also recommends multiple oversight of public works activities, and the establishment of warranties on all work funded by federal, state, and local agencies. The government should also "develop 'privatization' schemes to involve the private sector in the construction, maintenance, and operation of public works," asserts the report.

The thrust of the report is that "past efforts at reform and improvement in the public infrastructure have amounted to the government putting out brush fires. What is needed is a more sweeping institutional and policy-making change, such as a national capital budget."

The report maintains that "a major flaw in public works policy-making and program administration is the absence of national public works investment priorities and a supporting capital budget." Citing a recent GAO study, the report notes that "nearly all other major issues or policies have a specific entity responsible for guiding the direction of a particular national policy and for assessing priorities with respect to it."

The report stresses that "virtually all major corporations, all state governments, and most local governments use capital budgets as basic policy and administrative tools."

The report goes on to recommend that the Executive Branch prepare "an inventory of the nation's public facilities and an assessment of their condition to facilitate capital budgeting decisions."

Finally, the report recommends that "Congress require the Executive Branch to distinguish in the annual budget, where possible, between capital and operating authorities, outlays, deficits, surpluses, and revenues within each functional category, agency, and program, thereby creating a national capital budget."

"By separating capital investment items from operating expenditures, the Congress and the Federal Branch will establish separate priorities for capital investment and weigh those budget decisions against other federal spending programs," concludes the report.●

THE IMPORTANCE OF VOLUNTARISM

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. WOLF. Mr. Speaker, I would like to commend to my colleagues the following essay written by Wyatt B. Durrette, Jr., which appeared in a recent edition of the Northern Virginia Sun on the importance of voluntarism in the functioning of our system of government. Mr. Durrette is a former member of the Virginia House of Delegates and currently serves on the Advisory Commission on Intergovernmental Affairs.

VOLUNTEERISM IS KEY ELEMENT TOWARD ULTIMATE GOAL

(By Wyatt B. Durrette)

Change is usually disruptive. Significant change is even more so. Yet, those with vision to see beyond the immediate consequences are able to evaluate events with deeper perspective.

Such is the vision one must bring to a complete evaluation of changes being fashioned by the Reagan Administration in order to acquire greater understanding of the hopeful future many foresee.

For most of the last half-century, power over and responsibility for the daily affairs of our people has been steadily absorbed by the national government. Correspondingly, state and local governments—and we, the people—have given up more of each. The tragic consequences are evident everywhere.

Underlying this trend is the often unnoticed premise that, left alone, individuals and state and local governments will not behave as those controlling lines of power in Washington think they should. Thus, the reins in Washington grew even tighter.

Beginning with the inauguration of Ronald Reagan, this premise changed and the message from the Executive Branch now reflects faith in America's people and in levels of government closest to them.

Hallelujah! Over 150 years ago, the French philosopher, Alexis de Tocqueville, recognized in America a unique quality unknown to Europeans: a self-motivating volunteer spirit that prompted Americans to band together for community endeavors from barn-raising to building schools, prisons, churches, and hospitals—without government.

De Tocqueville marvelled at this peculiarly American phenomenon, but he instinctively knew that this spirit of self-reliance and self-activating community involvement was essential to the vitality of democracy.

Now, 150 years later we are offered another opportunity to recapture and rekindle this native American spirit and to reacquire greater control over those decisions government makes for us.

This is the hope seen in the President's efforts to reduce some aspect of government's involvement in our lives, and create for the states a more meaningful relationship with the national government in our federal partnership.

Unquestionably, one consequence of government's insistence on taking care of needs previously thought the responsibility of volunteers has been a decline in the commitment of volunteer energies towards those concerns. Hopefully, government's withdrawal will spark a resurgence of volunteer awareness and a compassionate response.

I believe that through volunteer activity lies the hope of realizing our capacity as a civilization and of truly improving the quality of life for our people. There is not now, never has been, and never will be enough money to buy the services necessary for our needy citizens. Moreover, government's effort more often than not exacerbate problems or improve them only marginally—particularly when the dollars come from the level of government furthest removed from the people.

Therefore, only if government involvement is decreased—not eliminated—and leadership provided to motivate and encourage volunteer response can we meet our goals as a nation. Likewise, the richness of our diversity can be realized only by allowing diversity to flourish among our 50 states as each struggles with the appropriate government response to particular needs and each learns from the others' successes—and failures.

We must be compassionate towards those most affected by these changes. But we must also keep our vision forward and our dreams focused on what we can accomplish, if we capitalize on this opportunity to revitalize the uniqueness de Tocqueville saw 150 years ago and continue building "the last best hope of man on earth."●

THE ECONOMIC BURDEN

HON. CARROLL HUBBARD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. HUBBARD. Mr. Speaker, Garland W. Hunter, a retired Federal employee who lives in my hometown of Mayfield, Ky., has written me a well-thought-out letter saying that the economic burden should not be placed on the shoulders of the senior citizens, the poor, the sick, and the minorities. I believe Mr. Hunter's letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR MR. HUBBARD: Last year I sent you a telegram expressing my opposition to the Reagan tax cut. However, it passed, and the results are as I expected. My wife and I are both federal retirees, and we pay taxes on our annuity just as if we were still working. In 1982, our income tax raised $25 per month and because of the cuts in Medicare, our supplemental insurance raised over $17 per month. Since the President has shifted most of his obligations to the states, there is no telling just how much the states will have to raise their taxes.

I grew up during the Depression and worked my way through college. I bought my books and clothing, so I know how to conserve. The year that I graduated from college, I worked ten hours per day for $1.25 per day.

About the time that I began to get a fairly decent wage, World War II broke out and the next day after Pearl Harbor, I enlisted and later served in the South Pacific. I believe in a strong defense for I saw the results of unpreparedness when I passed by Pearl Harbor shortly after the attack.

I am sure that other members of the VFW and senior citizens who suffered through the Depression would be willing to do this again if it is necessary. But, Mr. Hubbard, it is really hard to take when we see the legislators increasing their take-home pay by increasing their expense account allowances, by increasing their tax deductions to cover living expenses in Washington, D.C., and when a member of the President's Cabinet spends over $9,000 for a Christmas party.

Mr. Hubbard, do you realize that $9,000 is more than most senior citizens' annual income? I saw a fellow federal retiree in the shoe store in Mayfield who didn't have the money to spare to buy a pair of work shoes. He said, "I went barefooted during the Hoover Administration and I guess that I will have to do it again for Reagan who is following the same course."

My wife and I hope that you and other members of Congress will take these things under consideration, and not ask us that suffered during the last Depression to go through that again by placing the entire economic burden on the shoulders of the senior citizens, the poor, the sick, and the minorities.

Sincerely yours,

GARLAND W. HUNTER.●

PURIM WITH RUSSIAN REFUSENIKS

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. RINALDO. Mr. Speaker, human rights has long been an issue of concern and a topic of serious discussion in this Chamber, especially in regards to the Soviet Government's oppression of its Jewish citizens. We have heard innumerable accounts of how Soviet authorities have suppressed religious freedom and denied Jewish citizens permission to leave their country freely and to live without fear of harassment.

Recently Rabbi Charles A. Kroloff, the highly respected spiritual leader of Temple Emanu-El in Westfield, N.J., visited the Soviet Union where he met with several "refuseniks" who are being persecuted by the authorities because of their religion and their desire to emigrate.

Rabbi Kroloff has written an interesting account of his experiences in the Soviet Union that I would like to share with my colleagues.

The written account follows:

PURIM WITH RUSSIAN REFUSENIKS

(By Rabbi Charles A. Kroloff, Temple Emanu-El, Westfield, N.J.)

It was a Purim party unlike any I had ever imagined. The setting was not my comfortable suburban New Jersey Reform Synagogue. It was a tiny, deteriorating flat in Moscow center where Jewish studies are taught.

Russian law forbids adults from teaching religion to any children other than their own. But the intrepid refuseniks (Jews who have applied for and been denied emigration visas) are not easily frightened. Part of a new breed, many of them speak Hebrew, observe dietary laws, dance and sing in the Israeli folk tradition.

The ancient story of Queen Esther describes the harassment, persecution and near annihilation of the Jews of Persia. We watched as four children depicted the "refuseniks of Persia" who had been denied permission to emigrate because they had noticed "a pimple on the king's nose."

Moscow and Shushan, Persia were not far apart!

Suddenly, a pounding shook the door and a rough hooligan-type burst in yelling anti-Semitic epitaphs and charging for the children. It seemed that the KGB had arrived and our hearts lept to our throats, choking us with momentary panic. In reality, it was the costumed father of one of the young actors. But the point was not lost on any of us. Someone explained to the group, "This is what we must be prepared for at all times. We have no choice. We must return to what we are."

During our eight days in Moscow and Leningrad, we encountered dozens of refuseniks, men, women and children of all ages, who had been denied permission to emigrate, who had been reduced to cleaning streets, or had lost their jobs, and who are harassed only because they want to live as Jews.

"Have you been to Israel recently? Tell us about President Reagan? Can you offer us any hope? Can the U.S. Congress help us?" These are the eager questions of a frustrated, angry and courageous people.

We walked at night for hours through the snowy streets of Moscow and heard a refusenik report how the police have closed Misha Rappaport's apartment and are threatening Aryeh Goredetsky. The refusenik looks me directly in the eye, "Until now they have been 'playing' with us; now they are trying to break our backs. Our plight is the worst it has been in ten years. Every attack on us here requires a protest by you in America—otherwise they will destroy us."

On arrival in Leningrad, we learned that the police had stationed themselves outside of dozens of apartments and intercepted Jews headed for Purim parties. In one location, as many as twenty plainclothesmen in four cars waited for the guests and arrested several.

We spent an evening with three refusenik families who share a tiny flat. A woman in her late twenties related how she was interrogated by the KGB after being forcibly removed from a small Hebrew class. As a result of her rough treatment, she suffered a miscarriage and is still recovering from the trauma.

We were not sure that we should be making this trip. East-west tensions were high. Our families were anxious. But once we visited the classes, walked with refuseniks on the snowy streets, listened to children singing and read Bible with our brothers and sisters, we knew that we had done the right thing. . . . and that we would never again be the same.

Our friend in Leningrad summed it up: "We appreciate all you have done for us. But most important, you have brought yourselves. Sitting here face-to-face with you, we know that we are not forgotten. Your visit gives us the strength to carry on."

I have been deeply involved in social justice issues for more than two decades. Yet, I have never seen my actions result in such immediate benefit as during those days which I shared with my brothers and sisters in the Soviet Union.

Soviet Jews are aware that they are pawns in the East-West power struggle. They urged us in the free world to exploit the USSR's economic and political vulnerability. The Soviets desperately require financial credit, grain shipments and support for their natural gas pipeline. They have traditionally eased the pressure on Soviet Jews when they want something vital in return.

There is still much that we can do:

Letters and magazines do get through. Approximately one-third arrive, a source of information and support to the recipients.

Telephone calls can be completed, often with ease. The refuseniks told us that they look forward to them.

Visit these heroes.

Implore your U.S. Representatives and Senators to raise this issue to the highest priority and to call upon the President to place Soviet Jews high on the agenda of

U.S.-Soviet discussions. Communicate with counterparts in Western Europe asking them to call upon their governments to exercise their leverage with the Soviet Union.

We took a picture of Daniel and Sarah Fradkin who have been waiting nine-and-one-half years to emigrate, the longest of any family in Leningrad. They asked us what we would write at the bottom of the picture. We responded, "Your names." "No," they said, "write, Save Our Souls!"●

MR. DONALD C. EARNSHAW HONORED

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. SKELTON. Mr. Speaker, on June 11, 1982, Mr. Donald C. Earnshaw will be honored by the board of trustees of the Mid-Continent Public Library for his 28 years of service. I would like to join with his friends in congratulating him on his fine work with libraries in his community, State, and Nation.

Mr. Earnshaw became a member of the Jackson County Library Board in June 1954, serving until the present. He has also served as president of the trustees division of the Missouri Library Association, and president of the Mid-Continent Public Library Board. He achieved the highest post a trustee can attain when he became the president of the trustees division of the American Library Association.

The honor that the board is giving Mr. Earnshaw is certainly well deserved. May I offer my best wishes to him—and also, wish him a very happy birthday.●

CONSTITUENT ENVIRONMENTAL CONCERNS

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. LEVITAS. Mr. Speaker, it is my practice to send out periodic newsletters to my constituents informing them of current issues before the Congress. Along with the newsletter, I also send a questionnaire in order to learn how my constituents feel about those various issues.

In our last Fourth District constituent newsletter, I asked a series of questions relating to environmental concerns. I deemed the questions as especially timely and appropriate because Congress is currently addressing revisions and amendments to the Clean Air and Clean Water Acts which it created over a decade ago.

I have the results of my last newsletter/questionnaire and I want to insert them in the CONGRESSIONAL RECORD and share with my colleagues and the administration the feelings of the citizens of the Fourth District of Georgia.

Out of the approximately 7,500 responses we received, 74 percent oppose rolling back the environmental laws and 42.9 percent believe we should do even more in this area of high priority.

Furthermore, a clear majority of nearly 55 percent declared in favor of increased Federal funding for environmental protection, but of this category 30.6 percent favored the increase only if the total budget is not increased but rather if the funds were transferred from other sending categories.

We received a lot of thoughtful comments on both sides of the enviromental question. I must say that a large number of those who called for a decrease in Federal spending in this area did so more in sorrow than in anger—they just did not believe the Government can do anything in any area.

I have pointed out to this group, however, that as a result of the congressional legislation in the clean air and water areas, sulfur dioxide in large urban areas such as ours dropped by 67 percent between 1964 and 1979 and carbon monoxide fell by 36 percent in a comparable timeframe. Also, a study recently released by the Centers for Disease Control shows a dramatic decline of 36.7 percent in the blood-lead levels of the U.S. population since Congress restricted the use of leaded gasoline in 1975.

Of course all of this costs money as everybody realizes by now. The question to me: How much is it worth to us to have clean air to breathe and clean water to drink and swim in? Or to avoid a horrible experience like Love Canal within our own communities?

In Congress late last year, we took action to continue to improve the country's water pollution control program, sending to President Reagan the Clean Water Act Amendments of 1981.

This legislation extends the municipal sewage treatment program authorizing appropriations for the program of $2.4 billion per year for the next 4 years, compared with the $5 billion per year program previously in effect. The supplemental appropriations bill recently passed by the House provides funds for that program.

The legislation also includes many needed reforms in the program—such as more local responsibility, reduced redtape, and so on—recommended by my Public Works Subcommittee on Investigation and Oversight. These recommendations resulted from many hours of hearings and reviews of the program conducted by my subcommittee.

I might add that I am disturbed at reports that the administration is proposing more than a dozen changes in the Clean Water Act, including a deletion of the rule that mandatory national standards must be established for treatment of industrial toxic wastes that are discharged into municipal sewer systems.

This year we will focus on additional administrative improvements needed in the clean water program, and we will continue our oversight of the EPA to see that improved management in these operations is going forward. Maintaining this program in an efficient, cost-effective manner will be a high priority of mine during the current session of Congress.

Another area of concern this year will be to assure that toxic chemicals controls and waste management programs enacted in 1976 and 1980 are doing the job. As far as I am concerned, the protection of the highly toxic and hazardous waste dumps such as Love Canal is now part of our national policy. This subject is one that is of major concern in light of recent actions by the U.S. EPA which seem to be insensitive to this serious national problem that threatens the health of the unsuspecting public. The Investigation Subcommittee of which I am chairman, has already begun hearings into this area. While we have already achieved some positive results, the initial findings are disturbing, and we will be pursuing these hearings in depth throughout this year.

One of the major items on our agenda in 1982 will be a revision of the Clean Air Act; among the problems to be dealt with are those of acid rain and toxic chemicals now found in the air. Once again, we find ourselves facing serious questions not only of public health but of important economic considerations as well.

The question now is how we can continue to make progress in cleaning up the air we breathe without imposing standards which may be virtually impossible to achieve in some areas and imposing costs which may be economically unrealistic.

I will continue to seek input from my constituents and hope that you will join me in working to maintain and improve for all of the citizens in the United States the environmental protection we have established thus far. The results of my recent poll indicate the strong support in my district for such environmental protection and those results are strikingly similar to results of national opinion surveys on this same subject.●

A TRIBUTE TO GAYLORD PERRY

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. JONES of North Carolina. Mr. Speaker, the First Congressional District of North Carolina, which I have the honor of representing, has produced many outstanding citizens. Certainly this is true in the field of athletics. As practically everyone in the U.S. Congress as well as all sports fans now know, Gaylord Perry, a resident of my district, a native of Williamston, N.C., on Thursday night, May 6, 1982, became 1 of only 15 pitchers in the 107-year history of baseball to achieve 300 victories. In fact, he is only one of three pitchers who have reached this 300 level in the last 40 years. Even more notable is the fact that this was achieved at an age when most players have long since reached their retirement stage.

Mr. Speaker, Gaylord and I have been friends for many years. In fact, I have one photograph of which I am most proud that is of President Carter, Gaylord Perry, and myself shaking hands. With all the fame and glory which has come his way—which, of course, is well deserved—his first devotion is to his charming family, and he has never lost his affection for the fields and the natural beauty of eastern North Carolina. This is indicated by the great amount of civic work that he does during the off season.

So, let me assure this body that the First District as well as all of North Carolina is extremely proud of Gaylord Perry and his unusual accomplishment. And in a most fitting manner, the local citizens are honoring him on Friday, May 21 by naming a huge recreational park and center in Williamston the Gaylord Perry Recreational Center. So, in closing, Mr. Speaker, I again offer my personal congratulations to Gaylord as well as I am sure those of this entire body, and wish for him and his family many years of health and happiness.●

A SWEDISH CONFERENCE ON INDUSTRIAL POLICY

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. LUNDINE. Mr. Speaker, today I am requesting a leave of absence from the House of Representatives as I will be out of the country on official business for the duration of the week.

I want to say a few words about the cause of my absence, because I believe it has some significance for the work of this body. I will be attending an international conference in Tallberg, Sweden, on "The Need for Reindustrialization." This timely workshop will bring together labor, business, government, and academic leaders from 11 Western countries to exchange ideas on the challenges of the postindustrial era and policies for sustaining economic growth.

As many of my colleagues know, I believe such collaboration among leaders of the major sectors in our society is crucial to the success of any economic development strategy. I am afraid that many of the developed countries—such as Japan, West Germany, and France—have been more resourceful and determined than we in fostering this kind of collaboration. This week's conference in Sweden is a good example of that greater level of labor-management-government cooperation which prevails among many of our trading partners. I am honored to be the only U.S. Government official attending this conference, but by the same token I wish the American participation were broader since all of us—as Federal policymakers—have a good deal to learn from other industrialized nations. I should note, by the way, that my travel costs to and from Sweden are being covered by the conference and that this trip is not being made at the taxpayers' expense.

Let me also add that I recently introduced legislation (H.R. 6099) designed to guide the United States toward a more cooperative and explicit industrial strategy through the creation of a National Industrial Development Board. This Board would be composed, in equal numbers, of business executives, union presidents, Government leaders, and representatives of the public interest. Its purpose would be to formulate a consensus among those four sectors on crucial issues of industrial revitalization in America. The Board would be advisory, but its membership, staff and funding level, and responsibilities will, I think, help insure its stature and serious purpose.

The Board does not in any way contemplate a move toward central economic planning, nor is it a transplanted version of bureaucracies developed in other European countries. Rather, it is an attempt to encourage cooperative problem solving within the context of the American free enterprise system. On the principle of cooperative problem solving, however, I think we can borrow a few lessons from foreign countries.

The individual sessions during the Tallberg conference range over a number of topics that bear directly on economic policy in Washington. One panel, for example, will examine emerging aspects of the industrial environment in OECD countries and their impact on productivity and quality of working life. Another session will review existing industrial policies among Western countries and a third workshop will analyze new corporate strategies, particularly as they are affected by changes in technology and world markets. I hope that I will glean some new ideas from these sessions in the area of industrial policy and look forward to sharing these insights with my colleagues when I return from Sweden.●

NICARAGUAN REALITY

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. STUDDS. Mr. Speaker, events in Nicaragua are increasingly complex and difficult for Members of Congress to decipher and interpret, as a nervous and proud Sandinista leadership faces mounting domestic problems with mixed effectiveness. While I question many of the recent actions of the Nicaraguan Government, I feel strongly that continued U.S. threats against that Government and the Reagan administration's apparent unwillingness to engage in serious discussions with the Sandinistas are further complicating the problems of the moderate opposition in Nicaragua. A recent editorial in the Boston Globe discusses these issues and suggests a more rational approach for U.S. policymakers. I would like to include this editorial in the RECORD for the benefit of my colleagues:

[From the Boston Sunday Globe, Apr. 25, 1982]

A NICARAGUAN NIGHTMARE

In the dream you are a Sandinista leader, and you are drowning. . . .

Hands are tied, limbs weighted, lungs bursting, past mistakes and present inadequacies reel before your eyes. Nearby stands a thin man in striped trousers, with top hat and beard. He could help you. You reach . . . he steps away, wagging a bony finger. . . .

Now Uncle Sam is reciting a litany of your sins. The indictment is not wholly false but it's filled with half-truths. He is frowning. He'd like to help, he says, but there are problems. . . . Your swimming is not graceful. It's not what he would call free-style. . . .

If four or five members of Ronald Reagan's Central America cabal woke in a cold sweat from such a nightmare, they might rid themselves of the sanctimonious hostility to less-than-perfect revolutions that is earning America the scorn of fair-minded people throughout the world.

Nicaraguan reality is complicated. Since the Somoza dictatorship was brought down three years ago, the revolutionary Sandinistas have lost much of the popular support they initially enjoyed. This is in part due to serious mistakes they have made. In even larger part, probably, it's due to the inevitable difficulty of meeting the expectations of the Nicaraguan people, beginning from a point of utter desolation.

A central part of the Nicaraguan problem is that government's unwillingness to be the kind of vassal state Americans are used to. In Reaganaut Washington, friendship with Cuba, Marxist rhetoric, rights violations (that pale beside those of seamy U.S. "friends") are offenses punishable by drowning.

Despite lack of evidence of more than staunch moral support for leftists elsewhere, Nicaragua has been repeatedly accused of being the hotbed of revolution in Central America. Elaborate CIA strategies to "destabilize" and intimidate Nicaragua have been developed. Sandinista paranoia has been fed, giving multiple reasons for the shaky regime to press its military buildup and infringe on constitutional rights. Ten days ago Nicaragua accepted an American proposal for talks to wind down regional antagonisms. Then suddenly from Costa Rica "Commander Zero," a Nicaraguan national hero now alienated from the Sandinistas, launched a fiery, if somewhat egotistical, diatribe against his former friends, demanding a nonaligned foreign policy and a renewed commitment to domestic freedoms. (His scathing denunciation of CIA activities got less notice in Washington.)

Nicaragua has repeated its request for early talks, but now the State Department stalls. News of trouble in Nicaragua is intriguing. It may "soften the Sandinistas up" says a spokesman. Perhaps they'll crawl.

Like parents who love children only if they behave like perfect small editions of themselves, Americans often expect more of Third World nations than they can hope to deliver. The political and economic system that seems admirable to us is impossible to recreate instantly in countries struggling to leap overnight from the 18th century into the 21st. They lack the time and enormous material advantages that North Americans had, and above all they lack the blessed ocean of distance from other people's bloody-minded conflicts.)

Nicaragua has the misfortune to be attempting a social and economic transformation amid several smouldering revolutionary situations created by acute, long-term injustices.

In comes a simplistic Administration intent on rejecting everything done by its predecessor, which had been the first in American history to accept rapid change as a Third World necessity. The world view of the Reagan crowd consists mainly of loathing the "Russians" and being carelessly inattentive about everyone else.

Forgetting that Marx is as inevitable in modern revolutionary rhetoric as Freud is in psychiatry, or Dawin in Science, the Reaganauts seize on signs of Marxism and declare Nicaragua the front line in a World Struggle against the Reds.

A few days ago a seasoned political analyst in the U.S. embassy in Managua told a Globe reporter that the official views in Washington are "out of all touch with the facts, figures and basic realities. . . .

"Looking at what we report, compared to the statements and actions coming out of Washington, it seems they must be using our reports as toilet paper."

The anti-Sandinista zealotry of the Haigs, Enders and Kirkpatricks should be weighed against a review of the Nicaraguan reality of 1979. It was a country wracked by poverty, illiteracy, disease, violent earthquake, lengthy war, decades of corruption, massive theft of capital by fleeing Somocistas, loss of cities and crops, and devasting changes in the world economy affecting interest rates, values of coffee and sugar exports and cost of energy.

Furthermore, the leaders facing this overwhelming task had not been studying policy at Harvard and MIT. For 10 years they had been in the hills of Nicaragua, not the smoothest of finishing schools for public administrators.

Some Sandinista efforts have been deft, some clumsy, but these people are serious. Progress in many areas—economy, land tenure, nutrition, health care, disease prevention, literacy, education, housing—might be faintly disturbing to Reaganauts if compared to analogous US efforts for the poor in this country during the same period.

Charges made against the Sandinistas have some foundation Economic policies are messed up, investors are scared, there are too many Cuban advisers in the army, minority indians in a border area have been brusquly relocated. There is press censorship, some infringement of religious freedoms, some illegal harassment of individuals, some arbitrary restrictions on constitutional freedoms. Some trends are disturbing.

Years ago a Polish UN diplomat commented on a tedious Cold War diatribe. "The great world difference is not between capitalists and Communists. It's between smart people and stupid people."

For Nicaraguans to do better curbing their brand of foolishness, we'll have to get started with ours.●

OUR "CURRENT" FARM PROBLEMS AND WHAT MUST BE DONE

HON. ARLAN STANGELAND

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. STANGELAND. Mr. Speaker, recently such national publications as Newsweek, Time magazine, the New York Times, and the Washington Post, along with the major television and radio networks, have noted the severely crippled condition of our agricultural economy. There is no question that high interest rates, coupled with incredibly low commodity prices, have created a disastrous financial situation for farmers throughout the country.

However, while the major news media just now seem to be taking note of the serious problems facing the American farmer, those of us representing agricultural districts have been telling of a rural recession for 3 years now. U.S. Department of Agriculture projections indicate that our farm sector could be facing an unprecedented third straight year of declining net farm income. Today's national economic problems can be traced to the steady deterioration of our farm economy over the past several years and offer proof that you cannot have a strong national economy without a healthy agricultural sector.

Although interest rates have declined substantially from the 20.5 percent prime rate that existed when Jimmy Carter left the White House to the current 16.5 percent level, they are still too high. While many government and private sector forecasters are puzzled that banks have not lowered their interest rates further considering the dramatic progress that has been made in lowering inflation—from the 12.7 percent rate under Carter to the current 6 to 7 percent annual rate—most agree that concerns over future Federal deficits and whether Congress will show the willpower needed to cut Federal spending are the major reasons why interest rates continue to remain at high levels. If the financial markets begin to perceive that the dramatic progress that has been made on inflation is permanent, and if we begin making progress toward a balanced Federal budget by reducing the deficit, then interest rates will surely decline.

However, it is our responsibility to make the difficult cuts in spending, as well as close those existing tax loopholes that have been abused, in order to lower the deficit and pave the way for lower interest rates for our farmers. We, in Congress, must not shy away from the hard choices that must be made to get interest rates down and keep them down.

Recent efforts to hike up commodity prices in the short term by expanding farm product exports have been hindered by suspicions abroad that the United States cannot be depended upon as a reliable supplier. Past embargoes—by administrations from both political parties—are responsible for this perception and our farmers are the ones who have been forced to suffer, and who continue to suffer, as a result of these misguided actions.

The farmers in my congressional district have no doubts about the devastating short-term and long-term consequences of the Soviet grain embargo and it was particularly encouraging to hear President Reagan's recent comment that—

> The embargo of 1980 was totally ineffective, yet it caused great economic hardship to U.S. agriculture. We will not repeat such action.

Since the embargo was lifted by President Reagan, U.S. sales to the Soviet Union have totaled more than 15 million tons of wheat and corn. In addition, the recent announcement that United States and Soviet grain teams will hold consultations later this month under the terms of the U.S.-U.S.S.R. grains agreement, is another indication that the administration is reestablishing this important market for the benefit of our domestic producers.

We need to take firm steps to restore our credibility as a reliable supplier and provide strong assurances to our farmers that foreign markets will not be arbitrarily taken away from them as embargoes have done in the past. It should be the commitment of this government that, in the absence of extreme war-like actions, farm products will not be embargoed for future sales to any country. We cannot expect our farmers to support a market-oriented farm policy unless they are assured of a market-oriented foreign policy.

Although numerous studies have shown the severe financial impact that the Russian grain embargo had on our entire agricultural sector, it was actually the second of two consecutive blows which badly hurt my farmers in northwestern Minnesota. The prolonged 1979 grain millers' strike at the Port of Duluth had prevented many farmers in Minnesota from marketing their crops when prices were relatively strong. Unfortunately, the Carter administration refused to intervene in this labor dispute while many Midwestern farmers suffered. The Federal Government cannot sit idly by and allow our farmers and rural America to be financially held hostage by the actions of a small few, who would otherwise disrupt an entire region's economy.

Our farmers have been, and always will be, the backbone of this Nation's economy. We must continue to strive for, and implement, sound Federal programs and policies that will restore the economic health of our agricultural sector and increase the net return to the individual farmer.

Considering the extremely small portion of the Federal budget that is attributable to farm programs, it is "penny-wise and pound-foolish" to not devote the fiscal resources necessary to bolster the farm economy during this time of need. While the national media and many urban Congressmen are just now taking notice, the conditions plaguing our farmers have been brewing and building for the last few years. Relief must immediately be provided. A modest investment now can actually save millions of dollars in the future and we cannot afford to delay action any longer.

I am well aware, as are all farmers, that a revitalized farm sector is an essential ingredient in the recovery of our national economy. It is no coincidence that today's national economic problems come on the heels of one of the longest steadily deteriorating trends in U.S. farm history, occurring over the past 3 years.

I strongly urge my colleagues to support those positive actions which must be taken to lower interest rates, strengthen commodity prices and help America's farmers get their feet back on firm financial ground.●

TESTIMONY IN SUPPORT OF H.R. 1398

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. LEHMAN. Mr. Speaker, on May 13, 1982, the Subcommittee on Compensation and Employee Benefits held a hearing on the legislation that I introduced, H.R. 1398, to help our Federal retirees. Following is a copy of the testimony that I gave in support of this legislation before the subcommittee:

TESTIMONY OF HON. WILLIAM LEHMAN ON H.R. 1398

Mr. Chairman, I would like to take this opportunity to express my appreciation for the fact that your Subcommittee has decided to hold a hearing on H.R. 1398. During this time of increasing financial pressure on our Federal retirees, passage of H.R. 1398 would, with little cost to the government, give us an opportunity to help our deserving retirees.

Under current law, a Federal employee must make his survivor benefit decision at the time of retirement, or if not married at that time, must decide if he or she wants survivor benefits within one year from the date of marriage. However, our office has received numerous letters and phone calls from retired citizens indicating their support for legislation to give a second opportunity to our Federal retirees who did not elect survivor benefits at the time of their retirement. Many of the federal retirees who wrote to our office stated that they were not aware of their rights at the time of retirement, and therefore missed their only chance to elect survivor benefits. These retirees have expressed their willingness to pay back the necessary funds to the Federal Government for this second opportunity, and H.R. 1398 provides for this repayment.

There are also cases where individuals, although married at the time of their retirement, were in the midst of divorce proceedings, and decided not to elect survivor benefits. However, many of these individuals later remarried, and were then unable to elect survivor benefits for their new spouses. Passage of this bill would provide relief to these deserving persons.

There is widespread interest in this legislation among our federal retirees, and I am hopeful that this bill can be reported from your Subcommittee in the near future so that they can be given a second chance to provide benefits for their loved ones.

Again, thank you for holding this hearing and for allowing me to appear before your Subcommittee to indicate my support for H.R. 1398.

Mr. Speaker, I would like to include the following excerpts from some letters in favor of H.R. 1398 for the hearing record:

"I am writing in regards to the second chance bill. Thank you for your interest. I am in favor of giving a second chance for federal retirees. (H.R. 1398). I have been retired over 12 years and due to the changes in the economy I would like to change so that my wife would receive an annuity after my death, if still living."

"I am a retired Federal employee, who did not elect survivor benefit at the time of my retirement. The reason I did not was because my wife and I were having marriage problems and were separated . . . My intentions were to get a divorce . . . Sir, I saw . . . where you introduced H.R. 1398 . . . Thank you Representative Lehman for introducing this bill to help people like me that had a problem at the time of retirement. As soon as you get this bill passed, I will sign up at once for my wife."●

CITY OF NEWTON, MASS. REJECTS AID TO EL SALVADOR

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. FRANK. Mr. Speaker, concern over American military involvement in El Salvador has grown with the proposal by the administration to provide greatly increased aid to El Salvador in the form of the Carribean initiative.

Recently, the board of aldermen in the city of Newton, on the motion of Alderman Bruce Carmichael, adopted a resolution expressing the board's disagreement with current U.S. policy in El Salvador.

This resolution, drafted by Alderman Carmichael, is based in large part on the arguments against U.S. military aid to El Salvador put forth by the Commission on Peace and Justice of the Archdiocese of Greater Boston.

I congratulate Alderman Carmichael for his initiative and his concern and I am pleased to share the ordinance adopted by the Newton Board of Aldermen with my colleagues, as a well-reasoned expression of concern about U.S. military involvement in El Salvador. The resolution follows:

Whereas Central America has become a focal point of concern and attention in the United States, and

Whereas there is no question about the threat that Soviet-dominated forces could play in Central America, and

Whereas the external subversion is not the primary or principal cause of conflict in these countries, and

Whereas the dominant challenge is the internal conditions of poverty and the denial of basic human rights in these societies, and

Whereas the United States appears destined in El Salvador to place itself on the side of those who suppress human rights and postpone justice, and

Whereas it is with disgust that we observe the sickening spiral of violence that now affects the Salvadoran people, and

Whereas we recognize the major violations of human rights perpetrated by the controlling military junta of President Duarte, and

Whereas it is incumbent upon ourselves as representatives and citizens of the United States to use whatever means at our disposal to influence our Government:

Now, therefore, be it *Resolved*, That the Newton Board of Aldermen, through resolution, calls on the Congress of the United States to block and or defeat any attempt at further United States military aid to the Government of El Salvador, and

Further be it resolved, That President Reagan and his administration begin the process of political dialog within El Salvador to at least stop the killing and prepare for the negotiations needed to reconcile and rebuild the nation.●

RICHARD C. GREEN

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. SKELTON. Mr. Speaker, I would like to take a moment to say a few words about a remarkable man. Richard C. Green, a life-long resident of Kansas City, Mo., earned the respect of his many friends and associates because of his concern and involvement in civic affairs througout his life. It was with great sadness that I learned of his recent death.

Serving as president of Missouri Public Service Co. for more than 20 years he was also active in his community organizations such as Heart of America Council of the Boy Scouts of America, executive board member; Starlight Theatre Association, vice president and director; and Kansas City Chamber of Commerce, past director. He also served on the Kansas City Crime Commission as an honorary director and past president and chairman; the University of Missouri-Kansas City, where he was a trustee; and Children's Mercy Hospital and Research Medical Center, where he served as trustee on both boards of directors. His list of contributions continue.

Having worked for the betterment of his community, Mr. Green will long be remembered for his years of dedicated service.●

DO-ER

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. ADDABBO. Mr. Speaker, this past Friday evening it was my honor and privilege to attend the 63d Anniversary Celebration and Awards Night of the American Legion, Forest Hills Post No. 630.

As has been their practice in the past, the American Legion honored local public servants in the police and fire departments for the excellent performance of their duties. The individuals who were presented with Law and Order Awards were Patrolmen Andrew Harris and Arthur Andrea, and Firemen Thomas Doyle and Brian Lyons.

The occasion also honored a great and dedicated American and a close personal friend, Sam Picker. It was my privilege to present Sam's wife, Helen, with a posthumous certificate of appreciation for his contributions to his fellow veterans, his community, and his country. As it is so aptly put in the program of the evening's celebration, Sam was a "do-er." I would like to share with my colleagues the tribute to Sam as printed in the awards night program:

DO-ER

The Army had a special regard for its sergeants because they superintend those who do the work—much like a foreman does. Sam Picker was a sergeant's sergeant. He was a master sergeant and first sergeant. This is considered one of the more difficult ranks to achieve because it requires a select individual with certain leadership qualities enabling him to deal with his sergeants and other non-commissioned officers practically on a one-to-one basis. A master sergeant is a no-nonsense do-er.

Sam would follow through all assignments to completion.

Sam was never too busy to take on and tackle to completion one more additional chore.

Sam was dedicated to around-the-clock service.

Sam received many awards for his humanitarian efforts.

Sam served in the top officer positions of most of the organizations that he belonged to. He served with pride and distinction in the following:

The American Legion;
Forest Hills Lions Club;
Grand Jurors Association;
William McKinley Lodge—Masons;
Guide Dog Foundation for the Blind;
Police Athletic League;
Queens Borough Chamber of Commerce, and
Forest Hills Community Association.

The character of the life Sam lived might be summed up in a few words: He was sincere, he was earnest, he was loyal, he was industrious, he was self-sacrificing, and he put into practice the preamble to the American Legion. Very few tried harder to interpret the wishes and needs of the local citizenry. We salute Sam for the good words that he did.●

FINANCIAL DISCLOSURE

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. OTTINGER. Mr. Speaker, as I have done every year since my first election to Congress, I am today disclosing a statement of my assets and liabilities, a schedule of other securities of which I am an income beneficiary, and a schedule of the taxes I have paid in calendar year 1981.

While this disclosure goes beyond what is required by law at the present time, I believe it is in the public interest. Therefore, I have sponsored legislation requiring full financial disclosure.

The statement and schedules:

RICHARD L. OTTINGER, STATEMENT OF ASSETS, LIABILITIES AND CAPITAL DEC. 31, 1981

ASSETS

Cash	$1,106
Assets held by Richard L. Ottinger trust dated Mar. 19, 1969: Marketable securities—at market value	1,550,119
Other securities: Dreyfus Liquid Assets, Inc	94,145
Real estate: Residences in New York and Washington, D.C.—at estimated market value	350,000
Total	1,995,370

LIABILITIES AND CAPITAL

Liabilities:	
Notes and loans payable:	
Testamentary Trust u/w/o Lawrence Ottinger f/b/o Richard L. Ottinger	356,412
Trust u/a/ dated Oct. 30, 1957 f/b/o Richard L. Ottinger	110,000
Patricia L. Chernoff	150,000
Louise L. Ottinger	500,000
Mortgages payable	214,394
Total	1,330,806
Income taxes payable on unrealized gain on marketable securities	265,107
Total liabilities	1,595,913
Capital	399,457
Total	1,995,370

RICHARD L. OTTINGER, SCHEDULE OF MARKETABLE SECURITIES [HELD IN RICHARD L. OTTINGER TRUST] DEC. 31, 1981

Description	Number of shares or par value	Current market value
Stocks		
Anheuser Busch Co Inc	1,500	$61,687
Champion International Corp	1,090	21,528
Connecticut General Insurance Corp	2,700	135,000
International Business Machines Corp	4,152	236,145
Simplicity Pattern Co., Inc	11,698	121,367
Travelers Corp	1,200	52,650
Weyerhaeuser Co	7,094	205,726
Wheelabrator Frye, Inc	800	35,300
Xerox Corp	7,600	307,800
Total stocks		1,177,203
Bonds:		
N.Y. State Mortgage Agency, series C, 6.9 percent, due Apr. 1, 1983	$50,000	47,776
New York, N.Y. P.N. 7.89 percent, Feb. 5, 1982	130,000	130,130
New York, N.Y. P.N. 7.53 percent, Jan. 8, 1982	100,000	100,010
Total bonds		277,916
Other: U.S. Trust Co., temporary investment fund	950	95,000
Total		1,550,119

RICHARD L. OTTINGER, SCHEDULE OF ASSETS OF VARIOUS TRUSTS IN WHICH RICHARD L. OTTINGER IS INCOME BENEFICIARY DEC. 31, 1981

Description	Number of shares or par value	Current market value
Stocks		
H & R Block Inc	1,000	$38,000
Champion International Corp	100	1,975
International Business Machines Corp	405.6	23,069
Perkin Elmer Corp	7,200	194,400
Total		257,444
Bonds:		
N.Y. State Mortgage Agency, 6.9 percent, due Apr. 1, 1983	$9,750	8,986
Alaska State General obligation, 5.4 percent due Jan. 1, 1984	7,800	7,021
N.Y. State Thruway Authority, 3.5 percent, due Jan. 1, 1990	13,650	7,338
Mass. Bay Transportation Authority, 3.75 percent, due Mar. 1, 1990	11,700	6,174
N.Y. State Housing Finance Agency, 3.6 percent, due Nov. 1, 1991	9,750	4,432
Nevada Housing, 4.8 percent, due Apr. 1, 1986	30,000	22,379

RICHARD L. OTTINGER, SCHEDULE OF ASSETS OF VARIOUS TRUSTS IN WHICH RICHARD L. OTTINGER IS INCOME BENEFICIARY DEC. 31, 1981—Continued

Description	Number of shares or par value	Current market value
N.Y.C., N.Y., 5 percent, due May 1, 1991	15,000	7,565
Pennsylvania Commonwealth, 4.5 percent, due July 1, 2000	25,000	9,722
P/H/A N.Y. City, N.Y., 7.89 percent, due Feb. 5, 1982	40,000	34,948
P/H/A Long Beach N.Y., 8.46 percent, due Mar. 11, 1982	25,000	24,969
Puerto Rico Commonwealth, 4.5 percent, due July 1, 1997	30,000	11,404
U.S. Treasury Notes, 4 percent, due Feb. 15, 1987	4,000	3,295
Ascencion St. James, Bridge and Ferry Authority, LA, 4.45 percent, due Nov. 1, 2001	25,000	10,250
Temporary investment fund	685.9	68,590
Total bonds and temporary investment fund		227,073
Total		484,517

The above securities are not reflected as assets of Richard L. Ottinger since he is only an income beneficiary of the Trusts. The schedule is prepared for informational purposes only.

Schedule 3: Richard L. Ottinger—Schedule of taxes paid in 1981

Federal income taxes	$42,452
New York State income tax	29,497
Real estate taxes	6,038
Total taxes	77,987 ●

A TRIBUTE TO GEORGE REGIS WALTER

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. MURTHA. Mr. Speaker, I am delighted to bring to the attention of my colleagues the retirement of Dr. George R. Walter from his position of sociology professor at the University of Pittsburgh at Johnstown.

Dr. Walter is a singularly extraordinary man and I am proud to call him my friend. He is one of those special people who does not come along very often who dedicates his life to serving his community.

As a soldier, he served his country in World War II. As a believer in the human potential, he was a coach and a professor. As a leader, he was a school board president, city councilman and mayor. The time, energy and effort he has spent on behalf of the Johnstown area have been of inestimable value and will long be remembered and appreciated.

Today, Dr. Walter continues to lead, not just by his beliefs, but by the example he sets in his dedication to others. Students and colleagues alike respect his political judgment and admire his commitment to his community.

Dr. Walter has a legacy of personal involvement and civic pride from which anyone in public service can benefit. He has succeeded where others have failed, and persevered where others quit. I am honored to be able to recognize him here today, and I know you join me in wishing him continued happiness and success.●

OUR OLYMPIC ATHLETES, THIS NATION'S AMBASSADORS OF GOOD WILL

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. PATTERSON. Mr. Speaker, this week, Members of the House will be asked to vote on a bill crucial to our Olympic athletes. I was the original sponsor of the first Olympic Coin Act which was introduced before the House nearly 1 year ago. Although I am not a member of the subcommittee which reviewed this legislation, I have attended and closely monitored the proceedings which have brought us to this point today. During the course of this time, I have spoken many times on the importance of this legislation, not only for the financial well-being of the Los Angeles Olympic Organizing Committee and the United States Olympic Committee, but for the spiritual well-being of our Nation's amateur athletes. We must not forget that our Olympic athletes are, in a manner of speaking, our Nation's "ambassadors of good will," as well as a source of inspiration for Americans of all genre. I do not think any of us can forget the spiritual uplifting which this Nation enjoyed as a result of the U.S. hockey team's success at Lake Placid. It is crucial that the full House demonstrate its support for the U.S. Olympic movement by passing an Olympic Coin Act which will not only appropriately commemorate the 1984 Los Angeles Olympic games, but will insure the maximum amount of financial support for the Olympic committees and athletes. I believe that H.R. 6058 will do just that.

The debate on this seemingly innocent topic, the minting of commemorative Olympic coins, has been long and contentious. The chairman of the Subcommittee on Consumer Affairs and Coinage has been resilient in his opposition to the concept of having these coins marketed by a private firm. However, the time has now come to move this bill to the floor of the House. If we intend to offer the Olympics the opportunity to wage a successful coin program, we must allow them to get on with the show. We are no longer running short on time—we have run out. The Senate has acted twice on this legislation.

I would like to remind the House that the primary purpose behind the establishment of an Olympic coin program is to raise revenues for the Olympics so that the United States of America may retain the distinction of being the only country which funds its Olympic athletes and organizations solely on a volunteer basis. With this in mind, and with all of the facts now on the table, I wholeheartedly urge support of Chairman St Germain's Olympic coin program. The U.S. Treasury, the Los Angeles Olympic Committee, the United States Olympic Committee, present and former Olympic athletes, and private marketing firms, have all testified that the St Germain proposal would yield maximum revenues for the support of the U.S. Olympics. Furthermore, I believe that the testimony of these individuals unequivocally cleared the air regarding any scandals or possible abuse of such a coin program. I am convinced that an Olympic coin program, as embodied in the St Germain bill could, and would, be carried out in a manner which would not only maintain the integrity of the U.S. Mint and make all Americans proud, but would also make a significant contribution toward solving the financial crisis currently facing our Nation's Olympic program.●

SEVENTY-FIFTH ANNIVERSARY PUBLIC SCHOOL 114 IN BROOKLYN

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. SCHEUER. Mr. Speaker, today marks the 75th anniversary of the building of Public School 114 in Brooklyn. Since P.S. 114 is the oldest school in the Canarsie section of Brooklyn, I would like to share some facts about this fine institution with my colleagues.

P.S. 114 moved into its current structure in 1907 after over 20 years at another Canarsie location. The building located on the corner of Remsen Avenue and School Lane was the first in Canarsie to be erected with the purpose of housing an educational institution. Needless to say, graduates from P.S. 114 have assumed leadership roles in their professions and communities over these 75 years. The staff, parents, and surrounding community join as one to produce the very best for each other and—most importantly—the children.

Through the various curriculums and social programs, the school has endeavored to provide a living yet practical mode of operation for the young of the community. From 1907 to the present time, that commitment has not wavered. This is what has helped to make Brooklyn's P.S. 114 one of the gems of the public school system of the Board of Education of New York City. I would like to take this opportunity to publicly salute the children, staff, and parents of P.S. 114 in Brooklyn, and particularly, Principal Harvey Weil.●

COMMUNITY LEADER ENTERS RETIREMENT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. ANDERSON. Mr. Speaker, on May 21 El Camino College will host a farewell dinner honoring Dr. Stuart Marsee, retiring president of the college. This dinner is not a run of the mill affair, for Dr. Marsee has been president of El Camino College for over 24 years now. Dr. Marsee's name may never be a household one, but his life is a truly successful one, combining gifts of knowledge and inspiration to others with happiness and contentment for himself.

Dr. Marsee's life has been devoted to academics. He received a B.S. from the University of Oregon in 1939 and supplemented that with an M.S. in educational administration from that university in 1942. While still receiving his education he had already begun sharing his skills with others by teaching at Waldport Union High School in Waldport, Oreg. in 1939-40, and at Knappe-Svensen Union High School in Astoria, Oreg. in 1940-42. After receiving his doctorate in 1942, Dr. Marsee served in the Navy during the Second World War.

Dr. Marsee's academic career is an impressive record. He served as a teaching assistant at the University of Southern California in 1946, a counselor at Pasadena City College from 1946 to 1949, assistant superintendent for business services at Pasadena City schools from 1949 to 1957, and acting superintendent from 1957 to 1958. Then, in 1958, he began his remarkable tenure as president of El Camino College.

Dr. Marsee's success may also be measured by the many awards he has received, including the Pasadena Council of PTA's Life Member Award, the Los Angeles County Board of Supervisors' Distinguished Service Award, a Danforth foundation grant, a Kiwanis International Distinguished Leader Award, and an Outstanding Educators of America Award. He is also listed in "Who's Who in America" and "Who's Who in Education."

Dr. Marsee's community contributions are too numerous to mention comprehensively here, but they include service to the Pasadena Council of Churches, the American Red Cross, the Pasadena Breakfast Forum, the Salvation Army, the Pasadena Rotary, the Inglewood YMCA, the Torrance Rotary, the St. Andrews Prebyterian Church, the Los Angeles Chamber of Commerce, the Redondo Beach Round Table, and the Boy Scouts of America.

My wife, Lee, joins me in thanking Dr. Marsee for his tremendous service to the community these past many years, and we wish nothing but happiness for him and his wife, Audrey, and their three children, Frederic, Jeffrey, and Wayne, in the years ahead.●

JOHN BROCK, SR.

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. THOMAS. Mr. Speaker, I rise today to commend one of my community's most public-minded citizens, John Brock, Sr. Mr. Brock is being honored as a great American by the Boy Scouts of America, not only for his decades of service to scouting, but also for his many contributions to the people of his community.

John Brock came to Kern County almost 60 years ago, and he has been involved in just about every communitywide public service effort since then. Although his special interest has been scouting, I know there is scarcely an organization in Kern County which has not benefited at some time or another from Mr. Brock's generosity.

Mr. Brock has helped to enrich the lives of many young people in Kern County over the years, whether in scouting or other projects. Through programs which he has helped to guide, children have learned about the environment around them, about their community's history and about the responsibilities of citizenship.

John Brock's involvement in scouting began when he himself was a scout, and he has remained involved as an adult, but it has not kept him from lending his help whenever it was needed by other groups.

Mr. Brock, for example, has served as chairman of the Cal State Foundation which has helped to nurture the growth of California State College at Bakersfield.

Mr. Brock was the driving force behind the building of the Lori Brock Junior Museum in Kern County which has brought our area's environment, both past and present, natural and historical, to life for countless young people.

Mr. Brock has been a director of the Bakersfield Chamber of Commerce and a member of the Bakersfield Rotary Club. He is past president and current member of the Bakersfield Downtown Business Association as well as past president of the California Retailers Association.

John Brock has maintained this active interest in Kern County's civic life while building the family business. The long list of his civic work is ample proof of his devotion to his community and to activities which benefit others.

Mr. Speaker, the "new voluntarism" which we hear so much about is not at all new in Kern County. It is the way we have always gotten things done. It has been people such as John Brock who have seen what is needed, and who have done what is necessary, to make life a little better for those around them.

It is therefore fitting that the people who know John Brock pay tribute to him for all that he has done for our community. I extend my warmest regards on this occasion to Mr. Brock and his family.●

H.R. 5890—THE AUTHORIZATION FOR THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. COURTER. Mr. Speaker, I would like to strongly applaud the actions of the House of Representatives, which passed H.R. 5890, on May 13. This bill authorizes the requisite funds for the National Aeronautics and Space Administration, (NASA).

We Americans can all be very proud of NASA, and its truly incredible accomplishments. As a result, our Nation has captured mankind's imagination about the frontier of outer space. Our Nation and the world have benefited from the many experiments, discoveries, and technological breakthroughs resulting from NASA projects. I am, and will continue to be, a strong supporter of all NASA projects, especially the Space Shuttle program. The funding that Congress provides to NASA enables us to learn and share new information, expand man's technological base, and enhance our Nation's security.

Though I was required to be in my district on official business affecting the welfare of my constituents the day of this vote, I would like to state my strong support for this legislation and its passage by my colleagues.

Thank you, Mr. Speaker.●

HADASSAH: 70 YEARS OF SERVICE

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. SOLOMON. Mr. Speaker, for 70 years the women of Hadassah have served a very important role in the history of American service organizations.

Hadassah is currently the largest women's service organization in the United States, and this month marks the 70th anniversary of the founding of this exemplary public service organization. Hadassah has played a truly integral part in strengthening the relationship between the United States and one of our most important allies, Israel.

Hadassah's programs and activities are rich and varied. One of its primary objectives is the promotion of a true and lasting peace in the Middle East—a goal shared by all of us. Hadassah also has a very active legislative affairs organization, and its education programs have enriched the understanding of all Americans with respect to the rich heritage of the Jewish people.

Equally important are the contributions Hadassah has made toward the improvement of the quality of life in Israel. The Hadassah medical organization has established the Hadassah University Hospital. Its medical training and research programs are among the best in the world, particularly in the fields of dentistry nursing, and pharmacy.

Also, the founding of the Hadassah Community College and the Hadassah Vocational Guidance Institute has contributed significantly to the quality of education in Israel. In addition, the invaluable and highly successful reclamation projects of the Jewish National Fund—of which Hadassah is an integral sponsor—have resulted in the reclamation of tens of thousands of acres of once unusable land.

Mr. Speaker, the first 70 years of Hadassah's existence have provided countless examples of community service accomplishments. I join with all other Americans in saluting Hadassah's work and in looking forward to even more Hadassah contributions in the future.●

A TRIBUTE TO MRS. VIRGINIA HUDSON BOWEN

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. DYSON. Mr. Speaker, I would like to take a moment to commend the extraordinary contributions of Mrs. Virginia Hudson Bowen, a dedicated community servant and educator, who for 47½ years has taught and guided the children of Maryland.

Last year, the native Marylander received a commendation from the Maryland Association of Elementary School Administrators, Inc., which honored her as "one of Maryland's most successful administrators" for her 46 years of service as principal of various Maryland schools.

Huntingtown School, "her school," is known throughout the State as a bastion of academic excellence. Educators and State officials, in describing the success of the school's operation and the development of its students, have often commented that it is the leadership—specifically the principal, Virginia H. Bowen, that makes Huntingtown Elementary School work.

Mrs. Bowen's participation in all aspects of academia, from teachers associations, to curriculum development, to pioneering new education programs has earned for her the respect and love of her community and county alike.

Mrs. Bowen is the last of our county's, and possible the State's, one-room school teachers. Her perspective and wisdom will be missed by those who will not be fortunate enough to be taught by her, but, remembered by those who were.

This is our way of saying thank you for a half a century of dedicated community service in so ably guiding the intellectual development of our young.●

THREE LYNCH BROTHERS BECOME EAGLE SCOUTS ON SAME DAY

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. MICA. Mr. Speaker, I think we are all aware of the fine work done by the thousands of members of the Boy Scouts of America, and I want to take this opportunity to commend them for their contributions to our communities.

I am particularly proud of three members of this organization who are from Boca Raton, Fla., which is located in my district. Today three brothers, William T. Lynch, Jr., Daniel P. Lynch, and Edward F. Lynch, will all be awarded the rank of Eagle Scout at a court of honor held by their Boy Scout Troop 323 in Boca Raton.

The rank of Eagle Scout is the highest award a Boy Scout can attain, and only a small percentage of all Scouts ever receive this award. What makes this even more special is that, as far as anyone knows, this is the first time in the history of Scouting that three brothers will become Eagle Scouts on the same day.

I send my heartfelt congratulations to William, Daniel, and Edward. These young men are wonderful examples of the best America has to offer, and I wish them continued success.●

COLEMAN INTRODUCES FOOD STAMP AMENDMENTS OF 1982

HON. E. THOMAS COLEMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 18, 1982

● Mr. COLEMAN. Mr. Speaker, today I am introducing a bill to reauthorize the food stamp program through 1985, provide full funding for that program and amend the program to assure that State and local administrators do all they can to deliver benefits only to those determined to be needy and in an efficient and effective manner.

I am introducing this bill because I have serious questions about the administration's proposed food stamp legislation. I view the administration proposals as an antiwork approach that may result in a costlier food stamp program in the next few years despite significant estimated savings.

The current food stamp program provides incentives for low income recipients to work by allowing an 18-percent deduction of their income when computing benefits. The administration proposes to delete this provision entirely, eliminating an important incentive to work. If these people respond by giving up, by leaving their jobs and completely relying on assistance, the result will be higher benefit payments and a costlier program.

The elimination of the earned income deduction combined with the increase in the benefit reduction rate will impose severe hardships on the working poor. The administration admits that their proposals will eliminate almost 20 percent of the working poor from the food stamp program and over 70 percent will have their benefits reduced by an average of $54 each month.

This is not the message I want to send to people who are working and trying to become self sufficient.

I want to make sure that low income people have every opportunity to become self sufficient and can eventually work their way off the food stamp roles. The administration's proposals will not accomplish this, and in fact do the opposite.

My bill will result in savings of almost $1 billion in fiscal year 1983 and will maintain the incentives for low income people to work. It also requires greater accountability from the States who administer the program. These are real savings—that do not assume that unreasonable goals or expectations can be met overnight.

My bill will retain the food stamp program in its present format and keep the goals and purposes of the program intact. This is a program designed to provide food for needy people. I do not want to see it turned into a cash income assistance program and will resist any effort to do so.

The food stamp program is one in which Congress can have some assurance that the funds authorized are spent on food. I am not ignoring the problems inherent in the program such as trafficking in food stamps and sales of large amounts of food stamps at a discount. In fact my bill gives the Secretary of Agriculture the authority to correct these problems.

This bill will require greater accountability by State agencies administering the food stamp program and will require that they reimburse the Federal Government for errors over a certain target level.

Currently over $1 billion of food stamp funds each year go to people who are either ineligible for benefits or recieve too many benefits. I do not believe we can tolerate this level of misspent funds.

Under my bill States will be required to reduce their rates of error to 5 percent by 1985. Should any State fail to achieve that level, that State will be responsible for repaying to the Federal Government the amounts paid over that level. My bill also provides for additional funding, up to 60 percent of administrative costs, for States that reduce their error rates significantly before 1985.

In order to assure that States do all that is necessary to reach the 5 percent goal by 1985, interim tolerance levels have been established. States must have rates of error no higher than 9 percent in 1983 and 7 percent in 1984. States will be responsible for repaying the Federal Government the amount of misspent funds over these interim tolerance levels.

I recognize that in the food stamp program States have limited flexibility in their design of the program and that mistakes and errors do occur—on the part of State agency employees, food stamp recipients and the Federal administering agency. I wish errors did not occur at all and that the food stamp program could deliver benefits only to those actually eligible for benefits. However, that is not the situation in the real world. I am concerned that if States are required to administer the program without any errors they may in turn give up and concede defeat.

We would then be in the position that the amount of misspent food stamp money would be unchanged or perhaps higher but that States will be responsible for paying the entire cost. In that case we would only shift the burden of paying for a portion of the food stamp program to the States and still we would have intolerable rates of error in the food stamp program.

I believe that for the most part food stamp administrators want to see this program run efficiently and with few errors. There are States that have reduced their error rates and have instituted positive steps to make sure that eligible food stamp households receive the appropriate level of benefits. I commend them for their action.

Other States have astronomical error rates—significantly over the national average. These States must realize that although the Federal Government pays for the entire cost of the food stamp benefits the time has come for them to shoulder their responsibility and get these error rates down.

I believe that my bill sets clear goals for States to reach and provides an incentive for States who administer sound food stamp programs and significantly reduce their rates of error before 1985. However, States should strive for an error free food stamp program and take positive steps to reduce their error rates below 5 percent.

Under my bill the Secretary is given authority to waive all or part of a State agency's liability. However, I do not envision that the Secretary will waive all States' liabilities across the board. The Secretary should use discretion and evaluate whether States have made good faith efforts to reduce their error rates. Waivers should be granted only under extraordinary circumstances.

Errors identified through the quality control systems and related to benefits going to persons who are not eligible for food stamps or receive too many benefits are not the only types of errors in the food stamp program. There are also problems with duplicate benefits—food stamps or authorization to participate (ATP) cards that are claimed to be lost or stolen. My bill provides the Secretary of Agriculture with the authority, after consultation with the Office of the Inspector General, to require that State agencies develop and implement alternative issuance systems.

Some of you may be aware of the projects now operating in New York City, Michigan, and Florida in which maximum use is made of computer systems and the ATP card—which is a negotiable document enabling the bearer to obtain food stamps—is eliminated. The areas in which these projects are operating have significantly reduced the number of duplicate issuances of food stamp benefits.

About 60 percent of the food stamps that are issued are done so with an ATP card. As I stated before this ATP card is a negotiable document which can be turned in for food stamps. The Department of Agriculture reports that the losses through the ATP system are about $12 million annually. However, the General Accounting Office has found serious weaknesses in the ATP system with reports from States being inaccurate, incomplete, and with actual losses greater than reported. The GAO concludes that the Department of Agriculture does not know the full extent of the losses to the food stamp program.

If projects similar to the ones operating in New York City, Michigan, and Florida were implemented in other States, the losses due to duplicate issuances of food stamp benefits could be significantly reduced. I would like to see the Secretary of Agriculture initiate a test of a system in which the food coupon is eliminated and a credit card type of transaction is used.

My bill will give the Secretary the authority to require States to convert to more efficient means of issuing food stamps and to test new and innovative methods of issuing benefits.

My bill also will strengthen the work requirements of the food stamp program by giving the Secretary the authority to require able bodied applicants for food stamp benefits to look for a job before they begin receiving benefits. All incentives for people who work are retained in my bill; however, the penalty for people who voluntarily quit their jobs has been increased.

I want to make sure that people who are trying to become self-sufficient have every opportunity to do so. The 18-percent earned income deduction for the working poor is retained. However, when a person quits a job—voluntarily leaves—that household will not be entitled to receive food stamp benefits for 4 months.

The bill that I am introducing retains the next increase in the thrifty food plan which is scheduled to take place on October 1, 1982. However, the basis for this increase in food stamp benefits will be changed. Food stamp participants will still receive an increase in their benefits. The increase will be less than the current law provides. The thrifty food plan for a family of four is now $233 per month. Under my proposal the thrifty food plan will be increased to $247 per month on October 1, 1982.

The standard deduction and the shelter/dependent care deduction, now scheduled to be adjusted on July 1, 1983, will be delayed until October 1, 1983. Therefore State administrators will adjust both deductions and the thrifty food plan at the same time.

The food stamp program will be reauthorized for the next 3 years and the amount authorized will provide sufficient funding according to the estimates from the Congressional Budget Office.

The food stamp cap was initially established for the program as part of the Food Stamp Act of 1977. This was done because of congressional concern over the magnitude of program costs and a desire to keep the program from being a pure entitlement program. The amendment was offered to give Congress a handle on the cost of the program and to send a signal to the Department that they must exercise control over high error rates and poor administration. In addition, the Congress wanted to insure the prerogative of oversight remained in the authorizing committee so that a check could be kept to guarantee performance of congressional intent.

I believe this ceiling on food stamp authorizations is still needed. High error rates persist and while my bill addresses this issue, congressional oversight must be maintained.

Following is a CBO savings estimate on my bill.

A copy of my bill follows:

CONGRESSIONAL BUDGET OFFICE PRELIMINARY SAVINGS ESTIMATES—FOOD STAMP PROGRAM, COLEMAN BILL

[By fiscal year, in millions of dollars]

	1983	1984	1985
Thrifty food plan	725	800	0
Job search	15	17	18
Deductions	42	0	0
Eliminate initial month benefits under $10	15	16	17
Rounding down	77	93	96
Expedited service	20	21	23
Error rate reductions and sanctions	90	265	380
Total	984	1,212	534

H.R —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Food Stamp Amendments of 1982".

DEFINITION OF THRIFTY FOOD PLAN

SEC. 2. Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)), as amended by title I of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35; 95 Stat. 358) and title XIII of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1282), is amended—

(1) in paragraph (6) by striking out "twenty-one months ending the preceding June 30, 1982, and" and inserting in lieu thereof "twelve months ending September 30, 1981,",

(2) in paragraph (7)—

(A) by striking out "and each October 1 thereafter,".

(B) by striking out "twelve months ending the preceding June 30:" and inserting in lieu thereof "fifteen months ending December 31, 1982, (8) on October 1, 1984, adjust the cost of such diet to the nearest lower dollar increment for each household size to reflect changes in the cost of the thrifty food plan for the eighteen months ending June 30, 1984, and (9) on each October 1 thereafter adjust the cost of such diet to the nearest lower dollar increment for each household size to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding June 30:"

ADJUSTMENT OF DEDUCTIONS

SEC. 3. Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)), as amended by title I of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35; 95 Stat. 358) is amended-

(1) in paragraph (1) in the second sentence by striking out "July 1, 1983" and inserting in lieu thereof "October 1, 1983", and

(2) in clause (i) of the proviso to paragraph (2) in the fourth sentence by striking out "July 1, 1983" and inserting in lieu thereof "October 1, 1983".

REQUIREMENTS APPLICABLE TO JOB SEARCH, VOLUNTARY QUIT, AND EMPLOYMENT

SEC. 4. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), as amended by title XIII of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1282), is amended—

(1) in paragraph (1)—

(A) in subparagraph (ii) by inserting "(including any reporting and inquiry as may be required by the Secretary to be fulfilled at the time of application)" before the semicolon, and

(B) in the proviso to subparagraph (iii) by striking out "sixty" and inserting in lieu thereof "120", and

(2) in paragraph (2) by striking out subparagraph (C) and redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively.

ALTERNATIVE ISSUANCE SYSTEM

SEC. 5. Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016), as amended by title XIII of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1282), is amended by inserting at the end thereof the following new subsection:

"(g) The Secretary may require State agencies—

"(1) to issue or deliver coupons using alternative methods, including an automatic data processing and information retrieval system; or

"(2) to issue, in lieu of coupons, a reusable document to be used as part of an automatic data processing and information retrieval system and to be presented by, and returned to, recipients at retail food stores for the purpose of purchasing food;

if the Secretary determines, in consultation with the Inspector General of the Department of Agriculture, that the use of such document or such system is necessary to improve the integrity of the food stamp program.".

ELIMINATION OF INITIAL MONTH ALLOTMENTS OF UNDER TEN DOLLARS

SEC. 6. The first sentence of section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)), as amended by title I of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35; 95 Stat. 358) is amended by inserting before the period at the end thereof the following: ", except that no allotment may be issued to a household for the initial month or period if the value of the allotment which such household would otherwise be eligible to receive under this subsection is less than $10".

ROUNDING DOWN

SEC. 7. (a) The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)), as amended by title XIII of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1282), is amended—

(1) in paragraph (1) by inserting "(based on the unrounded cost of such diet)" after "adjustments", and

(2) in each of paragraphs (6) and (7) by striking out "nearest dollar increment" each place it appears and inserting in lieu thereof "nearest lower dollar increment for each household size".

(b) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended—

(1) in the second sentence by striking out "nearest $5 increment" each place it appears and inserting in lieu thereof "nearest lower dollar increment", and

(2) in the proviso to paragraph (2) of the fourth sentence by striking out "nearest $5 increment" each place it appears and inserting in lieu thereof "nearest lower dollar increment".

(c) The first sentence of section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) as amended by title I of the Omnibus Reconciliation Act of 1981 (97-35; 95 Stat. 358), is amended by inserting "lower" after "nearest".

EXPEDITED SERVICE

SEC. 8. Section 11(e)(9) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by title XIII of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1282), is amended to read as follows:

"(9) that households in immediate need because such households—

"(A)(i) have income, calculated under subsections (d) and (e) of section 5 of this Act for purposes of determining eligibility, which is less than $85 per month; or

"(ii) contain a member who is a migrant or seasonal farmworker, and are temporarily without cash sufficient to sustain such households until income is received; and

"(B) have liquid assets, determined under section 5(g) of this Act, which have a value of less than $100;

shall receive coupons on an expedited basis, not later than 7 days after the filing of an application, if such households verify, to the extent practicable, income and liquid assets.".

DUPLICATION OF BENEFITS; STATE AGENCY LIABILITY

SEC. 9. Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by title XIII of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1282), is amended—

(1) in paragraph (16) by striking out the period at the end thereof and inserting in lieu thereof a semicolon,

(2) in paragraph (20) by striking out "and" at the end thereof,

(3) in paragraph (21) by striking out the period and inserting in lieu thereof "; and", and

(4) by adding at the end thereof the following new paragraphs:

"(22) that the State agency shall determine, not less frequently than quarterly—

"(A) whether households participating in the food stamp program include as members individuals who, under section 6(g), may not be considered members of such households; and

"(B) whether households participating in projects conducted under section 17(b)(1) receive both coupons and any assistance provided under such projects in lieu of coupons; and

"(23) that the State agency shall reimburse the Secretary, in an amount determined under section 16(g) of this Act, for the value of excessive allotments issued to households.".

ERROR RATE REDUCTIONS AND SANCTIONS

SEC. 10. (a) Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)), as amended by title XIII of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1282), is amended to read as follows:

"(c) The Secretary is authorized to adjust a State agency's federally-funded share of administrative costs pursuant to subsection (a) of this section, other than the costs already shared in excess of 50 per centum as described in the proviso to subsection (a) of this section, by increasing such share to 60 per centum of all such administrative costs in the case of a State agency whose (1) payment error rates with respect to eligibility, overissuance, and underissuance as calculated in the quality control program undertaken pursuant to subsection (d)(1) of this section are less than five per centum and (2) whose percentage rate of invalid decisions in denying eligibility as calculated in the quality control program conducted under subsection (d)(1) of this section is less than a nationwide percentage rate that the Secretary determines to be reasonable.".

(b) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025), as amended by title XIII of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1282), is amended—

(1) in subsection (d)—

(A) by striking out "Effective October 1, 1978, and annually thereafter, each" and inserting in lieu thereof "Each",

(B) by striking out "subsection (c)(2)" and inserting in lieu thereof "subsection (c)", and

(C) in paragraph (1) by striking out "error rates" and inserting in lieu thereof "payment error rates", and

(2) in subsection (g)—

(A) by striking out paragraphs (1), (2), and (3), and inserting in lieu thereof the following new paragraph:

"(1)(A) Each State agency shall pay, other than for good cause as determined by the Secretary, to the Secretary or have withheld by the Secretary, as described in paragraph (2) of this subsection, the amount determined under subparagraph (B)

"(B) For purposes of subparagraph (A), the amount payable by a State agency for a fiscal year is an amount equal to the difference between—

"(i) the product of—

"(I) the payment error rate for such fiscal year; and

"(II) the aggregate value of all allotments issued to households by such State agency in such fiscal year; and

"(ii) the product of—

"(I) the allowable error rate for such fiscal year; and

"(II) the aggregate value of all allotments issued to households by such State agency in such fiscal year.

"(C) For purposes of subparagraph (B)(i)(I), the term 'payment error rate' means the percentage of all food stamp allotments which are issued in a fiscal year to households that fail to meet the eligibility requirements of sections 5 and 6 of this Act and are overissued to eligible households.

"(ii) For purposes of subparagraph (B)(ii)(I), the allowable error rate is—

"(I) 9 per centum for fiscal year 1983;

"(II) 7 per centum for fiscal year 1984; and

"(III) 5 per centum for fiscal year 1985 and each fiscal year thereafter.", and

(B) by redesignating paragraph (4) as paragraph (2).

ELIMINATION OF STUDIES AND REPORTS

SEC. 11. (a) Section 5(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by striking out ", and (2)" and all that follows through "1978".

(b) Section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)), as amended by title I of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35; 95 Stat. 358), is amended by striking out the last sentence.

(c) Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended—

(1) by striking out subsection (d) and subsection (e), and

(2) by redesignating subsection (f) as subsection (d).

AUTHORIZATION OF APPROPRIATIONS

SEC. 12. Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)) is amended—

(1) by striking out "1981; and" and inserting in lieu thereof "1981;", and

(2) by inserting "; not in excess of $11,791,000,000 for the fiscal year ending September 30, 1983; not in excess of $11,913,000,000 for the fiscal year ending September 30, 1984; and not in excess of $13,441,000,000 for the fiscal year ending September 30, 1985" before the period at the end thereof.

AMENDMENTS MADE BY THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981 AND THE AGRICULTURE AND FOOD ACT OF 1981

SEC. 13. (a) Notwithstanding section 117 of the Omnibus Budget Reconciliation Act of 1981 (7 U.S.C. 2012 note), the amendments made by sections 101, 102, 103, 104, 105, 106, 107 (other than subsection (b)), 108 (other than subsection (c)), 109, 110, 111, 112, 113, and 114 of such Act shall take effect on the date of the enactment of this Act, unless such amendments have taken effect before such Act.

(b) Notwithstanding section 1338 of the Agriculture and Food Act of 1981 (U.S.C. 2012 note), the amendments made by sections 1302 through 1333 of such Act shall take effect on the date of the enactment of this Act, unless such amendments have taken effect before such date.

EFFECTIVE DATES

SEC. 14. (a) Except as provided in subsection (b), this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

(b) Section 10 shall take effect on October 1, 1982.●

HOUSE OF REPRESENTATIVES—*Wednesday, May 19, 1982*

The House met at 11:30 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Amid the turbulence of our world, the acts of hostility and the voices raised in tumult, we open ourselves to You, and, O Lord, and Your promise of peace. Remind us that all life is the gift of Your hand and we are given the task to be stewards of that life. May the angry threats and noise of conflict be tempered by common interests in a better life and our shared humanity, that sensitive to the call of Your righteousness we may lead lives that proclaim Your peace and the reconciling power of Your love. In Your holy name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2248. An act to authorize appropriations for fiscal year 1983 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize supplemental appropriations for fiscal year 1982, to provide additional authorizations for fiscal year 1982, and for other purposes; and

S. Con. Res. 60. Concurrent resolution disapproving the Federal Trade Commission trade regulation rule relating to the sale of used motor vehicles.

PERMISSION FOR SUBCOMMITTEE ON MONOPOLIES AND COMMERCIAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT DURING 5-MINUTE RULE TODAY

Mr. EDWARDS of California. Mr. Speaker, I ask unanimous consent that the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary be permitted to sit while the House is reading for amendment under the 5-minute rule today, Wednesday, May 19, 1982.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

THE SEVENTH CONGRESSIONAL DISTRICT HIGH SCHOOL ART COMPETITION

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, this past weekend. I was proud and pleased to be present at the final judging of the Seventh Congressional District high school art competition which I had sponsored at no cost to U.S. Treasury. As you know, these local competitions are part of a nationwide "Artistic Discovery" sponsored by the Congressional Arts Caucus.

The competition was a huge success, and I was honored to be in the presence of so many talented and creative young artists. The first prize went to Soohyun Choi of Hillcrest High School, whose painting, "New York Patterns," will be displayed later this year in the corridors leading to the U.S. Capitol. Second place went to Louise Eckert, of Richmond Hill High School, for her "Growing Up in Queens," and third place went to Stacey Silverman of Francis Lewis High School, for her "Spring at Central Park." These three finalists, as well as all the students who submitted entries, worked very hard for this competition, and are to be commended for their efforts.

One of the reasons for the success of the contest was the untiring work and generosity of many of my constituents, who I would now like to thank. Mr. Stracquatanio and the John Adams High School were our hosts for the competition, and the wonderful murals his art students decorated the rooms with were truly splendid. Mr. Irwin Peck of Peck's Stationery very generously offered a prize for the winning student, and Mr. Maurice Medvedeff of FDS Art World volunteered to frame the winning entry for display in the Capitol. In addition, three distinguished art professors, Claude Ponsot of St. John's University, Arthur Anderson of York College, and Rosemarie Beck of Queens College, selflessly volunteered their time and expertise to serve as judges for the competition. My sincerest gratitude goes to these citizens who, through their generosity, have helped to encourage our talented youth.

This competition was a wonderful opportunity to recognize and appreciate our budding artists who are so necessary to the survival of the arts and civilization itself. The perpetuation of the history of mankind has been through the art of the ages and that period of time.

MR. DONOVAN, IT'S TIME TO STEP ASIDE

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, I am sure I am not alone in being deeply troubled by this morning's Washington headline which reads, "Donovan Is Probing His Probers." The Donovan referred to, of course, is Secretary of Labor Raymond J. Donovan. The probers, the Senate Labor Committee.

The article goes on to point out, and I quote:

> Secretary of Labor Raymond J. Donovan's New Jersey construction company has hired private detectives to investigate the Senate committee that has been investigating him.
>
> The step evidently was taken with Donovan's knowledge and approval.

How can a Labor Secretary possibly work effectively with Congress under these circumstances? How can he effectively present the Labor Department's budget to committees of Congress? How can he effectively argue labor legislation pending before committees of Congress?

If the Labor Secretary really wants to pursue an investigation of Congress, then it is time for him to take a leave of absence as a Cabinet member, while he does so.

THE SMALL BUSINESS INNOVATION RESEARCH PROGRAM (SBIR)

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, this afternoon the House will consider the annual authorization for the National Science Foundation. I want to take this time to inform my colleagues about a very successful small business program at the NSF.

In 1977, Congress legislated that the NSF spend a portion of its budget to fund a small business innovation research (SBIR) program. Gradually growing to about 1 percent of NSF's total budget, the SBIR program en-

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☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

abled small firms with bright ideas to attract private capital and increase employment while bringing several exciting new innovative ideas to the marketplace.

The success of the SBIR program at NSF has proven that the program can work at other agencies. Despite the fact that prior to 1977 small, high tech firms were relatively unfamiliar to the National Science Foundation, the NSF staff has worked hard and enthusiastically to make the program thrive. Today, the competition among small firms is nothing short of fierce for the modest SBIR funds.

Yesterday, the Small Business Committee approved a substitute version of H.R. 4326, the Small Business Innovation Development Act, legislation that would require other agencies to set up SBIR programs with a small percentage of their R. & D. budgets. I urge my colleagues to support H.R. 4326 when it comes before the full House shortly.

BUDGETARY CHAOS

(Mr. **WEISS** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **WEISS**. Mr. Speaker, I hope that we learn from the budgetary chaos of last year. At the behest of the Budget Committee, last year this House and the Congress adopted a reconciliation bill as part of the first budget resolution process. That was the bill which then resulted in some 800 pages of unseen legislation being adopted at one fell swoop.

This year the Budget Committee is again asking that reconciliation become part of the first budget resolution process.

I will be urging the Rules Committee to allow an amendment to delete reconciliation. It seems to me that with the kind of economy we have at this point, we ought not to freeze ourselves into a situation which may be drastically different by the fall.

THE OLYMPIC COIN ACT

(Mr. **PATTERSON** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **PATTERSON**. Mr. Speaker, tomorrow the House of Representatives will have the opportunity to approve S. 1230, the Olympic Coin Act. As the original author of that bill in the House, I would like to remind my colleagues that this important legislation, while it now bears the number of the Senate companion bill, is a revision of the original Patterson Olympic coin bill which was cosponsored by 100 Members of the House. It was also adopted overwhelmingly in the Senate. It has been approved by the House Banking Committee by a 4-to-1 vote (32 to 7).

This will be our first opportunity ever in the House of Representatives to vote for an Olympic coin program in the United States; to enact a program which will provide funds for Olympic athlete training and facilities for the 1984 Olympics, at absolutely no cost to the American taxpayer.

There will be a substitute offered by the gentleman from Illinois (Mr. ANNUNZIO). In my opinion this House should approve the Banking Committee bill (St Germain-Patterson), because it has more potential to raise more money for the athletes. Also, the U.S. Olympic Committee, the Los Angeles Olympic Coordinating Committee, and the administration all support the St Germain-Patterson-Banking Committee bill.

Finally, I urge you to support whichever version you choose in its entirety. Please do not vote for any amendments because this is a very technical, carefully crafted bill and even well-intentioned amendments to either the St Germain or the Annunzio substitute could make either approach unworkable, just as the final version (quarter-size) of the Susan B. Anthony dollar was dooming it to failure.

Again, I urge Members to vote for the St Germain-Patterson-Banking Committee version at the Olympic Coin Act.

REAGANOMIC DEFICITS

(Mr. **ALEXANDER** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **ALEXANDER**. Mr. Speaker, in response to the Department of Commerce's announcement yesterday that housing starts in April were the lowest since last November, Presidential Counsellor Edwin Meese advised the Nation that if Congress does not pass a budget that persuades the financial markets to lower the interest rates, that the administration will take "other measures" to do so.

I am wondering, Mr. Speaker, if Mr. Meese intends to call the Director of the Office of Management and Budget and ask Mr. Stockman to reprogram the computers to produce a lower Presidential deficit than the $182 billion deficit presented in the President's fiscal 1983 budget; or, perhaps he will persuade the President to pick up the telephone to call the gentleman from Texas, Mr. GRAMM, to offer another substitute to the budget resolution, as he did last year.

I would remind Mr. Meese that the budget bind that grips the Nation is the result of the Presidential policy known as Reaganomics that was enacted by the so-called Gramm-Latta substitute to the fiscal 1982 budget resolution. The facts now reveal that Reaganomics produced a much higher deficit than the alternative policy offered by the House Budget Committee last year.

Today the Nation faces the prospect of a triple digit deficit for the first time in the Nation's history, which is the direct result of the economic policy of the President. Triple digit deficits which have been proposed by President Reagan, and which—if they were enacted—would result in the accumulation by 1985 of a 4-year deficit of $741 billion, which is more than the combined total deficit for the 48 years served by all the other Presidents, Democrat or Republican, in the past half century.

It was the Secretary of the Treasury, Donald Regan, who proclaimed on March 23, 1981, that: "* * * the President's program will begin to bear fruit even before it is enacted * * *."

□ 1145

OFFENSIVE POLITICS BY PROXY

(Mr. **MARKS** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **MARKS**. Mr. Speaker, I respectfully call my colleagues' attention this morning to an editorial in the New York Times entitled "Politics By Proxy."

I, with them, Mr. Speaker, find offensive, as I believe responsible Republicans find offensive, the television ads that are being run belittling the Speaker of the House, Mr. O'NEILL, and former President Carter at a time when the Republican Party may very well lose those gains we have worked so hard to get over so many years.

Mr. Speaker, it is belittling to have that type of trash appear as representative of Republican thinking. What the New York Times did not say was that the Democrat Party could very well run pictures of Herbert Hoover voiced over with the words of Republican Ronald Reagan which would more than even the score for what the Republican Party is insensitively doing. I respectfully suggest that those items be taken off the air, and the issues be discussed with the American people.

The New York Times concludes, "Is it really smart for the Republicans to hire an actor to pretend to be President? People who live in White Houses"—and then some dashes.

I thank the Speaker.

EXPORT TRADING COMPANIES

(Mr. **McGRATH** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **McGRATH**. Mr. Speaker, in the past two decades, America has consistently been losing its share of the world market to our trading partners. Not only have our exports lagged far behind our potential, imports have been capturing a significant share of the domestic U.S. market.

We have a vast, untapped reservoir of potential exporters in the United States. Over 80 percent of current exports are made by only 1 percent of U.S. firms. However tens of thousands of smaller firms produce goods and services that would be competitive in the world market but currently do not export due to a lack of knowledge or resources.

There is a solution to this problem, and that is the enactment of legislation to encourage formation of export trading companies. Our trading partners have used the export trading company concept to great advantage, and it is time we gave American businesses the same advantages.

The Commerce Department has indicated that as many as 25,000 U.S. firms would take advantage of export trading companies to market their goods and services. Such development means jobs—between 15,000 and 20,000 in New York alone—and increased job creation means a more robust economy for everyone.

I urge my colleagues to join me in giving strong support to this vital legislation.

FAIR TREATMENT FOR FEDERAL EMPLOYEES AND RETIREES

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLF. Mr. Speaker, as the Representative of a large constituency of active and retired Federal workers, I am particularly concerned over such issues as cost-of-living adjustments and Federal pay raise compensation. I would point out though that there are 2.7 million Federal employees, of which only 208,000 are located in the Nation's Capital. There are 1.28 million civil service retirees and 1.32 million military retirees and of these 2.6 million COLA recipients, only 100,000 are located in the Washington metro area. These retirees are located nationwide, and I urge my colleagues to review portions of the proposed budget resolutions and realize the national importance of allowing the consideration of my amendments.

Mr. Speaker, for far too long editorial writers and politicians have criticized Federal employees. I would just like to tell the Members of this House that the Navy captain who goes out to sea for 6 months is a Federal employee. The FBI agent who works on a kidnaping case is a Federal employee. The drug enforcement agent who goes out and tries to keep drugs from coming into our schools is a Federal employee. The man or woman out at NIH working on a cancer cure is a Federal employee. The Secret Service agent who stopped the bullet that would have killed the President is a Federal employee.

So as we consider these matters and these budget resolutions, I hope we will remember these things.

BIPARTIASN BUDGET FOR ECONOMIC RECOVERY

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, today we will have a series of press conferences at which a bipartisan budget designed for economic recovery will be announced. Without stealing any thunder from that press conference, I think it is important for this House to know it will be given a real choice, a choice between less taxes and more taxes, a choice between less domestic spending and more domestic spending, a choice between a stronger defense and a weaker defense.

I think there is room for every moderate and conservative Democrat to join with every Republican in passing a budget which will lay the base for economic recovery.

BUDGET AMENDMENT TO DELETE FUNDS FOR FURTHER TESTING, PRODUCTION, AND DEPLOYMENT OF NUCLEAR WEAPONS

(Mr. CONYERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONYERS. Mr. Speaker, I am proposing an amendment to the first budget resolution for fiscal year 1983 to delete funds from function 050 for the further testing, production, and deployment of nuclear weapons and of missiles and new aircraft designed primarily to deliver nuclear weapons. My amendment would implement the nuclear freeze resolution (H.J. Res. 343) now cosponsored by 70 Members of the House. I hope that those who are participating in the bipartisan effort on the budget will support this amendment.

My amendment would delete $20.9 billion in budget authority and $8.4 billion in outlays from functional category 050 and reduce the Federal deficit by the same amount. Specifically, the amendment would delete funds and cancel the MX missile, the B-1 bomber, the Trident submarine and missile, the Air-, Sea-, and ground-launched cruise missiles, and the Pershing II missile programs. In addition, it would cut funds for weapons research, development, materials production, and waste management within the atomic energy defense activities portion of the defense function.

This amendment translates into budgetary policy the nuclear freeze resolution. It also reflects the call to halt the nuclear arms race, the basic document of the national citizens' movement for a nuclear freeze.

In light of the extraordinary national and international support for a nuclear freeze, I urge this body to distinguish itself in the eyes of our countrymen who pray for world peace and an end to the nuclear arms race.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1983

The SPEAKER pro tempore (Mr. MOAKLEY). Pursuant to the provisions of clause 5, rule I, the unfinished business is on the question de novo of the passage of the bill, H.R. 6068, on which further proceedings were postponed on Tuesday, May 18, 1982.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WEISS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 357, nays 23, answered "present" 1, not voting 51, as follows:

[Roll No. 79]

YEAS—357

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Aspin
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Bliley
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coats
Coelho
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Corcoran
Coughlin
Coyne, James
Coyne, William
Craig
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Daschle
Daub
de la Garza
Deckard
DeNardis
Derwinski
Dickinson
Dicks
Dingell
Donnelly
Dorgan
Dornan
Dowdy
Downey
Duncan
Dunn
Dwyer
Dyson
Early
Eckart
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erlenborn
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Fithian
Flippo
Florio
Foley

Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Goodling
Gore
Gradison
Gramm
Green
Gregg
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Harkin
Hartnett
Hatcher
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hoyer
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffords
Jeffries
Jenkins
Johnston
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kennelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lujan
Luken
Lungren
Madigan
Markey
Marks
Marlenee
Marriott
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McClory
McCloskey
McCollum
McDade
McDonald
McEwen
McGrath
McHugh
McKinney
Mica
Michel
Mikulski
Miller (OH)
Mineta
Minish
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Oxley
Panetta
Parris
Pashayan
Patman
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Pursell
Quillen
Rahall
Railsback
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roe
Roemer
Rogers
Rose
Rosenthal
Rostenkowski
Roth
Roukema
Rousselot
Roybal
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schneider
Schulze
Schumer
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Stangeland
Staton
Stenholm
Stratton
Studds
Stump
Synar
Taylor
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weber (MN)
Weber (OH)
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki

NAYS—23

Burton, Phillip
Chisholm
Clay
Conyers
Crockett
Dellums
Dymally
Edgar
Garcia
Gonzalez
Lowry (WA)
Miller (CA)
Mitchell (MD)
Ottinger
Paul
Rangel
Rodino
Schroeder
Seiberling
Stark
Stokes
Washington
Weiss

ANSWERED "PRESENT"—1

Hawkins

NOT VOTING—51

Atkinson
AuCoin
Badham
Bafalis
Benedict
Boggs
Bowen
Brown (OH)
Burgener
Burton, John
Courter
Crane, Philip
Dannemeyer
Davis
Derrick
Dixon
Dougherty
Dreier
Erdahl
Ertel
Foglietta
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Hubbard
Huckaby
Jacobs
Leland
Lent
Lundine
Martin (NC)
Mattox
McCurdy
Moffett
Murtha
Richmond
Savage
Skelton
Smith (PA)
Stanton
Swift
Tauke
Tauzin
Thomas
Trible
Weaver
Wirth
Zeferetti

□ 1200

The Clerk announced the following pairs:

On this vote:

Mr. Zeferetti for, with Mr. Leland against.

Mrs. Boggs for, with Mr. Richmond against.

Mr. McCurdy for, with Mr. Gray against.

Mr. STOKES and Mr. RODINO changed their votes from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR SUBCOMMITTEE ON MERCHANT MARINE OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT DURING 5-MINUTE RULE ON TODAY

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that the Subcommittee on Merchant Marine of the Committee on Merchant Marine and Fisheries be permitted to sit today during the 5-minute rule for the purpose of holding a hearing on H.R. 4828, a bill to set aside certain surplus vessels for use in the provision of health and other humanitarian services to developing countries.

The ranking minority member of the subcommittee, the gentleman from California (Mr. MCCLOSKEY), has been apprised of the hearing times. He is in accord with this request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

□ 1215

Mr. WALKER. Mr. Speaker, reserving the right to object, do I understand the gentleman from New York (Mr. BIAGGI) to say that this has been cleared with the gentleman from California (Mr. MCCLOSKEY) on the minority side?

Mr. BIAGGI. Mr. Speaker, if the gentleman will yield; yes, it has.

Mr. WALKER. Further reserving the right to object, Mr. Speaker, with no doubt about the gentleman from New York's desire to be wholly accurate, I ran into a problem here last week when I had understood that there was such a clearance. I was told later that it had not been cleared with that Member.

May I ask the gentleman, has this been cleared directly with the Member or with some member of his staff?

Mr. BIAGGI. Mr. Speaker, I am advised by my staff that the Member has given permission. I would assume that my staff has been talking with the Member's staff, but I had assumed the same situation existed last week when I made the previous request. When I responded to the gentleman from Pennsylvania, I responded to the best of my ability and as honestly as I could, given the usual procedure.

Mr. WALKER. Mr. Speaker, reserving the right to object, I understand that, and I certainly know that the gentleman would not have responded in such a way if he had known otherwise. But the question here is, if the staff communication broke down previously, whether or not we have the same problem accruing here today on the floor.

That is my problem, and let me ask the gentleman this: Is S. 2535 a part of this request?

Mr. BIAGGI. No, it is not. It is just on H.R. 4828, and it is just a hearing dealing with surplus vessels that we can provide for humanitarian services in developing countries. It is purely a hearing; no other action will be taken on this date.

I regret that there has apparently been a staff breakdown. I cannot understand it because the relationship between the staffs and between Members on both sides has been excellent.

Mr. WALKER. Mr. Speaker, I thank the gentleman for his explanation, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. SNYDER. Mr. Speaker, reserving the right to object, I am just trying to understand what the gentleman is doing. I would like to know what the gentleman's request is. I was curious about it, and I am sorry, Mr. Speaker, but I did not catch the request of the gentleman. I was simply wondering what it was.

Mr. BIAGGI. Mr. Speaker, if the gentleman will yield, in connection with H.R. 4828, there are some surplus vessels that we have, and there is an effort to give some of those surplus vessels for humanitarian purposes to developing countries. The idea is to convert them into hospitals so they will be readily available.

All we are doing today is holding the initial hearing, and I do not expect any other procedure unless there are reasons for it. The hearing will be very short in its duration, and I am accommodating some Members by making this request.

Mr. **SNYDER**. Mr. Speaker, may I ask: Is this for the subcommittee to consider or for the full committee to consider?

Mr. **BIAGGI**. It is the subcommittee's consideration.

Mr. **SNYDER**. And I take it that the ranking minority member on the subcommittee has agreed to this? Has the gentleman from California (Mr. McCLOSKEY) agreed to this?

Mr. **BIAGGI**. Mr. Speaker, I just responded to the inquiry of the gentleman from Pennsylvania (Mr. WALKER), and I have been advised by my staff that the gentleman from California (Mr. McCLOSKEY) has agreed. I would assume that my staff has spoken to the staff of the gentleman from California, and if we have been advised by the gentleman's staff, then it would seem to me they would have jurisdiction. Otherwise, they would give some reason or they would not make that statement. The gentleman from Kentucky knows full well that we have an excellent relationship between staffs and Members.

Mr. **SNYDER**. Normally, that is true. There seems to be a little problem as of yesterday and today that concerns me quite a bit.

The gentleman will assure me that the gentleman from California (Mr. McCLOSKEY) has agreed to this?

Mr. **BIAGGI**. Mr. Speaker, I can only assure the gentleman from Kentucky that my staff has advised me that the gentleman from California (Mr. McCLOSKEY) has been informed and is in accord. To be very candid, I would assume that my staff spoke to the staff of the gentleman from California and obtained that fact. I have no reason to believe otherwise, and I do not think my staff would advise me otherwise.

Mr. **SNYDER**. I expect that is right.

Ms. **FIEDLER**. Mr. Speaker, will the gentleman yield?

Mr. **SNYDER**. Under my reservation of objection, Mr. Speaker, I yield to the gentlewoman from California.

Ms. **FIEDLER**. Mr. Speaker, I wonder if the gentleman could please tell me what the value is of the vessels we plan to give to other countries for a variety of uses.

Mr. **BIAGGI**. Mr. Speaker, if the gentlelady will yield further, I do not have the value at this point, but they are really not terribly valuable. They will be coming out of a reserve fleet. They are in mothballs, so to speak. We have hundreds of them, and the request will be made for several.

What action will be taken remains to be seen, and it will not be done unless, No. 1, we find justification for it, and No. 2, we make a committee determination as to what should be done. I have completely maintained an open mind on the subject. I have responded to some Members' request to hold hearings, and I do not know what action, if any, will be taken after this hearing.

Ms. **FIEDLER**. I understand the gentleman is saying that in the event you make a decision to do this, when it comes back to the floor, you would be able to tell us what kind of money would be involved so that we will have some sense as to what we should do?

Mr. **BIAGGI**. There is no question about it. The gentlewoman's questions will be answered during the course of the hearings.

Ms. **FIEDLER**. Mr. Speaker, I thank the gentleman.

Mr. **BIAGGI**. We will be hearing from the Members who are recommending this hearing to determine what their entire request is and to see whether there is justification for it. We do not know whether it is justified.

Ms. **FIEDLER**. Mr. Speaker, I just have some concerns about it since we happen to be in a very bad economic situation and we have to try to utilize the resources we have to prop up our own budget for purposes here at home, and we want to make sure that we do not inadvertently take resources and divert those resources that might be needed here to other countries.

Mr. **BIAGGI**. Mr. Speaker, I could not agree with the gentlewoman more, and I share that sentiment. I share it very intensely, and I would be the first to join the gentlewoman in making certain that we do not exhaust our resources.

Ms. **FIEDLER**. Mr. Speaker, I thank the gentleman for yielding.

Mr. **SNYDER**. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 5726, NATIONAL BUREAU OF STANDARDS AUTHORIZATION ACT FOR FISCAL YEAR 1983

Mr. **HALL** of Ohio. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 458 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 458

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5726) to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal year 1983, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto the final passage without intervening motion except one motion to recommit. After the passage of H.R. 5726, it shall be in order to take from the Speaker's table the bill S. 2271, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 5726 as passed by the House

The **SPEAKER** pro tempore. The gentleman from Ohio (Mr. HALL) is recognized for 1 hour.

Mr. **HALL** of Ohio. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Missouri (Mr. TAYLOR) for purposes of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 458 is an open rule providing for the consideration of H.R. 5726, the National Bureau of Standards authorization for fiscal year 1983.

The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology. House Resolution 458 further provides for one motion to recommit.

After the passage of H.R. 5726, the rule makes it in order to take from the Speaker's table the bill S. 2271. It shall then be in order in the House to move to strike out all after the enacting clause of S. 2271 and to insert in lieu thereof the provisions contained in H.R. 5726 as passed by the House. The bill S. 2271 passed the other body on April 29, 1982.

Mr. Speaker, H.R. 5726 provides authorization for appropriations for the National Bureau of Standards and for two smaller, related agencies, the National Technical Information Service and the Office of Productivity, Technology, and Innovation.

The National Bureau of Standards provides the important measurement criteria necessary for domestic and international commerce and for a strong scientific and technological research and development base. According to the Committee on Science and Technology, there is a growing reliance on the Bureau by other Federal agencies for advice on measurement and standards-related problems involved in their respective functions.

Mr. Speaker, I am not aware of any opposition to the rule on H.R. 5726, and I urge my colleagues to adopt it.

Mr. **TAYLOR**. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, House Resolution 458 is an open rule, providing 1 hour of general debate for the consideration of the National Bureau of Standards authorization bill for 1983.

This is a simple, straightforward rule, containing no waivers. The rule allows one motion to recommit; and after passage of H.R. 5726, it makes in order the consideration of S. 2271, similar authorizing legislation which passed the other body in April.

The bill made in order under this rule, H.R. 5726, provides authorizations totaling $128.4 million for 1983 to the National Bureau of Standards, the National Technical Information Service, and the Office of Productivity, Technology and Innovation.

Mr. Speaker, H.R. 5726 is one of a series of bills from the Committee on Science and Technology that exceed the President's budget request. This bill authorizes $124 million for the activities of the National Bureau of Standards, and amount that is $12.5 million above the President's request of $111.5 million.

Indeed, the committee's recommendation is $3.7 million over the amount appropriated to the Bureau in 1982, compared to a reduction of $8.8 million sought by the administration.

When this rule was considered by the Committee on Rules, we were told by the gentleman from Kansas (Mr. **WINN**), the ranking minority member of the Committee on Science and Technology, that the minority will pursue efforts today to bring the National Bureau of Standards budget figures back to the administration's request.

Under this rule such amendments will be in order, and I urge adoption of the rule.

Mr. Speaker, I yield back the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

NATIONAL SCIENCE FOUNDATION AUTHORIZATION ACT FOR FISCAL YEARS 1982 AND 1983

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 459 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 459

Resolved, That upon the adoption of this resolution it shall be in order, section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5842) to authorize appropriations for activities of the National Science Foundation for fiscal years 1982 and 1983, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from California (Mr. **BEILENSON**) is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Missouri (Mr. **TAYLOR**), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 459 provides for the consideration of H.R. 5842, the National Science Foundation authorization for fiscal years 1982 and 1983. The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology. It is an open rule, allowing any germane amendment to be offered under the 5-minute rule. The resolution also provides that the bill be read for amendment by titles rather than sections, further facilitating the amendment process.

In addition, the rule waives points of order under section 402(a) of the Congressional Budget Act against consideration of the bill. Section 402(a) requires authorizations to be reported by May 15 preceding the beginning of the fiscal year for which they are effective. This waiver is necessary because the bill contains authorizations for fiscal year 1982 and it was not reported by May 15, 1981.

However, the Science Committee did report an authorization for fiscal year 1982, H.R. 1520, in timely fashion last year. This bill was passed by the House, but was not acted upon in the Senate. Under these circumstances, the Rules Committee granted a waiver of section 402(a) for the 1982 authorizations contained in H.R. 5842.

Finally, the rule provides a simple motion to recommit.

Mr. Speaker, H.R. 5842 authorizes $1,085 million for the National Science Foundation for fiscal year 1982, and $1,099 million for the Foundation during fiscal year 1983. The National Science Foundation is our Nation's lead agency in the support of long range fundamental research in the natural sciences and engineering, and plays a highly significant role in behavioral sciences. These authorizations deserve the support of the Members, and I urge my colleagues to begin consideration of the bill by adopting the rule before us.

☐ 1230

Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, House Resolution 459 is an open rule, providing 1 hour of general debate for the consideration of the National Science Foundation authorization bill for 1982 and 1983.

The rule waives section 402(a) of the Budget Act against consideration of the bill, provides for the reading of the bill for amendment by titles instead of by sections, and allows one motion to recommit.

The Budget Act waiver is technical in nature, but I do want to take a moment to explain why it is necessary. Section 402(a) of Budget Act prohibits authority unless that bill was reported by May 15 of the preceding fiscal year.

In this situation, H.R. 5842 authorizes appropriations to the National Science Foundation for fiscal year 1982, but the bill was not reported from the Committee on Science and Technology by May 15 of last year. The House passed an authorization bill for the National Science Foundation last year (H.R. 1520), which had been reported from the committee in compliance with the Budget Act, but the other body did not act on the measure.

The bill made in order under this rule, H.R. 5842, simply incorporates at a lower authorization level the House-passed authorization which did not violate the Budget Act.

Mr. Speaker, the Committee on Rules concluded, therefore, as has the Committee on the Budget, that the waiver is necessary and that the Committee on Science and Technology has attempted to comply with the May 15 reporting requirement.

The amounts authorized in title I of H.R. 5842 are identical to the funding levels agreed to by the House in H.R. 1520 last year.

Title II of the bill authorizes a total $1,099 million for the National Science Foundation for 1983. This amount is an increase of $30 million over the President's request of $1,069 million, primarily because H.R. 5842 authorizes $45 million for the science and engineering program, compared to the $15 million requested.

The minority members of the committee oppose the budget level contained in the bill, and point out in the committee report that they would like to see this year's budget level held to last year's total of $1,085 million. This figure would be $15 million less than the reported bill, and about $15 million more than the requested amount.

Since this is an open rule, we can expect that amendments will be offered to trim the amounts authorized.

Mr. Speaker, this rule was reported from the Committee on Rules by a voice vote and I urge its adoption by the House.

I yield back the balance of my time.

Mr. **BEILENSON**. Mr. Speaker, I have no further requests for time and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. **FUQUA**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the bill, H.R. 5842.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. **FUQUA**. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5842) to authorize appropriations for activities of the National Science Foundation for fiscal years 1982 and 1983, and for other purposes.

The **SPEAKER** pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. FUQUA).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 5842, with Mr. BONIOR of Michigan in the chair.

The Clerk read the title of the bill.

The **CHAIRMAN**. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Florida (Mr. FUQUA) will be recognized for 30 minutes, and the gentleman from Kansas (Mr. WINN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. FUQUA).

Mr. **FUQUA**. Mr. Chairman, I yield myself such time as I may consume.

To begin with, Mr. Chairman, I would certainly like to commend the gentleman from Pennsylvania (Mr. WALGREN), the gentlewoman from Massachusetts (Mrs. HECKLER), and the gentleman from Kansas (Mr. WINN) for their very excellent cooperation in trying to get this legislation through the subcommittee and through the full committee and to its present consideration here on the floor.

Mr. Chairman, H.R. 5842 provides authorization of appropriation for the National Science Foundation for fiscal year 1982 and fiscal year 1983. Before focusing on the Committee's recommendation for fiscal year 1983 I would like to make a few comments regarding the inclusion of the fiscal year 1982 authority. As some of my colleagues may recall the House did vote on an authorization for the Foundation for fiscal year 1982 but no final action has been taken and we are still waiting for the other body to bring a corresponding authorization to the floor. By including the fiscal year 1982 authorization, which has the identical funding level as agreed to by the House last year, we hope to avoid having the precedent of an appropriation without an authorization for the Foundation's programs.

Title II of the bill provides $1,099.5 million for the research and education activities of the Foundation. This amount provides for an increase of $30 million above that recommended by the administration, all of which will be added for science and engineering education activities. The total amount in that category would be brought to $45 million. The administration's amount of only $15 million, down from $70.7 million in fiscal year 1981, would have eliminated all of the science and engineering education activities. The money we have restored here will allow for continuing some very specific and critically targeted education programs, particularly in the precollege and undergraduate areas.

With regard to research and related activities we are recommending a total amount identical to the President's request, although we have made some rearrangements among the subcategories. Of the changes made, we have provided additional support for some areas deeply cut either last year or in this year's budget. These include social, economic, and information sciences, as well as women and minorities and international programs. These changes still allow for a relatively strong growth of roughly 5 percent in the other research categories.

In summary, Mr. Chairman, our recommendations for the Foundation maintain a strong support for research and related activities while allowing for the continuation of some critical programs within the education activities. The total amount of $1,099.5 million is actually less than the appropriation's level approved by the House last year, and taking into account newly transferred authorities, is essentially at the same level as last year's authorization.

Mr. **WINN**. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of the National Science Foundation and its excellent programs. I only wish that I could give my full support to this bill as reported from committee. Unfortunately, the bill is $30 million over the President's budget request and I cannot support it in its current form. At the appropriate time I will offer an amendment to reduce this budget to what I consider more appropriate levels.

I was extremely pleased that the administration saw fit, in a time of budget austerity, to provide for a 7½ percent increase in the Foundation's budget for fiscal year 1983. I am certain that my colleagues will recall that last year the NSF budget was a subject of great controversy. The Foundation was subjected to some rather severe budget cuts. The final budget for the Foundation for fiscal year 1982 was slightly under $1 billion. The President's request for fiscal year 1983 was a healthy increase of $73 million over the 1982 level.

Mr. Chairman, I want to emphasize that this budget will still be able to provide the scientific excellence and breadth of activity that we have all come to expect from the National Science Foundation. A wide variety of science and engineering disciplines are strongly supported by this budget. For example, last year we heard a great deal about the poor state of instrumentation and equipment in our facilities across the Nation. The administration's request for the Foundation provides for an increase of over 11 percent above 1982 in this area. Another area of great concern during the debate last year on the Foundation's budget was social and behavioral sciences. Again, this has been substantially increased over the fiscal year 1982 level. Emphasis is also given to the physical sciences and engineering, with special attention to computer research, earth sciences, and electrical and computer engineering. Certainly these areas are crucial to the United States in our efforts to turn around the economy and to remain competitive with our foreign economic trading partners. While the science, engineering, and education program is not being funded at a level that many Members would like, strong support is maintained in this budget for new and continuing graduate fellowships. While I understand the administration's philosophy on this issue, I do have great concern over our science and education programs. The gentleman from Minnesota (Mr. WEBER) will offer an amendment at a later point which will provide substantially increased funding to address those concerns.

Mr. Chairman, I remain a strong supporter of the National Science Foundation as I have been throughout my terms in Congress. Dr. Slaughter, the Director of the Foundation, has told our committee several times in hearings this winter that the administration's requested budget for the Foundation is a very adequate and generous level of support. I hope that the Members here will heed Dr. Slaughter's words, and support the amendment that I intend to offer to bring the Foundation's authorization level down to the President's request. I also hope that the Members will continue their strong support of the National Science Foundation's mission under a fiscally responsible authorization level.

Mr. FUQUA. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the subcommittee, the gentleman from Pennsylvania (Mr. WALGREN).

Mr. WALGREN. Mr. Chairman, I want to urge my colleagues to support H.R. 5842 in the strongest possible terms. As chairman of the Subcommittee on Science Research and Technology, it has been my privilege to work in some detail on this bill.

I especially want to say how much I respect and appreciate the contribution made by the ranking minority members of the subcommittee, the gentlewoman from Masachusetts (Mrs. HECKLER).

Her concern for strength in this area for the Nation and her judgment in evaluating the programs that we review in the National Science Foundation have been outstanding, and it has been a real pleasure working with her in the process.

The recommendation in the bill we have before us today were derived from a careful assessment of testimony presented in a number of hearings held by the committee over the past year. As in past debates, we are well aware of the need to restrict Federal spending. However, we are also aware of the importance of science and technology in establishing our Nation's preeminence in the world. The NSF basic research and education programs are ultimately critical to our ability to compete in world markets and to maintain our national security.

At some point in our evaluation of Government programs we must recognize that some Government spending is a true investment. And that some Government spending is essential for long-term economic recovery. This recommendation for spending on the National Science Foundation fits, certainly, in that category.

In considering the administration's request, there were a number of concerns that became, I think it fair to say, more than apparent. Of greatest concern was the proposal by the administration to eliminate all funding, with the exception of graduate fellowships, of the science education activities of the Foundation. And while there may exist disagreement regarding the exact nature of the effort needed in science and engineering education, many on both sides of our committee are in complete agreement of the need to sustain critical programs in this area. These programs are essential if we are to resolve the manpower shortages our Nation faces in technical and scientific areas. This is the reason that the committee bill recommends an increase of $30 million for science and engineering education. The main emphasis of the increased funding will be toward precollege science and math education, as well as allowing for targeted activities in the undergraduate and graduate education sectors.

As noted by the chairman of the full committee, the gentleman from Florida (Mr. FUQUA), we have not increased the President's requested level for research and related activities. Rather, we have only shifted some moneys within OMB's overall research recommendation to bring the behavioral, economic and information sciences to levels equivalent to their fiscal year 1980 levels. The President's science adviser, Dr. Keyworth, has publicly stated several times that is was a mistake to reduce the behavioral and social science research as was done at the outset of the Reagan administration. It is time that this mistake be corrected and these programs restored to at least the level of effort before these cuts were made. A careful review of the national interest leads to the inescapable conclusion that the social and behavioral sciences have as much, if not more, to contribute to our Nations future well-being.

Some additional moneys were shifted to provide a level of effort for the national research opportunity grants for women, for international and intergovernmental programs, and for the experimental program to stimulate competitive research. Within the engineering activity, we also earmarked $2 million for research to aid to handicapped, an amount that is equal to that spent in 1982.

Despite these changes, we remain consistent with the direction recommended by OMB, to wit: An actual increase in the mathematical and physical science research budgets. Where OMB recommended a 7-percent increase, the committee recommends a 5.4-percent increase and, at the same time, provides room for what we consider to be extremely important other research functions.

As I say, our research package, by itself, is within the OMB mark. We do add $30 million overall in the area that the administration has so underestimated its importance to the Nation, that of science and engineering education. Although that is an add-on of $30 million, the total recommendation is only $17 million above that recommended by the administration because there is some $13 million transferred into the National Science Foundation that previously was accounted for in the Coast Guard budget. It seems to me that when we look at the overall program we should realize that we are close to being in agreement on this function, and I strongly recommend to my colleagues support for the bill as reported by the committee.

Mr. WINN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Massachusetts (Mrs. HECKLER), the ranking minority member on the Subcommittee on Science, Research and Technology.

Mrs. HECKLER. Mr. Chairman, at the outset I would like to congratulate both Chairman FUQUA and the ranking minority member, the gentleman from Kansas (Mr. WINN), for their strong leadership on the issue of the National Science Foundation authorization, and I would like to especially congratulate Chairman DOUG WALGREN, chairman of the Science, Research and Training Subcommittee, whose expert leadership in the subcommittee provided the direction for our deliberations.

Three days of hearings were held on the NSF budget. Many of the Foundation's programs were discussed at great length. Some areas, such as the science education programs, the equipment needs for teaching, for training and for research programs targeted for women and minorities and the handicapped, were especially relevant.

One of the most serious problems we face today is recruiting and maintaining an educational work force that can cope with the technological changes that are being introduced to improve U.S. productivity. Overcoming this problem requires a commitment to science and education on the part of the Congress, the research community, and the educational community. The Science Foundation should be commended for focusing on the science education problem through the creation of a Special Commission on Precollege Education in Mathematics, Science, and Technology. The concept of this Commission is to examine national priorities in science and engineering education, and I believe it is crucial to the future of America, as I think all Members of this House will agree.

Equally important, we must continue to support research in the social and behaviroal sciences, such as research on education, learning, and cognitive development. Moreover, social and behavioral science research, in such areas as human factors in productivity, the economic implications of changing population patterns, the location of public service and commercial facilities and survey research all contribute to an improved U.S. economic productivity and competitiveness and also improves the confidence and capability of our industrial and business base in the United States.

The Foundation's continued attention to the initial Science and Technology Equal Opportunities Act is appreciated, and, I would hope, would be improved in the future. Encouraging and increasing the participation of women and minorities in scientific and technological careers will carry forward a growing significance and importance to the American productivity as we emerge in the next decade, for 60 percent of the new workforce in the emerging decade will be composed of minorities and women.

The visiting professorships for women's programs will allow for greater visibility for women scientists and could be supplemented with other programs.

Overall, the minority is very proud of the Foundation's accomplishments in this area. However, we are in an era of belt-tightening. At this point it is much easier to estabish budget levels at higher figures than the administration requests than to try to develop budgets within certain constraints.

Two amendments will be offered by the minority to the committee bill, the first by the gentleman from Kansas (Mr. WINN), the ranking minority member on the Science and Technology Committee. Mr. WINN's amendment will bring the Foundation's budget precisely in line with President Reagan's request. A funding level of $1.7 billion is $73 million over the 1982 operating budget at NSF, representing an increase of 7 percent over the previous year.

Mr. WEBER will also offer an amendment to reduce the committee's proposed funding level. Despite the desire of Mr. WEBER and other minority Members to remain at precisely the administration's budget request, they feel a critical need for improved science education, which has prompted them to offer an alternative NSF budget proposal of $1.08 billion. This amendment, which was offered in the full committee, targets an additional $5 million over the majority's budget in the area of science education, yet remains $20 million below their total budget figure.

There is major agreement on both sides of the aisle on the vast majority of the Foundation's programs. There is substantial pride and support for what the Foundation has accomplished. The differences are in the context of this budget. Relatively minor, however, they do reflect slightly different priorities in how NSF research endeavors ought to be carried out. The minority continues to support a strong and vibrant scientific enterprise in the National Science Foundation while still exercising budget restraint. The budget request for fiscal year 1983 was developed within the context of the President's economic recovery programs. As part of NSF's contribution to the achievement of that program's objective, all activities and priorities were carefully reviewed to insure that those included in the fiscal year 1983 request would provide the largest possible return on the dollars invested, in terms of a strong scientific and engineering knowledge base for the future.

Mr. WALGREN. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. TRAXLER).

Mr. TRAXLER. Mr. Chairman, I rise in strong support for the authorizing legislation, the authorizing legislation for the National Science Foundation.

As a member of the HUD-Independent Agencies Subcommittee on Appropriations, I am very pleased to have been actively involved in the appropriation for the National Science Foundation. I think the authorizing committee in this instance has done an outstanding job and a fine piece of work, and I strongly support their efforts—most especially as it relates to the authorizing language relative to the social sciences.

● Mr. CORRADA. Mr. Chairman, I rise in support of H.R. 5842, to authorize appropriations for the National Science Foundation for fiscal years 1982 and 1983.

The National Science Foundation has been a vital part of our Nation's success in the scientific, mathematical, and engineering fields. Their programs for research are crucial to the advancement of our knowledge in those key areas.

In an era when scientific and engineering data are becoming increasingly complex and which grows in quantum leaps, the work of the NSF is even more imperative.

I wish to commend the chairman of the Science and Technology Committee, Mr. FUQUA, for the work his committee has done on this important piece of legislation. I want to particularly support the increase of $30 million in the funding for science and engineering education. It is important that we continue our Nation's commitment to excellence in these fields.

The bill also has other important provisions such as earmarking $2 million from engineering activities for research to aid the handicapped; establishing a permanent Science and Engineering Directorate within the NSF and providing $3 million for research opportunity grants to women and minorities.

The committee report underscores the urgent need for sufficient funding for the National Science Foundation when it states its concern about the deterioration of our science and engineering education programs. The report states that—

> The crisis occurs at a time when the United States is falling further behind other nations in several crucial fields of science and engineering that are directly related to our economic recovery and competitive technological position in the world.

I urge my colleagues to refrain from adopting any amendment that would weaken the bill and to vote in favor of H.R. 5842.●

● Mr. MARKEY. Mr. Chairman, I rise in support of H.R. 5842, a bill to authorize appropriations for activities of the National Science Foundation (NSF). The NSF primarily supports long-term basic research in all scientific disciplines through grants, largely to scientists in academic institutions, and through support of major research facilities in areas such as optical and radio astronomy, oceanography, and atmospheric sciences.

Research funded by NSF provides new knowledge and understanding in all fields of science and engineering and results in several thousand published articles, reports, and books each year. These publications provide the primary basis for those with expertise in the relevant disciplines and specialties to assess the quality and scientific significance of the work.

By establishing the NSF, the Federal Government recognized that support of long-term fundamental research in all fields of science and engineering, and the teaching and learning of science contribute to the strength and well-being of America in many ways. Research discoveries precede and underlie advances in many important areas including national defense, industrial productivity, health, energy, and environment. Scientists and engineers help create the future by developing new ideas, techniques, and applications—and new generations of scientists are educated through their work as graduate students on research projects.

Now, at a time when the United States is slipping in overall worker productivity and when we have dropped to 10th place among the world's nations in per capita income, the Reagan administration wants to terminate all of the NSF's science and engineering educational activities except graduate fellowships. Thankfully, my distinguished colleagues on the Science and Technology Committee had the foresight to include a relatively modest $30 million for the science and engineering education programs of the NSF, despite the administration's objections.

We live in a world where technological advancement is the key to economic strength and national security. The Reagan administration seems to ignore the growing shortage of undergraduate faculty in engineering, our outdated laboratories, and the severe shortage of trained math and science teachers in elementary and secondary schools, when it proposes to terminate the NSF's educational activities. And, we must remember, this proposal comes on top of the administration's unprecedented assault on Federal aid to postsecondary students through proposed slashes in student grants and loans.

The United States is falling behind other nations in several crucial fields of science and engineering that are directly related to our economic recovery and competitive technological position in the world. Undermining support for basic research and financial aid will only exacerbate that trend. I urge my colleagues to vote for a strong America. We should support the NSF authorization before us today, including the much needed $30 million to continue the science and engineering education programs of the NSF.●

● Mr. **PURSELL.** Mr. Chairman, I rise in support of the National Science Foundation (NSF) bill recommended by the Science and Technology Committee and urge my colleagues to support it. The bill represents a realistic compromise between a number of conflicting positions where both sides have merit.

It recognizes the need for overall budget constraints during a year when we are already faced with uncomfortably large deficits: The total recommended by the committee for research and related activities is exactly the same as the budget recommended by the administration.

It achieves a fair and reasonable allocation of the resources devoted to the various scientific programs within the NSF.

It adds a modest amount of resources to deal with the pressing problem in the field of science and engineering education—a priority that Members of this body have long thought needs to be more effectively addressed by the NSF.

No authorization bill is bound to meet everyone's criteria for perfection, but the committee bill is restrained in its total amount, equitable in its allocation of resources, and merits our support.●

● Mr. **HOLLENBECK.** Mr. Chairman, I rise in opposition to the amendment. Though I share my colleague's concerns for maintaining a reduced budget as well as providing funds for science and engineering education, I must oppose his amendment. His approach is to add $35 million for these science and engineering education activities while reducing the overall research activities by $25 million. I think it is important to note that the administration opposes any reduction in this research category.

The National Science Foundation and its research activities are key to any long-term technological and, therefore, economic growth for this country. In last year's final budget actions, NSF saw an overall reduction of close to $100 million. Much of this was in research funding. The administration in recognizing the importance of basic research has restored much of that, requesting $1,052.3 million for NSF's research and related activities. The committee has wisely maintained that level, only making a number of internal adjustments to restore balance to programs in the social, economic, behavioral, and information sciences, as well as women and minority and international programs.

If we feel that science and engineering education are important, I think we should do so without jeopardizing the research which is proposed. I would also note that the Senate committees are proposing adding up to $20 million to NSF so I do not think the proposal to add $30 million for science education is unreasonable.

I must oppose this amendment, and I urge my colleagues on this side of the aisle to join me.●

Mr. **WINN.** Mr. Chairman, I have no further requests for time.

Mr. **WALGREN.** Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The **CHAIRMAN.** Pursuant to the rule, the Clerk will read the bill by titles.

The Clerk read as follows:

H.R. 5842

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Science Foundation Authorization Act for Fiscal Years 1982 and 1983".

TITLE I—AUTHORIZATION OF FUNDS FOR FISCAL YEAR 1982

Sec. 101. There are authorized to be appropriated to the National Science Foundation, for fiscal year 1982, the sums indicated for the following categories:

(1) Mathematical and Physical Sciences, $285,400,000.

(2) Engineering, $100,400,000.

(3) Biological, Behavioral, and Social Sciences, $184,600,000.

(4) Astronomical, Atmospheric, Earth, and Ocean Sciences, $253,200,000.

(5) Ocean Drilling Programs, $14,000,000.

(6) United States Antarctic Program, $69,600,000.

(7) Scientific, Technological, and International Affairs, $46,400,000.

(8) Cross-Directorate Programs, $13,200,000.

(9) Program Development and Management, $63,200,000.

(10) Science and Engineering Education, $35,000,000.

Sec. 102. Besides the sums authorized in sections 101 and 103, there is authorized to be appropriated to the National Science Foundation the sum of $16,500,000 for fiscal year 1982 for a special program for modernization of research equipment and facilities.

Sec. 103. Besides the sums authorized in sections 101 and 102, a sum not exceeding $3,500,000 for fiscal year 1982 is authorized to be appropriated for expenses of the National Science Foundation incurred outside the United States, to be drawn from foreign currencies that the Treasury Department determines to be excess to the normal requirements of the United States.

Sec. 104. From appropriations made under authorizations provided in this title, not more than $5,000 for fiscal year 1982 may be used for official consultation, representation, or other extraordinary expenses at the discretion of the Director of the National Science Foundation. His determination will be final and conclusive upon the accounting officers of the Government.

TITLE II—AUTHORIZATION OF FUNDS FOR FISCAL YEAR 1983

Sec. 201. There are authorized to be appropriated to the National Science Foundation, for fiscal year 1983, the sums indicated for the following categories:

(1) Mathematical and Physical Sciences, $288,300,000.

(2) Engineering, $98,600,000.

(3) Biological, Behavioral, and Social Sciences, $201,000,000.

(4) Astronomical, Atmospheric, Earth, and Ocean Sciences, $250,800,000.

(5) Ocean Drilling Programs, $14,000,000.

(6) United States Antarctic Program, $86,400,000.

(7) Scientific, Technological, and International Affairs, $50,100,000.

(8) Program Development and Management, $63,081,000.

(9) Science and Engineering Education, $45,000,000.

Sec. 202. (a) Of the total amount authorized under section 201(2), not less than $2,000,000 shall be available for research to aid the handicapped.

(b) Of the total amount authorized under section 201(7), not less than $3,000,000 shall be available for the National Research Opportunity Grant Program.

(c) Of the sum of the amounts authorized under sections 201(1), 201(2), and 201(4), not less than 10 per centum shall be available for research instrumentation.

(d) Of the sum of the amounts authorized under sections 201(1), 201(2), and 201(4), the Director of the National Science Foundation is authorized to transfer up to $9,000,000 to the category of Ocean Drilling Programs for the Ocean Margin Drilling subactivity; but the second and third sentences of section 303(b) shall apply with respect to any transfer which is proposed to be made under this subsection, and such a transfer shall be treated in all respects (subject to the dollar limitation in this subsection) the same as any other transfer of funds for purposes of section 303(a) and the first sentence of section 303(b).

Sec. 203. Besides the sums authorized in section 201, a sum not exceeding $2,200,000 for fiscal year 1983 is authorized to be appropriated for expenses of the National Science Foundation incurred outside the United States, to be drawn from foreign currencies that the Treasury Department determines to be excess to the normal requirements of the United States.

Sec. 204. From appropriations made under authorizations provided in this title, not more than $2,500 for fiscal year 1983 may be used for official consultation, representation, or other extraordinary expenses at the discretion of the Director of the National Science Foundation. His determination will be final and conclusive upon the accounting officers of the Government.

TITLE III—AVAILABILITY OF FUNDS AND OTHER FUNCTIONS

Sec. 301. Appropriations made under authorizations provided in titles I and II shall remain available for obligation, for expenditure, or for obligation and expenditure for periods specified in the Acts making the appropriations.

Sec. 302. If the total amount of appropriations made by any Act for fiscal year 1983 for program activities included in title II is less than the total amount authorized to be appropriated for those activities by title II, the amount available from such appropriations for any particular program activity shall bear the same ratio to the amount authorized to be appropriated for that activity by title II as the total amount of the appropriations made by such appropriation Act for all included program activities bears to the total amount authorized to be appropriated for those activities by title II (with each floor set forth in section 202 being reduced in the same ratio), except to the extent specifically otherwise provided in the text of the Act making the appropriations for the program activities involved.

Sec. 303. (a) Funds may be transferred among the categories listed in section 101, so long as the net funds transferred to or from any category do not exceed 10 per centum of the amount authorized for that category in section 101. Funds may be transferred among the categories listed in section 201, so long as the net funds transferred to or from any category do not exceed 10 per centum of the amount authorized for that category in section 201.

(b) The Director of the National Science Foundation may propose transfers to or from any category listed in section 101 or 201 exceeding 10 per centum of the amount authorized for that category in such section. An explanation of any such proposed transfer must be transmitted in writing by the Director to the Speaker of the House of Representatives, the President of the Senate, the House Committee on Science and Technology, and the Senate Committee on Labor and Human Resources. The proposed transfer may be made only when thirty calendar days have passed, after the transmission of such explanation, without the chairman of either such committee having notified the Director to the effect that the committee objects to the proposed transfer.

Sec. 304. (a) The text of section 9 of the National Science Foundation Act of 1950 is amended to read as follows:

"Sec. 9. (a) Each special commission established under section 4(h) shall be appointed by the Board and shall consist of such members as the Board considers appropriate.

"(b) Special commissions may be established to study and make recommendations to the Foundation on issues relating to research and education in science and engineering.".

(b) Section 6 of Public Law 95-99 (the National Science Foundation Authorization Act, fiscal year 1978) is repealed.

TITLE IV—DIRECTORATE FOR SCIENCE AND ENGINEERING EDUCATION

Sec. 401. The Directorate for Science and Engineering Education is hereby named as a permanent organizational entity of the National Science Foundation, responsible for all functions relating to science and engineering education activities of the Foundation.

Sec. 402. Any proposed change in the functions or organization of the Directorate for Science and Engineering Education may occur only when (1) an explanation of the proposed change has been transmitted in writing by the Director of the Foundation to the Speaker of the House of Representatives, the President of the Senate, the House Committee on Science and Technology, and the Senate Committee on Labor and Human Resources, and (2) thirty calendar days have passed, after the transmission of such explanation, without the chairman of either such committee having notified the Director to the effect that the committee objects to the proposed change.

Mr. WALGREN (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendments: On page 4, after line 22, insert a new subsection (d):

(d) Of the amounts authorized to be appropriated under Section 201(7), for Scientific, Technological, and International Affairs, no amount is authorized to be available for United States support of the International Institute for Applied Systems Analysis in Vienna, Austria, providing there is a final determination by the President, and notification to the Congress, that participation in the Institute is contrary to national security interests.

On page 5, line 6 strike (d) and insert "(e)".

On page 8 after line 8, insert two new subsections (c) and (d) to read:

(c) Section 10 of Public Law 95-99, the National Science Foundation Authorization Act of FY 1978, is repealed.

(d) Subsection 12(b) of the National Science Foundation Act of 1950, as amended, is deleted and the preceding subsection is redesigned by striking the "(a)".

Mr. WALGREN (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendments be considered en bloc, and that they be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

□ 1300

AMENDMENTS OFFERED BY MR. WINN

Mr. WINN. Mr. Chairman, I offer amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. Winn: On page 3, line 23, strike "$288,300,000" and insert in lieu thereof "$298,700,000".

On page 3, line 24, strike "$98,600,000" and insert in lieu thereof "$99,700,000".

On page 4, line 2, strike "$201,000,000" and insert in lieu thereof "$186,700,000".

On page 4, line 4, strike "$250,800,000" and insert in lieu thereof "$259,700,000".

On page 4, line 9, strike "$50,100,000" and insert in lieu thereof "$44,000,000".

On page 4, line 13, strike "$45,000,000" and insert in lieu thereof "$15,000,000".

On page 8, beginning with line 15, strike title IV in its entirety.

Mr. WINN. Mr. Chairman, this amendment I am offering would reduce the authorization for the National Science Foundation to that requested by the President for fiscal year 1983. I must admit that I was surprised at the authorization level recommended by the Science, Research and Technology Subcommittee and then approved by our full Science and Technology Committee. I was surprised because, at a time when most agencies are being asked to take significant budget reductions, NSF was granted a 7.7-percent increase this year over last year's budget. The committee's recommendation comes in far above that generous increase—adding an additional $30 million to the authorization. Last year there were strong differences on both sides of the aisle as to the appropriate level of funding for the Foundation. Given the size of the increase over last year's funding, however, and given the size of the problems we are facing on the national level due to overspending, I do not believe a valid case can be made for increasing this budget $30 million over the President's request.

Let me address one area in particular in the administration's request that is of great concern to many Members, myself included. That area is science and engineering education. The administration has requested $15 million in fiscal year 1983 for graduate research fellowships. The committee has seen fit to add $30 million to this category, applying it to a variety of education programs at different levels other than graduate education. I do not believe that there is any question that science education at all levels, but particularly at the elementary and secondary levels, is facing severe problems. However, I think the Committee has taken an approach that has become all too common in an attempt to solve problems, and that is to just throw more money at it. Before embarking on a major expenditure of funds in this area, the administration has chosen wisely, I think, to move more cautiously in a search for solutions to these problems. They have established the National Science Board Commission on Precollege Education in mathematics, science and technology. The Commission will be active over a period of 18 months and is expected to issue interim reports on its findings at 6-month intervals.

Included in the scope of its activities will be an examination of existing evidence on the quality of general and preprofessional secondary school education in mathematics and science. Since it is my belief that precollege education is fundamentally a responsibility of State and local governments, the use of this Commission to identify solutions, without involving the Federal Government to the tune of millions of dollars, is a wise approach. The Commission will be able to identify ways for all of the concerned communities across this Nation to work together in addressing the problems of math and science education in our secondary schools.

I am certainly not foreclosing the possibility of additional Federal aid at some point in the future, but we should certainly not make prejudgments until all the facts are in. The administration's budget, as contained in my amendment, reflects this approach.

Mr. Chairman, what we are confronting here today on this NSF authorization, is a situation very similar to the one that we saw last week on the NASA authorization. And, in that instance we had an authorization that was an increase of some 11 percent over last year. However, the majority on the committee added additional moneys to that authorization. Here today on the National Science Foundation authorization, we once again have a very generous increase on the part of the administration for fiscal 1983. Compared to the amount approved in the continuing resolution for fiscal year 1982, the increase for the next fiscal year is approximately $73 million, or a hike of roughly 7.7 percent. The committee chose to add $30 million to this budget primarily in the education areas, without making any corresponding decreases to keep the budget at a reasonable level. This approach is just not consistent with our drive to right the economy, bring the deficit down, and establish a workable and fiscally responsible national budget.

Mr. Chairman, I believe that the administration's request for the National Science Foundation is fiscally sound, well-balanced, and would maximize the benefits from the Nation's investments in the support of fundamental research. It is by no means a perfect budget, but it is far preferable to that offered by the committee. I urge the adoption of my amendments.

Mr. FUQUA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the gentleman's amendments.

The reduction in the National Science Foundation budget to a level below that recommended by the committee would be, I think, prejudicial to a number of vital activities carried out by the Foundation and to the progress of science and science education in this country.

The committee felt very strongly that the funds that should be placed in the science education portion of the bill, the $15 million that was recommended by the administration, was totally inadequate.

There has been a great deal said in recent months in the national media. One prominent weekly magazine, U.S. News & World Report, had a very significant article in February relating to the inability of high school students to obtain adequate science and math teaching in high school. I think one of the most recent issues has a cover story relating to the same subject matter.

There have been numerous conferences and meetings trying to raise a level of awareness of Americans about the serious situation with which we are faced.

We find that a large majority of students do not take any science or math beyond the tenth grade; over half.

We find that a large number of the teachers who are teaching in science and math are not certified in those particular fields.

We find that the requirements by the local schools for taking math and science are totally inadequate when compared to those countries that we compete with in the world, namely, the Soviet Union, West Germany, and Japan, who require much, much more hard science in high schools than we do.

I am not proposing that this is a Federal problem that we should be addressing from Washington, but back in the sixties, after the Sputnik of 1957, as we began to reanalyze our science teaching in this country, we in this Congress directed through the National Science Foundation that certain science education programs be implemented to train teachers better in science, to take bright young students who are interested in the sciences, and give them summer training. The test scores of students graduating from high school reflect a direct correlation between the amount of funding and the efforts that we put into these programs, and the results that we are getting out, being higher test scores.

This $30 million that we are proposing in this program is going to be in the science and engineering education program, to try to do something about a very critical need that we have facing us in this country as we try to cope with the remainder of this decade and into the year 2000 and beyond.

The number of engineers going into graduate programs today is much less than we have had at any time in the modern history of this country. It is a very serious situation.

I strive with all of my colleagues to try to balance the budget but this program has been reduced at a time when it needs to be at least sustained on a somewhat similar level.

We had over $70 million in this program in fiscal year 1982—down from 1981—and the administration only requested $15 million.

This only brings it back to $45 million and, Mr. Chairman, even the $45 million is totally inadequate for what we need. It is a step in the right direction to try to maintain momentum in this very vital program that affects the future of this country, and I hope the amendments will be defeated.

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendments.

Mr. Chairman, it is important to make the case here that these amendments in no way are anti-National Science Foundation or the work that the National Science Foundation is trying to carry forward.

What the amendments do is allow an increase of funding of what was spent this year. Therefore, what we are really voting for, if we support the committee's position, is an even greater increase than what the administration had originally sent to Capitol Hill. That is an important distinction because it goes to a key issue that was raised the other day when we were talking about the NASA budget—once again a budget where there was an increase in the amount of money that the administration sent to Capitol Hill—and now we want to increase it even more.

I submit, Mr. Chairman, that we have some votes coming downstream where the administration has requested cuts. It is going to be very difficult for this House to stick with cuts if in fact we cannot even vote to stay with the budget where there are increases built into that budget.

That is what we have to recognize here.

We are beginning the process of authorizing money at a time when virtually everyone when they bring their budget submissions to the floor is talking $100 billion in deficits.

Now we cannot go on adding more money to $100 billion in deficits. We just cannot afford it as a country.

Sure there are worthwhile programs in the National Science Foundation. No one doubts that. There are some very worthwhile programs. I would submit that some of my constituents from time to time point out some programs to me that are not so worthwhile that have been funded by the National Science Foundation, which led me to believe there are some areas where we might cut. But there are very, very worthwhile things done by the National Science Foundation.

Sure the program should be preserved. Sure it should receive some increased funding, and that is what the administration decided. But we cannot afford to increase the funding over what was requested in the original budget. It is not in the cards this year when we are talking about tens of billions, even a hundred billion in dificits. This is what this issue is all about.

If we vote for the Winn amendment, what we are saying is, "Yes, I support an increase in the budget of the National Science Foundation, but a modest increase."

If we vote for the committee amendment, we are voting for a substantial increase over and above what the administration submitted.

I would say in this time of budgetary constraints that a vote for the committee bill is not a vote in the best interests of the economic health of the Nation.

Mr. HOYER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendments.

Mr. Chairman, I rise in support of H.R. 5842, the National Science Foundation authorization for fiscal years 1982 and 1983. Last year I stood before this body urging my colleagues to resist a proposed budget cut of 75 percent for the social and behavioral sciences at the National Science Foundation, and I am extremely grateful that these drastic reductions did not occur.

In fact, an additional $70 million was appropriated over the amount requested by the President, with the direction that a sizeable portion of this additional funding be earmarked for social and behavioral sciences. Eventually, as a result of other congressional and administrative action, $11 million for the social and behavioral sciences were restored to the NSF budget.

Mr. Chairman, in 1980, $55 million was authorized for social and behavioral sciences. In 1981, this was cut to $40 million; in 1982, to $29 million, and $30 million in 1983. We are talking of a reduction of $25 million since 1980, so the amount we are asking for here amounts to a 40-percent decrease from 1980 funding levels for these critical areas of science.

Mr. Chairman, in my district alone, the University of Maryland last year received $884,000 from the National Science Foundation for basic biological, social and behavioral science research. Social and behavioral grants amounted to $372,000 of this amount.

The grants funded by this money have been extremely important in projecting the direction this country will follow in the coming years. Research showing the relationship between economic and social problems in this country, the development and effects of neural dysfunctions, and the overall implications of our social and political infrastructure have all been done using NSF money at the University of Maryland.

Mr. Chairman, I am sure all of my colleagues realize the vital role that basic research has played, and continues to play in solving today's problems. Without this badly needed research, we will not be able to answer many critical questions needed for further development, nor will we be able to meet the concerns and demands of our future generations.

It is important to recognize that during the past year, funding for science education research has been virtually wiped out. This will undoubtedly have long-term effects on the development of this country, for it not only effects the research conducted at schools and universities throughout the United States, it also effects the development of important breakthroughs in industry, business, medicine and communications. We cannot continue to expand our gross national product without a solid foundation of research and development to support it.

In conclusion, I urge my colleagues to uphold the distribution of funds within the research and related activities category as proposed in the House authorization. This would restore to 1980 levels the portion of the National Science Foundation's biological, behavioral and social science (BBS) directorate that funds behavioral and social science.

☐ 1315

Mr. WALGREN. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I would like to make several points. One is that when we are talking about measuring this against last year or against the submission by the administration this year, I think we ought to consider the fact that this total amount that is being recommended by the committee this year, is $63 million below what the committee recommended last year, which was a year of substantial budget restraint.

It is also $4 million below what the House appropriated last year. As such, certainly all would agree that this is not a budget that is out of control or a budget that is threatening the larger overall directions of our balance in Government accounts.

I think it is also important to recognize that we have newly included in this budget $17 million for logistic support for the Coast Guard.

Now, that means $17 million has been squeezed out of other functions to provide room for that amount, and when we say it is $30 million over for this function that we add on in science and education, the overall is really not $30 million if you would restate last year's account to put that $17 million where it was funded last year and where it will not have to be funded this year; so on an overall level, we are only $13 million above.

I think that in thinking of the National Science Foundation, we should remember that never before, to my knowledge, has this been a partisan issue. This has been an area where the investment nature of the expenditure was recognized on both sides of the aisle and, to the best of my knowledge, there has never been a party line division on this that has been so encouraged by the Reagan administration and the imploring of the committee to not rise above what is recommended to it by the administration.

That, I think, is because we recognize that we were awfully lucky in this country to import the scientific knowhow during the twenties and thirties, so that we were the ones that happened to wind up with the nuclear and atomic weapons to end World War II, rather than the other side.

Just as we do not want to have to import foreign oil on ad infinitum, we also do not want to be in a position of having to import the scientific knowhow that will be essential for this country's security in the future.

When you look at what is going on in science and math education in our system and compare that to what is going on in the Soviet Union, you cannot come away from that evaluation without a great shudder for the future of this country.

I would suggest to my colleagues that the add-on of $17 million in effort in an area that has such potential for literally the well-being and existence of the country is a modest step in response to that crisis, a step that should be supported on both sides of the aisle.

Mr. DUNN. Mr. Chairman, I move to strike the requisite number of words.

I rise in opposition to the amendment.

Mr. Chairman, I reluctantly rise to oppose my colleague and the ranking member, the gentleman from Kansas. It is seldom that I oppose the gentleman, but nevertheless I must at this particular time.

The National Science Foundation maintains programs to encourage badly needed long-term, high-risk research. This research is accomplished by means which train future generations of scientists and engineers. There is a remarkably high return for this country in these programs. The broad impact of NSF science, engineering, and social science research and education programs in our economy and strategic interest is great in comparison to this relatively small part of the budget.

This funding is well in line with the administration's view that long-term, high-risk research and resultant training are proper goals for Government expenditure. This is reflected by the increase in requested funds for NSF within the President's fiscal year 1983 budget. Nevertheless, I cannot agree with the administration's low figures for behavioral and social science research and for science and engineering education. Nor can I agree to minority substitutes which replenish these directorates by draining funds for all research activities.

The $1.1 billion, as contained in the committee-reported bill are an important investment in the economic and technological future of our country. Universities rely on these funds in carrying out their essential work, in remaining the research backbone of the Nation.

I urge my colleagues to support the funding levels in the committee bill, both in research and education, and oppose amendments which would rob one area to benefit the other.

Mrs. HECKLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I very, very reluctantly rise in opposition to the amendment of my colleague. I know that the gentleman shares the same pride that I have in the goals and accomplishments of the National Science Foundation.

We do have a difference of opinion on the issue of the funding level for the National Science Foundation. The administration's request did provide some growth in the funding level. This responds to international competitive stress and our national need to develop a stronger scientific knowledge base in the United States if we are to remain scientific emminent internationally.

We cannot achieve the demanding goal at the funding level that the administration suggests and I believe that this category of funding therefore, deserves to be increased.

The vast majority of the witnesses who appeared before our committee this year addressed the issue of our academic crisis, the information crisis, the knowledge gap in America.

We lag behind our Japanese trading partners and it is very important if we are to succeed in international competition, based upon the concept of meritocracy, that we reach a standard of academic excellence and that we upgrade our educational standards in science and technology. These are the areas that are at the cutting edge of a vibrant future for the United States and the rest of the free world.

I think that the areas of funding increases have to be related to the issue of science education at the precollege level and the involvement of women and minorities in scientific and technological career development. Demographic statistics have shown that over 60 percent of the work force in the coming decade will be composed of these two industrialized groups of our population. The important point here is that only at the National Science Foundation is there even the beginning of a program which encourages the development and releases the program's potential of the women and minority population.

The administration's budget does not go far enough to meet the growing need for the development of those sectors of our population that represent a rising proportion of the work force. In addition, the need for a vast improvement in academic achievement levels in science education across the country would not be met under the funding provided in the Winn amendment. We need nothing short of an academic revolution in America, if we are to remain preeminent in science and technology.

I think that the time to begin to discuss the issue is now. The gap between the committee's proposal and the administration's request is relatively narrow compared with the vast chasm that separated the two in last year's budget.

I think we are talking here about a difference of $30 million compared to $127 million last year. It is a difference that goes to the heart of the question of whether or not the National Science Foundation is going to be able to cope effectively with the educational gap in America and to nurture all human talent in order to insure the greatest contribution toward our scientific output and development by the American work force.

I feel very strongly that the budget as presented by the committee should be supported on a bipartisan basis.

Mr. HARKIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment, and am here today to express my great concern over the continued shift in priorities which this country and this administration are taking. I am referring to the enormous decrease in proposed funding for science and engineering education in the National Science Foundation.

In 1959, 47 percent of NSF's total budget was devoted to science and engineering education. This has dropped to an abominable 2 percent in 1982. The administration has proposed that only $15 million be appropriated for science and engineering education in fiscal year 1983, and that entire amount would go toward graduate fellowships in research, and nothing for helping to train our teachers to educate our youth in the basics of science. Thus, NSF would have a science and engineering education program in name only.

With no money available for science education, it will be impossible to bring mathematics, science, and engineering teachers up to speed on the many new developments in their fields. For example, the use of computer technology in our schools could greatly enhance the learning possibilities for our young people. But our children cannot learn if their teachers do not know what to teach them.

A 1981 study by James Shymansky of the University of Iowa showed that 50.2 percent of newly employed math and science teachers were not qualified to teach math or science but were simply filling those positions. The administration even recognizes the critical shortage of qualified teachers in our schools. The fiscal year 1983 NSF budget statement acknowledges that—

> Another long-term issue underlying the current shortage of skilled scientific and engineering personnel is the declining emphasis on mathematics and physical science teaching in the Nation's elementary and secondary schools, a situation in stark contrast to other countries. According to a 1981 survey, fully 22 percent of high school mathematics teaching positions nationwide were vacant. Officials in 16 States characterized the situation as "critical." The nationwide trend toward reduced high school enrollments in mathematics and science has been coupled with less stringent graduation requirements in these fields. In response, college admission requirements in science and mathematics have been reduced.

Yet the administration wants to eliminate funding for science and engineering education. If we allow this trend to continue, not only will our children suffer, but our entire Nation will suffer as well.

We must consider the United States ability to compete in the world marketplace. With decreasing priority being given to science and math in our schools, we are in marked contrast to Germany, Japan, and the Soviet Union, which have been pursuing a policy of more extensive and rigorous education in science and mathematics for all citizens. Our productivity is based in large part on research done in the science and engineering fields and the skill of our workforce. Without a proper education, where will workers become skilled?

If we continue to let our emphasis in these areas slide, then we shall inevitably suffer in foreign trade. For instance, in 1980, the United States graduated 58,000 engineers, while the Japanese, with half our population, graduated 74,000, and the Soviet Union 300,000 engineers. These are the people we depend on to do necessary research to keep our society among the most highly advanced. Clearly, we are falling behind at an ever-increasing rate. This will only continue if we cut our education programs when we really need them to keep us competitive in the world marketplace.

I am pleased with the action taken by the House Science and Technology Committee which raises NSF's science and engineering education budget to $45 million, $30 million above the administration's proposal. But frankly, this is not nearly enough. Yes, budget cuts need to be made, but we must not extoll a policy dictated by short-run problems—we must consider the long-run implications.

If our young people are not trained and educated due to these cuts in NSF programs, who will be designing our scientific and technological equipment in the 1990's and beyond? Do we have to leave that to the Japanese and the Soviets?

Back in the 1950's Nikita Khrushchev came to the United Nations and scared a generation of Americans by pounding his fist on the table and shouting, "We will bury you!"

Well, the Soviets did not bury us, and they can never bury us. But we are on the verge of burying ourselves. And we may very well look back on the Reagan administration, and these cuts in science and engineering education, as the time and the place where the very first shovelsfuls of dirt were turned!

☐ 1330

Mr. SHAMANSKY. Mr. Chairman, I move to strike the requisite number of words, and I rise to oppose the amendment.

Mr. Chairman, my home community is Columbus, Ohio, the home of Ohio State University. I recently had the pleasure of visiting the laboratory that I took chemistry in and I graduated from there 35 years ago. The bad news is that the place has not changed in 35 years.

I was told by my escorts that it would cost Ohio State $85 million to bring science and technology equipment up to date to train the next generation of scientists and technologists. The President of Ohio State University, Edward Jennings, optimistically says, "Well, only $55 million would do it," but the people who are there on the scene say that is way too optimistic, too low a figure.

I mention this because last Thursday, in Columbus, Roger B. Smith, the chairman of the board of General Motors Corp., was there for a dinner at which we had a chance to meet and discuss the situation in this country. He recited to the gathering when he made his remarks that this country is simply not educating scientists and engineers in sufficient numbers to meet the demands of General Motors Corp. itself. He was very conscious about the situation facing the country and was pleading for the College of Engineering at Ohio State to help overcome this terrible lack.

I think the administration's approach of starving education in this vital area is very misguided. It is a classic case of eating the seed corn.

I urge a vote against the amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Kansas (Mr. WINN).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. WINN. Mr. Chairman, I demand a recorded vote and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2, rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 80]

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Aspin
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Bliley
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Burton, Phillip
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coughlin
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crockett
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dicks
Dingell
Donnelly
Dorgan
Dornan
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Green
Gregg
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Howard
Hoyer
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffords
Jeffries
Jenkins
Johnston
Jones (NC)
Jones (TN)
Kastenmeier
Kazen
Kennelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Leach
Leath
LeBoutillier
Lee
Lehman
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lungren
Madigan
Markey
Marlenee
Marriott
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McClory
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Moffett
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Oxley
Panetta
Parris
Pashayan
Patman
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rosenthal
Rostenkowski
Roth
Roukema
Rousselot
Roybal
Rudd
Russo
Sabo
Santini
Savage
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Stangeland
Staton
Stenholm
Stokes
Stratton
Studds
Stump
Synar
Tauzin
Taylor
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Washington
Waxman
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki

☐ 1345

The CHAIRMAN. Three hundred seventy-seven Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Kansas (Mr. WINN) for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. The Chair will remind the Members that 5 minutes will be allowed for the vote.

The vote was taken by electronic device and there were—ayes 194, noes 191, not voting 47, as follows

[Roll No. 81]

AYES—194

Addabbo
Albosta
Anthony
Applegate
Bailey (MO)
Beard
Benedict
Bennett
Bereuter
Bethune
Bliley
Boner
Breaux
Broomfield
Brown (CO)
Broyhill
Butler
Byron
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Coats
Collins (TX)
Conable
Corcoran
Coughlin
Coyne, James
Craig
Crane, Daniel
Daniel, Dan

Daniel, R. W.
Dannemeyer
Daub
Davis
de la Garza
Deckard
Derwinski
Dicks
Dornan
Dowdy
Duncan
Dwyer
Dyson
Edwards (OK)
Emerson
Emery
English
Erlenborn
Evans (DE)
Fenwick
Fiedler
Fields
Findley
Florio
Forsythe
Fountain
Frenzel
Gilman
Goodling
Gradison
Gramm
Gregg
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Sam
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Hefner
Hendon
Hightower
Hiler
Hillis
Holt
Hopkins
Huckaby
Hughes
Hunter
Hyde
Jeffries
Johnston
Jones (TN)
Kazen
Kindness
Kogovsek
Kramer
Lagomarsino
Latta
Leath
LeBoutillier
Lee
Levitas
Lewis
Livingston
Loeffler
Long (MD)
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marriott
Martin (IL)
Martin (NY)
McClory
McCloskey
McCollum
McDade
McDonald
McEwen
McGrath
McKinney
Mica
Miller (OH)
Mitchell (NY)
Molinari
Montgomery
Moore
Moorhead
Morrison
Myers
Napier
Natcher
Nelligan
O'Brien
Oxley
Parris
Pashayan
Patman
Paul
Petri
Porter
Pritchard
Quillen
Railsback
Ratchford
Regula
Rhodes
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Rogers
Roth
Roukema
Rousselot
Rudd
Santini
Sawyer
Schneider
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stratton
Stump
Tauzin
Taylor
Vander Jagt
Walker
Wampler
Weber (MN)
Weber (OH)
Whitehurst
Whitley
Whittaker
Whitten
Winn
Wolf
Wortley
Wylie
Young (AK)
Young (FL)

NOES—191

Akaka
Alexander
Anderson
Andrews
Annunzio
Aspin
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benjamin
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Bonior
Bonker
Bouquard
Brinkley
Brodhead
Brooks
Brown (CA)
Burton, Phillip
Chappell
Chisholm
Clay
Clinger
Coelho
Coleman
Collins (IL)
Conte
Conyers
Coyne, William
Crockett
D'Amours
Daschle
Dellums
DeNardis
Derrick
Dingell
Donnelly
Dorgan
Downey
Dunn
Dymally
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Ertel
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Ferraro
Fithian
Flippo
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gejdenson
Gephardt
Gibbons
Gingrich
Glickman
Gonzalez
Gore
Green
Hall, Ralph
Hamilton
Harkin
Hatcher
Hawkins
Heckler
Heftel
Hertel
Holland
Hollenbeck
Howard
Hoyer
Hutto
Ireland
Jeffords
Jenkins
Jones (NC)
Jones (OK)
Kastenmeier
Kennelly
Kildee
LaFalce
Lantos
Leach
Lehman
Long (LA)
Lowry (WA)
Luken
Markey
Matsui
Mavroules
Mazzoli
McCurdy
McHugh
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Mollohan
Mottl
Murphy
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Pepper
Perkins
Peyser
Pickle
Price
Pursell
Rahall
Rangel
Reuss
Rinaldo
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Savage
Scheuer
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Sharp
Shelby
Simon
Skelton
Smith (IA)
Solarz
St Germain
Stark
Stokes
Studds
Synar
Traxler
Udall
Vento
Volkmer
Walgren
Washington
Watkins
Waxman
Weiss
White
Williams (MT)
Williams (OH)
Wilson
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)
Zablocki

NOT VOTING—47

Archer
Atkinson
AuCoin
Badham
Bafalis
Bowen
Brown (OH)
Burgener
Burton, John
Courter
Crane, Philip
Dickinson
Dixon
Dougherty
Dreier
Erdahl
Fish
Foglietta
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Horton
Hubbard
Jacobs
Kemp
Leland
Lent
Lundine
Marks
Marlenee
Martin (NC)
Mattox
Michel
Murtha
Richmond
Smith (PA)
Stanton
Swift
Tauke
Thomas
Trible
Weaver
Wirth
Zeferetti

The Clerk announced the following pairs:

On this vote:

Mr. Thomas for, with Mr. Dixon against.

Mr. Michel for, with Mr. Gray against.

Mr. Dreier for, with Mr. Richmond against.

Mr. Philip M. Crane for, with Mr. Leland against.

Mr. RAHALL and Mr. RUSSO changed their votes from "aye" to "no."

Mr. CARNEY changed his vote from "no" to "aye."

So the amendments were agreed to.

The result of the vote was announced as above recorded.

☐ 1400

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: On page 5, after line 8, add the following new title:

Title V—General Provisions

SEC. 501. No funds authorized under this act shall be expended in violation of Public Law 95-435 unless both Houses of the United States Congress have considered a constitutional amendment requiring a balanced Federal budget.

Mr. WALKER. Mr. Chairman, this is the balanced budget amendment, but it has a little bit of difference to it that I think the Members ought to be aware of. Some aspects of this particular amendment have been offered before, but, as I say, there is some difference to it.

This amendment, like the previous amendments, triggers on the law that was passed by this Congress in 1978 saying that we should be operating under a balanced budget. However, there is one addition to this that also needs to be on the minds of the Members as they cast their votes. This amendment allows Members an "out." This amendment says that we do not have to comply with that particular provision of law if both Houses of Congress have considered a constitutional amendment to balance the budget.

Now, we have had a number of discussions on this floor in the past when this amendment has been up saying that we should not go the route that this gentleman suggests of obeying the law; what we ought to have is a constitutional amendment. But we all know that we are having a little bit of a problem getting that constitutional amendment considered.

So that has been an easy out for Members who say, "I am not for your balanced budget amendment, but I am for a balanced budget constitutional amendment."

Here, Members are going to have an opportunity to cast their votes for or against the consideration of such an amendment, because this says we can go ahead and spend the funds in violation of the law of 1978 if and when both Houses of Congress have considered a constitutional amendment to balance the budget—not have passed an amendment, but just considered it. All it says is that we have got to have the consideration of an amendment in order to expend the funds.

What does this mean? Well, it means exactly what this gentleman has been trying to talk about all this time, that we need to send a signal to the American people that we are in fact, moving in the direction they want us to move. One of the best signals we can send the American people is the fact that this Congress is serious about the issue, that we are serious about the law that we passed back in 1978, and we are willing to do those things we must do to move in the right direction.

The President of the United States indicated that he thinks a constitutional amendment to balance the budget is in fact, the proper course of action for the Nation to take. Here we have an opportunity today to vote: First, on whether or not we want to comply with the law; but second, if we do not want to comply with the law, then at least we figure we ought to have a vote on this floor with regard to a constitutional amendment to balance the budget.

I am puzzled as to why so many Members have so much of a problem with this issue. We have a number of Members who have problems with the issue. As a matter of fact, we had some more games played on the balanced budget issue just within the last 24 hours. I came to Washington yesterday, even in light of the Pennsylvania primary, prepared to offer an amendment of this kind to the intelligence bill because I had said that I was going to offer it to each of the authorization bills. I was assured when I was here yesterday that we were not going to take up any amendments to that particular bill until today. I left the floor thinking that was the case only to find out that the amendments were taken care of yesterday. So it seems to me that we are playing a lot of games in order to get around having to vote on balanced budgets.

I think that this is a key vote on balancing the budget. This vote says, not only do we want to stop playing games on balancing the budget, but we want to comply with the 1978 law, and also we want a constitutional amendment on balancing the budget. Here is a chance for the Members to vote one way or another on a constitutional amendment.

Mr. Chairman, I ask for an affirmative vote on my amendment.

Mr. FUQUA. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will not take my full 5 minutes. I was looking on the floor for my good friend, the gentleman from New York (Mr. KEMP), to see if I could prevail upon him to make the same arguments that he made so eloquently last Thursday while this amendment was being debated.

I join with my friend, the gentleman from Pennsylvania, in supporting a balanced budget. I have had a constitutional amendment in myself. I hope that we get a chance to vote on it. But I do not think we need to depend upon whether some other action may or may not happen in this body or the other body to be contingent on whether we can spend the funds for the very important program that we have before us.

I would hope that we will have an opportunity at some time to vote on a constitutional amendment, but at this time I think that we have a bill relating to an entirely different matter and we should not be confusing the issues.

So I plead with my colleagues to vote down the amendment so that we can get on with this bill. This amendment has been up twice already on various matters. It has been overwhelmingly voted down, and I would ask that the Members continue to reject this amendment. Hopefully we will get a balanced budget amendment before the House in the near future and Members will be able to exercise their prerogative at that time, but not on an unrelated matter that involves the National Science Foundation.

Mr. Chairman, I urge rejection of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALKER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WALKER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 158, noes 227, answered "present" 1, not voting 46, as follows:

[Roll No. 82]

AYES—158

Alexander
Anderson
Archer
Bailey (MO)
Beard
Benedict
Bereuter
Bliley
Broomfield
Brown (CO)
Broyhill
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Clinger
Coats
Coelho
Coleman
Collins (TX)
Conable
Corcoran
Coyne, James
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
Deckard
Dickinson
Dorgan
Dornan
Downey
Duncan
Dunn
Dyson
Edwards (OK)
Emerson
English
Erlenborn
Evans (GA)
Fenwick
Fiedler
Fields
Findley
Fithian
Fowler
Gephardt
Gingrich
Goodling
Gradison
Gramm
Gregg
Gunderson
Hagedorn
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Hendon
Hiler
Hillis
Hopkins
Huckaby
Hunter
Jeffries
Jenkins
Johnston
Kazen
Kindness
Kramer
Lagomarsino
Latta
LeBoutillier
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Lowery (CA)
Lujan
Lungren
Marlenee
Martin (IL)
Martin (NY)
McCollum
McDonald
McEwen
McGrath
Miller (OH)
Molinari
Moorhead
Morrison
Murphy
Myers
Napier
Natcher
Parris
Pashayan
Patman
Paul
Petri
Pickle
Quillen
Regula
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roth
Rudd
Santini
Schroeder
Schulze
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Skelton
Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stump
Tauzin
Taylor
Vander Jagt
Volkmer
Walker
Wampler
Watkins
Weber (MN)
White
Whitehurst
Whittaker
Winn
Wylie
Yatron
Young (AK)
Young (FL)

NOES—227

Addabbo
Akaka
Albosta
Andrews
Annunzio
Anthony
Applegate
Aspin
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benjamin
Bennett
Bethune
Bevill
Biaggi
Blanchard
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Burton, Phillip
Butler
Byron
Chappell
Chisholm
Clay
Collins (IL)
Conte
Conyers
Coughlin
Coyne, William
Crockett
D'Amours
Davis
de la Garza
Dellums
DeNardis
Derrick
Derwinski
Dicks
Dingell
Donnelly
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Emery
Ertel
Evans (DE)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Ferraro
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Frank
Frenzel
Frost
Fuqua
Garcia
Gejdenson
Gibbons
Gilman
Glickman
Gonzalez
Gore
Green
Guarini
Hall (OH)
Hall, Ralph
Harkin
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hertel
Hightower
Hollenbeck
Holt
Howard
Hoyer
Hughes
Hutto
Hyde
Ireland
Jeffords
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
Leach
Leath
Lehman
Long (LA)
Long (MD)
Lott
Lowry (WA)
Luken
Madigan
Markey
Marriott
Matsui
Mavroules
Mazzoli
McClory
McCloskey
McCurdy
McDade
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (NY)
Moakley
Moffett
Mollohan
Montgomery
Moore
Mottl
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Oxley
Panetta
Patterson
Pease
Pepper
Perkins
Peyser
Porter
Price
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roemer
Rogers
Rose
Rosenthal
Rostenkowski
Roukema
Roybal
Russo
Sabo
Sawyer
Scheuer
Schneider
Schumer
Seiberling
Shamansky
Shannon
Simon
Smith (IA)
Solarz
St Germain
Stark
Stokes
Stratton
Studds
Swift
Synar
Tauke
Traxler
Udall
Vento
Walgren
Washington
Waxman
Weber (OH)
Weiss
Whitley
Whitten
Williams (MT)
Williams (OH)
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Yates
Young (MO)
Zablocki

ANSWERED "PRESENT"—1

Roe

NOT VOTING—46

Atkinson
AuCoin
Badham
Bafalis
Bingham
Bolling
Bowen
Brown (OH)
Burgener
Burton, John
Courter
Crane, Philip
Dixon
Dougherty
Dowdy
Dreier
Erdahl
Fish
Foglietta
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Holland
Horton
Hubbard
Jacobs
Kemp
Leland
Lundine
Marks
Martin (NC)
Mattox
Mitchell (MD)
Murtha
Rousselot
Savage
Smith (PA)
Stanton
Thomas
Trible
Weaver
Wilson
Zeferetti

□ 1415

Mrs. SNOWE, Mr. JENKINS, and Mr. DORGAN of North Dakota changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1430

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the Nature of a Substitute Offered by Mr. Peyser: Strike out all after the enacting clause and insert:

That this Act may be cited as the "National Science Foundation Authorization Act for Fiscal Years 1982 and 1983".

TITLE I—AUTHORIZATION OF FUNDS FOR FISCAL YEAR 1982

Sec. 101. There are authorized to be appropriated to the National Science Foundation, for fiscal year 1982, the sums indicated for the following categories:

(1) Mathematical and Physical Sciences, $285,400,000.

(2) Engineering, $100,400,000.

(3) Biological, Behavioral, and Social Sciences, $184,600,000.

(4) Astronomical, Atmospheric, Earth, and Ocean Sciences, $253,200,000.

(5) Ocean Drilling Programs, $14,000,000.

(6) United States Antarctic Program, $69,600,000.

(7) Scientific, Technological, and International Affairs, $46,400,000.

(8) Cross-Directorate Programs, $13,200,000.

(9) Program Development and Management, $63,200,000.

(10) Science and Engineering Education, $35,000,000.

Sec. 102. Besides the sums authorized in sections 101 and 103, there is authorized to be appropriated to the National Science Foundation the sum of $16,500,000 for fiscal year 1982 for a special program for modernization of research equipment and facilities.

Sec. 103. Besides the sums authorized in sections 101 and 102, a sum not exceeding $3,500,000 for fiscal year 1982 is authorized to be appropriated for expenses of the National Science Foundation incurred outside the United States, to be drawn from foreign currencies that the Treasury Department determines to be excess to the normal requirements of the United States.

Sec. 104. From appropriations made under authorizations provided in this title, not more than $5,000 for fiscal year 1982 may be used for official consultation, representation, or other extraordinary expenses at the discretion of the Director of the National Science Foundation. His determination will be final and conclusive upon the accounting officers of the Government.

TITLE II—AUTHORIZATION OF FUNDS FOR FISCAL YEAR 1983

Sec. 201. There are authorized to be appropriated to the National Science Foundation, for fiscal year 1983, the sums indicated for the following categories:

(1) Mathematical and Physical Sciences, $288,300,000.

(2) Engineering, $98,600,000.

(3) Biological, Behavioral, and Social Sciences, $201,000,000.

(4) Astronomical, Atmospheric, Earth, and Ocean Sciences, $250,800,000.

(5) Ocean Drilling Programs, $14,000,000.

(6) United States Antarctic Program, $86,400,000.

(7) Scientific, Technological, and International Affairs, $50,100,000.

(8) Program Development and Management, $63,081,000.

(9) Science and Engineering Education, $35,000,000.

Sec. 202. (a) Of the total amount authorized under section 201(2), not less than $2,000,000 shall be available for research to aid the handicapped.

(b) Of the total amount authorized under section 201(7), not less than $3,000,000 shall be available for the National Research Opportunity Grant Program.

(c) Of the sum of the amounts authorized under sections 201(1), 201(2), and 201(4), not less than 10 per centum shall be available for research instrumentation.

(d) Of the amounts authorized to be appropriated under section 201(7), for Scientific, Technological, and International Affairs, no amount is authorized to be available for United States support of the International Institute for Applied Systems Analysis in Vienna, Austria, providing there is a final determination by the President, and notification to the Congress, that participation in the institute is contrary to national security interests.

(e) Of the sum of the amounts authorized under sections 201(1), 201(2), and 201(4), the Director of the National Science Foundation is authorized to transfer up to $9,000,000 to the category of Ocean Drilling Programs for the Ocean Margin Drilling subactivity; but the second and third sentences of section 303(b) shall apply with respect to any transfer which is proposed to be made under this subsection, and such a transfer shall be treated in all respects (subject to the dollar limitation in this subsection) the same as any other transfer of funds for purposes of section 303(a) and the first sentence of section 303(b).

Sec. 203. Besides the sums authorized in section 201, a sum not exceeding $2,200,000 for fiscal year 1983 is authorized to be appropriated for expenses of the National Science Foundation incurred outside the United States, to be drawn from foreign currencies that the Treasury Department determines to be excess to the normal requirements of the United States.

Sec. 204. From appropriations made under authorizations provided in this title, not more than $2,500 for fiscal year 1983 may be used for official consultation, representation, or other extraordinary expenses at the discretion of the Director of the National Science Foundation. His determination will be final and conclusive upon the accounting officers of the Government.

TITLE III—AVAILABILITY OF FUNDS AND OTHER FUNCTIONS

Sec. 301. Appropriations made under authorizations provided in titles I and II shall remain available for obligation, for expenditure, or for obligation and expenditure for periods specified in the Acts making the appropriations.

Sec. 302. If the total amount of appropriations made by any Act for fiscal year 1983 for program activities included in title I is less than the total amount authorized to be appropriated for those activities by title II, the amount available from such appropriations for any particular program activity shall bear the same ratio to the amount authorized to be appropriated for that activity by title II as the total amount of the appropriations made by such appropriation Act for all included program activities bears to the total amount authorized to be appropriated for those activities by title II (with each floor set forth in section 202 being reduced in the same ratio), except to the extent specifically otherwise provided in the text of the Act making the appropriations for the program activities involved.

Sec. 303. (a) Funds may be transferred among the categories listed in section 101, so long as the net funds transferred to or from any category do not exceed 10 per centum of the amount authorized for that category in section 101. Funds may be transferred among the categories listed in section 201, so long as the net funds transferred to or from any category do not exceed 10 per centum of the amount authorized for that category in section 210.

(b) The Director of the National Science Foundation may propose transfers to or from any category listed in section 101 or 201 exceeding 10 per centum of the amount authorized for that category in such section. An explanation of any such proposed transfer must be transmitted in writing by the Director to the Speaker of the House of Representatives, the President of the Senate, the House Committee on Science and Technology, and the Senate Committee on Labor and Human Resources. The proposed transfer may be made only when thirty calendar days have passed, after the transmission of such explanation, without the chairman of either such committee having notified the Director to the effect that the committee objects to the proposed transfer.

Sec. 304. (a) The text of section 9 of the National Science Foundation Act of 1950 is amended to read as follows:

"Sec. 9. (a) Each special commission established under section 4(h) shall be appointed by the Board and shall consist of such members as the Board considers appropriate.

"(b) Special commissions may be established to study and make recommendations to the Foundation on issues relating to research and education in science and engineering.".

(b) Section 6 of Public Law 95-99 (the National Science Foundation Authorization Act, fiscal year 1978) is repealed.

(c) Section 10 of Public Law 95-99, the National Science Foundation Authorization Act for fiscal year 1978, is repealed.

(d) Subsection 12(b) of the National Science Foundation Act of 1950, as amended, is deleted and the preceding subsection is redesigned by striking the (a).

TITLE IV—DIRECTORATE FOR SCIENCE AND ENGINEERING EDUCATION

Sec. 401. The Directorate for Science and Engineering Education is hereby named as a permanent organizational entity of the National Science Foundation, responsible for all functions relating to science and engineering education activities of the Foundation.

Sec. 402. Any proposed change in the functions or organization of the Directorate for Science and Engineering Education may occur only when (1) an explanation of the proposed change has been transmitted in writing by the Director of the Foundation to the Speaker of the House of Representatives, the President of the Senate, the House Committee on Science and Technology, and the Senate Committee on Labor and Human Resources, and (2) thirty calendar days have passed, after the transmission of such explanation, without the chairman of either such committee having notified the Director to the effect that the committee objects to the proposed change.

Mr. PEYSER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. WINN. Reserving the right to object, Mr. Chairman, I do so because on this side of the aisle we have not seen a copy of the substitute. I think that before we start any debate or any conversation we ought to have copies of that so we can analyze it.

Mr. PEYSER. Mr. Chairman, if I may respond, I apologize for not bringing the substitute over. I will have it over. There is only one change in the substitute, and it deals with title II and it changes the figure to $35 million from the amendment of the gentleman that was just passed by the House. That is the only change. I will be glad to send this to the Republican side.

Mr. WINN. I appreciate the gentleman's sending the only copy in the Chamber over to our side, but as I understand it—and I am still reserving my right to object—this amendment still leaves the committee bill $20 million over the budget.

Mr. PEYSER. That is what we will be voting on and discussing in the substitute that I am going to offer. What it does, yes, it will increase the amount to $35 million.

Mr. SENSENBRENNER. Mr. Chairman, will the gentleman yield?

Mr. WINN. Further reserving the right to object, I yield to the gentleman from Wisconsin (Mr. SENSENBRENNER), a member of the committee.

Mr. SENSENBRENNER. Mr. Chairman, I have the copy of the amendment in the nature of a substitute which the gentleman from New York has handed to the minority. I think it is fair to say that the substitute of the gentleman from New York does not reduce the amount that was approved by the committee in the Winn amendment $10 million; it increases it by $20 million. So the figure in the substitute offered by the gentleman from New York is just $10 million below what was rejected by the committee about an hour ago.

Mr. WINN. I thank the gentleman and, Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PEYSER. Mr Chairman, just a few minutes ago this House voted to make a major cut in the programs dealing with science in our educational system. It seems absolutely inconceivable to me that at this time in our history we would be talking about the total reduction, actually practically the elimination, of moneys for science education in this country. And yet that is what is happening right now when we passed the Winn amendment.

With every business group in this country that I have talked to over the last several months, one of the issues that has come out on education is the desperate need for more engineers, more chemists, more people with the technological skills so that this country can move ahead.

We have been very worried about the defense of this country. Well, then, if we are worried about the defense of this country to enact a piece of legislation that would practically eliminate all people from gaining the education that they need in this technological era makes absolutely no sense whatsoever.

I am convinced, Mr. Chairman, that there was a misunderstanding in the House on the vote we just cast, because by a handful of votes we have, as I said before, eliminated the opportunity for young men and women in this country to gain the kind of education they need in these technological skills and in the sciences. This is a reduction of $10 million from the figure of $45 million, bringing it down to $35 million. I would hope that Members of this Congress are not going to be the ones who will be labeled as sitting back and taking the definite action of setting back the sciences in this country, because what will happen is that just a few years from now we will be throwing hundreds of millions or billions of dollars into a crash program trying to get these people educated.

Mr. WOLPE. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Michigan.

Mr. WOLPE. I thank the gentleman for yielding.

Mr. Chairman, I want to associate myself fully with the remarks of the gentleman in the well. I rise in support of the recommendations of the Science and Technology Committee and in strong support of the substitute offered by the gentleman from New York. I want to particularly endorse the committee recommendation with respect to funding levels for research in the social and behavioral sciences.

Our society is faced with massive changes in its social, economic, and political environments. On the economic side, we are attempting to fashion policies designed to restore our lagging rate of productivity growth, restrict the inflation that has dominated our national consciousness for most of the past decade, and encourage a new burst of innovation and energy. On the social side, we are faced with massive demographic changes—in the number and proportion of elderly people, in average family size, in patterns of family formation and dissolution—as well as with a set of serious problems relating to shifts in urban and regional locations. And on the political side, a significant reallocation of fiscal responsibility from the Federal Government to State and local governments is under active discussion.

Achieving a better base of information and understanding for these and other problems is an important national priority. These problems are in the forefront of concerns in the social and behavioral sciences, and they can be better understood if we devote more resources to research in the social and behavioral programs.

Members of this body understand that investments in knowledge have fully as much pay off as investments in the physical capital of factory buildings and machines, and that investments in knowledge about the functioning of the economy and society, which is what social and behavioral scientists study, have fully as much payoff as investments in knowledge about the physical and biological universe.

I therefore urge my fellow Members of the House to support the Peyser substitute.

It is a reasonable compomise between the need for investments in knowledge and the need for fiscal restraint.

It allocates scientific resources equitably and efficiently.

It addresses two of our most pressing national priorities: Research in the social and behavioral sciences and the education of young scientists and engineers.

Mr. HARKIN. Will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding.

Mr. Chairman, I, too, was quite surprised and shocked at the outcome of the vote on the Winn amendment. As I said in my remarks, and as the gentleman I think has alluded to, last year we graduated 54,000 engineers in this country. Japan, with half of our population, graduated 78,000 engineers. The Soviet Union reportedly graduated 300,000.

This program of science education is a program used to teach our high school teachers, our math and science and engineering teachers in high school, what to teach and how to teach.

Now, why is that important? We had testimony, our Committee on Science and Technology, that in the past decade there has been an average decline of 64 to 78 percent in secondary school science and mathematics teachers. Of those newly employed science and math teachers in 1981—and understand this—an average 50.2 percent were unqualified in math and science. In many of our high schools we are having coaches teach math, people who have not really taken math or science. And this science education program that we have was to go out and take these high school teachers and teach them how to teach math and science, especially in the critical areas of computer technology.

I cannot think of one amendment that has been offered on this floor this year that is more detrimental to the future of our country than that one amendment that was passed by so few votes just a few minutes ago that cut the heart out of our science education program. You may go after other things if you want, but I simply cannot understand why Members would want to turn their backs on that one special area of the National Science Foundation.

I thank the gentleman for offering his amendment.

Mr. PEYSER. I thank the gentleman for his comments.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank my colleague for yielding.

I have not had the privilege of seeing any of these amendments, but I would like to understand what we are voting on.

Am I wrong or right, if this amendment is defeated, will we be spending more money for science education this year than we did last year? Or will we be spending less?

Mr. PEYSER. We will be spending substantially less.

Mrs. FENWICK. Less than last year?

Mr. PEYSER. Less than we did last year, if we defeat this amendment.

The CHAIRMAN. The time of the gentleman from New York (Mr. PEYSER) has expired.

(By unanimous consent, Mr. PEYSER was allowed to proceed for 4 additional minutes.)

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Missouri.

Mr. SKELTON. Would the gentleman explain to me what his substitute does, as opposed to the Winn amendment?

Mr. PEYSER. Yes; my substitute moves the money for the education, the science education program, up to $35 million. The original legislation from the committee was at $45 million. And that is all it does.

Mr. SKELTON. If the gentleman will yield further, I think it is very important to point out that in recent years the United States has fallen to third behind the Soviet Union and the country of Japan in producing scientists and engineers. This starts down in the high schools, the grade schools, the colleges. We have a serious, serious problem in some parts of our national defense right now—a lack of engineers, a lack of scientists—and there is a great deal of concern, not just in the Armed Forces, but in the industrial base. I think the gentleman is on the right track with this amendment, and I commend him for it.

Mr. PEYSER. I thank the gentleman for his comments.

Mr. Chairman, one thing I would like to point out, many of my colleagues on the Republican side of the House over the last several months have spoken out—and I am very pleased that they have—very strongly for education. They have stated that this year they were not going to make the same kinds of cuts they made last year.

Now, also on the Republican side of the aisle and on the Democratic side we have had the opportunity in the last week of having a confidential top-secret review by the military, the Department of Defense, on the weaponry and the skills in the Soviet Union. Without going into those details, one thing is obvious. If you are concerned about defense in this country, to talk about making this kind of a cut that we just made in science education, then it does not make any difference what you spend on defense, because we are not going to have the kind of people, the kinds of skills to adequately defend our country.

So I would hope that we would now take a second thought. We are cutting $10 million out of this program, reducing it to $35 million. But let us vote for the good of all of the country on this issue, and let us vote for the security and the defense, and let us vote for education. That is clearly the issue.

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from New Hampshire.

Mr. GREGG. Just to clarify, under the present budget, as it is now standing, or under the present bill as it is now standing, there is no directive as to how the original $15 million and now, if the gentleman's amendment passes, $35 million is to be spent.

In committee, the administration and the National Science Foundation took the position that they wanted it spent on postsecondary school education. The committee position was that we wanted the money spent on elementary or secondary school education. There will be no directives, no instructions to the National Science Foundation if the gentleman's amendment passes.

Mr. PEYSER. If the gentleman will yield back to me, I have looked at the report language here, which clearly states the need and the hope that these moneys will be aimed at those who are the teachers of these programs, both at secondary and postsecondary levels, and that this will provide the stimulus in the country to move ahead.

I do not think we ought to be quibbling over which segment is going to be handling how much of this money.

Mr. GREGG. If the gentleman will yield further, how would the gentleman expect the National Science Foundation to provide for the teachers of elementary and secondary schools? Is the gentleman talking about salary supplement programs, award programs?

Mr FUQUA. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the Chairman, the gentleman from Florida.

Mr. FUQUA. I appreciate the gentleman yielding.

Mr. Chairman, let me quote from the committee report where the additional funds, the $30 million that we provided that were eliminated by the Winn amendment, would go:

> The Committee expects that the majority of the additional $30 million for science and engineering education will be spent for precollege education programs. This would include roughly $9 million for science and math teacher career improvement programs, roughly $2 million for the National Resource Centers program and roughly $5 million for an experimental nationwide program for recruitment and retention of quality math and science teachers.
>
> Approximately $8.5 million would be allocated for undergraduate education and equipment, including roughly $1.5 million for scholarships, $4 million for instructional equipment and the remainder for instructional improvement programs including but not limited to the Comprehensive Assistance to Undergraduate Science Education program.

So we do have programs that would argument the teaching programs of the school, improve the skills of the teachers, provide some equipment, but there would not be salary supplementation.

Mr. PEYSER. I thank the Chairman for that comment.

Mr. Chairman, I hope we will act now to reverse that decision of a few minutes ago and vote "yes" on this amendment.

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Mr. SENSENBRENNER. Mr. Chairman, I rise in opposition to the amendment in the nature of a substitute.

Mr. Chairman, the amendment in the nature of a substitute offered by the gentleman from New York (Mr. PEYSER) is clearly intended to negate the vote of the Committee of the Whole that was taken just a little while ago to reduce the budget of the National Science Foundation.

The amendment offered by the gentleman from New York (Mr. PEYSER) will put the entire bill $20 million over the request of the administration.

Let us make no mistake about it, $100 billion Federal deficits are made up of amendments like these. We can continue spending for very worthwhile programs and end up having the high budget deficits and the high interest rates and the high unemployment that those budget deficits cause.

In looking at the amendment that is presently before the committee, we ought to put some things in perspective.

The Winn amendment adopted just a few minutes ago actually increased the amounts authorized under the committee bill for both mathematical and physical sciences research and engineering research as well as astronomical atmospheric Earth and ocean science research. There was a trade-off in the Winn amendment on what our priorities ought to be and the Winn amendment correctly stated those priorities.

Apparently there are some who believe today that by spending $20 million more in teaching high school teachers how to teach math and science we will be able to solve the shortage of engineers in this country and to get as many engineering graduates as the Japanese and the Soviet Union.

Who is kidding whom? How will $20 million more to the National Science Foundation come out in the bottom line of more engineers, and more scientists?

There is that kind of a direct relationship.

The reason there is not that kind of direct relationship is because our system of education, with its emphasis on free choice and quality of instruction, turns out a lot more qualified engineers than the kind of forced system that the Soviet Union and Japan have.

But we ought to ask ourselves in considering the amendment offered by the gentleman from New York (Mr. PEYSER), as to exactly what the role of the Federal Government should be in science and math education of high school teachers.

We hear a lot of stories about the fact that the basketball coach is also the math teacher, implying that that individual is unqualified to teach modern math in our high schools today.

It is not the role of the Federal Government to change that. That is the role of our State legislatures and State departments of education in establishing curriculum and certification requirements through their own processes. We are simply attempting to stick our nose into a prerogative that has been traditionally reserved to the States in saying that high school math and science instruction by and large needs improvement. We propose to improve it by throwing money at it rather than by pointing out what the real problem is, which is the fact that the certification and curriculum requirements set in our State capitals might be a little bit lacking.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding.

If I am a student in a high school in Wisconsin and that school does not have a qualified math or science teacher, what kind of free choice do I have? Because even the administration, in the statement accompanying their budget request, this administration said that in a 1981 survey actually 22 percent of the high school math teaching positions nationwide were vacant. This is one out of five. What kind of free choice do I have?

Mr SENSENBRENNER. The free choice the gentleman had, I might say to the gentleman from Iowa, is the gentleman could go to his elected school board and say that there is not an adequate math curriculum in his school and that his school board ought to spend more money so there is an adequate math curriculum there. That is a decision that should be made in the local school board meetings all around the country rather than in the Congress of the United States.

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from New Hampshire.

Mr. GREGG. I thank the gentleman for yielding.

To follow up on that point, is it not true that primarily the reason why we are unable to attract qualified math and science teachers into our school systems today is that we have to pay them the same wages we pay the English teacher or the art teacher, and the fact is that in the competitive marketplace the science and math teacher is a much higher value?

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has expired.

(By unanimous consent, Mr. SENSENBRENNER was allowed to proceed for 3 additional minutes.)

Mr. GREGG. If the gentleman will continue to yield, the science or math teacher has a much higher value on his or her capacities and demand for payment in the marketplace. That person can go out and find a job in the computer industry or in some other engineering oriented industry and get paid a higher wage than they will receive as a teacher, because of the fact that we have a system in this country which says that you have to pay all the teachers the same wage and you cannot bifurcate those wage systems, and that is the real core of the problem as to why we cannot attack——

Mr. SENSENBRENNER. The gentleman from New Hampshire is absolutely correct, that there is a relatively low rate of retention of science and mathematic teachers because they go from teaching school into the private sector of our economy and make a tremendous increased salary.

Now, again, the solution to that problem is not here in the Congress. The chairman of the committee, the gentleman from Florida (Mr. FUQUA) mentioned in reading the committee report that we specifically prohibit using any of this money for salary supplements. Teachers' salary schedules are set at the State and local level. There is nothing that we can do under the present system to get at that particular point that the gentleman from New Hampshire has brought up.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding.

I am informed that in our neighboring State of Minnesota last year they graduated one qualified high school math teacher. So even if the school boards in those small towns in Minnesota requested or wanted to get a math teacher, where are they going to get them when they only graduated one out of the Minnesota universities?

Mr. SENSENBRENNER. Even if the amendment currently before the committee is passed, that is not going to address that problem because the committee report very clearly states that the funds that are appropriated, whether it be $15 million in the Winn amendment; $45 million in the committee bill, or $35 million in the Peyser amendment, is channeled most particularly into high school science teaching.

So the total number of graduates is not going to go up, down or any way else, no matter how much or how little money is appropriated.

Mr. HARKIN. I understand that and I was responding to the gentleman's first argument. What this program is designed to do is just what the gentleman says, it is going to go out to those high school math and science teachers who otherwise might not be qualified and to give them a good sound basis for teaching math and science. We know we cannot afford, like the gentleman said, those high schools cannot afford those teachers. So we have to rely upon other teachers and that way we have to use this program to go out and teach them how to teach math and science.

Mr. SENSENBRENNER. Reclaiming my time, Mr. Chairman, since the lure of money is very attractive no matter what business one is in or whether one is a teacher, the real problem is the way teacher salaries are negotiated in this country and that uniform teachers' salary schedules are what is at the core of this problem.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has again expired.

(By unanimous consent, Mr. SENSENBRENNER was allowed to proceed for 2 additional minutes.)

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from New York.

Mr. PEYSER. I thank the gentleman for yielding.

We have spent a great deal of time over the last year in a series of discussions that talked about signals we were sending out to the Soviet Union on different issues that we acted on.

If I were the Soviet Union today and I were listening to the discussion on the floor, I wonder what kind of signal you think it would be that says that the Government of the United States is totally deemphasizing the science and technological skills in education? What kind of signal would that be? That would say to me 5 or 10 years down the road this country is going to be weaker than ever. Why do we want to send that signal?

Mr. SENSENBRENNER. I am sure President Brezhnev would not have a cardiac arrest if the gentleman's $20 million addition is passed by the committee. Again there is a basic misunderstanding of what level of government makes basic decisions on high school education.

Under our system it is not the Federal level of government. Under the Soviet system it probably is the National Government.

AMENDMENT OFFERED BY MR. WINN TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. PEYSER

Mr. WINN. Mr. Chairman, I offer an amendment and I ask unanimous consent that the original amendment that I introduced be changed as an amendment to the Peyser amendment.

Mr. PEYSER. Reserving the right to object, Mr. Chairman——

Mr. WINN. I have that amendment at the desk. It is an amendment to the amendment, Mr. Chairman.

The CHAIRMAN. The gentleman withdraws the unanimous-consent request. Does the gentleman seek to offer the same amendment?

Mr. WINN. No, Mr. Chairman, I seek to offer an amendment to the amendment.

The CHAIRMAN. The Clerk will report the amendment.

Mr. FUQUA. Mr. Chairman, a parliamentary inquiry.

Mr. PEYSER. I will reserve the right to object, Mr. Chairman, and yield to the chairman of the committee.

Mr. FUQUA. I ask to reserve a point of order against the amendment.

The CHAIRMAN. The Clerk will report the amendment first and then the Chair will recognize Members to reserve points of order.

The Clerk read as follows:

Amendment offered by Mr. WINN to the amendment in the nature of a substitute offered by Mr. PEYSER: On page 3, line 23, strike "$288,300,000" and insert in lieu thereof "$298,700,000".

On page 3, line 24, strike "$98,600,000" and insert in lieu thereof "$99,700,000".

On page 4, line 2, strike "$201,000,000" and insert in lieu thereof "$186,700,000".

On page 4, line 4, strike "$250,800,000" and insert in lieu thereof "$259,700,000".

On page 4, line 9, strike "$50,100,000" and insert in lieu thereof "$44,000,000".

On page 4, line 13, strike "$35,000,000" and insert in lieu thereof "$15,000,000".

On page 8, beginning with line 15, strike title IV in its entirety.

The CHAIRMAN. The Chair will state that the amendment is in proper order.

Does the gentleman from New York (Mr. PEYSER) wish to make a point of order?

Mr. PEYSER. Yes, Mr. Chairman. This side has not seen a copy of that amendment and we would like to see it. As I recall, just a minute ago the other side requested a copy, and could we have one?

The CHAIRMAN. The gentleman from New York has not stated a point of order.

Mr. FUQUA. It is my understanding that it is identical to the amendment offered by the gentleman from Kansas previously that was adopted by the committee?

Mr. WINN. I offered it as an amendment to the amendment and we have only had that copy available for 2½ hours.

Mr. FUQUA. It is essentially the same amendment?

Mr. WINN. It is exactly the same wording.

The CHAIRMAN. The gentleman from Kansas (Mr. WINN) is recognized for 5 minutes.

Mr. WINN. Mr. Chairman, I think everybody knows what is going on here.

Most of the majority side are really just playing games. I do not think they are going to fool the 194 people who voted in favor of my amendment a half hour ago.

Certainly it was a close vote. But I think the fact that this week we are going to consider the rule on the budget—everybody has that on their mind. Even the chairman of the full committee said that he wanted as much as anybody else to balance the budget. So we know what is going on. They are just playing games over there.

As far as signals to the Soviet Union, I cannot believe that my colleague from New York made that statement.

What in this bill is going to send any signals at all to the Soviet Union?

My amendment to the amendment is at the Reagan budget. There is no doubt about it. That is why the 194 people voted in favor of that.

The Peyser budget is still $20 million over the Reagan budget.

That is what we are talking about today.

My colleagues can look at the figures that have been handed out. The committee bill places a lot of emphasis on the behavioral and social sciences. Mine emphasizes the math and physical sciences.

We have been hearing all about the problems of gym teachers teaching science and math. That is not the real problem. They just cannot take losing a vote. They do not want many people in this Chamber to have the opportunity to vote for this budget and support a balanced budget for this Nation.

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Let me reiterate what I said in the original amendment that I proposed, that this is still 7.7 percent over the 1982 budget. The National Science Foundation is not going down the drain. All of these tears are unnecessary.

I urge the adoption of my amendment.

Mr. PEYSER. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment just offered.

I am glad actually the gentleman offered this, because this is going to clarify the situation for the Members. We are going to have a chance again to vote down the Winn amendment, which has really cut the heart out of the education program for the sciences.

I think that any misunderstanding that may have existed the first time can be clarified now by a "no" vote on the Winn amendment and then a "yes" vote on my amendment.

I am regretful that my amendment cuts the committee proposal by $10 million, but at least it leaves enough money in the program to carry out the entire thrust of the education of the sciences.

The gentleman from Kansas made reference to the fact that the reason 194 Members voted for his amendment was because it was the Reagan budget proposal.

Well, I would just hasten to remind my colleague that the Reagan budget proposal also calls for a $40 billion cut in social security benefits. I do not think Members are going to wind up and vote for that just because it is the Reagan budget; so I would hope that we do have a clear picture that a vote for the Winn amendment at this time is a clear vote against education in the sciences.

Mr. ARCHER. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I would be glad to yield to my colleague, the gentleman from Texas.

Mr. ARCHER. Mr. Chairman, I just want to be sure the record shows the correct interpretation of the budget that was proposed by the Finance Committee in the Senate and that was that the gap in social security shortfall be closed. It did not recommend a cut in benefits. It recommended a closing of the gap of the shortfall in revenues compared to outlays and that could be done by increasing the revenues.

Mr. PEYSER. I appreciate the gentleman's comments and while this is not a debate on social security, there is no question of the fact that I heard the chairman of the Finance Committee this morning in the Senate that we would have no cuts, there would be no cuts in the social security benefits that the President had recommended, until after the election; so I do not think we have to worry about what the intentions are. We are talking about science education today, which is why we ought to defeat the Winn amendment and then pass the amendment of mine afterwards.

Mr. HARKIN. Mr Chairman, will the gentleman yield?

Mr. PEYSER. I would be glad to yield to the gentleman.

Mr. HARKIN. Mr. Chairman, I thank the gentleman for yielding.

It was mentioned during the course of the debate that all these little things add up to the budget deficit. I just penciled out this $20 million add-on that is being put back into the $30 million that was cut by the gentleman from Kansas.

Assuming that the deficit would be $100 billion, that comes out to two-hundredths of 1 percent.

Now, if anyone feels he cannot support this because of two-hundredths of 1 percent of the deficit, just think that really does not have that much of an impact on a $100 billion deficit; but what it does have a tremendous impact on are the 22 percent of the high schools in this country, by the administration's own admission, one out of every five high schools that do not have a qualified science or math teacher. That is what we ought to be focusing on. That is where the impact will be felt; so if you feel that the impact is greater on getting our young people to learn math and science for this $20 million, than it would be to impact a budget deficit of $100 billion, then you ought to vote for the Peyser amendment.

Mr. PEYSER. I thank the gentleman and I yield back the balance of my time.

Mr. TRAXLER. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment and in strong support of the Peyser amendment.

Mr. Chairman, as a member of the HUD and Independent Agencies Subcommittee, we have the task of overseeing the National Science Foundation and their appropriations. We have also had the pleasure of listening to outside witnesses. We always enjoy those hours and hours of listening to ordinary Americans not-so-ordinary Americans come before our subcommittee to tell us what they think of the programs and the budgets of the various agencies of the U.S. Government including NSF.

Coincidentally, yesterday we had before our subcommittee a Mrs. Sarah Klein, who is president of the National Science Teachers Association of America.

She came before our subcommittee as the president of her association and I thought, a very eloquent spokesperson on behalf of secondary science education of this great Nation of ours.

Let me give you a couple thoughts that she had for us and see what you think. She said, "Our Nation faces unprecedented problems in science and engineering education at the secondary level. There is a critical shortage of qualified science and math teachers," and there is. No one disputes that.

"The paucity of supplies, resources, appropriate materials, and support has reduced the quality of science and mathematics education at our secondary school level to a point where in my judgment," she said, "that national security and the Nation's best efforts toward improved productivity are dangerously threatened."

And I agree with that, and you ought to give that some thought, in my judgment.

Additionally, and listen to this, the National Science Teachers Association did a survey, a national survey. Here is what they found out: Sixty percent of the science teachers in America report cuts in their budgets for supplies and equipment. Now, that is local support. It means cuts, not increases. These cuts occur at a time when school labs are already obsolete, and when computers and other components of modern electronics that are essential in an up-to-date curriculum are not present. From the same survey, we learn that 79 percent of the teachers have not completed at least a 10-hour course or workshop in over 10 years. Seventy-nine percent of the science teachers in America at the secondary level had not had at least a 10-hour course or workshop in the last 10 years. Also, 69 percent never attended a computer course or a workshop.

Finally, hear this one, listen to this, finally, 40 percent have not attended a course or workshop since they began teaching, which on the average was at least 16 years ago.

Now, what about Federal support for secondary science education? Well, here we are. The support for precollege science education has dropped even more dramatically, from 72 percent of the science education budget in 1959 to 22 percent in 1980. In terms of the total National Science Foundation budget, the precollege share has dropped from 34 percent in 1959 to its present low of less than 1 percent. Listen to this, less than 1 percent.

Now, what we are talking about here is not something new, radical, or unusual. We are talking about the science future of America, and I hope you will vote and act accordingly.

Mr. FUQUA. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the Winn amendment.

Mr. Chairman, I do not have a great deal more to say than I have already said on this amendment, but I do want to make a few final remarks. It has been stated that there is an increase in the National Science Foundation budget. Let me cite the figures. In fiscal year 1981, we spent $1.096 billion for the National Science Foundation; $80.6 million, though, was in science education.

Now, for fiscal year 1982, we passed in this House a bill for $1.096 billion, the same as the year before. Later it was cut by $100 million in the reconciliation; but then we only spent $20.9 million in science education.

This year, 1983, under the amendment offered by the gentleman from New York (Mr. PEYSER), we would be spending $1.089 billion, which is less than the 1981 figure.

Now, let us talk about the crux of the argument. In a recent issue of U.S. News & World Report, the May 17 issue, the cover story is, and I quote: "Ahead, a Nation of Illiterates," the article discusses the growing number of Americans who cannot read or write or calculate properly. This is generating widespread concern, a major worry, that there will not be people equipped to handle complex new technologies.

One subheadline refers to the situation as, again I quote, "A form of social dynamite." I think that is what we are talking about here, we are trying to do something about improving the skills of teachers so that our students in the schools may have the opportunity for an education so that they can compete and work in a very complex society.

I hope the Winn amendment will be defeated and the substitute will be agreed to.

□ 1510

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Winn amendment.

Mr. Chairman, we have heard in the last few minutes the classical argument of the big spenders as to why we ought to reject the Winn amendment and approve the Peyser amendment. That argument always goes it is just a little bit, it is just a fraction of the whole deficit that we are talking about, or a fraction of the whole budget; that we are just talking about a little bit of money.

Well, it is a little like how many drops of water go into the ocean. After a while you do, in fact, create an ocean with a lot of droplets. What we have in this country right now is an ocean of debt. We have an ocean of deficit, and the American people are drowning in that ocean.

Many of the American people are jobless because of that debt and deficit. There are people across the country suffering from inflation because of the ocean of debt and deficit.

I submit that if we continue the pattern we are starting on this floor with the previous authorization bill and this authorization bill, what we are doing is simply adding one more drop to that ocean of debt and deficit that will continue to drown this economy. We cannot afford it.

We cannot afford the Peyser amendment. We can begin in the right direction by approving the Winn amendment.

Mr. DOWNEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Peyser substitute.

Mr. Chairman, I just wanted to apologize to the Members of the House and my constituents. As so often happens when we are in a hurry here, on the Walker amendment I voted "aye," and I hope that I am forgiven by my colleagues and others for this mistake. I wanted to vote "no."

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the gentleman from Minnesota.

Mr. VENTO. I thank the gentleman for yielding.

Mr. Chairman, contrary to what has previously been stated, we cannot afford to pass up this opportunity to vote for science and math teachers. We cannot afford it. We need the skills that this program provides, in the schools. If the Federal Government has any education policy at all, I think it is one in which we play a leadership role of leveraging those funds for science classrooms.

I am a science teacher. I will tell the Members of this body that I took advantage of those NSF programs. I guess you could say that I have a special interest in what happens to this legislation. I am certified to return to teach science, and perhaps some of my colleagues who disagree with me may be thinking that is what I ought to be doing. The fact of the matter is that without the increased funding that the Peyser amendment provides for these NSF programs, we will not get adequate instruction in our schools. If my colleagues have children in school; if they are concerned about the quality of instruction for the children in their district; and if Members want to see the student's skills improve, they have to put the tools in the hands of the science and math teachers. We cannot improve instruction if teachers do not have the requisite tools, and teachers will not have these tools if we do not provide sufficient funding for this program.

That is what this particular measure strives to do, to give them the updated programs in physics, in chemistry, in the Earth sciences, in computer sciences, and the other areas.

I need those skills. I am not competent to go back and teach unless I update my science teaching skills so that I can deliver to students in an instructional sense.

A lot of factors are driving our teachers out of the schools. One may be salaries, but another one is, the lack of adequate support that they deserve from this Congress with respect to particular issues such as this. That also is a factor driving them out of the schools and out into industry. They are not going to stay in school if we do not back them up, and this Nation desperately needs to support programs that will maintain these quality teachers in our schools.

So let us vote for the Peyser amendment and back up these teachers. They deserve our support in these efforts.

Vote "no" on the Winn amendment which will cut $30 million out of the NSF science and math educational initiatives and vote "aye" to support and maintain the NSF efforts to better prepare and obtain the math and science teaching skills so desperately needed in today's educational institutions and in today's world.

Mr. GILMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from New York (Mr. PEYSER).

Mr. Chairman, I commend the gentleman from Kansas for offering this amendment. There are several faults with the Peyser amendment. First, it is $20 million over the administration's request. As the gentleman from Kansas (Mr. WINN) pointed out, that would be a $20 million addition to a budget that is already up 7.7 percent from last year—an increase of $73 million. In a very short time this House is going to be confronted with some difficult votes on raising the debt ceiling, and in the immediate future, on passing a first budget resolution. Adding millions of dollars to yet another authorization bill as the committee does in this measure, H.R. 5842, is characteristic of the state of mind that has led to the economic problems our Nation is now facing. We cannot continue to provide this kind of excessive new obligational authority, as this bill does, and still hope to solve our country's economic problems.

Second, Mr. Chairman, I cannot agree with some of the priorities the committee has set in their version of this bill. They have increased areas such as biological, behavioral and social sciences far above the administration's request. In contrast, they have imposed decreases in areas that are far more critical to our national needs at this time. Those decreases hit such areas as mathematical and physical sciences, engineering and astronomical, atmospheric, Earth, and ocean sciences. It seems to me that the committee has their priorities turned around. The amendment offered by the gentleman from Kansas seeks to reverse those priorities and put things in a proper perspective.

Moreover, before embarking on a major expenditure of funds in this area, the administration has chosen wisely I think, to move more cautiously in a search for solutions to these problems. The administration has established the National Science Board Commission on Precollege Education in Mathematics, Science and Technology. That Commission will be active over an 18-month period and is expected to issue interim reports on its findings at 6-month intervals.

Accordingly, I urge my colleagues to await those reports and not to act too hastily.

I urge adoption of the Winn amendment.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words. I shall not take 5 minutes.

Mr. Chairman, one of the finest Members of this body is our colleague from Kansas (Mr. WINN) who is opposing this amendment. But even the finest Members of this body once in a while have to be wrong, and on this occasion, I believe the gentleman is.

Let me just give you three statistics that indicate the kind of problem we have.

Last year our friends in Japan graduated twice as many electrical engineers as we did. Japan has roughly half our population.

In the Soviet Union, and we are in a competitive world with the Soviet Union, when a student graduates from high school that student has 4 years of physics. In the United States, 16 percent of those who graduate from high school have 1 year of physics.

Finally, and perhaps most important, a survey of school superintendents recently showed that approximately one-half of them believe that the science and math teachers that they have are appreciably below the standards that we ought to have.

We face a problem in this country in the area of science and math that is both quantitative and qualitative. The sooner we face up to it, the better.

I am eager for that report of that Commission, but let me tell you that Commission is going to recommend some things that are infinitely stronger than the Peyser amendment, because this Nation is going to need it.

Mr. COLEMAN. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my distinguished colleague from Missouri.

Mr. COLEMAN. I thank the gentleman for yielding.

Mr. Chairman, I want to point out to my colleagues that we hear a lot about freezes; for example, nuclear freezes. A lot of people who talk about that subject say we should not be frozen into a position of nuclear inferiority.

I might point out that if we do not defeat this amendment, we are going to freeze ourselves into a position of inferiority when it comes to mathematics, science and technological know-how in this country. We want to get out of that position of inferiority. We want to go forward with our creativity and our knowledge in this country. We are spending billions of additional dollars on the military, which I support, frankly, but I think we are going to lose the real war, that real war is going to be fought in the classrooms, and with technical knowledge.

We will not be able to build machinery, we will not have people to run military equipment to secure this Nation if we do not fund some of these programs in these very important areas. Adopting the position of my friend and colleague from Kansas on this issue would be penny-wise and pound-foolish.

I agree with the gentleman in the well.

☐ 1520

Mr. SIMON. I thank my colleague from Missouri, who once again shows the kind of foresight we need in this body.

The **CHAIRMAN.** The question is on the amendment offered by the gentleman from Kansas (Mr. WINN) to the amendment in the nature of a substitute offered by the gentleman from New York (Mr. PEYSER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WINN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 189, noes 203, not voting 40, as follows:

[Roll No. 83]

AYES—189

Applegate
Archer
Bailey (MO)
Beard
Benedict
Bennett
Bereuter
Bethune
Bliley
Boner
Broomfield
Brown (CO)
Broyhill
Butler
Byron
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Coats
Collins (TX)
Conable
Corcoran
Coughlin
Coyne, James
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
Deckard
Derwinski
Dickinson
Dornan
Dowdy
Dyson
Edwards (OK)
Emerson
Emery
English
Erlenborn
Evans (DE)
Fenwick
Fiedler
Fields
Findley
Forsythe
Fountain
Frenzel
Gilman
Goodling
Gradison
Gramm
Gregg
Gunderson
Hagedorn
Hall (OH)
Hall, Sam
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Hefner
Hendon
Hightower
Hiler
Hillis
Holt
Hopkins
Horton
Huckaby
Hughes
Hunter
Hyde
Jeffries
Jones (TN)
Kazen
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leath
LeBoutillier
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NY)
McClory
McCloskey
McCollum
McDade
McDonald
McEwen
McGrath
McKinney
Michel
Miller (OH)
Mitchell (NY)
Molinari
Montgomery
Moore
Moorhead
Morrison
Murphy
Myers
Napier
Natcher
Nelligan
Nichols
O'Brien
Oxley
Parris
Pashayan
Patman
Paul
Petri
Pickle
Porter
Pritchard
Quillen
Railsback
Regula
Rhodes
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Roth
Roukema
Rousselot
Rudd
Sawyer
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stratton
Stump
Tauzin
Taylor
Vander Jagt
Walker
Wampler
Weber (MN)
Weber (OH)
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wolf
Wortley
Wylie
Yatron
Young (AK)
Young (FL)

NOES—203

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benjamin
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Burton, Phillip
Chappell
Chisholm
Clay
Clinger
Coelho
Coleman
Collins (IL)
Conte
Conyers
Coyne, William
Crockett
D'Amours
Davis
de la Garza
Dellums
DeNardis
Derrick
Dicks
Dingell
Donnelly
Dorgan
Downey
Duncan
Dunn
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Ertel
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Ferraro
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gejdenson
Gephardt
Gibbons
Gingrich
Glickman
Gonzalez
Gore
Green
Guarini
Hall, Ralph
Hamilton
Harkin
Hatcher
Hawkins
Heckler
Heftel
Hertel
Holland
Hollenbeck
Howard
Hoyer
Hutto
Ireland
Jeffords
Jenkins
Jones (NC)
Jones (OK)
Kastenmeier
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
Leach
Lehman
Long (LA)
Long (MD)
Lowry (WA)
Luken
Markey
Matsui
Mavroules
Mazzoli
McCurdy
McHugh
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Mollohan
Mottl
Neal
Nelson
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Pepper
Perkins
Peyser
Price
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Rinaldo
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Sharp
Simon
Skelton
Smith (IA)
Solarz
St Germain
Stokes
Studds
Swift
Synar
Tauke
Traxler
Udall
Vento
Volkmer
Walgren
Washington
Watkins
Waxman
Weiss
White
Williams (MT)
Wilson
Wirth
Wolpe
Wright
Wyden
Yates
Young (MO)
Zablocki

NOT VOTING—40

Atkinson
AuCoin
Badham
Bafalis
Bowen
Brown (OH)
Burgener
Burton, John
Courter
Crane, Philip
Dixon
Dougherty
Dreier
Erdahl
Fish
Foglietta
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Hubbard
Jacobs
Johnston
Leland
Lundine
Marks
Martin (NC)
Mattox
Murtha
Rogers
Santini
Smith (PA)
Stanton
Stark
Thomas
Trible
Weaver
Zeferetti

☐ 1530

Messrs. **DAVIS, JONES** of Oklahoma, **JONES** of North Carolina, **UDALL,** and **DERRICK** changed their votes from "aye" to "no."

So the amendment to the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The **CHAIRMAN.** The question is on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. PEYSER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. PEYSER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 203, noes 188, not voting 41, as follows:

[Roll No. 84]

AYES—203

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benedict
Benjamin
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brooks
Brown (CA)
Burton, Phillip
Chappell
Chisholm
Clay
Clinger
Coelho
Coleman
Collins (IL)
Conte
Conyers
Coyne, William
Crockett
D'Amours
de la Garza
Dellums
DeNardis
Derrick
Dicks
Dingell
Donnelly
Dorgan
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Ertel
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Ferraro
Flippo

Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Fuqua
Garcia
Gejdenson
Gephardt
Gibbons
Gingrich
Glickman
Gonzalez
Gore
Green
Guarini
Hall, Ralph
Hamilton
Hance
Harkin
Hatcher
Hawkins
Heckler
Heftel
Hertel
Holland
Hollenbeck
Howard
Hutto
Jeffords
Jenkins
Jones (OK)
Kastenmeier
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
Leach
Lehman
Long (LA)
Lowry (WA)
Luken
Markey
Matsui
Mavroules
Mazzoli
McCurdy
McHugh
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Mollohan
Mottl
Murphy
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Pepper
Perkins
Peyser
Pickle
Price
Rahall
Rangel
Ratchford
Reuss
Richmond
Rinaldo
Rodino
Roe
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Sharp
Simon
Skelton
Smith (IA)
Solarz
St Germain
Stark
Stokes
Stratton
Studds
Swift
Synar
Tauke
Traxler
Udall
Vento
Volkmer
Walgren
Washington
Waxman
Weber (OH)
Weiss
White
Williams (MT)
Wilson
Wirth
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)
Zablocki

NOES—188

Applegate
Archer
Bailey (MO)
Beard
Bennett
Bereuter
Bethune
Bliley
Brodhead
Broomfield
Brown (CO)
Broyhill
Butler
Byron
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Coats
Collins (TX)
Conable
Corcoran
Coughlin
Coyne, James
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
Davis
Derwinski
Dickinson
Dornan
Dyson
Edwards (OK)
Emerson
Emery
English
Erlenborn
Evans (DE)
Fenwick
Fiedler
Fields
Findley
Fithian
Forsythe
Fountain
Frenzel
Gilman
Goodling
Gradison
Gramm
Gregg
Gunderson
Hagedorn
Hall (OH)
Hall, Sam
Hammerschmidt
Hansen (ID)
Hartnett
Hefner
Hendon
Hightower
Hiler
Hillis
Holt
Hopkins
Horton
Huckaby
Hughes
Hunter
Hyde
Ireland
Jeffries
Johnston
Jones (NC)
Jones (TN)
Kazen
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leath
LeBoutillier
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NY)
McClory
McCloskey
McCollum
McDade
McDonald
McEwen
McGrath
McKinney
Michel
Miller (OH)
Mitchell (NY)
Molinari
Montgomery
Moore
Moorhead
Morrison
Myers
Napier
Natcher
Nelligan
O'Brien
Oxley
Parris
Pashayan
Patman
Paul
Petri
Porter
Pritchard
Pursell
Quillen
Railsback
Regula
Rhodes
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Rose
Roth
Roukema
Rousselot
Rudd
Santini
Sawyer
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stump
Tauzin
Taylor
Vander Jagt
Walker
Wampler
Watkins
Weber (MN)
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wolf
Wortley
Wylie
Young (AK)
Young (FL)

NOT VOTING—41

Atkinson
AuCoin
Badham
Bafalis
Bowen
Brown (OH)
Burgener
Burton, John
Courter
Crane, Philip
Deckard
Dixon
Dougherty
Dreier
Erdahl
Fish
Foglietta
Frost
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Hoyer
Hubbard
Jacobs
Leland
Long (MD)
Lundine
Marks
Martin (NC)
Mattox
Murtha
Rogers
Smith (PA)
Stanton
Thomas
Trible
Weaver
Zeferetti

☐ 1550

The Clerk announced the following pairs:

On this vote:

Mr. Zeferetti for, with Mr. Thomas against.

Mr. Leland for, with Mr. Dreier against.

Mr. Gray for, with Mr. Philip M. Crane against.

Mr. Dixon for, with Mr. Burgener against.

Mr. McCLORY changed his vote from "aye" to "no."

So the amendment in the nature of a substitute was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. BONIOR of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5842) to authorize appropriations for activities of the National Science Foundation for fiscal years 1982 and 1983, and for other purposes, pursuant to House Resolution 459, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. SENSENBRENNER

Mr. SENSENBRENNER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SENSENBRENNER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SENSENBRENNER moves to recommit the bill, H.R. 5842, to the Committee on Science and Technology.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appear to have it.

RECORDED VOTE

Mr. SENSENBRENNER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 282, noes 111, not voting 39, as follows:

[Roll No. 85]

AYES—282

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Brown (CO)
Burton, Phillip
Byron
Carney
Chappell
Chisholm
Clausen
Clay
Clinger
Coelho
Coleman
Collins (IL)
Conte
Conyers
Coughlin
Coyne, James
Coyne, William
Crockett
D'Amours
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Dicks
Dingell
Donnelly
Dorgan
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Emery
Erlenborn
Ertel
Evans (DE)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Findley
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frost
Fuqua
Garcia
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Green
Guarini
Hall (OH)
Hall, Ralph
Hamilton
Hance
Harkin
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hertel
Hightower
Hillis
Holland
Hollenbeck
Holt
Horton
Howard
Hoyer
Huckaby
Hughes
Hutto
Ireland
Jeffords
Jenkins
Jones (NC)
Jones (OK)
Kastenmeier
Kazen
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
Lee
Lehman
Levitas
Long (LA)
Long (MD)
Lowery (CA)
Lowry (WA)
Luken
Markey
Martin (NY)
Matsui
Mavroules
Mazzoli
McClory
McCloskey
McCurdy
McDade
McGrath
McHugh

McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Moffett
Molinari
Mollohan
Montgomery
Moore
Morrison
Mottl
Murphy
Myers
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Parris
Patman
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Roemer
Rose
Rosenthal
Rostenkowski
Roukema
Roybal
Russo
Sabo
Santini
Savage
Sawyer
Scheuer
Schneider
Schumer
Seiberling
Shamansky
Shannon
Sharp
Shelby
Simon
Skeen
Smith (IA)
Smith (NJ)
Snowe
Solarz
St Germain
Stark
Stokes
Stratton
Studds
Swift
Synar
Tauke
Tauzin
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Washington
Waxman
Weber (OH)
Weiss
White
Whitley
Whitten
Williams (MT)
Wilson
Winn
Wirth
Wolf
Wolpe
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (MO)
Zablocki

NOES—111

Applegate
Archer
Beard
Bethune
Bliley
Broyhill
Butler
Campbell
Carman
Chappie
Cheney
Coats
Collins (TX)
Conable
Corcoran
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Derwinski
Dickinson
Dornan
Edwards (OK)
Emerson
English
Evans (GA)
Fields
Frenzel
Gradison
Gramm
Gregg
Gunderson
Hagedorn
Hall, Sam
Hammerschmidt
Hansen (ID)
Hartnett
Hendon
Hiler
Hopkins
Hunter
Hyde
Jeffries
Johnston
Jones (TN)
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leath
LeBoutillier
Lent
Lewis
Livingston
Loeffler
Lott
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
McCollum
McDonald
McEwen
Michel
Miller (OH)
Moorhead
Napier
O'Brien
Oxley
Pashayan
Paul
Quillen
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roth
Rousselot
Rudd
Schroeder
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skelton
Smith (AL)
Smith (NE)
Smith (OR)
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stump
Taylor
Walker
Wampler
Watkins
Weber (MN)
Whitehurst
Whittaker
Williams (OH)
Wortley
Young (FL)

NOT VOTING—39

Atkinson
AuCoin
Badham
Bafalis
Bolling
Bowen
Brown (OH)
Burgener
Burton, John
Courter
Crane, Philip
Dixon
Dougherty
Dreier
Erdahl
Fish
Foglietta
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Hubbard
Jacobs
Leach
Leland
Lundine
Marks
Martin (NC)
Mattox
Murtha
Rogers
Smith (PA)
Stanton
Thomas
Trible
Weaver
Zeferetti

□ 1610

The Clerk announced the following pairs:

On this vote:

Mr. Zeferetti for, with Mr. Thomas against.

Mr. Courter for, with Mr. Philip M. Crane against.

Mr. Leach of Iowa for, with Mr. Hansen of Utah against.

Mr. LIVINGSTON changed his vote from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 5726, National Bureau of Standards authorizations, 1983.

The SPEAKER pro tempore (Mr. GEJDENSON). Is there objection to the request of the gentleman from Florida?

There was no objection.

NATIONAL BUREAU OF STANDARDS AUTHORIZATION ACT FOR FISCAL YEAR 1983

Mr. FUQUA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5726) to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal year 1983 and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. FUQUA).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 5726, with Mr. ANDREWS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Florida (Mr. FUQUA) will be recognized for 30 minutes, and the gentlewoman from Massachusetts (Mrs. HECKLER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 5726, which would provide authorization for appropriations to the National Bureau of Standards (NBS) and for two, smaller, related agencies, the National Technical Information Service (NTIS) and the Office of Productivity, Technology and Innovation (OPTI).

I want to congratulate Mr. WALGREN, chairman of the Subcommittee on Science, Research and Technology for his leadership in bringing this legislation to the floor. I also want to acknowledge the efforts of our ranking minority members, Mr. WINN, of Kansas, at the full committee level, and Mrs. HECKLER, of Massachusetts, at the subcommittee level.

The National Bureau of Standards, the country's oldest national laboratory, has long been known for its scientific and engineering excellence. It is important that it continue to contribute to the scientific and technological capabilities of the Nation. In addition to its traditional standards mission, NBS is expected by the administration and Congress to help make possible the achievement of many other national goals.

This is only the second time in its 83-year history that a separate authorization for the National Bureau of Standards is being considered by the Congress. The Bureau's growth and its importance to American industry led our committee to the conclusion that this agency should be subject to the careful review which the authorization process provides.

As a result of that review, our committee has reported out a bill which would authorize $127.9 million for NBS, NTIS, and OPTI. The bill authorizes $124 million for NBS, which is $12.5 million above the President's request, but only $3.7 above the fiscal year 1982 appropriation.

This is accounted for by a number of specific program changes which we felt must be made if American science and technology is to maintain its vital strength.

The Computer Institute at the NBS is responsible for the development of computer standards, mainly those standards affecting the interface between different computers and computer components. The administration did not include a request for funds in the NBS budget, but instead proposed that funds be included in the budget for the General Services Administration. It subsequently sent up legislation (H.R. 6006) to transfer the Computer Institute to the GSA. In our view this transfer would be unwise, and this view is shared by the authorizing committee in the other body. Furthermore, a drastic cut from $12 million to $7 million was proposed. In our view the Computer Institute serves a vital function if the American computer industry is to maintain its technological lead and its strong position in the international marketplace. Pending possible congressional action on the transfer bill, we have included funding for the Computer Institute in the authorization bill, and we have provided essentially level funding of $12 million for fiscal year 1983.

The second NBS area to which we feel high priority must be given is the development of advanced technology directly related to the productivity and competitiveness of American industry. Here the NBS has significant contributions to make in several specialized areas.

Two years ago our committee initiated the automated manufacturing test facility. We are recommending the continuation of that effort at the $3 million level of last year, rather than at the $2.3 million level suggested by the administration.

This year our bill would authorize a consolidation and strengthening of the Bureau's work in the related field of robotics. In this area we are recommending a minimum effort of $3.2 million. In spite of the administration's claim that all the needed work is being done by the private sector, industry and university researchers feel that a Federal role is clearly needed.

The technical competence fund allows NBS to carry out the long-term, general research activities which will give the Bureau's scientists and engineers the competence to handle future developments in science and technology. This is another case where cuts would clearly gamble with the future of our science and technology capabilities. We believe that NBS must continue to update both its people and its laboratory facilities to match the advances being made here and abroad. Our bill would authorize $8.9 million for this effort, an increase of $2 million over the administration's level.

In certain specific areas, our committee is recommending that emphasis be given through the inclusion in the bill of minimum budget levels, or "floors".

For the Office of Weights and Measures a floor of $1.2 million would insure that the Bureau expand its support for State weights and measures programs, with emphasis on training in the new microcircuit technologies now entering that field. NBS is in agreement with this expenditure level and is asking for reprograming of funds to reflect this increase from $820,000 to $1.2 million.

For earthquake hazards engineering, the bill would provide a minimum of $500,000. This represents a 5-percent increase above last year's level, and would barely permit a constant level of effort in this important program.

In the program of measurements standards for the handicapped, a floor of $1 million would be equal to the fiscal year 1982 floor.

For computer science and technology, a floor of $10 million would serve to insure that this work, for which approximately $12 million is budgeted in fiscal year 1982, is continued at a minimum level.

Finally, for the automated manufacturing test facility, which this committee helped to establish 2 years ago, a floor of $3 million would insure the continuation of a strong program. In the field of robotics, where the Bureau already has done significant work, a similar strengthening would be provided by means of the floor of $3.2 million. Robotics, in particular, is a field where the Japanese are making rapid advances in comparison with the United States.

An important aspect of the bill, and the program it would authorize, are worth noting:

In the fire research center, which was established by legislation from this committee in 1974, well over half of the funding was provided by "pass-through" funds from FEMA in recent years. With the decision by FEMA to abandon its lead agency role in this area, the Bureau successfully obtained $3.6 million from the OMB for fire research, and we strongly endorse the continuation of this work at a total level of $4.991 million.

For the National Technical Information Service and for the Office of Productivity, Technology and Innovation, the bill would provide the funds requested by the President.

The National Technical Information Service operates on a budget of $28.9 million, of which $27 million is recovered from sales of documents to the public. The remaining authorization would provide funds for such purposes as foreign patent information, computer replacement, and the absorption and continuation of the functions of the Smithsonian Science Information Exchange, which were integrated into NTIS in fiscal year 1982. We recommend that the administration request for $1.98 million be authorized.

In the case of the OPTI, the Commerce Department has made several organizational changes, and we are delighted that a more permanent arrangement has now been reached. The bill would authorize $1.9 million, which is at the President's request for OPTI.

The President proposed that the U.S. Metric Board, established by legislation originating in this committee, be "defunded" and that the sum of $300,000 and seven new positions be authorized within OPTI to carry forward some functions of the Metric Board.

Our committee has, over the years, been a strong supporter of the voluntary conversion of our weights and measures to the metric system. Since the passage of the Metric Act of 1975, which established the U.S. Metric Board, our committee has maintained close oversight over the work of the Metric Board, most recently with a 1-day oversight hearing on February 8 of this year. We have, with some reluctance, concluded that the administration's proposal may be the best way to proceed. We are encouraged in this view by the President's personal letter to the Chairman of the Metric Board in which he gives his support to metric conversion in these words:

> Let me assure you of my support for the policy of voluntary metrification expressed in the Metric Conversion Act of 1975.

We intend to continue our close oversight of OPTI's metric activities.

The bill would separately authorize the National Bureau of Standards to use up to $500,000 in foreign currencies declared excess by the U.S. Treasury. These funds, which are not appropriated funds, allow the Bureau to conduct a number of international cooperation activities in friendly foreign countries which are working in the standards field.

Mr. Chairman, the programs in this bill have been carefully considered by our committee. They are vital to the national effort aimed at improving technological advances in American industry, and I urge adoption of this bill.

□ 1620

Mrs. HECKLER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 5726.

Mr. Chairman, I would like to thank our chairman, the gentleman from Florida, DON FUQUA; the subcommittee chairman, the gentleman from Pennsylvania, DOUG WALGREN; the ranking minority member, Mr. WINN; and all the members of the committee for the detailed attention they have given to the National Bureau of Standards budget.

The technical nature of the work has often resulted in an underestimation of the Bureau's importance to national and international matters. The growing importance of NBS in the area of computer sciences is only one of the many reasons why the Bureau's budget deserves strong support.

The National Bureau of Standards fulfills three basic roles. It serves as the Nation's central reference laboratory for the development and provision of measurement standards and methods, standard reference materials, and data on the properties of matter, materials, and physical phenomena. It also addresses national problems through the application of physical, chemical, mathematical, and engineering science.

Most importantly, the Bureau works to enhance the technological and scientific base of our Nation's productive capacity by contributing to the development of basic technologies and information which underlie product and process development and innovation.

I would like to draw particular attention to the NBS Institute for Computer Science and Technology. This institute develops and recommends uniform Federal automatic data processing standards, provides automatic data processing, scientific and technological advisory research services to Federal agencies, and undertakes necessary research in computer science and technology.

Not only are common standards necessary for the orderly integration and utilization of computer technology by the Federal Government, but the same standard setting both on a national and international basis is essential to maintaining the United States competitive position in international trade.

The minority is unanimous in its support for the Bureau's activities. We, however, feel that exceeding the administration's recommended budget level by $12.5 million is at this time an unwise step for the Congress to take. For this reason, the minority will offer an amendment to bring the Bureau's budget back to the President's level.

Mr. Chairman, I yield back the balance of my time.

Mr. FUQUA. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Pennsylvania (Mr. WALGREN), the chairman of the Subcommittee on Research and Technology, who has been so helpful in bringing this bill and the previous legislation to the floor.

Mr. WALGREN. Mr. Chairman, I certainly want to express my respect and appreciation to both the chairman of the full committee, the gentleman from Florida (Mr. FUQUA), and the ranking minority member, the gentlewoman from Massachusetts (Mrs. HECKLER), for their work and involvement in the Bureau of Standards authorization.

Mr. Chairman, I rise in support of H.R. 5726 which would authorize appropriations for the National Bureau of Standards and two smaller, related agencies—the National Technical Information Service, and the Office of Productivity, Technology, and Innovation. I thank my committee chairman, Mr. FUQUA, for his kind remarks on our subcommittee's efforts on this legislation. I also want to acknowledge the contributions of my colleagues on the subcommittee, particularly Mrs. HECKLER, our ranking minority member.

The budget figures represent our best effort in identifying those programs of the Bureau and the two smaller agencies which, in our judgment, must be maintained at current levels for fiscal year 1983. Some of the Bureau's research in measurement science and related technologies may seem quite technical, but they are critical to improving our Nation's productivity and fostering innovation. Reducing our level of effort could have serious consequences in the long run for our economic security. Many of the Bureau's programs are on the leading edge of science and technology, such as the work in metals alloy processing computer technologies, very-large-scale-integrated circuits, robotics, and automated manufacturing. All of these, are aimed at overcoming technological barriers to increasing innovation and productivity in critical sectors of our economy.

The metals processing program develops models and computer programs for predicting relationships between alloy microstructure and variables like temperature, mechanical stresses, and composition. This research has the potential to generate substantial improvements in fabricating and performance characteristics of metals such as strength, corrosion, and wear resistance.

The Bureau's Center for Fire Research would be funded under this bill at a level of $5 million, the administration's request. In past years, much of the Center's funding came from the U.S. Fire Adminstration, and arm of FEMA designated for phaseout by the administration. Wisely, OMB did decide to transfer the funds for the Fire Research Center into the Bureau's regular budget. The Center's goal is to develop, through research, the technical base necessary to suport the Nation's goal of significantly reducing fire losses.

The Office of Weights and Measures is another important part of the Bureau. The bill would authorize $1.2 million for this Office. Among other activities, the bill would provide for the development of a standardized training program for State and local weights and measures officials to learn how to correctly calibrate measuring devices that employ microciruitry. The necessity of this training program was clearly indicated by witnesses at our subcommittee hearing in February.

Mr. Chairman, I feel the committee has reported a very lean and sound bill and I urge its adoption by the House. Thank you.

Mrs. HECKLER. Mr. Chairman, I yield such time as he may consume to the ranking minority member of the committee, the gentleman from Kansas (Mr. WINN).

Mr. WINN. I thank the gentlewoman for yielding me this time.

Mr. Chairman, I rise in support of the work of the National Bureau of Standards, but also to communicate my support for the amendment to be offered by the gentleman from Pennsylvania (Mr. WALKER) at the appropriate time. This amendment will bring the authorization request in line with the President's budget.

One only has to look at the list of the types of work done by the National Bureau of Standards to understand its importance to our modern world. The Bureau deals with such important issues as computer science and technology, the issue of innovation and productivity, and engineering measurements and standards. Obviously, these topics and others like them that the Bureau works with have a great deal to do with the strength and vitality of the American economy. They are part of the ongoing work that contributes greatly to American leadership. As our committee report points out, many Federal agencies turn to NBS for advice on measurement and standards-related problems arising out of the technological programs of such agencies. Despite its expanded mission over the years, NBS has continued to provide excellent research and quality support to those agencies which call on the Bureau. I commend NBS for their continuing excellence in this field.

Mr. Chairman, I have no real quarrel with giving NBS the tools to continue their work. I feel that this authorization can do so, but I feel we can do it at a lower level than the committee has recommended. Once again we are confronted with an authorization bill that has been reported out at a substantial percentage above the administration's request. I do not hold to the belief that there is anything intrinsically magic about the administration's request numbers, however the only answer that our committee seems to have is to always add more money, never less. Because of this I will be supporting the gentleman from Pennsylvania's amendment to reduce the authorization level to the President's budget request.

I do want to emphasize my strong support, however, for the mission of the National Bureau of Standards and its unique capabilities. I hope the House will approve the Walker amendment and then support the authorization for the National Bureau of Standards.

☐ 1630

Mr. FUQUA. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. BROWN), a member of the committee.

Mr. BROWN of California. Mr. Chairman, I do not think that anyone in the House has any real problems with the work of the Bureau of Standards. This is one of the most significant and important bureaus in the U.S. Government and in the Department of Commerce, and it has played a leading role for many, many years in a quiet and relatively unnoticed way in developing the efficiency of American industry. What I am concerned about, of course, is the question about the relative level of support which has been raised by the distinguished gentleman from Kansas, and will be raised by the amendment of the gentleman from Pennsylvania, which we understand he will offer.

There was some hint or indication that the committee had acted in an indiscriminate way in suggesting a modest increase in the authorizing level for the Bureau of Standards. I know this will be discussed in connection with the debate on the amendment, but I would just like to point out that the increases recommended by the subcommittee and the full committee, with which I fully concur, were not indiscriminate amendments aimed at blanket increases in programs, but they were amendments aimed at restoring cuts which had been suggested by the administration for two vitally important areas.

One of these was the Institute for Computer Standards. I think we all understand the importance of the computer revolution which is taking place in this country today.

There are at least three separate programs, seminars, or hearings going on today with regard to the impact of computers on American society right here in the House of Representatives, and we anticipate that the greatest improvement in industrial productivity available in the next generation will stem from the maintenance of America's leadership in the computer field. Computers will impact upon the operations of the Congress; they will impact upon the operations of American agriculture, which is the subject of a 2-day seminar going on right now. It will impact upon the operations of the metal-working industry, the automobile industry; upon all of the industries of this country.

In the face of that, for this administration to propose a 50-percent reduction from last year's level, in the operations of this vitally important Institute in the Bureau of Standards is, in my opinion, shortsightedness of the highest order. It is, therefore, not an indiscriminate or careless act to attempt to preserve this program at least at the same level. Actually, the level is still below last year even with the restoration suggested by the committee.

The other major increase dealt with other aspects of industrial productivity and innovation, actually the greatest problems facing our economy today. I hesitate to broaden the discussion, but we have been acting in this House as if the whole answer to American productivity losses lay in the budget process. At the risk of disillusioning some of my associates in the House, I would like to tell them that even with the best of budgets, even with a budget which is at or near balance, we face serious problems with American industrial productivity in this country which will not be resolved unless we take serious steps to address them.

We have a small, almost a minute program in the Department of Commerce to encourage productivity improvement, and it is this program that the adminstration is proposing to practically eliminate. The administration's recommendations are not because of any merit or lack of merit in the program; they are based upon philosophical reasons. Basically, the philosophical postion of this administration is that the Government of this great country has no business trying to improve the innovation or productivity of American industry.

This flies in the face of reality. This flies in the face of what our competitors are doing, and doing very well, which is assisting in developing cooperative programs between Government and industry to overcome mutual problems which have to be faced. Now, I resist the philosophy that says there is no role for Government cooperation in helping to improve the performance of American industy, and it is at this very point that the amendment of the gentleman from Pennsylvania is aimed. He has an honest feeling that there is no role for Government in helping to improve the productivity of the industry of this country. He defends this view with logic and eloquence, but I think he so wrong.

I believe that we will find out that even if we do the greatest job in the world of balancing the budget, that if we have failed to take the steps necessary to improve the productivity of American industry, we will still be facing some serious economic problems which we will not be able to overcome. It is for this reason that I urge the Members to support the very modest recommendations which the Committee on Science and Technology has made, not to increase these programs, but to maintain them close to the level that they have been for the past year. I think we will be doing a great service to the country if we can do that.

Mr. FUQUA. Mr. Chairman, I yield 4 minutes to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Chairman, I thank the gentleman from Florida for yielding. I also thank the gentleman for bringing this matter before this body today.

Mr. Chairman, the Small Business Committee's Subcommittee on Energy, Environment, and Safety Issues Affecting Small Business held a field hearing in mid-February to learn why more used oil is not being recovered and reused in this country. The subcommittee was distressed to learn of the amounts of used oil being burned indiscriminately, resulting in harmful pollutants being emitted into the atmosphere. Testimony received from industry witnesses encouraged the greater recycling of used oils, particularly through re-refining. However, these witnesses noted that implementation of directives from Congress removing institutional barriers to greater re-refining of used oils has been slow.

The Independent Lubricant Manufacturers Association and the Association of Petroleum Re-refiners told the subcommittee that they have been anxiously awaiting the development of test procedures by the National Bureau of Standards for several years. These test procedures would ascertain whether re-refined lubricant base stocks and finished products are of sufficient quality, consistency, and additive response to produce a finished product truly equivalent to virgin oils. We were reminded that section 383(c) of the Energy Policy and Conservative Act mandates NBS to develop these test procedures. I believe I share the sentiments of the other members of the subcommittee that the administration's determination that no more funds be spent on NBS recycled oil program after September 30 of this year is shortsighted.

Mr. Chairman, I would like to ask the gentleman what is the current status of NBS recycled oil program?

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Florida.

Mr. FUQUA. According to statements by the administration to the committee, the first phase of NBS recycled oil program involved the development and evaluation of test procedures for characterizing used oil recycled as a burner fuel. As required by Congress, these test procedures were transmitted to the Federal Trade Commission in November 1978.

Since 1978, NBS has been working on the second phase of its program concerning the development of test procedures for used oils to be reused as motor oils. Much of NBS work in this area has involved a re-refined oil base stock consistency study. The consistency study has been completed. NBS currently is evaluating the data to determine an appropriate set of test procedures which best monitors re-refined base stock consistency. NBS findings are expected this summer.

In addition to the consistency study, NBS has evaluated chemical and physical test procedures for lubricating oil base stocks and is developing an economical bench scale performance test.

The work remaining to be completed after October 1, 1982, involves the application of NBS recommended test procedures in a wide variety of actual uses. For example, data from engine sequence tests would indicate how often NBS test procedures should be administered in order to assure that the re-refined base stock is consistent between the tests.

Because the administration represented to the committee that, at this level of completion, it would be possible for industry to complete the remaining research, the committee agreed to the termination of funding for NBS recycled oil program.

Mr. BEDELL. I thank the gentleman from Florida for his answer. The administration's position is untenable to the industry which would have to pick up the pieces of the almost-completed NBS program. In letters sent to me 2 months ago by ILMA and APR, I was told that the results of the field applications you mentioned would not have any creditibility without NBS reputation behind them. This point is particularly important, because users, such as ILMA and APR members, must have confidence in the test procedures if we are to recover substantially more of the 1.8 billion gallons of used oil generated annually in this country. ILMA and APR members are small, privately held businesses that have neither the capital nor the technical sophistication to complete NBS work. Besides, the Government has an obligation to complete the work it has begun at NBS, especially when these companies contributed to the establishment of the recycied oil program.

Mr. FUQUA. If I may, then the gentleman from Iowa is telling us that while the administration may be correct in stating that NBS recycled oil program may be substantially near completion, NBS work cannot be assumed easily by industry and the agency's research will have only limited value if allowed to lapse?

Mr. BEDELL. That is entirely correct. While it may be rather late in the authorization process, NBS recycled oil program must be rescued.

Mr. FUQUA. I would like to ask the gentleman from Iowa whether any other governmental agency can complete the NBS work?

Mr. BEDELL. No. The Department of Energy's Bartlesville, Okla., Energy Technology Center has been conducting research on the health and environmental consequences of burning and treating used oil. However, the administration also proposes terminating DOE's program next fiscal year.

Mr. FUQUA. Mr. Chairman, while the committee has acted based upon the administration's representations on NBS recycled oil program, I thank the gentleman from Iowa for bringing to this body's attention the likely results of terminating this worthwhile program. I, too, share his concern that NBS research in this area will be for naught unless the agency is permitted to complete its project and report as directed by Congress to the FTC.

Mr. BEDELL. NBS recycled oil program has been funded at a level of $1.25 million per year. ILMA and APR have told me that NBS work can be completed by the end of fiscal year 1984 and can proceed in fiscal year 1983 at a funding level of $1 million. Hopefully, we can send the strongest message to the administration that NBS recycled oil program be funded in fiscal year 1983 from the authorization we are considering today. It is equally important to complete NBS program, particularly when several million dollars have been spent thus far. Again, I thank the gentleman from Florida for his efforts in this regard.

Mr. FUQUA. I want to thank the gentleman from Iowa for bringing this matter to the attention of the House. In our hearings this year we found that is some other areas, the Bureau has done an excellent job of research, but has not done quite so well in making sure that the results of their research is being made available to industry in a useable form. I agree that the administration should be encouraged to complete NBS's recycled oil program by continuing the agency's efforts beyond September 30, 1982, and I want to assure the gentleman that we on the authorizing committee will follow up with Dr. Ambler, the NBS Director to see if ways can be found to do just that.

Mrs. HECKLER. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. FUQUA. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The **CHAIRMAN.** The Clerk will read.

The Clerk read as follows:

H.R. 5726

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Bureau of Standards Authorization Act for Fiscal Year 1983".

AUTHORIZATION FOR PROGRAM ACTIVITIES

SEC. 2. (a) There are hereby authorized to be appropriated to the Secretary of Commerce, hereinafter referred to as the Secretary, to carry out activities performed by the National Bureau of Standards, the sums set forth in the following line items:

(1) Measurement Research and Standards, for fiscal year 1983, $50,389,000.

(2) Engineering Measurements and Standards, for fiscal year 1983, $21,012,000.

(3) Computer Science and Technology, for fiscal year 1983, $12,731,000.

(4) Core Research Program for Innovation and Productivity, for fiscal year 1983, $11,58[illegible]000.

(5) Technical Competence Fund, for fiscal year 1983, $8,986,000.

(6) Fire Research Center, for fiscal year 1983, $4,991,000.

(7) Central Technical Support, for fiscal year 1983, $14,324,000.

(b) Notwithstanding any other provision of this or any other Act, for fiscal year 1983:

(1) of the total amount authorized under subsection (a)(1) not less than $1,200,000 shall be available for the "Office of Weights and Measures";

(2) of the total amount authorized under subsection (a)(2), not less than $500,000 shall be available for the purpose of "Earthquake Hazards Engineering";

(3) of the total amount authorized under subsections (a)(1) and (a)(2), not less than $1,000,000 shall be available for "Measurement Standards for the Handicapped";

(4) of the total amount authorized under subsection (a)(3), not less than $10,000,000 shall be available for "Computer Science and Technology";

(5) of the total amount authorized under subsection (a)(4), not less than $3,000,000 is authorized for the purpose of "Automated Manufacturing Research Facility" and $3,200,000 for "Discrete Process Technology" (Robotics); and

(6) of the total amounts authorized under subsections (a)(4) and (a)(7), not more than $5,386,000 shall be available for "Transfer to Working Capital Fund".

EXCESS FOREIGN CURRENCY

SEC. 3. In addition to the sums authorized in section 2, not more than $500,000 is authorized for fiscal year 1983 for expenses of the National Bureau of Standards incurred outside the United States, to be paid for in foreign currencies that the Secretary of the Treasury determines to be excess to the normal requirements of the United States.

NATIONAL TECHNICAL INFORMATION SERVICE

SEC. 4. In addition to the sums authorized in section 2, the sum of $1,980,000 is authorized to be appropriated to the Assistant Secretary to carry out activities performed by the National Technical Information Service.

OFFICE OF PRODUCTIVITY, TECHNOLOGY AND INNOVATION

SEC. 5. In addition to the sums authorized in section 2, the sum of $1,600,000 is authorized to be appropriated to the Assistant Secretary for fiscal year 1983 for the purpose of research, development, and related activities in the field of innovation and productivity.

SALARY ADJUSTMENTS

SEC. 6. In addition to the sums authorized to be appropriated by this Act, such additional sums as may be necessary to make any adjustments in salary, pay, retirement, and other employee benefits which may be provided for by law are authorized to be appropriated for fiscal year 1983 and, if the full amount necessary to make such adjustments is not appropriated, the adjustments shall be made proportionately from sections 4 and 5 and in the line items in section 2(a) in a manner reflecting the extent to which the amount of each such line item in section 2(a) is attributable to employee benefits of the type involved.

AVAILABILITY OF APPROPRIATIONS

SEC. 7. Appropriations made under the authority provided in this Act shall remain available for obligation, for expenditure, or for obligation and expenditure for periods specified in the Acts making such appropriations.

TRANSFER OF FUNDS

SEC. 8. Funds may be transferred among the line items listed in section 2(a), but neither the total funds transferred from any line item nor the total funds transferred to any line item may exceed 10 per centum of the amount authorized for that line item in section 2(a), unless:

(1) thirty calendar days have passed after the Secretary or his designee has transmitted to the Speaker of the House of Representatives, to the President of the Senate, to the chairman of the Committee on Science and Technology of the House of Representatives, and to the chairman of the

Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete explanation of the transfer involved and the reason for it, or

(2) before the expiration of thirty calendar days the chairmen of both the Committee on Science and Technology of the House and the Committee on Commerce, Science, and Transportation of the Senate have written to the Secretary to the effect that they have no objection to the proposed transfer.

ACTIVITIES PERFORMED FOR OTHER AGENCIES

SEC. 9. The Secretary of Commerce shall charge for any service performed by the Bureau, at the request of another Government agency, in compliance with any statute, enacted before, on, or after the date of enactment of this Act, which names the Secretary or the Bureau as a consultant to another Government agency, or calls upon the Secretary or the Bureau to support or perform any activity for or on behalf of another Government agency, or to cooperate with any Government agency in the performance by that agency of any activity, regardless of whether the statute specifically requires reimbursement to the Secretary or the Bureau by such other Government agency for such service, unless funds are specifically appropriated to the Secretary or the Bureau to perform such service. The Secretary may, however, waive any charge where the service rendered by the Bureau is such that the Bureau will incur only nominal costs in performing it. Costs shall be determined in accordance with section 12(e) of the Act of March 3, 1901, as amended (15 U.S.C. 278b(3)).

Mr. FUQUA (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Florida?

There was no objection.

COMMITTEE AMENDMENTS

The **CHAIRMAN**. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 15, strike quotation mark after "Technology," and insert quotation mark after "(Robotics)".

The committee amendment was agreed to.

The **CHAIRMAN**. The Clerk will report the remaining committee amendment.

The Clerk read as follows:

Committee amendment: Page 4, line 8: strike "1,600,000" and insert "1,898,000".

The committee amendment was agreed to.

AMENDMENTS OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer several amendments, and I ask unanimous consent that they be considered en bloc.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The **CHAIRMAN**. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. WALKER: On page 2, line 8, strike "$50,389,000" and insert in lieu thereof "$49,980,000".

On page 2, line 10, strike "$21,012,000" and insert in lieu thereof "$20,807,000".

On page 2, line 12, strike "$12,731,000" and insert in lieu thereof "$7,131,000".

On page 2, line 14, strike "$11,586,000" and insert in lieu thereof "$7,274,000".

On page 2, line 16, strike "$8,986,000" and insert in lieu thereof "$6,986,000".

On page 2, line 24, strike "$1,200,000" and insert in lieu thereof "$830,000"

On page 3, line 9, strike "$10,000,000" and insert in lieu thereof "$7,100,000".

On page 3, line 12, strike "$3,000,000" and insert in lieu thereof "$1,610,000".

On page 3, line 14, strike "$3,200,000" and insert in lieu thereof "$500,000".

Mr. WALKER. (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALKER. Mr. Chairman, this is not a complex amendment. The effect of my amendment is twofold. First, it reduces the levels authorized to the National Bureau of Standards to those requested by the President. Second, it leaves requirements for minimum floor expenditures on certain programs of high priority to the committee, but reduces the levels of the floor expenditures to those requested by the President for those programs.

By national budgetary standards, or by national debt standards, or projected deficit standards, the amounts of dollars we are talking about in this NBS authorization are not great. The committee authorized $124 million for fiscal year 1983 and the request is for $111.5 million. My amendment thus makes a reduction of $12.5 million in this authorization. What we are addressing here is a question of fiscal discipline. If this House cannot stay within the budget on a relatively small bill such as this NBS authorization, then there is little hope that we can maintain a fiscally responsible budget at the larger level. The committee's bill as reported came out some $12.5 million above the President's request. The case is always attempted to be made that this particular bill is so worthy because of its "unique" or "crucial" programs, that we must make an exception and go over the budget request. Even relatively easy decisions to stick with the budget such as on this NBS bill are always left to other committees or other times, and of course, that never happens.

I cannot believe that the National Bureau of Standards would be irreparably harmed by a fiscal year 1983 budget at the President's requested level. So, the issue is simple. Will we show some restraint for a change and improve a fiscally responsible budget, or will be continue to overspend and overspend? Mr. Chairman, I urge adoption of my amendment.

AMENDMENTS OFFERED BY MR. FUQUA TO THE AMENDMENTS OFFERED BY MR. WALKER

Mr. FUQUA. Mr. Chairman, I offer amendments to the amendments.

The Clerk read as follows:

Amendments offered by Mr. FUQUA to the amendments offered by Mr. WALKER: Strike the words:

On page 2, line 8, strike "$50,389,000" and insert in lieu thereof "$49,980,000".

Strike the sum "$7,131,000" and insert "$10,000,000".

Strike the sum "$7,274,000" and insert "$11,188,000".

Strike the sum "830,000" and insert "$1,000,000".

Strike the words:

On page 3, line 9, strike "$10,000,000" and insert in lieu thereof "$7,100,000".

On page 3, line 12, strike "$3,000,000" and insert in lieu thereof "$1,610,000".

On page 3, line 14, strike "$3,200,000" and insert in lieu thereof "$500,000".

Mr. FUQUA (during the reading). Mr. Chairman, I ask unanimous consent that the amendments to the amendments be considered as read and printed in the RECORD.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. FUQUA. Mr. Chairman, what we are attempting to do is to reduce the amount that was adopted earlier by the House Science and Technology Committee in the amount of approximately $6.228 million.

The other body has already passed the bill relating to this subject. We have had informal discussions with them and members of the Commerce Committee in the other body and their staff. We feel that it would help expedite matters if we could perform this reduction. Also it would bring it more in line with the President's budget. I think at the same time, while not pleasing, it would permit the National Bureau of Standards to continue the very excellent programs that they have.

There is reluctance about this reduction, but I think that it is in the interest of trying to accommodate to the budget situation.

□ 1650

My amendment conforms basically to what has passed the other body and some informal agreements that have been reached. Nothing final, but there have been informal discussions with the staff of the other body, and we hope that this would prevail and that we could avoid a conference. The time of the House would be conserved and also that of the Members of the committee. We have a lot of work to do the remainder of this year, and I would hope that these amendments would pass. We trust this would be one bill we could get out of the way and on down to the White House rather soon for the President's signature.

I urge the adoption of the amendment that I have offered to the amendments offered by the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Chairman, I rise in opposition to the amendments to the amendments.

Mr. Chairman, I think it is important to note here that the reason we are talking a compromise at all is because the Senate has decided to stay with the President's budget.

I think that the Senate has taken the responsible course of action. They have decided that indeed the President's budget level is a responsible level and, therefore, have come in at that particular level.

If this House wants to approve the work that the committee has done and has been so articulately presented by several Members on that side, then I think that the chairman's position would be a very responsible kind of negotiating position within a conference committee. But I still think that this House has the responsibility to decide up or down whether or not we agree with the President's level. It matters little whether we are a million dollars above the President's level or $6 million above the level or $12 million above the level; the fact is, we have busted the budget.

The issue that this gentleman is raising, and has been rather consistently, is that we ought not be busting that budget which is already at a deficit level which is far too high.

So, therefore I commend the chairman for attempting to arrive at a compromise settlement. Certainly the amendment to the amendment is better than the original committee bill, from my perspective, but I still think that the House needs an up or down vote on whether or not we are going to stick within the President's budget figures and, therefore, while I recognize the good intentions and I appreciate the effort being made, I reluctantly rise in opposition to the amendment to the amendment.

Mrs. HECKLER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment to the amendment.

Mr. Chairman, it is with great reluctance that I oppose this compromise measure, which is a vehicle for finding a new middle ground. Considering the growing deficit and the really serious problems that face this Congress in terms of finding a consensus position on the Federal budget and current deficit projections, I frankly feel we are faced with a real mandate to find areas where reductions can be made.

This is an outstanding agency of Government, and we salute the work of the NBS without question. But at the same time I think it is important for all Members to know that the National Bureau of Standards charges other Federal agencies for services it renders to them. In the past, this nonbudget income has provided an additional 40 percent of funds to the Bureau. It should be clear that we are dealing with an agency that will receive funding from other sources.

It is always difficult to cut funds and to curtail the scope of involvement, and especially difficult in the case of the high professional standards which are set by the National Bureau of Standards. Nonetheless I have to say that I would concur with my colleague, the gentleman from Pennsylvania (Mr. WALKER), that the appropriate level of funding under the stresses and strains of finding the right budget answer for the U.S. Government would be at the administration's request.

Mr. WINN. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendments offered by the gentleman from Florida (Mr. FUQUA) to the amendments offered by the gentleman from Pennsylvania (Mr. WALKER).

Mr. Chairman, I strongly support the amendments offered by the gentleman from Pennsylvania. As he stated, his amendments delete a relatively small amount of money from this bill, especially in light of the billions of dollars that are talked about in the national budget and in the deficit projections. However, I agree completely with the gentleman's point that what we are confronting here is more a matter of principle than a question of the absolute dollar amounts.

The gentleman from Florida (Mr. FUQUA) has already tried to reach a happy medium somewhere between the Reagan budget and what the committee has voted out. Now, the fact of the matter is that this bill as reported from this committee is still over the President's budget. If this Congress and this House are going to make any headway at all in reducing the size of the deficit for the fiscal year 1983, then we must start with this bill. Everyone these days is watching us and wondering if we are going to make a good-faith effort to reduce these deficits. If we do not, then the problems facing the economy of this Nation are going to remain the same.

So we must begin on a relatively small bill such as this one. I know that the cry is always that "this is only a tiny amount over the budget." But unless we do something soon, on these little bills then there will be little relief in sight.

The place to begin the undertaking is on such bills as this National Bureau of Standards authorization. I think the amendments offered by the gentleman from Pennsylvania make eminent good sense, and I urge the House to adopt them. If the amendments offered by the gentleman from Pennsylvania are adopted, there is still the option of trying to negotiate a difference somewhere between with the other body in conference. I think that it is incumbent upon me, as the ranking Republican on the Science and Technology Committee, to keep that option open. Even though it may be easier not to go to conference, it seems to me that we still have the obligation to try to go to conference and try to work out the differences with the other body.

Mr. Chairman, I urge the Members to support the amendments offered by the gentleman from Pennsylvania (Mr. WALKER).

The CHAIRMAN. The question is on the amendments offered by the gentleman from Florida (Mr. FUQUA) to the amendments offered by the gentleman from Pennsylvania (Mr. WALKER).

The question was taken; and the Chairman announced that the noes appear to have it.

RECORDED VOTE

Mr. FUQUA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 195, noes 191, not voting 46, as follows:

[Roll No. 86]

AYES—195

Addabbo
Akaka
Albosta
Alexander
Andrews
Annunzio
Anthony
Applegate
Aspin
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benjamin
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Burton, Phillip
Byron
Chappell
Clay
Coelho
Collins (IL)
Conyers
Coyne, William
Daschle
Dellums
Derrick
Dicks
Dingell
Donnelly
Dorgan
Dowdy
Downey
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
English
Ertel
Evans (GA)
Evans (IN)
Fary
Fascell
Fazio
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gejdenson
Gephardt
Gibbons
Glickman
Gonzalez
Gore
Gramm
Guarini
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Harkin
Hatcher
Hawkins
Hefner
Heftel
Hertel
Holland
Howard
Hoyer
Hughes
Hutto
Ireland
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
Leath
Lehman
Levitas
Long (LA)
Long (MD)
Lowry (WA)
Luken
Markey
Matsui
Mavroules
Mazzoli
McCurdy
McHugh
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Mollohan
Mottl
Murphy
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Pepper
Pickle
Price

Rahall
Rangel
Ratchford
Reuss
Richmond
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Santini
Savage
Scheuer
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Shelby
Simon
Smith (IA)
Solarz
St Germain
Stark
Stokes
Stratton
Studds
Swift
Synar
Traxler
Udall
Vento
Volkmer
Walgren
Washington
Watkins
Waxman
Weiss
White
Williams (MT)
Wilson
Wirth
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)

NOES—191

Anderson
Archer
Bailey (MO)
Beard
Benedict
Bennett
Bereuter
Bethune
Bliley
Broomfield
Brown (CO)
Broyhill
Butler
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Clinger
Coats
Coleman
Collins (TX)
Conable
Conte
Corcoran
Coughlin
Coyne, James
Craig
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Davis
de la Garza
Deckard
DeNardis
Derwinski
Dickinson
Duncan
Dunn
Edwards (AL)
Edwards (OK)
Emerson
Emery
Erlenborn
Evans (DE)
Evans (IA)
Fiedler
Fields
Forsythe
Fountain
Frenzel
Gilman
Gingrich
Goodling
Gradison
Green
Gregg
Gunderson
Hagedorn
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Heckler
Hendon
Hightower
Hiler
Hillis
Hollenbeck
Holt
Hopkins
Horton
Huckaby
Hunter
Hyde
Jeffords
Jeffries
Jenkins
Johnston
Kazen
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach
LeBoutillier
Lee
Lent
Lewis
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NY)
McClory
McCollum
McDade
McDonald
McEwen
McGrath
McKinney
Michel
Miller (OH)
Mitchell (NY)
Molinari
Montgomery
Moore
Moorhead
Morrison
Myers
Napier
Natcher
Nelligan
O'Brien
Oxley
Parris
Pashayan
Patman
Paul
Perkins
Petri
Porter
Pritchard
Pursell
Quillen
Railsback
Regula
Rhodes
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Roth
Roukema
Rousselot
Rudd
Sawyer
Schneider
Schulze
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Siljander
Skeen
Skelton
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stump
Tauke
Tauzin
Taylor
Vander Jagt
Walker
Wampler
Weber (MN)
Weber (OH)
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wolf
Wortley
Wylie
Young (AK)
Young (FL)
Zablocki

NOT VOTING—46

Atkinson
AuCoin
Badham
Bafalis
Bowen
Brown (OH)
Burgener
Burton, John
Chisholm
Courter
Crane, Philip
Crockett
Dixon
Dornan
Dougherty
Dreier
Erdahl
Fenwick
Ferraro
Findley
Fish
Foglietta
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Hubbard
Jacobs
Leland
Lundine
Marks
Martin (NC)
Mattox
McCloskey
Murtha
Peyser
Rogers
Smith (AL)
Smith (PA)
Stanton
Thomas
Trible
Weaver
Zeferetti

□ 1710

Messrs. WHITLEY, PERKINS, ROEMER, PRITCHARD, D'AMOURS, and DAVIS changed their votes from "aye" to "no."

Messrs. FOLEY, BARNARD, and UDALL, Mrs. BYRON, and Messrs. STARK, MITCHELL of Maryland, and ENGLISH changed their votes from "no" to "aye."

So the amendments to the amendments were agreed to.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Pennsylvania (Mr. WALKER), as amended.

The amendments, as amended, were agreed to.

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: On page 6, after line 22, insert the following new section:

SEC. 10. No funds authorized under this Act shall be expended in violation of section 7 of Public Law 95-435.

□ 1720

Mr. WALKER. Mr. Chairman, I will make this very brief. This is the language with regard to a balanced budget that I have offered on several bills previously. I think everybody is familiar with the language by now. I do not see any need to discuss it further.

Mr. Chairman, I ask for an affirmative vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALKER).

The amendment was rejected.

AMENDMENT OFFERED BY MR. FUQUA

Mr. FUQUA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FUQUA: On page 2, line 20, strike "$14,324,000" and insert "$13,500,000".

On Page 3, strike all of lines 1 through 3, and renumber the succeeding paragraphs.

On page 3 line 12, strike the words following the comma through the word "and" on line 14.

On page 3, strike all of lines 16 through 18.

On page 5 strike all the words beginning on line 7 through page 6, line 2, and renumber to succeeding section.

Mr. FUQUA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. FUQUA. Mr. Chairman, this amendment I have offered further implements the amendment just agreed to by the Committee on a rollcall vote. It further conforms to the Senate-passed bill.

I urge the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. FUQUA).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. LONG of Louisiana) having assumed the chair, Mr. ANDREWS, Chairman of the Committee of the Whole House on the State of the Union, having had under consideration the bill (H.R. 5726) to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal year 1983, and for other purposes, pursuant to House Resolution 458, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. WALKER. I am, Mr. Speaker, in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WALKER moves to recommit the bill H.R. 5729 to the Committee on Science and Technology with instructions to report the same back forthwith with the following instructions: On page 2, line 8, strike "$50,389,000" and insert in lieu thereof "$49,980,000".

On page 2, line 10, strike "$21,012,000" and insert in lieu thereof "$20,807,000".

On page 2, line 12, strike "$12,731,000" and insert in lieu thereof "$7,131,000".

On page 2, line 14, strike "$11,586,000" and insert in lieu thereof "$7,274,000".

On page 2, line 16, strike "$8,986,000" and insert in lieu thereof "$6,986,000".

On page 2, line 24, strike "$1,200,000" and insert in lieu thereof "$830,000".

On page 3, line 9, strike "$10,000,000" and insert in lieu thereof "$7,100,000".

On page 3, line 12, strike "$3,000,000" and insert in lieu thereof "$1,610,000".

On page 3, line 14, strike "$3,200,000" and insert in lieu thereof "$500,000".

Mr. **WALKER** (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. **WALKER**. Mr. Speaker, the adoption of the Fuqua amendment to the amendment that I originally offered means that we have cut the authorization of this bill by $6 million. What this motion to recommit seeks to do is to cut the amount by the full $12 million or $12½ million which is needed to get it back to the President's budget request.

What this would do is implement the original language of my amendment, which sought to bring the whole authorization back to the President's budget level. I think the issue is clear. This motion to recommit cuts additional spending out of the authorization.

I would urge adoption of the motion to recommit.

Mr. **FUQUA**. Mr. Speaker, I rise in opposition to the motion to recommit.

The action of the Committee of the Whole House reduced this bill by $6.288 million. The gentleman from Pennsylvania (Mr. WALKER) further intends to reduce that. We have already made a significant reduction in this bill.

I would hope that we would reject the motion to recommit and go ahead and proceed with the business of the House.

The **SPEAKER** pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The **SPEAKER** pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. **WALKER**. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The **SPEAKER** pro tempore. Pursuant to the provsions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of the passage of the bill.

The vote was taken by electronic device and there were—yeas 193, nays 193, not voting 46, as follows:

[Roll No. 87]

YEAS—193

Anderson
Applegate
Archer
Bailey (MO)
Barnard
Beard
Benedict
Bennett
Bereuter
Bethune
Bliley
Broomfield
Brown (CO)
Broyhill
Butler
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Clinger
Coats
Coleman
Collins (TX)
Conable
Conte
Corcoran
Coughlin
Coyne, James
Craig
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Davis
de la Garza
Deckard
DeNardis
Derwinski
Dickinson
Duncan
Dunn
Edwards (AL)
Emerson
Emery
Erlenborn
Evans (DE)
Evans (GA)
Evans (IA)
Fiedler
Fields
Fish
Forsythe
Fountain
Frenzel
Gilman
Gingrich
Goodling
Gradison
Gramm
Green
Gregg
Gunderson
Hagedorn
Hammerschmidt
Hansen (ID)
Hartnett
Heckler
Hefner
Hendon
Hightower
Hiler
Hillis
Holland
Holt
Hopkins
Horton
Hunter
Hyde
Jeffords
Jeffries
Jenkins
Johnston
Jones (TN)
Kazen
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach
LeBoutillier
Lee
Lent
Lewis
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NY)
McClory
McCollum
McDade
McDonald
McEwen
McGrath
McKinney
Michel
Miller (OH)
Mitchell (NY)
Molinari
Montgomery
Moore
Moorhead
Morrison
Myers
Napier
Nelligan
O'Brien
Oxley
Parris
Pashayan
Patman
Paul
Petri
Porter
Pritchard
Pursell
Quillen
Railsback
Regula
Rhodes
Rinaldo
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Roth
Roukema
Rousselot
Rudd
Santini
Sawyer
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Skelton
Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stratton
Stump
Tauke
Tauzin
Taylor
Vander Jagt
Walker
Wampler
Weber (MN)
Weber (OH)
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wolf
Wortley
Young (AK)
Young (FL)

NAYS—193

Addabbo
Akaka
Albosta
Alexander
Andrews
Annunzio
Anthony
Aspin
Bailey (PA)
Barnes
Bedell
Beilenson
Benjamin
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Burton, Phillip
Byron
Chappell
Chisholm
Clay
Coelho
Collins (IL)
Conyers
Coyne, William
Daschle
Dellums
Derrick
Dicks
Dingell
Donnelly
Dorgan
Dowdy
Downey
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
English
Ertel
Evans (IN)
Fary
Fascell
Fazio
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gejdenson
Gephardt
Gibbons
Glickman
Gonzalez
Gore
Guarini
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hance
Harkin
Hatcher
Hawkins
Heftel
Hertel
Hollenbeck
Howard
Hoyer
Huckaby
Hughes
Hutto
Ireland
Jones (NC)
Jones (OK)
Kastenmeier
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
Leath
Lehman
Levitas
Long (LA)
Long (MD)
Lowry (WA)
Luken
Markey
Matsui
Mavroules
Mazzoli
McCurdy
McHugh
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Mollohan
Mottl
Murphy
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Pepper
Perkins
Peyser
Pickle
Price
Rahall
Rangel
Ratchford
Reuss
Richmond
Ritter
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Sharp
Simon
Smith (IA)
Solarz
St Germain
Stark
Stokes
Studds
Swift
Synar
Traxler
Udall
Vento
Volkmer
Walgren
Washington
Watkins
Waxman
Weiss
Williams (MT)
Wilson
Wirth
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)
Zablocki

NOT VOTING—46

Atkinson
AuCoin
Badham
Bafalis
Bolling
Bowen
Brown (OH)
Burgener
Burton, John
Courter
Crane, Philip
Crockett
Dixon
Dornan
Dougherty
Dreier
Edwards (OK)
Erdahl
Fenwick
Ferraro
Findley
Foglietta
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Hubbard
Jacobs
Leland
Lundine
Marks
Martin (NC)
Mattox
McCloskey
Moffett
Murtha
Rogers
Smith (PA)
Stanton
Thomas
Trible
Weaver
Wylie
Zeferetti

□ 1740

The Clerk announced the following pairs:

On this vote:

Mr. Philip M. Crane for, with Mr. Dixon against.

Mr. Thomas for, with Mr. Leland against.

Mr. Findley for, with Mr. Zeferetti against.

Mr. Dornan of California for, with Mr. Gray against.

Mr. **LONG** of Maryland changed his vote from "yea" to "nay."

Mr. **HAGEDORN**, Mr. **McKINNEY**, and Mrs. **HOLT** changed their votes from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The **SPEAKER** pro tempore (Mr. MINISH). The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mrs. **HECKLER**. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The **SPEAKER** pro tempore. The Chair will announce that this will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 249, nays 131, not voting 52, as follows:

[Roll No. 88]

YEAS—249

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Bailey (PA)
Barnes
Bedell
Beilenson
Benjamin
Bennett
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Burton, Phillip
Byron
Chappell
Chisholm
Clay
Coelho
Collins (IL)
Conte
Conyers
Coughlin
Coyne, James
Coyne, William
D'Amours
Daschle
Davis
de la Garza
Dellums
Derrick
Dicks
Dingell
Donnelly
Dorgan
Dowdy
Downey
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Emery
English
Ertel
Evans (DE)
Evans (IN)
Fary
Fascell
Fazio
Fiedler
Fish
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fountain
Fowler
Frank
Frost
Garcia
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gore
Green
Guarini
Hall, Ralph
Hall, Sam
Hamilton
Harkin
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hertel
Hightower
Hollenbeck
Holt
Horton
Howard
Hoyer
Huckaby
Hughes
Hutto
Ireland
Jeffords
Jones (NC)
Jones (OK)
Kastenmeier
Kazen
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
Leach
Leath
Lee
Lehman
Levitas
Livingston
Long (LA)
Long (MD)
Lowry (WA)
Luken
Markey
Martin (NY)
Matsui
Mavroules
Mazzoli
McClory
McCurdy
McDade
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Moffett
Mollohan
Montgomery
Moore
Mottl
Murphy
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Parris
Patman
Patterson
Pease
Pepper
Perkins
Peyser
Pickle
Price
Pursell
Rahall
Railsback
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Rodino
Roe
Roemer
Rose
Rosenthal
Rostenkowski
Roukema
Roybal
Russo
Sabo
Santini
Savage
Sawyer
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Sharp
Shelby
Simon
Smith (IA)
Smith (NJ)
Snowe
Solarz
St Germain
Stark
Stokes
Stratton
Studds
Swift
Synar
Tauzin
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Washington
Watkins
Waxman
Weber (OH)
Weiss
White
Whitley
Whitten
Williams (MT)
Williams (OH)
Wilson
Wirth
Wolf
Wolpe
Wright
Wyden
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki

NAYS—131

Applegate
Archer
Bailey (MO)
Broomfield
Brown (CO)
Broyhill
Carman
Carney
Chappie
Cheney
Clausen
Clinger
Coats
Coleman
Collins (TX)
Conable
Corcoran
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Deckard
DeNardis
Derwinski
Duncan
Dunn
Emerson
Erlenborn
Evans (GA)
Evans (IA)
Fields
Findley
Forsythe
Frenzel
Gingrich
Goodling
Gradison
Gramm
Gregg
Gunderson
Hagedorn
Hall (OH)
Barnard
Beard
Benedict
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Hendon
Hiler
Hillis
Hopkins
Hunter
Hyde
Jeffries
Jenkins
Johnston
Jones (TN)
Kemp
Kindness
Kramer
Lagomarsino
Latta
LeBoutillier
Lent
Lewis
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
McCollum
McDonald
McEwen
McGrath
Michel
Miller (OH)
Molinari
Moorhead
Morrison
Myers
Bereuter
Bethune
Bliley
O'Brien
Oxley
Pashayan
Paul
Petri
Porter
Quillen
Regula
Roberts (KS)
Roberts (SD)
Robinson
Roth
Rousselot
Rudd
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Skelton
Smith (AL)
Smith (NE)
Smith (OR)
Snyder
Solomon
Stangeland
Staton
Stenholm
Stump
Tauke
Taylor
Walker
Wampler
Weber (MN)
Whitehurst
Whittaker
Winn
Wortley

NOT VOTING—52

Atkinson
AuCoin
Badham
Bafalis
Bolling
Bowen
Brown (OH)
Burgener
Burton, John
Butler
Campbell
Courter
Crane, Philip
Crockett
Dickinson
Dixon
Dornan
Dougherty
Dreier
Edwards (OK)
Erdahl
Fenwick
Ferraro
Foglietta
Fuqua
Gaydos
Ginn
Goldwater
Gray
Grisham
Hansen (UT)
Holland
Hubbard
Jacobs
Leland
Lundine
Marks
Martin (NC)
Mattox
McCloskey
Murtha
Napier
Pritchard
Rogers
Smith (PA)
Spence
Stanton
Thomas
Trible
Weaver
Wylie
Zeferetti

☐ 1750

The Clerk announced the following pairs:

On this vote:

Mr. Zeferetti for, with Mr. Thomas against.

Mrs. Fenwick for, with Mr. Hansen of Utah against.

Mr. Courter for, with Mr. Philip M. Crane against.

Messrs. SILJANDER, DUNCAN, and FINDLEY changed their votes from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. WALGREN. Mr. Speaker, pursuant to the provisions of House Resolution 458, I call up from the Speaker's table the Senate bill (S. 2271) to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal year 1983, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. WALGREN

Mr. WALGREN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WALGREN moves to strike out all after the enacting clause of the Senate bill, S. 2271, and to insert in lieu thereof the provision of the bill, H.R. 5726, as passed by the House, as follows:

That this Act may be cited as the "National Bureau of Standards Authorization Act for Fiscal Year 1983".

AUTHORIZATION FOR PROGRAM ACTIVITIES

SEC. 2. (a) There are hereby authorized to be appropriated to the Secretary of Commerce, hereinafter referred to as the Secretary, to carry out activities performed by the National Bureau of Standards, the sums set forth in the following line items:

(1) Measurement Research and Standards, for fiscal year 1983, $50,389,000.

(2) Engineering Measurements and Standards, for fiscal year 1983, $20,807,000.

(3) Computer Science and Technology, for fiscal year 1983, $10,000,000.

(4) Core Research program for Innovation and Productivity, for fiscal year 1983, $11,188,000.

(5) Technical Competence Fund, for fiscal year 1983, $6,986,000.

(6) Fire Research Center, for fiscal year 1983, $4,991,000.

(7) Central Technical Support, for fiscal year 1983, $13,500,000.

(b) Notwithstanding any other provision of this or any other Act, for fiscal year 1983:

(1) of the total amount authorized under subsection (a)(1) not less than $1,000,000 shall be available for the "Office of Weights and Measures";

(2) of the total amounts authorized under subsections (a)(1) and (a)(2), not less than $1,000,000 shall be available for "Measurement Standards for the Handicapped";

(3) of the total amount authorized under subsection (a)(3), not less than $10,000,000 shall be available for "Computer Science and Technology"; and

(4) of the total amount authorized under subsection (a)(4), $3,200,000 for "Discrete Process Technology (Robotics)".

EXCESS FOREIGN CURRENCY

SEC. 3. In addition to the sums authorized in section 2, not more than $500,000 is authorized for fiscal year 1983 for expenses of the National Bureau of Standards incurred outside the United States, to be paid for in foreign currencies that the Secretary of the Treasury determines to be excess to the normal requirements of the United States.

NATIONAL TECHNICAL INFORMATION SERVICE

SEC. 4. In addition to the sums authorized in section 2, the sum of $1,980,000 is authorized to be appropriated to the Assistant Secretary to carry out activities performed by the National Technical Information Service.

OFFICE OF PRODUCTIVITY, TECHNOLOGY AND INNOVATION

SEC. 5. In addition to the sums authorized in section 2, the sum of $1,898,000 is authorized to be appropriated to the Assistant Secretary for fiscal year 1983 for the purpose of research, development, and related activities in the field of innovation and productivity.

SALARY ADJUSTMENTS

SEC. 6. In addition to the sums authorized to be appropriated by this Act, such additional sums as may be necessary to make any adjustments in salary, pay, retirement, and other employee benefits which may be provided for by law are authorized to be appropriated for fiscal year 1983 and, if the full amount necessary to make such adjustments is not appropriated, the adjustments shall be made proportionately from sections 4 and 5 and in the line items in section 2(a) in a manner reflecting the extent to which the amount of each such line item in section 2(a) is attributable to employee benefits of the type involved.

AVAILABILITY OF APPROPRIATIONS

SEC. 7. Appropriations made under the authority provided in this Act shall remain available for obligation, for expenditure, or for obligation and expenditure for periods specified in the Acts making such appropriations.

ACTIVITIES PERFORMED FOR OTHER AGENCIES

SEC. 8. The Secretary of Commerce shall charge for any service performed by the Bureau, at the request of another Government agency, in compliance with any statute, enacted before, on, or after the date of enactment of this Act, which names the Secretary or the Bureau as a consultant to another Government agency, or calls upon the Secretary or the Bureau to support or perform any activity for or on behalf of another Government agency, or to cooperate with any Government agency in the performance by that agency of any activity, regardless of whether the statute specifically requires reimbursement to the Secretary or the Bureau by such other Government agency for such service, unless funds are specifically appropriated to the Secretary or the Bureau to perform such service. The Secretary may, however, waive any charge where the service rendered by the Bureau is such that the Bureau will incur only nominal costs in performing it. Costs shall be determined in accordance with section 12(e) of the Act of March 3, 1901, as amended (15 U.S.C. 278b(e)).

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 5726) was laid on the table.

THE MILITARIZATION OF THE SPACE AGENCY

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. AKAKA. Mr. Speaker, last week the House passed H.R. 5890, the National Aeronautics and Space Administration Authorization for 1983. During the course of debate on the floor, many of my colleagues made the claim that the NASA authorization for fiscal year 1983 should be reduced by $35 million in order to meet the target budget figures set by the Reagan administration. Had the House given its approval to this proposal, NASA would have been forced to operate on a gravely insufficient funding level. A centerpiece of all arguments for reducing the budget can be found in a number, a percentage increase in NASA's budget for fiscal year 1983. The figure many of my colleagues used during the debate was 11 percent.

To make the claim that the NASA budget has escalated by 11 percent for fiscal year 1983, and that therefore, in times of "serious budgetary deficit," we should cutback on NASA's funding is to operate in ignorance or in basic bad faith, or maybe both.

Although an initial reading of the NASA budget would certainly bear out the 11-percent figure, this figure excludes the fact of inflation. If inflation is taken into account, the growth in the NASA budget is a mere 2 percent. A 2-percent increase for an agency funding the Shuttle program at a total cost of $9.9 billion for four Shuttle flights, is nothing. The cost to the United States to develop and produce the first two Space Shuttles and to test fly *Columbia* four times is $9.9 billion, for which NASA picks up the entire tab. The Pentagon's share of the Shuttle development and test flight bill is zero. In order to build and supply this Nation with four flight models of the Shuttle, the cost is $15 billion, of which the Pentagon pays $2.4 billion. A careful study of these figures will begin to explain why a 2-percent increase in the NASA budget may very well represent a shutdown budget for many NASA programs, especially those in the area of space science and planetary exploration.

It is obvious to me, and should be equally obvious to my colleagues, that NASA is subsidizing the Space Shuttle at the cost of vital NASA civilian space programs. It is obvious to me that the balance of cost-sharing between civilian and military activities in NASA is way out of line.410

In an effort to highlight this issue, I include a copy of Washington Post writer Tom O'Toole's article, "The 'Militarization' of the Space Agency," for insertion in the RECORD immediately following my remarks.

[From the Washington Post, May 8, 1982]

THE "MILITARIZATION" OF THE SPACE AGENCY

(By Thomas O'Toole)

For the last 20 years the civilian National Aeronautics and Space Administration served itself and the scientific and technological communities almost exclusively.

No longer. NASA is about to begin serving a big new customer, a federal agency almost 40 times its size: the Department of Defense. When the space shuttle Columbia makes its fourth and last test flight next month, its cargo will be a secret Pentagon infrared laser whose invisible light can detect the rocket exhausts of missiles on their way to distant targets.

The trucking into space of the Pentagon's early warning laser spotlights what some observers of the civilian space agency say is a dangerous new trend.

In the years ahead, NASA will be dealing more and more with the Pentagon. More space agency business will be shrouded in secrecy, more of its missions will be classified and more of its research and development will have a military instead of a civilian application.

One sign that the space agency is being "militarized" is in the number of Air Force personnel now on active duty at NASA. There are eight Air Force officers assigned to NASA headquarters in Washington, 60 to the Kennedy Space Center at Cape Canaveral and 66, plus 22 Air Force civilian employees, at the Johnson Space Center in Houston.

NASA's top management has taken on a distinctive "blue-suit look." Head of the new Office of Space Transportation Systems is Air Force Maj. Gen. James A. Abrahamson. His executive assistant is Air Force Col. Joseph Rougeau. The head of external relations is retired Air Force general Frank Simokaitis. NASA deputy administrator is Dr. Hans Mark, a former secretary of the Air Force.

Of the first 44 shuttle flights NASA will make through 1986, 13 will be flown solely for the Pentagon. Of the 234 flights tentatively scheduled through 1994, according to a report released this week by the General Accounting Office, at least 114, or 48 percent, will be flown exclusively for the military.

In the past the Pentagon rarely flew even an experimental instrument on a space agency spacecraft and it was not supposed to be involved in more than 30 percent of the space agency's shuttle flights.

In a report prepared for Sen. William Proxmire (D-Wis.), senior Democrat on the Appropriations Committee, the GAO concluded that the space agency earmarked for the Pentagon almost 25 percent of the $3.47 billion it will spend on the shuttle in fiscal 1983. This includes two of 10 shuttle flights in fiscal 1984 and four of 13 flights in fiscal 1985.

"This is bad news for those who are concerned over cutbacks in NASA's space science activities," Proxmire said earlier this week. "Unless there is a dramatic change in current efforts to reduce federal spending, it means that more and more of each NASA budget will be spent on defense-related activities and less and less will be spent on civilian science."

What concerns Proxmire even more than the Pentagon's inroads into space agency business is the way the Pentagon has managed to avoid paying for it. The cost to the United States to develop and produce the first two space shuttles (Enterprise and Columbia) and test-fly Columbia four times is $9.9 billion. NASA will pick up the entire tab. The Pentagon's share of the shuttle development and test flight bill is zero.

Of the $15 billion it will cost to build and supply four flight models of the shuttle, the Pentagon's share is $2.4 billion. Most of that is for a shuttle launch facility at California's Vandenberg Air Force Base where 47 of the planned 70 flights at Vandenberg will be for the Air Force.

One of the major new improvements to be made to the shuttle is development of a lightweight casing for its two solid rocket engines that will let the shuttle carry 5,500 more pounds of payload into orbit. The $250 million improvement bill is being picked up by NASA even though the development will benefit the Pentagon, whose payloads are far heavier than anything NASA and the civilian shuttle users will fly.

Even when the Pentagon flies an instrument or satellite on the shuttle, it will do so at a bargain rate no other shuttle customer is being offered. Civilian shuttle users are being charged $18 million a flight through 1986 when shuttle user fee will be renegotiated. Not the Pentagon. Whenever the Pentagon flies on the shuttle through 1986, the user fee will be $12.2 million, a discount of 32 percent.

"It's clear to me that the Pentagon is getting a free ride on the space shuttle," Sen. HARRISON H. (JACK) SCHMITT (R-N.M.), chairman of the Senate subcommittee on space, said in an interview. "I think the time has come for the Defense Department to start paying for its share of that ride," the former astronaut added.

One thing the Pentagon is already paying for is security. The Pentagon is spending $26 million to modify the firing room (launch control center) at Cape Canaveral and $47 million to modify the Mission Control Center in Houston to safeguard the secrecy of its shuttle missions. The two-story Mission Control Center soon will have a third story with copper floors and copper ceilings to prevent any communications between the Air Force officers on the ground and astronauts in space from leaking to the air outside the building.

Even the routine air-to-ground chatter between shuttle astronauts and Mission Control will change when the Pentagon flies its payloads in space. More and more conversations will be private, fewer in-flight television broadcasts will be aired and the handling of Pentagon payloads will not be discussed over the public air-to-ground radio channel. Even the choice of astronauts will undergo a change.

"We will use astronauts on our shuttle missions from the regular NASA corps," Air Force Brig. Gen. Joseph Mirth said not long ago, "but only those with a military background."

The space agency has begun to involve itself with the Pentagon on more than just the space shuttle. NASA is turning over more time in its wind tunnels to the testing of military aircraft and is placing more emphasis on the military aspects of its aeronautical research at the expense of its civilian research.

The most controversial of NASA's plans to involve itself more with the military is its plan to seek more military contracts for the Jet Propulsion Laboratory, its Pasadena brainchild that designed, built and directed the Voyager spacecraft that explored the planets Jupiter and Saturn in the last four years.

There was a time when JPL did no military research. In the last year, it has negotiated contracts with the Air Force, Army and Navy and has made it a goal to do between one-fourth and one-third of its research for the Pentagon.

Among the projects JPL has taken on for the Pentagon are automated reconnaissance satellites that maintain themselves in orbit for years at a time, that communicate with Earth at unheard of speed and precision and that keep watch on the seven seas with radar the way cameras now do over land. JPL's first assignment from the Army is how to automate the battlefield. In a word, put robots into tanks instead of men.

"The trouble with this work is that a lot of it is classified, which means you can't tell your wife and kids what you're doing anymore," said one JPL official who insisted on being nameless. "The good thing is that it keeps the team sharp, it keeps the lab's skills intact while the space program slackens."

To hear NASA Administrator James M. Beggs tell it, the space agency must take on more work for the Pentagon if it is going to survive the rough seas of the Ronald Reagan budget years. Beggs also insists that NASA's expertise is essential if the United States is to maintain superiority over the Soviet Union.

"You don't just set an aircraft model in any wind tunnel and out comes a lot of numbers and somebody just crunches them," Beggs said in an interview. "The plain facts are, you need the NASA technical guys working our wind tunnels to solve the problems that come out of it, whether they be military or civilian aircraft."

As for the Pentagon paying more of its share for the ride it gets from NASA, Beggs responds a little differently.

"The other part of this has to do with the question of whether we're bending over too far backwards in accommodating the military on things like the shuttle," Beggs said.

"I guess I come out somewhere in the middle of the people who want to charge them for everything and those who want them to have a free ride." Pausing, Beggs said: "We have considered raising the price to the military and are in active discussion as to how that can be done."

BUILDING A STRONG AMERICA: A PROGRESSIVE DEFENSE POLICY

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. SCHROEDER. Mr. Speaker, today I am placing in the record an amendment to House Concurrent Resolution 345, the first concurrent resolution on the budget, to cut defense spending below the level recommended in the resolution. The budget figures contained in my amendment are based on "Building a Strong America: A Progressive Defense Policy," the alternative defense budget I proposed on February 23, 1982. H.R. 6018, an alternative Defense Department authorization which I introduced in March, is based on the same policy judgments.

Although my proposal would spend less money than is now contained in the budget resolution, it still provides for a substantial increase in defense spending. Indeed, the proportion of the Federal budget consumed by the military would increase from 25.6 percent in fiscal year 1982 to 27.3 percent in fiscal year 1985 under my amendment.

By restraining the growth in defense spending, however, my amendment would result in a balanced budget by 1985, instead of the $34.64 billion deficit envisioned in the resolution. And, it permits us to reach a balanced budget without sacrificing our readiness or our ability to fight, if we have to do so.

I am placing in the RECORD a chart comparing the level of defense spending in the President's February budget, in the Senate budget resolution, in the House budget resolution, and under CBO's current policy baseline. This chart shows the precise effect of my amendment:

BUDGET FIGURES FOR NATIONAL DEFENSE—FUNCTION 050

Fiscal year	President's budget request (CBO reestimate)	CBO current policy baseline	Budget resolution (as reported)		Schroeder amendment
			Senate	House	
1982					
Budget authority	218.95	215.95	216.90	218.20	215.95
Outlays	187.50	190.10	190.30	190.80	190.10
1983					
Budget authority	263.35	264.60	251.70	242.85	229.86
Outlays	221.30	224.20	215.30	212.30	204.09
1984					
Budget authority	291.35	293.25	278.30	268.15	245.03
Outlays	253.25	257.05	243.00	235.35	217.56
1985					
Budget authority	338.25	341.55	316.50	295.95	259.73
Outlays	292.35	297.40	277.70	265.95	230.62

My budget proposal is based on a comprehensive rethinking of our defense policy. Instead of buying the most expensive, the least tested, and the flashiest, as we so often do, we should rely on defense systems which make economic sense, can survive in the battlefield, and which can be operated by ordinary soldiers after reasonable training. Based on these assumptions, I propose scrapping the B-1B long-range bomber and going directly to the development of the Stealth plane. The war in the South Atlantic has demonstrated the vulnerability of our large ships, and so I propose reducing our overdependence on hugh hulls, as shown by plans in the current budget to purchase two *Nimitz* class carriers and two Trident submarines.

My budget proposal will help readiness by funding pay increases for the military, by increasing the number of enlisted personnel, while reducing the number of officers, by fully funding spare parts and maintenance, and by eliminating waste and fraud such as the Board for the Promotion of Rifle Practice. It will also zero out funding for the production of binary chemical or biological weapons.

I am asking the Committee on Rules to permit me to offer this amendment to the budget resolution. I believe that the budget process should be one forum in which we start to rethink our defense policy. While we should not balance the budget at the expense of readiness, we should not permit the sacred cows in the Pentagon to despoil economic recovery.

THE GOODYEAR TOP TEN CLUB

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAN DANIEL. Mr. Speaker, last week it was my pleasure to have as my guests 13 of the 14 members of the Goodyear Top Ten Club. It would have been logical to assume that Top Ten represented the number of members. Not so. The Top Ten signifies that the members represent the top 10 percent of first-line management, as reflected in 10 areas of excellence at the Goodyear Tire & Rubber Co. located in my hometown, Danville, Va.

A committee of division superintendents chooses the club's membership, evaluating the candidates on the basis of employee relations, productivity, cost control, quality, safety, and other accomplishments and attributes which contribute to an effective supervisor. The membership is selected annually, and can serve subsequent, but not consecutive terms. In fact, one of our visitors had three times been selected for membership.

The Top Ten Club is more than an honor, however; its members recognize that good corporate citizenship is reflected in good personal citizenship. So the Danville Top Ten Club in the past several years has raised and contributed over $90,000 to charities in the Danville area.

No one has yet come up with an all-around, all-purpose delineation of the qualities which will insure leadership. Yet those who become leaders—whether in their careers or in their community—have certain common traits.

They are highly motivated. They set goals individually and collectively. And they meet or exceed them.

They are achievers. Not for them the role of disinterested bystander, of Monday morning quarterback. They are out there where the action is, whether it be on the job or in a Top-Ten-sponsored community project. They are the doers, not the done-for.

And they share a common commitment to excellence in every aspect of their lives. They seek out the best because they are the best.

The Goodyear Top Ten Club members are splendid representatives of their community. They came to Washington, not to seek a handout but to impress upon those with whom they met the importance of creating and maintaining a climate where they could function as businessmen and as individuals. The impression they left was that they were qualified and anxious to do for themselves, their communities and their company those things which need to be done and that they did not wish to be inhibited in the exercise of their responsibilities.

These fine young men—Clifton R. Gammon, president of the Top Ten Club; Alfred A. Main, Jr., vice president; Marvin H. Fontaine, secretary; Coy C. Gibson, treasurer; Melvin O. Carr, historian; Preston O. Belcher, Charlie L. Dodson, Billy R. Doss, Kenneth H. Elliott, William L. Goble, Irvin C. Hughes, Dennis L. Mills, Jimmy E. Newman, W. Larry Parker—were an inspiration to me, and I want to share their story with you.

ALLOW NON-DEDUCTIBLE IRA CONTRIBUTIONS

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, today I am introducing legislation to permit individuals now eligible to make deductible contributions to an individual retirement account to make nondeductible contributions as well and to treat only the interest from such contributions on a tax-deferred basis. Current law permits $2,000 in deductible IRA contributions annually effective January 1, 1982. My proposal would allow after-tax non-deductible additions of up to $2,000 each year plus an additional $8,000 nondeductible addition over an account holder's lifetime. For example, an individual could make a $10,000 maximum nondeductible contribution in 1 year and $2,000 each year thereafter. As the effective date of my bill is October 1, 1982, and this date is the first anniversary of the tax-deductible all-savers certificate, it provides an excellent opportunity for retention of all-savers certificate deposits which otherwise would be transferred to other tax-exempt investments or spent if the maximum interest tax exclusion of $1,000 for an individual or $2,000 for a couple has been reached.

Nondeductible contributions are now allowed in tax-deferred H.R. 10 or Keogh plans for the self-employed. Tax equity should allow the same opportunity for the wage earner limited to IRA participation. Separate accounting rules used in Keogh plans would similarly be used here.

Nondeductible contributions subject to these terms would add $7 billion to the Nation's savings pool according to Stanford University economist Michael Boskin. A separate study by Washington economist Michael Evans puts the savings increase at $8.5 billion.

Near-term cost is expected to be glibible as these after-tax savings contributions received no deduction at all. Only the interest earned is tax-deferred until retirement and upon withdrawal at that time. Interest on nondeductible additions is taxed as ordinary income on the same basis now given deductible IRA contributions.

In view of the anticipated large and long-term savings accumulation expected at a comparatively small revenue cost, I see this measure as meeting strict fiscal tests while beginning to approach savings incentive levels with proven records in Canada, Japan, and West Germany.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1983

(Mr. YOUNG of Florida asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. YOUNG of Florida. Mr. Speaker, I rise in support of this bill and echo the comments of my chairman, the distinguished gentleman from Massachusetts (Mr. BOLAND.)

In addition, I join in complimenting the staff and members of the committee who worked diligently to prepare the authorization bill we consider today. The staff of the Subcommittee on Program and Budget Authorization in particular worked extremely hard to assist the members of the Intelligence Committee with the development ot this bill. Two staff members of the full committee, Pat Long, asssociate counsel, and Herbert Romerstein, professional staff member, were also helpful to the minority members, such as myself, by keeping us advised of developments as we proceeded through the complex authorization process.

As a member of both the Select Committee on Intelligence and the Appropriations Committee, I know how difficult it is to craft a lean budget for any program, especially a strong and effective intelligence operation.

The Intelligence Committee spent many hours in subcommittee and full committee meetings carefully examining each program in this bill to insure that the money will be used in the most efficient manner. Overall, this is a good bill that will greatly enhance our intelligence capabilities, which unfortunately were allowed to deteriorate for a number of years.

The decline of our intelligence capability will not be repaired over night and correcting the damage that has been done will require the support of Members on both sides of the aisle. This does not mean that we will agree on everything included in this bill, but we must cut across party and ideological lines if we are to reach a consensus on the need for action to insure a strong intelligence community, which the bill we consider today does, and offer our support to those who work in intelligence to achieve that goal.

As a member of the committee, I have had the opportunity to visit with our intelligence officers in the field and know of the difficult circumstances under which they work. For several years, their morale was on the decline, but in the last year it has improved as a result of increased interest and support for their work by the Members of this body. Passage of this bill today will reaffirm our support for their work and will provide the resources they desperately need to effectively carry out their duties.

Of all the elements of our intelligence operation, counterintelligence takes on a greater importance everyday. Through counterintelligence we provide our Nation with a defense against the activities of our adversaries' hostile intelligence services, including those operating in the United States. Although the authorized amount for counterintelligence included in this bill is classified, I assure you that it does provide funds needed to restore both manpower and resources to the FBI counterintelligence program, which is responsible for countering Soviet covert action, referred to as "active measures" by the Soviets, and international terrorism.

Mr. Speaker, another element of our intelligence program addressed by this bill provides countermeasures to eliminate the rapidly increasing problem of the transfer of our sophisticated technology to our adversaries. Blueprints for weapons, machinery, communications equipment, computer hardware and programs, developed at American expense for our own security, have been obtained by the Soviets through a variety of covert measures by foreign intelligence agents. The transfer of our technology has contributed to the rapid modernization of our adversaries' forces at the expense of the American taxpayers. This bill provides for a stepped up effort to combat the illegal transfer of plans and equipment.

A strong and effective intelligence operation is an important safeguard to insure peace and security for our country. This bill provides resources urgently needed by our intelligence community to carry out its mission in providing for the security of our Nation. Mr. Speaker, I urge strong support for H.R. 6068.

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THE 1984 LOUISIANA WORLD EXPOSITION

The SPEAKER pro tempore (Mr. Dyson). Under a previous order of the House, the gentlewoman from Louisiana (Mrs. Boggs) is recognized for 10 minutes.

Mrs. BOGGS. Mr. Speaker, today I am joined by my colleagues of the Louisiana congressional delegation, John Breaux, Gillis Long, Henson Moore, Jerry Huckaby, Bob Livingston, Billy Tauzin, and Buddy Roemer, in introducing legislation to provide for the participation of the United States in the 1984 Louisiana World Exposition which will be held in New Orleans from May 12 through November 11, 1984. The theme of the exposition is "The World of Rivers—Fresh Water as a Source of Life."

The U.S. Government gave its approval to the exposition last year and this action led to the formal registration of the event by the Bureau of International Expositions at their April 1981 Plenary Session in Paris.

On March 4, 1982, President Reagan issued a formal proclamation of the exposition and invited all of the States and U.S. territories to participate. He also authorized the Secretary of State to issue invitations to the nations of the world to seek their participation. Over 140 countries have already been invited. At this point, I would like to include a copy of the text of President Reagan's March 4 proclamation:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA A PROCLAMATION

In 1984, the United States of America will host a major international exposition that will explore the fundamental relationship of water to life. To be held in New Orleans on the great Mississippi River, the Louisiana World Exposition has as its theme "The World of Rivers—Fresh Water as a Source of Life."

The theme is most timely and appropriate.

We are the first generation in history to have seen the Earth from space, and it has given us new understanding. As seen from those great distances, the dominant colors of Earth are blue and white; blue for the great oceans, and white for the canopy of clouds that replenish the land with fresh water, forming rivers and streams that lead again to the oceans. Earth is primarily a water planet.

As the world economy grows, the wise use of all resources, including fresh water, becomes increasingly important. The direct human suffering caused by severe droughts and floods is monumental and can affect the global economic and political system. Man's technological and economic response to the challenge of new demands on our water needs to be shared and demonstrated.

There is inspiration too, in the power and majesty of the world's rivers and their role in shaping the culture and history of so many different peoples. This celebration of the World of Rivers will be a celebration of the human experience itself.

With its many splendid opportunities for cultural and technological exchange, the Louisiana World Exposition has the full and enthusiastic support of the United States Government. In accordance with law, I shall appoint a United States Commissioner General to exercise the responsibility of the United States Government for fulfillment of the Convention of November 22, 1928, Relating to International Expositions, as modified.

Now, therefore, I, Ronald Reagan, President of the United States of America, in further recognition of this Louisiana World Exposition, do hereby invite the several States of the Union and its Territories to participate in the exposition and authorize and direct the Secretary of State to invite, on my behalf, such foreign countries as he may consider appropriate to participate in this event.

In witness whereof, I have hereunto set my hand this fourth day of March, in the year of our Lord nineteen hundred and eighty-two, and of the Independence of the United States of America the two hundred and sixth.

RONALD REAGAN.

In addition to the sponsorship of the Louisiana World Exposition by the State of Louisiana and the Government of the United States, the Vatican has recently announced its participation. Among its exhibits will be world renowned paintings and other works of art.

Over $54 million has already been raised by the Louisiana World Exposition (LWE) as advance funding. This money was provided partially by the State of Louisiana, but primarily by private business and industry in Louisiana that supports the concept of the exposition. The legislation introduced today by the Louisiana congressional delegation authorizes an appropriation of $10 million to carry out U.S. participation in the exposition.

The amount to be appropriated for U.S. participation is far less than the Federal Government's $24 million expenditure for the current World's Fair now successfully underway in Knoxville, Tenn. One of the reasons that less funding is required for the Louisiana Exposition as compared to past ones is the unique approach where the U.S. pavilion is to be constructed by the exposition's organizers and leased to the U.S. Government. This unprecedented undertaking will provide a pavilion facility for the U.S. exhibit, but at no cost to either the Government, or the taxpayers for the duration of the exposition. This is an extremely flexible approach and indicates the tremendous support and involvement of Louisiana in the success of the exposition.

This legislation is modeled after legislation authorizing Federal participation in this year's energy expo (Public Law 96-169) as well as Public Law 91-269 which establishes the procedures for Federal recognition and participation in international expositions held in the United States. Specifically, it provides for the design, development, and operations of a U.S. exhibit, the overall Federal responsibilities for the oversight of the exposition by the Commissioner General of the United States, and for his appointment by the President.

Mr. Speaker, although the exposition will have a substantial economic impact on the State of Louisiana, its benefits will extend far beyond the confines of the State. The impact of past World's Fairs in the United States has been regional rather than simply local. Overwhelmingly, visitors to the expositions tend to come in family groups, and they mainly travel by car. Although the 1984 expo will be their primary destination, they will expect to visit many attractions and make many stopovers on their way to and back from New Orleans. States and communities throughout the Southeast, Southwest, and Midwest will benefit from the anticipated 11 million visitors from across the country and around the world.

In conclusion, I would like to include with my remarks a section-by-section analysis of this bill and a factsheet on the 1984 Louisiana World Exposition.

The analysis follows:

ANALYSIS OF H.R. 6409

Title: A bill to provide for the participation of the United States in the 1984 Louisiana World Exposition to be held in New Orleans, Louisiana, and for other purposes.

Section 2(b): The Commissioner General of the United States for the Fair is to be appointed by the President without Senate confirmation, and shall have the rank of Ambassador. In past fairs held in this country, the requirement of Senate confirmation has resulted in the Commissioner General being appointed so late in the fair's development that he is unable to assist and influence the fair in its critical stages, particularly in those aspects relating to solicitation of international participation. Removing this requirement would permit appointment of a Commissioner General shortly after passage of the bill and permit his participation in the upcoming meeting of the Bureau of International Expositions to be held in Paris in June, 1982. According the Commissioner General the rank of Ambassador would elevate that position to the rank generally held by the United States Commissioner General of Section for fairs held abroad and would have the effect of accelerating his efforts in soliciting international participation.

Section 3(b): The Secretary is given broad authority to lease such buildings and appurtenant land as appropriate to U.S. participation in the Fair. Contrary to the practice in previous fairs in which the Government participated, the Government will not itself construct the U.S. pavilion. Rather, the organizers of the New Orleans Fair will construct the pavilion building and make it available to the Government, without cost, for the duration of the Fair. This provision would authorize the Secretary to enter into a lease with the organizers for that purpose at no cost to the government.

Section 6: The Secretary is authorized to either operate or contract for the operation of a concession within the pavilion for the purpose of selling souvenirs to those attending the Fair. Proceeds from any sales would be used to support U.S. participation in the New Orleans Fair. To the extent funds are not needed for that purpose, the funds so produced would be deposited in the Treasury. Such authority would not only relieve the Government of some of the cost attendant to U.S. participation but would also stimulate the private sector producing the souvenirs.

Section 7: Clarifies the responsibilities of the Secretary of Commerce with respect to the Government's role in facilitating the participation of other governments and their nationals by assuring adherence to Bureau of International Expositions' protocols and generally supporting the efforts of the organizer of the New Orleans Fair. In previous fairs, the role of the Secretary of Commerce has not been expressly stated. This provision would correct that shortcoming, thereby removing a source of confusion to many international participants who have been unable to distinguish the role of the U.S. Government as it related to that of the organizer.

Section 8: The Secretary is expressly authorized to accept private contributions in support of U.S. participation in the Fair. Such contributions have been accepted in previous fairs under the Department's gift statute, 15 U.S.C. 1525. Including a special gift authority in this bill would highlight the importance of such contributions and also clarify an ambiguity in the Department's gift authority which fails to mention the contribution of services.

Section 11: Authorizes the Secretary of Commerce to dispose of all Federal property developed and acquired for the Fair as he shall see fit. Inasmuch as no pavilion building is being constructed by the Government in New Orleans, the majority of the property in question would be the exhibits. It is the Department's intention to acquire many of the exhibits through loans and donations. Consequently, that property left for disposal will have little or no residual value for other Federal agencies, but could be used by New Orleans or some other city in Louisiana as an educational attraction. The Secretary, having worked closely with state and city officials in connection with the Fair, would be best situated to determine the most beneficial disposition of the property.

Section 12: Subparagraphs (4), (5), and (6) are additions to the waiver authority granted in the Knoxville Act and are intended to provide the Secretary with the discretion to procure necessary services and supplies for Federal participation in the Fair without following the statutory and regulatory requirements of directives generally applicable to the Department's purchases and procurements. These changes recognize the time constraints for the development and preparation of a pavilion for a fair and the unique need for cooperation between the Government and the Organizers in New Orleans resulting from the later's commitment to construct the building for the U.S. pavailion, without charge to the government. This unprecedented undertaking requires maximum flexibility to assure coordination of the obligations of both parties and the ability to quickly adapt to any unforeseen circumstances. These waiver authorities may be delegated by the Secretary.

Section 13: The Secretary is given authority to waive all other provisions of Federal law which, in his discretion, would further the purposes of the Act and the authority may not be delegated. This provision is similar to that contained in legislation authorizing the International Communications Agency to provide for U.S. participation in international expositions abroad. Such authority is intended to be used sparingly, if at all. However, the international nature of the Fair and the need to cooperate with and coordinate the efforts of a multiplicity of parties, including foreign governments, state and local governments, the Fair organizers, and various Federal departments requires that the Secretary have maximum flexibility in adapting to everchanging circumstances.

FACTSHEET: 1984 LOUISIANA WORLD'S FAIR IN NEW ORLEANS

Dates: May 12 through November 11, 1984.

Place: A 90-plus acre site stretching along the Mississippi River, immediately adjacent to the city's Central Business District.

Sponsors: Louisiana World Exposition, Inc., a private non-profit corporation composed of almost 200 business, industrial, and civic leaders from throughout the State, headed by Wallace B. Schmitz of the Pan-American Life Insurance Co., Chairman of the Board and Floyd W. Lewis of Middle South Utilities, President. The effort has the strong backing of Governor David C. Treen, New Orleans Mayor Ernest N. Morial, and the entire Louisiana Congressional Delegation. In 1977, the State Legislature created the Louisiana Exposition Authority to serve as liaison with the Exposition corporation and to plan the State Government's participation in the Fair. State Representative John A. Alario, Jr. presently serves as Chairman of the 25-member group.

The Staff: Veteran event manager Peter L. Spurney heads up the professional staff as Executive Vice President and General Manager. His former experience includes service as General Manager and Chief Executive Officer of the 1974 Spokane, Washington World's Fair, Chairman, President, and Chief Executive Officer of the 1976 Bicentennial Freedom Train and General Manager of the 1979-80 Winter Olympics in Lake Placid, New York.

Impact: All financial planning for the Fair is based on 11 million visitors. All physical planning is based on an anticipated 12 million or more visitors. Total cost is estimated at $225 million.

Attendance Patterns: Statistically, an attendance of 11 million over a six-month period averages out at almost 60,500 persons a day. However, given the experience of other world's fairs, which incorporate an allowance for the impact of repeat visitation, and the characteristics of the New Orleans market, including the seasonality of tourist visitation, it is estimated that approximately 40 percent of the fair's total attendance will occur during the two summer months of July and August. This corresponds to the 39 to 41 percent reported by New York, Seattle, and Montreal. The average peak month attendance accordingly amounts to 20 percent, or 2.2 million visitors. Dividing this figure by the number of weeks in the month (4.43 weeks) yields an average peak week attendance of some 497,000 people.

Design Day: Experience at other world's fairs reveals that during the peak summer season, attendance is by and large evenly distributed throughout the week. This contrasts with experience during the early and late weeks of the fair, when relatively heavy concentrations occurs on weekend days. The summer evenness is in large part due to a schedule of major events and entertainment presentations which are staged on a daily basis, thus providing interesting and exciting activities on any day of the week. Assuming that New Orleans follows this policy, the average peak daily, or "design day," attendance is predicted by Harrison Price at 71,000 persons. He further assumes that 80 percent of this figure, or 56,800 people, will be on the grounds at any given time during the "design day." Attendance on absolute peak days will be considerably higher than this "design day" average.

Mr. Speaker, I would like to call on the gentleman from Louisiana (Mr. LIVINGSTON).

Mr. LIVINGSTON. I thank the gentlewoman for yielding to me and I want to join with her and congratulate her on her tremendous work on this most important project for the State of Louisiana and the country. But first, I think the gentleman from Louisiana (Mr. HUCKABY)——

Mr. HUCKABY. Mr. Speaker, will the gentleman yield?

Mr. LIVINGSTON. I yield to the gentleman from Louisiana (Mr. HUCKABY).

Mr. HUCKABY. I thank the gentleman for yielding.

We certainly, throughout the State of Louisiana, are excited about the World's Fair that will be coming to New Orleans 100 years, I believe, after the last World's Fair was held there in 1884.

Of course, I represent the northern part of the State of Louisiana, but already we up there have committees actively working, getting prepared to have the input, the tremendous flow of visitors that we expect that will be coming through north Louisiana, arriving at the New Orleans World's Fair.

It is going to be a tremendous undertaking for the entire State of Louisiana, but I am sure that the results will be something not only we in the State of Louisiana but the entire United States will be very proud of.

Mr. LIVINGSTON. I certainly agree with the gentleman that this worthy project is going to be a tremendous boon for the State of Louisiana, and for the country as a whole.

I also particularly appreciate the cooperation of the current administration. President Reagan, as the gentlewoman has already pointed out, has, through his Secretary of Commerce, endorsed an appropriation of $10 million for this project, assuming, of course, that it is authorized by this body. I hope that it will be.

I also appreciate the cooperation expressed by the chairman of the Committee on Foreign Affairs, the gentleman from Wisconsin (Mr. ZABLOCKI); also the chairman of the Subcommittee on International Economic Policy and Trade, the gentleman from New York (Mr. BINGHAM). The ranking members of the committee and the subcommittee, the gentleman from Michigan (Mr. BROOMFIELD), the gentleman from California (Mr. LAGOMARSINO), respectively, have also indicated a great deal of interest in this project and I particularly appreciate their consideration. I hope that with their help, the committee will in turn be able to give this bill speedy consideration.

I also would like to point out that this is a project which has overwhelming support not only from the administration but, of course, from our entire Louisiana delegation and the entire business community of the city of New Orleans and the State of Louisiana.

Gov. Dave Treen has been foremost in helping formulate this project and has been instrumental in raising the guarantees from local banks throughout the city of New Orleans which literally put their signatures on the line to guarantee some $40 to $45 million to make sure that this project is a success.

Indeed, if this bill is passed, this exposition will be a great success. At least 25 foreign nations are expected to set up exhibits at the exposition, as are a number of private corporations. Close to a million foreign visitors are expected to attend the fair during its 6-month duration, and for the community in and around the greater metropolitan area of New Orleans it is expected that some 14,000 direct jobs with a total payroll of in excess of $230 million would be generated. In terms of total and indirect jobs, it is estimated that there will be some 39,000 people employed in the overall project.

So once again, I simply want to commend the gentlewoman for all her diligent work on this project. I join with her in attempting to get some speedy attention in this body and urge all our colleagues to support and participate with us in this most worthwhile legislation.

In an age of fiscal responsibility, we are all very conscious of where our dollars are going, but, in fact, this is a cheaper deal, it is a better deal than we have gotten in the past. It is less than half the cost of the current World's Fair in Knoxville, Tenn., and we all know what a tremendous success that is already becoming.

So, this World's Fair is not only going to be an opportunity to produce jobs and employment in the southern portion of the United States, but, more importantly, it is going to be an opportunity to promote world trade and to induce exports and American jobs throughout the world. In an era of high unemployment, we should all be conscious of the need for such inexpensive, but worthwhile, projects.

□ 1810

At this time I would like to yield back to the gentlewoman. Perhaps she might like to recognize somebody else.

Mrs. BOGGS. I thank the gentleman for his very fine remarks and for his tremendous leadership in this regard as well.

I yield to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Speaker, I gladly join in cosponsoring this bill and also congratulate the gentlelady for her work. In 1984 the State of Louisiana will host the Louisiana World Exposition in New Orleans, La., whose theme is "The World of Rivers—Fresh Water as a Source of Life." We believe that this is the first time a State has hosted a World's Fair. Even though my district is not in New Orleans, I eagerly support this event as do all my constituents and Louisianians in general.

The Sixth District will play an important role in the fair, as a host for the fair's potential 11 million guests. The Sixth District will serve as the "Gateway to New Orleans" for any traveler coming from the north or the west. These visitors will have the opportunity to visit plantations along River Road in the Feliciana parishes; the capital city of Baton Rouge, which is also the new home of the U.S.S. *Kidd* naval war memorial, whose arrival will be celebrated on Saturday; as well as the parishes of Livingston, Tangipahoa, and Washington, each with delights of their own, including the largest alligator in captivity and the "Strawberry Capital." The Sixth District has lodging and camping facilities, restaurants with gourmet delicacies, and two main highways leading to New Orleans, Interstate 10 and Interstate 55.

Louisiana has developed an innovative way to finance the U.S. pavilion. The U.S. Government will authorize only $10 million, whereas in the past its obligation equaled anywhere from $20 to $40 million. The World's Fair is building and leasing the pavilion for the U.S. exhibition with the help of the State of Louisiana and private business. The United States will have no further responsibility for the pavilion once the fair is over.

This will be a wonderful opportunity for visitors from all over the world to not only experience the delights of a World's Fair, but to discover the uniqueness of Louisiana, a State whose livelihood has revolved around its natural resource of water from the very beginning.

Mrs. BOGGS. I thank the gentleman. As he so clearly points out, we are celebrating this year the 300th anniversary of the discovery of the mouth of the river by De La Salle and the river has been our source of life and our source of commerce and trade. We are very, very pleased that we have been selected as the State to host this world exposition and we have a very splendid group who are working, as the gentleman from New Orleans will testify, on the exposition. They are planning, and their promotion is almost perfect.

We look forward to receiving the world. We are ready for the world. We hope the world is ready for Louisiana.

AN HISTORIC BIPARTISAN ECONOMIC RECOVERY PACKAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. GINGRICH) is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, we had an historic event today when a bipartisan package, an economic recovery budget, was announced by moderate and conservative Republicans, by moderate and conservative Democrats, by people who are concerned about the direction America is going.

The budget offers us a chance to continue the process of turning America around and developing the prosperity which all of us want.

Before I go into the details of the budget, let me remind everyone of the problems we face this year in 1982 as

Congress deals with the budget and the steps we have already taken.

The biggest problem we face is that throughout the seventies liberal Democrats built enormous growth patterns into Government spending. In the Department of Health and Human Services alone, there was an 18-percent-a-year growth rate built into Government spending, so that staying even, not increasing spending, meant you automatically spent 18 percent more, because it would occur automatically under law.

In fact, the built-in momentum of spending was so great that even when President Reagan began to attempt to cut Federal spending in 1981, he simply slowed the growth pattern; that is, instead of climbing this rapidly, almost straight up on the chart, the Government tended to climb somewhat less rapidly. However, liberal politicians have been counting for a decade on inflation raising revenue fast enough to stay close to the Government spending rate; that is, the inflation rate was so high and growing that people were getting cost-of-living pay raises which pushed them into higher brackets, which then meant they paid more of their money into the Government, which meant the Government without ever raising taxes automatically received more money.

In fact, the structure was rigged as an escalator, which gradually and steadily carried up revenue.

As Congressman Bob Michel, the Republican leader, has said, in his entire career he has never voted for a permanent tax increase. We just got more and more money each year.

The result of that inflation rate, raising taxes to chase rising expenditures, was a country which had more and more money in Washington and less and less money in their pockets. It was a country which had more and more money for the Federal bureaucracy and less and less money available for individuals. It was a country which had more and more money available for transfer payments and less and less money available to build factories.

The result was that by 1980 we were on the verge of economic collapse. Our factories could not compete with the Japanese. Our military could not compete with the Russians. We had 21 percent interest rates and 13½-percent inflation rates and unemployment was rising.

It has been fascinating to watch in the last 2 days the gentleman from California, Mr. Coelho, and the Speaker, Mr. O'Neill, talking about the 2½ million unemployed that President Reagan has seen added to the rolls since he became President.

The fact is if we only have 2½ million unemployed, this country would be booming and we would be on the edge of a tremendous explosion of productivity.

The fact is that that 2½ million extra unemployment is tragic because it is added to the 7 million unemployed we received from President Carter and Mr. O'Neill.

There has been some question about when the recession which we are currently suffering began. Frankly, the recession's real roots go back 43 months. It was 43 months ago that housing and home building, the real estate industry, began to collapse, 43 long months ago. There was a brief temporary and totally phony halt to the recession, brought on by President Carter's desperate efforts to pump up the economy to get reelected and then in the summer of 1981 the economy began to decay again and fell back into recession.

Note that in the summer of 1981 when the recession began, we had not passed budget reconciliation. None of the spending cuts had gone into effect. We had not even passed the tax cuts and, in fact, the tax cut, the first small tax cut, did not even go into effect until October 1.

In other words, the recession that was bequeathed to us by President Carter and Speaker O'Neill began before any of President Reagan's programs took effect.

Note that we wanted earlier tax cuts, 10 percent, at the beginning of 1981, and that if we had gotten the tax cuts we asked for there would be at least 500,000 Americans working today who are unemployed. Instead, we got a tax cut of only 5 percent, only on October 1, which meant that for the entire year it was only a 1½-percent tax cut and the result was that through bracket creep, as people were pushed into higher brackets by cost-of-living increases, the average American family did not get a tax cut at all in 1981. Instead, the average American family had a $150 tax increase in the money they paid the Federal Government.

□ 1820

The result was that while President Reagan proposed tax cuts, the liberal Democrats in Congress fought to keep tax money rolling in, and the recession we inherited from Carter and O'Neill, because of liberal policies on taxation, became steadily worse. Now that is important, because recessions hurt budgets.

Every time we increase the unemployment rate by 1 percent, we add approximately $25 billion to the deficit. That is, because we both spend more money on unemployment, on food stamps and other items, and we lose the tax money that those formerly employed workers were paying which they now do not pay because they are unemployed. So every time we have a recession, we increase the likelihood of a bigger deficit, and we get further away from a balanced budget.

But second, President Reagan's efforts to gradually bring down inflation have been more successful than were expected. So that as we look out to 1983, instead of having double-digit inflation, 13½ percent in 1980, we now are down to 3-percent inflation in the first quarter of 1982, and that is good for the American family. It means that hamburger is about 14 cents a pound less than it would have been, milk is about 9 cents a half gallon less than it would have been. It means that the average family of four is paying $7 a week less in groceries than it would have been had the inflation continued.

It means that in terms of gasoline and fuel costs alone, there has been approximately $35 billion more in purchasing power left with the average American than we would have had had inflation continued. And that is $35 billion which came without a single dollar being spent by the Government or taken from the taxpayer.

While stopping inflation is great for the individual, the way the Government was structured—with a tax system that automatically carried people into higher brackets as they got cost-of-living increases—when there are no cost-of-living increases there is no escalator. When there is no escalator, people do not get pushed into higher brackets. When they do not pay at higher rates, the Government does not get as much money.

And so in a very real sense, the biggest loser in the victory over inflation has been the Federal budget, which has less money to spend than it would have had. In fact, there have been some estimates that if inflation had simply continued at the liberal Democratic rate of 13½ percent in 1980, we would today be $40 billion closer to being in balance because of taxes that would have been raised by cost-of-living increases pushing people into higher brackets.

Now, I think every American wants to see us stop inflation and bring prices down so they are not running away from their ability to buy things. But that means if we are not going to get automatic tax increases, if in fact we are now cutting taxes, that we have to look at the budget, and we have to take into account where we are.

For months, people argued about President Reagan's proposals. Everyone had their own idea. No one was certain what they wanted to do, but everyone was certain what they did not want to do, and there were many critics, but there were few architects of an alternative.

Finally, when the so-called Gang of 17 finally broke up and it was obvious there could not be a grand compromise between the liberal Democrats and the bipartisan moderate conservative Democrat and Republican coalition, when it was obvious that we had to hammer out two separate choices for America, finally the liberal Democrats went to work to prepare their budget.

Let me turn first to what they have done.

Now, as an overview, I think everyone should be aware that yesterday in the Tulsa World the chairman of the Budget Committee said he had been forced to the left in order to pass a budget out of committee, in fact, the budget he had proposed was so bad that if he was the deciding vote, he would vote against his own budget, because it really was not what America needed.

Why would he say that? Well, I cannot speak for him, but let me suggest why, to an objective observer, that budget might appear to be bad.

First of all, it has a huge tax increase—$147 billion over the next 3 years. That is approximately $1,470 for every working American, or if you are a working couple that would be a tax increase of $2,940.

Second, it cuts $47 billion out of the defense program and $17 billion out of pay and retirement for defense. That is a total cut in defense of $63 billion. That would eliminate 72 percent of the Reagan increases over President Carter's defense program. Approximately three-fourths of the Reagan increases in defense would be eliminated. We would almost be back to the weakness which had encouraged the Iranian hostage crisis, the invasion of Afghanistan and the guerrilla war in El Salvador.

In fact, the liberal Democratic budget is even worse, because it would require at least $100 billion in cuts in budget authority over the next 3 years for defense. It would result in major damage to strategic modernization, to readiness and to the upgrading of conventional land, air and naval forces.

It is 170 percent bigger in its cuts than is the bipartisan package on defense.

Finally, the liberal Democratic budget avoids the places we really need to cut.

In 1980 the American people said they did not want to move to a liberal welfare state. The American people said they wanted to shrink the size of Government; that Government had already grown to 22 percent of gross national product. That is, of every $100 earned in America by everybody, of every $100 of total behavior economically, $22 of it was the Federal Government. The American people wanted to turn away from that, back to a smaller Government in Washington.

Now let us look from there to two comparisons.

First of all, on spending reductions. In terms of domestic spending, the area the American people clearly want to see cut, the bipartisan economic recovery proposal cuts $46 billion. By contrast, the liberal Democratic proposal cuts $34 billion.

Now, what is the difference? It means that the bipartisan economic recovery program is 35 percent better than the liberal Democratic program if you want to shrink the size of the Federal Government, if you think Washington is too big, and if you prefer to see your money spent at home.

Let us look at it from a different angle.

If we have to raise taxes at all, and many of us would prefer to raise them not at all, but if in order to meet the immediate problems brought on by inflation coming down, and by the recession, if in order to pass a budget with enough revenues and with a small enough deficit that we could get a majority, the bipartisan proposal contains for 1 year $20 billion in tax increases.

By contrast, for the same year, the liberal Democratic proposal has $30.7 billion in tax increases. In other words, their proposal has 50 percent more taxes in the first year alone, and 50 percent more in taxes the very first year, than does the bipartisan proposal.

Now why is this important?

It is important, first of all, because every time you start raising taxes, you increase the urge on politicians to spend the money.

It is important, second, because in the middle of a recession the worst possible thing you can do is continue to raise taxes. And you ought to do it as little as you can if you have to do it at all.

It is important, third, because the liberal Democratic budget projects outward $147 billion in tax increases, while thanks to an understanding worked out by Congressman ED BETHUNE of Arkansas, the bipartisan proposal very carefully notes that we have reason to believe that in fact supply side economics will work.

We have reason to believe that we are going to see a turnaround this summer.

We believe that the tax cuts that come into effect on July 1, when combined with the cost-of-living increase that will be paid on social security on July 1 and on retirement, mean that the American economy will recover from the recession; that as it recovers, we will see more people go back to work.

And remember, during the recession every 1-percent increase in unemployment costs us $25 billion in deficit. That means if you put people to work, every 1-percent decrease in unemployment improves the deficit by $25 billion.

Now, what are we saying? We are saying that we believe that it is possible that by 1983, as we look at the next budget, that we will have seen interest rates come down dramatically, and that will mean great savings for the Federal Government, for we pay more in interest than any other institution in America. And when interest rates come down, the Federal Government saves money.

We believe it is conceivable that as the economy goes back to being productive, people will be drawing less unemployment and that will save the Government money.

□ 1830

We also believe people will be paying more taxes because there will be more people working. They will be doing better. There will be more progress, and that will help the deficit. And so, it is possible that in the outyears we are going to see a very different situation by 1983, that we are not going to see the gigantic—indeed some would say exaggerated—baseline deficit created by the Congressional Budget Office. We are not going to see the exaggerated interest payments created by the current projections. If that happens, those of us who believe in cutting taxes, believe that we should pass either no tax increase after fiscal year 1983 or the smallest possible tax increase in order to meet our commitments on defense and domestic spending.

The Bethune understanding, in other words, draws a clear distinction between those of us willing to raise taxes the smallest amount necessary and those liberal Democrats eager to plug in $147 billion in additional tax increases.

Now, in summary, why is the bipartisan budget better? First of all, as I said earlier, the liberal Democratic budget is sufficiently bad that even its author is not sure it should pass. But beyond that, let us draw the clear contrast. The bipartisan budget has less taxes and protects take-home pay. The liberal Democratic budget has massively more taxes, over 50 percent more in the first year alone.

The bipartisan budget cuts Federal spending, 35 percent more on Federal spending cuts in the first year alone. The liberal Democratic budget protects Federal spending and tries to maintain as many increases in the size of Government as possible.

The bipartisan budget protects defense and works to keep America safe by securing peace through strength. The liberal Democratic budget returns us to the days of military weakness when all of us felt insecure and none of us felt safe.

The bipartisan budget gives us a chance to let supply-side economics work, to let Americans go back to work, to build new factories, to create new opportunities, to bring down interest rates, to create jobs for more Americans, and, at the same time, to protect ourselves from unnecessary gigantic tax increases.

We preserve the great base of the social safety net. We preserve 95 million meals a day. We preserve the subsidies for health care for our senior citizens. We deliberately and correctly take social security out of politics, and we deal only with those aspects of Federal spending that are necessary. Every American who wants low interest rates, the creation of new jobs, an end to this recession, has an option in the next few days to let his Congressman know that the bipartisan budget in fact does the things the American people voted for in 1980; that it does give us a chance to create once again a healthy and productive America.

FEDERAL TRADE COMMISSION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 30 minutes.

● Mr. COLLINS of Texas. Mr. Speaker, the Federal Trade Commission (FTC) has a history of overstepping its bounds by extending its regulatory activities into areas never intended by Congress. With the FTC up for reauthorization in September of this year, there is no better time for congressional oversight and reform of the practices of the FTC.

Today, I am introducing legislation which addresses the unwarranted FTC intervention and intrusion in State regulated professions. In absence of such authority the five-member, nonelected Commission has taken it upon itself to initiate rulemakings and file enforcement actions toward doctors, dentists, lawyers, veterinarians, ophthalmologists, and numerous other State regulated professions. Allowing the FTC to seize State regulatory powers and preempt State regulations for professional organizations, sets a dangerous precedent of disregarding our State statutes. In too many cases, in the absence of legitimate authority, the FTC fashions and exerts its own.

The bill I am introducing would bar the FTC in any way from regulating State regulated professions, until such time when Congress specifically grants authority to the FTC in these areas. It is Congress responsibility to redefine the extent of FTC authority. The bill would not impinge on the Department of Justice in antitrust cases.

The FTC has 700 full-time lawyers who help initiate rulemakings directed toward State regulated professionals and professional associations. An important question is why does the FTC think its decisions and judgments should supercede those of the States and professionals with in-depth knowledge regarding their respective fields, take, for example, the FTC ophthalmic goods and services rulemaking promulgated in 1978. In remanding the eyeglass rule, the U.S. Court of Appeals in the District of Columbia said:

> The FTC's proposed preemption of State law is almost as thorough as human ingenuity could make it.

The FTC has a record of overzealously beginning investigations that should never have originated, and were never under FTC jurisdiction, only to drop the investigations after years and years, with the professional associations bearing high costs for attorneys and compliance with FTC demands.

Let me give you one recent example. On July 22, 1976, the FTC launched an investigation of the dental care industry through its San Francisco regional office to determine "the effects of State regulations which prohibit dental laboratories from selling complete dentures directly to consumers and require that dentures be purchased only through dentists."

After an exhaustive 4½-year investigation by the FTC, including a 32-page, 92-item subpena, the FTC terminated its investigation due to a lack of evidence demonstrating what effect changing the present State regulations would have on quality of dental care. Experts testifying regarding this investigation pointed out the health hazard in allowing denturists to prescribe and fit dentures, claiming they cannot recognize bone and oral tissue diseases, and other considerations made by a licensed dentist.

Both Federal and States courts have upheld State statutes relating to dental practices by noting the dangers of allowing nondentists to prescribe, design and fit dentures. Yet, the FTC spent 4½ years trying to override these decisions. This is another clear-cut case of an investigation, wherein the FTC attempted to override State laws.

Back as far as 1914 when Congress created the FTC, opponents warned of the abuses of allowing the agency to act unchecked:

> I, as one, am not willing to take . . . and place all of those things entirely away from the electorate, entirely away from the recall of the people, with a bureau which is answerable in no respect to the people. In the end it will result in their moving to a very large extent in another groove.—51 CONGRESSIONAL RECORD, Mr. Borah.

In 1982, we must not allow the five-member, nonelected Commission to overstep its perimeters.

I want to reiterate that what we are talking about here is professions already regulated at the State level and individual associations with their own ethics review boards. If citizens want to change the regulation of these professions, they can work for changes through their State legislators who legitimately have jurisdiction over the professions. Since 1914, the FTC has greatly expanded its role, without regard to the intent of Congress. For this reason, my bill will give Congress an opportunity to carefully review the extent to which, and I believe it should not interfere with the States, the FTC should have a role in State regulated professions. We certainly do not need more regulation in this country and it is time to put the FTC back in its bounds.●

FEDERAL PENSIONS TO CONVICTED MEMBERS OF CONGRESS SHOULD BE BANNED

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. PORTER) is recognized for 5 minutes.

● Mr. PORTER. Mr. Speaker, nothing harms the reputation of the Congress and the institution of democratic government in the eyes of the American people like an Abscam scandal or a similar misdeed on the part of a member. The specter of any Member of Congress convicted in an Abscam scandal, or of any felony, receiving a substantial Federal pension is an affront to the citizens of this Nation. The taxpayers' moneys should not be used for the continued support of convicted public officials.

For this reason, I am introducing a bill today that would ban the payment of pensions to a Member of Congress convicted of a felony. Under my bill, pension rights would be terminated upon conviction and restored only if the conviction is reversed or the person pardoned. However, contributions made into the Federal pension plan by the Member would not and, I believe, could not be forfeited, but would be returned.

Mr. Speaker, I urge my colleagues in the House to join me in support of this legislation that would help to restore public confidence in the Congress and in elected officials.

H.R. 6432

A bill to amend title 5, United States Code, to provide that a Member of Congress may not be paid an annuity under the civil service retirement system for service as a Member if convicted of any felony, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8312 of title 5, United States Code, relating to denial of annuities for conviction of certain offenses, is amended by adding at the end thereof the following:

"(d) An individual, or his survivor or beneficiary, may not be paid an annuity under subchapter III of this chapter on the basis of service as a Member (as defined in section 8331(2) of this title) if the individual is convicted of any felony under State or Federal law, committed on or after the date of the enactment of this subsection.".

(b) Section 8316 of title 5, United States Code, relating to refund of contributions and deposits, is amended—

(1) by striking out "or" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting "; or" in lieu thereof; and

(3) by adding at the end thereof the following new paragraph:

"(3) if the individual was convicted of an offense described in subsection (d) of section 8312 of this title, for the period after the conviction.".

(c) Section 8318 of title 5, United States Code, relating to restoration of annuity or retired pay, is amended—

(1) by inserting after " is pardoned by the President" the following: "(or by the Governor, in the case of a felony under State law described in section 8312(d) of this title) or if the conviction is reversed on appeal in the case of a felony described in section 8312(d) of this title"; and

(2) by striking out the period and inserting in lieu thereof the following: "or, in the case of a reversal, as of the date of the conviction so reversed.".●

THE PENSION PLAN CAPITAL FORMATION ACT OF 1982

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 10 minutes.

● **Mr. FRENZEL.** Mr. Speaker, today I am introducing H.R. 6421 the Pension Plan Capital Formation Act of 1982. This legislation, which is identical to legislation being introduced today by Senator BOSCHWITZ, will provide small businesses with access to capital which is needed for growth and expansion.

In general, this legislation would remove the restrictions that currently prohibit a business from entering into a legitimate business transaction with a profit-sharing plan established for the business's employees. In removing the total prohibition of certain transactions, however, the bill provides in its place substantial safeguards to protect employees participating in the plan, while still providing the business with access to much needed capital.

Specifically, the bill would allow a defined contribution profit-sharing plan to make loans or to lease property to the small business. Such loans or leases would be allowed only if they were truly arm's-length transactions. A loan of up to 10 years from a profit-sharing plan to the business would only be allowed if it is adequately secured and its interest rate is not less than that of a comparable loan in an arm's-length transaction. Leases of real or personal property could also be entered into, on an arm's-length basis, between the small business and the profit-sharing plan. The total value of the loans and leases cannot exceed 50 percent of the total value of the assets of the profit-sharing plan.

This bill seeks to correct another one of the flaws found in ERISA. Although this provision of ERISA was enacted in reaction to a few highly publicized abuses of self-dealing which occurred in a few large pension plans, the provision has had an extremely adverse effect on the profit-sharing plans of small businesses. The restrictions ERISA imposes on transactions between a business and its plan result in a disproportionate amount of the plan's assets being invested in publicly traded stocks and bonds, instead of in safe and secure investments with a greater rate of return that are readily available in the local community.

This bill is not a new concept. The bill simply allows businesses to enter into legitimate business transaction with their profit sharing plans. It will keep capital in local communities and provide businesses with a ready and available source of capital, while at the same time providing the plan with an opportunity to earn a higher rate of return in a safe and secure investment. I urge my colleagues to join me in this effort to develop a workable bill which will provide small businesses with a new source of small business capital.

INTRODUCTION OF LEGISLATION TO INCREASE CRIMINAL PENALTIES FOR PIRACY OF COMPUTER SOFTWARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. FRANK) is recognized for 5 minutes.

● **Mr. FRANK.** Mr. Speaker, today I am introducing legislation, together with Mr. RAILSBACK and Mr. FISH, which would substantially increase penalties for the criminal infringement of the copyright in computer software.

Last week, the House passed and sent to the President for his signature, H.R. 3530, which increases the criminal penalties for piracy and counterfeiting of motion pictures, records and tapes. I fully expect the President will sign this important legislation and that it will be enacted into law very shortly.

The legislation I am introducing today would amend the copyright laws which will be amended by the expected enactment of H.R. 3530. The problem addressed by this new legislation is in some respects very similar to that addressed by H.R. 3530. Counterfeiting and piracy of computer software is, like the crimes against movies, records, and tapes, a growing problem which can greatly threaten creative enterprise.

New applications in the computer industry, particularly the advent of home computers, have given rise to increased criminal activities. Despite technological advances which make the copying of software more difficult, there remain many with criminal intent and knowledge of computers who can and do pirate software for commercial gain. While reliable data on the extent of this problem is difficult to obtain, it appears that the loss to the computer industry is in the multimillion-dollar range annually. Futhermore, development costs for software will, by 1990, represent as much as 90 percent of the total costs for computerization; it is clear, therefore, that the problem will only get worse unless it is checked now.

Under this legislation, maximum penalties for piracy would be raised to 5 years' imprisonment and/or a fine of $250,000—the same as those which can be imposed when H.R. 3530 becomes law. In addition, they would be graded according to quantity involved. The present penalties, even under H.R. 3530, 1 year/$25,000 fine, are simply not sufficient to deter this criminal activity. The penalty is seen by those who pirate as only a cost of doing business. The crime of counterfeiting, in which a false label is attached or designed to be attached to the work in question, would be expanded to include labels for computer programs or data bases. The maximum penalty would also be 5 years and/or $250,000.

Mr. Speaker, the high technology industries of this country, a number of which are located in my home State of Massachusetts, have been one of America's most positive economic forces for a number of years. Their enterprise and their creativity are threatened by the growing menace of piracy. I believe it is the responsibility of the Congress to do all in our power to protect these industries. Passage of this legislation would be such a step.●

REFUGEE ASSISTANCE AMENDMENTS: DISSENTING VIEWS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CROCKETT) is recognized for 5 minutes.

● **Mr. CROCKETT.** Mr. Speaker, the Judiciary Committee has now completed its consideration of H.R. 5879, the Refugee Assistance Amendments of 1982. During the debate and mark up of this legislation, I brought up several questions regarding the treatment of Haitian and Salvadoran refugees, and the political and racial factors that seem to lie behind the INS policies on refugees.

It is my judgment, and that of others on the committee, that without clarification of the legislative intent of this bill, the INS will continue to perpetuate unjust policies toward Haitian and other refugees.

For this reason, I have submitted dissenting views to the full committee report, and I have announced my intention to oppose this bill when it comes before the House.

I include in the RECORD at this point the text of the dissenting views which I, and five of my colleagues, have submitted:

DISSENTING VIEWS OF MR. CROCKETT, MR. CONYERS, MS. SCHROEDER, MR. EDWARDS OF CALIFORNIA, MR. WASHINGTON, MR. KASTENMEIER, COMMITTEE ON THE JUDICIARY, COMMITTEE REPORT ON H.R. 5879, REFUGEE ASSISTANCE AMENDMENTS OF 1982

We are deeply distressed that the language of the full Committee Report on H.R. 5879, the Refugee Assistance Amendments of 1982, does not adequately discuss the serious concerns shared by us, by members of the Congressional Black Caucus, and by others in the House, regarding the appearance of racial discrimination in the application of U.S. and United Nations laws pertaining to refugees seeking asylum in the United States.

When the issue of the definition of "refugee" was raised in the full Committee, a proposed amendment to clarify the language and legislative intent of this legislation was ruled non-germane. We are concerned that the extension of the authorization for appropriations contained in this legislation, without clarification and clear legislative intent, would result in the perpetuation of policies that have, to us, signalled an unjust and illegal application of the asylum laws.

The Committee has decided to defer an examination of the definition of refugee found in the Refugee Act of 1980—"a person . . . who is persecuted or has a well founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion."

A person abroad who wishes to enter this country as a refugee must meet this definition. A person who has entered the United States and wishes to remain here as an asylee has to meet the same definition. These determinations must be made on a case-by-case basis.

The Committee has also rejected an attempt to amend the language of the legislation, by inserting the words "or economic" after "social" in the refugee definition, by which several members sought to clarify the legislative intent of this bill.

We believe that there is sufficient evidence that the current definition is not being uniformly applied.

While members of the full Committee have individually expressed their deep concerns over the lack of balance and uniformity in the application of the refugee definition, especially where the treatment of Haitian and Salvadorn refugees is compared with refugees from other nations, the Committee Report fails to note these concerns. It also fails to address the racial and political discrimination upon which such imbalances appear to be based. In addition, the Committee Report falls short in addressing the question of due process in the treatment of Haitian refugees, many of whom have been detained for up to 11 months.

From evidence collected by the Committee, it is clear that U.S. foreign policy toward a particular country, rather than whether the person actually meets the refugee definition, determines whether an applicant is determined to be a refugee or an asylee. Instead of a true case-by-case determination of a person's submission, applications are being judged on what is, in essence, a blanket basis.

Last year, the Committee challenged the Administration when, for a time, it classified all people leaving Vietnam, Laos, and Kampuchea as refugees, regardless of whether they met the refugee definition. At the present time, there is a great deal of legitimate concern about the treatment of applicants for asylum who have left Haiti and El Salvador. The number of asylum cases processed for people from these countries has been minimal—both because of legal entanglements and because of a shortage of Administration personnel assigned to proceed the cases. Even with such a small number of cases, however, the refusal rate for such applicants has been very high. This indicates to us that the refugee definition in the Refugee Act of 1980 is not being uniformly applied.

We are particularly concerned that the wide latitude of the Immigration and Naturalization Service in applying the term "refugee" may mask racial discrimination in the cloak of regulatory and political discretion, and that the selective detention of Haitian refugees is illegal and unjust.

Our concern over these questions is premised on several circumstances:

The INS, contending that Haitian refugees are fleeing economic hardship, not political persecution, have classified the great majority of Haitians in this country as not being eligible for political asylum. At the same time, refugees from other countries are routinely processed as political refugees and allowed to remain in the U.S. without detention.

In an analysis of the INS application of the detention rule, covering the treatment of illegal aliens between August 1 and November 1, 1981, it was found that all non-Haitians who sought political asylum after May 20, 1981, were released into the community regardless of their illegal status. At the same time, 93 percent of the Haitians entering Florida under the same conditions were detained.

The INS has accepted only seven of the more than 6,000 Haitians who have requested entry into the United States as political refugees. Approximately 5,600 cases of Haitian refugees seeking asylum are still pending.

The decision last August by the INS to strictly enforce the immigration regulations, which had been routinely waived by previous Administrations, particularly in the face of a large influx of refugees, was principally aimed at discouraging the Haitian refugees. This abrupt change in policy has, since August, been applied almost exclusively to Haitians.

There has been no detention policy for immigrants in the United States since 1954, when the INS closed the Ellis Island facility.

In a larger context, we are concerned that as of April 1982, only nine Latin American refugees have been admitted to the United States, despite a refugee allocation of 3,000 admission slots.

Additionally, we are deeply distressed at the continued lack of U.S. recognition of the plight of African refugees, who comprise half the world's refugee population. The six million men, women and children who live as refugees on the African continent continue to receive a low priority in terms of admissions and processing in comparison to refugees from other areas of the world.

The treatment by the U.S. of Haitian and other non-white asylum-seekers appears to be in violation of United Nations Protocol relating to the status of refugees, to which the United States is a party, and to the Refugee Act of 1980. Evidence exists, in the case of both Haitians and others, to suggest that the asylum laws are being applied in a discriminatory fashion. For example, the present detention policy, which is applicable only to Haitian nationals, stands in direct contradiction to Article 3 of the 1951 Convention relating to the status of refugees which states:

"The contracting states shall apply provisions of this Convention to refugees without discrimination on the basis of race, religion or country of origin."

Given the socio-political dynamics in Haiti and the pattern and practice of human rights abuses within Haiti, it is reasonable to assume that numbers of Haitian nationals applying for asylum or refugee status would have been found to have meritorious asylum claims and to qualify under the Refugee Act of 1980 if there had been fair hearings and due process.

The U.S. treatment of Haitians also appears to violate Article 33 of the 1951 Convention, which mandates that "no contracting states will expel or return (refouler) a refugee in any manner, whatsoever, to the frontiers or territories where his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social group or political opinion."

A historical and legal commitment to equal protection of the law and of offering asylum to those fleeing persecution requires that our domestic laws, as well as observance of international legal obligations, be applied in a non-discriminatory fashion.

Article 31 of the 1951 Convention requires that "refugees unlawfully in the country of refuge" shall not be punished for their presence in the country of refuge:

"The contracting states shall not impose penalties on account of their illegal entry or presence on refugees who coming directly from a territory where their life or freedom was threatened in the sense of Article 1, enter or are present in their territory without authorization provided they present themselves without delay to the authorities and show good cause for their illegal entry of presence."

We are concerned that eleven months of detention for Haitian asylum-seekers does injury also to our national commitment to equal protection under the law. No other nationality or race of refugees or asylees has suffered such systematic, long-term detention in U.S. history.

We also believe that the evidence of gross due process violations by the Immigration and Naturalization Service against Haitian and other asylum-seekers warrants full investigation. Such actions are unacceptable, and must be prevented.

We urge the Administration to end its discriminatory policy of detention against Haitians. We also urge the Administration, and especially the Attorney General, to work with other relevant government agencies, and public interest groups concerned about the detained asylum applicants, to develop a controlled, sponsor release program which would allow the asylum applicants to reside in the community pending consideration of the claim, but would still give the Attorney General reasonable assurance that the applicants would appear for administrative and judicial proceedings when their cases are scheduled.

We urge the Administration to respect the principle of non-refoulement of refugees, and to re-examine its policies regarding the non-white refugees of the world.

Finally, we urge this Committee to take prompt action to examine the processes under which "refugee" status is determined, and to take appropriate steps to ensure that the implementation of U.S. refugee policy is carried out uniformly and judiciously. We urge the Committee to convene thorough oversight hearings on this question at the earliest possible time.●

FINANCIAL DISCLOSURE STATEMENT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 5 minutes.

● Mr. **KASTENMEIER**. Mr. Speaker, as required by Public Law 95-521, the Ethics in Government Act of 1978, I have filed the annual public financial disclosure statement. However, the statement required by law differs in several important respects from the more precise report of my financial situation which I have been disclosing annually in the CONGRESSIONAL RECORD since 1963. Thus, I am continuing my policy of reporting in the RECORD a statement on my financial condition for the calendar year 1981. This report also includes the amount of Federal, State, and local real estate taxes paid in 1981.

Statement of financial condition—Dec. 31, 1981

Checking account with the Sergeant at Arms, House of Representatives	$1,491.87
Cash	49.41
Securities (stocks, bonds, etc.)	(1)
Residential real estate:	
Arlington house and lot (1981 assessement)	193,700.00
Less mortgage	$15,900.54
Equity	177,799.46
Sun Prairie house and lot	29,000.00
Improvements	1,766.00
Back lot	1,200.00
Sewer and water improvements	4,789.00
Total	36,755.00
Less mortgage	14,392,85
Unpaid sewer and water assessments	1,538.00
Total	15,930.85
Equity	20,824.15
Household goods and miscellaneous personalty	8,000.00
Miscellaneous assets, deposits with the U.S. civil service retirement fund through December 31, 1981, available only in accordance with applicable laws and regulations	69,146.07
Additional retirement fund deposit	1,130.00
Cash value	(1)
Cash surrender value of life insurance:	
On the life of Robert W. Kastenmeier	(1)
On the life of Dorothy C. Kastenmeier	544.00
Deposit, Donaldson Run	400.00
Automobiles:	
1976 Oldsmobile	900.00
1978 Mercury	3,000.00
Total assets	213,008.89
Less personal notes, National Bank of Washington	4,500.00
Net worth	208,508.89
Taxes paid in 1981:	
Federal income tax	17,251.35
Wisconsin income tax	4,930.00
Federal employers tax	138.74
Arlington County real estate tax	1,859.52
Sun Prairie real estate taxes, including assessments	1,863.11
State sales taxes and duty	386.60
Total taxes	26,429.32
Less tax refunds	311.34
Net taxes	26,117.98
1981 Income (in addition to congressional salary)	(1)
Gross rent, Sun Prairie house	3,540.00
Honoraria (5)	3,600.00
Total	7,140.00

[1] None.

I also am reporting on the separate estate of my wife, Dorothy C. Kastenmeier, which is not subject to my control and thus, not necessarily required to be reported. Fair values are estimated and certain interests in property are subject to life estates in others:

Unimproved land, 129 acres, Chireno, Tex	$10,000
Unimproved land, 160.5 acres, Nacogdoches, Tex	10,000
Frame house and lot, 413 Myrtle Street, Nacogdoches, Tex	12,000
Lot and building, 106 Marilyn Street, Nacogdoches, Tex	12,000
158 shares, Fredonia State Bank, Nacogdoches, Tex	$6,320
Total	50,320
Rental income	690●

MR. ANNUNZIO'S OLYMPIC COIN SUBSTITUTE

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. **ANNUNZIO**. Mr. Speaker, tomorrow I will offer a substitute to S. 1230 to provide for the minting of official U.S. coins to commemorate the 1984 summer Olympics to be held in Los Angeles and raise money for our athletes. Unlike S. 1230, my substitute will result in absolutely no cost to the Federal Government.

The substitute calls for the minting of two traditional silver dollars, one in 1983 and one in 1984. In addition, the first U.S. gold coin in 50 years would be authorized for minting in 1984. All three coins would be struck in both proof and uncirculated condition, for a total of six different varieties.

The silver coins would be sold at a price that would recover the face value, the cost of manufacture and the cost of the silver. It would also include a $10 per coin surcharge. The gold coin would be priced similarly, but would include a $50 per coin surcharge. The surcharges would be split evenly between the U.S. Olympic Committee and the Los Angeles Olympic Organizing Committee. The Los Angeles Olympic Organizing Committee would use the money to stage and promote the 1984 summer games. The U.S. Olympic Committee would use the money to train Olympic athletes, promote local and community amateur athletics, and erect training facilities.

The substitute goes to great lengths to protect the taxpayer from any costs in this program. My substitute is the only proposal that meets the General Accounting Office criteria for sales of these coins. According to the General Accounting Office, S. 1230 would cost the Government up to $260 million in foregone revenues. The supporters of these other proposals can call these numbers what they will, but they cannot change the fact that under those bills the taxpayer is indirectly financing the Olympics.

This substitute, unlike S. 1230, would provide money to the local levels of amateur athletics. My substiture helps not only Olympic athletes, who are the cream of the competitors, but also the thousands of grassroot high schools, sport clubs, and leagues which provide initial athletic training. It is those community programs that were inevitably the first step on Olympians road to greatness.

The substitute has a place for private marketers. The rights to market the coins overseas would be awarded to a marketing organization chosen by the Secretary of the Treasury, the executive director of the U.S. Olympic Committee and the Los Angeles Olympic Organizing Committee. The award of overseas rights is recognition that others know the foreign market in a way to make foreign sales successful.

Within the United States, the Treasury would offer the coins directly to the public. Even here, however, I provide a role for private enterprise. The bill provides for discounted sales for bulk purchasers. The discount would reflect the saving to the Treasury of not having to individually market those coins. Any organization that wishes to buy coins in bulk and resell them to the public can do so. Competition is the American way.

I am totally opposed to exclusive marketing in the United States because that is diametric to our free enterprise, free market system, in which all can compete. My substitute is faithful to this American principle and encourages private marketing, but it is private marketing in the free market. It is not a grant of a monopoly to a single private marketer of the constitutional power to coin money.

Not only does my substitute meet the General Accounting Office objections, but it specifically directs the Secretary of the Treasury to take all actions necessary to assure that the coin program will not cost the taxpayer one penny. In addition, the Secretary is required to certify, every quarter, that he is in compliance with this directive.

I am firmly committed to an Olympic coin program. But I am equally committed to having a coin program in which all of the proceeds go to the athletes instead of to private companies, and one in which there is no cost to the Federal Government. We surely cannot afford to throw $260 million away when we have a superior choice.●

LEGISLATION TO ENCOURAGE COLLECTION OF INFORMATION ON FOREIGN HI-TECH ADVANCES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Stark) is recognized for 5 minutes.

● Mr. STARK. Mr. Speaker, I am today introducing legislation which will assist in keeping American technology competitive in a rapidly changing world economy. This legislation provides a temporary tax credit for 10 percent of the cost of collecting scientific and technological data in a foreign country.

Mr. Speaker, we are all too familiar with our recent history. Foreign countries have carefully copied and modified our technological advances and have then returned to sell our own products to us. The countries that have been most successful at it have been roundly praised. Yet, we have no effort to learn from those who have been the most successful at exploiting our advances. Neither the American Government nor American companies have made any serious effort to tape the scientific or technological advances of other countries. To ignore the wealth of information they have to offer is just plain foolish. My bill would provide a credit for the expenses incurred in the collecting, translating, and dissemination of scientific or technological papers of any foreign country which is a member of the Organization for Economic Cooperation and Development.

This type of information is not only helpful for domestic markets, but is vital if we are to compete in difficult foreign markets. The Wall Street Journal reported on May 12, Japanese markets are becoming more accessible to American exports. If we are to succeed, we must have a detailed understanding of our competitors, of their production methods, their methods of product development, and their most recent technological advances. It is my hope that this legislation will foster wide dissemination of this kind of information. My bill will provide a much needed incentive for companies to establish in foreign countries a method for collecting and translating such information.

This is a new concept, and I hope that we will be able to hold hearings on it before my Select Revenue Measures Sucommittee later this year. At that time, we can explore what American companies are doing in Japan, Germany, and other high-technology countries to collect university, government, and private research papers and disseminate them to companies and trade associations in the United States. If, as I suspect, not enough is being done then this bill which is limited to a 5-year test could be helpful in making American companies more aware of scientific and technical advances abroad.

This method of information collecting has been used by other nations—such as the Japan Productivity Center—to collect information in the United States. It is clearly time that we ourselves began the process in other countries.

The text of the bill follows:

H.R. 6435

A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for the expenses of collecting certain types of scientific data in foreign countries

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44G the following new section:

"SEC. 44H. CREDIT FOR FOREIGN DATA COLLECTION EXPENSES.

"(a) General Rule.—In the case of a corporation, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the foreign data collection expenses paid or incurred by the corporation during the taxable year.

"(b) Foreign Data Collection Expenses.—For purposes of this section—

"(1) In general.—Except as otherwise provided in this subsection, the term 'foreign data collection expense' means any amount—

"(A) which is paid or incurred for purposes of collecting, translating, or disseminating scientific or technological papers or other materials of any foreign country which is a member of the Organization for Economic Cooperation and Development, and

"(B) which is attributable to activities conducted in such foreign country.

"(2) Credit available for amounts paid to certain organizations.—

"(A) In general.—The term 'foreign data collection expense' includes any amount paid or incurred to a qualified organization solely for purposes of being used by such organization to pay data collection expenses of such organization.

"(B) Qualified organization.—For purposes of subparagraph (A), the term 'qualified organization' means any organization described in paragraph (3) or (6) of section 501(c) and exempt from tax under section 501(a).

"(3) Treatment of certain capital expenditures.—The term 'foreign data collection expense' shall not include any amount paid or incurred for the acquisition or improvement of land or for the acquisition or improvement of property which is of a character subject to the allowance for depreciation; except that allowances for depreciation shall be treated as expenses.

"(c) Limit Based on Amount of Tax.—The credit allowed by this section for any taxable year shall not exceed the amount of the tax imposed by this chapter for such taxable year reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43.

"(d) Election To Have Section Not Apply.—This section shall not apply to any taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year. Such an election shall be made at such time and in such manner as the Secretary shall by regulations prescribe.

"(e) Certain Corporations Excluded.—For purposes of this section, the term 'corporation' shall not include—

"(1) an electing small business corporation (as defined in section 1371(b)),

"(2) a personal holding company (as defined in section 542), and

"(3) a service organization (as defined in section 414(m)(3)).

"(f) Termination.—This section shall not apply to any amount paid or incurred after the date 5 years after the date of the enactment of this section."

(b) Section 280C of such Code (relating to denial of deduction for portion of wages for which credit is claimed under section 40 or 44B) is amended by adding at the end thereof the following new subsection:

"(C) Rule for Section 44H Credit.—No deduction shall be allowed for that portion of the foreign data collection expenses (as defined in section 44H(b)) paid or incurred during the taxable year which is equal to the amount of the credit allowable for the taxable year under section 44H (determined without regard to subsection (c) thereof)."

(c)(1) The section heading for section 280 C of such Code is amended to read as follows:

"SEC. 280C. EXPENSES FOR WHICH CREDITS ARE ALLOWABLE."

(2) The table of sections for part IX of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 280C and inserting in lieu thereof the following:

"Sec. 280C. Expenses for which credits are allowable."

(3) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after section 44G the following:

"Sec. 44H. Credit for foreign data collection expenses.

(d) The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act in taxable years ending after such date.●

STATEMENT OF CONGRESSMAN WILLIAM D. FORD ON THE FIRST BUDGET RESOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. Ford) is recognized for 5 minutes.

BEST COPY AVAILABLE

● Mr. FORD of Michigan. Mr. Speaker, the first budget resolution approved by the budget committee contains a provision that would cap cost-of-living adjustments for retired Federal workers and military personnel. On the face of it, this singles out these retirees for unfair treatment since COLA's would not be capped for other retirees.

It is my intention, and that of many of my colleagues, to redress this inequity by amending the budget resolution when it comes to the floor. It is our hope that the Rules Committee will adopt procedures that will permit this amendment to be in order to any of the substitute resolutions where it may be relevant.

I am confident that the Rules Committee will see the importance of a rule to permit this procedure.

"EXCHANGE FOR PEACE" PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. Udall) is recognized for 10 minutes.

● Mr. UDALL. Mr. Speaker, I am introducing today a House joint resolution calling upon the United States and the Soviet Union to initiate an "Exchange for Peace" program. Under its terms, qualified young people—between the ages of 15 and 19—would have an opportunity to study, work and travel in the other country.

Let me explain its purpose.

Some years ago, David Crozier, a Peace Corps volunteer serving in Colombia, wrote his parents saying, "Should it come to it, I had rather give my life trying to help someone than to have to give my life looking down a barrel at them." A short time later, David Crozier died in an airplane accident. His message, however, lives on. Even as David Crozier sought to find a peaceful means of addressing the world's problems, so too should we.

In recent weeks there has been increasing talk in this House and in this country about the nuclear arms race and the danger of nuclear war. Much of the debate has centered on the proposed nuclear freeze and the resumption of strategic arms reduction talks.

Arms control, or course, is important. Very important. But we must also seek other means of making nuclear war unthinkable. Even old cold-war warriors like Nixon and Kissinger recognized the importance of establishing a "web of relationships." They were right. We need all kinds of commercial, cultural, and athletic relationships between the Soviet Union and the United States. We need to establish broader people-to-people contacts and interests. We can sell them grain and nonsensitive technology that they would get from other countries anyway. I would love to see the Soviets begin to get accustomed to good old American steaks and fried chicken.

Until the Afghanistan invasion, we cooperated with the Soviets in athletics. In the past, we have had joint space missions, exchanges of ballet and drama companies and other common endeavors. We need to build more such bridges of understanding.

We must stop treating the citizens of the Soviet Union as some kind of subhuman species and suggesting that they do not care about wiping out 100 million of their people if they can get 105 million of ours.

We are all sharing this planet together and we have to work together if we are to save it. We have to recognize our common interests. Lyndon Johnson found a way to get through to Kosygin at the Glassboro Summit—they talked about their children and their grandchildren. Jimmy Carter did the same thing when he brought Begin and Sadat together at Camp David; when breakup was near, he talked about their children and their interest in peace.

So let us get busy building more bridges of understanding. The resolution that I am introducing today would help to build one more bridge of understanding. It calls for the creation of a United States-Soviet youth exchange program. It would be administered by a joint United States-Soviet Exchange for Peace Commission to be composed of civic, educational, and cultural leaders from both countries. It would be financed by both government and private-source contributions. The program should aim at an initial enrollment of 2,000 young people from both countries. Half of those young people should come from the families of prominent civic, educational, cultural, and political leaders. Finally, there should be some provision requiring a widespread geographical distribution of the participants.

Would such a program stop a nuclear war? Perhaps not. It would, however, help to make nuclear war "unthinkable" for this generation and future generations to come. It is, I think, a small but important step toward genuine and lasting peace between our two countries. I urge my colleagues to join me in support for this initiative.●

THE PENSION EQUITY TAX ACT OF 1982, H.R. 6410

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Rangel) is recognized for 10 minutes.

● Mr. RANGEL. Mr. Speaker, today I am introducing H.R. 6410, the Pension Equity Tax Act of 1982. The legislation would make a number of important changes in the tax treatment of employee benefit plans. A major objective of the bill is to provide greater tax incentives for the comprehensive inclusion of the broadest possible class of employees in tax-subsidized pension and statutory fringe benefit plans.

A second major objective of the legislation is to reduce the excessively high tax limits on tax-free accumulations under corporate pension plans. Present law permits employer deductions for the funding of two types of corporate pension plans—defined contribution plans and defined benefit plans.

The current law limit for tax-deductible contributions to a defined contribution plan—for example, a profit-sharing plan where an employee's benefit is the balance of an account—is $45,475. In the case of a defined benefit plan—a pension plan specifying a stated benefit upon retirement, often based on pay and length of service, and where the employer funds the plan to meet that benefit obligation—the law permits tax-deductible contributions sufficient to fund an annual benefit at age 55 of $136,425. Both the defined contribution and defined benefit plan limits are adjusted annually by a cost-of-living factor.

At a time when the Congress is considering significant reductions in direct Government expenditures in a variety of entitlement and discretionary grant programs, I do not believe we can in fairness ignore the indirect tax expenditure side of Government subsidies. Discussions of COLA freezes and benefit program reductions should apply equally to Government spending through the tax system.

I would like to briefly summarize the major provisions of the Pension Equity Tax Act of 1982 for the Record.

The legislation would amend current law with respect to contribution and benefit limits on qualified pension plans in several ways.

First, the bill reduces the deductible limits from $45,475 and $136,425 to $30,000 and $90,000. This reduction maintains the present 3-to-1 ratio of defined benefit-to-defined contribution plans.

Second, the bill repeals the annual cost-of-living indexing of these limits.

Third, in cases where there is provided both a defined benefit plan and a defined contribution plan, the current law allowable ratio of 1.4, or 140 percent, of the separate plan limits would be reduced to 1. This reflects what I believe is the correct policy result; that is, the law should not allow a disregard for those limits merely because benefits are provided under two types of plans rather than one. I think it is important to point out that, while the legislation reduces the allowable section 415 limits, it fully preserves all the accrued benefit rights of individuals who have earned more than the new limits before 1984.

Fourth, the bill provides that if the defined benefit plan provides benefits prior to age 65—versus age 55 under current law—the $90,000 limit is reduced to reflect the earlier retirement age.

The bill includes provisions that would extend the Keogh plan rules with respect to loans to key employees under corporate plans. Loans from a corporate pension plan to a key employee—officers, 5 percent owners, highly paid—would be treated as a distribution from the plan and be considered as ordinary income to the employee.

A very important provision of the legislation deals with the coordination or "integration" of private pension plans and social security. Under present law some would argue that the tax qualification rules for pension plans allow excessive reductions of plan benefits or contributions for rank-and-file workers in recognition of employer-provided social security benefits. The bill rationalizes this coordination with simpler, but more precise, rules and limits employer plan reductions to no more than employer-attributable contributions to social security for the employee. The legislation also provides an alternative, simple safe-harbor test for integrating defined benefit plans.

A present law problem addressed by this bill involves the disparity in contribution limits for plans covering self-employed individuals, Keogh plans, and those for plans covering only employees, typically, corporate employees. The $30,000 difference today provides a purely tax-motivated incentive for partners and sole proprietors to incorporate. In light of the reduction to $30,000 in the defined contribution limits for employees I am today proposing, the bill addresses this parity issue in a responsible fiscal and policy manner by raising the deductible limits for Keogh plans to $30,000.

Hand in hand with this change, however, the legislation would require that professional service corporations come under the present law rules applicable to self-employed plans. Among other things, these rules set minimum participation standards, require immediate vesting, and establish certain distribution limits and loan prohibitions. It is a central policy objective here, consistent with the thrust of the overall bill, that the tax subsidy provided to such plans be distributed in an equitable and nondiscriminatory fashion amongst the work force.

This nondiscrimination policy is embodied in another provision of the bill which applies uniform nondiscrimination standards to tax subsidized statutory employee fringe benefit plans. A number of these fringe benefits, from health insurance to vanpooling, are provided for in the Internal Revenue Code. The bill would establish a simple mechanical test for testing whether a plan discriminates in favor of key employees. In addition, the bill would require that where a plan fails the discrimination test only the key employees would recognize income on their pro rata share of the benefits.

Finally, the bill places a limit on the estate tax exclusion for annuities paid to a beneficiary under retirement programs. This is an unlimited exclusion under current law and the bill would place a cap on that exclusion at $500,000.

Mr. Speaker, as I noted earlier, this important piece of legislation has two principal objectives.

It broadens the base of those being asked to accept benefit reductions through Government spending cuts by including those who substantially benefit through tax expenditure Government spending. Also as a matter of policy, I believe that the $30,000 and $90,000 amounts for tax-deductible pension plans are entirely rational and defensible limits for Government involvement in employee plan development. This legislation by no means attempts to curtail or cap pension plan saving; however, the efficiency and equity of Government expenditures for pension savings beyond the levels set in this bill must be seriously questioned.

Our current tax system provides a number of generous tax subsidies to various employee benefit arrangements. Those who benefit most from these subsidies—due to their tax bracket—are the highest paid employees and owners. This legislation reinforces a principle of our tax system that the price of this publicly provided benefit properly should be the nondiscriminatory provision of these benefits to all workers. As the late President Kennedy once remarked, "A rising tide lifts all boats."

Mr. Speaker, it is my understanding that Chairman ROSTENKOWSKI of the Committee on Ways and Means is today announcing a public hearing on H.R. 6410, the Pension Equity Tax Act of 1982, for Tuesday, June 8, 1982.

A detailed section-by-section technical analysis of the bill follows:

Explanation of H.R. 6410, the Pension Equity Tax Act of 1982

SECTION 1. SHORT TITLE

SECTION 2. OVERALL LIMITS ON CONTRIBUTIONS AND BENEFITS

In order to limit the extent to which individuals can use tax-favored arrangements to provide for retirement, the plan qualification rules provide overall limits on contributions and benefits under qualified pension, etc., plans.

Under a defined contribution plan (e.g., a profit-sharing plan) the qualification rules provide an overall limit on the annual additions with respect to each plan participant. Generally, the annual addition (consisting of employer contributions, certain employee contributions, and forfeitures allocated from the accounts of other participants) is limited to the lesser of (1) 25 percent of compensation for the year, or (2) $25,000 adjusted for inflation (CPI) since 1974. The limit is $45,475 for 1982.

Under a defined benefit pension plan, the annual benefit derived from employer contributions which may be provided for the life of a participant is subject to an overall limitation of the lesser of (1) 100 percent of average compensation, or (2) $75,000, adjusted for inflation (CPI) since 1974. The limit is $136,425 for 1982.

The annual benefit is the equivalent of a retirement benefit for the life of the employee, beginning at age 55 or later, and without regard to certain survivor benefits. If the retirement benefit begins before age 55, the annual benefit limitation is reduced to the actuarial equivalent of the full limit.

If a participant is covered by both a defined contribution and a defined benefit plan of the same employer, that participant's aggregate limit is equal to 140 percent of the separate limits otherwise applicable to each plan (e.g., if the defined benefit plan provided benefits equal to 90 percent of the separate defined benefit limit, the maximum amount which could be contributed to a defined contribution plan would be 50 percent of that separate limit).

Under the bill, several changes would be made to the overall limitations on contributions and benefits. First, the maximum dollar limitations would be reduced from $136,425 and $45,475 to $90,000 and $30,000. Second, those dollar amounts would no longer be subject to automatic cost-of-living increases. Third, the aggregate limit applied to a participant covered by both a defined contribution and a defined benefit plan maintained by the same employer would be reduced from 140 percent to 100 percent of the otherwise applicable separate limits. Finally, under the bill, if the retirement benefit under a defined benefit plan begins before age 65, the $90,000 limitation would be reduced so that it is the actuarial equivalent of an annual benefit of $90,000 beginning at age 65.

The bill also provides that post-retirement medical benefits provided with respect to a plan participant (including post-retirement benefits provided a spouse or dependent of an employee) are to be taken into account in determining whether plan benefits exceed the $90,000 annual limit. It is intended that, under regulations prescribed by the Secretary of the Treasury, the aggregate amount of post-retirement medical benefits payable with respect to a retiree could not exceed the amount which would be required to provide an annuity for the life of the retiree equal to the $90,000 limit less the annual retirement benefit payable to the retiree under the plan.

For existing plans, the provision would apply to years ending after December 31, 1983. For new plans, the provision would apply to years after enactment.

SECTION 3. LOANS TO PLAN PARTICIPANTS

A qualified pension, etc., plan generally is permitted to make a loan to a plan participant if certain requirements are met. Generally, the loan must bear a reasonable rate of interest, be adequately secured, provide a reasonable repayment schedule, and be made available on a basis which does not discriminate in favor of employees who are officers, shareholders, or highly compensated. However, an H.R. 10 plan is not permitted to lend to an owner-employee (a sole proprietor or a partner whose partnership interest exceeds 10 percent). Also, if a self-employed individual (whether or not an owner-employee) participating in an H.R. 10 plan borrows from the plan or uses an interest in the plan as security for a loan, the transaction is treated as a plan distribution, and the usual tax rules for distributions apply.

The bill would replace the present law loan restrictions with uniform rules applicable to all qualified pension, etc., plans, including those of corporate employers. Under the bill, if a key employee receives a loan from a plan or uses an interest in the plan as security for a loan, the amount received or pledged would be treated as a distribution for income tax purposes.

Key employees generally would include employees who are officers, those with more than a 5-percent ownership interest in the employer maintaining the plan, and those who are among the highest paid 15 percent of the employer's employees.

For purposes of the loan rules, an employee who elects to defer amounts pursuant to a qualified cash or deferred arrangement under a qualified plan would be treated as a key employee with respect to amounts attributable to the elective deferrals. Also, an employee for whom an employer purchases a tax-sheltered annuity contract would be considered a key employee with respect to the contract.

SECTION 4. INTEGRATION WITH SOCIAL SECURITY

Under the tax qualification rules, a pension, etc., plan must not discriminate in favor of employees who are officers, shareholders, or highly compensated by providing them with contributions or benefits that are a higher percentage of their pay than the contributions or benefits provided for other employees. A plan can qualify if either contributions under the plan or benefits under the plan satisfy the nondiscrimination rules.

Under present law, in determining whether pension plan benefits, as a percentage of pay, discriminate in favor of employees who are highly compensated, the portion of each employee's social security benefits considered provided by the employer may be taken into account. If those social security benefits and the employer-provided benefits under the plan, when added together, do not provide a discriminatory benefit, the benefits under the plan are considered as not discriminating in favor of highly compensated employees. Such a plan is said to be integrated with social security.

Under social security integration rules promulgated by the Internal Revenue Service, an employee's annual pension benefit may be reduced by up to 83⅓ percent of the primary insurance amount (PIA) to which the employee is entitled under social security.

Under the integration rules for defined contribution plans (e.g., profit-sharing plans) social security benefits are taken into account by reducing contributions with respect to the portion of an employee's pay subject to the social security tax (the social security taxable wage base). The Internal Revenue Service has determined that the employer's cost of providing social security benefits is 7 percent of the taxable wage base (in 1982, $32,400). Accordingly, an integrated profit-sharing plan could provide contributions of 7 percent of 1982 pay in excess of $32,400, and no contributions with respect to the first $32,400 of pay. Alternatively, it could provide for contributions of 10 percent of pay over wage base and 3 percent of pay up to the wage base. For 1982, the employer's actual tax rate with respect to old age, survivors and disability insurance (OASDI) under social security is 5.4 percent of the first $32,400 of pay.

The bill would revise the social security integration rules to insure that an employer may reduce pension plan benefits by no more than the employee's social security benefits directly attributable to the employer-provided contributions to the social security system for the employee. The bill would permit an employee's annual pension benefit to be reduced by no more than an amount equal to the annual benefit which could be purchased with the aggregate social security (OASDI) taxes actually paid by the employer on behalf of the employee. Thus, an employee's pension benefit could not be reduced on account of social security benefits properly attributable to taxes paid by prior employers or to the "insurance" feature of social security under which benefit levels are set without regard to the sum of the actual taxes paid on behalf of the beneficiary.

Under the bill, the Secretary of the Treasury is to prescribe regulations for converting the aggregate social security taxes paid by an employer to an equivalent annual pension benefit. Of course, these rules would provide for compounding the annual employer OASDI taxes at an appropriate interest rate.

The bill also provides an alternative "safe-harbor" rule for defined benefit pension plans. Under this rule, a plan would be considered properly integrated with social security if (1) the rate of contributions or benefits for pay in excess of $30,000 but less than $60,000 was not more than twice the rate for pay below $30,000, and (2) the rate for pay in excess of $60,000 is not greater than the rate for pay less than $30,000. Thus, under the alternative safe-harbor rule, a plan could provide a simplified benefit or contribution formula which need not take into account actual social security taxes paid by the employer on behalf of individual employees.

With respect to profit-sharing and other defined contribution plans, the bill permits an employer to reduce plan contributions on behalf of an employee by no more than an amount equal to the employee's taxable wage base multiplied by the actual social security (OASDI) tax rate (5.4 percent for 1982, 1983 and 1984).

Under the bill, the new social security integration rules for profit-sharing and other defined contribution plans would apply to plan years ending after December 31, 1983. For defined benefit pension plans, the new rules would apply only with respect to employees who become plan participants after December 31, 1983.

SECTIONS 5 AND 6. SPECIAL RULES APPLICABLE TO PLANS COVERING SELF-EMPLOYED INDIVIDUALS AND CERTAIN EMPLOYEES OF PROFESSIONAL SERVICE CORPORATIONS

Under present law, a pension or profit-sharing plan which covers a self-employed individual (an H.R. 10 plan) is subject to special rules which are in addition to the Code's other tax qualification requirements. Under these special rules, annual employer contributions to a profit-sharing or other defined contribution plan on behalf of a self-employed individual are employer contributions to a qualified defined benefit which can be provided excluded from the gross income of a self-employed individual are limited to the lesser of $15,000 or 15 percent of compensation. A corresponding limit applies to the benefits which can be provided a self-employed individual under a qualified defined benefit pension plan. These limits are generally lower than the overall limits on contributions and benefits which apply with respect to all employees under qualified plans.

H.R. 10 plans which cover an owner-employee (a sole proprietor or a partner whose partnership interest exceeds 10 percent) are required to meet additional special standards. These special standards—

(1) generally require that the plan benefit all employees who have completed at least three years of service with the employer;

(2) require than an employee's rights to plan benefits are nonforfeitable at the time the contributions are made (i.e., the plan must provide full and immediate vesting);

(3) specially limit (or, in some cases, preclude) integration of the plan with social security;

(4) require that the trustee of a trust forming a part of the plan be a bank or other qualifying financial institution;

(5) limit (or in some cases preclude) voluntary nondeductible contributions to the plan by an owner-employee;

(6) generally prohibit the payment of benefits to an owner-employee before the owner-employee attains age 59½;

(7) require that the payment of plan benefits to an owner-employee begin no later than the taxable year in which the owner-employee attains age 70½; and

(8) require that benefits payable with respect to a deceased owner-employee generally be paid to the beneficiary within five years after the employee's death.

In addition, under the income tax rules, if an owner-employee receives a distribution from an H.R. 10 plan before reaching age 59½ or becoming disabled, the amount of the distribution includible in gross income is subject to an additional 10-percent income tax, and generally no contributions may be made to an H.R. 10 plan on behalf of the owner-employee for the five taxable years following the taxable year of the distribution.

The bill increases the deduction limit for employer contributions to defined contribution H.R. 10 plans from $15,000 to $30,000. The 15-percent limit on contributions is not changed. A conforming change increases permitted benefit accruals under a defined benefit H.R. 10 plan.

In addition, under the bill, certain of the special owner-employee H.R. 10 rules, including those relating to participation, vesting, and certain restrictions on contributions, benefits, and distributions, would be expanded to apply to all H.R. 10 plans (i.e., to plans covering partners whose individual partnership interests do not exceed 10 percent).

Finally, the bill would supply the H.R. 10 rules to plans of professional service corporations. Any shareholder-employee of a professional service corporation would be treated as a self-employed individual, and any shareholder-employee whose ownership interest exceeds 10 percent would be treated as an owner-employee under the pension rules.

Personal service corporations subject to the H.R. 10 rules would include any corporation the principal function of which is the performance of services in the field of health, law, engineering, architecture, accounting, actuarial science, performing arts, athletics, or consulting.

These provisions generally would apply to taxable years and plan years beginning after

December 31, 1983. However, an employer could elect to apply the provisions beginning with the first taxable year and plan year beginning after December 31, 1982.

SECTION 7. STATUTORY FRINGE BENEFIT PLANS

Present law generally excludes from an employee's income the cost of the first $50,000 of employer-provided group-term life insurance. Additional income exclusions for employer-provided fringe benefits apply to (1) accident or health plans, (2) prepaid legal services plans, (3) van pooling plans, (4) educational assistance programs, and (5) dependent car assistance programs. Except with respect to group-term life insurance and benefits received under an accident or health plan (other than a self-insured medical reimbursement plan), the income exclusion does not apply if the fringe benefit plan discriminates in favor of employees who are officers, shareholders, or highly compensated.

Under present law, different rules prohibiting discrimination apply with respect to each type of plan. These rules generally prohibit discrimination as to eligibility to participate. Anti-discrimination rules for some of the plans also prohibit discrimination as to contributions or benefits. The antidiscrimination rules for the separate plans generally do not provide guidance as to when an employee is considered highly compensated or the extent of stock ownership required before an employee is considered a shareholder.

Under present law, if a plan is determined to discriminate in favor of employees who are officers, shareholders, or highly compensated, the otherwise applicable income exclusion generally is denied for all benefits paid under the plan, including those benefits paid to rank-and-file employees.

The bill would repeal the separate antidiscrimination rules now applicable to (1) self-insured accident or health plans, (2) prepaid legal services plans, (3) "van pooling" plans, (4) educational assistance programs, and (5) dependent care assistance programs. The bill would substitute uniform rules which would apply to all statutory fringe benefit plans.

Under the bill, if a statutory fringe benefit plan discriminates in favor of key employees, the fringe benefits provided to key employees under the plan would be allocated to them and would be included in their gross income. Benefits provided employees who are not key employees would remain eligible for the present-law income exclusions.

Under the bill, key employees would include employees who are (1) officers, (2) more than 5-percent owners, or (3) among the highest paid 15 percent of all employees of the employer. A discriminatory statutory fringe benefit plan would be one which discriminates in favor of key employees as to eligibility to participate, or as to the type and amounts of benefits available under the plan. The extent to which key employees, relative to other employees, actually utilize plan benefits would not be taken into account under a plan otherwise determined to be nondiscriminatory.

Under the bill, a statutory fringe benefit plan would not be considered to discriminate in favor of key employees as to eligibility to participate if (1) the plan benefits at least 70 percent of all employees, (2) at least 85 percent of all participating employees are not key employees, or (3) the plan benefits employees who qualify under a classification set up by the employer and found by the Secretary of the Treasury not be discriminate in favor of key employees. In applying these and other tests under the bill, employees of related employers would be treated as if employed by a single employer. For purposes of these rules, however, the following employees could be excluded from consideration: (1) those who have not completed 3 years of service with the employer, (2) part-time and seasonal employees, and (3) nonresident aliens who receive no U.S. income from the employer. In addition, the bill provides that employees not covered by the plan but covered by a collective bargaining agreement need not be taken into account if the benefits provided under the plan were the subject of good faith bargaining between the employer and the employee representatives.

The bill provides that a statutory fringe benefit plan would be discriminatory with respect to the benefits available under the plan unless all benefits available to participating key employees are also available to all other participating employees. Under a special rule, however, a group-term life insurance plan would not be considered discriminatory merely because the amount of life insurance provided employees bear a uniform relationship to compensation.

The provisions of the bill relating to statutory fringe benefit plan would apply to plan years ending after December 31, 1983.

SECTION 8. ESTATE TAX EXCLUSION FOR RETIREMENT SAVINGS

Under present law, benefits payable to a beneficiary of a deceased employee under a qualified pension, etc., plan, certain Federal retirement plans, or a tax-sheltered annuity are generally excluded from the decedent's gross estate to the extent attributable to employer contributions or to deductible employee contributions. Also, amounts payable to a decedent's beneficiary under an IRA generally can also be excluded from the decedent's gross estate. No dollar limit applies to these exclusions.

The bill would impose an aggregate $500,000 limit on the estate tax exclusion otherwise applicable to amounts payable under a qualified pension, etc., plan, tax-sheltered annuity, or IRA.

The provision would apply to estates of decedents dying after December 31, 1982.●

REPORT ON FEDERAL ADVISORY COMMITTEES

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. ENGLISH) is recognized for 5 minutes.

● Mr. **ENGLISH**. Mr. Speaker, the 10th Annual Report on Federal Advisory Committees, covering calendar year 1981, was sent to the Congress on April 19, pursuant to a requirement of the Federal Advisory Committee Act (Public Law 92-463).

The 141-page report, prepared by the General Services Administration, includes a brief introductory narrative; alphabetical and agency lists of committees; charts showing the number of meetings and cost of each agencies' advisory groups; a roster of agency officials responsible for advisory committee management; and an appendix which contains the text of the act and relevant executive branch documents.

Here are some of the highlights of and a bit of commentary on the report:

First. As of December 31, 1981, there were 853 advisory committees. The 1980 yearend total was 865. During the year 114 committees were terminated. However, 34 of these committees were reestablished by year's end and 68 entirely new advisory groups were also formed. Thus, there was a net reduction of 12 committees.

It is a distinct possibility that agency officials may have held back until after the first of the year, in order to make the 1981 yearend totals look good. In the first 3 months of this year, no committees were terminated and 29 new committees have been chartered, with 18 of those coming in January.

Second. The report shows a significant decrease in the costs to operate and support advisory committees in 1981. Actual costs are reported to be down some $7.3 million from the 1980 level, to $80.1 million for 1981. As I will discuss in a moment, there may be a rather simple explanation for what appears to be an 8.3-percent decrease in operation costs; a decrease which has little, if anything, to do with the claim of improved management of the committee process. But first, let me tell you about the projection that costs will not rise in 1982—that they will remain at the 1981 level.

Just a cursory examination of the summary tables included in the President's report shows that the $80.1 million estimate for 1982 operating costs pertains to continuing the 853 committees in existence at yearend 1981. During 1981, however, these same 853 committees cost only $70.7 million to operate. So, what we really have is a projected increase of 14 percent in 1982 operating costs, not any freeze in costs-and that is before the cost of any new committees is factored in. And, as I mentioned previously, 29 new committees have been created in just the first 3 months of this year.

Third. Overall, advisory committees met 3,459 times during 1981. Of those meetings 2,022 (58 percent) were open; 746 (22 percent) were wholly closed to the public; and 691 (20 percent) were partially closed. The 1981 figures for openness show a slight decrease from the 62 percent achieved last year. As in past years, the U.S. Commission on Civil Rights had the highest percentage of open meetings—all of its 180 meetings were open. And, once again, the National Endowment for the Humanities is at the other extreme, having opened just 11 of its 155 meetings to the public.

Mr. Speaker, earlier I mentioned that there might be a simple explanation for the 8.3-percent savings in operating costs claimed in the President's report. What I was referring to was that the 3,459 advisory committee meetings held last year are some 600 fewer than were held in 1980. Since the bulk of advisory committee operating expenses involve staff support, travel costs, and per diem expenses for advisory committee members, it appears that a 15-percent decrease in the number of meetings held last year more than accounts for the claimed 8.3 percent savings in operating costs.

One might even be moved to ask why costs were not down even more in 1981. Actually, if you look at this on a cost per meeting basis, costs were up in 1981. What may be even more important though, is that agencies seem to have chosen the easy way out in achieving sought after savings; they simply cut the number of meetings held last year.

According to the "findings and purposes" section of the act, advisory groups "are frequently a useful and beneficial means of furnishing expert advice, ideas, and diverse opinions to the Federal Government." It then states that "advisory committees should be terminated when they are no longer carrying out the purposes for which they were established;" that is, when they are no longer giving advice. Six hundred fewer meetings implies that many committees were called on to give less or no advice. Perhaps, some were no longer carrying out the purposes for which they were established and, therefore, should have been terminated. The result would have been real, rather than contrived savings.

Fourth. While the number of committees was down slightly at year's end, the number of individuals serving on committees increased last year by some 750 to 22,198. This change is probably not significant. However, there are some developments involving service on advisory committees that are, to say the very least, both troubling and significant.

There have been rumblings for some months that administration officials were going to great lengths to insure that those who are appointed to advisory groups have the correct perspective. I do not know what to make of this until earlier this month when a short piece appeared in the May issue of Science indicating that Secretary of Agriculture Block has enlisted the aid of the FBI to screen potential advisory committee members "for security risks and political compatibility." Then, on Friday, May 7, the Washington Post carried a story about Education and Justice Department advisory groups entitled, "Wholesale Firings Hit Advisory Councils." According to the article, the senior minority member of the House Education and Labor Committee was prompted to write the new head of the Vocational Education Council urging him to "preserve the independence and integrity of the Council."

Some checking by my staff uncovered that these actions may be even more widespread. It seems that the White House Personnel Office has requested monthly, but apparently settled for bimonthly notice on all proposed advisory committees. This, of course, enables the White House to pick the members of all new committees.

There is nothing improper with administration officials attempting to insure that their viewpoints are represented. However, stacking the membership of advisory committees to achieve political or philosophical compatibility makes a mockery of the very seeking of advice. Remember now, we are just talking about advice—if they do not like what they hear, they do not have to accept it. Moreover, the law provides—indeed, requires—that "the membership [of committees] be fairly balanced in terms of points of views presented." I hope that administration officials will reconsider actions which may violate the spirit, if not the letter, of this aspect of the law.

Because the Subcommittee on Government Information and Individual Rights, which I chair, has jurisdiction over the Federal Advisory Committee Act, I have reviewed the President's report very carefully. In the next few weeks I will be writing to agencies to ask just what is going on with their advisory groups. For example, I will ask several agencies why they even have advisory committees that never meet; how agencies such as the Commodities Futures Trading Commission and Federal Energy Regulatory Commission can spend $7,300 and $5,000, respectively, on advisory groups that never met; why it cost the nine member Federal Council on the Arts and Humanities $34,000 to hold two closed meetings; and why the seven member President's Advisory Panel on Federalism, which spent $30,000, does not check with the 14 member President's Economic Policy Advisory Board to learn how the larger group operated at half the cost.

I will also be making an inquiry concerning the absence from the collection of documents in the appendix of a regulation to assist the public and to guide agencies' compliance with the act. The absence of such guidance is particularly distressing in view of the fact that proposed rules appeared in the Federal Register some 20 months ago, in August 1980. I have heard that this is due to White House intervention. Nevertheless, statutorily, the Administrator of General Services is responsible for these regulations as well as a variety of other Government-wide advisory committee management matters. So, whether the White House is the sticking point or there is some other problem, I will be writing the Administrator of General Services concerning the long-awaited regulations.

Mr. Speaker, we frequently hear that our country's greatest natural resource is its people. The advisory committee system affords a unique opportunity for the Federal Government to tap this resource. The failure to make full and proper use of this resource through seeking the advice of well-balanced groups is at least as wasteful as spending Federal tax dollars on advisory committees that never meet. I urge my colleagues to examine the President's report and to write to the agencies in which they have a particular interest concerning any questionable advisory committee practices. Copies of the Federal Advisory Committee report can be obtained from the General Services Administration.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. JACOBS (at the request of Mr. WRIGHT), for today, on account of official business.

Mr. STANTON of Ohio (at the request of Mr. MICHEL), from April 12, on account of surgery and convalescence.

Mr. WIRTH (at the request of Mr. WRIGHT), for today until 2 p.m., on account of official business.

Mr. GRAY (at the request of Mr. WRIGHT), for today, on account of official business.

Mr. ZEFERETTI (at the request of Mr. ADDABBO), for the rest of the week, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BLILEY) to revise and extend their remarks and include extraneous material:)

Mr. LENT, for 30 minutes, on May 26.

Mr. GINGRICH, for 60 minutes, today.

Mr. GINGRICH, for 60 minutes, on May 20.

Mr. COLLINS of Texas, for 30 minutes, today.

Mr. PORTER, for 5 minutes, today.

Mr. FRENZEL, for 10 minutes, today.

(The following Members (at the request of Mrs. BOGGS) to revise and extend their remarks and include extraneous material:)

Mr. GLICKMAN, for 10 minutes, today.

Mr. FRANK, for 5 minutes, today.

Mr. CROCKETT, for 5 minutes, today.

Mr. KASTENMEIER, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. Ford of Michigan, for 5 minutes, today.

Mr. Conyers, for 60 minutes, today.

Mr. Udall, for 10 minutes, today.

Mr. Rangel, for 10 minutes, today.

Mr. English, for 5 minutes, today.

Mr. Daschle, for 60 minutes, on May 25.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Young of Florida, remarks of May 18, 1982, during general debate on H.R. 6068 in the Committee of the Whole to appear in today's Record prior to the vote on H.R. 6068; and also to be placed in their proper place in the permanent Record of May 18, 1982.

(The following Members (at the request of Mr. Bliley) and to include extraneous matter:)

Mr. Parris in three instances.
Mr. Nelligan.
Mr. Gingrich.
Mr. Napier.
Mr. Robinson in three instances.
Mr. Hollenbeck in two instances.
Mr. Moorhead.
Mr. Bailey of Missouri.
Mr. Bethune.
Ms. Fiedler.
Mr. Hartnett in two instances.
Mr. Collins of Texas in three instances.
Mr. Fish.
Mr. Kemp.
Mr. Hagedorn in two instances.
Mr. Lujan.
Mr. Fields in two instances.
Mr. Conable.
Mr. Hyde in two instances.
Mr. Gilman in two instances.
Mr. Siljander.
Mr. Philip M. Crane.
Mr. Jeffords.
Mr. Marriott.
Mr. Daniel B. Crane.

(The following Members (at the request of Mrs. Boggs) and to include extraneous matter:)

Mr. Ford of Michigan.
Mr. Yatron in three instances.
Mr. Dwyer.
Mr. Ireland.
Mr. Applegate in two instances.
Mr. Hawkins.
Mr. McDonald in five instances.
Mr. Shelby.
Mr. Stark.
Mr. Fowler.
Mr. Coelho
Mr. Sabo.
Mr. Richmond.
Mr. Hoyer.
Mr. Waxman.
Mr. Florio in two instances.
Mr. Markey.
Mr. LaFalce in two instances.
Mr. Dellums.
Mr. Roe.
Mr. Oberstar.
Mr. Won Pat.
Mr. Aspin.
Mr. Scheuer.
Mr. Hamilton.
Mr. Bedell.
Mr. Shannon.
Mr. Fazio.
Mr. Wirth.
Mr. Miller of California.
Mr. Nowak in two instances.
Mr. Lehman.
Mr. Frank.
Mr. Long of Maryland.
Mr. Guarini.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 60. Concurrent resolution disapproving the Federal Trade Commission trade regulation rule relating to the sale of used motor vehicles; to the Committee on Energy and Commerce.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1611. An act to amend Public Law 90-553, to authorize the transfer, conveyance, lease, and improvement of, and construction on, certain property in the District of Columbia, for use as a headquarters site for an international organization, as sites for governments of foreign countries, and for other purposes.

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following titles, which was thereupon signed by the Speaker:

H.R. 5118. An act to provide water to the Papago Tribe of Arizona and its members, to settle Papago Indian water rights claims in portions of the Papago reservations, and for other purposes.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 35 minutes p.m.), the House adjourned until tomorrow, Thursday, May 20, 1982, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3961. A letter from the Clerk, U.S. House of Representatives, transmitting his quarterly report of receipts and expenditures for the period January 1 through March 31, 1982, pursuant to section 105(a) of Public Law 88-454, as amended (H. Doc. No. 97-182); to the Committee on House Administration, and ordered to be printed.

3962. A letter from the Comptroller General of the United States, transmitting a report on four deferrals of budget authority as of May 17, 1982, pursuant to section 1015(a) of Public Law 93-344, (H. Doc. 97-183); to the Committee on Appropriations, and ordered to be printed.

3963. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-188, "D.C. Retirement Regulations Adoption Act of 1982", pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

3964. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-189, "Youth Employment Act of 1977 Amendment Act of 1982", pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

3965. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-190, "Presidential Inauguration Special Regulations and Rule of Interpretation Concerning Nonrevival of Statutes Act of 1982", pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

3966. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

3967. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during April 1982, pursuant to section 234 of the Legislative Reorganization Act of 1970; to the Committee on Government Operations.

3968. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend title I of the Reclamation Project Authorization Act of 1972 (Public Law 92-514; 86 Stat. 964) as amended by Public Law 96-375 (94 Stat. 1507); to the Committee on Interior and Insular Affairs.

3969. A letter from the Chairman, National Research Council, transmitting a report of the Council's Committee on Ballistic Acoustics, pursuant to a request from the Department of Justice; to the Committee on the Judiciary.

3970. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize the Secretary of the department in which the Coast Guard is operating to establish fees for Coast Guard services and for other purposes; to the Committee on Merchant Marine and Fisheries.

3971. A letter from the Executive Secretary, Department of Defense, transmitting a report on Defense Department procurement from small and other business firms for October 1981 through February 1982, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

3972. A letter from the Comptroller General of the United States, transmitting a report on needed improvements in operating and using the Army's automated facilities engineer job order cost accounting system; jointly, to the Committees on Government Operations and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Omitted from the Record of May 18, 1982]

Mr. FUQUA: Committee on Science and Technology. H.R. 6323. A bill to authorize appropriations for environmental research, development, and demonstration for the fiscal years 1983 and 1984, and for other purposes; with an amendment (Rept. No. 97-574). Referred to the Committee of the Whole House on the State of the Union.

[Submitted May 19, 1982]

Mr. DINGELL: Committee on Energy and Commerce. H.R. 6273. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act to authorize appropriations for fiscal years 1983, 1984, and 1985, and for other purposes; with an amendment (Rept. No. 97-576). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SAM B. HALL, JR.: Committee on the Judiciary. H.R. 2340. A bill for the relief of Theodore Anthony Dominguez (Rept. No. 97-577). Referred to the Committee of the Whole House.

Mr. MAZZOLI: Committee on the Judiciary. H.R. 3451. A bill for the relief of Danuta Gwozdz (Rept. No. 97-578). Referred to the Committee of the Whole House.

SUBSEQUENT ACTION ON A BILL SEQUENTIALLY REFERRED UNDER TIME LIMITATION

Under clause 5 of rule X, the following action was taken by the Speaker:

[Omitted from the Record of May 17, 1982]

The Committee on Foreign Affairs discharged from consideration of the bill (H.R. 4627).

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. KASTENMEIER: Committee on the Judiciary. H.R. 6198. A bill to amend the manufacturing clause of the copyright law; referred to the Committee on Ways and Means for a period ending not later than June 11, 1982, for consideration of such provisions of the bill as fall within its jurisdiction under clause 1(v), rule X (Rept. No. 97-575, PT. I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII public bills and resolutions were introduced and severally referred as follows:

By Mr. ARCHER (for himself, Mr. Fowler, Mr. Holland, and Mr. Jenkins):

H.R. 6407. A bill to amend the Internal Revenue Code of 1954 to treat certain interests as closely held businesses for estate tax purposes, to prevent the acceleration of estate tax installment payments in certain situations, and for other purposes; to the Committee on Ways and Means.

By Mr. BETHUNE (for himself and Mr. Emerson):

H.R. 6408. A bill to amend section 6003 of title 18 of the United States Code to make discretionary the issuance of certain compulsion orders in connection with civil cases and to provide for opportunity for a hearing before such issuance; to the Committee on the Judiciary.

By Mrs. BOGGS (for herself, Mr. Livingston, Mr. Breaux, Mr. Long of Louisiana, Mr. Moore, Mr. Huckaby, Mr. Tauzin, and Mr. Roemer):

H.R. 6409. A bill to provide for the participation of the United States in the 1984 Louisiana World Exposition to be held in New Orleans, La., and for other purposes; to the Committee on Foreign Affairs.

By Mr. RANGEL:

H.R. 6410. A bill to amend the Internal Revenue Code of 1954 to provide greater equity in, and to prevent abuse of, the tax treatment of pensions and certain other benefits; to the Committee on Ways and Means.

Mr. BREAUX (for himself, Mr. Forsythe, and Mr. Oberstar):

H.R. 6411. A bill to extend until October 1, 1988, the authority for advances to the migratory bird conservation fund; to the Committee on Merchant Marine and Fisheries.

By Mr. CARMAN:

H.R. 6412. A bill to restrict the period of time during which checks drawn on the Treasury must be presented for payment; to the Committee on Government Operations.

By Mr. COLLINS of Texas:

H.R. 6413. A bill to place a moratorium on activity of the Federal Trade Commission with respect to certain professions and professional associations until the Congress expressly authorizes such activity; to the Committee on Energy and Commerce.

By Mr. CONABLE (for himself and Mr. Shaw):

H.R. 6414. A bill to amend the Internal Revenue Code of 1954 with respect to the application of the investment tax credit at risk rules in the case of certain subchapter S corporations; to the Committee on Ways and Means.

By Mr. DECKARD:

H.R. 6415. A bill to rescind the tax benefits provided during 1981 to Members of Congress for living expenses; to the Committee on Ways and Means.

By Mr. DORGAN of North Dakota (for himself, Mr. Marlenee, Mr. Sabo, and Mr. Williams of Montana):

H.R. 6416. A bill to provide for the use and distribution of funds awarded the Pembina Chippewa Indians in dockets numbered 113, 191, 221, and 246 of the Court of Claims; to the Committee on Interior and Insular Affairs.

By Mr. FARY (for himself and Mr. Stangeland):

H.R. 6417. A bill to amend Public Law 96-432 relating to the U.S. Capitol Grounds; to the Committee on Public Works and Transportation.

By Mr. FIELDS:

H.R. 6418. A bill to amend the Internal Revenue Code of 1954 to treat as medical care the expenses of meals and lodging of a parent or guardian accompanying a child away from home for the purpose of receiving medical care, and the expenses of meals and lodging of a child away from home for the purpose of receiving medical care on an outpatient basis; to the Committee on Ways and Means.

By Mr. FOLEY:

H.R. 6419. A bill to direct the Secretary of the Interior to release certain conditions contained in a patent concerning certain land conveyed by the United States to Eastern Washington University; to the Committee on Interior and Insular Affairs.

By Mr. FRANK (for himself, Mr. Fish, and Mr. Railsback):

H.R. 6420. A bill to to amend chapter 113 of title 18 of the United States code to strengthen the laws against computer program and data base piracy and counterfeiting, and for other purposes; to the Committee on the Judiciary.

By Mr. FRENZEL:

H.R. 6421. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954, to permit the making of certain loans and leases by an employee benefit plan to a substantial employer maintaining the plan, and for other purposes; jointly to the Committees on Education and Labor and Ways and Means.

By Mr. GEJDENSON:

H.R. 6422. A bill to direct the Secretary of Agriculture to release on behalf of the United States a reversionary interest in certain land previously conveyed to the State of Connecticut; to the Committee on Agriculture.

By Mr. HAGEDORN:

H.R. 6423. A bill to amend the Trade Act of 1974 to insure reciprocal agricultural trade opportunities, and for other purposes; to the Committee on Ways and Means.

H.R. 6424. A bill to amend the Agricultural Act of 1970, to prohibit restrictions on the export of certain agricultural commodities; jointly, to the Committees on Agricultural and Foreign Affairs.

By Mr. MARRIOTT:

H.R. 6425. A bill to amend section 280A of the Internal Revenue Code of 1954 by repealing the provision directing the Secretary of the Treasury to prescribe amounts deductible without substantiation by Members of Congress for living expenses, and for other purposes; jointly, to the Committees on Ways and Means and Rules.

By Mr. MOORE (for himself, Mr. Conable, Mr. Gibbons, and Mr. Bafalis):

H.R. 6426. A bill to amend the Internal Revenue Code of 1954 to allow nondeductible savings contributions to individual retirement accounts and individual retirement annuities; to the Committee on Ways and Means.

By Mr. MOTTL:

H.R. 6427. A bill to require the National Highway Traffic Safety Administration to provide for the establishment by States of motor vehicle title and inspection requirements in order to promote traffic safety and deter motor vehicle theft, and for other purposes; to the Committee on Energy and Commerce.

By Mr. NICHOLS (for himself, Mr. Bevill, Mr. Dickinson, Mr. Edwards of Alabama, Mr. Flippo, Mr. Shelby, and Mr. Smith of Alabama):

H.R. 6428. A bill to designate certain lands in the Talladega National Forest, Ala., as a wilderness area and for other purposes; to the Committee on Interior and Insular Affairs.

By NOWAK (for himself, Mr. Marriott, Mr. Moore, Mr. Mitchell of Maryland, Mr. McDade, Mr. Philip M. Crane, Mr. LaFalce, and Mrs. Heckler):

H.R. 6429. A bill to delay until July 1, 1984, the effective date for regulations prescribed under section 385 of the Internal Revenue Code of 1954, relating to the treatment of interests in corporations as stock or indebtedness, and for other purposes; to the Committee on Ways and Means.

By Mr. PARRIS:

H.R. 6430. A bill to authorize the Secretary of the Interior to establish a memorial to the Civilian Conservation Corps at Prince William Forest Park, in the State of Virginia; to the Committee on House Administration.

By Mr. PEYSER:

H.R. 6431. A bill to amend the Internal Revenue Code of 1954 to require Members of Congress to substantiate their deductions for living expenses while away from home; to the Committee on Ways and Means.

By Mr. PORTER:

H.R. 6432. A bill to amend title 5, United States Code, to provide that a Member of Congress may not be paid an annuity under the civil service retirement system for service as a Member if convicted of any felony, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. SHANNON (for himself, Mr. Gibbons, Mr. Lundine, Mr. Guarini, Mr. McCloskey, Mr. Edwards of California, Mr. Anderson, Mr. Brown of California, Mr. Beilenson, Mr. John L. Burton, Mr. Phillip Burton, Mr. Coelho, Mr. Dymally, Mr. Fazio, Mr. Lantos, Mr. Matsui, Mr. Mineta, Mr. Panetta, Mr. Roybal, and Mr. Goldwater):

H.R. 6433. A bill to authorize negotiations directed toward opening foreign markets to U.S. exports of high-technology products, and for other purposes; jointly, to the Committees on Ways and Means and Foreign Affairs.

By Mr. SHELBY:

H.R. 6434. A bill to amend section 8312 of title 5, United States Code, to provide that a Member of Congress may not be paid an annuity under the civil service retirement system for service as a Member if convicted of any felony which occurred in connection with his employment as a Member and is punishable by imprisonment for 2 or more years, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. STARK:

H.R. 6435. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for the expenses of collecting certain types of scientific data in foreign countries; to the Committee on Ways and Means.

H.R. 6436. A bill to authorize negotiations directed toward opening foreign markets to U.S. exports of high-technology products, and for other purposes; jointly, to the Committees on Ways and Means and Foreign Affairs.

By Mr. GONZALEZ:

H.J. Res. 488. Joint resolution to disapprove certain rules prescribed by the Secretary of Housing and Urban Development; to the Committee on Banking, Finance and Urban Affairs.

By Mr. UDALL:

H.J. Res. 489. Joint resolution requesting the President to negotiate the creation of a United States-Soviet "Exchange for Peace" program; to the Committee on Foreign Affairs.

By Mr. DYSON (for himself and Mr. Pepper):

H. Con. Res. 346. Concurrent resolution expressing the sense of the Congress that funds should be appropriated during fiscal year 1983, and in subsequent fiscal years, for programs under the Older Americans Act of 1965 in such amounts as may be necessary to maintain or expand such programs as reauthorized under the Older Americans Act Amendmens of 1981; to the Committee on Education and Labor.

By Mr. HOLLENBECK:

H. Res. 472. Resolution expressing the sense of the House of Representatives that funding under the Older Americans Act of 1965 for fiscal years 1983 and 1984 should be restored to the full amount of funding authorized by the Older Americans Act Amendments of 1981; to the Committee on Education and Labor.

By Mr. HOLLENBECK (for himself, Mr. Pepper, Mr. Rinaldo, Mr. Andrews, Mr. Bevill, Mr. Clinger, Mr. Derrick, Mr. Ford of Michigan, Mr. Frank, Mr. Gingrich, Mr. Hughes, Mr. Fauntroy, Mr. Howard, Mr. Jeffords, Mr. Kastenmeier, Mr. Mottl, Ms. Oakar Mr. Ottinger, Mr. Roe, Mr. Rosenthal, Mr. Mitchell of Maryland, Mr. Smith of Pennsylvania, Mr. Stokes, Mr. Sunia, Mr. Waxman, Mr. Weiss, and Mr. Ford of Tennessee):

H. Res. 473. Resolution expressing the sense of the House of Representatives that no further reductions should be made in the funding currently available for fiscal year 1983 for programs administered under the Older Americans Act of 1965; to the Committee on Education and Labor.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

381. By the SPEAKER: Memorial of the Legislature of the State of Hawaii, relative to Fort De Russy; to the Committee on Armed Services.

382. Also, memorial of the Legislature of the State of California, relative to Federal detention facilities; to the Committee on Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 808: Mr. Natcher.

H.R. 1331: Mr. Dunn, Mr. Lee, Mr. Roe, Mr. Shamansky, and Mr. Smith of New Jersey.

H.R. 1353: Mr. Daschle.

H.R. 1454: Mr. Reuss.

H.R. 1648: Mr. Vander Jagt, Mr. Roberts of South Dakota, Mr. Napier, Mr. Nelligan, Mr. Hiler, Mr. Solomon, Mr. Dunn, and Mr. Hartnett.

H.R. 1937: Mr. Wampler, Mr. Clay, Mr. Fuqua, and Mr. Bingham.

H.R. 2280: Mr. LeBoutillier and Mr. Russo.

H.R. 4122: Mr. Wylie, Mr. Wolf, and Mr. Dougherty.

H.R. 4147: Mr. Rosenthal, Mr. Bingham, and Mr. Rahall.

H.R. 4554: Mr. Wortley.

H.R. 4657: Mr. Luken and Mr. Tauke.

H.R. 4685: Mr. Hendon.

H.R. 4957: Mr. Bedell.

H.R. 4975: Mr. Coelho and Mr. Shamansky.

H.R. 5044: Mr. Oxley, Mr. Nichols, Mr. Bevill, Mr. Annunzio, Mr. Yatron, Mr. Wilson, Mr. Holland, Mr. Dwyer, Mr. D'Amours, Mr. Fazio, Mr. St Germain, Mr. Livingston, Mr. Vento, Mr. Evans of Georgia, Mr. Heftel, Mr. Won Pat, Mr. English, Mr. Roemer, Mr. Gilman, Mr. Coelho, Mr. Green, Mr. Ertel, Mr. Smith of Iowa, Mr. Tauke, Mrs. Chisholm, Mr. Pepper, Mr. Edgar, Mr. Lowery of California, and Mr. Oberstar.

H.R. 5045: Mr. Oxley, Mr. Nichols, Mr. Bevill, Mr. Annunzio, Mr. Yatron, Mr. Wilson, Mr. Holland, Mr. Dwyer, Mr. D'Amours, Mr. Fazio, Mr. St Germain, Mr. Vento, Mr. Evans of Georgia, Mr. Heftel, Mr. Won Pat, Mr. English, Mr. Roemer, Mr. Gilman, Mr. Coelho, Mr. Green, Mr. Ertel, Mr. Smith of Iowa, Mrs. Chisholm, Mr. Pepper, Mr. Edgar, and Mr. Oberstar.

H.R. 5046: Mr. Nichols, Mr. Bevill, Mr. Annunzio, Mr. Yatron, Mr. Wilson, Mr. Holland, Mr. Dwyer, Mr. St Germain, Mr. Livingston, Mr. Vento, Mr. Evans of Georgia, Mr. Heftel, Mr. Won Pat, Mr. English, Mr. Roemer, Mr. Gilman, Mr. Ertel, Mr. Smith of Iowa, Mr. Pepper, Mr. Edgar, Mr. Lowery of California, and Mr. Oberstar.

H.R. 5047: Mr. Nichols, Mr. Bevill, Mr. Annunzio, Mr. Yatron, Mr. Wilson, Mr. Holland, Mr. Dwyer, Mr. St Germain, Mr. Vento, Mr. Evans of Georgia, Mr. Heftel, Mr. Won Pat, Mr. English, Mr. Roemer, Mr. Gilman, Mr. Ertel, Mr. Smith of Iowa, Mr. Pepper, Mr. Edgar, and Mr. Oberstar.

H.R. 5048: Mr. Oxley, Mr. Nichols, Mr. Bevill, Mr. Annunzio, Mr. Yatron, Mr. Wilson, Mr. Holland, Mr. Dwyer, Mr. D'Amours, Mr. Fazio, Mr. St Germain, Mr. Livingston, Mr. Vento, Mr. Evans of Georgia, Mr. Heftel, Mr. Won Pat, Mr. English, Mr. Roemer, Mr. Gilman, Mr. Coelho, Mr. Green, Mr. Ertel, Mr. Smith of Iowa, Mr. Pepper, Mr. Edgar, Mr. Lowery of California, and Mr. Oberstar.

H.R. 5115: Mr. Oberstar.

H.R. 5180: Mr. Williams of Ohio, Mr. Ertel, Mr. Young of Florida, Mr. Mitchell of New York, Mr. Craig, Mr. Moakley, and Mr. James K. Coyne.

H.R. 5242: Mr. Derrick.

H.R. 5346: Mr. Gradison.

H.R. 5584: Mr. Winn, Mr. Campbell, and Mr. Spence.

H.R. 5585: Mr. Winn.

H.R. 5653: Mr. Kildee, Mr. McCurdy, Mr. English, Mr. Mavroules, Mr. Hyde, Mr. Mitchell of Maryland, Mr. Weaver, Mr. Bonker, Mr. Blanchard, Mr. Wolpe, Mr. Emery, Mr. Shamansky, Mrs. Kennelly, Mr. Foglietta, Mr. Beilenson, and Mr. Scheuer.

H.R. 5664: Mr. Hawkins, Mr. Frank, Mr. Sunia, Mr. Roe, Mr. Clay, Mr. Dymally, and Mr. Stokes.

H.R. 5665: Mrs. Martin of Illinois, Mr. Porter, Mr. Fary, and Mr. Annunzio.

H.R. 5682: Mr. LaFalce.

H.R. 5853: Mr. Fauntroy, Mr. Moffett, and Mr. Won Pat.

H.R. 6036: Mr. Smith of New Jersey, Mrs. Heckler, Mr. Frost, Mr. Long of Maryland, and Mr. Howard.

H.R. 6058: Mr. Beilenson, Mr. Hansen of Idaho, Mr. Leach of Iowa, Mr. Shumway, Mr. Moorhead, Mr. Badham, Mr. James K. Coyne, and Mr. Goldwater.

H.R. 6112: Mr. Anderson.

H.R. 6113: Mr. Anderson.

H.R. 6124: Mr. Weiss, Mr. Won Pat, Mr. Benjamin, Mr. D'Amours, Mr. Reuss, Mr. Perkins, Mr. Dingell, Mr. Brodhead, Mr. Ford of Michigan, Mr. Minish, Mr. Conyers, Mrs. Collins of Illinois, Mr. Crockett, Mr. Dixon, Mr. Fauntroy, Mr. Garcia, Mr. Leland, Mr. Mitchell of Maryland, Mr. Rangel, Mr. Stokes, Mr. Washington, Mr. Stark, Mr. Clay, Mr. Annunzio, and Mr. Rahall.

H.R. 6136: Mr. Gradison, Mr. Synar, Mr. Morrison, Mr. Weber of Minnesota, Mr. Frank, Mr. Hughes, Mr. Hiler, Mr. Hubbard, Mr. Lagomarsino, Mr. Luken, Mr. Roberts of Kansas, Mr. Loeffler, Mr. Bethune, Mr. Daub, Mr. Bonker, Mr. Oxley, Mr. Wolf, and Mrs. Heckler.

H.R. 6166: Mr. Donnelly, Mr. D'Amours, Mr. Hartnett, Mr. Daschle, Mr. Kazen, Mr. Luken, Mr. Lent, Mrs. Fenwick, Mr. Mitchell of New York, Mr. Winn, Mr. McGrath, Mr. Young of Alaska, Mr. Wolf, Mr. Kemp, Mr. Ford of Tennessee, Mr. Moakley, Mr. Fauntroy, Mr. Stokes, Mr. Yatron, Mr. Hughes, Mr. Mottl, Mr. Minish, Mr. de la Garza, Mr. Heftel, Mr. Fish, Mr. Barnes, Mr. Tauke, and Mr. Roe

H.R. 6170: Mr. Hammerschmidt, Mr. Neal, Mr. McHugh, Mr. Rose, Mr. Weiss, Mr. Erdahl, Mr. McClory, Mr. Ford of Tennessee, Mr. Weber of Minnesota, Mrs. Collins of Illinois, Mr. Heftel, Ms. Ferraro, Mr. Wolpe, Mr. Goodling, Mr. Morrison, Mr. Won Pat, Mr. Fish, Mr. Dunn, Mr. Green, Mr. Coelho, Mr. Dyson, and Mr. Guarini.

H.R. 6236: Mr. Fauntroy, Mrs. Chisholm, Mr. Scheuer, Mr. Rosenthal, Mr. Ford of Tennessee, Mr. Gejdenson, Mr. Dellums, Mr. Murphy, Mr. Bereuter, Mr. Kindness, Mr. Wyden, Mr. Edgar, Mr. Dixon, Ms. Mikulski, Mr. Patterson, Mr. Pepper, Mr. Wilson, Mr. Lowry of Washington, Mr. AuCoin, Mr. Hughes, Mr. Kildee, Mr. Mitchell of Maryland, Mr. Ottinger, Mr. Tauke, Mr. Dymally, Mr. Fazio, and Mr. Brooks.

H.R. 6325: Mr. Michel, Mr. Lott, Mr. Conte, Mr. Albosta, Mr. Frank, Mr. Pursell, Mr. Rahall, Mr. McClory, Mr. McEwen, Mr. Lagomarsino, Mr. Gunderson, Mr. Craig, Mr. Bereuter, Mr. Emery, Mr. Wilson, Mr. Daub, Mr. Johnston, Mr. Napier, Mr. Wolf, Mr. Roberts of South Dakota, Mr. Forsythe, Mr. Whitehurst, Mr. Dunn, Mr. Brodhead, and Mr. Kindness.

H.R. 6348: Mr. Daschle.

H.J. Res. 81: Mr. Bereuter.

H.J. Res. 93: Mr. Dellums, Mr. Fauntroy, Mr. Conyers, Mr. Moffett, Mr. Clay, Mr. Edgar, Mr. Mitchell of Maryland, Mr. Wolpe, Mr. Mineta, Mr. Crockett, Mr. Edwards of California, Mr. Lowry of Washington, Mr. Bedell, Mr. Weaver, Mr. Vento, and Mr. Rosenthal.

H.J. Res. 172: Mr. Smith of New Jersey.

H.J. Res. 225: Mr. Hopkins, Mrs. Snowe, Mr. Hollenbeck, Mr. Alexander, Mr. Daub, Mr. LeBoutillier, Mr. Rudd, Mr. Bolling, Mr. Hammerschmidt, Mr. Wirth, Mr. Burgener, Mr. Pashayan, Mr. Dixon, Mr. Brown of California, Mr. Hightower, Mr. Solarz, Mr. O'Brien, Mr. Latta, Mr. Napier, Mr. Deckard, Mr. Gradison, Mr. Rosenthal, Mr. Fazio, Mr. Trible, Mr. Breaux, Mr. Synar, Mr. Anthony, Mr. Rousselot, Mr. Clausen, Mr. Nichols, Mr. de la Garza, Mr. Siljander, Mr. Rhodes, Mr. Corrada, Mr. Smith of Alabama, Mr. Brinkley, Mr. Gephardt, Mr. Traxler, Mr. Parris, Mr. Shaw, and Mr. Evans of Iowa.

H.J. Res. 332: Mr. Yatron, Mr. Shamansky, Mr. Hollenbeck, Mr. Nowak, Mrs. Roukema, Mr. Roemer, Mr. Gilman, Mr. Quillen, Mrs. Schroeder, and Mr. Moore.

H.J. Res. 449: Mr. Fish, Mr. Kramer, and Mr. Conyers.

H. Con. Res. 303: Mr. Corrada, Mr. Mitchell of Maryland, Mr. LaFalce, Mr. Shannon, Mr. Patterson, Mr. Kildee, Mr. Bedell, Mr. Studds, Mr. Richmond, Mr. Dwyer, Mr. Mottl, Mr. Russo, Mr. Gray, Ms. Mikulski, Mr. Moffett, Mrs. Fenwick, Ms. Oakar, Mr. Vento, Mr. Mattox, Mr. Mavroules, Mr. Hughes, Mr. Roe, Mr. Wyden, Mr. Heftel, Mr. Ratchford, Mr. Gingrich, Mr. Phillip Burton, and Mr. Panetta.

H. Con. Res. 328: Mr. Shamansky.

H. Con. Res. 341: Mr. Smith of Alabama.

H. Res. 234: Mr. Forsythe, Mr. Fazio, and Mr. James K. Coyne.

H. Res. 252: Mr. Zeferetti and Mr. Donnelly.

H. Res. 412: Mr. Shuster and Mr. Eckart.

H. Res. 426: Mr. Solomon, Mr. Hartnett, Mr. Coats, Mr. Regula, Mr. Courter, and Mr. James K. Coyne.

H. Res. 429: Mr. Hoyer.

H. Res. 456: Mr. Bevill and Mr. Wolpe.

H. Res. 457: Mr. Weiss, Mrs. Heckler, Mr. Swift, and Mr. Frank.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

443. By the SPEAKER: Petition of the National Emergency Management Association, Lake Osage, Mo., relative to the support of an effective comprehensive emergency management program; to the Committee on Armed Services.

444. Also, petition of Project Equality, Inc., Kansas City, Mo., relative to equal employment opportunity laws and regulations and budget cuts impacting the poor; jointly, to the Committees on Education and Labor and Government Operations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H. Con. Res. 345

By Mr. ASPIN:

—Strike all after the Resolving Clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Sec. 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102. (a)(1) The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000.

(5) The level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000.

(6) The level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000.

(B) Outlays, −$30,250,000,000.

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SEC. 103. (a) There is established a congressional Federal credit budget for fiscal year 1982 of which the levels of total Federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New primary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New primary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0.

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(D) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 and off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $675,750,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $29,750,000,000,

(2) the level of total new budget authority is $822,400,000,000,

(3) the level of total budget outlays is $770,800,000,000

(4) the amount of the deficit in the budget is $95,050,000,000

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority $242,900,000,000;

(B) Outlays, $209,850,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,050,000,000;

(B) Outlays, $12,000,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $8,100,000,006;

(B) Outlays, $7,700,000,000.

(4) Energy (270):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,700,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,500,000,000;

(B) Outlays, $10,900,000,000.

(6) Agriculture (350):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $9,300,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,950,000,000;

(B) Outlays, $2,950,000,000.

(8) Transportation (400):

(A) New budget authority, $22,500,000,000;

(B) Outlays, $20,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,900,000,000;

(B) Outlays, $27,550,000,000.

(11) Health (550):

(A) New budget authority, $77,050,000,000;

(B) Outlays, $79,850,000,000.

(12) Income Security (600):

(A) New budget authority, $285,400,000,000;

(B) Outlays, $272,250,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,400,000,000;

(B) Outlays, $23,650,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $112,550,000,000;

(B) Outlays, $112,550,000,000.

(18) Allowances (920):

(A) New budget authority, –$3,350,000,000;

(B) Outlays, –$3,150,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, –$43,650,000,000;

(B) Outlays, –$43,650,000,000.

SEC. 203(a). There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $55,000,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,750,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, –$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $18,250,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, –$4,900,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(C) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $24,950,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $751,000,000,000.

Fiscal year 1985: $843,000,000,000. And the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1984: $46,000,000,000.

Fiscal year 1985: $59,000,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $886,050,000,000.

Fiscal year 1985: $949,200,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $823,300,000,000.

Fiscal year 1985: $875,700,000,000.

(4) the amount of the surplus in the budget is:

Fiscal year 1984: $72,300,000,000.

Fiscal year 1985: $32,7000,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000.

Fiscal year 1985: $1,490,800,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000.

Fiscal year 1985: $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,650,000,000;

(B) Outlays, $235,500,000,000.

Fiscal year 1985:

(A) New budget authority, $296,850,000,000;

(B) Outlays, $266,200,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,400,000,000;

(B) Outlays, $11,900,000,000.

Fiscal year 1985:

(A) New budget authority, $20,800,000,000;

(B) Outlays, $11,900,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $8,300,000,000;

(B) Outlays, $8,100,000,000.

Fiscal year 1985:

(A) New budget authority, $8,100,000,000;

(B) Outlays, $8,050,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,400,000,000;

(B) Outlays, $3,750,000,000.

Fiscal year 1985:

(A) New budget authority, $4,350,000,000;

(B) Outlays, $3,550,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:
(A) New budget authority, $9,000,000,000;
(B) Outlays, $9,950,000,000.
Fiscal year 1985:
(A) New budget authority, $8,500,000,000;
(B) Outlays, $9,050,000,000.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $8,550,000,000;
(B) Outlays, $7,750,000,000.
Fiscal year 1985:
(A) New budget authority, $8,500,000,000;
(B) Outlays, $7,450,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $8,500,000,000;
(B) Outlays, $2,600,000,000.
Fiscal year 1985:
(A) New budget authority, $8,350,000,000;
(B) Outlays, $2,600,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $22,575,000,000;
(B) Outlays, $20,250,000,000.
Fiscal year 1985:
(A) New budget authority, $23,125,000,000;
(B) Outlays, $20,450,000,000.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,150,000,000;
(B) Outlays, $7,600,060,000.
Fiscal year 1985:
(A) New budget authority, $7,350,000,000;
(B) Outlays, $7,700,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $25,650,000,000;
(B) Outlays, $24,900,000,000.
Fiscal year 1985:
(A) New budget authority, $26,700,000,000;
(B) Outlays, $26,500,000,000.
(14) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
(15) General Government (800):
Fiscal year 1984:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,500,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,750,000,000;
(B) Outlays, $6,700,000,000.
Fiscal year 1985:
(A) New budget authority, $6,850,000,000;
(B) Outlays, $6,850,000,000.
(17) Interest (900):
Fiscal year 1984:
(A) New budget authority, $114,200,000,000;
(B) Outlays, $114,200,000,000.
Fiscal year 1985:
(A) New budget authority, $105,650,000,000;
(B) Outlays, $105,650,000,000.
(18) Allowances (920):
Fiscal year 1984:
(A) New budget authority, −$2,450,000,000;
(B) Outlays, −$2,150,000,000.
Fiscal year 1985:
(A) New budget authority, −$2,000,000,000;
(B) Outlays, −$1,600,000,000.
(19) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$49,500,000,000;
(B) Outlays, −$49,500,000,000.
Fiscal year 1985:
(A) New budget authority, −$50,850,000,000;
(B) Outlays, −$50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301 (b) (2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional savings in budget authority by $530,000,000 and outlays by $530,000,000 in fiscal year 1984 and budget authority by $661,000,000 and outlays by $661,000,000 in fiscal year 1985;

(B) the House Committee on Banking, Finance and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional savings in outlays of $697,000,000 in fiscal year 1984 and outlays of $687,000,000 in fiscal year 1985;

(C) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings in budget authority of $101,000,000 and outlays of $101,000,000 in fiscal year 1984 and budget authority of $97,000,000 and outlays of $97,000,000 in fiscal year 1985;

(D) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $59,000,000 and outlays by $59,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional savings in budget authority of $65,000,000 and outlays of $65,000,000 in fiscal year 1984 and budget authority of $72,000,000 and outlays of $72,000,000 in fiscal year 1985;

(E) the House Committee on Veterans Benefits and services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional savings in budget authority of $187,000,000 and outlays of $187,000,000 in fiscal year 1984 and budget authority of $195,000,000 and outlays of $195,000,000 in fiscal year 1985;

(F) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,255,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional savings in budget authority of $205,000,000 and outlays of $000,000,000 in fiscal year 1984 and budget authority by $267,000,000 and outlays of $000,000,000 in fiscal year 1985;

(G) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenue by $29,750,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenue increases of $46,000,000,000 for fiscal year 1984, and $59,000,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high future budget deficits in future fiscal years requires additional savings in budget authority of $530,000,000 and outlays of $530,000,000 in fiscal year 1984 and budget authority of $661,000,000 and outlays of $661,000,000 in fiscal year 1985;

(B) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $90,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high future budget deficits in future fiscal years requires additional savings in budget authority of $100,000,000 and outlays of $797,000,000 in fiscal year 1984 and budget authority of $104,000,000 and outlays of $791,000,000 in fiscal year 1985;

(C) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of budget authority of $101,000,000 and outlays of $101,000,000 in fiscal year 1984 and budget authority of $97,000,000 and outlays of $97,000,000 in fiscal year 1985;

(D) the Senate Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $81,000,000 and outlays by $81,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of budget authority by $87,000,000 and outlays by $87,000,000 in fiscal year 1984 and budget authority by $91,000,000 and outlays by $91,000,000 in fiscal year 1985;

(E) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,314,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional savings in budget authority by $270,000,000 and outlays of $ in fiscal year 1984 and budget authority of $339,000,000 and outlays of $ in fiscal year 1985;

(F) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to increase revenue by $29,750,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional revenue increases of $46,000,000 in fiscal year 1984 and of $59,000,000 in fiscal year 1985.

Sec. 303. The committees names in sections 301(A)-(E) and 302(A)-(D) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

By Mr. BEILENSON:

(Amendment to H. Con. Res. 345 or any amendment thereto.)

—On page 39, strike section 304, relating to deferred enrollment.

This amendment would strike the deferred enrollment provisions from the resolution.

—On page 40, strike Section 305 relating to 302(b) allocation reports.

This amendment would strike the 302(b) report provisions.

By Mr. BONIOR of Michigan:

(Amendment offered to H. Con. Res. 345, as reported or any substitute thereto.)

—Page 12, line 18, strike out "and", on line 22, strike out the period and insert in lieu thereof " ; and", and after line 22, insert the following:

(6) the level of total tax expenditures is $273,135,000,000.

By Mr. CLAUSEN:

(Amendment to Michel Amendment in the Nature of a Substitute.)

—Section 304 is amended to read as follows:

"Sec. 304(a). In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

—In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to Sec. 301(k) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule 10 of the Rules of the House should be considered.

By Mr. CONYERS:

—Page 12, line 14, (relating to the total budget authority for fiscal year 1983) strike out "$828,000,000,000" and insert in lieu thereof "$807,100,000,000".

Page 12, line 16, (relating to total budget outlays for fiscal year 1983) strike out "$780,550,000,000" and insert in lieu thereof "$772,150,000,000".

Page 12, line 18, (relating to the amount of the deficit for fiscal year 1983) strike out "$103,850,000,000" and insert in lieu thereof "$95,450,000,000".

Page 13, line 9, (relating to functional category 050) strike out "$242,850,000,000" and insert in lieu thereof "$221,950,000,030."

Page 13, line 10, (relating to functional category 050) strike out "$212,300,000,000" and insert in lieu thereof "$203,900,000,000"

By Mr. DANNEMEYER:

—Page 11, line 25, after the "period," strike page twelve and all that follows through page 40, line 17, and insert in lieu thereof the following:

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

Sec. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the recommended level of Federal revenues is $682,900,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $0;

(2) the appropriate level of total new budget authority is $701,827,000,000;

(3) the appropriate level of total budget outlays is $681,354,000,000;

(4) the amount of the surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is +$1,546,000,000; and

(5) the appropriate level of the public debt is $1,084,654,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $0.

Sec. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $222,758,000,000;

(B) Outlays, $194,696,000,000.

(2) International Affairs (150):

(A) New budget authority, $11,976,000,000;

(B) Outlays, $7,751,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $6,853,000,000;

(B) Outlays, $,727,000,000.

(4) Energy (270):

(A) New budget authority, $3,647,000,000;

(B) Outlays, 3,306,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,267,000,000;

(B) Outlays, $10,130,000,000.

(6) Agriculture (350):

(A) New budget authority, $5,801,000,000;

(B) Outlays, $9,295,300,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $3,892,000,000;

(B) Outlays, -$129,000,000.

(8) Transportation (400):

(A) New budget authority, $18,775,000,000;

(B) Outlays, $16,317,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $5,138,000,000;

(B) Outlays, $6,695,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $18,751,000,000;

(B) Outlays, $21,619,000,000.

(11) Health (550):

(A) New budget authority, $71,064,000,000;

(B) Outlays, $72,549,000,000.

(12) Income Security (600):

(A) New budget authority, $230,371,000,000;

(B) Outlays, $239,914,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $23,578,000,000;

(B) Outlays, $22,636,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,058,000,000;

(B) Outlays, $4,110,000,000.

(15) General Government (800):

(A) New budget authority, $4,152,000,000;

(B) Outlays, $3,995,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,173,000,000;

(B) Outlays, $6,165,000,000.

(17) Interest (900):

(A) New budget authority, $101,834,000,000;

(B) Outlays, $101,834,000,000.

(18) Allowances (920):

(A) New budget authority, -$1,583,000,000;

(B) Outlays, -$1,526,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, -$44,740,000,000;

(B) Outlays, -$44,740,000,000.

Sec. 203. (a) There is established a congressional Federal credit budget for fiscal year 1983 of which the appropriate levels of total Federal credit activity for fiscal year 1983 are—

(1) new direct loan obligations, $32,545,000,000;

(2) new primary loan guarantee commitments, $134,784,000,000; and

(3) new secondary loan guarantee commitments, $32,008,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $6,097,000,000;

(B) New primary loan guarantee commitments, $9,600,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $171,000,000;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $105,000,000;

(B) New primary loan guarantee commitments, $4,285,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $45,000,000;

(B) New primary loan guarantee commitments, $25,000,000;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $13,513,000,000;

(B) New primary loan guarantee commitments, $5,702,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $8,114,000,000;

(B) New primary loan guarantee commitments, $58,603,000,000;

(C) New secondary loan guarantee commitments, $32,000,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $121,000,000;

(B) New primary loan guarantee commitments, $628,000,000;

(C) New secondary loan guarantee commitments, $8,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,781,000,000;

(B) New primary loan guarantee commitments, $6,698,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $645,000,000;

(B) New primary loan guarantee commitments, $10,300,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(11) Health (550):

(A) New direct loan obligations, $36,000,000;

(B) New primary loan guarantee commitments, $104,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(12) Income Security (600):

(A) New direct loan obligations, $1,000,000,000;

(B) New primary loan guarantee commitments, $18,356,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $938,000,000;

(B) New primary loan guarantee commitments, $20,307,000,000;

(C) New Secondary loan guarantee commitments, $000,000,000,000.

(14) Administration of Justice (750):

(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(15) General Government (800):

(A) New direct loan obligations, $5,000,000;

(B) New primary loan guarantee commitments, $5,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $145,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000.

(17) Interest (900):

(A) New direct loan obligations, $000,000,000;

(B) New primary loan guarantee commitments, $000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000.

(18) Allowances (920):

(C) New secondary loan guarantee commitments, $000,000,000.

(18) Allowances (920);

(A) New direct loan obligations, $000,000,000;

(B) New primary loan guarantee commitments, $000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $000,000,000;

(B) New primary loan guarantee commitments, $000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $10,400,000,000, the on-budget lending activity to a level not to exceed $46,336,000,000, new primary loan guarantee commitments to a level not to exceed $86,688,000,000, and new secondary loan guarantee commitments to a level not to exceed $32,008,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the recommended level of Federal revenues is as follows:

Fiscal year 1984: $762,484,000,000;

Fiscal year 1985: $851,313,000,000.

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1984: $000,000,000;

Fiscal year 1985: $000,000,000.

(2) the appropriate level of total new budget authority is as follows:

Fiscal year 1984: $790,546,000,000;

Fiscal year 1985: $877,127,000,000.

(3) the appropriate level of total budget outlays is as follows:

Fiscal year 1984: $760,793,000,000;

Fiscal year 1985: $839,501,000,000.

(4) the amount of the surplus or deficit in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:

Fiscal year 1984: +$1,691,000,000.

Fiscal year 1985: +$11,812,000,000.

(5) the appropriate level of the public debt is as follows:

Fiscal year 1984: $1,075,000,000,000;

Fiscal year 1985: $1,075,000,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $000,000,000,000;

Fiscal year 1985: $000,000,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $245,338,000,000;

(B) Outlays, $218,678,000,000.

Fiscal year 1985:

(A) New budget authority, $264,427,000,000;

(B) Outlays, $243,979,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $13,917,000,000;

(B) Outlays, $8,899,000,000.

Fiscal year 1985:

(A) New budget authority, $19,579,000,000;

(B) Outlays, $9,504,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $6,838,000,000;

(B) Outlays, $6,836,000,000.

Fiscal year 1985:

(A) New budget authority, $6,692,000,000;

(B) Outlays, $6,688,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $3,521,000,000;

(B) Outlays, $2,925,000,000.

Fiscal year 1985:

(A) New budget authority, $3,663,000,000;

(B) Outlays, $2,863,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $9,179,000,000;

(B) Outlays, $9,651,000,000.

Fiscal year 1985:

(A) New budget authority, $9,431,000,000;

(B) Outlays, $9,265,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $7,552,000,000;

(B) Outlays, $7,012,000,000.

Fiscal year 1985:

(A) New budget authority, $6,195,000,000;

(B) Outlays, $6,487,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $4,918,000,000;

(B) Outlays, –$435,000,000.

Fiscal year 1985:

(A) New budget authority, $5,119,000,000;

(B) Outlays, –$458,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $19,866,000,000;

(B) Outlays, $17,163,000,000.

Fiscal year 1985:

(A) New budget authority, $20,906,000,000;

(B) Outlays, $18,337,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $6,123,000,000;

(B) Outlays, $6,691,000,000.

Fiscal year 1985:

(A) New budget authority, $6,874,000,000;

(B) Outlays, $7,204,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $20,554,000,000;

(B) Outlays, $23,083,000,000.

Fiscal year 1985:

(A) New budget authority, $22,042,000,000;

(B) Outlays, $24,454,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $84,481,000,000;

(B) Outlays, $83,565,000,000.

Fiscal year 1985:

(A) New budget authority, $96,688,000,000;

(B) Outlays, $97,122,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $249,321,000,000;

(B) Outlays, $258,602,000,000.

Fiscal year 1985:

(A) New budget authority, $284,486,000,000;

(B) Outlays, $283,292,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $24,917,000,000;

(B) Outlays, $24,071,000,000.

Fiscal year 1985:

(A) New budget authority, $26,010,000,000;

(B) Outlays, $25,742,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,110,000,000;

(B) Outlays, $4,151,000,000.

Fiscal year 1985:

(A) New budget authority, $4,237,000,000;

(B) Outlays, $4,264,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $3,953,000,000;

(B) Outlays, $3,883,000,000.

Fiscal year 1985:

(A) New budget authority, $4,102,000,000;

(B) Outlays, $3,865,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $6,706,000,000;

(B) Outlays, $6,623,000,000.

Fiscal year 1985:

(A) New budget authority, $7,205,000,000;

(B) Outlays, $7,123,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $126,520,000,000;

(B) Outlays, $126,520,000,000.

Fiscal year 1985:

(A) New budget authority, $138,078,000,000;

(B) Outlays, $138,078,000,000.

(18) Allowances (920):

Fiscal year 1984.

(A) New budget authority, $591,000,000;

(B) Outlays, $796,000,000.

Fiscal year 1985:

(A) New budget authority, $2,857,000,000;

(B) Outlays, $3,218,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, –$47,921,000,000;

(B) Outlays, –$47,921,000,000.

Fiscal year 1985:

(A) New budget authority, –$51,526,000,000;

(B) Outlays, –$51,526,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

Part A—Reconciliation Instructions

Sec. 301. Pursuant to section 301(b)(2) of the Budget Act—

(1) the House Committee on Agriculture shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $6,629,000,000 in budget authority and $6,393,000,000 in outlays, to reduce spending for the fiscal year 1984 by $6,629,000,000 in budget authority and $6,393,000,000 in outlays, and to reduce spending for fiscal year 1985 by $6,629,000,000 in budget authority and $6,393,000,000 in outlays;

(2) the House Committee on Armed Services shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $19,477,000,000 in budget authority and $19,326,000,000 in outlays, to reduce spending for the fiscal year 1984 by $19,477,000,000 in budget authority and $19,326,000,000 in outlays, and to reduce spending for fiscal year 1985 by $19,477,000,000 in budget authority and $19,326,000,000 in outlays;

(3) the House Committee on Education and Labor shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $8,595,000,000 in budget authority and $5,368,000,000 in outlays, to reduce spending for the fiscal year 1984 by $8,595,000,000 in budget authority and $5,368,000,000 in outlays, and to reduce spending for fiscal year 1985 by $8,595,000,000 in budget authority and $5,368,000,000 in outlays;

(4) the House Committee on Energy and Commerce shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $13,323,000,000 in budget authority and $13,836,000,000 in outlays, to reduce spending for the fiscal year 1984 by $13,323,000,000 in budget authority and $13,836,000,000 in outlays, and to reduce spending for fiscal year 1985 by $13,323,000,000 in budget authority and $13,836,000,000 in outlays;

(5) the House Committee on Foreign Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $3,512,000,000 in outlays, to reduce spending for the fiscal year 1984 by $3,512,000 in outlays, and to reduce spending for fiscal year 1985 by $3,512,000, in outlays;

(6) the House Committee on Government Operations shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $449,000,000 in budget authority and $287,000,000 in outlays, to reduce spending for the fiscal year 1984 by $449,000,000 in budget authority and $287,000,000 in outlays, and to reduce spending for fiscal year 1985 by $449,000,000 in budget authority and $287,000,000 in outlays;

(7) the House Committee on Interior and Insular Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $1,097,000,000 in budget authority and $932,000,000 in outlays, to reduce spending for the fiscal year 1984 by $1,097,000,000 in budget authority and $932,000,000 in outlays, and to reduce spending for fiscal year 1985 by $1,097,000,000 in budget authority and $932,000,000 in outlays;

(8) the House Committee on Merchant Marine and Fisheries shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $906,000,000 in budget authority and $613,000,000 in outlays, to reduce spending for the fiscal year 1984 by $906,000,000 in budget authority and $613,000,000 in outlays, and to reduce spending for fiscal year 1985 by $906,000,000 in budget authority and $613,000,000 in outlays;

(9) the House Committee on Post Office and Civil Service shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1933 by $2,189,000,000 in budget authority and $2,670,000,000 in outlays, to reduce spending for the fiscal year 1984 by $2,189,000,000 in budget authority and $2,670,000,000 in outlays, and to reduce spending for fiscal year 1985 by $2,189,000,000 in budget authority and $2,670,000,000 in outlays;

(10) the House Committee on Public Works and Transportation shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $2,781,000,000 in budget authority and $2,020,000,000 in outlays, to reduce spending for the fiscal year 1984 by $2,020,000,000 in outlays, and to reduce spending for fiscal year 1985 by $2,020,000,000 in outlays;

(11) the House Committee on Science and Technology shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $2,067,000,000 in budget authority and $2,067,000,000 in outlays, to reduce spending for the fiscal year 1984 by $2,067,000,000 in budget authority and $2,067,000,000 in outlays, and to reduce spending for fiscal year 1985 by $2,067,000,000 in budget authority and $2,067,000,000 in outlays;

(12) the House Committee on Small Business shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $301,000,000 in budget authority and $385,000,000 in outlays, to reduce spending for the fiscal year 1984 by $301,000,000 in budget authority and $385,000,000 in outlays, and to reduce spending for fiscal year 1985 by $301,000,000 in budget authority and $385,000,000 in outlays;

(13) the House Committee on Veterans' Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $1,359,000,000 in budget authority and $1,549,000,000 in outlays, to reduce spending for the fiscal year 1984 by $1,359,000,000 in budget authority and $1,549,000,000 in outlays, and to reduce spending for fiscal year 1985 by $1,359,000,000 in budget authority and $1,549,000,000 in outlays;

(14) the House Committee on Ways and Means shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $55,390,000,000 in budget authority and $55,099,000,000 in outlays, to reduce spending for the fiscal year 1984 by $55,390,000,000 in budget authority and $55,099,000,000 in outlays, and to reduce spending for fiscal year 1985 by $55,390,000,000 in budget authority and $55,099,000,000 in outlays.

(15) the House Committee on Administration shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $51,000,000 in budget authority and $51,000,000 in outlays, to reduce spending for fiscal year 1984 by $51,000,000 in budget authority and $51,000,000 in outlays, and to reduce spending for fiscal year 1985 by $51,000,000 in budget authority and $51,000,000 in outlays;

(16) the House Committee on Banking, Finance and Urban Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $30,856,000,000 in budget authority and $6,973,000,000 in outlays, to reduce spending for fiscal year 1984 by $30,856,000,000 in budget authority and $6,973,000,000 in outlays, and to reduce spending for fiscal year 1985 by $30,856,000,000 in budget authority and $6,973,000,000 in outlays;

(17) the House Committee on the District of Columbia shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $69,000,000 in budget authority and $73,000,000 in outlays, to reduce spending for fiscal year 1984 by $69,000,000 in budget authority and $73,000,000 in outlays, to reduce spending for fiscal year 1985 by $73,000,000 in budget authority and $69,000,000 in outlays;

(18) the House Committee on the Judiciary shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $722,000,000 in budget authority and $665,000,000 in outlays, to reduce spending for fiscal year 1984 by $722,000,000 in budget authority and $665,000,000 in outlays, and to reduce spending for fiscal year 1985 by $722,000,000 in budget authority and $665,000,000 in outlays;

Sec. 202. Pursuant to section 301(b)(2) of the Budget Act—

(1) the Senate Committee on Agriculture, Nutrition, and Forestry shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $6,630,000,000 in budget authority and $6,394,000,000 in outlays, to reduce spending for fiscal year 1984 by $6,630,000,000 in budget authority and $6,394,000,000 in outlays, and to reduce spending for fiscal year 1985 by $6,630,000,000 in budget authority and $6,394,000,000 in outlays;

(2) the Senate Committee on Armed Services shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $19,582,000,000 in budget authority and $19,431,000,000 in outlays, to reduce spending for the fiscal year 1984 by $19,582,000,000 in budget authority and $19,431,000,000 in outlays, and to reduce spending for fiscal year 1985 by $19,582,000,000 in budget authority and $19,431,000,000 in outlays;

(3) the Senate Committee on Energy and Natural Resources shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $5,877,000,000 in budget authority and $5,577,000,000 in outlays, to reduce spending for the fiscal year 1984 by $5,877,000,000 in budget authority and $5,577,000,000 in outlays, and to reduce spending for fiscal year 1985 by $5,877,000,000 in budget authority and $5,577,000,000 in outlays;

(4) the Senate Committee on Finance shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $55,390,000,000 in budget authority and $55,099,000,000 in outlays, to reduce spending for the fiscal year 1984 by $55,390,000,000 in budget authority and $55,099,000,000 in outlays, and to reduce spending for fiscal year 1985 by $55,390,000,000 in budget authority and $55,099,000,000 in outlays;

(5) the Senate Committee on Foreign Relations shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $3,838,000,000 in outlays, to reduce spending for the fiscal year 1984 by $3,838,000,000 in outlays, and to reduce spending for fiscal year 1985 by $3,838,000,000 in outlays;

(6) the Senate Committee on Governmental Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $2,605,000,000 in budget authority and $2,928,000,000 in outlays, to reduce spending for the fiscal year 1984 by $2,605,000,000 in budget authority and $2,928,000,000 in outlays, and to reduce spending for fiscal year 1985 by $2,605,000,000 in budget authority and $2,928,000,000 in outlays;

(7) the Senate Committee on Labor and Human Resources shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $11,301,000,000 in budget authority and $8,482,000,000 in outlays, to reduce spending for the fiscal year 1984 by $11,301,000,000 in budget authority and $8,482,000,000 in outlays, and to reduce spending for fiscal year 1985 by $11,301,000,000 in budget authority and $8,482,000,000 in outlays;

(8) the Senate Committee on Environment and Public Works shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $3,091,000,000 in budget authority and $2,254,000,000 in outlays, fiscal year 1984 by $2,254,000 in outlays, and to reduce spending for fiscal year 1985 by $2,254,000 in outlays;

(9) the Senate Committee on Small Business shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $301,000,000 in budget authority and $385,000,000 in outlays, to reduce spending for the fiscal year 1984 by $301,000,000 in budget authority and $385,000,000 in outlays, and to reduce spending for fiscal year 1985 by $301,000,000 in budget authority and $385,000,000 in outlays;

(10) the Senate Committee on Veterans' Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $1,358,000,000 in budget authority and $1,548,000,000 in outlays, to reduce spending for the fiscal year 1984 by $1,358,000,000 in budget authority and $1,548,000,000 in outlays, and to reduce spending for fiscal year 1985 by $1,358,000,000 in budget authority and $1,548,000,000 in outlays;

(11) the Senate Committee on Judiciary shall recommend changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $427,000,000 in budget authority and $383,000,000 in outlays, to reduce spending for the fiscal year 1984 by $427,000,000 in budget authority and $383,000,000 in outlays, and to reduce spending for fiscal year 1985 by $427,000,000 in budget authority and $383,000,000 in outlays;

(12) the Senate Committee on Rules and Administration shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $85,000,000 in budget authority and $85,000,000 in outlays, to reduce spending for the fiscal year 1984 by $85,000,000 in budget authority and $85,000,000 in outlays, and to reduce spending for fiscal year 1985 by $85,000,000 in budget authority and $85,000,000 in outlays;

(13) the Senate Committee on Banking, Housing, and Urban Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $30,498,000,000 in budget authority and $6,615,000,000 in outlays, to reduce spending for fiscal year 1984 by $30,498,000,000 in budget authority and $6,615,000,000 in outlays, and to reduce spending for the fiscal year 1985 by $30,498,000,000 in budget authority and $6,615,000,000 in outlays;

(14) the Senate Committee on Commerce, Science, and Transportation shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1983 by $8,502,000,000 in budget authority and $8,512,000,000 in outlays, to reduce spending for the fiscal year 1984 by $8,502,000,000 in budget authority and $8,512,000,000 in outlays, and to reduce spending for fiscal year 1985 by $8,502,000,000 in budget authority and $8,512,000,000 in outlays;

Sec. 203. Not later than August 2, 1982, the committees named in sections 201 and 202 shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by such sections. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

Part B—Enforcement Measures

Sec. 211 (a) No bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in Section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision made pursuant to Section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under Section 310 of such Act, and on any reconciliation legislation required by such resolution.

(b) Subsection (a) shall not apply to bills and resolutions for which a conference report has been filed in either House prior to final adoption by both Houses of this resolution.

By Mr. DOWNEY:

—Page 12, line 14, increase the amount of the authority by $200,000,000.

Page 12, line 16, increase the amount of total budget outlays by $500,000,000.

Page 12, line 18, increase the amount of the deficit in the budget $500,000,000.

Page 13, line 9, (relating to functional category 050) strike out "$242,850,000,000" and insert in lieu thereof "$243,050,000,000", and on line 10, strike out "$212,300,000,000" and insert in lieu thereof "$212,800,000,000".

Page 14, line 21, (relating to functional category 600) strike out "$273,800,000,000" and insert in lieu thereof "$274,100,000,000".

Page 22, line 12, increase the amount of budget authority by $950,000,000.

Page 22, line 14, increase the amount of budget authority by $1,800,000,000.

Page 22, line 15, increase the amount of budget outlays by $1,650,000,000.

Page 22, line 16, increase the amount of budget outlays by $2,900,000,000.

Page 23, line 12, (relating to functional category 050) strike out "$268,150,000,000" and insert in lieu thereof "$268,850,000,000", and on line 13, strike out "$236,050,000,000" and insert in lieu thereof "$236,550,000,000", and on line 16, strike out "$295,950,000,000" and insert in lieu thereof "$297,150,000,000", and on line 17, strike out "$265,950,000,000" and insert in lieu thereof "$267,150,000,000".

Page 27, line 14, (relating to functional category 600) strike out "$314,500,000,000" and insert in lieu thereof "$314,750,000,000", and on line 15, strike out "$290,050,000,000" and insert in lieu thereof "$291,000,000,000", and on line 18, strike out "$344,550,000,000" and insert in lieu thereof "$345,150,000,000", and on line 19, strike out "$312,400,000,000" and insert in lieu thereof "$314,100,000,000".

Page 31, strike out lines 1 through 11.

Page 32, line 10, strike out "$60,000,000" and insert in lieu thereof "$59.000,000", and on line 11, strike out "$60,000,000" and insert in lieu thereof "$59,000,000", and on line 14, strike out "$68,000,000" and insert in lieu thereof "$65,000,000", and on line 15, strike out "$68,000,000" and insert in lieu thereof "$65,000,000", and on line 16, strike out "$77,000,000" both times it appears and insert in lieu thereof "$72,000,000".

Page 32, strike out line 18 and all that follows through page 33, line 2.

Page 33, strike out lines 14 through 24.

Page 36, strike out lines 14 through 24.

Page 37, strike out line 12 and all that follows thereafter through page 38, line 17 and insert in lieu thereof "and".

By Mr. FAUNTROY:

—Strike out all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Sec. 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102. (a)(1) The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000.

(5) The level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000.

(6) The level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000;

(B) Outlays, −$30,250,000,000.

Sec. 103. (a) There is established a congressional Federal credit budget for fiscal year 1982 of which the levels of total Federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1983

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $711,000,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $0 .

(2) the level of total new budget authority is $831,370,000,000,

(3) the level of total budget outlays is $808,797,000,000,

(4) the amount of the deficit in the budget is $97,797,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $196,329,000,000;

(B) Outlays, $199,264,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,760,000,000;

(B) Outlays, $11,653,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,723,000,000;

(B) Outlays, $7,604,000,000.

(4) Energy (270):

(A) New budget authority, $5,757,000,000;

(B) Outlays, $4,901,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $7,915,000,000;

(B) Outlays, $9,239,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,810,000,000;

(B) Outlays, $10,306,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $12,626,000,000;

(B) Outlays, $5,476,000,000.

(8) Transportation (400):

(A) New budget authority, $27,302,000,000;

(B) Outlays, $22,367,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $11,332,000,000;

(B) Outlays, $9,795,000,000.

(10) Education, Training, Employment, and Social Services (500):

(A) New budget authority, $35,606,000,000;

(B) Outlays, $34,316,000,000.

(11) Health (550):

(A) New budget authority, $88,972,000,000;

(B) Outlays, $85,592,000,000.

(12) Income Security (600):

(A) New budget authority, $293,852,000,000;

(B) Outlays, $288,058,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $23,714,000,000;

(B) Outlays, $23,747,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,835,000,000;

(B) Outlays, $4,800,000,000.

(15) General Government (800):

(A) New budget authority, $5,597,000,000;

(B) Outlays, $5,379,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,556,000,000;

(B) Outlays, $6,549,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, $346,000,000;

(B) Outlays, $413,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, –$35,662,000,000;

(B) Outlays, –$35,662,000,000.

By Mr. FORD of Michigan:

(Remove 4% annuity cap for Federal civilian retirees.)

—Page 12, line 16, (relating to the level of total budget outlays for fiscal year 1983) increase the amount by $273,000,000.

Page 12, line 18, (relating to the amount of the deficit in the budget for fiscal year 1983) increase the amount by $273,000,000.

Page 14, line 21, (relating to budget outlays for functional category 600 for fiscal year 1983) increase the amount by $273,000,000.

Page 22, line 12, (relating to the level of total new budget authority for fiscal year 1984) increase the amount by $242,000,000.

Page 22, line 13, (relating to the level of total new budget authority for fiscal year 1985) increase the amount by $538,000,000.

Page 22, line 15, (relating to the level of total budget outlays for fiscal year 1984) increase the amount by $925,000,000.

Page 22, line 16, (relating to the level of total budget outlays for fiscal year 1985) increase the amount by $1,648,000,000.

Page 22, line 18, (relating to the amount of the deficit in the budget for fiscal year 1984) increase the amount by $925,000,000.

Page 22, line 19, (relating to the amount of the deficit in the budget for fiscal year 1985) increase the amount by $1,648,000,000.

Page 27, line 14, (relating to new budget authority for functional category 600 for fiscal year 1984) increase the amount by $242,000,000.

Page 27, line 15, (relating to budget outlays for functional category 600 for fiscal year 1984) increase the amount by $925,000,000.

Page 27, line 18, (relating to new budget authority for functional category 600 for fiscal year 1985) increase the amount by $538,000,000.

Page 27, line 19, (relating to budget outlays for functional category 600 for fiscal year 1985) increase the amount by $1,648,000,000.

Page 32, beginning on line 18, (relating to reconciliation instructions in the House of Representatives) strike out subsection (F).

Page 33, beginning on line 14, (relating to reconciliation instructions in the House of Representatives) strike out subsection (H) and redesignate the following subsections (and cross references thereto) accordingly.

Page 37, line 22, insert "and" after the semicolon.

Page 37, beginning on line 23, (relating to reconciliation instructions in the Senate) strike out subsections (G) and (H) and redesignate the following subsection (and cross references thereto) accordingly.

(Remove 4% annuity cap for Federal civilian retirees.)

—In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $273,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $273,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1983, increase the amount by $273,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $242,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $538,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1984, increase the amount by $242,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1985, increase the amount by $538,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committees on Foreign Affairs or on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committees on Foreign Relations or on Governmental Affairs.

(Remove 4% annuity cap for Federal civilian retirees, if no reconciliation instructions.)

—In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $273,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $273,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1983, increasc the amount by $273,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $242,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $538,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1984, increase the amount by $242,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1985, increase the amount by $538,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $1,648,000,000.

(Remove annuity freeze for Federal civilian retirees.)

—In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $680,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $680,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1983, increase the amount by $680,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $628,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $543,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $1,417,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $1,481,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $1,417,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $1,481,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1984, increase the amount by $628,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1984, increase the amount by $1,417,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1985, increase the amount by $543,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $1,481,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committees an Foreign Affairs or on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committees on Foreign Relations or on Governmental Affairs.

(Remove annuity freeze for Federal civilian retirees, if no reconciliation instructions.)

—In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $680,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $680,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1983, increase the amount by $680,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $628,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $543,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $1,417,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $1,481,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $1,417,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $1,481,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1984, increase the amount by $628,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1984, increase the amount by $1,417,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1985, increase the amount by $543,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $1,481,000,000.

(Remove 5% annuity cap for Federal civilian retirees.)

—In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $158,000,000.

In the matter relating to the amount of the deficit in the oudget for fiscal year 1983, increase the amount by $158,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1983, increase the amount by $158,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $140,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $121,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $344,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $359,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $344,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $359,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1984, increase the amount by $140,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1984, increase the amount by $344,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1985, increase the amount by $121,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $359,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committees on Foreign Affairs or on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committees on Foreign Relations or on Governmental Affairs.

(5% annuity cap for Federal civilian retirees, if no reconciliation instructions.)

—In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $158,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $158,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1983, increase the amount by $158,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $140,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $121,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $344,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $359,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $344,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $359,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1984, increase the amount by $140,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1984, increase the amount by $344,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1985, increase the amount by $121,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $359,000,000.

By Mr. FOWLER:

(Amendments to H. Con. Res. 345, first concurrent resolution on the budget and to the Michel substitute to H. Con. Res. 345.)

—Amendment No. 1:

On page 12, line 14, strike "$828,000,000,000" and insert in lieu thereof "$826,290,000,000."

On page 13, line 9, strike "$242,850,000,000" and insert in lieu thereof "238,750,000,000", and on line 10, strike "$212,300,000,000" and insert in lieu thereof "$210,500,000,000."

On page 13, line 19, strike "$5,300,000,000" and insert in lieu thereof "$5,490,000,000", and on line 20, strike "5,000,000,000" and insert in lieu thereof "$5,100,000,000."

On page 14, line 13, strike "$27,550,000,000" and insert in lieu thereof "$29,750,000,000", and on line 14, strike "27,450,000,000" and insert in lieu thereof "$29,150,000,000."

—Amendment No. 2:

On page 12, line 14, strike "$828,000,000,000" and insert in lieu thereof "$828,400,000,000", and on line 16, strike "$780,555,000,000" and insert in lieu thereof "$779,660,000,000", and on line 18, strike "$103,850,000,000" and insert in lieu thereof "$102,960,000,000."

On page 13, line 16, strike "$7,750,000,000" and insert in lieu thereof "$8,250,000,000", and on line 17, strike "$7,600,000,000" and insert in lieu thereof "$8,060,000,000."

On page 13, line 22, strike "$9,400,000,000" and insert in lieu thereof "$7,500,000,000", and on line 23, strike "$10,850,000,000" and insert in lieu thereof "$8,950,000,000".

On page 13, line 25, strike "$6,900,000,000" and insert in lieu thereof "$7,500,000,000", and on page 14, line 1 strike "$10,100,000,000" and insert in lieu thereof "$9,750,000,000."

On page 14, line 6, strike "$22,300,000,000" and insert in lieu thereof "$22,350,000,000", and on line 7, strike "$20,400,000,000" and insert in lieu thereof "$20,450,000,000."

On page 14, line 13, strike "$27,550,000,000" and insert in lieu thereof "$28,700,000,000", and on line 14, strike "$27,450,000,000" and insert in lieu thereof "$28,300,000,000."

—Amendment No. 3:

On page 12, line 14, strike "$828,000,000,000" and insert in lieu thereof "$824,980,000,000", and on line 16, strike "$780,550,000,000" and insert in lieu thereof "$773,350,000,000" and on line 18, strike "$103,850,000,000" and insert in lieu thereof "$96,650,000,000."

On page 14, line 3, strike "$8,050,000,000" and insert in lieu thereof "$12,850,000,000", and on line 4, strike "$3,050,000,000" and insert in lieu thereof "$3,750,000,000."

On page 14, line 6, strike "$22,300,000,000" and insert in lieu thereof "$14,400,000,000", and on line 7, strike "$20,400,000,000" and insert in lieu thereof "$12,420,000,000."

On page 15, line 1, strike "$4,600,000,000" and insert in lieu thereof "$4,680,000,000", and on line 2, strike "$4,650,000,000" and insert in lieu thereof "$4,730,000,000."

By Mr. GREEN:

—Page 12, line 10, strike out "$676,700,000,000" and insert in lieu thereof "$672,700,000,000."

Page 12, line 12, strike out "$31,700,000,000" and insert in lieu thereof "$27,700,000,000."

Page 12, line 14, strike out "$828,000,000,000" and insert in lieu thereof "$812,000,000,000."

Page 12, line 16, strike out "$780,550,000,000" and insert in lieu thereof "$776,550,000,000."

Page 13, line 9, strike out "$242,850,000,000" and insert in lieu thereof "$226,850,000,000."

Page 13, line 10, strike out "$212,300,000,000" and insert in lieu thereof "$208,300,000,000."

Page 22, line 4, strike out "$753,650,000,000" and insert in lieu thereof "$749,650,000,000."

Page 22, line 5, strike out "$846,550,000,000" and insert in lieu thereof "$842,550,000,000."

Page 22, line 8, strike out "$51,650,000,000" and insert in lieu thereof "$47,650,000,000."

Page 22, line 9, strike out "$66,550,000,000" and insert in lieu thereof "$62,550,000,000."

Page 22, line 12, strike out "$888,400,000,000" and insert in lieu thereof "$872,400,000,000."

Page 22, line 13, strike out "$952,850,000,000" and insert in lieu thereof "$936,850,000,000."

Page 22, line 15, strike out "$826,400,000,000" and insert in lieu thereof "$822,400,000,000."

Page 22, line 16, strike out "$881,200,000,000" and insert in lieu thereof "$877,200,000,000."

Page 23, line 12, strike out "$268,150,000,000" and insert in lieu thereof "$252,150,000,000."

Page 23, line 13, strike out "$235,350,000,000" and insert in lieu thereof "$231,350,000,000."

Page 23, line 16, strike out "$295,950,000,000" and insert in lieu thereof "$279,950,000,000."

Page 23, line 17, strike out "$265,950,000,000" and insert in lieu thereof "$261,950,000,000."

By Mr. HEFNER:

(An amendment to H. Con. Res. 345, or any amendment, thereto to the matter concerning function 700, veterans' benefits and services.)

—Increase Budget Authority by $300,000,000 in Fiscal Year 1983, by $500,000,000 in Fiscal Year 1984, and by $700,000,000 in Fiscal Year 1985;

Increase outlays by $250,000,000 in Fiscal Year 1983, by $350,000,000 in Fiscal Year 1984, and by $600,000,000 in Fiscal Year 1985;

Increase the aggregated budget authority level by $300,000,000 in Fiscal Year 1983, by $500,000,000 in Fiscal Year 1984, and by $700,000,000 in Fiscal Year 1985;

Increase the aggregate outlay level by $250,000,000 in Fiscal Year 1983, by $350,000,000 in Fiscal Year 1984, and by $600,000,000 in Fiscal Year 1985;

Increase the deficit by $250,000,000 in Fiscal Year 1983, by $350,000,000 in Fiscal Year 1984, and by $600,000,000 in Fiscal Year 1985.

By Mr. HOYER:

(Increase pay adjustment from 4% to 7% for Federal Employees.)

—Page 12, line 14, (relating to the level of total new budget authority for fiscal year 1983) increase the amount by $,000,000.

Page 12, line 16, (relating to the level of total budget outlays for fiscal year 1983) increase the amount by $,000,000.

Page 12, line 18, (relating to the amount of the deficit in the budget for fiscal year 1983) increase the amount by $,000,000.

Page 13, line 9, (relating to new budget authority for functional category 050 for fiscal year 1983) increase the amount by $,000,000.

Page 13, line 10, (relating to budget outlays for functional category 050 for fiscal year 1983) increase the amount by $,000,000.

Page 15, line 15, (relating to new budget authority for functional category 920 for fiscal year 1983) increase the amount by $,000,000.

Page 15, line 16, (relating to budget outlays for functional category 920 for fiscal year 1983) increase the amount by $,000,000.

Page 22, line 12, (relating to the level of total new budget authority for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 13, (relating to the level of total new budget authority for fiscal year 1985) increase the amount by $,000,000.

Page 22, line 15, (relating to the level of total budget outlays for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 16, (relating to the level of total budget outlays for fiscal year 1985) increase the amount by $,000,000.

Page 22, line 18, (relating to the amount of the deficit in the budget for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 19, (relating to the amount of the deficit in the budget for fiscal year 1985) increase the amount by $,000,000.

Page 23, line 12, (relating to new budget authority for functional category 050 for fiscal year 1984) increase the amount by $,000,000.

Page 23, line 13, (relating to budget outlays for functional category 050 for fiscal year 1984) increase the amount by $,000,000.

Page 23, line 16, (relating to new budget authority for functional category 050 for fiscal year 1985) increase the amount by $,000,000.

Page 23, line 17, (relating to budget outlays for functional category 050 for fiscal year 1985) increase the amount by $,000,000.

Page 29, line 18, (relating to new budget authority for functional category 920 for fiscal year 1984) increase the amount by $,000,000.

Page 29, line 19, (relating to budget outlays for functional category 920 for fiscal year 1984) increase the amount by $,000,000.

Page 29, line 22, (relating to new budget authority for functional category 920 for fiscal year 1985) increase the amount by $,000,000.

Page 29, line 23, (relating to budget outlays for functional category 920 for fiscal year 1985) increase the amount by $,000,000.

(Increase pay adjustment from 4% to 5% for Federal Employees.)

—Page 12, line 14, (relating to the level of total new budget authority for fiscal year 1983) increase the amount by $,000,000.

Page 12, line 16, (relating to the level of total budget outlays for fiscal year 1983) increase the amount by $,000,000.

Page 12, line 18, (relating to the amount of the deficit in the budget for fiscal year 1983) increase the amount by $,000,000.

Page 13, line 9, (relating to new budget authority for functional category 050 for fiscal year 1983) increase the amount by $,000,000.

Page 13, line 10, (relating to budget outlays for functional category 050 for fiscal year 1983) increase the amount by $,000,000.

Page 15, line 15, (relating to new budget authority for functional category 920 for fiscal year 1983) increase the amount by $,000,000.

Page 15, line 16, (relating to budget outlays for functional category 920 for fiscal year 1983) increase the amount by $,000,000.

Page 22, line 12, (relating to the level of total new budget authority for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 13, (relating to the level of total new budget authority for fiscal year 1985) increase the amount by $,000,000.

Page 22, line 15, (relating to the level of total budget outlays for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 16, (relating to the level of total budget outlays for fiscal year 1985) increase the amount by $,000,000.

Page 22, line 18, (relating to the amount of the deficit in the budget for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 19, (relating to the amount of the deficit in the budget for fiscal year 1985) increase the amount by $,000,000.

Page 23, line 12, (relating to new budget authority for functional category 050 for fiscal year 1984) increase the amount by $,000,000.

Page 23, line 13, (relating to budget outlays for functional category 050 for fiscal year 1984) increase the amount by $,000,000.

Page 23, line 16, (relating to new budget authority for functional category 050 for fiscal year 1985) increase the amount by $,000,000.

Page 23, line 17, (relating to budget outlays for functional category 050 for fiscal year 1985) increase the amount by $,000,000.

Page 29, line 18, (relating to new budget authority for functional category 920 for fiscal year 1984) increase the amount by $,000,000.

Page 29, line 19, (relating to budget outlays for functional category 920 for fiscal year 1984) increase the amount by $,000,000.

Page 29, line 22, (relating to new budget authority for functional category 920 for fiscal year 1985) increase the amount by $,000,000.

Page 29, line 23, (relating to budget outlays for functional category 920 for fiscal year 1985) increase the amount by $,000,000.

(Increase pay adjustment from 4% to 5% for Federal Employees.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

(Increase pay adjustment from 4% to 5% for Federal Employees, if reconciliation instructions.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committee on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committee on Governmental Affairs.

(Increase pay adjustment from 4% to 7% for Federal employees.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

(Increase pay adjustment from 4% to 7% for Federal Employees, if reconciliation instructions.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committee on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committee on Governmental Affairs.

(Remove freeze on pay adjustments to permit 7% increase for Federal employees, if reconciliation instructions.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committee on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committee on Governmental Affairs.

(Remove freeze on pay adjustments to permit 7% increase for Federal employees.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

(Remove freeze on pay adjustments to permit 5% increase for Federal employees, if reconciliation instructions.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committee on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committee on Governmental Affairs.

(Remove freeze on pay adjustments to permit 5% increase for Federal employees.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

(Increase from 5% to 7% pay adjustments for Federal employees, if reconciliation instructions.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committee on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committee on Governmental Affairs.

(Increase from 5% to 7% pay adjustments for Federal employees.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985, increase the amount by $,000,000.

By Mr. HUCKABY:

(Amendment to H. Con. Res. 345, or any amendment, thereto to the matter concerning Function 050 (National Defense)).

—Increase budget authority by $2.5 billion in fiscal year 1983.

Increase outlays by $1.5 billion in fiscal year 1983.

—Function 920, allowances.

Reduce budget authority by $2.5 billion in fiscal year 1983.

Reduce outlays by $1.5 billion in fiscal year 1983, making corresponding changes in the fiscal year 1984, and 1985.

The purpose of this amendment is to increase defense and reduce non-defense discretionary programs and entitlement programs.

By Mr. JONES of Oklahoma:

(An amendment to any amendment in the nature of a substitute which would adjust any amendment in the nature of a substitute to conform to the technical assumptions contained in H. Con. Res. 345.)

An amendment to any amendment in the nature of a substitute to H. Con. Res. 345. To matters concerning Function 920, allowances and revenues in fiscal year 1983.

—Increase budget authority by $7,300,000,000 in fiscal year 1983.

Increase outlays by $7,500,000,000 in fiscal year 1983.

Increase the aggregate budget authority level by $7,300,000,000 in fiscal year 1983.

Increase the aggregate outlay level by $7,500,000,000 in fiscal year 1983.

Increase the revenue level by $7,500,000,000 in fiscal year 1983.

The purpose of this amendment is to increase revenues in fiscal year 1983 (with corresponding increases in fiscal year 1984 and fiscal year 1985) by $7.5 billion. The amendment would also increase fiscal year 1983 budget authority by $7.3 billion and outlays by $7.5 billion (with corresponding increases in fiscal year 1984 and fiscal year 1985) for Function 920 (Allowances). If possible these amounts would be allocated in the amendment to the appropriate functional catagory with $3.5 billion going to non-defense discretionary programs and $4.0 billion to entitlement programs. Appropriate adjustments to reconciliation instructions will also be made.

(An amendment to any amendment in the nature of a substitute to H. Con. Res. 345, thereto to the matter concerning Function 050, National Defense.)

—Decrease budget authority by $17,800,000,000 in fiscal year 1983, by $28,400,000,000 in fiscal year 1984, and by $37,800,000,000 in fiscal year 1985;

Decrease outlays by $8,500,000,000 in fiscal year 1983, by $13,500,000,000 in fiscal year 1984, and by $18,000,000,000 in fiscal year 1985;

Decrease the aggregate budget authority level by $17,800,000,000 in fiscal year 1983, by $28,400,000,000 in fiscal year 1984, and by $37,800,000,000 in fiscal year 1985;

Decrease the aggregate outlay level by $8,500,000,000 in fiscal year 1983, by $13,500,000,000 in fiscal year 1984, and by $18,000,000,000 in fiscal year 1985;

Decrease the deficit by $8,500,000,000 in fiscal year 1983, by $13,500,000,000 in fiscal year 1984, and by $18,000,000,000 in fiscal year 1985.

By Mr. KEMP:

—In section 201, delete subsection (1) and insert:

(1) the level of Federal revenues is $645,000,000,000; and the net amount by which the aggregate level of Federal revenues should be increased is $0.

In section 201, subsection (4) delete $103,850,000,000 and insert $134,850,000,000.

In section 201(5), insert in place of the numbers appearing therein: $1,316,550,000,000; $916,550,000,000.

In section 204, delete subsection (1), and insert:

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $702,000,000,000;
Fiscal year 1985: $780,000,000,000.

and the amount by which the aggregate level of Federal revenues should be increased is as follows:

Fiscal year 1984: $0;
Fiscal year 1985: $0.

In section 204(4) insert the following numbers in place of those appearing therein: $123,750,000,000; $100,650,000,000.

In section 204(5) insert the following numbers for the numbers appearing therein: $1,455,450,000,000; $1,556,800,000,000 and; $1,055,450,000,000; $1,156,450,000,000.

Delete section 301(K).

Delete section 302(B).

By Mr. LATTA:

(Strike all after the resolving clause and insert the following:)

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SECTION 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102(a)(1). The level of Federal revenues is $628,400,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $900,000,000.

(2) the level of total new budget authority is $764,900,000,000;

(3) the level of total budget outlays is $728,900,000,000;

(4) the amount of the deficit in the budget is $100,500,000,000;

(5) the level of the public debt is $1,126,900,000, and the amount by which the statutory limit on such debt should accordingly be increased is $47,100,000,000;

(6) the level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $219,000,000,000;

(B) Outlays, $187,600,000,000.

(2) International Affairs (150):

(A) New budget authority, $19,000,000,000;

(B) Outlays, $11,400,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,900,000,000.

(4) Energy (270):

(A) New budget authority, $4,800,000,000;

(B) Outlays, $6,200,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,100,000,000;

(B) Outlays, $12,700,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,600,000,000;

(B) Outlays, $12,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $6,000,000,000;

(B) Outlays, $3,400,000,000.

(8) Transportation (400):

(A) New budget authority, $21,100,000,000;

(B) Outlays, $21,200,000.

(9) Community and Regional Development (450):

(A) New budget authority, $6,600,000,000;

(B) Outlays, $8,200,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $23,800,000,000;

(B) Outlays, $27,900,000,000.

(11) Health (550):

(A) New budget authority, $79,100,000,000;

(B) Outlays, $73,500,000,000.

(12) Income Security (600):

(A) New budget authority, $250,000,000,000;

(B) Outlays, $249,600,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $24,200,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,100,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,400,000,000;

(B) Outlays, $6,400,000,000.

(17) Interest (900):

(A) New budget authority, $99,200,000,000;

(B) Outlays, $99,200,000,000.

(18) Allowances (920):

(A) New budget authority, −$300,000,000;

(B) Outlays, −$400,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$31,800,000,000;

(B) Outlays, −$31,800,000,000.

SEC. 103(a). There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000;

(2) New primary loan guarantee commitments, $74,850,000,000;

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National defense (050):

(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments $000,000,000,000.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $000.000,000,000.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(14) Administration of Justice (750):

(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(17) Interest (900):

(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $665,900,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $20,900,000,000;

(2) the level of total new budget authority is $805,200,000,000;

(3) the level of total budget outlays is $767,500,000,000;

(4) the amount of the deficit in the budget is $101,600,000,000; and

(5) the level of the public debt is $1,268,000,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $141,100,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $253,850,000,000;

(B) Outlays, $213,250,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,200,000,000;

(B) Outlays, $12,050,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,050,000,000;

(B) Outlays, $7,150,000,000.

(4) Energy (270):

(A) New budget authority, $3,600,000,000;

(B) Outlays, $3,900,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,000,000,000;

(B) Outlays, $10,550,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,400,000,000;

(B) Outlays, $9,050,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,300,000,000;

(B) Outlays, $2,450,000,000.

(8) Transportation (400):

(A) New budget authority, $21,450,000,000;

(B) Outlays, $20,050,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $6,850,000,000;

(B) Outlays, $7,850,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,250,000,000;

(B) Outlays, $26,800,000,000.

(11) Health (550):

(A) New budget authority, $79,800,000,000;

(B) Outlays, $76,950,000,000.

(12) Income Security (600):

(A) New budget authority, $259,200,000,000;

(B) Outlays, $270,900,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,710,000,000;

(B) Outlays, $23,860,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,400,000,000;

(B) Outlays, $4,500,000,000.

(15) General Government (800):

(A) New budget authority, $4,900,000,000;

(B) Outlays, $4,750,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $112,800,000,000;

(B) Outlays, $112,800,000,000.

(18) Allowances (920):

(A) New budget authority, –$2,950,000,000;

(B) Outlays, –$2,750,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, –$43,110,000,000;

(B) Outlays, –$43,110,000,000.

(4) Energy (270):

(A) New direct loan obligations, $11,150,000,000;

(B) New primary loan guarantee commitments, –$1,800,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $16,750,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $11,050,000,000;

(B) New primary loan guarantee commitments, $37,850,000,000;

(C) New secondary loan guarantee commitments, $53,300,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $100,000,000;

(B) New primary loan guarantee commitments, $550,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community, and Regional Development (450):

(A) New direct loan obligations, $1,750,000,000;

(B) New primary loan guarantee commitments, –$100,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $650,000,000;

(B) New primary loan guarantee commitments, $10,300,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $100,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,750,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,100,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $25,150,000,000, the on-budget lending activity to a level not to exceed $31,700,000, new primary loan guarantee commitments to a level not to exceed $96,500,000,000, and new secondary loan guarantee commitments to a level not to exceed $53,300,000,000.

Sec. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $738,000,000,000;
Fiscal year 1985: $821,400,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $36,000,000,000;
Fiscal year 1985: $41,400,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $867,640,000,000;
Fiscal year 1985: $953,090,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $815,660,000,000;
Fiscal year 1985: $870,460,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984: $77,660,000,000;
Fiscal year 1985: $49,060,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,378,960,000,000;
Fiscal year 1985: $1,472,650,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $110,960,000,000;
Fiscal year 1985: $93,690,000,000.

Sec. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $278,850,000,000;

(B) Outlays, $240,650,000,000.

Fiscal year 1985:

(A) New budget authority, $322,200,000,000;

(B) Outlays, $274,420,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $12,350,000,000.

Fiscal year 1985:

(A) New budget authority, $21,250,000,000;

(B) Outlays, $12,450,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,050,000,000;

(B) Outlays, $7,100,000,000.

Fiscal year 1985:

(A) New budget authority, $7,050,000,000;

(B) Outlays, $7,050,000,000.

(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $2,900,000,000;
(B) Outlays, $2,350,000,000.
Fiscal year 1985:
(A) New budget authority, $2,750,000,000;
(B) Outlays, $1,500,000,000.

(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $8,400,000,000;
(B) Outlays, $9,500,000,000.
Fiscal year 1985:
(A) New budget authority, $7,950,000,000;
(B) Outlays, $8,400,000,000.

(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $8,100,000,000;
(B) Outlays, $7,350,000,000.
Fiscal year 1985:
(A) New budget authority, $5,700,000,000;
(B) Outlays, $6,950,000,000.

(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $7,900,000,000;
(B) Outlays, $1,950,000,000.
Fiscal year 1985:
(A) New budget authority, $7,650,000,000;
(B) Outlays, $1,750,000,000.

(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $21,700,000,000;
(B) Outlays, $19,700,000,000.
Fiscal year 1985:
(A) New budget authority, $22,050,000,000;
(B) Outlays, $19,550,000,000.

(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,000,000,000;
(B) Outlays, $7,500,000,000.
Fiscal year 1985:
(A) New budget authority, $7,200,000,000;
(B) Outlays, $7,500,000,000.

(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $27,550,000,000;
(B) Outlays, $26,700,000,000.
Fiscal year 1985:
(A) New budget authority, $27,400,000,000;
(B) Outlays, $26,550,000,000.

(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $92,650,000,000;
(B) Outlays, $84,550,000,000.
Fiscal year 1985:
(A) New budget authority, $104,550,000,000;
(B) Outlays, $94,500,000,000.

(12) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $279,100,000,000;
(B) Outlays, $286,150,000,000.
Fiscal year 1985:
(A) New budget authority, $314,250,000,000;
(B) Outlays, $307,000,000,000.

(13) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $25,980,000,000;
(B) Outlays, $25,800,000,000.
Fiscal year 1985:
(A) New budget authority, $27,090,000,000;
(B) Outlays, $26,640,000,000.

(14) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,350,000,000.
Fiscal year 1985:
(A) New budget authority, $4,250,000,000;
(B) Outlays, $4,250,000,000.

(15) General Government (800):
Fiscal year 1984:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,550,000,000.
Fiscal year 1985:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,400,000,000.

(16) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,700,000,000;
(B) Outlays, $6,700,000,000.
Fiscal year 1985:
(A) New budget authority, $6,850,000,000;
(B) Outlays, $6,850,000,000.

(17) Interest (900):
Fiscal year 1984:
(A) New budget authority, $118,800,000,000;
(B) Outlays, $118,800,000,000.
Fiscal year 1985:
(A) New budget authority, $112,100,000,000;
(B) Outlays, $112,100,000,000.

(18) Allowances (920):
Fiscal year 1984:
(A) New budget authority, −$1,950,000,000;
(B) Outlays, −$1,600,000,000.
Fiscal year 1985:
(A) New budget authority, −$1,750,000,000;
(B) Outlays, −$1,350,000,000.

(19) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$48,790,000,000;
(B) Outlays, −$48,790,000,000.
Fiscal year 1985:
(A) New budget authority, −$50,050,000,000;
(B) Outlays, −$50,050,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301 Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $612,000,000 and outlays by $602,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $1,688,000,000 in budget authority and $1,678,000,000 in outlays in fiscal year 1984, and $2,363,000,000 in budget authority and $2,363,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $217,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $700,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,237,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Banking, Finance and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $0 in budget authority and $697,000,000 in outlays in fiscal year 1984, and $0 in budget authority and $687,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $173,000,000 and outlays by $145,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $435,000,000 in budget authority and $387,000,000 in outlays in fiscal year 1984, and $484,000,000 in budget authority and $553,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $378,000,000 and outlays by $498,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $566,000,000 in budget authority and $566,000,000 in outlays in fiscal year 1984, and $625,000,000 in budget authority and $625,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $2,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the House Committee on Merchant Marine shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $28,000,000 and outlays by $406,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $299,000,000 in budget authority and $1,124,000,000 in outlays in fiscal year 1984, and $616,000,000 in budget authority and $1,897,000,000 in outlays in fiscal year 1985.

(I) the House Committee on Veterans Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $77,000,000 and outlays by $77,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $75,000,000 in budget authority and $75,000,000 in outlays in fiscal year 1984, and $71,000,000 in budget authority and $71,000,000 in outlays in fiscal year 1985.

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $1,017,000,000 and outlays by $5,483,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $1,367,000,000 in budget authority and $8,496,000,000 in outlays in fiscal year 1984, and $1,465,000,000 in budget authority and $11,667,000,000 in outlays in fiscal year 1985.

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenue by $20,900,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional revenues of $36,000,000,000 for fiscal year 1984, and $41,400,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $612,000,000 and outlays by $602,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $1,688,000,000 in budget authority and $1,678,000,000 in outlays for fiscal year 1984, and $2,363,000,000 in budget authority and $2,363,000,000.

(B) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays for fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985.

(C) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $0 in budget authority and $697,000,000 in outlays for fiscal year 1984, and $0 in budget authority and $687,000,000.

(D) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(E) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $1,395,000,000 and outlays by $5,981,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $1,933,000,000 in budget authority and $9,062,000,000 in outlays for fiscal year 1984, and $2,090,000,000 in budget authority and $12,292,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $2,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the Senate Committee on Government Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $28,000,000 and outlays by $406,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $299,000,000 in budget authority and $1,124,000,000 in outlays for fiscal year 1984, and $616,000,000 in budget authority and $1,897,000,000 in outlays in fiscal year 1985.

(H) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $173,000,000 and outlays by $145,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $435,000,000 in budget authority and $3[illegible],000,000 in outlays for fiscal year 1984, and $484,000,000 in budget authority and $553,000,000 in outlays in fiscal year 1985.

(1) the Senate Committee on Veterans Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority of $77,000,000 and outlays by $77,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $75,000,000 in budget authority and $75,000,000 in outlays for fiscal year 1984, and $71,000,000 in budget authority and $71,000,000.

(J) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $20,900,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $36,000,000,000 for fiscal year 1984, and $41,400,000,000 in fiscal year 1985.

SEC. 303. The committees named in sections 301 and 302 shall submit their recommendations to the Committees on the Budget of their respective Houses by June 30, 1982. Those recommendations shall be sufficient to accomplish the changes required by those subsections. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SEC. 304. In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983,

which exceeds the appropriate total allocation of new discretionary budget authority or new spending authority made pursuant to section 302(b) of such Act by the committee of jurisdiction shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under Section 310 of such Act.

302(B) report

SEC. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act in connection with the most recently agreed to Concurrent Resolution on the Budget.

SEC. 306. (a) After the Congress has completed action on the concurrent resolution on the budget required to be reported under section 310(a) for fiscal year 1983, and, if a reconciliation bill or resolution, or both, for such fiscal year are required to be reported under section 310(c), after that bill has been enacted into law or that resolution has been agreed to, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing authority for—

(1) new direct loan obligations for fiscal year 1983;

(2) new primary loan guarantee commitments for fiscal year 1983; or

(3) new secondary loan guarantee commitments for fiscal year 1983;

or any conference report on any such bill or resolution, if—

(A) the enactment of such bill or resolution as reported;

(B) the adoption and enactment of such amendment; or

(C) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new direct loan obligations for fiscal year 1983, total new primary loan guarantee commitments for such fiscal year, or total new secondary loan guarantee commitments for such fiscal year set forth in such concurrent resolution on the budget to be exceeded.

(b)(1) The joint explanatory statement accompanying the conference report on this resolution shall include an estimated allocation, based upon section —— of this resolution as recommended in such conference report, of the appropriate levels of total new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments authority among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new authority.

(2) As soon as practicable after this resolution is agreed to every committee of each House shall, after consulting with the committee or committees of the other House to which all or part of the allocation has been made, subdivide among its subcommittees the allocation of new direct loan obligations,

new primary loan guarantee commitments, and new secondary loan guarantee commitments allocated to it in the joint explanatory statement accompanying the conference report on this resolution.

SEC. 307. It is the sense of Congress that reductions in federal employment should be accomplished through attrition only.

SEC. 308. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

By Mr. MARTIN of North Carolina:

—Page 12, line 10, strike out "$676,700,000,000" and insert in lieu thereof "$665,000,000,000".

Page 12, line 12, strike out "$31,700,000,000" and insert in lieu thereof "$20,000,000,000".

Page 12, line 18, strike out "$103,850,000,000" and insert in lieu thereof "$115,550,000,000".

Page 22, line 4, strike out "$753,650,000,000" and insert in lieu thereof "$732,000,000,000".

Page 22, line 5, strike out "$846,550,000,000" and insert in lieu thereof "$820,000,000,000".

Page 22, line 8, strike out "$51,650,000,000" and insert in lieu thereof "$35,000,000,000".

Page 22, line 9, strike out "$66,550,000,000" and insert in lieu thereof "$40,000,000,000".

Page 22, line 18, strike out "$72,750,000,000" and insert in lieu thereof "$89,400,000,000".

Page 22, line 19, strike out "$34,650,000,000" and insert in lieu thereof "$61,200,000,000".

Page 35, line 1, (relating to reconciliation instructions to the House Committee on Ways and Means) strike out "$31,700,000,000" and insert in lieu thereof "$20,000,000,000", and on line 4, strike out "$51,650,000,000" and insert in lieu thereof "$35,000,000,000", and on line 5, strike out "$66,550,000,000" and insert in lieu thereof "$40,000,000,000".

Page 35, line 21, (relating to reconciliation instructions to the Senate Committee on Finance) strike out "$31,700,000,000" and insert in lieu thereof "$20,000,000,000", and on page 36, line 1, strike out "$51,650,000,000" and insert in lieu thereof "$35,000,000,000", and on line 2, strike out "$66,550,000,000" and insert in lieu thereof "$40,000,000,000".

By Mr. MILLER of California:

(Amendment in the nature of a substitute.)

—Strike out all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Section 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102. (a)(1) The level of Federal revenues is $622,800,000,000, and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000.

(5) The level of the public debt is $1,147,700,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000.

(6) The level of total gross obligations for the principal amount of direct loans is $63,400,000,000, and the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development(450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000;

(B) Outlays, −$30,250,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year begining on October 1, 1982—

(1) the level of Federal revenues is $645,000,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $000,000,000;

(2) the level of total new budget authority is $739,100,000,000;

(3) the level of total budget outlays is $754,400,000,000;

(4) the amount of the deficit in the budget is $109,400,000,000; and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $175,800,000,000;

(B) Outlays, $191,600,000,000.

(2) International Affairs (150):

(A) New budget authority, $17,000,000,000;

(B) Outlays, $11,600,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,400,000,000;

(B) Outlays, $6,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,800,000,000;

(B) Outlays, $12,300,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $5,700,000,000;

(B) Outlays, $1,600,000,000.

(8) Transportation (400):

(A) New budget authority, $20,000,000,000;

(B) Outlays, $20,500,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $6,700,000,000;

(B) Outlays, $8,500,000,000.

(10) Education Training, Employment and Social Services (500):

(A) New budget authority, $28,400,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $78,400,000,000;

(B) Outlays, $79,500,000,000.

(12) Income Security (600):

(A) New budget authority, $260,400,000,000;

(B) Outlays, $259,200,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,200,000,000;

(B) Outlays, $23,200,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,800,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,600,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,500,000,000;

(B) Outlays, $115,500,000,000.

(18) Allowances (920):

(A) New budget authority, $500,000,000;

(B) Outlays, $400,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, $39,700,000,000;

(B) Outlays, $39,700,000,000.

Sec. 203. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $702,000,000,000;

Fiscal year 1985: $780,000,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1984: $000,000,000,000;

Fiscal year 1985: $000,000,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $749,900,000,000;

Fiscal year 1985: $731,500,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $759,400,000,000;

Fiscal year 1985: $752,500,000,000.

(4)(A) the amount of the deficit in the budget is:

Fiscal year 1984: $57,400,000,000.

(B) the amount of the surplus in the budget is:

Fiscal year 1985: $27,500,000,000.

(5) the level of the public debt is as follows.

Fiscal year 1984: $1,404,450,000,000;

Fiscal year 1985: $1,490,880,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000;

Fiscal year 1985: $1,090,800,000,000.

Sec. 204. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $191,600,000,000;

(B) Outlays, $191,900,000,000.

Fiscal year 1985:

(A) New budget authority, $187,300,000,000;

(B) Outlays, $192,200,000,000.

(2) International Affairs (150):

Fiscal year 1984::

(A) New budget authority, $17,200,000,000;

(B) Outlays, $11,800,000,000.

Fiscal year 1985:

(A) New budget authority, $17,300,000,000;

(B) Outlays, $11,900,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,000,000,000;

(B) Outlays, $5,600,000,000.

Fiscal year 1985:

(A) New budget authority, $3,800,000,000;

(B) Outlays, $5,400,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $9,200,000,000;

(B) Outlays, $11,700,000,000.

Fiscal year 1985:

(A) New budget authority, $8,800,000,000;

(B) Outlays, $11,300,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $10,400,000,000;

(B) Outlays, $14,300,000,000.

Fiscal year 1985:

(A) New budget authority, $10,200,000,000;

(B) Outlays, $14,200,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $5,700,000,000;

(B) Outlays, $1,400,000,000.

Fiscal year 1985:

(A) New budget authority, $5,200,000,000;

(B) Outlays, $1,300,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $19,900,000,000;

(B) Outlays, $20,400,000,000.

Fiscal year 1985:

(A) New budget authority, $19,900,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $6,800,000,000;

(B) Outlays, $8,600,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $8,700,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $26,200,000,000;

(B) Outlays, $28,900,000,000.

Fiscal year 1985:

(A) New budget authority, $27,000,000,000;

(B) Outlays, $29,700,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $78,400,000,000;

(B) Outlays, $81,600,000,000.

Fiscal year 1985:

(A) New budget authority, $78,200,000,000;

(B) Outlays, $84,200,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $259,000,000,000;

(B) Outlays, $262,700,000,000.

Fiscal year 1985:

(A) New budget authority, $260,400,000,000;

(B) Outlays, $267,800,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $24,900,000,000;

(B) Outlays, $23,900,000,000.

Fiscal year 1985:

(A) New budget authority, $25,400,000,000;

(B) Outlays, $24,400,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,700,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,700,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,800,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,500,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $6,800,000,000;

(B) Outlays, $6,800,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $6,800,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $120,400,000,000;

(B) Outlays, $120,400,000,000.

Fiscal year 1985:

(A) New budget authority, $109,600,000,000;

(B) Outlays, $109,600,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority, −$500,000,000;

(B) Outlays, −$400,000,000.

Fiscal year 1985:

(A) New budget authority, −$1,500,000,000;

(B) Outlays, −$1,400,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, −$46,500,000,000;

(B) Outlays, −$46,500,000,000.

Fiscal year 1985:

(A) New budget authority, −$50,200,000,000;

(B) Outlays, −$50,200,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

Part A—Reconciliation Instructions

Sec. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $1,600,000,000 and to increase outlays by $2,250,000,000 in fiscal year 1983, to reduce budget authority by $2,250,000,000 and to increase outlays by $3,900,000,000 in fiscal year 1984 and to reduce budget authority by $3,400,000,000 and to increase outlays by $3,750,000,000 in fiscal year 1985;

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $600,000,000 and outlays by $600,000,000 in fiscal year 1983, budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1984 and budget authority by $2,900,000,000 and outlays by $2,900,000,000 in fiscal year 1985;

(C) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $400,000,000 and outlays by $400,000,000 in fiscal year 1983, budget authority by $950,000,000 and outlays by $950,000,000 in fiscal year 1984 and budget authority by $950,000,000 and outlays by $950,000,000 in fiscal year 1985;

(D) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) on the Budget Act, sufficient to reduce budget authority by $1,200,000,000 and outlays by $3,000,000,000 in fiscal year 1983, budget authority by $2,600,000,000 and outlays by $6,500,000,000 in fiscal year 1984 and budget authority by $4,850,000,000 and outlays by $11,200,000,000 in fiscal year 1985;

(E) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $00,000,000 and outlays by $700,000,000 in fiscal year 1983, budget authority by $000,000,000 and outlays by $2,200,000,000 in fiscal year 1984 and budget authority by $000,000,000 and outlays by $3,850,000,000 in fiscal year 1985;

(F) the House Committee on Veterans Affairs shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1983, budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1984 and budget authority by $500,000,000 and outlays by $500,000,000 in fiscal year 1985;

(G) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $550,000,000 and outlays by $14,800,000,000 in fiscal year 1983, budget authority by $1,150,000,000 and outlays by $31,650,000,000 in fiscal year 1984 and budget authority by $1,650,000,000 and outlays by $52,800,000,000 in fiscal year 1985.

Sec. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Agriculture shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $1,650,000,000 and to increase outlays by $2,200,000,000 in fiscal year 1983, to reduce budget authority by $2,850,000,000 and to increase outlays by $3,550,000,000 in fiscal year 1984 and to reduce budget authority by $4,350,000,000 and to increase outlays by $2,800,000,000 in fiscal year 1985;

(B) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $600,000,000 and outlays by $600,000,000 in fiscal year 1983, budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1984 and budget authority by $2,900,000,000 and outlays by $2,900,000,000 in fiscal year 1985;

(C) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $000,000,000 and outlays by $700,000,000 in fiscal year 1983, budget authority by $000,000,000 and outlays by $2,200,000,000 in fiscal year 1984 and budget authority by $000,000,000 and outlays by $3,830,000,000 in fiscal year 1985;

(D) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $350,000,000 and outlays by $650,000,000 in fiscal year 1983, budget authority by $600,000,000 and outlays by $1,200,000,000 in fiscal year 1984 and budget authority by $000,000,000 and outlays by $950,000,000 in fiscal year 1985;

(E) the Senate Committee on Veterans Affairs shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 410(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1983, budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1984 and budget authority by $500,000,000 and outlays by $500,000,000 in fiscal year 1985;

(F) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 410(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $2,150,000,000 and outlays by $16,400,000,000 in fiscal year 1983, budget authority by $4,450,000,000 and outlays by $34,950,000,000 in fiscal year 1984 and budget authority by $7,550,000,000 and outlays by $58,700,000,000 in fiscal year 1985.

Sec. 303. The Committees named in sections 301(A)-(F) and 302(A)-(E) must submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconcilation bill or resolution or both carrying out all such recommendations without any substantive revision.

PART B—ENFORCEMENT MEASURES

DEFERRED ENROLLMENT

Sec. 304. No bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act, and on any reconciliation legislation required by such resolution.

302(b) REPORT

Sec. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act.

Sec. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

(Amendment to the amendment in the nature of a substitute.)

Page , line , increase the level of Federal revenues for fiscal year 1983 by $11,000,000,000.

Page , line , increase the net amount by which the aggregate level of Federal revenues should be increased for fiscal year 1983 by $11,000,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $11,000,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1983 by $11,000,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1984 by $22,300,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1985 by $35,250,000,000.

Page , line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $22,300,000,000.

Page , line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1985 by $35,250,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $22,300,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1985 by $35,250,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1984 by $22,300,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1985 by $35,250,000,000.

Page , line , (relating to reconciliation instructions for the House Committee on Ways and Means) strike out "$14,800,000,000" and insert in lieu thereof "$3,800,000,000".

Page , line , (relating to reconciliation instructions for the House Committee on Ways and Means) strike out "$31,650,000,000" and insert in lieu thereof "$9,350,000,000".

Page , line , (relating to reconciliation instructions for the House Committee on Ways and Means) strike out "$52,800,000,000" and insert in lieu thereof "$17,550,000,000".

Page , line , insert for the semicolon at the end of the reconciliation instructions for the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by $11,000,000,000 in fiscal 1983, $22,300,000,000 in fiscal year 1984, and $35,250,000,000 in fiscal year 1985".

Page , line , (relating to reconciliation instructions for the Senate Committee on Finance) strike out "$16,400,000,000" and insert in lieu thereof "$5,400,000,000".

Page , line , (relating to reconciliation instructions for the Senate Committee on Finance) strike out "$34,950,000,000" and insert in lieu thereof "$12,650,000,000".

Page , line , (relating to reconciliation instructions for the Senate Committee on Finance) strike out "$58,700,000,000" and insert in lieu thereof "$23,450,000,000".

Page , line , insert before the semicolon at the end of the reconciliation instructions for the Senate Committee on Finance the following: "; further, the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by $11,000,000,000 in fiscal year 1983, $22,300,000,000 in fiscal year 1984, and $35,250,000,000 in fiscal year 1985".

—Page , line , increase the level of Federal revenues for fiscal year 1983 by $24,800,000,000.

Page , line , increase the net amount by which the aggregate level of Federal revenues should be increased for fiscal year 1983 by $24,800,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1983 by $64,600,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $24,800,000,000.

Page , line , increase new budget authority for Functional Category (050) for fiscal year 1983 by $64,600,000.000.

Page , line , increase outlays for Functional Category (050) for fiscal year 1983 by $24,800,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1984 by $42,400,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1985 by $64,300,000,000.

Page , line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $42,400,000,000.

Page , line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1985 by $64,300,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $74,000,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1985 by $104,600,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $42,400,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1985 by $64,300,000,000.

Page , line , increase new budget authority for Functional Category (050) for fiscal year 1984 by $74,000,000,000.

Page , line , increase new budget authority for Functional Category (050) for fiscal year 1985 by $104,600,000,000.

Page , line , increase outlays for Functional Category (050) for fiscal year 1984 by $42,400,000,000.

Page , line , increase outlays for Functional Category (050) for fiscal year 1985 by $64,300,000,000.

Page , line , insert before the semicolon at the end of the reconciliation instructions for the House Committee on Ways and Means the following: "; further, the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by $24,800,000 for fiscal year 1983, $42,400,000,000 for fiscal year 1984, and $64,300,000,000 for fiscal year 1985".

Page , line , insert before the semicolon at the end of the reconciliation instructions for the Senate Committee on Finance the following: "; further, the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by $24,800,000,000 for fiscal year 1983, $42,400,000,000 for fiscal year 1984, and $64,300,000,000 for fiscal year 1985".

Page , line , increase the level of Federal revenues for fiscal year 1983 by $2,700,000,000.

Page , line , increase the net amount by which the aggregate level of Federal revenues should be increased for fiscal year 1983 by $2,700,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1983 by $4,400,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $2,700,000,000.

Page , line , increase new budget authority for Functional Category (050) for fiscal year 1983 by $400,000,000.

Page , line , increase new budget authority for Functional Category (500) for fiscal year 1983 by $250,000,000.

Page , line , increase new budget authority for Functional Category (550) for fiscal year 1983 by $1,600,000,000.

Page , line , increase new budget authority for Functional Category (600) for fiscal year 1983 by $2,100,000,000.

Page , line , increase new budget authority for Functional Category (700) for fiscal year 1983 by $50,000,000.

Page , line , increase outlays for Functional Category (050) for fiscal year 1983 by $400,000,000.

Page , line , reduce outlays for Functional Category (370) for fiscal year 1983 by $3,850,000,000.

Page , line , increase outlays for Functional Category (500) for fiscal year 1983 by $250,000,000.

Page , line , increase outlays for Functional Category (550) for fiscal year 1983 by $1,350,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1983 by $4,500,000,000.

Page , line , increase outlays for Functional Category (700) for fiscal year 1983 by $50,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1984 by $9,000,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1985 by $21,400,000,000.

Page , line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $9,000,000,000.

Page , line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1985 by $21,400,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $9,300,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1985 by $13,100,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $9,000,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1985 by $21,400,000,000.

Page , line , increase new budget authority for Functional Category (050) for fiscal year 1984 by $1,000,000,000.

Page , line , increase new budget authority for Functional Category (500) for fiscal year 1984 by $400,000,000.

Page , line , increase new budget authority for Functional Category (550) for fiscal year 1984 by $3,350,000,000.

Page , line , increase new budget authority for Functional Category (600) for fiscal year 1984 by $4,100,000,000.

Page , line , increase new budget authority for Functional Category (700) for fiscal year 1984 by $450,000,000.

Page , line , increase new budget authority for Functional Category (050) for fiscal year 1985 by $1,650,000,000.

Page , line , reduce new budget authority for Functional Category (500) for fiscal year 1985 by $300,000,000.

Page , line , increase new budget authority for Functional Category (550) for fiscal year 1985 by $5,000,000,000.

Page , line , increase new budget authority for Functional Category (600) for fiscal year 1985 by $5,600,000,000.

Page , line , increase new budget authority for Functional Category (700) for fiscal year 1985 by $1,150,000,000.

Page , line , increase outlays for Functional Category (050) for fiscal year 1984 by $1,000,000,000.

Page , line , reduce outlays for Functional Category (350) for fiscal year 1984 by $6,400,000,000.

Page , line , increase outlays for Functional Category (500) for fiscal year 1984 by $400,000,000.

Page , line , increase outlays for Functional Category (550) for fiscal year 1984 by $8,800,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1984 by $4,700,000,000.

Page , line , increase outlays for Functional Category (700) for fiscal year 1984 by $450,000,000.

Page , line , increase outlays for Functional Category (050) for fiscal year 1985 by $1,650,000,000.

Page , line , reduce outlays for Functional Category (350) for fiscal year 1985 by $7,150,000,000.

Page , line , reduce outlays for Functional Category (500) for fiscal year 1985 by $300,000,000.

Page , line , increase outlays for Functional Category (550) for fiscal year 1985 by $17,650,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1985 by $8,400,000,000.

Page , line , increase outlays for Functional Category (700) for fiscal year 1985 by $1,500,000,000.

Page , line (relating to reconciliation instructions) strike out all Title III, Part A, Secs. 301 and 302, and in its place insert the following:

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 30[illegible]b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985;

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985;

(C) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985;

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985;

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985;

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985;

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,030 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985;

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $273,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985;

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985;

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985; and

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays in fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985;

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985;

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985;

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptable high budget deficits in future years requires additional savings of $694,000,000 in budget authority and $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985;

(E) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $190,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptable high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985;

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985;

(G) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985;

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985; and

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

Page , line , insert before the semicolon at the end of the reconciliation instructions for the House Committee on Ways and Means the following: "; further, the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $2,700,000,000 for fiscal year 1983, an additional $9,000,000,000 for fiscal year 1984, and an additional $21,400,000,000 for fiscal year 1985".

Page , line , insert before the semicolon at the end of the reconciliation instructions for the Senate Committee on Finance the following: "; further, the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $2,700,000,000 for fiscal year 1983, an additional $9,000,000,000 for fiscal year 1984, and an additional $21,400,000,000 for fiscal year 1985".

Page , line , increase the level of Federal revenues for fiscal year 1983 by $2,450,000,000.

Page , line , increase the net amount by which the aggregate level of Federal revenues should be increased for fiscal year 1983 by $2,450,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1983 by $4,500,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $2,450,000,000.

Page , line , increase new budget authority for Functional Category (270) for fiscal year 1983 by $700,000,000.

Page , line , increase new budget authority for Functional Category (350) for fiscal year 1983 by $300,000,000.

Page , line , increase new budget authority for Functional Category (370) for fiscal year 1983 by $1,250,000,000.

Page , line , increase new budget authority for Functional Category (400) for fiscal year 1983 by $900,000,000.

Page , line , increase new budget authority for Functional Category (500) for fiscal year 1983 by $1,050,000,000.

Page , line , increase new budget authority for Functional Category (550) for fiscal year 1983 by $1,050,000,000.

Page , line , increase new budget authority for Functional Category (600) for fiscal year 1983 by $150,000,000.

Page , line , increase outlays for Functional Category (270) for fiscal year 1983 by $500,000,000.

Page , line , increase outlays for Functional Category (370) for fiscal year 1983 by $250,000,000.

Page , line , increase outlays for Functional Category (400) for fiscal year 1983 by $650,000,000.

Page , line , increase outlays for Functional Category (450) for fiscal year 1983 by $150,000,000.

Page , line , increase outlays for Functional Category (500) for fiscal year 1983 by $200,000,000.

Page , line , increase outlays for Functional Category (550) for fiscal year 1983 by $50,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1983 by $450,000,000.

Page , line , increase outlays for Functional Category (950) for fiscal year 1983 by $200,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1984 by $3,550,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1985 by $4,400,000,000.

Page , line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $3,550,000,000.

Page , line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1985 by $4,400,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $5,050,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1985 by $5,250,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $3,550,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1985 by $4,400,000,000.

Page , line , increase new budget authority for Functional Category (270) for fiscal year 1984 by $700,000,000,000.

Page , line , increase new budget authority for Functional Category (350) for fiscal year 1984 by $150,000,000.

Page , line , increase new budget authority for Functional Category (370) for fiscal year 1984 by $1,300,000,000.

Page , line , increase new budget authority for Functional Category (400) for fiscal year 1984 by $950,000,000.

Page , line , increase new budget authority for Functional Category (500) for fiscal year 1984 by $1,350,000,000.

Page , line , increase new budget authority for Functional Category (550) for fiscal year 1984 by $300,000,000.

Page , line , increase new budget authority for Functional Category (600) for fiscal year 1984 by $300,000,000.

Page , line , increase new budget authority for Functional Category (270) for fiscal year 1985 by $650,000,000.

Page , line , increase new budget authority for Functional Category (350) for fiscal year 1985 by $100,000,000.

Page , line , increase new budget authority for Functional Category (370) for fiscal year 1985 by $1,150,000,000.

Page , line , increase new budget authority for Functional Category (400) for fiscal year 1985 by $1,000,000,000.

Page , line , increase new budget authority for Functional Category (500) for fiscal year 1985 by $1,500,000,000.

Page , line , increase new budget authority for Functional Category (550) for fiscal year 1985 by $350,000,000.

Page , line , increase new budget authority for Functional Category (600) for fiscal year 1985 by $500,000,000.

Page , line , increase outlays for Functional Category (270) for fiscal year 1984 by $600,000,000.

Page , line , increase outlays for Functional Category (350) for fiscal year 1984 by $150,000,000.

Page , line , increase outlays for Functional Category (370) for fiscal year 1984 by $300,000,000.

Page , line , increase outlays for Functional Category (400) for fiscal year 1984 by $800,000,000.

Page , line , increase outlays for Functional Category (500) for fiscal year 1984 by $650,000,000.

Page , line , increase outlays for Functional Category (550) for fiscal year 1984 by $200,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1984 by $650,000,000.

Page , line , increase outlays for Functional Category (270) for fiscal year 1985 by $500,000,000.

Page , line , increase outlays for Functional Category (350) for fiscal year 1985 by $200,000,000.

Page , line , increase outlays for Functional Category (370) for fiscal year 1985 by $500,000,000.

Page , line , increase outlays for Functional Category (400) for fiscal year 1985 by $900,000,000.

Page , line , increase outlays for Functional Category (500) for fiscal year 1985 by $950,000,000.

Page , line , increase outlays for Functional Category (550) for fiscal year 1985 by $300,000,000.

Page , line , increase outlays for Functional Category (600) for fiscal year 1985 by $850,000,000.

Page , line , insert before the semicolon at the end of the reconciliation instructions for the House Committee on Ways and Means the following: "; further, the House Committee on Ways and Means shall report changes in the law within the jurisdiction of that committee sufficient to raise revenues by an additional $2,450,000,000 for fiscal year 1983, by an additional $3,550,000,000 for fiscal year 1984, and by an additional $4,400,000,000 for fiscal year 1985".

Page , line , insert before the semicolon at the end of the reconciliation instructions for the Senate Committee on Finance the following: "; further, the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $2,450,000,000 for fiscal year 1983, by an additional $3,550,000,000 for fiscal year 1984, and by an additional $4,400,000,000 for fiscal year 1985".

By Ms. OAKAR:

—Page 13, line 9 (relating to functional category 050), strike out "$242,850,000,000" and insert in lieu thereof "$242,750,000,000".

Page 13, line 10 (relating to functional category 050), strike out "$212,300,000,000" and insert in lieu thereof "$210,150,000,000".

Page 14, line 16 (relating to functional category 550), strike out "$77,300,000,000" and insert in lieu thereof "$77,400,000,000".

Page 14, line 17 (relating to functional category 550), strike out "$80,100,000,000" and insert in lieu thereof "$82,250,000,000".

Mr. OBEY of Wisconsin:

(An amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SECTION 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102(a)(1). The level of Federal revenues is $624,900,000,000 and the net amount by which the aggregate level of Federal revenues should be increased is $1,900,000,000;

(2) the level of total new budget authority is $789,150,000,000;

(3) the level of total budget outlays is $745,800,000,000;

(4) the amount of the deficit in the budget is $120,900,000,000;

(5) the level of the public debt is $1,147,700,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000; and

(6) the level of total gross obligations for the principal amount of direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $11,400,000,000;

(B) Outlays, $13,200,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $22,200,000,000;

(B) Outlays, $21,500,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $26,400,000,000;

(B) Outlays, $28,600,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,200,000,000;

(B) Outlays, $102,200,000,000.

(18) Allowances (920):

(A) New budget authority, $4,850,000,000;

(B) Outlays, $3,150,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000;

(B) Outlays, −$30,250,000,000.

SEC. 103 (a). There is established a congressional Federal credit budget for fiscal year 1982 of which the levels of total Federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000;

(2) New primary loan guarantee commitments, $74,850,000,000;

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,0000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $682,400,000,000 and the net amount by which the aggregate level of Federal revenues should be increased is $37,400,000,000;

(2) the level of total new budget authority is $816,600,000,000;

(3) the level of total budget outlays is $781,100,000,000;

(4) the amount of the deficit in the budget is $98,700,000,000; and

(5) the level of the public debt is $1,285,500,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,500,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $228,400,000,000;

(B) Outlays, $208,700,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,150,000,000;

(B) Outlays, $12,100,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,700,000,000;

(B) Outlays, $7,500,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,200,000,000;

(B) Outlays, $10,800,000,000.

(6) Agriculture (350):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $10,200,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $8,150,000,000;

(B) Outlays, $3,100,000,000.

(8) Transportation (400):

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,550,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,300,000,000;

(B) Outlays, $7,950,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $28,650,000,000;

(B) Outlays, $27,850,000,000.

(11) Health (550):

(A) New budget authority, $77,600,000,000;

(B) Outlays, $80,400,000,000.

(12) Income Security (600):

(A) New budget authority, $287,800,000,000;

(B) Outlays, $275,750,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,400,000,000;

(B) Outlays, $23,650,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,650,000,000;

(B) Outlays, $4,700,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $114,900,000,000;

(B) Outlays, $114,900,000,000.

(18) Allowances (920):

(A) New budget authority, −$550,000,000;

(B) Outlays, $450,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, $43,850,000,000;

(B) Outlays, $43,850,000,000.

SEC. 203 (a). There is established a congressional Federal credit budget for fiscal year 1983 of which the levels of total Federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $61,450,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(2) International Affairs (150):

(A) New direct loan obligations, $10,650,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, $−850,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,550,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $950,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000;

(18) Allowances (920):

(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000;

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;

(C) New secondary loan guarantee commitments, $000,000,000,000;

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $30,400,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $787,600,000,000;
Fiscal year 1985: $892,200,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $85,600,000,000;
Fiscal year 1985: $112,200,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $879,850,000,000;
Fiscal year 1985: $948,150,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $824,600,000,000;
Fiscal year 1985: $879,000,000,000.

(4) the amount of the deficit or surplus in the budget is:

Fiscal year 1984: –$37,000,000,000;
Fiscal year 1985: +$13,200,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000;
Fiscal year 1985: $1,490,800,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000;
Fiscal year 1985: $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):
Fiscal year 1984:
(A) New budget authority, $252,850,000,000;
(B) Outlays, $227,650,000,000.
Fiscal year 1985:
(A) New budget authority, $279,850,000,000;
(B) Outlays, $256,000,000,000.

(2) International Affairs (150):
Fiscal year 1984:
(A) New budget authority, $17,550,000,000;
(B) Outlays, $12,700,000,000.
Fiscal year 1985:
(A) New budget authority, $22,700,000,000;
(B) Outlays, $13,000,000,000.

(3) General Science, Space, and Technology (250):
Fiscal year 1984:
(A) New budget authority, $8,050,000,000;
(B) Outlays, $8,050,000,000.
Fiscal year 1985:
(A) New budget authority, $8,350,000,000;
(B) Outlays, $8,350,000,000.

(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $4,950,000,000;
(B) Outlays, $4,150,000,000.
Fiscal year 1985:
(A) New budget authority, $4,950,000,000;
(B) Outlays, $4,100,000,000.

(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $9,100,000,000;
(B) Outlays, $10,200,000,000.
Fiscal year 1985:
(A) New budget authority, $9,300,000,000;
(B) Outlays, $9,550,000,000.

(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $8,550,000,000;
(B) Outlays, $8,400,000,000.
Fiscal year 1985:
(A) New budget authority, $7,150,000,000;
(B) Outlays, $7,750,000,000.

(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $9,000,000,000;
(B) Outlays, $2,800,000,000.
Fiscal year 1985:
(A) New budget authority, $9,200,000,000;
(B) Outlays, $3,050,000,000.

(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $22,600,000,000;
(B) Outlays, $20,400,000,000.
Fiscal year 1985:
(A) New budget authority, $23,700,000,000;
(B) Outlays, $20,750,000,000.

(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,950,000,000;
(B) Outlays, $7,900,000,000.
Fiscal year 1985:
(A) New budget authority, $8,450,000,000;
(B) Outlays, $8,350,000,000.

(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $30,250,000,000;
(B) Outlays, $29,400,000,000.
Fiscal year 1985:
(A) New budget authority, $31,550,000,000;
(B) Outlays, $29,900,000,000.

(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $82,050,000,000;
(B) Outlays, $90,550,000,000.
Fiscal year 1985:
(A) New budget authority, $94,700,000,000;
(B) Outlays, $102,500,000,000.

(12) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $316,450,000,000;
(B) Outlays, $292,400,000,000.
Fiscal year 1985:
(A) New budget authority, $348,250,000,000;
(B) Outlays, $315,650,000,000.

(13) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $25,550,000,000;
(B) Outlays, $24,950,000,000.
Fiscal year 1985:
(A) New budget authority, $26,800,000,000;
(B) Outlays, $26,650,000,000.

(14) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $4,900,000,000;
(B) Outlays, $4,850,000,000.
Fiscal year 1985:
(A) New budget authority, $4,850,000,000;
(B) Outlays, $4,900,000,000.

(15) General Government (800):
Fiscal year 1984:
(A) New budget authority, $4,950,000,000;
(B) Outlays, $4,800,000,000.
Fiscal year 1985:
(A) New budget authority, $5,250,000,000;
(B) Outlays, $4,950,000,000.

(16) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,750,000,000;
(B) Outlays, $6,700,000,000.
Fiscal year 1985:
(A) New budget authority, $6,900,000,000;
(B) Outlays, $6,900,000,000.

(17) Interest (900):
Fiscal year 1984:
(A) New budget authority, $117,000,000,000;
(B) Outlays, $117,000,000,000.
Fiscal year 1985:
(A) New budget authority, $105,500,000,000;
(B) Outlays, $105,500,000,000.

(18) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $1,050,000,000;
(B) Outlays, $1,400,000,000.
Fiscal year 1985:
(A) New budget authority, $1,750,000,000;
(B) Outlays, $2,200,000,000.

(19) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, –$49,700,000,000;
(B) Outlays, –$49,700,000,000.
Fiscal year 1985:
(A) New budget authority, –$51,050,000,000;
(B) Outlays, –$51,050,000,000.

Title III—Providing Reconciliation Instructions and other Enforcement Measures

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional saving of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Banking, Finance an Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and budget authority and $687,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $59,000,000 and outlays by $59,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $65,000,000 in budget authority and $65,000,000 in outlays in fiscal year 1984, and $72,000,000 in budget authority and $72,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,284,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,005,000,000 in outlays in fiscal year 1984, and $24,000,0000 in budget authority and $3,507,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to increase revenue by $37,400,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $85,600,000,000 for fiscal year 1984, and $112,200,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,343,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $270,000,000 in budget authority and $3,070,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $3,639,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $37,400,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $85,600,000,000 for fiscal year 1984, and $112,200,000,000 for fiscal year 1985.

(C) the Senate Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $1,000,000 and outlays by $1,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $3,000,000 in budget authority and $3,000,000 in outlays for fiscal year 1984, and $5,000,000 in budget authority and $5,000,000 in outlays in fiscal year 1985.

(E) the Senate Committee on Banking, Housing and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $90,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Veterans Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $81,000,000 and outlays by $81,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $87,000,000 in budget authority and $87,000,000 in outlays for fiscal year 1984, and $91,000,000 in budget authority and $91,000,000 in outlays in fiscal year 1985.

SEC. 303. The committees names in sections 301 (A)-(D) and 302 (C)-(F) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

DEFERRED ENROLLMENT

SEC. 304. In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

302(b) REPORT

SEC. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act.

SEC. 306. By this budget resolution, Congress significantly reduces projected deficits for fiscal year 1983 and more importantly by even larger amounts in fiscal year 1984 and 1985. These actions restore control over fiscal policy and make changes in monetary policy appropriate. Consequently, the Federal Reserve Board shall adjust monetary policy as required to foster sustained economic growth and declining inflation as reflected by the growth of gross national product assumed in this budget resolution and contained in the accompanying report.

If the Federal Reserve Board at any time prior to the passage of the budget resolution for fiscal year 1984 believes that the growth and inflation targets specified in the report are inappropriate, the Chairman of the Federal Reserve Board shall submit to the Budget Committee and Banking Committees an analysis supporting that conclusion.

By Mr. OTTINGER:

—On page 12, line 10, strike "$676,700,000,000" and insert instead "$677,600,000,000".

On page 12, line 12, strike "$31,700,000,000" and insert instead "$32,600,000,000".

On page 12, line 14, strike "$828,000,000,000" and insert instead "$828,900,000,000".

On page 12, line 16, strike "$780,550,000,000" and insert instead "$781,100,000,000".

On page 14, line 13, strike "$27,550,000,000" and insert instead "$28,450,000,000".

On page 14, line 14, strike "$27,450,000,000" and insert instead "$28,000,000,000".

On page 22, line 4, strike "$753,650,000,000" and insert instead "$755,100,000,000".

On page 22, line 5, strike "$846,550,000,000" and insert instead "$849,200,000,000".

On page 22, line 8, strike "$51,650,000,000" and insert instead "$53,100,000,000".

On page 22, line 9, strike "$66,550,000,000" and insert instead "$69,200,000,000".

On page 22, line 12, strike "$888,400,000,000" and insert instead "$890,400,000,000".

On page 22, line 13, strike "$952,850,000,000" and insert instead "$956,300,000,000".

On page 22, line 15, strike "$826,400,000,000" and insert instead "$827,850,000,000".

On page 22, line 16, strike "$881,200,000,000" and insert instead "$883,850,000,000".

On page 26, line 21, strike "$28,250,000,000" and insert instead "$30,250,000,000".

On page 26, line 22, strike "$28,000,000,000" and insert instead "$29,450,000,000".

On page 26, line 25, strike "$28,300,000,000" and insert instead "$31,750,000,000".

On page 27, line 1, strike "$28,200,000,000" and insert instead "$30,850,000,000".

By Mr. PARRIS.

(Strike COLA cap.)

—Page 12, line 14, increase the amount by $485,000,000.

Page 12, line 16, increase the amount by $485,000,000.

Page 12, line 18, increase the amount by $485,000,000.

Page 14, line 21, increase the amount by $485,000,000.

Page 22, line 12, increase the amount by $933,000,000.

Page 22, line 13, increase the amount by $1,760,000,000.

Page 22, line 15, increase the amount by $1,616,000,000.

Page 22, line 16, increase the amount by $2,876,000,000.

Page 22, line 18, increase the amount by $1,616,000,000.

Page 22, line 19, increase the amount by $2,876,000,000.

Page 27, line 14, increase the amount by $933,000,000.

Page 27, line 15, increase the amount by $1,616,000,000.

Page 27, line 18, increase the amount by $1,766,000,000.

Page 27, line 19, increase the amount by $2,876,000,000.

Page 31, strike out line 1 and all that follows down through line 11, and redesignate the following subsections (and cross references thereto) accordingly.

Page 32, strike out line 18 and all that follows down through line 2 on page 33, and redesignate the following subsections (and cross references thereto) accordingly.

Page 33, strike out line 14 and all that follows down through line 24, and redesignate the following subsections (and cross references thereto) accordingly.

Page 37, line 22, insert "and" after the semicolon.

Page 37, strike out line 23 and all that follows down through line 17 on page 38, and redesignate the following subsection (and cross references thereto) accordingly.

(Increase pay adjustment from 4% to 5% for Federal employees.)

—Page 12, line 14, (relating to the level of total new budget authority for fiscal year 1983) increase the amount by $,000,000.

Page 12, line 16, (relating to the level of total budget outlays for fiscal year 1983) increase the amount by $,000,000.

Page 12, line 18, (relating to the amount of the deficit in the budget for fiscal year 1983) increase the amount by $,000,000.

Page 13, line 9, (relating to new budget authority for functional category 050 for fiscal year 1983) increase the amount by $,000,000.

Page 13, line 10, (relating to budget outlays for functional category 050 for fiscal year 1983) increase the amount by $,000,000.

Page 15, line 15, (relating to new budget authority for functional category 920 for fiscal year 1983) increase the amount by $,000,000.

Page 15, line 16, (relating to budget outlays for functional category 920 for fiscal year 1983) increase the amount by $,000,000.

Page 22, line 12, (relating to the level of total new budget authority for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 13, (relating to the level of total new budget authority for fiscal year 1985) increase the amount by $,000,000.

Page 22, line 15, (relating to the level of total budget outlays for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 16, (relating to the level of total budget outlays for fiscal year 1985) increase the amount by $,000,000.

Page 22, line 18, (relating to the amount of the deficit in the budget for fiscal year 1984) increase the amount by $,000,000.

Page 22, line 19, (relating to the amount of the deficit in the budget for fiscal year 1985) increase the amount by $,000,000.

Page 23, line 12, (relating to new budget authority for functional category 050 for fiscal year 1984) increase the amount by $,000,000.

Page 23, line 13, (relating to budget outlays for functional category 050 for fiscal year 1984) increase the amount by $,000,000.

Page 23, line 16, (relating to new budget authority for functional category 050 for fiscal year 1985) increase the amount by $,000,000.

Page 23, line 17, (relating to budget outlays for functional category 050 for fiscal year 1985) increase the amount by $,000,000.

Page 29, line 18, (relating to new budget authority for functional category 920 for fiscal year 1984) increase the amount by $,000,000.

Page 29, line 19, (relating to budget outlays for functional category 920 for fiscal year 1984) increase the amount by $,000,000.

Page 29, line 22, (relating to new budget authority for functional category 920 for fiscal year 1985) increase the amount by $,000,000.

Page 29, line 23, (relating to budget outlays for functional category 920 for fiscal year 1985) increase the amount by $,000,000.

By Mr. PEASE:

—At the appropriate place insert the following:

Whereas the promised economic recovery has not materialized,

Whereas unemployment is at the highest level since the Federal Government began keeping records of unemployment statistics,

Whereas President Reagan's economic program has resulted in projections for the 1983 fiscal year which are almost triple the largest previous deficit in American history,

Whereas interest rates remain intolerably high and are depressing economic activity, including our automobile, housing, and steel industries, and precluding necessary family purchases,

Whereas the closing of tax loopholes will assist in reducing deficits in 1983 and 1984 and, hopefully, in balancing the budget in 1985, thereby reducing interest rates, creating jobs, and revitalizing our industrial base, and

Whereas the tax laws should be amended to bring the Federal budget into balance, to eliminate tax loopholes, and to return our tax system to a fair system of taxation: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that the Congress should enact legislation which makes the following changes in the Internal Revenue Code of 1954:

(1) Phase-out of the employee stock ownership credit.

(2) Limitation of the issuance of industrial development bonds.

(3) Limitation of the deduction for payment of nonbusiness interest (other than for purchase of a home or automobile).

(4) Repeal of the partial exclusion of dividends.

(5) Repeal of the exclusion of scholarship and fellowship grants.

(6) Repeal of the exclusion of amounts received under qualified group legal services plans.

(7) Repeal of the 15 percent exclusion of interest (scheduled to take effect in 1985).

(8) Elimination of the deductions for the extra cost of first-class travel.

(9) Limitation of the business deduction to 80 percent of the amount paid by the taxpayer with respect to meals, lodging, and entertainment.

(10) Repeal of the deduction for State and local personal property taxes.

(11) Limitation of the deduction for casualty losses to 10 percent of the taxpayer's adjusted gross income.

(12) Repeal of safe harbor leasing.

(13) Reduction of the basis of property subject to a deduction, under the accelerated cost recovery system, by the amount of the investment tax credit allowed with respect to such property.

(14) Repeal of the charitable deduction for individuals who do not itemize deductions.

(15) Imposition of a requirement that real property construction period interest and taxes be capitalized in the case of corporations.

(16) Repeal of the investment tax credit for timber and the amortization of reforestation expenditures.

(17) Repeal of the deduction for taxpayers holding motor carrier operating authorities.

(18) Limitation of the deduction for medical expenses to medical expenses in excess of 5 percent of the taxpayer's adjusted gross income.

(19) Repeal of the expensing of intangible drilling and development costs in the case of oil and gas wells and geothermal wells.

(20) Repeal of the capital gains treatment of dividends reinvested in the stock of public utilities.

(21) Elimination of the use of the completed contract method of accounting for long-term contracts.

(22) Limitation of the deduction for additions to the reserves for bad debts in the case of thrift institutions.

(23) Repeal of percentage depletion with respect to natural resources.

(24) Repeal of special capital gains treatment of timber, coal, and domestic iron ore.

(25) Elimination of the use of modified coinsurance contracts as a method of treating investment income as underwriting income.

(26) Limitation of the tax credit for possessions corporations to prevent abuse of such credit.

(27) Repeal of the credit for oil and gas extraction taxes paid or accrued.

(28) Elimination of the special treatment of domestic international sales corporations.

(29) Increase in the percentage of gain or loss treated as short-term capital gain or loss in the case of regulated futures contracts.

(30) Imposition of a 5 percent capital gains tax for estates, based on the decedent's holdings at the time of death (subject to a $100,000 exclusion).

(31) Limitation on the phased-in increase in the unified credit against gift and estate taxes, and indexation of such credit.

(32) Repeal of the recent changes in current use valuation.

(33) Imposition of a $100,000 limitation on the estate tax exclusion for annuities and for the proceeds of life insurance.

(34) Repeal of the exemption for royalty oil, the reduction in tax imposed on newly discovered oil, and the exemption for stripper well oil.

By Mr. PERKINS:

—Strike the paragraph beginning on line 2, page 31, and ending on line 6, page 32.

By Mr. ROE:

—Section 304 is amended to read as follows:

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section

401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

—Section 304 is amended to read as follows:

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

—In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to section 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule 10 of the Rules of the House should be considered."

—Section 301(K) is amended by adding the following at the end thereof: "For purposes of this section, if any such changes involve the imposition of new or expanded taxes related to the use of inland waterways or deep draft ports (including, but not limited to, taxes on fuel, commodities, or vessels) or the imposition of any new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

—Section 301(K) is amended by adding the following at the end thereto: "for purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

—Amend section 301 by adding the following new subsection (L):

(L) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that Committee sufficient to reduce appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays, as follows: $100,000,000 in budget authority, and $10,000,000 in outlays for fiscal year 1983.

—Section 301 (K) is amended by striking out "$31,700,000,000" and inserting in lieu thereof "$31,200,000,000."

—Section 301 is amended by adding the following new subsection:

(L) the House Committee on Public Works shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $25,000,000 and outlays by $2,500,000 in fiscal year 1983.

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SEC. 101. The provisions of this title shall supersede the figures reaffirmed in Senate Concurrent Resolution 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102(a)(1). The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000;

(2) the level of total new budget authority is $784,500,000,000;

(3) the level of total budget outlays is $743,900,000,000;

(4) the amount of the deficit in the budget is $121,100,000,000;

(5) the level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000, and

(6) the level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000;

(B) Outlays, −$30,250,000,000.

SEC. 103. (a) There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000

(2) New primary loan guarantee commitments, $74,850,000,000

(3) New secondary loan guarantee commitments, $68,950,000,000

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New Secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New Secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New Secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New Secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New Secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New Secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loans guarantee commitments, $0:

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0:

(B) New primary loan guarantee commitments, $0:

(C) New secondary loan guarantee commitments, $0:

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0:

(B) New primary loan guarantee commitments, $0:

(C) New secondary loan guarantee commitments, $0:

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $676,700,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $31,700,000,000;

(2) the level of total new budget authority is $828,000,000,000;

(3) the level of total budget outlays is $780,550,000,000;

(4) the amount of the deficit in the budget is $103,850,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $242,850,000,000;

(B) Outlays, $212,300,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,150,000,000;

(B) Outlays, $12,100,000,000.

General Science, Space, and Technology (250):

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(B) Outlays, $10,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,900,000,000;

(B) Outlays, $10,100,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $8,050,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,550,000,000;

(B) Outlays, $27,450,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $80,100,000,000.

(12) Income Security (600):

(A) New budget authority, $286,950,000,000;

(B) Outlays, $273,800,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,100,000,000;

(B) Outlays, $23,400,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, −$1,050,000,000;

(B) Outlays, −$850,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$43,650,000,000;

(B) Outlays, −$43,650,000,000.

SEC. 203. (a) There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1933 are:

(1) New direct loan obligations, $60,900,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

International Affairs (150):

(A) New direct loan obligations, $10,850,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, –$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $29,850,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $753,650,000,000.

Fiscal year 1985: $846,550,000,000.

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $51,650,000,000.

Fiscal year 1985: $66,550,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $888,400,000,000.

Fiscal year 1985: $952,850,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $826,400,000,000.

Fiscal year 1985: $881,200,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984: $72,750,000,000.

Fiscal year 1985: $34,650,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000.

Fiscal year 1985: $1,490,800,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000.

Fiscal year 1985: $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,150,000,000;

(B) Outlays, $235,350,000,000.

Fiscal year 1985:

(A) New budget authority, $295,950,000,000;

(B) Outlays, $265,950,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $12,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,750,000,000.

Fiscal year 1985:

(A) New budget authority, $7,600,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,050,000,000.

Fiscal year 1985:

(A) New budget authority, $4,650,000,000;

(B) Outlays, $3,850,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $8,750,000,000;

(B) Outlays, $9,850,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $8,850,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $8,400,000,000;

(B) Outlays, $8,250,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $7,500,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $8,650,000,000;

(B) Outlays, $2,750,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $2,600,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $22,400,000,000;

(B) Outlays, $20,050,000,000.

Fiscal year 1985:

(A) New budget authority, $22,950,000,000;

(B) Outlays, $20,250,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,150,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,350,000,000;

(B) Outlays, $7,700,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $28,250,000,000;

(B) Outlays, $28,000,000,000.

Fiscal year 1985:

(A) New budget authority, $28,300,000,000;
(B) Outlays, $28,200,000,000.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $81,700,000,000;
(B) Outlays, $89,650,000,000.
Fiscal year 1985:
(A) New budget authority, $94,100,000,000;
(B) Outlays, $101,250,000,000.
(12) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $314,500,000,000;
(B) Outlays, $290,050,000,000.
Fiscal year 1985:
(A) New budget authority, $344,550,000,000;
(B) Outlays, $312,400,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $25,150,000,000;
(B) Outlays, $24,550,000,000.
Fiscal year 1985:
(A) New budget authority, $26,000,000,000;
(B) Outlays, $25,900,000,000.
(14) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
(15) General Government (800):
Fiscal year 1984:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,500,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,750,000,000;
(B) Outlays, $6,700,000,000.
Fiscal year 1985:
(A) New budget authority, $6,850,000,000;
(B) Outlays, $6,850,000,000.
(17) Interest (900):
Fiscal year 1984:
(A) New budget authority, $119,300,000,000;
(B) Outlays, $119,300,000,000.
Fiscal year 1985:
(A) New budget authority, $110,850,000,000;
(B) Outlays, $110,850,000,000.
(18) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $200,000,000;
(B) Outlays, $500,000,000.
Fiscal year 1985:
(A) New budget authority, $500,000,000;
(B) Outlays, $900,000,000.
(19) Undistributed Offsetting Recepits (950):
Fiscal year 1984:
(A) New budget authority, −$49,500,000,000;
(B) Outlays, −$49,500,000,000.
Fiscal year 1985:
(A) New budget authority, −$50,850,000,000;
(B) Outlays, −$50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $000,000,000 and outlays by $273,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985.

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985.

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985.

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985. For purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985.

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985.

(E) The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $190,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(G) the Senate Committee on Foreign relations shall report changes in law within the jurisdication of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985.

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

Sec. 303. The committees named in sections 301(A)-(I) and 302(C)-(I) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

DEFERRED ENROLLMENT

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such act. (b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

302(b) REPORT

Sec. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committees makes the allocations or subdivisions required by section 302(b) of the Budget Act.

Sec. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Sec. 101. The provisions of this title shall supersede the figures reaffirmed in Senate Concurrent Resolution 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102(a)(1). The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000;

(2) the level of total new budget authority is $784,500,000,000;

(3) the level of total budget outlays is $743,900,000,000;

(4) the amount of the deficit in the budget is $121,100,000,000;

(5) the level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000, and

(6) the level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $218,200,000,000;
(B) Outlays, $190,800,000,000.
(2) International Affairs (150):
(A) New budget authority, $16,750,000,000;
(B) Outlays, $11,450,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $7,000,000,000;
(B) Outlays, $7,000,000,000.
(4) Energy (270):
(A) New budget authority, $4,750,000,000;
(B) Outlays, $6,500,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $10,400,000,000;
(B) Outlays, $12,850,000,000.
(6) Agriculture (350):
(A) New budget authority, $9,900,000,000;
(B) Outlays, $13,800,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $7,500,000,000;
(B) Outlays, $3,750,000,000.
(8) Transportation (400):
(A) New budget authority, $21,350,000,000;
(B) Outlays, $21,450,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $7,000,000,000;
(B) Outlays, $8,650,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $25,450,000,000;
(B) Outlays, $28,200,000,000.
(11) Health (550):
(A) New budget authority, $79,050,000,000;
(B) Outlays, $73,750,000,000.
(12) Income Security (600):
(A) New budget authority, $261,350,000,000;
(B) Outlays, $251,850,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $24,800,000,000;
(B) Outlays, $23,800,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,500,000,000;
(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, –$30,250,000,000;

(B) Outlays, –$30,250,000,000.

SEC. 103. (a) There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New Secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New Secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New Secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New Secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New Secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New Secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loans guarantee commitments, $0:

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0:

(B) New primary loan guarantee commitments, $0:

(C) New secondary loan guarantee commitments, $0:

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0:

(B) New primary loan guarantee commitments, $0:

(C) New secondary loan guarantee commitments, $0:

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $676,700,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $31,700,000,000;

(2) the level of total new budget authority is $828,000,000,000;

(3) the level of total budget outlays is $780,550,000,000;

(4) the amount of the deficit in the budget is $103,850,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $242,850,000,000;

(B) Outlays, $212,300,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,150,000,000;

(B) Outlays, $12,100,000,000.

General Science, Space, and Technology (250):

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(E) Outlays, $10,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,900,000,000;

(B) Outlays, $10,100,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $8,050,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,550,000,000;

(B) Outlays, $27,450,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $80,100,000,000.

(12) Income Security (600):

(A) New budget authority, $286,950,000,000;

(B) Outlays, $273,800,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,100,000,000;

(B) Outlays, $23,400,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000:

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, −$1,050,000,000;

(B) Outlays, −$850,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$43,650,000,000;

(B) Outlays, −$43,650,000,000.

SEC. 203. (a) There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $60,900,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

International Affairs (150):

(A) New direct loan obligations, $10,850,000,000;

(B) New primary loan guarantee commitments, $8.950,000,000;

(C) New secondary loan guarantee commitments, $0.

General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, −$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $29,850,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $753,650,000,000.

Fiscal year 1985: $846,550,000,000.

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $51,650,000,000.

Fiscal year 1985: $66,550,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $888,400,000,000.

Fiscal year 1985: $952,850,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $826,400,000,000.

Fiscal year 1985: $881,200,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984: $72,750,000,000.

Fiscal year 1985: $34,650,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000.

Fiscal year 1985. $1,490,800,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000.

Fiscal year 1985: $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,150,000,000;

(B) Outlays, $235,350,000,000.

Fiscal year 1985:

(A) New budget authority, $295,950,000,000;

(B) Outlays, $265,950,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $12,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,750,000,000.

Fiscal year 1985:

(A) New budget authority, $7,600,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,050,000,000.

Fiscal year 1985:

(A) New budget authority, $4,650,000,000;

(B) Outlays, $3,850,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $8,750,000,000;

(B) Outlays, $9,850,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $8,850,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $8,400,000,000;

(B) Outlays, $8,250,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $7,500,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $8,650,000,000;

(B) Outlays, $2,750,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $2,600,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $22,400,000,000;

(B) Outlays, $20,050,000,000.

Fiscal year 1985:

(A) New budget authority, $22,950,000,000;

(B) Outlays, $20,250,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,150,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,350,000,000;

(B) Outlays, $7,700,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $28,250,000,000;

(B) Outlays, $28,000,000,000.

Fiscal year 1985:

(A) New budget authority, $28,300,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $81,700,000,000;

(B) Outlays, $89,650,000,000.

Fiscal year 1985:

(A) New budget authority, $94,100,000,000;

(B) Outlays, $101,250,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $314,500,000,000;

(B) Outlays, $290,050,000,000.

Fiscal year 1985:

(A) New budget authority, $344,550,000,000;

(B) Outlays, $312,400,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $25,150,000,000;

(B) Outlays, $24,550,000,000.

Fiscal year 1985:

(A) New budget authority, $26,000,000,000;

(B) Outlays, $25,900,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,500,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $6,750,000,000;

(B) Outlays, $6,700,000,000.

Fiscal year 1985:

(A) New budget authority, $6,650,000,000;

(B) Outlays, $6,850,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $119,300,000,000;

(B) Outlays, $119,300,000,000.

Fiscal year 1985:

(A) New budget authority, $110,850,000,000;

(B) Outlays, $110,850,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority, $200,000,000;

(B) Outlays, $500,000,000.

Fiscal year 1985:

(A) New budget authority, $500,000,000;

(B) Outlays, $900,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, −$49,500,000,000;

(B) Outlays, −$49,500,000,000.

Fiscal year 1985:

(A) New budget authority, −$50,850,000,000;

(B) Outlays, −$50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $000,000,000 and outlays by $273,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985.

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985.

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985.

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985.

Sec. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985.

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985.

(E) The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $190,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(G) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985.

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

Sec. 303. The committees named in sections 301(A)-(I) and 302(C)-(I) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision. If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to Sec. 301(k) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule 10 of the Rules of the House should be considered.

DEFERRED ENROLLMENT

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such act. (b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

302(b) REPORT

Sec. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committees makes the allocations or subdivisions required by section 302(b) of the Budget Act.

Sec. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

By Mr. ROUSSELOT:

(Amendment in the nature of a substitute.)

—Strike out all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Sec. 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102. (a)(1) The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000.

(5) The level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000.

(6) The level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000;

(B) Outlays, −$30,250,000,000.

SEC. 103. (a) There is established a congressional Federal credit budget for fiscal year 1982 of which the levels of total Federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $701,750,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $

(2) the level of total new budget authority is $785,400,000,000,

(3) the level of total budget outlays is $701,750,000,000,

(4) the amount of the deficit in the budget is 0, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

Sec. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $243,450,000,000;

(B) Outlays, $213,000,000,000.

(2) International Affairs (150):

(A) New budget authority, $12,050,000,000;

(B) Outlays, $7,500,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,500,000,000.

(4) Energy (270):

(A) New budget authority, $4,400,000,000;

(B) Outlays, $3,300,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(B) Outlays, $9,000,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $9,600,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $2,000,000,000.

(8) Transportation (400):

(A) New budget authority, $21,300,000,000;

(B) Outlays, $17,000,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $6,700,000,000;

(B) Outlays, $6,500,000,000.

(10) Education, Training, Employment, and Social Services (500):

(A) New budget authority, $27,450,000,000;

(B) Outlays, $24,000,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $74,000,000,000.

(12) Income Security (600):

(A) New budget authority, $286,250,000,000;

(B) Outlays, $249,000,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $23,750,000,000;

(B) Outlays, $23,050,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,100,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,000,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $1,800,000,000.

(17) Interest (900):

(A) New budget authority, $92,000,000,000;

(B) Outlays, $92,000,000,000.

(18) Allowances (920):

(A) New budget authority, −$1,000,000,000;

(B) Outlays, −$1,000,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$43,650,000,000;

(B) Outlays, −$43,650,000,000.

Sec. 203. (a) There is established a congressional Federal credit budget for fiscal year 1983 of which the levels of total Federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $33,223,000,000.

(2) New primary loan guarantee commitments, $143,293,000,000.

(3) New secondary loan guarantee commitments, $32,008,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $5,425,000,000;

(B) New primary loan guarantee commitments, $8,975,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $171,000,000;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $105,000,000;

(B) New primary loan guarantee commitments, $5,289,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $45,000,000;

(B) New primary loan guarantee commitments, $25,000,000;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $13,869,000,000;

(B) New primary loan guarantee commitments, $5,702,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $8,905,000,000;

(B) New primary loan guarantee commitments, $66,733,000,000;

(C) New secondary loan guarantee commitments, $32,000,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $121,000,000;

(B) New primary loan guarantee commitments, $628,000,000;

(C) New secondary loan guarantee commitments, $8,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,781,000,000;

(B) New primary loan guarantee commitments, $6,698,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $848,000,000;

(B) New primary loan guarantee commitments, $10,300,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $36,000,000;

(B) New primary loan guarantee commitments, $104,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $1,000,000,000;

(B) New primary loan guarantee commitments, $18,356,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $938,000,000;

(B) New primary loan guarantee commitments, $20,307,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $5,000,000;

(B) New primary loan guarantee commitments, $5,000,000;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $145,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee, commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee, commitments, $0;

(C) New secondary loan guarantee commitments, $0;

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

Sec. 204. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $270,000,000,000;

(B) Outlays, $241,000,000,000.

Fiscal year 1985:

(A) New budget authority, $310,100,000,000;

(B) Outlays, $275,700,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $14,500,000,000;

(B) Outlays, $8,000,000,000.

Fiscal year 1985:

(A) New budget authority, $14,900,000,000;

(B) Outlays, $8,900,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,000,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,000,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,200,000,000;

(B) Outlays, $3,000,000,000.

Fiscal year 1985:

(A) New budget authority, $4,100,000,000;

(B) Outlays, $2,500,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $9,300,000,000;

(B) Outlays, $8,700,000,000.

Fiscal year 1985:

(A) New budget authority, $8,900,000,000;

(B) Outlays, $8,000,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $9,800,000,000;

(B) Outlays, $9,200,000,000.

Fiscal year 1985:

(A) New budget authority, $9,000,000,000;

(B) Outlays, $8,700,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $5,000,000,000;

(B) Outlays, $500,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $500,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $19,200,000,000;

(B) Outlays, $17,000,000,000.

Fiscal year 1985:

(A) New budget authority, $19,500,000,000;

(B) Outlays, $16,500,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $6,400,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,300,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $21,700,000,000;

(B) Outlays, $22,500,000,000.

Fiscal year 1985:

(A) New budget authority, $21,700,000,000;

(B) Outlays, $21,500,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $84,900,000,000;

(B) Outlays, $84,900,000,000.

Fiscal year 1985:

(A) New budget authority, $93,600,000,000;

(B) Outlays, $93,500,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $289,900,000,000;

(B) Outlays, $274,800,000,000.

Fiscal year 1985:

(A) New budget authority, $315,200,000,000;

(B) Outlays, $290,100,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $24,200,000,000;

(B) Outlays, $23,600,000,000.

Fiscal year 1985:

(A) New budget authority, $24,200,000,000;

(B) Outlays, $24,200,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,200,000,000;

(B) Outlays, $4,200,000,000.

Fiscal year 1985:

(A) New budget authority, $4,200,000,000;

(B) Outlays, $4,200,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,000,000,000.

Fiscal year 1985:

(A) New budget authority, $4,200,000,000;

(B) Outlays, $4,000,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $4,000,000,000;

(B) Outlays, $1,900,000,000.

Fiscal year 1985:

(A) New budget authority, $3,000,000,000;

(B) Outlays, $1,900,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $80,000,000,000;

(B) Outlays, $80,000,000,000.

Fiscal year 1985:

(A) New budget authority, $80,000,000,000;

(B) Outlays, $80,000,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority, −$800,000,000;

(B) Outlays, −$800,000,000.

Fiscal year 1985:

(A) New budget authority, −$800,000,000;

(B) Outlays, −$600,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, −$45,000,000,000;

(B) Outlays, −$45,000,000,000.

Fiscal year 1985:

(A) New budget authority, −$47,300,000,000;

(B) Outlays, −$47,300,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $271,000,000 and outlays by $2,742,000,000 in fiscal year 1983;

(B) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $4,905,000,000 in fiscal year 1983;

(C) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $898,000,000 and outlays by $3,317,000,000 in fiscal year 1983;

(D) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $5,344,000,000 and outlays by $9,964,000,000 in fiscal year 1983;

(E) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,589,000,000 in fiscal year 1983;

(F) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $298,000,000 and outlays by $441,000,000 in fiscal year 1983;

(G) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $349,000,000 and outlays by $1,280,000,000 in fiscal year 1983;

(H) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $1,133,000,000 and outlays by $1,113,000,000 in fiscal year 1983;

(I) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $50,922,000,000 and outlays by $64,068,000,000 in fiscal year 1983;

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $50,928,000,000 and outlays by $64,657,000,000 in fiscal year 1983;

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $275,000,000 and outlays by $2,757,000,000 in fiscal year 1983;

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $89,000,000 and outlays by $103,000,000 in fiscal year 1983;

(E) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,329,000,000 and outlays by $4,550,000,000 in fiscal year 1983;

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $1,451,000,000 and outlays by $4,932,000,000 in fiscal year 1983;

(G) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,934,000,000 in fiscal year 1983;

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $2,215,000,000 in fiscal year 1983;

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $2,159,000,000 and outlays by $6,084,000,000 in fiscal year 1983;

By Mrs. SCHROEDER:

—Section 102(a)(2) is amended to read:

"(2) the level of total new budget authority is $782,250,000,000;"

Section 102(a)(3) is amended to read:

"(3) the level of total budget outlays is $743,200,000,000;"

Section 120(a)(4) is amended to read:

"(4) the amount of the deficit in the budget is $120,400,000,000;"

Section 102(b)(1) is amended to read:

"(1) National Defense (050):

"(A) New budget authority, $215,950,000,000;

"(B) Outlays, $190,100,000,000."

Section 202(2) is amended to read:

"(2) the level of total new budget authority is $815,010,000,000;"

Section 201(3) is amended to read:

"(3) the level of total budget outlays is $772,342,000,000;"

Section 201(4) is amended to read:

"(4) the amount of the deficit in the budget is $95,642,000,000, and"

Section 202(1) is amended to read:

"(1) National Defense (050):

"(A) New budget authority, $229,860,000,000;

"(B) Outlays, $204,092,000,000."

Section 204(2) is amended to read:

"(2) the level of total new budget authority is as follows:

"Fiscal year 1984: $865,281,000,000.

"Fiscal year 1985: $916,633,000,000."

Section 204(3) is amended to read:

"(3) the level of total budget outlays is as follows:

"Fiscal year 1984: $808,612,000,000.

"Fiscal year 1985: $845,866,000,000."

Section 204(4) is amended to read:

"(4) the amount of the deficit in the budget is:

"Fiscal year 1984: $54,962,000,000.

"The amount of surplus in the budget is:

"Fiscal year 1985: $684,000,000."

Section 205(1) is amended to read:

"(1) National Defense (050):

"Fiscal year 1984:

"(A) New budget authority, $245,031,000,000;

"(B) Outlays, $217,562,000,000.

"Fiscal year 1985:

"(A) New budget authority, $259,733,000,000;

"(B) Outlays, $230,616,000,000."

By Mr. SIMON:

—Page 14, line 13, strike out "$27,550,000,000" and insert in lieu thereof "$28,218,000,000".

Page 14, line 14, strike out "$27,450,000,000" and insert in lieu thereof "$27,537,000,000".

Page 12, and line 14, increase the level of total new budget authority by $668,000,000, on line 16, increase the level of total budget outlays by $87,000,000, and on line 18, increase the deficit in the budget by $87,000,000.

—To the matter concerning Function 150:

Increase budget authority by $300 million in fiscal year 1983, by $650 million in fiscal year 1984, and by $900 million in fiscal year 1985;

Increase outlays by $50 million in fiscal year 1983, by $150 million in fiscal year 1984, and by $300 million in fiscal year 1985;

Increase the aggregate budget authority level by $300 million in fiscal year 1983, by $650 million in fiscal year 1984, and by $900 million in fiscal year 1985;

Increase the aggregate outlay level by $50 million in fiscal year 1983, by $650 million in fiscal year 1984, and $300 million in fiscal year 1985; and

Increase the deficit by $50 million in fiscal year 1983; by $650 million in fiscal year 1984, and by $300 million in fiscal year 1985.

the revenue level by $0 in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985.

—To the matter concerning Functions 150 and 500:

Increase budget authority in Function 150 by $300 million in fiscal year 1983, by $650 million in fiscal year 1984, and by $900 million in fiscal year 1985;

Increase outlays in Function 150 by $50 million in fiscal year 1983, by $150 million in fiscal year 1984, and by $300 million in fiscal year 1985;

Increase budget authority in Function 500 by $668 million in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985;

Increase outlays in Function 500 by $87 million in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985;

Increase the aggregate budget authority level by $968 million in fiscal year 1983, by $650 million in fiscal year 1984, and by $900 million in fiscal year 1985;

Increase the aggregate outlay level by $137 million in fiscal year 1983, by $150 million in fiscal year 1984, and by $300 million in fiscal year 1985; and

Increase the deficit by $137 million in fiscal year 1983, by $150 million in fiscal year 1984, and by $300 million in fiscal year 1985.

—To the matter concerning Function 500:

Increase budget authority by $668 million in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985;

Increase outlays by $87 million in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985;

Increase the aggregate budget authority level by $668 million in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985;

Increase the aggregate outlay level by $87 million in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985; and

Increase the deficit by $87 million in fiscal year 1983; by $0 in fiscal year 1984, and by $0 in fiscal year 1985.

the revenue level by $0 in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985.

By Mr. SOLARZ:

—To the matter concerning Functions 550, 600, 800:

Decrease budget authority in Function 550 by $4 million in fiscal year 1983, by $61 million in fiscal year 1984, and by $120 million in fiscal year 1985;

Increase outlays in Function 550 by $715 million in fiscal year 1983, by $835 million in fiscal year 1984, and by $955 million in fiscal year 1985;

Increase budget authority in Function 600 by $250 million in fiscal year 1983, by $325 million in fiscal year 1984, and by $450 million in fiscal year 1985;

Increase outlays in Function 600 by $250 million in fiscal year 1983, by $325 million in fiscal year 1984, and by $450 million in fiscal year 1985;

Increase budget authority in Function 800 by $250 million in fiscal year 1983, by $300 million in fiscal year 1984, and by $300 million in fiscal year 1985;

Increase outlays in Function 800 by $200 million in fiscal year 1983, by $250 million in fiscal year 1984, and by $300 million in fiscal year 1985;

Increase the aggregate budget authority level by $496 million in fiscal year 1983, by $564 million in fiscal year 1984, and by $630 million in fiscal year 1985;

Increase the aggregate outlay level by $1,165 million in fiscal year 1983, by $1,410 million in fiscal year 1984, and by $1,750 million in fiscal year 1985;

Increase the revenue level by $1,500 million in fiscal year 1983, by $1,750 million in fiscal year 1984, and by $2,000 million in fiscal year 1985;

Decrease the deficit by $350 million in fiscal year 1983, by $350 million in fiscal year 1984, and by $300 million in fiscal year 1985.

Decrease the reconciliation instruction to the Committee on Ways and Means by $234 million budget authority and $949 million in outlays in fiscal year 1983; by $105 million budget authority and $940 million in outlays in fiscal year 1984; and $167 million budget authority and $1,122 million in outlays in fiscal year 1985.

Decrease the reconciliation instruction to the Senate Finance Committee by $234 million budget authority and $949 million in outlays in fiscal year 1983; by $105 million budget authority and $940 million in outlays in fiscal year 1984; and $167 million budget authority and $1,122 million in outlays in fiscal year 1985.

—To the matter concerning Function 150:

Increase budget authority by $400 million, and outlays by $250 million in fiscal year 1983.

Increase budget authority by $400 million, and outlays by $350 million in fiscal year 1984.

Increase budget authority by $400 million, and outlays by $400 million in fiscal year 1985.

Increase the aggregate level of budget authority by $400 million in fiscal year 1983, $400 million in fiscal year 1984, and $400 million in fiscal year 1985.

Increase the aggregate level of outlays by $250 million in fiscal year 1983, $350 million in fiscal year 1984, and $400 million in fiscal year 1985.

Increase the deficit by $250 million in fiscal year 1983, $350 million in fiscal year 1984, and $400 million in fiscal year 1985.

—To the matter concerning functions 550, 600, 800:

Decrease budget authority in function 550 by $4 million in fiscal year 1983, by $61 million in fiscal year 1984, and by $120 million in fiscal year 1985;

Increase outlays in function 550 by $715 million in fiscal year 1983, by $835 million in fiscal year 1984, and by $955 million in fiscal year 1985;

Increase budget authority in function 800 by $250 million in fiscal year 1983, by $300 million in fiscal year 1984, and by $300 million in fiscal year 1985;

Increase outlays in function 800 by $200 million in fiscal year 1983, by $250 million in fiscal year 1984, and by $300 million in fiscal year 1985;

Increase the aggregate budget authority level by $246 million in fiscal year 1983, by $239 million in fiscal year 1984, and by $180 million in fiscal year 1985;

Increase the aggregate outlay level by $915 million in fiscal year 1983, by $1,085 million in fiscal year 1984, and by $1,255 million in fiscal year 1985;

Increase the revenue level by $1,500 million in fiscal year 1983, by $1,750 million in fiscal year 1984, and by $2,000 million in fiscal year 1985;

Decrease the deficit by $600 million in fiscal year 1983, by $650 million in fiscal year 1984, and by $750 million in fiscal year 1985.

Decrease the reconciliation instruction to the Senate Finance Committee by $715 million in outlays in fiscal year 1983; by $835 million in outlays in fiscal year 1984; and $955 million in outlays in fiscal year 1985.

By Mr. WEISS:

—Page 30, lines 8 and 9, strike out "PROVIDING RECONCILIATION AND OTHER".

Page 30, strike out line 11 and all that follows thereafter through Page 39, line 12.

Redesignate the succeeding sections accordingly.

By Mr. WHITTEN:

—Strike out section 304 relating to deferred enrollment and insert in lieu thereof the following:

"SEC. 304. In the House of Representatives, no bill or resolution providing—

"(1) new budget authority for fiscal year 1983, or

"(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate total allocation of new discretionary budget authority or new spending authority made pursuant to section 302(b) of such Act by the committee of jurisdiction shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act."

—Strike out section 304 relating to deferred enrollment and renumber the following sections accordingly.

By Mr. WOLF.

(Strike COLA cap.)

—Page 12, line 14, increase the amount by $485,000,000.

Page 12, line 16, increase the amount by $485,000,000.

Page 12, line 18, increase the amount by $485,000,000.

Page 14, line 21, increase the amount by $485,000,000.

Page 22, line 12, increase the amount by $933,000,000.

Page 22, line 13, increase the amount by $1,766,000,000.

Page 22, line 15, increase the amount by $1,616,000,000.

Page 22, line 16, increase the amount by $2,876,000,000.

Page 22, line 18, increase the amount by $1,616,000,000.

Page 22, line 19, increase the amount by $2,876,000,000.

Page 27, line 14, increase the amount by $933,000,000.

Page 27, line 15, increase the amount by $1,616,000,000.

Page 27, line 18, increase the amount by $1,766,000,000.

Page 27, line 19, increase the amount by $2,876,000,000.

Page 31, strike out line 1 and all that follows down through line 11, and redesignate the following subsections (and cross references thereto) accordingly.

Page 32, strike out line 18 and all that follows down through line 2 on page 33, and redesignate the following subsections (and cross references thereto) accordingly.

Page 33, strike out line 14 and all that follows down through line 24, and redesignate the following subsections (and cross references thereto) accordingly.

Page 37, line 22, insert "and" after the semicolon.

Page 37, strike out line 23 and all that follows down through line 17 on page 38, and redesignate the following subsection (and cross references thereto) accordingly.

By Mr. WYLIE:

—Page 12, line 10, (relating to the recommended level of Federal revenues for the 1983 fiscal year) strike out "$676,700,000,000" and insert in lieu thereof "$691,700,000,000" and on page 12, line 12, increase the amount by which revenues should be increased by $15,000,000,000.

Page 12, line 14, (relating to total new budget authority for fiscal year 1983) strike out "$828,000,000,000" and insert in lieu thereof "$795,200,000,000".

Page 12, line 16, (relating to total budget outlays for fiscal year 1983) strike out "$780,550,000,000" and insert in lieu thereof "$759,050,000,000".

Page 12, line 18, (relating to the amount of the deficit for fiscal year 1983) strike out "$103,850,000,000" and insert in lieu thereof "$67,350,000,000".

Page 13, line 19, (relating to functional category 050) strike out "$242,850,000,000" and insert in lieu thereof "$225,050,000,000".

Page 13, line 10, (relating to functional category 050) strike out "$212,300,000,000" and insert in lieu thereof "$205,800,000,000".

Page 15, line 11, (relating to functional category 900) strike out "$115,000,000,000" and insert in lieu thereof "$100,000,000,000".

Page 15, line 12, (relating to functional category 900) strike out "$115 000,000,000" and insert in lieu thereof "$100,000,000,000".

Page 35, line 1, (relating to reconciliation instructions to the House Committee on Ways and Means) strike out "$31,700,000,000" and insert in lieu thereof "$46,700,000,000 (of which at least $15,000,000,00 shall be generated through increased user fees and luxury and excise taxes)".

Page 35, line 21, (relating to reconciliation instructions to the Senate Committee on Finance) strike out "$31,700,000,00" and insert in lieu thereof "$46,700,000,000 (of which at least $15,000,000,000 shall be generated through increased luxury and excise taxes)".

By Mr. ZEFERETTI:

—On page 12, line 14, strike "$828,000,000,000" and insert "$828,400,000,000";

On page 12, line 16, strike "$780,550,000,000" and insert "$780,850,000,000";

On page 12, line 18, strike "$103,850,000,000" and insert "$104,150,000,000";

On page 14, line 6, strike "$22,300,000,000" and insert "$22,600,000,000";

On page 14, line 7, strike "$20,400,000,000" and insert "$20,600,000,000";

On page 15, line 1, strike "$4,600,000,000" and insert "$4,700,000,000";

On page 15, line 2, strike "$4,650,000,000" and insert "$4,750,000,000";

On page 22, line 12, strike "$888,400,000,000" and insert "$888,800,000,000";

On page 22, line 13, strike "$952,850,000,000" and insert "$953,250,000,000";

On page 22, line 15, strike "$826,400,000,000" and insert "$826,750,000,000";

On page 22, line 16, strike "$881,200,000,000" and insert "$881,600,000,000";

On page 22, line 18, strike "$72,750,000,000" and insert "$73,100,000,000";

On page 22, line 19, strike "$34,650,000,000" and insert "$35,050,000,000";

On page 26, line 2, strike "$22,400,000,000" and insert "$22,700,000,000";

On page 26, line 3, strike "$20,050,000,000" and insert "$20,300,000,000";

On page 26, line 6, strike "$22,950,000,000" and insert "$23,250,000,000";

On page 26, line 7, strike "$20,250,000,000" and insert "$20,550,000,000";

On page 28, line 7, strike "$4,600,000,000" and insert "$4,700,000,000";

On page 28, line 8, strike "$4,600,000,000" and insert "$4,700,000,000";

On page 28, line 11, strike "$4,600,000,000" and insert "$4,700,000,000";

On page 28, line 12, strike "$4,600,000,000" and insert "$4,700,000,000".

H. CON. RES. 345

By Mr. HUGHES:

—To the matter concerning Function 750: Administration of Justice:

Increase budget authority by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase outlays by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and $271,000,000 in fiscal year 1985; and

Increase the deficit by $251,000,000 in fiscal year 1983; by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985.

the revenue level by $0 in fiscal year 1983, by $0 in fiscal year 1984, and by $0 in fiscal year 1985.

EXPLANATION OF AN AMENDMENT BY MR. HUGHES

[In millions]

Increase for	1983	1984	1985
Federal Bureau of Investigation	39	43	47
Drug Enforcement Administration	17	21	25
Bureau of Alcohol, Tobacco and Firearms	5	7	9
Office of Justice Assistance (per H.R. 4481, passed, Feb. 10, 1982	190	190	190
Total	251	261	271

Since these funds are spent for salaries and expenses, the outlays almost always equal appropriations.

S. 1230

By Mr. ANNUNZIO:

(Amendment in the nature of a substitute)

—Strike out all after the enacting clause and insert in lieu thereof the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Olympic Commemorative Coin Act".

COIN SPECIFICATIONS

SEC. 2. (a)(1) Notwithstanding any other provision of law, the Secretary of the Treasury (hereinafter in this Act referred to as the "Secretary") shall issue not more than fifty million one-dollar coins which shall weigh 26.73 grams, have a diameter of 1.50 inches, and shall contain 90 per centum silver and 10 per centum copper.

(2) The Secretary shall determine the design of such one-dollar coins. Such design shall be emblematic of the 1984 summer Olympic games which are to be held in Los Angeles, California. On each such one-dollar coin there shall be a designation of the value of the coin, an inscription of the year of issue, and inscriptions of the words "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

(3) The coins shall be issued in two separate designs, one in 1983 and one in 1984.

(b)(1) Notwithstanding any other provision of law, the Secretary shall issue not more than two million ten-dollar coins which shall weigh 16.718 grams, have a diameter of 1.06 inches, and shall contain 90 per centum gold and 10 per centum copper.

(2) The Secretary shall determine the design of such ten-dollar coin. Such design shall be emblematic of the 1984 summer Olympic games which are to be held in Los Angeles, California. On each such ten-dollar coin there shall be a designation of the value of the coin, an inscription of the year 1984, and inscriptions of the words "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

(c) The coins issued under this section shall be issued in uncirculated and proof qualities.

(d) All coins issued under this section shall be legal tender as provided in section 102 of the Coinage Act of 1965.

SALES WITHIN THE UNITED STATES

SEC. 3 (a) Notwithstanding any other provision of the law, the coins issued under this Act shall be sold within the United States (including United States military and diplomatic establishments outside the United States) by the Secretary under such regulations as he may prescribe and at a price equal to face value, plus the cost of issuing such coins (including labor, materials, dies, use of machinery, and overhead expenses).

(b) The Secretary shall make bulk sales at a reasonable discount to reflect the lower costs of such sales.

(c) The Secretary shall accept prepaid orders for the coins prior to the issuance of such coins. Sales under this subsection shall be at a reasonable discount to reflect the benefit of prepayment.

(d) All sales shall include a surcharge, established by the Secretary, of not less than $10 per coin for one-dollar coins and not less than $50 per coin for ten-dollar coins.

(e) The Secretary shall not use any words, perform any act, or make any statement, written or oral, which would imply or indicate, or tend to imply or indicate, that any portion of the coins' sale price to the public constitutes a tax-deductible contribution.

INTERNATIONAL SALES

SEC. 4. (a) The Secretary shall assign the rights to market the coins outside the United States (excluding United States military and diplomatic establishments outside the United States) to a marketing organization selected under section 5.

(b) The marketing organization assigned the rights under this section shall pay a price determined under sections 3(b) and (d).

SELECTION OF INTERNATIONAL MARKETERS

SEC. 5 (a) As soon as possible after the effective date of this Act, a committee consisting of the Secretary of the Treasury, the executive director of the United States Olympic Committee, shall solicit, in accordance with procedures specified by the Secretary of the Treasury, proposals from marketing organizations to carry out a marketing agreement. Such procedures shall include the publication of evaluation criteria that will serve as a basis for selecting one or more marketing organizations. Such criteria shall include—

(1) the financial resources and coin marketing experience of the marketing organization;

(2) the estimated proceeds from the sale or other disposition of the coins; and

(3) the commitment of the marketing organization to purchase a certain minimum number of such coins or to pay the surcharge on such coins; and

(4) the terms and conditions for the marketing of the coins, including—

(A) proper and equitable distribution of the coins, and

(B) accurate and otherwise appropriate advertising materials to be used in promoting the coins.

(b) Within forty-five days after the effective date of this Act, the committee shall consider all proposals received from marketing organizations under subsection (a) and select by majority vote one or more marketing organizations which offer the terms for marketing of the coins most favorable in accordance with the published evaluation criteria. Any marketing organization selected shall be acceptable to the Secretary of the Treasury.

(c) No amounts derived from the sale or other disposition of coins minted under this Act shall be deemed to be a charitable contribution, for purposes of the Internal Revenue Code of 1954, by the marketing organization or its assignees or subcontractors.

DISTRIBUTION OF PROCEEDS

SEC. 6. (a) Fifty per centum of the amount of all surcharges which are received by the Secretary from the sale of coins issued under this Act shall be promptly paid by the Secretary to the United States Olympic Committee. Such amounts shall be used to train United States Olympic athletes, to support local or community amateur athletic programs, and to erect facilities for the training of such athletes.

(b) Fifty per centum of the amount of all surcharges which are received by the Secretary from the sale of coins under this Act shall be promptly paid by the Secretary to the Los Angeles Olympic Organizing Committee. Such amounts shall be used to stage and promote the 1984 Los Angeles Olympic games.

(c) Amounts received by the Secretary from advance sale of coins to be issued under this Act shall be paid to the United States Olympic Committee and the Los Angeles Olympic Organizing Committee under subsections (a) and (b), provided that any amounts paid to the Committees shall not exceed an amount equivalent to the surcharges received by the Secretary from the advance sale of coins.

(d)(1) On March 31, 1985, the Los Angeles Olympic Organizing Committee shall remit to the United States Olympic Committee all amounts remaining from the disposition of the coins under this Act. In no event may such amount be less than that portion of the unobligated funds of the committee on that date represented by the ratio of the total amount of income received by the committee from the disposition of the coins minted under this Act to the total amount of income received by the committee from all sources.

(2) After March 31, 1985, all amounts received by the committee from the disposition of coins minted under this Act shall be remitted within ten days to the United States Olympic Committee.

(3) All amounts received by the United States Olympic Committee under this subsection shall be used solely for the purposes described in subsection (a).

IMPLEMENTATION AGREEMENT

SEC. 7. (a) The Secretary of the Treasury shall enter into an agreement with the marketing organization selected under section 5 which shall provide for the implementation of that section and which shall include an agreement on—

(1) the price and schedule of payments for the coins;

(2) the schedule and other provisions for the delivery of the coins; and

(3) the proportions of proof and uncirculated coins.

(b) The agreement between the Secretary of the Treasury and the committee shall ensure that the issuance of coins under this section shall result in no net cost to the United States Government.

(c) The agreement between the Secretary of the Treasury and the marketing organization shall direct that the marketing organization shall not use any words, perform any act, or make any statement, written or oral, which would imply or indicate, or tend to imply or indicate, that any portion of the coins' sale price to the public constitutes a tax-deductible contribution.

(d) To the extent possible, the agreement between the Secretary of the Treasury and the marketing organization shall be concluded within sixty days of the date of the selection of the marketing organization.

(e) The Secretary may terminate the implementation agreement and cease minting and the delivery of the coins issued under this section if the Secretary of the Treasury finds that such termination is in the best interests of the United States. Reasons for such termination may include actions which are inconsistent with the terms of the implementation agreement or advertising materials that are inappropriate for advertising the sale of United States coinage or otherwise not in keeping with the dignity of the United States coinage.

(f) If the Secretary of the Treasury exercises his authority under subsection (e), the amount of any proceeds guaranteed to the Los Angeles Olympic Organizing Committee and the United States Olympic Committee by a marketing organization under a marketing agreement shall not be reduced.

COINAGE PROFIT FUND

SEC. 8. Notwithstanding any other provision of law—

(1) all amounts received from the sale of coins issued under this Act shall be deposited in the coinage profit fund;

(2) the Secretary shall pay the amounts authorized under section 6 from the coinage profit fund; and

(3) the Secretary shall charge the coinage profit fund with all expenditures under this Act.

AUDITS

SEC. 9. The Comptroller General of the United States shall have the right to examine such books, records, documents, and other data of the United States Olympic Committee and the Los Angeles Olympic Organizing Committee as may be related to the expenditure of amounts paid under section 6.

FINANCIAL ASSURANCES

SEC. 10. (a) The Secretary shall take all actions necessary to ensure that the issuance of the coins authorized by this Act shall result in no net cost to the United States Government.

(b) No coin shall be issued under this Act unless the Secretary has received full payment therefor.

(c) The Secretary shall certify, in reports required to be filed under section 11 of this Act, that he is in compliance with this section.

REPORTS TO CONGRESS

SEC. 11. Not later than forty-five days after the last day of each calendar quarter, the Secretary shall transmit a report to the Congress regarding the activities carried out under this Act during such calendar quarter. No such report shall be required with respect to any calendar quarter beginning after December 31, 1985.

By Mr. ST GERMAIN:

—On page 17, line 3, after the period insert a new sentence to read as follows: "Funds that have been paid in advance into the trust fund may be used to reimburse without delay the appropriation against which charges properly chargeable to the trust fund have been made."

—On page 19, line 5, delete the period and insert in lieu thereof the following: ", except that nothing in this section shall relieve any person entering into a contract under the authority of this Act from complying, in a manner consistent with that person's obligation to meet or contribute to meeting the schedules prescribed in section 5(b) of this Act and in the implementation agreement, with any applicable Federal laws relating to equal employment and to contracting with small business and with minority and female-owned businesses."

H.R. 6267

By Mr. WORTLEY:

—At the end of line 23, page 6, strike "." and insert "other than debt obligations subordinated to the claims of general creditors which were outstanding when any such guarantee of net worth was issued."

At the end of line 9, page 13, strike "." and insert "other than debt obligations subordinated to the claims of general creditors which were outstanding when any such guarantee of net worth was issued."

At the end of line 13, page 19, strike "." and insert "other than debt obligations subordinated to the claims of general creditors which were outstanding when any such guarantee of net worth was issued."

By Mr. WYLIE:

(Amendment in the nature of a substitute)

—Strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. This Act may be cited as the "Income Capital Certificates Act of 1982".

SEC. 2. (a) Section 406 (f) of the National Housing Act, as amended (12 U.S.C. 1729 (f)), is amended by adding a new paragraph (4), to read as follows:

"(4)(A) Notwithstanding any other provision of state or federal law, and without limitation on any authority provided elsewhere in this Act or the Home Owners' Loan Act of 1933, as amended, the Corporation, in its sole discretion and on such terms and conditions as it may provide, is authorized to increase or maintain the capital of a qualified institution by making periodic purchases of capital instruments, as defined by the Corporation, for such form of consideration as the Corporation may determine, from such qualified institution, and may authorize such institution to issue such instruments, pursuant to this paragraph.

"(B) For the purposes of this paragraph, a qualified institution shall mean an insured institution that, as determined by the Corporation:

"(i) Has net worth equal to or less than 3 percent of its assets;

"(ii) Has incurred losses during the immediately preceding month or during such other immediately preceding period as the Corporation may specify;

"(iii) Agrees to comply with all the terms and conditions established by the Corporation for receiving assistance pursuant to this paragraph, including, without limitation on the foregoing, those relating to reporting, compliance with laws, rules and regulations, execution and implementation of resolutions and agreements to merge or reorganize, suspension of dividends by stock institutions, submission and adoption of plans of operation, restrictions on operations, repayment of assistance received, and consent to supervisory action; and

"(iv) Will be solvent for more than six months, as determined by the Corporation in accordance with the methods for calculating net worth pursuant to this paragraph.

"(C) The Corporation initially may purchase capital instruments as follows:

"(i) With respect to a qualified institution having net worth greater than 2 percent and less than or equal to 3 percent, the Corporation may not purchase capital instruments in any period from such institution in an amount greater than 30 percent of the average losses (calculated in terms of return on average assets) sustained by insured institutions within that net worth range during the immediately preceding period, as determined by the Corporation.

"(ii) With respect to a qualified institution having net worth greater than 1 percent and less than or equal to 2 percent, the Corporation may not purchase capital instruments in any period from such institution in an amount greater than 40 percent of the average losses (calculated in terms of return on average assets) sustained by insured institutions within that net worth range during the immediately preceding period, as determined by the Corporation.

"(iii) With respect to a qualified institution having net worth greater than zero and less than or equal to 1 percent, the Corporation may not purchase capital instruments in any period from such institution in an amount greater than 50 percent of the average losses (calculated in terms of return on average assets) sustained by insured institutions within that net worth range during the immediately preceding period, as determined by the Corporation.

"(D) In the exercise of its authority under this paragraph, the Corporation at any time, in its sole discretion, may establish criteria that, with respect to ranges of net worth, calculation of average losses, and percentage of average losses to be met by purchases of capital instruments, differ from those set forth in subparagraph (C) hereof.

"(E) No assistance may be provided to a qualified institution pursuant to this paragraph if the Corporation determines that providing such assistance would be costlier than liquidating (including paying the insured accounts of) such institution or dealing with it in accordance with paragraphs (1) or (2) of this subsection. The Corporation shall in no period purchase capital instruments from a qualified institution in an amount equal to more than 100 percent of such institution's actual losses incurred for the immediately preceding period.

"(F) Notwithstanding any other provision of law:

"(i) No court, state or federal, shall have jurisdiction to review any action taken by the Corporation pursuant to this paragraph; and

"(ii) The Corporation shall account on its books and records for transactions pursuant to this subsection in such manner as it determines to be reasonable."

(b) Section 406(f)(1) of the National Housing Act, as amended (12 U.S.C. 1729(f)(1)), is amended to add, immediately after the words "purchase the assets", the words "or the securities".

(c) Section 406(f)(2) of the National Housing Act, as amended (12 U.S.C. 1729(f)(2)), is amended to add, immediately after the first time the phrase "such other insured institution" appears, the words ", or purchase the securities thereof,".

SEC. 3. (a) Section 5(b)(5) of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(b)(5)), is amended as follows:

(1) By amending subparagraph (B) to read as follows:

"(B) Capital instruments issued by an association pursuant to section 406(f) of the National Housing Act, as amended, shall constitute part of the general reserves and net worth of the association, in accordance with the rules and regulations of the Board."; and

(2) By adding a new subparagraph (C) to read as follows:

"(C) The Board shall provide in its rules and regulations for charging losses to mutual capital certificates, capital instruments issued pursuant to section 406(f) of the National Housing Act, as amended, reserves, and other net worth accounts.".

(b) Section 402(b) of the National Housing Act, as amended (12 U.S.C. 1726(b)), is amended as follows:

(1) By amending the fourth-to-last sentence to add, immediately after the word "items,", the words "including capital instruments issued pursuant to section 406(f) of this Act,"; and

(2) By amending the second-to-last sentence to strike the words "the mutual capital certificate" and to substitute therefor the words "mutual capital certificates, capital instruments issued pursuant to section 406(f) of the National Housing Act, as amended,".

SEC. 4. Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823), as amended, is amended by adding a new subsection (h) to read as follows:

"(h)(1) Notwithstanding any other provision of state or federal law, the Corporation, in its sole discretion and on such terms and conditions as it may provide, is authorized to increase or maintain the capital of a qualified bank by making periodic purchases of capital instruments, as defined by the Corporation, for such form of consideration as the Corporation may determine, from such qualified bank, and may authorize such bank to issue such instruments, pursuant to this paragraph.

"(2) For the purposes of this paragraph, a qualified bank shall mean an insured bank that, as determined by the Corporation:

"(A) Has net worth equal to or less than 3 percent of its assets;

"(B) Has incurred losses during the immediately preceding month or during such other immediately preceding period as the Corporation may specify;

"(C) Agrees to comply with all the terms and conditions established by the Corporation for receiving assistance pursuant to this paragraph, including, without limitation on the foregoing, those relating to reporting, compliance with laws, rules and regulations, execution and implementation of resolutions and agreements to merge or reorganize, suspension of dividends by stock institutions, submission and adoption of plans of operation, restrictions on operations, repayment of assistance received, and consent to supervisory action; and

"(D) Will be solvent for more than six months, as determined by the Corporation in accordance with the methods for calculating net worth pursuant to this paragraph.

"(3) The Corporation initially may purchase capital instruments as follows:

"(A) With respect to a qualified bank having net worth greater than 2 percent and less than or equal to 3 percent, the Corporation may not purchase capital instruments in any period from such bank in an amount greater than 30 percent of the average losses (calculated in terms of return on average assets) sustained by insured banks within that net worth range during the immediately preceding period, as determined by the Corporation.

"(B) With respect to a qualified bank having net worth greater than 1 percent and less than or equal to 2 percent, the Corporation may not purchase capital instruments in any period from such bank in an amount greater than 40 percent of the average losses (calculated in terms of return on average assets) sustained by insured banks within that net worth range during the immediately preceding period, as determined by the Corporation.

"(C) With respect to a qualified bank having net worth greater than zero and less than or equal to 1 percent, the Corporation may not purchase capital instruments in any period from such bank in an amount greater than 50 percent of the average losses (calculated in terms or return on average assets) sustained by insured bank within that net worth range during the immediately preceding period, as determined by the Corporation.

"(4) In the exercise of its authority under this paragraph, the Corporation at any time, in its sole discretion, may establish criteria that, with respect to ranges of net worth, calculation of average losses, and percentage of average losses to be met by purchases of capital instruments, differ from those set forth in subparagraph (3) hereof.

"(5) No assistance may be provided to a qualified bank pursuant to this paragraph if the Corporation determines that providing such assistance would be costlier than liquidating (including paying the insured accounts of) such bank or dealing with it in accordance with this section. The Corporation shall in no period purchase capital instruments from a qualified bank in an amount equal to more than 100 percent of such institution's actual losses incurred for the immediately preceding period.

"(6) Notwithstanding any other provision of law:

"(A) No court, state or federal, shall have jurisdiction to review any action taken by the Corporation pursuant to this paragraph; and

"(B) The Corporation shall account on its books and records for transactions pursuant to this subsection in such manner as it determines pursuant to this subsection in such manner as it determines to be reasonable; and

"(C) Income capital certificates issued under this subsection may be treated as part of general reserves and net worth of the bank for supervisory, regulatory or accounting purposes in accordance with rules, regulations or orders of the Corporation."

Sec. 5. (a) Except as otherwise authorized by law, the authority of the Federal Savings and Loan Insurance Corporation and the Federal Deposit Insurance Corporation the purchase income capital certificates as provided in this act shall expire on September 30, 1984.

(b) Income capital certificates issued prior to October 1, 1984 and any terms or conditions established prior to that date or subsequently by the purchasing Corporation shall remain in full force and effect.

SENATE—*Wednesday, May 19, 1982*

(*Legislative day of Tuesday, May 11, 1982*)

The Senate met at 8:45 a.m. and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Father in heaven, I pray this morning in the words of J. G. Holland:

"God give us men!

"A time like this demands strong minds, great hearts, true faith, and ready hands; men whom the lust of office does not kill; men whom the spoils of office cannot buy; men who possess opinions and a will; men who have honor; men who will not lie; men who can stand before a demagogue and damn his treacherous flatteries without winking; tall men, suncrowned, who live above the fog in public duty and in private thinking."

Father, let Thy name be magnified, Thy kingdom come, Thy will be done in this place as it is in heaven * * *. For Thine is the kingdom and the power and the glory, forever. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SHORT COMPLIMENT FOR THE CHAPLAIN

Mr. BAKER. Mr. President, once again, I commend the Chaplain on his eloquent prayer. He was going good until he got to the tall men part. [Laughter.]

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order and the execution of the special orders in favor of four Senators, there be a brief period for the transaction of routine morning business, in the time remaining before 10 a.m., in which Senators may speak for not more than 3 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. I may explain, Mr. President, that if there is no time after the execution of the special orders at 10 o'clock, I will provide later for a period for the transaction of routine morning business.

There is an order, is there not, for the Senate to resume consideration of Senate Concurrent Resolution 92 at 10 a.m.?

The PRESIDENT pro tempore. The Senator is correct.

Mr. BAKER. I thank the Chair.

Mr. President, I have no further need for my time under the standing order, which has been reduced to 5 minutes today. I am prepared to yield a portion of that time to any Senator seeking recognition or to the acting minority leader.

I yield back my time remaining under the standing order.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

THE FISCAL YEAR 1983 DEFENSE AUTHORIZATION BILL

Mr. PROXMIRE. Mr. President, the Senate has passed the largest defense authorization bill in the history of the country—war or peace. By a vote of 84 to 8, the Senate approved the fiscal year 1983 defense authorization at a level of $180 billion which, is a full $50 billion higher than the authorization for fiscal year 1982. This is a 39-percent increase in 1 year.

At a time of unparalleled economic disruption, with record high unemployment, interest rates crushing the housing and auto industries, and mammoth Federal deficits for as far as the eye can see, this enormous growth in defense spending is imprudent. No single sector of our economic system should be given immunity to reduction during these difficult times. No budget should be given a blank check.

It is true that defense spending must increase annually. This is a fact of life that flows from the basic decision to pay the personnel of our All-Volunteer Force an adequate salary. We need to attract, and retain, a highly qualified, professional military force that is capable of operating the sophisticated equipment in the inventory. This insistence on quality also has a budget impact. With higher reenlistment rates and less washouts during training, the personnel system avoids huge recruiting and training costs.

It is also important to recognize the need for higher production rates in some categories of military equipment. Higher production rates often means increased costs in the near term while long-term costs drop. This is particularly true with tactical aircraft and Army ground equipment—areas where we need to increase our force levels substantially.

But we must be careful in which areas we choose to accelerate production rates. It is critically important that we purchase only the type of military equipment that is essential to our national security. And not every military program fits that description.

For example, this bill contains several high cost items of limited military utility—ships and aircraft which drain our resources from higher priority missions. Several issues fit this category, most notably the two nuclear aircraft carriers, the B-1B bomber, and the binary nerve gas production decision.

I have discussed each of these in detail at different times. If the hostilities in the South Atlantic have taught us anything, it is that large capital ships are subject to destruction from sophisticated ground-to-ground and air-to-ground munitions. Likewise, the long-range torpedo has demonstrated its effectiveness. Yet, the Defense Department stubbornly adheres to the World War II commitment to battleships and aircraft carriers.

The downpayment for these nuclear carriers is about $3.5 billion. With two airwings over the life of the carrier, there is an additional cost of $9.3 billion in constant fiscal year 1982 dollars, for a total of $12.6 billion for the carrier and its wings. The 20-year operating cost of the carrier and its airwings is $6.5 billion more. Then add two *Aegis*-class CGN-42 cruisers and four DDGX or DD-963 class destroyers, plus operating costs over 20 years, for $7.5 billion more. Manpower for the carrier and its escorts would total about $2.5 billion over 20 years.

Adding everything together—procurement, operation and manpower costs of the carrier, the escorts—the aircraft gives a fixed constant dollar commitment of $30 billion for each carrier group.

Thus $3.5 billion downpayment will actually result in a downstream expenditure of $30 billion.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Since attempts to delete the aircraft carrier, or even one of the two in this bill, failed, and in view of the spending proposals for the B-1B and nerve gas, I voted against the fiscal year 1983 defense authorization bill. Should these items be deleted in the defense appropriations bill, I would reconsider my vote at that time.

MEDICAL EFFECTS OF A SOVIET NUCLEAR ATTACK TO DESTROY AMERICA'S ECONOMIC POWER

Mr. PROXMIRE. Mr. President, the CATO policy analysis study of the consequences of a Soviet nuclear attack to destroy America's economic power would have effects that would go far beyond the economy.

In the Katz and Osdoby study the medical consequence are spelled out as follows:

MEDICAL EFFECTS

The potential losses in medical resources are dramatic, particularly because United States medical resources, especially specialists, are so heavily concentrated in urban areas: 68 percent of the physicians, including about 70 percent of the specialists, over 60 percent of the surgeons, and 64 percent of the dentists, are located in the 71 urban areas attacked. These urban areas contain only 55 percent of the total population. Likewise, the areas exposed to both the attack against 71 urban areas and the adjunct attack against selected industries contain 61 percent of the total U.S. population, but 71 percent of U.S. physicians and 68 percent of its dentists. Thus physicians and dentists would be comparatively more vulnerable than the general populace in an urban/economic attack. Also concentrated in the urban areas are many of the most advanced hospitals and almost 80 percent of the hospital-based physicians.

The combination of physician losses and injuries on the order of 20-30 million would produce patient-physician ratios of 100-600 to 1. In the early period, when the wounded and dying cannot be distinguished, ratios would be 1,000 to 1, depending on the movement of physicians into and/or patients out of damaged areas. For perspective, an average physician sees perhaps 25 patients a day with only 20 percent having serious problems, usually not emergencies. Surviving hospitals would face ratios of 30 to 40 injured per bed. There would be hundreds of thousands of burn victims; most large burn units—found only in major hospitals—have about 10 beds. And few major urban hospitals would be left.

Under these attacks, medical care for the injured will be further complicated by the virtual elimination of the pharmaceutical industry, one of the eight critical industries targeted for maximum destruction. Even simple protection against infection will be difficult without antibiotics and other prophylactics. Urban stocks of these medicines will be largely destroyed and new supplies unavailable. Chronically ill individuals (heart disease, diabetes, etc.) who depend on drugs to sustain physical activity or life itself will also be affected.

Providing high quality medical care requires high capital investment and long training periods; thus post-attack medical care norms may continue to be dramatically below current standards for a considerable time, with negative implications for labor productivity and other aspects of economic recovery. Significant radioactive fallout or the breaching of immunological barriers in the aftermath of the attack would permit a high incidence of epidemic disease. [16] The loss of major medical research centers will be devastating to research on improved disease treatment. The heavy burden of chronically ill or permanently injured survivors will continuously tax the reduced medical capabilities and disoriented social service support system, leading to a general deterioration of all medical care.

Because malnutrition lowers resistance to disease, medical problems would be exacerbated if the food supply system proves ineffective. Serious mental health problems will arise from the impact of the attack—particularly a sense of impotence from watching people die who in a "normal" society would have lived—or from the stress of the postattack recovery period.

The implications of all these problems would be a society burdened and preoccupied with human suffering, unable to cope successfully with its demands. The credibility of the remaining leadership and its ability to focus resources for recovery might very well hinge on how it was able to manage the medical effects of nuclear war.

SUPPORT FOR THE GENOCIDE CONVENTION CONTINUES TO GROW

Mr. PROXMIRE. Mr. President, when I urge swift passage of the Genocide Convention, I speak for myself but I do not stand alone. The list of supporters of this treaty is very long and there is great size and strength to the movement against genocide.

Recently, the Leadership Conference of National Jewish Women's Organizations became the latest group to formally join the campaign by releasing a policy statement calling for the Senate to adopt this treaty.

The leadership conference acts as an umbrella group for 12 national Jewish women's organizations.

Mr. President, this group's proclamation constitutes a major statement. It tells us that over 1 million women are publicly voicing their support for this important treaty. Add to the National Jewish Women's Organizations more than 50 other labor, civic, religious, and nationality groups which have endorsed the convention, and one begins to realize the groundswell of support for Senate ratification. Furthermore, let us not forget that these are only the groups that have officially endorsed the treaty. There is no telling how many more Americans favor passage of the Genocide Convention but have not taken formal action.

Public support, among other reasons, demonstrates that this treaty warrants Senate attention now. When we debate it, I feel confident that my colleagues will realize that ratification of the treaty would be an unquestionably sound and praiseworthy move—it would place the United States on record as opposing the extermination of ethnic, religious, racial, and national groups.

Mr. President, I wish to express my appreciation and commendation to the Leadership Conference of National Jewish Women's Organizations for their support of the Genocide Convention. I sincerely hope that someday soon I will be able to thank and praise the Senate on this issue, as well.

Mr. President, I ask unanimous consent that the proclamation by the Leadership Conference of National Jewish Women's Organizations be printed at this point in the Record.

There being no objection, the proclamation was ordered to be printed in the Record, as follows:

THE GENOCIDE CONVENTION

Only three years after it came into being the United Nations General Assembly, with strong support from the United States, adopted the Convention on Genocide. This historic document was passed on December 9, 1948. Since then more than four score nations both large and small have become its signatories.

It is a painful reality that in all the ensuing years the Genocide Convention has not been signed by this country through action of the United States Senate. Despite endorsement by a succession of presidents, the Departments of State, Defense, and Justice, as well as resolutions in favor by many distinguished organizations including the American Bar Association, the Convention is not yet a recognized treaty of this country which prides itself upon dedication to human rights.

Representatives of the more than 1,300,000 women of 12 national Jewish women's organizations which are members of the Leadership Conference of National Jewish Women's Organizations unanimously urge the Administration and the Senate of the United States to adopt this Convention promptly. To do so now, even though it is tragically belated, would strengthen the position of the United States in all of its human rights efforts with other nations. It would again attest to the American determination to see that never again does any nation attempt to destroy a national, ethnic, racial or religious group as was done during the Holocaust and in earlier tragedies. Furthermore, the Convention requires that genocide be established as a crime under the legal system of every signatory which for this country is indeed already a fact.

Mr. PROXMIRE. Mr. President, I yield the remainder of the minority leader's time to the senior Senator from Florida.

RECOGNITION OF SENATOR CHILES

The **PRESIDING OFFICER** (Mr. BOSCHWITZ). Under the previous order the Senator from Florida (Mr. CHILES) is recognized for not to exceed 15 minutes plus the time just yielded to him by the Senator from Wisconsin.

Mr. CHILES. I thank the Senator from Wisconsin.

S. 2543—CRIME CONTROL ACT OF 1982

(Introduced by Mr. CHILES, for himself, Mr. NUNN, and Mr. RANDOLPH.)

Mr. CHILES. Mr. President, I rise today to speak on this special order with Senator NUNN.

It is my belief that all of us in the Senate share a commitment to try to do something to fight crime. Just about everyone of us has introduced or sponsored a bill to help our law enforcement officials catch criminals or to reform our criminal justice system or to provide some relief to the victims of crime.

The Senate is not along in its concern with fighting crime. A number of crime fighting proposals are pending in the House of Representatives. The President established a Special Task Force on Violent Crime, headed by the Attorney General, and asked it to make recommendations that would help us in this fight. The Justice Department has made several legislative proposals to Congress, proposals based on the recommendations of the Violent Crime Task Force. State governments and local governments are moving ahead with anticrime proposals, and they are pressing the Federal Government to move ahead, too.

The business community has also become involved in trying to fight crime, with the establishment of the national legislative business task force against crime. The business task force, which is composed of many major corporations and business associations, has added its voice to the voices calling out for tougher measures against crime. And most importantly, the people of America, people from all walks of life and from all parts of the country, are calling on Congress to move now to do something about crime.

People have become fed up because street crime has made their neighborhoods unsafe. They are fearful for their children, who are exposed to illegal drugs. They are dismayed when they learn about bail bond laws that put dangerous criminals back on the streets within days, or even hours, of the time of their arrest. They are outraged by criminals who use legal loopholes in the law, loopholes which seem to have little to do with guilt, innocence, or a fair trial, to avoid conviction. They are incensed by the short sentences given to violent criminals or big-time drug traffickers who are convicted. And they are appalled by the way a convicted criminal can file a seemingly endless number of appeals and petitions to overturn a conviction, or to delay execution of a sentence. And they are angered by big-time criminals who seem to be above the law. Yet, important legislation—vital legislation—to deal with those concerns continues to languish in Congress while the opportunity for action begins to slip away from us.

It is worth looking ahead at the time remaining in this Congress, as well as the issues we face, to understand the concerns that Senator NUNN and I bring here today. If we adjourn in early October, as the leadership would like, there is very little time left. If we meet as a body 4 days each week, I estimate that there are only 67 days left in this Congress. Sixty-seven days is not much time. It sounds like even less time when we look at some of the issues we will have to face in those 67 days. First of all, there are the budget resolutions, two of them, as well as a reconciliation bill. Then, of course, we also have to act on the appropriations measures, both the supplemental bills for this fiscal year and the 13 regular appropriations bills for the next fiscal year. We will also have to consider an extension of the debt ceiling limit some time soon.

These economic issues are not the only matters we must face. Then we have authorization bills to deal with. New authorizations are needed for the Clean Air Act, the Voting Rights Act, the Clean Water Act, and Federal aid to highways. And that is not all. We also have the housing industry assistance bill that the House of Representatives voted on last week. We have a mass transit authorization, another housing authorization, and the Federal Trade Commission authorization bill. We also may have to consider a constitutional amendment to balance the Federal budget. And we may have to face abortion, busing, and school prayer proposals. All of these are issues which have generated considerable debate and controversy.

Mr. President, when I look at all of these issues, and I look at the number of days left, I know that my concerns that anticrime proposals will be lost in the shuffle are well founded. The House of Representatives has not seen fit to act on anticrime measures, and time is running out for us in the Senate. We must act, and we must decide to make anticrime legislation a priority, and to specifically set aside some time for the Senate as a body to consider and pass anticrime bills.

Mr. President, the people of this country expect us in Congress to take action to fight crime, and I believe that they are fully entitled to that expectation. We must take action. I am not suggesting that any one change in a specific law, by itself, will cure our crime woes. What we need is a comprehensive attack on crime, an attack which combines tough new laws with reforms in the criminal justice system and gives our law enforcement agencies the resources to do an effective job. But most importantly, we in Congress have to show our determination to fight crime, and let the public know that we are serious about restoring law and order.

So today, with Senator NUNN and Senator RANDOLPH, I am introducing a bill that will help refocus our attention on the need to move on anticrime legislation. The bill contains parts of several other bills that Senator NUNN, Senator RANDOLPH, and I and other Senators have sponsored in this Congress. In the days ahead, we will speak out in greater detail on specific provisions of each of the proposals in this bill. At this point, let me give an overview and a brief summary of the four titles of the bill.

The first title focuses on organized crime and establishes methods to help our Federal law enforcement officials fight organized criminal activities. Title I is similar to S. 814, a bill that Senator NUNN and I, along with other members of the Permanent Investigations Subcommittee, introduced. It deals with violent crime.

Title II is a bail reform measure, and modifies the bail laws, especially as they relate to persons arrested for drug trafficking. It is modeled in part after S. 1253, a bill that I proposed earlier this Congress.

Title III is a sentencing reform proposal. It increases penalties for persons who commit violent crimes and for persons convicted of smuggling large amounts of marihuana. It is similar to several sentencing bills now pending in the Senate.

Finally, title IV of the bill revises the Federal habeas corpus statutes by eliminating purely technical challenges to convictions fairly arrived at in a State court. It is designed to give greater weight to the notion of finality in criminal cases, and is similar to S. 653, a bill that the chairman of the Judiciary Committee and I introduced last year.

Taken together, these four titles, if enacted, will help make it easier to arrest criminals and break up organized crime operations. It will assure that dangerous criminals and drug peddlers who are arrested will not be able to commit more crimes, or escape justice entirely, by getting out on bail. It will create stronger deterrents against crime, especially violent crime, by increasing penalties. And it will help restore confidence in our criminal justice system by eliminating frivolous appeals.

I would like to mention one other anticrime proposal that I strongly feel is a vital component of any fight against crime. I am referring to S. 732, a bill that Senator NUNN, myself, and others are sponsoring that would get the Internal Revenue Service fully involved in the fight against crime and drugs. Last year, that bill passed the Senate as part of the tax reform package. Presently, we are working with the House to arrive at a version that both Houses can support.

Mr. President, as I said earlier, the American public expects us in Congress to do something about crime, to pass laws that will curb drug smuggling and that will reform our criminal justice system. With the amount of crime we face today, that expectation on behalf of the public is entirely justified. However, those of us who want to pass legislation to fight crime have no reason to be optimistic at this point in time. We can look ahead to the end of this Congress and we can see numerous other priorities. We have good reason to be fearful that Congress in fact will not act this session to pass a package of anticrime bills. That is something we cannot let happen, Mr. President, and I hope that we in Congress can rally together and act quickly to let the American people know that we in Congress have heard their voices, and are as determined as they are to do something to make our neighborhoods and communities safe once again.

Mr. President, I ask unanimous consent that this bill be introduced and that the text of the bill be printed in the Record.

There being no objection, the text of the bill was ordered to be printed in the Record, as follows:

S. 2543

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Crime Control Act of 1982".

TITLE I—ORGANIZED CRIME ENFORCEMENT

Sec. 101. (a) Title 18, United States Code, is amended by adding a new section 1118, as follows:

"§ 1118. Contract murder

"(a) Definitions.—As used in this chapter—

"(1) 'contract murder' means a murder, attempted murder, or assault which violates the laws of the State where the prohibited acts were committed or commissioned, and which was commissioned, committed, or attempted to be commissioned or committed by any person offering, providing, agreeing to provide, threatening to cease providing, or soliciting, receiving, or agreeing to receive anything of value;

"(2) 'commission or commissioned' means offering, planning, instructing, ordering, coercing, or otherwise initiating or being instrumental in a contract murder or attempted contract murder.

"(3) 'anything of value' means anything tangible or intangible the offering party agrees to provide or the receiving party agrees to receive in exchange for committing or attempting to commit a contract murder as defined in this chapter, and may include, but is not defined in this chapter, and may include, but is not limited to, tangible items such as money, land, or position, or intangible items such as gaining favor, anticipation of rewards for services performed, or other similar items;

"(4) 'superior' means any person exerting direct or indirect responsibility, authority, control, or influence over another person; and

"(5) 'subordinate' means any person who is directly or indirectly responsible to or under the authority, control, or influence of another person.

"(b) Commissioning, or Committing a Contract Murder, Attempted Contract Murder, or Contract Assault.—(1) Any person who offers, provides, agrees to provide, threatens to cease providing, solicits, receives, or agrees to receive, anything of value as consideration for the commission of a murder, attempted murder, or assault which violates the laws of the State in which the prohibited acts were committed or commissioned shall be fined not more than $10,000 or imprisoned for not more than ten years, or both; and if personal injury results, shall be fined not more than $50,000 or imprisoned for not more than twenty years, or both; and if death results, shall be fined not more than $100,000 or be imprisoned for any term of years or for life, or both.

"(2) In any prosecution under this section, if it is shown that there was present—

"(A) a direct or indirect contact or communication between two or more persons involving an offer, agreement, or solicitation to commit a contract murder, or

"(B) a direct or indirect contact or communication between a superior and a subordinate involving an offer, agreement, or solicitation to commit a contract murder.

then there is prima facie evidence that the prohibited acts described in subsection (b)(1) were committed and commissioned for anything of value.

"(3) Any person who uses actual or threatened force, violence or fear, or any person who uses his reputation for being a person who uses force and violence, to coerce or attempt to coerce another person to commit a murder, attempted murder, or assault in violation of the law of the State in which the prohibited acts were committed or commissioned shall be in violation of this section and shall be subject to the penalties set forth in subsection (b)(1).

"(c) Attorney General Guidelines.—The Attorney General shall, by regulation, designate criteria for Federal participation in the investigation and prosecution of contract murders as defined in this section. These criteria shall be used solely for the purpose of providing comity with State and local authorities and to preserve and coordinate the limited resources of the Federal Government, and in no way shall limit the authority of the Federal Government to investigate and prosecute violations of this section.

"(d) Effect on Existing Federal Cooperation With State and Local Authorities.—Nothing in this section shall compromise or otherwise affect the ability of Federal officials to assist State and local officials upon request.

"(e) Effect on State Laws.—This chapter shall not preempt any field of law with respect to State legislation which would be permissible in the absence of this section. No law of any State which would be valid in the absence of this section and no officer, agency, or instrumentality of any State may be deprived by virtue of this section of any jurisdiction over any offense over which it would have jurisdiction in the absence of this section.".

(b) The analysis of chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following:

"1118. Contract murder.".

Sec. 102. Section 1114 of title 18, United States Code, is amended by adding after "Department of Justice," the following: "any attorney, agent, or employee of the United States Government employed to investigate or prosecute violations of Federal criminal statutes, or any officer or employee of any department or agency within the Intelligence Community (as defined in section 4-207 of Executive Order 12036 of January 24, 1978, or successor orders),".

Sec. 103. (a) Chapter 7 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 115. Protection of families of Federal officers

"Any person who assaults, maims, kidnaps, murders or threatens to assault, maim kidnap or murder the spouse, parent, brother, sister, child, ward, or other relative by blood or marriage, of any person designated in section 1114 of this title, with intent to impede, intimidate, interfere with, or retaliate against, the designated person while engaged in or on account of the performance of his official duties, shall be fined not more than $10,000 or imprisoned not more than ten years, or both. If a dangerous weapon is used in the commission of the offense, he shall be fined not more than $20,000 or imprisoned not more than fifteen years or both. If personal injury results, he shall be fined not more than $50,000 or imprisoned for not more than twenty years, or both. If death results, he shall be imprisoned for any term of years or for life.".

(b) The analysis of chapter 7 of title 18, United States Code, is amended by adding at the end thereof the following:

"115. Protection of families of Federal officers.".

Sec. 104. Section 1503 of title 18, United States Code, is amended to read as follows:

"§ 1503. Influencing or injuring officer, juror, witness, potential witness, or informant

"Any person who corruptly, or by threats or force, or by any threatening letter or communication, endeavors to influence, intimidate, or impede any witness, potential witness, or informant in any court, grand jury, or other proceeding of the United States or before any United States commissioner or other committing magistrate, or any grand or petit juror, or officer in or of any court of the United States, or officer who may be serving at any examination or other proceeding before any United States commissioner or other committing magistrate, in the discharge of his duty; or who injures any party, witness, potential witness, or informant in his person or property on account of his attending, having attended, or his potential participation in such court, grand jury, or other proceeding or examination before such officer, commissioner, or other committing magistrate, or on account of his testifying, having testified, being a potential witness to, or providing information on any matter pending therein; or who injures any such grand or petit juror in his person or property on account of any verdict or indictment assented to by him, or on account of his being or having been such juror; or who injures any such officer, commissioner, or other committing magistrate in his person or property on account of the performance of his official duties; or who corruptly or by threats or force, or by any threatening letter or communication, influences, obstructs, or impedes, or endeavors to influence, obstruct, or impede the due administration of justice, or who corruptly or by threats or force or by any threatening letter or communication endeavors to influence, intimidate or impede any witness, potential witness or informant with intent to hinder, delay or prevent the communication to a law enforcement officer of information relating to an offense or possible offense, shall be fined not more than $10,000 or imprisoned not more than ten years, or both.".

SEC. 105. Section 552(b)(7)(D) of title 5, United States Code, is amended by inserting ", or tend to disclose," after "disclose".

SEC. 106. Subsection (b) of rule 35 of the Federal Rules of Criminal Procedure is amended by adding at the end thereof the following new paragraph:

"The court may also reduce a sentence at any time upon the application of the Attorney General, or any Department of Justice attorney specially designated by the Attorney General, when a convicted defendant provides substantial assistance in the identification, investigation, indictment, arrest, or conviction of any of the defendant's accomplices, accessories, co-conspirators, principals, or other persons engaged in criminal conduct. Any such motion may be filed and heard on an ex parte motion in camera. The judge hearing such motion may reduce the sentence of the defendant if he finds that the defendant rendered such substantial assistance.".

SEC. 107. Section 2518(1)(e) of title 18, United States Code, is amended by adding ", provided that any information as to previous applications which might compromise a current or pending case or investigation shall be reviewed by the judge in camera" after "each such application".

SEC. 108. (a) Chapter 119 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 2521. Limitations on disclosures to protect ongoing criminal investigations

"(a) If the disclosure of any information contained in the affidavits, application, orders, or accompanying documents required by this chapter would tend to disclose the existence of other pending investigations or wire interceptions, a Federal district court judge may seal, use in camera proceedings, or other procedures to insure that the portion or portions of such documents which may disclose an ongoing criminal investigation or wire intercept are not disclosed. In making his decision, the judge shall consider the legal rights of any party receiving or requesting access to such documents and whether or not the portion or portions concerning ongoing criminal investigations, or wire intercepts are essential to protect any statutory or constitutional right claimed by such party.

"(b) The Attorney General or any attorney specially designated by him may make application to a Federal district court judge to seal, hold in camera proceedings, or use other appropriate procedures to protect the confidentiality of information relating to ongoing criminal investigations or wire intercepts as described in subsection 2521(a) of this title.".

(b) The analysis at the beginning of chapter 119 of title 18, United States Code, is amended by adding at the end thereof:

"§ 2521. Limitations on disclosures to protect ongoing criminal investigations.".

SEC. 109. (a) Rule 6(e)(3)(A) of the Federal Rules of Criminal Procedure is amended by adding at the end thereof the following:

"(iii) a State or local law enforcement official duly authorized as an agent of the grand jury, where such an official is assisting an attorney for the Government in the enforcement of Federal criminal law.".

(b) Rule 6(e)(3)(B) of the Federal Rules of Criminal Procedure is amended by striking out "subparagraphs (A)(ii) and (A)(iii)" and inserting in lieu thereof "subparagraph (A)(ii)".

TITLE II—BAIL REFORM

SEC. 201. Part D of title II of the Controlled Substances Act (21 U.S.C. 841) is amended by adding at the end thereof the following new sections:

"RELEASE CONDITIONS

"SEC. 413. (a) In setting conditions of release under section 3146(a) of title 18, United States Code, for any person charged with an offense under section 401(a) of this title or section 1010(a) of title III with respect to a controlled substance in schedule I which is a narcotic drug or a controlled substance in schedule II, or charged under section 406 of this title with attempting or conspiring to commit an offense under section 401(a) of this title relating to an opiate, or charged under section 1013 of title III with attempting or conspiring to commit an offense under section 1010(a) of title III relating to a controlled substance in schedule I which is a narcotic drug or a controlled substance in schedule II, the judicial officer shall, in addition to determining which conditions will reasonably assure the appearance of such person for trial, consider which conditions will reasonably assure the safety of the community, the personal safety of persons in the community, including witnesses to the offense, and the prevention of similar offenses in the future by such person.

"(b) For purposes of this section and section 414, 'judicial officer' means any person or court authorized pursuant to section 3041 of title 18, United States Code, or the Federal Rules of Criminal Procedure, to admit to bail or otherwise to release a person before trial or sentencing or pending appeal, in a court of the United States and any judge of the Superior Court of the District of Columbia.

"DENIAL OF RELEASE PRIOR TO TRIAL

"SEC. 414. (a) Notwithstanding the provisions of section 3146 of title 18, United States Code, a judicial officer shall deny release of a person charged with a violation of section 401(a) of this title or section 1010(a) of title III with respect to a controlled substance in schedule I which is a narcotic drug or a controlled substance in schedule II, or charged under section 406 of this title with attempting or conspiring to commit an offense under section 401(a) relating to a controlled substance in schedule I which is a narcotic drug or a controlled substance in schedule II, or charged under section 1013 of title III with attempting or conspiring to commit an offense under section 1010(a) of title III relating to a controlled substance in schedule I which is a narcotic drug or a controlled substance in schedule II, who—

"(1) has previously been convicted of an offense under any provision of Federal, State, or foreign law, relating to a controlled substance in schedule I which is a narcotic drug or a controlled substance in schedule II which is punishable by a term of imprisonment of more than one year;

"(2) at the time of the alleged violation, is on parole, probation, or other conditional release in connection with a conviction for a pending charge of an offense under Federal or State law that is punishable by a term of imprisonment of more than one year;

"(3) is not a citizen of the United States and who is not lawfully admitted for permanent residence, as defined in section 101(a)(20) of the Immigration and Nationality Act;

"(4) was arrested while in possession of a passport or other document of identity and nationality which incorrectly identifies such person or belongs to some other person; or

"(5) has been convicted of having been a fugitive from justice, an escapee, or for willfully failing to appear before any court or judicial officer under Federal or State law.

"(b) No person described in subsection (a) of this section shall be denied release unless the judicial officer—

"(1) holds a hearing in accordance with the provisions of subsection (c) of this section; and

"(2) finds that—

"(A) there is clear and convincing evidence that such person is a person described in paragraph (1), (2), (3), (4), or (5) of subsection (a) of this section; and

"(B) on the basis of information presented to the judicial officer, there is a substantial probability that the person committed the offense for which he is present before such judicial officer.

Notwithstanding the requirements of subsection (a) of this section, a judicial officer may grant release to such a person who has not been previously convicted of a felony under Federal, State, or foreign law relating to a controlled substance in schedule I or a controlled substance in schedule II if such judicial officer finds special mitigating factors for granting release and he records such factors in writing as part of the court proceedings.

"(c) The following procedures shall apply to any hearing held pursuant to this section:

"(1) Whenever the person seeking release is before the judicial officer, such hearing may be initiated on oral motion of the United States attorney.

"(2) Whenever the person has been released pursuant to section 3146 of title 18, United States Code, and it subsequently appears that such person may be subject to an order denying release under this section, the United States attorney may initiate a hearing by ex parte written motion. Upon such motion the judicial officer may issue a warrant for the arrest of the person.

"(3) The hearing shall be held immediately after such person is brought before the judicial officer for such hearing, unless such person or the United States attorney moves for a continuance. A continuance granted on motion of such person shall not exceed five calendar days, unless there are extenuating circumstances. A continuance or motion of the United States attorney shall be granted upon good cause shown and shall not exceed three calendar days. Such person may be detained pending the hearing.

"(4) Such person shall be entitled to representation by counsel and shall be entitled to present information, to testify, and to present witnesses in his own behalf.

"(5) Information stated in, or offered in connection with, any order entered pursuant to this section need not conform to the rules pertaining to the admissibility of evidence in a court of law.

"(6) Testimony of such person given during such hearing shall not be admissible on the issue of guilt in any other judicial proceeding, but such testimony shall be admissible in proceedings under sections 3150 and 3151 of title 18, United States Code, in perjury proceedings, and for the purposes of impeachment in any subsequent proceedings.

"(7) Appeals from any order denying release may be taken pursuant to section 3147 of title 18, United States Code. The United States may appeal from any order granting release under this section.

"(d) The case of a person denied release pursuant to this section shall be placed on an expedited calendar and, consistent with the sound administration of justice, his trial shall be given priority.".

Sec. 202. The table of contents at the beginning of the Controlled Substances Act is amended by adding at the end of the listing for part D of title II the following:

"Sec. 413. Release conditions.
"Sec. 414. Denial of release prior to trial.".

TITLE III—SENTENCING

Sec. 301. Chapter 227 of title 18, United States Code, is amended by adding at the end thereof a new section 3579, as follows:

"§ 3579. Increased penalties for violent offenders

"(a) Notwithstanding any penalties in any other Act of Congress prescribing penalties for offenses against the United States, and in addition to those penalties where a crime is carried out through the use, or threatened use, of violence, or with the use of a dangerous weapon or destructive device, the court may also sentence the defendant to pay a fine of not more than $25,000 or to imprisonment for not more than five years, or both; and if a dangerous weapon or destructive device is used, to pay a fine of not more than $50,000 or to imprisonment for not more than ten years, or both; and if serious bodily injury or death results, to pay a fine of not more than $100,000 or to imprisonment for any term of years or to life imprisonment, or both.

"(b) As used in this section—

"(1) 'dangerous weapon' means (A) a firearm; (B) a destructive device; or (C) any other weapon, device, instrument, material, or substance, whether animate or inanimate, that is used or is intended to be used and is capable of producing death or serious bodily injury;

"(2) 'destructive device' means an explosive, an incendiary material, a poisonous or infectious material in a form that can readily be used to cause serious bodily injury, or a material that can be used to cause a nuclear incident as defined in section 11(q) of the Atomic Energy Act of 1954 (42 U.S.C. 2014(q)); and includes a bomb, grenade, mine, rocket, missile, or similar device containing an explosive, an incendiary material, or a material that can be used as a chemical, biological, or radiological weapon; and

"(3) 'serious bodily injury' means bodily injury which involves (A) a substantial risk of death; (B) unconsciousness; (C) extreme physical pain; (D) protracted and obvious disfigurement; or (E) protracted loss or impairment of the function of a bodily member, organ, or mental faculty."

Sec. 302. The analysis at the beginning of chapter 227 of title 18, United States Code, is amended by adding at the end thereof:

"§ 3579. Increased penalties for violent offenders.".

Sec. 303. Section 1010 of the Controlled Substances Import and Export Act (21 U.S.C. 960) is amended—

(1) in the first sentence of subsection (b)(2) by adding "except as provided in paragraph (3) of this subsection" before "schedule I or II"; and

(2) by adding after paragraph (2) of subsection (b) the following new paragraph:

"(3) In the case of a violation of subsection (a) involving a quantity of marihuana exceeding one thousand pounds, such person shall be sentenced to a term of imprisonment of not more than fifteen years, and in addition, may be fined not more than $125,000.".

TITLE IV—HABEAS CORPUS REFORM

Sec. 401. Section 636(b)(1)(B) of title 28, United States Code, is amended to read as follows:

"(B) a judge may also designate a magistrate to conduct hearings, including evidentiary hearings, except evidentiary hearings in cases brought pursuant to section 2254 of this title, and to submit to a judge of the court proposed findings of fact and recommendations for the disposition, by a judge of the court, of any motion excepted in subparagraph (A), of applications for post-trial relief made by individuals convicted of criminal offenses in a United States district court.".

Sec. 402. Section 2244 of title 28, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) In a habeas corpus proceeding brought in behalf of a person in custody pursuant to the judgment of a State court, if the Federal question presented was not properly presented under State law in the State court proceedings both at trial and on direct appeal, or properly presented in a collateral proceeding and disposed of exclusively on the merits, the claim may not be considered or determined by judge or court of the United States, unless the petitioner establishes that the alleged violation of the Federal right was prejudicial to the petitioner as to his guilt or punishment and that—

"(1) the Federal right asserted did not exist at the time of the trial and that right has been determined to be retroactive in its application;

"(2) the State court procedures precluded the petitioner from asserting the right sought to be litigated;

"(3) the prosecutorial authorities or a judicial officer suppressed evidence from the petitioner or his attorney which prevented the claim from being raised and disposed of; or

"(4) material and controlling facts upon which the claim is predicated were not known to petitioner or his attorney and could not have been ascertained by the exercise of reasonable diligence.

"(e) No petition filed in behalf of a person in custody pursuant to the judgment of a State court shall be considered or determined by a judge or court of the United States if it is not filed within three years from the date the State court judgment and sentence became final under State law, unless the Federal right asserted did not exist at the time of the State court trial and that right has been determined to be retroactive, in which case the petition may be entertained within three years from the date said right was determined to exist.".

Sec. 403. Section 2254(d) of title 28, United States Code, is amended to read as follows:

"(d) In any proceeding instituted in a Federal court by an application for a writ of habeas corpus by a person in custody pursuant to the judgment of a State court, a determination after a hearing on the merits of a factual issue, made by a State court of competent jurisdiction in a proceeding to which the applicant for the writ and the State or an officer or agent thereof were parties, evidenced by a written finding, written opinion, or other reliable and adequate written indicia, shall not be redetermined or relitigated by a judge or court of the United States, unless—

"(1) the applicant shall establish or it shall otherwise appear, or the respondent shall admit—

"(A) that the merits of the factual dispute were not resolved in the State court hearing;

"(B) that the factfinding procedure employed by the State court was not adequate to afford a full and fair hearing;

"(C) that the material facts could not be developed at the State court hearing;

"(D) that the State court lacked jurisdiction of the subject matter or over the person of the applicant in the State court proceeding; or

"(E) that the applicant was an indigent and the State court, in deprivation of his constitutional right, failed to appoint counsel to represent him in the State court proceeding; or

"(2) the Federal court viewing that part of the record of the State court proceeding in which the determination of such factual issue was made, pertinent to a determination of the sufficiency of the evidence to support such factual determination, in the light most favorable to the prosecution concludes that a rational trier of fact could not have made such a finding.

No evidentiary hearing may be conducted in the Federal court when the State court records demonstrate the factual issue was litigated and determined, unless the existence of one or more of the circumstances set forth in paragraphs (1) through (6) is shown by the applicant.".

Mr. CHILES. Mr. President, last year we passed two bills which certainly will help as a part of the package in our fight against crime. The first one was the amendment to the doctrine of posse comitatus. It was a bill that Senator NUNN and I worked on, and it came out of the work that Senator NUNN did as chairman of the Permanent Committee on Investigations. That bill was passed and has become a part of the law. It is already considered to be tremendously successful. In my State, we have had Navy E-2 planes, the Hawkeye radar planes, and they have been used for drug surveillance.

Being able for the first time, to avail ourselves of the capacity of military intelligence and military equipment, has been of tremendous help in trying to combat drugs coming into this country.

That bill by itself, of course, will not do the job, and that is why we need other parts of the package.

Another major part was passed last year. It removed the ban that prohibited us from entering into agreements with other countries to have the herbicide paraquat used to spray the marihuana fields and the opium fields. The spraying program was successful in Mexico. But then we had prohibited use of the spray.

Mr. President, this has been a fight that has been going on for some time. Over 3½ years ago the Permanent Committee on Investigations started hearings into organized crime. Organized crime quickly brought us into drugs and narcotics, and we began to find the tremendous drug problems that were coming into this country. It has taken a considerable amount of time to come up with a package of legislation.

Most of this legislation was introduced last year. Some hearings have been held.

You cannot find people who are actually against the legislation. Yet it is languishing in committees, and at this late time in the session we have not passed any major crime bill. Time is running short on us, and that is why it is absolutely necessary that we try to bring this issue to the attention of the Senate to see that we have a block of time to deal with anticrime bills.

Mr. President, we have to realize that we need to work through two Houses. As of now I know of no bills that are on the calendar in the House; in fact, I think we have been ahead of the House probably even in the committee work we have done in regard to work on anticrime bills. So, I think it is tremendously important that we try to come forward with a block of bills, with a package of bills, that will speak to this question.

Approximately, a year and a half ago, some 13 Senators went to the White House to see the President of the United States, to lay before him our concerns with this tremendous problem of crime. The President was receptive at that meeting. He had the Attorney General there, he had Vice President Bush there.

Yet, Mr. President, we still do not see any anticrime bills that have actually made their way through the committee process and onto the floor.

We recognize there are tremendous other problems facing each of our committees and that are facing us in regard to passing other legislation. That is why we feel it is essential that we try to come forward with this legislation and that we try to begin to work on this package of bills I have talked about this morning.

Senator NUNN and I want to bring the attention of the Senate to focus on this matter. I would say, Mr. President, we do not consider this to be an exclusive package; we know other Senators have bills that also would go a long way to deter crime, and we would invite other Senators to bring their bills forward. In this way, we can make these proposals a part of a comprehensive crime package, then the Senate can set aside a block of time and use that time to pass a package of bills.

I would hope, Mr. President, we could pass that package of bills, and send that legislation to the House. Then I hope the American people will call to the attention of the House—and those Members are all running this year—that it would be time that they pass a package of crime bills.

Mr. President, it is interesting to see—and I guess this is how our democracy works—that with all the problems we have had to regard drugs and organized crime in my State that the first impetus for action came from the grassroots. It was the people themselves who finally decided that they were not going to allow the criminals to take complete authority and control over the State. They were going to do something about it themselves.

In my State, and across the country, you are seeing an organization and a network of neighborhood crime watch groups. On the other side, drug awareness and parent groups have organized themselves.

We are talking about a supply problem and we are also talking about a demand problem.

In my State, at the grassroots level, there is a tremendous impetus for citizen involvement to do something about crime, and to try to protect their neighborhoods, into cooperative efforts with the police. People are crying out and saying, "What in the world is going to happen, when are we going to get some help from the Federal Government? When are we going to get the kind of resources that we need?"

That has been a big problem, Mr. President, to try to find the resources we need. The people are also saying, "When can we have a comprehensive package of bills that is actually going to help us fight crime?"

I see Senator NUNN is here and I want to yield to him. At this time, I want to express my appreciation for the work he has done as the chairman of the Permanent Committee on Investigations or the subcommittee for a number of years. I think he took the leadership in the fight in this regard. He held hearings on organized crime. We then carried our subcommittee to Miami where we held hearings.

From his work on the Permanent Committee on Investigations we began to develop this package. He is the prime sponsor of the posse comitatus bill which, as I say, is working so effectively in my State now.

The tax reform proposal, which I know he will speak about today is once again a bill he has worked on. In fact, he has worked on all of the other bills in this package. I think that he has taken a tremendous role of leadership in trying to initiate this effort. I am happy to associate myself with him in this regard today.

RECOGNITION OF SENATOR NUNN

The PRESIDING OFFICER (Mr. ANDREWS). Under the previous order, the Senator from Georgia (Mr. NUNN) is recognized for not to exceed 15 minutes.

Mr. NUNN. Mr. President, I see the Senator from West Virginia here who would like to make a brief statement, and I will yield to him, and then I will yield to the Senator from Maine for a unanimous-consent request.

Mr. RANDOLPH. Mr. President, I am grateful for the consideration of the Senator from Georgia (Mr. NUNN). Of course, Senator NUNN and the Senator from Florida (Mr. CHILES), and many others in this Senate are giving intensive study to the critical crime problem in this country. They hope for a program with a broad base of support to control and prevent crime. This needs to be done more than ever before in our Nation.

People hunt animals in many parts of this country. And there are seasons that are closed, and then there are seasons that are opened. There may be 6 weeks or 2 months and it is an open season on a certain animal that people hunt. I was thinking, as Senator CHILES was talking, that there should never be a closed season on crime in this country.

People, as he has indicated, are beginning now to feel their individual responsibility. I think perhaps our greatest need in this Nation is a rebirth of individual responsibility, not a group responsibility, not a party responsibility, although we must have organizations, but personal responsibility.

This individual rebirth of responsibility is taking place, I hope.

Although some may say this is not related, I am constantly talking about the appalling lack of participation of the American people with the ballot, which is a part of the very constitutional process of this country. In my judgment, failure to vote is part of the larger problem of individual participation in solving the problems confronting our Nation, including crime. Only 53.4 percent of the men and women eligible and registered to vote in the elections of 1980 for President of the United States were at the polls. As the author of the 26th amendment for 18-, 19-, 20-year-old youths, I had such high hopes that these persons would be active participants in the democratic process. Then I look at the figures in 1980, and I find that these young people had only 22 percent, the lowest in our country, of participation with the ballot.

The young man comes to me or the young woman and says, "Senator, why is my one vote important?" And I say, and I believe it is the only way the answer can be given, "It is important because it is your vote. And if you do not use it, it ceases to exist." But I am hopeful that these conditions are changing and people are becoming more concerned about their obligations as citizens.

Somehow or other in the crucial days ahead we must work not at cross-purposes but with common goals to strengthen our communities, States, and Nation. One of these goals must be crime prevention and control. Thus, I am thankful to Senators NUNN and CHILES who are taking the initiative based on their assessment of the damage done to the body politic by increase in criminal activity throughout this country.

Mr. NUNN. I thank my friend and colleague from West Virginia, and I certainly would like to associate myself with his remarks on individual responsibility. I completely agree with that.

I yield to the Senator from Maine.

[The remarks of Mr. COHEN at this point in connection with the introduction of legislation are printed under Statements on Introduced Bills and Joint Resolutions.]

Mr. NUNN. Mr. President, I first wish to thank my friend and colleague from the State of Florida for his outstanding leadership in introducing this Crime Control Act of 1982. I have joined him as an original cosponsor. We have worked on this together. We have worked on the component parts of this legislation for several years. There probably is not any new proposal here this morning, but what is new is we are trying to put it in one package. And we are going to, not only today but for the next few weeks or months, or whatever time is required, we are going to bring it continually to the attention of our colleagues in the Senate until we do get action on these very important problems.

Mr. President, in the last few months many of us in the Senate have introduced tough legislation designed to deal with such nationwide problems as organized crime, narcotics trafficking, juvenile justice, arson and sentencing reform. The Judiciary Committee has worked long hard hours on criminal code reform. We have all unanimously passed Senator HEFLIN's Senate Resolution 141 in which we declared that:

> Taking all appropriate action necessary to combat violent crime should be a national priority as well as a priority in the Senate and should receive immediate attention.

We passed this in July 1981—9 months ago.

We all agree that Congress must do something to stem the rising tide of violent crime now sweeping this country and yet we have done little. But crime continues to be a worsening problem. Statistics compiled and published by the FBI and reported to us by Senator HEFLIN last July reveal that violent crime is running rampant in every section of the country. The FBI statistics indicate that, over the past 30 years, the number of murders in the United States has increased by 370 percent. Also, in 1980, crime was up nationwide by 10 percent.

One significant result of this alarming increase is the paralyzing effect it is having on the American people. They are virtually being held prisoner in their own homes by criminals who operate in the streets with impunity and with little or no fear of arrest or punishment. And this is particularly true for those who live in the inner cities—our older citizens, our minority groups. Increasingly they are, indeed, prisoners in their own country. A 5-minute drive through this very city will reveal the stunning truth: Honest citizens have had to bolt iron bars over their own windows and doors for protection against crime. We seem to have reached a complete reversal in our society: The law-abiding citizens lock themselves behind bars and the criminals freely roam our streets. It is as if an invading army had conquered our cities.

We all recognize that there is no one law or group of laws that we could pass which would solve this problem. And I certainly again want to emphasize my strong agreement with the Senator from West Virginia when he said that, in the final analysis, we have to resume individual responsibility in this country.

And we must remember that well over 90 percent of all crime committed in the United States falls within the jurisdiction of State and local law enforcement. On the average, a murder is committeed in the United States every 24 minutes. A house is burglarized every 10 seconds in this country. A woman is raped every 7 minutes in the United States. By and large, these crimes are beyond our direct reach here on the floor of the U.S. Senate. But we must also keep clearly in mind that organized crime flourishes. It is an interstate network of criminal operations which, in some areas of our country, controls entire industries. The illegal narcotics trade now does as much business in the United States as Exxon, our largest U.S. corporation. These problems—organized crime and drug trafficking—are problems we can directly address here and can have an impact on. And as we do, we will see that we have had an impact on burglaries and certainly we will have an impact on murders and many other crimes that are occurring. And these two problems spawn much of the violent crime which now infects our streets. A recent study, for example, found that 237 addicts were responsible for over 500,000 crimes over an 11-year period—about one crime every other day per addict. And most of these crimes were related to their drug use.

We can address this problem by taking measures in several areas. Specifically, we can address the areas of bail and sentencing for drug-related crime; we can address organized crime by improving our Federal law enforcement system; we can address the overcrowding and abuse of our Federal court system through habeas corpus reform. That is a part of this package. These are measures which many of us have already agreed upon. These are measures on which Senator CHILES and I have introduced bills in this Congress. I believe that the Reagan administration will agree with many of these measures.

Senator CHILES and I are today offering one piece of legislation which combines our efforts in these areas. In this bill we specifically address bail reform in narcotics cases, sentencing reform in narcotics cases, organized crime control, and habeas corpus reform. Our proposals are well known to all of our colleagues and are not controversial or the subject of much debate. We offer this legislation in the belief that, while we cannot all agree on the specifics of criminal code reform, we can at least agree on these basic steps to improve our Federal efforts against crime.

Over the next several weeks, I intend to discuss this and other pending criminal legislation, together with my colleague from the State of Florida, and I am hopeful that we will be able to act affirmatively in the area of criminal law during this Congress.

I also wish to thank Senator ROTH, the chairman of the Permanent Subcommittee on Investigations, for his work in this area, as well as Senator RUDMAN, the vice chairman, who has played a vital role in many of our hearings since he came to the U.S. Senate.

This is not a partisan question, Mr. President. This is a bipartisan question that affects all of our constituents. Certainly while we are struggling over many controversial items in the budget and many other controversial items, we should pause for a moment and try to come together on a very important package of criminal law reform that indeed can lay the foundation for beginning to turn around these awful statistics that afflict our people.

I yield the floor.

Mr. CHILES. Mr. President, with Senator NUNN and Senator RANDOLPH, I introduce a bill and ask unanimous consent that it be read for the first and second time.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

Mr. CHILES. Mr. President, I ask that the bill be read the first and second time.

The PRESIDING OFFICER. Is there objection to the bill having two readings on this day?

The Chair, in his capacity as a Senator from North Dakota, objects to two readings of the bill on this day. The bill will be read the first time.

Mr. CHILES. Mr. President, I ask that the clerk lay the bill before the Senate and read it for the first time.

The PRESIDING OFFICER. The clerk will read the bill for the first time.

The legislative clerk read as follows:

A bill (S. 2543) to improve the effectiveness and efficiency of Federal law enforcement efforts.

The PRESIDING OFFICER. The bill having been read once——

Mr. CHILES. Mr. President, I ask for the second reading.

The PRESIDING OFFICER (continuing). Is there objection to the second reading of the bill?

Mr. QUAYLE. I object.

The PRESIDING OFFICER. Objection is heard.

The bill having been read once, and the objection having been made to the second reading, the bill will be read the second time on the next legislative day.

Mr. CHILES. I thank the Chair.

RECOGNITION OF SENATOR QUAYLE

The PRESIDING OFFICER. Under the previous order, the Senator from Indiana is recognized for not to exceed 15 minutes.

U.S. SUGAR PRICE SUPPORT PROGRAM

Mr. QUAYLE. Mr. President, last September the Senate passed a farm bill which established an unwise and unneeded sugar price support program. We are now paying a very high price for our hasty actions. Not only are consumers facing increased sugar costs totaling over $3.6 billion, but our foreign policy and free trade policies are now threatened by the imposition of import quotas on sugar.

Furthermore, it is ironic that as we debate the budget and express concern about deficits, this sugar program may cost the taxpayers an additional $800 million.

Along with Senator TSONGAS I have introduced Senate bill 2484 to eliminate this embarrassing program. Joining us as cosponsors to S. 2484 are Senators PERCY, HEINZ, NICKLES, HUMPHREY, D'AMATO, ROTH, CHAFEE, WEICKER, SPECTER, LUGAR, DENTON, RUDMAN, GORTON, MATTINGLY, PELL, and MOYNIHAN.

Last September I cautioned the Senate that we would face the probability of huge and costly Government purchases of sugar under the program in the 1981 farm bill. At that time, the world price of sugar was around 11 cents per pound. It was quite clear that an oversupply of sugar on the world markets was going to drive prices lower. We also knew that the USDA could not avoid purchases of sugar if prices went much below 10 cents per pound, unless we resorted to the distasteful alternative of restricting imports. We knew that eventually we would have to make the unpalatable choice between direct Government payments to sugar producers and quotas on imports.

World production of sugar for the 1981-82 growing year is now estimated at 96.3 million tons by the USDA, 97 million tons by a British sugar analyst, and 96.7 million tons by a West German analyst. Since world consumption is expected to hover around 91 or 92 million tons, we will see 4 to 6 million tons of sugar added to an existing stockpile of about 4 million tons of sugar. In these circumstances, Mr. President, it is hard to fathom how prices can rise during the coming year—in fact, they will probably continue their precipitious decline. Thus the U.S. Government will continue to face the necessity of choosing between import quotas and losses to the U.S. Treasury.

The subsidies for sugar production in the United States can only exacerbate this imbalance between supply and demand. Sugar growers are encouraged to increase their plantings by the certainty of receiving a handsome return on their product. At the same time, high sugar prices lead to the substitution of cheaper sweetener substitutes such as high fructose corn syrup, which further cuts demand for sugar.

Preliminary estimates of 1982-83 sugar production are running at about 95 million tons, a total supply that would again exceed demand by several million tons. Mr. President, the worldwide glut of sugar is making and will continue to make the U.S. sugar price support program costly to consumers because world prices are almost certain to remain at their current low levels for the near future. The price support program will also continue to force us to choose between quotas and direct Government purchases of sugar for the next 18 months or 2 years.

Mr. President, we all know that artificial price supports for sugar are highly inflationary and costly to the consumer. We are also beginning to realize that the use of import quotas is seriously compromising our attempts to maintain free trade in international markets.

For the past several years we have been locked in an ongoing battle to convince the European Economic Community, the Japanese, and other trading nations to lift some of their restrictive barriers to trade with U.S. producers. Just last month, for instance, we were able to convince the EEC, at least temporarily, to back off from imposing new restrictions on imports of U.S. corn gluten feed. We now sell about $500 million of corn gluten to the EEC each year. In all, the United States sells about $45 billion worth of agricultural products abroad each year, about one-third of all U.S. agricultural production. Any threat of restricting this trade could be devastating to our agricultural economy, which is already undergoing its most severe crisis since the 1930's.

On April 26 of this year, before the President decided to invoke import quotas, Trade Representative Bill Brock said that such quotas would "make it more difficult" to argue against trade barriers in Japan and the EEC. Bill Brock's warnings are now being fulfilled. A case in point is a report from Tokyo dated May 18. Japanese Foreign Minister Yoshio Sakurauchi told the United States yesterday that Japan has virtually ruled out any immediate removal of import quotas on agricultural products. Japanese officials said their government would be quick to "point out Washington's recent imposition of sugar import quotas to counter any pressure by the United States."

I remind some of my colleagues, particularly those who are concerned about beef, that with the import quotas that Japan imposes on beef and other items, they will have hard sledding over this new policy we have adopted.

When President Reagan met with Brazilian President Figueiredo he was criticized for imposing import quotas. President Reagan will continue to hear a chorus of criticism on this subject, especially from the Caribbean Basin nations whose economies are dependent on sugar. I do not endorse the idea that we should base U.S. policy on the many suggestions coming to us from abroad, but we must remember that we have made a serious commitment to aid Caribbean and other developing nations in stabilizing their economies. I do not know the eventual consequences of our sugar import quotas on economic and political stability in the Caribbean, but I do know that our resolve and integrity in foreign policy initiatives and world leadership are going to be questioned because of the blatant contradiction between our stated political purpose and our actions in regard to protecting domestic sugar interests.

Another point we should keep in mind is that the United States has constantly pressured the Europeans to reduce their excessive subsidies for agricultural products such as sugar and wheat. Supporters of the U.S. sugar program often point to the unfair competition of highly subsidized EEC sugar as a reason for maintaining the U.S. sugar support program. While I wholeheartedly agree that EEC subsidies should be reduced or preferably eliminated, I think it is ludicrous to ask American consumers and taxpayers to compete with the Europeans in a bidding war to see who can be more generous toward their sugar growers. Why should Americans have to bear the huge burden of the U.S. sugar program simply to keep up with our placid European neighbors?

The point I would like to emphasize is simply that we will never convince the EEC either to open their own markets or to reduce their subsidies as long as we aimlessly pursue our own subsidies and import quotas on sugar. On May 14, EEC officials were quoted as saying, they feel U.S. sugar quotas may "help dispel the myth that our agriculture is more subsidized than in the United States." On this issue, they continued, "Americans really live in a glass house and they really should not throw stones at us."

Mr. President, I believe the sugar price support program is a blatant example of our damaging propensity to protect special interest groups in a way that saps the entire economy. I believe this program should be abolished immediately. Elimination of the sugar program would save the American consumer over $3.6 billion this year alone—not a small amount. It would also save us from the embarassing position of advocating free trade and economic development while protectionism is economically damaging in the long run, as we learned in the 1930's, but in the short run, it could be disastrous to the already depressed agricultural sector. I urge my colleagues to join us in eliminating the sugar program before more damage is done to American consumers, American agriculture, and the American economy.

Mr. President, I ask unanimous consent that recent articles and editorials on the sugar program from the Wall Street Journal, the New York Times, the Washington Post, the New York Daily News, and Business Week be printed in the Record immedately following my remarks.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Wall Street Journal, May 10, 1982]

SWEET CHARITY

President Reagan last week imposed import quotas on sugar in hopes of keeping his sugar price support program solvent. No doubt the quotas will shift some of the cost of subsidizing sugar farmers from the Treasury to the consumer. Caribbean Basin nations, supposedly an object of U.S. solicitude, also will likely pay. And none of this will really deal with the problem of the sugar supports.

The problem is that the sugar support prices are too high. That's not necessarily Mr. Reagan's fault, or at least not entirely. Sugar price supports were one of the prices he had to pay to win support for his tax rate cuts in Congress last year. The supports had expired in 1980 but sugar producers and their favorite Congressmen wanted them reinstated.

Sugar producers were worried because last summer's fine weather helped provide a very good harvest and, as a result, world sugar prices had fallen sharply from the 30-cents-a-pound level of last spring. Under the new four-year sugar plan, the price support level was set at its current 16.75 cents a pound, rising to 18 cents by 1985. Even at the time the measure was enacted last year, however, the world price for sugar was already down to 12.6 cents a pound. It has since fallen to about 8.5 cents, or about half the level guaranteed by the U.S. government.

With the U.S. price double the world price, the U.S. taxpayer was in some danger of subsidizing the entire world. U.S. farmers were filing applications for support payments and loans like crazy, threatening to force the government to cough up $800 million next fall to pay for surpluses. The import quotas are an effort to reduce this future exposure.

But this is ultimately a losing game. With those cushy supports provided to them by their Congressmen, the sugar farmers will merely be encouraged to produce more and more sugar and less and less of something else consumers might want. The government's bills, and the need to protect itself through quotas, will keep rising. Substitutes, such as fructose made from corn (which already supply 37% of the U.S. sweetener market) will become more attractive. Consumers will pay and pay, at the supermarket and in their tax returns, just as they have to maintain the lifestyles of dairy farmers, peanut farmers et al. Rep. Peter Peyser figures the consumer cost of the sugar program as it now stands at $3 billion a year.

Mr. Reagan's quotas also drive a truck through his two-month-old Caribbean Basin plan, which aims at fostering economic growth in the region through increased trade with the U.S. The President did say that Latin American and Caribbean sugar cane producers will receive special treatment under the import quota program. Nonetheless, some producers will be locked out of the U.S. market and the administration's flip-flop doesn't bode well for a lasting trade rapport with our neighbors to the South.

Commodity stabilization is one of those ideas that are plausible in theory—at some price level, government could ease the impact of weather and market cycles for farmers and thus make the business more orderly and secure. But in practice, politics comes into play and the support levels are invariably set too high. The result is inflated prices, overproduction and government stockpiles of unwanted products. The best answer to the sugar problem for Mr. Reagan is not quotas—indeed that may be the worst. It's to scuttle sugar supports at the first opportunity.

[From the New York Times, May 10, 1982]

A SHAMEFUL SUGAR POLICY

Not surprisingly, the White House did not really announce the decision to impose quotas on sugar imports. It merely confirmed the rumors that President Reagan will bring joy to a few thousand American sugar growers at a cost of about $1 billion to consumers and a further drain on the incomes of poor countries that depend on sugar exports.

In a rational world, the United States would not bother producing sugar in constant need of protection. Other countries, notably Brazil, the Philippines and some Caribbean islands, can supply all of America's needs at much lower cost.

But owing to protectionism, America still has sugar growers, and they cannot operate in an open world market. By allying themselves with other subsidy-seeking farm lobbies in Congress, the sugar growers keep enacting import barriers that protect a sizable portion of the American market.

Last year that alliance almost cracked. Other agricultural interests, stung by Congress failure to provide generous price guarantees, wavered on high tariffs on sugar. But a few sugar-state Democrats saved the industry by buying White House support with their votes for the Reagan budget. The 1981 farm bill set an effective minimum price for raw sugar at 18.5 cents a pound, several cents above the world price.

That might have been the end of it if world sugar prices had not further declined. Today sugar sells in the free market for about 9 cents a pound. And legal limits on import tariffs and fees make it impossible to protect the American price at the agreed-upon minimum. So President Reagan has decided to raise the domestic price by further limiting imports with quotas.

The quotas will add an additional $1 billion to Americans' sugar bill. They will also cut deeply into the revenues of impoverished sugar exporters, including the Caribbean nations that Mr. Reagan is so assiduously wooing with lectures on the magic of the free market.

Then why do it? The law's the law, say the President's supporters; the only way to make it satisfy domestic growers is to sock it to consumers and foreign growers.

Well, not quite. The Agriculture Department could help defend the domestic price by taking several hundred thousand tons of sugar "on loan" from domestic growers. Most likely, this sugar would end up as Government surplus, incurring a cost to taxpayers. But that would be only a fraction of the cost of quotas to consumers.

Why, then, choose quotas?

The answer is as simple as it is crude: Mr. Reagan is loath to add expenditures to the Federal budget. He prefers to hide the subsidy in the price of Coke and Frosted Flakes. Billions for sugar growers, but not one cent for Big Government.

Some day, America might adopt a sane sugar policy—that is, no sugar policy at all. For the moment, the best to hope for is a policy that satisfies the sweet deals in Congress at minimum cost to the economy. Quotas are not the answer.

[From the Washington Post, May 9, 1982]

REAGAN'S QUOTAS ON SUGAR GREW OUT OF A RAW DEAL

When President Reagan agreed last week to impose severely restrictive quotas on sugar imports, driving up domestic prices, it was a case of a raw political deal coming back to haunt him—and American consumers.

In addition to taking from $1.5 billion to $3 billion out of consumer pocketbooks by boosting sugar prices here a minimum of 5 cents or as much as 10 cents a pound, quotas make a farce out of the administration pretense that it believes in free trade and free markets.

Consumers will pay the price for this outrageous protective measure not only in the cost of sugar itself, but also for soft-drinks, candy and other foods using sugar.

And what an embarrassment for Reagan and his highly publicized Caribbean Basin initiative, which was supposed, among other things, to allow Caribbean countries to export sugar here duty-free! Quotas obviously would take away with one hand what was to be given with the other. And if quotas are adjusted for the Caribbean countries to maintain their traditional market shares, other exporters will have to be squeezed even more.

Sugar quotas, also, hardly make the administration trade hawks look good as they pressure Japan to drop quantity limits on imports of beef, citrus and other agricultural commodities.

Reagan got himself into this mess when he agreed not to oppose sugar price supports in order to button up three or four Southern state votes in Congress for his budget reconciliation bill last year. He was warned then that it could be costly—but his single-minded focus was on driving his budget through Congress.

In his award-winning Atlantic Monthly article on "The Education of David Stockman," writer William Greider reported how Stockman, for those few votes, "casually" traded a promise that the president would not oppose revival of a scandalous sugar price-support loan program that had been killed by Congress in 1979:

"'In economic principle, it's kind of a rotten idea,' [Stockman] continued. Did Ronald Reagan's White House object? 'They don't care, over in the White House. They want to win.'" In the same time frame, Reagan reversed his opposition to peanut price-support legislation to pick up five votes, four from the peanut state of Georgia.

As Greider wrote, Stockman was a willing participant in this open barter for votes. When the sugar deal was offered to him by a Southern congressman, he ran it past the White House: when they didn't say "no," Stockman sacrificed principle for votes. He and Agriculture Secretary John R. Block even put the peanut deal in writing.

" . . as the final balance was being struck," Greider wrote, Stockman "was forced to concede in private that the claim of equity in shrinking the government was significantly compromised if not obliterated."

This is dramatically highlighted by new sugar quotas, which simply transfer the burden of protecting domestic sugar interests to consumers from the government, making a mockery of the Reagan propaganda line that he is "getting the government off your backs."

The specific White House congressional deal on sugar, passed last December, in effect guarantees American producers a price of 17 cents a pound—nearly twice the current glut-induced world market price of 9 cents.

Adding in duties and fees of 6.8 cents, plus the cost of shipping and insurance, the imported price works out to about 18 cents—which sets the market price here. Domestic producers claim they're losing money, and unless they can get 20 to 21 cents a pound, they'll exercise their right to force the government to lend them 17 cents a pound, and then forfeit the sugar to Uncle Sam. That could cost the federal treasury $800 million in fiscal 1983.

So Reagan turned to quotas as a way of boosting prices to 20 cents or more, allowing domestic producers to sell their sugar to consuming industries and individuals, rather than sticking Uncle Sam with it. For every dollar thus saved the budget, it appears consumers will have to shell out a minimum of $2.

Defensively, Secretary Block said that quotas were "necessary to avoid a massive flow of sugar imports into the United States, which would disrupt the commercial market for domestically produced sugar and would cause large quantities of domestic sugar to move into government ownership."

What Block failed to say was that regardless of the sugar glut, the administration would not have had to impose quotas now if it hadn't abandoned its own free-trade principles last year by agreeing to support prices. As Reagan or Stockman should have learned from the Faust legend, a bilateral pact with the devil has a costly payment in the end.

[From the New York Daily News, April 29, 1982]

ANOTHER LUMP FOR CONSUMERS

What an outrage! The Reagan administration is planning to belt all us consumers with a four-cent hike in sugar prices—as if we aren't having enough trouble with soaring costs and the recession and all that.

How did it happen? Well, Congress was sweet-talked by the sugar lobby into a price support program last year. Predictably, the domestic growers then produced a mountain of a crop.

Now, faced with the prospect of paying their bill, the administration is considering slapping quotas on cheaper imported sugar so that more of the homegrown product can be sold to consumers. The effect of this move will be to drive up the cost of sugar at the supermarket by four cents a pound.

While Congress bears the major part of the blame for the fiasco, President Reagan can't be exonerated. He approved the giveaway in return for votes to pass his budget and tax packages.

It was an inexcusable blunder. Opponents of the subsidy warned at the time that the government would have to shell out a huge bundle of dough if the notoriously erratic sugar market went into a tailspin. Now that the dire prediction has come true, Washington will make consumers pay through the nose to avoid adding to the already horrendous federal deficit.

And that's not all. Quotas are bound to offend friendly countries such as Brazil and the Philippines that export sugar to the U.S. They will mean real hardship for the economically depressed Dominican Republic—one of the countries targeted for special aid under Reagan's Caribbean Basin program.

And how, in good conscience, can we hammer the Japanese for throwing up import barriers against our farm products when we employ the same tactics against other nations' produce?

The sensible way to get out of the hole is to boot the sugar producers away from the public trough as soon as possible—preferably, right now. Resorting to quotas and other gimmicks won't remedy the original mistake, it will just make a bad situation worse.

[From Business Week, May 10, 1982]

A SWEET DEAL TURNS SOUR

Last year the Reagan Administration made a deal with Congressmen representing the sugar industry to accept a price-support program in return for votes on its budget (page 36). Budget Director David Stockman, who engineered the deal, thought support could be supplied by the mix of import duties and fees the U.S. already uses to keep U.S. sugar prices higher than those of the world market. But under a world sugar glut, prices have sagged, and the Administration must now either impose country-by-country quotas on sugar imports, pushing up the price to U.S. consumer, or buy close to $300 million worth of surplus sugar that it will not be able to sell any time soon, which would increase spending at a time when it is fighting with Congress over the budget.

The sugar deal clearly never should have been made. But the basic problem is a price-support system that protects so many agricultural commodities from the free market. With apologies to Sir Walter Scott: Oh what a tangled web we devise, when first we practice to subsidize.

Mr. QUAYLE. Mr. President, I ask unanimous consent that the names of the cosponsors that I referred to in my remarks be added to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. QUAYLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR HARRY F. BYRD, JR.

The PRESIDING OFFICER. Under the previous order, the Senator from Virginia is recognized for not to exceed 15 minutes.

THE 1983 BUDGET RESOLUTION

THE FACTOR OF FORTY-FOUR, AND OTHER DEPRESSING THOUGHTS

Mr. HARRY F. BYRD, JR. Mr. President, today, I rise—with no enthusiasm—to address myself to the 15th regular budget resolution which has been presented to the Senate. Although the Senate debate is not yet half over, the spending and deficit figures already have been increased. In speaking today, I shall use the original figures, which already were bad enough.

Like many of my colleagues, I was "present at the creation" of the 1974 Budget Act—to borrow a phrase from Dean Acheson. So I have participated in all 14 regular budget resolution debates—plus a few debates on separate resolutions that revised the budget after a fiscal year was under way.

The very first resolution was a whopper. Passed in 1975, it projected a recordbreaking deficit of $68 billion. Indeed, the actual red ink total for fiscal year 1976 did reach $66 billion. That is a record which, officially, still stands—although obviously it will be broken this year and next.

It is a measure of the gravity of the Government's financial condition today that, were we able to bring the deficit for next year down to that recordbreaking total of $66 billion in 1976, we would consider ourselves heroes.

Sometimes a little history helps to put things into focus.

First, let me say that I recognize the hard work of the members of the Budget Committee and the difficulties they have faced.

But the appalling fact is that, even after all their hard work, all their difficult choices, they have brought to the floor of the Senate a resolution which projects deficits exceeding $100 billion each for 2 years in a row—the current year and the one beginning on October 1, 1982.

In round numbers, the deficit recommended by the Budget Committee for the current year, 1982, is $118 billion, and the deficit for the coming year, 1983, is $115 billion.

That means that if we are to pass this resolution, a majority of the U.S. Senate must go on record as stating that the deficits which are appropriate for this year and next exceed $100 billion each.

Perhaps a majority of the Senate will cast such a vote. I am convinced that a majority of the American people would not cast any such vote.

But there is a further difficulty. That is the question of the reliability of numbers.

Over the past 3 years, an interesting pattern has developed in our first congressional budget resolutions.

I call it the Factor of Forty-Four.

In the 1980 first resolution, spending was projected at $532 billion. The actual total for the year was a bit over $576 billion—an increase of about $44 billion.

In the 1981 resolution, spending was set at a little over $613 billion. It came in just above $657 billion. Another increase of $44 billion.

Last year, in enacting the first resolution for 1982, outlays were forecast to be just under $696 billion. The current resolution contains a revision of that figure, setting it at about $740 billion. You guessed it—that is an increase of $44 billion.

That is the Factor of Forty-Four.

If that same factor is at work in the calculations for the coming year—fiscal year 1983—then spending will be not the $783 billion contained in the resolution, but $44 billion higher, or $827 billion.

That would give us a spending increase over the current year of $86 billion, or 11 percent.

Even worse, we would have a deficit of $159 billion.

Beware the Factor of Forty-Four.

Mr. President, let me be the first to admit that the Factor of Forty-Four has no scientific validity but, given the track record of economists and public officials in their forecasts over recent years, it may be as sound a theory as anyone else's.

Indeed, the Factor of Forty-Four is already at work. Even as I am speaking, the deficit in the resolution is being increased. In any event, the Factor of Forty-Four is something worth keeping in mind.

On the revenue side of the budget, there also have been wide discrepancies between projections and results, but there has been no clear pattern. In the current year of 1982 we have experienced our first large-scale overestimate of revenues—$35 billion. Let us hope that this figure does not establish a new pattern.

In discussing the budget resolution so far, I have referred only to the current year of 1982 and the upcoming year of 1983.

The resolution also includes projections for the two succeeding years of 1984 and 1985—the so-called "outyears."

In my view, the projections for the outyears are of limited value. They are perhaps an expression of intent, but beyond that I cannot see that they are particularly significant.

Looking at what has happened to the projections for the current year just since it began—with the deficit going up from $43 billion to almost $118 billion—it is difficult to take seriously numbers that reach out 3 years into the future.

This inherent uncertainty is in part a reflection of the limitations of economic forecasting, and in a part a result of the political temptation to set spending estimates unrealistically low.

The economic variables themselves are so numerous, and they interact so extensively, that exactitude is not to be expected. Moreover, underlying all economic forecasts are even less reliable assumptions that are essentially psychological: Views about the confidence of consumers and investors, for example, which can spin like a weathervane in shifting winds when policy is inconsistent.

This element of confidence, however, is critical. The most important single contribution which Government can make to economic recovery is to follow steady policies which will build the kind of confidence that leads investors to provide capital, business to expand, and consumers to make purchases.

The last year has taught us that we have an imperfect understanding of what builds this kind of confidence. But I think we can be sure of this: Policies that lead to continued high deficits, continued increases in this national debt and continued huge Government borrowing will not build confidence. Quite the opposite.

Therefore, as I see it, we need a credible policy of deficit reduction—a substantial reduction and not a cosmetic one. We must get spending under control. The rate of growth in spending has been out of control. Let us look at the record.

For 1977 over 1976, spending grew by 10 percent.

For 1978 over 1977, spending grew by 12 percent.

For 1979 over 1978, spending grew by 10 percent.

For 1980 over 1979, spending grew by 17 percent.

For 1981 over 1980, spending grew by 14 percent.

For 1982 the current year over 1981, spending will grow by 13 percent, according to the Budget Committee.

Thus, the spending increase for the current year is almost as great as last year's.

It is significant to note that, for every year but one during that period, Federal spending went up faster than the inflation rate.

The budget resolution now before the Senate projects that spending in 1983 will show an increase over 1982 of just over 5 percent. Such a figure would be a welcome decline from the trend of recent years.

But is it credible?

At this time last year, it was confidently forecast that the increase for the current year—1982—over the preceding year would be 6 percent. But it has turned out to be 13 percent. In other words, the rate of spending increase has more than doubled.

How can we expect businessmen, consumers, wage earners, and investors to believe that the Government will hold the increase to 5 percent in the year ahead?

That is asking a lot.

If the marketplace looks at the record, the decisionmakers out there will note the Factor of Forty-Four and add something on the order of $44 billion to the expectation of Government spending. And as I pointed out earlier, that would raise the spending growth rate to 11 percent, which is in line with recent years.

So spending has not been controlled. Why should the public believe it will now be controlled?

I mentioned earlier that increases in the national debt, largely because of their tremendous impact on Government borrowing and therefore on the money market, also have a big impact on business and consumer confidence.

What does this budget resolution project as to the national debt?

It foresees that by the end of fiscal 1985, the debt will be $1,533 billion.

That is 44 percent above today's figure. Yes, a 44-percent increase in the debt in 3 years. How foolish can we get?

I said earlier that projections for the outyears are not reliable, and I believe that to be the case. But I think the general assumption will be that if the projections for spending and the debt level are inaccurate, they will be on the low side.

In other words, even the astonishing figure of a 44-percent increase in the debt—based on the record—may be too low.

Certainly the figure will be much too low if the Factor of Forty-Four—underestimating spending of $44 billion each year—continues to operate.

As I see it, the huge increase in the national debt—with all its implications for the level of Government borrowing, crowding in the money market, and upward pressure on interest rates—will not build confidence. It will undermine confidence.

Yet confidence must be restored if interest rates are to be lowered and economic recovery is to be achieved.

Today's interest rates are devastating.

How can we achieve a strong economy, how can we stimulate the housing market and the automobile market unless interest rates are substantially reduced.

Is it logical to believe that there can be a substantial reduction in interest rates if the Government must go into the money market for nearly one-half of all available funds?

Is it likely that there will be a significant reduction in interest rates when it is realized that the Government will spend $473 billion more than it takes in during the next 3½ years? The huge deficits provided for in the budget resolution for which we are asked to vote are pyramided on top of 20 years of other deficits. The accumulated effect will be devastating.

These huge deficits result from a combination of continued uncontrolled spending coupled with a reduction in revenues.

Earlier in this speech, I developed the fact that spending for the past fiscal year increased 14 percent and this budget resolution puts the increase the current year at 13 percent. Thus, contrary to the television commentators and the public perception, not only has there not been a reduction in spending but, indeed, there has been only a minute reduction in the rate of increase—from 14 to 13 percent.

Now, I need to say a word about taxes. In the fall of 1980, I voted against the Republican proposal (Roth-Kemp) to reduce taxes by 30 percent over 3 years. I also opposed the Democratic tax reduction program—being one of only two Members of the Senate to oppose both the Democratic plan and the Republican plan.

I did so not because I favored high taxes, but because neither proposal coupled tax reduction with a spending reduction.

Now comes 1981, and a new President, Ronald Reagan. He proposed a 25-percent reduction in taxes over a 3-year period, coupling that with a reduction in spending. Because he showed determination to control spending, I decided to support his program.

But none foresaw the huge deficits which now are apparent, and only recently have we learned that there has been no significant reduction in the rate of increase in spending.

If we are to have any hope of getting on a sound economic basis, if we are to reduce interest rates, if we are to encourage job-creating economic growth, if we are to continue to hold down inflation, then I believe the present budget resolution must be substantially reshaped. The figures submitted by the budget resolution simply are too high on the spending side and too low on the revenue side.

The projected deficits are too alarming to be permitted to stand.

I do not contend that these deficits can be cut without discomfort, but the longer we put off getting on a sound basis the more difficult it will be for everybody.

The Defense Department must be aware, for example, that while a strong national defense is essential, such cannot be maintained in the long run without a sound economy and a soundly based financial structure. Entitlement programs cannot be exempt from reductions, except that President Reagan and the overwhelming majority of the Congress feel that any changes in social security must await the report of the Commission which is now studying the entire scope of the program, with the mission of preserving its solvency.

In view of the gravity of the Government financial situation, it may also be necessary to eliminate or defer some of the various tax reductions enacted last year.

We must have a credible program of deficit reduction—otherwise, the critical element of business and consumer confidence will be lacking, and a soundly based and sustainable economic recovery will not be forthcoming.

While I do not profess to be an economist, I am of the view that there will be some recovery in the latter part of this year. I have noted the recent reports of gains in retail sales, consumer credit, housing starts, and factory orders.

The seeds of recovery are in the ground. But that does not insure a bumper crop.

What remains to be seen are the strength, the scope, and the duration of any such recovery. And the determination of that will depend to a significant extent on what is done by the Congress in acting on the budget.

The immediate and actual consequences of our budgetary decisions are considerable. But the psychological effects are even greater.

In summary, I cannot support the budget submitted to the Senate by the Senate Budget Committee for two basic reasons: Spending is too high, the deficits are too great.

Let me give precise figures taken from the Budget Resolution.

First. The committee puts the "appropriate" level of total budget outlays, namely spending for fiscal year 1983 at $783 billion, an increase of $126 billion over last year; and for 1985, $889 billion, an increase of $106 billion over fiscal year 1983.

I cannot vote for such huge increases in spending.

Second. The committee resolution on which I must vote says the "appropriate" deficits are $118 billion for the current year and $115 billion for the upcoming year. Such huge deficits, in my judgment, are not "appropriate."

I cannot vote for such deficits which, I feel, will play havoc with our economy, will keep interest rates high or force them higher, and probably will lead to renewed inflation.

Third. The committee resolution on which I must vote says that it is "appropriate" that the public debt go to $1 trillion $533 billion in 1985, an increase of 44 percent in 3½ years—yes, a 44-percent increase over what the debt is today. Thus, the debt will have doubled since 1978—a period of 7 years.

I cannot vote for such a staggering increase. The interest cost on the debt is now $115 billion. To put this figure in perspective, the interest cost is more that 50 percent of what we will pay for our entire defense needs.

To put it another way, 36 cents of every personal and corporate income tax dollar paid into the Treasury is already going—already going—to pay the interest on the debt. Obviously, a huge increase in the debt will mean a huge increase in the burden of interest costs on the taxpayer.

I shall vote against the budget proposal now before the Senate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business not to exceed past 10 a.m., wherein Senators may speak for 3 minutes each.

The Senator from Minnesota is recognized.

S. 2545—PENSION PLAN CAPITAL FORMATION ACT OF 1982

Mr. BOSCHWITZ. Mr. President, today I am introducing the Pension Plan Capital Formation Act of 1982.

This legislation will provide small business with access to a currently unavailable pool of capital in excess of $130 billion—capital that is needed for growth and expansion of small business.

Very simply, this legislation removes the restrictions that presently prohibit a small business from borrowing money from an employee profit-sharing plan for legitimate purposes. The legislation would replace the total prohibition of certain transactions with substantial safeguards to protect the employees who participate in the plan, while providing a small business with access to much needed capital.

This is how it works: A loan of up to 10 years from a profit-sharing plan to a small business would only be allowed if it is adequately secured and its interest rate is not less than that of a comparable loan in the open market. Leases of real or personal property could be entered into between the small business and the profit-sharing plan, so long as the terms of the lease and the consideration obtained for it are comparable to leases, also in the open market—an arm's length transaction. The total value of these loans and leases cannot exceed 50 percent of the total value of the assets of the profit-sharing plan.

Mr. President, if I had been able to do this in my own business over the years, our retirement plan would have been much larger than it is today. Instead, a bank has invested the plan assets in investments that have caused it to grow at a rather slow rate. When you get into the rural parts of our country, like Minnesota, retirement plan funds almost inevitably flow to the larger cities and the money centers, not to the small businesses in the communities where the funds are generated.

Current law which prohibits these loans and leases is ERISA—the Employee Retirement Income Security Act—which was passed in 1974 primarily to protect the interests of employees. Before ERISA was passed, businesses were allowed to borrow money from either pension or profit-sharing plans if the loan was an arm's length transaction. ERISA was enacted to correct the highly-publicized abuses of self-dealing that occurred in large pension plans—not really in small business retirement plans, because, by and large, I find that small businesses are closely identified with their plans and their employees, and as a result do not abuse such funds. Unfortunately, the efforts to correct these abuses in pension plans have had a substantial negative effect on the profit-sharing plans of small businesses, where the moneys are truly needed. These profit-sharing plans comprise the vast majority of all retirement plans.

Mr. President, ERISA is a very technical and complicated law. For those small businesses that voluntarily choose to establish a profit-sharing plan, it imposes substantial paperwork and reporting burdens. In addition, the onerous restrictions on transactions between a business and a plan result in a disproportionate amount of the plan's assets being invested in large, publicly traded stocks and bonds. In effect, the restrictions compel plans to make those kinds of investments. As a result, much needed capital is drained from local communities while safe and secure investments with a greater rate of return are available in the plan's backyard.

This legislation will give some flexibility to those plans and will allow small businesses access to an additional, legitimate source of capital, while preserving and protecting the interests of the employees. It will keep capital in local communities by eliminating the middleman and at the same time provide the profit-sharing plan a greater return in a safe and secure investment. I urge my colleagues to join me in sponsoring this legislation and working for its passage.

Mr. President, I ask unanimous consent to have the bill printed in the RECORD.

[Applause in the gallery.]

The **PRESIDING OFFICER.** The galleries will be in order.

The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill is as follows:

S. 2545

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Pension Plan Capital Formation Act of 1982".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Employee Retirement Income Security Act of 1974.

AMENDMENT OF DEFINITION OF QUALIFYING EMPLOYER REAL PROPERTY

SEC. 2. Section 407(d)(4) (29 U.S.C. 1107 (d)(4)) is amended by striking out subparagraph (A) and redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

ALLOCATION OF PROHIBITED TRANSACTION ENFORCEMENT RESPONSIBILITIES

SEC. 3. Section 408(a) (29 U.S.C. 1108 (a)) is amended in the third sentence by inserting "with respect to plans described in section 4975 (e) (1) of the Internal Revenue Code of 1954" after "subsection".

EXEMPTIONS FROM PROHIBITED TRANSACTION PROVISIONS FOR CERTAIN LOANS, LEASES, AND SALES

SEC. 4. (a) Section 408 (b) (29 U.S.C. 1108 (b)) is amended by adding at the end thereof the following new paragraph:

"(12) (A) A loan made by a defined contribution plan to a party in interest who is a substantial employer maintaining the plan if the loan—

"(i) bears a reasonable rate of interest which is consistent with the fiduciary duties under section 404 and which is not less than the rate of interest which would be borne by a comparable loan made to an unrelated third party in an arm's-length transaction,

"(ii) is adequately secured, and

"(iii) is limited to a term of not more than 120 months.

"(B) A lease of real or personal property between a defined contribution plan and a party in interest who is a substantial employer maintaining the plan if the consideration obtained for the lease—

"(i) if obtained by the plan, is not less than the adequate consideration which would be obtained for a comparable lease entered into with an unrelated third party in an arm's-length transaction; or

"(ii) if obtained by the party in interest, is not more than the adequate consideration which would be obtained for a comparable lease entered into with an unrelated third party in an arm's-length transaction.

"(C) For purposes of subparagraphs (A) and (B), the term 'substantial employer' means an employer maintaining a plan who contributed during the preceding plan year not less than 75 percent of the employer contributions under the plan.

"(D) For purposes of subparagraphs (A) and (B), the determination of what is a comparable loan or lease may not include consideration of the tax consequences of the loan or lease.

"(E) Subparagraphs (A) and (B) do not apply in the case of a transaction if, immediately after the transaction, the aggregate fair market value of the loans and real and personal property described under such subparagraphs which are included in the plan's assets exceeds 50 percent of the aggregate fair market value of all the assets of the plan.".

(b)(1) Section 403(c)(1) (29 U.S.C. 1103(c)(1)) is amended by inserting "section 408(b)(12)," after "subsection (d),".

(2) Section 404(a)(1) (29 U.S.C. 1104(a)(1)) is amended by inserting "408(b)(12)," after "403 (c) and (d),".

(3) Section 408(d) (29 U.S.C. 1108(d)) is amended by inserting "(other than paragraph (12) of subsection (b) of this section)" after "(b), (c), and (e) of this section".

CONFORMANCE OF PROVISIONS RELATING TO TRANSACTIONS BY PARTIES IN INTEREST WITH PROVISIONS OF THE INTERNAL REVENUE CODE OF 1954

SEC. 5. Section 408(c) (29 U.S.C. 1108(c)) is amended—

(1) by striking out "any fiduciary from";

(2) by inserting "a fiduciary or party in interest from" after "(1)" in paragraph (1);

(3) by inserting "a fiduciary or party in interest from" after "(2)" in paragraph (2); and

(4) by inserting "a fiduciary from" after "(3)" in paragraph (3).

EXTENSION OF PROHIBITED TRANSACTION EXEMPTION PROCEDURE TO OWNER-EMPLOYEES

SEC. 6. Section 408 (d) (29 U.S.C. 1108 (d)) is amended by striking out "(a)," in the second sentence thereof.

AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

SEC. 7. (a) Paragraph (2) of section 4975 (c) of the Internal Revenue Code of 1954 (relating to special exemption from prohibited transaction) is amended by inserting "with respect to plans to which part 4 of subtitle B of title 1 of the Employee Retirement Income Security Act of 1974 applies" after "subparagraph" in the third sentence thereof.

(b)(1) Subsection (d) of section 4975 of the Internal Revenue Code of 1954 (relating to exemptions from prohibited transactions) is amended—

(A) by striking out "or" at the end of paragraph (14),

(B) by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or",

(C) by inserting immediately after paragraph (15) the following new paragraph:

"(16) any transaction described in subsection (i).", and

(D) by striking out "paragraphs (9) and (12)" in the next to last sentence thereof and inserting in lieu thereof "paragraphs (9), (12), and (16)".

(2) Section 4975 of such Code (relating to tax on prohibited transactions) is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) Certain Loans and Leases of Defined Contribution Plans.—

"(1) IN GENERAL.—For purposes of subsection (d) (16), each of the following transactions shall be treated as described in this subsection:

"(A) A loan made by a defined contribution plan to a disqualified person who is a substantial employer maintaining the plan if the loan—

"(i) bears a reasonable rate of interest which is consistent with the fiduciary duties under section 404 of the Employee Retirement Income Security Act of 1974 and which is not less than the rate of interest which would be borne by a comparable loan made to an unrelated third party in an arm's-length transaction,

"(ii) is adequately secured, and

"(iii) is limited to a term of not more than 120 months.

"(B) A lease of real or personal property between a defined contribution plan and a disqualified person who is a substantial employer maintaining the plan if the consideration obtained for the lease—

"(i) if obtained by the plan, is not less than the adequate consideration which would be obtained for a comparable lease entered into with an unrelated third party in an arm's-length transaction; or

"(ii) if obtained by the disqualified person, is not more than the adequate consideration which would be obtained for a comparable lease entered into with an unrelated third party in an arm's-length transaction.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) SUBSTANTIAL EMPLOYER.—The term 'substantial employer' means an employer maintaining a plan who contributed during the preceding plan year not less than 75 percent of the employer contributions under the plan.

"(B) COMPARABLE LOANS AND LEASES.—The determination of what is a comparable loan or lease may not include consideration of the tax consequences of the loan or lease.

"(3) SUBSECTION NOT TO APPLY.—This subsection shall not apply in the case of a transaction if, immediately after the transaction, the aggregate fair market value of the loans, and real and personal property described under paragraph (1) which are included in the plan's assets exceeds 50 percent of the aggregate fair market value of all the assets of the plan.".

(c) Subparagraph (B) of section 514(c)(9) of the Internal Revenue Code of 1954 (relating to real property acquired by qualified trust) is amended by adding at the end thereof the following:

"If the qualified trust leases property to a person who is a substantial employer (within the meaning of section 4975(i)(2)(A)) and such lease meets the requirements of section 4975(i), clauses (iii) and (iv) shall not apply to such lease.".

EFFECTIVE DATE

SEC. 8. The amendments made by this Act shall be effective for taxable years ending after December 31, 1982.

SENATE DEMOCRATIC TASK FORCE ON SMALL BUSINESS

Mr. BENTSEN. Mr. President, last Thursday, May 13, I was joined by Senators ROBERT C. BYRD, STENNIS, MELCHER, DIXON, and LEVIN to recognize Small Business Week. We did so at a hearing I chaired and conducted under the auspices of the Senate Democratic Task Force on Small Business.

It was not an optimistic hearing; we heard from four small business entrepreneurs who related the stark facts of the depression sweeping through our small business sector—from Texas to Oregon and Maine. I spoke at length about the effects of the recession and the administration's efforts to achieve too much, too quickly, in this Chamber last Wednesday. I do not intend to duplicate those comments today.

I want to add only that the depression in small business is delivering a double whammy to our small towns and rural communities.

Coupled with the depression in farming, many of our rural communities are beginning to look like they did back in the 1930's. We forget that America is still mostly small towns and rural communities. They provide the sons and daughters to protect our freedom, the taxes to build our roads, and the food to fill our stores. They and the small businesses which dominate our heartland are the real spirit of our Nation. Well, that spirit is sagging; it is being broken by hard times. It is easy sitting here in Washington talking about safety net this or safety net that. But the family farmer watching a life's hope being auctioned off or the small builder closing up a 30-year-old family business does not have a safety net. Neither do the 2.3 million hard-pressed farmers facing another year of low prices and perhaps bankruptcy. The American farmer today is spending as much time fending off the debt collector as planting wheat, corn, or cotton. He is having to do that just when his real income, adjusted for inflation, is at depression-era levels, as well.

Let me make one further point. In April, some 10.3 million Americans were out of work—the largest number since 1938. And, if you add the 1.3 million discouraged workers—men, women, and youths who in frustration have simply stopped looking for work—some 11.6 million Americans were jobless, the second largest number in our history and the largest number since 1933.

Let there be no doubt that we are in the midst of a very deep recession, and that small business, including farmers, are paying the heaviest price along with the millions of men and women seeking work without success.

TASK FORCE HEARING

The Senate Democratic Task Force hearing on May 13, heard from three small businessmen and one businesswoman. She was Mrs. Suzanne Trusler, Montana's Small Business Person of the Year for 1982. Mrs. Trusler and her husband have built a remarkable business and fully deserve to be so honored this year.

Mr. President, I ask unanimous consent for her testimony at the task force hearing to appear at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SUZANNE TRUSLER

Mr. Chairman and task force members. Thank you for the opportunity to present testimony today.

I am the vice president of Morning Star Enterprises, a general construction firm located on the northern Cheyenne Indian Reservation in Montana.

This is an important week for me and for my fellow businessmen here in Washington and throughout the Nation.

We are here to celebrate Small Business Week. This is a time that we not only enjoy the honors bestowed upon us as State Small Business Persons of the Year, but it is also a time to reflect upon the bleak financial future that small businesses face.

There has never been, since the Depression, greater stress on the small business as there is now.

It is hard to enjoy the success that we State winners have encountered when the high interest rates are still keeping small business floundering. We feel this is one of the primary reasons small businesses are rapidly disappearing from the business circle. The economic conditions of today are stalemating and destroying small business throughout the nation.

We have heard promises from this administration that they will create conditions under which small businesses can grow and prosper, yet almost every day we are reading the headlines of how U.S. business failures are near record levels.

In our business of construction, the lack of construction projects has forced many a reputable small contractor into bankruptcy.

This always creates a domino effect; when one of us goes out of business, our employees lose a job, the subcontractors lose contracts, the suppliers lose sales, and so on and so on.

Having grown up and started a business on an Indian reservation, I have seen almost every type of adverse economic condition that there is to see—from reservation cattle ranchers and farmers going broke, to a reservation unemployment rate of 60 percent, welfare programs at their extreme, and very little individual or tribal business. Thus, the bleak economic conditions that the entire country is facing now are not only on the reservations but are everywhere. It is absolutely frightening. It was almost easy to help combat the economic conditions on our reservation, but when we as small businessmen are expected to, as one speaker this week stated, help reestablish the country's credibility and stabilize the economy, it becomes too overwhelming. What a large task; yet, that's exactly what small business has done in the past and is doing now.

Statistics show that two out of every three jobs are created by a small business. They also show that small businesses represent nearly forty percent of the gross national product and have 2½ times more innovative ideas per employee than large firms, although large business is again 2½ times more likely to receive Government assistance. These statistics alone show that we definitely are the glue that holds America together, but we still receive the comfortable old shoe treatment—always there but never really noticed.

It seems when the times are the toughest and the small businessman's need is the greatest, the Federal Government is busily concentrating on Federal programs, mainly in the social areas. True, concentration on Federal programs is important, but should not be the most important issue. The Federal programs that we need are those that will help put our people back to work through small business. We are here to stay—many big businesses and Federal programs are not—but unless the current administration places more emphasis on using small business as a solution, we all will continue riding that train to a depression.

I have heard too much about the Great Depression to even be curious about it and I will continue doing my share to stay in business, pay taxes, and employ our people to avoid that, but we need help doing so. We cannot do it alone.

Small business has been fortunate to have received some help from the Small Business Administration but, as it turns out, that agency is fighting for survival.

It has proven to be the one agency that has all the tools to help small business.

It needs to be activated more, not deactivated.

The tools that SBA has to help are the loan guarantees for small business. It has, for construction, the bond guarantee, the small business set-asides and the 8a program.

We have participated in the 8a program and the loan guarantee program and, if it weren't for those two, our business could not have survived. Without the loan guarantee from SBA, banks are less likely to give a small business a loan. In our instances, being from a reservation, there was no way we could have obtained a loan.

We play a lead role in our Nation's economy, but it was only recently that a resolution was presented to allow the SBA administrator to participate fully in the meetings of the Cabinet Council on Economic Affairs. It has been the general consensus of the State winners that the SBA have Cabinet status. The need of small business is that great to this country's future.

It has been said before and I will say it again; many more steps have to be taken, many more policies made to strengthen small business before we can see economic recovery. It is well known that everyone likes a small business. In fact, everyone loves us. But, what we need is less affection and more tolerance and more commitment and representation.

Mr. BENTSEN. Mr. President, in my comments following her testimony, I asked Mrs. Trusler to carry a message to the President from Congress, or at least from the Democrats in Congress. She went to the Rose Garden at the White House immediately following her appearance before the task force, and I hope the message was received in the same bipartisan, cooperative spirit it was sent. The message was straightforward: The President's economic program is too large for our economy to digest at once. Looked at separately, its components of improved defense spending, tight money, and large tax cuts are necessary. But thrown together, they spell soaring deficits and real interest rates at record levels. And they spell depression for our small businessmen and women.

Mr. Ken Auvil, Mr. Francis Collahan, and Mr. Ronald Piercy followed Mrs. Trusler in presenting testimony before the task force. And I ask unanimous consent, Mr. President, for the testimony of Mr. Auvil and Mr. Piercy to appear at this point in my remarks in the Record.

There being no objection, the statements were ordered to be printed in the Record, as follows:

Testimony of Ken Auvil

Mr. Chairman, Senators. My name is Ken Auvil. I am founder and President of New Era Homes, located in Belington, West Virginia. We are the largest builder of modular homes in our state and aim our product primarily at low and moderate income residents. I am currently also the President of Small Business United of West Virginia, a grass roots organization dedicated to providing effective small business advocacy in our state and at the federal level when we feel we can be helpful.

I sincerely appreciate the opportunity you have given me to emphasize what you already know—that small business men and women throughout this country are being hammered into the ground by a national policy of high interest rates, tight money and curing inflation through unemployment. It is an interesting sidelight that two years ago, as Small Business Person of the Year 1980 for West Virginia, I was over in the Rose Garden with President Carter discussing the great success of the White House Conference on Small Business. We in small business have been asking President Reagan to reconvene that historic gathering of delegates representing our nation's 14 million small businesses, but he doesn't seem to want to hear from us. I'm certainly glad you do.

It is only because my company is small enough, and I am stubborn enough to want to assure my 55 employees a pay check, that New Era Homes is still in operation. Were profit—that all too often referred to bottom line—my only reason for being a manufacturer, my company probably would not be in business today. Last year, for example, my company paid an additional $100,000 in interest costs over the previous year. As you can imagine, in our industry, which has been decimated primarily because of the cost of money, that increase in cost cannot be passed along. It is simply impossible to raise our prices. So we just absorbed that horrendous increase in interest cost.

And I won't put a lock on the doors to our plant and wait for better times. My employees, like most small business employees, have been loyal to me. I must be loyal to them.

Fortunately, again because we are small, our manufacturing plant is flexible enough to roll with the punches more effectively than some of the larger firms in our industry. You may have read recently that U.S. Homes, one of our nation's largest home builders, was forced to close its doors. That means more people out of work and even fewer homes being built.

I want to build homes for West Virginians and to continue to help replace our State's severely substandard housing stock. But I can't afford to build them and our people cannot afford to buy them. In 1980, New Era Homes produced 75 percent single-family homes and 25 percent commercial structures—motels, apartments, office buildings. Last year, that ratio was exactly reversed. We produced only 25 percent single-family homes and 75 percent commercial structures. This year we're scrambling again and I can't guarantee what the results will be.

I'm paying 18, 19, sometimes 20 percent for money to finance our operation. We just can't survive long at those rates and long-term capital from other sources is incredibly scarce. And our potential home buyers, if they have a job, are being priced out of the market.

At current mortgage interest rates, 17 percent, it costs a homeowner $718 a month for 25 years to finance a $50,000 home. Now that's not a lavish home in today's market. If those interest rates were lowered to 12½ percent, certainly not what you and I would consider reasonable, the monthly cost for that home is lowered to less than $550 per month. That savings of almost $200 each month, $2,400 a year, quite probably means the difference between being able to afford a home and not being able to afford a home.

Must those interest rates be that high? Historically, we have paid from 3 to 5 points above the inflation rate for money. If the Reagan Administration's figures are accurate and current inflation is 3 to 4 percent, then shouldn't our real cost of money be 8 or 9 percent. I raise that question not because I have an answer, but because I and many others in our Nation want one.

Mr. Volcker and the Federal Reserve economists don't seem to understand that their tight money policies are forcing small businesses to close their doors in record numbers. Business failures have increased more than 100 percent since 1979 and some economists project that by the end of this year that failure rate could increase to 300 percent if corrective action is not taken immediately.

The huge government-sized businesses in our country apparently can survive these oppressive interest rates—they have a safety belt woven of deep reserves and the massive tax shelters provided by the Administration's economic program. Meanwhile, small business is going through the windshield as the Federal Reserve continues to apply the brakes.

But, it is not big business which can provide the jobs we need to get our economy moving again if small businesses are allowed to die. Small business is the job creator. Between 1976 and 1981, INC. magazine surveyed the 700 fastest growing small firms in our country. Those 700 small companies added 200,000 jobs to the labor force during those five years, an increase of 519 percent. In contrast, the Fortune 500 companies, the United States' largest industrial firms, added just seven per cent to their employee rosters

Inflation has been curbed by dislocating 10 million American workers. We must look to the small companies of our nation, manufacturers such as New Era Homes, retailers on Main Street, trade and service companies, small coal companies in West Virginia and neighboring states, and the high tech companies which provide the cutting edge of American innovation to provide paychecks to our country's working men and women.

Besides the critical problem of high interest rates, there are two items which would greatly benefit small business.

One is the implementation of a maximum jobs tax credit of at least 50 per cent of the first $6,000 in wages paid to a new employee. Each company should only be allowed a maximum aggregate credit of $100,000 per year, assuring the program would benefit small companies.

I want to emphasize that such a jobs tax credit will not only provide a subsidy for youth employment and jobs skills training, offset somewhat the impact of high interest rates and provide equity in the tax code for small, labor intensive firms as opposed to large capital intensive firms, but it will help reduce the massive deficit which has been predicted under the upcoming budget.

You are aware that the cost to the Treasury for every one per cent of unemployment—each million unemployed Americans—is estimated at $25 billions. If just one million jobs were created, and I have a strong belief that it would be more than that, and there is a maximum $3,000 credit per job, the most this program would cost the Treasury is $3 millions. However, the hiring of those one-million people would reduce the cost to the Treasury $25 billions, a reduction of $22 millions in the projected budget.

Reducing that deficit is critical for another reason. While it seems the Administration is somewhat unclear as to whether the impact of the Government's needing to borrow more than $100 billion will contribute to even higher interest rates, my dozen years as a state legislator and more as a businessman tell me its a lead-pipe cinch.

The other area of concern to small business owners I wish to mention is allowing small companies continued access to the use of Industrial Development Bonds and allow the pooling of several separate bonds into one common issue. That will save administrative expenses and make the bonds more attractive to potential investors. Very important is the tax exempt feature of the IDB's which enables small businesses to obtain funding for expansion and growth at interest rates usually 60 to 75 per cent of the prime lending rate.

I am aware of the criticisms of IDB's—that large firms have benefited at the expense of locally owned smaller firms. But 90 percent of all IDB's have been utilized by small companies and they should not be penalized for the possible excesses of larger companies.

You may be interested in a proposal that Small Business United of West Virginia made to our state legislators this week regarding the high interest rate situation. Feeling that we cannot wait for some national solution to our economic quagmire, we proposed that the state participate in an "interest rate buy-down" for small businesses seeking loans. Just as home builders and realtors are putting up some money to bring down interest rates to a national level for potential home buyers, we proposed that the state invest a relatively few dollars in buying down interest rates for small companies needing capital for expansion or survival. That buy-down would not be a gift from the taxpayers. We don't want a handout. It would be a loan and the borrower would be required to repay the state Treasury, or perhaps, pension fund, at a moderate interest rate. The key to the proposal is providing sufficient time for repayment so that the company could become economically healthy.

I am convinced we must take action now to assure that the most innovative, productive and job creating segment of our economy is not seriously damaged during this recession. If small business is to achieve the 50 percent of our Gross National Product goal called for in the report of the White House Conference on Small Business, then particular attention must be paid to the unique needs of small business. Our national economic security, I believe, depends on that recognition.

Placing our faith in some mythical hope that catering to the largest, most powerful economic entities in our nation will somehow trickle benefits down to our smaller, less powerful companies and individuals, is a folly we cannot afford.

We have seen in recent months a continuing and, to me, frightening spectre of merger after merger, with increased aggregation and concentration of our productive resources. It is apparent that nothing is being done to halt the insatiable appetite for acquisition.

Abraham Lincoln said over a hundred years ago that this nation cannot survive half slave, half free. We have a system of laws which assure the separation of political power. We must concern ourselves now with the concentration of economic power. For it is just as true, to paraphrase Lincoln, that we cannot survive as a nation politically free and economically slave.

Again, thank you for your interest. I will be happy to answer any questions you may have.

Testimony by Ronald L. Piercy

Senators: My name is Ron Piercy and I am president of A-D-E Lumber and Supply Co., Inc., a Kansas City, Mo., wholesale lumber—family owned, small business.

We have been in business almost 23 years and are on the same brink of disaster that virtually the majority of small business in this country is on.

Small business cannot operate any kind of labor or capital intensive business in an interest rate climate of over 15 percent. We have been in such a mode since October 6, 1979, when the Federal Reserve decided to cure inflation in one fell swoop, by extracting its price for deflation out of business and the consumers of this country.

Do not get me wrong, I believe in a steady, moderate and even handled policy of money growth, but we have not received anything resembling that in my opinion. We have seen large speculators bailed out by the Federal Reserve System while at the same time, we see small companies, farmers, et cetera, struggling to survive in an exhorbitant interest climate.

We have seen erratic growth in money supply plus and minus, from month to month. We have seen erroneous M-1 figures put out each Friday which adds to all the confusion in the money markets.

The bottom line is that inflation is being licked because depression does deflate inflation. But is it long lasting in a growing world?

We have seen the creation of the money market instruments which have taken capital out of the communities all over this country, and ship it to the highest bidder, which more often as not is our own Government. This capital is the life blood of small business.

We have problems that are super big in proportion, but the answer is not to stifle the engine of production "free enterprise." It should be a crime for Treasury bills, the best security going to be sold as they are and at the rate they are sold, which saddles our future generation with crushing debt.

A controlled recession and depression causes massive unemployment at a time when tax revenues are critical for all the things we need.

We must come to an approach which strikes the middle ground between fiscal and monetary responsibility. We must plan a timely transition to a balanced budget and then an orderly repayment of our debt. Government must run with prudence just like each citizen must manage his of her resources or go into bankruptcy.

The three superpowers of American Government: the Federal Reserve, the executive branch, and the Congress, must set down together and agree to timetables for beating deficits and inflation and not use the radical approaches of the past.

Our company has gone from 23 employees in 1979 to 12 in 1982. We are in an industry that has suffered a virtual controlled depression. We have seen strong companies, well managed, go down. In my own area, a couple of vibrant retail yards in Wichita just liquidated and closed up. A retail yard of over 30 years business in Blue Springs, Mo.—"closed"—a retail yard of over a decade in Union Star declared bankruptcy—a wholesaler of some 28 years in Topeka liquidated—a large wholesaler in K.C. (part of the largest chain in the country) closed up. Scores of my customers have simply flown the coop—cleared out of our area and left suppliers holding the bag.

We deal exclusively with companies, not consumers, and our incidents of checks bouncing increases daily. Our sales to 90% to small business with approximately 10% to big business customers.

The dream of starting a company with a good idea and nurturing it to become a future big business is dead. The only new businesses starting up are one and two person survival tactic type businesses, such as window washing companies and the like.

Farm auctions dot the country side and farms are failing at alarming rates. Small business attempts to bridge the gap and continue to fight for free enterprise but it is losing ground fast.

Last year's tax bill did some good but it was not constructive in terms of stimulating the largest employer in this country.

SMALL BUSINESS

How can a small business that is not making any money invest for depreciation? How can the small percentage in the tax rates create any incentive with small business if and when a company makes $25,000, he has an effective tax relief of about $250. Can this be a stimulant for small business to expand and grow?

In conclusion, small business is the backbone of this country and it is bent out of shape. It can lead this country back to prosperity, but it cannot and will not move forward until the average cost of capital in this country drops below 15%. It is an economic fact that it cannot survive at levels above that percentage.

Give us fiscal responsibility and a prudent planned way out. Give us a climate where interest rates can sustain business and we will again come roaring back like we can do!

Small business can put the people back to work, but we need a conducive atmosphere in which to function.

Mr. BENTSEN. Mr. President, the task force heard from one additional witness yesterday. He was Dr. David Jones, a financial expert with the Wall Street brokerage firm of Aubrey, Lanston & Co., Inc. Dr. Jones presented powerful testimony regarding the damaging results of the administration's economic policies on small business. Before submitting his testimony, however, I want to highlight one point. Dr. Jones discussed the likely course of interest rates this year. As my colleagues know well, a sharp decline in interest rates—a fall to 12 percent in the prime at a minimum from the 16.5 percent rate today—is one key to a robust recovery later this year. But, my colleagues also know that we are counting heavily on the July tax cut to provide steam for that recovery, as well—to materially aid in boosting aggregate demand and retail sales.

Dr. Jones is not sanguine that either spark will be ignited this summer or fall. Indeed, he expects interest rates to stay up, and much of the tax cut to be saved—meaning only a slow and halting recovery. That is bad news for all of us. But it certainly should help focus the attention of Congress on the need to act speedily in trimming the budget to ease the demand for credit. That is one sure way to bring interest rates down and prove Dr. Jones to be a pessimist.

Mr. President, I ask unanimous consent for the prepared testimony of Dr. Jones to appear at this point in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

THE IMPACT OF THE REAGAN ECONOMIC PROGRAM ON SMALL BUSINESSES, THE FINANCIAL MARKETS AND ECONOMIC ACTIVITY

The U.S. economy is in a dangerous state of deepening recession and mounting financial disorder. Business failures in the first quarter of 1982 surged to the highest level in 40 years. Interest rates have soared beyond the reach of most mortgage borrowers, consumers and small businesses. Distressed business borrowing remains high as many profit-squeezed firms are forced to fall back on banks for loans to meet interest payments, unintended inventory accumulation, and cover other necessities. Compounding their problem is the inability of most businesses, small and large, to raise longer-term funds that could be used to lessen staggering short-term debt burdens.

Adding importantly to the current economic pain and distress is a profoundly disturbing Government policy mismatch between a commendable dose of prolonged and aggressive monetary restraint (aimed at crushing inflation and inflationary psychology) and an irresponsibly loose fiscal policy. Assuming no further congressional budget trimming actions, Federal budget deficits could escalate from $58 billion in fiscal 1981 to roughly $100 billion in the current 1982 fiscal year and still higher to about $180 billion in fiscal 1983. Heavy Federal Government borrowing required to finance these record deficits is likely, against the background of persisting monetary restraint, to keep interest rates high in the months ahead and to crowd out most other borrowers including many state and local governments.

ECONOMIC OUTLOOK

These financial pressures threaten to push the U.S. economy to the brink of collapse. The psychology of hard-pressed farmers, small businessmen, and mortgage borrowers, in particular, is turning negative and starting to snowball. Some eternally optimistic forecasters—mainly within the Administration and a few outside—expect a strong recovey in economic activity to begin around the middle of 1982. However, a more likely outcome would be a false start, involving a couple of months of stronger economic indicators around the middle of this year, followed by a return to prolonged sluggishness. Looking ahead on a quarter-to-quarter basis, real GNP, following a 3.9 percent decline in the first quarter of 1982, is likely to show no change in the second quarter, a slight 1-2% increase in the third quarter and another 1-2 decline in the fourth quarter of this year. Even more ominously, real GNP is likely to remain sluggish at least through the first half of 1983.

In such an environment, consumers are likely to save a significant portion of the mid-1982 tax cut, particularly in view of high real interest rates and special direct savings incentives. While this increased saving may eventually be good for the bond market, it provides little near-term solace for businesses facing plunging sales and profits. At the same time businesses, in the face of a choking short term debt burdens and declining productive capacity utilization rates, are attempting to cut back on spending, especially on new plant and equipment. The result may be a more pervasive and deep-seated recession than has been typically the case in the post World War II period. This, prospect, in turn, threatens more permanent weakness in the job market. The unemployment rate rose to a post World War II record level of 9.4% in April and further increases in the months ahead are likely. It would not be surprising to see the unemployment rate hit 10% or higher by summer of this year.

DOWNSIDE RISKS

At this moment, the risks of further financial adversity and economic collapse far outweigh potential sources of strength. The special combination of negative factors now at work include: severely strained businesses balance sheets characterized by excessive short-term debt burdens, weak liquidity positions, and a general vulnerability to a major shift in background conditions from accelerating inflation to disinflation, as is now occurring; an extremely weakened thrift industry posing the threat of unprecedented mergers and bankruptcies among savings and loan associations and mutual savings banks in the coming 3-6 months; declining state and local government spending and hiring that serves to reinforce recessionary tendencies, in contrast with typically rising public spending which in the past has cushioned recessionary tendencies; and world recession which has operated, along with a strengthening U.S. dollar, to depress foreign demand for U.S. exports.

It is this unique combination of downside risks that renders earlier post World War II recessionary experience almost meaningless in attempts to predict the depth and duration of the current recession. About the only conclusion that can be safely drawn at present is that sustained economic recovery is unlikely to begin until there has been a significant drop of 4-5 percentage points in real interest rates. So far, at least, real interest rates remain at or near the peak levels of 1981, which are 2-3 times the normal level.

BUSINESS FAILURES

According to Dun and Bradstreet, business failures so far in 1982 are running at a whopping 3 times the pace as recently as 1979. In the week ending February 11 a post-Depression record 529 businesses folded (this figure includes construction, manufacturing, retailing, but excludes finance, insurance and real estate). More recent data show little relief, as evidenced by a still high 511 business failures in the last week of April.

The special feature of the current recession is that it is a grass roots business recession. So far at least smaller businesses are being hit the hardest in contrast with more dramatic failures of larger companies such as W. T. Grant and Penn Central in earlier recession periods. In addition, there are perhaps more severe current problems in the farm sector than at any time since the depression. Farm debt is massive, land values and food prices are falling, and new credit is costly and increasingly scarce to all but borrowers of the highest creditworthiness.

INTEREST RATE OUTLOOK

The Reagan Economic Program is largely responsible for the current extraordinarily high level of interest rates. In essence, the program involves an attempt to do too much, too fast. The program generally and appropriately supports prolonged monetary restraint aimed at permanently reducing inflationary pressures. However, at the same time the program virtually guaranteed a severely unbalanced Federal budget, in providing for a massive 3-year tax cut program on one hand while calling for a sharp step up in defense spending on the other. Adding to the upward pressure on short-term interest rates—apart from the clash between monetary restraint and Federal borrowing excesses—has been distressed business borrowing at banks.

Only three options are available in bringing interest rates down. First the Federal Reserve might cave in and open the money and credit floodgates (though this seems most unlikely). Secondly, the Federal budget deficit might be sharply reduced in fiscal years 1983-85 (a prospect that seems less likely day by day, particularly in an election year and after the breakdown of the budget talks). Third, the recession may deepen and widen, eventually causing business and consumers to cut back spending and borrowing to minimal levels. At present, the third alternative seems the most likely, though most painful, avenue to eventually lower interest rates.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FIRST CONCURRENT BUDGET RESOLUTION

The PRESIDING OFFICER. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now resume consideration of Senate Concurrent Resolution 92, which the clerk will state by title.

The assistant legislative clerk read as follows:

> A concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982.

The Senate resumed consideration of Senate Concurrent Resolution 92.

CALL OF THE ROLL

Mr. BAKER. Mr. President, I ask unanimous consent that it be in order to suggest the absence of a quorum without it charged the statutory time for debate or against either party.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll and the following Senators answered to their names:

[Quorum No. 33 Leg.]

Andrews
Armstrong
Baker
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cranston
Domenici
Durenberger
Exon
Glenn
Heinz
Hollings
Mattingly
Moynihan
Simpson
Specter

The PRESIDING OFFICER. A quorum is not present.

Mr. BAKER. Mr. President, I move that the Sergeant at Arms be instructed to require the attendance of absent Members and I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Kansas (Mr. DOLE), and the Senator from Arizona (Mr. GOLDWATER), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Maryland (Mr. SARBANES), the Senator from Arkansas (Mr. PRYOR), are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 89, nays 5, as follows:

[Roll call Vote No. 122 Leg.]

YEAS—89

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Brady
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Domenici
Durenberger
East
Exon
Ford
Garn
Glenn
Gorton
Grassley
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Kennedy
Laxalt
Leahy
Levin
Lugar
Mathias
Matsunaga
Mattingly
McClure
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Randolph
Riegle
Roth
Rudman
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Zorinsky

NAYS—5

Long
Proxmire
Quayle
Warner
Weicker

NOT VOTING—6

Dodd
Dole
Eagleton
Goldwater
Pryor
Sarbanes

So the motion was agreed to.

The PRESIDING OFFICER. With the addition of Senators voting who did not answer the quorum call, a quorum is now present.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, may we have order?

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. Mr. President in a moment, on behalf of the Budget Committee, I shall send to the desk a modification to Senate Concurrent Resolution 92. However, before I do that, I should like to explain the situation as it exists at this time.

The modification is extensive. A copy will shortly be on the desk of each Senator.

I have discussed this matter with the distinguished minority leader, and he has suggested that, in view of the rather extensive changes that are made by the modification, the better part of discretion would be to recess briefly while Senators have an opportunity to examine this document. Therefore, immediately after I modify the resolution, I will ask unanimous consent that the Senate stand in recess until 12 noon.

In the course of conversations, Mr. President, several things emerged that are probably of interest to Members, in terms of the management of this resolution.

First, there are several ways to proceed to conform this resolution to the wishes of a majority of the Budget Committee. I will not prolong these remarks by describing them in detail, except to say that I prefer this method because I believe it gives every Senator a maximum opportunity to offer amendments and to assert a point of view and an opportunity for all Members, in effect, to be together in the starting blocks.

The modification is not an amendment. The modification will be original text. It is subject to amendment thereafter. I have indicated, on inquiry from the minority leader, that, to the extent it is possible to do so, I am willing to recommend to the chairman of the committee—the manager of the bill on this side and the one designated to control time under the statute on this side—that we vote on the merits of each issue as it is presented. That does not mean that there never will be a tabling motion. Perhaps there will be. But there is no intention to try to deprive the Senate of the right to vote on the issues on their merits, absent circumstances that strongly indicate the contrary.

As I indicated last evening, I am anxious to provide that every Member will have the opportunity to present amendments; and the minority leader has requested, and I have agreed, that we informally propose that Senators will alternate on Republican and Democratic sides of the aisle as they present the amendments.

Once again, no unanimous-consent order will be requested to that effect, but I herewith represent that that is my policy and that is my intention. There may be times when that will not be possible, because there may be times when there are not amendments on one side or the other that are eligible at that moment or are convenient at that moment to be presented. But to the maximum extent, I pledged to the minority leader—and I reiterate now to all Senators—that I will make an effort to see that there is some rough approximation of opportunities on an alternate basis for Republicans and Democrats to act on this text.

Mr. President, the point was raised that there may not be enough time to deal with this matter. Let me say two things.

First, there is a lot time left—28 hours, give or take a little—and I am convinced that we can deal with this matter in that time. But I am perfectly willing to reiterate another representation I made to the minority leader and to the ranking minority member of the Budget Committee. If we come to the end of the 28 hours and it is clear that there should be some additional time for debate, I am willing to consider that and to try to negotiate a satisfactory arrangement. There will be no effort on this side to deprive Senators of the opportunity to discuss the matter.

In that connection, Mr. President, we have a good bit of time remaining in which to do this, and it is the intention of the leadership on this side to complete this resolution, if it is possible to do so, this week.

I understand that there are commitments, perhaps even on both sides of the aisle, on Friday that Senators may wish to fulfill, which will call them away from the Senate Chamber. I expect, however, that it may be necessary to have a session on Friday to deal with this matter.

I assure Senators that I will try to cooperate with them to meet the maximum convenience of Members and to do it as early as possible on Friday, assuming that we do not finish this measure on Thursday.

In terms of the schedule, Mr. President, it is my intention to ask the Senate to remain in session until perhaps 8 o'clock this evening and to go out until an early hour tomorrow. I have not yet discussed that hour with the minority leader, and I shall do so shortly. It will be an early time, so that we can try to come down the home stretch on Thursday. Thursday is the regular late day. I hope desperately that it is not as late as last Thursday. But Senators should be on notice that Thursday, in all likelihood, will be a late evening and that an effort will be made to try to finish this resolution at that time. If we cannot finish on Thursday, at a late hour during the evening, I am prepared to go over until early Friday, but it is not my preference that we do so.

Mr. President, I have taken this time to give an outline of the situation as it exists and to relate the conversations that have been conducted.

I am prepared now to yield to the minority leader.

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader is certainly within his rights and within the rules in proceeding as he has stated he will do. There is no question that he can do this by simply saying that he is directed by the Budget Committee, a majority thereof, to modify the pending resolution; and he can make whatever modifications he chooses and in as many places as he chooses, since no amendment has been adopted to the resolution thus far.

Mr. President, I thank the distinguished majority leader for yielding. I understand that he intends to retain the floor, and I respect that right. That was his intention, to yield on that basis only.

Mr. BAKER. Mr. President, I ask unanimous consent that I may yield to the minority leader without losing my right to the floor.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, we are faced here with a situation in which the majority party, all day yesterday, for the most part—insofar as action on this resolution is concerned—met in caucus and deliberated and brought forth a modification en bloc of the resolution that has been pending before the Senate for several days.

I do not say what I am about to say with rancor; I simply state a fact. The Members on my side of the aisle have been given no opportunity to offer amendments. If I were still leader of the majority, I might proceed to act on some occasion as the majority has acted, because it is within the power of the majority to do so. They kept our Members from offering amendments because if this resolution had been amended, it would have been more difficult for the majority to present this modified version of the resolution which contains many amendments en bloc and on which otherwise the Senate would have been voting individually and separately. But as the situation is, this resolution is being amended in many places. There will be no votes on those amendments, as such, individually; there will be no opportunities to table amendments, and so forth. So it is a move within the rules. But I think Senators on my side of the aisle should know what is happening.

Second, I should point out that no Democrats in the Senate were involved in those meetings yesterday and no Democratic members of the Budget Committee were involved.

And, of course, the Budget Committee is made up of a majority of Republicans, as it is expected to be, and if the Republican majority can get a majority of the Budget Committee to approve of the modification of the resolution as the distinguished majority leader is about to send to the desk, they can do that. However, I must say that we Democrats, while we knew yesterday that something of this kind was going on, have had no opportunity to study the changes. We had no opportunity to have any input into the changes and we have only now been provided with a copy of what amounts to a new resolution in many ways.

I also take the floor to point out that the majority on the Budget Committee have removed from this particular package the $40 billion in cuts under social security which we on our side of the aisle have objected to strenuously and on which we have had two rollcall votes heretofore in recent days. We Democrats were defeated on both those rollcall votes, but nevertheless we sought to protect the elderly citizens of our country from having the budget balanced on their backs. So this is part of a pattern that we have seen emerge over the past year.

Last year, as Senators will recall, the administration sent to the Congress a proposed $88 billion in cuts in social security, one of which was a reduction in the amount, by about 40 percent, which those individuals electing to retire at age 62, perhaps for health reasons, would otherwise receive if they worked until they were age 65. We on this side of the aisle offered an amendment to reject that social security cut, and our amendment was beaten down by 1 vote on a party-line vote, whereas, our good friends on the other side of the aisle then seized our language, after defeating us by 1 vote, and made a slight change so that parliamentarily their amendment would be in order; whereupon we joined with them and by a vote of 96 to 0 sent the White House the message that the Senate would not concur and would not go along with that social security cut.

Also the minimum social security payments were eliminated last year. That fell through the President's safety net, and we Democrats tried five times to restore those minimum social security payments and five times we failed on party-line votes until the President in September went before a televised national audience and stated that he was asking Congress to restore the minimum social security payments. When he reversed his own position, of course, our Republican friends joined us, and again we Democrats were able to declare victory because when our Republican friends joined us at the behest of the President—who had initially requested the cut—we were able to restore the minimum social security payment for 3 million Americans.

Now, after two bites at the apple, and our efforts to assure the elderly community of this country that it would not suffer $40 billion in social security cuts in this budget process, and having lost—again on party-line votes—our Republican friends have joined together on yesterday to remove the $40 billion cut in social security from this package for the time being at least. So I again say we Democrats can declare victory for our points of view once more because this is the third time that we have seen our efforts prevail in the long run although they lost in the earlier skirmishes.

So I thank my distinguished friend the majority leader and others in the majority party for coming around to the Democratic point of view on saving social security from cuts in the budget process.

I do not want to impose on the majority leader any longer. He has the floor, and, of course,——

Mr. RIEGLE. Mr. President, will the majority leader yield for a question?

Mr. BAKER. No.

Before I do, I am perfectly willing to go forward with this a little later.

Mr. ROBERT C. BYRD. May the majority leader allow me to finish my sentence?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. He has the floor.

I wish to say that I do not want to prevail on the majority leader any longer. He has the floor. He certainly could cut me off in the middle of a sentence if he wanted to, but he would never do that, I am sure.

I thank him for yielding to me.

Mr. RIEGLE. Mr. President, will the Senator yield?

MODIFICATION

Mr. BAKER. Mr. President, on behalf of the committee I send a modification to the desk.

I modify the resolution, send the modification to the desk, and ask the clerk to report.

The PRESIDING OFFICER. The resolution is so modified.

(The modified resolution is as follows:)

S. Con. Res. 92

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby determines and declares, pursuant to sections 301(a) and 304 of the Congressional Budget Act of 1974, that:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1981, October 1, 1982, October 1, 1983, and October 1, 1984:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1982: $623,000,000,000.
Fiscal year 1983: $668,200,000,000.
Fiscal year 1984: $741,000,000,000.
Fiscal year 1985: $825,000,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $23,200,000,000.
Fiscal year 1984: $39,000,000,000.
Fiscal year 1985: $45,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $835,200,000,000.
Fiscal year 1984: $896,900,000,000.
Fiscal year 1985: $972,600,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.
Fiscal year 1983: $783,500,000,000.
Fiscal year 1984: $832,200,000,000.
Fiscal year 1985: $889,200,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.
Fiscal year 1983: $115,300,000,000.
Fiscal year 1984: $91,200,000,000.
Fiscal year 1985: $64,200,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.
Fiscal year 1983: $1,292,000,000,000.
Fiscal year 1984: $1,419,800,000,000.
Fiscal year 1985: $1,532,800,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.
Fiscal year 1983: $147,800,000,000.
Fiscal year 1984: $127,800,000,000.
Fiscal year 1985: $113,000,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1981, and October 1, 1982, are as follows:

Fiscal year 1982:
(A) New direct loan obligations, $67,300,000,000.
(B) New primary loan guarantee commitments, $93,000,000,000.
(C) New secondary loan guarantee commitments, $69,000,000,000.

Fiscal year 1983:
(A) New direct loan obligations, $63,600,000,000.
(B) New primary loan guarantee commitments, $102,200,000,000.
(C) New secondary loan guarantee commitments, $68,300,000,000.

(b) Pursuant to sections 301 and 304 of the Congressional Budget Act of 1974, the Congress hereby determines and declares the appropriate levels of budget authority, and budget outlays, for the fiscal years 1982 through and inclusive of 1985 and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1982 and 1983 for each major functional category are:

(1) National Defense (050):

Fiscal year 1982:
(A) New budget authority, $216,900,000,000.
(B) Outlays, $190,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $30,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:
(A) New budget authority, $251,700,000,000.
(B) Outlays, $215,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $30,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:
(A) New budget authority, $278,300,000,000.
(B) Outlays, $243,000,000,000.

Fiscal year 1985:
(A) New budget authority, $316,500,000,000.
(B) Outlays, $277,700,000,000.

(2) International Affairs (150):

Fiscal year 1982:
(A) New budget authority, $16,800,000,000.
(B) Outlays, $11,400,000,000.
(C) New direct loan obligations. $10,400,000,000.
(D) New primary loan guarantee commitments, $9,300,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:
(A) New budget authority, $16,200,000,000.
(B) Outlays, $12,100,000,000.
(C) New direct loan obligations, $10,200,000,000.
(D) New primary loan guarantee commitments, $9,300,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:
(A) New budget authority, $16,700,000,000.
(B) Outlays, $12,300,000,000.

Fiscal year 1985:
(A) New budget authority, $21,000,000,000.
(B) Outlays, $12,200,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1982:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $7,100,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:
(A) New budget authority, $7,800,000,000.
(B) Outlays, $7,600,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:
(A) New budget authority, $7,700,000,000.
(B) Outlays, $7,800,000,000.

Fiscal year 1985:
(A) New budget authority, $7,300,000,000.
(B) Outlays, $7,400,000,000.

(4) Energy (270):

Fiscal year 1982:
(A) New budget authority, $4,800,000,000.
(B) Outlays, $6,400,000,000.
(C) New direct loan obligations, $10,600,000,000.
(D) New primary loan guarantee commitments, $1,700,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:
(A) New budget authority, $5,300,000,000.
(B) Outlays, $5,000,000,000.
(C) New direct loan obligations, $12,100,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:
(A) New budget authority, $4,600,000,000.
(B) Outlays, $3,900,000,000.

Fiscal year 1985:
(A) New budget authority, $4,500,000,000.
(B) Outlays, $3,700,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1982:
(A) New budget authority, $10,300,000,000.
(B) Outlays, $12,800,000,000.
(C) New direct loan obligations, $30,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:
(A) New budget authority, $9,900,000,000.
(B) Outlays, $11,400,000,000.
(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $9,300,000,000.

(B) Outlays, $10,300,000,000.

Fiscal year 1985:

(A) New budget authority, $8,900,000,000.

(B) Outlays, $9,300,000,000.

(6) Agriculture (350):

Fiscal year 1982:

(A) New budget authority, $9,900,000,000.

(B) Outlays, $13,800,000,000.

(C) New direct loan obligations, $22,600,000,000.

(D) New primary loan guarantee commitments, $2,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $10,100,000,000.

(C) New direct loan obligations, $19,000,000,000.

(D) New primary loan guarantee commitments, $2,600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $8,300,000,000.

(B) Outlays, $8,200,000,000.

Fiscal year 1985:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $7,300,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1982:

(A) New budget authority, $11,600,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $15,400,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1983:

(A) New budget authority, $7,100,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $15,100,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1984:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $3,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,400,000,000.

(B) Outlays, $3,300,000,000.

(8) Transportation (400):

Fiscal year 1982:

(A) New budget authority, $20,800,000,000.

(B) Outlays, $21,300,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1983:

(A) New budget authority, $21,600,000,000.

(B) Outlays, $19,900,000,000.

(C) New direct loan obligations, $500,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1984:

(A) New budget authority, $21,800,000,000.

(B) Outlays, $19,700,000,000.

Fiscal year 1985:

(A) New budget authority, $22,100,000,000.

(B) Outlays, $19,700,000,000.

(9) Community and Regional Development (450):

Fiscal year 1982:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $8,500,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,700,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,500,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,400,000,000.

(10) Education, Training, Employment and Social Services (500):

Fiscal year 1982:

(A) New budget authority, $25,400,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $6,500,000,000.

(E) New secondary loan guarantee commitments, $700,000,000.

Fiscal year 1983:

(A) New budget authority, $26,500,000,000.

(B) Outlays, $27,000,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $26,700,000,000.

(B) Outlays, $26,900,000,000.

Fiscal year 1985:

(A) New budget authority, $26,400,000,000.

(B) Outlays, $26,500,000,000.

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,500,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $79,500,000,000.

(B) Outlays, $77,600,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,200,000,000.

(B) Outlays, $85,700,000,000.

Fiscal year 1985:

(A) New budget authority, $103,600,000,000.

(B) Outlays, $97,200,000,000.

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000.

(B) Outlays, $251,500,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,800,000,000.

(B) Outlays, $272,600,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000.

(B) Outlays, $288,300,000,000.

Fiscal year 1985:

(A) New budget authority, $333,000,000,000.

(B) Outlays, $309,800,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1982:

(A) New budget authority, $24,800,000,000.

(B) Outlays, $23,800,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $11,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $23,900,000,000.

(B) Outlays, $23,100,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $20,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $24,900,000,000.

(B) Outlays, $24,100,000,000.

Fiscal year 1985:

(A) New budget authority $25,300,000,000.

(B) Outlays $25,200,000,000.

(14) Administration of Justice (750):

Fiscal year 1982:

(A) New budget authority $4,500,000,000.

(B) Outlays $4,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority $4,600,000,000.

(B) Outlays $4,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,600,000,000.

(15) General Government (800):

Fiscal year 1982:

(A) New budget authority, $5,200,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,400,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1982:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $6,500,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $6,700,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,800,000,000.

(17 Interest (900):

Fiscal year 1982:

(A) New budget authority $102,000,000,000.

(B) Outlays, $102,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $115,500,000,000.

(B) Outlays, $115,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $120,800,000,000.

(B) Outlays, $120,800,000,000.

Fiscal year 1985:

(A) New budget authority, $114,600,000,000.

(B) Outlays, $114,600,000,000.

(18) Allowances (920):

Fiscal year 1982:

(A) New budget authority, $700,000,000.

(B) Outlays, $800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, -$2,000,000,000.

(B) Outlays, -$2,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, -$800,000,000.

(B) Outlays, -$800,000,000.

Fiscal year 1985:

(A) New budget authority, -$800,000,000.

(B) Outlays, -$600,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1982:

(A) New budget authority, -$30,500,000,000.

(B) Outlays, -$30,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, -$39,300,000,000.

(B) Outlays, -$39,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $44,800,000,000.

(B) Outlays, -$44,800,000,000.

Fiscal year 1985:

(A) New budget authority, -$47,300,000,000.

(B) Outlays, -$47,300,000,000.

RECONCILIATION

SEC. 2. (a) Not later than June 18, 1982, the committees named in subsection (a)(1) through (15) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by subsection (a)(1) through (15) of this section. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(1) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $779,000,000 in budget authority and $779,000,000 in outlays in fiscal year 1983; and $1,083,000,000 in budget authority and $1,083,000,000 in outlays in fiscal year 1984; and $1,428,000,000 in budget authority and $1,428,000,000 in outlays in fiscal year 1985.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $583,000,000 and outlays by $583,000,000 in fiscal year 1983; to reduce budget authority by $1,345,000,000 and outlays by $1,345,000,000 in fiscal year 1984; and to reduce budget authority by $1,906,000,000 and outlays by $1,906,000,000 in fiscal year 1985.

(3) The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1983; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1984; and to reduce budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1985.

(4) The Senate Committee on Foreign Relations shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $6,000,000 in fiscal year 1983; to reduce budget authority by $5,000,000 and outlays by $15,000,000 in fiscal year 1984; and to reduce budget authority by $8,000,000 and outlays by $21,000,000 in fiscal year 1985.

(5) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $680,000,000 in fiscal year 1983; to reduce budget authority by $628,000,000 and outlays by $1,800,000,000 in fiscal year 1984; and to reduce budget authority by $1,000,000,000 and outlays by $2,629,000,000 in fiscal year 1985.

(6) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $102,000,000 and outlays by $457,000,000 in fiscal year 1983; to reduce budget authority by $136,000,000 and outlays by $625,000,000 in fiscal year 1984; to reduce budget authority by $120,000,000 and outlays by $744,000,000 in fiscal year 1985.

(7) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $188,000,000 and outlays by $188,000,000 in fiscal year 1983; to reduce budget authority by $269,000,000 and outlays by $269,000,000 in fiscal year 1984; and to reduce budget authority by $355,000,000 and outlays by $355,000,000 in fiscal year 1985.

HOUSE COMMITTEES

(8) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $779,000,000 in budget authority and $779,000,000 in outlays in fiscal year 1983; and $1,083,000,000 in budget authority and $1,083,000,000 in outlays in fiscal year 1984; and $1,428,000,000 in budget authority and $1,428,000,000 in outlays in fiscal year 1985.

(9) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $581,000,000 and outlays by $581,000,000 in fiscal year 1983; to reduce budget authority by $1,340,000,000 and outlays by $1,340,000,000 in fiscal year 1984; and to reduce budget authority by $1,899,000,000 and outlays by $1,899,000,000 in fiscal year 1985.

(10) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined

in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $157,000,000 and outlays by $157,000,000 in fiscal year 1983; to reduce budget authority by $202,000,000 and outlays by $202,000,000 in fiscal year 1984; and to reduce budget authority by $196,000,000 and outlays by $196,000,000 in fiscal year 1985.

(11) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $514,000,000 and outlays by $1,031,000,000 in fiscal year 1983; to reduce budget authority by $741,000,000 and outlays by $1,230,000,000 in fiscal year 1984; and to reduce budget authority by $815,000,000 and outlays by $1,439,000,000 in fiscal year 1985.

(12) The House Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $6,000,000 in fiscal year 1983; to reduce budget authority by $5,000,000 and outlays by $15,000,000 in fiscal year 1984; and to reduce budget authority by $8,000,000 and outlays by $21,000,000 in fiscal year 1985.

(13) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1983; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1984; and to reduce budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1985.

(14) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $2,000,000 and outlays by $688,000,000 in fiscal year 1983; to reduce budget authority by $638,000,000 and outlays by $1,820,000,000 in fiscal year 1984; and to reduce budget authority by $1,015,000,000 and outlays by $2,657,000,000 in fiscal year 1985.

(15) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $188,000,000 and outlays by $188,000,000 in fiscal year 1983; to reduce budget authority by $269,000,000 and outlays by $269,000,000 in fiscal year 1984; and to reduce budget authority by $355,000,000 and outlays by $355,000,000 in fiscal year 1985.

SENATE AND HOUSE COMMITTEES

(b)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,750,000,000 and outlays by $5,456,000,000 in fiscal year 1983; to reduce budget authority by $2,509,000,000 and outlays by $7,923,000,000 in fiscal year 1984; and to reduce budget authority by $3,339,000,000 and outlays by $9,549,000,000 in fiscal year 1985.

(2) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $21,200,000,000 in fiscal year 1983; $37,000,000,000 in fiscal year 1984; and $43,000,000,000 in fiscal year 1985.

(3) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase receipts from user fees authorized by that committee as follows: $2,000,000,000 in fiscal year 1983; $2,000,000,000 in fiscal year 1984; and $2,000,000,000 in fiscal year 1985.

(4) The legislation required in paragraphs (1) through (3) of this subsection shall be reported to the Senate no later than June 11, 1982.

(5) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,183,000,000 and outlays by $4,727,000,000 in fiscal year 1983; to reduce budget authority by $1,707,000,000 and outlays by $7,121,000,000 in fiscal year 1984; and to reduce budget authority by $2,455,000,000 and outlays by $8,665,000,000 in fiscal year 1985.

(6) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $21,200,000,000 in fiscal year 1983; $37,000,000,000 in fiscal year 1984; and $43,000,000,000 in fiscal year 1985.

(7) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase receipts from user fees authorized by that committee as follows: $2,000,000,000 in fiscal year 1983; $2,000,000,000 in fiscal year 1984; and $2,000,000,000 in fiscal year 1985.

(8) The legislation required in paragraphs (5) through (7) of this subsection shall be reported to the House no later than June 11, 1982.

(c)(1) In order to insure the solvency of the Social Security Old-Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, to insure that all payments to beneficiaries are made in a timely manner.

(2) In order to insure the solvency of the Social Security Old-Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, to insure that all payments to beneficiaries are made in a timely manner.

(3) The legislation required in paragraphs (1) and (2) of this subsection shall be reported no later than December 1, 1982, and shall take into account the recommendations of the National Commission on Social Security Reform. Such changes in laws shall do no more than is absolutely necessary to preserve the financial integrity of the Social Security system.

(4) It is the sense of Congress that the amounts set forth in paragraphs (a)(1) through (a)(5) of section 1 shall be deemed revised to incorporate the budgetary effects of actions required by this subsection to insure the solvency of the Social Security trust funds immediately upon enactment of such changes.

(5) It is the sense of the Congress that the President of the United States should direct the National Commission on Social Security Reform to report its recommendations to the Congress not later than November 11, 1982.

SEC. 3. The enactment of savings required by this resolution is critical to the health of the economy of the Nation; and

Expeditious action on legislation pursuant to these instructions is critical to achieving the savings required by this resolution; and

The Senate is committed to completing action on the savings legislation required by this resolution at the earliest possible time; and

It is the sense of the Senate that Senate committees instructed in this resolution should begin deliberations on the legislation those committees are required to report under this resolution as soon as this resolution is agreed to in the Senate.

MISCELLANEOUS PROVISIONS

SEC. 4. It is the sense of the Congress that the President through administrative actions should limit in fiscal year 1983 total Federal Financing Bank origination of direct loans guaranteed by other Federal agencies to $15,900,000,000; and Federal Financing Bank purchases of loan assets from Federal agencies to $14,000,000,000. It is the further sense of Congress that direct borrowing transactions of Federal agencies should be, to the maximum extent possible, restricted to the Federal Financing Bank.

SEC. 5. It shall not be in order in the House or the Senate during fiscal years 1982 and 1983 to consider any bill, resolution, or amendment, except proposed legislation reported in response to reconciliation instructions contained in this resolution, authorizing new direct loan obligations or new loan guarantee commitments unless that bill, resolution, or amendment also provides that the authority to make or guarantee such loans shall be effective only to such extent or in such amounts as are contained in appropriation Acts.

SEC. 6. It is the sense of the Congress that it is urgent that effective budgetary control be established over all types of Federal direct loans and Federal loan guarantees. The Congress directs the committees of jurisdiction to move with expedition to consider legislation that establishes a process of annual determination of appropriate levels and proper budgetary treatment of Federal credit activity.

SEC. 7. No bill or resolution providing new budget authority for fiscal year 1983 or providing new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 in excess of the allocation to or report by a committee or subcommittee pursuant to section 302 of the Budget Act shall be enrolled until Congress has completed action on the Second Budget Resolution for that fiscal year as required to be reported under section 310 of the Budget Act.

SEC. 8. It is the sense of the Senate that the new spending and revenue levels for fiscal year 1982, adopted by the Senate, shall be the ceilings against which the spending and revenue actions of the Senate will be measured pending final agreement with the House of Representatives on the revision of the Second Concurrent Resolution on the Budget for Fiscal Year 1982.

SEC. 9. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

Mr. BAKER. Mr. President, I think we sort of established the ground rules. If the minority leader wishes to continue with the colloquy at this time, we can do that, or we can agree on the time at which to recess.

Mr. RIEGLE addressed the Chair.

Mr. ROBERT C. BYRD. Mr. President, if we could have until, say, 1 p.m., in the meantime if Senators wanted to discuss the matter, would that time be charged against the time on the resolution?

Mr. BAKER. No.

Mr. President, I am prepared to ask the Chair.

Will the Chair indulge me just a moment?

Mr. President, I indicated earlier that we would stay no later than 8 p.m. I think there is such a desire to finish this matter as soon as possible that I must vacate that statement. We may stay later than 8 p.m. tonight.

But with that, then, I am willing to suggest that we continue this colloquy, and I am going to yield the floor so the distinguished chairman of the committee may seek the floor as the designee with control of time on this resolution. Then I propose that at 12 o'clock the Senate stand in recess for 1 hour. The time between now and 12, assuming the colloquy continues, will be charged against the resolution.

The time, of course, in recess will not count, am I correct in that respect?

The PRESIDING OFFICER. The Senator is correct.

ORDER FOR RECESS UNTIL 1 P.M. TODAY

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate at 12 noon stand in recess until the hour of 1 p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield the floor.

Mr. RIEGLE and Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, did the Senator from Michigan want the floor?

Mr. RIEGLE. I was seeking the floor, yes. May I ask who controls the time so that I might seek time?

Mr. ROBERT C. BYRD. Mr. HOLLINGS controls it on this side.

Mr. RIEGLE. Mr. President, I ask the Senator from South Carolina to yield to me so that I can make a comment and inquire about what has transpired here.

Mr. DOMENICI. I have the floor. Do we understand that between now and noon we each have half the time, is that what we agreed upon? Senator, I yield the floor.

Mr. HOLLINGS. I yield to the Senator from Michigan.

Mr. RIEGLE. I thank the Senator for yielding.

I rise as a member of the Budget Committee. What I am concerned about here is what has taken place over the last 4 days, Friday, over the weekend, Monday, and Tuesday, that the Republican caucus has been meeting, in effect, as a budget committee for the Senate as a whole, and what has happened here is that apparently the budget has been changed dramatically and a new budget has been developed. The sheets have just been distributed that lay this out.

But the thing that is disturbing to me is that with this new document before us it is very, very difficult within the period of only an hour-and-a-half, as I understand it, the proposal is, that——

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The point of order is well taken. The Senate is not in order. The Senate will please be in order.

Mr. RIEGLE. The difficulty we face here with this proposal is, I think, that the proposal is very unreasonable and unfair.

As I understand it, what is being said is we can use the period of the next 40 minutes to try to discuss and raise questions as to exactly what this new procedure is and what has taken place. But then, if I understand it, we are to go into a recess for an hour, from 12 to 1, and at 1 o'clock those of us on this side of the aisle will find ourselves in a situation of attempting to respond, either with an entire budget alternative or separate amendments, to a new budget which has been developed over the past 4 days by the Republicans in their caucus.

I do not think it is fair for one side to have 4 days where activity on the floor has been stopped by the procedures that were used to develop their proposal, and now that proposal is just presented to us here and we have literally an hour-and-a-half to try to respond to what is substantially a new budget.

In this budget there are all kinds of changes. The taxes are changed, the revenue picture is changed, money is moved around among programs. It is not clear, for example, what is happening to social security. On the one hand, it appeared that $40 billion of cuts are taken out as a line item, but I am told there is a possibility that in the reconciliation instructions that, in fact, there is a binding requirement that those cuts in fact be made in the future.

These are fundamental questions, and to try to run all these things down in a period of an hour-and-a-half when the majority party has been working on them for 4 days, and tying up the Senate so that those of us who had amendments to offer were not able to do so, I think is unfair, and I think it is unreasonable. I think it actually shorts the country here.

I do not think it is fair for the country to find ourselves in situation where one party can by its ability to control the parliamentary situation take and use whatever time they think is necessary to rework the budget on their own, acting in behalf of the Senate Budget Committee, in effect, and then come back around and say that we have an hour on this side to try to come forward with some kind of a response or some kind of an alternative to this very different budget that we see before us today.

Mr. RANDOLPH. Mr. President, will my able colleague yield?

Mr. RIEGLE. Yes, I yield to the Senator.

Mr. RANDOLPH. While all of this is going on the economy is worsening, is that correct?

Mr. RIEGLE. There is no question about it. All the statistics that one sees even in today's paper, firms failing on Wall Street, business firms failing across the country, people being laid off, people being hurt, and in the face of all this we are finding ourselves now, I think, handicapped in terms of our ability to develop and put forward our own budget alternatives.

So I think it is important that the country understands that this proposal, that has been put forward today by the majority party here, substantially changes the budget as a whole. It changes the deficits, it changes the tax picture, it changes the outlay side of the budget, and it is going to take hours really to understand and to analyze precisely what these changes mean in the aggregate, because it is not sufficient to just try to take it piece by piece. We have to try to assess what this means as a whole.

What will it do, as the Senator from West Virginia has raised, to the economy as a whole? What will be its effect in terms of macroeconomic strategy, and that is the issue. I think it is unreasonable to assess and weigh these questions within the period they have offered of 1 hour's time. I just think it is unfair, and I think the country ought to understand what is going on here because this is not the way to develop a budget, a budget that has to fit for the whole country.

I would much have preferred to see a bipartisan effort made here to try to develop something rather than have one party take and attempt to do this work for the entire Senate.

Finally, I want to say this: It appears that we have run the Republicans off on the issue of the social security cuts as we did last year with repeated efforts that were made by that party to make cuts in the minimum benefits and early retirement, and so forth, and it appears that we have run them off this time on the proposed $40 billion cuts over the next 3 years. But that is not certain, because in the reconciliation instructions they appear to have buried a requirement to make those cuts in the future, and if then; the notion that they have retreated on this issue just may not be an honest one. It may be a dishonest presentation, and it is going to take us time to go through these new documents which have just been presented—in fact, the ink is not even dry—to try to find out if, in fact, they are being honest about the social security issue.

So I want to register my distress about the fact that I think it is wrong and unfair that we proceed in this fashion. We will, obviously, do the best we can with it, but I think it is a disservice to the country to tackle a matter of this consequence in this fashion.

I thank the Senator from South Carolina for yielding.

Mr. HOLLINGS. I thank the distinguished Senator from Michigan.

Unless the distinguished chairman wants to be recognized, Mr. President, with this particular change, I move to endorse what the Senator from Michigan has said. We have had, more or less, a bipartisan effort throughout the past year, meeting and working to develop a budget resolution. But once we voted the President's budget down, our leadership went into executive session and reported out a budget that could not last, even within their own party, for a week. Then they stonewalled us. We never should have been a Budget Committee from there on out because they voted everything down.

Now we have the very group which has been asking for the Senate to be on television again, meeting in front of the camera. Perhaps we ought to amend that resolution and have the Republican caucus on TV. Maybe then we could find out what was happening with our Government. Maybe they want television coverage to start only after they have gotten their particular budget out. Maybe that is a good time to start the movies, once they have agreed on it.

But let us say this much now and to the point: As you can see, we are getting a more realistic budget. The votes are not there this year for social security, even though I happen to believe something should have been done last year, and have tried and tried again this year. Realistically, we have added funds to the student loan program, and we have given a more realistic figure with this proposal.

I have only one comment at this point, Mr. President, and that is that we could have a budget that would move the markets and that would move those interest rates, were it not a fetish on the other side of the aisle relative to next year's increment on the 1981 tax cut. Namely, if we were to cancel that 1983 increment of a 10-percent individual across-the-board tax cut, and pick up that revenue, we would then have a resolution that would really do the job.

I am confident the distinguished chairman would agree with me that the particular resolution we have before us would never have passed the Budget Committee. The principal reason for this is that it brings the deficit down to only $64 billion by the third year. That is not enough of a move toward fiscal responsibility and putting the Government again in the black.

If we had the amendment of the Senator from Nebraska and myself—and I hope we would propose it again and give them a chance to vote on it—to cancel that third-year increment of the tax cut, the deficits would be $108 billion, $58 billion, and $28.2 billion. Then we would have a realistic budget that would meet the particular challenge we have at hand, to lower the deficits and lower the interest rates.

But, be that as it may, this is a compromise situation. Any mammoth task of trying to raise some $425 billion over a 3-year period has to be a give and take in a compromise situation. And, I hope that my friends on the other side of the aisle will look at that proposal when we formally introduce it later on.

No one is worried here in May 1982 about the taxes they are going to have to pay in April 1984. They are worried about survival. They have seen Braniff, they have seen International Harvester, and they have seen Drysdale Securities yesterday. They see it with farm income being even lower than the interest rates paid on the loans. And with all of this destitution and high unemployment, we are going in the wrong direction. If they really want to make that dramatic change and hold up next year—they say, "Oh, that would raise us to $170 billion." Well, $170 billion is not unrealistic when you realize we lose $190 billion in a 1-year period under the tax cut enacted last year. And, if you compare it to the revenue hemorrhage that we caused in August of last year, then you see it is not the impossible dream but the responsible action.

If we could take that responsible action, not to destroy Reagonomics, but let the supply side that took effect in January of last year continue; let the 5 percent, even the 10 percent in July, all of those things occur, but just cancel the July 1983 cut. This would increase revenues so that we could bring down interest rates—we will all be here in 1984—then we can have a 10-percent tax cut in 1984 after the interest rates have come down.

I know we do not need that for a recession in 1983 or a stimulus in 1983. All of the projections, even with this particular budget, call for an increased real growth rate in this country under GNP.

I believe we have almost taken up half of that time. Let me yield to my distinguished colleague from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. I thank my friend and colleague from South Carolina, the ranking minority member on the Budget Committee.

I have some of the same concerns that have been expressed by my colleagues on this side of the aisle on the Budget Committee with regard to the haste that we are taking up this matter that has been dreamed up in the Republican caucus and that has delayed the work of the U.S. Senate now for at least 3 days.

I was here last Friday when we began work on the budget. Since that time, we have been basically in perfunctory sessions doing nothing. I object to the haste in which this has been presented. I further object that, as a member of the Budget Committee, those of us who have tried very hard to work constructively with the majority when we can, we are not even favored with the chance of voting for or against the modification that was just sent to the desk by the majority leader on behalf of what I assume to be the Republicans, marching in lockstep once again, with regard to what they think is best politically under the circumstances.

They may have a good plan, but hasting into this in jet speed seems to me to be another march—hopefully not into the never-never land—with regard to straightening out the economy of this country. Just because it is a Republican initiative does not necessarily mean, in and of itself, that it is good for the United States of America.

I have a question or two that I might like to pose, to help me out and those on this side of the aisles, of my friend and colleague, the very distinguished and able chairman of the Budget Committee. I would first like to point out that the bottom line reading of the document that has just been presented under the modification would indicate to me that this modification indeed raises significantly the deficits faced by the Federal Government in the years to come. I am looking at page 3 of that document and I see that under the amendment, the 1982 fiscal deficit is locked in at $117 billion. In 1983, the mark of $106 billion as it came out of the Budget Committee, has been raised to $115 billion. In 1984, the deficit that came out of the Budget Committee in the amount of $69 billion has gone up to $91 billion. And for 1985—into never-never land once again—the deficit of $39 billion out of the Budget Committee has been raised to $64 billion.

I would assume that those increased deficits in the out-years would have a negative effect on the reduction of interest rates. I would think that these increased deficits would further fuel the interest rate problems that we are having in this country today that have made a depression indeed out of several of our industries, agriculture and many segments of agriculture and the homebuilding industry. Now my question is: Have the interest payments on the national debt borrowings, which are going to continue to go up, have they been adjusted upward as a result of the increased deficits in the outyears?

Mr. DOMENICI. I say to my good friend from Nebraska, he is absolutely right in his statement that when you take the $40 billion that was the estimate for social security solvency and do what this resolution does—it orders solvency through reconciliation, I make no bones about that. For someone who said it is hidden, it is not hidden. On page 32 it is ordered. And then it says that, whatever the solvency activity yields, the budget is modified to include it when you have done it.

Now what we were doing before in the resolution that came out of committee was taking credit in advance. assuming Congress would make that much of a change. Now we are saying no to that, yet we are acknowledging its imminent insolvency, as this institution has by 92 votes, and it will have to be made solvent.

So, yes, I say to the Senator, in the 1983 year, we have taken the six that was part of the solvency out, so we have increased it by six. Then the sum of all those small changes that resulted from arguments principally over what freezing appropriations means—we had a dispute over deferred items being included or not—and we have compromised most of those. So, there is an additional $3 billion. We have done that in each of the years, the 17, plus those items that I have just described, including some room for housing. Then we have gone ahead, as the Senator asked, and indicated it would cost us more interest because of that.

Mr. EXON. The Senator has added in additional interest cost in the budget?

Mr. DOMENICI. Yes; we could probably argue about whether it is the right amount or not, but we did that.

Mr. EXON. But at least you recognize it?

Mr. DOMENICI. Yes, indeed.

Mr. President, I ask that the time I used in responding be taken from my time, not from the Senator's time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. One last question. I would point out that the President submitted a budget to us in February that has been unanimously rejected on both sides of the aisle. I do not know of a single vote for the President's budget that was presented to us because of the huge deficits now and in the outyears and the tremendous increase that the President's budget in February would have required in the raising of the national debt. I outlined that in my remarks on Friday.

So the President's February budget has been knocked out. It is kaput. It is gone. It has been thoroughly rejected unanimously by both sides of the aisle in the Senate.

Now a few days ago in the Budget Committee, the chairman came in and announced that the President and he had agreed—and it was a unanimous vote, in lockstep once again from those on that side of the aisle—to rush through the approval of the Reagan-Domenici budget. I take it that the action that has been taken here this morning with the modification that has been introduced knocks out that heralded budget compromise that was announced in the Budget Committee. So the President's February budget has been rejected and the agreement that was made a few days ago between the President and some of the Republican leadership of the Senate has been knocked out.

My question is, "Has the President approved the modification that was just sent to the desk? Has he endorsed that as his budget and will he agree to it, if it passes?"

Mr. DOMENICI. I can answer that in this way: I have not confirmed officially whether he does or will. We are in the process of submitting it so the administration can take a look at it. But basically, when you look at the major changes they really have to do with an accounting issue on the $40 billion. That is, with reference to social security. We now propose that the resolution order solvency actions and we take the estimated $40 billion out. The rest of the changes are not major.

I would assume, though I am not sure, that the President will support it. There is an additional item we put in because we thought the Senate was going to vote it in, since our appropriators already have, and that is some room for the Lugar housing bill. I know that was voted in yesterday by the appropriators. I believe it is going to happen so I suggested that we might as well make room for it. That does not mean we are endorsing it. That does not mean it makes the bill a reality. But that additional item is in here. Otherwise, the changes are very small items. I would not think there is that big a departure from the previous budget.

Mr. EXON. I thank my friend. Before we go any further, I want to say I know he has had a most difficult task this year in the budget. Regardless of how this comes out, I know that the chairman of the Budget Committee is one Member of this body—and there are others—who has been outstanding, in the opinion of this Senator, in at least trying to reach some kind of a workable compromise. I intend to support him when I can. I thank my friend.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. How much time have I remaining?

The PRESIDING OFFICER. The Senator has 18 minutes remaining and the minority has 2 minutes. Two minutes were consumed in response to a question by Senator EXON.

Mr. DOMENICI. They have 2 minutes remaining?

The PRESIDING OFFICER. Yes.

Mr. DOMENICI. I yield 3 minutes to the Senator from Louisiana.

Mr. TSONGAS. Will the Senator yield for an inquiry?

Mr. JOHNSTON. Yes.

Mr. TSONGAS. Mr. President, I would like to put the Senate on notice that I would like to have 5 minutes, from 12 to 12:05, before the recess period to make a statement on another matter. I want to say that now in case anyone has any objection.

Mr. DOMENICI. The Senator is not requesting that time now?

Mr. TSONGAS. No.

Mr. JOHNSTON. Mr. President, I thank my distinguished colleague, the chairman of the Senate Budget Committee, for yielding me this time.

Mr. President, this whole process would be highly amusing were it not for the tragic consequences and tragic situation of our economic plight in this country. It would be highly amusing, because of the disarray in which the Republicans find themselves over this budget.

The lesson to be learned, I think, is that there can be no ideological purity when it comes to the budget. You simply cannot put a budget together with one wing of a party. So, it is that we see a budget here made up of the domestic spending of what you might call the left or moderate wing of the Republican Party, the defense spending of the right wing, the tax policy of the right wing, and in the process, Mr. President, I think you have a budget which is totally unacceptable because the deficits are way too big.

Mr. President, I know the chairman of the Budget Committee feels that way. You simply cannot have a projected cumulative deficit of $270 billion in the years 1983 through 1985.

Mr. President, may we have order?

The PRESIDING OFFICER. The point of order is well taken. The Senate will please be in order.

The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, what we do is we go in for openers, with a total budget deficit of $270 billion from 1983 through 1985, and then you add to that what you might call the "magic asterisk" savings which are not realistic, the management savings, of $9 billion, $12 billion, and $12 billion. I think those are realistically too large. You end up with deficits which are way too big.

What I am saying, Mr. President, in all seriousness to my friend, the chairman of the Budget Committee and my friend the chairman of the Finance Committee, is this country is in desperate shape, and we are ready for a bipartisan budget.

You cannot run the country with one wing of your party. It is time to put something together. We are ready to do business.

You cannot continue day after day going off in secret meetings and not involve the whole Congress in this matter. It is wrong and it is not going to work. It has not produced a product which is worthy of the Republican Party or worthy of Ronald Reagan's campaign promises.

Mr. President, it seems to me, just for starters, that you are going to have to figure out something else that is magic. There is one thing which is irresistible. The ideology of it is going to be very hard to swallow, but the conclusion is irresistible. That is that you cannot have the third year of a tax cut and continue to have a 10 percent real increase in spending for defense and continue to have this kind of social spending. You have to take your choice.

I think what the Republicans have done is made a choice, decided you want defense and decided you want social spending. I think those choices, certainly in social spending, are realistic. They reflect the center of gravity of this Congress. But you are simply going to have to come around to the third year of the tax cut, and when you do, I think you have the makings here of something that might just catch hold in a bipartisan way and might bring those interest rates down. It might affect those markets on Wall Street.

I know the distinguished Senator from New Mexico cannot say yes to that at this point, but it is irresistible in its appeal and in its logic. I think it is going to happen before this is over.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I want shortly to yield 5 minutes to the distinguished Senator from Colorado and the distinguished Senator from Kansas. I would like to yield myself just 2 minutes.

I think in the course of the afternoon we will have an opportunity to explain in more depth what is here. I would just like to acknowledge a few things.

My good friends on the other side have put it properly. This is a tough year. It is tough to get a budget.

I do not operate in a vacuum and those who know me know I would like to have a bipartisan budget. I would love to have had one reported out of the committee.

There are those who think that in getting out a budget resolution, which is my responsibility, that we should have gotten a bipartisan one. Let me make sure the Senate knows. I did not operate in a vacuum. I happened to know I could not get any votes on the other side for the kinds of things I could get votes for on my side. I was put in the position where, if I wanted Republican votes, I had to do it this way because what the Democrats wanted we could not live with on our side.

We are hearing the same basic arguments here. It is not over the few changes that we made. It is that if we raise taxes another $40 billion, $50 billion, $60 billion, $70 billion we get a bipartisan budget.

Mr. JOHNSTON. Will the Senator yield?

Mr. DOMENICI. Let me say I do not think that is the way to get a bipartisan budget, and I do not think the American people think we are going to solve our economic problems with those kinds of additional tax increases over the 100-plus billion dollars in added revenues that are already provided for in the resolution.

Of course I acknowledge that if you get rid of the third year and tax the people $30 billion more, you will bring the deficit down substantially. If you did both this and achieved social security solvency, you are probably in balance by 1985, But you have also done it again by raising taxes substantially.

I think that is one issue that inhabits bipartisanship, Mr. President. And the military budget is another divisive issue.

I happen to know, Mr. President, that there were very few votes for bipartisanship the last couple of days as the result of Democratic caucuses, which we could have televised, since some on the Democratic side want to televise the real action. There was not a single vote for our position over there, as I understand it. Maybe one, we are told. Maybe one.

Left with that, Mr. President, I assume we could have come down here and had 3 days of flailing away at the budget, with amendments all over the place. We did not choose to do that.

We think we have a budget we can live with. When social security solvency gets plugged in in December, after it is accomplished—which it will be—those deficits will be substantially less—if not 40, maybe 30. If not 30, maybe 50. But the solvency actions will be plugged back in and those deficits will be down, because we are mandating ourselves to take the solvency actions.

Mr. JOHNSTON. Will the Senator yield for a question before he yields to the Senator from Colorado?

Mr. DOMENICI. I am just about out of time. Yes, I am glad to yield.

Mr. JOHNSTON. Mr. President, I just say to my friend that he stated there were no votes for certain things on our side. I tell the Senator, not once was a request made, either by the distinguished chairman or by any other member of the committee, or even by staff-to-staff contacts. So, I say the Senator is not in a position to know what the votes might have been on this side.

Mr. DOMENICI. I stand on what I said, Mr. President. It is my statement and it is nothing more than that.

With that, I yield to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I appreciate the Senator from New Mexico for yielding to me. I think there is a real danger that we are going to lose sight of what we are doing. The issue is not who voted for what or who did not vote; the issue is not whether this is a bipartisan budget or not bipartisan; the issue is whether it is good for the country.

The recommendation that came out of the Budget Committee, I mean the original recommendation, not the revised one, the recommendation endorsed by the President, would have, if adopted, set the stage for a dramatic recovery of the U.S. economy because it addressed itself in a forceful, bold, broad-gaged, fair, equitable manner to the serious problems our country faces. That is $600 billion of budget deficits in the next few years.

The proposal the Budget Committee recommended to the Senate actually called for reduction in those deficits of $417 billion in the next 3 years. It did it in a way that was not evasive, was not blue smoke in mirrors, but with actual, solid cuts.

I remind all Senators that in preparing our recommendation, we started not with optimistic assumptions about the economy, but with very pessimistic assumptions, with an attempt to be realistic about how serious this problem is. Over and over again, the Budget Committee, the Senate, the Congress, and others have tried to obscure from the gnomes of Wall Street and others just how bad things really are. Every time we do it, we lose credibility. We decided this time around to let everything hang out and let everybody know where we were going.

The budget we recommended to the Senate would have reduced by two-thirds the magnitude of the deficit in the next 3 years; would have reduced by 75 percent the projected deficit in 1985, and would have done so in a balanced manner, with $95 billion in tax increases, which were hard for us to swallow; with some reductions in defense spending, which were very, very difficult for a number of Members, including me, to agree to; with reductions in entitlement programs; and with real reductions on what would have been the interest paid on the national debt.

Mr. President, that budget recommendation is a good one. It is one which, frankly, is a lot better than the modified recommendation; one which, in my opinion, could have set the stage for a response by the credit markets of this country that would have our economy humming within a matter of weeks.

That is not just my opinion, Mr. President. That is the opinion of a number of economists who came before the committee to testify and a number of additional economists whom I personally contacted to ask their views. I call the attention of all Senators to the correspondence which begins at page 137 of the report of the Budget Committee. In that, a number of economists in the academic community, on Wall Street, and elsewhere, comment about the effect of this budget if it were to be enacted.

The reason we did that, the reason we were prepared to undergo the agony of cutting back on some meritorious and worthy programs, was that we had a longrun objective of cutting the deficits and getting interest rates down. For that reason, and that is the only reason, the committee was prepared to throttle back the rate of increase in veterans' programs, food stamps, science programs, agriculture, public works, reclamation projects, national defense, and even to put back $95 billion in taxes, which was anathema to most of us. We did it because we thought there was an overriding consideration, that this was a moment when there could be no sacred cows, and we all had to make sacrifices in order to accommodate ourselves to the reality of the situation.

Now we have come to the floor and we are making still another accommodation, one which, frankly, I regret very much, and one which I have not fully decided I am going to support. That is to add back some additional spending in a number of areas that have been discussed by the chairman, particularly a large add-back in the area of social security.

Mr. President, it has been argued that we are really not changing anything. In one sense, that is perfectly true. Nothing we do in the budget resolution is going to change the fact that social security is in terrible trouble. Every Senator knows that. The Congressional Budget Office knows that. The social security trustees know it. And significantly, the public is well aware of this fact. That is not going to change whether or not we change the numbers in the budget resolution. The social security time bomb ticks on and it is going to explode 15 months from now on June 30, 1983. By that date, social security is not going to be able to meet its obligations unless Congress does something to rectify the situation.

Mr. President, I mentioned that the public is well aware of the seriousness of this problem. A recent Gallup poll asked these questions about the likelihood of receiving benefits and the financial soundness of the system. Here are the questions that were put to voters of America and their responses:

> When you retire, do you expect that social security benefits you'll receive will be better than those received by retired people today, not as good, or are you afraid that you might not receive social security payments at all?

Here is what people who were surveyed by the Gallup organization said: 7 percent said that things will be better; 16 percent said the benefits would not be as good; 63 percent said they did not think they would receive social security benefits at all; 9 percent said they will be the same and 5 percent did not know.

Mr. President, may I inquire of the Senator from New Mexico, is he encouraging me to conclude my remarks at this time? Are we under time restraint?

Mr. DOMENICI. Mr. President, we are not overall. We are for now. We plan to recess at 12, and I wanted to yield to the Senator from Kansas.

Mr. ARMSTRONG. In order to accommodate that, Mr. President, I should like to sum up this portion of my remarks and I shall pick it up with the chairman at this point at whatever is the proper time.

What I am trying to put into perspective, and I shall relate it to the overall status of the budget resolution and how we shall dispose of this issue finally, is that the Senators, the Budget Office, the trustees, the administration, the press, and certainly the public know that social security is in trouble. The question is how will they evaluate our action in sweeping this under the rug by adopting the modifying amendment and saying, "We will take care of it another time." I should like, when it is convenient for the chairman to yield to me further, to discuss that at some length.

Mr. DOMENICI. Mr. President, I assure the Senator from Colorado I shall give him time. I compliment him on his analysis. I think he has hit the nail on the head. It is not a question of whose budget it is, whether it is bipartisan or not bipartisan. The question is, Will it help the present situation by bringing the deficits down?

I yield to the Senator from Kansas.

Mr. BAKER. Mr. President, will the Senator yield to me first?

Mr. DOMENICI. Yes, Mr. President.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TODAY AND FOR RECESS AT 12:15 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that at 12 noon, there be a brief period for the transaction of routine morning business not to extend past the hour of 12:15, in which Senators may speak.

Mr. President, I ask unanimous consent that, at 12:15 p.m., the Senate stand in recess until 1 p.m. under the terms and conditions previously ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, as one who has participated in an effort to work out the budget problems, this Senator believes that we are going to keep the social security fund solvent. It seems to me that is the least we can do in the Senate and in the Congress. It is my hope that we can address this problem so that when the Social Security Advisory Committee makes its recommendations in December, we can move very quickly to make certain we keep the fund solvent. That is a matter of Finance Committee jurisdiction, as is the third year of the tax cut that has been discussed here this morning.

Mr. President, there are certainly enough revenue-raising opportunities—up to about $107 billion now, or $101 billion, depending on how you look at user fees, which would be more than adequate if, in fact, there was some indication in the Senate Finance Committee that the third year should be deferred. That will be a matter of legislation—not a matter that we can determine in the budget resolution.

I want to commend the distinguished chairman of the Senate Budget Committee. This is a different year. It is a more difficult year. There have been many false starts in the budget process. In fact, some of us spent 5 weeks trying to work out a compromise. This Senator still hopes that can be done, but it seems to me we are at a rather late stage now to start discussions about a bipartisan compromise. Maybe it would be better yet to hear the Members on the other side spell out their budget proposal, and perhaps then we could see whether or not there would be some basis for getting together.

Finally, the Senator from Kansas would like to point out one matter that I failed to mention yesterday when we were meeting to put together this budget compromise. I am referring to the food stamp issue. I believe the numbers in the Senate Budget Committee resolution for fiscal years 1984 and 1985 are too high. The Senator from Kansas introduced what I believe to be realistic and sensible food stamp legislation at the beginning of this month. Notwithstanding the fact that the savings targets of S. 2493 are not accurately reflected in the modified budget resolution, it would be the intent of this Senator not to exceed in the Senate Agriculture Committee the declared budget limits in the bill introduced by this Senator, the Presiding Officer, Senator COCHRAN, Senator ANDREWS, Senator JEPSEN, and Senator BOSCHWITZ, on the Agriculture Committee. (We were also joined by Senators DANFORTH and COHEN.) I regret that we were not able to make a change in the Agriculture Committee numbers, so it would be reflected in this compromise, because, as far as this Senator is concerned, the budget numbers are not realistic—they are too high for fiscal years 1984 and 1985. We cut about $2.3 billion from the food stamp program last year. Now I am amazed at all the fat programs that cannot be touched, while everybody keeps saying, "Well, take it out of the food stamp program. Take it from low-income Americans."

That will not happen if this Senator can prevent it. Although I am not going to be in a position to support any amendments that might do this on the floor, it is my hope that we can work out some arrangement with the distinguished chairman of the Budget Committee. We believe the numbers are flexible enough between the House Budget Committee resolution and our Budget Committee resolution so that we should have just about the latitude we need to make moderate changes in the food stamp program—but not the drastic changes recommended by the Budget Committee for fiscal year 1984 and 1985, or by the administration, or by the chairman of the Senate Agriculture Committee.

Mr. GRASSLEY. Mr. President, the debate over social security is beginning to remind me of the story, "The Emperor's New Clothes." In that story, a clever tailor convinces the emperor of a mythical country that he has made him a magnificent new suit of clothes when, in fact, he has made nothing. So the emperor stands around looking proud of his new finery when he is actually naked. The courtiers and subjects of the emperor, fearful of being punished or considered unsophisticated if they should speak the truth, go along with the deception and offer extravagent compliments to the emperor. This makes the emperor so proud of his finery that he decides to hold a parade to show it off. The subjects all turn out to praise the emperor, and all is proceeding according to plan until a small child, too young to fear the consequences of the truth, speaks up, "But he's naked!" The deception is exposed and the child is a hero, for in this mythical kingdom the truth only needs to be spoken to win out.

The Senate is a different sort of mythical kingdom. There are just certain things we do not speak of, and I guess one of them is the exact gravity of the social security crisis.

Mr. President, virtually everyone who has studied social security's financial condition agrees that we are faced with a serious short-term financial problem. If we do not make some changes we are in real danger of not being able to pay benefits on time sometime in 1984. That is the immediate problem. That is the problem that both CBO and the Social Security Board of Trustees agree on. To quote a CBO memorandum dated January 25, 1982, "During fiscal year 1984, balances will fall below the 12-percent level and even full interfund borrowing will not insure the timely payment of all benefits."

Mr. President, something needs to be done to at least keep enough money on hand to pay benefits on time. That is all we were trying to accomplish in the Budget Committee, to look honestly at the least the Senate would have to do to achieve solvency, and include our assumptions in the budget. As long as the budget includes the social security trust funds it is the legitimate role of the Budget Committee to include trust fund assumptions in the budget.

There is no shortage of ways we can come up with to do whatever is necessary to maintain a prudent reserve in the Old Age and Survivors Trust Fund without reducing anyone's benefit by even a single dollar. The Senator from Colorado, Mr. ARMSTRONG, has shown us 39 ways. The Senator from Minnesota, Mr. BOSCHWITZ, has shown us 19 ways. My own preference would be to alter the system radically by separating the welfare aspects of the system from the pension aspects. The point is that none of the actions we take need reduce the benefits of anyone who is currently dependent on social security. In fact, Mr. President, on October 15, 1981, the Senate adopted an amendment where we went on record as saying that any future changes in social security will not affect benefits for current recipients.

In spite of all that, we still had people saying that the Budget Committee had voted to cut benefits by $1,000 per recipient. Mr. President, I know there is wide disagreement on what exactly to do about social security. I don't expect that there ever will be agreement, but I wonder why we cannot even have a frank rational discussion.

Mr. President, the latest budget compromise does not include any assumption as to the amount of the social security solvency fund. The $40 billion has been expunged. The compromise does maintain our commitment to do whatever is necessary to pay benefits on time and I intend to support it because I believe in the solvency of the trust fund.

Mr. DOMENICI. Mr. President, the committee modification now before the Senate responds directly to concerns expressed repeatedly in this Chamber in recent days regarding the committee's recommendations on social security. I will say once again that the committee's recommendation was a responsible attempt to address the urgent solvency problems in the social security system, in the overall context of a budget resolution.

The committee's recommendation did not cut social security; indeed it attempted to guarantee that social security benefits would continue to be received. The committee's original recommendation did not balance the budget on the backs of social security recipients but simply included in the total deficit calculations the effect of the actions Congress must take to save the social security system. I guarantee you that 1 year from today, Congress will have acted to achieve the social security solvency actions shown in the original committee recommendation—or very close to those amounts. Congress may reduce benefit growth, it may raise payroll taxes, it may do some of both. But it will act.

It is normal budget procedure, to take account of likely future congressional actions. It is now clear, however, that if we retained the committee's recommendation in its original form, we would endanger the passage of the whole budget resolution. The country needs a budget and this budget is a responsible one, even after dropping the social security solvency actions out of the totals.

Mr. President, the committee's modification does remove from the resolution any specific estimate of the actions that will be needed to achieve solvency for social security. The committee modification removes these numbers both from the estimates of the deficits in future years and from the reconciliation instruction to the Finance Committee. As a result, the deficits in the committee's modification rise by the amounts of the original social security savings—$6 billion, $17 billion, and $17 billion in fiscal year 1983, 1984, and 1985, respectively.

However, let me be very clear, the committee's modification does not "throw in the towel" on social security. We have retained the section of the original resolution that requires the Finance Committee to report legislation, under the reconciliation process, to achieve solvency. The amounts will be those determined necessary to assure that the elderly of America will continue to receive their social security benefits and that these benefits will not be reduced from current levels. The committee's modification continues to call for the National Commission on Social Security Reform to make its report by November 11, 1982, and requires that the Senate Finance Committee report solvency legislation by December 1, 1982.

Mr. President, the deficits in the committee modification are overstated. The committee modification requires legislative action on social security solvency, under the strongest enforcement provision in the budget process—reconciliation—but it does not take the budgetary effect of these actions into account. The committee modification does, however, include sense of the Senate language that requires the budget totals be adjusted to reflect Congress action on social security as soon as that action is complete.

In addition, the committee modification provides room for more spending for a number of programs than would have been available under the original version. These changes reflect concerns of several Senators that some of the spending levels in the original committee recommendation were too low. These changes raise outlays by $4.4 billion in fiscal year 1983, $7.2 billion in fiscal year 1984, and $10.7 billion in fiscal year 1985. Each Senator has before him copies of the committee modification and a summary of the changes. Let me discuss briefly the specifics of some of the changes.

The committee modification removes from the First Concurrent Resolution for Fiscal Year 1983 the estimates of savings required to achieve social security solvency for fiscal year 1983 through fiscal year 1985. The effect of this change is to raise the recommended level of budget deficits by $6 billion, $17 billion, and $17 billion in fiscal years 1983, 1984, and 1985, respectively.

Although the committee modification removes the specific estimates of the savings required to make the social security trust fund solvent from the budget recommendation and from the estimates of the budget deficits, the modification still contains a reconciliation instruction to the Finance Committee to report legislation by December 1, 1982, to achieve such savings as may be necessary to assure the solvency of the social security system.

In addition, the committee modification increases the spending levels for several programs and results in an increase in aggregate outlays of $4.4 billion, $7.2 billion, and $10.7 billion in fiscal years 1983, 1984, and 1985, respectively. The specific programs and functions affected by these changes are listed below.

The committee modification also increases the proposed levels of revenues and the amounts by which revenues should be raised by $1.2 billion, $2 billion, $3 billion, in fiscal years 1983, 1984, and 1985, respectively. This change is intended to offset increases of these amounts in medicare outlays over the committee's original recommendation.

I ask unanimous consent that two tables summarizing the changes made in the modification of the resolution and the new functional allocations and aggregate totals be inserted in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1983—SUMMARY OF PROPOSED CHANGES

[Dollars in billions]

	Fiscal year—			
	1982	1983	1984	1985
Deficit as reported by Senate Budget Committee on May 10	117.7	106.1	69.0	39.5
Removal of social security solvency estimates pending action later this year		+6.0	+17.0	+17.0
Additional increase in revenues		-1.2	-2.0	-3.0
Reduction in medicare savings		+1.2	+2.0	+3.0
Medicaid offset related to change in medicare savings		-0.1	-0.2	-0.3
Elimination of guaranteed student loan savings		+0.1	+0.7	+1.2
Add-back for 12 programs in which fiscal year 1981 deferrals lowered BA level in fiscal year 1982		+0.8	+1.2	+1.4
Additional funds for:				
Space and science programs (to President's proposed budget request)		+0.5	+0.8	+0.4
Housing programs		+0.9	+1.0	+1.0
Veterans health and service-connected disability compensation		+0.4	+0.5	+0.8
Postal service		+0.2	+0.2	+0.2
Additional interest costs due to higher deficits		+0.4	+1.0	+3.0
Total changes		+9.2	+22.2	+24.7
Deficit in this proposal	117.7	115.3	91.2	64.2

MODIFIED MARK

[Dollars in billions]

Function	Fiscal year—							
	1982		1983		1984		1985	
	BA	O	BA	O	BA	O	BA	O
050: National defense	216.9	190.3	251.7	215.3	278.3	243.0	316.5	277.7
150: International affairs	16.8	11.4	16.2	12.1	16.7	12.3	21.0	12.2
250: General science, space and technology	7.0	7.1	7.8	7.6	7.7	7.8	7.3	7.4
270: Energy	4.8	6.4	5.3	5.0	4.6	3.9	4.5	3.7
300: Natural resources and environment	10.3	12.8	9.9	11.4	9.3	10.3	8.9	9.3
350: Agriculture	9.9	13.8	6.6	10.1	8.3	8.2	6.7	7.3
370: Commerce and housing credit	11.6	3.8	7.1	3.9	7.6	3.6	7.4	3.3
400: Transportation	20.8	21.3	21.6	19.9	21.8	19.7	22.1	19.7
450: Community and regional development	6.7	8.5	6.9	7.7	6.9	7.5	7.0	7.4
500: Education, training, employment, and social services	25.4	28.1	26.5	27.0	26.7	26.9	26.4	26.5
550: Health	78.5	73.7	79.5	77.6	92.2	85.7	103.6	97.2
600: Income security	255.8	251.5	281.8	272.6	300.9	288.3	333.0	309.8
700: Veterans benefits and services	24.8	23.8	23.9	23.1	24.9	24.1	25.3	25.2
750: Administration of justice	4.5	4.6	4.6	4.7	4.6	4.6	4.6	4.6
800: General government	5.2	5.0	5.0	4.8	4.7	4.6	4.7	4.4
850: General purpose fiscal assistance	6.4	6.3	6.6	6.5	6.7	6.7	6.9	6.8
900: Interest	102.0	102.0	115.5	115.5	120.8	120.8	114.6	114.6
920: Allowances	0.7	0.8	-2.0	-2.0	-0.8	-0.8	-0.8	-0.6
950: Undistributed offsetting receipts	-30.5	-30.5	-39.3	-39.3	-44.8	-44.8	-47.3	-47.3
Total spending	777.6	740.7	835.2	783.5	896.9	832.2	972.6	889.2
Revenues		623.0		668.2		741.0		825.0
Deficit		117.7		115.3		91.2		64.2
Public debt		1,144.2		1,292.0		1,419.8		1,532.8

RECONCILIATION

Mr. DOMENICI. Mr. President, in addition to the changes on social security solvency reconciliation requirements I have already discussed the following other changes have been made in the reconciliation provisions.

The instruction to the Senate Labor and Human Resources and the House Education and Labor Committees has been modified to include the assumption of greater funding for GSL's than the original resolution.

The instruction to the Senate Finance and House Ways and Means Committees has been modified to reflect the assumption of lower savings in medicare hospital insurance than the original resolution.

The instruction to the Senate Finance and House Ways and Means Committees has been additionally modified to reflect increased revenues to offset the additional medicare funding.

Finally, Mr. President, let me say again that there is nothing in the committee's modification to preclude any Senator from offering any amendment or modification that he or she so desires. The committee modification is original text for the purposes of amendment.

In conclusion, the committee modification retains the basic thrust of making major reductions in budget deficits in a substantial and permanent way. I recommend its adoption.

Mr. HATCH. Mr. President, the first concurrent resolution on the budget which is now pending before the full Senate is a document which attempts to strike a compromise, as all budgets do, between a large number of national priorities, none of which has been overlooked by the chairman, the committee, and others of my colleagues who have an interest in establishing the correct role for the Federal Government as a provider of services, protector of the vulnerable, and regulator of the economic environment of the Nation. The resolution does not contain all of the resources that I would personally propose for many of these facts of the Government's work, nor does it restrain the wasteful spending that I would restrain in other programs. Last, it does more to raise the tax burden of the Nation than I think is appropriate for a healthy economy. Nonetheless, it is a resolution which I can support as a continuation of the sound economic initiatives that we launched last year.

The pivotal issue faced by the Budget Committee this year was the rapidly accumulating deficits projected for fiscal year 1983 and the years following. Such deficits would represent an unprecedented drain on the Nation's capital markets and it was the expectation of these deficits that contributed to the unusually high level of interest rates that still persists in our credit markets. The committee has attempted to fashion a compromise that will limit the increase in taxes which I feel will inevitably result as this Chamber attempts to fashion a budget with the House of Representatives. The overwhelming portion of the reduction in the deficit proposed by this resolution comes as a reduction in overall Government spending, which is the key to economic health, not only in the short run but for the distant future as well.

Let me emphasize that my concern on the issue of tax increases was that the key provision of the Economic Recovery Tax Act of 1981 which lowered marginal tax rates across the board during a 3-year period be protected from elimination in this resolution. Given the assumptions for revenue increases made in this resolution, I believe that the third year of the personal income tax reduction will not be jeopardized in an effort to raise revenues. The provisions of last year's tax act should be kept in perspective. There were no acutal personal income tax reductions in absolute terms. What last year's tax act accomplished was to eliminate the source of ever-increasing tax burden of the individual as inflation drove the taxpayer into higher marginal brackets. Even with the Economic Recovery Tax Act of 1981, personal income tax rates would fall short of compensating for the effects of inflation. For example, the average combined Federal and social security taxes and State income taxes paid by a family of four filing a joint return in Utah for an income of $15,000, the average tax rate in 1980 would be 17.4 percent. If we assume income increases to compensate for inflation, this family's average tax rate in 1984 will have risen to 19.3 percent, even with the 1981 tax law.

I think that as a solution to the deficit problem, raising taxes is the wrong approach. Higher taxes have quite regularly failed to balance the budget in past years, and there is no reason to believe that they would in the future. For example, between fiscal years 1977 and 1981, total taxes increased nearly $250 billion, yet total spending increased so rapidly that the Federal Government ran deficits of nearly $200 billion.

In attempting to adopt a correct approach to solving the deficit problem and, at the same time, encouraging growth in the economy, I think it is important to view last year's tax law changes in a more instructive light. Last year's law merely unmasked the precipitous increases in the Federal spending and made them identifiable for the world to see.

Mr. President, the issue facing this Congress is removing the burden of past Federal spending policy from the back of the economy. Contrary to the wisdom of those who look at tax revenues only, it is spending by the Federal Government which is the real measure of the tax on the economy. This burden should be measured by the volume and quality of Federal spending. Massive, wasteful spending is a burden to the economy regardless of whether the funds to pay for it are obtained by the Bureau of Public Debt borrowing in capital markets, or by the IRS collection of income taxes. Either way, resources that would otherwise be available for productive economic activity are removed to accommodate Government spending, whether this spending be useful or wasteful.

I ask my colleagues to consider the magnitude of this spending problem, especially with respect to open ended spending programs. For example, these open ended spending programs will have grown from $231 billion in fiscal year 1977 to a projected $592 billion in 1985, an increase of 157 percent in 8 years for an annual average compound growth rate of 12.5 percent and many of the open ended spending programs are indexed. In 1970 only 3 percent were indexed, but by 1981 over 30 percent of this spending increased automatically with the inflation level. It is no surprise, therefore, that the growth of open ended spending programs accounts for two-thirds of the year-to-year increases in Federal spending.

I fear that the automatic spending increases which are now running out of control in the Federal budget will lead to a greater spending burden that will eventually have to be paid for by the people of this country and my own constituents in Utah in the long run. Let me give you some idea what type of spending burden I am talking about. For the fiscal year 1983 alone, the automatic increases estimated for the Federal budget have grown without any action on the part of the Congress to slow them, and since October of 1982 to the present, the automatic increases have amounted to $65.3 billion. What this means for the people of Utah is that in just the last 6 months, the spending burden for just 1 year for every income tax filer in the State will have increased $588 on the average. This is money that will have to be paid in current or future taxes, with interest added, by my constituents. And this does not count corporate taxes. I think this is the real hidden burden which the Congress has to face, and which the President in his valiant struggle is trying to bring to the attention to the American people.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. The hour of 12 o'clock having arrived, there will now be a period for the transaction of routine morning business not to extend past 12:15 p.m. during which Senators may speak.

The Senator from Massachusetts.

Mr. TSONGAS. Thank you, Mr. President.

I begin by thanking the majority leader for his kindness.

ARMS CONTROL HONEYMOON

Mr. TSONGAS. Mr. President, the White House is enjoying an arms control honeymoon this week. It started on Sunday, May 9, when the President unveiled his nuclear arms control proposal at Eureka College, and indeed it continues.

There is a general feeling of relief and a genuine sense of hope that something can be done about nuclear war. It is, in fact, not the arms control proposal that I would prefer, but, everything considered, the President chose wisely and many acknowledge that. There are genuine voices of dissent and doubt, the Arms Control Association for one, but many experts and activists, both here and in Europe, welcome the Reagan initiative.

I concur. On paper, START is arguably a mainstream arms control document. As one expert confided to me, "If the President wants to negotiate a treaty, START is flexible enough to follow that option." It is negotiable, in other words. By selecting warheads and launchers instead of throw weight and megatonnage, the President should be able to negotiate an agreement without the embarrassment of fully abandoning his original proposal.

But does Ronald Reagan really want an agreement with the Soviet Union? The corrosive question persists over Presidential intent. Is START a political gesture, a fancy expedient with no followthrough, or is START a genuine arms control initiative with the full support and resolve of the President behind it? Or, put another way, is the President trying merely to deflate the nuclear freeze movement that has such broad based support around the country?

That question is posed so often it has almost become a cliche. But the answers do not come as easily as the question. On the one hand, the START proposal itself is cited as evidence of sincere intent because the President could have selected any one of several unnegotiable, unreasonable options offered by the more dogmatic of his advisers. Instead, he chose Secretary Haig's formula, according to press reports, and thereby demonstrated at least on the surface his arms control bona fides. Skeptics reply that the Eureka College speech was timed to precede Senate Foreign Relations Committee hearings on arms control, a NATO summit, and the President's trip to Europe. It was, therefore, a preemptive tactic aimed at antinuclear movements here and in Europe. Certainly the tone of the Eureka speech marked a real change in the President's oratorical approach to the issue. Some believe he has shifted his thinking toward dialog with the Soviets and an emphasis on arms control. But doubts persist in the minds of serious people. Some believe the President to be the ultimate arms controller because he has the built-in credibility to sell an agreement to the U.S. Senate. That may be true, but will Mr. Reagan take advantage of his unique position? Perhaps he is less taken with the Nixon-China analogy and more persuaded of the need to build up U.S. strategic forces. After all, he was elected on a strong defense platform and his administration has insisted again and again that we must negotiate from strength, achieve a nuclear "margin of safety" and convince the Soviets that we mean business. Those sentiments collide with the START proposal, which, if agreed to by the Soviets, would probably force the scrapping of the MX missile, the near abandonment of U.S. land-based missilery in favor of sea- and air-based forces, and the dismantling of some 2,500 deployed warheads. Is this Reagan START proposal to be believed, ask the skeptics?

President watchers pour over his every word looking for clues. Some have seized upon his uneasy technical grasp of the strategic nuclear issues. He said recently that sea-based ballistic missiles can be recalled after launch—they cannot. It is disturbing to think that the man who has his finger on the button would not know the difference. He thinks that destabilizing nuclear weapons are the ones launched by a push button—they are not. Mastery over technical matters, however, is not a Reagan hallmark on this or any other issue. He still may be committed to a real START, no matter how incomplete his understanding may be.

I would suggest that history has provided the President with a narrow "window of opportunity" to make START a reality. Leonid Brezhnev is in his final years, along with an elder generation of Soviet leaders largely committed to arms control. They are in power but not for long. No one knows who will succeed Brezhnev and what policies they will pursue. I think it is safe to say that whoever comes to rule from the Kremlin will do so after a bitter struggle and that consolidation and risk avoidance will characterize their leadership style. This would not auger well for arms control, at least not for formal negotiations with the United States.

As William Colby put it recently, "The problem is that we may look back on this last decade as the good old days of Leonid Brezhnev." I think that President Reagan should act while Brezhnev is still in control and seek a prompt, yet significant, arms control agreement with the Soviet Union. The vehicle is in place. Brezhnev has responded positively to the resumption of talks. The question is resolve, both from the President and from his advisors.

The President's men, we should note, are not of one mind on this issue. I have described the START proposal as the outcome of a vigorous competition between bureaucratic team A and team B. Secretary Haig, his Assistant Secretary, Richard Burt, and the Joint Chiefs of Staff, led team A and were the winners. Team B was captained by Secretary Weinberger, his assistant Secretary Richard Perle, and the Director of the Arms Control and Disarmament Agency, Eugene Rostow.

The battle was over the START counting rules. Team A argued for the SALT tradition of counting launchers and warheads, while team B advocated a throw weight approach which would emphasize the enormous advantage the Soviets have in that one category of strategic measurement. All of this has been well ventilated in the press—it is no secret. Nor is it the first time a major bureaucratic war has been fought on an important issue.

The remarkable feature of this particular tussle is that I do not think it is over. The President has made a decision, but those who must carry it out are those who fought it. Director Rostow and Assistant Secretary Perle will play major rules in the START negotiations. I fear that neither are seriously interested in a successful agreement with Moscow. Mr. Perle is on record with his anti-Soviet views, with such statements as: "Between contemporary Soviet history and Catherine the Great is a continuum, and I don't see any evidence that succession will mean an abrupt change." Mr. Rostow, with whom I studied many years ago, astounded me last week by stating the George Kennan, McGeorge Bundy, and Robert McNamara, are all "accommodationists to Soviet power." He also warned in his testimony against "the treaty trap," by which he meant that U.S. negotiators may offer reckless concessions in order to achieve an agreement. The President's START negotiator, Edward Rowny, seems to be obsessed with Russian "nature" and "character." He has warned that the Soviets do not believe in "compromise" and do not "think like us." He questions whether it is possible to negotiate seriously with the Soviets.

Those are not hopeful signals. Frankly, I am concerned that bureaucratic sabotage may undo START. Through a combination of lethargy, obstinacy, and diversionary tactics, START may never get off the ground.

What is plainly and clearly needed at this juncture is a Presidential demonstration of resolve. The START skeptics to the left and center of the President need reassurance that the proposal is genuine and that the negotiations will be in good faith. The START opponents within the administration need unequivocal instructions that the President supports START and wants a united team strongly behind the negotiations.

This calls for more than a memo. I can think of several Presidential actions which would convey the right message. For one, he could publicly embrace the SALT II Treaty and call for its ratification by the Senate. Given his long standing anti-SALT campaign, that might be too much to ask. But there are other SALT II options. Joe Kraft has suggested that the President take an amended version of SALT II to the Soviets, quickly negotiate the differences, and call the new document START I. Or, minimally, the President could announce publicly and unequivocally that the United States will adhere to the terms of SALT II so long as the Soviets do.

A second type of Presidential gesture could address the potential for START sabotage from within the administration. I would propose that the President appoint a new START negotiator to lead the U.S. negotiating team. Currently, Gen. Edward Rowny is the official START negotiator. Without maligning General Rowny's qualifications, I think replacing him with a negotiator more positively associated with U.S. arms control efforts would be an unambiguous symbol of the President's resolve to negotiate in good faith. General Rowny, as our negotiator, makes a mockery of any credible commitment to arms control. Mr. President, how serious are you? A new negotiator with a sound reputation in the arms control community would serve as a point of contact and credibility.

My parochial, political sense tells me that I am offering the President an idea which will help him and his party. His Presidency is imperiled by a growing grassroots movement demanding an end to the nuclear arms race. For me to point the way out of that dilemma is an affront to partisan politics. But I have long been convinced that nuclear war and nuclear weapons should transcend party politics. As Secretary Haig urged last week, "Now is the time to rally behind the President's proposals." I am ready to do that.

This is the ultimate issue. More and more Americans are understanding how profoundly critical our arms control policies are. I do not mind if Ronald Reagan makes political headway with my suggestions. If it helps diminish the risk of nuclear war, I will not complain.

Madam President, I ask unanimous consent to have printed in the RECORD two articles in connection with this matter.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, May 18, 1982]

A BRIDGE BETWEEN SALT AND START

(By Joseph Kraft)

Arms control is not Ronald Reagan's bag. At one National Security Council session on the subject, the president was observed carefully drawing a horse. At another he was heard asserting that, unlike missiles, ships could be sunk and planes shot down.

So Reagan will need help in moving from the slogans he enunciated at Eureka College to a full-dress accord with the Russians. Since so many in the administration are potential backsliders, the help will have to come from outside, and for that purpose the right instrument is some version of the SALT II treaty.

Dimness about arms control was demonstrated by the president repeatedly at his news conference on May 13. Though he introduced the topic in an opening statement, he seemed ill at ease in responding to questions. He strained not to make mistakes. Still, he erred in saying that missiles launched from submarines could be recalled. He erred again in asserting that "the parts" of the SALT II treaty that were currently being observed had "to do with the monitoring" of weapons.

He twice defined "destabilizing weapons" as those that "can be touched off by the touch of a button." In fact, almost all nuclear weapons are push-button jobs. The destabilizing ones are those—like Russia's S18 and this country's projected MX—that can wipe out so many on the other side that they provide an incentive to start a nuclear war.

That definition is central to the proposals that the president broached in his address at Eureka College on May 9. The headlines on the speech rightly centered on the proposal that the United States and Russia reduce by one-third the number of warheads—roughly 7,500 apiece—that each side can shoot from long-range, or strategic, missiles.

The one-third reduction slogan tops the call for a nuclear freeze. It thus gets the president past hearings on arms control due to open in the Senate next week; and past the summit meetings in Europe, set for the first 10 days of June; and past the United Nations disarmament conference in the middle of next month. The way is thus open to commence with the Russians at the end of June negotations on what the president calls START, for a Strategic Arms Reduction Treaty.

But the fine print of the president's offer declares that, of the 5,000 warheads left after one-third reductions, only half could be on land. That obliges the Russians to dismantle some of the 300 SS18 missiles with 10 warheads apiece that they have already deployed. In return, the United States would only forgo building the MX.

The Russians, given that unequal offer, are bound to make loud noises about two kinds of weapons the president did not include—bombers and cruise missiles. Moscow will also continue to use arms control talks—including those already in progress on intermediate-range missiles based in Europe—to split the allies from the United States. So what lies ahead is several years of extremely difficult negotiations.

In the interim, technology will change. The declining economy may further undermine support for defense in this country. Those in the president's entourage who favored calling on the Russians for even deeper cuts will regroup and press their claims anew. At that point, the president will need help from outsiders to stay the course, and some version of SALT II comes into focus.

The Strategic Arms Limitation Treaty, which was signed by President Carter but never ratified is currently being observed in almost all respects. Both the United States and Russia are following its prescriptions as to both the kind and number of weapons they are deploying.

To be sure, the administration insists, in the words of Secretary of State Alexander Haig, that "SALT is dead." But a few changes could bring it back to life for most Republicans. Former Secretary of State Henry Kissinger, in a notable speech in Holland last week, listed three—lengthening the term of the treaty from 1985 to 1987; providing for some token reductions in number of warheads; and giving the United States a right—which it almost certainly would not exercise to build a weapon like the SS18.

Changes of that sort could be tied up very quickly between Reagan and Leonid Brezhnev at the summit meeting that seems to be shaping up for the fall. They could be put to the Senate for approval as an executive agreement. Majority Leader Howard Baker, who was party to the Kissinger speech, would willingly lead the charge. If partisanship required it, the dirty name could be erased, and the new accord could be called START I. In any case, a bridge would be built that assured safe passage from SALT to START.

[From the Reader's Digest]

HOW NOT TO NEGOTIATE WITH THE RUSSIANS

(By Lt. Gen. Edward L. Rowny)

(From the beginning of the second round of Strategic Arms Limitation Talks (SALT) in 1973 until the completion of the SALT II treaty with the Soviet Union in 1979, Lt. Gen. Edward L. Rowny was the chief military negotiator for the United States. A scholarly combat veteran (World War II, Korea, Vietnam) and a student of arms control, Lt. General Rowny studies previous East-West negotiations closely. He found that, true to form, the Soviets came to SALT prepared to agree only when agreement meant an advantage for them. Reluctantly, he went before the U.S. Senate in 1979 and recommended rejection of the SALT II treaty as a one-sided document giving great strategic advantage to the Soviets. Lt. General Rowney now reflects on the pitfalls of talking with the Soviets.)

Is it possible to seriously negotiate with the Russians? Soviet overtures for new talks with the Reagan Administration make an answer to that question imperative. But the record of the past decade must give us pause.

While we negotiated arms limitation with the Soviets, they engaged in the most costly military buildup in world history and eventually surpassed us in numbers of strategic weapons. Simultaneously, they became increasingly aggressive in their foreign policy. As we talked and traded with Moscow, more than 100 million people fell under the domination of repressive Soviet-backed regimes—in Angola, Ethiopia, Vietnam, Laos, Cambodia, Afghanistan. Worse, the strategic balance was threatened rather than preserved.

Russian "diplomacy" is rough and assertive, reflecting Moscow's deep seated conviction that a Soviet-dominated communist world order is inevitable. Consider the frustrating techniques they employed in past SALT negotiations:

1. The Soviets do not believe in compromise. There is no Russian equivalent to the root word of the English "compromise." The Soviets have adopted our word, but not embraced our meaning. The search for a reasonable middle ground of agreement, the heart of the Western sense of negotiation, is foreign to them. Soviet negotiators seem to regard compromise as a sign of weakness.

They always come to the negotiation table with exact objectives in mind. They did not retreat from them. What were often greeted as Soviet "compromises" were in fact bits of window dressing. Or they would throw out extreme demands and then grudgingly withdraw them, creating the illusion of compromise. Their basic position was "What's mine is mine. What's yours is negotiable." When the Soviets felt their strategic interest was at stake, they did not budge. Examples.

The Soviets came to SALT with at least 328 "heavy" missiles—huge ICBMs far bigger than our Minutemen. Each is capable of hurling explosive power more than 1,000 times that of the Hiroshima A-bomb. We sought repeatedly to reduce the number of these missiles, for which we have no equivalent. The Soviets simply refused to discuss the matter. In the final treaty they kept all their heavy missiles.

Under development when the talks began was the Soviet Backfire, a dangerous new long-range bomber. The Russians parried every American effort to have Backfire brought under treaty limitations. Finally the Carter Administration caved in and accepted a meaningless "assurance" from Soviet Premier Leonid Brezhnev—written only in Russian and unsigned—that in essence said Backfire would not be employed as a strategic weapon against us.

"Throwweight"—the total amount of destructive power a nuclear warhead can carry to its target— is critical to the strategic balance. The larger Soviet missiles can direct more warheads to targets than ours. This should have been a prime item of treaty business, but the Soviets refuse to discuss throwweight. Anxious to "keep the talks moving," we gave in.

One of the chief ways to monitor weapons systems in any arms agreement is via the electronic data transmitted from missiles during test flights. The Russians encode this data; we do not. It was vital to monitoring any treaty that the Soviets stop encoding their data. The Soviets were offended that we brought up the issue. In an empty "concession," they agreed to stop encoding some data, reserving the right to decide for themselves what to hide from us!

2. The Soviets seek every possible advantage. The United States tends to enter negotiations in a spirit of good will and fair play. This is hardly the Soviet approach. The Russians are prepared to manipulate people, places, paperwork, language—any possible leverage point, in what Henry Kissinger has called their "undying quest for petty advantage." For instance, they alway seek to control the agenda. Only by meticulous pre-negotiation preparation and a firm grasp of our position can we hope to counter this Soviet tactic.

Unfortunately, we went to Geneva in 1973 with no clear idea of the agenda, and amazingly—because of last-minute disagreements in Washington—no firm overall approach to SALT. The Soviets had a carefully prepared team, and they knew what they wanted.

While we waited for instructions, the Soviets seized the initiative, thus appearing to be the ones who cared about ending the arms race. When we finally received our instructions, we were told to proceed with the vital business of nailing down definitions—what constitutes an ICBM, a heavy bomber, etc. But the Soviets refused to discuss this. They had decided it was time to move on to more "substantive" issues, namely how the old SALT I interim agreement could be made permanent.

From the outset, the Russian negotiators made it clear that nothing in the interim agreement (which heavily favored Moscow) could be challenged, most especially those sections that put the stamp of approval on clear Soviet advantages. We wanted to define and discuss true parity. They refused, arguing that the Soviet Union was entitled to larger strategic forces than the United States because Russia was, "encircled" by the capitalists!

In 1974, after the meeting of President Gerald Ford and Brezhnev at Valdivostok had gotten SALT back on track, we needed time to fashion a treaty encompassing their agreements. But the Soviets once again seized the advantage, urging us to hurry back to the negotiating table. At Geneva, our own version of the treaty still unfinished, we found the Soviets on the high ground, with a "completed" treaty version. The document was a diplomatic farce—15 pages of generalizations celebrating the need for arms control with few specific proposals.

It became clear that the Soviets were after a broad agreement, the loose wording of which would enable them to continue reaping the benefits of détente—Western technology and trade—without paying a real price in arms restraint. When we finally got our version to Geneva—a detailed 60-page draft that dealt with the meat and potatoes of arms reduction—the Soviets resisted the specific proposals and became intransigent.

The Russians used other tactics to jockey for an advantage. They seemed to cherish the idea of strength in numbers and tried to load conferences with extra people—"stenographers" or "interpreters" in need of "on-the-job training."

The Soviets would also hold huge formal dinners that always turned out to be working sessions. Russian interpreters and advisers, allowed to drink only mineral water, would sit in the background while we dined on smoked salmon, caviar, sirloin steaks and wine. After hours of vodka toasts and after-dinner drinks, the Russians would launch into serious discussions as if on cue. Soviet delegates would get knee to knee with their counterparts, always trying to extract information but never giving any. The slightest substantive remark by one of us might show up at the next regular session as a point of "agreement."

3. The Soviets are prepared to wait until we give them what they want. Confident that the "objective reality" of history is moving their way, the Soviets' chief credo seems to be: "Wait long enough and the impatient Americans will give us what we want."

I was disturbed by the way Soviet impassiveness and a calculating patience reaped benefits from our negotiators, who always seemed anxious to "get on with it." The Soviets believed that factions within our government or public opinion would force us to make progress for the sake of progress. And numerous times our Secretaries of State, Kissinger and later Vance, reinforced this belief by facing cameras and microphones to assure the public that a treaty was imminent.

Between March and September 1977 we made proposal after proposal for limiting heavy ICBM launchers, while the Soviets folded their arms and waited. First we proposed a cut to 150 (we had non heavy missiles). The Russians waited. anxious for results, we then suggested 190. They waited. We offered 250. They waited. Finally we "offered" 308, the figure we knew they wanted all along. The Russians "conceded."

At one point in 1977 the Carter Administration offered a bold treaty approach that significantly cut strategic arms. I thought this new "comprehensive proposal" had much merit. However, on my way to Moscow, I learned we were going to put two proposals before the Russians. One was the comprehensive proposal—the other was our fallback position! It was based on the old Vladivostok agreements but with two vital issues—cruise missiles and the Backfire bomber—set aside.

This contravened all I had learned about negotiating with the Soviets. Further, I learned later that Secretary of State Vance (following what was the routine U.S. negotiating procedure) had briefed the Soviet ambassador to the United States, Anatoly Dobrynin, in advance on the contents of the two proposals. Predictably, the Soviets waited for our fall-back proposal. The comprehensive offering, which held elements that might have led to some significant force reductions, was stillborn.

Rather than stand up to the Russians we accepted Soviet intransigence as a fact of life. We in effect negotiated for them, rejecting good positions ourselves. We became preoccupied with what would be acceptable to the Russians, rather than what served our national interest.

Too often we cherished the false notion that by giving up something unilaterally, we would cause the Soviets to give up something in return. Thus Carter, supposedly setting an example for Brezhnev, slowed development of our new MX missile, shut down the Minuteman III production line, delayed development of the Trident II submarine-launched ballistic missile and canceled the B-1 bomber—all while we were in negotiations. As we should have anticipated from past experience, there was no reciprocity on the part of Moscow.

Sen. John Tower (R., Texas), visiting our delegation in Geneva, joined me in conversation with Alexander Shchukin, the Soviet scientist who was one of their most perceptive negotiators, "We have given up the B-1 in the interest of restraining strategic arms," said Tower. "What are you willing to give up in return?"

"Senator, you misunderstand the Soviets," Shchukin said. "We are not pacifists, nor are we philanthropists."

We failed in the SALT negotiations because we continued to believe that the Russians would or could think like us. While we slipped from strategic superiority to parity to inferiority, the Soviets sought, not to establish a strategic balance, but to win a strategic game. And they have largely succeeded.

The prospect of a new dialogue with the Russians offers us the chance to profit from our past errors, to negotiate with a new realism to match the Russians' toughness and patience. But we must carefully prepare ourselves, have a sure policy in mind and pursue it to the finish. Above all, we must talk from a position of strength. It is absolutely vital that we rebuild our defenses, for unfortunately it is strength alone that the Soviets understand and grudgingly respect.

We must suffer no illusions that negotiating with good will can somehow change the Russian nature. What we can change is the Soviet perception of us. They must see that we are not in "inevitable" decline; that we are the leaders of the free world and that we have the purpose and strength to carry out that role.

We must send the clear signal that we are as strongly prepared to defend our interests as we are determined to reach a common ground of agreement. This is the best way to assure the possibility of genuine arms reduction.

ADDRESS BY GERALD W. McENTEE BEFORE THE NATIONAL PRESS CLUB

Mr. KENNEDY. Mr. President, at a time when we are making basic choices about the health and fairness of our national economy, it is important to hear from those who speak for the men and women most affected by our decisions. One of the most eloquent voices for economic sense and equity is that of the new president of the American Federation of State, County, and Municipal Employees—Gerald McEntee. Gerry is a close friend; he is also someone whose experience and wisdom command my respect, and whose views can make a real contribution to the debate in which we are engaged. I ask unanimous consent that his recent address to the National Press Club be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS BY GERALD W. MCENTEE, INTERNATIONAL PRESIDENT

Back in the Dark Ages of the 1960s, the radicals of those times took an ordinary word—mother—and gave it an extraordinary new dimension. Here in the enlightened 1980s, an older generation of radicals is transforming another ordinary word. This time the word is "government."

Our incumbent President, Ronald Reagan, doesn't much like government. In fact, he spends a considerable part of his energies denouncing the institution he was elected to administer. And I think that he has been more than a little successful in encouraging people to lose faith in that institution.

Unfortunately, it is the one, the single entity in this nation that was created and that exists to unite us.

As the press reminds me with some frequency, the labor movement, and particularly us big-shot labor bosses, are behind the times. Since this labor boss doesn't want to be out of character, let me advance a thought that seems to be fading from fashion.

Simply put, it is this: Our form of democratic government is good. It is not perfect, mind you, but in general it has worked to the substantial benefit of this nation's people for some 200 years, and most certainly for the past half century.

So let me make clear at the outset that I and the one-million-member union that I serve, AFSCME, support democratic government despite its flaws. We like the idea that we as Americans, despite our own flaws, have chosen to govern ourselves by rules that are based on the notions of justice and equality and fair play.

Today the nation is preoccupied with economic concerns. Fear that the Reagan Administration will induce a new depression is no longer confined to few nervous nellies on Wall Street; that fear now reaches across the land, and with good reason.

But I think we have something more than the economy to worry about. We have the Administration itself. I believe that the Reagan Administration is endangering not only our economy but the health and vitality of democratic self-governance.

I do not think that this is the result of any sinister conspiracy. The cause is much more prosaic than that. For all his sincerity and amiability, Ronald Reagan is a profoundly uninformed citizen. He has confused history with nostalgia; he has confused reality with the fantasies on which he built his career.

For example, he apparently does not understand that the central government has a specific constitutional responsibility to promote—actively promote—the general welfare. It is bound to protect citizens against events beyond their control.

Instead, using the considerable powers of his office, the President has ignored or abandoned that responsibility. Let me note only the Reagan Administration's initiatives that imperil the health, the safety, and the economic security of the great majority of this nation's citizens.

For example, he does not understand that the nation's one common institution—the central government, the Federal government—must attempt to deal with all citizens even-handedly, without regard to their zip code, their party affiliation, or their economic lot.

Instead, his policies are forcing lower- and middle-income citizens to assume an increasing proportion of the costs of self-governance and reducing their access to its benefits. At the same time, he is freeing the affluent from the burden of government and freeing them as well from accountability for their actions.

He believes that government should be run as a business, but business and government do not have the same bottom line. The business of business is to show a profit for the shareholders. The business of government is to pursue the common good for everyone. There is more at work here than a cost-benefit ratio.

For example, President Reagan has reopened the debate on federalism, and that is a good thing. But once again he has stepped off on the wrong foot. Profound constitutional questions are embedded in the issue of federalism, questions that we will have to address sooner or later, but the President has framed the debate as a simple matter of budgetary convenience.

I was taught that our form of governance depends at minimum on the ability of the people to inform their judgments so that they can reach a reasonable consensus.

Instead—and as you know better than most—the President has actively sought to restrict access to information, to control its presentation, and sometimes to distort it.

Instead of leadership that seeks to shape and guide consensus, he appears eager to impose on all of us policies that are espoused by economic and ideological minorities.

And through all of this there is precious little tolerance for dissent or an understanding of its role. Those who break step are cast into the outer political darkness, there to mingle with such dangerous groups as the Audubon Society.

Nostalgia can be a powerful marketing tool, but I think it is a hell of a way to run a government. What it has given us to date is a spectacle of inconsistency, confusion, and miscalculation.

The President's rigid faith in an economic version of Laetrile has propelled us toward economic chaos.

The President's brand of foreign policy, which appears to have its intellectual roots in World War II movie scripts, has both our allies and adversaries consulting fortune tellers. We now claim the ability to distinguish between good tyrants and bad tyrants. And if you displease us, watch out—we'll sic Frank Sinatra on you.

The President believes that throwing the federal purse at the Pentagon will solve our military problems—precisely the approach he denounces if the purse is aimed at domestic problems.

The litany could go on, but what strikes me beyond this strain of shallowness and contradiction is that every major initiative of the Reagan Administration also seems to depend on a generous element of fraud.

The centerpiece of his effort to quote "bring government close to the people" end quote is the so-called New Federalism. He says that there are no winners and no losers. Except that his proposal would have penalized every one of the 50 states—and substantially. Penalized them on top of the damage he has already inflicted by his budget and tax programs.

The centerpiece of his urban program, the enterprise zone, is predicated on economically depressed cities subsidizing businesses while the Federal government does nothing more than offer those same businesses additional tax breaks.

And of course there's that inviolate safety net. By now he has shrunk this to the size of a Band-aid. How? By redefining the really, truly, absolutely, positively deserving needy. This boils it down to three crippled World War I veterans who live in the slums of Nome.

Now comes his promotion of a constitutional amendment to require Congress to balance the budget each year. Our President pushes this at a time when his own budget is about $180 billion short. It's as if he were telling us, "All the things I have done are good. Now let's make sure nobody ever does this good again."

Since January 20, 1981, AFSCME has developed the habit of not taking the White House at its word. That spring we began to warn against the extravagant unfairness of Reagan's budget and tax cuts. David Stockman was kind enough to eventually confirm this.

That same spring, we warned that Reagan's tax giveaways to business set a booby trap for state revenues; this went unheeded until August, and by then it was too late.

Within two days after the President announced his New Federalism program this past January, we analyzed the White House figures and found that these, too, were fraudulent, and this was later confirmed by the Congressional Budget Office.

As soon as the President climbed aboard the Balanced Budget Amendment medicine wagon, AFSCME asked Data Resources, Inc., whose economic forecasts are highly credible, to reserve some computer time for AFSCME. We wanted to find out what would happen to the economy if the budget amendment version supported by the President were approved.

Among the assumptions that DRI pumped into its model of the national economy were that the President would get about half the non-defense budget cuts he wants in Fiscal 83 and that the amendment would take effect at the earliest possible time, Fiscal 1985.

DRI's computer had a hard time digesting this one. I am told that before the end of the run, Otto Eckstein personally had to replace the fuses several times. But here are a few of the outcomes, compared with DRI's standard forecasts:

If the Balanced Budget Amendment becomes the law of this land in Fiscal 1985, by Fiscal 1987 2,650,000 more people will be out of work—a 2¼-percent increase in the unemployment rate. Between Fiscal 1985 and 1987 our Gross National Product will be down by $519 billion.

The Federal budget in Fiscal 87 would be cut $163 billion. In fact, there would be an average budget decrease of 14 percent for each of the three years.

What would forced reductions of this magnitude mean?

You may recall the cries of anguish from state capitals when the President cut Federal grants in aid by $11 billion in fiscal 1982. Well, under the Balanced Budget Amendment, state and local governments would lose $49 billion in revenues in Fiscal 1987 alone.

In fact, all major Federal functions, including defense and Social Security, would have to be drastically reduced.

Even the total elimination of all grants programs—Medicaid, Social Services, the Highway Trust Fund, Aid to Families with Dependent Children, waste water treatment, revenue sharing, the whole works—even their total elimination would achieve less than half the cuts required.

Ah, —but there's that big trade off, reduced inflation. Well, in Fiscal 87 the inflation rate would drop—from 7.2 percent to 6.9 percent. So for all of this we gain a three-tenths of one-percent advantage—and pay for each tenth of a percent with one million jobs.

These are only the highlights of the DRI run. We have prepared a more detailed report, and this will be available to you as you leave. The point is that the amendment would hamstring—irresponsibly hamstring—the entire Federal government, put another bullet into the economy, and push millions of more Americans—and particularly the elderly—into the misery of poverty.

I have no doubt that those who most vigorously promote the Balanced Budget Amendment see it as a means of achieving savage cutbacks in the Social Security program, cutbacks they are unable to get through the regular legislative process.

And I have no less doubt that the defense cuts it would require would pose a real and present danger to this nations's security.

So much for this President's penchant for the quick fix.

As you may know, the vast majority of AFSCME's members provide state and local public services—in prisons, in homes for the retarded, in sewers, and in a variety of other unglamorous settings. For this, our members earn an average wage of $14,500 a year and all the public hostility they can carry away.

Our union is in an unusual position. We see every day what is going on in the great majority of our states, our big cities and our smaller communities. And what is going on is bad.

Another tax break to Occidental Oil or General Electric or the Chase Manhattan Bank is not going to patch a single pothole in Dubuque, rebuild a crumbling bridge in Cleveland or ensure clean drinking water for St. Louis. It won't take care of an old person who is trying to live out his or her remaining days at home, and it certainly won't take care of that legion of the old who no longer have a home. It won't keep a library open in Denver or repair the boiler in any town's public schools.

Most of our cities and states and communities are falling apart. Services are declining, public works are eroding, and the quality of life is going down, down, down—and nobody back here near the throne of power appears to understand what this means or give a damn.

President Reagan must have a rather baleful image of the people he was elected to lead. He appears to see them as driven by the same impulses that carried his close friends to wealth. But he's wrong again.

He is a leader who is out of touch—perhaps never was in touch—with the realities of this nation's people.

And I believe that too many of our incumbent politicians are similarly out of touch. They spend their waking hours chasing the latest opinion survey, counting their machine-generated mail, and jockeying for advantage in the next election. They check their principles at the door, rent their votes, and all of us are losers as a result.

I am a member of the Democratic National Committee and of its Labor Advisory Board. I want the Democratic Party to win big this November and I am working toward that goal.

But in the past five months I have also traveled the country from one end to the other visiting AFSCME's members and listening to what is on their minds. From what they say, and from the polls I've seen, and from the tales of other travelers, I have heard nothing or seen nothing to indicate that the people of this nation have exhausted their capacity for compassion, their desire for fair play, or their hopes for their own futures and those of their children.

They don't like what the Republican party seems to stand for, but they are not very enthusiastic about their old friend, the Democratic party, either. To paraphrase the saying, they are willing to deal with their enemies—it's their friends who worry them.

What they want is some positive leadership, and I believe they share this feeling with the majority of the electorate.

As president of AFSCME, I cannot deliver the vote of a single member. That's not my job. My job is to represent our members and help them get a fair shake.

But I can tell our members who I think will give them positive leadership, and I have two things to support by recommendations: voting records and campaign promises. It's the latter that concerns me.

Thus my recommendation to AFSCME's members has been this: Our overriding political priority as members of the union, as workers, and as citizens must be to elect candidates who are accountable—who have established their accountability or who can convince our people that their promises are more durable than a campaign hat.

That party hat is less important than leadership. The Yahoos of this land are in full cry, and all we have to stand against them is principled leadership. And it is my hope that the members of AFSCME will have a hand in returning that kind of leadership to power.

Thank you.

THE EFFECT OF BUDGET CUTTING ON MAIN STREET

Mr. MATHIAS. Mr. President, in this budget debate, as we seek ways to curb Federal spending and reduce the projected Federal deficits, I want to take a moment to ask each of my colleagues to translate the abstract reductions in spending that are being proposed into concrete terms, into the real effect they will have on many Americans.

There is no doubt that huge projected deficits and high interest rates have eroded our economy and our morale. There is no doubt that a balanced budget must be our ultimate objective. But we must not balance the budget on the backs of those who can least afford it—the elderly and disabled. In a very real sense, we are their caretakers. We are dutybound to weigh carefully how our efforts to bring our economy under control will affect them.

Spending reductions and revenue increases obviously must be achieved. But, as we proceed, let us not lose sight of the fact that we are speaking of real cuts and real people, and real suffering. Sometimes, listening to the debate, you get the feeling that the only cause and effect at work in budget cutting is the wondrous effect a balanced budget would have on Wall Street.

But what about Main Street? Is it any wonder that our retired citizens are worried? Is it any wonder that their confidence and sense of security is shaken? Should we be proud of the fears and concern our debate has inspired among them?

Mr. President, to help us keep this debate in human perspective, I ask to have printed in the RECORD, a letter from a constituent and fellow citizen of Frederick, Victor Barnes. His clear thoughts on the state of Federal health coverage hold a message for each of us. His situation is not good, and his comments speak as much to our times as to our action here. His letter deserves our thoughtful and compassionate attention. He speaks for thousands and thousands who listen to our discussion silently and apprehensively.

The letter follows:

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

A GENERAL COMMENT ON THE UNITED STATES

FREDERICK, MD.
May 10, 1982.

DEAR SENATOR MATHIAS: May 8, 1982, passed without a mention of the end of World War II in Europe, where I was on May 8, 1945; at Rennes, France. Now, at the age of 70 years, the nation that praised our "boys " in arms, could care less about these citizens. I spent 22 years in federal service till a tumor in the rear of my right eye convinced the IRS that my useful service should be terminated there and so it was promptly. December 2, 1958.

My medical bills have been high since, considering my income. And now it seems like since the Economic Recovery Act of 1981 has been passed wherein large corporations can legally just about eliminate their taxes, I still pay on my $500 per month pension, in addition to paying for medical coverage of $324.00 per year. . . .

However, I honestly feel that the OPM and the new insurance contracts have a feeling that they can clip the insured five here and ten there, and even disallow large bills without a reason. The procedure is so cumbersome before one can get into the Federal Courts, that they hope people in my age bracket will forget, wear out, or die before the insurance company has to pay the just bills.

The vicissitudes of life handed me a blow in 1980, so that in otherwise good shape, I had to have open heart surgery consisting of three by passes, and a mitral valve of metal. Since this great medical advance I take 12 pills a day, and am more or less an 80 percent invalid. The insurance company takes an attitude that I should be recovered. But hundreds who go thru this are not helped too much when heart valves are involved.

These things plus the constant cuts of this administration on retired federal workers, and the looming possibility that we will be be reduced to serfs, is ebbing my patriotic feelings for the United States of America. We need leadership, true, but not down hill.

While millions are suffering, on the radio each day, on TV, stand these well dressed men with glass towers, which they have built with TAX EXEMPT INCOME, and they could care less about the bread lines, the overcrowded hospitals (Frederick is one such) urging the listeners to stand up for God and Country.

One Republican said, "God must love the common man he made so many of them". A. Lincoln.

How times have changed. Good wishes to you, and good health. And thank you for listening.

Sincerely,

VICTOR A. BARNES.

100TH ANNIVERSARY YEAR OF UNITED STATES-KOREAN DIPLOMATIC RELATIONS

Mr. **THURMOND**. Mr. President, in commemoration of the 100th anniversary year of United States-Korean diplomatic relations, I was pleased to represent the leadership of the U.S. Senate at a luncheon earlier today in the Capitol.

This luncheon was hosted by Senator PERCY in his role as chairman of the Committee on Foreign Relations and honored a distinguished group of Korean public officials, including His Excellency, Byong Hion Lew, the Ambassador of Korea, and the Honorable Tong Jin Park, chairman of the Committee on Foreign Affairs of the Republic of Korea National Assembly.

Mr. President, I am pleased to take this opportunity to salute the distinguished delegation representing our ally, South Korea, on this auspicious occasion. I would also like to express the hope that our two nations will enjoy peace, prosperity, freedom, and continued close, cooperative ties in the next 100 years of United States-Korean diplomatic relations.

Mr. President, I ask unanimous consent that a resolution adopted by the Korean National Assembly in commemoration of the centennial of diplomatic relations between Korea and the United States be printed in the RECORD, along with a list of the persons attending today's luncheon.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE KOREAN NATIONAL ASSEMBLY

Bearing in mind that the political and military actions taken by the people and the government of the United States of America to resist the continuing armed threats from North Korea and to bring about peace and stability on the Korean peninsula have been widely acclaimed by all peaceloving people of Korea and of the world;

1. Expresses our profound appreciation for the positive support and cooperation extended by the people and the government of the United States of America in the restoration of the sovereign independence of the Korean people and the subsequent establishment of the Government of the Republic of Korea;

2. Pays the highest tribute to the members of the Armed Forces of the United States of America who gave their lives in the defense of freedom and peace by resolutely resisting Communist aggressors during the 1950-53 Korean War, and extends to their bereaved families our sincere condolences and prayers;

3. Desires the continuous support and cooperation of the people and the government of the United States of America in our efforts to bring about peace, stability, freedom, progress and the early realization of peaceful unification of the Korean peninsula;

4. Pledges to work for further enhancement of friendly and cooperative relations between the peoples and governments of the Republic of Korea and the United States of America in political, economic, cultural, security and all other fields on the basis of reciprocity and equal partnership;

5. Decides on the occasion marking the centennial of diplomatic relations between Korea and the United States of America to present the Plaque of Friendship to the Congress of the United States of America in the name of the Korean people, extrolling the bonds of friendship that unites the peoples of our two countries.

(Adopted at the 7th Plenary Meeting, the 110th Extraordinary Session, the National Assembly, March 13, 1982.)

JUNG NAE-HIUK,
Speaker.

[Luncheon Meeting, 12 noon, S-116 The Capitol]

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., May 19, 1982.

Host:

Senator Charles H. Percy (R. Illinois), Chairman, Commitee on Foreign Relations.

Guests of Honor:

His Excellency Byong Hion Lew, The Ambassador of Korea.

The Honorable Tong Jin Park, Chairman of Committee on Foreign Affairs, National Assembly, Republic of Korea.

The Honorable Jim Soo Shin, Member of Committee on Foreign Affairs, National Assembly, Republic of Korea.

The Honorable Young Il Lee, Member of Committee on Foreign Affairs, National Assembly, Republic of Korea.

The Honorable Joo Bong Kim, Staff Director of Committee on Foreign Affairs, National Assembly, Republic of Korea.

The Honorable Chang Hee Roe, Minister, Embassy of Korea.

The Honorable Byung Suk Min, Counselor, Embassy of Korea.

Leadership, U.S. Senate:

Senator Strom Thurmond, President Pro Tempore.

Members, Committee on Foreign Relations:

Senator S. I. Hayakawa (R. California), Chairman, Subcommittee on East Asian and Pacific Affairs.

Senator Richard G. Lugar (R. Indiana).

Senator Larry Pressler (R. South Dakota).

Senator John Glenn (D. Ohio), Ranking Minority Member, Subcommittee on East Asian and Pacific Affairs.

Senator Paul E. Tsongas (D. Massachusetts).

Committee on Armed Services:

Senator Sam Nunn (D. Georgia).

Staff, Committee on Foreign Relations:

Mr. Edward G. Sanders, Staff Director.

Ms. Mary Locke, Professional Staff Member.

Mr. Carl Ford, Professional Staff Member.

RECESS UNTIL 1 P.M.

The **PRESIDING OFFICER**. Under the previous order, the Senate will stand in recess until 1 p.m.

At 12:15 p.m., the Senate recessed until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. WARNER).

FIRST CONCURRENT BUDGET RESOLUTION

The Senate continued with the consideration of the concurrent resolution (S. Con. Res. 92).

Mr. **BAKER**. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged.

The **PRESIDING OFFICER**. Is there objection? Without objection, it is so ordered.

Mr. **BAKER**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **DOMENICI**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection,it is so ordered.

Mr. **HOLLINGS**. Mr. President, I yield to the distinguished Senator from Massachusetts.

The **PRESIDING OFFICER**. The Senator from Massachusetts.

HEALTH CARE

Mr. **KENNEDY**. Mr. President, in just a few moments, the Senator from New York (Mr. MOYNIHAN) will send to the desk an amendment which will basically undo the unwarranted recommendations of the proposal now before the Senate on medicare and medicaid. He will offer that amendment in behalf of himself, Senator MELCHER, and myself and other Members of the Senate. I am extremely hopeful that this amendment will be accepted. What I should like to do now, Mr. President, is outline briefly what this amendment will do, then make some general comments.

About 10 years ago, Mr. President, I stood on the floor of the U.S. Senate as a principal sponsor of a national health insurance proposal. At that time, I pointed out to this body that, over a period of time, we would see a dramatic escalation in health care costs. And we have. We have gone from devoting about 7.4 percent of GNP health care costs to, nearly 10 percent of our GNP today. Mr. President, that trend is projected to continue over the next 10 years. It will not be long before the American people will simply be unable to afford the kind of health care system we now have.

Over the last decade, I have tried to make suggestions concerning how to address that increase in health care costs. We ought to be debating here, in the U.S. Senate, how we are going to deal in a comprehensive way with these dramatic increases that affect millions of people all over this country. That is the central problem, which I think we have a fundamental responsibility to address.

Mr. President, the proposal we have before the Senate this afternoon purports to address this problem by tackling one segment of our health care system, medicare and medicaid. The proposal penalizes the senior citizens of this Nation, more than 90 percent of medicare enrollees are senior citizens. The proposal that is before us, says in effect is that we are going to put limits on medicare by increasing the percentage that elderly people are going to have to pay for their health care costs under medicare and under medicaid.

We are putting a squeeze on the already limited resources available to the elderly by asking them to pay a good deal more for services now covered by medicare and medicaid.

We are not, in this budget resolution, asking the doctors to reduce the fees they charge the elderly. We are not asking the hospitals to reduce their costs in any significant way. What we are doing, Mr. President, I think, in this Republican recommendation, is saying that the sicker you are, if you are an elderly citizen, the more you are going to have to pay.

At a time of illness when a senior citizen is the most vulnerable; at a time when a senior citizen is in the greatest fear; at a time when a senior citizen has the greatest anxiety; we are saying, "You are going to have to pay more."

The fact of the matter is, Mr. President, that on average, the health care costs of the senior citizens of this Nation are 2½ times the costs of the population as a whole. That should be easily understandable by every man and woman in this country and every Member of the Senate. They have greater health care needs, so the cost of their health care is much higher. But we are not asking the rest of the population, effectively, to pay any more. We are not asking everyone to sacrifice. We are asking the elderly who are sick to pay more.

The elderly are the ones who have the greatest percentage of heart attacks. They are the ones who have the greatest number of strokes. They are the individuals who, for the most part, have the greatest incidence of cancer. They are the ones who have the greatest health care needs and they spend the longest time in the hospital.

The average stay in the hospital for a person who has a heart attack is about 10 days; a stroke, 1 to 3 weeks; other diseases, a good deal longer period of time.

This proposal, says to our elderly: If you are hospitalized for 10 days for a heart attack, you are going to be spending at least $13 a day more; if you are in there for 3 weeks, 21 days, you will pay about $250 more over and above the $260 you must pay when you first enter the hospital.

Senior citizens, how spend nearly 20 percent of their income on health care needs, far more than the rest of the population.

So already they are spending more out of their limited income than the rest of the population.

And now the Senate wants them to spend even more.

That, Mr. President, is unfair and inequitable. It is not, with all due respect to those who are recommending it, the kind of compassion and decency which this country ought to stand for.

Now, Mr. President, I was a Member of the U.S. Senate when we passed medicare. At that time there were Members who thought, if we start off trying to deal with the health care needs of our country, let us start off with the elderly people. So we passed a medicare proposal that was supposed to deal with the health care needs of the elderly.

Now we find that the average senior citizens are spending more than $1,400 a year out of their pocket—about three times what they spent when medicare was enacted.

And today, this proposal is asking them to pay a good deal more.

Mr. President, how have the elderly been treated by the doctors in our society?

We know that under medicare, doctors may, but are not required to accept assignment. Doctors who do accept assignment agree to accept reimbursement under medicare as payment in full.

Fifty percent of the American doctors will not take the patients on assignment today—50 percent. And it is interesting, Mr. President, that in States which have the highest number of elderly people in our society, that percentage goes up even higher. In Florida for example where you have a large number of elderly the percentage of unassigned service in nearly 70 percent. That means they are not willing to take the elderly people to treat them unless they pay more out of their pockets.

We in the U.S. Senate ought to be saying to the medical profession, "Look, you ought to treat the senior citizens, and take the payment in full." We ought to have said it when we enacted medicare 17 years ago. Instead, the Senate of the United States, I daresay, out of the lobbying of the American Medical Association, refused to bite that bullet. Now we find hundreds and thousands of doctors bailing out of this particular system and leaving the senior citizens of this Nation in too many instances with inadequate health care or exorbitant out-of-pocket costs.

There are constructive steps that we could take in the Senate this afternoon that would reduce costs. We could require assignment and say whatever medicare reimburses for treating elderly people is payment in full. Then you would save the elderly billions of dollars and do something about the escalation of health care costs.

This body is not prepared, Mr. President, to do that. I daresay we probably will not be prepared to do it until skyrocketing health care costs reach so deeply into the pockets of middle- and upper-income people of this country that they demand that the Congress reform the system. Tragically, that day is still down the road.

I would hope that Members of this body accept this amendment that we are offering this afternoon. Up to a few hours ago the senior citizens of our country feared that they might lose $1,000 in income over the period of the next 3 years. As a result of the proposal to cut $40 billion from social security that was originally in this resolution. Fortunately, that proposal has now been abandoned, like the social security cuts proposed and abandoned last year when the concerns of senior citizens were finally heard. The Members of the Senate should understand, as the elderly do that this battle on the Medicare program is equally important. Unless the Senate of the United States accepts our amendment, the Senate will be telling the elderly and the sick that you are going to be penalized more and more the sicker you are and the longer that you stay in the hospital, in order to help bail out the flawed and failed economic policies of this administration.

Mr. President, if we approve the medicare cuts we are debating today we are not asking the hospitals to tighten their belts, nor are we asking the doctors to tighten their belts. Instead, if you are sick and you are under medicare and medicaid we are going to tighten your belt for you and for your family, at the time that you are most vulnerable and your family is most deeply concerned for the well-being and the welfare of a loved one.

Mr. President, a humane and compassionate and decent society would give greatest protection to the special needs of elderly people when they are most vulnerable and when they are the most ill and most sick. This proposal turns that concept right on its head.

If we are going to hold ourselves out as a compassionate nation and country that does believe in equity and decency, then we should accept this amendment.

I believe that every great civilization is tested by the kind of respect that it has had for its senior citizens. That has been true since the earliest civilizations, including many of the most primitive. I think this country understands and appreciates the wisdom and the values of the elderly and their contributions in defending our freedom and building this country to the great nation that it is today. I think we have a very important responsibility to those individuals not to abandon them in the twilight of their life, when they are living in some degree of peace and dignity, or make them pay an unfair and unreasonable burden.

That is the issue, Mr. President, and I think we all should be prepared to accept this amendment. It is necessary and it is important.

Members of this body are able to get the very best in health care. We have been able to look after the Members of the Senate very well. We have Walter Reed Hospital and Bethesda Naval Hospital. We have a health clinic right here in the U.S. Capitol. We have been able to look after ourselves very, very well.

How wonderful it is to see this body, which has looked out for itself very well, say that we are going to tighten the belts of individuals who are the most vulnerable in our society.

Many of us, from personal experience, have had our families affected by high health care costs. I spent 7 months in the hospital, and all my medical bills were paid for in full by insurance, when I broke my back in a plane crash. I have had a son in the hospital, affected by cancer, and we were able to get his bill paid for because we had good health insurance. My father suffered a stroke and was taken care of for 7 years, and that would have bankrupted any other family.

Why should people who depend on medicare, the elderly people of our country, have their belts tightened? This society should be directing its attention toward trying to meet their health care needs at a time when they are most vulnerable.

Mr. President, I hope this amendment will be accepted.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, is there a time agreement on this amendment?

The PRESIDING OFFICER. There is no amendment pending. The time is allocated on the resolution.

Mr. MOYNIHAN. I ask the Senator from Michigan how much time he desires?

Mr. RIEGLE. Five minutes.

Mr. MOYNIHAN. I am happy to yield 5 minutes to the Senator.

Mr. RIEGLE. I thank the Senator. I want to speak to the amendment that I believe will be offered shortly.

Mr. MOYNIHAN. It will be offered shortly.

Perhaps the Senator will allow me to make a statement.

Mr. RIEGLE. By all means.

Mr. MOYNIHAN. Simply to tell the distinguished Presiding Officer that there was a technical difficulty with the amendment as drafted. It is now with legislative counsel, and it will be at the desk in approximately 10 minutes.

I appreciate the patience the Presiding Officer is showing.

The PRESIDING OFFICER. The Chair thanks the Senator.

The Senator from Michigan is recognized for 5 minutes.

Mr. RIEGLE. Mr. President, it is essential that we restore these cuts in medicare, and we need to do so because, as has been pointed out, the people who are the targets of these cuts are those least able to provide for themselves. Many of them are very elderly people, in poor health, who need to rely on good health care, and they need to know that they can have their health care without having to be driven literally into personal bankruptcy.

I can say, from my conversations in traveling throughout the State of Michigan, that there are literally tens of thousands of elderly people who would be hurt if these sharp medicare cuts were to stand. That is why we offer the amendment to take out these cuts in medicare that have been proposed from the Republican side of the aisle.

Actually, the proposed cuts in medicare that are contained in the budget resolution are five times greater than the cuts that were proposed just 1 year ago, and I think it is clearly a part of the effort of the Reagan administration to systematically dismantle the protections of the social security system.

We have seen it in a variety of initiatives—the efforts to eliminate the minimum benefit under social security, the 40-percent proposed reduction in early retirement benefits, this year's $40 billion 3-year cut in the regular social security program, and now this major cut in medicare protections.

As a matter of fact, of the $17 billion of cuts in medicare over the 3 years, all but $2 billion would be achieved by increasing the out-of-pocket costs of those persons, those elderly persons, who are covered under medicare and whose health problems require medical attention.

I might also say that, in terms of where this money is going. The reason why the proposed cuts in social security were put forward and these major cuts in medicare coverage which are still in the budget proposal, is to free up the money for other areas of the budget that the administration supports, such as tobacco subsidies, the Clinch River breeder reactor, the $1.600 trillion in defense spending over the next 5 years, and money for 17,000 new nuclear warheads in this budget.

The reason why these vital human service programs are being raided and looted, as is proposed in the medicare area, is to take that money and spend it on other things.

It is not being taken out to reduce the deficit. It is not being taken out to try to deal with the fundamental economic problems of the country. It is actually a budget shift. It is to take the money out of medicare and spend it on the sacred cows still in the budget.

That is why there is tremendous hypocrisy in this budget, with a clear double standard, where the sacred cows have not been touched. They are still there: lavish funding, bloated funding, billions and billions of dollars being wasted. To cover that waste, what we see here is literally an attack on the people who are the oldest and in the poorest health in our society, who are being told they are the ones who will have to make the sacrifices to come up with the money to fund these increases in the defense budget and the other sacred cows in the package that has been presented here.

It is wrong, heartless, mean, and short-sighted, in terms of the long-term good of our people and our country. What it constitutes, in the end, is a selfish budget to protect special interests, but it is very much at the expense of the broad public interest.

So the elderly of this country, the senior citizens, have a right to be upset, have a right to be angry, have a right to feel as if they have been betrayed, because they are being betrayed with these kinds of cuts.

I hope the amendment we are offering today will be adopted, because it is essential. It is a vital expenditure. It meets a pressing and a critical public need.

Mr. MOYNIHAN. Mr. President, I thank the Senator from Michigan for his eloquent and compelling remarks.

I see that the Senator from Montana is rising. He will be a cosponsor of the amendment. Would he like to speak at this point?

Mr. MELCHER. I should like to speak very briefly.

Mr. MOYNIHAN. I yield 5 minutes, or such time as he requires, to the Senator from Montana (Mr. MELCHER).

The PRESIDING OFFICER. The Senator from Montana (Mr. MELCHER) is recognized.

Mr. MELCHER. I thank my colleague from New York.

Mr. President, this country really is made up of individual citizens, one at a time. Each of us counts as much as the next.

We now have before us the opportunity to make sure that each of our elderly counts equally, one with another, and with all of us of all ages.

The threat of illness for the elderly, without the capability of paying for the care that is necessary, is a grievous threat that all the elderly I know of, in median income or lower status, feel. In the United States, we are committed to health care to meet the needs of all those who cannot meet those needs on their own resources. That is our philosophy. It is basic in this country. If those who are sick do not have the means to take care of themselves, we help them.

Whoever is injured and do not have the means of paying for their medical costs, and their hospital care, we help them. That is our philosophy. It is inbred into our culture and into our conscience as a country.

It is not an unusual type of feeling toward one another. In fact, it is the most natural of all feelings that we have, one individual toward another.

The threat of illness or the threat of injury for the elderly is the heaviest burden hanging over their heads.

We have had great strides in medicine and in hospital care here in the United States. We have developed technologies in drugs, technologies in treatments, and they have all come at a cost. We have developed engineering technology to treat illness and treat disease that is such a marvel that we could not imagine the strides made during the last three decades. In the early part of this century, we could not even imagine what those strides would be. But they come with a cost.

In order to meet those costs, the elderly, whether they have median income or below, have a great fear that a long, extended illness or a long, extended injury will drive them into bankruptcy; will force them to use all of their assets and to go on welfare. That is a terrible threat to place upon the elderly.

This budget can be reduced in other places, and indeed we must do that, but we should not make these cuts on medicare that will take it out of the hides of the elderly who are sick or injured. Our conscience as a country simply cannot allow us to do so.

I thank my colleague from New York, the manager of this amendment, for allotting me this time.

Mr. MOYNIHAN. Mr. President, I wish to express my appreciation to the Senator from Montana who has never failed to speak up and be present when this issue has been before this body and once again has done so with eloquence and incision, for which we are grateful.

Mr. MELCHER. I thank the Senator.

Mr. BAUCUS addressed the Chair.

Mr. MOYNIHAN. Mr. President, does my colleague, Senator BAUCUS, wish to address the Senate as a cosponsor of the amendment to be?

Mr. BAUCUS. The Senator from Montana will be delighted so to do.

Mr. MOYNIHAN. I ask the Senator from Montana if 5 minutes will be agreeable?

Mr. BAUCUS. It will suffice.

Mr. MOYNIHAN. Mr. President, I yield to the Senator from Montana 5 minutes.

Mr. BAUCUS. Mr. President, I thank the Senator from New York for yielding.

Mr. President, let us make clear what we are doing here. The proposal here is to cut medicare and medicaid. These are various proposals made by the Budget Committee. The Budget Committee's revised targets, as I recall, cuts about $5 billion in medicare and medicaid in fiscal year 1983.

There is no doubt that senior citizens are paying more in health care costs. Let us be clear here. The root of the problem is the steady rise in health care costs which affect all Americans. We are faced with rising hospital costs, rising physician fees, and rising health insurance costs. The problem is complicated. Its causes are complicated. Health care costs are rising in part because about 80 or 90 percent of all hospital costs are paid for by someone else, either by Uncle Sam or by a private insurer. Rising costs are in part caused by physicians, worried about medical malpractice, who insure themselves heavily. Costs are rising in part because medicare part A hospital costs are reimbursed on the basis of cost plus an additional charge.

My point is very simple. Medicare beneficiaries should not be required to shoulder, by themselves, the additional costs produced by an inefficient health care system. If we want to help Americans and if we want to distribute on an evenhanded basis the burden of cuts in this budget, let us not cut medicare benefits. Medicare beneficiaries are the people who truly need the health care service, and we should cut instead, frankly, the factors which contribute to the increase in health care costs. We should look at some kinds of hospital cost controls. We should look at HMO's. We should look at all the problems today that are boosting health care costs.

Hospital costs are increasing at a rate of 50 percent more than the annual rate of inflation. That has been the case for the last 7 or 8 years. It may sound incredible, but let me repeat it: hospital costs are increasing 50 percent more than the annual rate of inflation. Senior citizens under medicare part A have to pay for these costs.

The Budget Committee proposal assumes that we will index the part B deductible to the CPI.

Mr. President, if that deductible had been indexed to the CPI when medicare began, that deductible would be $150 instead of the $75 that is now required.

Yet, the Budget Committee wants us to index that deductible to the CPI. With recent rates of inflation we know what that is going to mean to senior citizens on fixed incomes.

The Budget Committee also wants to base the medicare part B premium on what is called "program experience." That, also, is going to push up those premiums.

I do not have enough time here to address this complicated subject in detail.

Let me just say as simply as I possibly can that we must work to balance the budget more quickly. We have to cut spending to do this, but we have to do it fairly.

The medicare cuts assumed by the Budget Committe in this resolution are not evenhanded. It is not fair to older Americans because it tells senior citizens that they are going to get reduced benefits to the tune of $5 billion plus in the first year, and an even greater amount in subsequent years.

Rather, we should help senior citizens and help America by balancing the budget in a fair and more evenhanded way. Let us act responsibly and get to the root of the problem, which is the rising costs of health care services, hospital costs, physician fees, and all of the services that hospitals and health care professionals provide.

Mr. President, Congress has not faced up to this problem. What we should do is have the Budget Committee issue instructions to the Finance Committee to find responsible ways to cut health care costs. That is what the root of the problem is; we should not focus only on cutting the benefits of America's elderly.

The Budget Committee's recommendation does not show what we should do. Its recommendations are not effective in cutting health care costs generally. Rather, its recommendations take it out of the hides of the senior citizens, and that is why I am very much in favor of the amendment offered by the Senator from New York. This amendment is trying to rectify an imbalance caused by the Budget Committee's proposal.

Mr. MOYNIHAN. Mr. President, I thank the Senator from Montana (Mr. BAUCUS) for bringing us to the central point of our concern on this side.

As the Senator has said, the cost of treating the elderly is doubling every 4 years. This is not a judgment the elderly are making. This is not some kind of depredation that they are responsible for. It is the judgment of hospitals and doctors as to what treatment they need, what treatment they will benefit from, and our continued inability to control those costs.

Some parts of the country have done better than others in controlling health care costs. Some areas have done better than others. That we can control these costs is clear.

What the budget before us proposes to do is not to control the costs but to pass them on to the people least able to pay for them, the elderly for whom the services were meant to benefit and which will now increasingly bear financial burdens that they cannot meet.

Our amendment is very simple. It would restore funding to the level which assumed no cuts in funds for benefits or eligibility, no additional copayments beyond those already in the legislation, and would propose that cost control measures in this would not unduly burden the providers or the beneficiaries, and would be implemented only where they are feasible.

The Budget Committee would either provide less health care or to charge the beneficiaries more.

The amounts, I am sure the Senator from Montana (Mr. BAUCUS) would agree, are at some level derisory when you consider the reality of a budget which is, I am sorry to say, not in balance or anywhere approaching balance. Just last week when the Budget Committee was suggesting a $105 billion deficit, Mr. Henry Kauffman, a distinguished Wall Street economist, said it was really $160 billion. Now we are hearing $113 billion, so we will call it $170 billion.

We would not produce any change in our economy by allowing a slightly less ungenerous health care policy for senior citizens.

Mr. BAUCUS. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I would be happy to yield.

Mr. BAUCUS. As the Senator from New York is stating, this Budget Committee proposal will place an unfair additional burden on the backs of senior citizens.

Let me make one additional point. This will not be the first time that this body has taken such action. For example, 80 percent of last year's medicare cuts are borne on the backs of medicare beneficiaries. Last year's budget raised the part A hospital insurance deductible by one-eighth. This is what medicare beneficiaries must pay before their medicare hospital benefits begin to cover hospital charges.

In addition, the part B deductible was increased from $60 to $75. This is what seniors have to pay before they are entitled medicare reimbursement for physician services. We have already shifted, as I said, 80 percent of last year's medicare cuts onto the backs of senior citizens. This Budget Committee proposal represents an additional burden to them. That is why I very much support the Senator from New York.

Mr. MOYNIHAN. If it happens this year, you can be sure it will happen next year again. These cuts are not being taken more for program purposes; they are being taken in opposition to the principles behind the legislation. Protecting the beneficiary does not matter; only reducing the deficit matters.

We cut it once on the ground that it had to be done. Now it turns out it has to be done again and again, and what had become one of the great achievements of the social security system, health care for the elderly, will have withered and all but disappeared in consequence. Withered certainly from its original purpose. It will be unrecognizable from the legislation adopted in 1965. That is my view and, I think, the Senator from Montana (Mr. BAUCUS) shares it.

I think the Senator from Kansas does not share that view, and if he would like to speak at this point I would be happy to listen and to hear what he has to say, since it will be his committee that will have to carry out the instructions or at least follow this resolution in that regard. I am happy to yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield as much time as the Senator from Kansas needs.

Mr. DOLE. Mr. President, let me say I have listened with interest to those who have spoken on medicare, and I certainly do not quarrel generally with the statements they made. But I do believe that if we are going to try to bring medicare costs under control we cannot continue to delay action by Congress.

We were told in 1965, that medicare program costs in 1990, would be $8.8 billion. Estimated costs this year will reach about $58 billion, and will climb to about $103 billion in 1990.

The medicare outlays this year in 1983 are estimated to be $57.1 billion. Of this amount benefit payments will account for about $56.6 billion. This represents an increase of 16.5 percent over fiscal 1982 benefit payments. So we are not talking about big reductions in benefit payments.

I hope the Senator from Kansas is as sensitive and as concerned about medicare, medicaid, and other programs that affect elderly and low-income Americans as anyone else who has spoken. In the past this Senator opposed President Carter's mandatory hospital cost containment program. I indicated to hospitals and other health care providers at that time that they had to make an effort to control rising costs. They told us they could reduce increasing rates of health care costs, without mandatory controls.

The facts are that total hospital expenses went up by 18.7 percent last year over the previous year.

I now feel some obligation, recognizing this failure of V.E. and having opposed President's Carter's proposal, to support certain proposals that aim at reducing or limiting rising hospital costs.

I believe there are a number of things we can do, and certainly the Budget Committee will not tell us where to gain the savings. The Senate Finance Committee and everyone who has spoken, has volunteered to help in certain areas in medicare reductions—so I do not think there is any major disagreements on how we do it.

I would say very honestly, looking ahead to the conference, that the 1983 figure should be somewhat less, but you cannot go to conference with a low figure when the House has virtually nothing, and come back with any savings at all. So I would say to some on the other side that I believe we can do much better in conference, as far as lowering the figure that you now have in the budget resolution. But it seemed to me yesterday when we were discussing this among Republicans that we had to put together a package that would result in some real savings when, in fact, we came back from the conference.

Let me also suggest that, as I look at some ideas that we proposed to the Budget Committee, about half the savings comes from health care providers, and I think someone indicated that all of it came from the beneficiaries. That is not the case. We hope to make a number of changes in the Senate Finance Committee that will impact on providers reimbursement.

We may propose to change, if we can, the way we reimburse pathologists and radiologists in a way that will save about $150 million in fiscal year 1983, $195 million in 1984, and $230 million in 1985. This is a significant change and one I think most Members would support.

We may propose to repeal the routine nursing salary differential. That would save about $100 million a year. We could expand current medicare limits.

MEDICARE: REDUCTIONS IN GROWTH ARE NECESSARY

The Committee on Finance is obliged this year to tackle the medicare problem. As this body knows full well, the costs of the medicare program have grown at an alarming rate over the past 17 years since its creation.

Our long arduous discussions on social security have repeatedly pointed out that the combined trust funds are facing a serious financing problem in the very near future. The problems are not simply a result of deficits in the OADSI program—they are also, over the long run, a result of serious deficits in the medicare trust funds. Even without interfund borrowing, the medicare trust funds could begin to experience deficits as early as the late 1980's. These deficits grow considerably over time.

The medicare savings which are assumed in this compromise, while substantial, recognize our concerns with this program. There is obviously room for compromise with the House; however this Senator believes strongly that some changes resulting in savings of $3 to $4 billion will have to be made this year.

When the Finance Committee begins the deliberations on how best to achieve savings in the medicare program, we will look at all parts of the program. It is the intention of this Senator that no one aspect of the program be held accountable for an unreasonable percentage of the reductions.

BENEFICIARIES

While agreeing with the intentions of the Budget Committee to reduce the size of growth in the medicare program, it appears that too large a share of their proposed savings would come from increased beneficiary cost sharing. while I recognize that medicare's share of total health care expenditures for those over 65 has increased over time, each elderly person's out of pocket responsibility for his or her health care bill has also grown.

For persons over age 65, medicare currently only pays for 45 percent of their total health care costs. The remainder is paid by the elderly beneficiary and represents out-of-pocket costs for uncovered services, such as drugs and nursing homes; cost sharing, like the medicare hospital deductible; the amounts physicians bill in excess of medicare reasonable charges; and premiums for medicare part B coverage and private medigap insurance. It is not likely we will increase coverage of any of these items in the near future, so that high out-of-pocket costs are likely to continue. In 1980 out-of-pocket costs for the elderly amounted to $1,436. The Budget Committee proposal would have substantially added to this amount. Some changes in the current medicare cost sharing requirements may be necessary, but a substantial shift in policy should be considered as part of long-term reform of medicare.

HOSPITALS

The single largest expenditure for the medicare program is hospital care. Last year and again this year almost 70 percent of medicare's budget will be used to pay for this service.

In fiscal year 1983 medicare benefit payments for hospital care are expected to reach about $36.8 billion—a 14.7-percent increase in payments for these services over fiscal year 1982 and a 32-percent increase over fiscal year 1981 payments. There is no doubt that the medicare HI trust fund will be unable to tolerate such large increases in outlays for hospital care over the long run. As you well know, latest data shows that total hospital expenses increased by 18.7 percent in 1981. This increase occurred despite the existence of the health industry's voluntary effort. We, therefore, must begin to concentrate our efforts on reforming the way we pay for hosptial care under the medicare program. Our current methods provide no incentives for efficiency and continue to encourage inappropriate utilization of institutional services. The Senator from Kansas believes the Finance Committee is ready to develop legislation that will reflect substantial savings and also begin long-term reimbursement reform.

I suggest that we have a problem in medicare. It is a problem we should address, and I believe that, given the membership of the Senate Finance Committee on both sides, we will properly address the problem, that we will bring to this floor, I hope within the next 3 or 4 weeks, a program of spending reductions which includes reasonable reductions in medicare, some reduction in medicaid, and I would hope at that time we would have widespread support on both sides of the aisle.

Mr. DOMENICI. Mr. President, might I inquire, do we have the amendment pending?

Mr. MOYNIHAN. Mr. President, if I can say to the distinguished chairman in a mode that will probably reappear today, we know exactly what the amendment does, but we are trying to reach agreement at staff level of what numbers are changed.

Mr. DOMENICI. That question was not made in any critical way.

Mr. MOYNIHAN. I understand that.

Mr. DOMENICI. Did the Senator from Massachusetts wish to be recognized?

Mr. KENNEDY. Mr. President, we all have a number of amendments. The chairman of the Budget Committee, as did the majority leader last night, indicated they would help to accommodate the adjusting of our amendments to the new draft resolution.

As I understand it, the original number from the committee was about $26½ billion and modified it is about $21 billion. Our amendment would reduce the modified by $13.5 billion in the medicare-medicaid area, leaving $7.4 billion. It is just a question of accommodating the new draft and the new numbers to our amendment. But we appreciate the understanding.

At some time I would like just 2 or 3 minutes to respond to a few of the points that have been made by the chairman of the Finance Committee before we vote.

Mr. MOYNIHAN. I can assure the Senator he will have that time.

Mr. DOMENICI. Why do we not do this? Since the distinguished Senator from Kansas is here, would the Senator from Massachusetts care to comment now and then I will use some time on some general matters in a moment?

Mr. KENNEDY. Yes.

Mr. DOMENICI. Before the Senator does that, I wish to express my appreciation, as chairman of the Budget Committee, to the distinguished Senator from Kansas, Senator DOLE, who chairs the Finance Committee, and the distinguished senior Senator from Louisiana, the ranking minority member. They have been most helpful in helping us arrive at what is a realistic reduction in the growth of this health function.

In particular, I appreciate Senator DOLE's assistance in yesterday's discussions. It is to be noted that the modification, which we submitted today and that is pending, does, indeed, reflect a reduction in the amount that should be saved by reducing the growth of this function. Senator DOLE and his staff are the primary ones that helped us with that. I appreciate his remarks here today about the various things that they might do in their committee to achieve savings. All we do is mandate that they save in that function the amounts as indicated in the amendment.

Mr. President, I yield the floor.

Mr. MOYNIHAN. I yield to the Senator from Massachusetts such time as he requires if he wishes to comment while the Senator from Kansas is present in the Chamber.

Mr. KENNEDY. I thank the Senator from New York.

In the statement of the Senator from Kansas, he indicated that some of us had mentioned that our amendment was directed toward the recipients of medicare and medicaid and that there was also going to be belt tightening in terms of the providers. I want to indicate, as the Senator from Kansas I am sure is aware, that in our particular proposal we leave that aspect untouched, the $7.4 billion for reimbursement reform. There, basically, is no controversy about that. I am extremely hopeful that we can achieve those savings in a variety of ways including prospective reimbursement and greater use of prepaid providers.

I would like to point out that I do not believe—and if I am wrong I would welcome the correction—that the Senator from Kansas can assure the Members of the Senate and all those who are under medicare and medicaid that they are not going to have to pay more for every day that they are in the hospital or that those who are receiving home health care are not going to have to pay more. Or that there is not going to be an increase in deductibles and copayments which the elderly people are going to have to pay.

Now, I would call this modified committee proposal a sickness tax. The way it really works is that the sicker you are and the longer you are sick, the higher your sickness tax is going to be. No medicare recipient and no one that qualifies under medicaid is in the hospital because they want to be in the hospital. Yet if you are sick and if you are a senior citizen or if you are poor, you are the ones that are going to have to bear the burden. The proposal before us fails to address in a significant way the compelling challenge before us—the enormous explosion of health care costs, an issue which this body will be forced to address in the next several years.

Can the Senator from Kansas give us any assurance that if you are sick and you are eligible for medicare or medicaid that you are not going to have to pay additional costs? Or if you are getting home health services that you are not going to have to pay additional costs? Or that there will be no increases in copayments and deductibles?

Mr. DOLE. Obviously, I cannot give an assurance. I am not sure what the Senate Finance Committee will do.

I would just suggest that under some of the proposals we are considering, the change would be very mild, indeed. In fact, I would recommend to our committee—I am not certain what the committee would do—that we apply a 20-percent coinsurance to home health visits, starting with the 20th visit. I do not think that is an unreasonable measure.

The distinguished Senator from Montana (Mr. BAUCUS) also previously referred to indexing the part B deductible to the CPI. That would probably save $65 million in 1983. We could try to hold the part B premium to a constant percentage of program costs. It started out at 50 percent. Now it is down to 25 percent. We would like to keep it at 25 percent. So that does not seem to this Senator to be a very radical change.

Mr. MOYNIHAN. Mr. President, may we have order? The Senator from Kansas is speaking to a very important matter.

The PRESIDING OFFICER. The Senator from New York observes that there is not order in the Chamber. Senators are requested to refrain from conversations and staff are requested to remain in their seats.

Mr. DOLE. So I would say to the Senator from Massachusetts that the final point I mentioned was to hold the part B premium to a constant percentage of program costs. We want to keep it at about 25 percent so it will not continue to decline.

Any medicaid changes, I think, would allow the States to require nominal copayments on services. The administration has proposed eliminating Federal matching for medicare part B, premium. That is estimated to save about $200 million.

I say to the Senator from Massachusetts that those are only suggestions. They are proposals which I hope to discuss with the Senate Finance Committee; they are very moderate in their impact. The primary impact of medicare savings that I feel strongly about will affect provider reimbursement.

Mr. KENNEDY. Could the Senator give us any assurance that there would not be an increase in out-of-pocket expenses for those medicare-medicaid patients that are in the hospital? What is the Senator's best estimate now about the increase in those costs?

It is not going to do us very much good to increase copayments on home health services. What it is going to do is drive those individuals back into the hospital or into nursing homes.

But let us not lose sight of essential aspect of this amendment—the fact that the proposal before us asks our elderly people, when they are the sickest, and who already pay more than the average citizen pays in terms of health care costs, to pay an additional amount of money. For hospital care alone, according to our best estimate, it will be about $13 a day. I am just wondering if the Senator can give us any assurance that those costs are not going to be increased.

I think this should be for the record. We would like to hear from the Senator.

Mr. DOLE. I would just say to the Senator from Massachusetts that we are not making any assumptions based on that. My understanding is that the average number of home health visits are between 18 and 20. The only thing we recommend is that there be a coinsurance after the 20th home health visit. I just suggest we have no assumptions based on the premise stated by the Senator from Massachusetts regarding new copayments.

Again, I do not have a legislative proposal. The Senator from Kansas has a number of suggestions which I would hope might be translated into a legislative proposal when we deal with this in the Senate Finance Committee. Let me assure the Senator from Massachusetts, if I can assure the Senator from Massachusetts, that the Senator from Kansas believes—Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will please be in order. Those desiring to converse will please retire from the Chamber.

Mr. DOLE. I am advised that the average number of home health visits in Massachusetts is 12. There would be a large gap there between 12 and 20.

May I further say to the Senator from Massachusetts that the Senator from Kansas indicated to the chairman of the Budget Committee yesterday that I thought his numbers were too high, that I believed we should add back $1.2 billion in 1983, $2 billion in 1984 and $3 billion in 1985. I am not certain that they are still not too high, but I know we must go to conference. If the Senator from Kansas had his way and we did not have to go to the other body, I would go in a different direction. They would be lower than those proposed in the resolution but higher than those proposed by the Senator from Massachusetts and others.

I want to be candid with all Senators. I believe that once you see the final product, we are not going to be talking about very many differences. Obviously, there will be some differences in the out-years, but they are changes that should be made in the medicaid and medicare programs.

Mr. KENNEDY. Mr. President, the final point I would like to make is that the fact is that for hospital treatment of the elderly, and that is by far where there is the greatest cost, whether under medicaid or medicare, there will be significant out-of-pocket increases for the patients.

Mr. DOLE. Will the Senator yield?

Mr. KENNEDY. In just a moment. Senior citizens are not in the hospital because they like to be there, not because they are abusing the health care system, but they are there because they have to be there, because the greatest incidence of illness and sickness comes when you are old. This Republican budget proposal is just providing an additional cause for anxiety and stress on elderly who are sick, and on their families, by increasing copayments.

The final point I will make, and then I will yield, is that I think the Senate ought to do the right thing now. This idea that we have to do that which is not right, until we meet with the House of Representatives in conference so we come out right, I do not think holds much water. I think we should be doing what is right, what we believe is right, and what the Senator from Kansas, at least, believes is right. We may have some difference on that issue, but at least it seems to me that we ought to be doing what we consider to be in the best interests of the senior citizens.

Mr. DOLE. Again, I really do not think our differences are that far apart, but as the Senator from Massachusetts pointed out, or indicated, it will start costing more for older people in the hospital. Can he point out what those additional costs will be? Rather than make a statement that it is going to cost more, can I ask the Senator from Massachusetts where will it cost more? What provisions have been discussed that would indicate, substantially, more costs for senior citizens? We are not assuming any new copayments in anything the Senator from Kansas discussed. I do not understand.

Mr. KENNEDY. I will be glad to respond. Using the figures from the Budget Committee, this was based on the original committee report, which was $26.6 billion.

Mr. MOYNIHAN. Mr. President, I must say we do not have order. An important colloquy question is underway.

The PRESIDING OFFICER (Mr. QUAYLE). The Senate will please come to order and stay in order. Those in the back of the Chamber, please cease conversations or retire from the Chamber. The noise is coming from the back of the Chamber.

Mr. KENNEDY. Mr. President, the figures that I am using are from the Budget Committee's working document. This proposal was initially drafted at $26.6 billion and it has been reduced to $21 billion in the modified committee report. The cuts, according to the Budget Committee, include $0.5 billion for home health, $2.2 billion under medicaid, $2.1 billion in insurance costs for working aged, $2.2 billion for part B premium and deductible increases, and $11 billion in additional hospital copayments. What we have done is extrapolate so that the home health, medicaid, insurance for working aged, and part B are included in that $21 billion and the hospital copayment is reduced to $5.6 billion. That works out to about $13 a day for every time that you are in the hospital.

Mr. DOLE. Will the Senator yield?

Mr. KENNEDY. Yes.

Mr. DOLE. The Senator correctly stated what was in the original budget document. I can only share with the Senator from Massachusetts, the Senator from New York, and the Senator from Montana that there is no such assumption in anything the Finance Committee has under consideration, except the three areas mentioned by the Senator from Kansas on 20 percent coinsurance on home health visits, on indexing part B, and on holding the part B premium constant as a percentage of the program costs.

Mr. KENNEDY. How does the Senator get his $21 billion in savings? Give us your figures. We have given you ours. How do you get $21 billion? You say you are not going to increase hospital copayments. Where do you get $21 billion? That is what we are driving at. That is how we get it. It is extrapolated from the budget figures. If the Senator has another set of figures, we will be glad to hear about them.

Mr. DOLE. The Senator from Kansas is not trying to have new copayments, if that is what the Senator from Massachusetts is talking about. We have been trying to figure out a painless way to attack medicare and there are no painless ways.

Mr. KENNEDY. I do not think there are.

Mr. DOLE. We believe that at a cost in the budget of $57 billion or $58 billion, headed for $100 billion in 1990, we have to start making some reforms. I hope the Senator has some confidence in the Senate Finance Committee and will not be in too much disagreement when the Senate Finance Committee reports its bill to the floor.

Mr. KENNEDY. The only thing I can say is that the Senator is suggesting that the Senate buy a pig in a poke. There are more than $20 billion in cuts. They are directed toward medicare and medicaid patients. I believe the Senator would like to do it a painless way. But how will he do it?

Basically, what we are saying is that people who have absolutely nothing to do with the increase in the health care costs of this country are being asked to bite the bullet while others within the health care system, the providers who have contributed to the escalation of health care costs are asked to do little or nothing. Our amendment does not touch the $7.4 billion, in reimbursement returns. Our amendment says that the elderly people, who are already paying a disproportionately high percentage of their income on health care costs, should not have to bear that cost.

Mr. DOLE. If I may have just 1 minute, Mr. President, I will be happy to go over with the Senator from Massachusetts some of the suggestions we have and some figures I think we will finally adopt in conference, which are more than the Senator from Massachusetts and the Senator from New York suggests. They are about $11 or $12 billion less than in the original budget proposal.

We believe that we now have a responsible medicare package, or will have when we come back from conference, and it is one that should be supported. Again, I say to my colleagues on the other side that this is a very sensitive issue. We are going to try to deal with it in a nonpartisan, bipartisan way. We may have some differences.

We are going to hold down hospital costs—that is provider reimbursement. We are going to look at how we pay radiologists, and pathologists. We are going to examine the way we pay physicians, without driving physicians out of the program. All this relates to health care providers. They will all provide savings. I am hoping the Finance Committee will have an opportunity to work its will on this issue.

Mr. MOYNIHAN. Mr. President, as a member of the Committee on Finance on this side, may I say I accept the chairman's proposal in the good faith it is made in. We shall do that.

We would wish to do it with lesser instructions in the budget. I understand why the Senator from Kansas does not agree, but we can settle the matter by voting, which would be no great harm.

UP AMENDMENT NO. 963

(Purpose: To restore funds for medicare and medicaid)

Mr. MOYNIHAN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) for himself, Mr. MELCHER, Mr. KENNEDY, Mr. RIEGLE, Mr. BAUCUS and Mr. METZENBAUM proposes an unprinted amendment number 963.

On page 2, beginning with line 15, strike out through line 1 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $835,900,000,000.
Fiscal year 1984: $897,600,000,000.
Fiscal year 1985: $973,400,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.
Fiscal year 1983: $786,100,000,000.
Fiscal year 1984: $835,300,000,000.
Fiscal year 1985: $893,500,000,000.

On page 3, strike out lines 9 through 15 and insert the following:

(5) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.
Fiscal year 1983: $117,900,000,000.
Fiscal year 1984: $94,300,000,000.
Fiscal year 1985: $68,500,000,000.

On page 15, beginning with line 17, strike out through line 7 on page 16 and insert the following:

Fiscal year 1983:

(A) New budget authority, $80,200,000,000.

(B) Outlays, $80,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,900,000,000.

(B) Outlays, $88,800,000,000.

Fiscal year 1985:

(A) New budget authority, $104,400,000,000.

(B) Outlays, $101,500,000,000 plus $5,700,000,000.

Mr. KENNEDY. Mr. President, will the Senator from New York yield for a few seconds?

Mr. MOYNIHAN. I am happy to yield, Mr. President.

Mr. KENNEDY. If the Senator from Kansas would propose on amendment to indicate that there would be no further increase in out-of-pocket expenses for medicare recipients and would instruct the Committee on Finance to find these savings without increasing in out-of-pocket expenses or cutting benefits, I would welcome the opportunity to cosponsor that amendment to this particular budget resolution.

Mr. DOLE. I do not quarrel with the offer, Mr. President. I just cannot accept it. I do not really believe we are that far apart, but it would not be fair to my colleagues on the Committee on Finance. The Senator from Kansas has only one vote. There are 20 members of the committee.

I think in the area the Senator discussed, we are going to have complete agreement, where provider reimbursement is concerned. There are areas where we shall have minor differences.

Mr. KENNEDY. If the Senator were to offer an amendment, there would be a fair opportunity for our colleagues in the Senate to join with the Senators from Kansas, Massachusetts, New York, and Montana to support what we all say we agree with in protecting beneficiaries.

Mr. DOLE. If, in fact, we bring an amendment to the floor from the Senate Committee on Finance that, in the opinion of the Senator from Massachusetts, goes too far, then, of course, I assume we shall have a vote on that.

Mr. MELCHER and Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 5 minutes.

Mr. President, again, I thank the distinguished chairman of the Committee on Finance for his assistance and his explanation. I would like to make some general observations.

It is amazing, Mr. President, that for the last year, comments which have been made on the floor, give the impression that the social security trust fund is the only fund which is facing bankruptcy. This is clearly not the case.

Let me say to those who like to come to the floor and talk about health care for our senior citizens under medicare and talk about fairness and fair play, make sure that we also tell senior citizens that their trust fund for medicare is in desperate shape. In fact, it is actuarially speaking, in worse shape then social security. I regret to say that even under the original proposal of the Budget Committee, the medicare hospital insurance trust fund would be unable to pay benefits by the early 1990's. It is in terrible shape.

Mr. President, I hope that in the near future we can address the problems of medicare in terms of its actuarial soundness as well as in terms of specific reform proposals.

Mr. President, one would think that the Budget Committee recommendation is proposing a cut in medicare. I should like all the Senators to know the facts.

With the medicare funding restorations in the modified resolution—that is, with a restoration of $1.2, $2, and $3 billion respectively, for 1983, 1984, and 1985—medicare outlays will grow by about 12 percent a year. Obviously, the conference agreement will probably provide for still higher growth rate than 12 percent.

Mr. President, I ask unanimous consent that a table prepared by the Senate Budget Committee, based on data supplied by the Office of the Medicare Actuary, Department of Health and Human Services be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[Calendar years]

	Assumtions 2A						Assumtions 2B				
	Tx revnu	Ben pay	HI adm exp	End yr bal	Net		Tx revnu	Ben pay	HI adm exp	End yr bal	Net
1981				$18,748		1981				$18,748	
1982	$35,474	$35,096	$573	18,553	−$195	1982	$34,702	$35,097	$573	17,780	−$968
1983	38,904	40,439	616	16,402	−2,151	1983	38,563	40,995	627	14,621	−$3,159
1984	42,285	45,951	657	12,079	−4,323	1984	42,476	47,587	685	8,825	−5,796
1985	47,990	52,618	717	5,734	−5,345	1985	48,109	54,853	743	1,338	−7,487
1986	56,167	59,979	778	2,144	−4,590	1986	56,144	62,543	803	−5,964	−7,302
1987	61,463	68,280	844	−5,517	−7,661	1987	61,007	71,260	866	−17,083	−11,119
1988	66,797	77,636	914	−17,270	−11,753	1988	66,046	80,951	934	−32,922	−15,839
1989	72,133	87,504	986	−33,627	−16,357	1989	71,211	91,644	1,006	−54,361	−21,439
1990	77,467	97,811	1,058	−55,029	−21,402	1990	76,424	103,057	1,079	−82,073	−27,712
1991	82,695	109,044	1,128	−82,506	−27,477	1991	81,797	115,694	1,151	−117,121	−35,048
1992	87,673	121,170	1,197	−117,200	−34,694	1992	87,106	129,466	1,224	−160,705	−43,584
1993	92,702	134,451	1,267	−160,216	−43,016	1993	92,412	144,799	1,302	−214,394	−53,689
1994	97,925	147,961	1,341	−211,593	−51,377	1994	98,040	160,641	1,383	−278,378	−63,984
1995	103,497	162,787	1,419	−272,302	−60,709	1995	104,060	178,195	1,471	−353,984	−75,606
1996	109,472	178,749	1,499	−343,078	−70,776	1996	110,485	197,280	1,561	−442,340	−88,356
1997	115,796	195,975	1,581	−424,838	−81,760	1997	117,308	218,077	1,655	−544,764	−102,424
1998	122,509	214,694	1,666	−518,639	−93,851	1998	124,563	240,880	1,752	−662,833	−118,069
1999	129,624	233,533	1,755	−624,353	−105,664	1999	132,306	264,196	1,854	−796,577	−133,744
2000	137,180	253,933	1,849	−742,955	−118,602	2000	140,546	289,665	1,963	−947,659	−151,082
2001	145,176	275,989	1,947	−875,715	−132,760	2001	149,299	317,443	2,077	−1,117,880	−170,221
2002	153,640	299,832	2,049	−1,023,956	−148,241	2002	158,597	347,736	2,197	−1,309,216	−191,336
2003	162,596	325,779	2,157	−1,189,296	−165,340	2003	168,475	380,978	2,324	−1,524,043	−214,827
2004	172,074	353,949	2,271	−1,373,442	−184,146	2004	178,967	417,372	2,459	−1,764,907	−240,864
2005	181,743	384,685	2,392	−1,578,776	−205,334	2005	189,914	457,400	2,602	−2,034,995	−270,088

Mr. DOMENICI. Mr. President, in every year between 1982 and 2005, expenditures from the medicare hospital insurance trust fund will exceed income. Between 1982 and 1985, expenditures from this fund will exceed income—under moderately pessimistic assumptions—by $17.4 billion. By 1988, expenditures will exceed income by $52 billion. The total unfunded liability in the medicare hospital insurance trust fund over the next 23 years is over $2 trillion.

Actuarially, as I indicated earlier, medicare is in worse shape than the main social security retirement fund. By 1988 it will be unable to pay claims in a timely fashion. Further interfund borrowing, which delays facing the social security problem, will hasten that onset. In fact borrowing through 1983 will cause medicare to approach bankruptcy by 1986.

The assumptions of the Budget Committee are not binding; we all know that. The Finance Committee will use its own legislative wisdom in making the savings assumed in this resolution. The recommendations do assume, however, that limitations will be placed on the increase in reimbursement under medicare. The good Senator from Kansas has described these options in detail.

I urge that the Senate defeat the Moynihan amendment to the budget resolution and permit us to go to conference with the House and come back with reasonable reductions so that we can begin that very difficult and long road to continuing to provide health care for our senior citizens and move in the direction of reasonableness, good judgment, and, equally important, a sound financial base on which to provide benefits.

Mr. President, I suggest the absence of a quorum and ask unanimous consent that it be charged to the Senator from New Mexico.

Mr. KENNEDY. Mr. President, will the Senator withhold that for just a brief point?

Mr. DOMENICI. Mr. President, I shall be pleased to withhold it.

Mr. KENNEDY. May I have just 2 minutes on this?

Mr. MOYNIHAN. Mr. President, I yield 2 minutes to the Senator from Massachusetts, 2 each to the Senators from Montana; then we can expect the vote.

Mr. KENNEDY. Mr. President, I would agree with everything that the Senator from New Mexico has said about the trends in the cost of medicare and health care generally. That is no mystery and should come as no surprise to this body. We allocate a certain amount of money for national security and we know that. That is decided by the Congress of the United States.

We allocate a certain amount in terms of preventive health care, and we know what that figure is going to be. We allocate a certain amount in terms of elementary and secondary education, and we know what that is going to be. But we never have done it for health care costs.

When we put in place medicare and medicaid, we guaranteed benefits, but we never did anything about costs, and we are not doing that today. And we cannot simply address the costs of medicaid and medicare. We must look at the whole system.

Under the Budget Committee's recommendations, we have no ability whatsoever to propound any comprehensive cost containment proposals, nor does the Budget Committee recommend any.

A major reason why we have the increase in health care costs is because the doctors have raised their fees and the hospitals have raised their fees. There is no mystery about that, absolutely none. This body has refused to address the issue of cost containment. Some States have addressed it and they have had some success. We have not done it. Every other nation in the world has done it, but we have not done it in this Chamber. We voted for the benefits, but we refuse to bite the bullet on the costs.

What this amendment is all about is that costs are going up. Who are we going to make pay for it? Do we make the hospitals pay for it? No. Do we make the doctors pay for it? No. Senior citizens pay for it. It is unfair and inequitable. It does not reach the question of the bankruptcy of the health care system in this country.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

The Senator from Montana is recognized for 2 minutes.

Mr. MELCHER. Mr. President, as a member of the Senate Committee on Aging, I should like to make a couple of suggestions to the Finance Committee.

Our Committee on Aging does have a very deep and long interest in the medicare program. I would like to recommend that the Finance Committee look at the question of paperwork.

There has never been a time during the past dozen years when the burden of paperwork connected with medicare has not been singled out, both by the hospitals and by the doctors, as being too heavy and too costly.

Second, I think that we need to provide more flexible and adequate home health care to reduce the need for expensive hospital stays.

Third, when we talk about providers, meaning hospitals, I should like to strike a blow for the small hospitals and suggest to the Finance Committee that they find means of reducing the requirements of small hospitals that are unneeded and costly.

I think there is plenty of room for cutting in medicare without hurting the patients that receive it and threatening the elderly with the difficulties that go along with the disappearance of medicare benefits.

Mr. BAUCUS addressed the Chair.

Mr. MOYNIHAN. Mr. President, I yield 2 minutes to the Senator from Montana.

Mr. BAUCUS. I thank the Senator.

Mr. President, this debate is the social security debate revisited.

What has happened is this: The Senate Budget Committee says cut—I do not know what it is now, perhaps $18 billion, $20 billion out of medicare and medicaid—but trust us; there will be no cuts in benefits. We will take some other cuts; but trust the Budget Committee.

The Senator from Massachusetts tried to get the Senator from Kansas, the chairman of the Finance Committee, to itemize the cuts he proposes to reach that budget level. There are places we can cut, I recommend to the Senator from Kansas, in section 223. There are various other changes which can achieve medicare savings up to about, say, $2 billion in the first year.

But the resolution we are talking about now goes further. It says cut about $4.7 billion in medicare and medicaid benefits.

I can tell this body with confidence we cannot cut $4.7 billion from these programs next year without also cutting medicare benefits by about $2.7 billion. It cannot be done.

This debate is just like the social security debate. The Budget Committee said we should make $40 billion in social security cuts. Trust us, we hear, there will be no reductions in benefits. But, of course, we knew then—as we know now—that there would be significant cuts in benefits if that proposal were accepted.

Today we hear the Budget Committee say x amount in cuts are needed: 4.7 in cuts in medicare and medicaid in 1983. Trust us, the Budget Committee says, there will be no cuts in medicare.

That just is not true.

Why is this important? It is important for this reason.

Everyone—the aged, the middle-aged, and the young—has to pay more when health care costs rise. Medicare beneficiaries have to pay. Others who are under the age of 65 have to pay.

Medicare administrative costs account for only about 2 percent of total program expenditures. Medicare is a very efficient system. In contrast, the administrative overhead costs of health insurance companies is about 15 to 20 percent—not quite so efficient a system.

I say to my fellow Senators that if we are going to deal with health care programs fairly and responsibly, we should address the heart of the matter, which is that health care costs are continuing to rise at a rate of 50 percent above the annual rate of inflation. These inefficiencies in the health system are what we should be focusing on. This budget resolution should address the Finance Committee to find those savings, instead of digging into the pockets of the elderly once again.

I commend the Senator from Kansas because he is moving in that direction. But I tell the Senator and I tell this body that we cannot cut $4.7 billion from medicare and medicaid. That figure represents an additional $2.7 billion beyond what can safely be cut. This additional $2.7 billion in medicare and medicaid savings represents a drastic reduction in medicare benefits.

I say the way we should reduce medicare outlays is to reduce the underlying reasons for health care cost increases, instead of relying on arbitrary cuts in medicare benefits.

Mr. MOYNIHAN. Mr. president, I ask for the yeas and nays?

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

Mr. MOYNIHAN. Mr. President, I think there is nothing further that need be said on this side. If I might indulge myself a 20-second response in concurrence with the Senator from Montana (Mr. BAUCUS) he will remember that hospital cost containment legislation was sent to this Chamber by the previous administration and roundly rejected by those who now deplore the impending insolvency of the funds dependent upon hospital costs, but that no more today.

Mr. DURENBERGER addressed the Chair.

Mr. MOYNIHAN. Does the Senator wish to speak?

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. How much time does the Senator desire?

Mr. DURENBERGER. Approximately 5 minutes.

Mr. DOMENICI. I yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. DURENBERGER. Thank you, Mr. President. I thank my colleague, and I thank all of my colleagues on both sides of the aisle who have spoken to this issue today. Senator KENNEDY has been speaking to this issue for the 17 or 18 years that he has been in the Senate. Senator MOYNIHAN has spoken eloquently here and in the Finance Committee to this issue. Senator BAUCUS, who is the ranking member of the Subcommittee on Health of the Senate Finance Committee, has expressed his concern.

I think those concerns are shared by all of us who have some very strong feelings about what we have done since 1965 about the problem of economic access to health care, particularly for the needy in this country and, in addition, for the elderly.

I have been striving for the 3½ years that I have been in the Senate to find some better way to make health care accessible to the needy and to the elderly and constantly fighting the high cost of health care.

I had suggested that I might be on the floor here sometime this week talking about a somewhat lower figure than the one that was presented today by the Budget Committee. However, I find the figure presented by the Budget Committee together with the commitments made this afternoon by the chairman of the Finance Committee, with the help of those of us who will be shaping those recommendations from our side of the aisle, to be——

Mr. MOYNIHAN. Mr. President, I hesitate to interrupt, but the Senator from Minnesota is making an important statement on a matter that affects millions of Americans. He will be one of the leaders in the Senate Finance Committee. May we have order?

The PRESIDING OFFICER. The Senate will come to order. Senators will please cease conversing.

Mr. DURENBERGER. Mr. President, I am indebted to my colleague for adding to the significance of my statement by that request.

We have been trying for quite some period of time, as all Senators know, to deal with this issue. I would not be more comfortable with the figures presented by the Senators from Massachusetts, New York, and Kansas or any other figures because they really do not get to the heart of the issue that faces elderly and needy Americans.

However, these figures present us at least with an opportunity to do something about the issue that at least I heard the Senator from Massachusetts talk about—the issue, for example, of cost containment.

Cost is what drives most people out of the health care system they cannot afford, and it is the high cost of health care that we need to deal with.

In the authorizing proposal for medicare is an increase from $58.1 to $77.8 billion, a 16-percent rise. It has to be one of the largest increases over the 3-year period we have had to deal with in this budget. Even under the proposal of the Budget Committee, that increase is in the neighborhood of 12 percent a year, reflecting the realities of what is going on out there in the marketplace.

I want to conclude by commenting on the opportunities for cost containment that I think we are presented with this year, next year, and the following year.

We have tried cost containment of the kind suggested to us by the Senator from Massachusetts, and we have found that it has not worked. It has not worked as well on a voluntary basis as we thought it would, and I think many of us were apprehensive about making a voluntary system mandatory pretending that that would make it different.

We have tried certificate of need. We have tried franchising hospital beds all over the country through the certificate of need process, and that has not worked. We have tried a variety of peer review and other mechanisms, and they have worked with varying degrees of success.

This year, as the Senator from New York and the Senator from Montana know, I have suggested that we preserve some form of peer review in the Peer Review Improvement Act. That, I think, is an approach toward cost containment that will be helpful.

The Senate Finance Committee will deal with limitations on 223 reimbursement. We already have heard the Senator from Kansas speak to the issue of prospective reimbursement.

Various associations have proposals before us. HHS is working hard to come up within a 12-month to 18-month period with a system that will change the way we reimburse. We have done demonstrations on vouchers for HMO. We will start that process and are examining it. The Senator from Pennsylvania and others will suggest to us that we move farther in the direction of vouchering the process of making a choice in medicare.

So, Mr. President, there are a variety of means available to us, some already in the system and many that are available to the Senate Finance Committee, to come back to this body in the authorizing process this year and in the 2 out years that seem to concern people. So I am very comfortable that within the numbers recommended to us by the Budget Committee, we will find not only savings in that sense but also a greater opportunity to access more people in this country to a better quality of health care.

I thank my colleague from New Mexico for yielding to me.

Mr. DOMENICI. Mr. President, I understand that we are coming close to a vote on this issue. Does the Senator from Pennsylvania desire some time?

Mr. HEINZ. I should like 3 or 4 minutes.

SENATE CONCURRENT RESOLUTION 92, AS FURTHER MODIFIED

Mr. DOMENICI. May I just finish this unanimous-consent request? Then I will yield.

Mr. President, we have had many requests that the committee modification be printed, and I ask unanimous consent that it be printed as modified.

Further, I ask unanimous consent to make a technical correction in the modification before printing. I have cleared this with the distinguished ranking minority member of the Budget Committee, Senator HOLLINGS. It makes technical adjustments in function 700 that arose because of a communication problem between our committee and theirs.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. This means we will now have a full print for everybody.

The text of Senate Concurrent Resolution No. 92, as further modified, follows:

S. CON. RES. 92

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby determines and declares, pursuant to sections 301(a) and 304 of the Congressional Budget Act of 1974, that:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1981, October 1, 1982, October 1, 1983, and October 1, 1984:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1982: $623,000,000,000.
Fiscal year 1983: $668,200,000,000.
Fiscal year 1984: $741,000,000,000.
Fiscal year 1985: $825,000,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $23,200,000,000.
Fiscal year 1984: $39,000,000,000.
Fiscal year 1985: $45,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $835,300,000,000.
Fiscal year 1984: $897,000,000,000.
Fiscal year 1985: $972,800,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,600,000,000.

Fiscal year 1984: $832,300,000,000.

Fiscal year 1985: $889,400,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.

Fiscal year 1983: $115,400,000,000.

Fiscal year 1984: $91,300,000,000.

Fiscal year 1985: $64,400,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,100,000,000.

Fiscal year 1984: $1,420,000,000,000.

Fiscal year 1985: $1,533,200,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,900,000,000.

Fiscal year 1984: $127,900,000,000.

Fiscal year 1985: $113,200,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1981, and October 1, 1982, are as follows:

Fiscal year 1982:

(A) New direct loan obligations, $67,300,000,000.

(B) New primary loan guarantee commitments, $93,000,000,000.

(C) New secondary loan guarantee commitments, $69,000,000,000.

Fiscal year 1983:

(A) New direct loan obligations, $63,600,000,000.

(B) New primary loan guarantee commitments, $102,200,000,000.

(C) New secondary loan guarantee commitments, $68,300,000,000.

(b) Pursuant to sections 301 and 304 of the Congressional Budget Act of 1974, the Congress hereby determines and declares the appropriate levels of budget authority, and budget outlays, for the fiscal years 1982 through and inclusive of 1985 and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1982 and 1983 for each major functional category are:

(1) National Defense (050):

Fiscal year 1982:

(A) New budget authority, $216,900,000,000.

(B) Outlays, $190,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $251,700,000,000.

(B) Outlays, $215,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $278,300,000,000.

(B) Outlays, $243,000,000,000.

Fiscal year 1985:

(A) New budget authority, $316,500,000,000.

(B) Outlays, $277,700,000,000.

(2) International Affairs (150):

Fiscal year 1982:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $11,400,000,000.

(C) New direct loan obligations, $10,400,000,000.

(D) New primary loan guarantee commitments, $9,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $16,200,000,000.

(B) Outlays, $12,100,000,000.

(C) New direct loan obligations, $10,200,000,000.

(D) New primary loan guarantee commitments, $9,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $16,700,000,000.

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,000,000,000.

(B) Outlays, $12,200,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1982:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,600,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $7,700,000,000.

(B) Outlays, $7,800,000,000.

Fiscal year 1985:

(A) New budget authority, $7,300,000,000.

(B) Outlays, $7,400,000,000.

(4) Energy (270):

Fiscal year 1982:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $6,400,000,000.

(C) New direct loan obligations, $10,600,000,000.

(D) New primary loan guarantee commitments, $1,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $12,100,000,000.

(D) New primary loan guarantee commitments, $600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $3,900,000,000.

Fiscal year 1985:

(A) New budget authority, $4,500,000,000.

(B) Outlays, $3,700,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $10,300,000,000.

(B) Outlays, $12,800,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $9,900,000,000.

(B) Outlays, $11,400,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $9,300,000,000.

(B) Outlays, $10,300,000,000.

Fiscal year 1985:

(A) New budget authority, $8,900,000,000.

(B) Outlays, $9,300,000,000.

(6) Agriculture (350):

Fiscal year 1982:

(A) New budget authority, $9,900,000,000.

(B) Outlays, $13,800,000,000.

(C) New direct loan obligations, $22,600,000,000.

(D) New primary loan guarantee commitments, $2,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $10,100,000,000.

(C) New direct loan obligations, $19,000,000,000.

(D) New primary loan guarantee commitments, $2,600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $8,300,000,000.

(B) Outlays, $8,200,000,000.

Fiscal year 1985:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $7,300,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1982:

(A) New budget authority, $11,600,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $15,400,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1983:

(A) New budget authority, $7,100,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $15,100,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1984:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $3,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,400,000,000.

(B) Outlays, $3,300,000,000.

(8) Transportation (400):

Fiscal year 1982:

(A) New budget authority, $20,800,000,000.

(B) Outlays, $21,300,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1983:

(A) New budget authority, $21,600,000,000.

(B) Outlays, $19,900,000,000.

(C) New direct loan obligations, $500,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1984:

(A) New budget authority, $21,800,000,000.

(B) Outlays, $19,700,000,000.

Fiscal year 1985:

(A) New budget authority, $22,100,000,000.

(B) Outlays, $19,700,000,000.

(9) Community and Regional Development (450):

Fiscal year 1982:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $8,500,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,700,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,500,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,400,000,000.

(10) Education, Training, Employment and Social Services (500):

Fiscal year 1982:

(A) New budget authority, $25,400,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $6,500,000,000.

(E) New secondary loan guarantee commitments, $700,000,000.

Fiscal year 1983:

(A) New budget authority, $26,500,000,000.

(B) Outlays, $27,000,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $26,700,000,000.

(B) Outlays, $26,900,000,000.

Fiscal year 1985:

(A) New budget authority, $26,400,000,000.

(B) Outlays, $26,500,000,000.

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,500,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $79,500,000,000.

(B) Outlays, $77,600,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,200,000,000.

(B) Outlays, $85,700,000,000.

Fiscal year 1985:

(A) New budget authority, $103,600,000,000.

(B) Outlays, $97,200,000,000.

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000.

(B) Outlays, $251,500,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,800,000,000.

(B) Outlays, $272,600,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000.

(B) Outlays, $288,300,000,000.

Fiscal year 1985:

(A) New budget authority, $333,000,000,000.

(B) Outlays, $309,800,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1982:

(A) New budget authority, $24,800,000,000.

(B) Outlays, $23,800,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $11,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $24,000,000,000.

(B) Outlays, $23,200,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $20,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $25,000,000,000.

(B) Outlays, $24,200,000,000.

Fiscal year 1985:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $25,400,000,000.

(14) Administration of Justice (750):

Fiscal year 1982:

(A) New budget authority, $4,500,000,000.

(B) Outlays, $4,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,600,000,000.

(15) General Government (800):

Fiscal year 1982:

(A) New budget authority, $5,200,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,400,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1982:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $6,500,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $6,700,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,800,000,000.

(17) Interest (900):

Fiscal year 1982:

(A) New budget authority, $102,000,000,000.

(B) Outlays, $102,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $115,500,000,000.

(B) Outlays, $115,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $120,800,000,000.

(B) Outlays, $120,800,000,000.

Fiscal year 1985:

(A) New budget authority, $114,600,000,000.

(B) Outlays, $114,600,000,000.

(18) Allowances (920):

Fiscal year 1982:

(A) New budget authority, $700,000,000.

(B) Outlays, $800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, −$2,000,000,000.

(B) Outlays, –$2,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:
(A) New budget authority, –$800,000,000.
(B) Outlays, –$800,000,000.

Fiscal year 1985:
(A) New budget authority, –$800,000,000.
(B) Outlays, –$600,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1982:
(A) New budget authority, –$30,500,000,000.
(B) Outlays, –$30,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:
(A) New budget authority, –$39,300,000,000.
(B) Outlays, –$39,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:
(A) New budget authority, –$44,800,000,000.
(B) Outlays, –$44,800,000,000.

Fiscal year 1985:
(A) New budget authority, –$47,300,000,000.
(B) Outlays, –$47,300,000,000.

RECONCILIATION

SEC. 2. (a) Not later than June 18, 1982, the committees named in subsection (a) (1) through (15) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by subsection (a) (1) through (15) of this section. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(1) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $779,000,000 in budget authority and $779,000,000 in outlays in fiscal year 1983; and $1,083,000,000 in budget authority and $1,083,000,000 in outlays in fiscal year 1984; and $1,428,000,000 in budget authority and $1,428,000,000 in outlays in fiscal year 1985.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $583,000,000 and outlays by $583,000,000 in fiscal year 1983; to reduce budget authority by $1,345,000,000 and outlays by $1,345,000,000 in fiscal year 1984; and to reduce budget authority by $1,906,000,000 and outlays by $1,906,000,000 in fiscal year 1985.

(3) The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1983; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1984; and to reduce budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1985.

(4) The Senate Committee on Foreign Relations shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $6,000,000 in fiscal year 1983; to reduce budget authority by $5,000,000 and outlays by $15,000,000 in fiscal year 1984; and to reduce budget authority by $8,000,000 and outlays by $21,000,000 in fiscal year 1985.

(5) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $680,000,000 in fiscal year 1983; to reduce budget authority by $628,000,000 and outlays by $1,800,000,000 in fiscal year 1984; and to reduce budget authority by $1,000,000,000 and outlays by $2,629,000,000 in fiscal year 1985.

(6) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $102,000,000 and outlays by $457,000,000 in fiscal year 1983; to reduce budget authority by $136,000,000 and outlays by $625,000,000 in fiscal year 1984; to reduce budget authority by $120,000,000 and outlays by $744,000,000 in fiscal year 1985.

(7) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1983; to reduce budget authority by $169,000,000 and outlays by $169,000,000 in fiscal year 1984; and to reduce budget authority by $155,000,000 and outlays by $155,000,000 in fiscal year 1985.

HOUSE COMMITTEES

(8) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $779,000,000 in budget authority and $779,000,000 in outlays in fiscal year 1983; and $1,083,000,000 in budget authority and $1,083,000,000 in outlays in fiscal year 1984; and $1,428,000,000 in budget authority and $1,428,000,000 in outlays in fiscal year 1985.

(9) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $581,000,000 and outlays by $581,000,000 in fiscal year 1983; to reduce budget authority by $1,340,000,000 and outlays by $1,340,000,000 in fiscal year 1984; and to reduce budget authority by $1,899,000,000 and outlays by $1,899,000,000 in fiscal year 1985.

(10) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $157,000,000 and outlays by $157,000,000 in fiscal year 1983; to reduce budget authority by $202,000,000 and outlays by $202,000,000 in fiscal year 1984; and to reduce budget authority by $196,000,000 and outlays by $196,000,000 in fiscal year 1985.

(11) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $514,000,000 and outlays by $1,031,000,000 in fiscal year 1983; to reduce budget authority by $741,000,000 and outlays by $1,230,000,000 in fiscal year 1984; and to reduce budget authority by $815,000,000 and outlays by $1,439,000,000 in fiscal year 1985.

(12) The House Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $6,000,000 in fiscal year 1983; to reduce budget authority by $5,000,000 and outlays by $15,000,000 in fiscal year 1984; and to reduce budget authority by $8,000,000 and outlays by $21,000,000 in fiscal year 1985.

(13) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1983; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1984; and to reduce budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1985.

(14) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $2,000,000 and outlays by $688,000,000 in fiscal year 1983; to reduce budget authority by $638,000,000 and outlays by $1,820,000,000 in fiscal year 1984; and to reduce budget authority by $1,015,000,000 and outlays by $2,657,000,000 in fiscal year 1985.

(15) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1983; to reduce budget authority by $169,000,000 and outlays by $169,000,000 in fiscal year 1984; and to reduce budget authority by $155,000,000 and outlays by $155,000,000 in fiscal year 1985.

SENATE AND HOUSE COMMITTEES

(b)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,750,000,000 and outlays by $5,456,000,000 in fiscal year 1983; to reduce budget authority by $2,509,000,000 and outlays by $7,923,000,000 in fiscal year 1984; and to reduce budget authority by $3,339,000,000 and outlays by $9,549,000,000 in fiscal year 1985.

(2) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $21,200,000,000 in fiscal year 1983; $37,000,000,000 in fiscal year 1984; and $43,000,000,000 in fiscal year 1985.

(3) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase receipts from user fees authorized by that committee as follows: $2,000,000,000 in fiscal year 1983; $2,000,000,000 in fiscal year 1984; and $2,000,000,000 in fiscal year 1985.

(4) The legislation required in paragraphs (1) through (3) of this subsection shall be reported to the Senate no later than June 11, 1982.

(5) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,183,000,000 and outlays by $4,727,000,000 in fiscal year 1983; to reduce budget authority by $1,707,000,000 and outlays by $7,121,000,000 in fiscal year 1984; and to reduce budget authority by $2,455,000,000 and outlays by $8,665,000,000 in fiscal year 1985.

(6) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $21,200,000,000 in fiscal year 1983; $37,000,000,000 in fiscal year 1984; and $43,000,000,000 in fiscal year 1985.

(7) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase receipts from user fees authorized by that committee as follows: $2,000,000,000 in fiscal year 1983; $2,000,000,000 in fiscal year 1984; and $2,000,000,000 in fiscal year 1985.

(8) The legislation required in paragraphs (5) through (7) of this subsection shall be reported to the House no later than June 11, 1982.

(c)(1) In order to insure the solvency of the Social Security Old-Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, to insure that all payments to beneficiaries are made in a timely manner.

(2) In order to insure the solvency of the Social Security Old-Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, to insure that all payments to beneficiaries are made in a timely manner.

(3) The legislation required in paragraphs (1) and (2) of this subsection shall be reported no later than December 1, 1982, and shall take into account the recommendations of the National Commission on Social Security Reform. Such changes in laws shall do no more than is absolutely necessary to preserve the financial integrity of the social security system.

(4) It is the sense of the Congress that the amounts set forth in paragraphs (a)(1) through (a)(5) of section 1 shall be deemed revised to incorporate the budgetary effects of actions required by this subsection to insure the solvency of the social security trust funds immediately upon enactment of such changes.

(5) It is sense of the Congress that the President of the United States should direct the National Commission on Social Security Reform to report its recommendations to the Congress not later than November 11, 1982.

SEC. 3. The enactment of savings required by this resolution is critical to the health of the economy of the Nation; and

Expeditious action on legislation pursuant to these instructions is critical to achieving the savings required by this resolution; and

The Senate is committed to completing action on the savings legislation required by this resolution at the earliest possible time; and

It is the sense of the Senate that Senate committees instructed in this resolution should begin deliberations on the legislation those committees are required to report under this resolution as soon as this resolution is agreed to in the Senate.

MISCELLANEOUS PROVISIONS

SEC. 4. It is the sense of the Congress that the President through administrative actions should limit in fiscal year 1983 total Federal Financing Bank origination of direct loans guaranteed by other Federal agencies to $15,900,000,000; and Federal Financing Bank purchases of loan assets from Federal agencies to $14,000,000,000. It is the further sense of Congress that direct borrowing transactions of Federal agencies should be, to the maximum extent possible, restricted to the Federal Financing Bank.

SEC. 5. It shall not be in order in the House or the Senate during fiscal years 1982 and 1983 to consider any bill, resolution, or amendment, except proposed legislation reported in response to reconciliation instructions contained in this resolution, authorizing new direct loan obligations or new loan guarantee commitments unless that bill, resolution, or amendment also provides that the authority to make or guarantee such loans shall be effective only to such extent or in such amounts as are contained in appropriation Acts.

SEC. 6. It is the sense of the Congress that it is urgent that effective budgetary control be established over all types of Federal direct loans and Federal loan guarantees. The Congress directs the committees of jurisdiction to move with expedition to consider legislation that establishes a process of annual determination of appropriate levels and proper budgetary treatment of Federal credit activity.

SEC. 7. No bill or resolution providing new budget authority for fiscal year 1983 or providing new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 in excess of the allocation to or report by a committee or subcommittee pursuant to section 302 of the Budget Act shall be enrolled until Congress has completed action on the Second Budget Resolution for that fiscal year as required to be reported under section 310 of the Budget Act.

SEC. 8. It is the sense of the Senate that the new spending and revenue levels for fiscal year 1982, adopted by the Senate, shall be the ceilings against which the spending and revenue actions of the Senate will be measured pending final agreement with the House of Representatives on the revision of the Second Concurrent Resolution on the Budget for Fiscal Year 1982.

SEC. 9. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

Mr. DOMENICI. Mr. President, I yield 3 minutes to the distinguished Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I thank the Senator from New Mexico for yielding.

I wish to enter into a colloquy with Senator DOLE, Senator DURENBERGER, and other interested Senators on the issue of what it means if we accept and what it means if we reject the Moynihan amendment.

I want it made very clear that very early this year, in January, when I received word that an effort was going to be made by the administration to impose a very high hospital copayment on medicare recipients, I made a speech to a number of health care organizations who had come to Washington, explaining to them and to the administration that to increase the hospital copays for the elderly was a very poor public policy and was not justifiable. The elderly, depending on which set of statistics you believe or you use, are already paying somewhere between 40 and 60 percent of their health care costs today, even though they are protected—if I may use that word loosely—by medicare. Many of the elderly who depend on medicare are very poor. They do not have much income.

You are talking about people trying to get by on $4,000, $6,000, $8,000 a year, for a family of two in many instances. And we are talking about people whose savings already have been wiped out by inflation. It one of these senior citizens is hospitalized for 60 days, not the entire 90 days, and if the hospital cost is $250 a day—you are lucky if you can get one such as that in most cities—I think we can all figure the mathematics and understand clearly what a 6 percent, not to mention a 10 percent, daily copay would mean to an elderly couple.

Mr. President, I also understand that with respect to the $2.6 billion that Senator MOYNIHAN seeks to restore here, if his amendment is rejected, we are not in any way, shape, or form bound to putting any additional hospital copays on senior citizens. Indeed, it is my understanding, having looked at the alternatives, that there are a number of other things we can do to save this $2.6 billion.

We can move aggressively to implement a prospective payment system for hospitals and health care plans.

That is something many of us have been trying to get established for some time. We could adopt—and maybe we will adopt, if health care cost escalation keeps going the way it is—a hospital cost containment measure. I think Senator MOYNIHAN would favor that.

Mr. MOYNIHAN. We can reach an agreement on the floor.

Mr. HEINZ. There could be some kind of overall medicare revenue cap, either directly or indirectly.

There are a number of options here that will directly address health care inflation and have nothing to do with saving money by increasing hospital copays for the elderly.

I ask the chairman of the Senate Finance Committee, Senator DOLE, if what I have said is correct, and whether he agrees with me that, if we reject the Moynihan amendment, the Senate Finance Committee, Republicans or Democrats, are in no way bound to vote for some kind of increase in hospital copays.

Mr. DOLE. The Senator is correct. In fact, our modification would not increase the amount.

I point out that for those services medicare pays for, the program has actually increased its share of costs from 70 percent to 75 percent. Medicare has increased its original share of hospital expenditures covering 74 percent of hospital bills in 1970 to 80 percent in 1980. The Senator is correct. We are not assuming any new copayments.

I have outlined in the colloquy with the Senator from Massachusetts three areas in which there possibly could be any increases, and they would be only moderate.

I also say to the Senator from Pennsylvania, as the Senator from Minnesota indicated, that the Senator from Kansas believes that the number in the budget will not be the final number.

Mr. HEINZ. I hear the Senator. I do not want to put words in his month, but I gather that what he is saying is that he does intend to go to conference with the House one of these days.

Mr. DOLE. Yes.

Mr. HEINZ. We would like very much to get to conference with the House. The chairman is, is he not, going to be very practical and realistic, and he is not going to adopt, in the final analysis, anything unfair to senior citizens. Is that correct?

Mr. DOLE. That certainly is correct.

As I said, let us be very candid. Look at the House committee budget numbers and the Senate committee budget numbers. I felt that the Senate committee budget number was too high, much higher than the Senator from Minnesota or the Senator from Pennsylvania or the Senator from Kansas would support.

We believe there will be some middle ground in the conference that will be just about right and make certain that we do not impact adversely on senior citizens or low-income Americans.

Mr. HEINZ. If the Senator will permit me to engage further, is it not true that if we adopt the Moynihan amendment—and I am not saying the Senator's amendment would leave us in the wrong position overall necessarily—but is it not true that if we were to adopt his amendment the chances are the pressure would be off the entire Congress, predictably, after it got through conference, to move ahead with things like ways and means of containing health care costs, which we all favor?

We know we have to develop some means, in the very near future, to contain health-care costs. My fear is that if we adopt the amendment of the Senator from New York, the pressure is going to be off all of us. Several years ago, when the pressure was off, the health-care industry implemented the voluntary effort. Last year, hospital costs spiraled at 19 percent. Hospital inflation is not just eating up the very few dollars we have in medicare and medicaid. It is eating up a large portion of everyone's budget in this country. It is sometimes a little obscure because it is hidden in the first dollar coverage on employer provided third party health insurance.

But make no mistake about it. People talk about the military-industrial complex. The biggest complex is the health care complex. It is big and getting bigger with an increase of 19 percent in hospital costs each year.

So I do not quarrel with the humanitarian instincts of the Senator from New York at all. But I do say that in this instance tactically I cannot at this point support what he is trying to do, because I want to keep the pressure on all of us as a country to restrain health care costs, and I will say this to my friend: If there is anything in the Finance Committee instructions or if anyone offers a proposal in the Finance Committee or anyplace else to increase hospital copays as has been suggested by the Budget Committee, this Senator will be the first to join with the Senator from New York to defeat that measure.

Mr. MOYNIHAN. I thank the Senator from Pennsylvania.

Mr. President, I ask unanimous consent to modify my amendment for technical purposes. Two pages were left out of the original.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modified amendment is as follows:

On page 2, beginning with line 15, strike out through line 1 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $835,900,000,000.
Fiscal year 1984: $897,600,000,000.
Fiscal year 1985: $973,400,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.
Fiscal year 1983: $786,100,000,000.
Fiscal year 1984: $835,300,000,000.
Fiscal year 1985: $893,500,000,000.

On page 3, strike out lines 9 through 15 and insert the following:

(5) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.
Fiscal year 1983: $117,900,000,000.
Fiscal year 1984: $94,300,000,000.
Fiscal year 1985: $68,500,000,000.

On page 15, beginning with line 17, strike out through line 7 on page 16 and insert the following:

Fiscal year 1983: (A) New budget authority, $80,200,000,000.

(B) Outlays, $80,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984: (A) New budget authority, $92,900,000,000.

(B) Outlays, $88,800,000,000.

Fiscal year 1985: (A) New budget authority, $104,400,000,000.

(B) Outlays, $101,500,000,000.

On page 28, beginning with line 23, strike out through line 6 on page 29 and insert the following:

(11) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $331,000,000 in fiscal year 1983; to reduce the budget authority by $41,000,000 and outlays by $530,000,000 in fiscal year 1984; and to reduce budget authority by $15,000,000 and outlays by $639,000,000 in fiscal year 1985.

On page 30, beginning with line 21, strike out through line 5 on page 31 and insert the following:

(b)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,050,000,000 and outlays by $2,856,000,000 in fiscal year 1983; to reduce budget authority by $1,809,000,000 and outlays by $4,823,000,000 in fiscal year 1984; and to reduce budget authority by $2,539,000,000 and outlays by $5,249,000,000 in fiscal year 1985.

On page 31, beginning with line 20, strike out through line 4 on page 32 and insert the following:

(5) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,183,000,000 and outlays by $3,127,000,000 in fiscal year 1983; to reduce budget authority by $1,707,000,000 and outlays by $4,721,000,000 in fiscal year 1984; and to reduce budget authority by $2,455,00,000 and outlays by $5,135,000,000 in fiscal year 1985.

Mr. METZENBAUM. Mr. President, the Republican budget proposal requires deep and massive cuts in the medicare program. Despite protestations to the contrary by my Republican colleagues, the vast majority of these cuts will come directly out of the pockets of the elderly. For example, under this budget resolution elderly persons would be required to make copayments for the 2d through the 60th day of their hospital stays. They would be required to pay part of the costs of home health care visits. The deductible on part B coverage for doctors' visits would be automatically increased every year as would the premiums which they pay for this coverage. Even the reduction in the reimbursement level for radiologists and pathologists, which certain Republican members have cited as an example of cuts directed at providers, is not what it seems. The radiologists and pathologists will not charge any less; they will simply bill their elderly patients directly for 20 percent of their fees.

I am absolutely opposed to any cuts in medicare and medicaid which will come directly out of the pockets of the poor and elderly. Much could be done in the area of cost containment to get at the real causes of runaway inflation in the health care industry but the Republican budget proposal does not address these issues. Instead, they take the easy way out and take from those who are least able to fight back—those without any strong and powerful lobby here in Washington. I am cosponsoring an amendment to the budget resolution today that would reduce those cuts in medicare and medicaid to just those items which are actually cost containment measures. It eliminates those cuts which would increase the elderly's out-of-pocket costs.

Some Members of Congress have attempted to justify these proposed cuts on the grounds that they will make the elderly more cost conscious about health care. This is ludicrous given that the elderly already pay 43 percent of their health care costs out of their own pockets. Many low-income elderly are already forced to choose between eating and going to the doctor. Given that choice, many forgo needed heath care which only increases the costs of the system in the long run.

The elderly are still reeling from the blow of last year's medicare cuts. Even those with insurance coverage were not protected from these increases in their health care costs. In some instances, Blue Cross and Blue Shield plans tripled the premium rates in order to compensate for the cuts in Government funding.

At a hearing on health care issues in Akron, Ohio, I recently heard testimony from elderly persons that doctors were requiring as much as $260 in cash up front before taking on a new patient. As a result, older persons are often not seeking the services of a physician unless they are seriously ill. Of course, this does not gain any savings in the long run—it actually increases the burden on the system when these same older persons have to eventually seek more acute and expensive care.

It is time that this body was forced to address the underlying causes of inflation in the health care industry. Perhaps if a majority of Senators refuse to simply pass on these costs to those who cannot fight back, we will actually begin to attack this problem at its roots.

This is a rich and powerful nation. There is no reason that we cannot provide decent health care for our senior citizens. I for one will continue to make this an urgent priority.

Mr. DODD. Mr. President, I strongly support the Moynihan-Kennedy amendment to restore funds to medicare. A budget which attempts to curb medicare cost by requiring elderly recipients to pay more makes the wrong choice.

According to the latest figures from the Bureau of the Census, half of those households headed by Americans aged 65 and over have money incomes below $8,780. The Census Bureau also tells us that more than one-quarter of all elderly households have money incomes below $5,000. Those who intimate that these households can afford to pay more for their health care must not be paying close enough attention to the census statistics.

Mr. President, I agree with the sponsors of this amendment that we must not curb medicare costs by penalizing our senior citizens. Rather, we must look toward measures which will help contain costs such as prospective reimbursement. I urge my colleagues to pass this amendment.

MEDICARE AND MEDICAID CUTS IN THE BUDGET RESOLUTION: TOO MUCH

Mr. CHILES. Mr. President, one of the reasons I voted against this budget resolution in the Budget Committee was because of what I considered extraordinarily high cuts in function 550, which includes medicare and medicaid. The budget resolution recommends cuts from current spending levels for medicare and medicaid totalling $25.7 billion over a 3-year period: $5.8 billion in 1983, $8.8 billion in 1984, and $11.1 billion in 1985.

I believe it is important that we do make significant reductions in medicare spending, in particular, because we have got to be able to take strong action to fight rising hospital and medical care costs. We have to do this if for no other reason than to protect the solvency of the medicare hospital insurance trust fund for future years.

But the magnitude of the cuts in the budget resolution are just too much. They are not reasonable. We would end up with a package that would force unprecedented increases in medicare beneficiary cost-sharing—out-of-pocket costs—in addition to the best we could do to contain hospital and other provider costs.

Before we took up the budget resolution in committee, I studied all the proposals we have had for medicare and medicaid savings. I looked at current and past administration proposals, at the Congressional Budget Office figures, and at Finance Committee estimates. And I concluded that even with the most aggressive action we could take to contain health care costs, we could only get about half the savings contained in this resolution. Anything else would have to come directly out of the pockets of medicare beneficiaries.

That was the reasoning behind the amendment which I offered in the Budget Committee. My amendment would have reduced the cuts in medicare and medicaid by over one-half: to $3 billion in 1983 with further savings of $4.1 billion in 1984 and $5.25 billion in 1985. I felt that these figures would allow us to achieve much more thoughtful, and much more effective, health care cost containment. But we would not have to increase, for the second year in a row, medicare beneficiary out-of-pocket costs. We would not have to cut medicare benefits. And we would not have to make any more large cuts in medicaid which could force many elderly out of nursing homes. My amendment failed in committee.

Mr. President, before we try again to reduce these cuts I want to make sure that my colleagues all understand just how much protection medicare now provides against rising health care costs—and just how much it does not.

First, even with medicare's current protections, the elderly pay, on a national average, a full one-third of their health care costs directly out-of-pocket. On the average, that meant almost $800 per person in 1980. Add to that the annual premium paid for the medicare part B program—$146 this year—and the average annual cost of a supplemental health insurance policy—about $400.

Second, medicare covers less than half—45 percent—of the elderly's total health care costs. Health care expenditures for the elderly not paid by medicare have been steadily increasing over the years in relation to income and are now approaching the same share of the elderly's income that health care costs consumed in 1965—before medicare was enacted—20.4 percent.

I shall submit for the RECORD an excerpt from an information paper prepared by the Senate Committee on Aging which provides a comprehensive summary of medicare's performance. I think my colleagues will find it a useful document.

The excerpt follows:

Health Care Expenditures for the Elderly: How Much Protection Does Medicare Provide?

INTRODUCTION

Medicare was enacted in 1965 as a means of providing protection for the elderly from the costs of health care. There is no question that medicare has, in fact, provided this protection to many older Americans and, in doing so, has become the single largest purchaser of health care in the world. From a program spending $3.2 billion in 1967, it will grow to $49.8 billion in 1982.[1]

Nevertheless, in recent years, there has been considerable debate concerning whether medicare is adequately covering the cost of care for the elderly. Some have pointed to the gaps in medicare's coverage and the increasing costs of physician services not paid for by medicare. Others have argued that medicare has not only kept pace with total personal health care expenditures, but its share has grown over time.

The concern over reducing Federal deficits and the large share of outlays that medicare represents in the overall Federal budget has made it important to carefully reexamine medicare's performance. Recent data on medicare provides an overall description of the protection provided by the program, particularly in regard to the health care services it was intended to cover. The adequacy of medicare's coverage, however, must also be examined in light of expenditures by the elderly for services not covered by medicare and the performance of other sources of payments (supplemental insurance and medicaid) in meeting the shortfall between medicare and total health expenditures. This paper examines these three issues.

Medicare coverage and payment

Although medicare's share of health care costs for individual beneficiaries may vary widely according to services needed and duration of care, aggregate data can provide an overall description of the level of protection medicare currently provides.

Total Personal Health Care Expenditures for the Elderly[2]

As can be seen by table I below, medicare's share of total personal health care expenditures for the elderly has not declined. In fact, it has risen since 1970, though it represents only 45 percent of total health expenditures for persons over the age of 65.

TABLE I.—TOTAL PERSONAL HEALTH CARE EXPENDITURES FOR THE AGED[1]

Year	Total (millions)	Medicare (millions)	Medicare percent of total
1965	$8,869		
1970	17,270	$6,098	35.3
1976	37,674	16,313	43.3
1977	43,303	19,140	44.2
1978	49,366	21,770	44.1
1980[2]	68,400	30,800	45.0

[1] Fisher, Charles R., "Differences by Age Groups in Health Care Spending," Health Care Review, vol. 1, No. 4 (spring 1980).

[2] Estimated data supplied by the Health Care Financing Administration.

Despite medicare's increasing share of costs, however, the elderly person's per capita responsibility for his or her total health care bill is also growing, from $503 in 1970 to $1,436 in 1980. As table II shows, this is an increase from 16.8 to 19.1 percent of total income.

TABLE II.—TOTAL PER CAPITA PERSONAL HEALTH CARE EXPENDITURES NOT PAID BY MEDICARE AS A PERCENT OF TOTAL INCOME FOR THE ELDERLY

Year	Total per capita expenditures	Medicare per capita expenditures	Expenditures net of medicare	Personal income	Percent
1965	$472		$472	$2,137	20.4
1970	854	$351	503	2,991	16.8
1976	1,624	703	921	5,147	17.9
1977	1,821	805	1,016	5,592	18.2
1978	2,206	893	1,133	6,161	18.4
1980[1]	2,638	1,201	1,436	7,512	19.1

[1] Estimates supplied by the Health Care Financing Administration.

Thus, health care expenditures for the elderly not paid by medicare have been increasing over the years between 1970 to 1980 with respect to income and are approaching the same share of income that health care costs consumed in 1965, prior to medicare (20.4 percent).

Health Care Costs Not Paid by Medicare

There are four major sources of health care costs for the elderly not paid by medicare:

(a) *Uncovered services.*—Since medicare's focus is essentially on covering acute care, many services remain outside its scope of benefits. These services range from basic preventive services to long-term care. For example, while the pneumococcal vaccine was recently included as a covered service, other preventive measures, from flu shots to physical exams, are not covered. Further, while there is a limited skilled nursing home benefit (restricted to 100 days), longer term skilled care and lower levels of chronic care are not covered. In addition, the hospital benefit is limited to 150 days. Finally, there is no coverage for outpatient drugs under medicare, nor for basic dental service, or eyeglasses.

(b) *Cost sharing.*—Medicare employs a variety of cost-sharing mechanisms including a deductible for hospital services ($260 in 1982), copayments on hospital and nursing home services,[3] and a $75 per calendar year initial deductible and 20 percent coinsurance on physician and outpatient services. The hospital and nursing home deductible and copayment amounts are automatically increased each year.

(c) *Charges in excess of medicare payments for covered services.*—When physicians bill a medicare patient directly for services ("unassigned claims"), the beneficiary must then pay not only the 20 percent coinsurance but also any amount above what medicare considers "reasonable" for that claim (as determined by law and regulation). Almost 50 percent of all physician claims are unassigned.

(d) *Premiums.*—Although not included in total personal health care expenditures, beneficiaries also pay a monthly premium for medicare coverage for physician services. The premium rises automatically each year and is currently $11 per month.

Evaluating medicare's performance on the basis of its share of total health expenditures is somewhat misleading, however, since personal health care expenditures include nursing home costs (usually covered by medicaid and direct out-of-pocket payments rather than medicare) and other services which medicare was never intended to cover. Considering only medicare-covered services provides a description of more typical coverage for a noninstitutionalized medicare beneficiary and a better picture of how well medicare has done with those services it was specifically intended to cover.

Hospital Expenditures

Hospital expenditures represent the single largest component of the medicare program. Of the $1,201 spent per capita for personal health care under medicare in 1980, $888 (or 74 percent) was for hospital services. Medicare hospital expenditures rose by almost 260 percent between 1970 and 1980.[4]

Table III shows overall and medicare spending for hospital care on a per capita basis between 1967 and 1980:

TABLE III.—OVERALL AND MEDICARE PER CAPITAL HOSPITAL EXPENDITURES FOR THE AGED[1]

Year	Total hospital	Medicare hospital	Medicare as percent of total
1967	$219	$151	69
1968	245	179	73
1969	302	223	74
1970	320	237	74
1971	351	265	75
1972	386	291	75
1973	386	291	75
1974	479	362	76
1975	578	451	78
1976	675	520	77
1977	752	578	77
1978	816	673	82
1979	919	774	84
1980	1,083	888	82

[1] Data supplied through the Bureau of Data Management and Strategy (BDMS), HCFA.

Clearly, medicare has more than maintained its original share of hospital expenditures, despite significant increases in the cost of hospital care. When considered as a percent of the elderly's income, the amount not covered by medicare has actually declined from 2.8 percent in 1970 to 2.6 percent in 1980.

This is true largely because of the structure of the current medicare hospital benefit. Medicare pays the full cost of hospital care until the 60th day for most beneficiaries who use hospital services, except for a deductible based on the average national cost of a hospital day. Since only 4 percent of medicare beneficiaries use more than 60 days, total hospital out-of-pocket expenditures are very small.[5]

Physician Expenditures

Medicare's share of charges for physician services has remained virtually the same since 1969, as can be seen in table IV:

TABLE IV.—OVERALL AND MEDICARE PHYSICIAN EXPENDITURES ON A PER CAPITA BASIS FOR THE AGED[1]

Year	Overall	Medicare physician	Medicare percent overall expenditures
1967	$99	$51	52
1968	117	72	52
1969	132	78	59
1970	143	85	59
1971	152	90	59
1972	158	94	59
1973	172	99	58
1974	190	108	57
1975	240	139	58
1976	270	156	58
1977	306	177	58
1978	348	204	59
1979	403	237	59
1980	471	279	59

[1] Data supplied through the Bureau of Data Management and Strategy (BDMS), HCFA.

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[1] Footnotes at end of article.

Medicare pays a considerably smaller portion of physician services that it does of hospital services. Although that portion has remained essentially constant over time, the nonmedicare portion of costs for physicians services in terms of actual expenditures has increased as a percent of total income, from 1.9 percent to 2.65 percent from 1970 to 1980.

The reasons why medicare coverage of physicians services has not been effective as that of hospital services are complex. First, medicare's 20 percent coinsurance on physicians services means that, under the best circumstances, medicare would only pay 80 percent of costs (less the annual deductible). Second, on an unassigned claim, medicare may pay less than 80 percent of actual charges if the amount billed is deemed not to be "reasonable." Reasonable charges in 1980 constituted 77.3 percent of actual physician charges.[6] According to actuarial estimates, this percentage declined to 75 percent in 1981 and will decline further to 72.4 percent in 1982. Medicare's payment, if reasonable charges were 72.4 percent of total costs, would equal only 58 percent of the total physician bill.[7]

The assignment rate (the percent of claims where the physician will accept medicare payment in full and not bill the beneficiary for more than the 20 percent coinsurance) has remained just above 50 percent since 1974. It was 51.8 percent in 1980. Thus in almost 50 percent of the claims, beneficiaries are responsible for the difference between reasonable charges and actual cost.[8] On average, this difference has risen from 14.4 percent of the total amount of a claim in 1974 to 22.4 percent in 1980.[9] (The difference between reasonable charges and actual cost is also seldom covered under private supplemental insurance or medicaid.)

Trends in Medicare Coverage

Although medicare has slightly increased its share of total personal health care expenditures over the past 5 years, health care costs not paid for by medicare are steadily increasing as a percent of the elderly's income (19.1 percent in 1980) to almost premedicare levels (20.4 percent). Medicare's ability to maintain its share of total costs has been largely due to the structure of the hospital benefit. The elderly remain at risk for the rising costs of those health services which medicare does not cover and also face increasing physician costs. While medicare's share of payments for physician services has remained static, the cost of physician services not paid by medicare is growing faster than the elderly's income, on average.

Trends in medicare coverage for persons over the age of 65 are only available through 1980. However, the 1981 Omnibus Budget Reconciliation Act further added to costs not paid by medicare by increasing the hospital deductible from $204 to $260, twice the average annual increase, and by increasing the part B deductible from $60 to $75, the first such increase in 9 years.

Other sources of payment

The above discussion focused on the relationship between medicare coverage and total health care expenditures. The total gap between expenditures and coverage is not necessarily absorbed by the beneficiary, however. Over 70 percent of the elderly have some sort of supplemental coverage, including both private insurance and medicaid.[10] Table V below shows the share of payments for health care for the elderly by source of payor. Other than medicare, the major sources of payment are medicaid and private, which includes private insurance and direct out-of-pocket payments.

TABLE V.—SHARE OF PAYMENTS FOR HEALTH CARE FOR THE ELDERLY BY SOURCE OF PAYOR [1]

[Source of funds per capital]

Year	Total	Percent private [2]	Percent medicare	Percent medicaid	Percent other public [3]
1965	$472	70.1			29.9
1970	854	38.8	41.1	11.0	9.2
1976	1,624	35.5	43.3	15.0	6.2
1977	1,821	36.1	44.2	13.9	5.9
1978	2,026	36.9	44.1	13.4	5.6

[1] HCFA memorandum from the Director, Office of Legislation and Policy to the Deputy Administrator, Jan. 8, 1981.

[2] Includes direct out-of-pocket expenditures and expenditures covered by private supplemental insurance. HCFA statistics show that in calendar year 1978, of total private expenditures, 37.3 percent was for nursing homes, 19.9 percent for physician services, 15 percent for other health care professionals, and 2.2 percent for eyeglasses and other appliances.

[3] Other public in 1965 included funds paid under the Kerr-Mills program which was a forerunner to medicaid and now includes medical payments under vocational rehabilitation, temporary disability insurance, public health service programs, veterans' and defense health programs, and State and local health expenditures.

Supplemental Insurance

Private insurance's share of total personal health expenditures for the elderly was 6.6 percent in 1977, the most recent year for which data is available.[11] There is little evidence that this share has changed in recent years. Even though a full range of private benefit packages are available to the elderly, the bulk of coverage is primarily designed to cover medicare deductibles and coinsurance amounts. Many policies also provide some coverage for hospital stays beyond the medicare 150-day lifetime limit. Thus, while private insurance can fill some of the gaps in medicare coverage, a large portion of most services to the elderly are not included in the basic supplemental insurance package. Few supplemental policies, for instance cover long-term care or out-patient drugs, which can represent sizable expenses for many elderly persons.

In addition, the elderly who do have supplemental health insurance have been confronted with increasing premium rates over the years. A typical annual premium rate for an over-65 individual, $180 to $250 in 1965 (prior to medicare), is $300 to $400 in 1982 (only as a supplement to medicare).[12] Data from one State shows increases in premiums of over 250 percent between 1970 and 1980, and there is evidence that premiums for some Blue Cross plans might have been higher had they not been subsidized by the plan's other insurance business.[13]

While more extensive packages covering medicare's uncovered services may be available, the premium costs for these packages can be prohibitive. For example, in Pennsylvania, an out-of-pocket drug benefit alone would cost $10.65 per month.[14] A policy of another company that paid up to 40 percent of the difference between the physician billing amount and medicare payments added approximately $12.95 to monthly premium payments. Rising premium costs may result in the elimination of some forms of coverage. For example, the company offering the benefit described above has decided to discontinue this option after 1982 due to its rising costs.[15]

Changes in the level of medicare copayments contribute to increasing supplemental insurance premium costs. For example, in January 1982, Prudential offered a new medicare supplemental portfolio. The part A portion of these plans ($10.40 a month) were 27 percent more costly than they would have been in 1981. Twelve percent of this higher cost is the direct result of the increased deductible enacted in the 1981 Omnibus Budget Reconciliation Act.

The cost of a new Prudential supplemental policy covering parts A and B which does not cover the part B deductible (and only picks up the 20 percent coinsurance on reasonable charges) would only be 3 to 5 percent higher if written in 1982. However, the increase of a plan covering the difference between actual costs and medicare payments would be 24 percent higher if written in 1982 ($64 a month).[16] One-quarter of this increase in actuarial value is the result of increased copayments enacted in the 1981 Omnibus Budget Reconciliation Act. The remainder is due to the normal increase in medicare's hospital deductible, higher medical costs, and the declining percentage of total costs designated as reasonable charges.[17]

Blue Cross/Blue Shield medicare supplemental insurance plans (held by over one-half of persons over 65 with any form of supplemental coverage) are experiencing similar rate increases. A BC/BS survey of plans chosen at random, with consideration given to insure good geographic representation by plan size, reveled average rate increases of 24 to 37 percent effective early 1982. While some of these rate increases were stated to be due to previous inadequate rates, at least two of the six medicare supplemental plans had rate increases of 24 and 35 percent which were virtually all due to benefit increases and higher medicare copayments. A forthcoming survey of plans underwriting the majority of medicare supplemental coverage for Blue Cross/Blue Shield suggests even higher rate increases.[18]

Medicaid

While medicaid covers over 13 percent of the health care costs to the elderly, this figure can be put in clearer perspective. The vast majority of these expenditures is for a small percentage of the population using the long-term care benefit. Because medicaid is a means-tested program for low-income individuals only, it does not provide any protection at all for most elderly (about 80 to 85 percent of medicare beneficiaries do not participate in medicaid).[19] Therefore, although medicaid does fill an important gap, particularly in terms of services for the poorest elderly and for needed long-term care, its impact is limited or nonexistent for the majority of medicare beneficiaries.

Direct Out-of Pocket Payments

The major source of payment for health expenditures not paid by medicare is direct out-of-pocket payment by the beneficiary. The elderly were responsible for 29.1 percent of their total personal health care expenditures in calendar year 1977.[20] This would equal $525 per capita in 1977 and approximately $768 in 1980. There is no evidence that this share has changed in recent years. Further, these direct out-of-pocket costs do not include the part B premium costs paid by the beneficiary (currently $132 a year, increasing to $146.40 in July 1982), nor the cost of supplemental medical insurance premiums.

CONCLUSION

For those services which medicare covers, the program has slightly increased its share of costs, from 70 percent of the total cost of medicare-covered services in 1970 to 75 percent in 1980.[21] This is mainly a result of medicare's increased share of hospital expenditures for the elderly, 74 percent in 1970 to 82 percent in 1980. Medicare's share of physician expenditures, on the other hand, has remained static at 59 percent.

Even though medicare's coverage as a percentage of total health care expenditures has also increased slightly, rising health care costs have resulted in increasingly burdensome out-of-pocket health costs for persons over 65. Total health costs not paid by medicare are increasing as a percentage of the elderly's income. Further, significant gaps in coverage for the over-65 population clearly remain. There continue to be services uncovered by medicare or private insurance. Thirty percent of persons over 65 have no supplemental insurance to help meet the gaps between what medicare pays and the actual cost of services. In addition, as in the instance of unassigned claims for physician services, even private insurance seldom meets the growing difference between actual cost and what medicare pays for reasonable charges.

Whatever the past performance, there is a certain fragility in medicare's capacity to maintain its share of health care expenditures. Further increases in the costs of health care, changes in patterns of utilization, decreased assignment rates, and actual changes in current law can all significantly alter medicare's contribution. Any increases, for example, in cost sharing for hospital services would significantly increase out-of-pocket expenditures, especially given the expensive nature of such services. Similarly, any reductions in physician reimbursement could be expected to further erode medicare's share of physician costs by decreasing the assignment rate and by increasing the difference between physicians' billing and medicare reimbursement. Private coverage and medicaid may pick up part of this differential, but they can neither account for all of it nor would this be accomplished without marked increases in premium rates for those who do have private insurance.

Thus, in considering new measures to limit medicare expenditures, there must be consideration also for the cost-shifting impact of those proposals. While proposals shifting costs could reduce anticipated medicare expenditures, they would also result in even larger health liabilities for the elderly. The need to restrain the growth of medicare costs must be balanced with the need to protect many of this Nation's most vulnerable citizens from the growing risk of medical pauperization. Ultimately, the tension between these two objectives may only be resolved through consideration of a wider range of alternatives for reform of the existing health care system.

Footnotes

[1] Information provided by the Health Care Financing Administration (HCFA), Department of Health and Human Services.

[2] Total health care expenditures include total payments from all public and private sources for personal health care including physician services, hospital care, nursing home care, drugs and medical sundries, home health services, and other professional services such as dental services, laboratory services, and eyeglasses and other appliances.

[3] Copayments for hospital services are imposed only after 60 days of care and are equal to one-fourth of the hospital deductible for the 61st through 90th day (currently $65 per day) and one-half the deductible for the 91st to 150th day (currently $130 a day). For nursing home care, the copayment is applied only after 20 days of care and is equal to one-eighth the hospital deductible from the 21st through 100th day of care ($32.50 per day).

[4] Health Care Financing Administration, unpublished data, 1982.

[5] Data supplied through the Bureau of Data Management and Strategy (BDMS), HCFA.

[6] "Reasonable," or allowable, charges are based on past billing experience of that doctor and comparisons with other physicians performing the same procedure in the same area. The amount of increase in the allowable charge is constrained year-to-year by an inflation factor called the economic index.

[7] Data supplied by the Prudential Insurance Co. of America.

[8] BDMS, op. cit.

[9] HCFA, unpublished data, 1982.

[10] Ibid.

[11] Fisher, Charles, R. "Differences by Age Groups in Health Care Spending," Health Care Financing Review, vol. 1, No. 4, Spring 1980.

[12] Based upon discussions with Blue Cross of Western Pennsylvania. While these figures only represent one plan's experience, discussions with the Blue Cross Association would indicate that they are not atypical.

[13] Ibid.

[14] Ibid.

[15] Mutual of Omaha, unpublished data, 1982.

[16] Such a plan includes coverage for the part B deductible, part A hospital and 100 percent private duty nursing benefits, and 50 percent of drug costs.

[17] Data supplied by the Prudential Insurance Co. of America.

[18] Data supplied by Blue Cross/Blue Shield.

[19] BDMS, op. cit.

[20] Fisher, op. cit.

[21] Ibid.

Mr. CHILES. Mr. President, I would also like to discuss four specific proposals which were considered by the Budget Committee which I am afraid Congress would be forced to adopt if we do not lower the medicare and medicaid cuts in the budget resolution before us. We could go over a whole laundry list of proposals, but these are some of the proposals which I am afraid would have the worst effect on all older Americans.

NEW DAILY HOSPITAL COPAYMENT

Currently, medicare pays for the full costs of hospital care for the 2d through the 60th days in the hospital. The beneficiary already pays an initial deductible equal to the cost of the first day ($260) and pays an increasing portion of those costs as copayments for additional days after 60 days in the hospital.

Under the terms of this Budget Resolution, for the first time, we would probably have to require medicare beneficiaries to pay a daily hospital copayment beginning right away through the 60th day in the hospital.

Some of the initial proposals we heard earlier this year would have set this copayment amount at 10 percent of the daily average cost of a medicare hospital day, currently $260 and expected to be about $290 next year. If this 10-percent figure was used, medicare beneficiaries ill enough to remain in the hospital for 60 days would end up paying $1,794 in out-of-pocket expenses rather than the $260 they now pay. That is an increase of almost 600 percent. Even if this copayment amount was cut in half, to 5 percent, the total out-of-pocket expenses for that same patient would increase from $260 to over $1,000. There are a number of ways you can juggle these numbers, but it all boils down to greatly increased out-of-pocket costs for hospital stays.

If we think back to when the President's budget was first sent to Congress this year, we will remember that this proposal for new medicare hospital copayment was being floated and speculated about in a number of different ways. That is where the 10-percent figure first came from. But when it was being talked about then, it was at least coupled with a provision to link it to a new "catastrophic cap" on total beneficiary liability for out-of-pocket expense. Sometimes we heard $2,500, sometimes $1,500. But this "catastrophic cap" was nowhere in evidence in any of the assumptions used during the Budget Committee debate.

FURTHER INCREASES IN PART B PREMIUMS AND DEDUCTIBLES

Under the medicare part B supplemental medical insurance program, medicare beneficiaries are currently required to pay an annual premium of $146.40, effective July 1, 1982, plus an annual deductible of $75, plus 20 percent of the "reasonable charges" of all covered services. The deductible was just raised by Congress last year to $75 from the $60 which had been required for the previous 9 years. The annual premiums have regularly increased every year based on the percentage increase in the social security cost of living adjustments. Any medicare beneficiary will laugh when you point out that the medicare law says that they are liable for only 20 percent of the bills they receive. That only happens under the best of circumstances. In reality, because of rising differences between what physicians charge and what medicare considers a "reasonable charge," medicare has consistently paid under 60 percent of the charges for covered part B services.

If we adopt the numbers in this budget resolution we will have to add considerably to out-of-pocket expenditures for part B services by indexing the annual deductible to automatically increase it each year from now on and by increasing the annual part B premium at a faster rate each year.

HOME HEALTH COPAYMENTS

The budget proposal before us also includes as an assumption that the medicare home health program would be subject to beneficiary copayments for the first time. Home health has been specifically excluded from any copayment requirements in the past as a matter of policy. A decision was made not to require any copayments precisely because we wanted to encourage medicare beneficiaries to use the home health benefit as an alternative to other health care as much as possible.

The administration initially proposed that home health be subject to a 5-percent copayment for the first 100 home visits, beginning with the first visit, and 20 percent thereafter. This proposal, said the administration, would save $35 million in 1983. The budget resolution, however, assumes that the first 20 home health visits in any year would remain without a copayment with all visits after that subject to a 20-percent copayment. Doing it this way would save $100 million in 1983 and almost $200 million in 1985. Either way, the copayment will serve to discourage medicare beneficiaries from the best use of the home health benefit. And additional administrative costs for the medicare program will be involved.

I will be the first to agree that we have seen some problems with the way the home health program is run. The administration suggested earlier this year that it was proposing home health copayments in order to "act as a deterrent to unnecessary utilization." I have seen too many examples of overutilization of home health services to deny that they exist. But I do not believe that instituting a copayment will make any real difference where over-utilization might exist. Let us not lose sight of the fact that the medicare patient is not the one who decides on, or prescibes, home health. By law, the decision to make home health services available to a medicare patient is made by the physician. If home health is being prescribed when it is not actually needed, it will continue to be prescribed whether or not the patient is required to pay for a portion of the visit.

This proposal is another one which attempts to cut medicare program costs by directly reducing medicare benefits to patients, not by any overall health care cost containment. Whatever is saved will come directly out of the pockets of medicare beneficiaries.

If we do as the administration suggested—require a 5-percent copayment from the first day—over 1 million medicare beneficiaries will be affected and those who require the most visits could be expected to pay as much as $1,300 more out-of-pocket in 1 year.

If we adopt the Budget Committee proposal by waiting until after 20 visits before requiring a copayment of 20 percent, the out-of-pocket cost to the sickest patients will be even more. It is true that most home health patients require less than 20 visits a year, but in 1978—the most recent statistics available from the medicare program—35 percent of all home health patients required more than 20 visits a year. About 385,000 medicare beneficiaries would be affected and those who require the most visits could be expected to pay as much as $1,700 more out-of-pocket in 1 year.

PENALIZING THE WORKING AGED: A WOLF IN SHEEP'S CLOTHING

There is one more proposal which I think is particularly bad policy and which I am afraid could not be avoided with cuts of this magnitude. I am referring to the proposal in the President's original budget submission to require that all employee health benefit plans become the primary payor for employees over the age of 65—rather than medicare as is now the case. During the Budget Committee's markup session, this so-called working aged proposal was estimated to save $610 million in 1983, with a 3-year savings of $2.1 billion.

On the surface, this proposal may should like it makes some sense for the medicare program. Why should medicare assume the primary health insurance risks for someone who is employed and, though eligible for medicare because of age, also eligible to be covered by a company health insurance plan? It sounds like a good way to save the medicare program some money, perhaps without taking away much in health benefits.

But when you look a little closer at how this system actually works—with many employers able to keep on older workers or add them to their work force without having to assume the additional burden of higher health benefit costs for their older workers—you can clearly see that this provision will act as a strong disincentive for any employer to retain or hire older workers.

That is not the policy we want to pursue. It has implications far beyond the short-term savings for the Federal budget and for the medicare hospital insurance trust fund which is assumed in this proposal.

First, I think we need to understand how the system works now. Typically, an employee over the age of 65, who is eligible for medicare coverage, has a supplemental health insurance policy from his employer's health insurance plan. Either that, or he is part of an overall company group health insurance plan, the same as other younger employees. But because of the older worker's medicare coverage, the company's health insurance plan in effect functions as a medicare supplement. Because of this, the employer does not have to face the additional health benefit costs of having older workers—who are actuarially a higher risk—as part of his overall health insurance pool. Because of this the current arrangement actually works as an incentive for retaining and hiring older workers.

This situation was specifically addressed by Congress as part of the Age Discrimination in Employment Act. This legislation, which I dare say all of my Senate colleagues have supported, was enacted to protect older employees and to promote employment of older persons on the basis of ability rather than age. Section 623 of the Age Discrimination in Employment Act states that an employer may not refuse to hire or discharge an employee—or otherwise discriminate against an individual with respect to compensation, terms, conditions, or privileges of employment—simply because of an individual's age.

When we crafted this law, we recognized that the costs to an employer of providing health insurance benefits to older workers would be higher than the costs of health benefits for younger workers. Because our goal was to encourage more employment opportunities for older workers, and not to penalize employers, the law and legislative history makes it clear that an employer can provide different health benefits to older workers than younger workers. Differences in this specific area are exempted from violations of the act. We wanted to make it clear that the current practice of many employers of providing different health benefit coverage for older workers, or for requiring higher health plan contributions for older employees, would be acceptable under the terms of the Age Discrimination in Employment Act. In this way we could guarantee that employers would not be subject to higher costs of doing business because they were required to treat older workers in the same manner as younger workers. Without it, we knew we could not realistically achieve our overall goal of protecting older workers from age discrimination.

I am not arguing that this medicare "working aged" proposal is directly in conflict, in legal terms, with the Age Discrimination in Employment Act. But it is certainly directly contradictory to the goals we have set for the Nation under this landmark legislation.

If we are forced to make this change in the medicare law for the "working aged," as we will be if we keep these large function 550 cuts in the budget, we will be rejecting our own goals of increased employment opportunities for older workers. If medicare can no longer be the primary payor of health insurance benefits for older workers, employers with full health benefit plans will be faced with increased costs. The more older workers they employ, the higher their costs will be. As I see it, employers will have one of three choices: First, absorb the extra costs themselves, second, pass it on to all employees by raising employee health benefit contributions equally, or third, pass it on to their older workers only, requiring higher health benefit contributions from older workers only. In the first two situations, the employer has every incentive to get rid of all his older workers and certainly not to hire any more.

If the third choice is made—and it might be the easiest solution for an employer—the older worker is the one with the incentive not to work anymore. If he works, he will have to pay much more for health insurance than either his younger working colleagues or his retired contemporaries. And if that worker does drop out of the workforce, he no longer pays income taxes or social security payroll taxes. As a matter of fact, he not only uses medicare benefits—he draws social security benefits also.

There is another scenario. Older workers tend to be concentrated in part-time work and in other employment which offers less generous health benefit plans than some.

Many employers already offer their older workers only a modest medicare supplemental health insurance policy. If we make this change in the medicare law we are, in effect, making it much more attractive for all employers to opt for separate, very small coverage for older workers. In that way, they will be able to escape most of the extra costs of keeping older workers among their employees. If that happens, medicare would not save much money, because there would not be much of an employer health benefit to be the primary payor. But medicare still would have to shoulder what could be huge additional administrative costs.

All claims from working medicare beneficiaries would have to be coordinated with the employer's plan. This is a completely new administrative process which would have to be adopted by the medicare program, and we do not even have any good estimate of how much this would add to medicare administrative costs. Under current law, with medicare as the primary payor in all cases, there is no administrative requirement for coordination of benefits. When benefits are coordinated with medicare now, it is the private insurer who assumes the administrative cost—not medicare. The savings estimates used for the "working aged" proposal in the Budget Committee and earlier by the administration did not take this additional medicare administrative cost into consideration. Hundreds of additional staff might have to be added.

There is one more point about the policy implications of this proposal I would like to make.

In discussions of this plan, some have noted correctly that many older workers are now concentrated in smaller businesses. "If we want to avoid as much as possible forcing older workers themselves to have to shoulder the burden of increased health insurance premiums," the reasoning goes, "why not exempt small businesses from the working aged proposal? After all, these are the employers who are most likely to have the least comprehensive health plans, and most likely to already require the highest employee contribution to these health plans. We can take care of the worst problems and still get a medicare savings."

That also sounds attractive, but I do not believe even a "partial working aged" proposal is good policy. If we exempt small businesses, are not we actually just directing the employment disincentive to the larger companies? We would then be penalizing just the employment sector we have tried to encourage in many ways to develop new and innovative employment opportunities and new career patterns for older workers. Many Members of this body have said over and over again how important it is, as a matter of national policy, to encourage in every way new and innovative employment patterns in the Nation's economy which recognize the unique contributions and needs of older workers.

While smaller employers are certainly doing their part, we cannot expect them to take the lead in reshaping the workplace. Older workers are concentrated there right now because—statistically anyway—that is where you have the seasonal and/or part-time jobs, and the lower paying jobs, that are most frequently available to older workers. These jobs will continue, but that is not where we should expect to find major experiments with new and innovative work patterns which over the long term can lead to much more satisfactory opportunities for older workers.

In short, I submit that this proposal to make medicare the secondary health insurer for the "working aged," though it appears to be a relatively painless way to save the medicare trust funds some substantial money, is not at all as innocent as it seems when viewed from a larger policy perspective.

It contradicts the clear policy that Congress has set for the Nation in the Age Discrimination in Employment Act. It will seriously disrupt efforts of many of those in the business community who recognize that new career patterns and opportunities for older workers are essential for the future of the Nation's economy. It will make it even harder than it is now to recognize that the future of the social security system also depends on longer working careers for all. It is a "cost shifting" proposal. But it is not just shifting part of the costs of health care from medicare to employers. In the long run we are just shifting these costs, and more, right back into the social security system.

Mr. MOYNIHAN. Mr. President, I yield back the remainder of our time.

Mr. DOMENICI. Have the yeas and nays been ordered?

Mr. MOYNIHAN. The yeas and nays have been ordered.

If the distinguished chairman will hold for just a moment, I ask unanimous consent that the time since 1 p.m. that has been used on this amendment in fact be charged to this amendment. This has no difference in the outcome whatever since the clock is running without regard. The request is made by the Senator from Massachusetts for some reason.

Mr. DOMENICI. Why do we want to do this?

Mr. MOYNIHAN. I do not know why, but the Senator from Massachusetts says it will have no consequence.

Mr. DOMENICI. Let me just inquire of the Chair. How much time has each side used? I think that is reasonably important.

Mr. MOYNIHAN. That will be charged appropriately.

The PRESIDING OFFICER. The proponents of the amendment have used 9 minutes on the amendment; the opponents of the amendment have used 21 minutes on the amendment. In addition, time has been used subsequent to 1 p.m. Fifty-five minutes have been used by the proponents of the amendment and 12 minutes by the opposition.

Mr. DOMENICI. What is the Senator's request?

Mr. MOYNIHAN. That the time since 1 p.m. be technically charged against the amendment, but I will be happy to have it equally divided.

Mr. DOMENICI. I think the Senator's first proposal makes good sense.

Mr. MOYNIHAN. I thought he would think that. But if that is agreeable the time as used would be charged against each side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I yield back the remainder of our time.

Mr. DOMENICI. I yield back the remainder of our time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment, as modified, of the Senator from New York. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, may we have order?

Mr. RANDOLPH. Mr. President, point of order. The Senate is not in order.

The VICE PRESIDENT (presiding). The Senate will be in order. The point of order is well taken.

The Senate is in order and the clerk may proceed.

The assistant legislative clerk continued with the call of the roll.

Mr. RANDOLPH. Mr. President, point of order, the Senate is not in order.

The VICE PRESIDENT. The clerk will suspend. The Senate is not in order.

The Senate is in order and the clerk may proceed.

The assistant legislative clerk continued the call of the roll.

Mr. RANDOLPH. Mr. President, I rise to again say the Senate is not in order.

The VICE PRESIDENT. The Senate is not in order and the clerk will suspend. The Chair will ask the Senators to clear the well. The Senate is not in order. Senators are asked to take their seats.

The clerk will proceed.

The assistant legislative clerk continued the call of the roll.

Mr. RANDOLPH. Mr. President, will you please look and you will know that the Senate is not in order.

The VICE PRESIDENT. I thank the Senator for the observation The Senator is correct. The Senate is not in order. The clerk will suspend. Senators are asked to take their seats, and the clerk will not continue until the Senate is in order.

The clerk will continue.

The assistant legislative clerk continued and concluded the call of the roll.

Mr. CRANSTON. I announce that the Senator from Mississippi (Mr. Stennis) is necessarily absent.

The VICE PRESIDENT. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 39, nays 60, as follows:

[Rollcall Vote No. 123 Leg.]

YEAS—39

Baucus
Bentsen
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
Dixon
Dodd
Eagleton
Ford
Glenn
Hart
Heflin
Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Tsongas
Weicker

NAYS—60

Abdnor
Andrews
Armstrong
Baker
Boren
Boschwitz
Brady
Byrd,
  Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dole
Domenici
Durenberger
East
Exon
Garn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Proxmire
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NOT VOTING—1

Stennis

So Mr. Moynihan's amendment (UP No. 963) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI addressed the Chair.

The VICE PRESIDENT. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, it is my understanding that the Senator from Kansas has the next amendment and it will be on our side. I yield to the Senator from Kansas.

The VICE PRESIDENT. The Senator from Kansas is recognized. The Senate will be in order.

UP AMENDMENT NO. 964

(Purpose: To consolidate the reconciliation instructions relating to increases in revenues)

Mr. DOLE. Mr. President, I send an unprinted amendment to the desk for myself, and Senators Long, Packwood, McClure, Hatfield, Huddleston, Heflin, Danforth, Matsunaga, Johnston, Bentsen, Gorton, Eagleton, Ford, and Durenberger, and ask for its immediate consideration.

Mr. DOMENICI. Mr. President, may we have order, please?

The VICE PRESIDENT. The Senate will be in order. The Senator from Kansas has been recognized, but the Senate will please be in order before he proceeds.

The Senator from Kansas.

Mr. DOLE. Mr. President, I might say, for the benefit of those who are here, that this should not take a great deal of time. There are two, three, four, or five Senators who want to speak on it briefly.

The PRESIDING OFFICER (Mr. Specter). Will the Senator from Kansas suspend momentarily so the clerk may report the amendment?

The legislative clerk read as follows:

The Senator from Kansas (Mr. Dole), for himself, Mr. Long, Mr. Packwood, Mr. McClure, Mr. Hatfield, Mr. Huddleston, Mr. Heflin, Mr. Danforth, Mr. Matsunaga, Mr. Johnston, Mr. Bentsen, Mr. Gorton, Mr. Eagleton, Mr. Ford, proposes an unprinted amendment numbered 964.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 31, strike out line 6 and all that follows down through the end of line 20, and insert in lieu thereof the following:

"(2) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $23,200,000,000 in fiscal year 1983; $39,000,000,000 in fiscal year 1984; and $45,000,000,000 in fiscal year 1985.

"(3) The legislation required in paragraphs (1) and (2) of this subsection shall be reported to the Senate no later than June 11, 1982.

"(4) The House Committee on Ways and Means shall".

On page 32, strike out line 5 and all that follows down through line 18 and insert in lieu thereof the following:

"(5) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $23,200,000,000 in fiscal year 1983; $39,000,000,000 in fiscal year 1984; and $45,000,000,000 in fiscal year 1985.

"(6) The legislation required in paragraphs (4) and (5) of this subsection shall be reported to the House no later than June 11, 1982.".

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. Mr. President, I have just offered an amendment to the first concurrent resolution on the fiscal 1983 budget to clarify the Finance Committee's reconciliation instructions. The principal cosponsor of the amendment is the distinguished Senator from Louisiana, Senator Long.

As currently drafted the reconciliation instructions will require the Finance Committee to raise $101 billion in revenue increases over the next 3 fiscal years, $21.2 billion in fiscal year 1983, $37 billion in fiscal year 1984, and $43 billion in fiscal year 1985. In addition, the Finance Committee will have to raise $6 billion in user fee increases over the next 3 fiscal years, $2 billion each fiscal year.

This amendment will add the $6 billion in user fee increases to the general revenue increases. Therefore, the reconciliation instructions will require the Finance Committee to raise $107 billion over the next 3 fiscal years in general revenue increases, $23.2 billion in fiscal year 1983, $39 billion in fiscal year 1984, and $45 billion in fiscal year 1985.

The Finance Committee believes that for purposes of reconciliation instructions it is inappropriate for the instructions to specify which taxes must be increased in order to reach the total amount of revenue increases. The Finance Committee agrees with the total amount of revenue which the reconciliation instructions will require the committee to raise over the next 3 fiscal years. We simply believe that the instructions should not specify that $6 billion should be raised in user fee increases. The $6 billion should be added to the general revenue increases.

This amendment does not change the total dollar amount of revenue increases that the reconciliation instructions will require the Finance Committee to raise over the next 3 fiscal years. It only insures that the reconciliation instructions will not specify which taxes must be increased in order to reach the total revenues required.

Mr. President, I would like to emphasize that we do not change the final revenue figure. Rather we suggest that the Budget Committee really has no authority to tell us to raise user fees, or to tell us what income taxes to raise, what corporate taxes to raise, or whether to lower or raise other taxes. The Budget Committee sets an aggregate revenue figure. I believe if I should propound a question to the distinguished chairman of the Budget Committee, which I will do in a few moments, the chairman would say, "Well, that is understood and the language in the resolution is meaningless." I will propound that question later on.

I would hope this amendment might be accepted. I know there is a great deal of interest in it. I know that the Senator from New Mexico has a great deal of interest in user fees. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Will the Senator yield?

Mr. DOLE. I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, there are many cosponsors on the amendment. I have not discussed the amendment with anybody who does not agree with the Senator's position, except perhaps one person. The amendment simply takes the view that you have no business specifying what particular kind of tax the Committee on Finance shall recommend when you instruct the committee to raise revenue.

Mr. President, some years ago we had a fight about user fees, and the final settlement was that we would put a tax on diesel fuel.

Well, revenue is revenue. Money is money, no matter what kind of tax you raise it with, whether you call it a highway tax, a waterway tax, a user fee, or a tax on whiskey. It is revenue. It was never intended under the budget process that the Budget Committee would tell the other committees——

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG. It was never intended, Mr. President, that the Budget Committee would tell the taxwriting committees how they were to raise the revenues that they would recommend. That is why you have the other committees. The Budget Committee is expected to recommend that the Senate give us instructions to raise a certain amount of money, and we are expected to comply. We fully intend to comply. But we do believe that we have the right to the latitude intended for us under the law.

Mr. President, we had to fight this battle in a different context some years ago.

Some years ago, under the chairmanship of Mr. Muskie, the Budget Committee recommended that we should raise a certain amount of money by reducing tax expenditures. We fought that battle on the floor, and the Senate overwhelmingly sustained the Finance Committee, that we had the privilege to recommend whatever tax provisions we thought we ought to recommend to result in a given amount of revenue, and that is what we did. The result was achieved just as we propose to achieve it here.

The Finance Committee should have the flexibility to recommend whatever revenue measure that, in the committee's judgment, it believes appropriate.

For that reason, Mr. President, I hope very much that the amendment proposed by the Senator from Kansas will be agreed to.

Mr. PACKWOOD. Mr. President, the Senator from Kansas asked me to control the time while he had to leave the floor momentarily. I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. PACKWOOD. Mr. President, the Senator from Louisiana very clearly put his finger on what the history of this situation is. It is what committee is going to control and make determinations as to where we spend money, where we raise money, how we allocate it. Every now and then we approach this issue and every now and then there is a little nibble from the Budget Committee. I was on the Budget Committee and I understand what is happening. Every now and then when that nibble happens, the committee affected, and the rest of the committees by and large, has said no. Indeed, if we are going to approach the situation where the Budget Committee is going to tell us that, we ought to have a reform fight and determine whether or not we want to change what the situation is going to be. Otherwise, Budget can say to Appropriations, "You shall lop $1 billion off housing and add $500 million to defense," and that would be the instruction.

The debate that Senator LONG referred to was a significant debate. Let me read, if I might, the closing debate on that occasion. The Senator from Louisiana put it exactly right. The Budget Committee, in its report, not a reconciliation instruction, had directed that the Finance Committee, in considering taxes, raise $2 billion by closing tax expenditures, or loopholes as some people like to call them. It was a specific recommendation. I asked Senator Muskie after the debate between Senator LONG and Senator Muskie closed:

> Mr. PACKWOOD. Then we are saying to the Finance Committee, "the collective judgment of the Senate is $362 billion. It is up to you, gentlemen, to determine how we go to that figure."
>
> Mr. MUSKIE. Yes. We, of course, would like to have the Finance Committee look at the Budget Committee report to get whatever insight it chooses to take from the Budget Committee's recommendations and the basis for the Budget Committee's judgment.
>
> But in the last analysis, it is the Finance Committee's judgment, and I think the Senators and the Senate subsequently.

We have had three reconciliation instructions from the Budget Committee. We had one in 1980, another in 1981, and now we have this one. But this is the first time that the Budget Committee has specifically directed, by the reconciliation process, where the Finance Committee is to determine the money is to come from. It is up to the judgment of the Senate as to what they want to do. All I am saying is that if we start down this road now on this instruction with the Finance Committee, and if we set this precedent, it is not going to end here with just the Budget Committee and the Finance Committee. It is going to be the Appropriations Committee, it is going to be every committee in the Senate.

Mr. McCLURE. Will the Senator from Oregon yield?

Mr. PACKWOOD. I am happy to yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator from Oregon.

Mr. President, my concern is not only as others have stated it, but an initial concern that is not embedded in the resolution itself but in the report. Because the committee in the resolution said that in their instructions to the Finance Committee to act within the jurisdiction of the Finance Committee, that has its own kind of problem which has already been addressed by the three Senators who have already spoken on this amendment.

But in the body of the report on the measure, on pages 26 and 27, it goes further than that and says that the Finance Committee shall, after consulting with three other committees, act within the jurisdiction of those other committees. The report implies that the jurisdiction of committees is being changed by the reconciliation instruction.

Mr. JOHNSTON. Will the Senator yield at that point?

Mr. McCLURE. I yield.

Mr. JOHNSTON. The Senator should have seen it in its first draft before we changed it. In its first draft it actually was jurisdictional and attempted, I thought by the side door, to actually put this in the Public Works Committee.

Mr. McCLURE. As I see it, it may have backed off a little, and I am glad they backed it off a little, but it does indicate in here that the committee should consider legislation to increase aviation user fees and Coast Guard user fees, which looks like saying that the Finance Committee has jurisdiction to do that. The Finance Committee does not have jurisdiction to do that.

It does the same thing with respect to the Corps of Engineers' projects, which is within the jurisdiction of the Environment and Public Works Committee, and other user fees.

I support the amendment for all the reasons that have been stated, plus the fact that I think it is necessary to clarify the record so far as the Senate is concerned that we are not going to get into the business, through the reconciliation process or the budget resolution, of changing the authority of committees with respect to their legislative authority.

Mr. President, for all of those reasons, I hope that the Senate will adopt the pending amendment and thus clarify the role of the Budget Committee and the roll of the other committees as directed by the reconciliation resolution.

In conclusion, Mr. President, let me say that I, too, served on the Committee on the Budget. I know something of the difficulty of trying to do what we have to do in trying to achieve economic policy and direction for the country. I sympathize with that.

On the last amendment, the Budget Committee was criticized because they were not specific enough—they should have been more specific about what was going to happen, and the amendment was offered in order to make that more specific. Now we get to the other side of the coin where we are criticizing the Budget Committee for being too specific.

They do have a problem, and I sympathize with Members on both sides of the aisle with respect to that problem that the committee does have to confront. I suspect that in this instance it goes too far in the direction of being prescriptive, and the amendment ought to be agreed to.

Mr. DOMENICI. Mr. President, if the Senator will yield on my time, as chairman of the Committee on the Budget, I say I am most grateful that the Senator has sympathy for me. I think most people in this institution know what I mean when I say to my good friend, the Senator from Louisiana (Mr. LONG) that we need sympathy in bushels. But I would be more appreciative if the Senator would understand the nature of our problems. Since Franklin D. Roosevelt, Congress has been asked, begged, cajoled to put on user fees in this country. This President comes along and says, "Yes, indeed, that is a missing link. Let us put some on."

We on the Budget Committee think that all those Presidents are right. We did not want to tell you to put more taxes on, to tell the truth. We wanted to tell you to put user fees on. That is what we did.

We have had enormous cooperation from the Finance Committee and I want to recognize that right now. I do not think that, 2 or 3 years ago, I say to members of the Finance Committee that are here, they would have concurred in our telling them to raise general taxes, let alone user fees, as we have here. They know we have a problem and they know it helps to get action in their committee when the whole institution votes on a number and reconciliation. That is some help to their decision process.

Mr. President, I would really like to talk with the members of the Finance Committee and others about how we solve this problem. I am not sure the Parliamentarian would not rule that we lack the authority to reconcile on user fees, I say to Senator PACKWOOD, who maintains that we do not. I would like to see if there is some way we can fix this problem up and yet preserve the important point that it was by a majority vote in the committee that we recommended user fees.

Maybe we can solve it in that way, that we give the Senators their change, but clearly indicate that in arriving at that tax level, the Budget Committee at least recommended that it be user fees. With that in mind, maybe I can get a quorum call and talk with some of the Senators and perhaps we can resolve it.

Mr. PACKWOOD. Mr. President, I might say we are fully aware that the Budget Committee has the power to recommend. In that famous debate between Senator LONG and Senator MUSKIE 6 years ago, it was the recommendation of the Budget Committee to the Finance Committee to find $6 million, and all other committees had recommendations from the committee. We have no objection to the recommendations. If the Senate directs us, we in the Finance Committee shall find money that we are directed to find, but we would like it left in our discretion as to where we find it.

Mr. DOMENICI. Let me say to my good friend, the distinguished Senator from Oregon, I would also like to clarify something. If the Dole-Long amendment passes, it would not be intended that the Finance Committee did not have the authority to raise barge fuel taxes and call it a tax, would it?

I ask Senator DOLE: Do we not have a fuel tax on barges now? If the Finance Committee wanted to raise that tax, that would be part of living up to the instruction even if the amendment prevails, would it not?

Mr. DOLE. Yes, Mr. President.

Mr. DOMENICI. And aviation fuel tax increases would be a part of complying with the instruction if they were adopted?

Mr. DOLE. In fact, Mr. President, we are looking at that issue right now in our committee. We hope to raise user fees, maybe not in the exact amount in the resolution now, but they are revenues.

Mr. DOMENICI. Could I have just a couple of minutes——

Mr. DOLE. Mr. President, may I propound a parliamentary inquiry?

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Mr. President, what is the effect of that part of the budget resolution that purports to reconcile the Finance and Ways and Means Committees as to user fees?

The PRESIDING OFFICER. The budget law in section 310 states that the total amount by which revenues are to be changed shall be in the reconciliation instruction. The only operative figures in this resolution are the totals.

Mr. DOLE. There is no requirement other than that?

The PRESIDING OFFICER. There is no requirement that the Finance Committee deal with user fees.

Mr. DOLE. I thank the Chair. This Senator believes that the Budget Act authorizes reconciliation on revenues, spending, and the public debt. It does not provide for reconciliation instructions on the specific ways to raise revenues and cut spending. The latter specificity is reserved for the authorizing committees. This Senator does not believe the Budget Act authorizes reconciliation on user fees.

My question is: Is that correct?

Mr. HEINZ. Would the Senator yield?

Mr. DOLE. I want the Chair to address that, Mr. President.

The PRESIDING OFFICER. As the Budget Act states, only totals of revenues are to be reconciled.

Mr. DOLE. I thank the Chair.

Mr. HEINZ. Mr. President, I ask the Senator to add me as a cosponsor.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senator from Pennsylvania (Mr. HEINZ) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, may I engage the distinguished Senator from Kansas in a bit of a dialog here to see if he agrees, as a principal sponsor of the amendment and chairman of the Finance Committee, with this: When you look at that reconciliation instruction, it has a total for revenue to be raised in each of the years and it has within that total a specific amount of user fees—$2 billion, $2 billion, and $2 billion for the respective years of 1983 to 1985.

That is six, and that six is included annually within the total to be raised, and collectively the six is in the total for the 3 years. If I understand correctly, we agree that the total is binding, but whether or not the six is raised specifically by user fees is within the discretion of the Finance Committee.

Mr. DOLE. I say to the Senator from New Mexico that is exactly correct. We might report less than $6 billion in user fees; we might do more than $6 billion.

The only point the Senator from Kansas wants to make—and I think others maybe have a little different approach to the problem—is that we believe we have to have the flexibility in the Senate Finance Committee to reach that revenue figure. It is $107 billion under the revised resolution. That may include $6 billion in user fees; it may include $10 in user fees. But the Senator from Kansas believes that the Budget Committee is without authority to direct us to raise any specific tax. They can direct us and reconcile us on total revenues and spending and on the public debt but not on specifics.

Mr. HATFIELD. Will the Senator yield?

Mr. DOMENICI. I am pleased to yield to my good friend from Oregon.

Mr. HATFIELD. I am a cosponsor of the amendment only on the basis that I feel the Senator from Kansas has expressed very clearly the flexibility required for his committee operation, and I certainly grant the validity of his argument.

I should like to pursue this point just one step further to make certain that we all understand clearly that any new user fee that is not presently authorized would have to come through an authorization process and stand on its own merit, vis-a-vis or that is, a water user fee that might be within the wisdom of the committee to recommend the establishment of. There is no such authorization now for that kind of fee. That would have to go through the regular authorization process and stand independently as to the total budget that you were raising; is that not correct?

In other words, it could not become a back door to a new tax that does not exist today on the statute books?

Mr. DOLE. The Senator is absolutely correct.

I wanted to add before I finished my entire statement that there are other committees that have jurisdiction over certain users fees who very properly do not want the Finance Committee getting into their jurisdiction. Some are disturbed by report language which says "in consultation with the Finance Committee" certain things may happen.

I agree with the Senator from Oregon, but I want the record clear that we are not looking for anyone else's jurisdiction. We have enough now.

Mr. HATFIELD. I fully appreciate the Senator's comment, but I just want to underscore the simple fact that this is not in any way a subterfuge or a back door attempt at establishing a nonexisting present tax base or tax program, that it would have to go through the regular authorization process.

Mr. DOLE. I thank the Senator from Oregon.

Mr. DOMENICI. Mr. President, let me just say to the senior Senator from Oregon that it goes both ways. There is not any intention, nor was there ever—even before we agreed to this amendment of the distinguished Senator from Kansas—that we either vest or divest committees of any jurisdiction. Obviously, the Finance Committee has from time to time indicated that it has sole jurisdiction and that Appropriations or Energy and Natural Resources of Environment and Public Works does not have any in the area of user fees. They have maintained that. We are certainly not resolving any of those problems that have lingered here for a long time.

My intention with the resolution was not to try to solve any of those. Reconciliation certainly does not intend to vest any authority on Finance that it does not have already. They could bring out changes in user fees or changes in tax laws, as long as what they were dealing with was within their jurisdiction.

That is the way we intended it, and I do not want anyone to misunderstand that.

I think it might be appropriate at this point then to just accept the amendment, if there is no objection. I certainly am prepared on this side——

Mr. LONG. Mr. President, reserving the right to object——

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. I will yield time to the Senator from Louisiana.

Mr. LONG. May I ask that 2 minutes be used in debate?

Mr. DOLE. Mr. President, I ask unanimous consent that Senator PACKWOOD may take over the time.

Mr. PACKWOOD. I yield 2 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, I should like to ask the distinguished Senator from South Carolina, who is the ranking Member on the minority side and who has served as chairman of the committee, if he will give us the benefit of his thought on this subject.

Mr. HOLLINGS. Mr. President, I agree with the amendment of the Senator from Louisiana and the Senator from Kansas. I think it clears the air on the fundamental facts. The key point here is that we in the budget process never infringe upon the jurisdiction of the particular authorizing committees or ever indicate to any committee that we are directing them how to do their business by way of line itemizing.

When this point was raised—and it was raised in the budget considerations—I stated this position.

I understand the sensitivity that leads us to resist calling tax increases tax increases. We now call them revenue enhancers. And in order to further diminish tax increases, with all the supply-side, Kemp-Roth nonsense of so-called tax cuts, anything that could diminish the impact of revenue enhancement in any way was lauded. They thereby came with this so-called user fee.

We can direct and should direct in explicit terms an amount to the particular authorizing committee, which in this case is the Finance Committee. But we should never in any instance specify the collection of so much in excise taxes, so much in user fees, or so much revenue to be income adjustment.

On the contrary, we destroy the process in doing this. With this entire fetish about tax increases vis-a-vis revenue enhancements, we destroy the credibility of the budget process.

Those in the authorizing committees have been learned to understand on a bipartisan basis that we never do line itemize the monstrous defense budget, with its many, many items on which we agree and disagree. I might be considering the elimination of the B-1 or the inclusion of the AH-64 helicopter—we can go right on down the grocery list—and another Senator may have something different in his mind, but we never try to instruct the Armed Services Committee. I think it is a point of order, as I see it, that we never do that. I think this is a wise amendment for the reason that we in the budget process have never wanted to try to destroy the good relationship that has been worked up between the Budget Committee and the Finance Committee. I agree with the Senator and would be delighted to cosponsor the amendment, and I stated a similar view in the budget consideration.

Mr. MATSUNAGA. Mr. President, will the Senator from South Carolina yield to me half a minute?

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. I yield to the distinguished Senator from Hawaii.

Mr. MATSUNAGA. Mr. President, as a cosponsor of the Dole-Long amendment, I rise in its support. I subscribe fully to the statements made by the Senator from Kansas, the Senator from Louisiana, and the Senators from Oregon.

As a Senator from a State which is completely surrounded by water, in excess of 2,000 miles from the west coast, and inasmuch as transportation to the islands is the lifeline for the people of Hawaii, I am absolutely opposed to any user fees, which in the final analysis amounts to a consumer tax.

Since the Finance Committee has the jurisdiction to determine how the money shall be raised, the Budget Committee need only recommend what needs to be raised, not how it should be raised. I believe it is within the right of the members of the Finance Committee to determine how such funds should be raised, and the pending amendment would recognize that right. The amendment should be adopted.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I am going to accept the amendment. I do want to repeat, from my standpoint and that of a majority of the committee, that in agreeing to it, we continue to urge the Finance Committee to consider higher user taxes as ways to help get to the $107 billion. It is nothing more than that.

I say to my good friend, Senator HOLLINGS, that I do not think in this instance the argument holds that we were trying to be evasive and to put as small an amount of taxes in as possible, that by putting some user fees in, that would sort of detract from the total. I do not think that is true here, because the resolution on page 2, in referring to revenue, shows the total, including the user fees, right up front. In other words, it is not 21; it is 23 in fiscal year 1983. It is not 37; it is 39 in fiscal year 1984—including the 2 in user fees.

Later in the resolution, in the reconciliation provisions, the separate breakdown is included. I am prepared to accept the amendment at this point.

Mr. HOLLINGS. While the distinguished Senator and I agree, I still maintain that that is how they have capped and carried these particular revenue figures, not with the user fees. That, in my opinion, was intentional—not by the distinguished Senator from New Mexico, but David Stockman and right on down the line. Ever since we started the breakdown with the gang of 17, it was to break that out in that particular fashion.

What we did with the defense amount was to use current policy for every one of the functional budget categories except 050, Defense. Therein, we worked from the President's increase. We assumed his increase had already been enacted into law.

I will never forget about 10 o'clock one night when the distinguished Senator from Texas, the chairman of the Armed Services Committee, got up in great wroth and said he had to go to work and save, somehow, $5 billion that he had to cut out of that defense budget. What he was saying, in cutting $5 billion, in reality—as the Senator from New Mexico says, look at the budget and look at the figures—was actually adding $25 billion. That really was his task—how to add $25 billion.

So, yes, the Senator from New Mexico and I can refer to the resolution; but I think as the media, Senators and everyone working with the particular situation see it, it was intentional from the beginning, to call tax increases revenue enhancements. It has been treated that way ever since, and it is similar with defense and several other figures in this budget.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the name of the Senator from Alabama (Mr. DENTON) be added as a cosponsor of this amendment.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I should like to pose a question to the Senator from New Mexico, to make sure we understand.

When this amendment is accepted, the Finance Committee is free to raise revenue as they want, the total that was otherwise called user fees. The $6 billion over the 3 years will be in the total, but there is no suggestion that we must use user fees to get there.

Mr. DOMENICI. The Senator is correct. They are free to.

Mr. PACKWOOD. They are not bound, and they are not prohibited from.

Mr. DOMENICI. They are not bound, and they are not prohibited from. Exactly.

Mr. President, I yield back the remainder of my time.

Mr. PACKWOOD. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 964) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. METZENBAUM. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield to the distinguished Senator.

Mr. METZENBAUM. Mr. President, I do not think there is any more serious problem facing this Nation today than the one of unemployment. Throughout the entire Nation, the problem exists of people wanting a job, anxious to work, but being unable to find employment.

Unfortunately, this administration—perhaps one of the few in the history of our Nation—has been very indifferent to the entire problem of the unemployed in this country.

Today, in my State of Ohio, the unemployment rate is 12.4 percent, and across the Nation it is approaching a 10-percent level. When 1 of every 10 persons in the country cannot find a job, notwithstanding their willingness to work, it is a responsibility of our country to do something about it. Every point of unemployment causes the budget to be out of balance by $25 billion.

The PRESIDING OFFICER. Will the Senator withhold?

The Senate will be in order. May we please have order in the Chamber, so that the Senator from Ohio can be heard?

Mr. DOLE. Mr. President, will the Senator from Ohio yield for a question?

Mr. METZENBAUM. I yield.

Mr. DOLE. The Senator from Kansas is required to be at a conference. Would this be an amendment on unemployment compensation or some other amendment?

Mr. METZENBAUM. Not on unemployment compensation.

Mr. DOLE. I thank the Senator.

Mr. METZENBAUM. Mr. President, there is a travesty out there today. There are people in every State, almost with no exception, who are finding that the jobs are not here. No matter how hard they try, no matter how many employers' doors they knock on, jobs are not there.

What is our Government going to do under those circumstances? Can we say to the unemployed of the country "Wait, supply-side economics is going to work"? Can we somehow say to them, "If you will just be patient we know that there will be jobs at some point in the future"?

There were two ladies in Washington recently who visited with the Vice President of the United States. They came from Ohio. They were wives of unemployed steelworkers along the Ohio River. They made their point to him by saying:

> Mr. Vice President, in the past the American dream has been to be able to own your own home, to own your own car. Now, Mr. Vice President, the American dream is to be able to keep the home that you do own, to keep the car that you do own.

We are doing nothing in this budget measure and there is nothing contemplated by Congress with respect to the problem of employment. Yet it is possible for us to act in this respect to come up with some positive answers.

Mr. President, Senator **Kennedy** and I will today offer an amendment designed to put 250,000 unemployed Americans to work on projects that will stimulate private investment and economic development in a nation hard hit by recession.

This month, as I previously stated, the national unemployment rate has climbed from 9 percent to 9.4 percent and it continues upward and onward.

This means that over 10 million Americans can now testify that the "Reagan road to recovery" has for them turned out to be a highway leading straight to the unemployment lines.

More Americans are out of work today than at any time since the Great Depression.

Basic American industries like housing, construction, automobiles, and steel are in the deepest kind of distress.

Last month, the Conference of Mayors issued a report on a survey of 125 major cities across the country on the severity of the youth unemployment problem. Over half of all survey cities fear that youth crime, in one form or another, will increase this summer as a result of the summer youth employment program reductions and overall conditions this summer

The Republican mayor of the city of Cleveland has just addressed a communication to the President of the United States indicating that there is a need for some kind of a signal, some kind of a word, some kind of an effort, that this administration truly cares about the unemployed, young and old alike. There is no signal forthcoming. I think it is time that today we may make it clear in this body that although the administration is not prepared to move forward in this respect this body is concerned about trying to provide some kind of stimulation, some indication that we have a feeling and that we feel for those who are unemployed and want a job and for those who have a job and who are concerned day by day as to whether that job will be there tomorrow.

This month, the Immigration and Naturalization Service conducted a week-long effort called Operation Jobs to root out undocumented workers in jobs that could be performed by Americans. In the Chicago area, 43 undocumented workers were found at the Claussen Pickel Co. according to a spokesman for the company, 250 Americans applied for these unadvertised jobs when that word became known in the Chicago area.

At Price Feasta Brassworks outside of Los Angeles, where another raid netted 88 undocumented workers, it is unbelievable how many people applied for those vacant jobs. Over 10,000 people applied for 88 vacant jobs.

Unemployment, Mr. President, is not just a cold statistic. For millions of families in this country, it is a bitter, painful, demeaning, and tragic experience.

Last month I heard from Ohioans about the problems they are facing while they are unemployed. I tell you that it was a moving experience.

I heard from people who have worked all of their lives, who have paid their dues, who have saved to send their children to school, to buy homes and cars, and they pointed out how all of that is threatened because they can no longer find decent work, they cannot find a job.

I heard from people who have worked hard, who have taken extra classes, who have retrained themselves to move into positions, but who still cannot find a job.

I heard from those who have exhausted their unemployment benefits and who now must turn to food stamps and welfare benefits—not out of choice but because they have no alternative.

And I heard from a young college graduate who has found that her hard-earned degree will not help her break into this disastrous job market.

Finally, I heard from educators and union representatives, the people who deal with the effects of unemployment day in and day out.

They believe we have an administration in Washington which is totally insensitive to the problems of the unemployed.

We have a Republican President in office who literally demeans the working man.

On March 18, 1982, President Reagan complained about the news coverage of the unemployment problem.

"You can't turn on the evening news," he said, "without seeing that they are going to interview someone else who has lost his job or they are outside the factory that has laid off workers."

"Is it news," he asked, "that some fellow in South Succotash someplace has just been laid off?"

I say to the President it is news when the number of unemployed Americans in South Succotash and countless other places is the highest in 42 years.

It is news when interest rates have destroyed millions of jobs in housing, construction, automobiles, steel—the heartland industries of Ohio, Kentucky, Indiana, and Michigan.

And it is news when business failures and farm foreclosures are running at the highest levels since the Great Depression.

And in response to this economic disaster and its attendant human suffering, The administration says: "Wait. Don't worry. Everything is going to be all right. Just wait till out program takes effect."

I do not believe that this country can afford to wait. Waiting can only bring us more of the same—more steel workers forced to draw unemployment benefits rather than paychecks, more construction workers forced into food stamp lines in order to feed their families, more autoworkers losing their homes to mortgage foreclosures. We cannot wait because there is work that can be done.

In thousands of communities across this Nation, the deterioration of public transportation, sewer systems, bridges, street lighting, water supply, and public housing has reached the point of crisis.

One of every five bridges in the United States requires either major rehabilitation or reconstruction. The Department of Transportation has estimated the costs of this task to be as high as $33 billion. Yet in fiscal year 1981 Federal highway authorizations, only $1.3 billion was allocated to repair bridge deficiencies.

The Nation's municipal water supply needs will make heavy demands upon capital markets in the 1980's. The 756 urban areas with population of over 50,000 will require between $75 billion and $110 billion to maintain their urban water systems over the next 20 years. Approximately one-fifth of these communities will face investment shortfalls, even if present water rates are doubled to produce capital for new investment. At least an additional $10 to $13 billion beyond that generated by existing user charges will be required.

Consider, Mr. President, the urgent needs of just one city—Cleveland, Ohio.

At least $1 billion will be required to rebuild Cleveland's basic infrastructure—$250 to $500 million is needed to replace and renovate the publicly-owned water system: over $150 million is required for major repairs of city bridges: and over $340 million must be spent for flood control facilities. In addition to these expenditures, Cleveland must find additional funds to rebuild or resurface 30 percent of its streets, now in a state of advanced deterioration, and to reconstruct the city's sewer collection system, which frequently floods commercial and residential buildings.

Because of tight budgets and inflation, many communities have delayed maintenance and repair on their infrastructure to the point of crisis. It is a catch-22. Without the adequate sewer and transportation systems, cities cannot attract business. And without private investment, cities cannot afford to repair or maintain these facilities. It is time that we put unemployed Americans to work on these problems.

Senator KENNEDY and I are not alone in suggesting this kind of program. The Republican mayor of Cleveland recently wrote to President Reagan, suggesting that he create local jobs to help alleviate unemployment. The mayor warned the President that the pressures and tensions caused by the sluggish economy * * * and a serious growth in the crime rate demand an immediate response from the public sector before this perception becomes reality. * * * As the situation presently stands, we need some immediate short-term support if we are in the long term going to perpetuate the ideas of New Federalism. The mayor also said that job funds could be used effectively to help clean up the city and to repair property and facilities. The program, he suggested, could be put into effect in 3 weeks.

Mr. President, I ask unanimous consent that the mayor's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CITY OF CLEVELAND,
April 22, 1982.

MR. RONALD REAGAN,
President, United States of America,
The White House, Washington, D.C.

DEAR PRESIDENT REAGAN: Recently when I spoke to the leading business executives in Cleveland, I pointed out to them that "much of what is coming out of Washington is a result of a nation that has said it wants to take its own destiny back into its own hands. Now that we are getting what we asked for, we have to accept the responsibility that comes with self-reliance and local problem solving. This is our challenge. If we fail, the President's program will fail".

As I believe you know, no other city has done a better job than Cleveland to involve the private sector in attempts to solve the city's problems and to plan for the future.

I, however, am deeply concerned about the growing perception in Cleveland, and elsewhere, that the next few months will be an extremely difficult period for us. The pressures and tensions caused by the sluggish economy, (my city has 15.1 percent unemployment), and a serious growth in the crime rate demand an immediate response from the public sector before this perception becomes a reality.

I have communicated with Steve Rhodes and Rich Williamson about this situation and have offered specific suggestions to help resolve this problem (copies attached). Basically, I am urging that we initiate a soft Public Works Program which would help us through the difficult economic period of the next few months until the positive aspects of your economic program takes effect. If, at a later date we still need assistance, this additional program could be based on the Round II Local Public Works Program, which is the best approach I've seen to this concept.

We are not turning to the Federal Government for assistance without doing everything we can locally. Cleveland is working to resolve its own problems through a number of constructive policies and programs. I have attached information about the number of foundation grants the City has received, the close private-public union we have created, and the innovative concepts we have initiated to help ourselves resolve our own problems in Cleveland. I call particular attention to the programs planned for this summer.

I trust that you will agree that we are working hard to overcome our problems locally. However, as the situation presently stands, we need some immediate short term support if we are in the long term going to perpetuate the ideals of New Federalism.

Mr. President, I believe our constituents need a sign, a signal, from the White House which indicates not only your sensitivity to their current economic condition, but your willingness to provide a specific program which will give a helping hand to those who truly deserve help.

The institution of a short term Public Works Program would be an act of cooperation to those who are attempting to cooperate with your overall agenda.

I look forward to your response and thoughts on this situation.

Sincerely,

GEORGE V. VOINOVICH,
Mayor, City of Cleveland.

Mr. METZENBAUM. Crain's Cleveland Business, which cannot be called a liberal publication, had this to say about the mayor's proposal.

"The mayor's suggestion for some sort of 'soft' public works program 'which would help us through the difficult economic period of the next few months' is certainly the least Washington can do. The temporary job funding from the Federal Government would add relatively little to the giant deficits already expected.

At the same time, such a program could provide a genuine safety net for those who otherwise might, in their desperation, light the match of rebellion.

We commend Mayor Voinovich for taking the lead at a time when compassionate leadership is so lacking in Washington.

And we hope to see a 'yes' checked off on the President's R.S.V.P."

Mr. President, I ask unanimous consent that the entire editorial of Crain's Cleveland Business of May 10, 1982, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Crain's Cleveland Business, May 10, 1982]

A SOUND PLEA FOR HELP

Will Cleveland burst into riots and flames this summer?

It's a question, which merely by posing it, should send shivers through anyone who can remember the Hough and Glenville riots of the '60s.

But it's a question more and more folks are asking these days as the economy continues to sink into the quicksand—and with no savior in sight.

And it's not just alarmist Democrats and other assorted political partisans seeking to pick a fight with Reaganomics who are questioning what fate lies before America's major cities in the next few months.

Even our Republican mayor, George Voinovich, appears genuinely fearful of how a 15%-plus unemployment rate in the city, combined with a rising crime rate and summer's sweat, will affect the sociology of the city.

For all the political implications, the mayor recently sent to President Reagan what must be considered something akin to a letter of extortion.

Wrote Voinovich in the April 22 letter: "I . . . am deeply concerned about the growing perception in Cleveland, and elsewhere, that the next few months will be an extremely difficult period for us.

"The pressures and tensions caused by the sluggish economy . . . and a serious growth in the crime rate demand an immediate response from the public sector before this perception becomes reality . . . As the situation presently stands, we need some immediate short term support if we are in the long term going to perpetuate the ideals of New Federalism.

"Mr. President, I believe our constituents need a sign, a signal, from the White House which indicates not only your sensitivity to their current economic condition, but your willingness to provide a specific program which will give a helping hand to those who truly deserve help."

While some political observers see Voinovich's request for help as a "message from the frontlines," to be interpreted with the November elections in mind, it just as likely represents the mayor's anguished concern about the possibility of a long, hot and bloody summer.

Lest anyone think we're exaggerating the mayor's concern, we note that he has reconstituted the community task force, a group of community leaders he describes as "a coordinated body to keep our neighborhoods calm, squash rumors and keep us informed on potential flash points in our community."

The mayor's suggestion for some sort of "soft" public works program "which would help us through the difficult economic period of the next few months" is certainly the least Washington can do.

The temporary job funding from the federal government would add relatively little to the giant deficits already expected.

At the same time, such a program could provide a genuine safety net for those who otherwise might, in their desperation, light the match of rebellion.

We commend Mayor Voinovich for taking the lead at a time when compassionate leadership is so lacking in Washington.

And we hope to see a "yes" checked off on the president's R.S.V.P.

Mr. METZENBAUM. Mr. President, the amendment we support is designed to put 250,000 Americans to work at rebuilding and repairing the infrastructure of their own communities. These projects would be highly targeted going only to those communities that have suffered the longest from high unemployment. And the projects could commence within 60 days and conclude within a year.

We are asking for $1 billion in 1982, although only a small portion of that could be spent, and $1.5 billion in 1983 anticipating that the program will phase out as the recession draws to an end. Some might suggest that this is a large amount. But I say that we can afford no less.

The program would contemplate employing many who right now cannot find a job. Or it would contemplate that there would be a leader in the role of providing the journeyman effort and the leadership, and that others would come on board at a lower rate so that there might be more employed.

We have today the first adminstration, Democratic or Republican, since that of Herbert Hoover to let a major recession run its course without trying to help the unemployed.

And we have come to a point, Mr. President, at which we in the Senate must do what this administration refuses to do to get on with the task of putting our people back to work.

Mr. President, I yield to the Senator from Massachusetts.

The **PRESIDING OFFICER** (Mr. ABDNOR). The Senator from Massachusetts.

Mr. **HOLLINGS**. Mr. President, will the distinguished Senator yield? We are trying to conserve the time. If we offer the amendment, the other side has been good about this, and we have split the time, and if the amendment can be offered, it will help. Otherwise, we will be eating up an hour on our side. So I suggest that the distinguished Senators can control the time but just try to conserve it by getting the amendment offered.

UP AMENDMENT NO. 965

(Purpose: To add additional funds to put unemployed individual to work in projects rebuilding their communities in order to stimulate private investment and economic development)

Mr. **KENNEDY**. Mr. President, I send an amendment to the desk on behalf of myself, Senator METZENBAUM, Senator RIEGLE, Senator MOYNIHAN, and Senator RANDOLPH.

The **PRESIDING OFFICER**. The clerk will report.

The bill clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY), for himself and others proposes an unprinted amendment numbered 965.

Mr. **KENNEDY**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 2, strike out lines 17 and 18 and insert the following:

Fiscal year 1982: $777,600,000,000 plus $1,000,000,000.

Fiscal year 1983: $835,300,000,000 plus $1,500,000,000.

On page 2, strike out lines 23 through 25 and insert the following:

Fiscal year 1982: $740,700,000,000 plus $256,000,000.

Fiscal year 1983: $283,600,000,000 plus $2,096,000,000.

Fiscal year 1984: $832,300,000,000 plus $150,000,000.

On page 3, strike out lines 12 through 14, and insert the following:

Fiscal year 1982: $117,700,000,000 plus $256,000,000.

Fiscal year 1983: $115,400,000,000 plus $2,096,000,000.

Fiscal year 1984: $91,300,000,000 plus $150,000,000.

On page 14, strike out lines 9 and 10 and insert the following:

(A) New budget authority, $25,400,000,000 plus $1,000,000,000.

(B) Outlays, $28,100,000,000 plus $256,000,000.

On page 14, strike out lines 18 and 19 and insert the following:

(A) New budget authority, $26,500,000,000 plus $1,500,000,000.

(B) Outlays, $27,000,000,000 plus $2,096,000,000.

On page 15, strike out line 3 and insert the following:

(B) Outlays, $26,900,000,000 plus $150,000,000.

Mr. **KENNEDY**. Mr. President, I ask unanimous consent that the earlier remarks be included in our time disposition.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **KENNEDY**. Mr. President, I will not take much time on this particular issue. The case, I think, has been well-stated by the Senator from Ohio.

I say that as the ranking minority member for the Committee on Human Resources. We held extensive hearings about the problem of unemplyment in our society today.

I also serve on the Joint Economic Committee, and for the past year and a half I have gone to those meetings on the first Friday of each month where the unemployment figures are announced by the Department of Labor.

We are now facing a situation where over 10 million men and women in this country who want work cannot find it.

Just a few weeks ago we saw the Immigration and Naturalization Service raid a small factory out in California which employed 87 individuals. The next day there were more than 1,000 individuals who showed up to try to get those jobs, even though there had been no advertisement in the newspapers that those jobs were available. Those 1,000 workers heard about it on the evening television news.

But it is very clear, Mr. President, that the millions of men and women of this country who are unemployed, are extremely interested in working and in providing for their families and being a part of the community and of society.

I am today proposing a program to put the unemployed back to work. This particular economic situation we are in is quite a bit different from the last recession we faced in our society in 1974 and 1975, where we had unemployment insurance of some 65 weeks, we had a public works program, we had a public jobs program, and I know that all of those programs had their flaws and had their difficulties. But they can be redesigned and restructured in ways to be a more efficient investment of the taxpayers' money.

Mr. President, I am sending to the desk an amendment for myself and Mr. METZENBAUM to add $1 billion to function 500 in the budget for 1982 and $1.5 billion for 1983, for the purpose of addressing the most pressing problem facing our Nation today—the highest unemployment rate in 40 years.

Approximately 10.3 million Americans are jobless. Millions more can only find part-time jobs; others are so discouraged they have totally given up the search for work and the situation is much worse for black Americans and for our young people.

We are all painfully aware of the human suffering behind these statistics. Decent, hard-working men and women are losing their savings, their homes, their hope, and their pride.

These men and women have searched the want ads and pounded the pavement and still cannot find work.

The fact is that there are 1.5 million fewer jobs today than there were a year ago. It is no longer possible to say that anyone who really wants to work can find a job. The jobs are simply not there.

And, despite the promises of this administration, unemployment grows worse each day. In April alone 450,000 workers lost their jobs. How many more will it be in May and June and July?

No longer is this recession confined to the auto and steel and construction industries. No longer is high unemployment limited to Michigan and Ohio, and Indiana and Oregon.

Every industry and every region of the country is feeling the bite. From Maine to California, from Florida to Washington, unemployment is on the rise.

It used to be that workers could count on unemployment benefits to tide them over the worst of a recession. But no longer.

Only 40 percent—less than half—of those 10 million now unemployed are covered by unemployment insurance. In 1975 66 percent of those out of work could collect unemployment insurance.

I support providing additional weeks of unemployment benefits and I favor increasing the funding for job training. But those proposals will only benefit a portion of the unemployed—those 40 percent who are eligible for unemployment insurance and those poor enough to qualify for job training programs.

I believe we need a jobs program now to put people back to work now.

Senator METZENBAUM and I believe that our No. 1 problem—unemployment—can be addressed by putting the jobless to work on another important problem facing the country—rebuilding the decaying infrastructure of our cities and towns.

It is impossible to drive through any city in this country today without noticing the deterioration in our roads and highways and bridges. But the decline in our public infrastructure is not always so visible.

Many of our public schools, parks, and transportation facilities are literally falling apart. Hospitals in the North and airports in the West are in critical need of repair. All across the country, sewage and drainage facilities are in dismal condition.

There are more specific examples:

One of every five bridges in the country needs repair or reconstruction.

One of every four prisons needs remodeling to relieve overcrowding.

At least half of the Nation's 43,000 dams must be repaired to eliminate hazards.

Let us put the unemployed to work repairing our roads, rebuilding our bridges and making our public facilities safe and attractive again.

Our proposal is modest. It would create just 250,000 jobs—less than the number eliminated by Ronald Reagan last year; less than the jobs created by President Ford when unemployment hit 9 percent in 1975; less than the 425,000 jobs created in 1977.

But these jobs will decide whether the unemployed become taxpayers or tax users.

Our economy is in critical condition. It does not help the unemployed to counsel patience. It does not help the unemployed to promise better things to come. It does not help the unemployed to promise a tax cut. But the unemployed can be helped with jobs which mean new hope and dignity and pride for them and their families.

The Senator from Ohio mentioned his own city of Cleveland and other communities in the State of Ohio. I know in Boston that we lose 35 percent of all the water that is brought down to supply water for the city of Boston. It would cost $2 billion to reconstruct the water system in Boston, something that is an unthinkable investment for the city to make now given the difficulties which that State is now facing because of the economy; absolutely unthinkable.

The jobs are there, Mr. President, the people are there, and the need is there to meet our national interests. This is an extremely modest program, but it would keep faith with the working men and women of this country who now find themselves unemployed. They have skills, they have commitment, they want to work, and we ought to take a limited amount of resources to permit them to invest in the future of this country.

What we are talking about is what any business or corporation of this country would talk about—investing in the future. This is how I view it. This is how our colleagues view it. And I am very hopeful that we can gain the support of the Members of the Senate.

I reserve the remainder of the time.

The PRESIDING OFFICER. Who yields time?

Mr. METZENBAUM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GORTON. I yield such time to myself as I may consume, Mr. President.

Mr. President, there are some respects in which this has been a difficult amendment with which to deal, primarily because we have not seen a copy of the amendment itself. We understand, however, that what it does is to add approximately $1 billion in fiscal 1982 and $1.5 billion in fiscal 1983 for a substantially unstated, so-called employment program.

There is, of course, no proposal for countervailing revenues with which to pay for this proposal. And, as a consequence, I think it might well be entitled "The Unemployment Amendments of 1982."

Now why do I say that? For this reason: The Senator from Ohio played a significant role in this body during the course of the last half or so of the decade of the 1970's, a time at which programs which fall within the general ambit of this were frequently passed, almost always had whatever effect they had on providing employment after the fact, after it was too late, but which contributed to leave us in an economic situation in which both interest rates and the rate of inflation were significantly higher than they are today.

The kind of program which this amendment seeks to revive or resuscitate, assuming that we ever get a more specific description of it than we have at this point, would simply add to all of the pressures, both on interest rates and on rates of inflation, which have already shown themselves so extremely difficult to deal with.

It may be appropriate to remind the Senate that at the end of the last administration, after literally dozens of bills of this nature having been passed, the prime interest rate was 20 to 21½ percent; significantly in excess of the rate which obtains today, although that rate very obviously is far, far too high and contributes overwhelmingly to the economic difficulties which we face. In addition, of course, at the end of 1980, or the beginning of 1981, we were in perhaps the third bout of significant double digit inflation, an inflation which at least has been very substantially reduced during the course of the last year and one half.

Since no revenues are proposed to pay for this program, it would simply come out of that very, very limited amount of credit available to the private sector at the present time for the creation of jobs. This billion- or billion-and-a-half dollars, which would go through various levels of governmental administration to projects which presumably would not otherwise be undertaken because they would not otherwise be financially feasible, will come directly out of the small and medium and large business in this country which are already suffering because they cannot find credit at reasonable rates.

If we have learned a lesson from the course of the last decade or so, it must, of necessity, be that. The most important goal which we all share here in the Congress of the United States today is the goal, the commitment to lower interest rates across the board in order to provide business opportunities, in order to provide employment opportunities, and in order to provide purchase opportunities for people who wish to buy on credit. Causing another $2.5 billion to disappear out of that limited market will contribute, once again, to increasing interest rates rather than to decreasing them.

More and more, as we go through this debate, a debate which might much better have been conducted last fall or early this winter rather than in May of 1982, we face the prediction that, if we do not very significantly reduce the 1983 deficit and put ourselves on line toward a balanced budget in the foreseeable future thereafter, we will not have 16.5 percent interest rates later on in this year, we will not have the lower interest rates which are necessary to economic recovery, we will have interest rates which are higher than they are at the present time and which will choke off any incipient economic recovery which might otherwise have taken place.

It is important to note that during the course of the last several economic cycles, in the situation of each one of which the recession has caused a governmental reaction precisely like that proposed by the Senator from Ohio, the bottom of each recession, from the point of view of unemployment, has been more severe and the recovery has left still more unemployment even at its low point than the low point at the end of the previous recession. The same thing, incidentally, might be said in exactly the opposite sense in connection with the rate of inflation until this time around.

With such of the eloquent statement of the Senator from Ohio, I can more than readily agree. Unemployment is the great curse facing the people of the United States at the present time. But the amendment of the Senator from Ohio would not cure unemployment, it would make it worse. It would be a signal that we are going back to the old way of ever-increasing deficit spending and of a lack of attention toward problems of either inflation or interest rates.

In fact, of course, the Senator from Ohio has ignored the proposition that the budget resolution which is before us now is already considerably more generous in the field of employment and training programs for fiscal year 1983 than was the proposal originally submitted to us by the President, a change which can be accomplished because this budget resolution is more responsible from the point of view of revenues which it seeks than was the original administration budget submitted to us in February.

Moreover, the numbers in this budget resolution anticipate the passage through the Labor Committee of a very carefully worked out, carefully crafted employment and training program which is bipartisan in nature and which will overcome many, one hopes, of the difficulties and inefficiencies which attended upon the various employment and training programs of the decade of the 1970's.

In other words, Mr. President, we know what we are getting as a result of the changes which have already been made in this budget. We do not know what kind of program we would get with the success of this amendment, but we do know inevitably and certainly as a result of our experience in the decade of the 1970's and through 1980 that what we would get would be further upward pressure on interest rates, further pressure on the rate of inflation, and, therefore, a continuation and a worsening of the recession and of the unemployment statistics, rather than the kind of improvement which only fiscal responsibility and smaller deficits can possibly create for us.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I ask the Senator from Massachusetts to yield further to me.

Mr. KENNEDY. I yield.

Mr. METZENBAUM. Mr. President, I think the Senator from Washington indeed is a gentle being, a concerned and very sincere person. I think when he addresses himself to the question of what the interest rate was in January 1981 when this administration took office, and then talks about what the interest rate is now, indeed it has come down a bit. But I think it is also important to point out that when this administration took office the unemployment rate in this country was 7.4 percent, and today the unemployment rate in this country is 9.4 percent, notwithstanding supply-side economics.

Can any of us in this body, or anyone in America, forget the rosy pictures that were painted if only the Congress would enact the President's budget and the President's tax bill?

Well, they were enacted. They came through the way the President wanted them. He had a tremendous victory. And then we saw the results of that victory.

The results meant that, whereas on the day he took office there were 8,022,000 people unemployed, today, less than a year-and-a-half later, there are over 10 million people unemployed.

The Senator from Washington knows the problem well because in his own State, it is my understanding that unemployment is indeed a very serious problem.

There are people on both sides of the aisle who are concerned about what is happening to America with supply-side economics. As that able Congressperson from Pennsylvania, a member of the majority party—as far as the Senate is concerned, a member of the Republican Party—stated:

> The time has come to stop this massacre. If this President knows at all about what is taking place throughout this land,

said he,

> then he lacks the compassion necessary to be President. The time is now to see what Washington, Lincoln, and Roosevelt accomplished, that is, to provide for those who cannot provide for themselves, is not destroyed forever by a President and his cronies whose belief in Hooverism has blinded them to the wretchedness and the suffering they are inflicting on the sick, the poor, the handicapped, the blue collar and white collar workers, the small business person. In the name of all that is holy,

said Congressman MARKS,

> how can you and I read about what is happening and believe we can do nothing?

The unemployment rate, I am informed, in the State of Washington is 12.8 percent.

I am not prepared to say that this amendment will solve the problems of all the unemployed in this country. I am prepared to say that it will be a step in the right direction. It will be that signal that the Republican mayor of the city of Cleveland was talking about to those who are unemployed that this administration does indeed care. The $1 billion out of a $779 billion budget is not really going to have that kind of an impact as far as the budget is concerned, as far as interest rates are concerned. It will have an impact and be a message to the unemployed of this country that we in the Senate care.

Mr. KENNEDY. Mr. President, I yield myself such time as I might need. I do not intend to take much time. I think we can get to a vote on this.

I was interested in listening to my good friend from the State of Washington talk about the period of the 1970's, as the time when many programs that were developed were not really as effective as they should be. I think that is true, but I think it also interesting that in 6 out of the 10 years of the 1970's, we had a Republican President. To look back and try, by suggestion or implication, to tie our particular proposal to those measures I do not think stands the test of the history of that period.

Mr. President, I want to make another point in response to Senator GORTON's comments about the state of our economy: In January of 1981 we were at 7.4-percent unemployment. By July unemployment had dropped to 7.2 percent. In the first 6 months of the Reagan administration there was an improvement in the unemployment situation in this country.

It was in July and early August that the President's program went into effect, and since July of 1982 we have seen the highest unemployment since the Great Depression. It jumped from 7.2 percent to 9.4 percent. That period coincides exactly with the passage of the administration's program.

So, Mr. President, ever since we found one President who has gained his job, we have 10 million Americans who can not find work. This particular amendment is intended to offer some hope and opportunity for hundreds of thousands of people in the remaining months of this year and next to find employment.

A final point I would make, Mr. President, is that this is not a job training program. Senator QUAYLE and I are working on a job training program, which is primarily targeted toward the youth of this country and will provide important help to older workers to be retrained for jobs.

But Senator QUAYLE and my training bill is not a jobs program. We ought to understand that. It was not intended to be so, and it should not be used as a reason for not accepting this amendment.

I want to make just one final point. This amendment is targeted to areas with unemployment in excess of the national average, and it will end when unemployment falls below 8 percent. It is very carefully targeted, unlike many programs in the past.

I was here when Senator Bellmon talked about title VI of CETA. He pointed out that the Labor Department was required to spend moneys in Oklahoma when they had virtually full employment, and they had waste and inefficiency in that program.

I agree. That problem was as a result of Members of the Congress.

The targeting of that program was diffused and scattered so that the program was not nearly as efficient or as effective as we might like.

I think the advantage of this program, unlike many of those developed in the past, is that it is highly targeted. It is limited to those areas that have extremely high unemployment. There is a very significant need and a great deal of benefit that would be gained from it.

I hope, Mr. President, that we can get acceptance of the amendment. If there is no further discussion, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. Mr. President, it is my understanding that the proponents of the amendment are prepared to yield back the remainder of their time. I have just been informed that the Senator from Indiana (Mr. QUAYLE) is on his way to the floor and does desire to speak to this amendment. If it is appropriate, I shall suggest the absence of a quorum, even though the amendment might be acceptable.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORTON. Mr. President, I yield such time to the Senator from Indiana (Mr. QUAYLE) as he may need.

Mr. QUAYLE. Mr. President, the way I understand this amendment, it adds about $1 billion in 1982 and $1.5 billion in 1983, basically for jobs creation legislation to be determined by the Committee on Labor and Human Resources. I think it is important, Mr. President, to put in perspective what has happened not only in the Budget Committee, but also in the Committee on Labor and Human Resources.

In the Labor and Human Resources Committee, Senator KENNEDY and I have been working very long and very diligently on a job training program. We have not gotten into the jobs creation proposal or public service employment. Our legislation deals with a training program. That is the way it was reported out of the subcommittee and is now in the full committee.

Obviously, Mr. President, it is something that, as it stands now, is going to be a training program. This is what we have been striving to do for a number of months. We have been working hard and making progress and I hope to see a piece of legislation that the President will be proud to sign.

Mr. President, in the Committee on the Budget, we had a discussion on the amount of funding for employment training. The administration originally requested about $2.4 billion for 1983. The Budget Committees first compromise was around $3 billion. I offered a mark that was not voted upon because of the lateness of the hour, but with the understanding that it would be taken care of on the floor. It has been taken care of on the floor. We have now added about $700 million to employment training, which gets us up to a figure of about $3.8 billion for 1983. That is just about the amount of money at current program level, give or take a very small fraction.

That is where we are on a training and employment program.

The way I understand this amendment, it would really be the CETA public service program all over again. That is something that this Congress overwhelmingly rejected last year. It is something that I believe this Congress will reject overwhelmingly again this year.

I believe that if Senators had to ask one reason why we are having some trouble today with a training program, it is because of the CETA public service part of the training program that brought the bad name to CETA in the first place.

There are a lot of good things with a comprehensive employment training. I want to see one. There are many Members in this Chamber who want to see one. But the reason we have problems convincing some of our colleagues, the reason we have problems convincing the administration is because of the documentation of fraud and abuse and mismanagement that was in this public service employment program that was started back in the 1970's. It has two great big jumping periods: In 1975, it went from 40,000 to 300,000. It did not work. Then in 1977 it went from 300,000 to 700,000, to the tune of about $10 billion a year.

President Carter began to phase out the public service employment program because it did not work. President Reagan concluded what President Carter had initiated.

This really does not create new jobs. That is magic. It is not a creation of new jobs. New jobs are going to be created through the private sector.

What happens under normal considerations with a public service program like this is that the Federal Government will give money to the local jurisdictions, and they will simply substitute that Federal money for local money.

It is like revenue sharing. You are not going to create any new jobs. It is not going to get training. It is going to give us the bad situation that we found ourselves in in the late 1970's and early 1980's.

Mr. President, I hope that this amendment is defeated. I hope that it will be defeated on its merits. This Senate has answered the CETA public service employment program before, will answer it again today, and then I hope that we can get on with the job later on this year. Hopefully, we will bring to this body a comprehensive training and employment program that will deal with training, that will deal with training of our young people, that will deal with training and retraining the displaced workers that we have and provide an infrastructure and a system that will have credibility.

Today we do not have credibility in the system. We do not have credibility primarily because of the abuses that were delegated in the public service employment in its heyday.

Two Presidents have said we are going to scale it down. The Congress finally did. It was completed last year. I hope that we do not go back on a different path this year.

Mr. KENNEDY. Mr. President, I yield myself 3 minutes.

Mr. President, as the Senator from Indiana has rightfully stated, we are working closely together to put before the Senate a training program which the Senator from Indiana deserves great credit for. I think there is an important need for it. I am very hopeful that we will act positively on that particular program.

As is implicit in the word "training," that is going to take time, to provide both young people as well as unemployed individuals in our society the skills they need to go back to work.

There are important facts to consider, as we debate this amendment. Only 40 percent of the unemployed people in this country now are getting unemployment insurance as compared to 1974-75, the period of the last recession, where you had about 65 or 66 percent of the people getting unemployment insurance.

What is happening to those people who are not getting unemployment insurance? They are going on welfare. It is going to be a drain on the local communities and on the States.

What we are saying is let us at least take a few hundred thousand people and put them into jobs before they end up on welfare. That is the question here today.

Let us not get away from the central point, that we are trying to put people on the job rolls before they have to resort to welfare.

The CBO estimates that about 20 percent of this particular program will be offset in payroll taxes. That is an important consideration.

The public should not be under any illusion that they are not going to be paying a price for millions of Americans unemployed and out of work. They are paying it in Federal dollars in the whole range of different programs that are currently in existence. Economists estimate that every percentage point increase in unemployment adds $25 billion to the deficit. We believe that it is better to have people working than on welfare.

The way that the benefit structures are established now as compared to times in the past, there are going to be many, many more people who are on welfare and dependent on that type of local support. We think our proposal is a vastly superior way of dealing with unemployment.

Mr. SARBANES. Will the Senator yield for a question or two?

Mr. KENNEDY. Yes.

Mr. SARBANES. As I understand it, this assistance would make it possible for State and local governments to undertake important repair activities with respect to basic infrastructure. Is that correct?

Mr. KENNEDY. The Senator is correct. It could be done through private contractors. What we did try to do was tie this into what we called the PIC organizations, which are the business organizations in local communities, to harmonize this program with the job training program Senator QUAYLE and I are proposing.

Mr. SARBANES. But the objective is to get our infrastructure back into shape, I must say to the Senator, I think that is extremely important. It makes absolutely no sense that people are sitting idle, collecting benefits to sustain them and their families and thereby causing a drain on the Treasury when the same money could be invested to put them to work in important projects—tunnels, bridges, waterworks, sewage treatment plants, the whole range of activities that are essential to maintaining the infrastructure.

The other thing that I heard said in criticism of the program was that they were "public jobs." But as I understand it, many, if not most, would actually be private sector jobs achieved through contracting out with private companies to do the work, whether it is bridges or highways or tunnels or whatever it may be. Would that be correct?

Mr. KENNEDY. The Senator is exactly correct. I think that the Senator from Ohio and the Senator from Maryland and I as well have pointed out the serious nature of the infrastructure in our country. I understand the Baltimore tunnel——

Mr. SARBANES. I was just going to mention the Baltimore tunnel. We have just had a situation in which rail traffic between Washingon and New York had to be suspended overnight because of the deterioration of the tunnel. This is creating an absolute bottleneck in the whole flow of passengers and freight in the Northeast corridor. We absolutely and critically need to do something about that basic problem.

There are peope out there with the skills to do it who are sitting idle. It seems to me to make a lot more sense to put them to work to get those things done than to let them sit idle and spend the money in order to sustain them and their families. I commend the Senator for his amendment.

Mr. QUAYLE. May I have 30 seconds?

Mr. GORTON. I yield to the Senator from Indiana.

Mr. QUAYLE. I will just take 30 seconds.

Let us make no doubt about it. This amendment is a CETA public service employment amendment. What the Senator from Maryland is talking about, infrastructure, yes, you can possibly use this unskilled labor market to help on that, but it is not going to be an actual contribution to the bricks and mortar and everything else that goes with it. This is a public service employment, CETA amendment. It has not worked in the past. I do not believe it will work in the future. It has put a pall over the whole training and employment program that we find today. I hope it is defeated.

The **PRESIDING OFFICER.** Who yields time?

Mr. MATHIAS addressed the Chair.

Mr. GORTON. I yield to the Senator from Maryland for a unanimous-consent request.

Mr. President, I yield to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I commend the distinguished junior Senator from Indiana, who chairs the subcommittee on jobs—the major subcommittee that will have jurisdiction over this money in the event it is put into this function. I think he is absolutely right.

I have heard discussed on the floor that there is a tunnel problem in Baltimore, and maybe this money will solve that. I do not really think we should let that go without an observation. Any Senators who have infrastructure problems in their States—bad bridges, highways that might need rebuilding, or anything else—might go home and say they voted for putting in this billion dollars. If they are in earshot of the voice of the Senator from New Mexico, they should come here and say that is what it is going to do.

The truth is that most probably it would do none of those things. It would be allocated to a committee. We do not have any law on the books that says how it is to be used. It just says there is another $2 billion in 1983 for that function. That means that the responsible committee and the full Senate and the House and its committees will have to decide how to use an extra $2 billion—in a function that has education, jobs, vocational education, social services—all those things. It means they have $2 billion more to spend. It means no more, no less. It may produce jobs; it may not.

That is what it will be—$2 billion that can be funneled into any aspect of the jurisdiction of the committee that has jurisdiction over education and jobs and many other things.

In my State, we have some enormous bottlenecks on the freeway system, and I am not going to say people should not come here and say that is what the money could be used for. But I think it should be put into the perspective of the hundreds of thousands of public works jobs that are awaiting funding from various programs—State, county, city, or Federal. We could come down and say that each of those would be completed if only we were able to add billions to the Federal deficit today.

I thank the Senator for yielding.

Mr. RANDOLPH. Mr. President, I ask the Senator from Massachusetts (Mr. KENNEDY) if he will yield to me for a very brief comment?

Mr. KENNEDY. I yield to my colleague who is a cosponsor of the pending amendment.

Mr. RANDOLPH. My commendation to the Senator (Mr. KENNEDY) for a valid assessment.

I suggest that there will be a less than desired support for this proposal to aid the unemployed in America. I do, however, recall for the record that almost 12 percent unemployment exists in West Virginia.

Mr. BRADLEY. Mr. President, the distinguished Senator from Ohio has offered an amendment to assure that there are at least minimal funds in the budget for job training. Job training is critical to our efforts to get back on a course of growth over the long haul.

Today we seek ways to cut the enormous budget deficits which are projected for the next 3 fiscal years, as part of an overdue effort to restore stability to financial markets, and thereby set the basis for recovery from a deep recession. Enormous tax cuts and record defense spending have given us deficits that are twice as high as any in our history. These deficits combined with an extremely tight monetary policy have produced and perpetuated this recession, as extraordinarily high real interest rates extinguish any sparks of recovery. Harmonizing our fiscal and monetary policies, which now are working at cross-purposes, is the major prerequisite to recovery from this recession. But recovery alone will not give us sustained growth.

Sustained growth will occur only if we can rapidly adapt our economic institutions to the changes which are taking place in world markets and in our own economy. First, the world is becoming a single marketplace and the United States is selling more, buying more, and competing more on an international basis. As our economy, along with the economies of our trading partners, grows more sophisticated, the goods and services which we produce best also change.

This is related to the second major change: The transformation of the American workplace and work process by technology. Robots, computers, and communications systems are changing how things are made as much as what is made. Information increasingly is a tool of production, as well as the final product. Information-based services, such as banking, financial management, insurance, and accounting have been among the fastest growing industries in our economy.

As American production changes, so will American jobs. Furthermore, in order for American industries to keep pace with the worldwide demand for sophisticated products and services, the working skills of Americans will have to change, and change rapidly. By 1990, Americans will have some 17 to 26 million new job opportunities, with most of those in the computer science field. For example, by 1990, jobs for computer science technicians are expected to grow by 93 to 112 percent from 1980. There is no more important single action that we can take as a nation to position ourselves to capture opportunities for sustained economic growth, than to invest in the education and training of our work force.

Just as the industrial revolution created new ways of living and working in America around the turn of the century, the shift of labor activity from the manufacturing of goods to the provision of services is changing life and work styles in our country today. This trend is likely to continue, even accelerate, in the future. Prof. Peter Drucker, a well-known management expert, predicts that within 25 years, only 5 to 10 percent of our labor force will be needed to manufacture what some 20 percent manufacture today. Even a 10-percent decline would entail a reduction of the manufacturing work force from some 21 million today to about 10 million in the near future. The implication of Drucker's figures is that just this change will mean some 10 to 15 million workers will have to retrain for new jobs, probably within the service sector.

Productivity growth is an important weapon in our battles with our foreign competitors. Unfortunately, the growth of productivity in the United States has neither kept pace with our performance in the past, nor with our major foreign competitors. Since 1965, the rate of U.S. productivity growth has declined each year. Since 1979, productivity levels actually have fallen.

Slowing productivity is partly a result of aging U.S. capital stock—public and private. It is also in part due to decline in the pace of American innovation and the introduction of new technology into our industries. However, the decline in American productivity can also be traced to failures in education and work-related training. New insight into the direction and needs of our economy should help correct these failings in our basic educational institutions. But right now more than insight is needed.

Historically, our efforts to improve productivity have focused on mobilizing new captial investment and improving technology. Tax advantages and regulatory policies have encouraged businesses to invest in new buildings, machines and technology. As a result, investment in people has been subordinated.

The principal financial incentives extended to private firms today to improve their workforce are tax deductions for on-the-job training expenses and certain credits and deductions to finance some entry level training, for example the targeted jobs tax credit. One estimate holds that the total value of all these tax incentives is less than $15 billion per year. The annual value of entry level training alone is less than $4 billion. By contrast, the aggregate value of financial incentives to firms to invest in capital or technology is about 6 to 7 times greater than all training tax incentives. Now there is no doubt that capital and technology are very important, but we should recognize human skills are equally important, and therefore should not be shortchanged by our revenues or spending policies.

Finally, emerging population changes intensify the urgency of providing for a continual upgrading of the skills of our existing workforce. As the postwar baby-boom generation reaches maturity, the growth of the American workforce is slowing. The total force is expected to grow by only 17 to 22 percent by 1990. This means American companies have a smaller pool of workers from which to select. Because of rapid technological change and the concentrated demand for certain kinds of skills, the pool of appropriately trained workers will be even smaller. Existing workers will constitute over 90 percent of the workforce in 1990 and over 75 percent of the workforce in the year 2000. Therefore, how effectively we renew our workforce today will determine how effective a workforce we have tomorrow. Further, the major source of potential new entrants to the workforce will be women. Some estimate that 2 out of every 3 new entrants will be women. Many of these women will be entering the workforce for the first time, and will need training and experience as well as fair opportunities to make them highly productive workers in our changing economy.

Finally, Mr. President, sometimes we simply do not appreciate the constructive results which flow from these job training programs. For some time, Mathematica Policy Research of Princeton, N.J., has been studying the progress of individuals who participated in the Job Corps, one of the programs authorized under CETA. The Mathematica report was prepared for the Employment and Training Administration within the Department of Labor.

The most recent Mathematica followup report indicates that the Job Corps does indeed work to increase employment and earnings, improve labor market opportunities, reduce dependence on welfare assistance and reduce criminality. Under the most likely economic assumptions, the benefits of the program exceeded costs by almost $2,300 per Corps member. In addition, under a wide range of alternative assumptions the program was still found to be economically efficient. Many Members truly believe that all jobs programs are bad simply because these programs have an extraordinarily bad reputation. The hard evidence indicates otherwise.

Mr. President, I have only been able to touch on the need for improved and accelerated training and retraining of our work force. Our ability to assure that our stock of human resources keeps pace with our capital and technological stock will determine whether we enter the 21st century as a first- or second-class economic power. Looked at in this light, the small amount of funds we are proposing to set aside today for training and retraining to protect our future hardly is worth a long debate. It is a very small beginning, directed at the most needy potential workers and our most urgent work force problems. To cut training is truly to cut out the core of an important human enrichment process which can make America as great tomorrow as it has ever been in the past. Only short-sightedness would have us excise spending critical to our future growth in order to make a miniscule improvement in our budget position today. Even in this climate of austerity, I do not believe we will be tempted to commit such a grave miscalculation.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. I yield myself 1 minute.

Mr. President, it is amazing to me that we can spend $3.7 billion for job training programs working with local private groups and business groups, and yet we are saying that we cannot develop a program to try to put American people back to work, to deal with the chronic needs in our society. That seems to me to be an implausible argument.

If we targeted this money more directly, we probably would be accused of not giving sufficient flexibility and latitude. Now we provide flexibility and latitude, but it is targeted in ways which will go to areas of unemployment higher than the national average. This would insure that this program is consistent with the job training programs. We would insure that local business groups are involved. The work could be contracted to private employers. We would only support jobs to deal with the vital infrastructure problems of this Nation.

Frankly, my colleagues and I would not be here offering this amendment unless we had the kind of unemployment situation reflected in this chart.

That red line shows what has happened since July 1981, when the President's economic program went into effect: unemployment has gone from 7.2 percent, up to 9.4 percent—and I daresay that red line is headed up to the ceiling.

We say that we should try to get people off the welfare rolls, put them on the job rolls, and invest something back into the local community.

Mr. President, I yield back the remainder of my time.

Mr. GORTON. I yield back the remainder of my time.

Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered. The question is on agreeing to the amendment of the Senator from Massachusetts. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. Denton) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. Inouye) is necessarily absent.

The PRESIDING OFFICER (Mr. East). Are there any Senators in the Chamber wishing to vote?

The result was announced—yeas 14, nays 84, as follows:

[Rollcall Vote No. 124 Leg.]

YEAS—14

Bradley
Dodd
Eagleton
Hart
Jackson
Kennedy
Levin
Matsunaga
Melcher
Metzenbaum
Moynihan
Randolph
Riegle
Sarbanes

NAYS—84

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Brady
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Dixon
Dole
Domenici
Durenberger
East
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Leahy
Long
Lugar
Mathias
Mattingly
McClure
Mitchell
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Roth
Rudman
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Zorinsky

NOT VOTING—2

Denton
Inouye

So the amendment (UP No. 965) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. QUAYLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I think, pursuant to our understanding, an amendment is now in order on this side, and we have agreed that Senator Kassebaum, the junior Senator from Kansas, would proceed with her amendment.

UP AMENDMENT NO. 966

(Purpose: To reduce the recommended levels of new budget authority by $7.4 billion in fiscal year 1983 and new outlays by $1.3 billion in fiscal year 1983 for function 050, national defense, and by similar additional reductions in fiscal year 1984 and 1985)

Mrs. KASSEBAUM. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas (Mrs. Kassebaum) proposes an unprinted amendment numbered 966.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 18 strike "$835,300,000,000", and insert in lieu thereof the following: "$927,600,000,000";

On page 2, line 19 strike "$897,000,000,000", and insert in lieu thereof the following: "$886,200,000,000";

On page 2, line 20 strike "$972,800,000,000", and insert in lieu thereof the following: "$955,700,000,000";

On page 2, line 24 strike "$783,600,000,000", and insert in lieu thereof the following: "$782,300,000,000";

On page 2, line 25 strike "$832,300,000,000", and insert in lieu thereof the following: "$828,200,000,000";

On page 3, line 1 strike "$889,400,000,000", and insert in lieu thereof the following. "$881,000,000,000";

On page 3, line 13 strike "$115,400,000,000", and insert in lieu thereof the following: "$114,100,000,000";

On page 3, line 14 strike "$91,300,000,000", and insert in lieu thereof the following: "$87,100,000,000";

On page 3, line 15 strike "$64,400,000,000", and insert in lieu thereof the following: "$56,000,000,000";

On page 5, line 16 strike "$251,700,000,000", and insert in lieu thereof the following: "$244,300,000,000";

On page 5, line 17 strike "$215,300,000,000", and insert in lieu thereof the following: "$214,000,000,000";

On page 5, line 25 strike "$278,300,000,000", and insert in lieu thereof the following: "$267,500,000,000";

On page 6, line 1 strike "$243,000,000,000", and insert in lieu thereof the following: "$238,800,000,000";

On page 6, line 4 strike "$316,500,000,000", and insert in lieu thereof the following: "$299,400,000,000";

On page 6, line 5 strike "$277,700,000,000", and insert in lieu thereof the following: "$269,300,000,000".

The PRESIDING OFFICER. Will the Senate be in order? The Senator from Kansas has the floor and is entitled to be heard.

Mr. BUMPERS. Mr. President, will the Senator from Kansas yield for a question?

Mrs. KASSEBAUM. I would be happy to yield.

The PRESIDING OFFICER. The Senate is not in order. Will those Senators who do not wish to hear discussion on the amendment please leave the Chamber and conduct their business elsewhere. The Senator from Kansas has the floor and has yielded to the Senator from Arkansas for a question.

Mr. BUMPERS. I thank the Chair.

I wonder if the chairman of the Budget Committee would be willing to see if we can work out some semblance of order here. The majority leader is here, and I assume the next amendment will be offered on this side. I would like to go next. I am not trying to preempt anybody, but I think everyone would be well served if we could get four amemdments lined up in sequence so that Members would have some idea as to who is ready to go next.

Mr. BAKER. I have no problem with that whatsoever. The way we have done it is we have left it up to the managers on each side in sequence, and so far we have alternated between sides successfully.

I would recommend then, if the managers are so inclined, that they try to work up a list of three or four on each side and make that announcement as soon as they can do so.

Mr. BUMPERS. I thank the Chair, and I thank the distinguished majority leader.

Mr. HOLLINGS. Mr. President, if the distinguished Senator will yield, we tried to do exactly that. We were not able to get them up here. We had Senator Bradley next on elementary and secondary education on this side. We can put the Senator from Arkansas in position, keep the Senator in mind. Is that all right?

Mr. BUMPERS. That is all right.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, the amendment I am offering proposes reductions from the resolution levels on spending for national defense as follows: For fiscal year 1983 the budget authority would be reduced by $7.4 billion, outlay reductions would be $1.3 billion; in fiscal 1984 the reductions would be $10.8 billion in budget authority——

Mr. DOMENICI. Mr. President, can we have order?

The PRESIDING OFFICER. If the Senator will desist, the Senate is not in order. The Senator from Kansas deserves the courtesy of being heard on her amendment.

The Senator will proceed.

Mrs. KASSEBAUM. In fiscal year 1984 the reductions would be $10.8 billion for budget authority and $4.2 billion for outlays. In 1985 budget authority reductions would be $17.1 billion. Outlay reductions would be $8.4 billion. This is a total of outlay reductions of $13.9 billion.

Taken in its entirety, this amendment would reduce the resolution-reported rate of real growth in defense budget authority for fiscal year 1983 from 9.7 percent to an even 7 percent. The amendment would also reduce the 3 year average annual rate of real defense growth from 6.8 percent to approximately 6 percent.

The growth pattern for budget authority offered in the amendment is consistent with the pattern of the President's request. The largest rate of real growth is provided in the first year—fiscal year 1983. Budget authority growth drops off in 1984 and increases again in 1985. The similarity between the growth patterns found in the President's request and in this amendment exists by design. The amendment is structured to accommodate a defense buildup consistent with the path proposed by the President. The amendment would not preclude the implementation of existing plans for force modernization or readiness. It would, however, slow the pace at which such a buildup would take place to a rate consistent with sound economic policy.

Mr. President, when Ronald Reagan was inaugurated as President, he came to office with a solid consensus on national defense. It was the consensus of the American electorate that the Defense Establishment of this country had dangerously eroded. During the Presidential campaign, the extent of the Soviet military buildup was held in contrast to our own record of a half century of neglect of national defense. "Window of vulnerability" became a household phrase. The President was elected with a mandate to close that window.

Today—scarcely 15 months later—that consensus is slipping. And I think that should be a concern to us here. The public cannot reconcile the pronounced need to "get control over the growth of Federal spending" with the announced plan to spend $1.6 trillion for national defense by fiscal year 1986.

The American people have not changed. The perceived need for restoring this country's military strength has not changed. However, the public refuses to accept the premise that military strength flows from the uncontrolled infusion of money into the Pentagon. The American people are deeply cynical on the issue of defense spending. "Cost overrun" has become synonymous with military procurement. The public is looking toward the Congress to strengthen the defense of this country. They are looking for responsible defense spending.

In offering this amendment I do not quarrel with those who say the military balance has become more precarious. I respond, however, that military superiority has never been a function of outlay rates or total obligational authority. This resolution—and the defense authority bill recently passed by this body—make that point more clearly, and more concisely than any argument I could advance. Spending for defense under both of these measures is greatly increased over fiscal year 1982 levels.

In offering this amendment, I do not question the need for increased spending for national defense. In fact this amendment incorporates a substantial portion of the President's requested funding increase for the fiscal year 1983-1985 period. The amendment would—however—require the Pentagon to practice the same vigilance in procurement, efficiency in operation, and fiscal discipline in program administration as we demand in nondefense spending.

It is always difficult, Mr. President, to get into assumptions one makes on spending levels in the budget. But, obviously, we have certain assumptions under which we have operated as we have drawn up an amendment. I would like to speak to an assumption that I have made. However, there might be other assumptions that would go into any decisions made by the authorizing or appropriating committee.

The program assumptions for the amendment I am offering would not require the demobilization of a single military unit. They would not necessitate the cancellation of any weapons programs. The size of U.S. forces would not be reduced in any way. In fact, my amendment could accommodate the force expansion contemplated in the President's original fiscal year 1983 defense request.

The funding levels within this amendment assume the existence of a commitment on the part of Congress and the Department of Defense to insure that weapons systems are brought into production and funded on the basis of systematic testing and evaluation that results in proven effectiveness.

My amendment assumes that procurement funding would be deferred without prejudice for the production of any new weapons program until that program, has, first, met all originally specified performance and cost criteria on a unit cost basis taking inflation into account; second, has been subjected to rigorous, fully combat loaded, live fire, free play testing monitored by the General Accounting Office; and, third, has been demonstrated by such testing in a side by side competitive format to be superior or equal in performance to similar purpose, existing foreign and domestic produced weapons systems and to be less or equally expensive on a unit cost basis to such existing systems. Testing should also be conducted to demonstrate the superiority of the new system to that which it is replacing, a suggestion that should not always be taken for granted.

Upon meeting these criteria the new weapons program shall be fully funded for production. Whenever a foreign weapons system is found to be superior in performance and lower in cost than a U.S. developed system, the foreign system will be procured on the condition that it will be license-built in the United States.

In the event that no competitive system exists, only the requirements of the third competitive testing assumption would be waived.

It is not necessary for us to consider now where the line should be drawn to determine that weapons systems must have their procurement funding deferred without prejudice to meet the spending level established by my spending mark. That can be computed by the Department of Defense. Quite obviously, this assumption would not affect those weapons systems that are already well into production. I have no intention of disrupting programs that are now being procured at efficient rates.

The logic of this amendment should be evident to those who understand that deterrence results from a proven ability to fight and defeat aggression using the most advanced weaponry available to the United States. I believe that the effectiveness of U.S. weapons is a vital and necessary component of our ability to wage and, therefore, deter war. In the absence of real combat, weapons effectiveness can only be proven in realistic, fully combat loaded, free play tests, monitored by those with no vested interest in assuring that a weapon system being tested is not embarrassed. In this way, we can determine better than we have in the past whether a weapon in development is faulty in either concept or performance before—not after—it is delivered to U.S. servicemen in the field.

As an example of the problem that I am addressing and of the unfortunate consequences of past practices, I ask unanimous consent that there be printed in the RECORD at the conclusion of my remarks a series of articles that appeared in the Wichita Eagle-

Beacon concerning testing and development problems that occurred in the case of the Viper antitank missile system.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mrs. KASSEBAUM. Mr. President, my amendment assumes that we should be more thorough in assuring that the weapons we give to our soldiers in the field work as advertised and are the best available to any soldier in the world. In achieving that goal, I believe we should make constructive use in what I hope and expect is transitional budgetary tightness in the overall Federal budget not to kill any weapons program or to demobilize any defense unit, but to defer some programs without prejudice to insure more thoroughly that we have the most effectively equipped defense establishment in the world.

Unless the administration's planned defense buildup has the confidence of the American people, it is doomed to failure. The public will not support massive funding for any program perceived to be fraught with mismanagement and waste. The Congress must exercise responsible budgetary control over defense spending if a public consensus in support of that spending is to endure. I offer my amendment in the hope of improving the climate necessary to guarantee such a consensus.

EXHIBIT 1

GROUND RULES LIMITED DESIGN—IN ITS EARLY DAYS, EVERYONE LOVED NEW WEAPON

(By Frank Greve)

The Army's new infantry anti-tank rocket called the Viper was supposed to cost $78 when proposed in 1976. It also was supposed to stop enemy tanks.

Now, the Army admits Viper is largely ineffective against modern Soviet armor, and the cost of the rocket has reached $787 a round. Nonetheless, the Army proposes to buy 649,100 Vipers.

Once viper did not look like a turkey. Once, in 1974, Lawrence O'Neill, chairman of the Army Scientific Advisory Panel, acclaimed the project "the most complete, competent and comprehensible technical program I have ever seen."

Army Chief of Staff Creighton Abrams loved it, too. So did Gen. William Westmoreland, who had started the ball rolling.

Late in 1967, Westmoreland had sent back from his command in South Vietnam a Soviet anti-tank weapon called the RPG-7. It worked, said Westmoreland, a lot better than the U.S. equivalent, the LAW (light anti-tank weapon). The LAW, widely cursed in Vietnam, had a 15 percent to 20 percent dud rate, a bad habit of exploding in its launch tube and a range of only about 130 yards.

Westmoreland asked the Army's Missile Command, in Huntsville, Ala., to take the RPG-7 apart and "reverse engineer" it: Find out what made it tick so nicely. Then he wanted the Army to begin work on a new LAW.

Research, involving fins, propellents, warheads, launching systems, fuses and other weapon elements consumed four years. Finally, in 1972, the Army was ready to pull its subsystem research together and invent a new weapon.

The challenge of overseeing research on the new weapon fell to Steven C. Walker, a sandy-haired, enthusiastic major from New Orleans, a West Point graduate who had excelled at the Army's graduate courses in rocketry. Walker and others offer great praise for the chief civilian engineer chosen to work with him, Bernie Cobb. In the community of intense rocket wizards developed by the Army at its Redstone Arsenal, Cobb was considered both a wizard and a workaholic.

Higher-ups at other Army commands set the ground rules. On weight, for example, the Human Engineering Laboratory at the Army's Aberdeen (Md.) Proving Grounds imposed a limit of 6 to 7 pounds. That was arrived at after adding various weights to the 48.4-pound load of assault gear U.S. infantry normally carry in battle. More than seven pounds of added weight, the laboratory found in extensive testing, slows a soldier and deteriorates his marksmanship.

Implicit in the decision on weight was a basic battlefield strategy: Every infantryman was to carry a Viper. Rather than designate a squad member to lug a heavier and perhaps more potent weapon, Vipers would be dealt to everyone, cooks and mechanics included. In a European war, in which Soviet-bloc tanks stand to outnumber NATO tanks by more than 3 to 1, Army generals wanted a tank-killer behind every haystack and hedgerow.

The Army surgeon general set another standard: The blast noise of the new Viper could not exceed the level applied to other battlefield weapons. That was, and remains, a more than thunderous 180 decibels after penetrating through earplugs.

It may seem odd, the notion that a soldier about to be crushed by a tank should worry about his eardrums. But hearing loss is a common military disability. And the surgeon general's office, stung at the time by bad publicity about Army experiments with mind-altering drugs, was in no mood to compromise on noise.

"We're in peacetime," shrugged Viper project manager Col. Aaron Larkins, 44, a pipe-smoking engineer from Tennessee.

As Walker and Cobb sought to come up with a more lethal and accurate rocket with a longer range, weight was a crucial factor. Given that the weapon would have three components—a launching tube, a warhead and a rocket motor to propel the warhead—the weight constraint limited the warhead to one pound. Because of limits in warhead engineering, that limited Viper's ability to penetrate armor.

But the noise limit was troublesome, too. For longer range, Walker and Cobb needed a sharp, tremendously powerful blast.

And, to give Viper a nearly flat trajectory, improving accuracy, the developers needed the rocket's velocity to approach the speed of sound as it left the launch tube. High velocity also promised a flight time for the projectile so fast the target couldn't move much before the warhead hit. The surgeon general's standard limiting the noise made these goals more difficult to achieve.

What Walker and Cobb came up with was a projectile 27 inches long that looked like a stubby arrow fired from a 44-inch tube. The rocket motor was at the back, connected by a short, tapered metal shank to the warhead. Except for the shank, the current Viper is basically similar and works exactly the same way. The warhead consists of three parts. At the front are two hollow copper cones with their rims joined and their noses facing in opposite directions. Packed behind the rear cone are a powerful explosive and a fuse.

When the warhead, propelled by the rocket, hits its target, the fuse explodes the charge. The explosion collapses the cones and turns the copper into a molten and gaseous plasma, surging forward with tremendous force.

The plasma jet, focused by the cone's original shape, eats through the tank's armor like an acetylene torch. When the molten metal penetrates the tank's crew compartment, it cools into hot, fatal shrapnel.

Because of the overall weight limit and the dynamics, geometry and weight of the warhead cone, Cobb and Walker figured Viper would have to be about 2.8 inches (70 millimeters) in diameter.

That meant a plasma jet a little thicker than an ordinary lead pencil and able to penetrate about 14 to 18 inches of steel. Such a jet was sufficient to be deadly—at least against the Soviet armor being reported by U.S. intelligence at the time.

To give the Viper's rocket blast a greatly enhanced punch, the Army came up with a complex, exotic propellent additive called carborane. It has two disadvantages infantry someday may care about: The blast from firing produces a terrific cloud of smoke, making viper gunners easy to spot. And prolonged exposure to moisture destabilizes carborane and may cause erratic firing.

Past Army Viper project managers have cared far more about another carborane trait: The firing blast it produced exceeded, until recent modifications in the weapon, the surgeon general's standard for noise.

"We knew we were trading noise (to get) a flat trajectory and better range and time of flight," explained Walker, now an executive with a Huntsville defense firm. "You discover in the rocket business that everything is interrelated. You trade penetration for weight, fin surface for velocity, always something for something.

"Balancing those trade-offs becomes almost more an art than a science because you can't predict on paper or on a computer exactly what will happen in other systems when you tweak something in a system that seems unrelated."

Finally, in 1974, after some 400 test firings, Walker and Cobb had a prototype Viper everybody liked. It had good accuracy to 330 yards. It met the weight standard. The warhead worked.

Walker considers his work on Viper "one of the two or three best things I've done in my life." He keeps the praise of O'Neill, the Army's Science Board chairman, in a presentation album and keeps a model of Viper—his Viper—on the living room bookshelf in his home.

Cobb, his old colleague, still works for the Army and wouldn't talk much. "When we put it together," Cobb did let himself say, "it was the best system in the world."

What happened next made their baby nobody's baby. The Army transferred Walker to Riyadh, Saudi Arabia, to be a procurement officer for the Saudi National Guard. He didn't resist: "It was time in my career for an overseas tour."

At the same time, the Army decided to push Viper into the design engineering stage, the next necessary step leading to mass production. This meant taking Viper from the Advanced Systems Concepts Laboratory where Cobb and Walker had worked, and creating a new, separate Viper project office. Cobb remained in the Concepts Laboratory, no longer Viper's chief engineer.

So, what the Viper project officers issued in January 1975 was a set of performance specifications for an anti-tank weapon that could do what the Viper prototype did. But the design was to be up to the manufacturer.

By that procedure, the art involved in the prototype Viper's carefully balanced systems was lost just as the artists—Walker and Cobb—were lost.

Redesigns, Turnovers Slowed Viper Work as Costs Increased

(By Frank Greve)

General Dynamics Corp., today the biggest defense contractor in the noncommunist world, typically makes small quantities of expensive, complex weapons.

In its $5-billion-a-year sales bucket, the Viper anti-tank weapon project is less than a $100-million-a-year drop.

What kindled General Dynamics' interest was not the Viper's $78 price tag, but the quantity of the purchase, then projected at 1.7 million units. Moreover, the Army had nearly 3 million outmoded anti-tank weapons to replace, so Viper could turn into a perpetual contract, a virtual money machine.

In 1976, General Dynamics won the contract over two other companies. The first job, recalled Joseph Alcala, the firm's initial Viper project manager, was to "develop our engineering design and beat it against our cost targets."

As it turned out, Viper, General Dynamics and the Army all took a beating.

One of General Dynamics' first fateful decisions, for example, was to dump Viper's curved-tail fin design and its pop-off ring, which kept the fins furled.

Instead, Alcala wanted a cluster of dagger-type fins that would be easier to mass produce, even though they provided less stabilization.

But without the pop-off ring, the fins dragged in the launch tube and sometimes broke off. They also had less surface area, making the emerging Viper more wobbly in crosswinds.

Instead of restoring the old fins, Alcala and the Army's engineers decided to change the rocket's shape so it would be less vulnerable to aerodynamic forces.

First, they filled in with hardened plastic foam the narrowed shaft between rocket and warhead. But, recalled veteran Viper engineer James Hughes, the foam sometimes disintegrated under the force of the explosion.

Eventually, an aluminum shield replaced the foam, the interior surface of the launch tube was streamlined and the fins themselves were reshaped.

The cost: between $2 million and $5 million in design engineering money, according to Hughes, plus six months of research time.

The new version also proved as much as 25 percent less accurate.

In another fateful decision, General Dynamics changed the way the warhead was connected to the rocket. Instead of a threaded joint, General Dynamics proposed a stamped-and-crimped process called magneforming.

Result: Fuses were damaged by the process, and rockets and warheads sometimes broke apart. Eventually, General Dynamics went back to the threaded joint.

The weapon's noise problem also proved persistent. Engineers moved the rocket motor away from the gunner's ear. They lengthened the launch tube. They shortened it again. They fussed with the tube's rear opening.

All told, fixing the noise problem cost from $5 million to $10 million, according to Army engineer Hughes, while research took until January 1981.

Retired Col. Hubert O. Lacquement, the first project manager assigned to Viper, offered this summation of the early work: "We took a great prototype and screwed it up."

Lacquement also warned his commanding general in August 1977 that trouble lay ahead.

"There's going to be a major slip in the production schedule and it's going to carry costs with it," he recalled telling his boss. "You've got to allow this or quit."

Lacquement was given a month to fix the problems. He could not, and was canned a month later.

His boss on the Viper project, Maj. Gen. Charles Means, on the job four months, had decided the project needed new blood, top to bottom. Alcala was recalled to California just as Lacquement left.

Once again, Viper had been orphaned all at once, of its top experts. That turnover problem persists. When its current manager retires this month, Viper will have its fifth top Army executive in six years.

Turnover also made it impossible for anyone to master costs. Asked where the original, $78-a-unit figure had come from, General Dynamics spokesman Charles Mimbs replied: "Corporate memory has forgotten how that number was generated."

Said a Viper analyst: "Nobody gave a damn about price."

Actually, the origin of the $78 figure isn't mysterious. Viper's original designers had priced components of their prototype, added an assembly fee, and figured that was about right.

Said General Accounting Office examiner Hyman Baras: "The military is not good at estimating. If private business estimated with the imprecision of the military, they'd be out of business pretty soon."

Often, however, industry accepts or offers unrealistically low cost estimates to win an initial contract, procurement experts suggested. As happened with Viper, estimates are kept down during development engineering stages, lest Congress or the Pentagon take fright and drop a project. Most increases show up—as they did on Viper—just as a weapon system goes into production. In Viper's case, $433 a unit has been added to the cost since August 1980.

Explaining the cost growth is another matter. For example, costs arising from Viper's fin changes are termed "safety improvements" in the official Army-General Dynamics account. The increased cost of the threaded joint connecting the warhead to the rocket motor is described as a "reliability improvement."

Col. Aaron Larkins, the present Army project manager, inherited another unenviable chore: Between 1980 and 1981, he had to bring Viper, already two years behind schedule, through extensive field testing so that production could begin.

Watching with wolfish skepticism were Defense Department officials who thought Viper expendable, plus the producers of competing weapons systems, plus a few congressional staff experts in defense overruns.

Aware of the growing skepticism, Larkins and a representative of the Army's Training and Doctrine Command proceeded to exempt Viper from standards it couldn't meet, before it was judged by those standards.

First, Viper was exempted from killing all tanks, and expected to fight only older models. Maj. Gen. Lawrence F. Skibbie, director of combat support systems for the Army, acknowledged the exemption in a Knight-Ridder interview.

Larkins, with Army consent, also eliminated a requirement that Viper function after two hours of being submerged in three feet of water. It already had been found that Vipers leak after three to five minutes.

Finally, Viper's weight was allowed to go up from its original 7-pound standard to 8.98 pounds. That permitted General Dynamics to fix an embarrassing problem. The back end of a launch tube had blown off in one early test.

The Marine Corps was not consulted and not impressed by the changes.

The Marines didn't withdraw their support, however, until a General Accounting Office report appeared July 28, 1981, six days before the Army was to make a final decision on Viper production.

The GAO report was scathing. It concluded: "Viper's demonstrated effectiveness barely meets the low end of the Army's requirements and, at that, only against older Soviet tanks. Against the new tanks, which will be the predominant tanks it will be facing, Viper remains largely ineffective."

Despite Other Suitors, Army Won Battle

(By Frank Greve)

When Congress and Viper's competitors sensed the weapon's weaknesses, beginning in 1980 and growing in 1981, a classic procurement battle commenced.

The Army closed ranks to support it. Indeed, Gen. John Vessey, Army vice chief of staff, has gone so far in recent months as to call Viper "the sponge that will soak up the enemy's armor."

Gen. E. C. "Shy" Meyer, Army chief of staff, was more measured in his support during 1980 congressional testimony: He said Viper's effectiveness "is appreciably greater than any other anti-tank rocket of comparable size available in the same time period."

That is true. Viper is the only weapon available in its size and weight class, except the weapon it was intended to replace.

Most other countries and manufacturers have developed a bigger, heavier anti-tank rocket, and when they realized that Viper was in trouble, they decided to peddle their weapons anew.

They also realized they would be battling the Army in promoting their wares, so they courted and supported influential decision-makers at the Defense Department and in Congress.

Manurhin of France, for example, which makes a 19-pound tank-killer called APILAS, employs Carl Bernard, a retired Army colonel who specializes in the French arms industry. His brother, Charles, is director for land warfare in an undersecretary of defense office.

Charles Bernard recommended killing Viper in 1981. Carl Bernard says he's never talked to his brother about Viper, but opposes it for a personal reason: An army company he led in the Korean War lost 100 of 125 men to North Korean tanks while carrying inadequate anti-tank weapons.

A-F Raufoss of Norway, would-be manufacturers of an improved version of the U.S. light anti-tank weapon, employs through a

U.S. partner company another retired Army colonel, George Poole. Poole is a close friend of Charles Bernard's specialist in infantry weapons, Col. Charles Garvey.

Garvey also had a business relationship with a General Dynamics executive: In July 1980, General Dynamics representive Charles Mimbs called Garvey "out of the blue," Garvey said, and asked Garvey to sell his house.

"I had never met him before nor since," Garvey said of Mimbs. "We have never discussed business or anything else." Of his dealings with Poole and the Norwegian weaponmaker, Garvey said: "I truly didn't—and don't—feel I've done anything wrong."

Many Pentagon employees are linked to defense industry representatives by part-time work, and close friendships are common.

"You have to understand that we all need each other," said one player of the procurement game. "A lobbyist can find out things on the Hill where a Pentagon civilian, by law, can't go. Sometimes a general can lobby better than a company rep. Other times, they're in closed meetings that the company rep can't attend.

"You've got to play the game to win at it," he said.

With Viper threatened, General Dynamics also played procurement politics. Through a New Hampshire-based Viper subcontractor, it urged Sen. Warren Rudman, R-N.H., in his words, "to be reasonable. They wanted my understanding that it was a difficult project and that General Dynamics and the government had a lot invested in it." Rudman, who said in an interview he once had the votes to kill Viper, eventually elected to compromise instead.

General Dynamics also had contracted a key critic of defense spending, Rep. Joseph Addabbo, D-N.Y., chairman of the House Defense Appropriations subcommittee. Viper's fuses are made in Addabbo's district.

As part of the rescue operation, General Dynamics and the Army also promised they could bring down Viper's costs. In an interview, General Dynamics spokesman Mimbs said fuses could be reduced in price from $80 to $30 and launch tubes made nearly $100 cheaper.

But these aren't genuine cost reductions, their makers have said subsequently. For instance, the $100 reduction would come from machine wrapping, rather than hand wrapping, the launch tubes.

Late in 1981, things looked bad for Viper. The Norwegian manufacturer promised a weapon nearly as good as Viper at $225 a copy, less than a third the price. The French APILAS, made by Manurhin, could kill tanks that Viper couldn't. The West German Armbrust had enough congressional support to force a shoot-off. Moreover, the Marines' withdrawal of support for the weapon threatened to make Viper's per-unit price even higher, since the larger the contract, the lower the unit price and vice versa.

Then, in November, a shaky compromise was worked out in the House and Senate Defense Appropriations subcommittees. Total Viper production, until then set at 1.7 million rounds, would be cut to 889,100, presuming Marine participation, or 649,100 without it. The Army also agreed to drop plans to find a competing Viper manufacturer.

Instead, General Dynamics was to be granted a "sole source" contract, if it could reduce costs to a level acceptable to the Army. Additionally, Viper's production rate would be slowed to allow evaluation of the weapons of foreign competitors.

As another element of the delicate compromise, Raufoss, the Norwegian firm, was to receive $3 million from the Army to improve its light anti-tank weapon prior to the shoot-off demanded by Sen. Rudman.

In return for these concessions, and over the resistance of the Defense Department's Charles Bernard, the Army was allowed by Congress to proceed into production of Viper at the rate of 60,000 units in fiscal 1982.

Neutralizing the Defense Department's opposition is probably the most cunning Army effort on Viper's behalf since 1976.

Bernard had urged that the Defense Department's Research and Engineering section oppose Viper's production. His argument had won tentative acceptance in that office.

Undersecretary Richard DeLauer, according to several sources involved in the compromise, was ready to sign a rejection letter to Congress to kill the program.

However, Army brass, upon learning of this threat, approached an aid to DeLauer, Richard Hardison. Hardison, Bernard's boss, was sympathetic to the Army's position. The DeLauer letter was to pass through Hardison's hands.

It did, in a draft which said that while DeLauer agreed with the battlefield need for Viper, it should not be bought if it would cost more than two times the current, unimproved LAW. That was $400—far lower then General Dynamics' cost-reduction effort could ever hope to go for Viper. Thus, according to the draft letter which reached Hardison, Viper was dead.

But with one sentence, he restored it to life: "Perhaps you will be able to find a better solution, but an approach something along the following lines might be considered." That sentence preceded language about doubling the cost of the existing LAW.

Thus, the Army now says—without contradiction—that DeLauer merely suggested Viper's costs be no more than double that of LAW.

That's not the end of the procurement battle. Rankled by the congressional demand that they test Viper's foreign competitors, Army brass have found obstacles.

Even it the tests of competing systems come off as scheduled by July 1983, the Army does not plan to test Viper head-to-head against its foreign competitors. Nor is it committed to buying the winner.

Viper—nobody's baby—has joined the Army family.

Excel Tool Service Inc., a small Wichita machine stop, has been working on three component parts of the Army's Viper anti-tank rocket since 1979, and could make $8 million to $15 million on the project over the next five years.

Allen Oakleaf, president and part owner of the 11-year-old company, said Tuesday the company has been through various testing stages and is "now ready to go into full-scale production."

Oakleaf said the company, with 20 employees working at its plant at 3258 S. Hoover, will have to hire additional workers when production is in full swing. He estimated 25 or more will be working in three shifts to make the parts for the 649,100 weapons expected to be ordered.

Excel is making two internal components of the missile and one external component of the launcher. Oakleaf said the parts are being manufactured for a subcontractor who has been a regular customer for years. General Dynamics is the prime contractor.

Oakleaf declined to name the subcontractor or to give any detail about the components his company is manufacturing. He said he did not know what information may be classified. However, he said the subcontractor is an out-of-state "defense products manufacturer."

Oakleaf said the company's work has been accepted, assuring it of a continuing production contract provided the Viper gets the go-ahead.

He said the company has invested in expensive computer numerical control machines and has a robot-operated machine on order. These machines are needed, he noted, because the "stringent requirements and the tolerances we have to hold to are extremely tight."

Because of those requirements and the equipment needed to meet them, Oakleaf said he can understand why the cost of the weapon has escalated so rapidly from the original estimate of $78 to $787.

The PRESIDING OFFICER. Who yields time?

Mr. SPECTER. Mr. President, will the Senator yield?

Mrs. KASSEBAUM. I yield.

Mr. SPECTER. If the Senator will yield 5 minutes, that will be sufficient.

Mrs. KASSEBAUM. I yield.

Mr. SPECTER. I support the amendment which has been offered by the Senator from Kansas (Mrs. KASSEBAUM). I am impressed with her thoughtful presentation and with her analysis of the substance of her amendment, which, as she outlined it, would permit a reduction in cost without a reduction in the size of the Armed Forces and without a reduction of weapons systems.

I have no illusions, frankly, about the likelihood of passage of such an amendment at this time. But if it were to pass, I think it would be in the national interest.

I think it is appropriate that such a reduction be passed in light of the reductions being required in so many of the other programs which this body is considering at this time.

We face an extraordinarily difficult situation with our economy, and the rising deficit is an enormous problem for business expansion, for job opportunities, for a prosperous economy. No matter how strong our Defense Establishment, in the final analysis, it can be no stronger than the economic foundation upon which it rests.

Mr. President, I want to emphasize my continuing support for the new weapons and the additional strength the country requires. Last year, and again last week, I voted for the MX missile and the B-1 bomber as well as the other weapons and programs in the President's strategic arms modernization program and for programs to improve conventional forces. My support for the amendment is based on the understanding that cost reductions in the amounts indicated are realistically achievable through increased efficiency and will not require reductions in defense material or manpower, or in the readiness of our military forces. If this understanding is correct, the actual increase in the strength of our defense capabilities will be as great under the amendment as under the spending levels set forth in the resolution. In view of the size of the projected deficits and their possible effect of keeping interest rates so high as to undermine the economic health of the country, I believe it is appropriate to put the responsibility on the Defense Department to increase our military strength without unnecessary cost. Budgetary belt-tightening is required in all departments.

Accordingly, I believe that the logic and the position outlined by the distinguished Senator from Kansas are sound and I urge adoption of her amendment.

Mrs. KASSEBAUM. I thank the Senator from Pennsylvania.

Mr. RIEGLE. Mr. President, will the Senator from Kansas yield briefly? Will the Senator yield 5 minutes?

Mrs. KASSEBAUM. I am happy to yield 5 minutes to the Senator from Michigan.

Mr. RIEGLE. Mr. President, I ask unanimous consent that I may be made a cosponsor of her amendment, because I think it is a sound and necessary amendment. I congratulate her for her initiative in offering it. I ask to be made a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. Let me say that if this amendment should fail, as it very likely may, it would be my intention sometime tomorrow to offer an amendment somewhat along this line but a little bit different. That is, I would propose a 5-percent annual increase in defense spending over the next 3 years—the Senator from Kansas proposed 6—but in my approach I would propose defense savings and apply them to other functions in the budget where there have been sharp reductions. In other words, it would be a transfer amendment that would attempt to reduce the projected rate of increase in defense spending and to shift that money over into a variety of other functions, to make whole the veterans program, to apply some additional money to undo and to offset the projected cuts in medicare, in education, and some of the other areas.

I just announce that as an intention now so that others who have an interest in this issue might have a chance to think about that approach which will be offered later.

I want to say from the vantage point of serving on the Senate Budget Committee there is really no sound justification for $1.6 trillion in defense spending over the next 5 years in the Reagan administration budget proposals. We are setting aside more money than we can intelligently spend in defense. I have talked to defense contractors from across the country, top executives in leading defense firms, who are appalled at the waste that they see today in the defense area. They will say to me privately that we are overspending on defense, that it cannot be spent efficiently, it cannot be spent well. Yet, billions keep being poured into these kinds of expenditures at a time when we do not have the money and, second, when we have other needs in the country which are real, which are urgent, and to which our efforts should, instead, be directed.

So I join the Senator from Kansas. I think we have to restrain the overspending in defense, bringing it down to a level of increase which we can manage and which, in fact, is consistent with our real needs in the country, and instead use those extra resources in other ways, to reindustrialize our Nation, to get people back to work, to enable us to get interest rates down so that the business sector of the country can start to recover.

In that regard, I want to cite an item which has just come over the ticker which reads as follows:

> Crushed by the recession, U.S. company profits today took their second biggest plunge ever during the first 3 months of this year, new Government figures indicated Wednesday. Before-tax profits dropped 20.2 percent and after-tax profits dropped 17.5 percent from the fourth quarter. The dollar amount of the declines, $43 billion and $25.2 billion were bigger than any except during the second quarter of 1980 in that year's short but very steep recession.

The private sector in this country is under enormous pressure and stress. We are seeing a rising pattern of business failures and bankruptcies. We saw a major firm on Wall Street go under yesterday. One of the reasons that we are in this trouble is that we continue to spend more money on sacred cow items in this budget than we can afford. The defense budget has become the largest sacred cow of all. Yes, we need to increase defense spending for certain items, but we can do that within a 6-percent annual rate of growth which the Senator from Kansas has proposed here. I hope her amendment will be successful. Again, I congratulate her for offering it.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 1 minute for a statement of clarification.

We have been discussing this amendment, and I want to report to the Senate that it is the intention of the chairman of the Armed Services Committee, Senator TOWER, to move to table this amendment. It is my understanding that will not be done until the Senator from Kansas has used her time or yielded it back. We will use as much time as is needed before that occurs.

With that, if the Senator from Kansas has additional remarks, I will yield back to the Senator. I have about four people who want to speak in opposition at this point.

Mrs. KASSEBAUM. Mr. President, I thank the Senator.

I would like to ask unanimous consent to add Senators DURENBERGER, CHAFEE, PRYOR, HEINZ, HATFIELD, MELCHER, and RANDOLPH as cosponsors of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, will the Senator yield to me for a second?

Mrs. KASSEBAUM. I yield to the distinguished majority leader.

Mr. BAKER. Mr. President, let me say that there will in all likelihood be a tabling motion against this amendment, perhaps by the chairman of the Committee on Armed Services. So Senators can be on notice, it is my hope that we can have that vote at 6 p.m.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, I yield to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I am happy to join the distinguished Senator from Kansas as a cosponsor of this amendment. It seems to me that we have to put things in perspective. The high unemployment that we are experiencing in this Nation unquestionably stems from high interest rates. I do not think anybody disputes that. The high interest rates stem from the uncertainty in the financial community as to what is taking place in Congress plus the deep concern about the high deficits that the country is now running, and about huge prospective deficits.

Mr. President, the committee budget that we have before us for 1983 has a projected deficit of $115 billion. Mind you, the highest deficit we have ever had in the history of our Nation was $65 billion, so this is just about twice the highest deficit we have ever had.

Mr. President, what the Senator from Kansas has suggested is a very modest reduction in the extraordinarily, substantially high increases in defense. She has proposed a reduction of $1.3 billion for 1983 in outlays. I do not think anybody seriously questions that that money can be saved in the defense budget.

Mr. President, we are constantly hearing on this floor and shall hear again this afternoon about the immediacy of the threat, the magnitude of the threat. Mr. President, who knows what the threat really is, and who can say? Certainly, it makes far more sense to build up our defenses in a gradual, steady, substantial manner rather than plunge ahead with very high percentage increases the way this budget proposes.

I am confident, Mr. President, that what we have proposed in this budget after the amendment submitted by the Senator from Kansas will provide us Armed Forces, both general purpose forces and strategic forces, that are perfectly satisfactory to protect us against any threat.

Mr. President, I congratulate the Senator from Kansas for her amendment.

The **PRESIDING OFFICER**. Who yields time?

Mr. **DOMENICI**. Mr. President, I yield 5 minutes to the distinguished Senator from Texas.

The **PRESIDING OFFICER**. The Senator from Texas.

Mr. **TOWER**. Mr President, it is a big deal to talk about deficit, how defense impacts upon the deficit. Let me simply note that over the past 21 years, defense spending has increased in real terms by 12 percent, most of that in the decade of the sixties. Nondefense spending has increased by 230 percent. So let us identify the real culprit in terms of what is causing the deficit.

I might note that entitlement programs have gone up in much greater percentages than has defense. As a matter of fact, for the decade preceding last year, defense spending had actually not increased in real terms by as much as 1 percentage point.

I might point out something else. That is that for every dollar spent on defense procurement, some 46 cents comes back to the Treasury, so there is some yield back on that. I think there is no other form of direct spending by the Federal Government that produces that much return to the Treasury in taxes.

This cut is billed as being a very small cut. In fact, what it does over a 3-year period is reduce the President's original request in the budget authority by $81.1 billion, and outlays by $44.1 billion. That is an enormous amount. As a matter of fact, it would be a disastrous cut in terms of our attempt to modernize our military and get into the ball park with the Soviet Union, that has increased its defense spending by $350 billion in the last decade; $350 billion. They continue to spend at greater rates than we do. They have done so without provocation.

We have not provoked the Soviet Union, Mr. President. We have acted with great restraint at a time when we have possessed vast superiority and the Soviets committed a number of provocative acts. We did not respond from that vast superiority to that great provocation and fight a preemptive war against them. They know that. Yet without provocation, they continue to build this enormous capability.

Mr. President, if we were in a war, would we even consider this amendment? If we were currently in a war, would we say, well, defense has to take its reductions like everything else? We would not do that if we were involved in a shooting war. We did not do it during World War II. Defense was the top priority.

Mr. President, we are not in a war now, but we should understand that the next war we fight is going to be a Communist-initiated war and we had better be prepared now, not wait until that war comes to start getting prepared.

The United States has been in four wars in this century. Each one of them we have gone into reluctantly and ill prepared. I submit if we go into the next one ill prepared, we will not survive.

Mr. President, I suggest further that if we are prepared, we reduce dramatically the likelihood that we will ever have to go to war. Let it be understood that the Soviet economy is on a wartime footing. The Soviets are imposing enormous privation and hardship on their people to build this great offensive military machine, offensive far beyond the requirement to defend their own country. It is a military regime that is capable of great force projection.

What can they mean by this? One can only conclude that they intend to become the most powerful military force in the world. What would naturally flow from that should they achieve that objective would be that they would be the dominant political and economic power of this world. If that comes, we will not have the resources in this country, even though a shot is never fired. If they dominate the world economy, it is going to bode ill for the economy of the United States and the welfare of the American people and we are not going to have the resources to look after the socially and economically disadvantaged people of this country.

Mr. President, if we want to add programs back, let us do it, but not at the expense of the security of the people of the United States. The defense dollar is $1 spent by Government that benefits all of the people, 100 percent of the people, by providing them with security. Virtually everything else the Government spends benefits one particular constituency or another—large constituencies indeed. No one denies that we have an obligation to look after the elderly and the sick in this country. But we have an equally great obligation to our people to provide for their security from their external enemies. I submit, Mr. President, that there is no higher priority than providing security to the people of the United States against their potential external adversaries.

We are not in a war. If we were, this debate would not even be occurring. But please know, Mr. President, that if we get into a war, we will be getting into it in the particular state that we happen to be in in the moment and there will not be time to crank up American industry and spend the time and the billions of dollars to enable us to prevail when the outcome may already be decided because we were fools and repeated history and determined there were things far more important than national defense for us to spend our money on.

Let us not go into the next one ill prepared. Beyond that, Mr. President, let us assure that there will not be one by being so militarily strong that the Soviets not only will not attack us, but will be ineffective in trying to exercise military blackmail against us or against our friends.

Mr. President, I urge the Senate to reject this amendment. Defense has already taken a reduction. We are the only authorizing committee that has acted to reduce spending in compliance with the provisions of the budget resolution now before us.

I might add, Mr. President, we have gone even farther in that direction in the military construction bill, which was marked up in subcommittee a day or so ago and which we shall consider in the full committee tomorrow. That reduces by $1.4 billion the obligational authority for military construction.

Mr. President, if this amendment is adopted, it will undermine the President in his meeting with the other heads of state, heads of government at the NATO summit. It will undermine his efforts to achieve meaningful strategic arms reduction.

I recite again a letter which I submitted for the RECORD during the course of the debate on the Department of Defense authorization bill to the effect that he strongly opposes any further reductions than we have already agreed to take on the defense budget.

If we are lacking in vision, if we are only concerned about our immediate economic and political problems, yes, we can reduce defense. Why not cut it out altogether? If you are going to make it ineffective, why have it at all? But what are we doing to the future generations of Americans if we are not forward looking enough to try to guarantee their security?

I close with a Biblical admonition that "where there is no vision, the people perish."

The **PRESIDING OFFICER**. Who yields time?

Mr. **WARNER** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Virginia.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. How much time does the Senator wish?.

Mr. WARNER. Four minutes.

Mr. DOMENICI. Mr. President, I yield 4 minutes to the Senator from Virginia.

Mr. WARNER. Mr. President, if I may, I should like to direct my comments to the distinguished Senator from Kansas.

In her presentation she said as follows:

> The amendment would not preclude the implementation of existing plans for force modernization or readiness. It would, however, slow the pace at which such buildup would take place to a rate consistent with sound economic policy.

It seems to me that the President has very carefully paced the modernization program in accordance with the threat as he and the intelligence community perceives that threat. Do I judge from the Senator's presentation that she might have information different than the President with regard to the threat? And that threat indeed is a driving component of all of our defense plans.

Mrs. KASSEBAUM. No, I would certainly say to the Senator from Virginia that I do not have any information, and he probably has more intelligent information than I do. But my amendment was designed in a way that would sustain the growth that is necessary but being consistent with the economic assumptions that we have to make.

Mr. WARNER. But it would in your own words "slow the pace at which such a buildup would take place."

Mrs. KASSEBAUM. As far as proving those systems. I said I would not want to hold up any program that was ongoing that could meet those requirements, but that I felt that a better testing of those systems would provide us those safeties and I think a sound and sensible defense, which fits in exactly with what the distinguished chairman of the Armed Services Committee was saying.

Mr. WARNER. If I might turn the distinguished Senator's attention to another comment she made, which I find somewhat perplexing—I do not fully understand it—in which the Senator says that testifying should be on a side-by-side competitive format to be superior or equal in performance to similar-purpose existing foreign weapons.

Does the Senator indicate that if we cannot in this country produce weapons systems of comparable military effectiveness at a comparable cost, we should buy the foreign system?

Mrs. KASSEBAUM. License-built in the United States.

Mr. WARNER. Nevertheless, those license arrangements would not necessarily mean that it would be less costly if built in the United States.

Mrs. KASSEBAUM. That cost is a matter of the competitive contract. It would be based on the same cost estimates as any contract that would be let.

Mr. WARNER. While I respect the distinguished Senator's motives here, I do question the means by which she thinks this amount of money can be eliminated from the budget without a slowdown in the rate of modernization, which again I say is pegged very closely to the threat and not the economic situation here in this country.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, may I have 2 minutes.

The PRESIDING OFFICER. Who is yielding time?

Mr. DOMENICI. Mr. President, I would be pleased to yield for 2 minutes.

Mr. STENNIS. Mr. President, I thank my colleague.

Mr. President, just let me say this. The Senator from Kansas is so clear in her presentation and her purposes are so good, but this bill has been worked on, the figures at least, as much or more than any that I know of in several years. It is very, very difficult now, in view of the increased prices of hardware of all kinds, to set figures that really match the problem. The prices are increasing enormously.

The bill was previously on the floor, and that was really the time to open up the amendments and scrap this thing out. On a budget resolution it is an awkward approach. So far as I am concerned, I should like to see some reduction squeezed out, if possible. I will have another chance at that directly on the Appropriations Committee and as a member of the conference.

That would be my approach. But this kind of an amendment now will stir up the whole bill.

Mr. President, I was awakened here the first time I had ever held hearings on a SALT proposed agreement, and that was in 1979. That agreement has not been approved and new ones are in the beginning.

I had a chance to tell President Reagan that I thought, after all was said and done, the most important thing that came up to him in his 4 years was what he was able to do with reference to something in the nature of a SALT agreement.

It is pretty well stacked up for him. This bill is very firm. I would hate to see us changing the rules, changing the money, and showing any kind of a disposition not to back him on any position he might see fit to take. So I hope that we can leave this figure like it is for now.

Mr. BAKER. Mr. President, will the distinguished manager of the bill yield 30 seconds to me?

Mr. DOMENICI. I yield to the majority leader.

Mr. BAKER. Mr. President, I indicated earlier my hope that we could vote on the tabling motion which I expect to be made against this amendment at 6. For a variety of reasons, mostly because there are a number of Senators who still wish to speak, I ask the distinguished chairman of the Armed Services Committee not to make that motion until 7.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. I yield to the Senator from North Dakota.

Mr. ANDREWS. Mr. President, I appreciate my colleague yielding. It has been interesting listening to the debate. I think one of the things that should be pointed out is the amendment of the gentlelady from Kansas does not take out necessary defense capability in this country. I think we ought to point out to the Senate that we voted at a late night session last week to delete the C-5. I am a member of the Budget Committee. The Budget Committee staff just told me that the figures in this budget resolution include building the C-5 which the Senate itself voted down on this very floor. I think you can also take a look at other systems and decide if they are valid.

Mr. President, all too often in debates such as this, we hear too much talk about the fact that we are going to cut the defense budget, but we do not say why. That is not good enough for the American public. I think the American public should know that we can follow the amendment of the Senator from Kansas and cut these figures in the budget resolution, because the Senate already has voted to cut out the C-5; the Senate has voted to cut back on the MX program from the President's recommendation which is the level that is in this budget resolution.

Speaking frankly, as someone who is interested in the defense of this country, I have never been able to figure out why it makes sense to put a 10-warhead missile in a silo that is now targeted for a 3-warhead missile. If that is cost effectiveness, the meaning of those words escapes my mind. We do not need to do that, and it does not detract from the defense of this country.

We also should realize that we are spending a lot of dollars on battleship restoration. The Senator from North Dakota, together with a number of other Senators, voted to cut out that spending, up to $1.3 billion, on one battleship. Perhaps if we put some restrictions in this budget resolution, we can cut that back, after the lesson we were taught by a little French missile against a very modern British destroyer in the Falkland Islands.

I think we can also look at what we are doing with our individual military units. In our subcommittee, we have learned that we are adding units to our Air Force at the same time we are refusing to give adequate weaponry and up-to-date airplanes to our Air National Guard units who are on the line and ready to do the job of maintaining the defense of this country at a much lower dollar cost than their counter parts in the regular forces.

We can also point out that in the case of NATO, 350,000 American troops are stationed over there. One of the key leaders on the Republican side of the aisle is contemplating calling back some of those troops, which would save considerable money and make sense from the economic standpoint.

One of my colleagues just pointed out that it does not undermine NATO; it is not going to undermine the President when he goes to talk to the leaders of NATO. Those leaders of NATO are now spending less than half the amount we are, as a percentage of their gross national product, for their defense.

It is idiotic even to keep that number of troops there. We are now maintaining 120,000 troops in this country for rapid reinforcement of NATO if it is attacked. We learned in the subcommittee on which I serve that we could do far better by having the Germans and the other NATO nations maintain some of their reserves and use some of our equipment that is over there. It would be a lot cheaper than sending American troops there to back up a third of a million troops while they sit on their hands and make fast and loose with our economic future by being able to out trade us because their economy stays better.

Mr. President, another reason why we should support the amendment of the Senator from Kansas, another saving, is that if we do the simple thing of extending the tour of duty of our people in the military, we can save close to a billion dollars.

Yes, there are any numbers of ways we can make the savings within the defense establishment to come up with the figures with which the Senator from Kansas has come up.

I think it is incumbent upon the Senate to recognize that one of our greatest strengths is the strength of our economy. Quite franky, it is not in very good shape today. If we are serious about getting at the challenge of high interest rates, if we are serious about meeting the challenge that faces our overall strength, our basic economy, then these cuts that can be made in the fat and the flab of the defense establishments should be made in this budget resolution.

That is why I am happy to support my colleague from Kansas, and I hope the Senate will adopt this amendment.

The PRESIDING OFFICER (Mr. RUDMAN). Who yields time?

Mr. DOMENICI. I yield myself 3 minutes.

Mr. President, the Kassebaum amendment would hold real growth in defense budget authority to a 3-year pattern of 7 percent real growth in 1983, 3 percent in 1984, and 5 percent in 1985. The administration opposes this. Consistent with the President's commitment to keep defense capabilities on a growth pattern adequate for any contingency in the future, they have authorized me to indicate their opposition to the amendment.

I think the Senator from Kansas knows that I have the deepest respect for her. Obviously, I want to put together a comprehensive budget. She has heard me on more than one occasion say, however, that I was not in favor of cutting anything out of defense unless we had a comprehensive budget that dramatically reduced the deficits, put them on a trend line that was clear, credible, and a down trend line that significantly reduced the deficit.

I think we have done that. In the budget resolution before us, we have put together a package that begins that trendline moving dramatically toward balance. When the social security savings that are going to be made have finally been taken into account at the end of this year, we will have a significant trendline downward.

In summary, Mr. President, the Appropriations Committee would have to cut $20 billion in budget authority, and that is what they appropriate—$20 billion, this year. I know this is a large defense budget, but I have been asking if appropriators have ever cut $20 billion or anything like that in budget authority.

I repeat: While we in the Budget Committee talk about outlays, we still live in an era when the appropriators appropriate budget authority.

I ask: Have we ever had anything like $20 billion cut in 1 year over a President's request? I am told by the staff that even in the darkest years, when Congress regularly denied what Presidents asked for, we never did anything such as this, proportionately.

I hope the Senator from Kansas understands my opposition to the amendment. I do not think there is magic to one number or another. Obviously, we have to cut almost everything in the budget—"reduce growth wherever we can" may be a better way to say it. But in this case, I do not think it is credible to think we will cut $20 billion, and I do not believe we want to cut $80 billion in budget authority over the 3 years. Her amendment will not do that by itself, but when added to what we have accomplished, it will call for that.

I hope the amendment is tabled when the distinguished Senator from Texas so moves.

Mr. President, I am going to designate a member of our committee, the distinguished junior Senator from Idaho, to take my place and manage the remaining time. He wants time now to speak in opposition, so I yield to him.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. SYMMS. I thank the distinguished Senator from New Mexico for yielding.

Mr President, I oppose this amendment, with all due respect to my colleagues on the Budget Committee and the Senators from North Dakota and Kansas who have spoken in favor of this measure since I have been on the floor.

I really am surprised to see the amendment come up, in view of what we just went through recently, when some 90 Senators attended the top-secret DIA Soviet threat briefing which was ably presented to us by the distinguished chairman of the Armed Services Committee, Senator TOWER, where we had an opportunity to see the state of world affairs, of the weakness of the United States vis-a-vis the Soviet Union, in terms of relative military capability.

One wonders if we think we have the ability to defend ourselves and our security with $300 billion worth of entitlement programs. Yet, somehow we seem to fail to recognize that the most important of all entitlement programs for the American people is to provide security for the United States of America, to provide a safe world in which we can raise our children, a safe world in which to live. This is the most important of all social programs.

Yet, we are talking about the old refrain that always comes back at budget time: Cut defense, raise taxes, and increase social programs, as though somehow that will be the way to solve all our problems.

Mr. President, an historic debate is now taking shape in the Congress on the proposed increase in the U.S. defense budget, and on the reallocation of U.S. spending priorities. I offer my colleagues a framework within which to think about the defense budget issue.

We should go back and look at history. During the years that President Eisenhower was in office we were spending some 55 percent of our national budget for military preparedness. During the Kennedy years it dropped slightly. But that was during another critical time in our peaceful history, the late fifties and early sixties. President Kennedy made quite an issue during his Presidential campaign that the Soviets intended to checkmate the U.S. strategic deterrent in order to advance the cause of their world revolution.

That was in 1960, 22 years ago. The famous Kremlinologist Herbert Dinerstein stated in Foreign Affairs in 1958:

> If Soviet leaders acquire preponderant military strength, they would have policy options even more attractive than the initiation of nuclear war. By flaunting presumably invincible strength, the Soviet Union could compel piecemeal capitulation of the democracies.

That was Herbert Dinerstein in 1958. But then President Kennedy predicted during his 1960 Presidential campaign:

> Soviet missile power will be the shield from behind which they will slowly but surely advance—through Sputnik diplomacy, limited brush-fire wars, indirect nonovert aggression, intimidation and subversion, internal revolution, increased prestige or influence, and the vicious blackmail of our allies. The periphery of the free world will slowly be nibbled away.

That was in the fall of 1960 when John F. Kennedy said that, and how prophetic that has appeared to be.

There was quite a campaign issue, as I recall, on the Soviet missile gap. There really was a missile gap, but only years later did we realize that it was not a Soviet advantage in intercontinental-ballistic missiles—ICBM's—that was threatening us, but instead a Soviet advantage in medium range and intermediate-range ballistic missiles—MRBM's and IRBM's—that threatened U.S. and NATO allies in Europe and the Far East. The missile gap Kennedy feared was real, but it involved a huge Soviet advantage in MRBM's and IRBM's. Immediately after the 1960 election and starting in early 1961, the policy of the U.S. Government was to start an immediate augmentation of our strategic capability.

Immediately after Kennedy's inauguration, there were significant increases in defense spending and an acceleration of the deployment of the Polaris and Minuteman strategic missiles. Quickly the United States started to move toward filling that perceived and real missile gap.

Mr. President, it appears to me that after all the evidence of the massive Soviet threat that we have seen recently, we have been amply prepared to decide just what is enough for defense spending. To decide to cut the defense budget further would be a grave mistake on the part of this body. I go back again to the early sixties; 9 percent of the U.S. GNP was devoted to defense spending and today we are talking about 5.7 percent of GNP for defense spending. The rate of spending that we have made on defense has consistently declined until recently, and it is just not defensible, in my opinion, to make the argument that the cause of the big budget deficits is in any way related to the defense budget. I am the first to say we want to use all the economies we can, but I think the Kassebaum amendment goes far, far to far.

Mr. President, Kennedy fulfilled his 1960 campaign to close the real missile gap. Beginning in 1961, the United States deployed massive Polaris and Minuteman missile forces after only 3 years of research and development. This accelerated deployment demonstrated that if the American people can be made to understand the grave threat from the Soviets, a national political consensus will result and we can achieve a quick fix strategic deployment.

Defense experts are increasingly agreeing that the Soviet Union has achieved overall military supremacy over the United States and her allies.

The awesome Soviet military buildup began in 1960, as it was accurately predicted by Kennedy, and it has continued relentlessly ever since, with a U.S. strategic and military decline taking place since 1967.

There is growing awareness of the negative implications for U.S. foreign policy and our defense budget of the following dangerous facts of life:

The Soviets have achieved strategic nuclear superiority, both quantitatively and qualitatively, offensively and defensively.

The Soviets have achieved intermediate range nuclear superiority against NATO, Israel, and Japan.

There is growing Soviet naval superiority, and overwhelming Soviet conventional and general purpose superiority.

Now, in 1982, with overwhelming Soviet military supremacy evident in revolutionary events around the world, it appears that the sense of urgency that Kennedy acted on 20 years ago is nowhere to be seen, despite the vastly more dangerous Soviet nuclear blackmail threat today. We just do not have the same sense of urgency today, when the situation is much worse. It is much more dangerous today with the greater threat of Soviet blackmail. The threat is much more dangerous today. I do not say this in a partisan sense. It would make no difference who is in the White House.

The Soviet foreign policy objective is to exploit their nuclear blackmail capability. As Dinerstein so accurately predicted 24 years ago, and as a great Democratic President predicted 22 years ago, the Soviets have long-term, well-articulated foreign policy objectives which are served by their ongoing military buildup. For us to fail to see that after the course of the last 20 years would beg one to wonder just where the will and the commitment of the American people are and where the will and commitment of Congress are.

Soviet leaders themselves have stated that the main function of the Soviet state is to prepare for war. The Soviets declare quite openly that their present strategic and military superiority now checkmates all U.S. military forces.

Behind their bulwark of strategic supremacy, the Soviets declare that Communist-inspired wars of "national liberation" will be unleashed around the globe against an America paralyzed into inaction by fear of nuclear devastation.

I as one Senator cannot support this amendment, and I hope my colleagues will also oppose this amendment.

The question of whether or not the United States is going to be a free people is what we are talking about. Are we going to have the United States in a position so that we will not be blackmailed by future Soviet leaders behind their bulwark of strategic supremacy?

I repeat, the Soviets declare quite openly that Communist-inspired wars of "national liberation" will be unleashed around the globe and America will be paralyzed by inaction and fear with the threat of nuclear devastation. U.S. military response will be incapacitated by the strategic nuclear checkmate and by overall Soviet superiority.

With U.S. military response incapacitated by strategic nuclear checkmate, and also by overall Soviet military superiority, the Communist revolutionary movement is demonstrably on the offensive around the world. The Soviets are currently doing all they can in every place in the world to openly encourage armed revolution ever-more openly throughout the globe. They also now have the capability to engage in outright aggression against NATO, Poland, Afghanistan, Iran, and Japan, while attempting to forestall U.S. countermeasures by threatening nuclear blackmail.

I urge our colleagues to not run the risk of sending the wrong signal out of this body tonight by voting for this amendment.

We have long been witnessing the political consequence resulting from a shift in the overall military balance. Many things have happened since the fall of Southeast Asia in 1975, Angola in 1976, Ethiopia in 1977. These American foreign policy setbacks happened before the revolution in Iran, the hostage crisis in 1979 and 1980, and the belated recognition of the Soviet combat brigade in Cuba in 1979, the invasion of Afghanistan in 1979, the Soviet military threats to intimidate Poland, the Soviet-Cuban takeover of Nicaragua, in 1978 and the assault on El Salvador that is going on this very moment. The forces that are arrayed against America every day are becoming stronger.

I say again to my colleagues there is one entitlement that the American people deserve out of a $700-plus billion budget. I would think we could surely come up with the adequate funds which is 28 percent of our national budget, as the chairman of the Armed Services Committee has said. Twenty-eight percent of this budget is all we are talking about for a commitment for the defenses of America, the one Nation on Earth which is the greatest place you could be fortunate to be born a citizen of, and yet we seem to be so unconcerned about making the commitment to defend ourselves.

I say all people have to do is go back and look at history, whether you look at Carthage and their failure to defend themselves against the Roman legions or any other country, and find out that the surest way to get in trouble militarily is to let your guard down, let your defenses down.

Mr. President, in 1980 and in 1981 U.S. defense spending still has remained at the lowest point since Pearl Harbor as a percentage of overall Government spending. U.S. defense spending is at the lowest point as a percentage of our gross national product since just before the Korean war. The United States in 1982 is still only spending about 5.7 percent of our gross national product on defense.

I have the greatest respect for my colleague from North Dakota and my colleague from Kansas, but our Europeans and Japanese allies are also not spending as much as they should on defense. I am sorry they are not spending more to help in the overall defense of the free world. We have made efforts for them to do that. But that fails to answer the question of just who is going to defend the United States in a time of crisis or a confrontation.

I think the question has to be that it is going to come back here to the United States for that ultimate responsibility. So let us forget about Europe, let us forget about Japan. What about the defense of the United States of America? Surely a country of our strength and of our will and the wonderful people and the wonderful opportunities that we have, the industrial capacity, can spend more than 5.7 percent of our gross national product to defend what it is that is so good about this country, and to not only do that but to insure the fact that we will not be asked to send American boys to fight somewhere on foreign soil by keeping our strength up. History should teach us this lesson.

In contrast, the Soviets are spending from 14 to 18 percent of their smaller GNP on defense. Official U.S. estimates show that the Soviets have spent over $400 billion more than the United States on military investment alone in the decade since 1969.

The Soviets are devoting over $50 billion more to defense annually than the United States. If the United States were to increase its defense spending by 5 percent a year, as the previous administration proposed, it would take us about 40 years to catch up to the Soviets.

U.S. DEFENSE CUTBACKS

In the face of the steadily growing Soviet military preponderance during the 1970's resulting from relentlessly increasing Soviet military expenditures, the United States nevertheless continuously cut-back its defense spending.

According to the Heritage Foundation, about $45 billion were cut from our defense budget in the early 1970's.

About $38 billion more were again cut from our defense budget in the late 1970's.

The combined $400 billion Soviet spending advantage and $83 billion total U.S. defense spending cutback, together with the direct U.S. subsidy of Soviet defense capability through financial credit, trade, and technology transfer worth over $62 billion have created a total spending gap of over $545 billion.

In sum, the Soviets already have amassed an advantage in modern military procurement assets valued at about $545 billion more than the United States. If the $100 billion the United States spent in its Vietnam war defeat are taken into account, the gap increases to over $645 billion.

	Billions
Soviet 1969-82 military procurement advantage	$400
U.S. defense cuts, early 1970's	45
U.S. defense cuts, late 1970's	38
U.S. trade subsidy of Soviet military	62
U.S. Vietnam expenditure	100
Soviet military advantage	645

Mr. President, even these stark figures probably significantly understate the real defense spending gap. The estimated Soviet defense spending number does not account for the KGB border troops, civil defense, some military training, some military space activities, and certain military research and development.

The congressional defense cuts of the 1970's were made to defense budgets already signficantly cut by the President before being submitted to Congress. Moreover, the actual present value of the total Warsaw Pact debt to the West is significantly greatly than I have stated. Finally, the $13 billion that the Reagan administration has already cut from our defense budget in 1981 is not counted.

The fiscal year 1983 defense posture statement estimated the United States-Soviet military spending gap to be $710 billion, through 1982. So my estimated $645 billion Soviet defense spending advantage is both reasonable and conservatively low.

Mr. President, defense spending aggregates are not good measures of overall military power or of the military threat. The United States still maintains some technological and industrial advantages over the U.S.S.R. Thus, the United States need not match the Soviet Union in sheer magnitude of defense spending. But the $645 to $710 billion gap is nevertheless a measure of the major American effort that is required to restore military parity. We need to exploit our technological and industrial advantages to the fullest, in order to overcome Soviet advantages as cheaply as possible.

MAINTAINING THE MOMENTUM OF THE DEFENSE BUDGET INCREASE

Mr. President, already the negative signs are appearing. There have been massive protests in Europe against the American nuclear presence, and similar antidefense demonstrations in the United States. There are overblown complaints that increased military spending is causing "cruel cuts in social services." Intensive pressure is being brought to bear on President Reagan, even from members of his own party in Congress and in the administration, to cut military funding. And, an odd new philosophy, "military reform" is gaining support. By advocating cutting defense, we are being told we can somehow make our military stronger.

These signs bode ill for the security of America. The past 2 years have been described as a last chance for revitalizing our national security capability. In 1980, the American people clearly recognized the ominous Soviet threat and sent a host of bipartisan strong defense legislators to Washington with a prodefense mandate. In 1981, however, this mandate began to dissipate.

In fiscal year 1982, under the Reagan administration, defense spending increased actually less than 1 percent more than President Carter planned. Many legislators still do not realize the critical condition of our defenses. Many seem to have forgotten that the Soviets have achieved absolute superiority in all strategic and conventional measures largely because they outspend us by as much as 50 percent—$645 to $710 billion more in the last decade.

Have we forgotten that the Soviet leadership despises political systems based upon freedom and faith, and that the Russians invaded Hungary in 1956, Czechoslovakia in 1968, Afghanistan 2 years ago, and forced the resubmission of Poland in early December 1981?

Last year there was a slight reversal of our military decline. Major strategic modernization programs; namely, the MX missile and the B-1 bomber, and sorely needed personnel incentives and combat readiness improvements, were all approved. Important military assistance agreements with Saudi Arabia, Pakistan, and El Salvador were passed by Congress.

But the mandate for bolstered defense seems to have weakened somewhat. President Reagan, although very reluctant to do so, was persuaded in September to reduce fiscal year 1982 funding by $6 billion, and by $7 billion in fiscal year 1983. Now we see that defense increases in the Congress are facing even tougher sledding as the budget for fiscal year 1983 is debated.

But the awesome Soviet threat makes it necessary to significantly boost defense expenditures in real terms. It will nevertheless be vulnerable to attacks from those distressed by further cuts only in the rate of growth in social services and entitlements.

It would be extremely dangerous if the Congress bowed to pressure and approved a less than adequate defense program this year. The United States is already going through the window of vulnerability to a Soviet first strike. We must not hesitate to fund the vital weapons now on line. We must achieve as quickly as possible and maintain that margin of safety that a strong and effective defense provides. As the richest, still the most industrially advanced nation in the world, we can surely increase our defense capabilities simultaneously with a solution to our economic problems. We need not abandon the social programs helping the truly poor and needy. We need to at least freeze the rate of growth of social programs.

COUNTERING DEFENSE CUTS

In considering the arguments being made to cut the Defense budget, it is important to bear in mind several additional factors.

First, Defense Secretary Weinberger's 1983 posture statement points out that about $60 billion have already been cut out of the Defense budget projects through 1987. This figure represents cost overruns, inefficiency, waste, and mismanagement. Thus, the Defense budget has already largely been scrubbed clean in this area.

Second, it takes a factor or about $4 cut in budget authority the outyears to achieve a $1 cut in current year defense outlays. Thus, huge amounts have to be cut from outyear procurements, due to the long leadtimes for major weapons programs, in order to achieve marginal cuts in current year outlays.

Third, cuts in defense spending cannot significantly reduce the deficit or balance the budget. Moreover, defense cuts will not significantly achieve lower interest rates or lower inflation rates. Indeed, defense cuts could actually increase unemployment.

Finally, if defense procurement is cut, we will wind up paying higher unit prices for our weapons systems. Large multiyear buys have been planned to take advantage of mass production economies of scale, which significantly lower unit costs. With procurement cuts, unit costs will rise once again, and we will be right back to the old cost overrun problems of the past.

DEFENSE DEBATE SUMMARY

In sum, the Soviet military threat to our Nation is now totally unprecedented. Here is a summary of the most important factors which need to be considered in our debate over the Kassebaum defense cut.

First, according to the Baltimore Sun of March 11, 1982, the Defense Department has recently concluded a study confirming that the Soviets will maintain their overall strategic superiority through 1990. Many other expert analyses have reached this same conclusion. Long-term U.S. strategic inferiority means that the United States may never be able to regain strategic nuclear parity with the Soviets without emergency catchup efforts. We may find ourselves under the Soviet jack boot forever.

Second, Marshal Ogarkov, Chief of the Soviet General Staff, has proposed recently that the Soviet people be fully mobilized to prepare for war. This is yet another sign of extremely critical danger to the United States, because since 1960 the entire Soviet economy has already been operating on a near wartime basis producing armaments. The Soviet Union itself has long been the epitome of a military-industrial complex.

Third, I have already given the breakdown of a gap of between $645 and $710 billion between United States and Soviet defense expenditures since 1969. We are way behind the Russians in defense expenditures and overall military power.

Fourth, even with the proposed Reagan defense buildup over the next 5 years, there are authoritative reports that our planned military forces are still underfunded by $750 billion over the next 5 years. And there are also reliable reports that even after our forces are enhanced, they may still have trouble defending our vital national security interests and executing our national strategy.

Fifth, there is strong evidence that the Soviet military and strategic nuclear offensive threat from Cuba is greater now than it was during the Cuban missile crisis of 1962. There are reports of Soviet heavy bombers, strategic submarines, and fighter bombers capable of nuclear delivery already present in Cuba in violation of the Kennedy-Khrushchev agreement of 1962.

Finally, Soviet President Brezhnev recently threatened nuclear blackmail to try to force the United States to freeze our strategic nuclear forces into permanent vulnerability and inequality. Soviet sources in Moscow revealed that Brezhnev was threatening to openly banish Soviet strategic nuclear forces already in Cuba to force the United States into submitting to a highly disadvantageous, unequal nuclear weapons freeze. Brezhnev seems to be trying to prevent both U.S. theater nuclear and strategic force modernization by nuclear blackmail threats. Such a freeeze would permanently freeze the United States into dangerous military inferiority.

The magnitude of the Soviet threat is totally unprecedented. Can the Senate continue to allow uncontrolled social spending and entitlement programs to prevent us from our fundamental obligation to defend America from the ever more formidable Soviet threat? Can our defense needs really be budgeted, or are they an independent variable?

CONCLUSION

Mr. President, it is necessary to summarize where we have been and the situation that Ronald Reagan inherited upon taking office:

Government spending has been growing at a rapid and increasing rate over the past 30 years; during the last 10 years the greatest increase in spending has come from the entitlement programs which now compromise nearly 60 percent of the Federal budget.

The public (Government) sector has grown faster than the private sector.

The size and cost of the Federal Government has grown faster than State and local government.

The Federal Government has relied increasingly on large deficits, along with inflation, to finance its spending.

Excessive and anticapitalistic taxes have had a substantially depressing effect on economic activity.

Persistent high rates of monetary inflation threaten economic stability, leading to social degradation and instability.

The rapid shift in spending priorities away from national defense, along with the decline in scientific research and development, is eroding America's technology base and has already resulted in the Soviet Union achieving military superiority over the United States.

The situation just described is the result of 50 years of "tax-spend-elect" politics utilizing the largess of the National Treasury in deficit to cause the population to favor personal income transfer payments at the expense of broader national goals.

Ronald Reagan is the first President in 50 years who has attempted to make real change in the policy direction of the Federal Government. This includes reductions in the percentage of the GNP consumed by Government; an end to increasingly progressive taxation, as well as "inflation bracket creep;" a reversal in the direction of budget priorities so that the portion going for national defense is increased and the nondefense portion decreased; and the beginning of a geopolitical strategy to resist Soviet expansionism.

THE REAGAN MANDATE

The election of 1980 was a mandate for change from the voters. It was a victory for a conservative coalition of limited Government/free enterprise advocates, prodefense advocates, and antiabortion/profamily voters—all backing Ronald Reagan because they liked his stand on particular issues of concern to them. This conservative coalition not only elected Ronald Reagan, but also elected a number of conservative Republicans to the Senate and House of Representatives, resulting in Republican control of the Senate for the first time since 1952. The victorious Senate and House Republicans in 1980 were supported by the same winning coalition that worked for the President. For the first time in many years, the Republican Party in 1980 appeared to present a clear philosophical position as a party. Thus, the 1980 Reagan victory was accompanied by a parallel sweep of so many conservative candidates down through the local level.

THE LIBERAL REACTION

Liberal critics of the Reagan programs are purporting to be most concerned over the large deficits projected for the next couple of years. Yet, I would suggest that what really is at issue with the liberals is not the deficits but the changing priorities contained in the Reagan budget. Specifically, they oppose the defense increases and the cuts in social welfare programs, along with the incentive tax cut to encourage saving and investment. Liberals have never been sensitive to budget deficits in the past—in fact, they promoted them. What is feared most is that the Reagan economic program might actually be successful. For if the tax cuts and budget cuts prove beneficial to the economy, then the American people would have final proof that the Federal tax and spending machine has indeed been the cause of economic decline; that it has been the vehicle for locking a generation of Americans into an endless cycle of dependence on Government income redistribution in exchange for political support.

Consequently, the liberal media and other opponents of the Reagan philosophy of government are beating the drums for tax increases and defense cuts in an effort to stampede the Congress and the administration into abandoning the President's economic and defense program even before it has had a chance to work.

KEEPING THE REAGAN MOMENTUM

In the final analysis, however, Ronald Reagan and his program will succeed if he holds his coalition together. The Reagan program still enjoys the popular support of most people throughout America. Recent public opinion polls show that the majority of the voters want the Federal budget cut further and they also want our defense posture improved. This is exactly what the President is trying to do. Also, the various components of the Reagan political coalition are gaining—not losing—in terms of power, members, and money. This coalition that elect him and other conservatives will remain solid in its support, provided he and the administration remain true to the conservative principles.

I believe that the fundamental entitlement and social program as specified in the Constitution is national defense. The Constitution states that providing for the common defense is the most basic purpose of the Federal Government. The Constitution gives the Federal Government a monopoly on defense. Social programs are important, but other levels of government are equally competent to fund and administer them. I believe that it is time to reassess the spending priorities of our Federal Government, and begin funding an adequate defense responsive to the unprecedented Soviet military threat.

Mr. President, the dramatic growth in the Federal budget during the last 20 years has been in the nondefense sector, and more specifically, in the entitlement programs. It is futile to try to balance the budget or make significant reductions in the deficit by cutting President Reagan's defense budget.

I, therefore, conclude that Congress must address the problem of near runaway growth in the entitlement programs, in order for spending and the deficits to be brought under control.

Mr. President, I yield 5 minutes to the distinguished Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. I thank the Chair.

Mr. President, I think before we get carried away on the wings of glittering generalities we ought to require more. It is the Senator's recommendation that we cut this budget and it is not going to require us to reduce weapons systems, not going to require us to have any force reductions, no reductions in operation and maintenance. We are simply going to do it now through some sort of better management.

What I object to with this particular amendment is it is the wrong vehicle. If you really want to deal with the defense budget then deal with it during the authorization process where you have a chance to be specific. Everybody is up here talking about how we can do a lot of things. My colleague from North Dakota is absolutely right. We can cut out the MX, let us do that. If you want to cut out the MX do it on the authorization bill or on the appropriation bill. But why do you come here and offer an amendment saying that, "We will figure out how we are going to take the money out somehow," without being specific?

We can cut out the battleship. I would question whether it is $1.3 billion for the battleship. As I recall it was considerably less than that, $320 million for reactivation of the battleship, which is on schedule, on time, on cost.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. COHEN. I yield.

Mr. TOWER. It is on schedule, on time, and on cost. If you cut out the battleship then you are going to have to—you are not saving money because you have to—find some other platform that could carry 32 Tomahawks, 16 Harpoons, and have naval gunfire support forcible entry by the Marines. You are not going to find that in one ship. You have to build several. You have to build several new ships that are a much greater cost than the battleship cost.

If the proposers of this amendment want to identify a specific system they want to cut out this is what they ought to do. Does not the Senator from Maine agree that really this is probably the politically dishonest way to cut defense because everybody can go out individually and say, "I want to cut this weapons system" or "Cut that weapons system," and when they do a meat-ax cut nobody has to say what it is they want to cut?

I have always opposed meat-ax cuts, whether they be in social programs, in education or in defense. A meat-ax cut does not tell the constituency out there what it is he thinks he can cut.

If the proposers of the amendment would tell us specifically what system they want to cut then we could deal with it on a case-by-case basis.

If they do not want to cut anything, let me say if they reduced—the Senator from Kansas has always criticized high unit costs. I wonder if the Senator from Kansas realizes that if we reduce production costs on these things we raise the per unit cost because we are spending more and getting less? We are pushing it ahead of us, and for those who say we can modernize on an orderly basis, we delay it for years, and that is one of the reasons why we have the high per unit costs.

If we follow the line advocated by the right honorable lady from Kansas, we are going to push costs much, much higher.

Mr. COHEN. I agree with the chairman.

I would like to go down the list of systems. Talk about the F-18, which is controversial. Are we for or against it? If you are against the F-18 you should have voted against it in the defense authorization bill. It is an expensive proposition, but take it out, if that is your decision.

Or take the F-16 or F-14, or take out the hospital ship we have in the Navy's budget. Take out the battleship called for. Bring the troops home. If the Senator from Alaska is going to introduce an amendment to bring the troops home, you might find it is going to cost more money to keep them here than in Europe.

Mr. TOWER. Mr. President, if the Senator would yield, if you want to bring the troops home you ought to be prepared to put more, not less, in the defense budget because the initial cost of relocating those troops will be enormous or you had better be prepared to accept a reduction in Army strength of about four divisions.

Where are you going to put all these troops when you bring them home? How much is it going to cost you? If indeed the Senate elects to do that, and it might—Congress—then it had better be prepared to increase the defense budget because relocation costs are going to be phenomenal.

Mr. COHEN. Mr. President, we can go on or I can go on down the list of things we might do. I might, for example, make a recommendation that we freeze the pay of everybody in the military, no more pay increases. That is going to carry some consequences. I know a number of people here still support the All-Volunteer Force. Over the last 3 or 4 years, where we rather substantially increased pay and reenlistment bonuses, it has produced some dramatic results. It has built the All-Volunteer Force into one of the most capable forces we have had, and even the critics will admit that. One of the principal reasons is we have increased the pay commensurate with the kind of commitment our fighting people have made.

We can cut back the pay, but if we want to do it let us say so and not hide again behind this hedge of abstractions.

I could go on, Mr. President, looking at the Falkland Islands. I have heard the Falkland Islands raised here again, that there is a big lesson in the Falkland Islands.

In the Falkland Islands we had the country of Great Britain faced with the same kind of problem we are faced with here today, domestic economic difficulties and a declining defense capability. They had a choice, and what they did was to cut back even further on their defense capability, and they are paying the price for it right now. They are paying a heavy price for it right now, in trying to go down and remove some troops from an island 8,000 miles away. They are having great difficulty in carrying out that task.

We can take a lesson from the Falkland Islands in terms of what we want to do. Make that choice to cut back and retrench and then face contingencies in the future, wherever they might be or we can choose to be more prudent about how we proceed. We had a choice last week, to cut out the aircraft carriers. It was put to a vote and rejected—try to have two lighter ones instead of one big one, and that was rejected. Instead of building two 688 nuclear subs, let us build just one, maybe not even one. We can do that. We can take out the battleship and take out all the systems, and we can really reduce the defense budget. I could reduce it down rather quickly if you want to do that.

How about military construction? I want to hear the clamor that will take place on this Senate floor when we start closing down some of the bases. The first people to line up will say, "Do not close my base," because there is a little philosophy rampant here, because we live in the era of "cut thy neighbor's subsidies," and you cut your neighbor's military program as well, but not your own, and that has been a consistent practice in this body.

What I am trying to suggest, Mr. President, with all due respect to the people who are supporting the amendment is we can find ways of cutting the budget, but let us be specific on it. Let us take it up on the appropriate vehicle. Let us do it during the DOD authorization; let us do it during the appropriation process, and then each one of these amendments can be voted upon. But let us not hide behind this generalized abstraction that somehow we are going to have better management techniques and better procurement practices.

Let me tell you something, we are trying to put more competition into the defense industries.

May I have 1 more minute?

Mr. SYMMS. I yield the distinguished Senator from Maine 1 more minute.

Mr. COHEN. We are trying to put more competition into the defense industries because one of the most frequent complaints we hear is, there is too much sole-source contracting—and there is; too much waste in the way we contract out—and there is. What we are trying to do is to put more competition into it. More competition does not cost you less, it costs you more initially. If you are going to open up a second line, for example, in a shipbuilding program to have a competitor so that you can eventually bring the prices of ships down, it does not cost you less money, it costs you more money.

This Congress is undertaking some very specific procurement recommendations and reforms. The Senator from Georgia (Mr. NUNN) has offered an amendment—an amendment he offered last year and pursued it this year, to put restrictions on. Senator LEVIN from Michigan is working in that area as well. We are trying to put restrictions on what we consider to be wasteful practices, and we are moving toward that goal.

But it seems to me we are taking the wrong vehicle to simply propose to reduce the budget but not tell us what you want to cut. Cut the battleship, let us bring the troops home, let us cut the Trident, let us cut the LHD-1, let us cut the F-18, let us cut the C-5, let us cut the B-1, let us cut out the hospital ship; let us do all of those things if that is the judgment of the Members of this body, but let us do it on the merits, on the record, and not hide behind the wall of abstractions. Specificity may be inconvenient, but before we rush to judgment I think we ought to insist upon it.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, I am happy to yield time to the Senator from Michigan.

Mr. LEVIN. I thank my friend from Kansas.

First of all, Mr. President, I ask unanimous consent to be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I notice that the Senator from Maine talked about economies, and he has indeed been in the forefront of helping us achieve those economies in this Senate. I wish to commend him for the effort he has made.

One of the economies we are seeking to achieve is increased competition through advertising, trying to give more notice to potential competitors. That is a way that we could significantly increase the savings in this budget. That would not require a second line to be opened. That would simply allow additional competitors to offer their proposals. Nonetheless, we find, as the Senator from Maine knows, that the Pentagon has been fighting us tooth and nail. They come into the Senate and we compromise with them and work out a way in which we can get some additional competitors in. The Pentagon seems to accept the proposal and, lo and behold, we find them opposing us in the House and beating us in the House.

Sixty percent of the contracts are noncompetitive contracts—60 percent—in this country. Sure, we can increase competition and every time we try we run into the same bottleneck at the Pentagon.

The amendment of the Senator from Kansas does not cut defense spending. It increases it by slightly less than the Budget Committee would have us increase the rate of growth.

This deficit crisis that we confront is so great that we simply have to slash Government spending. Now, in the revised budget mark that the Budget Committee presented to us today, in the 16 substantive functions, 8 functions show absolute reductions in outlays from 1982 to 1983. And, of the remaining eight, most show no growth, if you take into account the impact of inflation. Real growth comes primarily in the defense budget—and, it is real, indeed.

I happen to think that some increases in the defense budget is justified. But within the context of the cuts that we are asking people to take, absolute cuts in outlays, even before inflation, in functions like energy, education, training, employment, social services, veterans, and so forth, the huge increase in national defense is out of place.

National defense is one place where we can make some modest reductions in this deficit. We can cut back on some of the huge increases in national defense without jeopardizing, in any way, the security of this country. There is a tremendous growth which would be left in national defense even after this amendment. Senator KASSEBAUM has suggested one approach and there are many others.

We can cut out F-15's for air defense. We can eliminate money which is still left in there for the MX basing mode, which makes no sense. We can do a number of things which can be done safely.

This is not the place in this budget resolution to decide specifically on where the cuts should be made. This is the place to adopt the overall number. And, Mr. President, we lose hundreds of millions of dollars each year because we ignore the savings potential of competition, and hundreds of millions more dollars because we do not have a systematic way of curtailing systems which are infected with cost overrun problems prior to having committed so much to their development and deployment that it is too late.

If we just put a little light lid on Pentagon spending on this huge increase, perhaps they would stop fighting simple amendments designed to increase competition and reduce cost overruns and see that these simple managerial tools are essential methods if they are to get the defense that we all need at a price that we can afford.

As to whether or not we are going to jeopardize the security of this country, let me just quote from former President Ford. He is as good an authority on this subject, I would think, as any. And I do not think anyone would call him a flaming dove or a feathered dove. President Ford said just a few weeks ago, in urging cuts in this budget, that:

> The Soviet Union is not going to attack the United States because you deliver in 1 fiscal year three less B-1 bombers or you delay the deployment of two *Nimitz* class carriers by 9 months. That's baloney.

President Ford, in another recent interview, said:

> I am a hawk and I am proud of it and I don't intend to change. But I think there can be some reasonable delays in purchases of some big ticket items in the defense budget.

Mr. President, I inquire of the Chair whether or not I am under a time limitation.

The PRESIDING OFFICER. There was no time limit indicated when the Senator from Kansas yielded to the Senator from Michigan.

Mr. LEVIN. I thank the Chair. I will be finished in just 2 minutes, if that is all right with the Senator from Kansas.

Mr. President, it has been said here today that we are not at war. We are at war. We are in an economic war. We are battling for our lives in this country. The economic security of this country is now at issue and this huge increase in the defense budget will help keep us from winning the economic war which is being fought right now in this country in my State and most States of the Union.

We have two threats. There is a Soviet threat and there is an economic threat. They are both real and we have to approach them with some balance. We cannot afford, militarily or economically, this huge increase. Militarily, it is not needed. And the Chairman of the Joint Chiefs of Staff, the incoming chairman, General Vessey, when asked whether he would swap our capabilities for that of the Soviets, said: "Not on your life." And, again, it is our economic life, as well as our military life, which is at issue. And this amendment of the Senator from Kansas is a very modest step to indicate that the Congress is listening to the American people.

If the American people could be heard, I think they would be heard as reflected in the U.S. News & World Report public affairs poll taken just a few weeks ago where 54 percent want to reduce the growth in defense spending—and that is the top priority for 54 percent—and 87 percent of the people interviewed in that May 10 poll give a high priority to reducing the growth in defense spending.

We can do it safely without jeopardizing our security. The amendment of the Senator from Kansas is a very modest way to begin. I thank her and the other cosponsors and the manager of the bill.

Mr. DURENBERGER addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DURENBERGER. Mr. President, how much time remains on the amendment?

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, I yield time to the Senator from Minnesota.

The PRESIDING OFFICER. There is approximately 24 minutes remaining for the Senator from Kansas and 18 minutes remaining to the managers.

Mr. DURENBERGER. I thank the Chair.

Mr. President, let me begin by putting what we are doing here in these 2 or 3 days in some context, the overall context the role of the budget plays in this country.

I noticed myself, in the last few weeks that I have been back in my home State, telling a little story about the farmer who goes in to see his local banker. He said, "I have some good news and some bad news for you, Mr. Banker." He said, "The bad news is I haven't got very much money. In fact, I haven't got enough to pay but half the interest on my note here at the bank and none of the principal." The banker said, "What is the good news?" And the farmer said, "Well, the good news is I'm still willing to do business with you."

I think, Mr. President, that, in that context, it is important to know that the American people are still willing to do business with their elected representatives. I think what we are doing here today and tomorrow and on into Friday morning is going to be the major test of whether the people of this country are still willing to do business with us.

No one of those people can ignore the events of the past 15 to 20 years. We have seen our defense spending decline until recently, while that of the Soviet Union has grown on a regular and impressive basis. The concern felt by the entire country has been expressed here in the Congress ever since I came to the Senate in late 1978. Americans want a strong defense—and we can find polls like the poll that was just cited or different polls that prove that.

The neglect which characterized so much of the late sixties and the seventies has ended, and it has done so because of the wisdom and hard work of many people, such as the members of the Armed Services Committee—especially our distinguished colleagues from Texas and Mississippi who spoke here today.

But, Mr. President, we live in times of great economic strain. Interest rates are high, inflation has only recently been brought to heel, unemployment is at levels which are unprecedented in my lifetime, and we look upon the prospects of budget deficits which can only be called chasms.

The program for economic recovery outlined by President Reagan is designed to end these conditions, and it can do so if there is national support for the spending decisions of this Congress and if there is a willingness here to face up to all the really tough decisions. The best way we can improve our economy is to recognize that we must begin to assess policy before we alter budget numbers. As I noted in a speech here on February 10, 1982, we will never achieve our goal of a balanced budget until we change the role that Government plays in the lives of people of this country and people abroad. We will never balance the budget until we get to the fundamental, underlying policies that drive budget numbers higher and higher despite our efforts to slow the rate of growth in Government spending.

A balanced budget is above all else a clear signal that the Government is doing its job well. It shows that the role of Government is in keeping with public expectations of Government. It is the most effective way we have to keep politicans under control and to hold them to their promises. And it is a vital element of a sound national economy, for it keeps the Government out of the credit markets, permitting borrowing at affordable interest rates by consumers and producers alike.

But we cannot expect to balance the budget solely by confining reductions in growth in spending to that small portion of Federal spending which makes up so-called discretionary social spending programs. This is not only bad arithmetic, it is bad policy as well. It erodes public trust in Government if we exempt huge areas of the budget from our restraint in outlay commitments while making arbitrary cuts in such things as assistance to women, infants and children; nutrition programs; Federal rail assistance; aid to elementary and secondary education; and so forth.

Early this year, the Pentagon sent over a budget which was so large in the context of this country's and the world economy, that it simply lacked credibility.

It seemed based more on a blind commitment to increased spending for the sake of spending than to a judicious statement about our global commitments, the resources needed to carry out those commitments, and criteria by which to measure how well we are doing. The size and composition of that first budget presentation prompted even the Army Times, a journal hardly known for its opposition to military programs, to editorialize about a lack of priorities. As the edition of March 1, 1982, noted:

> The defense budget is not only large, it is indiscriminate. The Pentagon seems to be saying "We want it all."

Shortly before that editorial was published, I had released the draft of a 200-page policy paper on defense in which I attempted to come to grips with the entire question of priorities. I did so because of my concern that far too many of us were asking the wrong questions and arriving at the wrong solutions, that we were too often tempted to fix the real problems in our military posture simply by raising spending by an arbitrary amount—often expressed as a round number, such as 5 percent. Spending does not create policy; only policy creates policy, and it is our duty in this Chamber to set some broad guidelines on that policy.

Since January, we have made some real progress on that front. We have seen the Pentagon reduce its request in early March. We have seen the Armed Services Committee come to grips with some very tough issues and reduce spending further, while imposing a sense of direction. We have seen the Budget Committee recommend reductions totaling $22 billion in outlays over the next 3 years. And, most recently, we have seen this body—with passage of the defense authorization bill—further shape overall priorities.

In other words, I believe that we are more realistic—and that our military might is thus far more assured—today than was the case 4 months ago. We are now beginning to recognize the wisdom of Melvin Laird's advice in an editorial published shortly after the elections: "Our defense budget must represent not a binge, but a buildup."

But we still have a long way to go. I am deeply concerned that we may lose the public confidence and support which is needed to sustain a revitalization of our defense over the long haul. I am deeply concerned that we are asking the American public to undertake selective sacrifice for the sake of abstract or aged goals. I am deeply concerned that we will commit so much money to defense that we will only create industrial logjams as defense contractors scramble for scarce resources.

I strongly believe that our defense budget should reflect the urgency of these times, that we must continue to rebuild the strength which we allowed to erode for 15 or more years. I therefore regularly voted for more defense spending than President Carter requested during the 96th Congress. So did the vast majority of my colleagues, on both sides of the aisle.

In addition, I was part of the majority which voted dozens of times to reduce spending in this body in discretionary, nondefense, nonentitlement areas, the 15 percent of the budget, by $39 billion last year.

But, after we had begun the painful job of rebuilding, and after we began to face the prospect of damage to our economic recovery, and after many Americans had begun to question whether there was any cohesive sense of policy behind unprecedented spending requests, I voted on some 11 occasions in late 1981 against amendments which would have only increased spending still further. So did many of my colleagues, again on both sides of the aisle

Mr. President, we have come a long way since last January, as I said. But we have much work to do. Above all else, we need to continue the debate which was begun last week over priorities in our defense policy.

We must do so in the context of a larger debate over total Federal priorities and national purposes—aid to the disadvantaged, environmental health and safety, and national defense. Today's debate on this budget resolution has provided the vehicle for that debate, and it is the appropriate place for the debate. I and the vast majority of the people I represent in Minnesota, and a clear majority of the people of this country, congratulate the junior Senator from Kansas on proposing an amendment I am pleased to cosponsor, to urge all my colleagues on both sides of the aisle to support, and to oppose every effort to table.

Mr. President, 3 years ago this body took the lead in recognizing and acting on our eroding military capability. By an overwhelming majority we adopted amendments that committed us to sustain real growth in defense spending, and we have stuck with them. We met that test, and we are still meeting that test.

Mr. President, the Kassebaum amendment provides for even greater real growth in defense spending, 7 percent in 1983 and 6 percent overall. These are strong increases, enough to bring defense spending up to 28 percent of the Federal budget. I am supporting this amendment offered by my colleague from Kansas because I am concerned about deficits, because I am concerned about our economy, because I am concerned about our cities, because I am concerned about our people, and I am concerned about the potential strengths of our Nation, not just our national defense.

The **PRESIDING OFFICER.** Who yields time?

Mr. **SYMMS.** Mr. President, I just wanted to make one comment concerning the remarks of the distinguished Senator from Michigan (Mr. LEVIN), with respect to his reference to the fact that former President Ford had said he was a hawk but he thought we could stand some delays in some of our defense appropriations.

I just want to make it very clear that I do not believe this amendment has anything to do with whether one is a hawk or a dove. I would just like to say, Mr. President, that the Senator from Idaho considers himself a dove. Yes; I am indeed a dove. I just want to be a very well-armed, well-prepared dove so I will not be asked to go to war. That is really what we are talking about here. We are playing with some very risky business by proposing amendments like this. I think the Senator from Maine made some very, very cogent points about this. The defense cuts being proposed are devastating to President Reagan's defense program, but nobody is talking about just exactly what weapons systems they want to get rid of, which division they want to cadre, what command capability they want to give up, or where it is they want to let our guard down so that this country and the young men in the country might be called upon to give the fullest measure that anyone can give for their country.

I just hope that this amendment will be defeated. I appreciate the sincerity and the arguments of those who are supporting it, but I do believe it would be a mistake to have this amendment be successfully passed in view of the magnitude of the Soviet threat which was presented in the DIA threat briefing right here on the Senate floor recently. As I have said, I would hope the Members of the Senate would vote this amendment down.

At this time I am happy to yield 3 minutes to the distinguished Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I have no personal grievance on this, but I believe that we do not want to do what these figures mean if we do vote in favor of this amendment.

Just a few days ago as to the 1983 budget, we passed a bill after everyone had had their say and made their moves, by a vote of 84 to 8, 84 for the bill and 8 against it.

Just lay aside the dollars for a moment and think about this. That message went out to the world and more particularly to our adversaries that the Chief Executive of this Nation, when he talks on this subject about any kind of arms limitation and have the possibility of doing good, is speaking from the vantage point of these figures with a solidarity of virtually 10 to 1.

Now, about a week later, we change our minds to the extent of making a very substantial and material change to weaken—say what you will, but it does weaken—his position.

Regardless of what party or name the President has, the Chief Executive has been downgraded to this extent.

Is that in keeping, too, with what we call our sound judgment in this body?

All these matters have been gone over several times by the membership of the Committee on Armed Services. I can claim no credit for that work, but I know it has been carefully gone over by knowledgeable people, presented here, considered, and passed on in a really good debate and a solemn judgment given in the regular processes, now to come back in a new and different door to this Chamber—a different door altogether, the budget resolution.

The President, by the way, has already given up, in an effort to get together, some $5 billion—I do not have that figure accurately. It is a substantial amount. Are we going to drop down and lower our standards of procedure, lower our standards of on-the-merits consideration and go back here into a proposition and send that out as the more recent word to the world?

Mr. President, I do not think we want to do that and I just cannot believe we will.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Fourteen-and-a-half minutes. The floor managers of the bill have roughly 13½ minutes.

Mrs. KASSEBAUM. I shall be happy to yield 3 or 4 minutes to the Senator from Arkansas.

The PRESIDING OFFICER. Is that 3 minutes or 4?

Mr. BUMPERS. Can we make it 4?

Mrs. KASSEBAUM. Yes, Mr. President.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 4 minutes.

Mr. BUMPERS. Mr. President, it is not likely that I can add a great deal to what has already been said, but I should like to say this: The man on the street believes as strongly in the security of this country as anybody. Nobody in this Senate has to take a back seat to anybody else on defense spending. I do not care who the self-styled patriots are. We all love our country, and we want to save it. But that same man on the street who has been told that we have to spend this money on defense—that man is the one who has now lost his enthusiasm for it—because he is out of a job. If he is not out of a job, he cannot buy a house, cannot buy a car, cannot buy anything else because of high interest rates.

We are talking about $1.6 trillion in 5 years in budget authority for national defense, $1.3 trillion. When I make that statement in a speech, I see people's eyes begin to glaze over because they cannot even begin to relate to it.

We are debating whether or not we can find the amount of money the Senator from Kansas is trying to cut out of a $1.6 trillion defense budget. Listen to this.

In 1981, defense spending constituted 23.4 percent of our budget. This year, that figure is up to 24.9 percent. In 1983, when the amendment of the Senator from Kansas would take effect, defense spending will be 29.2 percent of the budget; the next year, 1984, 31.4 percent; in 1985, 33.6 percent; in 1986, 35 percent; and in 1987, 37.2 percent.

Mr. President, do you think our economy and the industrial base of this country can accommodate that kind of spending? How can we still keep our trust with the people of this country that we have promised jobs to; take care of the handicapped, the elderly, and everybody else; and spend the kind of money we are going to spend on defense?

If the people on the other side of the aisle who have submitted the alternative budget would like me to join them, I shall tell them exactly how they can do it. It would be easy: Vote for the amendment of the Senator from Kansas, vote for the amendment of the Senator from South Carolina, that would defer the 1983 tax cut. Put safe harbor leasing in there—that little provision which allowed General Electric to make $2.6 billion last year and not only not have to pay any tax, but get a $100 million refund from the Treasury. Do you think we will ever convince the American people of the fairness of a tax system that permits that kind of thing to happen?

Do those three things and we shall have the deficit down to $20 billion or less in 1985; and Henry Kaufman, who is the best guru I know on interest rates, will tell you that interest rates could very well be 10 percent at the end of this year.

If we want to send a message to the American people that, all of a sudden, the U.S. Senate broke out in a spate of responsibility, pass those amendments. You do that before the evening news comes on tomorrow night and send a message around this country and, indeed, around the world, and you will see a nation in a state of euphoria. You will see financial markets rhapsodic.

There is not any economic problem of this country that cannot be solved right here, tonight and tomorrow.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Is all time yielded back?

Mr. SYMMS. Mr. President, I yield 5 minutes to the distinguished chairman of the Committee on Armed Services.

Mr. TOWER. Mr. President, I think the Senator from Maine (Mr. COHEN) hit the nail on the head when he said that when we vote to cut defense in this manner, it is to cut somebody else's program, not our own. If this amendment is not tabled, I intend to offer a series of amendments that will permit the Senate to vote on specific cuts to be made in defense, because I think that the people have a right to know what it is we are willing to cut. Since a lot of the people supporting this amendment were not forthcoming with amendments to the authorization bill to make cuts in specific systems, I think they should be given an opportunity. The meat ax approach to cutting any spending program is tantamount, in my view, to moral cowardice.

I have heard some of the speakers here tonight and my guess is that the Senator from Pennsylvania would not agree with the Senator from North Dakota on cutting the battleships because the *Iowa* is going to be retrofitted in Philadelphia.

Mr. President, let us look at some of these specific areas to cut and see what the cutters are willing to agree on that should be cut. If none of those amendments prevails, then I think that it will have revealed this exercise for what it is; that is, an act of a singular lack of political courage and a singular unwillingness to exercise public judgment on these matters as to what should be cut.

The **PRESIDING OFFICER**. Who yields time?

Mr. **SYMMS**. Mr. President, I yield to the distinguished senior Senator from Georgia (Mr. **NUNN**) 3 minutes.

Mr. **NUNN**. Mr. President, I shall say just a brief word in support of the Senator from Texas and his motion to table. I recognize that defense has to play a role in the overall budget cuts and I have had that position from the very beginning. But I believe that this particular amendment goes much too far in terms of the overall cuts.

As I understand it, this would be a cut of an additional $13.9 billion in outlays. Frankly, budget authority cuts, it seems to me, are much more responsible in this respect than the outlay cuts. For instance, as the Senator from Kansas knows—she was on the floor the other day when I made my argument on the C-5 as against the 747. What we did last week on the authorization bill when we went to the 747 purchase was add $2 billion over the next 3 years in outlays, assuming that action goes through, if it is appropriated as we authorized it. So what we have done on the one hand is add $2 billion to outlays. Now we are turning around and cutting them, over the same 3-year period, $13.9 billion.

I agree with the chairman of the Committee on Armed Services, Mr. President, that at some point, we have to get down to specifics as to what people are willing to cut. While in budget authority, we can deal with the large-ticket items and make some cuts there, when you start talking about outlays, particularly if you start talking about this size cut in outlays, you are really not only going to have to cut programs but cut very severely in the force structure and the personnel.

I support the position of the Senator from Texas on this tabling amendment.

The **PRESIDING OFFICER**. Who yields time?

Mr. **GOLDWATER**. Will the Senator yield to me just a few minutes?

Mr. **DOMENICI**. I will be pleased to yield to the distinguished Senator from Arizona. How much time?

Mr. **GOLDWATER**. About 2 or 3 minutes.

The **PRESIDING OFFICER**. The Senator from Arizona.

Mr. **GOLDWATER**. Mr. President, we go through this little act every year. In my years in the Senate, every year somebody gets out that great big meat ax and says, "We are going to save money by cutting the defense budget."

But they do not say where, they do not say how.

I would like some of the critics of our defense to spell out w[illegible]t is they would like to stop—the B[illegible]omber? We just learned today that the Soviets are building a brand new bomber, and they are building 150 Backfires a year. They have a stronger strategic air force than the United States.

Do they want to cut down our fighter force? Well, there is a lot of money spent on fighters, I know. I am chairman of the subcommittee that spends the money on them. We spent 6 solid months studying where we could save a little bit of money, and we saved about $1.2 billion.

Do they want to cut down on the fighter force? The Soviets outproduce us 5 to 1. They are five times stronger than we are on the battlefields of Europe with tactical weapons. Do they want to cut out the Abrams tank?

Now, there is a dandy. It only cost $3 million. I remember when it was going to cost $600,000. Is it the Defense Department's fault that that weapon went up to $3 million? No; it is not the Defense Department's fault. Is it the fault of the defense budget that this country is in trouble? Mr. President, this country has been spending deficit money for 40 long years, and you do not correct the stupidity of deficit spending over that length of time in 4 or 5 or 6 months.

I point out that the social security fund is bankrupt. We do not tell the American public that. We stand around here and phrase ourselves to the point that we are going to do something about a $3 trillion debt, money that was stolen from every man, woman, and child in the United States. And what are we doing about it? We are going to cut the defense budget.

We are not doing anything for the people of this country when we cut the defense budget. What we are doing is telling our potential enemy that they are getting into a position to blackmail us. They are also almost in that position today. Mr. President, I think this amendment, with all due respect to the Senator who introduced it, is wrong, wrong, wrong. This country is weak enough. We cannot afford to make ourselves any weaker at the expense of defense. If we really want to save money, we will start ending the ridiculous spending that has been going on in this Senate and this Congress for year after year after year on subjects that we do not care to touch. We have not looked at where our money is going, and we do not dare to because, Mr. President, the votes sit there. When we start looking at the waste that goes on in food stamps, the waste that goes on in welfare, the waste that goes on in unemployment compensation, that is going to cost somebody some votes. And you talk about having the courage to cut the defense budget. I say it is time we have the guts to get at what is really wrong with the economics of this country, and the defense budget is far, far from it.

The **PRESIDING OFFICER**. Who yields time?

Mrs. **KASSEBAUM** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Kansas.

Mrs. **KASSEBAUM**. I have great respect for the Senator from Arizona and his judgment on defense issues, as I do the chairman of the Armed Services Committee. I am just as dedicated to a sound defense system as they are.

I certainly am not speaking to add money back in because I am very concerned about the deficits that face us, and the economic conditions facing this country.

But I believe very strongly that economic solvency is just as important to the strength of this country as is a strong defense system. When I was speaking to our defense needs, I was speaking to a system that is stronger, not weaker, by the recommendations I made. But when we are asked by the Senator from Maine or the chairman of the Armed Service Committee to be specific, time and time again we are told we are not a line item committee. I have heard that every year that I have been on the Budget Committee. So in an effort not to be specific, we have to make some very broad assumptions, which I did. Certainly, as I mentioned earlier, it would be up to the appropriations or the authorizing committee to make those distinctions.

But I think there are very important issues here which indeed have been addressed and are continuing to be addressed by the Armed Services Committee.

The chairman of the Armed Services Committee has talked about the budget authority and an $80 billion reduction in the budget authority. We have talked over and over in the Budget Committee about outlays being the important figure, and over a 3-year period of time that is $13.9 billion.

It may appear a big figure to those who are intent on keeping all of the extra moneys that have already been voted into the armed services budget, but if we consider we were starting in our budget markup with a base of all of the other functions in the budget which we marked up, we have to remember we were starting with a 10-percent increase. And mine would only be a reduction in that additional increase, which still allows for a 6-percent real growth over the 3-year peiod of time.

I would agree with much of what the chairman of the Armed Services Committee said in that we have allowed our defense spending to deteriorate over the past decade, and in an effort to readdress that we now have, I think, gone too far in that we are not as critical and as analytical of our defense needs and our defense systems and what it will take to give us a sound and sensible defense system. That is what my amendment addresses. We have an obligation to provide our people with security, economic security and national defense security. I along with all of my colleagues, I am sure, do firmly believe that. I urge that the tabling motion be defeated.

Thank you, Mr. President.

The **PRESIDING OFFICER.** Who yields time?

Mr. **EXON** addressed the Chair.

Mr. **DOMENICI.** How much time does the Senator from Nebraska desire?

Mr. **EXON.** Three or four minutes.

Mr. **DOMENICI.** I yield 4 minutes to the Senator from Nebraska.

The **PRESIDING OFFICER.** The Senator from Nebraska.

Mr. **EXON.** I thank my friend, the chairman of the Budget Committee.

Mr. President, I studied the amendment that is being offered by my friend and colleague from Kansas, and I urge my colleagues to vote against this for the reasons that I am about to outline as briefly as I possibly can.

I am a member of the Armed Services Committee and I am also a member of the Budget Committee. I have listened to much of the debate on the amendment offered by the Senator from Kansas. I think that my good friend, NANCY KASSEBAUM, has done an excellent job in presenting such very important views on the matter of how are we going to reduce the defense expenditures—and reduce them we must—and still maintain significant increases because we face a critical threat, in the opinion of the Senator from Nebraska, with the continuing buildup of the Soviet Union.

I am one on the Armed Services Committee that is looked at with some askance from time to time by those who do not take as sharp a look in my opinion at some of the expenditures of the military as we should.

I have heard some statements on the floor today about the waste in the food stamp program, the waste in the social programs, and I say amen. There is a great deal. But I say that if we ever get down to the bottom line, we will find out that there is a great deal more waste in the military budget than in the food stamp budget. I do not think anyone could stand on the floor of the U.S. Senate and in good conscience say that is not true.

Nevertheless, the reason why I intend to support what I understand will be a tabling motion by either the chairman of the Budget Committee or the chairman of the Armed Services Committee is that we all know that the budget of the Department of Defense is going to be reduce further when we get into conference with the House of Representatives.

I believe it rather dangerous to make broad-based suggestions of cuts without saying where those cuts are going to come from.

I agree with some of the statements that have been made on the floor with regard to the arguments on this amendment. I do think, though, that if we are going to bring the everescalating Defense budget into some kind of order and control, we will have to start focusing on some of the expensive weapons systems that seem to come down the pike from the Pentagon as if they never knew what it was to meet or attempt to balance a budget.

I simply say that I think the amendment being offered at this time would not be in the overall defense interests of the United States. I hope the amendment offered by the distinguished Senator from Kansas will be defeated and that we will eventually pass some kind of budget bill and attempt to work this out as an overall budget ceiling, in consultation with our colleagues on the other side of the Hill. Then it will have to come back and go through the appropriations process. I have been assured by some people there that additional reductions are going to be made.

Therefore, Mr. President, it is my view that to adopt at this time the amendment offered by the Senator from Kansas would not be the wisest thing we could do under the circumstances that presently confront us.

Mrs. **KASSEBAUM.** Mr. President, I ask for the yeas and nays on my amendment.

The **VICE PRESIDENT.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. **BAKER.** Mr. President, will the distinguished manager of the bill yield me one-half minute?

Mr. **DOMENICI.** For the purpose of a motion or to speak? I want to speak.

Mr. **BAKER.** Let me simply say that I had announced earlier that I would make a tabling motion at 7 or thereabout. I am prepared to do that, and the parties are ready to proceed. If they will let me know when they are ready to yield back their time, or when it has expired, I will do so.

The **VICE PRESIDENT.** Who yields time?

Mr. **DOMENICI.** I yield myself 1 minute.

Mr. President, I repeat what I said earlier: From the President's request and the baseline in this budget, this would require a $19.1 billion budget authority reduction in 1 year. While we may perceive these budget resolutions as policy documents, the truth of the matter is that it is unrealistic to assume that $19.1 billion in budget authority will be cut in 1 year. We find no precedent for Congress doing that, even when they were totally without regard for defense, and I do not think that is where we are.

I urge that the tabling motion of the majority leader receive the support of the Senate.

Mrs. **KASSEBAUM.** Mr. President, I yield back any remaining time I have.

Mr. **DOMENICI.** I yield back any time I have on the amendment.

The **VICE PRESIDENT.** The majority leader.

Mr. **BAKER.** Mr. President, I move to table the Kassebaum amendment, and I ask for the yeas and nays.

The **VICE PRESIDENT.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **VICE PRESIDENT.** The question is on agreeing to the motion to table the amendment of the Senator from Kansas. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the role.

Mr. **STEVENS.** I announce that the Senator from Pennsylvania (Mr. HEINZ) is necessarily absent.

Mr. **CRANSTON.** I announce that the Senator from Hawaii (Mr. INOUYE) is neccessarily absent.

Mr. **BAKER** (after having voted in the affirmative). Mr. President, on this vote I have a live pair with the distinguished senior Senator from Pennsylvania (Mr. HEINZ). If he were present and voting, he would vote "nay." I have voted "aye." I withdraw my vote.

The **VICE PRESIDENT.** Are there any other Senators in the Chamber desiring to vote?

Mr. **DOMENICI.** Regular order.

The result was announced—yeas 53, nays 44, as follows:

[Rollcall Vote No. 125 Leg.]

YEAS—53

Abdnor
Armstrong
Bentsen
Boschwitz
Brady
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Domenici
East
Exon
Garn
Glenn
Goldwater
Gorton
Hatch
Hawkins
Hayakawa
Heflin
Helms
Huddleston
Humphrey
Jepsen
Johnston
Kasten
Laxalt

Long
Lugar
Mattingly
McClure
Murkowski
Nickles
Nunn
Quayle
Roth
Rudman
Sasser
Schmitt
Simpson
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—44

Andrews
Baucus
Biden
Boren
Bradley
Bumpers
Burdick
Cannon
Chafee
Cranston
Dixon
Dodd
Dole
Durenberger
Eagleton
Ford
Grassley
Hart
Hatfield
Hollings
Jackson
Kassebaum
Kennedy
Leahy
Levin
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Specter
Stafford
Tsongas
Weicker

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Baker, for.

NOT VOTING—2

Heinz
Inouye

So the motion to lay on the table Mrs. KASSEBAUM's amendment (UP No. 966) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I understand now that pursuant to our agreement, the next amendment, Senator HOLLINGS, is on your side, and it is Senator BUMPERS' amendment.

Mr. HOLLINGS. Senator BUMPERS.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Arkansas.

UP AMENDMENT NO. 967

(Purpose: To add additional funds for the Childhood Immunization Program)

Mr. BUMPERS. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) for himself, Mr. CRANSTON, Mr. RIEGLE, Mr. SARBANES, Mr. BENTSEN, Mr. METZENBAUM, Mr. KENNEDY, Mrs. HAWKINS, Mr. PRYOR, Mr. HOLLINGS, Mr. STAFFORD, Mr. CHAFEE, Mr. GLENN, and Mr. LEAHY proposes an unprinted amendment numbered 967.

Mr. BUMPERS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 15, beginning with line 7, strike out through line 7 on page 16 and insert the following: (11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,500,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.00.

Fiscal year 1983:

(A) New budget authority, $79,503,700,000.

(B) Outlays, $77,603,700,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.00.

Fiscal year 1984:

(A) New budget authority, $92,206,200,000.

(B) Outlays, $85,706,200,000.

Fiscal year 1985:

(A) New budget authority, $103,608,700,000.

(b) Outlays, $97,208,700,000.

Mr. BUMPERS. Mr. President.

Mr. HART. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BUMPERS. Mr. President, the floor manager of this bill is familiar with my amendment. Everybody has heard the arguments in favor of my amendment many times, so I do not want to belabor it.

My amendment deals with the immunization program. It is a small amount of money. All I want is for the Senate to go on record that we want this program adequately funded; the immunization levels continued as they have been; and, to continue the progress we have made in the past 5 years in the area of childhood immunization.

I am willing to do either of two things: If the floor manager would like to accept the amendment then I am willing to enter into a 5-minute time agreement. If he wants a rollcall on it, I would want just a little more time. I will leave it up to the distinguished floor manager as to how he would like to pursue this.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Let me ask, has the amendment been sent to the desk?

Mr. BUMPERS. Yes.

The PRESIDING OFFICER. The amendment has been reported.

Mr. DOMENICI. How much does the Senator propose to add to function 550 for the immunization program?

Mr. BUMPERS. The figures are $3.7 million in 1983, $6.2 million in 1984, and $8.7 million in 1985.

Mr. DOMENICI. The Senator is not speaking of billions.

Mr. BUMPERS. Millions. I know it is hard for the chairman of the Budget Committee to get used to dealing with millions, but my amendment only involves millions.

Mr. DOMENICI. It is not difficult for the chairman to understand millions, it is just that it does not show up in the budget, even if we accept the amendment.

Mr. BUMPERS. Let the word go out to the Nation that figures of less than $50 million do not show up in the budget.

Mr. DOMENICI. Before we make a decision, let me ask if the Senator would mind yielding to the distinguished Senator from Rhode Island for a couple of comments?

Mr. BUMPERS. I will be happy to enter into a time agreement or let anybody on that side speak on the amendment.

Mr. CHAFEE. Mr. President, I hope the distinguished chairman of the Budget Committee will accept this amendment. This is for the immunization program which has had extraordinary success over the years, and it would just be a shame to reduce this valuable activity for the immunization of small children.

If any Federal program warrants our support, it is this one. The program spares children and their families from lifetimes of suffering. It also spares the Federal Government from spending millions upon millions of dollars on health care.

We have come a long way in this area. We are close to eradicating measles, a disease which not long ago caused deaths, deafness, and other disorders. The costs of immunizing children have escalated in recent years. That necessitates this effort to make a modest increase in funding for the program. It has been estimated that last year alone costs for the measles-mumps-rubella vaccine rose by 44 percent. It is well worth buying these vaccines, however. Between 1966 and 1974, we saved $1.3 billion in medical and long-term-care costs by vaccinating our children. The chairman of the pediatrics department at the Duke University Medical Center has estimated "conservatively" that the measles program saved $10 in medical costs alone for every dollar it cost.

With health care costs rising at rates well above the inflation rate over the past several years, and with the difficulty we have encountered in devising ways to control those costs, it is imperative that we take advantage of the easy, obvious, and humanitarian ways of finding savings. Properly funding the immunization program does just that.

I congratulate the Senator from Arkansas for offering this amendment, on which he and I have been associated for many years. He and I are cosponsors of it. He has presented it very well, and I certainly urge the chairman of the Budget Committee to accept it. I think it can be done—we do not need any rollcall vote—just on a voice vote if you wish.

Mr. DOMENICI. I was wondering if the distinguished Senator from Arkansas would have any objection to permitting any Senator who wants to join his amendment as original cosponsors to do so before we recess this evening.

Mr. BUMPERS. Certainly; I would be honored. There are two or three people, and Senator DOLE wishes to be added as a cosponsor.

Mr. BENTSEN. Mr. President, will the Senator yield for 1 minute?

Mr. BUMPERS. Let us just not enter into an agreement right now because there are two or three Senators who would like to be heard on it on both sides of the aisle, and I am sure everybody will be brief.

I yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, I am pleased to join my colleague, Senator BUMPERS, as a cosponsor of the pending amendment to allow the Federal Government to increase immunization program funding from the current level of $28.3 million, to $32 million in fiscal year 1983 and $34.5 million in fiscal year 1984.

The Federal immunization effort was curtailed with enactment of the 1981 Reconciliation Act, and we are currently spending $2.5 million less this year on innoculations than was spent in 1981. That cut in funding, and a 30 percent increase in the cost of vaccine, have forced health officials to reduce the number of innoculations given by one-third. According to testimony before the House Subcommittee on Health and Environment, the 3.5 million babies born annually require a series of 12 innoculations to be immunized against diseases such as polio, measles, tetanus, diphtheria, and mumps. About 50 percent will receive their shots from private physicians. Therefore to keep up with newborns alone, 21 million doses of public vaccine will be required each year. Yet the program funding cuts, coupled with increased costs, will restrict purchase of vaccine to about 11 million doses—about one-half of what is needed.

Mr. President, some may dismiss the importance of innoculations against the so-called childhood diseases by recalling their own bouts with mumps and measles. It is not uncommon to hear individuals talk of their brush with these diseases as inevitably a "part of growing up." The fact is, Mr. President, that the seven infectious diseases against which the Center for Disease Control (CDC) provides vaccine include polio, which can result in permanent paralysis; measles, which can produce encephalitis; rubella, which when it strikes pregnant women can result in birth defects; diphtheria and tetanus which, left untreated, can kill. Last year, I joined the Senator from North Carolina, Mr. HELMS, on the floor of the Senate in voting to increase appropriations for the National Technical Institute for the Deaf and Gallaudet College to accommodate the 15,000 children between 1963 and 1965 who are deaf because their mothers contracted rubella during the earliest stages of their pregnancies. Thankfully, the availability of a rubella vaccine has reduced the incidence of the disease from 16,652 cases in 1975 to near 2,000 in 1981. Polio, the dreaded viral infection that crippled many of this Nation's children prior to 1955 when the vaccine was introduced, has almost been eradicated with the number of cases dropping from 21,000 in 1952 to 6 last year. Lest we be complacent about the progress made, however, Dr. Frederick Robbins, president of the Institute of Medicine at the National Academy of Sciences and winner of the Nobel Prize for his work in polio, has testified that:

> We cannot relax our vigilance, and we must continue to provide for the immunization of our children or new epidemics will become not only possible, but probable.

Immunization, Mr. President, is a Government program that works exceptionally well and serves the vital interests of the American people. Since communicable diseases do not respect State lines, the Federal Government has a clear and compelling role to play in immunization. CDC is to be commended for its willingness to work with the State and local health authorities to forge a viable and effective partnership in our national effort to arrest the spread of diseases that, until a few short years ago, weakened, handicapped, and kill thousands of Americans.

Mr. President, this is no time to retreat in our battle against disease. With the addition of $3.2 million to the 1983 immunization program, as proposed by this amendment, thousands of children who would otherwise have to take their chances against disease will be innoculated. Mr. President, I think it would be a tragedy of unequaled proportion to allow children to die or be crippled by diseases that never should have occurred. I urge my colleagues to join with me in support of the pending amendment.

Mr. President, I ask unanimous consent to be added as a cosponsor, as I was before.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. I thank the Senator from Texas. I yield to the Senator from Nebraska.

Mr. EXON. Mr. President, I have stood with the Senator from Arkansas on frequent occasions when we have tried to get a little bit more money for the immunization program before. I wish to stand that way again. I ask unanimous consent that my name be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. I urge the Budget Committee to accept the amendment on as quick a basis as possible, hopefully a voice vote.

Mr. BUMPERS. Mr. President, I yield to the Senator from New Jersey, Mr. BRADLEY.

Mr. BRADLEY. Mr. President, I ask unanimous consent that I may be added as a cosponsor on this very important amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, Senator KENNEDY is on his way to the floor and wishes to speak on the amendment. Senators MOYNIHAN, PACKWOOD, KENNEDY, SASSER, HEFLIN, LONG, and MATSUNAGA all wish to be cosponsors. I ask unanimous consent that they be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, while we are waiting, if I could make one observation so that the committee will understand the magnitude of this problem.

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator from Arkansas cannot be heard.

Mr. BUMPERS. Mr. President, I want to commend my distinguished colleague from Florida, Senator HAWKINS, who held hearings on this vital subject recently. I was not able to attend. My staff told me it was one of the most impressive hearings they have ever attended. Senator HAWKINS, who is a cosponsor of this amendment, told me that she will have further hearings on this to try and determine why we are having these monumental increases in the costs of vaccines. The measles, mumps, and rubella vaccine, which is a triple shot given in one dose, has gone up 147 percent since 1977; 47 percent of the increase has occurred in the last 6 months. It comes from a single-source, and the U.S. Government buys 50 percent of that vaccine. It is very difficult to understand why a vaccine that has been perfected for many years, and one which the United States purchases 50 percent of the production is escalating so astronomically. I applaud her for holding this extra hearing to investigate this issue. This is one of the reasons my amendment is absolutely necessary.

I want to make one other observation. Right now in this country we are on the verge of totally eradicating measles. But the measles germ is still here. And any time you find an area that is not vaccinated against it and that germ finds a home, you are going to have an epidemic.

That is what has happened in Ohio this year with mumps. Right now the incidence of mumps in this country is higher than is was last year at the same time. But if you took the State of Ohio out, the incidence is down considerably. That just shows you that when these cesspools of susceptibles develop, the disease breaks out. You cannot let your guard down for a minute with this program.

I know the Members of the Senate get tired of hearing me talk about this program. But I am going to tell you something. Betty Bumpers did this in Arkansas when I was Governor. When the Carters came to town, she got it done on a national basis. The President, in his infinite wisdom, talked to her. Then he called Joe Califano and said he wanted Joe Califano to talk to her. They started the immunization program nationwide, and 2 years ago we reached 91 percent immunization levels of all the children in this country. It is a remarkable success story. And the only way it can remain a success is if we do not let our guard down.

One final statistic: 8 percent of all the people institutionalized in this country are there because of a problem that was created or came about because of a preventable childhood disease.

● Mr. KENNEDY. Mr. President, I support the amendment of the Senator from Arkansas to exempt the childhood immunization program from the freeze on discretionary spending programs.

The impact of fluctuations in Federal support for childhood immunization is felt immediately. Recent history illustrates all too well what happens when Federal interest and financial support wane.

The national childhood immunization initiative began in 1977 when surveys revealed that over one-third of school aged children were not protected against the major vaccine-preventable diseases. This level of neglect was a direct result of a complacency on the part of the Federal Government that the immunization campaign of the late sixties had been victorious and that the States—on their own—could maintain the effort.

The 1977 initiative set a goal of raising immunization levels to over 90-percent by the fall of 1979. Resources were committed to that goal. And that goal was attained. Today, fully 91 percent of the 24 million children between kindergarten and eighth grade are protected.

The health impact of this level of protection is enormous considering the morbidity and mortality associated with these common childhood diseases. For example, encephalitis occurs in 1 of every 1,000 measles cases, often producing permanent brain damage; death occurs in 1 of every 10,000 cases. One case of deafness occurs in every 16,000 cases of mumps. Diphtheria, whooping cough and tetanus can cause serious respiratory, cardiovascular and nervous system complications. Whooping cough is fatal to 1 of every 100 children afflicted. No one would want to recall the scourge of paralytic polio.

Yet our children can be protected from every one of these childhood diseases. And the savings in human life, misery, and economic resources are huge. For every dollar we spend to immunize our children against measles, for example, we save $8 in treatment costs. The Massachusetts commissioner of public health has estimated that the net savings of the Massachusetts immunization program over the past 15 years exceeds $16 million.

We must respect the lessons of the past. We cannot afford to be complacent and deem the national immunization initiative a final victory. Each year 3.5 million new children must be protected. A residual 3.2 million school age children have never been vaccinated. And the cost of vaccines has skyrocketed—over the past 2 years the cost has risen 44 percent. The center for disease control anticipates a further 15-percent increase next year. Only by a sustained effort and adequate funding levels can we protect our children from deadly or permanently disabling vaccine-preventable disease.

We cannot afford to do less.●

Mr. BUMPERS. Mr. President, I ask unanimous consent that Senators DeConcini, Quayle, Stafford, and Stennis be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, the distinguished Senator from Arkansas has been in the vanguard of this movement. There is no question that childhood immunization is a tremendous budget saver. I did not hear him give one other statistic tonight that I heard him give in an earlier debate. That was that for every dollar spent on polio vaccine, we save $90 in other health and rehabilitation costs. And you could continue to go down the list of the various vaccinations and calculate the lives and the money that are saved. So, really, we are not adding to the budget. This is cutting the budget in a sensible fashion—through preventive health and human investment.

I am proud to join the distinguished Senator as a cosponsor.

Mr. BUMPERS. I thank the Senator.

Just one other thing, Mr. President. I have had other people request to be added as cosponsors. I ask unanimous consent that Senator Riegle and Burdick be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I would observe, as the chairman of the Budget Committee said a moment ago, the record will be open until we adjourn tonight for anybody else who wishes to join as cosponsors. I am prepared to yield back to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, we are going to accept this amendment. However, I want to make a couple of points. I am not here to belittle the effort and the praise that has been given to the distinguished Senator from Arkansas. But, I would like to put his amendment in perspective.

The budget which we are considering contains $490 billion which are allocated to the Appropriation Committee. They decide how much is allocated to each of their Subcommittees. Roughly $90 billion goes to the Subcommittee on Labor, Health, Human Services, Education and Related Agencies which has jurisdiction over the immunization program. This amendment says $3.7 million is added to the budget for it. However, this amendment cannot assure that these funds will actually be appropriated for this purpose.

Now, frankly, the $3.7 million is already in the budget, because the subcommittee is allocated the $90 billion. The Appropriations Committee can certainly spend $3.7 million in the year of 1983 for this purpose if they so choose.

I am not going to stand here tonight and try to argue the point. I would say that if a sense-of-the-Senate resolution has any effect on a budget, then what we have done with the amendment of the distinguished Senator from Arkansas is to say the Senate thinks this is a good program. We are indicating by this resolution that the Senate believes that the immunization program ought to receive an additional $3.7 million out of the $90 billion allocated to the subcommittee. We are also saying to the administration that we think you ought to support an additional $3.7 million for this program.

So with that, I will accept the amendment on this side, unless there is objection.

Mr. BAKER subsequently said: Mr. President, I ask unanimous consent on the immunization amendment (UP No. 991) the following Senators be added as cosponsors: Senators Andrews, Gorton, Symms, Robert C. Byrd, Moynihan, and Baker.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SARBANES. Mr. President, I am pleased to join my colleague from Arkansas as a cosponsor to the amendment to restore funds to the childhood immunization program. This is a program that is a success. It is extremely cost effective and protects millions of children from severe, agonizing, and costly health problems.

Adequate funding could provide protection for our Nation's children against polio, measles, mumps, tetanus, whooping cough, and rubella. In fiscal year 1981 $30.9 million provided vaccines for 6.3 million children. President Reagan's budget for fiscal year 1982 requested only $24.8 million and in September of last year he asked for further cuts down to $21.9 million. The Congress did not agree to these severe reductions and provided $28.8

million—an amount that still falls short of the goal of this program.

Immunization has been successful in almost eradicating some of the most severe childhood diseases. Polio has been wiped out because of immunization. In 1952, a few years before the polio vaccine existed, there were 21,000 cases of polio. In 1981 there were only six cases. More recently, the immunization program has been credited with greatly reducing and almost eradicating measles. My own State of Maryland has essentially wiped out measles because of the immunization program.

With the cost of the vaccine increasing by 30 percent last year and an estimated 20 percent this year, the administration's budget limitations will mean fewer and fewer children being immunized. Budget reductions in the childhood immunization program is penny-wise and pound-foolish. Reductions in funds will only result in greatly increased funds being spent in the future on more severe resulting illnesses. Dr. David Banta, the Assistant Director of the Office of Technology Assessment, told the House Committee on Energy and Commerce:

> Immunization against childhood diseases has been shown to be cost effective as well as cost saving in well-designed analyses . . . Failing to provide the vaccine will not only result in increased disease but also cost the society more in treatment than the vaccination program would have cost.

The childhood immunization program makes sense—it prevents serious health problems, protects children from pain, and saves money. I urge my colleagues to support this amendment.

Mrs. HAWKINS. Mr. President, I support the amendment of Senator BUMPERS to increase funding for the child immunization program.

Thanks to strong Federal involvement in immunization programs, this country has seen a dramatic decline in the prevalence of seven preventable childhood diseases—polio, measles, rubella, diptheria, tetanus, pertussis, and mumps. The Federal Government has furnished financial and other assistance to State and local health agencies and allowed them to buy Government procured vaccines at a discount. This high level of cooperation between the States and Federal Government has resulted in protection against diseases that produce deformity, disability, and death.

The immunization program is a proven method of safeguarding our children against pain, suffering, and death. Although savings in human costs cannot be quantified in dollars, economic considerations alone justify support of the program as a continuing element of Federal public policy. Cost savings from prevention of infectious and crippling diseases include not only the direct costs of physician care and hospitalization, but also time and productivity lost from school and work.

The basic soundness and success of the immunization program has been widely demonstrated. A poliomyelitis outbreak in 1952, which struck 58,000 Americans, caused 14,000 deaths and left thousands of others confined to wheelchairs and steel braces for life. Today, due to the development and availability of the antipolio vaccine, this crippling disease has been all but wiped out in the United States.

Similarly, in the early 1960's, about 400,000 cases of measles were reported in the United States each year. Indeed, measles were so common that they were regarded as an inevitability of childhood despite the danger the disease poses to a child's life and health. Of 100,000 cases of measles, 10 will result in death, and 100 will result in measles encephalitis. One-third of those 100 will experience permanent mental retardation or other damage to the central nervous system. Some number of cases will also result in blindness deafness, or other impairments. Introduction of the measles vaccine during the 1960's resulted in a dramatic reduction in the number of reported cases and led to a national campaign to eradicate measles in the United States by October 1982. According to the Center for Disease Control, if the current level of effort can be maintained, it is likely that the United States will soon eliminate this "scourge" which is the leading cause of death in some developing countries, killing 1,500,000 children a year.

Trend data on immunizations, also shows success against diptheria, pertussis, mumps, and rubella. A strong immunization program and constant, intensive surveillance will continue to be necessary. The 1964 rubella disaster caused about 2,200 deaths, 1,800 cases of mental retardation and left about 12,000 children deaf or blind. I was alarmed, therefore, when I recently read that an outbreak of rubella, mainly among the young adult population in Los Angeles County, was reported by health officials. This disease can have devastating effects on the unborn. It would be unconscionable for us to allow explosive epidemics, reminiscent of the past, to occur.

England showed a dramatic increase in the incidence of pertussis disease from 1977 through 1980. As public confidence in the pertussis vaccination seriously declined, the resulting epidemic saw 102,500 cases of the disease, resulting in 28 deaths.

Aside from issues of funding and public disinterest, the immunization program is now threatened on another front—the fear of adverse health effects resulting from immunization. To combat this fear and to achieve and maintain high immunization rates, full public communication and health education is essential. The general public has a right to be given information about vaccines—even in areas of scientific and medical uncertainty. We must present the issues to the public clearly and accurately. There must be candid disclosure of the risks as well as the benefits of the vaccines. If a vaccination is not recommended for particular classes of individuals, that fact should be stated and those high risk individuals screened, if possible, to prevent administration of the vaccine to them. Parents should be fully informed and on the lookout for adverse reactions associated with the vaccine. Accurate and timely reporting and statistical gathering on adverse reactions is critical in order that a realistic picture of the problems associated with the use of a particular vaccine can be compiled. Risks from vaccines also warrant increased efforts to produce safer vaccines.

It would be tragic if efforts to eliminate or control communicable disease were to become hampered because the publics' confidence was so eroded as to cause frightened segments of the population to oppose and reject vaccines. Neither can we afford revival of serious childhood epidemics because a complacent and apathetic public, with a diminishing memory, forgets the iron lung. Public policy dictates that safe and effective immunization programs be implemented and maintained. This requires a system of adequate financing, public awareness and understanding of the importance of vaccines, and promotion and incorporation of preventive medicine into the general health care system. To prevent pain and suffering and health care costs, we must vigorously guard against inadequate immunization of our children.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. DOMENICI. I yield back any time I have remaining.

Mr. HOLLINGS. I yield back any remaining time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 967) was agreed to.

Mr. BUMPERS. I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I understand it would be the Republican turn to offer an amendment but we are not prepared at this point. I yield to the Senator from South Carolina.

Mr. HOLLINGS. I yield to the Senator from New Jersey.

Mr. DOMENICI. If the Senator will yield, I understand it is the desire of the majority leader that we not vote until 9 o'clock.

Mr. BAKER. First, could I inquire of the Senator from New Jersey how long he thinks his amendment will take?

Mr. BRADLEY. I think it will take less than an hour.

Mr. BAKER. Mr. President, altogether it would appear unlikely that we could get this to a vote before 9 o'clock. A number of Senators have commitments that they find absolutely essential during this period. I will not now put a unanimous-consent request, but let me say it is not the intention of the leadership to request a rollcall vote or to attempt to arrange one prior to the hour of 9 p.m. I am sure all Senators will cooperate in trying to follow that course.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. DOMENICI. Will the Senator further yield for a moment?

Mr. BRADLEY. Yes.

Mr. DOMENICI. I am going to leave the floor for about a half hour. I designate Senator BOSCHWITZ to take my place in opposition to the amendment.

UP AMENDMENT NO. 968

(Purpose: To restore funding for title I of the Elementary and Secondary Education Act, handicapped and vocational education programs, Head Start and Pell grants)

Mr. BRADLEY. Mr. President, I send an amendment to the desk on behalf of Senators HOLLINGS, BAUCUS, MOYNIHAN, and myself, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY), for himself, Mr. HOLLINGS, Mr. BAUCUS, Mr. MOYNIHAN, Mr. LEVIN, and Mr. RANDOLPH, proposes an unprinted amendment numbered 968.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, beginning with line 4, strike out through line 1 on page 3 and insert the following:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1982: $623,000,000,000.

Fiscal year 1983: $668,200,000,000 plus $100,000,000.

Fiscal year 1984: $741,000,000,000 plus $700,000,000.

Fiscal year 1985: $825,000,000,000 plus $1,300,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $23,200,000,000 plus $100,000,000.

Fiscal year 1984: $39,000,000,000 plus $700,000,000.

Fiscal year 1985: $45,000,000,000 plus $1,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,300,000,000 plus $600,000,000.

Fiscal year 1984: $897,000,000,000 plus $1,200,000,000.

Fiscal year 1985: $972,800,000,000 plus $1,900,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,600,000,000 plus $100,000,000.

Fiscal year 1984: $832,300,000,000 plus $700,000,000.

Fiscal year 1985: $889,400,000,000 plus $1,300,000,000.

On page 14, beginning with line 17, strike out through line 6 on page 15 and insert the following:

Fiscal year 1983:

(A) New budget authority, $26,500,000,000 plus $600,000,000.

(B) Outlays, $27,000,000,000 plus $100,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $26,700,000,000 plus $1,200,000,000.

(B) Outlays, $26,900,000,000 plus $700,000,000.

(A) New budget authority, $26,400,000,000 plus $1,900,000,000.

(B) Outlays, $26,500,000,000 plus $1,300,000.

On page 31, strike out lines 6 through 10 and insert the following:

(2) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $23,200,000,000 plus $100,000,000 in fiscal year 1983: $39,000,000,000 plus $720,000,000 in fiscal year 1984; and $45,000,000,000 plus $1,300,000,000 in fiscal year 1985.

On page 32, strike out lines 5 through 9 and insert the following:

(2) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $23,200,000,000 plus $100,000,000 in fiscal year 1983: $39,000,000,000 plus $700,000,000 in fiscal year 1984; and $45,000,000,000 plus $1,300,000,000 in fiscal year 1985.

Mr. BRADLEY. Mr. President, I rise to offer an amendment to provide adequate funding for those high priority elementary, secondary, and postsecondary education programs which assure equality of educational opportunity to all our children—title I compensatory education for the disadvantaged; handicapped State grant programs; vocational education programs; Head Start; and Pell grants. This amendment would restore funding to allow for the continuation of these valuable programs at their current level of operation, so that children now benefiting from these programs will not be denied participation.

Mr. President, these are significant programs offering a real chance for educational achievement to millions of children. During the 1980-81 school year title I served 5.4 million students in local school districts and another 658,000 students in title I programs operated through State educational agencies. Almost 4 million handicapped children were served the same year and 16.5 million children were served by vocational education programs. Among the pre-school-aged population, 372,000 children—less than 20 percent of those who are eligible—are enrolled in Head Start programs. Over 90 percent of these preschoolers are from families with incomes below $8,450 a year for a family of four and nearly 11 percent of all Head Start children are handicapped. Finally, approximately 2.5 million lower income students received Pell grants to help finance their college education.

In my own State of New Jersey, large numbers of children are benefiting from these programs. This year title I is providing compensatory instruction to over 300,000 children; 160,000 handicapped children are being assisted by Federal dollars; and some 70,000 New Jersey college students are pursuing higher education with the help of Pell grants.

Education, Mr. President, is one of the cornerstones upon which this country was built. Our Founding Fathers recognized that the strength and vitality of the new America democracy required an educated citizenry. However, the time is long past when children from less advantaged families and handicapped children can acquire an education merely by reading by the fireside, as Abraham Lincoln was able to do. Today, educational achievement is affected by such factors as economic conditions, physical condition of schools, the character of the educational environment at school and in the home and, in the case of higher education, family income. For many children, equal access to education requires special help and the Congress and the people of this country have spoken clearly over the last several decades in favor of a strong Federal role in assuring such equality of educational opportunity. The commitment of Federal dollars to our educational system has increased in recognition of the importance of educational achievement for every member of the next generation.

The trend of increasing Federal aid to these programs was reversed, however, last year. With the exception of Head Start, which enjoyed the highly erratic protection of the so-called social safety net, these programs were all targeted for budget cuts by the new administration. With the exception of Head Start and handicapped education, which Congress was able to shield, all suffered funding reductions as part of the administration's economic program. Now we are being asked to agree to funding that will be inadequate to continue these programs as they currently operate. In the case of title I compensatory education programs, the effect of the cuts would be a 20-percent reduction in funding from the amount provided for fiscal year 1980.

Mr. President, cuts of this magnitude would create a terrible burden. Imagine a public school in one of our Nation's larger cities, with 45 or 50 students in a class. In recent years the school has been able to peel out of that class the five or six students who need special attention. They have received special attention. They have not pulled back the rest of the class. They have progressed. Now, under the Budget Committee's resolution, Federal funds are being cut back, placing an increased burden on the remarkable abilities of public school teachers in these urban schools.

Mr. President, no matter how talented school teachers are, and I think they are dramatically talented, when there are too many students in a class, with too few facilities to deal with the students, the result is a downgrading of education. Title I was intended to meet, and has met, the needs of that overcrowded class. If this amendment is not adopted, we are likely to see a dramatic cut in these very important programs.

In the case of Pell grants, which make college attendance possible for many low-income students, the funding cuts have already had the effect of lowering the value of the grants, which average only $900 per student, and eliminating some from the program. Under the terms of this budget resolution, we would face a choice between increasing the value of the grants to cover inflation in educational costs—with the result that an estimated 500,000 fewer students could receive grants by 1985—or maintaining the number of students served but with drastically reduced grant aid. In either case, many needy students may find that the only alternative is to leave school and to try to find a job in an economy that has few jobs to offer, especially to individuals without a college education. This would be a tragic outcome of the current budget cutting exercise.

Mr. President, Federal expenditures on education are an investment in the future of this Nation. At a time of rising unemployment, increased industrial competition from efficient and technologically advanced foreign producers and rapid technological change not only in the goods we manufacture but also in the ways we manufacture them—we should not be slowing our investments in education. We must provide our future workers with the educational preparation which will expand their job opportunities.

I believe that we need to make significant new investments in our entire educational system, recognizing that we have fallen behind in producing the engineers, the scientists, the high school foreign language, math and science teachers that we need if our economy is to regain and maintain its strength. But we must be equally sensitive to the special help that disadvantaged and handicapped children must have if they are to have an equal opportunity to achieve the promise of this future.

Mr. President, these programs—title I, handicapped education, vocational education, Head Start, and Pell grants—move us closer to the goal of equality of educational opportunity and they must not be neglected. We must sustain at least our current effort. Our amendment will do so.

Mr. President, I have a number of other comments but I shall be pleased to yield at this time to my distinguished cosponsor, the ranking member of the Committee on the Budget, Mr. HOLLINGS, for his comments. Before doing that, I ask unanimous consent that Senator RIEGLE be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, I yield to the distinguished Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Senator from New Jersey.

Mr. President, our amendment restores $600 million for high priority education programs, including title I, Pell grants, vocational education, education for the handicapped, and Head Start.

Mr. President, we must stop cutting back our education programs. For example, in title I compensatory education, in fiscal year 1981, the President proposed and Congress approved a $400 million rescission in title I. In fiscal year 1982, in the continuing resolution, we cut another $200 million. So, according to the Congressional Budget Office, the freezing of title I through 1985—as proposed by the Budget Committee—would represent a 40-percent cut from the 1981 prerescission level. Cuts of this magnitude are intolerable.

We are not yet sure how schools will cope with cuts of this magnitude. But if schools take half of the cut through reductions in the number of children served almost 1.4 million fewer children would be served in 1985 than would have been served in 1981 prior to these cuts. If schools absorb the other half of this cut by increasing teacher-student ratios and other dilution of the services, then the size of the school grant per student will be reduced by over 20 percent in 1985 from what it would have been prior to the President's cut. Is it not apparant that cuts of this magnitude will reduce our capacity.

Mr. President, I have here a Congressional Budget Office memorandum dated May 13 of this year, analyzing funding for title I. The memorandum compares the Senate Budget Committee reductions to 1981 baseline funding. I ask unanimous consent that this document be printed in the RECORD at this point.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

REAL REDUCTIONS IN FUNDING FOR TITLE I COMPENSATORY EDUCATION

In response to your request, this memo compares the current Senate Budget Committee mark for title I with the pre-recission 1981 funding level, adjusted for inflation.

Relative to this baseline, the SBC mark represents a real reduction in BA of 25 percent in 1982, growing to a 40 percent reduction in 1985 (see Table 1). Outlay reductions grow from 11 percent in 1982 to 36 percent in 1985. They are smaller than changes in BA because of forward funding and carry-over provisions.

TABLE 1.—FUNDING FOR TITLE I: SBC MARK COMPARED TO 1981 BASELINE (PRERECISSION, INFLATED)

[Millions of dollars]

	Fiscal year—			
	1982	1983	1984	1985
1981 baseline:				
BA	3,828	4,138	4,464	4,808
Outlays	3,367	3,848	4,162	4,490
SBC mark:				
BA	2,886	2,886	2,886	2,886
Outlays	3,006	2,948	2,886	2,886
Percent reduction baseline to SBC mark:				
BA	25	30	35	40
Outlays	11	23	31	36

It is not possible to estimate the effect of these cuts on the number of children served, because SEAs and LEAs can respond to cuts by reducing either the number of children served or the average grant per child. It is very likely that both approaches will be used, but the balance between the two can not be predicted. To illustrate the magnitude of the cuts, however, Tables 2 and 3 show estimated effects of the cuts if LEAs and SEAs absorb half of the cut through reductions in children served and the other half through reductions in grants per child. In this case, the number of children served would drop by about 807,000 in 1982 (Table 2). The number of children dropped or excluded from the program would grow to 1.4 million by 1985. The average grant per student served would decrease $85 in 1982—a real reduction of 13.4 percent (Table 3). By 1985, grant per student served would drop by $180—a 22.5 percent real reduction.

TABLE 2.—STUDENTS SERVED BY TITLE I, IF HALF OF FUNDING CUTS ARE ABSORBED BY REDUCTIONS IN THE NUMBER OF STUDENTS SERVED

[Thousands of children]

	Fiscal year—			
	1982	1983	1984	1985
Children served	5,228	5,028	4,841	4,665
Reduction from 1981 baseline	793	993	1,180	1,356
Percent reduction	13.2	16.5	19.6	22.5

Note.—Includes SEA programs. 1981 baseline is prerecission 1981 funding (inflated), not 1981 actual child counts. These are estimates of the number of children served when each fiscal year's funding is spent out, not the number of children served in each fiscal year

TABLE 3.—GRANTS PER STUDENT SERVED, IF HALF OF FUNDING CUTS ARE ABSORBED BY REDUCTION IN THE NUMBER OF STUDENTS SERVED

[Current dollars]

	Fiscal year—			
	1982	1983	1984	1985
1981 baseline	636	687	741	799
SBC mark	552	574	596	619
Dollar reduction	84	113	145	180
Percent reduction	13.2	16.4	19.6	22.5

Note.—Includes SEA programs. 1981 baseline is prerecission 1981 funding (inflated), not 1981 actual child counts. These are estimates of the average grant per child when each fiscal year's funding is spent out, not the amount spent per child served in each fiscal year.

Mr. HOLLINGS. I would also, Mr. President, like to discuss a recent Congressional Budget Office report on compensatory education. A few minutes ago we talked about the investment we make in immunization. What about the investment we make in the minds, the capabilities, and the skills of our youth?

The CBO report concludes that numerous studies have shown that title I works. The fact of the matter is that recent major evaluations of title I have consistently shown that title I improves achievement in both reading and mathematics. Estimates of the size of the program's success vary, but together, the studies suggest that nationwide, title I students gain about 20 percent more in achievement in 1 year than would be expected in the absence of title I. In short, the program works. It is a good investment. The program should not be cut back.

Mr. President, a recent issue of Time magazine highlighted various persons impacted by the social security program. They told the story of one minority citizen from Lane, S.C. He had never received an education, had worked in the tobacco fields all his life as a farmer. He never paid anything in social security. Now he is a minimum beneficiary, trying to live with escalating health costs and everything else. Social security literally keeps him alive.

What is happening in that same Lane area in Williamsburg County is very, very dramatic. Title I for the disadvantaged is working to bring people out of poverty.

Politicians like to come to Lane, S.C. When George Romney was running for President, and he wanted to be identified with the concern for the poor and underprivileged, he jetted down to South Carolina. He could not come to Williamsburg County. They have never seen a jet airplane in that county. But he went to a neighboring airport in Florence, came in, rode over, had his picture taken, and after an hour, left and was supposedly identified with concerns about hunger.

I have also visited Lane. I do not mind being identified with the concern for the poor. But I also want to work for progress. And title I is progress.

If you stay in Lane a little bit longer than 1 hour, you begin to realize what Republican and Democrat, rich and poor, upper class, middle class, all agree on: The title I program is a magnificent investment for the disadvantaged. If we spend $1 now on remedial reading and math, we save more than $1 in future Federal costs. And with our enormous deficit problems we need to insure that the next generation of Americans are all productive, taxpaying citizens. Title I will help with this.

At this point, Mr. President, I ask unanimous consent that the summary of the study by the Congressional Budget Office on title I for the disadvantaged be printed in the RECORD.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

TITLE I, (CHAPTER I) COMPENSATORY EDUCATION: CURRENT ISSUES

This memorandum discusses the operation and effects of the Title I (Chapter I) compensatory education program. It addresses three general concerns:

How does the program operate?

How well does the program meet its goals, including providing financial assistance to areas with high concentrations of low-income children, providing special services to educationally disadvantaged students, and furthering the educational development of such children?

What are the possible effects of recently enacted and proposed changes in Title I, including budget cuts and Chapter 1 of the Education Consolidation and Improvement Act (ECIA) of 1981? Can state-funded compensatory education programs serve as a cushion against the effects of reductions in Title I?

The memo focuses on Part A of Title I, which funds programs operated by local education agencies (LEAs), though some information is also provided about Part B programs, which are operated by state education agencies (SEAs).

THE OPERATION OF TITLE I

Allocation of funds

Part A funds are allocated by a formula that includes a count of formula-eligible children and a "cost factor" reflecting state expenditures for education. Formula-eligible children include children in poverty, children whose families exceed the poverty threshold because of receipt of AFDC, and children in foster homes or institutions for the neglected or delinquent. The cost factor is the state average per-pupil expenditure, except that it is capped at 80 percent and 120 percent of the national average per-pupil expenditure.

In terms of total Title I expenditures and allocations per school-aged child, the formula favors the South over other regions. In terms of allocations per formula-eligible child, however, the Northeast fares best, while the South fares worst. These regional patterns reflect differences in poverty rates, AFDC payments, and per-pupil expenditures.

On average, Title I provides roughly 3 percent of total revenues for elementary and secondary education. This varies, however, from 1.4 percent in Nevada to 9.9 percent in Mississippi. In general, Southern states receive a higher proportion of revenues from Title I than do states in other regions.

Services provided

In 1980-81, Part A programs provided services to about 5.4 million students, while Part B programs served an additional 660,000. About 71 percent of Part A students are in grades 1 through 6, while an additional 24 percent are in grades 7 through 9.

About 74 to 81 percent of Title I funds are spent on instructional services, primarily in reading and mathematics. Nearly 80 percent of Title I students receive compensatory instruction in reading, and just under half receive compensatory instruction in math.

THE EFFECTIVENESS OF TITLE I

Providing financial assistance to LEAs and schools with high concentrations of low-income students

Title I has been successful in channeling aid to LEAs with the highest concentrations of low-income children. When LEAs are ranked in terms of the proportion of children in poverty and then broken into quartiles, Title I aid to LEAs in the highest quartile averages 5.5 times the aid provided to LEAs in the lowest quartile. In this respect, Title I is substantially more highly targeted than other federal education aid.

Within LEAs, Title I is moderately successful in targeting funds to schools with high concentrations of students in poverty. Schools with higher proportions of low-income students are more likely to receive Title I funds, particularly in urban areas. A sizable number of schools with relatively low proportions of children in poverty, however, receive Title I funds. These patterns result from the Title I allocation system, in that schools are ranked on poverty concentration relative to their own LEA, and from the fact that LEAs generally provide funds to all of their eligible schools.

It is likely that among recipient schools, the size of Title I grants is related to schools' poverty concentrations. Systematic data on this point, however, is lacking.

Funding special educational services for educationally disadvantaged children

Title I has generally been successful in targeting services at educationally disadvantaged students. Available data, which probably understate somewhat the extent to which Title I services are targeted, indicate that 85 percent of Title I students fall below the median on a standard achievement test when compared to national norms. About 54 percent of Title I students fall into the lowest quartile in achievement.

Title I has been quite successful in providing these students with services that are special in the sense of being above and beyond those normally provided in the absence of Title I. One study estimated that every dollar of Title I aid produces 72 cents of additional spending, compared to 41 cents for other federal education aid, and 13 cents for state aid. Title I students receive additional hours of instruction and a more expensive mix of services than do other students in the same schools.

Furthering the educational development of educationally disadvantaged students

Recent major evaluations of Title I have consistently shown that Title I improves achievement in both reading and mathematics. Estimates of the size of the program's effect vary somewhat, but together they suggest that nationwide, the average Title I student gains about 20 percent more in achievement in one year than would be expected in the absence of Title I. This additional growth raises Title I student's standing in percentile terms by about 3.3 percentiles.

Evidence concerning the persistence of the positive effects of Title I after services are terminated is mixed and inconclusive. One study found that students who "graduate" from Title I because of improved achievement maintain the improvement through the following year. Scattered reports from LEA's, however, indicate that when all Title I students are considered, the program's effects erode somewhat after students leave Title I. One systematic study of long-term effects that also considered all Title I students found no evidence that effects persist, but this study is technically problematic and might be considered inconclusive at this time.

Providing employment

Although providing employment is not an explicit goal of the Title I program, the program has served as a substantial source of jobs, because most of its funds are used to hire instructional staff. In 1979-80, Title I funded 170,000 full-time-equivalent positions—78,500 for teachers and 91,500 for teacher-aides.

POLICY ISSUES

Possible effects of ECIA

Chapter I of ECIA substantially altered Title I in several respects:

Requirements imposed on LEAs were simplified and, in some cases, loosened;

The oversight roles of the federal government and SEAs were reduced; and

Several very specific provisions in Title I that were intended to increase flexibility for LEAs were repealed.

The effects of these changes will not be known for some time, but two studies suggest possible LEA responses. These studies suggest that some LEAs might increase the number of schools they serve and lessen their targeting on the students most in need, probably by serving more students. The extent of these changes, however, is hard to predict.

Possible effects of enacted and proposed budget cuts

The 1982 Continuing Resolution represents a 26 percent reduction from 1980, after accounting for inflation. The Administration's proposed budget would reduce 1982 funding to a level 36 percent below 1980, and 1983 funding to a level 51 percent below 1980, after accounting for inflation. LEAs could respond to these cuts by reducing services per student, by reducing the number of students served, by increasing their own fiscal support of compensatory education, or by some combination of these. As an upper limit of the effects of the cuts, if LEA and state support was not increased and if per-student assistance was held constant, the proposed 1983 funding would cause the number of students served by LEA programs to drop from 5.4 million in 1980 to 2.7 million. If state and LEA support was not increased and if the number of students aided was held constant, per student aid would drop from $506 in 1980 to $248, in constant 1980 dollars. Because of forward funding and carry-over provisions, however, these effects could be spread over several years.

The extensiveness of comparable State-funded programs

State-funded compensatory education programs, unless expanded greatly, are unlikely to mitigate the effects of reductions in Title I substantially. Fewer than half of the states have such programs, and most of the states that are highly reliant on Title I have no state program. Moreover, the programs are small relative to Title I. In 1978-79, state programs provided 16 percent of the funds LEAs received from state and federal programs came from state programs; the remaining 84 percent came from Title I.

Mr. HOLLINGS. Mr. President, our distinguished colleague, CARL PERKINS, chairman of the House Education and Labor Committee have written a letter to the Senate imploring that we protect this program. This letter has the signatures—from both sides of the aisle—of over 180 Members of Congress. I have been here quite a while and I have never seen a letter come over with half the House Members' endorsing a program and stressing their concern. I ask unanimous consent that the letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESS ON THE UNITED STATES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C., May 10, 1982.

Sen. PETE V. DOMENICI,
Chairman, Senate Budget Committee,
Washington, D.C.

DEAR CHAIRMAN: We are gravely concerned about the erosion of funding for Title I of the Elementary and Secondary Education Act that has occurred during the past year. We are writing to enlist your support in stemming further cutbacks in one of our most worthwhile Federal programs, a program that has successfully provided remedial education services to millions of disadvantaged children.

A review of the budget events of last year demonstrates how Federal support for Title I has been chiseled away. The origianal FY 1981 appropriation for Title I was $3.5 billions. As a result of a rescission enacted early last year, the FY 1981 funding was cut back to $3.1 billions. Although the Omnibus Budget Reconciliation Act authorized $3.48 billions for Title I, the FY 1982 continuing resolution resulted in the program being further reduced to $2.88 billions.

The President has proposed a rescission of $412 millions in FY 1982, and an unacceptably low level of $1.9 billions for FY 1983. We strongly believe that the program has already suffered from the FY 1981 rescission and that the FY 1982 figure falls short of what is necessary to meet even the minimal needs of Title I schools. At current levels the program is reaching only 45% of the appproximately 11 million children who need help. To reduce it to the President's recommended level would result in approximately two million poor and low-achieving children losing services and thousands of schools being forced out of the program.

We cannot understand the rationale for severely cutting a program which, according to all recent evaluations, has been extremely effective in improving the basic skills of educationally-deprived children. Even the Administration has attested to the success of Title I, through the solid, verifiable research findings summarized in the Secretary of Education's 1981 annual evaluation report and in the testimony of the Secretary before our Committee.

If we are to continue the progress made under Title I, we feel the FY 1982 continuing resolution level must be increased. We urge you to reject any FY 1982 rescission requests and to hold fast to the $3.48 billion authorized level passed by the Congress in the Omnibus Budget Reconciliation Act of 1981.

For FY 1983 we believe that a baseline level of $3.48 billions would be a starting point for deliberations which would address inflation factors and the maintenance of adequate levels of service.

There is no question that decreasing Title I's Federal support at the baseline level of $3.48 billions will cripple the program to the point where it will be difficult to rebuild, even in better budget times.

We seek your assistance in our effort to save this valuable, proven program.

AUGUSTUS F. HAWKINS.
CARL D. PERKINS,
Chairman.

COSIGNERS OF THE CONGRESSMAN CARL D. PERKINS/CONGRESSMAN AUGUSTUS F. HAWKINS TITLE I "DEAR COLLEAGUE" LETTER

Hon. Tom Bevill, Hon. Beryl Anthony, Hon. Morris K. Udall, Hon. Robert T. Matsui, Hon. John L. Burton, Hon. Phillip Burton, Hon. George Miller, Hon. Ronald V. Dellums, Hon. Fortney (Pete) Stark, Hon. Don Edwards, Hon. Tom Lantos, Hon. Norman Mineta, Hon. Tony Coelho, Hon. Leon E. Panetta, Hon. Anthony C. Beilenson, Hon. Henry A. Waxman, Hon. Julian C. Dixon, Hon. George E. Danielson, Hon. Mervyn M. Dymally, Hon. Glenn M. Anderson, Hon. George E. Brown, Hon. Jerry M. Patterson, Hon. Edward Roybal, Hon. Patricia Schroeder, Hon. Timothy E. Wirth, Hon. Ray Kogovsek, Hon. Barbara Kennelly.

Hon. Sam Gejdenson, Hon. Lawrence J. DeNardis, Hon. Stewart McKinney, Hon. William R. Ratchford, Hon. Anthony T. Moffett, Hon. William Lehman, Hon. Claude Pepper, Hon. Dante B. Fascell, Hon. Wyche Fowler, Hon. Billy Lee Evans, Hon. Cecil (Cec) Hefner, Hon. Marty Russo, Hon. Harold Washington, Hon. Augustus F. Hawkins, Hon. Carl D. Perkins, Hon. Gus Savage, Hon. John G. Fary, Hon. Cardiss Collins, Hon. Sidney R. Yates, Hon. Frank Annunzio, Hon. Paul Simon, Hon. Floyd J. Fithian, Hon. David W. Evans, Hon. Lee H. Hamilton, Hon. Andrew Jacobs, Hon. Jim Leach, Hon. Tom Harkin, Hon. Berkley Bedell, Hon. Thomas Tauke, Hon. Carroll Hubbard, Jr.

Honorable Romano L. Mazzoli, Honorable Roy Dyson, Honorable Clarence D. Long, Honorable Barbara A. Mikulski, Honorable Steny Hoyer, Honorable Parren J. Mitchell, Honorable Michael D. Barnes, Honorable Barney Frank, Honorable Nicholas Mavroules, Honorable Edward J. Markey, Honorable Joe Moakley, Honorable Brian J. Donnelly, Honorable James M. Shannon, Honorable John Conyers, Jr., Honorable Vic Fazio, Honorable Carl D. Pursell, Honorable Howard Wolpe, Honorable Jim Dunn, Honorable Dale E. Kildee, Honorable Bob Traxler, Honorable Donald J. Albosta, Honorable David E. Bonior, Honorable George W. Crockett, Jr., Honorable Dennis M. Hertel, Honorable William D. Ford, Honorable John D. Dingell, Honorable William M. Brodhead, Honorable James J. Blanchard, Honorable Bruce F. Vento, Honorable Martin O. Sabo, Honorable James L. Oberstar, Honorable David R. Bowen, Honorable Wayne Dowdy.

Honorable William (Bill) Clay, Honorable Pat Williams, Honorable Jim Santini, Honorable Norman E. D'Amours, Honorable Frank J. Guarini, Honorable Christopher Smith, Honorable James J. Florio, Honorable William J. Hughes, Honorable James J. Howard, Honorable Robert A. Roe, Honorable Harold C. Hollenbeck, Honorable Peter W. Rodino, Honorable Joseph G. Minish, Honorable John LeBoutillier, Honorable Manuel Lujan, Jr., Honorable Donald Mitchell, Honorable Thomas J. Downey, Honorable Raymond J. McGrath, Honorable Joseph P. Addabo, Honorable Benjamin S. Rosenthal, Honorable Geraldine A. Ferraro, Honorable Mario Biaggi, Honorable James H. Scheuer, Honorable Shirley Chisholm, Honorable Stephen J. Solarz, Honorable Frederick W. Richmond, Honorable Leo C. Zeferetti, Honorable Charles E. Schumer, Honorable Charles B. Rangel, Honorable Ted Weiss, Honorable Robert Garcia, Honorable Jonathan B. Bingham, Honorable Peter A. Peyser.

Honorable Richard L. Ottinger, Honorable Frank Horton, Honorable John J. LaFalce, Honorable Henry J. Nowak, Honorable Stanley N. Lundine, Honorable Walter B. Jones, Honorable Ike Andrews, Honorable Stephen L. Neal, Honorable Charles Rose, Honorable W. G. (Bill) Hefner, Honorable Tony P. Hall, Honorable Bob Shamansky, Honorable John F. Seiberling, Honorable Mary Rose Oakar, Honorable Louis Stokes, Honorable Dennis E. Eckart, Honorable Ronald M. Mottl, Honorable Mike Synar, Honorable Ron Wyden, Honorable James Weaver, Honorable Les AuCoin, Honorable Allen E. Ertel, Honorable Doug Walgren, Honorable Marc L. Marks, Honorable Thomas M. Foglietta, Honorable William H. Gray III, Honorable Joseph Smith, Honorable Gus Yatron, Honorable Bob Edgar, Honorable Baltasar Corrada, Honorable Robert W. Kastenmeier, Honorable Clement J. Zablocki, Honorable Henry S. Reuss.

Honorable William J. Coyne, Honorable Joseph M. Gaydos, Honorable Austin J. Murphy, Honorable Fernand J. St Germain, Honorable Claudine Schneider, Honorable Butler Derrick, Honorable Floyd Spence, Honorable Ken Holland, Honorable Thomas A. Daschle, Honorable John J. Duncan, Honorable Albert Gore, Jr., Honorable William H. Boner, Honorable Harold E. Ford, Honorable E. de la Garza, Honorable Jim Mattox, Honorable William (Bill) Patman, Honorable Mickey Leland, Honorable Henry B. Gonzalez, Honorable Abraham Kazen, Jr., Honorable Martin Frost, Honorable Jack Brooks, Honorable James M. Jeffords, Honorable Joel Pritchard, Honorable Don Bonker, Honorable Mike Lowry, Honorable Robert H. Mollohan, Honorable Nick Joe Rahall, Honorable Fofo I. F. Sunia, Honorable Walter E. Fauntroy, Honorable Antonia Borja Won Pat, Honorable Ron de lugo.

Mr. HOLLINGS. Mr. President, our amendment also restores funds for Pell grants. I see the distinguished chairman of our Committee on Education, and we have no greater friend in education than the Senator from Vermont. Government is the art of the possible. I know he could not get all he wanted in this budget for education. Yes, you have taken care of guaranteed student loans but that does not take care of the Pell grant program or other education programs for the underprivileged. In my sense of values to take care of the middle class under the guaranteed student loan program and not take care of the poor and minority students who receive Pell grants is really an imbalance, an inequity and, in a sense, unconscionable.

I have, for example, many, many minority college students in my State, and many black colleges. Rightly, they are proud to be referred to as black colleges. Someone in the field of sociology wanted to eliminate the black colleges of America. That would be ridiculous. Our black colleges have a good record, and they are proud historically of their record. They have a sense of institutional pride and history. There were some six in the State of South Carolina.

I find that at these institutions, 90 percent of the students are either under some assistance or, more particularly, under Pell grants. Cut back the grant and these kids are on the street. Cut back the grant and we dishonor the future of America. Without college, there is no future for some of these kids. In South Carolina, they just closed another plant and 600 jobs were eliminated. The Williams Furniture plant has closed, and 12 percent unemployment is real. The opportunity is not there. The opportunity comes with a college degree, and the college degree will only come with continued Federal support.

We have billions upon billions of dollars in the defense area, and we are just literally throwing money at problems, with cost overruns that will far exceed any Pell grant or student loan program. We have already eliminated some 300,000 students in 1982 who received grants.

And a 3-year freeze necessitates one of two things: Either the average grant size is frozen or we cut off more low-income students. If the size of the grant award is allowed to grow, an additional 500,000 students will be forced out of the program by fiscal year 1985. This makes no sense.

Why should all these programs suffer reductions in their purchasing power of 20 percent over that 1983 to 1985 period?

We have an analysis from the Congressional Budget Office on Pell grant funding showing that a half million minority, poor, and disadvantaged students in America may not receive Federal assistance in the future. And you want to televise the Senate proceedings, and show the American people that we have taken care of the middle class in this budget but not the disadvantaged? Not if I have my way. We are not going to put 500,000 students out on the streets of America and say that we cannot afford the program. We cannot afford not to continue this program.

Mr. President, I ask unanimous consent to have printed in the RECORD the memorandum from the Congressional Budget Office on Pell grants.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 17, 1982.

Memorandum to: Ken Apfel, Senate Budget Committee.
From: Maureen McLaughlin.
Subject: Pell grant funding.

In response to your request, this memorandum compares baseline projections for Pell Grants with continuing the current level of funding. Baseline projections assume the fiscal year 1982 appropriation of $2.279 billion and adjusts for inflation in fiscal years 1983 through 1985. Current level of funding assumes a continuation of the nominal fiscal year 1982 appropriation through fiscal year 1985. As Table 1 indicates, the current funding level is 7.5 percent below in fiscal year 1985.

Estimating the effects on students of continuing current spending rather than adjusting funding for inflation is difficult because the program could be changed to reduce either the number of recipients, or the real average award, or both. For this reason, estimates are presented assuming first, that the average award is held constant in real terms and second, that the number of students is held constant.

If Pell Grant funding were adjusted for inflation, average awards for 2.558 million recipients would increase from $886 in fiscal year 1982 to $1,114 in fiscal year 1985 (see Table 1). Maintaining these average awards and continuing current funding levels would reduce the number of students receiving Pell Grants from 2.558 million in fiscal year 1982 to 2.034 million in fiscal year 1985. On the other hand, maintaining the same number of Pell Grant recipients would continue the current average award of $886, reducing the real value by 20.4 percent in fiscal year 1985.

I hope this information is useful. Please call if you need further information.

TABLE 1.—PELL GRANTS: COMPARISON OF BASELINE FUNDING WITH CONTINUATION OF CURRENT FUNDING LEVELS; FISCAL YEAR 1982–85

	Fiscal year			
	1982	1983	1984	1985
Baseline—adjusting current funding levels for inflation:				
Budget authority (in billions of dollars) [1]	2.279	2.464	2.657	2.862
Number of students (in millions) [2]	2.558	2.558	2.558	2.558
Average award (in dollars) [3]	886	958	1,034	1,114
Continuing current funding levels:				
Budget authority (in billions of dollars) [1]	2.279	2.279	2.279	2.279
Comparison to baseline (in percent)		−7.5	−14.2	−20.4
Number of students assuming baseline average award (in millions)	2.558	2.365	2.192	2.034
Average award assuming baseline number of students (in dollars)	886	886	886	886

[1] Includes $13 million in administrative costs.

[2] Assumes number of students continues and awards are adjusted for inflation.

[3] Assumes awards are reduced in order to meet fiscal year 1982 appropriation level.

Mr. HOLLINGS. The Budget Committee also freezes the program for the handicapped for the next 3 years at the 1982 level. There are 4 million students currently served by this program. Federal funds represents about $200 per student, less than 10 percent of the cost of educating the handicapped student.

Mr. President, you can do certain things in a budget document, but you do not change the fundamental policy of the Congress relative to providing an appropriate education for the handicapped. Federal law mandates that an appropriate education be provided to the handicapped.

Federal cutbacks are not in this case going to reduce the number of students served. Instead, the schools will be forced to serve the students and we at the Federal level are going to offload the financial burden and force the local school districts to increase their spending to make up for the Federal cutbacks.

The local schools are already financially strapped.

So, in essence, we have just transferred the financial responsibility, and the RECORD should so reflect.

I thank the distinguished Senator from New Jersey for his leadership. I tried in the Budget Committee to restore funds for these programs. We only lacked one vote. I only emphasize that because we did not come within one vote on any other amendment in committee.

I also want to mention that our amendment would help Head Start. The 3-year freeze, Mr. President, would necessitate a 20 percent real reduction in services, and it is likely that about 50,000 kids will be thrown out of Head Start by 1985.

That is not America in 1982. We cannot be doing that. We have problems, but we do not want to create further problems in the spirit of so-called balancing the budget, when we know we actually are creating a tremendous intellectual and opportunity deficit.

I also want to say a few words about vocational education.

We built up a solid technical education system in South Carolina in the early sixties. That was without a large Federal program. I don't know if it could be done again without Federal funds.

Why did we do it? To attract new industry.

We had a few expansions down into the Sun Belt because industry has customers down there, and we had the opportunity to share in some of those expansions. We had a labor force willing to learn the new skills necessary to compete. The United States needs to do what South Carolina did in the fifties and sixties so we can compete with Japan.

I visited Allied Chemical just the other day. It is an outstanding firm. We brought it there in 1960. I wish you could talk to Mr. Hennessey, the president of the board, and ask him what technical training meant. It meant the location of that particular industry because all the surveys showed that we had the skills. A good lesson for the eighties with our problems with Japan.

There is no greater investment that can be made in dollar return. These programs must be supported. Those who think they are doing something to bring about Government in the black are really putting Government in the red skill-wise and competition-wise, that is a bad investment decision.

I yield to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I think the Senator from South Carolina the ranking member of the Budget Committee, for his very strong support. At least I know now the secret of South Carolina—it is vocational education.

I concur with the Senator that many of the measures that South Carolina has managed to accomplish have been because of the manpower pool that it has developed with vocational education.

Mr. President, this amendment, I think, is a very clear amendment. Its thrust is that we have to recognize that we need all the people of this country in order to maximize our potential for economic growth and to retain our self-respect. There is no way that we are going to get the levels of economic growth that we could otherwise attain in the mid-1990's if we have a growing portion of our young population in poor areas of this country that are without adequate educational training.

Mr. President, title I was an attempt to balance out those inequities.

We need education for upper class, middle class, and poor families in this country. If you look at a school district that has an imcome level that is very low, that has a low tax base, that school district does not generate the kinds of revenues that a school district does that has wealthier residents or more prosperous businesses. That is a fact.

Title I of the Elementary and Secondary Education Act recognized that unequal tax bases created certain inequities in our system and recognized that the Federal Government had a responsibility to help correct the inequities because the economic forces of this country are national in nature and impact on regions differently. Title I says that the Federal Government should assist those school districts that have a disproportionate number of poor residents. Title I says let us give all the people of this country a chance to get an education, a chance to climb up that ladder of upward mobility, a chance to be a productive member of a growing economy.

If we say that any poor person in this country cannot get that education, in my view, we are not only losing a certain self-respect as a nation; we are also forgetting that by the mid-1990's we will have a labor shortage. If we do not develop all the potential manpower of our country, we will not reach the levels of economic growth we might otherwise attain.

Mr. President, that is the argument for title I and, to a lesser but nonetheless significant extent, for the Pell grants.

The argument for handicapped education, in my view, deals primarily with our self-respect as a nation. If we are to be inclusive, if we are to say to all our people that they should have a chance, then we must allow the handicapped person in this country to have access to education.

In 1975, when the handicapped education bill was passed, 70 percent of the handicapped children in this country were not in schools. Seventy percent. They were in homes or they never went to school or they were family responsibilities. Handicapped education has given them an opportunity.

Just one anecdote: A few weeks ago, in the House Education Subcommittee, a person named Ed Akersley testified. Ed Akersley is 14 years old and autistic. He was testifying on the contemplated reductions in this budget with respect to handicapped education.

In 1975, Ed Akersley was not in school. But because of handicapped education, his problem was diagnosed, he had a therapist, he worked hard, and there he was in the Education Subcommittee.

The chairman of that committee, Paul Simon, asked what he wanted to be.

He said, "Well, I would like to be an electrician."

Mr. Simon said, "No. What do you hope for?"

Ed Akersley said, "Well, I hope to have a family, live in a red brick house with a white picket fence, just like you, Mr. Chairman; just like you."

It seems to me that we deserve a Government that is sensitive to the Ed Akersleys of this world who believe they have a chance too, and that we have Federal programs that are sensitive to their needs. Our self-respect as a nation depends on it.

This amendment is minimal in its revenue impact. We are talking about $2.1 billion over a 3-year period; in 1983, $100 million. The chairman of the Finance Committee increased the revenue assumptions $6 billion with a wave of the hand.

Mr. President, this is an amendment about where we are going to go as a country, whether we are going to have economic growth, utilizing all the human resources of this country, and whether we are going to retain our self-respect, bringing into the educational process all those people in

America, whether they are poor or handicapped, or whether we are going to pursue a course that says it is politically expedient only to address this class or that class and forget about the rest.

Mr. President, I contend that the latter course is not only a recipe for stagnation in our economy but also for moral bankruptcy. I hope we might give a close look at this amendment and not dismiss it out of hand as just another amendment to increase spending in an irrelevant area of the budget. This area is not irrelevant and these programs mean something to human beings who hope for a better life in our country.

Mr. DODD. Mr. President, I support the Bradley-Hollings amendment to restore funding for discretionary programs in education. Title I compensatory education, Pell grants, Education for the Handicapped, Head Start, and vocational education have been among our most successful efforts for disadvantaged children.

Efforts on behalf of our children should be among our Nation's most compelling priorities. To diminish or destroy our commitment to them, is to default on our future.

In this country today, more children live below the poverty line than any other age group. The means at their disposal, that would help secure their future, lie largely in the educational tools with which we can supply them.

We have a long history of direct aid to the education of children and young people. We first established such programs in the Woodrow Wilson administration. Those early vocational grants recognized the need to educate young people for future jobs.

In succeeding decades, such practical steps toward building a stronger America have not been the exclusive domain of either political party. Grants to college students were first established in the Eisenhower administration. Pell grants and compensatory education programs were enacted in the 1960's with overwhelming bipartisan support.

Many of these programs were cut deeply last year. Title I, which provides special reading and math classes to millions of children, was reduced 20 percent in fiscal year 1982. In my home State of Connecticut, 7,000 children lost these services.

Education for the handicapped was reduced 35 percent. In Connecticut, each handicapped child received less help this year than they had the year before.

Vocational education suffered reductions equally devastating. Last year 20,000 Connecticut students lost access to vocational programs.

And 9,000 Connecticut students have been worried over the future of Pell grants. These young people would have lost their awards had we enacted the administration's proposed 42 percent cut in college expenses for disadvantaged students.

For young children, one of the most comprehensive and enriching programs has been Head Start. Ninety percent of the hundreds of thousands of children who have benefited from Head Start have been children from low income families.

We cannot reduce further the number of children who can participate in the educational opportunities these programs provide. These are programs of proven value and we must maintain our investment in them and in our children by allowing funding to keep pace with the cost of services.

We did not keep pace this year. We cannot lose further ground next year. Reducing funding for these programs is shortsighted and counterproductive. In the long run, such reductions will be expensive not only to the individuals who have suffered them but to the Nation as a whole. A society will succeed in proportion to the way it enhances the development of its children. We cannot continue to cut their development short.

Mr. SARBANES. Mr. President, will the Senator from New Jersey yield some time to me?

The PRESIDING OFFICER. Who yields time?

The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, we believe that $2.1 billion is not minimal, as the distinguished Senator from New Jersey has just stated. Indeed, $2.1 billion is worthy of a good deal of consideration.

In the modified budget resolution that this side has presented to the Senate, we have increased budget authority in function 500 by $1 billion in fiscal 1983, $1.5 billion in fiscal 1984, and $2 billion in fiscal 1985. Over the entire appropriated program, we have increased the funding levels even further. So the appropriate subcommittees of the Appropriations Committee will have these moneys that they can spend and that they can allot in the manner they find fitting for education programs.

I know that my friend from New Jersey made reference to the Senator from Vermont, who has been most concerned about the college programs; and they, too, have been kept at a sound level, at a level of $1.6 billion over what the President has requested.

The Pell grants, about which the Senator from New Jersey spoke, will be at the level of $2.3 billion for the fiscal year 1983 and thereafter. This is $500 million above the level that was asked for by the President.

So it is hoped that curbing the growth of Federal expenditures, inflation, as has already been reflected in our economy, will continue to moderate, and that these funds will be adequate for the years to come.

The GSL program—the guaranteed student loan program—is, of course, an entitlement program, and we have not assumed reductions in that program nor instructed the authorizing committee to change the law. As we estimate the costs in 1983, 1984, and 1985, expenditures for this program will increase.

The college work-study program, which is important to many colleges in my State and in the State of the distinguished Senator from New Jersey, has also been kept at level funding, as has the national direct students loan program and the State student incentive grants and supplementary education opportunity grants.

So, overall, the student aid programs about which the Senator from Vermont is concerned and about which I am concerned, and which private education absolutely needs for the purpose of continuing as a viable group of institutions, are kept at levels that are above the President's requests. They are not reduced in these 3 years but are kept at constant levels of funding. Indeed, the GSL, being an entitlement program, grows as more people use that program and the Federal Government subsidizes their loans.

Constant funding of education programs does not necessarily mean that children are going to be denied their ability to receive an adequate education.

I am not certain I agree with the distinguished Senator from New Jersey when he says that people can no longer educate themselves, as did Abraham Lincoln, but require a certain form of building and a certain form of help for their economic situation. I do not disagree that factors do have an impact, but I think that those who desire an education can still obtain it despite adverse circumstances.

The freeze on funding, and that is precisely what it is, with the exception of the GSL program, will not work to the disadvantage of students. It is our hope that we will effectively eliminate the scourge of inflation that we find in our economy. Education programs are generally forward funded which means that the moneys appropriated this year will really be spent next year, giving our educators a year to plan the most effective and efficient use of money. As a practical matter we do not provide much money for elementary and secondary education. Little of the moneys spent in the States comes from the Federal Government. In our State 6 or 7 percent of the total money spent is from the Federal Government. Consequently, level funding will have a limited adverse effect on education in my State.

Particularly because our educators will plan how best to make adjustments necessary to conform to the funding levels assumed in this budget resolution.

The amendment that the Senator from New Jersey suggests would increase outlays $100 million in 1983.

I know that some people feel that is a minimal amount. When seen in the scope of the entire budget, perhaps it should be considered a minimal amount. And even when it is spread among all the relevant program participants, and there are approximately 30 million of them, it results in increased funding of $3.30 a student. It is hard to imagine exactly how this amount of money will improve levels of education and precisely how this $3.30 will improve education, which is the end result that both the Senator from New Jersey and I wish to achieve in our Nation's school systems.

We will help people who seek to educate their children more by constraining the growth of Federal spending, lowering interest rates, and bringing about a decline of inflation so that the economy improves. This will help all students, teachers, and administrators. That is the goal of this budget and despite the fact that these are worthy programs, programs on which we would all like to spend money because money spent on education is truly an investment in the future. Even this one, Mr. President, has to be affected by the times. Even spending for this function of the budget must be constrained.

We have added, as I said at the beginning of my remarks, $1 billion in fiscal 1983 to this function, $1½ billion in 1984, $2 billion in 1985, and it may be that the Appropriations Committee will decide to add more money and spend it exactly in the way that the distinguished Senator from New Jersey suggests.

But I will oppose this amendment and I will ask others of my colleagues to oppose it as well.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BRADLEY. Mr. President, I will yield to the Senator from Maryland for his statement on this issue but shall respond briefly to the Senator from Minnesota.

I think all of us here want to get interest rates down. That is really not the issue of this amendment.

The Senator from Minnesota argued how is $3 a student spent across the country going to improve education? One might argue conversely how is $100 million added to a $740 billion budget going to keep interest rates high?

The point is this program and this amendment is not an interest rate amendment. This is a human being amendment. It is not an either/or situation. It is a real live environment when you are working in an urban school. The question is, if this program is cut instead of having 33 students in the classroom with 10 getting special instruction, remedial education, you will have 45 to 50 in a classroom. Forty-five to 50, with 5 and 10 grouped behind the other students and they will only go through the high school once. And they will not have adequate training. They will be disadvantaged because of the economic circumstances of their community.

Meanwhile we are whistling here hoping that interest rates go down.

So, Mr. President, I yield to the Senator from Maryland but I hope my colleagues will have a chance to focus on what this really is. We all want interest rates to go down. The Senator from South Carolina has 15 to 20 ideas to get interest rates down that are a lot better than $100 million.

The question is, What are you going to do about the students in the schools of this country who are poor and who want an education and cannot get it because there are no funds in the school? Are we writing them off or are they a part of this society?

Mr. President, I ask unanimous consent that the Senator from Connecticut, Senator DODD, the Senator from Maryland, Senator SARBANES, the Senator from Delaware, Senator BIDEN, and the Senator from Montana, Senator MELCHER, be listed as cosponsors of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. I yield to the Senator from Maryland.

Mr. SARBANES. Mr. President, I rise in very strong support of this amendment to restore funds for priority education program.

This amendment goes to the very heart of what we should be concerned about as a nation, the education of our citizens.

The development of the talents and the abilities of the next generation is a basic purpose of any society, developed or developing.

I know of no society that is serious about its future that does not place the development of the talents and the abilities of its people and particularly of its next generation at the top of its priority list. It is fundamental to any society that hopes to be educated and civilized.

The programs that this amendment would strengthen—Head Start, title I, education for the handicapped, vocational education, and the Pell grants for college students—these programs have been instrumental in helping to develop equity, opportunity, and excellence in our educational system.

They represent a wise and prudent investment in the human resources of our Nation and hence a strengthening of our society.

Not only have these programs worked in human terms but they have also worked in cost-benefit terms.

Both Head Start and title I studies have shown that children participating in these programs advance at a much faster rate in basic educational skills than students not participating.

One study concluded that Head Start's benefits outweigh its costs by 235 percent, based on projected lifetime earnings for Head Start children above what they otherwise would have been, and based on the savings of the special educational costs which would have been associated with those children had they not been in the Head Start program.

While President Reagan designated Head Start as part of his so-called safety net, it still only serves 20 percent of the eligible children, and the additional cutbacks will bring that figure down even lower.

The title I program is another prime example of a highly beneficial cost-effective program. Several studies have concluded that title I is effective in improving the reading achievement of students in the first, second, and third grades, and is effective in improving the math performance of students in all elementary grades.

Students in the first grade made an average gain of 12 months in reading and 11 months in math in the 7-month period between fall and spring testing. Graduates from the title I program continue to perform at markedly higher levels than would be expected had they not received the benefits of that program.

Last year President Reagan proposed severe cuts in title I, and again this year is calling for even further deep cuts.

The proposal before us from the Senate Budget Committee freezes the funds for title I for the next 3 years. It is estimated that this freeze will result in approximately a 30-percent reduction in services to title I students.

Currently approximately 5.5 million children in the Nation, representing 45 percent of those eligible, are participating in the program.

The proposal before us would by 1985 force 1 million children out of the program, out of a program that has proven itself on the basis of every study which has been made.

The vocational education program should not be curtailed at a time when unemployment is increasing, and youth unemployment has reached an extremely high rate.

We have the responsibility as a society to make sure that we have a well-trained employment force for our Nation. In this regard it is interesting to note that there has been an increasing demand from students to participate in the vocational education programs.

In the decade of the seventies enrollments increased over 80 percent, and currently almost half of all students in grades 10 through 12 are enrolled in occupational programs.

We must obviously continue to place a high priority on developing a workforce to meet the technological and complex employment needs of our country. How else can we meet the economic challenges that lie ahead of us as a Nation? How else can we insure that our people will be able to participate in our economic life?

It is also counterproductive to curtail the funds for the Education for All Handicapped Children Act. This program enables us to improve the performance of handicapped children thereby preventing many of them from being institutionalized with the attendent high human and financial costs.

Maryland's education system currently serves 95,000 handicapped children. With the President's budget proposals from last year, and the reductions proposed this year, the Maryland Department of Education estimates the State will reduce services to over 8,000 handicapped school children, 5,000 preschool children, and over 2,000 severely handicapped students in residential facilities.

These are all students who are being moved along the path of achieving the maximum in their own development at a benefit to them and a benefit to the society that will now lose this opportunity.

Finally, the Pell grants are extremely important for many students from low-income families who hope to achieve a college education. Those grants are part of a coordinated program that has been put into place to try to make it possible for our young people to achieve higher education.

The Pell grants, the guaranteed student loan program, the work-study program, all of the programs of aid to higher education which have been put into place in recent years enable the Nation to say to any family that their children will be able to get the college education to which their talents and abilities will take them, regardless of the family's own economic circumstances or difficulties. The reductions in these programs are drawing back on that promise; are knocking down the ladders of opportunity that are so extemely important to what this Nation means and what this society represents.

The cutbacks in the education programs last year and the proposed cutbacks in the administration's submitted budget this year have so concerned educators and parents in my State that a number of groups, which have previously not joined together in a common effort, have now formed the Maryland Committee on Federal Funding for Education.

This committee encompasses the Maryland Association of Boards of Education, the Maryland Congress of Parents and Teachers, the Maryland State Teachers Association, the Maryland State Department of Education, the Public Schools Superintendents Association, and the Maryland State Board of Education. These groups have joined together in a concerted effort to analyze how local and State school systems will be affected by the proposed cutbacks, and to discuss their impact on our educational system with parents, teachers, students, and other concerned citizens across our State.

The conclusion of the discussions has been that these reductions will do irreparable harm to our educational system.

It was Thomas Jefferson, who wanted above all else to be remembered as the founder of the University of Virginia, who warned us that a nation which hopes to be ignorant and free, hopes for what never was and never will be. Such was the premium which Jefferson placed upon education.

Mr. President, I submit that the programs contained in this amendment are important in moving this Nation further toward the goal that all of our citizens will be educated to the full extent of their talents and abilities. It means not only a better, more productive life for each individual, but it means a better and more productive society, one that can come closer to realizing its potential. A society that places a premium on fairness and opportunity must strive to achieve opportunity and excellence in education.

We ought not to be turning our backs on a national commitment which has been at the very heart of the meaning of American society since the founding of the Republic.

I urge my colleagues to support the pending amendment and thereby reaffirm that education will continue to be one of our Nation's highest priorities.

I thank the Senator from New Jersey.

The PRESIDING OFFICER. Who yields time?

Mr. BRADLEY. Mr. President, at this time there are one or two other people I am told who want to speak in behalf of the amendment but they are presently not here. What is the intention of the chairman of the Budget Committee?

Mr. MELCHER. Mr. President, will the Senator yield 2 minutes to me?

Mr. BRADLEY. I would be pleased to yield to Senator MELCHER what time he needs in support of the amendment.

Mr. MELCHER. I thank my colleague from New Jersey. I want to commend the Senator from Maryland who just preceded me for a very, very fine statement. My colleague from Maryland has very eloquently made the case for the amendment.

I want to echo and reiterate what should be a profound commitment of this Senate this Congress and this country to continue to place the highest priority on the educational opportunities for our children.

What we are doing in this amendment is little enough. It is not going to do as much as we should be doing for education, but to do less would be a tremendous disservice to all the people of this country, not just for the coming generation but all of us who have the responsibility to make sure that our children do have the opportunity for quality education, and to have the opportunity whether they are handicapped or in any was disadvantaged.

This amendment seeks in a small way to do justice to our youth, and I want to thank the Senator from New Jersey for allowing me to be a cosponsor, and I want to compliment him on drafting a very fine and meritorious amendment.

Mr. BRADLEY. Mr. President, I thank the Senator from Montana.

I would like to add, and I ask unanimous consent to add, the Senator from Kentucky (Mr. FORD) as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. What is the pleasure and intention of the Senator from New Mexico?

Mr. DOMENICI. Mr. President, I want to speak for a few minutes. It was my understanding, if the minority agrees, that the leader has promised that we will vote no sooner than 9. I hope we will vote shortly after 9 and then go on to the next amendment. Unless a Republican has an amendment, and I am unaware of it now, it will be Senator MELCHER's that we will take up next. But we will have a rollcall vote on Senator BRADLEY's amendment sometime shortly after 9. Does the Senator from New Jersey have others that wish to speak on his side?

Mr. BRADLEY. I think we could very well get to a vote by 9 o'clock, depending on how long the Senator from New Mexico takes.

Mr. DOMENICI. I have not spoken yet. But I will yield myself 5 minutes, to begin with.

Mr. President, I think the Senator from New Jersey knows that I hold him in high respect and esteem. I really wish that our country was not broke so we could all support his amendment.

There are some people who are going to say: "How could you not support this?"

One of my good friends in the Senate was talking about voting against a very, very attractive amendment affecting 34,000 people in his State. Another Senator who has about 5,000 or 6,000 people in his State who will also not get a raise in their Federal pensions, heard him and said: "How can we vote to keep pensions steady and not raise it with so many affected people in our home States?" He had a very simple answer. He said, "When my opponents run an ad saying that I do not care about pensioners, I am going to run one back that says: "How could the Federal Government pay you more when it is broke?"

That is the plain and simple truth. We are not kidding anyone. This budget is going to have a deficit of $115 billion. And I guess if we were not already putting significant new money in this function, I would probably say, "Broke or not broke, let's pay for some of these things."

For the last 30 or 40 minutes we have been talking about four or five Federal education programs. I have heard claims about how many thousands are not going to get services and what a big reduction we have made.

The total new outlays in this Bradley amendment for the 1983 fiscal year are $100 million. It seems to me that as we have been discussing elementary and secondary education—for which our country spends a total of $75 billion—that some people may have been persuaded to think that if this amendment does not pass, we may not have any schools or classrooms left in this country at all.

For those who are wondering whether or not we are trying to do right by this function, let me give you a couple more facts.

When the President sent his budget up on title I for fiscal year 1983 he asked for $1.9 billion. We have already added $1 billion back. We assume $2.9 billion in this budget resolution.

Now, in fiscal year 1982 we spent $3 billion. So I am willing to acknowledge, if everything went exactly as we have assumed, there would be a $100 million cut in a $3 billion program from 1982 to 1983. That reflects nothing more than our assumptions about how money will be spent. Since that is what we are discussing, I want to make sure that no one thinks we are devastating these programs.

Education for the handicapped was funded in 1982 at $1.1 billion. We have $1 billion in here. The President asked for $800 million in budget authority. We put $1 billion in—an increase of $200 million.

The **PRESIDING OFFICER** (Mrs. KASSEBAUM.) The Senator's 5 minutes have expired.

Mr. **DOMENICI**. I yield myself 5 additional minutes.

Mr. **STEVENS**. Madam President, will the Senator yield to me for just a moment?

Mr. **DOMENICI**. Yes; I am pleased to yield to the acting majority leader.

Mr. **STEVENS**. Madam President, I ask unanimous consent that the vote on the pending amendment commence at 9:15 p.m. and, if time is no longer required on the debate of this amendment prior to that time, that it be in order to lay down another amendment but that the vote on this amendment commence at 9:15 p.m.

The **PRESIDING OFFICER**. Is there objection? Hearing no objection, it is so ordered.

Mr. **DOMENICI**. Madam President, I just want to go through a few more comparative examples.

Vocational education, the President requested $500 million in budget authority. We have $700 million in the resolution. Another increase of $200 million. Guaranteed student loans, the President requested budget authority of $3.5 billion and outlays of $3.4 billion. We are at $3.9 billion and $3.7 billion. Pell, the President was at $1.4 billion and we are at $2.3 billion.

Now, I am willing to go back and compare the actual expenditures for these programs. Suffice it to say that in almost every case we are at or above the 1982 level of funding.

Now, that does not mean that one could not go back to 1979 and 1980 and say maybe we went down from those times. But I think it ought to be made clear that we are very close to level funding in 1983 versus 1982 and, in most cases, higher.

I remember that right after the President's 1983 budget was released, my State's educators came to see me. From them I first got the idea that if we could level fund programs it would be all right, considering how severe the deficit is. And we have done that.

I yield myself an additional 5 minutes, Madam President.

Madam President, I ask unanimous consent that the table for function 500, education, training, employment, and social services be printed in the RECORD. It has the comparisons that I have spoken of and others.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES—PROGRAM ELEMENTS

[In billions of dollars]

Major program	Fiscal year 1982 SBC mark outlays	Fiscal year 1983					
		SBC mark		Baseline		President's requests	
		Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays[1]
Compensatory education (includes title I of ESEA)	3.0	2.9	2.9	3.1	2.9	1.9	2.9
Education for the handicapped	1.1	1.0	1.1	1.1	1.1	.8	1.1
Vocational education	1.0	.7	.7	.8	.8	.5	.8
Education impact aid	.6	.5	.5	.5	.6	.3	.4
Other elementary, secondary education	1.0	1.0	1.2	1.1	1.0	.9	.4
Guaranteed student loans	3.0	3.9	[2] 3.7	3.9	3.7	3.5	8.4
Other student assistance	4.2	4.0	4.1	4.3	4.1		3.7
CETA title VI and II-D, public service employment	.1						
Other CETA	4.2	3.0	3.3	4.0	4.0	2.4	2.2
The employment service	.8	.8	.8	.8	.8	.7	.7
WIN	.3	.2	.2	.3	.3	0	
Social services block grant (title XX)	2.9	2.4	2.4	2.4	2.4	2.0	2.0
Community services block grant	.3	.3	.4	.4	.4	.1	.1
Other social services (includes vocational rehabilitation and headstart)	3.3	3.6	3.5	3.6	3.6	2.8	2.9

[1] As reestimated by CBO.

[2] Additional savings of $568,000,000 in fiscal year 1983 BA and $420,000,000 in fiscal year 1983 outlays are assumed due to lower interest rates.

Mr. **DOMENICI**. Madam President, there are those who wonder, even though we are broke: Have we been doing justice to these areas or have we just decided that we are not going to take care of our handicapped? Do we not care about vocational education? Do we not care about student loans? So I asked the staff just to give us a few percentage increases so that we could measure what we have done for these programs from 1976 to 1982. Let me give you a couple.

Pell grants, an increase of 900 percent; guaranteed student loans, an increase of 2,200 percent; education for the handicapped, an increase of 4,500 percent; title I, an increase of 36 percent; vocational education, an increase of 43 percent.

Mr. **SARBANES**. Will the chairman yield for a question?

Mr. **DOMENICI**. Let me finish and I will yield the floor.

Mr. **SARBANES**. What is the base for this presentation?

Mr. **DOMENICI**. 1976 through 1982, outlays.

Mr. SARBANES. Is it the chairman's intention to compare 1979 and 1980 with 1982 as well?

Mr. DOMENICI. No, you did that. You did not compare 1982 to 1983. I think you compared 1979 and 1980 to 1983.

Mr. SARBANES. You take a base year with a program just starting and compare it with a year when it has been put into action, at least to cover some of the people, and then give us the high percentages, is that right?

Mr. DOMENICI. That may be the case for the education for the handicapped, but not for other programs. I simply requested a 1976-82 comparison for all programs.

I would also say that when the Senator spoke about 30 and 40 percent reductions, he was not speaking of 1982 versus 1983 in outlays, because the programs are level funded. He was speaking about 1979, when they were at their highest point.

Mr. SARBANES. The point I was trying to make was that level funding over the years represents a program cut. Does the chairman disagree with that point?

Mr. DOMENICI. No, I am totally in agreement that if inflation continues level funding will not add to the program. It may not do as much as it did in previous years. I am saying that level funding is not 30 percent fewer students in handicapped, vocational education, Pell grants, or student loans.

It may be some slight reductions in some places, but not 30 percent across the board.

So we have comparative differences.

Mr. SARBANES. No, it depends on the level of inflation that you are assuming, if you maintain level funding over a 3-year period.

Mr. DOMENICI. That is right.

Mr. SARBANES. That is what you are doing in the title I program.

Mr. DOMENICI. I also would call to the attention of the Senate that these programs are not reconciled, that these outyear figures are targets, where a great deal of it is subject to the appropriations process each year. I, for one, hope that we will be doing much better in 2 or 3 years than we are now as a nation. I choose to compare our modified budget to that which the President submitted about 2½ or 3 months ago, and as best I can compare our modified budget with what happened in 1982. Those are the basic things that I am discussing, and I believe they are as accurate as possible. I just do not think that it is a fair assessment to be saying here that education is going to all of a sudden be destroyed.

Mr. BRADLEY. Will the chairman yield for a question?

Mr. DOMENICI. I will add one more thing.

In summary, the budget resolution is nearly $4 billion above the President's request for exactly the kind of students and children that the Senator has been talking about. That is the best I can do for our Nation's schoolchildren, $4 billion more than the President's. It is $1.7 billion above the President's for elementary and secondary education; $1.6 billion above the President for student aid programs for the neediest college students, such as the Pell grants and the campus-based programs.

I am not saying anything more than that. One can immediately say, "Well, so what, the President was inadequate." But I am telling you that is what it is versus the President's budget, and it has been submitted by the majority party that works with and represents and attempts to help the President in these matters. This is how much more we put in than he did.

I yield the floor.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY, May I follow up with a question to the chairman of the committee?

I heard him say that maybe there would be more in the future. Is this opening the door with respect to increases in this function or at least higher appropriations, and would he fight for that?

Mr. DOMENICI. I am a man of great hope. As the Senator knows, I have a lot of students in my own household. I think I happen to have more children in college than any Member here. I have them in batches, three at a time. It has been that way for a while and it will be that way for a while longer. In fact, my last born are twins and they will both hit college at the same time. I will have four in college then.

I cannot promise where our economy will be next year. I just say that when we have as bad a budgetary situation as we do now, $115 billion deficit projected for 1983, it seems to me that to level fund education, when we are cutting elsewhere, is just not all that bad. Beyond that, I am not prepared to say that I would not vote for it to be better. I am not prepared to say that I hope in 1985 we will not do better, because I do. But I cannot commit that. I am expressing my hope and that is all I can do.

Mr. SARBANES. Will the Senator yield?

Mr. BRADLEY. I yield.

Mr. SARBANES. I would like to say to the chairman of the committee that I respect the effort he has tried to make. It seems to me that one of the difficulties with the reference to being broke, is that a large part of the revenue base has been eliminated. I think anyone examining carefully the tax cut would say some aspects of it ought to take a lesser priority than some of these educational programs designed to build our strength for the future.

Certain parts of the tax cut I think we needed in order to move the country forward in economic terms. But what we clearly have to recognize here, when it is constantly asserted that there is too large a gap to address these needs, is that one cause of the gap is what has been done on the revenue side.

I am interested to know whether the chairman would assert that all aspects of the tax cut in terms of who benefited from it take a higher priority than a number of the educational programs encompassed in this amendment.

Does the chairman assert that all aspects of the tax cuts constitute higher priority items than what is contained in this amendment with respect to education?

Mr. DOMENICI. Mr. President, I would not dare admit that all items in the U.S. Tax Code are of the highest priority to this Senator or of highest priority versus any other items that the Senator might mention. I would not even admit that every item in the so-called tax reform package passed last year are of the highest priority.

Let me tell you, that bill passed 89 to 11. I do not know how the Senator voted. I know how my good friend from South Carolina voted. He voted against it; 89 Senators voted for it.

Madam President, I am positive that we are going to have a chance in this body—at least from what I can tell, Senators are going to have a chance tomorrow—to vote for higher taxes. So we are going to get an answer to whether this institution wants to vote for higher taxes than the $106 billion in new revenue that is in this budget. We are going to get a chance to do that.

Then we are going to have a tax bill sometime here from the Committee on Finance. We are going to get a chance to see if they want to vote for the $106 billion or more.

That is the issue, Madam President. There is going to be a package and the Senators can express their will and they can offer amendments. But basically, I do not think there is a majority in this body that thinks we ought to raise taxes substantially more than proposed in this budget resolution.

Mr. BRADLEY. Will the Senator yield on that point?

Mr. DOMENICI. Yes.

Mr. BRADLEY. Madam President, this afternoon, we had the distinguished chairman of the Committee on Finance raise the revenue estimates $7 billion.

Mr. DOMENICI. $6 billion.

Mr. BRADLEY. $6 billion. This is $100 million we are talking about here. So all this talk about raising taxes and this amendment will force us to raise taxes—

Mr. DOMENICI. No, Madam President, I say to the Senator, I did not say that. The Senator from Maryland said that, not this Senator.

Mr. SARBANES. What I asked the Senator, Madam President, because he kept talking about going broke in terms of not meeting educational needs, was whether he regarded all aspects of the tax cut as having a higher priority than these educational programs. That is the only question I asked him. I take it from his answer that he does not regard them as all having a higher priority.

Mr. DOMENICI. Let me say to the Senator that my recollection is that from the appropriated accounts alone—maybe the Senator from South Carolina could help me. How many requests did we have——

Mr. HOLLINGS. $18 billion.

Mr. DOMENICI. The appropriation subcommittees sent a letter stating they needed $18 billion more than is in the President's budget. So I think we can get Senators here who would have that broken up in little pieces. So that when we ask "Would we be willing to raise taxes to pay for that hundred million dollars?" we could find Senators who would be willing to do almost anything for that money.

Mr. HOLLINGS. If the Senator will yield, would he mind calling my tax increase proposal a revenue enhancement? Better yet, when I keep the revenue from being lost, would he say "putting a tourniquet on the revenue hemorrhage, not raising taxes"? Would the Senator do that for me?

Mr. DOMENICI. Madam President, wherever the Senator from New Mexico has referred to tax increases, could we strike it from the record and refer to them as revenue enhancers?

Mr. DOLE. Would the Senator yield?

Mr. DOMENICI. I am pleased to yield.

Mr. DOLE. They are, in effect, loophole closings.

Mr. DOMENICI. We shall refer to them both ways. We shall put "enhancer" first, then in parentheses, "loophole closings," and switch each time.

Mr. HOLLINGS. The Senator would not want to call them Kemp-Roth loopholes?

Mr. DOLE. If the Senator will yield, it is Roth-Kemp. In this body, we put Roth ahead.

Mr. HOLLINGS. My understanding is that the Senator would prefer to have it known as Kemp-Roth.

Mr. DOLE. No, Madam President, if the Senator wants anything preserved, he wants it to be his part.

Mr. BRADLEY. Madam President, the chairman of the Committee on the Budget said that he thinks that maintaining level funding for these programs was a pretty good job. He then pointed out that for guaranteed student loans, funding was maintained for the current level of program instead of the no-inflation level provided for title I, Pell grants and the other programs for which we seek to increase funding. My question is, if funding at the current policy level was provided for guaranteed student loans, which I strongly support, but which benefit middle to upper income at an additional cost of $100 million in fiscal year 1983, why could he not add the other $100 million so we would have current policy funding for these education programs that primarily benefit low-income families?

The question here is how much money do we need to do the job we are now doing in programs of demonstrated effectiveness? No one disputes the effectiveness of title I. No one disputes the effectiveness of handicapped education or vocational education. With this cut of $100 million from current levels, the choice is going to be simple. If you are a school, you either cut the services, which means you cut out the teacher to teach the autistic child, which I described earlier——

The PRESIDING OFFICER. Will the Senator from New Jersey suspend? The hour of 9:15 having arrived, the question is on agreeing to the amendment.

Mr. BRADLEY. Madam President, I ask for the yeas and nays and ask unanimous consent that I may finish my statement.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Jersey?

Mr. DOMENICI. How long is the rest of his statement?

Five minutes, I ask the Senator?

Mr. BRADLEY. Surely.

Mr DOMENICI. So long as the Senator from New Mexico has 5 minutes also, Madam President. Up to 5 minutes.

The PRESIDING OFFICER. Is there objection? Hearing no objection, it is so ordered.

Mr. BRADLEY. The Senator from New Mexico is looking at me with a wary eye.

The choice is when you cut out $100 million in these programs that primarily benefit low-income students in school districts that are poor, you either reduce the services—you cut out the teacher for autistic students, you eliminate the special teacher for remedial reading—or you cut out the people that are served. That is the only choice, one or the other.

As I said earlier, Madam President, I think we are going to have to recognize that we need all the people in this country, not just the middle class or the upper class. We need the contributions of all the people to maximize our potential for economic growth and to retain our self-respect. To cut out $100 million for programs that benefit the handicapped, for programs that benefit students in school districts that happen to have poor families in them is shortsighted and, in my view it does not play to the best traditions of this body. I urge my colleagues to support this amendment.

Madam President, I am prepared to vote if the Senator from New Mexico is.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I apologize to the Senator from New Jersey. I did not hear the Senator.

Mr. BRADLEY. I suggested we vote, unless the Senator would like me to give my speech again.

Mr. DOMENICI. No, Madam President, I shall not take very long.

Madam President, when the modified resolution was presented earlier today, we distributed to each Senator's desk copies of three summary tables showing the key numbers in the modified resolution and the changes from the version originally reported.

I ask unanimous consent that these tables be printed in the CONGRESSIONAL RECORD at the appropriate place.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1983—SUMMARY OF COMMITTEE MODIFICATION

[In billions of dollars]

	Fiscal year—			
	1982	1983	1984	1985
Revenues:				
Committee recommendation	623.0	667.0	739.0	822.0
Change		+1.2	+2.0	+3.0
Committee modification	623.0	668.2	741.0	825.0
Budget authority:				
Committee recommendation	777.6	831.7	892.3	966.0
Change		+3.6	+4.7	+6.8
Committee modification	777.6	835.3	897.0	972.8
Outlays:				
Committee recommendation	740.7	779.1	825.0	878.5
Change		+4.5	+7.3	+10.9
Committee modification	740.7	783.6	832.3	889.4
Social security solvency:				
Committee recommendation		−6.0	−17.0	−17.0
Change		+6.0	+17.0	+17.0
Committee modification		0	0	0
Deficit:				
Committee recommendation	−117.7	−106.1	−69.0	−39.5
Change		+9.3	+22.3	+24.9
Committee modification	−117.7	−115.4	−91.3	−64.4
Public debt:				
Committee recommendation	1,144.2	1,290.0	1,414.6	1,522.9
Change		+2.1	+5.4	+10.3
Committee modification	1,144.2	1,292.1	1,420.0	1,533.2

Note.—Corrected copy as of May 19, 1982.

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1983—SUMMARY OF PROPOSED CHANGES IN COMMITTEE MODIFICATION

[In billions of dollars]

	Fiscal year—			
	1982	1983	1984	1985
Deficit as reported by Senate Budget Committee on May 10	117.7	106.1	69.0	39.5
Removal of social security solvency estimates pending action later this year		+6.0	+17.0	+17.0
Additional increase in revenues		−1.2	−2.0	−3.0
Reduction in medicare savings		+1.2	+2.0	+3.0
Medicaid offset related to change in medicare savings		−0.1	−0.2	−0.3

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1983—SUMMARY OF PROPOSED CHANGES IN COMMITTEE MODIFICATION—Continued

[In billions of dollars]

	Fiscal year—			
	1982	1983	1984	1985
Elimination of guaranteed student loan savings		+0.1	+0.7	+1.2
Add-back for 12 programs in which fiscal year 1981 deferrals lowered BA level in fiscal year 1982		+0.8	+1.2	+1.4
Additional funds for:				
Space and science programs (to President's proposed budget request)		+0.5	+0.8	+0.4
Housing programs		+0.9	+1.0	+1.0
Veterans' pension, compensation, and health programs		+0.5	+0.6	+1.0
Postal service		+0.2	+0.2	+0.2
Additional interest costs due to higher deficits		+0.4	+1.0	+3.0
Total changes		+9.3	+22.3	+24.9
Deficit in committee modification	117.7	115.4	91.3	64.4

Note: Corrected copy as of May 19, 1982.

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1983—COMMITTEE MODIFICATION

[In billions of dollars]

Function	Fiscal year—							
	1982		1983		1984		1985	
	BA	0	BA	0	BA	0	BA	0
050: National defense	216.9	190.3	251.7	215.3	278.3	243.0	316.5	277.7
150: International affairs	15.8	11.4	16.2	12.1	16.7	12.3	21.0	12.2
250: General science, space and technology	7.0	7.1	7.8	7.6	7.7	7.8	7.3	7.4
270: Energy	4.8	6.4	5.3	5.0	4.6	3.9	4.5	3.7
300: Natural resources and environment	10.3	12.8	9.9	11.4	9.3	10.3	8.9	9.3
350: Agriculture	9.9	13.8	6.6	10.1	8.3	8.2	6.7	7.3
370: Commerce and housing credit	11.6	3.8	7.1	3.9	7.6	3.6	7.4	3.3
400: Transportation	20.8	21.3	21.6	19.9	21.8	19.7	22.1	19.7
450: Community and regional development	6.7	8.5	6.9	7.7	6.9	7.5	7.0	7.4
500: Education, training, employment, and social services	25.4	28.1	26.5	27.0	26.7	26.9	26.4	26.5
550: Health	78.5	73.7	79.5	77.6	92.2	85.7	103.6	97.2
600: Income security	255.8	251.5	281.8	272.6	300.9	288.3	333.0	309.8
700: Veterans benefits and services	24.8	23.8	24.0	23.2	25.0	24.2	25.5	25.4
750: Administration of justice	4.5	4.6	4.6	4.7	4.6	4.6	4.6	4.6
800: General government	5.2	5.0	5.0	4.8	4.7	4.6	4.7	4.4
850: General purpose fiscal assistance	6.4	6.3	6.6	6.5	6.7	6.7	6.9	6.8
900: Interest	102.0	102.0	115.5	115.5	120.8	120.8	114.6	114.6
920: Allowances	0.7	0.8	−2.0	−2.0	−0.8	−0.8	−0.8	−0.6
950: Undistributed offsetting receipts	−30.5	−30.5	−39.3	−39.3	−44.8	−44.8	−47.3	−47.3
Total spending	777.6	740.7	835.3	783.6	897.0	832.3	972.8	889.4
Revenues		623.0		668.2		741.0		825.0
Deficit		117.7		115.4		91.3		64.4
Public Debt		1,144.2		1,292.1		1,420.0		1,533.2

Note.—Corrected copy as of May 19, 1982.

Mr. DOMENICI. Madam President, I really must say a few words to my good friend (Mr. BRADLEY) with regard to student aid. I am fully aware that the way we have structured the student loans program—so that it certainly does not help the neediest as much as Pell grants and campus work-study type programs. The problem we have is that there is only one pot of money, so that the larger the student loans account, which is an entitlement, the smaller the Pell grants are.

I want the Senator to know that, personally, I have a commitment to try to reverse that trend. I cannot reverse it in a budget resolution, but I am going to be part of reversing that trend.

The Pell grant program should not be going down; it should be going up. We put more money in for that program. It is just that the student loan program is growing so fast. It must be paid first because it is an entitlement. We have to fix that. We cannot add to all programs but we have added where we could.

I think we added $900 million in Pell grants over the President's request in our modified resolution.

I yield, and I am ready to vote.

Mr. BRADLEY. Madam President, I simply say to the chairman that I find the Budget Committee's action far preferable to the President's. Again, that is not the base I would start from, either from the point of view of our potential economic growth or the point of view of keeping past commitments to handicapped poor students in this country.

Madam President, I am ready to vote.

The PRESIDING OFFICER. All time having been yielded back——

Mr. RANDOLPH. Madam President, will the Senator yield for 1 minute?

Mr. DOMENICI. I am pleased to yield.

Mr. RANDOLPH. Madam President, it has been my privilege during these 24 years in the Senate——

Mr. DOMENICI. Could we have order, Madam President.

The PRESIDING OFFICER. The Senate will be in order.

Mr. RANDOLPH. It has been my privilege during almost 24 years in the Senate to serve on the Subcommittee on Education within the structure of the Labor and Human Resources Committee. I have participated in the development of the authorizing legislation for all of the education programs covered by the pending proposal of the able Senator from New Jersey (Mr. BRADLEY) and other Senators. I am pleased to have the opportunity to support this amendment and to cosponsor it. This action would restore funds for the guaranteed student loan program and other vital education activities. However, I will limit my comments to the GSL portion of the amendment.

At the outset, I do not feel it is wrong to say I am glad that David Stockman had a student guaranteed loan when he was in college. The Director of the Office of Management and Budget knows that the record is clear on this. We have discussed it. I am glad for any person who needed such a loan, who had it, and who then made a valuable contribution through achievements to whatever he or she was doing personally or within the structure of the Federal Government.

At Salem College in Salem, W. Va., to which I am very close—and I work diligently for all of the private, independent colleges, 10 of them in our State—92 percent of our students have to receive some sort of aid or they would not be in college. This is a fact. We must not allow these small, private, independent colleges to go down the drain in the United States of America.

I hope that well-reasoned attention can be given by the Members when we vote on this amendment, because I think that in the very real sense the vision as well as the substance of the future of America is wrapped up in what we are able to do constructively for the youth of this country.

Mr. President, last year during the agonizing months of debate on the Omnibus Budget Reconciliation Act, the Senate was instructed by its Budget Committee, and we complied with those instructions to the extent possible, to provide more austerity in student aid programs while keeping restrictions on students and their families to a minimum. Those restrictions included an income cap of $30,000, requiring students to demonstrate financial need in order to be eligible for a GSL, and an origination fee of 5 percent on each student loan made. Expected family contributions were increased, and other modifications made to reduce the rate of growth of the guaranteed loan program without denying access to a college education to low- and middle-income students.

Despite our having taken drastic steps last year to restrict the program, and to streamline it so that only the most needy students would have access to those loans, the President has now come back to the Congress and requested further reductions in the guaranteed loan program, as well as in the campus-based grant and work-study programs. Furthermore, he would terminate completely the future capitalization of the national direct student loans which go to the very neediest students.

Again this year, the Senate Budget Committee instructed the Labor and Human Resources Committee to save $289 million in the GSL program in fiscal year 1983. That instruction is not specific, but recommendations have been made to change the law so that the savings could be realized. We have been told we should perhaps eliminate the in-school interest subsidy and begin the payback requirements for students in their second year of college, rather than 4 months after graduation. We have been told that we could save those dollars if we deny eligibility to all graduate students for guaranteed loans. We have been told that if we double last year's 5-percent loan origination fee and charge each student 10 percent, we can save some of those dollars.

Mr. President, it was not enough for us to drastically cut back on student aid last year and to restrict the loan programs, but the administration, through footdragging in the regulatory process, has managed to compound the effects of those cutbacks and restrictions through failure to meet regulatory responsibilities by holding up required rules, or moving slowly to release appropriated funds. They know that students are hostages, along with their financial aid officers at colleges nationwide, to a host of provisions including forms, fees, and family contribution schedules—where administration rulemaking and legislative oversight and delays can leave students, parents, and schools waiting for a long, long time to learn whether they will, or will not, have enough money to begin, or to continue their college educations.

It is difficult for persons in the States to follow and understand what is going on in Washington in the best of times. In the past 2 years, it has been almost impossible for the Members to follow and understand what is going on in the budget process, much less to expect students, counselors, and parents who are trying to help make future education decisions for our young people, to understand what is happening.

Will they have a choice? Can they possibly afford to attend a private college of their choice? Or will the programs of student aid be so drastically reduced, changed, and underfunded that if they can go to college at all, it will have to be at a local, State-supported school or junior college rather than their chosen, albeit more expensive, private institution?

The students and families in West Virginia, and I am certain throughout the country, have heard about additional, more severe actions being considered by the Congress and the President in the matter of student aid programs. They suspect that their needs are being ignored for the sake of a numbers game.

The administration, and Education Secretary Bell, have stated that there would not be severe reductions in the amount of moneys available to students if their proposals are adopted.

These statements are misleading. I hope they are not intentionally trying to convince families and students that there is no danger to their future college plans, hoping no one will find out the truth until it is too late to do anything about it.

The Reagan administration is seeking to reduce Federal student assistance—exclusive of the guaranteed loans—from $3.5 billion when it took office, to $1.4 billion by fiscal year 1984. Even this does not measure the extent of the cuts in student aid sought by the administration, since it does not include $2 billion per year in social security educational benefits which President Reagan asked Congress to eliminate last year, and which are now being phased out, as of May 1.

The President's proposal would require graduate students to pay 14 percent interest, instead of the present 9 percent, and would require them to start paying the interest while in school. Further, the President stated that the amount of 14 percent loans made by banks would increase from today's $27 million to $4.4 billion in fiscal year 1983.

Yet our State officials and banking officials, as well as the Congressional Budget Office, say that banks are not willing to make large numbers of 14 percent loans to students. The CBO estimates only $700 million in fiscal year 1983—not $4.4 billion as claimed by the administration.

The President has admitted that the amount of 9 percent loans to undergraduate students would decline from $7.7 billion in fiscal year 1981 to $5.8 billion in fiscal year 1983 under his proposal. How could that $2 billion reduction not have an adverse effect on students?

Under the administration's proposals, as many as 1 million students could actually lose their guaranteed loans. Some 650,000 graduate students would be denied eligibility, and hundreds of thousands of undergraduates would find the costs too high to borrow because the administration would double the origination fee to 10 percent, and then set the repayment rate at market interest rates 2 years after graduation.

The administration constantly refers to the parent loan program as an "out" or an additional resource for undergraduate and graduate students who are denied eligibility under its proposal. The administration knows, and the Congress knows, that the parent loan programs—the 14 percent loans—are not now available in 33 States, and indications show that banks will not make those loans to graduate students because the administrative costs are too high.

Mr. President, the administration's recommendations to reduce funding for student aid are extensive. They include the elimination entirely of campus based aid such as supplemental grants, State student incentive grants, further capitalization of the national direct student loans, huge reductions and additional restrictions in the guaranteed loan program. If we combine these reductions with the recent cuts in social security and other income maintenance programs, which mean an additional loss of resources to severely disadvantaged or handicapped students, there can be no other result than depriving hundreds of thousands of students of a higher education.

I support the Bradley amendment to restore funds to the guaranteed student loan program. If we do not pass this proposal, we will force a virtual shutdown of the guaranteed loan program entirely. Such action will not only keep hundreds of thousands of students out of college next year, it will close the doors of many small colleges and private institutions nationwide.

Mr. President, I urge the passage of this amendment.

Mr. BENTSEN. Mr. President, I want to commend Senators BRADLEY and HOLLINGS for their efforts to insure that the Head Start program, title I services for the educationally disadvantaged, vocational education, handicapped children's education, and student assistance for low-income college students are protected from excessive budgetary cuts.

Mr. President, as we consider the very real economic problems now facing our Nation and make the difficult and often painful sacrifices needed to bring Federal spending under control, it is important—indeed critical—to consider the impact of our actions on the future of our Nation's most precious resource, our children. To freeze support in these vital education programs is to reduce the numbers of children for whom there is an opportunity to succeed. Let there be no mistake—failure to allow each of these programs to keep pace with the cost of living means that we have made a conscious decision to deny youngsters a helping hand.

Mr. President, I would be less concerned about level funding these programs were it not for the fact that current services already fall short of what is needed. The Head Start program, for example, has served some 8 million children since its inception in 1965. Head Start has provided education, medical and dental services, and nutrition supplements through the more than 9,200 Head Start centers located in every region of the United States.

There is dramatic evidence that Head Start children score significantly higher on achievement tests, are less likely to fail a grade and to be placed in remedial classes. Yet 80 percent of those eligible for Head Start cannot participate in the program because there are insufficient financial resources to accommodate all who are eligible and need the help.

In title I programs, Mr. President, the story is very similar. Title I has been an exceptionally effective program. In recent hearings before the House Education and Labor Committee, Secretary of Education Bell attested to the success of title I using solid, verifiable, research findings. Yet of the 11 million children who need the help which this program offers, only 45 percent, or less than 5 million, are being reached.

Public Law 94-142 guarantees that each handicapped child be provided an appropriate public education. Mr. President, the services offered under Public Law 94-142 permit early intervention and appropriate education for handicapped children, many of whom will function as contributing members of their communities because of the skills they were able to acquire through full participation in the educational process. The total cost of lifetime institutionalization, according to the Health Care Financing Administration, can range from an estimated $1 million to $4 million per individual. Can we fail to give these children a chance? Is it cost-effective to opt for institutionalization as a more desirable alternative? I think not.

Pell grants, on which many low-income families must rely for the assistance essential to postsecondary schooling, must be continued. Nearly 3 million economically disadvantaged students—one-third of whom are self-supporting—receive Pell assistance each year. And though the average award is under $900, for many, the Pell grant is the difference between going to college and not continuing their education. The Pell program has become even more important since Federal support for other student aid has been reduced or phased out. Failure to fund this program at the level necessary to accommodate cost-of-living increases will result in a loss of a significant portion of the college educated human capital we must have to meet the needs of the labor force in the 1980's and beyond. Perhaps even more importantly, Mr. President, the potential and dedication of youngsters who are willing to work toward a college degree must not be thwarted.

Finally, the vocational education program is a vital and increasingly important source of skilled personnel. While the Federal funding of vocational education amounts to only $1 for every $10 expended on the program, vocational education administrators in my State tell me the Federal contribution is essential to purchase equipment and to attract and retain quality teaching faculty. At a time when we must do all we can to upgrade the training of our work force, it is exceedingly cost-effective to make the best possible use of our existing educational network.

Mr. President, I am pleased to join Senator BRADLEY as a cosponsor, and urge my colleagues to cast their votes in support of the pending amendment. The $100 million expenditure called for with the adoption of this amendment is a wise and cost-conscious investment in the very future of this country.

Mr. KENNEDY. Mr. President, the Bradley amendment allows the Senate to reverse the disturbing trend exhibited by this body in its actions during the last session. Repeatedly, the Senate reduced its historic commitment to the improvement of education in our country.

Overall, this Congress, at the President's request, cut Federal aid to education by over $1.2 billion last year. It eliminated some programs entirely and reduced services provided under others severely. I fought some of those cuts last year because I thought they were unwise—but the cuts proposed by the President this year would be a disaster.

For the five programs included in this amendment, the President proposed a cut of $700 million in fiscal year 1983, an additional cut of $1.4 billion in fiscal year 1984, and $600 million more in fiscal year 1985. But even these figures mask the true extent of these cuts.

To keep programs at their current level of service, the funding proposals by President Reagan must be increased by $900 million in fiscal year 1983, $2.7 billion in fiscal year 1984, and $3.9 billion in fiscal year 1985.

Fortunately, the Budget Committee recognized that these and other cuts would mean disaster for the programs included in this amendment—Pell grants, title I, handicapped education, vocational education, and Head Start—as well as for many others. The President's budget was rejected unanimously in committee. The committee proposed instead to freeze the current funding levels for these programs, thus increasing the funding levels significantly.

Despite this increase, the proposal of the Budget Committee nevertheless permits an erosion of these programs. The Bradley amendment, on the other hand, will insure, not that the numbers are the same, but that the program levels are the same. Put simply, without this amendment, more students will receive less educational services. Such further program cuts on top of the cuts provided last year are simply unacceptable.

There has been much talk about new ways to spur productivity—about the need to make new investments to revitalize our economy. In that process, we have too often forgotten about an old way—but one of the best ways—to spur productivity: The support of education.

Education is the best investment America has, and can ever make, for a productive economy. It has yielded vast new wealth in the past and will do so in the future if we let it. We must remember that to invest in America, we must invest not only in plants and machinery and robots, but in human beings. Because in that human capital lies the economic destiny of America.

In adopting the budget, the Senate should not again try to balance an enormous and unwise tax cut and an unrestrained defense increase with cuts in aid to education. Building all the machines needed for a productive economy and a strong national defense will mean nothing, if no one knows how to run the machines.

Mr. President, we should adopt this amendment. We must not penalize a generation of Americans in the pursuit of a panacea for short-term economic productivity. We must not make the mistake of mortgaging away our future—but rather we must continue to build for it by investing in our children and their education.

Mr. MITCHELL. Mr. President, I support the amendment offered by Senators BRADLEY and HOLLINGS to restore funds for priority education programs.

The President's 1983 budget proposal would make deep cuts in domestic programs that were already slashed this year. Such additional cuts are, in my opinion, ill-timed and ill-advised. The President is asking for disproportionate reductions in domestic programs and is jeopardizing one of the most important functions of government: to support educational opportunities for our children.

Mr. President, the administration's proposed budget for title I compensatory education, now called chapter I of the Education Consolidation and Improvement Act of 1981, would have a dramatic impact on the school administrative units in my State which receive program funds. I have a table summarizing a comparison of their current allocation and their allocation under the President's plan. I ask unanimous consent that the table be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TITLE I—ALLOCATIONS

	Fiscal year 1982 allocation [1]	Reagan 1983 budget
School Administrative unit		
Androscoggin County:		
Auburn	$205,824	$140,783.22
Durham	11,470	7,845.46
Lewiston	280,512	191,869.67
Lisbon	36,250	24,794.93
Mechanic Falls	24,086	16,474.78
Minot	8,224	5,625.20
Poland	14,354	9,818.11
Sabattus	13,624	9,318.79
Wales	12,408	8,487.05
Aroostook County:		
Bancroft	653	446.65
Benedicta	24,549	16,791.47
Caribou	164,357	112,419.88
Caswell Plantation	26,100	17,852.35
Crystal	549	375.52
Dyer Brook	1,031	705.20
Easton	26,100	17,852.35
Hersey	1,031	705.20
Island Falls	16,022	10,959.02
Limestone	105,954	72,472.33
Macwahoc	18,607	12,727.15
Madawaska	71,796	49,108.32
Merrill	8,525	5,833.14
Moro Plantation	549	375.52
New Sweden	13,955	9,545.19
Oakfield	8,984	6,145.04
Orient	1,082	740.08
Reed Plantation	12,921	8,837.94
Smyrna	5,944	4,065.58
Stockholm	5,685	5,888.53
Woodland	42,122	
Unorganized Townships	44,707	30,579.51
Cumberland County:		
Brunswick	130,257	98,436.21
Cape Elizabeth	19,218	13,145.08
Falmouth	17,285	11,822.91
Freeport	30,602	20,931.71
Gorham	45,740	31,286.08
Portland	663,724	426,626.23
Raymond	4,356	2,979.49
Scarborough	29,863	20,426.23
South Portland	70,182	48,004.35
Westbrook	61,696	42,199.95
Windham	31,365	21,453.60
Yarmouth	20,304	13,887.90
Franklin County:		
Jay	4,623	3,162.13
Rangeley	10,705	7,322.20
Hancock County:		
Bar Harbor	20,501	14,022.65
Blue Hill	12,086	8,266.80
Brooklin	2,753	1,833.05
Brooksville	19,581	13,393.36
Bucksport	22,326	15,270.94
Dedham	14,241	9,740.81
Deer Isle	19,073	13,045.90
Ellsworth	34,089	23,316.81
Franklin	8,093	5,535.60
Gouldsboro	5,271	3,605.35
Hancock	36,874	25,211.75
Lamoine	11,444	7,827.67
Long Island Plantation	422	288.65
Mount Desert	9,769	6,681.98
Orland	15,447	10,565.72
Penobscot	22,124	15,132.77
Sedgewick	18,056	12,350.27
Sorrento	8,901	6,088.27
Southwest Harbor	1,216	831.74
Stonington	25,176	17,220.34
Sullivan	9,288	6,352.97
Surry	6,535	4,469.93
Tremont	2,952	2,019.16
Trenton	5,838	3,993.18
Winter Harbor	16,276	11,132.75
Kennebec County:		
Agusta	141,351	96,683.81
Chelsea	9,975	6,822.88
China	15,084	10,317.43
Lichfield	14,111	9,651.90
Manchester	1,985	1,357.74
Monmouth	7,785	5,324.92
Mount Vernon	12,985	8,881.72
Readfield	2,061	1,409.72
Rome	1,216	831.74
Vassalboro	24,815	16,973.41
Waterville	95,856	65,565.32
Wayne	3,406	3,406.00
Windsor	12,164	8,320.15
Winslow	33,087	22,631.44
Winthrop	24,329	16,640.99
Knox County:		
Appleton	23,650	16,176.56
Hope	2,490	1,703.16
Lincoln County:		
Boothbay	17,360	11,874.21
Boothbay Harbor	2,201	1,505.48
Bremen	12,207	12,207.00
Bristol	41,705	28,526.14
Damariscotta	9,000	6,155.99
Dresden	20,853	14,263.41
Edgecomb	6,037	4,129.30
Jefferson	18,564	12,697.74
Newcastle	7,750	5,300.99
Nobleboro	1,299	888.51
Somerville	2,499	1,709.31
South Bristol	17,293	11,828.38
Southport	8,392	5,740.11
Whitefield	22,633	15,480.93
Wisecasset	11,554	7,902.91
Oxford County:		
Gilead	3,163	2,163.49
Peru	15,084	10,317.43
Rumford	81,502	55,747.21
Penobscot County:		
Alton	14,841	10,151.21
Bangor	352,039	223,694.05
Bradley	10,461	7,155.30
Brewer	62,525	42,766.98
Carroll Plantation	8,029	5,491.82
East Millinocket	6,326	4,326.97
Glenburn	6,082	4,160.07
Greenbush	14,841	10,151.21
Greenfield	1,082	740.08
Hermon	18,247	12,480.92
Medway	16,057	10,982.96
Milford	12,894	8,819.47
Millinocket	49,388	33,781.29
Old Town	47,441	32,429.03
Orono	23,112	15,808.57
Orrington	22,383	15,993.93
Veazie	2,171	1,484.96
Penobscot Indians (Indian Island)	763	521.89
Unorganized Townships	15,814	10,816.74
Sagadahoc County:		
Bath	104,858	71,722.67
Georgetown	10,218	6,989.09
Phippsburg	18,733	12,813.34
Richmond	28,951	19,802.43
West Bath	2,676	1,830.38
Woolwich	22,139	15,143.03
Somerset County:		
Harmony	9,664	6,610.16
Unorganized Townships	9,410	6,436.43
Waldo County:		
Lincolnville	3,908	2,673.06
Palermo	1,758	1,196.06
Washington County		
Alexander	5,419	3,706.59
Baileyville	2,381	1,628.60
Baring Plt	433	296.17
Beals	6,968	4,766.10
Calais	31,483	21,534.32
Charlotte	745	509.58
Cooper	378	258.55
Dennysville	1,340	916.56
Eastport	55,741	38,126.74
Grand Lake Stream	5,161	3,530.12
Jonesboro	18,323	12,532.90
Jonesport	24,774	16,945.37
Machias	8,736	5,975.41
Marshfield	1,065	728.46
Pembroke	13,162	9,002.78
Perry	19,613	13,425.26
Princeton	25,806	17,651.25
Robbinston	9,033	6,178.55
Roque Bluffs	3,613	2,471.28
Steuben	22,193	15,179.97
Vanceboro	138	94.39
Wesley	4,132	2,826.28
Whitneyville	378	258.55
Indian Township	1,464	1,001.38
Pleasant Point	1,961	1,341.32
Unorganized Townships	33,807	23,123.93
York County:		
Acton	7,299	4,992.50
Arundel	23,112	15,808.57
Biddeford	142,324	97,349.34
Dayton	2,676	1,830.38
Kittery	60,336	41,269.71
Old Orchard Beach	60,336	18,305.16
Saco	113,859	77,879.34
Sanford	73,474	50,255.39
Wells	40,629	27,790.16
York	22,626	15,476.14
School Administration Districts		
1—Castle Hill, Chapman, Mapleton, Presque Isle, Westfield, Cong. Dist. 2	$150,406	$102,877.41
2—Greenville, Shirley, Cong. Dist. 2	15,022	10,275.02
3—Brooks, Freedom, Jackson, Know, Liberty, Monroe, Montville, Thorndike, Troy, Unity, Waldo, Cong. Dist. 1	92,783	63,463.39
4—Abbott, Cambridge, Guilford, Parkman, Sangerville, Wellington; Cong. Dist. 2	54,394	37,205.39
5—Owl's Head, Rockland, South Thomaston; Cong. Dist. 1	96,221	65,814.98
6—Buxton, Hollis, Limington; Cong. Dist. 1	61,314	41,815.54
8—Vinalhaven; Cong. Dist. 1	13,224	9,045.19
9—Chesterville, Farmington, Industry, New Sharon, New Vineyard, Temple, Vienna, Weld, Wilton; Cong. Dist. 2	93,377	63,869.69
10—Allagash; Cong. Dist. 2	7,250	4,958.98
11—Gardiner, Pittston, Randolph, West Gardiner, Cong. Dist. 1	80,211	54,864.17
12—Dennistown Plantation, Jackman, Moose River Plant	12,055	8,245.60
13—Bingham, Caratunk Plantation, Moscow, The Forks Plantation, West Fork Plantation; Cong. Dist. 2	23,132	15,822.24
14—Danforth, Weston	19,871	13,591.73
15—Gray, New Glouster; Cong. Dist. 1	73,552	50,309.43
16—Farmingdale, Hallowell; Cong. Dist. 1	19,220	13,146.45
17—Harrison, Hebron, Norway, Otisfield, Oxford, Paris, Waterford, West Paris; Cong. Dist. 2	132,272	90,473.80
18—Prospect, Verona	2,274	1,555.41
19—Lubec; Cong. Dist. 2	29,936	20,476.16
20—For. Fairfield; Cong. Dist. 2	91,999	62,927.14
21—Canton, Carthage, Dixfield; Cong. Dist. 2	30,472	20,842.79
22—Hampden, Newburgh, Winterport; Cong. Dist. 2	86,516	59,176.78
23—Carmel, Levant; Cong. Dist. 2	25,302	17,306.52
24—Cyr Plantation, Grand Isle, Hamlin Plantation, Van Buren; Cong. Dist. 2	126,674	86,644.78
25—Mt. Chase Plantation, Patten, Sherman, Stacyville, Cong. Dist. 2	38,739	26,497.40
26—Eastbrook, Waltham	12,461	8,523.30
27—Eagle Lake, Fort Kent, New Canada Plantation, St. Francis, St. John Plantation, Wallagrass Plantation, Winterville Plantation, Cong. Dist. 2	195,089	133,440.50
28—Camden, Rockport; Cong. Dist. 1	81,631	55,835.45
29—Hammond Plantation, Houlton, Littleton, Monticello; Cong. Dist. 2	152,984	76,140.71
30—Lee, Prentiss Plantation, Springfield, Webster Plantation, Winn	25,561	17,483.67
31—Burlington, Edinburg, Enfield, Howland, Lowell, Maxfield, Passadumkeag, Seboeis Plantation; Cong. Dist. 2	51,144	34,982.40
32—Ashland, Garfield Plantation, Masardis, Oxbow Plantation, Portage Lake; Cong. Dist. 2	45,801	31,327.80
33—Frenchville, St. Agatha; Cong. Dist. 2	75,718	51,790.97
34—Belfast, Belmont, Morrill, Northport, Searsmont, Swanville; Cong. Dist. 1	100,706	68,882.71
35—Eliot, South Berwick; Cong. Dist. 1	44,287	30,286.07
36—Fayette, Livermore, Livermore Falls; Cong. Dist. 2	57,932	39,625.38
37—Addison, Cherryfield, Columbia Falls, Harrington, Milbridge; Cong. Dist. 2	75,750	51,812.86
38—Dixmont, Etna	25,545	17,472.73
39—Buckfield, Hartford, Sumner; Cong. Dist. 2	19,904	13,514.30

TITLE I—ALLOCATIONS—Continued

	Fiscal year 1982 allocation [1]	Reagan 1983 budget
40—Friendship, Union, Waldoboro, Warren, Washington, Cong Dist 1	99,965	68,377.92
41—Atkinson, Brownsville, La-Grange, Lake View Plantation Milo, Cong Dist 2	42,811	29,282.64
42—Blaine, Bridgewarer, Mars, Hill, Cong Dist 2	73,651	50,377.14
43—Byron, Mexico, Roxbury, Cong Dist 2	53,624	36,678.81
44—Andover, Bethel, Greenwood, Newry, Woodstock, Cong Dist 2	52,451	35,876.39
45—Perham, Wade, Washburn, Cong Dist 2	38,505	26,337.34
46—Dexter, Exeter, Garland, Cong Dist 2	47,252	32,320.28
47—Belgrade, Oakland, Sidney, Cong Dist 1	67,878	46,428.42
48—Corinna, Hartland, Newport, Palmyra, Plymouth, St Albans, Cong Dist 2	82,211	56,232.16
49—Albion, Benton, Clinton, Fairfield, Cong Dist 2	166,191	113,674.33
50—Cushing, St George, Thomaston, Cong Dist 1	26,130	17,872.87
51—Cumberland, North Yarmouth, Cong Dist 1	36,756	25,141.04
52—Greene, Leeds, Turner, Cong Dist 2	77,122	52,751.30
53—Burnham, Detroit, Pittsfield, Cong Dist 2	61,059	41,764.24
54—Canaan, Cornville, Mercer, Norridgewock, skowhegan, Smithfield, Cong Dist 2	130,317	89,136.57
55—Baldwin, Cornish, Hiram, Parsonfield, Porter, Cong Dist 2	80,404	54,996.18
56—Frankfort, Searsport, Stockton Springs, Cong Dist 1	59,419	40,642.48
57—Alfred, Limerick, Lyman, Newfield, Shapleigh, Waterboro, Cong Dist 1	71,361	48,656.89
58—Avon, Eustis, Kingfield, Phillips, Strong, Cong Dist 2	46,622	29,153.37
59—Athens, Brighton Plantation Madison, Stark, Cong Dist 2	82,795	56,631.62
60—Berwick, Lebanon, North Berwick, Cong Dist 1	31,798	21,749.77
61—Bridgton, Casco, Naples, Sebago, Cong Dist 1	65,146	44,559.74
62—Pownal	24,458	16,729.22
63—Clifton, Eddington, Holder, Cong Dist 2	24,816	16,974.10
64—Bradford, Corinth, Hudson, Kenduskeag, Stetson, Cong Dist 2	85,882	58,743.13
67—Chester, Lincoln, Mattawamkeag, Cong Dist 2	65,863	45,050.17
68—Charleston, Dover-Foxcroft, Monson, Sebec, Cong Dist 2	63,498	43,432.51
70—Amity, Cary Plantation, Haynesville, Hodgdon, Linneus, Ludlow, New Limerick, Cong Dist 2	86,214	58,970.21
71—Kennebunk, Kennebunkport, Cong Dist 1	62,769	42,933.76
72—Brownfield, Denmark, Fryeburg, Lovell, Stoneham, Stow, Sweden, Cong Dist 2	31,628	21,633.49
74—Anson, Embden, New Portland, Solon, Cong Dist 2	56,887	38,910.60
75—Bowdoin, Bowdoinham, Harpswell, Topsham, Cong Dist 1	77,558	53,049.52
76—Swan's Island	1,504	1,028.73
77—Cutler, East Machias, Machias Port, Whiting, Cong Dist 2	51,553	35,262.16

[1] 1982 figures provided by the Maine State Department of Education

Mr. MITCHELL. Mr. President, the amendment offered by my distinguished colleague from New Jersey would provide moderate increases for some of the discretionary educational programs such as chapter I. This program has been an effective means of providing basic reading and math skills to millions of children in this country who are educationally disadvantaged. Studies have shown dramatic improvements in the performance of those who have participated in chapter I, thereby confirming its success in achieving the objective for which it was written.

I think we have a responsibility to maintain these programs at reasonable levels of funding. The resolution reported by the Senate Budget Committee would freeze funding for discretionary education programs at the current level. This proposal would at least allow for moderate increases over the next few years in order to permit some adjustment for inflation.

Mr. President, I support the objective of this amendment, I think it is a reasonable proposal, and I hope it will be adopted by my colleagues.

The **PRESIDING OFFICER.** The question is on the amendment of the Senator from New Jersey. The clerk will call the roll.

The bill clerk called the roll.

Mr. HEINZ (when his name was called). Madam President, on this vote I have a live pair with the Senator from Arizona (Mr. GOLDWATER). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "aye." I therefore withhold my vote.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

The **PRESIDING OFFICER.** Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 44, nays 54, as follows:

[Rollcall Vote No. 126 Leg.]

YEAS—44

Baucus
Bentsen
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas
Weicker

NAYS—54

Abdnor
Andrews
Armstrong
Baker
Boren
Boschwitz
Brady
Byrd, Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Pressler
Proxmire
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Heinz, for.

NOT VOTING—1

Goldwater

Mr. DOMENICI. Madam President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Madam President, could I be recognized?

The **PRESIDING OFFICER.** The majority leader.

Mr. BAKER. Madam President, will the distinguished chairman of the committee yield to me 1 minute?

Mr. DOMENICI. I yield to the distinguished majority leader.

Mr. BAKER. Madam President, if I could have the attention of Senators, it is now 9:45 p.m., give or take a minute, and I think it is unlikely that we will be able to complete debate on another amendment and conduct the rollcall if there is a rollcall prior to the hour of 10 p.m.

I announced earlier that we would not go past 10 p.m. and, therefore, unless there is some urgent objection by some Member, there will be no further rollcall votes tonight, but before Members leave the Chamber I wish to try to set the schedule for tomorrow because we still have a full agenda in trying to deal with this matter.

If I could invite the attention of the minority leader for just a moment, I am going to propose a unanimous-consent request.

ORDERS FOR THURSDAY

ORDER FOR RECESS UNTIL 8 A.M. TOMORROW

Mr. BAKER. Madam President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 8 a.m. tomorrow.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

REDUCTION IN LEADER TIME

Mr. BAKER. Madam President, if the minority leader is agreeable to this, I hope to reduce our time under the standing order from 10 minutes to 5 minutes each. Is that satisfactory?

Mr. ROBERT C. BYRD. Yes.

ORDER FOR RECOGNITION OF CERTAIN SENATORS

Mr. BAKER. Madam President, I ask unanimous consent that on tomorrow the time for the two leaders be reduced to 5 minutes each and that following on after the recognition of the two leaders under the standing order three Senators be recognized on special order of not to exceed 15 minutes each as follows: Senators CHILES, LEAHY, and QUAYLE.

ROUTINE MORNING BUSINESS

Madam President, I further ask unanimous consent that after the execution of the special orders that any time remaining prior to the hour of 9 a.m. be devoted to the transaction of routine morning business in which Senators may speak for not more than 2 minutes each.

Madam President, I further ask unanimous consent that at the hour of 9 a.m. the Senate resume consideration of Senate Concurrent Resolution 92.

Madam President, I put that unanimous consent request at this time.

The **PRESIDING OFFICER.** Is there objection?

Mr. LEAHY. Madam President, reserving the right to object, and I shall not object, I wonder if the majority leader, if it is all right with the distinguished Senator from Indiana, will switch my time with Senator QUAYLE because I believe I am going to have an amendment coming up shortly after that.

Mr. BAKER. Yes, Madam President. The next part of my request, if indeed the Senate grants this arrangement for the conduct of business of the Senate tomorrow, would be to inquire if it is appropriate to lay down tonight the Leahy-Moynihan amendment, make it the pending business and provide for a time limitation of perhaps 30 minutes equally divided and that the vote to occur no later than 9:30 a.m. That was to be the next part of my request.

Several Senators addressed the Chair.

Mr. QUAYLE. Madam President, I reserve the right to object. I shall not object.

Mr. HOLLINGS. Madam President, will the distinguished majority leader yield to me?

Mr. BAKER. Madam President, it begins to appear that some Members have serious complications in the morning with resuming consideration of this resolution at 9 a.m.

I am grateful that they have not objected, but in recognition of that, I am inclined to think that the better part of discretion will be to change the time when the Senate resume consideration of this measure until, say, 10 a.m. or 10:30 a.m., and obviously what that means, if we are going to finish tomorrow night, it would add this on the other end of the day. As long as we are aware of that and aware of the fact that the leadership would like very much to finish this resolution tomorrow night, if possible, I have no objection to doing that.

Several Senators addressed the Chair.

Mr. DOMENICI. Could we go on and not vote?

Mr. HOLLINGS. We could start early and stack the votes.

Mr. BAKER. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, may I be recognized? I have consulted with a number of Senators—could we have order, Madam President?

The PRESIDING OFFICER. Will Senators please take their seats

Mr. BAKER. Madam President, it appears that the request I put may be acceptable with a couple of modifications. Let me add to the unanimous-consent request in this manner: I reiterate the first portion of that in respect to the convening time, the time for the leaders, the time for special orders, the resumption of consideration of the resolution, of morning business.

BUDGET RESOLUTION—9 A.M.

Madam President, I further ask unanimous consent that when the Senate resumes consideration of Senate Concurrent Resolution 92 at 9 o'clock on tomorrow the pending amendment be a Leahy-Moynihan superfund amendment. I ask unanimous consent that on that amendment there be a time limitation of 30 minutes equally divided.

Mr. LEAHY. Madam President, reserving the right to object, we have a couple of people who——

Mr. BAKER. How much time does the Senator want?

Mr. LEAHY. How about 45 minutes evenly divided, and I will assure the Senator from Tennessee that I will be yielding my portion of that.

Mr. BAKER. I thank the Senator. Of course, that is satisfactory. I amend the request so there will be 45 minutes on that amendment to be equally divided.

Madam President, I further ask unanimous consent that any rollcall votes on the Moynihan-Leahy amendment or any other amendment prior to the hour of 11 o'clock be stacked and the notes occur at 11 o' clock back to back.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Madam President, on or in relation to the amendments, I do not anticipate tabling motions, but I reserve that option.

The PRESIDING OFFICER. Is there any objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Madam President, there will be no more rollcall votes tonight.

FIRST CONCURRENT BUDGET RESOLUTION

The Senate continued with the consideration of the concurrent resolution.

UP AMENDMENT NO. 969

(Subsequently numbered amendment No. 1488)

(Purpose: To add funds for the Environmental Protection Agency)

Mr. LEAHY. Madam President, I send to the desk an amendment on behalf of myself, Senator MOYNIHAN, Senator HART, Senator KENNEDY, Senator BIDEN, and Senator CRANSTON, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont (Mr. LEAHY), for himself, Mr. MOYNIHAN, Mr. HART, Mr. KENNEDY, Mr. BIDEN, Mr. CRANSTON, proposes an unprinted amendment numbered 969.

Mr. LEAHY. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, beginning with line 15, strike out through line 1 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $711,000,000,000.

Fiscal year 1983: $835,300,000,000 plus $300,000,000.

Fiscal year 1984: $597,000,000,000 plus $400,000,000.

Fiscal year 1985: $972,800,000,000 plus $500,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,600,000,000 plus $100,000,000.

Fiscal year 1984: $832,300,000,000 plus $200,000,000.

Fiscal year 1985: $889,400,000,000 plus $300,000,000.

On page 3, beginning with line 9, strike out through line 3 on page 4 and insert the following:

(5) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.

Fiscal year 1983: $115,400,000,000 plus $100,000,000.

Fiscal year 1984: $91,300,000,000 plus $200,000,000.

Fiscal year 1985: $64,400,000,000 plus $300,000,000.

(6) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144, 200,000,000.

Fiscal year 1983: $1,242,100,000,000 plus $100,000,000.

Fiscal year 1984: $1,420,000,000,000 plus $300,000,000.

Fiscal year 1985: $1,533,200,000,000 plus $600,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,900,000,000 plus $100,000,000.

Fiscal year 1984: $127,900,000,000 plus $200,000,000.

Fiscal year 1985: $113,200,000,000 plus $300,000,000.

On page 9, beginning at line 6, strike out through line 5 of page 10, and insert the following:

(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $10,800,000,000.

(B) Outlays, $12,800,000,000.

(C) New direct loan obligations, $30,000,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments. $0.

Fiscal year 1983:

(A) New budget authority, $9,900,000,000 plus $300,000,000.

(B) Outlays, $11,400,000,000 plus $100,000,000.

(C) New direct loan obligations, $30,000,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $9,300,000,000 plus $400,000,000.

(B) Outlays, $10,300,000,000 plus $200,000,000.

Fiscal year 1985:

(A) New budget authority, $9,400,000,000, plus $500,000,000.

(B) Outlays, $9,300,000,000 plus $300,000,000.

Mr. DOMENICI. Madam President, could we clarify what we are doing.

Mr. LEAHY. Madam President, if I might just for a moment then tell my distinguished friend from New Mexico, I simply want to lay down this amendment so it will be pending tomorrow morning, which we have now done. I do not intend to speak on it.

Mr. DOMENICI. I have no objection.

Mr. LEAHY. Mr. President, I ask that we be able to reserve the remainder of the time on the Leahy-Moynihan, and others, amendment until tomorrow morning according to the previous unanimous-consent agreement.

The PRESIDING OFFICER (Mr. HAYAKAWA). Without objection, it is so ordered.

THE BUDGET RESOLUTION AND SOCIAL SECURITY

Mr. STENNIS. Mr. President, I am very gratified and pleased that the budget resolution will be revised so as to eliminate the $40 billion in social security "savings" over the next 3 years which was originally proposed. Meddling with the social security program now is the wrong thing at the wrong time. It is absolutely necessary that we in the Congress separate the issue of social security financing from the overall budget of the U.S. Government. The soundness of the social security system should not be coupled to the national budget for 1983 or any other year. The underlying soundness of the social security system is an issue which must be dealt with in its own right and should stand on its own bottom.

I believe that the talk about social security "savings" in the budget resolution had a very unsettling and disturbing impact upon those presently receiving social security benefits and those who expect to receive them in the future. The current debate over social security funds, in the context of the budget resolution, has caused unnecessary confusion over the treatment of social security trust funds.

The old age and survivors insurance fund is a basic long-term commitment to the American citizens who have paid payroll taxes dedicated for the specific purpose of providing social security benefits. Everyone in the Congress knows or should know that reducing social security trust funds or cutting social security benefits will not reduce the overall Federal deficit. I am not in favor of cutting social security benefits at all. If additional revenue must be found to fulfill our commitment to social security it must and will be provided. As a start, we should enact legislation promptly returning to the social security trust fund the money it was cheated out of when the Federal Government failed to pay the trust fund interest on trust funds borrowed by the Government at the going market rate for other Government securities. In some years, this lost interest amounted to as much as $2 billion. It is disgraceful that the Federal Government would take advantage of its fiduciary relationship as trustee of these funds which really belong to those who paid social security payroll taxes. This must be remedied promptly. If this money is promptly returned, a part of the financing problem would be solved. I am preparing legislation to require the Federal Government to refund this money to the social security trust fund.

It serves no useful purpose at all, Mr. President, for anyone to suggest that the budget can be balanced by "saving" funds from the social security program or cutting social security payments. Such a suggestion ignores the fiduciary nature of these trust funds and causes undue worry and concern among social security recipients.

As far as I am concerned, any discussion of social security in connection with balancing the overall budget should stop. The two matters are not connected at all. As a matter of fact, Mr. President, I believe that in preparing the budget resolution the deficit or surplus for social security or other trust funds should be stated separately from the deficit or the surplus from Federal general funds. This will not interfere with the purposes of the Congressional Budget Act. On the contrary, it will improve the capability to analyze and control the regular Federal budget.

The unified budget concept does not portray the true status or condition of the Government's financial and fiscal affairs unless the general funds and the trust funds are analyzed separately. We should recognize at the outset that the enormous deficit with which we are now confronted is not a deficit created by trust funds, social security or otherwise. In view of the furor which has arisen over the social security trust fund, I believe that a more realistic approach to the budget crisis and budget problems is in order. What is happening under the existing budgetary process is that the real operating deficits have been offset by the trust fund surpluses.

I do not mean to suggest, Mr. President, that all is well with the social security system. Steps must be taken to insure that the system is financially sound and solvent so that the funds to pay present and future beneficiaries will be available. The information which I have is that the funds will be sufficient to pay the benefits due at least through the middle of next year if interfund borrowing continues.

While interfund borrowing is admittedly an interim or short-term solution, I believe that this is the best course to follow until we have the specific recommendations of the National Commission on Social Security Reform for permanent actions to maintain social security funding. This Commission is not scheduled to report until December 31 of this year, and I believe that the best course for us to follow is to await this report before making permanent changes in the social security system.

Fortunately there is time to await this report. Whatever value it has can be fully utilized. My position will be to develop the entire system on a sound basis based on the trust relationship and trusteeship of the Federal Government. Benefits and income can be adjusted from time to time and the trust relationship shall be retained for the benefit of those who paid in the money. It is their money

SOCIAL SECURITY

Mr. CHAFEE. Mr. President, during the past 2 weeks this body has devoted an unusual amount of energy and time to discussion of issues related to the solvency of the social security system. There is good reason for this concern. There is probably no program that affects so directly the lives of so many of our citizens.

We commonly say that 36 million elderly Americans receive benefits from the system. Underlying this raw statistic is the poignant reality that these benefits are an indispensable source of income and, literally, of survival for a great number of our older citizens.

Ninety-four percent of people aged 65 and over at the beginning of 1981 were receiving, or would be able to receive, benefits when they or their spouse retire. Sixty percent of these retirees depend on social security payments for at least half of their incomes, and forty percent depend on benefits for three-quarters of their incomes.

Social security payments are thus essential to the lives of millions of our older citizens. But social security also affects virtually every currently employed man and woman. It affects all those who are now paying into the system and upon whom now rests the main responsibility for keeping the system solvent.

These millions of men and women have a stake in the system too—they want to be sure that it stays strong and that their retirement incomes will be secure.

It is because of the tremendous importance of social security to current and future retirees that I and a great many of our colleagues have been so concerned that any changes in the system be considered outside the context of the budget process and that decisions about the system not be forced or driven by the current budget crisis.

These and other concerns were expressed in an amendment offered on May 11 by the senior Senator from Kansas, Senator DOLE, to the Defense authorization bill, an amendment of which the Senator from New Mexico and I were cosponsors. This amendment, which Senators will recall passed by a vote of 91 to 7, expressed the sense of the Senate with regard to key aspects of the social security system.

It assured that the social security cost-of-living adjustment of 7.4 percent, due on July 1 this year, would be paid in full, and on schedule. It renewed the Senate's commitment to maintaining and assuring that the system shall be preserved and strengthened so that benefits for present and future retirees shall be paid in a timely manner. It established the Senate's intent that any corrective action we must take shall be no more than is absolutely necessary to preserve the financial integrity of the system.

Finally, the Dole-Domenici-Chafee amendment determined that the Congress would await the recommendations of the National Commission on Social Security Reform before making any binding determinations about any changes or corrective actions that might be needed to keep the system solvent, and it thereby established that any such actions must rest with the Committees on Finance and Ways and Means.

Mr. President, I assisted in the drafting of the Dole amendment. But I indicated during debate on the amendment that I would at the appropriate time—that is, in the context of the Senate's consideration of the budget resolution—offer an amendment to delete the $40 billion of changes in the Social Security Old Age and Survivors Trust Fund that is mandated by the resolution.

Thus, Mr. President, on May 14, I introduced with my colleagues—Senators DURENBERGER, STAFFORD, ROTH, LUGAR, WEICKER, HAWKINS, and MATHIAS—an amendment that would have deleted from the budget resolution the provision that benefits paid by the social security old age and survivors insurance trust fund be reduced, and/or that social security taxes be increased, so as to provide a savings of $40 billion in the cost of the program over 3 fiscal years, 1983-85.

It also removed the provision contained in section 2(c) that the Finance and Ways and Means Committees must report by December 1, legislation implementing the requirement for a $40 billion saving.

It retained the provision in section 2(c)(4) requesting the President to direct the National Commission on Social Security to report by November 11 its recommendations for insuring the solvency of the system.

And it contained a provision requiring the Finance and Ways and Means Committees to report by December 1 this year whatever legislation may be needed to insure the solvency of the social security trust funds. It also contained a provision that such changes in laws shall do no more than is absolutely necessary to preserve the financial integrity of the social security system.

The amendment made no change in the technical treatment of the social security trust funds for budgetary purposes, and thus, it left intact the unified budget.

Mr. President, I am very pleased that our amendment has been included in the Budget Committee's modified language. The committee modification deletes the $40 billion mandated social security savings yet retains the solvency provisions requiring Finance and Ways and Means Committees action by December 1 this year. The committee language completely encompasses the purposes of the amendment offered by myself and my distinguished colleagues.

The committee modification is directly responsive to the expressed desire of a great many Members of this body that we not mandate specific changes in the social security system in order to achieve budgetary objectives. By deleting the requirement for changes in the social security system providing $40 billion of savings over 3 fiscal years, and by removing the requirement that legislation implementing such an amount of savings be reported by the Finance and Ways and Means Committees, we make inalterably clear that any changes that may be needed to keep the system solvent will be based on the findings of the bipartisan Commission on Social Security Reform.

The modification insures that the Finance and Ways and Means Committees will report any needed changes after receiving the Commission's report and after hearings and public discussion of the recommendations. It will help assure that decisions taken by the committees will be based not on an arbitrary estimation of the needs of the system but on thorough study and analysis.

I and those who cosponsored the Chafee-Durenberger amendment had no intention of sweeping the problems of the social security system under the rug, out of sight. And thus by requiring the Finance Committee and Ways and Means Committee to report by December 1 as our amendment provided, the modification acknowledges that the Congress may have to reconvene in December to deal with social security.

I believe the committee amendment is appropriate. I am delighted it so completely embraces my objectives with regard to social security.

Mr. MURKOWSKI. Mr. President, our country faces grave economic problems: Unemployment is at 9.4 percent and climbing; housing starts remain below 1 million units for the ninth consecutive month; auto sales are severely depressed; and the number of bankruptcies is up. In the midst of the economic decline, the prime rate remains at 16½ percent. Until interest rates go down, the housing, auto, and other industries dependent on credit will not recover. If they do not recover, the economy will not recover, and we will remain in this economic morass.

Mr. President, why are interest rates remaining high in the midst of a recession? They are remaining high because the Federal Government is still absorbing some 50 percent of the credit market. Unless we take remedial action, deficits will climb to well over $200 billion by 1985. These deficits have to be financed in the credit market and, by 1984, will be absorbing 54 percent of that market. To put that percentage in perspective, just 5 years ago, the Federal Government took up only 27 percent of the credit market. Because the Federal Government must have credit to finance these deficits, and it will pay any price to get that credit, interest rates are driven up and other borrowers are squeezed out. Given that reality, who in the financial markets is foolish enough to make long-term fixed rate loans?

We must send a signal to the financial markets—we must reduce the deficit in 1983 and in future years.

Mr. President, I commend Senator DOMENICI and his colleagues on the Senate Budget Committee. They have demonstrated leadership and courage in producing a budget resolution that will send such a signal to the financial markets.

We must squarely face difficult and politically dangerous choices. We must hold the line on discretionary spending. We must limit cost-of-living increases. We must limit entitlement increases.

No part of the budget must be exempt from cuts.

This country faces dangerous military threats. These threats justify the administration's support of a strong defense capability. But we cannot remain strong militarily while our economic base remains in shambles. We must reconcile ourselves to smaller increases in the defense budget than we would like.

Mr. President, I deeply resent suggestions that we are balancing the budget on the backs of the poor. In

1964, the first full year of Lyndon Johnson's Presidency, 28.8 percent of the budget was devoted to "human services," which included health, education, welfare, social security, and many others. In 1981, 53.3 percent of the budget went for human service programs. The "harsh results" of continuing the Reagan cuts approved last year would be to shrink this to just under 52 percent of the total budget. The Republican amendments to the concurrent resolution that were introduced today will not significantly change this percentage—hardly cause for the outcry we are hearing.

We are not turning our back on the poor, the aged, the disadvantaged. I would not go along with it if we were.

Mr. President, it will be necessary to raise some revenues through selected tax increases. But before we rush to revise the tax package that we enacted last August, let us reflect on why we passed that package. Taxpayers were pushed into ever-higher tax brackets by the ravages of inflation, thereby suffering declines in real income. The tax system had built-in disincentives to working, saving, and investing, thereby discouraging increases in productivity.

The tax package that we enacted in August went a long way in eliminating these defects in the tax law. The 3-year, 25-percent individual tax cut that we passed will give every American the choice of having that 25 percent to either save or go out and make purchases which will stimulate the economy and create new jobs and investment; both of these actions will help our economy. The indexing provisions scheduled to take effect in 1985 will protect the real income of taxpayers from the bracket creep caused by the ravages of inflation.

The answer to our budget woes is not to simply raise taxes. Government is a strange animal—the more money it collects, the more it tends to spend. We must not sacrifice the tax relief for the hard-working men and women of this country contained within the August tax package to an ever-hungry, ever-growing, bloated Federal Government.

In November 1980, Mr. President, the election centered around the issue of the size and cost of Government. President Reagan and Congress were given a message by the people: To reduce the extent and activities of the Federal Government, to cut waste and fraud, to balance the budget, and to provide tax relief. I challenge my colleagues to live up to this message. Let us have the courage and determination to hold the line on all aspects of Federal spending. We have the opportunity to revive the economic health of this country. Let us exercise that opportunity.

IN SUPPORT OF PROVIDING ADEQUATE FUNDING FOR THE GUARANTEED STUDENT LOAN PROGRAM

● **Mr. WEICKER.** Mr. President, as a cosponsor of the Stafford amendment to provide adequate funding for the guaranteed student loan (GSL) program, I am pleased that the Republican leadership has agreed to include the amendment in the 1983 budget resolution.

I have been steadfastly opposed to the drastic reductions in funding levels for the student financial assistance programs, either directly by requests to significantly reduce funding levels or by restricting eligibility requirements. With my colleague, Senator Stafford, I recommended full funding as authorized by the Omnibus Reconciliation Act of 1981 for fiscal year 1983 appropriations for the campus based programs. This past winter I held field hearings in my home State of Connecticut to personally get feedback from some of those most affected by the administration's proposals. Now I am giving my full support to the GSL program to insure that those students who need financial assistance for a higher education will receive it.

The opportunity for a college education should not be eliminated by a student's inability to pay. Limiting access to higher education is shortsighted and ill advised. The strength of our Nation is dependent on an educated citizenry. Not only for the sake of individual citizens but for the sake of our Nation as well, it is vital that higher education be maintained as a national priority. Without adequate funding for the GSL program we will be faced with a tragic setback in terms of access and choice to higher education for all but our Nation's most prosperous.

Indeed the proposed new standards for the GSL program would shift much of the burden for the cost of loans to the students and their families. The origination fee would increase from 5 to 10 percent and an insurance fee would be added when appropriate. Graduate students would no longer be eligible for the lower, more reasonable interest rate of 9 percent. This would discourage many from pursuing specialized professions which require additional years of preparation. Due to the proposed elimination of the Federal special allowance payments 2 years after repayment begins, students would be required to take on the full subsidy at that time. This means that the student and lender must renegotiate the loan at the current market rate. Two years out of college, students may be paying as high as 16 percent interest on their loans. It is unclear from the proposed standards as to what the rights of the student and the lender would be concerning this renegotiation process.

The proposed new standards would result in implications for the lender as well as the student. Lenders would likely be more hesitant to lend to students, considering the changes which would give more responsibility to the student for guaranteeing repayment of the loans.

Most importantly, we need to consider why the costs of the GSL program have escalated. The costs associated with the GSL program involve payments directly to the lenders, which are largely contingent on market interst rates. In order to reduce long-range costs, we should emphasize bringing down the interest rates in the general economy as opposed to limiting the financial assistance available to students. This takes the onus off the students and their families, which is a far better solution.

Countless numbers of deserving students are dependent on these loans for the opportunity to reap the benefits of higher education. It is essential that we do not "close the window of opportunity" (David, Bokman, Yale University) for our most valuable resource, the young men and women of our Nation.●

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, in view of that, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not past the hour of 10:15 p.m. in which Senators may speak.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

THE CALENDAR

Mr. BAKER. Mr. President, there are a number of items I am anxious to take up tonight if they can be cleared by unanimous consent. Could I invite the attention of the minority leader to certain items on today's Calendar of Business? I refer particularly to Calendar Orders 519, 521, 532, 548, 549, 552, 563, 564, and 569. I am prepared to proceed on those items by unanimous consent if it is agreeable to the minority leader.

Mr. ROBERT C. BYRD. Mr. President, the minority is ready to proceed on the aforementioned items.

Mr. BAKER. I thank the minority leader.

TRANSFER OF CERTAIN REAL PROPERTY

The bill (H.R. 1543) to confirm a conveyance of certain real property by the Central Pacific Railway Co. and Southern Pacific Co. to A. C. Taber and his wife, Mary Taber, was considered, ordered to a third reading, read the third time, and passed.

TRANSFER OF CERTAIN FEDERAL LANDS

The Senate proceeded to consider the bill (S. 982) to provide for the conveyance of certain Federal land adjacent to Lake Shore Drive, Lake Lowell, Boise project, Idaho, which had been reported from the Committee on Energy and Natural Resources with an amendment:

On page 2, strike line 2, and insert the following: "Orchard and Lake Shore Drives, Lake Lowell, Boise project, Idaho".

So as to make the bill read:

S. 982

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. The Secretary of the Interior (hereinafter referred to as the "Secretary") is hereby authorized to convey all right, title, and interest, except as reserved herein, to certain small tracts of Federal lands located adjacent to Orchard and Lake Shore Drives, Lake Lowell, Boise project, Idaho, to the adjacent landowners.

SEC. 2. Such conveyances shall be made by the Secretary only to the adjacent landowners, and shall be made within one year from the date of his receipt of a proper application from such landowners. Applicants for such conveyances must pay the fair market value of the lands as of the date of the conveyance, including administrative costs, but excluding the costs to the Government of conducting the necessary land surveys and preparing the legal descriptions of the land to be conveyed. In determining the fair market value of the lands, the Secretary shall not include the value of any improvements made to the lands by the adjacent landowners or their predecessors.

SEC. 3. All conveyances made pursuant to this Act shall reserve to the United States all mineral deposits in the lands and shall assure that the right to mine and remove such minerals is subservient to the surface rights granted in the conveyances.

● **Mr. McCLURE.** Mr. President, the Committee on Energy and Natural Resources does not intend that this measure (S. 982) authorize any additional budget authority for fiscal year 1982 than that already available to the Department of the Interior. The committee intends that any fiscal year 1982 costs incurred from the bill will be absorbed from existing funds.●

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

"A bill to provide for the conveyance of certain Federal lands adjacent to Orchard and Lake Shore Drives, Lake Lowell, Boise project, Idaho.".

POSTAL SERVICE AMENDMENTS OF 1981

The Senate proceeded to consider the bill (S. 1407) to amend title 39, United States Code, by strengthening the investigatory and enforcement powers of the Postal Service by authorizing inspection authority and by providing for civil penalties for violations of orders under section 3005 of such title (pertaining to schemes for obtaining money by false representations or lotteries), and for other purposes, which had been reported from the Committee on Governmental Affairs with an amendment to strike out all after the enacting clause, and insert the following:

That this Act may be cited as the "Mail Order Consumer Protection Amendments of 1982".

INSPECTION AUTHORITY

SEC. 2. (a) Chapter 4 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 413. Inspection authority

"(a) The Postal Service may require, pursuant to a written demand made under this section, that any officer or employee designated by the Postal Service be given access at reasonable times to inspect or copy any books, records, documents, or other objects that the Postal Service has reason to believe relate to any matter (except a matter pertaining to chapter 6 of this title or to the provisions of title 18 concerning the carriage of letters by private express) under investigation by the Postal Service pursuant to its authority under section 404(a)(7) of this title. Any written demand under this section shall describe with reasonable particularity the items sought to be examined, and shall specify a reasonable time and place for making the inspection. No written demand issued under this section may impose an unreasonable burden upon the party to whom the demand is issued. The Postal Service shall, after reasonable notice and opportunity for interested parties to comment, issue regulations providing procedures and conditions for exercising its inspection authority under this section.

"(b) If a person issued a written demand under subsection (a) refuses to obey such demand, any district court of the United States within the judicial district within which such person is found, resides, receives mail, or otherwise transacts business, may (upon application by the Postal Service) order such person to comply with the written demand issued under subsection (a). Any failure to obey such order of the court may be punished by the court as a contempt thereof.".

(b) The table of sections of chapter 4 of title 39, United States Code, is amended by inserting after the item relating to section 412 the following new item.

"413. Inspection authority.".

AMENDMENT TO SECTION 3005

SEC. 3. Section 3005 of title 39, United States Code, is amended to read as follows:

"§ 3005. False representations; lotteries

"(a) (1) The Postal Service may issue an order described under paragraph (1) or (2) of subsection (b), or both such orders, upon determining on the basis of evidence satisfactory to the Postal Service that any person—

"(A) is engaged in conducting a scheme or device for obtaining money or property through the mail by means of false representations, including the mailing of matter which is nonmailable under section 3001(d) of this title; or

"(B) is engaged in conducting a lottery, gift enterprise, or scheme for the distribution of money or of real of personal property, by lottery, chance, or drawing of any kind.

The mailing by any person of matter which is nonmailable under section 3001(d) shall constitute prima facie evidence that such person is engaged in conducting a scheme or device described by subparagraph (A).

"(2) Nothing in this subsection shall prohibit the mailing of—

"(A) a newspaper of general circulation containing advertisements, lists of prizes, or information concerning a lottery conducted by a State acting under authority of State law, published in that State, or in an adjacent State which conducts such a lottery; or

"(B) tickets or other materials concerning a lottery within that State to addresses within that State.

As used in this paragraph, the term 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

"(b) When permitted under subsection (a), the Postal Service may issue—

"(1) an order which——

"(A) directs the postmaster of the post office at which mail arrives, addressed to any person engaged in an activity described by subsection (a)(1) (or to any representative of such person), to return such mail to the sender appropriately marked as in violation of this section if such person or representative is first notified and given reasonable opportunity to be present at the receiving post office to survey the mail before the postmaster returns the mail to the sender; and

"(B) forbids the payment by a postmaster to such person or representative of any money order drawn to the order of either, and provides for the return to the remitter of the sum named in the money order; or

"(2) an order which requires any person (or representative of such person) engaged in an activity described by subsection (a)(1) to cease and desist from such activity.

"(c)(1) The public advertisement by a person engaged in activities described by subsection (a)(1) that remittances may be made by mail to a person named in the advertisement is prima facie evidence that the latter is the agent or representative of the advertiser for the receipt of remittances on behalf of the advertiser. The Postal Service may ascertain the existence of the agency relationship in any other legal way satisfactory to it.

"(2) As used in this section and in section 3006 of this title, the term 'representative' includes an agent or representative acting as an individual or as a firm, bank, corporation, or association of any kind.

"(d)(1) In conducting investigations to determine whether any person is engaged in activities described by subsection (a)(1), the Postal Service (or any duly authorized agent of the Postal Service) may tender at any reasonable time, and by any reasonable means, the price of any article or service that such person has offered for sale by mail. If the United States district court determines that there has been an unreasonable failure by any such person to provide the article or service to the Postal Service or its agent upon the tender of the advertised price of the article or service, such failure shall, for purposes of section 3007 of this title, constitute probable cause to believe that such person is engaged in activities described by subsection (a)(1).

"(2) If the Postal Service issues to any person a written demand, under section 413 of this title, to inspect documents or other items in the course of investigations to determine whether such person is engaged in activities described by subsection (a)(1), and if the United States district court determines that there has been an unreasonable refusal, such refusal by such person to comply with such demand shall, for purposes of section 3007 of this title, constitute probable cause to believe that such person is engaged in activities described by such subsection.

"(3) The Postal Service shall, after reasonable notice and opportunity for interested parties to comment, issue regulations regarding reasonable conditions for compliance with written demands to inspect documents or other items under paragraph (2), and reasonable conditions for providing the article or service involved upon tender of the advertised price under paragraph (1).".

CIVIL PENALTIES

SEC. 4. (a) Chapter 30 of title 39 of the United States Code is amended by adding after section 3011 the following new section:

"§ 3012. Civil penalties

"(a) Any person—

"(1) who evades or attempts to evade the effect of an order issued under section 3005(b)(1);

"(2) who fails to comply with any order issued under section 3005(b)(2); or

"(3) who (other than a publisher described by section 3007(b)) has actual knowledge of any such order, is in privity with any person described by paragraph (1) or (2), and engages in conduct which assists any such person to evade, attempt to evade, or fail to comply with any such order (as the case may be);

shall be liable to the United States for a civil penalty in an amount not to exceed $10,000 for each day that such person engages in conduct described by paragraph (1), (2), or (3). If orders are issued under both paragraphs (1) and (2) of section 3005(b) with respect to any activity described under section 3005(a), separate penalties may be assessed under this subsection for conduct described by paragraphs (1) and (2) of this subsection. The resumption through use of any instrumentality of interstate commerce of any activity with respect to which a cease and desist order has been issued under section 3005(b)(2) of this title shall, for purposes of this subsection, be considered to be a failure to comply with such order.

"(b)(1) Whenever, on the basis of any information available to it, the Postal Service finds that any person is engaging in conduct described by paragraph (1), (2), or (3) of subsection (a), the Postal Service may commence a civil action to enforce the civil penalties established under such subsection. Any such action shall be brought in the district court of the United States for the district in which such conduct occurred or in which the defendant resides, transacts business, or receives mail.

"(2) In determining the amount of any civil penalty, the court shall take into account the nature, circumstances, extent, and gravity of the violation or violations and, with respect to the violator, ability to pay, effect on ability to conduct lawful business, any history of prior such violations, the degree of culpability, and such other matters as justice may require.".

(b) The amendment made by subsection (a) shall apply with respect to conduct which occurs on or after the date of the enactment of this Act.

(c) The table of sections of chapter 30 of title 39, United States Code, is amended by inserting after the item relating to section 3011 the following new item:

"3012. Civil penalties.".

ANNUAL STATEMENTS

SEC. 5. Section 2401(g) of title 39, United States Code, is amended by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively, and by inserting after pargraph (2) the following new paragraph:

"(3) investigative activities of the Postal Service, including a statistical summary of matters referred for prosecution and the results thereof, the number of investigative demands issued pursuant to section 413 of this title, and a statistical summary of administrative and civil actions initiated pursuant to sections 3005 and 3007 of this title;".

Mr. STEVENS. Mr. President, I urge support for passage of S. 1407, the Mail Order Consumer Protection Amendment of 1982. The bill, when passed, will significantly strengthen the investigatory and enforcement powers of the U.S. Postal Service to crack down on fraudulent mail order schemes.

Each year, thousands of Americans are bilked out of millions of dollars by promoters promising the public one thing through false and misleading advertisement and delivering something quite different through the mails. We have had this particular problem in Alaska with scheme after scheme to con people out of their hard-earned money by promising high-paying jobs in Alaska when there is no ability or intention of fulfilling this promise.

Recently, the U.S. Postal Service won a suit against the publisher of a pamphlet entitled "Alaska Employment," who offered for sale information concerning attractive job opportunities in Alaska. The promoter described employment opportunities that did not exist. Contrary to the advertisement, the promoter could not in any meaningful way assist the individual to obtain such employment.

In this case, the Postal Service was severely hampered because it could not gain access to the promoter's records to determine whether or not they could fulfill the promise made in their advertising. The Postal Service was able to prove their case only after substantial delay and expense, including bringing representatives from the State of Alaska to Washington, D.C. This case went on for over a year. Meanwhile, more and more Americans were continuing to be ripped off by similar fraudulent promotions using the mails to bilk the public.

One important aspect of S. 1407 bears comment. The written demand provision allows the Postal Service to determine the truth or falsehood of the claims in the cases such as the one I have described. Had this provision existed in current law as it does in this bill, the Postal Service could have easily obtained the necessary information that would have demonstrated once and for all whether or not there existed the job opportunities that the promoters claimed, thus saving considerable time and money for all involved.

Ed Orbeck, commissioner of the Alaska Department of Labor, has been especially diligent in his efforts to stop such fraudulent job promotion schemes affecting our State. Ed and many Alaskans know we have 18 percent unemployment. Raising the hopes of Americans looking for jobs and then dashing those hopes by providing useless information is an especially cruel hoax to play on people, not to mention the loss of their money.

Mr. President, I ask unanimous consent to insert at the end of my remarks a letter to the staff director of the Senate Civil Service, Post Office, and General Services Subcommittee from the Postal Service regarding the Alaska employment case and another fraud case, including the statement that this bill would help the Postal Service stop such fraud cases.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. POSTAL SERVICE,
CONSUMER PROTECTION DIVISION,
Washington, D.C., February 17, 1982.

MR. WAYNE SCHLEY,
Staff Director, Subcommittee on Civil Service and General Services, Committee on Governmental Affairs, U.S. Senate, Washington, D.C.

DEAR WAYNE: During our February 16 meeting you expressed interest in two of our recent misrepresentation cases and inquired as to how the provisions of S. 1407, if enacted, would have been of assistance in these cases.

Our complaint against Alaska Employment, P.S. Docket No. 7/166, was filed in March, 1980 and resulted in a final decision favorable to the Postal Service (copy enclosed) on April 30, 1981. The promoter offered for sale information concerning the alleged availability of attractive employment in Alaska. Our case consisted primarily of testimony from witnesses familiar with the Alaskan job market that the employment opportunity the promoter described did not exist and that its ability to assist persons seeking Alaskan employment was minimal.

In Classified Reports, P.S. Docket No. 12/178, we contend that the promoter promises to provide, but does not, information which will allow anyone to obtain free money and automobiles from the Government. Our complaint (copy attached) was filed on December 1, 1981. A hearing was held February 8-9, 1982 and the case is awaiting an initial decision by the Administrative Law Judge. Our case consisted primarily of the testimony of persons from the Government agencies which administer the major entitlement programs to the effect that only persons meeting particular eligibility requirements, and not just anyone, would be entitled to benefits under the programs they administered and that "free" automobiles were not available.

These cases are difficult to prove under the existing misrepresentations statute (39 U.S.C. § 3005). We are confronted with necessity of proving that the respondent cannot do what its advertising claims but have no authority to gain access to its records of what it is, in fact, doing. In the Alaska Employment case we had to prove that the job market in Alaska was not as respondent claimed and that respondent could not provide leads to the desirable jobs it described. This was eventually accomplished after substantial delay and expense—including bringing witnesses from the Alaskan government to Washington. Similarly in Classified Reports we expect to prove from the testimony of witnesses familiar with the major Government entitlement programs that no Government entitlement program offers the benefits respondent claims. Unlike many of our other cases where experts are called upon to testify that generally accepted scientific principles disprove the respondent's claims for its products, cases like the above require that we prove that the promoter is not doing something that is scientifically possible without the advantage of commonly available investigative tools that would allow us to determine what the promoter is, in fact, doing. Ultimately we can prevail but the process is dilatory and consumers may continue to be fleeced while we develop our case.

The written demand provisions of S. 1407 (Section 413) would allow us promptly to determine the truth or falsity of the claims in cases like the two described above. In Alaska Employment we could have demanded any records which demonstrate the existence of the job opportunities the promoter claimed. In Classified Reports we could have demanded documents identifying the entitlement program(s) the promoter alluded to and the names of any of its customers who had actually received the benefits it claimed were available. In all likelihood, the use of such authority would have resulted in the informal settlement of these cases very early in the investigative stage and the public would not have continued to sustain losses during the course of our proceedings.

Please let me know if I may be of further assistance.

Sincerely,

GEORGE C. DAVIS,
Assistant General Counsel,
Law Department.

● Mr. HEINZ. Mr. President, as chairman of the Senate Special Committee on Aging and an original cosponsor, I am particularly pleased today to rise in support of S. 1407, the Mail Order Consumer Protection Amendments of 1982. The measure will strengthen the investigatory and enforcement powers of the Postal Service in its efforts to combat mail fraud. Although the bill will help postal authorities protect the interests of all consumers, it has special significance for our Nation's 26 million senior citizens. Many older people must rely heavily upon making purchases through the mail, and therefore are frequently victimized by mail fraud. I should therefore like to commend Senators Pryor, Chiles, and Stevens for their leadership and aggressive support in bringing this matter to the floor.

Our Postal Service has about 650,000 employees who last year, handled nearly 100 billion pieces of mail in some 40,000 facilities. For that same period the service generated cash receipts of nearly $18.5 billion. This volume constitutes a full half of the world's mail.

Most of the mail carried by the Postal Service consists of personal correspondence and legitimate business related materials. Unfortunately, the mails are also used by unscrupulous conartists, charlatans, and quacks to perpetrate fraudulent schemes. Recent testimony by Postal Inspection Service personnel suggests that these frauds, amount to billions of dollars per year and are increasing.

While these schemes affect all citizens, they are of particular consequence to the elderly. Postal authorities estimate that 60 percent of mail fraud is perpetrated upon older Americans. Although many of the elderly are far from rich, as a group their income approaches $200 billion per year.

Mr. President, to learn more about the range of frauds perpetrated against the elderly, the severity of their impact, and ways of solving these problems, I chaired a hearing of the Senate Special Committee on Aging on August 4, 1981, on "Frauds Against the Elderly." witnesses who testified before the Committee included: Virginia Knauer, special assistant to the President and Director of the U.S. Office of Consumer Affairs; Kenneth Fletcher, Chief Postal Inspector, U.S. Postal Service; Carlon M. O'Malley Jr., U.S. attorney, Middle district of Pennsylvania; LeRoy S. Zimmerman, attorney general, Commonwealth of Pennsylvania; Terry W. Lazin, director, Pennsylvania Bureau of Consumer Protection; Gorham L. Black Jr., secretary, Pennsylvania Department on Aging; Laurence H. Brown, director, Economic Crime Project, National District Attorneys Association; and Hap A. Seiders, a convicted felon who conducted a fraudulent mail order rare coin business. Collectively, our witnesses testified to a staggering array of frauds, deceits, and callous exploitation worked against the elderly.

The hearing included demonstrations of fraudulent techniques and devices commonly used against the elderly. Virginia Knauer illustrated fraudulent medical devices which had been sold through the mails. Kenneth Fletcher dramatized the danger of mail order miracle cures by citing an example of a cancer cure which consisted of contaminated kelp compound that the purchaser was to inject into himself. The product was seized by postal officials and upon analysis was determined to be so full of toxic substances that use of it in the manner described in the accompanying advertising material could have caused death. Chief Fletcher also described a $500,000 real estate scam that drove a retired farmer to suicide. Former counterfeit coin dealer, Hap Seiders, gave examples of common swindling techniques, such as changing his corporation's name to avoid detection by authorities and of several other financial investment scams.

During the hearing I introduced into the record a letter from a constituent of mine which complained of a solicitation he had received. In bold letters the ad heralded its message "Hidden Money Secrets from Social Security" and asked that the reader mail the sum of $10 to the New Jersey based firm. This ad is apparently part of an ongoing effort to deceive and defraud the elderly. The material offered provides information which is readily available free-of-charge from any social security office. In addition, several of the statements made in the text of the advertisement about social security benefits are false or misleading. Chief Postal Inspector Fletcher indicated that he and his investigators were all too familiar with the ad and that his office had entered into a consent decree in which the firm agreed to stop promoting and selling the material. However, due to a loophole in the law this company continues to operate. If S. 1407 were enacted, it would close this loophole and provide for the imposition of civil penalties for wrongdoers who seek to evade the intent of law.

While certain elderly people have specific characteristics that make them particularly at risk of being defrauded, those who seek to defraud the elderly do not discriminate. The poor elderly are defrauded of their nickels and dimes, while those with formal education and sufficient income only lend themselves to more sophisticated fraud for bigger takes.

The Office of the Chief Postal Inspector (the Inspector General of the Postal Service) is manned by 2,000 inspectors who work to combat mail fraud and related offences. While the Postal Inspection Service has accumulated an impressive track record in putting an end to innumerable mail-fraud schemes, several obstacles impede its efforts to obtain an even greater number of successful prosecutions and to permanently ban those convicted of wrongdoing from reestablishing their fraudulent operations by simply changing their names or operations. This bill would give the Postal Inspector the tools he needs to overcome these impediments.

In order for the Postal Inspection Service to evaluate whether a product measures up to its advertised claims, the Service must send for it through the mail in much the same way that an ordinary citizen does. It can take up to 3 months to receive a product, which must then be evaluated. The Service must then approach an administrative law judge or a U.S. attorney for action. The critical factor is the delay caused by this process.

Defrauders of the elderly know the nature of this procedure. As a result, they commonly place an ad, take orders for several months, and fill all the orders at one time as they close down their business operation. By the time the inspectors receive their product the perpetrators and their assets have vanished. All too often defrauders successfully evade the intent of postal stop orders by making a technical change in the name of their operation and continuing their activity as if nothing had happened.

S. 1407 provides a solution to these problems. It gives the Postal Service the authority to appear at the address mentioned in a suspicious ad, present a postal money order for the amount of the purchase, and receive immediate access to the product.

The bill would give the Chief Postal Inspector (who functions as Inspector General of the Postal Service) authority to seek access to books, records, documents and other matter related to an investigation through a written investigative demand.

A third item in the bill would give the Chief Postal Inspector the authority to obtain an order barring named individuals from further engaging in the scheme which was the subject of a prior action. Violations of this order could be punished with civil penalties up to $10,000 for each violation.

S. 1407 does not add significant new costs to the Treasury. It will, if passed, go a long way toward providing the Postal Inspection Service with the necessary tools to move promptly and efficiently against those who victimize our Nation's elderly.

Mr. President, the witnesses at our Senate Aging Committee hearing uniformly testified that the problem of mail fraud is a real and growing one. Additional hearings by the Senate Government Affairs Committee and the House Committee on Aging have confirmed the need for us to act quickly and affirmatively on this matter. I urge my colleagues to approve S. 1407 and help to end the abuse of our mails.●

● Mr. PRYOR. Mr. President, S. 1407, the Mail Order Consumer Protection Amendments of 1982, which the Senate takes up today for consideration, is a bill to strengthen the investigation and enforcement authority of the U.S. Postal Service. This legislation represents a major breakthrough in protecting our Nation's citizens from mail order schemes that defraud the public through false and misleading advertisements.

Mail fraud has grown in epidemic proportions in recent years. Citizens are now being bilked out of hundreds of millions of dollars each year by fraudulent schemes. According to the Postal Service, postal inspectors last year received more than 200,000 complaints of mail fraud or misrepresentation, completed more than 4,400 investigations, and saw nearly 1,400 would-be swindlers convicted of mail fraud. However, more can be done to fight mail fraud and much more needs to be done to protect consumers from dishonest individuals who prey upon our society. Yet because our postal fraud statute is over 100 years old, it is often hard to indict, convict, and punish the perpetrators of these crimes.

Investigations by the House Select Committee on Aging under its distinguished chairman, Congressmen CLAUDE PEPPER, have uncovered numerous examples of mail fraud and false representations which have been perpetrated upon thousands of honest, hardworking Americans.

The Aging Committee became interested in this problem because, unfortunately, over 60 percent of the victims of these frauds are elderly citizens, most of whom are living on fixed incomes and literally counting their pennies. Many of the victims have lost their entire life savings and are provided very little recourse for recovery.

At a hearing before the Governmental Affairs Committee's Subcommttee on Civil Service, Post Office, and General Services, Chief Postal Inspector Kenneth H. Fletcher testified:

> Of special concern to us are schemes which prey on our senior citizens. These include work-at-home schemes, investment and job opportunities ventures, land and merchandise frauds, and spurious medical promotions. Through cleverly conceived advertising, promoters tout all manner of miracle cures. Due to rising costs of medical attention and, perhaps, previous unsuccessful attempts to alleviate their suffering, the elderly are often tempted to try these purported cure-alls for a long list of problems, including arthritis, cancer, obestity, impotency and baldness. * * *
>
> Another prevalent fraud is the so-called work-at-home scheme. Although the most common offering is for envelope stuffing, schemes also include the making of products such as baby booties or aprons.
>
> It is usually alleged there is a market for such products when there is none, or that the promoter will buy the products when, in fact, the promoter will not. I think you are all familiar with the kind of advertisements I am talking about: "earn $400 or more per month in your own home, no investments necessary, choose your own hours," and that kind of come-on. We know of no such work-at-home scheme that ever produces income as alleged.

Postmaster General William Bolger in a letter to the Governmental Affairs Committee said that existing statutes are:

> Powerful weapons, but their effectiveness has been lessened due to unavoidable time constraints involved in obtaining product samples necessary to initiate investigations, the lack of access to certain business records, and the ease with which operators can escape the reach of mail-stop orders once issued.

S. 1407 addresses these concerns.

First, it would give the Chief Postal Inspector, who functions as the Inspector General of the Postal Service, authority to seek access to any books, records, documents, or other matter related to an investigation through a written investigative demand.

Second, the Postal Service would be granted authority to tender the advertised purchase price to a firm in order to gain immediate access to an advertised product so that an examination of the product may begin at once.

Third, the measure amends title 39, United States Code, to authorize imposition of a civil penalty in the amount up to, but not to exceed $10,000 per day against anyone who continues to engage in fraudulent schemes after having been found in violation of postal statutes and ordered to cease such activity.

S. 1407, as amended, was ordered reported by the Governmental Affairs Committee on April 29, 1982, by a unanimous vote at the committee. The legislation was the subject of hearings held by the Subcommittee on Civil Service, Post Office, and General Services on October 13, 1981. The legislation is cosponsored by Senators HEINZ, CHILES, STEVENS, BUMPERS, MELCHER, DURENBERGER, HOLLINGS, PRESSLER, ROTH, SASSER, KASSEBAUM, EAGLETON, COHEN, BURDICK, GRASSLEY, NUNN, HEFLIN, BYRD of Virginia, CRANSTON, DIXON, LUGAR, INOUYE, SARBANES, MATHIAS, and SCHMITT.

Mr. President, I urge the approval of this measure. It will give needed enforcement tools to the Postal Service to protect consumers and to fight fraudulent activities through the use of the mail.●

● Mr. CHILES. Mr. President, I am pleased that the Senate today unanimously passed S. 1407, the Mail Order Consumer Protection Amendments of 1982, giving the U.S. Postal Inspector authority to effectively crackdown on fradulent mail-order schemes which bilk the elderly and others out of hundreds of millions of dollars every year.

There are literally hundreds of reputable, completely legitimate businesses in this country which provide a great convenience to consumers through mail-order sales. They are often especially convenient for the elderly and many others who are somewhat limited in their mobility and find it difficult to do much shopping outside their home without help.

But we also know that there are a lot of quick buck, fraudulent operators who find it easy to use the mails to sell merchandise or services which have been completely misrepresented to consumers. Phony land schemes, promises of wealth from questionable work at home schemes, investment opportunities in nonexistent securities, commodities or franchises, amazing cures for deadly diseases and physical disabilities, you name the scheme and someone will try to sell it, frequently by mail.

This activity is already against the law. There are schemes for obtaining money through false representation. But they are often difficult to prosecute. What this bill will do is strengthen the investigatory and enforcement ability of the U.S. Postal Service to enforce the law and stop these schemes before consumers are bilked out of their money.

I am pleased that over a quarter of the Senate has cosponsored this bill since Senator PRYOR, Senator HEINZ, and I introduced it in June 1981. A companion bill in the House now has over 300 cosponsors. I would particularly like to commend Senator PRYOR and Senator STEVENS for the careful attention they gave to the bill during its consideration in the Committee on Governmental Affairs. Every effort was made to consider the views of all who would be affected by its provisions. Today's action by the Senate clearly demonstrates that we have a good bill, one which will greatly enhance the authority of the U.S. Postal Service to crackdown on fraudulent mail-order schemes without posing any unnecessary problems for the many completely legitimate and worthwhile mail-order marketing businesses in the Nation.

As passed, S. 1407 gives the Chief Postal Inspector authority to seek access to any books, records, documents, or other matter related to an investigation through a written investigative demand.

Second, the Postal Inspector would be granted authority to gain immediate access to an advertised product which is suspected of being part of a fraudulent scheme so that an examination of the product can begin at once. This provision eliminates what the Postal Inspector called, in testimony on the bill, a great weakness in the current investigatory authority: An inability to quickly obtain samples of advertised products which are suspected of being misrepresented to consumers. Currently, postal inspectors have to follow the same procedures as any consumer, responding through the mail and waiting for an advertised product to arrive before they can even begin an investigation. Many deceptive operators are well aware of this test purchase procedure and delay shipping products until they believe they have gotten all they can from their operation. Then they pack up and leave before the Postal Service can even begin an investigation.

Third, the bill authorizes imposition of a civil money penalty of up to $10,000 per day against anyone who continues to engage in fraudulent schemes after having been found in violation of false representation statutes and ordered to cease such activity. The Chief Postal Inspector has testified that even after authorities have issued an order to cease business after a determination of false representation, fraudulent operators simply change their names or their addresses and continue to sell the product under the same false advertising. Inspectors must then initiate administrative proceedings each time the promoter renews the activity under a different name. And each time, the promoter keeps pulling in the consumers' money until a new proceeding can be brought and a new order obtained. The civil penalty contained in this bill directly addresses this weakness. Anyone who attempted to evade the effect of an order to stop doing business would be subject to a fine of up to $10,000 per day.

As I noted when we first introduced this bill, there is ample precedent for the powers that it gives to the U.S. Postal Inspector. We are granting virtually the same investigative demand authority now held by other Federal Inspectors General.

Mr. President, I hope that the House will be able to act quickly on this bill and that we can get this new authority in operation soon.●

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXEMPTION OF LAKE OSWEGO FROM CERTAIN PROVISIONS OF LAW

The Senate proceeded to consider the bill (S. 1573) to amend the Water Resources Development Act of 1976 with respect to Lake Oswego, and for other purposes, which had been reported from the Committee on Energy and Natural Resources, with an amendment to strike out all after the enacting clause, and insert the following:

That part I of the Federal Power Act (Act of June 10, 1920) as amended, and section 408 of the Energy Security Act (Act of June 30, 1980), shall not be applicable to the Lake Oswego, Oregon, hydroelectric facility or Lake Oswego, until and unless otherwise provided by the Congress.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

A bill to exempt the Lake Oswego, Oregon, hydroelectric facility from part I of the Federal Power Act (Act of June 10, 1920) as amended, and for other purposes.

REPAIR OF CERTAIN NEVADA WATER PUMP FACILITIES

The Senate proceeded to consider the bill (S. 1621) to authorize the replacement of existing pump casings in southern Nevada water project pumping plants 1A and 2A, and for other purposes, which had been reported from the Committee on Energy and Natural Resources, with an amendment on page 2, line 12, after "appropriated", insert the following:

"beginning October 1, 1982".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to procure, and provide for the installation of, twelve new stainless steel casings and minor appurtenant parts to replace twelve existing cast steel pump casings in pumping plants 1A and 2A of the southern Nevada water project, first stage.

SEC. 2. The Secretary is hereby authorized to negotiate with the original manufacturer for the procurement of the new stainless replacement casings.

SEC. 3. Costs incurred in the procurement of the twelve pump casings and minor appurtenant parts shall be borne by the United States and shall be nonreimbursable and nonreturnable. The State of Nevada shall install the twelve stainless steel casings and minor appurtenant parts at its cost in a manner satisfactory to the Secretary.

SEC. 4. There is hereby authorized to be appropriated beginning October 1, 1982, for procurement of twelve stainless steel pump casings and minor appurtenant parts for southern Nevada water project pumping plants 1A and 2A the sum of $1,500,000 (July 1980 price levels), plus or minus such amounts, if any, as may be justified by reason of changes in procurement costs as indicated by engineering cost indexes applicable to the type of procurement involved: *Provided,* That, except as otherwise may be required by existing contracts, the United States shall incur no further liability with respect to the twelve pumps in pumping plants 1A and 2A of southern Nevada water project, first stage and no further expenditures or actions by the United States with respect to those pumps are either expressly or impliedly authorized by this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF COLORADO RIVER BASIN PROJECT ACT

The bill (S. 2177) to amend title III of the Colorado River Basin Project Act, Public Law 90-537 (82 Stat. 885), as amended by Public Law 95-578 (92 Stat. 2471), and Public Law 96-375 (94 Stat. 1505), was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2177

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 90-537 (82 Stat. 885), as amended is further amended to provide for cost indexing as may be justified by reason of ordinary fluctuations in construction costs.

Section 309(b), first sentence, is amended to read: "There is also authorized to be appropriated $100,000,000 for construction of distribution and drainage facilities for non-Indian lands plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering and cost indices applicable to the types of construction involved therein from the date of the Colorado River Basin Project Act.".

NATIONAL JUNIOR BOWLING CHAMPIONSHIP WEEK

The joint resolution (S.J. Res. 175) authorizing and requesting the President to proclaim "National Junior Bowling Championship Week," was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. Res. 175

Whereas the game of bowling has origins in ancient times with American roots dating back to the Pilgrims;

Whereas more than a million youngsters enjoy regular weekend bowling competition in more than seven thousand eight hundred bowling centers in the United States;

Whereas the sport of bowling teaches its junior participants sportsmanship and discipline which are helpful qualities in later life;

Whereas these youngsters are engaged in a clean and wholesome form of entertainment which enhances their character and productivity to prepare them for adulthood;

Whereas the American Bowling Congress, the Bowling Proprietors' Association of America and the Women's International Bowling Congress have united their individual youth members into one organization known as the Young American Bowling Alliance;

Whereas the Young American Bowling Alliance will conduct its first National Junior Bowling Championship tournament in Washington, District of Columbia, in July of this year; and

Whereas the Young American Bowling Alliance will continue to conduct local and national tournaments which will provide healthy competition for young bowlers: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation recognizing the week of July 18, 1982, as National Junior Bowling Championship Week in recognition of the valuable contribution the national junior bowling program has made to our young people nationwide, and calling upon all government agencies and the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

MYASTHENIA GRAVIS AWARENESS WEEK

The joint resolution (S.J. Res. 197) to provide for the designation of the week of October 17 through October 23, 1982, as "Myasthenia Gravis Awareness Week", was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. Res. 197

Whereas the incidence and prevalence of myasthenia gravis present a significant health problem in the United States;

Whereas myasthenia gravis is a severe neuromuscular disorder, characterized by weakness of the voluntary muscles of the body;

Whereas an estimated one hundred thousand to two hundred thousand diagnosed, and over one hundred thousand undiagnosed, Americans of both sexes, and all races and ages, are afflicted with the disease;

Whereas the Nation faces a continuing need to support innovative research into the causes, treatment, and cure of myasthenia gravis;

Whereas it is appropriate to focus the Nation's attention upon the problem of myasthenia gravis: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of October 17 through October 23, 1982, is designated as "Myasthenia Gravis Awareness Week" and the President of the United States is authorized and requested to issue a proclamation calling upon all government agencies and the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

AMELIA EARHART DAY

The joint resolution (H.J. Res. 412) to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day," was considered, ordered to a third reading, read the third time, and passed, and the accompanying preamble was agreed to.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have two or three other brief matters to attend to, then I understand the distinguished junior Senator from Alaska wishes to claim the floor for morning business. I believe these have been cleared by the minority and I will state them now for the consideration of the minority leader and for other Senators.

DESIGNATION OF THE SQUARE DANCE AS THE NATIONAL FOLK DANCE OF THE UNITED STATES

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 59, a resolution to designate the square dance as the national folk dance of the United States.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives.

Resolved, That the resolution from the Senate (S.J. Res. 59) entitled "Joint resolution designating the square dance as the national folk dance of the United States", do pass with the following amendment:

Page 2, line 4, after "America", insert: for 1982 and 1983.

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

Mr. ROBERT C. BYRD. Mr. President, concerning the action taken on Senate Joint Resolution 59, would the distinguished majority leader move to reconsider the action that has been taken?

Mr. BAKER. Mr. President, I am happy to do that. It is with a great deal of pride and special privilege that I move to reconsider the vote by which the motion was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

WORKING MOTHERS' DAY

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 53, "Working Mothers' Day."

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 53) entitled "Joint resolution to provide for the designation of September 6, 1981, as 'Working Mothers' Day' ", do pass with the following amendments:

Page 2, lines 2 and 3, strike out "September 6, 1981,", and insert: September 5, 1982,".

Amend the title so as to read: "Joint resolution to provide for the designation of September 5, 1982, as 'Working Mothers' Day'."

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

NATIONAL POW-MIA RECOGNITION DAY

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 160, "National POW-MIA Recognition Day."

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 160) entitled "Joint resolution to designate July 9, 1982, as 'National P.O.W.-M.I.A. Recognition Day' ", do pass with the following amendments:

Strike out all after the resolving clause and insert: "That the ninth day of July 1982 and the ninth day of April 1983 shall be designated as 'National P.O.W./M.I.A. Recognition Day' and the President of the United States is authorized and requested to issue a proclamation each year calling upon the people of the United States to commemorate such day with appropriate activities.".

Amend the title so as to read: "Joint resolution to provide for the designation of July 9, 1982, and April 9, 1983, as 'National P.O.W./M.I.A. Recognition Day'.".

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

ORDER TO INDEFINITELY POSTPONE SENATE JOINT RESOLUTION 150

Mr. BAKER. Mr. President, in connection with Calendar Order No. 562, Senate Joint Resolution 150, which is the companion bill to Calendar Order No. 569, House Joint Resolution 412, I ask that Calendar Order 562, Senate Joint Resolution 150, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHILD PASSENGER SAFETY WEEK

Mr. CRANSTON. Mr. President, I bring to the attention of the Senate a California statewide event, Child Passenger Safety Week, held May 7-14. The California Division of the American Trauma Society has taken the lead in heightening public awareness of the danger involved in permitting small children to ride unrestrained in automobiles.

The enthusiastic response already generated is impressive. With the broad participation of businesses, public schools, hospitals, and the media, well over 200 communities throughout California will soon launch assertive educational campaigns directed particularly toward parents with children under 4 years of age. Efforts will be made to inform parents of the benefits of using properly installed car safety seats.

According to Dr. Thomas K. Hunt, president of the California Division of the American Trauma Society, automobile accidents are by far the leading cause of death of children over 1 year of age, killing more children than any other disease or condition. In 1980 over 1,000 children under 4 were killed nationwide and over 93,000 injured. In California alone 127 children were killed and 7,369 injured.

These statistics are truly disheartening when we realize that most of these deaths and injuries were preventable. It is estimated that 85 percent of these deaths and most serious of injuries were and are preventable through the use of proven safety measures. At the present time only 16 percent of children are buckled up when riding in vehicles.

Clearly, greater public awareness of the problem would be beneficial in combating this needless killing. Part of the solution lies in educating parents to the severity of the problem and encouraging them to make sure their children are safely secured when traveling by car. Indeed, this is the purpose and goal of Child Passenger Safety Week.

It is noteworthy that a number of other States have also recognized the importance of this problem. Eleven States have enacted laws requiring use of car safety seats. In one of these States, Tennessee, the child death rate has been reduced by one-half. This commendable record adds convincing evidence that buckling up saves lives. As a result, seven other States, including California, are considering similar measures.

When we realize the immeasurable savings gained in terms of prevented deaths and injuries, the purchase of a car safety seat is truly a negligible cost and a wise investment for families.

In addition to the hardship and turmoil experienced by families who have had a child die or injured, public expenditures in the form of long-term hospital rehabilitation, special schooling, medicaid, and other necessary support services are substantial. The estimated cost for less severe injuries requiring 1 to 5 days of hospital care is $3,600 per child, not including emergency care treatment, medication, or followup care, all of which can greatly augment total health care costs.

Mr. President, both the emotion and financial costs of these tragic accidents can and should be avoided. Insuring children are safely secured every time they go for a drive is a habit well worth adopting. It should be as automatic as turning the ignition key. Forming this kind of habit will assure the safety of children and avoid the enormous heartache and suffering that follows a preventable accident.

THE NUCLEAR DEBATE

Mr. PELL. Mr. President, the Committee on Foreign Relations will soon meet to mark up a resolution expressing the committee's judgment how best to proceed to insure a viable and effective nuclear arms control regime.

These deliberations follow 5 days of thorough hearings, during which the committee heard from Senators, Members of the House, the Secretaries of State and Defense, and numerous other expert witnesses.

Having carefully weighed the testimony, I conclude that a nuclear freeze, coupled with other steps to preserve the SALT regime and to move toward substantial reductions, is definitely in the national interests of the United States.

I was impressed and reassured by the President's May 9 proposal for strategic arms reductions. As administration officials have indicated, that negotiation would take years to succeed. No one doubts that the negotiations will be tough.

Given the likelihood of a protracted effort with no certainty as to what can be achieved, I conclude that the case for a freeze becomes even stronger. As my colleagues, the Senator from Massachusetts (Mr. Kennedy) and the Senator from Oregon (Mr. Hatfield) point out in an excellent article in the May 16, 1982, Washington Post, "A mutual freeze as the first step could well make the difference in the success or failure of the Reagan plan."

Mr. President, this article by the sponsors of the Kennedy-Hatfield resolution, which I am cosponsoring, addresses the arguments for and against a freeze. I find the reasoning thoughtful and compelling. I hope my fellow Senators will have an opportunity to read the article. I ask unanimous consent that it be inserted in the Record following my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, May 16, 1982]

The Freeze Is Better

(By Edward M. Kennedy and Mark O. Hatfield)

The president's movement on arms control is a tribute to the nationwide grassroots movement for a nuclear weapons freeze. Indeed, there are those who would forthwith dispense with the freeze on grounds that it has already achieved its only real purpose: to convince the administration to do something, almost anything positive, about arms control. We dissent from that view. We believe a mutual and verifiable freeze is not merely good politics, but good policy.

A freeze would stop the deployment of new weapons. By contrast, the Reagan START proposal would start a new round in the arms race in the form of the MX missile, the Trident II and other advanced nuclear weapons. The Reagan plan does not cover bombers of any kind or cruise missiles at all—a loophole big enough to fly a fleet of bombers through, with each plane carrying more destructive force than all the bombs dropped in World War II. And the Soviets will match us every step and every missile of the way in any futile quest for nuclear superiority.

There is another clear measure of the difference between a freeze and START: a freeze would save a least $100 billion now scheduled to be spent on new weapons systems in the next five years; START envisions spending that additional money and even more.

A nuclear weapons freeze has the clear advantage of bypassing endless arguments about which nation is ahead in an endless arms race. Strategic advantage is largely in the eye of the beholder. In fact, both sides today are at essential parity. Each side, even after absorbing a first strike, can destroy the other many times over.

At best, as Secretary of State Alexander Haig has testified, the Reagan plan means protracted negotiations with the Soviets. But as he also concedes, it is precisely during such negotiations that nuclear buildups reach maximum intensity as the two superpowers compete for marginal advantage. In essence, the president will have to negotiate at a faster pace than the weapons labs generate ideas. History discredits that assumption. A mutual freeze as the first step could well make the difference in the success or failure of the Reagan plan. American negotiators of long experience believe that a freeze agreement could be reached in a matter of months, in contrast to the years it would take to work out the complicated details of major reductions.

Opponents of the freeze respond that the Soviets might have no incentive to reduce their arsenals after a freeze. They suggest that the only incentive can come from American resolve to brandish new weapons systems as bargaining chips. In reality, this theory has contributed little to arms control and a lot to the arms race. A decade ago, an American administration rationalized multiple independent warheads—the destabilizing advance called MIRVs—as essential bargaining chips during the SALT I talks. But soon the Pentagon was insisting that MIRVs were too important to bargain away, and they are still with us—and the Soviets now have as many of them as we do.

With a freeze in place, both sides will have a vested interest in reductions, since each will still possess weapons that detract from the overall stability of the nuclear balance, and which they can no longer strive to perfect or protect. The absurdity and danger of overkill will become starkly apparent even to strategic planners who now seek security in the search for superiority.

Finally, we are told, the freeze is not verifiable. We hear it from administration supporters in the Senate who seek more sophisticated nuclear arsenals now and a freeze later. But why is it harder to verify a freeze before we multiply the technological capabilities of our weaponry? There are respected defense experts, including former high officials of the CIA, who have testified that a freeze is sufficiently verifiable. They agree that it can be better verified than less comprehensive and more complex arms control accords. Moreover, under our Joint Resolution, what is not verifiable will not be frozen. A freeze can ensure that wherever controls on nuclear weapons can be verified, they will be imposed—which is more than anyone can say for any other arms control proposal.

A freeze goes further than the SALT II treaty, which some have urged the Senate to ratify. But to force a ratification vote, when the treaty could never achieve the necessary two-thirds in the face of administration opposition, would provide a ready excuse for those in the White House and the Pentagon who would prefer to break out of the SALT II limits. The treaty is being informally observed by both the Americans and the Soviets now; to demand a formal stamp of approval could prove stunningly counterproductive. And SALT II, like the Reagan START plan, would not block some of the most dangerous advances in nuclear weaponry, such as the American MX missile and the Soviet Typhoon submarine.

In short, truly effective arms control now depends on three important steps:

First, to prevent massive buildups on either side during negotiations for reductions, the administration should propose to the Soviet Union a mutual and verifiable nuclear weapons freeze.

Second, while seeking a freeze, the administration should pledge unequivocally that it will abide by the SALT II limits unless the Soviet Union violated them. To date, the president has refused to give such a pledge.

Third, the administration should seek to negotiate major reductions in all aspects of nuclear forces, not simply in one or two elements of those forces.

The freeze is the key to this process. It is a simple idea, but not a simplistic one. The critics are right that it is not perfect, but it is better than any alternative they have proposed.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 12:14 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

S. 1611. An act to amend Public Law 90-533, to authorize the transfer, conveyance, lease and improvement of, and construction on, certain property in the District of Columbia, for use as a headquarters site for an international organization, as sites for governments of foreign countries, and for other purposes; and

H.R. 5118. An act to provide water to the Papago Tribe of Arizona and its members, to settle Papago Indian water rights claims in portions of the Papago reservations, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 19, 1982, he presented to the President of the United States the following enrolled bill:

S. 1611. An act to amend Public Law 90-553, to authorize the transfer, conveyance, lease and improvement of, and construction on, certain property in the District of Columbia, for use as a headquarters site for an international organization, as sites for governments of foreign countries, and for other purposes.

REPORT OF THE COMMITTEE ON APPROPRIATIONS FILED DURING THE RECESS

Under the authority of the order of the Senate of January 5, 1981, the following report was filed on May 18, 1982, during the recess of the Senate:

By Mr. HATFIELD, from the Committee on Appropriations, with amendments:

H.R. 5922. An act making urgent supplemental appropriations for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-402).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 2301. A bill to amend the Federal Railroad Safety Act of 1970 and other rail safety acts (Rept. No. 97-403).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with amendments:

S. 2181. A bill relating to the National Telecommunications and Information Administration, and for other purpose (Rept. No. 97-404).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 2430. A bill to provide authorization of appropriations for railroad rehabilitation and improvement financing, and for other purposes (Rept. No. 97-405).

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry, with an amendment in the nature of a substitute, and an amendment to the title:

S. 2351. A bill to authorize the Secretary of Agriculture to implement the agreement on the international carriage of perishable foodstuffs and on the special equipment to be used for such carriage (ATP), and for other purposes (Rept. No. 97-406).

By Mr. PERCY, from the Committee on Foreign Relations, with amendments:

S. 1940. A bill to amend chapter 209 of title 18, United States Code, relating to extradition, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services:

Gen. Charles A. Gabriel, 243-32-9018FR, U.S. Air Force, under the provisions of title 10, United States Code, section 8034, to be reassigned in his current grade to a position of importance and responsibility designated by the President; and

Adm. James D. Watkins, U.S. Navy, for appointment as Chief of Naval Operations in the Department of the Navy for a term of 4 years pursuant to title 10, United States Code, section 5081 (a), and (b). Admiral Watkins, having been designated for command and other duties of great importance and responsibility in the grade of admiral within the contemplation of title 10, United States Code, section 601, for this appointment while so serving.

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: In the Naval Reserve their are six permanent promotions to the grade of commodore (list begins with Beverly J. Lowe), Gen. Lew Allen, Jr., U.S. Air Force, (age 56) for appointment to the grade of general on the retired list and Lt. Gen. Robert W. Sennewald, U.S. Army, to be general. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, in addition, in the Marine Corps there are 333 transfers from the Reserves to the grade of major and below (list begins with J. F. Amos), in the Navy and Naval Reserve there are 354 permanent promotions to the grade of lieutenant commander (list begins with Ronald J. Abler), in the Air Force there are 842 appointments to the grade and date of rank to be determined by the Secretary of the Air Force (list begins with David J. Abramowitz), in the Army there are 50 promotions to the grade of colonel and below (list begins with Charles P. Bernstein), in the Army there are 887 appointments to the grade of second lieutenant (list begins with Paul F. Abel), in the Army there are 17 appointments to the grade of lieutenant colonel and below (list begins with Ronald Hunter) and in the Navy there are 19 midshipmen from the Naval Academy for appointment as second lieutenants in the Air Force (list begins with Barry Batiste). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of May 5, May 6, May 10, May 11, and May 18, 1982, at the end of the Senate proceedings).

JOINT REFERRAL OF S. 2258 AND S. 2442

Mr. **BAKER**. Mr. President, pursuant to the order of August 4, 1977, I ask unanimous consent that S. 2258 be referred to the Committee on the Budget for the purpose of permitting the committee to review the following provisions: Sections 102(d), 201(b)(1), 201(b)(2), and 201(c). Further, I ask unanimous consent that S. 2442 be referred to the Committee on the Budget for the purpose of permitting the committee to review the following provisions of the bill: Sections 102(d), 201(b)(1), 201(b)(2), and 201(c).

The **PRESIDING OFFICER**. Is there objection?

Mr. **ROBERT C. BYRD**. There is no objection.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. CHILES (for himself, Mr. NUNN, and Mr. RANDOLPH):

S. 2543. A bill to improve the effectiveness and efficiency of Federal law enforcement efforts; read the first time.

By Mr. COHEN:

S. 2544. A bill to provide access to trade remedies to small business, and for other purposes; to the Committee on Finance.

By Mr. BOSCHWITZ:

S. 2545. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954, to permit the making of certain loans and leases by an employee benefit plan to a substantial employer maintaining the plan, and for other purposes; to the Committee on Finance.

By Mr. CANNON (for himself and Mr. LAXALT):

S. 2546. A bill to authorize the conveyance of certain lands to the County of Mineral, Nev.; to the Committee on Armed Services.

By Mr. METZENBAUM:

S. 2547. A bill to amend the Internal Revenue Code of 1954 to require recognition of gains by distributing corporation, and for other purposes; to the Committee on Finance.

By Mr. HUMPHREY:

S. 2548. A bill to amend the Occupational Safety and Health Act of 1970 to specify the necessity of a warrant when the owner, operator, or agent in charge of any workplace refuses entry, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. PACKWOOD (for himself, Mr. MATSUNAGA, Mr. MITCHELL, and Mr. DURENBERGER):

S. 2549. A bill to amend the Internal Revenue Code of 1954 to make cogeneration equipment eligible for credit under section 38 of such Code until December 31, 1985; to the Committee on Finance.

By Mr. HEINZ:

S. 2550. A bill to provide a program of Federal supplemental unemployment compensation; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CHILES (for himself, Mr. NUNN, and Mr. RANDOLPH):

S. 2543. A bill to improve the effectiveness and efficiency of Federal law enforcement efforts; read the first time.

(The remarks of Mr. CHILES and Mr. NUNN on this legislation appear earlier in today's RECORD.)

By Mr. COHEN:

S. 2544. A bill to provide access to trade remedies to small businesses, and for other purposes; to the Committee on Finance.

SMALL BUSINESS ACCESS TO TRADE REMEDIES ACT OF 1982

Mr. **COHEN**. Mr. President, I rise today to introduce the Small Business Access to Trade Remedies Act of 1982, which is designed to alleviate a host of problems that confront our small businesses in seeking relief under our trade laws.

Small businesses—which are most vulnerable to the effects of foreign competition—too frequently find our trade remedies costly, complex, and ultimately illusory. In my experience as a Member of the House of Representatives and now as a Senator, I have seen time and time again Maine industries seeking relief from foreign imports, relief to which they are entitled under our trade laws. Time and time again, they have been denied relief because of bureaucratic indifference, lack of resources, or other reasons unrelated to the merits of a case.

Industries without legal and financial resources, and with little voice in trade policy, are clearly in need of assistance to deal with the complexities of the trade relief process. The bill I am introducing today has been carefully crafted with this objective in mind, while still fully honoring our international obligations under the General Agreement on Tariffs and Trade (GATT). Specifically, the legislation would: (First), set aside a trust fund from tariff collections to establish an office in the Department of Commerce to provide assistance during all phases of trade relief cases for small businesses, including reimbursement of a portion of reasonable costs; (second), provide a horticultural fast-track system to shorten the time necessary to process cases involving perishable commodities; third, require the International Trade Commission to consider differing circumstances and resources of small businesses in documenting material injury determinations; and fourth, require the President to give more weight to regional considerations when small businesses petition the Government under section 201 of the Trade Act of 1974.

Last November, I chaired a hearing of the Subcommittee on Oversight of Government Management to examine these problems in greater detail. At that hearing, testimony was offered from a wide variety of small businesses on their experience with the U.S. trade laws. This legislation is the fruit of those hearings and it is designed to resolve the most difficult problems facing small businesses seeking trade remedies: access, speed, and cost.

The first problem facing any small business considering a trade remedy petition is cost. The trade remedies available to a would-be petitioner are complicated in the extreme and a tour through the process, at the hand of an experienced trade attorney, can easily run to $200 an hour. It is not at all unusual for costs associated with a trade remedy petition to run as high as $100,000 to $150,000.

At present, the Commerce Department is conducting an examination of our potato trade with Canada under section 332 of the Tariff Act of 1930. With an annual budget of $80,000 to $100,000, the Maine Potato Council will certainly be hard pressed to pursue remedial action if the investigation suggests that some form of relief is warranted.

Another problem related to pursuing trade remedies is the simple collection of proper data. For example, although our trade laws allow for the filing of countervailing duty cases on a regional basis, the Federal Government does not collect its trade data region by region. The regional petitioner, therefore, must either collect this information himself, which, for most industries, is impossible, or use the information available from the importing country. At the hearing in November, many witnesses who were affected by Canadian imports testified that they had no choice but to use Canadian information in order to complete petitions alleging unfair trade practices by the Canadians.

Still another problem related to data collection is that there is an insufficient accounting for imported items as they pass through customs posts. Furthermore, the standards that the Federal Government uses to collect trade information frequently bear little, if any, relation to the practices of the industries from which they are collected.

In the case of small agricultural industries, the data collection problems are particularly acute. Since wide price fluctuations are commonplace in agricultural markets, it is almost impossible to sort out the effect of imports on our domestic agricultural markets. At one time, when the Maine potato industry sought to pursue trade remedies against Canadian imports, it was compelled to hire an economist to assist it. Even then, the economist concluded that, although the industry has been harmed by the imports, it was impossible to document the injury.

In sum, Mr. President, although the Trade Agreements Act of 1979 intended that the Commerce Department assist trade petitioners in gathering trade information that was not reasonably available to them and provided further that in determining whether information is reasonably available the Commerce Department take into account the circumstances of each individual petitioner, the data is either not available in a usable form or not available at all. In fact, the International Trade Commission sends out a standard industry questionnaire to document injury determinations regardless of its relevance to a particular case.

A second important problem that afflicts small businesses is that the entire trade relief process is tailored for the benefit of large rather than small businesses. At the Tokyo Round of Multilateral Trade Negotiations, for example, the Private Sector Advisory Committees, which made recommendations about negotiating priorities for various sectors of the economy, were largely composed of representatives of large corporations. It is not surprising that given this representation the trade remedies are more suited to our larger industries.

For proof of the perspective of general U.S. trade policy, one need look no further than current statistics on trade petitions. Of the 23 countervailing duty cases pending at the beginning of this year, 17 were filed by representatives of steel companies and another was filed by a chemical company. Similarly, 10 of the 14 cases pending under our antidumping laws were steel cases and, of the remaining 4, one was filed by a representative of the high technology electronics industry.

Mr. President, the legislation I am introducing today would reach the problems I have just raised in several ways. It would create within the Department of Commerce a "Small Business Trade Assistance Office." This office would be funded from a percentage of customs duties and would assist small businesses in any proceedings related to the administration of our trade laws. The office is intended to provide the flexibility and receptivity that has been lacking in the existing bureaucratic framework. The office is charged with tailoring its assistance to meet the needs of a particular industry and to adapt the kind of information that is appropriate to the situation. The simple existence of the office would build within the Commerce Department an expertise in dealing with small businesses that have been affected by imports. In this respect, my legislation would give effect to the congressional intent embodied in the Trade Agreements Act of 1979 where the Commerce Department as the "authority" under the act was directed to "allocate adequate resources to countervailing duty investigations." Despite this directive, the Commerce Department expertise in assisting small businesses in these or any other kinds of remedial actions is sadly lacking.

The bill I am introducing would also provide financial assistance to small business petitioners. The Federal Government would defray the first $50,000 of the small business petitioner's reasonable costs and expenses. Any expenses incurred in excess of this amount would be shared equally by the Federal Government and the petitioner. This method of cost sharing would bring trade remedies within the reach of small businesses, while at the same time insuring that they have a financial stake in the proceedings that is sufficient to discourage frivolous claims.

My bill also provides for a horticultural fast track system for perishable commodities. If an industry filing a petition under seciton 201 of the Trade Act of 1974 markets perishable products, the petitioner may file with the Secretary of Agriculture to request emergency action. The Secretary of Agriculture would then have 14 days to make a determination that the imports are causing, or could cause, serious injury to the domestic industry. If the Secretary makes a favorable determination, he would then recommend action to the President. The President, in turn, would have the option to impose the relief he feels is appropriate. In the event that the President chose to recommend no relief, he would be required to provide his rationale for not taking action. This process would not jeopardize, in any way, the ITC 201 proceeding; they would, instead, go on simultaneously.

I believe that this provision is necessary to assist small horticultural industries which find it difficult to plan their next marketing season without a more immediate assessment of the import situation than is available under current law. Also, this provision has been carefully written so that an injury determination is made before any relief is imposed, in order to meet our GATT obligations.

Special provision for perishable commodities is not a new concept. The Trade Agreement Extension Act of 1951 contained a section giving the Department of Agriculture and the International Tariff Commission additional authority to meet the needs of perishable commodities.

One of the most burdensome parts of the trade remedy process is the material injury determination by the ITC for countervailing duty and antidumping cases. This legislation would add a section to mandate the special circumstances that should be considered for small businesses in the information-gathering process. Substitutions should be made wherever possible to coincide with industry practices.

The legislation that I am introducing today also requires the President to consider regional impacts when ruling on the recommendations of the ITC in section 201 cases filed by small businesses. The President would have to consider the employment levels in a region, alternative job opportunities, and the ability of the industry to switch into alternative product lines. In addition, the President would be required to consider the impact that fluctuating exchange rates have on the small industry. The border States are the first to feel the effects of exchange rate fluctuations. I am not suggesting that exchange rate policy be changed in any way, but only that the impact on the industry be considered in making import relief determinations.

In recent years, the President has consistently overruled the recommendation of the International Trade Commission in section 201 cases. Out of 45 cases filed since the passage of the 1974 act, only 9 have resulted in import relief. I feel that this provision will improve the chances for small industries to get relief by mandating special considerations for them.

Mr. President, the legislation I am introducing today is fully consistent with the General Agreement on Tariffs and Trade and the statutes Congress has enacted to implement our trade policy. Through this legislation we will keep faith with the small businesses of America, which constitute the bulk of all businesses in our national economy. We will open to them the trade remedy process and, in so doing, will insure that they are not unfairly precluded from obtaining relief, when that relief is appropriate, by obstacles unrelated to the merits of their cases.

This legislation is long overdue, and I urge its prompt consideration.

Mr. President, I ask unanimous consent that the text of the bill and a section-by-section analysis be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 2544

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Access to Trade Remedies Act of 1982".

SEC. 2. FINDINGS.

The Congress finds that—

(1) since obtaining relief under existing domestic trade remedies is complex and expensive, such remedies are unavailable to most small businesses;

(2) existing trade remedies are unavailable to producers of perishable commodities because of the length of the normal proceedings;

(3) the documentation requirements with respect to certain trade proceedings increase the expense of filing a claim; and

(4) more weight should be given to regional economic impact in proceedings under section 201 of the Trade Act of 1974.

SEC. 3. ESTABLISHMENT OF SMALL BUSINESS TRADE ACCESS TRUST FUND.

(a) Creation of Trust Fund.—There is established in the Treasury of the United States a trust fund to be known as the Small Business Trade Access Trust Fund (hereinafter in this section referred to as the "Trust Fund"), consisting of such amounts as may be appropriated or credited to the Trust Fund as provided in this section.

(b) Transfer to Trust Fund of Amounts Equivalent to Certain Customs Duties.—

(1) In general.—There are hereby appropriated to the Trust Fund amounts determined by the Secretary of the Treasury (hereinafter in this section referred to as the "Secretary") to be equivalent to that percentage of amounts received in the general fund of the Treasury attributable to the collection of customs duties as is necessary to carry out the provisions of this section.

(2) Method of transfer.—The amounts appropriated by paragraph (1) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the amounts referred to in paragraph (1) received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) Management of Trust Fund.—

(1) Report.—It shall be the duty of the Secretary to hold the Trust Fund, and to report to the Congress each year ending on or after September 30, 1983, on the financial condition and the results of the operations of the Trust Fund during the preceding fiscal year and on its expected condition and operations during the fiscal year and the next 5 fiscal years after the fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(2) Investment.—

(A) In general.—It shall be the duty of the Secretary to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price.

(B) Sale of obligations.—Any obligation acquired by the Trust Fund may be sold by the Secretary at the market price.

(C) Interest: proceeds from sales and redemptions.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(d) Availability of Trust Fund.—Amounts in the Trust Fund shall be available, as provided by appropriations Acts, for making expenditures to carry out the program established under subsection (e).

(e) Small Business Assistance Program.—

(1) Establishment of office.—The Secretary of Commerce shall establish within the Department of Commerce the Small Business Trade Assistance Office (hereinafter in this section referred to as the "Office").

(2) Functions of office.—

(A) In general.—The Office shall assist small businesses in the preparation for, and participation in, any proceedings relating to the administration of the trade laws of the United States.

(B) Awarding of reasonable expenses.—

(i) In general.—The Office shall establish and maintain a system for the awarding of reasonable expenses paid or incurred by small businesses involved in any proceeding described in subparagraph (A).

(ii) Limitation on amount.—With respect to any proceeding, awards for reasonable expenses under clause (i) shall be made with respect to—

(I) 100 percent of such expenses to the extent not in excess of $50,000, and

(II) 50 percent of the expenses to the extent in excess of $50,000.

(iii) No expenses for frivolous, etc. actions.—No award shall be made under this paragraph with respect to any action which the Office determines to be frivolous or for purposes of harassment or delay.

(iv) Reasonable expenses.—For purposes of this subparagraph, the term 'reasonable expenses' includes attorneys' fees and expenses for data collection.

(3) Small business.—For purposes of this subsection, the term "small business" means—

(A) a small business concern (within the meaning of section 3 of the Small Business Act), or

(B) an association substantially all of the members of which are small business concerns (as so defined).

(f) Expenditures Must Be Otherwise Authorized by Law.—Nothing in this section shall be deemed to authorize any program, project, or other activity not otherwise authorized by law.

(g) Effective Date.—The provisions of this section shall apply to fiscal years beginning after September 30, 1982.

SEC. 4. FACTORS TAKEN INTO ACCOUNT TO DETERMINE MATERIAL INJURY.

(a) In General.—Section 771(7) of the Tariff Act of 1930 (19 U.S.C. 1677) is amended by adding at the end thereof the following new subparagraph:

"(F) Special rules for small businesses.—In any case in which the petitioner is a small business (within the meaning of section 3(e)(3) of the Small Business Access to Trade Remedies Act of 1982), the Commission, in making any determination as to meterial injury, shall consider the separate circumstances of the petitioner, including the fact that information may or may not be available to different petitioners by reason of different resources or otherwise.".

(b) Effective Date.—The amendments made by subsection (a) shall apply to petitions filed on or after the date of the enactment of this Act.

SEC. 5. REGIONAL IMPACT TO BE TAKEN INTO ACCOUNT.

(a) In General.—Subsection (c) of section 202 of the Trade Act of 1974 (19 U.S.C. 2252) is amended—

(1) by striking out "and" at the end of paragraph (8);

(2) by striking out the period at the end of paragraph (9) and inserting in lieu thereof; "and"; and

(3) by adding at the end thereof the following new paragraph:

"(10) in any case in which the petitioner is a small business (within the meaning of section 3(e)(3) of the Small Business Access to Trade Remedies Act of 1982)—

"(A) The general economic situation (including employment levels and opportunities) in the major geographic area (within the meaning of section 201(b)(3)(C)) in which the small business is located;

"(B) the impact of fluctuations in exchange rates on any industry in such major geographic area; and

"(C) the ability of any such small business to adjust by converting to alternative product lines.".

(b) Effective Date.—The amendments made by this section shall apply to petitions filed on or after the date of the enactment of this Act.

SEC. 6. SPECIAL PROCEDURES FOR PERISHABLE PRODUCTS.

(a) In General.—Chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 204. SPECIAL RULES FOR PERISHABLE PRODUCTS

"(a) If a petition is filed under section 201 in connection with any perishable product, the petitioner may at any time file with the Secretary of Agriculture a petition under this section for emergency action.

"(b) Within 14 days after a petition has been filed under subsection (a), the Secretary of Agriculture shall make a determination as to whether there is reason to believe the perishable product is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing a perishable product like or directly competitive with the imported product.

"(c) If the Secretary of Agriculture—

"(1) makes an affirmative determination under subsection (5), he shall recommend to the President emergency action to be taken, and

"(2) does not make an affirmative determination, he shal publish notice of his determination and notify the petitioner.

"(d) Within 7 days after receipt of any recommendation under subsection (c)(1), the President shall—

"(1) issue a proclamation ordering relief consisting of such actions as are described in section 203 and as he determines necessary, or

"(2) publish notice of his determination not to take action.

"(e) Action taken under subsection (d) (1) shall cease to apply—

"(1) upon a determination by the President to provide (or not to provide) relief in connection with a petition filed under section 201 with respect to the perishable product,

"(2) on the date the Commission makes a negative determination under section 201 (b) with respect to such a petition, or

"(3) whenever the President determines such relief is no longer warranted as a result of changed circumstances.

"(f) Any petitioner may, after a negative determination under subsection (c) (2) or (d) (2), file another petition under this section with respect to such product—

"(1) within days of such determination, or

"(2) at any earlier date in the case of changed circumstances.

"(g) For purposes of this section, the term 'perishable product' means—

"(1) fresh or chilled vegetables provided for in TSUS items 135.10 through 138.42;

"(2) fresh mushrooms provided for in TSUS item 144.10;

"(3) fresh fruit provided for in TSUS items 146.10, 146.20, 146.30, 146.50 through 146.62, 146.90, 146.91, 147.03 through 147.33, 147.50 through 149.21, and 149.50; and

"(4) fresh cut flowers provided for in TSUS items 192.17, 192.18, and 192.21.".

(b) Conforming Amendment.—The table of sections for chapter 1 of title II of the Trade Act of 1974 is amended by adding at the end thereof the following new item:

"Sec. 204. Special rules for perishable products.".

(c) Effective Date.—The amendments made by this section shall apply to petitions filed after the date of the enactment of this Act.

The Small Business Access to Trade Remedies Act of 1981—Section-by-Section Analysis

SHORT TITLE

Section one sets forth the short title of this bill, the Small Business Access to Trade Remedies Act of 1982.

SECTION 2: FINDINGS

Section 2 presents the findings that existing trade remedies are not available to small businesses because of the complexity and expense of filing petitions and the difficulty of documentation; that trade remedies are not available to producers of perishable products because of the length of normal proceedings; and that regional considerations are not given sufficient weight in proceedings under section 201 of the 1974 Trade Act when petitioners are small businesses.

SECTION 3: SMALL BUSINESS TRADE ACCESS TRUST FUND

Section 3 would create a Small Business Trade Access Trust Fund financed by a percentage of customs receipts as may be necessary to carry out the purposes of this section. It is intended that the appropriations process determine the level of funding needed for the functions outlined below.

First, the Commerce Department is directed to establish a Small Business Trade Assistance Office to assist small industries in preparing for participation in any proceedings under our trade laws. To the extent that the existing statutes direct agencies other than the Commerce Department to investigate trade complaints, these agencies are to cooperate with the Office for purposes of section 3 of this Act.

Second, the Office of Small Business Assistance is charged with administering a system of awarding reasonable costs to small business petitioners. Reasonable costs are intended to include such things as attorney's fees, consultant fees, and any expenses incurred in gathering information for a petition. The government would pay the first $50,000 of the petition cost and 50 per cent of any costs incurred thereafter. The provision is intended to lessen the expense to the small business petitioner of participating in proceedings related to the administration of the trade laws of the United States. The limitation on the extent to which the federal government will defray these costs is intended to ensure that a small business petitioner bear some financial responsibility for the action. It is also intended to discourage frivolous claims.

For purposes of section 3, the definition of small business is the same as "small business concern" as defined in section 3 of the Small Business Act or an association whose members are substantially all small business concerns.

SECTION 4: DETERMINATION OF MATERIAL INJURY

Section 4 amends section 771(7) of the Trade Ageements Act of 1979 which contains the definition of material injury. The International Trade Commission is directed to take into account the differing circumstances and resources when the petitioners are small businesses as defined in this Act. This is intended to give industries whose information is not organized to coincide with normal ITC practices an opportunity to substitute information that is available.

SECTION 5: REGIONAL IMPACT

Section 5 is intended to require the President to give more weight to regional economic considerations when a small business files a petition under section 201 of the Trade Act of 1974. The President would be charged with considering the general economic situation of the affected region including employment levels and alternative job opportunities, the impact of exchange rate fluctuations on the region's industries, and the ability of the small industry to adjust by converting to alternative employment lines.

SECTION 6: PERISHABLE PRODUCTS

Section 6 would establish a fast-track system for perishable commodities. The industry would file a petition with the Secretary of Agriculture to request emergency action. The Secretary of Agriculture would then have 14 days to make a determination that there is reason to believe that the imports are a substantial cause of serious injury to the industry. If the determination is favorable, the Secretary would recommend action to the President. If a negative determination is made, the Secretary must publish a rationale for why the petition was denied.

The petitioner may request emergency action under section 6 at any time during the 201 investigation and no such request shall interfere with normal proceedings at the International Trade Commission under section 201. If an industry's circumstances have changed since a denial by the Secretary of Agriculture, the industry may file another request.

By Mr. BOSCHWITZ:

S. 2545. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954, to permit the making of certain loans and leases by an employee benefit plan to a substantial employer maintaining the plan, and for other purposes; to the Committee on Finance.

(The remarks of Mr. Boschwitz on this legislation appear earlier in today's Record.)

By Mr. CANNON (for himself and Mr. Laxalt):

S. 2546. A bill to authorize the conveyance of certain lands to the County of Mineral, Nev.; to the Committee on Armed Services.

CONVEYANCE OF CERTAIN LANDS

● Mr. CANNON. Mr. President, I introduce, on behalf of my distinguished colleague, Senator Laxalt, and myself, a bill to provide for the transfer of certain lands to the County of Mineral, Nev.

This bill includes a legal description of the land to be transferred which was not available when I introduced S. 204, for the same purpose last year. Otherwise the purpose of this bill is the same as for S. 204, to provide a badly needed tract of land for the expansion of Hawthorne, Nev.

Mineral County is 90-percent federally owned. The only major community, Hawthorne, is virtually surrounded by Federal land. In order to expand, the community must attempt to secure additional land from the Federal Government. The Department of the Army has determined that some 238 acres of land at the ammunition depot at Babbitt are excess to Army needs and should be released. It is this acreage that the county desires.

This land is appropriate for the expansion envisioned by the county and I am hopeful the Senate will agree to this measure. I urge its early consideration.●

By Mr. METZENBAUM:

S. 2547. A bill to amend the Internal Revenue Code of 1954 to require recognition of gains by distributing corporation, and for other purposes; to the Committee on Finance.

LEGISLATION RELATING TO CORPORATE MERGERS

● Mr. METZENBAUM. Mr. President, today I am introducing legislation to close two gaping tax loopholes. These loopholes permit large corporations that acquire other companies through mergers to legally escape paying hundreds of millions, and perhaps billions, of dollars in taxes.

In recent months this Nation has witnessed one corporate giant after another gobbling up smaller firms. United States Steel bought Marathon Oil; Atlantic Richfield bought Anaconda; American Express bought Shearson Loeb Rhoades; and the merger mania goes on and on.

Each of these mergers ties up precious sums of capital, helping to keep interest rates high and reducing the funds available for job-creating small business expansion and housing production. And at a time when the Reagan administration is proposing cuts in many needed human service programs, we ought not to countenance tax breaks that subsidize economically destructive conglomerate mergers.

The legislation I am introducing today will eliminate from the Tax Code two tax loopholes.

The first of these deals with a provision of the Internal Revenue Code which allows a firm acquiring another company to avoid "recapture" by the Treasury of excessive depreciation deductions and investment tax credits previously taken by the target company.

The United States Steel-Marathon Oil merger gives a striking example of how the recapture loophole works.

Over the years, one of Marathon's most valuable assets has been the rich Yates oilfield. Marathon has, like other oil companies, used a variety of Internal Revenue Code provisions to reduce its tax burden, chiefly investment tax credits, accelerated depreciation, and intangible drilling cost deductions.

Normally, the acquisition of Marathon by United States Steel would trigger the Code's recapture provision, a method devised by Congress to enable the Treasury to recover all or a portion of the excess depreciation taken on an asset at the time of its sale.

But the loophole in question allows the new United States Steel-Marathon to avoid recapture. This is accomplished by United States Steel's purchasing the Yates field from Marathon. This enables United States Steel to increase the depreciation deductions in the oil field. Then, by filing a single tax return for the merged companies, Unites States Steel-Marathon can defer recapture of Marathon's excess depreciation and totally avoid recapture of Marathon's investment tax credits.

This procedure, according to the United States Steel prospectus on the merger, would save $400 million in taxes in the first year alone.

That may be good for United States Steel and for other acquiring companies, but it most certainly is not good for business and individual taxpayers who must ultimately make up for the revenue given away via tax provisions like this one.

The second loophole to which this bill is addressed, involves the tax treatment of capital gains realized by a firm which redeems its stock in exchange for appreciated assets.

What does that mean? The classic case study is provided by the Mobil Oil's acquisition of Esmark's Oil subsidiary, Vickers Petroleum Energy Corp. Vickers in turn owned several corporations, including Transocean Oil.

Here's how the deal worked.

Mobil bought enough shares of Esmark to equal the agreed purchase price. Esmark then turned around and redeemed its shares from Mobil in exchange for the stock of Vickers, whose only asset would be Transocean.

Congress has recognized the potential in such transactions for abuse. In 1969, Congress enacted a provision which requres a corporation to pay tax on the profit earned when it distributes appreciated property in order to redeem stock.

But for whatever reason, Congress enacted seven exceptions to this general rule. One of these exceptions allows the transfer to be tax-free if the appreciated property is the stock of a 50-percent-or-more subsidiary of the redeeming corporation. This exception offers corporations an opportunity to continue the very sheltering activity that Congress intended to halt.

Robert Wilkins, a partner with Peat, Marwick, Mitchell & Co., described the transaction this way in a Forbes magazine interview:

> After the deal for the oil properties has already been struck and the price agreed upon, Esmark said, "Look Mobil, you go out and tender for whatever portion of my stock the subsidiary is worth. Then, as soon as you get the stock, we will turn over the oil operation to you in exchange for the stock."

A pretty neat and tidy arrangement. In this case, it was worth an estimated $100 million in tax savings to Esmark. In the transaction involving Dome Petroleum and Conoco Oil Co., Dome saved an estimated $250 million through the same procedure. IU International, Inc. and American Home Products each used a similar tactic to escape taxes in deals involving Canadian Utilities, Ltd., and the Sherwood Medical Group respectively.

Mr. President, laws like these give corporations an incentive to merge. The current merger madness is the price we pay for them. Rather than seeking mergers to improve efficiency, to better serve consumers, to improve productivity or to create jobs, corporations are literally searching for tax shelters. What a waste of investment capital. And what a drain on a Federal budget that is starved for revenue.

We have already seen that this administration cares little about enforcing our antitrust laws designed to prevent anticompetitive mergers. Let us at least eliminate some of the laws that are destructive to our free enterprise system.

I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2547

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PARTIAL LIQUIDATIONS.

(a) IN GENERAL.—Section 346 of the Internal Revenue Code of 1954 (relating to partial liquidations) is hereby repealed.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to distribution completed after the date of introduction of this bill.

SEC. 2. EXEMPTIONS AND LIMITATIONS TO RECOGNIZING GAIN BY A DISTRIBUTING CORPORATION.

(a) IN GENERAL.—Paragraph (2) of Section 311(d) of the Internal Revenue Code of 1954 (relating to appreciated property used to redeem stock) is amended by striking Subparagraphs (A), (B) and (C) and redesignating Subparagraphs (D), (E), (F) and (G), as Subparagraphs (A), (B), (C) and (D), respectively.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to distributions completed after the date of introduction of this bill.

SEC. 3. REDEMPTIONS TREATED AS EXCHANGES.

(a) IN GENERAL.—Section 302(b) of the Internal Revenue Code of 1954 (relating to redemptions treated as exchanges) is amended by adding at the end thereof the following new paragraph:

"(5) TERMINATION OF A BUSINESS.—For purposes of paragraph (1) of this subsection a redemption shall not be treated as essentially equivalent to a dividend if—

"(A) the distribution is attributable to the corporation's ceasing to conduct, or consists of the assets of, a trade or business which has been actively conducted throughout the 5-year period immediately before the distribution, which trade or business was not acquired by the corporation within such period in a transaction in which gain or loss was recognized in whole or in part, and

"(B) immediately after the distribution the liquidating corporation is actively engaged in the conduct of a trade or business, which trade or business was actively conducted throughout the 5-year period ending on the date of the distribution and was not acquired by the corporation within such period in a transaction in which gain or loss was recognized in whole or in part.

Whether or not a distribution meets the requirements of Subparagraphs (A) and (B) of this paragraph shall be determined without regard to whether or not the distribution is pro rata with respect to all of the shareholders of the corporation.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to redemptions completed after the date of introduction of this bill. ●

By Mr. HUMPHREY:

S. 2548. A bill to amend the Occupational Safety and Health Act of 1970 to specify the necessity of a warrant when the owner, operator, or agent in charge of any workplace refuses entry, and for other purposes; to the Committee on Labor and Human Resources.

OCCUPATIONAL SAFETY AND HEALTH AMENDMENTS OF 1982

● Mr. HUMPHREY. Mr. President, today I am introducing legislation to codify a recent Supreme Court decision which safeguards a businessman's fourth amendment right against unreasonable searches by inspectors for the Occupational Safety and Health Administration (OSHA).

The Occupational Safety and Health Act of 1970 was the result of a bipartisan effort promising to guard workers from job-related injury, illness, or death. Its passage culminated over 20 years of efforts to enact a single comprehensive safety and health law applicable to almost all U.S. private industry workers. The aim of the legislation was laudable and clearly in the overall best interest of the individual worker, unions, and businessmen. In fact, over the past 11 years the act has fallen far short of achieving its promise.

Each year millions of American workers are injured, disabled, or killed on the job. In 1979, there were nearly 5,000 job-related deaths and almost 6 million occupational injuries. Nearly 2.7 million of these injuries resulted in time off work, causing over 42 million lost work days. The National Institute for Occupational Safety and Health has published a list of over 2,400 potential occupational carcinogens which indicates the possible impact of occupational disease. It should be the goal of employers and employees alike to cooperate in significantly reducing all of these numbers.

In addition to the incalculable human costs arising from injury, illness, and death, work accidents contribute to inflation when their cost is passed on to the consumer. In 1980, the National Safety Council estimated the cost of workplace accidents to be more than $30 billion. This cost figure includes wage loss, medical expenses, insurance administration costs, fire loss, and an estimate of indirect costs stemming from work-related illnesses.

The Occupational Safety and Health Act of 1970 created OSHA, giving it authority to establish mandatory standards, conduct inspections of workplaces, and assess civil penalties for employers not in compliance with the standards. During its first decade of existence, OSHA's policies encouraged an atmosphere of confrontation, adversary relations and litigation instead of mutual cooperation and problem-sharing. American businessmen considered OSHA an adversary who stressed administrative requirements and punitive measures more than the goal of reducing work-related injuries and illnesses. Employers became resentful of inspections, skeptical of other OSHA programs, and unconvinced the Agency could accomplish the act's purposes.

Furthermore, OSHA's adversarial policies proved to be ineffective in substantially improving the safety of the American workplace. During the period 1972-79 Bureau of Labor Statistics show a 10-percent decrease in the overall rate of workplace fatalities and a 12-percent decrease in the overall rate of injuries, but a 25-percent increase in the rate of lost workday injuries, and an even greater 34-percent increase in the rate of lost workdays per year. Because of OSHA's disappointing record and history of administrative problems, fundamental changes have been recommended by such groups as President Carter's Interagency Task Force on Workplace Safety and Health, President Ford's OSHA Task Force, the U.S. General Accounting Office, the National Safety Council, and the U.S. Chamber of Commerce.

Clearly the time had come for a major revision in occupational safety and health policy and the Reagan administration declared OSHA to be one of its prime targets for regulatory reform. In a short period of time, Assistant Secretary of Labor Thorne Auchter has made significant progress in turning the former adversarial relationship between OSHA and employers into one of mutual cooperation and goodwill. The legislation I am introducing today will strengthen the development of that spirit of partnership between equals.

Inspections of workplaces are authorized under section 8(a) of the Occupational Safety and Health Act which authorizes the Secretary of Labor, upon presenting appropriate credentials to the owner or operator in charge to enter a worksite, without delay and at reasonable times, and inspect and investigate during regular working hours and at other reasonable times, within reasonable limits and in a reasonable manner.

In a 1978 case, Marshall against Barlow's, Inc. the Labor Department argued that no search warrant or other process was required for searches to enforce the act, and that such warrantless searches were reasonable within the meaning of the fourth amendment. The Supreme Court, however, held that the act was unconstitutional insofar as it purported to authorize nonconsensual inspections without a warrant but construed the act to permit inspection pursuant to an employer's consent or a judicially authorized search warrant or its equivalent.

The bill I am introducing today simply amends the Occupational Safety and Health Act to conform to existing law as promulgated in Barlow's. The amendment to section 8(a) provides that whenever an owner, operator, or agent in charge refuses entry for, limits, or interferes with the conduct of an OSHA inspection and investigation a warrant shall be required for the inspection.

The purpose of this legislation is to make known to all employers their right to refuse entry to an OSHA inspector who does not present a warrent. Less than 3 percent of employers exercise their right to deny entry to compliance officers without a warrant. This strongly suggests that all businessmen, especially those in smaller businesses, may not be aware that the present law gives them this right. Even if they are aware of the Supreme Court ruling, employers may not refuse entry to an inspector without a warrant because of fear of retaliation in excessive citations or more severe penalties. Incorporation of the Barlows ruling into the statute will help to overcome that fear by emphasizing the importance our society places on an employer's fourth amendment right to remain free from unannounced, unreasonable searches by OSHA inspectors.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2548

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Occupational Safety and Health Amendments of 1982".

SEC. 2. Section 8 (a) of the Occupational Safety and Health Act of 1970 is amended by adding at the end thereof the following new sentence: "Whenever an owner, operator, or agent in charge—

"(A) refuses entry for,

"(B) limits, or

"(C) interferes with,

an inspection and investigation conducted under this subsection, a warrant shall be required to conduct the inspection and investigation."●

By Mr. PACKWOOD (for himself, Mr. MATSUNAGA, Mr. MITCHELL, and Mr. DURENBERGER):

S. 2549. A bill to amend the Internal Revenue Code of 1954 to make cogeneration equipment eligible for credit under section 38 of such Code until December 31, 1985; to the Committee on Finance.

COGENERATION TAX INCENTIVE EXTENSION

● Mr. PACKWOOD. Mr. President, today Senators MATSUNAGA, DURENBERGER, MITCHELL, and I are introducing legislation to extend the termination date of the cogeneration tax incentive enacted as part of the Windfall Profit Tax Act of 1980.

Even though Congress enacted a tax incentive for cogeneration in 1980, it is still a new concept for many people. In short, cogeneration is the production of electricity and some other form of useful energy from the sequential use of energy. For example, an industrial facility which uses energy to manufacture a product can install cogeneration equipment which uses the same energy to generate electricity. When installed, cogeneration equipment can more than double the energy output of fuel used in an industrial facility.

The cogeneration tax incentive enacted in 1980 allows a 10-percent energy tax credit, in addition to the 10-percent investment tax credit, for the purchase of cogeneration equipment. We believe that extension of this credit is important to help encourage this clean, safe and highly desirable energy source—termed "industry's North Slope" by Robert Stobaugh and Daniel Yergin in their book "Energy Future."

The current oil glut tempts us to forget our Nation's energy vulnerability. Yet, even during the current severe recession, we import about one-third of our crude oil. These imports remain vulnerable to supply interruption. Worse yet, the dependency on foreign oil is expected to worsen when our economy recovers.

The cogeneration tax credit was enacted in 1980. IRS has yet to propose cogeneration regulations, much less to put regulations into effect. Major interpretative questions are still unsettled. This has discouraged utilization of the cogeneration incentive.

Importantly, use of cogeneration leads to a cleaner environment. This is the conclusion of an April 28, 1982 study prepared for the Environmental Protection Agency. That study concluded that "* * * a net reduction in emissions results from cogeneration in almost every case." This study was performed by Temple, Barker & Sloane, Inc., of Lexington, Mass.

PRIOR CONGRESSIONAL ACTION

I introduced legislation to provide cogeneration tax incentives on July 25, 1979 (S. 1571), and on September 17, 1979 (S. 1760). Cogeneration provisions from these bills were included in the Senate Finance Committee amendments to the Windfall Profit Tax Act of 1979 (S. Rept. 96-394), and enacted with the Windfall Profit Tax Act of 1980 (Public Law 96-223).

The provisions enacted allow a 10-percent energy tax credit in addition to the 10-percent investment tax credit for investment in cogeneration property. To qualify, the property must be an intregal part of a commercial or industrial system designed to use the same fuel to produce both electrical energy and some other useful energy. The cogeneration equipment must be installed in a facility in existence on January 1, 1980.

The energy used by the separate system in which the cogeneration property is installed may be oil and gas only for startup, backup, or flame stabilization, and may not comprise more than 20 percent of the fuel consumed annually by the system. For replacement cogeneration property, the credit applies only to the extent that the new property expands or extends cogeneration capacity.

The cogeneration tax incentive is slated to sunset on December 31, 1982.

PROVISIONS OF THIS BILL

The bill we are introducing today extends the termination date for the cogeneration tax incentives from December 31, 1982, until December 31, 1985.

In addition, the bill deletes the requirement that oil or gas may consist of only 20 percent of the energy used in the system, or that it may only be used for flame stabilization or back up.

This substantive change is made to encourage cogeneration property to be installed in oil and gas burning facilities. There is enormous potential for increasing energy productivity from oil and gas using energy systems. Currently, failure to install cogeneration means energy is simply wasted. Installation of cogeneration in these facilities would cut wasted energy, would reduce the need to expand other electrical or energy producing systems, and would result in a cleaner environment.

If this legislation is extended, then Oregon and the United States will be a little better equipped when the next energy shortage occurs. Failure to act now could leave us short of energy when that happens.

Mr. President, I request unanimous consent that the bill be inserted in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2549

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the table contained in clause (i) of section 46 (a) (2) (C) of the Internal Revenue Code of 1954 (relating to amount of credit) is amended by adding at the end thereof the following new subclause:

"VII. Cogeneration Equipment.—Property described in section 48(l)(14)	10 percent	January 1, 1983	December 31, 1985."

(b) Section 48(l)(14) of such Code is amended by striking out subparagraph (C), and redesignating subparagraphs (D) and (E) as (C) and (D), respectively.

(c) The amendments made by this section shall apply to periods after December 31, 1982 and before January 1, 1986, under rules similar to the rules of section 48(m) of such Code.●

By Mr. HEINZ:

S. 2550. A bill to provide a program of Federal supplemental unemployment compensation; to the Committee on Finance.

FEDERAL SUPPLEMENTAL UNEMPLOYMENT COMPENSATION ACT OF 1982

● Mr. HEINZ. Mr. President, today I am introducing legislation to provide an additional 13 weeks of unemployment benefits to those jobless workers who have exhausted all available unemployment compensation assistance. It addresses a frighteningly clear economic emergency.

Behind the unemployment statistics are the anguished faces of millions of Americans who are out of work through no fault of their own, and who want nothing more than to return to productive work—steelworkers, auto workers, and construction workers; the people whose sweat and muscle have contributed to our economy, and who are waiting to contribute again.

The national unemployment rate is above 9 percent, and nearly 10 million persons are unemployed. While an economic upturn is expected in the near future, it will be many months before the unemployment lines shrink from these catastrophic levels. Better days for unemployed workers are coming, but many workers will have been terminated from the Federal-State unemployment compensation program in the near future.

Food bills and mortgages, school tuition and car payments, and doctor's bills and rent continue to come due. Workers who continue to suffer are in desperate need of the relief this legislation will provide.

When the economy does begin to recover, local industries are going to require a trained labor force back on the job. If workers have been forced to give up their homes, split up their families, and seek work in another part of the country, the economic recovery will not occur in the hardest hit sections of our Nation where it is needed the most.

In my home State of Pennsylvania, the seasonably adjusted unemployment rate for April was 10.7 percent, up from the March figure of 10.1 percent. In whole numbers, that means that over half a million Pennsylvanians are without jobs.

Some of that unemployment stems from the current recession, but a significant number of Pennsylvania's unemployed are without work because our country has failed to take prompt action to protect our vital national industries.

In the steel industry for example, which is one of the pillars of the Pennsylvanian economy, unemployment is averaging 14.3 percent—nearly 50 percent higher than the average State unemployment level for this month. Nationally, 117,000 steel workers are laid off. In the specialty steel industry, unemployment is at 23 percent, 2½ times the national average.

Yet, the administration has done nothing to halt the flow of dumped and subsidized steel imports. Import penetration is up sharply—from 11.6 percent in the first quarter of 1980 to 21.2 percent in the last quarter of 1981. Unless we act promptly and adequately, the number of unemployed steelworkers will continue to grow. The villain will not be our economy—it will be unfair foreign trade practices.

Mr. President, I was astonished to hear that the President had decided to impose restrictions on imported sugar. That is certainly a different tune from the one that I have heard sung when I try to discuss the steel industry. I will not make any claims on a musical ear, but I think that "sugar and steel" has a nice ring to it.

Mr. President, unemployment will come down with a healthy economy, new investment, and increased opportunities. But we must also work to insure that unfair foreign competition does not undermine the economic recovery in our basic industries like steel and autos.

Until the economy gets moving again, we will need legislation to help our unemployed workers to meet their needs during this period.

The legislation I am proposing would provide qualified persons additional weeks of benefits equal to one-half of the number of weeks of State benefits he or she was entitled to receive. No one, however, could receive more than 13 additional weeks of benefits or a maximum total of 52 weeks under the combined Federal-State program. The benefits payable under my legislation would be provided under the same trigger used for the existing Federal-State extended benefit program.

The Congressional Budget Office estimates that this bill would produce revenue losses of $315 million in fiscal year 1982, and $627 million in fiscal year 1983. The total cost of the legislation would be $942 million.

Representative **Ford** of Tennessee has introduced a companion bill in the House, and the House Ways and Means Committee will mark up his bill in the near future. I would hope that my colleagues on the Senate Finance Committee act with equal dispatch.

The Labor Department estimates that 628,000 Americans in 31 States are in their final 13 weeks of eligibility for unemployment insurance benefits. We must act quickly.

Mr. President, I will be happy to work with other members of the Finance Committee to devise appropriate measures to pay for additional costs of this program.

Mr. President, I ask unanimous consent that the text of the bill be printed in the **Record**.

There being no objection, the bill was ordered to be printed in the **Record**, as follows:

S. 2550

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "Federal Supplemental Unemployment Compensation Act of 1982".

FEDERAL-STATE AGREEMENTS

Sec. 2. (a) Any State which desires to do so may enter into and participate in an agreement with the Secretary of Labor (hereinafter in this Act referred to as the "Secretary") under this Act. Any State which is a party to an agreement under this Act may, upon providing thirty days' written notice to the Secretary, terminate such agreement.

(b) Any such agreement shall provide that the State agency of the State will make payments of Federal supplemental compensation—

(1) to individuals who—

(A)(i) have exhausted all rights to regular compensation under the State law;

(ii) have exhausted all rights to extended compensation under the State law;

(B) have no rights to compensation (including both regular compensation and extended compensation) with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law; and

(C) are not receiving compensation with respect to such week under the unemployment compensation law of Canada;

(2) for any week of unemployment which begins in—

(A) an extended benefit period; and

(B) the individual's period of eligibility,

except that no payment of Federal supplemental compensation shall be made to any individual for any week of unemployment which begins more than two years after the end of the benefit year for which he exhausted his rights to regular compensation.

(c)(1) For purposes of subsection (b)(1)(A)(i), an individual shall be deemed to have exhausted his rights to regular compensation under a State law when—

(A) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to him based on employment or wages during his base period; or

(B) his rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(2) For purposes of subsection (b)(1)(A)(ii), an individual shall be deemed to have exhausted his rights to extended compensation under a State law when no payments of extended compensation under a State law can be made under such law because such individual has received all the extended compensation available to him from his extended compensation account (as established under State law in accordance with section 202(b)(1) of the Federal-State Extended Unemployment Compensation Act of 1970).

(d) For purposes of any agreement under this Act—

(1) the amount of the Federal supplemental compensation which shall be payable to any individual for any week of total unemployment shall be equal to the amount of the regular compensation (including dependents' allowances) payable to him for such a week during his benefit year under the State law; and

(2) the terms and conditions of the State law which apply to claims for extended compensation and to the payment thereof shall apply to claims for Federal supplemental compensation and the payment thereof; except where inconsistent with the provisions of this Act or with the regulations of the Secretary promulgated to carry out this Act.

(e)(1) Any agreement under this Act with a State shall provide that the State will establish, for each eligible individual who files an application for Federal supplemental compensation, a Federal supplemental compensation account with respect to such individual's benefit year.

(2) The amount established in such account for any individual shall be equal to the lesser of—

(A) 50 per centum of the total amount of regular compensation (including dependents' allowances) payable to him with respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation; or

(B) Thirteen times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

(f)(1) No Federal supplemental compensation shall be payable to any individual under an agreement entered into under this Act for any week beginning before whichever of the following is the latest:

(A) the week following the week in which such agreement is entered into; or

(B) the first week which begins after the date of the enactment of this Act.

(2) No Federal supplemental compensation shall be payable to any individual under an agreement entered into under this Act for any week beginning after September 30, 1983.

PAYMENTS TO STATES HAVING AGREEMENTS FOR THE PAYMENT OF FEDERAL SUPPLEMENTAL COMPENSATION

Sec. 3. (a) There shall be paid to each State which has entered into an agreement under this Act an amount equal to 100 per centum of the Federal supplemental compensation paid to individuals by the State pursuant to such agreement.

(b) No payment shall be made to any State under this section in respect of compensation to the extent the State is entitled to reimbursement in respect of such compensation under the provisions of any Federal law other than this Act.

(c) Sums payable to any State by reason of such State's having an agreement under this Act shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this Act for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

FINANCING PROVISIONS

Sec. 4. (a) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State, the sums payable to such State under this Act. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the funds appropriated pursuant to subsection (b) to the account of such State in the Unemployment Trust Fund.

(b) There are hereby authorized to be appropriated from the general fund of the Treasury, without fiscal year limitation, such sums as may be necessary to carry out the purposes of this Act.

DEFINITIONS

Sec. 5. For purposes of this Act—

(1) the terms "compensation", "regular compensation", "extended compensation", "base period", "benefit year", "State"; State agency", "State law", and "week" shall have the meanings assigned to them under section 205 of the Federal-State Extended Unemployment Compensations Act of 1970;

(2) the term "period of eligibility" means, in the case of any individual, the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period; except that an individual shall not have a period of eligibility unless—

(A) his benefit year ends on or after January 1, 1982; or

(B) such individual was entitled to extended compensation for a week which begins on or after January 1, 1982; and

(3) the term "extended benefit period" shall have the meaning assigned to such term under section 203 of the Federal-State Extended Unemployment Compensation Act of 1970.

FRAUD AND OVERPAYMENTS

Sec. 6. (a)(1) If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of Federal supplemental compensation under this Act to which he was not entitled, such individual—

(a) shall be ineligible for further Federal supplemental compensation under this Act in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(B) shall be subject to prosecution under section 1001 of title 18, United States Code.

(2)(A) In the case of individuals who have received amounts of Federal supplemental compensation under this Act to which they were not entitled, the State is authorized to require such individuals to repay the amounts of such Federal supplemental compensation to the State agency, except that the State agency may waive such repayment if it determines that—

(i) the payment of such Federal supplemental compensation was without fault on the part of any such individual, and

(ii) such repayment would be contrary to equity and good conscience.

(B) The State agency may recover the amount to be repaid, or any part thereof, by deductions from any Federal supplemental compensation payable to such individual under this Act or from any unemployment compensation payable to such individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the three-year period after the date such individuals received the payment of the Federal supplemental compensation to which they were not entitled, except that no single deduction may exceed 50 per centum of the weekly benefit amount from which such deduction is made.

(C) No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(3) Any determination by a State agency under paragraph (1) or (2) shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.●

ADDITIONAL COSPONSORS

S. 505

At the request fo Mr. Hayakawa, the Senator from Nevada (Mr. Laxalt) was added as a cosponsor of S. 505, a bill to improve the quality of table grapes for marketing in the United States.

S. 924

At the request of Mr. Metzenbaum, the Senator from Florida (Mrs. Hawkins) was added as a cosponsor of S. 924, a bill to amend title XVIII of the Social Security Act to provide medicare coverage for influenza vaccine and its administration.

S. 954

At the request of Mr. Heflin, the Senator from Louisiana (Mr. Long) was added as a cosponsor of S. 954, a bill to amend title 18 and the Omnibus Crime Control and Safe Streets Act of 1974 and for other purposes.

S. 1407

At the request of Mr. Pryor, the Senator from New Mexico (Mr. Schmitt) was added as a cosponsor of S. 1407, a bill to amend title 39, United States Code, by strengthening the investigatory and enforcement powers of the Postal Service by authorizing inspection authority and by providing for civil penalties for violations of orders under section 3005 of such title (pertaining to schemes for obtaining money by false representations or lotteries), and for other purposes.

S. 1675

At the request of Mr. Hatfield, the Senator from Minnesota (Mr. Durenberger) was added as a cosponsor of S. 1675, a bill to help eliminate world hunger and malnutrition and promote global security.

S. 1844

At the request of Mr. Johnston, the Senator from Arizona (Mr. DeConcini) was added as a cosponsor of S. 1844, a bill to facilitate the national distribution and utilization of coal.

S. 1931

At the request of Mr. Robert C. Byrd, his name was added as a cosponsor of S. 1931, a bill to amend title 5, United States Code, to entitle Civil Air Patrol cadets 18 years of age and older to compensation available to Civil Air Patrol senior members in event of disability or death, and to increase the level of compensation available to both.

S. 1951

At the request of Mr. Bentsen, the Senator from Arizona (Mr. DeConcini) was added as a cosponsor of S. 1951, a bill to change the penalties for possession of controlled substances under section 401 (b) of the Controlled Substances Act.

S. 2130

At the request of Mrs. Kassebaum, the Senator from Indiana (Mr. Quayle), and the Senator from Montana (Mr. Melcher) were added as cosponsors of S. 2130, a bill to amend the Federal Food, Drug, and Cosmetic Act to facilitate the development of drugs for rare diseases and conditions, and for other purposes.

S. 2372

At the request of Mr. Hatfield, the Senator from Florida (Mrs. Hawkins) was added as a cosponsor of S. 2372, a bill to affirm the intrinsic value of all human life, to recognize the humanity of unborn children, and to insure that the Federal Government not participate in or support abortions.

S. 2397

At the request of Mr. Roth, the Senator from Arizona (Mr. Goldwater) was added as a cosponsor of S. 2397, a bill to require (1) the enactment of special legislation to continue the expenditure or obligation of funds on any major civil acquisition initiated after January 1, 1982, whenever the cost of such acquisition has increased or, on the basis of estimates, will increase over the initial estimate when the project was justified to the Congress by 25 per centum or more, and (2) reporting of status information on all major civil acquisitions.

S. 2404

At the request of Mr. Heinz, the Senator from Massachusetts (Mr. Tsongas), the Senator from Rhode Island (Mr. Chafee), the Senator from Michigan (Mr. Riegle), the Senator from Pennsylvania (Mr. Specter), the Senator from Hawaii (Mr. Inouye), the Senator from Connecticut (Mr. Dodd), the Senator from North Dakota (Mr. Andrews), the Senator from Montana (Mr. Melcher), and the Senator from North Dakota (Mr. Burdick) were added as cosponsors of S. 2404, a bill to amend section 202 of the Housing Act of 1959 to reauthorize the housing for the elderly and handicapped program, and for other purposes.

S. 2420

At the request of Mr. Heinz, the Senator from Arizona (Mr. Gold-

WATER) was added as a cosponsor of S. 2420, a bill to protect victims of crime.

S. 2425

At the request of Mr. ROTH, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 2425, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds, to make tax-exempt bonds available for certain residential rental property, and for other purposes.

S. 2430

At the request of Mr. DANFORTH, the Senator from Missouri (Mr. EAGLETON) was added as a cosponsor of S. 2430, a bill to provide authorization of appropriations for railroad rehabilitation and improvement financing, and for other purposes.

S. 2465

At the request of Mr. EXON, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 2465, a bill to specify the manner in which uncompensated services provided by a skilled nursing facility or an intermediate care facility shall be calculated for purposes of titles VI and XVI of the Public Health Service Act, and to require the Secretary of Health and Human Services to promulgate regulations under section 1621(b)(1)(k) of the Public Health Service Act (42 U.S.C. 300s-1(b)(1)(k)).

S. 2484

At the request of Mr. QUAYLE, the Senator from Pennsylvania (Mr. HEINZ), the Senator from Oklahoma (Mr. NICKLES), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from New York (Mr. D'AMATO), the Senator from Delaware (Mr. ROTH), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Connecticut (Mr. WEICKER), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Indiana (Mr. LUGAR), the Senator from Alabama (Mr. DENTON), the Senator from New Hampshire (Mr. RUDMAN), the Senator from Washington (Mr. GORTON), the Senator from Georgia (Mr. MATTINGLY), the Senator from Rhode Island (Mr. PELL), the Senator from New York (Mr. MOYNIHAN), and the Senator from Illinois (Mr. PERCY) were added as cosponsors of S. 2484, a bill to amend the Agricultural Act of 1949 to repeal the price support program for the 1982 through 1985 crops of sugar.

S.2507

At the request of Mr. HAYAKAWA, the Senator from Arizona (Mr. GOLDWATER), and the Senator from Texas (Mr. TOWER) were added as cosponsors of S. 2507, a bill to require a properly executed warrant before an officer or employee of the Immigration and Naturalization Service may enter a farm or other agricultural operation.

S. 2514

At the request of Mr. HEINZ, the Senator from Florida (Mrs. HAWKINS), and the Senator from California (Mr. HAYAKAWA) were added as cosponsors of S. 2514 , a bill to amend the Social Security Act to provide for the removal of the OASI, DI, and HI trust funds from the unified budget.

SENATE JOINT RESOLUTION 150

At the request of Mrs. KASSEBAUM, the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of Senate Joint Resolution 150, a joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

SENATE JOINT RESOLUTION 162

At the request of Mr. ROTH, the Senator from New Jersey (Mr. BRADLEY), the Senator from Vermont (Mr. STAFFORD), the Senator from Oklahoma (Mr. BOREN), the Senator from Nebraska (Mr. EXON), and the Senator from Connecticut (Mr. WEICKER) were added as cosponsors of Senate Joint Resolution 162, a joint resolution to authorize and request the President to designate the week of June 20, 1982, through June 27, 1982, as "National Safety in the Workplace Week."

SENATE CONCURRENT RESOLUTION 73

At the request of Mr. HEINZ, the Senator from Montana (Mr. MELCHER), the Senator from New York (Mr. D'AMATO), the Senator from South Dakota (Mr. PRESSLER), the Senator from Tennessee (Mr. SASSER), the Senator from California (Mr. CRANSTON), the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Michigan (Mr. LEVIN), the Senator from Nebraska (Mr. EXON), the Senator from Rhode Island (Mr. PELL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Alabama (Mr. DENTON), the Senator from Arizona (Mr. DECONCINI), and the Senator from Oklahoma (Mr. BOREN) were added as cosponsors of Senate Concurrent Resolution 73, a concurrent resolution to condemn the Iranian persecution of the Bahai community.

SENATE CONCURRENT RESOLUTION 91

At the request of Mr. HEINZ, the Senator from Massachusetts (Mr. TSONGAS), the Senator from Kansas (Mr. DOLE), and the Senator from New Mexico (Mr. SCHMITT) were added as cosponsors of Senate Concurrent Resolution 91, a concurrent resolution to call upon the President to invite the Small Business Administration to participate in the Cabinet Council on Economic Affairs.

SENATE CONCURRENT RESOLUTION 96

At the request of Mr. GLENN, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of Senate Concurrent Resolution 96, a concurrent resolution reaffirming Senate Resolution 179 and House Resolution 177 and urging the President to seek agreement at the Versailles summit conference that nuclear supplier nations should export nuclear fuel and equipment only to nations that permit full-scope safeguards.

SENATE RESOLUTION 370

At the request of Mr. GLENN, the Senator from Pennsylvania (Mr. SPECTER) was added as a cosponsor of Senate Resolution 370, a resolution expressing the sense of the Senate with respect to a halt by the United States and the Soviet Union of further production and deployment of nuclear warheads while beginning strategic arms negotiations.

SENATE RESOLUTION 391

At the request of Mr. MATHIAS, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of Senate Resolution 391, a resolution expressing the sense of the Senate with respect to the policy of the U.S. Government during the period of negotiations for a START (strategic arms reduction talks) treaty.

AMENDMENT NO. 1333

At the request of Mr. MATHIAS, the Senator from Texas (Mr. BENTSEN), and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of amendment No. 1333 intended to be proposed to S. 1758, a bill to amend title 17 of the United States Code to exempt the private noncommercial recording of copyrighted works on video recorders from copyright infringement.

AMENDMENTS SUBMITTED FOR PRINTING

NATIONAL POLICY WITH RESPECT TO THE ARCTIC

AMENDMENT NO. 1453

(Ordered to be printed and referred to the Committee on Governmental Affairs.)

Mr. MURKOWSKI (for himself, Mr. STEVENS, and Mr. JACKSON) submitted an amendment intended to be proposed by them to the bill (S. 1562) to provide comprehensive national policy dealing with national needs and objectives in the Arctic.

ARCTIC SCIENCE POLICY

● Mr. MURKOWSKI. Mr. President, today I am submitting an amendment in the nature of a substitute to S. 1562, a bill to provide a comprehensive national policy dealing with national needs and objectives in the Arctic. Senator STEVENS and Senator JACKSON have joined me as cosponsors of this amendment. Last April, the Committee on Governmental Affairs held a field hearing in Fairbanks, Alaska, and received a good deal of supportive and constructive testimony on S. 1562. On May 26, the Governmental Affairs Committee will convene hearings here in Washington. I offer this substitute at this time in order to give the witnesses at the May 26 hearing an opportunity to comment on some of the changes we have in mind as a result of the Fairbanks hearing.

I wish to thank Senators **STEVENS** and **JACKSON** for their continued support and guidance in this matter.

Mr. President, I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1453

Strike out all after the enacting clause and insert in lieu thereof:

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds and declares that—

(1) the Arctic, onshore and offshore, contains vital energy resources that can reduce our dependence on foreign oil and improve the national balance of payments;

(2) the Arctic is our only common border with the Soviet Union and is critical to national defense;

(3) the renewable resources of the Arctic, specifically fish and other seafood, represent one of the Nation's greatest commercial assets;

(4) Arctic conditions directly affect global weather patterns and must be understood in order to promote better agricultural management throughout the United States;

(5) industrial pollution not originating in the Arctic region collects in the polar air mass and has the potential to disrupt global weather patterns, and must be addressed through international cooperation and consultation;

(6) the Arctic is the only natural laboratory for research into human adaptation, physical and psychological, to climates of extreme cold and isolation and may provide information crucial for future defense needs;

(7) atmospheric conditions peculiar to the Arctic provide a unique testing ground for research into high-latitude communications, which is likely to be crucial for future defense needs;

(8) Arctic marine technology is critical to cost-effective recovery and transportation of energy resources and to the national defense;

(9) all Arctic-rim countries, particularly the Soviet Union, possess Arctic technologies far more advanced than those currently available in the United States;

(10) at the present time, Arctic research undertaken by the Federal Government is fragmented, uncoordinated and undercapitalized, creating an immediate need to formulate a comprehensive national policy to organize and fund scientific research with respect to the Arctic; and

(11) The Federal Government should focus its efforts on the collection and characterization of basic data related to biological and geophysical phemonena, and special attention should be directed toward the broad accumulation of data related to sea-ice dynamics.

(b) The purposes of this Act are—

(1) to establish an Arctic Science Policy Council and an Arctic Research Commission to promote Arctic research;

(2) to establish a central system for the collection and retrieval of scientific data with respect to the Arctic; and

(3) to establish priorities and provide Federal financial support for basic and applied scientific research with respect to the Arctic that is essential to our Nation's needs.

ARCTIC SCIENCE POLICY COUNCIL

SEC. 3. (a) There is established a council to be known as the Arctic Science Policy Council (hereafter in this Act referred to as the "Council").

(b) The Council shall be composed of the following members:

(1) Three members appointed by the President from among individuals knowledgeable in the field of Arctic science who have been nominated for membership on the Council by the Secretary of Defense, the Secretary of the Interior, the Secretary of Transportation (representing the interests of the Coast Guard) the Secretary of State, the Secretary of Commerce, and the Director of the National Science Foundation.

(2) The Governor of the State of Alaska, ex officio.

(c)(1) Except as provided in paragraph (2), each member shall have an equal vote on matters decided by the Council.

(2) The member specified by paragraph (2) of subsection (b) shall vote only with respect to the appointment of members of the Arctic Research Commission pursuant to section 6 (b) (1).

(d) The President shall designate a member of the Council appointed pursuant to paragraph (1) of subsection (b) to be chairperson of the Council.

(e)(1) Except as provided in paragraph (2), the term of office for a member of the Council shall be three years.

(2) (A) of the members of the Council first appointed under paragraph (1) of subsection (b)—

(i) one shall be appointed for a term of one year;

(ii) one shall be appointed for a term of two years; and

(iii) one shall be appointed for a term of three years.

(B) A member may serve after the expiration of his term of office until the President appoints a successor.

(f) (1) A member of the council not otherwise employed by the United States shall be compensated at a rate equal to the daily equivalent of the rate for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day such member is engaged in the actual performance of his duties as a member of the Council.

(2) A member of the council who is an officer or employee of the United States shall serve without additional compensation.

(3) All members of the Council shall be reimbursed for travel and other necessary expenses incurred by them in the performance of their duties as members of the Council.

(4) No member may receive compensation for more than 90 days of service each year in performance of his duties as a member of the Council.

DUTIES OF COUNCIL

SEC. 4. (a) the Council shall—

(1) facilitate cooperation between the Federal Government and State governments with respect to Arctic research;

(2) coordinate and promote cooperative Arctic scientific research programs with other nations (in consultation with the Secretary of State);

(3) develop and supervise an integrated national Arctic science policy (except with respect to the areas of authority specifically reserved to the Arctic Research Commission under section 7 of this Act); and

(4) appoint the members of the Arctic Research Commission.

(b) Not later than January 31 of each year, the Council shall—

(1) publish a statement of goals and objectives with respect to Arctic research to guide the Arctic Research Commission in the performance of its duties; and

(2) submit to Congress a report describing the activities and accomplishments of the Council during the immediately preceding calendar year.

COOPERATION WITH COUNCIL

SEC. 5. (a)(1) The Council may acquire from the head of any Federal agency unclassified data, reports, and other non-proprietary information with respect to Arctic research which the Council considers useful in the discharge of its duties.

(2) Each such agency shall cooperate with the Council and furnish all data, reports, and other information requested by the Council to the extent permitted by law.

(b) The Council may (with the consent of the appropriate agency head) utilize the facilities and services of such agency, taking every feasible step to avoid duplication of research and effort.

ARCTIC RESEARCH COMMISSION

SEC. 6. (a) There is established a commission to be known as the Arctic Research Commission (hereafter in this Act referred to as the "Commission").

(b) (1) The Commission shall be appointed by the Arctic Science Policy Council and shall be composed of the following members:

(A) Four members shall be appointed from among individuals with expertise in representative areas of research relating to the Arctic (including, but not limited to, the physical, biological, and social sciences; and including at least one member professionally associated with the University of Alaska.

(B) Two members shall be appointed from among individuals familiar with the Arctic and representative of the needs and interests of Arctic residents.

(C) Two members shall be appointed from among individuals familiar with the Arctic and representative of the needs and interests of private industry undertaking resource development in the Arctic.

(D) One member shall be appointed from among individuals familar with the Arctic and professionally associated with the United States Coast Guard.

(2) Upon the appointment of the members of the Commission pursuant to paragraph (1), the Council shall designate a member of the Commission to be chairperson of the Commission.

(c)(1) Except as provided in paragraph (2), the term of office for a member of the Commission shall be four years.

(2)(A) of the members of the Commission originally appointed under paragraph (1) of subsection (b)—

(i) two shall be appointed for a term of one year;

(ii) two shall be appointed for a term of two years;

(iii) two shall be appointed for a term of three years; and

(iv) three shall be appointed for a term of four years.

(B) An individual appointed to complete a partially completed term of office shall be eligible for reappointment to—

(i) two consecutive full terms of office if the term of office of his predecessor was one-half or more completed at the time of such appointment; or

(ii) one full term of office if the term of office of his predecessor was less than one-half completed at the time of such appointment.

(C) A member may serve after the expiration of his term of office until the Council appoints a successor.

(d)(1) A member of the Council not otherwise employed by the United States shall be compensated at a rate equal to the daily equivalent of the rate for GS-16 of the General Schedule under section 5114 of title 5, United States Code, for each day such member is engaged in the actual performance of his duties as a member of the Commission.

(2) A member of the Commission who is an officer or employee of the United States shall serve without additional compensation.

(3) All members of the Commission shall be reimbursed for travel and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(4) No member may receive compensation for more than 180 days of service each year in performance of his duties as a member of the Commission.

DUTIES OF COMMISSION

SEC. 7. (a) The Commission shall—

(1) study Arctic research conducted by Federal and State agencies, universities, and other private and public institutions to determine priorities for future Arctic research;

(2) establish a data collection and retrieval center for Arctic research and promulate guidelines for the use and dissemination of Arctic research information;

(3) make grants for such research with respect to the Arctic as the Commission deems necessary and desirable to further the policy goals published annually by the Council pursuant to section 4(b)(1);

(4) consult the Council with respect to—

(A) all proposed, ongoing, and completed research programs and studies funded by the Commission;

(B) recommendations proposed by the Commission with respect to future Arctic research; and

(C) guidelines for awarding and administering Arctic research grants.

(b)(1)(A) Not later than December 31 of each year, the Commission shall transmit to the Council a report describing the activities and accomplishments of the Commission during the immediately preceding calendar year and making recommendations with respect to future Arctic research policy.

(B) such report shall be available for public inspection at reasonable times.

(2) Not later than March 31, 1983, the Commission shall submit to Congress a report making recommendations with respect to the continued operation of the Naval Arctic Research Laboratory, taking into account the efficiency and effectiveness of such facility and the degree to which the continued operation of such facility and the degree to which the continued operation of such facility would result in the duplication of research and effort.

ADMINISTRATION OF THE COMMISSION

SEC. 8. Subject to such rules and regulations as may be adopted by the Commission, the Commission is authorized to—

(1) appoint and fix the compensation of an Executive Director and such additional staff personnel as may be necessary;

(2) procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code;

(3) make contracts and procure supplies, services, and property; and

(4) enter into agreements with the General Services Administration for procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of the Commission in such amounts as may be agreed upon by the Commission and the Administrator of the General Services Administration.

ARCTIC RESEARCH FUND

SEC. 9. (a) There is hereby created on the books of the Treasury of the United States a fund to be known as the "Arctic Research Fund", to be available for support of the activities of the Arctic Science Policy Council and the Arctic Research Commission.

(b)(1) There is hereby appropriated to the Arctic Research Fund for each fiscal year an amount equal to the lesser of—

(A) one percent of all revenues paid to the Federal Government for such fiscal year with respect to the disposition by sale or lease of any interest in Federal lands located in the Arctic (including outer continental shelf areas, as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331)), or

(B) $25,000,000.

(2) The amount determined pursuant to subsection (b)(1) for a fiscal year shall be paid to such Council and such Commission during such fiscal year.

(c) There is authorized to be appropriated for each fiscal year an amount equal to $25,000,000 minus the amount determined pursuant to subsection (b)(1) for such fiscal year.

(d) The total amount in such Fund may not exceed $50,000,000 at any time.

NAVAL ARCTIC RESEARCH LABORATORY

SEC. 10. Notwithstanding any other provision of law, the Secretary of Defense shall maintain the Naval Arctic Research Laboratory until a date which is 180 days after the Commission submits a report to Congress on the status of such facility pursuant to section 7(b)(2) of this Act.

DEFINITION

SEC. 11. The term "Arctic" shall mean all United States and foreign territory north of the Arctic Circle and all United States territory north and west of the boundary formed by the Porcupine, Yukon, and Kuskokwim Rivers; all contiguous seas, including the Arctic Ocean and the Beaufort, Bering, and Chukchi Seas; and the Aleutian chain.

NONAPPLICABILITY OF NEPA

SEC. 12. The National Environmental Policy Act of 1969 shall not be construed to require the submission of environmental impact statements for any activities conducted pursuant to this Act.●

URGENT SUPPLEMENTAL APPROPRIATIONS, 1982

AMENDMENTS NO. 1454 THROUGH NO. 1487

(Ordered to be printed and lie on the table.)

Mr. ARMSTRONG submitted amendments intended to be proposed by him to the bill (H.R. 5922) making urgent supplemental appropriations for the fiscal year ending September 30, 1982, and for other purposes.

NOTICES OF HEARINGS

SUBCOMMITTEE ON FORESTRY, WATER RESOURCES, AND ENVIRONMENT

Mr. HAYAKAWA. Mr. President, I wish to announce that the Senate Agriculture Subcommittee on Forestry, Water Resources, and Environment has scheduled a hearing on S. 1187. I have invited the U.S. Department of Agriculture and other interested parties to testify on the bill.

The hearing will be held on Monday, May 24, beginning at 10 a.m. in room 324, Russell Senate Office Building.

Anyone wishing further information should contact John Cozart at 224-2035.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON LABOR

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Labor, of the Committee on Labor and Human Resources, be authorized to meet during the session of the Senate on Wednesday, May 19, at 9:30 a.m., to hold an oversight hearing on Pension Benefit Guaranty Corporation premium increase.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Federal Expenditures, Research, and Rules, of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Thursday, May 20, at 9:30 a.m., to hold a field hearing in Washington, D.C., to discuss furniture procurement practices of the FLRA.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. BAKER. Mr. President, in the future, I hope committees will at least put an asterisk in explanation for these acronyms and abbreviations that go with these announcements so as to at least satisfy the curiosity of the person who puts the request, such as what is the FLRA, and what do they have to do with the procurement of furniture.

The minority leader asked if I was referring to a magic asterisk. Indeed, I am not.

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet Thursday, May 20, 1982, during the session of the Senate to consider and act on committee business.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

COMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, of the Committee on Agriculture, Nutrition, and Forestry, be authorized to meet during the session of the Senate at 10 a.m. on Thursday, May 20, to conduct an oversight hearing on the Federal crop insurance program.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. **BAKER**. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Thursday, May 20, at 9:30 a.m., to conduct a hearing on S. 1606, the Nuclear Property Insurance Act of 1981.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

AMENDMENT NO. 1488

(Ordered to lie on the table.)

Mr. **LEAHY** (for himself, Mr. Moynihan, Mr. Hart, Mr. Kennedy, Mr. Biden, Mr. Cranston, and Mr. Sarbanes) proposed an amendment to the concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982.

ADDITIONAL STATEMENTS

THE REAGAN RECESSION: TIME TO STOP PASSING THE BUCK

● Mr. **METZENBAUM**. Mr. President, more American workers are unemployed today than at any time since 1938.

The Nation's farmers, who President Reagan once described as "miracle workers," are being forced in record numbers by today's agricultural depression to perform their miracles in other lines of work.

The failure rate of American business—over 17,000 firms went under in 1981—approximates the disastrous level of the Depression year of 1933.

High interest rates have devastated the housing industry, the auto industry, and all the other industries that supply these two sectors of our economy.

And in his famous Atlantic Monthly article on OMB Director David Stockman, William Grieder reported that in the earliest days of the Reagan administration, Mr. Stockman fed the administration's tax, budget, and defense spending program into OMB's computer model of the American economy.

The result?

The computer predicted that enactment of the Reagan program would produce the largest peacetime deficits in the Nation's history.

That is precisely what we have, and what we will continue to have, as long as the Reagan program remains fully in effect.

But when called to account for the results of their own Alice-in-Wonderland economic policies, officials of this administration have responded with a resounding chorus of "Who, me?"

"Don't blame us," they say. "Blame the other guy."

To that end, the Republican Party is about to launch a national advertising campaign, complete with actors who resemble Speaker O'Neill and former President Carter.

"Republicans," one of the commercials says, "are beginning to make things better."

The question, Mr. President, is "better" for whom?

Things are not getting better for the people of my State. Our unemployment rate in Ohio exceeds 12 percent.

Things are not getting better for the farmers, for small business, for ordinary taxpayers who do not have access to the enormous tax loopholes created by this administration for the very rich.

Things are not getting better for the elderly who have good reason to fear this administration's intentions with regard to social security.

And things most certainly are not getting better for families who hope to buy or sell a home, for young people who need loans for higher education, or for disadvantaged children who, under the Reagan budget proposals, lose both education and nutrition programs.

Mr. President, the public employee department of the AFL-CIO today released an excellent study entitled, "The Reagan Recession: Time To Stop Passing the Buck." I believe that this study, which concludes that Reagan administration policies have "lengthened, deepened, and broadened the current recession," should be required reading for all of those who prefer Madison Avenue gimmickry to the difficult task of making essential changes in a failing economic program. I ask that the study be printed in the Record.

The Reagan Recession: Time To Stop Passing the Buck

Who's to blame for the current recession? Is it President Reagan and his policies of tight money, huge hikes in defense spending, and generous tax breaks for the wealthy and large corporations? Or, as President Reagan contends, is it his Democratic predecessors and the after effects of their policies of "tax and tax, spend and spend"?

How Congress chooses to answer this question will ultimately determine the shape of next year's Federal budget—and whether last year's corporate tax breaks are altered in any way, whether further cuts in basic income security programs will be made, and even whether Federal workers will receive a raise. How millions of Americans choose to answer this question in November will ultimately determine the shape of next year's Congress.

The Public Employee Department of the AFL-CIO has attempted to answer this question by looking at two separate forecasts of the American economy, both based on Data Resources, Inc.'s computer model of the U.S. economy. The first forecast incorporates President Reagan's tax and spending proposals, and projects future economic trends assuming that they will remain in place. The second forecast projects future economic trends assuming that key elements of the Reagan program were never adopted. This "baseline" forecast shows how the economy would have performed had the massive corporate tax cuts contained in last year's tax bill never been enacted, had the huge tax breaks for the wealthy been capped at $700 per family, and had there been a slight easing of monetary policy over the course of the forecast period (for a more detailed discussion of the study methodology, please see the PED background paper, "The Impact of Current Economic Policy").

To sort out what effect, if any, the Reagan policy mix has had on the current recession, economic performance under the two competing forecasts must be compared. If the Reagan policy forecast shows some improvement in the economy from the baseline forecast, then clearly the Reagan economic program has had the salutary effect of easing what otherwise would have been an even more severe recession. If the Reagan policy forecast shows no change from the baseline forecast, then the Reagan program at least cannot be said to have made things any worse. But if the Reagan forecast shows a worsening of conditions when compared to the baseline forecast, then the Reagan economic program must be held accountable for having significantly weakened an already struggling economy—and President Reagan must not be permitted to pass the political buck to anyone else.

THE FINDINGS

Comparison of the Reagan policy forecast to the baseline forecast clearly shows a marked deterioration of economic performance directly attributable to the Reagan economic program. In addition, this comparison shows that the recent reduction in the rate of inflation—a fact for which President Reagan has been quite willing to claim responsibility—has had very little to do with his economic program.

The major findings of the PED study are summarized below:

(1) Despite the enactment of federal business tax cuts totaling $33 billion in fiscal year 1982 and fiscal year 1983, business investment under the Reagan economic program will fall considerably below what would have occurred had these massive tax cuts never been enacted.

The Reagan policy forecast projects that business investment will fall 2.1 percent short of the baseline in 1982 and 3.2 percent short in 1983. This amounts to a decline of $25 billion in investment spending over the two-year forecast period—a decline directly attributable to the Reagan program.

WHY

The basic premise of the Reagan tax plan for business—that deep cuts in the federal business tax burden would automatically result in increased investment spending—is fundamentally mistaken. While it is true that the accelerated depreciation provisions of the Reagan tax bill will reduce the cost to firms of making investments in new machinery or structures, taxes represent only one of the costs firms consider when making an investment. The cost of borrowing the money with which to pay for the new machine or building is another one. And with real interest rates at record levels, the cost of borrowing easily overwhelms any temporary cash flow advantage the tax cuts might have afforded these firms.

More to the point, however: firms only make investments if they believe that these investments will lead to profits. Even if tax rates are zero—or negative, as is the case under the new federal tax law—firms will not invest in a machine if they do not think that they can sell the products produced by that machine. The basic fact that the investment decision hinges on the level of demand seems to have been forgotten by the architects of the Reagan plan.

With an improved cash position, yet reduced demand for their products, firms have looked for ways to spend their money other than in capital investments. Not surprisingly, increased spending on mergers and dividend payments seems to be the only immediate result of the 1981 business tax cut.

	Annual rate of change, 1981 (percent)
Total dollar value of mergers	86
Number of mergers	27
Number of "hostile" mergers	42
Number of $1,000,000,000 mergers	300

Source: W. T. Grimm & Co.

	Annual rate of change (percent)		
	1981	1982	1983
Personal dividend income	12.5	9.6	14.3
Wage and salary disbursements	10.3	5.8	8.7

Source: Data Resources, U.S. Review, April 1982.

Similarly, firms will be unlikely to put much money into new buildings and machines if they are unable to fully utilize the buildings and machines they already have in service. Last month the Federal Reserve Board reported that manufacturers and materials producers were operating at 71 percent of their capacity—the lowest level of capacity utilization since the depths of the 1975 recession.

Finally, the "Accelerated Cost Recovery System" (ACRS)—the rubric for the new federal depreciation rules—has proven to be perhaps the most inefficient way ever devised for distributing government subsidies to corporations. Because effective tax rates on new investments range from −53 percent for office and computing machinery to +37 percent for industrial buildings, ACRS can make a "good" investment—from an economic standpoint—look "bad"—from a tax standpoint. Or, it can make a bad investment look good. And because of the tax leasing provisions of ACRS—whereby poor firms are allowed to sell their tax credits they cannot use to their rich brethren who can—the benefits of ACRS are extended both to firms who don't need them and to firms who don't deserve them—all at an immense cost to the federal treasury.

(2) Despite President Reagan's attempts to curb government spending—and his endorsement of the drive for a constitutional amendment requiring a balanced federal budget—his own economic program adds nearly $50 billion to the fiscal year 1983 deficit.

HOW?

The size of the federal deficit is directly related to the health of the American economy. When people lose their jobs and economic growth declines, tax receipts fall and claims on government programs (e.g., unemployment insurance or food stamps) rise. the Congressional Budget Office estimates that each additional percentage of unemployment adds $28 billion to the federal deficit, and that each percentage drop in GNP growth adds another $17 billion.

[Dollar amounts in billions]

	Change in Federal deficit
A 1-percent increase in unemployment	+$28
A 1-percent increase in inflation	−11
A 1-percent increase in GNP	+17
A 1-percent increase in interest rates	+6

Source: Congressional Budget Office.

The quickest way to reduce the federal deficit is to adopt a budget that would have the effect of putting people back to work and spurring economic growth—a fact which seems to have been forgotten during recent Congressional debate over whether or not to cut Social Security or whether or not to freeze the wages of federal workers. The only reason Congress is even forced to consider such deficit-reducing measures is due to the immediate and negative impact of the Reagan program on the economy.

President Reagan has greatly expanded the use of the federal tax system as a means of distributing federal subsidies. In fact the amount of money devoted to corporate tax "expenditures"—or "loopholes"—is slated to grow faster than any other budget item, including spending on defense, between fiscal year 1981 and fiscal year 1985. Tax loopholes for individuals, too, represent one of the high growth components of an otherwise austere budget.

These tax "expenditures"—which are not subject to the Congressional budget process—contribute to the federal deficit just as surely as do regular spending programs.

THE REAGAN FISCAL YEAR 1983 BUDGET PROJECTIONS IN CONSTANT 1981 DOLLARS

Function	Percent change, 1981–85
Corporate Tax expenditures	+57
National defense	+45
Interest	+15
Health	+13
Individual tax expenditures	+11
Income security	+3
Veterans benefits	−7
International Affairs	−7
Science, space technology	−8
General government	−15
General purpose fiscal assistance	−19
Administration of justice	−23
Agriculture	−34
Transportation	−34
Community and regional development	−41
Natural resources and environment	−55
Education, training, employment, and social services	−55
Energy	−71
Commerce and housing credit	−110
Total Budget	+5

Sources: Office of Management and Budget, "Budget of the United States Government," fiscal year 1983. Joint Committee on Taxation, "Summary of Tax Expenditures," Citizens for Tax Justice, Mar. 30, 1982, press release.

(3) Despite OMB predictions that the President's brand of supply-side economics would result in an immediate spurt of labor effort and business confidence, real economic growth under the President's plan will be significantly lower than it would have been in the absence of "supply-side" proposals.

The Reagan policy forecast shows an 0.6 percent decline from the baseline in real GNP in 1982, and another 1.3 percent drop in 1983.

OMB has dramatically reduced its own expectations of the impact of the Reagan program on the economy. When the President's tax and spending plans were first unveiled a year ago, OMB predicted that real GNP would grow by 4.2 percent in 1982. When the President's budget for 1983 was released this year, OMB had scaled back that prediction to 0.2 percent—a drop of 95 percent—even though Congress had given the President everything he asked for.

Now that the President has chosen the "blame the Democrats" strategy for our current economic woes, it is useful to note that not too long ago both he and his advisers had a far different opinion of how fast and how well his economic program would work.

OMB FORECASTS OF KEY ECONOMIC INDICATORS FOR 1982

[In percent]

	Forecast		Percent change
	March 1981	February 1982	
GNP (constant dollars)	4.2	0.2	95
Unemployment rate	7.2	8.9	24
Consumer Price Index	8.3	7.3	12
Interest rate (91-day Treasury bills)	8.9	11.7	31
Deficit (billions)	$54.9	$91.5	67

WHY?

True believers in Reaganomics argue that high marginal tax rates—that is, the rate applied to the last dollar of taxable income—serve to discourage people from working harder or saving more. Therefore, the real key to economic recovery in their view was the "across-the-board" personal tax cut—a cut that would reduce marginal rates and serve to spur people to greater levels of work effort and sacrifice.

A dubious proposition at best (since people may react to higher after-tax incomes by reducing their work effort—now that they have more money for vacations, entertainment, or leisure)—it is now irrelevant. For the vast majority of working Americans, the Reagan tax plan simply does not lower marginal rates—a fact even the Administration now admits.

The 1982 Economic Report of the President points out that in 1984—when the rate cuts will be fully in effect—median income households will be in the 25 percent income tax bracket, an increase compared to the 24 percent bracket they were in in 1980. In other words, even under the optimistic inflation projections of the Reagan Administration, the tax "cut" is more than eaten up by offsetting tax increases as inflation pushes taxpayers into higher brackets. Moreover, the Economic Report ignores the additional upward push on marginal rates for wage earners caused by increases in Social Security taxes. Even so, it concludes that "despite the substantial reductions introduced by the 1981 tax cut, most rates in 1984 will remain near the historical high rates on real income."

Business confidence in the Reagan program faded quickly with the realization that its strange combination of high deficits and tight money were driving many smaller firms straight to bankruptcy court and forcing widespread layoffs and cuts in production among small and large firms alike.

In fact, the Reagan policy forecast shows that those sectors of the economy which are most sensitive to swings in the interest rate are being particularly devastated by the stop-go, push-pull policies of the Reagan Administration.

The Reagan policy mix will be directly responsibile for a decline of 1.2 million automobile sales and 500,000 housing starts over the two-year forecast period.

(4) With business investment, auto sales, housing starts, and GNP growth all on the decline—and federal deficits, real interest rates, and business failures all on the rise—the conclusion that the Reagan economic program has led directly to increased unemployment should hardly be surprising.

The Reagan policy forecast projects a two-year loss of 700,000 jobs when compared to the baseline forecast.

These job losses are concentrated in the major manufacturing states. New York stands to lose 54,000 jobs; Pennsylvania—35,000; Ohio—33,000; Illinois—36,000; Michigan—26,000; New Jersey—23,000; Massachusetts—20,000. Three states which have been hurt particularly by the downturn in the construction industry—California, Texas, and Florida—will lose an additional 156,000 jobs. All in all, these ten states account for more than half of the total job loss which may be directly tied to the enactment of the Reagan economic program.

(5) Despite the President's call for a return of program responsibility to the states, his own budget policies have turned this long-time "dream" of his into a fiscal nightmare.

The states will lose $2.9 billion of tax revenue over the forecast period as a direct result of the deeper recession caused by the Reagan policy mix.

Cuts in federal grants-in-aid to state and local governments totaled $18 billion in fiscal year 1982 and President Reagan's budget recommendations for fiscal year 1983 contained further cuts of $11 billion.

Conformity to the new federal depreciation rules will cost those states which have failed to take any action to counter the expected revenue loss in excess of $500 million in 1982 and an additional $1 billion in 1983.

For a state-by-state breakdown of the total $34 billion loss to the states that may be directly linked to the President's budgetary program, please see Appendix III.

(6) Despite the President's claims to the contrary, his economic program has had virtually nothing to do with the recent drop in the inflation rate.

The Reagan policy forecast shows no change in the Consumer Price Index for 1982 when compared to the baseline, and only a 0.2 percent decline in the CPI for 1983.

WHY?

The underlying premise of the President's anti-inflation program—that inflation is the direct result of "excessive" federal spending—is invalid. As the accompanying chart demonstrates, a comparison of the relative severity of inflation in other major industrial nations indicates no relationship between the size of the public sector and general price increases.

Country	Taxes as percentage of gross domestic product,[1] 1970-79	Average annual increase, Consumer Price Index, 1970-79[2]
United States	29.97	7.1
Sweden	45.60	8.6
France	37.90	8.9
Germany	35.85	4.9
United Kingdom	34.93	12.6
Canada	29.97	7.4
Japan	22.07	9.1

[1] Organization for Economic Cooperation and Development, "Revenue Statistics of OECD Member Countries," 1965-80.

[2] International Monetary Fund, "International Financial Statistics," 1981 Yearbook.

In West Germany, for instance—where taxes make up a far greater portion of the Gross Domestic Product (GDP) than in the United States, inflation has consistently run at about two-thirds the U.S. level. In Japan, however—where the share of GDP made up of taxes is well below that of the United States—the average inflation rate during the 1970's was two percentage points higher than ours.

Much, if not all, of the recent decline in the inflation rate may be attributed to nonrecurring factors that would have taken place regardless of who was President. The worldwide oil glut—which has driven down energy prices—is the result of gradual consumer adjustment to the OPEC price shocks of the 1970's. Better-than-average food harvests—combined with dampened demand for food exports due to the worsening of U.S.-Soviet relations—have helped keep food prices down.

The table below pinpoints the recent sources of improvement in the Consumer Price Index.

The almost complete devastation of the housing industry by the Reagan economic program—our simulation of economic performance under Reagan policy showed a drop of 500,000 housing starts over the forecast period—probably has contributed to the recent decline in housing prices. Yet to force any particular sector of the economy to bear such a disproportionate share of the hardship associated with a policy designed to bring down inflation is both unwise and unfair.

SOURCES OF IMPROVEMENT IN THE CONSUMER PRICE INDEX

	Annual percent change		Contribution to slowdown (percentage points)
	December 1978 to December 1980	November 1981 to February 1982	
CPI—All items	12.9	3.7	9.2
Food and beverages	10.0	5.9	.8
Energy	27.4	−1.1	3.3
Gasoline	35.1	−13.2	2.8
Heating fuels	37.0	4.2	.4
Electricity and gas	15.3	12.1	.1
Home ownership	18.1	2.0	4.3
Home prices	13.6	.3	1.4
Finance, taxes, insurance	25.4	1.3	2.9
All other			.8

Source: Data Resources U.S. Review, April 1982.

CONCLUSION

"Our current problems are not the product of the recovery program that is only just now getting underway as some would have you believe; they are the inheritances of decades of tax and tax, spend and spend."—President Ronald Reagan, State of the Union Address, January 26, 1982.

The President is mistaken. His policies have lengthened, deepened, and broadened the current recession.

This is the only possible conclusion of a comparison of two separate economic forecasts based on the Data Resources, Inc. model of the U.S. economy. The forecast which incorporates the tax and spending policies of the Reagan Administration shows a marked deterioration in economic performance from the baseline forecast.

Moreover, the extent to which the Reagan policy forecast diverges from the baseline forecast understates the negative consequences of the Reagan economic program. This study serves only to compare the Reagan economic programs to a baseline that eliminates or modifies its major elements. It does not compare the Reagan economic program to a set of policies that would truly mean significant improvement in tax fairness, economic security, and employment opportunities for all Americans. No doubt the difference between Reagan policy and that baseline would be much, much greater.

APPENDIX I.—REAGAN POLICY FORECAST VERSUS BASELINE FORECAST[1]

	1982	1983
Real growth (percent)	−0.6	−1.3
Employment	−200,000	−500,000
Investment (percent)	−2.1	−3.2
Inflation	0	−0.2
Housing starts (units)	−160,000	−340,000
Federal deficit (fiscal year basis) (billion)	$19	$48
Auto sales	−400,000	−800,000

[1] These figures represent the divergence of the Reagan policy forecast from the baseline forecast.

APPENDIX II.—THE REAGAN RECESSION STATE-BY-STATE IMPACT

[Fiscal year 1982 and fiscal year 1983]

State	Revenue loss (millions)	Job loss
Alabama	$33	10,300
Alaska	22	1,400
Arizona	37	8,800
Arkansas	20	5,800
California	378	77,000
Colorado	36	10,200
Connecticut	25	11,000
Delaware	8	2,000
District of Columbia	10	4,500
Florida	95	29,700
Georgia	56	16,600
Hawaii	17	3,100
Idaho	7	2,500
Illinois	154	36,000
Indiana	44	15,800
Iowa	31	8,000
Kansas	27	7,300
Kentucky	41	9,100
Louisiana	46	12,800
Maine	15	3,200
Maryland	60	12,700
Massachusetts	105	20,300
Michigan	123	26,100
Minnesota	68	13,400
Mississippi	18	6,300
Missouri	44	14,800
Montana	12	2,100
Nebraska	23	4,800
Nevada	10	3,400
New Hampshire	8	3,100
New Jersey	78	23,400
New Mexico	15	3,700
New York	383	54,400
North Carolina	58	18,400
North Dakota	10	1,900
Ohio	113	32,700
Oklahoma	32	9,300
Oregon	35	7,700
Pennsylvania	143	34,800
Rhode Island	14	3,000
South Carolina	32	9,200
South Dakota	4	1,700
Tennessee	39	13,200
Texas	150	49,400
Utah	16	4,300
Vermont	5	1,600
Virginia	62	16,400
Washington	53	12,100
West Virginia	20	4,700
Wisconsin	60	14,900
Wyoming	8	1,700
U.S. total	2,903	700,000

APPENDIX III.—STATE REVENUE LOSS DUE TO REAGAN ADMINISTRATION POLICIES

[In millions of dollars]

State	Fiscal year 1982 budget cuts	Fiscal year 1983 budget cuts	Current year 1982 ACRS	Current year 1983 ACRS	Fiscal year 1982 and Fiscal year 1983 recession	Grand total
Alabama	324	204.3	14.9	29.3	33	605.5
Alaska	92	55.9	(1)	(1)	22	169.9
Arizona	172	119.8	14.8	29.6	37	373.2
Arkansas	192	93.5	(1)	(1)	20	305.5
California	1,802	1,277.1	(1)	(1)	378	3,457.1
Colorado	204	118.7	15.5	30.5	36	368.7
Connecticut	237	148.5	(1)	(1)	25	410.5
Delaware	56	31.0	6.2	12.6	8	113.2
Florida	584	416.4	(1)	(1)	95	1,095.4
Georgia	486	277.1	(1)	(1)	56	819.1
Hawaii	95	58.4	7.9	15.3	17	176.6
Idaho	80	44.0	5.9	11.5	7	148.4
Illinois	916	603.6	100.7	200.8	154	1,975.1
Indiana	329	227.0	(1)	(1)	44	600.0
Iowa	204	127.8	(1)	(1)	31	362.8
Kansas	167	91.1	18.7	37.3	27	314.1
Kentucky	301	184.0	(1)	(1)	41	526.0
Louisiana	321	190.1	28.6	58.0	46	643.7
Maine	107	67.7	(1)	(1)	15	189.7
Maryland	377	226.2	26.7	51.3	60	741.2
Massachusetts	591	356.5	72.0	142.0	105	1,266.5
Michigan	804	568.9	15.5	25.8	123	1,537.2
Minnesota	341	214.1	(1)	(1)	68	623.1
Mississippi	244	123.5	8.0	16.0	18	409.5
Missouri	349	231.4	19.3	37.7	44	681.4
Montana	99	44.0	5.9	11.7	12	172.7
Nebraska	112	67.0	(1)	(1)	23	202.0
Nevada	69	30.1	(2)	(2)	10	109.1
New Hampshire	71	42.4	6.7	13.8	8	141.9
New Jersey	580	384.6	61.3	122.6	78	1,226.5
New Mexico	137	24.5	5.4	10.8	15	192.7
New York	1,959	1,181.3	(1)	(1)	383	3,523.3
North Carolina	395	232.5	40.7	79.9	58	806.1
North Dakota	71	35.8	(1)	(1)	10	116.8
Ohio	703	525.8	(1)	(1)	113	1,341.8
Oklahoma	217	121.9	12.4	20.5	32	403.8
Oregon	253	86.3	(1)	(1)	35	374.3
Pennsylvania	924	630.8	(1)	(1)	143	1,697.8
Rhode Island	98	57.6	6.9	13.7	14	190.2
South Carolina	219	130.9	(1)	(1)	32	381.9
South Dakota	91	43.6	(2)	(2)	4	138.6
Tennessee	347	293.7	(1)	(1)	39	679.7
Texas	811	482.8	(2)	(2)	150	1,443.8
Utah	117	64.2	6.5	12.4	16	216.1
Vermont	73	36.7	3.1	6.1	5	123.9
Virginia	363	216.5	(1)	(1)	62	641.5
Washington	343	204.7	(2)	(2)	53	600.7
West Virginia	194	104.0	(1)	(1)	20	318.0
Wisconsin	414	274.1	(1)	(1)	60	748.1
Wyoming	60	−38.5	(2)	(2)	8	29.5
U.S. total	18,164	11,334.0	503.6	988.6	2,903	33,893.2

[1] State will avoid the ACRS revenue loss by either remaining tied to pre-ACRS depreciation rules, disallowing a certain percentage of ACRS deductions, or increasing the corporate income tax rate.

[2] State does not have an income tax and, therefore, is unaffected by ACRS.

Source: Fiscal year 1982 budget cuts: AFSCME, Public Employee, November 1981, vol. 46, No. 11.
Fiscal year 1983 budget cuts: Public Employee Department, AFL-CIO, "Reagan's 83 Budget: More Bad News for the States," Mar. 31, 1982.
Current year 1982 and current year 1983 ACRS: Citizens for Tax Justice, "The Impact of Recent Changes in Federal Depreciation Tax Rules on State Revenues," August 1981.
Fiscal year 1982 and fiscal year 1983 recession: Public Employee Department, AFL-CIO, "The Impact of Current Economic Policy."●

SUPPORT GROWS FOR EMERGENCY FARM LEGISLATION

● Mr. SASSER. Mr. President, last week I introduced legislation, the Emergency Farm Stabilization Act of 1982, S. 2528. This bill would release some $600 million in Farmers Home Administration economic emergency loans which are under the Secretary of Agriculture's discretion to distribute, and it would also declare a moratorium of 2 years on Farmers Home Administration foreclosures.

Given the existing state of the farm economy, I feel that both these steps must be taken now. The depression in the farm sector must not be allowed to continue to devastate the family farms of this Nation.

Other legislative efforts are underway which address these problems as well, and many farm groups have come forth with agendas for action.

One such agenda has been proposed by the National Farm Coalition. Because it represents such a positive step toward a resolution of the difficulties that farmers today are facing, I would like to share it with my colleagues who may not have had the opportunity to see it.

Mr. President, I ask that the statement of the National Farm Coalition be printed in the RECORD.

The statement follows:

NATIONAL FARM COALITION,
Washington, D.C., May 10, 1982.

Enclosed is a statement adopted by the membership of the National Farm Coalition at its recent annual meeting.

The farm organizations participating in the Coalition are deeply concerned over the current state of the agricultural economy. The recommendations developed by the group represent a coordinated set of policy actions that can, for the most part, be taken within the framework of present legislative authority. These steps are essential to restoring the basic economic strength of agriculture.

We know that you share our concerns regarding the need for action by government to deal with current economic problems and look forward to working with you in this regard.

EDWARD ANDERSEN, *Chairman.*

APRIL 22, 1982.

Agriculture is the nation's number one business. The 2.4 million farmers and ranchers across the country have committed assets with an estimated value of more than $1.1 trillion to the production of food and fiber. The production, and marketing of food and fiber is the nation's largest employer, providing an estimated 23 million

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jobs. Agricultural exports are the largest positive factor in the nation's international trade balance.

Agriculture has achieved this economic stature while maintaining and improving production efficiency. Today, one farmer produces enough food to feed 78 people, three times the number in 1960. Fourteen percent of the consumer's disposable income is spent for food today, down from 20 percent in 1960.

Despite this record of solid achievement, the nation's farmers and ranchers face the most critical economic conditions since the years of the Great Depression. 1982 marks the third consecutive year of sharply declining net farm income. Adjusted for inflation, real net farm income, as estimated by the U.S. Department of Agriculture, will be lower in 1982 than at any time since USDA began making such estimates early in this century. Even without the adjustment for inflation, net farm income will be less than one-half what it was in 1979. Farm debt has almost doubled in the past five years, rising to $194.5 billion this year. Agriculture today faces a farm debt to net income ratio of 13.2:1, more than three times as high as it was in 1979.

These are general indicators of the deterioration of the nation's agriculture economy. More concrete are the foreclosures and forced farm sales taking place throughout the nation.

The combination of high interest rates, lagging export sales, inadequate crop prices as markets are burdened with product flowing from the farmer's response to the government's request for unrestrained production are threatening the basic stability of agriculture.

These conditions, coupled with weakness of the general economy have combined to produce major problems in other broad segments of agriculture, including meat and dairy production.

As a first step, the National Farm Coalition supports maximum farmer participation in the announced reduced acreage program for 1982 crop wheat, feed grain, rice and cotton and pledges full cooperation to help the programs achieve their maximum effectiveness.

The National Farm Coalition, on behalf of the undersigned members, recognizes the need to restore the nation to economic stability through reductions in the federal deficit. For the most part, sufficient legislative authority exists to address these current problems. Where it does not, we call upon the President and Secretary of Agriculture to work with the Congress to obtain the needed authorities.

Specifically, we recommend:

1. That the President use his influence to immediately encourage adoption of policies by the Congress and the Federal Reserve Board that will result in the reduction of interest rates, including consideration of reduced military spending, elimination of tax loopholes including adoption of a minimum corporate tax, temporary deferral of 1981 tax reductions and review of indexed entitlement programs to reduce federal spending.

2. Reduction of program costs through use of authority provided in the Agriculture and Food Act of 1981 to increase the price support loan rates for 1982 crop wheat, feed grains, rice and cotton, thus reducing the prospect of deficiency payments to farmers. The Secretary of Agriculture should make immediate announcement of his intentions with respect to programs for the 1983 crops with full details announced later.

3. Immediate action to assure adequate storage capacity for the 1982 crop through one or more of the following, reinstitution of the Farm Storage Facility Loan Program, approval of a guaranteed loan program to finance construction, provide storage rates under the farmer-held reserve that are equitable in comparison with rates for commercial storage and use of other authorities to meet the need.

4. Implementation of an aggressive agricultural export development program through funding of the CCC export credit revolving fund, institution of competitive export credit program and other action to lend stability to the markets including immediate negotiation of a new long term grain agreement with the Soviet Union.

5. That the administration work with dairy farmers in the development and support of legislation amending the Dairy Price Support Program that will reduce program costs and bring about the production adjustment needed to alleviate present overproduction while retaining the basic structure of the price support program.

6. As a means of enabling farmers to sustain themselves through the current agricultural depression, a moratorium on FmHA foreclosures for forced sales through 1983. We also urge the immediate use of the previously authorized funds for the FmHA Economic Emergency Loan Program and urge the expeditious processing of all FmHA loan applications.

Should the administration fail to take such actions, there is no other course available but for the Congress to act to re-establish the stability of American agriculture.●

THE 250TH ANNIVERSARY OF THE UNITED CHURCH OF CHRIST, SOUTHBURY, CONN.

● Mr. **WEICKER**. Mr. President, on May 22-23, the United Church of Christ in Southbury, Conn., will celebrate its 250th anniversary. This is an occasion of great spiritual and historical significance for the residents of the Southbury community and for all of us.

The earliest settlers arriving in America in the 1600's and early 1700's encountered a vast unconquerable wilderness. Many had left their homelands in Europe fleeing religious persecution, civil strife, and economic hardship. They brought with them their courage, strength, and burning desire to forge a new and better world for themselves and their children. The product of their toil was a nation unlike any that history had ever seen, a noble experiment in democracy, religious toleration, and economic opportunity.

Mr. President, Americans were able to triumph over the wilderness due largely to the strength of their communities. The moral ties of love, compassion, sacrifice, courage, faith, and devotion gave rise to the sense of destiny in the American soul, contributed to the spirit of the country, and strengthened our resolve to prevail. For 250 years now, the United Church of Christ has helped to foster the growth of these principles and this commitment to a continually brighter future in the Southbury community. I hope my colleagues will join me in congratulating the church on this special anniversary and thank them for reminding us all of the possibilities for goodness in the human heart.

The future presents many challenges. Our hopes for the human race will depend on the continuing courage and strength of our communities and institutions, like the United Church of Christ in Southbury, in helping us rise to meet and overcome these challenges, and send us forth in search of greater glory for America and mankind.

Mr. President, I would like to insert in the RECORD at this time a resolution passed by the Southbury Board of Selectmen commemorating this occasion. A similar resolution has been passed by the Connecticut General Assembly.

The resolution follows:

RESOLUTION: SOUTHBURY BOARD OF SELECTMEN

Whereas the United Church of Christ, representing earlier Congregational and Methodist Societies, has been a leading factor in the spiritual life of the Southbury Community, and,

Whereas the United Church of Christ has long been identified with the growth and historic development of the Town, and,

Whereas the United Church of Christ in the month of May 1982 attains 250 years of service for the people of this Connecticut community: Now, therefore, be it

Resolved, That the Board of Selectmen of the Town of Southbury, in meeting assembled March 23, 1982, recognize by this Resolution the substantial contribution made by the United Church of Christ to the character and integrity of Southbury, and be it further

Resolved, That appreciation of this significant anniversary be recognized and inscribed in the minutes of the Southbury Board of Selectmen.●

CONGRATULATIONS TO SCOTT BLOCH OF ST. JOSEPH, MINN.

● Mr. **DURENBERGER**. Mr. President, during the course of this week, as we debate the Federal budget, we will start laying the groundwork for decisions that will affect our country not only in the next fiscal year, but in years to come. In a very real sense, we are making decisions that will shape our future.

But, while it is we who are debating that future, it will be up to those who come after us to make the most of what we leave them. Mr. President, I am confident that our country will be in good hands.

One reason for my confidence is the renewal of commitment and dedication to a goal that I see in young people today. Few exemplify that more than a young Minnesotan, Scott Bloch. Scott is the son of Mr. and Mrs. David J. Bloch of St. Joseph, Minn. This spring he is finishing high school in Cold Spring School District 750.

Mr. President, I ask my colleagues to take just a minute out of this important debate on the budget to join me in congratulating Scott for a remarkable feat. Since the day he started kindergarten in District 750, Scott has not missed one day of school in 13 years of education.

Scott is the kind of young person to whom we will look in the future for leadership. Scott's record speaks well for him and for our next generation of leaders.●

EMERGENCY MORTGAGE INTEREST REDUCTION ACT

● **Mr. DANFORTH.** Mr. President, as a cosponsor of Senate bill 2226, the Emergency Mortgage Interest Reduction Act, I wish to encourage my colleagues to support this important piece of legislation. I commend Senator LUGAR and the staff of the Subcommittee on Housing and Urban Affairs for the careful craftsmanship that is demonstrated in this necessary jobs-creating bill. Senator GARN and the staff of the full Committee on Banking, Housing, and Urban Affairs are to be congratulated for working to improve S. 2226 in the markup session—while maintaining the integrity of the legislation's original scope and intent—and for bringing this bill before the Senate in record time and with unanimous and bipartisan committee support.

Time is of the essence. The housing industry has been in a sustained slump for over 40 months. Unemployment in the construction trades is double that of the national average. And yet, studies show that we are not building half as many housing units as we will need to meet the demand for the decade of the eighties. The decade of the seventies saw a record-setting 1.7 million housing units built. However, housing statisticians estimate that during this decade over 40 million Americans will turn 30 years old, the prime first home buying period, requiring a new production record of 1.8 million housing units.

Perhaps the worst aspect of the current housing industry predicament is that, as the pent-up demand for housing swells, we may be permanently losing the capacity—the firms, builders, as well as manufacturers—needed to satisfy the demand after the economy improves and the interest rates decline. This loss of capacity occurred in the much milder and shorter housing slump of the midseventies. We cannot afford an additional loss of skilled craftsmen and manufacturers.

Clearly, S. 2226 meets the three important standards that its sponsor, my colleague Senator LUGAR, established for it:

First, it will create the greatest number of jobs in the shortest amount of time, by providing for a reduction of mortgage interest rates on newly constructed homes by up to 4 percent;

Second, it is compatible with the Nation's overall economic recovery program, by requiring that low and moderate individuals who qualify for these special reduced mortgage interest rates will have to pay back to the Federal Government the full amount of subsidy upon resale or refinancing of the home; and

Third, it will not establish a permanent Federal involvement in the housing market or industry, by limiting the authorization of the program to 5 years.

We must take advantage of this window of opportunity. The House of Representatives passed on May 11 by a vote of 349 to 55 a more limited but conceptually similar bill to S. 2226. There remains precious little time to pass the Lugar housing stimulus program and work out the necessary differences between the Senate and House bills. It is crucial that we pass this legislation in time to have a significant impact on this summer's building cycle.

To own a home is part of the American dream. And those who are builders of homes symbolize the essence of the free enterprise system and the pride of individual accomplishment. Mr. President, I hope and trust that my colleagues will give this legislation their full support.●

REAGANISM AND MANAGING THE GOVERNMENT

● **Mr. RIEGLE.** Mr. President, Steven Kelman, assistant professor of public policy at the John F. Kennedy School of Government recently published an article in the April 1982 issue of the New Leader magazine. The article is entitled "Reaganism and Managing the Government." I ask that the article be printed in the RECORD, and commend it to the attention of the Senate.

The article follows:

REAGANISM AND MANAGING THE GOVERNMENT

(By Steven Kelman)

Two images of the Federal bureaucracy have fueled the popular resentment against "big government" that the Reagan Administration has so richly exploited. One pictures bureaucrats as slothful and ineffectual—wasting tax dollars through a propensity to dole out money for research on the sex lives of butterflies. The other sees bureaucrats as all too zealous about what they do—diligently seeking new ways to oppress citizens with onerous requirements for the design of workplace ladders and the installation of wheelchair ramps in every public building . . .

There is, of course, an implicit contradiction between these two views. The blast against bureaucratic laziness is part of the "waste, fraud and abuse" charge leveled at Washington that includes such other complaints as cheating by welfare recipients. On the whole it is the less radical critique. It does not necessarily question Federal purposes, only their misuse by some citizens and the competence of government workers. The alternative lament, dubbed the "getting government off our backs" approach, is more an ideological assault against the very notion that government has an active role to play in society. This reflects the President's expressed philosophy, but the Reagan camp has not hesitated to take advantage of both sentiments in pursuit of its desire to reduce the Federal presence.

Perhaps it suspects, as I do, that the incompetence of public servants gets most Americans angrier than the fact of their existence. Analyzing survey data about attitudes toward taxes and government (in connection with the passage of Proposition 13 in California), Seymour Martin Lipset has pointed out that the bulk of the voters favored both lower taxes and the continuation of most important domestic programs. They saw no inconsistency because they believed that high levels of bureaucratic waste made it possible to significantly cut budgets while retaining services. Between 1961-80 the percentage of Americans who said they believe the Washington bureaucracy wastes "a lot" of tax dollars jumped from under half to an overwhelming 78 percent. During the same period, the percentage agreeing that "government is run by people who don't know what they're doing" rose dramatically from just over one-fifth to 63 percent.

As a candidate, Ronald Reagan appealed to this feeling when he stated that essential programs would be maintained without additional sacrifices by pruning away "waste, fraud and abuse." It is a matter of historical record that campaign-vintage supply-siders also repeatedly claimed taxes could be sharply reduced without any budget cuts, because the Laffer effect would bring in greater revenues at the lower rates. Only after Reagan's election and the emergence of Office of Management and Budget Director David A. Stockman did the reality of large cuts appear.

"Getting government off our backs" appeals most to traditionally Republican constituencies. Although the abstract slogan undoubtedly sounds attractive to many Americans, no majority support existed for its specific content until very recently. As late as 1979, opinion surveys found Americans were about evenly divided on the essence of the issue, with 48 percent favoring the same or more Federal regulation of business and 47 percent favoring less. In 1980 the figures did swing to a 54-38 percent majority for reducing regulation. Yet this is new, and there is still evidence of strong public approval for strictly regulating the environment and workplace safety, two of the biggest sources of Republican "off our backs" hostility.

In any event, since he assumed the Presidency, Reagan's policies have been aimed more at meeting the concern of those who consider the government overbearing than at coping with the inefficiency that seems to trouble most Americans. Much of the budget cutting, whatever else one might say about it, is not directed at what the average citizen has in mind when he thinks of waste or fraud or abuse. The promised "regulatory relief" is an unambiguous ideological bow. Even the Reagan tax program, as communicated by the Great Communicator himself, took on a distinctly "off our backs" ring with his talk of letting people decide how to spend their money instead of having Washington make the decision for them.

But the dilemma facing Reaganism in terms of the management of the Executive Branch is that efforts to minimize the importance of the Federal bureaucracy are likely to increase laziness and incompetence where the government must continue to function. The reasons for this are simple. First, in a hostile atmosphere most domestic policy agencies lose many of their best people, while much of the dead weight is left in place. Second, bad-mouthing the bureaucracy severely damages attempts to instill Federal employees with a sense of mission, a vital element in promoting dedicated performance. And these problems are exacerbated by the reductions in force many agencies are experiencing, by pay hikes being held to less than half the inflation rate, as well as by retaining ceilings on salaries for top career managers (at about $50,000 a year) so that many of them have received no raises for several years.

Why, after all, do people go to work for the government? To begin with, many idiosyncratic factors that would apply anywhere are involved, ranging from the chance recommendation of a friend to commuting convenience. Blacks and women have been said to seek government jobs because they believe there is less discrimination in the public than in the private sector. Others are thought to be attracted by the power inherent in the ability to make or influence decisions that take on the force of law. Still others, preferring to avoid the vicissitudes of the private job market, have been drawn by the relatively superior job security of government. Then there is the age-old bane of the Civil Service: To the extent that the pay and/or chances for advancement are not on a level with private business, government tends to be the refuge, everything else being equal, of the less able.

Be that as it may, things have not been equal since the establishment of the Great Society in the mid-'60s, and of the environmental, consumer protection and safety/health regulatory programs in the early '70s. In fact, I think that just as the potential for making America a better place inspired bright, idealistic people to take up mid-level career positions in Washington during the New Deal, a significant number of the past decade's bureaucrats have chosen their jobs out of a commitment to the substantive goals of their departments. Especially over the last few years as economic stress has limited the possibilities for contributing to the shaping of our society, Washington has become attractive to younger managers loath to join the corporate world, an appealing alternative to working for a poverty law center in a migrant labor camp or as a freelance writer.

My evidence for this phenomenon is admittedly impressionistic. I am thinking of those I know personally or have interviewed in the course of various research projects who work in government. I am comparing, too, the motivations of students at Harvard Law School on the one hand, and the Kennedy School of Government at Harvard on the other. What matters here is the intuitive plausibility of my hypothesis: Support for a program draws the aggressive and dedicated, and probably a good number of the intelligent and talented, into the public sector. Where other systematic factors relating to the nature of government employment may produce a poor quality of civil servant, in other words, this factor tends to significantly raise the quality.

That many domestic policy agencies today have devoted employees has not escaped notice. Some neoconservative writers, particularly Irving Kristol have emphasized the increasing affinity of educated people of liberal persuasion—the so-called "new class"—for public work. Kristol sees something sinister in this: Such individuals become the main constituency for government activism out of self-interest. But it is obscure to me why those pursuing government jobs compatible with their inclination to do good are subject to question, while those entering the private sector to satisfy their inclination to make money raise no comment. Indeed, I would suggest that the availability of jobs that allow individuals to work without doing violence to their convictions, liberal or conservative, is a healthy social underpinning for political pluralism. Certainly managers in any organization, public or private, will welcome the availability of people who work hard and care about what they do.

Reaganism's ideological assault on government, in contrast, deals a direct blow to bureaucrats who believe in the programs they are a part of. Those still holding office are likely to either languish in inner exile or leave as quickly as the job market allows. Nor is it probable that they will be replaced by enthusiastic junior level personnel. Instead, the dead weights and the indifferent will listlessly carry on, and the Civil Service will thus gradually become more freighted down with time-servers.

It might be objected that there are determined and bright conservatives, and that this Administration could bring them in to replace the committed liberals. The problem is, by and large intelligent conservatives have demonstrated little desire to work in the middle echelons of bureaucracy. Most of them find the private sector not only more remunerative but more congenial.

True, the Administration has had little trouble persuading fine conservatives to head Federal agencies. Yet recruiting for top posts has never been, and is not ever likely to be, a chore: the power of the positions guarantees that. In lower levels of career Civil Service, though, the Reaganites face big difficulties getting good people who share their views—with the important exceptions of defense and foreign policy. (Perhaps these anomalies are attributable to the higher status of the State Department and the national security agencies, a prestige historically validated by distinguished members of the nation's old-family elite serving in them. In any case, my argument here is confined to domestic agencies.)

The impact of Reaganism's negative attitude toward the bureaucracy on the management of government deserves separate consideration. Encouraging a feeling of purpose among employees improves performance much the way hiring persons already deeply convinced of an organization's value does. The difference is the source and timing of the commitment. Groupwide fervor can grow out of the working environment, too, it is not necessarily something recruits must arrive with. Managers typically view sparking this sort of dedication as a critical aspect of leading effectively, for the greater the proportion of eager employees, the easier it is to accomplish assigned tasks.

Instilling a sense of mission also plays a role beyond giving the initially apathetic—frequently the majority—ardor approaching that of the previously persuaded. It reinforces the enthusiastic, assuring them that their first impressions of the organization were correct and maintaining esprit against the effects of entropy.

The most fashionable current example of this—no less valid for its fashionableness—is the experience of Japanese industry. As observers of Japanese firms have noted, the various steps taken to foster worker identification with, say, Mitsubishi or Honda (everything from company songs to lifetime employment) contribute mightily to the country's industrial success. Or to choose a precedent closer to home, in his classic study of the United States Forest Service, Herbert Kaufman showed how morale-building devices—from training in the philosophy of the organization to (believe it or not) distinctive uniforms—helped account for the good performance of forest rangers.

Given the way the Civil Service System functions, convincing employees to look upon their jobs as a vocation is especially crucial. Measures that businessmen use to motivate workers, such as the carrots of large bonuses and rapid promotion or the stick of dismissal, are rarely feasible for government managers. Moreover, the frequently greater difficulty of gauging the results of government actions in "bottom line" profit and loss terms complicates matters: It is harder for managers to know whether subordinates are performing well.

But the same ideological assault that hurts Washington's ability to keep or attract dedicated people discourages a sense of pride and diminishes drive. When bureaucrats who have come to believe that their responsibility is to succor the downtrodden and right injustice are blasted for placing a venal government on people's backs, morale drops and performance suffers.

Some may protest that, the bleeding hearts notwithstanding, Reagan-era agencies have their own missions to motivate them. The Administration stated early on, for instance, that it was looking for individuals "meaner than a junkyard dog" to be Inspectors General in Cabinet departments. Perhaps fanatical cost-cutting could really replace do-gooding; perhaps with the Reagan stress on dismantling programs that hamper freedom (or, even more horrible, hurt the economy), managers and managed will glory in battering down the Washington-imposed barriers to America's new beginning.

That is surely possible, yet very doubtful. Bureaucrats will have a hard time working up enthusiasm for a battle against Federal waste that is to a large extent directed at cutting back their incomes, reducing their benefits and in many cases laying them off. It may be difficult as well to enlist crusaders to free the American spirit from the shackles of government out of the very ranks that imposed the "shackles."

The unavoidable conclusion, in sum, is that Reaganism's onslaught against the bureaucracy can only hinder any effort to eliminate the waste, fraud and abuse that constitute the most widespread beef against "big government." The attack is likely to nurture indolence and incompetence by decreasing the proportion of able, eager people in career Civil Service positions, and by undercutting the ability of government agencies to instill the requisite sense of mission.

It is difficult to sound the alarm about the effects of Reaganism on managing the government. Most Americans seem to have such a low opinion of civil servants that they would be skeptical whether performance could be any worse than it already is. I think those who have had intimate experience with the bureaucracy, though, would agree that the popular view is highly exaggerated. In a number of interviews after arriving in Washington, for example, Secretary of the Treasury Donald T. Regan noted that one of his greatest surprises was the dedication and intelligence of the top career people at Treasury.

In addition to the public's skepticism, the results of declining competence and demoralization are likely to be perceived only indirectly—as the environment gets even dirtier than the Administration would want to allow, consumers are less protected, the poor become more desperate. Conceivably, corruption scandals among Federal regulatory officials or inspectors could occur and be noticed, yet the public might not appreciate just how uncommon scandals of that kind among Federal civil servants have been in the past.

Further, my own entire line of criticism may be dismissed with the charge that it appears to be saying liberal domestic policies must be followed for government to have any chance of being well managed. To be sure, the Reagan conception of government at its most extreme does not embrace the concerns I have presented. In January 1976 the New York Times quoted Ronald Reagan as declaring, "I've always thought that the best thing government can do is nothing." In the light of that opinion, how the government performs its functions hardly matters, since the government shouldn't have any functions to perform. An agency with zero appropriations can't get on the backs of the people, much less wallow in waste, fraud and abuse.

But the reality is that the President has not yet proposed the total elimination of the social welfare or regulatory functions of government. Apparently there is a consensus among most of his political associates that some level of regulatory effort in pollution control, safety and health regualtion and social welfare is desirable. On top of that, the Administration needs efficient people to provide facts and figures and arguments to meet the judicial and political challenges to its deregulatory and antiredistributive initiatives.

Granted, liberals have a far broader agenda for government and consequently a greater interest in seeing it managed effectively. And the damage that Reaganism can do to the Civil Service by driving out the good people and leaving the system in the hands of the time-servers is long term. But even Reaganites should be concerned about the competent performance of the domestic policy functions of government that they agree need to be carried out. It is therefore not only liberals who have to worry that the present ideological assault on the bureaucracy will make government worse. It is a problem for the Reagan Administration as well.●

BREZHNEV LIKES THE FREEZE AND SALT II: SHOULD ANYONE BE SURPRISED?

● Mr. GARN. Mr. President, whatever the Soviets may be, they are certainly not dumb. They sought vigorously to exploit public pressure in Western Europe concerning the NATO theater nuclear modernization program in order to divide and weaken the alliance. Only the bold "zero option" arms control proposal of President Reagan was able to stem the tide of this public pressure and diminish Soviet opportunities for political exploitation.

Now we see that President Brezhnev is attempting to capitalize on the nuclear arms control debate in this country in order to solidify the Soviet position of nuclear superiority and pressure the United States into a disadvantageous arms control agreement. The Soviets are, in effect, picking up on the latest currents of American political life by weaving both the threads of SALT II and the nuclear freeze into the fabric of their response to President Reagan's proposal for arms reductions. This should come as no surprise, since it was the partisan U.S. political attacks against the President's proposal that formed the basis of the initial Soviet commentary against the plan outlined during President Reagan's commencement address at Eureka College.

The Soviets would like to preserve the basic elements of SALT II and use this agreement for the basis upon which to negotiate a START agreement. The Soviets recognize the wisdom of the Senate Armed Services Committee's judgment that SALT II, as submitted by President Carter, was not in the national security interest of the United States. The Soviets can be expected to do all in their power to preserve the inequities and verification loopholes that were embodied in the SALT II accord.

Moving beyond the calls heard for ratification of SALT II, however, the Soviets also hope to exploit the nuclear freeze movement. There are few things that would suit the Soviets better than to see the Reagan strategic force modernization program frozen while the negoations for START are in progress. This would remove much of the U.S. bargaining leverage and leave the Soviets in the enviable position to dictate its terms to the U.S. negotiators while relying on the pressure of public opinion to force this country to accept an agreement, whatever its flaws, merely for the purpose of achieving a "successful" conclusion to the negotiations. A nuclear freeze, whatever the variation that is preferred, does fundamental damage to our negotiation position in the INF talks and the START negotiations.

The Soviets understand one thing, this is, the reality, not the rhetoric of strength. SALT II and the nuclear freeze represent a deadly combination which will leave the United States with little more than the rhetoric of strength, while draining us of the substance of strength we will need to negotiate reductions in the nuclear arsenals of both superpowers.

Mr. President, a recent editorial commentary by Mr. Seymour Weiss entitled, "The Current Debate Over Nuclear Arms," candidly addresses itself to the difficult challenge we face in the years ahead. Mr. Weiss notes that:

> There is no chance, absolutely none, that arms limitation will solve our problem in the forseeable future.

Certainly, he is correct in reminding us that arms alone is not the panacea for our national security problems. He then goes on to point out that:

> They (the Soviets) will not negotiate equitable arms reduction agreements until convinced that they face an America determined to make the sacrifices necessary to re-establish its military power. That is why the anti-nuclear clamour plays right into the Soviets' hands.
>
> Why should they enter into serious negotiations when there are good prospects that the U.S. will eventually accept military inferiority?

Mr. President, I conclude that Mr. Weiss has reminded us all that there are no easy solutions to the security challenges before us. We should take heed of his words and act accordingly. I now ask that the article from the Wall Street Journal by Mr. Weiss be printed in the RECORD.

The article follows:

[From the Wall Street Journal, April 20, 1982]

THE CURRENT DEBATE OVER NUCLEAR ARMS

(By Seymour Weiss)

A plea was made recently on this page for a more temperate and reasoned approach to the debate of major foreign policy issues. The current emotional outpouring over nuclear weapons illustrates the point. It puts one in mind of Rousseau's plea at the outset of his Discourse on the Origins of Inequality: "Let us begin, then, by laying facts aside, as they do not affect the question. . . ."

Thus, some 40 Catholic bishops have criticized U.S. policy on nuclear weapons and the president of the hierarchy has stated that the church "needs to say 'no' clearly and decisively to the use of nuclear weapons." Clergy of other faiths have taken similar positions. What might be the consequences of adopting such a position? Some relevant considerations follow.

First, whatever impact anti-nuclear advocates have in our own society, it is clear that such protests will have no comparable impact in Moscow. Unilateral U.S. constraints on nuclear weapons would recieve a warm welcome in Moscow, since they would solidify the advantage in such weaponry the Soviets have worked so diligently for. There should be no illusions however; there will be no reciprocity from the Russians if we propose equal arms levels.

Second, to the rejoinder that the so-called Soviet nuclear advantage is ephemeral, one must answer that the opposite is true. At one point, no less an authority than Henry Kissinger asked while in Moscow in July 1974, "What in the name of God is strategic superiority?" claiming it had no political significance. He should have known better, and by 1979 he did. Mr. Kissinger recognized then that for the U.S. to concede superiority to the Soviets "must tempt a political disaster."

It is popular now to say that nuclear weapons have no practical use, that "advantages" in such weapons are meaningless. Nuclear weapons have, in fact, been "used" for three decades to keep the peace and help deter Soviet adventurism.

U.S. NEEDS EDGE OVER SOVIETS

In every major political confrontation, from Berlin in the early 1960s, through the 1973 Middle East war, U.S. nuclear superiority cast a major shadow of restraint on potential Soviet aggression. One of the most powerful signals of our serious intent has been for U.S. policymakers to order our nuclear forces to a higher state of alert as a crisis deepened. Up until now the Soviets have gotten the message. Would they believe such an implicit threat in the future if the U.S. is manifestly inferior in nuclear weaponry or has said, "clearly 'no' to the use of nuclear weapons"? It seems unlikely.

Third, if nuclear weapons have been "used" effectively in this political sense—to deter aggression—do they, as some assert, lose utility once deterrence fails? Much would depend on how they are used in war and the relative state of preparedness of the major combatants.

Some of course simply refuse to think about the contingency, as if that might make it disappear. But suppose it does not disappear. Curiously, some nuclear strategists who tend to support the anti-nuclear movement embrace the notion that if nuclear weapons are ever used, they should be used against cities. The immorality of killing tens of millions of civilian men, women and children seems not to trouble them. The fact that in return for such an attack even larger numbers of American men, women and children would be killed, seems equally unimportant. Surely there must be a wiser strategic doctrine, one more in keeping with U.S. interests.

Fourth, this adherence to a strategy relying on the attack of Soviet cities is explained by the belief that the threat of such an attack will deter war. However, given the consequences of such an attack, i.e. comparable destruction in the U.S., it is hard to imagine such an attack ever being initiated by the U.S. Its use as a threat is diminished. A military threat that we dare not carry out is unlikely to deter the Soviets.

Fifth, if we are to abandon reliance on nuclear weapons for our defense and for the defense of our allies, how will we defend ourselves? One frequent answer is through a buildup of our conventional military forces. This is a splendid idea on its merits. But a military capability sufficient to offset the massive Soviet capability will make the concern today over the cost of the defense budget pale by comparison.

Our strategic nuclear capabilities have traditionally absorbed 9% to 15% of our defense budget. The big dollar items are in conventional forces. How many Senators who support the anti-nuclear movement would vote for huge defense-spending increases, above the levels proposed by President Reagan?

Sixth, suppose the U.S. unilaterally decides to reduce its nuclear capabilities? One consequence would be an acceleration of world-wide nuclear proliferation. Our nuclear commitments to friendly powers induce them not to undertake their own nuclear weapons programs on the not unreasonable assumption that a nuclear proliferated world would be more dangerous for all of us. Some nuclear proliferation has nonetheless occurred, and it's probable more will take place. Surely it would be unfortunate if a growing lack of confidence in U.S. commitments to others ironically increased the pace of nuclear proliferation.

Finally, even if the U.S. said "no" to the use of nuclear weapons, what would that avail us? Such simple alternatives are not feasible if for no other reason than the existence of huge Soviet inventories and Soviet doctrine, which embraces their use in war.

Unless one simply opts for the "better Red than dead" approach, are there things we can do to defend U.S. interests? There are, though none is easy or guarantees results:

We have to rebuild our military posture, conventional and nuclear. This will be very costly, possibly as much as 14% annually of our GNP to the end of the decade. Too expensive? It depends what value one places on freedom.

We have to adopt realistic strategic concepts. Distasteful and indeed dangerous as it may be, we will need a strategy with a wide range of nuclear options and which can be typified, not unfairly, as involving nuclear war-fighting. Our nuclear policy has been moving in precisely such a direction for more than a decade. This was at the heart of Defense Secretary James Schlesinger's flexible-response strategy, reconfirmed with modest modifications in President Carter's P.D. 59 strategy. There is every reason to believe the Reagan administration would abandon this trend.

Finally, there's the question of arms control. Here what must be said must be said candidly. There is no chance, absolutely none, that arms limitations will solve our problem in the forseeable future. The momentary enthusiasm generated by President Reagan's "zero option" proposal (applied to certain European-based systems) has what the nuclear physicists term a short "half-life."

U.S.S.R. WON'T ALLOW VERIFICATION

Senators Kennedy and Hatfield are already calling for a freeze that would essentially vitiate the zero-option proposal. Senators Jackson and Warner have sponsored a bipartisan proposal of their own calling for negotiations looking toward a "verifiable nuclear forces freeze *at equal and sharply reduced levels of forces.*" (Emphasis added.) This proposal is surely on the right track. President Reagan has already endorsed the concept and his administration is likely to offer a proposal meeting these criteria. Unfortunately, such a proposal hasn't a chance of being accepted by the Soviets.

It is worth remembering that President Carter proposed deep arms cuts in 1977. The Soviets flatly rejected the notion. They will do so again if President Reagan proposes such cuts. What the anti-nuclear, pro-arms control advocates do not understand, or cannot bring themselves to believe, is that the Soviets will not accept equitable, verifiable arms control.

They will not enter into arms limitation agreements stripping them of hard-won military advantages which they see as necessary to advancing their political objectives. They will not negotiate equitable arms reduction agreements until convinced that they face an America determined to make the sacrifices necessary to re-establish its military power. That is why the anti-nuclear clamor plays right into the Soviets' hands. Why should they enter into serious negotiations when there are good prospects that the U.S. will eventually accept military inferiority?

The lesson is clear. If we react emotionally to tough, complicated security policy issues such as how best to handle nuclear weapons we are fated to make decisions "laying facts aside." Such decisions are not likely to serve the national interest.

(Mr. Weiss, a former ambassador and director of the State Department bureau of political-military affairs, is a Washington consultant on national security.)●

MANAGEMENT OF THE PUBLIC LANDS

● Mr. **JACKSON.** Mr. President, in recent years, the wisdom of Federal management of the public lands has been sharply questioned. Competition for use of the public lands has intensified, and conflicting proposals for use of the public lands have become commonplace.

The public lands of the United States belong to all Americans. The Federal Government must manage this national treasure wisely. During the past decade, the Congress has provided the statutory framework for balanced Federal land management. Notwithstanding the continued stridency of many of the special interests involved in the debate over public land management, the Federal Government now has the tools to insure a management scheme that balances the interest of all users of Federal lands and guarantees the protection of those lands for use by future generations.

An article published in the spring 1982 edition of the Cornell Executive, written by D. Michael Harvey, chief counsel for the minority of the Senate Committee on Energy and Natural Resources, carefully examines the issues surrounding the management of the public lands. The existing statutory framework set forth in the Federal Land Policy and Management Act of 1976 (FLPMA) provides the Federal Government with the ability to insure a balanced approach to the management of public lands. As Mr. Harvey notes:

> Both preservationists and developers have ignored the central issue: our survival does not depend simply on preservation or development; it depends on both. The FLPMA takes into account that both are necessary.

To achieve the necessary balance, all those with an interest in the management and use of the public lands must work together, avoiding rhetoric and the resultant polarization. Mr. Harvey concludes that:

> All interested parties must be willing to enter into dialogue, not diatribe. We need reasoned responses, not knee-jerk reactions; cooperation, not confrontation or litigation. All must be willing to work within the FLPMA process to argue and then to resolve their differences. To ignore them is to invite suspicion, stridency, and eventual stalemate.

Mr. President, I ask that Mr. Harvey's excellent analysis of these issues be printed in full in the Congressional Record. I believe that Mr. Harvey's insights on this matter should be instructive to my colleagues and to all Americans concerned about the future uses of the public lands.

The article follows:

[From the Cornell Executive, spring 1982]

UNCLE SAM'S ACRES

(By D. Michael Harvey)

The public lands of the United States have always been the arena in which we Americans have struggled to fulfill our dreams. Even today dreams of wealth, adventure, and escape are acted out on these farflung lands. These lands and the dreams they foster are a part of our national heritage. What we do with them tells a great deal about what we are, what we care for, and what is to become of us.

As a nation, we once owned nearly two billion acres of public lands. In the course of our national expansion and development, the federal government sold or gave some public lands to the states and their counties and municipalities, to educational institutions, and to private citizens and industries. Other lands were set aside for national parks, forests, and wildlife refuges, and for military installations.

About 350 million acres remain as public lands—one-fifth of our nation's land area. A little over half of these acres are in Alaska. The other 174 million acres are almost entirely in the eleven western states. Public lands are owned by all citizens and managed by the Secretary of the Interior through the Bureau of Land Management (BLM).

Few areas of the country are so vast, so rich, and so poorly understood as the public lands. Few Americans understand that they own all this land, or know where it is, what it is worth, who is in charge, or why it is managed the way it is.

Although they are rarely recognized as such, many of our most pressing domestic problems—using natural resources (oil, gas, coal, timber, water), developing power plants and pipelines, disposing of nuclear wastes, deploying MX missiles, preserving the quality of our open public spaces—require decisions about the use of public lands.

Until recently, the public lands were called "the lands nobody wanted." But those days are over. The competition for the use of these lands is intense and growing; given what is at stake, that is no surprise.

Public lands contain an estimated 25 percent of the nation's oil and gas resources, 50 percent of our coal, 80 percent of our oil shale, 50 percent of the uranium, and 50 percent of the geothermal energy deposits. Management of these public resources is arguably the federal government's most important responsibility in the realm of energy.

Public lands contain an enormous storehouse of the nation's nonenergy mineral deposits, and they include some of the world's principal sources of berylium, molybdenite, antimony, phosphate, and potash.

Four percent of the nation's beef cattle and 38 percent of its sheep graze on the public lands at some point during their lives.

About 1.2 billion board feet of timber—enough to build 86,000 three—bedroom houses—are harvested annually from the public lands.

Each year, nearly 200 million people visit hundreds of unique recreational areas on the public lands.

The public lands are home to one out of every five of the big game animals in the United States—including most of the caribou, brown bears and grizzly bears, and desert bighorn sheep, 50 percent of the moose, 65 percent of the mule deer, and 45 percent of the antelope. No single federal or state agency manages more wildlife habitats than does the BLM.

In the past, these lands were used predominantly by western livestock operators and mining companies. These users had few rules and competed little. Recently, however, people have begun to realize that these lands are important. The increasing scarcity of basic commodities, the rapid shift of the nation's urbanized demographic center to the West and South, and a growing appreciation of environmental quality have increased pressures to use these lands for competing purposes such as energy production, urban growth, recreation, wildlife management, and wilderness preservation. More people now feel they have a stake in, and something to say about, how the public lands are managed.

It is not so much that the rules of the game have changed as it is that there are many new players. There are new definitions of the public interest, new constituencies to be served, and new claims on the resources of the public lands.

Congress has led the way in recognizing the new demands, values, and attitudes. During the 1970s, it enacted a number of laws that affected public land management. These laws required environmental impact analyses; changed policies for the leasing of land for oil, gas, and coal mining; regulated surface mining of coal; protected endangered species; designated public lands in Alaska as parks or other conservation units; and required the improvement of public rangelands.

The most important and sweeping of these laws is the Federal Land Policy and Management Act (FLPMA), passed in 1976. This act replaced over 2,500 separate laws and was the first definitive, comprehensive statement of policy regarding public-land management. It formally denied the longstanding view that the public domain lands would eventually be disposed of; it mandated that the lands be retained in federal ownership for the benefit of the entire nation.

FLPMA established the policy that the public lands are to be managed under principles of multiple use and sustained yield. It expressly recognized that the many and varied resources of the public lands are important but not limitless, and that they require balanced use before we can realize their many potential benefits.

This act did not specify which uses would be allowed on which areas. Rather, it set out a process to be used to reach land-use decisions, and it established general principles to be followed in those decisions. These principles include relying on resources inventories and on plans made with broad public participation; protecting the environment to the maximum possible extent, with users paying for prevention or minimization of damage; charging the fair market value for private use of public resources; and cooperating closely with state and local governments.

During the six years that Congress was considering FLPMA, these principles and the land-use planning process were accepted by both preservationists and developers. However, implementation of the new law by the Carter Administration started a fierce debate over the "choice" between preservation and development. Some developers though that President Carter's Secretary of the Interior, Cecil Andrus, had become a tool of "eastern environmental elitists" and had "locked up" the public lands. He had supposedly thereby frustrated industries' efforts both to decrease the nation's dependence on foreign resources and to provide lumber for housing.

Some environmental groups felt that plans for development were being allowed to move ahead without proper attention to the values of underdeveloped land. These groups cited the fact that 80 percent of the over 100 million acres of public land under oil and gas leases had not been explored. They cited the rapid expansion of production from federal coal leases. They alleged that overgrazing by domestic livestock was continuing. They charged that the still-operative 1872 Mining Law had failed to control environmental damage from mineral development.

Both preservationists and developers have ignored the central issue: our survival does not depend simply on preservation or development; it depends on both. The FLPMA takes into account that both are necessary.

More and more frequently these issues have been characterized as East versus West. The ultimate expression of this view is the "Sagebrush Rebellion." The goal of the Rebellion is legal transfer of public lands to the states. The Rebellion rose rapidly to national prominence, perhaps reaching its high point in late 1980, when Ronald Reagan said, "Count me in as a rebel," and James Watt said, "I am a sagebrush rebel."

The Rebellion has since waned considerably. There have been no hearings on the proposed legislation. Secretary Watt believes his "good neighbor" policy with state and local governments makes the transfer unnecessary. Any administration, particularly one interested in balancing the budget, would be loath to give up the large revenues from these lands. Perhaps both President Reagan and Secretary Watt now share the widely held view that the Rebellion is one last effort by livestock and mineral interests to keep effective control over the public lands in the face of new demands and new users. I think the Rebellion will ultimately be viewed as representing not the beginnings of a second American Revolution, but the last gasp of a passing era, an effort to turn back the clock to the days when competition among users of public lands was rare, when resources seemed inexhaustible, and when everyone believed in exploitation.

Where should we go from here? Congress wisely did not establish a policy requiring either pure development or pure preservation. It recognized the diversity of resources on public lands and the many, sometimes competing, demands for their use. Congress anticipated that professional public-land managers operating in the field would apply the FLPMA's policies and planning process to strike a balance among uses and users.

It has been said that we do not inherit the land from our parents, we borrow it from our children. The private marketplace, for all its virtues, is not equipped to deal with long-term, virtually unquantifiable issues like protecting watersheds and preserving wilderness. How, then, can this elusive balance be achieved?

First, we must use the processes established by FLPMA for planning how to use the land. We need to make the hundreds of thousands of decisions that are required every year. These decisions must be based on knowledge both of the available resources and of the costs and benefits of alternative uses. All interests—including timber, mining, recreation, and wildlife, and also urban consumers, state and local governments, local industries, and neighboring landowners—must be represented. Once made, decisions should be carried out so that land users can make financial decisions as safely as possible. Most users are willing to take sometimes costly steps to minimize environmental damage resulting from their activities. They need to know the legal requirements and to believe that the requirements will be enforced reasonably and promptly.

Second, the Executive Branch and the Congress must actively support the FLPMA. This means providing adequate manpower and funding so that professional land managers can do their job properly. The current and proposed budget cuts, and low morale now so common, will lead only to decisions that are susceptible to delay and litigation.

A large portion of the budget for public lands consists of items that any responsible private business would treat as capital investments, not annual operating costs. It is time that the federal government do so too. A small portion of the annual income from these lands should be set aside as a capital-improvement fund for the public lands.

Third, in an era of reduced federal budgets and widespread desire to return power to the states, we should take full advantage of all the federal-state cooperative provisions of public-land policy. These include consistency between federal plans and state and local plans for land use; opportunities for state and local governments to acquire public lands needed for public purposes, frequently at little or no cost; and equal division of federal mineral-lease revenues between the federal government and the appropriate state. In 1982 these payments are estimated to be close to $500 million.

Fourth, and most important, we must reduce the polarization that has characterized much of the recent debate on public-land policy. Cecil Andrus called traditional users of public land the "rape, ruin, and run boys." James Watt has referred to "toadstool worshippers" and "environmental extremists" who are always selfish and usually easterners. These and other colorful statements may make good press, but they do not help to make good decisions about public-land use.

We all must recognize that Congress did not side with any group of users in establishing FLPMA. It took the middle ground, not just out of political expediency but out of recognition of reality. Public land issues are never simply development versus preservation, East versus West, urban versus rural, or federal versus state.

All interested parties must be willing to enter into dialogue, not diatribe. We need reasoned responses, not knee-jerk reactions; cooperation, not confrontation or litigation. All must be willing to work within the FLPMA process to argue and then to resolve their differences. To ignore them is to invite suspicion, stridency, and eventual stalemate.●

PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $50 million or, in the case of major defense equipment as defined in the act, those in excess of $14 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of a proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is available to the full Senate, I ask to have printed in the RECORD at this point a notification which has been received.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 14, 1982.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 82-54 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Navy's proposed Letter of Offer to Greece for defense article and services estimated to cost $32 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C(D) of that statute.

Sincerely,

WALTER B. LIGON,
Acting Director,
Defense Security Assistance Agency.

TRANSMITTAL NO. 82-54

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective purchaser: Greece.

(ii) Total estimated value:

	Millions
Major defense equipment [1]	$30
Other	2
Total	32

[1] As defined in Section 47(6) of the Arms Export Control Act.

(iii) Description of articles or services offered: Thirty-two RGM-84A-3 HARPOON missiles.

(iv) Military department: Navy (AJF).

(v) Sales commission, fee, etc., paid, offered, or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See Annex under separate cover.

(vii) Section 28 report: Included in report for quarter ending December 31, 1981.

(viii) Date Report Delivered to Congress: May 14, 1982.

POLICY JUSTIFICATION

GREECE—HARPOON MISSILES

The Government of Greece has requested the purchase of 32 RGM-84A-3 HARPOON missiles at an estimasted cost of $32 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Greece in fulfillment of its NATO obligations; furthering NATO rationalization, standardization, and interoperability; and enhancing the defense of the Western Alliance.

The Hellenic Navy will install these HARPOON missiles on its ships as a surface-to-surface anti-ship missile for additional defense against surface targets. These defense articles will be furnished in accordance with, and subject to, the limitations on use and transer provided for under the Arms Export Control Act, as embodied in the terms of sale. The sale will not affect the military balance in the region or our efforts for a peaceful settlement of the Cyprus question.

The prime contractor will be the McDonnell Douglas Astronautics Company of St. Louis, Missouri.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Greece.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

UNDER SECRETARY OF STATE,
Washington, April 20, 1982.

Pursuant to section 620C(d) of the Foreign Assistance Act of 1961, as amended (the Act), and the authority vested in me by Department of State Delegation of Authority No. 145, I hereby certify that the provision to Greece of 32 HARPOON missiles is consistent with the principles contained in section 620C(b) of the Act.

This certification will be made part of the certification to the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

JAMES L. BUCKLEY.

EXPORT TRADING COMPANIES

● Mr. TSONGAS. Mr. President, we are all increasingly aware of the threat to our long-term economic prosperity posed by mounting trade challenges from abroad. We are losing important markets to the effective export policies and practices of countries like Japan. We need to respond to these challenges.

I would like to share with all of my colleagues some remarks I made before the House Committee on Banking, Finance and Urban Affairs this morning on the need for export trading companies. These companies can be an effective tool in encouraging U.S. exports and opening up foreign markets.

I argue that the quickness with which we complete legislative action creating strengthened export trading companies is a litmus test of our competitiveness in international markets. The longer we delay, the further behind we may fall.

The remarks follow:

TESTIMONY OF SENATOR PAUL TSONGAS

Mr. Chairman and Members of the Committee, it is a special pleasure to testify before you today on the merits of H.R. 6016, the Bank Export Services Act, introduced by Chairman St Germain and cosponsored by thirteen members of this subcommittee. We have been barraged in recent months by dismal economic news—by weak projections for our own economy, and the mounting trade challenges from competition abroad. Foreign observers have rightly questioned whether we have the wherewithal to cope with these difficult economic realities.

The leadership Chairman St Germain and the members of this committee have provided in moving this bill forward, evidence that as a nation we are willing and able to meet the challenges of international trade competition head on. There is nothing Japanese business would like better than to watch endless U.S. debate on the merits of export trading companies. While we debate, their giant trading companies like Mitsubishi and Mitsui will comtinue to sell billions of dollars worth of goods, expanding their gigantic world-wide trading network—at our expense.

In authoring H.R. 6016, this committee and its chairman have demonstrated that regaining our competitive edge in international markets is too important an issue to become bogged down in ideological discussion or partisan politics.

Export trading companies can be a tremendous boon to U.S. competitiveness. Chase Econometrics estimates that U.S. exports could increase by $100 billion over the next eight years should the bill before this committee become law. In other words, we may increase our export sales by almost 10% by giving ourselves the same authority to engage in export trading practices already enjoyed by our competitors. The Export Trading Company Task Force of the New England Institute has estimated that in New England alone, this legislation may generate $500 million in export sales, and create as many as 15,000 jobs.

Thanks to the Chairman and the members of this committee, this measure enjoys truly remarkable broad-based support. Bipartisanship has been the hallmark of export trading company legislation. This committee has continued that tradition. H.R. 6016 has the support of Democrats and Republicans alike. The testimony received by this committee on April 22nd demonstrates the widespread support this measure enjoys all over New England. Further, cosponsors of H.R. 6016 come from 19 states, demonstrating the nationwide interest in sharing the benefits of export trading companies.

As one of the regional cosponsors of the Senate legislation, I must admit a preference for some of the features of the Senate approach for the establishment of trading companies. As the committee continues its work on this measure, I hope it will consider the following items:

Inclusion of other financial institutions in addition to bank holding companies and Edge Act companies as potential participants in trading company venture. Such authorization would expand the powers of the many regional institutions and thrifts, which I know are of particular interest to the committee and its chairman. Such expanded authorization will extend the benefits of this legislation even further to many smaller community and small business interests.

The ceilings on bank investments in export trading companies can be raised without endangering bank safety and soundness which the traditional separation of banking and commerce affords. In addition to a 5% equity interest, I believe additional lending authority up to 5% of the bank's capital surplus is desirable.

To avoid unintended restrictions on the effectiveness of trading companies, it would be advantageous to require that they engage principally in export activities rather than exclusively in such activities. Confining operations exclusively to export would diminish the effectiveness and thereby the long-term competitiveness of trading companies.

To guarantee that export trading companies have the ability to meet special requirements of foreign markets, the limitation on manufacturing activities should, in my opinion, be changed to allow for limited product modification, packaging, and provision of special instructions.

Finally, I would like to thank the chairman and this committee for its expeditious consideration of this legislation. It is a litmus test of our competitiveness. It proves we can and will respond to our new economic challenges.●

NEW BILL WORSE THAN THE ORIGINAL

● Mr. **HARRY F. BYRD, JR.** Mr. President, the Judiciary Committee recently approved a so-called compromise bill which would extend enforcement provisions of the Voting Rights Act of 1965 another 25 years.

Thus, the bill's punitive preclearance provision—which was intended to be a temporary remedy for alleged voting rights violations in mostly Southern States—will remain in effect until the year 2007.

Moreover, the compromise bill, as a recent editorial in the Richmond Times-Dispatch pointed out, makes matters worse by creating new opportunities for Federal interference in local elections. The editorial refers to the new language in section 2 which establishes the discriminatory results test in deciding court challenges of local election procedures.

I ask that the excellent Richmond Times-Dispatch editorial, "Making Matters Worse," be printed in the RECORD.

The editorial is as follows:

[Editorial]

MAKING MATTERS WORSE

Many Americans were encouraged by the results of the 1980 national elections to hope that the federal Voting Rights Act, an unnecessarily punitive law that falls most harshly upon the South, would be purged of its inequities. After all, one of the act's severest critics—Ronald Reagan—won the presidency and his Republican Party captured control of the Senate.

But in politics hopes do not always blossom into reality. Instead of changing the Voting Rights Act to make it less offensive, President Reagan and a majority of the Republicans on the Senate Judiciary Committee have embraced legislation that would make it far more objectionable. This bill not only would retain the act's anti-South "preclearance" provision but would add language that might give federal courts veto power over the structure of local governments throughout the country.

Under prevailing judicial interpretations of the Voting Rights Act, minorities can successfully-challenge the electoral process of a local government only by proving that it was designed intentionally to discriminate against them. The House of Representatives approved a change that would invalidate any system that had "discriminatory results," whether intended or not. Critics of this approach argued that it would lead to proportional representation, for minorities could successfully contend that their failure to control the number of councilmanic seats seemingly justified by their population was a discriminatory result.

Until recently, Mr. Reagan and Republican Senate leaders adamantly opposed the "results" test. But several days ago they crumbled. Republican Sen. Robert Dole of Kansas fashioned a "compromise" that coated this offensive provision with enough semantic syrup to make it palatable, and the president quickly swallowed it. The Dole compromise accepts the results test but provides that federal courts must consider "the totality of circumstances" in determining the validity of a representation system. A qualifier in the measure states that it is not intended to establish the right of a minority to proportional representation.

If this bill becomes law, it could turn local governments throughout the land over to federal judges. The legality of every local electoral system in the country might remain clouded until a federal court had examined the "totality of circumstances" and passed judgment on its validity. As a result, the local citizenry's voice in local governmental matters, already reduced to a whisper in Richmond and many other Southern communities, would fade throughout the land. Meanwhile, Virginia and the eight other states—mostly in the South—covered by the pre-clearance provision of the law would have to continue, for 25 years, to obtain the federal government's advance approval of any law or government action affecting political processes.

How did all this happen? What impelled President Reagan and his Republican colleagues to retreat from their promise to treat all sections of the country fairly and equally on this issue? Quite obviously, principle quaked in the presence of politics. Alarmed by complaints that the Reagan administration has been pursuing anti-black policies, the Republicans decided to placate black leaders by giving them a Voting Rights Act they would like.

And like it they do, as their effusive praise for the Dole compromise has shown. But the American people as a whole are likely to rue the day this bill becomes a law of the land.●

SOLVENCY OF THE SOCIAL SECURITY FUND

● Mr. **ARMSTRONG.** Mr. President, two brilliant editorials in the Washington Post and the Christian Science Monitor explain why Congress must face facts, and take action to insure the solvency of the social security system.

"In short, a combination of things could result in social security carrying on to meet the Nation's needs without undue strain. But finding the right combination means getting together on the matter rather than playing football with it," is the advice of the Christian Science Monitor.

"When all the politicking is done, Congress and the administration are going to put social security's financial house in order * * *" is the bottom line observation of the Washington Post.

In view of the timely advice offered, I encourage my colleagues to read the two editorials.

The editorials follow:

[From the Washington Post, May 12, 1982]

How to Fix Social Security

What should be done about Social Security's financial situation? You won't get much of an answer to that question from the current budget debate. The White House is backpedaling from an agreement it made with Senate Republicans last week to cut Social Security outlays by $40 billion over the next three years. House Republicans are toying with the idea of sidestepping the issue by pretending that Social Security isn't part of the federal budget. The Democrats, meanwhile, continue their ritual dance to ward off spirits that might compromise their favorite political issue.

None of this agonizing will dispel the fact that Social Security faces a financial squeeze as early as the middle of next year. Enough is known about the likely state of the economy to say that some time in 1983 the combined disability and retirement funds will have trouble maintaining their cash flow. Nor is there any prospect of swift improvement. A conservative forecast of economic conditions suggests that the combined trust funds could continue to fall more deeply into the red for several years.

Set aside the Medicare part of Social Security—it's in good shape for a few more years, though, without serious cost-containment efforts, it will fall into deep trouble thereafter. It appears that the retirement and disability funds need an infusion of about $12 billion a year over the next three years—not a large amount compared with the $580 billion in cash benefits that the system is expected to dispense over the same period. This would not produce any increase in the funds' relatively low current reserves—it would only keep them from further deterioration.

There are only two ways to get the needed money: raise payroll taxes—a bad idea—or curb growth in benefits. The best way to do the latter is to limit cost-of-living adjustments so that they no longer outrun increases in the wages that are taxed to pay for them. This method has an additional benefit: if the economy is unexpectedly strong, unneeded cutbacks will be avoided.

There is no justification for building up extra reserves in the trust funds to offset deficits elsewhere in the budget. This would amount to financing the defense buildup and the income tax cuts from a regressive payroll tax. But neither is it wise to let basic Social Security benefits become a drain on general revenues. One of the strengths—and major sources of protection—for Social Security is that it is self-financing.

When all the politicking is done, Congress and the administration are going to have to put Social Security's financial house in order—and that means reducing the growth in benefits by perhaps $10 billion to $15 billion a year.

[From the Christian Science Monitor]

That $40 Billion Sideshow

Saving social security is too important an issue in itself to become a politicians' sideshow in the budgetmaking process. Unless something is done, according to federal figures, there will be reserves for less than nine weeks of benefits by the end of 1983, or a mere 29 days by the end of 1985.

Something can be done—about this immediate problem as well as the long-range needs of a system facing statistics like this: the number of beneficiaries per 100 taxpaying workers will rise from last year's 31 to 50 by the year 2025 after the "baby boom" generation has retired.

But constructive action demands a bipartisan willingness to consider social security on its own rather than as a budgetary diversion. It started to become the latter when President Reagan and the Republican majority on the Senate Budget Committee called for $40 billion is social security savings without saying how. Then Democrats conveniently interpreted savings as heartless cuts in benefits and dropped budget balancing for elephant-baiting. Then the President and his supporters had to deny they meant $40 billion in cuts, certainly not in present benefits.

Republican Senator Heinz went so far as to introduce a resolution removing the social security trust fund from the federal budget. A bold gesture. And perhaps not a vain one if it serves as a reminder that, whatever the condition of the rest of the budget, the future of social security is a kind of free-standing challenge that has to be addressed.

Mr. Reagan roused hopes early in his term when he bit a small social security bullet (reducing some benefits)—but quickly spit it out under political fire. Then he proposed the sort of bipartisan commission that could lift social security out of the realm of rhetoric. But its report was put off until after this fall's election. Think of how much more productive the current social security debate could be if that report had been delivered April 15, as congressional leaders once appeared to favor.

We have written before about the range of remedies the commission has to consider: taxing benefits assuming those wholly dependent on them would not reach a taxable income level raising the eligibility age; increasing payroll taxes calculating individual benefits according to individual contributions, with a floor for the needy provided from general revenues; financing the medicare portion from general revenues; switching to a welfare system funded by general revenues.

As for the immediate question of solvency raised by the Republicans $40 billion of savings over three years: this assumes that the present borrowing of one social security fund from another cannot continue indefinitely. There will have to be either higher payroll taxes restraint of future benefit increases, different eligibility requirements, new sources of financing, or some mixture of these. According to one calculation, a change of 3 percent in either taxes or benefits would reach half the goal.

In the long term, it has been projected that the system could operate without radical change if the combined employer-employee tax rate rose from the present 11 percent of taxable payroll for the pension portion of social security to 17 percent in the next century—still less than the 20 percent in some European countries now.

Are Americans prepared to pay this much to continue a humane and useful system? They at least need to be seriously offered the alternatives by their leaders.

And they should know of the potentially ameliorating factors in the outlook. Though the proportion of elderly dependent Americans is expected to increase, the proportion of young dependents is expected to decline. When these two groups of dependents on the middle generation are calculated as a "dependency ratio," the figure peaked in 1965 and has been declining ever since. It is expected to continue to decline until 2005 and then go up to a plateau that still remains lower than in 1965.

Also there are economic and actuarial calculations that extend the working lives of Americans both because of the necessity for them in the labor force and their capacity to work longer.

In short, a combination of things could result in social security carrying on to meet the nation's needs without undue strain. But finding the right combination means getting together on the matter rather than playing football with it.●

SOVIET ACQUISITION OF WESTERN TECHNOLOGY

● **Mr. ARMSTRONG.** Mr. President, an unclassified report issued last month by the Central Intelligence Agency provides an excellent summary of the extent to which Western technology, acquired both legally and illegally, has contributed to the massive Soviet military buildup that now threatens our existence. As the CIA report, entitled: "Soviet Acquisition of Western Technology," makes vividly clear, we now must spend tens of billions of dollars more on defense simply in order to counter weapons the Soviets could not have built without our assistance. All Senators should read this report with care. I ask that it be printed in the Record.

The report follows:

Soviet Acquisition of Western Technology

INTRODUCTION

The United States and its Allies traditionally have relied on the technological superiority of their weapons to preserve a credible counterforce to the quantitative superiority of the Warsaw Pact. But that technical superiority is eroding as the Soviet Union and its Allies introduce more and more sophisticated weaponry—weapons that all too often are manufactured with the direct help of Western technology.[1] Stopping the Soviets' extensive acquisition of military-related Western technology—in ways that are both effective and appropriate in our open society—is one of the most complex and urgent issues facing the Free World today.

This report describes the Soviet program to acquire US and Western technology, the acquisition mechanisms used, the spectrum of Western acquisitions that have contributed to Soviet military might, the projected Soviet priority needs for Western technology, and the problems of effectively stemming the transfer of Western technology that could someday find application in weapons used to threaten the West.

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[1] While there are numerous interpretations of "technology" for weapons, it is defined in this report as the application of scientific knowledge, technical information, know-how, critical materials, keystone manufacturing and test equipment, and end products which are essential to the research and development as well as the series manufacture of modern high-quality weapons and military equipment. Western technology is defined as that technology developed by the Free World.

SOVIET ACQUISITION OF WESTERN TECHNOLOGY: A NATIONAL-LEVEL PROGRAM

Since at least the 1930s, the Soviet Union has devoted vast amounts of its financial and manpower resources to the acquisition of Western technology that would enhance its military power and improve the efficiency of its military manufacturing technology. Today this Soviet effort is massive, well planned, and well managed—a national-level program approved at the highest party and governmental levels.

This program accords top priority to the military and military-related industry, and major attention is also given to the civilian sectors of Soviet industry that support military production.

The Soviets and their Warsaw Pact allies have obtained vast amounts of militarily significant Western technology and equipment through legal and illegal means. They have succeeded in acquiring the most advanced Western technology by using, in part, their scientific and technological agreements with the West to facilitate access to the new technologies that are emerging from the Free World's applied scientific research efforts; by spending their scarce hard currency to illegally purchase controlled equipment, as well as to legally purchase uncontrolled advanced Western technologies having military-industrial applications; and by tasking their intelligence services to acquire illegally those US and Western technologies that are classified and export controlled.

The Soviets have been very successful in acquiring Western technology by blending acquisitions legally and illegally acquired by different government organizations. The Soviet intelligence services—the Soviet Committee for State Security (KGB) and the Chief Intelligence Directorate of the Soviet General Staff (GRU)—have the primary responsibility for collecting Western classified, export-controlled, and proprietary technology, using both clandestine and overt collection methods. They in turn make extensive use of many of the East European Intelligence Services (see inset, p. 2); for their efforts in acquiring Western technology, these countries are paid in part with Soviet military equipment and weapons.

Clandestine acquisition of the West's most advanced military-related equipment and know-how by the KGB and GRU is a major and growing problem.

These intelligence organizations have been so successful at acquiring Western technology that the manpower levels they allocate to this effort have increased significantly since the 1970s to the point where there are now several thousand technology collection officers at work. These personnel, under various covers ranging from diplomats to journalist to trade officials, are assigned throughout the world.

Soviet foreign trade organizations, or enterprises, although quasi-independent entities, are partially subordinated to the Ministry of Foreign Trade, and their activities are closely coordinated by this Ministry.

They have major responsibilities for both legal and illegal acquisitions and purchases; they work closely with the KBG and GRU in arranging trade diversions. East European trade companies assist them in clandestine and illegal acquisition operations.

Official Soviet and East European science and technology (S&T) organizations also play a major role in both open and clandestine acquisition of Western technology. The Soviet State Committee for Science and Technology (GKNT) is the key player in arranging government-to-government science and technology agreements to facilitate access to and the acquisition of established as well as new technologies, including those just emerging from Western universities, laboratories, and high-technology firms. It is the GKNT that oversees the allocation of scarce Soviet hard currency for the legal purchase by various Soviet organizations of selected Western technology for Soviet military purposes. If the GKNT is unable to acquire the necessary technology by open or legal means, it tasks Soviet intelligence to clandestinely acquire the technology.

It is the well-organized and well-coordinated use of all these organizations that has made the Soviet program to acquire Western technology so successful. As a result, the Soviets have acquired militarily significant technologies and critically important industrial Western technologies that have benefited every major Soviet industry engaged in the research, development, and production of weapon systems.

SOVIET MECHANISMS FOR ACQUIRING WESTERN TECHNOLOGY

Soviet acquisition mechanisms include: legal means through open literature, through legal trade channels, and through student scientific and technological exchanges and conferences; illegal means through trade channels that evade US and Western (i.e. CoCom)[2] export controls, including acquisitions by their intelligence services through recruited agents and industrial espionage. While a large volume of technology is acquired by nonintelligence personnel, the overwhelming majority of what the United States considers to be military significant technology acquired by and for the Soviets was obtained by the Soviet intelligence services and their surrogates among the East European intelligence services. However, legal acquisitions by other Soviet organizations are important since it is often the combination of legally and illegally acquired technologies that gives the Soviets the complete military or industrial capability they need.

Because of the priority accorded to the military over the civilian sectors of the Soviet economy, Western dual-use technology—i.e., technology with both military and civilian applications—almost always finds its way first into military industries, and subsequently into the civilian sectors of industries that support military production. Thus, Soviet assurances that legally purchased dual-use technology will be used solely for civilian applications can seldom be accepted at face value.

Legal acquisitions generally have their greatest impact on the Soviets' broad industrial base, and thus affect military technology on a relatively long-term basis. The Soviet Kama Truck Plant, for example, was built over some seven years with massive imports of more than $1.5 billion worth of US and West European automotive production equipment and technology. Large numbers of military-specification trucks produced there in 1981 are now being used by Soviet forces in Afghanistan and by Soviet military units in Eastern Europe opposite NATO forces. Similarly, large Soviet purchases of printed circuit board technology and numerically controlled machine tools from the West already have benefited military manufacturing sectors.

The Soviets give priority to those purchases that meet the direct needs of the Soviet military-industrial complex by paying for them in hard currency. Over the past 10 years, the Soviets legally and illegally purchased large quantities of Western high-technology microelectronics equipment that has enabled them to build their own military microelectronics industry in a short time. This acquired capability in microelectronics is the critical basis for the present wide-ranging enhancements of Soviet military systems and for their continuing sophistication.

Acquisitions through illegal trade channels often have both industrial and military applications, and thus are important in the near term. Illegal acquisitions of technology fall into two general categories, both of which are extremely difficult to detect and monitor. One is the diversion of controlled technology from legitimate trade channels to proscribed destinations. This is done through US and foreign firms that are willing to engage in profitable impropriety; through agents-in-place in US or foreign firms or foreign subsidiaries of US firms; through Soviet- and East European-owned firms locally chartered in the West; and through foreign purchasing agents (including arms dealers). For instance, to evade the US embargo on microelectronic technology exports to the Soviet Union, the Soviets and their surrogates have set up dummy corporations in the West that purchase sophisticated microelectronics manufacturing equipment. This equipment is then shipped and reshipped, sometimes with the knowledge of individuals in the companies, to disguise its ultimate destination—the Soviet Union or Eastern Europe. Both the Soviet and Warsaw Pact intelligence services are in the mainstream of this illegal technology trade flow. The other type of diversion is an in-place diversion, in which legally acquired technology and equipment—in the computer area, for example—are put to military end uses not authorized in export license applications.

The acquisitions that most directly affect Soviet military development have come from intelligence collection and related illegal trade diversions. Soviet Bloc intelligence services have concentrated their effort in the United States, Western Europe, and Japan. These services target defense contractors and high-technology firms working on advanced technology (both classified and unclassified), foreign firms and subsidiaries of US firms abroad, and international organizations with access to advanced and/or proprietary technology, including access to computer data base networks throughout the world.

Both legal and illegal acquisitions of U.S. and Western technology and equipment are coordinated with information obtained through the complex network of international governmental scientific and technical agreements and exchanges that the USSR maintains with the advanced industrial nations. There include know-how, equipment, and computer data base collection activities of Soviet scientists and engineers who participate in academic, commercial, and official S&T exchanges. Visiting Soviet and East European technical and student delegations to the United States generally consist of expert scientists, many of whom are connected with classified work in their home countries. Such was the case with the Soviet scientist who managed to get assigned to fuel-air explosives work. When he finished his U.S. study programs, he almost certainly returned to the USSR to work on related weapons. Other Soviet and East European scientists have come to the United States to work in the aerohydrodynamic, cryogenic, optic, laser, computer, magnetic bubble computer memory, nuclear, microelectronic, and structural and electronic material areas. Given the military importance of these fields to the Soviet Union, it appears likely that a high percentage of these scientists will work on military-related programs in these areas after they return home.

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[2] The Coordinating Committee (CoCom) was established in 1949 to serve as the forum for Western efforts to develop a system of strategic export controls. It is composed of the United States, the United Kingdom, Turkey, Portugal, Norway, the Netherlands, Luxembourg, Japan, Italy, Greece, France, the Federal Republic of Germany, Denmark, Canada, and Belgium.

From the beginning, Soviet candidates in various academic and scientific exchange programs have nearly always proposed research activities involving technologies in areas that have direct military applications and in which the Soviets are technologically deficient. Table 1 provides a list of the key high-technology fields that Soviet and East European visitors come to the United States to study, research, or discuss, many of which are on the U.S. Militarily Critical Technology List today. In each of the past two years, more than a third of the 50 program proposals offered under the Graduate Student/Young Faculty Program of the International Research and Exchanges Board (IREX) has been completely unacceptable in terms of prospective technology loss, and many other programs needed to be modified or have access constrained before the exchanges could be allowed.

TABLE 1.—MAJOR FIELDS OF TECHNOLOGY OF INTEREST TO SOVIET AND EAST EUROPEAN VISITORS TO THE UNITED STATES

Computers	Architecture	Memories
	Automatic Control	N/C (Numerically Controlled) Units
	CAD (Computer-Aided Design)	Networks
	Cybernetics/Artificial Intelligence	Pattern Recognition
	Data Bases	Programming
	Image Processing Design	Robots
	Image Processing/Retrieval	Software
Materials	Amorphous	Metallurgy
	CAD	N/C Machine Tools
	Composites	Powder Metals
	Cryogenics	Superconductors
	Deformation	Testing/NDT (Non-Destructive)
Semiconductors	CAD	Design
	Circuits	Ion Implantation
	Defects	Production Technology
	Devices	SAW (Surface Acoustic Wave) Devices
Communications, Navigation, and Control	Antennas	Satellite Communications
	Microwave/Millimeter Waves	Signal Processing
	Radio Wave Propagation	Telecommunications
Vehicular/Transportation	Marine Systems	Shipbuilding
Laser and Optics	Fiber Optics	Optics
	Gas Lasers	Tunable Lasers
Nuclear Physics	Cryogenics	Reactors
	Fusion	Structural Designs
	Materials	Superconductors
	MHD (Magnetohydrodynamics)	
Microbiology	Genetic Engineering	

The Soviets correctly view the United States and several other Western countries as a continuing source of important and openly available scientific and technical information, which they take every opportunity to obtain access to. Some of the unclassified documents so acquired are previously classified materials which had been downgraded to unclassified through U.S. procedures providing for automatic declassification after a stipulated period. When collected on a massive scale and centrally processed by the Soviets, this information becomes significant because it is collectively used by Soviet weapons designers and weapons countermeasure experts.

The Soviets also regularly attend high-technology trade shows, and attempt to visit commercial firms in the West, particularly small and medium-sized firms that are active in developing new technologies. These apparent trade promotion efforts often mask Soviet attempts to acquire emerging Western technological know-how before its military uses have been identified and government security controls have been applied. Emerging technologies are particularly vulnerable to foreign collection efforts of this type.

Soviet intelligence continues to place a high priority on the collection of S&T information on genetic engineering and futuristic weapons such as lasers and particle beam weapons. The Soviets have been stepping up their efforts to acquire new and emerging technologies such as very-high-speed integrated circuit (VHSIC) and very-large-scale integration (VLSI) technology from Western universities and commercial laboratories for both military and commercial applications.

Over the past few years there has been an increased use of Soviet- and East European-owned firms locally chartered in the United States and abroad to exploit Western-controlled and military-related technology. There are more than twenty Soviet- and East European-owned firms in the United States, and near the end of the 1970s there were more than 300 similar firms in Western Europe. In addition to the United States, heavy concentrations are in the United Kingdom, Sweden, the Netherlands, Italy, the Federal Republic of Germany, France, Canada, Belgium, and Austria. These firms are avenues for Soviet acquisition of advanced Western technolgies, as was shown when the US engineer arrested in late 1981 was charged with selling US secret documents to an East European intelligence officer employed by a Polish-owned firm chartered in Illinois. Furthermore, firms chartered in the United States can legally purchase controlled US technology and study it without actually violating US export controls unless they attempt to export the equipment or related technical data from the United States without a license.

SOVIET ACQUISITIONS AND BENEFITS

Today's recognition of the crucial role of Western technology in the development and production of Soviet weapon systems and related military equipment is not unique. Soviet dependence on Western technology was visible and clear-cut in the years immediately after World War II, when the Soviets stole Western nuclear secrets leading to their development of a nuclear weapon capability, and copied a US bomber in its entirety leading to production of their TU-4. To achieve major improvements in their military capability quickly, they exploited captured scientists and industrial plants and resorted to a combination of espionage, stealing, and copying Western systems.

Since that early period of near-complete reliance in the 1950s, the Soviets' dependence on Western technology to develop their weapons has decreased. Nevertheless, despite several decades of Soviet priorities focused on science, technology, and weapon systems, the Soviets, because of their inability to be innovative and effectively apply new technology to weapons developments, still depend on Western technology and equipment to develop and manufacture some of their advanced weapon systems more quickly.

Today, Soviet military designers carefully choose the Western designs, engineering approaches, and equipment most appropriate to their deficiencies and needs. These needs are still substantial and pervade almost every area of weapons technology and related manufacturing equipment. Table 2 lists classes of Western technology acquired by the Soviets and East Europeans and illustrates the wide range of Soviet military technology needs. In the following paragraphs of this section, Soviet Bloc acquisitions have been grouped according to their likely applications: strategic systems, aircraft systems, naval systems, and tactical systems. Also cited are acquisitions in the microelectronic and computer areas that have broad application to military and industrial programs. In certain of these areas, notably the development of microelectronics, the Soviets would have been incapable of achieving their present technical level without the acquisition of Western technology. In other areas, acquisitions have allowed the Soviets to reduce the indigenous effort they would otherwise have had to expend.

TABLE 2.—SELECTED SOVIET AND EAST EUROPEAN LEGAL AND ILLEGAL ACQUISITIONS FROM THE WEST AFFECTING KEY AREAS OF SOVIET MILITARY TECHNOLOGY

Key Techology Area	Notable Success
Computers	Purchases and acquisitions of complete systems designs, concepts, hardware and software, including a wide variety of Western general purpose computers and minicomputers for military applications
Microelectronics	Complete industrial processes and semiconductor manufacturing equipment capable of meeting all Soviet military requirements, if acquisitions were combined
Signal Processing	Acquisitions of processing equipment and know-how
Manufacturing	Acquisitions of automated and precision manufacturing equipment for electronics, materials, and optical and future laser weapons technology; acquisition of information on manufacturing technology related to weapons, ammunition, and aircraft parts including turbine blades, computers, and electronic components; acquisition of machine tools for cutting large gears for ship propulsion systems
Communications	Acquisitions of low-power, low-noise, high-sensitivity receivers
Lasers	Acquisitions of optical, pulsed power source, and other laser-related components, including special optical mirrors and mirror technology suitable for future laser weapons
Guidance and Navigation	Acquisitions of marine and other navigation receivers, advanced inertial-guidance components, including miniature and laser gyros; acquisitions of missile guidance subsystems; acquisitions of precision machinery for ball bearing production for missile and other applications; acquisition of missile test range instrumentation systems and documentation and precision cinetheodolites for collecting data critical to postflight ballistic missile analysis
Structural Materials	Purchases and acquisitions of Western titanium alloys, welding equipment, and furnaces for producing titanium plate of large size applicable to submarine construction
Propulsion	Missile technology, some ground propulsion technology (diesels, turbines, and rotaries), purchases and acquisitions of advanced jet engine fabrication technology and jet engine design information
Acoustical Sensors	Acquisitions of underwater navigation and direction-finding equipment
Electro-optical Sensors	Acquisition of information on satellite technology, laser rangefinders, and underwater low-light-level television cameras and systems for remote operation
Radars	Acquisitions and exploitations of air defense radars and antenna designs for missile systems

The Soviets' strategic weapons program has benefited substantially from the acquisition of Western technology. The striking similarities between the US Minuteman silo and the Soviet SS-13 silo very likely resulted from acquisition of US documents and expedited deployment of this, the first Soviet solid-propellant ICBM. The Soviets' ballistic missile systems in particular have, over the past decade, demonstrated qualitative improvements that probably would not have been achieved without Western acquisitions of ballistic missile guidance and control technology. The most striking example of this is the marked improvement in accuracy of the latest generation of Soviet ICBMs—an improvement which, given the level of relevant Soviet technologies a decade ago, appears almost certainly to have been speeded by the acquisition of Western technology. Their improved accuracy has been achieved through the exploitation and development of good-quality guidance components—such as gyroscopes and accelerometers. The quality of these instruments, in turn, depends to a considerable degree on the quality of the small, precision, high-speed bearings used.

Through the 1950s and into the 1960s, the Soviet precision bearing industry lagged significantly behind that of the West. However, through legal trade purchases in the 1970s, the Soviet Union acquired US precision grinding machines for the production of small, high-precision bearings. Similar grinding machines, having lower production-rate capabilities, were available from several foreign countries. Only a few of these machines, either US or foreign, would have been sufficient to supply Soviet missile designers with all the quality bearings they needed. These purchases provided the Soviets with the capability to manufacture precision bearings in large volume sooner than would have been likely through indigenous development. The Soviets probably could have used indigenous grinding machines and produced the required quality of bearings over a long period by having an abnormally high rejection rate.

While some of the Soviet acquisition in the aircraft area appears directed toward the development of countermeasures against Western systems, the Soviets appear to target data on Western aircraft primarily to acquire the technology. Furthermore, while the Soviets have acquired a large amount of hardware and data from planes downed or captured in Vietnam and elsewhere, they continue to attempt to acquire the most advanced technologies through both legal and illegal transactions with the West. Assimilation of Western technology has been of great benefit to both their military and commericial aircraft development programs—to the extent that aircraft from certain Soviet military design bureaus are to a significant degree copies of aircraft of Western design. Soviet military aircraft designers have "ordered" documents on Western aircraft and gotten them within a few months, including plans and drawings for the US C-5A giant transport aircraft early in its development cycle; these plans, although dated now, have contributed to current Soviet development of a new strategic military cargo plane. Designers were in particular need of data on US technology advances, but more importantly, they needed information on aerospace manufacturing techniques.

Soviet aircraft designers have been interested in US military transports and wide-body jets and probably have managed to accelerate the development programs for their IL-76 Candid and IL-86 transports. The IL-86 looks much like the Boeing 747 and the IL-76 resembles the C-141. Neither system is an identical copy.

The IL-76 also is used by the Soviets as the platform for their new AWACS (Airborne Warning and Control System), which is expected to be operational in the mid-1980's. This system will provide the Soviets with a major improvement in attacking low-flying missiles and bombers. The Soviet AWACS is strikingly similar in a many ways to the US AWACS, and is a major improvement over their old AWACS.

The Soviets' acquisition effort in the naval systems area reflects well the two major factors that motivate their requirements; the acquisition of technology not readily available to them—yet critical to their programs—and the acquisition of equipment which, while producible in the Soviet Union, allows them to divert resources to more pressing naval programs. The Soviets appear to have concentrated their acquisitions in areas related to aircraft carriers, deep sea diving capabilities, sensor systems for antisubmarine warfare and navigation, and ship maintenance facilities. In the maintenance area, two huge floating drydocks purchased from the West for civilian use by the Soviets have been diverted to military use. Drydocks are critical for both routine and fast repair of ships damaged in warfare. In 1978, when the Soviets took possession of one of the drydocks, they diverted it to the Pacific Naval Fleet. The other was sent to the Northern Fleet in 1981.

These drydocks are so large that they can carry several naval ships. More importantly, they are the only drydock facilities in either of the two major Soviet fleet areas—Northern or Pacific—capable of servicing the new Kiev-class V/STOL aircraft carriers. Soviet advanced submarines carrying ballistic missiles, Soviet Kiev aircraft carriers, and Soviet destroyers were among the first ships repaired in these drydocks. It is important to note that the drydocks themselves are so large that no Soviet shipyard would have been capable of accommodating their construction without major facility modifications, associated capital expenditures, and interruptions in present weapons programs. Their importance will be even more pronounced when the Soviets construct the still-larger carriers (for high-performance aircraft) projected for the 1990s. The Soviets even have acquired Western aircraft carrier catapult equipment and documentation for this larger carrier; catapult technology, though relatively common in the West, is outside the Soviet experience.

Within the past few years, the USSR also has contracted for or purchased foreign-built oceanographic survey ships equipped with some of the most modern Western-manufactured equipment. In place of US equipment that was embargoed, other Western equipment has been installed on the ships. This modernization of what is the world's largest oceanographic fleet with Western technology will help support the development of Soviet weapon system programs and antisubmarine systems against the West.

Although the Soviets have a strong indigenous technology base that could support the development of much of their tactical weapons systems, this does not prevent them from maintaining an ambitious program for acquiring and benefiting from Western technology in this area. In some cases, their acquisitions satisfy deficiencies in Soviet technology; smart weapons technology and electro-optical technology and examples of this. Signal and information-processing technology, particularly for Soviet air defense systems, is another. More often, however, technology is exploited to speed up a developmental program or to improve upon original Western designs in an expeditious manner. The Soviets appear to have concentrated their tactical systems acquisitions on Western tank, antitank, and air defense-related technology and equipment in order to derive concepts and know-how to benefit their weapons programs and to design countermeasures to the Western systems. The Soviet SA-7 heat-seeking, shoulder-fired antiaircraft missile contains many features of the US Redeye missile. Such acquisitions have enabled the Soviets to obtain advanced tactical weapon capabilities sooner than otherwise would have been possible.

Western equipment and technology have played a very important, if not crucial, role in the advancement of Soviet microelectronic production capabilities. This advancement comes as a result of over 10 years of successful acquisitions—through illegal, including clandestine, means—of hundreds of pieces of Western microelectronic equipment worth hundreds of millions of dollars to equip their military-related manufacturing facilities. These acquisitions have permitted the Soviets to systematically build a modern microelectronics industry which will be the critical basis for enhancing the sophistication of future Soviet military systems for decades. The acquired equipment and know-how, if combined, could meet 100 percent of the Soviets' high-quality microelectronic needs for military purposes, or 50 percent of all their microelectronic needs.

Table 3 identifies the microelectronic production related equipment that has been acquired by the Soviet Bloc. These acquisitions have been grouped into areas related to the four steps required to produce a microchip: wafer preparation, circuit-mask making, device fabrication, and assembly and testing.

TABLE 3.—MICROELECTRONIC EQUIPMENT AND TECHNOLOGY LEGALLY AND ILLEGALLY ACQUIRED BY THE SOVIET BLOC

Equipment or Technology	Comments
Process Technology for Microelectronic Wafer Preparation	The Soviets have acquired hundreds of specific pieces of equipment related to wafer preparation, including expitaxial growth furnaces, crystal pullers, rinsers/dryers, slicers, and lapping and polishing units.
Process Technology for Producing Circuit Masks	Many acquisitions in this area include computer-aided design software, pattern generators and compilers, digital plotters, photorepeaters, contact printers, mask comparators, electron-beam generators, and ion milling equipment.
Equipment for Device Fabrication	Many hundreds of acquisitions in this area have provided the Soviets with mask aligners, diffusion furnaces, ion implanters, coaters, etchers, and photochemical process lines.
Assembly and Test Equipment	Hundreds of items of Western equipment, including scribers, bonders, probe testers, and final test equipment have been acquired by the Soviets.

Soviet computer technology has long been limited by fabrication and production technology problems and by difficulties in software development. Since 1969 the USSR and East European countries have been developing a family of general purpose computers known as the Ryad series. These computers, which make up virtually the total Soviet and East European effort in large general purpose computers, have been and will continue to be used in a wide variety of civil and military applications. Western technology has been important to development of the Ryad series by providing proven design directions both at the system and component levels. The architectural designs of the Ryad computers, for example, are patterned after those of the highly successful mass produced IBM 360 and 370 series, computers that are used in a wide range of applications and are highly serviceable in the field.

With this approach, the Soviets and East Europeans eliminated many of the risks involved in undertaking the development and production of a new series of general purpose computers, and saved considerable amounts of manpower and time. Since the early 1970s the Soviets and East Europeans have legally purchased more than 3,000 minicomputers, some of which are now being used in military-related organizations. Furthermore, they are also developing minicomputers that are direct copies of Western models. Soviet and East European development of computer systems has been aided by all available means—legal and illegal, including clandestine—for acquiring the needed technical know-how.

Thus, the Soviets and their Warsaw Pact allies have derived significant military gains from their acquisitions of Western technology, particularly in the strategic, aircraft, naval, tactical, microelectronics, and computer areas. This multifaceted Soviet acquisitions program has allowed the Soviets to:

Save hundreds of millions of dollars in R&D costs, and years in R&D development lead time.

Modernize critical sectors of their military industry and reduce engineering risks by following or copying proven Western designs, thereby limiting the rise in their military production costs.

Achieve greater weapons performance than if they had to rely solely on their own technology.

Incorporate countermeasures to Western weapons early in the development of their own weapon programs.

These gains are evident in all areas of military weapons systems. While difficult to quantify, it is clear that the Western military expenditures needed to overcome or defend against the military capabilities derived by the acquisition of Western technology far outweigh the West's earnings from the legal sales to the Soviets of its equipment and technology.

OUTLOOK FOR THE 1980'S

The Soviets' military R&D and weapon test-and-evaluation efforts are continuing at a rapid pace. Several hundred development projects for weapons systems and major system elements are now under way, and it is expected that through the 1980s the number of new or modified advanced Soviet weapon systems emerging from these projects into production and deployment will remain at the high levels of the last two decades—some 200 weapon systems per decade.

Soviet military manufacturing capacity increased by a significant 80 percent during the 1960s and 1970s, and new plant expansion now under way at one-fourth of their key weapons manufacturing facilities will add considerably to their capabilities. These new facilities will be ready to produce weapons in the next four to 10 years. Plant expansion is in the following areas: ground warfare vehicles, including new tanks; aviation, including facilities for a new B-1-type bomber and a new long-range military transport aircraft having strategic airlift capabilities; naval shipbuilding, including submarines for ballistic missiles and cruise missiles, as well as full-size aircraft carriers for high-performance aircraft capable of competing with the United States in global operations; and electronic and microelectronic manufacturing facilities throughout the USSR. The development and production of new Soviet weapons at these facilities is sure to be more complex and costly than during the 1970s.

All of this military development and plant expansion activity, however, is taking place at a time when the Soviet economy has reached its lowest level of growth since World War II. Soviet annual GNP growth may well be limited to an average of 1 to 2 percent by the mid-1980s. Stagnation in industrial sectors that are key to both the civilian and the military sectors will make it increasingly difficult for the Soviets to satisfy the needs of both. Thus, Soviet leaders will have to make tough choices among defense, investment, and consumption; the competition among rival claimants for resources will become intense. Under these conditions, it may be impossible for the Soviets to maintain current growth in military production without hurting the civilian economy.

Despite these economic difficulties, there are no signs that the Soviets are shifting resources away from the military sector or slowing down development of weapon systems that will be entering the production stage by mid-decade. New generations of Warsaw Pact weapons will require selected critical component and modern manufacturing technologies. It is in these areas that Soviet illegal acquisitions of Western technology, complemented by legal acquisitions, are most likely to be concentrated over the next five to 10 years.

Among the more important technologies are microelectronics, computers, and signal processing. Microelectronics will play a very significant role in advances in computers and signal processing, and all of these technologies will be important in developing advanced Soviet missile, aircraft, naval, and tactical weapon systems, and associated detection systems. Additional projected Soviet technological needs related to such systems are presented in the appendix.

As the result of both tactical and strategic force modernizations, Soviet and Warsaw Pact military manufacturers are increasingly pressed by large-scale production requirements and the related need to control manufacturing and materials costs. Thus, particularly critical for the 1980s are Soviet needs to improve their manufacturing capability. To a large extent, the level of manufacturing technology in Soviet plants determines the Soviets' capability to move new technology from R&D into military applications. Manufacturing technologies play a significant role not only in the development of advanced component technologies, such as microelectronics and computers, but also in the actual production of modern military systems.

Future Soviet and Warsaw Pact acquisition efforts—including acquisitions by their intelligence services—are likely to concentrate on the sources of such component and manufacturing technologies, including:

Defense contractors in the United States, Western Europe, and Japan who are the repositories of military development and manufacturing technologies.

General producers of military-related auxiliary manufacturing equipment in the United States, Western Europe, and Japan.

Small and medium-size firms and research centers that develop advanced component technology and designs, including advanced civil technologies with future military applications.

The combination of past Soviet acquisition practices and projected Soviet military needs indicates that the United States and its Allies are likely to experience serious counterintelligence and related industrial security and export control problems over the next five to 10 years.

The task of stopping Soviet Bloc intelligence operations aimed at Western military and industrial technologies already poses a formidable counterintelligence problem, both in the United States and abroad. But that task is likely to become even more difficult in the future as several trends identified in the 1970s continue into the 1980s:

First, since the early 1970s, the Soviets and their surrogates among the East Europeans have been increasingly using their national intelligence services to acquire Western civilian technologies—for example, automobile, energy, chemicals, and even consumer electronics.

Second, since the mid-1970s, Soviet and East European intelligence services have been emphasizing the collection of manufacturing-related technology, in addition to weapons technology.

Third, since the late 1970s, there has been increased emphasis by these intelligence services on the acquisition of new Western technologies emerging from universities and research centers.

The combined effect of these trends is a heavy focus by Soviet Bloc intelligence on the commercial sectors in the West—sectors that are not normally protected from hostile intelligence services. In addition, the security provided by commercial firms is no match for the human penetration operations of such foreign intelligence services. But the most alarming aspect of this commercial focus by Soviet Bloc intelligence services is that as a result of these operations the Soviets have gained, and continue to gain, access to those advanced technologies that are likely to be used by the West in its own future weapons systems.

The Soviet intelligence effort against Western defense contractor firms poses a serious problem in itself. With more then 11,000 such firms in the United States and hundreds of subsidiaries abroad, U.S. counterintelligence efforts are stretched thin. Protection of U.S. firms abroad from hostile intelligence threats is the responsibility of host governments, but they too are feeling the burden of well-orchestrated Soviet Bloc efforts. The Soviet intelligence threat and the illegal trade problem appear to be severe in Japan. It appears that Western industrial security—both defense and commercial—will be severely tested by the Soviet intelligence services and their surrogates among the East European intelligence services during the 1980's.

Western industrial nations also can expect increased Soviet Bloc intelligence activities directed at the acquisition of their key industrial technologies. Western export controls are presently being updated and broadened; the CoCom allies have recently agreed to strengthen controls and to enhance their enforcement. Moreover, serious hard currency shortages, along with generally increased restrictions on Soviet S&T visitors to the United States, will make the Soviets even more dependent on intelligence and other illegal efforts to acquire the goods and equipment they will need.

The massive, well-planned, and well-coordinated Soviet program to acquire Western technology through combined legal and illegal means poses a serious and growing threat to the mutual security interests of the United States and its Allies. In response, the West will need to organize more effectively than it has in the past to protect its military, industrial, commercial, and scientific communities.

APPENDIX—PROJECTED SOVIET TECHNOLOGICAL NEEDS AND ACQUISITION TARGETS THROUGH THE 1980'S

Given the dynamic nature of their collection program, is is expected that the Soviets will continue their attempts to acquire a broad range of Western technologies. Certain areas, however, represent priority collection targets for them; these areas are critical to the Soviets' enhancement of their weapons capability.

Over the past decade, the Soviets' most pronounced improvements in strategic weaponry have been in the development of a MIRV ballistic missile capability and a significant improvement in the accuracy of their ICBMs. The former capability was made possible largely through the introduction of on-board digital computers and the latter through the improvement in the quality of the missile guidance systems and the procedures used to calibrate them. Technology acquisitions from the West contributed significantly to these improved capabilities.

The Soviets probably will continue to make their highest priority the acquisition of Western microelectronics and computer technology for in-flight guidance computers. This acquisition effort will be motivated by a desire to overcome reliability problems and also to provide the on-board processing capability required for the development of new guidance options with the potential for extremely high accuracies.

The Soviets will also give top priority to acquiring information on the latest generation of U.S.-inertial components upon which the MX ICBM and the Trident SLBM guidance systems are based. Despite the past accuracy improvements of Soviet ICBMs, these two U.S. systems incorporate technologies beyond present Soviet technological capabilities. Moreover, their SLBM accuracies are significantly behind those of U.S. systems. In addition to information on hardware, the Soviets are expected to seek calibration software algorithms which, as the guidance instruments themselves reach their practical performance limit, would allow for continued improvement in weapon system accuracy.

Western solid rocket propulsion technology also will be a high-priority Soviet acquisition target in the 1980s. While the Soviets have vast experience with the liquid-propellant systems which represent the bulk of their ballistic missile force, they are shifting their emphasis to solid propulsion systems, which have practical advantages over liquid systems in a variety of applications. At the same time, the Soviets have had only limited success with the progress of their solid-propulsion program. They probably will pursue the acquisition of information on solid-propellant production procedures, and propellant grain design, motor case, and rocket nozzle technologies.

The Soviets' ABM R&D effort has continued apace since the 1960s. As a result, they have gained considerable expertise in the development of large fixed-site radars for early warning, tracking, and engagement, and their interceptor technology has also improved substantially over the years. Areas remain, however, in which the Soviets will still seek and would benefit from sophisticated Western ABM technology. These include signal processing for detection, discrimination, target assignment, and sensor technology, particularly in the long-wave infrared portion of the electromagnetic spectrum applicable toward improving their launch detection capability.

Priority Soviet targets in the aircraft area will include Western materials technology, particularly composite materials to allow weight-efficient designs. The Soviets would also benefit from the acquisition of certain engine technologies, in particular those critical to the development of high-bypass turbofans for large strategic airlift type of aircraft. While, in general, Soviet avionics technology appear adequate, the Soviets have yet to demonstrate a capability to deploy reliable, accurate airborne inertial navigation systems for long-range navigation and weapons delivery. Thus, while long used in the West, these systems are still prime candidates for acquisition.

Very high priority probably will be given to the acquisition of computer-aided aircraft design technology, an area in which the Soviets are clearly impressed by US progress. In general, they also will continue to benefit from the acquisition of efficient aircraft production technology from the West to reduce costs.

While the Soviets have a strong indigenous air defense radar and missile technology, their general lag in microelectronics and microprocessing will direct them to attempt wherever possible in the West the acquisition of advanced signal-processing hardware and software.

The Soviets will continue to emphasize the acquisition of naval-related technologies applicable to improving their antisubmarine warfare capabilities, an area in which much Western technology is superior to theirs. Thus, a significant effort to acquire acoustic sensor technology can be expected, in particular that technology applicable to the development of large towed acoustic arrays that would assist the localization of Western submarines in open waters. They probably will also target the acquisition of Western signal-processing hardware and software required to fully exploit the detection capabilities of these sensors.

Another critical problem area to which the Soviets will direct acquisition is that of submarine quieting. Here also the Soviets lag the West significantly. As a result, not only are their submarines more vulnerable to detection but the self-generated noise reduces the effectiveness of their own acoustic sensors.

An area in which the Soviets have historically lagged behind the West is precision submarine navigation—in particular, in the development of submarine inertial navigation systems. The need for improvements here will become more pressing as the Soviets develop long-range cruise missiles for land attack which require precise knowledge of launch location.

The Soviets also will continue to target technologies related to the design and construction of large aircraft carriers (for high-performance aircraft) to reduce the likelihood of poor design choices that would arise in what is for them an entirely new type of construction program.

Much of the Soviet acquisition effort in the area of tactical weapons is likely to be targeted against seeker and sensor technology for tactical missiles and precision-guided munitions. The Soviets will apply considerable effort in particular to acquiring advanced Western electro-optical technology including that related to antitank weapons. As in other weapons areas, the signal processing and microelectronics technologies supporting tactical weapon systems will also be priority acquisition targets. Technical documentation on entire weapon systems, if obtained, will be used to develop countermeasures.

In the microelectronics area the USSR is now at the stage of implementing its LSI (large-scale integration) technology to high-volume production. Despite the large acquisitions of Western technology and production equipment over the past 10 years which have brought them to the LSI level, additional acquisitions from the West are needed for the more sophisticated weapons projects of the future. Ever-increasing needs for higher precision Western equipment will extend at least through the 1980s.

In addition, the Soviets will require considerable expansion of their microelectronic material base to support continued expansion of integrated-circuit production. In this regard, the USSR is seeking Western help to build two or three poly-silicon plants that will more than double current Soviet capacity for military applications. Also, with increasing advances in the technology, the USSR already will be seeking additional Western assistance in key complementary technologies such as packaging and printed circuit board production.

The USSR is expected to focus its future acquisitions efforts on the emerging technologies related to very-high-speed integrated circuits (VHSIC) and very-large-scale integration (VLSI). It is important to note that, while VHSIC is thought of as a military development program, and VLSI as a civilian technology, there is little difference between the two as far as Soviet production needs are concerned. The same materials, production, and test equipment will be used to produce both. In both of these technological areas, the USSR has developed effective means for illegally acquiring Western advanced products.

Prime Soviet collection efforts in computer technology through the 1980s are likely to include large-scale scientific computers such as the US-built CRAY-1 Computer. Computers of this class offer significant improvements over Soviet models in weapons-systems design and simulation and in the processing of numerical data for many military applications. Other hardware targets will include: very dense random-access memory chips; high-capacity disk drives and packs; the so-called "superminicomputer" class of machines; and the latest in general purpose computer technology. All of the above targets offer opportunities for significant performance improvements and represent technologies of substantial Soviet lag.

In computer software, the Soviets will continue to attempt to collect IBM programs and programs of other vendors written for these machines because of past Soviet decisions related to copying IBM computers. The large and growing number of IBM-compatible computers in the USSR means that collection activity in this area can be expected to increase. The compelling attraction of computer networks also should spur great Soviet interest in acquiring network-control software and other programs related to networking.

SEVENTEENTH ANNIVERSARY OF HADASSAH

● Mr. LEVIN. Mr. President, on Thursday, May 20, 1982, there will be a ceremony at the White House commemorating the 70th Anniversary of Hadassah, the Women's Zionist Organization of America. This is an occasion which demands our respect and attention.

Henrietta Szold founded this organization on February 24, 1912. In seven decades it has grown to be the largest women's volunteer organization in the United States with 370,000 members.

There are two areas in which Hadassah has concentrated its efforts: Hadassah created and maintains to this day the Hadassah-Hebrew University Medical Center in Jerusalem, Israel. This center was originally built on Mount Scopus and operated there until Israel's war of independence in 1948. Jordan captured that part of Jerusalem, and Mount Scopus became cut off from Israel. The center had to be abandoned.

Recognizing the need to continue the work of this outstanding medical facility, Hadassah set about to create a new center, this time in Ein Kerem in West Jerusalem. It operates there now and is available to people of the region no matter what their religion, race or nationality.

Hadassah was also involved before, during and after World War II in a program called Youth Aliyah. Jewish orphans from those parts of the world affected by the war were saved by this organization and brought to Israel to begin new lives. Youth Aliyah is a program which also exists to this day and takes care of disadvantaged youth in Israel.

Hadassah is an organization which exemplifies volunteerism, humanitarian service and the highest ethical values.

I wish to extend my congratulations to Frieda Lewis, the national president of Hadassah, and to the entire membership as it celebrates this anniversary. I know that Hadassah's future will be as great as its past and that the link that it has forged between the people of Israel and the people of the United States will remain strong.●

ROADBLOCKS TO FREE TRADE WITH JAPAN

● Mr. HELMS. Mr. President, I am indebted to John J. Omar of Charlotte, N.C., for an interesting article from the South China Morning Post of April 16, which sheds light on the pressing problem of our enormous trade imbalance with Japan.

All of us who believe in the concept of free trade as a two-way street should focus some attention on the roadblocks and other hurdles the Japanese have devised to discourage foreign participation in the Japanese market.

I encourage my colleagues to read this piece and consider its significance to the U.S. balance of trade.

Mr. President, I ask unanimous consent that the article be printed in the Record.

The article follows:

[From the South China Post, Apr. 16, 1982]

JAPAN'S "TYPICAL" PRODUCT LIST FOOLS FEW WESTERNERS

(By Jon Woronoff)

When the American officials gathered in Tokyo recently for a meeting of the United States-Japan Trade Sub-Committee, they found among the documents given them a list of "typical foreign products holding a high market share in Japan."

This list was drawn up by none other than the Ministry of International Trade and Industry (MITI) to correct the supposedly false impression of foreign businessmen and diplomats that the Japanese market is "closed."

Here, in a list of some 80 headings and 200 companies, was proof positive that the market could be penetrated and that, in some cases, it was possible to gain as much as a 100 per cent market share. In fact, the tabulation showed that American and European products had a market share of 50 per cent and up for 23 categories and 80 per cent and up for 11 categories.

Reading through the list there may have been some American officials who sniggered at one heading or another. However, on the whole, they accepted it for what it purported to be, some concrete evidence for once on how foreigners could succeed in Japan.

And, since these diplomats have only a rather hazy notion of how business is actually accomplished in Japan, they may have accepted it as such.

Alas, in the hands of someone who knows a bit more about Japan, the list can turn into the complete opposite. Actually, it makes it easier than ever to understand why the tremendous trade imbalance has arisen with America and Europe and why it is likely to continue.

Looking at the list, one is first somewhat disturbed by the reference to "typical" foreign products sold in Japan because many of them seem a bit more atypical. There is almost nothing included from the standard household appliances, no mention of major consumer goods such as television or audio equipment, no cars or lorries, and not much machinery.

Instead, taking the headings where the market share is highest, we get things that are as "typical" as dry soup, ropes for mountain climbing, deodorants, golf balls, stem wine glasses, cola drinks and instant cameras.

Yet, even to get such high market shares, it appears that the category has been artificially narrowed. Obviously, if you take stem wine glasses and not all glasses or glassware as such, you can get impressive figures. The same thing happens when you have a special category for BBP-type plasticiser or butyl rubber and not chemicals or artificial rubber in general.

Thus, a reference to high market shares is rather meaningless when the categories are cut so thin that most entrants happen to be foreign companies and sometimes they would seem to have a monopoly on certain products.

If you take most of the sectors with high market share and multiply by the value of the product, the actual result in sales is quite modest. It can add up to hundreds of millions of U.S. dollars. But that is nothing balanced against a major Japanese export such as cars, televisions or steel.

Looking through the list, however, it is possible to find a few items which do add up to a fair amount of money. Among them are cola drinks, instant coffee, some high-fashion apparel, cosmetics and perfume, computers, copy machines, typewriters and cash registers, sporting goods, razor blades, and perhaps pet food.

But how much of this money ever leaves Japan?

What is striking about most of the items on this list, and particularly those which actually do show reasonable sales, is that very few of them are imported. Indeed, the number of articles that are imported is extremely low while the vast majority are manufactured in Japan either under license or by an affiliated firm.

Even for the imports, it is necessary to remember that pitifully few have entered the Japanese market without solid support from a local wholesaler or distributor.

That explains part of the "success" of Shick razor blades and Procter and Gamble's disposable nappies. Naturally, the Japanese partner, in this case K Hattori and Sunhome, have a right to recover their costs and share in the profit and thus any earnings accruing to the foreign company are somewhat less.

Still, at least the companies concerned will be making some profit on exports of the actual product and they will be remunerating their workers, paying taxes, and buying various inputs locally, all of which is to the good of their home country. The same cannot be said of the two other groups.

When a foreign manufacturer or designer allows its goods to be produced abroad under license, as happens for Pierre Cardin or Christian Dior, for Tetrapak or Adidas, it is only collecting a royalty.

Even if the manufacturing is done by its own Japanese affiliate or a joint venture (IBM, Dow Chemical, Max Factor, Catepillar, Coca Cola, etc), there is at most a profit, royalty, and some residual sales of products and intermediate goods to be expected. Otherwise, most of the basic inputs, labour costs, overheads, and so on are expended in Japan.

Thus, when foreign goods are manufactured in Japan, relatively little benefit accrues to the foreign country and only somewhat more to the foreign company.

That, in case anyone is interested, is why Japanese companies fight desperately to avoid being forced into local production or joint ventures and push their exports so aggressively.

That is also why most of them tend to set up their own distribution channels as quickly as possible and only pass through a local partner when necessary.

Looking at this in broader terms, we can understand what is happening to the trade balance. For, when a product made abroad is sold to Japan, the total value of the product (its cost plus profit) accrues to the foreign country.

When the same product is made in Japan, almost nothing accrues to the foreign country in the trade balance. In the payments balance, at least there is an entry for the profits and royalties. Still, the value of these items is at best a fifth, and more normally only a tenth or even a twentieth, of the value of the exported good.

Of course, if local production makes it possible to reduce costs and expand sales, it could make sense for the manufacturer. But this would mean an immediate dip in the trade balance. And it may be necessary to expand sales by five, 10, 20 or more times to compensate for this in the payments balance.

In Japan, there is a regular pattern followed by most imports. First, they come in small quantities and have to be squeezed into the market by a local distributor. The return is modest given the small quantity sold.

However, if the article makes good and has to be imported in large quantities, the Japanese distributor will immediately demand the right to produce it locally either under license or in a joint venture. Or the foreign company will manufacture it locally on its own or with a partner. Then, although large sales are achieved, very little of this flows out.

That is why a list of foreign products holding a high market share is so meaningless. For these goods are only foreign in brand name, design or patent. For all useful purposes, they are really Japanese and the foreign country benefits from them only marginally.

So, to someone with a bit of insight, this MITI list does not prove that foreign products can enter the market and therefore help foreign countries to balance their trade and payments with Japan.

It proves the opposite.

It shows how hard it is to get products into the market unless they are rather special or unique. Then, if they do succeed in gaining market share, they will be absorbed by the Japanese economy and end up of little help to the home country.●

RALPH SAMPSON'S DECISION

● Mr. HARRY F. BYRD, JR. Mr. President, the outstanding college basketball player in America for the last 2 years has been Ralph Sampson, the immensely talented center of the University of Virginia basketball team.

Ever since his arrival on the collegiate scene, Ralph Sampson has lived in the glare of constant media attention. He has heard himself compared to the all-time greats of the game. And he has been ardently wooed by professional sports teams, who reportedly have offered him as much as $6 million to quit college for the big leagues.

As a recent editorial in the Winchester (Va.) Star points out, all that flattery, courtship, and money can have a heady effect on a young man.

But Ralph Sampson has not succumbed. As the Star notes, he showed a great deal of character in deciding to complete his education at Virginia. In spurning the promises of instant wealth, he has placed education and athletics in their proper relationship.

I commend Ralph Sampson for his difficult and mature decision and I ask that the Winchester Star editorial, entitled "Sampson's Delilah," be printed in the RECORD.

The editorial follows:

SAMPSON'S DELILAH

In basketball, height is worth a lot. Ralph Sampson, 7-foot 4-inch center for the University of Virginia, knows this at least as well as any, perhaps better than any. For his height and, as it happens, some special talent, this week he could have had as much as $6 million as good as in the bank.

For a young man who has observed that "fifty dollars is a lot of money to me," the lure of seven figures can be as irresistible as a Delilah. Others have taken the lure. Sampson's worthy arch-rival, James Worthy of national champion University of North Carolina, took it on Saturday. The junior passed up his final season of college eligibility and made himself available for the June 29 National Basketball Association draft.

Ralph Sampson resisted. On Friday he passed up the big money, the fat contracts, instant wealth and decided instead to stay in school and play ball through his coming senior year.

It would be easy to make the young man out a saint. He's not. He misses free throws. He loses his composure occasionally. He can be ornery, standoffish. But the decision he arrived at on Friday shows a lot of poise in the clutch.

For weeks—years, really—Ralph Sampson has been courted, flattered and lusted after by professional teams and news organizations. It's easy to lose sight of who you are and where you stand under such pressure.

Ralph Sampson did not lose it. He decided, as he put it, "that I wanted to stay in school." For a young man who owes his national visibility to more than his physical height, his decision may reach a long way into the nation's classrooms perhaps to keep other youngsters in school until graduation day.

That's not to say that Ralph Sampson is giving up a fat contract for a sheepskin. Hardly. One year hence his value to professional basketball is almost certain to appreciate substantially. But by resisting the powerful lure of big money, Ralph Sampson has shown he possesses something more than mere height. He also has stature.●

CONCLUSION OF MORNING BUSINESS

Mr. BAKER. Mr. President, I am going to ask the Chair to inquire if there is further morning business.

The PRESIDING OFFICER. Is there further morning business? If there is no further morning business, morning business is closed.

RECESS UNTIL TOMORROW AT 8 A.M.

Mr. BAKER. Mr. President, I see no Senator seeking recognition. I move, in accordance with the order previously entered, that the Senate stand in recess until 8 a.m. tomorrow morning.

The motion was agreed to, and at 10:09 p.m., the Senate recessed until tomorrow, Thursday, May 20, 1982, at 8 a.m.

NOMINATIONS

Executive nominations received by the Senate May 19, 1982:

NATIONAL CREDIT UNION ADMINISTRATION

Elizabeth Flores Burkhart, of Texas, to be a Member of the National Credit Union Administration for the remainder of the term expiring April 10, 1985, vice Lawrence Connell, Jr., resigned.

U.S. SYNTHETIC FUELS CORPORATION

Milton M. Masson, Jr., of Arizona, to be a Member of the Board of Directors of the U.S. Synthetic Fuels Corporation for a term of 1 year, vice John D. DeButts, resigned.

John B. Carter, Jr., of Texas, to be a Member of the Board of Directors of the U.S. Synthetic Fuels Corporation for a term of 2 years, vice Catherine Blanchard Cleary, resigned.

IN THE NAVY

Adm. Bobby Ray Inman, U.S. Navy, age 51, for appointment to the grade of admiral on the retired list pursuant to the provisions of title 10, United States Code, section 1370.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Vice Adm. Lee Baggett, Jr., 425-40-6909/1110, U.S. Navy.

IN THE MARINE CORPS

The following-named officers, under the provisions of title 10, United States Code, section 601, to be assigned, or reassigned, to positions of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Lt. Gen. John H. Miller, 453-42-3313, U.S. Marine Corps.

Maj. Gen. William R. Maloney, 187-20-9074, U.S. Marine Corps.

Maj. Gen. William H. Fitch, 262-38-2228, U.S. Marine Corps.

EXTENSIONS OF REMARKS

THE THIRD OPTION IN MILITARY PREPAREDNESS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. McDONALD. Mr. Speaker, Maj. Gen. John Kirk Singlaub, USA (Ret.), recently made a significant address to the April 25, 1982, meeting of The Council for National Policy. The address was entitled, "The Third Option in Military Preparedness" and follows:

President Reagan during his campaign spoke frequently about the growing Soviet military threat, both strategic and conventional, and about the serious "window of vulnerability" which would open in the early 1980's. He was referring to the Soviet capability to use a minor percentage of their strategic missile force to destroy a major percentage of the total U.S. strategic forces land based missiles, submarine launched missiles, and strategic bombers.

On 2 October, of last year, President Reagan announced a "comprehensive plan" for the modernization of our strategic forces. This program will end the relative decline of U.S. strategic capabilities and will put the United States in a position to reshape the U.S.-Soviet strategic competition in the years ahead. Presidential concentration on correcting the major deficiencies and weakness in our strategic forces is most appropriate because war at this end of the conflict spectrum poses the greatest threat to our national survival. It is absolutely imperative that we prevent war at this level of violence by demonstrating a capability to survive a Soviet first strike and then inflicting on them an unacceptable level of damage. By so demonstrating, we will deter the Soviet Union from using this military option as a deliberate way of waging and winning a war to continue planned Soviet expansionism. Most important, we must achieve this demonstrated capability to survive a Soviet first strike to prevent the Soviet Union from blackmailing us into inaction and acceptance of Communist expansion by less violent means.

If strategic nuclear war is at the high end of the conflict spectrum in terms of levels of violence and the greatest threat to a nation's survival, it must be recognized as having the lowest order of probability of occurrence. In the middle of this spectrum of conflict is what is commonly referred to as conventional warfare. Here we are talking about war involving battalion and division formations equipped with tanks and artillery and deployed and supported by conventional air and naval forces. Here the level of violence is less than in strategic warfare and the threat to national survival is less. But the probability of occurrence is considerably greater for this second option than it is for the first.

The Reagan defense program is significantly improving our capabilities in the conventional forces as well. The program includes procurement of ships and aircraft to improve our strategic mobility, new tanks and artillery to improve firepower, new radios to improve command and control, and more ammunition and fuel to improve readiness. When these programs are completed, our ability to respond to conventional military threat situations will be greatly improved. The Rapid Deployment Joint Task Force is being given some substance by this Administration for the first time since its creation a few years ago.

As we have previously stated, the most serious threat to the United States involves the recently acquired ability of the Soviet Union to destroy our strategic forces in a first strike. As we have pointed out, however, it is not the most likely attack to be launched against the free-world. The most likely force to be used is at the opposite end of the conflict spectrum—terrorism, subversion, guerrilla and irregular warfare which is known as unconventional warfare.

The term unconventional warfare includes, in addition to terrorism, subversion, and guerrilla warfare, such covert and nonmilitary activities as sabotage, economic warfare, support to resistance groups, black and gray psychological operations, disinformation activities, and political warfare. The Soviet Union today, acting directly or through their proxies and surrogates, is heavily engaged in all of these unconventional warfare operations against the free world. Because they are covert and generally conceal the involvement of the Soviet Union, there is a tendency to pretend that we are not under attack. We must understand that in the Soviet scheme of things, "conflict, struggle and violence are the driving force of human history." The Soviet empire, by the sheer necessity postulated by its doctrinal axioms, is relentlessly expansionist. This expansionism is not the result of personality quirks of successive leadership groups but rather the direct result of ideological core beliefs which are deemed immutable. Since the Soviets have recognized that expansion by a direct assault on Europe entails grave risks, they have concluded that it is much safer to resort to an indirect, but no less menacing strategy elsewhere. We can be absolutely certain that the Soviet Union with the help of their surrogates such as Cuba, East Germany, North Korea, Libya, and others will continue to use this unconventional form of conflict to expand their empire through "wars of national liberation as a part of the continuing class struggle"—to use their own words.

Unless we recognize that our enemies are exercising the "third option" in the conflict spectrum we cannot take the steps essential for our own defense. If we continue to ignore the unconventional or irregular warfare option we can be defeated just as certainly as we would if we ignored the threats posed at the upper end of the conflict spectrum.

The Soviets not only have a global strategy to implement their world-embracing ideology, but they have demonstrated a ruthless political will to employ their Special Purpose Forces of The Committee for State Security (KBG) to augment and complement in a covert way their overt foreign programs. Soviet unconventional warfare activities are managed at the highest level of government authority. In peacetime such as the current situation they are controlled by the KGB. In conventional war situations these special purpose assets might be placed under the operational control of the Main Intelligence Directorate (GRU) of the General Staff to operate in small groups against key political, military, command and control transportation and industrial targets in the enemy rear area. Today these elite forces are used in civilian clothes by the KGB in destabilization, penetration, and other subversion operations throughout Africa, Southeast Asia, the Middle East, and Central and South America. They are exceptionally well trained, superbly equipped, and fully funded.

On the other hand, the U.S. capability to counter terrorism or to participate in unconventional warfare operations was seriously curtailed by specific actions of the last administration. Not only did President Carter direct the dismantling of the CIA's Human Intelligence Collection and Covert Action capabilities, but the military's Unconventional Warfare forces, in all services, were cut back drastically. Some evidence of this weakness was demonstrated in April, 1980, during what has come to be known as "Jimmy Carter's Desert Classic" in Iran.

Today as we examine the situation around the world, it we are realistic, we find many places where the West is under direct or indirect attack by the Soviet Union using these unconventional methods. In many cases we don't even realize that we are under attack because there is a tendency in the West to assume that the Soviet Union and its allies have the same standards of behavior and the same humanitarian goals as ourselves. There has been a tendency to ignore what actually exists and concentration on what might be brought into existence. This denial of reality has produced serious misjudgements with often fatal consequences. As a result, we find ourselves forced into inactivity because we lack the capability and the will to exercise the third option for our own defense, to take pressure off an ally, or to exploit to our advantage the many vulnerabilities that now exist in the Soviet empire.

In distant Afghanistan, two years after the Soviet invasion to prop up an unpopular Marxist regime, the 85,000 Soviet troops have been unable to control the anti-communist Moslem freedom fighters. In recent weeks there is new evidence that the USSR has already started to reinforce its troops there with large numbers of new troop formations. The intelligence coming from that area suggests that there are now over 110,000 Soviet forces in that country and they plan to increase that number to 150,000 in time for the spring offensives against the defiant freedom fighters. The Communist Afghan Army continues to lose strength due to defections and casualties.

While the Soviet invasion of Afghanistan with conventional forces, assisted by Soviet Special Purpose Forces, presented a serious challenge to the West, in my opinion, we were correct in refusing to use our conventional forces to repell that conventional attack. Afghanistan is at the extreme end of a logistical supply line for the United States

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

but only a minor problem for the USSR. Because of the recently acquired strategic superiority of the USSR, it was clear that a threat to use our strategic forces lacked credibility. Disregarding what we might have done to prevent this take over if our intelligence and covert actions capabilities had been intact and judiciously employed, what is needed now is the ability to provide assistance and support to the valiant Afghan Freedom Fighters. Because our capability in this UW area is so seriously enfeebled, our efforts to support the Afghans must be handled through third parties without adequate supervision or direction.

In the mineral-rich West African country of Angola, the UNITA forces of Dr. Jonas Savimbi are conducting an heroic resistance to the occupation of Soviet, East German, and Cuban regular forces. These occupation troops constitute the only force which keeps the unpopular and ineffective communist MPLA government in power. The Savimbi forces completely control about 20 percent of the country and operate freely over another 40 percent. The morale of the UNITA force is very high and their support within Angola is increasing. The morale of the 23,000 Cubans is quite low with defections to UNITA causing serious problems for Fidel Castro and his communist masters. In my opinion, the United States should have the UW capability and the national will to assist the anti-communists in their valiant struggle for real freedom. At the present time a congressionally decreed limitation, known as the Clark Amendment, prevents the President from doing what is necessary and moral in this case. The issue in Angola is complicated by the fact that Gulf Oil has been extracting and refining oil in territory controlled by Angola and is thereby, subsidizing the Soviet and Cuban occupation of Angola. In fact, the Cuban military forces are providing the security for the Gulf Oil installations. Gulf Oil payments to Angola constitute the primary source of income for the communist MPLA government and its Soviet, East German, and Cuban protectors. It appears that it is the Gulf Oil lobby which is bringing pressures on the State Department and the House of Representatives to retain the limitations of the Clark Amendment.

In neighboring Namibia the communist movement known as SWAPO continues to launch terrorist raids from their sanctuary in that part of Angola under MPLA control. These raids against civilian villages are designed to destabilize efforts by the majority of the people of Namibia to form an independent multi-party, non-communist government. Without Cuban and East German assistance, support, and protection in other bases in Angola, SWAPO would cease to be a factor to be reckoned with in the area.

Closer to home, in fact, in our front yard in Nicaragua the establishment of a dictatorship of the proletariat is almost complete. There is no longer any serious effort made to conceal the fact that the leadership is now 100 percent Marxist. Most non-communists have been purged and the anti-communists eliminated. The Sandinistas are creating, with Cuban and Soviet assistance, an army and militia of over 250,000, equivalent to one-tenth the population. The combined forces of Nicaragua and Cuba, even without the Soviet Brigade in Cuba, will be larger than any army south of the Rio Grande.

The national economy of Nicaragua is collapsing. The country already owes almost $3 billion to foreign creditors, and this is increasing at $2.5 million per day. This foreign debt incurred by the Sandinistas in only two years, is almost equal to the giant indebtedness accumulated by the "corrupt" Somoza regime in 43 years of systematic pillage.

A very important fact came to light recently. According to an independent public opinion poll published on 10 November in Nicaragua, only 28 percent of the Nicaraguan people support the Sandinistas revolution. I should add that after those results were published, public opinion polls have been outlawed.

After the fall of Nicaragua to the communist-supported Sandinistas, the Cubans announced that the next target in Central America would be El Salvador. The evidence is irrefutable that weapons and other support has been flowing from Cuba through Nicaragua to El Salvador. The basic strategy of the Marxist guerrillas in El Salvador has been to develop enough strength that they could destroy the five bridges over the Rio Lempa with the view of separating the eastern one-third of the country from the rest. In keeping with this plan, one year ago the Marxists called for a general uprising or revolution. To the great surprise of Havana and Moscow, no one came to the party. In recent weeks they planned again to cut off eastern El Salvador with the view of establishing their own enclave. Thanks to some help from their neighbors, including Guatemala, the guerrillas have been unable to achieve any significant military success. The guerrillas or terrorists in El Salvador, as in most areas under communist assault, must use military power to seize control because they do not have the support of the people. The counter-guerrilla forces of El Salvador could use some help from our counter-insurgency experts. Unfortunately, this part of our Unconventional Warfare capability was dissipated and lost by the last administration. Current U.S. policy in El Salvador is simply to prevent a communist military victory while hoping wistfully that some sort of political solution will emerge from the recent election.

Although difficult for impatient Americans, we must be prepared for a protracted conflict in that area. We must also recognize that if we permit the terrorists a sanctuary in Nicaragua or elsewhere, we will be adding an unnecessary handicap to the situation and increasing the probability of communist victory.

On the other side of the globe, in the Korean Peninsula, the North Koreans continue the covert offensive against South Korea while continuing to build up their conventional military forces. North Korea continues its efforts to infiltrate agents into the Republic of Korea by crossing through and under the DMZ, by landing from specially constructed agent boats, by use of legal travelers from third countries, and by floating in with the tide up the Imjin and Han Rivers. The type, quantity, and disposition of North Korean weapons systems such as artillery and attack aircraft all indicate a concentration on offensive intentions rather than a concern for defense. The presence of U.S. conventional combat forces standing alongside those of the Republic of Korea constitutes a deterrent against any overt North Korean adventure to the south. But, the defense plans for the Republic of Korea must take into account the ongoing unconventional war being waged against it today and appropriate forces and strategy have been developed to cope with it.

In all of the situations just mentioned, freedom-loving people are being subjected to communist-inspired warfare in which a response by the United States at either the nuclear or the conventional warfare option is either inappropriate or lacks credibility as an effective course of action. There are many other areas of the world where individual and national liberties are being repressed by the covert, unconventional warfare efforts of the Soviet Union and its proxies as it carries out its globally-oriented expansionist foreign policy.

In other areas of the world, communist imperialism already has been imposed and Marxist governments now maintain control of vast populations by force of arms. This includes the captive nations of Eastern Europe, Africa, and Southeast Asia. In many of these nations, resistance to Russian controlled communism is well established and the populations are crying out for help and encouragement from the free world, especially the United States.

To frustrate Moscow's global strategy, it is essential to recognize and acknowledge that it exists. The Soviet Union continues resolutely to be committed to revolutionary activism in all corners of the globe. With a single-mindedness of purpose, the USSR is forging ahead to secure its position as the world's paramount power, using multiple agencies and multiple military options for achieving this goal.

We must not lose sight of the fact, however, that communist doctrine calls for the avoidance of a direct confrontation when it meets a wall of resistance. It is prepared to take a step backwards whenever it meets an obstacle to its expansion even if the obstacle is litle more than a wall of resolve.

The striking success of Moscow's foreign policy in recent years is the combined result of Soviet deception and Western self-deception. It is the unpalatable truth that the West is the Soviet's strongest ally in its own destruction. This has been demonstrated by the continuing export to the Soviet Union of our most advanced technology and by our enthusiastic willingness to pull Soviet chestnuts out of the fire by paying off satellite debts and providing agricultural products to compensate for communist inefficiency in the socialist management of its own agricultural sector.

In order to stymie Soviet imperial ambitions, and to reverse the trend, the U.S. has to come to terms with the existence of an enduring adversary relationship with the USSR, and to accept this challenge to the point of resisting it forcefully and exploiting to the maximum those weaknesses in the Soviet empire with a view toward rolling back communist tyranny and domination. What is needed as a matter of urgency is a national strategy which recognizes the whole spectrum of potential conflict and most especially the current unrecognized conflict at the unconventional warfare end of the scale. A central building block of this new strategy could be a return to the abandoned policy of containment as articulated by George Kennan in 1947 when he said that our policy should include: "* * * the adroit and vigilant application of counterforce at a series of constantly shifting geographical and political points, corresponding to the shifts and maneuvers of Soviet policy." But in addition, because the Soviets have made such great progress in expansion since our policy of containment was jettisoned, the new national strategy must have a roll-back component which will give hope and encouragement to the captive nations and peoples of the world.

In addition to this expression of a new strategy, a demonstration of a new national will to carry out this strategy is required. This can be shown by the immediate assignment of the resources, human and financial, needed to carry out this new strategy. This would include as a matter of priority the revitalization of the Central Intelligence Agency and the reconstruction of that part of our military forces which will give us the capability to counter the ongoing attacks on our free world allies and also give us the option of exploiting the growing disillusionment and resistance inside the Soviet empire.

This strategy must be based on the indisputable fact that the USSR can ultimatley only be contained by the ready availability and demonstration of American power. There is no substitute for American leadership in this great venture. If we don't do it now, it may be too late.●

HIGH UNEMPLOYMENT STILL HAUNTS US

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. MITCHELL of Maryland. Mr. Speaker, it is no secret that our national unemployment level hovers around 10 percent. In my own Seventh District of Maryland, like many other inner cities, the level is slightly higher than the national average. Still further, unemployment among minorities, blacks, and particularly black youth remains at critical levels.

Such startling and prevailing statistics should necessitate, without question, a firm Government commitment to the Nation's small businesses, since these entities create the bulk of our new employment opportunities. Unfortunately, the current administration is succeeding in diminishing the Federal commitment in both providing a full employment economy, and undergirding small businesses.

The prevailing philosophy among most of our chief policymakers is to continue in the tradeoff: Keep unemployment high in order to fight inflation. Any denial of this by the current administration appears quite weak when we have witnessed severe budget reductions in every initiative which sought to provide job training, skills acquisition, and supplemental educational tools to those who are generally among the chronically unemployed. Additional evidence of the lack of any bona fide approach to the massive unemployment problem presents itself when we witness inflationary defense spending which will not induce the creation of much-needed labor-intensive facilities and projects. Lastly, if we talk about tradeoffs, what about a tradeoff which mandates that those large corporations which are recipients of the administration's tremendous additional tax incentives and writeoffs must illustrate a much greater commitment to addressing the problems of the chronically unemployed. Certainly those top corporate brains who are able to devise numerous ways to utilize tax incentives for mergers could think of more innovative ways for their establishments to help the Government address the massive levels of unemployment.

Mr. Speaker, I do not believe we can fight the philosophical obsession with allowing high unemployment to purportedly fight inflation. What we can do, however, is struggle fiercely to maintain and strengthen our small businesses. These entities provide the greatest percentage of jobs, and have the potential to address our bleak unemployment situation in a way which we can all support.●

GOODWILL FIRE COMPANY OF MUHLENBERG TOWNSHIP, PA.

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. YATRON. Mr. Speaker, on Saturday, May 15, the Goodwill Fire Company of Hyde Park, Muhlenberg Township, Pa., celebrated their 75th anniversary.

I think it is indeed fitting to take this opportunity to acknowledge the enormous contribution these firefighters have made, and will continue to make, to the public safety.

The firefighter's job requires an exceedingly high degree of dedication, courage, and professional skill. They underline through their actions everyday, the community spirit of helping one's neighbors. Each day they place their very lives in jeopardy in order to secure the lives and property of the citizens they have sworn to protect. I would like to extend a personal note of gratitude, and I know that my colleagues in the U.S. Congress will join me, to the members of the Goodwill Fire Company, for their high degree of concern and dedication to the public safety and welfare. Their contributions exemplify the emphasis that our Nation has always placed on community action and service.●

IMMUNITY-COMPELLED TESTIMONY

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. BETHUNE. Mr. Speaker, the highly charged Wayne Cryts bankruptcy case has brought to my attention a serious flaw in our Criminal Code as it relates to "Immunity-Compelled Testimony." It seems that there is currently no distinction between the issuance of a compulsion order in criminal, civil, or bankruptcy cases. I believe that this is a major oversight in the code, given the disparate nature of these cases.

Mr. Speaker, today I am introducing legislation that would allow the presiding Federal judge discretion in deciding to issue a compulsion order in a civil or bankruptcy proceeding. Furthermore, this legislation would allow for the witness for whom the order is requested to present his case at a hearing on the compulsion order. However, my bill would maintain the present mandatory status of compulsion orders in criminal proceedings.

It is my belief that civil and bankruptcy cases are very different in nature than criminal cases. Present Department of Justice policy does not attempt to differentiate between them. Since the bulk of the requests for "Immunity-Compelled Testimony" orders are in criminal cases, there is little likelihood that civil and bankruptcy cases will receive the special review they deserve. My bill is an attempt to recognize this difference by giving the presiding judge discretion in these few special cases.●

RECIPROCAL AGRICULTURAL TRADE ACT OF 1982

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HAGEDORN. Mr. Speaker, today I am introducing the Reciprocal Agricultural Trade Act of 1982. The purpose of this legislation is to establish the concept of reciprocity of market access as a key principle of U.S. agricultural trade policy and trade law. The bill requires the executive branch to identify and obtain the elimination of barriers maintained by our major trading partners and by strengthening the provisions of the Trade Act of 1974 that provide remedies against foreign unfair agricultural trade practices.

I am convinced that it is time to address the monumental problems that the U.S. agricultural sector is facing in international markets. Since the early 1970's with the huge expansion of exports, U.S. agriculture has become highly dependent on access to international markets. Agriculture is the only major U.S. industry that maintains a trade surplus and offsets the U.S. balance of trade which has been in a deficit position since 1971. U.S. agricultural trade surplus is projected to be $26.5 billion, the same level as last year. Nonetheless, the value of U.S.

exports for fiscal year 1982 is projected to be $42.5 billion, $1.3 billion below the level a year ago. This would be the first time since 1969 that the value of U.S. farm exports failed to increase from one year to the next.

Mr. Speaker, increasingly the American farmer is finding it difficult to compete in international trade on a free-market basis. Many foreign countries provide export subsidies or impose trade barriers which have threatened our export markets.

The European Community, through its common agricultural policy, maintains high domestic support prices for agricultural commodities through a system of import tariffs and variable import levies. These high support levels encourage excess production. With no limit placed on production, the excess is disposed in international markets through the use of export subsidies at our expense. In the current fiscal year, the EC will spend over $14 billion on agricultural programs. In addition, the EC member states spend even more on agricultural programs than the EC itself.

Since the inception of the CAP, the EC's share of world food product exports has increased gradually to the point that last year for the first time they became a net grain exporter. The EC now accounts for more than 15 percent of total world wheat exports.

The result of these subsidized exports is to reduce the export volume and place a dampening effect on prices of agricultural prices. We are increasingly facing competition from EC export subsidies in third-country markets.

Currently, soybeans and corn gluten feed are not subject to the EC's variable levy. However, the EC has asked for a ministerial mandate to negotiate limits on imports and unbind the zero-duty level of U.S. corn gluten. I find this proposal simply intolerable. The zero-duty binding on corn gluten was a concession granted to the United States in the Kennedy round of negotiations under the general agreement on tariffs and trade and was paid for with U.S. counterconcessions. If the request is approved by the EC Council of Ministers, it would jeopardize almost 3 million tons of U.S. corn gluten exports valued at nearly a half billion dollars. I have personally appealed to Agriculture Secretary Block to vigorously oppose this proposal and use all existing tools to resist it. As I understand it, the Council has temporarily deferred the request because of the serious consequences raised by U.S. officials.

Japan is the single most important market for U.S. agricultural exports. The value of U.S. farm exports is forecasted to total $6.1 billion, even though exports are projected to fall below year-earlier levels for the first time since 1975.

Japan also maintains significant protection of its agricultural sector. They have developed a system of formal and informal trade barriers, primarily on semiprocessed and processed goods. However, some raw products, such as corn for industrial use, wheat, and rice, are under quota.

In addition to quotas, the Japanese maintain tariffs, administrative guidance, State trading, plant and animal quarantines, health regulations and standards, and a generous rice-support program.

Taiwan, an increasingly important trading partner of the United States, maintains a foreign trade policy composed of high tariffs and a restrictive licensing system.

Thus, it is obvious that the American farmer has formidable tariff and nontariff barriers to the exports of their agricultural products. High interest rates, the renewed strength of the dollar, and large world supplies have only exacerbated the problem.

Currently, section 301 of the Trade Act of 1974 provides guidelines for Presidential action to enforce U.S. rights under trade agreements and response to certain foreign trade practices. Several petitions have been registered by U.S. industries concerning unfair trade practices by the EC on several agricultural commodities. The petition on wheat flour was filed in 1975 and is yet to be resolved. Numerous industry petitions concerning EC import duties on U.S. citrus products have been filed since 1970. More recently, petitions have been filed covering poultry, sugar, pasta, and canned fruits and raisins. This administration, more than any other in recent past, has taken an aggressive stance in bringing our trading partners into line on fair trade issues.

Mr. Speaker, the bill I am introducing is designed to strengthen the provisions in section 301. It requires the administration to identify and measure the impact of foreign barriers to U.S. agricultural exports and provide an annual report to Congress regarding these barriers. The identification process would extend to foreign trade barriers irrespective of whether or not these are prohibited by GATT. In addition, the President would be required to propose such actions deemed necessary to offset these trade barriers if the executive branch fails to obtain their elimination.

Section 301 would be amended to allow the Committee on Agriculture, Nutrition, and Forestry of the Senate or the Committee on Agriculture of the House of Representatives to file a petition with the U.S. Trade Representative to initiate formal 301 action. The International Trade Commission would provide estimates of the impact on the U.S. economy of the barriers under investigation. Finally, 180 days after initiating the 301 case, the President would be required to indicate which alternatives for retaliatory action he would consider using if efforts to eliminate the foreign barrier fail.

The dispute settlement procedure provided in the GATT and the accompanying Subsidies Code have not been particularly effective in resolving our trade disputes. The United States is expected to call for a renegotiation of the Subsidies Code at the meeting of Trade Ministers scheduled later this year. However, we cannot afford to rely on these negotiations to seek redress to our trade problems. I believe it is time to send a strong signal to our customers and trading partners that we intend to continue to be a reliable supplier and simply will not tolerate unfair intrusion to our markets through tariff and nontariff trade barriers.

I would urge my colleagues to examine the merits of this legislation and I would hope you would join me in cosponsoring it. Thank you, Mr. Speaker.●

SEVENTIETH ANNIVERSARY OF HADASSAH

HON. MARTIN OLAV SABO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. SABO. Mr. Speaker, I would like to take this opportunity to honor a very special anniversary; the 70th year of Hadassah. Founded in 1912 by Miss Henrietta Szold, an American-Jewish scholar, Hadassah has grown from a small Zionist women's study group to a highly respected and influential organziation claiming over 360,000 women members in the U.S.A. and Puerto Rico. Although devoted to the study of Jewish affairs, Hadassah involvement reaches beyond culture to touch all our lives.

Throughout its history this nonprofit voluntary organization has offered educational opportunities to anyone interested in Jewish studies. Thousands of young people have enriched their lives through experiences gained by participation in Hadassah-sponsored programs in Israel. Others of us have leaned about the plight of Soviet Jews through materials researched and published by this organization.

More than a mere resource for information, however, Hadassah has served as a symbol of unwavering support to Israel in its fight to preserve its homeland. It is this dedication to traditional liberties and ideals that we honor today. Happy anniversary Hadassah, and thank you for 70 years of excellence in leading this Nation to a better understanding of Israel, its people, and its importance to American life.●

BUDGET RESOLUTION AMENDMENTS SUBMITTED

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. WAXMAN. Mr. Speaker, in connection with the upcoming deliberations on the first Concurrent Budget Resolution for fiscal year 1983, I have submitted the following letter and amendments to the Rules Committee for its consideration:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 19, 1982.

Hon. RICHARD BOLLING,
Committee on Rules,
Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed are three amendments to H. Con. Res. 345, one relating to biomedical research, one relating to Medicare, and one relating to both biomedical research and Medicare. I respectfully request that each of these be made in order to H. Con. Res. 345 and to any substitute thereto.

Since I have not yet had the opportunity to review any substitutes or other amendments which might be offered to H. Con. Res. 345, I would also request the opportunity to offer further amendments to any substitute, or any amendment thereto, that might be offered to H. Con. Res. 345 and that might alter the budget authority levels or the budget outlays for the health (550) function or the reconciliation instructions to the Energy and Commerce Committee.

Let me briefly describe each of the attached amendments, beginning with the amendment relating to biomedical research. H. Con. Res. 345 provides $8.05 billion for discretionary health programs in FY 1983. While the Budget Committee included $150 more than FY1982/83 freeze level, the amount provided is still nearly $400 million below the CBO baseline for these programs for FY1983, a baseline which is itself based on the drastically reduced FY1982 funding levels. That $150 million increase would be insufficient to bring even biomedical research up to its baseline level, leaving nothing for needed increases in other vital public health programs. My amendment would restore $247 million in FY1983, $501 million in FY1984, and $766 million in FY1985. This would allow funding for biomedical research at the baseline levels, freeing up the $150 million increment by the Budget Committee for programs such as childhood immunizations, tuberculosis protection, veneral disease control, and food and drug safety.

With respect to Medicare, H. Con. Res. 345 proposes to cut outlays by $2.15 billion in fiscal year 1983. Included in this recommendation are potential savings from two proposals which my amendment would delete. The working aged proposal would require employers to retain private health insurance coverage for those elderly individuals who work, shifting $610 million in Medicare costs to those individuals' insurance plans and creating an incentive against employing the elderly. The proposal to delay the date of Medicare entitlement to the month following the month of eligibility would simply delay Medicare coverage and shift $145 million in costs to the aged and to private insurers. My amendment would eliminate the "savings" of $755 million in fiscal year 1983, $883 million in fiscal year 1984, and $1,007 million in fiscal year 1985 derived from these proposals.

In addition to these two amendments, I would also like the opportunity to offer an amendment combining the biomedical research and Medicare changes described above.

Please note that each amendment would increase revenues by the amounts necessary to offset any increase in outlays that would result. The amendments do not specify how revenues would be increased. However, revenues could be derived from revisions in the existing medical expense deduction for out-of-pocket health spending above three percent of income. Such a change in tax policy could generate the revenues needed to pay for these vitally important increases in health outlays.

Thank you for your consideration of this request.

With all best wishes,

Sincerely,

HENRY A. WAXMAN,
Chairman, Subcommittee on
Health and the Environment.

AMENDMENTS TO H. CON. RES. 345, AS REPORTED

RELATING TO BIOMEDICAL RESEARCH

Page 12, line 10, strike out "$677,700,000,000" and insert in lieu thereof "$676,835,218,000".

Page 12, line 12, strike out "$31,700,000,000" and insert in lieu thereof "$31,835,218,000".

Page 12, line 14, strike out "$828,000,000,000" and insert in lieu thereof "$828,247,309,000".

Page 12, line 16, strike out "$780,550,000,000" and insert in lieu thereof "$780,685,218,000".

Page 14, line 16, strike out "$77,300,000,000" and insert in lieu thereof "$77,547,309,000".

Page 14, line 17, strike out "$80,100,000,000" and insert in lieu thereof "$80,235,218,000".

Page 22, line 4, strike out "$753,650,000,000" and insert in lieu thereof "$754,017,109,000".

Page 22, line 5, strike out "$846,550,000,000" and insert in lieu thereof "$847,173,568,000".

Page 22, line 8, strike out "$51,650,000,000" and insert in lieu thereof "$52,017,109,000".

Page 22, line 9, strike out "$66,550,000,000" and insert in lieu thereof "$67,173,568,000".

Page 22, line 12, strike out "$888,400,000,000" and insert in lieu thereof "$888,901,183,000".

Page 22, line 13, strike out "$952,850,000,000" and insert in lieu thereof "$953,616,290,000".

Page 22, line 15, strike out "$826,400,000,000" and insert in lieu thereof "$826,767,109,000".

Page 22, line 16, strike out "$881,200,000,000" and insert in lieu thereof "$881,823,568,000".

Page 27, line 5, strike out "$81,700,000,000" and insert in lieu thereof "$82,201,183,000".

Page 27, line 6, strike out "$89,650,000,000" and insert in lieu thereof "$90,017,109,000".

Page 27, line 9, strike out "$94,100,000,000" and insert in lieu thereof "$94,866,290,000".

Page 27, line 10, strike out "$101,250,000,000" and insert in lieu thereof "$101,873,568,000".

Page 35, line 1, strike out $31,700,000,000" and insert in lieu thereof "$31,835,218,000".

Page 35, line 4, strike out "$51,650,000,000" and insert in lieu thereof "$52,017,109,000".

Page 35, line 5, strike out "$66,550,000,000" and insert in lieu thereof "$67,173,568,000".

Page 35, line 21, strike out "$31,700,000,000" and insert in lieu thereof "$31,835,218,000".

Page 36, line 1, strike out "$51,650,000,000" and insert in lieu thereof "$52,107,109,000".

Page 36, line 2, strike out "$66,550,000,000" and insert in lieu thereof "$67,173,568,000".

RELATING TO MEDICARE

Page 12, line 10, strike out "$676,700,000,000" and insert in lieu thereof "$677,455,000,000".

Page 12, line 12, strike out "$31,700,000,000" and insert in lieu thereof "$32,455,000,000".

Page 12, line 16, strike out "$780,550,000,000" and insert in lieu thereof "$781,305,000,000".

Page 14, line 17, strike out "$80,100,000,000" and insert in lieu thereof "$80,855,000,000".

Page 22, line 4, strike out "$753,650,000,000" and insert in lieu thereof "$754,533,000,000".

Page 22, line 5, strike out "$846,550,000,000" and insert in lieu thereof "$847,557,000,000".

Page 22, line 8, strike out "$51,650,000,000" and insert in lieu thereof "$52,533,000,000".

Page 22, Line 9, strike out "$66,550,000,000" and insert in lieu thereof "$67,557,000,000".

Page 22, Line 15, strike out "$826,400,000,000" and insert in lieu thereof "$827,223,000,000".

Page 22, Line 16, strike out "$881,200,000,000" and insert in lieu thereof "$882,207,000,000".

Page 27, Line 6, strike out "$89,650,000,000" and insert in lieu thereof "$90,533,000,000".

Page 27, Line 10, strike out "$101,250,000,000" and insert in lieu thereof "$102,257,000,000".

Page 34, Line 16, strike out "$2,489,000,000" and insert in lieu thereof "$1,734,000,000".

Page 34, Line 20, strike out "$3,576,000,000" and insert in lieu thereof "$2,693,000,000".

Page 34, Line 22, strike out "$4,160,000,000" and insert in lieu thereof "$3,153,000,000".

Page 35, line 1, strike out "$31,700,000,000" and insert in lieu thereof "$32,455,000,000".

Page 35, line 4, strike out "$51,650,000,000" and insert in lieu thereof "$52,533,000,000".

Page 35, line 5, strike out "$66,550,000,000" and insert in lieu thereof "$67,557,000,000".

Page 35, line 12, strike out "$2,548,000,000" and insert in lieu thereof "$1,793,000,000".

Page 35, line 16, strike out "$3,641,000,000" and insert in lieu thereof "$2,758,000,000".

Page 35, line 17, strike out "$4,232,000,000" and insert in lieu thereof "$3,225,000,000".

Page 35, line 21, strike out "$31,700,000,000" and insert in lieu thereof "$32,455,000,000".

Page 36, line 1, strike out "$51,650,000,000" and insert in lieu thereof "$52,533,000,000".

Page 36, line 2, strike out "$66,550,000,000" and insert in lieu thereof "$67,557,000,000".

RELATING TO MEDICARE AND BIOMEDICAL RESEARCH

Page 12, line 10, strike out "$676,700,000,000" and insert in lieu thereof "$677,590,218,000".

Page 12, line 12, strike out "$31,700,000,000" and insert in lieu thereof "$32,590,218,000".

Page 12, line 14, strike out "$828,000,000,000" and insert in lieu thereof "$828,247,309,000".

Page 12, line 16, strike out "$780,550,000,000" and insert in lieu thereof "$781,440,218,000".

Page 14, line 16, strike out "$77,300,000,000" and insert in lieu thereof "$77,547,309,000".

Page 14, line 17, strike out "$80,100,000,000" and insert in lieu thereof "$80,990,218,000".

Page 22, line 4, strike out "$753,650,000,000" and insert in lieu thereof "$754,900,109,000".

Page 22, line 5, strike out "$846,550,000,000" and insert in lieu thereof "$848,180,568,000".

Page 22, line 8, strike out "$51,650,000,000" and insert in lieu thereof "$52,900,109,000".

Page 22, line 9, strike out "$66,550,000,000" and insert in lieu thereof "$68,180,568,000".

Page 22, line 12, strike out "$886,400,000,000" and insert in lieu thereof "$888,901,183,000".

Page 22, line 13, strike out "$952,850,000,000" and insert in lieu thereof "$953,616,290,000".

Page 22, line 15, strike out "$826,400,000,000" and insert in lieu thereof "$827,590,109,000".

Page 22, line 16, strike out "$881,200,000,000" and insert in lieu thereof "$82,830,568,000".

Page 27, line 5, strike out "$81,700,000,000" and insert in lieu thereof "$82,201,183,000".

Page 27, line 6, strike out "$89,650,000,000" and insert in lieu thereof "$90,900,109,000".

Page 27, line 9, strike out "$94,100,000,000" and insert in lieu thereof "$94,866,290,000".

Page 27, line 10, strike out "$101,250,000,000" and insert in lieu thereof "$102,880,568,000".

Page 34, line 16, strike out "$2,489,000,000" and insert in lieu thereof "$1,734,000,000".

Page 34, line 20, strike out "$3,576,000,000" and insert in lieu thereof "$2,693,000,000".

Page 34, line 22, strike out "$4,160,000,000" and insert in lieu thereof "$3,153,000,000".

Page 35, line 1, strike out "$31,700,000,000" and insert in lieu thereof "$32,590,218,000".

Page 35, line 4, strike out "$51,650,000,000" and insert in lieu thereof "$52,900,109,000".

Page 35, line 5, strike out "$66,550,000,000" and insert in lieu thereof "$68,130,568,000".

Page 35, line 12, strike out "$2,548,000,000" and insert in lieu thereof "$1,793,000,000".

Page 35, line 16, strike out "$3,641,000,000" and insert in lieu thereof "$2,758,000,000".

Page 35, line 17, strike out "$4,232,000,000" and insert in lieu thereof "$3,225,000,000".

Page 35, line 21, strike out "$31,700,000,000" and insert in lieu thereof "$32,590,218,000".

Page 36, line 1, strike out "$51,650,000,000" and insert in lieu thereof "$52,900,109,000".

Page 36, line 2, strike out "$66,550,000,000" and insert in lieu thereof "$68,180,568,000".●

UNILATERAL DISARMAMENT GROUP MASQUERADES AS DEFENSE ADVOCATES

HON. THOMAS F. HARTNETT

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HARTNETT. Mr. Speaker, I would like to bring to your attention two separate articles. These articles are "Misfire: How Pentagon Critics Shot Down Their Own Ace" by Jonathan Alter, appearing in the May issue of Washington Monthly, and "Second Thoughts on Schell" in the May 3 issue of Time magazine.

I have found these articles interesting for a number of reasons. Mr. Alter details the surprising "behind-the-scenes" activity surrounding the recent firing of Dina Rasor as director of the National Taxpayers Legal Fund's "Project on Military Procurement." In a similar vein, the Time magazine article highlights criticism of "The Fate of the Earth" by Jonathan Schell. Originally hailed as a leading antinuclear work by such journalists as Walter Cronkite and Mary McGrory, it is now being lampooned by even the most ardent liberal opinionmakers. I bring these items to the attention of my colleagues concurrently, Mr. Speaker, because they both demonstrate how individuals in the so-called defense "reform" movement are actually for unilateral disarmament.

For the past 2 years, Ms. Rasor has received considerable notoriety with her criticisms of many weapons programs. She has taken a particular interest in the hydraulic system of the M-1, the Sparrow missile and other military hardware. her work has been featured on the CBS television program "60 Minutes," the New York Times, the Washington Post, and numerous other publications.

While I have watched Ms. Rasor's work with interest, it has been rare that I have agreed with her particular criticisms. I often felt that her approach was misguided, but I am sure she is a sincere individual who was concerned about building a strong America. It is for this reason that I was surprised to learn that the NTLF board had removed her from her post.

The Washington Monthly describes the attitude of the "old left" as being "Why build effective weapons? To kill more people? No weapons are good; in fact, they're so hateful they shouldn't even be talked about. So just get rid of them."

Mr. Speaker, I suggest that the true identity of the Project of Military Procurement was in this case revealed, a unilateral disarmament group masquerading as defense advocates.

I bring this to your attention, Mr. Speaker, because I feel this incident goes far beyond the isolated case of Dina Rasor, but is an actual indictment of the so-called defense reform movement. The Center for Defense Information, the Council for a Livable World, and the Coalition for a New Foreign and Military Policy are just a few of the many organizations which pretend to advocate a more efficient military, while actually working toward unilateral disarmament.

In fact, Mr. Speaker, it should be pointed out that the chairman of NTFL is former Senator Eugene McCarthy, who as a Member of the body in 1958, founded the Democratic Study Group, and of course achieved national prominence with his antiwar views in the late sixties. According to the magazine, McCarthy felt it was "more important to cut the Pentagon's lean than its fat."

An avowed disciple of Jonathan Schell, McCarthy is one of the few who remain committed to the ideas set forth in "The Fate of the Earth." In an article appearing in the New Republic, a stronghold of liberalism, columnist Max Lerner says that Schell's logic could be used to justify "certain surrender through unilateral disarmament by the West." A recent New York Times editorial blasted Schell for "utopianism," saying:

> The rest of us are left in the real world, stuck with the only available alternative to catastrophe. Deterrence it will have to be.

And Harper's magazine editor Michael Kinsley argues that Schell too readily subordinates "liberty," "national sovereignty" and other values to "survival," because the only alternatives he sees are worldwide incineration or peace at any price.●

ANTHRACITE STEAM FIRE CO. NO. 1 CELEBRATES 100TH ANNIVERSARY

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. YATRON. Mr. Speaker, I rise today to honor the members of the

Anthracite Steam Fire Co. No. 1 of Mount Carmel, Pa., who will be celebrating their 100th anniversary during the week of May 24 through May 30. The week of activities will culminate in a banquet on May 30.

The Anthracite Steam Fire Co. No. 1 enjoys the enthusiastic support of the community it serves and not only works to protect the lives of the citizens and their property, but has unceasingly contributed time and effort on many projects to benefit their neighbors and friends.

The members of this company demonstrate, every day, the community spirit of helping one another, which is the very foundation of our country. I think that it is indeed fitting that their accomplishments should be recognized in the U.S. Congress. I know my colleagues will join me in paying tribute to the members of the Anthracite Steam Fire Co. No. 1 and will wish them many more years of continued success. It is my hope that their excellent example of what can be accomplished continues to underline the importance of aiding those in need.●

WORLD TRADE WEEK

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. IRELAND. Mr. Speaker, President Reagan has proclaimed this week, May 16-22, as World Trade Week. This is a time designated to emphasize that trade is vital both to our domestic economy and to our international relations.

The theme for World Trade Week is "Exports Mean Jobs." In a proclamation signed by the President, he noted that exports account for almost 6 million U.S. jobs and generate billions of dollars for U.S. companies.

In a special message concerning World Trade Week, Secretary of Commerce Malcolm Baldrige said:

> As the world's greatest trader, the economic health of the United States is closely tied to exporting. Exports create jobs. They support the value of the dollar. They blunt the thrust of inflation. They pay for critically-needed resources and materials from abroad.

He continued by saying, "* * * in the final analysis the kind of export performance we need requires the concerted efforts of American business."

Mr. Speaker, as chairman of the Small Business Subcommittee on Export Opportunities and Special Small Business Problems, I am well aware that small- and medium-sized businesses constitute an untapped pool of export potential. I hope the events scheduled throughout the week will encourage more of these businesses to enter into the exporting field. We can all benefit from small businesses who broaden their marketing base outside of the United States. The rewards for investing the time and money into export expansion can be very substantial. The substantial growth of the U.S. economy can be assured, more jobs will be created to offset rising unemployment, the vital small business sector will be stimulated, and the sagging dollar with be enhanced.●

THREATS TO THE ENVIRONMENT

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. MITCHELL of Maryland. Mr. Speaker, I am very proud to share a copy of a speech delivered by Maryland State Delegate Larry Young before a Democratic National Committee forum on "Our Environment—Can It Survive the Reagan Administration?" Delegate Young has been a leading advocate for adequate environmental protections in our State and on the national level. I commend both Delegate Young and the Democratic National Committee for continuing to hold matters of the environment among their top priority.

"BUILDING FOR A BETTER TOMORROW"—REMARKS OF HON. LARRY YOUNG, MARYLAND HOUSE OF DELEGATES, BEFORE THE DNC FORUM ON "OUR ENVIRONMENT—CAN IT SURVIVE THE REAGAN ADMINISTRATION?"—APRIL 21, 1982

Good evening. It is a true pleasure for me to be here with you this evening with such distinguished panelists to address a topic near and dear to me. The environment.

As some of you know, I began my environmental career in the early 1970s under the guidance of the late, great Joe Penfold, then with the Izaak Walton League of America. What a man and leader. Joe Penfold gave a speech in 1969 that provided focus and meaning to the word "environment." Joe said:

"If we can achieve the technology and create the artificial environment required to put men on the moon, we can preserve or restore a rewarding natural environment for the rest of us earth-bound mortals. Moreover, clean air to breathe and clean water to drink are inalienable civil rights that belong to all the people and may not willfully be abridged."

The message is clear. As Americans, we should expect a national policy that promotes a decent environment for all, just as we expect equal opportunity to be one of the basic cornerstones of our nation. There are many in this nation, namely the man on Pennsylvania Avenue, who do not believe in Joe Penfold's wisdom.

Many Republican and other right wing types have tried to tell the nation that the environmental movement is dead, unrepresentative of American society and made up of "liberals" who are out to get the Republicans and torpedo progress.

Let us ask ourselves these questions: Is the environmental movement over? Are we headed on a path of environmental decay in the 1980s? Are we going to allow Mr. Watt, Ms. Gorsuch and others to turn back the clocks to an era as objectionable as stealing from the poor box?

Believe me, the movement is not over. It is shifting into high gear to confront the turbulence ahead.

How long will it take? Long enough for the tremendous public outcry for a good, clean and decent environment to be translated into a cohesive block of voters. Faster, in my opinion, if we could translate the word "environment" to mean more than just water, trees and wildlife.

For environment means the totality of city life. It means the air we breathe; the housing we live in; the streets we drive and walk on; the schools our children attend; and the businesses we work in and buy from.

When we can integrate all of these concerns under the banner of environmentalism then we will no longer have to wait for clean air, clean water and a decent environment for all Americans. We have waited long enough.

Contrary to what the President and other conservative Republicans are saying, an improved environment—one that displays respect for even the most basic amenities like clean air—will positively benefit all segments of society. The effects of an improved environment will ripple across political boundaries.

Cleaner air will reduce the danger of disease. Pure water will improve health. Quieter neighborhoods will reduce the risk of hearing loss. Cleaner streets will reduce the dangers posed by rodents. Citizens will stand a bit taller and prouder of their neighborhoods.

But what is the short-term strategy of the anti-environmentalists that are one of the basic elements of the conservative Republican constituency? They would sacrifice short-term corporate gain for long-term human improvement. They look at the results of the Harris Poll and the New York Times/CBS News Poll that show a pro-environment sentiment in America with a defiant gesture that includes only their middle-finger.

The pitfalls of the Republican proposals will be reduced enforcement of environmental laws and the delay and/or rescinding of regulations taking effect. The total environment will suffer. Not just people, but housing, schools and stores. When individuals are asked to accept a political philosophy that says "we don't care about the human condition," then those same individuals will begin to look for allies in their war.

One of the consequences of 1980-84 will be a movement full speed ahead within the environmental movement. Some of the chief Republican villains whose names I have already mentioned have provided a renewed spirit and focus for environmentalists. While in the early 1970s the in-thing was to pass new environmental laws like the Clean Air Act, Clean Water Act and the National Environmental Policy Act, the job we have before us now is to tread water to maintain what we have.

In all honesty, this job would be made easier if the traditional environmentalists and urban groups could strike an important agreement—to work together for the betterment of all. These are two important Democratic constituencies that if pulled together and packaged, can become one of the strongest and most potent political forces America has known.

The Republican anti-urban and anti-environmental policies have provided the impetus for this great coalition. We have talked of pulling it together. Now let's do it. What I mean is an all out drive by the DNC to keep these constituencies in the Democratic column forever.

And what if these constituencies don't come together in a peaceful marriage? What will be the consequences?

The result will be a continued voice screaming out because of environmental failures in our urban communities. There will continue to be an insensitivity to the potentials for solutions. There will continue to be those who can effectively use environmental progresss as the "scapegoat" for the lack of jobs in Black communities. And there will continue to be an effort to discredit those of us who care about the environment with thick, biased studies and glib one-liners.

What I am saying it that we must use now as the time to get our own house together. Let us consummate the urban/environmental marriage that I spoke about. The Republican party has given us the opportunity. Now, let us take advantage of their blunders.

As a Black legislator representing an inner-city area of Baltimore, I maintain a special, personal interest in environmental degradation. My own mother suffers from asthma and I have seen the human suffering on "pollution alert" days. I have seen thousands of dollars used to control rats because of improper sanitation when the money could be better used to create jobs. And I spend every legislative session in Maryland promoting environmental quality among my colleagues. We all must make a special effort to reach out. In no other time in recent years is the enemy of a clean environment and a decent urban life as identifiable as now

On the economic front, we must undertake two fundamental policies. One—we must get our nation back to work. Two—we must put in place a fair and progressive tax system that spreads the burdens and benefits of government equitably.

Jobs are number one. Unemployment draws from the strength of America like cancer draws from the human body.

A fair and just tax system is number two. The Republican tax-cut of 1981 provides a windfall to the wealthiest Americans, the one's who need it least.

A Democratic economic policy should promote the creation of jobs. A CETA-like program is needed for the short-term. Private-sector jobs will come with the advent of an economic program—unlike the President's—that provides essential services to Americans and is relatively deficit free.

Democrats must examine the Kemp-Roth Christmas tree tax cut legislation of 1981. A high income surtax may be necessary. Rollbacks may be required. A minimum corporate tax makes sense. And the sale of tax breaks by corporations, while hungry children go without a decent school lunch, must be stopped.

I believe Democrats need not stray from a long life of concern for the human factor. From the New Deal, to the New Frontier, through the Great Society and to the present, Democrats have always showed a concern for human beings. In 1982, as opportunity knocks, let us look to Chairman Manatt, Speaker O'Neill, Senator Bob Byrd and other party and elected leaders for the wisdom and direction we need.

In closing, if a friend or enemy asks why Democrats care about the environment, ask them one which I have borrowed from an ex-Hollywood star: Is the environment better off now than it was in January, 1981?

Thank you.●

WE SHALL NOT INTERRUPT AGRICULTURAL COMMODITY EXPORT CONTRACTS

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HAGEDORN. Mr. Speaker, I am introducing legislation today identical to that which was introduced on April 21 by my two Senate Colleagues from Minnesota, Mr. DURENBERGER and Mr. BOSCHWITZ, which would prohibit the Federal Government from interrupting agricultural commodity export contracts except during a national emergency or a state of war.

If our foreign trade policy is one of a free market concept then we must assure our producers that contracts entered into with our foreign trading partners will be honored.

Because the United States has an enormous capacity to produce farm agriculture commodities and do so very efficiently, it is imperative that we seek new markets and continue to be a reliable supplier to our existing ones. This legislation would preserve the integrity of existing agricultural export contracts in the event of a trade embargo.

I am introducing this legislation in conjunction with another proposal I have introduced today entitled the Reciprocity Agricultural Trade Act of 1982. The purpose of this legislation is to establish the concept of reciprocity of market access as a key principle of U.S. agricultural trade policy and trade law. The bill requires the executive branch to identify and obtain the elimination of barriers maintained by our major trading partners and by strengthening the provisions of the Trade Act of 1974 that provide remedies against foreign unfair agricultural trade practices.

Our producers cannot be asked time and time again to produce food to feed the world just to have the Government use agricultural commodities as a tool of foreign policy without protection. The residual effects of the Carter embargo are still being felt by our farmers today with low commodity grain prices and this is of great concern to me. We must assure both our domestic producers and foreign trading partners that we are a reliable supplier of agricultural commodities and will not tolerate barriers or subsidies which are contrary to a free market policy. Because our agricultural contracts will be honored, foreign importers will be under pressure to plan ahead for their agricultural needs and will not be able to come into our markets when prices are depressed.

I feel that these two bills address the concerns that have been raised by farmers across the Nation and will do much to stimulate agricultural exports. I would ask my colleagues for their support.

Thank you, Mr. Speaker.●

STUDENTS WHO CARE

HON. BERNARD J. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. DWYER. Mr. Speaker, it is with a deep sense of pride and admiration that I call the attention of this chamber to a dedicated and exemplary volunteer force in my district—the high school student coaches of the Metuchen "Y" Stars.

This special Olympics "Y" Stars swim team was formed in 1974 with less than 10 competitors. Since that year, the program has grown to almost 40 competitors on two teams. For the past 3 years, our "Stars" have had one of the top teams in the State of New Jersey.

All this could not have been achieved without the generosity of their sponsor and host—the Metuchen YMCA—and the students at J. P. Stevens High who volunteer their time and energy to one-on-one coaching duties with each of the team members.

In addition to all their extensive coaching duties, these young people are very involved in other academic and extracurricular activities at J. P. Stevens. They also give holiday parties, birthday parties, picnics, and join their team members at plays and other activities, at the volunteer's expense. These same students are involved in hand-in-hand, one-to-one, special Olympics track, and wheelchair championships.

In behalf of the citizens of my district and handicapped people nationwide, I want to offer these young men and women—coaches and team members alike—our deepest appreciation and continued support.

This program and its people epitomize the spirit, dedication, community initiative, and caring that makes this country great. Theirs is an example we would all be wise to heed.●

THE INTRODUCTION OF THE HIGH TECHNOLOGY TRADE ACT OF 1982

HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. SHANNON. Mr. Speaker, today I am introducing the High Technology Trade Act of 1982. I do this for myself, for Mr. GIBBONS, chairman of the Trade Subcommittee, and for a number of my colleagues.

In the last few years, there has been a growing recognition of an important fact: High technology has rapidly become one of the industries most essential to the health of the American economy.

The fact that this remarkable field has grown so quickly and effectively has led some people to assume that America's superiority in this area will be as permanent as the Rock of Gibraltar.

But it is time we got realistic. The American high technology industry stands on the threshold of a major threat from Japan. The Japanese are in the middle of a major buildup that could sink America's superiority in both hardware and software just as surely as our ships were sunk at Pearl Harbor.

By now, hard experience should have taught us what happens when we take thriving sectors of our economy for granted. Today, many of our older industries are in deep trouble. Around the world we face closing markets, and the creation of market barriers.

In the fast-paced world of high technology, there is absolutely no time to sit and contemplate current successes. Things change too fast. We must move quickly to promote our interests, or our advantage will be permanently lost. If there were ever a time to set out a forceful, organized high technology policy, that time is now.

Specifically, the High Technology Trade Act of 1982 takes four major steps.

It authorizes the President to negotiate high technology trade issues on both a bilateral and multilateral basis.

It affirms U.S. commitment to national treatment in trade and investment.

It takes the important step of establishing a system which will track practices which distort trade and investment flows, and which will offer proposed remedies to any problems that develop.

And finally, it expands the President's current authority under section 301 of the Trade Act of 1974 to cover investment.

The High Technology Trade Act of 1982 will be effective because it anticipates the industry's critical future needs. These days, you hear a lot of talk about reciprocity. This bill proposes a more positive approach to resolving trade issues. Our purpose is to strengthen our Nation's ability to negotiate barriers in the areas of goods, services, information, and investment.

Ours is a frankly pro free trade bill. It is not sectoral. It would complement the general agreement on tariffs and trade, so as to insure that our U.S. Trade Representative has the kind of negotiating authority he needs and has requested.

With the High Technology Trade Act of 1982, we can begin today to address the challenges of the future. This bill will help us avoid the kinds of mistakes we have made in the past with other industries.

Let us not sit back on the complacent assumption that our currently thriving high technology industries are invulnerable to foreign invasions. They are not.

Economic defense requires a willingness to look ahead, a willingness to commit ourselves to future successes. By supporting this bill, we display exactly that kind of commitment.

SECTION-BY-SECTION ANALYSIS

SHORT TITLE

Section 1 states that the Act is entitled the "High Technology Trade Act of 1982."

FINDINGS AND PURPOSE

In Section 2 the Congress recognizes the importance to the national interest and the U.S. high technology industries of an open world economy for international trade in goods, services, information and investment. Congress finds that international competition in high technology products is increasingly characterized by various forms of government intervention. Congress recognizes that strong, innovative high technology industries are essential to the U.S. national security and defense, future economic development, and international competitiveness, and states that the U.S. should recognize the importance of providing them with a favorable domestic environment. Congress further finds that joint scientific cooperation between U.S. and foreign companies is in the national interest, and that the results of cooperative efforts should be available to all participants. The purposes of the Act are to obtain maximum openness for international trade in high technology goods, services, information and investment, and to strengthen the international trading system.

NEGOTIATING MANDATE

Section 3 authorizes the President to enter into bilateral or multilateral agreements which may include, nonexclusively, commitments by foreign governments not to discourage public or private procurement of foreign high technology products, services or information; commitments to reduce or eliminate tariff and nontariff barriers to high technology trade, including the acceleration of the tariff rates agreed to during the Tokyo Round of trade negotiations and the elimination of any tariffs of five percent ad valorem or equivalent or less; and commitments to provide national treatment. The President is further authorized to make commitments to change U.S. laws, regulations or policies as necessary and appropriate to ensure the competitiveness of U.S. high technology industries.

To carry out agreements negotiated under the Act, Section 3 authorizes the President to use existing procedures under the Trade Act of 1974 to affect duty treatment or to change U.S. law.

ADDITIONAL ACTIONS TO OBTAIN OPENNESS OF FOREIGN MARKET ACCESS

Section 4 directs the President to determine, on a continuing basis, whether any key country has failed to take sufficient actions to provide national treatment for U.S. high technology products and investments. The President is directed to promptly enter into consultations with any such country and, if consultations do not provide the means to obtain national treatment, promptly consider other action under existing laws and international agreements.

EFFECTS OF FOREIGN INDUSTRIAL POLICY

Section 5 directs the Secretary of Commerce, in consultation with the High Technology Industry Advisory Committee, to report annually to Congress on the extent to which any key country utilizes industrial policies or measures which have, or may have, substantially adverse effects on a U.S. high technology industry. This report is to contain an analysis of foreign government industrial policies and measures which are designed to enhance the competitiveness of, or increase the exports of, a foreign high technology industry, and which impair access to domestic markets, as well as subsidies, toleration of cooperation among firms, other anticompetitive activities, interference with the outward flow of nonstrategic technology, and other export-enhancing or import-inhibiting practices. The report to the Congress will also specify the steps the President is taking, or proposes, to remedy the adverse effects of such policies and measures on U.S. high technology industries.

Section 5 further directs the President to use existing authority, as necessary or appropriate, to eliminate or offset the effects of policies or measures which significantly distort trade or investment to the detriment of a high technology industry, or which may result in sales at less than fair value or the provision of a subsidy, and which cause or threaten material injury to a U.S. high technology industry.

MONITORING OF KEY COUNTRIES

Section 6 directs the Secretary of Commerce to establish a mechanism to evaluate the competitive opportunities available in foreign markets, by monitoring high technology trade and investment patterns. Specifically, the analysis will address import, export and investment flows, prevailing competitive conditions, and the nature and extent of government intervention in key countries. This analysis is to be contained in a report to the President, published annually by the Secretary of Commerce.

Section 6 further directs the U.S. Trade Representative and the Secretary of Commerce, after consulting with the High Technology Industry Advisory Committee, to report annually to the President any such measures which they consider to violate U.S. international agreements or to be unjustifiable, unreasonable or discriminatory and a burden or restriction on U.S. high technology trade, services or investment. In response, the President will consider action under existing U.S. laws and trade agreements to reduce or eliminate the measures.

Finally, Section 6 directs the Secretary of Commerce to establish a High Technology Industry Advisory Committee, and to consult with it regarding actions under the Act.

DEFINITIONS

Section 7 defines certain key terms. It specifies that in measuring the openness of foreign markets, structural barriers to U.S. trade and investment, structural advantages of foreign companies due to noncompetitive conditions, and the provision of national treatment, among other factors, will be considered.

National treatment is defined as treatment no less favorable than that accorded to any national, in the areas of establishment, tax and financial incentives, nonstrategic public procurements, and internal regulations and procedures.

AMENDMENTS TO OTHER LAWS

Section 8 amends Section 301 of the Trade Act of 1974 by allowing the President to respond to foreign acts or policies which burden or restrict U.S. investment abroad, and by broadening the range of responses, permitting the President to restrict foreign direct investment in the U.S. in response to unfair foreign trade and investment practices.

H.R. 6433

A bill to authorize negotiations directed toward opening foreign markets to U.S. exports of high technology products, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE

This Act may be cited as the "High Technology Trade Act of 1982."

SEC. 2. FINDINGS AND PURPOSE

(a) FINDINGS.—The Congress finds that—

(1) the growth and maintenance of an open world economy for international trade in goods, services and information, and for investment is in the national interest and in the interest of the United States high technology industries;

(2) international competition in high technology products is increasingly characterized by a high degree of Government intervention through central planning, joint establishment of industrial objectives, subsidization, anti-competitive practices tolerated or fostered by Government policy, denial of national treatment, nontariff and tariff barriers, investment performance requirements, access to preferential financing, and sponsorship of limited-access joint research projects;

(3) the strength, vitality and innovativeness of the United States high technology industries are essential to the national security and the national defense, the future development of the United States economy and the competitiveness of United States industry in international trade;

(4) domestic policies play a critical role in determining the international competitiveness of United States high technology companies, and therefore the United States should take into account the importance of providing a favorable domestic economic environment for United States high technology industries in order to preserve United States international competitiveness; and

(5) the pursuit of joint scientific cooperation in areas of mutual interest between companies of the United States and companies of the trading partners of the United States, through such measures as financial participation and technical and personnel exchanges, is in the national interest, and access by all participants to the results of any such cooperative efforts should not be impaired.

(b) PURPOSES.—The purposes of this Act are—

(1) to obtain and preserve the maximum openness with respect to international trade in high technology goods, services, and information, and for investment in high technology industries; and

(2) to strengthen the international trading system as embodied in the General Agreement on Tariffs and Trade and related agreements.

SEC. 3. NEGOTIATING MANDATE.

(a) PRESIDENTIAL AUTHORITY.—The President is authorized to enter into such bilateral or multilateral agreements as may be necessary or appropriate to achieve the purposes of this Act.

(b) AGREEMENTS.—Agreements under this Act may include but need not be limited to—

(1) a commitment that official policy of signatory countries will not discourage government or private procurement of foreign high technology products, services or information;

(2) the reduction and elimination of all tariffs on, and other barriers to, imports of high technology products, including, but not limited to—

(A) the acceleration of the full concession tariff rates on high technology products agreed to during the Tokyo Round of trade negotiations; and

(B) the elimination of any tariff which on the date of enactment of this Act is 5 percent ad valorem (or ad valorem equivalent) or less; and

(3) a commitment to provide national treatment.

(c) ACTIONS BY PRESIDENT TO CARRY OUT AGREEMENTS.—In order to carry out any agreement concluded under this Act, the President is authorized with respect to products which he deems to be high technology products—

(1) to proclaim such modification or continuance of any existing duty, duty-free or excise treatment, or such additional duties, as he determines to be required or appropriate, pursuant to the procedures governing tariff agreements in sections 131 through 135 of the Trade Act of 1974; and

(2) to utilize the procedures contained in sections 102 and 151 of the Trade Act of 1974 (and corresponding provisions of law) in the event that changes in United States laws are required or appropriate.

(d) CHANGES IN LAW.—The President is authorized to include in any agreement concluded under this Act commitments to make changes in United States laws, regulations and policies that are considered necessary and appropriate to ensure the continued competitiveness in open international markets of the United States high technology industries. Such changes shall be considered by Congress as provided in subsection (c)(2) of this section.

SEC. 4. ADDITIONAL ACTIONS TO OBTAIN OPENNESS OF FOREIGN MARKET ACCESS

(a) DETERMINATIONS BY PRESIDENT REGARDING NATIONAL TREATMENT.—

(1) IN GENERAL.—In order to ensure that national treatment is accorded by a key country to—

(A) United States high technology companies for sales in such country, and

(B) United States persons for investments in high technology industries in such country,

the President shall, on a continuing basis, determine whether such country is taking actions sufficient to provide national treatment in such country for United States exports of high technology products and United States investments in high technology industries.

(2) BASIS OF DETERMINATIONS.—The President shall base the determinations under paragraph (1) on such product categories as are deemed appropriate in accordance with the procedures established under such paragraph.

(b) ACTIONS INVOLVING NEGATIVE DETERMINATIONS.—If the President determines under subsection (a) that a key country is not providing national treatment, the President shall promptly enter into consultations with such country with a view to establishing national treatment in such country and achieving the purposes of this Act. If such consultations do not provide the means to obtain this objective, the President shall promptly consider taking such actions, within his power as he deems necessary or appropriate, under trade agreements to which the United States is a party and under provisions of United States law.

SEC. 5. EFFECTS OF FOREIGN INDUSTRIAL POLICY

(a) REPORT BY SECRETARY OF COMMERCE.—The Secretary of Commerce, in consultation with the High Technology Industry Advisory Committee established under section 6(c), shall analyze and report annually to the Congress—

(1) the extent to which any key country utilizes industrial policies or measures which significantly distort international trade in goods, services or information, or investment flows, and which have or may have substantial adverse effects on any United States high technology industry; and

(2) the steps which the President is taking or proposes to take domestically and internationally to remedy any adverse effects determined under paragraph (1), including any adverse effect arising out of any action which provides a subsidy with respect to articles imported into the United States or the sale of such articles at less then fair value in the United States market.

(b) SCOPE OF ANALYSIS.—The analysis under subsection (a) shall include an analysis of—

(1) any foreign government industrial policies and measures—

(A) which are designed to enhance, or having the effect of enhancing, the international competitiveness of a foreign high technology industry, or

(B) which increase the rate of savings and investment, decrease consumption, channel private or public financial or other resources to favored industries, or otherwise have the effect of increasing high technology exports, and

(C) which impair access to domestic markets; in the case of key commodity components (for example, random access memories (RAMs)), access shall be measured by reference to the extent to which sales in a major developed country of such products manufactured by United States companies in the United States or abroad, taking into account the relative size of markets, are less than sales of those products in other international markets where more open conditions of competition prevail, and such other factors as the United States Trade Representative and the Secretary of Commerce shall prescribe;

(2) specific foreign government industrial policies and measures such as—

(A) subsidies,

(B) toleration of cooperation among firms, or

(C) other anticompetitive activities, including allocation of product or geographic markets, exclusive nonstrategic joint research and development activities, interference with the outward flow of nonstrategic technology, and other export-enhancing or import-inhibiting practices.

(c) OTHER PRESIDENTIAL ACTIONS.—If the President determines under subsection (a) that a foreign country has foreign industrial policies or measures which—

(1) significantly distort international trade or investment to the detriment of any United States high technology industry; or

(2) may result in sales of articles at less than fair market value in the United States market or provision of a subsidy with respect to articles imported into the United States, and cause, or threaten to cause, material injury to any United States high technology industry,

the President shall take whatever steps within his power that he deems are necessary or appropriate (including entering into agreements) to obtain the elimination of such practices or to offset their adverse effects.

(d) DEFINITIONS.—For purposes of this section, the terms "less than fair value", "material injury" and "subsidy" shall have the same meaning as they have under Title VII of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.).

SEC. 6. MONITORING OF KEY COUNTRIES: REPORTS

(a) ANALYSIS OF COMPETITIVE OPPORTUNITIES.—The Secretary of Commerce shall establish a mechanism to analyze high technology trade and investment patterns in key countries to evaluate competitive opportunities offered in foreign markets, and to further the objectives of this Act. The Secretary of Commerce shall prepare and publish annually a report to the President containing the results of his analysis which shall include, but not be limited to, information with respect to—

(1) United States exports and imports of high technology products to and from such key countries;

(2) direct and indirect investment flows;

(3) the conditions of competition in such countries, including the nature and extent of intercompany cooperation and coordination in joint research and development, market allocation, and the development and implementation of industrial objectives; and

(4) the nature and extent of government intervention, including the development of industrial objectives, the financing of research and development, the providing of financial, tax and other incentives, and the directing of procurement.

(b) REPORT TO THE PRESIDENT—

(1) REPORT.—The United States Trade Representative and the Secretary of Commerce shall, after consultation with the Advisory Committee established under subsection (c), report annually to the President with respect to measures enumerated in the report submitted under subsection (a)—

(A) which they consider to be violations of United States international agreements, or

(B) which are unjustifiable, unreasonable or discriminatory and a burden or restriction on United States high technology products, services or investments.

(2) ACTION BY THE PRESIDENT.—The President shall consider what action may be taken under the laws of the United States and trade agreements to obtain the reduction or elimination of such measures.

(c) ADVISORY COMMITTEE.—The Secretary of Commerce and the United States Trade Representative shall—

(1) establish a High Technology Industry Advisory Committee comprised of representatives of interested high technology industries; and

(2) fully consult with this Committee with respect to actions under this Act relating to—

(A) the preparation of negotiating positions,

(B) the conclusion of any agreement,

(C) the imposition of any restriction, and

(D) the monitoring of the results of any such agreement or restriction.

The provisions of section 135(f) of the Trade Act of 1974 shall apply to the Committee.

SEC. 7. DEFINITIONS

(a) OPENNESS OF FOREIGN MARKETS.—For the purpose of this Act, openness of international trade and investment shall be measured by reference to—

(1) the existence of structural barriers to United States trade and investment;

(2) structural advantages enjoyed by foreign companies by virtue of an absence of fully competitive market conditions in their home markets;

(3) the extent to which national treatment is afforded United States investments to produce and sell high technology products and services for sale in the local market of a major developed country; and

(4) such other factors as the United States Trade Representative and the Secretary of Commerce shall prescribe.

(b) NATIONAL TREATMENT.—The term "national treatment" shall include, but not be limited to, treatment not less favorable than that accorded to any national with respect to—

(1) the freedom of establishment of a market;

(2) taxation and financial incentives;

(3) nonstrategic government purchasing and public contracts; and

(4) internal regulations and practices.

(c) KEY COUNTRY, ETC.—For the purpose of this Act—

(1) the term "key country" means Japan, the European Economic Community, Canada, and any other foreign country (including any newly industrialized country) designated by the President as a key country for any purpose of this Act; and

(2) The term "newly industrialized country" means Korea, Taiwan, Malaysia, Brazil, Argentina, Hong Kong, Singapore, Spain, Mexico, and Israel, and any other foreign country designated by the President.

SEC. 8. AMENDMENTS TO OTHER LAWS

(a) Subsection (b)(2) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(a)) is amended by adding the words "or foreign direct investments" after "services".

(b) Subsection 301(d)(1) is amended—

(1) by deleting the period; and

(2) by adding the phrase "and direct investment abroad by citizens or nationals of the United States."

(c) Subsection 304(b) is amended—

(1) by deleting the word "or" the first time it appears, and replacing it with a comma; and

(2) by inserting the words "or direct investment" after the word "service".●

STATEMENT ON HIGH TECHNOLOGY TRADE ACT OF 1982

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. LUNDINE. Mr. Speaker, I am pleased to join with the principal sponsor of this legislation, Congressman JIM SHANNON, to introduce the High Technology Trade Act of 1982 for consideration by the House of Representatives. Currently, our high technology industries are being threatened by our inability to set forth a coordinated and aggressive trade policy in response to our international competitors in this field, particularly the Japanese.

Passage of the legislation we are introducing today, I believe, will go a long way toward providing the necessary impetus to dealing with this problem. It does not advocate a protectionist trade policy. Rather, it is designed to insure that our domestic industries are provided the opportunity to compete in a free and fair international trading environment.

The pivotal provisions of this legislation are designed to open up foreign markets to U.S. products and to insure that our domestic industries are afforded no less favorable treatment in doing business in foreign countries than are that nation's own domestic firms. As we all are aware, the United States has been losing its competitive edge in many instances because of the establishment by foreign countries of nontariff barriers to trade that severely restrict the ability of U.S. firms to penetrate their markets for sales. These barriers include subsidies, performance requirements, and barriers to investment and access to capital. We cannot afford to tolerate use of such nontariff barriers by our trading partners any longer.

This legislation includes two major provisions: First, it provides a congressional mandate to the President to undertake negotiations with our international trading partners to eliminate barriers to free trade in high technology, and to provide for national treatment of U.S. firms in foreign countries with respect to investment, taxation, research and development, and government procurement. The bill leaves with the President the final decision regarding any action that might be appropriate in response to a failure to obtain these conditions.

Second, the legislation establishes a High Technology Advisory Committee, which together with the Secretary of Commerce, is required to assess the effects of foreign industrial policy on the flow of international trade in goods, services, or information. A capacity to understand the connection between foreign industrial policy and international trade is essential if we are going to be able to effectively deal with the impact of industrial policy planning abroad on our economy.

The future of our domestic high technology firms is critical to the maintenance of a strong U.S. industrial base and defense capability. Moreover, high technology items will grow more important to the preservation of a strong manufacturing sector in our economy as high technology items are utilized to bring about process and product innovations that will improve productivity performance and profitability. Many of our competitive high technology industries are at a critical juncture—semiconductors, specialty steel, communications, and electronics—and the aggressive implementation of our trade laws and international agreements could well be the critical factor which will determine their long-term survival and international competitiveness.

Over the years, the United States has always maintained an excellence in basic research and in an ability to patent new products and processes. It is clearly our inability to take this scientific excellence and to coordinate it with national policy goals that is damaging our economy today. Because we are no longer the unchallenged world economic leader, we must begin to define our economic goals and pursue them through trade policies and other domestic policies that will ultimately impact positively on our competitiveness in the international marketplace.

One in every seven manufacturing jobs in the United States and over 5 million American jobs remain tied to our ability to export, and our ability to coordinate with our trading partners a fair and effective international trading policy. The High Technology Trade Act is a step in the right direction in dealing with the future survival of a critical sector of our economy. More than this, the elimination of nontariff barriers to trade that can be accomplished under this act will lead to progress toward a more open international trading system in general, and this will be a benefit to all nations of the world.

I commend this legislation to your attention and urge that this legislative body move forward on consideration of it without delay.●

THE MISTAKE OF CUTTING FEDERAL AID FOR HIGHER EDUCATION

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. STARK. Mr. Speaker, I strongly condemn the administration's proposed reductions of Federal support for higher education. Clearly, the Federal budget has grown alarmingly over the past few years, but so has the cost of education. In fact, since 1980, college tuition has risen significantly above the inflation rate. Last year, with inflation running at 8.9 percent, the National Association of State Universities and Land-Grant Colleges found that its schools increased tuition costs by 17.7 percent.

Putting an end to waste in any entitlement program is a valid, desirable objective; however, the President's proposals in the area of education are so overly broad that students in genuine need will suffer. A 41-percent reduction in Federal support for higher education during the next 3 years is penny wise but pound foolish. I feel, very strongly, that the Government should encourage postsecondary learning for only through knowledge and competence will America emerge from its present state of disarray.

I particularly disapprove of the administration cutting funds for the guaranteed student loan program (GSL) and the Pell grant program. Currently, 3.5 million students receive GSL's, the Government's largest student-aid program. By 1983, due to a doubling of the 5-percent origination fee, a needs-analysis test applicable to students at all income levels, and the elimination of graduate and professional students from the program, this number will fall to 2.8 million.

President Reagan recently voiced his assumption that those cut from the GSL program would be able to finance their educations through new, lightly subsidized loan programs. Unfortunately, the facts of the situation—that half the States do not have such programs and banks show little interest in starting them—render the President's starry-eyed assumption impractical.

Instead of redirecting the $912 million saved from cuts in GSL's toward lower income students, three low-income aid programs—supplemental grants, National direct student loans, and State student incentive grants—are proposed for elimination.

Pell grants, in the next few years will also be severely restricted. By 1983, the highest grant possible from this particular program will be reduced to a maximum of $1,600. In this age of $5,000 plus tuition bills, $1,600 is not a particularly weighty sum. Adding to the severity of this cut is the strictness of the proposed eligibility requirement. In order to receive a Pell grant, a family of four must have a maximum adjusted income of $16,000. This 40-percent reduction from the 1982 maximum of $27,000 is unreasonable.

I sincerely hope we do not make the mistake of sacrificing long-term benefits of higher education for the relatively minor role that savings from cuts in this area will play in balancing the budget. I would like to include in the RECORD at this point an outstanding editorial on the true impact of these cuts and the administration's failure to be candid about the cost of these cuts. This administration apparently thinks education is expensive—but wait till they discover the cost of ignorance.

[From The Washington Post, Apr. 13, 1982]

THE FACTS ABOUT STUDENT AID

The President's radio broadcast last Saturday—in which he set out to dispel what he claimed was a "great misconcept" of his plans for aid to higher education—strikes us as different in kind from his occasional press conference garbling of certain facts. In this case there was ample time for preparation. And while Mr. Reagan may have surprised many of his aides by his choice of topics, the array of statistics included in his prepared remarks makes it clear that he had access to ample staff assistance. In this case it was not in fact the numbers that were wrong. What was wrong was that the numbers he used don't tell the story about what he is proposing to the country.

"We haven't cut [student] loans," said the president, "we've cut the cost to taxpayers of making these loans available. Surely, no one can quarrel with the reduction in administrative costs that results in more money for needy students."

The fact is, however, that these administrative savings aside, the administration has already cut student loans and it wants to cut them more. As of last October, students from families with incomes above $30,000 have had to prove need to get a partial or full loan. Maximum interest rates for students were raised to 9 percent and for parents to 14 percent. (Private banks make the loans, but the government pays all interest on student loans while the students are in school and the difference between market rates and the subsidized rate thereafter. Presumably that's what the president meant when he said that "not one dime of the money being cut has ever gone directly for loans to students"—it just went to make the loans affordable.)

Because these changes weren't effective before the start of the school year, their impact won't be felt until next year—but they are part of what is currently worrying many students. In his 1983 budget, the president wants to tighten up further by applying the needs test to lower-income students, cutting graduate students out of the 9 percent loan program, terminating interest subsidies two years after graduation or if a student quits school, and doubling loan fees. All of this is expected to save over $900 million in 1983 and affect several hundred thousand students. The president assumes that these students will get aid from new, lightly subsidized loan programs—which is why his figures don't show a drop-off in students aided—but half the states don't have such programs yet, and banks have shown little interest in starting them.

The money saved will not be used for lower-income students. Instead, the grant programs for these students will also be cut. The major Pell grant program is slated for a 40 percent reduction—not counting inflation—and three other aid programs now serving several hundred thousand low-income students would be eliminated entirely. All in all, the House budget committee estimates that almost 2 million fewer college students would receive aid in the 1983-84 school year than in the previous year.

When the president returns to the airwaves next Saturday, perhaps he will want to defend the case for these cuts. But he cannot deny they are real or that many people will be affected by them—and it is baffling to us why he would have so distorted his administration's position in a public nationwide broadcast.●

MORE CHRISTIANS BEING PERSECUTED IN ROMANIA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. McDONALD. Mr. Speaker, the number of people being jailed or being deprived of their human rights in Communist Romania continues to grow. Among them are:

Ioan Raceala, Str. Vasile Alexandrii 20, Siobozia, Jud. Jalomita. His wife's name is Maria. They have two children. Ioan has been sentenced to 5 years and 6 months in prison.

Petru Furnea, Str. Zidari 1, Ploiesti, Jud. Prahova. His wife's name is Fiwi. They have four children. Petru has been sentenced to 5 years and 3 months in prison.

Hans Holzmann, Str. Dragos Voda 20, Brasov. His wife's name is Rosi. They have five children. Hans has been sentenced to 5 years and 6 months in prison.

Horst Feder, Str. Ilarie Chendi 87, Sighisoara, Jud. Mures. His wife's name is Ilse. They have two children. Horst has been sentenced to 5 years and 6 months in prison.

Dr. Silviu Cioata, Str. Intrarea Petuniei 9, Bloc 148, Sc. B, App. 20, Ploiesti, Jud. Prahova. His wife's name is Elena. They have 3 children. Dr. Silviu has been sentenced to 5 years and 6 months in prison.

Georgescu Costel, Soseaua Vestului 20, Bloc 101, Sc. B, Etage 9, App. 73, Ploiesti, Jud. Prahova. Georgescu has been sentenced to 6 years in prison.

Ioan Toader, Str. Veronica Micle 42, Ploiesti, Jud. Prahova. His wife's name is Elena. They have one child. Ioan has been sentenced to 5 years and 3 months in prison.

Mircea Cioata, Bulevardul V.L. Lenin 1, Bloc A, Sc. B. App. 19, Ploiesti, Jud. Prahova. His wife's name is Florica. They have three children. Mircea has been sentenced to 5 years and 3 months in prison.

According to my sources their only crime is the possession and distribution of the Gospel of Jesus Christ. This certainly again demonstrates that Romania is not worthy of extension of her Most Favored Nation status, and my hope is that the President will not recommend a continuation of this status to the Congress unless the situation in Romania improves.●

IMMUNIZATION FUNDS REDUCTION

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Ms. FIEDLER. Mr. Speaker, on February 24, 1982, the Los Angeles Times ran an article titled "Putting Children in Danger of Death," concerning the Reagan administration's 1983 budget request for the childhood immunization program. The article questions the commitment of the Reagan administration to the immunization program, despite the fact that the administration's budget request for the program in fiscal year 1983 is $1 million greater than actual spending this year.

Secretary Richard Schweiker responded to the article in a letter published in the March 15, 1982 edition of the Los Angeles Times, detailing the success of the immunization program, and justifying the level of spending requested by the administration. I have included a copy of the Secretary's letter, and ask that it be inserted in the RECORD.

IMMUNIZATION FUNDS REDUCTION

The following is our department's response to the article by Carol Levine, editor of the Hastings Center Report, on the Administration's 1983 budget request for the immunization program, which appeared in The Times (Editorial Pages, Feb. 24).

"Putting Children in Danger of Death" is a very scary headline. However, it has nothing to do with the reality of the successful childhood immunization program being funded nationwide by the Department of Health and Human Services—a program the Reagan Administration fully and strongly supports, a program continuing on a steady course.

The fact is that our immunization program is in no danger whatsoever—nor is our determination to protect those most precious of all America's resources—our children. Two days after Carol Levine's article appeared, alleging a letdown in the immunization program, news accounts from the Centers for Disease Control reported another in a long series of immunization-related successes. Cases of measles, the report showed, continued to decline in January, hitting a record low of just 36 cases nationwide—71 percent below the same reporting period last year. Measles is on the way to being wiped out altogether in this country.

Continuing this immunization progress to protect our children is something I feel very deeply about as secretary of health and human services.

Over the years, as a U.S. senator from Pennsylvania, I was deeply involved in virtually every major piece of health legislation passed in this country, including legislation funding childhood immunization.

I've seen these immunization programs work. I've seen them battle measles, polio, mumps and rubella to a standstill.

Unfortunately, Levine's criticism failed to take into account the background of our ongoing commitment to immunization of children.

To suggest that, because the fiscal year 1983 budget request of $29 million for immunization represents only a modest increase over last year's funding level, it somehow marks a lessened commitment to protect our children is seriously inaccurate.

Last month, Dr. William Foege, director of the Centers for Disease Control (and a professional who was not appointed by the Reagan Administration), summarized the budgetary needs of the immunization program this way:

"We believe the decrease in the numbers of susceptible children, improved program efficiency and widespread public involvement in the immunization program will more than offset any decline in the purchasing power of federal funds."

In other words, we've come such a long way that, obviously, we don't need as many dollars to keep the momentum of the program going as we did to start it and get it up to speed in the first place. Moreover, any fiscal year 1983 "decrease" in federal funds results only from the effects of inflation and rising vaccine costs. Our actual budget request is $1 million higher for fiscal year 1983 than we are spending this year.

Back in 1977, we had 57,345 cases of measles in America. In 1981, we had just 3,032. Six years ago, only 75 percent of our children were inoculated against measles, only 78 percent against diphtheria, tetanus and pertusses. Only 70 percent were inoculated against rubella, 72 percent polio.

Today, that's changed. Virtually all children—95 percent or better of all school enterers—are inoculated.

With only about 5 percent of our children entering school still requiring inoculation, instead of 22 percent to 30 percent a few short years ago, it stands to reason we don't need the same number of dollars.

We have the money to do the job. If we didn't, I'd be the first one to go to Capitol Hill to ask for more. All 50 states now have immunization requirements for school entry; 39 states, and the District of Columbia, have immunization requirements for all students, from kindergarten through 12th grade.

Moreover, voluntary groups, PTAs and, especially, parents, are wholeheartedly involved in the campaign to conquer childhood diseases once and for all. Parents' understanding of the benefits of inoculation has improved tremendously. Parents are aware and concerned. They're cooperating by taking the steps necessary to help protect their children.

So, too, are local health departments in communities across America. They are justifiably proud of the efficient immunization system they have helped build over the years.

Additionally, any state needing more funds for its immunization program can now turn to the preventive health and the maternal and child health services block grants that are given to the states to use as they see fit under newly passed legislation authored by the Reagan Administration last year.●

CRAMER HILL BOYS' CLUB HONORS CAMDEN ATHLETES

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. FLORIO. Mr. Speaker, I recently had the honor of sharing a very special evening with members and friends of the Cramer Hill Boys' Club of Camden, N.J. On Saturday, May 8, the club held it's 27th annual sports banquet, where it recognized many of the community's young athletes.

The Cramer Hill Boys' Club is the oldest youth organization in the city of Camden. Incorporated in 1954, the club has been a leader in promoting neighborhood activities for its young people and enhancing civil responsibility and service to others. I am proud to have been a close observer and supporter of the club's work for many years.

Today the club serves between 350 and 400 Camden youth. For more than a quarter century the club has provided invaluable guidance and encouragement to many thousands of young people in scholastics, athletics, development of character, and community involvement.

Mr. Speaker, the Cramer Hill Boys' Club is composed of interested and thoughtful persons who are working hard to improve their community and their children's future. Anthony Iezzi is president. I know that my colleagues will want to join me in saluting the achievements of the Cramer Hill Boys' Club, and wishing them continued success. At this time I wish to insert in the RECORD the names of the young men and women who were awarded special recognition this month at the club's annual sports banquet.

Boy of the Year—Gerald Dorso
Girl of the Year—Joanne Graves

BASEBALL—MOST VALUABLE PLAYERS

Little League—Rodney Chandler
Minor League—Mike Rocabaldo
V.F.W. League (American Division)—Don Rocabaldo
V.F.W. League (National Division)—Michael Iezzi

SOFTBALL—MOST VALUABLE PLAYERS

Age 10-12—Margaret Iezzi
Age 13-15—Terry Ayers
Age 15-18—Beth Mandruck

BASKETBALL—MOST VALUABLE PLAYERS

Age 13-15—Michael Hadley
Age 16-18—Lou Simpson

FOOTBALL—MOST VALUABLE PLAYERS

Chris Broccoli (70 lbs. division)
Al Alfred (85 lbs. division)
Joe Edwards (110 lbs. division)
James Weathers (130 lbs. division)

CHEERLEADING

Robin Gant, Bridgette Getts, Cindy Genery, Terry Collins●

THE NEW ILLITERACY

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. LAFALCE. Mr. Speaker, one of the most alarming trends of recent years concerns the declining capabilities of American students in the maths and sciences. At a meeting last week of the National Academy of Sciences, stern warnings were sounded over the fact that greater and greater proportions of students are graduating American high schools despite the fact that they are scientifically and technologically illiterate. Our science and math education compares sorrowfully with what is afforded to students in the Soviet Union, the People's Republic of China, East Germany, and Japan.

The specter of an American populace ill-equipped to deal with the worldwide technological boom is truly frightening. Our ability to make educated decisions in an increasingly technological society, our ability to form a productive economic base which can provide jobs and our ability to insure a strong national defense all vitally depend upon adequate educational preparation.

If we are going to insure a defense system in which soldiers can operate sophisticated weaponry, and a civilian economic system in which there is an adequate supply of technologically competent men and women, and a political system where everyone participates in decisionmaking, we cannot have scientific know-how in the hands of a select few. The scientific training must be broadly disseminated to all of our Nation's citizens.

I commend to my colleagues the following two editorials from the May 16, 1982, Washington Post. These prescient essays describe in greater detail the crisis we face in the area of scientific and technological preparation of our Nation's youth:

FALLING BEHIND IN MATH AND SCIENCE

(By Paul DeHart Hurd)

The fastest growing minority group in the United States is the scientifically and technologically illiterate. Chances are that if you know a young person finishing high school this spring, he or she is part of it.

Of the 25 instructional hours available in a school week, elementary school children get an average one hour of science and less than four of arithmetic. In junior high, students continue math, but most don't start algebra until the 9th grade, and then only two-thirds of 9th graders do so. The science program is mixed up, with few opportunities to explore a science or engineering topic in any systematic way.

Only 34 percent of our 3 million annual high school graduates have completed three years of math. Only 8 percent complete a course in calculus—only 31 percent of the high schools even teach calculus. Most seniors have had a biology course, a little over a third have had chemistry. Physics is a part of this sequence for perhaps as few as 10 percent.

Three successive nationwide assessments have shown a decline in achievement in science. Two assessments of mathematics have shown a negligible decline in mathematics learning in elementary schools, but the decline increased for 13-year-olds and was greatest for 17-year-olds. The mean score in mathematics on the Scholastic Aptitude Test dropped from 502 in 1963 to 466 in 1980. The proportion of students who scored at the highest level declined by 15 percent between 1967 and 1975, while the lowest scoring groups grew by 38 percent. There has been a 70 percent increase in remedial math courses in public four-year colleges over the last five years.

There is one bright spot: in the 1970s the number of students taking advanced placement examinations more than doubled. If we can assume that these are the students best qualified to pursue scientific and technical careers, our schools are generating a talent pool of some 50,000 students each year. Even if this number were sufficient to provide us with our future researchers and professional engineers—and no one knows if it is—it would still leave our country without other scientifically knowledgeable young people.

There is a critical shortage of qualified science and mathematics teachers. During the 1970s, we experienced a 77 percent decline in the number of secondary school mathematics teachers being trained and a 65 percent decline in science teachers. Of those trained, more and more are leaving teaching for business or industry. Nationwide this school year, 50 percent of the teachers employed by high schools to teach mathematics and science were unqualified and are now teaching with emergency certificates.

Compare science and mathematics education in the United States with that in the Soviet Union, East Germany, China and Japan:

Their school years average 240 days, and absences, considered a family responsibility, are minimal. Typically, our school year is scheduled for 180 days but shrinks to 160 because of absences.

Their schools have a five-and-a-half or six-day school week and a six- to eight-hour school day. Our children attend school four to five hours a day, five days a week.

Their school vacations are short and dispersed to minimize interferences with the learning sequence. Our children have a three-month intellectual vacation in the summer.

Each of the four countries has a national educational policy emphasizing the importance of science and mathematics to economic and cultural progress. We have no such policy.

As with our own, children abroad begin instruction in science and arithmetic in elementary school. Specially trained teachers take over science and mathematics in grade four. For the most part, our elementary school children have one teacher for all subjects throughout the first six years, and sometimes the first eight years.

Specialized study begins for children in other countries in the sixth grade with separate courses in mathematics, biology, chemistry, physics and geography. Each course extends over a period of four to six years. These courses are required of all students. The time spent on these subjects, based on class hours, is approximately three times that of even the most science-oriented students in the United States.

But at no time do the course requirements in science and mathematics in those countries exceed what is allocated to the social sciences, humanities and languages. Indeed foreign language study—usually English—is encouraged to make it possible for students to tap the world's largest resource of scientific and technical information—ours. There are more students and adults learning English in China than there are English-speaking people in the United States.

Russia requires precollege science teachers to carry out a research project in their major field before they may teach in a secondary school. Each of the four countries has provisions for continuing programs of in-service education. Local colleges and universities are expected to assume much of this responsibility. Members of the Academy of Sciences in each of the countries share a responsibility for keeping curriculum materials up to date and socially valid.

None of these comparisons means we should do the same. But they do tell us that other countries recognize the importance of science and mathematics to meeting future economic challenges and that they succeed in encouraging a large percentage of students to pursue careers in science, mathematics and engineering, and in generating a supportive citizenry for scientific endeavors. I am not sure we are doing the same.

Among the developed and developing countries throughout the world there is widespread recognition of the importance of science and technology in fostering human welfare and in meeting the economic and political demands of living in the 20th century and beyond. For the United States to meet these demands will require a knowledgeable and concerned public as well as specialists in the generation of scientific knowledge and technological innovations. A commitment to precollege education in the sciences, in technology and in mathematics must be made by the American public.

THE NEW ILLITERACY

Prof. Paul Hurd outlines a frightening national trend on today's op-ed page. American precollege students are heading toward scientific and technological illiteracy in a world where security and prosperity increasingly depend on science and technology. Dr. Hurd presented his warning to a convocation at the National Academy of Sciences last week.

At the meeting, educators told of steadily declining student achievement in mathematics and the sciences and of less demanding and more out-of-date curricula. School administrators confirmed an appalling shortage of science and mathematics teachers. The superintendent of Houston's public schools reported that thousands of students had graduated without ever having had a qualified math or science teacher.

Representatives of industry, both the new high-technology companies and the traditional "smokestack" industries, warned that they are already unable to find workers sufficiently trained and comfortable with mathematics and technology, and that their need for such workers is going to grow steadily. The secretary of defense linked the problem directly to national security because of manpower needs in both the armed services and defense industries. Numerous speakers reminded the audience that its literate work force has been a traditional advantage of the U.S. economy since the beginning of the industrial age.

Specialists reported that while science and mathematics education has been allowed to fall into decline in the United States, it is being accorded the highest priority elsewhere. Prof. Hurd illustrates some of the ominous differences between this and other countries. Yet even more than in those other societies, democracy demands that citizens understand the choices they have to make. A very small number of American students are being well prepared for careers in science and engineering, but nearly everyone else—about 98 percent of high school graduates—is leaving school as a functional illiterate in these fields in effect denied full citizenship.

Twenty-five years ago, Sputnik galvanized the United States into the realization that it had fallen way behind. This time, there is no single foreign threat—at least not yet—though the problem may be worse. Last time, there was an immediate federal response and the programs worked, until funding and attention dissipated in the late '60s. This time, there is little or no federal money available and a disinclination to look toward Washington for a solution.

Certainly the solution will require the efforts of nearly every sector of society. But the first question that needs to be answered is whether an enterprise run by 16,000 independent and underfunded school districts, with 95,000 directors (school board members) who have a 20 percent annual turnover, can do what is required without concerted leadership and money from Washington.●

REVEREND GRAHAM AND THE SOVIET PEACE OFFENSIVE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. McDONALD. Mr. Speaker, as the Second Special Session on Disarmament at the United Nations nears, a crescendo of rhetoric and media hype builds so as to culminate on June 12. On that date a mass demonstration is scheduled in support of a nuclear freeze—if not unilateral Western disarmament, and acceptance of the Soviet peace proposals as enunciated at the 26th Congress of the Communist Party of the Soviet Union last year.

It has long been an aim to legitimize support for such pro-Soviet policies through the use of well-meaning citizens in this country and Europe. One particular group sought after has been the clergy. Their deep concerns for peace and brotherhood have often led to support of actions which in the long term would aid Soviet foreign policy objectives. The most recent example of this can be seen in the Reverend Billy Graham's visit to Moscow and the reception he received from the Soviet authorities.

I strongly commend to the attention of my colleagues Mr. John F. Burns' article in the May 16, 1982, New York Times, entitled "Soviet Peace Charade Is Less Than Convincing," as an example of Soviet manipulation of the press and clergy in this country and Europe. The article follows:

SOVIET PEACE CHARADE IS LESS THAN CONVINCING

(By John F. Burns)

Moscow.—When the Rev. Billy Graham departed last week it seemed clear that his sojourn here would be remembered in the West mainly for his observations about the degree of religious freedom he found during his six-day stay. But the value of his visit for the Kremlin probably lay less in the evangelist's generous view of the state-controlled churches than in his attendance at a conference promoting the Soviet "peace" campaign, a curious bowdlerization of the movement against nuclear weapons that has been gathering momentum in the West.

Though the forms the Soviet movement has adopted are a deft facsimile of its Western counterparts, only the most credulous could equate them. The Kremlin campaign has its rallies and its slogans, and its polemicists have shown understanding of the oral and spiritual concerns that underpin Western antinuclear protests. But there is nothing impartial about the Soviet version, no propensity to look for fault at home. As in everything of consequence in Soviet life, the Kremlin has imposed its monopoly.

American clerics, who remained at the conference after Mr. Graham left, fought successfully for an amendment to its communique that added an approving reference to President Reagan's agreement to open strategic arms talks to the otherwise pro-Soviet text. But the concession seemed unlikely to perturb the Russians, who seem well-organized to keep the peace issue running their way; elaborate peace programs have been a staple of Soviet foreign policy since Lenin. The current Soviet peace committee apparatus was established in 1950 and the committee has served as a conduit for Soviet influence in the World Peace Council in Helsinki, a faithful supporter of Soviet positions. With the advent of the Reagan Administration and the resurgence of the nuclear issue in Western European politics, the committee has assumed new importance.

Its recently named chairman is 73-year-old Yuri A. Zhukov, a senior Pravda commentator who presides in a shiny new steel-and-glass headquarters complete with conference hall, film theater and a staff of 100. It operates 120 branches whose reach can be judged by their success in obtaining 180 million signatures in the 1976 "Stockholm appeal" for an end to the arms race, and by the recent marshaling of six million letters to the North Atlantic Treaty Organization from young Russians protesting plans to deploy new American missiles in Europe. The committee budget comes from popular contributions and activities such as the "peace shifts" that were worked in thousands of factories last weekend to mark the 37th anniversary of the end of World War II.

HELPING PEACE MOVEMENTS ALONG

Demonstrating its total control, the peace committee held protest meetings and rallies last week and was able to announce in advance how many people would attend each event—for example, "a meeting with antiwar slogans in Brest Fortress—40,000 people." To nobody's surprise, the meetings produced "spontaneous" denunciations of President Reagan's policies on nuclear missiles, the neutron bomb and chemical weapons, which could have been clipped from Pravda.

The committee publishes no accounts, but some of its largesse evidently has been bestowed on Europeans opposing the Western alliance plan to deploy new missiles as a counterbalance to Soviet SS-20's. Moscow has ridiculed President Reagan and NATO Secretary General Joseph Luns for suggesting the link, but a Norwegian group, Art for Peace, acknowledged receiving Soviet financial help for a "peace meeting" last year and the Danish representative on the World Peace Council came under investigation after $45,000 was found hidden in a cupboard in his home. A Soviet diplomat in Copenhagen was declared persona non grata for activities that included contacts with the Danish peace campaign and a Tass correspondent was expelled from Holland for his contacts with the Dutch antinuclear movement.

The Soviet agent's help probably amounts to little more than a jog in the direction that the protestors would have gone anyway. More intriguing is Mr. Zhukov's assertion that his committee is independent of the Soviet Government. That its policies happen to be identical with the Kremlin's, he said, is no wonder, since it is the Soviet leadership that is "objectively" pushing for peace.

Similar circular arguments were expressed in an October 1980 article in Voprosy Filosofii, a Soviet Academy of Sciences journal, by Maj. Gen. Arsenii F. Milovidov, dean of philosophy at the Lenin Military-Political Academy. He argued that nuclear missiles were "fearsome weapons of war" in imperialist hands but "a shield for peace" in the Communist armory.

Of late, there have been signs of anxiety that the emphasis on peace may have gone too far, and that encouragement of European protests could backfire by stimulating similar manifestations in Moscow. How unwelcome that would be was demonstrated last month when European visitors who attempted to unfurl a disarmament banner in Red Square were thrown to the ground by K.G.B. security agents and hauled off for interrogation.

Kremlin worries that popular feelings may yet erupt have shown up in warnings about what the newspaper Sovietskaya Rossiya called "toothless pacifism." The newspaper did not have to explain that in parks in Moscow and other Soviet cities, young people gather with guitars and sing peace songs, including some borrowed from the American antiwar movement of the 1960's. In a booklet entitled "Always Ready to Defend the Fatherland," Marshal Nikolai V. Ogarkov, chief of staff of the armed forces, lamented that two generations of Soviet people have grown up since World War II "not knowing what war is" and consequently adopting "easy-going attitudes and carelessness." Such attitudes, the marshal said, were "a dangerous phenomenon, fraught with grave consequences" that should be eradicated by the party and the Young Communist League by all possible means.●

AMENDMENTS TO THE FIRST BUDGET RESOLUTION

HON. WYCHE FOWLER, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. FOWLER. Mr. Speaker, the following is a brief summary of three amendments I hope to offer to House Concurrent Resolution 345, the first concurrent resolution on the budget, and to the Michel substitute to House Concurrent Resolution 345.

AMENDMENT SUMMARIES: AMENDMENT NO. 1—PROVIDE FOR NATIONAL SECURITY

[In billions of dollars]

Function and description	Change in—	
	BA[1]	Outlays
050—National defense	-4.10	-1.80
270—Energy	+.19	+.10
500—Education, training, employment, and social services	+2.20	+1.70
Total	-1.71	
AMENDMENT NO 2—INVEST IN OUR FUTURE		
250—General science, space, and technology	+0.50	+0.46
300—Natural resources and environment	-1.90	-1.90
350—Agriculture	+.60	-.35
400—Transportation	+.05	+.05
500—Education, training, employment and social services	+1.15	+.85
Total	+0.40	-0.89
AMENDMENT NO 3—MAINTAIN BASIC INFRASTRUCTURE/ESTABLISH REAL FEDERALISM		
300—Natural resources and environment		
370—Commerce and housing credit	+4.80	+.70
400—Transportation	-7.90	-7.98
750—Administration of justice	+.08	+.08
Total	-3.02	-7.20

[1] Budget authority

AMENDMENT NO. 1—PROVIDE FOR NATIONAL SECURITY

[In billions of dollars]

Function and program	Change in—	
	BA[1]	Outlays
050—Cancel MX program, except for $200 million R. & D. program for additional study of survivable basing modes (including sea basing)	-4.00	-1.70
050—Slow growth in defense atomic energy activities to reflect cancellation of MX program	-.10	-.10
270—Eliminate funding for Clinch River Breeder Reactor	-.21	-.20
270—Add funding for research and development for solar and renewable energy, and fossil fuels and for energy conservation	+.20	+.10
270—Add funding for strategic petroleum reserve (construction and oil purchases), all to be included on-budget	+.20	+.20
500—Add funding for job training by adopting community partnership for employment and training program to replace CETA and to be funded at a level of $5 billion	+2.20	+1.70
Total	-1.71	

[1] Budget authority

AMENDMENT NO. 2—INVEST IN OUR FUTURE

[In billions of dollars]

Function and program	Change in—	
	BA[1]	Outlays
250—Increase funding for National Science Foundation (to upgrade scientific equipment and instrumentation, and to fund science and engineering education and minority institutions science improvement programs at fiscal year 1981 levels	+0.15	+0.13
250—Increase funding for NASA to provide for the following programs mission operations and research analysis, 30/20 GH, communications satellite demonstration, solar electric propulsion system, Venus orbiting imaging radar, comet rendezvous, and Shuttle/Centaur launch of Galileo mission	+.35	+.33
300—Increase funding for land and water conservation fund, historic preservation, and urban parks	+.10	+.10
300—Increase funding for EPA operations with additions concentrated in the fields of drinking water, air and water quality, and hazardous wastes	+.40	+.40
300—Reduce funding for water resources program by ending Federal support for least cost-effective project construction in fiscal year 1983. Move to $3.5 billion block grant in fiscal year 1984 (See amendment No 3)	-.40	+.40
300—Impose additional user fees for national resources to more fully recover costs to the Federal Government. Target areas include livestock grazing, ocean dumping, hardrock mineral production, irrigation, deep draft ports usage, improved collection of Federal royalty payments	-2.00	-2.00
350—Provide financial incentives for producers of surplus commodities who reduce acreage planted and employ qualified land conservation practices	+.50	+.45
350—Increase funding for Agricultural Research and Services (including research, extension, and animal and health programs)	+.10	+.10
350—Gradually reduce dairy price support levels to bring supply more into line with projected demand		-.90
400—Increase funding for NASA aeronautical research and technology program	+.05	+.05
500—Increase funding for elementary and secondary education programs (education for the disadvantaged, education for the handicapped)	+.90	+.60
500—Increase funding for higher education programs (Pell grants, college work study)	+.25	+.25
Total	+.40	+.89

[1] Budget authority

AMENDMENT NO. 3—MAINTAIN BASIC INFRASTRUCTURE/ESTABLISH REAL FEDERALISM

[In billions of dollars]

Function and program	Change in—	
	BA[1]	Outlays
300—Establish block grant for water resources program in fiscal year 1984 and fund at $3.5 billion. States would be able to use their allocation for all programs currently funded under this account plus urban water system maintenance. States would be allowed to carry forward their allocations to future years		
370—Establish temporary mortgage interest rate subsidy program for purchases of single family homes in order to make homeownership more affordable, and to stimulate the depressed housing industry	+3.50	+.70
370—Establish multifamily rental housing construction block grant program, targeted to areas of low vacancy and to low income households	+1.30	
400—Turn back Federal highway programs (and the revenues to finance them) to State governments. Remove highway programs from the Federal budget and levy an additional 10 cents/gallon motor fuels excise tax that would be returned to State governments to fund highway construction and maintenance at an annual national level of about $11 billion	-8.50	-8.30
400—Block grant, and increase funding for federal mass transit assistance to qualifying local governments	+.30	.12
400—Increase funding for airports and airways programs and reject defederalization of major airports	+.10	+.10
400—Increase funding for the Coast Guard to better enable it to accomplish its missions, including environmental protection and drug enforcement	+.20	+.10
750—Increase law enforcement grants to State and local governments for selected successful anticrime programs	+.08	+.08
Total	-3.02	-7.20

[1] Budget authority ●

THE EXPORT TRADING COMPANY ACT

HON. THOMAS F. HARTNETT

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HARTNETT. Mr. Speaker, with unemployment at unacceptably high levels, this body must be on the lookout for ways to create new American jobs. At the same time, budget constraints dictate that we must find these jobs in such a way that we do not put a further burden on the taxpayers.

I commend to my colleagues a job-creating bill that accomplishes both of these goals. The Export Trading Company Act would create over 300,000 new American jobs—4,000 to 5,600 in South Carolina alone—by encouraging the development of effective and knowledgeable trade intermediaries to market American goods and services overseas.

Many American companies now produce goods and services that can be competitive with anything on the world market. The problem is that they lack the necessary expertise to develop the foreign markets. In addition, they are not in a financial position to assume the heavy risk involved.

Export trading companies would be in a position to provide the expertise, as well as provide the economies of scale necessary to reduce the risk to acceptable levels.

If these trading companies are so great, why have they not been developed before? The answer is that there are currently two areas of significant disincentives that have discouraged the formation of trading companies. First, small companies fear that any collaborative efforts will run afoul of antitrust laws, even though the activities occur outside the United States. The legislation under consideration by the House would provide for a "preclearance" of the proposed activities, and a certificate of review would be issued to insure that the companies' activities tended not to violate the antitrust laws.

Second, banks would be allowed to bring their considerable financial clout—with adequate safeguards for depositors—and international expertise to the trading companies.

Mr. Speaker, this is a first-class idea whose timing could not be better. I urge my colleagues to give this bill their strong support.●

REV. WALTER J. VETRO OF BROOKLYN, N.Y.

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. RICHMOND. Mr. Speaker, I am sure my colleagues will join me in commending and congratulating Rev. Walter J. Vetro, of Brooklyn, N.Y., as he celebrates his 40th anniversary in the priesthood on May 23.

Born in New York City, Reverend Vetro has served as the pastor of St. Nicholas Roman Catholic Church in Brooklyn for the past 10 years. Reverend Vetro earned his degree as bachelor of sacred theology at the Gregorian University of Rome, Italy, in 1940. He also possesses a master's degree in science in education on the level of administration and supervision, as a graduate of St. John's University, New York in 1962.

Reverend Vetro is the chairman of the board of directors of the St. Nicholas Neighborhood Preservation and Housing Rehabilitation Corp. He also serves as the vice chairman of the board of the Jennings Hall Senior Citizen Housing Development Fund Corp. and is a member of the community planning board No. 1 in Brooklyn. In addition to his outstanding service in the community, Reverend Vetro is the chairman of the Brooklyn Diocesan Council for the administration of church properties and chairman of the board of directors of the Pastoral Institute for the continuing education of clergy and religious of the Diocese of Brooklyn. Reverend Vetro has demonstrated an exceptional zeal, not only in his religious calling, but in the field of community development and housing, for which a testimonial is being sponsored by the 40th anniversary committee, whose members include St. Nicholas Church trustees, parish organizers and clergy associates, business associates and friends. Mr. Joseph Farco is the committee chairman.

Mr. Speaker, this exceptionally dedicated spiritual and community leader in the Greenpoint-Williamsburg neighborhood of Brooklyn, Rev. Walter J. Vetro, is worthy of our highest praise as he achieves yet another milestone in his illustrious career.●

PARRIS SUPPORTS PARK MEMORIAL

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. PARRIS. Mr. Speaker, almost 50 years ago, in 1933, an innovative program was initiated by the U.S. Government under President Franklin D. Roosevelt. This program, the CCC—Civilian Conservation Corps—offered hope and opportunity to some 4.5 million Americans from 1933 to 1942. About 2 million of these individuals are active today and have formed the NACCCA, the National Association of Civilian Conservation Corps Alumni. A nonprofit organization organized in 1977, they have come to Capitol Hill to ask for congressional support for a very special effort. So you can appreciate their endeavor, let me first inform you of their goals. The objectives of the NACCCA are to recapture and preserve the history and accomplishments of the CCC, to help resolve problems of our growing senior population, to assist America's youth, and to beautify our countryside and our parks.

To asssist in accomplishing these worthwhile goals this organization has requested that Congress grant NACCCA the use of land in the Prince William Forest Park in Virginia for the purpose of establishing a museum, headquarters, and other buildings for use as a memorial to the Civilian Conservation Corps. This legislation will not represent any cost to the taxpayers since funds would come from private donations. The legislation also contains provisions which will assure that plans for the memorial are satisfactory to the Secretary of the Interior and that the authority to use the Prince William Forest Park land for memorial purposes shall lapse unless privately donated funds adequate to develop the memorial are available within 5 years. The operational costs of the memorial will be dereived from NACCCA funds.

The executive council and the memorial task force of the NACCCA had considered several locations and concluded that a site in the vicinity of the Nation's Capital and within a unit of the national park system would be most appropriate. The Prince William Forest Park offers a unique opportunity to commemorate the Civilian Conservation Corps and to make known to the public its history and accomplishments nationwide during the decade of its existence. Paramount in the opinion of the task force was: First, the Park's location about 30 miles from Washington with easy access from U.S. Interstate Highway 95; second, the presence of a CCC campsite with a variety of remains that could contribute to an understanding of what a typical CCC camp looked like; and third, the national symbolism provided by an attractive park, reforested and developed from submarginal farmland, largely by CCC personnel. Additionally, the site illustrates an accomplishment of the Recreational Areas Development Program, a New Deal agency responsible for acquiring the privately owned farmlands which were incorporated in the park.

The interpretive program of the memorial would focus on the original CCC campsite, and a museum-history center constructed on lands adjacent to the campsite and on which would be located a parking area with easy access to existing park roads. Pedestrian paths would link the two major interpretive units.

The museum-history center would provide space for the perservation and use of objects and documents related to the CCC program and especially to the more than 2,500 camps originally located throughout the United States: a centrally located display telling the story of the Civilian Conservation Corps program, utilizing modern museum and interpretive techniques; the preservation for public use of plans for recreational facilities that were prepared in the CCC era; a small reference library of publications pertaining to the Civilian Conservation Corps, and facilities for the reception and comfort of visitors. In addition, the structure would contain office space for the National Association of CCC Alumni. It is anticipated that the Center would be used by scholars performing research and would encourage such use, as well as that of the general public.

The museum-history center structure will be designed so that its exterior will harmonize with the local environment. The interior design will emphasize the functional and will be reasonably modern in appearance, particularly where it is necessary to protect the items collected from excessive heat and humidity. Wherever possible, modern day energy concepts such as solar and wind energy would be used. The structure would be designed to permit future floor space expansion, if it should be required.

The original campsite would be developed either as a fullscale reproduction of the original buildings, or a restoration of the remains of the camp, plus such reconstruction as may be needed to develop the total story. The access paths to the site would be developed to conform in appearance to the local environment. Interpretive devices along the paths would explain facets and details of the story. If needs indicate it, a study would be made of such adaptive uses of the structures that would conform to national park policy and serve additionally to interpretation.

Should the needed legislation be approved, the association would launch a nationwide full scale fund raising drive, the purpose of which would be to raise the moneys needed for the total project, including the establishment of a fund for the operation and maintenance of the facilities.

Mr. Speaker, I urge my colleagues to join me in supporting the National Association of Civilian Conservation Corps Alumni's worthwhile endeavor.●

THE RULE OF THE LAW

HON. WENDELL BAILEY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. BAILEY of Missouri. Mr. Speaker, I submit the attached remarks by Chief Justice Robert T. Donnelly delivered at the annual meeting of the committees of the Missouri bar in Jefferson City, Mo. on April 30, 1982, for inclusion in the RECORD:

Remarks of Chief Justice Robert T. Donnelly follow:

THE RULE OF THE LAW

As one who stems from a family of lawyers, I have an abiding devotion to The Rule of Law. Over the years I have become more and more disquieted by the progressive tendency of the Supreme Court of the United States to identify its moral convictions with constitutional imperatives, substituting the justices' personal predilections for the governing law. You may recall Justice Holmes' 1930 dissent in *Baldwin v. Missouri* in which he stated:

"I have not yet adequately expressed the more than anxiety that I feel at the ever increasing scope given to the Fourteenth Amendment in cutting down what I believe to be the constitutional rights of the States . . . I cannot believe that the Amendment was intended to give us carte blanche to embody our economic and moral beliefs in its prohibitions.[1]"

His successors have continued to identify their convictions with constitutional requirements. Justice Douglas disclosed in his autobiography that "the 'gut' reaction of a judge" [a]t the level of constitutional adjudications . . ." is the main ingredient of his decision.[2]

Concerned by this course of events, I delivered an address before the General Assembly of Missouri on January 7, 1982, the heart of which was that "even the United States Supreme Court should not be permitted to wield power it was never given." In response to my remarks, Senator Thomas Eagleton sought to align me with "opponents of rational thinking" who would "subvert the basic guarantees of our constitutional democracy;" with "jurisdiction strippers" who whould "toss aside the Constitution."[3]

He protests too much. And he accuses me unjustly—I do not question the benevolence of the Court's legislative efforts—I merely urge a rededication to to The Rule of Law.

In 1958, in *Cooper v. Aaron*, the Supreme Court asserted the power to amend the Constitution by judicial fiat: it declared its decisions the supreme law of the land and of binding effect on the States. On January 7, I proposed an amendment to Article V of the Constitution which would give a decision of the Court such stature only "when ratified by the Legislatures of three-fourths of the several States . . ." In a government derived from the consent of the governed, nothing is more important than the right of the people to govern themselves. In the words of Senator Eagleton, "the very survival of our constitutional democracy" is at stake.[4]

I do not yield to Senator Eagleton in my dedication to "the basic guarantees of our constitutional democracy."[5] Those guarantees rest upon a basic principle which he would ignore: ours is a government of "limited and defined powers."[6] In 1942, the Court stated that "courts possess no power not derived from the Constitution."[7] The Court confessed in *Ferguson v. Skrupa*[8] that it had gone out of bounds during the Lochner Era, saying:

"We have returned to the original constitutional proposition that courts do not substitute their social and economic beliefs for the judgment of legislative bodies, who are elected to pass laws."[9]

Unfortunately, the Court thereafter merely transferred its penchant for constitutional revision from the economic to the libertarian sphere, leading Professor Philip Kurland of the University of Chicago to say that "the most immediate constitutional crisis of our present time [is] the usurpation by the judiciary of general governmental powers on the pretext that is authority derives from the Fourteenth Amendment."[10]

Thus is posed the essential issue: has the Court usurped power? If it has, our system of checks and balances must provide a cure—otherwise the Court will be free to exercise illimitable power, contrary to the constitutional scheme.[11]

Let me therefore turn to judical usurpation. The watershed case was *Brown v. Board of Education*,[12] the desegregation decision, about which I wrote in 1979: it was inspired by "consecrated principles," by "decency and justice," but "[u]nfortunately, it also established a pattern for subsequent distortions of the judicial process."[13] It hardly needs argument to a body of lawyers that a Court may not overleap the bounds of its power in order to achieve a benign result. Substitution of "[an] individual sense of justice," Cardozo wrote, "might result in a benevolent despotism if judges were benevolent men. It would put an end to the reign of law."[14]

Was Brown authorized by the Fourteenth Amendment? A proponent of expansive judicial review, Professor Michael Perry of Ohio State University, recently observed that "the legislative history of the fourteenth amendment clearly discloses that the framers did not mean for the amendment to have any effect on segregated schools or segregation generally."[15] The desegregation decision represents, he indicates, the Court's displacement of the Framers' value choices by "a value judgment of its own."[16] Perry finds that "[t]here is no plausible textual or historical justification for constitutional policymaking by the judiciary," and that such policymaking "cannot be justified by reference either to the text or to the intention of the Framers of the Constitution."[17] Another activist, Professor Paul Brest of Stanford University, agrees that "[f]undamental rights adjudication is open to the criticism that it is not authorized and not guided by the text and original history of the Constitution,"[18] and he has been driven to maintain that the Judges are not bound by the Constitution.[19]

Among the grievious consequences of my point of view, Senator Eagleton asserts, is the threat to rights secured by the [Federal] Bill of Rights.[20] Chief Justice Marshall held in *Barron v. Baltimore*[21] that the Bill of Rights applied only to the federal government, not to the States. This holding is supported by the First Amendment's language that "Congress shall make no law . . ." and is confirmed by legislative history.[22] For more than 160 years that was unchallenged learning until Justice Black, dissenting, propounded the theory that the Fourteenth Amendment "incorporated" the Bill of Rights en bloc,[23] a view never accepted by the Court.[24] Perry concluded that the Fourteenth Amendment did not incorporate the Bill of Rights, as was demonstrated "by such renowned historians as Charles Fairman and, more recently, by Leonard Levy," and "is amply documented and widely accepted."[25]

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[1] Footnotes at end of article.

In place of Black's doctrine of wholesale incorporation, the Court proceeded to a process of piecemeal, selective incorporation. The result was, in the words of Justice Brennan, that "from 1962 to 1969 . . . the face of the law changed. Those years witnessed the extension to the states of nine of the specifics of the [Federal] Bill of Rights."[26] This "extension" was not authorized by an amendment; it was judicial construction without constitutional warrant. Professor Louis Henkin of Columbia University concluded that "selective incorporation finds no support in the language of the amendment, or in the history of its adoption."[27] One of the most respected federal judges, Judge Henry Friendly of the Court of Appeals for the Second Circuit, wrote, "It appears undisputed that the selective incorporation theory" has no "historical support."[28]

Let me tick off a few other revisions of the Constitution by the Court. Although its overthrow of segregation was morally just, it was done in spite of the Framers' intention to leave segregation untouched by the Fourteenth Amendment. The "one person-one vote" doctrine contradicts what Justice Harlan stated was the "irrefutable" intention of the Framers to exclude suffrage from the scope of the Fourteenth Amendment.[29] *Shapiro* v. *Thompson*[30] held that the "right to travel," never satisfactorily located in the Constitution by the Court, carries with it the right of an indigent to immediate support at the terminus, overthrowing hundreds of years of English, colonial and State Law to the contrary and imposing back-breaking burdens on certain Eastern States overrun with indigent migrants.[31] *Furman* v. *Georgia*[32] called death penalties into question on the theory that they constitute "cruel and unusual punishments," notwithstanding that in the 100 years between 1689, when the English framed the phrase, and 1789, when it was adopted by the Founders, death penalties were inflicted both in England and the colonies. The death penalty was a commonplace of State law and was never questioned until 1972.[33] The issue, it bears emphasis, is not whether we are for or against death penalties, but whether the Court may deprive the people of the right to enact them.

What of the Court's alleged duty to bring the "cruel and unusual punishments" clause into harmony with more benign modern views? Should the Court be made the arbiter of morals on an issue upon which opinion is sharply divided? As an immediate reaction to Furman there was "a virtual stampede of State reenactments" of death penalties.[34] More important, Hamilton, the most vigorous proponent of judicial review, assured the Farmers in Federalist No. 78 that until the "people" changed the Constitution by amendment, it was binding, "and no presumption, or even knowledge of their sentiments, can warrant their representatives in a departure prior to such an act." A departure by the Court, on the basis of Justices' morals, was not even dreamed of. In our time, Justice Black dismissed "rhapsodical strains about the duty of the Court to keep the Constitution in tune with the times," pointing to the Framers' provision for change by amendment.[35] And Justice Harlan declared:

"When the Court disregards the express intent and understanding of the Framers, it has invaded the realm of the political process to which the amending power was committed, and it has violated the constitutional structure which it is its highest duty to protect."[36]

I am therefore in very good company when I protest against the Court's exercise of ungiven power.

It is a fact that my January 7 proposal was buried in a House Committee many weeks ago. However, if the Court has "violated" the Constitution, if it is acting in excess of its power, then there must be some remedy; for unlimited power is alien to our democratic system. One of the foremost proponents of expansive judicial review, Professor Charles Black of Yale University, considers the jurisdiction-limiting powers conferred on the Congress by Article III to be "the rock on which rests the legitmacy of the judicial work in a democracy." Indeed, Black declared, "I am not sure that I would defend as consistent with the postulates of democracy a system which really did put nine men, with life tenure, in an absolutely invulnerable position of final power. I am very sure that the designation of such a government as one of 'checks and balances' would be quite absurd."[37] Black concludes that "those people are very badly mistaken who think they strengthen the position of the Court by arguing that its jurisdiction is outside congressional control."[38]

From the beginning of the nation the Supreme Court recognized power in the Congress to limit the jurisdiction of the lower federal courts. Article III, § 1, provides that the judicial power shall be invested in "such inferior courts as the Congress may . . . ordain and establish." The Court early held that "although the judicial power has its origin in the Constitution" it is "dependent for its distribution . . . entirely upon the action of Congress, who possess the sole power" of investing the inferior courts "with jurisdiction . . . and of withholding jurisdiction from them" as Congress may deem "proper."[39] What Congress delegates it can withdraw.

Article III § 2, provides that the Supreme Court's appellate jurisdiction shall be subject to "such exceptions and under such regulations as the Congress shall make." In 1810, Chief Justice Marshall declared that the Court's appellate powers "are limited and regulated by the judicial act.[40] He was referring to the Judiciary Act of 1789, enacted by the First Congress. Thus, the power of Congress to "limit" the appellate jurisdiction of the Supreme Court received early recognition both from the Congress and the Court.

During the Reconstruction era the Court, in *Ex parte McCardle*,[41] affirmed Congress' power to withdraw its jurisdiction in a case involving the constitutionality of Reconstruction legislation, and this during the pendency of an appeal. Chief Justice Chase said, "[the] power [of the Congress] to make exceptions to the appellate jurisdiction [of this court] is given by express words."[42] And in 1881, Chief Justice Waite observed that the Supreme Court's appellate powers "always have been proper subjects of legislative control . . . [and] whole classes of cases [may] be kept out of the jurisdiction altogether."[43]

No case in the Supreme Court, to my knowledge, has questioned these cases. Certainly one who relies on these cases may not be dismissed as exhibiting a desire to "toss aside the Constitution." In the most charitable view, Senator Eagleton is unfamiliar with the case law, law that is incompatible with his charge that "jurisdiction stripping proposals are . . . unconstitutional as a matter of law," and are merely "disguised efforts to amend the Constitution."[44] Instead, it is he who would ignore the Constitution by reading out of it the unambiguous provisions for limitation by the Congress of federal court jurisdiction.

Respectable opinion holds that the school prayer and busing decisions, for example, represent judicial revision of the Constitution because the Bill of Rights does not apply to the States and because segregation was excluded from the scope of the Fourteenth Amendment. And it is even more plain that if the Court has acted unconstitutionally, there must be some remedy lest we be ruled by judicial despotism; and that a cure, as the Court has repeatedly recognized, is furnished by the power of Congress to limit the Court's jurisdiction under the provisions of Article III.

The tone of Senator Eagleton's critique suggests that it is lese majesty to question the decisions of the Court. Judges as different as Chief Justice Burger and Justices Douglas and Frankfurter insisted on their right to look behind decisions to the Constitution itself. Burger "categorically" rejected the "thesis that what the Court said lately controls over the Constitution,"[45] Douglas affirmed that a judge swore "to support and defend . . . [the Constitution] . . . not the gloss which his predecessors may have put upon it."[46] Frankfurter did the same.[47] I too claim the right to look at the Constitution for myself. Surely a State court judge may be permitted to point out that both the Founders and the Framers of the Fourteenth Amendment were deeply attached to State sovereignty. Roscoe Conkling, a member of the Joint Committee for Reconstruction, said in 1866 that the proposal to limit State denial of suffrage "encounters a great objection on the threshold. It trenches upon the principle of existing local sovereignty."[48] That principle was delineated by Madison in Federalist No. 39: "[the federal] jurisdiction extends to certain enumerated objects only, and leaves to the several States a residuary and in violable sovereignty over all other objects."[49] His assurance was fortified by the Tenth Amendment's expressed reservation to the States of all powers not delegated to the federal government. Those expressed reservations ought not to be neutered by resort to what the activists themselves label as the "inscrutable," "obscure," and "indeterminate" terms of the Fourteenth Amendment.[50]

I would not deny those who seek change the right to alter the Constitution, but would insist that the exclusive medium of change is amendment by the people, not the Justices. I agree with Washington who said, "let there be no change by usurpation; for though this, in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed."[51] Self-government, not rule by Platonic Guardians, is crucial for the survival of a democracy, and it can only be assured by clinging to *The Rule of Law*, which is not to be confused with assertions of "morality" on the part of the Justices. Those who under the aegis of moral imperatives, espouse more than a *restraining role* for the Court, preach false doctrine. To borrow from Thomas Huxley: "The *foundation* of morality is to have done, once and for all, with *lying*." [52] (italics mine).

I have been asked: Why, as you enter the twilight of your life, did you deliberately expose yourself to the distortions and vilification which you must have known would follow the giving of the speech to the Missouri General Assembly? There are at least two reasons: The first is that "[o]nly when the people understand that it is the Justices, not the Constitution that require [extravagant intrusions into their lives] . . . will they be moved to reassert their right to self-government." [53] The other is that I do not wish to die with music left in me. Thank you very much.

FOOTNOTES

[1] 281 U.S. 586, 595 (1930) (Holmes, J., dissenting).

[2] Douglas recounts that when he came on the bench, Chief Justice Hughes told him, "you must remember one thing. At the constitutional level . . . ninety percent of a decision is emotional. The rational part of us supplies the reason for supporting our predilections." W. O. Douglas, The Court Years 1939-1975, 8 (1981).

[3] Remarks on the floor of the United States Senate in Senate Press Release, March 17, 1982, pp. 1 and 2.

[4] *Id.*, at 8.

[5] *Id.*, 1.

[6] Loan Association at Topeka, 87 U.S. (20 Wall.) 655, 663 (1874). Chief Justice Marshall declared that the government "can exercise only the powers granted to it . . ." McCulloch v. Maryland, 17 U.S. (4 Wheat.) 316, 405 (1829).

[7] Ex parte Quirin, 317 U.S. 1, 25 (1942).

[8] 372 U.S. 726 (1963).

[9] *Id.*, at 730.

[10] Quoted on dust jacket of *R. Berger, Government by Judiciary: The Transformation of the Fourteenth Amendment* (1977).

[11] See comments of Charles Black, *infra* in text corresponding to notes 37-38.

[12] 347 U.S. 483 (1954).

[13] Baker v. State, 584 S.W.2d 65, 70 (Donnelly, J., dissenting).

[14] *Benjamin N. Cardozo, The Nature of the Judicial Process* 136 (1937).

[15] Perry, *Interpretivism, Freedom of Expression, and Equal Protection*, 42 Ohio St.L.J. 261, 292 (1981).

[16] *Id.*, at 293.

[17] *Id.*, at 275.

[18] Brest, *The Fundamental Rights Controversy: Essential Contradictions of Normative Constitutional Scholarship*, 90 Yale L.J. 1063, 1987.

[19] Brest, *The Misconceived Quest For the Original Understanding*, 60 B.U.L. Rev. 204, 224 (1980).

[20] Eagleton remarks, *supra* n. 3, at 5-6.

[21] 32 U.S. (7 Pet.) 243 (1833).

[22] Perry, *supra* n. 15, at 291, n. 122.

[23] Adamson v. California, 332 U.S. 46, 74 (1947) (Black, J., dissenting).

[24] So Justice Black acknowledged in Betts v. Brady, 316 U.S. 455, 474 (1942) (Black, J., dissenting); *see* Henkin, *"Selective Incorporation" in the Fourteenth Amendment*, 73 Yale L.J. 74, 74-75 (1963).

[25] Perry, *supra* n. 15, at 285-286.

[26] Brennan, *State Constitutions and the Protection of Individual Rights*, 90 Harv. L. Rev. 489, 493 (1977).

[27] Henkin, *supra* n. 24, at 77.

[28] Friendly, *The Bill of Rights as a Code of Criminal Procedure*, 53 Calif. L. Rev. 929, 934, 935 (1965).

[29] Harlan charged in Griswold v. Connecticut, 381 U.S. 479, 501 (1965), (Harlan, J., concurring), that the reapportionment decisions were "made in the face of irrefutable and still unanswered history to the contrary . . ." Professor Louis Lusky is of the same opinion, Lusky, Book Review, 6 Hastings Con.L.Q., 403, 406 (1979).

[30] 394 U.S. 618 (1969).

[31] Berger, *Residence Requirements for Welfare and Voting: A Post Mortem*, 42 Ohio St.L.J. 853 (1982).

[32] 408 U.S. 238 (1972).

[33] *R. Berger, Death Penalties: The Supreme Court's Obstacle Course* (to be published in the Fall of 1982).

[34] *J. Ely, Democracy and Distrust* 65 (1980).

[35] Griswold v. Connecticut, 381 U.S. 479, 522 (1965) (Black, J., dissenting).

[36] Oregon v. Mitchell, 400 U.S. 112, 203 (1970) (Harlan, J., concurring in part and dissenting in part).

[37] Perry, *Noninterpretivist Review in Human Rights Cases: A Functional Justification*, 56 N.Y.U.L.Rev. 278, 332 (1981).

[38] *Id.*, at 334, n. 213.

[39] Cary v. Curtis, 44 U.S. (3 How.) 236, 245 (1845); *see also* Lockerty v. Phillips, 319 U.S. 182 (1943).

[40] Durousseau v. United States, 10 U.S. (6 Cranch) 307, 314 (1810).

[41] 74 U.S. (7 Wall.) 506 (1868).

[42] *Id.* at 514.

[43] The "Francis Wright", 105 U.S. 381, 396 (1881).

[44] Eagleton remarks, *supra* n. 3, at 2, 1.

[45] Coleman v. Alabama, 399 U.S. 1, 22-23 (1970) (Burger, C.J., dissenting).

[46] Douglas, *Stare Decisis*, 49 Colum.L.Rev. 735, 736 (1949).

[47] Graves v. New York ex rel. O'Keefe, 306 U.S. 466, 491-492 (1939) (Frankfurter, J., concurring). "[T]he ultimate touchstone of constitutionality is the Constitution itself and not what we have said about it."

[48] Berger, *supra* n. 10, at 61; for the Founders *see id.*, 60-64; and *R. Berger, Congress v. The Supreme Court* 260-262 (1969).

[49] The pervasive attachment to federalism, *i.e.*, State control of local institutions, Philip Paludan repeatedly emphasizes, was "the most potent institutional obstacle to the Negroes' hope for protected liberty." Berger, *supra* n. 10, at 155.

[50] *J. Ely, Democracy and Distrust* 98 (1981) ["inscrutable"]; Mendelson, Book Review, 6 Hastings Con.L.Q. 437, 451 (1979) ["obscure"]; Professor Paul Brest refers to the "indeterminacy" of the equal protection clause. Brest, *supra* n. 18, at 234, n. 115.

[51] 35 *George Washington, Writings* 228-229 (J. Fitzpatrick ed. 1940).

[52] H. T. Mencken, *Treatise of Right and Wrong* 197 (1934).

[53] R. Berger, *Residence Requirements for Welfare and Voting: A Post-Mortem*, 42 Ohio St.L.J. 853, 877 (1981).●

MEDICAL EXPENSE DEDUCTION ACT OF 1982

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. FIELDS. Mr. Speaker, I am today introducing legislation to amend the Internal Revenue Code of 1954 to allow a parent or legal guardian to deduct certain expenses incurred in connection with their child's required medical treatment.

Mr. Speaker, under current law, only transportation costs are clearly defined as medical deductions in those cases when a parent must accompany a severely ill child to a medical facility for treatment.

The purpose of my legislation is to expand the availability of medical deductions by allowing a parent or legal guardian to deduct certain living expenses, that is meals and lodging, for themselves and their dependent child, who is receiving medical attention as an outpatient.

While my bill does not attempt to deal with every hypothetical situation that may occur, I am hopeful that it will prompt discussion among my colleagues in the Congress who need to focus attention on this most important issue.

Although I clearly recognize that we are living in austere times, I firmly believe this Congress should enact this compassionate legislation. In the last several years, our Tax Code has become replete with deductions and credits for such things as adoption fees and child care expenses. While these are certainly well-meaning programs, I cannot think of a more deserving group of individuals, for this type of tax treatment, than those parents or guardians who are facing the crushing economic burden as well as the psychological strain of watching their child suffer from a debilitating disease.

In my own city of Houston, we are extremely fortunate to have one of the finest facilities for cancer treatment and, for that matter, many other major diseases. As a result, many people from all over the Nation travel to Houston so that their children may receive cancer treatment, chemotherapy, and radiation. While this treatment does not necessarily require full-time hospitalization, it may require treatment administered on an outpatient basis which calls for extended periods of time away from home.

As a result, a parent or guardian may find his or her living expenses reaching an interolerable level and may be faced with the unenviable prospect of abandoning the child or suffering financial insolvency. I do not believe these individuals, at a time of personal crisis, should be forced to make such a decision.

Additionally, I believe it has been clearly demonstrated at hospitals, like those in Houston, that these parents and legal guardians not only provide irreplaceable comfort to these young children, but actually assist in their child's medical care by insuring a proper diet, by providing medication, by assisting in physical therapy, and by generally attending to their emotional needs which is so important to the overall success of their medical treatment.

At a child's most critical moment of need, upon entering the hospital or as an outpatient, a parent or guardian can and does make the difference between a stable period of medical treatment and one of unquestionable anxiety.

My bill is an attempt to utilize the Tax Code to assist these parents or guardians, at this critical time, in a realistic manner. For instance, by bill only allows one parent or a guardian to deduct their living expenses; it limits deductability for those children under the age of 18; it restricts availability to expenses incurred outside one's hometown; and it encourages the affected individuals to maintain accurate records of their living expenses and those of their child.

Mr. Speaker, I urge my colleagues to approve this legislation which will clarify our Tax Code so that a parent or guardian may deduct living expenses on those unfortunate occasions when it is necessary for them to accompany their severely ill child to a medical facility for required medical treatment.

I urge the adoption of the Medical Expense Deduction Act of 1982.●

LEGISLATION AMENDING THE AT-RISK RULE FOR THE INVESTMENT TAX CREDIT

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. CONABLE. Mr. Speaker, I am introducing legislation to amend one of the technical rules in the Economic Recovery Tax Act of 1981.

The Economic Recovery Tax Act of 1981 (ERTA) extended the at-risk rule in the tax law to apply as a condition for claiming the investment tax credit (ITC). Thus, a person generally will receive an ITC only with respect to that portion of the property's basis for which he is at risk. Previously, the at-risk rule only applied as a condition for claiming depreciation deductions.

The term "at-risk" generally means that the taxpayer must be personally liable on loans used to finance the purchase of the property for which he is claiming a tax benefit. Thus, taxpayers who use nonrecourse loans may jeopardize some of the tax benefits on the property so financed.

A principal objective of this provision was to curb the overvaluation of tax shelter property. However, one unfortunate side effect is that legitimate, active businesses may be caught up in such broad antitax shelter measures. This fact first was recognized when the original at-risk rule for depreciation was established. The at-risk rule for depreciation provides an exception for active equipment leasing businesses.

The ERTA ITC at-risk rule provides an exception for a person who is at least 20 percent at risk and who borrows from an unrelated financial institution. This limited expection is helpful but it does not go far enough in accommodating active business operations.

In particular the situation of active subchapter S corporations requires further attention. The issue is whether each subchapter S shareholder must independently satisfy the at-risk rule or whether the at-risk loans of the subchapter S corporation will be imputed to the shareholders. Under prior law the ITC generated by a subchapter S corporation was allocated to the respective shareholders in a manner proportionate to their ownership interests. Some persons maintain that ERTA sought to allow for a comparable allocation of at-risk loans made to a subchapter S corporation among the shareholders in section 46(c)(8)(C). Other persons maintain that such a broad interpretation of section 46(c)(8)(C) would undercut the antitax shelter objective of the ITC at-risk rule. That is, they maintain that an expansive interpretation of section 46(c)(8)(C) would go beyond accommodating active businesses and provide a means for tax shelter participants to circumvent the ITC at-risk rule.

My current objective is to provide a limited accommodation in the ITC at-risk rule for active subchapter S corporations without casting a judgment on the extent to which section 46(c)(8)(C) applies to subchapter S corporations. The proposed legislation is modeled on section 465(c)(5) of the Internal Revenue Code which provides an exception to the depreciation at-risk rule for active, equipment leasing businesses. The legislation provides that the at-risk loans of an active subchapter S corporation in the automobile leasing business will be allocated among the shareholders in a manner similar to their ownership interests. Thus, the owners of automobile leasing companies with substantial operations will be allocated part of the corporation's at-risk loans for purposes of meeting the ERTA ITC at-risk rule. The result is that the operators of legitimate, active automobile leasing companies will not have their ITC jeopardized by sweeping at-risk rules which were intended to curb unproductive tax shelters.●

MIDDLESEX ELEMENTARY SCHOOL VISIT TO OUR NATION'S CAPITOL

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. LONG of Maryland. Mr. Speaker, on Wednesday, May 19, 1982, 32 young men and women from the Middlesex Elementary School, Essex, Md., will journey to Washington for a first-hand look at their Nation's Capitol.

The students led by parents and teachers, will tour the Capitol, the White House, and Mt. Vernon.

I am delighted these students are taking the opportunity to visit with us, and hope their interest in our Nation's political process will continue.

Students visiting us Wednesday are: Stacy Asbury, Eric Bates, Doug Boyer, Joey Cook, Bridgette Fleming, Randy Helton, Jennifer Iglehart, Dawn Pahl, Beth Ritterbusch, Dina Schenning, Janice Suehs, Drew Williams, Scott Wood, Mike Ayres, Ricky Stokes, Nicole Bocam, James Bryant, Michele Buckler, Steven Clark, Toby Hall, Tammy Paris, Denise Paulus, Robert Purkey, John Rockstroh, Bryan Sanders, Deanna Saraceno, Alissa Schaub, Jeff Sefa, Joan Weiman, Ray White, Lisa Zornes, and Joseph Mummert.

Teachers and parents accompanying the students are: Mrs. Sandra Louderback, Mr. Walter Blake, Mrs. Lilian Bocam, Mrs. Vicky Bryant, Mrs. Peggy Buckler, Mrs. Shirley Clark, Mrs. Sandy Hall, Mrs. Brenda Paris, Mrs. Linda Paulus, Mrs. Phyllis Saraceno, Mrs. Della Schaub, Mrs. Vickie Sefa, Mrs. Linda Zornes, Mrs. Mummert, Mr. Michael Hartin, Mrs. Thelma Asbury, Mrs. Helen Helton, Mrs. Margaret Schenning, and Mrs. Donna Ayres.●

ATLANTIC RICHFIELD'S ROBERT O. ANDERSON TO RECEIVE BOYS CLUBS OF AMERICA'S HIGHEST AWARD

HON. MANUEL LUJAN

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. LUJAN. Mr. Speaker, it is always a pleasure to rise before this body and tell you of another New Mexican who has received national acclaim. It is my pleasure to represent a State which has produced so many national government, civic, and business leaders. The latest is Robert O. Anderson, a New Mexican who has received the Boys Club of America's highest award—the Herbert Hoover Humanitarian Award. Mr. Anderson is chairman of the board of Atlantic Richfield Co. and joins a distinguished list of American leaders who have been honored with this award. He is being honored because of his commitment of the productive use of America's resources and for leading his company to an enviable record of community service. I ask that the House join me in congratulating Mr. Anderson for this award, which will be presented on Wednesday in New York.

TELEGRAM FOR ROBERT O. ANDERSON

BOB: Congratulations on receiving the 1982 Herbert Hoover Humanitarian Award from the Boys Clubs of America. I can't think of anyone who deserves this award more and, as a New Mexican, I am proud to see you so honored.

Best regards, ●

MLJ.

ATLANTIC RICHFIELD'S ROBERT O. ANDERSON TO RECEIVE BOYS CLUBS OF AMERICA'S HIGHEST HONOR

NEW YORK.—Robert O. Anderson, Chairman of the Board of the Atlantic Richfield Company has been selected as the 1982 recipient of the Herbert Hoover Humanitarian Award of Boys Clubs of America, it was announced here today by Boys Club National President Jeremiah Milbank.

The coveted Hoover Award, the highest volunteer award given by Boys Clubs of America, will be presented to Anderson at the youth organization's annual President's Dinner at the Waldorf-Astoria on May 19. Thornton W. Bradshaw, Chairman and Chief Executive Officer of RCA, will serve as Dinner Chairman.

Other humanitarians who have received the Hoover Award include distinguished leaders such as the Honorable Gerald R. Ford, entertainer Bob Hope, J. Paul Lyet of the Sperry Corporation, Richard R. Shinn of Metropolitan Life, John E. Swearingen of Standard Oil Company (Indiana) and Charles L. Brown of A.T. & T.

Over the past 40 years, Anderson's business endeavors have included—in addition to the exploration, production, refining and marketing of oil—cattle raising and feeding operations, mining and milling, and general manufacturing. Elected to the Board of Directors of The Atlantic Refining Company (now Atlantic Richfield Company) in October 1963, he was named Chairman of the Company's Executive Committee in June 1964. On May 4, 1965 he was elected Chairman of the Board and Chief Executive Officer.

Anderson is being honored for his vision of the future that "focuses on a commitment of the productive use of resources . . . a commitment that is evident in Atlantic Richfield's inspiring record of community service," according to Milbank. The award honors the memory of the 31st President of the United States, who served as BCA Chairman for 28 years and lead the effort to strengthen and expand the Boys Clubs of America Movement.

Today, career professionals and volunteers are providing educational, vocational and recreational programs on a daily basis in 1,000 Boys Club of America facilities. The Boys Clubs serve over one million youth in all 50 states, Puerto Rico and the Virgin Islands.●

SPACE POLICY AS VIEWED BY THE AIAA

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HOLLENBECK. Mr. Speaker, the American Institute of Aeronautics and Astronautics is a technical society representing over 30,000 aerospace engineers and workers and, in the past, representatives from the AIAA have testifed many times before our authorizing committees on space and aeronautics. In the May 1982 issue of "Astronautics and Aeronautics" appears the AIAA view on what should be our Nation's space policy. In light of the recent upsurge in interest in our space program, I would like to share the AIAA space policy with my colleagues.

SPACE POLICY: AN AIAA VIEW

PROLOGUE

The modern world is influenced in every sense by technology. Space activities require some of the most advanced technical innovations and offer some of the most significant beneficial returns. They have brought us much of our present microelectronics capability, as well as more accurate forecasting of weather and natural disasters, low-cost global communication and navigation, and the surveillance from space that is so essential to our national security. Space opens unbounded opportunities for expanding mankind's understanding and utilization of the resources of the universe, and for improving the quality of life.

The Apollo program, one of this nation's greatest technological achievements, was a true source of pride and national prestige to our citizens. Because it was a civil program, open to the world through television via satellite, its impact was even greater outside this country. Its benefits were extraordinary; they ranged far beyond most expectations.

Today, more than a decade later, the benefits of the Space Shuttle are beginning to accrue. Our challenge, therefore, is to frame space policies and goals that will continue a rational and orderly program of space activities

THEME

President Reagan said in his inaugural address, "It is time for us to realize that we are too great a nation to limit ourselves to small dreams." He thereby enunciated the theme that our nation is embarked on "a new beginning" to revitalize its economy, strengthen its defense, improve its institutions, reassert technological leadership, and regain national self-esteem.

We believe that the continued exploration, utilization, and development of space is a necessary and integral part of that "new beginning." The AIAA therefore urges the administration to make a firm commitment to the principles enunciated in the National Aeronautics and Space Act of 1958, and to U.S. preeminence in space activities. These principles form the cornerstone of the policies and goals we propose here.

POLICIES

It is national space policy to:

Maintain vital space operations in support of national security under all conditions.

Assure that space systems are used in the national interest, through maximizing the return on our past investments and developing promising new applications to keep the United States competitive with increasingly competent commercial space capabilities overseas.

Assure concerted and sustained space-program cooperation among the government, industry, and university communities, each fulfilling the role to which it is best suited.

Have the federal government continue to provide the primary support for space research, exploration, and the development of new and long-range technology, not only in its own laboratories, but also in those of the universities and industry.

Have the federal government encourage, by cooperation and appropriate incentives, entrepreneurial investment by the private sector in high-risk, high-payoff applied research and development and the applications of space systems and technology to the commercial marketplace.

Support and encourage international cooperation consistent with the above-stated economic and national security requirements, particularly in space science and exploration.

Protect the right to travel and operate in space so that the benefits of space accrue to all mankind equitably and economically in accord with the 1967 Outer Space Treaty, to which the United States is a party.

GOALS

The goals of the national space program are to:

Maintain coordinated and mutually supporting but separately administered civil and military space programs encompassing both long-term and short-term elements.

Continue a unified military space doctrine and architecture for maximum effectiveness in defense operations of the United States and its allies during periods of peace, crisis, or warfare, and assure enduring access to space systems by all military services and commands.

Sustain a federal program to achieve the practical utilization of Earth orbit through cooperative efforts with the private sector, including appropriate incentives and a careful balance of entrepreneurial risks and rewards.

Achieve routine access to space through continued commitment to an operational space transportation system sized to meet both current and projected needs for defense, commercial, science, and foreign users.

Reduce the cost and improve the efficiency of all space operations, particularly transportation, through maintaining an active and sustained program for development of advanced technology and giving attention to emerging problems such as geostationary orbit crowding and the proliferation of space debris.

Extend man's knowledge by systematically exploring the Earth, the Moon, and the solar system using unmanned spacecraft and by studying the universe beyond through the use of both unmanned and man-tended Earth-orbiting astronomical observatories.

Extend man's capability to live and work in space by developing the orbital facilities and support systems necessary for uninterrupted operations in Earth orbit.

ACTIONS

Initial actions to begin the process of accomplishing these goals are:

Make a firm commitment to a specific national space program plan for the next two decades, identifying schedule milestones for operation and expansion of the space transportation system, civil and military operations in Earth orbit, research and exploration, and development of the enabling space technologies.

Establish programs to develop and implement technologies not only to improve surveillance, navigation, and military communications functions, but also to support and assure survivability of U.S. satellites and military ground systems against hostile action.

Initiate vigorous programs in the enabling technologies that are essential to all space activities, particularly in propulsion, large space structures, power generation, life-support systems, and robotics, to support extended-duration space operations.

Expand and intensify present efforts to establish specific private-sector incentives for public-service and advanced-technology satellite communication services, Earth observation systems, research in space materials processing, and operation of prototype and demonstration commercial space manufacturing facilities.

Initiate procedures to determine the optimum operational mode for the space transportation system once it has been fully developed and demonstrated. Such a mode could involve a dedicated federal, semi-federal, or private organization or a restatement of the National Aeronautics and Space Administration's charter to include such operation. Whatever approach is selected should not erode the important research, technology, and development efforts which are fundamental to all space achievements in the future.

Continue and expand the evolutionary development of a versatile operational space transportation system adequate to support projected traffic demand, incorporating elements to improve the efficiency and reduce the cost of carrying freight and personnel not only from the Earth into orbit but also between various Earth orbits and other trajectories.

Establish a specific plan for the next two decades to include a stable program for planetary exploration, investigation of comets and asteroids, reestablishment of lunar exploration activities, continued development of space-based platforms for scientific observation of the Earth, the Sun, the stars, and the universe, and integration of scientific studies wherever possible in spacecraft or space platforms launched primarily for other purposes.

Establish a resolute evolutionary program commitment for a manned space facility in low Earth orbit to serve as an opertional base for Shuttle Orbiters and other orbital transfer vehicles, an orbital storage, power, and servicing depot, a research laboratory, a construction center, an assembly station for higher Earth orbit missions and outbound deep space flights, a support facility for low-orbit free-flying satellites, and a staging area for constructing and servicing both commercial and public-service multi-purpose goestationary platforms.

By making such a firm commitment to a comprehensive space policy and a consistent action plan to implement its goals, the United States can continue to maintain a leading role in many of the space activites in which it has pioneered. Five hundred years after Columbus opened a path to the New World, we can ensure that U.S. leadership in the exploration and utilization of space will bring maximum returns from the "new world" of space to the nation's citizens and to all the peoples of the world.●

THE CHRISTIAN BROTHERS

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. COELHO. Mr. Speaker, I rise today to pay tribute and bring attention to an essential part of California's heritage, the Christian Brothers. They have a tradition of quality in the production of premium wines, a dedication to the education of young men, a deep interest in the cultural expressions of the winemakers craft, and certainly wines with excellent reputations.

It was 100 years ago that the Christian Brothers began making wine in California for their own table, a few neighbors, and sacramental use. Since that era, the Christian brothers winemaking operations have grown to become the largest and most successful ever managed by a religious organization, and the Brothers now produce in excess of 3 million cases of premium wines and brandy annually which are available throughout the United States and in approximately 40 countries abroad.

With the recent trend of large outside interests acquiring more and more California wineries, the Christian Brothers now stand as the single largest independent premium wine producer in the Napa Valley with storage capacities at their Napa, St. Helena, and Reedley facilities of more than 12½ million gallons of wines and brandy.

Founded in Rheims, France in 1680 by St. Jean Baptiste de La Salle, the Christian Brothers are a teaching order of the Roman Catholic Church, who, as laymen, devote their talents to education. Today, there are about 12,000 brothers teaching over 700,000 students at 1,600 schools in 78 countries throughout the world. Proceeds from the Christian Brothers winemaking activities through the years have been used to support the 13 schools in their Western U.S. province. Specially trained brothers supervise all activities at their wineries, from the growing of the grapes to aging, blending, and bottling of all the Christian Brothers products.

Mont La Salle, 7 miles outside of Napa, is the headquarters for the Brothers' winemaking operations. Situated in the rolling Mayacamas mountain range, the property includes a stone winery dating back to 1903, aging cellars, a modern laboratory, bottling facilities, and a novitiate or monastery where young men are trained for the religious life. In addition, there is a boarding elementary school for some 100 boys and a Christian Brothers retirement home on the grounds. The Christian Brothers champagne and aging cellars, commonly referred to as "Greystone," is located just outside St. Helena and has been designated as a historic landmark by the State of California. Said to be the largest stone winery in the world, Greystone lies adjacent to 710 acres of prime vineyard acreage devoted to table wine grapes, and houses one of the largest collections of oak cooperage in the Western hemisphere.

A never-ending drive toward the development of extensive resources and capabilities is a hallmark of the Brothers' work in the world of premium wines. A seasoned technical staff of viticulturists, enologists, chemists, and microbiologists continually monitors the evolution of all Christian Brothers products from wine to bottle. Because the Brothers own vineyards in all three of Napa Valley's climatic regions, they have great flexibility in matching grape varieties to various soil conditions and microclimates within the valley. The many technical innovations which they have helped to pioneer in the Napa Valley are well known. These include vacuum filtration and the use of stainless steel for fermentation and finishing tanks, cold fermentation, sterile filtration, and bottom filling of wines in the bottle so as to better eliminate oxidation. Modern vineyard techniques which the Christian Brothers were among the first to utilize are: Planting of virus-free root stocks, sprinkler frost protection, metal grape stakes, and new trellis systems.

In retrospect, one of the Brothers' most significant accomplishments in the field of wines and spirits is their brandy, considered by many experts to be the definitive American brandy. It is reported that within the total brandy business, the percentage of Christian Brothers brandy sold is larger than that of any major brand of American whiskey, gin, vodka, or scotch in each respective class. A blend of five different brandies, the Christian Brothers brandy is distilled through an exclusive combination of continuous and pot-still processes. Developed by the Brothers, the continuous still in their Mount Tivy winery in Reedley is designed to eliminate certain objectionable fusel oils and higher esters. This distillation results in a finer, smoother brandy with none of the "hotness" often associated with cognacs. A special blend of brandies from this still is then combined with brandy which has been cooked in small quantities in large copper pots. Each pot processes no more than 100 barrels of brandy in a 24-hour period. This pot-stilled brandy provides the full body and rich aroma which have become the trademark of this popular brandy. Finally, the brandy is stored in 50-gallon white oak barrels to age for several years. It should be noted the Brothers' inventories of aging and full-aged brandies are the largest of any brandy producer.●

CONCERNED WIVES FOR LAID OFF WORKERS, INC.

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. APPLEGATE. Mr. Speaker, I want to focus the spotlight on seven constituents of mine who have led the fight of bringing the plight of the unemployed American worker to the attention of the administration.

Three of these ladies, Mrs. Regina Hart, Mrs. Elsie Bogard, and Mrs. Pat Scharfenberg, all of Steubenville, Ohio, have organized a grassroots coalition called the "Concerned Wives for Laid Off Workers, Inc." as a result of their personal circumstances and the circumstances of many other wives and husbands who are out of work due to unfair trade laws and high interest rates impacting heavily on the steel industry.

Through this coalition, over 225,000 letters have been signed by unemployed workers, and others in affected communities, and include many from 42 States across the country who have asked to join their efforts. These people have lost their jobs in the steel or related industries due to unfair U.S. trade policies which allow government subsidized foreign firms to unfairly compete with domestic firms.

On Thursday, May 13, these ladies appeared before the executive committee of the Congressional Steel Caucus to present a story of desparation, yet expressing a show of faith and compassion for our Nation and its working people.

Their testimony was articulate, frank, and candid in which they expressed an extensive knowledge of the causes of unemployment and what must be done to get Americans back to work.

These ladies pointed out that the domestic steel industry is working less than 50 percent capacity, with 120,000 steelworkers fully or partially unemployed, while foreign steel is accounting for nearly 25 percent of all steel in the United States. For every $1,000 invested in the steel industry, $465 tax dollars are generated. "None of us are advocating an isolationist trade policy, but quotas must be imposed and laws against illegal subsidation must be enforced," said Mrs. Hart, who was the spokeswoman for the group.

She further stated:

> Many of the 225,000 signatures collected on these petitions are those of people who have defended this country and have helped guarantee the rights and freedoms we enjoy today. The working man is the backbone of this country and now the country is breaking him by taking away his job, his hope, and his self-esteem. For many of these people, their benefits have run out. There are no jobs. They have nowhere to turn to but the welfare lines or the cheese lines. But these people don't want welfare; they don't want cheese; they want a job. Those of us who have jobs and are able to pay our bills cannot completely understand the despair they live with daily. Congress can, however, provide them with hope and a sincere pledge to change the tide of unfair trade.
>
> The President recently imposed a quota on sugar imports but the Congress must now do the same with steel and auto imports. In 1973, counterveiling duties were imposed on Japanese auto imports; and in 1976, President Ford imposed quotas for three years on certain specialty steel items. Certainly, the Congress to take such statutory action is not without precedent.
>
> It is time we again give the people of this nation something to hope for and in which to believe. Our factories cannot continue to remain idle. As President Reagan said, "The best social program is a job." I think it is time he put those words into action.●

EXPERIMENTAL GROUP YOUNG PEOPLE'S THEATER

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. DELLUMS. Mr. Speaker, I take this opportunity to commend an organization located within the Eighth California Congressional District for providing an extraordinary cultural service to the local community. This group is known affectionately in our community as EGYPT—an acronym for Experimental Group Young People's Theater. EGYPT is a community-based, nonprofit organization which is dedicated to developing the creative talents of our young people, and to enhancing the cultural lives of East Bay residents through innovative programs in the performing arts. The activities are offered to the community at a nominal fee, thereby providing opportunities in an area and to a community which has largely lacked effective access to cultural experience.

In past years, EGYPT was sustained through the generous support of private foundations, including the San Francisco Foundation, the W. A. Gerbode Foundation, the East Bay Community Foundation, the Alameda County neighborhood arts program and the Oakland parks and recreation program. Additionally, it received very valuable assistance from the CETA title VI program.

The founding director of EGYPT is Ms. Minnie Gibson, herself a talented performing artist, and above all, a person who has demonstrated a remarkable commitment to the cultural health and viability of the Oakland community. Ms. Gibson has expressed the aim of EGYPT as being "a forum for expression in the performing arts and an effort to provide a continuing service to those who wish to become professionals in this field." With so great a reservoir of generally undirected talent in our urban communities, and with so great a need for the cultural enrichment that improves immeasurably the quality of all our lives, we can only commend Ms. Gibson and EGYPT, and wish them outstanding future success.●

THE 70TH ANNIVERSARY OF HADASSAH

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. SCHEUER. Mr. Speaker, Congress recently passed House Concurrent Resolution 309, a resolution congratulating Hadassah, the Women's Zionist Organization of America, on its 70th anniversary. Tomorrow, May 20, there will be a ceremony at the White House commemorating this event. Noting this auspicious occasion, I would like to offer a few words of tribute to this commendable organization of American women.

Founded in 1912 by Jewish scholar and educator Henrietta Szold, Hadassah was created to provide preventive and curative health services in Palestine and to develop systematic Jewish education as a background for intelligent and creative Jewish living in America. Since its inception, Hadassah has expanded its scope considerably, and it has grown to a membership in excess of 370,000 with chapters in every State—making it one of the largest Jewish service organizations in the world.

Perhaps best known for its efforts in the field of medicine, Hadassah has long been a leader in healing, training, and research. It established the first schools of nursing, medicine, and dentistry in Jerusalem, and its contributions to the research and treatment of cancer have been highly significant. The Hadassah-Hebrew University Medical Center in Jerusalem has been responsible for important advances in social medicine, public health, and pharmacy. In the more than one dozen trips I have made to Israel since 1967, I have been consistently impressed by the high quality of health care provided by the medical center—without discrimination—to all Israelis, Jews and Arabs alike.

Hadassah also provides special programs for young people, including educational opportunities. Since 1942, when Hadassah initiated its vocational educational program, it has developed creative approaches to secondary and postsecondary education that have set a high standard for others to follow. Hadassah established Jerusalem's first 2-year community college and operates the only nonpublic guidance center for scholars and other professionals in Israel.

Hadassah also has American and foreign affairs programs which offer the most complete and up-to-date information available on matters of interest to its members. Through its various publications, Hadassah provides accurate information needed to help members analyze vital current issues and to participate intelligently in public affairs as individual citizens. Nationally, Hadassah is a nongovernmental organization (NGO) of the United Nations, operating as a public relations arm of the U.N. Department of Public Information, and as an accredited observer to the U.S. Mission to the U.N.

As a women's organization devoted to service, Hadassah is an organization of Americans who are also deeply involved in their home communities.

Over the years of its existence, Hadassah has been highly successful in its mission to strengthen American democracy, in helping to create a better society and way of life, and in providing knowledgeable leadership for the American Jewish community.

Although I have only highlighted Hadassah's major activities and accomplishments, I can assure you that their list of contributions is without limit. I am delighted by the passage of House Concurrent Resolution 309, a most appropriate gesture of appreciation for this worthy organization's 70 years of outstanding achievements.●

NAMIBIA'S STRATEGIC IMPORTANCE TO THE UNITED STATES

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. FIELDS. Mr. Speaker, many Members of this body question the role of the U.S. Government in protecting our interests in Namibia. Today, I am inserting for the Record, an article which clearly explains the strategic importance of Namibia to the United States and the growing Soviet influence in this region.

This lucid description provides us with an outline of the Soviet operations in this country as they continue to pursue the spread of Communism in this region.

It is imperative that Members of this body become aware of the Kremlin's activities so that we can develop and implement an effective anti-Soviet, anticommunist foreign policy in this volatile area.

Again, I commend your attention to this article. It is important that we, and the U.S. taxpayers, realize the national security interest Americans have in keeping Namibia out of the hands of the Soviets.

Soviet Threat Seen in Namibia

(By Jack Anderson)

Washington.—While some of their colleagues were junketing around the Caribbean last January, two Senate staff members were trekking through the bush in southwest Africa, riding on "mine-proof" vehicles and hunkering down in machine-gun nests.

The two men, Joel Lisker and Bert Milling, were checking out firsthand the guerrilla warfare that has torn Namibia for 15 years. They were gathering information and lining up witnesses for hearings this week by Sen. Jeremiah Denton's (R-Ala.) subcommittee on security and terrorism.

What led the two committee aides to forsake the comforts of Capitol Hill for the combat zone along the Angolan border was the growing concern in Congress over Soviet influence in the region. As to why the United States should worry about Russian intentions in Namibia, a top-secret CIA file on the country lists explicit reasons for concern.

Namibia, which is bigger than Texas but has a population smaller than Houston's, contains enormous quantities of uranium, diamonds, copper and other minerals. In fact, it has both the world's largest uranium mine and the largest diamond concession. Much of its mineral wealth is classified by the CIA as "strategic," meaning that the United States needs the minerals and doesn't have its own supply.

Though the Soviets are largely self-sufficient in these essential minerals, the CIA suspects the Kremlin wants to be able to deprive the West of these strategic minerals by controlling Namibia. Also, when coupled with Angola, Namibia would give the Soviets a strategic anchor in the South Atlantic.

That's why the United States worries about the South West Africa People's Organization (SWAPO)—and why the Marxist guerrillas are covertly supported by the Soviet Union. According to the CIA, the Russians provide training, weapons and other necessities that have kept the insurgents in business over the years.

"Moscow remains SWAPO's main supporter," a recent secret CIA report states. "Although there are unconfirmed reports that SWAPO has expressed interest in reviving its old ties with Peking, the Chinese currently are not willing to do more than offer the insurgents moral support and quietly back the initiative of five Western powers to negotiate a settlement with South Africa."

Intelligence sources and secret reports examined by my associates Dale Van Atta and Joseph Spear detail the extent of the Kremlin's involvement with SWAPO. Here are the key bits of evidence.

SWAPO's present leader, Sam Nujoma, is virtually a Soviet puppet. Internal SWAPO documents indicate that Nujoma has to get Moscow's permission before dealing with his own subordinates.

Young Namibians are sometimes recruited into SWAPO with promises they will become doctors or teachers within six months. Instead, they are packed off to "engineering camps"—terrorist training centers in Angola and Zambia.

The most promising recruits are sent to advanced terrorist schools in East Germany and the Soviet Union. Aeroflot flies them from Luanda, Angola, to Moscow by way of Libya; sometimes the Namibians are provided with United Nations passports. In East Germany, they are told to pass themselves off as Ugandans.

SWAPO guerrillas are well equipped with Soviet rocket pistols, rifles and rocket launchers.

There is evidence that discipline is harsh in the guerrilla forces. One defector, who walked 150 to 200 miles to escape SWAPO's clutches, told of being forced to dig his own grave and lie in it when he was suspected of treachery. He was nearly buried alive before his fellow guerrillas finally believed his protestations of innocence. One method of public execution for defectors, the Senate staff members were told, is a dagger blow in the kidney for a slow and excruciating death.●

BUDGET AMENDMENT SPONSORS

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. ASPIN. Mr. Speaker, the budget amendment printed today in the Record's list of amendments is being introduced under my name simply because my name comes first in the alphabet. The amendment is, however, the result of considerable effort by a group of five Republicans and five Democrats. For the record, I wish to spell out at this point the full list of Members responsible for this amendment.

In alphabetical order, the Republican drafters are: Jim Jeffords of Vermont; Jim Leach of Iowa; Joel Pritchard of Washington; Claudine Schneider of Rhode Island; and Tom Tauke of Iowa.

In alphabetical order, the Democratic drafters are: Les Aspin of Wisconsin; Richard Gephardt of Missouri; Norman Mineta of California; Leon Panetta of California; and Tim Wirth of Colorado.●

HONORING OUR SENIOR CITIZENS

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HOYER. Mr. Speaker, I think it is appropriate that during the month set aside to honor the senior citizens of this country, I should submit for the Record the report of the White House Conference on Aging, prepared by the delegate of the Fifth District of Maryland, Mr. Kenneth Goodger.

From November 30 to December 3, 1981, 2,200 delegates from all 50 States came to Washington to participate in the White House Conference on Aging. The conference is held every 10 years to examine issues important to the aging and to make recommendations for legislative and administrative action to improve the quality of life of older Americans.

As the representative from the Fifth District of Maryland, I nominated Kenneth Goodger from Hyattsville. He is a retired Federal employee and is active in the National Association for Retired Federal Employees. He did an outstanding job at the conference in representing the interests of people in the Fifth District, and I commend him for it. Ken has proven himself a truly dedicated man and represents the high caliber of men and women in my district who work on behalf of issues of vital importance to our older citizens.

What follows are excerpts from the report Mr. Goodger prepared for me on the conference and I believe my colleagues in this House will find his candid observations of great interest.

It is extremely important that we continue to preserve the true spirit of the White House Conference. And what do we mean by the true spirit? We mean the positive, intellectual fervor of the Conference. We mean the continual struggle we all must make to attain dignity and respect for America's senior citizens. To be sure, senior citizens know about this struggle.

I attended the Conference as a delegate, recommended by Senator John Garrity to Congressman Steny Hoyer who formally nominated me last fall. As a delegate, I was actively involved in the tremendous struggle I mentioned earlier. This struggle involved intensive caucusing, negotiating and compromising on a number of vital issues. As a group, we worked with prominent academicians and the most powerful political figures of our land, including the President and Congressman Claude Pepper, in seeking ways to come to consensus on issues. Our goal was simple—we knew we had to barter for a better future for older Americans.

The climate of the 1981 Conference was radically different from that of 1971. The mood in 1971 was positive and hopeful, and appropriately so, for early in that decade we saw the enactment of Supplemental Security Income; five, ten and twenty percent increases in Social Security benefits; the enactment of a Cost of Living Adjustment; all necessary steps in helping older Americans maintain a minimum level of income security.

As the decade moved along, social services for the elderly were expanded and strengthened through Title XX of the Social Security Act, and through the Older Americans Act, including the establishment of the nutrition program. Federal programs of housing for the elderly were expanded and rental assistances were made available. Medicaid provided increasingly for the long-term care of the low-income disabled elderly. Almost 70 million Americans now receive $350 billion from taxpayers under "entitlement programs."

In 1971, the delegates to the White House Conference on Aging viewed their government as the appropriate instrument for assuring income and for providing health care and services that would enable them to live out their older years in dignity and security. The delegates in 1981 felt the same, but the times had changed.

The number of Americans reaching 65 years of age is growing. In the next decade alone, their numbers will increase from 26 million to 32 million. At the same time, Congress and the Administration are going on a spending diet for programs that aid seniors—cutting the budget and taxes while increasing defense spending.

Because of these deep concerns, the delegates of the 1981 Conference faced a difficult task. There were 14 committees at the Conference, dealing with the economy, and its implications for an aging population, health and wellness issues, family and community support systems, housing, education and training, private and public sector roles and opportunities, older Americans as a continuing resource, and the special needs of the growing numbers of older women in this country. From the work of these communities, the delegates carefully enacted 668 of the recommendations. It is imperative that we treat these considerations with respect, not only for their impact on us as individuals, but on their impact on the legislative bodies of this country. It should be noted that while a very important basic priority list was developed, all 668 recommendations are important and should not be overlooked as we tackle the more important ones.

Finally, the Conference established the following priorities:

Development of a national health policy for all Americans;

Preservation of current levels of funding for Medicare, Medicaid, and Social Security;

Opposition to a voluntary social insurance system, but expansion of Social Security to all gainfully employed persons;

Elimination of employment discrimination because of age and abolishment of mandatory retirement;

Development of a long-term, community-based health care;

General fund financing for Social Security, if deemed necessary by both the House and the Senate;

Assurance of appropriate and affordable housing;

Expansion of home health and in-home services, with tax incentives for home-care; and

Support for economic policies to control inflation.

In conclusion, we must be wary of proposals to manipulate important programs such as Social Security, in order to meet short-term budget goals. We have a sincere obligation to our older Americans, and we must not falter from living up to that obligation.●

RESTORE FUNDING FOR THE U.S. FIRE ADMINISTRATION

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. OBERSTAR. Mr. Speaker, the Reagan administration has decided to eliminate funding for the U.S. Fire Administration, which was established to promote fire prevention and reduce the loss of life and property caused by fires.

Thousands of people are killed every year in fires and tens of thousands more are injured. In addition, scores of firefighters are killed each year in the line of duty. In recent years, these numbers have been declining, but the decline is largely due to the fire prevention efforts and improved firefighting methods promoted by the USFA.

Abolishing the USFA would be a serious mistake and a significant step backward in fire safety and prevention. The USFA has been a leading force in promoting fire safety education programs and arson prevention. It has played a significant role in the development of safer and greatly improved firefighting equipment for firefighters.

The administration's claim that State and local governments can take over the responsibilities of the USFA with increased assistance from the private sector is not realistic. The local fire departments, particularly the volunteer fire departments, lack the funding and other resources needed to undertake adequately the activities of the USFA. They also back the means for research, development, training, and nationwide exchange of information among local departments. Adequate funding for the USFA is needed to maintain the cooperative relationship which currently exists between the local, State, and national fire prevention agencies.

Unless we act soon, the valued and necessary services of the USFA will be cut off. I urge my colleagues to restore funding for this vital organization.●

THE WORK FORCE OF THE FUTURE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. LAFALCE. Mr. Speaker, more and more we are hearing about the need to invest in the greatest of our Nation's resources—human capital. The ironic fact is that at the same time that our country is experiencing the highest unemployment rate since the Depression, we are actually facing critical shortages of adequately trained workers in many industries.

Recently, an excellent column by Pat Choate and Noel Epstein described our requirements for a trained work force to fulfill the wide variety of occupations which are, and will continue to be, in great demand in this country. Fully 90 percent of the American work force in 1990 and more than 75 percent in the year 2000 will be composed of men and women who are working now. This means, therefore, that it is crucial that we not only train tomorrow's youth for jobs, but that we retrain the workers of today for the occupational job skills which will be necessary to meet the job requirements of the future.

As the Congress and the administration debate the national policy on employment and training, we cannot let ourselves get mired in discussions solely of: Dollars for the program; the proper balance between Government and business in providing training; the composition of private industry councils; et cetera. These are important issues, but of even greater importance is that we address ourselves to a job training policy which prepares Americans for the ever-changing work force of the future. It is an issue which demands our careful and immediate attention.

At this time I would like to insert for the RECORD the column by Pat Choate and Noel Epstein.

[From the Washington Post, May 9, 1982]

WORKERS OF THE FUTURE, RETOOL! NOTHING TO LOSE BUT YOUR JOBS

(By Pat Choate and Noel Epstein)

You can stop looking for one of those "new ideas" everybody seems to be hunting for in American politics. It's about to hit us over the head, whether we want it or not.

Right now the idea is trapped in a yawn of a phrase—"human capital"—but that should not deter any one from appreciating its power. What it means is that the prevailing wisdom is nonsense, that we certainly cannot revive our economy or our national defense merely by pumping more investment into microchips or megabombs, robots or rocketry.

Consider some simple facts of "human capital":

American productivity still relies as much, if not more, on people—you remember them—as on machines. Traditionally, about half of our productivity growth comes from increases in individuals' skills and knowledge.

Despite our lengthening unemployment lines, we are suffering from shortages of critical workers, from machinists to engineers. The result: bottlenecks, higher prices and lower quality in both domestic and defense products.

This problem will worsen dramatically in coming years when greatly accelerating technological change confronts a work force which, for the most part, could not find its way home in the Techno-Era around the corner.

We have no choice but to equip ourselves for the future that's upon us. We have to retrain the millions whose current jobs can be kissed goodbye and who will be needed for new work. We have to boost the skills of the still-employed and pound knowledge into millions of adults who are functionally illiterate. We have to ensure, once and for all, education, training and job opportunities for women, blacks and Hispanics, who will make up the overwhelming majority of new workers.

In short, we have to invest in people or we'll get precious little out of the machines. That fact has been dawning on many people.

MIT's Lester Thurow, an adviser to the Democratic National Committee: "The economy is not going to thrive unless there is a major effort to upgrade the American labor force from the top to the bottom."

The Pentagon's Defense Science Board: A "major contributor to the increased lead times and costs currently afflicting the defense community is a continuing shortage of skilled labor."

The House Wednesday Group, a caucus of moderate Republicans: An unreleased Army training study in 1977-78 "found that 17 percent of the tank commanders in Europe and 21 percent of those in the United States 'did not know where to aim when employing battlefield gunnery techniques.'" Similary, the survey uncovered men in charge of firing surface-to-air missiles who couldn't "differentiate between the silhouettes of Soviet and American planes."

The National Alliance for Business, on the need to train on-the-street youth, disproportionately black and Hispanic: "If you look out a decade at the demographics, it is clear that we will be doing all this out of economic necessity rather than out of any moral concern . . ." Forget justice; think profits.

Yet so far there has been little but rhetoric. That can't last—unless America wishes to sit back and watch its inevitable decline. Without serious action, that's what's ahead. Bet on it. The forces at work are unstoppable.

Start with the displaced workers from Akron or Detroit or other decaying cities who've begun their migratory treks for work elsewhere, reminding some Sun Belt folks of "The Grapes of Wrath." We can expect more warnings like the one issued recently by the Texas labor chieftain who told the cars and hitchhikers from Michigan and elsewhere to stay out, that "jobs are no longer available in Texas," that they are not wanted.

We can expect these episodes because the ranks of such modern-day Okies are going to expand as technology and foreign competition continue to do their nasty work—with the displaced largely unaware of and unprepared for the jobs for which they will be needed.

Management analyst Peter Drucker, for example, anticipates that through the 1980s and 1990s, 10 million to 15 million manufacturing jobs will disappear from the American landscape. Even if he is only half right—and some think he is entirely right—you can wave farewell to 5 million to 7.5 million manufacturing jobs, starting yesterday.

In other words, brace yourself: The economic, social and political panic created in 1980-81 by the loss of a mere 300,000 auto industry jobs will multiply 16 to 25 times—unless the dispossessed are redirected toward and retrained for new jobs.

That millions of new jobs are being created—in addition to the existing ones tragically going begging in hard times—there is no doubt. A survey last year by the American Electronics Association, for example, estimates that 671 of its member companies will create more than 140,000 paraprofessional spots (engineering aides, laser technicians, drafters, assemblers and the like) and over 113,000 professional places (chiefly engineers, computer analysts and programmers) by 1985.

The National Tooling and Machining Association projects a shortage in three years of more than 240,000 machinists, those people who make the tools and other devices needed to make everything else.

Millions of slots will emerge in the design, production, installation, operation and servicing of the robots that are going to populate American industry. While as recently as 1979 we had only 2,000 of these technological wonders, business leaders expect robot ranks to multiply a hundredfold—to at least 200,000—just eight years from now.

Other jobs will open in fiber optics, which has the capacity to revolutionize communications by making copper wire obsolete, and in genetic engineering, which, for starters, will change the face of agriculture and medicine. And this is to say little of the explosion of computer applications we can anticipate in the office as well as the home—in banking, insurance, health, education, communications and other service fields.

There will be far too many new spots, of course, for all to be filled by the displaced, even if they acquire the skills and knowledge to do so. But what seems little appreciated is that the Techno-Era's employees will have to come chiefly from the people already working, and that this will hold true for well into the next century. There simply isn't anybody else. Just as economic survival dictates technological advance, so demography is destiny.

What the demographers' population figures tell us is that with much of the post-World War II baby-boom generation now into its thirties, our labor force growth rate is slowing dramatically. In fact, unless we suddenly import large numbers of highly skilled individuals from abroad, more than 90 percent of the American work force in 1990 and more than 75 percent in the year 2000 will be composed of those working here now. The largest need, then, will be to train and retrain today's workers.

The figures also tell us that the ranks of young workers, aged 16 to 25, are shrinking—by about 16 percent in this decade—and that an increased portion of this smaller youth force will be black and Hispanic.

That means, for one thing, that it will be the military against business, the Joint Chiefs versus McDonald's, in a rivalry for the young. Something will have to give. More women in the military? A draft? More grandparents behind fast-food counters?

Martin Binkin, a senior fellow at the Brookings Institution who specializes in military manpower issues, remarks: "The decline in the number of youths unquestionably is going to contribute to, and provide added pressure in, the debate on renewing conscription in coming years." According to The Wall Street Journal, Burger King has already begun recruiting employees among the elderly.

The increased portion of minorities among scarcer youth (and in the prime-age labor force as well because of retirement patterns and other factors) will produce another intriguing clash: prejudice versus pocketbooks. Will fear of deep American decline finally move us to do what speeches about dreams and justice have not? In the words of Robert B. Hill, former research director of the National Urban League:

"If America wants its Social Security checks to keep being paid in coming years, it had better ensure full opportunity and productivity for minorities and women."

Definitely women. The population tallies tell us that the primary source—indeed, two-thirds—of new workers in this decade will be women. While about half of adult women already work, we can reasonably expect that number to climb to 60 percent or above by 1990.

Will we at last break down job barriers against women? Will sufficient day care facilities finally be provided? More flexible work hours?

As the Bureau of Labor Statistics remarks in its understated manner: "Given that much of the increase in female labor force activity will probably come from mothers, employers may have to review their personnel practices (such as provision of day care) to attract these workers."

Okay, those are some of the inescapable needs ahead and the people available to meet them. What, specifically, will a national "human capital" drive require? How do we, for example, redirect and retrain millions of displaced workers?

It would be folly to do it by expanding the maze of 22 separate training programs already on the books—from Trade Adjustment Assistance to aid for redwood forest lumberjacks. That would just bury the effort beneath confusion, fragmentation, bureaucracy and the political pork barrel. What's needed is a single, fresh approach.

Try this one: an Individual Training Account (ITA), jointly funded by employer and employe, that guarantees retraining—and, if necessary, help with the movers—to any worker whose job goes poof. Say the company and individual each put up $500 a year, up to a total over six years of $3,000 each, and that each would get back the cash plus interest if it is not used by retirement.

The money would finance retraining vouchers to be used, as with the GI Bill, at any institution the displaced worker chooses. Moreover, as with Individual Retirement Accounts (IRAs), these Individual Training Accounts would inject an additional pool of capital for executives to finance more new technology and jobs. No bureaucracy. No money directly to vocational schools or businesses or other institutions. No overhead. A clean approach.

Before any workers are retrained, though, it would be nice if they knew where they were needed. Current federal job-vacancy information is so incomplete, untimely and unspecific as to be virtually useless. That's why the Houston papers are such big sellers in Detroit these days—for the help-wanted ads.

It's past time for Washington to collect useful information about job vacancies and to insist that the computerized job listings of each state finally be connected to each other, which, absurdly, they now are not.

What about immediate shortages of critical workers? Note that Atlantic Research Corp. of Alexandria is offering staff members a $1,000-a-head bonus to land new workers for hard-to-fill jobs, ranging from communications test equipment technicians to electronic engineers. More broadly, the National Science Foundation has forecast a 47 percent shortage of industrial engineers in this decade. In such areas as California's Silicon Valley, bidding wars for engineers, computer professionals and other skilled workers are so intense that they have spawned annual job turnover rates of 80 to 100 percent.

Clearly, Adam Smith's "invisible hand" has palsied: His "marketplace" is not filling these and other needs (shortages of machinists and engineers have been plaguing us for 10 or 15 years, with scarcely any relief from supply-and-demand curves). So, if you'll pardon the expression, we've got to give the marketplace another hand. We'll have to define more sharply our vital defense and domestic needs. We'll have to create special government and business fellowships to attract and hold on to top-quality teaching faculty, who are being lured away with fatter paychecks from industry. We'll have to give special cash breaks to draw qualified students to essential (and expensive) fields of study.

During World War II, the National Emergency Production Act financed the training of 7.5 million skilled workers, popularly symbolized by "Rosie the Riveter" at aircraft and shipbuilding yards. (Indeed, a large portion of today's skilled workers were trained then and are now in or heading toward retirement. To wit: Today's 300,000 machinists have an average age of 58.) There is nothing stopping us from meeting our less massive critical skills needs today—except our will to do so.

Next, how do we boost the skills of the still-employed, from clerical workers to the executives whose weak thinking and rotten management are heavily responsible for our current predicament? Much of this training task is now paid for by business, as it should be. The private sector, led by the largest corporations, shells out an estimated $30 billion annually to train workers. But smaller employers—who create most new jobs and hire the majority of American workers—are least able to foot these bills.

What's mainly needed is to help the smaller guys invest in people as much as in machines—while making sure taxpayers don't subsidize any corporation for doing what it should and would be paying for anyway. One possible approach: a training tax credit. It would apply only to training above and beyond what a business historically has done itself. (If you wonder how we keep the corporate folks honest, remember that they already report the highest training outlays possible to the Internal Revenue Service for tax-deduction purposes.)

In this way, only the training needed would be done. If the credit isn't used, there would be zero cost to taxpayers.

Finally, the issue of education, where we need an effort far exceeding our late-1950s response to the Soviet launching of Sputnik. We must, for one thing, develop students' critical thinking, their ability to analyze and organize and express information—the essence of the liberal arts. We obviously must also sharpen their knowledge of math, science and specific technologies. These are all areas in which students are not exactly excelling these days, to put it mildly.

As the National Assessment of Educational Progress reports, "The gap between the number of highly skilled workers needed and the number of students prepared for higher-level jobs is widening. Clearly we are not cultivating the raw materials, our future workers, who will be vital both for economic progress and ultimately for economic survival."

So what are we doing about this? With many large school systems in or near bankruptcy—particularly those with the heaviest concentrations of minority students—we're slashing national aid for the disadvantaged, for math, for science and for other education programs. It's as if we were bent on making sure that essential instruction disintegrates further. That's a sure-fire formula not only for American economic and defense erosion but for creating a large and brooding underclass, permanently locked out.

It's also a sure-fire formula for intensified decay of hard-hit cities, whose best single shot at rekindling economic growth lies in their human capital. The industrial Northeast, with its troubled metropolises from Chicago to New York, still has an immense advantage over others in its vast pool of skilled labor—if existing and future workers are educated and retrained for new jobs.

The education needs do not stop there. We have to attack the anti-blue-collar arrogance that discourages our children from learning skilled trades. We must overhaul a vocational education system that has failed miserably in important respects. William E. Hardman, executive vice president of the National Tooling and Machine Association, remarks:

"Many of our vocational schools have better equipment than contract tool shops—except they don't know what to do with it in most cases. . . . If our members had as much money as the vocational education system to spend on training for this purpose, we could no doubt end the skill shortage in four years and ensure that we never fall behind again."

Then we've got to reverse the decline in American teacher competence. Full fellowships to lure qualified students into teaching could be one step, intensive summer retraining institutes for today's teachers another. Retraining is essential, for example, if teachers are to teach the varied uses of computers; forget about having those shiny toys in schools if most teachers really don't know what to do with them, as is now the case.

All this by no means exhausts the issues wrapped up in the human capital agenda. But it should make one thing crystal clear: We are currently in the process of killing American hope for economic, defense and social renewal. One after another, we are cutting or ending programs that invest in people, from job training to public school assistance from day care to college aid to basic research monies. If that were not enough, we are not even seriously addressing such crucial problems as helping the displaced workers lost in the confusion of change.

The supply-side crowd obviously thinks that people don't count as much as machines. If that mindset continues, the historians can start writing their books about the decline of America.●

ROMULUS JR. HIGH SCHOOL SYMPHONIC BAND

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. FORD of Michigan. Mr. Speaker, I would like to call our colleagues' attention to the recent accomplishments of the Romulus Junior High School Symphonic Band, in my congressional district of Michigan.

This outstanding band performed May 8 at the State Band Festival in Fraser, Mich., and received a first division superior rating. The coveted I rating places the Romulus band among the elite few class A junior high bands to achieve this distinction in Michigan.

Earlier, on March 13, the Romulus group received a first division rating at the District Band Festival held in Romulus. This qualified the young musicians for the State festival, competing at the class A junior high level.

Two of the four judges in the State festival accorded the Romulus Junior High School Symphonic Band an A in each of the five musical categories—tone, intonation, rhythm, technic and interruption—graded at the festival. One of the judges concluded his final remarks with "The entire community of Romulus can be proud of the performance of this band."

The bands were graded by three judges in the prepared music section, which includes a required composition, a march and a selected number, and then by another judge in the sight reading section, where two numbers are performed without practice.

The Romulus Junior High Band members, under the leadership of Band Director Richard Kruse, achieved their high performance goals despite the difficult economic times which have forced school consolidations, program cutbacks and some of their parents out of work. They have received outstanding support from the Romulus Board of Education—Michael Woods, president, Theresa Kraft, vice president, Sandra Langley, secretary, Richard Campbell, treasurer, Dan Bates, trustee, JoAnn Marvicsin, trustee, and Kenneth Berlinn, trustee. The Central Office Administration also boosted the band and helped them achieve this award, including Dr. William Bedell, superintendent, Dr. Terrel LeCesne, assistant superintendent for personnel, and the Junior High School Administration, Nick Tottis, principal, and William McDonald, assistant principal.

Mr. Speaker, I want to express my public congratulations to the Romulus community and to this fine band and its leaders, and at this point insert, for the RECORD, the names of the band members who have brought positive recognition to this community:

Flute—Tina Gajgic, Kimberly Pappas, Mickey McDonald, Kimberly Winer, Jennifer Harriff, Katy Baker, Tina DuCheny, Valarie Sagert, Debbie Szente, Anna Hoffman, Stacey Shellman, Robin Brooks, Susan Fator.

Oboe—Kimberly Molitor.

Clarinet—Patti Lecroix, Mary Fletcher, Nicole O'Neal, Mary Silvey, Shannon Murray, Debbie Barr, Pam Witherow, Lorraine Zurawski, Tracie McGraw, Mike Hawkins, Tina Dillon, Louis Harris, Michele Ward, Brian Wood.

Alto Clarinet—Angela Katcher, Devin Doherty.

Bass Clarinet—Deanna Kushner, Kimberly Taylor.

Bassoon—Renee Scamp.

Alto Sax—Thomas Greenan, Mike Casto, Lynn Garcia, Ronald Underwood.

Tenor Sax—Matthew Deloge.

Baritone Sax—Kevin Allen.

Cornet—Michele Plonka, Glenn Smith, Angela Gaffka, Kim Polianchick, Kevin Tracy, Paula Wilson, Steve Chafins,Terry Faulkner, Allen Hall, Nathan Zabik, Jennifer Phillips, Kim Hood, Jackie Pochmara, Kim Burgess.

French Horn—Doug Adkins, Kathy Hood, Gina Williams, Kathy Jablonkay, David Quick.

Trombone—Allen Kenner, Lia Goree, Dawn Madison, Tammy Kerekes, Richard Davidson, Melinda Gilbert, David Biro, Julie Glotfelty, Rose Devita.

Baritone—Eric Talley, Robert Burkett, Robert Kobylas, Denise Domas.

Tuba—Michael Molenda, Patrick Stark, Michele Williams

Percussion—Mary McGrath, Patrick Rhodes, Antione Bosley, Jerry West, Greg Milatz.●

STAND FIRM MR. PRESIDENT

HON. HENRY HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HYDE. Mr. Speaker, as we begin the first round of what promises to be an emotional, protracted and difficult debate on the budget resolution, it is important to remind my colleagues of the President's words not long ago—words which, in turn, recall to mind the deplorable state of our economy just 2 years ago under a different administration.

It is difficult to understand our present economic predicament without some grasp of the economic environment that prevailed as the new administration began to assume authority.

The distinguished editor of U.S. News & World Report, Mr. Marvin Stone, recalls President Reagan's words in the May 24 issue of U.S. News & World Report, perhaps America's most respected weekly news magazine. I urge my colleagues to read Mr. Stone's editorial—and I suggest that President Reagan and his supporters in Congress have good cause to stand firm.

Mr. Stone's editorial follows:

[From U.S. News & World Report, May 24, 1982]

REAGAN: STUBBORN OR STEADFAST?

(By Marvin Stone)

The President is under heavy fire these days, not only from Democrats but also from some members of his own party who feel he is being bullheaded about his budget.

Mr. Reagan is holding out for less government. He remains convinced that this longing is shared by the vast majority of Americans who elected him by a landslide 19 months ago.

The President, it seems, has a longer memory than most politicians. This was evident the other day in a speech in Washington when he reminded fellow Republicans why, while foes call him stubborn, he remains determined to rein in the growth of federal spending and the mammoth bureaucracy it has spawned. From his speech:

"Let's go to the American people. Let's remind them of the economic mess we faced when we took office [in January, 1981]:

"Inflation in double digits . . . for two years in a row, back to back.

"First time in peacetime, interest rates that had hit, yes, 21.5 percent;

"Productivity and the rate of growth in the gross national product down for the third year in a row. . . .

"Let's remind them that in 1976 the inflation rate stood at 4.8 [percent]. By 1980, it was 2½ times as high—12.4.

"Let's remind them that in December of 1976 the prime rate . . . averaged 6.4 percent. By December, 1930 . . . it reached 21.5 percent, a 200 percent increase.

"Let's remind them that when we took office, unemployment had been climbing and business failures increasing.

"When the recession hit us, it was our legacy from the years of boom and bust, of erratic spending and monetary policy. . . .

"Let's point out that for all of this, there's been one overriding cause—we've said it before and let's say it again—government is too big and it spends too much money.

"In the last 10 years, federal spending tripled.

"In the last five years, federal taxes doubled, largely because of the growth of social programs. In 1950, social programs cost the taxpayers 12 billion dollars; in 1980, nearly 300 billion dollars—an increase of an incredible 2,300 percent. In that same period, prices rose by 278 percent. So real social spending was actually 5½ times higher than in 1950.

"By 1980, 1 out of every 3 American families was receiving federal assistance of one sort or another—1 out of every 3 families. The budget for the Department of Health and Human Services—250 billion dollars, roughly—the third-largest budget in the world, exceeded only by the total budgets of the Soviet Union and the United States.

"Take just one social program as an illustration: Sixteen years ago, we were spending 65 million dollars on food stamps—65 million dollars; in 1981, we spent 11.3 billion dollars. That's an increase of over 16,000 percent. . . .

"Now, include in this picture the interest payments on our tremendous federal debt that . . . reached more than a trillion dollars last year. The yearly interest payments are 100 billion dollars, and that's as much as the entire federal budget was just 20 years ago. . . .

"In fact, if you take the cost of automatic spending increases and entitlement programs, add them to the interest payments and the federal debt and the other uncontrollables, and it means that 70 percent of the entire federal budget is made up of items over which the Congress and the administration are supposed to have no control. I wonder how some of you in the private sector would feel if you were told to rescue a sinking business, but only on the condition that you could work with 30 percent of that business's budget and the other 70 percent was off limits.

"So I think you can begin to understand the difficulty of halting the kind of momentum built up by the federal spending juggernaut over the past few decades."

Facts and figures such as those make it easier to understand why Mr. Reagan is standing firm.●

A TRIBUTE TO MR. SANFORD E. LYNE

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. APPLEGATE. Mr. Speaker, I would like to take this time to commend the achievements of one of my constituents, Sanford E. Lyne, of Cambridge, Ohio.

Mr. Sanford "Sandy" Lyne has been teaching for 40 years. He began his teaching career with the Cambridge city schools in January of 1939 as an eighth grade teacher and football coach after receiving his bachelor's degree from Ohio State University in 1938. For the next 23 years he taught at the elementary, junior high, and senior high levels. During that time, he attended Rio Grande College, Ohio University, University of Dayton, and Montana State University. He completed his master's degree in 1960 from Ohio State University.

In 1962 he became assistant principal at Cambridge City High School and in 1965 he became principal; a position which he held until fall of 1972 when be became administrative assistant.

In 1975 Sandy became the junior high school principal and he will retire from that position at the end of this year. Mr. Lyne's basic educational philosophy is that each child is an individual and must be given wholesome educational experience and opportunities regardless of ability, race, customs, language, creed, or economic conditions. This philosophy has had a positive impact on all those students Mr. Lyne has taught and his presence will be missed.

I would like to thank Sandy Lyne for his dedication and hard work and wish him the very best in his retirement.●

DOUBLE-PRONGED ATTACK ON THE WORLD TRADE FRONT IS COSTING U.S. JOBS

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. RAHALL. Mr. Speaker, there has been a great deal of discussion recently regarding the impact world trade is having on the employment situation in this Nation. At this time, the American labor force is suffering from a perverse application of the "trickle down" theory of economics. As foreign steel is dumped in the United States, demand for domestic steel already weakened due to slumping auto and home sales is further eroded. For each displaced steel industry job, numerous other jobs are lost in the coal industry which supplies the steel industry with low-sulfur metallurgical coal for coking purposes.

In the metallurgical coalfields of southern West Virginia, the "trickle down" effect of foreign steel dumping is now being harshly felt. Over the last few months, some 3,200 West Virginia coal miners have been laid off work with one major steel company alone finding it necessary to reduce its employment roles by 1,250 jobs out of its total labor force of 2,500. In a region where the coal industry plays a major role in the local economy, this is a formula for disaster. In McDowell County, for example, 73 percent of personal income comes from employment in the coal industry; in Logan County, this figure is 50 percent, and in Wyoming County, it is 70 percent.

These jobs are being lost due to a double-pronged attack on the world trade front: Increased foreign steel dumping and decreased demand for U.S. coal exports.

It is incumbent upon all the Congress to take steps to reduce the inadequacies of our present trade balance. Last week, members of the Steel Caucus took the first step toward alleviating what has turned into a trade war by introducing House Concurrent Resolution 342. The bottom line of this commendable legislative effort is that the trade laws must be enforced, and enforced strongly, in order to reduce this Nation's vulnerability to subsidized foreign steel dumping. This is not protectionist legislation, Mr. Speaker; it is equitable legislation seeking to rectify the misuse of this Nation's concept of free trade.

Our trade balance is also being violated by foreign consumers of coal in many instances who are not honoring their contracts with domestic producers. A contract is fine and well, but is a moot point when no ship calls at port.

The coal trade is also leveling off because competitors to U.S. coal exporters are providing foreign consumers with less expensive supplies. This became apparent when the political situation in Poland was quelled, and with the strong reentry of Australia and South Africa into the world coal trade. Since U.S. coal is already the highest priced on the market, primarily due to transportation costs, many foreign consumers seem to be finding a quick fix from our competitors. Yet, these competitors can never offer the same stability of supply as U.S. producers and sooner or later they will call upon this Nation again. Nonetheless, the intent of this country to play a major role in the world coal trade must be made loud and clear. For this reason, I introduced House Concurrent Resolution 324, which expresses the intent of Congress that increased coal exports are in the national interest and must be accommodated through a national coal export policy.

The double-pronged attack on U.S. coal employment is being addressed by concerned Members, Mr. Speaker, through our efforts on both House Concurrent Resolution 342 and House Concurrent Resolution 324. These legislative initiatives serve as a clear signal that American jobs must be preserved.●

REV. JOHN S. LUKSYS CELEBRATES 40th ANNIVERSARY

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. YATRON. Mr. Speaker, I would like to bring to the attention of my colleagues in the U.S. Congress, the outstanding achievements of Rev. John S. Luksys, who will be celebrating his 40th anniversary in the holy priesthood on May 30, 1982.

Father Luksys and his twin brother, the Reverend Stanley J. Luksys, pastor of Sts. Peter and Paul Church in Tamaqua, who is also celebrating his 40th anniversary in the priesthood, were ordained in 1942, by Dennis Cardinal Dougherty in Philadelphia. Father Luksys was then appointed assistant pastor of St. George Church in Shenandoah, where he served for 13 years until 1955. While at St. George's Church, Father Luksys initiated the founding of the Shenandoah Little League, started a parish Catholic Youth Organization and also was instrumental in opening a bowling alley for his community. He was awarded the "Man of the Year" plaque in 1955 by the Shenandoah Civic Association in recognition of his dedication to the people and for his many accomplishments. He is the only Catholic priest to ever have received this honor.

In later years, Rev. Luksys served as the chaplain of the Holmesburg State Prison, a home for the indigent and a house of correction. There he educated the convicts in his faith and under his spiritual guidance 40 prisoners asked to convert to his church. This most impressive accomplishment was acknowledged by the Archdiocese of Philadelphia and John Cardinal Krol personally visited the prison to administer the sacrament of confirmation to these men.

In 1970, Rev. Luksys was appointed pastor of St. Casimir's Church in Saint Clair and in 1972, he became the administrator and then pastor of the St. Francis of Assisi Church in Minersville, where he still serves today. During his 10 years in this position, he has accomplished the renovation of all parish properties, a new cafeteria has been built adjacent to the school, and perpetual care for the cemetery was initiated.

Rev. John S. Luksys, is an outstanding example of one who has given unceasingly of his efforts for the benefit of his church and community. We can all look to his accomplishments as an inspiration on how we can contribute to making this world of ours a better place ot live and grow. I know my colleagues will join me in wishing Rev. Luksys continued success in the future and will commend him on his 40th anniversary as a priest. I would also like to offer congratulations to Rev. Stanley J. Luksys on his 40th anniversary of ordination.●

PERSONAL EXPLANATION

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. WIRTH. Mr. Speaker, this morning I was out of town on official business. Had I been here I would have voted for final passage of H.R. 6068, the Intelligence Authorization Act for 1983. I also would have voted against the Winn amendment to the National Science Foundation authorization for 1983. Thank you.●

TABERNACLE BAPTIST CHURCH: A COMMITMENT TO HUMANITY

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HAWKINS. Mr. Speaker, on June 19, 1982 the Tabernacle Baptist Church will celebrate its 85th year anniversary as a religious fellowship. Organized in 1897, it is the second oldest missionary baptist church in the city of Los Angeles. Mr. Speaker, there is no possible way to measure the outstanding community service Tabernacle Baptist Church has brought to the Los Angeles area. The legacy of the Tabernacle Baptist Church is best epitomized in the words of Rev. Hartwell Simms, who inspired his following with these words:

> We can't stop here. As long as there are lost souls to be won, as long as there are sick and aging people, as long as there are hungry people, as long as there is a society, there is still work to do. Mission, what are you doing? The need is there. Are you reaching out to touch somebody?

Mr. Speaker, I hope my colleagues can find time to think about the words of Reverend Simms and the dedicated cause of his church. These are the people and the institutions, through their tireless efforts, who are promoting the quality of life for our citizens.●

WASTE OIL RECOVERY

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. BEDELL. Mr. Speaker, earlier this year, the House Small Business Subcommittee on Energy, Environment and Safety, which I chair, held hearings on the subject of waste oil recovery.

Each year, this country uses approximately 3 billion gallons of motor oil and industrial lubricants. About half of that amount can be recovered and used a second time. However, a great deal of that waste oil instead is being discharged into the environment where it can create a variety of pollution and health problems.

Waste oil can be treated and used again as a lubricant. This is good, not only because it reduces environmental contamination and helps conserve petroleum, but also because the amount of virgin feedstock used in lubricant manufacturing is becoming less abundant.

Virtually all of the waste oil re-refiners in the United States are small businesses. Certainly, they are small by comparison with the integrated oil companies who have left this job for others to perform. Similarly, the independent lubricant manufacturers in this country are mostly small firms.

Historically, these groups have had some difficulty marketing lubricants made from recycled waste oil. The chief problem has been consumer acceptance of the product, based on a vague suspicion that the re-refined oil is in some way inferior to the virgin product. This is a difficult issue to resolve, because no standards exist that would allow simple analysis and comparison of re-refined petroleum products.

Recognizing the need for such standards and the fact that they can only come from the Government if they are to be credible and therefore useful, the Congress several years ago directed that the National Bureau of Standards should develop the tests and standards necessary for encouraging the recycling of waste oil in the United States. To the extent allowed by its limited resources, the re-refining industry has assessed itself and provided some funding and personnel to assist in this project.

It is my understanding that the administration has proposed terminating the National Bureau of Standards research on waste oil recovery at the end of this fiscal year. I believe this would be very unfortunate, as it would mean that several years of ongoing research would be ended just as we are reaching the point of having usable results.

I am told that there is no adequate substitute in the private sector for the work the Bureau is doing in this field. It is my understanding that the petroleum re-refining industry is counting on getting the results of the Bureau's project, in which they have participated. Thus, it would be a terrible waste of resources, both in the public and the private sectors, if we let the program be shut down just as it is about to yield productive results.

Both the Independent Lubricant Manufacturers Association and the Association of Petroleum Re-refiners have advised me of their concern over the proposed termination of the waste oil research work being done by the National Bureau of Standards.

John Fahey, president of the Independent Lubricant Manufacturers Association, recently wrote to me:

> ILMA members have been waiting for several years for the development of test procedures by the Commerce Department's National Bureau of Standards that would determine whether re-refined lubricant base stocks are of sufficient quality, consistency, and additive response to produce a truly equivalent finished product. This standard setting for recycled oil was mandated by Section 383(c) of the Energy Policy and Conservation Act. * * *
>
> ILMA is disappointed to learn that the Administration's proposed budget for fiscal year 1983 terminates NBS' recycled oil program after September 30, 1982. The termination of this program would be a serious setback to efforts to encourage the greater recycling of used oils, particularly when NBS is nearing completion of its work. NBS officials have indicated that the recycled oil program could achieve its legislative mandate within two years and, possibly, by the end of fiscal year 1983. * * *.
>
> The work remaining to be completed involves the application of NBS' recommended test procedures in a wide variety of actual uses. . . . The results from such field applications would not have any credibility without the reputation of NBS behind them.

In a similar vein, I have also been contacted by James A. McBain, the executive director of the Association of Petroleum Re-refiners. He states:

> The NBS research in the area of base stock consistency and equivalency is of extreme importance to our industry and to the lubricating oil consuming public. As of the (proposed) date of termination of this project, the research will be about 75 percent complete.
>
> This industry is compiled of small business which neither has the capital nor the technical sophistication to complete the work. When the program is terminated, the research will remain only 75 percent completed and, at best, will have only limited value.

And just yesterday, I was contacted by Paul Strigner, chairman of the Committee on Petroleum Products and Lubricants of the American Society for Testing Materials. He wanted me to know that ASTM, which is the private sector counterpart to the National Bureau of Standards, was concerned by the potential adverse effects of stopping the Bureau's used oil recycling research before its fruition.

Clearly, we should not let this valuable program be terminated before the results of their research is made available to industry in a usable form. I urge the administration to continue NBS recycled oil program beyond September 30, 1982.●

CONGRESSIONAL SALUTE TO THE HONORABLE HARRISON H. GEROW, M.D., OF NEW JERSEY, ESTEEMED PHYSICIAN, OUTSTANDING COMMUNITY LEADER, AND GREAT AMERICAN

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. ROE. Mr. Speaker, on Friday, May 21, the residents of my congressional district and State of New Jersey will join together in testimony to an esteemed physician, outstanding community leader, and good friend, the Honorable Harrison H. Gerow, M.D., whose standards of excellence throughout his lifetime—and particularly his exemplary expertise and professional skills as a doctor of medicine—have truly enriched our community, State, and Nation.

As Dr. Gerow retires from his high office of public trust as physician of the city of Clifton which he has held for the past quarter of a century, I know that you and our colleagues here in the Congress will want to join with me in deep appreciation of all of his good works and share great pride in the success of his achievements with his good wife, Mary; their daughters, Jacquelyn Moellers and June Ann Duzs; five grandsons, and other family members.

Mr. Speaker, as the physicians' Hippocratic Oath has served as an ideal for the professional attitude and ethics of Dr. Gerow—"for the benefit of my patients and abstain(ing) from whatever is deleterious and mischievous"—so has Dr. Gerow served as an ideal to all of us—"respected by all men, in all times."

Dr. Gerow has indeed earned the highest respect and esteem of all of us. Throughout his lifetime, he has forged ahead with endless energy, dedication, and sincerity of purpose in his quest to utilize his fullest talents in being of service to his fellowman.

He was born in Wilmington, Del., educated in Wilmington public schools, attended the Philadelphia College of Osteopathic Medicine, and adopted the State of New Jersey as his home.

We applaud his knowledge, training, hard work, and personal commitment that has enabled him to achieve the fullest confidence and strongest support of the people of our community. He has been a physician for the Montclair Academy athletic program and for 19 years was with the athletic program of Clifton High School. He was also athletic physician for the borough of Elmwood Park, N.J.

Dr. Gerow has been a staunch supporter and active participant in many civic, charitable, and community improvement programs. During World War II, he was chairman of the USO program of East Paterson, N.J., and has been in the vanguard of the lifesaving efforts of the American Red Cross Blood Bank in Clifton, N.J. He is a member of the Volunteer Elmwood Park Department No. 1, New Jersey Arco (a narcotics drug abuse prevention and control group), Elks Sarasota, and Sarasota Yacht Club.

Mr. Speaker, it is indeed appropriate that we reflect on the deeds and achievements of our people who have contributed to the quality of life here in America and I am pleased to call your attention to Dr. Gerow's lifetime of outstanding public service. As he retires his official position as physician of the city of Clifton, N.J., I respectfully seek this national recognition of Dr. Gerow and all of his good works. We do indeed salute a distinguished citizen, good friend, and great American—the Honorable Harrison H. Gerow, M.D.—for his contribution to the quality of life for the people of our community, State, and Nation.●

SELECT PANEL RECONVENED

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. SCHEUER. Mr. Speaker, you may recall that as part of Public Law 95-626, Congress established a select panel for the promotion of child health, to undertake a comprehensive review of the Nation's child health policies and programs. The panel completed its extensive work and submitted its four-volume report in December 1980. Those of us who have had occasion to utilize the panel's findings and analysis in our legislative deliberations have found the report to be invaluable, and the panel's recommendations to be a uniquely useful guide in addressing a wide spectrum of concerns related to child health.

Earlier this month, the panel reconvened, with the support of funds provided for this purpose by the W. T. Grant Foundation, to consider developments affecting child health that have occurred since the panel released its report. The members of the panel issued a statement which I believe will be of interest to my colleagues, particularly since the statement comes from a group with unique expertise and diverse backgrounds, including a former surgeon general of the United States, a large number of other prominent health professionals, as well as citizen representatives of considerable eminence.

The panel's statement follows:

Looking at current events in the light of the Panel's 18 months of hearings, fact-finding, deliberations and analysis, we conclude that the major changes in federal funding and program authority which have recently occurred or been proposed, clearly were made without any systematic assessment of their cumulative detrimental effects—now and in the future—on maternal and child health and on long-term public expenditures.

We are particularly alarmed at the cutbacks in support for services the Panel identified less than 2 years ago as of highest priority, because these services demonstrably contribute to improved health, greater productivity, and the security of the nation.

In our original report, we identified the following services as especially cost-effective and of highest priority, and recommended specific actions to expand their availability:

"Prenatal care (including nutrition), delivery, and postnatal care

"Comprehensive health care for children from birth through age 5 (including nutrition and immunizations)

"Family planning services."

Many of the recent and proposed cutbacks in public funding for these high priority health services will be penny wise but pound foolish, since they are likely to result in:

"Increased death, sickness and preventable suffering, especially among the children of the poor and near-poor;

"Increased public expenditures in the future, not only in the health and mental health system, but also in welfare and education;

"A less productive work force as today's children grow to adulthood."

Any retreat from the levels of public support that have been provided for these services is unconscionable. Present cutbacks already seriously damage a structure of essential services which has been painstakingly built over the years, and which has resulted in remarkable gains in child health.

After hearing a series of six reports on current developments, we are increasingly concerned about the interactive and cumulative effects on children and their families of the cutbacks and program changes not only in child health programs, but also in food stamps, nutrition, and public welfare programs. The AFDC changes alone have already resulted in the damaging loss of medical benefits for a large number of working AFDC mothers and their children.

The following are examples of specific developments that arouse our deep concern:

"The Title V Maternal and Child Health Block Grant—the only federal health program specifically for mothers and children—was one of the most severely cut federal health programs in the FY 1982 Budget Act and Continuing Resolution, and is threatened with further cuts. The current drastic reduction in federal funding is resulting in substantial decreases in highly effective preventive health services of the type which the Panel's report identified as particularly important in improving the health of mothers and children, and is occurring dispite the fact that many mothers and children did not have access to these essential health services even prior to the FY 1982 funding reduction.

Adequate nutrition has been consistently associated with better pregnancy outcomes, including a lower incidence of mental retardation, and the healthier growth of infants and children. Nevertheless, current proposals would cut WIC nutrition funds by approximately a third, directly resulting in an alarming reduction in the number of needy infants and pregnant and lactating women who could receive food supplements.

Recent and proposed changes in the Medicaid program, reducing eligibility both for those on welfare and the medically needy, requiring copayments from recipients, and the suspension of the EPSDT penalty regulations, have the effect of limiting the appropriate use of preventive and primary care for children and pregnant women, precisely the most cost-effective components of care.

Funding cutbacks are also decimating existing capacities to provide certain services which the Panel had found especially important but insufficiently available even before the current funding reductions. These include services for handicapped children, services for adolescents, genetic, mental health and psychosocial services, and services that promote access to care."

We wish to emphasize that our assessment of current developments is not partisan in intent, and to reaffirm the statement we made at the time our report was released: Our children's good health, competence and vigor are so central to the national interest that, whatever the differences among citizens, legislators and administrators about the precise forms of required action, we can all unite on the need for action. We regard our report as a long-term prospectus for a sound investment in America's future. The very children who are dependent on us today will be the adults we will look to tomorrow to protect our natural environment, maintain our standard of living, keep our economy competitive with other nations, preserve our defense capabilities, and maintain our humanitarian values.

A list of Panel members, with their current affiliations, is attached.

MEMBERS OF THE SELECT PANEL FOR THE PROMOTION OF CHILD HEALTH

Jo Anne Brasel, M.D., professor of pediatrics and medicine, UCLA School of Medicine, Harbor-UCLA Medical Center, Los Angeles, Calif.

Mitchell I. Ginsberg, professor, Columbia University School of Social Work, New York, N.Y.

Frank Hardart, Jr., M.D., obstetrician and gynecologist, New York, N.Y.

Benjamin W. Heineman, Jr., Esq., Califano, Ross & Heineman, Washington, D.C.

Roger C. Herdman, M.D., vice-president for Prof. Affairs, Sloan-Kettering Memorial Inst., New York, N.Y.

Nicholas Hobbs, professor of psychology, emeritus, Vanderbilt University, Inst. for Public Policy Stds., Nashville, Tenn.

George I. Lythcott, M.D., professor of pediatrics, University of Wisconsin, Madison, Wis.

John C. MacQueen, M.D., professor of pediatrics, University of Iowa, (vice-chairman), Iowa City, Iowa.

Howard N. Newman, Esq., Memel, Jacobs, Pierno & Gersh, Washington, D.C.

Katherine B. Nuckols, Ph. D., F.A.A.N., professor of nursing, University of North Carolina, Chapel Hill, N.C.

John L. Palmer, Ph. D., senior fellow, The Urban Institute, Washington, D.C.

Julius B. Richmond, M.D., professor of health policy, Harvard Medical School, Boston, Mass.

Lisbeth B. Schorr, visiting professor of maternal and child health policy, University of North Carolina, Washington, D.C. (chairman).

Aaron Shirley, M.D., project director, Jackson-Hinds Comprehensive Health Center, Jackson, Miss.

Jeanne C. Sinkford, D.D.S., dean, School of Dentistry, Howard University, Washington, D.C.

George Tarjan, M.D., director, Mental Retardation Program and Child Psychiatry Division, UCLA School of Medicine.

Charlotte Wilen, president, continuum, Georgia Alliance for Human Development, Atlanta, Ga.●

CONGRESSMAN MILLER HONORS RETIRING TEACHERS

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. MILLER of California. Mr. Speaker, three outstanding teachers will retire from the Martinez Unified School District at the end of this school year and I want to take this opportunity to salute them.

Lillian Thomas is retiring after teaching in the Martinez Unified School District for 25 years. While in Martinez, Mrs. Thomas has taught second, third, fourth, fifth and sixth grades at Martinez Elementary School. Prior to teaching in Martinez, she taught in Washington and Oregon.

Mr. Thomas enjoys numerous interests and hobbies, including traveling. She has traveled extensively through Egypt, Israel, Europe, Canada, and Mexico. She has visited all but six of our own United States. Mrs. Thomas and her husband, Edward, who is also retired from teaching, look forward to further travel in their shared retirement. They also look forward to spending time with their two daughters and four grandchildren.

Agnes Ariey is retiring after teaching for 25 years in the Martinez Unified School District. Mrs. Ariey, a native Californian, grew up in Port Costa and graduated from Alhambra High School in Martinez. She attended Holy Names College in Oakland, traveling by train from Martinez to Oakland and back each day. She was graduated from the College of Holy Names and received her teaching credential from the University of California in Berkeley. Prior to teaching in Martinez, Mrs. Ariey taught in Knightsen.

Mrs. Ariey is married to Andrew Ariey, an engineer for Pacific Gas & Electric. They have four daughters, all college graduates, and one grandson. Mrs. Ariey is looking forward to an active retirement.

Claudia Whitnah, a fourth grade teacher at Martinez Elementary School, is retiring after 35 years of teaching. Mrs. Whitnah, a native Californian, was born and educated in Berkeley. She attended the University of California in Berkeley and graduated from New York University. She began her teaching career in San Pablo, Calif., with a class of 75 students. Before coming to Martinez, Mrs. Whitnah taught in the Mt. Diablo School District and also taught special education for Contra Costa County. She taught at Montecito School in Martinez for 2 years and Martinez Elementary for 27 years. She has taught at all levels through eighth grade, including special classes in wood shop and music. Mrs. Whitnah has taught over 1,000 children in her 35 years of teaching, many of them children of former students. She plans an active retirement, continuing her studies and working on her music.

These three women have been inspiring educators and we will enjoy the benefits of their outstanding efforts for many years to come. Mr. Speaker, I know that you and my other colleagues join with me in saluting and commending Lillian Thomas, Agnes Ariey, and Claudia Whitnah, and wishing them the best for a long, well-deserved retirement.●

W. CLEMENT STONE

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HYDE. Mr. Speaker, one of our Nation's great entrepreneurs and philanthropists, W. Clement Stone of Chicago, recently celebrated his 80th birthday. Mr. Stone is indeed an American success story—a true Horatio Alger of the 20th century—who started as a newsboy and built a great business empire. He is also one of the those rare individuals who possesses the ability to inspire others on to greatness, and has certainly done so as an author and a lecturer.

In honor of Mr. Stone's 80th birthday, I am pleased to include the following remarks from the Paul Harvey News broadcast of May 1.

I know my colleagues join me in wishing Mr. Stone many, many more years of good health, success and fulfillment.

W. CLEMENT STONE LED SOCIAL REVOLUTION

For W. Clement Stone this is birthday number eighty and counting.

Look up W. Clement Stone in "Who's Who" or in a biographical dictionary and you're impressed with credentials . . .

Insurance executive of fabulous wealth, author, advisor to Presidents—that sort of thing.

But the Clem Stone I've been honored to know in his home and in my own—

Or when just the two of us were late hours in my light plane returning from a speaking engagement somewhere—

The other Clem Stone—

When he is not moving corporate mountains or inspiring enormous audiences or charming a boardroom or ramrodding a charity.

That Clem Stone is much more remarkable than the other one.

Our nation has spawned many rich men.

Our generation has witnessed several billionaires—

But Howard Hughes decayed in his cloister . . .

H. L. Hunt sought immortality futilely tilting with windmills . . .

J. Paul Getty's succession of wives could never relieve his loneliness . . .

John MacArthur settled for a coffee-shop forum and left his wealth to be administered in ways he never would.

Our generation has witnessed a procession of billionaires and only one happy one.

I don't mean ours to sound like a buddy-buddy friendship; for better or worse busy men sacrifice that degree of fraternity.

But we have been close enough so that every day I parrot some of his wisdom without even meaning to.

The secret of Clem Stone's success is no secret. He shouts it from platforms and pulpits, delights in sharing it with the most casual passerby.

It's as new as now and as old as Scripture . . . "As a man believeth in his heart . . ."

That is what he is.

Most anywhere I travel I meet somebody who credits his own success to something Clem Stone said or wrote.

Elected officials, corporate executives, very recently the CEO of a prospering chain of restaurants.

I know Mr. Stone hears from many others—not counting the countless he never knew were paying attention.

Angel and I, previously committed, cannot be present for our friend's birthday celebration—but he would understand about commitments.

I'd like to be there to hear the Captains and the Kings pay their respects and join the toasts of family and friends.

I've sent this greeting this way only because I feared that in their toasts and tributes all he's done might eclipse all that he's been.

For he has been the leader of a social revolution.

In a climate where bigness was suspect he altered that climate with persistent integrity and decency . . .

In an era when rich men begat mostly resentment, this one earned respect, inspired emulation . . .

And when money motivated many to all manner of excesses . . .

Clem Stone's sustaining love for his childhood sweetheart, Jessie . . . confounded the cynics.

Clem Stone—the newsboy who made of his newsstand—a skyscraper . . .

The young son of a widowed mother whose faith in God, his country and himself—in that order—was the foundation for an empire.

Yet, every step of the way up—he was climbing with one hand—and holding out the other to anybody with the gumption to follow.

Clem Stone, cherished friend, lead on!●

TRIBUTE TO TWO PENNSYLVANIA EAGLE SCOUTS

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● **Mr. NELLIGAN.** Mr. Speaker, I join my colleagues today in honoring two Boy Scouts from Luzerne County in the 11th District of Pennsylvania, which I am privileged to represent. These two Scouts, from Troop 281 of Dallas, Pa., have recently received the highest scouting award, the coveted Eagle Scout Award.

Kurt Fetterman, 16, the son of John and Elizabeth Fetterman, is a sophomore at Dallas Senior High School, where, in addition to his scouting activities, he is involved in soccer and in painting.

Stephen Strazdus, 15, the son of Richard and Barbara Strazdus, is active in sports and theater as a sophomore at Dallas Senior High School.

I commend the troop's Scout leader, Bob Vanderhook, for spurring these young men on to such outstanding achievements, and I join parents, friends and residents of Dallas in wishing these young men equal success in their future endeavors.●

NEED FOR A NUCLEAR FREEZE

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● **Mr. FRANK.** Mr. Speaker, the issue of a mutual and verifiable nuclear freeze is one of the best examples we have had in a long time of the power of the American people to make their elected officials pay attention to their views.

By their widespread support for a freeze, the voters have compelled both the President and Congress to take a far more serious interest in arms reduction than was the case last year.

Some commentators have professed puzzlement at the support the freeze is receiving. A recent article by Boston Herald American columnist Peter Lucas may help them understand why the freeze has become unpopular. Mr. Lucas, in his straightforward style, articulates very concisely the reasons that the freeze petitions have met such a broad, popular response and I think his exposition should be shared with the Members.

The article follows:

[From the Boston Herald American, May 14, 1982]

SENATOR KENNEDY IS RIGHT ON NUCLEAR FREEZE ISSUE

(By Peter Lucas)

Ed Markey stole my line.

Before I could write it, the congressman from Malden, up front on the nuclear freeze issue, used it in the op-ed section of the Herald American Tuesday in a piece he did with Stuart Langton of Tufts University about nuclear disarmament possibly becoming the political issue of the 1980s.

The call for a nuclear freeze between the United States and the Soviet Union will be THE issue in the 1980s, particularly in the 1984 presidential campaign. It is an issue whose time has come.

For Sen. Edward M. Kennedy, up for reelection this year, and possibly considering another run for the presidency in 1984, the issue is a ready made one.

Although Kennedy may be vulnerable on issues that business leaders are interested in, he handles business questions by answering about what he has done to deregulate the airlines and the trucking industry.

But the business issues pale in comparison to the nuclear freeze issue. Kennedy, along with Oregon Sen. Mark Hatfield, Sen. Paul Tsongas, Markey and Republican U.S. Rep. Silvio Conte of Pittsfield, introduced a resolution in Congress two months ago to stop the nuclear arms race. And since then the issue has taken off.

"The Kennedy-Hatfield resolution," Kennedy said, "calls for an immediate, mutual and verifiable freeze on nuclear weapons between the United States and the Soviet Unio, followed by a major reduction in the nuclear arsenals on both sides. In the midst of this nuclear madness, it is time for all of us to stand up and say, enough is enough."

How can anybody in his right mind be in favor of building more nuclear bombs when both sides have more than enough to blow the place up and kill everybody?

"Together, the United States and the Soviet Union stockpile a total of 16,000 strategic nuclear warheads," Kennedy said, "with nearly four tons of T.N.T. for every man, woman and child presently living on this planet. Today, the earth itself is an endangered species."

Kennedy has a whole lot of credibility talking about the nuclear freeze.

Perhaps this is due in part to the dumb plans of the people around President Reagan to spend $4.2 billion for a civil defense plan to relocate some two-thirds of the people from the urban areas to remote areas in the event of a nuclear war.

"Recently, the administration has been asking more and more money for civil defense," Kennedy said. "They are discussing the evacuation of our major cities, which would give the Soviets many days of warning about a possible attack.

"What are the Russians supposed to think when their spy satellites see Route 128 clogged with cars crawling toward the Massachusetts Turnpike and heading toward Pittsfield and the Berkshires?"

Kennedy is right on the nuclear freeze issue.

I'm not going to be evacuated. I'm not going anywhere, but I am sticking around to cover the nuclear arms freeze issues or the end of the world, whichever comes first.●

RABBI ERWIN ZIMET

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● **Mr. FISH.** Mr. Speaker, on March 26, 1982, Rabbi Erwin Zimet of Temple Beth-El in Poughkeepsie, N.Y., celebrated both his 70th birthday and his 35th year with the congregation as senior Rabbi.

Rabbi Zimet has devoted most of his life to making the congregation of Temple Beth-El feel like part of his family and in teaching the values of Judaism to those persons fortunate enough to have heard his sermons. Rabbi Zimet has been a constant source of knowledge and comfort for every member of his congregation and has achieved a stature in the local community unmatched by his peers.

I was personally unable to attend the tribute to Rabbi Zimet, but I share the entire congregation's gratitude for his contributions over the past 35 years. Although many changes have occurred in the city of Poughkeepsie over the past four decades, Rabbi Zimet has always been there to guide and counsel his congregation and the entire community. I have every reason to believe the city of Poughkeepsie will continue to benefit from Rabbi Zimet's contributions in the future.●

ADMINISTRATION POLICIES HELP RICH GET RICHER

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. FLORIO. Mr. Speaker, an increasing number of Americans now believe that the essential element of fairness is missing in the administration's economic program.

The administration's supply side economic plan is creating deep economic and social divisions in our society. There are more jobless Americans today than at any time since 1939. Real interest rates are now higher than they have been since 1932. Last year saw the lowest number of housing starts since 1940, and home resales are at their lowest level in 8 years. U.S. auto production is the lowest it has been since 1947. In just 1 week in May, 530 firms went bankrupt. This year's business and farm failures are at their highest level since the Great Depression. Each business closing adds to the 10 million unemployed Americans looking for work.

Yet many Americans are far removed from today's economic realities. The Philadelphia Inquirer article which follows this statement reports that the number of Americans with assets of $1 million or more grew by more than 55,000 last year, an 11-percent increase from 1980.

According to a 1982 study by the Congressional Budget Office, the administration's economic recovery program measurably helps the rich get richer while it penalizes low- and moderate-income households. For families earning less than $10,000 next year, the CBO report concludes that the administration's budget and tax cut program will reduce the family's net worth by $120. Yet CBO finds that the administration's program will award families earning $80,000 or more with an average $15,000 tax reduction.

This year over 35 percent of the administration's tax cut will go to less than 5 percent of the population, those earning over $50,000 a year. For my colleagues who wish to learn more about how some of these prosperous Americans are spending their tax bonanza, Mr. Speaker, I request that the following article be inserted in the Record.

[From the Philadelphia Inquirer, May 16, 1982]

WHAT RECESSION? THE RICH ARE GETTING RICHER

(By Arthur Howe)

Aspen, Colo.—Here in the valley of $1.5 million condominiums, $100-a-day ski lessons, $73 takeout Chinese dinners for four, and crocodile-skin cowboy boots for $750, is a sort of Disneyland for adults. No one, at least, quibbles over the price of things.

"Recession? The people who come here aren't really affected by it," local real estate broker Evan Boenning said. His company, along with the rest of the local merchants, innkeepers and restaurateurs, had a near-record winter season.

Far from the baleful lines of millions of jobless Americans are flourishing pockets of prosperity like Aspen, which are removed from the effects of a prolonged recession and economic confusion. They are supported by an expanding class of moneyed people—mostly nouveau riche, educated professionals and business executives. A minority of them were born to wealth. All are virtually untouched by the current economic downturn.

Similarly, those restaurants and resorts, real estate agents and automobile manufacturers that attend to the wishes of the rich—offering high-priced exotica from quail eggs to Maserati Quattroportes—are enjoying boom times.

Consider, for instance, Autohaus Atlantic, an Atlantic City, N.J., dealer of Mercedes-Benz automobiles. Manager William Hamar said the agency had trouble stocking enough 380 SECs and 300 turbo-diesels to meet demand.

"They're lining up for them," he said. "Customers come in here and spend 25, 35, 45 and 55 in cash." These are thousands of dollars.

At Cartier Inc. in New York, the demand is strong for jewelry—earrings, bracelets and necklaces with bright-hued stones, priced from $25,000 to $100,000—as well as art deco clocks at more than $90,000. Business is "doing very well," a spokesman said.

No price appears too high for those interested in prime real estate. Sotheby Parke Bernet Internationally Realty Corp., which offers a range of "distinctive" properties from $300,000 to $24 million, has reported that sales for the first three quarters of its 1982 fiscal year were running 45 percent ahead of last year. Said Samuel Beach, vice president for mid-Atlantic sales: "There's a lot of money out there."

Exactly who are these free spender?

"Primarily they are people who are tied to recession-proof businesses," involved in high technology, energy, financial services, engineering and certain manufacturing processes, said John K. Holland, assistant vice president of marketing for the United States Trust Co., a New York investment firm that has prepared a study describing the growing class of well-to-do Americans.

The study showed that, based on tax information from the IRS, the number of individuals with assets of $1 million or more grew by more than 55,000 last year, an 11 percent increase from 1980.

Recently released figures from the Commerce Department and Census Bureau support evidence of an expanding number of prosperous Americans as well as a growing number of people at the lower end of the income ladder.

In 1970, the bureau said, 14.8 percent of all families had incomes of $35,000 or more. In 1980, 19.5 percent of all families were in that category. Similarly, in 1980, 6.7 percent of all families had incomes of $50,000 or more, compared with 5.5 percent in 1970.

"Middle- and lower-income families have been hardest hit by the combination of inflation and high unemployment, while the wealthier people are better insulated from inflation and have benefited from high interest earnings and recent tax cuts," said Sandra Shaber, senior economist for Chase Econometrics in Bala Cynwyd, Pa.

Chase Econometrics projects that the gap between lower- and upper-income earners will continue to grow through the 1980s. The economic forecasting service said that as of 1980, some 948,000, or 1.6 percent, of the nation's 60.3 million families had an annual income of $75,000 or more. By 1985, that number is expected to grow to 4.9 million, or 7.6 percent of U.S. families. And in 1990 about 16.8 million families, or 23.8 percent, will have annual incomes of at least $75,000. Even allowing for the effect of inflation on incomes, the earnings of this elite group are expected to grow significantly in absolute terms in coming years.

One factor that will greatly affect the growth of affluence is the recent reversal of the progressive tax laws and federal programs aimed at income redistribution—a turnaround advanced largely by what critics have labeled President Reagan's "Beverly Hills budget."

Thanks to tax-reform legislation passed by Congress last year, wealthy Americans will benefit from a three-year, 25 percent tax cut and a reduction in the maximum income tax to 50 percent from 70 percent. The budget also offers significant cuts in capital gains taxes and the opportunity for those with discretionary cash to invest tax-free in all-savers certificates and Individual Retirement Accounts while at the same time enjoying substantial tax deductions.

Prolonged high interest rates, the bane of the middle and lower classes, work as something of a boon to the rich.

In fact, interest income from money market funds, bonds, certificates of deposit and other financial instruments whose return is linked to the high interests rates represents the fastest-growing segment of personal income, economists say. The Department of Commerce reports that such personal interest income enjoyed by those wealthy enough to invest grew from $300.9 million during the first quarter of 1981 to $338.5 million in the first quarter of 1982.

At the same time, evidence indicates that the wages of middle- and lower-income workers during the last decade, adjusted for inflation and expanded work force, declined by an annual average rate of 0.1 percent per year, according to economist Shaber. Moreover, for this class of individuals normally preoccupied by the cost of living, inflation hurt the most.

"Inflation hit the necessities—food, fuel and housing—much harder than the price of luxuries," Shaber said.

Thus, a sort of spending spree has developed for the well-to-do.

"People figure goods are a better way of using their greenbacks," said Fabian Linden, executive director of consumer research at the Conference Board, a New York business-research group. "It used to be that you let your money work for you. Now the attitude is instead of investing it, maybe buy a little more."

Nowhere, perhaps, is this attitude more prevalent than Aspen, the century-old Colorado mining town that now resembles a demi-Eden for the rich.

By day the slopes on the four mountains are crowded with suntanned skiers, many with $100 Sony Walkmans attached to their $600 Bogner reversible jumpsuits. Their equipment: $450 fiberglass skis and $250 plastic boots. So many skiers paid $22 a day for lift tickets this season that the Aspen Ski Corp., a division of Aetna Life Insurance Co. and 20th Century-Fox, is comparing sales last winter with the resort's record year in 1980.

Aspen's streets are filled with wealthy Texans, West Coast industrialists, Mexicans and Germans in mink parkas and accessories by Gucci. Many spend their days searching for jewelry, clothes and gifts in the refurbished, Victorian-era shops and boutiques that offer prices exceeding even those found in the shops of Los Angeles' famed shopping area for the stars, Rodeo Drive. At night, they press into the dozens of chic restaurants like the Ute City Bank, festooned with hanging plants and stained glass.

"The recession really doesn't mean much to these people," said Carol Kiesinger, a member of the Aspen Chamber of Commerce. "I've been going out at night with a millionaire friend from Cleveland to the good restaurants in town, and they're mobbed—I mean mobbed. The top, top real estate is still selling well, too. It's the moderately priced real estate, in the 300 to 400 [thousand dollar] range, that's a little slow."

Across the country, businesses offering exotic cars and boats report that sales are unchanged by the economy. Some, like Martin C. Keenan, president of Keenan Motors Inc., a Philadelphia Mercedes-Benz and Rolls-Royce dealer, say sales of Rolls-Royces, priced at $110,000 to $163,000, are running 50 percent ahead of last year.

"I am only two Rolls-Royces behind last year's entire sales," he said. "With our Mercedes, everything that comes in is almost pre-sold."

Philip Tegtmeier, sales manager for Algar Enterprises Inc., a Paoli-based dealer of Ferraris and Maseratis, priced between $41,000 and $65,000, said, "The activity, the traffic, the kind of buyer—they're still out there."

Art Willis, owner of Sailing Emporium, a Rock Hall, Md., marina, said demand was strong for luxury sailing boats—specifically Mariner 36s, at $120,000 each, Canadian Sailing Yachts at $90,000, and 38-foot Hoods for $140,000 to $160,000.

"We've had better sales this year than any other year. We can't get enough good quality boats" to meet demand, he said. "Right now we have deposits on boats that can't be built."

Likewise, the affluent appear not afraid to indulge their palates.

At the one-year-old Sutton Place Gourmet store in Washington, which bills itself as "the world's largest one-stop gourmet shop," sales are "still climbing," according to a public relations spokesman hired by the store. The fare includes Beluga Malossal (slightly salted) caviar, flown in fresh three times a week from Russia, at $199 for a 9-ounce jar, Moreau chocolates at $17.99 per 7-ounce jar, and leg of lion for $19.99 per pound.

"We have occasional calls for the lion, but mostly people want reindeer, hare and fowl," said Sutton Place's public relations representative Norm Atkins.

The taste for expensive goodies has proved a boon to most high-priced restaurants and to magazines like Bon Appetit, which has trebled its circulation in five years.

Godiva Candies, a Reading-based subsidiary of Campbell Soup Co. that makes Belgian-style molded chocolates selling for as much as $45 a pound, has seen its sales balloon by 900 percent over the past three years, according to Godiva executive Albert Pechenik. Godiva recently began marketing $5-a-pint ice cream and plans to open some 50 retail outlets in the next three years. French gourmet chef Paul Bocuse is under contract to develop a line of gourmet foods for the company.

Pechenik attributes his company's success, in the face of dozens of bankruptcies across the candy industry in recent years, to Godiva's adherence to quality.

"Those businesses who have paid attention to quality are thriving," he said. "The others, like Detroit, are not. What's happening now, I believe, is a day of reckoning.

Luxury real estate—from smogfree havens like Boca Raton, Fla., to roof-top Rittenhouse Square apartments—is selling briskly, too, report brokers.

Barbara Greenfield, an associate broker with the Greenfield Co. who specializes in Center City Philadelphia real estate priced above $200,000, said that last year she personally sold $7.3 million worth of real estate—"and that was supposed to be the worst year ever for real estate," she said. So far this year, her sales are "not far away" from last year's level.

Sotheby's International Real Estate division, which specializes in a line of "distinctive properties," reports that in some sectors of the luxury real estate market, there aren't enough properties to meet demand.

"Basically," said Sotheby's real estate president, Charles H. Seilheimer Jr., "the co-ops [cooperative apartments in New York city] going for one, two or three million—there are more people around to buy them than apartments to go around."

It is not surprising that publications catering to the interests of the upper crust are springing up across the country. Since December, Texas' sizable moneyed population has been able to compare notes in Ultra, a magazine that concerns itself with the "upbeat lifestyles of Texans," according to the managing editor.

Sprinkled among advertisements for Baccarat vases for $1,315 each and society photographs, Ultra offers articles about "Greek Island Hopping" and an "inside view" of the wife of the publication's founder, real estate mogul Harold Farb. In the March issue, a writer for Ultra wonders:

"Where are the linens and the music? Why is the food slapped on the plate rather than garnished? Where are the strawberries in December and the *huevos ranchereos* in June?"

Arizona has a similar publication, Elite. Its founder, Ellie Schultz, said it is aimed at those 71,000 states residents who earn more than $100,000 per year.

Finally, the flagship of the landed gentry, Town & Country magazine is enjoying the biggest financial boon in its 136-year history. Ad revenues for the first half of the fiscal year are up 41 percent from the similar 1981 period, to $6.95 million. Circulation, which for decades hovered under 150,000 reached 310,000 during the first quater of 1982.

Said David A. McCann, publisher: "We're doing spectacularly well. For the first six months of this year and revenue has surpassed every full year's revenue from 1846 to 1979."

The periodical, which bills itself as "The Magazine of privileged information," has been undergoing something of an editorial metamorphosis in recent years. It now not only gives homage to the wealthy at international playgrounds, but also addresses some singular problems of the rich: health care money and social behavior.

"We use to be basically a magazine for dowagers and debutantes," McCann said. 'We now address ourselves to people who have money and address them as honest-to-goodness people. In our opinion the rich are really no different from the general public—except, of course, that they have money."●

A TRIBUTE TO DR. PATRICK MOGAN

HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. SHANNON. Mr. Speaker, I would like to take this opportunity to recognize the extensive contributions of Dr. Patrick Mogan, the superintendent of public schools in Lowell, Mass.

After 35 years as a nationally renowned educator and city planner, Dr. Mogan will be retiring on June 30, 1982. Dr. Mogan, who received a doctorate in education from the University of Massachusetts in 1975, has also received honorary degrees from Amherst College and from the University of Lowell.

Dr. Mogan has served as the superintendent of public schools since 1977. However, that is only one of the many capacities from which he has contributed to the Lowell community. Dr. Mogan is recognized throughout eastern Massachusetts as being the individual most responsible for the rebirth of the city of Lowell. He was the initiator of the Lowell development plan, which developed into the Lowell State Heritage Park. He also instigated the Lowell National Historical Park project, and has continued to lend his support, expertise and influence to this project. Finally, he created the legislation which designated Lowell as the first national urban cultural park in the United States.

In addition to these contributions to the city of Lowell, Dr. Mogan developed the migrant project for Middlesex and Essex Counties, organized the National Teachers Corp., the Center for Human Development, and the Cultural Center of Lowell, and the city learning system for children.

Dr. Mogan has been cited by the U.S. Office of Education and the educational facilities laboratories of the Ford Foundation for the development of the "Everywhere School," a new concept for a community school. He has worked with the National Center for Urban Ethnic Affairs for the planning and implementation of an intercultural education program. And, Dr. Mogan has been a frequent contributor to national conferences on urban education and urban environmental planning.

On behalf of the city of Lowell, the Commonwealth of Massachusetts, and every individual who is concerned about the development of excellence in our public schools, I would like to thank Dr. Patrick Mogan for his contributions.●

GENE WILSON MARTIN

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. COLLINS of Texas. Mr. Speaker, vocational excellence is essential to keeping a full, productive economy. It gives all of us pride to see people take the lead in their profession.

A profession that is being recognized more and more for its art and creative expression is the field of hair dressing. In Dallas, we take pride in recognizing Gene Wilson Martin when she won the world championship as creating the best in commercial hair style. This designation was the styling that would have the widest appeal among actual salon clients.

And even more, in the field where Gene was chosen the best, it provided the livable hair dressing which brings back the more involved feminine look.

Most people do not realize the time, work, and dedicated practice that goes into building a champion. Just a few years ago, Gene Wilson Martin was a U.S.A. team representative at the World Championship Hair Dressing Competition in Stuttgart, Germany. Her work has appeared in various international publications. She is president of a company which provides training programs for stylists. She manages her own shop and also keeps her two hands active and experienced with new challenging ideas.

I am proud of Gene Wilson Martin because she is a Texan. I am proud of her because she worked her way to the top to become champion at the World Hair Dressing Congress in London. Competition builds greatness. And competition stimulates creativity.●

A BETTER ARMY

HON. J. KENNETH ROBINSON

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. ROBINSON. Mr. Speaker, I should like to draw to the attention of my colleagues a recent editorial that appeared in the Richmond, Va., Times-Dispatch about the encouraging progress being made to improve the capabilities of the U.S. Army under the able leadership of Secretary of the Army John O. Marsh, Jr.

Colleagues will recall that Secretary Marsh was my predecessor in office as the Representative of Virginia's Seventh Congressional District.

The text of the editorial is as follows:

A BETTER ARMY

When John O. Marsh, Jr. took over as secretary of the Army in 1981, he assumed responsibility for an organization that appeared to be suffering badly from a severe affliction of the "Three Ds": Declining enlistments, Deteriorating morale and Drug abuse. The Army seemed to be trapped in a spiritual Valley Forge, and many informed people worried about its ability to respond effectively to a major enemy assault.

Conditions are better today. Volunteerism is proving increasingly successful in producing the quality of recruits the Army needs to sustain its strength. Re-enlistments are up; morale is rising. Discipline is stronger and training is tougher. Drug abuse, a scourge that threatens every segment of American society, remains a serious problem but the Army is trying hard to combat it.

Mr. Marsh is not solely responsible for all of the improvements, of course, but he is entitled to a major share of the credit. The leadership of a man of his qualities seems to be exactly what the Army needs at this critical point. In this distinguished Virginian are combined characteristics that superbly qualify him for the post he occupies: an understanding of military science, a deep commitment to a strong national defense and a resolute dedication to the principles of efficient and economical management in governmental affairs.

Mr. Marsh honed his views on the whetstone of experience in conservation politics. For four terms he ably served Virginia's Seventh Congressional District in the House of Representatives, making a mark there as an effective—and conservative—member of the House Appropriations Committee. He served Vice President Gerald Ford as assistant for national security affairs and President Ford as a White House counselor with Cabinet rank. Meanwhile, he maintained his interest in military affairs, which began with his entry into the Army in 1944 and included service as an officer in the Army Reserve and in the Virginia National Guard.

Secretary Marsh knows that despite the United States' awesome nuclear strength—or perhaps because of the awesome nuclear strength that both the United States and Russia possess—this nation needs a strong conventional Army. And it is his aim, he assured us in a recent interview, to provide that kind of Army as economically as possible.

The American people should be immensely pleased with the progress he has made. Consider:

The educational level of recruits is rising. Fears that the Army is attracting mostly semiliterates who are barely able to decipher instructions for erecting a pup tent must give way to the reality that 80 percent of today's volunteers are high school graduates. The number of recruits in the Army's "mental category IV," the lowest classification it will accept, dropped from 52 percent in 1980 to 31 percent in 1982. Of course, a high school diploma does not guarantee intellectual duty but it must be accepted as presumptive evidence that the holder is capable of coping with the ordinary complexities an enlisted man is likely to face. During World War II, Mr. Marsh notes, no more than 38 percent of the Army's enlisted men were high school graduates.

Morale, discipline and training, all interrelated, are improving significantly. Several factors are responsible for this. Under Mr. Marsh's leadership, the Army is intensifying its efforts to raise the quality of life for soldiers—and their families—without turning them into fops. Soldiers stay together longer as units, and some, involved in an experimental program called COHORT (for cohesion, operational readiness and training), remain together throughout their first enlistments. Family needs and problems, especially housing, are receiving increasing attention from the Army leadership. Several changes, all designed to produce tougher and more disciplined troops, have been made in training methods and policies.

The National Guard and the Army Reserve are being strengthened. Secretary Marsh considers them to be essential segments in what he calls the "total Army," so he has been deeply interested in increasing their enlistments, strengthening their training and improving overall conditions. As of last October, the regular Army included 782,809 soldiers, the National Guard membership totaled 379,715 and the Army Reserve's strength stood at 220,364.

Mr. Marsh does not pretend that the Army has solved all of its problems. More improvements are needed, especially in the critical area of sustenance. The Army's ability to keep its units supplied with spare parts, fuel and ammunition is alarmingly limited by a number of deficiencies in its support system. He is concerned, too, about the drug problem. And he believes that the quality of housing for American military families in Europe is far too low.

But today's Army, he is convinced, is an army of "good, tough soldiers." He is determined to make it better and tougher, not to embellish his own reputation as a military administrator but to lessen the chances of war. The stronger the United States' conventional armed forces, the less tempting it will be for an adversary to engage in aggressive experiments that could escalate to nuclear warfare. To the extent that he can contribute to the development of a strong American Army, then, Secretary Marsh feels that he is reducing the chance of nuclear conflict. His contributions, so far, have been notable; we are glad he's there.●

PASADENA JEWISH TEMPLE AND CENTER—RABBI MAURICE T. GALPERT SPECIAL ANNIVERSARY CELEBRATIONS

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. MOORHEAD. Mr. Speaker, I am very pleased today to bring to the attention of my colleagues in the House of Representatives a special dual anniversary celebration involving the Pasadena Jewish Temple and Center and the its spiritual leader, Rabbi Maurice T. Galpert.

On Friday, June 4, the Pasadena Jewish Temple will commemmorate its 60th year of dedicated service to its members and its community. The Pasadena Jewish Temple is the oldest and most prestigious Jewish congregation in the San Gabriel Valley.

On the same day, the congregation will also celebrate and recognize Rabbi Galpert for 30 years of exemplary service and faithful devotion to his creed, his congregation and his fellowman.

Both the man and the organization have contributed significantly to the harmony, growth and enlightment of our community and I wish both Rabbi Galpert and the Pasadena Jewish Temple and Center the same success in the future as they have experienced in the past.●

SUDDEN INFANT DEATH SYNDROME

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HOLLENBECK. Mr. Speaker, sudden infant death syndrome (SIDS) is the leading cause of death among young children between the ages of 1 and 12 months in the United States. SIDS tragically strikes children who appear to be perfectly healthy and developing normally.

Although the Federal Government has addressed the SIDS problem through the funding of research, it is obvious that assistance from private organizations is essential if SIDS is to be conquered in the forseeable future.

The National Sudden Infant Death Syndrome Foundation is such a private organization responding to the challenges posed in combating SIDS. The organization sponsors research to determine the origin of the disease, counsels families of SIDS victims, and serves to educate the interested public.

Mr. Speaker, I am proud to report that the New Jersey chapter of the NSID Foundation is now in the developmental stage of creating an Infant Apnea Evaluation Center which will identify and assist babies at high risk for the syndrome. They also hope to establish SIDS awareness centers throughout the State to help parents of SIDS victims in coping with this tragedy.

Over 113 junior women's clubs in New Jersey have demonstrated their support for this cause by participating in numerous volunteer projects for the past 2 years. Significant advancements have been made toward raising the $60.000 needed as seed money for the establishment of the Infant Apnea Evaluation Center at a New Jersey hospital. The efforts of these clubs have, indeed, been tireless and numerous.

Mr. Speaker, I believe you will join me, on behalf of Congress, in extending a most heartfelt congratulations to the dedicated members of the New Jersey chapter of the National Sudden Infant Death Syndrome Foundation and the New Jersey women's clubs who have worked so diligently to eradicate this most dreaded disease.●

THE FAIRNESS DOCTRINE

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. WIRTH. Mr. Speaker, I would like to call the attention of the Members to two recent articles concerning the importance of the Fairness Doctrine and access to the broadcast airwaves. The first appeared in Ralph Nader's newsletter, "Access," and the second was written by conservative columnist Patrick J. Buchanan. It is interesting to note that the Fairness Doctrine is strongly defended by both sides of the political spectrum. Perhaps the Reagan administration, which believes itself to be a recent victim of unfair broadcasting practices, will reconsider its opposition to this critical safeguard of the public interest.

People Like Us

First, President Reagan told the American people that he found "a valid reason" for the Fairness Doctrine. "I have no quarrel with both sides being presented," he told TV Guide.

No sooner had we passed this along to our readers (see Access 142) than the National Association of Broadcasters convened its annual soiree in Dallas. Propped about the hall were 3-by-5 foot blow-ups of a letter from President Reagan seemingly endorsing the NAB's "full First Amendment parity" theme ("parity," in NAB-speak, means "them that's got keeps, and us who ain't got keep quiet.")

And now, what to our wondering eyes should appear, but the President's spokesman, David Gergen, badgering CBS for an opportunity to respond on-the-air to Bill Moyers' hard-hitting documentary, "People Like Us," which aired April 21. "In the interest of fairness," Gergen told CBS.

"I believe the last time I looked that there was such a thing as the fairness doctrine," Gergen told reporters.

Indeed there is, Mr. Gergen. Now the White House (which gets more coverage than just about anything else) knows what it's like to feel so aggrieved by broadcast coverage of a controversial issue that it's compelled to ask for fairness.

Which prompts the question: "What about 'people like us?'" Perhaps the White House will take a second look at the Fairness Doctrine, which is as much a friend of the poor and powerless as it is a friend of corporations and Presidents.

[From the Washington Inquirer]

Reaganism Adulterated

(By Patrick J. Buchanan)

Mr. Reagan's men had best send a scouting party over to the FCC to check out the lieutenant they put in charge of that particular bureaucratic outpost. Because Mark Fowler, chairman—gunning for Libertarian of the Year—is about to give away the store.

Citing the late Justice William O. "Wild Bill" Douglas as his mentor, Fowler is preparing to unleash the national networks from all requirements of fairness and balance in news and commentary; to dismantle entirely the modest pollution control equipment that keeps the rawest sewage of the permissive society out of your living room.

The "fairness doctrine" that requires broadcasters to present both sides of controversial issues and the "equal time" provision for candidates should be scrapped as "censorship provisions" of federal law, says Fowler. For the FCC to threaten stations with loss of license for failing to comply is a "frightening specter . . . antithetical to our most precious freedom, speech itself.

"The simple fact is that no newspaper and no newsmagazine is subject to second guessing by a government agency when it comes to fairness . . . It's one thing for stations to follow principles like fairness or equal time. I call that not only sensible but good business. It's another when the government enforces these rules. I call that 'censorship.'"

Unsurprisingly, Fowler has been received by broadcasters with the enthusiasm a junior high principal might be accorded if he announced to the assembled student body that henceforth there would be no more "censorship," i.e., no more chaperones, on the school hayride.

But what Fowler is preaching is not Reaganism; it is ideological claptrap.

If Bill Moyers of CBS informs his evening news that the good guys in Central America are the left-wingers the United States always opposes, it is not a censorship of Moyers to require CBS also to air the administration point of view. How "frightening" a "specter" can the fairness doctrine be, when not a single radio or television station within memory has lost its license for the most egregious abuse?

And because the U.S. Supreme Court has declared "anything goes" in the printed word, producing a proliferation of dirt and filth unimagined a generation ago, is that solid precedent and sound argument for redirecting that sewer into the car radios and homes of the people who elected Mr. Reagan to curb cultural pollution?

Let the "market mechanism" work, demands Fowler. Well, the market mechanism produced 42nd Street. Is the First Amendment an unfulfilled promise if I can't get the same peep shows and porno shop productions with a flick of the switch on my television set?

"It seems beyond reason," writes Marvin Stone of U.S. News, "that Mr. Reagan's appointee at the FCC is willing to tell TV-station owners they may keep their licenses no matter how irresponsibly they behave." Yet that is exactly what Fowler is telling them.

Eliminate equal time and the fairness doctrine and the nation's networks have been given unrestricted license to savage candidates they oppose, to silence opinions they detest, to shut off the microphones to Middle America. Did not the conservative movement suffer enough from such abuse of power in the Vietnam era, to preclude our being the ones responsible for legitimizing it?

How would the Right-to-Life Movement, so abhorred by the trendies who occupy the peaks of broadcasting, ever get a fair hearing? Yet here we have Reagan's appointee at the FCC telling us that for Reagan's friends to insist on a fair hearing for Reagan's positions—on economics, abortion or El Salvador—is a violation of the constitutional rights of Roone Arledge.

Fowler, who invokes the Founding Fathers, might do well to read one. Jefferson's model was not some Middle Eastern bazaar, but the town meeting, which he writes was "called to discuss . . . and to decide matters of public policy . . . Now, in that method of political self-government, the point of ultimate interest is not the words of the speakers, but the minds of the hearers . . . What is essential is not that everyone shall speak, but that everything worth saying shall be said. To this end, for example, it may be arranged that each of the known conflicting points of view shall have, and shall be limited to, an assigned share of the time available. The vital point . . . is that no suggestion of policy shall be denied a hearing because it is on the one side of an issue than another."

When they labored for Ronald Reagon's revolution, how many conservatives thought they would be working to displace Thomas Jefferson—with "Wild Bill" Douglas?●

MILDRED BOCK

HON. MARK D. SILJANDER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. SILJANDER. Mr. Speaker, I would like to take this opportunity to commend to the House of Representatives one of the truly outstanding citizens of the Niles community today, Mrs. Mildred Bock.

Born August 31, 1915, Mrs. Bock has been a lifelong resident of the southwest Michigan community. From a very early age, Mildred has dilligently devoted her time, effort, and ideas to the educating and guiding of youth. In 1936, at the age of 21, she began her illustrious career in public education as a teacher in a two-room schoolhouse in Pokagon, Mich.

In that same year, she met and married her husband, Nicholas Bock. This union produced three children: Margaret, Jean and Nicholas, Jr. Mildred was a full-time housewife and mother until her children passed early childhood, at which time she returned to the profession that she loved dearly. She resumed her teaching career in Eureka, Mich., in the early 1950's. With unfaltering forthrightness and the stupendous ambition to present to her profession her best possible abilities, while holding her full-time teaching position and the ongoing job of raising a family, Millie, through night and summer courses was able to receive a bachelor or arts degree in 1961 and a master of arts in 1964.

Mrs. Bock taught in Eureka for 3 years until 1956 when she joined the Brandywine School District as a guidance counselor. For 29 years, the Niles community and the Brandywine School District has been accented by the invaluable contributions of Mildred Bock. The unprecedented influence she has bestowed upon the hundreds of students who have sought her caring guidance is evidenced by the many well-wishers who will be present to congratulate her on her many years of service.

Although this retirement is but a milestone in an acclaimed career in the field of education, I would like to extend my appreciation and felicitations for the outstanding service Mildred Bock has rendered to the Brandywine School District, the community of Niles, and to the State of Michigan.●

AL KUMSKIS HONORED AS MAN OF THE YEAR

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. RUSSO. Mr. Speaker, today I want to pay tribute to a man who has demonstrated through 50 years of public service what it means to be a caring and involved citizen. His energy and his talents have produced an incredible record of achievements and those of us privileged to know Mr. Al Kumskis are delighted that on May 22 he will receive the "Man of the Year" award at the Lithuanian Chamber of Commerce scholarship awards banquet. It is an honor well deserved.

The only difficulty in paying tribute to Mr. Kumskis is what to select from the multitude of activities and awards to talk about. He presently is the administrative aide for community relations for suburban towns, appointed by Sheriff Richard J. Elrod, and it is a position that reflects his skill with people and his organizational abilities. Through the years he has always managed to pull together the people and the plans necessary to stage events of great magnitude.

Mr. Kumskis began his work as a civil service employee with the park district as supervisor of recreation and was a general supervisor of special recreation activities and special events for 529 parks. He held a commendable service record of 45 years with the Chicago Park District. He staged such outstanding special events as the first annual all Chicago "Youth on Parade" day camp jamboree, involving 25,000 day campers, and supervised the first mentally retarded special olympic games, which included Canada and France and promoted the annual Mayor Richard J. Daley Chicago Youth Week Federation.

A former American Lithuanian newspaper publisher, Mr. Kumskis also was sports editor for the Lithuanian Daily Friend. This is not surprising considering his athletic background—high school and college football, baseball, and swimming. A gold medal winner in swimming and water polo and an organizer of the first olympic games, representation of outstanding American Lithuanian athlete in Lithuania. He is a former swimming coach and was athletic director for the Lithuanian Catholic grammar schools of Chicago.

That gives you a bit of a picture of Mr. Kumskis, but we have not even touched on his political work yet. To cite just a bit of it—he was endorsed by the late Mayor Daley for the 13th regular alderman in 1967, was an active member of the Palos Democratic Township Organization, a former precinct captain in three different wards, and served as deputy clerk of the criminal courts and deputy bailiff of municipal court.

He has been honored by receiving awards such as "Outstanding Park Supervisor," "Outstanding Youth Service" award from Illinois Park and Recreation Association and in 1971 he was awarded a citation as one of Chicago's 100 outstanding civic leaders of Chicagoland. He received a citation from Mayor Bilandic for the Senior Citizen's Hall of Fame. He has been a member of organizations such as the Fourth Degree Knights of Columbus, the Holy Name Society and is an Illinois Athletic Club life member and past president of the Lithuanian National Alliance of America.

I think the message is clear. This man is exceptional. He has given of himself and the results have meant enjoyment for others, or good representation or shared wisdom. He has indeed been a "public servant." But I want to say that he also is a husband, father of four, and a good friend, a warm and loving human being. I know my colleagues join with me in congratulating Mr. Kumskis. The awards dinner will surely be a joyous evening of celebration and pride for his friends and family.●

PIKESVILLE SENIOR HIGH SCHOOL TO VISIT OUR NATION'S CAPITOL

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. LONG of Maryland. Mr. Speaker, on Thursday, May 20, 1982, 55 young men and women from Pikesville Senior High School, Pikesville, Md., will journey to Washington for a first-hand look at their Nation's Capital.

These students, led by their teacher Mr. Jim Johns, and parents, will tour the Capitol, observe committee hearings, and will visit the Supreme Court and the Library of Congress.

I am delighted these students are taking the opportunity to visit with us, and hope their interest in our Nation's political process will continue.

Students visiting us Thursday:

Sally Abramson, Marty Baumohl, Marc Baylin, Stacy Blank, Robyn Brody, Penny Brown, Martha Burns, Julie Colton, Lauren David, Jon Efron, David Einhorn, Alicia Frank, Hal Friedlander, and Judy Goldman.

Julie Goldman, Adam Goldstein, David Goldstein, Harriette Golob, Daniel Goodman, Cheryl Gordon, Ellie Greenberg, Minna Greenspun, Howard Groh, Andrew Hameroff, Stephi Kalfon, Michele Katz, Scott Liberman, Richard Rapazzo, Melissa Sachs, and Susan Shaneybrook.

Peter Avery, Erin Bass, Craig Cippollini, Jodi Dagold, Jamie David, Betsy Fader, Larry Finglass, Michael Fraidin, Vladimir Gutin, Stephen Hofkin, and Eric Kaidanow.

Jennifer Levin, Stephen Levitt, Alyson Lichtenberg, Ricky Maltz, Robert Morrow, Sarah Noonberg, Tara Paige, Nancy Pickus, Stacy Seidman, Jason Shobin, Shari Solomon, Brian Timin, Jeffrey Vanderclute, and Amie Wolf.●

REPRESENTATIVE GILMAN NAMED LEGISLATOR OF THE MONTH

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. DERWINSKI. Mr. Speaker, on May 17, our distinguished colleague, Benjamin Gilman, who represents the 26th District of New York, was the recipient of the Population Action Council's Legislator of the Month award. Congressman Gilman was recognized for his dedication to global humanitarian concerns and for his strong and continuing support toward the goal of stabilizing world population. The award was presented to Congressman Gilman at United Nations Headquarters in New York before an audience of U.N. mission members, a wide spectrum of business and community leaders, and constituents from his home district. Participating in the ceremony was Ambassador Jeane J. Kirkpatrick, permanent representative of the United States to the United Nations, who paid a glowing tribute to Congressman Gilman, a delegate to the U.N. General Assembly last fall.

Remarks by Ambassador Kirkpatrick

Representative Gilman, while serving as a U.S. delegate to the U.N., made a constructive and reliable contribution to our work in the United Nations General Assembly. He was always available, understanding, and supportive of our problems and our work at the U.N.

I testified before Congress last week in relation to a number of aspects of funding of U.N. programs and in the course of the testimony I was asked to comment on the population program. I made clear that we were very wholeheartedly supporting the United Nations Fund for Population Activities. I, personally, am very enthusiastic about the work of UNFPA. It is one of the most important fields of successful activity in U.N. endeavors.

Anyone who has studied development particularly understands that we cannot hope to significantly contribute to the well being of people unless we help them cope with the population growth problem. To do less would be like pouring water into a bucket with a hole in the bottom.

Remarks by Representative Gilman

It is good to be back at the U.N. this morning. As a delegate to the U.N. General Assembly this past fall, and as a congressional advisor to the Law of the Sea Conference, I've had the opportunity to work shoulder-to-shoulder with many of our guests here this morning. I have come to recognize that theirs is far from an easy task, and that negotiations within the family of nations is not without frustration. Yet, the outcome of your endeavors, the results of your long, and often arduous negotiations, have a critical bearing on the future of all within the community of nations—a fact that, unfortunately, is all too often minimized. I commend all of you who labor here at the U.N. in behalf of promoting a positive interdependence among nations which seek to promote the complementary interests of nations.

I am especially pleased to accept this award because of the work being accomplished by the Population Action Council. We live in a world that is expected to grow by the rate of 100 million people a year by the end of this century. But, we don't inherit the future, we create it. By creating a network of people from all walks of life to make the population issue an international priority, the Population Action Council is at the cutting edge of the immense task of reducing global population growth and enhancing the quality of life for people everywhere.

As a member of the House Committee on Foreign Affairs and as a member of the Presidential Commission on World Hunger, I have come to recognize that any thoughtful analysis of the problem of global hunger and malnutrition would be incomplete without addressing the subject of excessive population growth.

Reasoned estimates indicate that between 400 million to possibly more than 1 billion people are plagued by hunger and malnutrition. Projections estimate that by the end of this century, another 1.5 billion people will be added to the world's population—with more than 90 percent of that increase in those nations most plagued by poverty and hunger.

Our Hunger Commission found that: "Population pressures not only limit the per capita availability of food, but also contribute in various ways to problems of malnutrition. For example, the cost of providing basic health services, safe drinking water, housing and education rises in relation to the number of citizens who must be served. If all these services must be financed from the public treasuries of very poor countries, the costs may rapidly become prohibitive. The ability of poor people to meet their own basic needs by raising their incomes is further undercut when rapid population growth outstrips the creation of new employment opportunities. A vicious cycle arises when population pressures, among other factors, force the next generation not only into the cities but also into less crowded rural areas with undesirable land. Efforts by migrants to farm this land without adequate inputs—such as fertilizer, water or training—will further undermine the land's long-term productive capacity."

The U.S. Agency for International Development, in its presentation to Congress this year, pointed out that "the demographic situation is serious, but not hopeless." Indeed, AID stated that "over the past decade, 30 developing countries have achieved birth rate reductions of between 15 percent and 47 percent . . . . Family planning programs work and are cost effective. AID's experience proves that a balanced program which provides family planning services and information, combined with strong community and family support for family planning is the most effective way of helping countries achieve the smaller families they desire."

As we recall also, President Reagan at the July 1981 Ottawa Summit reaffirmed U.S. support for world population programs. While the October 1931 Cancun Summit focused for the most part on agricultural development issues, leaders at that meeting identified reductions in population growth rates as a major development objective.

A coordinated international effort is a prime prerequisite to an effective and forward-looking population policy. In that regard, the United Nations Fund for Population Activities plays an integral role in promoting awareness of the social, economic, and environmental implications of population growth and in helping countries to develop and carry out strategies to deal with their population problems. Individual and collaborative efforts of nations to promote effective population programs can well benefit from the expertise and resources which the UNFPA has developed since its creation in 1967.

In closing, I would like to reassert and associate myself with the concerns raised by our previous speakers concerning the need to raise awareness about the issue of world population growth. As we well know, in the coming decades, we must concentrate on increasing crop production and significantly increasing access to food, if we are to alleviate the problem of global hunger. However, in a world threatened with the prospect of a population which will grow by almost 2 billion in the next 20 years, our efforts must be geared to recognizing that progress toward attaining our goal of resolving the hunger problem will be severely impeded if we address only casually the critical need of stabilizing world population.

I am honored to be here with you this morning, honored by this award, and look forward to working with you in the future to realizing these objectives.●

DISTINGUISHED ALABAMIAN STEPS DOWN AS CHAIRMAN OF CSX CORP.

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. SHELBY. Mr. Speaker, on May 1, 1982, one of the most distinguished natives of the Seventh Congressional District of Alabama, Prime F. Osborn III, stepped down as chairman of the CSX Corp. It is the largest rail system in the United States and was formed by the merger of two great rail systems, the Chessie and the Family Lines (the Seaboard Coast Line Railroad and the Louisville & Nashville Railroad). This highly successful merger was the culmination of his long and distinguished career in railroading.

I am happy to note that Mr. Osborn is merely "stepping down" into what will be a very active retirement. He

will remain a member of the CSX board and will continue his active interest in the Boy Scouts, the Salvation Army and the Episcopal Church. Mr. Osborn's lifelong dedication to community service sets an example for us all and has won him many well deserved awards, including the William Booth Award from the Salvation Army, the Silver Buffalo Award from the Boy Scouts, and the Outstanding Jacksonville Citizen Award from the Jacksonville Chamber of Commerce.

I am proud to claim Prime Osborn as at least a part-time constituent because he still maintains a farm in Greensboro, Ala., and, as a loyal alumnus of the University of Alabama, continues an active interest in the university. As one of his many friends, I wish him well as he enters a new and rewarding phase of his career.●

LIBERAL DEMOCRATIC BUDGET IMPOSED ON CHAIRMAN

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. GINGRICH. Mr. Speaker, every moderate and conservative Democrat should be aware of how really bad the liberal Democratic budget is. The following remarks by Chairman JIM JONES in his hometown newspaper indicate the liberal bias of his Budget Committee colleagues and how destructive a budget they forced on him.

The chairman in his own words "had to go to the left." That does not require that moderate and conservative Democrats have to go to the left.

JONES SAYS HE RELUCTANTLY WENT ALONG WITH THE BUDGET PLAN

(By Mike Flanagan)

House Budget Committee Chairman Jim Jones said Monday the $780 billion budget he steered through committee last week lists too far to the left to suit him.

But political realities, and a belief that Congress must adopt a budget to prove to the country that the government can work, persuaded him to go along with his committee, Jones, a Tulsa Democrat, said.

"I had to go to the left," Jones said at a press conference at his local office. If he had the deciding vote on the budget, Jones added, he would junk the committee plan.

The House plan calls for outlays of $780 billion in fiscal 1983, $826 billion in '84 and $881 billion in '85.

Even by raising taxes $147 billion during the period and reducing President Ronald Reagan's military spending proposals by $47 billion, the House committee plan would produce hefty deficits.

In fiscal '83, the House plan would tolerate a deficit of $104 billion. It would lower the deficit to $73 billion in '84, and to $35 billion in '85.

Jones said he believes the proper budget lies somewhere between the plan drafted by the House committee and one drafted by the Senate Budget Committee.

While his House committee was pushing him left, the Senate committee was pushing its chairman, Sen. Pete Domenici, R-N.M., to the right, Jones said.

"What I would hope to do is come back to the middle," Jones said.

The Senate committee's plan would raise taxes by only $95 billion over the three-year period and reduce Reagan's military spending proposals by only $22 billion.

But the Senate committee plan also would cut Social Security benefits by $40 billion during the three-year period—or raise unspecified taxes by $40 billion to match anticipated Social Security outlays.

Jones said last month in Tulsa that automatic increases in Social Security benefits must be checked to keep the retirement system solvent.

Jones said neither the House, the Senate nor the White House has enough votes to pass a budget plan, but that he hopes the House will approve its version before its Memorial Day recess.

He said he is considering offering amendments to make the House committee plan more attractive to the House at large, but that he is not ready to discuss details.

Even if the House does approve a budget, it is doubtful that it would be approved by the Senate, Jones said. That means that a final version would be written in by a conference committee.●

HADASSAH 70th ANNIVERSARY

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. MATSUI. Mr. Speaker, I would like to extend my heartiest congratulations to Hadassah, the Women's Zionist Organization, on this, its 70th anniversary. Through seven decades, this organization has provided extensive education and health services to thousands of individuals in both the United States and Israel.

I am particularly proud of the accomplishments of the Hadassah chapter in my district of Sacramento, Calif. Since its founding by 20 charter members in 1931, the Sacramento Hadassah has grown to more than 600 women strong.

Members of the Hadassah are active in all aspects of community life: From civil service and local government, to education, medical services and teaching. Their volunteer work extends from assistance in local hospitals and nursing homes, to participation in the League of Women Voters and a host of other civic, cultural and religious activities.

This group of women is truly a major source of inspiration and service to Sacramento.

Once again, I congratulate this fine organization for its outstanding contributions at the local, national and international levels. I look forward with its members to many more years of humanitarian service.●

HANDGUN BODYCOUNT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. LEHMAN. Mr. Speaker, the handgun bodycount for the month of March was 591. Once again, I am saddened by the fact that my own State of Florida reported the highest number of deaths due to handguns; 108 persons were killed by handguns in Florida.

Handgun Control, Inc., which compiles the handgun bodycount, has taken special note of the fact that many of the victims during March were killed by friends and family members. Guns which we might presume were purchased for the purpose of protection from intruders were instead used to kill persons close to the killer. Often the end result is murder-suicide.

All too frequently, handguns become more of a threat to the owners and their families than a means of protection. Strong handgun control legislation may not put an end to all senseless killings, but it can greatly reduce the number of accidents and the number of deaths resulting from acts of rage.

The list follows:

HANDGUN BODYCOUNT—MARCH 1982

ALABAMA (3)

Eddie Lankford, Jo Ann Pennucci, unidentified male.

ALASKA (1)

Michael Corbeil.

ARIZONA (7)

Theresa Acuna, Carl Bartlett, Jay Cox, Suzanne England, Paul Fuller, Mildred Klingel, Gary Tibbett.

ARKANSAS (4)

James Hankins, Loren House, Florence Mauldin, Larry Volk.

CALIFORNIA (62)

Richard Allen, Tina Apodaca, Allen Arsenault, Daniel Avent, Weldon Bales, Jesus Baques, Adridge Brigham, Valerie Chacon, Bruce Chester, Sheriff's Deputy Coleman, David Colgan, James Conn, Deanna Cox, Donald Cox, Lisa Darling, Donald Davis, Melissa Davis, Michelle Davis, Ronald Foster, Daniel Franks, George Garcia, Ralph Garcia, Daniel Hernandez.

David Hernandez, James Higgins, Adnoica Holub, Jaun Jimenez, Roberto Jimenez, Michael Lara, Jr., Jose Mares, Jose Mariona, Calvin McBride, Lisa Miller, James Moucheron, Michael Mowry, Fred Myres, Theodore Nelson, George Pulido, Charles Reed, Dorthea Reed, Duane Richard, Orozco Sanchez, Eric Spears, Mark Stately, James Suggs, Marquis Sunday, Stacey Tanner, Mae Tate, Carla Trebon, Bertha Valenzuela, unidentified female, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male.

COLORADO (9)

Adelo Basaldura, Roger Colantonio, Donna Emery, Harry Hatten, Noel Karr, Wade Ketcham, Jesus Sanchez, Ronald Tompkins, Roland Wittkowski.

CONNECTICUT (5)

Alvaris Brown, Robert Guzowski, Adam Hamilton, Willie Harris, David Leong.

DISTRICT OF COLUMBIA (2)

George Knights, Apoliano Perez.

FLORIDA (108)

Jeffery Adams, Stanley Bader, Johnny Barge, James Beaudry, Marvin Bell, Luis Cano, Gerald Cariota, Robert Carlos, Keith Cobb, Wilson Cortez, Michael David, Clinton Davis, Mark Delson, Norris Denson, Carol Didio, John Eckstein, Donald Elrath, Frank Esposito, Russell Faust, Willian Flanders, George Gallton, Albert Gilliam, Kenneth Glenn, Samuel Glogger, Sue Glogger.

Emma Gold, Jacob Gold, Bernice Goldberg, Michael Gondyes, Rene Gonzalez, Nathan Gordon, Karen Griffin, Sherrie Hancock, Jerald Hatfield, Barry Hersker, Gladys Hill, Frank Humenyi, Claude Johnson, Elizabeth Kapala, Peter Kapala, Leon Kearney, Edward Lacca, Benny Lacue, Edward Lalla, Sheldon Levy, Greta Lewis, Robert Lewis, Alvin Lyons, Wilfrido Mario.

Alberto Martinez, Lawrence Matthews, Charles Matus, James McAdams, Gary McKay, Gary Meeky, Eduardo Mendoza, George Michael, Angel Miret, Celestine Mitchell, Barron Mosely, Willie Nelson, Daniele Norris, Jerry Palmer, Beatrice Parker, Calvin Parker, Gregory Patterson, George Patty, Peter Pereira, Raul Polanco, Kenneth Price, Dirk Rayford, Livern Richardson, Earnest Robinson, Roberto Rodriguez, Polo Rojoz, Carol Rollins, Beverly Russo, James Scott.

Frank Senffner, Susan Silk, Gloria Simon, Rene Simon, Mark Sinclair, Orlando Sotolongo, Dereck Stebbing, James Steffani, Clarence Strong, Juan Tasgiano, Brian Tennis, John Thomas, Frederick Turner, Octavia Valencia, Rene Vargas, Joaquin Vasquez, Dewey Veach, Bernard Webster, Elizabeth White, Philip Zimmer, Haasan Zock, Heide Zock, Heriberto Zurbaranmaya, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male.

GEORGIA (7)

Stella Brown, Edward Jackson, Jerry Penny, Tyrone Ruth, Annette Stevens, unidentified male, unidentified male.

ILLINOIS (50)

Svetislov Bajovic, Jacob Bird, Daniel Born, Clifton Brakes, Lewis Bryant, Ernestine Bush, Ruby Butler, Richard Campbell, Toni Caposey, Arthur Carpenter, Lynn Conrady, Anthony Dills, Harold Eckhardt, Raymond Frazier, Edward French, Jr., Thorraine Gonyer, Byron Grooms.

Nicolas Guerrero, Cleave Herron, Christy Jackson, Donald Koss, James Mallard, LeRoy McCambry, Freddie Mendoza, Willie Odom, Luis Ortiz, Raymond Ostrowski, Alvin Peterson, Alexander Pratt, Arlene Price, Hector Rivera, Manuel Rodriquez, Anton Sabo, Fidel Sanchez, Paul Schomer, Henry Scott, Eddie Smith, Delia Sosa, Ruben Sosa, George Soteras, Antonio Villasana, Chad Vitello, Kenneth Williams, James Wimes, Natalie Woods, Alfred Young, Robert Young, Walter Zitko, unidentified male, unidentified male.

INDIANA (7)

Jeff Brown, John Buennage, Keith Johnson, Robert Lusk, John Neal, Keith Smith, Arthur Thomas.

KANSAS (7)

Waldo Emerson, Melvin Kollmann, Floyd Mitchell, Mike McKeown, nathaniel Nolen, Leon Smith, Judith Townshend.

KENTUCKY (2)

Delbert Hart, Julia Leet.

LOUISIANA (16)

Michael Blackwell, Wallace Brandon, Janice Bruce, Gracie Cooper, Melvin Cooper, Hazel Draughter, Lawrence Foreman, Maurine Foreman, Bryan Hepburn, Charles Hudson, Raymond Lewis, Curtis Manuel, Deborah Mutin, Joseph Poirrier, C. R. Roberts, Michael Zeller.

MARYLAND (21)

Robert Battle, Jr., Herman Christopher, Jr., Carl Clark, Ellen Day, (female) Flowers, John Henderson, Lawrence Henson, John Holt, Anthony Jones, Michael Jones, Marcie Newhall, Helen Perian, Joseph Robinson, Raphel Sampson, Carville Schisler, Carroll Scott, Kenneth Sicchilano, Virginia Sicchilano, Wendy Stark, Charles Steinberg, Sr., Susan Wray.

MASSACHUSETTS (7)

Dale Daniels, Lisa Daniels, Melinda Daniels, David Gouse, Edward Manley, Michael Marino, Anthony Taylor.

MICHIGAN (43)

Walter Bailey, Jr., Thomas Bak, William Bonin, Charles Bost, Jerome Bougard, James Bowman, George Braggs, Johnny Broaden, Michael Burnette, Gerald Chapman, Cynthia Christian, Woodrow Cole, Valerie Cox, Ronard Davis, Thomas Denton, Thomas Everson, Freddie Fulgham.

Richard Garrett, Paul Gilmore, Gerald Glenn, Renell Glenn, Ronald Glenn, Officer Wm. Green, Lee Griffin, Ruth Harvey, Terry Hayes, John Look Larry Mason, William Mason, Joseph McPherson, Michael Miles, Ronald Moore, Darryl Mustin, Clarence Neal, Sinclair Norris, Dale Patrick, Hubert Robbins, Carole Roketa, Andy Salkovic, Lawrence Singleton, Gary Stewart, Harvey Waters, Michael Walker.

MINNESOTA (7)

Donald Bullhead, James Cox, Derrio Green, Duane Lohmann, David Studler, Eric Spears, unidentified male.

MISSISSIPPI (1)

William Akers.

MISSOURI (19)

Wiliard Baker, Robert Becherer, Eddie Carthen, Jeffrey Davis, Ronald Davis, Waldo Emerson, Richard Glenn, Dr. Mary Groom, John Hathcock, Michael Harris, Ruby Johnson, Dale Jones, Valerie Mitchell, Karl Lohmar, Bettina Openlander, Phillip Sledge, Kevin Tillman, Jim Triplett, unidentified male.

MONTANA (1)

Curt Jacky.

NEBRASKA (1)

Laurence Winston.

NEVADA (4)

Lorraine Owens, Neil Owens, Clarence Piggott unidentified male.

NEW HAMPSHIRE (1)

Valerie Blair.

NEW JERSEY (12)

John Altman, Frances Bernett, Paul Boccia, Thomas Dunne, Delby Fernandez, James French, Diego Gierra, Max Goldberg, Iran Law, Andrew Saporito, Henry Smith, unidentified male.

NEW MEXICO (9)

Patsy Crum, Thomas Hansaker, John Jones, Berna Moya, Bruce Maulden, Amanda Urban, Charles Wier, Roland Wittkowski, Hans Wohlfahrt.

NEW YORK (7)

George Hondros, James Matthews, Juan Rivera, Theodore Rodill, Santiago Valdez, unidentified female, unidentified male.

NORTH CAROLINA (18)

Ernest Barnhardt, Earl Britt, Ransom Connelly, Evelyn Evans, Albert Frazier, Freda Gandy, Walter Graves, Elinor Harrison, Gino Locklear, Michael Outing, Angela Propst, Rick Propst, James Silver, Nancy Taylor, Mary Thomas, Terry Tilley, Carolyn Wallace, Fred Wheeler.

OHIO (14)

Salim Abilmouna, Niarchos Brooks, Reginald Brooks, Vaughn Brooks, Elizabeth Brondes, Robert Bryan, Paula Cunningham, Charles Johnson, Harold Lee, Rocco Marinucci, Thomas Pugh, Hammond Russell, Lon White, Vaughn Woodland.

OKLAHOMA (1)

Glen Senters.

OREGON (3)

Patrick Harrington, Brian Kelson, Randall Stevens.

PENNSYLVANIA (19)

Mohammed Aslam, Mary Figueroa, Robert Gallagher, Jay Craig, Hohn Hilliard, Eugene Jefferson, Robert Johnson, Rocco Marinucci, Carl Mickles, John Murphy, William Parker, Francis Phillips, June Robinson, Barbara Robriguez, Joseph Robriquez, Peter Santangelo, Paul Yeakley, unidentified male.

RHODE ISLAND (1)

Kerry Vincent.

SOUTH CAROLINA (1)

Ouida Coker.

TENNESSEE (9)

Franklin England, William Herndon, Hazel Jordan, Clark Knighton, Paul Mount, Vincent Rizzo, Benjamin Shtatman, Marvin Thomas, David Ware.

TEXAS (78)

Kenneth Addington, Adolfo Agueros, Branda Ard, Brenda Baldez, Lillie Benton, Lisa Blackwell, Robert Boyd, Pedro Briones, Earl Brown, Sebero Bustos, David Callihan, Bobby Cessum, Tina Covington, Burton Dees, Miguel Escoto, Jerry Finney, Miguel Freeney, Artie Gilford, Anthony Guiliano, Anthony Gomez, Antonio Gomez, Elaine Goss, Jackie Greene, Joseph Grigaitis, Carolyn Gross, Robert Guidry, Joel Hackstedde, Jeffery Jordan, Jr., Robert Hill, Edalgo Hooper, Jr., Anthony Hughes, Charles Jackson, Johnny Jackson, Nolan Jackson, Jr., Erminio Jaimes, Harvey Johnson, Jeffery Jordan, Jr., Earl Joseph, Karen Joseph, Sheila Lewis, Roland Lopez, Dol Ly, E. L. Long, Margaret McEntire, Terry McGill, Myron McIntosh, Billy McMillan, Phyllis McMillian, Michael McNaull, Ismael Mendoza, Jose Navas, Harlon Nugent, James Raditke.

Robert Rasberry, Willie Ray, Minnie Robinson, Thomas Robinson, Gelaxio Robledo, Felix Romero, Lethea Smith, Howard Steele, Phil Steffler, Marvis Sutton, Betty Taylor, Glen Taylor, Tarbell Travis, Douglas Treadwell, Fernando Ugartel, Jose

Valdez, Jr., Harvey Walker, Jimmy Williams, Clara Winters, Abel Zapata, unidentified female, unidentified female, unidentified male, unidentified male, unidentified male.

UTAH (3)

Buddy Booth, Jordan Rasmussen, Paul Saunders.

VIRGINIA (2)

Herman Berry, James Lamm, Jr.

WASHINGTON (9)

James Barbee, Wm. Bledsoe, Edward Getoor, Dixie Kassab, Brent Marshall, Ernesto Pino, Lisa Principe, Oscar VanHook, unidentified male.

WEST VIRGINIA (5)

Roxie Baker, Michael Davis, Chester Means, Stewart Moore, John Muncey.

WISCONSIN (2)

William Condon, Stevan Knopf.

WYOMING (3)

Gary Lewis, Richard Nickels, Jerry Salzman.

PREVIOUSLY UNREPORTED HANDGUN DEATHS—1982

January

CALIFORNIA

Nishan Bagdassarian.

FLORIDA

Albert Bromiky, John Banks, Angelyn Cipolla, Jorge Cruz, Michael Cullen, John Cutler, Obdulio Diaz, Sandra Eddleston, Pablo Garcia, Gabriel Gonzalez, Julio Hernandez, Danny Jones, Lawrence Kelly, Betty Marshall, Deborah McKinnon, Douglas Miller, Jose Obregon, Gail Pilgrim, Jorge Rios, Llewellyn Roberts, Richard Roper, George Schulman, William Shlvie, David Smith, Mario Thybulle, Carlos Valdes, James Williams, Jr., Norbert Wittner, Byron Yee.

MISSOURI

Beverly Wilson.

NEW JERSEY

Sharon Trussell.

NEW YORK

Ramon Fernandez, Eugene Mahoney.

TEXAS

Cindy Curtin.

February

CALIFORNIA

Lauren de Laet, Don MacVicars.

KENTUCKY

Edward Harper, Alice Harper.

MICHIGAN

George Haggart, family members.

NORTH CAROLINA

William Lucas

TENNESSEE

Rodney Long, William Tatum.

TEXAS

Estanislao Perez.

VIRGINIA

Paige Leonard.●

DULLES EXPO '82

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. WOLF. Mr. Speaker, I would like to take this opportunity to bring to the attention of my colleagues an upcoming event of local and national interest.

Washington's Dulles International Airport will celebrate its 20th anniversary year with Dulles Expo '82. This is an unusual aviation plus family-style festival set for June 26 and 27 at the spectacular Virginia facility to promote Dulles Airport, the beautiful terminal, and the metropolitan-area businesses which utilize the air transportation service at Dulles.

Here is a sampling of the planned events: Over 100 exhibits will be on display with demonstrations ranging from the Smithsonian Institution to Rolls-Royce to the U.S. Navy—all relating their kinship to Dulles via special demonstrations and unusual educational events. All 15 airlines serving Dulles will exhibit. Vintage barnstormers and the famed Concorde SST will showcase flight history. The world's largest transport carrier, the C5A, will be available for inspection, while a smaller "personal-size" 220-pound craft basks in its own glory.

The Dulles Mobilounges will be on exhibit, and short photo flights over the region also will be offered. Dulles promotional items, such as a specially created map of the Dulles area, will be available.

There will be an abundance of family festivities with a series of weekend-long musical events. World-renowned Irish fiddler Kevin Burke will be a main attraction at the 2-day festival which includes a varied program of traditional music with a high-quality flair. The Bluemont Concert Series has scheduled performers including folk dancers, cloggers, and well-known blues singer John Jackson who has performed at the White House.

During the Dulles Expo '82, one of Dulles' three runways will be turned into a parking lot for the weekend event in order to accommodate 8,000 cars. One spokesman for the festival has projected over 50,000 people will view the 100-plus exhibits. A constant stream of shuttle buses will transport visitors to the exhibit area. Special highway entrance and exit routes have been designated to facilitate the traffic flow and to speed visitors on their way.

Special shuttle service from Philadelphia to Dulles is planned by Ransome Airlines, using their 50-seat Dash-7 aircraft. Other commuter airlines also plan shuttle service into Dulles for the Expo.

Loudoun County Chamber of Commerce conceived the Expo idea, and is assisted by the Washington Dulles task force, as well as the Federal Aviation Administration and other organizations.

The Expo will provide an exciting family outing complete with food and fun, entertainment and education for anyone in the area on June 26 and June 27. The Expo will be open to the public, on Saturday, June 26, from 10 a.m. to 7 p.m. and Sunday, June 27, from 10 a.m. to 6 p.m. at no charge. More information on this can be obtained by calling (703) 777-2176.●

ENTERPRISE ZONES

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. NOWAK. Mr. Speaker, the administration's unveiling of its enterprise zone plan nearly 2 months ago has sparked a great deal of debate and discussion—mostly positive, mostly constructive. It has been a healthy process that is generating ideas that will be valuable for the Congress as it refines this plan into final legislative form.

From the outset, it is important to stress that the administration's bill (H.R. 6055) is not the final word, not the finished product. There is room for improvement and refinement. For instance, while I am a cosponsor of this bill, I believe some key elements could and should be added to improve its efficiency and effectiveness.

Enterprise zones should not be viewed as a panacea * * * but as a valuable new tool in promoting economic development. They must be a supplement to existing economic development tools, not a replacement.

There is broad-based support for the underlying concept of enterprise zones—the notion of targeting Federal tax incentives to identifiable distressed communities.

Ever since I began serving in Congress in 1975, I have been a vocal advocate of targeting Federal resources to areas of greatest need. That led me to introduce legislation—enacted in 1976—that enabled the U.S. Economic Development Administration—EDA as we know it—to target its resources to communities such as Buffalo. The Nowak amendment, which added long-term economic deterioration as a criterion for EDA's broad range of title IX assistance, has brought more than $6.5 million in aid to Erie County in recent years.

The bulk of that has been used by the Erie County Industrial Development Agency (ECIDA) for a revolving loan fund to assist in stimulating local business expansions. This Federal seed money has resulted in the creation of more than 1,200 local jobs since 1979.

The administration's enterprise zone plan relies almost exclusively on the use of Federal tax incentives to stimulate job creation in economically distressed areas. I applaud the use of the Tax Code as an economic development tool.

My belief, however, is that it should not be an exclusive tool.

Tax incentives alone will not cure our urban ills.

As chairman of a House Small Business Subcommittee, I held hearings last fall on the broad subject of Job Creation and the Revitalization of Small Business. The overall conclusion was that we need to develop a well-balanced economic revitalization strategy for our Nation's distressed areas.

I would like to enumerate some of the items I believe should be considered for either addition to the administration's enterprise zone bill or to supplement it.

The bill needs to do more to help small and medium sized businesses. As it stands, the proposed tax incentives for these zones are heavily weighted toward healthy and established capital intensive concerns. Tax incentives alone are not as valuable to small businesses in the startup and development stage, when they have little or no profitability and thus derive no benefit from tax breaks.

Small and medium sized companies are the ones that create the most new jobs in this country. They are the kinds of companies we want in these enterprise zones. What they need is capital—seed capital and working capital—to grow and to succeed.

To its credit, the administration's bill includes provision for use of industrial development bonds in enterprise zones. These so-called IDB's have been used widely, wisely, and well on the Niagara Frontier. Especially in these times of high interest rates, IDB's are an irreplaceable source of capital for developing firms.

I strongly believe we must buttress the tax incentive and IDB elements in order for enterprise zones to realize their potential.

A bill I introduced in 1981—the Enterprise Development Act—proposed the use of EDA title IX authorities in these zones, to provide a source of sorely needed seed moneys. Our experience in Erie County has shown how valuable public seed money can be in attracting private dollars.

I also introduced a bill—that could be a valuable add-on to the enterprise zone package—that would enable small business investment companies—SBIC's—to provide much needed venture capital for firms located in these zones. Again, the mix of Small Business Administration loan moneys, coupled with private dollars, would be a source of invaluable seed money to supplement the tax incentives.

I also believe the enterprise zone bill should have a jobs training component. For one, I support a broadening of the private industry council concept, which has worked so well in our area. The key is cooperation of the public and private sectors in identifying specific job needs in the community and developing training programs to meet those identified needs.

While the enterprise zone bill offers tax credits for firms hiring disadvantaged workers, I believe there also should be additional tax credits offered to offset the high cost of specialized skills training. The tooling and machine industry, for example, testified before my subcommittee that today it already faces a shortage of 60,000 skilled workers.

To supplement the enterprise zones, we also need to continue such successful programs as the urban development action grants and the community development block grants. There remains a continued need for Federal assistance to insure that communities have an adequate infrastructure base.

Adequate water, sewer, highway, and public transportation networks are a prerequisite for attracting business investment. Despite the need for budgetary tightening, the Federal Government must not abandon its support role in this area.

That suggests a serious concern about the administration's enterprise zone approach. Local governments will have to make certain public improvements—whether it is new street lighting, improved roads, or new water/sewer lines—to help make these zones attractive and workable.

Who is going to pay for these zone-related public improvements? The administration's bill provides no direct Federal aid to help localities with this added burden. Some provision should be made in the final bill to help hard-pressed cities to meet this added responsibility, at least in the short term.

Another concern is the administration's inclusion of local incentives within zones as a major criterion in the package communities must submit for what will be in effect a nationwide competition for these limited zone designations. Older cities like Buffalo, with eroded tax bases and near constitutional property tax limits, would not be able to compete effectively against richer communities in the Sun Belt that can easier afford an immediate loss in tax revenues. Again, the final legislation must develop ways to make this competition fairer, and less costly to local and State taxpayers.

The prognosis on enacting enterprise zone legislation this year is murky. Hearings have been held in the Congress but the current budget impasse has stalled expedited consideration of enterprise zones.

That impasse includes differences of opinion on what taxes should or should not be raised and what tax cuts should or should not be delayed. Once that is resolved, the House Ways and Means Committee should be able to focus more steadily on enterprise zones.

In any event, the reception the concept has received indicates it is only a question of time and enterprise zone legislation will be enacted. I look forward to continue working with you and exchanging ideas as this process evolves—and as we on the Niagara Frontier seek to insure that we will be among the first 25 communities to benefit from this challenging program.●

TRIBUTE TO NORTH SACRAMENTO AREA UNIT OF THE CALIFORNIA HIGHWAY PATROL

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. FAZIO. Mr. Speaker, I rise today to pay tribute to the North Sacramento area unit of the California Highway Patrol for being granted the commissioner's "Unit Citation" for its outstanding record during 1980 and 1981.

During this 2-year period, the North Sacramento area unit made 11,691 drunk driving arrests, more than were made by any other highway patrol unit in the State. Moreover, during 1980, more drivers were arrested for being under the influence of alcohol by this one unit than were arrested in 10 of our 50 States.

As a result of this exemplary record, there has been a 7-percent reduction in area DUI-related accidents in 1981 over 1980. Not only are our highways safer today because of the extraordinary efforts of this one highway patrol unit, but undoubtedly fewer people have perished senselessly at the hands of drunk drivers.

Nearly 70 persons each day—about 1 every 23 minutes—are killed in accidents involving drunk drivers, making it the Nation's leading cause of highway deaths and the No. 1 killer of people under 34. But through efforts such as those of the North Sacramento area unit, I am hopeful that we can begin to make strides in whittling down the number of intoxicated drivers on the roads.

The Congress, and State and local governments, however, must do their part to help keep drunk drivers off the roads once they are arrested by our law enforcement officers and convicted.

The Congress, for example, must adopt legislation authored by my good friends and colleagues Congressman BARNES and Congressman HOWARD, and which I have cosponsored. This bill would provide "seed money" to assist and reward those States that take effective steps toward establishing comprehensive—and ultimately self-sufficient—programs aimed at deterring drunk driving, and assuring the swift arrest, conviction, punishment, and rehabilitation of the offender. The bill would involve no additional cost to the U.S. Treasury since the funds would simply be earmarked from the existing Highway Trust Fund.

I commend the North Sacramento Area California Highway Patrol for its outstanding performance and for its enormous and immeasurable contribution to the safety and well-being of the residents of Sacramento and the State of California. I only hope that the Congress can measure up to the high standards set by the highway patrol and act swiftly to pass the Barnes-Howard bill.●

DEFICIT REDUCTIONS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, May 19, 1982, into the CONGRESSIONAL RECORD:

DEFICIT REDUCTIONS

Even with all the attention in the news media paid to the federal budget, I am not sure that the difficulty of the budget problem is sufficiently understood. If the federal government continues its current policies and makes no changes in tax laws or spending policies, the projected 1983 deficit is $182 billion (three times what it was in 1980). We will receive $645 billion and spend $827 billion. Everyone agrees that such a deficit is intolerable, and that the consequences for the economy would be disastrous.

The question becomes, then, how the deficit can be reduced. There are three ways: raising taxes, cutting spending, or some combination of the two. Everyone's first choice, at least in the abstract, is to reduce spending.

Let's take a closer look at reducing the deficit by cutting spending. Here is a list of expenditures that are most unlikely to be cut significantly:

	Billions
National defense	$224.2
Social security and railroad retirement	177.0
Interest on the national debt	108.55
Federal civilian retirement	21.55
Unemployment compensation	24.95
Veterans' benefits	14.6
Federal payroll	2.4
Total	573.25

That leaves $253.7 billion ($826.95 billion less $573.25 billion) in which to find spending cuts to reduce significantly the $182 billion deficit. A look at some of the remaining programs suggests how difficult the cutting is:

	Billions
Medicare	$52.8
Medicaid	19.15
Food stamps	12.75
Child nutrition	3.6
Supplemental security income and aid for families with dependent children	16.3
General revenue sharing	4.6
Guaranteed student loans	3.7
Social services (title XX)	2.45
Total	115.35

If these programs were not cut, and if we abolished completely the remaining programs in education, job training, space, highway and mass transit, community development, and law enforcement, we would still have a deficit of $46.05 billion.

I do not suggest that no cuts be made in these programs; the difficulty in cutting them is in itself no argument not to cut. Nevertheless, they enjoy strong political support, and the costs for many of them are certain to increase; for example, rising health care costs will surely increase Medicaid and Medicare costs even with cutbacks and efficiencies. The rate of expansion in these programs needs to be better controlled, but political support simply does not exist for a fundamental retreat from them. Waste and fraud must always be attacked, but there is no reason to believe that tens of billions of dollars can be saved in this way. The growth in the federal budget has principally been in pensions, health care and defense, each of which is an important and strongly supported public responsibility.

Now let's look at the revenue side. Here are some of the proposals that are being discussed to increase revenue:

[In billions]

5 cents per gallon tax on gasoline	$2.9
Corporate minimum tax	2.3
Repeal of safe-harbor leasing provisions	2.9
Greater taxpayer compliance provisions	4.5
Accelerated corporate tax payments	1.4
$5 per barrel oil import fee	8.6
Individual minimum tax hike	.5
Reduction in energy depletion allowance	2.1
Total	25.2

If these proposals were enacted, there would still be a deficit of $156.8 billion. We could go further and eliminate the 1983 individual income tax reduction and cap the 1982 cut at $700 per person. This would provide $30.4 billion more in revenue. But even if all of these proposals were enacted the deficit would still be $126.4 billion.

It is, of course, highly unlikely that each of these proposed spending cuts and tax increases will be enacted. I am not saying they should be. The purpose of these calculations is simply to illustrate the difficulty of getting the deficit down. What they show is that only a combination of spending cuts and revenue increases can bring the deficits down to manageable levels over the next several years.

To achieve that goal requires substantial changes, all of them painful. No one is eager for them: Given the split control of the government between the political parties, my judgement is that we must lay aside partisan rhetoric and political posturing and fashion a bi-partisan solution. The political fact is that the Congress cannot do it without the President and the Democrats cannot do it without the Republicans, and vice versa. But the national interest is compelling: We must do it now.

(NOTE: Information for this newsletter was taken from a memorandum produced by the House Committee on the Budget.)●

EXPORT TRADING COMPANY LEGISLATION TO RECEIVE FLOOR ACTION SOON

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. BONKER. Mr. Speaker, today the Monopolies and Commercial Law Subcommittee of the House Judiciary Committee held a markup on H.R. 1799, legislation that would foster the creation of export trading companies. I would like to commend my distinguished colleague, Chairman PETER RODINO, for acting on this most important piece of legislation.

The subcommittee adopted an amendment offered by my distinguished colleagues, Congressman WILLIAM HUGHES. The amendment provides for a simple, straigthforward certification procedure in which an exporter applies directly to the Attorney General for certification of export conduct. The Justice Department must render its decision within 60 days, with a provision for a 30-day extension to request additional information. Injured domestic persons are also guaranteed a single damage remedy. This prevents any abuse of the certification procedure by those who might wish to use a certificate as a basis for predatory practices directed at domestic competitors.

Again, I commend Chairman RODINO and Congressman HUGHES for moving ahead with this markup. Passage of H.R. 1799 is vital to our domestic economic growth and our status in the international marketplace.

This week is "World Trade Week." But the increased national attention to world trade this week must be converted into a year-round conviction that exporting is a key to a stronger U.S. economy. Secretary of Commerce Baldrige recently stated that:

> As the world's greatest trader, the economic health of the United States is closely

tied to exporting. Exports create jobs. They support the value of the dollar. They blunt the thrust of inflation. They pay for critically needed resources and materials from abroad.

Mr. Speaker, this Nation has an enormous export potential that has not been tapped. Our small- and medium-sized companies simply do not export. They find the process confusing and frightening. They lack the expertise in language and law, the capital and the knowledge of overseas markets to be successful in export trade.

Export trading company legislation would allow the United States to generate this expertise. It would assist our domestic companies in finding their way through the thicket of regulations that may bar the door. In effect, this is a positive, aggressive approach to the problem of nontariff barriers, one that steers clear of protectionist legislation which carries the danger of retaliation and a full-scale trade war.

My distinguished colleague, Chairman **FERNAND ST GERMAIN**, is also holding hearings on H.R. 6016, the Bank Export Services Act. This bill allows for bank participation in export trading companies. Bank holding companies would be allowed to invest up to 5 percent of their consolidated capital and surplus, and Edge Act corporations up to 25 percent of their capital and surplus in export trading companies. The Financial Institutions Subcommittee of the House Banking Committee will continue hearings on H.R. 6016 on Tuesday, May 25, with a markup scheduled soon thereafter. I commend Chairman **ST GERMAIN** for moving ahead with this legislation.

Mr. Speaker, as chairman of the House Export Task Force, and with my very strong commitment to the promotion and expansion of American export trade, I am pleased that we are moving rapidly toward passage of export trading company legislation. Both the Banking and Judiciary Committees are nearing completion of hearings and markup, and the Foreign Affairs Committee passed out H.R. 1799 last month.

A private study conducted by Chase Econometrics estimated that by 1985, export trading companies would increase the gross national product by $27 to $55 billion, increase employment by 320,000 to 640,000 workers, and reduce the Federal deficit by $11 to $22 billion.

Mr. Speaker, we cannot afford to ignore legislation which has the potential for creating jobs and helping the country toward true economic recovery.●

PERSONAL EXPLANATION

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mrs. SCHNEIDER. Mr. Speaker, on part of Wednesday, May 12 and on Thursday, May 13, I was necessarily absent due to a serious illness in my family. Had I been present, I would have voted as follows: Rollcall No. 71, "yes"; rollcall No. 72, "no"; rollcall No. 73, "no"; rollcall No. 74, "yes"; rollcall No. 76, "yes"; rollcall No. 77, "no"; and rollcall No. 78, "yes."

Thank you, Mr. Speaker.●

THE PROPOSED IRS DEBT-EQUITY REGULATIONS: A FINANCIAL TIME BOMB FOR SMALL BUSINESS

HON. DAN MARRIOTT

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. MARRIOTT. Mr. Speaker, the proposed IRS regulations, which define debt and equity capital for Federal Tax Code purposes, are financial time bomb, which could cause an explosion that will destroy much of the small business community as we know it.

The proposed regulations totally fly in the face of the current administration's promise to simplify Government regulations. As Jack S. Levin, senior partner in Kirkland & Ellis, and a nationally known tax attorney notes, the proposed regulations are over 40 pages' long, containing "a dazzling array of confusing and difficult to comprehend rules, subrules, exceptions, qualifications, definitions, safe harbors, and rules of convenience."

I would suggest to my colleagues that, if one of the leading experts in tax laws finds the proposed section 385 regulations confusing, it is more than reasonable to expect that they will present an obstacle absolutely insurmountable for most small businesses.

Small businesses, I would remind you, operate on the slimmest of margins, especially at the time of their formation, when the need for capital is greatest. Adding the expense of hiring the kind of expertise necessary merely to understand these proposed regulations, not to mention the expense necessary to comply with them as well, is an unconscionable additional burden to lay on our already beleaguered small business community.

The most critical effect, however, is the impact these regulations will have on the ability of small business to raise much needed capital. Let me once again quote Mr. Levin:

> To say that the proposed section 385 regulations are complex is an understatement. To say that they will impede the financing of America's business by professional venture capitalists and by the business' own shareholders is a gross understatement. If allowed to go into effect in their present form, the proposed regulations will undeniably impede the capital formation process for young, growing businesses and mature financially troubled businesses. The continued flow of capital to these businesses is essential to the renewed vitality of the American economy.

By the way, to those who might suspect that only big business or corporations would be hurt, Mr. Levin categorically notes that the promulgation of these regulations would "apply to every new and existing business that is attempting to raise additional capital."

I think it is time we stop and ask ourselves what tax law is for. To paraphrase scripture:

> The tax law is made for people; people are not made for the tax law.

Section 385 seems to have lost sight of this. The prevention of tax fraud and the clarification of tax policy for the taxpayer are legitimate ends of new regulations; the legalistic obfuscation of tax law to confound the taxpayer and to find clever new ways of confiscating our citizens' wealth for the feeding of an already overgrown Federal Establishment are totally illegitimate ends.

Walter B. Stults, president of the National Association of Small Business Companies (NASBIC), is equally emphatic. He calls the proposed regulations "an unmitigated disaster for small businesses." He goes on to drive home the point:

> They are incredibly complex and full of traps, and they show a complete disdain for the realities of how smaller firms are born and how they finance their growth. They will create huge unforeseen tax liabilities for thousands of unwary small firms.

Actually, they may show not so much "disdain," as they do ignorance. A Treasury official, who recently appeared before our Subcommittee on Tax, Access to Equity Capital and Business Opportunities, spent the bulk of his testimony trying to convince us that a controversial Treasury policy was good for small business. When he was asked how he would define small business, he said he could not do it and that, moreover, it probably could not be done.

The fact is that, although there are some gray areas in defining small business, there is absolutely no doubt that most of those so identified are small by any standard. The answer reflects what the Treasury Department, which operates at the highest levels of commerce and Government, really believes from the perspective of their ivory tower, so far removed from the real world of the individual taxpayer and small business community that they have no way to relate to that world. It is an insensitivity that is all the more tragic because those who suffer from it are sincerely trying to do their job as they see it.

William D. Barth of Arthur Andersen & Co., whose efforts for small business have been noteworthy as among the most sensible, creative and effective, makes the following comments:

> It is widely acknowledged that the primary impact of these rules would be on new and small firms, which have difficulty raising capital under ordinary conditions . . . the vast majority of ongoing businesses potentially affected by these rules are only dimly aware of their adverse impact. . . . Some business owners question the appropriateness of imposing regulations in this sensitive area at all . . . [but] With the goals of the legislation and small business considerations in the correct perspective, it might be possible to avoid unduly burdening the financing of legitimate new and small businesses to a large extent.

Mr. Barth also notes that on April 22, the advisory committee to the Senate Small Business Committee unanimously adopted a resolution calling for repeal of section 385; and, on April 29, the Small Business Administration advisory committee adopted a similar resolution.

He and Earl Brown, also of Arthur Andersen & Co., also conclude that the proposed regulations would "restrict risk-taking by entrepreneurs, friends, relatives, and outside sources of capital." This would, they note, "deny opportunity for small business" and, not incidentally, "dampen overall economic performance." We simply cannot stand by idly while a disaster of such proportions takes place, particularly when our bill can prevent it.

The bill which I and my colleagues are introducing today is a prudent one. It merely says that we will postpone the implementation of these regulations for 2 years, during which time a study will be made to determine their impact, on the business community as a whole and on small business in particular. As Mr. Levin notes, we have "reasonable guidance" already, based on common law well developed by the courts.

Far too often, we consider something a "good" law or a "good" regulation based on its technical precision, rather than on the nature of its effects on those who must live under it. The situation created by section 385 is a perfect example of why we must ask whether a law or regulation achieves correct objectives in the correct way as well as whether it is drafted correctly in a legal sense.

I urge my colleagues to join us in this effort by cosponsoring this measure in such numbers that its speedy passage will be assured and a great injustice avoided.●

TRANSFERRING OF SENIOR EXECUTIVES AT GSA

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. WOLF. Mr. Speaker, I have recently learned of a disturbing situation which I would like to bring to the attention of my colleagues.

While I have advocated a reexamination of the role of the Federal Government in our society to benefit those in need of services and those who pay for them, I believe any changes in Government policies require a great deal of compassion and consideration on the part of those responsible for implementing these policy changes, particularly when these changes involve personnel decisions.

That is why I was distressed to learn of recent actions at the General Services Administration which resulted in the transferring of 17 senior executives, 2 of whom were married to each other and who were transferred to 2 separate locations.

Because of the depth of my concern in this matter, and because of recent developments at the GSA, I have been prompted to send the following letter to Dr. Donald J. Devine, Director of the Office of Personnel Management, requesting an investigation into this matter. I hope this situation is resolved quickly to set an example that this administration considers the human element when developing policies for laws passed by this Congress. I am sure the intent of our legislation was to be of benefit to society, not to disrupt families.

CONGRESS OF THE UNITED STATES,
Washington, D.C., May 12, 1982.

DR. DONALD J. DEVINE,
Director, Office of Personnel Management, Washington D.C.

DEAR DR. DEVINE: I am concerned about the situation which has developed at the General Services Administration (GSA) involving the forced reassignment and pay cuts given a number of career SES members.

As you know, the SES system was established, in part, to provide management the flexibility to meet the needs of the agency by reassigning executives to where the greatest need exists. It was intended, however, that these reassignments be carried out in a manner which would promote efficiency and effectiveness of government operations—not hinder them.

In addition, the pay reduction provision of the SES statute was designed to reduce the pay levels of those whose work was not up to the fully satisfactory level. At GSA, for example, this provision was applied to reduce carreer executives pay levels on two weeks notice.

What concerns me most of all, however, is the fact that two of the SES reassignments would have the effect of splitting up a family. One spouse is being involuntarily reassigned to New York, the other to Philadelphia. I believe firmly that this Administration's philosophy and positions have been to strengthen the family unit, not place additional pressures on it by separating the spouses. This is especially true where, as here, there is a child involved.

Although the actions being taken at GSA and at other agencies which involve career members of the SES have, in most instances, met the minimum requirements of the law, they have not been humanely implemented.

I urge you to look into the GSA matter, and to advise me whether some modifications are appropriate which would meet the concerns I have outlined above.

At a time when we are seeking a more efficient and effective administration and management of government, we cannot afford to give our senior executives any less than fair and compassionate treatment.

I look forward to hearing from you in this regard.

Sincerely,

FRANK R. WOLF,
Member of Congress.●

LAND AND WATER CONSERVATION FUND

HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. JEFFORDS. Mr. Speaker, on May 13, I testified before the House Appropriations Committee's Subcommittee on Interior and Related Agencies about an extremely popular and effective program, the Land and Water Conservation Fund. I touched specifically on the land acquisition program for protection of the Appalachian Trail and on the State grants portion of the fund. I would like to include in the RECORD a copy of this testimony for the benefit of my colleagues:

TESTIMONY OF HON. JAMES JEFFORDS ON THE LAND AND WATER CONSERVATION FUND

I appreciate the opportunity you have given me to come before this subcommittee today to talk about one of the most sucessful programs in the Interior Department—the Land and Water Conservation Fund. This government program is one of the few that can boast of a permanent legacy of benefits to all states in the country. Since its inception in 1965, it has aided close to 30,000 projects involving 14,000 communities.

The concept behind the fund has always been extremly sound. The idea that our nation should reinvest a portion of the proceeds from a nonrenewable resource—oil—to save resources that cannot be replaced—our land and water—is probably more important now than ever before. The need for preservation has never been greater and communities with and expanding need for public recreation are experiencing overcrowding and deterioration at existing facilities. Furthermore, revenues from off-shore oil have risen drastically with decontrol and increased drilling activity.

I would like to address two particular issues with respect to the Land and Water Conservation Fund. One is the state grants portion of the fund, which was zero funded last year, and the Appalachian Trail Project, which is at a critical stage, particularly in my state of Vermont.

Mr. Chairman, the Applachian Trail is certainly one of our unique national treasures. Its 2,100 miles from Maine to Georgia link more than sixty public land areas in fourteen states. The trail is easily accessible to most major populations centers along the route. The Appalachian Trail Conference estimates that the trail accommodates 3 to 4 million visitors each year.

In 1978, the Congress responded to the need for additional protection of the Appalachian Trail corridor by authorizing funds for the purchase of lands or interests in lands along the trail. Public Law 95-248 also provided the right to exercise eminent domain.

Most of the work on a permanent route and a protection corridor has been completed and 713 of the 830 miles of trail in need of protection have entered the final stages of land acquisition. Of this total, 342 miles have been acquired and I am here today to urge this subcommittee to do whatever it can to expeditiously finish the job.

I am most familiar with the acquisition process in Vermont and I would like to share some of the history of that process because I think it illustrates the need for quick action on the entire project. Four years ago when the acquisition process entered its most recent phase, there was a great deal of opposition on the part of many Vermont landowners to sell their land. The admirable traditions of stubbornness and resistance to government intervention lead to a resistance to discuss the AT land acquisition process despite the statewide support for the viability of the trail.

To the credit of all of those involved in the project, notably the Appalachian Trail Conference, the Park Service, the State of Vermont's Environmental Conservation Agency, the Ottaquechee Land Trust and hiking groups, a series of meetings were held in the critical areas of the state and many of the problems and objections have been worked out. This is not to say that there is no opposition, but it is small and landowners now feel that they have a voice in the process and an opportunity to participate in determining what options will be used to protect the trail.

Those close to the process on both sides feel that the accomodation that has been reached in Vermont is nothing short of miraculous. This consensus will be threatened if adequate funds are not provided to allow land acquisition to proceed as quickly as possible. Delays could also increase the cost of AT protection as land values escalate. Furthermore, there are areas where development could occur in tracts slated for the corridor.

Mr. Chairman, the moneys spent on protecting the Appalachian trail throughout its length will be nearly meaningless unless we finish what we have started. In many areas, particularly in Vermont, parcels purchased by the Park Service are not connected with each other. They will be far less useful if land acquisition does not continue.

I would also like to call the Subcommittee's attention to the plight of the state grants portion of the Land and Water Conservation Fund. After a zero-funding in fiscal year 1982, I believe it would be a grave mistake to not fund this program in FY '83. We are reaching a point when there is almost no money left in the form of unobligated balances. It would indeed be tragic if we were to allow this program to disappear by letting the administrative machinery wither away due to a lack of funds. I know of no program that is more popular and more scandal-free than this one.

Even in my small state of Vermont, the Land and Water Conservation Fund's state side has had a hand in the development of 361 projects. While we have made a great deal of progress in protecting land and in providing recreational opportunities for our citizens, the pressures for continuing the program are greater than ever. The pressures of land and water development by the private sector are increasing and the Land and Water Conservation Fund has helped to balance this activity with matching funds for resource protection.

Examples of the principles of balancing development are numerous. Municipal projects have provided recreation facilities and protected land from less desirable types of development. Several state projects have helped to create State Parks and Reserves that preserve wildlife habitats, rare plant species, and the views and lookouts of so many areas on our state. Such values are not only important to the aesthetic qualities of states like Vermont, but they are absolutely essential to their economic health. In Vermont, we have learned that environmental protection and a balanced approach to development are one of our best assets in trying to assure a good business climate in the long term.

Furthermore, as states like Vermont grow, the need for recreational opportunities increase, as does the competition for land and water resources. In addition to protecting precious resources such as prime farmland park areas, the Land and Water Conservation Fund has helped the state to take a more balanced approach to sorting out competing claims for the use of our rivers. The use of Vermont's rivers has increased in all areas, including recreation, hydroelectric development, snowmaking for ski areas, domestic water consumption and waste disposal.

In short, the state grants program of the Land and Water Conservation Fund has been an extremely important and popular form of federal revenue-sharing. It has helped to draw in states, local governments and private donations to protect and preserve what can be renewable resources if we treat them with respect—our land and water. Despite our goal of fiscal austerity, it seems reasonable that this Congress should appropriate some of the more than $10 billion that is expected to come from offshore oil revenues. I urge the Subcommittee to inject new life into the Land and Water Conservation Fund.●

INTRODUCTION OF AMENDMENT TO RESTORE COLA TO RETIREES

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. DOWNEY. Mr. Speaker, today I introduced an amendment to House Concurrent Resolution 345, which revises the congressional budget for fiscal year 1983. The purpose of my amendment is to restore the full cost-of-living adjustment (COLA) to Federal civilian and military retirees. If this amendment does not pass, 1.7 million civilian retirees and 1.2 million military retirees will have their COLA capped at 4 percent, although it is projected to reach 6.6 percent next year.

Federal retirees are the only group that will be denied the full COLA. The injustice of excluding this one group is obvious and insupportable. Relegating Federal employees to the status of second class citizens will do nothing but indicate to them that their employer feels that they are less deserving than any other group. Is this what Congress really wants to do? I know that I appreciate the dedication and hard work of Federal employees, and I have no intention of telling them that they have not been appreciated.

Further, capping the COLA will have serious repercussions on the entire Federal employment system. The promise of the Federal pension program is one of the biggest magnets pulling people into Federal employ. Without it, many qualified, talented, and dedicated individuals will be forced into the private sector where pay and working conditions are far better. Does Congress really intend to drive the country's best people out of public service?

Recent congressional actions have done nothing but undermine confidence in the Federal Government's ability and willingness to deliver what it promised. Last year, Federal retirees lost the twice annual COLA. This year, there are attempts to cap, or even freeze it. Any smart Federal employee will think twice about sticking around to see what next year will bring.

A cap on the COLA is particularly unfair to the Federal retiree who no longer has the option of looking for another job, or who has lost the promise of bonuses, promotions, and improved economic conditions. Retirees are stuck with a fixed amount of income which they budget carefully to make ends meet. Despite what anyone else says, capping the COLA is the same thing as cutting benefits. And cutting the income of dependent people is cruel and outrageously unreasonable.

By tampering with the COLA, Congress does nothing but stab itself in the foot. The proposed cap is unjust, harmful to the elderly, counterproductive, and unnecessary. I hope that my amendment will be supported.●

MSGR. WALTER P. ARTIOLI AND REV. BENEDICT P. MILITELLO CELEBRATE ANNIVERSARIES

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. GUARINI. Mr. Speaker, on Sunday, May 23, 1982 the people of Our Lady of Mount Carmel Roman Catholic Church in Jersey City are having a unique celebration.

This fine church, which is located in the Marion section of our community, is celebrating the anniversaries of two of their great spiritual leaders. On this day, Rev. Msgr. Walter P. Artioli, pastor emeritus of Our Lady of Mount Carmel Church will mark the 50th anniversary of his ordination to the priesthood, on May 21, 1932. Also, on this occasion, the current pastor of Our Lady of Mount Carmel Church, Rev. Benedict P. Militello will celebrate the 25th anniversary of his ordination to the priesthood, which occurred on May 25, 1957. Both of these men are extraordinary individuals.

Monsignor Artioli retired as pastor in 1969. Born in New York in 1906 he moved to Jersey City at an early age where he graduated from Dickinson High School. He was ordained after attending Seton Hall University and Immaculate Conception Seminary. His first assignment was as assistant pastor of St. Lucy's Church for 2 years.

In 1934 he became administrator of Our Lady of Mount Carmel Church and was made pastor in 1936.

After his retirement he served as chaplain at Holy Rosary Academy in Union City for 3 years.

During his tenure at Mount Carmel the church debt was erased in 1947, and ground breaking for a new school took place during January 1954. He was elevated to Very Reverend Monsignor during 1954. He laid the cornerstone for the new day care nursery on Garrison Avenue on May 21, 1954, and the new school and recreation center on July 16, 1955, during the golden anniversary celebration of the founding of the parish, which began in April 1905.

September 1955 was a great day in Mount Carmel Church history as its school accepted students for the first four grades in the new school with Filippini Sisters in attendance.

A brief review of Mount Carmel parish reveals the following:

Beginning in 1905 when Rev. Ernest Montelecone purchased a former Baptist Church on the corner of Broadway and Giles Avenue and transformed it into a Roman Catholic Church, where the first solemn Mass was celebrated in 1905.

On June 16, 1917, Rev. Julius Moscati was the pastor and he built a new rectory, which was dedicated April 25, 1917.

On November 14, 1926, the new church was built and Rev. Hercules Di Primio was assigned as first assistant to Father Moscati.

On January 17 of the next year the Sisters of St. Elizabeth came to the new convent and operated the kindergarten school.

On May 2, 1934, after the death of father Moscati, Rev. Walter P. Artioli was named administrator by His Excellency Thomas P. Walsh.

On December 24, 1936, Father Artioli was officially appointed pastor of the church which saw Rev. Eugene Fanelli assigned as an assistant in May of 1940.

Following the death of father Di Primio, Rev. Robert P. Garner was assigned to the parish. Father Garner was elevated to the position of Auxiliary Bishop of the Archdiocese of Newark where he now serves.

In 1950 Rev. Salvatore Citarelli became assistance pastor and in 1954 the groundbreaking for the new school took place.

Father Benedict P. Militello, known affectionately as "Father Ben" was also born in Jersey City in the Marion section. He has the distinct honor of being pastor of the chucrh he served as an altar boy.

After attending Seton Hall University, and Immaculate Conception Seminary he was ordained to the priesthood on May 25, 1957, where he was assigned as assistant pastor of St. Anthony's Church in North Vale. Other assignments include St. Joseph's Church and St. Anne's Church in Jersey City.

He became pastor of Our Lady of Mount Carmel Roman Catholic Church on May 9, 1981.

These tributes by the devoted parishioners of Mount Carmel parish indeed reflect the love they have for their beautiful edifice with its stately arch and steeple, made up of a neighborhood with groups of friendly people.

Mount Carmel parish has served thousands of families whose parents and grandparents, in many cases, migrated from Italy in search of economic opportunity and religious freedom. Mount Carmel Church was indeed a haven for these newcomers, with a language barrier, seeking to establish themselves in their new land, while proudly maintaining their traditions and cultures.

Many of Mount Carmel's early parishioners helped build the church while they were raising their families. They are among Jersey City's finest citizens who have answered the calls of America time and time again during periods of war and peace.

Mount Carmel Church has stood like a beacon to its parishioners. Their devotion to the church and the Sabbath is echoed in the words of Henry Ward Beecher:

> A world without a Sabbath would be like a man without a smile, like a summer without flowers, and like a homestead without a garden. It is the joyous day of the whole week.

The contributions of the parishioners of Mount Carmel Church and these two men of God is best reflected in remarks by Pope John Paul II on his Battery Park, N.Y., visit of October 1979 when in the shadow of the Statue of Liberty he said:

> It will always remain one of the glorious achievements of this nation that, when people looked toward America, they received together with freedom also a chance for their own advancement. This tradition must be honored also today. The freedom that was gained, must be ratified each day by the firm rejection of whatever wounds, weakens or dishonors human life. And so I appeal to all who love freedom and justice to give a chance to all in need, to the poor and the powerless. Break open the hopeless cycles of poverty and ignorance that are still the lot of too many of our brothers and sisters; the hopeless cycles of prejudices that linger on despite enormous progress toward effective equality in education and employment; the cycles of despair in which are imprisoned all those that lack decent food, shelter or employment; the cycles of underdevelopment that are the consequences of international mechanisms that subordinate the human existence to the domination of partially conceived economic progress; and finally the inhuman cycles of war that springs from the violations of man's fundamental rights and produces still graver violation of them.
>
> Freedom in justice will bring a new dawn of hope for the present generation as it has done before; for the homeless, for the unemployed, for the aging, for the sick and handicapped, for the migrants and the undocumented workers, for all who hunger for human dignity in this land and in the world.

At Sunday evening's reception in the church hall more than 800 friends and parishioners will join heart and hand with our guests of honor, breaking bread in celebration.

I am sure my colleagues share their joy.●

THE PROFESSIONAL HOWLERS

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. DANIEL B. CRANE. Mr. Speaker, after spending my first few months as a Member of Congress, I was appalled at the attitude of many who came to see me. "Yes," they would say, "we agree with you that massive Federal spending is inflationary; it produces high interest rates, unemployment and has been responsible for our Nation's economic ills for decades. We want you to cut the budget. But—don't cut my program."

I have heard this refrain from so many that I am thinking of getting a sculpture for my desktop—a pair of outstretched hands. I will put a little metal plate on it, and every time somebody comes in singing the old familiar "gimme" song, I will have their name engraved on the plate.

Better make that a very large metal plate.

Joan Beck knows what I am talking about. Her March 3, 1982, column for the Philadelphia Inquirer is a classic. Now, I do not say I agree with every last thing in it, but it is a biting critique of a very pervasive attitude.

Budget Has a Little for Everyone

(By Joan Beck)

At Yale, a student complains that cutbacks in federal student loans not based on need would be unfair to her father, who earns $60,000 a year. She's entitled to help, she says, because she wants to go to one of the nation's most expensive schools.

Representatives of kidney dialysis centers have held demonstrations about proposals that funds for patients' treatment be reduced slightly to encourage more dialysis at home. The nation's 72,000 victims of kidney disease are entitled to the full $1.8 billion, they say, because they have such an expensive ailment.

The working poor are entitled to food stamps and public aid because they don't earn as much as many people on welfare and proposed reductions would create a "work disincentive," their advocates are protesting.

As estimates of federal budget deficits zing higher faster than the scores in a pinball game—$120.6 billion in 1983, $128.9 billion in 1984, maybe $139.6 billion by 1985, according to the Congressional Budget Office—the trickle of indignant news stories about victims of cutbacks—real and anticipated—has turned into a torrent.

A sense of entitlement has infected the nation and everyone—from touring ballet dancers to cancer researchers to unemployed autoworkers—is afraid the Reagan administration and a deficit-leery Congress may try to reduce the amount of money they feel entitled to take out of taxpayers' pockets as a matter of right.

Kids, for example, should be entitled to a subsidized lunch because they might be hungry, the arguments against reducing school lunch subsidies go. College students should be entitled to financial help to go to any school for which they are qualified, whether or not they can afford it, because they are entitled to freedom of choice.

The handicapped are entitled to barrier-free buildings and transit facilities regardless of cost because they are handicapped. Artists of all kinds should be entitled to at least a trickle of support because culture is important and they should have opportunity to use their talents, they contend. Tobacco farmers feel entitled to price support help so they can continue to make a living by growing carcinogens.

Chrysler claims entitlement to federal help because it has made so many management mistakes. People who live near toxic waste dumps are entitled to have the government clean them up because no one else will. World War I veterans should be entitled to a $10,000 bonus, according to a bill introduced in Congress by Henry B. Gonzalez (D., Texas).

Indians are entitled to federal help because their ancestors were here before ours. Admirals and generals are entitled to fancy perks because they are admirals and generals. Enlisted personnel are entitled to early pensions, educational benefits and subsidized shopping because they might not sign up otherwise. States and municipalities are entitled to financial subsidies because they don't like to raise their own taxes.

Businesses are sometimes entitled to federal help because they are small and struggling or big and failing, or owned by minorities or essential to defense. Coal miners are entitled to black lung benefits, whether or not cigarette smoking contributed to their disability. Textile workers say they should be entitled to the same breaks because brown lung disease is just as bad. Victims of other catastrophic illnesses argue that they should be entitled to financial help because kidney dialysis patients get it.

The elderly are entitled to Social Security because the government promised, whether or not they ever paid enough to support their claims. The poor are entitled to first-class health care, because they are poor. The unemployable are entitled to job training because they have no work skills.

Poor, single mothers are entitled to welfare because they aren't married and their children shouldn't be penalized. Teenagers are entitled to family planning services because they can't wait for marriage.

Oil companies feel entitled to tax breaks because they are oil companies. Former presidents have become entitled to millions of dollars in Secret Service protection and lavish expense accounts because they are former presidents. Members of Congress consider themselves entitled to enormous tax breaks because they make the rules. Business executives are entitled to lavish expense account breaks because they generate business.

Scientists consider themselves entitled to research grants because a few of them might come up with something useful. The unemployed are entitled to compensation because they aren't working. Urban transit services are entitled to federal help so their unions can continue to insist successfully on higher wages.

All in all, current entitlement programs cost the federal government $305.8 billion in 1981 and will increase to $458.9 billion by 1987, even without adding any of the new entitlements for which strong political pressures already exist.

One reason Ronald Reagan continues to be popular, I think, is that he is giving at least indirect recognition to the one entitled group everyone else has ignored: the taxpayers. Their claim to be entitled to a little more of the national pie is based on a very simple argument: They made the money the old-fashioned way. They earned it.●

SMALL BUSINESS REGULATORY RELIEF TAX ACT OF 1982

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 19, 1982

● Mr. NOWAK. Mr. Speaker, as chairman of the Small Business Subcommittee on Tax, Access to Equity Capital and Business Opportunities, I have conducted a multitude of hearings regarding the capital formation and financing needs of small business. All of these hearings have been based on the premise that the future vitality and economic growth of the U.S. economy is dependent on small business. In particular, a study conducted by the Massachusetts Institute of Technology indicates that two-thirds of all net new jobs created between 1969 and 1976, were created by firms of fewer than 20 employees and about 80 percent were created by firms with 100 or fewer employees.[1] A National Science Foundation study also concludes that small business is about 4 times as innovative as medium-sized firms and about 24 times as innovative as the largest firms.

In recognition of the important role small business plays in innovation and job creation and with the objective of insuring that role, I am introducing today H.R. 6429, the Small Business Regulatory Relief Tax Act of 1982. Joining me in introducing this most important piece of legislation are the ranking minority member of my subcommittee, Dan Marriott; the Small Business Committee chairman, Parren Mitchell; the ranking minority member of the Small Business Committee, Joe McDade; two members of the Ways and Means Committee, Henson Moore and Phil Crane; Small Business Subcommittee chairman, John LaFalce; and Margaret Heckler.

GENERAL PURPOSE OF BILL

H.R. 6429 delays the effective date of the so-called debt-equity Federal tax regulations from July 1, 1982, to July 1, 1984. The bill also requires that the General Accounting Office, in consultation with the Department of the Treasury and Small Business Administration, prepare a study for submittal to Congress by January 1, 1984, as to the impact of Internal Revenue Code section 385 and its underlying regulations on small business.

CRITERIA IN ANALYZING SMALL BUSINESS AND TAX LEGISLATION

In each of the subcommittee hearings that I have conducted during the past 3½ years, I have tried to analyze small business legislation based on three criteria. These criteria are regulatory impact, the need for simplification, and the prospects for increasing capital formation and investment. Accordingly, it is based upon these criteria that I would direct the General Accounting Office to analyze the impact of section 385 and its underlying regulations on small business.

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[1] For a further discussion of the role of small business in job creation, see the report on "Job Creation and The Revitalization of Small Business," by the House Small Business Subcommittee on Tax, Access to Equity Capital and Business Opportunities (Rept. No. 97-434).

DO THE DEBT-EQUITY TAX REGULATIONS FULFILL THESE CRITERIA?

Internal Revenue Code section 385, which was enacted into law in 1969, provides the Department of the Treasury with broad authority to prescribe regulations as to whether an obligation of a business is to be treated as stock or indebtedness.

This is a distinction which is most important to small and closely held businesses. To the extent an individual makes a loan to his business, it is possible under certain circumstances that the loan would be reclassified as stock. A reclassification of the loan into stock would, thus, result in the interest paid by the corporation not to be deductible. Instead, the interest payments by the firm would be treated as dividends on preferred stock. Since the payment of dividends are not deductible for tax purposes, the reclassification of a loan into stock can clearly have a dramatic impact on the cash flow of a business.

Section 385 was enacted into law at a time when Congress and the Nation were concerned about the increase in conglomerate mergers and corporate acquisitions. One of the prime concerns with respect to conglomerate mergers in 1969 was the increased use of debt to finance business acquisitions.

The rationale for section 385 came from the April 22, 1969, testimony of Edwin S. Cohen, Assistant Secretary of Treasury for Tax Policy, before the House Ways and Means Committee.[2] After detailing the concern about the wave of corporate acquisitions taking place in the late sixties, he stated:

> In our tax structure, an interest deduction is properly disallowed only if the underlying obligation constitutes equity rather than debt. The Treasury is presently seeking to develop rules or a regulation that will aid in distinguishing debt from equity and disallow the interest deduction where the interest payments represent in substance a return on equity.

Section 385 originated from the desire of the Treasury Department to have a broad grant of authority for determining the deductibility of interest, whether it be a corporate acquisition or otherwise. Cohen admitted this much when he stated that:

> These rules would apply whether the instrument comes into existence in an acquisition, in recapitalization, or in any other manner, and whether the company is closely held or publicly held.

It took the Treasury Department 11 years to release its first draft of the debt-equity regulations. The original 1980 draft was found to be so complicated that the Treasury was ultimately forced to release two further drafts of the regulations.

In addressing the regulations' complexity, James McCarthy, vice president of the tax services group of General Business Services, Inc.,[3] recently stated:

> There is no way the owner of a very small business, many of which are unincorporated, will be able to cope with these regulations, nor will the persons that these owners often look to for help (small bookkeeping or accounting firms) be of assistance.

Besides the issue as to its complexity, I am also concerned with the possible impact that the regulations will have on small business capital formation. In particular, there is a strong possibility that the debt-equity tax regulations will impede the flow of venture capital to high technology and growth firms. This is significant given the fact that these firms are often the most innovative and greatest contributors to the Nation's employment rolls.

THE NEED FOR AN INDEPENDENT STUDY TO REVIEW TAX POLICY QUESTIONS

I believe that hasty implementation of the section 385 regulations on July 1 would only serve to thwart the current congressional attitude of reducing regulatory impact and statutory complexity. For this reason, H.R. 6429 would require the General Accounting Office to analyze the various tax policy questions regarding the regulations and their impact on small business capital formation.

If the Nation has been without the so-called debt-equity regulations for 13 years, I believe we can live without them temporarily for another 2 years. It is possible that Congress might even find 13 years of judicial decisions; for example case law, sufficient to handle the debt-equity dilemma.●

BUDGET ALTERNATIVE

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. OBEY. Mr. Speaker, there is an old adage that if in a group of 100 economists you can get 3 to agree, you have a consensus. We have a very broad consensus in the economic community today that we will not be able to have a sustained economic recovery without lowering interest rates and that there will be no dramatic lowering of interest rates until we get the deficits down. That is why this budget resolution is so crucial to the country's well-being.

But the President's proposal, Senator DOMENICI's proposal, Congressman MICHEL's proposal, the gypsy moth proposal, and even the House Budget Committee proposal call for continuing high deficits and no significant departure from the economic game plan which has brought us to the disastrous economic situation we now find ourselves in. The fact is, we need a tight fiscal policy and a loose monetary policy and we are looking at five proposals, all of which give us a different variation of a loose fiscal policy which everyone concedes will lead to tight money and weak and brief periods of recovery followed by deep and lengthy recessions.

Of the five proposals only the House Budget Committee's makes any effort to deal with the pain and misery which this tight money recession is bringing or the rapid decline in public investment in our Nation's infrastructure, physical, social, and scientific and that effort can at best be described as marginal.

That is why we have today asked the Rules Committee to make in order a substitute that offers the only real hope of releasing this tight money trap in which our economy is ensnared. We would offer lower deficits in each of the next 3 years with a balanced budget by 1985. These numbers are based on the CBO baseline of spending used in the summit meetings and the same economic assumptions used by both House and Senate Budget Committees.

We would provide for a new tax law replacing the second and third years of the so-called Economic Recovery Tax Act. Under the new tax law, tax cuts which would take effect on July 1 would give some taxpayers, particularly low-income families, a bigger tax cut than they would have received in either 1982 or 1983. Higher income families would get a tax cut but not as large as the one which the President's plan would allow. The safe harbor leasing provision of ERTA is substantially reformed and targeted to distressed industries. The accelerated cost recovery provision in the Tax Code is left largely in place but the so-called faster acceleration is repealed and businesses will no longer be allowed to depreciate the portion of the cost of any investment for which they have already received a tax credit.

Substantial additional revenues will be raised from closing such loopholes as the foreign oil tax credit and intangible drilling costs.

In defense, we will provide both civilian and uniformed personnel with a 5-percent increase, larger than that allowed by either the Senate or the House committee. We will provide 7 percent real growth for the nonpay portion of the Defense Department. In total outlays, defense will grow by $66 billion between now and fiscal 1985 under this budget. This is $40 billion less than the President requested and about $10 billion less than the House committee would allow, but it still provides for 7 percent real growth.

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[2] Testimony of Edwin S. Cohen on the administration's Interim Program of Tax Reform and Tax Relief. For a reprint of Cohen's testimony, see "Taxes," vol. 47, No. 6, June 1969, p. 325.

[3] General Business Services, Inc., is the largest consulting firm in the United States providing tax and financial services to small business.

In our resolution, we provide for an immediate economic stimulus program to put people back to work. In addition to what is in the committee package, we provide $1 billion for minimum wage jobs for unemployed workers who have exhausted unemployment benefits that would be run under national contracts in much the same manner as the older workers program. We also provide $1 billion in immediate aid to local governments for maintenance and repair of local facilities to be targeted toward communities with the highest unemployment levels. In addition, we will be creating 360,000 summer youth jobs and 400,000 work-study positions in colleges and universities to try to keep young people in school even if their families are facing economic difficulties. There will be additional funds for bridge repair and sewage treatment construction. We will accelerate the purchase of needed buses under the urban mass transit capital grants. In total we will create more than 1 million jobs beginning this summer. These are for the most part one-time expenditures to ease the pain and counter the recession.

We will also begin expanded efforts in improving our education and science base. A new program aimed at tightening academic standards in high schools will begin in 1983 and be expanded by 1985. We will greatly expand efforts at training industrial engineers, all of which are in critical short supply, a shortage that will impede the economic recovery and reduce our capacity to compete abroad. We will increase research grants and the National Science Foundation and at the National Institutes of Health.

We will prevent some of the erosion in the real dollar size of domestic discretionary programs by permitting 5 percent cost-of-living adjustment in 1984 and again in 1985. That combined with the initiatives described above will result in domestic spending staying at approximately the same level in real terms as it was in fiscal 1982 following adoption of the Reagan cuts. All other alternatives call for further real dollar cuts of $15 to $20 billion.●

A LIFETIME OF SERVICE

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. NAPIER. Mr. Speaker, the true test of an American citizen is service to his fellow man. Public service in this Nation has reached lofty levels throughout its history. Whether those public servants are soldiers on the lines of defense or individuals conducting the daily operations of our Government, the efforts they make are valuable to the functioning of this democracy.

There are those who have given of themselves, dedicated themselves to a lifetime of service to their fellow citizens. U.S. Senator STROM THURMOND is one such person. His long and unmatched record of public service will stand for decades to come as a high-water mark for those who follow in Government administration.

I want to take this opportunity to bring to your attention an event which occurred recently at which Senator THURMOND was honored for his lifelong service. The remarks made during that ceremony follow:

REMARKS BY MR. JOHN LUMPKIN, VICE PRESIDENT, BROOKGREEN GARDENS

Mr. President, my fellow trustees, my fellow South Carolinians, ladies and gentlemen who visit us from all over this nation and all over this world, it is my happy privilege to present to you this afternoon a distinguished man, a great American, a great South Carolinian, who it has been privilege to know for at least 45 years.

Our senior Senator Strom Thurmond is the story of South Carolina. School teacher, brilliant lawyer, judge, governor of our State, and for the past 27 years serving with great distinction as our senior United States Senator. Friday past, Caroline Lumpkin and I had the privilege of attending the very moving ceremony when the auditorium at the University of South Carolina Law School was dedicated in his name and a bust was unveiled. Both of us were moved by the occasion because it is scant recognition of one of the great Americans of our time, a legendary figure.

As all of you know, next to the President of the United States, President Reagan, Strom Thurmond is the most powerful man in America, serving as President Pro Tempore of the Senate and as Chairman of the Judiciary Committee, that powerful Committee in the Senate. Some of you may remember this quotation from Kipling, which I paraphrased to describe in some measure our distinguished visitor: "If you can move with crowds and keep your virtue, and walk with kings and don't lose the common touch, you are Strom Thurmond." It is my great honor and happy privilege to present to you—I am just sorry that Nancy, his lovely wife, and his great children could not be here today—our Senior Senator, The Honorable Strom Thurmond.

RESPONSE BY SENATOR THURMOND

Mr. Chairman, Mr. Tarbox, Mr. Noble, Mrs. Dunwiddie, Mr. John Lumpkin, I wish to thank you for that flattering introduction, which I do not deserve. I wish to ask Mr. Lee Letts to stand. He is the second South Carolinian to have sculpture here and the only one from this area, the Grand Strand. I commend him.

Congratulations to you, Mr. Alex Quattlebaum, Mr. Bob Coker, and other members of the Board of Trustees of Brookgreen Gardens.

Ladies and gentlemen, I feel honored that Mr. Tarbox and the Trustees wanted me to appear here this evening, and I want to thank all of you for coming. I hope I get a better reception than I did the last time I ran for the Senate. I was in the upper part of the State and spoke one night. The next morning I was walking down the street and a young, eighteen year-old boy came up and said, "Is this Senator Thurmond?" I said, "Yes, it is." He said, "I heard you speak last night." I replied, "Well, I hope you enjoyed it." He said, "Senator, that is the sorriest speech I have ever heard." I remarked, "Well, I will try to do better next time." As we walked down the street, my friend, who was introducing me to the people along the sidewalk, turned and said, "Senator, do not be concerned about what that young man said. No one pays any attention to him; do not let it bother you. He is the town idiot. Why, he only repeats what he has heard others say."

I am so pleased to see such a large crowd here. I wish every South Carolinian and every American could come to this beautiful spot. I have never seen a more beautiful place in my life than exists right here at Brookgreen Gardens. If it was for sale and I had the money of John Lumpkin, I would try to purchase every part of it.

It is a distinct pleasure for me to be with you today in this serene and attractive place—Brookgreen Gardens. It is an honor to have been selected to receive this impressive medallion, which is an original design by Karen Worth, who has created commemorative medals for such events as the wedding of Prince Charles and Princess Diana.

Your selection of me to receive this medallion for public services rendered is deeply appreciated. There can be no higher honor than the one bestowed upon me by the people of South Carolina—namely, the privilege of representing them in public office. Throughout my life, I have attempted to live by the principle of helping others. Nothing gives me greater satisfaction than beneficial public service.

When I think about South Carolina, two qualities come to mind—its renowned beauty, and its reputation for producing dedicated public servants.

Public service—the quality which you single out in bestowing this award—is a distinguishing characteristic that has long been the hallmark of South Carolinians. The history or our State is filled with numerous examples of those who have given unselfishly of themselves in service to others. Men like John C. Calhoun and James F. Byrnes, for instance, have exemplified that spirit of public service which reflects a true commitment to working for the benefit of mankind. They, and other great South Carolinians, have made a significant contribution to our State and Nation.

Brookgreen Gardens has acknowledged the importance of public service for several years, as others before me have received the same award with which I am being honored today. Equally important is Brookgreen Gardens' recognition and commitment to the other quality of South Carolina—beauty.

I am convinced that South Carolina is the most beautiful State in the Nation. The combination of plants and animals native to our State, along with other fauna and flora which are characteristic of the South, make a significant display in this garden. Few places in our State, and even our Country, can compare with the collection of over 1,600 species of rare plant life in Brookgreen Gardens.

Not only does Brookgreen Gardens emphasize the preservation of natural beauty, but it is dedicated to the promotion of man-made beauty, the beauty of art.

This outdoor museum of over 400 pieces of American sculpture illustrates the ability of man to create a thing of beauty in a way that compliments the beauty of nature.

As the peak of spring draws near, I am remined of these words written by a poet:

That God once loved a garden,
We learn in Holy writ.
And seeing gardens in the spring,
I well can credit it.

This poem could have very well been written about Brookgreen Gardens in its floral splendor. We should take the time to appreciate the riches of nature and the richness of man's creative powers of art.

We, and future generations, can visit Brookgreen Gardens to marvel at the products of man's artistic creativity as they stand among the picturesque setting of God's own artwork—creation itself.

To the Huntington family, the Board of Trustees, and all those who share their vision to preserve the beauty of South Carolina at Brookgreen Gardens, I commend you for your remarkable efforts. You have proven that art and nature are precious entities worthy preservation, and I know that the countless hours of hard work in making Brookgreen Gardens what it is today will be appreciated by generations of South Carolinians and guests to our State.

It is my sincere hope that Brookgreen Gardens will continue to stress the importance of public service, as well as natural and manmade beauty. May we appreciate, protect, and perpetuate those qualities that make South Carolina the choice State in the Nation.

Thank you for coming on this occasion, and be assured that I shall always cherish this unique medal in recognition of public service benefiting my State and Country.

ADDRESS BY DR. HENRY LUMPKIN, PROFESSOR OF HISTORY UNIVERSITY OF SOUTH CAROLINA

A SHORT HISTORICAL STUDY OF WACCAMAW NECK

Senator Thurmond, Dr. Nobel, Mr. Quattlebaum, Mrs. Charlotte Dunwiddie, Mr. Tarbox, my brother, John Lumpkin, Distinguished Friends of Brookgreen Gardens:

I am deeply honored to be your speaker today.

As we come together here at Brookgreen Gardens I think the most important historical fact to remember is that Waccamaw Neck has been inhabited by men and women continuously from 10,000 B.C. (Possibly 12,000 B.C.) to the present day. The earliest migrants from Asia who crossed the land and ice bridge where the Bering Straits now run probably came to North America at the end of the last glacial epoch when the vast ice masses had begun slowely to melt, but before the glaciers retreated, the seas rose, and the ancient passage way was covered by the waters. This would have been approximately between 14,000 to 16,000 B.C. and how long it took a wandering hunting, fishing people without any mode of transportation except their feet to travel across an entire continent to the shores of the Atlantic, we just don't know. We do know that by 10,000 B.C. they most certainly had reached the east coast here in South Carolina. As a matter of fact various groups of what we know as the American Indian had travelled all the way in the same time period to Terral del Fuego, the southernmost tip of South America, one of the greatest and most extensive folk migrations in human history.

Who these first primitive shadowy people of this archaic period of migration were, we cannot really tell. They left fragmentary evidence only, identified by carbon dating or comparative manual work, a piece of pottery crudely formed, a flint spearhead found on the bottom of Winyah Bay by diver archaelogists. The hunter must have lost it when the bay was still a marshy plain before the glaciers finally retreated, the sea came in, and the five ancient rivers: Santee, Pee Dee, Sampit, Black and Waccamaw formed the bay as we know it today.

We have discovered considerably more about their first successors, the so called people of the Woodland culture which lasted approximately from 500 B.C. to 900 A.D. Whether these Woodland Folk found an empty land, wiped out or drove away their more primitive predecessors or merely absorbed them (which seems likely) cannot, of course, be stated. The Woodland tribes had developed a more advanced culture pattern, possibly with semi-permanent settlements along Waccamaw Neck. My friend Professor Robert Stephenson, of the Institute for Archaeology at the University of South Carolina, tells me that literally scores of shell middens may be found along Waccamaw Neck, where the Indians feasted on the plentiful oysters and clams, depositing the empty shells in mounds to commemorate for posterity their gluttony or, at least, their taste for good seafood, a pleasant vice shared by most of the modern inhabitants of this area.

The neck is not geologically endowed with rock formations. Few flint implements are discovered from this period, and we may guess that they pointed their spears and arrows with bone or possibly shark's teeth (as the Polynesians did). What flint arrow or spearheads survive from both periods, archaic and woodland, undoubtedly point to trade with upcountry tribes, a fascinating aspect of very early human commerce in North America.

We are not sure that these people with their limited numbers made war on each other or neighboring folk, certainly not organized war in our sense. War unhappily is a product of civilization, since it predicates weapons designed specificially for war, war plans, a military organization with a command hierarchy, and a logistical supply concept. These only can be evolved and produced by a culturally advanced people, but primitive man goes to battle and fights with whatever hunting weapons he possesses. Heads may be bashed with a crude wooden club quite successfully whether that club was meant to be a weapon or not. The Woodland people of Waccamaw Neck undoubtedly went to battle with each other and resisted fiercely the more evolved tribal types pressing upon them from the West.

The latter came over the mountains in the last great wave of Indian migration before the coming of the white man. This was in about 800 A.D. and these were the people the Spaniards, English and Huguenot French found when they first came to South Carolina and Waccamaw Neck in the 16th and 17th centuries. The tribes on the Neck and its general area were mostly Siouan related linguistically to the Dakotah of our North and West and mortal enemies of the Iroquoian Cherokees who held the Western mountains and the Muskogean folk, Yemassees and the powerful Creeks whose lands lay to the South and West.

These Siouan Waccamaws, Peedees, Sewees, Santees, Sampas or Sampits, Weenees and Winyahs (your rivers and the great bay bear their names still) with their inland cousins the Catawbas were a settled, farming folk. They had only one domesticated animal, the dog, before the white man came, but they planted corn, beans, pumpkins, gourds and squash and harvested the wild fruits of field and forest.

From the reports of early Spanish and English observers the tribes on Waccamaw Neck lived in fairly large communal houses made of pine logs planted upright and covered with reed matting. Some of the settlements were stockaded for defense. There were several such villages on Waccamaw Neck according to contemporary reports, and one may imagine the life in the forest and wild savannahs, the hunters bringing in game: deer, turkey and black bear, the women draped in grey moss, tending the fish weirs, bringing in crabs, oysters and clams from the creeks or marshes and grinding corn in rude mortars while the little brown children played as all children do among the houses.

This is how the Spaniards found them when the first high pooped, square sailed caravels sailing from Hispaniola or Cuba on tentative exploration and slaving voyages in 1521 entered the bay they called The Bay of St. John the Baptist—the modern Winyah Bay. It is very probable that here on the lower Waccamaw Neck across Winyah Bay from Georgetown the Licentiate Lucas Vazquez d'Ayllon with a grant from the Emperor Charles V established in August of 1526 the first Spanish settlement north of the Caribbean and named it San Miguel De Gualdape in the land the Spanish called Chicora.

There were six ships and 600 people in the expedition including several Dominican friars (three are mentioned by name) some women and apparently a handful of black slaves—the first of these people to come to Waccamaw Neck. There also were 89 horses, a few probably destined to be ancestors of the little marsh tackeys which still roam in small numbers in areas of the Low Country today.

The Spaniards with commendable industry built houses of wood, erected a defensive stockade and even, it would seem, built a church, again a "first," the first house of Christian worship on Waccamaw Neck. One of the ships having been lost crossing the bar at the entrance to the bay, the Spanish settlers cut down local trees, sawed planks, laid the keel and built a ship to replace the one shattered in the bar. This is the first instance we know of ship building by Europeans in South Carolina.

It was August, and hot as only South Carolina can be in that month. A scourge of fever hit the settlement (probably malaria brought by the expedition itself and transmitted enthusiastically by the local anopheles). Many died including the leader d'Ayllon who according to the sources, repented of his sins, received the sacraments, and passed away with great dignity and courage on St. Lukes Day, 18 October 1526. As in most Spanish colonies jealousy, treasons and rebellion followed the death of a strong leader. The local Indians, infuriated by the harsh treatment meted out to them by the Spaniards as pagan idolaters, rose and killed several of the settlers, who disheartened, with many seriously ill, abandoned St. Miguel in 1527 and sailed for Hispaniola. The first European attempt to establish a permanent base in South Carolina had failed.

It is interesting to note in passing that U.S. 17, on which you came to Brookgreen Gardens, is the old Kings Highway of eighteenth century days and the general route of the ancient Indian trail that ran between the several villages on Waccamaw Neck.

In 1711 the Lords Proprietors of the new English colony, placed in Carolina in defiance of the Spanish threat from Florida, set up ten baronies of 12,000 acres each. Remember that South Carolina is the only British Royal colony with a titled aristocracy: Landgrave, Cacique and Baron, depending on land tenure. One barony called Hobcaw, which meant in the local Indian language "Between the Rivers," fell by lot to John Lord Carteret, later elevated to be Earl Granville. Hobcaw comprised all the lands of the lower Waccamaw Neck. Later, with the change from a proprietory to a royal government in South Carolina, Waccamaw Neck was divided up into areas of private ownership, long narrow plantations stretching from the river to the sea. One early plantation called Armordale traditionally received that name from a piece of Spanish armor found on the property, probably originally encasing the bones of some poor devil of d' Ayllon's colony, dead from fever, mutiny or Indian arrow and buried in his war gear.

Rice, the famous "Seed from Madagascar," first planted in South Carolina by Dr. Henry Woodward in 1686, came to Waccamaw Neck in the early 18th century and rice planting changed the entire economy of the South Carolina Low Country. Waccamaw Neck was in the very center of the rice producing territory and the land was owned by some of the great families of the colony and later the state.

Allston (both single and double L), Heriot, LaBruce, Waties, Weston, Jordan, Pawley, Tucker, Nesbit, Magill, Dunkin, Ward, Hasell, Willet and many others. Some of their descendants are sitting here today. The Spaniards had built the first church, but the Anglicans came and stayed. All Saints Waccamaw, still an active parish right now, originally of the Church Established by Law under the Bishop of London, was founded on 23 May, 1767.

Since Waccamaw Neck is a natural cul de sac and thus a tactical trap, there were no engagements of any size in the area during the Revolutionary War. Men of Waccamaw Neck, however, rode with Francis Marion, the Swamp Fox, part of that devoted band of desperate, ragged partisans without pay, proper weapons or logistical support, striking out from swamp, savannah or forest with savage courage, keeping the Revolutionary war alive in the South when hope seemed dead and the cause lost. Marion and his second in command, Peter Horry, drew supplies from Waccamaw Neck sent by friendly plantation owners, so did the British, and patrols fanned out along the neck to protect the valuable rice crop and keep it for the Royal forces in Georgetown and Charleston. After the British evacuated Georgetown on 6 June 1781, Nathanael Greene and his army, moving down the state from battle to battle toward Charleston, also used Waccamaw Neck as an essential supply area.

At the battle of Breach Inlet in 1776 where Colonel William "Danger" Thomson turned back Sir Henry Clinton's attempt to out-flank William Moultries' position at Fort Sullivan by an amphibious assault from the Isle of Palms across the inlet, Captain John Allston commanded at Breach Inlet a unit of 50 Peedee, Waccamaw, Cheraw and Catawba Indian riflemen called the Raccoon or Foot River Company: the last appearance in battle of the red warriors of Waccamaw Neck.

By 1850 there were 35 rice plantations along the eastern shore of the Waccamaw River. Four of these: Laurel Hill, Springfield, Brookgreen and The Oaks form the present Brookgreen Gardens. These decades prior to the War between the States were the hey day of the rice culture and Waccamaw Neck with its many great plantations and wealthy owners maintained that life at its best. Then came the war and with it everything changed.

The state of South Carolina was divided into ten military districts, each district to furnish two regiments and Georgetown, Horry, Marion, Williamsburg Counties and part of Charleston County made up the 10th District. On Waccamaw Neck, Captain Thomas Daggett was in command of the Waccamaw Light Artillery which manned guns at Forts Randall and Ward. In an amusing footnote Plowden Weston of Waccamaw Neck who had replaced Richard Greene White as the captain of the Georgetown Rife Guards a Company of the 10th regiment (White had been promoted to Major) followed his colonel Arthur Middleton Manigault to repel a reported Union landing on Waccamaw Neck from the blockading ships. There proved to be no landing but on the return march Plowden Weston entertained his entire company of 150 men and officers at Hagley Plantation on Waccamaw Neck with a full, seated four course dinner complete with silver, crystal and the best wines from the plantation cellar, served with ceremony by the family servitors, a fitting commentary on the almost feudal magnificence of life on Waccamaw Neck rice plantations.

The Union Naval blockade closed around the coasts of the Confederacy and Federal War vessels patrolled the waters of lower Winyah Bay. Some even made daring incursions into the bay. On December 24/25 the U.S.S. *Gem of the Sea* pursued a British schooner, *Prince of Wales*, into North Inlet, hulling her several times with long range gun fire. The schooner captain abandoned his ship after setting fire to it, and the Federals sent a naval boarding party in long boats to capture the schooner. Captain John Hyrne Tucker bringing his company at double time from Waccamaw Neck drove off the boarders with concentrated rifle fire.

There were other minor victories and defeats in the waters around the neck and on the neck itself. Finally Battery White was constructed on Mayrants Bluff, 20 feet above the water and armed with three old rifled 32 pounders and eight smaller guns. While the new fort successfully covered the main channel and blockade runners still slipped through, it only was effective against wooden warships. Its few guns were no match for the new Federal ironclads. However, behind the valiant but inadequate protection of Battery White, a few rice plantations still made crops to feed the hungry Confederacy.

On 23 November 1864 all Confederate troops still in the Georgetown area were ordered south to defend Charleston against an expected heavy attack. Only Battery White was left to guard Waccamaw Neck and Winyah Bay and Captain Franz Melchers, its Commander, was given orders to fight to the last. if the fort must be lost the guns were to be spiked and all powder supplies removed. The fort garrison then would retreat to Mount Pleasant near Charleston.

On 23 February 1865 Union naval units, the U.S.S. *Pawnee* and U.S.S. *Mingoe* steamed up Winyah Bay. They sent in landing forces which occupied Battery White abandoned by its defenders. Captain Melchers, faithful to his orders, had spiked all guns and removed the powder supply. Georgetown was occupied, after a brief resistance by a few Confederate cavalry soldiers, and the town surrendered on 25 February 1985. Resistance on Waccamaw Neck and the Georgetown area was over. On 27 February Columbia and Charleston both fell to Union attack and the war in South Carolina effectively was ended.

One last act of Confederate defiance occurred in Winyah Bay. On 1 March 1985 just after the Navy had transferred command of the Georgetown area to the Union Army, Admiral Dahlgren's flag, the U.S.S. *Harvest Moon* with the admiral aboard, struck a confederate mine while steaming down the bay and sank in five minutes in two and a half fathoms of water.

Rice planting began again in Waccamaw Neck after the war, but by the end of the century competition from new fields in Louisiana, Texas and Arkansas, the afforestation of the upcountry with its accompanying fresh water floods down the rivers and a series of disastrous hurricanes between 1893 and 1911 together killed the rice culture of Waccamaw Neck and all of low country South Carolina.

The land today has gone back in many areas to its original forest and probably looks much as it did when the Waccamaw hunters roamed its woods and marshes. My brothers and I have hunted and fished this general area for many years. When you move through the forested lands and paddle the salt creeks and rivers you almost can feel the presence of all the people who have known and lived on Waccamaw Neck and in the Winyah Bay country for 12 or 14 millennia. This is a land where history lives in the past and the future. These beautiful gardens are part of that history. This is a beloved country, beloved by many people for many, many centuries. We are very fortunate to be here today.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, May 20, 1982, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 21

9:30 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on S. 1626, removing the requirement for Federal regulation to allow the competitive market system to establish petroleum pipeline transportation rates while maintaining safeguards to protect the industry and consumers against unlawful discrimination.
3110 Dirksen Building

*Finance
Taxation and Debt Management Subcommittee
To hold hearings on miscellaneous tax bills, S. 1485, S. 2075, S. 2424, and S. 2425.
2221 Dirksen Building

Joint Economic
To hold hearings on the Consumer Price Index figures for the month of April.
2154 Rayburn Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Agriculture Production, Marketing, and Stabilization of Prices Subcommittee
To continue oversight hearings on the implementation of the Federal crop insurance program of the Department of Agriculture.
324 Russell Building

Conferees
On H.R. 4717, amending the effective date provisions of section 402(b)(3) of the Windfall Profit Tax Act of 1980 (Public Law 96-223) to further defer the effective date of certain provisions providing for the recognition as income of LIFO inventory amounts.
H-208, Capitol

Judiciary
Courts Subcommittee
Business meeting, to markup S. 1531, providing greater discretion to the U.S. Supreme Court in selecting cases it will review, S. 1532, entitling defendants and Government attorneys in criminal cases, or parties in civil cases, to conduct the examination of prospective jurors, and other pending legislation.
2228 Dirksen Building

10:30 a.m.
Governmental Affairs
Energy, Nuclear Proliferation and Government Processes Subcommittee
To hold hearings on energy resiliency, focusing on strengthening and developing the strategic petroleum reserves.
3302 Dirksen Building

MAY 24

9:30 a.m.
Commerce, Science, and Transportation
Aviation Subcommittee
To hold hearings on proposed committee amendments to S. 508, Airport and Airway System Development Act of 1981 (pending on Senate Calendar), extending the funding level through fiscal year 1987 for airport improvement and development programs.
235 Russell Building

Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on S. 1713, providing an exemption for farmers from capital gains taxation on the income received from the sale of easement rights, provided the funds are rolled over into the purchase of new farmland or used for capital improvements in the existing farm.
2221 Dirksen Building

Judiciary
To hold hearings on S. 2167 and S. 2517, bills providing economic relief to American industries and companies injured by foreign products being dumped or sold on the American market at less than fair value.
6226 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Forestry, Water Resources, and Environment Subcommittee
To hold hearings on S. 1187, transferring authority to conduct national forest system boundary surveys from the Bureau of Land Management, Department of the Interior, to the U.S. Forest Service, Department of Agriculture.
324 Russell Building

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1983 for the Federal Emergency Management Agency, Selective Service System, National Aeronautics and Space Administration, National Science Foundation, Veterans' Administration, and the Environmental Protection Agency.
1224 Dirksen Building

Energy and Natural Resources
Energy Regulation Subcommittee
To resume hearings on S. 1885, to place electric utilities, including members of registered holding company systems, on the same basis as nonutilities to encourage their investment in cogeneration and small power production facilities, focusing on committee amendments thereto, relating to avoided costs and interconnection provisions of the Public Utility Regulatory Policies Act (Public Law 95-617).
3110 Dirksen Building

2:00 p.m.
Finance
To hold hearings on the administration's New Federalism proposal.
2221 Dirksen Building

Foreign Relations
Closed briefing on the administration's preparations for the Versailles Economic Summit (June 4-6, 1982).
S-116, Capitol

Select on Intelligence
Closed briefing on intelligence matters.
S-407, Capitol

MAY 25

9:00 a.m.
Governmental Affairs
To hold hearings on the annual report of the Postmaster General.
3302 Dirksen Building

9:15 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1983 for the Federal Trade Commission.
S-146, Capitol

9:30 a.m.
Agriculture, Nutrition, and Forestry
Rural Development, Oversight, and Investigations Subcommittee
To hold oversight hearings to review the energy needs of rural communities.
324 Russell Building

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1983 for the Environmental Protection Agency, and the Department of Housing and Urban Development.
1224 Dirksen Building

Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on S. 2414, extending Federal Maritime Commission jurisdiction to intermodal shipments of cargo to and from the United States transported through Canadian ports, and requiring the filing of tariffs for such shipments.
235 Russell Building

Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings on social security disability terminations, focusing on the Social Security Administration's decision to accelerate the required review of disability eligibility, the continuing deficiencies in the system, and the resulting impact on claimants.
1318 Dirksen Building

*Labor and Human Resources
Business meeting, to resume markup of S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees, and to begin markup of S. 1889, authorizing funds for the establishment of a national institution to promote international peace and resolution of international conflict.
4232 Dirksen Building

Rules and Administration
To resume hearings on a proposed resolution of regulations and/or rules changes needed to implement television and/or radio coverage of the Senate.
301 Russell Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
To hold hearings to examine the chemical and meteorological effects of acid deposition.
4200 Dirksen Building

Conferees
On S. 1193, authorizing funds for fiscal year ending September 30, 1982, and fiscal year 1983 for the Department of State, authorizing funds for fiscal year ending September 30, 1982 for the Arms Control and Disarmament Agency, authorizing funds for fiscal year ending September 30, 1982, and fiscal year 1983 for the International Communications Agency, and authorizing funds for fiscal year ending Sep-

tember 30, 1982, and fiscal year 1983 for the Board for International Broadcasting.

S-116, Capitol

2:00 p.m.

Environment and Public Works

Regional and Community Development Subcommittee

Business meeting, to markup S. 2144, authorizing funds for the Appalachian Regional Commission.

4200 Dirksen Building.

MAY 26

9:00 a.m.

Banking, Housing, and Urban Affairs

To hold hearings on S. 2531 and S. 2532, bills providing for capital assistance to insure the long-term viability of certain financial institutions engaged in mortgage lending.

5302 Dirksen Building

Governmental Affairs

To hold hearings on S. 1562, establishing a national policy to promote and consolidate Arctic research programs.

3302 Dirksen Building

9:30 a.m.

Agriculture, Nutrition, and Forestry

Rural Development, Oversight, and Investigations Subcommittee

To continue oversight hearings on the energy needs of rural communities.

324 Russell Building

Commerce, Science, and Transportation

To hold hearings on the nomination of D. Bruce Merrifield, of Connecticut, to be an Assistant Secretary of Commerce.

235 Russell Building

Judiciary

Criminal Law Subcommittee

To hold hearings on S. 1043, prohibiting the drugging or numbing of racehorses and related practices.

5110 Dirksen Building

Judiciary

Juvenile Justice Subcommittee

To hold hearings on the alleged abuse of juveniles in certain State-operated care facilities.

2228 Dirksen Building

10:00 a.m.

Energy and Natural Resources

Business meeting, to consider pending calendar business.

3110 Dirksen Building

Environment and Public Works

Toxic Substances and Environmental Oversight Subcommittee

To resume hearings on S. 1866, revising regulatory procedures relating to safe drinking water requirements,and S. 2131, authorizing funds through fiscal year 1986 for the safe drinking water program.

4200 Dirksen Building

Governmental Affairs

Permanent Subcommittee on Investigations

To hold hearings on certain alleged mismanagement practices within the Department of Energy.

3302 Dirksen Building

10:30 a.m.

Select on Intelligence

To hold closed hearings on intelligence matters.

S-407, Capitol

2:00 p.m.

Environment and Public Works

Business meeting, to consider pending calendar business.

4200 Dirksen Building

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

*Select Committee to Study Law Enforcement Undercover Activities Of Components of The Department of Justice

To hold an organizational business meeting.

301 Russell Building

MAY 27

9:30 a.m.

Appropriations

State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1983 for contributions to international organizations of the Department of State, and the Securities and Exchange Commission.

S-146, Capitol

Banking, Housing, and Urban Affairs

To continue hearings on S. 2531 and S. 2532, bills providing for capital assistance to insure the long-term viability of certain financial institutions engaged in mortgage lending.

5302 Dirksen Building

Judiciary

Juvenile Justice Subcommittee

To continue hearings on the alleged abuse of juveniles in certain State-operated care facilities.

2228 Dirksen Building

10:00 a.m.

Energy and Natural Resources

Public Lands and Reserved Water Subcommittee

To hold hearings on S. 1964 and S. 1965, bills designating certain wilderness areas in the Mark Twain National Forest in Missouri as components of the National Wilderness Preservation System, S. 2021, providing for the disposal and acquisition of certain Federal lands in New Mexico, and S. 2405, providing for certain lands in New Mexico to be included in the Cibola National Forest System and into the existing Sandia Wilderness.

3110 Dirksen Building

Environment and Public Works

To resume hearings to examine chemical and meteorological effects of acid deposition.

4200 Dirksen Building

Governmental Affairs

Permanent Subcommittee on Investigations

To continue hearings on certain alleged mismanagement practices within the Department of Energy.

3302 Dirksen Building

10:30 a.m.

Select on Intelligence

To hold hearings on the nomination of John N. McMahon, of Maryland, to be Deputy Director of Central Intelligence.

5110 Dirksen Building

2:30 p.m.

Appropriations

Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1983 for the United Nations, focusing on voluntary contributions to international organizations and programs.

1223 Dirksen Building

JUNE 8

9:30 a.m.

Banking, Housing, and Urban Affairs

Securities Subcommittee

To resume hearings on S. 1869, S. 1870, S. 1871, and S. 1977, bills revising or repealing certain provisions of the Public Utility Holding Company Act of 1935.

5302 Dirksen Building

Energy and Natural Resources

To resume hearings on S. 1844, to facilitate the development of interstate coal pipeline distribution systems by granting the Federal power of eminent domain to those interstate pipelines which are determined to be in the national interest.

3110 Dirksen Building

1:30 p.m.

Appropriations

Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1983 for programs which fall within the jurisdiction of the subcommittee.

1318 Dirksen Building

JUNE 9

9:30 a.m.

Select on Indian Affairs

To hold hearings on law enforcement problems on Indian reservations including the authority and effectiveness of the Bureau of Indian Affairs police, tribal police, and the Federal Bureau of Investigation, and the quality of U.S. prosecution of criminal offenses.

6226 Dirksen Building

JUNE 10

9:30 a.m.

Banking, Housing, and Urban Affairs

Securities Subcommittee

To resume hearings on S. 1869, S. 1870, S. 1871, and S. 1977, bills revising or repealing certain provisions of the Public Utility Holding Company Act of 1935.

5302 Dirksen Building

Labor and Human Resources

Labor Subcommittee

To hold oversight hearings on the implementation of the employee retirement income security program (ERISA).

4232 Dirksen Building

Small Business

To hold oversight hearings on activities of small business investment companies (SBIC's) and minority enterprise small business investment companies (MESBIC's).

424 Russell Building

10:00 a.m.

Environment and Public Works

Business meeting, to consider pending calendar business.

4200 Dirksen Building

1:30 p.m.

Appropriations

Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1983 for the Export-Import Bank of the United States.

1318 Dirksen Building

JUNE 14

9:00 a.m.

Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 2469, providing for improved international telecommunications.
235 Russell Building

JUNE 15

9:00 a.m.

Commerce, Science, and Transportation
Communications Subcommittee
To continue hearings on S. 2469, providing for improved international telecommunications.
235 Russell Building

10:00 a.m.

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Select on Indian Affairs
To hold hearings on proposed authorizations for the tribally controlled community college program.
6226 Dirksen Building

2:00 p.m.

Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1983 for the Agency for International Development, focusing on the trade and development program, international disaster assistance, and American schools and hospitals abroad program.
S-146, Capitol

JUNE 16

9:30 a.m.

Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold oversight hearings on Federal Government cargo preference.
235 Russell Building

10:00 a.m.

Environmental and Public Works
Environmental Pollution Subcommittee
To hold oversight hearings on the implementation of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Super Fund).
4200 Dirksen Building

JUNE 17

9:00 a.m.

Commerce, Science, and Transportation
Communications Subcommittee
To resume hearings on S. 2469, providing for improved international telecommunications.
235 Russell Building

Select on Indian Affairs
To hold hearings on S. 1735, providing for the use and distribution of funds awarded the Pembina Chippewa Indians in specified dockets of the U.S. Court of Claims.
5110 Dirksen Building

10:00 a.m.

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

JUNE 23

9:30 a.m.

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold oversight hearings on the implementation of the National Materials and Minerals Policy Act of 1980 (Public Law 96-479).
235 Russell Building

10:00 a.m.

Select on Indian Affairs
To hold oversight hearings on indirect cost and contract provisions of the Indian Self-Determination and Education Assistance Act (Public Law 93-638).
6226 Dirksen Building

JUNE 24

10:00 a.m.

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

SEPTEMBER 21

10:30 a.m.

Veterans Affairs
To hold hearings to receive American Legion legislative recommendations for fiscal year 1983.
318 Russell Building

HOUSE OF REPRESENTATIVES—*Thursday, May 20, 1982*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O God, may Your blessing be with all those who respond to Your grace and who seek to live lives worthy of the high calling You have given. As we meet others in our daily tasks may we display the characteristics of kindness and appreciation, of understanding and caring, of good will and forgiveness that are the heritage of Your word. May our faith in Your truth inspire us to live each day with such common purpose and we may be the people through which Your holy light shines. This we pray. Amen

THE JOURNAL

The **SPEAKER**. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Saunders, one of its clerks, announced that the Senate had passed without amendment a bill and a joint resolution of the House of the following titles:

H.R. 1543. An act to confirm a conveyance of certain real property by the Central Pacific Railway Co. and Southern Pacific Co. to A. C. Taber and his wife, Mary Taber; and

H.J. Res. 412. Joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

The message also announced that the Senate agrees to the amendments of the House to joint resolutions of the Senate of the following titles:

S.J. Res. 53. Joint resolution to provide for the designation of September [illegible], 1981, as "Working Mothers' Day";

S.J. Res. 59. Joint resolution designating the square dance as the national folk dance of the United States; and

S.J. Res. 160. Joint resolution to designate July 9, 1982, as "National P.O.W.-M.I.A. Recognition day".

THE BUCK STOPS IN THE OVAL OFFICE

(Mr. **WRIGHT** asked and was given permission to address the House for 1 minute.)

Mr. **WRIGHT**. Mr. Speaker, Presidential counselor Edwin Meese told reporters Tuesday night that if banks and financiers do not voluntarily lower interest rates after the congressional budget is passed, the White House would have to consider "other measures."

We should be grateful that the administration apparently recognizes—however belatedly—that interest rates at these present levels are economically ruinous to the country—and have been—and that the administration does indeed have a primary responsibility to bring them down.

That is exactly what some of us have been trying vainly to explain to the President and his advisers for more than a year.

If Mr. Meese has some specific answers in mind, I hope he will share them with the President without delay. Harry Truman in the early 1950's simply called in the members of the Federal Reserve and ordered that interest rates be lowered—and it was done.

But then Harry Truman never tried to pass the buck. He operated on the theory that the buck stops in the oval office.

THE TATTERED SAFETY NET

(Mr. **ADDABBO** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **ADDABBO**. Mr. Speaker, I urge all my colleagues to look long and hard at any budget resolution put before us this week. I, for one, will not accept any provision which attempts to balance the budget on the backs of our senior citizens.

Any way I look at it, the administration's proposals will completely pull the already tattered safety net out from under the elderly. Nearly every vital program will be seriously affected. Medicare, medicaid, food stamps, housing subsidies, energy assistance, social services, Older Americans Act programs—to name a few—will be cut even further beyond the already slashed fiscal year 1982 levels. This includes a loss of millions of home-delivered and senior center meals, meals which help sustain some of our most vulnerable seniors. It also includes the dismantling of the senior employment program. Over 50,000 older persons will lose employment nationwide. Many of these older workers now in the program provide valuable services to other seniors. This compounded effect, coming on top of the elimination of the title X job opportunity program, spells the absolute end to federally funded training and employment programs for low-income elderly.

And let there be no mistake about any proposals to reduce operating costs for the social security program—these are cuts pure and simple. On or off budget, or any other way you care to put it, a reduction in the moneys available for social security means a cut for someone, somewhere, either now or in the future. It appears that the other Chamber has come around to this point of view, but I am still wary. There may be those who will still be fooled by this numbers game, but I and our seniors will not be among them.

AUTHORIZING A CONSUMER RIPOFF

(Mr. **FLORIO** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **FLORIO**. Mr. Speaker, within the next several days the House will vote on whether to veto a proposed Federal Trade Commission rule that would require used-car dealers to disclose known defects and warranties to their customers.

New car prices are driving unprecedented numbers of Americans into the used-car market. It is, therefore, even more imperative that used-car dealers be required to tell their customers if they know, for example, that a transmission needs repair, a valve job is needed and what exactly a warranty covers.

The Federal Trade Commission spent nearly 5 years investigating the used-car industry and found widespread deceptive practices. Often guarantees that are given orally are contradicted by the fine print in sales contracts. Assurances given orally about a car's condition are often found to be greatly exaggerated after the sale is completed and the customer drives away from the lot.

If the House vetoes this rule we will be telling used-car buyers that their elected representatives really do not care if they are victimized by unscrupulous dealers.

Honest dealers have nothing to fear from this rule, despite the exaggerated claims that used-car industry spokesmen have made to the contrary.

Both Houses of Congress must exercise their veto power to prevent this FTC rule from taking effect. The Senate's overwhelming action to kill this simple consumer protection measure was unconscionable.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

I urge my colleagues to vote against the veto resolution when this matter comes before the House.

If the House follows the Senate's lead and vetoes this rule we will be authorizing the consumer ripoff of 1982.

ABANDONED, AGAIN

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONIOR of Michigan. Mr. Speaker, last year Congress enacted landmark legislation for Vietnam veterans.

We promised veterans with employment problems that they would be eligible for employment assistance, yet the Veterans' Administration (VA) has made them ineligible by regulatory fiat.

We promised that veterans could use a new small business loan program, yet the VA has refused to implement the program at all.

Last year was a year of great promise. This year, Vietnam veteran unemployment has jumped an astounding 47 percent.

Mr. Speaker, I support efforts to control Federal spending, but both these programs combined, over their entire lifetime, will cost $167 million.

This is not a budgetary issue. This is an issue of national fidelity. It is a question of whether or not this Congress can look Vietnam veterans in the eye and ask them to believe in us.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I am happy to yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Speaker I commend the gentleman from Michigan and also the gentleman from Pennsylvania for pointing out the very serious situation concerning Vietnam veterans. I congratulate the gentleman.

Mr. BONIOR of Michigan. I thank the gentleman from Mississippi.

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORT ON RESOLUTION RELATING TO HOUSE CONCURRENT RESOLUTION 345, FIRST CONCURRENT RESOLUTION ON THE BUDGET, 1983

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have permission to file a privileged report on a resolution relating to House Concurrent Resolution 345 at any time prior to the time that the House convenes tomorrow, and that said report may be considered tomorrow notwithstanding the requirement in clause 4(b), rule XI of a two-thirds vote on the question of consideration.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

EQUAL JUSTICE UNDER LAW

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, I am deeply disturbed by the news which I heard yesterday reporting the decision of the Reagan administration to prosecute violators of the selective service laws for failing to register for the draft in rural areas rather than upon an equal case-by-case basis.

It is believed that the administration has made this unjust decision to prosecute rural violators for political purposes to avoid attracting attention from the media which is centered in metropolitan centers.

If this change is taken this will be a violation of the most fundamental principle of the law of the land; equal justice under the law.

I would strongly urge the administration to reconsider this decision.

EXPORT TRADE COMPANY

(Mr. CRAIG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CRAIG. Mr. Speaker, it is painfully apparent to even the most casual observer that it is long past time that we took strong action to put our economic house in order. Difficult decisions on reducing Federal expenditures and interest rates, and improving the performance of our economy will dominate the remainder of this session of Congress.

A significant area for improvement is international trade, where we have suffered a continuing erosion of our share of world trade over the past two decades. In addition to losing a growing share of the domestic market to imports, too few U.S. companies are exporting too few goods and services overseas.

Export trading company legislation, currently being considered by three House committees, will give American business—particularly smaller business—a badly needed shot in the arm. By acting as trade intermediaries, these trading companies can provide a full range of export services and functions that will help our companies realize the economies of scale necessary to make their products competitive in the world market.

Increased exports means increased American jobs, thousands of them. Currently, one out of every eight manufacturing jobs in the United States, and one out of every three jobs in the agricultural sector, are related to exports. An increase of only 5 percent in our exports would support over 300,000 additional American jobs.

Mr. Speaker, we must give American business the tools to increase exports, and stop exporting American jobs. I commend the Committees on Foreign Affairs, Banking, and the Judiciary, for the actions they have taken, or plan to take this month, and urge them to complete their actions without delay so that this important legislation can be enacted as soon as possible.

□ 1015

CONGRATULATIONS TO HADASSAH

(Mr. DAUB asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAUB. Mr. Speaker, I would like to take this opportunity to offer my congratulations to the largest Zionist organization in the world, and one of the largest women's organizations: Hadassah.

This year, Hadassah celebrates their 70th anniversary in serving humanity. Henrietta Szold, the first president of Hadassah, played a vital part in the strength of this organization, and I would like to point out that the organization may not be where it is today, had it not been for the efforts of Mrs. Szold.

Hadassah should be recognized for its many great contributions to our society, as well as to the backbone of Israel. The Hadassah Medical Organization of Israel, the Hebrew University-Hadassah Medical School, and the Hadassah Dental School, Youth Aliyah; these are all works of the women of Hadassah.

Medical care, youth training, research, and education are only a few of the wide spectrum of achievements of this organization. We owe great thanks to the women of Hadassah for their undying efforts to better the lives of countless individuals. Today, I offer my personal thanks, and extend my best wishes for an even more successful future for Hadassah. Congratulations, Hadassah.

WE DO NOT NEED TO RAISE TAXES

(Mr. SMITH of Oregon asked and was given permission to address the House for 1 minute and to revise and extend his remarks.

Mr. SMITH of Oregon. Mr. Speaker, I am sending out a "Dear Colleague" today with some information that deserves the immediate attention of every Member in this House.

Make sure you get a hold of it.

The facts are plain and simple:

We do not need to raise taxes.

For those of you on both sides of the aisle who might be a little hard of hearing, I will repeat what Americans across the country are pleading.

We do not need to raise taxes.

Last year's Tax Act did not cut taxes.

It only cut the rate of growth in taxation.

Revenues to the Federal Treasury will increase even with the tax rate cuts in place.

The problem is clearly on the spending side.

By 1985, spending will reach $1 trillion.

That is a 25-percent growth rate in 3 years.

That is 25 percent too much.

That is a slap in the face of the American people who sent all of us here to turn this country around.

NEW ERA OF HARMONY BETWEEN MEN AND WOMEN?

(Ms. **FERRARO** asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. **FERRARO**. Mr. Speaker, I got an invitation from the Land of Oz the other day. I know it could not be from the real world because it asked me to join on June 30 in celebrating "the expiration of the equal rights amendment and the commencement of a new era of harmony between men and women."

Only in the land of the munchkins are men and women of equal stature and only in a make-believe world does anyone believe the women of America will have equal rights without assuring those rights in our Constitution.

The sponsors of this celebration, Phyllis Schlafly, the Reverend Falwell, and others, call it an Over the Rainbow Celebration on an evening of unique constitutional significance. If they are looking for a pot of gold at the end of that illusory anti-ERA rainbow, they will be disappointed. For on July 1, those of us truly dedicated to human rights will reintroduce the ERA and begin the process of ratification all over again.

It took 72 years for the Susan B. Anthony amendment, which gave women the right to vote, to become part of the Constitution. Our cause is only in its infancy. We will redouble our efforts to assure that equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex.

HONORING THE 70TH ANNIVERSARY OF HADASSAH

(Mr. **LENT** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **LENT**. Mr. Speaker, I rise to call to the attention of my colleagues a most significant event taking place today. At the White House, a special ceremony is being held, marking the 70th anniversary of Hadassah, the women's Zionist organization of America. It is appropriate that we in this Chamber mark this observance as well, for Hadassah is a truly remarkable organization which has given new meaning to the words "dedicated service to others."

Hadassah today is an organization of 370,000 active and concerned citizens, who help continue the great work begun 70 years ago by one of the most remarkable women in all recorded history, Henrietta Szold. Her pioneering work in helping others continues to this day as the inspiration and guiding force for Hadassah.

When she founded Hadassah in 1912, Henrietta Szold had very few material resources at her command. But she did possess great vision, vast courage, undying determination, and tremendous compassion. Perhaps her greatest possession was the premise which guided her long and heroic life: Great principles can and must be brought to bear on the reality of everyday living.

That premise lies at the heart of Hadassah's magnificent achievements and its commitment to the future. For 70 years, Hadassah has, in the spirit of its founder "radiated the light of human kindness around the world." Its work in health care and social services has brought needed assistance to millions, particularly to the hundreds of thousands of refugees who have sought freedom and security in Israel.

Mr. Speaker, Hadassah is a truly remarkable organization which deserves our highest commendation. I know my colleagues join me in saluting the great work of Hadassah, and in offering our best wishes for continuation of its invaluable humanitarian work.

A TRIBUTE TO HADASSAH

(Mr. **LEVITAS** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **LEVITAS**. Mr. Speaker, I would like to welcome to our Nation's Capital today representatives of one of the strongest volunteer organizations in this country. These are the women of Hadassah, the Women's Zionist Organization of America. They come to Washington today to celebrate their 70th anniversary. Not only do we want to welcome them, but also we want to thank them for the work they do in our country and throughout the world.

Hadassah was founded on February 24, 1912, by Henrietta Szold. It was founded on the holiday of Purim, the holiday commemorating the deliverance of the Jews from the massacre plotted by Haman. The motto of the Hadassah organization, "Healing of the daughters of my people," is taken from the prophet, Jeremiah, and it signifies the work of the women who belong to Hadassah.

The Hadassah organization can be proud today as its members, of which there are over 370,000, celebrate 70 years of working for the needs of children and in working miracles in medicine, dentistry, and research.

A modest hospital facility in the Old City of Jerusalem, established by Hadassah in 1913, has grown into an internationally recognized medical center. The hospital of the Hadassah Medical Organization in Ein Karem, Jerusalem, serves the region providing expert medical treatment for all people in the area, regardless of race, nationality, or religion. It is truly one of the outstanding health care facilities anywhere.

Hadassah is also to be commended for its work in career education, youth rescue, Zionists achievement and Jewish education. This organization exemplifies what the volunteer spirit and effort can do for humanity in many areas of service.

I am proud to note that my mother, Mrs. Louis J. Levitas, served as president of the Atlantic chapter of Hadassah from 1929 to 1930, the year in which I was born. She knew the founder, Henrietta Szold, and Ida Levitas has been a member and a leader for over 59 years. I am pleased and proud to have this opportunity to congratulate her and her fellow Hadassah members on the outstanding work they do.

Hadassah is celebrating today 70 years of great achievements. Let us congratulate them on past successes and wish them well as they continue their work in the future.

URGING PRESIDENT TO SEEK ALLIED AGREEMENT AT VERSAILLES TO LIMIT NUCLEAR EXPORTS

Mr. **BINGHAM**. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the concurrent resolution (House Concurrent Resolution 340) reaffirming Senate resolution (Senate Resolution 179) and House resolution (House Resolution 177) and urging the President to seek agreement at the Versailles economic summit conference that nuclear supplier nations should export nuclear fuel and equipment only to nations that permit full-scope safeguards, and ask for its immediate consideration.

The **SPEAKER**. The Clerk will report the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 340

Whereas the proliferation of nuclear weapons is a threat to the security of every nation in the world;

Whereas the International Atomic Energy Agency (IAEA) safeguards inspection system was created to verify that nuclear facilities in non-nuclear-weapon states are used strictly for peaceful purposes;

Whereas a number of non-nuclear-weapon states do not permit full-scope safeguards, that is, IAEA inspections of all their nuclear facilities;

Whereas only Canada, Australia, and the United States now require full-scope safeguards as a condition of exports of nuclear fuel and equipment;

Whereas certain other supplier nations have from time to time indicated that they would impose the same restrictions on their nuclear exports provided all other suppliers agree to take the same steps;

Whereas the United States has traditionally taken a leading role in developing agreement to control the spread of nuclear weapons;

Whereas on July 16, 1981, the President stated that the United States will continue "to seek agreement on requiring IAEA safeguards on all nuclear activities in a non-nuclear-weapon state as a condition for any significant new supply commitment";

Whereas on July 17, 1981, the Senate, without dissenting vote, adopted S. Res. 179, calling on the President to implement a series of important initiatives to strengthen the international nonproliferation regime;

Whereas such initiatives are still needed, including consultations on an urgent basis with other nuclear supplier nations to limit nuclear transfers only to non-nuclear-weapon states which have accepted full-scope safeguards;

Whereas on July 17, 1981, the House of Representatives, without dissenting vote, adopted H. Res. 177, calling on the President to take a number of significant steps to strengthen the political, institutional, and technical barriers against the spread of nuclear weapons; and

Whereas such steps are still needed, including the need to achieve restraint on the part of nuclear supplier nations: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That (a) the Senate and the House of Representatives, respectively, hereby reaffirm S. Res. 179 and H. Res. 177; and

(b) The President, as an initial step toward implementing these resolutions, should urgently seek, at the Versailles economic summit conference and through other appropriate channels, to obtain agreement from all nuclear supplier nations that they will export nuclear fuel, equipment, and technology only to those non-nuclear-weapon states that have accepted full-scope safeguards of the International Atomic Energy Agency.

The **SPEAKER**. Is there objection to the request of the gentleman from New York?

Mr. **LAGOMARSINO**. Mr. Speaker, reserving the right to object, I would like to propound some questions to the author of the amendment. While the thrust of the resolution does seem appropriate, there are certain questions that I would like to ask the gentleman.

Does the gentleman intend to include all nuclear fuel, equipment, and technology?

Mr. **BINGHAM**. If the gentleman will yield, the purpose of the resolution is to urge the President to take up at the Versailles conference with other nuclear suppliers the issue of withholding nuclear fuel and technology to states that do not observe full-scope safeguards; that is, to withhold nuclear weapons from nonnuclear-weapons states that do not permit inspection of all their nuclear facilities by the International Atomic Energy Agency. The coverage to which the gentleman extends his question would be precisely the same as that for the United States. In other words, we are simply asking the President to see if he can negotiate with other nuclear suppliers the same kind of restrictions on exports with the same degree of coverage as we observe, as Canada observes, as Australia observes.

I might say to the gentleman in this regard that Mr. UDALL, Mr. FINDLEY, Mr. GOODLING, Mr. OTTINGER, Mr. LEACH, and Mr. MARKEY have sponsored this resolution with me precisely because we think it gives congressional support for a realistic step by the President in advancing his nonproliferation policy. That policy is to use the leverage offered by U.S. nuclear technology to get other nations to cooperate in curbing proliferation.

Seeking agreement on full-scope safeguards makes sense for several reasons.

First, acceptance of full-scope safeguards has become an important standard for judging nonnuclear-weapons states' intentions. Pakistan, South Africa, and Argentina have all refused to accept full-scope safeguards. Each is involved in ambitious commercial nuclear power programs that seem to cloak serious efforts to create nuclear arsenals. Moreover, each country continues to receive nuclear fuel and equipment from suppliers who accept only limited safeguards as a condition for export. These limited safeguards are accepted by some suppliers out of fear that more strict requirements imposed unilaterally will result in someone else leaping in to take their place in nuclear trade. This resolution would allay that fear and deny nuclear trade to countries presenting the greatest proliferation risks.

A second and related reason is that if the President were to take the initiative, suppliers are likely to agree. Already, and as I said, the United States, Australia, and Canada require full-scope safeguards. A number of other nuclear suppliers, including the Soviet Union, have indicated that they would accept the principle of full-scope safeguards provided all nations did so. For years France has refused to join in such a policy. But the new administration there is more sensitive to the dangers of weapons spread and also more open to responsible multilateral steps in this area.

Third, this resolution is a logical extension of legislation previously passed overwhelmingly by the Congress. Last July, one day after the announcement of the President's nonproliferation policy, both the House and the Senate passed without a single dissenting vote, resolutions supporting—as Chairman ZABLOCKI put it—the need to use imaginative diplomacy to achieve supplier agreements to control nuclear exports. I might add that the administration has indicated that it recognizes the importance of gaining universal acceptance by exporters of full-scope safeguards. And according to testimony by Under Secretary Kennedy last week in the Senate the State Department is proposing nuclear nonproliferation issues to be raised at the upcoming summit.

International acceptance of the need for full-scope safeguards is, of course, just one of the specific steps called for in the resolutions passed last year. As Congress recognized, it is by no means the only step that the President should ultimately take. For that reason this resolution reaffirms the broader goals in those earlier resolutions as still necessary.

Mr. **LAGOMARSINO**. I thank the gentleman.

Further reserving the right to object, would that include research isotopes for a country that has no nuclear program and, therefore, has no full-time safeguards, for example New Zealand?

Mr. **BINGHAM**. No, that would not be included, any more than it is included in the U.S. program.

Mr. **LAGOMARSINO**. The gentleman has already said that we are not in this resolution asking other supplier nations to go further than the United States.

Mr. **BINGHAM**. No. Exactly.

Mr. **LAGOMARSINO**. Further reserving the right to object, I yield to the gentleman from Illinois.

Mr. **FINDLEY**. Mr. Speaker, I am pleased to join Mr. BINGHAM in this important effort and salute him for his leadership in introducing this resolution.

A strong interest in an effective U.S. nuclear nonproliferation policy is found now, as in the past, among Republicans as well as Democrats, among liberals and conservatives. Stemming the spread of nuclear weapons to many countries is one of the most pressing matters the United States faces today. It must be an urgent priority.

Passage of this resolution today is timely. We are urging President Reagan to take up the issue of nuclear nonproliferation with our allies in his June meetings in Europe.

Like many, I welcomed the President's speech on arms control at Eureka College. It was important that he make such a speech prior to his European meetings to demonstrate the U.S. commitment to East-West nuclear arms reduction. However, I was disappointed that, in such an important speech on arms control, the President made no reference to nuclear nonproliferation. This is also an issue of arms control and one of critical importance to the United States and its allies.

And now is a particularly opportune time to press the allies on our nonproliferation objectives:

First, the Falklands crisis is disturbing enough with Great Britain and Argentina squaring off in a conventional conflict. Imagine just how much more frightening and destabilizing this situation would be were Argentina to possess already the nuclear weapons capability it is seeking. How ironic that it is European nuclear supplier states—such as West Germany—that are aiding Argentina in its nuclear quest by not only providing nuclear materials under very lax safeguards but also by providing dangerous nuclear technology. It is particularly timely for President Reagan to underline this point to the European states.

Second, the Reagan administration is prepared to make concessions to the Europeans on the question of the reprocessing of U.S.-supplied nuclear fuel. Such a concession, however, should not be made without a European guarantee, in return, that we will have full European cooperation in dealing with proliferation problem countries such as Argentina, Brazil, Iraq, and Pakistan. The French, in the past, have been the most recalcitrant about requiring full-scope safeguards on their nuclear exports. The United States needs to press the French extremely hard on this critical matter. Requiring full-scope safeguards on all nuclear facilities and exports is a vital component of any serious nonproliferation effort.

I urge my colleagues to support this resolution and to speak out in favor of a serious and vigorous U.S. nonproliferation policy.

Mr. LAGOMARSINO. Further reserving the right to object, I yield to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Speaker, the President will be attending the Versailles Economic Conference in early June. This resolution asks the President to urge our allies to join the United States in its commitment to nuclear nonproliferation. It seeks to avoid a situation in which we have found ourselves all too frequently.

So often the United States has acted unilaterally to try to achieve one international goal or another without the cooperation of other members of the world community. We have found ourselves standing alone in a proper and morally upstanding position, but without achieving the goals we had sought.

Nuclear nonproliferation is an international problem that must be faced up to by all responsible states. A number of nations, such as Pakistan, Argentina, Brazil, Israel, and South Africa, for example, are moving closer and closer to having the capability and desire to develop a nuclear weapons arsenal.

I think it is essential that the United States vigorously urge all nuclear supplier nations to export nuclear fuel equipment and technology only to those non-nuclear-weapon states that have accepted full-scope safeguards of the International Atomic Energy Agency.

I commend the gentleman from New York (Mr. BINGHAM) for introducing this resolution.

Mr. LAGOMARSINO. Mr. Speaker, I wish to commend the gentleman from New York for his initiative in bringing this resolution for the consideration of the House today. As President Reagan will be participating in the Economic Summit Conference at Versailles in early June, he will have the opportunity to raise our concerns about nuclear proliferation and nuclear supply issues with other major nuclear supplier nations.

As you will recall, last July the President stated his objective to achieve IAEA safeguards on all nuclear activities in a non-nuclear-weapon state as a condition for any significant new supply commitment. This resolution emphasizes the importance the House attaches to that commitment and urges the President to pursue his objectives at Versailles.

The administration had made clear that the United States will be a reliable supplier of nuclear material. That is to be understood in the context of our Nation's commitment to preserving and strengthening the political, institutional, and technical barriers to proliferation. It is imperative that the nuclear supplier nations cooperate in regulating the flow of nuclear materials and technology in order to insure the security of the world at the same time as providing for a sound energy policy. Again, I commend the gentleman's initiative and urge my colleagues to support this resolution.

● Mr. ZABLOCKI. Mr. Speaker, this resolution represents another important initiative in support of longstanding U.S. policies to prevent the spread of nuclear weapons, and I compliment the gentleman from New York for his efforts to bring it before us today. It has long been recognized that the adoption of a full-scope safeguards requirement by all nuclear suppliers would be an integral part of a successful nonproliferation regime.

International nuclear safeguards are not designed to detect clandestine nuclear activities, and are incapable of doing so. But the adoption of a full-scope safeguards requirement would make it much more difficult for those countries so inclined to covertly use civilian nuclear facilities to produce nuclear material for weapons. Were all nuclear facilities to be placed under safeguards, the security of all nations would be greatly improved, and there would be much less suspicion among adversaries concerning the possible use of civil nuclear facilities for military purposes.

This resolution supports a central element of the President's nonproliferation policy, and coincides with the policies of past administrations as well. It is fully consistent with the established efforts of the United States to promote universal adherence to the nonproliferation treaty. I urge its adoption.●

Mr. OTTINGER. Mr. Speaker, I know of no one who disagrees with the principle that International Atomic Energy Agency safeguards should be applied to all the nuclear facilities of countries engaged in the development of nuclear energy. Indeed, a requirement for full-scope safeguards by all countries with whom we conduct nuclear trade is already a matter of U.S. nonproliferation law.

Rather, the issue here is whether the United States should now exercise its leadership among nations, particularly nations which supply nuclear technology and materials, to gain unanimous agreement that full-scope safeguards will be a prerequisite for all nuclear trade in the future. Although I have a number of serious reservations with the present capability of the IAEA to apply safeguards effectively for certain critical facilities, I believe most strongly that nuclear facilities of every type must be subject to international inspection and verification.

The arguments for taking an initiative seeking supplier agreement for full-scope safeguards now are highly persuasive.

First, uniform international safeguards, impartially applied to all countries, is an imminently fair and reasonable means to insure the collective security of not only the nuclear supplier countries and their customers, but also, it should not be forgotten, the security of the many countries not significantly involved in nuclear trade at all.

Second, the level of nuclear commerce and the number of potential nonsupplier countries is growing. We must move now to seek uniform supplier agreement on full-scope safeguards for all future trade if we are to keep that trade from increasing the spread of nuclear weapons around the world. In my opinion, the United States should also diligently pursue this proposal at the general meeting of the IAEA in Vienna this fall. This administration has constantly stressed the need for the United States to remain a reliable supplier of nuclear technology and materials as a means of attaining our nuclear nonproliferation objectives. It is time, however, for another term, namely the reliability of the nuclear customer to be factored into the security equation.

In my view it is time for us in the Congress to reaffirm the U.S. commitment to stopping the spread of nuclear weapons by insisting on this unique high stand for trade in this critical area.

Through this concurrent resolution, Democrats and Republicans alike have a rare opportunity to speak with one voice in urging President Reagan to place on the table at Versailles this nuclear safeguards proposal.

I urge its unanimous passage.

Mr. **LAGOMARSINO**. Further reserving the right to object, Mr. Speaker, I want to say that I support the resolution and I hope that the House will pass it.

Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER**. Is there objection to the request of the gentleman from New York?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. **BINGHAM**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the concurrent resolution just agreed to.

The **SPEAKER**. Is there objection to the request of the gentleman from New York?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 6267, NET WORTH GUARANTEE ACT

Mr. **MOAKLEY**. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 471 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 471

Resolved, That upon the adoption of this resolution it shall be in order, clause 2(l)6 of rule XI and section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6267) to revitalize the housing industry by strengthening the financial stability of home mortgage lending institutions and ensuring the availability of home mortgage loans, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Banking, Finance and Urban Affairs now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. It shall be in order to consider an amendment in the nature of a substitute printed in the Congressional Record of May 19, 1982, by, and if offered by, Representative Wylie of Ohio, and all points of order against said amendment for failure to comply with the provisions of clause 5, rule XXI and clause 7, rule XVI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The **SPEAKER**. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. **MOAKLEY**. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Arizona (Mr. RHODES) and, pending that, I yield myself such time as I may consume.

Mr. Speaker, the resolution (H. Res. 471) provides for the consideration of the Net Worth Guarantee Act (H.R. 6267). It is an open rule and provides for 1 hour of general debate, divided in the customary manner.

The rule waives two rules of the House which would otherwise prevent the consideration of the bill.

Points of order are waived under clause 2(l)(6) of rule XI, the 3-day-layover requirement for committee reports. The report was filed on Monday. However, the committee substitute and report have been available previously to all the Members involved with the legislation.

Points of order also are waived under section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344). This is needed because the bill provides for certain contracts, which constitute budget authority, to be entered immediately. But there are no outlays under the bill and it responds to an emergency situation.

During the Rules Committee hearing, the gentleman from Arizona (Mr. RHODES) indicated that the minority wished to make in order a minority substitute. That amendment, to be offered by the gentleman from Ohio (Mr. WYLIE), would be subject to points of order under both clause 7 of rule XVI, the germaneness rule, and clause 5 of rule XXI, which prohibits appropriations in authorizing legislation. The gentleman from Arizona had prepared an amendment to the rule which would waive those points of order. There was general agreement that the proposal was fair and the minority's request was accommodated in the rule that was moved by the majority.

The resolution also contains certain provisions that are routinely included in rules on bills reported with amendments in the nature of a substitute. They are technical and simply insure that the minority enjoys the same rights that would exist in the case of a clean bill. The rule provides for the substitute to be considered as an original bill for purpose of amendment; this permits amendments in the second degree which would otherwise be ruled tertiary. It permits Members to demand separate votes in the House on amendments adopted in the Committee of the Whole and it provides that a motion to recommit may contain instructions.

Mr. Speaker, H.R. 6267 is an extraordinarily vital piece of legislation. Its prompt enactment is essential to the very survival of small thrift institutions which serve rural areas and neighborhood institutions in many urban areas, as well.

There are some concerns about Federal involvement of this sort but there is also wide recognition that there is a clear Federal responsibility to move to protect diversity in thrift institutions. This is especially true because the institutions which find themselves in difficulty have reached this point because of heavy commitments in long-term, low-interest, residential mortgages.

Mr. Speaker, this is important legislation. The rule provides a fair and open procedure by which the House can work its will and I urge the adoption of the resolution.

☐ 1030

Mr. **RHODES**. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Massachusetts has accurately explained the provisions of House Resolution 471. This is an open rule, providing 1 hour of general debate on H.R. 6267, the Net Worth Guarantee Act. The 3-day layover and the May 15 reporting deadline are waived against consideration of the bill.

The rule also makes in order a substitute amendment by Mr. WYLIE of Ohio, printed in the May 19 RECORD. All points of order against this substitute for failure to comply with the provisions of clause 5, rule XXI and clause 7, rule XVI are waived.

One motion to recommit, with or without instructions, is in order.

Mr. Speaker, this is a fair and open rule which accommodates both majority and minority interests. I am aware of no opposition to the rule and urge its adoption.

Mr. Speaker, at this time I yield 1 minute to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I thank the gentleman for yielding.

I am going to support the rule today because I do think that we need to get on with some legislation which would be of assistance to the thrift institutions. I must say that I will be candid with my colleagues, though, that I approach the adoption of this rule with some serious misgivings in that we are waiving the 3-day rule, and the report only became available yesterday.

This is a very complex issue, and I would think under ordinary circumstances that the Members would want a little bit more time to acquaint themselves with the issues which would be involved. I appreciate the fact that the majority adopted a rule which will allow me to offer a substitute. I was not all that sure that we would need a waiver of the rules to which the gentleman from Massachusetts referred, but in order that this question might not be at issue on the floor with reference to germaneness and other things, this rule will clear it up so that those points of order cannot be raised.

There are two basic differences in the substitute which I will offer from the committee bill, or from the bill which will be offered by Mr. ST GERMAIN. They have to do with the net worth guarantee arrangement versus the so-called promissory note arrangement. It also has to do with whether banks should be included in the legislation along with thrift institutions.

It is a net worth guarantee bill for thrift institutions basically, but these issues can be decided under the substitute which I will offer.

Mr. SPEAKER, I appreciate the gentleman from Arizona yielding the time. I think that even though I have serious misgivings about the 3-day rule, which will preclude Members generally from, I think, acquainting themselves in the manner in which they should be allowed to acquaint themselves in this complex issue, I will not oppose the rule.

Mr. RHODES. Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut (Mr. MCKINNEY).

Mr. MCKINNEY. Mr. Speaker, I would like to thank the Rules Committee for their fairness in allowing the Republican substitute to be put in the legislation and receive floor time. This bill involves an extremely complicated issue. The amount of money we are talking about and the problems facing the thrift institutions are boggling to the mind.

There are two different alternatives to save them that can be placed in front of the Members today. One is the committee-passed bill, and the other is Mr. WYLIE's substitute. Frankly, I would suggest to my colleagues that both approaches have some very serious problems. The chairman's approach is not considered by accountants and by others who control these matters to be a real asset approach, and therefore I do not think would do what we hope it will do.

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield on that point?

Mr. MCKINNEY. I yield.

Mr. ST GERMAIN. On that point, let us not go overboard. A letter from a staff member of that group came up late yesterday afternoon which contained nothing but his own personal opinion. No opinion was asked for as far as the substitute is concerned, and I am suspicious of a letter that comes in at this point in time when this legislation has been before us for so long.

It was not reviewed by the board of this organization, but a staff member of that group. My conversations with people in the investment community, in designing the legislation, they stated, "If you have the full faith and credit of the Treasury behind the bill that is all we need. We accept that. We have confidence in the Treasury of the United States."

I thank the gentleman for yielding.

Mr. MCKINNEY. I would say, as the gentleman well knows, I did cosponsor the original legislation. I am simply bringing forth the fact that there are questions in some people's minds. I would also say, Mr. Speaker, that there is a very great problem in my mind with the substitute because, as I read the substitute, what we are doing is giving a negotiable asset to an institution. Under the very definition of that negotiable asset, we are creating a federally backed instrument that can be bought, sold, traded, bartered, whatever.

What are we going to do? What safeguards are we going to have if a savings and loan in some town has qualified to receive these, after its net worth drops below 2 percent and it receives this promissory note the directors turn to each other and say, "We are going to go down in another 6 months anyway; let's unload them on the street and take the cash." They have sold it, and those people who are going to buy it are going to be walking around with an interest-paying Government security. There is a real problem there.

I would suggest to my colleagues that even though the hour is late, they take a very hard look at both proposals. I am not going to come down hard on either side except that to say I see a problem with both options.

Mr. RHODES. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF S. 1230, OLYMPIC COIN ACT OF 1982

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 470 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 470

Resolved, That upon the adoption of this resolution it shall be in order, clause 2(l)6 of rule XI to the contrary notwithstanding, to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1230) to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Banking, Finance and Urban Affairs now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, all points of order against said substitute for failure to comply with the provisions of clause 5, rule XXI, are hereby waived, and said substitute shall be considered as having been read for amendment under the five-minute rule. It shall be in order to consider an amendment to said substitute printed in the Congressional Record of May 19, 1982, by, and if offered by, Representative St Germain of Rhode Island, and all points of order against said amendment for failure to comply with the provisions of clause 5, rule XXI, are hereby waived. After the consideration of said amendment and other perfecting amendments to said substitute, it shall be in order to consider an amendment in the nature of a substitute to said substitute printed in the Congressional Record of May 19, 1982, by, and if offered by Representative Annunzio of Illinois, and all points of order against said substitute for failure to comply with the provisions of clause 5, rule XXI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield 30 minutes, for the purpose of debate only, to the gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 470 provides for the consideration of the bill (S. 1230) to authorize the minting and sale to the public of the U.S. legal tender commemorative coins to support the 1984 Los Angeles Olympic games.

The rule provides for 2 hours of general debate. The time is divided equally between the chairman and the ranking minority member of the Committee on Banking, Finance and Urban Affairs. The first reading of the bill is dispensed with.

Since the report on the bill has not been available for the required 3 days, the rule waives clause 2(l)(6) of rule XI against consideration of the bill. Ordinarily, the Rules Committee does not look favorably on requests to waive the layover rule. However, the urgency of establishing the method for the minting and the marketing of these commemorative coins was, in the judgment of the committee, sufficient to move forward with the bill. The Banking Committee estimates a time lag of at least 1 year for the bidding process to be completed and the coins to be minted and sold. Each day of delay jeopardizes prospects of making the kind of sales which will genuinely benefit our athletes and the Olympic Committee.

Mr. Speaker, the committee substitute will be made in order as an original bill for the purpose of amendment. The rule is open so that any amendment germane to the bill will be in order. However, the rule does specifically make one amendment and one substitute in order.

It will be in order to consider an amendment printed in the RECORD of May 19, 1982, by and if offered by Representative ST GERMAIN.

It will further be in order to consider an amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD of May 19, 1982, by and if offered by Representative ANNUNZIO.

The rule waives all points of order for violations of clause 5 rule XXI against the committee substitute, the amendment, and the Annunzio substitute, each of which contains appropriations language in the section providing for the distribution of funds. The rule provides for a motion to recommit with or without instructions.

Mr. Speaker, it may seem unusual to consider a rule calling for 2 hours of debate on commemorative legislation. However, in the Committee on Rules, the gentleman from Illinois (Mr. ANNUNZIO) made an impassioned plea for 1 additional hour of debate in order that he might have ample opportunity to present his case for a different marketing approach to the olympic coins. Mr. ANNUNZIO is chairman of the Subcommittee on Consumer Affairs and Coinage, which reported by a 6 to 0 vote, a procedure which varies significantly from the procedure adopted by the full Banking Committee. Mr. ANNUNZIO succeeded in persuading the members of the Rules Committee that the additional time was essential to fully air the differences of opinion in a manner which is fair to all parties.

Since the Members of the House will have sufficient time to consider two very different approaches to the sale of olympic coins, I will not devote a great deal of time here to a description. Briefly, the legislation managed on the floor by Chairman ST GERMAIN proposes to mint legal tender coins in 17 emblematic designs. The coins would be sold through private marketers, selected through a process overseen by the Treasury Department and allowing for competitive bidding. A $30 million guarantee to the Olympics is required from any private marketer. Receipts from sales would be split between the private marketers, the Los Angeles Olympic Organizing Committee (LAOOC) and the U.S. Olympic Committee.

The substitute proposed by Mr. ANNUNZIO, and reported by the Consumer Affairs and Coinage Subcommittee, recommends one silver and one gold coin. Marketing would be accomplished through the Mint as opposed to private marketers, and through bulk sales. Only foreign sales would be arranged through private marketers, who would be chosen in a competitive bidding process. All sales would require a surcharge to be divided equally between the Los Angeles Olympic Operating Committee and the U.S. Olympic Committee for training and construction of training facilities.

Mr. Speaker, though there may be disagreement over the best method of marketing an olympic coin, there is no disagreement about the importance of minting an olympic coin. In July and August of 1984, Los Angeles will be the site of the XXIII Olympiad. It will be the first time in half a century that a city in the United States has served as host to this prestigious sporting event, and the first time in history any nation has been host to three Olympic games. Over 150 nations throughout the world are planning to compete before a worldwide audience that could number in the billions.

An Olympic coin program is important in two respects. The tradition of minting special coins can be traced back centuries to the ancient Greeks. Throughout history, special coins played a role in generating enthusiasm and support for the games, and more recently, have helped fund the staging of the games so that countries from all over the world could participate.

Second, the coin program plays an important role in providing support for the training of our athletes. This training is a long-term process. Financial support is critical to our ability to provide American youth of all ages and skills the opportunity to develop their athletic ability, and to build the pride and confidence important to compete in today's world. Without an effective Olympic coin program for the Los Angeles games, we would lose out on an important source of these funds.

Mr. Speaker, the legislation we have before us is vitally important. I believe the rule provides a fair and orderly procedure for its consideration and I urge the adoption of the rule.

□ 1045

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule provides for the consideration of S. 1230, the Olympic Coin Act of 1982, a bill which turns out to be surprisingly controversial.

The basic purpose of this legislation is a goal which I am sure each Member of this House can readily support, that of raising funds for the 1984 Los Angeles Olympics. The controversy stems from the two alternative approaches which have been put forward as methods for raising these funds. When one comes to realize that the Olympic coin program has the potential of netting hundreds of millions of dollars, it becomes easier to understand the intensity of feeling which surrounds this legislation.

On one hand, we are presented with the committee version of this bill, which authorizes the Treasury Department to mint up to 42 million coins in denominations of $1, $10, $50, and $100, and issued in 17 different designs. Under the committee proposal, the marketing of these coins would be accomplished by private firms, with a graduated percentage of the net proceeds going to the Los Angeles Olympic Organizing Committee and the U.S. Olympic Committee.

The alternative approach to this issue will be espoused by the gentleman from Illinois (Mr. ANNUNZIO) and the gentleman from Texas (Mr. PAUL), the chairman and ranking minority member of the Subcommittee on Consumer Affairs and Coinage. Under this proposal, up to 50 million $1 coins and up to 2 million $10 coins would be minted. This alternative differs significantly from the full committee version in that the marketing of the coins would be carried out by the Treasury Department itself, rather than by private businesses, with 100 percent of the proceeds going to the Olympic committees.

Mr. Speaker, I must say at this point that that is one aspect which worries me. I do not have a whole lot of confidence in the Treasury Department's ability to handle matters like this, and for that reason I am strongly inclined to support the committee version of the bill.

The merits of these competing approaches was the subject of an interesting debate before the Committee on Rules earlier this week, and I am, therefore, pleased that the rule before us allows for the full consideration of both plans.

The rule specifically makes in order the committee amendment in the nature of a substitute as an original bill for purposes of amendment. In addition, it provides for an amendment printed in the May 19, 1982, CONGRESSIONAL RECORD and offered by the chairman of the Committee on Banking, Finance and Urban Affairs (Mr. ST GERMAIN) and an amendment in the nature of a substitute in that same issue of the RECORD and offered by the gentleman from Illinois (Mr. ANNUNZIO). Clause 5 of rule 21, which prohibits appropriations in a legislative bill, is waived against each of these amendments.

This is an open rule allowing other amendments which comply with the House rules and providing one motion to recommit with or without instructions. The 3-day layover rule, clause 2(l)(6) of rule 11 is also waived against consideration of the bill. Ordinarily, I do not support waivers of the 3-day rule, since it is important in providing ample notice to the Members of the House. However, in this instance I am convinced that all interested parties have had sufficient opportunity to see that their positions are properly framed before the full House. The 2 hours of general debate which this rule provides should give the proponents of each alternative enough time to present a convincing case on the House floor.

Mr. Speaker, I am aware of no problems with regard to the rule, since it is eminently fair to each side. We have 2 hours of general debate ahead of us, and I therefore do not feel there is much need for extensive debate on the rule. I urge the prompt adoption of this resolution so that the real debate can begin.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I am pleased to yield to the gentleman from Illinois.

Mr. HYDE. Mr. Speaker, I thank my friend, the gentleman from Mississippi, for yielding.

I, too, wish to join in commending the Committee on Rules for providing for the extended debate that we will have on this very important issue because I think that when Members vote, they ought to be fully informed as to what the nuances are concerning the sale of U.S. legal tender to be handled by Mr. Armand Hammer and his group.

I regret that I disagree with the gentleman. This is one of the few times in history that I have disagreed with my friend, the gentleman from Mississippi. I have supreme confidence in the Treasury in handling this as against the consortium that has been put together to profit so handsomely from the sale of U.S. currency.

So I commend the Rules Committee for providing the opportunity for every Member to be fully informed so that when they do cast their votes, they will have no regrets as the years march on.

Mr. LOTT. Mr. Speaker, I fear to tread into any territory that would involve disagreement with my very articulate friend, the gentleman from Illinois (Mr. HYDE), but I do want to make it clear that there has been no decision at all as to who would handle this marketing process.

A name was mentioned by the gentleman from Illinois in his comments, and neither that person nor any other person has a guarantee of getting this marketing award. I know that firm certainly would be one of the competitors, but there may be others and the comments on this matter will be very interesting.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, I thank the gentleman for yielding.

The gentleman has, of course, made a correct observation on this bill which did come from the committee and which I will support. It will be open for bid, and there will be a requirement that $30 million be deposited up front.

However, I do not want to get into the merits of the bill just now. I do want to commend the Committee on Rules for a decision which is reminiscent of Solomon. As was suggested, this bill has become very contentious. There will be a considerable amount of discussion; I suppose it will last for almost 2 hours.

The fact of the matter is that we do need to act quickly, and that is why I supported the rule which waived the 3-day rule, because we need to provide adequate funds for the Los Angeles Olympic Committee, and I think too much time has already expired in that regard.

I support the bill which came out of the committee, but as I say, during the course of the debate, the gentleman from Rhode Island (Mr. ST GERMAIN) will make the point on the committee bill, as I will, and then the gentleman from Illinois (Mr. ANNUNZIO), the chairman of the Subcommittee on Consumer Affairs and Coinage, who, I might say, has been extremely diligent and deserves to be complimented for making us aware of the issues which are involved in this legislation, and the gentleman from Texas (Mr. PAUL), who is the ranking Republican member, will make the other arguments.

Mr. Speaker, I am pleased with the rule which was reported, and I urge its adoption.

Mr. LOTT. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. LONG of Louisiana. Mr. Speaker, I yield 11 minutes, for purposes of debate only, to the distinguished gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Speaker, I want to thank the chairman of the Committee on Rules and all the members of that committee for the courtesies that they extended to me when I testified on Tuesday seeking a 2-hour open rule so that we could have full discussion of an Olympic coin bill.

I strongly support the Olympic coin bill, and in fact I was the first Member of the House to introduce an Olympic coin bill. I did not wait 10 months before I decided that I supported the Olympic games in Los Angeles and our Olympic athletes.

The Members of the House will have an opportunity under this rule to determine whether they want an Olympic coin program that benefits the Olympic athletes and the Olympic games in Los Angeles or whether they want a bill that benefits a group made up of a foreign-based company and a company that has not paid a dime of U.S. income tax in the past 3 years.

I want to say to the gentleman from Mississippi (Mr. LOTT) that in his statement he made reference to the fact that he was not sure who was going to get this bid, and I want to inform him today that Dr. Hammer appeared as a witness before my committee, and it is a foregone conclusion. They signed a contract 1½ years ago with the Los Angeles Olympic Organizing Committee under which they laid down $5 million in advance and $1 million was to be spent in order to lobby this legislation so that this consortium could be put together, which is Lazard-Freres, Occidental Petroleum, and the Franklin Mint Co. We do not hear much about the Franklin Mint anymore because several weeks ago they were found guilty by the SEC and paid a $286,000 fine. The Members of this House owe the subcommittee a debt of gratitude because we would have given a contract out to someone who would have been fined while engaging in a Government contract of this magnitude, one in the millions and millions of dollars, because the bill provides that the Treasurer of the United States, in conjunction with the

Los Angeles Olympic Committee, will select the bidder.

Dr. Hammer had all of the answers. He could not give me any answers on the Russian coin sales because that was privileged information, but he did say—and I want to straighten out that $30 million guarantee—that a $20 million guarantee would be paid in upfront money when the bill was signed, but that the other $10 million would not be paid until 1984.

□ 1100

I will offer a substitute which will call for the minting of three coins by the U.S. Mint, but all of the profits will be going to the U.S. Olympic Committee, the Los Angeles Olympic Organizing Committee. There is no middleman to siphon off profits under my bill. There are no lobbyists who have to be paid fat salaries to get my bill passed.

My substitute would raise as much as $600 million for the Olympic games and our Olympic athletes. The program would not cost the taxpayers of the United States, your constituents and my constituents, one dime.

My substitute calls for the minting of a silver dollar in 1983, a silver dollar in 1984 plus a $10 gold piece in 1984. These coins would be available in both proof and uncirculated specimens. The silver dollar would be sold to the public at a cost of between $20 and $25 and the gold piece would cost approximately $250 to $300. For every silver coin $10 and for every gold coin $50 would be turned over in its entirety to the Olympic committees.

There is widespread support for my bill. As the members of the subcommittee know, I brought before the committee over 10,000 letters that I received, over 10,000 pledges from the people of the United States who want to buy these silver coins. The Nation's more than 8 million coin collectors wholeheartedly support my bill and testified before the subcommittee. Since we are the House of the people we should give the people what they want, and this is what the people want. They want an opportunity to buy a coin for the Olympics because under the other program it is much too expensive for them to participate.

On the other hand, S. 1230 is not a product of the people. It is a product of the lobbyists, the largest lobbying I have ever seen in 18 years on any legislation in this House. This is an outrageous piece of legislation.

If S. 1230 is, indeed, a bill to help the Olympic games and is supported by so many organizations, why is it then that the promoters of the legislation have already hired five different lobbying organizations?

You know it and I know it, to sell the bill to the Congress.

Good legislation stands on its own merits, not on the wallets of the lobbyists. The lobbying is so intense that the promoters of the legislation have even hired, I am told, a designated lobbyist whose sole function is to lobby the conservative Republicans in the House.

If this keeps up, perhaps we should require the lobbyists to wear numbers on their backs because this is an Olympic bill, and to issue score cards to all Members of the House so that they can follow the progress of this legislation.

S. 1230 is not a bill to help our Olympic games. S. 1230 is a bill to fatten the corporate profits of one of the largest tax-dodging companies in this country, and do not forget it.

I was asked how I know that they did not pay taxes for 3 years. I would say to my colleagues, just read the Wall Street Journal.

S. 1230 is not a bill to help our Olympic games. S. 1230 is a bill to fatten the corporate profits. The contractors who sell the coins under S. 1230 will, without a doubt, because they have a written contract already with the Los Angeles Olympic Committee, will be awarded to Occidental Petroleum Co., a company which has not paid a dime of Federal income tax in 3 years, even though it has had millions of dollars of earnings. In addition, that company recently sold over $95 million of its tax breaks under the last year's tax bill. It is doubtful that Occidental will even pay U.S. taxes on the millions of dollars of profits that it will receive under the coin program.

Under the Occidental Relief Act, known in legislative circles as S. 1230, 33 coins will be minted by the Treasury and turned over to Occidental. It will cost your constituents and my constituents roughly $5,000 to buy these coins. How can we justify requiring Americans to pay $5,000 for a set of coins at a time when our Nation faces nearly 10 percent unemployment?

Congress is often accused of having only the concerns of the wealthy in mind. Why do we as a Congress continually have to prove that that accusation is true?

Why are the Olympic Committees and the satellite Olympic organizations supporting S. 1230 when my bill will clearly raise more money for them? The answer is simple. Their minds have been brainwashed with financial "Gatorade," and who would not be brainwashed with five lobbying firms working full time to sell this bill?

I want an Olympic coin bill, but I want a bill that is made up of good old U.S. currency, made and sold by the mint. I further want to inform the Members of this House that your mint sells over 5 million mint sets a year, that it has the experience for selling and marketing, that this is the first time that we have engaged and embarked on a program of such a magnitude to sell coins, because it is the first time that an organization chartered by the Congress of the United States has come before this Congress and asked for permission to use legal tender coins in the mint in order to promote their games.

I as your chairman, and chairman of the Coin Committee, refuse to turn over your mint, the mint that belongs to the people of the United States, to a private corporation. This is a precedent that we can ill afford in this Congress. We have too many people suffering, too much unemployment, too many children who are being deprived of programs to help them in order for us to say to these people, in the United States of America, who want to buy a coin for $20 or $25, that they cannot do it because this is another rich man's program.

I want to say to the members of the Rules Committee and to the members of the Committee on Banking, Finance and Urban Affairs, to all of the Members of the Congress of the United States, I have fought this good battle alone the past 10 months. I have tried to keep you informed through the CONGRESSIONAL RECORD. You have read articles in the Chicago Tribune that endorse my program. You have read articles in the Wall Street Journal, you have read articles in the Los Angeles Times, you have read articles in periodicals all over the United States.

So there is only one decision to be made today, one decision. We either keep the mint under the jurisdiction of the Congress as provided in the Constitution, or we turn the mint over to private marketers who stand to make $200 million, $300 million or $400 million to line their own pockets.

Mr. LONG of Louisiana. Mr. Speaker, I yield 11 minutes, for the purposes of debate only, to the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Speaker, I want to thank the gentleman for yielding me this time and I want to thank the Rules Committee for their consideration and for allocating ample time for discussion of this very important legislation.

I appreciate the opportunity to speak in support of the rule to provide for consideration of S. 1230, a bill that is designed to maximize private fund raising efforts to support the 1984 Olympic games in Los Angeles, and to assist in the training of U.S. teams as well as supporting local amateur and youth athletic programs around the Nation.

The Committee on Banking, Finance and Urban Affairs by a 32-to-7 vote a week ago today supported the authorization of 17 different Olympic coins to be produced by the U.S. Mint and marketed worldwide by private firms.

I would like to point something out. I heard the statement that no bill had been forthcoming from me for a period of time. The reason was that the chairman of the committee gave to the chairman of the subcommittee the prerogative of handling the legislation. At a given point in time, the chairman of the committee was contacted, not by lobbyists, but by the U.S. Olympic Committee, as represented by Colonel Miller, and the LAOOC, as represented by Mr. Usher, as well as by colleagues from California who were becoming concerned with the fact that the contract would run out.

The chairman of the full committee then sat down with Colonel Miller and with Mr Usher and with the chairman of the subcommittee. There were 17 points of disagreement at that point in time. After a very lengthy meeting that went approximately 3 hours, those 17 points were boiled down to essentially one, which was a difference as to whether there would be 17 coins or 10 coins.

That obviously could not be resolved. There were strong feelings on both sides. On the part of the Olympic committee, they felt that 17 coins were a necessary item if the program were to be successful. The chairman of the subcommittee felt just as strongly that there should not be that many coins, that there should be 10 coins. Both parties had a right to their opinions.

Once the meeting broke up and it became obvious that there would not be a meeting of the minds or compromise on the all important number of coins, the Chair then, working with the GAO, taking into consideration the 16 points that were agreed upon in that meeting, then introduced legislation upon which the staff of the subcommittee also was consulted. That is why we have two bills before us today.

Under my bill, the private marketeers who would be selected through open bids would be required to provide a $30 million guarantee for the Olympic committees, and to pay all production costs in advance to the U.S. Treasury. The bill specifically states the Secretary of the Treasury shall carry out the program with no net cost accruing to the Federal Government. The successful bidder must be approved by the Secretary of the Treasury and will be required to operate the program under the ongoing supervision and audit of the Treasury and the GAO.

The coin program approved by the committee is a continuation of fundraising efforts which have become a traditional part of the Olympic games. Through a formula established by the International Olympic Committee, the U.S. Olympic team has received a share of the proceeds of sales of Olympic coins in the United States. This has been a substantial source of funds for the U.S. Olympic Committee, and the chances of the U.S. team sharing in coin sales of future Olympic games is directly dependent on the approval of a U.S. Olympic coin program for 1984 as contemplated in S. 1230.

S. 1230 centers on five key points:

First, a minimum of $30 million guarantee for the Olympics from private sources. Yes indeed, the first $20 million will be paid by the successful bidder upon an award of the contract. In addition, a promissory note for $10 million, payable in January 1984, is called for. That $10 million is as good as gold. It is just like cash that can be discounted in any financial institution.

Second, proper incentives to attract private marketeers and provide a significant profit for the Olympic Committee.

Third, rational marketing plans that take into consideration the international markets and the international character of the Olympics.

Fourth, proper ongoing supervision of the coin program by the U.S. Treasury and the General Accounting Office.

Fifth, ironclad assurances that there will be no costs to the Federal Government and that the marketers assume the risks.

S. 1230, which incorporates the provisions of H.R. 6058, is supported by the Los Angeles Olympic Organizing Committee, the U.S. Olympic Committee, and dozens and dozens of amateur and youth organizations throughout the Nation.

☐ 1115

They are excellent lobbyists, I will admit that. They are excellent lobbyists. When I heard the Olympic Gold Medal winners who appeared before our committee—Wilma Rudolph, Donna de Varona, our former colleague, Bob Mathias, the Rev. Bob Richards, the high jumper, John Naber, the swimmer—chills went up and down my spine. Never have I heard testimony like that from such outstanding examples of American youth who have benefited from participation in the Olympics. It made me proud once again to be an American. And, frankly, when they lobbied me, I was happy, extremely happy, to react to their pleas and their requests.

The administration gives full backing to the committee-passed bill. Speaking for the administration, the Treasurer of the United States, Miss Angela Buchanan, who oversees the U.S. Mint, addressed the key point in testimony before the Consumer Affairs Subcommittee on April 29. I quote:

> There is every reason to believe that the 17-coin program sponsored by Chairman St Germain would generate a far greater sum of money. The potential of the larger coin program offered and promoted by a capable private sector marketing group on a world wide basis should add substantially to the proceeds received by the Olympic Committee.

Speaking to the Annunzio program, Miss Buchanan said, and I quote:

> We are reluctant to hinge the success of the 1984 Los Angeles Olympics on a coin marketing program run by the Government. This is particularly the case when a program is proposed that has no exact historical precedence and, therefore, makes projections based on historical results somewhat more speculative.

The Annunzio proposal not only threatens the financial stability of the 1984 games, but forces a marketing disaster on the Treasury Department. The Annunzio bill calls for a 3-headed marketing monster with each segment in a position to undercut the other. It is doubtful that such a program could attract qualified international marketers, and failure to market the coins worldwide could threaten the opportunity of U.S. Olympic teams to share in proceeds of other countries' coin sales in future Olympic games.

A substantial part of the projected sales of the Annunzio proposal would be through unsupervised bulk sales by the U.S. Mint at large discounts. This part of the marketing is not only speculative, but could threaten the integrity of the U.S. Mint and the Olympic coin program.

Under this proposal, any group with cash in hand, without regard to its reputation, could buy huge quantities of the coins at discount and market them in any manner. The St Germain bill provides specific requirements and controls for advertising and promotions, but the bulk purchaser, provided under the Annunzio bill, would be unknown to the Mint and would be under no supervision and no strictures as to claims, promotions and advertising. These discounters would be in the markets in direct competition to the Mint that produced the coins, not to mention the strong possibility that such a discount program would deter bidders from entering into agreements with the Treasury for international marketing rights.

While the numismatic trade press and some professional coin groups have lobbied for the Annunzio proposal—they are lobbyists, too—and a limited program, a number of respected people in the numismatic field have been willing to step forward with objective analyses of the Olympic programs.

Norman Stack, of Stack's of New York, a large coin firm with widely recognized expertise, wrote me:

> Based on my 36-year association with this firm I can state conclusively that in my opinion a government-run marketing program simply will not reach beyond collectors in the marketplace and, more significantly, will not result in sufficient broadly-based revenues to meet the stated need of the Olympic Committee.

Some confusion has been generated about the references in the bill concerning the division of the proceeds. The references are to gross margins, not net. The formula was negotiated by the Los Angeles Olympic Organizing Committee in an agreement with prospective marketers—an agreement that was terminated after the Congress failed to pass the coinage legislation in a timely fashion. We felt strongly that the hard-fought position of the Olympic Committee should be retained and included their formula in the bill as a "floor" for future negotiations.

Translating the gross margin numbers, the Olympic Committees will receive at least two thirds of the net pre-tax profits of the coin sales. The marketing costs and the risks will be borne by the private companies. The formula protects the Olympic Committees from being charged any increases in marketing costs which occur during the life of the program.

I support the rule. I look forward to the debate. Hopefully, within the next few hours, we can say to our prospective Olympic participants throughout the Nation, "Yes, the Congress is providing you the means, the wherewithal, to be properly trained, and we are providing the means by which the U.S. Olympic Committee can live up to its commitments to its sister committees throughout the world as far as the international marketing of coins is concerned." We had to pull out of Moscow. They gave up a lot for us at that time, those Olympic people. Now, let us say to them, "We are going to make up for what we did to you when we made you pull out of Moscow for foreign policy reasons."

Mr. LOTT. Mr. Speaker, I have no further requests for time.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REMOVAL OF NAMES OF MEMBERS FROM LIST OF COSPONSORS OF H.R. 4498

Mr. McKINNEY. Mr. Speaker, I ask unanimous consent for Mr. Zeferetti, of New York, and Mr. Edwards of Oklahoma to be removed from the list of cosponsors of H.R. 4498, a bill which I introduced to allow for the therapeutic use of marihuana.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

OLYMPIC COIN ACT OF 1982

Mr. ST GERMAIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill (S. 1230) to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games.

The SPEAKER. The question is on the motion offered by the gentleman from Rhode Island (Mr. St Germain).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill, S. 1230, with Mr. Levitas in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Rhode Island (Mr. St Germain) will be recognized for 1 hour, and the gentleman from Ohio (Mr. Wylie) will be recognized for 1 hour.

The Chair recognizes the gentleman from Rhode Island (Mr. St Germain).

Mr. ST GERMAIN. Mr. Chairman, I yield one-half hour to the gentleman from Illinois (Mr. Annunzio).

Mr. ANNUNZIO. Mr. Chairman, I yield myself 10 minutes.

The question before the House, Mr. Chairman, is not whether or not we will have an Olympic coin program, but whether we will have an Olympic coin program free of scandal, run by the U.S. Government, and with all of the money going to the athletes of the United States. That is the program contained in the substitute that I will offer.

Members will also have an opportunity to vote for an Olympic coin program that will turn control of the U.S. Treasury over to special interests, privileged interests, if you please, allow the coins to be sold at a windfall profit by a company that has not paid a penny of Federal income taxes in 3 years, allow that company to siphon off 65 percent of all profits, with only 36 percent going to our athletes.

That is the approach embodied in S. 1230.

Mr. HYDE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. At this point the Chair does not recognize the gentleman from Illinois for purposes of making a point of order that a quorum is not present.

Mr. HYDE. I thank the Chairman.

Mr. ANNUNZIO. Mr. Chairman, this is a historic moment for me. It is a moment that causes me great personal pain. But I find that I cannot let personal pain stand in the way of my sworn oath of office. In the nearly 18½ years that I have been a Member of the House of Representatives, I have never stood in this well to oppose a committee chairman. I pride myself, as all of you know, on being a team player. That is my nature. And certainly that is the political background from which I come. The fact that I am breaking such a long, personal tradition certainly should tell you how deep felt my convictions are with regard to this legislation. It distresses me greatly to take such a hard stand against my chairman, but the situation in which we find ourselves today was not one that I created. For 10 months I have fought virtually on my own to protect this House from having to accept a Senate bill that was so bad that even its backer in the House has now asked that it be withdrawn from consideration. Many of the changes that I have suggested to improve the Senate bill are incorporated in S. 1230 that is before you today. They would not have been there had I not worked for such improvements.

Ten months after I began my fight, H.R. 6058, the forerunner of S. 1230, was introduced in the House.

Mr. Chairman, I have from time to time fought to amend bills in the Banking Committee, and on occasions there have been amendments that were not totally acceptable to the chairman. But I never introduced a bill in direct confrontation with my chairman, and never would I think of doing so after my chairman had waged a 10-month fight.

I would like to make it perfectly clear that I am not asking Members to vote against an Olympic coin program. I am the first Member of the House to introduce Olympic coin legislation for an Olympic coin program. I am wholeheartedly for an Olympic coin program. And the only reason it has taken so long to get this far is that the private marketers who will sell the coins refused for 10 months to provide me and my subcommittee with copies of a contract that they had negotiated with the Los Angeles Olympic Committee and themselves. Had I received those contracts prior to the 10-month period, I would have begun hearings immediately.

I want a strong coin program, but I want a coin program—and this is imperative to each and every Member of this House—I want a coin program like you want a coin program, but we want to turn over all of the money under this program to athletes and not the middlemen.

□ 1130

The substitute that I plan to offer will accomplish that without any cost to the taxpayers of America. S. 1230 at best will turn not more than 36 percent of the money over to the athletes. Under my substitute, the Olympic committee and our athletes could receive as much as $600 million and, according to the Treasurer of the United States, using nothing but the mint mailing list, she could turn over—I want to point out that Bay Buchanan, in testimony before my subcommittee said she could turn over $31 million to the Olympic committee within 4 months after the passage of the act.

S. 1230, on the other hand, has more than 60 percent of the money going to the private sellers of the coins.

We hear representations that under S. 1230 each Olympic committee will receive $100 million. If that is the case, why is it that the bill only requires a $30 million guarantee and a full guarantee will not be paid until January 2 of 1984?

That is not a guarantee. It is an IOU.

Members of the House should have an opportunity to vote on whether or not they want a coin bill that will turn all the money over to the Olympics without any middleman, or whether they want a middleman to siphon off the bulk of the profits.

There is no question that this is a plum contract. I know there are many companies that would like to bid on the contract, but they know it is a waste of time. They know that Occidental has already entered into a contract with the Los Angeles Olympic Organizing Committee. They know that the contract belongs to Occidental Petroleum Co., a company which I said earlier feels no obligations to pay taxes to the United States. It contends that it pays enough taxes to foreign governments so that it does not have to pay taxes to the United States.

In addition, it just sold some $95 million worth of tax benefits under last year's tax act which will give it another nice tax break. If Occidental feels it has more of an obligation to pay taxes to foreign governments than to the United States of America, why the hell should the United States of America feel any obligation to give Occidental Petroleum an exclusive contract that could put as much as $100 billion into its corporate treasury and not a dime's worth of income tax will be paid on that money? How can we face our constituents who are struggling to pay their taxes, asking them to tighten their belt, in this day and age of deficits, in this day and age of austerity, and allow such a large corporation who does not pay taxes to have such a privileged contract awarded by the Government of the United States of America?

You explain that to your constituents. My constituents already understand it.

There have been editorials in all of the papers of Chicago supporting my position—the conservative Chicago Tribune and others.

I want to tell you that two former Mint Directors, Eva Adams and Mary Brooks support this program wholeheartedly, and I hear so much about Bay Buchanan.

Well, in the Senate when she testified she supported a coin program originally to be marketed by the Mint of the United States, but for some reason best known to her, by the time she got from the Senate to the House she had been completely muzzled.

But in testifying before my subcommittee, she guaranteed me that the mint could not only mint the coins, that the mint could market the coins, and she said within 4 months she would have $31 million to distribute to the Olympic committees.

I want to say to my colleagues, as I close, on the time I have alloted to myself, and I will be continuing to talk, that I want each and every Member of this House to search their souls today.

We have a subcommittee system in this House. I am chairman of a subcommittee known as the Subcommittee on Consumer Affairs and Coinage. It would have been a hell of a lot easier for me to agree with the Senate, to agree with a bill than would turn over all of the minting of legal tender to a private corporation and not have taken on this fight. But I could not sleep with myself.

I was so shocked to think that the Congress responsible for the minting of coins and in the preservation of our coinage system would turn over the selling and marketing of coins to a private corporation. It shook me. And when you read the editorial in the Chicago Tribune you will find that if we allow these 33 coins to enter our coinage system, you are going to be creating a banana republic in America. If that is what my colleagues want, they will vote for S. 1230. But if my colleagues want to protect their Mint, their coinage system, and give the most money to the Olympic athletes, they will be voting for the Annunzio substitute.

The CHAIRMAN. The gentleman from Illinois (Mr. ANNUNZIO) has consumed 12 minutes.

The Chair would inquire of the gentleman from Rhode Island, would he be amenable to yielding further at a later time to the gentleman from Illinois?

Mr. ST GERMAIN. I yielded the gentleman 30 minutes under our agreement.

The gentleman from Illinois may proceed and have his other speakers speak.

Mr. ANNUNZIO. Other people have 30 minutes.

The CHAIRMAN. The Chair would observe from a procedural point of view that the gentleman has been yielded 30 minutes which he may use now or yield back as he so desires.

Mr. ANNUNZIO. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman is not able to reserve the balance of the time yielded to him by the gentleman from Rhode Island unless the gentleman from Rhode Island agrees to yield further at a later time.

PARLIAMENTARY INQUIRY

Mr. WYLIE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Ohio will state his parliamentary inquiry.

Mr. WYLIE. What I had intended to do was yield 20 minutes to the gentleman from Texas (Mr. PAUL), who takes a similar position as the gentleman from Illinois. I understand the gentleman from Illinois' position and my parliamentary inquiry is, may I yield 30 minutes of my time, which I had agreed to do, to the gentleman from Texas at this time and allow the gentleman from Illinois to use his 30 minutes in exchange with the gentleman from Texas (Mr. PAUL)?

The CHAIRMAN. The Chair in response would advise the gentleman from Ohio that while he may yield 30 minutes to the gentleman from Texas (Mr. PAUL), the gentleman from Texas (Mr. PAUL) may use that time but may not reserve portions of that time for subsequent yielding except by unanimous consent.

Does the gentleman from Illinois ask unanimous consent to be able to yield further times during the general debate portions of the 18 minutes remaining to him?

Mr. ANNUNZIO. Would the Chair repeat that, I did not hear the Chair.

May I just say I was under the assumption when the chairman of the Rules Committee made this rule, he said that the chairman of the full committee and I would work out as far as the time. We have worked it out.

The CHAIRMAN. Let the Chair try to simplify this.

Does the gentleman from Illinois ask unanimous consent to be able to yield portions of the remaining 18 minutes he has available to him at subsequent times during the course of the general debate?

Mr. ANNUNZIO. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. WYLIE. Mr. Chairman, I intend to yield 30 minutes to the gentleman from Texas as I stated that I would here a few minutes ago. The gentleman from Connecticut has to be at another meeting and would like to be heard in support of S. 1230.

Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut (Mr. McKINNEY).

Mr. McKINNEY. Mr. Chairman, I appreciate my ranking Member allowing me the time. I will not use the full 5 minutes.

I stand very strongly in support of the chairman of the full committee's Olympic coin bill. I have examined these various bills for a long time and I think there are some basic questions that have to be addressed in a nonemotional fashion.

First, I do not think anybody in this House wants the Government going any further into private business than it already has. Under the subcommittee chairman's bill, the Mint would strike coins, would offer them to their list of coin collectors, and those that were not sold to their list would then be offered in bulk discount to various different organizations such as Sears, Roebuck and other coin marketers.

What you see in that instance is that once the list was exhausted, the Olympic Committee certainly would not raise the amount of money that you want to achieve with this bill. Also, in discounting the coins to organizations such as J. C. Penney, Sears, or whoever wishes to market them, at that point those organizations would only offer a price for that coin that would include their marketing costs, their advertising costs, and other related costs.

Since you would disburse those marketing and advertising costs across the board they would be much more expensive for each individual organization that was going to market these coins, and the Olympics would get a great deal less money for them.

Another objection I have with the subcommittee chairman's bill is the fact that it is only a three coin bill and the smallest denomination coin that you are going to have, which will be a silver dollar, is going to sell in fact for $22 on the market.

I would suggest that that is far too high for the coin that we hope American children and households are going to buy to bring home. In addition, I have been told by people who are in the coin business that three coins are not enough to make a collector's set of value, and there is really a variety that people need or want when they are building a collection.

The chairman's bill would have 17 coins, two different types in each, and it would allow a collector to buy 1 for $8, buy a set of 4, by a set of 8, by a set of 12, to buy whatever combination they wanted to buy, or any kind of presentation that the selling person wanted to have for those coins.

Really what you are talking about and what is the most important distinction is that S. 1230, the bill that we are discussing, will give a $30 million guarantee to the Olympic Committee to get on with the job.

Mr. Chairman, I would suggest to my colleagues that if we were doing our duty, such as every other nation in the world does, we would be meeting here and appropriating $50 million for the U.S. Olympics Committee to do this country proud rather than getting ourselves involved in prolonging this debate. But we will not do that. We are going to continue to be the only nation that does not give the direct support to its Olympic Committee that it should give to its Olympic Committee. We burst with pride when our hockey team beats the Russians. We still have Lake Placid wallowing in debt because we did not do our duty.

I suggest we have to do something now. The chairman's bill is the only bill that gives the money up front, when it is needed. It is the only bill that gives a guarantee of at least $30 million. It is the only bill with administration support. It is the only bill that is going to market the line of coins that is going to sell and make money. I strongly suggest the Members put aside the negative argument that has been promoted about the way that these coins are going to be sold and vote for S. 1230.

□ 1145

Mr. WYLIE. Mr. Chairman, I yield 30 minutes to the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I think it is quite interesting how this bill has come to the floor and how this discussion has evolved. I quite frankly am astounded at the amount of energy and effort and enthusiasm that has gone into this debate, because there is a good chance that either version will not be significantly detrimental to the American taxpayer, that is, cost a lot of dollars as compared to a lot of other things that we have done around here.

Quite frankly, I think there are times when we fail to even take a recorded vote on bills dealing with tens of billions of dollars and quite rapidly handle legislation even in the Banking Committee in short order, legislation with much more significance than this particular piece of legislation; but nevertheless, a lot of energy has gone into it and it is an important piece of legislation.

In one sense, I agree with the Congressman from Connecticut saying that this energy that we have expended maybe is unwisely spent; but I certainly come up with a conclusion different than his. The gentleman indicates that maybe the more proper solution would have been just to grant money to the Olympic Committee and have it settled a long time ago.

I would like to make an important point. Today we are doing something differently than we have ever done before. We are debating two pieces of legislation. Both involve the Government, but up until this time we in the Congress and we in the Federal Government have not been involved in raising funds and supporting amateur athletics; so we are taking a different path with the passage of either bill.

Really, there are three choices. The third choice we have not spent much time with and really is not being considered seriously; but I would like to suggest that third alternative, allowing the true marketplace to handle this is another alternative; but today we are limiting our discussion to two other pieces of legislation.

Some Members have come to me and have asked: "Why are you opposing the private marketeers bill and supporting the more Government-oriented bill?"

Well, this is an important question; but as most everybody knows here, I do my very best to consistently defend the free market and the market economy and private enterprise; but quite frankly, I do not accept the argument that the St German bill is a private enterprise bill. I do not think it has anything to do with it.

Yes, it certainly does incorporate private business in association with dealing with the Government, but to me this is a very dangerous thing to do. This is not reassuring.

The market method of handling coinage and raising funds for the Olympics would have been that approximately 18 months ago the Olympic Committee would have gone to a coin dealer and a coin manufacturer, minted a coin and started raising money and would have been over the hump by now. That did not occur; but today the proposal that we have before us is that the Government sanction this coin and deliver it to a private marketer so that they can make $300 million or $400 million. This is not an example of the private enterprise system. That is a special privilege system. I think we should be as critical of that as we are so often on the conservative side of that system that we call socialism and government intervention.

I am not reassured in any way that this involves the private market in a beneficial way. All the involvement of the private market under this bill is detrimental and very dangerous and is open to great risk, because under these conditions you have a much greater opportunity of having corruption, and for this reason we should go very carefully.

So I agree very strongly with the gentleman from Illinois (Mr. ANNUNZIO) stating the position that it could be a very dangerous vote to accept the St Germain bill, with the possibility of scandal coming on at a later date.

It has been quite interesting to find out how much lobbying effort has gone on in this particular bill. Tax dollars per se are limited in both pieces of legislation; yet it has been over a year ago that I was lobbied very heavily by those who were advocating the guaranteed contract to the Occidental group and even up until now I get lobbying calls asking to be not too harsh or too critical with the company of Occidental.

A lot of money has gone into this. Now, why would a lot of money go into a lobbying effort unless there is a lot of money to be made?

This is true. There is a lot of money to be made.

Now, I think the main error that has been made by those who support the St Germain pseudoprivate marketeer bill is that they think and believe that the private enterprises may sell more coins and for that reason the Olympic Committee will benefit more so.

You know, I do not think anybody knows in this House who will sell the most coins. I happen to believe that under the Annunzio bill and the position I hold there will be more coins sold; but the point that I would like to make is that I am quite confident in saying that even if there are 10 times as many coins sold under the St Germain bill, there are no guarantees whatsoever that that money will go to the Olympic Committee. I think that is where the danger is.

The efficiency of the marketplace or the combination of Government and the businessman, let us say Occidental, is known. It just happens that that company is known to be very efficient. They are very efficient when they deal with subsidies from our own Government and dealing with other nations, other Socialist and Communist nations. They are very efficient in avoiding taxes and they are very efficient in making profits and protecting their wealth. However, there is no guarantee whatever that the efficiency of that company is going to be translated into anything beneficial to the American taxpayer, to the Mint, or to the Olympic Committee. The main purpose is to support the Olympic Committee, and I think there is a guarantee that there may be some big profits made, but it will not necessarily help the Olympic Committee.

The St Germain bill, I believe, is a very impractical bill. For instance, it provides for 33 coins. The mintage of 33 coins is cumbersome and very difficult as compared to the three coins in the Annunzio bill. It is much more attractive to have three coins. This has been verified and confirmed by all the coin dealers and all the coin collectors. They claim that it would be much better and much more attractive for them to see three decent coins. The coins in the Annunizo bill are of better quality and very attractive, and many are attracted to the coins because they are the proper weight. They are the proper silver weight and the proper gold weight. They have a legal tender status, so there are a lot of benefits to the coins.

We have had dealers testify before our subcommittee and they were quite frank and very blunt. They said that if the St Germain bill is passed, they would not purchase the coins and did not believe the coins would sell.

Now, I do not know how you can get stronger testimony than that to indicate that the people who are the experts in the selling and the purchasing of coins claim they will not buy them. So why wait a year or so from now and find out that the program failed and say, "Well, why didn't we listen to the coin dealers?"

Another important aspect why it is totally impractical to go the way of the St Germain bill and more practical to go with the Annunzio bill is that the bottom line is the consumer, the person who is going to purchase the coin will pay more under the St Germain bill. There is only one coin that we really can compare in like weight and like quality in the two bills; but the two coins, it is estimated that there is going to be a significant difference, maybe a 50-percent to 100-percent markup difference between the Annunzio bill and the St Germain bill, which means that it is going to be more available for the smaller individual, the individual who might want to buy one or two coins; but to buy a set of Olympic coins where there are 33 different coins is just asking for trouble and very, very impractical.

The dealings that the Occidental Co. has had in the selling of Olympic coins in the past has not been successful. Under a similar marketing arrangement Canada was guaranteed they would raise hundreds of millions of dollars for the Olympic Committee there. They raised a total of $24 million, and the people who started buying the coins, right in the middle, the coin dealers, said they stopped buying the coins because as they would sell one set, they would raise the price each time, trying to trap that individual who has started to make the collection into purchasing higher cost coins. For this reason, they did not raise the money. I am quite sure they made an adequate profit, but the Olympic Committees there did not benefit significantly.

Also, there was a tremendous——

Mr. ST GERMAIN. Mr. Chairman, would the gentleman yield? The gentleman just made a statement which I would like to correct. Occidental Petroleum was not involved in the Montreal coin program.

Mr. PAUL. May I finish my statement?

The CHAIRMAN. The gentleman from Texas has the time.

Mr. PAUL. Occidental was involved with the Russian sale. When they were asked before our subcommittee if they made a profit and how much, they refused to answer. There was a significant amount of profit made.

Now I will be glad to yield to the gentlewoman from California.

Ms. FIEDLER. Mr. Chairman, I thank the gentleman very much.

I was originally a cosponsor of the first Patterson bill which was offered in the House, which would have left the responsibility for overseeing this to the Olympic Committee and would have assured that the funds would be going to the Olympic Committee.

My one concern is that the highest level of money go toward the athletes and toward underwriting the cost of this program. Being from Los Angeles, I am deeply concerned that the people in my community not end up having to pick up some of the loose ends of the Olympic expenditures, as has happened in other parts of the world.

So I did an independent analysis of what kind of profits might be accrued in the event we had one bill or the other, because for me the bottom line is how much money is going to be going to the Olympics.

If we have a $30 million guarantee under the St Germain bill, that means that there has to be a $39 million sale that would accrue; however, if we wanted to have $100 million for the Olympic Committee, under the St Germain bill, there would have to be $202 million, which would be raised, while the Annunzio bill would require only $120 million to be raised.

As you go down the line and you take a look at the various breakouts of profits versus funds which are going to go to the Olympic Committees, as far as my independent analysis goes at this point it seems to me that it will require a much smaller number of sales under the Annunzio bill than it would under the other bill to have a higher profit margin going to the Olympic Committee.

I continue to try to keep my mind open. I will be listening to the debate, but I would hope that the Members of the House take a look at what the bottom line is.

The purpose of this entire process is to underwrite the cost of the Olympics, not to create profits for any individual company and my vote will be going to that particular bill which determines the highest level of profit.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. I want to complement the gentlewoman from Los Angeles, calif. she is as beautiful as she is brilliant.

Mr. WEBER of Ohio. Would the gentleman yield, please?

Mr. PAUL. I yield to the gentleman from Ohio.

Mr. WEBER of Ohio. Mr. Chairman, I rise in opposition to the committee bill. I am perhaps as fervent in my support of the Olympics as any Member of this Congress, but there are limits to what the Federal Government should do to be of assistance. Specifically, I cannot agree that private marketing—in effect renting out the U.S. Mint—as provided by the committee bill is the better way to proceed Therefore, I support the Annunzio substitute as potentially yielding more funds to the athletes than does the committee bill and at truly no cost to the taxpayer.

I urge all of my colleagues to support the Annunzio substitute to S. 1230. The aim of Congress, through this legislation, is to provide financial assistance to the Los Angeles Olympic Organizing Committee, the U.S. Olympic Committee, and many local amateur and youth athletic organizations. This goal is admirable and should be supported by every Member of Congress. The question we have to address today is what form this aid should take so that we are providing the best assistance we can for these organizations.

The first concern about S. 1230 which must be faced is the lack of enthusiasm for the set of coins to be produced by the coin collectors. These are the very people who we have to count on to buy the majority of the coins. S. 1230 provides for a set of coins that will cost between $3,000 and $5,000 to purchase. Who can afford to buy such a set of coins? If the coin collectors do not support this effort, who will?

A second concern with the bill is the actual amount of money which can be raised by selling the coins. Under the present bill, the marketers who sold coins for both the Montreal and Moscow Olympics will sell the coins for the Los Angeles Olympics. The Montreal Olympics saw $24 million raised to support the Olympics, this was only 10 percent of the amount that was promised. These marketers will not release any figures for what was raised for the Moscow Olympics, however, it is generally considered that the efforts were a failure. Why are we now asking this same group of marketers to sell the coins for the Los Angeles Olympics?

The Annunzio substitute provides for more money to go to the athletes than does S. 1230. Under the legislation currently before the House, only 36 percent of the profits go to the athletes. The substitute provides for all of the profits to go to the athletes. It is estimated that the Annunzio substitute will raise up to $600 million for the Olympics. It also provides that the Olympics will receive $10 for every silver coin sold and $50 for every gold coin sold, S. 1230 has no such guarantee.

Finally, S. 1230 provides for giving away 260 million dollars' worth of gold and silver. The gold and silver to be used in minting the coins is not paid for by the marketers. In a time when Congress is struggling to cut the budget, it is not right to give away $260 million to private marketers.

Considering the negative aspects of S. 1230 and the amount of revenue which can be raised by the Annunzio substitute for the athletes, I urge all of my colleagues to support it instead of the language of the current bill.

☐ 1200

Mr. PAUL. If the gentleman will allow me to reclaim my time, could I ask one more question?

Is it true that the marketing method in Canada was somewhat similar to the marketing method suggested by the St Germain bill?

Mr. ANNUNZIO. Mr. Chairman, I want to say to the gentleman from Texas that it is identical, the marketing method suggested under S. 1230.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. PAUL. Just briefly.

Mr. ST GERMAIN. The program was run by the Canadian Government. They hired private marketers as Government employees, They had a mint strike and the gentleman is very familiar with what happened to the price of gold back then. The price of gold shot up on them and the economy was going through a recession. And that is why that Government-run program failed. It was not a private program. It was a Government-run program.

Mr. PAUL. All right. That begs the question, because there are some who anticipate that between now and 1984 you may see the same thing happen to the price of gold in nominal dollar terms.

I would like to go ahead now, Mr. Chairman, and yield 7 minutes to the gentleman from Wisconsin (Mr. PETRI).

Mr. ANNUNZIO. Mr. Chairman, will the gentleman from Texas yield?

Mr. PAUL. I will yield briefly.

Mr. ANNUNZIO. There were $3 million in coins melted down in Canada.

Mr. PAUL. Mr. Speaker, I yield 7 minutes to the gentleman from Wisconsin (Mr. PETRI).

The CHAIRMAN. The gentleman from Texas (Mr. PAUL) has consumed 17 minutes.

Under the yielding by the gentleman from Ohio (Mr. WYLIE), the gentleman has 13 minutes remaining. Does the gentleman ask unanimous consent to yield portions of his time at other times during the general debate intermittently?

Mr. PAUL. I will do that if I have not consumed my 30 minutes after I have yielded to the next two speakers.

The CHAIRMAN. Without objection, it is so ordered.

The gentleman from Texas (Mr. PAUL) yields 7 minutes to the gentleman from Wisconsin (Mr. PETRI).

Mr. PETRI. Mr. Chairman, in the 1964 movie "Goldfinger," the intrepid James Bond prevented the evil Goldfinger from stealing the U.S. gold reserves.

Today, Goldfinger is back. In this 1982 remake of that action thriller, Goldfinger is played by Mr. Armand Hammer—the man with the midas touch when the subject is gold.

The plot is essentially the same. Goldfinger is poised to strike at Fort Knox. The question is whether we will be as intrepid as the fictional James Bond in preventing this real-life raid on the Nation's gold reserves.

Under the committee bill Armand Hammer and his partners will receive 260 million dollars' worth of gold and silver from the U.S. Treasury free of charge. In addition, Mr. Hammer gets an insurance policy against any decline in the price of this gold.

Hammer will buy Olympic coins from the Treasury at face value plus a small minting charge. Since the coins are legal tender they may be redeemed at any time for their face value.

For this reason they need not contain any precious metals to speak of. The coins could be made of clay. However, Mr. Hammer's Olympic coins will have a bullion content equal to 80 to 90 percent of their face value for which Mr. Hammer will not be charged.

While the General Accounting Office recommended that Mr. Hammer be charged for this bullion—the GAO's recommendation was ignored.

Thus Mr. Hammer has obtained a $260 million bullion speculation with no downside risk since the coins can always be redeemed.

Some $260 million worth of gold and silver will suddenly disappear from Fort Knox and the taxpayer will get nothing for it. Where Goldfinger failed, Mr. Hammer has appeared to succeed.

The taxpayers would be just as well off if their agents in Washington sold the bullion outright and gave the entire $260 million to the Olympics.

Meanwhile Mr. Hammer has guaranteed $30 million to the 1984 Olympics. If he sells the coins he gets to keep all he can write off as expenses plus 64 percent of the remainder. The Olympic Committees will receive only 36 percent of the proceeds from the sale of these coins.

But if Mr. Hammer does not sell many coins or cannot get the markup he wants he still has his own bullion speculation guaranteed by the U.S. Treasury. He cannot really lose. All in all Armand Hammer is cleaning up.

If these arguments have not persuaded you—and I hope they have—then I think we should also take a long and careful look at the record of the man we are going to entrust with $260 million of the Nation's gold and silver reserves. That record—of Occidental Petroleum and its subsidiaries—is marked by a pattern of misrepresentation and litigation.

Time does not permit me to go into all the details of the pending and past court cases against Mr. Hammer and his company.

We are of course familiar with one of these proceedings involving Hooker Chemicals—an Oxy Petroleum subsidiary—which deposited chemical waste materials at Love Canal. Subsequently Federal and State authorities declared an emergency situation at the site. Approximately 1,000 area residents have filed suits alleging injuries and property loss resulting from the waste materials. The Federal Government has also filed a civil action against Hooker Chemicals.

From the people who brought you Love Canal, there is more.

In 1976 a Federal judge sentenced Mr. Hammer to 1 year's probation and fined him $3,000 for making illegal political contributions to former President Nixon's 1972 reelection campaign.

In short, Mr. Hammer's company is up to its corporate gluteous maximus in lawsuits.

You remember the old saying, "It's as good as gold." For Mr. Hammer, this committee bill is better than gold.

The bill is a wonderful deal for Mr. Hammer—a rotten deal for the taxpayers—and nothing short of an affront to the taxpayers.

By contrast, the Annunzio substitute would prevent this Goldfinger-like raid on Fort Knox and provide more funds for the Olympics.

To paraphrase that great statesman from Nebraska, William Jennings Bryan, we will not be crucified by a hammer of gold.

I urge support for the Annunzio substitute.

For your information, here is a comparison of the two approaches:

COIN COMPARISON

[In millions of dollars]

	St Germain[1]	Annunzio
Amount of face value	300	70
Amcunt of bullion	260	597
Minting cost	34	104
Government receives	334	774
Taxpayers lose	260	0

[1] St Germain program also includes $25 million of $1 coins with no bullion content.

Note.—No other bullion coin in the world has a face value near the bullion value. Thus, the St Germain coins are a unique animal, constituting a bullion speculation with little downside risk.

Mr. PAUL. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. HYDE).

Mr. HYDE. Mr. Chairman, I want to join those colleagues of mine supporting the Annunzio substitute and bring to the attention of the House the testimony of a former Director of the Mint and a Republican, Mary T. Brooks, who did testify on this issue. She referred to the bill that Mr. ANNUNZIO seeks to amend in rather colorful and unflattering terms, but she did say, and I think it is interesting, "the spectacle of the greatest nation in the world with the strongest currency in the world allowing its money to be consigned to a private group for sale and profit is outrageous." She commended Mr. ANNUNZIO for his courage in fighting what she termed as a ripoff.

Now, I have heard statements that the Government should not be in the business of merchandising its own coins. I might point out the Postal Service does a marvelous job on commemorative stamps. The Eisenhower coins, the bicentennial coins, have provided experience to the mint in this sort of function, and the mint has the greatest list in the world, the largest and most valuable numismatic mailing list in the world, that would stand it in good stead in this proposal.

Mrs. Brooks says she has attended a number of world mint meetings and she is very proud of the esteem in which the mint is held throughout the world. She feels that the Annunzio bill would maintain the integrity and the control of our own national coinage.

There is a lot of heavy money riding on this legislation. The lobbying effort has been remarkable, and that is fine. That is as it should be. Freedom of speech ought to apply in Washington and on the Hill as everywhere else. But that money ought to go to the Olympic games and to the athletes where it is intended, not to some middleman brokers who are locked in a deal where they just cannot lose. They can always redeem at the face value, and they can melt the coins down should the price of gold even go further up and make a windfall profit.

I think it is clear that the Annunzio substitute is preferable. I will enthusiastically support it.

Mr. PAUL. I have just one comment to make and then I will reserve the balance of my time.

There have been several statements made on the floor already alluding to the fact that the company that is most likely to get the contract to distribute the coins has not paid a whole lot of taxes in recent years. Now, I, for one, am not all that anxious to make anybody pay taxes, so I do not necessarily jump on anybody who pays less taxes. I have had objection to this particular company because a lot of the money that they have made and a lot of the so-called investments they have made have been with the assistance of a lot of programs here in this country, a lot of subsidies out of our legal programs that we have. But they certainly take advantage of it. I know that they have been rather efficient in this way.

I was wondering if the gentleman from Illinois (Mr. ANNUNZIO) would tell us a little bit about the amount of tax they have paid. Is it true that the Occidental Co. has not paid a lot of taxes in recent years?

Mr. ANNUNZIO. The last article that I read in the Wall Street Journal pointed out the Occidental Petroleum Co. has not paid any taxes for the last 3 years, and only recently they took advantage of the new tax law by selling a $95 million tax lease.

Mr. PAUL. I thank the gentleman.

Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, I rise in support of the substitute offered by my colleague from Illinois (Mr. ANNUNZIO) because I share his doubts about the benefits for the Olympic games and the Olympic athletes which would result from the provisions of S. 1230.

I believe that we can best raise money for the Los Angeles games and the training of our athletes by retaining control of the marketing of the Olympic coins under the U.S. mint. In that manner, we can be assured that all the net proceeds raised by the sale of these special coins will go to the athletes and the games, rather than the partial amount they would receive if the coins were sold by private marketers.

As a longtime enthusiastic supporter of the Olympic games, I want to see our athletes receive the maximum amount of assistance, especially since they will be competing against athletes from Communist countries who are supported by their governments. I understand that American coin collectors favor the Annunzio approach and therefore urge the House to adopt the substitute providing for the U.S. mint to sell special Olympic coins.

The CHAIRMAN. The Chair will state that the gentleman from Texas (Mr. PAUL) has 2 minutes remaining.

Mr. PAUL. Mr. Chairman, I reserve the balance of my time.

Mr. ST GERMAIN. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I would say to the gentleman from Illinois, who is just departing the microphone, that the charges are not the important thing. Rebuttals have not begun as yet. This side has not taken advantage of any time as yet.

But let us put something into perspective here.

Are we debating whether or not we love Armand Hammer? Frankly, I do not really know the man. No. No. That is not the question.

The question is which legislation is prime, utmost benefit to the U.S. Olympic Committee and the LAOOC. Now, if the contract which is specified in the St Germain legislation is a giveaway, I am appalled at the idiocy and stupidity of corporate America. Why would every other firm that has the capacity to bid, and there are many, and to participate, why are they not jumping into this if it is a giveaway, if it is so profitable for whomever is the successful bidder?

Contemplate that, my colleagues of the House, before you cast your vote.

We demand in the legislation $30 million as a guarantee. Anyone, any corporation, any individual, group of individuals, or groups of corporations that wish to participate and bid are free to do so. It is an open bidding process.

If it is that lucrative, if indeed it is a giveaway, how come they are not beating the doors down?

I will tell you why. It is a gamble for whoever participates, because they have to put up $30 million. They have to expend tremendous sums of money for advertising, promotion, design, and marketing.

Frankly, I repeat, the question here is not who paid taxes or who took advantage of tax shelters. If we want to go into that, read this morning's paper.

□ 1215

Read this morning's paper. There are a lot of individuals and corporations who have taken advantage of tax loopholes and the tax laws. If we are concerned about that, let us change the shelters, let us change and eliminate the loopholes. If we are concerned about the benefit to the U.S. Olympic athletes, those fine young men and women; if we are concerned about training them so that we can be competitive and show that we are the best in the world, then we go with the best bill, the one the U.S. Olympic Committee wants. They are the ones who lobbied me, the U.S. Olympic Committee and the athletes, past, present, and future. They are the ones that I want to support, and that is why I introduced my legislation.

I do not know who is brilliant enough to look at both bills and say that this bill is going to earn so much, that will earn so much. Frankly, no one to my knowledge—no one really knows what the market will be. They do not really know. That is the point.

Private enterprise is going to take a chance and hope they make a profit and can sell a great number of coins, and the more they sell, the more the Olympic Committees get, but no one knows either, and anyone who contends they do know how much will be earned when we let the mint, whose successes in marketing over the years have been pretty disastrous, anyone who thinks they can figure out how much a mint-sponsored program would bring in, with any number of unknown marketers who are going to make bulk purchases—uncontrolled marketers—unchecked by anyone—they could be anything under the sun. There is no criteria there.

The CHAIRMAN. The time of the gentleman from Rhode Island (Mr. ST GERMAIN) has expired.

Mr. ST GERMAIN. I will be back, Mr. Chairman.

The CHAIRMAN. Does the gentleman reserve the balance of his time?

Mr. ST GERMAIN. Why, of course.

Mr. WYLIE. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, I rise in support of S. 1230, which represents the full Banking Committee action on the Olympic coin legislation. I do hope that we can pass this bill today so that we can have a commemorative coin program in effect very soon. Further delays will only have a harmful effect on the Olympic athletes. I think further delays could prove very costly. As a matter of fact, we should have had this program in effect before this, as far as I am concerned.

Now, Treasury will administer this program, so we thought it was important that Treasury's opinion be taken into account. Regardless of which program is adopted, Treasury will administer it. I have a letter here, Mr. Chairman, from Mr. Tim McNamar, who is Deputy Secretary of the Treasury, and he says:

THE DEPUTY SECRETARY
OF THE TREASURY,
Washington, D.C., April 19, 1982.

Hon. FERNAND J. ST GERMAIN,
Chairman, Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This letter responds to your request for a statement of the Administration's position on the currently pending Olympic Coin legislation. I am pleased to have the opportunity to address this issue prior to our meeting on Wednesday so that we may concentrate on other matters.

At the outset, let me commend you for the introduction of H.R. 6058, the Olympic Coin Act of 1982. This bill, which provides for a 17 coin program commemorating the 1984 summer Olympic games in Los Angeles, meets many of the Treasury Department's original objections to earlier Olympic Coin proposals. It also responds to the issue which we consider to be of paramount importance—meeting the needs of the Los Angeles Olympic Organizing Committee and the United States Olympic Committee for initial advance funding. Without an appropriation to or a payment of funds by the Treasury; as you know, the Administration opposes any such appropriation or advance which would increase federal borrowing and the deficit.

Thus, we welcome the opportunity to express our support for the enactment of your bill; in doing so, we assume that during the scheduled hearings the Committee will receive assurances from one or more private coin marketing groups that they will bid on the 17 coin program you have proposed, and from the LAOOC and the USOC that your proposal has their continued support. In addition, we have some substantive and technical considerations concerning your bill which we regard as significant and have furnished to your staff.

If I can provide any additional information on this issue please do not hesitate to contact me.

Sincerely,

R. T. MCNAMAR.

Now, I think that Treasury's positions is worth taking note of. In this procedure there is a procedure for selecting a private marketing organization, and we have established certain criteria in that procedure. The criteria shall include a review of the marketer's financial resources and coin marketing experience, the estimated proceeds to the committee for the sale or other disposition of the coins, and the manner of payment for the actual proceeds and guarantees.

The marketing organization must agree to guarantee the committee at least $30 million from the sale or other disposition of the coins. Now, during the bid process it is made clear that there will have to be $30 million deposited up front. I agree that not every organization can do that. Perhaps the only organization will be the one which is put together by Occidental Petroleum and Lazard Freres. We do not know that for sure because it does not specify them in this legislation, but if they put $30 million up front, where is the Federal Government going to lose anything? It goes to the benefit of the Los Angeles Olympic Committee.

Also, some point has been made that the Treasury will somehow lose on this arrangement. Well, the Treasury will advertise for bids, bids will be accepted, and at the time the bid is accepted, then there will be a payment for delivery of coins, so the Treasury again does not have to appropriate taxpayers' money. The orders will, as I say, be made ahead of time for delivery of the coins, but in advance of the delivery of the coins, $30 million will have to be made as a deposit for the Los Angeles Olympic Committee.

Now, just in case nobody accepts the advertisement for bids, or no organization puts up $30 million an amendment I had offered is included in this bill. If there is no bid from the private sector within 45 days, we can go ahead with the program suggested by Mr. ANNUNZIO, which would be administered by Treasury. So, as I say, I do think it is important, and we have the benefit of Treasury's views, and Treasury does indeed support the St Germain approach.

Mr. BARNARD. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from Georgia.

Mr. BARNARD. Mr. Chairman, I thank the gentleman for yielding.

I would like to ask this question: It was my understanding that sometime during the hearings a representative of the Mint indicated that if the Mint had charge of the sales that they could turn over to the Olympic Committee within 90 days after the coins went on sale as much as the guarantee that was included in this bill. In other words, that their estimate of the sales based on previous sales, would be that they could turn over to the Olympic Committee approximately $30 million.

Mr. WYLIE. The Treasury of the United States could turn over $30 million to the Olympic Committee?

Mr. BARNARD. Within a reasonable time, 90 days or 120 days.

Mr. WYLIE. I yield to the chairman of the full committee.

Mr. ST GERMAIN. That again is speculation. I asked May Buchanan, "Are you a marketer? Do you have marketeers, experts in the Mint?"

She said, "No."

The quotes that I had in my statement I will repeat later on, which are the actual quotas. She said very definitely the 17-coin program by efficient private marketers would be much more preferable as far as profits to the Olympic Committee was concerned.

Mr. BARNARD. Well, of course I think all of it is speculation because even in the Montreal coin program it was suggested that as much as $270 million would be earned by the sales. Actual sales were $24 million.

Mr. WYLIE. This has been mentioned several times. Occidental Petroleum was not involved in the Montreal Olympics. Another marketer was called in later because there were a lot of problems and they had some expertise which the Montreal group wanted to get in order to recoup some of their losses caused by marketing through the Canadian Government. I do not think we want to go through experience again, if we can avoid it.

This bill was put together with the help of the Treasury. It is an honest effort to produce a program which forecloses the possibility of financial loss to the U.S. Government and to the Los Angeles Olympic Committee. Now, the Los Angeles Olympic Committee is important in all of this because they are going to be the beneficiaries of what we do here today. The U.S. Olympic Committee is important in all this, and let me say that both of them have written letters. They came to testify, and the Olympic athletes came and testified, and indeed their testimony was impressive to this gentleman, but they are supporting S. 1230. They are supporting this bill which was reported by the Banking Committee as being the best one to get money into the Los Angeles Olympic Committee.

Mr. ST GERMAIN. If the gentleman will yield, let me read from the transcript of the hearings before the subcommittee.

Mr. ST GERMAIN's question to Miss Buchanan: "Does the Annunzio bill guarantee $100 million? Can you guarantee that under the Annunzio bill, they will get $100 million?"

May I make another observation, if the gentleman will yield further? This is not the Moscow coin program. This is not the Canadian-Montreal coin program. This is the coin program of the U.S. Olympic Committee being put forth by the Committee on Banking and Currency which reported out a bill by a vote of 32 to 7. We reject what they did. We hope by using private marketers to have a successful program for our athletes.

One more thing: Do not forget to mention the fact that we have a backup that the gentleman and I and Treasury agreed upon in this legislation, a backup; to wit, if the private marketers did not come forward with their $30 million guarantee, and if they do not comply with the provisions and requirements of the legislation, as they are approved by Treasury, there is a backup program for the Mint, but I hope to God we get private marketers.

Mr. WYLIE. I want to associate myself with the remarks of the chairman. I think they are very impressive. We are indeed calling on the Moscow experience, if I may call it that, and the Canadian experience, and trying to prevent and preclude the unhappy experiences which those nations had with their Olympic coin program. I think we have bent over backward to provide safeguards against the possibility of a scandal in this program. We have heard persuasive evidence that our program should be approved, and I do not feel it will in any way cause harm or any embarrassment to this Congress or to this Nation or to the Olympics, such as the Moscow program and Canadian program proved to those governments.

Mr. BARNARD. If the gentleman will yield further, I appreciate the sincerity of the gentleman, and certainly the chairman of the Banking Committee in what we are trying to accomplish, and I think all of us here are trying to determine what is the best plan for the Olympics and the Olympic committee.

I have in hand a letter to Chairman ANNUNZIO dated April 27, 1982, signed by Ms. Angela Buchanan.

□ 1230

And as I understand it, when she appeared in the Senate, she supported the Annunzio approach. She says in this letter:

> The gold and silver programs as described above suggest the mint could collect total revenues of $37 million for the Olympic Committees over the next two years of the program.

She says further that under the Annunzio program $21 million would be available to the Olympics by August of this year and $10 million in September. That is $30 million.

So I am confused since the Treasurer testified before the committee in one way, and we have a similar statement on her letterhead to the gentleman from Illinois (Mr. ANNUNZIO) why would she now reverse her testimony.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. Mr. Chairman, I will yield to the chairman of the committee, but first may I respond by saying that I talked to Ms. Buchanan about that, and she was concerned about it. She said time was of the essence here, there has been too much delay, and that we want to get on with this. She felt that perhaps the Treasury could do it more expeditiously. Those were some of her concerns.

Then I said, "Why don't we put in this backup provision so we don't have to come back in?" And she thought that was a good idea. She went to the gentleman from Rhode Island (Mr. ST GERMAIN), and we do have the backup provision.

Mr. Chairman, I know that the committee chairman is anxious to say something, and I yield to him at this time.

Mr. ST GERMAIN. Mr. Chairman, the letter the gentleman read from is dated April 27.

Mr. BARNARD. 1982.

Mr. ST GERMAIN. Yes, 1982. And that which I read—not the letter, but when I had the interchange back and forth with Ms. Buchanan in committee on April 29, 1982, that was when she pulled back on these projects and guarantees and stated in answer to my question, "That's right, I am not a marketer. Those are speculative. I can't guarantee it."

Mr. WYLIE. And she got some better figures, may I say, a little later on from Mr. McNamar and the Secretary of the Treasury.

Mr. ST GERMAIN. Mr. Chairman, I yield 5 minutes to the gentleman from Lake Placid, N.Y., who has a little experience in this area, the gentleman from New York (Mr. MARTIN).

Mr. MARTIN of New York. Mr. Chairman, I rise in support of S. 1230 as reported by the Committee on Banking, Finance and Urban Affairs.

It was just over 2 years ago that the people of New York's Adirondack Mountains and vicinity hosted the 13th Olympic winter games at Lake Placid, and as millions of us who watched those games know, they were a remarkable success for America, for the world's amateur athletes, and for the State of New York, including the people of Lake Placid, which is part of my congressional district.

Our objective, as I understand it, is to insure that we raise money to put on the Olympic games, and that we do it in a way that reflects well on the United States.

Mr. Chairman, I know that this is a very emotional topic. I know in some instances it is the object of misdirected emotions, but for me the Olympics are a real emotional experience. The gentleman from Connecticut mentioned that hockey game between the Soviet Union and the United States of America, and I was privileged to have been there in person. I was never prouder to be an American. I learned a great deal about the Olympic traditions and about the people who make sacrifices on a regular basis for an event that happens only once every 4 years. As a result, I think it is very important that America adequately support the Olympic games. And we want to do it without expense to our taxpayers.

The object of this exercise is to help insure that the people of California, unlike the people of New York, do not find themselves financially strapped as they seek to host the most successful Olympic games ever. We are trying to forge a partnership between the free enterprise system and Govenment to do just that.

I cannot suggest to anyone that somewhere down the line there might not be problems. I make no such guarantee, but I would submit that the members of the Committee on Banking, Finance and Urban Affairs who voted so overwhelmingly to send this bill to the floor thought carefully about that in their hearings.

I would suggest that we have two alternatives. We can have the private enterprise system involved in the marketing, and, yes, if a profit is made I say to the people of California in particular, "You ought to hope that they make a profit, because if they make a profit and are out marketing and doing what they know how to do, there is going to be more money raised so you are not left with the bills."

On the other hand, we have the U.S. Treasury. In all due respect to them, down through the years marketing is, quite frankly, not their strong suit. On one hand we have private enterprise which is involved in marketing and knows how to market; on the other hand, we have the folks who have a few million Susan B. Anthony dollars kicking around.

I would hope that this program is passed. I ask the Members for their support of the bill, and I would suggest that the people who can do the marketing are the people who are in business to do just that kind of marketing.

Mr. Chairman, if I may add one further thought, this is concerning something that was brought up about the lobbying for this bill. I have received a number of letters, and that is indeed lobbying. There are people who feel there are sinister motivations. I would suggest that the litany which I will submit in the RECORD, consisting of the list of organizations supporting S. 1230, includes the Catholic Youth Organization, the Jewish Welfare Board, the U.S. Olympic Committee, the YMCA's of America, and many other groups whose motivations are beyond reproach.

Mr. Chairman, the list to which I refer is as follows:

ORGANIZATIONS IN SUPPORT OF S. 1230

United States Olympic Committee.

Los Angeles Olympic Organizing Committee.

U.S. Treasury Department.

President's Council on Physical Fitness.

YMCA's of America.

Catholic Youth Organization.

Jewish Welfare Board.

Special Olympics, Inc.

Exploring Division of the Boy Scouts of America.

Governors' Council on Physical Fitness and Sports.

National Junior College Athletic Association.

National Association of Intercollegiate Athletics.

American Association of the Deaf.

National Association of Sports for Cerebral Palsy.

National Wheelchair Athletic Association.

U.S. Association for Blind Athletes.

U.S. Rowing Association.

U.S. Ski Association.

Catholic Youth Organization of the Archdiocese of New York.

Dr. Tenley Albright (gold medal).

U.S. Gymnastics Federation.

Oregon Association of the U.S.A. Amateur Boxing Federation, Inc.

U.S. International Speedskating Association.

Women's Sports Foundation.

Mayor Thomas Bradley of Los Angeles.

U.S.A. National Bobsled Federation, Inc.

Pony Baseball.

International Swimming Hall of Fame, Inc.

The Athletics Congress USA (track & field).

U.S. Fencing Association.

Amateur Softball Association of America.

National Archery Association of United States.

U.S. Amateur Confederation of Roller Skating.

USA Amateur Boxing Federation.

Little League Baseball.

U.S. Team Handball Federation.

U.S. Volleyball Association.

U.S. Jaycess.

The CHAIRMAN. The Chair will state that the gentleman from Ohio (Mr. WYLIE) has 14 minutes remaining, the gentleman from Rhode Island (Mr. ST GERMAIN) has 21 minutes remaining, the gentleman from Illinois (Mr. ANNUNZIO) has 18 minutes remaining, and the gentleman from Texas (Mr. PAUL) has 2 minutes remaining.

Mr. ANNUNZIO. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, the chairman of the full committee has asked the question, What is the issue? And the answer, he says, is that the issue is getting as much money in to the U.S. Olympic Committee as possible. But I suggest that is only part of the issue.

The other part of the issue is insuring that the taxpayers of this country are treated in a fair and responsible way, particularly in an era of very high budget deficits.

It looks to me from studying this issue—and I am coming in for the first time today—that the Annunzio approach is the better approach. It looks to me as if we desperately needed the operations and systems under the St Germain bill because the mint could not operate and could not sell coins and perhaps their approach would be better, but my experience tells me the mint has in fact been involved in the disposition and sale of coins, the Carson City dollars and other kinds of things, so we do not need these third parties.

But I would like to raise a third question. It looks to me as if under the committee's bill the Treasury of the United States could be the loser of $260 million. If that is the case, that is more than we would have spent yesterday in both bills, as I recall, the National Bureau of Standards and the other piece of legislation we considered. That worries me. Why should the taxpayers be losing $260 million?

I would like to ask my colleague, the gentleman from Illinois, or my colleague, the gentleman from California, this question. There is a letter dated May—and I have the date as May 7—from the GAO to the gentleman from Illinois (Mr. ANNUNZIO), and it asks this question. I think it is referring to the question of the gentleman from Illinois (Mr. ANNUNZIO).

Does the $210 million in forgone seigniorage revenues—which, as I understand it, are increased value from the original value of the gold, in other words, current value—in this bill constitute a "cost" directly applicable to the coinage program or are they, as some contend, merely a "profit" that will not be made by the Federal Government?

The answer by the GAO was this:

> Seigniorage is a revenue to the Federal Government historically derived from the minting of legal tender coins. Since the Olympic coins are legal tender, historical precedent implies that the Federal Government should derive the same revenues as it does for minting other coins. Foregoing this revenue—

Of $210 million, which, as I understand it, is now $260 million because the projects have been changed in the House bill—

> constitutes a lost opportunity to reduce Federal costs.

By that amount of money, over $200 million.

Continuing, the GAO said:

> The decision to forgo such seigniorage revenues would be similar to decisions providing income tax credits or deductions which serve to reduce the revenues that would otherwise be collected under our Federal income tax structure. Therefore, the foregone seigniorage revenues under H.R. 6058 could be viewed as a "lost opportunity cost" directly applicable to the program and not as foregoing a "profit" that could have been made by the Federal Government. Furthermore, this foregone revenue would, in effect, be contributed to both the Olympic Committee and the private marketer.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has expired.

Mr. ANNUNZIO. Mr. Chairman, I yield 1 additional minute to the gentleman from Kansas (Mr. GLICKMAN).

The CHAIRMAN. Without objection, the gentleman from Kansas (Mr. GLICKMAN) is recognized for 1 additional minute.

Mr. ST GERMAIN. Mr. Chairman, if the gentleman will yield, I have the answer.

Mr. GLICKMAN. Mr. Chairman, I would like to first ask the gentleman from Illinois (Mr. ANNUNZIO), and then I would ask the gentleman from Rhode Island to respond.

Mr. ANNUNZIO. Mr. Chairman, I thank the gentleman for yielding.

I would say to the gentleman from Kansas (Mr. GLICKMAN) that the statement of the GAO, the watchdog of the Treasury and the Accounting Office, is absolutely correct. Money that you do not receive is money that you lose.

Mr. GLICKMAN. I would, then, ask, in full fairness to the gentleman from Rhode Island, to respond, and I yield to him for that purpose.

Mr. ANNUNZIO. First, Mr. Chairman, if the gentleman will yield further, let me say that the chairman of the full committee will probably answer by reading from the testimony of the GAO before the committee, but I wrote a letter to GAO after this testimony, and GAO said it will absolutely be a $260-million loss to the taxpayers of this country.

Mr. GLICKMAN. All right. Now, Mr. Chairman, I yield to the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Chairman, I thank the gentleman for yielding.

No. 1, let me say that I read not from GAO. By the way, as far as GAO is concerned, we all have a great deal of respect for it. I have a great deal of respect for the gentleman from Kansas, the gentleman from Illinois, the gentleman from California, and the gentleman from Ohio, but none of us have been imparted with absolute total knowledge. We all make mistakes.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has again expired.

Mr. ST GERMAIN. Mr. Chairman, I yield an additional 30 seconds to the gentleman from Kansas.

Mr. Chairman, will the gentleman yield further?

Mr. GLICKMAN. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, Ms. Buchanan of the mint, the person that everybody is talking about here, when asked the question about the GAO's position on seigniorage, said:

> Their argument is a peculiar one and not one that individuals at the mint are familiar with, their argument being that if you have a $100 coin, for instance, that has $100 worth of gold in it and one could sell it for $200. Using that argument, we would sell out 25-cent pieces for 27 cents.

Mr. CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has again expired.

Mr. ST GERMAIN. Mr. Chairman, I yield 30 additional seconds to the gentleman from Kansas (Mr. GLICKMAN).

Mr. Chairman, if the gentleman will yield further, the Buchanan statement continues:

> There is no precedent that one has to add face value to the bullion value to come up with the figure by which you then market your coins.

It is a specious thing. In other words, if you do not sell any coins, you do not make any money. If you do not have a program, you would not lose. They admitted it was forgone revenue, and Ms. Buchanan said it is ridiculous.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Chairman, I think this argument against this bill is taking an interesting direction. We are arguing both ways. Moscow lost money, Canada lost money, and now we are going to lose money.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has expired.

Mr. ST GERMAIN. Mr. Chairman, I yield 8 minutes to the distinguished gentleman from California (Mr. PATTERSON), a member of the committee.

Mr. PATTERSON. Mr. Chairman, I rise in support of S. 1230 as proposed by the distinguished gentleman from Rhode Island (Mr. ST GERMAIN), the chairman of the full Banking Committee.

Mr. Chairman, this bill has been favorably reported by the full Banking Committee by a 32-to-7 vote after some 10 months of consideration. It is a very technically complex bill, but it is very simple in its philosophy.

Mr. Chairman, when I introduced the original Olympic coin bill last June, I never dreamed that such an innocuous and high and noble purpose would stimulate as much heated discussion as the President's budget proposal.

□ 1245

I am extremely pleased that the Olympic Coin Act has finally made its way through the legislative maze to the floor after nearly a year in the Subcommittee on Consumer Affairs and Coinage, and is before us for a vote.

I am, however, saddened by the fact that our Nation's Olympic athletes have once again become a political football.

In the past few days, Mr. Chairman, Members of this body have been assaulted by a barrage of letters opposing the St Germain bill. However, this opposition is without substance, based entirely on falsehoods, inaccuracies, and rhetorical twists.

The commemorative coin program, as embodied in S. 1230, has been carefully crafted so as to provide the maximum amount of revenues for the United States and the Los Angeles Olympic committees while, at the same time, insuring that the coin program is carried out in a manner worthy of this Federal Government's support.

It is true, Mr. Chairman, that S. 1230 utilizes a private marketer. And yes, it is true that that marketer may earn, and hopefully will earn, a designated portion of the proceeds from the retail distribution of the coins. However, Mr. Chairman, this approach was not chosen because the Olympic committees felt compelled to subsidize private industry. This approach was chosen because past experience has shown that the revenues raised by an experienced marketing firm, particularly one with international connections, will greatly surpass those which would likely be generated by a Government-run marketing program. Despite a percentage of the profits going to the marketing firm, the Olympic committees still come out much better than they could or would under the Annunzio substitute.

Mr. Chairman, the simple truth is there are some things which the private sector, and this is a liberal Democrat speaking, can do better than the Government, and one of them is selling.

I would refer Members to the Susan B. Anthony coin and remind them of that experience and the valuable lessons learned from that experience. Merely by putting a committee together, designing a coin of quarter-size, and saying it is a dollar, the U.S. Mint destroyed the effectiveness of that dollar coin. The decision to create a coin of this type was a seriously flawed marketing decision by the mint.

Like all Members of this body, I would like to see all of the proceeds turned over to the athletes, but in order to turn over profits one must make a profit; 10 percent of nothing is nothing. No precedent exists to suggest that the Treasury's ability to market commemorative coins would result in any profit at all.

Contrary to recent allegations, Mr. Chairman, S. 1230 will not cost the American taxpayers one cent, let alone give away $260 million worth of Federal gold and silver. The Los Angeles Olympic Organizing Committee will pay the U.S. Mint, and I hope my colleagues will note, those who have heard the arguments of the other side the greater of either the sum of the total face value of the coins plus the manufacturing costs, or the sum of the market price of the bullion content, the cost of manufacturing, plus a 15-percent surcharge. I feel compelled to point out that in today's gold and silver market the potential profit to the government is considerable, under the St Germain approach. this profit would be more than $65 million, if all of the authorized coins are minted and sold.

You can see, Mr. Chairman, the St Germain Olympic coin bill assures the Federal Government all costs, plus some profit. In fact, the St Germain proposal breaks with commemorative coin precedent in that the Federal Government is reimbursed for manufacturing costs. In the past, the beneficiaries of the commemorative coins have enjoyed a subsidy in that manufacturing costs have been absorbed by the Treasury. The St Germain proposal breaks with that precedent. Again, I must stress that the primary purpose of the coin program is to raise revenues for the Olympics. A discussion of foregone profits to the Federal Government is highly inappropriate. I ask my colleagues, do we really want the Federal Government to profit on our Nation's Olympic athletes?

Mr. Chairman, opponents of the bill have alleged that the St Germain proposal leaves the mint vulnerable to scandal. This is a serious charge and one that should not be taken lightly. Contrary to these suggestions, the St Germain proposal has taken into careful consideration the need for both Treasury and GAO oversight and audit of the coin program and they are in the St Germain bill. I would like to point out that such safeguards are absent from the Annunzio substitute. These sections of the bill have been refined numerous times to insure the sanctity of the U.S. Mint. Under the provisions of S. 1230 of the Department of Treasury and the Los Angeles Olympic Organizing Committees enter into an implementation agreement which provides strict guidelines for all of the details of the coin program, including the price and the schedule of payments, the design of coins, and the choice of marketing organizations. I repeat, the choice of marketing organizations. It will be open to public bid. The allegation that it is going to go to a particular coin group is false. It may go to that group, but the fact is that it will be a public bid.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. PATTERSON. I yield to my chairman.

Mr. ST GERMAIN. Let us repeat, if this is such a lucrative thing, there will be thousands of bidders, will there not?

Mr. PATTERSON. I thank my chairman.

Under the other alternative, the Annuzio substitute, however, any group with cash in hand could buy large quantities of coin, large quantities of coins at a discounted rate, and market them in any manner and at any price which they deemed fit.

In other words, this is the coin collectors' alternative, the coin collectors' substitute. Unsupervised bulk sales of coins of this type are not only highly speculative in nature, but they threaten the integrity of the Mint.

After the purchase of these coins at a discounted rate under the Annuzio substitute, these purchasers would be in direct competition with the Mint in the public market. I ask my colleagues, what kind of successful marketing organization would intentionally undermine its own potential market in such a manner?

Mr. Chairman, the commonsense arguments against the gentleman from Illinois' alternative Olympic coin program are endless, but my time is not. I will stop here to allow other Members an opportunity to speak in regard to this bill.

Let me conclude by reminding the House that S. 1230 is the bill supported by the U.S. Olympic Committee, the LA Olympic Committee, the Treasury, the city of Los Angeles and the U.S. Senate, to name just a few. I wholeheartedly urge its adoption without amendment. The moral support offered the Olympic athletes in this legislation will erase all concern in their hearts that the sacrifice which they made in 1980 has been forgotten by the American people.

Mr. ANNUNZIO. Mr. Chairman, I yield 6 minutes to the gentleman from Texas (Mr. GONZALEZ), a member of the subcommittee.

I would ask the gentleman to yield to me.

Mr. GONZALEZ. I yield to the gentleman.

Mr. ANNUNZIO. The statement is made on the floor of the House that the U.S. Government cannot market these coins but the U.S. Government can bail out McDonnell Douglas, can bail out Lockheed, can bail out the city of New York, can bail out Chrysler Corp., and this afternoon we have a loan guarantee program where we can bail out the savings and loan industry.

But the U.S. Government cannot mint or market these coins which it has been doing since the creation of the mint.

Mr. GONZALEZ. Mr. Chairman, I rise first of all because I think this was an important point made here by Mr. ANNUNZIO, but actually I think the main one has been overlooked. If nothing else out of this heat and travail, I hope it becomes obvious, at least to the Members of the House, that the time for codification and a whole scale revision of our coinage and mint legislation is long overdue.

There have been some egregious distortions based on, I am sure, a lack of historical analysis and knowledge. When Alexander Hamilton presented his report to accompany the legislation for the establishment of a mint in Philadelphia, which was enacted on April 2, 1792, he just sent a 21-line report, and that included the organization of the mint and designating the specific officers who, to this day, are organized substantially the same way.

Since 1792 there has been only one major revision or codification of this law and that was in 1873, with some recodification efforts in 1875 in the Coinages Act, and they called that the Coinage Act of 1873 and 1875.

Today, contrary to the statements made here by some previously that this is a pattern and that there is precedent, this is not so. This is definitely new legislation, new departures. This bill, as presented now in its present form, is a basic departure because it provides for a variety and a number of coins and other factors.

We are not talking about commemorative medal legislation. We are talking about commemorative coins.

This coinage is legal tender under U.S. statutes. If anyone here thinks that does not have a specific meaning, he is laboring under a great delusion and a mistake in the interpretation of the full range and significance of this fact.

In effect, what we are doing here is reaching the ultimate outer limits of the existing legislation.

A second statement made here that there has been no record of abuse is absolutely contrary to every single experience our country has had with the minting of coins under this peculiar system which, incidentally, did not exist until 1892. It was the 1892 statutes that provided for the issuance or the minting of commemorative coins for individuals or events.

Since I have been a member of this subcommittee, and that is 20 years, I have had a great interest in following the wallowing and floundering we have had in the emergencies that have come up.

Surely even the Members that last spoke right preceding me here were here in Congress and can remember the great contortions and agitation with respect to the Bicentennial issue.

I am sure this is the reason why we are so agitated now. From the very beginning, there was trouble.

Let me show what our history shows. President Hoover on April 21, 1930, in a message to the Congress said:

> During the past 10 years, 15 such special coins have been issued, an average of one each eight months, an aggregate of over 13,000,000 such coins have been authorized. There are now pending before Congress five other bills for such coinage. . . . The monetary system of the country is created and exists for certain well-defined and essential purposes . . . [which] can best be served and the integrity of our coins . . . protected form counterfeiting by limiting the number of designs with which in the course of time the public can become thoroughly familiar. . . . The growing practice of issuing commemorative coins, incidentally to be sold at a profit and provide funds for projects of celebrations, appears to me to run counter

to this principle and by their multiplicity to have become a misuse of our coinage system.

President Roosevelt, who followed him, in 1935, in a similar message, said:

> "Nine issues of such coins have been authorized, an average of one issue every three and a fraction months, notwithstanding the fact that in each case the Treasury Department reported adversely on the bill." Noting further that medallic commemoration could suitably replace commemorative coins, Roosevelt quoted from section 3510 of the Revised Statutes to the effect that no change in design should be made more often than once in twenty-five years. He recommended that draft legislation be adopted to the end of declaring it "the policy of the United States to authorize the striking of commemorative medals in lieu of commemorative coins and to discontinue striking of such coins."

What we are doing here today is opening the doors wide to corruption and excess profiteering. The only amendment that I have offered is one that is a feeble attempt to cap the excessive profiteering in this legislation, because it is too late to try to do anything substantive. The issue has now been falsely diverted to whether one is for or against the American Olympic athletes.

But I close, as I started, I hope that if nothing else comes out of this we go into a determined effort to revise and codify our laws with respect to the minting and the coinage that exists today. I am afraid we are like the old Bourbon kings: we learn nothing and forget nothing.

☐ 1300

Mr. WYLIE. Mr. Chairman, I yield 3 minutes to the gentleman from Colorado (Mr. KRAMER).

Mrs. HOLT. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield to the gentlewoman from Maryland.

Mrs. HOLT. Mr. Chairman, I rise in strong support of S. 1230 brought to the floor by Chairman ST GERMAIN. We are all in agreement that the 1984 Olympic games in Los Angeles are worthy of support. The promotion of amateur athletic competition through the Olympics contributes to better understanding between the peoples of the world.

For that reason, I am very comfortable with the bill brought before us by the gentleman from Rhode Island (Mr. ST GERMAIN). His bill will not incur any net cost to the American taxpayer. I urge my colleagues to support the St Germain bill.

S. 1230 places the substantial risks of the program on the private marketers and not on the taxpayers, as does the substitute program. That plan calls for total Government marketing in the United States. That program requires an immediate $50 million advance to the Olympic committees out of the Treasury. Whether you call this payment an advance, appropriation, or entitlement it is still a direct payment out of the Treasury.

S. 1230 does not require any Government payments. It requires the private sector to assume the payment of the guarantee to the Olympic committees.

Mr. KRAMER. Mr. Chairman, I rise in support of S. 1230.

I come from a district that is the home of the U.S. Olympic Committee and the U.S. Olympic Training Center. I have watched the development of a national sports festival from its inception in 1978. I have seen the great sacrifices of our athletes firsthand. I have watched the development and selection of our great Olympic hockey team. I have seen the increased ability to train young athletes with limited resources.

I support a coin bill. The U.S. Olympic Committee is currently $2.6 million in debt, and it has a $77 billion budget to fulfill over the next 3 years.

In the Amateur Sports Act of 1978 the Congress mandated that the U.S. Olympic Committee develop and coordinate all amateur sports in the United States, but provided no money to the committee to perform this task. The committee is committed to fielding the best possible team of athletes for the 1984 games.

Funds derived from this bill at no cost to the taxpayer, will help establish a permanent endowment for amateur athletics. A cutback in funding of athletic programs at the high school and collegiate levels means that someone must fill the gap if we are to continue to train fine young men and women who become fine athletes.

The U.S. Olympic Committee—and I think this is an important fact—is the only one out of 150 Olympic committees in the entire world which does not receive government funding.

The committee bill will not, and rightly so, provide Government funding but it will provide the mechanism needed to do the job, and that is why I support the St Germain bill over the other vehicle.

We live in a free enterprise system, and it is free enterprise which can, in joining with Government and the Olympic movement, best provide the optimal amount of funds for the U.S. Olympic movement. This fact is substantiated by testimony of the Secretary of the Treasury and by other experts who know the business of marketing coins.

The administration, the Treasury, the USOC and the LAOC all support the committee bill. The Treasury simply does not have the expertise or the resources to market coins on a domestic and international basis, the approach called for in the substitute.

Let us not risk the future of the 1984 games. Let us not risk the future of the U.S. Olympic Committee and, probably most important of all, let us not risk the future of amateur athletics in this country with a substitute that we are not sure can do the job. For that reason, let us support the St Germain bill.

Mr. ANNUNZIO. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. I thank the gentleman for yielding.

Mr. Chairman, like my colleagues, I have been sitting through this debate for some time. And, like my colleagues, we were delighted to know the Banking Committee was undertaking this particular need, responding to the need of the Olympic Committee and the athletes. So I would like to take this opportunity to congratulate the Chairman, the gentleman from Rhode Island (Mr. ST GERMAIN), and also the chairman of the subcommittee, the gentleman from Illinois (Mr. ANNUNZIO), for both of them address an important issue.

I have listened to some of the acrimonious remarks, and I do not think they are relevant. There is a single issue that comes to mind that was made very effectively by the gentlewoman from California when she revealed an analysis that she had made. In order to raise $100 million under the Annunzio bill, it would cost $120 million. In order to raise that same $100 million under the St Germain bill, it would cost some $220 million.

I am not opposed to private marketing. Clearly there is a place for it. But I would be hard pressed to convince my constituents that we would be prepared to pay $120 million in an effort to raise $100 million. It clearly impacts on the consumer and on the taxpayers of our country and, as a result, I would have to come down on the side of the Annunzio substitute.

I am gratified, however, that no matter which version prevails, the needs of our athletes will be responded to in this major effort. But I do not think that we should be required to pay as much as $120 million. I would be prepared to support something that would cost considerably less, but certainly not that exorbitant sum.

I want to take this occasion, once again, to thank the gentlewoman from California for making what I believe is probably one of the most telling points in this entire debate.

Mr. WYLIE. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. FIELDS).

Mr. FIELDS. Mr. Chairman, I would like to congratulate the gentleman from Rhode Island, the chairman of the House Banking Committee, for his outstanding leadership and perseverance in bringing this important legislation to the floor of the House.

I, too, am a strong supporter of amateur athletics in this country. In fact, I have introduced a bill, H.R. 4454, which is designed to significantly aid the U.S. Olympic Committee in both its short-term and its long-term fund-ing raising efforts.

This bill, which now has been cosponsored by 163 of our colleagues in the House, would simply allow taxpayers to check off a box on their yearly 1040 income tax form indicating they wished to donate $1 of their money to the U.S. Olympic Committee—a dollar from their refund, or by adding a dollar to their taxpayment if there were no refund.

Let me emphasize that the key difference between this checkoff system and the Presidental campaign fund checkoff is that under my bill money going to the USOC would be individual's money not Federal—Government money.

I would say to the gentleman from Rhode Island, that I believe my bill compliments the proposal of the distinguished chairman, and would assist the USOC not only in the upcoming 1984 Olympic games but in its future athletic endeavors. I would be very pleased to have the gentleman join me in this effort and I am happy to support his legislation today.

As a result of the Amateur Sports Act of 1978, the USOC became the coordinating body for all amateur sports in this Nation. While I believe the USOC has met that challenge with distinction. The USOC's new role constitutes a significant change in its historical responsibilities which were limited to sending teams to the Olympic and Pan American games.

Today, the USOC conducts a broad range of programs that attempt to reach the novice competitor as well as the Olympic level participant. In fact, only 14 percent of the USOC's 1976-80 budget was used to send U.S. teams to the Pan American and Olympic games.

In order to fulfill the purposes of its Federal charter, however, the USOC needs more funds to reach athletic performers of all ages and abilities, with new emphasis on the handicapped, minorities and women. As a quick example, it now costs $3,000 a year to train a competitive swimmer, $10,000 for an individual gymnast and between $15,000 to $20,000 to properly train a world class figure skater.

I believe that as a nation we must provide our athletes with the proper resources to effectively compete in international competition. For too long, America's athletes have participated in Olympic games with one hand tied behind their backs because of poor facilities and less-than-ideal training programs. That is not fair to them and it is not fair to the literally millions of Americans who support them.

I believe Olympic great Edwin Moses best summarized my feelings in testimony before the Senate Finance Committee on the Senate companion to my bill when he said:

> The Soviet Union and their satellities view the Olympic games as an opportunity for propaganda. They would like nothing more than to come to our soil in 1984 and beat the United States badly. Whether we like it or not, the United States must face this issue and face it immediately. Our choices are three: First, we can quit international sports, saying that we cannot compete effectively against the socialist system; second, we can continue to contest these countries in the haphazard way of the past; or third, we can respond to the challenge.

I believe we must respond to the challenge. Who of us will ever forget that magic moment at Lake Placid, when a group of unknown young American athletes whipped the mighty Russians and stole our hearts as a result of their "miracle on ice."

It is my firm belief that one excellent mechanism for meeting this challenge is contained within my bill, H.R. 4454, the U.S. Olympic Development Fund Checkoff Act. This bill will assist the USOC by allowing Americans to give of themselves to these amateur athletes who spend endless hours training for the opportunity to represent this Nation in international competition.

I would emphasize that my bill does not create a new Federal bureaucracy nor does it mandate new requirements on the Olympic Committee. It simply would establish the U.S. Olympic Development Fund, which would collect money donated by Americans when filing their tax returns. The fund would exist only on paper and would serve only as a bookkeeping tool to transfer donations, 100 percent of the money collected, to the USOC in an orderly fashion.

Every month, the Secretary of the Treasury would transfer an equal portion of the total money collected by the fund to the committee, which would use the money to improve amateur athletics in the United States.

With the 1984 Olympic games quickly approaching, the time for action is now. While I support the legislation we are considering today, I feel we need to go further to meet not only the short-term but the long-term financial needs of the U.S. Olympic Committee. In this way, we can insure that both our Olympic hopefuls and other amateur athletes receive the proper training and facilities they so deserve.

With the passage of this legislation and mine, we can relive those magic moments of 1980 by insuring that our amateur athletes do not make their journey alone and that their dreams and ours become a reality.

Thank you, Mr. Chairman.

The **CHAIRMAN.** The Chair will announce that the gentleman from Rhode Island (Mr. ST GERMAIN) has 12 minutes remaining; the gentleman from Ohio (Mr. WYLIE) has 10 minutes remaining; the gentleman from Texas (Mr. PAUL) has 2 minutes remaining; and the gentleman from Illinois (Mr. ANNUNZIO) has 5 minutes remaining.

Mr. **ST GERMAIN.** Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to at this point use a bit of my time to apologize to the amateur athletes of this Nation, to the volunteers who work with our Olympic committees, to the hundreds of local youth and athletic organizations who have seen their efforts besmirched by some very vitriolic language against this legislation. They deserve better from the House.

Seldom have so few cast so much misinformation about an issue. The excesses have been many. Regardless of one's feelings about this legislation, I trust there are few on this floor who will endorse the tactics of the opposition.

When the unpaid volunteers from the Olympic committees dared to oppose the Annunzio legislation, he opened a session of his subcommittee with this series of charges, and I quote: "Could there be some secret deals, under-the-table payments, special contracts, the hiring of favored law firms, or even out-and-out bribes?"

You know, that is similar to the old cabal, "When did you stop beating your wife?"

Then, as if to wipe away the blood with a single swipe of the towel, he said, and I quote: "I have no information that this is the case, and I hope that these possibilities are not true."

Repeatedly, we have had charges of worldwide scandals. We have had the convenient and, of course, selected leaks to Jack Anderson. We have had the broad innuendoes about supporters of the legisation "helping Communists," a charge that would have made Joe McCarthy proud.

The charges have hurt the Olympics and they have hurt our athletes. The long delay in bringing this measure to the floor, after it sat in the subcommittee for a year, has cost the Olympic effort in Los Angeles and the American team millions of dollars.

Mr. Chairman, under this smokescreen of excesses—and we have heard more today—the Olympic coin issue remains a very simple question.

Commemorative coin programs have become a tradition with the Olympic games. These programs have become an important source of private funds for all host countries. Our own Olympic committees are asking that their Congress allow them, as the 1984 hosts, to continue that tradition and to be allowed to raise funds, as other nations have, in all recent Olympic games.

Our U.S. Olympic Committee has shared the profits of all of these programs—3 percent of the sales conducted in the United States. These sums have been very important to our athletes, and if this Nation fails to conduct a worldwide coin program for the 1984 Olympics, this source of funding for U.S. teams in future Olympics would be eliminated.

The Olympic committees are asking only that we authorize the minting of 17 different Olympic coins that would be sold worldwide by private marketers—private marketers who would assume all of the risks of the program. They are not asking for any public funds.

We have never funded our Olympic athetes with tax dollars. As a result, our U.S. team is heavily dependent on the type of private fundraising contained in S. 1230, more so than any other Olympic team in the world.

As reported by our committee, it is a workable program, S. 1230, lined with public interest safeguards, and with all of the risks and the costs borne by the private sector.

There are five key points to the committee-passed legislation:

First, a minimum of $30 million guarantee for the Olympics from private sources;

Second, proper incentives to attract private marketers and provide a significant profit for the Olympic Committee;

Third, rational marketing plans that take into consideration the international markets and the international character of the Olympics;

Fourth, proper ongoing supervision of the coin program by the U.S. Treasury and the General Accounting Office; and

Fifth, absolutely ironclad assurances there will be no costs to the Federal Government and that the marketers assume the risks.

As a counter to S. 1230, the opponents of the Olympic Committee's efforts will offer a jerry-built program, patched together in the middle of the subcommittee hearings, which will shift the costs, the risks, and the marketing largely to the backs of the Federal Government, onto a Treasury Department that does not want it.

The gentleman from Illinois (Mr. **Annunzio**) and the gentleman from Texas (Mr. **Paul**) have tried mightily to suggest that the mint is secretly behind their plan.

The Treasurer of the United States, who oversees the U.S. Mint, Angela Buchanan, spoke clearly when she appeared before the subcommittee, and I quote:

> There is every reason to believe that the 17-coin program sponsored by Chairman St Germain would generate a far greater sum of money. The potential of the larger coin program offered and promoted by a capable private sector marketing group on a worldwide basis should add substantially to the proceeds received by the Olympic Committees.

Speaking of the Annunzio program, Ms. Buchanan said, and I quote:

> We are reluctant to hinge the success of the 1984 Los Angeles Olympics on a coin marketing program run by the Government. This is particularly the case when a program is proposed that has no exact historical precedents and, therefore makes projections based on historical results somewhat more speculative.

The administration supports S. 1230. This was confirmed as recently as Tuesday of this week when Deputy Secretary R. T. McNamar wrote the distinguished minority leader, Mr. **Michel**, and I quote:

> We feel that the marketing of the coins by the private sector will maximize the revenues to the Los Angeles Olympic Committee and the U.S. Olympic Committee. *The Administration strongly supports this legislation as reported by the Committee on Banking, Finance and Urban Affairs.* . .

The Treasury Department has been working on this legislation from almost day one. They have met with the Olympic Committees, the prospective marketers, the committees of the House and Senate side.

☐ 1315

They have held innumerable conferences on the issue; they have talked with GAO. They have explored the issue fully.

I have a very strong feeling that if there were a worldwide scandal, or any of the other nefarious schemes charged by the opposition, that the Treasury Department and the administration would have long since backed away. They clearly have not been impressed by the string of "Dear Colleague, I have a new charge today" letters of a few of my colleagues.

Mr. Chairman, I want to briefly address the question of coin dealers, coin collectors and the numismatic press. Some elements of this community—particularly the professionals who make their bread and butter off the coin shoppers guides—have lobbied hard for a limited program. The editorial positions of these publications and the gentleman from Illinois (Mr. **Annunzio**) have, miraculously come out at the same place at the same time.

The editors and publishers of these coin papers have appeared in the hearing room as "members of the press" one day and have appeared on other days as witnesses for the Annunzio proposal. One of the newspapers, Numismatic News, is blatant about its lobbying and has openly boasted that its staff prepared position papers for lawmakers who are opposed to what they describe as an expansive Olympic coin program.

Despite the "Dear Colleague" letters and despite this trade publication lobbying, there is not unanimity of opinion in the coin community. Many important coin people, respected dealers, support the committee reported bill and sincerely question the viability of a Government run program. The numismatic witnesses who take this position—who support the Olympic bill—did not have an opportunity at the hearings, despite repeated requests, they tell me, to testify.

So when you hear claims about the coin community, take it with a little grain of salt.

The collectors are very important, but a program based solely on their desires and their market is doomed to failure. The Annunzio bill may make important elements of the numismatic community feel good, but we are talking about raising funds for the Olympics, not about what the publisher of Numismatic News would like to sell in his newspaper.

In addition to running for the coin publications and their allies in the numismatic community, the opponents of S. 1230 have spent a great deal of time running against Armand Hammer.

Mr. Hammer is head of Occidental Petroleum, one of the firms which has stated it will bid on the marketing program. Mr. Hammer has been shot at from all angles.

"Forget the Olympics and attack Armand Hammer," has become the battle cry of the opponents of S. 1230. They will be passing out ripe tomatoes today for anyone who wants to join in the fun.

Mr. Hammer can defend himself. He and representatives of Lazard Freres appeared voluntarily and willingly—in fact, they had difficulty getting on the witness list—as witnesses before the gentleman from Illinois (Mr. **Annunzio**).

The **CHAIRMAN**. The gentleman from Rhode Island (Mr. **St Germain**) has 2 minutes remaining.

Mr. **WYLIE**. Mr. Chairman, I yield 2 minutes of my time to the gentleman from Rhode Island (Mr. **St Germain**).

Mr. **ST GERMAIN**. I thank the gentleman.

That public record speaks loudly, but it has not stopped the innuendoes.

Frankly, we do not know whether Mr. Hammer or someone else will be the successful bidder. I repeat, if it is such a giveaway, such a profitmaker, there will be an untold number of bidders at the next bidding.

The bidding is open. All bidders must meet a strong list of criteria and all must be willing and able to put up $30 million in the form of guarantees for the Olympics, to pay all production costs to the U.S. Mint, and to assume all risks of the marketing of the coins worldwide and pass muster at the Treasury Department. If the market believes this is a lucrative program, I am sure we will have a long list of bidders. I am hopeful that we will have qualified bidders. I am convinced we will.

One of the dead cats thrown into this debate has been a discussion of a "Greek coin program." Part of this—and I do mean only part—of this story found its way into Jack Anderson's column through a lack of a cable from the U.S. Embassy in Athens—a cable requested by the Annunzio subcommittee. The cable contained a rehash of the charges and countercharges which had apparently been initiated by the losing bidder. The cable concluded that the issue was basically a dispute between two companies.

The connection, via the well worn innuendo path, is that the winning bidder was Numarco, a subsidiary of Lazard Freres, a possible bidder on the U.S. program.

Strangely enough, neither Jack Anderson nor the other peddlers of the Greek mythology bothered to mention the complaining company. The company is Italcambio, a name to remember.

Italcambio is a Venezuelan firm with offices in Milan, Miami, Switzerland, France, Germany, and I am sorry to say Canada. In the 1970's, Italcambio was caught redhanded in the State of New York and charged with fraudulent acts in the marketing of gold coins, purposed to be issued by Cambodia. The New York attorney general moved against Italcambio, put a stop to the fraudulent activities, fined the company, and obtained a court order that among other things forced the company to refund money to purchasers of the "Cambodian" coins.

Now, Italcambio wants back in another program, a "Government-run" U.S. Olympic coin program. The request has moved through State Department channels.

That is one of the things that worries me about the Annunzio proposal which he will present in opposition to S. 1230. Under the marketing plans of the Annunzio bill, uncontrolled marketers—unchecked by anyone—could purchase coins at huge discounts at the Treasury. Nothing could prevent these marketers—from whatever background—from moving in and selling these coins under any kind of misleading promotion to an unsuspecting public.

The St Germain bill, S. 1230, controls the advertising and promotion and requires that the Secretary of the Treasury not only review the materials in advance, but monitor the program throughout.

The Annunzio bill does not have this safeguard for the bulk purchasers and there is nothing to prevent an Italcambio from repeating its Cambodian Gold coin caper.

The marketing under the Annunzio bill is conflicting, with each element undercutting the other. The chances of obtaining qualified foreign marketers under the bill is jeopardized by this strange structure. Frankly, it is simply not workable on a worldwide basis

The gentleman from Illinois (Mr. ANNUNZIO), of course, has attacked the international aspects of the coin program on the floor of the House. As a result, I assume his provision for international marketing is little more than window dressing, and that it is not intended to work.

Today, Mr. Chairman, we will hear opponents of S. 1230 tell us how much they love the Olympics and admire the U.S. athletes. They just want to gut the financing. The Olympics can remain, just do not finance them with a workable program, is the basic line of the opponents of S. 1230.

With friends like this, the 1984 Olympics needs no enemies.

The CHAIRMAN. The time of the gentleman from Rhode Island (Mr. ST GERMAIN) has expired.

The gentleman from Ohio (Mr. WYLIE) has 8 minutes remaining.

Mr. WYLIE. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. SHUMWAY).

Mr. SHUMWAY. Mr. Chairman, I am delighted to have this opportunity to raise my voice in the midst of this spirited debate in support of S. 1230. We have had many statements, very eloquent statements, on the floor here today, I am sure that all of them are very well intentioned. However, I think that some of them have really masqueraded the real need and issue before the House this afternoon. That issue is not whether Armand Hammer pays U.S. taxes or not, it is not whether Occidental Petroleum discloses its prior earnings or not, or whether it happens to be involved in litigation or not. The issue, I believe, Mr. Chairman, is how we can best finance the 1984 Olympic games.

This is a matter that has been under long review, and unfortunately most of that review has not been before the committees of Congress, but has been conducted by media, in the backrooms, and perhaps very little of it in the full committee.

But I think it is very significant for all of us to remind ourselves here today, as we consider this issue, that the athletes themselves, who are very much involved, their organizers, their planners, everyone who is connected with the forthcoming games, have heard all of the points that have been made here today. They have considered these issues. They have heard these arguments and, nevertheless, they have united virtually unanimously in support of S. 1230.

I might add the same kind of analysis and the same kind of position is true with the administration.

I would, therefore, suggest, Mr. Chairman, that this issue has really been unnecessarily protracted. I think the fact of the matter is that most countries who host Olympic games do traditionally mint coins in connection with those games. In this case, we are doing that and simply adding to it the device of financing the games, which certainly is a worthy cause.

I have reviewed this bill and I have heard the arguments, not just today but in the course of committee. I am a Californian. I am a member of the Banking Committee. I am very much in favor of this bill and urge the House that it pass it without limiting amendments.

The CHAIRMAN. Does the gentleman from Texas (Mr. PAUL) desire to yield time or to take time at this point?

Mr. PAUL. Not at this point, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Ohio (Mr. WYLIE) desire to yield further at this time?

Mr. WYLIE. Not at this point, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Illinois (Mr. ANNUNZIO) desire to yield at this time?

Mr. ANNUNZIO. Mr. Chairman, I yield 3 minutes to a distinguished member of the House Committee on Banking, Finance and Urban Affairs, the gentleman from Georgia (Mr. BARNARD).

Mr. BARNARD. Mr. Chairman, we are here today for one and only one purpose. We are here to determine how we can best help our amateur athletes in their efforts to compete in the 1984 Olympic games in Los Angeles.

I do not believe that support for one of the two proposals before us today indicated support for the athletes, while support for the other indicates lack of interest. In fact, I believe that precisely the opposite is true. If we, and I mean all of us, did not have the welfare of the athletes at heart, and if we did not care whether or not they get the best deal, we would be doing other things. We would just pass one bill or the other, and let it go.

However, we really care that the athletes get the best deal, and the debate today has brought up some serious points that really need to be answered. For one thing, we need to decide the question of who will sell these coins.

We know almost exactly who will bid to sell these coins, and in all likelihood, the winner will be the coin group, made up of Occidental Petroleum and Lazard Freres. They have spent hundreds of thousands of dollars on lobbying to get this contract.

Unfortunately, groups of this sort have had a very poor track record in the past, and the money they have provided the Olympics in similar programs have been well below what they promised.

This is no minor point. In 1976, the Montreal Olympics were promised $250 million from coin sales. They got

$24 million. This was a similar program to the one we are asked to support today.

There is no way of telling how much the Moscow Olympics were promised and got, because the same group that is asking us to trust them today with these coins refuses to tell us anything about the details of that transaction. How can we possibly trust an organization with a secret track record with the future of our Olympic games?

Without a doubt, selling either program will take a great deal of selling expertise. However, I question whether only one approach allows for such expertise.

There is no question in my mind about the inbred support this country feels for our Olympian athletes. The length of this debate today is some indication of this support. I have no doubt that there are unlimited professionals who would be pleased to donate their services to help with a mint lead marketing effort, and would insure that the Olympic committees would get all of the proceeds after expenses, and not just a minimum of 36 percent. The provisions of S. 1230 are not the only approach that will allow Americans to buy Olympic coins, and they are not necessarily the provisions that give the athletes the best financial break.

This is a point that needs to be stressed. Under the bill's language, the Olympic athletes are promised only $30 million out of the hundreds of millions that the sales of these coins will raise. After that, they could get 36 percent of what is left after expenses, if there is any left after expenses.

In S. 1230, we would not just be giving the marketing organization 64 cents out of every $1 earned, we would let them subtract whatever expenses they have first. For example, if the coins raised $500 million, the Olympics would not get $180 million, with the coin group getting $320 million. Instead, all the expenses incurred by the coin group would be subtracted first. So if the expenses came to half the purchase price of the coins, which is low by business standards, the Olympic committee would get $90 million, while the coin group would get $410 million; $250 million to repay expenses, and $160 million profit.

This is just plain bad business. If all the expenses of the coin group come off the top, what incentive do they have to keep costs down? How are we going to be able to tell, despite auditing by the Treasury Department, which expenses were necessary, and which simply increase the profits of the coin group?

Let us be honest, is a 36-percent share of the profits fair to the athletes? What about a 55/45 split? Or how about 50/50? If the marketers are really interested in helping the athletes of this country, why will not they give the athletes a better break?

Finally, let us consider the buyers of these coins, our constituents. Some of them bought Olympic coins in 1976 and 1980, and have seen their investments turn to dust. The advertising promised them that they were not only supporting the Olympics, they were making an investment that would grow. Do we want to make the same mistakes with the same type of program again.

Today, both Olympic series sell for the cost of the metal. There were just too many different coins for the collectors to collect, so they ignored them. How many of your constituents are going to come back to you in a couple of years after spending up to $5,000 for basically worthless coins?

In addition, last time this group sold Olympic coins, an individual could not buy just one coin. The purchasers had to sign up for a whole series. This froze out the common man, who might have wished to support the Olympics but could not afford the cost of a whole series.

Mr. Chairman, these problems are avoided by Mr. ANNUNZIO's substitute. It is a fair way to fund the Olympics, while at the same time taking into consideration the needs of the coin buyers. It will avoid the abuses of the past, and is supported by both the American Numismatic Association and the coin press, both of whom represent the people we will expect to buy the bulk of these coins.

I believe that this is the fair way to support our athletes, and I urge my colleagues to support the Annunzio substitute.

The CHAIRMAN. The Chair will state that the gentleman from Ohio (Mr. WYLIE) has 5 minutes remaining, the gentleman from Texas (Mr. PAUL) has 2 minutes remaining, and the gentleman from Illinois (Mr. ANNUNZIO) has 2 minutes remaining.

Mr. WYLIE. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. LOWERY).

Mr. LOWERY of California. Mr. Chairman, I rise in support of S. 1230. The most important thing to keep in mind as we consider this legislation is the objective that we are trying to reach, and that is the financial support for hosting the 1984 summer Olympic games in Los Angeles and training for our U.S. teams in athletic programs throughout the country.

Under S. 1230 the support can be provided without spending $1 of taxpayers' money—without spending $1 from the U.S. Treasury.

We all know that our U.S. athletes do not receive Government subsidies. This fact makes it all the more critical that Congress and the Federal Government express support for these fine Americans by approving the measure that will be most beneficial to the athletes.

In addition, the summer Olympics are being held in this country for the first time in 50 years. As is the case with all Olympics, the success of the games reflects directly on the world image of the host country. What better way to emphasize the success of our free enterprise system than a private market effort to fund the games and train the athletes.

As a primary cosponsor of this legislation since it was first introduced almost a year ago, I am fully confident that S. 1230 will be far more effective than any other legislation.

This bill is in fact an improvement over earlier versions. Stronger restrictions against conflict of interest and inappropriate advertising have been added. The legislation provides for control of the program by the Secretary of Treasury, audits by the GAO, and specifically states that there shall be no net cost to the Federal Government.

□ 1330

S. 1230 enjoys bipartisan support in both the House and the Senate, the support of both the United States and the Los Angeles Olympic organizing committees, the mayor of Los Angeles, the Honorable Tom Bradley, U.S. Treasury, the White House, the House Banking Committee by a vote of 32-to-7, as well as a host of athletic organizations all over this country, including:

U.S. Olympic Committee;

Los Angeles Olympic Organizing Committee;

U.S. Treasury Department;

President's Council on Physical Fitness;

YMCA's of America;

Catholic Youth Organization;

Jewish Welfare Board;

Special Olympics, Inc.;

Exploring Division of the Boy Scouts of America;

National Junior College Athletic Association;

National Association of Intercollegiate Athletics;

National Wheelchair Athletic Association;

U.S. Association for Blind Athletes;

Women's Sports Foundation;

Amateur Softball Association of America;

USA Amateur Boxing Federation;

Little League Baseball; and

U.S. Jaycees.

In short, S. 1230 would provide a far greater sum of money to support the Olympics and shifts both the costs and the risks of the program from the Federal Government to the private firms who will be awarded the successful bid.

This is the only viable, workable legislation which is under consideration today.

Now, we have heard a great deal of assumptions today, assumptions that the U.S. Treasury would automatically sell $120 million worth of coins, thus netting the Los Angeles Olympic Committee some $100 million. Well, it is not as easy as just assuming. There is a good deal of work, expertise, advertising and money that is involved.

The U.S. Mint assumed that the Susan B. Anthony dollar would be accepted. Well, shucks, as we all know, it was not even accepted by the ticket machines at Washington Metro.

I cannot say as I blame the machines, they did not assume it was a dollar, when it looked like a quarter.

The key here is the word assumption. Who is assuming the risk? If we want the risk to be borne by the taxpayers of the United States, then support Mr. ANNUNZIO's substitute amendment. I do not think that is the way to go, the Reagan administration does not think that is the way to go, the Treasury Department does not think that is the way to go, the U.S. Olympic Committee does not think it is the way to go. Under S. 1230 the risk is borne by the private sector.

Mr. Chairman, the gentleman from Rhode Island (Mr. ST GERMAIN) so ably pointed out we have heard a good deal of debate, charges innuendo, and outright character assassination. As a wise old lawyer once said, "If you've got the facts, you pound the facts. If you've got the law, you pound the law. If you don't have either, you pound the table."

I submit to my colleagues that we have heard a great deal of table pounding today in utter disregard of the facts.

Mr. Chairman, time is of the essence if we are to reach our objective of private support for our U.S. Olympics. I urge passage of S. 1230.

Mr. PAUL. Mr. Chairman, I yield 2 minutes to the gentleman from Delaware (Mr. EVANS).

Mr. EVANS of Delaware. Mr. Chairman, I want to congratulate the chairman of the Banking Committe, the gentleman from Rhode Island (Mr. ST GERMAIN), and the chairman of the subcommittee, the gentleman from Illinois (Mr. ANNUNZIO), and our ranking member, the gentleman from Ohio (Mr. WYLIE), and the gentleman from Texas (Mr. PAUL), the ranking minority member on the subcommittee, for bringing this issue to the floor of the House.

I think the debate has been good and I think the differences of opinion have been well expressed. I do not think there is a single soul in this body that does not believe in the Olympic movement, that does not believe in the importance of the Olympics.

Since we did not participate at Moscow in 1980, it underscores the importance of participation at Los Angeles in the summer of 1984, because the Olympic movement and the Olympics themselves can be a bridge toward better understanding. I think they can help pierce that veil of distrust that exists among nations by developing greater respect on a personal level from participants all over the world.

Therefore, I think there is no question but that both sides should quite properly support strongly the Olympics.

The question and the real issue is what form our support takes, whether it takes the form of the St Germain-Wylie bill or the form of the Annunzio substitute.

Personally, I do not think we need to see another Susan B. Anthony type debacle. I say that in terms of the emotional atmosphere surrounding the issue on the floor of the House and in the Banking Committee when that bill passed through the Banking Committee by a vote of 39-to-1 and overwhelmingly on the floor.

I am proud of the fact that I was that one dissenting vote in the Banking Committee and the one that spoke up here on the floor against it, not because I was opposed to Susan B. Anthony, but because I was opposed to the manner in which it came to the floor. In fact, we had not had the complete debate we needed. We did not test market the product before spending millions of dollars paid for by American taxpayers. In this instance we have had extended debate and there are two alternatives. One is that of the gentleman from Rhode Island (Mr. ST GERMAIN), and if that is the only alternative available, I am going to vote for it. But, I think the alternative of the gentleman from Illinois (Mr. ANNUNZIO) is a better one. I think it gives us another option, one that gives the total amount of money raised to the Olympic movement and to our amateur athletes.

I think the very best approach, would be to appropriate the funds for the Olympics, because it is a wise investment of limited resources. I do strongly believe that the Olympics can help to bring about a more peaceful world.

But, the direct appropriations route is not available to us today. Of those available I think the Annunzio approach is the best one, but if it does not prevail, I certainly will support the St Germain proposal because we need to insure the success of the Olympics.

Mr. ANNUNZIO. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, in the remaining 2 minutes I want to express my deep appreciation to all of the Members of the House who have participated in this debate, especially those who have sat here throughout the entire morning and the afternoon.

This has been a good debate. As chairman of your coin committee, I have in all honesty tried to bring to the floor of this House all of the facts confronting the Members of this House as far as the Olympic coin bill is concerned.

Fact 1: The Los Angeles Olympic Organizing Committee had entered into a $5 million contract with the Occidental Petroleum Co. and $1 million of that $5 million has already been used.

As you know, about a month ago, because of the lateness of the hour, Occidental and Lazard-Freres withdrew from the contract. One week after they withdrew, I was asked for a statement and I made a very simple statement. They are going to be back in the ball game.

Well, they are back into the ball game. Dr. Armand Hammer appeared before our subcommittee. He talked about his $30 million guarantee. Let no one fool you. There is no $30 million guarantee. There is a $20 million guarantee.

Mr. WYLIE. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the Olympic coin legislation which is before us today has drawn a degree of interest which is very unusual for a coin bill. It is unusual in my stay in Congress, I might say.

This bill does provide for an allocation formula which is designed to protect all interests, including the taxpayers of the United States. We have acted at the request of the Treasury and with the approval of the Olympic interests, so that there would be no doubt about the distribution of the funds under this plan.

Most Members support the Olympic games. Most Members of the House, of course, support the spirit of the Olympic games and we want to be behind those games. There is something of a tradition for the host nation to issue commemorative coinage to honor and support our athletes and our Olympics.

I see that the chairman wants me to yield.

I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. If the gentleman will yield, just a quick statement on the guarantee. Is it not correct that S. 1230 requires that there be a $30 million guarantee if the legislation is adopted.

Mr. WYLIE. Absolutely, and that point has been made many, many times.

In authorizing the Olympic coinage, the Congress may directly act to assist the Olympics and our athletes.

I think it is an appropriate role for Congress to act in that fashion. As a matter of fact, no one else can mint coins of the realm and that is what is going to make the Olympic coins attractive, the fact that they do have legal tender status.

The debate in our committee, as I have said, has been very extensive and most of us believe that this program should not be rejected because of suspicions, either real or imagined, about the motives of the prospective marketeers.

I honestly believe that there are adequate safeguards so that the Olympics will benefit from the sale of these coins.

I think the bill we have before us is the appropriate vehicle and I urge adoption of S. 1230.

● Mr. DIXON. Mr. Chairman, it is with great pleasure that I rise in strong support of S. 1230, the Olympic Coin Act, and urge its prompt passage and final enactment by this Congress.

The bill before us today will go a long way toward making the 1984 Olympics in Los Angeles the finest in the history of the modern games. It is an effort of which all Americans can be proud. Certainly it is one in which I have great pride, as one who has the honor and privilege of representing a district which includes the sites of many Olympic events, including the colorful opening and closing ceremonies, the Olympic village at the University of Southern California, and the sites of the track and field, boxing, basketball, swimming, and weight-lifting competitions.

Anyone who has been involved in the planning of the games must appreciate the magnitude of the task facing the Los Angeles Olympic Organizing Committee. The summer Olympic games, the first to be held in the United States in 52 years, requires a myriad of preparations, from the construction and renovation of venues to transportation and security in order to accommodate the thousands of athletes, press, and spectators who will converge in Los Angeles 2-years hence. At the same time, the U.S. Olympic Committee is in constant need of financial support in order to develop and maintain training facilities to enable our country to compete with athletes from the rest of the world.

At the same time, we in Los Angeles have been acutely aware of the excesses of past Olympiads, and the need to place the 1984 games in proper perspective. It is with this thought in mind that Los Angeles, site of the 1932 games, presented their bid, and it is with this thought that the planning of the games has proceeded. To an extent unparalleled in Olympic history, the games of the XXIIId Olympiad are to be conducted for the most part in already existing stadiums, taking advantage of the already excellent facilities which have made Los Angeles the sports capital of the world. Beyond this, the organizers of the games very early on foreswore the use of Government funds, a commitment to private funding backed up by the Los Angeles City Council, which passed a charter amendment insulating local taxpayers from any financial responsibility or liability for the games. As 1984 approaches, the LAOOC is well on the way to meeting this goal, having arranged for a select but lucrative series of corporate sponsorships, including the privately underwritten construction of new world-class swimming and bicycle racing facilities.

The Olympic coin bill fits well into both of the aforementioned needs, by providing a lucrative source of funding for both Los Angeles and the ongoing U.S. Olympic movement, and maintaining the concept of private contributions and no cost to the taxpayers. As amended by the House Banking Committee, the bill authorizes the minting of 17 different commemorative coins in honor of the 1984 games. All coins will be legal tender as "coins of the realm". Marketing of the coins would be done by private entities with capacity for such a massive worldwide undertaking, but only after competitive bidding and with safeguards, including full authority for GAO audits and quarterly reports to Congress, to insure that the integrity of U.S. currency is maintained and that the maximum revenue go for the conduct of the games and the training of our Olympic athletes. Under the bill, the LAOOC will obtain a minimum of $30 million, in up-front money from the private marketers, regardless of the number of coins sold, with the potential, based on previous examples from other countries, of more than $200 million.

Mr. Chairman, anybody who has followed the progress of this legislation, particularly since its initial Senate passage a year ago, realizes that there have been some contentious issues and sticking points, and perhaps even some hard feelings. Yet I think in future years we will be able to look back onto this program with pride, knowing that we in Congress have reaffirmed our Nation's commitment to the Olympic movement after the Moscow boycott in a manner which safeguards coin collectors and the taxpaying public. I strongly urge the passage of this bill.●

● Mr. ROBERTS of South Dakota. Mr. Chairman, I rise in support of S. 1230, to produce gold coins in honor of the 1984 Olympic games in Los Angeles. In announcing my support for S. 1230, I do so because I definitely believe that the proper way to market these coins is through the free enterprise system.

I would remind my colleagues of the strong support of this free-market approach by the Jaycees. As a former State vice president of the Jaycees, I find the argument to leave the marketing in private hands is the most sensible manner to honor the Olympic tradition in a country committed to free enterprise.

In opposing the Annunzio amendment to make this a wholly Government project, I feel that the free enterprise system can be trusted to market the coins to the best benefit of all concerned.

Further, Mr. Chairman, I congratulate the Jaycees for making this one of their priority projects.●

The CHAIRMAN. All time has expired.

Pursuant to the rule, the substitute committee amendment recommended by the Committee on Banking, Finance and Urban Affairs, now printed in the reported bill, shall be considered as an original bill for the purpose of amendment, and shall be considered as having been read. It shall be in order to consider: First, an amendment to said substitute printed in the CONGRESSIONAL RECORD on May 19, 1982, by, and if offered by, Representative ST GERMAIN; and second, an amendment in the nature of a substitute to said substitute printed in the CONGRESSIONAL RECORD of May 19, 1982, by, and if offered by, Representative ANNUNZIO after consideration of the amendment offered by Representative ST GERMAIN and other perfecting amendments.

The Clerk will designate the amendment.

The text of the committee amendment in the nature of a substitute is as follows:

S. 1230

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Olympic Coin Act of 1982".

PURPOSES

SEC. 2. It is the purpose of this Act to provide for the minting of commemorative coins to honor and commemorate the 1984 Los Angeles Olympic games.

MINTING

SEC. 3. (a) Notwithstanding any other provisions of law, the Secretary of the Treasury shall mint—

(1) not more than twenty-five million coins with a face value of $1, each coin—

(A) weighing 22.68 grams;

(B) having a diameter of 38.1 millimeters; and

(C) comprised of two identical outer layers, weighing together at last 30 per centum of the total weight of the coin and consisting of an alloy made of 75 per centum coppper and 25 per centum nickel, which are metallurgically bonded to an inner layer made of copper;

(2) not more than fifteen million coins with a face value of $10, each coin—

(A) weighing 33.625 grams;

(B) having a diameter of 38.1 millimeters; and

(C) consisting of an alloy made of 92.5 per centum silver and 7.5 per centum copper;

(3) not more than one million coins with a face value of $50, each coin—

(A) weighing 4.937 grams;

(B) having a diameter of 19 millimeters; and

(C) consisting of an alloy made of 90 per centum gold, and of 10 per centum silver or copper in such proportions as are determined by the Secretary; and

(4) not more than one million coins with a face value of $100, each coin—

(A) weighing 9.874 grams;

(B) having a diameter of 23 millimeters; and

(C) consisting of an alloy made of 90 per centum gold, and of 10 per centum silver or copper in such proportions as are determined by the Secretary.

(b) The coins minted under subsection (a) shall bear—

(1) a designation of the face value of the coin;

(2) an inscription of the year the coin is issued; and

(3) an inscription of the wards "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

(c) The designs of all coins minted under subsection (a) shall be determined by the Secretary, in consultation with the Los Angeles Olympic Organizing Committee, and shall be emblematic of the Olympics, United States participation in the Olympics, United States athletes, and other symbols consistent with the purposes of this Act. All coins minted under subsection (a) shall have a common reverse design.

(d) All coins minted under subsection (a) shall be legal tender as provided in section 102 of the Coinage Act of 1965.

(e) No coins shall be minted under subsection (a) after December 31, 1984.

MINTING SPECIFICATIONS

SEC. 4. (a)(1) The coins with a face value of $1 minted under section 3(a)(1) shall be issued in a single design and shall be of brilliant-uncirculated quality.

(2) The coins with a face value of $10 minted under section 3(a)(2) shall be issued in three series with four designs for each series and shall be of brilliant-uncirculated and proof qualities.

(3) The coins with a face value of $50 minted under section 3(a)(3) shall be issued in two series with a different design for each series and shall be of brilliant-uncirculated and proof qualities.

(4) The coins with a face value of $100 minted under section 3(a)(4) shall be issued in two series with a different design for each series and shall be of brilliant-uncirculated and proof qualities.

(b) The Secretary may reduce the number of designs for each series of coins specified in subsection (a) if the Secretary determines that such reduction is in the best interests of the United States, including meeting the coinage needs of the Nation.

(c) The Secretary shall obtain gold and silver for the coins minted under section 3(a) pursuant to the authority of the Secretary under existing law.

SALE AND DELIVERY

SEC. 5. (a) All coins minted under section 3(a) shall be delivered by the Secretary as requested by the committee for distribution and sale to the public in accordance with the terms of the agreement entered into under section 7.

(b)(1) The Secretary shall begin delivery of the coins with a face value of $1 minted under section 3(a)(1) not later than January 1, 1984. The Secretary shall begin delivery of the three series of coins with a face value of $10 minted under section 3(a)(2)—

(A) not later than January 1, 1983, for the first series;

(B) not later than July 1, 1983, for the second series; and

(C) not later than January 1, 1984, for the third series.

(2) The Secretary shall begin delivery of the two series of coins with a face value of $50 minted under section 3(a)(3) and the two series of coins with a face value of $100 minted under section 3(a)(4) not later than January 1, 1983, for the first series of each such coin and not later than January 1, 1984, for the second series of each such coin.

PRICE

SEC. 6. The Secretary shall furnish the coins minted under section 3(a) to the committee at a price agreed to under the agreement negotiated under section 7(a), which price shall be equal to the greater of—

(1) the sum of the total face value of the coins and the cost of manufacturing and engraving; or

(2) the sum of the market price of the metal used in minting the coins, the charges for strip and blank fabrication, the cost of manufacturing and engraving, and a 15 per centum surcharge on the amount of the cost of manufacturing and engraving.

IMPLEMENTATION AGREEMENT

SEC. 7. (a) The Secretary shall enter into an agreement with the committee which shall provide for the implementation of the provisions of this Act and which shall include an agreement on—

(1) the amounts to be advanced under section 10;

(2) the details of how the price for the coins will be determined and the schedule of payments for the coins;

(3) the number of each type of coin to be minted, and schedules and other provisions for the delivery of the coins;

(4) the quality and tolerance of the coins; and

(5) the proportions of proof and brilliant-uncirculated ten dollar, fifty dollar, and one hundred dollar coins.

(b) The agreement between the Secretary and the committee shall identify the designs of the coins as determined under section 3(c).

(c) The agreement between the Secretary and the committee shall ensure that the minting of coins authorized by this Act shall result in no net cost to the United States Government.

(d) The agreement between the Secretary and the committee shall provide that neither the committee nor the marketing organization, its assignees, or its subcontractors shall make any statement or representation which would state, imply, implicate, or tend to imply or to implicate that any portion of the purchase price of any coin authorized by this Act is tax deductible in whole or in part by the purchaser. Such agreement shall provide appropriate sanctions for the breach of such provision of the agreement.

(e) The agreement between the Secretary and the committee shall be concluded within sixty days of the date of the enactment of this Act. The Secretary, upon notice to the committee, may extend, by not to exceed an additional fifteen days, the time by which such agreement shall be concluded.

(f) The Secretary may not enter into an implementation agreement with the committee unless the selection of a marketing organization has been made under section 8.

(g) The Secretary may terminate the implementation agreement and cease minting and the delivery of the coins authorized by this Act if the Secretary finds that such termination is in the best interests of the United States. Reasons for such termination may include—

(1) actions which are materially inconsistent with the terms of the implementation agreement or the marketing agreement between the committee and the marketing organization; or

(2) advertising materials that are inappropriate for advertising the sale of United States coinage or otherwise not in keeping with the dignity of United States coinage.

(h) If the Secretary exercises his authority under subsection (g) or section 4(b), the amount of any proceeds guaranteed to the committee by a marketing organization under the marketing agreement shall be reduced appropriately.

SELECTION OF MARKETING ORGANIZATION

SEC. 8. (a) As soon as possible after the effective date of this Act, the committee shall solicit, in accordance with procedures specified by the Secretary, proposals from marketing organizations to carry out a marketing agreement. Such procedures shall include the publication of evaluation criteria that will serve as the basis for selecting one or more marketing organizations. Such criteria shall include—

(1) the financial resources and coin marketing experience of the marketing organization;

(2) the estimated proceeds to the committee from the sale or other disposition of the coins and the manner of payment of actual proceeds and guaranteed amounts;

(3) the commitment of the marketing organization to guarantee the committee not less than $30,000,000 from the sale or other disposition of the coins; and

(4) the terms and conditions for the marketing of the coins, including—

(A) proper and equitable distribution of the coins;

(B) accurate and otherwise appropriate advertising materials to be used in promoting the coins; and

(C) the wholesale and the retail prices of the coins, and if necessary, reasonable ranges for such prices.

(b) Within forty-five days after the effective date of this Act, the committee shall consider all proposals received from marketing organizations under subsection (a) and select one or more marketing organizations which offer the terms for marketing of the coins most favorable to the committee, in accordance with the published evaluation criteria. The selection of any marketing organization shall be subject to the approval of the Secretary.

(c) Any marketing organization selected shall agree, as part of its proposal, to comply with provisions—

(1) ensuring that the marketing organization will use its best efforts to achieve the broadest practicable distribution of coins consistent with maximizing the receipts to the committee;

(2) preventing the possibility of a conflict of interest by requiring that neither the marketing organization, its assignees, nor any person or entity controlling, controlled by, or under common control with, the marketing organization or its assignees, will buy or sell or profit from the coins in the secondary market, or in retail sales (except direct mail sales), without the prior consent of the committee and the Secretary;

(3) requiring the marketing organization to select marketers and distributors based on such marketers' and distributors'—

(A) past experience with coin programs;

(B) sales potential for the coins;

(C) professional integrity;

(D) marketing and support capabilities; and

(E) financial stability;

(4) requiring that the marketing organization will closely monitor any marketers and distributors it selects to ensure that their advertising copy and marketing and coin distribution methods are in accordance with procedures and policies that protect the reputation, image, and dignity of the Olympics, United States coinage, and the United States Government;

(5) ensuring that all advertising material intended for use in connection with the marketing of the coins shall be subject to approval by the committee and the Secretary; and

(6) ensuring that the prices of coins sold by the marketing organization or its assignees to purchasers in the United States shall be uniform throughout the United States, except for such differences in price as shall be appropriate in selling to wholesalers, dealers, and to the public through direct mail or otherwise.

(d)(1) In the event that no marketing organization bids on the solicitation or no bid is found acceptable, the Secretary may implement as many provisions of this Act as the Secretary deems to be in the best interests of the United States. In no event may the Secretary implement the program in such a manner that the program involves any net cost to the United States Government, or that the required recordkeeping, reporting to the Congress, or auditing by the General Accounting Office are in any way impaired.

(2) The Secretary may mint and issue coins in such quantities, denominations, and designs as the Secretary shall determine. The Secretary may provide for the marketing of such coins, pursuant to the Secretary's authority under this law or any other law, through the committee, through one or more marketing organizations (with which he may contract directly), through the facilities of the mint, or any combination of the foregoing.

(3) The Secretary shall attempt to implement the program in a manner which will provide such revenues as may reasonably be raised under the circumstances for the committee from the disposition of coins, consistent with the other obligations of the Secretary under this Act. Nothing in this subsection shall permit the Secretary to guarantee any minimum payment to the committee.

RECEIPTS FROM DISPOSITION OF COINS

SEC. 9. (a)(1) From all amounts received by the marketing organization from the commercial sales of the coins, redemption of the coins at face value, and sales of the coins' contents, the committee shall receive from the marketing organization not less than the amount determined under the following cases:

(A) if the aggregate gross margin does not exceed $350,000,000, 36 per centum of the aggregate gross margin;

(B) if the aggregate gross margin exceeds $350,000,000 but does not exceed $500,000,000, 40 per centum of the aggregate gross margin; and

(C) if the aggregate gross margin exceeds $500,000,000, 40 per centum of the aggregate margin that does not exceed $500,000,000 and 60 per centum of the aggregate gross margin in excess of $500,000,000.

(2) For purposes of this subsection—

(A) the term "gross margin" means the total of the gross amounts paid to the marketing organization or its assignees by purchasers for the coins' sold by the marketing organization or its assignees plus such other amounts paid to the marketing organization or its assignees for the redemption of the coins at face value and for sales of the coins' contents, minus allowable costs. To avoid duplication, all sales of the coins between or among the marketing organization and its assignees shall be excluded from the gross amounts charged or invoiced by the marketing organization or its assignees; and

(B) the term "allowable costs" means only—

(i) fees and commissions but not gains or losses, of "hedging transactions" necessary to protect against fluctuations in the cost of metals;

(ii) commissions to be paid to direct mail proprietors of exclusive mailing lists in the case of retail direct mail sales by or for the marketing organization's account;

(iii) the purchase price paid to the Secretary or the committee for the coins;

(iv) returns and refunds, credits, discounts, allowances, or similar customer adjustments;

(v) sales, use and turnover taxes;

(vi) customs duties and tariffs;

(vii) fees for conversion of foreign currency to United States dollars;

(viii) costs of transporting, in an insured manner, and delivering the coins from the Treasury to distribution centers prior to sale by the marketing organization or its assignees; and

(ix) the cost of packaging the coins prior to sale by the marketing organization or its assignees.

(3)(A) To the extent any allowable costs are not actually incurred by the marketing organization or its assignees, such costs shall not be charged in computing gross margin.

(B) All computation of gross margin shall be made on the cash basis of accounting.

(b) All amounts received by the committee under subsection (a) shall be used for the purpose of staging and promoting the 1984 Los Angeles Olympic games and assisting the United States Olympic Committee and amateur athletics. Within ten days of receipt of any amounts under subsection (a), the Committee shall remit 50 per centum of such amount to the United States Olympic Committee, which, after fulfilling its obligations to foreign National Olympic Committees, shall use such funds directly and solely for the purposes of training American Olympic and American amateur athletes and erecting facilities for the training of such athletes.

(c)(1) On March 31, 1985, the committee shall remit to the United States Olympic Committee all amounts remaining from the disposition of the coins under this Act. In no event may such amount be less than that portion of the unobligated funds of the committee on that date represented by the ratio of the total amount of income received by the committee from the disposition of the coins minted under this Act to the total amount of income received by the committee from all sources.

(2) After March 31, 1985, all amounts received by the committee from the disposition of coins minted under this Act shall be remitted within ten days to the United States Olympic Committee.

(3) All amounts received by the United States Olympic Committee under this subsection shall be used solely for the purposes described in subsection (b).

(d) With respect to the sale of any coin authorized under this Act, no portion of the purchase price of such coin which is paid to the committee, to the marketing organization selected by the committee pursuant to section 8, to such marketing organization's assignees or subcontractors, or to any other person shall be deductible by the purchaser as a charitable contribution under section 170 of the Internal Revenue Code of 1954.

FUNDING

SEC. 10. The committee shall pay in advance to the Secretary such sums as are necessary to carry out the provisions of this Act. Such funds shall be deposited in a trust fund which shall be subject to, and administered in accordance with, the provisions of section 20 of the Permanent Appropriations Repeal Act (31 U.S.C. 725s). Funds in such trust fund shall be used solely for the purpose of carrying out the provisions of this Act. Any sums advanced under this section shall be deducted from the amount the committee is required to pay the Secretary for the coins authorized by this Act.

REPORTS TO CONGRESS

SEC. 11. Not later than forty-five days after the end of each calendar quarter, the Secretary shall transmit to the Congress a report regarding the disposition of coins minted under section 3(a) during such calendar quarter. No such report shall be required with respect to any calendar quarter beginning after June 30, 1985. The committee and the marketing organization shall furnish to the Secretary, in a timely manner, such information as the Secretary may require in order to prepare such reports.

RECORDKEEPING REQUIREMENTS

SEC. 12. The Los Angeles Olympic Organizing Committee, the United States Olympic Committee, any person with whom the Los Angeles Olympic Organizing Committee enters into a contract for the marketing or distribution of coins minted under this Act, and any person to whom the rights to market such coins are assigned or to whom obligations of the marketing organization are subcontracted, shall keep records which fully disclose the amount and disposition of commemorative coins and other funds received pursuant to this Act, all funds received from the disposition of such coins, the total cost of the project or undertaking, the amount of the cost of the project or undertaking provided by other sources, and such other records as will facilitate an effective audit.

AUDITS

SEC. 13. The Comptroller General of the United States shall have the right to examine all books, records, documents, and other data relating to the marketing agreement, the coins, and the funds under this Act of (1) the Los Angeles Olympic Organizing Committee, (2) the United States Olympic Committee, and (3) any person with which the Los Angeles Olympic Organizing Committee enters into a contract for the marketing or distribution of coins minted under this Act, as well as any person to whom the rights to market the coins are assigned or to whom obligations of the marketing organization are subcontracted. The Comptroller General of the United States shall also have the right to examine all books, records, documents, or other data of the Los Angeles

Olympic Organizing Committee to determine compliance with section 9(c).

RELATION TO OTHER LAWS

SEC. 14. No Federal law regarding Federal procurement or public contracts shall apply with respect to any contract entered into pursuant to authority provided by this Act for purposes of carrying out the provisions of this Act.

SECURITY OF MINT MAILING LIST

SEC. 15. The Secretary may not permit the list of numismatic customers maintained by the Bureau of the Mint to be used, directly or indirectly, by any marketing organization.

DEFINITIONS

SEC. 16. For purposes of this Act—

(1) the term "coins" means coins minted under this Act;

(2) the term "Committee" means the Los Angeles Olympic Organizing Committee;

(3) the term "marketing organization" means a firm or joint venture which proposes to purchase coins from the Los Angeles Olympic Organizing Committee and resell such coins to the public;

(4) the term "marketing agreement" means a contract for the marketing of coins; and

(5) the term "Secretary" means the Secretary of the Treasury.

AMENDMENT OFFERED BY MR. ST GERMAIN

Mr. ST GERMAIN. Mr. Chairman, I offer an amendment that was printed in the RECORD pursuant to the rule.

The Clerk read as follows:

Amendment offered by Mr. ST GERMAIN: On page 17, line 3, after the period insert a new sentence to read as follows: "Funds that have been paid in advance into the trust fund may be used to reimburse without delay the appropriation against which charges properly chargeable to the trust fund have been made."

Mr. ST GERMAIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. ST GERMAIN. Mr. Chairman, this amendment was requested by the Treasury Department and is intended to deal with a technical accounting problem that Treasury considers extremely important. Under S. 1230, as amended, a trust fund is set up to receive advance payments from the private marketers to defray Treasury's operational costs of minting the coins. Treasury may draw on that trust fund for its expenses incurred under the act. A problem arises, for example, when a mint employee spends part of his or her time in a given period on Olympic coin matters and part on other regular mint matters. In that situation, Treasury is concerned that it would have to draw two separate checks, one on the trust fund and one on the mint's regular appropriation account. Treasury says, "it is administratively easier to operate the mint's accounts from one 'checkbook,' the appropriated account, and reimburse expenses as required, rather than establish a separate operating account solely for Olympic coin purposes."

This amendment would allow Treasury to draw on its appropriations account, subject to reimbursement without delay, from the trust fund, for the portion allocable to the Olympic coin program. I hasten to point out that that, because of the requirement in the bill for advance payments by the marketers of Treasury's minting costs, all the money needed to reimburse the mint's regular appropriation would be in the trust fund before the regular mint appropriation is drawn on. Therefore, there would be absolutely no risk whatsoever to the appropriation in taking care of this technical problem, and the transfer must take place without delay so the impact of the amendment is rather minimal.

Mr. ROYBAL. Mr. Chairman, I move to strike the last word.

I would like to use the time to ask some questions.

Mr. ST GERMAIN. On the amendment?

Mr. ROYBAL. On the amendment, particularly and then following that on the bill as a whole.

Now, what does that amendment actually do? Will it request an appropriation of any kind from the House?

Mr. ST GERMAIN. No, sir. I thought I had explained that.

Mr. ROYBAL. It was quite fast reading and I could not follow it.

Mr. ST GERMAIN. Under the legislation, S. 1230, the successful bidder when ordering coins must first say, let us say they are buying $20 million worth of coins, they have come up with $20 million cold hard cash that they give to the Treasury before the mint starts producing the coins. That is put in a trust fund and those moneys are then drawn upon.

On a given day, a mint employee might be working 3 hours on Olympic coins, 5 hours on regular coinage for the Nation.

All right, they have to split up those hours. Because of the technicality, instead of giving two checks, they want to be able to give him one check and then reimburse from the trust fund to the appropriated funds.

Mr. ROYBAL. Under this amendment then, the buyer of the coins puts the money up front——

Mr. ST GERMAIN. No; under the legislation the buyer of the coins puts up the money up front.

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Mr. ROYBAL. Who bares the cost of manufacturing the coins?

Mr. ST GERMAIN. That is included. It is the cost of the coins plus manufacturing costs.

Mr. ROYBAL. But who advances the money?

Mr. ST GERMAIN. They are paid for ahead of time by the private marketer, whomever the successful bidder might be.

Mr. ROYBAL. Is it not true, then, that the buyer of the coins actually advances the money for the manufacturing of the coins?

Mr. ST GERMAIN. That is correct under the legislation; not under the amendment.

Mr. ROYBAL. Under the legislation that is true?

Mr. ST GERMAIN. Yes, sir.

Mr. ROYBAL. What is the difference, then, between the legislation and the amendments you have introduced?

Mr. ST GERMAIN. This is a technical amendment to allow the Treasury, in the case of an employee who is working half a day on Olympic coins, half a day on regular work for the Treasury, they have for that regular work appropriated funds through your subcommittee, and through the Congress. They also have to pay that man from that trust fund. Rather than draw two checks, they want to give him one check, and then reimburse from the trust fund to the appropriated funds.

Mr. ROYBAL. It seems to me that in this instance the Treasury could make available a good cost man that could design a program for the distribution of costs. I am just surprised that they found it necessary to bring such a thing up on the floor.

Mr. ST GERMAIN. Treasury is the one that came to me and asked me for the amendment, I would say to the gentleman.

Mr. ROYBAL. I understand. I do not fault the gentleman at all. What I am saying is that Treasury should have made the expertise available by administrative action.

Mr. WYLIE. Mr. Chairman, I move to strike the last word.

I would say to the gentleman from California (Mr. ROYBAL) he makes a valid point. But this amendment from the Treasury is designed to do exactly what he seeks to do. This says that the money can all be placed in one pocket, so that it can be taken out of one pocket rather than two pockets, which is the way it would be under the present bill.

The present bill just simply says that the committee shall pay in advance to the Secretary such sums as are necessary to carry out the provisons of this act, and that such funds shall be deposited in a trust fund. That is one trust fund there for the money which is paid out of this. And then there are other funds to pay the employees of the Treasury. This just says it will be one pocket.

Mr. ROYBAL. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from California.

Mr. ROYBAL. Mr. Chairman, the main point of information I was seeking was whether or not it would be necessary under each bill, or either one of the bills, to seek an appropriation.

Mr. WYLIE. No.

Mr. ROYBAL. The answer is "No."

I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island (Mr. St Germain).

The amendment was agreed to.

The CHAIRMAN. Are there other perfecting amendments to the committee substitute?

AMENDMENT OFFERED BY MR. ROSTENKOWSKI

Mr. ROSTENKOWSKI. Mr. Chairman, I offer an amendment to strike subsection (d) of section 9 on the grounds that it invades the constitutional prerogatives of the House.

The Clerk read as follows:

> Amendment offered by Mr. Rostenkowski: Page 16, strike out lines 14 through 21.

Mr. ROSTENKOWSKI. Mr. Chairman. I offer this motion to strike the language in S. 1230 regarding the tax deductibility of the portion of the coin purchase price allocated to the Olympic Organizing Committee. I want to emphasize that this motion does not reflect on the merits of this bill nor the policy of this section. In fact, I commend the distinguished gentleman from Rhode Island and the entire Committee on Banking, Finance, and Urban affairs for their work on this bill. However, my concerns are of a procedural nature. As the gentleman is aware, the inclusion of this provision, which is clearly a revenue matter, on a Senate bill, is an invasion of the constitutional prerogatives of the House of Representatives. Article I, section 7, clause 1 of the Constitution provides that "all bills for raising revenue shall originate in the House of Representatives, . . ." While in actuality the revenue provision originated in the House, the precedents indicate that courts will not look beyond a bill as enrolled to ascertain where a provision has originated. It is conclusively presumed that if the bill has a Senate designation, it has originated in the Senate. Thus, passage of this provision on a Senate bill would set an undesirable precedent for the future.

The gentleman will recall in an exchange of correspondence earlier this month, the Committee on Ways and Means agreed not to exercise its right to sequential referral of the House bill which originally contained this provision, H.R. 6058, so as to accommodate his efforts to move this bill as expeditiously as possible. However, the problem arises from the fact that the provision was reported from the Committee on Banking, Finance, and Urban Affairs as part of a Senate bill, S. 1230.

Mr. ST GERMAIN. Mr. Chairman, if the gentleman will yield, is it the gentleman's understanding that present law is adequate to preclude deductions for purchases of these coins?

Mr. ROSTENKOWSKI. It is my review that present law is sufficiently clear to preclude this result. In the event that there is any uncertainty in this regard in the future, the Committee on Ways and Means would be glad to accommodate the gentleman's concerns on the next revenue measure reported from the committee.

I thank the gentleman again for his cooperation in protecting the prerogatives of the House with respect to the origination of revenue bills.

Mr. ST GERMAIN. Mr. Chairman, this side is very happy to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. Rostenkowski).

The amendment was agreed to.

The CHAIRMAN. Are there further perfecting amendments?

AMENDMENT OFFERED BY MR. ST GERMAIN

Mr. ST GERMAIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. St Germain: On page 19, line 5, delete the period and insert in lieu thereof the following: ", except that nothing in this section shall relieve any person entering into a contract under the authority of this Act from complying, in a manner consistent with that person's obligation to meet or contribute to meeting the schedules prescribed in section 5(b) of this Act and in the implementation agreement, with any applicable Federal laws relating to equal employment and to contracting with small business and with minority and female-owned businesses."

Mr. ST GERMAIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. ST GERMAIN. Mr. Chairman, in the committee amendment there is a provision waiving the applicability of Federal procurement law for contracts entered into under the Olympic Coin Act. The reason for having this waiver was to assure that time-consuming delays and litigation would not hold up meeting and deadlines for coin delivery specified in the act. If those deadlines slip, the marketing of the coins becomes more difficult and the amount of money going to our athletes and to the Olympics could be reduced.

At the full Banking Committee markup on the Olympic coin bill, my Banking Committee colleague Parren Mitchell, who is also chairman of the Small Business Committee, expressed concern that the provision waiving Federal procurement law for the coin program might be construed to override Federal civil rights laws and laws encouraging contracting with small and minority business. I said then that it was never my intent to abridge anyone's rights, and offered to work on mandatory language for the floor to take care of this problem. I am happy to say that the amendment I now offer, which was printed in yesterday's Record and has Mr. Mitchell's full support, would say that the waiver of procurement laws does not relieve anyone who is involved in a contract under the bill from complying with the Federal laws relating to equal opportunity and contracting with small and minority and female-owned businesses. The amendment is drafted to insure consistency with the important coin production deadlines under the act. I thank my colleague Mr. Mitchell for making this very significant point.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island (Mr. St Germain).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairmen, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Conte: Page 5, strike out lines 6, 7, and 8 and insert in lieu thereof the following:
>
> (c)(1) The Secretary shall obtain gold for the coins minted under section 3(a) pursuant to the authority of the Secretary under existing law.
>
> (2) The Secretary shall obtain silver for the coins minted under section 3(a) from stocks of silver held by the Secretary of the Treasury or from any other federally owned stocks of silver.

Mr. CONTE. Mr. Chairman, I am offering this amendment today to head off any signals of confusion in the marketplace which might come about over the uncertainty of how silver will be procured to accommodate the minting of commemorative coins to help raise money for the 1984 Olympics.

The amendment simply says that in procuring silver to comply with the Olympic Coin Act, the Secretary of the Treasury shall use only silver from the Treasury or other federally held stocks as opposed to going out on the open markets to procure what is needed to mint the commemorative coins.

As my colleagues know, I have, over the years, repeatedly pointed to the surplus of Government silver. My latest figures show that the Treasury Department alone has approximately 38.8 million ounces of silver in its stockpile, while other sectors of the Federal Government have another 140 million plus ounces. As long as this quantity of silver is sitting around, it is serving no purpose.

We all remember back when the price of silver soared and, along with that drastic price rise, a corresponding leap took place in the prices of consumer products which contain silver, such as medical and dental supplies, photographic equipment, electrical equipment, and silverware. An incursion into the market by the Government at this time, while not producing drastic price rises, is unnecessary and could certainly send prices up to some degree.

The notion that the Government might go into the private markets to procure silver could produce conditions of uncertainty which we do not need at this time. Therefore, in the interest of market stability, I urge my colleagues to vote for this amendment to give some assurance that the Treasury will use Government stocks of silver for the Olympic commemorative coins.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, I would say to my colleague from Massachusetts I am pleased to accept his amendment. It has been discussed.

I would say the committee attempted to deal with your concern, as you know, in the committee report language. However, I do not have any difficulty accepting the amendment. I am told Treasury has no problem with it, so I urge its adoption.

Mr. CONTE. I thank the gentleman.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Florida.

Mr. FASCELL. We are not talking about silver mines?

Mr. CONTE. No; they use the silver from Treasury or from the stockpile.

Mr. FASCELL. And your purpose is to maintain a rational market?

Mr. CONTE. Exactly right.

Mr. FASCELL. The price of silver is so low now, how does this help? In other words, if the word gets out that the Treasury, under this bill, is about to go out and mint a lot of coins and use a lot of silver, it will drive the price up?

Mr. CONTE. They would not go out in the private market and buy it when they have their own silver. We want them to use their own silver.

Mr. FASCELL. You mean out of the stockpile?

Mr. CONTE. Either that, or whatever Treasury has.

Mr. FASCELL. that seems to make sense. But what concerns me is if you drive the market price up by using the stockpile, then the Government has to go back out in the market to buy the silver for the stockpile at a higher price. On the other hand if the silver in the stockpile has an average acquisition cost to the Government higher than the present market price the Government will suffer a loss.

Either way it will seems to me a mandate would be costly.

The stockpile presumably is essential for national security purposes and there has been complaints that the stockpile overhang dampens the market price.

So the natural question arises, Why involve the stockpile? Why not just buy on the market?

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. There is so much silver in the stockpile, as you know, that will not be a problem.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Florida.

Mr. BENNETT. As chairman of the Stockpile Committee that has most of the silver I think the Federal Government owns, I am a little disturbed. I had not heard of this amendment before. I am not quite sure what it is going to do to our stockpile.

We have not been appropriating very much money to put things in that stockpile. We have great deficiencies in the stockpile. We are relying upon the silver as a source of money to get other things which are in very short supply.

What would the gentleman's amendment do to that?

Mr. CONTE. The latest figures show that the Treasury Department alone has approximately 38.8 million ounces of silver in their stockpile, while another sector of the Federal Government, which you know, has another 140 million-plus ounces of silver. We have an abundance of silver. We do have some shortages in the defense stockpile of titanium, cobalt, and several other metals, as the gentleman knows, that we cannot mention here.

Mr. BENNETT. What I am apprehensive about is the money from the stockpile silver may escape the stockpile and not be available to get the cobalt and other things we need.

Mr. CONTE. No; any silver that is going to be bought by the stockpile will be definitely used for the stockpile.

Mr. BENNETT. Will the money come back; the stockpile fund?

Mr. CONTE. Exactly right.

Mr. BENNETT. Rather than in the Treasury in general?

Mr. CONTE. If it comes from the stockpile, right.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Ohio.

Mr. WYLIE. The minority has had an opportunity to examine the amendment. We support it.

It would not seem to cost the Government any money. I think that is uppermost in our minds here. We have the assurance of the gentleman it would not raise the price of silver, or tend not to raise the price of silver. Whereas, if they were required to go out on the open market, it might raise it. I think it is a stabilizing influence.

Mr. CRAIG. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Idaho.

Mr. CRAIG. Mr. Chairman, I commend the gentleman on this amendment.

I think, coming from a silver-producing State, the argument a lot of us have had over the years is that the stockpile and the presence of that silver there, in effect, has a depressing effect on the market. To use it this way would be a wise utilization. It would enter the market in the form of a coin and not in the form of bullion to be used for a variety of other purposes.

I commend the gentleman for looking at the silver that is available to be utilized for this purpose. I think it is an appropriate amendment for this type of legislation.

Mr. CONTE. I appreciate the gentleman's comments.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Would the gentleman from Massachusetts (Mr. CONTE) tell the House when these marketeers are billed for the silver by the Treasury Department, will they pay the price that the Treasury paid for the silver some years ago? I believe it was $1.29 an ounce. In today's market, it is about $7 an ounce.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. CONTE) has expired.

(By unanimous consent, Mr. CONTE was allowed to proceed for 1 additional minute.)

Mr. ANNUNZIO. Will the marketeers pay Treasury the old or new price?

Mr. CONTE. They will pay the market price. They will bid for that silver.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The amendment was agreed to.

□ 1400

The CHAIRMAN. Are there further perfecting amendments to the committee substitute?

If not, does the gentleman from Illinois (Mr. ANNUNZIO) desire to offer his amendment covered by the rule?

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ANNUNZIO

Mr. ANNUNZIO. Mr. Chairman, pursuant to the rule, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will report the amendment.

Mr. EVANS of Delaware. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 89]

ANSWERED "PRESENT"—350

Akaka
Albosta
Alexander
Anderson
Annunzio
Anthony
Applegate
Atkinson
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Benedict
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Bliley
Boggs
Boland
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brooks
Broomfield
Brown (CO)
Broyhill
Burgener
Butler
Byron
Campbell
Carman
Carney
Chappie
Clausen
Clinger
Coats
Coelho
Coleman
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dicks
Dixon
Donnelly
Dorgan
Dougherty
Dowdy
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (AL)
Edwards (CA)
Emerson
Emery
English
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Fithian
Flippo
Florio
Foley
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Gray
Green
Gregg
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Harkin
Hatcher
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holland
Hollenbeck
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Jeffords
Jeffries
Jenkins
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kennelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lungren
Madigan
Markey
Marlenee
Marriott
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McClory
McCollum
McCurdy
McDonald
McEwen
McGrath
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Oxley
Panetta
Parris
Pashayan
Patman
Patterson
Paul
Pease
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Richmond
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Roemer
Rose
Rosenthal
Rostenkowski
Roukema
Roybal
Rudd
Sabo
Sawyer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Siljander
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Stangeland
Staton
Stenholm
Stratton
Studds
Stump
Swift
Synar
Tauke
Tauzin
Taylor
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Wampler
Washington
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Winn
Wirth
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki

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The CHAIRMAN. Three hundred fifty Members have answered to their names, a quorum is present, and the Committee will resume its business.

At the time the point of order of no quorum was made the Clerk was about to report the amendment in the nature of a substitute offered by the gentleman from Illinois (Mr. ANNUNZIO).

The Clerk will report the amendment.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. ANNUNZIO:

Strike out all after the enacting clause and insert in lieu thereof the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Olympic Commemorative Coin Act".

COIN SPECIFICATIONS

SEC. 2. (a)(1) Notwithstanding any other provision of law, the Secretary of the Treasury (hereinafter in this Act referred to as the "Secretary") shall issue not more than fifty million one-dollar coins which shall weigh 26.73 grams, have a diameter of 1.50 inches, and shall contain 90 per centum silver and 10 per centum copper.

(2) Secretary shall determine the design of such one-dollar coins. Such design shall be emblematic of the 1984 summer Olympic games which are to be held in Los Angeles, California. On each such one-dollar coin there shall be a designation of the value of the coin, an inscription of the year of issue, and inscriptions of the words "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

(3) The coins shall be issued in two separate designs, one in 1983 and one in 1984.

(b)(1) Notwithstanding any other provision of law, the Secretary shall issue not more than two million ten-dollar coins which shall weigh 16.718 grams, have a diameter of 1.06 inches, and shall contain 90 per centum gold and 10 per centum copper.

(2) The Secretary shall determine the design of such ten-dollar coin. Such design shall be emblematic of the 1984 summer Olympic games which are to be held in Los Angeles, California. On each such ten-dollar coin there shall be a designation of the value of the coin, an inscription of the year 1984, and inscriptions of the words "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

(c) The coins issued under this section shall be issued in uncirculated and proof qualities.

(d) All coins issued under this section shall be legal tender as provided in section 102 of the Coinage Act of 1965.

SALES WITHIN THE UNITED STATES

SEC. 3. (a) Notwithstanding any other provision of the law, the coins issued under this Act shall be sold within the United States (including United States military and diplomatic establishments outside the United States) by the Secretary under such regulations as he may prescribe and at a price equal to face value, plus the cost of issuing such coins (including labor, materials, dies, use of machinery, and overhead expenses).

(b) The Secretary shall make bulk sales at a reasonable discount to reflect the lower costs of such sales.

(c) The Secretary shall accept prepaid orders for the coins prior to the issuance of such coins. Sales under this subsection shall be at a reasonable discount to reflect the benefit of prepayment.

(d) All sales shall include a surcharge, established by the Secretary, of not less than $10 per coin for one-dollar coins and not less than $50 per coin for ten-dollar coins.

(e) The Secretary shall not use any words, perform any act, or make any statement, written or oral, which would imply or indicate, or tend to imply or indicate, that any portion of the coins' sale price to the public constitutes a tax-deductible contribution.

INTERNATIONAL SALES

SEC. 4. (a) The Secretary shall assign the rights to market the coins outside the United States (excluding United States military and diplomatic establishments outside the United States) to a marketing organization selected under section 5.

(b) The marketing organization assigned the rights under this section shall pay a price determined under sections 3 (b) and (d).

SELECTION OF INTERNATIONAL MARKETERS

SEC. 5. (a) As soon as possible after the effective date of this Act, a committee consisting of the Secretary of the Treasury, the executive director of the United States Olympic Committee, and the president of the Los Angeles Olympic Organizing Committee, shall solicit, in accordance with procedures specified by the Secretary of the Treasury, proposals from marketing organizations to carry out a marketing agreement. Such procedures shall include the publication of evaluation criteria that will serve as a basis for selecting one or more marketing organizations. Such criteria shall include—

(1) the financial resources and coin marketing experience of the marketing organization;

(2) the estimated proceeds from the sale or other disposition of the coins; and

(3) the commitment of the marketing organization to purchase a certain minimum number of such coins or to pay the surcharge on such coins; and

(4) the terms and conditions for the marketing of the coins, including—

(A) proper and equitable distribution of the coins, and

(B) accurate and other wise appropriate advertising materials to be used in promoting the coins.

(b) Within forty-five days after the effective date of this Act, the committee shall consider all proposals received from marketing organizations under subsection (a) and select by majority vote one or more marketing organizations which offer the terms for marketing of the coins most favorable in accordance with the published evaluation criteria. Any marketing organization selected shall be acceptable to the Secretary of the Treasury.

(c) No amounts derived from the sale or other disposition of coins minted under this Act shall be deemed to be a charitable contribution, for purposes of the Internal Revenue Code of 1954, by the Marketing organization or its assignees or subcontractors.

DISTRIBUTION OF PROCEEDS

SEC. 6. (a) Fifty per centum of the amount of all surcharges which are received by the Secretary from the sale of coins issued under this Act shall be promptly paid by the Secretary to the United States Olympic Committee. Such amounts shall be used to train United States Olympic athletes, to support local or community amateur athletic programs, and to erect facilities for the training of such athletes.

(b) Fifty per centum of the amount of all surcharges which are received by the Secretary from the sale of coins under this Act shall be promptly paid by the Secretary to the Los Angeles Olympic Organizing Committee. Such amounts shall be used to stage and promote the 1984 Los Angeles Olympic games.

(c) Amounts received by the Secretary from advance sale of coins to be issued under this Act shall be paid to the United States Olympic Committee and the Los Angeles Olympic Organizing Committee under subsections (a) and (b), provided that any amounts paid to the Committees shall not exceed an amount equivalent to the surcharges received by the Secretary from the advance sale of coins.

(d)(1) On March 31, 1985, the Los Angeles Olympic Organizing Committee shall remit to the United States Olympic Committee all amounts remaining from the disposition of the coins under this Act. In no event may such amount be less than that portion of the unobligated funds of the committee on that date represented by the ratio of the total amount of income received by the committee from the disposition of the coins minted under this Act to the total amount of income received by the committee from all sources.

(2) After March 31, 1985, all amounts received by the committee from the disposition of coins minted under this Act shall be remitted within ten days to the United States Olympic Committee.

(3) All amounts received by the United States Olympic Committee under this subsection shall be used solely for the purposes described in subsection (a).

IMPLEMENTATION AGREEMENT

SEC. 7. (a) The Secretary of the Treasury shall enter into an agreement with the marketing organization selected under section 5 which shall provide for the implementation of that section and which shall include an agreement on—

(1) the price and schedule of payments for the coins;

(2) the schedule and other provisions for the delivery of the coins; and

(3) the proportions of proof and uncirculated coins.

(b) The agreement between the Secretary of the Treasury and the committee shall ensure that the issuance of coins under this section shall result in no net cost to the United States Government.

(c) The agreement between the Secretary of the Treasury and the marketing organization shall direct that the marketing organization shall not use any words, perform any act, or make any statements, written or oral, which would imply or indicate, or tend to imply or indicate, that any portion of the coins' sale price to the public constitutes a tax-deductible contribution.

(d) To the extent possible, the agreement between the Secretary of the Treasury and the marketing organization shall be concluded within sixty days of the date of the selection of the marketing organization.

(e) The Secretary may terminate the implementation agreement and cease minting and the delivery of the coins issued under this section if the Secretary of the Treasury finds that such termination is in the best interests of the United States. Reasons for such termination may include actions which are inconsistent with the terms of the implementation agreement or advertising materials that are inappropriate for advertising the sale of United States coinage or otherwise not in keeping with the dignity of the United States coinage.

(f) If the Secretary of the Treasury exercises his authority under subsection (e), the amount of any proceeds guaranteed to the Los Angeles Olympic Organizing Committee and the United States Olympic Committee by a marketing organization under a marketing agreement shall not be reduced.

COINAGE PROFIT FUND

SEC. 8. Notwithstanding any other provision of law—

(1) all amounts received from the sale of coins issued under this Act shall be deposited in the coinage profit fund;

(2) the Secretary shall pay the amounts authorized under section 6 from the coinage profit fund; and

(3) the Secretary shall charge the coinage profit fund with all expenditures under this Act.

AUDITS

SEC. 9. The Comptroller General of the United States shall have the right to examine such books, records, documents, and other data of the United States Olympic Committee and the Los Angeles Olympic Organizing Committee as may be related to the expenditure of amounts paid under section 6.

FINANCIAL ASSURANCES

SEC. 10. (a) The Secretary shall take all actions necessary to ensure that the issuance of the coins authorized by this Act shall result in no net cost to the United States Government.

(b) No coin shall be issued under this Act unless the Secretary has received full payment therefor.

(c) The Secretary shall certify, in reports required to be filed under section 11 of this Act, that he is in compliance with this section.

REPORTS TO CONGRESS

SEC. 11. Not later than forty-five days after the last day of each calendar quarter, the Secretary shall transmit a report to the Congress regarding the activities carried out under this Act during such calendar quarter. No such report shall be required with respect to any calendar quarter beginning after December 31, 1985.

Mr. ANNUNZIO (during the reading). Mr. Chairman, in view of the fact that the substitute amendment was printed in the RECORD, I ask unanimous consent that it be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ANNUNZIO. Mr. Chairman, I have a technical amendment that the gentleman from Illinois (Mr. ROSTENKOWSKI), chairman of the Committee on Ways and Means, has asked me to introduce.

Mr. Chairman, I ask unanimous consent that the substitute amendment made in order by the rule be modified by striking paragraph (e) of section 3, beginning at line 24, page 3, and by striking paragraph (c) of section 5, beginning at line 21, page 5.

The purpose of the modification is to avoid any problems that tax legislation is not considered in a banking bill, and it is offered at the suggestion of the chairman of the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The substitute amendment is modified.

The Chair recognizes the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Chairman, we have had a 2-hour debate on the merits of this coin legislation. I am not going to take my entire 5 minutes, but I want to say to those Members of the House who are assembled here this afternoon that your Coin Subcommittee, which I have the honor to chair, has worked long and hard on a program to protect the integrity of the U.S. Mint.

My substitute is a very simple bill. All of the proceeds under the substitute will go to the athletes and the Olympic Committees.

There is no Member of this House who is against an Olympic coin program. We all favor an Olympic coin program, but we want an Olympic coin program by which the athletes of America will derive the most benefit.

In S. 1230 the bill provides the private marketers. They have a split of 64 percent for the private marketers and 36 percent for the Olympic Committee. The argument has been heard the mint has no expertise in marketing coins. I want to remind the Members of this House that we have never had in the history of this country an Olympic coin program. This is the first program that we are embarking on.

The experience of other countries with private marketers has not been to the benefit of the athletes. The Canadian program was a disaster. On the Moscow program, which was marketed by Occidental Petroleum Co., there is no information available from Mr. Hammer. When I asked him the question in subcommittee, he said that is privileged information.

☐ 1430

I want to remind the Members of this House that it is a foregone conclusion, Occidental Petroleum, Hazard Freres did sign a contract with the Los Angeles Olympic Committee for $5 million. $1 million was turned over immediately so that the Los Angeles Olympic Committee could use that money for lobbying purposes and promoting the legislation that they so desired.

About 3 or 4 weeks ago Occidental canceled their contract. When they notified Los Angeles Olympic Committee, that they were canceling their contract, it came over the air on NBC and all over the Nation. I said, "Thank God, the American athletes and the American people have been saved. These people have now dropped out of the contract."

But my enthusiasm was shortlived. Two weeks later they came back into the program.

The private marketeers stand to make on this bill a minimum, a minimum of $300 million. I want to say to my colleagues no money, no money should be given to private marketeers. No American should make money on the blood and the sweat and the tears of American athletes.

Today you have an opportunity to tell your constituency and the taxpayers of America that you are not investing one dime in an Olympic program, that all of the proceeds under my substitute will go to the athletes and the Olympic committee.

The first vote will occur on the Annunzio substitute. If you want a strong coin program, if you want the athletes to have all the money, then you vote for the Annunzio substitute.

Mr. PAUL. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the substitute amendment.

Mr. Chairman, I rise in strong support of the substitute offered by the gentleman from Illinois (Mr. ANNUNZIO). We have spent 2 hours of general debate and I think most of the important points have been made, but I would like to just review very briefly the reasons why I am supporting this bill over the proposal of the gentleman from Rhode Island (Mr. ST GERMAIN).

I think the most important point I would like to make is that is frequently said that the St Germain proposal is that of a private approach to the sale of these gold coins. Obviously private companies are involved and I, for one, am anxious to defend the private enterprise system at every chance I get.

It happens, though, that I do not believe that this is a private approach. It is a combination approach. It is a combination approach with Government and big business.

I happen to think that is a bad combination, and I do not like to support this type of arrangement. I think it is much safer for us and much better for us to support an arrangement where the Mint and the Government will have control, where there will not be an opportunity because of privilege given to a particular company to make hundreds of millions of dollars of profit.

I have nothing against profit. I just do not like to see large companies making large profits by special privilege and special interest legislation.

I, too, agree entirely with the statement made by the gentleman from Illinois (Mr. ANNUNZIO) that under his arrangement and under his proposal more money will go to the Olympic Committee. I believe that sincerely. I think there is less chance for corruption under this arrangement that there would be under the arrangement and proposal of the gentleman from Rhode Island (Mr. ST GERMAIN).

One thing that is of particular interest to me is the differences between the coins presented, and because they are attractive to me more so in the Annunzio bill, I am sure this is going to be true with the millions of Americans who are planning to buy the coins. The coins are very attractive in the Annunzio substitute.

This silver dollar coin is the same weighted coin that our dollar once was and is similar to the Morgan dollar. For this reason it will have great attractiveness to coin dealers.

Not only that, the gold coin is the same weight as our old $10 gold piece. So this means that there will be tremendous attraction to those who buy and save coins.

For this reason, the dealers and the collectors who testified in our committee all endorse the Annunzio proposal. These are the experts in the field of buying and selling coins. So I believe that we should listen to their recommendations.

Another important point, and I think this is one that might be just the bottom line of all what will it cost the individual consumer when these coins finally come to the market?

Most likely, in order for these large companies who are selling these coins to make these hundreds of millions of dollars profit, they must charge more. It is estimated that it could be two, three times as much as it will be under the Annunzio bill.

So, for this reason, more coins will be sold and there will be no splitting of the profits, and for these reasons I think it is absolutely the best arrangement.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. I compliment the gentleman's remarks and I would like to ask the gentleman a question. Would we be establishing a precedent by letting someone other than the Treasury of the United States market coins, coins that are circulating, that are not just commemorative coins, but commemorative coins which have value, which you can take down and buy something?

Does the gentleman know the answer to the question?

Mr. PAUL. I think that would be the case. I think we would be breaking new ground. I do not believe we have done this in the past.

I think for one like myself who believes in the use of Government in a minimal way, I think the use of the mint should be done with the Government and not with private enterprise, as we are indicating here.

Mr. GLICKMAN. I am hearing some of the talk behind me that says most of the commemorative coins we have done in the last 30 years have been by the U.S. Government issuing those coins that are in circulation.

I understand there have been some cases of coins, and one was the Booker T. Washington coin in the early 1950's, where they were, in fact, marketed.

I understand there have been some examples in the country's history over the last many, many years where on occasion we have let private institutions coin, market, and sell commemorative coins in circulation. In almost every instance there has been either a problem or a scandal, and the last one was in the early 1950's, I believe, with the Booker T. Washington coin.

I guess my point is that if we are going to coin money in America that is going to go into general circulation, that people can use to pay for things, that that ought to be done by the Treasury of the United States exclusively and not by some third party.

Mr. PAUL. I agree. I think the Booker T. Washington coin was not legal tender, if I am not mistaken.

Mr. GLICKMAN. It was legal tender coin. But I understand there was a major scandal involved in that one, and that is why it has never been done since.

Mr. McKINNEY. Mr. Chairman, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from Connecticut.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(At the request of Mr. McKINNEY and by unanimous consent Mr. PAUL was allowed to proceed for 2 additional minutes.)

Mr. PAUL. I yield to the gentleman from Connecticut.

Mr. McKINNEY. I really have to answer a couple of remarks made by the last speaker.

No. 1, under either proposal the mint is going to mint the coins.

No. 2, when you talk about an affordable coin, I would have to suggest to my friend from Texas that under the Annunzio proposal the cheapest coin that any American can buy is $22. That is an awful lot for a kid to pay that is interested in supporting the Olympics.

Under the chairman's bill, the cheapest coin is $8, which I would suggest is a great deal more affordable.

Let us then go on to one other point. I understand, and I respect my friend from Texas' thought about corruption, but let me tell the gentleman where the corruption in the past has come from.

Certainly there may be a one-only bid or a two-only bid, who knows who is going to bid on the contract. But under the Annunzio proposal, once the mint has finished selling from their list, there is no money up front for the Olympics at all, so nothing is happening for the Olympics whatsoever under the bill, then the mint is going to bid out to who knows who, Sears, Roebuck, the Danbury Mint, J. C. Penney. If the gentleman wants to talk about an opportunity for corruption, let us go into discount sales to other disparate organizations, plus the fact since those other disparate organizations are going to have far less of the sale market, their markup charge, their advertising writeoff, their cost to get the discount price is going to be twice as high as someone who has an exclusive.

Think about it.

If you have the whole package you are going to have much cheaper advertising costs and marketing costs.

That is the way it is done. If you have an exclusive, it is cheaper because you have it all. But if you are going to go to J. C. Penney and Sears, and the rest, and they are going to fight against each other and come in and buy at discount, then they are going to raise their proportionate charge on the net cost much higher.

Mr. PAUL. Could I respond to the gentleman?

Mr. McKINNEY. I am almost finished.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

(At the request of Mr. McKINNEY and by unanimous consent Mr. PAUL was allowed to proceed for 2 additional minutes.)

Mr. McKINNEY. So I would suggest the cost of the coins, the competition, the corruption, these are all like foggy shadows floating across Long Island Sound where I live. They do not exist in truth, and in comparison to the fact that the big question in here is do we as a national legislative body give a darn about the Olympics. I would suggest we do not because we do not have the guts to just come in and appropriate $50 million and build what we should build in California.

Every other nation in the world does it. So be it.

The question would be then: Do we want the Olympics to have meaningful money? Meaningful money comes up front. It does not drift in.

So I would suggest my colleagues think about what they are doing and I yield the rest of my time to the gentleman from Texas.

Mr. PAUL. I thank the gentleman and would like to address the point he makes about the price of the coins. I do not think the gentleman is comparing apples with apples. He is comparing a cheap copper token with a silver dollar. No wonder one is $8 and the other one is $22.

What we have to compare is what would that silver dollar cost under the St Germain bill. It is estimated that it would cost over $80 compared to the $22. That is the difference.

People do not buy copper tokens, they buy real money. They buy silver and gold coins. So if you want them to buy coins, you have to make the coins attractive. If it is attractive, it is going to cost a lot to buy it under the St Germain bill and a lot less under the Annunzio bill, and those dollars collected will go to the Olympic Committee and they will not go into the coffer of Occidental Oil Co.

Mr. LEACH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from Iowa.

Mr. LEACH of Iowa. I would like to voice my support for the position of the gentleman from Texas and say what we have here basically is private sector marketing in two different ways, one through exclusivity and monopoly and the other through greater competitiveness.

There is a possibility of scandal in either direction. But I am firmly convinced there is less of a possibility of scandal with greater competitiveness than with monopoly, and I would hope very much that the position of the gentleman from Illinois would prevail on this issue.

Mr. PAUL. The gentleman makes an excellent point and I thank him for it.

□ 1445

Mr. PATTERSON. Mr. Chairman, I rise in opposition to the Annunzio substitute.

Mr. Chairman, I spoke for some time previously under general debate in support of the St Germain Olympic coin bill because it is the one that will work, it is under private marketing, strict rules, with GAO audit, a public bidding process. It has all of the protections that would avoid any type of scandal.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. PATTERSON. I yield to the gentleman from Rhode Island, the full committee chairman.

Mr. ST GERMAIN. Mr. Chairman, I would like to make a few points, if I might.

A great deal of confusion has been generated about the references in the bill concerning the division of proceeds. What we have to look at, you translate the gross margin numbers, and, under that, the Olympic committees will receive at least two-thirds of the net pretax profits of the coin sales. The marketing costs and the risks will be borne by the private companies. The formula protects the Olympic Committee from being charged any increase in marketing costs which occur during the life of the program.

In a telegram from Mr. Harry Usher, executive vice president and general manager, Los Angeles Olympic Organizing Committee, he says:

> Thank you for offering the legislation and including in your legislation the formula we had previously negotiated. Your proposal should provide the Olympics with $2.00 for every $1.00 of pre-tax profit earned by the marketing group that is the successful bidder.

In other words, two-thirds of the pretax profits will go to the U.S. Olympic Committee and the Los Angeles Organizing Committee. That is a whole lot more than under the substitute that we have before us right now.

So when Dr. Paul says that millions and millions of dollars are going to be made by the private marketeers, that is fantastic, because two-thirds of the profits will go to the Olympic committees.

Let us not forget one thing. Under the substitute before us the mint sends out to their list and offering, saying, "Do you want to buy some coins?" That is the end of it. They are not marketers. Then they are going to offer bulk sales. Anybody can back a truck up to the mint and purchase these coins at a discount, thereby destroying the international market. Because which international marketer would want to bid on that aspect of it, knowing full well that somebody here locally—J. C. Penney, as my colleague from Connecticut said, anyone at all, Sears, Roebuck, 7-Eleven stores—can back the truck up and buy them in bulk. And there you have private marketers.

If the gentleman will yield further for one more point, as to the GAO, there is no GAO auditing of the private marketers in the substitute. The

GAO audits everything under the St Germain bill. Treasury supports the St Germain bill and opposes the substitute. There are no specific guarantees to the Olympics in the Annunzio bill and, regardless of what the Buchanan speculations might have been, she also stated she could not guarantee one thin dime. And, as I say, there is a loophole in the substitute before us right now. GAO does not have the right to audit the books of the international marketer or any domestic marketer of the coins, and the GAO audit section only gives the GAO the right to look at the books of the Los Angeles Olympic Organizing Committee and the U.S. Olympic Committee, whereas my bill extends the audit and recordkeeping requirement to the marketers as well.

Mr. PATTERSON. I thank my chairman for his remarks.

Mr. Chairman, I want to commend the gentleman from Ohio, the ranking minority member, the gentleman from Connecticut, who spoke previously, and all of those members of the Banking Committee who voted 32 to 7 for the St Germain bill, and all of those Members who are here bearing with us today in this emotionally charged debate. I ask my colleagues to vote against the Annunzio substitute and for final passage of the St Germain Olympic coin bill so that we can make the 1984 Olympic dream of self-support a reality.

Mr. WYLIE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the substitute.

Mr. Chairman, I believe the issue has been debated adequately. It was debated during general debate a little while earlier.

The question is whether the Federal Government will market these coins for the benefit of the Olympics which, in my judgment, could cost the taxpayers money if the program did not have the success that we hope that it will have, or whether it can be marketed through the private sector.

We have seen the experience of marketing through the Governments of Canada and the Soviet Union, and it did not work in those cases.

Now, as to the matter of safeguards, there is a selection process for the private marketer which is provided for very specifically in the bill on page 9, and I will not repeat the criteria but they are there for each Member to look at.

One of the things that appealed to me about the fact that the private marketing process could take place here is the fact that whoever receives the bid—and there is no mention of whoever might receive the bid in there—they have to come up with not less than $30 million up front to assure that the Federal Government would not be exposed through the budget or appropriation process.

Now, Treasury has the job of administering this bill, whichever one we might pass here today. So I think Treasury, as I have said before, should have something to say about what goes into the program.

I do not mean to be repetitious, but I think sometimes repetition serves to emphasize; so I would read again from a letter from Mr. Tim NcNamar, the Deputy Secretary of the Treasury, who says:

> We favor the St Germain Olympic Coin Act because it responds to the issue which we consider to be paramount in importance, meeting the needs of the Los Angeles Olympic Organizing Committee and the United States Olympic Committee for the initial advance funding without an appropriation to or a payment of funds by the Treasury. As you know, the Administration opposes any such appropriation or advance which would increase Federal borrowing and the deficit.

I just think that we have the best opportunity through the private marketing arrangement. And if it happens that nobody bids on this within 45 days, then there is an amendment which I suggested, a backup amendment, so that the Treasury could be brought into place and Treasury could then mint the coins and market the coins.

So I think given all of the considerations that have gone into this bill which we have here today, the Members should not vote for the substitute and should support the committee amendment.

Mr. Chairman, for several years, I was chairman of the Legal and Monetary Affairs Subcommittee of the Committee on Government Operations. In our oversight capacity I became acquainted with the mint and the coin world. I found out in those years of hearings, searching questions, interrogations, and writing of reports that this money business is big business. It should have occurred to me that dealing in legal tender for whatever reason is big business. I just did not realize how big. I found out, for example, that it is not unusual to read a commercial that dimes were sold in carload lots. We are talking about legal tender being sold by the bagful, by the pound, by the carload.

read a commercial that dimes were sold in carload lots. We are talking about legal tender being sold by the bagful, by the pound, by the carload.

So I rise in support of the substitute, primarily because my instincts tell me to be nervous.

I do not want to argue with anybody. I know emotions run deep and there is a lot of pride involved in this among individuals and States. I want to help Los Angeles and the Olympic athletes, and all of that. But basically it comes down, finally, to a matter of public policy.

Yes, of course, private enterprise can mint coins. I just think that is bad public policy, that is all. It is that simple. In the committee bill minting is done by the U.S. Mint but it is for a private contractor to market U.S. legal tender.

We created a mint to mint the coinage of the realm. Any private organization which wants to mint Olympic medallions, they can do that. There is quite a market in that. You ought to see the hype that goes all over the world, because it is big money. But there is a problem involved. If you just have a medallion, that is not so hot. But when you have the Government's stamp on it and it says "legal tender," now, you have got something that can really move in the marketplace. You have got something that is really worth some money, especially if it says "Uncle Sam" on it.

I am not against a middleman making a profit. They have got to make a profit to pay for their marketing, their advertising, and their handling. And it is big money. Otherwise, why would somebody put up or be willing to put up $20 million up front with another $10 million on delivery of the first coin? You would have to be an idiot. He is obviously—whoever it is, is a good businessman.

So, admittedly, there is good money involved in this process. Let us all admit that.

I am not sure the Government can match the kind of hyperbole that will be necessary to go on a big international and domestic marketing push. And it may be necessary at some point to pack up a truck and sell at one-hundredth or one-tenth or 1 percent, or whatever they want to fix it at, discount to some large buyers. But I cannot see how you can say that private enterprise is good if it is a sole source contract, or a single competitive contract and at the same time say that Sears, Penneys, and all other potential coin buyers suddenly become bad or that competition is not good.

I think the way we have been doing it with our coins up to now has not been too bad. It may not make the multimegabucks that everybody is dreaming about. Nevertheless I get nervous about that factor—the megabucks dream. I keep coming back to the fact that here we are today—we are all well meaning—we have been trying to do something for the Olympic athletes and the committee. We have not had guts enough to make the public policy decision to put the money in the Olympic program that we should have been doing all along so here we come through the back door to mint a coin, to use the mint and to turn the product over to private marketers.

What are we trying to do? One, to hold the Olympics; two, to help our athletes; and three, to uphold the patriotism and the glory of the United States of America. But it seems to me with the process before us we are doing it through the back door. Furthermore, we have to do it by turning around a public policy which has stood us in good stead for a couple of hundred years. So I am still nervous about the bill. That is the reason I support the substitute. I hope it passes. If it does not pass, I will vote for the next best thing, Mr. Chairman, because I respect the fact that a whole lot of people on both sides of the full committee did what they thought was right in bringing this bill to the floor.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Ohio.

Mr. WYLIE. I thank the gentleman for yielding, and may I respectfully suggest that when the gentleman revises and extends his remarks he might want to correct the RECORD. Private marketers will not mint these coins.

Mr. FASCELL. I did not say that. If I did say that, I will correct the RECORD. All I said was that I am not—well, yes, I see what the gentleman means. I will correct that. I did not mean to say that we were turning the mint over to private marketers. I just meant that the product of the mint would be turned over to a private contractor.

The CHAIRMAN. The time of the gentleman from Florida (Mr. FASCELL) has expired.

(On request of Mr. WYLIE and by unanimous consent, Mr. FASCELL was allowed to proceed for 1 additional minute.)

Mr. WYLIE. If the gentleman will yield further, I have one other point. Whereas these coins will be legal tender, and that will increase the appeal to the coins, under the Annunzio substitute a $1 coin would cost $22. They are not going to be in general circulation; not everyone is going to have these coins in their pockets.

Mr. FASCELL. Has the gentleman tried to buy a silver dollar lately that is before the year 1900? You pay a premium of at least $35.

Mr. WYLIE. I have not used one for legal tender.

Mr. FASCELL. But that is not where the market is. The market is numismatic. You can do it. The question is, who is going to get the premium?

So there are all kinds of ways to look at this thing. I am not arguing that. Obviously, private enterprise can do the job. I just do not think we ought to go the committee proposal route for this very worthy purpose.

□ 1500

AMENDMENT OFFERED BY MR. CONTE TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ANNUNZIO, AS MODIFIED

Mr. CONTE. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute offered by the gentleman from Illinois (Mr. ANNUNZIO), as modified.

The Clerk read as follows:

Amendment offered by Mr. CONTE to the amendment in the nature of a substitute offered by Mr. ANNUNZIO, as modified: On page 3, line 5, insert the following at the end of section 2:

(e)(1) The Secretary shall obtain gold for the coins minted under this Act pursuant to the authority of the Secretary under existing law.

(2) The Secretary shall obtain silver for the coins minted under this Act from stocks of silver held by the Secretary of the Treasury or from any other federally owned stocks of silver.

Mr. CONTE. Mr. Chairman, I will take only 30 seconds. This is exactly the same amendment that I offered and was adopted by the Committee of the Whole House on S. 1230.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. I thank the gentleman for yielding.

I commend the gentleman from Massachusetts for offering the amendment and it is acceptable.

Mr. CRAIG. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Idaho.

Mr. CRAIG. I thank the gentleman for yielding.

I would like to associate myself with the remarks made by the gentleman from Massachusetts. It is an identical amendment that certainly should strengthen the stability of the market.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Ohio.

Mr. WYLIE. I thank the gentleman for yielding.

The gentleman as usual is hedging his bet. I thought the amendment was all right on the other bill. It is all right on this and we accept it.

Mr. ROYBAL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to seek some clarification.

For example, the chairman, the gentleman from Illinois (Mr. ANNUNZIO) told the House that under the St Germain bill 64 percent of the money would go to the sellers and only 36 percent to the Olympic Committee and to the athletes.

He further stated that under his bill the full amount of the profit would go to the athletes.

Now, in contrast to all of this, the chairman of the full committee, Mr. ST GERMAIN, told the House that two-thirds of the profits would go to the Olympic Committee.

Mr. ANNUNZIO says that under the St Germain bill, 64 percent will go to the sellers, but ST GERMAIN says that under his bill two-thirds of the money goes to the Olympic Committee. What are the facts?

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. My statement comes from a request that I made to the General Accounting Office and I am using their figures.

Mr. ROYBAL. Under the Accounting Office figures 64 percent of the profits under the St Germain bill would be retained by the sellers, whomever they happen to be; 36 percent would go to the Olympic Committee.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. I can show the gentleman the telegram I have from Harry Usher. I think the gentleman is familiar with the gentleman. He is with the Los Angeles Olympic Organizing Committee.

Mr. ROYBAL. Yes.

Mr. ST GERMAIN. He negotiated the contracts with the bidders. We put into the legislation the same floor on the contracts as the contract that was negotiated.

I read from his telegram. He thanks me for including in my legislation the formula that had previously been negotiated with the marketers, and he says,

> Your proposal should provide the Olympics with $2—

That is the U.S. Olympic Committee and the LAOOC—

> per every one dollar of pre-tax profit earned by the marketing group that is the successful bidder; also the use of the formula means the return to the Olympics will not be reduced if the marketing costs rise.

Remember, it is a guarantee. They cannot charge off any rise or increase in marketing costs.

I am just reading to you, as I say, from a telegram from Mr. Usher.

Now, it says here, translating, the gross margin numbers the Olympics committee will receive two-thirds of the net pretax profits. Coin sales marketing cost and risk will be borne by private companies. The formula protects the Olympic committees from being charged any increase in marketing cost which occur during the life of the program.

Mr. ROYBAL. In one instance, Mr. Chairman, we get figures that have been submitted by someone from the Olympic Committee. The gentleman from Illinois (Mr. ANNUNZIO) has other figures. They both completely contradict one another.

Mr. ST GERMAIN. May I make a point.

Under the ANNUNZIO substitute, now before us, once the list that Treasury has is exhausted and they then begin selling in bulk to the private marketers who can just drive up and purchase whatever amount they want. They sell those at a discount thereby further reducing the profit to the Olympic Committee just in order to sell them at a discount.

Mr. ROYBAL. That may be so, but still the facts and figures given the House are in complete contradiction one from the other.

I would like to understand how someone can figure that 64 percent will go one way and still derive two-thirds of the profit.

Mr. ST GERMAIN. Thirty-six percent of the gross margin, the gross revenues, minus coin costs, but it does not include any advertising or marketing costs.

Mr. ROYBAL. Did OMB or any of the governmental agencies actually make a survey or study that would reveal the amounts of moneys that would be generated by the sale of these coins?

Mr. ST GERMAIN. I think the best source we have—I am talking about the legislation that I have introduced, that hopefully will be up next for a vote, once this is defeated—the best source I have is the LAOOC. Some very sharp businessmen within that committee negotiated with the marketing groups, got the best terms possible, and they are the ones that say to me that it is two-thirds to the Olympic Committee and one-third to——

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. The source I used is a Government source, the General Accounting Office, not the LAOOC. I trust the General Accounting Office.

Ms. FIEDLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to clarify the question which was asked by my colleague from California. He asked a question regarding where this information came from.

Before I did a calculation regarding how the breakdown of the profits would go and what would go to the Olympic Committee. Basically those figures are on page 13 of the bill, section 9(a). It determines the breakdown of the profits, after some portion of the expenses, leaving some of them as indicated by the gentleman from Rhode Island, and they are broken down rather clearly.

The first $30 million will go to the Olympic Committee. Between $30 million and the next $350 million in that contract, 64 percent of it will go to the marketer.

Mr. ST GERMAIN. Mr. Chairman, will the gentlewoman yield?

Ms. FIEDLER. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. I thank the gentlewoman for yielding.

That is gross margin. That is before advertising, marketing, et cetera.

But on the net pretax profits, it is two-thirds, one-third.

Ms. FIEDLER. All we can go by today are the specific statistics which are indicated in the bill, and it is in the gentleman's bill.

Mr. ST GERMAIN. That is a floor. I think the gentlewoman read it very carefully. That is the floor. That is the lowest they can go. They can contract upwards from there for a higher profit.

Mr. ANNUNZIO. Mr. Chairman, will the gentlewoman yield?

Ms. FIEDLER. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. I agree with the gentlelady. It is gross. Under my bill you do not need a formula. All the profits go to the athletes and the Olympic Committee and the city of Los Angeles. If we want to help Los Angeles, help the Olympic Committee, we want to help the athletes, eliminate the middleman and give all the profits to the athletes and the Olympic Committee.

Ms. FIEDLER. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE) to the amendment in the nature of a substitute offered by the gentleman from Illinois (Mr. ANNUNZIO), as modified.

The amendment to the amendment in the nature of a substitute, as modified, was agreed to.

□ 1510

Mr. ST GERMAIN. Mr. Chairman, I rise in opposition to the substitute amendment offered by the gentleman from Illinois.

Mr. Chairman, all around America this morning a very wonderful thing was happening. About 4 o'clock or 4:30 a.m. hundreds of thousands of young men and women and their parents and their trainers and their coaches were getting out and about. In order to get to the fieldhouse, the municipal gymnasium, the YMCA, the CYO, maybe down to the Potomac before dawn this morning, these young swimmers, speed skaters, rollers, marchers, basketball players, cyclists, figure skaters, short-, medium-, and long-distance runners, pole vaulters, javelin throwers, discus throwers, all our young athletes made their way to their respective training grounds. For all these young Americans, for their parents, their coaches, and trainers, for all their efforts and blood, sweat, and tears, as well as for another group of Americans, those who participate in wheelchair basketball games, those who work with the National Association of Sports for Cerebral Palsy, the Association for Blind Athletes, and all those who work night and day for the Special Olympic nationwide, for all these hundreds of thousands of young Americans, I say to you after long and hard deliberation, after much work—and by the way, I am on the Coinage Subcommittee, I attended all the hearings, no one has worked harder on this legislation than I have, I take a back seat to no one—for all these young Americans, and by the way, no million dollars was spent by the Olympics for lobbying. The lobbying was done by these people. The lobbying was done by the medalists who came before us. The lobbying was done by the volunteers around this country, who though they themselves were not successful enough as athletes in many cases to participate and compete in the Olympics, nonetheless they have a great dedication to the U.S. Olympics and to the greatness of this Nation. For all the people who really did the lobbying and for those who studied the matter carefully, and I have all the respect in the world for my subcommittee chairman, his opinion, his judgment differs from mine and there are two schools of thought.

I do, indeed, hope that we will tip the scales in favor of the legislation that is supported by the Treasury, the administration, the U.S. Olympic Committee, the LAOOC and the hundreds of organizations throughout this Nation who [illegible] dependent upon the result of our actions here today, who have said [illegible] support S. 1230."

Mr. McKINNEY. Mr. Chairman, would the chairman yield?

Mr. ST GERMAIN. I yield to the gentleman from Connecticut.

Mr. McKINNEY. There has been a great deal of concern about cost to the taxpayers. There is no cost to the taxpayers in the chairman's bill.

There has also been a great deal of concern expressed about corruption. The Annunzio substitute has no real protection against corruption on the secondary discounted sales by the mint.

The St Germain bill has audit protection that goes way down below the original marketeers to the second marketeers and it has all the protection you want.

Mr. ST GERMAIN. And control over advertising and marketing techniques.

Mr. McKINNEY. I knew the chairman would finish my statement and I thank the gentleman for yielding.

Mr. ST GERMAIN. I thank the gentleman for his contribution and I do, indeed, hope we can defeat the substitute and overwhelmingly adopt S. 1230.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. ANNUNZIO), as modified, as amended.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ST GERMAIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 302, noes 84, answered "present" 2, not voting 44, as follows:

[Roll No. 90]

AYES—302

Addabbo
Akaka
Albosta
Alexander
Andrews
Annunzio
Anthony
Applegate
Archer
Aspin
Atkinson
Bafalis
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bevill
Biaggi
Biiley
Boggs
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Broyhill
Byron
Campbell
Carman
Carney
Chappell
Chappie
Chisholm
Coats
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, William
Craig
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derwinski
Dickinson
Dicks
Dingell
Donnelly
Dorgan
Dougherty
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Emerson
Emery
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Fary
Fascell
Fenwick
Ferraro
Fiedler
Findley
Fish
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hance
Harkin
Heckler
Hefner
Heftel
Hendon
Hightower
Hiler
Hillis
Holland
Hollenbeck
Hopkins
Horton
Howard
Huckaby
Hughes
Hutto
Hyde
Jeffries
Jenkins
Johnston
Jones (TN)
Kastenmeier
Kazen
Kennelly
Kildee
Kindness
LaFalce
Lantos
Leach
Leath
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lowry (WA)
Lujan
Madigan
Marriott
Martin (IL)
Martin (NC)
Matsui
Mavroules
Mazzoli
McClory
McCurdy
McDade
McDonald
McEwen
McGrath
McHugh
Mica
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Oberstar
Obey
Ottinger
Panetta
Patman
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Rahall
Railsback
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Robinson
Rodino
Roe
Roemer
Rose
Rosenthal
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Seiberling
Shamansky
Sharp
Shelby
Shuster
Siljander
Simon
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Stark
Staton
Stenholm
Stratton
Stump
Swift
Tauzin
Taylor
Traxler
Udall
Vento
Volkmer
Walgren
Wampler
Washington
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Winn
Wirth
Wolf
Wolpe
Yates
Young (AK)
Young (FL)
Young (MO)
Zablocki

NOES—84

Anderson
Bailey (MO)
Bereuter
Blanchard
Boland
Boner
Brown (CO)
Burgener
Burton, Phillip
Cheney
Clausen
Clinger
Coelho
D'Amours
Derrick
Dixon
Dowdy
Edwards (AL)
Edwards (CA)
English
Evans (IN)
Fazio
Fields
Forsythe
Frank
Gejdenson
Gingrich
Gray
Green
Gregg
Hammerschmidt
Hansen (ID)
Hartnett
Hertel
Holt
Hoyer
Hubbard
Hunter
Jeffords
Jones (OK)
Kemp
Kogovsek
Kramer
Lagomarsino
Latta
LeBoutillier
Lott
Lowery (CA)
Luken
Lungren
Markey
Marlenee
Martin (NY)
McCollum
McKinney
Moore
Moorhead
Oakar
Oxley
Parris
Pashayan
Patterson
Quillen
Regula
Roberts (SD)
Roukema
Schumer
Sensenbrenner
Shannon
Shaw
Shumway
Skeen
Solarz
St Germain
Studds
Synar
Tauke
Vander Jagt
Walker
Waxman
Wortley
Wyden
Wylie
Yatron

ANSWERED "PRESENT"—2

Coyne, James
Rousselot

NOT VOTING—44

AuCoin
Badham
Bethune
Bingham
Bolling
Brown (OH)
Burton, John
Butler
Clay
Crockett
Dornan
Dreier
Edwards (OK)
Erdahl
Foglietta
Ginn
Goldwater
Grisham
Hansen (UT)
Hatcher
Hawkins
Ireland
Jacobs
Jones (NC)
Lundine
Marks
Mattox
McCloskey
Michel
Moffett
Pursell
Rogers
Santini
Savage
Smith (PA)
Stanton
Stokes
Thomas
Trible
Watkins
Weaver
Wilson
Wright
Zeferetti

□ 1530

The Clerk announced the following pairs:

On this vote:

Mr. Zeferetti for, with Mr. Hawkins against.

Mr. Stokes for, with Mr. Smith of Pennsylvania against.

Messrs. HILLIS, MARTIN of North Carolina, HENDON, JOHNSTON, HILER, and GARCIA changed their votes from "no" to "aye."

Mr. WORTLEY and Mr. HUNTER changed their votes from "aye" to "no."

Mr. JAMES K. COYNE changed his vote from "no" to "present."

So the amendment in the nature of a substitute, as modified, as amended, was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Are there further amendments?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. LEVITAS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the Senate bill (S. 1230) to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games, pursuant to House Resolution 470, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. WYLIE

Mr. WYLIE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WYLIE. I am in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WYLIE moves to recommit the bill, S. 1230, to the Committee on Banking, Finance and Urban Affairs.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

AUTHORIZING CLERK TO CORRECT SECTION NUMBERS, PUNCTUATION, AND CROSS REFERENCES AND TO MAKE OTHER TECHNICAL AND CONFIRMING CHANGES TO REFLECT ACTIONS OF THE HOUSE IN AMENDING S. 1230

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, the Clerk be authorized to correct section numbers, punctuation, and cross references and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill, S. 1230.

The **SPEAKER.** Is there objection to the request of the gentleman from Rhode island?

There was no objection.

GENERAL LEAVE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and to include extraneous matter, on the Senate bill just passed.

The **SPEAKER.** Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

REPORT ON RESOLUTION OF INQUIRY CONCERNING ROBERTO D'AUBUISSON

Mr. ZABLOCKI, from the Committee on Foreign Affairs, submitted a privileged report (Rept. No. 97-579) on the resolution (H. Res. 465) directing the Secretary of State to provide to the House of Representatives certain information concerning Roberto D'Aubuisson, which was referred to the House Calendar and ordered to be printed.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 5105

Mr. RITTER. Mr. Speaker, I ask unanimous consent to have Congressman DWYER's name removed as a cosponsor on the bill, H.R. 5105.

The **SPEAKER.** Is there objection of the request of the gentleman from Pennsylvania?

There was no objection.

CONFERENCE REPORT ON H.R. 4, INTELLIGENCE IDENTITIES PROTECTION ACT

Mr. FOWLER submitted the following conference report and statement on the bill (H.R. 4) to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying certain U.S. intelligence officers, agents, informants, and sources:

CONFERENCE REPORT (H. REPT. No. 97-580)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4) to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying certain U.S. intelligence officers, agents, informants, and sources, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 7, 10 and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 8, 9, 11, 13, 14, 15, 16, 17, 18 and 19, and agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate number 5, and agree to the same with an amendment as follows:

In lieu of the matter stricken by said amendment insert:

"REPORT

"SEC. 603(a) The President, after receiving information from the Director of Central Intelligence, shall submit to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives an annual report on measures to protect the identities of covert agents, and on any other matter relevant to the protection of the identities of covert agents.

"(b) The report described in subsection (a) shall be exempt from any requirement for publication or disclosure. The first such report shall be submitted no later than February 1, 1983."

And the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows:

"SEC. 601. Protection of identities of certain United States undercover intelligence officers, agents, informants, and sources.

"SEC. 602. Defenses and exceptions.

"SEC. 603. Report.

"SEC. 604. Extraterritorial jurisdiction.

"SEC. 605. Providing information to Congress.

"SEC. 606. Definitions.".

And the Senate agree to the same.

EDWARD P. BOLAND,
R. L. MAZZOLI,
WYCHE FOWLER,
LEE H. HAMILTON,
NORMAN Y. MINETA,
J. K. ROBINSON,
ROBERT MCCLORY,
Managers on the Part of the House.

STROM THURMOND,
JEREMIAH DENTON,
JOHN EAST,
JOE BIDEN,
PATRICK LEAHY,
JOHN H. CHAFEE,
DICK LUGAR,
HENRY M. JACKSON,
LLOYD BENTSEN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE ON CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4), to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying certain United States intelligence officers, agents, informants, and sources, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The text of the bill resulting from the agreements of the committee on conference is as follows:

An Act to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying certain United States intelligence officers, agents, informants, and sources

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Intelligence Identities Protection Act of 1982."

SEC. 2. (a) The National Security Act of 1947 is amended by adding at the end thereof the following new title:

"TITLE VI—PROTECTION OF CERTAIN NATIONAL SECURITY INFORMATION

"PROTECTION OF IDENTITIES OF CERTAIN UNITED STATES UNDERCOVER INTELLIGENCE OFFICERS, AGENTS, INFORMANTS, AND SOURCES

"SEC. 601. (a) Whoever, having or having had authorized access to classified information that identifies a covert agent, intentionally discloses any information identifying such covert agent to any individual not authorized to receive classified information, knowing that the information disclosed so identifies such covert agent and that the United States is taking affirmative measures to conceal such covert agent's intelligence relationship to the United States, shall be fined not more than $50,000 or imprisoned not more than ten years, or both.

"(b) Whoever, as a result of having authorized access to classified information, learns the identity of a covert agent and intentionally discloses any information identifying such covert agent to any individual not authorized to receive classified information, knowing that the information disclosed so identifies such covert agent and that the United States is taking affirmative measures to conceal such covert agent's intelligence relationship to the United States, shall be fined not more than $25,000 or imprisoned not more than five years, or both.

"(c) Whoever, in the course of a pattern of activities intended to identify and expose covert agents and with reason to believe that such activities would impair or impede the foreign intelligence activities of the United States, discloses any information that identifies an individual as a covert agent to any individual not authorized to receive classified information, knowing that the information disclosed so identifies such individual and that the United States is taking affirmative measures to conceal such individual's classified intelligence relationship to the United States, shall be fined not more than $15,000 or imprisoned not more than three years, or both.

"DEFENSES AND EXCEPTIONS

"SEC. 602. (a) It is a defense to a prosecution under section 601 that before the commission of the offense with which the defendant is charged, the United States had publicly acknowledged or revealed the intelligence relationship to the United States of the individual the disclosure of whose intelligence relationship to the United States is the basis for the prosecution.

"(b)(1) Subject to paragraph (2), no person other than a person committing an offense under section 601 shall be subject to prosecution under such section by virtue of section 2 or 4 of title 18, United States Code, or shall be subject to prosecution for conspiracy to commit an offense under such section.

"(2) Paragraph (1) shall not apply (A) in the case of a person who acted in the course of a pattern of activities intended to identify and expose covert agents and with reason to believe that such activities would impair or impede the foreign intelligence activities of the United States, or (B) in the case of a person who has authorized access to classified information.

"(c) It shall not be an offense under section 601 to transmit information described in such section directly to the Select Committee on Intelligence of the Senate or the Permanent Select Committee on Intelligence of the House of Representatives.

"(d) It shall not be an offense under section 601 for an individual to disclose information that solely identifies himself as a covert agent.

"REPORT

"SEC. 603. (a) The President, after receiving information from the Director of Central Intelligence, shall submit to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives an annual report on measures to protect the identities of covert agents, and on any other matter relevant to the protection of the identities of covert agents.

"(b) The report described in subsection (a) shall be exempt from any requirement for publication or disclosure. The first such report shall be submitted no later than February 1, 1983."

"EXTRATERRITORIAL JURISDICTION

"SEC. 604. There is jurisdiction over an offense under section 601 committed outside the United States if the individual committing the offense is a citizen of the United States or an alien lawfully admitted to the United States for permanent residence (as defined in section 101(a)(20) of the Immigration and Nationality Act).

"PROVIDING INFORMATION TO CONGRESS

"SEC. 605. Nothing in this title may be construed as authority to withhold information from the Congress or from a committee of either House of Congress.

"DEFINITIONS

"SEC. 606. For the purposes of this title:

"(1) The term 'classified information' means information or material designated and clearly marked or clearly represented, pursuant to the provisions of a statute or Executive order (or a regulation or order issued pursuant to a statute or Executive order), as requiring a specific degree of protection against unauthorized disclosure for reasons of national security.

"(2) The term 'authorized,' when used with respect to access to classified information, means having authority, right, or permission pursuant to the provisions of a statute, Executive order, directive of the head of any department or agency engaged in foreign intelligence or counterintelligence activities, order of any United States court, or provisions of any Rule of the House of Representatives or resolution of the Senate which assigns responsibility within the respective House of Congress for the oversight of intelligence activities.

"(3) The term 'disclose' means to communicate, provide, impart, transmit, transfer, convey, publish, or otherwise make available.

"(4) The term 'covert agent' means—

"(A) an officer or employee of an intelligence agency or a member of the Armed Forces assigned to duty with an intelligence agency—

"(i) whose identity as such an officer, employee, or member is classified information, and

"(ii) who is serving outside the United States or has within the last five years served outside the United States; or

"(B) a United States citizen whose intelligence relationship to the United States is classified information, and—

"(i) who resides and acts outside the United States as an agent of, or informant or source of operational assistance to, an intelligence agency, or

"(ii) who is at the time of the disclosure acting as an agent of, or informant to, the foreign counterintelligence or foreign counterterrorism components of the Federal Bureau of Investigation; or

"(C) an individual, other than a United States citizen, whose past or present intelligence relationship to the United States is classified information and who is a present or former agent of, or a present or former informant or source of operational assistance to, an intelligence agency.

"(5) The term 'intelligence agency' means the Central Intelligence Agency, a foreign intelligence component of the Department of Defense, or the foreign counterintelligence or foreign counterterrorism components of the Federal Bureau of Investigation.

"(6) The term 'informant' means any individual who furnishes information to an intelligence agency in the course of a confidential relationship protecting the identity of such individual from public disclosure.

"(7) The terms 'officer' and 'employee' have the meanings given such terms by section 2104 and 2105, respectively, of title 5, United States Code.

"(8) The term 'Armed Forces' means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

"(9) The term 'United States,' when used in a geographic sense, means all areas under the territorial sovereignty of the United States and the Trust Territory of the Pacific Islands.

"(10) The term 'pattern of activities' requires a series of acts with a common purpose or objective.".

(b) The table of contents at the beginning of such Act is amended by adding at the end thereof the following:

"TITLE VI—PROTECTION OF CERTAIN NATIONAL SECURITY INFORMATION

"SEC. 601. Protection of identities of certain United States undercover intelligence officers, agents, informants, and sources.

"SEC. 602. Defenses and exceptions.

"SEC. 603. Report.

"SEC. 604. Extraterritorial jurisdiction.

"SEC. 605. Providing information to Congress.

"SEC. 606. Definitions.".

SECTION 601(C)

Although the Senate amendments to H.R. 4 did not affect the language of section 601(c) adopted by the House, the Committee of Conference believes it important and appropriate to discuss that section in this Joint Explanatory Statement because debate in both Houses centered upon its meaning.

BACKGROUND OF 601(C)

H.R. 4 as reported from the House Permanent Select Committee on Intelligence and S. 391 as reported from the Senate Committee on the Judiciary in 1981 both required that to be criminal the disclosure made by those with no access to classified information would have to be made "in the course of an effort to identify and expose covert agents with the intent to impair or impede the foreign intelligence activities of the United States by the fact of such identification and exposure."

H.R. 4 as passed in the House in 1981 and in the Senate in 1982, replaces this intent standard with a more objective standard which requires that the disclosure must be "in the course of a pattern of activities intended to identify and expose covert agents and with reason to believe that such activities would impair or impede the foreign intelligence activities of the United States."

In adopting this amendment neither House intended to change the scope of the conduct which the Act seeks to proscribe. Rather, the change was made to deal with elements of proof at trail. The language as adopted makes it clear that the defendant must be engaged in a conscious plan to seek out undercover intelligence operations and expose them with reason to believe such conduct would impair U.S. intelligence efforts.

The language of section 601(c) was considered by the House as a result of an amendment offered on the floor by Representative Ashbrook. The amendment was adopted by a vote of 226 to 181. The same language was considered by the Senate as a result of an amendment offered on the floor by Senators Chafee and Jackson. This amendment was adopted by a vote of 55 to 39. The bill containing the amended section 601(c) language was adopted by the House by a vote of 354 and 56 and by the Senate by a vote of 90 to 6. Thus, the following language appears in section 601(c):

"Whoever, in the course of a pattern of activities intended to identify and expose covert agents and with reason to believe that such activities would impair or impede the foreign intelligence activities of the United States, discloses any information that identifies an individual as a covert agent to any individual not authorized to receive classified information, knowing that the information disclosed so identifies such individual and that the United States is taking affirmative measures to conceal such individual's classified intelligence relationship to the United States, shall be fined not more than $15,000 or imprisoned not more than three years, or both.

The record indicates that the harm this bill seeks to prevent is most likely to result from disclosure of covert agents' identities in such a course designed, first, to make an effort at identifying covert agents and, second, to expose such agents publicly. The gratuitous listing of agents' names in certain publications goes far beyond information that might contribute to informed public debate on foreign policy or foreign intelligence activities. That effort to identify U.S. intelligence officers and agents in countries throughout the world and to expose their identifies repeatedly, time and time again, serves no legitimate purpose. It does not alert to abuses; it does not further civil liberties; it does not enlighten public debate; and it does not contribute one iota to the goal of an educated and informed electorate. Instead, it reflects a total disregard for the consequences that may jeopardize the lives and safety of individuals and damage the ability of the United States to safeguard the national defense and conduct an effective foreign policy. The disclosure of covert agents' identities is detrimental to the successful and efficient conduct of foreign intelligence and counterintelligence activities of the United States. Whatever the motives of those engaged in such activity, the only result is the disruption of our legitimate intelligence collection programs—programs that bear the imprimatur of the Congress, the President, and the American people. Such a result benefits no one but adversaries of the United States.

The standard adopted in section 601(c) applies criminal penalties only in very limited circumstances to deter those who make it their business to ferret out and publish the identities of agents. At the same time, it does not affect the First Amendment rights of those who disclose the identities of agents as an integral part of another enterprise such as news media reporting of intelligence failures or abuses, academic studies of U.S. government policies and programs, or a private organization's enforcement of its internal rules.

Section 601(c) applies to any person who discloses the identity of a covert agent. As is required by sections 601 (a) and (b), the government must prove that the disclosure was intentional and that the relationship disclosed was classified. The government must also prove that the offender knew that the government was taking affirmative measures to conceal the classified intelligence relationships of the covert agent. As is also the case with sections 601 (a) and (b), the actual information disclosed does not have to be classified. However, the government must prove that the defendant knew that he was disclosing a classified relationship the government seeks to conceal by affirmative measures.

Unlike the previous two sections, authorized access to classified information is not a prerequisite to a conviction under section 601(c). An offender under this section has not voluntarily agreed to protect any government information nor is he necessarily in a position of trust. Therefore, section 601(c) establishes three elements of proof not found in sections 601 (a) or (b). The United States must prove:

1. That the disclosure was made in the course of a pattern of activities, i.e., a series of acts having a common purpose or objective;

2. that the pattern of activities was intended to identify and expose covert agents; and

3. that there was reason to believe that such activities would impair or impede the foreign intelligence activities of the United States.

PATTERN OF ACTIVITIES

"Pattern of activities" is defined as a "series of acts with a common purpose or objective." It is important to note that the pattern of activities must be intended to identify and expose covert agents. The process of identifying such agents must involve a substantial effort to ferret out names which the government is seeking to keep secret. This pattern of activities must involve much more than merely restating that which is in the public domain. The process of uncovering names could include, for example, techniques such as: (1) seeking unauthorized access to classified information, (2) a comprehensive counterintelligence effort of engaging in physical surveillance, electronic surveillance abroad, and other techniques of espionage directed at covert agents, or (3) systematically collecting, collating and analyzing information from documentary sources for the purpose of identifying the names of agents. The process of exposing covert agents must involve the deliberate exposure of information identifying them, the intentional "blowing" of intelligence identities.

It should, of course, be clear that "pattern of activities" does not necessarily mean a pattern of disclosures; a single, first disclosure of information identifying a covert agent is punishable under section 601(c) if the requisite pattern of activities and the other elements of the offense are proved beyond a reasonable doubt.

Most laws do not require intentional acts, but merely knowing ones. The difference between knowing and intentional acts was explained as follows in the Senate Judiciary Committee report on the Criminal Code Reform Act of 1980:

"As the National Commission's consultant on this subject put it, 'it seems reasonable that the law should distinguish between a man who wills that a particular act or result take place and another who is merely willing that it should take place. The distinction is drawn between the main direction of a man's conduct and the (anticipated) side effects of his conduct.' "

A newspaper reporter, then, would rarely have engaged in a pattern of activities with the requisite intent "to indentify and expose covert agents." Instead, such a result would ordinarily be "the (anticipated) side effect of his conduct."

Of course, the fact that a defendent claims one or more intents additonal to the intent to identify and expose does not absolve him from guilt. It is only necessary that the prosecution prove the requisite intent to identify and expose covert agents.

This crucial distinction between the main direction of one's conduct and the side effects that one anticipates but allows to occur forms an important safeguard for civil liberties. Because the intent standard in section 601(c) is an intent "to identify and expose covert agents" rather than an intent to "impair or impede the foreign intelligence activities of the United States," it is clear that the fact that a journalist had written articles critical of the CIA which did not identify covert agents could not be used as evidence that the intent standard was met.

In order to fit within the definition of "pattern of activities," a discloser must be in the business, or have made it his practice, to ferret out and then expose undercover officers or agents where the reasonable foreseeable result would be to damage an intelligence agency's effectiveness. Those who republish previous disclosures and critics of U.S. intelligence would all stand beyond the reach of the law if they did not engage in a pattern of activities intended to identify and expose covert agents.

A journalist writing stories about the CIA would not be engaged in the requisite "pattern of activities," even if the stories he wrote included the names of one or more covert agents, unless the government proved that there was an intent to identify and expose agents. To meet the standard of the bill, a discloser must be engaged in a purposeful enterprise of revealing identities—he must, in short, be in the business of "naming names."

The following are illustrations of activities which would not be covered:

An effort by a newspaper intended to uncover CIA connections with it, including learning the names of its employees who worked for the CIA;

An effort by a university or a church to learn if any of its employees had worked for the CIA. (These are activities intended to enforce the internal rules of the organization and not identify and expose CIA agents.);

An investigation by a newspaper of possible CIA connections with the Watergate burglaries. (This would be an activity undertaken to learn about the connections with the burglaries and not to identify and expose CIA agents.); and

An investigation by a scholar or reporter of the Phoenix program in Vietnam. (This would be an activity intended to investigate a controversial program and not to reveal names.).

The government, of course, has the burden of demonstrating that the pattern of activities was engaged in with the requisite intent to identify and expose covert agents. The government's proof could be rebutted by demonstrating some alternative intent other than identification and exposure of covert agents.

For example, the reporters who have investigated the activities of Wilson and Terpil, former CIA employees who allegedly supplied explosives and terrorist training to Libya, would not be covered even if they revealed the identity of covert agents if their pattern of activities was intended to investigate illegal or controversial activities, and not to identify covert agents. Similarly, David Garrow would not be within the scope of the statute even though he purported to give the identity of covert agents in his book, "The FBI and Martin Luther King, Jr.: from "Solo" to Memphis." His intent presumably was to explain what drove the FBI to wiretap Martin Luther King and not to identify and expose covert agents.

REASON TO BELIEVE

The government must also show that the discloser had reason to believe that the pattern of activities in which he was engaged would impair or impede the foreign intelligence activities of the United States. The "reason to believe" standard is met when the surrounding facts and circumstances would lead a reasonable person to believe that the pattern of activities would impair or impede the foreign intelligence activities of the United States. A government warning to a news reporter that a particular intended disclosure would impair or impede foreign intelligence activities could be considered by the jury, but the ultimate question for the jury would be whether the government had demonstrated that a reasonable person would believe that the pattern of activities in which he had engaged would impair or impede the foreign intelligence activities of the United States. Thus what would be relevant would be the objective facts about likely harm. Among the objective facts to be weighed by the jury in determining what a reasonable person would believe would certainly be the ease with which the name of a covert agent was identified and the extent to which it was widely and publicly known.

The conferees expect that the Department of Justice and the federal courts will limit the application of section 601(c) to those engaged in the pernicious business of naming names as that conduct is described in the legislative history of this Act.

SECTION 603

The House bill contained section 603 which deals with procedures for establishing cover for intelligence officers and employees. This section required the President to establish procedures to ensure the protection of the identities of covert agents. Such procedures were to include provision for any federal department or agency designated by the President to assist in maintaining the secrecy of such identities.

The Senate struck section 603 by unanimous consent.

The conference report contains a substitute section 603 requiring an annual report from the President on measures to protect the identities of covert agents. The conferees expect such report to include an assessment of the adequacy of affirmative measures taken by the United States to conceal the identities of covert agents.

The conferees stress, however, as was made clear during consideration of this measure in both bodies, that nothing in this provision or any other provision of H.R. 4 or in any other statute or executive order affecting U.S. intelligence activities in any way diminshes the 20-year old Congressionally-sanctioned Executive Branch policy of maintaining the total separation of the Peace Corps from intelligence activities. The importance to the effectiveness of the Peace Corps of maintaining this policy and its essential components was spelled out in detail in the reports of the Senate Judiciary Committee and the House Permanent Select Committee on Intelligence and in the debate on this measure in both bodies, and the conferees wish to reemphasize this point and call attention to the strong views of both bodies as set forth in that legislative history.

SECTION 606(4)

Senate amendment 13 struck from the definition of "covert agent" certain former intelligence officers and certain other U.S. citizens who formerly were intelligence agents, informants, or sources of operational assistance. The conferees agreed to the Senate amendment.

In adopting the Senate amendment, the conferees note that the definition of "covert agent" and thus the scope of possible prosecution is closely tied to the concept of classified information. This connection is of utmost importance in insuring that, as it applies to those who are not undercover intelligence agency employees, the definition of covert agent does not include those private citizens who might provide information to the CIA or FBI, but whose public identification, though causing personal embarrassment, would not damage the national security.

It is to be noted that after House passage of H.R. 4 and Senate passage of S. 391, the President promulgated a new executive order on classification. The Committee of Conference understands that the changes contained therein, particularly the elimination of the concept of "identifiable" damage, the addition of the category of "confidential source," and the addition of a presumption of classification for "intelligence sources and methods," were not intended to affect, and will not affect, a decision on whether an individual is or is not a "covert agent." The Committee of Conference expects the executive branch to exercise the utmost care in making classification decisions in this area.

Edward P. Boland,
R. L. Mazzoli,
Wyche Fowler,
Lee H. Hamilton,
Norman Y. Mineta,
J. K. Robinson,
Robert McClory,
Managers on the Part of the House.

Strom Thurmond,
Jeremiah Denton,
John East,
Joe Biden,
Patrick Leahy,
John H. Chafee,
Dick Lugar,
Henry M. Jackson,
Lloyd Bentsen,
Managers on the Part of the Senate.

NET WORTH GUARANTEE ACT

Mr. ST GERMAIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6267), to revitalize the housing industry by strengthening the financial stability of home mortgage lending institutions and insuring the availability of home mortgage loans.

The SPEAKER. The question is on the motion offered by the gentleman from Rhode Island (Mr. St Germain).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6267, with Mr. Kildee in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Rhode Island (Mr. St Germain) will be recognized for 30 minutes, and the gentleman from Ohio (Mr. Wylie) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Rhode Island (Mr. St Germain).

Mr. ST GERMAIN. Mr. Chairman, I yield myself such time as I may consume.

☐ 1540

Mr. Chairman, the Banking Committee has been concerned for almost 2 years with the growing difficulties encountered by financial institutions. Deregulation, technological change, and severe dislocation in the economy created an environment which threatens the stability of our financial service delivery system. Particularly telling was the rapid rise and subsequent volatility of interest rates.

Thrift institutions—savings and loan associations, mutual savings banks, and other depository institutions emphasizing savings accounts—traditionally relied on consumer deposits which were relatively stable. The funds were placed in the accounts as a source of savings rather than as a mechanism for payment of immediate expenses. This stability allowed those depository institutions to lend funds with a much longer maturity or repayment date than the underlying deposit. For most of these institutions, the major purpose of the loans was to finance residential real estate. As a result these institutions became major providers of long-term mortgage money for home purchasers.

The climb in interest rates and the volatility of those rates helped to bring an end to this traditional method of operation. Consumers have become more aware of the possibilities of earning higher returns on their funds. As a result, deposits which were once reasonably stable have become less reliable sources of funding for long-term loans. The small saver can now shop around for higher returns coupled with liquidity much as corporate and financially sophisticated individuals have done for many years. In addition, concern for the safety of their funds caused many depositors to move funds out of these institutions. This creates the silent run which is affecting the Nation's thrift institutions. Deposit withdrawals are exceeding new deposits flowing into these institutions.

In an effort to keep deposits and other lendable funds, thrift institutions and other depository institutions have had to increase the interest they pay on their deposits. This has had the effect of drastically raising the cost of funds for the institutions. At the same time this rise in cost was occurring, however, the return those institutions received on their assets moved upward only slightly. By 1981, therefore, these institutions had a negative spread between their cost of funds and the return on their mortgage portfolios and by early 1982 the overwhelming majority to the Nation's thrift institutions were experiencing operating losses.

These losses are absorbed by the institutions by dipping into their net worth or capital accounts. Net worth or capital is an item on the balance sheet of depository institutions which represents retained earnings and the value of any equity or stock issued by the institution. It is designed to provide a cushion for the institution to absorb operating losses or losses incurred by loans which go into default. The earnings squeeze affecting the industry is causing a major rundown of the industry's net worth. Last year the Nation's savings and loans and mutual savings banks lost over $5 billion. This year the losses are expected to be substantially higher. As a result, the erosion in net worth has led to serious concern over the future stability of these institutions.

On February 23, I introduced H.R. 5568, the Home Mortgage Capital Stability Act. That legislation was prompted by the growing realization that economic conditions, especially very high interest rates, now adversely affected a substantially larger number of institutions than earlier in the Congress and the belief that it is in the national interest to preserve a mortgage lending industry. Comprehensive hearings were held on the provisions of H.R. 5568 under the auspices of the Subcommittee on Housing and Community Development.

Based on those hearings revised legislation was introduced on May 3, 1982. That bill, entitled the Net Worth Guarantee Act, was adopted by the Subcommittee on Financial Institutions Supervision, Regulation and Insurance by a rollcall vote of 19 ayes to 3 nays on May 4, 1982. The full committee on May 11, 1982 ordered the bill, as amended, reported by a rollcall vote of 25 ayes, 15 nays, and 3 present but abstaining.

The act would establish a program to guarantee the net worth of qualifying depository institutions—savings and loans, mutual savings banks, commercial banks, and credit unions. The program would be administered by the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, and the National Credit Union Administration Board. Any guarantees provided pursuant to the act would be backed by a net worth guarantee account established in the Treasury and would be subject to an $8.5 billion guarantee limit. The act would provide that the full faith and credit of the United States stands behind the obligation to pay any guarantee which has to be honored and authorizes the appropriation of such sums as might be necessary for this program, subject to the $8.5 billion guarantee limit, and without restriction as to fiscal year.

The FHLBB, the FDIC, and the NCUA Board would determine institution eligibility in accordance with the criteria specified in the act and would be required to consult with the appropriate State supervisory agency if the institution being considered for eligibility is a State chartered institution. Institutions could be considered for eligibility if they have either Federal or State deposit insurance.

For an institution to qualify the agencies would have to find that the institution:

Has a net worth below 2 percent of assets—in the case of commercial banks 1 percent less than the minimum established in the December 18 policy statements of the bank regulators;

Has suffered earnings losses for at least two consecutive quarters and that such losses are not the result of speculation in futures or forward contracts, of management attempts to qualify their institution for assistance, or of excessive operating expenses;

Has a loan portfolio at least 20 percent of which is in residential real estate or securities backed by residential real estate;

Shows a need for assistance and has reasonable prospects of long-term viability; and

Agrees to comply with commitments required by the agencies and the act.

The conditions for receiving assistance include, but are not limited to, the responsibility to:

Retire the guarantees of net worth;

Provide reports to the agencies on its financial condition and its lending practices at such intervals as the agencies may require; and

Earmark, for as long as a guarantee of net worth is outstanding, at least 60 percent of its net new deposits—defined as deposits less interest and dividends credited with withdrawals—to the issuance of mortgages for 1-to-4 residences or co-op or condo units, such mortgages to be at or below FHA mortgage loan amount ceilings. An institution would have the option to comply with up to half of this mortgage requirement by purchasing securities backed by mortgages as defined above that are issued after the date the institution first receives a guarantee of net worth.

Each qualified institution would receive guarantees sufficient to bring its net worth up to a 2 percent of assets level for commercial banks the minimum level mentioned earlier and to maintain that level for a period not to exceed 2 years. After the expiration of that 2 year period, further guarantees may be provided only if the agency determines that the losses necessitating a further guarantee are the result of general economic conditions rather than management decisions.

The act provides that the guarantees shall be considered net worth for statutory and regulatory purposes; that an institution which has a stock form of ownership may not pay dividends on that stock so long as it has outstanding guarantees; and that an institution which has outstanding guarantees will defer any State or local tax that is based on deposits rather than on the profit or loss of the institution. In the event an institution which has outstanding guarantees is merged or acquired by another firm, the guarantees may be transferred to the surviving entity in the discretion of the agency.

Should an institution which has outstanding guarantees be liquidated, the Secretary of the Treasury would pay to the receiver of such institution the amount of the guarantees outstanding. This is the only time that cash would exchange hands under this program. Since the legislation is designed to restore public and investor confidence in institutions receiving assistance and to assure an adequate deposit and borrowing flow to institutions from the public and investors, the Government would have a claim on the liquidated assets of the institution after all deposits, certificates of deposit, and debt obligations are paid. If the Federal Government were to take any higher position, potential lenders, such as investment houses and money center financial institutions, many of which deposit or lend millions of dollars to individual institutions, would not be willing to undertake the risk involved in lending to these institutions. This is essential to improving the vitality of these institutions in the future.

In order to provide an orderly implementation of the act, the agencies are directed to issue regulations within 30 days of the date of enactment of the New Worth Guarantee Act. Those regulations would define terms to be used in the program, describe the criteria to be used in determining eligibility, and specify the conditions which would be imposed on institutions receiving guarantees. To assure that congressional intent is carried out and to provide congressional oversight of the program, the agencies are required to provide to each House of the Congress detailed quarterly reports on each guarantee provided by the agencies, and the General Accounting Office is directed to conduct an audit of each guarantee transaction and of the net worth guarantee account in the Treasury on a semiannual basis.

The act would take effect upon enactment and authority to issue guarantees of net worth would cease at the end of fiscal year 1984.

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from New Jersey.

Mr. MINISH. Mr. Chairman, I rise in support of the bill H.R. 6267, the Net Worth Guarantee Act. As a cosponsor of this measure, I believe it offers the best solution to the problems facing the beleagured thrift institutions today.

We do not need to be economists to understand what has happened to the mortgage lending industry. The persistence of excessively high interest rates has seriously impaired the earning ability of thrift institutions. They cannot possibly fulfill their mission of providing long-term low-interest mortgages when the cost of funds they must borrow in the short term is so high. The disparity between the thrift institution's low yield on mortgage holdings and the high cost of funds has resulted in tremendous operating losses throughout the industry.

Obviously, a permanent remedy to the maladies of the thrift institutions will only be achieved by long-term reductions in interest rates. It is not clear, however, when interest rates will come down or for how long they will stay down. We are faced with a crisis in this industry which cannot be neglected. Without immediate action on our part the viability of the mortgage finance system may be seriously jeapordized, a development which could have tragic ramifications for the entire housing industry.

As we work toward long-term solutions to the problems of the economy, the bill before us today will insure that mortgage lending institutions survive their present difficulties and continue to support homeownership and homebuilding.

Community oriented thrift institutions have traditionally acted as the principal providers of affordable mortgages to the home buyers in this country. By sustaining the viability of these institutions we can preserve a source of affordable mortgages and also spur a recovery in the housing industry. Construction of homes has been depressed by high-interest rates and the inability of thrift institutions to provide mortgage credit to the housing sector. This bill serves a twofold purpose. It strengthens a suffering industry while stipulating that mortgage moneys be made available at reasonable rates for buyers such as the young people in this country who so desperately want to purchase their first homes. By accomplishing these two goals, we will encourage new construction and employment in a housing industry which is currently suffering an unemployment rate of nearly 20 percent.

Today, we all agree that something must be done to assist the mortgage industry. The question before us involves the method which we will pursue to provide that assistance. In this regard I can only reiterate my strong support for the committee's bill.

What is important is that we make a strong commitment to the mortgage industry, and in doing so, to home buyers and those employed by the homebuilding industry. I believe we can only do this by passing the committee bill.

The substitute does not address the very real question of the backing of guarantees to be issued by the agencies. I am concerned that the resources of the FSLIC in particular will not be viewed by the public and the investing community as sufficient to back the volume of guarantees which will be outstanding. We must address this matter up front and directly. The committee bill does this by providing an authorization to issue guarantees up to the limit established in the bill and the provision of an authorization to appropriate the sums which might be needed to honor the guarantees. This will be viewed, I am confident, by the public as a real commitment by the U.S. Government, and they will not have to wait for us to act at some point in the future to provide further funding, as called for in the substitute.

Mr. Chairman, the committee bill will provide an answer to the Nation's thrift institutions which will go a long way to assuring that the Nation's home buyers have the mortgage lending institutions in the future they have relied upon in the past.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. ST GERMAIN. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, there is some fear that I have heard expressed that this bill, by going to the Senate, would result in amendments being attached to it for our consideration when it comes back here for concurrence.

Will the gentleman assure us that no amendment will be agreed upon by him which would in effect, for example, preempt the States rights to set certain limits on usury and limits on interest rates and that sort of thing? Will the gentleman assure us that this bill will not be Christmas-treed over in the Senate?

Mr. ST GERMAIN. Naturally, it is not the committee chairman's intent to make this Christmas-tree legislation. The gentleman is a member of the committee. He is aware of the fact that some amendments were ruled out of order as not being germane. I did that because I did not feel that this was the proper vehicle for some of the amendments that were proffered, and I can assure the gentleman that the same will apply in negotiations with the Senate.

Mr. PATMAN. The gentleman will not accept such amendments, then?

Mr. ST GERMAIN. I will say to the gentleman that it is not my intent to ask for adoption of this legislation as a means of accomplishing other things which have not been considered by the House.

Mr. PATMAN. Right. Last year when the gentleman gave us another assurance, in effect that the bill would be pulled down if such amendments were adopted by the Senate.

Mr. ST GERMAIN. I restate to the gentleman that it is not the intent of this committee chairman to send this legislation over and accept legislative items that have not been considered by our committee and by the House.

Mr. PATMAN. And the gentleman will in effect pull the bill down if that is done?

Mr. ST GERMAIN. I do not know about "pulling." I wish the gentleman would not press so hard. I think that I have answered his question.

Mr. PATMAN. It is substantially the same as the gentleman did last year?

Mr. ST GERMAIN. That is correct.

Mr. PATMAN. We have substantially the same assurance?

Mr. ST GERMAIN. That is correct.

Mr. PATMAN. Mr. Chairman, I thank the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. LAFALCE. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from New York.

Mr. LAFALCE. Mr. Chairman, our consideration today of H.R. 6267, the Net Worth Guarantee Act, is clear evidence that the House can move quickly on legislation when the situation warrants. Since the introduction of the chairman's original capital infusion bill in February, the Banking Committee has moved steadily ahead, examining the alternatives and devising a program designed to help the Nation's mortgage lenders survive current economic conditions.

Few would doubt that such assistance is needed. Indeed, a Newsweek cover story last month so developed the public's awareness of the problems of the thrifts that Congress was forced to reaffirm the safety and stability of the Nation's banking system. These are times of great change within all sectors of our financial system, and mortgage lenders would be challenged under the best of conditions: Prolonged high interest rates have helped to make the transition almost unbearably painful, as institutions saddled with huge portfolios of low interest mortgages struggle to compete for record cost deposits.

Our committee heard testimony from the Chairman of the Federal Home Loan Bank Board which further quantified the extent of thrift problems. A negative 0.75 percent return on industry assets for 1981, losses of almost $5 billion over the year, and net worth eroded by some 15 percent over the course of the year—these statistics threaten the survival of many institutions. Survival is directly tied to interest rates, rates which many expected to drop before now but which have shown enormous resistance to real improvements. Slight drops this spring were insignificant when corrected for inflation, which virtually disappeared during the same period.

By the Federal Home Loan Bank Board's own estimate, some 400 institutions would exhaust their capital accounts this year if interest rates remain at current levels. Even with a drop of 200 basis points, nearly half that number would not survive. These are the grim statistics that motivate our action today.

For most institutions, erosion of net worth have proved to be the most serious threat to survival. Cash flow is often adequate to keep them in business, but when net worth falls below the guidelines established by banking regulators, institutions are subject to intervention and often merger. During 1981, the pace of mergers was furious, unprecedented in industry history. The public's confidence in the survival of the industry was eroded right along with net worth, and that, coupled with aggressive competition from nonbanking institutions like money market funds, precipitated a dangerous decline in the share of net savings deposits flowing into thrifts.

Twenty-three of the 1981 thrift mergers arranged by the FSLIC required some form of financial assistance from the deposit insurance fund. Additional mergers of savings banks drew on the more substantial assets of the FDIC. The high costs of some mergers, coupled with the growing potential for more large-scale assisted mergers, helped the regulators to recognize the limitations of the merger solution. Although the risk to the insurance fund depends on future interest rates, and thus is impossible to predict accurately, it became clear that some form of assistance would be necessary for the survival of both the industry and the insurance system. During committee consideration of this legislation, I advocated that we hold any proposal to certain minimum criteria, in order that we accomplish our goal as efficiently as possible. I believe that most other members of the committee shared my concern that the program we design be of long-term benefit to both the industry and to the Nation's consumers. Certainly I am convinced of the public benefits of the survival of the Nation's savings and loans; but it is equally important to secure that survival as efficiently as possible.

First, we need to protect against subsidizing those institutions which have no chance of survival. There is no direct cost to the guarantees, until an institution should fail, whereupon the full value of the guarantees must be paid. It makes sense to minimize the risk of such failures by permitting the regulators to withhold assistance from doomed institutions. I am pleased that H.R. 6267 provides the necessary authority.

Second, we should deny Federal assistance to those institutions whose troubles are the result of poor management and bad investment decisions. It is not our intent to shelter the unwise from the consequences of their own mistakes. We aim only to sustain those who are threatened by murderous interest rates. The bill we have before us mandates that the regulators shall ascertain that the losses of any participating institution are not due to mismanagement. They will also disqualify those who may attempt to manipulate net worth in order to qualify for the program. These are important safeguards which I endorse.

From the beginning, there was also a strong consensus among committee members that assistance should be limited to institutions with significant mortgage portfolios and that assistance should be tied to continuing that mortgage lending commitment. In the first draft, the bill specified a low rate of interest for new mortgage commitments. As attractive as such rates would be to consumers, I opposed requiring such low-interest rates on the grounds that they would only perpetuate the current mismatch between assets and liabilities of thrifts. I am pleased that the current version of the bill contains the mortgage lending requirement without specifying an interest rate.

One amendment accepted by the committee during markup was of special interest to those of us to represent States with franchise taxes. Such taxes are not based on profits, and thus failing institutions are equally liable, yet the committee was reluctant to permit Federal assistance payments to flow through the institutions into State coffers. The original version of the bill simply exempted institutions from such State taxes. Although I am opposed on principal to franchise taxes, I am equally opposed to Federal overrides of State taxing prerogatives, and thus I was pleased to support a compromise amendment which simply provides for a delay in payment of State franchise taxes during participation in this program.

It is important to remember that the net worth guarantee program will not solve the basic problems which brought savings and loans so much trouble. They will remain saddled with low-yield mortgages for many years, and despite the fact that their investments in such mortgages were mandated by Federal regulation, this program does not address this problem. I have introduced a mortgage warehousing program which would relieve mortgage lenders of the worst of this burden, but my bill seems to have fallen victim to the budget ax.

The more fundamental problem which, unless solved, will remain a wolf at the door of these institutions is the level of interest rates. We are really buying a temporary reprieve, in hopes that future interest rates will provide a permanent solution to these problems. It is clear that mortgage lenders will have an important role to play in the future if those interest rates return to tolerable levels, but it is more difficult to predict when that might be. In the meantime, I commend this legislation to my colleagues.

Mr. ST GERMAIN. Mr. Chairman, I reserve the balance of my time.

Mr. WYLIE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I say to my colleagues that the committee chairman, the gentleman from Rhode Island (Mr. ST GERMAIN) and I are in complete agreement that many thrift institutions in this country are in trouble and are in need of help. We also agree that it is important that we help some of these troubled thrift institutions through this transition period until we can get interest rates down.

We think that interest rates will not come down until there is a substantial decrease in the budget deficit, but that is not going to happen today or tomorrow. In the meantime I think it is fair to say that there are some financial institutions, thrifts especially, which do need some help as far as their net worth is concerned, and I would suggest that the net-worth guarantee proposal which the committee chairman has proposed here, and which has been brought out of the Committee on Banking, Finance and Urban Affairs, does not do that.

I think it is also fair to say that we need to help the thrift industry, partly because of the psychological impact which failures of one or two or any number of thrift institutions might have as far as the state of our economy is concerned.

For example, recently the Economy Savings & Loan failed in Chicago. And most people, I might say, do not distinguish between a savings and loan and a bank; that is my opinion.

□ 1550

As a matter of fact, our local newspaper at home had a headline on it, "Bank Fails in Chicago." So I think there is an impact which is of a serious nature which could prevail here if we do not do something to help the troubled savings and loan industry through this difficult period.

In other words, what I am saying is we simply cannot stand by and do nothing for the savings and loans which find themselves in difficulty because of a law or a mandate which we impose on them that they were supposed to put most of the their money into long-term, low-interest-rate home mortgage loans.

The problem is with the fact that they are, in most cases, in a position of realizing only a small interest rate, or much below market interest rates on these long-term, low yielding interest rate mortgages and, at the same time, have to compete in a marketplace with everybody else for very expensive money which has put them in a real bind.

I think the chairman has shown a proper concern. I think he does conscientiously want to try to help the thrift institutions. In his first bill which he introduced, and which was the subject of extensive hearings before the House Committee on Banking, Finance and Urban Affairs, the chairman suggested $8.5 billion cash infusion into the troubled institutions. That received little support, so the chairman introduced the bill which we have before us here today which calls for a guarantee arrangement, a guarantee of net worth, if you 276please.

The net worth of a thrift institution is reduced as the liabilities increase when compared to assets, and when the institution's liabilities become greater than its assets with no hope for improvement, the institution is merged with another institution, a similar institution, or it is liquidated.

Fortunately, we have not had occasion to have too many liquidations, but there have been a considerable number of mergers.

The concept behind H.R. 6267 is to somehow maintain the net worth of these financial institutions at 2 percent in the case of a thrift, or in the case of banks at 4 percent. Do not ask me why there is a different formula with reference to thrift institutions than there is with banks, but there is.

The counsel for the Federal Home Loan Bank Board says that a net worth guarantee does not, and I repeat, does not increase the net worth of that financial institution, and that is really what brought us here today, an attempt to increase the net worth of that financial institution so it would not be a troubled institution, so there would not be the necessity to merge it or liquidate it.

I have a letter here from the counsel for the Federal Home Loan Bank Board and another one from Mr. Pratt which says, "It is our opinion that the net worth guarantee does not increase net worth."

You might say, well, that comes from the counsel of the Federal Home Loan Bank Board and Richard Pratt and the Federal Home Loan Bank Board is for a different approach. They are for an approach which would provide for income capital certificates which would be exchanged by the institutions for promissory notes which would bear interest and which will, in fact, increase the net worth of that financial institution.

But, more importantly, and I think this is very important, and I hope my colleagues take note, I have a letter here from Mr. J. T. Ball, who is the assistant director of the financial accounting standards board. They provide for what are called generally accepted accounting principles as far as accounting with reference to thrift institutions is concerned.

He says on reading the bill, the bill which brings us here, H.R. 6267,

> We are of the opinion that a guarantee of net worth would be a commitment by the U.S. Government for the Secretary of the Treasury to pay a specified amount to the receiver of a thrift in the event the thrift is closed and only in that event.
>
> Accordingly, the FASB staff believes that a guarantee of net worth lacks the first and second essential characteristics of an asset and should not be recognized as an asset under GAAP by the thrift.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from California.

Mr. ROUSSELOT. Then what my colleague is telling us is that under his alternative bill, which contains the income capital certificate program, under generally accepted accounting principles, there is a real increase in net worth that is very likely to be acceptable to independent auditors under the gentleman's bill but not under the committee bill; is that correct?

Mr. WYLIE. The gentleman is correct. One of the things that we have is a considerable amount of apprehension about is that there are many thrift institutions which are in trouble because their net worth has fallen below the 2-percent level which is the trigger at which they can receive help from the Federal Home Loan Bank Board.

What we want to do is fortify or buttress that net worth, if you please. In my bill, which calls for the issuance of an income capital certificate from a thrift institution to the Federal Home Loan Bank Board in exchange for a promisory note to the thrift which, I might say, is negotiable and would carry market interest rates, that is recognized today as an asset and would add to the net worth of that financial institution whereas, as I have just said here, the Financial Accounting Standards Board said that a guarantee of net worth, which would only come into play if there is a failure of that financial institution, does not rise to the standard of an increase in net worth.

Mr. ROUSSELOT. I appreciate my colleague clearing that up, since the net worth consideration is so important in comprehending this problem facing the savings and loan associations and other thrift institutions. It is obvious that the gentleman's particular provisions provides more effectively for the appropriate increase in net worth, whereas the committee bill provides nothing but a guarantee which is good only in the event of liquidation.

I appreciate my colleague bringing that point up.

Mr. WYLIE. I thank the gentleman for his contribution on that point. This becomes important because in the case of large, publicly held stock companies, of which there are many in California, Wall Street would say the thrift is just as insolvent with a net worth guarantee, and the stock would be just as unattractive, let us put it that way, after the net worth guarantee as it would be before.

So the reason for the net worth guarantee, which does not come into play until the institution fails, would not necessarily add to the value of that company and would, therefore, not be translated into value to the stockholder or recognized as an asset for the purpose of generally accepted accounting principles.

Mr. ROUSSELOT. I appreciate my colleague clearing that up, because it is important for those that are trying to make a decision as to whether to support the version the gentleman is recommending or the version authored by my colleague from Rhode Island (Mr. St Germain) and the gentleman's proposal obviously is superior on the basis of its conformity with generally accepted accounting principles.

Mr. WYLIE. I think so.

Mr. BLILEY. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from Virginia.

Mr. BLILEY. Is it not true that the gentleman's substitute is endorsed by the Home Loan Bank Board, the Treasury, and the Savings and Loan Association?

Mr. WYLIE. The substitute which I will offer is supported by Treasury. I have a letter here from Mr. McNamar which says it is supported by the Federal Home Loan Bank Board. I just referred to a letter from Mr. Pratt in that regard.

It is also supported by the Federal Deposit Insurance Corporation, and I have a letter from Mr. Bill Isaac to that effect.

So all of the regulatory agencies which have responsibility in this area, plus the Treasury, support my substitute bill.

Mr. BLILEY. Will the gentleman yield further?

Mr. WYLIE. I yield to the gentleman.

Mr. BLILEY. The gentleman's substitute would get help to the S. & L.'s quicker and at less exposure to the Federal taxpayers; is that correct?

Mr. WYLIE. That is a very cogent observation. The St Germain proposal would require an appropriation. And requiring an appropriation, given the budget problems that we have now, given the fact that we are working in an area or in an arena of a huge budget deficit, I think it might be a long time before we could get, one, the Budget Committee to accommodate an additional appropriation for moneys we do not have, and, two, then to get the Appropriations Committee to act.

My bill would infuse net worth into the troubled financial institution immediately. It could be implemented immediately and indeed already has been implemented through the so-called Phoenix plan of the Federal Home Loan Bank Board. So they do have a track record. I say "they," meaning Federal Home Loan Bank Board through the FSLIC has a track record on the approach which I take in my substitute bill.

Mr. BLILEY. One final question, if the gentleman will yield. Was it not true the gentleman offered this in committee and that it failed by one vote?

Mr. WYLIE. That is partly accurate. I offered my substitute in the full Banking Committee. I gave a presentation in support of my substitute. Maybe it was not all that good, but I thought it was good enough that it should be the subject of some debate, or at least someone should respond to it. A motion to table was made from the other side of the aisle, and that motion to table carried by a vote of 21 to 20, so actually there was no debate.

Mr. BLILEY. No debate?

Mr. WYLIE. There was no debate in the full Banking Committee.

Mr. BLILEY. I certainly want to commend the gentleman for bringing this up and offering the substitute on the floor. I pledge the gentleman my full support.

Mr. WYLIE. I thank the gentleman very much for his support.

Mr. SMITH of Oregon. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from Oregon.

Mr. SMITH of Oregon. Am I to understand the gentleman's substitute requires no appropriations, as opposed to the bill that is before us?

Mr. WYLIE. That is correct, and I am glad the gentleman made that point again. I think it deserves emphasis.

Mr. SMITH of Oregon. I think that is very important. The savings and loan industry is in difficult shape. Maybe neither of the bills is exactly what we ought to have, but I think that is an important point as we look at the problem.

Mr. WYLIE. I thank the gentleman very much for making that observation.

I would also say that in my area of Ohio, the healthy thrift institutions—and I emphasize the word "healthy" here—like my substitute. They like my substitute because if there is a trigger for a guarantee of net worth when the net worth of the financial institution falls below 2 percent, then the institutions in the community which maybe have not been as good on management tactics or management techniques will benefit by this. In other words, a financial institution which has a net worth of slightly above 2 percent would not benefit under the St Germain proposal, whereas an institution with a net worth of slightly less than 2 percent would benefit, and if that institution then fails, they would be the beneficiary of the guarantee under the St Germain proposal.

So I would say that those institutions which have had good management in my area think that my proposal is superior to the proposal which is being offered by the gentleman from Rhode Island, the chairman of the committee.

My bill, as I say, would correct that inequity.

Now, according to the Federal Home Loan Bank Board, some 2,200—not 200 or not 20, but 2,200—financial institutions, thrift institutions, would have a low enough net worth to qualify for this program.

Now, assuming that the 6-month T-bill rate continues at around 13.5 percent, the Federal Government, if all of these were guaranteed, and if all of them either found themselves in a situation where they were merged or they failed or were liquidated, there could be contingent liabilities so far as the Federal Government is concerned of $2.7 billion for fiscal year 1982, $7.2 billion for fiscal year 1983, and $8.3 billion for fiscal year 1984.

Now, this is not, as I have said, provided for in the budget. It would require an appropriation, and that point has been made several times; but the objections that I have made I will discuss again in my substitute bill and will indicate how I think my substitute bill is superior in correcting what I regard as inequities and soft spots in the net worth guarantee proposal.

Mr. ST GERMAIN. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I would like to make a point, and that is that the committee bill indeed asks for $8.5 billion in guarantees. This has no budgetary effect whatsoever. None whatsoever. There is no cash whatsoever that changes hands.

A question was asked by the gentleman from Oregon a little earlier, when the gentleman from Ohio (Mr. WYLIE) was speaking. If the gentleman will give me his attention, the committee bill provides $8.5 billion in guarantees, with no cash transactions. In other words, the institution receives a net worth guarantee certificate to tide it over. During that period of time, hopefully, according to projections of the administration, interest rates will subside, come down, allowing the institution to recoup and then return that certificate. No cost, not one red penny.

The Wylie substitute will cost the FSLIC fund $1.2 billion. The market value of that fund today is $3.9 billion.

Do you know what could happen when that fund is depleted? And the way things are going, it will not be long. They have to come to us for additional money. That is where the cost factor is. The gentleman is concerned about the effect on the deficit. You vote for the committee bill. You be cautious of the Wylie substitute.

Mr. WYLIE. Mr. Chairman, will the gentleman yield on that point?

Mr. ST GERMAIN. I yield to the gentleman from Ohio.

Mr. WYLIE. Does the gentleman from Rhode Island agree that there would have to be an appropriation to accommodate his bill?

Mr. ST GERMAIN. The Appropriations Committee would have to approve the guarantee, the full faith and credit, but until such time as one of those net worth guarantee certificates has to be cashed in because an institution fails, because interest rates were not brought down by the economic policies of the administration, we would not have to appropriate 1 thin dime. As I state—and we will argue this a little further—CBO estimates that my bill is indeed a moneymaker, whereas the gentleman's bill, unfortunately, will cost the fund.

Mr. WYLIE. CBO did not make that estimate, I submit to the Chairman.

Mr. ST GERMAIN. There is an estimate by CBO, as well.

Mr. WYLIE. But the CBO did say there would have to be an appropriation which would have to be accommodated by a contingent liability in the budget. And therefore there would be some budget impact as far as outlays are concerned.

Mr. ST GERMAIN. I respectfully disagree with the gentleman. He is in error on that point.

Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Chairman, I wish to add my strong support for this legislation. It addresses some of the growing difficulties encountered by financial institutions. Deregulation, technological change, and severe dislocation in the economy created an environment which threatens the stability of our financial service delivery system. Particularly telling was the rapid rise and subsequent volatility of interest rates.

This climb in interest rates and their volatility helped to bring an end to the thrift industry's traditional method of operation. Deposits which were once reasonably stable have become less reliable. In addition, those funds which are being attracted have a much higher cost. At the same time this rise in cost occurs, the return those institutions receive on their assets is rising only slowly. The result is major operating losses.

What led to this situation? Thrift institutions—savings and loan associations, mutual savings banks, and other depository institutions emphasizing savings accounts—traditionally relied on consumer deposits which were relatively stable. This stability allowed those depository institutions to lend funds with a much longer maturity or repayment date than the underlying deposit. For most of these institutions, the major purpose of the loans was to finance residential real estate.

With a stable source of funds all but lost, our Nation's thrift institutions have been unable to fulfill this traditional role. They have been forced to do far less mortgage lending, and have been attempting to simply ride out the storm. However, even this strategy has become less and less viable as interest rates remain high. These institutions face continued losses, unless something is done.

These losses are being absorbed by the institutions by dipping into their net worth or capital accounts. The earnings squeeze affecting the industry is causing a major rundown of the industry's net worth. This erosion in net worth has led to serious concern over the future stability of these institutions. It has led to a series of weekend mergers, and some concern about the long-term strength of the Federal deposit insurance system. Therefore, the Banking Committee decided to design a program that would decrease the need for emergency mergers, and provide new resources to the deposit insurance agencies.

The legislation reported by the Banking Committee would establish a program to guarantee the net worth of qualifying depository institutions—savings and loans, mutual savings banks, commercial banks, and credit unions. The program would be administered by the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, and the National Credit Union Administration Board. Any guarantees provided pursuant to the act would be backed by a net worth guarantee account established in the Treasury and would be subject to an $8.5 billion guarantee limit. The act would provide that the full faith and credit of the United States stands behind the obligation to pay any guarantee which has to be honored and authorizes an appropriation of such sums as might be necessary for this program, subject to the $8.5 billion guarantee limit.

Mr. Chairman, this program is well designed to meet the goals set for it, to give the Federal deposit insurance agencies the resources they need, and to help preserve the country's home finance industry.

Mr. WYLIE. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. CARMAN).

Mr. CARMAN. Mr. Chairman, I rise to speak on behalf of the Wylie substitute.

I would like to make a clarification in regard to what the chairman of the committee, the gentleman from Rhode Island, just spoke to a few moments ago.

There is an $8.5 billion sum of money that is contemplated in his legislation and, actually, the guarantee pledges the full faith and credit of the United States to back up the applications of the several institutions that are called our thrift institutions. Whereas the Wylie substitute continues to maintain the use of the insuring funds.

I commend the gentleman from Rhode Island because of the remarkable concern that he has shown for the plight of the savings and loan associations.

Mr. WYLIE. Mr. Chairman, will the gentleman yield on that point?

Mr. CARMAN. I yield to the gentleman from Ohio.

Mr. WYLIE. I think the gentleman makes a very good point there. There is no budget impact in my amendment because the funds used by FSLIC would be from the insuring fund. Therefore, no new taxpayers' money would be needed under my amendment.

□ 1610

Mr. CARMAN. That is correct, and I thank the gentleman for pointing that out, but I would like to emphasize the importance in this particular type of legislation.

I would like to stress the importance of maintaining the concept of the insuring funds. If what we do is set up a special account for $8.5 billion, it seems to me what we will do is create a tremendous temptation for the utilization of those funds, whereas if we maintain sanctity of the insurance funds, it seems to me that we will be in a much better position to continue the proper and orderly procedure in regard to the handling of how these institutions are going to be able to confront the earnings problem that we are so concerned about.

There is another part that I think is very essential for us to understand, and that is this entire debate—and it does not solve the whole problem and we all know that but it goes toward a net worth concept which is what the gentleman from Rhode Island's bill tries to address and certainly the Wylie substitute tries to address—but I have grave concern that in the event that we take the position, more especially the accountants in this Nation take the position, that the St Germain legislation will not conform to general accounting principles, there will be no effect upon the net worth and as a result of that the effort that is being made by the chairman of the committee as well as by the Wylie substitute more especially being made by the St Germain bill simply will not have the result that we desperately need for these institutions.

We have them dropping like flies all over the country. We have mergers that seemingly we would like to avoid and what is necessary here, it seems to me, is to make sure that we are in a position to guarantee not necessarily the full faith and credit, that is to say, not to guarantee the institutions viability but more especially, which is a new concept in the St Germain legislation, but now to insure and guarantee that the depositors are protected, which is what we have always done in the past.

What the Wylie substitute is doing is simply insuring and keeping the insuring concept in place, whereas what is happening with the St Germain bill in chief, which we are now debating, it seems to me is we are ending up guaranteeing the institution as such with an $8.5 billion outlay.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. CARMAN. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Was the gentleman not concerned about the rash of mergers that are being forced upon the thrift industry right now through the regulatory agencies? Was the gentleman not concerned?

Mr. CARMAN. Of course I am.

Mr. ST GERMAIN. About management, efficient management, competent management and boards of directors that are being——

Mr. CARMAN. Indeed I am.

Mr. ST GERMAIN [continuing]. Kicked in the trousers.

Mr. CARMAN. As the gentleman is.

Mr. ST GERMAIN. That is right.

Now the regulatory agency is now being told under the Wylie substitute to continue that process. Does the gentleman not see what is going to happen? No restrictions on mergers as in my bill.

Mr. CARMAN. I think that point of the gentleman's bill the gentleman speaks properly to is extremely germane and most appropriate.

Mr. ST GERMAIN. The problem with the Wylie substitute is that same insuring fund has been forcing these mergers and throwing people out of jobs in order to preserve their fund that is down so low now.

You do not think they are going to do it even more with the Wylie substitute. That is going to take money out of that same insuring fund and bring it down even lower.

Mr. CARMAN. We know in fact, Mr. Chairman, that de facto we have got the U.S. Government backing up these obligations. We passed a resolution in this House not too long ago.

Mr. ST GERMAIN. That is deposit insurance. That has nothing to do with the preservation of this insuring fund.

The CHAIRMAN. The time of the gentleman from New York (Mr. CARMAN) has expired.

Mr. WYLIE. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York (Mr. CARMAN).

Mr. Chairman, will the gentleman yield?

Mr. CARMAN. I yield to the gentleman from Ohio.

Mr. WYLIE. On the point the chairman is making, if my substitute is not adopted, the insurance fund, FSLIC, according to the Federal Home Loan Bank Board, would go down more than if mine is adopted, because they have to come into play on the regulations which they have in place now with reference to net worth.

They say in their report to me that if my amendment is not adopted that the insurance fund could go down to $3.505 billion, whereas if my substitute is adopted, that they would expect that the fund would not go below $4.787 billion.

So the people who administer the fund think that my substitute would save money for the fund.

Mr. CARMAN. I think, in fact, it will.

I think what is important here is to understand that this is a new concept to guarantee any industry with the full faith and credit of the United States. It is a lot different than the insuring fund concept that we have had that has continued rather well there since the 1930's when all of them were put into effect.

Mr. ST GERMAIN. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the Subcommittee on Housing and Community Development, the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. I in turn thank the very efficient and distinguished chairman of the full Committee on Banking and let me say right at the outset that had both the committee and the House and the Congress acted in response to his early initiatives, more than a year ago, a lot of this could have been avoided and in fact certainly alleviated.

But at this time I rise mostly to ask a question, but also to preface my questions by some very brief remarks.

There is no doubt about the plight of the thrift industry. In the entire State of New York, for example, there are only two savings banks that are presently operating at a profit. For the State as a whole, losses are better than 50 percent higher than they were a year ago.

This is why I said what I said a while ago about the chairman's efforts. In fact, several years ago he inaugurated and initiated lengthy hearings—time after time he was there all by himself—in anticipation that reforms were needed and long overdue and it just kind of exacerbates me because I think this chairman has really performed outstandingly.

So here now twice this rate of failure or sad situation as a year ago.

This situation is just not exclusive in New York, it is common througout the country. In fact, during the last few months, the Federal regulatory agencies have spent $2 billion or more to facilitate the mergers of ailing thrift institutions and there is no end in sight right now. This is the issue we have just heard debated about the meager resources left in these facilties, insurance facilities, with an unlimited problem staring us in the face.

So clearly the situation is urgent.

Legislation to stabilize the thrift industry is timely.

The gentleman from Rhode Island has brought forward a bill that will serve its purpose, a bill that is well thought out, and a bill that certainly is going to have my full-hearted support.

Let me also point out that the sickness of the thrift business contributes to the depression of the housing industry. What we do here is to do more than help a segment of the financial community. We set the basis for a healthy recovery of housing.

I would like to address a question to the author of the bill at this time, the distinguished chairman and gentleman from Rhode Island. Last year when the House passed the so-called regulatory bill, the chairman said then that he would not accept and would not kow-tow to Senate action that greatly changed the nature and scope of the bill.

He was firm and he was clear in his position, and it was a wise and correct position to take and I certainly admire him for it.

The other body has never acted on that regulatory bill for precisely that reason.

Now it appears that they want to hang some decorations on the presently pending bill that we are discussing here.

For example, the other body seeks to grant through this bill, when passed, additional banking powers to the thrift industry. They seek to put in language that would override any State's antiusury laws.

The gentleman last year made it clear that he would oppose any kind of shenanigans of that nature. So that my question today is merely really just to put on the record a reaffirmation of that intention.

□ 1620

Mr. ST GERMAIN. Mr. Chairman, I would say to the gentleman, as I stated to his colleague, the gentleman from Texas, a little earlier, it is not the intent of the chairman that this legislation be used to accomplish other things. Were there to be other legislation adopted, it will be done in the ordinary course of legislation in the House.

Mr. GONZALEZ. I thank the distinguished chairman and thank the gentleman for the time allotted.

Mr. ST GERMAIN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. PATTERSON).

Mr. PATTERSON. Mr. Chairman, I rise in support of the committee bill as presented by the chairman, the gentleman from Rhode Island.

Mr. Chairman, I think that all Members of this body will agree that the thrift industry crisis is rapidly worsening. We have already experienced a run on several small savings and loan institutions and there is wide recognition that unless Congress acts, the public's confidence in the entire financial system will be undermined. Lacking this confidence, recovery of the national economy will be further threatened. I am convinced, Mr. Chairman, that the short-term crisis facing home-mortgage lending institutions which have become victims of circumstances beyond their control can best be addressed by the adoption and immediate implementation of the St Germain capital assistance program. This legislation has been carefully crafted and refined so as to answer to the needs and concerns of both the troubled institutions and the regulatory agencies. Furthermore, Mr. Chairman, this legislation is an ideal way to assist ailing thrifts in that it would involve no present budget outlays. It is my hope, and I am certain that my colleagues share this hope, that the economic climate will improve significantly enough over the next few months that this legislation will never require a budget appropriation.

Mr. Chairman, the Banking Committees of both the House and the Senate have labored over the past 2 to 3 years in a truly bipartisan effort to provide reasonable and timely assistance to our Nation's financial institution. During the 96th Congress, the Congress enacted the first phase of a broad program to deregulate our Nation's traditional financial community. I was fully supportive of the actions taken in this regard. However, no one at that time could predict that the phasing out of regulation Q and the worsening economic malaise, including historically high interest rates, would be compounded by a steadily increasing onslaught from nonregulated competitors to the serious detriment of thrift institutions. Although the House has taken additional steps in the 97th Congress to eliminate the difficulties being encountered by these financial institutions, the debate on the restructuring of the financial industry has dragged on endlessly. The outlook for many thrift institutions is now so glum that the House finds itself once again assembled to act on a legislation proposal to provide short-term relief. The adoption of the Net Worth Guarantee Act as proposed by Chairman ST GERMAIN is crucial for the future viability of the thrift industry. I am especially pleased that the House Banking Committee saw fit to include langauge to prohibit the forced merger of troubled institutions who are eligible for assistance and/or the forced resignation of such an institution's officers. These institutions and their governing officers should not be unfairly penalized for fulfilling the traditional role of providing moneys for home mortgage lending.

I strongly urge my colleagues to support the American dream of homeownership through their yea vote on the St German proposal before us today.

Mr. WYLIE. Mr. Chairman, I yield 3 minutes to the gentleman from Connecticut (Mr. MCKINNEY).

Mr. McKINNEY. Mr. Chairman, I thank the ranking Member for yielding.

I suppose after my preceding exercise of trying to talk commonsense on another bill, it is pointless to try to talk commonsense about this one; but I think we ought to cover a couple points. I will probably, even though I was the only Republican cosponsor of the chairman's bill, and I admire the chairman for bringing this in front of us, support the substitute; but I think it is only fair that a minute's criticism be brought to the process, not of the chairman, not of the ranking member, not of the committee, but of the various agencies with which we are dealing, because we have in front of the House two very badly flawed pieces of legislation.

I think it is only fair to point out that they are both flawed. I do not think they needed to be flawed. I do not think we needed two pieces of legislation, if only the regulatory agencies had bothered to come and consult and remember that there is such a thing as conversation and a little bit of negotiating back and forth.

The chairman has come forth with a bill which guarantees the net worth of an institution. It is a bill with a few flaws, which I would like to point out. Under the chairman's bill, you are going to guarantee the net worth of an institution below 2 percent, and except for a GAO audit of the entire process on a semiannual basis, you are really going to guarantee the net worth of an institution regardless of what its managers or board of directors or anyone else does with it.

You are going to turn around and say, "We are going to guarantee your net worth, even if you totally blow the place apart, you are foolish or foolhardy and you are anything else and [illegible] are going to protect you and we are going to keep you sound and we think you are wonderful."

Everybody agrees that the thrift institutions have to be saved, but under that condition I am not so sure.

Second, the chairman's bill, it seems to me, has a flaw in that if you are below 2 percent of net equity, you get all the help you could possibly want from any source under this bill; whereas if you are 2.1 percent net worth or 1.5, it is entirely different. There is a great disparity.

The alternative substitute at least has a sliding scale that recognizes the differences among institutions.

But then to be fair, since I have been harping on the chairman's bill, I must say to my good friend who received this substitute from downtown without much communication nor time or anything else, we have a bill which says it is going to create a certificate which is under normal accounting procedures a net asset since the accountants have said the chairman's instrument is not an asset.

All right, now, what do they mean by this? What they simply mean is that they are going to create a negotiable security. It can be sold.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. WYLIE. Mr. Chairman, I yield 1 additional minute to the gentleman.

Mr. McKINNEY. Anyway, under the Wylie substitute, that particular instrument can be sold; so in effect the S. & L. is saved by us through this new Government certificate. Think about that. We are creating a brandnew governmental certificate. They finally admitted that this afternoon on the telephone.

The S. & L. board sees the S. & L. going down the tube. They can turn around and sell it to you or to me or to anybody else. It is completely negotiable and somebody is walking around the street with a new Government security, paying a Government interest. We are again raiding the Treasury.

So I just hope that you know what you are doing. Under both processes we are jeopardizing the Treasury. Under the chairman's bill, over a 3 year span, if it all falls apart, by $8 billion; under the ranking minority member, if it all falls apart to the tune of $6.9 billion, there is no choice; but I would suggest the position of the gentleman from Ohio (Mr. WYLIE) is probably a sounder one because it is immediate.

Mr. WYLIE. Mr. Chairman, I yield 2 minutes to the gentleman from Delaware (Mr. EVANS).

Mr. EVANS. Mr. Chairman, I want to join my colleagues in commending our committee chairman for his efforts to focus attention on the serious problems of the thrift industry. It is crucial that we maintain the integrity of our Nation's system of financial intermediaries, and the public confidence in these institutions.

I am concerned, however, that the measure reported out of the Banking Committee does not constitute the most workable and responsible means of providing the needed temporary assistance. I think it is clear that the committee bill will take far too long to implement, will greatly impair the flexibility of the regulators who will administer this net worth guarantee system, and, could significantly reduce the ability of managers of assisted institutions to restore these institutions to profitability.

There is an alternative, however. Our ranking minority member from Ohio (Mr. WYLIE) has introduced a substitute proposal that is a truly responsible proposal that will provide the needed assistance, and will do so immediately.

There are several compelling arguments that favor the Wylie substitute over the committee bill, and which have resulted in the endorsement of the Treasury Department and of the regulatory agencies charged with protecting the safety and soundness of our Nation's depository institutions.

The substitute provides for immediate aid—it is based on the existing FSLIC trust fund and can be put into operation without delay. The committee bill, on the other hand, will not be effective until Congress appropriates new funds for the guarantees—a certain and significant delay.

The substitute is a proven solution to temporary net worth problems; it is based upon an existing program that does conform with generally accepted accounting principles. By contrast, the "guarantees" provided by the committee bill are not recognized as an asset of a thrift institution under these principles, and the committee bill's "guarantees" would thus be simply unworkable for all publicly held savings and loans, all commercial banks, and any mutual savings bank or S. & L. which must satisfy GAAP (generally accepted accounting principles) for operating purposes.

Finally, the committee bill requirement that assisted institutions invest 60 percent of net new deposits in residential mortgages at or below the FHA ceilings, or in mortgage-backed securities, will simply perpetuate the portfolio problems of the institutions it is designed to assist. I believe that maintaining a strong and viable system of mortgage originators is an important and laudable goal, but one that can certainly not be best accomplished by legislating that our most distressed financial institutions be required to make long-term, unprofitable loans in exchange for short-term, questionable net worth assistance. I urge my colleagues to reject the committee bill and vote for the Wylie substitute.

● Mr. WIRTH. Mr. Chairman, I supported this measure and commend you for your efforts to develop responsible legislation to deal with the immediate and serious problems facing many of our depository institutions. I believe it is important, however, that we distinguish this necessary, short-term measure from certain broader proposals relating to financial institutions.

As you know, during the past year I have met with many members of the financial community who are concerned abut the dramatic and rapid changes taking place in financial services. It is clear that many of the laws regulating financial institutions have not kept pace with innovations in technology, services and products, or with the changes in our economy. However, Congress should address broad regulatory and structural changes affecting these institutions only after a comprehensive review.

The Subcommittee on Telecommunications, Consumer Protection and Finance, which I chair, has jurisdiction over the securities over the securities laws and capital markets. The subcommittee therefore has a direct interest in any legislation that would affect the securities powers of institutions.

I am assured by statements from you that you will resist efforts to make this bill a vehicle for more far-reaching legislation that has not been more carefully considered by the House, and that you will resist any significant departure from today's bill should the Senate wish to add extraneous provisions.●

● Mr. **CORRADA**. Mr. Chairman, I rise in strong support of H.R. 6267 the Net Worth Guarantee Act. After World War II it became part of the American dream—and it was justifiably so—that each family be able to own it's home. We all supported that and it became the policy of this Nation. In furtherance of that policy, Government agencies began to guarantee mortgage loans and a strong home mortgage lending industry developed in this Nation. It emphasized the provision of mortgage credit based on an assessment of local community needs and the national goal of providing safe, decent, sanitary housing for all Americans.

Savings and loans and mutual savings banks have been the major source of such mortgage credit for several decades. In so doing they contributed not only to the realization of that dream for millions of American families, but also to a growing and healthy economy. However, because they conducted their business in a manner consistent with that national policy, these thrift institutions are experiencing very difficult times today. They lent their deposits and other funds in the form of low interest long term fixed rate maturities while relying on much shorter term deposits and funding sources for which presently they must pay high, volatile interest rates. This is affecting the institutions and is causing them to lose money and placing some in serious financial difficulty. It has in addition meant a rather drastic reduction in their net worth, and for a great number of them, seeing their net worth fall to zero.

This bill does justice to them, implementing a program with an emphasis on a strong industry with institutions having reasonable prospects of long-term viability, with minimal strains on the insurance funds and limiting to the smallest number of cases the need of forced mergers and Government intrusion into management decisionmaking.

The situation is affecting today 85 percent of the 3,786 Government insured savings and loans nationally, which showed loses in the last half of 1981 compared with 70 percent in the first half.

H.R. 6267 authorizes the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board and the National Credit Union Administration to guarantee a percentage of the net worth of qualified insured banks, and authorizes $8.5 billion without restriction as to fiscal year.

The guarantees would be backed by the Treasury, which would guarantee payment of a percentage of an institution's net worth in the event of its failure. Those institutions receiving the benefit of a guarantee would have to comply with conditions established by the insuring agency and the bill.

It is most significant that in order to qualify, an institution must among other things earmark, for as long as the guarantee is outstanding, at least 60 percent of its new deposits for the issuance of mortgages for one to four family housing units.

In being helped, these institutions will therefore continue to propitiate the realization of the American dream I referred to, and contribute further to the resurgence of the depressed housing industry and of the economy itself.

By passing this bill, which I urge you all strongly to do, we not only help those who have been so useful before, but help them to remain useful for the better future of our people and our Nation.●

□ 1630

Mr. **WYLIE**. Mr. Chairman, I yield back the balance of my time.

Mr. **ST GERMAIN**. Mr. Chairman, I yield back the balance of my time.

The **CHAIRMAN**. Pursuant to the rule, the substitute committee amendment recommended by the Committee on Banking, Finance and Urban Affairs, now printed in the reported bill shall be considered as an original bill for the purpose of amendment. It shall be in order to consider an amendment in the nature of a substitute to said substitute printed in the CONGRESSIONAL RECORD of May 19, 1982, by, and if offered by, Representative WYLIE.

The Clerk will read.

The Clerk read as follows:

H.R. 6267

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Net Worth Guarantee Act".

GUARANTEES OF NET WORTH

SEC. 2. (a) Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) is amended by adding at the end thereof the following:

"(h)(1) The Corporation may issue guarantees of net worth under this subsection to any insured bank which the Corporation determines under paragraph (2) to be eligible for such assistance. In making a determination under this subsection, the State supervisor of the State in which an insured. State chartered bank which is the subject of the eligibility determination is located shall be consulted.

"(2) No guarantee of net worth may be provided under this subsection unless the Corporation determines that—

(A) the net worth of the insured bank involved—

"(i) is less than 2 per centum of such insured bank's assets;

"(ii) with respect to an insured bank which is a State chartered commercial bank that is not a member of the Federal Reserve System, is less than 4 per centum of the ratio of such bank's adjusted equity capital to adjusted total assets; or

"(iii) with respect to an insured bank which is a national bank engaged in commercial banking or an insured bank which is a State chartered commercial bank that is a member of the Federal Reserve System, is less than 4½ per centum of the ratio of total capital to total assets for regional organizations, and is less than 5 per centum of such ratio for community organizations;

"(B) such insured bank—

"(i) has sustained losses for any two consecutive quarters which occur during any period beginning with the two quarters which are the most recently completed quarters prior to the effective date of the Net Worth Guarantee Act; and

"(ii) such losses are not the result of transactions involving speculation in futures or forward contracts, the result of management action designed soley for the purpose of qualifying for assistance, or the result of excessive operating expenses;

"(C) not less than 20 per centum of such insured bank's loan and investment portfolio consists of mortgages which are secured by residential real property or of securities which are backed by such mortgages;

"(D) such insured bank needs such assistance and has reasonable prospects for long-term viability; and

"(E) such insured bank has agreed to comply with all requirements established by the Corporation, including requirements—

(i) to reduce guarantees of net worth in accordance with the provisions of this subsection;

"(ii) to provide reports to the Corporation regarding such insured bank's financial condition and lending practices, such reports to be provided at such intervals and with such information as the Corporation shall determine;

"(iii) that, during the period in which such insured bank has outstanding guarantees of net worth under this subsection, not less than 60 percentum of its annual net new deposits (as determined by subtracting from the deposits for each year the total amount of withdrawals and of interest and dividends credited during such year) shall be used to issue loans, mortgages, credit sales, or advances which—

"(I) are secured by a first lien on residential real property on which there is located a one-to-four family residence or a condominium, by a first lien on stock in a residential cooperative housing corporation where the loan, mortgage, credit sale, or advance is used to finance the acquisition of such stock, or by a first lien on a residential manufactured home;

"(II) are made in an amount which does not exceed the applicable amount specified in title I and title II of the National Housing Act; and

"(III) are for the purchase of the principal residence of the borrower; and "(iv) which will permit an insured bank to satisfy up to 50 per centum of the requirement specified in clause (iii) by purchasing securities which are backed by security instruments described in clause (iii) that are issued after the date on which such insured bank first receives a guarantee of net worth under this subsection.

"(3) The Corporation may permit an insured bank which is a State chartered commercial bank subject to State supervisory capital adequancy requirements which are more stringent than the requirements established by the Federal agency supervising such bank to receive guarantees of net worth where such bank is in violation of such State requirements and such permission would be consistent with the purposes of the Net Worth Guarantee Act.

"(4) The Corporation may not condition the receipt of a guarantee of net worth on the agreement of the board of directors of an insured bank to allow, in the discretion of the Corporation, such insured bank to be merged with or acquired by another company, if—

"(A) such insured bank has net worth greater than one-half of 1 per centum of such insured bank's assets;

"(B) such insured bank has reasonable prospects for long-term viability; and

"(C) such insured bank is otherwise deemed eligible for a guarantee of net worth.

"(5)(A) The amount of any guarantee of net worth provided by the Corporation to any qualified insured bank shall be equal to the difference between such qualified insured bank's net worth eligibility applicable to such qualified insured bank as specified in paragraph (2)(A) and determined on the date qualified insured bank is deemed eligible for assistance under this subsection, and, on a quarterly basis thereafter for a period not to exceed two years, such additional amounts as are necessary to maintain such qualified insured bank's net worth at the minimum level of net worth eligibility applicable to such qualified insured bank as specified in paragraph (2)(A).

"(B) After such two-year period, additional guarantees of net worth for such qualified insured bank may be made only if the Corporation certifies that the continued earnings losses which would necessitate additional guarantees of net worth are caused by general market conditions and not by the actions of such qualified insured bank.

"(6) Notwithstanding any other Federal or State law, guarantees of net worth provided by the Corporation shall be deemed to be net worth for statutory and regulatory purposes.

"(7)(A) When the net worth of a qualified insured bank exceeds by 1 per centum the minimum level of net worth eligibility applicable to such qualified insured bank as specified in paragraph (2)(A), such qualified insured bank shall begin to reduce the amount of guarantees of net worth received by such qualified insured bank.

"(B) The total annual reduction of guarantees of net worth received by such qualified insured bank shall not be less than 50 per centum of the net income, after taxes, of such qualified insured bank for the year involved.

"(8) During any period in which a qualified insured bank which has a stock form of ownership has an outstanding guarantee of net worth, such qualified insured bank may not pay dividends to its shareholders.

"(9)(A) During any period in which a qualified insured bank has an outstanding guarantee of net worth, such qualified insured bank may defer the payment of any State or local tax which is determined on the basis of the deposits held by such qualified insured bank or of the interest paid on such deposits.

"(B) When such qualified insured bank no longer has any outstanding guarantees of net worth, such qualified insured bank shall pay all taxes which were deferred under subparagraph (A). Such payments shall be made in accordance with a payment plan established by the Corporation, after consultation with the applicable State and local taxing authorities.

"(10) In the event a qualified insured bank which has an outstanding guarantee of net worth is merged with or acquired by another company, any guarantee of net worth may remain outstanding, in the discretion of the Corporation.

"(11) In the event a qualified insured bank which has an outstanding guarantee of net worth is closed, the dollar amount of such guarantees of net worth shall be paid by the Secretary of the Treasury from the Net Worth Guarantee Account, established under the Net Guarantee Act, to the receiver of such qualified insured bank.

"(12) In the event the Secretary of the Treasury has paid to a receiver of a qualified insured bank the dollar amount of outstanding guarantees of net worth, the Secretary of the Treasury shall have the right to recover such amount from the assets of the qualified insured bank involved, subject to the prior payment of all accounts, certificates of deposit, and debt obligations.

"(13) Outstanding guarantees of net worth provided by the Corporation shall be backed by the Net Worth Guarantee Account established under the Net Worth Guarantee Act.

"(14) For purposes of this subsection—

"(A) the term 'net worth'—

"(i) with respect to an insured bank which is not a mutual savings bank, shall have the same meaning given the term 'capital' as defined by the Corporation; and

"(ii) with respect to an insured bank which is a mutual savings bank, shall have the same meaning given the term 'surplus' as defined by the Corporation;

"(B) the term 'insured bank' means any bank the deposits of which are insured under this Act or under the laws of any State;

"(C) the term 'qualified insured bank' means an insured bank which the Corporation determines under paragraph (2) to be eligible for assistance under this subsection; and

"(D) the term 'residential manufactured home' means a manufactured home as defined in section 603(6) of the National Mobile Home Construction and Safety Standards Act of 1974 which is used as a residence.

"(15)(A) The Corporation shall promulgate regulations to implement a program to issue guarantees of net worth under this subsection. Such regulations shall provide definitions of terms, establish procedures for the program, including the form in which the guarantees of net worth shall be provided, describe the criteria to be used in making determinations of eligibility and the conditions to be imposed on qualified insured banks, and such other matters as determined by the Corporation.

"(B) The Corporation shall consult with the Comptroller of the Currency and the Board of Governors of the Federal Reserve System for the purpose of ensuring that such regulations are consistent with and carry forth the purpose of their jointly issued capital adequacy guidelines.

"(C) Such regulations shall be published in final form no later than 30 days after the date of the enactment of the Net Worth Guarantee Act.".

(b) Section 406 of the National Housing Act (12 U.S.C. 1729) is amended by adding at the end thereof the following:

"(g)(1) The Federal Home Loan Bank Board (hereinafter in this subsection referred to as the Board) may issue guarantees of net worth under this subsection to any insured institution that the Board determines under paragraph (2) to be eligible for such assistance. In making a determination under this subsection, the State supervisor of the State in which an insured, State chartered institution which is the subject of the eligibility determination is located shall be consulted.

"(2) No guarantee of net worth may be provided under this subsection unless the Board determines that—

"(A) the net worth of the insured institution involved is less than 2 per centum of such insured institution's assets;

"(B) such insured institution—

"(i) has sustained losses for any two consecutive quarters which occur during any period beginning with the two quarters which are the most recently completed quarters prior to the effective date of the Net Worth Guarantee Act; and

"(ii) such losses are not the result of transactions involving speculation in futures or forward contracts, the result of management action designed solely for the purpose of qualifying for assistance, or the result of excessive operating expenses;

"(C) not less than 20 per centum of such insured institution's loan and investment portfolio consists of mortgages which are secured by residential real property or of securities which are backed by such mortgages;

"(D) such insured institution needs such assistance and has reasonable prospects for long-term viability; and

"(E) such insured institution has agreed to comply with all requirements established by the Board, including requirements—

"(i) to reduce guarantees of net worth in accordance with the provisions of this subsection;

"(ii) to provide to the Board regarding such insured institution's financial condition and lending practices, such reports to be provided at such intervals and with such information as the Board shall determine;

"(iii) that, during the period in which such insured institution has outstanding guarantees of net worth under this subsection, not less than 60 per centum of its annual net new deposits (as determined by subtracting from the deposits for each year the total amount of withdrawals and of interest and dividends credited during such year) shall be used to issue loans, mortgages, credit sales, or advances which—

"(I) are secured by a first lien on residential real property on which there is located a one-to-four family residence or a condominium, by a first lien on stock in a residential cooperative housing corporation where the loan, mortgage, credit sale, or advance is used to finance the acquisition of such stock, or by a first lien on a residential manufactured home;

"(II) are made in an amount which does not exceed the applicable amount specified in title I and title II of this Act; and

"(III) are for the purchase of the principal residence of the borrower; and "(iv) which will permit an insured institution to satisfy up to 50 per centum of the requirement specified in clause (iii) by purchasing securities which are backed by security instruments described in clause (iii) that are issued after the date on which such insured institution first receives a guarantee of net worth under this subsection.

"(3) The Board may not condition the receipt of a guarantee of net worth on the agreement of the board of directors of an insured institution to allow, in the discretion of the Board, such insured institution to be merged with or acquired by another company, if—

"(A) such insured institution has net worth greater than one-half of one percent of such insured institution's assets;

"(B) such insured institution has reasonable prospects for long-term viability; and

"(C) such insured institution is otherwise deemed eligible for a guarantee of net worth.

"(4)(A) The amount of any guarantee of net worth provided by the Board to any qualified insured institution shall be equal to the difference between such qualified insured institution's net worth and an amount equal to 2 per centum of such qualified insured institution's assets as determined on the date the qualified insured institution is deemed eligible for assistance under this subsection, and, on a quarterly basis thereafter for a period not to exceed two years, such additional amounts as are necessary to maintain such qualified insured institution's net worth at 2 per centum of such qualified insured institution's assets.

"(B) After such two-year period, additional guarantees of net worth for such qualified insured institution may be made only if the Board certifies that the continued earnings losses which would necessitate additional guarantees of net worth are caused by general market conditions and not by the actions of such qualified insured institution.

"(5) Notwithstanding any other Federal or State law, guarantees of net worth provided by the Board shall be deemed to be net worth for statutory and regulatory purposes.

"(6)(A) When the net worth of a qualified insured institution reaches 3 per centum of such qualified insured institution's assets, such qualified insured institution shall begin to reduce the amount of guarantees of net worth received by such qualified insured institution.

"(B) The total annual reduction of guarantees of net worth received by such qualified insured institution shall not be less than 50 per centum of the net income, after taxes, of such qualified insured institution for the year involved.

"(7) During any period in which a qualified insured institution which has a stock form of ownership has an outstanding guarantee of net worth, such qualified insured institution may not pay dividends to its shareholders.

"(8)(A) During any period in which a qualified insured institution has an outstanding guarantee of net worth, such qualified insured institution may defer the payment of any State or local tax which is determined on the basis of the deposits held by such qualified insured institution or of the interest paid on such deposits.

"(B) When such qualified insured institutions no longer has any outstanding guarantees of net worth, such qualified insured institution shall pay all taxes which were deferred under subparagraph (A). Such payments shall be made in accordance with a payment plan established by the Board, after consultation with the applicable State and local taxing authorities.

"(9) In the event a qualified insured institution which has an outstanding guarantee of net worth is merged with or acquired by another company, any guarantee of net worth may remain outstanding, in the discretion of the Board.

"(10) In the event a qualified insured institution which has an outstanding guarantee of net worth is closed, the dollar amount of such guarantees of net worth shall be paid by the Secretary of the Treasury from the Net Worth Guarantee Account, established under the Net Worth Guarantee Act, to the receiver of such qualified insured institution.

"(11) In the event the Secretary of the Treasury has paid to a receiver of a qualified insured institution the dollar amount of outstanding guarantees of net worth, the Secretary of the Treasury shall have the right to recover such amount from the assets of the qualified insured institution involved, subject to the prior payment of all accounts, certificates of deposits, and debt obligations.

"(12) Outstanding guarantees of net worth provided by the Board shall be backed by the Net Worth Guarantee Account established under the Net Worth Guarantee Act.

"(13) For the purposes of this subsection—

"(A) the term 'net worth' shall have the same meaning given the term 'reserves' as defined in section 403(b) of this Act and in the regulations issued pursuant to such section;

"(B) the term 'insured institution' means any institution the deposits of which are insured under this Act or under the laws of any State;

"(C) the term 'qualified insured institution' means an insured institution which the Board determines under paragraph (2) to be eligible for assistance under this subsection; and

"(D) the term 'residential manufactured home' means a manufactured home as defined in section 603(6) of the National Mobile Home Construction and Safety Standards Act of 1974 which is used as residence.

"(14) The Board shall promulgate regulations to implement a program to issue guarantees of net worth under this subsection. Such regulations shall provide definitions of terms, establish procedures for the program, including the form in which the guarantees of net worth shall be provided, describe the criteria to be used in making determinations of eligibility and the conditions to be imposed on qualified insured institutions, and such other matters as determined by the Board. Such regulations shall be published in final form no later than thirty days after the date of the enactment of the Net Worth Guarantee Act.".

(c) Section 208 of the Federal Credit Union Act (12 U.S.C. 1788) is amended by adding at the end thereof the following:

"(e)(1) The Board may issue guarantees of net worth under this subsection to any insured credit union which the Board determines under paragraph (2) to be eligible for such assistance. In making a determination under this subsection, the State supervisor of the State in which an insured State chartered credit union which is the subject of the eligibility determination is located shall be consulted.

"(2) No guarantee of net worth may be provided under this subsection unless the Board determines that—

"(A) the net worth of the insured credit union involved in less than 2 per centum of such insured credit union's assets;

"(B) such insured credit union—

"(i) has sustained losses for any two consecutive quarters which occur during any period beginning with the two quarters which are the most recently completed quarters prior to the effective date of the Net Worth Guarantee Act; and

"(ii) such losses are not the result of transactions involving speculation in futures or forward contracts, the result of management action designed solely for the purpose of qualifying for assistance, or the result of excessive operating expenses;

"(C) not less than 20 per centum of such insured credit union's loan and investment portfolio consists of mortgages which are secured by residential real property or of securities which are backed by such mortgages;

"(D) such insured credit union needs such assistance and has reasonable prospects for long-term viability; and

"(E) such insured credit union has agreed to comply with all requirements established by the Board, including requirements—

"(i) to reduce guarantees of net worth in accordance with the provisions of this subsection;

"(ii) to provide reports to the Board regarding such insured credit union's financial condition and lending practices, such reports to be provided at such intervals and with such information as the Board shall determine;

"(iii) that, during the period in which such insured credit union has outstanding guarantees of net worth under this subsection, not less than 60 per centum of its annual net new deposits (as determined by subtracting from the deposits for each year the total amount of withdrawals and of interest and dividends credited during such year) shall be used to issue loans, mortgages, credit sales, or advances which—

"(I) are secured by a first lien on residential real property on which there is located a one-to-four family residence or a condominium, by a first lien on stock in a residential cooperative housing corporation where the loan, mortgage, credit sale, or advance is used to finance the acquisition of such stock, or by a first lien on a residential manufactured home;

"(II) are made in an amount which does not exceed the applicable amount specified in title I and title II of the National Housing Act; and

"(III) are for the purchase of the principal residence of the borrower; and

"(iv) which will permit an insured credit union to satisfy up to 50 per centum of the requirement specified in clause (iii) by purchasing securities which are backed by security instruments described in clause (iii) that are issued after the date on which such insured credit union first receives a guarantee of net worth under this subsection.

"(3) The Board may not condition the receipt of a guarantee of net worth on the agreement of the board of directors of an insured credit union to allow, in the discretion of the Board, such insured credit union to be merged with or acquired by another company if—

"(A) such insured credit union has net worth greater than one-half of 1 per centum of such insured credit union's assets;

"(B) such insured credit union has reasonable prospects for long-term viability; and

"(C) such insured credit union is otherwise deemed eligible for a guarantee of net worth.

"(4)(A) The amount of any guarantee of net worth provided by the Board to any qualified insured credit union shall be equal to the difference between such qualified insured credit union's net worth and an amount equal to 2 per centum of such qualified insured credit union's assets as determined on the date the qualified insured credit union is deemed eligible for assistance under this subsection, and, on a quarterly basis thereafter for a period not to exceed two years, such additional amounts as are necessary to maintain such qualified insured credit union's net worth at 2 per centum of such qualified credit union's assets.

"(B) After such two-year period, additional guarantees of net worth for such qualified insured credit union may be made only if the Board certifies that the continued earnings losses which would necessitate additional guarantees of net worth are caused by general market conditions and not by the actions of such qualified insured credit union.

"(5) Notwithstanding any other Federal or State law, guarantees of net worth provided by the board shall be deemed to be net worth for statutory and regulatory purposes.

"(6)(A) When the net worth of a qualified insured credit union reaches 3 per centum of such qualified insured credit union's assets, such qualified insured credit union shall begin to reduce the amount of guarantees of net worth received by such qualified insured credit union.

"(B) The total annual reduction of guarantees of net worth received by such qualified insured credit union shall not be less than 50 per centum of the net income, after taxes, of such qualified insured credit union for the year involved.

"(7)(A) During any period in which a qualified insured credit union has an outstanding guarantee of net worth, such qualified insured credit union may defer the payment of any State or local tax which is determined on the basis of the deposits held by such qualified insured credit union or of the interest paid on such deposits.

"(B) When such qualified insured credit union no longer has any outstanding guarantees of net worth, such qualified insured credit union shall pay all taxes which were deferred under subparagraph (A). Such payments shall be made in accordance with a payment plan established by the Board, after consultation with the applicable State and local taxing authorities.

"(8) In the event a qualified insured credit union which has an outstanding guarantee of net worth is merged with or acquired by another company, any guarantee of net worth may remain outstanding in the discretion of the Board.

"(9) In the event a qualified insured credit union which has an outstanding guarantee of net worth is closed, the dollar amount of such guarantees of net worth shall be paid by the Secretray of the Treasury from the Net Worth Guarantee Account, established under the Net Worth Guarantee Act, to the receiver of such qualified insured credit union.

"(10) In the event the Secretary of the Treasury has paid to a receiver of a qualified insured credit union the dollar amount of outstanding guarantees of net worth, the Secretary of the Treasury shall have the right to recover such amount from the assets of the qualified insured credit union involved, subject to the prior payment of all accounts, certificates of deposit, and debt obligations.

"(11) Outstanding guarantees of net worth provided by the Board shall be backed by the Net Worth Guarantee Account established under the Net Worth Guarantee Act.

"(12) For purposes of this subsection—

"(A) the term 'net worth' shall have the same meaning given the term 'reserves' as defined in section 116 of this Act and the regulations issued pursuant to such section;

"(B) the term 'insured credit union' means any credit union the deposits of which are insured under this Act or under the laws of any State;

"(C) the term 'qualified insured credit union' means an insured credit union which the Board determines under paragraph (2) to be eligible for assistance under this subsection; and

"(D) the term 'residential manufactured home' means a manufactured home as defined in section 603(6) of the National Mobile Home Construction and Safety Standards Act of 1974 which is used as a residence.

"(13) The Board shall promulgate regulations to implement a program to issue guarantee of net worth under this subsection. Such regulations shall provide definitions of terms, establish procedures for the program, including the form in which the guarantees of net worth shall be provided, describe the criteria to be used in making determinations of eligibility and the conditions to be imposed on qualified insured credit unions, and such other matters as determined by the Board. Such regulations shall be published in final form no later than 30 days after the date of the enactment of the Net Worth Guarantee Act.".

NET WORTH GUARANTEE ACCOUNT

SEC. 3. (a)(1) There is hereby established in the Treasury of the United States a Net Worth Guarantee Account (hereinafter in this Act referred to as the "Account") which shall be used by the Secretary of the Treasury for the required payment of any guarantee of net worth issued by—

(A) the Federal Deposit Insurance Corporation to carry out the provisions of section 13(h) of the Federal Deposit Insurance Act;

(B) the Federal Home Loan Bank Board to carry out the provisions of section 406(g) of the National Housing Act; and

(C) the National Credit Union Administration Board to carry out the provisions of section 208(e) of the Federal Credit Union Act.

(2) All guarantees of net worth provided by the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board shall be debited from this account. All reductions of outstanding guarantees of net worth shall be credited to the account.

(b) The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee of net worth provided under this Act.

(c)(1) The total amount of guarantees of net worth outstanding under this Act shall not exceed at any time $8,500,000,000.

(2) The authority to issue guarantees of net worth shall be limited to such amounts as are provided in advance in appropriation Acts.

(3) No guarantee of net worth may be issued after September 30, 1984.

(4) There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to carry out the provisions of this Act and the amendments made by this Act.

REPORTS TO CONGRESS

SEC. 4. The Federal Home Loan Bank Board, the Board of Directors of the Federal Deposit Insurance Corporation, and the National Credit Union Administration Board shall each transmit a quarterly report to each House of the Congress specifying the types and amounts of guarantees of net worth provided to each depository institution and the conditions imposed on each such depository institution. Each such report shall include the most current periodic assessment and evaluation of each assisted institution's performance in meeting local community credit needs prepared by the appropriate Federal financial supervisory agency pursuant to the Community Reinvestment Act of 1977.

GENERAL ACCOUNTING OFFICE AUDIT

SEC. 5. The Comptroller General of the United States shall conduct on a semiannual basis an audit of the guarantee of net worth programs of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board and of the Net Worth Guarantee Account established in section 3 of this Act. Each such report shall be transmitted to each House of the Congress.

DEFINITIONS

SEC. 6. For purposes of this Act, the term "guarantee of net worth" means any guarantee of net worth issued by—

(1) the Federal Deposit Insurance Corporation under section 13(h) of the Federal Deposit Insurance Act;

(2) the Federal Home Loan Bank Board under section 406(a) of the National Housing Act; and

(3) the National Credit Union Administration Board under section 208(e) of the Federal Credit Union Act.

EFFECTIVE DATE

SEC. 7. This Act shall take effect on the date of the enactment of this Act.

Mr. ST GERMAIN (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open for amendment at any point.

The **CHAIRMAN** pro tempore. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

AMENDMENT OFFERED BY MR. WORTLEY

Mr. WORTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WORTLEY: On page 9, line 9; on page 17, line 7; and on page 24, line 15 strike the "." and insert in lieu thereof the following: "other than debt obligations subordinated to the claims of general creditors which were outstanding when any such guarantee of net worth was issued.".

Mr. WORTLEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The **CHAIRMAN** pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WORTLEY. Mr. Chairman, the amendment is simple and straightforward. It is designed to insure that the U.S. Treasury receives adequate protection should the net worth certificates have to be redeemed.

Our committee spent a great deal of time and effort crafting a bill that will help ailing thrift institutions without placing an undue strain on the Treasury. I think the committee has done an admirable job.

However, I also believe that this amendment strengthens the bill.

Simply put, the amendment provides that holders of subordinated debt outstanding at the time net worth guarantees are issued will not be paid ahead of the Treasury should the bank go into receivership.

In a letter to the chairman of the House Banking Committee and its members, William Isaac, Chairman of the Federal Deposit Insurance Corporation stated:

> We . . . do not know why Treasury's position should be subordinate to debt obligations for net worth guarantees. We believe that a subordinated debtor who extended funds prior to qualification for a Federal net worth guarantee has undertaken a risk similar to a stock investment and deserves no more consideration.

I agree. The House of Representatives is proceeding in a responsible fashion by considering the Net Worth Guarantee Act. By permitting the Treasury to recoup its losses should the worst occur demonstrates to the taxpayer that we are just as serious about guarding their interest as we are in acknowledging the difficulties facing an important segment of our finanical industry.

I urge my colleagues to support this amendment as a matter of equity.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. WORTLEY. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, we can abbreviate this. I think the Members of the House would appreciate it.

I am prepared to accept the gentleman's amendment.

Mr. WORTLEY. I think the gentleman.

Mr. WYLIE. Mr. Chairman, if the gentleman will yield, I have seen the amendment. I am prepared to accept the amendment, too. Congratulations.

Mr. WORTLEY. I thank the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. WORTLEY).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. SCHUMER

Mr. SCHUMER. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. SCHUMER: Page 5, line 4, insert after the comma the following: "by a first lien on property on which there is located a multifamily rental project.".

Page 5, line 13, insert before the semicolon the following: ", including, in the case of a multifamily rental project, the maximum per unit limitation in the area under section 207 of such Act".

Page 5, line 14, insert "except in the case of a multifamily rental project," after "(III)".

Page 13, line 13, insert after the comma the following: "by a first lien on property on which there is located a multifamily rental project.".

Page 13, line 21, insert before the semicolon the following: ", including, in the case of a multifamily rental project, the maximum per unit limitation in the area under section 207 of this Act".

Page 13, line 22, insert "except in the case of a multifamily rental project," after "(III)".

Page 20, line 23, insert after the comma the following: "by a first lien on property on which there is located a multifamily rental project.".

Page 21, line 7, insert before the semicolon the following: ", including, in the case of a multifamily rental project, the maximum per unit limitation in the area under section 207 of such Act".

Page 21, line 8, insert "except in the case of a multifamily rental project," after "(III)".

Mr. SCHUMER. Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SCHUMER. Mr. Chairman, this amendment is a very simple amendment.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. SCHUMER. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. We have reviewed the amendment. We are prepared to accept the amendment.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. SCHUMER. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Chairman, I do not think that the amendment offered by the gentleman from New York makes the bill significantly worse.

May I say that I think that is a soft spot in the bill right now, tying it into housing. My substitute would not permit that. But given that scenario of events, I think the amendment of the gentleman from New York is all right.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New York (Mr. SCHUMER).

The amendments were agreed to.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. WYLIE

Mr. WYLIE. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. WYLIE: Strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. This Act may be cited as the "Income Capital Certificates Act of 1982".

SEC. 2. (a) Section 406(f) of the National Housing Act, as amended (12 U.S.C. 1729(f)), is amended by adding a new paragraph (4), to read as follows:

"(4)(A) Notwithstanding any other provision of state or federal law, and without limitation on any authority provided elsewhere in this Act or the Home Owners' Loan Act of 1933, as amended, the Corporation, in its sole discretion and on such terms and conditions as it may provide, is authorized to increase or maintain the capital of a qualified institution by making periodic purchases of capital instruments, as defined by the Corporation, for such form of consideration as the Corporation may determine, from such qualified institution, and may authorize such institution to issue such instruments, pursuant to this paragraph.

"(B) For the purposes of this paragraph, a qualified institution shall mean an insured institution that, as determined by the Corporation:

"(i) Has net worth equal to or less than 3 percent of its assets;

"(ii) Has incurred losses during the immediately preceding month or during such other immediately preceding period as the Corporation may specify;

"(iii) Agrees to comply with all the terms and conditions established by the Corporation for receiving assistance pursuant to this paragraph, including, without limitation on the foregoing, those relating to reporting, compliance with laws, rules and regulations, execution and implementation of resolutions and agreements to merge or reorganize, suspension of dividends by stock institutions, submission and adoption of plans of operation, restrictions on operations, repayment of assistance received, and consent to supervisory action; and

"(iv) Will be solvent for more than six months, as determined by the Corporation in accordance with the methods for calculating net worth pursuant to this paragraph.

"(C) The Corporation initially may purchase capital instruments as follows:

"(i) With respect to a qualified institution having net worth greater than 2 percent and less than or equal to 3 percent, the Corporation may not purchase capital instruments in any period from such institution in an amount greater than 30 percent of the average losses (calculated in terms of return on average assets) sustained by insured institutions within that net worth range during the immediately preceding period, as determined by the Corporation.

"(ii) With respect to a qualified institution having net worth greater than 1 percent and less than or equal to 2 percent, the Corporation may not purchase capital instruments in any period from such institution in an amount greater than 40 percent of the average losses (calculated in terms of return on average assets) sustained by insured institutions within that net worth range during the immediately preceding period, as determined by the Corporation.

"(iii) With respect to a qualified institution having net worth greater than zero and less than or equal to 1 percent, the Corporation may not purchase capital instruments in any period from such institution in an amount greater than 50 percent of the average losses (calculated in terms of return on average assets) sustained by insured institutions within that net worth range during the immediately preceding period, as determined by the Corporation.

"(D) In the exercise of its authority under this paragraph, the Corporation at any time, in its sole discretion, may establish criteria that, with respect to ranges of net worth, calculation of average losses, and percentage of average losses to be met by purchases of capital instruments, differ from those set forth in subparagraph (C) hereof.

"(E) No assistance may be provided to a qualified institution pursuant to this paragraph if the Corporation determines that providing such assistance would be costlier than liquidating (including paying the insured accounts of) such institution or dealing with it in accordance with paragraphs (1) or (2) of this subsection. The Corporation shall in no period purchase capital instruments from a qualified institution in an amount equal to more than 100 percent of such institution's actual losses incurred for the immediately preceding period.

"(F) Notwithstanding any other provision of law:

"(i) No court, state or federal, shall have jurisdiction to review any action taken by the Corporation pursuant to this paragraph; and

"(ii) The Corporation shall account on its books and records for transactions pursuant to this subsection in such manner as it determines to be reasonable."

(b) Section 406(f)(1) of the National Housing Act, as amended (12 U.S.C. 1729(f)(1)), is amended to add, immediately after the words "purchase the assets", the words "or the securities".

(c) Section 406(f)(2) of the National Housing Act, as amended (12 U.S.C. 1729(f)(2)), is amended to add, immediately after the first time the phrase "such other insured institution" appears, the words ", or purchase the securities thereof,".

SEC. 3. (a) Section 5(b)(5) of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(b)(5)), is amended as follows:

(1) By amending subparagraph (B to read as follows:

"(B) Capital instruments issued by an association pursuant to section 406(f) of the National Housing Act, as amended, shall constitute part of the general reserves and net worth of the association, in accordance with the rules and regulations of the Board."; and

(2) By adding a new subparagraph (C) to read as follows:

"(C) The Board shall provide in its rules and regulations for charging losses to mutual capital certificates, capital instruments issued pursuant to section 406(f) of the National Housing Act, as amended, reserves, and other net worth accounts.".

(b) Section 403(B) of the National Housing Act, as amended (12 U.S.C. 1726(b)), is amended as follows:

(1) By amending the fourth-to-last sentence to add, immediately after the word "items,", the words "including capital instruments issued pursuant to section 406 (f) of this Act,"; and

(2) By amending the second-to-last sentence to strike the words "the mutual capital certificate" and to substitute therefor the words "mutual capital certificates, capital instruments issued pursuant to section 406(f) of the National Housing Act, as amended,".

SEC. 4. Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823), as amended, is amended by adding a new subsection (h) to read as follows:

"(h)(1) Notwithstanding any other provision of state or federal law, the Corporation, in its sole discretion and on such terms and conditions as it may provide, is authorized to increase or maintain the capital of a qualified bank by making periodic purchases of capital instruments, as defined by the Corporation, for such form of consideration as the Corporation may determine, from such qualified bank, and may authorize such bank to issue such instruments, pursuant to this paragraph.".

(2) For the purposes of this paragraph, a qualified bank shall mean an insured bank that, as determined by the Corporation:

(A) Has net worth equal to or less than 3 percent of its assets;

(B) Has incurred losses during the immediately preceding month or during such other immediately preceding period as the Corporation may specify;

(C) Agrees to comply with all the terms and conditions established by the Corporation for receiving assistance pursuant to this paragraph, including, without limitation on the foregoing, those relating to reporting, compliance with laws, rules and regulations, execution and implementation of resolutions and agreements to merge or reorganize, suspension of dividends by stock institutions, submission and adoption of plans of operation, restrictions on operations, repayment of assistance received, and consent to supervisory action; and

(D) Will be solvent for more than six months, as determined by the Corporation in accordance with the methods for calculating net worth pursuant to this paragraph.

(3) The Corporation initially may purchase capital instruments as follows:

(A) With respect to a qualified bank having net worth greater than 2 percent and less than or equal to 3 percent, the Corporation may not purchase capital instruments in any period from such bank in an amount greater than 30 percent of the average losses (calculated in terms of return on average assets) sustained by insured banks within that net worth range during the immediately preceding period, as determined by the Corporation.

(B) With respect to a qualified bank having net worth greater than 1 percent and less than or equal to 2 percent, the Corporation may not purchase capital instruments in any period from such bank in an amount greater than 40 percent of the average losses (calculated in terms of return on average assets) sustained by insured banks within that net worth range during the immediately preceding period, as determined by the Corporation.

(C) With respect to a qualified bank having net worth greater than zero and less than or equal to 1 percent, the Corporation may not purchase capital instruments in any period from such bank in an amount greater than 50 percent of the average losses (calculated in terms or return on average assets) sustained by insured bank within that net worth range during the immediately preceding period, as determined by the Corporation.

(4) In the exercise of its authority under this paragraph, the Corporation at any time, in its sole discretion, may establish criteria that, with respect to ranges of net worth, calculation of average losses, and percentage of average losses to be met by purchases of capital instruments, differ from those set forth in subparagraph (3) hereof.

(5) No assistance may be provided to a qualified bank pursuant to this paragraph if the Corporation determines that providing such assistance would be costlier than liquidating (including paying the insured accounts of) such bank or dealing with it in accordance with this section. The Corporation shall in no period purchase capital instruments from a qualified bank in an amount equal to more than 100 percent of such institution's actual losses incurred for the immediately preceding period.

(6) Notwithstanding any other provision of law:

(A) No court, state or federal, shall have jurisdiction to review any action taken by the Corporation pursuant to this paragraph;

(B) The Corporation shall account on its books and records for transactions pursuant to this subsection in such manner as it determines to be reasonable; and

(C) Income capital certificates issued under this subsection may be treated as part of general reserves and net worth of the bank for supervisory, regulatory or accounting purposes in accordance with rules, regulations or orders of the Corporation.

SEC. 5. (a) Except as otherwise authorized by law, the authority of the Federal Savings and Loan Insurance Corporation and the Federal Deposit Insurance Corporation to purchase income capital certificates as provided in this act shall expire on September 30, 1984.

(b) Income capital certificates issued prior to October 1, 1984 and any terms or conditions established prior to that date or subsequently by the purchasing Corporation shall remain in full force and effect.

Mr. WYLIE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WYLIE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears. Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1640

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The Chair recognizes the gentleman from Ohio (Mr. WYLIE) for 5 minutes in support of his substitute amendment.

Mr. WYLIE. Mr. Chairman, I urge you to support my substitute which would provide for a paper for paper exchange. The exchange would be in the form of an income capital certificate from the FSLIC, which would them provide the thrift institution with a promissory note to any institution which had a net worth of, in some cases below 3 percent, in some cases 2 percent, down to 1 percent. The note would be marketable at market interest rates, and as in the past, because this method has been used before, this promissory note would become a part of the assets held by the troubled thrift institution and would, therefore, improve the net worth of that troubled financial institution.

The staff of the Financial Accounting Standards Board has said that my income capital certificate promissory note approach would result in an increase in the net worth of the recipient institution. The FASB staff, in a letter to us dated May 19, has said that the net worth guarantee proposal, as recommended by the chairman, lacks first and second essentials characteristic of an asset and should not be recognized as an asset under GAAP principles by a thrift. So, therefore, whereas the net worth guarantee proposal of the chairman is presented as an attempt to increase the net worth of a troubled thrift institution, it would not according to the people who would have to determine net worth under accounting principles.

The administration, I would say, supports my substitute. Mr. McNamar has said, "It is our position that the approach contained in the income capital certificate program provides maximum flexibility to the regulators without incurring unnecessary additional funding authority. We are confident that such a program is the least expensive and most appropriate form of temporary assistance to the thrift industry during the current period of high interest rates," and would not require an appropriation.

□ 1650

I think that is a significant point.

Mr. William Isaac, Chairman of the Federal Deposit Insurance Corporation, supports the substitute which I have now offered. He says:

> However, as between the committee bill and your substitute, we favor your substitute because is offers more flexibility to depart from a fixed formula and structure assistance to meet the needs of the individual institution.

Mr. Pratt, who heads the FHLBB, an agency which will administer this bill, has written to me on several occasions. He said:

> Your bill would be essentially easier to administer. It would maintain incentives for an institution to cut their costs.

And I think that is awfully important. Under my bill the institutions would have the incentive to exercise good management practices to reduce their costs. Under the net worth guarantee proposal, an institution which had bad management practices could be persuaded perhaps to continue those bad management practices because their losses would be guaranteed if they, indeed, failed later on.

My substitute is an incentive for good management practices whereas the guaranteed net worth proposal by the chairman is not.

The Wylie substitute provides net worth assistance to the institutions most in need, to institutions as a peer group, which is a point which the gentleman from Connecticut (Mr. McKINNEY) made earlier, and I think that is awfully important. It would not lend itself to lawsuits the St Germain proposal could because in that case the Federal Home Loan Bank Board has to make a decision as to which institutions they might or might not help under the guaranteed proposal.

Under mine there is a formula.

The Wylie substitute would provide the time which is necessary to adjust to a less regulated environment and, indeed, to adjust to a more favorable interest rate climate. It could be put into effect immediately.

I urge support of the substitute which I have offered.

Mr. HUBBARD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the substitute offered by our colleague, Mr. WYLIE. The committee bill is, as a result of the full and comprehensive consideration given by the committee in hearings and in markup, a bill which directly addresses the problems encountered by the Nation's depository institutions.

Those depository institutions which have traditionally relied upon consumer deposits to fund long-term home mortgage loans are suffering under the high and volatile interest rates the Nation has today. These institutions have provided a valuable service to their local communities. They have provided Americans with the opportunity to be homeowners. They have as a result contributed to the provision of jobs in the construction and related industries.

The committee bill recognizes this contribution and provides a realistic program to bolster the net worth or capital of qualifying institutions. Institutions which are eligible are savings and loans, credit unions, mutual savings banks, and commercial banks, particularly community banks. With respect to commercial banks, the committee bill, as a result of the adoption of an amendment which I sponsored, provides ample recognition that many of our commercial banks have operated just like savings and loans. They have taken in the deposits of small savers, consumers, and in turn used those funds for the provision of home mortgages. As a result, they now suffer from a mismatch between their cost of funds and the return on their assets. Their costs exceed their income. The bill, as I say, provides equitable treatment of those institutions.

In addition, the substitute would not address the concerns raised by existing agency procedures for arranging solutions to their problem cases. The agencies are arranging forced mergers of institutions and these mergers are usually accompanied by forced management changes as well. As a result of these actions, local communities are losing institutions and managers who have a direct and close involvement with their communities. These firms know the needs of their communities. The institutions created by the agencies are remote and often involve merging local institutions into large firms based in States far from the home offices of the local institutions. The committee bill, on the other hand, recognizes the value of these local institutions and provides appropriate guidance to the agencies in addressing the needs of these institutions.

The substitute also does not address the very real question of the backing of the guarantees to be issued by the agencies. I am concerned that the resources of the FSLIC in particular will not be viewed by the public and the investing community as sufficient to back the volume of guarantees which will be outstanding. We must address this matter up front and directly. The committee bill does this by providing an authorization to issue guarantees up to the limit established in the bill, and the provision of an authorization to appropriate the sums which might be needed to honor the guarantees. This will be viewed, I am confident, by the investing community as a real commitment by the U.S. Government, and they will not have to wait for us to act at some point in the future to provide further funding for the proposal in the substitute.

Mr. Chairman, the committee bill will provide a superior approach to the problems of the Nation's thrift institutions which will go a long way to assuring that our Nation has the mortgage lending institutions it needs for the future. The substitute does not and should be rejected.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. HUBBARD. I will be glad to yield to my friend and colleague from Ohio.

Mr. WYLIE. I thank the gentleman for yielding. He made a point that wnat we need is money or some help directly up front. I submit that with the guarantee arrangement the money would not be immediately available. This is only a guarantee. There is no capital infusion.

But over and beyond that, I wanted to make the point that the gentleman is interested in an amendment which he offered which would provide the same assistance for commercial banks and his threshold is 5 percent of net worth which could qualify many of the Nation's largest banks, I might say, and diffuse from the fund.

But these guarantees, whereas the gentleman wants his banks to be helped, as I pointed out a little earlier in the letter from the Financial Accounting Standards Board, these net worth guarantees would not allow the banks to get assistance, whereas these are institutions which are traded on the open market and that that would not improve their stock positions.

So I do not see how a commercial bank, which is what the gentleman's amendment was directed to, could be assisted.

Mr. HUBBARD. It is my opinion that the commerical banks, especially in small community banks in districts such as mine, would be benefited more by the committee bill rather than by the gentleman's substitute.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. HUBBARD. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. I thank the gentleman for yielding.

I want to make a point. No. 1, we amended the gentleman's amendment and it is now down to 4 percent.

But on this Accounting Standards Board, some staff member with a green eyeshade came up with a quick opinion yesterday and also he was not asked for his opinion on the Wylie substitute. So I would not give too much credence to that one.

Mr. PAUL. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the substitute amendment.

I rise in support of the Wiley substitute and would like to address a subject, though slightly different, than the technical points of both the bills that are before us today.

I would like to talk a little bit about the problems that have brought us to this point where we are needing to have some type of a bailout bill for our savings institutions. To me that is the most important issue.

Why are we in this predicament? Will that which we are doing today really help? I quite frankly do not think there is going to be a lot of help in the long run.

In the short run I think legislation of this sort does provide some sort of temporary help but it is at the expense of other institutions and it is at the expense of probably a lot more inflation in the future.

I think what we are doing here today is symbolic and characteristic of what happens in an age of inflation, and currency destruction. When a currency becomes very weak and it is on its last legs, we expect to see institutions failing.

In the last decade we have gone through a period of time where our total money supply as measured by M-3 has nearly tripled and this period of time has coincided with the severance of the last linkage that we had with gold in 1971.

□ 1700

During this period of time, these past 10 years, our mortgage markets have essentially been wiped out. The bond market is essentially nonexistent, in a practical financial sense. So the real question is: What has happened? Why have we allowed our institutions to get in this predicament?

I happen to think it has nothing to do directly with the savings and loans or the bonds themselves. It has to do with the currency. The currency is sick. The savings and loans have suffered the consequences and are manifesting the symptoms of a sick currency. The currency is sick for a precise reason. It is sick because it is not a healthy, strong currency. It no longer has value in itself. It is a fiat currency. The period between 1971, to the present time, is the first time in our history since the Continental dollar that we have had this type of currency. Even in the Civil War it never got as bad. Interest rates even then only got to about 14 percent, and at that particular time gold continued to circulate. But under today's circumstances there is no other currency circulating and we are totally dependent on this fiat currency.

This is also, to me, very symbolic of the age of Government that has gotten out of control. We are having a difficult time coming up with a budget. We came up with a budget last year that was $42 billion in deficit, and it actually turned out that it was over $100 billion in deficit. And the same problem faces us this year. So we are facing conditions today where the currency is weak, the currency is sick, the Government itself is out of control. And we seem to lack control in doing anything about it.

The financial markets today are in serious trouble mainly because people say the interest rates are high. Well, again, high interest rates are a symptom; they are not the cause. People who have lost trust in money demand a high premium for that money when they loan it. It is as simple as that. So often I hear the statement made that the interest rates are higher than they should be. They say real interest rates should always be 4 or 5 percent, and then there should be an inflation premium equal to the rate of price inflation. It happens that price inflation today is rather low, yet interest rates remain at 15 and 16 percent. It is because of the risk factor, the unknown factor, is so great, because people have lost trust in us to manage and help the economy, and they have lost trust literally in the currency.

In recent years much greater emphasis has been put on the quantity of money, and this is understandable. The quantity of money is very important. If you increase the supply of money rapidly, it is very natural to understand why the individual unit will lose its value; and, literally, this is what we have been doing. We have been increasing the supply of money rather rapidly, the unit is losing value, and people are anticipating that we will continue to do this. But the whole point is that if the creation of money continues as it has been, people will not have the restoration of trust that is needed to get interest rates down to tolerable levels. But not only should we be concerned about the quantity of money, we must also be concerned about the quality of money. We have not addressed this subject at all in the last several decades, if not in 50 years. So until we address the subject of the quality of money we are going to continue with the serious financial problems that we face today.

Not only that, if we continue with bailout measures as we are doing today the problems will get much worse.

If we are not careful, and fail to understand the nature of money, we can expect the serious conditions of today to become chaotic and threaten our political institutions. We must all work to avert this. For this reason I urge all my collegues to investigate and become knowledgeable about the gold standard—a standard where money has quality and its value comes from the market and not by government fiat.

Mr. ALEXANDER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the substitute and in support of the committee bill.

Mr. Chairman, the bill before us is designed as a bridge to assist the savings and loan industry, and subsequently the housing industry, through this difficult period of high interest rates.

It is designed to help the savings and loan associations that have gone out on a limb to help the homebuyer and the housing industry. This bill, I believe, will help stem the tide of the mergers of the savings and loan establishments from the small and mid-sized communites.

Many times we have all heard President Reagan talk about getting the Federal Government off the backs of the people—of giving back to State and local governments decisionmaking powers that rightfully belong with them—of allowing decisions to be made on the grassroots level.

Mr. Reagan is to be applauded for recognizing the importance of freedom of enterprise. However, many times we have seen this administration's policies, perhaps unintentionally, work against those stated goals.

In the savings and loan industry, decisionmaking and managerial responsibilities are moving out of the communities directly affected. This transfer of responsibility is an indirect result of high interest rates.

Let me illustrate with a few examples from my own district in Arkansas. In my district, two savings and loan institutions in Helena, Ark., have been merged with institutions in Little Rock and Pine Bluff—both outside of the First Congressional District. In West Memphis, Marianna, and Batesville, savings and loan institutions have been merged into one Little Rock Savings & Loan Association—again out of my district.

Other savings and loan institutions remain in the First Congressional District, whose decisionmaking powers have be absorbed by other, larger associations.

Since January 1, 1981, 29 savings and loans in Arkansas have completed or announced mergers. Arkansas has thus far escaped savings and loan failures and mergers with savings and loans from outside the State, but these examples of the problems facing savings and loans can be found elsewhere.

Five Texas savings and loan institutions were merged with a Los Angeles-based savings and loan this year. Is this giving the community power over its fate?

All of the mergers in Arkansas I have mentioned are the result of declines in net worth or were encouraged by declines in earnings and net worth as the result of mortages held by those institutions at such low rates as 7¼ percent while those institutions are paying much more for that money.

One Little Rock savings and loan institution which has remained profitable has done so by making no home loans in more than 3 years. Eleven smaller savings and loans have been merged with that institution this year.

That statement illustrates for you the effect that is wrought on the homebuilding industry—the savings and loans which will provide financing for homes are disappearing.

Passage of this bill would only be a beginning to the solution. The long-term solution is to bring down high interest rates and we are all working toward reduction of the deficit to accomplish that end.

But this bill is necessary now to stem the tide—to stop the decisionmaking responsibility's flow outside of the communities affected—to do something to bolster the housing industry now.

If the conduit for home financing is destroyed by lack of action by the Congress, the homebuilding industry will be destroyed.

In Arkansas alone, eight savings and loan could be helped to remain independent if the bill were enacted today. The Federal home loan bank says that by the time it is enacted 15 or 16 savings and loans in Arkansas could be helped.

I urge your support of the committee bill.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Chairman, I rise in opposition to the substitute offered by our colleague, Mr. WYLIE. The committee bill is far superior as a solution to the problems facing the thrift industry today than the substitute. Two major points stand out in my mind. First, the committee directly addresses one of the major concerns that I have about the existing procedures used by the insuring agencies, and in particular the Federal Home Loan Bank Board, to resolve problem cases.

Today, the agencies are arranging forced mergers of institutions suffering losses caused primarily by high interest rates. These mergers are usually accompanied by forced management changes as well. As a result of these actions, local communities are losing institutions and managers who have a direct and close involvement with their communities. These firms know the needs of the people and businesses in their market and they have been responsive in providing financial services to them.

The creation of the multibillion-dollar interstate institutions with their operations being directed from some faraway State and with management brought in from the outside destroys the ties that the former local institution had with its community. I want to know how a savings and loan officer in California who now owns a S. & L. operation in New York or Florida or some other State can provide that same personalized service to the people of those States with the same knowledge and understanding of the needs of those people. I do not think that that officer can or will.

The substitute does nothing to address this concern. It will, in fact, lead to more mergers, more multistate operations and a further depersonalization of essential banking services. The committee bill, on the other hand, would preclude conditioning receipt of a guarantee on the signing of a blank merger resolution by the board of directors of an institution which will receive aid. The committee report also stresses that in the majority of cases, management will be found to be capable and effective. In those cases, we stress that the agency should not condition receipt of a guarantee on management signing blank resignations which can be exercised at the whim of the agency. The substitute does not address this issue and in fact would allow the agency to condition receipt of assistance on the provision of blank merger resolutions and on management changes.

Second, the substitute does not address the very real question of the backing of the guarantees to be issued by the agencies. I am concerned that the resources of the FSLIC in particular will not be viewed by the public and the investing community as sufficient to back the volume of guarantees which will be outstanding. We must address this matter up front and directly. The committee bill does this by providing an authorization to issue guarantees up to the limit established in the bill, and the provision of an authorization to appropriate the sums which might be needed to honor the guarantees. This will be viewed, I am confident, by the investing community as a real commitment by the U.S. Government, and they will not have to wait for us to act at some point in the future to provide further funding for the proposal in the substitute.

Mr. Chairman, the committee bill will provide an answer to the problems of the Nation's thrift institutions which will go a long way to assuring that the Nation has the mortgage lending institutions it needs for the future. The substitute does not and should be rejected.

Mr. PARRIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was one of the three members of the committee who abstained on this legislation in the committee, and I did so because I believe the savings and loan industry needs help. But I also did so because this substitute received what can only be generously characterized as summary treatment in the committee. There was no debate, and there has been very little debate here today on the merits of this measure.

I rise in strong support of the substitute to H.R. 6267 offered by the gentleman from Ohio (Mr. WYLIE). For the benefit of my colleagues who have yet to make up their minds about what they are going to do on this legislation, let me point out what Chairman Pratt of the Federal Home Loan

Bank Board, the Federal agency which supervises savings and loans institutions has to say. He urges us to support the substitute instead of the main bill because the substitute "offers an easily administrable, cost-effective, and market-disciplined program that could avoid aggravating deficit problems, while buying time for large numbers of potentially viable thrift institutions."

Let me point out that both approaches, H.R. 6267 and the substitute, are designed to buy time for these institutions, as Chairman Pratt has pointed out. Only the Wylie substitute, however, Mr. Chairman, will allow us to buy that time now, today. I submit that the gentleman from Arkansas who just spoke, Mr. ALEXANDER, is incorrect when he suggests that this is a bridge for the benefit of struggling savings and loan institutions, because it is not, and it will not be effective for that purpose.

One shortcoming of H.R. 6267 is in section 3. In part, section 3 requires that—

> The authority to issue guarantees of net worth shall be limited to such amounts as are provided in advance in appropriation acts.

This seems like a perfectly acceptable way to treat such guarantees. Yet I would ask the chairman of the Banking Committee, when can we expect to get the necessary appropriations? Before the end of the month? Before the July 4 district work period? Before the election? Will such an appropriation find its way into a continuing appropriations resolution?

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. PARRIS. I will yield to the gentleman when I complete my statement.

Mr. ST GERMAIN. The gentleman is asking me a question. I want to answer it.

Mr. PARRIS. What assurances, if any, do we have from the Appropriations Committee in the House and the other body? These are, of course, rhetorical questions, but I submit that the Chairman cannot answer them because there is no answer. There is no guarantee that the appropriations will ever be made.

By way of contrast, let me state that the income capital certificate program contained in the Wylie substitute can be implemented and funded immediately. No appropriations are required. The reason for this is that the ICC program is based on the existing funds of the FSLIC and thus does not have to be appropriated.

The Wylie substitute, which is supported by the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, and the Treasury Department will be implemented immediately upon enactment, thereby bringing swift if not immediate relief to failing financial institutions. I need not remind all Members of the frustrating delays in enacting this fiscal year's appropriations bills. Hundreds of thrift institutions could encounter net worth problems before the fiscal year 1983 appropriations process is completed.

Our choice is very simple. We can enact the Wylie substitute and provide immediate relief to troubled financial institutions. We can make a real contribution to solving a real problem in the real world. Or we can pass H.R. 6267 and wait for an unknown and unspecified period during which the necessary appropriations may be approved.

I urge the quick adoption of the Wylie substitute. One final point. The suggestion of the gentleman from Kentucky (Mr. HUBBARD) does not apply because the net worth in the local community banks to which he referred has been raised to a 5-percent figure, which is obviously not an ailing thrift institution that needs early help. That is the situation this substitute attempts to address.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. PARRIS. I yield to my chairman, the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, I can assure the gentleman that as soon as the Senate accepts H.R. 6267 as reported by our committee there will be no problem getting the appropriation, any more than there was getting the appropriation for the housing stimulus bill that passed here a week and a half ago so overwhelmingly.

Mr. PARRIS. I would say to my chairman that if the other body is no more expedient in their consideration of this legislation than they have been in the general banking reform legislation, which has been under consideration by this Congress for 16 months, then that gives me very little solace.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. PARRIS. I yield to the gentleman from Ohio.

Mr. WYLIE. I think the gentleman makes a good point. My substitute is already moving in the Senate. Hearings are scheduled on it. I have talked to the chairman of the Banking Committee, and he thinks it is superior and he is going to try to move it as quickly as possible if we can get it out over here.

Mr. SCHUMER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think there are two points to be made in support of H.R. 6267 and against the Wylie substitute.

The first is, we have been talking about fiscal appropriation, how much money will be appropriated. The supporters of the substitute, I believe, mistake contingent liability and guarantees for outlays. The Congressional Budget Office, in its report on H.R. 6267, anticipated no outlays in fiscal year 1984 and, in addition, stated that the net worth program will save the insurance fund $2.3 billion.

So if you are talking about fiscal responsibility, if you are talking about keeping budget costs down, H.R. 6267 is the way to go.

The second point I would like to make I think is a broader point, and I think it is a very important point. We all must ask ourselves: Why are we saving these ailing institutions? Why is it that we should not have them be taken over by the big, large banks?

The reason is that it is my belief—and I think the belief not only of this House but of the American people—the smaller institutions play a specific role.

□ 1710

The role of thrift institutions in this country has always been to provide money for housing. To save those institutions, and then simply let them make car loans, personal loans, corporate loans, international loans, makes no sense whatsoever. Unless we have a specific purpose, a specific plan, for saving these institutions, unless we decide that they have a unique and special mission, and craft our legislation accordingly, we are saving them for no good purpose whatsoever.

H.R. 6267 does just that. H.R. 6267 says that a certain percentage, 60 percent of the new money that comes into thrifts that receive net worth certificates shall go into housing. I think a fatal flaw in the substitute is that it does not require money to go into any specific area. It will create little Banks of America and little Chase Manhattans all over the country, without caring about people, young people who want to buy homes, without caring about the need for funneling money into the home industry.

I would just like to say that last week this House was in a paroxysm almost to give money to housing. It would be extremely ironic if my colleagues on this side of the aisle or on that side of the aisle voted for a substitute that saves thrift institutions and does not do a thing for housing when the mission of thrift institutions has primarily been and should continue to be housing.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. SCHUMER. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. To follow up on what the gentleman was saying: There is no cost or outlay, as the gentleman's quote from the report from the Congressional Budget Office indicates. However, the substitute, according to the sponsor himself, involves outlays of $1.2 billion; is that not a fact?

Mr. SCHUMER. Yes, it is.

Mr. ST GERMAIN. So the St Germain bill has no budgetary effect, no outlays, whereas the substitute requires outlays that are included in the budget tables of $1.2 billion.

Furthermore, if you want speedy action on something like the Wylie substitute, talk to the Senate. The regulators bill gives the regulators the discretion that they need for the type of capital infusion contemplated in the Wylie substitute.

If they will only pass the regulators bill it does that. I do not want to take a chance and that is why I am opposing this substitute and saying let us go with H.R. 6267 as reported by the committee.

I would like to also point out that H.R. 6267 is endorsed by and supported by the U.S. League, the Independent Bankers, the National Association of Mutual Savings Banks, and the Consumer Coalition, and they all indeed also oppose the Wylie substitute.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. SCHUMER. I yield to the gentleman from Ohio.

Mr. WYLIE. The gentleman from New York indicated that the bill of the gentleman from Rhode Island does not require an appropriations, but there is specific language in here that says there are authorized to be appropriated without fiscal year limitations such sums as may be necessary to carry out the provisions of this act and the amendments made by the act.

So the bill itself specifically calls for appropriations.

Over and above that, the charter of the Federal Home Loan Bank Board requires them to foster the development——

The CHAIRMAN. The time of the gentleman from New York (Mr. SCHUMER) has expired.

Mr. SCHUMER. Mr. Chairman, I ask unanimous consent that I may proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ST GERMAIN. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard.

Mr. ST GERMAIN. Mr. Chairman, I rise in opposition to the substitute.

Mr. Chairman, I would say to my colleague that I will yield to him. I wanted to make a statement.

Mr. Chairman, I rise in opposition to the substitute offered by our colleague, Mr. WYLIE. As you know, the bill reported by the committee establishes a temporary program to bolster the net worth of depository institutions, expecially that of the Nation's thrift institutions which have done so much to provide vital mortgage credit for our citizens. The bill fashions a program which balances our need to avoid major cash outlays by the Government and which realistically helps those institutions which are suffering from the devastation caused by high and volatile interest rates.

Mr. WYLIE has offered a substitute for the program provided under the committee bill. At the outset, I want to commend Mr. WYLIE for his efforts over the last 2 years in seeing that the committee addresses the problems evident in our financial system today. The committee has benefited from the bipartisan spirit of cooperation in trying to develop proposals which affect our Nation's depository institutions. I do, however, have serious reservations about the specific proposal offered by Mr. WYLIE, and I would like to take a few minutes to talk about some points which all of you should consider as you make your decision on how to vote on the substitute.

First, the committee bill provides a limitation on the amount of guarantees which may be outstanding as a result of providing assistance to qualified institutions, and this limitation is coupled with an authorization to appropriate such sums as might be needed to make required payments under the act. The committee, however, does not anticipate—and the Congressional Budget Office cost estimate supports this view—any cash outlays under the program. Thus, the committee bill provides a real backing for the guarantees issued under the provisions of the act; but it avoids direct cash outlays.

The substitute, on the other hand, because it relies on a program established earlier by the agencies, would entail an estimated $1.2 billion in actual cash outlays by the FSLIC—cash outlays which show up in calculating the budget deficits.

Second, the committee bill directly addresses the need for a temporary backup of the insurance funds to make the guarantee program believable. The substitute does not and instead relies on a funding by the existing deposit insurance funds, which many fear are inadequate. For example, the FSLIC fund has liquid assets composed of cash and investments. The latter are Government securities. The market value of those securities is estimated to be $3.9 billion. Those funds provide the backing for any guarantees which might be issued by the FHLBB under the Wylie substitute. They also must provide the backing for the existing contingent liabilities of the FSLIC fund. Those contingencies—primarily losses which will result from assistance plans already operating—will rise very rapidly over the next 2 years. Given present interest rates, those contingencies alone will use up the entire amount of the securities in the fund. How can we realistically expect that the public and the investing community will accept that those funds can also support almost $7 billion in income capital certificates to be issued by the FHLBB under the Wylie substitute? And, of course, the outlays required under the Wylie plan must come from the FSLIC fund.

The committee bill addresses this issue. It provides a separate account to back up net worth guarantees. It also responds more forthrightly to the concerns evidenced by the Chairman of the FHLBB about the need for a backup of the insurance fund. Chairman Pratt has proposed as early as March of this year that the FSLIC fund needs additional support. He suggested that language be added to the FSLIC act providing that the full faith and credit of the United States stands behind the fund and language increasing the Treasury borrowing authority of the fund. This was opposed by the administration. He reiterated this concern when he testified before the Banking Committee, and in response to a question stated:

> A line of credit sufficient to cover FSLIC securities issued in conjunction with an assistance program would largely eliminate the default risk likely to be associated with such a program instituted with a more limited line of credit. This would help both assisted institutions and the thrift industry generally to continue to hold and secure deposits and to tap money and capital markets in their efforts to restructure through enhancing the confidence of the financial community in the ability of the FSLIC to carry out its basic insurance function.

The committee bill answers these concerns by providing a separate guarantee account in the Treasury sufficient to back up the net worth guarantees issued pursuant to the act.

Third, the committee bill recognizes the value of locally organized and managed institutions and is designed to provide a breather for those institutions which, given some time, can be viable providers of financial services for their communities. Under the substitute, many viable institutions would, because the assistance provided by the substitute is not sufficient to prevent a continued reduction in net worth, be forced to merge with other institutions, many of which are not even in the same State let alone community. We have all heard about the interstate mergers putting together institutions in California, New York, and Florida and other combinations. I would want to know how the owners in California will really know the needs of local communities to be served in New York, Florida, or Missouri. The substitute—using the numbers on which the proponents base their arguments—shows that almost 1,700 institutions would be subject to forced merger by the end of 1985 under that program. I want to emphasize that number: 1,700. That is 1,700 out of 3,700 savings and loans in the country today.

Fourth, I feel compelled to address concerns that have been raised by a document produced by the staff of an accounting organization. As previously noted, the committee bill provides that the full faith and credit of the U.S. Government is behind the guarantees authorized by the act. That backing is, I believe, of greater value than the backing provided by the substitute and will provide ample assurances to depositors and the investing community that the net worth guarantees provided by the act are real. If those individuals wish to rely on a "green eyeshade" opinion of a staff of an accounting organization, then I say, "So be it". I would rather believe that the full faith and credit of the U.S. Government means exactly what that phrase states—the money will be paid if needed.

As I understand the objections raised by the accounting staff, any guarantees, whether they are provided by the Net Worth Guarantee Act or another program like the substitute or the existing ICC program, must provide probable future economic benefits that contribute directly or indirectly to future net cash inflows of the firm; must provide that the firm have control over the assets; and must provide that the assets are in fact of value to the firm. I submit that the net worth guarantee program meets these criteria because the guarantees will provide confidence in assisted institutions and the industry; they will provide indirect economic benefit through an improved cash flow; and more importantly, without those guarantees, the firm might not exist in the future.

In addition, the substitute and the existing ICC program may be lacking in essential criteria. The "green eyeshade" types have not provided to date an opinion on the existing ICC program or that of the substitute. The existing ICC program only has the support of individual accounting firms—support which may not be the most enthusiastic that I have ever known. It also does not provide an asset which the entity receiving the assistance can control. The FSLIC promissory notes issued to buy the ICC's may state that they are transferable to third parties. In reality the agency requires the institution to immediately use the note as collateral for FHLBB advances. In addition and most importantly, the existing promissory note and that envisioned by the substitute is backed, as I mentioned, by extremely limited resources and thus may be viewed as having limited value. The committee bill relies instead on the Treasury of the U.S. Government.

In conclusion, I urge you to support the committee bill. It is a better approach to the problems of the industry. The substitute is lacking.

□ 1720

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from New Jersey.

The CHAIRMAN. The time of the gentleman from Rhode Island has expired.

(At the request of Mr. MINISH, and by unanimous consent, Mr. ST GERMAIN was allowed to proceed for 1 additional minute.)

Mr. MINISH. Mr. Chairman, if the gentleman will yield, did I understand the gentleman to say that the FSLIC fund is now down to a market value of less than $4 billion?

Mr. ST GERMAIN. That is the market value of the assets of the fund, $3.9 billion.

Mr. MINISH. $3.9 billion?

Mr. ST GERMAIN. Yes.

Mr. MINISH. Then that fund has dropped close to $2 billion in the last few months.

Mr. ST GERMAIN. Well, you see, they have been using it on all these mergers. They cost money. Their contingent liabilities are rising.

The Wylie substitute, as I stated, means 1,700 forced mergers between now and 1985.

Mr. MINISH. So the urgency of the situation can be well pointed out by the drop in the FSLIC fund.

Mr. ST GERMAIN. Most assuredly, that is why I have been urging the committee, the House and hopefully the Senate to act.

Mr. MINISH. I thank the gentleman for yielding.

Mr. SHUMWAY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the severity of the problems now facing the thrift industry cannot be overstated. Over the years, savings and loan institutions have played a leading role in making housing widely available for all Americans; ironically, because of the thrift industry's very success in carrying out its mandate to provide affordable mortgage loans, generally on a long-term, fixed-rate basis, it has been disproportionately impacted by our persistently high interest rates. It is clear that, if this vital industry is to survive and prosper, we must bring about a substantial and sustained reduction in interest rates. No industry can remain viable when the cost of money exceeds its return on investment.

The problem, Mr. Chairman, is that many thrifts are in such precarious financial condition that they may not be able to hold out until the economy improves. More than 80 percent of FSLIC-insured institutions suffered losses in 1981; nearly 10 percent saw net worth drop below 2 percent of assets by the end of the year. In order to prevent further deterioration, and to protect the financial institution insurance funds and ultimately the taxpayer from unmanageable claims, immediate action is therefore necessary.

In this regard, Mr. Chairman, I would like to commend Chairman ST GERMAIN for bringing the Net Worth Assistance Act to the attention of the House. Widespread agreement exists among members of the Banking Committee, industry representatives, financial institution regulators, and the administration, that the best means of providing for an improvement of the net worth position of qualifying institutions is by what, in essence, can be viewed as an exchange of paper. Such transactions can, in theory, boost the net worth positions of declining thrifts without budgetary impact—unless, of course, the institution in question actually fails.

Unfortunately, Mr. Chairman, H.R. 6267, as reported by the Banking Committee, is not the best and most effective way of dealing with net worth problems. The Wylie substitute allows the regulators greater flexibility, provides thrift institution managers with more options, can take effect sooner, and has a substantially lower contingent budgetary liability.

As noted in the minority views to the committee report:

> Every member knows that there are scores, even hundreds of thrift institutions which, at the rate their net worth is eroding, can expect to fail or be merged within a matter of months unless they receive assistance. It is therefore imperative that an assistance program be put in place without any undue delay * * *

The Wylie substitute authorizes FSLIC and FDIC to provide capital assistance to qualified institutions—on a sliding scale basis—through the purchase of income capital certificates (ICC's). In exchange for an ICC, a promissory note is issued which is treated as an asset by the recipient institution. Such assistance is made available in such fashion that institutions in similar competitive circumstances are treated similarly, while retaining the incentive to minimize further losses. An additional advantage of the Wylie approach is that it does not condition the acceptance of assistance, as does H.R. 6267, on an institution's commitment to invest at least 60 percent of net new deposits in residential mortgages at or below the FHA ceilings, or in mortgage-backed securities. It seems to me, Mr. Chairman, that if the purpose of this legislation is to restore the net worth position of thrifts as quickly as possible, it makes little sense to impose severe restrictions on an industry already suffering from the effects of excess regulation.

Mr. Chairman, our objective is to restore the health of the thrift industry to a level where it can once again be in a position to profitably invest in residential mortgages. The Wylie substitute to the Net Worth Assistance Act is the most efficient and least costly means of reaching this objective. I therefore urge that it be strongly supported.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. SHUMWAY. I would be happy to yield to the gentleman from Ohio.

Mr. WYLIE. I just want to make a couple points.

The gentleman from New York is not here at the moment, but the charter of the Federal Home Loan Bank Board is to foster the development of thrifts and the Federal Home Loan Bank Board favors my bill in carrying out that charter.

The gentleman from New York mentioned the possibility of a lot of little Banks of America. It is funny that he would mention Bank of America, because there is an amendment in this bill which would allow the net worth guarantees to commercial banks with 5 percent net worth. Now, it just happens that the Bank of America is close to 5 percent net worth. Now, there are other considerations, but the largest bank in the United States, on that part of the formula, could qualify for a net worth guarantee.

My bill does not contain anything for commercial banks because commercial banking is not a troubled industry at the present time. I do not want to diffuse the effort that we are making here when we are recognizing that the thrift industry is indeed in some difficulty, as the gentleman said.

My bill would not require the establishment of any new funds. It would go through the Federal FSLIC fund and two major accounting firms, may I say, have already signed off and accepted this income capital certificate proposal with an exchange for a promissory note under the so-called Phoenix plan. Major accounting firms have not accepted the guaranteed net worth as improving the net worth.

Here we have an existing fund in place, the FSLIC fund, which can administer it. Also the Federal Home Loan Bank Board has indicated to me that under the St Germain plan we are only postponing the problem.

I do not know if I should say this or not, but by 1985 when the net worth guarantee program expires as many as 2,000 savings and loans would either have to merge or liquidate.

Mr. PATTERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not intend to use my 5 minutes here this afternoon, but I would like to say that this debate has been very enlightening. I think it was unfortunate that we did not have the opportunity in the committee to reach a conclusion between the committee amendment and the Wylie substitute. This debate has been fruitful in that regard, but I find there are some flaws in the Wylie substitute which at least lead me to the conclusion that it does not meet the real urgent needs.

We have all agreed, I think, that the urgency for passing the Net Worth Guarantee Act, in whatever form, is caused by high interest rates at this time.

The financial institutions that are in the recycling business on a short-term basis, the commercial banks and that sort of thing—those not committed to long term lending—are doing fine. They are paying higher costs for their money and they are lending it out at a higher interest rate. Those institutions, however, who have made those long-term, 30-year, fixed-rate mortgages on homes for the American people are the ones who are really feeling the pinch.

Now, the Wylie substitute does not treat that in any equitable way.

The committee bill, on the other hand, has a requirement that any financial institution, in order to gain assistance under the Net Worth Guarantee Act, must have at least 20 percent of its assets in mortgage lending finance. So, it seems to me, that is the key difference of why the institutions with 20 percent or more of their lending portfolios in long-term lending ought to receive this kind of assistance. I do not think we ought to be in the bail-out business for those who are turning their money over rather rapidly.

□ 1730

Second, we have heard some debate on the flexibility under the Wylie amendment, but all the flexibility arguments seem to be given out under the auspices of one of the regulators. As Members know, the regulators are really another set of bureaucrats, and flexibility to them is another form of stronger regulation.

For example, as I understand it, in the Wylie substitute, there could be forced mergers, there could be forced resignations on the part of institutions where they might be managed well. And that flexibility is up to these regulators out there, the same ones that brought you FDIC—and they are issuing more regulations under the name of deregulation than they are, in fact, granting.

I am really wary of granting any of these regulatory institutions more power and calling it flexibility.

Finally, as I understand the Wylie substitute, it does not cover at all any credit unions that might have the same sort of problem. I wonder why they are not covered? The bill, on the other hand, does cover all insured institutions, including credit unions.

So if Members really believe in the American dream, in homeownership, in helping institutions that got into their trouble through no fault of their own, in those in the mortgage home lending financing. And, if those Members do not want to give more power to the bureaucrats in terms of giving them what they call flexibility, that I would call the ability to force mergers and resignations, then Members have no other alternative than to vote against the Wylie substitute and for the final passage of the bill.

Mr. WEBER of Ohio. Mr. Chairman, I move to strike the requisite number of words and I rise in support of the Wylie substitute.

Mr. Chairman, I want to come back to this question of whether the committee bill does what it is intended to do. That comes back to the question of the generally accepted accounting standards.

Does the committee bill actually improve—will it actually improve the net worth of the financial institutions?

Now, under the Wylie substitute, which I support, we are using a proven technique, a plan which does improve the net worth of the troubled financial institutions, the troubled savings and loan institutions that it is seeking to serve.

On the other hand, I do not think that the comments from the staff member of the Financial Accounting Standards Board can be lightly dismissed when he or she points out that a guarantee of net worth would not be recognized as an asset on the balance sheet of a thrift institution.

I think that that is a serious indictment of the committee plan, because we are being asked to support something that is an untried solution to the problem, whereas the Wylie substitute is a proven success. And if it turns out that the net worth guarantees under the committee bill do not meet the standards of generally accepted accounting principles, then at very best the financial statements would be footnoted and qualified by the auditors and the accountants of the financial institutions, and at the very worst, the guarantees could not be listed as assets and, therefore, would not improve the net worth picture for that financial institution.

Mr. PARRIS. Mr. Chairman, will the gentleman yield?

Mr. WEBER of Ohio. I yield to the gentleman from Virginia.

Mr. PARRIS. Mr. Chairman, I would just like to make a point.

The $1.2 billion estimated cash expenditure required by the Wylie substitute on notes in this year would be, in fact, cash that comes out of the FSLIC funds. It is not an appropriation. That is what the fund is there for. That is what it was created for. It would be a wash, because the premiums and the interest received in the next year would offset that $1.2 billion and be recovered.

So to characterize the expenditures under the Wylie substitute as equivalent to an appropriation is simply erroneous.

Mr. WEBER of Ohio. I thank the gentleman for pointing that out.

Mr. Chairman, if I may reclaim my time, let me summarize by saying I think there are many good reasons why the Wylie substitute is preferable to the committee bill, and I urge my colleagues to support it.

The **CHAIRMAN**. The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. WYLIE).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ST GERMAIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 155, noes 209, answered "present" 2, not voting 66, as follows:

[Roll No. 91]

AYES—155

Atkinson
Bafalis
Bailey (MO)
Benedict
Bereuter
Bethune
Bliley
Breaux
Broomfield
Brown (CO)
Broyhill
Burgener
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coats
Coleman
Conable
Corcoran
Courter
Coyne, James
Craig
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Deckard
DeNardis
Derwinski
Dickinson
Edwards (AL)
Emerson
Emery
Erlenborn
Evans (DE)
Evans (IA)
Fiedler
Fields
Forsythe
Gibbons
Gilman
Gingrich
Goodling
Gramm
Green
Gregg
Gunderson
Hagedorn
Hall (OH)
Hansen (ID)
Hartnett
Hiler
Hillis
Hopkins
Horton
Huckaby
Hunter
Jeffords
Jeffries
Johnston
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leath
LeBoutillier
Lee
Lent
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
McCollum
McDonald
McEwen
McGrath
McKinney
Michel
Miller (OH)
Mitchell (NY)
Molinari
Montgomery
Moore
Moorhead
Morrison
Myers
Nichols
O'Brien
Parris
Pashayan
Paul
Petri
Porter
Pritchard
Railsback
Regula
Rhodes
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Roth
Rousselot
Rudd
Sawyer
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Siljander
Skeen
Smith (AL)
Smith (NE)
Smith (OR)
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stump
Tauke
Tauzin
Taylor
Vander Jagt
Walker
Wampler
Weber (MN)
Weber (OH)
White
Whitehurst
Whittaker
Williams (OH)
Wilson
Winn
Wolf
Wylie

NOES—209

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Applegate
Aspin
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Beilenson
Benjamin
Bennett
Bevill
Biaggi
Bingham
Blanchard
Boland
Boner
Bonior
Bonker
Bouquard
Bowen
Brinkley
Brodhead
Brooks
Brown (CA)
Byron
Chisholm
Collins (IL)
Conte
Convers
Coyne, William
D'Amours
Daschle
Davis
de la Garza
Dellums
Derrick
Dicks
Dingell
Donnelly
Dorgan
Dougherty
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Edgar
Edwards (CA)
English
Ertel
Evans (GA)
Evans (IN)
Fary
Fascell
Fazio
Ferraro
Findley
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fountain
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Glickman
Gonzalez
Gore
Gray
Guarini
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Harkin
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Holland
Hollenbeck
Howard
Hoyer
Hubbard
Hughes
Hutto
Jenkins
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
Lehman
Leland
Levitas
Long (LA)
Long (MD)
Lowry (WA)
Luken
Markey
Matsui
Mavroules
Mazzoli
McClory
McCurdy
McDade
McHugh
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Mollohan
Murtha
Napier
Natcher
Neal
Nelligan
Nelson
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patman
Patterson
Pease
Pepper
Perkins
Pickle
Price
Rangel
Ratchford
Reuss
Rinaldo
Rodino
Roe
Rosenthal
Rostenkowski
Roukema
Roybal
Russo
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Sharp
Simon
Skelton
Smith (IA)
Smith (NJ)
Snowe
Solarz
St Germain
Stratton
Studds
Swift
Synar
Traxler
Udall
Vento
Volkmer
Walgren
Washington
Waxman
Weiss
Whitley
Whitten
Williams (MT)
Wirth
Wolpe
Wortley
Wright
Wyden
Yates
Yatron
Young (AK)
Young (MO)
Zablocki

ANSWERED "PRESENT"—2

Hyde
Young (FL)

NOT VOTING—66

Anthony
Archer
AuCoin
Badham
Boggs
Bolling
Brown (OH)
Burton, John
Burton, Phillip
Butler
Clay
Coelho
Collins (TX)
Coughlin
Crockett
Dixon
Dornan
Dreier
Eckart
Edwards (OK)
Erdahl
Fenwick
Fish
Foglietta
Frenzel
Ginn
Goldwater
Gradison
Grisham
Hansen (UT)
Hatcher
Hawkins
Holt
Ireland
Jacobs
Jones (NC)
Leach
Lewis
Lundine
Marks
Mattox
McCloskey
Moffett
Mottl
Murphy
Oxley
Peyser
Pursell
Quillen
Rahall
Richmond
Rogers
Rose
Sabo
Santini
Savage
Shuster
Smith (PA)
Stanton
Stark
Stokes
Thomas
Trible
Watkins
Weaver
Zeferetti

□ 1750

The Clerk announced the following pairs:

On this vote:

Mr. Thomas for, with Mr. Rahall against.

Mrs. Holt for, with Mrs. Boggs against.

Mrs. Fenwick for, with Mr. Eckart against.

Mr. McCloskey for, with Mr. Stokes against.

Mr. Hansen of Utah for, with Mr. Richmond against.

Mr. DUNN and Mr. ANDREWS changed their votes from "aye" to "no."

Mr. WILSON and Mr. WILLIAMS of Ohio changed their votes from "no" to "aye."

Mr. O'BRIEN changed his vote from "present" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

(By unanimous consent Mr. LOTT was allowed to speak out of order.)

DIFFICULTIES WITH VOTING MACHINERY

Mr. LOTT. Mr. Chairman, I think this will be of interest to all Members if I could get their attention.

Mr. Chairman, I would like the record to show that on the previous vote and on earlier votes today and yesterday my vote has been recorded correctly by the machines but incorrectly on the board.

I understand the technicians are working on it and even though there may be an assumption that I always vote "no," I do occasionally vote "aye," as I just did.

I raise this point to inform Members that they are having trouble with the machines. I hope you will check your vote to make sure you are being recorded properly by both the machines and by the board.

I yield back my time.

The **CHAIRMAN**. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The **CHAIRMAN**. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. FOLEY) having assumed the chair, Mr. KILDEE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6267) to revitalize the housing industry by strengthening the financial stability of home mortgage lending institutions and insuring the availability of home mortgage loans, pursuant to House Resolution 471, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The **SPEAKER** pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute, as amended, adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The **SPEAKER** pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. WYLIE

Mr. **WYLIE**. Mr. Speaker, I offer a motion to recommit.

The **SPEAKER** pro tempore. Is the gentleman opposed to the bill?

Mr. **WYLIE**. I am, Mr. Speaker, in its present form.

The **SPEAKER** pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. WYLIE moves to recommit the bill, H.R. 6267, to the Committee on Banking, Finance and Urban Affairs.

The **SPEAKER** pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The **SPEAKER** pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The **SPEAKER** pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. **WYLIE**. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 272, noes 91, answered "present" 2, not voting 67, as follows:

[Roll No. 92]

AYES—272

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Aspin
Atkinson
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Bingham
Blanchard
Boland
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Byron
Carman
Carney
Chappell
Chisholm
Clausen
Clinger
Coleman
Collins (IL)
Conte
Conyers
Courter
Coyne, James
Coyne, William
D'Amours
Daschle
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dickinson
Dicks
Dingell
Donnelly
Dorgan
Dougherty
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Edgar
Edwards (AL)
Edwards (CA)
Emerson
English
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Ferraro
Fiedler
Findley
Fithian
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Gore
Gray
Green
Guarini
Hamilton
Hammerschmidt
Harkin
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hollenbeck
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jeffords
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kennelly
Kildee
Kogovsek
LaFalce
Lantos
LeBoutillier
Lee
Lehman
Leland
Lent
Long (LA)
Long (MD)
Lowery (CA)
Lowry (WA)
Lujan
Luken
Markey
Marlenee
Marriott
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Morrison
Murtha
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Parris
Patman
Patterson
Pease
Pepper
Perkins
Pickle
Price
Pritchard
Railsback
Rangel
Ratchford
Reuss
Rinaldo
Roberts (KS)
Rodino
Roe
Rosenthal
Rostenkowski
Roukema
Roybal
Russo
Sawyer
Scheuer
Schneider
Schumer
Seiberling
Shamansky
Shannon
Sharp
Shaw
Shelby
Siljander
Simon
Skelton
Smith (IA)
Smith (NJ)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Staton
Stratton
Studds
Swift
Synar
Tauke
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Wampler
Washington
Waxman
Weiss
White
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Yates
Yatron
Young (AK)
Young (MO)
Zablocki

NOES—91

Applegate
Archer
Bethune
Bliley
Brown (CO)
Broyhill
Burgener
Campbell
Chappie
Cheney
Coats
Conable
Corcoran
Craig
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Emery
Erlenborn
Fields
Goodling
Gramm
Gregg
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hance
Hansen (ID)
Hartnett
Hiler
Hillis
Hopkins
Hunter
Jeffries
Jenkins
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leath
Levitas
Livingston
Loeffler
Lott
Lungren
Madigan
Martin (NC)
McClory
McDonald
Michel
Miller (OH)
Moore
Moorhead
Myers
Pashayan
Paul
Petri
Porter
Regula
Rhodes
Ritter
Roberts (SD)
Robinson
Roemer
Roth
Rousselot
Rudd
Schroeder
Schulze
Sensenbrenner
Shumway
Skeen
Smith (AL)
Smith (NE)
Smith (OR)
Stangeland
Stenholm
Stump
Tauzin
Taylor
Walker
Weber (MN)
Weber (OH)
Whitehurst
Wylie

ANSWERED "PRESENT"—2

Hyde
Young (FL)

NOT VOTING—67

Anthony
AuCoin
Badham
Boggs
Bolling
Brown (OH)
Burton, John
Burton, Phillip
Butler
Clay
Coelho
Collins (TX)
Coughlin
Crockett
Dixon
Dornan
Dreier
Eckart
Edwards (OK)
Erdahl
Fenwick
Fish
Foglietta
Frenzel
Ginn
Goldwater
Gradison
Grisham
Hansen (UT)
Hatcher
Hawkins
Holland
Holt
Ireland
Jacobs
Johnston
Jones (NC)
Leach
Lewis
Lundine
Marks
Mattox
McCloskey
Moffett
Mottl
Murphy
Oxley
Peyser
Pursell
Quillen
Rahall
Richmond
Rogers
Rose
Sabo
Santini
Savage
Shuster
Smith (PA)
Stanton
Stark
Stokes
Thomas
Trible
Watkins
Weaver
Zeferetti

□ 1810

The Clerk announced the following pairs:

On this vote:

Mr. Pursell for, with Mr. Collins of Texas against.

Mrs. Holt for, with Mr. Dornan of California against.

Mr. **HALL** of Ohio, Mr. **RALPH M. HALL**, and Mr. **TAYLOR** changed their votes from "aye" to "no."

Mr. **BAILEY** of Missouri changed his vote from "no" to "aye."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING CLERK TO MAKE CHANGES IN SECTION NUMBERS, PUNCTUATION, CROSS REFERENCES, AND OTHER TECHNICAL AND CONFORMING CORRECTIONS IN ENGROSSMENT OF H.R. 6267

Mr. **MINISH**. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, the Clerk be authorized to correct section numbers, punctuation, and cross references and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill, H.R. 6267.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New Jersey? There was no objection.

GENERAL LEAVE

Mr. **MINISH**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material on the bill, H.R. 6267, just passed.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

A GOVERNMENT FOR AMERICAN SAMOA

(Mr. SUNIA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SUNIA. Mr. Speaker, the bill I am introducing today is by far the most important of all the measures that I have brought before this body for consideration. In it, I ask that the Congress of the United States authorize the legislature of American Samoa to call a constitutional convention for the purpose of drafting a new constitution, a privilege already granted to the territories of Guam and the Virgin Islands. It is now an appropriate time for this Congress to establish a form of government for American Samoa.

As you may know, I represent the only "unorganized and unincorporated" territory of our great Nation. We will remain classified as such until Congress decides to pass a law such as that which I am proposing today.

America became interested in Samoa 100 years ago. Our islands were willingly ceded by our chiefs to the United States in 1900 and 1904. These treaties were accepted in 1929. Since then, and particularly during the last 20 years, we have progressed in a manner that has made us the envy of our neighbors in the South Pacific. But the basic political structure that governs the territory continues to be the cause of questions and controversy among our island neighbors and by other countries in the United Nations. Last year, for example, the committee of 24 as part of the United Nations, sent a team to American Samoa because the territory is not wholly self-governing.

Mr. Speaker, we are not talking here about independence or statehood or any of the other options for political reorganization that have been suggested in recent years. We are simply seeking to place our territorial government on a firmer foundation. When Congress approved the treaties 60 years ago, it gave the President the responsibility for administering to American Samoa, "until Congress shall provide for the government of such islands * * *." I believe that this time is now and I am asking Congress to fulfill its promise.

Under the same mandate from Congress, the President assigned the administration of American Samoa first to the Department of the Navy and, in 1951, transferred it to the Department of the Interior. Up to this point, under these agencies and with the continued concern of the Congress, American Samoa has fared exceedingly well in all respects. Human and social services for our people are some of the best in our part of the Pacific. Though on-island opportunities for employment are limited and many of our people are forced to seek jobs on the mainland and in Hawaii, local fish canneries do make a substantial contribution to the gross national product.

Under the Interior, our local legislature has been granted more and more authority. Five years ago, we were permitted to elect our own Governor under a law passed by the local legislature. In 1978, legislation was passed which provided the territory's first non-voting seat in Congress. These are indeed gigantic political steps for such a small and developing territory. The basis for all of this development was a constitution drawn up in American Samoa under the guiding influence of Interior officials. This document was voted on and approved by voters in the territory and then approved by the Secretary of the Interior. While it is evidence of political development, self-rule remains incomplete in that the Secretary of the Interior still holds the authority to appoint our Chief Justice and Associate Chief Justices, the power to determine if a gubernatorial veto should be upheld or overturned by legislative initiative and the final authority to approve or disapprove all amendments to our constitution.

It is these powers kept by the Secretary for himself which have cast doubt upon the integrity of the existing document and which reflects negatively on the expressed purpose and intent of the United States in dealing with the territory. If my proposed bill becomes law and our new constitution is approved by Congress, all doubt and confusion about local control will be eased. American Samoans will be assured that Congress has come through and made good on its promise to structure a local government that is truly responsive to the needs of the people whom it most deeply affects. More important, our constitution will have behind it all of the power of the Congress of the United States. Who can ask for a more solid basis on which to build a government?

Earlier this year, I met with the Governor and legislative leaders of the territory as well as many of the traditional leaders of the islands. I am happy to report that we have unanimously agreed that a constitution approved by the Congress is the next logical step in our march toward more complete self-government within the American family of States and territories.

The procedure for congressional approval of this constitution is lengthy. But such details are necessary in order to have all of the best possible input into the document. Following enactment of this measure, the Legislature of American Samoa will call a constitutional convention which will prepare a draft document. The Governor will then submit this draft to the President of the United States for his comments. He will then transmit the document to Congress together with his suggestions. After Congress has reviewed the document, it will be returned to the people of the territory for their consideration and vote.

Mr. Speaker, I firmly believe that the territory must establish this direct contact with this Congress. While the Department of the Interior has been most helpful and we have prospered under their guidance, we have no real representation there. We do, however, have a Representative here in Congress.

There are advocates of all types of political status for our territory and each has its own merits and disadvantages. It is not my purpose here to suggest a basic shift in our relationship to the United States or to propose an elaborate or overly detailed reworking of the government system. I do not believe in creating long and serious debates over a step whose time has come. As we move toward the end of the eighties, we must recognize the urgent need for the changing political demands of the territory. A new constitution facilitates the kind of flexibility in policy development which is crucial to increased self-government and autonomy. Self-government which results from the adoption of one's own constitution is an integral and necessary step in the political development of any State or territory. If this bill is enacted, it would be an important step in the 82-year political evolution of American Samoa as a part of the United States.

VIETNAM VETERANS

(Mr. EDGAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. EDGAR. Mr. Speaker, on November 3, 1981, the President begrudgingly signed Public Law 97-72, a landmark piece of legislation for Vietnam veterans. The new law provided a 2-year targeted extension of the 10-year delimiting period for certain Vietnam-era veterans to utilize VA on-the-job training and vocational training programs. The legislation also authorized a new small business loan program within the VA to provide loans up to $200,000 for eligible Vietnam-era and disabled veterans.

The administration has yet to fund the small business loan program nor draft regulations as required by law, for the implementation of the provision even though veteran owned businesses across the country are crying out for assistance and the Small Business Administration has established a very poor record in providing "special consideration" for veterans as required by law.

On the other hand, the 2-year extension of job training benefits has been practically overregulated out of existence by restrictive regulations which in no way follow either legislative history or congressional intent.

The President signed the bill into law on November 3, 1981.

The VA published an internal circular describing the implementation of the program to its staff on December 22, 1981.

The effective date of the extension was January 1, 1982.

On March 1, 1982, I asked the VA Administrator in hearings before the House Committee on Veterans' Affairs if regulations for the program had been published in the Federal Register for public comment.

Neither he nor his staff knew.

The regulations were published on March 11. The deadline for public comment was April 12, 1982.

Already, nearly 4 months of the 24-month extension provided under the law had been allowed to slip away either through bureaucratic inertia or by willful intent.

As chairman of the House Veterans' Affairs Subcommittee on Education Training and Employment I have called a hearing of the subcommittee on June 17 to receive an explanation from the Veterans' Administration on their record implementing the extension of job training benefits and the small business loan program.

The extension of VA job training benefits last year was a last ditch effort to target vocational and employment assistance to thousands of Vietnam veterans. Even the VA estimated that 39,000 Vietnam-era veterans would benefit from this extension. I doubt if that target could ever be reached as the program is designed now. I also doubt that these veterans will receive the type of training they actually need.

The Nation is currently experiencing the highest unemployment rate in 40 years. Likewise, Vietnam veteran unemployment is the highest since the war; 750,000 Vietnam-era veterans are currently out of work. This statistic should not be surprising seeing the recession we are in. However, significantly, in every age category, the rate of unemployment among Vietnam veterans is now higher than their nonveteran peers. This is a new development which has accompanied the recession. It clearly shows, the economic vulnerability and continuing readjustment problems plaguing the Vietnam veteran. When the economy sours, the Vietnam veteran, "last hired" because of his military service, is the "first fired."

Mr. Speaker, today I am introducing comprehensive legislation designed to improve and strengthen employment services for veterans through the Department of Labor. If enacted this legislation will go a long way to extend quality employment counseling and placement services for veterans. However, the legislation also requires the Secretary of Labor through the Assistant Secretary of Labor for Veterans Employment to coordinate these programs with existing training services within the Federal Government and particularly the Veterans' Administration. However, we have yet to see the Administration come forward with a separate job training initiative for veterans. We have also seen them grossly restrict utilization of such new programs as the 2-year extension passed last year under existing law.

In response to Public Law 97-72 and the extension of job training, the VA drew up an 11-page circular of regulations citing eligibility criteria for the program based on who they considered to be either skilled or nonskilled. That determination, in turn, was based on another set of documents, 5 inches thick and 2,656 pages long, published by the Department of Labor. This, Mr. Speaker, coming from an administration that prides itself on reducing Government regulations, is an outrage.

After reading these regulations, there might be one veteran, who lives in the Aleutians—who happens to be lefthanded—who might qualify for the program.

In fact in the first quarter of this year, in the entire Philadelphia area, only two veterans had their claims accepted.

Nationwide statistics for the first quarter reveal that: 1,131 veterans have applied for this job training; only 56 have been approved for training; 430 had their claims denied; and 645 claims are still pending.

Just what good does a 2-year on-the-job training program do for a Vietnam veteran who has to wait 6 months in an unemployment line waiting for the VA to process his claim? Only to be declared ineligible anyway.

Time is running out on this program in more ways than one.

For this reason, today, I am introducing legislation to extend the 2-year period for job training for 1 additional year to see if we cannot get the job done right a second time.

I welcome and appreciate the support of my colleagues here this morning in cosponsoring this legislation.

Mr. Speaker, to document our frustration and the frustration of the Vietnam veteran community, I would like to submit for the RECORD two examples. First is page 42 of hearings before the House Committee on Veterans' Affairs regarding the Veterans' Administration budget for fiscal year 1983 on March 1, 1982, in which I engaged in a colloquy with the VA Administrator and his staff on the subject of the 2-year job training extension. Second, I submit a copy of a letter from Mr. Mark Kaufman, Esq., of the Delaware County Legal Assistance Association, Chester, Pa., sent to the VA Administrator requesting clarification of the provisions of public law 97-72. Mr. Kaufman represents the local chapter of the Vietnam Veterans of America in Delaware County. He and his associates have established an outstanding record in representing veterans free of charge before the Veterans' Administration.

At this point I include the following:

TESTIMONY BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS, MARCH 1, 1982, ON THE VETERANS' ADMINISTRATION BUDGET FOR 1983

Mr. EDGAR. Mr. Administrator, the 2-year targeted extension of the date that we passed last year, have VA regulations been published in the Federal Register for that?

Ms. STARBUCK. I do not remember. Let me get the answer for the record on that.

Mr. EDGAR. Does anybody remember? All right. Submit that for the record.

Do you know that the designated cost in fiscal year 1983 for this extension is going to be?

Ms. STARBUCK. No, I do not, not offhand.

Mr. EDGAR. Do you know how many veterans will use this benefit?

Ms. STARBUCK. Do we have an estimate on that? No, we do not have an estimate on that.

Mr. EDGAR. We are receiving rumors, the opposite to the question before, that this particular benefit is being overregulated and severely restricting that service to the veteran on this extension as being somehow confused and overregulated and causing a great deal of confusion. Are you receiving those same kind of inquiries?

Ms. STARBUCK. Not from our field stations. We have received some information of that, someone who objects to basically the way the rule was implemented. It was our impression, and we have so provided in our instructions to the field, that this extension be made available to individuals who are in need of vocational training or educational benefits or an extension. I do not think this is designed for——

Mr. EDGAR. How many are receiving benefits?

Ms. STARBUCK. I would have to provide that for the record.

Mr. EDGAR. A few or a lot?

Ms. STARBUCK. I have no idea.

Mr. EDGAR. It was an important item that we included in last year's legislation. We would like for the record an update on the status of that program, the regulations, the number of applicants, how well it has been publicized, et cetera.

Ms. STARBUCK. Very good.

[The information follows:]

"To date, 1,131 veterans have applied for this benefit with 56 being approved for training, 430 denied benefits and 645 still pending award action."

DELAWARE COUNTY
LEGAL ASSISTANCE ASSOCIATION,
Chester, Pa., May 11, 1982.

Re Delimiting date extensions under Public Law 97-72.

ADMINISTRATOR (271A),
Veterans Administration,
Washington, D.C.

DEAR SIR: I represent the local chapter of the Vietnam Veterans of America and am counsel to large numbers of veterans before the military review boards agencies and the Veterans Administration. I have been asked to express their concerns regarding the proposed regulations under Section 201 of Public Law 97-72.

Section 201 provides, in pertinent part, for extension of the delimiting date to pursue—

(i) a program of apprenticeship or other on-job training;

(ii) a course with an approved vocational objective; or

(iii) a program of secondary education, if the veteran does not have a secondary school diploma (or an equivalency certificate).

Under the proposed rules, need for a program of education with a vocational objective is limited to those who have less than 60 semester hours of higher education, do not hold a 2 year degree and have never been employed in other than an "entry level" non-managerial job. Under this rule, unemployment is essentially irrelevant. Lack of any work record, experience or marketable education may also be irrelevent under this rule. Whether the non-entry level job for which the veteran is trained is available in current economic circumstances, or available under current technological circumstances appears also to be irrelevant under this rule. The net effect is to bar many veterans in need of training for actually existing jobs, who are unemployed, but who have because of some prior experience or training demonstrated real long term prospect for self sufficiency from receiving the benefit of the extension.

There is nothing in the legislative history to suggest that Congress intended so narrow a reading of "need". Certainly "need" and "suitability" are better measured by reference to:

(1) whether the veteran is employed;

(2) whether the veteran possesses training, education or skills or a work record which, in fact, equips him or her to compete for jobs which are or are likely to be actually available vice merely "exist" in the sense typically employed in disability determinations under the Social Security Administration;

(3) whether the program proposed is substantial and has demonstrated effectiveress;

(4) whether the program proposed has as its occupational or vocational objective furtherance of programs already undertaken, but not completed.

There appears to be nothing in the statute which would preclude extension to complete advanced technical or occupational training, college degree programs, graduate professional programs, or the kind of substantial technical and career oriented training available at Community Colleges or universities. The proposed rules would appear to steer veterans in to the "fly-by-night" profit oriented "vocational training" schools which have often proven ineffective. The object of the extension should be to enable a veteran to begin or complete a program with definitive occupational and/or vocation objectives which offer a real prospect of employment, regardless of the level of such training.

Given the fact that most veterans do possess a high school diploma or equivalency, that the lapse of time since the "Vietnam era" and experience suggest that most have held other than entry level jobs, and that nonetheless unemployment-chronic or becoming so among such veterans is very high the narrow reading afforded "need" by the proposed rule will largely defeat the Congressional aim.

Sincerely yours,

MARK KAUFMAN.

PRESIDENT REAGAN: DOING THE JOB HE WAS ELECTED TO DO

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. LUNGREN. Mr. Speaker, after yesterday's stunning failure to keep the Bureau of Standards bill within budget, I would like to bring to my colleagues' attention an excellent editorial which appears in the May 24 issue of U.S. News & World Report.

The editorial points out that "The President, it seems, has a longer memory than most politicians." Many in this body have suddenly forgotten the mandate of November 4, 1980, in which the American people undeniably told Washington to change its erratic spend, spend, tax and tax, high-money-growth economic policy. But let us refresh their memories of the huge economic hangover which in reality the President inherited. I believe the record speaks pretty well for itself.

In December of 1976, the prime rate averaged 6.4 percent. By December 1980, it climbed to the all-time high of 21.5 percent.

There has been no growth in real GNP since early 1979. Furthermore, unemployment and business failures were increasing when President Reagan took office.

And inflation, our Nation's "No. 1 economic problem" according to President Carter in his 1980 economic report, reached double-digit rates in back-to-back years for the first time since World War I. This is after inflation was 4.8 percent in December 1976. The good news is that President Reagan has brought us the lowest inflation rate since 1977 and now some economists believe inflation may end the year below 5 percent.

As is stated in the editorial, "Facts and figures such as those make it easier to understand why Mr. Reagan is standing firm." In reality, the President is only doing the job he was elected to do.

Mr. Speaker, I submit the editorial so that all Members may have the opportunity to read it.

REAGAN: STUBBORN OR STEADFAST?

(By Marvin Stone)

The President is under heavy fire these days, not only from Democrats but also from some members of his own party who feel he being bullheaded about his budget.

Mr. Reagan is holding out for less government. He remains convinced that this longing is shared by the vast majority of Americans who elected him by a landslide 19 months ago.

The President, it seems has a longer memory than most politicians. This was evident the other day in a speech in Washington when he reminded fellow Republicans why, while foes call him stubborn, he remains determined to rein in the growth of federal spending and the mammoth bureaucracy it has spawned. From his speech:

"Let's go to the American people. Let's remind them of the economic mess we faced when we took office [in January, 1981]:

"Inflation in double digits . . . for two years in a row, back to back;

"First time in peacetime, interest rates that had hit yes, 21.5 percent;

"Productivity and the rate of growth in the gross national product down for the third year in a row. . . .

"Let's remind them that in 1979 the inflation rate stood at 4.8 [percent]. By 1980, it was 2½ times as high—12.4.

"Let's remind them that in December of 1976 the prime rate . . . averaged 6.4 percent. By December, 1980 . . . it reached 21.5 percent, a 200 percent increase.

"Let's remind them that when we took office, unemployment had been climbing and business failures increasing.

"When the recession hit us, it was our legacy from the years of boom and bust, of erratic spending and monetary policy. . . .

"Let's point out that for all of this, there's been one overriding cause—we've said it before and let's say it again—government is too big and it spends too much money.

"In the last 10 years, federal spending tripled.

"In the last five years, federal taxes doubled, largely because of the growth of social programs. In 1950, social programs cost the taxpayers 12 billion dollars; in 1980, nearly 300 billion dollars—an increase of an incredible 2,300 percent. In that same period, prices rose by 278 percent. So real social spending was actually 5½ times higher than in 1950.

"By 1980, 1 out of every 3 American families was receiving federal assistance of one sort or another—1 out of every 3 families. The budget for the Department of Health and Human Services—250 billion dollars, roughly—the third-largest budget in the world, exceeded only by the budgets of the Soviet Union and the United States.

"Take just one social program as an illustration: Sixteen years ago, we were spending 65 million dollars on food stamps—65 million dollars; in 1981, we spent 11.3 billion dollars. That's an increase of over 16,000 percent. . . .

"Now, include in this picture the interest payments on our tremendous federal debt that . . . reached more than a trillion dollars last year. The yearly interest payments are 100 billion dollars, and that's as much as the entire federal budget was just 20 years ago.

"In fact, if you take the cost of automatic spending increases and entitlement programs, add them to the interest payments and the federal debt and the other uncontrollables, and it means that 70 percent of the entire federal budget is made up of items over which the Congress and the administration are supposed to have control. I wonder how some of you in the private sector would feel if you were told to rescue a sinking business, but only on the condition that you could work with 30 percent of that business's budget and the other 70 percent was off limits.

"So I think you can begin to understand the difficulty of halting the kind of momentum built up by the federal spending juggernaut over the past few decades."

Facts and figures such as those make it easier to understand why Mr. Reagan is standing firm.

SEVENTIETH ANNIVERSARY OF HADASSAH

(Mr. **FRANK** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **FRANK**. Mr. Speaker, we celebrate today the 70th anniversary of the Hadassah, one of the prime voluntary organizations in this country. They are an organization of several hundred thousand American women who have dedicated a great deal of time and energy on behalf of a variety of causes. They were founded by Henrietta Szold in 1912 in the field of medical aid to what was then Palestine. They have gone on to become one of the premier volunteer organizations in this country and the source of an enormous amount of good on behalf of a great variety of causes.

● Mr. **ZEFERETTI**. Mr. Speaker, today marks the 70th anniversary of the founding of Hadassah, the Women's Zionist Organization of America. Since its establishment in 1912, Hadassah has been an organization of American women who are deeply involved not only in Hadassah's Israel projects and on fundraising commitments motivated by knowledge and understanding of the human needs but are also involved in their communities. The Hadassah women seek to safeguard the American democracy, to create a better society and way of life and to provide knowledgeable leadership for the American Jewish community.

In recognizing the valuable work of Hadassah, we must first look at what each chapter focuses their energies on in the United States. First, the American Affairs Program of Hadassah bring members accurate information needed to help them analyze vital current issues and participate intelligently in public affairs, as individual citizens. Nationally, Hadassah is a nongovernmental organization of the United Nations, operating as a public relations arm of the U.N. Department of Public Information and as an accredited observer to the U.S. Mission to the U.N.

Concerned with a just and lasting peace in the Middle East, Hadassah's Zionist Affairs Program provides factual information on the development and security of Israel to the American public. In addition, it is engaged in the struggle to alleviate the plight of Soviet, Syrian, and Ethiopian Jewry.

To equip members to understand their Jewish heritage and to enrich their lives as Jews in this country, Hadassah's Jewish Education Department provides guidance and resource materials for creative Jewish living: including study, discussion, book reviews, seminars, education days and Sabbath retreats. Hadassah also promotes the use of Hebrew to develop closer ties between Israel and Jews all across the Nation.

Finally, on the American scene, Hadassah offers young people a varied program whose goals are to enrich Jewish living in the United States, to provide deeper understanding and acceptance of Zionism, and to stimulate active interest in Israel and its people. Its youth movement, Hashachar, is geared to each age level and provides valuable social activities, seminars, leadership training, summer camps and Israel work-study-travel institutes.

Hadassah today, as it has been for the past 70 years, is Israel's medical pacesetter in healing, teaching and research. They were the first to bring modern medical care to the land of the old city of Jerusalem. They established its first nurses training, medical and dental schools, public health and social welfare systems, and introduced medical equipment and techniques that made possible the first complete center for cancer care and many other firsts. The core of Hadassah's activities is the medical center—with facilities at Ein Karem and Mount Scopus in Jerusalem. The medical center is a university teaching hospital of special excellence, utilizing the most modern Western standards, the best skilled personnel and facilities and services that represent the latest in medical technology and treatment in the world.

For many, Hadassah internationally means a child rescue movement. Founded in 1934, Youth Aliyah has integrated into the life and land of Israel over 185,000 youngsters from 80 lands. Since its beginning, over 47 years ago, Hadassah has cared about and cared for those who have turned to Youth Aliyah for physical and spiritual survival—from the first prewar group of German youngsters in 1934 to the homeless destitute waifs of the Holocaust, to those now seeking rescue from oppression and religious persecution.

For many, Hadassah also means an educational break. Since 1942, when Hadassah initiated its vocational education program, it has developed creative approaches to secondary and college education that set the pattern for many others. Constantly updating and pioneering progressive education, Hadassah continues to make dramatic and far-reaching moves to meet new challenges. Its steadfast commitment over the years has been to both the young people—many disadvantaged and needing a break—and to Israel, which counts on skilled workers to develop technologically.

Mr. Speaker, as we recognize the Women's Zionist Organization today on their 70th anniversary, we must also remember Henrietta Szold—the founder of Hadassah. A liberated woman, who was ahead of her time, Ms. Szold was a Jewish scholar, working editor, pioneer Zionist, defender of democracy and the driving force behind Hadassah's vocational education program. For the 370,000 Hadassah members in the United States and Puerto Rico, her ideals and programs will continue to enrich the lives and work of many. I call upon my colleagues to applaud and commend the work of Hadassah, as they look forward to the future.●

● Mr. **BENJAMIN**. Mr. Speaker, May 20 marks the 70th anniversary of Hadassah, the Women's Zionist Organization of America. Hadassah, with more than 374,000 members, is the largest volunteer organization of its kind in the United States.

Hadassah was founded in 1912 by Henrietta Szold. Miss Szold, the daugher of a Baltimore rabbi, visited what is now Israel when she was 49 years old. While there, she noticed the rampant health problems and the lack of adequate health facilities. When Henrietta saw a child's trachoma-dimmed eyes covered with flies she asked the mother why the flies were not brushed away. The child's mother merely responded with, "They will only return."

Henrietta decided then to find a way to make the flies go away from all children's eyes. She founded Hadassah to treat trachoma and the other diseases she found the Jewish people suffering from. Henrietta worked to establish a hospital, to get doctors and nurses to treat the patients and, until her death in Jerusalem in 1945 at the age of 84, dedicated here life to raising the health standards and the educational level of the Jewish people.

Mr. Speaker, the 70th anniversary of Hadassah is significant not only to Jews but to all the world. Henrietta Szold taught fellow Jews and all those around her to care for those in need of help. Those who came after her to carry out Hadassah objectives embraced her work and continued to expand its influence in vocational and social welfare programs.

Today Hadassah has established itself on the national level. It serves as a public relations arm of the United Nations Department of Public Information. On the local level, Hadassah disseminates information on political and economic issues; it organizes discussion groups and urges participation of its members in welfare and civic efforts.

With a history of such remarkable achievement behind it, I join with my colleagues to commend the Women's Zionist Organization of America for its great strides in health and education and look forward to its continued success.●

● Mr. FRANK. Mr. Speaker, I want to extend my very enthusiastic congratulations to the members of Hadassah on their 70th anniversary.

Since one of the great leaders of this century, Henrietta Szold, founded Hadassah in 1912, this organization has done extremely important work on behalf of a multitude of good causes. It remains true to its original role of providing medical care in what was then Palestine and is now Israel. And its 375,000 members in the United States are an extraordinarily valuable resource for education, child rescue work, vocational education, medical research and many other matters.

Hadassah is a major pillar of the American-Jewish community. Whether it is in supporting a foreign policy that recognizes America's interest in a strong and independent Israel, or in working for social advancement in the United States, Hadassah and its members are in the forefront.

I am delighted to have the opportunity to thank them for all that they have done, are doing, and will do for all of us.●

● Mr. BOLAND. Mr. Speaker, I am pleased to join with my colleagues in offering congratulations to the members of Hadassah, the Women's Zionist Organization of America on the 70th anniversary of that fine organization.

Since its founding in 1912 by Henrietta Szold, Hadassah has sought to improve the quality of health and education available to people throughout the world. Now numbering 370,000 members, it is the largest volunteer organization in the United States. These women have raised hundreds of millions of dollars over the years to train physicians, and establish hospitals and clinics to provide medical services. Perhaps Hadassah's best known achievement has been the creation of the medical center in Jerusalem which treats those in need regardless of their race, nationality, or religion. It is an institution in keeping with the humanitarian instincts of Henrietta Szold.

Mr. Speaker, Hadassah's 70th anniversary is an appropriate time to reflect on the many works of service and charity the members of this organization have rendered in communities throughout the United States. In my hometown of Springfield, the Hadassah chapter has recently celebrated its 50th anniversary. The efforts of the 2,000 members of the Springfield chapter on behalf of the sick and disadvantaged are well known. Their work has been in the true spirit of volunteerism and certainly worthy of commendation.

The need for organizations devoted to creating a better society has never been greater. Hadassah's history of achievement will stand it in good stead as it confronts the challenges which will arise in the days ahead.●

● Mr. WEISS. Mr. Speaker, I would like to express my congratulations to Hadassah, the Women's Zionist Organization of America, on the occasion of the group's 70th anniversary. As America's largest women's volunteer organization, Hadassah's 370,000 members wear many hats.

As a medical research and treatment foundation, Hadassah has disregarded religion, race, and nationality in treating all who come to its Hebrew Medical Center in Jerusalem. The center attests to the tradition of excellence that Hadassah has established in the field of medical care.

As a rescue force, Hadassah's members helped to resettle thousands of children who were wounded and displaced as a result of World War II. Additionally, as educators, they have established and maintained vocational and training programs in which underprivileged youths can learn practical and useful skills.

As a humanitarian service organization, they have contributed to the well-being of thousands of people and have promoted the ideals of a democratic society by serving without bias. Their commitment to the general social welfare has remained unwielding in their illustrious seven decades of existence.

In an era when volunteer groups are being forced to bear a greater brunt of caring for society's well-being, Hadassah's work takes on even more significance. I am proud to associate myself with Hadassah in recognizing its 70 years of outstanding achievement and hope that the dedication of its members will make others realize how volunteer service, with a goal of common good, can uplift a struggling society.●

● Mr. DONNELLY. Mr. Speaker, I would like to take a few moments today to commend Hadassah, the Women's Zionist Organization of America, on its 70th anniversary of providing public service and leadership for the American Jewish community. Too infrequently do we hear of organizations who devote themselves for the good and well-being of all citizens. Hadassah, however, has stood out as one of the few all-volunteer organizations that has, through its arduous efforts, demonstrated a unique devotion to community service. Indeed we have all been the beneficiaries of the great strides Haddassah has made in the fields of medicine, education, and public welfare. It is for this that I would like to congratulate all the members of Hadassah on this anniversary, and I would personally like to wish them a long future of continued, productive service.●

● Mr. SMITH of New Jersey. Mr. Speaker, on May 11, 1982, the House of Representatives passed Senate Concurrent Resolution 62, a resolution commemorating the 70th anniversary of Hadassah, the Women's Zionist Organization of America. As a cosponsor of House Resolution 374 and House Concurrent Resolution 309, companion House resolutions, I was very pleased by this action.

Hadassah is an outstanding organization of American women. While chapter activities center on Hadassah's Israel projects, and on fundraising commitments motivated by knowledge and understanding of the human needs they represent, Hadassah's members are also very involved in their local communities. They seek to safeguard American democracy, to create a better society and way of life, and to provide knowledgeable leadership for the American Jewish community.

As concerned and involved citizens, Hadassah's chapters focus on four major projects—Zionist affairs, Jewish education, American affairs, and youth activities. They provide their members with detailed information on a wide variety of current issues, work for a just and lasting peace in the Mideast, provide guidance and resource materials to help their members understand their Jewish heritage, and sponsor a varied youth program to help their young people develop a deeper understanding and acceptance of Zionism.

Mr. Speaker, Hadassah has taken an active interest in providing quality health care, equal educational opportunities, better housing, and a healthy environment. This fine organization has made an enormous contribution to our society, and I am proud to join in congratulating them for their efforts.●

● Mr. YATES. Mr. Speaker, this year marks the 70th anniversary of Hadassah, the Women's Zionist Organization of America. In honor of this important occasion, the House last week passed a resolution of recognition, and today representatives of Hadassah will participate in a White House ceremony of recognition for Hadassah.

I am proud to have been one of the cosponsors of House Resolution 374, congratulating Hadassah on this momentous occasion. Hadassah is now the largest women's volunteer organization in the country, with a membership of 370,000. Through the work of its members, hundreds of thousands of people have been educated and served.

Since World War II, Hadassah has helped to resettle in Israel and rehabilitate over 100,000 children from 72 countries. It founded and maintains the Hadassah-Hebrew Medical Center in Jerusalem, Israel, whose facilities have been made available to treat all peoples of the region regardless of religion, race, or nationality. And it has established and operated a comprehensive system of vocational education to train young men and women in necessary trades.

Mr. Speaker, I watched on television last week the docudrama about Golda Meir, and it brought back many memories of the times I have been privileged to meet, in Israel and America, with this great Prime Minister. Golda Meir was active in Hadassah throughout her adult life. She typified the Jewish women represented in the membership in the Hadassah membership, strong minded, caring, and with sense of duty to those less fortunate. It is most fitting that the American people honor this vital and remarkable organization.●

● Mr. EDGAR. Mr. Speaker, the Women's Zionist Organization of America, Hadassah, is presently celebrating its 70th anniversary. Since its founding by Henrietta Szold in 1912, Hadassah has been a leader in the field of humanitarian service. With over 1,600 local groups and 370,000 members, Hadassah is the largest volunteer women's group in the United States. However, it retains its community-based style of operation and its original purpose of community service in the United States and Israel.

Specifically, Hadassah is responsible for setting up and maintaining the world renowned Hadassah-Hebrew University Medical Center in Jerusalem, Israel. This facility provides medical and dental care to patients without regard to their nationality or religion. Hadassah also supports a school of nursing in this complex. In another section of Jerusalem, the group sponsors an occupational therapy unit, a rehabilitation center, and a general hospital.

On the local level, Hadassah has organized numerous community health-care centers. In cooperation with the Jewish National Fund, it has worked extensively on planting trees as part of land reclamation efforts in Israel. Hadassah's activities are particularly oriented toward children and young adults—the organization sponsors child welfare projects, a high school, and a community college. The Vocational Guidance Institute in Isreal offers inclusive training for young people, providing them with functional technical skills. Also, Hadassah supports the U.S. operations of Youth Aliyah villages and day-care facilities for underpriviledged children and young immigrants to Israel.

Mr. Speaker, the women of Hadassah provide an exemplary model for all of us in their seven decades of charitable work. Their endeavors have meant health care, education, and shelter for thousands of needy individuals. I hope my colleagues will join me in congratulating Hadassah on its 70th anniversary; we look forward to many more years of outstanding service.●

● Mrs. HECKLER. Mr. Speaker, we commemorate this month the 70th anniversary of Hadassah, the Women's Zionist Organization of America. With 370,000 members in all 50 States and Puerto Rico—over 24,000 members in Massachusetts—Hadassah is the largest women's volunteer organization in America. In its seven decades of international service, it has held true to the volunteer spirit of its founder, Henrietta Szold.

Hadassah's good works are perhaps best known through its establishment and maintenance of the Hadassah-Hebrew University Medical Center in Jerusalem, Israel. This prestigious medical facility is open to all people of the region—whatever their religion, race, or nationality. This institution's policies pay tribute to the oath of the Hebrew physician:

> You shall help the sick, base or honorable, stranger or alien or citizen, because he is sick.

Hadassah's efforts are also directed toward medical education, training health care personnel to continue providing the highest level of care to all who are sick.

Hadassah's contributions extend beyond funds to service. After the end of World War II, thousands of children were brought into Israel from all over the world. Hadassah accepted the challenge and aided in the resettlement and rehabilitation of these children, and established a comprehensive vocational education system. This training insured that these new citizens could take their place in the labor force to strengthen Israel.

Over the past 70 years, the women of Hadassah have affected the lives of untold numbers of people through their international humanitarian services. In the future, we will face a need for more voluntarism from citizens to promote the well-being of our society. We could do no better than to follow the example set by Hadassah.

I congratulate Hadassah on this anniversary and wish the organization many more decades of outstanding service.●

● Mrs. COLLINS of Illinois. Mr. Speaker, today we pay tribute to the largest women's Zionist organization in the world, Hadassah. Founded in 1912 by Henrietta Szold, the daughter of a distinguished Baltimore rabbi, Hadassah boasts 370,000 members actively involved in humanitarian service, particularly in the areas of health and education.

In commemorating the 70th anniversary of Hadassah, we must recognize the great contributions made by this women's organization, which has remained in the forefront in providing community services in both the United States and Israel, and dedicated to activities to improve the living conditions of Jews in Palestine.

After visiting Jewish Palestine at the age of 50, Miss Szold realized the urgent need for public health services, and during World War I, took American-trained medical volunteers to Palestine. This was the basis of the medical organization which built and maintains Hadassah-Hebrew University Medical Center that includes the medical school, the Henrietta Szold School of Nursing, and the school of dentistry. This facility provides care every year for 41,000 inpatients and half a million outpatients without regard to race, religion, or national origin.

I am proud to welcome the visiting national board of Hadassah and congratulate its members for its many outstanding achievements.●

● Mr. LEHMAN. Mr. Speaker, as a cosponsor of H.R. 374 commemorating the 70th anniversary of Hadassah, the Women's Zionist Organization of America, I would like to congratulate the Nation's 370,000 members of Hadassah for its many achievements during the past 70 years.

Hadassah's founder, Henrietta Szold, had a vision which started to become a reality during her lifetime and has since become a most outstanding organization of humanitarian leadership. The work of Hadassah is unequaled in the organization of Youth Aliyah, of educational programs, culture, and voluntarism in America. In Israel, Hadassah supports a medical healing, teaching, and research network radiating from the Hadassah-Hebrew University Medical Center in Ein Karem and Mount Scopus, Jerusalem. Hadassah also provides education through a comprehensive high school and community college.

Hadassah has always been dedicated to the betterment of people regardless of religion and has affirmed in its work the ethical values of caring for those in need and fostering understanding which is the root of creating a better society for us all.

I am personally aware of the excellent work of the Miami region of Hadassah in furthering the visions of Henrietta Szold, and extend to them and to all Hadassah members my commendation and best wishes for continued success in the years ahead.●

● Mr. MINISH. Mr. Speaker, it gives me pleasure to rise today to mark an important event, the 70th anniversary of Hadassah, the Women's Zionist Organization of America. I would like to convey my sincere congratulations to all the women who have been dedicated to this organization for many years.

I am certain that many of us in this Chamber are already familiar with the outstanding humanitarian service which this group has provided. Hadassah created and maintains the world famous Hadassah-Hebrew University Medical Center in Jerusalem. This outstanding medical institution is a living reminder of the highest ideals in medical, scientific, social, and humanitarian values. These are international values, but they are particularly symbolic of the close friendship shared by the people of the United States and Israel.

Mr. Speaker, I am proud to be one of the cosponsor of the House resolution congratulating Hadassah on its 70th anniversary and was pleased that the House passed the Senate measure commemorating this organization last week. I thank the Chair for this time and hope that my other colleagues will also mark this auspicious anniversary.●

● Mr. SOLARZ. Mr. Speaker, today is the 70th anniversary of the founding of Hadassah, the Women's Zionist Organization of America. The longevity and continued growth of this dedicated association provides a superb example of true humanitarian ideals in action. I urge my colleagues to join with the members of Hadassah in celebrating its long and fruitful life.

Hadassah was started 70 years ago by Henrietta Szold with the hope of eliminating some of the poverty and sickness in what was then Palestine. In 1913, its first medical dispatch unit arrived in Jerusalem. Since that date, the organization has expanded to an active membership of 370,000 women.

The Hadassah membership provides numerous community and educational programs in the United States and Israel. They originally built and presently maintain, for example, the Hadassah-Hebrew University Medical Center at Kiryat Hadassah, Jerusalem, Israel, whose facilities include a medical school, a nursing school, and a dental school. In addition to this they maintain other hospitals, health centers, and educational facilities throughout the State of Israel.

Here in the United States, they are the principal agency for support of the Youth Aliyah villages and day centers for immigrant and deprived youth. They also sponsor Hashachar, the largest Jewish youth organization in the United States. Perhaps most importantly, Hadassah members work tirelessly to promote cultural understanding of Israel and the Jewish religion throughout the United States.

Today, we pay homage not only to a remarkable organization, but also to the ideal to which it is so deeply committed. Hadassah, whether through a much needed medical facility, a school, or a center for displaced children is striving to improved the quality of life of all those it touches. All of its efforts reflect that same rare commitment and dedication.

It is unlikely that we could ever be so fortunate as to have an overabundance of organizations like Hadassah, that play such an important role in the continued development of a cooperative and humanitarian international community. One can only hope that new associations will spring up that possess the same ideals that have so strongly motivated Hadassah and its activities.

It is, therefore, with great pride and admiration that I rise today to congratulate the members of Hadassah on the 70th anniversary of the organization's founding. I know my colleagues join with me in wishing them many more years of continued success.●

● Mr. LANTOS. Mr. Speaker, Congress has recently passed House Concurrent Resolution 309, a resolution congratulating Hadassah, the Women's Zionist Organization of America, on its 70th anniversary. In light of this wonderful occasion, I would like to offer a few words of praise to this commendable organization of American women.

Founded in 1912 by a Jewish scholar and educator, and a relative of mine, Henrietta Szold, Hadassah was created to provide preventative and curative health services to Palestine and to develop systematic Jewish education as a background for intelligent and creative Jewish living in America. Since Hadassah's inception, it has expanded its scope greatly. Hadassah has grown to a membership well over 370,000 with chapters in every State.

Perhaps best known for its efforts in the field of medicine, Hadassah has long been a leader in healing, training, and research. It established the first schools of nursing, medicine, and dentistry in Jerusalem, and its contributions to the research and treatment of cancer have been most significant. The Hadassah-Hebrew University Medical Center in Jerusalem has been responsible for important advances in social medicine, public health, and pharmacy.

Hadassah also provides special programs for young people, including educational opportunities. Since 1942, when Hadassah initiated its vocational educational program, it has developed creative approaches to secondary and postsecondary education that have set a high standard for others to follow. Hadassah established Jerusalem's first 2-year community college and operates the only non-public-guidance center for scholars and other professionals in Israel.

Hadassah also has American and foreign affairs programs which offer the most complete and up to date information available on matters of interest to its members. Through its various publications, Hadassah provides accurate information needed to help members analyze vital current issues and to participate intelligently in public affairs as individual citizens.

As a women's organization devoted to service, Hadassah is an organization of Americans who are also deeply involved in their home communities. Over the years of its existence, Hadassah has been highly successful in its mission to strengthen American democracy, in helping to create a better society and way of life, and in providing knowledgeable leadership for the American Jewish community.

As my wife is a lifetime member of this great organization, we share in the enjoyment of seeing the passage of House Concurrent Resolution 309. This measure is a most honorable gesture for noting Hadassah's 70 years of outstanding achievements.●

● Mr. BARNES. Mr. Speaker, I am delighted today to join my colleagues in honoring Hadassah, the Women's Zionist Organization of America, on the occasion of its 70th anniversary.

It is impossible to mention all of the accomplishments and services of this unique organization. The list is endless. Over the years, Hadassah has participated actively in public affairs, taking a special interest in such issues as health, education, child welfare, housing and environment; has been active in educating the public on U.S. policy concerns relating to the security of Israel and the struggle to alleviate the plight of Soviet and Syrian Jewry; has commissioned important and valuable books on Jewish heritage as part of an intensive approach to the education and cultural enrichment of its members; and has stimulated a zest for learning among young people of all ages through discussions, seminars, leadership training and work-study programs.

One of Hadassah's most outstanding and proudest achievements is the internationally known Hadassah Medical Organization which began in 1913 as a simple mother and child station in the old city of Jerusalem, 1 year after the organization's founding. This remarkable facility now includes a university hospital, community health center and a full range of medical services

And finally, through its youth immigration movement, Hadassah has helped resettle and rehabilitate in Israel nearly 155,000 Jewish youth from 80 lands and, through its Jewish National Fund, has participated in the reclamation of tens of thousands of acres for farming, industry and settlement by immigrant families.

The success of this committed group of volunteers is truly a testament to the ability of individuals working together in common, unselfish pursuits to accomplish great and lasting achievements for the good of mankind. For 70 years the dedication of its thousands of volunteers has made Hadassah the fine organization that it is today, and the cherished goal of enriching life for all has been fulfilled innumerable times. I am so proud to honor the consistent work and active commitment of these wonderful women and to celebrate their great contribution to our communities, our country and to the world. To the women of Hadassah I say, L'chaim! ●

● Mr. BINGHAM. Mr. Speaker, I am proud to salute Hadassah, the Women's Zionist Organization of America, on the occasion of its 70th anniversary. I have long been impressed by the work of Hadassah. I have visited the Hadassah Hospital in Jerusalem which is a remarkable institution and the finest medical facility in the Middle East.

In my home district of the Bronx, I have worked with the women of Hadassah for many years. These are outstanding women who give of themselves in support of Israel and of projects here in the United States. The women of Hadassah are leaders in the Jewish community and in the community at large.

I am a sponsor of the recently passed resolution commemorating the 70th anniversary of Hadassah and am pleased to join in this celebration of a great organization. I would especially like to note the strong and devoted leadership of Mrs. Maxwell Simon of Bronx Hadassah, with whom I have worked over the years. She has made a great contribution to Israel and the American community and I congratulate her on this anniversary. To Mrs. Simon and to Hadassah I say: May you go from strength to strength.●

● Mr. GILMAN. Mr. Speaker, I would like to take this opportunity to congratulate the members of Hadassah on the 70th anniversary of their organization.

February 24 marked the end of the 70th year of humanitarian service of Hadassah, the Women's Zionist Organization of America. Hadassah has grown into a significant international organization from the efforts of one woman, Henrietta Szold, who founded Hadassah in 1912; her activities have since been continued by this expanding group of volunteers. Hadassah currently has 370,000 members, concerned citizens and community leaders, residing in all 50 States and in Puerto Rico. Together, they aim to achieve economic and social justice, as they strive to build a better world.

Hadassah has offered assistance and comfort to people of all races and nationalities. In the 1930's, Hadassah worked for the rescue and rehabilitation of thousands of children as they escaped the horrors of Nazi persecution. Since that time, members of Hadassah have worked toward the elimination of religious persecution throughout the world.

In 1918, Henrietta Szold started a 52-bed hospital and a small school of nursing. Through the training of medical personnel, Hadassah has extended its services to thousands of people. The small hospital served as the foundation for the Hadassah-Hebrew University Medical Center which exists today in Jerusalem and which many of us have visited. The medical center provides care for 41,000 inpatients and 500,000 outpatients every year, and continues to honor the Oath of the Hebrew Physician, to "help the sick, base or honorable, stranger or alien, because he is sick."

The volunteers of Hadassah have continually and consistently given of themselves, for the sake of improving conditions for their neighbors throughout the world. In an era when our Nation is striving to renew a sense of patriotism and charitable good will in its people, we cannot reward the efforts of Hadassah enough.●

● Ms. MIKULSKI. Mr. Speaker, I rise today to pay tribute to Hadassah, the Woman's Zionist Organization of America, which is today commemorating its 70th anniversary. As a life-time member of Hadassah, I feel a tremendous pride in being associated with its long history of accomplishments in a broad range of areas.

I take special pride in the fact that Hadassah's founder and moving force, Henrietta Szold, was a native of Baltimore. Henrietta Szold was one of thousands of Russian Jews who poured into Baltimore after 1881 in the wake of Russian pogroms. What she saw after arriving was thousands of fellow immigrants yearning for anchors of stability, of tradition and of caring.

Henrietta Szold responded, first by organizing night classes so that workers could learn after the work day was done. Later, she went on to found Hadassah as the natural extension of what she saw as the woman's function—to serve the family and the community.

There was no conflict for Henrietta Szold between the role of the woman, and the role of community leader. They were closely tied. Her people had needs—for education, for medical services, for social services, and for moral guidance. She found a way to meet those needs, just as the historic mothers during the exile had always found a way to magically make food when there seemingly was nothing.

In the years since the time of Henrietta Szold, Hadassah has become a pioneer in providing for basic human needs. It has undertaken massive programs to build hospitals, develop research institutes, and provide basic medical training.

But Hadassah has not limited itself to concerns with social and medical needs. Throughout its history, Hadassah has worked to forge a vital link between Israel and the United States. That link has served to raise the level of mutual understanding between our two sister democracies, and enhance the richness of relations between our peoples.

I applaud my colleagues for passing the resolution in honor of Hadassah's anniversary. Surely, there are few groups more deserving of our praise.●

● Mr. CONTE. Mr. Speaker, too often we hear that Americans have lost the spirit of voluntarism and depend instead on the Government. Today, I am honored to join in commemorating an organization which proves that the private volunteer and a dedicated organization can be a dynamic force in our country and the world. I wish to give tribute to Hadassah—the Nation's largest women's volunteer organization—on its 70th anniversary which is being celebrated today.

Founded in 1912 by Henrietta Szold, Hadassah has for seven decades been in the forefront of health, education, child and youth benefits. It has a membership of 370,000 which is active in every State of this Nation and in Israel. Its medical facilities in Jerusalem are well-known and admired throughout the world and are provided for the benefit of all people.

We can all learn from Hadassah's example of dedication to the improvement of the lives of people. I salute the women of Hadassah on their 70th anniversary and wish them continued success in the decades ahead.●

● Mr. FORSYTHE. Mr. Speaker, 70 years ago Hadassah, the Women's Zionist Organization of America, was founded upon a spirit of peace and service to mankind. Since that time this extraordinary organization has made enormous strides in relieving suffering throughout the world. I am proud to congratulate Hadassah on its 70th anniversary.

In seven decades the Women's Zionist Organization of America, with a present membership role totaling well over 350,000 has become the largest women's service group in the Nation. In the years since 1912, this army of mercy has aided thousands of people, particularly in the Middle East, through education, health and resettlement programs designed to further brotherhood and understanding among all peoples.

Foremost among Hadassah's many humanitarian endeavors is the Hadassah Hebrew Medical Center in Jerusalem. This center, despite the often violent political winds of the Middle East, has steadfastly remained dedicated to the objective of providing medical relief to the sick, regardless of their religion or nationality. In establishing this and other services, Hadassah has strengthened the hope that someday all Middle Eastern countries can live together in an atmosphere of cooperation and trust.

In cosponsoring House Concurrent Resolution 309, I join in congratulating Hadassah on the accomplishments of the past, and I wish it equal success in the future.●

● Mr. ROE. Mr. Speaker, I rise today to congratulate Hadassah, the Women's Zionist Organization of

America, on its 70th year of exemplary service to our Nation.

Since it was founded on February 24, 1912, Hadassah has played a major leadership role over the past seven decades in serving humanitarian needs here and around the world.

With a membership exceeding 370,000, Hadassah is now the largest women's volunteer organization in the United States. Its dedicated members have helped thousands of Americans, regardless of their religion, race, or nationality.

Perhaps the credo of this fine service organization is best expressed by the Hadassah-Hebrew University in Israel, which it created and maintains. At that medical facility, which it created and maintains. At that medical facility, doctors are trained on the basis of the Oath of the Hebrew Physician: "You shall help the sick, base or honorable, stranger or alien or citizen, because he is sick * * *."

Earlier this year, I was proud to cosponsor a resolution commemorating the 70th anniversary of Hadassah, which was overwhelmingly approved by both the House and Senate.

At a time when citizen groups are being urged to play a greater role in our society, Hadassah truly can serve as the model for other organizations seeking to better the life of all Americans.

After 70 years, Hadassah still proves on a daily basis that the volunteer spirit is alive and well in America. I am most proud to join this well deserved salute today to the women of Hadassah.●

● Mr. FORD of Michigan. Mr. Speaker, earlier today I had the privilege of addressing the 70th anniversary luncheon of Hadassah, the Women's Zionist Organization of America. It was an honor to attend a gathering with so many outstanding individuals and I was proud to be the original sponsor of the House resolution commemorating this birthday.

During the recent AWACS battle, it was suggested that friends of Israel, especially members of the Jewish community, have a dual loyalty, and that this loyalty is always more heavily weighed toward Israel.

I reject this anti-Semetic proposition and submit to you that Jews, who are active in the political process, have a "dual love" for the United States and Israel. And "dual love" is a direct quote from my close friend, the late Hubert H. Humphrey.

Henrietta Szold epitomized this dual love. She was a great patriot from Baltimore, a great humanitarian for the Middle East in helping to establish the Hadassah Medical Center. I applaud Henrietta Szold and I applaud Hadassah on this happiest of occasions.●

● Mr. MOFFETT. Mr. Speaker, I would like to take this opportunity to congratulate Hadassah, the Women's Zionist Organization of America, on its 70th anniversary, and to applaud that organization's distinguished tradition of public service.

Since its inception in 1912, Hadassah has amassed an impressive record of humanitarian service. It established and operates the Hadassah-Hebrew Medical Center in Jerusalem, an institution noted for its excellence in caring for patients of all races and religious. Hadassah has also played an instrumental role in resettling over 100,000 children in Israel. It continues to be actively involved in vocational education, medical care, training and research, and other aspects of social welfare. Hadassah's excellent work was recently recognized by a resolution passed overwhelmingly by both Houses of Congress.

At a time when our Government appears to be retreating from its commitments to the welfare of its citizens, it is reassuring to know that this organization continues its generous service to those in need. As Hadassah celebrates its 70th anniversary, its 375,000 members nationwide and 11,000 members in our Connecticut region can look forward to a challenging future—a future in which their services will provide an increasingly important contribution to the people of this Nation and the world.●

● Mr. FASCELL. Mr. Speaker on the occasion of its 70th anniversary, I am pleased to salute Hadassah, the largest women's volunteer organization in the United States. Founded in 1912, it has always served to strengthen the American-Jewish community and to provide knowledgeable leadership for its members. Hadassah strives to establish unity among all Jewish people, teaching American Jews to appreciate their heritage while encouraging its members to be active American citizens.

Perhaps best known for its participation in the promotion of health and education projects in Israel, Hadassah sponsors fellowships for doctors, immunization programs and home health services in Israel, and also supports Hadassah Hospital in Jerusalem, one of the most renowned hospitals in the world.

As an international humanitarian organization of Jewish women, Hadassah focuses much of its attention on promoting peace, especially in the Middle East. Its members are kept abreast of current national and international political issues in order to allow them to participate intelligently in public affairs. To young Americans, Hadassah offers seminars, discussions and work-study-travel programs in Israel.

The outstanding women who form its membership deserve much recognition and credit for all their hard work and success. Therefore, it is with pleasure that I join in congratulating Hadassah on its 70th anniversary.●

● Mr. DENARDIS. Mr. Speaker, it is my privilege and pleasure to welcome to Washington the members of the national board of Hadassah on this proud occasion of their 70th anniversary. The opportunity to commend Hadassah comes most timely. Now, when we must rely more than ever on the volunteer spirit in America, the Women's Zionist Organization of America sets a standard for all to strive for.

In its 70 years of existence, Hadassah has grown to be the largest women's volunteer organization in the United States, with 370,000 members nationwide. Prominent among its countless community service accomplishments are its education programs, which have enriched the understanding of all Americans about the heritage of the Jewish people.

In Israel, Hadassah has made equally valuable contributions, especially in the fields of education and medicine. Hadassah Community College and Hadassah Vocational Guidance Institute have significantly improved the quality of education in that country. While visiting in Israel last summer, I was fortunate to tour the Hadassah University Hospital, whose facilities were truly impressive. Its medical training and research programs rank unquestionably among the best in the world.

The tireless efforts of Hadassah's dedicated membership have not only improved the quality of life in communities both here and in Israel, but have also advanced this country's relations with its most important ally in the Middle East. For all it has done, and will do, Hadassah has the deepest gratitude of all Americans.●

● Mr. MARKEY. Mr. Speaker, I am very pleased to honor Hadassah on its 70th anniversary. This organization, with its dedication to the principles of American democracy and Zionism, is a model of the American tradition of strong community involvement.

The work of Hadassah has been a great inspiration for those of us who are firm supporters of the State of Israel, and a continued close relationship between our two nations. The programs of Hadassah have done much to perpetuate these close ties, as well as integrating American Jews into the mainstream of American society.

I truly wish to applaud Hadassah's efforts which recognize the importance of education and individual participation in civic affairs. The work of Hadassah's American affairs program, which epitomizes the principle that an enlightened citizenry is a keystone of an effective democracy, is one example.

I am a firm believer in the importance of strong education in history, and this is an essential principle of Hadassah as well. The program of Jewish education recognizes the vital necessity of linking Jewish Americans to their rich historical past. Only through an understanding of the past can we fully comprehend the present. Hadassah's contribution to youth programs also acknowledges the particular importance of enriching the lives of our young people, who represent the future.

In its 70 years of existence, Hadassah has already left great monuments to its success. The Hadassah-Hebrew University Medical Center in Jerusalem, Israel's first teaching hospital, is living testimony to the dedication of your organization to excellence. The Hadassah University Hospital at Mount Scopus and the Israel education services are further representations of this group's work.

The overall commitment to Israel, a commitment shared by millions of other Americans, is of course the lifeblood of this group. Hadassah's strong participation in the Jewish National Fund has truly helped turn that once barren desert into the land of milk and honey.

Mr. Speaker, at a time when the enemies of Israel are maintaining their unrelenting pressure on that state, it is important that all Americans, Jew and non-Jew alike, reaffirm their support for Israel. This Nation will never shy away from its special commitment to Israel. And I hope that Hadassah will always continue its participation in the affairs of the American Jewish community and American society as a whole. The link of the Jewish Americans to non-Jewish Americans and of the United States and Israel not only is benefited by Hadassah's efforts, but is truly dependent upon those efforts.●

● Mr. ANNUNZIO. Mr. Speaker, I am delighted to join with the officers and members of Hadassah, the Women's Zionist Organization of America, Inc., in celebrating the 70th anniversary of this humanitarian organization's founding. As a cosponsor of House Concurrent Resolution 309, congratulating Hadassah, I extend my sincerest congratulations to all of Hadassah's members on their outstanding and dedicated efforts over the years in education, medicine, and land development.

The Hadassah membership's high standards and noble examples of service are most commendable and inspiring, and their continuing dedication is symbolic of the nobility of the human spirit. Americans have a long tradition of compassionate assistance for those who are less fortunate, and the 370,000 members of Hadassah nationwide are a part of this splendid heritage.

Again, I congratulate the members of Hadassah who reside in the 11th District of Illinois I am honored to represent, and all over this Nation, on the 70th anniversary of the founding of the Women's Zionist Organization of America, Inc., and extend my warmest best wishes for continued success in devotion to the highest standards of service.●

● Mr. HOLLENBECK. Mr. Speaker, I want to rise and join my colleagues in commemorating the 70th anniversary of Hadassah, the Women's Zionist Organization of America. Founded in February 1912 Hadassah has grown into an organization containing approximately 370,000 individuals representing all 50 States. During its 70-year existence Hadassah has a great deal of which to be proud. The organization has contributed to the health and education of countless thousands of persons through the tireless training of medical personnel. Hadassah created and maintains the world renowned Hadassah-Hebrew University Medical Center in Jerusalem which opens its facilities to all peoples regardless of religion, race, or nationality. With this in their past, I have no doubt that during the next 70 years of its existence Hadassah members will continue to promote democracy and a better society for all people.

This afternoon I had the privilege of attending a luncheon celebrating the 70th anniversary milestone. In meeting with the representatives from my district in New Jersey, I saw firsthand the dedication they display for the Hadassah cause. Mr. Speaker, I only wish that this Nation was blessed with more organizations like Hadassah. For my part, I pledge to continue working with the Hadassah organization to help achieve our mutual goals for mankind.●

● Mr. DWYER. Mr. Speaker, the 70th anniversary of the founding of Hadassah is truly a celebration of people.

The women who have peopled Hadassah these past seven decades have woven their guiding principles of humanity, justice and conviction into a blueprint for action and change that has made for significant advancements in the quality of life worldwide.

The contributions made by this national volunteer organization in such areas as health, education, and simple equity for the oppressed are vast and made possible by the many local, grassroots chapters in hometowns across the Nation which have built and continue to sustain Hadassah's huge network of effectiveness.

As we look back on the history of this pioneering organization, we find innumerable examples of courage and achievement. Hadassah provides a much-needed international perspective on the critical problems of today, an outlook that recognizes the need to transcend physical boundaries and reach out to help those less fortunate.

The women of Hadassah represent voluntarism at its best. We are fortunate here in the United States to have the benefit of their leadership and inspiration in our mutual and unceasing efforts toward a better world.●

● Mr. ADDABBO. Mr. Speaker, I am pleased and honored today to join my colleagues in paying tribute to the fine women of Hadassah. As a cosponsor of the resolution to commemorate the 70th anniversary of this organization and an ardent admirer, I would like to take this time to speak of Hadassah.

Founded in 1912 by Henrietta Szold, Hadassah, the Women's Zionist Organization of America has a remarkable history of achievement behind it. The organization began as a modest attempt to raise the health standards of what was then Palestine. It now conducts an internationally renowned program of healing, teaching, and medical research, child rescue work, vocational, educational, social welfare, and land redemption.

On a national level, Hadassah disseminates information on political and economic issues, organizes discussion groups, and urges participation of members in welfare and civic efforts which are in accordance with Hadassah's programs. In Zionist affairs, Hadassah interprets Israel and its people to the American public, forging closer links between the sister democracies. But Hadassah's first and still the largest project is the Hadassah Medical Organization. This facility includes a unique mother and child pavilion, outpatient clinics, a nursing school, over 30 institutes and laboratories, a medical school, and the latest in medical and surgical equipment.

In addition, Hadassah is the official representative of the Youth Aliyah—immigration—movement, and has helped resettle and rehabilitate thousands of Jewish youths in Israel.

The list of Hadassah's accomplishments and contributions goes on endlessly. The organization's unique quality lies in its flexibility, its ability to expand or modify every program to meet the needs of Israel and the Jewish community. At the same time, Hadassah has always been involved in long range and pioneering efforts which have set standards and goals for Israel and other nations.

I would like to extend my sincerest congratulations and best wishes to Hadassah on its anniversary, and my deepest gratitute for the outstanding work it has done in the past 70 years.●

● Mr. SCHUMER. Mr. Speaker, I am most pleased to take this opportunity to commend the Women's Zionist Organization of America, Hadassah, on its 70-year-old history of significant contributions to both the United States and Israel. Founded in 1912 by a remarkably purposeful and courageous woman, Ms. Henrietta Szold, Hadassah has demostrated its commitment to the betterment of Jewish life through its extensive medical, vocational, and immigration work in Israel and its educational and political efforts in the United States.

Few volunteer organizations can claim the outstanding record of achievement that Hadassah has earned. Medical science in Israel has been dramatically advanced by Hadassah's initiatives; currently, the 374,000 member orgnization helps finance two large hospitals and several clinics in Israel that serve as internationally acclaimed centers of healing, teaching, and research. Through the Seligsberg/Brandeis Comprehensive High School and the Hadassah Vocational Guidance Institute, Israeli youth are offered broadening educational opportunities and specialized vocational training that prepare them to be responsible adults and contributors to the enrichment of Israeli life. In addition, Hadassah, as the official U.S. representative of the Youth Aliyah—immigration—movement, has helped resettle and rehabilitate in Israel over 100,000 Jewish youth from over 70 countries. Further, Hadassah's contributions to the Jewish National Fund have promoted agricultural development and the reclamation of tens of thousands of acres of Israeli land.

In the United States, Hadassah's achievements have been no less significant. Forums and institutes sponsored by Hadassah, as well as its youth faction, the Young Women's Zionist Organization of America, help members understand their Jewish heritage and enhance their lives as American Jews. Further, Hadassah has often demonstrated its political integrity by taking strong stands on many American political issues, always defending the rights and freedoms of the individual, regardless of race, sex, age, or creed.

On this momentous occasion of Hadassah's 70-year anniversary, I can only speak with pride of its outstanding achievements throughout the decades. I know that Hadassah will continue to build on this record with the same undying spirit so inspiring to us all.●

● Mr. PEYSER. Mr. Speaker, I wish to draw my colleagues' attention to an outstanding group—Hadassah, the Women's Zionist Organization of America.

Founded in 1912 by Miss Henrietta Szold, Hadassah began with a group of 12 Jewish women, known as the Daughters of Zion. Today it is the largest volunteer association in the United States and continually attracts new members. Hadassah began as a modest attempt to raise the health standards of what was, at the time, Palestine. It now conducts an internationally renowned program of healing, teaching, and medical research, child rescue work, vocational education, social welfare, and many other activities. This group is committed to improving health care in the United States and helps finance two large teaching and research hospitals and several clinics in addition to the Hadassah Community College, the Seligsberg/Brandeis Comprehensive High School, the Hadassah Vocational Guidance Institute, Youth Aliyah, an immigrants' welfare organization, and other numerous projects.

Hadassah disseminates information on political and economic issues, organizes discussion groups and urges participation of members in welfare and civic efforts. They also play an important role in forging closer links between Israel and the United States. Aside from these activities, this organization places great emphasis on guiding our youth of today, through the Junior Hadassah.

This year, Hadassah is commemorating the 70th anniversary of their organization's service to America. I am pleased to honor Hadassah and their many members who contribute much to helping our friends in Israel and our needy at home.●

GENERAL LEAVE

Mr. FRANK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to express themselves on the subject of this anniversary of the Hadassah.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

□ 1820

THE LATE HONORABLE HERMAN T. SCHNEEBELI

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. McDade) is recognized for 60 minutes.

GENERAL LEAVE

Mr. McDADE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks regarding the life, character, and public service of the late Herman T. Schneebeli, a Member of Congress from the 17th District of Pennsylvania, from 1960 to January 1977.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McDADE. Mr. Speaker, it is my sad duty to announce to the House that our former colleague, my fellow Pennsylvanian and dear friend, Herm Schneebeli, has passed away. His death brings great sadness. Our hearts go out to his wonderful family. He was an outstanding Member of this House and a great American citizen.

I venerate the memory of a man who, during the almost 17 years he served in Congress, was a model of dedication to the welfare of the Nation, of decency toward all men, and of commitment to the daily task of addressing the needs of his congressional district, his State, and his country.

Herman Schneebeli had been elected in April 1960 to fill the vacancy caused by the death of Alvin Bush, and had therefore been a Member of Congress for almost 3 years when I, myself, came to Congress in 1963. His district, the 17th of Pennsylvania, was adjacent to my own 10th District and from the beginning, he was my friend and adviser.

There was never a day in which he was not fully involved in the work of Congress, in legislation, in attending to the problems and concerns of his constituents. He gave full measure of his attention, energy, and sympathetic concern to serving the public, and he did so every day.

Born in Lancaster, Pa., Herman Schneebeli exemplified in his life the finest strengths and traditions of his God-fearing, hard-working, community-minded forefathers. As they had helped build America, this wise and good man helped keep her strong.

Friendships he had made in his early days as a student at Dartmouth College were evidence of Herman's character and stature. One college friend and roommate was Nelson A. Rockefeller, later to become Governor of New York and Vice President of the United States. Governor Rockefeller and Congressman Schneebeli remained friends over the years and the former made appearances on his behalf during his reelection campaigns.

Another such college friend was our colleague, the gentleman from Illinois, ROBERT McCLORY, who is present to share some of his own deep feeling about Herman Schneebeli with us today.

It was sad, indeed, that Herman was stricken at the Presbyterian-University of Pennsylvania Medical Center in Philadelphia while waiting for his dear wife, Mary Louise, to undergo eye surgery.

He was 74 years of age, and he had lived each day of those years to the full, I have no doubt.

The memory of Herman Schneebeli will always be with me, and his judgment, good will, and commitment will always remain an example.

We thank God for giving to us a man like Herm Schneebeli. We are all better for his having been among us.

I extend my warm sympathy to his wife Mary Lou and his family. They will be able to take great solace in the example of a life richly lived.

Mr. Speaker, I now yield such time as he may consume to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I thank the distinguished gentleman from Pennsylvania for giving me the opportunity once again to express my great affection and my pleasure in the memory of my long association with Herm Schneebeli.

As one who participated in the services for Herm up in Williamsport, Pa., his hometown, I can tell my colleagues that he was held in as high regard in his home community as he was by his colleagues here in the House.

The Trinity Episcopal Church in which the services were conducted was full and there was a sense of togetherness and a sense of the community warmth that I think must have been a great support to the members of Herman's family, as the qualities that endeared him to all of us were remembered at that service.

Mr. Speaker, I do not wish to say anything more about our former colleague, the late Herm Schneebeli, but I would like to read into the RECORD a letter I received from the Vice President.

He said:

> If you can include in your remarks if you would be so kind something along the following lines for me, for I really loved the guy and respected him as well.
>
> Herm taught me a lot—he was my senior, by far, on the Ways and Means Committee, but he always had time to lend a helping hand—to help me learn. He was a caring individual, a man whose friendships were strong and firm, a class guy all the way around. I have tried to convey my condolences to Mary Louise and his family, but I want you to tell my former colleagues in the House that I join them as they pay their tributes to one of the finest men ever to serve in the House of Representatives.

This assessment by one of the Nation's leading citizens I am very pleased to place in the RECORD on behalf of Herm Schneebeli.

Mr. Speaker, I also would like to ask for inclusion in the RECORD at this point a very warm article from the Milton Standard of Milton, Pa., written by a gentleman by the name of John N. Swank, entitled "Herm Schneebeli Remembered."

There were people all over Pennsylvania who knew this man, who loved him and who wanted to participate in this tribute. This particular article, I think, strikes the tone that we all would like to strike about Herm Schneebeli, our friend.

[From the Milton (Pa.) Standard, May 14, 1982]

HERM SCHNEEBELI REMEMBERED

(By John N. Swank)

"Call me Herm," that's what he told everyone.

And from Presidents to coal miners, from governors to janitors, just about everybody did.

Those of us who worked for him always referred to him with titles of respect: Mr. Schneebeli, the Congressman, or simply, the Boss. Except in private, when the familiar "Herm" was just too natural to resist.

The familiarity he generated was genuine. It preceded the political gimmickry of putting your nickname in quotes or parentheses, or dropping your given name altogether. On his franked envelopes and in the signature block of official correspondence, he was Herman T. Schneebeli, M.C. (for Member of Congress). But on the phone or in person, he was Herm.

It hardly seems possible that it's been more than five years since he gave up his big corner office overlooking the Capitol to have more time to watch his grandchildren "grow and mature," as he put it. For years, he consistently supported the concept of mandatory retirement for Congressmen by ago 70. It was predictable that he would voluntarily give up his position before he passed that milestone himself.

Next Monday, many of us who worked for him will come together again to join the many others who will be gathering to pay their final respects. No doubt there will be a lot of reminiscing.

The first time I met Herm Schneebeli was in his Congressional office. I had spent the previous summer as a cub reporter (more accurately, an intern) on The Milton Standard. I was lucky enough to have been asked back for a second summer, the summer of 1968, and had taken the paper at school to keep abreast of things. That's how I learned of the intern program Herm Schneebeli was offering that year.

I didn't know the Congressman but, with low expectations, I secured the Standard's permission to renege on our agreement if necessary, and applied. A few weeks later I received a long letter telling me where and when to report for the six-week program.

There was no centrally organized intern program then, and relatively few offices bothered with student workers. Most of those which did, took in a small number for the full summer. It was typical of Herm that he divided his program into two sessions, to accommodate twice as many young people.

The apolitical way in which he ran his office was atypical in Washington then, as it is now.

It wasn't until nearly two years later, when I had been working as a full time member of his staff for a few months that he asked me my politics. And he did so apologetically.

The Northumberland County Republican chairman was indicating dissatisfaction with Schneebeli, and hinting that he might oppose his renomination. (He subsequently did.) One of his complaints was that the county was getting short-changed, meaning it wasn't represented on Schneebeli's staff.

In fact, two Northumberland countians were working for him at the time, both with the proper political credentials. Herm informed the chairman of that, but also made the point that his staff positions were filled by professional criteria, not by patronage.

It was not an absolute requirement that staff members even be from Pennsylvania, but most tended to be. There simply are a lot of Pennsylvanians in Washington who either work for the Congress or want to.

When the husband of one long-time staffer announced his candidacy as a Democrat for a Congressional seat from Iowa, Herm didn't bat an eye. He granted the staffer a leave of absence to campaign and welcomed her back when the bid failed.

Although Herm didn't tend to name-drop, he had access to some pretty influential people.

I was impressed that first summer when I learned Nelson Rockefeller had been his college roommate. Rocky was running for President then and I got caught up in his campaign, spending much time after work and weekends in Maryland shopping centers. The effort was geared to convincing the Republican governor of Maryland to support Rocky. It turned out the governor had other things in mind; his name was Spiro T. Agnew.

Herm had been the first Pennsylvania Republican to support the effort of Gerald Ford of Michigan to lead the party in the House of Representatives. His action led to a long, close relationship.

In 1970, when Schneebeli had a primary battle, Ford hosted a reception for him in Washington. To a group of young staffers, he proved surprisingly approachable. He told us Herm should be very careful how he handled such a primary campaign, pointing out that he himself first won his Congressional seats by ousting an incumbent Republican.

Years later, when Ford abruptly became President, one of the few previously arranged speaking engagements he kept was in Harrisburg. In speaking to the press, the President "let it slip" that Herm planned to run again. The Congressman didn't want to seem to politicize his work by announcing his candidacy that early, but it was worthwhile for a fair number of people who had ambitions for the office to be aware of his plans.

When Ford made his surprise selection for the Vice Presidency, Herm was in the enviable position of having two long-time personal friends and professional colleagues holding the two highest offices in the land.

Before being confirmed by the House and the Senate, Rockefeller paid courtesy calls on the chairmen of many Congressional committees; several had offices on our floor. When he got off the elevator he saw the sign to Herm's office and marched in bellowing, "Where is the old son-of-a-gun (or a somewhat similar expression), anyway?"

Although at ease with the powerful, Herm never lost the common touch. Some of the most enlightening moments I spent with him came on our district tours. Schneebeli held office hours back home as often as his schedule allowed. In Harrisburg and Williamsport he used his district offices. But in the rest of the district, he met the people in public places, most often in post offices.

He thrived on talking to them, whether to get their views, explain his, or help them with their problems.

When their problems really weren't federal in nature, he didn't brush them off. He tried to steer them to the right place for help, whether state or local officials, or even charities, if necessary.

Often, people tried to pay him for his help. He never accepted, of course. But once, during a busy post office visit, a man handed him an envelope, giving the impression it contained a letter about a problem he was having. When the Congressman opened it at his office later, it turned out to be a $100 bill given as a thank-you for help in processing a black lung claim.

That $100 turned out to be a real problem, and it could have been worse. The man was adamant about not taking it back; he seemed hurt by the suggestion. In the meantime, the cash was stored in a safe, with all the potential for trouble that implies.

Finally, the Congressman got the man's clergyman to intercede, and satisfactory arrangements were made to donate the money to the church.

Working on the Schneebeli campaigns was a fulfilling experience. The biggest problem, when Congress was in session, was getting the Congressman to come home to campaign. He wanted to stay and so the job he was elected to do, and campaigns distracted him from that.

But once he hit the campaign trail, he could outlast everyone else. He invariably kept the longest hours, traveled the farthest, and talked to the most people.

During his final campaign, we did a series of radio spots featuring the voices of people who supported him for one reason or another, and there were many. My favorite featured an elderly Pennsylvania Dutch lady from rural Dauphin County. The sincerity of her rather high-pitched sing-songy recitation must have convinced many voters; she was irresistible.

It was in radio stations in which I spent some of my most tense moments as a Schneebeli campaign aide. Most election nights I spent in the news room at WKOK (first in Sunbury then atop Blue Hill). I traded the local results they obtained for ones our people gathered in Harrisburg and Williamsport. Fortunately, the totals always came out our way.

Coincidentally, WKOK always was about the first to get interviews with the Congressman once his opponent conceded.

Incidentally, it was characteristic of Herm that we were circumspect about the mixing of Congressional and political business. During campaign periods I went off the official payroll or took salary reductions as appropriate, with the Congressman's political committee picking up the political expenses. Not all offices were nearly so careful.)

Many people, I am sure, will remember Congressman Schneebeli for the questionnaires he sent out every year. He was a pioneer in the field.

He used it legitimately as an information source. When he first went to Congress in 1961, never having held elective office before, he genuinely wanted to find out what people thought about the issues he would be facing.

His survey became an institution.

What affected the staff most about them wasn't tabulating the results; be arranged for volunteers to do that. But he always insisted on leaving spaces for, and actually encouraging, comments: comments about anything and everything.

He was just as insistent that the comments be answered, to let the people know as specifically as possible what he thought or what he was doing about their concerns.

The approach also guaranteed that everyone's comments would be read. Many were read by the Congressman himself. And he signed nearly all the 13,000 or so letters that went out in response to the survey each year.

Of necessity, many form letters were used, and were produced by robot-style typewriters (a far cry however from the computers and word processors widely used today). But many hundreds required individually prepared responses. In these cases, the incoming questionnaire always was attached to the outgoing letter for the Congressman's personal review.

Others, of course, would adapt such popular techniques for blatantly political purposes. Congress now feels it necessary to regulate itself as to how close to an election such mass mailings can go out, and even on the sizes and number of pictures of a Congressman that can be used at one time.

At a time like this, many more personal memories come to mind, like the time he gave my bride and me an ice cream machine, informing us his favorite flavor was chocolate. Other offices may have had drinks and hors d'oeuvres for those special occasions; we tended more toward ice cream socials.

Also, the companionship and friendship between the Congressman and his wife makes such a strong impression. To the extent that two people can function as one, that phrase described the Schneebelis.

And there are the host of professional accomplishments to be considered. Certainly they will be addressed in some detail at the memorial service. I hope they will be set down in lasting form at some time, for they are substantial.

For the moment, though, it seems important to remember and savor the little incidents about the man known variously as Herm, the Congressman, or the Boss—or, perhaps most appropriately, as he was called on the House floor, "the gentleman from Pennsylvania."

Mr. McDADE. Mr. Speaker, I thank the gentleman from New York for his contribution

Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. McClory).

Mr. McCLORY. Mr. Speaker, it is with a sense of personal loss and reflection that I take part of this special order.

Mr. Speaker, I am proud and privileged to take part today in the Special Order dedicated to the memory of our late former colleague, Herman Schneebeli, who represented the 17th District of Pennsylvania from 1960 to 1977. For my own part, I recall a long period of close association with Herm Schneebeli beginning when we first enrolled as undergraduates at Dartmouth College in 1926 as members of the class of 1930.

Herm Schneebeli was, from the outset, one of the most active and best liked members of the class. He participated enthusiastically as a freshman "heeler" in support of Dartmouth's various athletic activities, and at the end of his freshman year he became an assistant manager of football, rising in his senior year to be the manager of football—the most prestigious managerial position attainable on the Dartmouth College campus.

As a Dartmouth undergraduate, Herm Schneebeli was elected to virtually all of the honorary societies at the college, including the Casque and Gauntlet Society and Palaeopitus, the managerial organization of the college, in which he served as vice president. He was also a member of Theta Delta Chi Fraternity, and as I said earlier, a very popular person on the Dartmouth campus.

It is my recollection that when Herm Schneebeli's predecessor, Congressman Alvin Bush, died early in 1960, Herm Schneebeli was then an active businessman in Williamsport, Pa., and an equally active member of the chamber of commerce. He gained popular support in his campaign for Congress in 1960, and following his election he served with us in this House with great distinction, rising to become the ranking member of the House Ways and Means Committee.

Herm Schneebeli's effectiveness as a Member of this body and his popularity among his colleagues on both sides of the aisle are recalled by many of us who are in the U.S. House today. His decision to retire from the House in 1976 did not bring on any inactivity. Herm returned to his business in Williamsport as head of a Gulf Oil distributorship and took part in numerous other community and public affairs until his unexpected and abrupt death on May 6.

My wife, Doris, and I were in the company of Herm and Mary Lou Schneebeli at our 50th Dartmouth College reunion in 1980, and we maintained a periodic contact in the intervening years since their return to Williamsport.

Let me recall again that Herm and Mary Lou Schneebeli were among my first contacts when I came to the Congress in 1963. We took up residence in Southwest Washington where Herm and Mary Lou maintained their Washington home and our two families maintained close social and political contacts throughout the time that Herm and Mary Lou served here.

Herm Schneebeli was of Swiss descent. I, as the father-in-law of a Swiss, who is married to my daughter Beatrice, it was quite natural that the Schneebelis and the McClorys took part frequently in events relating to Switzerland, such as the annual celebration of Swiss Independence Day at the Swiss Embassy. We sometimes described ourselves as the Swiss Caucus or the Swiss bloc in the U.S. House.

Mr. Speaker, the memorial services which were held in Williamsport on Monday, May 17, were attended by several Dartmouth classmates, including Fred Scribner of Portland, Maine, and Jim Dunlap of Lancaster, Pa. I am also informed that our colleague, Representative Barber Conable, the ranking member of the House Ways and Means Committee, was in active attendance. An eloquent tribute to Herm Schneebeli was delivered by Fred Scribner recounting Herm's life and his deeds of service to the college and to the Nation.

My wife, Doris, joins me in extending to Mary Lou Schneebeli, and to Herm's brother, Otto Schneebeli, to his daughters, Mrs. Susan Belin and Mrs. Marta Johnson, and other members of the family our affection, respect, and deep sympathy.

Mr. McDADE. Mr. Speaker, I thank the gentleman from Illinois for his very eloquent remarks.

Mr. Speaker, I yield such time as he may consume to my colleague, the gentleman from Pennsylvania (Mr. Goodling).

Mr. GOODLING. Mr. Speaker, I am privileged today to pay tribute to a good friend of my State of Pennsylvania and mine who passed away recently: our former colleague from the 17th District, Herman Schneebeli. Herm and Mary Lou were great friends of my dad and very kind to me as a freshman in the Congress.

Central Pennsylvanians can be proud of the man who served them so ably for 16 years in Congress. At the time he retired from this body, Herm held the distinguished position of ranking Republican member of the House Ways and Means Committee. While serving in that capacity, Herm was a leading advocate for insuring that U.S. industry remained competitive and was not put at a disadvantage with foreign countries in its trade dealings. He was concerned with health insurance reform, an interest stemming from his work as a member of the board of managers at Williamsport Hospital, and his fundraising efforts for better nursing facilities in that area. I for one am glad that he lived to see this Congress pass the Economic Recovery Tax Act of 1981, for the capital gains tax provision contained within the package was a brainchild of his back in the 93d Congress.

Throughout his years of service, Herm was known as a GOP maverick, and it is this trait, his independence, which I remember most—the independence of conviction—the courage to make difficult choices—that I believe is necessary to best serve all of one's constituents. From Lycoming to Dauphin, in Union and Northumberland Counties, and throughout these Halls and committee rooms, Herm was noted for being a man who had all the enviable qualities so needed in public life. His associates found him to be an indefatiguable worker, and a Member who also had sound business sense.

At this time, may I extend my condolences to Herm's wife, Mary Lou, to his daughters, Marta and Susan, and to all his family and personal friends.

In the early sixties Herm was cited for his outstanding work in raising funds for worthy projects in the south cental Pennsylvania area. I paraphrase from newspaper accounts words which hold true some 20 years later.

Herman Schneebeli was serious, but at the same time friendly; he was deliberate, but could also act quickly when the occassion demanded. He was calm and unruffled, but spoke his mind when necessary; he had convictions, but also appreciated the opinions of others.

All of us from Pennsylvania will miss him.

□ 1830

Mr. McDADE. Mr. Speaker, I now yield such time as he may consume to my colleague, the gentleman from Pennsylvania (Mr. CLINGER).

Mr. CLINGER. I thank the gentleman for yielding to me.

Mr. Speaker, I wish to join in this tribute to our good friend and former colleague, Herm Schneebeli.

Herm represented part of the central Pennsylvania district that I now have the honor to serve in this body. He was a respected and influential man in Pennsylvania. He labored for the good of his constituents and his country with great distinction through his work here, affecting many lives for the better.

I, for one, was one who was privileged to know him, if only for a brief time. But I always found his counsel to be wise and helpful to me, not only in my political career but also in representing my district, which he had represented for so many years with such great distinction.

His recent death touches all of us here in Washington and back in his native Pennsylvania. He will be most deeply missed, Mr. Speaker, by not only his congressional colleagues, as well as by his family and his many friends in Pennsylvania. I am privileged to have the opportunity to join in this tribute to a great and good man.

Mr. McDADE. I thank my colleague for his very warm remarks.

Mr. Speaker, I now yield such time as he may consume to my colleague, the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. I thank the gentleman very much for yielding to me.

I, too, want to note on the occasion of Herm Schneebeli's passing the deep loss that this Member feels personally and that I know that the Nation has to feel.

Herm Schneebeli was a civic leader. He was a businessman. He was a patriot. And he was a legislator supreme. He knew how to get things done here in Washington, but he never lost touch with his roots in Pennsylvania. He remained close enough to his constituents all the time that what he did here in Washington, D.C., really reflected what their concerns were.

Even after he retired, he stayed active in politics, and even though I did not have a chance to serve here with him in the House, I did know him well, and knew he was available for consultation and advice even after he left the Congress. I know many of us continued to avail outselves of that wisdom during his years of retirement.

Herm Schneebeli will be missed not only by his community, and not only by his former colleagues, but most especially by his country.

Mr. McDADE. I thank my colleague for his very touching remarks.

I yield to my friend, the gentleman from Pennsylvania (Mr. NELLIGAN).

Mr. NELLIGAN. I thank the gentleman for yielding to me.

Mr. Speaker, I met Herm Schneebeli just once in my life. I did not know the man as a new Member of Congress. I did not have the opportunity of serving with Mr. Schneebeli. But I did know him through the feelings of my uncle, Harold "Jiggs" Gansel, from Columbia County. There was a time when Congressman Schneebeli represented Columbia County, a county which I now have the honor and privilege to represent.

That one time when I met Herm Schneebeli was in his office right here in the Capitol. I was with my Uncle Harold. I remember how proud he was when he turned to me and he said, "Jim, this is my Congressman, Congressman Herm Schneebeli."

He will surely be missed. I remember during that meeting how warm he was, and I was impressed with his grasp of what he was doing here in the Capitol, the issues that we discussed.

At that particular time I was a Federal employee. And I remember leaving his office and saying to myself, "That, I believe, is what a Congressman should be."

I know, on behalf of my constituents in Columbia County, that they will surely miss Herm Schneebeli. He was a friend of theirs as well as their Representative for many, many years. And to his family, I offer my deepest sympathies, and my regret here today is that I did not have the opportunity to serve with Herm Schneebeli in this body. He will surely be missed.

● Mr. HORTON. Mr. Speaker, it was with great sadness that I learned of the death of an old friend and former colleague, Herman Schneebeli. For those of us who had the privilege of serving with him, Herman's many contributions to this institution and this country will long be remembered.

I first came to know Herman when I was elected to serve in the House 20 years ago. Throughout our service, Herman established a record of achievement and leadership as ranking minority member on the House Committee on Ways and Means. As ranking minority member on the Government Operations Committee, our paths crossed frequently at leadership meetings.

Herman's contributions in the field of foreign affairs represent lasting achievements. His participation in the United States-Japan Parliamentary Conference in Tokyo in 1968, like his attendance at the German-American Alliance Conference in West Berlin in 1962 is a reflection of his commitment to international stability and peace.

I join my many colleagues in extending our condolences to his family. My wife Nancy and I regret the loss of a good friend and great American.●

● Mr. MILLER of Ohio. Mr. Speaker, it is with great sorrow that I join my colleagues today in this tribute to our good friend and former member from Pennsylvania, the late Herman Schneebeli.

As the former ranking minority member of the House Ways and Means Committee, Herm was a truly dedicated servant of his district, his State, and the Nation. He was a conscientious leader who placed the needs of America above petty politics. As such, he earned the respect and admiration of those—like I—who served in the House with him. I recall very well how Herm was frequently singled out as the epitome of an able legislator. It was a distinction he earned with hard work, consistency and the rare talent for listening to the views of others and responding to their opinions without over-reacting or changing the principles that made him a positive force and influence in the Congress.

I commend my colleagues today for reserving this time to pay tribute to a man who honored us with his presence, his example and his deeds. My wife, Helen, joins me in extending our sincerest sympathy to Mary Lou Schneebeli and the Schneebeli family at this time.●

● Mr. DERWINSKI. Mr. Speaker, it is with great sadness that I join my colleagues in paying tribute to our late colleague, Herman Schneebeli. Herman and I entered the Congress in the same year, and I wish to say on the onset that he was one of the finest Members of Congress that I have ever known, and I will long remember him as a good friend and a fine gentleman.

Herman Schneebeli brought honor and distinction to this Chamber and while we are saddened by his death, we are indeed fortunate to have benefited from his contributions. Herm and I were close friends, and I could always turn to him and get his sound advice and practical knowledge.

The loss of Herm Schneebeli is a personal tragedy to those of us who knew and enjoyed his humor and warmth, but one need not have been a personal friend to sense his influence and example in the Congress. Herm established a reputation as an intelligent and diligent member of the House Ways and Means Committee and was known by his colleagues for his great integrity and sound judgment. The people of Pennsylvania and the Nation join in mourning the loss of Herm Schneebeli, who will always be remembered as a sincere, hardworking, fairminded public official.

My wife, Pat joins me in extending our sympathies to his wife, Mary Louise, and his daughters, Marta and Susan. Both of us knew Herm as a warm, and understanding friend and as an outstanding Member of Congress. I will miss his counsel, good humor and friendship.●

● Mr. CONTE. Mr. Speaker, I want to rise today and join my colleagues on this special order. I also want to thank my colleagues, JOE GAYDOS and JOE MCDADE, for taking this special order after the sudden and tragic death of our former colleague and very good friend, Herman Schneebeli.

Herm served for 16 years in this body, and was the ranking minority member of the House Committee on Ways and Means. He came 2 years after I did, and I always enjoyed working with him. There was so much that he did for this body, and the people of Pennsylvania, who he served so well.

What saddens me particularly about his death is the suddenness of it. Apparently, while waiting for his wife to have surgery, he was stricken by an apparent heart attack. All of us who knew Herman can attest to his strength and determination and are all surprised at his death.

He returned home to Pennsylvania after retiring in 1977, the year that his former roommate, Nelson Rockefeller, left the White House. He had continued to serve his fellow man, and we all can be assured that he will long be remembered.●

● Mr. ERTEL. Mr. Speaker, it has been my honor to succeed Herman T. Schneebeli as Representative from Pennsylvania's 17th Congressional District.

My contacts with Herm Schneebeli were many and always they were warm. In 1954 Herm Schneebeli recommended me for admission to Dartmouth College. When I won the election to succeed him, he extended to me both a hearty handshake of congratulations and a gracious helping hand, as I prepared for a new challenge.

Always willing to extend the helping hand is how Herm Schneebeli will be remembered. Those of you who worked with him in this "great theater of the Nation" know this well. We who were neighbors of Herm Schneebeli in Pennsylvania benefited time and again from his concern and help.

In 1961 Grit newspaper honored Herm Schneebeli with a citation for his efforts on behalf of his community. I think it is appropriate to recall this citation now:

> Herman T. Schneebeli is equipped with the enviable qualities so needed in public and civic life.
>
> He is serious, but at the same time friendly; he is deliberate, but can also act quickly when the occasion demands. He is calm and unruffled, but speaks his mind when necessary; he has convictions, but also appreciates the opinions of others.
>
> Associates also have found that Mr. Schneebeli possesses a combination of rare business ability and tireless energy—attributes from which Williamsport has benefited handsomely in recent years.
>
> ### LOCAL GROUPS AIDED
>
> In addition, Mr. Schneebeli has a genial disposition not easily disturbed. He can disagree with vigor while maintaining an atmosphere of good humor and conciliation.
>
> It's little wonder, then, that Williamsport civic, welfare, and other organizations have called on him so often to assist in management and fundraising. And it is little wonder that Mr. Schneebeli responds, because he has such an intense desire to help his community—just as he is striving so earnestly to do for a larger area today as a dedicated, hard-working Congressman.
>
> It is for his wide range of civic service to his fellow men that Grit this year singles out Mr. Schneebeli for one of its awards for meritorious community service.
>
> Mr. Schneebeli was nominated for a Grit Award in 1959 and would have been presented the citation but for the fact that he was selected by Republican conferees to run for the congressional seat made vacant by the death of Alvin R. Bush. Grit's board of directors believed that it would have given Mr. Schneebeli an unfair advantage over his opponent to cite his many commendable civic contributions at a time when he was competing for public office. Therefore, though greatly deserving, he was passed up in the final selection.
>
> ### PRAISED FOR CIVIC WORK
>
> Now that Mr. Schneebeli has won the full 2-year term to Congress in his own right, the political objection no longer applies, and he can properly be extolled for his many good civic works.
>
> Though removed from active on-the-scene civic leadership by his larger services in Washington, his efforts on behalf of his community go on and on.
>
> A case in point is the Williamsport Hospital.
>
> Mr. Schneebeli has been a member of the board of managers at the hospital since June 17, 1958. When, in August of that year, the board looked around for a general chairman for its campaign for funds to provide a school of nursing and a nurses' residence the one man who stood out as the best choice was Herman Schneebeli.
>
> ### RECEIPTS TOP GOAL
>
> A tribute to the chairman's resolute effort is shown by the fact that a whopping $875,000—$130,000 above the fund goal—was raised in the campaign.
>
> "The wonderful results attained in the drive were due, in large measure, to the organizational ability, and the efforts of Herm Schneebeli," said Daniel W. Hartman, executive director of the hospital's building program and for many years administrator of the hospital.
>
> And Paul G. Wedel, present administrator at the hospital, describes Mr. Schneebeli "as a sincere and conscientious member of the board of managers who has shown a tremendous interest in the hospital."
>
> This valuable hospital expansion program now is nearing fruition. The new building, containing a residence and educational facilities for student nurses and an auditorium for staff and other meetings, is now about two-thirds finished, with construction expected to be completed April 30.
>
> The structure will house 138 student nurses and will be in use next summer.
>
> Mr. Schneebeli and his aides in the campaign must have a real feeling of pride as they watch this hospital addition become a reality.
>
> ### OTHER GROUPS BENEFIT
>
> Other organizations also have benefited from Mr. Schneebeli's selfless efforts.
>
> In 1958, he was a member of the steering committee which directed a campaign for funds staged by Lycoming College. In addition, he aided in the advance solicitation in the drive.

A total of $1,001,120 was contributed in the campaign—the largest sum of money ever subscribed in Williamsport for the support of any welfare or educational undertaking.

"Mr. Schneebeli showed a deep interest in the college," commented Dr. D. Frederick Wertz, Lycoming president. "He gave wise counsel and advice in overall planning."

One of Congressman Schneebeli's favorite organizations is the Lycoming United Fund, of which he long has been a booster and director. His interest in the United Fund doubtless developed from his connections with the Community Chest, predecessor of the United Fund. He served as Community Chest campaign director in 1951 and as president of the Chest in 1952 and has had a part in all Chest and United Fund drives since 1947.

PRESIDENT OF BOARD

President of the board of trustees of the Williamsport YWCA, he also served as chairman of a YWCA drive which had a quota of $125,000 and raised $130,000.

For 2 years—1954 and 1955—he served by appointment as a member of the Williamsport school board, where another member said of him:

"I never saw anyone grasp problems as quickly as Herm Schneebeli. And he also could find the right answers."

In 1959, Mr. Schneebeli served as chairman of a Williamsport Chamber of Commerce committee which conducted a nine-session course in "Practical Politics for the Business Man."

This course on politics was so popular that the chamber of commerce is now operating two different classes on the subject for local business and professional men.

Mr. Schneebeli evidently followed his own precepts well, for, as the Republican nominee, he was elected to Congress April 26, 1960, from the 17th District to fill the vacancy resulting from the death of Alvin R. Bush. Last November 8, he was elected to a regular 2-year term in the House of Representatives in Washington. He is a member of two important House committees—Public Works and Banking and Currency.

COMMENT ON ELECTION

Mr. Schneebeli's successful move from a businessman merely interested in politics for the betterment of his country to a legislator able to work for such betterment on the scene in Washington was so unusual that it drew special comment from such noted writers as Victor Riesel.

Because he was elected by the people, the 17th District Congressman goes to the people for advice.

One of his earliest acts after taking office was to send to the 100,000 voters in the district a questionnaire covering the many facets of Federal Government. Constituents were asked to list their answers to questions on subjects ranging from foreign affairs to taxes.

Fifteen thousand replies—a remarkable response—were received, giving Congressman Schneebeli a clear view of the thing back home.

In Williamsport, Mr. Schneebeli also has been a director of the chamber of commerce; active in the chamber's Lift campaign and its industrial development bureau, of which he was a vice president, and a member of the group's sales team seeking new industries for the Williamsport area.

One of Mr. Schneebeli's principal interests is his church—Trinity Episcopal. At Trinity, he has been a vestryman, member of the finance committee, and chairman of the every-member canvass committee. Under his leadership, Trinity has steadily increased the size and proportion of stewardship pledges toward the church budget.

"From a pastor's viewpoint, however," said the Reverend William B. Williamson, D.D., former rector at Trinity, "Mr. Schneebeli's most valuable asset is his creating, with his lovely wife, of a strong and healthy Christian home. The Schneebeli family possesses one of the best church attendance records in the parish, and each member has been happily engaged in some phase of the work and life of the church.

"Regardless of his busy life and schedule, this fine churchman always makes and takes time to be of service to his parish."

Mr. Schneebeli also was a board member of the Williamsport Council of Churches in 1957.

ACTIVE IN BUSINESS

He has been active in the Williamsport area business world since 1939, when he became commission distributor here for the Gulf Oil Co. Between 1931-39, he was employed by Gulf, working in Texas, Oklahoma, and Kentucky and traveling in six States from New York to North Carolina.

Mr. Schneebeli also is president of the Muncy Motor Co. and has a major financial investment and partnership in four oil and tire businesses in Lycoming and Tioga Counties.

He is vice president of the oil information committee, a member of the Pennsylvania Motor Truck Association, and a director of the First National Bank of Williamsport.

During the Second World War, Mr. Schneebeli served 44 months as captain of the Ordnance Department, U.S. Army. He was an executive officer at three plants manufacturing high explosives.

He was born July 7, 1907, of naturalized Swiss parents in Lancaster. His father, Alfred Schneebeli, was general manager for the largest silk broadcloth manufacturers in the United States and supervised five plants in three States.

Herman Schneebeli was graduated in 1930 from Dartmouth College, where he was a classmate of Nelson A. Rockefeller, New York governor, who visited this area to help him in his congressional campaign.

GOT MASTER'S DEGREE

After obtaining his A.B. degree at Dartmouth, Mr. Schneebeli received a master's degree from the Amos Tuck School of Business Administration at the same college. Prior to attending Dartmouth, he was an honor student at Mercersburg Academy. He is now serving as Willamsport area chairman of a Mercersburg $1 million development campaign.

In Williamsport, Mr. Schneebeli is a member of Garrett Cochran Post No. 1, American Legion; the Elks' Lodge, and a 20-year member and former director of the Kiwanis Club.

September 21, 1939, he married Mary Louise Meyer, of Bellefonte, who also has been active in community affairs. She is a graduate of Hood College, a former president of the Williamsport Home, a director of various parent-teacher associations, and head of the Episcopal women of the Williamsport Archdeaconery.

The Schneebelis, who live at 870 Hollywood Circle, have two daughters—Marta Louise, a freshman at Hood College, and Susan Jane, a senior at the Williamsport High School.

As a Member of the House of Representatives, Mr. Schneebeli now must spend a great deal of his time with congressional work—both here and in Washington. At the same time and despite his busy schedule, he has maintained his close and helpful ties with local religious, civic, and welfare organizations.

These groups know that they can always depend on Herm Schneebeli for assistance and counsel even as he continues to work with vigor and dedication in his larger sphere in Washington.

Mr. Speaker, when Herm Schneebeli retired from Congress, he announced he was going to devote more time to his family and in particular, his grandchildren. I know it is a promise he kept—Herman T. Schneebeli was a man who had his priorities straight.●

● Mr. SCHULZE. Mr. Speaker, I was saddened to hear of the loss of my friend and former colleague, Herman Schneebeli. He represented the 17th Congressional District of the Commonwealth of Pennsylvania for 16 years and compiled an exemplary record in the House of Representatives. Following his retirement from the House in 1977 I was privileged to be selected to occupy his seat on the Ways and Means Committee. Pennsylvania has lost a favored son and we all have lost a truly kind and gentle man.

I remember the many times we talked and his sage advice still remains with me. Herman did not seek the limelight but instead chose to work behind the scenes to get the job done. As the ranking minority member on Ways and Means he provided the touch of the common man to difficult problems. His experience in the business world served him and the Nation in good stead during his years in the House. I will miss him, as we all will, especially when we have a moment to reflect on those who have served their country in public office.

I wish him eternal peaceful rest and to his beloved Mary and his daughters Marta and Susan I extend my heartfelt sympathies.●

● Mr. SHUSTER. Mr. Speaker, I rise today in tribute to a friend and former colleague Herman T. Schneebeli, who passed away on May 6, 1982.

Herman Schneebeli faithfully represent the people of the 17th District of Pennsylvania for 16 years. It was my honor to serve with him in this body for 4 of those 16 years.

As the dean of the Pennsylvania delegation and the ranking Republican on the Ways and Means Committee he was an example of dedication and hard work for me to follow when I was newly elected.

He represented several counties in central Pennsylvania which border on the district that I represent. There are many shared concerns and interests between these two areas, and the people of the Ninth District respected and appreciated the efforts of Herman

Schneebeli in his community and in Congress.

The people of the Commonwealth of Pennsylvania and of the entire Nation have benefited from the public service of Herman Schneebelie, and though his loss may cause us sadness, his memory stirs pride and inspiration.●

● Mr. RHODES. I was indeed sorry to learn of the sudden death on May 6 of my friend, former Congressman Herman T. Schneebeli.

Herman was a fine Member of this House, who rose to become the ranking Republican serving on the House Ways and Means Committee.

Not only was he a good friend, but he was also a dependable and wise counselor. As Republican leader, I relied on him heavily for guidance on the complex issues which came before his committee. He was generous with his time and his talents, freely sharing with his colleagues the special expertise which was his.

Herman enjoyed his affiliation with the Congress as much as those of us who were privileged to serve with him, enjoyed having him as a colleague. Herman also enjoyed his long friendship with the late Nelson Rockefeller, which began when they were roommates at Dartmouth College.

While I am saddened at the death of Herman Schneebeli, I am pleased to have had the honor of serving with him in the Congress, and being his friend. Mrs. Rhodes joins me in experiencing sincere sympathy to Mrs. Schneebeli, and to their two daughters.●

● Mr. GIBBONS. Mr. Speaker, I was privileged to serve with Herman Schneebeli on the Ways and Means Committee for a great many years. He was always a fine gentleman and a warm friend. He conducted himself in an exemplary manner, stating his position with effective reasoning and debate. His years in Congress were well spent, and he will be greatly missed by all of us who knew him.

Mr. Speaker, Martha and I join with the many other friends of Herman Schneebeli in extending our condolences to his wife, Mary Louise, and his family.●

● Mr. MONTGOMERY. Mr. Speaker, I am honored to participate in this tribute to one of my very dear friends and a truly outstanding American, former Representative Herman T. Schneebeli.

I know my colleagues share with me the deep sense of loss at learning of his death. His accomplishments, both in this Chamber and in his native State of Pennsylvania, will live on.

He served the people of the 17th District well during his 17 years in the House of Representatives but Herman Schneebeli's illustrious career began long before coming to Washington.

He attained the rank of captain in Army ordnance during World War II and then became a successful businessman in Williamsport, Pa.

When he came to the House of Representatives in 1960, he immediately became known as a diligent and hard worker for the people of the 17th District and for this country.

His service and leadership as ranking GOP member of the House Ways and Means Committee were examples for others to follow.

I considered Herman Schneebeli a close personal friend and his friendship was a valuable asset during the 10 years we served together until his retirement in 1977.

He was truly a gentleman and it was an honor and privilege to have served alongside such an outstanding American.

I also want to express my condolences to his wife, Mary Louise and daughters Marta and Susan.●

● Mr. ERTEL. Mr. Speaker, Herm Schneebeli was remembered recently by John Swank, a member of his Washington staff. John's tribute was published in the Milton Standard on May 14: I want to share it with you today.

HERM SCHNEEBELI REMEMBERED

(By John N. Swank)

"Call me Herm," that's what he told everyone.

And from Presidents to coal miners, from governors to janitors, just about everybody did.

Those of us who worked for him always referred to him with titles of respect: Mr. Schneebeli, the Congressman, or simply, the Boss. Except in private, when the familiar "Herm" was just too natural to resist.

The familiarity he generated was genuine. It preceded the political gimmickry of putting your nickname in quotes or parentheses, or dropping your given name altogether. On his franked envelopes and in the signature block of official correspondence, he was Herman T. Schneebeli, M.C. (for Member of Congress). But on the phone or in person, he was Herm.

It hardly seems possible that it's been more than five years since he gave up his big corner office overlooking the Capitol to have more time to watch his grandchildren "grow and mature," as he put it. For years, he consistently supported the concept of mandatory retirement for Congressmen by age 70. It was predictable that he would voluntarily give up his position before he passed that milestone himself.

Next Monday, many of us who worked for him will come together again to join the many others who will be gathering to pay their final respects. No doubt there will be a lot of reminiscing.

The first time I met Herm Schneebeli was in his Congressional office. I had spent the previous summer as a cub reporter (more accurately, an intern) on The Milton Standard. I was lucky enough to have been asked back for a second summer, the summer of 1968, and had taken the paper at school to keep abreast of things. That's how I learned of the intern program Herm Schneebeli was offering that year.

I didn't know the Congressman but, with low expectations, I secured the Standard's permission to renege on our agreement if necessary, and applied. A few weeks later I received a long letter telling me where and when to report for the six-week program.

There was no centrally organized intern program then, and relatively few offices bothered with student workers. Most of those which did, took in a small number for the full summer. It was typical of Herm that he divided his program into two sessions, to accommodate twice as many young people.

The apolitical way in which he ran his office was atypical in Washington then, as it is now.

It wasn't until nearly two years later, when I had been working as a full time member of his staff for a few months that he asked me my politics. And he did so apologetically.

The Northumberland County Republican chairman was indicating dissatisfaction with Schneebeli, and hinting that he might oppose his renomination. (He subsequently did.) One of his complaints was that the county was getting shortchanged, meaning it wasn't represented on Schneebeli's staff.

In fact, two Northumberland countians were working for him at the time, both with the proper political credentials. Herm informed the chairman of that, but also made the point that his staff positions were filled by professional criteria, not by patronage.

It was not an absolute requirement that staff members even be from Pennsylvania, but most tended to be. There simply are a lot of Pennsylvanians in Washington who either work for the Congress or want to.

When the husband of one long-time staffer announced his candidacy as a Democrat for a Congressional seat from Iowa, Herm didn't bat an eye. He granted the staffer a leave of absence to campaign and welcomed her back when the bid failed.

Although Herm didn't tend to name-drop, he had access to some pretty influential people.

I was impressed that first summer when I learned Nelson Rockefeller had been his college roommate. Rocky was running for President then and I got caught up in his campaign, spending much time after work and weekends in Maryland shopping centers. The effort was geared to convincing the Republican governor of Maryland to support Rocky. It turned out the governor had other things in mind; his name was Spiro T. Agnew.

Herm had been the first Pennsylvania Republican to support the effort of Gerald Ford of Michigan to lead the party in the House of Representatives. His action led to a long, close relationship.

In 1970, when Schneebeli had a primary battle, Ford hosted a reception for him in Washington. To a group of young staffers, he proved surprisingly approachable. He told us Herm should be very careful how he handled such a primary campaign, pointing out that he himself first won his Congressional seat by ousting an incumbent Republican.

Years later, when Ford abruptly became President, one of the few previously arranged speaking engagements he kept was in Harrisburg. In speaking to the press, the President "let it slip" that Herm planned to run again. The Congressman didn't want to seem to politicize his work by announcing his candidacy that early, but it was worthwhile for a fair number of people who had ambitions for the office to be aware of his plans.

When Ford made his surprise selection for the Vice Presidency, Herm was in the enviable position of having two long-time personal friends and professional colleagues holding the two highest offices in the land.

Before being confirmed by the House and the Senate, Rockefeller paid courtesy calls on the chairman of many Congressional committees; several had offices on our floor. When he got off the elevator he saw the sign to Herm's office and marched in bellowing, "Where is the old son-of-a-gun (or a somewhat similar expression), anyway?"

Although at ease with the powerful, Herm never lost the common touch. some of the most enlightening moments I spent with him came on our district tours. Schneebeli held office hours back home as often as his schedule allowed. In Harrisburg and Williamsport he used his district offices. But in the rest of the district, he met the people in public places, most often in post offices.

He thrived on talking to them, whether to get their views, explain his, or help them with their problems.

When their problems really weren't federal in nature, he didn't brush them off. He tried to steer them to the right place for help, whether state or local officials, or even charities, if necessary.

Often, people tried to pay him for his help. He never accepted, of course. But once, during a busy post office visit, a man handed him an envelope giving the impression it contained a letter about a problem he was having. When the Congressman opened it at his office later, it turned out to be a $100 bill given as a thank-you for help in processing a black lung claim.

That $100 turned out to be a real problem, and it could have been worse. The man was adamant about not taking it back; he seemed hurt by the suggestion. In the meantime, the cash was stored in a safe, with all the potential for trouble that implies.

Finally, the Congressman got the man's clergyman to intercede, and satisfactory arrangements were made to donate the money to the church.

Working on the Schneebeli campaigns was a fulfilling experience. The biggest problem, when Congress was in session, was getting the Congressman to come home to campaign. He wanted to stay and do the job he was elected to do, and campaigns distracted him from that.

But once he hit the campaign trail, he could outlast everyone else. He invariably kept the longest hours, traveled the farthest, and talked to the most people.

During his final campaign, we did a series of radio spots featuring the voices of people who supported him for one reason or another, and there were many. My favorite featured an elderly Pennsylvania Dutch lady from rural Dauphin County. The sincerity of her rather high-pitched sing-songy recitation must have convinced many voters; she was irresistible.

It was in radio stations in which I spent some of my most tense moments as a Schneebeli campaign aide. Most election nights I spent in the news room at WKOK (first in Sunbury then atop Blue Hill). I traded the local results they obtained for ones our people gathered in Harrisburg and Williamsport. Fortunately, the totals always came out our way.

Coincidentally, WKOK always was about the first to get interviews with the Congressman once his opponent conceded.

(Incidentally, it was characteristic of Herm that we were circumspect about the mixing of Congressional and political business. During campaign periods I went off the official payroll or took salary reductions as appropriate, with the Congressman's political committee picking up the political expenses. Not all offices were nearly so careful.)

Many people, I am sure, will remember Congressman Schneebeli for the questionnaires he sent out every year. He was a pioneer in the field.

He used it legitimately as an information source. When he first went to Congress in 1961, never having held elective office before, he genuinely wanted to find out what people thought about the issues he would be facing.

His survey became an institution.

What affected the staff most about them wasn't tabulating the results; he arranged for volunteers to do that. But he always insisted on leaving spaces for, and actually encouraging, comments: comments about anything and everything.

He was just as insistent that the comments be answered, to let the people know as specifically as possible what he thought or what he was doing about their concerns.

The approach also guaranteed that everyone's comments would be read. Many were read by the Congressman himself. And he signed nearly all the 13,000 or so letters that went out in response to the survey each year.

Of necessity, many form letters were used, and were produced by robot-style typewriters (a far cry however from the computers and word processors widely used today). But many hundreds required individually prepared responses. In these cases, the incoming questionnaire always was attached to the outgoing letter for the Congressman's personal review.

Others, of course, would adapt such popular techniques for blatantly political purposes. Congress now feels it necessary to regulate itself as to how close to an election such mass mailings can go out, and even on the sizes and number of pictures of a Congressman that can be used at one time.

At a time like this, many more personal memories come to mind, like the time he gave my bride and me an ice cream machine, informing us his favorite flavor was chocolate. Other offices may have had drinks and hors d'oeuvres for those special occasions; we tended more toward ice cream socials.

Also, the companionship and friendship between the Congressman and his wife makes such a strong impression. To the extent that two people can function as one, that phrase described the Schneebelis.

And there are the host of professional accomplishments to be considered. Certainly they will be addressed in some detail at the memorial service. I hope they will be set down in lasting form at some time, for they are substantial.

For the moment, though, it seems important to remember and savor the little incidents about the man known variously as Herm, the Congressman, or the Boss—or, perhaps most appropriately, as he was called on the House floor, "the gentleman from Pennsylvania."●

● Mr. ADDABBO. Mr. Speaker, I join my colleagues on this sad occasion to pay tribute to our late friend and former colleague, Herman Schneebeli. His passing will be felt by countless people throughout the Nation, and especially by those in his old congressional district in Pennsylvania. Herman's integrity, courage, and dedication served all of them well.

Herman was one of those rare men: a businessman who successfully made the transition to public life. He initially did not want to run for Congress, and ended up as the ranking Republican member of the House Ways and Means Committee in the 93d Congress.

Herman possessed many of the enviable qualities so necessary for a public servant: He was serious, but at the same time friendly; he was always deliberate, but could respond quickly when the situation called for that; he had strong opinions, but respected and appreciated other's convictions.

Herman was always involved in a multitude of community and civic projects, he was well-known and well-loved for his generous giving. The people of Pennsylvania benefited greatly from his work, and Herman expanded that energy and desire to help to a larger area when elected to Congress. He was very active in the United Fund, the YWCA, the chamber of commerce, and his church.

All of people whose lives Herman's work touched, and all of us who had the honor of working with him will miss him greatly. My deepest sympathies go to his family for their loss.●

● Mr. FUQUA. Mr. Speaker, it is with great sadness that I join my colleagues in this much-deserved tribute to Herman Schneebeli.

Herm Schneebeli was a good friend with whom I shared many pleasurable hours, a friend on whom I could count at any time in any situation.

To speak of his legislative accomplishments in this House would be redundant in view of the much closer working relationships that his former colleagues from Pennsylvania had with him on issues which affected their commonwealth.

I would be remiss, however, if I did not at least mention the values I placed on his wise counsel on matters of national and international interest and of the tireless devotion to duty which he constantly exhibited.

While I have lost a good friend, the Nation has lost a valuable patriot.

I shall miss and mourn them both.●

● Mr. GAYDOS. Mr. Speaker, when the people of Pittsburgh sent me to Congress in 1968, our late colleague Herman Schneebeli of Williamsport, Pa., had been here four terms, and had I lacked an idea of what the job calls for, I could have learned it by watching him work.

Had I watched him closer I might have avoided some early missteps.

Ranking minority member of the Ways and Means Committee, Herm had a keen eye for abuses and distortions of the world trade system that might harm the vital interests of Pennsylvania and the United States, and he attended the 1961 GATT Conference in Geneva.

But he knew the value of free and fair trade and he worked to establish it and to further it.

They say he operated on Ways and Means as a team captain, encouraging each of his members to participate fully and making sure the opportunities were available.

He treated his Pennsylvania colleagues in the same gentlemanly fashion.

Of Swiss heritage and a thrifty man, those who served with him say, Herm liked spending the taxpayer's money no better than spending his own and disliked raising taxes even more.

Diligent in all phases of this craft, Herm nevertheless was not above a little good-natured legpulling.

A longtime minority staff member of the committee recalls that shortly after he joined the staff, he thought he began detecting signs of concern in Herm about the coming election. He became concerned.

Congressman Schneebeli's winning margin that year was 83 percent

They say he left Congress because he felt that when a Member gets old enough he ought to leave Congress.

They liked Herm around Williamsport and in the 17th District and we liked him here. Williamsport needed him here and we needed him here. And even today—6 years after he felt it was time to leave—it would help us do a better job if we would recall his example from time to time.●

WORLD TRADE WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. BONKER), is recognized for 60 minutes.

Mr. BONKER. Mr. Speaker, I have asked for this special order as chairman of the Export Task Force to commemorate World Trade Week.

I would like to take this opportunity to commend the Department of Commerce for its extensive activities to promote World Trade Week throughout the country. They have scheduled a number of events. They have been involved in various aspects of trade promotion. And I think the theme that they have chosen indeed is a relevant one: that is, "Trade Means Jobs."

The fact is that for every $1 billion in manufactured goods, it creates 31,000 jobs.

In 1981 the United States had $154 billion in trade, and if we were to add just 10 percent to that volume, that would have created another $15 billion and would have added up to a considerable number of additional jobs.

If we are to create more jobs, Mr. Speaker, and if we are to achieve economic recovery, we are not going to do so until we recognize the importance and value of international trade to our domestic economy.

The fact is that we have pretty much reached the limits of an expanding domestic economy to meet our growth needs. At the same time we are in a fiercely competitive world economy with Japan alone challenging U.S. preeminence in steel, in shipbuilding, home electronics, microelectronics, automobiles, motorcycles, and it goes on and on.

The fact is that the U.S. share of the world market is declining.

In 1980 the United States had 18 percent of the world market and that has dropped to 12 percent in 1981. And if we are to measure our export performance in relationship to GNP, we will discover that the United States has the lowest export volume compared to GNP of any of the industrialized countries, registering at about 8 percent compared to 12 percent in Japan, 23 percent in West Germany and 26 percent in Canada.

But despite those declines, the United States still is the dominant exporter. We now have a 13-percent share of that world market, followed by West Germany with 9.7 percent.

But we are in a competitive world economy. The United States must achieve more trade activity, must promote and distribute its export products, if we are going to have economic recovery at home.

Government policy does have a direct impact on our trade performance.

We have itemized a number of issues that involve both incentives and disincentives to exports.

If one were to look at some of the disincentives, he would see dramatically that the Foreign Corrupt Practices Act does more to inhibit and frustrate our trade potential than almost any other law on the books. A bill that is currently pending before one of the House committees would modify and streamline that law so that we can retain the original purpose without placing an undue burden upon the business community in its efforts to compete in the international market.

The Export Administration Act is another example. The fact is that we have placed a burden upon our businesses through the Export Administration Act every single time that a President chooses to impose economic sanctions for foreign policy reasons. That act authorizes the President to deny the issuance of an export license for human rights or national security reasons.

We have seen recent examples in Poland, or when Russia invaded Afghanistan, of two different Presidents using that act to impose economic sanctions to carry out certain foreign policy decisions. And the same applies to human rights considerations throughout the world, and U.S. policy.

We have got to find a more creative and perhaps a more effective way of dealing with our foreign and strategic needs.

We have discovered now in recent years that every single time we have attempted to impose economic sanctions for foreign policy reasons, we have not succeeded. That country merely will seek its imports and purchases from other countries, thereby bypassing American businessmen, and we have not achieved either the economic or the policy goals that were intended.

□ 1840

But the United States can and does play a positive role. The Export-Import Bank is one example of how the Government can help industry compete on an equal footing with its foreign counterparts, and we have this administration that is attempting to drastically reduce our contribution to the Export-Import Bank. The fact of the matter is that we need that instrument if our large and small companies are going to compete effectively on the world market.

If one were to look at just one company, Boeing, and recognize that Boeing is our No. 1 exporter, with 60 percent of Boeing's sales in the export market, and indeed if we did not have the Export-Import Bank in place providing comparable credit terms there is simply no way whatsoever that Boeing can compete. That company can compete on all other bases. It has a fine line of aircraft, but as long as the French engage in predatory credit practices and undermine the international market through subsidized interest rates, then we are going to see one of our major companies drawn completely away from the market. We should recognize that Boeing is a large industry, but it has 2,500 subcontractors that are small businesses, so many facets of our economy benefit by the Eximbank.

Beyond the Eximbank, we ought to look at some form of export credit, recognizing full well that financial capital is critical when it comes to participating in the world market. There is another example of how the Government can help in the international trade and U.S. potential to compete in that market. Shortly, hopefully next week, the Banking and Currency Committee will pass out its section of the export trade company bill. I happen to be the principal sponsor on this side of H.R. 1799, which would allow formation of export trade companies that will make it possible for the first time for small and medium sized firms to get into that export market.

The Department of Commerce has estimated that there are 20,000 manufacturing firms today in America that have the capability and the products that can be competitive in the world market if we could find a means of facilitating the export of those products. The export trading company bill could be one of the most important trade issues to come along in several decades. What that legislation will do, very simply, is to allow banks to participate as equity owners in the formation of trading companies. That is extremely important again if we are to provide the financial capital that will make it necessary for companies to get into that market.

The Banking and Currency Committee, I think, has passed out, or is shortly to pass out, language that would make it possible for banks to move beyond the depository function and into commercial activity through holding companies or through EDAC corporations. With necessary safeguards, I think we can do a great deal to enhance our export potential through this section of the legislation.

But secondarily, the export trading company bill will remove the continuing threat of antitrust violations to companies that come together in order to compete on a collective basis in world markets. As long as those antitrust provisions are intact, there is simply no way the companies are going to engage in this practice and take the risk. The Judiciary Committee, under Chairman RODINO, has already marked up legislation that will allow exporters to be exempt from antitrust provisions of the law, and through a certification procedure will extend to them the certainty and the immunity that they need from any potential threat of violation of those provisions of the law.

Mr. Speaker, I believe that the export trading company bill, once it is adopted by this House and indeed is placed before the President of the United States, will do more to regionalize American trading activities than anything else I can think of. It simply will serve as a catalyst to get more and more of America's businesses to think positively and creatively about our trade potential.

Government's role is critical. In these days we are going through a redefinition of Government's role in society, indeed in the business community, but I really think it is important that we take a strong look at Government policy with respect to our strategy and our efforts to enhance our trade activity around the world. That is going to call upon Congress to pass some kind of reorganization bill so that we can put together the various bits and pieces of the trade picture so that we do not have it spread out through a number of Federal departments and agencies. We are going to need a trade strategy to attempt to identify what those markets are so that we can make it possible for U.S. businessmen to compete effectively. We are going to need to know what the impact of government policies and of budgets and regulations are on the trade picture. Perhaps we can have an export impact statement just as we have an environmental impact statement that is already in place.

We have to recognize that even though there is a potential market out there, trade barriers do exist, and while the United States believes and attempts to practice an open market, and is probably closer to the ideal of free trade of any country in the world, the fact of the matter is those barriers exist through tariffs, through nontariff barriers, through duties and quotas and a whole maze of obstacles which make it exceedingly difficult for U.S. businessmen to compete.

The U.S. Government must accelerate its efforts to break down those barriers through multilateral negotiations like GATT, though trade agreements, through bilateral consultation efforts, and it goes on and on, but nonetheless that is a legitimate and important role for Government to play.

Government should also do more to promote trade opportunities. While this year we will spend $100 million to promote commercial interests through the Department of Commerce, through our emissaries to trade centers, through AID, through OPIC, the fact is the budget cuts as they are being applied indiscriminately will take away those opportunities in the future. The Chamber of Commerce has testified before the Foreign Affairs Committee and has offered an idea that I think has merit; that is, to establish a U.S. trade promotion corporation that would be a quasi-public venture and attempt to privatize some of the many functions that are in place, and add new ones to make sure that we are taking full advantage of our trade promotions and the promotion of important American products in the world market.

Government also has a role with respect to education and training. The fact is, as we have grown in importance, not only economically and militarily and culturally in the world, we are also in a startling decline of our educational requirements. At any given time, the Japanese will have 100,000 businessmen in our country, most of whom speak English, and the United States will have about 1,000 businessmen in Japan, very few of whom speak Japanese. If we are going to be competitive in the future, we have to train future generations of American businessmen who understand and speak the language, who know about marketing techniques in other countries, who can identify those products and help American businessmen compete.

We also need to extend those trading opportunities to the technical fields. If anything, in the 1980's and 1990's we are going to be in an era of high technology, and the only way we are going to compete, again economically as well as militarily, is to train a new generation of Americans who are fully equipped to live up to these new challenges.

The same applies to research and development opportunities. There was a California study recently that pointed out that there were 60,000 newly created jobs in the electronics field over the next few years, and only 14,000 graduates who were prepared to qualify for those jobs. The fact is, we have got to do much more in the educational field. We also must recognize Government's important role with respect to infrastructures. In almost every country that I know of, developed and nondeveloped, the Government takes responsibility for putting into place an infrastructure. That means port facilities, dredging channels, and the like.

This administration, in trying to find new sources of revenue, trying to remove the Government completely from the private sector, has placed the burden of paying for dredging and other channel operational work upon the private sector, which is going to put them at a competitive disadvantage in the future.

Mr. Speaker, one could say a great deal about productivity, which has an important role in this entire international trade picture. I am not going to elaborate at this point, but I will place something in the RECORD about productivity, but I do want to emphasize one aspect of it. That is what I call cooperative synergistic relationships. The fact of the matter is that we can no longer afford the adversarial relationship that exists between Government and business and business and labor.

□ 1850

We have got to replace those adversarial relationships with a partnership. We have to replace confrontation with consensus if we are going to achieve greater productivity and be more competitive in the world market.

The Japanese worker sees his self interests coinciding with the company. He sees the macroeconomic importance in that country. In our country we have never been able to emulate that.

It is very important that management and labor especially come together and form a common bond that would give them a focus on international trade in such a way that they can be more competitive.

Recently I was on a trip to Japan, sponsored by the American Productivity Center, and all of us were impressed by what we saw in that country in terms of management-labor relationships.

Management was rather magnanimous compared to our standards by extending to their employees lifelong employment, bonuses twice a year, on-the-job education and training, and even to the extent of offering low-interest loans so that their employees could find housing around the plant.

But, in return, the Japanese worker was fiercely loyal to his company, would not engage in job-hopping, minimized the strikes and confrontations that normally exist between labor and management.

The result is that their companies have become more productive and far more competitive in the world market.

Adversarial relations may be endemic to American tradition and systems. Certainly in Japan it seems that way now, but prior to 1955 adversarial relations were very much the case there. But we have to put aside these highly polarized positions among our major institutions and find a way to cooperate, to find that consensus that would help make our businesses more competitive.

In that case everybody, company, workers, government alike will benefit.

Mr. Speaker, I think all areas of the country have a stake in the international trade picture. We have not begun to realize our full potential. In the Northwest the three major industries, agriculture, aerospace, and wood products all have a heavy stake in trade. In fact, in each of those industries approximately 60 percent of the jobs are related in one way or another to trade.

In Washington State trade represents 16 percent of our GNP compared to the national average of 8 percent; $1 out of every $8 is involved in trade. Three hundred thousand jobs in the State of Washington are connected to trade. There is simply no way that we can avoid its importance.

I think Washington State is only one example of many throughout the country. We have the unique opportunity in our area, because of our vast natural resources, because of our manufacturing facilities and capabilities, because of our excellent port facilities, and our proximity to the Pacific rim countries. All of those things add up to exciting ventures in trade and economic recovery in the Northwest.

But I would appeal to the Members of this body to put aside some of their traditional inhibitions about the cooperative efforts that will be required between Government and private sectors so that we can achieve a trade policy that will not only make us more competitive in the world economy but will bring economic recovery at home as well.

Mr. DAUB. Mr. Speaker, will the gentleman yield?

Mr. BONKER. At this time I would like to yield to the gentleman from Nebraska (Mr. DAUB).

Mr. DAUB. I thank the gentleman for yielding.

Mr. Speaker, I would like to join with my colleague today in welcoming the declaration of "World Trade Week" and expressing my support for efforts to further open and expand international markets for U.S. products, particularly agricultural products.

Our imbalance of foreign trade would be far worse if it were not for the add-on advantage of the dollars we receive from the exports of agricultural products.

For example, in my home State of Nebraska we often say, and the statistics bear this out, that 1 out of every 2 acres, or one-half of every acre that is in production actually leaves the boundaries of our continental United States and makes its way into the export market.

In light of the economic difficulties currently plaguing our agricultural sector we must emphasize the fact that increased efforts to promote agricultural exports would be a shot in the arm for our farmers.

I have written recently to the Secretary of Agriculture requesting his support for the funding of the revolving export credit fund, as it is called, as a vehicle for stimulating the kind of exports I am talking about.

The efforts of our farmers account for over one-half of the Nation's exports, assisting greatly in our balance of trade or lack thereof, depending upon which way one wishes to view it. However, the great surpluses accompanied by the prospect of bumper yields for the 1983 crops currently being planted are serving to depress commodity prices such that farmers find little incentive to remain in business.

I submit that greater emphasis on agricultural exports would be the best remedy currently available for relieving depressed commodity prices.

I have urged this administration to exert every effort to work for a long-term grain agreement with the Soviets. Moreover, I would like to stress the importance of increased efforts to encourage the exports of "value-added agricultural products."

Not only does the export of enhanced agricultural products benefit the farmer, many other Americans are benefited through the processing of agricultural products.

Not only is the demand increased for the raw commodities, processors are given greater demand and the need for labor compounds the availability of jobs so badly needed at this time.

I am told that the State Department has taken special efforts recently to encourage our Ambassadors overseas to emphasize the benefits of exporting "value-added products."

I applaud this effort.

Furthermore, I have requested the Secretary of Agriculture's support for funding the revolving export credit fund as a means of increasing the exports of our agricultural products.

Finally, I ask my colleagues to join me in promoting the advantages of increased agricultural and value-added agricultural products.

I want to commend the gentleman for taking this time and this special order to focus this body and those who will find the advantage in stimulating our economy through what has been called World Trade Week. Let us make the best of it.

I thank the gentleman.

Mr. BONKER. I thank the gentleman.

I would simply point out that the export task force and also the Export Council has singled out agriculture as the most important of our export resources and commodities. We are continuing our efforts to find ways to promote these products as well as to bring down the barriers that exist, particularly in Japan and some of the other countries that make it difficult for us to penetrate those markets.

I think the studies have shown over and over again that we can export commodities to Japan, agricultural commodities that would greatly reduce the price to their consumers.

So we have to continue our unrelenting efforts to break down those barriers and to promote our agricultural products at the same time.

Mr. DAUB. I fully agree with the gentleman and think he has focused and emphasized accurately that free trade ought to mean truly that, and we need to keep the pressure on our foreign trading partners to understand that in the GATT negotiations which the gentleman talked about, and/or the efforts the administration has made with Japan about 4 months ago, that these barriers have had, the ad valorem, the tariffs, the barriers, the complicated maze of paperwork the gentleman so aptly described, need to be focused on, and those barriers need to come down, and what we can offer to our trading partners overseas is indeed more value for the dollars that they have to spend for things that they do not have or cannot readily produce in their own economies.

Mr. BONKER. I thank the gentleman.

Mr. WEBER of Ohio. Mr. Speaker, will the gentleman yield?

Mr. BONKER. I yield to the gentleman from Ohio (Mr. WEBER).

Mr. WEBER of Ohio. I thank the gentleman from Washington for yielding. I want to compliment the gentleman on the excellent presentation he has made on this subject of foreign trade.

I have become very interested in some information which has been furnished to me by the U.S. Department of Commerce about my home State of Ohio. I find, according to their information, that Ohio ranks second in the country on the number of export-related jobs, according to the 1980 census of export origins done by the Bureau of the Census.

I bring this to the attention of this body because too often we in Ohio fail to recognize the importance of exporting to the jobs and the industries and the people of our State.

We now have 199,800 jobs related to the export of manufactured goods, which is about one out of every six jobs in the State of Ohio. Ohio ranks third in the country in the dollar value of its exports of manufactured goods with $18.1 billion in total manufactured goods in export.

□ 1900

Moreover, according to the Commerce Department's Cleveland district office, there are hundreds, if not thousands, of Ohio companies who could get into the export markets in the future, which would provide more jobs for Ohio and undoubtedly more jobs for the entire country.

Some of the products that are being exported from Ohio would be chemicals and allied products, $1.4 billion; primary metal industries, contributing $3.62 billion in exports; fabricated metal products, $1.84 billion; machinery, not counting electric, $3.45 billion; electric and electronic equipment, $1.3 billion; transportation equipment, $3.38 billion. And then turning to agriculture, there is a total of $1.633 billion of agricultural exports during the year 1980, including feed grains, soybeans, wheat, animal and meat, not counting poultry, miscellaneous, hides and skins. And then in addition, processed foods and kindred products of $402.8 million. One out of every four farmers in Ohio is involved in exports. For every $1 in exported agricultural products, that generates $2 in the Ohio economy.

I become exasperated at the manner in which U.S. products have such difficulty in penetrating many foreign markets. As the gentleman has pointed out in his presentation, our efforts in this Congress must address that problem, and I know of no other way than by the threat of retaliation. Perhaps existing laws are sufficient and, if so, I call upon the executive branch to enforce those laws vigorously, to force foreign countries to pull down their trade barriers. If existing laws are inadequate, then we must strengthen the trade laws to provide our U.S. officials with additional tools to assure fair opportunity for our exports.

In this regard, I have joined in cosponsoring several trade reciprocity bills directed toward opening up foreign markets. I have supported temporary import quotas on Japanese automobiles to send the message that we want fair treatment for our exports. For the U.S. economy to grow, we must increase the sale of our products overseas, and our efforts in this Congress must be directed to that objective.

I thank the gentleman for his presentation and for yielding me this time.

Mr. BONKER. I thank the gentleman for his contribution. I think he demonstrates very well the export potential of his State, as I have attempted to demonstrate for the State of Washington, and I think we could look at almost any State in the Union and see either natural resources or manufacturing capability that is indeed competitive. If we could just find a way to facilitate the export of these commodities, I think we could experience tremendous economic benefits at home.

Mr. SWIFT. Mr. Speaker, will the gentleman yield?

Mr. BONKER. I yield to the gentleman from Washington.

Mr. SWIFT. I thank the gentleman for yielding.

Mr. Speaker, I am glad that the President has made this World Trade Week. It is important that we act on a bipartisan basis to restore America's competitive edge in the world economy. This will require a recognition by Government and business alike that our prosperity depends on our role in a healthy world economy.

In the Pacific Northwest, the importance of trade and jobs have been dramatically emphasized by the severe economic slide. Unemployment is at historic highs in many of our port and timber towns. Resilient people are turning to despair. People who should and could benefit from fair international trade are calling for import restrictions that could lead to a 1930's style trade war. Clearly this is an area where there is a supportive role for the National Government to play.

I welcome the President's call to action and I agree with his statement that government can set the framework for expanded trade.

I fear, however, that the administration is destroying the infrastructure and eliminating the training and services that form the "framework for expanded trade."

One ray of hope in my district has been the work undertaken by the Economic Development Council of Puget Sound as the regional administrator of the Trade Adjustment Assistance Act. It is currently helping the timber industry develop new products and techniques that will help them compete in foreign markets, and meet foreign competition at home. Testimony before the Congress demonstrated that similarly valuable efforts are underway as part of this program in different parts of the country. Nonetheless, in the name of budget cutting the administration sought the total elimination of this program—a modest $27 million program that returns far more to the Nation with the companies it saves from bankruptcy and the workers it saves from unemployment.

I have worked with a bipartisan coalition of members to restore funding to this program and was pleased that the Ways and Means Committee so recommended. I am troubled, however, that in the material recently circulated by the Department of Commerce in support of "World Trade Week" there is no mention of the trade adjustment assistance program, even though the materials were prepared by the Bureau that supervises this program.

It is vital that we find ways to stimulate private business to compete effectively in the world. The Export Task Force has identified a number of ways we can help do that and I am pleased to support their efforts. As we move forward, however, we need also to pay greater attention to the net positive return to the taxpayers from Government service and infrastructure programs. Money invested in the Coast Guard and Customs Service brings money into the Federal Treasury and saves jobs and lives. Money invested in ports and transportation moves our goods to market so that they can be cost competitive and find a place in the world's market.

Emergency housing aid will keep a major industry working at a scale that makes exports possible in addition to its other benefits for the Nation's economy.

It is with distress that I note that the administration apparently opposes all of these proposals to help our trade position, our workers, and their employers in the private sector. It would be a tragic mistake if we failed to take prudent steps to insure that potentially productive small- and medium-sized firms survived in the short run, while we consider long-term steps to turn the economy around. We do not want to promote a nation and an economy in which only massive firms can survive and become successful in taking advantage of new export markets. Such an outcome would damage the whole foundation of our society.

I hope this debate on export policy is a sign that private business and Government, Democrats and Republicans, can work together to build a national infrastructure that will allow us to use our talents to compete successfully into the 21st century.

Mr. Speaker, I attended, with a number of my colleagues, an interparliamentary meeting of members of the OECD, essentially the industrialized democracies of the world, and the major concern with these democracies—Europe, Canada, the United States, Japan—was the preservation of free trade. But because we were parliamentarians, people who have to go back and deal with the political realities of our constituents, I was intrigued as to whether other countries faced some of the same kinds of pressures that I feel in my district, which is a net exporting district, but, still, political pressures faced from those who are hurt when certain kinds of imports impinge upon their businesses. And they said yes, indeed, that was true. Norway spoke up, Spain spoke up, West Germany spoke up. They said yes, of course, they have the same kinds of pressures within their society to build trade restrictions for the benefit of some internal economic matter.

It occurred to us—and I think this special order that the gentleman has taken may give an opportunity to bring it up—we noticed there was something else that was also common in all of our countries, and that is those businesses and industries which are hurt by free trade speak out. They tell their elected representatives, and very frequently they tell the public—and that is their right and I am not suggesting there is anything inappropriate about that at all—but it is ironic that those industries in each of these nations who benefit enormously from free trade, the industries and businesses which provide the jobs because they export from the United States and from the other countries, rarely come and call on us and tell us about that aspect of the problem, and almost never do they communicate with the general public. In other words, to the extent that keeping free trade and avoiding what is the inevitable downward spiral of trade barriers, once that kind of trade war starts, we need a general understanding among the public of the importance of free trade to a nation economically as a whole. We have the great Boeing Co. in Seattle, we have John Fluke Manufacturing, which has some of the finest electronic testing equipment in the country, bulbs and seeds, in Skagit County, from where I come, lumber, and so forth. But these companies, because of whatever reason, do not seem to me to take full advantage of the opportunities they could have to tell their employees and to tell the communities in which they serve and to which they contribute economically the importance of "what's in it for us" in free trade. It seems to me that they could be an enormous help to our effort, as American public policy makers, to keep a wise and prudent free trade policy going if they were to tell their story of the jobs provided by and the benefits to the economy of a free trade policy.

I thank the gentleman for requesting this special order. I am proud to participate, and I congratulate the gentleman on his efforts.

Mr. BONKER. Let me just point out to the gentleman who represents a congressional district that is heavily dependent on wood products that in several areas of my district the export of those products is the only thing that is keeping the economy afloat. There are certain areas where we have mills that are operating at capacity because of the export business. There was an article in the Wall Street Journal just a few weeks ago about a small mill in Williams, Oreg., that was near collapse until they went on a trade mission and as a result the mill is now running at capacity and indeed it is planning on expansion.

We can no longer depend exclusively on the domestic wood products industry or housing to keep our wood products industry going. We have to find new outlets for our products. My preliminary study shows that there is a tremendous market out there, not only in the Pacific rim countries, but other places. However, if we do not work steadily toward this free trade ideal—and it is far from realized at this point—we are going to hurt in the long run. The United States still is the No. 1 exporter. During times of worldwide recession it would be very tempting for countries to erect more trade barriers, and there are only one or two aternatives to economic recession in this country, so long as we allow other countries to compete as actively as they are within our domestic market. We can either erect trade barriers to keep those imports out and protect domestic industries, or we can find our place on that world market, enhance our export activity and make sure that we are more competitive.

If we can do the latter, we will not only experience the economic benefits at home, but we will make major strides toward that concept all of us want to see fully embraced by other countries—free trade.

● Mr. ALEXANDER. Mr. Speaker, I rise to join with my friend and colleague, Don Bonker, to celebrate World Trade Week 1982. The House Export Task Force, which is chaired by Don Bonker, has done an excellent job in promoting and informing Members of Congress and the public about what exports mean to the United States. I commend Don and the Export Task Force staff for their diligence and assistance.

Mr. Speaker, the purpose of World Trade Week is to call attention to the importance of world trade to the United States. One only has to look at our trade deficit with the resultant inflation and loss of jobs to know what exports mean in our daily lives. What Don Bonker and I, and many other Members of this body, have been trying to do is to convince people that by increasing exports we can lower inflation and create more jobs for our people. World Trade Week will help in informing people about this.

One piece of legislation presently before the Congress which will increase exports at the small- and medium-sized business level is Export Trading Co. legislation. It is estimated that 95 percent of U.S. foreign trade is carried out by only 5 percent of the U.S. business community. Clearly, there is a pressing need to involve small- and medium-sized businesses in the export market. Export Trading Co. legislation will allow these groups to enter the export arena in a controlled manner. Our colleagues, Mr. St Germain, Mr. Bonker, and Mr. LaFalce, among others, deserve our thanks for diligently working on this measure which I believe we will see enacted this year.

May 16-22 has been designated by President Reagan as World Trade Week. However, exports and trade competition continue 52 weeks a year. We must allow our industries to compete equitably with foreign businesses—whether that be in Export Trading Cos., Ex-Im financing, tax issues, foreign corrupt practices amendments or trade reciprocity. Our competitors are playing hard-ball in the international trade arena. I believe there is a substantial number of members in this body who are willing to play the trade game just as hard. World Trade Week can be the call to begin this process. I stand ready to work with my colleagues toward this end.●

● Ms. OAKAR. Mr. Speaker, This month we are celebrating National Small Business Week and World Trade Week. Both of these American enterprises deserve a special priority.

When we look at our economy we see a situation that is the worst we have known since the Depression of the 1930's—in terms of unemployment, capital investment and productivity. Our declining GNP and trade deficit are two problems that are interrelated. Unemployment and foreign competition are two problems that are intertwined.

There are markets out there, but we have to be able to modernize, to afford new technology, to find skilled workers at reasonable wages, to train international sales representatives and managers for a global market. Free trade should mean fair trade—competitive parity. As Members of Congress we have an obligation to provide legislation that will promote the conditions of parity—not advantage—for American workers and American businesses.

We know that approximately 86 percent of the Nation's new jobs in the private sector are created by small businesses. We also know that each $1 billion in manufactured exports means almost 31,000 jobs for U.S. workers. Over 50 percent of the major inventions in this century have been the result of efforts of individuals associated with small businesses. The creative efforts of these small firms and manufacturing companies has provided our Nation with new services, new products and technological breakthroughs which have been the lifeblood of our economy. Now more of that lifeblood is being drained off by the expanding horizons of a world market we can no longer escape.

But there are severe obstacles to our expansion into that world market. The combined effect of tax policy, fiscal policy and monetary policy has crippled the growth of small businesses at a time when our economy badly needs the refueling they can supply.

Interest rates, in particular, have had a devastating effect on small businesses. These small companies are extremely sensitive to higher interest rates because they usually pay a higher premium to borrow money than larger companies. High interest rates have been a prime factor in the escalating rate of business failures and bankruptcies. Capital investment has been hard to come by because these smaller companies are increasingly "crowded out" of the credit market. When they are crowded out of the credit market, they are crowded out of the resources they need to stay competitive in the world economy. Small businesses are far more likely to contract terminal illness from exposure to foreign competition and the ravages of protectionism. On the other hand, small businesses are a potential, untapped bonanza for export opportunities.

American businesses are faced with a challenge. The domestic market can no longer absorb all of our potential. Foreign competition has increased quantitatively and qualitatively. It is time to retool, reorganize and get into gear on the global scene.

In my own area, this week celebrates World Trade Week. We have tremendous potential in world trade. I will do all I can to assist our area.●

● Mr. FRENZEL. Mr. Speaker, I am pleased to join my colleagues in a salute to World Trade Week. In this time of domestic economic recession, it is easy to forget the importance of world trade. It is even easier to forget the fact that world trade has to be a two way street.

Many of us are eager to support U.S. exports, because we all know that means more U.S. jobs, but too many of us here in the Congress are just as eager to support demands for import restraints by industries in our districts as a means to deal with falling revenues and layoffs.

We must remember that we cannot expect to export and eliminate trade barriers abroad unless we import and work to eliminate our own trade barriers. The simple rule of world trade is that if you want to sell, you must buy.

World Trade Week is being promoted in major cities all over the country. I salute all of those people who are working on it. They are dedicated to raising the export consciousness of our country.

There is still only a tiny percentage of U.S. businesses which actually is in the export business. We cannot afford to continue our competitive decline. We must continue to look for ways to encourage new exports•and increased exports by those currently in that business.

I will be one of the first to admit that Congress has not been terribly helpful in the area of export promotion. Export trading companies legislation is starting to move along, but the House should have passed this legislation months ago.

Foreign Corrupt Practices Act remains a serious disincentive, yet a House subcommittee displays little interest in addressing the bill which would make some worthwhile changes. Foreign policy controls on U.S. exports are a continuing disincentive and our export financing terms are not as attractive as those offered by competitors aboard.

I urge my colleagues to reaffirm our dedication to promote world trade beyond World Trade Week.●

● Mr. DICKS. Mr. Speaker, I am pleased to join with my colleagues in recognition of World Trade Week, and to add my voice to the many others who have spoken here today on the importance of trade to the U.S. economy and to U.S. jobs.

As many of you know, one of my particular interests in the trade sector is the Export-Import Bank. I would like to speak for just a minute about the importance of this institution, and about the budget reductions which have been proposed for it.

For fiscal year 1983, the administration proposed an authorization of $3.8 billion for the Export-Import Bank's direct loan program. This would be a reduction of 13 percent from the Bank's 1982 funding level of $4.4 billion, and nearly a 30-percent reduction from the 1981 funding level. If our share of world exports is to remain strong, we cannot afford cuts of this magnitude.

The Eximbank operates as a self-sustaining institution, and does not require appropriated funds. Instead, it seeks loan and loan guarantee authority, not direct outlay authority.

Through its direct loans, loan guarantees and insurance, the Eximbank supported exports of $18.6 billion in 1980 alone. According to a survey done by the Treasury Department, at least 70 percent of that $18.6 billion would not have occurred without Eximbank support.

According to the Bureau of the Census, every $1 billion in exports supports 30,800 American jobs. One in every seven workers is involved in the production of manufactured goods sold abroad. In 1981 alone, Eximbank assistance was used by more than 2,600 firms across the country.

Virtually every other country in the world which exports its technology offers the lowest interest rate permitted by the OECD arrangement. In some cases, through the use of mixed credits and other financing tools, the interest rates have actually been reduced below that agreed-upon level. The comparable U.S. "blended rate" is 3 percentage points higher than the base rate offered by most other countries. And to top that off, we support far fewer of our exports with competitive financing assistance than other exporting nations. A 1980 study by the General Accounting Office found that during 1978, Japan and England supported 35 percent of their exports with favorable financing, France supported 20 percent of its exports, and West Germany supported 12 percent. By contrast, only 6 percent of American exports were supported by the Export-Import Bank.

America is losing jobs and sacrificing its place as a strong exporting nation by failing to provide adequate funding for the Export-Import Bank. Now, during World Trade Week, we should be all the more aware of the importance of trade to our economic well-being.

Let me give you two specific examples of deals which were lost due to lack of competitive financing.

The Westinghouse Electric Corp. had an opportunity to sell turbine generators to Korea. The export price was to be $80.4 million. Eximbank agreed to provide 85-percent coverage, though 10 percent of that coverage was subsidized by the supplier, at an interest rate of 10.75 percent, plus a 2-percent fee. The rival for the sale was, in this case, France. France offered the turbines at 85-percent coverage with an interest rate of only 7.6 percent for a period of 15 years. The deal was lost to France.

Another example is a deal which was to be made between Combustion Engineering and the Mexican Government. Combustion Engineering wanted to sell a fossil powerplant, at a cost of $139 million. Eximbank offered 42.5 percent financing at 12 percent interest, with another 42.5 percent of the financing to be provided through commercial lenders satisfactory to the Bank. The term was 12 years, and a 2-percent fee was to be applied. The Japanese Government offered the Mexicans 100 percent financing at 8.5 percent interest for 12 years. The deal was lost to Japan.

We cannot allow U.S. companies to continue to loose business to foreign rivals because of a lack of competitive financing. It costs us jobs, it hurts the strength of the American dollar, and it adds to our trade deficit. I hope that World Trade Week will heighten the awareness of my colleagues here in the House to the extreme importance of maintaining the Export-Import Bank as an institution strong enough to provide competitive financing for American products in the world market.

Thank you, Mr. Speaker.●

GENERAL LEAVE

Mr. BONKER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order of today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

VETERANS' ADMINISTRATION FAILS TO PROPERLY IMPLEMENT VIETNAM VETERAN LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. **Bonior**) is recognized for 5 minutes.

● Mr. BONIOR of Michigan. Mr. Speaker, I call my colleagues' attention to the following letter, sent to President Reagan today, and to the attached factsheet outlining the VA's failure to properly implement Vietnam veteran legislation enacted by this body last year:

House of Representatives,
Washington, D.C., May 20, 1982.

Hon. Ronald Reagan,
The White House, Washington, D.C.

Dear Mr. President: Last Saturday, in your weekly radio broadcast, you reminded the nation of its deep obligation to those who serve in the armed forces. Today, we urge you to honor that obligation by fully implementing two vital Vietnam veteran programs.

In March of this year, 747,000 Vietnam veterans were unemployed, a 47% jump from a year ago. Their unemployment rate of 9.9% was significantly higher than that of their non-veteran peers. Tragically, these figures are just the latest sign of the continuing employment problems facing many Vietnam veterans.

To meet these problems, last year Congress extended eligibility for the training programs under the GI Bill as part of The Veterans' Health Care, Training, and Small Business Loan Act of 1981, P.L. 97-72. As the legislative history made clear, Congress sought to extend hope to a broad group of underemployed and unemployed Vietnam veterans.

That great hope has been dashed. The Veterans' Administration (VA) regulations implementing the legislation have barred from the program many of the veterans we sought to help. Without regard to a veteran's employment history or present employment problems, the VA has made ineligible *any* veteran with sixty (60) hours of post-secondary education and *any* veteran who has ever had just three months of vocational "preparation".

Unfortunately, the VA's failure to implement P.L. 97-72 did not stop there. Several years of hearings have clearly demonstrated that Vietnam veterans were not benefiting from the government's small business loan programs. To correct the problem, Congress created a special Small Business Loan Program for Vietnam veterans. In drafting the program, Congress merely extended, belatedly, to Vietnam veterans the consideration it had offered World War II veterans.

The Small Business Loan Program was to begin earlier this month, yet the VA has not even proposed regulations to implement the program. Nor do they have plans to issue regulations by any specific date. The Office of Management and Budget (OMB) has not submitted to Congress a funding request for the program.

Mr. President, this is not a budgetary problem. It is a question of national fidelity. The combined cost of both programs over their entire lifetime is $167 million.

Vietnam veterans have waited too long for basic benefits. The important Readjustment Counseling Program was only enacted in 1979. The training and business programs enacted last year followed the beginning of American involvement in Vietnam by nearly two decades. They followed the official end of the Vietnam era by more than a half a decade.

By failing to aggressively implement these measures, we compound long delay with present neglect. We urge you to take the necessary action to force prompt and full implementation of these important Vietnam veteran initiatives.

Sincerely,

David E. Bonior.
Bob Edgar.
Thomas A. Daschle.
Don Edwards.
Leon E. Panetta.

Fact Sheet

BACKGROUND: EMPLOYMENT AND BUSINESS ASSISTANCE FOR VIETNAM VETERANS

Last year, the Congress enacted landmark legislation for Vietnam veterans. The Veterans' Health Care, Training, and Small Business Loan Act of 1981, Public Law 97-72. Among the Act's provisions were two (2) important employment and business initiatives:

A Small Business Loan Program for Vietnam and disabled veterans providing loans and loan guarantees of up to $200,000. (Title III of Public Law 97-72, 38 USC 1841-1851.)

Eligibility for employment assistance under the GI Bill through On-the-Job Training, Vocational or Secondary Education was extended. (Section 201 of Public Law 97-72, 38 USC 1662)

Both programs were carefully focused and budgeted:

The Small Business Loan Program was sunsetted. New commitments could not be made after September 30, 1986. The program's 5 year cost is $25 million.

Eligibility for employment assistance under the GI Bill was extended for only a 2-year period, from January 1, 1982 to January 1, 1984. Its total cost is $142 million over two (2) years.

The two programs were the long overdue response to the continuing needs of Vietnam veterans: In March, 747,000 Vietnam veterans were unemployed, up 47 percent from a year ago. The Vietnam veteran unemployment rate of 9.9 percent was 14 percent higher than the unemployment rate of their nonveteran peer.

Vietnam veterans by the tens of thousands were coming to the Readjustment Counseling Centers opened during 1980 and their greatest concern was employment problems, yet all but a few were no longer eligible for the VA's employment programs. To correct the problem, Congress created the limited eligibility extension. Hearings demonstrated that the Small Business Administration (SBA) was not serving Vietnam veterans. Congress responded by creating a limited program focused specifically on Vietnam veterans.

IMPLEMENTATION

Enacted nearly two decades after the beginning of the American involvement in Vietnam, more than a half decade after the end of the Vietnam era, the employment and business programs created in the Veterans' Health Care, Training, and Small Business Loan Act of 1981 offered long overdue hope to Vietnam veterans. In addition to providing immediate help, the Act was a sign to all Vietnam veterans that, however long it had taken, their government was prepared to recognize their service and its own obligations. Despite the importance of the two programs, the Administration has blocked their implementation.

1. The small business loan program has not been implemented at all.

Signed by the president on November 3rd, 1981, the Small Business Loan Program was to begin 180 days after enactment, by May 3d, 1982. The Veterans' Administration (VA) was given immediate authority to promulgate regulations implementing the program. (Public Law 97-72, Section 305, 38 USC 1841.)

To date, the Administration has failed to promulgate regulations and has no specific plans to propose the regulations by any definite date. The failure to promulgate regulations is part of an explicit decision not to implement the program. The Administration did not request funding for the program as part of their request for fiscal year 1983 or for the fiscal year 1982 Supplemental.

The Administration has opposed the Small Business Loan Program from its inception. Opposing enactment of the program, the President specifically announced his opposition to funding the program when he signed the bill, noting that he would "weigh carefully any effort to fund this program." (Weekly Compilation of Presidential Documents, Vol. 17, No. 45 (1981), Nov. 3.)

2. Eligibility for the extended employment assistance has been conscribed through regulations that frustrate Congressional intent.

Eligibility was extended to the GI Bill On-the-Job Training Program, Vocational Education and Secondary Education in order to serve Vietnam veterans who were facing continuing employment problems. While including unemployed veterans, Congress also sought to help underemployed veterans and veterans who had interrupted employment histories.

This broad purpose was reflected in the statute which made all Vietnam veterans eligible who needed the program "in order to achieve a suitable occupational or vocational objective." (Public Law 97-72, Section 101; 38 USC 1662, emphasis added.) Both the House and Senate managers of the bill repeatedly emphasized the program's broad purposes. (See especially, statements of Congressmen David E. Bonior (D-Michigan), Bob Edgar (D-Pennsylvania), and Tom Dachel (D-South Dakota), June 1 and 2, 1981.)

By DVB Circular 22-81-15, December 22, 1981, the VA implemented the extended eligibility Vocational Education and On-the-Job Training in a way that precludes significant impact:

Without regard to his actual employment history and present employment needs, any

Vietnam veteran with a college diploma is barred, as is any Vietnam veteran with either a 2-year degree or a mere 60 semester hours of college courses. (Section 6(b)(1)(b)).

Without regard to his actual employment history and present employment needs, only a Vietnam veteran who has never held a job beyond an entry level is clearly eligible. Any veteran who has ever received even minimal vocational "preparation" of three months or more is barred. (Section 6(b)(1)).

In essence, the end product is that only presently unemployed veterans are likely to be eligible, and even presently unemployed veterans will probably be barred if they have any post-secondary education or have ever held a regular job requiring any skills. Of the Act's bold effort to help Vietnam veterans, only the eligibility for high school training survives intact.

3. Because both programs are sunsetted, delay may eliminate entirely the hope Congress sought to extend.

No benefits may be awarded to veterans seeking employment assistance under the Act's extended eligibility after December 31, 1983, only a year and a half from now. The first quarter (25 percent) of the eligibility period has already expired. Similarly, no loan or loan guarantees can be made under the Small Business Loan Program after September 30, 1986. One-tenth of the program's 5-year eligibility period has expired.

Even strong Congressional action cannot change the Administration's actions without some further delay. For Vietnam veterans, new policies promulgated in December, 1982 or January, 1983 may prove a hollow victory. Even when it loses the final battle over policy, the Administration may have won a substantial victory in implementation.●

MILITARY BANDS: WE SHOULD HOLD THEIR SPENDING IN LINE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. GLICKMAN) is recognized for 10 minutes.

● Mr. GLICKMAN. Mr. Speaker, with all of the talk about how we must cut Government spending, it was absolutely amazing to me to find out that the Defense Department included nearly $100 million in its fiscal 1983 budget request to cover the costs associated with operating military bands. Their request for next year represented a 6-percent increase over this year's budget and a 17-percent increase over fiscal 1981 spending for the bands.

When this came to my attention in reviewing the budget documents submitted by the administration and asking a number of questions seeking more details, it prompted me to write to Secretary Weinberger questioning the need for the increase and urging that the administration revise downward that portion of its budget request. My letter led to an interesting exchange of correspondence with Deputy Secretary of Defense Carlucci. It was particularly surprising when he advised me that, "The increase in operation and maintenance funds is to offset inflation and maintain a constant funding level."

Given the fact that the administration's initial budget explicitly stated that discretionary programs "have generally not been provided inflation allowances" in an attempt to create an incentive to ferret out wasteful expenditures and to "ensure that the money * * * is utilized in the most efficient and productive manner possible," it seems clear to me that we have a clear case of using a double standard in the budget process.

As I see it, waste is waste regardless of where it is found. If we can expect valuable domestic programs including a number which have been proven cost-savers to hold the line or even sustain cuts in funding levels, we should be able to expect the same in the case of programs within the Pentagon's jurisdiction like these bands. We have limited resources and they must be expended wisely. These are tax dollars we are talking about.

I want my colleagues to be aware of my exchange of correspondence with the Pentagon. I think it will be instructive in terms of the varying perspectives on the funding needed for these bands. Apparently the Defense Department wants to put these bands in the entitlement category by claiming they are not discretionary. It is a small item, given the magnitude of the deficits we are confronting, but we cannot ignore these small items if we are serious about turning the goals set in whatever budget resolution is adopted into real savings.

I include the exchange of correspondence at this point in the RECORD:

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 12, 1982.

Hon. CASPAR WEINBERGER,
Secretary, U.S. Department of Defense, The Pentagon, Washington, D.C.

DEAR SECRETARY WEINBERGER: It has just come to my attention that the Fiscal 1983 budget request for your Department includes $95.5 million to cover the costs of various military bands. That is an increase of $5.8 million or 6% over the funding request for these military bands included in last year's Pentagon budget request and a $13.8 million or 17% increase over just two years ago. I realize that in comparison to the total $263 billion request for the defense function this is "small potatoes," but it is totally incomprehensible that the Administration has seen fit to request nearly $100 million for military bands including any increase at all over last year's budget request at a time when program after program is being asked to take cuts below last year's funding levels.

From your perspective as Secretary of Defense, I would think that probably the biggest problem with this increase is what it signals to the American people. They hear day after day that we need to spend more on our military operations and that there is just nowhere to cut in the Pentagon budget that would not weaken the Administration's plan for enhancing our national security posture, but the fact that the military budget includes this $95.5 million request for bands seriously weakens the credibility of that premise. It points up the fact that the Pentagon is not immune to wasteful, unnecessary expenditures any more than any other federal department.

We do a lot of talking about waste, but if we don't take seriously the responsibility to rout it out, taxpayers aren't going to sit by patiently and let it continue. I would hope that the Administration would, as this budget process continues, recognize the fact that this portion of the military budget can indeed be reduced and should be without a doubt.

Before I close, I want to make one more point regarding the use of taxpayers' dollars for these bands, particularly with regard to how it worked last year. The FY82 budget request included $89.7 million for the bands, but that figure has already grown to $92.8 million. As I read it, that is a cost overrun pure and simple. There are certainly situations where cost overruns will develop and must be absorbed. That should not have been the case in this type of non-essential portion of the budget.

With best regards,

DAN GLICKMAN.

THE SECRETARY OF DEFENSE,
Washington, D.C., April 1, 1982.

Hon. DAN GLICKMAN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: The purpose of this letter is to respond to your letter of March 12, 1982, concerning the costs of military bands. I share your interest in eliminating waste and unnecessary expenditures, but submit that our military bands are necessary and they are doing more with limited resources.

Historically, military bands have played an integral part in military life and tradition. Today, bands play a major part in our recruiting effort, they sustain troop morale which contributes to retention and they make community relation appearances at no additional cost to DoD. Military musicians are among the hardest working members of the Armed Forces with many evening, weekend and holiday commitments.

A recent GAO report (FPCD-81-72) concluded that use of military bands has increased despite declining resources. Since 1964 the number of military bands has decreased by 50% and the number of personnel has decreased by 32%. Despite personnel reductions, performances per band increased substantially between 1970 and 1980. Additionally, the report concluded that although current appropriations increased since 1975, in terms of constant dollars, funding has decreased.

So much for general information, let me be specific regarding the apparent cost increases. There has been no change to the level of effort for the military band programs. The table below summarizes the resource requirements in millions of dollars for military bands.

	Fiscal year—		
	1981	1982	1983
O&M	10.6	11.4	12.1
Mil Pers	71.1	81.4	83.3
Proc			
DoD total	81.7	92.8	95.4

The increase in operation and maintenance funds is to offset inflation and maintain a constant funding level.

The increase in military personnel costs between FY81 and FY82 is attributed to the pay raise that became effective on October 1, 1981. It is misleading to attribute all pay and allowance costs to support of band programs. Band members are first and foremost trained assets as military personnel and represent a readily available manpower pool in times of crisis.

The increase in military personnel costs between FY82 and FY83 will allow the Services to man near the authorized level.

Because of the continuing interest in military bands the Services conducted a total review of band operations to insure all costs were properly identified. This review resulted in the corrected estimates in the FY82 budget. It must be emphasized that there was no change in level of effort and dollar amount changes resulted from improved accounting procedures.

Thank you for the opportunity to explain the important contribution military bands are making.

Sincerely,

Frank C. Carlucci,
Deputy Secretary of Defense.

House of Representatives,
Washington, D.C., April 6, 1982.

Hon. Frank C. Carlucci,
Deputy Secretary of Defense, The Pentagon, Washington, D.C.

Dear Secretary Carlucci: I have your letter of April 1 responding to my letter last month raising questions about the cost of operating the various military bands. I do appreciate the fact that you took the time and trouble to reply; however, I continue to question the wisdom of seeking an increase in the budget allocation for the bank programs during this period of fiscal austerity.

It was particularly surprising to me when you stated that, "The increase in operation and maintenance funds is to offset inflation and maintain a constant funding level." In previous years, that has generally been accepted as a reasonable basis for increased program costs; however, a quick look at the budget will show that similar generosity has not been extended to programs elsewhere in the budget. In fact, in the budget documents submitted to the Congress in February, it was explicitly stated that discretionary programs "have generally not been provided inflation allowances." That section goes on to explain that the purpose for not allowing such increases was "to provide a powerful incentive to reduce overhead, waste, and low priority activities and ensure that the money we spend for many worthwhile purposes . . . is utilized in the most efficient and productive manner possible."

The challenge of holding down the federal deficit is not an easy one; we all know that. It will be much harder to meet if we continue to apply a double standard when it comes to the defense budget.

With best regards,

Dan Glickman.

The Deputy Secretary of Defense,
Washington, D.C., April 28, 1982.

Hon. Dan Glickman,
House of Representatives,
Washington, D.C. 20515

Dear Congressman: This is in response to your letter of April 6, 1982, expressing concern over the requested increase in operation and maintenance funds for military bands to offset inflation.

In your letter you quote the President's Budget Message concerning the deficit reduction plan as it applies to domestic discretionary programs. You suggest that military bands should be considered discretionary, i.e., of lower priority, and that an allowance for inflation should not be applied to their operations. This would ensure that the dollars spent for this program are used as productively and efficiently as possible.

Unfortunately, your suggestion is not appropriate in the case of the military band program. Bands are an essential ingredient in our recruiting and retention programs for military personnel. They are also productive and efficient—as the GAO has noted—having significantly increased the number of their performances since the advent of the All Volunteer Force while reducing overhead and personnel. Consequently, their costs in terms of constant dollars have remained at the same level since 1975. To do their share of the work in our recruiting and retention programs, they must be maintained at their current level of effort—and cannot be classified as discretionary.

Again, May I thank you for the opportunity to explain the importance of military bands. The challenge of holding down the federal deficit is indeed not an easy one and we cannot have double standards. Your suggestion and comments are most appreciated.

Sincerely,

Frank C. Carlucci. ●

LEGISLATION PROPOSING PRESIDENT SHOULD PROPOSE POOLING OF DEFENSE RESOURCE AT NATO SUMMMIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. Zablocki) is recognized for 5 minutes.

● Mr. ZABLOCKI. Mr. Speaker, increased attention is being focused in the Congress on the appropriate level of commitment and contributions to Western security which should be undertaken by the United States and our NATO allies.

To help develop a constructive consensus on this crucial issue, I am today introducing a concurrent resolution which calls on the President to propose at the upcoming NATO summit in June 1982 a pooling of defense resources in order to develop a cost-effective, credible, collective, conventional force for the defense of Western Europe.

The key elements of the resolution emphasize what will be required to bring about this important objective. They include: First, a cooperative defense-industrial effort within Western Europe and the United States in order to reduce defense costs; second, equitable burdensharing and economic benefits for all members of the NATO alliance; third, specific strategies and programs to make more equitable burden sharing and economic benefits a reality; and fourth, proper congressional oversight.

The resolution is similar to an amendment overwhelmingly approved by the Senate in its consideration of the Defense Department authorization legislation. I hope the resolution will receive similar support in the House.

AMENDMENTS TO BUDGET RESOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. Wirth) is recognized for 5 minutes.

● Mr. WIRTH. Mr. Speaker, in today's Record are the two amendments to the budget resolution which were filed Wednesday, May 19, 1982, before noon, with the Rules Committee and with the Budget Committee. Both have been analyzed for content and processed by the Budget Committee and the Congressional Budget Office.

On committee business, I was in New York City on Wednesday morning and thus could not insert these amendments in the Record by the noon deadline. However, they were filed with the Rules Committee and the Budget Committee. At this point I include the following:

AMENDMENT TO FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT BY MR. WIRTH

Purpose: To provide adequate funding for implementation of Environmental Protection Agency hazardous waste management programs, research and development and other operating budget activities.

HAZARDOUS WASTE MANAGEMENT

Through fiscal year 1981, EPA was responsible for implementation of five federal environmental statutes which were part of its original mission, including the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act and others. However, with the enactment of two new statutes in 1976 and 1980, Congress expanded EPA's mission to address the serious problem of hazardous wastes. Both are now ready for implementation:

The "Superfund" Act of 1980 directs EPA to inventory and begin cleanup of thousands of abandoned hazardous waste dumps nationwide which present serious dangers to public health. EPA has currently identified 10,000 abandoned sites nationwide, of which 200 have been identified as extremely dangerous—potential "Love Canals." EPA has spent the past 18 months developing inventories and procedures for cleanup efforts, which are now ready to begin. Freezing funds at fiscal year 1982 levels would virtually halt cleanup work: only 3 to 5 sites per year could be cleaned up at that level.

The Resource Conservation and Recovery Act of 1976 directed EPA to begin inspection and licensing of the 20,000 active hazardous waste dumps in operation nationwide. This effort is now ready for implementation. At fiscal year 1982 funding levels, inspections would not be completed for 13 years. Communities located near these active dumps could not be assured of their safety until the mid-1990's.

RESEARCH AND DEVELOPMENT

Research and development into hazardous waste control is in its infancy. Fiscal year 1982 budget reductions made large cuts in EPA's R&D capabilities in this and other areas. Standard-setting functions under the hazardous waste statutes and under the Clean Air and Clean Water Acts would be seriously hampered if funding is left at that level, causing uncertainty and frustration for regulated industries.

GRANTS TO STATES AND OTHER ACTIVITIES

The state perform 80 percent of the field work necessary for permitting processes under the Clean Air Act and other environmental statutes. EPA grants fund much of this work, and some additional funds beyond fiscal year 1982 levels will be critical to preventing additional permitting delays for major industrial facilities, powerplants and energy projects in many states.

HOUSE BUDGET COMMITTEE MARKUP AMENDMENT OF THE FIRST BUDGET RESOLUTION, FISCAL YEAR 1983, BY MR. WIRTH

[In millions of dollars, fiscal years]

	Natural resources and environment					
	1983		1984		1985	
	BA	O	BA	O	BA	O
Reduce function by Increase function by	$250	$100	$250	$200	$250	$250

Purpose: To provide increased funding for Environmental Protection Agency hazardous waste management programs, research and development, pollution control and abatement activities and grants to States.

PRODUCTIVITY PACKAGE: REVITALIZING THE ECONOMY

As our country enters into an era of increasingly sophisticated economic development, our budget expenditures must reflect a careful set of investments in research and development which are essential to reverse a decade of level or declining productivity. These investments are necessary now to ensure that our economy will be able to compete in a world of intensifying foreign economic challenges.

The program outlined below provides a carefully developed initiative to address the recent declines in productivity by increasing investments in R&D going to our colleges and universities, upgrading our university laboratory equipment and facilities, and providing a renewed commitment to graduate fellowship programs.

The productivity package (budget authority), fiscal year 1983 proposed increases

	Millions
University research and development:	
NIH	$38.0
NSF	60.0
USDA	19.0
NASA	14.0
Total	131.0
Graduate fellowships (Ph. D. program)	[1]26.5
University instrumentation program	[1]230.0
University facilities upgrading	[1]120.0
NASA: Space science applications and technology	70.0
Total	577.5

[1] DOD portion to be funded from existing DOD R. & D. budget.

A PROGRAM FOR GRADUATE FELLOWSHIPS IN SCIENCE AND ENGINEERING

[Budget authority in millions of dollars, fiscal year]

	Adm. 1983	New fellowships	Proposed			
			1983	New fellowships	1984	New fellowships
NSF	15.0	500	26.0	600	33.0	750
DOD	2.5	125	6.0	300	6.0	300
NIH			8.0	400	10.0	500
DOE			2.5	170	3.0	150
USDA			2.5	170	3.0	150

A PROGRAM FOR GRADUATE FELLOWSHIPS IN SCIENCE AND ENGINEERING—Continued

[Budget authority in millions of dollars, fiscal year]

	Adm. 1983	New fellowships	Proposed			
			1983	New fellowships	1984	New fellowships
NASA			2.5	120	3.0	150
Total	17.5	625	41.5	1,600	58.0	2,000

Assumption: 3-yr competitive merit-based graduate fellowships, in fields selected by agencies.

R. & D. IN COLLEGES AND UNIVERSITIES

[Budget authority in millions of dollars, 7.3 percent inflation increase each year]

	Fiscal year—				
	1981	1982	1983	1984	1985
NSF					
Administration budget	813	817			
Option			877	941	1,009
Increase			60	64	68
Agriculture					
Administration budget	248	265			
Option			284	305	327
Increase			19	21	22
NASA					
Administration budget	184	191			
Option		205	220	236	
Increase			14	15	16
NIH [1]					
Administration budget	545	527			
Option			565	606	651
Increase			38	41	45
Totals					
Administration budget	1,790	1,800			
Option			1,931	2,072	2,223
Increase			131	141	151

[1] New and competing research projects grants.

A RECOMMITMENT TO EXCELLENCE—SPECIAL $2,100,000,000, 5-YR INSTRUMENTATION RENEWAL PROGRAM FOR UNIVERSITY LABORATORIES

[By fiscal years, budget authority in millions of dollars]

	1983	1984	1985	1986	1987
National Science Foundation	100	125	125	125	125
Department of Defense	[1]70	100	100	100	100
Nat'l Institutes of Health	35	100	100	100	100
Department of Energy	40	40	40	40	40
Department of Agriculture	35	45	45	45	45
NASA	20	40	40	40	40
Total	300	450	450	450	450

[1] The proposed fiscal year 1983 administration budget contained $30,000,000 for DOD instrumentation.

Purpose: To update university research equipment used to conduct scientific research programs.

Assumption: A $2,100,000,000 need to be met by a shared effort among six federal agencies as proposed above.

SPECIAL $1,500,000,000, 5-YR RESEARCH FACILITIES RENEWAL PROGRAM FOR UNIVERSITY LABORATORIES

[Budget authority in millions of dollars]

	Fiscal year—				
	1983	1984	1985	1986	1987
National Science Foundation	50	150	100	100	100
Department of Defense	35	105	70	70	70
National Institutes of Health	20	50	35	35	35
Department of Energy	20	60	40	40	40
Department of Agriculture	20	50	35	35	35
NASA	10	30	20	20	20
Total	155	445	[illegible]	300	300

Purpose: To rehabilitate university research laboratories in which scientific research programs are conducted.

Assumption: A $3,000,000,000 need for replacement construction, modernization and renovation must be met by a shared effort—½ among 6 Federal agencies as proposed above and ½ by industry, States, universities, and others. ●

LEAVE OF ABSENCE

(By unanimous consent, leave of absence was granted to:)

Mrs. COLLINS of Illinois, at her own request, for May 21, 1982, on account of official business of the Government Operations Subcommittee on Manpower and Housing.

Mr. JACOBS (at the request of Mr. WRIGHT), for today, on account of official business.

Mr. JONES of North Carolina (at the request of Mr. WRIGHT), after 1:30 p.m. today and for the balance of the week, on account of official business.

Mr. RAHALL (at the request of Mr. WRIGHT) after 5 p.m. today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BONKER) to revise and extend their remarks and include extraneous material:)

Mr. YATES, for 5 minutes, today.

Mr. BONIOR of Michigan, for 5 minutes, today.

Mr. GLICKMAN, for 10 minutes, today.

Mrs. COLLINS of Illinois, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

Mr. MAZZOLI, for 5 minutes, today.

Mr. ZABLOCKI, for 5 minutes, today.

Mr. GAYDOS, for 60 minutes, May 25, 1982.

(The following Members (at the request of Mr. SWIFT) to revise and extend their remarks and include extraneous material:)

Mr. FOLEY, for 5 minutes, today.

Mr. WIRTH, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. OTTINGER, at conclusion of debate on House Concurrent Resolution 340 today.

(The following Members (at the request of Mr. BEREUTER) and to include extraneous matter:)

Mr. COURTER.

Mr. HYDE in two instances.

Mr. GRADISON.

Mr. FORSYTHE.

Mr. LEBOUTILLIER in two instances.

Mr. GREEN.

Mr. SHUMWAY in three instances.

Mr. DERWINSKI in two instances.

Mr. GILMAN in three instances.

Mr. BEREUTER.

Mr. DORNAN of California.

Mr. PARRIS.

Mr. Fields.
Mr. Conte.
Mr. Burgener.
Mr. DeNardis.
Mr. Lagomarsino in two instances.
Mr. Smith of New Jersey.
Mr. James K. Coyne.
Mr. Wortley.
Mrs. Heckler.
Mr. Dunn.
Mr. Paul in two instances.
Mr. Corcoran.

(The following Members (at the request of Mr. Bonker) and to include extraneous matter:)

Mr. Roe.
Mr. Brodhead.
Mr. Stokes in two instances.
Mr. Rangel.
Mr. Rodino.
Mrs. Bouquard.
Mr. Gejdenson.
Mr. Ford of Michigan in two instances.
Mr. Solarz in two instances.
Mr. Boland.
Mr. Ottinger in five instances.
Mr. Neal.
Mr. Donnelly in two instances.
Mr. Dwyer in two instances.
Mr. Markey in two instances.
Mr. Fascell.
Mr. Frank.
Mr. Addabbo in two instances.
Mr. Schumer.
Mr. Peyser.
Mr. Zeferetti.
Mr. Mazzoli.
Mr. Lantos.
Mr. Minish.
Mr. Conyers.
Mr. Zablocki.
Mr. Edgar in two instances.
Mr. Bingham.
Mr. Scheuer in two instances.
Mr. Lehman in two instances.
Mr. Hubbard.
Mr. McDonald in four instances.
Mr. Garcia in two instances.
Mr. Clay.
Mr. Yates.
Ms. Oakar.
Mr. Barnes in two instances.
Mr. Moffett.
Mr. Won Pat.
Mr. Oberstar in two instances.
Mr. Shelby.
Mr. Dyson.
Mr. Akaka.
Mr. Stark in two instances.
Mr. Wirth in two instances.

SENATE ENROLLED JOINT RESOLUTIONS SIGNED

The **SPEAKER** announced his signature to enrolled joint resolutions of the Senate of the following titles:

S.J. Res. 53. Joint resolution to provide for the designation of September 5, 1982, as "Working Mothers' Day";

S.J. Res. 59. Joint resolution designating the square dance as the national folk dance of the United States; and

S.J. Res. 160. Joint resolution to provide for the designation of July 9, 1982, and April 9, 1983, as "National P.O.W./M.I.A. Recognition Day."

ENROLLED JOINT RESOLUTION SIGNED

Mr. **HAWKINS**, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 412. Joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. **HAWKINS**, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill and a joint resolution of the House of the following titles:

H.R. 5118. An act to provide water to the Papago Tribe of Arizona and its members, to settle Papago Indian water rights claims in portions of the Papago reservations, and for other purposes; and

H.J. Res. 412. An act to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

ADJOURNMENT

Mr. **SWIFT**. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 11 minutes p.m.), the House adjourned until tomorrow, Friday, May 21, 1982, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3973. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense articles to Japan (Transmittal No. 82-59), pursuant to section 36(b) of the Arms Export Control Act, together with a report on the impact on U.S. readiness, pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

3974. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-185, Closing of a Public Alley in Square 861 Act of 1982, pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

3975. A letter from the Secretary of Labor and the Secretary of Education, transmitting the annual report for fiscal years 1979 to 1981 on the status of bilingual vocational education, pursuant to section 182 of the Vocational Education Act of 1963, as amended; to the Committee on Education and Labor.

3976. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense articles and services to Japan (Transmittal No. 82-59), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3977. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report that the Defense Department has provided certain defense articles, services, and training to El Salvador under the authority of Presidential Determination 82-5, pursuant to section 506(b)(2) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

3978. A letter from the Secretary of Transportation, transmitting a report on the Department's activities under the Freedom of Information Act during calendar year 1981, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3979. A letter from the Inspector General, Department of Health and Human Services, transmitting the quarterly report on the activities of his office, covering the period ended March 31, 1982, pursuant to section 204(b) of Public Law 94-505; to the Committee on Government Operations.

3980. A letter from the Inspector General, Department of Labor, transmitting a report of the Department's Inspector General, pursuant to section 5 of Public Law 95-452; to the Committee on Government Operations.

3981. A letter from the Acting Staff Director, U.S. Commission on Civil Rights, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1981, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3982. A letter from the Attorney General, transmitting a report listing the recipients of the Young American Medals for Bravery and Service Award for calendar years 1975, 1976, 1978, and 1979, pursuant to the act of August 3, 1950; to the Committee on the Judiciary.

3933. A letter from the Director, Peace Corps, transmitting a draft of proposed legislation to authorize appropriations for the Peace Corps for the fiscal year 1984; to the Committee on Foreign Affairs.

3984. A letter from the Secretary of Commerce, transmitting the annual report of the Economic Development Administration for fiscal year 1981, pursuant to section 707 of the Public Works and Economic Development Act of 1965, as amended; to the Committee on Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ZABLOCKI: Committee on Foreign Affairs. House Resolution 465. A bill directing the Secretary of State to provide to the House of Representatives certain information concerning Roberto D'Aubuisson; with an amendment (Rept. No. 97-579). Referred to the House Calendar.

Mr. BOLAND: Committee of conference. Conference report on H.R. 4 (Rept. No. 97-580). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printin⁻ and reference to the proper calendar, as follows:

Mr. McCOLLUM: Committee on the Judiciary. H.R. 1482. A bill for the relief of Christina Boltz Sidders; with an amendment (Rept. No. 97-581). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 4662. A bill for the relief of Eun Ok Han; (Rept. No. 97-582). Referred to the Committee of the Whole House.

SUBSEQUENT ACTION ON A BILL SEQUENTIALLY REFERRED UNDER TIME LIMITATION

Under clause 5 of rule X, the following action was taken by the Speaker:

Referral of H.R. 5427 to the Committee on Energy and Commerce extended for an additional period ending not later than June 1, 1982.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROOMFIELD:

H.R. 6437. A bill to amend the Internal Revenue Code of 1954 to allow individuals a refundable income tax credit for expenditures to remove formaldehyde foam insulation from their homes; to the Committee on Ways and Means.

By Mr. DAVIS:

H.R. 6438. A bill to restrict the importation of copper, copper bearing ores and materials, copper alloys and their so-called basic shapes and forms; to the Committee on Ways and Means.

H.R. 6439. A bill to restrict the importation of steel mill products and of iron ore; to the Committee on Ways and Means.

By Mr. EDGAR:

H.R. 6440. A bill to amend title 38, United States Code, to improve job training and job placement programs for veterans; to the Committee on Veterans' Affairs.

By Mr. EDGAR (for himself, Mr. Bonior of Michigan, Mr. Daschle, Mr. Edwards of California, and Mr. Panetta):

H.R. 6441. A bill to amend title 38, United States Code, to extend until December 31, 1984, the special provisions allowing Vietnam era veterans whose G.I. Bill educational assistance eligibility has otherwise expired to pursue programs of vocational or on-job training or a program of secondary education; to the Committee on Veterans' Affairs.

By Mr. GONZALEZ (by request):

H.R. 6442. A bill to expand and reorganize the Federal Home Loan Mortgage Corporation; to the Committee on Banking, Finance and Urban Affairs.

By Mr. HAMMERSCHMIDT:

H.R. 6443. A bill to provide a temporary exemption from certain provisions of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 relating to prohibited transactions for the purchase of certain bonds sold to fund residential mortgages and domestic motor vehicle loans and to provide for interest reduction payments by the Secretary of Housing and Urban Development to assist with the financing of the purchase of certain residential dwellings and domestic motor vehicles; jointly, to the Committees on Education and Labor, Ways and Means, and Banking, Finance and Urban Affairs.

By Mr. KASTENMEIER (for himself, Mr. Brooks, Mr. Railsback, Mr. Sawyer, and Mr. Butler):

H.R. 6444. A bill to amend the patent law to restore the term of the patent grant for the period of time that nonpatent regulatory requirements prevent the marketing of a patented product; to the Committee on the Judiciary.

By Mr. PAUL:

H.R. 6445. A bill to amend the Internal Revenue Code of 1954 to allow individuals a deduction for certain expenses paid or incurred in connection with the adoption of a child; to the Committee on Ways and Means.

By Mr. PEYSER:

H.R. 6446. A bill directing the President not to sell to Saudi Arabia any AWACS aircraft or certain other defense articles; to the Committee on Foreign Affairs.

By Mr. RODINO:

H.R. 6447. A bill to provide additional protections and assistance to victims and witnesses in Federal cases; to the Committee on the Judiciary.

H.R. 6448. A bill to help States assist the innocent victims of crime and to create a crime victims compensation trust fund; jointly, to the Committees on the Judiciary and Ways and Means.

By Mr. SUNIA:

H.R. 6449. A bill to authorize the legislature of American Samoa to draft a constitution for the local self-government of the people of American Samoa; to the Committee on Interior and Insular Affairs.

By Mr. UDALL:

H.R. 6450. A bill to establish a national commission to commemorate the historic events that occurred in the forming and establishment of the Federal Government between 1776 and 1800; to provide a means by which the private sector may participate in such celebration; to provide for the cooperation and assistance of the National Park Service in the Department of the Interior and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BRINKLEY (for himself, Mr. Trible, Mr. Bennett, Mr. Dickinson, Mr. Montgomery, Mr. Whitehurst, Mr. Kazen, Mr. Mitchell of New York, Mr. Won Pat, Mr. Hutto, Mr. Dougherty, Mr. Foglietta, Mr. Kramer, and Mr. Dyson):

H.R. 6451. A bill to amend title 10, United States Code, to revise and codify the permanent provisions of law relating to military construction and military family housing; to the Committee on Armed Services.

By Mr. EVANS of Iowa:

H.R. 6452. A bill to amend the Federal Crop Insurance Act to authorize the Federal Crop Insurance Corportion to insure producers against the loss of commodities due to the insolvency or bankruptcy of warehousemen who store such commodities; to the Committee on Agriculture.

By Mr. FARY (for himself and Mr. Stangeland) (by request):

H.R. 6453. A bill to approve the master plan for the U.S. Capitol Grounds, and related areas; to the Committee on Public Works and Transportation.

By Mr. HUGHES (for himself, Mr. Sawyer, Mr. Roybal, Mr. Rodino, and Mr. Glickman):

H.R. 6454. A bill to amend title 18, United States Code, to clarify the applicability of offenses involving explosives and fire; to the Committee on the Judiciary.

By Mr. MAZZOLI (for himself, Mr. Dougherty, and Mr. Hyde):

H.R. 6455. A bill to affirm the intrinsic value of all human life, to recognize the humanity of unborn children, and to insure that the Federal Government not participate in or support abortions; jointly, to the Committees on Education and Labor, Energy and Commerce, the Judiciary, and Post Office and Civil Service.

By Mr. FIELDS:

H.J. Res. 490. Joint resolution proposing an amendment to the Constitution requiring the Federal judges be reconfirmed by the Senate every 10 years; to the Committee on the Judiciary.

By Mrs. HECKLER:

H.J. Res. 491. Joint resolution designating the week beginning June 7, 1982, as "Azorean Heritage Week"; to the Committee on Post Office and Civil Service.

By Mr. ZABLOCKI:

H. Con. Res. 347. Concurrent resolution to express the sense of the Congress that the member countries of NATO must more effectively pool their resources for their common defense; to the Committee on Foreign Affairs.

By Mr. YATES:

H. Res. 474. Resolution to disapprove the historic preservation fund deferral; to the Committee on Appropriations.

H. Res. 475. Resolution to disapprove the land and water conservation fund deferral; to the Committee on Appropriations.

H. Res. 476. Resolution to disapprove the urban park and recreation deferral; to the Committee on Appropriations.

MEMORIALS

Under clause 4 of rule XXII.

383. The SPEAKER presented a memorial of the Legislature of the State of New York, relative to the purchase of the A-10A Thunderbolt II attack plane; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII.

Mr. ANDERSON introduced a bill (H.R. 6456) for the relief of Patrick Starkie; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 748: Mr. Brown of California, Mr. de la Garza, Mr. Duncan, Mr. Edwards of Oklahoma, Mr. Emery, Mr. Ertel, Mr. Fascell, Mr. Fauntroy, Mr. Gore, Mr. Hagedorn, Mr. Hertel, Mr. Mattox, Mr. Moakley, Mr. Rangel, Mr. Richmond, Mr. Roe, Mr. Roybal, Mr. Santini, Mr. Shamansky, Mr. Washington, Mr. Wortley, and Mr. Yates.

H.R. 1489: Mr. Biaggi.

H.R. 1540: Mr. Wolf.

H.R. 1648: Mr. Evans of Delaware.

H.R. 1918: Mr. Solarz, Mr. Mavroules, Mr. Weber of Ohio, Mr. Evans of Delaware, and Mr. Wampler.

H.R. 2034: Mr. Barnes, Mr. Bereuter, Mr. Biaggi, Mr. Burgener, Mr. Coelho, Mr. Corcoran, Mr. de Lugo, Mr. Edwards of Oklahoma, Mr. Evans of Georgia, Mr. Foglietta, Mr. Gilman, Mr. Hagedorn, Mrs. Heckler, Mr. Jacobs, Mr. Jones of North Carolina, Mr. Kazen, Mr. Kramer, Mr. Leach of Iowa, Mr. Livingston, Mr. Long of Louisiana, Mr. Lowery of California, Mr. McCurdy, Mr. McKinney, Mr. Marks, Mr. Mazzoli, Mr. Murphy, Mr. Peyser, Mr. Porter, Mr. Rahall, Mr. Ratchford, Mr. Regula, Mr. Rinaldo, Mr. Ritter, Mr. Roemer, Mr. Russo, Mr. Spence, Mr. Stark, Mr. Sunia, Mr. Tauke, Mr. Waxman, Mr. Weber of Ohio, and Mr. Whitten.

H.R. 2832: Mr. Murtha and Mr. Goodling.

H.R. 3236: Mrs. Bouquard, Mr. Rahall, Mr. Derwinski, and Mr. Horton.

H.R. 3760: Mr. Simon, Mr. Won Pat, Mr. Tauke, and Mr. Fauntroy.

H.R. 3904: Mr. Vento, Mrs. Schroeder, Mr. Deckard, and Mr. Guarini.

H.R. 3984: Mr. Hance, Mr. Stenholm, Mr. Roth, Mr. Leath of Texas, and Mr. Volkmer.

H.R. 4070: Mr. Fazio, Mr. Waxman, Mr. Shannon, Mr. Daschle, and Mr. Dowdy.

H.R. 4449: Mr. Nichols.

H.R. 4498: Mr. Wolf.

H.R. 4787: Mr. Rahall.

H.R. 4944: Mr. Madigan.

H.R. 5088: Mr. Garcia and Mr. James K. Coyne.

H.R. 5097: Mr. Andrews, Mr. Bafalis, Mr. Barnard, Mr. Bereuter, Mr. Bevill, Mr. Bonior of Michigan, Mr. Chappell, Mr. Crockett, Mr. Daub, Mr. Emerson, Mr. Evans of Iowa, Mr. Findley, Mr. Forsythe, Mr. Frenzel, Mr. Gingrich, Mr. Horton, Mr. Kemp, Mr. Lagomarsino, Mr. LeBoutillier, Mr. Lee, Mr. Marlenee, Mr. Martin of New York, Mr. Murphy, Mr. Ottinger, Mr. Patterson, Mr. Pursell, Mr. Railsback, Mr. Roe, Mr. Rudd, Mr. Sawyer, Mr. Stanton of Ohio, Mr. Stenholm, Mr. Sunia, Mr. Tauke, Mr. Taylor, Mr. Vento, Mr. Weber of Ohio, Mr. Whitehurst, Mr. Wilson, Mr. Wolpe, and Mr. Young of Alaska.

H.R. 5608: Mrs. Collins of Illinois, Mr. Pepper, Mr. Lundine, Ms. Oakar, Mr. Vento, Mr. Swift, Mr. Sabo, Mr. Washington, and Mr. Matsui.

H.R. 5840: Mr. Weaver and Mr. Fithian.

H.R. 5886: Mr. James K. Coyne and Mr. Madigan.

H.R. 5918: Mr. Roe and Mr. McDonald.

H.R. 5924: Mr. Neal and Mr. Bereuter.

H.R. 5976: Mr. Tauke, Mr. Grisham, and Mr. Robert W. Daniel, Jr.

H.R. 5999: Mr. Shamansky.

H.R. 6003: Mr. Derwinski.

H.R. 6037: Mr. Corcoran.

H.R. 6045: Mr. Foglietta, Mr. Rahall, Mr. Daschle, Mr. Hendon, Mr. Daub, Mrs. Boggs, Mr. Traxler, Mr. McCloskey, Mr. Synar, Mr. DeNardis, Mr. Gregg, Mr. Gingrich, Mr. Tauke, Mr. Campbell, Mr. Weber of Ohio, Mr. Evans of Georgia, Mr. Fithian, Mrs. Bouquard, Mr. Bailey of Missouri, and Mr. Dowdy.

H.R. 6098: Mr. Mitchell of Maryland, Mr. Evans of Delaware, Mr. Smith of Pennsylvania, Mr. Green, Mr. Wolf, Mr. Fish, Mr. Martin of New York, Mr. Jeffries, and Mr. Frank.

H.R. 6100: Mr. Duncan.

H.R. 6163: Mr. Bonior of Michigan, Mr. Murphy, Ms. Mikulski, Mr. Mitchell of Maryland, Ms. Ferraro, Mr. McHugh, Mr. Dorgan of North Dakota, Mr. Waxman, Mr. Schumer, Mr. Edwards of California, Mr. Wolpe, Mr. Gingrich, and Mr. Weber of Ohio.

H.R. 6190: Mr. Bonior of Michigan, Mr. Daschle, and Mr. Murphy.

H.R. 6230: Mr. Dellums, Mr. Edwards of California, Mr. Wyden, Mr. Weiss, Mr. Kildee, Mr. Foglietta, Mr. Fazio, Mr. Mitchell of Maryland, Mr. Frost, and Mr. Lundine.

H.R. 6274: Mr. Hatcher, Mr. Beilenson, Mr. Traxler, Mr. Sam B. Hall, Jr., Mr. Oberstar, Mr. Richmond, and Mr. Fithian.

H.R. 6325: Mr. Wright, Mr. Annunzio, Mr. Archer, Mr. Broomfield, Mr. Carney, Mr. Clausen, Mr. Coats, Mr. Dannemeyer, Mr. Davis, Mr. Dornan of California, Mr. Hammerschmidt, Mr. Hiler, Mrs. Holt, Mr. Latta, Mr. Lee, Mr. McDade, Mr. Molinari, Mr. Mottl, Mr. Moorhead, Mr. Myers, Mr. Sawyer, Mr. Skeen, Mr. Spence, Mr. Taylor, Mr. Roberts of Kansas, and Mr. Walker.

H.R. 6407: Mr. Gephardt.

H.R. 6408: Mr. Hansen of Idaho.

H.J. Res. 436: Mr. Biaggi, Mr. Frost, Mr. O'Brien, and Mr. Simon.

H.J. Res. 486: Mr. Vento.

H. Con. Res. 271: Mr. Leland.

H. Con. Res. 275: Mr. Shamansky, Mr. Carney, Mr. Courter, Mr. Ertel, and Mr. James K. Coyne.

H. Con. Res. 298: Mr. Richmond, Mr. Ratchford, Mr. Roybal, and Mr. Traxler.

H. Con. Res. 309: Mr. Stokes and Mr. Spence.

H. Con. Res. 335: Mr. Beard, Mr. Daschle, Mr. Findley, and Mr. Kramer.

H. Res. 332: Mr. Ford of Michigan, Mr. James K. Coyne, Mr. Tauke, Mr. Ratchford, Mr. Lantos, and Mr. Waxman.

H. Res. 345: Mr. Bereuter, Mr. Dannemeyer, Mr. Kindness, Mr. Craig, Mr. Butler, Mr. Ertel, Mr. Mottl, Mr. Chappie, Mr. Edgar, Mr. Wirth, Mr. Pease, Mr. Smith of New Jersey, Mrs. Martin of Illinois, Mr. Morrison, Mr. Bedell, Mr. Tauke, Mrs. Roukema, Mr. Weber of Ohio, Mr. James K. Coyne, Mr. Dyson, Mrs. Bouquard, and Mr. Miller of Ohio.

H. Res. 346: Mr. Bereuter, Mr. Dannemeyer, Mr. Craig, Mr. Ertel, Mr. Mottl, Mr. Edgar, Mr. Pease, Mr. Smith of New Jersey, Mrs. Martin of Illinois, Mr. Morrison, Mr. Bedell, Mrs. Roukema, Mr. Weber of Ohio, Mr. James K. Coyne, and Mr. Miller of Ohio.

H. Res. 362: Mr. Goodling.

H. Res. 394: Mr. Courter and Mr. O'Brien.

H. Res. 406: Mr. Mavroules.

H. Res. 427: Mr. Rosenthal, Mr. Fithian, Mr. Ford of Michigan, Ms. Mikulski, Mr. Roe, Mr. Ottinger, Mr. Phillip Burton, Mr. Rose, Mr. Garcia, Mr. Sensenbrenner, Mr. Walgren, Mr. Dorgan of North Dakota, Mr. Dyson, and Mr. Oberstar.

H. Res. 430: Mr. Bingham, Mr. Bonior of Michigan, Mr. Conyers, Mr. James K. Coyne, Mr. William J. Coyne, Mr. Dyson, Mr. Gibbons, Mr. Green, Mr. Guarini, Mr. Ireland, Mr. LeBoutillier, Mr. Mazzoli, Mr. Mitchell of Maryland, Mr. Railsback, Mr. Richmond, Mr. Scheuer, Mr. Downey, Mrs. Chisholm, Mr. Courter, Mr. Dannemeyer, Mr. Dixon, Mr. Hughes, Mr. Lee, Mr. Mottl, Mr. Ottinger, Mr. Pursell, Mr. Rangel, Mr. Roberts of South Dakota, Mr. Rosenthal, Mr. Sawyer, Mr. Duncan, Mr. Howard, Mr. Rinaldo, Mr. Roybal and Mr. Young of Florida.

H. Res. 443: Mr. Moakley, Mr. Won Pat, Mr. Lantos, Mr. Stark, Mr. Schumer, Mrs. Kennelly, Mr. LaFalce, Mr. Bingham, Mr. Oberstar, Mr. Fithian, Mr. Fish, and Mr. Jeffords.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 4498: Mr. Edwards of Oklahoma and Mr. Zeferetti.

H.R. 5105: Mr. Dwyer.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

445. By the SPEAKER: Petition of the council of the city of Thunder Bay, Ontario, Canada, relative to the Clean Air Act; to the Committee on Energy and Commerce.

446. Also, petition of the National Association of Attorneys General, Washington, D.C., relative to the reauthorization of the Clean Water Act; to the Committee on Public Works and Transportation.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

[Omitted from the Record of May 19, 1982]

H. Con. Res. 345

By Mr. ROE:

—Section 304 is amended to read as follows:

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

—Section 304 is amended to read as follows:

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority

made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

—In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to section 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule 10 of the Rules of the House should be considered."

—Section 301(K) is amended by adding the following at the end thereof: "For purposes of this section, if any such changes involve the imposition of new or expanded taxes related to the use of inland waterways or deep draft ports (including, but not limited to, taxes on fuel, commodities, or vessels) or the imposition of any new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

—Section 301(K) is amended by adding the following at the end thereto: "For purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

—Amend section 301 by adding the following new subsection (L):

(L) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that Committee sufficient to reduce appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays, as follows: $100,000,000 in budget authority, and $10,000,000 in outlays for fiscal year 1983.

—Section 301 (K) is amended by striking out "$31,700,000,000" and inserting in lieu thereof "$31,200,000,000."

—Section 301 is amended by adding the following new subsection:

(L) the House Committee on Public Works shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $25,000,000 and outlays by $2,500,000 in fiscal year 1983.

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SEC. 101. The provisions of this title shall supersede the figures reaffirmed in Senate Concurrent Resolution 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102(a)(1). The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000;

(2) the level of total new budget authority is $784,500,000,000;

(3) the level of total budget outlays is $743,900,000,000;

(4) the amount of the deficit in the budget is $121,100,000,000;

(5) the level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000, and

(6) the level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, $30,250,000,000;

(B) Outlays, $30,250,000,000.

SEC. 103. (a) There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000

(2) New primary loan guarantee commitments, $74,850,000,000

(3) New secondary loan guarantee commitments, $68,950,000,000

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New Secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New Secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New Secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New Secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New Secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,600,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New Secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loans guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0.

(B) New primary loan guarantee commitments, $0.

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0.

(B) New primary loan guarantee commitments, $0.

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $676,700,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $31,700,000,000;

(2) the level of total new budget authority is $828,000,000,000;

(3) the level of total budget outlays is $780,550,000,000;

(4) the amount of the deficit in the budget is $103,850,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $242,850,000,000;

(B) Outlays, $212,300,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,150,000,000;

(B) Outlays, $12,100,000,000.

General Science, Space, and Technology (250):

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(B) Outlays, $10,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,900,000,000;

(B) Outlays, $10,100,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $6,050,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,550,000,000;

(B) Outlays, $27,450,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $80,100,000,000.

(12) Income Security (600):

(A) New budget authority, $286,950,000,000;

(B) Outlays, $273,800,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,100,000,000;

(B) Outlays, $23,400,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, $1,050,000,000;

(B) Outlays, $850,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, $43,650,000,000;

(B) Outlays, $43,650,000,000.

SEC. 203. (a) There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $60,900,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

International Affairs (150):

(A) New direct loan obligations, $10,850,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $29,850,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $753,650,000,000.

Fiscal year 1985: $846,550,000,000.

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $51,650,000,000.

Fiscal year 1985: $66,550,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $888,400,000,000.

Fiscal year 1985: $952,850,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $826,400,000,000.

Fiscal year 1985: $881,200,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984: $72,750,000,000.

Fiscal year 1985: $34,650,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000.

Fiscal year 1985: $1,490,800,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000.

Fiscal year 1985: $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,150,000,000;

(B) Outlays, $235,350,000,000.

Fiscal year 1985:

(A) New budget authority, $295,950,000,000;

(B) Outlays, $265,950,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $12,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,750,000,000.

Fiscal year 1985:

(A) New budget authority, $7,600,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,050,000,000.

Fiscal year 1985:

(A) New budget authority, $4,650,000,000;

(B) Outlays, $3,850,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $8,750,000,000;

(B) Outlays, $9,850,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $8,850,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $8,400,000,000;

(B) Outlays, $8,250,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $7,500,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $8,650,000,000;

(B) Outlays, $2,750,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $2,600,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $22,400,000,000;

(B) Outlays, $20,050,000,000.

Fiscal year 1985:

(A) New budget authority, $22,950,000,000;

(B) Outlays, $20,250,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,150,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,350,000,000;

(B) Outlays, $7,700,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $28,250,000,000;

(B) Outlays, $28,000,000,000.

Fiscal year 1985:

(A) New budget authority, $28,300,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $81,700,000,000;

(B) Outlays, $89,650,000,000.

Fiscal year 1985:

(A) New budget authority, $94,100,000,000;

(B) Outlays, $101,250,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $314,500,000,000;

(B) Outlays, $290,050,000,000.

Fiscal year 1985:

(A) New budget authority, $344,550,000,000;

(B) Outlays, $312,400,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $25,150,000,000;

(B) Outlays, $24,550,000,000.

Fiscal year 1985:
(A) New budget authority, $26,000,000,000;
(B) Outlays, $25,900 000,000.
(14) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
(15) General Government (800):
Fiscal year 1984:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,500,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,750,000,000;
(B) Outlays, $6,700,000,000.
Fiscal year 1985:
(A) New budget authority, $6,850,000,000;
(B) Outlays, $6,850,000,000.
(17) Interest (900):
Fiscal year 1984:
(A) New budget authority, $119,300,000,000;
(B) Outlays, $119,300,000,000.
Fiscal year 1985:
(A) New budget authority, $110,850,000,000;
(B) Outlays, $110,850,000,000.
(18) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $200,000,000;
(B) Outlays, $500,000,000.
Fiscal year 1985:
(A) New budget authority, $500,000,000;
(B) Outlays, $900,000,000.
(19) Undistributed Offsetting Recepits (950):
Fiscal year 1984:
(A) New budget authority, $49,500,000,000;
(B) Outlays, $49,500,000,000.
Fiscal year 1985:
(A) New budget authority, $50,850,000,000,
(B) Outlays, $50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,060 in outlays in fiscal year 1985.

(E) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212 000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691 000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,090 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $000,000,000 and outlays by $273,000,030 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985.

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985.

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985.

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985. For purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985.

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985.

(E) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $190,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(G) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985.

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

SEC. 303. The committees named in sections 301(A)-(I) and 302(C)-(I) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

DEFERRED ENROLLMENT

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

302(b) REPORT

SEC. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committees makes the allocations or subdivisions required by section 302(b) of the Budget Act.

SEC. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SEC. 101. The provisions of this title shall supersede the figures reaffirmed in Senate Concurrent Resolution 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102. (a)(1) The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000;

(2) the level of total new budget authority is $784,500,000,000;

(3) the level of total budget outlays is $743,900,000,000;

(4) the amount of the deficit in the budget is $121,100,000,000;

(5) the level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000, and

(6) the level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050).

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300).

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000.

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, -$30,250,000,000;

(B) Outlays, $30,250,000,000.

SEC. 103. (a) There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0:

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $676,700,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $31,700,000,000;

(2) the level of total new budget authority is $828,000,000,000;

(3) the level of total budget outlays is $780,550,000,000;

(4) the amount of the deficit in the budget is $103,850,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $242,850,000,000;

(B) Outlays, $212,300,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,150,000,000;

(B) Outlays, $12,100,000,000.

General Science, Space, and Technology (250):

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(B) Outlays, $10,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,900,000,000;

(B) Outlays, $10,100,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $8,050,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,550,000,000;

(B) Outlays, $27,450,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $80,100,000,000.

(12) Income Security (600):

(A) New budget authority, $286,950,000,000;

(B) Outlays, $273,800,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,100,000,000;

(B) Outlays, $23,400,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, –$1,050,000,000;

(B) Outlays, –$850,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, –$43,650,000,000;

(B) Outlays, –$43,650,000,000.

SEC. 203. (a) There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $60,900,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

International Affairs (150):

(A) New direct loan obligations, $10,850,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, –$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $29,850,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $753,650,000,000.

Fiscal year 1985: $846,550,000,000.

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $51,650,000,000.

Fiscal year 1985: $66,550,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $888,400,000,000.

Fiscal year 1985: $952,850,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $826,400,000,000.

Fiscal year 1985: $881,200,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984. $72,750,000,000.

Fiscal year 1985: $34,650,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000.

Fiscal year 1985: $1,490,800,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000.

Fiscal year 1985: $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,150,000,000;

(B) Outlays, $235,350,000,000.

Fiscal year 1985:

(A) New budget authority, $295,950,000,000;

(B) Outlays, $265,950,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $12,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,750,000,000;

(B) Outlays $7,750,000,000.

Fiscal year 1985:

(A) New budget authority, $7,600,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,050,000,000.

Fiscal year 1985:

(A) New budget authority, $4,650,000,000;

(B) Outlays, $3,850,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $8,750,000,000;

(B) Outlays, $9,850,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $8,850,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $8,400,000,000;

(B) Outlays, $8,250,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $7,500,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $8,650,000,000;

(B) Outlays, $2,750,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $2,600,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $22,400,000,000;

(B) Outlays, $20,050,000,000.

Fiscal year 1985:

(A) New budget authority, $22,950,000,000;

(B) Outlays, $20,250,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,150,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,350,000,000;

(B) Outlays, $7,700,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $28,250,000,000;

(B) Outlays, $28,000,000,000.

Fiscal year 1985:

(A) New budget authority, $28,300,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $81,700,000,000;

(B) Outlays, $89,650,000,000.

Fiscal year 1985:

(A) New budget authority, $94,100,000,000;

(B) Outlays, $101,250,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $314,500,000,000;

(B) Outlays, $290,050,000,000.

Fiscal year 1985:

(A) New budget authority, $344,550,000,000;

(B) Outlays, $312,400,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $25,150,000,000;

(B) Outlays, $24,550,000,000.

Fiscal year 1985:

(A) New budget authority, $26,000,000,000;

(B) Outlays, $25,900,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,500,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $6,750,000,000;

(B) Outlays, $6,700,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $6,850,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $119,300,000,000;

(B) Outlays, $119,300,000,000.

Fiscal year 1985:

(A) New budget authority, $110,850,000,000;

(B) Outlays, $110,850,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority, $200,000,060;

(B) Outlays, $500,000,000.

Fiscal year 1985:

(A) New budget authority, $500,000,000;

(B) Outlays, $900,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, -$49,500,000,000;

(B) Outlays, -$49,500,000,000.

Fiscal year 1985:

(A) New budget authority, -$50,850,000,000;

(B) Outlays, -$50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Banking, Finance and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $000,000,000 and outlays by $273,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985.

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985.

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985.

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985. For purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344.

Sec. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985.

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985.

(E) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $190,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(G) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985.

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

Sec. 303. The committees named in sections 301(A)-(I) and 302(C)-(I) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

DEFERRED ENROLLMENT

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such act. (b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

302(b) REPORT

Sec. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committees makes the allocations or subdivisions required by section 302(b) of the Budget Act.

Sec. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Sec. 101. The provisions of this title shall supersede the figures reaffirmed in Senate Concurrent Resolution 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102(a)(1). The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000;

(2) the level of total new budget authority is $784,500,000,000;

(3) the level of total budget outlays is $743,900,000,000;

(4) the amount of the deficit in the budget is $121,100,000,000;

(5) the level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000, and

(6) the level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000 000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350).

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550).

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, $30,250,000,000;

(B) Outlays, -$30,250,000,000.

Sec. 103. (a) There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0,

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

Sec. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $676,700,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $31,700,000,000;

(2) the level of total new budget authority is $828,000,000,000;

(3) the level of total budget outlays is $780,550,000,000;

(4) the amount of the deficit in the budget is $103,850,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

Sec. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $242,850,000,000;

(B) Outlays, $212,300,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,150,000,000;

(B) Outlays, $12,100,000,000.

General Science, Space, and Technology (250):

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(B) Outlays, $10,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,900,000,000;

(B) Outlays, $10,100,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $8,050,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,550,000,000;

(B) Outlays, $27,450,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $80,100,000,000.

(12) Income Security (600):

(A) New budget authority, $286,950,000,000;

(B) Outlays, $273,800,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,100,000,000;

(B) Outlays, $23,400,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, –$1,050,000,000;

(B) Outlays, –$850,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, –$43,650,000,000;

(B) Outlays, –$43,650,000,000.

SEC. 203. (a) There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $60,900,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

International Affairs (150):

(A) New direct loan obligations, $10,850,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

General Science, Space, and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, –$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $29,850,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $753,650,000,000.

Fiscal year 1985: $846,550,000,000.

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $51,650,000,000.

Fiscal year 1985: $66,550,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $888,400,000,000.

Fiscal year 1985: $952,850,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $826,400,000,000.

Fiscal year 1985: $881,200,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984: $72,750,000,000.

Fiscal year 1985: $34,650,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000.

Fiscal year 1985: $1,490,800,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000.

Fiscal year 1985: $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,150,000,000;

(B) Outlays, $235,350,000,000.

Fiscal year 1985:

(A) New budget authority, $295,950,000,000;

(B) Outlays, $265,950,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $12,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,750,000,000.

Fiscal year 1985:

(A) New budget authority, $7,600,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,050,000,000.

Fiscal year 1985:

(A) New budget authority, $4,650,000,000;

(B) Outlays, $3,850,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $8,750,000,000;

(B) Outlays, $9,850,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $8,850,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $8,400,000,000;

(B) Outlays, $8,250,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $7,500,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $8,650,000,000;

(B) Outlays, $2,750,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $2,600,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $22,400,000,000;

(B) Outlays, $20,050,000,000.

Fiscal year 1985:

(A) New budget authority, $22,950,000,000;

(B) Outlays, $20,250,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,150,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,350,000,000;

(B) Outlays, $7,700,000,000.

(10) Education, Training, Employment and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $28,250,000,000;

(B) Outlays, $28,000,000,000.

Fiscal year 1985:

(A) New budget authority, $28,300,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $81,700,000,000;

(B) Outlays, $89,650,000,000.

Fiscal year 1985:

(A) New budget authority, $94,100,000,000;

(B) Outlays, $101,250,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $314,500,000,000;

(B) Outlays, $290,050,000,000.

Fiscal year 1985:

(A) New budget authority, $344,550,000,000;

(B) Outlays, $312,400,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $25,150,000,000;

(B) Outlays, $24,550,000,000.

Fiscal year 1985:

(A) New budget authority, $26,000,000,000;

(B) Outlays, $25,900,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,500,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $6,750,000,000;

(B) Outlays, $6,700,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $6,850,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $119,300,000,000;

(B) Outlays, $119,300,000,000.

Fiscal year 1985:

(A) New budget authority, $110,850,000,000;

(B) Outlays, $110,850,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority, $200,000,000;

(B) Outlays, $500,000,000.

Fiscal year 1985:

(A) New budget authority, $500,000,000;

(B) Outlays, $900,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, -$49,500,000,000;

(B) Outlays, -$49,500,000,000.

Fiscal year 1985:

(A) New budget authority, -$50,850,000,000;

(B) Outlays, -$50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $000,000,000 and outlays by $273,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985.

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985.

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985.

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985.

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985.

(E) The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $190,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(G) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985.

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

SEC. 303. The committees named in sections 301(A)-(I) and 302(C) (I) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision. If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to Sec. 301(k) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule 10 of the Rules of the House should be considered.

DEFERRED ENROLLMENT

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

302(b) REPORT

SEC. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committees makes the allocations or subdivisions required by section 302(b) of the Budget Act.

SEC. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

[Submitted May 20, 1982]

H. CON. RES. 345

By Mr. WIRTH:

—Page 12, line 14, increase the level of total new budget authority by $600,000,000.

Page 12, line 16, increase the level of total budget outlays by $225,000,000.

Page 12, line 18, increase the amount of the deficit by $225,000,000.

Page 12, line 16, (relating to functional category 250) strike out "$7,750,000,000" and insert in lieu thereof "$8,150,000,000", and on line 17, strike out "$7,600,000,000" and insert in lieu thereof "$7,725,000".

Page 13, line 25, (relating to functional category 350) strike out "$6,900,000,000" and insert in lieu thereof "$7,000,000,000", and on page 14, line 1, strike out "$10,100,000,000" and insert in lieu thereof "$10,150,000,000".

Page 14, line 16, (relating to functional category 550) strike out "$77,300,000,000" and insert in lieu thereof "$77,400,000,000", and on line 17, strike out "$80,100,000,000" and insert in lieu thereof "$80,150,000,000".

Page 22, line 12, increase the level of total new budget authority by $950,000,000.

Page 22, line 13, increase the level of total new budget authority by $900,000,000.

Page 22, line 15, increase the level of total budget outlays by $600,000,000.

Page 22, line 16, increase the level of total budget outlays by $850,000,000,000.

Page 22, line 18, increase the amount of the deficit by $600,000,000.

Page 22, line 19, increase the amount of the deficit by $850,000,000.

Page 24, line 6, (relating to functional category 250) strike out "$7,750,000,000" and insert in lieu thereof "$8,300,000,000", and on line 7, strike out "$7,750,000,000" and insert in lieu thereof "$8,100,000,000", and on line 10, strike out "$7,600,000,000" and insert in lieu thereof "$8,100,000,000", and on line 11, strike out "$7,600,000,000" and insert in lieu thereof "$8,050,000,000".

Page 25, line 8, (relating to functional category 350) strike out "$8,400,000,000" and insert in lieu thereof "$8,550,000,000", and on line 9, strike out "$8,250,000,000" and insert in lieu thereof "$8,350,000,000", and on line 12, strike out "$6,850,000,000" and insert in lieu thereof "$7,000,000,000", and on line 13, strike out "$7,500,000,000" and insert in lieu thereof "$7,650,000,000".

Page 27, line 5, (relating to functional category 550) strike out "$81,700,000,000" and insert in lieu thereof "$81,950,000,000", and on line 6, strike out "$89,650,000,000" and insert in lieu thereof "$89,800,000,000", and on line 9, strike out "$94,100,000,000" and insert in lieu thereof "$94,350,000,000", and on line 10, strike out "$101,250,000,000" and insert in lieu thereof "$101,500,000,000".

—Page 12, line 14, increase the level of total new budget authority by $250,000,000.

Page 12, line 16, increase the level of total budget outlays by $100,000,000.

Page 12, line 18, increase the amount of the deficit by $100,000,000.

Page 13, line 22, (relating to functional category 300) strike out "$9,400,000,000" and insert in lieu thereof "$9,650,000,000", and on line 23, strike out "$10,850,000,000" and insert in lieu thereof "$10,950,000,000".

Page 22, line 12, increase the level of total new budget authority by $250,000,000.

Page 22, line 13, increase the level of total new budget authority by $250,000,000.

Page 22, line 15, increase the level of total budget outlays by $200,000,000.

Page 22, line 16, increase the level of total budget outlays by $250,000,000.

Page 24, line 24, (relating to functional category 300) strike out "$8,750,000,000" and insert in lieu thereof "$9,000,000,000", and on line 25, strike out "$9,850,000,000" and insert in lieu thereof "$10,050,000,000", and on page 25, line 3, strike out "$8,350,000,000" and insert in lieu thereof "$8,600,000,000", and on line 4, strike out "$8,850,000,000" and insert in lieu thereof "$9,100,000,000".

SENATE—*Thursday, May 20, 1982*

(Legislative day of Tuesday, May 11, 1982)

The Senate met at 8 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. Our opening prayer this morning will be delivered by the Reverend John J. Hurley, Roman Catholic Mission, Calvinia, South Africa. Rev. Hurley is being sponsored by Senator BIDEN, of Delaware.

PRAYER

The Reverend John J. Hurley, O.S.F.S., Roman Catholic Mission, Calvinia, South Africa, offered the following prayer:

Father, today we join all creation in heaven and on Earth in praising You, our mighty God.

You made humankind to your own image and set them over all creation. Once you chose a people and gave them a destiny. And when you brought them out of bondage to freedom, they carried with them the promise that all people would be blessed, and all people could be free.

It happened to our fathers and mothers who came to this land as if out of the desert, into a place of promise and hope. It happens to us still, in our time, as you lead all Americans to the blessed vision of peace.

And so Father, we ask you to accept the prayers we offer for our Nation and its Senators. By the integrity and wisdom of our Senators, may harmony and justice be secured and may there be lasting peace. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I would like to reserve our leadership time until after the special orders.

Mr. SYMMS. Mr. President, will the Senator from Alaska yield to me?

Mr. STEVENS. Would the Senator like to use some of our leadership time?

Mr. SYMMS. Just 1 minute.

Mr. STEVENS. Mr. President, I yield such time as the Senator from Idaho wishes to use.

APOLOGY TO SENATOR ROBERT C. BYRD

Mr. SYMMS. Mr. President, I had hoped that the distinguished minority leader would be here this morning. I have mentioned this to him personally, but I would like to make an apology to him for an insertion in the RECORD that a member of my staff made on March 9, 1982, making the comment with reference to Senator ROBERT C. BYRD and I having a difference of opinion on a matter of what should be done with respect to the Caribbean Basin.

The statement was put in the RECORD:

> Senator BYRD is attempting to paralyze the President further and bring greater power to his own senatorial office.

For those comments, I wish to apologize to him. I did not say that on the floor of the Senate. My remarks were corrected by a staff member, who put in that part.

What I actually said was that Senator BYRD's amendment was noble for whatever efforts it had; but that I disagreed with it.

I in no way wish to take anything away from what Senator BYRD said for his opinion, and I will and have made the proper corrections in my staff for the mistake that was put in the RECORD.

I said:

> It is going to be necessary for us to do nothing which would in any way weaken the power and authority of our Commander in Chief. That is what I object to in the otherwise nobly intended amendment offered by the distinguished minority leader.

I should just like to say that publicly to him.

Mr. STEVENS. Does the Senator seek to make a correction to the permanent RECORD? Has that been done?

Mr. SYMMS. I am not sure of the details of that. I think it might be a little late. It has already been done, but I just wanted to tell him I am sorry that it happened.

Mr. STEVENS. I would advise the Senator that the permanent RECORD has not been printed. Does the Senator wish to ask unanimous consent to correct the permanent RECORD?

Mr. SYMMS. Mr. President, I ask unanimous consent that in the permanent RECORD the words "and bring greater power to his own senatorial office" be stricken.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask unanimous consent that I may reserve the remainder of the time we may have.

The PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF SENATOR CHILES

The PRESIDENT pro tempore. The Senator from Florida is recognized.

S. 2543—CRIME CONTROL ACT OF 1982

Mr. CHILES. Mr. President, yesterday Senator NUNN and I introduced S. 2543, the Crime Control Act of 1982. The bill is a package of proposals aimed at fighting crime and drug trafficking.

One title of the bill revises the bail laws, so that persons who are arrested for drug trafficking cannot avoid justice by simply paying bail, no matter how high it is set, and then skipping town. This "revolving door" situation must be brought to a halt if we are serious about stopping the traffic in drugs.

I would like to discuss one example of how this "revolving door" situation has worked in the past, and how a big time drug dealer was able to use the bail system to avoid justice.

Early last year, the drug enforcement administration, in Operation Grouper, was able to make one of the largest drug busts of all time. In a 2-year operation, DEA undercover agents infiltrated several marihuana smuggling rings. With the information they obtained, 155 persons were arrested and over 1.2 million pounds of marihuana were seized. In addition, 3 million doses of quaaludes were seized, along with 30 ships and over $10 million in assets.

One of the persons arrested in Operation Grouper was José Fernandez. Fernandez was alleged to be the chief of two separate marihuana trafficking organizations. His ships picked up the marihuana in Colombia and carried it up through the Caribbean into Southeastern United States. According to DEA, some of these shipments contained as much as 20 tons of marihuana. It is clear that we were dealing with a person who is at the top of the drug trafficking racket.

Bond for Fernandez was originally set at $21 million. However, a month after Fernandez was arrested, he was able to get his bond reduced to $10 million. Then 10 days later, Fernandez was able to get that new bond of $10

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

million reduced even further. A Federal judge in New Orleans reduced it to $500,000. This last reduction came in spite of the Government's objections.

Mr. President, to most of us $500,000 sounds like a staggering sum for bail. But we must remember that in this instance, we were not dealing with the average criminal. We were dealing with a big time dope trafficker. In fact, estimates indicate that Fernandez may have netted anywhere from $250,000 to $500,000 a month from his drug smuggling operations. When you take that sum, between a quarter and half a million dollars every month, from drug trafficking you can begin to understand the magnitude of the narcotics profits we are talking about. You can also begin to understand why the bail bond laws will never work for people like Mr. Fernandez. As far as they are concerned, paying a bail bond of a half million dollars is nothing more than losing a month's profits. Put yourself in his shoes. Does it make more sense to forfeit a good month's profits or to try your chances at trial, with a possible term in jail facing you?

Mr. Fernandez asked himself that same question last year. It is no surprise that he decided to forgo his profits for a month. One week after his bail had been reduced to a half million dollars, Mr. Fernandez posted bail. To no one's surprise, he did not show up in court several days later when he was supposed to. Today, Mr. Fernandez remains at large. DEA sources believe that Fernandez is currently at large in Spain and was able to reach Spain because he had a false Spanish passport.

Mr. President, as a result of our bail laws, one of the biggest drug dealers ever arrested was able to walk free. We have learned that the key to stopping drug trafficking is to put the people at the top of the drug rings behind bars. Operation Grouper was designed to catch some of the people at the top. It succeeded by arresting José Fernandez. But our bail laws let us down.

One of the provisions of S. 2543 prevents a person arrested on drug charges from getting bail, if that person has a false passport. If this bill had been law, today Mr. Fernandez would be behind bars, instead of at large.

Mr. President, Operation Grouper involved several years in the actual carrying out of that operation. During that time, the Federal Government infiltrated the off-loading provisions—actually, set up the provisions to provide for off-loading of the drugs; and a number of our agents were undercover in that operation.

Those men risked their lives for almost a couple of years. At any time, if they had been discovered, their lives could have been snuffed out.

One can imagine what happens to the morale of a force such as that, which risked their lives, made this kind of bust, seized $10 million in assets and a number of ships and a number of personnel, and then saw the largest crime figure, the top of that operation, be able to walk away and today be free, on the basis of $500,000, knowing that his profits amounted to that every month.

It just shows that we have to do something about our bail laws, and that is one of the propositions we will have in this package. Our laws have to be designed to protect the public. They have to be designed to protect us, and the only way we ever are going to be able to stop these drug operations is to hit the people at the top.

To bring those cases against them is difficult enough. I compliment this operation. It involved DEA, the Coast Guard, Customs, the local and State law enforcement officials from the top to the bottom. It was a very cooperative effort. It went off without a hitch.

When they are able to make these kinds of arrests and seize a person like Fernandez and then have him walk out on $500,000 bond, it shows that we have to do something about our bail laws. The bill before us will allow us to do that.

We will continue to urge this every day by pointing out graphic examples of what is being allowed to happen in crime in this country, until we can pass a package of crime bills such as this to get the attention of the Senate, to see if we can schedule debate and passage of a major crime package, so that Congress can do its job in trying to reform these laws in order to protect our people.

Mr. President, I urge my colleagues to join me in pushing for action on S. 2543, and getting the Senate to move on anticrime legislation.

I yield to the Senator from Georgia.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from Georgia is recognized.

TITLE I, ORGANIZED CRIME ACT OF 1982

Mr. NUNN. Mr. President, I support the Crime Control Act of 1982 and again call the Senate's attention to the public's increasing concern over crime in the United States. Only as recently as 4 weeks ago, Mr. and Mrs. Wallace Brewer of Harlem, Ga., visited Washington for the express purpose of voicing to Congress and the President their wishes and those of their fellow Georgians for stricter and more effective law enforcement legislation. They carried to Washington petitions bearing the signatures of some 9,664 Georgia residents which they had personally collected throughout five rural Georgia counties. Those petitions, ask, in part, that convicts "* * * not be released on technicalities and * * * that the laws [be] enforced more strictly." The Brewers themselves know only too well the need for an improved system of criminal justice: On July 4, 1981, their 7-year-old granddaughter, Alicia Watts, was brutally murdered in McDuffie County, Ga. In November, 1981, an individual was convicted of the murders of Alicia and two other persons and sentenced to death. To date, the sentence has yet to be carried out.

I bring that incident to light as but one indication of the strong public support which exists for effective anticrime legislation. Our bill not only deals with individual acts of violent crime in title III, but also assists, in title I, Federal enforcement efforts against organized crime. Title I is the outgrowth of extensive hearings I chaired in 1980 in the Permanent Subcommittee on Investigations on Organized Crime and the Use of Violence and is virtually identical to S. 814, the Organized Crime Act of 1981, which I introduced in March 1981 with Senator CHILES, and which 13 of my colleagues agreed to cosponsor.

A number of its specific provisions were advocated during our hearings in April and May 1980 by FBI Director William Webster and the then Assistant Attorney General for the Criminal Division, Philip B. Heymann. Their recommendations were amplified by the testimony of other law enforcement officials and the evidence we received.

Our hearings painted an alarming picture of organized crime and its use of violence. As Judge Webster testified, organized crime consists of "various groups engaged in an enormous, structured and deadly serious illegal business that rely on violence to maintain themselves."

Even though organized crime has become richer and somewhat more sophisticated, gang warfare still exists, especially among rival narcotics organizations. We heard testimony that in Dade County, Fla., police investigated 189 murders in 1979 alone—an increase of 81 percent since 1976. Of those 189 murders, 42 were determined to have been drug related. Many of these murders remain unsolved. Most of them apparently resulted from shootouts between rival gangs. This type of open warfare reaches beyond gang members, however, for they have been known to open fire in parking lots and on the freeways of south Florida—thereby endangering innocent bystanders.

Quite often gang wars are carried out through contract killings or murder for hire in which someone is paid to carry out a "hit" on a rival mobster or even a member of the same gang. There have been numerous cases, especially within the fraternity of drug traffickers, in which contracts have been placed on the lives of judges, prosecutors, and investigators—and especially on witnesses who testify against members of the ring. The brutal slaying of Federal District Judge Wood in Texas was evidence that mob violence is not the stuff of fiction. It is very, very real.

To combat that violence, our bill does the following:

First, we would grant limited Federal jurisdiction over cases involving "contract" killings or murder for hire.

Second, we would amend the Federal assault statute to cover all Government personnel who investigate and prosecute Federal criminal offenses and who gather national security intelligence.

Third, we would make it a Federal crime to harm or threaten the families of Federal law enforcement officials.

Fourth, we would amend the obstruction of justice statute to cover informants and potential witnesses as well as witnesses who actually are under subpena to testify.

Fifth, we would allow the Government to apply for a reduction in the sentence of a defendant who cooperates with the Government.

Sixth, we would permit Federal judges to seal those portions of wiretap documents which could reveal ongoing criminal investigations or wire intercepts.

Seventh, we would allow State and local law enforcement officials limited access to Federal grand jury information when they are assisting in the investigation or prosecution of a Federal offense.

Mr. President, I described this morning just one part of the overall Organized Crime Act of 1982 sponsored by Senator CHILES and myself, and I hope that we will begin to get the attention of our colleagues about the essential steps of beginning to consider this legislation and other related legislation in the law enforcement field.

ORDER RESCINDING SENATOR QUAYLE'S SPECIAL ORDER

Mr. STEVENS. Mr. President, I ask unanimous consent that the order granting the Senator from Indiana (Mr. QUAYLE) 15 minutes be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I yield back the time of the leadership on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 8:45 A.M.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 8:45 a.m. while awaiting the next special order or routine morning business.

There being no objection, the Senate, at 8:29 a.m., recessed until 8:45 a.m., at which time the Senate reassembled when called to order by the Presiding Officer (Mr. SYMMS).

RECOGNITION OF SENATOR LEAHY

The PRESIDING OFFICER. The Senator from Vermont is recognized.

JOHN CROWELL, ASSISTANT SECRETARY OF AGRICULTURE

Mr. LEAHY. Mr. President, a year ago today the Senate was in the midst of considering the nomination of John Crowell as Assistant Secretary of Agriculture for Natural Resources and Environment. I wanted to take a few minutes this morning to follow the time-honored tradition of taking stock, and evaluate his performance over the past year.

As many of my colleagues may remember, there was much consternation that Mr. Crowell, as a long-time employee of the timber industry, would not bring a balanced approach to managing our Nation's forests. Many Senators, myself included, were afraid that appointing someone to manage our forests who had spent the previous 20 years representing one of the country's largest timber companies would be, to paraphrase an expression that has been used for a number of other Reagan nominees, similar to sticking a termite in the woodpile.

Mr. Crowell himself was aware of these criticisms, and during his confirmation hearing before the Senate Agriculture Committee, stated that:

> Fears have been publicly expressed by some and will be expressed here today, that because of my long association with the forest products industry, I am either unlikely to bring or am incapable of bringing a sense of balance to shaping policy-making decisions with respect to the national forests.

He went on to say:

> I would suggest to such critics that they ponder for a bit the meaning of the words "conservative" and "conservation". The conservative is one who tends to preserve established traditions or institutions and who tends to resist changes in those institutions, he is one who acts with caution and who adopts new ideas only after carefully examining their merit. The conservationist is one who advocates and practices protection from loss, avoidance of waste and wise use. I am unabashedly both a conservative and conservationist.

Mr. President, Mr. Crowell's self-proclamation as a conservative and conservationist was a Trojan Horse designed to lull the public into a false sense of security that our national forests are being carefully watched over. But after a quick review of Mr. Crowell's words and deeds as Assistant Secretary of Agriculture, it is clear that he has mounted a full-scale attack.

Has Mr. Crowell shown a willingness to "preserve established traditions or institutions"?

During his first year, he has authorized an overhaul of the regulations governing the National Forest Management Act (NFMA). This act is one of the principal pieces of legislation governing the management of our 120 national forests. The current regulations took 3 years to formulate and were the result of hard-won compromises between the timber industry and conservation groups. That the regulations took 3 years to finalize reflect how difficult the consensus was to attain, and how delicate that balance is. The regulations to which they agreed strengthened and gave teeth to the concept of managing the forest for multiple uses. This means balancing commodity production, such as timber harvests, with consideration for fish, wildlife, water, soil, recreation, and wilderness values.

The new regulations would upset the carefully crafted balance.

I should remind my colleagues that the concept of managing our forests for multiple uses dates well before the passage of the NFMA in 1976. It was first embodied over 20 years in the Multiple Use Sustained Yield Act of 1960. This approach was endorsed again with passage of the Resources Planning Act of 1974. By proposing to overhaul the regulations during his first year in office, Mr. Crowell quickly belied his claim "one who tends to preserve established traditions."

As for labeling himself as a conservative "who adopts new ideas only after carefully examining their merit," Mr. Crowell did not involve himself in the drafting of these important regulations nor did he even review them before they were formally proposed. As he explained in the Washington Post on March 3, 1982, "basically, I had too much else to do."

Mr. President, because I want to be sure that Mr. Crowell has time to carefully reflect on the effects of the regulations which he has authorized, and because I want to be sure that he can have the benefit of the best advice available, I am introducing today a resolution recommending four basic steps:

First. That the Forest Service extend the public comment period for these regulations for another 180 days (the first comment period was for only 60 days).

Second. That the Forest Service hold public hearings around the country to receive testimony from those who are most familiar with the forests in their areas.

Third. That a committee of scientists be appointed to advise the Forest Service on the scientific effect of these changes, similar to the committee which advised the Service on the promulgation of the original regulations and as called for in the NFMA.

That, if final revisions are published, a supplement to the environmental impact statement that accompanied the 1979 regulations also be published.

A similar resolution has been introduced in the House by Congressman WEAVER.

The 1983 budget proposals show a clear deviation as well from a balanced approach to forest management. While congressional appropriations normally meet about 80 percent of the level recommended in the Resources Planning Act (RPA), this year's budget request would meet about 63 percent of RPA. But consider the disparities: While the number of mineral leases to be granted will represent 130 percent of the 1980 RPA assessment, the number of acres managed for wildlife habitat will reach only 36.5 percent. Where administration of timber sales will total 101 percent of RPA, the acres managed for soil and water protection will equal only 1.3 percent of RPA. Two other areas vitally important to the long-range productivity of our Nation's forests, research and State and private forestry activities, are funded at only 52 percent and 34 percent of RPA respectively. The number of acres available for use by livestock will equal 100 percent of RPA, but the trails maintained for use by people will reach only 10.6 percent of RPA. Mr. Crowell may contend that all multiple uses are equal, it is clear that he considers some uses to be more equal than others.

Based on Mr. Crowell's pledges during his confirmation hearings, we can expect him to "advocate and practice protection from loss, avoidance of waste and wise use." With this in mind, I invite you to examine the portions of his fiscal 1983 budget which reduce funding for land management activities, forest road and trail maintenance, and management for wildlife and fish habitat.

Is it protection when you reduce the soil and water improvement programs from 5,580 acres to 400 acres, or one-fourth of its fiscal 1982 level? Even the Forest Service budget admits that "reducing the 1983 program to 400 acres postpones the time when the deterioration of these lands—that is, the acres not being treated—will be stopped and their productivity restored."

Although it looks as if reforestation activities will be increased, in fact 20,000 less acres will be reforested compared to 1982, and 97,000 acres less than 1981. This will bring the total backlog to over 1.7 million acres.

As for Mr. Crowell being an advocate of protection, we should heed his statement before the House Public Lands Subcommittee. When asked whether he would leave any minerals or "one drop of oil" in the ground for future generations, he replied with an unequivocal "no."

That is not really a conservative or conservationist attitude.

Mr. Crowell has become the leading advocate of "supply-side forestry," stressing the need to apply economics to forest management decisions. He believes that offering a near-record level of timber sales this year will be his contribution to "getting this economy moving again." Not surprisingly, his economic forecasts to justify this approach are no less rosy than those that have been used to justify the administration's overall supply-side theory—and the results will probably be as disastrous.

For example, by increasing timber sales 11 percent, Mr. Crowell plans to reap an amazing increase of 60 percent in receipts to the Treasury.

I think he has found that magical formula that people looked for throughout the Middle Ages, that they could somehow turn lead into gold. These assumptions are literally too good to be believed.

Mr. Crowell proposes selling 12.3 billion board feet of timber in 1983, a near record level. This high level has two main purposes: To insure we are prepared for the eventual housing boom and to boost the ailing timber industry. Worthy intentions, but rosy and deceptive.

I have great difficulty in understanding such a high level of sales when we already have over 35 billion board feet of timber that has been sold on the National Forest but that has not yet been cut. This equals a backlog of over 3 years' worth of timber. Even if by some miracle interest rates plummeted and housing construction revived, this record backlog of uncut timber gives us more than ample cushion.

As for assisting the timber industry, we need to remember that only 25 percent of the Nation's timber comes from national forests, mostly in the Northwest. Only a few companies are heavily dependent on this timber. Offering large sales may result in lower prices, but this will only place the producers of the other 75 percent of our timber supplies at a competitive disadvantage. The principal problem facing the timber industry is the lack of demand, not lack of supply.

The National Association of State Foresters has strongly criticized the Forest Service's proposal and scoffs that this level of timber sales will aid the industry. They argue that if additional Government timber is placed on the market in the Northwest in fiscal year 1983 it will further depress sale prices of timber offered for sale by private nonindustrial forest land owners all over the United States. Reduced revenues will have a serious effect on reforestation and stand improvement practices on all nonindustrial forest land. * * * The simple fact is that the Forest Service has the bulk of the old growth timber in the Northwest. Industry wants to have access to this timber at bargain prices and get out of high-priced contracts executed earlier. It amounts to a subsidy to the industry in the Northwest. This does not help the depressed timber industry in other parts of the country.

If we are expected to apply economics to our analysis of the Forest Service, what kind of economic theory can lower the price of timber that is sold, yet increase revenues to the Treasury by an amazing 60 percent? How is it that users of our national timber supplies are having their costs reduced, while citizens using the forests for recreational purposes will have their fees increased?

Mr. President, I think the record clearly shows that John Crowell is not the conservative nor the conservationist as he announced at his confirmation hearings. During his first year as Assistant Secretary of Agriculture he has promoted and authorized policies which sharply deviate from standard past practices of the Forest Service. He has placed the short-term interests of the timber industry, and a select portion of the industry at that, ahead of the long-term interests of our national forests and of the citizens of this country. This review shows that my worst fears, and those of my colleagues who joined me in opposing Mr. Crowell's appointment a year ago, have been confirmed.

● Mr. KENNEDY. Mr. President, 1 year ago today, I stood in this Chamber and strenuously opposed the confirmation of John Crowell as Assistant Secretary of Agriculture for Natural Resources and Environment. My opposition was based both on Mr. Crowell's approach to environmental issues and his possible involvement in major antitrust violations arising out of the activities of his former company in Alaska.

Regrettably, Mr. Crowell's actions during the past year reveal that he has wasted no time in undoing the sensible forest management policy which took years to develop. To justify his regressive policies, he invokes the familiar administration refrain of "regulatory reform." But close examination of Mr. Crowell's proposals reveals that his so-called reform is really a return to the abuses of the past.

In 1976, in response to major abuses in the management of our national forests—including severe overcutting, unacceptable logging practices on steep slopes and fragile soils, massive destruction of wildlife habitats and "sweetheart" timber sales that cost the Treasury millions of dollars in revenue losses every year—Congress enacted the landmark National Forest Management Act. This legislation was the most significant revision of our forestry laws since the national forests were established in the late 1800's. The principal purposes of the act were to correct the abuses of timber harvesting in national forests and to limit timber production on land that is environmentally fragile and economically unproductive.

The National Forest Management Act expressly requires that timber harvesting be conducted "in a manner consistent with the protection of soil, watershed, fish, wildlife, recreation and esthetic resources." It directs the Forest Service to "identify lands which are not suited for timber production, considering physical, economic and other pertinent factors to the extent feasible." Lands so identified are not to be managed for timber production.

After extensive drafting and redrafting, the Forest Service in 1979 adopted rules to implement the National Forest Management Act. Opposition to the approach taken in the 1979 rules was led by Mr. Crowell, who was general counsel to Louisiana-Pacific and was representing the National Forest Products Association.

In March 1982, as Assistant Secretary for Natural Resources and Environment, Mr. Crowell proposed sweeping changes in the 1979 regulations. Those changes would give the timber industry the victory in 1982 that was denied in 1979.

The so-called streamlined regulations proposed by Mr. Crowell would:

Allow for rapid increases in cutting of old growth timber, by eliminating the safeguard that the Chief of the Forest Service must personnally approve any departure from sustained yield harvesting. The principle of sustained yield requires that timber cannot be cut at a rate faster than it can be regrown. The new proposed rules send a clear signal that accelerated timber cutting is acceptable without regard to the cost or feasibility of reforesting. This is a reckless, unnecessary policy. The housing industry is depressed; there is already a backlog of 34 billion board feet of timber which has been sold but not felled. The administration's efforts to step up timber sales, like its efforts to accelerate OCS oil and gas lease sales, is a clumsy and short-sighted effort that threatens the future of our forests and achieves no valid economic goal;

Weaken the process for determining the suitability of lands for timber production, by establishing a low, nationwide biological growth standard to define commerical timberland. This change will result in too much timber being harvested on lands where regeneration is less likely to occur;

Eliminate "integrated pest management" as the principle for dealing with insect and other pest problems. IPM uses nonchemical practices and biological controls to reduce use of chemical pesticides and herbicides and other toxic substances to combat insects and other pests;

Weaken protection for fish and wildlife, by eliminating the requirement that habitat for especially valuable species like trout or elk be maintained or improved. Forest management plans which result in substantial reductions in fish and wildlife protection would be allowed, as long as species extinction did not result.

The proposed rules would institutionalize the shift in management priorities contained in Mr. Crowell's 1983 budget request, which increases timber harvest targets at the expense of watershed protection and trails. For example, although national forest trails receive extensive visitor use, Mr. Crowell has proposed cutting the maintenance funds for the 100,000 miles of trails through national forests by almost one-half. And his request for watershed protection is only 1.3 percent of the Resources Planning Act target figure, while his requests for minerals development and timber harvesting exceeds 100 percent of the RPA budget.

The prime beneficiary of these proposed changes is the timber industry. And Louisiana-Pacific, in particular, will realize greater benefits than the timber industry in general, because of its heavy dependence on national forest timber.

Congress must not stand silent while years of progress in the management of our national forests are rolled back. I join Senator Leahy today in offering a resolution expressing the sense of the Senate that the Secretary of Agriculture should provide additional opportunities for public comment on the proposed new regulations for management of our national forests, and should prepare a supplementary environmental impact statement examining the serious environmental effects of the changes proposed by Mr. Crowell.●

NATIONAL FOREST MANAGEMENT ACT

Mr. LEAHY. Mr. President, I am submitting a concurrent resolution today to express my concern about revisions which were recently proposed to the regulations guiding the National Forest Managment Act (NFMA) of 1976. I am joined in this concurrent resolution by Senators Kennedy, Hart, Cranston, Stafford, and Moynihan as cosponsors.

A similar concurrent resolution, House Concurrent Resolution 344, was submitted on May 13 in the House by Congressman Weaver.

The NFMA is one of the principal pieces of legislation governing the management of our national forests. The current regulations took 3 years to formulate and were the result of hard-won compromises between the timber industry and conservation groups. That the regulations took 3 years to finalize and reflect how difficult the consensus was to reach, and how delicate that balance is.

It is unnecessary and premature to alter these regulations just 2 years after they were instituted. The administration claims that these changes will only "clarify" and "streamline" the planning process, but it is clear that what it terms "editorial changes" will weaken the NFMA and in some cases deviate significantly from what Congress intended the act to accomplish. There is no basis for claiming that the present guidelines are not working, since none of the Nation's 120 forests have had time to finalize or implement their management plans under the regulations.

Despite the significance of these changes, they were drafted without any prior notice to the general public. Even though the comment period lasted only 60 days, public reaction has been vocal and voluminous. At least 1800 responses were received, many of which were from those involved in the drafting of the original regulations.

Mr. President, I believe that these changes deserve careful reflection and a thorough, informed assessment of their potential impact.

The concurrent resolution which I am submitting today calls for the comment period to be extended for another 180 days. I am also calling for public hearings to be held around the country so that the Forest Service can receive firsthand testimony from those who will be directly affected by the changes. The concurrent resolution recommends that a Committee of Scientists be formed to advise the Forest Service of the impact of the changes in the regulations. This was the recommendation of the Committee of Scientists who aided in the drafting of the original regulations, as called for in section 6(h)(1) of the act. Finally, if any final revisions are published, a supplement to the environmental impact statement accompanying the original regulations should also be issued.

I am including for the Record a very persuasive letter from the distinguished director of the Department of Forestry at North Carolina State University, Mr. Art Cooper, commenting on the proposed changes. His remarks are especially significant since they are based in large part on his experience as chairman of the Committee of

Scientists which assisted the Forest Service in issuing the original regulations. His analysis is particularly thoughtful and articulate.

I ask unanimous consent that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the Record, as follows:

NORTH CAROLINA STATE UNIVERSITY,
SCHOOL OF FOREST RESOURCES,
Raleigh, April 22, 1982.

Mr. R. MAX PETERSON,
Chief (1920), U.S. Forest Service, USDA, Washington, D.C.

DEAR MAX: I am reluctantly commenting on changes in the regulations prepared pursuant to the National Forest Management Act to guide land and resource planning in the National Forest System as they have been proposed in the Federal Register, February 22, 1982, pages 7678-7696. My comments are based upon my experience as Chairman of the Committee of Scientists, appointed pursuant to Sec. 6(h) of the National Forest Management act to advise the Forest Service on preparation of the regulations. However, the comments contained in this statement are my own, do not reflect the views of any other committee members, and have not been discussed with them.

My views are presented reluctantly because I had hoped that it would not be necessary to comment on proposed changes in the regulations so soon after they were put into effect in October 1979. As the Committee of Scientists stated in its final report (Federal Register 44(181):53976), "The task is now to make that process [land and resource management planning] work. We trust that both Congress, and the various groups with interests in management of the National Forests, will allow the planning process to be implemented and allow it to deal with critical management problems." Obviously, our plea has not been heeded. Furthermore, the changes that have been proposed in the regulations do much more than "clarify and simplify planning procedures" as is stated in the material (p. 7679) explaining the proposed changes. Some changes do clarify and simplify the process and some improve it. Others, however, change the intent of the regulations and several go so far that they effectively change Congressional intent as expressed in the National Forest Management Act.

When a job is done one hopes that it is completed. Those of us on the Committee of Scientists hoped that when we were discharged it would not be necessary for us to inject ourselves into further debate about the regulations. My hopes in this regard were not met and I feel obliged to express my views concerning the content and intent of the proposed changes. Although I was asked to react by several persons representing different groups, my decision to comment was not precipitated by any of them. Rather, it was precipitated by my own belief that, because I had been so closely involved in the development of the first regulations, I had an obligation to comment. Furthermore, my comments may help clarify some of the intense debate that is bound to occur before the proposed changes are ultimately resolved.

Before commenting on substantive matters I want to comment on the procedures by which the proposed changes were developed. As I understand it, the revision process was carried on entirely within USDA and without any notice to the public and without any opportunity for public involvement. Input, as I understand it, was sought from the timber industry but other groups with legitimate interests in management of the National Forests were excluded.

If these statements are true, as I understand them to be, a serious procedural and ethical error has been made. The great value of the Committee of Scientists was not that it was "wise," but that its existence and meetings offered a legitimate means whereby both industry and environmental groups could participate and influence the drafting of the regulations. The Committee's meetings were entirely open and, as chairman, I diligently strove to see that all views whether I agreed with them or not, were aired and considered. The timber industry benefited from this openness and there are provisions in the regulations now that otherwise would not have been there. It is my opinion that much of the reason that the original regulations were accepted to the extent they were is that all parties realized the process was open and that their views were fairly considered. To revise a set of regulations that is as important as these without public involvement is to beg for trouble and invite opposition to the changes. Furthermore, I will be frank to say that I resent the change in policy with respect to openness in this particular process.

You will recall that the Committee of Scientists recommended that the regulations require involvement of a similar sort of committee whenever the regulations were revised. The Forest Service may have cause to regret omitting that provision.

My remaining comments will be directed in two areas: (1) changes in provisions of the regulations and their positive and negative impact on the planning process, and (2) the changes in philosophy that one detects when one considers the proposed changes in their totality, rather than as single isolated modifications.

I cannot comment on all of the specific changes in the regulations. I will comment on certain areas with which I am familiar and on certain areas I feel are critical.

(1) I disagree with deletion of 219.1(b) from the original regulations as this change does more than remove "unnecessary language." The material deleted contains important statements of policy which serve Forest Service planners and the public alike as philosophical guides for management of the National Forest System. In its report (Fed. Reg. 44(88):26604) the Committee of Scientists developed in detail the argument for including policy statements in the regulations. I see no need to recant those arguments now. The statements at issue are important principles and they should be left in.

(2) I agree with separation of the Regional and Forest Planning processes as proposed in the revised regulations. Regional and Forest plans are sufficiently different so that forcing them into the same planning process was probably unwise. Experience with Regional plans, as I understand it, substantiated this view.

(3) I am deeply concerned about the changes proposed in the Public Participation section. The original regulations were written to state the purpose of public participation and to provide standards for participation activities. The intent was to provide planners with standards they must meet and the public with the "rules" by which it could become involved in planning. Most of the specificity has been removed and replaced with vague statements that can be interpreted in a variety of ways. Although a full, and open, public participation process is still possible under the proposed regulations, it is also possible that public participation can be drastically reduced from what was previously required and still meet the new standards. Therefore, I cannot support the proposed changes.

(4) I am similarly concerned about changes in the Coordination section. The language eliminated is not "nonsubstantive." It is directive, articulates policy, and is therefore necessary for competent coordination among government agencies. Again, a coordination effort fully meeting the intent of the original regulations could be generated under the revision. An effort of much more limited scope hardly providing effective coordination would also be possible. Insofar as that is the case, the regulations have been weakened.

(5) A new section identifying the content of the Regional Plan is appropriate (new 219.9). However, some of the important provisions of the Regional Plan required in the old regulations have been deleted. For example, it is no longer necessary to prescribe standards for minimum growth potential (an arbitrary standard is included elsewhere in the revision) or units of measure for expressing mean annual increment in the regional plan. Furthermore, the minimum standard for defining when an opening is no longer an opening is such that a stand of seedlings could be considered as a new forest stand. Although this criterion can be made more demanding in the Regional Plan, it sets such a low standard that one can easily envision new clear cuts being made immediately adjacent to stands less than 5 years in age.

(6) A new criterion for analyzing and choosing among alternative management strategies, "net public benefits," permeates and proposed regulations. I have searched RPA, NFMA, and the Multiple-Use and Sustained Yield Act and nowhere do I find "net public benefits" mentioned as a decision criterion. It is clear that it has come from the present administration's guidelines for streamlining the regulatory process (see Fed. Reg. 47(35): 7679). Insofar as that is the case, it represents replacement of Congressional intent with an executive branch criterion and is inappropriate.

Although it can be argued that "net public benefits" is merely an expression of the kind of balanced decision making envisioned in NFMA, and is therefore consistent with multiple use, the danger lies in its application and in the data used to support decisions. The definition of "net public benefits" makes it clear that both quantitative and qualitative benefits and costs will be considered. However, the process by which this balancing is to be done is nowhere explained. The process of formulation of alternatives and estimating their effects (proposed 219.12(e) (f) and (g)) is so heavily ladened with economic analyses (costs and benefits, present net worth, gross returns to the Federal Government, opportunity costs) that one can hardly escape the conclusion that these are intended to dominate the decision process. Although NFMA clearly intended for the Forest Service to improve economic analysis of its activities, it did not intend for economic criteria to rule the decision process. To the extent that better economic analytic procedures are incorporated, one can support the proposed regulations. However, such procedures so thoroughly dominate the proposed regulations that one can reasonably conclude that they are intended to dominate decision-making also.

(7) Changes have been made in the section dealing with timber harvest scheduling (proposed 219.13(d)) that upset the rather delicate structure of that section in the original regulations. Whereas the original regulations clearly established that departures from the base timber harvest schedule were the exception (as I am firmly convinced Congress intended) and required that they be approved by the Chief, the proposed regulations shift the entire decision-making process in favor of departures. Specifically: the emphasis on net present worth in conjunction with the new trigger for considering a departure ("It is reasonable to expect that departure from the corresponding base sale schedule would increase net public benefits") greatly increase the likelihood that alternatives containing departures will be approved; although the base harvest schedules are constrained to non-declining even flow, planners are not constrained by even flow considerations in analyzing the management situation; the level for approving departures has been moved down to the Forest Supervisor and he, in fact, has the flexibility to change harvest levels even to the extent of incorporating a departure without public comment when there is a difference "between planned annual budgets and funds actually appropriated" (proposed 219.10(e)).

The aggregate effect of these changes is to shift the entire analytic and decision-making process in favor of departures and thus represents a direct contravention of the intent of Congress.

(8) To my great regret constraints on consideration of areas for wilderness designation are included in the proposed regulations. The inclusion of an arbitrary 5,000 acre limit for an area to qualify for wilderness designation is inappropriate, unsupported by any legal or technical criteria, and simply bad planning.

Finally, I commend to you the comments of my colleague on the Committee of Scientists, Bill Webb, as contained in his letter to you of April 8, 1982. He has pointed out some of the same concerns I have, and has identified a number of additional areas where important changes have been made. I have deliberately not commented about changes in wildlife and diversity because his views and mine are essentially identical and I endorse them.

Clearly, then, the proposed regulations are a mix of changes, some of which are desirable but most of which appear to me to upset the carefully struck balance between environmental and industrial interests that was reflected in the original regulations. The Committee of Scientists interpreted the National Forest Management Act as an effort to require the Forest Service to prepare regulations to govern a planning process that offered an opportunity to balance the desires of the various groups with interests in management of the National Forests. Every effort was, therefore, directed in preparing the regulations to reflect this philosophy. To the extent that the proposed regulations upset that balance they represent a source of conflict rather than a means to resolve it and thus bode ill for the National Forest System.

Those who drafted the revision of the regulations contend that the proposed changes are editorial, deletions of unnecessary language, and minor technical revisions. This contention may be true for each individual change. However, when the changes are considered in their entirety, they take on a very different complexion. Specifically, changes involve, but are not limited to: preparation of the revision entirely without notice and public participation; deletions of language that describes important principles for management of the National Forest System; reductions in the specificity of language pertaining to public participation and coordination which open the way to much less substantive actions in these areas; inclusion of a new criterion for decision-making, net public benefits, that has no statutory basis; injection of economic analyses into the framing and evaluation of alternatives in a way that sets the stage for quantitatively-assignable economic values to dominate the process; changes in the timber harvest section that shift the burden of proof from those favoring departures from non-declining even flow to those opposing them in a manner quite contrary to Congressional intent; and injecting a criterion for defining the minimum size of areas to be considered for wilderness in future planning that is indefensible and unnecessary.

One is, therefore, compelled to conclude that the philosophy and intent of the regulations have been extensively changed. Because the original regulations represented a balancing of interests reflecting the balance sought in NFMA, the proposed changes create a document that I seriously doubt meets the intent of Congress in many key areas.

Insofar as I can tell, virtually everything that has been accomplished by the changes in the proposed regulations could have been done with the regulations as they were. Since manual direction and policy direction relating to choice of alternatives could have covered most changes, one wonders why the changes were necessary. Surely it is not worth amending an entire set of regulations merely to remove non-substantive language. The fact that the regulations were changed by a new administration directly upon taking office creates the dangerous precedent that each new administration may do the same. If this happens the regulations will become a document for conveying the political wishes and aspirations of each new administration rather than a technically sound blueprint for governing National Forest planning. Politics clearly has its place in National Forest management but that place is not in the details of the planning process. To politicize the planning process is to do the Forest Service, the National Forests, and the nation a grave disservice.

Should you wish further comment or assistance, I will be happy to provide it.

Sincerely yours,

ARTHUR W. COOPER,
Head, Department of Forestry.

Mr. LEAHY. The administration has assured us that these revisions to the National Forest Management Act are meant to simply clarify the forest planning process, but I fear that the results of these changes may be all too visible for generations to come. I am submitting this concurrent resolution in the hopes that the Forest Service will carefully evaluate the impact of these changes and will make its final recommendations based on input from those who are concerned about the proper management of our Nation's forests.

Mr. President, I ask unanimous consent that the concurrent resolution submitted by myself, Mr. KENNEDY, Mr. HART, Mr. CRANSTON, Mr. MOYNIHAN, and Mr. STAFFORD be printed at this point in the RECORD, and that the concurrent resolution be appropriately referred.

There being no objection, the concurrent resolution was ordered to be printed in the RECORD, as follows:

S. CON. RES. 97

Whereas, the National Forest Management Act of 1976 (NFMA) required the Secretary of Agriculture to issue regulations for developing and revising land management plans for the National Forest System; and

Whereas, the existing regulations under NFMA issued in September of 1979 were painstakingly developed over a three-year period with the advice and counsel of a special Committee of Scientists established by NFMA; and

Whereas, regulations on this subject are perceived by many as a "major federal action having a significant impact on the human environment," and the existing regulations were understood to have an effect of this magnitude and were, therefore, accompanied by an Environmental Impact Statement, as required by the National Environmental Policy Act; and

Whereas, in February of this year, the Forest Service issued proposed revisions to the existing regulations, which were characterized by Department of Agriculture officials as being merely simplifying and clarifying in nature; and

Whereas, the proposed revisions allow only 60 days for public comment, although in testimony before a House Subcommittee and in an enormous volume of written comments, many persons have stated that the new regulations would have far-reaching substantive consequences and may severely strain, if not violate, provisions of NFMA; and

Whereas, the proposed revisions include significant changes in existing regulations which, if adopted, will undoubtedly influence major decisions regarding resource management on the national forests throughout the country, and, therefore, merit a searching and thorough public review; and

Whereas, a more extensive solicitation of comments would afford the Forest Service the opportunity to take advantage of the advice and counsel of a Committee of Scientists and provide time to convene formal hearings to ensure the full and effective citizen participation in the regulatory process as envisioned by NFMA; and

Whereas, there are no overriding time constraints compelling hasty implementation of the proposed revisions since (1) adequate regulations governing forest management are already in place which readily can be used until the need to implement new regulations is clearly established, (2) the existing record-high volume of national forest timber under contract for harvest totals over 34 billion board feet—equal to well over a three-year supply, and (3) there has not been sufficient time to guage fully the adequacy and effectiveness of the existing regulations in implementing NFMA, or to see the completion of even one of the 120 national forest plans: Now, therefore, be it

Resolved, by the Senate (the House of Representatives concerning), that the Secretary of Agriculture is urgently requested—

(1) to extend, for not less than 180 days, the public comment prior to publication of the revised NFMA regulations in final form;

(2) purusant to section 6(h)(1) of the NFMA, formally to designate a Committee of Scientists to furnish advice and counsel in connection with the regulatory revisions;

(3) to conduct formal public hearings in various regions of the country in order to provide a greater opportunity for citizens to register their concerns about these revisions; and

(4) to publish, with any final regulatory revisions and comments, a Supplement to the Environmental Impact Statement that accompanied the existing regulations when published in 1979.

Mr. LEAHY. Mr. President, I believe I have a few minutes remaining. I am prepared to yield that time to the distinguished Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, I thank my good friend from Vermont for graciously yielding me time.

VITAL ROLE OF SIPC

Mr. PROXMIRE. Mr. President, yesterday's New York Times carried an article on the front page entitled "A Dealer in Bonds Defaults on Debt." The article went on to state that the Federal Reserve held itself ready to act as a "lender of last resort" to alleviate a credit crunch in the bond market.

I commend this article to my colleagues. What is not in the article is the significant but complex monitoring function played by the Securities Investor Protection Corporation (SIPC) in this matter.

The government bond dealer referred to—Drysdale Government Securities—because it deals exclusively with government securities—is exempt from registration with the SEC and, therefore, does not fall within SIPC's jurisdication. However, about 30 percent of Drysdale Government Securities is owned by Drysdale Securities, which is registered by the SEC and, therefore, within SIPC's jurisdiction. In this situation SIPC's monitoring consists of assessing the impact of the default on a SIPC-covered firm and analizing Drysdale Securities customer base to determine coverage under the SIPC law.

Mr. President, as you can appreciate, the questions SIPC is called upon to address are intricate and intimately involve the securities industry. No doubt legislation to abolish the exemption from SIPC coverage for securities firms dealing exclusively in government bonds will be considered.

Mr. President, this all points up the need to place the management of SIPC into experienced hands. Unfortunately, President Reagan has nominated James G. Stearns for the chairmanship of SIPC. Mr. Stearns, as I have stated before on this Senate floor, is not qualified at all for this position. It is time for President Reagan to withdraw the Stearns nomination and to nominate a well-qualified person for the chairmanship of SIPC.

I ask unanimous consent to have printed in the RECORD the article which appeared in the New York Times for May 19, 1982.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A DEALER IN BONDS DEFAULTS ON DEBT

DRYSDALE MOVE CAUSES LARGE DROP IN CHASE BOND STOCK

(By Robert J. Cole)

A major dealer in Government bonds and notes, Drysdale Government Securities, informed creditors yesterday that it was unable to meet $160 million in interest payments, creating considerable concern throughout the financial community.

The Chase Manhattan Bank, one of several New York banks that have acted as clearing agents for such dealers as Drysdale, led a broad decline in bank stocks on the New York Stock Exchange, slumping 3¼, to 48¾.

Drysdale's inability to meet its debt payments prompted the Federal Reserve Bank of New York, in an unusual late-afternoon statement, to tell Government bond dealers that it "stood ready as lender of last resort" to help commercial banks meet "unusual credit demands related to market problems."

While it is not one of the nation's three dozen major dealers in Government securities, Drysdale has played a prominent role in recent months as a speculator in Treasury bonds and notes. To buy and sell these Government securities, it relies heavily on short-term borrowings from banks and other dealers, often using borrowed Treasury securities as collateral. The interest payment it missed was interest due on the borrowed securities.

Although versions of what happened differed substantially among bankers and Wall Street bond dealers, it seemed clear that Drysdale has sold short. That is, in accordance with accepted custom, it had sold Government securities it did not in fact own in the hope of making good later by buying back the securities at a lower price and pocketing the difference. But instead of falling, Government bond and note prices had risen since early May, although in recent days prices had begun to weaken as yields rose.

Drysdale itself did not comment on what caused its problem.

The surprisingly strong statement of support for New York's top banks came in the wake of a meeting called Monday evening at the Federal Reserve by Willard C. Butcher, chairman of the Chase Manhattan Bank, and the subsequent announcement by Chase yesterday that an unidentified Wall Street dealer in Government bonds—widely known to be Drysdale Securities of 65 Liberty Street, Manhattan—had failed to meet $160 million in interest payments due to a number of leading Wall Street dealers.

A major controversy developed over whether Chase, as the clearing agent for Drysdale's transactions, could be held responsible for the entire loss. Banking sources said that Drysdale had $30 million in capital and, in view of its inability to meet interest payments far in excess of its capital, it might be technically bankrupt.

Some dealers said that the Drysdale case might lead to a revival of proposals to regulate the Government securities market, the last unregulated securities market in the country. Such proposals last arose in March 1978 after an official at the University of Houston engaged in a pyramiding scheme that resulted in commitments to buy $445 million in securities and resulted in a loss to the school of several million dollars.

Drysdale was not among the three dozen dealers, including some of the nation's major banks, designated by the Federal Reserve to handle the majority of its transactions, when it buys and sells securities to add or subtract reserves from the banking system. Such transactions are the Fed's principal tool for influencing the nation's money supply.

Among the Wall Street bond dealers and banks reported to be owed interested by Drysdale were the Manufacturers Hanover Trust Company; the U.S. Trust Company; Merrill Lynch, Pierce, Fenner & Smith; Drexel Burnham Lambert; Paine, Webber, Jackson & Curtis; Goldman, Sachs & Company; Donaldson, Lufkin & Jenrette; New York Hanseatic and Salomon Brothers.

Wall Street bond dealers maintained privately that despite the enormous overall sum, no individual firm had enough of a potential loss to create a major problem or endanger its survival. Nevertheless, the Butcher meeting on Monday, coupled with the statement by the Federal Reserve, suggested that the full dimensions of the Drysdale situation were uncertain and that all precautions were being taken to prevent disruption of the Government bond market.

Fraser Seitel, a spokesman for the Chase Manhattan, said that Mr. Butcher called the meeting, which was attended by representatives of 10 Wall Street firms, "to try to avoid any disruption of the Government securities market—to work out alternative solutions to prevent disruption of the U.S. Government securities market."

Peter J. Wasserman, president of the Drysdale Securities Corporation, a 92-year-old Wall Street house, said that it once had corporate ties to Drysdale Government Securities but had had none since early this year, when the latter set itself up as a separate company with Richard Taaffee as its president. Mr. Wasserman said that he and Joseph Vicent Ossorio, chairman of Drysdale Securities, held "small, nonvoting interests" in Drysdale Government Securities.

Mr. Taaffee, who did not return repeated telephone calls to his office, is understood to have established himself on Wall Street as a successful bond dealer. He is thought to have been extremely successful in playing the market, and Wall Street executives even joked about a computer he had called Arnold that "knows everything." The firm is also understood to have been in the process of buying its five-story headquarters building at 65 Liberty Street for several million dollars.

A handful of Wall Street firms called finders, including one known as Buttonwood Securities, bring together firms such as Drysdale wanting to borrow Government securities with firms such as Merrill Lynch, Drexel or Goldman, Sachs willing to lend them at interest. Chase contends that it acted as clearing house, seeing to it that the Government securities are delivered to the borrower—in this case Drysdale—and the interest payments reach the lender, whichever Wall Street dealer is involved.

Wall Street dealers, on the other hand, took the position yesterday that they dealt with Chase Manhattan or other banks and therefore expected Chase to be responsible for recovery of their losses.

U.S. HOLOCAUST MEMORIAL COUNCIL: A YEAR OF ACHIEVEMENTS

Mr. PROXMIRE. Mr. President, the Director of the U.S. Holocaust Memorial Council recently appeared before a Senate Appropriations Subcommittee to describe the Council's 1982 activities. I commend the Council and its Director, Robert Agus, for focusing on two essential aims: To spread awareness of the tragedy of genocide in history and to work toward preventing any similar disasters.

The U.S. Holocaust Memorial Council was established by Congress to provide for appropriate ways for the Nation to commemorate the Days of Remembrance; to build and oversee a Memorial Museum to the Holocaust victims; and to carry out the recommendations of the President's Commission on the Holocaust.

Mr. President, let me tell you about some of the progress the Council has made toward achieving its goals.

In conjunction with the International Day of Remembrance, a National Commemoration of the Days of Remembrance for 1982 was held on April 20. There was a very moving two-part ceremony in the Capitol Rotunda and the White House, which was well attended by many distinguished figures.

In addition to the national commemorative observance, 42 States, two territories, and the District of Columbia also conducted areawide civic commemorations.

Significant progress has also been made on the Holocaust Memorial Museum. A site has been selected, themes to be presented in the museum are being developed and fundraising will soon begin.

Mr. President, I was particularly impressed by one project called the International Liberators Conference. Held at the Department of State from October 26 through 28, 1981, it was a historic occasion honoring those who liberated the Nazi concentration camps. Official delegations from 13 nations, liberators from 40 different U.S. States, and hundreds of other citizens, Government officials and survivors attended the plenary sessions. The proceedings were video taped for use in school systems and libraries and for other interested groups throughout the world.

Mr. President, there is one final Council activity that we should pay special attention to. Plans have begun for the Committee on Conscience. This committee will be designed to serve as an early warning system against threats of genocide against any people, any place in the world.

Like the U.S. Holocaust Memorial Council, Mr. President, we in the Senate must undertake activities aimed at preventing any more genocidal atrocities. The Genocide Convention should be a prime vehicle for our goal.

In the final analysis an international treaty making genocide a crime can only be effective if the hearts of the signatory nations are committed to the goals of this international law. Because the United States is recognized as a world leader in the field of human rights, I believe we have a unique opportunity. We can help spur other governments to find the will to participate in the international effort to prevent genocide.

We can help foster a world climate of vivid awareness of the historical tragedy of genocide and a world committed to preventing its recurrence.

Mr. President, I urge my colleagues to immediately ratify the Genocide Convention.

NUCLEAR ATTACK DEVASTATION: HIGHER EDUCATION

Mr. PROXMIRE. Mr. President, higher education plays an absolutely essential role in the technological and military as well as in the social and cultural strength of our country. What effect would a Soviet nuclear attack designed to destroy our economy have on higher education in America? The CATO policy analysis by Katz and Osdoby reports the following:

> America's economic and military power derives in large measure from its ability to maintain its technological leadership; higher education plays a central role in maintaining this lead. Universities and colleges provide trained personnel to assist in scientific and technological development. They also provide the institutional framework for basic research that becomes the basis of scientific discovery and technological innovation.
>
> In the above attack on the 71 major urban areas, over 50 percent of the higher education system would be damaged or destroyed. Professional schools are even more vulnerable—over 70 percent of the students are concentrated in these urban areas, which contain only 55 percent of the general student population. Of equal significance, an attempt to measure not only the quantity but also the quality of graduate (science and engineering) and professional (medicine, law) schools found a disproportionate number—70 percent—in attacked areas. In other words, in the academic areas we evaluated, quality educational facilities tended to be highly concentrated in the major urban areas. In addition, these universities and professional schools attract or spin off important private research-and-development or consulting firms and high-technology manufacturing firms in close proximity.
>
> Given the massive scale of population losses and casualties after nuclear attacks, it is likely that the concept of the function of the university would also change, assuming a more narrow role as vocational and professional training ground. The training could be at a very basic level, with many important intellectual pursuits and professions abandoned. The basic scientific and technological infrastructure could be most seriously injured since even if the capacity remained, the justification for basic research during the post-attack recovery period would likely be questioned, and any diversion of energies in this direction challenged. Complex scientific experiments requiring extraordinary collaboration among scientific groups and expensive, sophisticated equipment would be eliminated or delayed for perhaps decades. The quality of research and the university's vital contribution to technology would diminish drastically in almost any nuclear attack. Thus, the damage to the higher education system would pose serious obstacles to a strong and rapid economic recovery.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, is there an order for the transaction of routine morning business?

The PRESIDING OFFICER. Yes; under the previous order, there will now be a period for the transaction of routine morning business, to continue until 9 a.m., with Senators being permitted to speak for not more than 2 minutes.

ARMS CONTROL AND THE REAGAN ADMINISTRATION

Mr. CRANSTON. Mr. President, I am deeply concerned by recent statements of President Reagan and members of his administration regarding arms control policy. Because of my concern, I telegramed the President last Friday seeking urgent clarification of several vital arms control issues.

I ask unanimous consent that the full text of my telegram be printed in the RECORD at this point:

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Hon. RONALD REAGAN,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am deeply concerned that several statements made by you during your press conference last night are seriously misleading and suggest that U.S. arms control policies are following new and dangerous directions.

I urgently request clarification so that all parties to the arms control process—the Executive Branch, the Congress, and Soviet leaders—can proceed with clear knowledge of the Administration's position on these matters.

First, you said that "the parts that we're observing of SALT II have to do with the monitoring of each other's weapons". Your reluctance to formally embrace SALT II limits could be interpreted to mean that while we are "monitoring" the Soviet's weapons, we may at any moment "breakout" from treaty provisions. The fact is we are not meeting with the Soviets at the Standing Consultative Commission in Geneva—as we would if SALT II were in force—to raise SALT II monitoring issues.

Second, you suggested in your answer to Helen Thomas that SALT II failed to curb destabilizing Soviet weapons. In fact SALT II prohibits the Soviets from adding more warheads and missiles to their land based forces. Your failure to state unequivocally that we will adhere to SALT II restraints as an interim arms control measure leave ambiguities which could erode U.S. security.

Furthermore, the statement of Presidential Counselor Edwin Meese III on May 7 appears to be in direct contradiction to the testimony of Secretary of State Alexander Haig, Jr. on May 11.

Meese, in a press interview, stated that the Reagan Administration does not "feel bound by" the provisions of SALT II. In contrast, Secretary Haig, asked about Administration intentions on complying with SALT I and SALT II, told the Senate Foreign Relations Committee "we intend to comply by those provisions".

Third, you stated that "in the past several years (SALT) negotiations took place with (the Soviets) having a superiority over us and us actually unilaterally disarming". Like your recent statement that the Soviets have "a definite margin of superiority" your latest statement is either misleading or you are seriously misinformed. Are you contending that the U.S. was inferior in overall strategic nuclear forces in the 1970's? That is not true; no responsible U.S. military official would trade our overall arsenal for the Soviets' now, not would they have traded it then. Senators have put this question to key civilian and military officials in recent hearings of the Senate Foreign Relations Committee and the Armed Services Committee.

In addition, your assertion regarding "unilateral disarmament" completely ignores the many, many research, development and deployment efforts we made to modernize our strategic forces during SALT negotiations—including the MIRVing or our Minuteman ICBMs, the deployment of the first of our Trident subs, and progress made on the B-1 and cruise missiles.

Despite my misgivings about some of the personnel and some of the policies involved in the formulation of your Administration's arms control proposals, I earlier this week publicly welcomed your START proposal as a constructive first step towards arms curbs.

However, bipartisan consensus behind such efforts requires that the Administration clarify its intentions regarding SALT II observance and clarify its views regarding the strategic balance.

Alan Cranston,
U.S. Senator.

LAND OF LINCOLN CONFERENCE

Mr. PERCY. Mr. President, two weekends ago Republican leaders from throughout Illinois gathered for the first Land of Lincoln Conference.

This conference was patterned after the annual Tidewater conferences in which I and many of our colleagues in Congress have participated.

I was pleased to have as cosponsors of this conference Illinois Governor Jim Thompson and State party chairman Don Adams.

The conclusion of those 55 leaders who attended the conference was that it was extremely valuable and the participants voted unanimously to make the Land of Lincoln Conference an annual event. We intend to do this, and planning is already beginning do next year.

The purpose of the conference was to provide an informal and relaxed atmosphere in which leaders could discuss and debate issues of importance to Illinois and the Nation. The debate was constructive and I believe enlightening to all of us who participated in it. Conference participants broke into table groups named after some of our best know Illinois leaders of the past: President Abraham Lincoln, U.S. Senator Everett Dirksen, Illinois Senate Minority Leader David Shapiro, Speaker of the Illinois House of Representatives Warren Wood, U.S. Senator C. Wayland Brooks, and Illinois Secretary of State Charles Carpentier.

Resolutions drafted in advance, based on interests indicated by the invitees, were introduced individually and arguments pro and con were offered by selected participants. The resolution in question was then debated at each table, and amendments were prepared by the tables or by individuals acting on their own. This was followed by general discussion during which the amendments were debated and voted on. A vote was then taken on the final resolution as amended.

Following our conference, I joined the President in Illinois and discussed the resolutions with him. He subsequently sent me a letter commenting on the conference, and I ask unanimous consent that the text of the President's letter be printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The White House,
Washington, May 15, 1982.

Hon. Charles H. Percy,
U.S. Senate,
Washington, D.C.

Dear Chuck: Thank you for discussing with me in Chicago the resolution of the Land of Lincoln Conference, copies of which you had given Jim Baker Sunday evening.

I was pleased to see that the summary resolution you adopted at the conclusion of your conference on Basic Human Needs paralleled the emphasis I placed on the role of volunteerism in my speech at the Chicago YMCA luncheon Sunday, May 9.

I was also most interested in the resolutions adopted on a balanced budget, new Federalism, economic development, nuclear arms reduction, federal taxes and defense spending.

I commend you, Governor Jim Thompson and State Republican Chairman Doc Adams for holding such a timely three day conference of Republican leaders on some of the vital issues facing our nation today.

I understand by unanimous vote of the 1982 Conference a similar weekend meeting will be held in 1983, and I look forward to not only studing the results of the Conference, but measuring the progress we have made in the year ahead on the goals established this past weekend.

Sincerely,

Ron.

Mr. PERCY. Copies of the resolutions adopted by the conference will be sent to other national and State leaders as well.

The conference, which was held in Springfield, Ill., also provided the opportunity for several informal social gatherings. We were entertained by pianist Evans E. Brittin, Jr., at both our Friday and Saturday night dinners, and Springfield High School's "Seven and the Senators" singers, led by Dan Spreckelmeyer, performed brilliantly for us on Saturday evening.

Mr. President, I ask unanimous consent that the resolutions adopted by the first Land of Lincoln Conference and the list of attendees be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

RESOLUTION 1: BALANCED BUDGET

Resolved, That the Federal Government should implement a balanced budget as soon as possible. Deficits lead to high inflation and high interest rates and are an important cause of the present economic recession. All means should be considered to bring spending and revenues into balance: a Constitutional amendment, wording in the manner and form of Senate Joint Resolution 58, immediate spending reductions, better management of Federal assets, better control of Federal lending, better debt collection, both foreign and domestic, smaller defense increases if consistent with the needs of National Security, and reexamine the tax structure.

RESOLUTION 2: THE NEW FEDERALISM

Resolved, The current role of the Federal Government in the federal system—and the government in society—should be reexamined and redefined and the federal government should be required to lessen its role and strengthen that of the states and local governments, taking care that adequate revenue sources follow major shifts in functions.

RESOLUTION 3: ECONOMIC DEVELOPMENT

The primary role of the private sector in reducing unemployment and creating new jobs should be reaffirmed, encouraged and supported by federal, state and local government policies through tax incentives and regulatory reforms such as enterprise zones and workfare.

Government's role in training and retraining for employment should be fostered through traditional State and local educational and vocational educational institutions in concert with the private sector rather than massive government bureaucracy.

A genuine effort should be made to eliminate duplication and overlap by various agencies of Government in the area of job training.

People receiving unemployment compensation or welfare should be required to either demonstrate that they are using their best efforts to find employment or to attend training programs when they need new or updated skills or be required to participate in a local work program where available.

Federal, state and local government policies, statutes and regulations should be reassessed to remove disincentives to work.

RESOLUTION 4: NUCLEAR ARMS LIMITATIONS

To express the sense of the Land of Lincoln Conference that the United States and the Soviet Union should engage in substatial, equitable, and verifiable reductions of their nuclear weapons in a manner which would contribute to peace and stability.

Whereas a nuclear war would kill or injure millions and millions of people and threaten the survival of the human race;

Whereas there can be no assurance that a nuclear war, once initiated, would remain limited in scope;

Whereas there exists the ever-present risk that nuclear weapons might be employed through accident or miscalculation;

Whereas the American people, who are people of peace, maintain nuclear armaments only in the defense of freedom and yearn for world conditions in which they could do far more to lift the burdens of human privation and despair;

Whereas the current nuclear force imbalance is destabilizing and could increase the likelihood of nuclear war;

Whereas sizeable and verifiable mutual reductions of Soviet and U.S. nuclear forces to an equal and far-lower level would enhance stability and the maintenance of peace; and

Whereas President Reagan, on November 18, 1981, stated that the United States "will seek to negotiate substantial reductions in nuclear arms which would result in levels that are equal and verifiable": Now, therefore, be it *Resolved by the Land of Lincoln Conference assembled*, that—

(1) the United States should propose to the Soviet Union a manual, and verifible nuclear force freeze at equal and sharply reduced levels of forces;

(2) the United States should propose to the Soviet Union practical measures to reduce the danger of nuclear war through accident or miscalculation and prevent the use of nuclear weapons by third parties, including terrorists;

(3) the United States should challenge the Soviet Union to join in this historic effort to channel the genius of our two peoples away from the passing of nuclear armaments and to focus the energy and resources of both nations on attacking the ancient enemies of mankind—poverty, hunger, and disease;

(4) the United States should continue to press month after month, year after year, to achieve balance, stablizing the reductions, looking, in time, to the elimination of all nuclear weapons from the world's arsenals;

(5) to maintain stability and continuity while these stractegic arms reduction negotiations are conducted, the United States should propose to the Soviet Union that both Parties avoid actions that would undercut previously negotiated SALT agreements;

(6) the US should propose that the people of the Soviet Union be heard on this issue;

(7) the threshhold Test Ban Treaty be passed;

(8) means should also be found to control proliferation of nuclear weaponry in other countries capable of producing nuclear weapons; and

(9) research and development of conventional weaponry should be encouraged.

RESOLUTION 5: FEDERAL TAXES

The principles underlying the 1981 Economic Recovery Tax Act should be maintained. Federal personal and corporate income taxes have damaged people's ability to save and invest and have diminished jobs creation efforts. The President's tax cut program was passed to breathe life into our economy. Its healthy effect has not yet come to fruition, because the January automatic Social Security tax hike washed out the first modest cut. The full three-year phased tax cut must be retained in order to provide jobs for people, which will in turn produce additional tax revenues through a broader base of taxpayers. Enforcement of our revenue collection procedures must be strengthened so that taxpaying citizens are not required to subsidize tax evaders. Congress must concentrate its efforts toward cuts in spending rather than to increase the present punitive taxation on both individuals and corporations.

(Note: A significant number of the participants wanted it made known that adoption of this amendment did not mean that no tax reforms were considered necessary. It was the consensus of the Conference that specific reform proposals should not be dealt with in this context.)

RESOLUTION 6: DEFENSE SPENDING

The United States should increase defense spending from the fiscal year 1982 level to maintain a defense capability that can deter aggression and protect vital national interests. We reaffirm the support expressed in the 1980 Republican National Platform for a defense capability second to none. Cost-saving methods should be effected wherever practicable in order to maximize actual defense capability from funds appropriated. We urge other countries in the free world to do more for their own and the common defense.

RESOLUTION 7: SUMMARY STATEMENT, LAND OF LINCOLN CONFERENCE

Let us, as Republicans, be evermindful that "Basic Human Needs" do exist and while we believe there must be a reduction in the role of the federal government in providing such basic services, we urge all Americans to lend greater voluntary assistance to the less fortunate among us.

We further acknowledge and recognize that we, as a society, have both a legal and moral obligation to provide for the basic needs of those incapable of providing for themselves.

CONFERENCE ATTENDEES

Republican State Central Committee Chairman Don Adams.

State Central Committeeman Mary Jo Arndt.

State Representative David Barkhausen.

Marshall County Chairman Fritz Campbell.

State Senator John "Doc" Davidson.

State Senator Aldo DeAngelis.

State Representative Sue Deuchler and Walter Deuchler.

State Representative Ralph Dunn.

Secretary of State Jim Edgar and Brenda Edgar.

Attorney General Tyron Fahner.

Moultrie County Chairman Billy Farris.

State Central Committeeman Robert Follett and Nancy Follett.

Congressional Candidate Robert Gaffner.

Richland County Chairman Henry Gassman and Pat Gassman.

Peoria County Chairman Camille Gibson.

Republican Nationalities Council 1st Vice President Edward Gjertsen.

State Senate Candidate John Glynn and Betty Glynn.

State Senator John Grotberg.

University of Illinois Trustee Ralph Hahn and Jane Hahn.

State Central Committeeman Joseph Hale.

State Central Committeeman Harber Hall.

State Young Republicans President Robert Hall.

Ward Committeeman John Hoellen and Mary Jane Hoellen.

Springfield Mayor J. Michael Houston.

Former President, National Federation of Republican Women and Chairman, Women's Division of RNC Pat Hutar.

Rich Township Representative Mary A. Johnson.

Douglas County Chairman Marvin Jones.

State Representative John Kociolko.

State Representative Judy Koehler.

Sue and Gail Luck, of Decatur, Ill.

Sangamon County Auditor Marylee Lindley.

Grundy County Chairman Del Linn.

Salem Mayor Charles McMackin.

Lake County Chairman Robert Neal and Pat Neal.

State Representative Diana Nelson.

Ward Committeeman Donald A. Neltnor.

State Representative Josephine Oblinger.

Wheeling Township Secretary, IFRW, Dian Perkins.

Senator Chuck Percy and Loraine Percy.

Wheeling Township Committeeman Connie Peters.

State Representative Penny Pullen.

Madison County Chairman Dr. Edward Ragsdale and Meredith Ragsdale.

Former State Central Committeeman and former State Representative Paul Randolph.

State Representative Jim Reilly and Mary Reilly.

State Representative Clyde Robbins.

Arlington Heights Mayor James Ryan.

President, Wheeling Township Republican Women, Carol Ryan.

Candidate for Comptroller and former State Representative Cal Skinner.

Oak Park Township Committeeman Dean Sodaro and Jean Sodaro.

Whiteside County Chairman George "Bud" Thompson.

Governor James R. Thompson.

Jayne Thompson.

Candidate for State Representative Jon Walker.

State Representative Robert Winchester.

Brown County Chairman Glenn Worthington and Evalyn Worthington.

CONGRATULATIONS TO HADASSAH ON ITS 70TH ANNIVERSARY

Mr. SASSER. Mr. President, as a cosponsor of Senate Concurrent Resolution 62, commemorating the 70th anniversary of Hadassah, the Women's Zionist Organization of America, I am pleased to join in marking this day of May 20 as a day of celebration. The tremendous spirit and energy that have gone into 70 years of achievement by the women of Hadassah indeed give cause for celebration, both by those who applaud their efforts here today and by the thousands upon thousands of people from all walks of life who have been the direct beneficiaries of their efforts over the years.

Now 370,000 strong, Hadassah exemplifies the commitment to humanitarian concerns shared by the people of Israel and the United States. These concerns, as carried out primarily in educational and medical services and training are also a fundamental part of our mutual commitment to peace in the Middle East and to freedom and self-determination for all peoples. These commitments are inseparable.

For those who are unacquainted with the level of achievement and the ideals of Hadassah, I would point to the internationally recognized excellence of the Hadassah-Hebrew University Medical Center in Jerusalem. As noted in Senate Concurrent Resolution 62, the center and its facilities have been made available to treat all peoples of the region regardless of religion, race, or nationality in the tradition of the oath of the Hebrew physician: "You shall help the sick, base or honorable, stranger or alien or citizen because he is sick." The center was created and is maintained by Hadassah and stands as one of the world's finest examples of what individuals, when joined by a common purpose and strength of spirit, can do to improve the quality of life for millions of people.

From that day in February of 1912 when Hadassah was founded under the leadership of Henrietta Szold, individual lives have been touched and changed in many ways by the efforts of this multiservice organization. Since World War II, Hadassah has helped to resettle in Israel and rehabilitate over 100,000 children from countries all over the world. Young men and women continue to benefit as well from a comprehensive system of vocational education. Additionally, the Hadassah-Hebrew University Medical Center provides top-caliber training and research in the health sciences.

Mr. President, we are facing times ahead when voluntarism is going to be more important than ever in providing humanitarian services for people around the world who are caught in the uncertainties of the world economy. Hadassah's 70 years of service provide an inspiration to us all. It is with great admiration that I join in celebrating the good works of the past, and offer my support and best wishes for many more years of valuable service to humanity.

DISTINGUISHED ALABAMIAN STEPS DOWN AS HEAD OF CSX CORP.

Mr. HEFLIN. Mr. President, on May 1, a distinguished Alabamian and longtime friend of mine, Prime F. Osborn, reached a milestone in his 36-year career in the railroad industry when he stepped down as chairman of the CSX Corp. The CSX Corp. is the largest railway system in the Nation and was formed by the merger of two great railroads, the Chessie System and the Family Lines. The Louisville and Nashville Railroad, a component of the Family Lines, is the largest railroad in the State of Alabama and has played a key role in the industrial development of Alabama.

Mr. Osborn is a native Alabamian who was born and raised in Greensboro, where he still maintains the family farm. He is a graduate of the University of Alabama and its law school. Early in his career he served as an assistant attorney general of Alabama. From my many conversations with him, I know of his deep loyalty and affection for his native State, and I am delighted to have him as a part-time constituent.

The merger which formed the CSX Corp. was a major achievement in Prime's business career. But those who know him also know of the many hours of work he has given to public service. He has been a leader in the Salvation Army, the Episcopal Church, and the Boy Scouts. For his work, he has received many well-deserved awards, including the Outstanding Jacksonville Citizen Award of the Jacksonville Chamber of Commerce and being named the Transportation Man of the Year by the National Defense Transportation Association. I am sure that his commitment to public service will continue in what his friends know will be an active retirement for Prime Osborn. I wish this distinguished son of Alabama well as he begins this new phase of his career.

DISALLOWANCE OF CERTAIN TAX DEDUCTIONS

Mr. HEFLIN. Mr. President, in an effort to raise new revenues and, therefore, cut the projected Federal deficit, the Budget Committee is proposing $95 billion in new tax increases over the next 3 years. I am afraid, however, that these unidentified tax increases will merely turn out to be another attempt by Congress to balance the Federal budget on the backs of poor and middle-income Americans.

We must reduce the budget deficit and restore fiscal responsibility in Washington, but I am bitterly opposed to proposals now being considered which would eliminate essential tax deductions and increase consumer taxes for the Nation's poor and middle-income citizens.

In recent weeks, the chairman of the Budget Committee has identified a number of areas where taxes might be increased in order to reach the goal of $95 billion in new revenues. I am alarmed to find that most of the new revenue will come out of the pockets of those Americans least able to afford it. The proposals which have been specified by the chairman of the Budget Committee include: the elimination of tax deductions for State and local taxes; elimination of the deduction for interest on consumer loans, except automobiles and housing; new excise taxes on gasoline and telephones; raising from 3 percent to 10 percent the amount of income that must be spent on medical costs before a taxpayer can declare it as a deduction; and modifying the exclusion of employer contributions for medical insurance premiums and medical care.

We simply must not allow for the budget crisis to be solved at the sole expense of those members of our society who can least afford the extra burden—the middle-income taxpayer and the poor. Many of these proposals are clearly and simply unfair, unfeeling, and fiscally unsound.

We must reject these tax increases which would have a devastating and disproportionate impact on the poor and middle-income taxpayer. Raising the taxes of the working people of this country through repeal or modification of these vital tax deductions in the name of stimulating economic recovery makes no economic sense. The deductions for medical expenses, interest on consumer loans, and State and local taxes were written into our laws in recognition of the fact that these items severely diminish the taxpayer's taxable income.

Eliminating the tax deduction for interest payments on consumer loans would be counterproductive and fiscally dangerous. The average American family depends on consumer credit and loans to purchase major consumer items and American manufacturers depend on this "buying on time" to sell their products. Eliminating this interest deduction would have a devastating and unfair impact not only on middle-income American families, but on the already strapped economy in general.

The same is true with medical expenses. All of us in this body are aware of the staggering costs of medical care. The proposal to raise from 3 percent to 10 percent the amount of one's income which must be spent before a taxpayer can deduct medical costs would effectively wipe out this major deduction for millions of elderly citizens and those beset by major medical problems. This is a cruel and heinous crime perpetrated on our Nation's elderly citizens at the same time social security benefits are seriously threatened.

Furthermore, imposing excise taxes on such items as gasoline and telephones is once again placing a disproportionate share of the tax burden on the Americans least able to pay. The American people deserve better than to have Congress attempt to straighten out the economic shambles our country is in by taking from them these essential and needed tax deductions. It is time that Congress stop trying to balance the budget by reaching into the pockets of those people in our society who struggle to survive day to day under the harshest economic conditions in many years.

Americans have always believed in a fair and equitable tax system, and they do not mind paying reasonable taxes so long as they are called upon to pay only their fair share. What American taxpayers do object to are paying taxes which are disproportionate and the seeing their tax dollars wasted by the Government. If Congress repeals these deductions, I expect a hue and cry to ring out across this country from working Americans over the insidious way that Congress has indirectly increased their taxes.

Like my colleagues on the Budget Committee, I, too, believe that economic recovery through decreasing the Federal deficit is the key problem facing our country today. But I think we often lose sight of the average American taxpayer and the impact of taxes on the working men and women of our country. We must never forget that it is the average taxpayer who pays the bulk of taxes in this country. Asking these already overtaxed, hardworking men and women to shoulder an even heavier burden by increasing their taxes is unthinkable and inexcusable.

In conclusion, Mr. President, I strongly oppose any attempt by Congress to repeal or modify these deductions or raise revenues by increasing taxes on gasline and telephones. I urge my colleagues in this body to stand firm against these ill-conceived and untimely proposals.

CONCLUSION OF MORNING BUSINESS

The **PRESIDING OFFICER** (Mr. GORTON). Morning business is closed.

FIRST CONCURRENT BUDGET RESOLUTION

The **PRESIDING OFFICER**. Under the previous order, the Senate will resume consideration of the First Concurrent Budget Resolution, which the clerk will state by title.

The legislative clerk read as follows:

> A Senate concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the United States Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the United States Government for the fiscal year 1982.

AMENDMENT NO. 1488

The **PRESIDING OFFICER**. The pending amendment is the amendment of the Senator from Vermont.

Who yields time?

Mr. **LEAHY**. Mr. President, I yield myself such time as I may need.

I am proud to join today with the Senator from New York (Mr. MOYNIHAN) in offering an amendment to increase funding for the environmental protection and toxic dump cleanup programs for the Enivronmental Protection Agency.

Quite frankly, Mr. President, after hearing the comments of the Director of the Environmental Protection Agency on NBC's "Today Show" this morning, I think this amendment is all the more necessary, because it is obvious they are unaware of the amount of money they have or even what they have been doing. I hope that they will pay attention to this amendment, because it will increase outlays in 1983 by $100 million and budget authority by $300 million.

The particular subject matter of this amendment is dollars and cents. But the real subject matter of this amendment is much broader.

We are debating here this week the most controversial budget resolution ever considered by this body. We are being asked, in this resolution, to choose between increasing taxes or cutting defense—to choose between balanced budgets and social security.

The reason our economy is in the mess it is in today can be described in three words, supply-side economics—or as someone called it, "surprise-side economics."

A year ago, these words were magic. Today, they appear more like black magic as unemployment reaches its highest level since the Great Depression and business failures reach historic levels.

As it turned out, there were only two things wrong with supply-side economics.

First, it was unfair. And, second, it did not work.

It was unfair because the tax break given to a taxpayer earning $80,000 is 34 times—that is right, 34 times bigger than the tax break for a family which earns $10,000 to $20,000 per year.

And not only was supply-side economics unfair, it did not work. Investment is not up, it is down. And unemployment is not down, it is up. It seems we have the wrong charts going in the wrong direction.

What we really learned from supply-side economics is that there is no free lunch. The old Republican gospel said we had to pay the price of millions unemployed to reduce inflation. The new supply-side economics said you did not. It said you could cut taxes, balance the budget, restrict the money supply, whip inflation, and create a boom economy all at once. In fact, today we are reducing inflation only because there are 10 million unemployed. We have learned again the hard way that there is no free lunch.

I believe that this administration's environmental policy can be fairly described as supply-side environmentalism. Like supply-side economics, there are only two things wrong with it—it is unfair and it will not work. And there is only one lesson it ignores—"there is no free lunch."

This administration's environmental policy is completely unfair. Instead of evenhanded enforcement of our environmental laws, this administration cut enforcement efforts by 70 percent—70—in its first year in office. It has allowed the dumping of liquid hazardous wastes. It plans to assign only two and one-half Federal workers to oversee the entire system designed to control millions of shipments of toxic wastes.

And who will suffer from this retreat? Not the polluters that might be with Fortune 500, not the Midnight dumpers. No; it will be the unborn who are endangered by toxic environmental chemicals, children who are threatened by lead in the air, and the elderly and infirm beset by respiratory diseases who will pay the price.

Even those companies who want to obey the laws—out of commonsense or because of concern for their public image—will lose business to the fly-by-night operators who know they can flout the laws with impunity because the EPA's enforcement division has been reorganized so often it does not know what its job is or whether it dares to do it.

This supply-side environmentalism is not only unfair, it will not work. Just as many today regret their support for supply-side economics, next year and the year after, many will regret their support for destroying EPA's ability to enforce our environmental laws through cutting EPA's budget by nearly 30 percent in just 2 years.

Instead of saying, "Give a hoot, don't pollute," we are saying, "Go ahead and pollute; we don't give a hoot." It is like saying we are against burglary, but we will not allow you to have locks on your doors, and we will not hire any policemen to enforce the laws. That is what the administration is saying, we will have laws against environmental degradation, but we will not enforce them. I think we have an administration which has determined that they could not buck public opinion and repeal our environmental laws, so they are not going to enforce them. It is a back-door way to repeal our environmental laws.

Mr. President, I think that when the public realizes these budget cuts mean it will take a decade to implement just the first stage of controls on hazardous waste dumps, they will not stand for it.

When the public realizes these budget cuts mean millions of additional tons of hazardous air pollutants, they will not stand for it.

When the public realizes this budget means millions more gallons of organic chemicals in the water, they will not stand for it.

When business realizes that cuts in research and development budgets mean that new environmental regulations will be based on bad science or inadequate data, they will not stand for it.

When States realize that EPA has so loosely delegated environmental programs to the States that they are losing jobs to smokestack chasers, they will not stand for it.

The American people want environmental protection. They want their health and their children's health protected. They want clean air to breathe and clean water to drink. Indeed, a recent Roper poll found that 70 percent of the public want EPA to be as tough or tougher than it was in the past.

The American people want an environmental policy that works.

Finally, like supply side economics, supply side environmentalism ignores the fact that there is no free lunch. If we want a stronger national defense, we must pay for it. If we want environmental protection, we must pay for it. If we do not pay for it, we will not get it.

The administration has claimed that all its budget cuts can be accommodated by increased efficiency and increased delegation of responsibilities to the States. But aphorisms will not stop pollution. Shibboleths will not prevent cancer. It takes dollars and cents, bright minds and strong hands, sound science and good administrative talents. None of these come for free—or are even cheap.

Mr. President, I am sure that it will be argued that, since the budget resolution rejects the President's draconian 1983 budget cuts, there is nothing to worry about. That is just not correct.

Between 1981 and 1983, the administration has proposed cutting EPA's budget by 39 percent. But the President already achieved 75 percent of that reduction—in the 1982 appropriation bill.

The administration claims that, because of increased efficiency, delegation of responsibilities to the States, and smoke and mirrors, EPA's budget can be cut 30 or 40 percent, with no reduction in environmental protection. But its own budget documents tell a different story.

Let me read from EPA's own budget documents. These documents show what the 1982—not 1983—but the 1982 budget cuts accepted by this resolution mean. If we accept the resolution funding levels:

There will be more hazardous air pollution because there will be "fewer national emission standards (for) hazardous air pollutants."

There will be less effort to control toxic chemicals in water.

Investigations of hazardous wastes will be postponed.

The entire effort to establish and enforce hazardous waste controls will be cut. Let me quote in full from EPA's own 1982 documents:

> This reduction represents a significant loss of contract funds for Hazardous Waste Management in the Regions. EPA and State personnel will have to assume the responsibility for doing inspections on generators and transporters. The increased workload will translate into decreased inspections of such facilities. A large portion of the contract would have funded technical assistance in writing land disposal permits under RCRA. The loss of the contract dollars will reduce the number of permits issued and could impair the quality and consistency of permits on a nationwide basis.

And, as controls on toxic wastes are being weakened, efforts to efficiently understand which chemicals affect human health are being cut back. I quote:

> This reduction will eliminate a substantial part of a program designed to allow the Office of Toxic Substances to more accurately and economically predict human health and environmental effects of chemicals without the need for extensive testing.

In summary, these levels of funding proposed by this budget are unjustified and unjustfiable reductions in public health protection. They must be rejected.

We are proposing a very different budget. This budget asks what we should be doing to protect the public health, and what it will cost to do those tasks.

This morning's CONGRESSIONAL RECORD contains an in-depth justification for each increase in pollution control funding assumed in this amendment. My colleague from New York will speak about the Superfund program. Let me give an example for each of the major pollution control programs.

HAZARDOUS AIR POLLUTION

Increased funding for the air program will provide EPA resources to begin 37 hazardous air assessments as opposed to only 9 assessments. These reviews provide the basis for determining the health and environmental risks of hazardous air pollutants and are the basis for setting standards. This will allow EPA to complete these assessments in 3 to 5 years as opposed to the 7 to 10 years it will take now.

TOXIC WATER POLLUTANTS

Increased funding for the water program will provide resources to perform health effects research for newly discovered toxics found in water. All funds for this research have been discontinued.

Additionally, resources will be available to continue compliance inspections of dischargers in States that do not have permit programs. The budget resolution level drastically cuts these inspections.

DRINKING WATER

Increased funding will provide abatement, control, and compliance funds to provide assistance to Indian lands and nonprimacy States in developing public water system supervision programs. All abatement, control, and compliance funds were zeroed out.

HAZARDOUS WASTE

Increased funding for the hazardous waste program will provide additional funds to encourage and assist States to develop hazardous waste programs. Increases will also speed up the development and promulgation of final hazardous waste regulations. EPA does not plan to begin issuing final regulations until sometime in fiscal year 1984.

It will take EPA, under this budget, 10 years just to complete the first step of writing permits for hazardous waste dumps. This proposal would provide the funds to do that job in 5 years.

PESTICIDES

Increased funding for the pesticides program will provide resources to perform 2,500 inspections, as opposed to 275, and to continue funding the pesticides certification and training program which the budget request cut.

TOXICS

Increased funding for the toxics program will fund long-term toxics research. This research has been cut by 71 percent and is fundamental to controlling toxics.

STATE GRANTS

In almost every program, the suggested increases include additional funding for State grants progams. In order to implement the New Federalism concept, States must receive additional funding to develop the capability and expertise to assume greater levels of responsibility in environmental protection.

Mr. President, the environmental protection budget assumed in this resolution is completely inadequate, but I am sure that some will call this proposal a budget-busting amendment.

That argument is nothing but a smoke screen.

There is no doubt that $100 million is a substantial amount of money, but in the context of this budget resolution, it is a very small amount of money. It is about what the Pentagon spends on military bands and museum curators. It is only about half of President Reagan's requested increase in 1983 or the Federal Emergency Management Agency. It is only one-sixth of the increase in NASA's budget requested by President Reagan.

Mr. President, it is time for this body to say clearly that it will not permit our environmental laws to be repealed through the budget process. I urge the adoption of the amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD a detailed explanation of the justification for these increased outlays for the Environmental Protection Agency.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY TABLE.—SUGGESTED LEVELS OF FUNDING FOR FISCAL YEAR 1983 BY EPA PROGRAM

[Amounts in thousands of dollars]

EPA programs	Actual 1981	BA 1982	EPA proposed 1983	Suggested 1983
Air	235,388.5	219,761.9	184,053.3	258,370.6
Water	318,236.9	236,796.7	185,965.7	276,988.3
Drinking water	79,329.7	83,831.1	69,750.1	94,385.2
Hazardous waste	141,427.7	107,228.1	103,343.7	205,090.4
Pesticides	64,769.8	53,738.1	50,782.0	74,129.3
Toxics	94,103.8	77,377.8	68,604.0	106,027.1
Subtotal	933,256.4	778,733.7	662,498.8	1,014,990.9
Other [1]	339,998.3	308,720.3	298,893.2	308,720.3
Total	1,273,254.7	1,087,454	961,392.0	1,323,711.2

[1] Includes management and support, interdisciplinary, noise, radiation, and energy

EPA AIR PROGRAM

[Amounts in thousands of dollars]

Air	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
R&DOxidants nonenergy				
(S)	5,268.5	5,240.6	4,581.0	6,226.4
(R & D)	8,433.4	9,961.0	6,877.8	11,539.9
Hazardous air pollutants nonenergy				
(S)	4,799.6	5,339.1	4,941.7	11,743.9
(R & D)	5,099.4	4,034.5	3,052.7	10,805.4
Mobile sources nonenergy				
(S)	4,054.4	3,031.8	2,034.6	2,034.6
(R & D)	2,891.5	2,563.8	2,441.9	2,441.9
Gases and particles nonenergy				
(S)	11,177.9	12,069.1	11,547.1	11,547.1
(R & D)	17,361.1	13,491.8	11,708.2	11,708.2
Total R & D	59,085.8	55,731.7	47,185.0	68,047.4
ABATEMENT CONTROL AND COMPLIANCE				
Air quality stationary source				
(S)	9,512.3	9,523.6	8,007.8	8,007.8
(AC & C)	17,199.8	10,733.9	11,781.6	11,781.6
Mobile source air pollution control and fuel economy				
(S)	10,309.6	10,019.3	8,980.7	8,980.7
(AC & C)	4,367.6	1,548.3	3,038.3	3,038.3
State programs resource assistance				
(S)	219.3	223.5	238.1	238.1
(AC & C)	91,057.3	88,734.9	70,578.7	112,234.0
Air quality management implementation				
(S)	9,526.1	9,564.4	8,791.5	8,791.5
(AC & C)	222.0	116.5	34.3	34.3
Trends monitoring and progress assessment				
(S)	3,924.7	4,313.9	4,425.3	4,425.3
(AC & C)	431.7	312.6	452.3	452.3
Total (AC & C)	113,278.4	101,446.2	85,885.2	157,983.9
ENFORCEMENT				
Stationary source enforcement				
(S)	13,038.8	14,232.9	10,101.5	16,064.9
(AC & C)	9,845.0	9,791.2	5,019.1	9,259.2
Mobile source enforcement				
(S)	4,403.0	3,959.6	3,522.6	4,897.7
(AC & C)	2,199.8	955.6	1,896.5	2,117.5
Enforcement total	29,486.6	28,939.3	20,539.7	32,339.3
Air total	235,388.5	219,761.9	184,053.3	258,370.6

AIR PROGRAM DESCRIPTION

Air Oxidants Nonenergy

[Amounts in thousands of dollars]

Program element	Active 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries and expenses	5,268.5	5,240.6	4,581.0	6,226.4
Research and Development	8,433.4	9,961.0	6,877.8	11,539.9

Recommended changes—Monitoring systems and quality assurance

Salaries	882.7	978.9	693.9	1,031.5
Research and Development	639.2	364.2	390.1	520.0

The suggested level of funding will provide the resources to continue to fully support monitoring and audits. In addition, the resources will provide research support in developing a low cost portable monitor for volatile organic compounds.

Health effects

Salaries	1,588.2	1,410.2	1,138.7	1,811.6
Research and Development	2,964.3	3,804.8	1,952.2	4,020.0

The suggested level of funding will provide resources to continue research on the human health effects related to inhalation toxicology of photochemical oxidants. The proposed budget seeks to slow this research down for budgetary reasons. This research is fundamental to the development of ozone criteria documents.

Environmental processes and effects

Salaries	1,744.5	1,896.8	1,375.4	2,010.3
Research and Development	4,049.0	5,096.4	2,632.0	5,096.4

The suggested level of funding provides the resources necessary to continue the urban scale ozone modeling program, crop loss assessment program, and the biogenic emissions measurement program. Research on ozone is of high priority and should be carried out at least at a constant level. Research is the starting point for determining the need for regulation and effects on health and environment. These research programs should continue.

Hazardous Air Pollutants Nonenergy

Salaries and expenses	4,799.6	5,339.1	4,941.7	11,743.9
Research and Development	5,099.4	4,034.5	3,052.7	10,805.4

Recommended changes—Monitoring systems and quality assurance

Salaries and expenses	1,664.2	1,919.3	1,729.9	5,087.9
Research and Development	1,559.2	957.7	1,013.9	6,210.9

There is a backlog of 37 hazardous air pollutants. EPA is planning to do 9 assessments in fiscal year 1983. The suggested level of funding would provide resources adequate to perform the needed assessments in fiscal year 1983 so the necessary regulatory development can get under way in the next several years.

Health effects

Salaries	1,348.5	1,414.9	1,476.1	4,920.3
Research and Development	1,799.6	1,292.3	865.8	3,421.5

The suggested level of funding provides resources to do health assessments on hazardous air pollutants and develop a monitoring and laboratory program. Hazardous air pollutants is a new program and requires initial funding to establish a monitoring program and do the basic research necessary to set standards.

State Programs Resource Assistance

Salaries and expenses	219.3	223.5	238.1	238.1
AC & C	91,057.3	88,734.9	70,578.7	112,234.0

Recommended changes—Control agency resource supplementation

AC & C	89,524.4	87,734.9	69,954.7	111,610.0

The suggested level of funding will provide resources adequate to establish a system of hazardous air monitors and upgrade the traditional air monitoring system. The present cost of the monitoring system for traditional pollutants is $30 million. This systems data is often attacked as inadequate by the regulated community. This level of funding assumes that a hazardous air monitoring system costs approximately the same as a monitoring system for traditional pollutants. The existing air monitoring system does not collect data in areas where 60 percent of the new power plants are likely to be built. The estimate assumes that the existing system will be expanded by 50 percent.

Stationary Source Enforcement

Salaries and expenses	13,038.8	14,232.9	10,101.5	16,064.9
AC & C	9,845.0	9,791.2	5,019.1	9,259.2

Recommended changes—Stationary source enforcement

Salaries	13,038.8	14,232.9	10,101.5	16,064.9
AC & C	8,141.5	9,091.2	5,019.1	9,259.2

The suggested level of funding will provide resources to continue compliance monitoring inspections at the current 1981 levels. Many States have not assumed primacy for the air enforcement program and any reduction in monitoring by EPA now would be counter to what EPA is saying to States assuming primacy and would be unfair to industries that have made the capital expenditures for pollution control equipment.

Mobile Source Enforcement

Salaries and expenses	4,403.0	3,959.6	3,522.6	4,897.7
AC & C	2,199.8	955.6	1,896.5	2,117.5

Recommended changes—Mobile source enforcement

Salaries	4,403.0	3,959.6	3,522.6	4,897.7
AC & C	2,199.8	955.6	1,896.5	2,117.5

The suggested level of funding provides resources adequate to continue emission testing for vehicle certification at the 1981 levels. These additional resources are necessary to conduct the emission testing program to ensure fair and equal automobile testing across the industry.

EPA WATER PROGRAM

[Amounts in thousands of dollars]

Water	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
R&D				
Water quality nonenergy				
(S)	13,378.7	12,713.0	10,143.3	13,096.7
(R & D)	11,850.7	6,429.7	900.0	8,059.8
Municipal waste-water nonenergy				
(S)	6,606.0	7,169.8	5,514.8	7,158.3
(R & D)	8,132.0	9,398.6	6,117.0	8,878.7
Industrial waste-water nonenergy				
(S)	3,993.5	3,952.1	3,200.3	5,014.0
(R & D)	5,947.3	5,426.5	1,834.7	5,334.3
Total	49,908.2	45,089.7	27,710.1	47,541.8
Abatement, control and compliance				
Water quality State programs management				
(S)	11,721.3	7,959.8	10,974.9	18,422.4
(AC & C)	14,322.7	8,774.4	2,850.0	10,454.1
Effluent studies and guidelines				
(S)	5,780.4	5,165.6	4,785.5	6,727.8
(AC & C)	22,392.7	6,578.5	7,448.5	10,471.6
Grants assistance programs				
(S)				
(AC & C)	97,802.3	60,700.0	40,845.6	61,440.0
Water quality strategies imp				
(S)	10,189.9	10,240.1	10,239.4	10,975.8
(AC & C)	7,092.4	4,658.3	4,620.3	5,521.9
Water quality monitoring and analysis				
(S)	7,981.4	7,894.3	8,791.7	10,686.0
(AC & C)	2,382.5	573.7	375.7	1,472.7
Municipal Source control				
(S)	28,309.1	26,661.3	18,267.2	18,267.2
(AC & C)	29,721.2	23,777.8	25,502.4	31,849.0
Total	237,695.8	162,983.8	134,701.2	186,288.5
Enforcement				
Water quality enforcement				
(S)	15,577.1	16,109.2	13,181.0	23,040.0
(AC & C)	3,577.9	1,153.8	176.9	2,099.0
Water quality permits issuance				
(S)	7,109.9	7,149.2	6,986.6	12,705.0
(AC & C)	4,294.0	4,314.0	3,209.9	5,314.0
Total	30,558.9	28,273.2	23,554.4	43,158.0
Water total	318,236.9	236,796.7	185,965.7	276,988.3

WATER PROGRAM DESCRIPTION

Water Quality Nonenergy

[Amounts in thousands of dollars]

Program element	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Salaries and expenses	13,387.7	12,713.0	10,143.2	13,096.7
Research and development	11,850.7	6,429.7	900.0	8,059.8

Recommended changes—Monitoring systems and quality assurance

Salaries	2,633.9	2,676.4	2,057.9	2,728.0
Research and development	1,089.6	688.8		924.8

The suggested level of funding will provide resources to continue toxic pollutant measurement, monitoring, and quality assurance on areas where toxics are known to be present and on newly found toxics in the aquatic environment.

Health effects

R & D	1,656.1	1,671	200	2,095.9

The suggested level of funding will provide sufficient resources to do health effects assessments on newly discovered toxics. In addition EPA will continue to do health effects assessments on beaches offered by advanced wastewater treatment effluent.

Great Lakes study

Salaries	776.4	994		994
R & D	2,654.5	1,500		1,500

The suggested level of funding would continue funding for research and development in the Great Lakes program as part of the continued United States commitment to Canada for this program. Research should continue in particularly the area of newly discovered toxics in the Great Lakes basin.

Environmental processes and effects

Salaries	7,395.9	7,157.9	6,217.4	7,50[illegible].9
R & D	3,505.9	1,992.5	500.0	3,339.1

The suggested level of funding will provide resources for developing ocean disposal impact assessment techniques and provide extramural support for determining the biological integrity of "hot spots."

Municipal Wastewater Nonenergy

Salaries and expenses	6,606.0	7,169.8	5,514.8	7,158.3
R & D	8,132.0	9,398.6	6,117.0	8,878.7

Recommended changes—Environmental engineering and technology

Salaries	4,969.7	5,900.4	4,256.9	5,900.4
R & D	6,176.3	7,365.8	4,604.1	7,365.8

The suggested level of funding would provide sufficient resources to continue research on toxic pollutants control and in wastewater treatment facilties and in removing toxics from sludge. In addition research of new processes development again with particular emphasis on toxics should continue.

Industrial Wastewater Nonenergy

Salaries and expenses	3,993.5	3,952.1	3,200.3	5,014.0
R & D	5,947.3	5,426.5	1,834.7	5,334.3

Recommended changes—Technical information liaison

Salaries	171.3	198.4	69.9	198.4

This level of funding will insure that there are adequate resources to disseminate information on industrial effluents and treatment methods to State and local officials. It will also provide resources to track research and development projects and provide a liaison with States and localities.

Monitoring systems and quality assurance

Salaries	2,462.4	1,905.1	1,807.7	2,914.5
R & D	2,769.5	1,712.6	1,190.2	2,178.0

The suggested level of resources would provide additional support for the research and development for trace priority pollutants in industrial discharges. Better data collection and analyses are needed to develop defensible protocols.

Health effects

Salaries		172.0	16.5	172.0

This level of funding will support the minimum resources necessary to provide in-house expertise to perform risk assessements and determine acceptable industrial discharges in order to protect public health in downstream water supplies.

Environmental engineering and technology

Salaries	1,359.8	1,194.0	1,001.2	1,194.0
R & D	2,921.3	3,675.9	439.5	2,921.3

The suggested level of resources will allow EPA to launch a large research and development effort on developing and evaluating control technologies for industrial wastewaters with high toxic concentrations.

Environmental processes and effects

Salaries		482.6	305	535.1
R & D		15.0		30.0

The suggested level of funding will provide EPA adequate resources to identify, measure and evaluate other potentially toxic organic chemicals found in industrial effluents. This data must be of high quality to insure proper risk assessments.

Water Quality State Program Management

Salaries and expenses	11,721.3	7,959.8	10,974.9	18,422.4
Abatement control and compliance	14,322.7	8,774.4	2,850.0	10,454.1

Recommended changes—State program management

Salaries	10,668.3	6,190.3	9,661.4	16,598.1
Abatement control and compliance	5,632.8	3,142.0	350.0	5,454.1

This level of funding provides the resources that were reprogramed out of municipal source control that are necessary to adequately oversee State water quality programs including grants under sections 106, 205(g), 205(j), and 303. In addition this level provides resources to continue the wastewater treatment training program. This level of funding does not represent a net increase in resources for this program.

Great Lakes program

Salaries	751.7	1,396.3	1,313.5	1,824.3
Abatement control and compliance	6,876.9	4,031.7	2,500.0	5,000.0

The suggested level of funding represents the minimum resources necessary to maintain our commitments to Canada and the International Joint Commission. Monitoring of the Great Lakes for toxics will be continued and implementation plans for toxics abatement will be developed. In addition, EPA will work closely with the States to monitor industrial and municipal discharges to insure compliance.

Effluent Standards and Guidelines

Salaries and expenses	5,780.4	5,165.6	4,785.5	6,727.8
Abatement control and compliance	22,392.7	6,578.5	7,448.5	10,471.6

Recommended changes

The suggested level of funding represents the minimum resources necessary to develop and implement effective effluent guidelines. In addition to the effort in promulgating effluent guidelines the agency must provide extensive followup to a published guideline. Testing, further collection of data and cost effectiveness analyses must be undertaken to ensure that the effluent guidelines provide the necessary level of protection while still economically attainable. EPA must implement pretreatment standards as required under sections 304(g), 307(b) and 307(c) of the Clean Water Act. This level of funding will provide resources necessary to assist state NPDES programs with implementing new effluent standards and enforcing pretreatment standards.

Grants Assistance Programs

Abatement control and compliance	97,802.3	60,700.0	40,845.6	61,440.0

Recommended changes—Control agency resource supplementation (Sec. 106)

Abatement control and compliance	51,170.7	51,200.0	40,845.6	61,440.0

The suggested level of funding represents increased assistance for State water quality programs to be used by the States for implementation of the "New Federalism" concept. All States will be encouraged, through the use of the section 106, funds to assume full delegation of EPA water quality programs and seek approval of the NPDES program. Funding will be focused on establishing the infrastructure necessary to assume more responsibility for water quality and pollution abatement under "New Federalism." Section 205(j) funds will be focused on reviewing water quality standards and section 106 funds will provide assistance for the NPDES program operations, nonpoint source control, pretreatment programs, monitoring, ground water management, and other priority programs.

Water Quality Strategies Implementation

Salaries and expenses	10,189.9	10,240.1	10,239.4	10,975.8
Abatement control and compliance	7,092.4	4,658.3	4,620.3	5,521.9

Recommended changes—Dredge and fill

Salaries	2,147.3	2,336.3	2,145.2	2,881.6
Abatement control and compliance	1,306.7	348.9	344.9	1,246.5

The suggested level of funding provides resources adequate to properly review 8,000 section 404 permits and 250 environmental impact statements. In addition, EPA will continue to support enforcement of dredge and fill regulations, actively encourage States to assume 404 permitting authority and develop an effective oversight system of States that have assumed the 404 permits program.

Water Quality Monitoring and Analysis

Salaries and expenses	7,981.3	7,894.3	8,791.7	10,686.0
Abatement control and compliance	2,382.5	573.7	375.7	1,472.7

Recommended changes—Ambient water quality monitoring

Salaries	7,981.3	7,894.3	8,751.7	10,686.0
Abatement control and compliance	2,382.5	573.7	375.7	1,472.7

The suggested funding level provides resources to continue the development and implementation of toxics control strategies, particularly multi-media toxics, POTW toxics and increase the number of pollutants reviewed for section 307(a)(1). EPA should continue to provide States with assistance in setting up monitoring programs and increase oversight activities as State programs are established. Further EPA should improve the water quality information system and the quality assurance program.

Municipal Source Control

Salaries and expenses	28,309.1	26,661.3	18,267.2	[1] 18,267.2
Abatement control and compliance	29,721.2	23,777.8	25,502.4	31,849.0

Recommended changes—Municipal wastewater treatment facility construction

Abatement control and compliance	4,055.8	2,772.5	1,904.4	4,120.0

The suggested level of funding reflects the need for extramural support for the municipal wastewater treatment program. Support for the development of the Needs Survey, assistance in the development of a compliance strategy, and support for the development of a State program oversight strategy are priority activities for the use of these extramural funds.

Corps of Engineers

Abatement control and compliance	20,810	16,232.5	17,387	21,518

The suggested level of funding reflects the Corps of Engineers increased role in achieving results in the agency's highest priority areas, including completion and closeout of construction grants, compliance with permit limitations, ensuring projects are affordable and Federal funds are protected from waste, fraud, and abuse. These efforts are in addition to the corps activities in the construction, management and inspections.

Water Quality Enforcement

Salaries and expenses	15,577.1	16,109.2	13,181.0	23,040.0
Abatement control and compliance	3,577.9	1,153.8	176.9	2,099.0

Recommended changes—Water quality enforcement

Salaries			13,181.0	23,040.0
Abatement control and compliance			176.9	2,099.0

Suggested funding levels provide for compliance inspections each year of all "major sources" in States without permit programs. In addition this level will provide resources to support wetlands and hazardous materials spill enforcement. This level will support the municipal compliance strategy through support for data collection and quality assurance of data on DMR's on minors and support of the continuous compliance strategy.

Water Quality Permits Issuance

Salaries and expenses	$7,109.9	7,146.2	6,986.6	12,705.0
Abatement control and compliance	4,294.0	4,314.0	3,209.9	5,314.0

Recommended changes—Permits issuance

Salaries			6,986.6	12,705.0
Abatement control compliance			3,209.9	5,314.0

Suggested level of funding will provide resources adequate to issue permits to all sources in States without permit programs. This funding level will provide assistance for States developing permits programs and pretreatment programs. In addition, resources will focus on control of toxics from direct and indirect dischargers based on newly completed effluent guidelines.

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[1] Salaries were unchanged due to D.O. restructuring. See State program management.

EPA DRINKING WATER PROGRAM

[Amounts in thousands of dollars]

Drinking Water	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
R&D				
Drinking water nonenergy (S)	7,363.9	9,782.0	9,447.2	9,996.2
(R & D)	14,487.5	18,571.5	13,458.3	21,592.5
Total (R & D)	21,481.4	28,353.5	22,905.5	31,588.7
Abatement, control and compliance				
Drinking water criteria, stds and guidelines				
(S)	5,027.9	5,009.8	5,540.0	6,034.3
(A.C. & C.)	3,642.4	2,391.5	2,675.7	3,642.4
Drinking water management				
(S)	7,619.9	8,633.2	8,672.6	9,970.7
(A.C. & C.)	1,013.4	750.9	0	1,077.0
State program asst. (A.C. & C.)	39,421.5	37,847.5	29,100.2	38,907.5
Total	56,725.1	54,637.9	45,988.5	59,631.9
Enforcement				
Drinking water enforcement (S)	738.2	844.7	856.1	3,164.6
Enforcement Total	738.2	844.7	856.1	3,164.6
Grand Total	79,329.7	83,831.1	69,750.1	94,385.2

DRINKING WATER PROGRAM DESCRIPTION

[Amounts in thousands of dollars]

Program element	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Drinking Water Nonenergy				
Salaries and expenses	7,363.9	9,782.0	9,447.2	9,996.2
Research and development	14,487.5	18,571.5	13,458.3	21,592.5
Recommended changes—Health effects				
Salaries	2,733.0	4,138.9	3,928.7	4,138.9
R & D	5,555.7	6,854.8	5,198.1	8,961.3

The suggested level of funding will provide resources to do research on the chronic effects of drinking water contaminants on public health. In addition, health risk assessments related to high priority drinking water contaminants will be continued as a high priority activity.

Environmental engineering and technology

Salaries	2,751.0	3,217.3	3,153.3	3,274.1
R & D	7,017.9	7,560.6	3,726.4	8,039.6

The suggested level of funding will provide resources for research development and evaluation of small systems. Small systems and small water supplies are easily contaminated by ground water. Research into small systems is needed to insure protection of drinking water at a reasonable cost.

Environmental processes and effects

Salaries	818.7	1,245.3	1,078.1	1,296.1
R & D	1,538.5	3,669.6	3,679.6	3,737.4

The suggested level of funding will provide the resources necessary to support research into the fate and effect of contaminants on underground drinking water sources. Additional funds are provided for disseminating the information gathered from the 5-year ground water research plan to the States to support the State assistance grants for sole source aquifer protection.

Drinking Water Criteria, Standards and Guideline

Salaries and Expenses	5,027.9	5,009.8	5,540.0	6,034.3
Abatement control and comp	3,642.4	2,391.5	2,675.7	3,642.4

Recommended changes—Standards and regulations development

Salaries	5,016.6	5,009.8	5,540.0	6,034.3
Abatement	3,642	2,391.5	2,675.7	3,642.4

The suggested level of funding will provide resources to develop toxicological opinions for additives to drinking water and to develop criteria for waste water reuse. Both of these activities have been deferred in the fiscal year 1983 budget request.

Drinking Water State Program Resource Assistance

Abatement control and comp	39,421.5	37,847.5	29,100.2	*48,907.5

*Includes a new program for sole source of aquifer protection.

Recommended changes—Public water system supervision program grants

Abatement control and comp	30,188.8	29,450	23,560	30,188.8

In order to implement the "New Federalism" concept the suggested level of funding will provide the States with sufficient funds to insure that adequate infrastructure for public water system supervision is in place and that it will be integrated into the State's overall water quality program.

Underground injection control program

Abatement control and comp	7,218.7	6,574.5	5,540.2	7,218.7

The suggested level of funding provides resources for EPA to actively encourage the remaining 10 States to assume privacy in anticipation of "New Federalism." In addition resources will be adequate to insure effective oversight of State programs.

Special Studies and Demonstrations

Abatement	1,530.3	1,823.0		1,500.0

It is suggested that this program has not been completed and should continue particularly because 10 States have not assumed primacy of the drinking water program. This program is useful in these states.

Drinking Water Management

Salaries and expenses	7,619.9	8,633.2	8,672.6	11,470.7
Abatement control and comp	1,013.4	750.9		1,877.0

Recommended changes—Public water systems supervision (PWS)

Salaries	5,935.5	5,461.0	4,698.2	5,996.3
Abatement control and comp	981.0	716.4		1,027.0

The suggested level of funding will provide resources sufficient to provide assistance in nonprimacy States and Indian lands to improve monitoring and compliance. The proposed 1983 level discontinues this effort. The suggested level of funding in addition provides increased funding for oversight of primacy States. As EPA transfers primary responsibility for the program EPA should move into an oversight role.

Underground injection control (UIC)

Salaries	1,684.4	3,172.2	3,974.4	3,974.4
Abatement	32.4	34.5		50.0

The suggested level of funding provides additional extramural funds to provide support to EPA in assisting States to assume delegation of the UIC program.

Drinking Water Enforcement

Salaries and expenses	738.2	844.7	856.1	3,164.6

Recommended changes—Drinking water enforcement

Salaries	738.2	844.7	856.1	3,164.6

The suggested level of funding provides resources to build a drinking water enforcement program that will address the problems cited in the GAO report on drinking water violations. Implementation of drinking water enforcement programs will be encouraged in all States with improvements initiated in existing State drinking water enforcement programs.

EPA HAZARDOUS WASTE PROGRAM

[Amounts in thousands of dollars]

Hazardous waste	Actual 1981	BA 1982	Proposed 1983	Suggestion 1983
R&D				
Hazardous waste, non-energy				
(S)	4,605.4	7,942.0	11,862.0	28,937.4
(R & D)	23,695.9	21,546.3	17,717.2	41,350.7
R & D total	28,301.0	29,488.3	29,579.2	70,288.1
Hazardous waste (A.C. & C.)				
Waste management regulations, guidelines, and policies				
(S)	6,199.3	6,574.0	6,559.0	9,430.0
(A.C. & C.)	14,022.1	12,358.3	17,160.0	20,300.5
Waste management strategies implementation				
(S)	6,974.4	7,185.7	11,382.9	12,003.8
(A.C. & C.)	7,411.1	2,093.7	1,629.5	8,240.0
Financial assistance				
(A.C. & C.)	39,672.4	41,700.0	35,136.6	56,664.0
A.C. & C. total	101,705.1	69,911.7	71,868.0	106,638.3
Hazardous waste enforcement				
(S)	9,450.2	7,499.2	1,896.5	17,149.8
(A.C. & C.)	1,941.1	328.9	—0—	11,014.2
Enforcement total	11,391.3	7,828.1	1,896.5	28,164.0
Hazardous waste total	141,427.7	107,228.1	103,343.7	205,090.4

HAZARDOUS WASTE PROGRAM DESCRIPTION

Hazardous Waste Nonenergy

Program	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries and expenses	4,605.4	7,942.0	11,862.0	28,937.4
Research and development	23,695.9	21,546.3	17,717.2	41,350.7

Recommended changes—Monitoring and quality assurance

Salaries	1,557.9	2,966.5	3,521.2	7,896.5
R & D	7,840.2	4,272.1	3,662.1	9,073.8

The suggested level of funding will provide resources to develop and implement monitoring techniques in order to establish an accurate and defensible data base in order to set standards and to determine the environmental and health effects of hazardous toxic chemicals. In addition the oil and hazardous spills program has been transferred into the hazardous waste program requiring resources for equipment and expertise to staff the National Response Teams for spills. Other activities include a major effort in oversight of State and local labs for quality assurance and evaluations of groundwater monitoring systems.

Health effects

Salaries	90.9	142.4	376.5	5,640.0
R & D	374.0	946.7	691.9	7,250.0

The suggested level of funding will provide resources to do the basic human health effects research on hazardous wastes. This will be accomplished by performing risk assessments to develop criteria to support "listing/delisting" of hazardous waste. The emphasis on health effects research is vital to setting standards and developing technologies to deal with hazardous wastes. This research must be carried out immediately if the control of hazardous wastes is to be achieved in the near future.

Environmental engineering and technology

Salaries	2,495.2	2,511.6	4,524.9	8,484.2
R & D	14,665.1	14,582.5	10,408.4	18,082.0

The suggested level of funding will provide resources to adopt and develop techniques to assess ecological damage from disposal of hazardous waste. In addition extensive research will be undertaken to determine the effects and uses for landfill and surface impoundment, land treatment, and incineration. This effort must follow closely the health effects research as well as assist in the regulatory development process.

Environmental processes and effect

Salaries	142.0	1,603.2	2,318.2	5,795.5
R & D	430.6	1,484.4	2,559.9	6,550.0

The suggested level of funding will provide resources to develop methods for measuring the bioenvironmental stress of hazardous wastes. Additional funds will be expended on developing models to determine impacts on groundwater and various processes and effects research is vital to setting standards and developing technologies to provide protection from hazardouos wastes.

Hazardous Management Regulations, Guidelines, and Policy

Salaries and expenses	6,199.3	6,574.0	6,559.0	9,430.0
Abatement, control, and compliance	14,022.1	12,358.3	17,160.0	20,300.5

Recommended changes—Regulations, guidelines, and policies—Hazardous waste

Salaries	5,365.3	6,574.0	6,559.0	9,430.0
A.C. & C.	12,773.7	12,358.3	17,160	20,300.5

The suggested level of funding represents the consolidation of three program elements. This program element now includes regulations, guidelines, and policy development for solid waste and resources provided will allow EPA to speed up the development and promulgation of final rules for RCRA Phase I and Phase II. The budget submission assumes that these final rules will not.

Financial Assistance

Abatement, control, and compliance	39,672.4	41,700.0	35,136.6	56,664

Recommended changes

A.C. & C.	26,726.1	41,700.0	35,136.6	56,664

The suggested level of funding will provide resources necessary to assist States in developing and implementing their hazardous waste programs. Since regulations will become final in FY 1983 many States will need to be encouraged to seek final authorization of their programs. Other States are still in the early stages of developing their programs. The expanded funding is needed to keep States moving toward establishing hazardous waste programs and for providing the additional Federal assistance needed a States phase-in the program.

Program Hazardous Waste Management Regulatory Strategies Implementation

Salaries and expenses	6,974.4	7,187.7	11,382.9	12,003.8
A.C. & C.	7,411.1	2,093.7	1,629.5	8,240.0

Recommended changes

The suggested level of funding represents the resources acheived through consolidation of the HQ and Regions program elements and to provide additional resources to assist States to achieve at a minimum interim authorization of their hazardous waste programs and encourage phase II and final authorization of programs. The extramural funds will provide assistance to the regions in evaluating hazardous waste facilities and implementing permitting programs in unauthorized States.

Hazardous Waste Enforcement

Salaries and expenses	9,450.2	7,499.2	1,896.5	37,149.8
Abatement control and compliance	1,941.1	328.9		16,014.2

Recommended changes—Hazardous waste permit issuance

Salaries	3,226.3	3,775.1		8,649.3
A.C. & C.	23.4			3,759.7

The budget submission says that resources for this program are requested under two other program elements; Hazardous Waste Management Regulatory Strategies Implementation and Management, Guidelines and Policy. The reprogrammings are grossly insufficient to carry out the task of assisting States and permitting in States without permit programs. In order to complete the permitting program within six years, EPA will have to permit 639 facilities in 1983 and assist States in achieving the same goal. The suggested level of resources will be adequate to achieve the FY 1983 goal.

Hazardous waste enforcement

Salaries	2,596.4	3,724.1	1,896.5	8,500.5
A.C. & C.	472.3	328.9		7,254.5

The suggested level of funding will provide resources sufficient to inspect each regulated site once every two years as well as tracing manifests that show problems. This would mean that in FY '83 21,000 inspection would be performed. This is significantly higher than the inspections planned for in the '83 budget request and is basically the reason for the major increases in resources. This program is in the process of staffing up in that it is still a very new initiative at EPA. With the additional inspections the number of enforcement actions will increase.

PESTICIDES PROGRAM

[Amounts in thousands of dollars]

Pesticides	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
R&D				
Pesticides research and development				
(S)	5,606.7	5,302.1	4,360.6	5,873.2
(R & D)	2,292.2	279.3	2,108.2	3,620.5
Total (R & D)	7,898.9	5,581.4	6,468.8	9,493.7
Pesticides (A.C. & C.)				
Registration, special registration tolerances				
(S)	12,048.6	11,939.8	11,842.5	14,211.7
(A.C. & C.)	1,035.6			740.0
Standards setting & RPAR				
(S)	10,960.3	9,200.7	8,266.2	10,794.6
(A.C. & C.)	17,106.6	10,968.8	11,570.7	17,802.4
Federal and state program support				
(S)	633.3	513.7		513.7
(A.C. & C.)	64.4			100.0
A.C. & C. total	41,848.8	32,623.0	31,679.4	44,162.4
Enforcement				
(S)	3,949.0	4,282.1	3,670.1	6,385.8
(A.C. & C.)	11,027.1	11,251.6	8,963.7	14,087.4
Enforcement total	14,976.1	15,533.7	12,633.8	20,473.2
Pesticides total	64,769.8	53,738.1	50,782.0	74,129.3

PESTICIDES PROGRAM DESCRIPTION

Pesticides Research and Development

[Amounts in thousands of dollars]

Program element	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries	5,606.7	5,302.1	4,360.6	5,873.2
R & D	2,292.2	279.3	2,108.2	3,620.5

Recommended changes—Health effects

Salaries	2,140.1	2,011.3	1,260.0	2,223.5
R & D	207.7	220.5	1,240.9	1,420.0

The suggested level of funding represents the resources necessary to carry out pesticide exposure assessments on laboratory animals and for field studies of human exposure to pesticides. In the budget submission the pesticide exposure assessments were to be significantly reduced.

Environmental processes and effects

Salaries	2,572.3	2,339.3	2,330.9	2,880.0
R. & D.	1,918.8		616.8	1,950.0

The suggested level of funding will provide resources to increase research and information on the environmental effects of pesticides with emphasis on developing better data to use in modeling and predicting impacts of pesticides. The additional information and techniques will be made available with technical assistance to the pesticides program at EPA and in the States.

Registration, Special Registration and Tolerances

Salaries	12,048.6	11,939.8	11,842.5	14,211.7
A.C. & C.	1,035.6			740.0

Recommended changes—Registration

Salaries	7,725.4	7,782.1	7,224.6	8,594.7
A.C. & C.	696.8			500.0

The suggested level of funding will provide resources sufficient to improve the registration process and therefore increase the number of registrations reviewed over the 7,550 reviews carried out in fiscal year 1982.

Special registration

Salaries	2,254.0	1,993.0	2,227.7	2,727.0
A.C. & C.	273.1			120.0

The suggested level of funding will provide resources to insure that the quality of the various reviews will at least be maintained or improved as the Agency now commits to meet the statutory time limits on these permits.

Tolerances

Salaries	2,069.2	2,164.7	2,390.2	2,890.0
A.C. & C.	65.7			120.0

The suggested level of resources will assure the high quality reviews are maintained while meeting the statutory time limit on tolerance petitions. In addition the additional resources will eliminate the backlog of tolerance petitions.

Standard setting and RPAR				
Salaries	10,960.3	9,200.7	8,266.2	10,794.6
A.C. & C.	17,106.6	10,968.8	11,570.7	17,802.4

Recommended changes—Registration standards

Salaries	6,063.2	4,107.6	3,689.9	5,418.1
A.C. & C.	8,115.3	3,913.5	4,180.1	8,400.4

The suggested level of funding will provide increased resources to focus on the registration process and on making significant progress on registration of existing pesticides.

Rebuttable presumption against registration (RPAR) reviews

Salaries	4,771.3	4,988.0	4,470.9	5,271.1
AC & C	8,991.3	7,055.3	7,390.6	9,402.0

The suggested level of funding will provide additional resources to evaluate the RPAR process and improve the process to handle the new requests that will come from the registration standards program.

Federal and State Program Support

Salaries	633.3	513.7		513.7
AC & C	64.4			100.0

Recommended changes—Pesticides use management

Funding for this program will be provided for fiscal year 1983 to continue this valuable service to pesticide users, producers, and officials at all levels of government. Until State pesticide programs are fully operational in all States there is a need for this service at the Federal level. Information and referral services are vital to poison control centers and hospitals for the treatment of pesticide injuries.

Pesticides Enforcement

Salaries	3,949.0	4,282.1	3,670.1	6,385.8
AC & C	11,027.1	11,251.6	8,963.7	14,087.4

Recommended changes—Pesticides enforcement

Salaries	3,949.0	4,282.1	3,670.1	6,385.8
AC & C	61.8	49.7	45.3	105.0

The suggested level of funding will provide resources sufficient to increase the number of inspections to 2,500 and emphasize State enforcement programs. State enforcement programs must be improved and more States need to establish pesticides enforcement programs.

Pesticides enforcement grants

AC & C	8,013.5	8,701.9	6,918.4	11,250.0

The suggested level of funding will be to provide EPA with the grants to encourage and improve state pesticides enforcement programs. This will in addition provide the resources to continue current monitoring activities that were reduced in the budget submission.

Pesticides certification and training

AC & C	2,951.8	2,500.0	2,000.0	3,250.0

The suggested level of funding will provide resources to the 57 State applicator and training programs and the Federal programs in Colorado and Nebraska. These certification and training programs are vital to improving State pesticide programs.

EPA TOXICS PROGRAM

[Amounts in thousands of dollars]

R & D	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Chemical testing and assessment non-energy				
(S)	10,345.7	14,236.8	14,500.1	17,103.8
(R & D)	19,952.5	16,939.1	12,148.7	20,686.1
R & D total	30,298.2	31,175.9	26,648.8	37,789.9
Abatement, control and compliance				
Toxic substances strategies				
(S)	19,177.9	18,177.2	16,926.3	19,452.8
(AC & C)	39,594.9	23,537.7	22,396.0	39,746.6
AC & C total	58,772.8	41,714.9	39,322.3	59,199.4
Enforcement				
Toxic substances enforcement				
(S)	2,450.2	3,289.4	2,425.9	5,632.9
(AC & C)	2,568.6	1,197.6	207.0	3,404.9
Enforcement total	5,018.8	4,487.0	2,632.9	9,037.8
Toxic total	94,103.8	77,377.8	68,604.0	106,027.1

TOXICS PROGRAM DESCRIPTION

Chemical Testing and Assessment Nonenergy

[Amounts in thousands of dollars]

Program element	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries	10,345.7	14,236.8	14,500.1	17,103.8
R & D	19,702.5	16,939.1	12,148.7	20,686.1

Recommended changes—Health effects

Salaries	3,060.7	4,789.9	5,556.6	6,057.1
R & D	5,396.3	5,698.1	3,455.8	5,755.3

The suggested level of funding will provide resources to cover higher laboratory costs as well as the development of test guidelines and rules and new chemical reviews. The increase in resources is for continuing long term health effects research. The budget submission moves the majority of resources in long term research and focuses them on short term regulatory needs. This allows the toxics program to take an overall reduction in resources.

Environmental engineering and technology

Salaries	502.2	673.7	384.9	1,218.1
R & D	798.1	965.9	142.7	1,142.7

The suggested level of funding will provide resources to provide technical support to the office of toxic substances for review of premanufacturing notifications. The number of these notifications is expected to increase in fiscal year 1983.

Environmental processes and effects

Salaries	4,862.0	6,082.9	6,239.8	7,509.8
R & D	6,658.3	4,373.0	3,189.1	6,089.0

The suggested level of funding will provide increased resources for the development of predictive techniques in particular structure-activity methods. In addition technical assistance to the Office of Toxic substanes and the regions in reviews of premanufacturing notifications and additional assistance to increased long term research activities.

National Center for Toxicological Research

R & D	3,173.0	1,823.3	910.0	3,323.0

The suggested level of funding provides resources to improve and maintain a long term toxics research program at EPA. The budget submission doesn't recognize long term toxic research as a priority.

Toxic Substances Strategies

Salaries	19,177.9	18,177.2	16,926.3	19,452.8
AC & C	39,594.9	23,537.7	22,396.0	39,746.6

Recommended changes—Testing and evaluation

Salaries	6,842.9	7,647.5	6,652	7,068.3
AC & C	18,324.7	10,212.2	12,863	18,823.3

The suggested level of funding will provide resources sufficient to investigate new chemicals as well as continue an active testing program for chemicals currently in use. the budget submission suggests that resources can be cut because industry will provide resources to do voluntary testing of these chemicals. It is currently not known whether industry will voluntaryily test chemicals. If industry does testing there will need to be an effective oversight system developed. This level of resources will ensure that chemical testing will continue at the current pace.

Chemical control

Salaries	4,327.1	4,782.8	4,618.0	5,090.7
AC & C	6,558.6	5,473.9	3,718.9	6,930.0

The suggested level of funding will provide the minimum resources necessary to continue doing risk assessments and regulatory analyses. The budget submission says industry will pick up these activities through the voluntary control program. It is again unknown what the industry involvement will be and as with any self-monitoring, self-control program an effective oversight program must be developed to ensure that EPA and industry are meeting the requirements of TSCA. This level of resources will provide that assurance.

TSCA information

Salaries	5,792.3	4,357.7	4,494.6	5,755.9
AC & C	11,276.8	5,932.5	3,460.0	10,531.2

The suggested level of funding will provide resources to handle an increased number of premanufacture reviews. Without additional resources the toxic information offices will be under great pressure to reduce the quality of the reviews in order to get them completed. Premanufacture notification is only 90 days prior to manufacturing. Therefore to maintain the quality of these reviews additional resources are needed.

Toxics integration

Salaries	1,453.9	1,389.2	1,161.6	1,537.9
AC & C	3,262.4	1,919.1	2,353.4	3,462.1

The suggested level of funding provides resources sufficient to provide increased assistance to States trying to establish toxics management programs. Although TSCA doesn't describe a major State role, under the "New Federalism" concept EPA will encourage States to develop toxics management programs through an improved Chemical Substances Information Network as well as technical assistance.

Toxic Substances Enforcement

Salaries	2,450.2	3,289.4	2,425.9	5,632.9
AC & C	2,568.6	1,197.6	207.0	3,404.9

Recommended changes—Toxic substances enforcement

Salaries	2,450.2	3,289.4	2,425.9	5,632.9
AC & C	1,568.6	697.6	207.0	3,404.9

The suggested level of funding represents an increase in resources for toxics enforcement based on an increase in inspections and enforcement actions. The Toxic Substances Control Act doesn't contemplate a State role in toxics control. Therefore EPA must carry the responsibility for protection from toxic substances. This level of funding should be sufficient to conduct 17,000 inspections and process an estimated 1500 enforcement actions.

Toxic Substances Enforcement Grants

AC & C	1000.0	500.0	0	500.0

The suggested level of funding will be sufficient to continue the pilot State grant program for model chemical control programs. ●

Mr. LEAHY. Mr. President, I hope that Members of the Senate will realize that without this money, what we are saying is that we are going to be repealing, de facto repealing, the environmental laws that we have worked over a generation to build up.

I am pleased and proud to be joined in this amendment by my distinguished colleague from across Lake Champlain, the distinguished Senator from New York.

Mr. President, I yield to him.

The **PRESIDING OFFICER.** The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, only a Vermonter could be so gracious at this hour of the morning. Yet here we are with the distinguished assistant manager of the legislation, our friend from Idaho. It is perhaps not the worst thing that representatives of three States that have been more than normally sensitive to environmental issues, having more than normally attractive environments to be sensitive about, should be here on the floor this morning.

Mr. President, I am joining my distinguished colleague and friend (Mr. LEAHY) in cosponsoring this amendment because, as with many members of the Committee on Environment and Public Works, I have grown concerned that the Environmental Protection Agency is not being supported at the level which enables it to carry out the Nation's environmental laws. I am also concerned that, contrary to an argument which I have had occasion to present on this floor on more than one subject—that budgetary reductions are being made in programs on the grounds that the programs do not need the money or that, in some way or another, it is something internal to the program that makes the reduction necessary (as the case of the $40 billion that was contemplated in social security reductions) here, we are seeing a pattern in which opposition to a particular program occasions the call for reductions in its support.

In the first set of cases, there is no particular opposition as such to the program, or no necessary one.

What is sought are revenues to offset the largest deficits in peacetime history in the United States, the consequences of a failed economic policy, which have to be mitigated and to some extent covered up by cutting programs here and there and elsewhere in order simply to obtain resources.

Mr. President, I have grown concerned, I think my friend from Vermont has grown concerned, that what we see in the environmental program of the country right now is the repeal of legislation by the denial of funds. If you do not have money to enforce the toxic waste program, the drinking water program, the clean air program, then you might as well not have those acts; you have in effect repealed them, and that is our concern here and that is what brings us to the floor at this hour.

The Senator from Vermont has explained in some detail the justification for adding $248 million in budget authority to the Environmental Protection Agency for fiscal 1983 for the operating budget. That is $98 million for the Agency's hazardous waste program, $40 million for the water program, $39 million for the air program, $29 million for the toxics program, $23

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million for the drinking water program, and $20 million for pesticides.

I would like to speak with particular concern to the issue of the Superfund. This legislation passed only by the last Congress and at the last hours of that Congress. It is surely fair to say that it came about in the aftermath of the discovery of the toxic chemical waste dump to Love Canal in Niagara Falls, N.Y.

The Environment and Public Works Committee, of which I am a member led the efforts to bring about some comprehensive Federal response mechanism to deal with abandoned hazardous waste dumpsites, and I think it is fair to say that I was one of the principal persons involved.

Mr. President, the question of waterborne toxic substances is becoming to this age of chemistry what, until the last century, had been the problem of waterborne bacteria a problem occurring throughout the history of dense human settlement. It is only in the 19th century that such diseases as cholera were finally eliminated, and late in the 19th century the discovery that they were waterborne diseases and that water could be made clean.

In the 20th century there has been an enormous expansion of the field of chemistry, and only slowly the discovery that chemical compounds used for wholly different purposes, having nothing to do with human consumption, could in fact be deadly or at least dangerous to an unacceptable degree. For example, the PCB's, which were developed as an insulation, collant in effect, for electric motors, turned out to be a harmful contaminant adversely affecting a major portion of the Hudson River. Learning that waterborne toxic wastes are the problem they are, we in the Environment and Public Works Committee faced the question of how to develop a Federal response mechanism.

One of the basic difficulties was to find who was responsible for the deposit of the toxic waste, who was, as my friend from Vermont has said, the midnight dumper. The very designation suggests you do not know. Who buried the drums now disintegrated in a dumpsite and seeping miles and miles away? Where is the dumpsite in the first place if all you detect is the seepage and its toxic content? What of the firms who have gone out of business, who can be identified but are not there? What if the persons or corporations which might be responsible but do not admit responsibility or do not have sufficient resources to pay claims rendered against them? Will litigation be required?

These are difficult questions and legitimate ones. We do not want a country in which people can be found in dereliction of some rule and held accountable without any due process. In many cases the events involved were not derelictions at the time, and certainly in many cases there was no intent to harm.

Yesterday in our committee we were holding hearings on toxic wastes, having to do with the problem of sole source aquifers for clean drinking water. The county executive of the county of Suffolk, which is the eastern county of Long Island, made the strikingly important point that the drinking water that is now being pumped from wells in that county fell as rain 50 years ago. It took 50 years to make its way down into the aquifer before being pumped up, and when toxic compounds appear in such an aquifer—they have not in eastern Long Island, and it is our purpose that they should not—who is to know what happened 50 years ago and where to trace responsibility.

The point of the Superfund was that we would clean up first and ask questions afterward. We would impose a small tax on a limited number of toxic chemicals produced in this country by a relatively small number of firms—in the range of 1,000—a tax that can be collected efficiently. It goes into a trust fund, and this fund is there to clean up hazardous waste sites or spills, for dealing with situations where nobody could be found accountable or where there is a question of accountability but it would have to be litigated. We clean up first, ask questions and take cases later.

The money is assigned to this purpose. It can be used for no other purpose, like the highway trust fund.

The Office of Management and Budget indicates that there will be approximately $582 million in the Superfund Trust Fund available to be spent during fiscal 1983. That money is there. That is the only program it can be used for. The administration asks that about half that amount, $230 million, be made available in budget authority for fiscal 1983. That, it is estimated, would result in 197 sites and/or spills receiving direct financial assistance. This is some one-quarter more than would be the case if the funding were held at the 1982 levels.

The situation is that the administration's request is not even being honored. The budget resolution we are now considering simply continues Superfund at the 1982 level. The Committee on Environment and Public Works recommended increasing the administration's $230 million request for the Superfund by $20 million to insure that the Department of Health and Human Services and the Department of Justice receive adequate allocations from EPA to carry out their respective responsibilities under the law. EPA has to investigate. The Justice Department has to litigate. HHS has to perform health studies.

However, Mr. President, that has not been the judgment of the closed groups that reached the final figures that are before us in the concurrent resolution on the budget. Had those groups been open, they would have heard from us in this matter. They would have heard from us in the matter of the Superfund and not less with respect to the large panoply of EPA responsibilities.

The PRESIDING OFFICER. The Senator from New York should take notice that the proponents of the amendment have less than 1 minute remaining.

Mr. MOYNIHAN. I thank the distinguished Senator from Washington for so informing me, and I happily yield to the Senator from Vermont. I had concluded my remarks anyway.

● Mr. KENNEDY. Mr. President, I am pleased to support this amendment to assure that the Environmental Protection Agency in general, and the Superfund program in particular, are funded at an effective level.

We cannot stand idly by and watch the progress of the past two decades in protecting our environment come to a sudden halt. That is exactly what is happening as the result of the crippling budget cuts being proposed for the Environmental Protection Agency.

The need for adequate resources for EPA is especially critical in light of the expanded regulatory and enforcement responsibilities which Congress has given the Agency in the Toxic Substances Control Act, the Superfund Act, and the Resource Conservation and Recovery Act, among others.

Under the Toxic Substances Control Act, EPA is required to review and control, when necessary, 55,000 existing chemicals and approximately 1,000 new chemicals introduced each year. Congress also ordered EPA to regulate over 42 million tons of hazardous waste from initial shipment through permanent disposal. Finally, Congress enacted the Superfund law, which gives EPA responsibility for cleaning up hazardous waste dumpsites. These new authorities for regulation to toxic pollutants go far beyond EPA's traditional jurisdiction of clean air, clean water, and safe drinking water, and effectively double its workload for the period covered by this budget resolution.

This amendment provides for essential increases in the EPA operating budget for programs in the areas of air and water quality, drinking water protection, hazardous wastes, pesticides and toxic pollutants. The additional funds will enable the Agency to carry out research and monitoring necessary to establish a sound foundation for regulatory efforts, and to enforce pollution statutes in a manner that assures prompt attention to environmental problems.

The amendment calls for a $250 million budget for the Superfund program in 1983, rather than the $190 million that would be allocated if we freeze at fiscal year 1982 budget levels. The increase over 1982 levels is justified for several reasons.

There is no question that the improper disposal of hazardous waste is one of our Nation's most serious environmental problems. The Environmental Protection Agency estimates that as many as 30,000 dumpsites nationwide may pose significant health problems to the public. Millions of Americans are exposed each day to potentially serious health effects as the result of improper disposal of hazardous waste.

Congress enacted legislation in 1980 creating a Superfund to finance cleanup of abandoned hazardous waste dumpsites. The Superfund law provides ample revenues for Superfund in the form of an environmental tax on industry. It is essential that Congress appropriate enough of these revenues to get the cleanup job done, and done quickly.

The Environment and Public Works Committee, after a careful examination of the need for cleanup funds and the ability of EPA to expend the funds in a responsible manner during 1983, recommended the $250 million contained in this amendment. Further, the administration requested $230 million for Superfund for 1983. This amendment includes an additional $20 million over the administration request that would be transferred to the Department of Justice and Health and Human Services for conducting enforcement actions and indepth health studies.

Unfortunately, I am only too aware of the serious need for health studies because of the hazardous waste problems in Massachusetts. The lack of reliable health data has contributed to widespread public fear and confusion over the risks that hazardous waste disposal sites pose to human health.

We can all understand and sympathize with the emotions that are aroused when a community must deal with the human tragedy of an unusually high incidence of cancer, or other serious, irreversible illnesses. We need comprehensive, thorough health studies to identify the health dangers attributable to hazardous waste disposal sites and to establish public confidence in the Government's ability and desire to protect them from these dangers.

The additional funds for Superfund in 1983 are especially important because the national priority list which establishes candidates for Superfund cleanup will be completed by EPA this fall. This list will more than triple the number of sites at which EPA must begin work to evaluate the hazardous waste problem and devise a remedy.

It is extremely important to keep in mind that our appropriation for Superfund does not come from general revenues. Close to $600 million will be on deposit in Superfund in 1983 from the environmental tax. These revenues have been collected specifically to clean up hazardous wastes, and the money should be expended for that purpose. Adoption of the amendment will leave more than $300 million in the fund for cleanup in future years. I urge that this amendment be adopted.●

Mr. DOMENICI. Mr. President, I must oppose this amendment. The amendment provides $308 million in budget authority more for EPA—$248 million for its operating budget and $60 million for Superfund—than is assumed in the budget resolution. Under the budget resolution, EPA, as well as most other discretionary programs, is assumed to be funded at the fiscal year 1982 level.

As a member of the Environment and Public Works Committee, I have been as supportive as anyone in insuring that EPA continues to protect our environment. But the Chair knows as well as I do that more money does not necessarily mean that they can do the job better. There is always a question as to exactly how much is enough to do what needs to be done. As a member of EPA's Senate authorizing committee, I joined in its recommendation that EPA's operating budget be held at the fiscal year 1982 level. That recommendation provides $125 million more for EPA than the President requests for fiscal year 1983. As you know, the approach of holding discretionary spending to fiscal year 1982 levels in the budget resolution provides more for these programs than they would receive if the President's budget were agreed to. We took that approach because we felt that most of these programs were cut about as much as they should be cut in last year's budget.

In any case, Mr. President, adding more money for the EPA in this budget resolution is not going to insure that EPA actually gets it. As is true with every single discretionary program in this budget, the Appropriations Committee and the full Senate will have the final say. That is as it should be.

That applies to the additional funding sought for Superfund in this amendment as well. While the fund is primarily made up of collections from excise taxes on chemicals and oil and is a dedicated trust fund, it is still subject to appropriations. Adding money for it here will not guarantee that it gets it in the end.

I repeat that the budget resolution assumptions—and they are only that, assumptions—for EPA overall provides more for the Agency than is requested by the President. I know that the Appropriations Committee will exercise good judgment in allocating its crosswalk funding among the subcommittees and will increase or decrease programs as it deems necessary.

Mr. CRANSTON. Mr. President, as the Senate considers the first concurrent budget resolution and the Environmental Protection Agency's operating budget in particular, I believe that it is useful to consider what this budget means in terms of a State's ability to carry out environmental pollution control programs. One group, the Coordinating Committee on Pesticides and Toxics based in Albany, Calif., has analyzed the impacts the Reagan administration fiscal year 1982-83 budget cuts would have on California pollution control programs. Not surprisingly the report concludes that it will be easier to pollute and harder to enforce pollution control. Mr. President, I ask unanimous consent that portions of the report appear in the RECORD immediately following my remarks.

I am pleased to cosponsor the amendment offered by my colleagues Senators LEAHY and MOYNIHAN. It is a modest and vital effort to limit the setbacks in our control of hazardous wastes and toxic pollutants and cleanup of existing waste sites. Mr. President, I urge adoption of the amendment.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

PROJECTED IMPACTS OF EPA BUDGET CUTS ON CALIFORNIA POLLUTION CONTROL PROGRAMS FOR FISCAL 1982-83

INTRODUCTION

The effects of the EPA budget cuts on California can be described in one sentence. "It will be easier to pollute, and harder to enforce pollution control." Enforcement actions are based on regulations and on monitoring data. The regulations are developed from research. With major EPA cuts in monitoring, staff, and research monies, delays in promulgation of regulations are inevitable, and monitoring data, already deemed inadequate, will diminish. Field inspections, also currently insufficient in every state agency dealing with pollution and within EPA, will be cut. We therefore project fewer enforcement proceedings in California as a direct result of EPA budget cuts. It seems clear that, should you go to court against an environmental polluter without monitoring data or regulatory standards sufficient to uphold your claim, you will not prevail.

"We were hopelessly behind anyway", one EPA staffer said. "The budget cuts will just add deadlines we will miss to the deadlines we've already missed. The agency response will probably be to rewrite or eliminate deadlines."

CLEAN AIR

"The Air Resources Board has primary responsibility for protecting air quality in California. This responsibility includes establishment of ambient air quality standards for specific pollutants, evaluation of standards adopted by the EPA, and development and implementation of the State Implementation Plan for the attainment and the maintenance of these standards. The plan includes emission limitations for vehicular and industrial sources established by the Board and local air pollution control districts."—Governor's Budget Proposal, 1982-83, Resources Section, p. 52.

With the responsibility for administration of the Clean Air Act in California, the Air Resources Board has a budget of $55 million for fiscal 1981, and the same for fiscal 1982. Of this, 2.38 million came from the EPA in fiscal 1981, which includes the EPA grant for that year and carry-over money from the previous year. The EPA grant to the state in fiscal 1982 is 1.85 million dollars, and the total EPA money available to the ARB in this fiscal year is 1.93 million dollars. For fiscal 1983, the EPA grant is projected to be 1.8 million dollars, and the total available EPA money will be $2,167,000 at best current estimate. The 18 percent cut in the grant, amounting to half a million dollars, may appear insignificant; however it represents a potential loss of eleven positions, during the period in which additional tasks are being described. The new tasks are focussed on the control of toxic substances in the air, with 7 positions asked for, and in the study of acid rain in California, with 4 positions requested. These are, of course, the areas in which we have the least information and the most pressing need for new information.

In addition to the cuts at the state level, research on air quality which directly affects California will be cut in fiscal 1983 by a minimum of $17 million by EPA. These cuts will hurt us for the next decade for two reasons. One is, of course, that research is the basis of regulations, but more significantly, air pollution causes billions of dollars of damage to crops, buildings, and human health every year. Without research, we will be forced to make regulatory decisions with an inadequate information base, which can only impact the 23 million people of California detrimentally.

Local air quality management districts are more dependent on federal money for their pollution control responsibilities than is the Air Resources Board. The local districts are direct recipients of EPA grants. The following chart shows the effects of 20 percent budget cuts in EPA money to local air districts in California.

Air district	Total budget	Fiscal year— 1981 grant	1982 grant	1983 projected grant
Bay area	$9,400,000	669,000	535,200	428,200
Fresno	700,000	190,000	152,000	212,600
Kern	900,000	112,000	90,000	72,000
Monterey	600,000	80,000	64,000	51,200
Sacramento	800,000	161,000	129,000	103,200
San Diego	3,100,000	538,000	430,000	344,000
Santa Barbara	500,000	92,000	74,000	59,200
South coast (includes Los Angeles)	21,900,000	1,488,000	1,191,000	952,800
Ventura	1,300,000	179,000	143,000	114,400

Source: Air Resources Board, State of California.

Note.—Total Loss to districts from fiscal year 1981 to fiscal year 1982 $700,800. Total projected loss from fiscal year 1982 to fiscal year 1983 $561,600.

CLEAN WATER

The loss of EPA funding will have a devastating effect on California. The decrease in construction grants effectively stops industrial, commercial and residential development from proceeding in the state, and cripples the regulatory program. The State Water Board is facing a $1.9 million shortfall in fiscal year 1983, and will probably lay off 80 people in July 1982; and perhaps another 50 personnel next year. There are hundreds of projects which request or require sewage treatment construction, either for increased use or to correct present health hazards. The list of projects far exceeds the available funds, and there will be no list of projects generated in 1982, as the extant list is already too large. While enforceable requirements of the Clean Water Act will not be cut, water pollution control, especially with respect to toxics in the water and smaller communities seeking to grow in no-urban areas will be hurt. The loss of personnel directly affects the state's ability to write waste discharge requirements, and to inspect and enforce water pollution control facilities and sources. Investigations of industrial, toxic, and pesticide pollution of the state's water will be cut. The identification of problem areas is currently inadequate, and cannot improve under the current budget. There may not be funds sufficient to complete the San Francisco sewer project. A projected 20 percent cut in 106 grants for research and monitoring will but the state's ability to do enforcement against water polluters. Each of the above statements has been made, more than once, by staff of the State Water Resources control Board.

California gets EPA money for clean water and wastewater construction grants under a complicated formulaic process. In fiscal year 1981, Congress appropriated $3.4 billion nationwide for construction grants. California's share was based on 7.841 percent, or $266,594,000. Out of this, $7,841,000 is set aside for administration of the Clean Water grant program. This represents 4 percent of the authorized $5 billion in this program. In addition, the state received "106" grants, for water pollution control, and aditional funds for urban runoff, planning, underground injection, Bay-Delta investigations, and other concerns. There's an enormous amount of money involved. With the exception of construction grants, of which the federal government pays 75 percent and state and local governments pay 12.5 percent each, the highest fraction of the funds involved in water pollution control come from the state. When the EPA gave $3 million for a water pollution control grant, the state's share was $10 million. Where the federal input has been $12 million, the state's portion has been closer to $24 million. The following chart shows the breakdowns of clean water programs and funding. It is helpful to bear in mind that these figures are based on the assumption that Congress will continue to fund construction grants at $2.4 billion in Fiscal Year 1983.

The basic grant to California in Fiscal Year 1981 was $7,841,009. Actual expenditures were $6,667,000. This is the 205g grant. The same grant in Fiscal Year 1982 is $7,751,996, and it is so far stalled, and may not be granted. The projection for Fiscal Year 1983 is $7,495,000.

Grant	Fiscal year— 1981	1982	1983 projected
106 (water quality)	2,974,000	3,276,000	2,555,000
205g (clean water)	6,667,000	7,251,976	7,495,000
208 (planning)	1,322,000	1,589,000	[1] 644,000
Underground injection	495,000	606,386	308,000
Urban runoff	221,800	282,000	231,000
U.S. Army Corps staff on loan to California	109,000	1,207,000	988,000
Minority business grants	0	0	375,000
Bay-Delta program	0	100,000	0

[1] Will be 0.

Source: State Water Resources Control Board.

HAZARDOUS WASTE

Congress passed the Resource Conservation Recovery Act (RCRA) in 1976 to deal with the immense problem of hazardous waste in the United States. While California's hazardous waste management plan is acknowledged to be the nation's best, our job is by no means completed, and the state Department of Health Services continues to expand its workload in response to the growing size, nature and knowledge of the hazardous waste load in California.

The tasks of the department (DHS) relative to hazardous waste are immense. A look at the listings in the current budget proposal is educational. Some budget breakdowns are also informative. Last year, FY81, DHS' budget for toxics, which includes hazardous waste and hazardous waste research, was $14,685,000. The federal EPA grant was $2,376,000. In FY82, the DHS budget for toxics is $16,014,000. The EPA grant is $5,301,389. In FY83, the department is asking for $27,600,000 for toxics, which will include greatly expanded tasks. The projected EPA grant is $2,819,000.

The EPA grants are for ongoing hazardous waste monitoring, permitting, and enforcement; for developmental programs in response to additional legislative mandates; and for support programs, including new technology, public participation, siting decision-making, etc. In FY81, the grant was limited to development of the state's interim authorization plan under RCRA, and allowed for permits, surveillance, and enforcement. These aspects of the state's program will not be touched by loss of federal funds. However, it is interesting to note that the state has no mandate under RCRA to identify generators of hazardous waste. DHS has been receiving notification from EPA of such generators in California. Some 7- or 8,000 such generators have been identified, and the state will now have to take upon itself the responsibility for further identification of generators, if the EPA, with reduced staff, cannot accomplish the job.

The EPA budget cuts will probably come out of the public participation program, for which an 8-person office has been asked, out of the alternative technology development program, and out of country contracts for enforcement. This comes at the same time that the state is expanding these programs by more than 100 person-years, to meet the growing workload.

The Department of Health Services has not requested all the inspectors for monitoring and enforcement they need to meet their goals. They expect to meet their inspection goals for hazardous waste facilities, but not for generators or haulers. This year, one inspector inspected 13 major facilities and 32 minor facilities. Next year, it is expected that an inspector will handle 45 major facilities and 50 minor ones. Clearly, the department will be understaffed to do the most minimal necessary part of the job.

TOXIC SUBSTANCES

In 1976, Congress passed the Toxic Substances Control Act (TSCA) to identify toxic chemicals and protect the public from those compounds which are a public health hazard. It requires of EPA a pre-market review of new chemicals, and a review of all chemicals already in use, with regulation of those which pose "unreasonable risk" to the public health and safety. The compound most widely known which falls under this

law is PCB—polychlorinated biphenyls. In order to deal with PCB's alone, EPA has required the ban of further manufacture, location of PCB's in equipment such as transformers nationwide, safe storage until destruction, and the identification of safe incineration facilities.

In California, numerous incidents involving PCB's have occurred. The state Department of Health Services has budgeted $5,800,000 for FY 83 for PCB's alone, and in FY 82 the legislature appropriated $3.6 million to remove leaking PCB equipment from state-owned facilities, according to the state budget. The current EPA grant to California for monitoring of compliance with PCB regulations is $299,746. This is a 15-month pilot grant, made to five states, one of which is California. The pilots are being dropped by EPA.

EPA estimates that there are several million pounds of PCB's in Region IX, which includes California, to be disposed of at a rate of 670,000 pounds per year over the next decade. Solids contaminated with PCB's can be as much as 10 times that amount, or more than 6 million pounds per year. Currently, there are no facilities in California for the disposal of liquid PCB's and one landfill has been approved for receiving them.

The EPA grant is supposed to:

Allow increased monitoring of spill cleanup,

Expand the spill notification program,

Increase surveillance of industrial areas for PCB's, and

Do sampling and analyses and take enforcement actions in cases involving PCB's.

The Department of Health Services is to conduct 169 investigations and take 585 samples of contaminated soils and spills under the grant. The Department is also to develop and conduct spill and disposal monitoring with major PCB users, such as utilities, under this grant.

PESTICIDES

The major industry of California is agriculture. The California Department of Food and Agriculture has the responsibility for enforcement of pesticide regulations, affecting the lives, health and safety of millions of Americans, including the consumers of California-grown food. In enforcement of pesticide regulations, California's laws are more stringent than the federal law, the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA).

The current CDFA regulatory budget is $10,242,663 (FY82). EPA's contribution is for pesticide enforcement. The EPA grant is $540,500, down from the prior fiscal year grant of $640,500. The federal grants have been higher in the past, and have been as high as $1.5 million. Current projections indicate that the grant will fall to $500,000 in FY83. By contrast, CDFA is proposing a $16 million program increase for pest prevention and detection, according to the current Governor's budget proposal.

Last year's EPA grant was to go to the following tasks:

2,509—Urban pesticide use inspections.

167—Pesticide producer establishment inspections.

247—Pesticide producer establishment samples.

3,438—Market surveillance and inspections.

1,323—Market samples.

97—Dealer inspections.

9—Pesticide import samples.

2—Experimental pesticide use permits.

29—Special requests from EPA.

This year's EPA grant is to go to the following tasks:

1,600—Urban pesticide use inspections.

150—Pesticide producer establishment inspections.

200—Pesticide producer establishment samples.

0—Market inspections.

0—Market samples.

0—Dealer inspections.

Up to 20 pesticide import samples.

Up to 20 experimental pesticide use permits.

An undetermined number of special requests from EPA.

The market and dealer inspections and samples have been dropped from the grant. The rationale is apparently that the state has a solid and ongoing program which does not require federal funding.

(The name of Mr. Mitchell was added as a cosponsor of the amendment No. 1488.)

Mr. LEAHY. Mr. President, a parliamentary inquiry. Have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. LEAHY. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. LEAHY. If we have any time remaining, I reserve it.

The PRESIDING OFFICER. The Senator has 21 seconds.

Mr. LEAHY. I yield it back.

Mr. SYMMS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Under the previous order, the vote on this amendment will be postponed until 11 o'clock.

Mr. LEAHY. Mr. President, a further parliamentary inquiry.

Am I correct in my understanding that whatever votes are stacked between now and 11, this would be the first item to be voted upon at 11 o'clock?

The PRESIDING OFFICER. The Senator is correct.

Mr. LEAHY. I thank the Chair.

Mr. SYMMS. Mr. President, I ask unanimous consent that the time for the quorum call I am about to request be charged equally against both sides, on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMMS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Cohen). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Roth). Without objection, it is so ordered.

UP AMENDMENT NO. 970

(Purpose: Reduce the budget deficits for fiscal years 1982, 1983, 1984, and 1985 by reducing budget authority and outlays for function 150)

Mr. MELCHER. Mr. President, I have an amendment which will save some money for the taxpayers.

While we have cut almost all domestic programs, in fact, it is hard to find a domestic program that has not been cut, foreign aid spending keeps going up. It keeps getting increased. The programs covered by our foreign aid budget have not been cut and are not cut in this budget resolution. If we would adopt the budget resolution as presented to us, it would increase the amount for foreign aid under function 150, $400 million this year and increase it slightly over $1 billion in each of the fiscal years 1983, 1984, and 1985.

I believe it is necessary to offer an amendment to correct that.

Mr. President, I send an amendment to the desk on behalf of myself and Senator DeConcini and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Montana (Mr. Melcher), for himself and Mr. DeConcini, proposes an unprinted amendment numbered 970:

On page 2, line 17, strike "$777,600,000,000" and insert in lieu thereof "$777,100,000,000".

On page 2, line 18, strike "$835,300,000,000" and insert in lieu thereof "$830,800,000,000".

On page 2, line 19, strike "$897,000,000,000" and insert in lieu thereof "$892,000,000,000".

On page 2, line 20, strike "$972,800,000,000" and insert in lieu thereof "$987,800,000,000".

On page 2, line 23, strike "$740,700,000,000" and insert in lieu thereof "$740,300,000,000".

On page 2, line 24, strike "$783,600,000,000" and insert in lieu thereof "$781,500,000,000".

On page 2, line 25, strike "$832,300,000,000" and insert in lieu thereof "$830,000,000,000".

On page 3, line 1, strike "$889,400,000,000" and insert in lieu thereof "$887,200,000,000".

On page 3, line 5, strike "$117,700,000,000" and insert in lieu thereof "$117,300,000,000".

On page 3, line 6, strike "$115,400,000,000" and insert in lieu thereof "$113,300,000,000".

On page 3, line 7, strike "$91,300,000,000" and insert in lieu thereof "$89,000,000,000".

On page 3, line 8, strike "$64,400,000,000" and insert in lieu thereof "$62,200,000,000".

On page 6, line 2, strike "$16,800,000,000" and insert in lieu thereof "$16,300,000,000".

On page 6, line 10, strike "$16,200,000,000" and insert in lieu thereof "$11,700,000,000".

On page 6, line 19, strike "$16,700,000,000" and insert in lieu thereof "$11,700,000,000".

On page 6, line 22, strike "$21,000,000,000" and insert in lieu thereof "$16,000,000,000".

On page 6, line 2, strike "$11,400,000,000" and insert in lieu thereof "$11,000,000,000".

On page 6, line 11, strike "$12,000,000,000" and insert in lieu thereof "$10,000,000,000".

On page 6, line 20, strike "$12,300,000,000" and insert in lieu thereof "$10,000,000,000".

On page 6, line 23, strike "$12,200,000,000" and insert in lieu thereof "$10,000,000,000".

Between lines 23 and 24 on page 6, add the following:

"Not withstanding any of the budgetary limits placed on function 150, the United States shall continue to meet the financial commitments made to Israel and Egypt in conjunction with the Camp David Accords."

Mr. MELCHER. Mr. President, as is necessary in amending a budget resolution, my amendment strikes figures in a number of places on the various pages of the concurrent resolution. I will tell you very briefly, after having had all those numbers read, that this amendment by Senator DECONCINI and myself cuts function 150 as follows, and this will be much simpler than trying to decipher what has been read from the amendment.

For fiscal year 1982, the budget authority for function 150 is cut $500 million, and the budget outlay $400 million.

For 1983, the budget authority is cut $4.5 billion, and the budget outlay or the spending is cut $2.1 billion.

For 1984, the budget authority is cut $5 billion, and the budget outlay or spending is cut $2.3 billion.

For 1985, the budget authority is cut $5 billion, and the budget outlay or spending is cut $2.2 billion.

Lastly, the amendment requires that in function 150, for the fiscal year involved, the United States shall continue to meet financial commitment made to Isreal and Egypt in conjunction with the Camp David accords.

Mr. President, we have had pious pronouncements flowing out of Congress, both bodies, that the budget resolution, if adopted, will lead to declining interest rates by holding down spending and allow an economic recovery program to start occurring sometime this fiscal year. But it is not at all clear or conclusive that, with adoption of this budget resolution before the Senate now, that will be the case. The budget projects an additional increase in Federal deficit for this fiscal year over and above what was projected when we started in the fiscal year. Even with the reductions that the Budget Committee has trimmed out of the President's budget, the CBO projects that we shall end up with a budget deficit in this current fiscal year of more than $117 billion.

I do not concur that there is any likelihood that adoption of this budget as it is presented to us for this fiscal year would give us any encouragement that we are headed toward economic recovery, that interest rates will come down, and that we can find people going back to work and the entire economic activity of the country picking up. We have taken a backward step in this particular area, function 150—foreign aid—by adding $400 million for fiscal year 1982 if we were to adopt the Senate Budget Committee's recommendation. That adds to the 1982 deficit, of course.

Mr. President, it is proposed that the $400 million will cover an additional program that the President envisions. We have still remaining unspent and unobligated as of today we are advised, somewhere around $850 million in the various agencies that handle operations that are covered in this function.

What is the $400 million proposed for? It is for the Caribbean, including $128 million for El Salvador.

Whether this additional foreign aid spending should be or will be approved by the Senate is a question not yet resolved. In any event, additional funds are not necessary because, as I have said, there are still remaining somewhere around $800 million in function 150 that is not obligated at present.

The first part of our amendment strikes that $400 million add-on for this fiscal year. It is apparent that with all the Federal cuts for domestic programs, there is a very stark contrast in the amount of money yet remaining unspent for foreign aid as compared to the amounts of money that remain in domestic programs of our Federal Government.

Our amendment for the next 3 fiscal years 1983, 1984, and 1985 would be cut slightly more than $2 billion from the budget, which adds up, including the $400 million for fiscal 1982, to a $7 billion cut in spending. The total, of course, is greater than that for budget authority; it is about $15 billion in budget authority.

Mr. President, under the Camp David accords, for the fiscal year 1982, this current year, there has been appropriated about $2.5 billion. That has been obligated. This amendment has nothing to do with that at all. Between $1.7 billion and $1.8 billion of that, split between Israel and Egypt, is for economic assistance. The balance between that and $2.5 billion is for military assistance for those two countries.

Mr. President, our obligations under the Camp David accords for fiscal year 1982 have been met. This amendment does not affect it.

For fiscal year 1983, if the U.S. obligation for the Camp David accords for Israel and Egypt is to be the same amount again—about $2.5 billion, and I point out to the Senate that that amount has been neither approved nor appropriated as of now—but if it were to be approved and appropriated as being our obligation to Egypt and Israel, we are also leaving plenty of money in function 150 to cover that $2.5 billion.

Mr. President, I want to make it clear again that the amendment requires that whatever is determined to be U.S. obligations for Israel and Egypt under the Camp David accords, they shall be met in all these fiscal years, 1983, 1984, and 1985. Leaving intact $10 billion for foreign aid for those fiscal years—1983, 1984, and 1985—would mean that there is about a 9-percent reduction in spending authority each of those years. The amendment leaves $10 billion, which is sufficient and ample not only to cover the obligations of the Camp David accords, but the needs of the World Bank, the International Development Agency, and the Export-Import Bank.

Mr. President, is there a need for curbing foreign aid? Let us look at the record. Foreign aid expenditures under function 150 have, since 1979, doubled. That is a 100-percent increase. During that same period, 1979 to now, energy spending has declined by 7 percent. Natural resources and environmental spending has increased by 6 percent. Commerce and housing spending has increased by 46 percent. Community and regional development has declined by 12 percent. Education, training, employment, and social services spending has declined by 5 percent. Health spending has increased by 57 percent. Veterans spending has increased 20 percent; total budget outlays increased 51 percent.

Mr. President, I give these figures for the period between 1979 and where we stand today to give some contrast to what has happened in foreign aid. In these domestic programs that I have listed, there have been some cuts between 1979 and today and some increases, but none of them approaches the 100-percent increase between 1979 and now in foreign aid functions. Even with our reductions in this amendment, foreign aid spending would increase 64 percent between 1979 and 1985.

Mr. President, we have had serious difficulties with how to hold down spending in so many different programs and yet meet our obligations for the entitlements.

Doing the best we can, the budget as a whole will have gone up 78 percent over those same years. That includes the rather dramatic increases we have had in national defense expenditures. It includes the dramatic increases in expenditures we have had for the elderly, both in social security and other retirement programs and in medicare and medicaid.

With our efforts to restrain spending and reduce the deficit, it is hardly clear to me how we could be sincere and diligent while allowing foreign aid to increase some 75 percent between 1979 and 1985, and that is what will happen if we allow this increase as the Senate Budget Committee has recommended.

If we make the modest cuts that our amendment provides for, we are still going to have a 64-percent increase in the foreign aid programs between the years 1979 and 1985.

Our priorities have been all wrong, and it is time to make some adjustment. Our first concern ought to be what we are doing in our own country and the well-being of our own citizens.

Further, the record of foreign aid over the past several decades has often shown that we have been giving taxpayers' dollars from the United States as aid to foreign countries without making friends with them. In fact, sometimes we find ourselves in the precarious situation of foreign aid actually causing us enemies rather than gaining friendship.

By increasing foreign spending, which is adding to the deficit, pushing up interest rates, and causing unemployment, we are asking our citizens to pay these costs by giving up their jobs and giving up their own economic well being.

I should like to point out to the Senate that we have cut the nutrition program over the past several years. We have cut health programs. We have cut education programs. We have cut agricultural programs. We have cut retirement programs. We have cut medicare and medicaid. We have cut job training programs. We have cut housing programs. We can go on and on. We must ask ourselves at this time who comes first, the U.S. citizens, our own economic well-being, or a foreign aid program that is lavishly authorized, lavishly appropriated and often wasted.

Mr. DeCONCINI. Will the Senator yield?

Mr. MELCHER. Yes, I am happy to yield to the cosponsor of the amendment, Mr. DECONCINI.

The **PRESIDING OFFICER.** The Senator from Arizona.

Mr. DeCONCINI. Mr. President, I thank the Senator from Montana. I thank him for putting together what I consider a most reasonable amendment.

I should like to follow up on a couple points.

The Senator from Montana pointed out some examples of domestic cuts in the 1982-84 budget last year and what we are living with today.

As the Senator pointed out, we actually cut food stamps $6.2 billion in 1982-84, child nutrition $4.7 billion, medicaid $2.8 billion, housing assistance $1.2 billion, social security student benefits $4.2 billion, social security minimum benefits $2.9 billion, guaranteed student loans $2.3 billion, unemployment insurance $2.7 billion, trade adjustment assistance $2.6 billion, medicare $3.9 billion, Federal retirees cost-of-living increase $2.3 billion, highway safety $115 million, mass transit $1.8 billion, maternal and child health block grants $65 million, social service block grants $423.5 million, Indian education $36 million, title I elementary-secondary education compensatory education $213 million, and the Pell grants we cut a nifty little $102 million.

Some of those, Mr. President, I joined in reducing but not social security. I felt there was need that we scrutinize the budget, that we make every effort to reduce expenditures across the board, and yet foreign aid seems to escape or elude us.

It is difficult for me to accept the proposition of increased foreign aid in times like this. If we were operating a surplus, maybe we could justify another Marshall plan, we could justify an increase of some 64 percent, as the Senator from Montana points out.

Function 150 of this budget would provide $37 billion more for foreign assistance over the next 3 fiscal years. Of that total, $31.1 billion or 84 percent, under the committee assumptions, goes for one form or another of economic, financial, or military assistance to other nations. Surely this administration can do better and Congress and this Senate can do better. It seems imperative to me that we realize every economic possibility to do something about this deficit. We are faced with a catastrophic deficit, one that is out of control.

We notice that the administration's budget was unanimously defeated in the Budget Committee. I am not sure of all the reasons that occurred, but I suspect that the major reason is the administration's own estimates where the deficit would be somewhere in the neighborhood of $105 billion. CBO and others suggested that it might be as much as $180 billion. However, we are increasing foreign assistance by over $3 billion.

It just does not make a lot of sense when you think of military retirees, people who have put in ample years serving their country, with an understanding that they are going to have a satisfactory pension for that service, sacrifices they have made and would have made in times of war, when military retirees have to take it on the chin to the tune of a $3.8 billion reduction, railroad retirees, people who have worked all their lives and paid into the retirement system have to absorb a $1.5 billion reduction, after having their so-called windfall benefits slashed last year. Civil service people who have worked for the Federal Government, put in their long hours and days like anyone else, are asked to sacrifice $5.1 billion. Just in medicare alone, last year the Congress enacted reductions of $3.9 billion. The budget before us assumes additional cuts of $18.2 billion over the next 3 years.

Mr. President, it seems very clear that the amendment before us is a sound amendment. It has ample funds to meet our commitments under bilateral development assistance to maintain our commitments with the Camp David peace accord.

I am prepared to continue to support an effort that will bring or attempt to bring some type of nonmilitary resolution to the Middle East.

We now have two nations that have joined hands, that have been at war with each other for many years, and I think it is proper for the United States to play a role.

I am willing to face the taxpayers of my State and this Nation and say that this is an investment in peace, and this is a time for us to put forward our commitment to that peace.

The ESF rose from $1.9 billion under the Carter administration to $2.5 billion under this administration, an increase of more than $630 million. Our commitments under ESF, as I understand them, for both Israel and Egypt, are roughly $1.3 billion. This leaves ample funds for other commitments that might arise or with which we feel impelled to go along.

It is my hope, Mr. President, that we can avert reducing the benefits for veterans; that we can add a modest amount of restoration funds to education; that the child nutrition program and the immunization program, offered last night by the Senator from Arkansas, which was adopted by a voice vote, is a major step by this body to put its priorities into proper perspective.

I am well aware that additional cuts and reductions have to be made, and that is what this amendment is all about—making the necessary reductions where we can afford it. We can afford to adopt the amendment of the Senator from Montana, which calls for approximately $6 billion over the 3-year period. This is not going to tie our hands, in my opinion. It is not going to cause us disgrace. It is not going to cause us to renege on Camp David.

I hope this body will step forward for the American people and place some priorities on where we are spending those tax dollars and find that it is a reasonable reduction in foreign assistance.

The **PRESIDING OFFICER.** Who yields time?

If neither side yields time, the time will run equally against both sides, on the amendment.

Mr. SYMMS. Mr. President, I will soon yield to Senator PERCY, the chairman of the Foreign Relations Committee, but first I wish to make an inquiry of the Senator from Arizona.

How much in total does this reduce out of the foreign aid budget?

Mr. DECONCINI. $15 billion in budget authority and close to $7 billion in budget outlays.

Mr. SYMMS. $15 billion in budget authority and $7 billion in budget outlays over the 3-year period?

Mr. DeCONCINI. Over the 4-year period.

Mr. SYMMS. Mr. President, I compliment both Senators for bringing this amendment to the floor.

It is interesting to note that Senator Helms recently released figures showing his computation of how much money the United States has given away since 1946, and it amounts to approximately $2 trillion, I believe, if we count what the interest costs were each year. So it has become a substantial amount of money.

I suppose there has been no other time when we have had fewer friends than we have right now around the world. All we have to do is look at what has happened with our friendship with Latin American countries in the last month; look to Europe, where there does not seem to be an appreciation for American defense of Europe. We have had problems in other parts of the world.

If I had any criticism of the amendment, I would say that it is too modest, that the Senator should have cut out more.

In my State of Idaho, we have a housing slump. We are a timber-producing State, a State that has had a good housing industry, a new State, where there was a lot of growth. Now the housing industry is flat on its back, and sawmills are closing. I know that the Senator from Montana has the same problem in his State, and I am sure the same problem exists in northern Arizona.

I note that the Appropriations Committee recently approved funding for the Lugar bill, for housing. If the Lugar bill is a good bill to help stimulated housing in the country, it seems to me that it would make more sense to take more money out of foreign aid and use it for aiding American families who need to be able to buy a house, and put people back to work building houses, rather than giving away more money overseas.

Mr. DeCONCINI. I prefer the bill that the Appropriations Committee reported, the urgent supplemental, including the Lugar housing bill. It is approximately $1 billion.

We have to make priorities, and that is what this amendment is all about—deciding where we are going to come down on priorities. I think housing and jobs in this country have to take priority.

In all of Arizona, not only the northern part of the State, the lumber industry is suffering. Over a thousand copper workers have been laid off. It is the first time the copper mines in Arizona have closed down because of an insufficient demand for copper. They have had problems before, but it has not been because the economy has been flat. If this housing bill should pass, we would see an upturn in the demand for copper, in the construction business.

Mr. SYMMS. I thank the Senator very much.

It is interesting that if we go back and trace the history of copper production, we find that right now copper is being sold at an all-time low, in terms of the cost of production in this country. Yet, we occasionally find some foreign countries which produce copper but have closed economies and have not responded to supply and demand, because it is the only means of their being able to produce foreign exchange. The Government controls copper production, and they produce political copper, as I call it, by directing the efforts of a closed economy, where people are told where and when to work. They will produce copper to get foreign exchange, at the expense of States such as Arizona and Idaho.

Mr. DeCONCINI. The Senator is absolutely correct. Today, 50 percent of the copper that is mined in the world is mined and controlled by governments.

Mr. SYMMS. That is correct.

Mr. DeCONCINI. Twenty years ago, it was less than 20 percent. So we see that the free enterprise system, at least in this country, is up against competition that does not care what the cost is. They are going to produce it in order to keep their people employed. We still work on the basis that there has to be a market.

Mr. SYMMS. With respect to the Arizona copper project that is on the Indian reservation—the name of it slips my mind—where the Heckler Mining Co., of my State, was involved, that decision was made based on the fact that copper would not be produced below the cost of production and that there would be a market response of supply and demand—not anticipating that governments would produce it at a loss, in order to gain foreign exchange. It caused a great deal of hardship and grief for many people both in my State and in the Senator's State, over the production of, I think, the Lake Shore property in Arizona.

Mr. DeCONCINI. The Lake Shore property, the Senator from Idaho is correct.

Mr. SYMMS. I know that is reasonable. If we trace it back we find in some cases U.S. foreign aid is going to those countries that are producing in direct competition with the U.S. producers.

So I compliment the Senator from Arizona.

Mr. DeCONCINI. The Senator from Idaho is absolutely correct, and I thank him for his support, and maybe it is a too modest amendment.

Mr. SYMMS. Mr. President, I am sure the Senator from Illinois wishes to speak to this issue.

Mr. MELCHER. Mr. President, will the Senator yield briefly?

Mr. SYMMS. I yield to the Senator from Montana before I yield to the Senator from Illinois.

Mr. MELCHER. Mr. President, I wish to make this suggestion for the Senate. I think it would be appropriate to have an up-or-down vote on this amendment. I do not want to take any more time than the Members of the Senate want to take on the amendment. But I think it is of a nature of an amendment that should have an up-or-down vote. I think it would save us a lot of time in the long run if that would occur that way.

Mr. SYMMS. I thank the Senator for the suggestion. I certainly agree with it.

However, I cannot speak for the leadership on what their wish would be.

Mr. PERCY. Mr. President, I reserve my right to table it and so do other members of the Foreign Relations Committee who are in the markup this morning on the fiscal year 1983 authorization. We have canceled that meeting. There is no use trying to mark up the bill when it is being decimated over here. We will be fiddling while Rome burns, in a sense. I wish to make the case on a bipartisan basis.

Senator Pell, I am sure, will want to speak to this.

But I will need probably 10 minutes at this particular time. I do not know what time Senator Pell would wish to ask for.

Mr. SYMMS. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. The Senator from Idaho has 52 minutes and 10 seconds; the Senator from Montana has 37 minutes.

Mr. SYMMS. Mr. President, I yield to the distinguished chairman of the Foreign Relations Committee for probably a somewhat different viewpoint than has been stated here in the Chamber thus far this morning.

How much time does he wish?

Mr. PERCY. Ten or fifteen minutes.

Mr. SYMMS. I yield 10 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 15 minutes.

Mr. PERCY. I thank my distinguished colleague.

Mr. President, I simply feel that there is no better way to start this dialog than to read a letter from the President dated May 19, 1982. He addresses this letter as the Committee on Foreign Relations begins its markup on the fiscal year 1983 economic and military assistance bill. He says:

> As the Foreign Relations Committee approaches markup on the fiscal year 1983 Foreign Assistance Act, I wish to underscore my personal commitment to full funding of my request. Moreover, I ask you to inform all members of the Committee that these increases are fully consistent with the Admin-

istration's support of the Domenici budget mark, and can be accommodated within the First Budget Resolution I am endorsing.

We have taken steps to ensure that this bill contains adequate funding to deal with the pressing problems of economic and social development in the Third World. However, I have to emphasize that without the additional security assistance resources we are requesting, critical foreign policy objectives in support of specific national security goals would have to be abandoned or severely retrenched. For example:

Israel and Egypt would be deprived of the additional resources necessary to reinforce the post-Sadat peace process at a time when radical elements are working to unravel the tenuous cease-fire in Lebanon and to undermine the Mubarak regime;

Moderate states threatened directly by the Soviets (e.g. Pakistan) or by their Libyan/Ethiopian surrogates (Tunisia, Morocco, Sudan, Somalia) would be deprived of tangible American support when they need it, putting at doubt our ability to call on them when our own interests in the Middle East or the Persian Gulf are threatened;

Portugal, Spain and Turkey would be prevented from rebuliding their outmoded defense capabilities; NATO's southern flank would be vulnerable and we would jeopardize their cooperation in meeting threats beyond the Alliance's boundaries;

The momentum of the acclaimed Caribbean Basin Initiative would falter and the overwhelming plebiscite of the Salvadoran people for democracy would be left to wither.

In addressing our economic problems at home, it would be irresponsible and dangerous to pay the costs of abandoning vital foreign policy interests. The House Foreign Affairs Committee last week approved most of the Administration's request, and I now urge that the Foreign Relations Committee once again demonstrate the bipartisan leadership for which it is justly heralded by approving full funding of our request.

We vitally need the support and leadership of the Foreign Relations Committee to safeguard our national interests in these perilous times.

Mr. President, I modify that letter by saying that the President in effect is saying he needs the full support of the full Senate because uniquely this body has the responsibility with the President for formulating our foreign policy.

What are we really saying to the world? As King Hassan arrives today from Morocco to discuss with the President, the Secretary of State, and the Secretary of Defense the common defense in that part of the world, what are we saying to that chief of state? What are we saying to other chiefs of state with whom we have tried to build a closer working relationship?

Are we saying: No; the United States today is going to turn its back on the rest of the world? Are we going to just go it alone? Are we going to raise our own defense budget so much that we will just stand and fight for the principles of the free world alone? Are we not going to pay any attention to the countries that are willing to use their manpower to fight to protect their areas of interest—which are our areas of interest as well—to maintain a stable, peaceful world? Do we intend to turn our back on them? Do we care about their economic development and their political stability, both of which can be assisted by this country's aid? Do we care about them arming and defending themselves so they can fight in the common interest against common adversaries? Are we saying that?

Are we willing at this stage to try to go it alone? Are we willing to simply say we can take on all of our adversaries that we face, the Soviet Union, the Warsaw Pack countries, insurrection in Central America, and Cuban infiltration through the Western Hemisphere? Are we saying that they do not need assistance and help and that we cannot offer a helping hand to others who are willing to help themselves?

I just think we are not ready to do that. We are not going to take an isolationist policy, a fortress America policy. That has not been the policy of a single recent President. It has not been the policy of a single Congress, and this Congress should not adopt that policy.

We have had a sensible, balanced policy that has moved us in cooperation with our friends and allies and friendly powers around the world to make the world safer and to give us peace and stability, and we do it not only for peace and stability for its own sake—though that is a good enough objective alone. We do it also because increasingly the United States cannot make it on its own.

How long could we last as an economic power and as a military power if we depended on raw materials just from our own resources? In a few years 80 percent of the raw materials consumed by American factories will come to us from lands abroad. That requires safe sealanes. That requires a stable world. That requires that we have access to those raw materials. Otherwise, our factories grind to a halt.

Why did we just authorize $11 billion for rapid deployment forces? We did so to protect the lifeline of the United States of America and its friends and allies in Europe and Japan because it is through the Persian Gulf, and through the Straits of Hormuz that the oil lifeline of the free world flows.

President Carter recognized when he called for a rapid deployment force—he drew a line out there—that we had no current capability to protect that area. Dynamite in the Straits of Hormuz would end the supply of oil to keep our factories going. We would have darkened homes and cold homes; we would have closed schools and factories, as we have had when we have been embargoed before. The same thing could happen again.

When we look at what has happened in Afghanistan, we see an invasion by foreign forces into a Third World country.

When we see that the capability exists through Baluchistan, a section of Pakistan and Iran, generally in turmoil, the Soviet Union could be within 300 miles and is now within 300 miles of the deep water, warm water port they have long wanted, can we sit here and say, "No, we are not going to provide the kind of protection, the kind of assistance and support and help the countries in that area need." Mr. President, these nations are willing to put their own shoulders to the wheel and work with us, providing they have encouragement, assistance, and help.

At this time I would like to yield to my distinguished colleague from Rhode Island (Mr. PELL) who, I understand, must leave the floor in just a few minutes, so that he may comment on the same situation.

Mr. PELL. Mr. President, I rise to support the theme, the words of the Senator from Illinois. I have the utmost respect for the sincerity and the objectives of the Senator from Montana. I recognize that in this bill there are areas where there can certainly be cuts, just as there are also areas where we need to spend more.

I think we should bear in mind that we now rank 17th in the world when it comes to the percentage of our gross national product that we turn over or put into international or public development.

This amendment, if we passed it, would put us at the very bottom. There would be no other industrial nation that gave less than we.

I recognize that we have hard times. In my State we have particularly hard times now, great unemployment, children's luncheons and food being cut back, medical benefits being cut back, very harsh conditions indeed. Obviously, we need to meet the needs of our own people. But there are areas of the budget that could be cut as well as aid, and I would like to see these cuts move a little bit into defense, a little bit into what I would call hardware programs, and less into human being programs.

Basically, the aid program is a human being program because it is designed to help people who are facing starvation, misery, and illness.

So I would hope this amendment would not prevail. I know that I intend to support the Senator from Illinois in opposing it. I understand the reasons behind it. I think it is too extreme, too draconian. At first glance, you could say it only means a reduction of about one-sixth of the total amount in this function. But then you recognize that the function includes a whole variety of subjects, the State Department, BIB, a whole variety of subjects, and the whole cut would come out of the aid program, which would be truly devastated.

My hope is that we can vote on it shortly, and vote it down.

I would observe also to the managers of the amendment and to the opposition that there is no need, just because there is a time agreement, to use up the time when the arguments have been made. As I look around the Senate floor I do not see anybody whose mind is going to be changed by further argument, so I hope we can vote fairly shortly.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. PELL. With pleasure.

Mr. MELCHER. I thank my friend from Rhode Island for yielding.

When he makes a comparison of how much the gross national product of a country goes into aid, would the Senator agree with me that if we carry that over to what the Senator from Illinois, the chairman of the Committee on Foreign Relations, was just stating, and apply it to defense, that indeed we are asking our European allies in NATO to come up with 3 percent of their gross national product for defense efforts while, at the same time, between 6 and 7 percent of the gross national product of the United States goes into defense?

Our commitment toward NATO, perhaps, is a little bit higher than it should be. In turn, with Japan less than 1 percent of their gross national product goes into defense, whereas 6 to 7 percent of the gross national product of the United States goes into national defense, and part of that defends Japan and the islands in the Pacific area in that vicinity.

So we are really mixing apples and oranges if we do as the Senator from Illinois has done, compare foreign aid with the military posture that we have where we are already spending a huge amount of our gross national product for national defense which does benefit our allied countries and does relieve, in effect permits, Japan or European countries to give more for aid than they would otherwise give if they were meeting more of their own national defense needs by paying a higher percentage of their gross national product.

Mr. PELL. The Senator is absolutely correct. But I think he is the one who is mixing apples and oranges because we are talking about defense and we are talking about aid, and they are two separate subjects.

I mentioned in my earlier remarks that I would like to see more money taken out of defense. That is where it should be taken out of. I think the fact that Japan spends only half or a quarter of 1 percent for defense is something that those of us—I know the Senator had a very distinguished war record—should be delighted with. I can remember the efforts we made to make sure that Germany and Japan would not get weapons again, and we were all very enthusiastic as veterans of World War II. I think the Senator has a Purple Heart from that war.

We cannot regret that some of the industrialized nations do not have weapons. That is their choice. I do not think we should force them into their unwilling hands. What we are talking about now is the aid program and people starving and should we get down lower than we have done.

Mr. MELCHER. I thank the Senator.

The **PRESIDING OFFICER.** Who yields time?

Mr. PELL. I suggest the absence of a quorum.

Mr. MELCHER. Mr. President, I just want to make three points and then we are ready to yield back our time.

Simply put, the cut of $400 million for 1982 should be made because there is no settlement as to whether that is going to be appropriated or not in the $800 million available.

I believe it is a totally unwarranted belief that we can afford spending more than $10 billion in each of the next 3 fiscal years for foreign aid. That is adequate funding, not turning our backs on anybody, and still offering a helping hand to all the great variety of countries we need to help, and each country can do with a little bit less of either economic or military aid so that we can help our own economy and finance our own national defense.

Ten billion dollars is not isolationism. Ten billion dollars is a 64-percent increase over the amount spend for foreign aid in 1979. Surely that is a big enough increase.

We are not being chintzy, perhaps we are even being a little bit on the extravagant side. But I think this is the minimum we can go for in any sensible way or commonsense way, $10 billion each year for the next 3 fiscal years.

Mr. President, I am willing to yield back the remainder of the time remaining on our side if the other side is.

(The names of Mr. RANDOLPH and Mr. HARRY F. BYRD, JR. were added as cosponsors of UP amendment No. 970.)

The **PRESIDING OFFICER** (Mr. SCHMITT). Who yields time?

Under the previous order, the hour of 11 o'clock having arrived, the Senate will now vote in relation to amendment No. 1488 offered by the Senator from Vermont (Mr. LEAHY).

Mr. MELCHER addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Montana.

Mr. MELCHER. Mr. President, is time yielded back or not?

The **PRESIDING OFFICER.** As of this time, it is not.

Mr. SYMMS. Mr. President, may I just say to my friend from Montana that it is my understanding that Senators KASTEN and KASSEBAUM have requested some time to speak in opposition to the Senator's amendment, so I do not think at this time I should yield back the time. But I do think it would be advisable to go ahead and have the vote on the Leahy amendment.

Mr. MELCHER. Mr. President, I ask for the yeas and nays on the pending amendment.

The **PRESIDING OFFICER.** The Senator from Montana should be advised that to order the yeas and nays at this time on his amendment would preclude further debate on that amendment after the vote that is going to take place at this time.

Mr. MELCHER. Mr. President, I was unaware of that.

The **PRESIDING OFFICER.** For the information of the Senator from Montana, the reason is that there is an order in place to stack votes ordered at 11 o'clock.

Mr. MELCHER. I certainly do not want to interfere with any Senator's desire to speak on the amendment, so I withdraw the request.

AMENDMENT NO. 1488

The **PRESIDING OFFICER.** The hour of 11 o'clock having arrived, the question is on agreeing to amendment No. 1488 offered by the Senator from Vermont (Mr. LEAHY). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

The **PRESIDING OFFICER.** Will Senators who are conversing please cease their conversations? May we have order in the Chamber?

The legislative clerk resumed the call of the roll.

Mr. HART. Mr. President, the Senate is not in order.

The **PRESIDING OFFICER.** The Senator from Colorado is correct. The Chair is attempting to get the Senate to come to order. Those Senators conversing will please cease or retire to the cloakroom.

Mr. MOYNIHAN. Mr. President, may we have order?

The **PRESIDING OFFICER.** Apparently not, as the Senator from New York is well aware.

The Senate will come to order.

Mr. STEVENS. I announce that the Senator from Connecticut (Mr. WEICKER) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. MATSUNAGA) is necessarily absent.

The **PRESIDING OFFICER.** Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 38, nays 60, as follows:

[Rollcall Vote No. 127 Leg.]

YEAS—38

Baucus
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Chiles
Cohen
Cranston
D'Amato
Dodd
Durenberger
Eagleton
Exon
Ford

Glenn
Hart
Hawkins
Hollings
Huddleston
Inouye
Jackson
Kennedy
Leahy
Levin
Mathias
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas

NAYS—60

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boren
Boschwitz
Brady
Byrd, Harry F., Jr.
Cannon
Chafee
Cochran
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
McClure
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Proxmire
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NOT VOTING—2

Matsunaga
Weicker

So Mr. LEAHY's amendment (No. 1488) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT 970

The **PRESIDING OFFICER.** The question recurs on the amendment of the Senator from Montana.

Who yields time?

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 1 minute on the bill.

The **PRESIDING OFFICER.** Will the Senator from New Mexico withhold? The Chair will say if there is not more order during the rollcalls, the Chair will not acknowledge any votes except those delivered from the desks of Senators. The Chair understands the need for conversations during the vote, but nothing to the extent that we have been exposed to.

The Senate will come to order. Conversations should retire to the cloakroom, hopefully with the Senators.

Mr. DOMENICI. Mr. President, may I ask the distinguished chairman (Mr. PERCY) how many more speakers we have in opposition to the Melcher amendment that he is aware of?

Mr. PERCY. Mr. President, I shall make a few additional comments. I know of no other speakers on this subject.

Mr. DOMENICI. I understood Senator KASTEN wished to speak. Is that correct?

Mr. PERCY. Senator MATHIAS would like to speak.

The **PRESIDING OFFICER.** Will the Senator from Illinois withhold? There is still entirely too much noise in this Chamber. Some of it may be coming from the galleries, but I have a feeling most of it is coming from the Chamber. Staff will please keep their conversations to an absolute minimum. Senators will retire to their cloakrooms if it is necessary to have long conversations.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am going to speak briefly. I yield myself 3 minutes.

The **PRESIDING OFFICER.** The Senator is recognized.

Mr. DOMENICI. Mr. President, I want to tell the Senate that the distinguished majority leader has decided that he will move to lay this amendment on the table. At a time when it is appropriate, he will do so. We wanted to inform people ahead of time of that. We are not doing it on every amendment.

Let me say from my standpoint, I have encouraged him to do it because it does not appear to the Senator from New Mexico that this is an amendment that would just reduce the international affairs function of our National Government. As I view it, in light of the existing international commitments made by this administration and previous administrations, a cut of this dimension would literally demolish our foreign assistance program. The amendment would not just cut it; it borders on totally destroying it.

There are those who like to say that the amendment does not affect Egypt and Israel. I frankly do not believe we can absorb a $15 billion cut and claim that Egypt and Israel will not be affected.

I just do not see how we can have this kind of cut and say the Camp David accords and the commitments flowing from them will be lived up to. We would be taking so much out of the international affairs function that it might be impossible to live up to the Camp David commitments.

Mr. President, the Senate should know that an amendment to a budget resolution exempting Egypt and Israel really does not matter. What matters is the total amount of money in budget authority and outlays allocated to the Appropriations Subcommittee on Foreign Operations. We have had similar arguments on almost every amendment. This budget resolution has no such line item authority. It would be up to the appropriators how they saw fit to spend the money that is provided here, except for entitlements that would just flow from permanent laws. I truly hope that the Senate develops a more responsible, fiscally prudent approach to foreign assistance. I am not one who is enamored of the programs, but I think this amendment is radical surgery to impose upon these programs. I hope the majority leader will move to table.

Mr. MELCHER. Will the Senator yield?

Mr. DOMENICI. I have one last comment. The Budget Committee has already assumed cuts of $1.3 billion in budget authority, about 10 percent, from the President's fiscal year 1983 request for foreign aid and State Department operations. It seems to me that, in light of the international commitments already made, the Budget Committee acted responsibly in cutting the President's request by $1.3 billion. I do not support further cuts at this time.

I am pleased to yield.

Mr. MELCHER. I thank the chairman of the Budget Committee for yielding.

I want to inquire as to what amount the chairman would figure or feel is needed to see that the Camp David accords were protected?

Mr. DOMENICI. Could we have order, Mr. President?

Mr. MELCHER. What amount over $10 billion?

Mr. DOMENICI. Let me say to my good friend that obviously the resources needed for the Camp David accords have a very high priority in Congress and in the executive branch. That has been the case from the inception. So that one might conclude that it would be given preference over Eximbank, preference over all other international programs, but I frankly, as the chairman of the Budget Committee, just cannot tell the Senator what the appropriators will do.

I assume one could figure out how much was needed for the Camp David accords and say, "I put that in the budget and I assume it is so important the Senate will do nothing else." One might conclude that such intent would be enough, but that is not the way we conduct business in my Senate experience.

Mr. MELCHER. I thank the Senator for yielding. The Camp David accords has been taking $2.5 billion a year. I do not know how many years in the future it will be required that we keep paying that to Egypt and Israel, but at least $10 billion ought to be sufficient to cover that and the rest of the obligations.

The **PRESIDING OFFICER.** The time allotted the Senator from New Mexico has expired. Who yields time?

Mr. KASTEN addressed the Chair.

Mr. DOMENICI. Mr. President, Senator PERCY has control of the time on the amendment.

Mr. PERCY. Yes, I would be happy to yield 3 minutes to the distinguished Senator from Wisconsin.

The **PRESIDING OFFICER.** The Senator from Wisconsin.

Mr. KASTEN. Mr. President, as chairman of the Appropriations Subcommittee, I should like to address myself to some of the questions that Senator MELCHER has raised.

It has long been a popular political tactic to take on foreign aid, especially in an election year. But let us not kid ourselves, this proposal by the Senator from Montana would simply wreak havoc with U.S. foreign policy, particularly the security assistance parts of foreign policy, because we have shifted from development assistance over into more and more security assistance. It is important to understand that shift.

I think it is important, also, that we not kid ourselves—the Senator from New Mexico is correct—it is simply impossible to exempt Egypt and Israel with these kinds of numbers. This is a budget resolution. The language here has no force in law whatsoever.

Egypt and Israel are simply the only places where substantial outlays occur, and there is no way, if this amendment were to pass, that Egypt and Israil would escape a cut. In my brief analysis, it would be a substantial cut.

Furthermore—and the Senator from Montana should be aware of this, as his State is a great grain-growing region—one of the other places that could get a cut that would make an immediate difference would be in the Public Law 480 program. Although I know that is not a program that we want to cut, it is one of the programs that we could get the immediate savings in, and it is one of the places where a cut could be made.

The Public Law 480 program could come in for a severe cut, adversely affecting many grain growing areas of the country. I do not want to do that. I come from a grain-growing State. I do not think we want to cut those programs.

The facts are undeniable, and let us look at fiscal 1983 as an example. New outlays for function 150 total $7,570,000,000. Of that amount, $3,110,000,000 is for Israel, Egypt, and Public Law 480.

In addition, $1.6 billion is for salaries and expenses for State, ICA, and AID, and $420 million is required by treaty obligations in contributions to the United Nations. Like it or not, the treaty obligations require us to pay that amount. We are locked into those amounts.

I am encouraging AID and State and others to cut, but we also then go throught the cost of RIF's. Large RIF's would be required by this cut.

Once more, I think we ought not to kid ourselves. If this passes, Egypt, Israel, and Public Law 480 would have to be cut. Those are the only areas where we can make the savings.

There is one more area that we could possible make the savings, and that is in the Export-Import Bank. I know that the Senate has in general supported that effort. The Export-Import Bank, at a time when we have high unemployment in this country, is one more area that I do not think we are going to want to cut, but that is one place where we could get the large dollar amount that the Senator is talking about, if we wanted to go at the Eximbank and go at it in a very, very brutal way.

In the foreign aid appropriations bill we provided 1-year money, which means that all of the outlays from prior years have been obligated, and those obligations have been made in agreements with other countries. Passage of the Melcher amendment would require this administration to go back and break these agreements which we have already made, including many that were made by the prior administration. I do not think the Senate wants to do that, and I am sure that the foreign relations of the United States would be adversely affected if, in fact, we did.

The PRESIDING OFFICER. The 3 minutes yielded to the Senator have expired, and while he is arranging further time, I still must ask the Senate and staff to be quiet.

Mr. KASTEN. Mr. President, may I have 1 additional minute?

The PRESIDING OFFICER. Does the Senator yield 1 additional minute?

Mr. PERCY. One additional minute.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Briefly, a list of some of the countries that would suffer if this amendment were passed follows:

Israel—we have already talked about the special relationship which Israel has with the United States;

Egypt—the most important of all the Arab countries as we are trying to continue the Camp David peace process. Egypt is leading the world for peace. I think it is very important that we not cut them;

Sudan—a supporter of Camp David, desperately in need of assistance. It probably would be wiped out if this amendment were passed;

Turkey—important to our NATO alliance. The Secretary has just been in Turkey;

Portugal—there are U.S. bases which we need there, the use of which is linked to foreign assistance and particularly security assistance;

Spain—same reasons as Portugal, and in addition we are trying to encourage them to come into NATO;

The Philippines—again we have two large military facilities there;

Greece—we are encouraging them to continue to help us with the base agreements.

Those countries would be directly affected, and I believe our security assistance, economic assistance, and foreign policy would suffer a serious setback.

I am willing to go through this function item by item with the authors of the amendment so the Senate will understand what is to be cut. I am convinced that if the details are examined, there is no question but that the Senate will reject this amendment by a substantial margin.

The PRESIDING OFFICER. Who yields time?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. I thank the Chair, but I do not seek recognition.

Mr. HOLLINGS. Mr. President, I yield 3 minutes to our distinguished colleague from West Virginia.

The PRESIDING OFFICER. The distinguished Senator from West Virginia is yielded 3 minutes.

Mr. RANDOLPH. Mr. President, not on the subject matter of the pending amendment or the legislation, important as it is, I rise again to express personal appreciation, and I hope the appreciation of Senators, for the earnest effort by the Presiding Officer, the able Senator from New Mexico Mr. (SCHMITT). He has repeatedly called attention to the fact that the Senate has not been in order while the rollcall was in effect or Senators were addressing remarks to the issue we have before us.

This is not a pleasantry with me. I desire to have the RECORD reflect credit when there is in the chair a man, a manly man, as is the Senator from New Mexico. At least six times—I have checked it—within the last 15 minutes the Presiding Officer has asked for order in this Chamber. We say to him, "Keep it up." At some time in the future, hopefully, when there is a vote again on my request that Senators either sit or stand at their desk when voting, that the result will not be as it was, 51 against and 46 for.

Regardless of where Members sit in this body or their membership in party, let us bring back to this Chamber—not dignity; that is not implied—but the decisionmaking process with decorum and discipline—that will reflect credit on all who serve here and the institution of the Senate itself.

The PRESIDING OFFICER. The Chair appreciates the remarks of the distinguished Senator from West Virginia (Mr. RANDOLPH).

Mr. PERCY. Mr. President, I also should like to pay tribute to my colleague from West Virginia, who has been vigilant in attempting to preserve the decorum of the Senate.

We have a great tendency to be disrespectful of one another in carrying on our business. I noticed five conversations being carried on simultaneously on the floor while the distinguished Senator was speaking, and two of them are going on right now. There should be someplace we can carry on all these conversations other than the floor of the Senate.

I agree with the distinguished Senator from West Virginia. We would get along with our business a great deal better if there were not so much confusion down here.

Mr. President, I yield at this time to the distinguished Senator from Maryland to speak for whatever time he desires, and I ask that due diligence and great attention be paid.

Mr. MATHIAS. Three minutes.

Mr. PERCY. I yield 3 minutes on the pending amendment, which is an important amendment, which would absolutely decimate the President's security and economic assistance for the world if it were adopted.

Mr. MATHIAS. I thank the Senator from Illinois.

Let me take one moment to endorse the views of my neighbor and friend from West Virginia, who has occupied the south bank of the Potomac for so many years with such distinction.

Mr. President, the pending amendment is a typical example of being penny-wise and pound-foolish.

If we are looking at defense expenditures, if we want to have what the late Senator Robert Taft of Ohio called a searching scrutiny of defense costs, then we should look with very great care at this amendment, because it will cost far more in defense expenditures than it saves in outlays in the current budget.

Granting that the security assistance to Israel and Egypt was excluded from the impacted budget, I think it is not too much to say that the adoption of this amendment would destroy the security assistance program. Look at where it would be destroyed: in the southern flank of Europe, critical areas, Turkey and Greece; in the Persian Gulf, which is an area of obvious vital security concern for the United States and our allies in Europe.

It would destroy the security assistance programs in the Middle East. It would have a devastating impact in Central America and in the Horn of Africa, which is a sort of fulcrum on which many strategic questions turn.

Mr. President, I cannot think of anything more devastating to our strategic program for helping to maintain stability and peace in the world than to undermine the security assistance program to this degree.

I hope that as the Senate contemplates what really would be done by this amendment, it is fully cognizant of the fact that this, in the long run, will cost the taxpayers of this country a great deal more money than the outlays contemplated in the budget request for security assistance. I think it is a destructive amendment, not only destructive of the programs but also countereffective in terms of protecting the economy of the United States.

So I urge the Senate to defeat the amendment.

Mr. PERCY. Mr. President, I urge my colleagues to support the tabling motion to be made by the distinguished majority leader. That tabling motion is supported by the Foreign Relations Committee, by the chairman of the Budget Committee, and I believe by most members of the Budget Committee. It certainly is supported strongly by the administration. There is no other amendment we could probably consider that would do greater damage to U.S. interests around the world than this amendment.

The distinghished Senator from Montana asked a very pertinent question: What would this amendment do to the Camp Davis Accords and the agreements reached with Israel and Egypt?

Of course, a great deal of attention has been placed upon the Camp David Accords, and a great deal of public information has been provided to educate the public as to the necessity of backing up and supporting Israel and Egypt because of the dramatic steps they have taken.

This amendment specifically protects those two countries. But is that to say that those are the only trouble spots in the world? What of our rapid deployment forces, which we have been building up to protect the oil supplies of the free world? Are we to decimate that program?

Just a few months ago, Prime Minister Seaga of Jamaica came to this country officially as the first guest of President Reagan because of the progress being made in that area. Prime Minister Seaga could not possibly explain to his colleagues in the Caribbean why, a few months after the President of the United States has taken an initiative to create peace and stability in the Caribbean and to give them hope for forming democratic forms of government, in an orderly process of peace in that area, we would suddenly pull the rug out from under them, because this would not provide the money for the Caribbean Basin inititative.

It was greeted with enthusiasm on the floor of the Senate. It has been greeted with enthusiasm by the business community of the United States of America. The largest association of commerce and industry in America, in Chicago, pledged the support of 12,000 members for the Caribbean Basin initiative. It is largely based upon encouraging investments, encouraging a free trade area, and some aid.

That $350 million is essential because Venezuela is matching it with $600 million of oil. Canada and Mexico have joined.

Are we to enter into partnerships with three great countries in our hemisphere to help other countries in this hemisphere create peace and stability, and then, 3 or 4 months later, move away precipitately and pull the rug from under the President and the foreign policy of our country? I say no.

Do we have assured peace and stability in the Far East? Are there other countries in the world we should consider, that we assist them to provide for their security and protection, backed up and reinforced by us? Or, as I said earlier today, are we willing to just say no, we are going to go it alone? We will just increase our own defense budget of $126 billion, and we will fight all the battles. How will we keep the world free? How will we keep the sea lanes open? How will we keep peace and stability? How can we accomplish these basic goals if through mutual programs, economic and military, to other countries which are willing to offer their manpower, their assistance, and their help, provided they get a reasonable amount of help, which they can get, in many cases, only from the United States.

So I say this amendment deserves to be tabled. I wish it would be withdrawn actually because I really cannot see how the distinguished Senator from Montana could face his own constituents. I recognize the widespread unemployment in this country, but we also have a question of security. Of the raw material supplied to our factories, as I have mentioned earlier, 80 percent of those raw materials come from other countries abroad. They have to cross the seas to get here.

The large part of the markets that we are building abroad are only built in areas of security and peace, not areas of insecurity and warfare. It is to prevent that and provide a secure world that we offer the kind of assistance and help that the pending amendment would wipe out.

For that reason I solidly support the tabling motion by the majority leader.

Mr. DURENBERGER. Mr. President, will the Senator yield?

Mr. PERCY. I am happy to yield.

Mr. DURENBERGER. Mr. President, I listened to the argument of the distinguished chairman of the Foreign Relations Committee. I have heard him cite problems of Central America. I have heard him cite problems in the Caribbean where we are going to fortify Jamaicans. I have heard him cite examples with regard to the Middle East where in an effort to reach an accord that we really have not accomplished yet we are proposing billions of dollars in arms sales. I have heard him cite a variety of so-called troubled spots around the world.

I am also familiar with the fact that in addition to a sustantial increase in the foreign aid budget during this administration we are also facing record increases in military defense.

My question of the Senator from Illinois is very simply this: With his insight into the foreign policy of this administation that he alluded to, can he tell me do we ever reach a point at which we negotiate our foreign policy with policy rather than with money?

Mr. PERCY. I think we have reached that stage. Obviously, there is not a free lunch. There is always a cost, but I think the cost to the Caribbean initiatives, which would be wiped out by this amendment, is a very good example of an extremely small cost matched by three other countries who make relatively small our investment. Their investment is larger than ours, and the business community is backing this up by increasing trade, increasing investment, creating employment.

Just what is the cost to this country of the condition that we face in Haiti? These are not political refugees. They are economic refugees.

Rev. Jesse Jackson has interviewed all of these people who are interned in our prisons, kept there at the expense of the U.S. Government. How do we stop thousands of people from fleeing from the utter poverty that they face in their nation? Reverend Jackson would say this is the best way to keep Haitians in Haiti, to give them a chance to have their own economic well-being in their country and not end up in detention camps here at considerable taxpayers' expense and considerable personal trauma to them.

The expense of the Caribbean initiative is really modest when it comes to the investment the American enterprise system has said they will make. Twelve thousand members of Chicago's Association of Commerce and Industry in a book this thick has put out an analysis as to what this will mean to the ultimate well-being of the United States of America and its taxpayers for this small investment, and this is not just a big costly program. This is a modest program more than matched by money from Canada, Mexico, and Venezuela.

Mr. DURENBERGER. With due deference to the chairman of the committee, I am a cosponsor of the Caribbean Basin initiative, but this country for 20-some years, ever since John F. Kennedy started this process, has been trying to buy foreign policy in the Caribbean, in Central America, and in South America, and we are worse off today than we were before.

My only point to the Senator from Illinois is where is the policy on this? I would address the same question particularly with regard to military assistance. I will not bring up my involvement on the Intelligence Committee in that regard. But I am getting very tired of seeing armed sales used as foreign policy around this world, and I know this is not the place to debate the specifics of foreign aid.

But I just have to say it bothers me a great deal to give this particular administration that much more money when we cannot find the policy behind the expenditure.

Mr. PERCY. The policy is very clear, I think, in a country such as El Salvador. Here we have a country in the Western Hemisphere, close to the Panama Canal, vital to our own security interests, facing infiltration by forces that are certainly in opposition around the world to the interests of the United States of America. And where is the fertile soil in which they grow their seeds of discontent? This is a country which we know of 5 million people run by 11 families. Literally all of that land is owned by a handful of people. What is the opportunity for those people? The American policy that has been developed by the President and Congress is that there should be six goals toward which any government that we support works, and we are working toward those goals, including a free election, which they have held, a democratically based government, which they now have, an Assembly and a President responsive to the people, less repression, land reform, economic reform, progress in human rights.

That is a policy the architects of which have been the Congress of the United States and the President of the United States.

We are working toward peace and stability in Central America with that policy, and the investment in money is very minuscule compared to the investment of 5 million people now in land reform and economic reform that hopefully will bring peace and stability to that area vital to our own security.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. PERCY. I am happy to yield.

Mr. BAKER. Mr. President, I obviously do not want to cut anyone off. I also want to try to move along on this.

I had announced earlier that at some appropriate time I would move to table this amendment.

I conferred with a number of Senators on both sides of the aisle, and there is a strong desire to have an up-or-down vote on this measure. It seems to me that after conferring with the chairman of the Foreign Relations Committee and the chairman of the Budget Committee, and others, we may expedite this matter by doing so.

Therefore, I will not move to table, and as soon as Senators can bring themselves to end debate, I am prepared to have a vote up or down on this amendment.

Mr. HEINZ. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Who yields time?

Mr. PERCY. Mr. President, how much time does the Senator desire?

Mr. HEINZ. Two minutes.

Mr. PERCY. I am happy to yield 2 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 2 minutes.

Mr. HEINZ. Mr. President, as I understand the effect of this amendment, it would reduce outlays principally in fiscal 1983 for a variety of international affairs of program areas. Those include the ones mentioned by the Senator from Illinois (Mr. PERCY), the chairman of the Foreign Relations Committee. He has pointed out what this would mean to our foreign economic, financial, and international security assistance programs.

I think he makes a number of very important and good points.

We have to have a foreign policy in this country, and it may very well be that this would severely jeopardize what we are trying to do with our country's foreign policy. In this country foreign policy has traditionally been bipartisan, and I must say I am sorry to see an effort here by someone on the other side of the aisle that in my judgment is not bipartisan at all.

The second thing I wish to say, Mr. President, is that I see no way that this amendment would not affect our trade policy. That is because included in function 150 is a very substantial amount of budget authority and outlays for the Eximbank.

Mr. President, we are being slaughtered by imports in this country from overseas. Thanks to the proliferation of nontariff barriers, our exporters are being slaughtered by being shut out.

A part of the trade problem that we face in some disarray, I am sorry to say, is the fact that the Europeans in particular, the French most specifically but not exclusively, are engaged in an export credit war worldwide that is costing us tens of thousands of jobs. They are subsidizing their exports through export financing facilities. And if we do anything, Mr. President, that weakens the Export-Import Bank, because I believe this amendment does, we send the worst possible signal to the Europeans who have been asked to consider an offer right now from our Government to improve the so-called international arrangement, to raise the floor on those interest rates that are now obviously artificially low, depressed and subsidized, and if we were to agree to this amendment in this body we would on the issue of trade be committing unilateral disarmament in the midst of a trade war.

Well, we do not advocate unilateral disarmament with the Soviet Union. Why should we advocate unilateral disarmament in trade vis-a-vis the French and the Europeans who subsidize it?

So, Mr. President, I ask my colleagues to resoundingly defeat this amendment and to vote instead for a strong international posture and a strong trade policy for this country, a trade policy that is second to none.

The **PRESIDING OFFICER** (Mr. DURENBERGER). Who yields time?

Mr. **PERCY**. I yield 5 minutes to the distinguished Senator from Ohio.

Mr. **GLENN**. I thank the distinguished floor manager, the Senator from Illinois.

Mr. President, let us go back just a little bit to last fall. Last fall we passed a foreign aid bill that was to encompass 2 years. The President signed it in December.

I think the President broke faith with us a little bit on this one because it was only here in January when he came in with a new bill for the fiscal year 1983 that obviously had to be put together at a time when we were marking up a bill that was supposed to last us for 2 years, fiscal 1982 and 1983.

Now that bill they have proposed is for an additional $1.6 billion. I think we should hold the line on what we have already approved. I hope we can. But that is not what is at issue here.

What is at issue here is that while the budget authority we have now is $9.2 billion, the Senator from Montana proposes a $2 billion reduction in our outlay figure, as I understand it, which is $7.3 billion, and cutting that off would mean we are making a 27-percent reduction in actual funding. I repeat that, a 27-percent reduction in actual funding.

That may be politically popular across the country. Nothing is more unpopular, in fact, than foreign aid. That is understandable at a time when we are being asked to approve cuts in benefits of $165 million for service-connected disabled veterans, $450 million reduction for low-income energy assistance, $2.2 billion in loans and grants for higher education, $247 million in child nutrition programs, $328 million in education, $37.8 million in programs providing meals for older Americans, $600 million in energy R. & D. and the list goes on and on in what we are being asked to cut.

So I am not for increasing foreign aid, let me make that very, very clear. But, at the same time, to say we will turn around, and no matter how politically popular, reduce actual dollars going into foreign aid by 27 percent at this point means that they probably will come out of such things as the Inter-American Development Bank, which are under negotiation right now, coming up every 4 years.

There are two windows there, one the capital window, as it is called, which is the long-term regular interest loans; the other is the Fund For Special Operations, FSO fund, which is the soft loan window, concessionary rates being given.

The administration already has called for a cutback in support for that and is arguing, in the negotiations going on now for the next 4-year replenishment, that we go the bilateral route, keep funds out of there. It is a natural place for them to cut, and yet at the same time those are the ones we have been able to negotiate with other countries and for every American dollar put into those funds we get about a $4 additional amount from other countries.

So to cut these funds now would mean we lose that leverage because that is the place the administration would probably cut. We would lose that kind of 4-to-1 leverage. It does not make sense to cut this by 27 percent right now when we are at a very critical time in those negotiations.

I repeat, I am not for expanding foreign aid, but I certainly am not in favor of cutting it back some 27 or 28 percent of the actual outlay figure with the $2 billion reduction the Senator from Montana would propose. I think this would be a mistake. I think it would send all the wrong signals to people we have worked with and to those who are depending on some of these Bank funds and on the programs we have had running in the past, and it means that some of these programs would be absolutely decimated, they would just be wiped out. Once again the U.S. Government would be seen as a nonreliable partner in any of these efforts because we cut out 27 percent of the funding available for this coming year.

I know the politically popular thing back home is probably to vote for this. But I would hope people would think of what the responsible vote is for our international relations, for the United States of America in the future, and defeat this amendment. I thank the Chair.

Mr. **MELCHER**. Mr. President, will the Senator yield to me to clarify a point?

Mr. **GLENN**. Certainly. I yielded the floor, but go ahead on your time.

The **PRESIDING OFFICER**. Who yields time?

Mr. **GLENN**. I yielded the floor.

The **PRESIDING OFFICER**. The Senator from Montana is recognized.

Mr. **MELCHER**. Will the Senator from Ohio yield to me for a question?

Mr. **GLENN**. Certainly.

Mr. **MELCHER**. When the Senator speaks of a cut of 27 percent in this function where the reduction is from roughly $12 billion down to $10 billion, is the Senator assuming that the reduction in the function is going to come out of one group of categories or do you——

Mr. **GLENN**. I respond to the distinguished Senator by saying it was my understanding from the earlier part of the debate to which I was listening that this comes out of our budget outlay figure, which is $7.3 billion, and a $2 billion cut on that would be about a 27-percent reduction.

Mr. **PERCY** addressed the Chair.

Mr. **MELCHER**. May I respond. Do I still have the floor, Mr. President?

The **PRESIDING OFFICER**. The Senator from Montana.

Mr. **MELCHER**. May I respond to my friend from Ohio that we are working with the budget resolution, we are working with function 150. We are taking the reduction out of the entire function and with the direction that Israel and Egypt be accordingly protected. We are dealing with page 6, line 18 of the budget resolution with $12.1 billion and reducing that to $10 billion, which, I believe, is somewhat less than a 20-percent reduction.

Mr. President, I ask unanimous consent that Senator HARRY F. BYRD, JR. be added as a cosponsor.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **MELCHER**. Mr. President, just to repeat, we started in 1979 with an appropriation of $6.1 billion for this budget function; $10 billion in 1981; $11 billion in 1982; and now we are being asked to increase that for 1982 with an additional $400 million. So the amendment for this function, I repeat, cuts $400 million out of this fiscal year.

It does not in the coming years of fiscal 1983, 1984, and 1985 do damage to the Export-Import Bank, the World Bank or any of the rest of the programs. It just says there is a little belt tightening, that we are going to have $10 billion to cover this entire function, and I do not think that is too much belt tightening. I think all of us really want to have our own national defense and be able to finance it. We are going to have to have a decent economy in this country to do so, and I think this small amount of belt tightening is entirely in order and does not devastate or dramatically change our program.

I am ready to yield back the remainder of my time if the other side is.

The **PRESIDING OFFICER**. The Senator from Illinois.

Mr. **PERCY**. Mr. President, in just a moment I can sum up what the Melcher amendment would do. It would require a $400 million cut in 1982 outlays. It would eliminate the President's Caribbean Basin initiative. It would cut 1983 outlays by $2.1 billion below the Budget Committee level, and the Budget Committee level is already $1.3 billion below the President's request. It would force elimination of almost all security assistance to countries in the Caribbean, the Middle East, except to Israel and Egypt, and the rest of the world.

This would completely undercut the President's foreign policy and jeopardize our own national security. The Commander in Chief, the President of the United States, the Secretary of State, and the Secretary of Defense would certify to that fact.

Does any Senator want to have that on his record? I, therefore, urge defeat of the Melcher amendment.

The PRESIDING OFFICER. Who yields time?

Mr. MELCHER. I yield back our time, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Montana (Mr. MELCHER). The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 27, nays 73, as follows:

[Rollcall Vote No. 128 Leg.]

YEAS—27

Abdnor
Baucus
Bentsen
Boren
Burdick
Byrd,
  Harry F., Jr.
Cannon
DeConcini
Exon
Ford
Goldwater
Grassley
Hatfield
Heflin
Helms
Humphrey
Long
Melcher
Nickles
Pressler
Proxmire
Randolph
Roth
Stennis
Stevens
Symms
Zorinsky

NAYS—73

Andrews
Armstrong
Baker
Biden
Boschwitz
Bradley
Brady
Bumpers
Byrd, Robert C
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
East
Garn
Glenn
Gorton
Hart
Hatch
Hawkins
Hayakawa
Heinz
Hollings
Huddleston
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Kennedy
Laxalt
Leahy
Levin
Lugar
Mathias
Matsunaga
Mattingly
McClure
Metzenbaum
Mitchell
Moynihan
Murkowski
Nunn
Packwood
Pell
Percy
Pryor
Quayle
Riegle
Rudman
Sarbanes
Sasser
Schmitt
Simpson
Specter
Stafford
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker

So Mr. MELCHER's amendment (UP No. 970) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I understand that the distinguished Senator from Colorado (Mr. HART) will offer the next amendment. May I inquire of the Senator from Colorado and the chairman of the committee if we can get a time agreement of 40 minutes, to be equally divided?

I understand the Senator from Colorado is agreeable to that. Is the manager of the bill?

Mr. DOMENICI. Mr. President, the manager is agreeable.

Mr. BAKER. Mr. President, I believe that has been cleared through our regular process. I ask unanimous consent that on the next amendment, the Hart amendment, there be a time limitation of 40 minutes to be equally divided and controlled in the usual form; and that, following that debate, a vote will occur on the Hart amendment.

Mr. HARRY F. BYRD, JR. Reserving the right to object, that will not preclude the Senator from Virginia and the Senator from New Mexico having a colloquy at this point, will it?

Mr. BAKER. No, it will not, Mr. President.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, will the distinguished chairman of the Committee on the Budget permit me to ask several questions for clarification?

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I shall be glad to yield time to the Senator from Virginia on the bill.

Mr. HARRY F. BYRD, JR. Mr. President, may I inquire of the Senator from New Mexico, as I understand the pending resolution, the national debt——

Mr. DOMENICI. Mr. President, I cannot hear the distinguished Senator. May we have order in the Senate?

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order so the Senator from Virginia may make his request.

Mr. HARRY F. BYRD, JR. I thank the Chair.

Mr. President, I inquire of the Senator from New Mexico, as I understand the budget resolution, the public debt at the end of fiscal year 1983 is projected to be $1.292 trillion. Is that figure correct?

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. As I understand also, as of today, the national debt is $1.065 trillion. I might say as of April 30, it was $1.065 trillion, which is, in essence, what it is today.

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. If my arithmetic is correct, then, under this budget resolution, the national debt will increase by $227 billion during the next 1 year and 5 months.

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. Another way of putting it is the national debt will increase by 21 percent during the period of the next 17 months.

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. Mr. President, if we go to fiscal year 1985 under the budget resolution, the national debt will be $1.533 trillion.

Mr. DOMENICI. That is correct also, Mr. President.

Mr. HARRY F. BYRD, JR. With the national debt today being $1.065 trillion, that means, does it not, that the national debt under the budget resolution now before the Senate will increase by $468 billion?

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. So another way of putting it is that during the next 3 years and 5 months, the Nation's public debt will increase by 44 percent.

Mr. DOMENICI. The Senator is correct again.

Mr. HARRY F. BYRD, JR. May I ask, in another field, the spending increase—outlays—for 1981 over 1980 was a 14-percent increase during that fiscal year, 1981 over 1980.

Mr. DOMENICI. Mr. President, I do not have that memorized, but we shall check it. I assume it is right out of the budget book.

Mr. HARRY F. BYRD, JR. I think that is correct. If it is not, the Senator can let me know.

Mr. President, the point I am getting to is——

Mr. DOMENICI. Mr. President, it is 13.9.

Mr. HARRY F. BYRD, JR. Which rounds off to 14 percent, 13.9.

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. We come to the current fiscal year, 1982. I am trying to establish the increase in spending in 1982 over 1981 on a percentage basis. My figuring is that the increase in 1982, taking into consideration the figures in the current budget resolution, will be 13 percent, a 13-percent increase in spending this year over last year.

Mr. DOMENICI. Mr. President, if we round it as we did before, the Senator is correct.

Mr. HARRY F. BYRD, JR. So, Mr. President, contrary to the television commentators and the public perception, not only has there not been a reduction in spending; indeed, there has been only a minute reduction in the rate of increase in spending—namely, from 14 percent to 13 percent. Would the Senator agree that that is correct?

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I should like to say to my good friend, the senior Senator from Virginia, what I would like to do and I shall put it in the RECORD.

I should like to take 1983, 1984, and 1985, and tell him that if we did not adopt this budget, I would like to tell the Senate how much larger the deficits would be than those which the Senator has so aptly projected here. As the Senator from Virginia knows, the Senator from New Mexico thinks that is a big deficit. His perception is correct; the budget is not coming down, with an increase of 1983 over 1982 or 1982 over 1981. But I think it is imperative that we all know what those deficits will be if we do nothing, if we leave everything alone. That would be a very revealing bit of information.

I am sure the Senator would be very interested in it and I shall put that in the RECORD at this point.

Mr. President, I ask unanimous consent to have printed in the RECORD the table to which I have referred.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

BUDGET DEFICITS

	Actual	Baseline estimate	S Con Res 92	Difference
Fiscal year				
1980	59.6			
1981	57.9			
1982		119.3	117.7	1.6
1983		182.0	115.4	66.6
1984		216.0	91.3	124.7
1985		232.5	64.4	168.1

PERCENT CHANGE IN OUTLAYS FISCAL YEAR 1980-85

	Percent change over previous year		
	Actual	Baseline estimate	S Con Res 92
Fiscal year			
1980	17.5		
1981	14.0		
1982		12.9	12.7
1983		11.4	5.8
1984		11.0	6.2
1985		10.3	6.9

Mr. HARRY F. BYRD, JR. That will be fine. I think it has been ironic that the President is being condemned and Congress, to a degree, is being condemned for the public perception that there has been a reduction in spending when, of course, as all of us know, there has been no reduction in spending. I do believe that most Members of Congress have been under the impression that there has been a substantial reduction in the rate of increase in spending. However, that is not the situation, as has just been established by the able chairman of the Committee on the Budget.

Despite the tremendous effort made last year by the President and by members of the Budget Committee and of the Senate, the rate of increase in spending for the current year is 13 percent, and that is a minuscule reduction from the 14 percent rate of increase the year before.

The Senator from Virginia, I must say, is deeply alarmed at this continued high rate of increase in spending and deeply alarmed at the magnitude of the deficits. I do not see how we can get interest rates down when the Government will go into the money markets for such huge sums to finance deficits which will aggregate $468 billion during the period of 3 years and 5 months.

May I ask the Senator one additional question. In regard to the increase in the national debt going to $1.292 trillion by the end of fiscal 1983; namely, 1 year and 5 months hence, the deficits as listed in the budget resolution do not add up to that figure of $227 billion by which the debt will be increased. Of course, that 227 figure includes the offbudget deficits, does it not?

Mr. DOMENICI. Yes, the Senator is correct.

Mr. HARRY F. BYRD, JR. It includes both the budget deficits and the offbudget deficits?

Mr. DOMENICI. That is correct.

Mr. HARRY F. BYRD, JR. Will the Senator indicate what the offbudget deficits are estimated to be for fiscal 1982, fiscal 1983?

Mr. DOMENICI. Mr. President, I again have to have the staff look that up for me. I will be glad to do that. If the Senator wants, we will put it in the RECORD as part of my closing colloquy. As soon as they figure that out for us, we will do that, if it is all right with the Senator.

Mr. HARRY F. BYRD, JR. Good, if the Senator could put it in at this point.

Mr. DOMENICI. Yes, indeed, we will.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. DOMENICI. I say to my friend, the Senator has in a very succinct way pointed out to the Senate, to the American people, that the notion rampant across the land that the budget is being dramatically reduced, programs are being greatly cut, is just not true. I would add, however, that the part of the budget that we have not adequately addressed is the part that is called uncontrollable. Some do not like us to call them entitlements or uncontrollable entitlements because our people look and say, "You control everything so why do you not control them?" But the point I would like to make is that, for whatever, reason, programs like medicare, when somebody qualifies, you pay the bill we call an entitlement because either the person or the situation has created an entitlement. When you find a program growing at 19 percent a year with inflation down at 4 or 5, and when you have many of those programs indexed—with a consumer price index that we know is not measuring inflation accurately you have billions of dollars in those types of programs. Spending of this type adds up quickly.

I think in fairness we have to add that, during the episode that the Senator is referring to, we are increasing defense dramatically, and that is in the budget. It is not immune from the statement that the budget is growing. It is in the budget and it is a major source of the growth in that budget.

I hope that the Senator would eventually join with the Senator from New Mexico and others and resist efforts to take items like social security and medicare disability funds offbudget. I think we can find ways to account for them so people know precisely where they are. But we will encounter this debate with those who want to take that offbudget. If we took these trust funds and said, "Well, they will not be on the budget anymore," then we would fundamentally change the definition of onbudget and offbudget as we know it today.

We would be saying, "Well, these issues are not within our jurisdiction. You better call somebody else over here and talk with them, because they do not belong to us."

I do not know if the Senator has given this issue any thought, but I just use this occasion to say we had better keep these trust funds onbudget so that we can exercise proper legislative responsibility to see that these funds are managed prudently and that the benefits that are provided under these trust funds are paid.

Mr. HARRY F. BYRD, JR. There is only one valid argument that I can see for segregating the social security trust fund from the budget itself, and that argument is this: None of those funds are from general revenue, general taxation. They are from the employer and the employee. None comes from the Government as such. When Lyndon Johnson decided to incorporate the trust funds and have a unified budget, I opposed that. The reason he did that was to make the deficits appear to be less in operating the Government than they really were; the trust funds were running a surplus.

I think today I would agree with the Senator from New Mexico. This is not the right time to take the social security trust funds outside of the budget.

Mr. DOMENICI. Because they are running a deficit, or at least those trust funds are not running a big surplus.

Mr. HARRY F. BYRD, JR. That was not my reasoning, however. My reasoning is that if we do that, it is going to appear and the real purpose will be to camouflage and distort the budget as we have operated under it for the past 12 or 14 years. So I think, even if the argument is in favor, this is not the time to do it. I would be inclined to support the position of the distinguished Senator from New Mexico in that regard. As a matter of fact, I think there are too many offbudget items now.

Has the Senator had a chance to get those offbudget figures?

Mr. DOMENICI. Yes, Senator. For the year 1981, the offbudget contribution to the deficit is $19.8 billion; for the 1982, the offbudget contribution is $21.4 billion; for 1983, the offbudget contribution is $20.7 billion; in 1984 it is $20.2 billion; of course, the estimate for fiscal year 1982 through fiscal year 1985 projections.

Mr. HARRY F. BYRD, JR. If we take the fiscal year 1983 increase in the public debt, the deficit for that year is—I think your new figure is $116 billion; is it not?

Mr. DOMENICI. $115.4 billion.

Mr. HARRY F. BYRD, JR. In round figures $115 billion. That leaves $112 billion.

May I ask where is that other $112 billion? $21 billion is in offbudget items. That still leaves about $90 billion.

Mr. DOMENICI. The total increase in the public debt for fiscal year 1983 is $147.9 billion under the resolution as it now stands. This is composed of $115.4 billion for unified budget deficit, $21.4 billion for offbudget financing and $11.1 for trust fund surplus balances. In addition, I should like to give the Senator the number, showing the percent growth that was occurring in the Federal budget, if the economic assumptions and if all the reductions are carried out by Congress.

Mr. HARRY F. BYRD, JR. A very dubious assumption.

Mr. DOMENICI. The latter is a dubious assumption. The growth rate would be 5.8 percent, 1983 over 1982; 6.2 percent, 1984 over 1983; and 6.9 percent, 1985 over 1984. That is a significant drop.

Mr. HARRY F. BYRD, JR. Is it not correct, however—since the Senator has brought up the matter—that this time last year, the first budget resolution projected an increase in spending of 6 percent and we now learn it is 13 percent?

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. I also point out what I call the factor 44. If we go back 3 years, we will find that in each of those 3 fiscal years, the first budget resolution underestimated spending by $44 billion. That occurred 3 years in a row, including this current fiscal year. So if that factor of 44 continues on, we can see that not very substantial progress will be made.

I am not critical of the Senator from New Mexico, because it is very difficult to estimate these expenditures. I realize that. I know how conscientious and dedicated he is and how hard the chairman of the committee has worked to hold down these huge deficits. Nevertheless, the fact is that there has been virtually no reduction in the rate of increase in spending to date.

Mr. DOMENICI. Mr. President, I ask unanimous consent to have printed in the RECORD the information with respect to the total makeup of the deficits, about which the Senator from Virginia inquired.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPOSITION OF PUBLIC DEBT

[Dollars in billions]

	Level	Change
Debt fiscal year 1981	1,079.8	
Unified deficit	117.7	
Offbudget	19.8	
Trust fund	7.9	64.4
Debt fiscal year 1982	1,144.2	
Unified	115.4	
Offbudget	21.4	
Trust fund	11.1	147.8
Debt fiscal year 1983	1,292.1	
Unified	91.3	
Offbudget	20.7	
Trust fund	15.9	127.8
Debt fiscal year 1984	1,420.0	
Unified	64.2	
Offbudget	20.2	
Trust fund	28.6	
Debt fiscal year 1985	1,533.2	113.2

Mr. CHAFEE. Mr. President, will the distinguished manager of the resolution yield me 2 minutes on the committee's time, for a colloquy?

Mr. DOMENICI. I am pleased to yield 2 minutes.

The **PRESIDING OFFICER.** The Chair recognizes the Senator from Rhode Island.

Mr. CHAFEE. Am I correct in assuming that $434 million of the $1.5 billion in deferrals has been added back into the budget resolution specifically to fund Department of Energy activities?

Mr. DOMENICI. Yes; that is correct.

Mr. CHAFEE. Mr. President, I have discussed this matter with the distinguished chairman of the Budget Committee and understand that the budget resolution is not an appropriate vehicle to earmark these funds—$434 million—for specific programs within the Department of Energy. That is a prerogative of the Appropriations Committee which will be deciding these matters over the course of the summer.

However, I should like to point out for the benefit of my colleagues that the $434 million which is now contained within the resolution is, in fact, being used in fiscal year 1982 to fund specific fossil energy and energy conservation programs. It is my strong personal desire for the Congress to continue to use these funds to support continuation of these important programs.

I submit for the RECORD a table illustrating how this $434 million is presently divided among specific DOE programs. I also introduce a more detailed table illustrating the impact of such funds on energy conservation activities within DOE.

Clearly, 63 percent of the conservation budget, $241 million, is comprised of deferred moneys.

If activities such as the low-income weatherization program and the schools and hospitals conservation program are to continue in fiscal year 1983, it is imperative that budget levels include deferred moneys. In my mind, these programs are critical to maintain a balanced energy policy and, at the same time, they are important to maximize money spent for the low-income fuel assistance program.

In my home State of Rhode Island, for example, weatherization efforts have enabled us to save 18 cents out of every $1 of low-income fuel assistance funds, and I am very pleased to see that we have provided in the fiscal year 1983 budget resolution for the continued existence of the weatherization program.

Mr. President, I ask unanimous consent to have printed in the RECORD the material to which I have referred.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DOE PROGRAMS FUNDED IN WHOLE OR IN PART FROM DEFERRAL/TRANSFER FUNDS IN FISCAL YEAR 1982

[Millions of dollars]

	1983	1984	1985
Fossil energy R. & D			
BA	9	9	9
O	3	8	9
Fosil energy construction			
BA	9	2	2
O	5	6	2
Energy supply R. & D. operating			
BA	115	115	115
O	75	105	115
Energy supply R. & D. plant capital			
BA	22	22	22
O	7	17	22
Energy conservation			
BA	241	241	241
O	63	184	241
Economic regulation			
BA	38	38	38
O	26	33	33
Total			
BA	434	427	427
O	179	353	422

BREAKDOWN OF ENERGY CONSERVATION FUNDING FISCAL YEAR 1982

[Millions of dollars]

	Fiscal year—		
	1982 [1]	1981 [2]	1983 [3]
Conservation grants:			
Weatherization	32,893	111,107	144.0
State planning	15,000	9,000	24.0
Energy Extension Service		9,600	9.6

BREAKDOWN OF ENERGY CONSERVATION FUNDING FISCAL YEAR 1982—Continued

[Millions of dollars]

	Fiscal year—		
	1982 [1]	1981 [2]	1983 [3]
Schools and hospitals		48,000	48.0
Appropriation technology	2,820		2.88
Energy inventions	4,784	400	5.184
Program direction	6,310		6.31
Subtotal	61,867	178,107	239.974
Conservation R & D			
Buildings	33,745	13,920	47.665
Industrial	8,948	19,900	28.848
Transportation	37,944	21,000	58.944
Energy conservation utility technology	384	7,843	8.227
Program direction	182		182
Subtotal	81,203	62,663	143.87
Conservation funding			
Grants	61,867	178,107	239.974
R & D	81,203	62,663	143.870
Total	143,070	240,770	383.844

[1] New appropriations

[2] Deferrals to fiscal year 1982

[3] Total new obligational authority

Mr. HART. Mr. President, will the Senator yield?

Mr. CHAFEE. I yield.

Mr. HART. Mr. President, I had been prepared to offer an amendment to achieve the objectives the Senator from Rhode Island and I both wanted, and that is to continue energy conservation and alternative energy programs at the level of the 1982 budget. Since the Budget Committee has agreed to adopt this policy, I join my colleague from Rhode Island in congratulating the committee and urging the Energy Department to go forward with these funds to achieve these objectives.

Mr. President, I am pleased to join my colleagues in pointing out the significance of restoring funds for energy programs. The modified budget resolution, unlike the original committee resolution, allows continuation of all energy programs at the actual fiscal year 1982 level.

As my colleagues know, if the modified budget resolution had not included this change, I was going too offer, with Senators Tsongas, Cranston, and Bradley, an amendment to make this change.

The increased funding is $434 million in budget authority and $179 million in outlays. Without this increase, it would not have been possible to continue even the current very modest amount of funding for conservation and research into alternative energy supplies. These activities, while the most cost-effective in reducing our dependence on costly and insecure foreign oil, are not supported by the administration and would likely be the first programs cut if there were to be any reductions in the current level of appropriations on all energy programs.

Mr. President, while the modified budget resolution does restore the minimal commitment to energy programs, especially energy conservation programs, which was the purpose of the amendment I prepared, we should not delude ourselves that this modest change itself will bring about an adequate balance in our Federal energy efforts. The increase in budget authority will prevent energy conservation programs from being curtailed, but it will not guarantee what I hope the Appropriations Committee will achieve: shifting the Federal government's energy priorities, away from the relative costly and inefficient nuclear programs favored by the administration and toward a more even balance of programs more likely to end our dangerous addiction to imported oil.

Mr. CHAFEE. Mr. President, I thank the distinguished chairman of the committee.

Mr. DOMENICI. Mr. President, I say to the Senator from Rhode Island that it is a privilege to work with him on a matter such as this. He knows, and he properly indicated, that we add a lump sum to that energy function. We do not earmark, as we indicated. The Senator from Rhode Island has clearly and succinctly stated that if the appropriators choose to, they can accomplish these kinds of programmatic add-ons within the number we submitted in our amended budget, which the Senator helped us prepare.

Mr. CHAFEE. I thank the Senator very much for his comments and assistance.

Mr. DOMENICI. Mr. President, I yield to the distinguished Senator from Vermont.

Mr. STAFFORD. Mr. President, I thank my friend and colleague, the distinguished chairman of the Budget Committee, for yielding.

Mr. President, I want to indicate my strong support for the provisions contained in the modified budget resolution offered by Senators Domenici and Baker with regard to the guaranteed student loan program. I had serious objections to the amount of GSL savings which the original resolution reported by the Budget Committee required the Senate to achieve, and I am pleased that a compromise has been worked out. This compromise incorporates, I am assured by the chairman of the Budget Committee, the amendment I would have offered to the original resolution to restore GSL funding to allow for current law operation of the program.

The new version of Senate Concurrent Resolution 92 provides for increases above the original resolution levels for GSL, adding $289 million in budget authority and $144 million in outlays in fiscal year 1983; $819 million in budget authority and $684 million in outlays in fiscal year 1984; and $1.29 billion in budget authority and $1.173 billion in outlays in fiscal year 1985, and will insure that the Labor and Human Resources Committee will not be required to report changes in the GSL program.

Are those figures correct?

Mr. DOMENICI. Yes; my staff has reviewed them and has informed me that they are correct, and I am prepared to so indicate.

Mr. STAFFORD. I thank the Senator.

Mr. President, this compromise will enable the guaranteed student loan program to operate without further changes for the 1983 fiscal year, and will enable millions of students to plan the financing of their higher education without fear of being denied access to a loan or incurring unreasonable levels of debt. I recognize the concerns of the chairman of the Budget Committee with the cost of the GSL program, but I assure him that the provisions of the Omnibus Budget Reconciliation Act of last year have successfully curtailed the cost of the program without jeopardizing its very existence. We will continue to see the impact of these savings in future years.

I want to especially thank the 21 of my colleagues who agreed to join in cosponsorship of my amendment—Senators D'Amato, Danforth, Heinz, Weicker, Roth, Jepsen, Pressler, Pell, Burdick, Moynihan, Randolph, Levin, Riegle, Bradley, Melcher, Tsongas, Huddleston, Matsunaga, Cranston, Cannon, and Ford. Their strong interest in maintaining a strong and viable guaranteed student loan program reaffirms the bipartisan support which has characterized the Federal student aid programs since their inception.

There is no way we as a nation can remain competitive with other countries if we neglect the education of our young people. The cost of higher education is so great today that many prospective students are unwilling to risk incurring debt to attend college, particularly given the uncertain job market which they face upon graduation. The Federal Government should not be compounding the odds against students and their families by changing the GSL program to increase their financial burden, and I applaud the wisdom of my colleagues in adopting the provisions of my amendment.

Mr. DOMENICI. Mr. President, I understand that Senator Hart is prepared to proceed with his amendment, and I designate the junior Senator from Colorado (Mr. Armstrong) to manage the resolution for our side.

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado.

UP AMENDMENT NO. 971

(Purpose: To add additional funds for compensatory education)

Mr. HART. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Colorado (Mr. HART), for himself and Mr. HOLLINGS, Mr. RANDOLPH, Mr. BRADLEY, Mr. LEVIN, Mr. RIEGLE, Mr. STAFFORD, Mr. DURENBERGER, and Mr. BIDEN, proposes an unprinted amendment numbered 971.

Mr. HART. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 2, beginning with line 15, strike out through line 1 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,303,700,000 plus $300,000,000.

Fiscal year 1984: $897,006,200,000 plus $600,000,000.

Fiscal year 1985: $972,808,700,000 plus $900,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,603,700,000.

Fiscal year 1984: $832,306,200,000 plus $300,000,000.

Fiscal year 1985: $889,408,700,000 plus $600,000,000.

On page 3, strike out lines 6 through 8 and insert the following:

Fiscal year 1983: $115,403,700,000 plus $16,000,000.

Fiscal year 1984: $91,306,200,000 plus $300,000,000.

Fiscal year 1985: $64,408,700,000 plus $600,000,000.

On page 14, strike out lines 10 through 12 and insert the following:

Fiscal year 1983:

(A) New budget authority, $26,500,000,000 plus $303,000,000.

(B) Outlays, $27,000,000,000.

On page 14, strike out lines 19 through 24 and insert the following:

Fiscal year 1984:

(A) New budget authority, $26,700,000,000 plus $600,000,000.

(B) Outlays, $26,900,000,000 plus $300,000,000.

Fiscal year 1985:

(A) New budget authority, $26,400,000,000 plus $900,000,000.

(B) Outlays, $26,500,000,000 plus $500,000,000.

Mr. HART. Mr. President, this amendment is designed to achieve two fundamental objectives—that is, to restore certain minimal funds to continue title I compensatory education programs, and to achieve the same objective with regard to education for the handicapped. This amendment encompasses both those objectives. It represents, for all practical purposes, two parts of the four- or five-part amendment offered by the Senator from New Jersey (Mr. BRADLEY) last night, an amendment which was rejected very narrowly.

Mr. President, by way of review, let me just state, first of all, what the title I program achieves. Title I provides compensatory education for disadvantaged children. It is a clear-cut example of a Federal program that works in meeting a very demonstrated and clear-cut need.

Title I provides special help in reading and mathematics to low-achieving elementary students in low-income school districts.

The resolution presently on the floor freezes title I funding at the fiscal year 1982 continuing resolution level. The result of this would be a 20-percent loss in purchasing power over and above the $400 million cut in title I funding enacted last year.

The purpose of the amendment which I have just submitted on behalf of myself and cosponsors on both sides of the aisle restores modest funding to title I, in my judgment much less than required to meet the need for compensatory education in this country. In fiscal year 1983 this amendment would increase budget authority by $200 million, to $3.1 billion. It would increase outlays by $16 million for title I. That level is substantially lower than the $3.4 billion authorized through reconciliation last year. As I have indicated in budget outlays for fiscal year 1983 it is a mere $16 million increase.

This amendment is intended as a compromise which can be agreed to by the Senate under the very harsh budget realities that we face.

Briefly, let me summarize the record under title I.

Since 1965 title I has provided funds to 87 percent of the Nation's school districts to provide special help to students whose test scores show they are not working at or near the level of other children their age.

Presently, only 45 percent of the 11 million children who need this help are actually receiving it, due to insufficient funding. In other words, this assistance is less than half the level needed to solve a serious education problem in this country which purports to be an education leader of the world. Even with this low funding level, 87 percent of the school districts in the country receive some help.

For those who do participate in the program, title I provides necessary skills during the child's most formative years in school. It gives these children an honest chance to lead productive lives and nip in the bud the cycle of dependency before it begins.

Experts have almost uniformly agreed that this program has worked and worked very well for the last 17 years. One study cited by the Department of Education reports that title I students show achievement gains as high as 75 percent. Title I students continue to do better than students who do not receive compensatory education uniformly across the board.

Even this administration has attested to the effectiveness of title I. Education Secretary Bell told Congress last year, "Title I programs are successful," and that is a quote from his testimony.

Under other economic conditions, title I's funding should substantially be increased, but within this budget we should at a minimum be spared from further reductions. This amendment accomplishes this goal by providing moderate increases so that current levels of service can be maintained.

The second part of the amendment which I have offered, Mr. President, is directed toward minimal assistance for education for the handicapped. The Budget Committee freezes this program for the next 3 years at fiscal 1982 levels. About 4 million students are served by this program. This represents about $200 of Federal funds for each handicapped student, less than 10 percent of the cost of educating a handicapped student overall.

The Federal law, Mr. President, mandates that schools must provide an appropriate education for the handicapped. Therefore, Federal cutbacks will not reduce the number of students served. They will just force schools to increase spending to make up for Federal cutbacks out of State and local funds. We know these school systems are already financially strapped and, therefore, what happens when the 10 percent of Federal assistance is further reduced is that the handicapped children in our society receive even less adequate education.

Mr. President, in conclusion in arguing for this amendment, let me point out that in the past we have all viewed education as a necessity and not a luxury. But today as America is tested and challenged as never before, education is more than a necessity. It is a vehicle for national survival. We cannot compete in the world of the eighties and nineties without an adequate education base for all students in our society, not just for the most advantaged. We have to recognize that to have an expanding economy, to have economic growth, and finally, to have national security, not just economic security, but national security, we have to have a better trained and better educated citizenry.

Those of us who served on the Armed Services Committee, and the Senator from South Carolina has followed defense issues for many years, know that one of the problems we are facing in the security of this country is that we are sending people into our Armed Forces under the All-Volunteer Force who are not adequately educated to operate the sophisticated weapons systems of today and tomorrow. If we are serious about national security, and we say that we are going to spend $1.6 trillion on defense in the next 5 years, what difference does it make to buy the most sophisticated weapons that the laboratories can turn out but send people out to man, operate, and maintain those weapons systems who cannot even do it?

So what we are doing is rewriting the defense manuals for operation of weapon systems at lower and lower education levels to accommodate the lower training levels, skill levels, and education levels of people who we are bringing into our Armed Forces. That is not sound national security.

And it is also not sound education and economic investment. We cannot compete with the Japanese and the Germans and others, our principal economic competitors who are turning out a better educated and better skilled work force to compete in the world marketplace, while we continually cut and slash at the education base and the education skill levels of the average Americans who we hope will comprise the work force of the future.

So, Mr. President, I am arguing for this amendment, not only on economic grounds and grounds of economic security; I am arguing on grounds of national security and adequate national defense but most of all, Mr. President, I am arguing on moral grounds. We are not the society we purport to be or we hope to be or that we say we ought to be when we disadvantage those at the bottom of the economic ladder, take away their chance to compete and to have adequate economic opportunities in our society, or to take away the funding for handicapped children in this society.

So, I hope my colleagues on both sides of the aisle will see the wisdom in a modest restoration of the funds that are needed for all these purposes for the disadvantaged, for the handicapped, and for those who need compensatory education.

Mr. President, I yield to the Senator from Vermont.

Mr. **STAFFORD**. Mr. President, I thank the distinguished Senator from Colorado for yielding.

Mr. President, I was anguished, having served as chairman of the Subcommittee on Education and Arts and Humanities in this Congress, to find myself in a position where I had to vote against the Bradley amendment last night. There were two elements in that amendment that I particularly disliked having to vote against, the program increase for handicapped children and the proposed increase for disadvantaged children, title I of ESEA.

So, I feel it necessary to rise in support of the amendment which the distinguished Senator from Colorado has proposed and which I have cosponsored.

Mr. President, our amendment would increase funding for the title I and education of the handicapped programs by $300 million in fiscal year 1983; $600 million in fiscal year 1984; and $900 million in fiscal year 1985, all in terms of budget authority. Actual outlays in these years will be substantially less. These increases would bring these important programs up to a current policy level, only a slight increase over what would be allocated by the Budget Committee in these important areas.

This amendment is especially important because I feel very strongly that the education of our disadvantaged and handicapped children should be of the highest budgetary priority. I do wish to say emphatically that Senator DOMENICI, as chairman, and other members of the committee deserve a great deal of gratitude and a great deal of respect for the efforts they have made in Senate Concurrent Resolution 92 for Federal elementary and secondary education programs. The funding recommendations in these areas contained in the budget resolution are well above the fiscal year 1983 recommendations made by the administration, as they should be, and I recognize and am grateful for that fact.

However, the need for funding in these areas of national priority are very real. We have a tremendous responsibility to insure tht our handicapped and disadvantaged children have an education that will enable them to share in the fullest fruits of our society to the greatest of their abilities. Local school administrators have told me repeatedly that they have a very difficult time meeting the Federal requirements, in particular, of Public Law 94-142, the Education of All Handicapped Children Act, with the limited amount of Federal funding provided. In 1975, when this important legislation was passed, the law stated that the Federal responsibility would provide 40 percent of the funds necessary to educate a handicapped child. Obviously, this promise has not been kept, and last year the Federal contribution amounted to only 12 percent. Our amendment would provide some slight relief for fiscally constrained school districts to educate these students, and would help insure that the education of the disadvantaged and the handicapped remains a Federal priority.

Mr. President, I want to join with and be associated with the very able statement made by the principal sponsor of this amendment, the distinguished Senator from Colorado.

I yield the floor.

Mr. **HART**. Mr. President, how much time remains for the amendment?

The **PRESIDING OFFICER** (Mr. ANDREWS). The Senator has 7 minutes and 48 seconds.

Mr. **HART**. I yield 5 minutes to the Senator from South Carolina.

The **PRESIDING OFFICER**. The Senator from South Carolina is recognized.

Mr. **HOLLINGS**. I thank my distinguished colleague.

Some years back Senator Robert Kennedy came traveling south into the poverty areas of Mississippi and South Carolina. I, in turn, traveled to Bedford-Stuyvesant, Harlem, and various poverty areas in his State. There is poverty in all corners of the United States. Poverty is just not a regional thing. If I refer to it here now in a regional sense, it is because I know it intimately and I know what title I has done to alleviate poverty.

Our social programs interrelate. We established the WIC feeding program for the poor expectant mother, to insure that healthy children are born. You have to have a physically sound body in order to learn.

The only way to break the poverty cycle is first through a sound nutrition program for the expectant mother, then the child health care programs, and school lunches, and then at the elementary and secondary level, title I takes over and helps the child who has been falling behind or has not had the opportunity of Head Start.

Many of the youngsters in the United States today are TV educated. But I can tell you I have traveled miles and miles through sections of my own State where they have never seen a TV screen, have never turned a page of a book, do not know the alphabet; they are grown and healthy and ready to go, but they will never be able to keep up with their peers whatsoever. And these kids come from areas that have low capital income which is another catch-22 situation.

So the National Government some years back created a new special program—title I for the disadvantaged. We launched this particular program to help these kids catch up. Whether you are a Republican or Democrat, conservative or liberal, I categorically challenge anyone to say that the program does not work, or that there are tons of waste, fraud, and abuse in this program.

To the contrary, it works, it is successful, and it pays off.

We cut title I by $400 million in 1981 and $200 million last year, and this budget freezes it across the board for the next 3 years. These cuts may necessitate terminating 1 million children from title I, children who will not receive this kind of remedial reading, extra coaching, extra counseling, and special care. I think it is just poor economics, and I would plead with my colleagues. I tried to restore funds for title I in the Budget Committee; we only lost by one vote. I would hope on the floor of the Senate you will give more careful consideration to the title I program.

Title I is an investment we cannot afford not to fund.

Similarly, with respect to the handicapped, let us not play monkeyshines with the States. We hear all this talk of New Federalism. We cannot offload the responsibility by cutting funding for the handicapped and then by Federal statute continue to require the States to provide an appropriate education for the handicapped.

If we cut education for the handicapped we are just forcing schools to increase their share of the costs, because the handicapped students must receive an education. This budget by way of sleight of hand merely passes costs on to the States which have had, incidentally, the courage and the gumption to raise the taxes to pay their bills. This body has not had that courage. The National Congress is right now on a $114 billion binge. That is how much extra Government spending they have allowed but they are not willing to pay for it. The States are paying their bills. The municipalities are paying their bills. So let us not shift costs to the States and say that we have solved our budget problems. That is hypocrisy.

The **PRESIDING OFFICER**. The time of the Senator has expired.

Mr. **HOLLINGS**. I thank my distinguished colleague from Colorado. I am a cosponsor of the amendment, which I offered in the Budget Committee markup. I join Senator STAFFORD and thank him for his help as chairman of the Education Subcommittee, and I join Senator HART in this respect.

The **PRESIDING OFFICER**. The Senator from Colorado (Mr. ARMSTRONG).

Mr. **ARMSTRONG**. Mr. President, I would like very much to join with my colleague from Colorado and other Senators who have spoken in support of this amendment because it is an inherently attractive idea, the notion that we would appropriate additional money or in this case add to the budget resolution additional funds of $1 billion or so for the next 3 years for the purpose of expressing our concern for those who are handicapped or educationally disadvantaged. This is a notion which instinctively I think appeals to every Senator and to every citizen.

Certainly if you are a parent of a child who is affected by these programs, that is, if you have a handicapped child or someone who is in some way or other touched in their day-to-day life by these programs which are funded under the programs or which would be increased by the amendment which my colleague from Colorado has suggested, you cannot fail to have a very great sense of interest and compassion.

I think if you actually have such a child in your home it would be perfectly natural if, in fact, you view this as the most important program in the Federal budget.

I would like to try to put that in some perspective, however, because virtually every program within the Federal budget is of the same quality of interest to someone.

If, for example, you are a Vietnam veteran and you have returned from Southeast Asia with a serious disability, whether it is a physical handicap or an emotional handicap or in some way or other your life has been changed by your experience in defending this Nation in Southeast Asia, if it is bad enough it may well be the very fact by which your whole life is defined. In other words, every day you get up and you are aware that you no longer have a leg or an arm or you are unable to work because of what you have been through in Southeast Asia.

In that event the probability is you do not have quite the same interest in what is the subject of this amendment, not because you are against it but because your life is so much influenced by a problem of another kind.

I would suggest to Senators if your thing is a symphony orchestra—and there are people who think symphony orchestras are one of the most important things because in the lives of some people they are not simply a form of entertainment but they are a part of culture and heritage, part of Western civilization—and I know people who literally believe, and I have had it asserted to me, I say to all Senators, "What is the sense in having a large budget for national defense to protect this country from invasion if, in fact, the country that remains is not a repository of the tradition and heritage of thousands of years which are accumulated in the arts and in the humanities and in symphony orchestras?"

If your interest is cancer research—and I happen to have a particular interest in that subject—it is very easy to focus on that to the exclusion of other kinds of concerns, particularly if you know someone who has been the victim of cancer. You may know someone who may have cancer and for whom an early cure of that dread disease would be an enormous blessing.

Then it is only natural to want to say, "Let's spend everything we possibly can for research into this dread disease."

The point I am making, I think, is obvious, and that is that every program, probably without any material exception, is important to some group of people. And while much has been made over the types of abuse that exist—and I think there is an overwhelming concensus that we want to do away with all the waste, fraud, and abuse in this budget—I would have to come to this conclusion: That most of the programs in the budget are worthy. They are subject, perhaps, to greater efficiency, to one degree or another, and clearly we all want to do away with the waste, fraud, and abuse. But the fact of the matter is that every program in here is meritorious, every one is worthy, every one, perhaps with a few exceptions, responds to a genuine human need which is of paramount importance to some members of society, probably to some constituents in the State of every Senator. It is important to keep that in mind because the amount of need is truly without limits.

Now, in response to the kind of concerns which I have mentioned, that is those of the handicapped and compensatory education, funding for science, for the arts and humanities, for national defense and for other purposes, the total of Federal spending has increased very rapidly in recent years. In fact, two decades ago it was about one-tenth of what it is today. When Dwight Eisenhower left the White House, Federal spending was $77 billion. When Ronald Reagan got into the White House, it was just about 10 times that amount. In spite of an enormous increase in Federal taxes during that 20-year period, Federal spending was going up so fast that even dramatic increases in taxes could not keep pace.

So, in consequence, we ran deficits year after year during that 20-year period. About $700 billion in deficits from 1960 to 1980. And, as we all know, recently Congress was asked to grant an increase in the national debt to more than $1 trillion.

What is the relevance of all of this to the amendment before us? Well, I think it is the very essence of the policy decision that is addressed not only in the amendment of my colleague from Colorado but in most of the amendments here, because the effect of that massive runup in Federal spending and the deficits which ensued was a structural change in the economy of the United States.

In 1960, when Ike left the White House, inflation was about 1.5 percent. By the time Ronald Reagan got to the White House, after 20 years of what one Senator termed fiscal debauchery—I wonder if the distinguished minority manager recalls the term "fiscal debauchery," which he once used to describe the activities of one spending jurisdiction in the United States—inflation, which had been running along at 1.5 percent, had reached the double-digit level. Interest rates which were about 5, maybe 6 percent, when Ike left office in 1960, were 22 percent when Ronald Reagan got here. Now, our productivity, which had been running along at an increase of 2.5 to 3 percent year after year, had fallen to a negative level. Unemployment, which had been much less, had risen to high levels and, in fact, has continued to rise since January a year ago.

Most economists believe, with some disagreement about the details, most economists believe that these adverse changes in our Nation's economy were caused by excessive Federal spending. That is an arguable proposition and I do not want to try to argue it to a conclusion today. But I think most economists, bankers, investors, businessmen, and most of our constituents believe that too much Federal spending produced the inflation, the runup in interest rates and the decline of productivity.

Programs for the education of handicapped and compensatory education suffer just as much as every other segment of society from inflation, high interest rates, and the resulting economic dislocations which have wracked small businesses and farms and have created so much inconvenience and disorder in the capital markets and unemployment and hardship for practically every American family. For that reason, it was the decision of the Budget Committee—and I think a decision which is endorsed by virtually every thoughtful person who has looked at the issue—to go through the budget and make a series of decisions which, frankly, we wish that we had not the necessity to make; that is, to go through and restrain and, in some cases, even pare back programs which, taken individually, are meritorious.

So we went through and we did not give everything for cancer research that somebody could have asked for or could have been productively or usefully spent. We gave less than that in this budget. We did not give as much for national defense as many of us would think would be a desirable, useful figure. Instead, we gave less for that. The same thing in education, the same for programs in public works, for building dams, for highways, you name it. There is not any worthy program that I know of in this budget which could not productively spend more resources than the Budget Committee allocated in the resolution which comes to the floor.

Now, why is that? Why did we restrain the growth of worthy programs? Precisely because of the fear which I think is almost universal in this Chamber and certainly is very widely shared by our constituents at home—that if we somehow did not get Federal spending under control the situation in the economy would get worse; that is, that inflation would continue to rise, that interest rates would go back up again, that there would be more and more unemployment, more economic dislocations, and that every public and private sector enterprise and family would, thereby, suffer. To put it in a nutshell, I think most of us believe that the best thing we can do for these worthy programs of education, programs for the handicapped, for veterans, for national defense, for science and for the arts and humanities, for public works, and you name it, is to get the economy under control.

I have talked to a lot of people who are interested in education, including programs for handicapped education. I talked to two ladies from western Colorado a few days ago about this matter. I think they probably know more about the needs of the handicapped than anybody in Colorado, certainly anybody in western Colorado. They have been deeply involved in it. And just about the first thing they said to me after we sat down to talk through the needs of this program was this: "We understand," they said, "why you have got to curb Federal spending, and we are ready to take our share of the load."

Now, that was partly because they are good citizens and partly because they are patriots in the best sense of the word. But it was partly because it was doing no service, no favor to the programs for the handicapped or compensatory education, or whatever they might be to insist upon and lobby for and obtain increases in funding for their programs if the result were to pump more and more inflation into the economy, because they have been on a treadmill trying to keep up with inflationary increases.

So, in a very real sense, those ladies believe, as I deeply believe, that the best thing we can do for all of these worthy and meritorious programs is to somehow draw the line and get Federal spending under control.

Mr. President, I want to talk about the overall context of this budget, but before I do let me just make several very specific points that relate to the pending amendment.

First of all, the resolution, as recommended to you by the Budget Committee, is a proeducation resolution. It is more generous than the request of the President of fiscal 1983. The committee recommends an increase of $1.7 billion above what the President requested for elementary and secondary education, broken down as follows: Nearly a billion dollars more for programs under title I; $200 million more for education of the handicapped; $240 million more for vocational education; $260 million more for other educational programs, including bilingual education and the State education block grants.

The Budget Committee's recommendation—even taking cognizance of what I have already said about the need just to restrain Federal spending generally and why that is the best bargain and the best favor we can give to any of these worthy programs—this resolution is, nonetheless, proeducation in another very important aspect, elementary and secondary education. As we all know, Federal support for elementary and secondary education represents only a small fraction of the total that our Nation spends on education in the school systems The Federal Government money accounts for only 7 percent or so of the $100 billion that is spent on public education for grades kindergarten through 12 in America.

So what is clearly much more vital, more intrinsically important to the future of education is the condition of our economy. In other words, if we succeed by the strategy which underlies this budget in getting the genie in the bottle, the inflation genie back in the bottle, that will mean more than any conceivable increase in spending can possibly mean to programs of primary and secondary education.

And so in that most important and fundamental aspect, this budget is more proeducation than anything we have seen in this Congress in many, many years.

Mr. President, while I am on my feet, I would like to discuss briefly the total context of this budget. I began to do so yesterday. I want to pick up the threat of those remarks simply to complete them and to insert into the RECORD some material which I think is significant and germane.

I talked yesterday about the positive effect of deficit reductions on interest rates and the overall economic situation.

I mentioned my correspondence with Wall Street economists and their perception that interest rates would drop substantially if Congress enacted a tough budget.

Mr. President, I ask unanimous consent to have printed in the RECORD the correspondence to which I have referred.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C. April 5, 1982.

DEAR SIR: As the Senate Budget Committee begins its work on the First Concurrent Budget Resolution for 1983, the issue causing greatest concern is the high level of interest rates. Given the size of projected deficits over the forseeable future, it is difficult to see how the economy can expect any relief unless Congress acts aggressively to reduce these deficits.

Recognizing this, several Members of the Budget Committee have devised deficit reduction programs (see attached). You will note that all the plans involve some very tough choices. I do not believe that Congress will bite the bullet and take the necessary actions unless there is the clear payoff of lower interest rates.

It would be very helpful to the Budget Committee's and Congress' deliberations if we had some sense of what these deficit reduction plans would mean for interest rates. To be specific, if a Domenici, Hollings, or any of the other plans, were enacted, what range of short term and long term interest rates might we expect in the near term and, say, six months from now? I would greatly appreciate your thoughts.

Best regards.
Sincerely,
WILLIAM L. ARMSTRONG.

DEFICIT REDUCTION OPTIONS, MAR. 31, 1982

[All numbers are reductions of the baseline deficits except where indicated by +, in fiscal years]

	Domenici			Hollings			Boschwitz			Kasten			Gorton			Grassley		
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
Revenues	18.0	40.9	55.0	31.5	61.1	80.8	23.1	41.3	59.6	5.6	28.5	40.5	40.1	71.1	83.9	18.0	37.0	40.0
Defense	+.5	+3.7	+12.0	6.3	15.3	17.3	+2.2	+5.9	+14.7	+2.2	+9.0	+22.8						
Pay raises	5.7	8.2	10.7	5.7	8.2	10.7	3.3	7.1	11.2	1.1	2.3	4.5	5.7	8.2	10.7	3.2	7.0	7.7
Discretionary nondefense	3.4	8.8	15.8				3.6	9.4	16.6	8.3	17.0	25.0	3.6	9.4	16.6	3.6	9.4	16.6
COLA's	17.8	26.3	35.2	16.7	25.6	32.3	11.8	21.2	32.5	9.9	19.7	30.4	17.8	26.3	35.2	17.1	31.8	45.2
Other entitlement savings	8.6	11.4	14.3				14.9	26.9	39.5	11.0	16.7	23.1	2.6	6.4	11.4	11.0	16.9	23.7
User fees	1.0	1.9	2.2				.5	1.3	1.4	1.0	1.9	2.2						
Management savings	3.7	6.7	8.4	2.2	3.7	4.2	1.5	3.0	4.0	17.9	22.5	27.6	3.7	6.7	8.4	3.7	6.7	8.4
Interest savings	16.2	38.5	59.1	17.2	40.1	61.5	15.9	37.9	59.2	5.0	16.3	30.2	6.9	21.8	39.7	16.2	38.5	59.5
Total deficit reduction	73.9	147.1	188.7	79.6	154.0	206.8	72.4	142.2	209.3	57.6	115.9	160.7	80.4	149.9	205.9	72.8	147.3	201.1
Remaining deficit (−) or surplus (+)	−83.8	−41.0	−16.6	−78.1	−34.1	+1.5	−85.3	−45.9	+4.0	−100.1	−72.2	−44.6	−77.3	−38.2	+.6	−84.9	−40.8	−4.2

Dillon, Read & Co. Inc.,
New York, N.Y., April 8, 1982.
Senator **William L. Armstrong,**
U.S. Senate,
Washington, D.C.

Dear Senator: Many thanks for your letter of April 2nd asking my opinion of the impact of various deficit reduction programs on interest rates. The answers in this letter are the results of discussions with my partner, Pete Flanigan, and reflect the opinion of Dillon, Read & Co. Inc.

The reason interest rates remain high in the face of falling inflation is the prospect for continued extraordinarily high demands by the federal government on the credit markets. The argument that projected deficits are modest in relation to GNP is not germane. Deficits are financed from savings, not from GNP, and the Federal Government's preemption of savings has grown dramatically in the last few years (Table I).

In the decade ending 1974, Federal and Federal Related Borrowings averaged 25 percent of Net National Savings. In 1982 these Borrowings are estimated to absorb over 90 percent of savings (Table II), leaving less than 10 percent of savings for borrowings by cities and states, utilities, industries, mortgage institutions, consumers, etc. Future deficits under the current Administration's proposals would increase this already destructive level of Federal absorption of savings.

As the five charts on Table III make absolutely clear, a high level of Federal and Federal Related Borrowings as a percent of Net National Savings has historically called forth an equivalent increase in money supply, which has resulted in an equivalent increase in the CPI.

Hence, as the fifth chart indicates, high Federal borrowings have in the past resulted in inflation. That being the case, lenders who foresee high Federal borrowings also foresee high inflation and demand high interest rates to offset it.

All the budgets, except the Kasten alternative, in the table sent with your letter, call for a fiscal 1983 deficit of about $80 billion as does the Administration-Congress budget compromise discussed in today's Wall Street Journal and approximate balance in 1985. The Kasten option also differs in that it relies heavily on "Management Savings" which experienced observers in the financial world have learned to mistrust. Thus, the five alternatives other than Kasten's produce essentially the same bottom line results and would have the same effect on interest rates. Our estimate is that, while short term rates would remain at double digit levels, the effect on long term rates would be as follows:

[In percent]

	Current		Effect	
	Gov'ts	AA Ind	Gov'ts	AA Ind
5 yr	14.19	15.12	10	10½
10 yr	14.13	15.12	10¾	10¾
Long term	13.67	15.75	11	12½

I trust this answers your questions. If you wish to discuss this further, please call either Pete Flanigan or me.

Very truly yours,
Richard A. Bianco,
Managing Director.

Dean Witter Reynolds, Inc.
New York, N.Y., April 8, 1982.
Hon. **William L. Armstrong,**
U.S. Senate
Washington, D.C. 20510

Dear Senator Armstrong: It has been my position for the past year that the mammoth Federal deficits that were expected in fiscal years 1982-84 would lead to record interest rates in 1981-82 and no growth in the economy. I was therefore delighted to receive your letter showing five alternative proposals to bring fiscal year 1984 down to $40 billion. I would expect short term interest rates to decline by 4-5% if that came about, and similarly bond rates would decline by 3% over a 6-12 month time horizon.

The tough budget-trimming numbers you show range between $160-200 billion by fiscal 1985. The financial markets would heartily embrace significant deficit trimming as these numbers imply. However, if only cosmetic changes of $30 billion by fiscal 1984 are made, it would be considered inappropriate and would lead to significantly higher interest rates.

Since you haven't supplied the details of how revenues will be raised, I assume it is either a business or personal tax increase. The President's staff has told me the Administration will not accept an elimination or deferral of the 1983 personal tax cut. I would offer for your consideration a suggestion that the third year of the personal tax cut be given to individuals in the form of a tax-free government savings bond paying market rates at the time of issue and nonredeemable for five years. This would eliminate $44 billion of fiscal year 1984 financing. It would give individuals their tax cut as a form of forced saving near term and potential buying later on. This would offer the beleaguered bond market some respite from government borrowing, and allow some corporate financing to occur.

I heartily endorse your courageous budget proposals and if you would like further elaboration of these points, please contact me.

Sincerely,
Arnold X. Moskowitz.

Irving Trust Co.,
New York, N.Y., April 14, 1982.
Hon. **William D. Armstrong,**
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: Thank you for the opportunity to comment on the likely interest rate effects of bringing the Federal deficit under control. It is clear that we will not see sustained real growth in our economy until interest rates come down significantly. But it must be remembered that, although a significant reduction in interest rates is a necessary condition for growth, it is not sufficient. To see that this is so it may simply be noted that, if economic activity were to continue to decline this year, then interest rates would surely resume the drop they began last fall. But this decline of interest rates in a continuing recession is surely not what we want.

What we do want is lower interest rates along with the 4% or better real growth targeted by the Reagan Administration over the next several years and no acceleration in inflation. I am sure this could be achieved if the following two-part policy were adopted:

The financial markets must be sent a clear message that a program is in place to bring the Federal budget into balance as the economy moves back up toward full employment (which I take to be a 6% unemployment rate). The deficits must fall in a consistent and convincing manner over time under a realistic set of future economic forecasts as the economy recovers and unemployment falls. This will foster the expectations necessary to bring down long-term rates.

At the same time the Federal Reserve must also relax its monetary targets, which are too rigid and may allow insufficient room for real growth. Otherwise, there may not be sufficient transaction balances available to support an expanding economy, and therefore interest rates (which are the price of money) will remain very high. I believe the Fed's monetary growth targets must be broadened so that various unpredictable factors that impact money demand will not keep interest rates unduly high and prevent growth.

It is critical to its success that both parts of this policy be adopted. If it is, I am confident that we can have single digit short-term money market rates and a 12 percent or so residential mortgage rate within six months. At the same time I believe we will also begin the 4 percent plus real growth targeted by the Administration. And we will see no acceleration in the inflation rate over the next several years.

I fully realize that the monetary part of this policy package is not within the scope of the Congress. Nevertheless, I believe we need not only an accord between the Administration and the Congress over the budget, but just as critically between the Administration, the Congress, and the Federal Reserve over both parts of the above policy.

This would indeed be a historic step, but I believe the economic situation requires it. The unemployment rate is at a postwar high, and business defaults are running at the highest rate since the depression. Moreover, we are seeing slip from our grasp a once in a lifetime opportunity to dramatically reverse the trend towards an ever increasing role of government in the economy.

I hope you find these thoughts of some use in your deliberations. I would, of course, be happy to help clarify any points that may remain unclear.

Best regards.

Cordially,

Gordon B. Pye,
Senior Vice President.

Aubrey G. Lanston & Co. Inc.,
New York, N.Y. April 12, 1982.

Hon. William L. Armstrong,
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: Thank you for your request for my views regarding the impact on interest rates of various deficit reduction plans now being proposed in the Senate. The deficit cutting plans for fiscal 1983-85 are in my view vital in bringing about significant declines in interest rates. Such declines are, in turn, essential to cushion the current economic slump and to eventually pave the way to economic recovery.

Please allow me to underscore the seriousness of the problem. Our current estimates suggest that without further Congressional action the fiscal 1983 Federal budget deficit will soar to approximately $180 billion. This shocking prospect highlights the fundamental flaw in the Reagan economic program. On one hand it encourages commendable Federal Reserve efforts to starve the economy for new money and credit in order to permanently depress inflationary pressures and inflation psychology; while, on the other hand, the Reagan program has resulted in wildly escalating borrowing demands by the Federal government that threaten to shut many consumers, farmers, and business borrowers completely out of the financial markets. The fear is that this financial squeeze could lead to a tidal wave of bankruptcies and economic collapse.

In essence, there are only three ways to exert downward pressure on interest rates and to get out of the Reagan policy trap. One way might be for the Fed to cave in and open the new credit and money floodgates; but this would only lead to a future acceleration of inflationary pressures as in the past. Another way would be for Congress and the Administration to agree on deep cuts in the Federal deficit in the "out" years of fiscal 1983, 1984 and 1985 (as in the Senate proposals) in order to lessen the clash between the Federal government and private consumer, farmer and business borrowers and to aid the over burdened Fed in its lonely anti inflation efforts. Still another way to lower interest rates might be through a deeper and longer recession, eventually leading to further spending cut backs and reduced borrowing by consumers and, particularly, businesses; but the resulting weakening in job market conditions would likely push the unemployment rate well above 10 percent and the political consequences might be severe.

Clearly the most desirable alternative is to make deep cuts in the Federal budget deficits in fiscal 1983-85. At a minimum, the deficit cutting measures for fiscal 1983 should be $80 billion (in line with the options of Senators Hollings and Gorton). A good rule of thumb might be for roughly one half ($40 billion) of the needed deficit cut to come in the form of increased revenues (e.g., a $5 a barrel tax on imported oil, a 4% surcharge on incomes over $40,000 and a closing of corporate tax loopholes). The other half ($40 billion) should come in the form of spending cuts, but with even greater than proposed declines in defense spending.

In the event that such a deficit cutting agreement would be forthcoming by, say, May it would greatly ease pressures on interest rates. Not only would the Fed's anti-inflation burden be eased, but also the financial market's fears of a financial crisis and eventually higher interest rates would be eased. As a result, it could be expected that short-term interest rates, including the prime rate, might fall by at least 6 percentage points by later 1982 or early 1983 while longer term bond rates should fall by 4 percentage points or so.

If I can be of further assistance please let me know.

Sincerely,

David M. Jones.

U.S. Trust Co. of New York,
New York, N.Y., April 20, 1982.

Senator William L. Armstrong,
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: I have given the questions in your letter of April 5 a good deal of thought. I wish it were possible to give you unequivocal answers to them, but the extreme dependence of financial markets on expectations and shifts in expectations makes any views, at best, informed guesses.

Clearly the financial markets, as well as the Government and the public, are upset by the prospect of continuously increasing $100+ billion deficits. Even more important, in my opinion, is the fear that no one really understands these numbers and how to control them. So my first observation is that whatever budget plan is agreed upon should be credible and adhered to. If this means "accepting" a $125 billion deficit for FY 1983, that is better than aiming at a $100 billion figure and then exceeding it.

My second observation is that you must be able to show a declining trend in the deficit over the next few years, bringing it down to no more than 2 percent of GNP by the time the economy is fully recovered—probably 1984.

Finally, I believe the Treasury needs to be much more innovative in financing what will be an enormous volume of securities even under the most optimistic assumptions. Money managers, after all, are risking other people's money and are understandably afraid to invest in long-term bonds on a permanent basis until fiscal restraint has been proved. That may take several years. Individuals, however, can be appealed to on many grounds and, in my opinion, would be willing to provide funds in the two to three year maturity range at well under the 14 percent rate on marketable securities.

In this connection, I would like to recommend strongly that we revitalize the Savings Bond program. The Canadian government financed almost its entire annual deficit in its savings bond drive last fall. Certainly if higher-income taxpayers had a choice between a tax rate hike and a forced savings program, they would opt for forced savings.

We should recognize that a significant part of the current deficit is caused by the decline in inflation and therefore a lower "inflation tax," without a compensating decline in interest rates. The financing gap created by this development needs to be covered by longer-term bonds sold to the public directly. A key advantage of this approach is that it would tend to slow the growth in the reported monetary aggregates and make the Fed's targets less binding.

Assuming that all of this happens—a moderate-sized but credible budget reduction program, more innovative financing of the necessary borrowings and Federal Reserve Policy evolving away from extreme focus on one money variable and toward overall credit expansion and economic activity—it should be possible to bring interest rates down significantly over the next year or so. More specifically, the prime rate could be down to a more normal 3-4 points over the inflation rate, which by mid-1983 could be in the 5-6 percent range. Thus a 10 percent prime is not an impossibility. Over the next few months, the current monetary cycle could accommodate a decline in the prime to the 14 percent zone with long-term U.S. Treasuries in the 12½-13 percent range. Unfortunately, current Federal reserve procedures are likely to result in a rebound in rates back to present levels toward year-end. It is this prospect which must be forestalled.

Sincerely,

Thomas W. Synnott III,
Chief Economist.

Bankers Trust Co.,
New York, N.Y., April 16, 1982.

Senator William L. Armstrong,
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: I appreciate your invitation to comment on current fiscal policy and its implications for financial markets in connection with the forthcoming deliberations of the Senate Budget Committee. The members of the Committee clearly face some very tough choices in their consideration of the First Concurrent Budget Resolution for 1983, and the decisions that emerge may be crucial in influencing the behavior of interest rates during the remainder of 1982 and even more so in the period beyond.

As one who is fairly closely in touch with the nation's money and capital markets, let me assure you that the primary reason that interest rates, particularly bond yields and other long-term rates, are holding at such lofty levels in the face of the current recession and the encouraging headway made this past year in slowing inflation is the alarming and deteriorating Federal budget situation. Without prompt and meaningful action to improve the fiscal picture, it is obvious that we face triple-digit budget deficits as far ahead as one can see. Unless this trend is arrested and reversed, interest rates not only will stay elevated, but they may go appreciably higher, bringing greater financial problems for businesses and the thrifts and other financial institutions, thereby short-circuiting the widely hoped-for economic recovery.

Whereas in earlier years, Federal budget deficits tended to shrink more or less automatically with a revival in business activity in the aftermath of business recessions, this is no longer the case. Because of both the broadening of eligibility requirements and the indexing of the major Federal entitlement programs—Social Security, Medicare, military and civil service pensions, etc.—and the undermining of the Federal revenue base that has resulted from last year's large and extended tax cuts, budget deficits cannot be reduced now without specific action being taken by the Congress and the Administration. In addition to a significant slowing of the growth of Federal spending, including a real curb on the entitlement programs and some reduction in defense expenditures, these steps must encompass more than a modest increase in Treasury receipts. Moreover, there must be legislation to insure that the restraints on Government outlays will endure for a period of years.

Only then will major participants in the credit and capital markets become sufficiently reassured about the longer run inflation outlook and that Government borrowing will not "crowd out" private sector financing to go ahead and extend their security portfolios, thereby easing the upward pressure on long-term interest rates. Only then, too, can the Federal Reserve afford to loosen credit somewhat and ease pressures in the money markets.

As for how much interest rates might be expected to decline, given a meaningful and convincing improvement in the Federal budget picture, is very hard to say, in view of the deeply-rooted skepticism that presently exists in the financial markets. And it is even more difficult to assess the timing. It would certainly seem reasonable, though, with an early resolution of the budget dilemma to expect that long-term rates might fall by 2 or as much as 3 percentage points by the end of summer, and short-term rates somewhat more. If the Domenici, Hollings or other deficit reduction plans indicated were to be enacted, within a year long-term rates could well be down 4 or 5 percentage points.

I would emphasize again, however, that simply agreeing on a budget reducing target will not be enough to have a material and lasting impact on interest rates. It must be implemented by the appropriate legislation. The prevailing uneasiness in the money and capital markets was a long time in developing and will almost surely give ground gradually as well.

I trust these observations will prove helpful and I wish you and the Committee every success in the difficult task that now confronts the Congress and the Administration in putting the nation's fiscal house in order.

Sincerely,

Donald E. Woolley,
Senior Vice President.

Mellon Bank N.A.,
Pittsburgh, Pa., April 13, 1982.

Hon. William L. Armstrong,
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: In response to your letter of April 2, I am pleased to submit the following comments.

First of all, there is little or no doubt that hopes for a sustained and vigorous economic recovery depend heavily on lower interest rates. And it is very difficult indeed to see a significant drop in interest rates until the projected budget deficits for the next several years are decisively reduced. In other words the budget deficits now in sight for fiscal 1983 and beyond are constituting a major roadblock in the path of economic recovery.

All the various plans which were enclosed with your letter contemplate deficit reductions on a scale which I believe would elicit a very favorable market response. For example, enactment of the Domenici, Hollings or Boschwitz plans would dramatically curb the Treasury's claim on the nation's available supply of credit. This combined with the recent substantial progress toward a lower inflation rate would in my judgment bring about a sizable three percentage point drop in both short- and long-term rates. Thus if any of the plans were enacted, the yield on a AA industrial new issue might fall to the neighborhood of 12 percent or even a little lower. And with short-term market rates of interest dropping to around 10 percent, we could look for a prime rate in the vicinity of 12 percent. This decline in rates should certainly occur within six months of the enactment of a deficit-reducing program.

Incidentally, since each budget-cutting plan assumes that the 91-day Treasury bill will fall to 9.4 percent by 1985, it follows that the reduction in interest expense in fact constitutes one of the largest items of planned savings. Since no one really knows the extent to which interest rates may fall in response to realized cuts in government spending and/or tax increases, it might be better to exclude these large interest savings from the various deficit-reducing options.

I hope these few thoughts will be of some use to the Senate Budget Committee and if there is anything else I might do, please let me know.

Sincerely,

Norman Robertson,
Senior Vice President
and Chief Economist.

American Enterprise Institute
for Public Policy Research,
Washington, D.C., April 16, 1982.

Senator William L. Armstrong,
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: The simple answer to your question about interest rates is that I don't know and I don't think anyone else does, just as no one knows why interest rates are now as high as they are. My own view is that with continued monetary restraint strengthening the belief that the inflation rate will be significantly and durably reduced, and with any of the plans listed in your enclosure, interest rates would come down substantially. "Real" interest rates would be higher than in the pre-1980 past, because of continuing deficits and tax incentives to invest, but they would be much lower than today. If forced to make a guess, I would expect long term rates to be about 10 percent a year from now.

Sincerely,

Herbert Stein.

Lazard Freres & Co.,
New York, N.Y., April 14, 1982.

Hon. William L. Armstrong,
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong. You have solicited our views on the probable direction of interest rates if the various deficit reductions currently being proposed by members of the Senate's Budget Committee were to be adopted.

Judging by the strong sentiment in the financial community, we are drawn to the conclusion that any indication of a material shrinkage in the budget deficit for the next three fiscal years would provide relief for the credit markets. Some legislators are still clinging to the hope that a surplus might be achieved by the mid-80's. If such were to be the case, we believe that it would have to be primarily the consequence of strong business conditions in an environment of moderate interest rates rather than through higher taxes or sweeping paring of expenditures. With the national debt having an average maturity of less than four years, a reduction of one percentage point in interest rates would save well in excess of $3 billion in annual carrying cost; similarly, an increase in Real Gross National Product of one percent could add $10-$15 billion in revenues, including saving on some transfer payments.

Although we do not fully agree with every element of each Committee member's proposals, we find Senator Domenici's outline to be the most acceptable of the six, provided that it does not rely on any material modification in the remaining portion of the Economic Recovery Tax Act of 1981. The sacrifices appear to be widely distributed, while the proposed figures do not include Management Savings that may be difficult to achieve, such as those being advanced by Senator Kasten. In addition, Senator Domenici's approach to defense spending appears to be conducive to public acceptance and consistent with the realities of the world in which we live. Finally, his proposed savings on entitlements programs would probably prove to be far less punitive.

Senator Domenici has often been quoted in the press as supporting the repeal or delay of the tax relief provisions due on July 1, 1982 and again in 1983. If adopted, this would do irreparable damage to the economy, both in the short and long-term. We believe it would almost immediately deepen the recession, reduce savings, and aggravate the condition of domestic underinvestment with adverse consequences on our already unfavorable competitive position in world trade. Once the tax measures now in place are delayed or cancelled, the Congress may find it expedient never to reinstate it. In the meantime, the perception in the credit markets and among the public at large would be that Washington is reverting to the highly inflationary policies of the past.

The focal point of your inquiry was interest rates. These rates do not only reflect the balance of supply and demand for money and credit, but also are greatly influenced by psychological factors. At the present time psychology is particularly adverse. Concern that the budget deficits in coming years would effectively crowd out the private sector has kept rates perhaps three to four percentage points above where they should be, economic activity and the level of inflation considered. The Congress should seize upon the current favorable sentiment on inflationary expectations and quickly translate it into much lower interest rates. This can only be accomplished through clear signals of a compromising attitude on the part of the Administration and a bi-partisan approach to the reduction of the deficit.

Thank you for soliciting our views.

Sincerely,

Stanley A. Nabi,
General Partner and
Chief Investment Officer.

BROWN BROTHERS HARRIMAN & CO.,
New York, N.Y., April 22, 1982.
Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: Your letter of April 5th poses a proper, interesting, and an almost unanswerable question. Our feeling here at Brown Brothers Harriman & Co. is that all of the Deficit Reduction Options will tend to lower interest rates. Because current interest rate levels appear to have a rather large psychological element, however, a judgment as to how much of a decline will take place is subject to a wide range of uncertainty.

We would like to make the following observations:

1. Any deficit reduction which results merely from a decrease in the interest rate assumptions made by Congress will not impress the market vey much.

2. We feel that true reductions in Government expenditures will count for more in the market than increases in taxes. One of our partners closely associated with the credit markets believes that a $1 expenditure cut will have about the same effect on interest rates as a $2 tax increase. It is extremely important that the government share of the economy be reduced so as to permit the expansion of the private sector.

3. Although we are aware of the political difficulties inherent in any change in the direction of government policy, we feel that what would impress the market is the elimination of entire progams and/or Departments.

4. It is very important that whatever reductions are proposed are capable of being implemented. The market would be very discouraged by a budget which is balanced merely by assumptions.

If the markets could believe that the deficit would approach zero in the next three years the "fear" or uncertainty premium now in the markets should substantially decline. Past history suggests that, over time, the level of interest rates is closely associated with the rate of inflation plus some constant which may be called the "real rate of interest". Therefore, if inflation were to average six or seven percent over the next three years (as we believe it should, given the aims of monetary policy) and the long-term real interest rate is 3.0 percent, nominal long-term interest rates should average around 9 to 10 percent over the same period vs. 13 percent for a long-term government bond today. Moreover, the yield curve should be positively sloped with short rates lower than long rates. This being the case, Treasury Bills should average less than 9 to 10 percent vs. 12½ to 13½ percent today.

We wish you success with your efforts to get the budget under control. If someone on your staff has done the work, it would be interesting for us to see the details as to how the members of the Committee estimated the interest savings shown in your outline.

Sincerely,

EDWARD J. CAMPBELL,
Manager and Chief Economist.

AMERICAN ENTERPRISE INSTITUTE
FOR PUBLIC POLICY RESEARCH,
Washington, D.C., April 8, 1982.
Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: Thank you for your letter of April 2.

The economic situation is so volatile that no one can promise with certainty that nominal interest rates will come down from current levels if the deficit is brought under control. A wave of major bankruptcies, erratic monetary policy and a thousand other things could keep them high.

However, the future deficit outlook is so horrible unless taxes are raised and outlays cut substantially that I feel confident in saying that if any of the plans in your enclosure were adopted, short and long interest rates would, in the future, be lower than they would be otherwise. How much lower is hard to say since we are now dealing with a psychological phenomenon called "fear."

But if a credible plan to lower deficits is combined with a renewed commitment by the Fed to adhere to its enunciated targets, I would not be shocked if long-rates were to tumble 300 basis points while short rates fell by a greater amount all other things equal.

Best wishes,

RUDOLPH G. PENNER,
Resident Scholar.

MERRILL LYNCH,
PIERCE, FENNER & SMITH INC.,
New York, N.Y., April 12, 1982.
Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

SIR: Needless to say, any of the plans outlined by you that would substantially reduce prospective budgetary deficits over fiscal years 1983-85 would sufficiently bring down interest rates to encourage a sustained economic recovery. However, the actual magnitude of decline in rates and with it the potential magnitude of the resulting recovery would hinge not only on the ultimate size of budgetary deficits—or surpluses—but on the composition of the alterations to the CBO baseline outlay and revenue projections. Another critical determinant in interest rate movements would be the relationship between projected deficits in the alternative plans outlines and current market participant expectations as to what the deficits as now constituted will be.

Taking the latter consideration first, it is doubtful that the markets have discounted into the yield structure deficits of the magnitude of the CBO's baseline projections. As a result, a plan that incorporates actual budgetary deficits not dramatically lower than CBO projections would not have much of a positive impact on the financial markets. On the other hand, it appears certain that most in the market are cynical about the administration's optimistic projections of steadily declining deficits from the projected $91.5 billion level for fiscal 1983. It would be my estimate that the yield structure has built in the anticipation of deficits in the $100-$150 billion range for the next several fiscal years. On this score, therefore, all six plans outlined showing sub-triple digit deficits on a declining plane over the out years would bring down interest rates—if in fact they were enacted and perceived to be viable and sustainable.

Herein lies the importance of the contour of the alterations in the baseline outlay and revenue assumptions. In this regard, it is my view that the financial markets are sympathetic to the President's view that the major budgetary difficulty over the past fifteen years or so has been on the expenditure side. Indeed, revenues have been unfairly boosted through inflation-induced tax bracket creep. As such, much of the tax "reductions" merely represent a cancellation of bracket creep tax "increases" that would have gone into effect without the tax cut package. It is also my belief that a reduction in projected deficits that comes primarily from the revenue side could prove quite transitory as Congress would probably find ways to convert such savings into higher outlays. In this vein, the Hollings and Gorton plans would be least desirable and the Grassley plan the most desirable.

The proposed areas of reductions on the outlay side are also critical in terms of composition. The financial markets are aware of the need to rebuild our military capability and realize that too small a defense budget would not be realistic or sustainable in the present troubled times throughout the world. On the other hand, the markets are troubled about the inflationary nature of defense spending. Some realistic balance has to be struck between these two considerations. On one side of this spectrum is the Hollings plan that probably calls for unrealistically large defense cuts, and on the other are the Gorton and Grassley plans that call for none. Since I am not a military expert, I do not know whether the recommended cuts put forth in the Domenici or the Boschwitz plans are most ideal. Both of these plans in terms of defense trimming, however, are ideal to the others.

In terms of further reductions in discretionary nondefense spending, the Kasten plan seems ideal—but too ambitious, given the reality of the situation. The Domenici plan, on the other hand, could be more ambitious and the Hollings plan is most definitely unacceptable.

After viewing these plans in a general way of taking into account the actual aggregate deficit that would result in each, the relative contribution of budgetary reductions on the revenue and outlay sides and the composition of expenditure reductions, I would find the Domenici and Boschwitz plans the most ideal. While the two plans would probably have the same impact on interest rates over fiscal years 1983 and 1984, the Boschwitz plan would obviously have the most favorable impact on rates in fiscal 1985. Not that the $18.1 billion differential between the two (a swing from the Domenici deficit of $16.6 billion to the Boschwitz surplus of $1.5 billion) would have a major fundamental impact in an economy of $4 trillion or so. But it most certainly would have a beneficial psychological impact on the credit markets if the budget were to actually show a surplus.

The most favorably impacted area of the yield curve from the enactment of these two plans would be in the intermediate and long end. The short end would continue to remain responsive to monetary policy. However, it too would receive a boost to the extent that the Treasury could dramatically reduce its reliance on Treasury bill financing. It is my view that, in light of the historically high premium built into long-term yields at present, deficits of the size incorporated into these two plans could bring down long-term rates by 2%-3%—maybe even more—within six months without any problem. Short-term rates, on the other hand, probably would not benefit dramatically until actual borrowing demands by the Treasury diminish toward fiscal 1984—since they respond to actual not expected future financing needs. However, with the knowledge that deficits would be shrinking and that fiscal policy would be significantly less expansive in the future, the Fed would probably feel more leeway to loosen its grip on the monetary side. As a result, even three-month bill rates could decline 2%-3% over the next six months.

Sincerely,

Donald E. Maude,
Chief Financial Economist, Chairman Interest Rate Policy Committee.

Claremont McKenna College,
Claremont, Calif., April 22, 1982.
Hon. **William L. Armstrong,**
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: Thank you for your letter concerning the effects of budget deficits on interest rates. In my judgment, the current deficit, since it is to a substantial extent the result of the recession, has not been a major cause of the current high level of interest rates. However, widespread expectations that under current policies deficits will remain a high percentage of GNP even after a return to full employment have been a major factor. Historically large high employment deficits have induced higher rates of monetary expansion. If repeated, this would increase the inflationary expectations premium in nominal interest rates. Alternatively if the Fed did hold firm on its projected course of gradually slowing the rate of monetary expansion, large deficits would raise real interest rates and crowd out private investment.

Under either scenario considerable upward pressure would be placed on nominal interest rates. I believe that the current anticipation of this dilemma has had a major adverse impact on longer run inflationary expectations and interest rates. Budget action to reduce these concerns about the larger run budget outlook should have a substantial impact on interest rates now.

Because expectations are so important in this process, it is difficult to give any hard econometric projections of the magnitude of this effect. Recent quantitative work at the Federal Reserve Board suggests that a $100 billion reduction in the annual deficit would reduce real interest rates by about 200 basis points. This seems like a reasonable order of magnitude and a concomitant dampening of inflationary expectations should contribute to a still larger decline in nominal interest rates. It is important to remember, however, that to the extent that new lower budget projections are not fully believed by the market, the magnitude of any initial impact on interest rates will be lessened.

I hope that you will find these observations of use.

Sincerely,

Thomas D. Willett,
Professor of Economics.

Mr. ARMSTRONG. Mr. President, I want to point out another aspect or two of that which I did not have an opportunity to discuss at that time.

That is the percentage of total new private capital which is eaten up by Federal borrowing.

In fiscal years 1965 through 1969, 16 percent was the Federal share. By 1980, this had risen to 36 percent; in 1981, 44 percent; by 1982, 47 percent. It is estimated that in 1983, it will be 52 percent and in 1984, 54 percent.

We are talking about that portion of available capital which is used up by Federal borrowing. Whatever the Federal Government uses up is not available to finance new home construction, new investment in private industry, which results in job-creating activities. It is not available to finance farms or small businesses. It is not available even to finance bond issues at the local level to provide schools and local government facilities.

It is not just that this means higher interest rates, although that is clearly the case, it also means higher unemployment and economic stagnation. That is why, in my judgment, it is absolutely critical that we turn down the trend of Federal spending and close the gap between Federal revenues and expenditures.

As we all know, and many of us have agonized in considering it, it is believed that in the next 3 years we will have $631 billion in deficits unless Congress acts affirmatively to reverse this trend. The effect of the budget resolution which has been presented to you by the committee is to reduce that by approximately two-thirds. That is, to introduce elements of budgetary restraint of more than $400 billion over the next 3 years, roughly $95 billion in new taxes and the balance in restraint in spending, in the original presentation of the committee, which has now been modified.

I discussed at some length the possible ramifications of such a budget recommendation with a number of people in the private sector. My theory was that those of us who are here in the Senate could easily be too close to the forest to see the trees and it would be useful to have some outside advice with respect to the task we were undertaking.

I would like to share with some of my colleagues the tremendous sense of enthusiasm expressed by private sector experts for efforts to substantially reduce the projected deficits.

I send to the desk and ask unanimous consent that it be included in the Record at this point a letter of May 14, 1982 from Robert C. Brown, executive vice president of the Tax Foundation, who comments on those issues. I would like to quote briefly from it.

> Those of us who have studied the budget process before 1968 and following, believe that in today's environment it is more important than ever to include all of the activities of the Federal Government within the framework of the budget resolution. Moving social security off budget in no way resolves the tremendously important problem of maintaining a solvent and adequate program.

In other words, the Tax Foundation thought we would be wise to leave the social security trust fund on budget, as I believe we have determined to do, and to reject efforts to take this matter from the unified budget.

In another letter, which I also ask unanimous consent to be printed in the Record, under date of May 13, 1982, the Tax Foundation made the point that a reduction in deficits is not only essential but will, in the opinion of people at the Tax Foundation, have an important economic result.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Tax Foundation, Inc.,
Washington, D.C., May 14, 1982.

To All Members of Congress:

The attached letter to Senator Pete Domenici and Representative Jim Jones is self-explanatory. However, some added comments at this juncture of the deliberations on the budget are in order. If the proposal of removing $206 billion for Social Security from the fiscal 1983 budget should become the order of the day, you should realize that off-budget spending will be 40 percent of budget outlays.

Those of us who have studied the budget process before 1968 and following, believe that in today's environment it is more important than ever to include all of the activities of the Federal government within the framework of the budget resolution. Moving Social Security off budget in no way resolves the tremendously important problem of maintaining a solvent and adequate program, and the longer Congress delays the less chance there is for a satisfactory resolution of the issue.

Almost everyone is concerned about interest rates and why they won't come down. Everywhere I travel in this nation, I continue to hear the question, Why can't the Congress come to grips with some of these basic issues and solve them? Audience after audience reflects an attitude of disenchantment and extreme lack of confidence in both the desire and the ability of the Congress to resolve basic issues such as the Social Security dilemma.

We often speak of the money market as if it were an entity devoid of human thought and deliberation. But if the attitude of people who manage the private-sector resources is reflective of the attitude of the people I have been talking to this year, is it any wonder that interest rates will not come down? The more plans that surface which tend to avoid facing the issue, the greater the risk we run that the undesirable high rates of interest will be maintained. The signals that come from both ends of Pennsylvania Avenue are still not encouraging. Until they are, there is less and less chance for a strong recovery.

Sincerely yours,

Robert C. Brown,
Executive Vice President.

Enclosure.

Tax Foundation, Inc.,
Washington, D.C., May 13, 1982.
Hon. **Pete V. Domenici,**
Chairman, Senate Committee on the Budget.
Hon. **James R. Jones,**
Chairman, House Committee on the Budget.

Dear Chairman: Reports in today's news of proposals to move Social Security off budget are very distressing. Such action would return the nation to where we were in 1968, governed by a budgetary process which was woefully inadequate to depict the size and impact of the Federal government then, and would be even less adequate to do the job now.

As the bipartisan report of the President's Commission on Budget Concepts put it in 1967, calling their statement a *major* (italics are the Commission's, not mine) recommendation:

"The budget should, as a general rule, be comprehensive of the full range of Federal activities * * *. Specifically, the budget should include the transactions of the Federal trust funds."

Making Social Security an off-budget item does nothing to solve the present economic situation, much less correct the serious structural problems of programs like OASDI which are indexed to the rate of inflation. It distorts the true size of the unified budget deficit by over $10 billion for fiscal year 1983 alone. It misstates the true magnitude of the budget by some $195 billion for revenues and $206 billion for spending for FY 83. And it makes a joke out of the public finance debate.

While we can appreciate the desire on the part of Congressional incumbents to win reelection to the Senate and the House, we have to wonder whether those who are so willing to play fast and lose with the budgetary process of the nation deserve another opportunity to serve.

I hope that you two gentlemen, as concerned and serious leaders in the financial deliberations of both houses of Congress, will nip this movement in the bud. You have both espoused and spoken often of the need for true and meaningful reform of fiscal policy. I trust we can count on you to pursue this goal and reject such irresponsible moves as placing Social Security in an off-budget status.

Sincerely yours,

ROBERT C. BROWN,
Executive Vice President.

Mr. ARMSTRONG. The reason I raise this at this point, Mr. President, and it is relevant in a sense to the amendment which is pending though it has a larger context, is that with great reluctance some of us have agreed to the presentation of a modification to the budget resolution. The effect of this modification is to add back into the budget resolution a number of increases which were considered by the committee and which were not deemed advisable, among them approximately $40 billion in what were termed social security solvency savings.

I think it is generally understood that those savings must be made whether they are in the budget resolution or not, and I think it is transparently obvious that the reason we are taking the action that we are presumably about to take is simply because a majority of the Members of the Senate think this whole issue of social security is too hot to handle until after the election. My own belief is that this perception that somehow social security just cannot be mentioned, it is a political unmentionable, greatly underestimates the perspicacity and insight of the voters of the country. I think in this instance they are far more understanding of the reality than Senators give them credit for. In fact, it has been my observation that the people of the country, including social security recipients, are quite willing to have us make reasonable adjustments in the social security trust fund if necessary to save the trust fund itself.

I think they are sort of laughing at us for refusing to recognize the need to do so in this budget resolution. It does not really change anything because we are going to have to take the action that was recommended by the Budget Committee anyway. So in that sense it will not have any effect, although it does sort of transmit the signal, I would say to my colleagues, that we still have not quite gotten our courage up to what it ought to be to wrestle with these problems. We are sort of still skirting the issues and avoiding them.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. ARMSTRONG. Mr. President, I yield myself additional time from the resolution.

This is important because, as I have previously pointed out, the whole reason that we are adopting a budget resolution of restraint is to impress the private sector with our seriousness in closing the gap between Federal spending and revenue. That is why we have restrained the growth of these worthwhile programs which I mentioned earlier. It is not because we wanted to but because we thought the health of the American economy demanded it, and that if we failed to do so, we would court more inflation and certainly higher interest rates.

So I must say that I am dismayed that it was deemed necessary to take this politically untouchable item and postpone it until after the election. I think it is bad for the social security trust fund, which clearly is in danger and needs to be repaired at the earliest time rather than some later time; and, second, I think it is unfortunate from the standpoint that those who are watching our actions will interpret it as a sign of political cowardice. I think that is most regrettable.

But it does not really change the final outcome because sometime after the election we are going to come back and make the changes that are necessary, and those will have, as the chairman of the Budget Committee pointed out, their necessary budgetary impact.

All in all, Mr. President, the point I want to make as I conclude my remarks on this amendment is simply this: That either we believe in the overall notion of restraining Federal spending in order to heal what is so evidently wrong with the Nation's economy, or we do not. Those of us who are deeply committed to the idea that that is essential are willing to make substantial sacrifices for that reason, sacrifices in virtually every function of the budget, where restraint had been introduced, which we otherwise would be unwilling to countenance.

Some may not think the problem is serious enough to warrant the degree of restraint that I might suggest. To those I simply say, how bad do things have to get in the economy before we are willing to restrain ourselves in some way? It is a matter of jugment.

I suggest that when unemployment reaches 10 percent and when interest rates are hovering up in the high teens and show an uneasy tendency to go up above 20 percent again, when we are hearing every day of new business failures in the private sector, and when, after all, private spending has increased tenfold in the last two decades, this is not an unreasonable time for us to show a great deal of restraint, possibly even more than has been demonstrated by this resolution.

In any case, it appears to me to add, even for worthy purposes, additional amounts would be most unwise. For that reason, I shall reluctantly oppose the amendment offered by my colleague.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. From the bill itself, Mr. President, I yield such time as I may need.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, I listened to my distinguished colleague from Colorado, on the Budget Committee majority side. I agree with his comments on social security. I want to state that.

On the other hand, it sounds to me like a teacher and student debating in high school about the "octopus defense". That is where you squirt out the dark ink when you do not have any defense whatever. You squirt out the dark ink and steal away amidst the dark ink.

I tried to follow the Senator. He talked about symphonies and Vietnam war veterans. I was talking about the disadvantaged children of America. He talked about Vietnam veterans, symphony orchestras, and other things, and then went into a discussion about the Eisenhower years and then misquoted the Federal deficits.

The fact of the matter is that between 1950 and 1960, the cumulative deficit was only $17.7 billion, in a 10-year period. Between 1960 and 1970, it was $57 billion. So for a 20-year period it was $74.7 billion—less than $75 billion. We would love to get to a deficit this year of $75 billion, just in one year.

It was in the Nixon-Ford years, during their 8-year reign, that we started pell-mell down the road to big deficits. That is when we ran up, during that time, the $400 billion in cumulative deficits from 1971 to 1981—$400 billion. Our great Democratic President, Lyndon Baines Johnson, balanced the budget. That is the first time in that period between 19[illegible]-79.

The junior Senator from Colorado argued against our amendment but he did not state anything that was wrong with the program; he did not state that it was ineffective. He got into a very pleasing discourse about how we have to cut everything back to solve our problems.

But did we? Are we making cutbacks in just about every program? No. We are increasing many programs. We increased defense and the entitlement programs. And retired Senators and retired House Members should take us out to dinner, because we are going to take care of you. We did not make any decreases there. Or retired colonels, majors, admirals—no, no. They are going to get their increases.

We increased fire sales for surplus airplanes last week. They were 747's. They did not come offering us any L-1011's or DC-10's. Do you think that the Budget Committee just got together and cut all parts of the budget?

Hogwash.

The groups who can afford to hire people to lobby us, they get the treatment. For those who do not, the disadvantaged and handicapped children, who do not have the clout, they get cut out. What we are trying to do is get that particular disparity equalized, and given these kids a little head start.

What we are saying, Mr. President, is please do not cut these programs. We are trying to just freeze the program at the current policy level. That is not asking too much, I can assure you. Especially when we voted billions—$28 billion—more for entitlement programs in this budget. And gave billions more away in tax cuts.

Do you know what is going to happen here in 5 weeks' time, the 1st of July? We are going out to borrow $40 billion at 14.5 percent interest. And mail it around and call it a tax cut.

Of course, if we delayed cutting taxes, what do they call it—"revenue enhancement"? They have all kinds of key words for the way they want to describe raising taxes.

We do not have the political will to bring the budget under control. We need to address defense, taxes, and social security. The distinguished junior Senator from Colorado was talking about social security, and I admire him for it. On social security, he has been a stalwart and we tried to work together to sober this country up.

But with respect to defense programs, I am not sure we stand together. The poor defense contractor comes up, Paul Thayer from LTV, goes to the White House and says, "Please, Mr. President, we have a bottleneck. The contracts are coming so fast we cannot handle them."

So they come up to BARRY GOLDWATER with the AH-64 helicopter and say, "Senator GOLDWATER, we need a billion dollars more." For what? For 100 less helicopters. Cost overruns. Just willy-nilly, billions and billions. We have 50 programs in the Defense Department, approved by this Congress to cost $145 billion that are now on the books at $325 billion. And we want to cut programs for the poor.

Maybe we should put the Senate debates on TV. We could get the soap companies to sponsor the darned thing, I can tell you that. We could sell a lot of Camay with this fiction.

I can say here and now, Mr. President, you cannot win arguments about cutting programs for the disadvantaged and the handicapped with all this doubletalk about the entire budget and the Eisenhower years and symphonies and Vietnam veterans. We have a real problem. The Senator from Colorado (Mr. HART) touched on it when he pointed out the problems we are having in the All-Volunteer Army. Recruits are not coming with that talent and skills needed to operate effectively. So we are paying for cuts in title I with bigger problems in the military.

We are putting out field manuals in the armed services now that are like Life magazines, picture books on how to fix things the recruits cannot read. These cuts just do not make any sense.

Mr. President, the Senator from Vermont, the chairman of the Subcommittee on Education, is very frugal and very careful, has conscientiously stated he supports this amendment. He knows the problems. He has the responsibility to come up with solutions.

There is no use to come in and just stonewall all amendments and then give each other the good government award that we have a good budget. Later on I will offer an amendment that, if adopted, will make it a good budget.

We hope we can get a bipartisan effort going to really make a good budget. But barring that, do not reject every amendment and knock it down without consideration, even in the light of the plea of your own chairman on that side of the aisle.

Mr. President, I yield to the distinguished Senator from Colorado (Mr. HART).

Mr. HART. Mr. President, I ask unanimous consent that the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Hawaii (Mr. MATSUNAGA) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. Mr. President, my distinguished colleague from Colorado featured in his remarks two phrases, control and restraint. I agree with him that both are needed. He analyzed how the Congress of the United States and the Federal Government arrived at where they are. I would just like to add to that two factors which he did not mention, both having to do with restraint. One is a $1.8 trillion defense buildup in 5 years, and the other is a $150 billion tax cut.

By no stretch of the imagination can either of those qualify under the description of control or restraint.

I like to cut taxes as much as anyone, and if we lived in a period of 2- to 4-percent inflation and a balanced Federal budget where the Government of the United States was not borrowing money, I might be willing to go along, I might even lead the charge in some experiment called supply-side economics—cut taxes and get more revenues or however it is defined.

But we did not do that. We experimented in a highly volatile atmosphere. I believe we ought to increase defense spending—nowhere near a $1.6 trillion defense buildup in 5 years—more selectively, more carefully calibrated and buying the right kind of weapons systems and not just throwing money at the defense problem. But neither of those policy decisions a year ago represented restraint or represented control.

So where do we find ourselves now? In response to two unrestrained policy decisions, we are now asking the disadvantaged and the handicapped children of this country to pay for it. The issue is who does pay? Who is going to sacrifice, and who is sacrificing in my own State of Colorado, and all around this country, are handicapped children and disadvantaged children.

This body last week had a chance to vote to defer, not to cancel, but defer, a nuclear powered aircraft carrier, $3.7 billion. We voted against it 60 to 40. That was not restraint. That was not an exercise in budget control. Now we are being told by people who voted for that aircraft carrier that we cannot fund the disadvantaged and handicapped children's education program. That is not fairness and restraint, and that is not fairness and sacrifice.

The PRESIDING OFFICER. The time of the Senator has expired. All time on the amendment has expired.

The junior Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I have a couple of observations and then I am going to yield to the distinguished Senator from New Mexico, the chairman of the Budget Committee, with the expectation that his remarks will close debate on this amendment, and I yield time from the bill.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ARMSTRONG. Mr. President, first of all, I say to my colleague from Colorado that this is a matter of priorities, and he is entitled, of course, to say that one portion of the budget is more important than another, and we all have our own opinions as to what the most important part of the budget is.

I respectfully disagree with my colleague, however, about the tax cut. To describe this as an unrestrained action or somehow to equate it with large increases in spending seems to be considerably wide of the mark. The fact is that taxes have risen very rapidly in this country for a number of years, due primarily to the graduated income tax and the rates of inflation which we have experienced, which have pushed all of us into higher and higher tax brackets; that is, all of us who have been fortunate enough to keep pace actually or approximately with the rise in inflation.

What we have had in our tax system and what for the next 3 years, at least, we will continue to have is sort of an engine that pushes taxes up. The tax reductions which were enacted by Congress last year, in fact, are just about enough, projected over the next 3 years, to hold us even. We are really not getting much in the way of a tax cut, but at least our taxes are not being raised very much more after two decades in which the average family's taxes were increased in nominal terms just about 500 percent, just about five times in nominal noninflation adjusted dollars.

There is another issue with respect to taxes that we should not lose sight of. The argument to put through the marginal tax rate reductions and the business tax cuts which were enacted by Congress and which were approved I believe on a vote of 87 to 11 in the summer of last year, I would remind my colleague, rested on two points. One was equity, the issue of whether or not it was fair to permit taxes on individuals and businesses to rise year after year, gobbling up a larger and larger fraction of their disposable income. That was one argument.

The other argument was what was it doing to our economy. It seemed to most of us that the evidence was quite clear that the increase in the Government portion of the economy occasioned in part by the tax increases was resulting in economic stagnation, unemployment, in a general decline in the tone and tenor and productivity and thrust and enthusiasm of the private sector and the productivity upon which our economic future depends. And so it was based on both equity and practical economics that 87 Members of this body voted to cut taxes.

Because there is an awful lot of hypocrisy in this game, I want to acknowledge that the Senator from Colorado, my colleague, is consistent on this matter. He was not for the tax cut then, he is not now, and so he is pursuing an agenda on which he has been consistent. I think that is admirable. I disagree with him in this particular instance, but I think it is quite different for him to make the argument that he has just made than it is for somebody who voted for the tax cut last year to now come back and complain of it, as some Senators have on a number of occasions recently.

Second, I would respond briefly on the question of whether or not $1.8 trillion in increased defense spending is well advised. That again is a judgment. Certainly, I wish that the military situation in the world were such that we could get by with a much lesser degree of increase. That is simply a judgment arrived at in consultation with the executive branch and many Members of Congress as to what is realistically necessary in order to meet our security requirements, that is, the threat posed by the Soviet Union. Somebody may think it is too much. It is my judgment that it is about right, although I wish that it could be a lot less and that that money could be returned to the taxpayers or returned to programs of education for the handicapped or for veterans or for any number of purposes which would be more desirable, at least, to this Senator.

I think it is worth pointing out that the distinguished minority leader of the Budget Committee raised the issue of how we piled up these deficits, and he may have left the impression that somehow the figures which I cited were incorrect. If he did so, I am sure it was unintentional. From 1960 to 1980, Federal spending, in fact, increased from about $77 billion to approximately 10 times that amount. He made the point that most of that increase came in the last half of the 20-year period, and reminded us that during part of that period Republicans occupied the White House.

I had not attempted to introduce a partisan element into it. I would certainly acknowledge that Jerry Ford had a big responsibility for that. He presided as President during the years when spending was very high and, in fact, when it was rising.

But since the Senator from South Carolina makes the point, let me just remind him that on the average the deficits during the Carter years were higher than those of the Nixon-Ford years. In fact, they were about twice as high.

I do not think, however, it is useful to get very deep in that partisan argument, because I believe most of us know that the blame falls pretty much equally on both parties, that both Republicans and Democrats had a hand in getting us into this mess; that if we are going to get out, if, in fact, we are going to show the kind of restraint and responsibility that is necessary to produce a budget which will head off an economic disaster, it is going to have to be done with the reasonable cooperation of Republicans and Democrats in both Chambers. I encourage my friend from South Carolina not to worry too much about whether or not the main responsibility for past indiscretions falls on Jerry Ford or L. B. J. or Jimmy Carter. The question is where do we go from here.

I am convinced that this budget resolution more or less in its present form, though it is far from perfect and I would say as one Member it is far from satisfactory to me, is so far better than the alternative, which is to let these enormous deficits in prospect occur, that I hope an overwhelming number of Senators will be disposed to turn down this amendment and subsequent amendments and, in fact, to support the resolution.

Mr. President, I now yield to the Senator from New Mexico, the chairman of the Budget Committee, who I believe has a few observations about this amendment, which I expect will close the debate on this issue.

Mr. **DOMENICI**. I thank my good friend from Colorado. I also thank him for relieving me on the floor.

Mr. **HART**. Mr. President, will the chairman yield for a question?

What does the floor manager have in mind in terms of a vote on this amendment?

Mr. **DOMENICI**. I was just going to say that I think the time on the amendment has expired.

The **PRESIDING OFFICER**. The time has expired.

Mr. **DOMENICI**. I am going to speak for about 5 minutes and then will be ready to vote, if the Senator from Colorado has nothing further.

We have not been rotating amendments, not because we have changed the procedure, but because we did not have any Republican amendments ready. We do now. An amendment by Senator HELMS will be next, and I understand the other side has a couple that have been ordered. So we will not take a Democratic amendment next, but one by Senator HELMS, on our side.

Mr. President, I have mixed feelings here, because I do not think there is any Senator more concerned about the future of education than this Senator. I stated some of the natural reasons for that last night, and I do not care to repeat them.

One does not have to be personally involved in a program in order to appreciate it, but I do happen to have eight children. They are in schools and often have classmates who are handicapped or need special help. I happen, through good fortune, to have a wife who, in a volunteer status, works in education for the handicapped. So I have a feel for it.

Soon after the President sent up his budget this year, in February, I met with teachers, administrators, parents, those involved in the programs that are in this amendment, from my State, from around the country. Originally I had wanted to support the President.

I said: "What do you think about the President's budget in these areas?"

I received a uniform reply: "Bad. Will not work. Too big a cut."

Even in my State, which has an excellent equalization formula for the schools, so that we do not have a big disparity between a school in a poor area, with poor children, versus a wealthier area—even in my State they thought it was too big a cut.

We suggested: "What do you think the effect would be if we stayed at the same level that you are getting this year?" I wish I had them before me now, because I cannot describe to the Senate the expressions of joy on their faces, to think that we might do that. We had all these cuts, and we said, "Why don't we make it level funding again—no cuts?"

In an almost incredulous response, they said, "Senators, if you can join others and do that, we would be satisfied."

Let us leave that.

The resolution before the U.S. Senate is a very proeducation resolution. Remember what the President originally requested which brought the educators—those concerned about title I, those concerned about handicapped education—up here in February, March, and April.

It significantly changes that original budget. In a moment, I will tell the Senate how much. It was a lot; not a few hundred million dollars, not $600 million or not $800 million, but $1.7 billion was added back to the function encompassing elementary and secondary education.

I say to the Senate that is really all you can do—add it back to the function. It does not matter what anybody says here about what it will be used for. That is up to the Appropriations Committee.

So $1.7 billion was added back. If anyone wants to insist on asking where it will go, I will be honest—I do not know. It will go where the Appropriations Committee puts it, not necessarily where we say it will go.

If you follow our assumptions, it is about a billion dollars that we have added back in title I. It is not $100 million; it is $1 billion: we have also added back $240 million for vocational education, $260 million for education, bilingual State block grants, and the like.

I think that is clear. I believe that if the Senate's Subcommittee on Education Art, and the Humanities were meeting today, with the economy we have today, and if they were drafting the laws that we are funding today, and if they saw the American economy today, with a projected $182 billion deficit in fiscal year 1983, $216 billion the next year, and $233 billion the next year, I honestly believe that that subcommittee would look at these numbers and say, "That is plenty of money, we have to take our share, too. We have a mess on our hands, and the best way to help education is to build the American economy back, to get interest rates down, to keep inflation down, and to get the country going again."

After all, most of education is not paid for by the Federal Government with programs such as this. It is paid for by State and local taxpayers, from State and local revenues.

In fact, last night I misspoke myself. I was trying to draw a comparison between how much money is spent in America for education and how much we were talking about in this measure, and I said $50 billion or $60 billion. It turns out to be $100 billion spent by local units of government to pay for elementary and secondary education.

We are here today talking about new budget authority of $4.5 billion over 3 years for these programs, as if that were the cornerstone for education in America. It is not. I understand, however, that since the avowed and alleged purpose for this $4.5 billion in new budget authority is for title I and handicapped, it is really hard for people to vote against it.

Let me summarize: The resolution before the Senate, which is sought to be amended, has already added back $1.7 billion over what the President asked for; $1 billion in title I over what he asked for.

If we assume that the money is going to be spent as recommended by the Budget Committee, there is level funding for these programs from 1982 to 1983. With inflation, that is somewhat of a cut. Nonetheless, it is level; it is not a reduction.

I urge that the Senate not adopt the amendment. We have been holding the line on what I think is a good budget.

In summary, I do not believe that anyone should ask for more for these programs now, with American economy in its present condition.

Mr. KENNEDY. Mr. President, once again the Senate is afforded an opportunity to send a message to the country regarding its priorities in this budget resolution. The issue is not—with all due respect to the chairman of the Budget Committee—whether our country is broke or whether we can afford more funds for education. The question instead is: Do Americans think that defense is so important to require a significant real growth while education is so unimportant that it can afford what is effectively a program cut?

I do not think that the country has such priorities—and I do not think that this budget should reflect such an orientation.

Mr. President, we are talking in this amendment about $1 billion in budget outlays. In terms of the budget deficit, that is a drop in the bucket. In terms of a $700 billion defense outlay, this is a drop in the bucket. But in terms of the title I program and the handicapped education program and many students across the country participating in these programs this amount is very important. Quite simply, it will be the difference between participation and aid or benign neglect and ignorance.

Mr. President, the title I program is a successful one. Study after study has shown that students benefit and in many cases benefit significantly from participation in this program. Yet the Budget Committee proposal will effectively cut 10 percent from this program. I think that such an action is simply wrong.

Handicapped education similarly has been effective at meeting a continuing, significant need. For too long prior to the adoption of Federal aid to handicapped for education, too many handicapped children had little prospect of receiving a quality education. This program changed that. It established an American commitment to these Americans. We should not now erode that commitment.

Our country cannot permit such an erosion in services—in fact, we cannot afford such a result. We talk often in these Chambers about the need to restore growth to our economy. We talk about investing in our Nation by investing in machines and new technology. But at the same time, we seem to forget who builds those machines and develops that technology. We forget, in short, our greatest resource—the American people. The best way to restore productivity to this economy is to train and educate our people—not to tell disadvantaged students that, in the eyes of the Senate, their education does not have a high priority.

Mr. President, we debated this issue last night and were told that the budget could not afford more money for education. I disagree. We can and must afford education. We must not forget the words of Franklin Roosevelt that "the last place that America should seek to economize is in the schools." This amendment needs the wisdom of President Roosevelt. I urge my colleagues to do likewise.

Mr. WEICKER. I rise in support of Senator HART, Senator STAFFORD and the other Senators cosponsoring an amendment to the budget resolution for increasing the funding for function 500, the education programs, in particular special education.

Adequate funding is critical for the implementation of the Education for All Handicapped Children Act. The law which mandates that special kids be given the special services they need to be all they can in our society must be supported. Last year's funding level will not accomplish next year's work. State and local school systems cannot provide tomorrow's level of services with yesterday's budget. They have yet to receive the percentage of Federal support promised them yet they are responsible for educating their handicaped children. To allow inflation to further erode Federal support is shirking our responsibility.

This amendment will provide at least some of the funds necessary to continue vital programs such as early childhood, vocational education, and other secondary programs, and personnel preparation. Early childhood programs for preschool handicapped children give them the best chance for learning to cope with their handicapping conditions and to capitalize on their capabilities. Vocational education programs which serve handicapped youth including regular vocational education provide preparation and training for employment. Personnel preparation is essential to keep the supply of competent special and regular education teachers we need to teach handicapped children.

These special education programs and others have been in jeopardy due to the budget cuts of last year. We cannot abandon our responsibility to handicapped children. I urge my colleagues to support this amendment and insure that handicapped children are afforded the rights of nonhandicapped children to a free, appropriate education.

● Mr. BIDEN. Mr. President, the title I compensatory education program for the disadvantaged has been one of the most successful education programs ever enacted by the Federal Government. By providing many basic reading and math skills to low-income students in our Nation's elementary and secondary schools, title I represents a crucial investment in this Nation's future.

Of course, Mr. President, most Federal programs are undertaken with goals as laudable as those which prompted enactment of title I. The fact of the matter, however, is that title I works, and works well.

Mr. President, numerous studies, including an extensive study undertaken by the Department of Education, have indicated that title I students perform at substantially higher levels than low-income students not served by title I programs. These are students who would not normally be exposed to the opportunity for a high quality education; and therefore would not otherwise be able to obtain the reading and math skills necessary to the achievement of success in later academic and career pursuits.

The sad fact, Mr. President, is that, even under current policy, title I reaches only about 40 percent of those students who are eligible for the program. If anything, we are not making a sufficient effort to provide this basic service to many millions of school children throughout the country.

Mr. President, if we do not make even the minimal commitment to continue this program at current service levels, we will be dooming those children to lives of substandard education and employment. Just as importantly, Mr. President, we will be robbing the Nation of its greatest natural resources—the minds of its young people.

Additionally, Mr. President, the Education for All Handicapped Children Act has made an invaluable contribution to our effort to open access to quality education to all American children. This fact was recognized when a bipartisan group of 285 Congressmen and 59 Senators wrote to President Reagan earlier this year requesting that no reductions be made in funding for Public Law 94-142 and that no changes be made in its regulations.

Mr. President, the fact of the matter is that, although the original plan was for the Federal Government to provide 40 percent of the funding for Public Law 94-142 programs, we are currently providing a mere 12 percent. We are already shirking the commitment made to the handicapped of this Nation when Public Law 94-142 was passed in 1975. We must not pull further back from that commitment.

Mr. President, I urge passage of the Hart amendment.●

Mr. DOMENICI. Mr. President, there is no time remaining on the amendment, and I am prepared to yield the floor, and am prepared to vote.

Mr. HART. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. HATCH). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICE. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD), is necessarily absent.

The PRESIDING OFFICER. Is there any Senator in the Chamber who wishes to vote?

The result was announced—yeas 48, nays 51, as follows:

[Rollcall Vote No. 129 Leg.]

YEAS—48

Andrews
Baucus
Bentsen
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
DeConcini
Dixon
Durenberger
Eagleton
Exon
Ford
Glenn
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stafford
Stennis
Tsongas
Weicker
Zorinsky

NAYS—51

Abdnor
Armstrong
Baker
Boren
Boschwitz
Brady
Byrd, Harry F., Jr.
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Pressler
Proxmire
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NOT VOTING—1

Dodd

So Mr. HART's amendment (UP No. 971) was rejected.

Several Senators addressed the Chair.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HART. I ask for the yeas and nays.

Mr. DOMENICI. I move to lay that motion on the table.

Mr. BAKER. Mr. President, I ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico (Mr. DOMENICI). The yeas and nays have been orderd, and the clerk will call the roll.

The bill clerk called the roll.

(During the call of the roll, the Vice President assumed the Chair.)

The result was announced—yeas 51, nays 49, as follows:

[Rollcall Vote No. 130 Leg.]

YEAS—51

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Brady
Byrd, Harry F., Jr.
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Pressler
Proxmire
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NAYS—49

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
DeConcini
Dixon
Dodd
Durenberger
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell

Moynihan
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stafford
Stennis
Tsongas
Weicker
Zorinsky

So the motion to lay on the table the motion to reconsider was agreed to.

Mr. DOMENICI. Mr. President.

The VICE PRESIDENT. The Senator from New Mexico.

Mr. BAKER. Mr. President, will the Senator yield to me for a moment?

Mr. DOMENICI. Yes, I am happy to yield.

The VICE PRESIDENT. The majority leader is recognized.

AMENDMENTS REMAINING

Mr. BAKER. Mr. President, this seems like a good time, perhaps, to try to get a bearing on where we are, how much time it is going to take, and when we are going to get finished. If I may have the attention of Senators, let me say that we have a great number of amendments on this list and I have a terrible feeling that the list may not be complete. What I need to do, if Senators will bear with me for a moment, is go over the list and ascertain if some of these amendments may not be offered and, in the cases where they will be offered, to try to suggest a time limitation less than that provided by statute and, heaven forbid, to see if there are others that may have to be added to the list.

If I may start down this list, I see on my list a Chiles amendment. I do not see the Senator from Florida on the floor. That is to deal with increased veterans benefits.

A DeConcini amendment.

Mr. President, I do not see—let me run through the list. There are not enough on the floor now to get a good count, but any Senators who do not intend to offer these amendments and/or any Senators who are willing to give us some sort of a reduced time, if they will contact either cloakroom and let us know, it would be most helpful as the leadership tries to decide how late we will stay in tonight and how late we may stay tomorrow in order to finish this resolution. We are going to try to finish it this weekend.

CHILES on veterans; DECONCINI on waste, fraud, and abuse; DECONCINI on veterans; METZENBAUM on tax increases; MOYNIHAN on superfund. That has been done.

Mr. HOLLINGS. That is another one.

Mr. BAKER. We have to do it again?

Mr. HOLLINGS. We have to do it again.

Mr. BAKER. MOYNIHAN on Postal Service; KENNEDY on Social Security; HOLLINGS on third year of tax cut; LEAHY-HOLLINGS on WIC; EAGLETON on indexing; SASSER on railroad retirement; BRADLEY on SPRO; RIEGLE on defense cut; PROXMIRE on credit budget; ROBERT C. BYRD on unemployment benefits; and CHILES on law enforcement.

Mr. BUMPERS. Will the Senator yield?

Mr. BAKER. Yes.

Mr. BUMPERS. Mr. President, there is a very good possibility that the Senator from Rhode Island (Mr. PELL) and I may offer an amendment to repeal the safe harbor leasing provision.

Mr. BAKER. Anybody else?

Mr. CHILES. Mr. President, I have an amendment on germaneness on the reconciliation.

Mr. BAKER. Another Chiles amendment on reconciliation germaneness.

Mr. HELMS. Mr. President, I shall take 30 minutes equally divided. We are going to address ourselves to a tax cut.

Mr. BAKER. Thirty minutes equally divided, the Senator from North Carolina is willing to accept.

Mr. DOMENICI. The Senator has two amendments, does he not, just for the listing?

Mr. HELMS. Yes, Mr. President, I have a second tentative one. You may as well put it down, but I am going to try to avoid calling it up.

Mr. BAKER. Can the Senator tell me the nature of that amendment?

Mr. HELMS. That has to do with defense spending.

Mr. BAKER. Senator MATTINGLY?

Mr. MATTINGLY. About 20 minutes evenly divided.

Mr. BAKER. What is the amendment on?

Mr. MATTINGLY. Revenue restraint.

Mr. DOMENICI. Mr. President, did the Senator say equally divided or evenly divided?

Mr. BAKER. Equally divided.

Anybody else?

Mr. HEFLIN. I have one on cancer. I am agreeable to 20 minutes, equally divided.

Mr. BAKER. Twenty minutes is long enough for the Senator.

Mr. BUMPERS. As the majority leader knows, this side of the aisle has a little retreat planned this weekend. The schedule was to leave here at 2 o'clock tomorrow afternoon. Can the Senator give us some idea of whether our party has been torpedoed or not?

Mr. BAKER. I do not plan to torpedo the party, but I must reiterate what I said before. I think we are obligated to try to finish this resolution this weekend. Really, the question at hand is whether we can finish tonight and, if so, by what hour or if it is necessary to be in session tomorrow—by the way, we will be in session tomorrow—and whether it is necessary to be in session on this resolution tomorrow.

Once again, my preference would be to finish this tonight, because I know a great number of Senators have plans for tomorrow, but it really seems unlikely that we can finish it tonight, unless we can get time reductions on most of these amendments.

I am going to ask our cloakroom to start shopping each one of them, and I will speak with the minority leader about doing the same on his side, and then we will try to work out an arrangement.

Mr. BIDEN. Mr. President, will the majority leader yield?

Mr. BAKER. Yes; I yield to the Senator from Delaware.

Mr. BIDEN. We Democrats, quite frankly, think what the Senate is doing is considerably more important than our retreat, and so it is of no relevance to our retreat tomorrow at 2 o'clock. I would like to make it clear. It is totally irrelevant. If we have to stay here through Sunday, we are delighted to do that.

Mr. BAKER. I thank the Senator from Delaware.

Mr. DOLE. Will the Senator yield?

Mr. BAKER. Yes; I yield.

Mr. DOLE. Would it be helpful if we did not talk so much?

Mr. BAKER. It might even be helpful if we did not vote so much.

Mr. President, I am advised that there are 14 hours and 20 minutes left on the resolution. I will announce my intention at this time to ask the Senate to remain in tonight late—we will reserve on how late—in an effort to try to complete this resolution. If it is not possible to do it, I am not inclined to ask the Senate to remain in all night but would rather resume consideration of this bill sometime early in the morning. But we can still finish this tonight if we put our minds to it and if we can negotiate short-time agreements so that we can get through this list of what is now 26 amendments that remain—27 amendments.

Mr. President, I thank all Senators for their attention, and I yield the floor.

Mr. DOMENICI. Might I ask the majority leader, so there will be no misunderstanding, we are doing our best to get a list of amendments but this is not binding on anybody?

Mr. BAKER. Yes; that is exactly right.

Mr. DOMENICI. If anybody else has any in mind, I assume we would like to know about them, but that is about the best we can do at this point.

Mr. BAKER. I do not want to know about it, but I guess we have to.

Mr. DOMENICI. Mr. President, I understand that it is now a Republican turn, and we do have an amendment. The distinguished Senator from North Carolina (Mr. HELMS) is going to offer an amendment. He says that we can agree on 30 minutes equally divided.

I ask unanimous consent that there be 30 minutes on the Helms amendment equally divided.

The **PRESIDING OFFICER** (Mr. MURKOWSKI). Is there objection?

The Senator from North Carolina.

Mr. **HELMS**. Mr. President, I thank the distinguished manager. May we have order?

The **PRESIDING OFFICER**. Will the Senate please come to order? Will the Senate please come to order?

The Senate is now in order. The Senator from North Carolina is recognized.

UP AMENDMENT NO. 972

(Purpose: To reduce the level of tax increases)

Mr. **HELMS**. Mr. President, I have an unprinted amendment at the desk which I call up and ask that it be stated.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an unprinted amendment numbered 972.

Mr. **HELMS**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 2, line 6, strike all through page 21, line 2, and insert in lieu thereof the following:

Fiscal year 1982: $623,000,000,000.
Fiscal year 1983: $647,000,000,000.
Fiscal year 1984: $704,000,000,000.
Fiscal year 1985: $782,000,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $2,000,000,000.
Fiscal year 1984: $2,000,000,000.
Fiscal year 1985: $2,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $831,700,000,000.
Fiscal year 1984: $892,300,000,000.
Fiscal year 1985: $966,000,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.
Fiscal year 1983: $762,300,000,000.
Fiscal year 1984: $795,200,000,000.
Fiscal year 1985: $846,200,000,000.

(5) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.
Fiscal year 1983: $115,300,000,000.
Fiscal year 1984: $91,200,000,000.
Fiscal year 1985: $64,200,000,000.

(6) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.
Fiscal year 1983: $1,292,000,000,000.
Fiscal year 1984: $1,419,800,000,000.
Fiscal year 1985: $1,532,800,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.
Fiscal year 1983: $147,800,000,000.
Fiscal year 1984: $127,800,000,000.
Fiscal year 1985: $113,000,000,000.

(7) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1981, and October 1, 1982, are as follows:

Fiscal year 1982:

(A) New direct loan obligations, $67,300,000,000.

(B) New primary loan guarantee commitments, $93,000,000,000.

(C) New secondary loan guarantee commitments, $69,000,000,000.

Fiscal year 1983:

(A) New direct loan obligations, $63,600,000,000.

(B) New primary loan guarantee commitments, $102,500,000,000.

(C) New secondary loan guarantee commitments, $68,300,000,000.

(b) Pursuant to sections 301 and 304 of the Congressional Budget Act of 1974, the Congress hereby determines and declares the appropriate levels of budget authority, and budget outlays, for the fiscal years 1982 through and inclusive of 1985 and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1982 and 1983 for each major functional category are:

(1) National Defense (050):

Fiscal year 1982:

(A) New budget authority, $216,900,000,000.

(B) Outlays, $190,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $257,700,000,000.

(B) Outlays, $215,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $278,300,000,000.

(B) Outlays, $243,000,000,000.

Fiscal year 1985:

(A) New budget authority, $316,500,000,000.

(B) Outlays, $277,700,000,000.

(2) International Affairs (150):

Fiscal year 1982:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $11,400,000,000.

(C) New direct loan obligations, $10,400,000,000.

(D) New primary loan guarantee commitments, $9,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $16,200,000,000.

(B) Outlays, $11,600,000,000.

(C) New direct loan obligations, $10,200,000,000.

(D) New primary loan guarantee commitments, $9,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $16,700,000,000.

(B) Outlays, $11,400,000,000.

Fiscal year 1985:

(A) New budget authority, $21,000,000,000.

(B) Outlays, $11,200,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1982:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,300,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,800,000,000.

(4) Energy (270):

Fiscal year 1982:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $6,400,000,000.

(C) New direct loan obligations, $10,600,000,000.

(D) New primary loan guarantee commitments, $1,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $4,900,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $12,100,000,000.

(D) New primary loan guarantee commitments [illegible]00,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,200,000,000.

(B) Outlays, $3,700,000,000.

Fiscal year 1985:

(A) New budget authority, $4,100,000,000.

(B) Outlays, $3,400,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $10,300,000,000.

(B) Outlays, $12,800,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $9,900,000,000.

(B) Outlays, $10,900,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $9,300,000,000.

(B) Outlays, $9,500,000,000.

Fiscal year 1985:

(A) New budget authority, $8,900,000,000.

(B) Outlays, $8,500,000,000.

(6) Agriculture (350):

Fiscal year 1982:

(A) New budget authority, $9,900,000,000.

(B) Outlays, $13,800,000,000.

(C) New direct loan obligations, $22,600,000,000.

(D) New primary loan guarantee commitments, $2,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $9,700,000,000.

(C) New direct loan obligations, $19,000,000,000.

(D) New primary loan guarantee commitments, $2,600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $8,300,000,000.

(B) Outlays, $7,500,000,000.

Fiscal year 1985:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $6,700,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1982:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $15,400,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1983:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $15,100,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1984:

(A) New budget authority, $7,400,000,000.

(B) Outlays, $3,400,000,000.

Fiscal year 1985:

(A) New budget authority, $7,200,000,000.

(B) Outlays, $3,100,000,000.

(8) Transportation (400):

Fiscal year 1982:

(A) New budget authority, $20,800,000,000.

(B) Outlays, $21,300,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1983:

(A) New budget authority, $21,300,000,000.

(B) Outlays, $19,000,000,000.

(C) New direct loan obligations, $500,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1984:

(A) New budget authority, $21,500,000,000.

(B) Outlays, $18,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,800,000,000.

(B) Outlays, $18,100,000,000.

(9) Community and Regional Development (450):

Fiscal year 1982:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $8,500,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,400,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,000,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $6,700,000,000.

(10) Education, Training, Employment and Social Services (500):

Fiscal year 1982:

(A) New budget authority, $25,400,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $6,500,000,000.

(E) New secondary loan guarantee commitments, $700,000,000.

Fiscal year 1983:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $25,800,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $7,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $25,200,000,000.

(B) Outlays, $25,000,000,000.

Fiscal year 1985:

(A) New budget authority, $24,400,000,000.

(B) Outlays, $24,600,000,000.

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,500,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $79,700,000,000.

(B) Outlays, $74,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,600,000,000.

(B) Outlays, $79,600,000,000.

Fiscal year 1985:

(A) New budget authority, $104,300,000,000.

(B) Outlays, $89,700,000,000.

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $260,900,000,000.

(B) Outlays, $251,500,000,000.

(C) New direct loan obligations $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,700,000,000.

(B) Outlays, $260,800,000,000.

(C) New direct loan obligations $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,800,000,000.

(B) Outlays, $267,300,000,000.

Fiscal year 1985:

(A) New budget authority, $332,900,000,000.

(B) Outlays, $285,000,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1982:

(A) New budget authority, $24,800,000,000.

(B) Outlays, $23,800,000,000.

(C) New direct loan obligations $1,000,000,000.

(D) New primary loan guarantee commitments, $11,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $23,400,000,000.

(B) Outlays, $22,100,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $20,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $24,200,000,000.

(B) Outlays, $22,400,000,000.

Fiscal year 1985:

(A) New budget authority, $24,400,000,000.

(B) Outlays, $23,300,000,000.

(14) Administration of Justice (750):

Fiscal year 1982:

(A) New budget authority, $4,500,000,000

(B) Outlays, $4,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,300,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,300,000,000.

(15) General Government (800):

Fiscal year 1982:

(A) New budget authority, $5,200,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,600,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,300,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,100,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1982:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $6,200,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,300,000,000.

Mr. HELMS. Mr. President, let me say at the outset that I have nothing but the highest respect for Senator DOMENICI and all others who have worked so tirelessly on what has come to be known as the "compromise budget."

But the Senator from North Carolina very much feels that this compromise will not do the job that must be done if we are to turn the economy of this country around. All of us know what the problem is, we know the cause of the financial distress in this country. We have been talking about it for years and years, and doing little or nothing about it. We ran for the Senate on pledges that we would reduce spending and we would reduce taxes.

I have set here for hours this week and listened to the oratory about the various amendments to add billions of dollars in Federal spending. I have heard the suggestions that we drop the third year of the tax reduction. Both, combined, constitute precisely the wrong way to go in our efforts to turn the country around.

The PRESIDING OFFICER. The Senate will be in order. Those having conversations in the back please move to the cloakroom.

The Senator from North Carolina may proceed.

Mr. HELMS. I thank the Chair.

Mr. President, my amendment can be characterized, I suppose, as a "November amendment" because the vote on this amendment will provide an opportunity for Senators to go home and say, "I voted to reduce Federal taxes" and "I voted to cut Federal spending." This amendment will give us the opportunity to see where Senators stand on these issues.

My amendment would strike $101.2 billion in additional tax increases proposed by the pending resolution and would replace those taxes with pro rata reductions in nondefense spending.

Mr. HOLLINGS. Mr. President, what did the distinguished Senator call the amendment? The Senator said he would characterize it——

Mr. HELMS. The November amendment.

Mr. HOLLINGS. What?

Mr. HELMS. November amendment.

Mr. HOLLINGS. November.

Mr. HELMS. I will explain what I meant. I heard two Senators from the side of the aisle of the able Senator from South Carolina going down the corridor, and that is precisely what they called their proposals—and we have been voting on them all week—to increase Federal spending. They were chuckling and said, "Boy, we have them on the spot. This is a November amendment." So I decided to offer a November amendment which will do something to help the American people, and help turn the economy around.

Under the committee's proposal, revenues would go up. In other words, taxes would increase by over a third of a trillion dollars over the next 3 years. The committee's 1985 revenue figure of $825 billion would be $202 billion in excess of the revenue number for 1982. The total amount by which taxes in 1983, 1984, and 1985 would exceed the tax level for 1982 would be a startling $365.2 billion.

Mr. President, this $365.2 billion committee-approved tax increase would be used to finance the most massive spending splurge in the history of this country. Under the committee's budget, spending in 1985 would be $148.5 billion more than spending in 1982. Total spending increases over 3 years would total $282.8 billion.

Those figures speak for themselves. In other words, the committee's budget would use $365.2 billion in tax increases to pay for $282.8 billion in spending increases.

I do not know that any poll has been taken on this subject among the American people, but I expect that the people would indicate that this is not their idea of fiscally responsible budgeting. And they would be right.

In fact, if this level of tax increases were to continue indefinitely, the total tax burden imposed by the Federal budget could be larger than the gross national product as early as the year 2018, assuming a continuation of the most recent patterns of growth and inflation.

Mr. President, before anyone suggests that this is an "impossible" amendment, that it is too harsh, let me emphasize that even under this amendment, taxes and spending would continue to increase. But they would increase at a slower rate than is envisioned by the committee's target. Although the amendment would curb the enormous increase in taxes envisioned by the pending legislation, it would not result in reduction in taxes or spending. Rather, taxes would continue to climb to a 1985 level which would be $159 billion above the 1982 revenue figure, and my amendment permits that.

Revenues for 1983, 1984, and 1985 would be a total of $264 billion in excess of the 1982 figure.

In other words, even under my amendment, the American taxpayer would suffer from a $264 billion tax increase.

Mr. President, allow me to digress for a moment to ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Similarly, even under my amendment, spending over the next 3 years would rise a total of $181.6 billion above what it would be if it remained at the 1982 level.

Mr. President, a recent study by economist Jude Wanniski for Polyconomics, Inc., addresses itself to the myth that it is possible to tax our way out of a recession.

"In 1932," notes Wanniski, "Herbert Hoover pushed through an enormous tax increase with the help of the Democrats at a time of 15 percent unemployment. The hike was to have increased projected revenues by one-third and balanced the budget. Of course, it merely lengthened unemployment lines and ballooned the Federal deficit."

Mr. President, Mr. Hoover created impetus for his proposition to increase taxes in order to eliminate the deficit in his State of the Union speech on December 8, 1931. At that time, in tones similar to those we are hearing on this floor today, and which are in the committee report, President Hoover said:

> Our first step toward recovery is to reestablish confidence and thus restore the flow of credit which is the very basis of our economic life . . .
>
> Even with increased taxation, the Government will reach the utmost safe limit of its borrowing capacity by the expenditures for which we are already obligated and the recommendations here proposed.

Herbert Stein, in his book "The Fiscal Revolution in America," analyzes the Hoover proposal from a historical perspective, saying:

> Once the President and his financial experts had said that balancing the budget was imperative, there were few, in the Congress or in the country, who would take the responsibility for denying it. . . . For the Democratic leadership in the Congress the President's tax proposal was an invitation either to take reasponsibility for a big deficit or to share responsibility for a big tax increase. Their riposte was to support the idea of a tax increase, thus aligning themselves with "sound finance," but to attack the particular tax increase the President proposed as a "rich man's tax bill," thus escaping the wrath of the majority of tax payers.

Of course, history is very clear about what happened when President Hoover applied this budget resolution strategy of raising taxes to balance the budget. Some of us in this Chamber are old enough to recall the Depression that ensued. Unemployment soared, and the increased taxes merely served as an excuse to avoid putting the reins on Federal spending.

So it was that Hoovernomics, if we can have a play on words—the act of raising taxes in order to try to buy our way out of a recession—did not work for Herbert Hoover, and since we cannot repeal the laws of economics, it won't work now. I do not think that this so-called compromise budget resolution will work.

In any case, Mr. President, it took the first 183 years of this Nation's history—from 1789 to 1972—for the total tax burden of the United States to rise above the $202 billion level; and in 3 years, under the pending proposed budget resolution—under the committee's budget—total taxation will rise on an annual basis in an amount in excess of the rise during the entire first 182 years of this country.

To put it another way, it was not until 1972 that revenues were increased to the amount by which they would increase in 3 years under the committee's resolution.

Mr. President, deficits do matter. But in a budget with $365.2 billion in tax increases and $282.8 billion in spending increases, it is clear that it is through measures to control spending, rather than through measures to increase taxes, that this country must seek fiscal responsibility.

Mr. MOYNIHAN. Will the distinguished Senator yield for a question?

Mr. HELMS. I will be glad to yield on the distinguished Senator's time. I do not have the time.

Mr. MOYNIHAN. My question will be brief.

Did I correctly hear the Senator say that the figures in debt owing to deficit in the next 3 years will be the equal of the whole of the increase in the debt from the beginning of the Republic until the year 1972?

Mr. HELMS. No, the Senator did not hear that. I said increase in taxes.

Mr. MOYNIHAN. Will the Senator read the passage? It was not quite clear to my hearing.

Mr. HELMS. Does the able Senator want me to restate what I said?

Mr. MOYNIHAN. Will he be kind enough?

Mr. HELMS. We must do this on the time of the other side.

Mr. MOYNIHAN. Yes.

Mr. HELMS. My exact words, as I recall them, were: "It took the first 183 years of this Nation's history—from 1789 to 1972—for the total tax burden of the United States to rise above the $202 billion level."

Mr. MOYNIHAN. And then the next 3 years?

Mr. HELMS. In 3 years, under the committee's budget—talking about this budget resolution—total taxation would rise on an annual basis in an amount in excess of the rise during the entire first 182 years.

Mr. MOYNIHAN. I see. I thank the Senator. It was my not being attentive enough. What the Senator is saying is that the tax rise in the next 3 years will be the equal of the total finally reached in the period 178[illegible] to 1972. At that point, the tax has reached $202 billion, and now, in 3 years, there will be that equivalent amount.

Mr. HELMS. That is correct.

Mr. MOYNIHAN. So you would have to give the gentleman opposite credit for having done in 3 years what their predecessors took almost two centuries to achieve.

I can only admire and envy the chairman of the Finance Committee at this time. [Laughter.]

Mr. HELMS. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. If anyone wishes time to speak for or against the amendment we have time here.

Mr. DOLE. Mr. President, I shall take a minute or two.

Mr. DOMENICI. I yield 2 minutes to the distinguished Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, as I understand the amendment, and I have looked at the amendment which is some 20 pages in length, it will eliminate any revenue increases and would offset that lack of revenue by decreasing spending.

Is that in essence what it is?

Mr. HELMS. Pro rated.

Mr. DOLE. It was $101.2 billion?

Mr. HELMS. Yes.

Mr. DOLE. I feel constrained to oppose the amendment.

The Senator from Kansas had hoped that the Finance Committee would be addressing a number of areas on the revenue side that should be addressed whether or not we have a deficit or a surplus. We are discussing such things as tax compliance where we find an estimated $80 to $90 billion was not paid in taxes because people did not report or understated income, or overstated their exemptions and deductions. It has been estimated by the Internal Revenue Service we lost about $80 to $90 billion this year.

So one thing that the Finance Committee is focusing on is closing that gap. It is called the compliance gap. We would hope in the next 3 years, if in fact we enact those provisions, which the Senator from Kansas believes we will, to pick up $12 to $14 billion.

In addition, we hope to address what is known as safe harbor leasing, a little $30 billion item tucked away in the tax bill last year that has had some unintended consequences, as far as this Senator is concerned.

I know that not everyone wants to repeal safe harbor leasing and not everyone wants to modify safe harbor leasing, but the Senator from Kansas is going to try to modify safe harbor leasing.

In addition, there are other areas the Senator from Kansas believes we should address from the standpoint of equity and from the standpoint of fairness in the system. We have a voluntary system in this country and—but it has been estimated that 5 million Americans did not file income tax reports last year for various reasons. This Senator thinks one reason is they do not believe the system is fair; they believe that too many people in the upper-middle-income and upper-income brackets shelter their income so that they pay for lower tax rates than the working men and women pay. For the working men and women in this country, 99 percent of their taxes are withheld from their wages, so they are at the top as far as compliance is concerned.

The Senator from Kansas also believes that upper-income individuals should pay a minimum tax. They should pay something. Everyone has an obligation to contribute to economic recovery, even the rich. That is true of corporations and true of individuals.

So we are looking at a minimum tax in those areas.

So for that reason, while it would seem to me that the Senator from North Carolina makes some valid points it may have the effect of undoing some of the areas which we should address in the Finance Committee.

So while I must oppose the amendment, I agree with the thrust of the amendment of the Senator from North Carolina. The American people are overtaxed. We are going to have to continue to do something about the tax burden. That is why we have a 3-year tax cut.

I hope we have a nice bipartisan vote later on today to keep the third year of the tax cut, as I believe we will have because there is no doubt about it: we need to reduce taxes.

So I commend the Senator from North Carolina for raising the issue, but I do believe that we go too far for some of the reasons just stated.

Mr. MOYNIHAN. Mr. President, will the distinguished chairman yield for a question?

Mr. DOLE. I yield.

Mr. MOYNIHAN. Is it not the case that the current resolution before us provides for approximately $102 billion in tax increases in the next 3 years?

Mr. DOLE. Yes, that is what the Senator from North Carolina would address. He would eliminate those and have $101.2 billion more in spending cuts.

Mr. MOYNIHAN. So we are going to have more taxes only of a different mix.

May I associate myself with many things the chairman said. But we are going to have more taxes.

Mr. DOLE. There is not much doubt about that. But certain people will have taxes to pay for the first time. That certainly will be more. Zero is zero and more is more than zero.

Mr. MOYNIHAN. That will be a novel experience for some of them. I wish to see an income class distribution.

Mr. DOLE. I might say to the Senator from New York, as we discovered last year in other legislation, that there are some people who may not pay tax for very good reasons.

Mr. MOYNIHAN. That is for what they certainly deem very good reasons.

Mr. DOLE. That is right. It may be they are providing jobs.

Mr. MOYNIHAN. I am sure this will be a disagreeable experience.

Mr. DOLE. And some find it disagreeable. Some of those are rather high income Americans or rather profitable corporations.

So it seems to the Senator from Kansas that we would not be able to pursue that course if in fact the amendment of the Senator from North Carolina were adopted.

In addition, the Senator from Kansas does not believe that we can reduce spending by $101.2 billion beyond the cuts already made.

Mr. DOMENICI and Mr. SYMMS addressed the Chair.

The PRESIDING OFFICER. The Senator From New Mexico.

Mr. DOMENICI. Mr. President, I am going to yield shortly, but first I am going to yield myself 5 minutes off the resolution.

Let me say to Senator HELMS that I cannot vote for his amendment, but I asked the staff to do a little figuring here. We are going to have it ready in a minute, It is going to point up something very dramatic. It is impossible for the Senator's amendment to become a reality, therefore, I do not think I can support it, and I hope a lot of other Senators do not.

But let me make a point. I heard a Senator in responding to our majority leader say that there was going to be an amendment to repeal safe harbor leasing. I have been for repealing that or modifying it for months. But I really hope we do not spend the remainder of tonight and all day tomorrow trying to fool anyone that we stand here on this resolution to repeal the safe harbor leasing tax law.

At this time, the resolution provides for $101 billion of tax increases, and the Finance Committee will have to decide how to do that. Repeal of safe harbor leasing may very well be part of that $101 billion.

When someone comes down now and says, "I am going to get rid of safe harbor leasing," all they are doing is saying we are going to raise more taxes because all we can do is add more dollars in taxes to the resolution.

If we are going to do that on that issue, and it is going to be reported, and everybody thinks that is the issue, then every Senator could raise a tax amendment and say, "I am bringing every tax issue here and I am going to vote on it even though it does not mean anything." All these amendments do is to affect the level of taxation in this resolution. They cannot affect the Tax Code directly.

Having said that, I asked my staff to do the following: to exclude interest from the national budget as well as offsetting receipts and defense. I understand that is what the Senator would exclude.

Mr. HELMS. That is right.

Mr. DOMENICI. At first I sent them to do this because I thought this would prove that it is impossible to accomplish what the Senator said.

But let me tell you what the number revealed. They revealed that if we cut the budget across the board by 6½ percent, I am sure there are people around who assumed that the cut would have to be 15 or 20 percent.

I do not want anyone to think that a 6½-percent cut is very easy, because that assumes cuts in all the rest of the budget such as social security, veterans' pensions, railroad retirement, medicare, medicaid, and all appropriated accounts.

Some of those we appropriate each year, but others grow automatically. Some grow with the CPI each year. Some, such as medicare, grow depending upon how much doctors, hospitals, drugs, nursing homes cost the people entitled to the benefits.

Mr. HELMS. May I ask a question so that I can follow the Senator's line of reasoning?

Mr. DOMENICI. Sure.

Mr. HELMS. Is the Senator talking about the baseline or the 1982 level or what?

Mr. DOMENICI. I am talking about the recommended budget. That was what I thought the Senator was talking about.

Mr. HELMS. I am But from which one of these does the Senator draw his conclusion?

Mr. DOMENICI. It is a 6½-percent cut.

Mr. HELMS. On what?

Mr. DOMENICI. In the budget as proposed, excluding defense, interest, and offsetting receipts.

I know it bothers the Senator that he thinks that is an awful thing, 6½ percent, but actually I think it is rather dramatic that this figure is no more than it is. This amendment would literally take the $101 billion that we have in tax increases and take that same amount out of the budget.

Mr. HELMS. I will respond on my own time, but let me point out that my amendment permits a $264 billion increase in taxes and a $181.6 billion increase in spending. So let us not get confused about whether we are talking about increases—or increases on increases. So it is important whether we talk about baseline——

Mr. DOMENICI. Tax growth?

Mr. HELMS. Yes.

Mr. DOMENICI. I do not have any argument with that. There is some tax growth.

Mr. HELMS. Over the 1982 level.

I apologize to my friend for interrupting.

Mr. DOMENICI. I do not know where the Senator got that. Is it based on new economics or based on economics of this budget resolution?

Mr. HELMS. Based on the obvious arithmetic dealing with figures furnished by the Senator's own committee.

Mr. DOMENICI. So the tax base would be growing; I do not argue with that. But I think it does point up something very good, something very salutary, that this budget is growing very fast on the expenditure side. I surmise that that is really the purpose of this amendment, to show that the expenditure side of the budget is growing very, very fast.

On the other hand, a 6½-percent cut does not sound so big, but let me repeat that this would include entitlements and social security, the big one we had an argument about recently, and all the other pensions. So Senator, I cannot support your amendment because I do not think it could in any way be accomplished. You would have to change many, many laws. Nobody would change them during the rest of this year. But I do think you have performed a very salutary service for us here today.

Mr. HELMS. I thank the Senator.

Mr. DOMENICI. Senator SYMMS wanted to speak.

Mr. SYMMS. Mr. President, will the Senator yield to me?

Mr. DOMENICI. I would be pleased to yield 5 minutes.

Mr. SYMMS. I wanted to engage the Senator from North Carolina in coloquy. First, I support the amendment. I would say, Mr. President, that there would only probably be about 100 million Americans who file tax returns who would also support the amendment if they analyzed the Federal budget.

Mr. HELMS. I would think so, I say to my friend.

Mr. SYMMS. It is just that in this time and in the world in which we live, it appears that the Washington Post or other major news media are disseminating, and somehow setting the agenda and encouraging the situation where people think that some of these areas in the budget are untouchable.

As a consequence, we probably do not have enough votes, I am afraid to say, to pass this amendment.

Mr. HELMS. We will see. I suspect the Senator may be correct—and it is sad for the country.

Mr. SYMMS. We will see.

The Senator mentioned that it is a November amendment. I wish it were a May—what is this, the May 20 amendment—that would pass today, because, in my opinion, I would just say that I would like to relate a story of what has happened in my State.

Idaho is a State that has a real recession taking place. We are a timber-producing State, an agricultural State, a mining State in which all of those areas are in a decline, as the Senator knows. They are all interest rate-sensitive economies.

Then on top of that the housing industry, the homebuilding industry, is slow, as it is in all the rest of the country, so the State has some areas, some counties, with 30 percent unemployment because of the numbers of people who are laid off in mines, smelters, sawmills, and working in the woods.

As a result, State revenues are down, and the State of Idaho found itself in a situation where they had a shortfall to finish out the fiscal year which ends June 30.

There is an election going on in that State, too, and we have a Democratic Governor in the State. There are two challengers, who happen to be, one, the speaker of the house, a Republican, and the Lieutenant Governor, a Republican.

They all agreed, because the State had a shortfall, that rather than raise taxes they should cut everyone's salary who works for the State of Idaho by 20 percent until now and the first of July, when the fiscal year ends.

I am not sure that it sat real well with all the State employees, who got a 20-percent reduction in their wages for the next 6 weeks, but they did get a day off a week to offset for it, so they could at least have leisure time in lieu of the money they would have earned otherwise.

Everyone else in the State is very happy with it, and I think that is all we would have to do here. Some people will say this is unrealistic. One of my colleagues just said to me he could not vote for it because it was unrealistic.

It has been unrealistic suggestions like the one the Senator from North Carolina is offering this afternoon, which have been turned down for the last 20 years, that have caused us to have a $1 trillion debt, and if we look at which we have projected from the Budget Committee—and I think all Members would be advised to notice it—we are talking about having $1,532 billion worth of national debt by the fiscal year 1985.

If we believe that the United States of America was built on the theory of supply side economics, where you allowed people to be rewarded and to have incentives for working, producing savings, investing, then the impact of the Senator's amendment might have a double-barreled influence.

You would not only save on the negative aspects of raising taxes, and this is the worst time in our history to raise taxes, but you would have the impact of reducing Government expenditures and freeing those dollars to be spent in the private sector for something worthwhile and productive.

So it may sound too complex and too complicated, but I believe in the long run, and even in the short run, those people who would have to have the reductions in their benefits or slowing down in increased benefits or however it worked out in the formulas, whether it is 5 percent, 6 percent, or whatever, would be well served by this amendment because the Senator from North Carolina has offered a very beneficial amendment. I would ask the Senator a question. What is the percentage of taxes and Government spending of the gross national product today in the United States, 24 percent, 25 percent?

Mr. HELMS. Between 22 and 23 percent.

Mr. SYMMS. I heard a figure floated, and the senior Senator from Idaho says 24 percent, 23 percent, an alltime high Federal spending in our history.

Some people come around and say, "Well, this economic program is not working." But I do not believe that the people in the fall of 1980 who voted for a dramatic change in direction thought that what they were really going to get was spending at an alltime high. They voted hoping they were going to have what? Less taxes, less spending, less Government. That is what I thought most people voted for.

The Senator from North Carolina is offering an amendment that would achieve what I think the American people thought they were voting for on November 4, 1980. I think it is not only a November amendment for this coming November but it is a November amendment for the past November of 1980. It expresses what the taxpayers, the voters, the working Americans who are out there right now struggling to raise their families and feed their children and educate their children thought they were getting, and I think we should vote for this amendment and send it over to the other body and see what happens, and we might be amazed. The support for this would be overwhelming from the American people.

Mr. HELMS. If the Senator will yield, I do not believe that the majority of the taxpayers will be impressed with the observations that a 6½-percent reduction, in view of a $282.2 billion increase,'is impossible.

Let me make two points very quickly. One is that when I referred to the November amendment, I was reacting in good nature to a comment that I heard from two of our colleagues who had been offering amendments. They said, "We will see how this sits in November. This is a November amendment." Of course, proposals have been made here yesterday and today to raise Federal spending. So I just thought I myself would offer a little November amendment myself—one to cut both taxes and spending—and let the American taxpayers who go to the polls in November make a judgment on it.

But we must not overlook that, even with my amendment, spending over the next 3 years will rise a total of $181.6 billion above what it would be if it remained at 1982 levels.

The **PRESIDING OFFICER.** The time of the opponents has expired and the Senator has 2 minutes remaining.

Mr. HELMS. Mr. President, has all time expired?

The **PRESIDING OFFICER.** The opponents' time has expired.

Mr. HELMS. Mr. President, I see no point in prolonging this. I yield back the remainder of my time.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from North Carolina (Mr. HELMS). The yeas and nays have been ordered, and the clerk will call the roll.

The result was announced—yeas 17, nays 83, as follows:

[Rollcall Vote No. 131 Leg.]

YEAS—17

Armstrong
D'Amato
Denton
East
Goldwater
Hayakawa
Helms
Humphrey
Kasten
Mattingly
McClure
Murkowski
Nickles
Proxmire
Symms
Thurmond
Zorinsky

NAYS—83

Abdnor
Andrews
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Brady
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
Danforth
DeConcini
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
Exon
Ford
Garn
Glenn
Gorton
Grassley
Hart
Hatch
Hatfield
Hawkins
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kennedy
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Packwood
Pell
Percy
Pressler
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sarbanes
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Tower
Tsongas
Wallop
Warner
Weicker

So Mr. HELMS' amendment (UP No. 972) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. (Mr. D'AMATO). The Senate will come to order.

TIME LIMITATIONS ON CERTAIN AMENDMENTS

Mr. BAKER. Mr. President, I hope Senators will stay on the floor because I have a number of unanimous-consent requests in respect to time on remaining amendments that I would like to propound.

The following time limitations have been cleared, I believe, on both sides of the aisle. I wish to state them now for the consideration of all Senators.

On the DeConcini amendment dealing with waste, fraud, and abuse language, 30 minutes to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a DeConcini amendment dealing with increased benefits, 30 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Moynihan amendment adding half of the dollars in the first Superfund amendment, 20 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Moynihan amendment dealing with Postal Service, 20 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On an Eagleton amendment dealing with indexing, 30 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Sasser amendment dealing with railroad retirement, 60 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Proxmire amendment dealing with credit budget, 60 minutes, equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Robert C. Byrd amendment dealing with unemployment benefits, 30 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Heflin amendment dealing with cancer, 20 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Hawkins amendment dealing with COLA, 20 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Mattingly amendment dealing with the sense of the Senate in respect to out-year tax increases, 20 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Relating to the Chiles query, Mr. President, I have on my list these and other amendments. I have these on which no time agreements have been agreed to yet. I earnestly solicit some consideration by their authors. The first is a Chiles amendment dealing with increased veterans' benefits.

Mr. CHILES. I think 1½ hours equally divided will be sufficient.

Mr. BAKER. I make that request, Mr. President. Ninety minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Metzenbaum amendment to add language to deal with revenues, is the distinguished Senator from Ohio on the floor? He is not.

Mr. President, on a Hollings amendment dealing with the third year of the tax cut, could the distinguished Senator from South Carolina give me some idea of whether we can have a time agreement of less than the regular amount?

Mr. HOLLINGS. I could call it up right now, I think. I thought Senator BYRD was going to have it. We have too many cosponsors. We shall try to limit it. We are not trying to filibuster.

Mr. BAKER. I thank the Senator.

A Metzenbaum amendment dealing with revenues.

A Hollings amendment dealing with WIC.

Mr. HOLLINGS. We can do that easily.

Mr. BAKER. Twenty minutes?

Mr. HOLLINGS. A half-hour.

Mr. BAKER. A half-hour, equally divided. Is that all right with the chairman of the committee?

Mr. DOMENICI. Yes, Mr. President.

Mr. BAKER. Mr. President, 30 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Bradley amendment which is listed incorrectly on my list here as SPRO, I am told it is an amendment dealing with budget reporting. The Senator from New Jersey is agreeable to 1 hour equally divided. I make that request.

Mr. DOMENICI. Mr. President, I do not know what that is about.

Mr. BAKER. Is the Senator not prepared to agree to that yet?

Mr. DOMENICI. I am not prepared, Mr. President.

Mr. BAKER. I withdraw that request until the Senator from New Jersey and the chairman of the committee can consult.

Mr. President, on a Mattingly-Nickles amendment, 20 minutes equally divided. Is the chairman of the committee agreeable to that? Proposing a 2-percent cut in spending each year, 20 minutes equally divided?

Mr. DOMENICI. That is fine.

Mr. BAKER. Is that agreeable to the minority manager of the bill?

Mr. HOLLINGS. Yes, Mr. President.

Mr. BAKER. Mr. President, I make that request.

THE PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, on a Riegle amendment dealing with defense cuts, is the distinguished Senator from Michigan present? He is not.

Mr. President, on a Chiles amendment on law enforcement?

Mr. CHILES. One hour equally divided.

Mr. BAKER. I make that request, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. A Bumpers-Pell amendment dealing with safe harbor leasing?

Mr. BUMPERS. Mr. President, I shall agree to a 30-minute time limit on that on the condition that there is not a motion to table.

Mr. BAKER. I can agree to that. Is the distinguished chairman able to agree on a 30-minute time limitation equally divided with the understanding that there will not be a motion to table? Let me withhold that request until I can also consult with the chairman of the Committee on Finance.

Mr. BUMPERS. Mr. President, I do not want to speak for him, but I mentioned it a while ago and he said 30 minutes would be acceptable to him.

Mr. BAKER. I am agreeable to that. Is that agreeable with the chairman?

Mr. DOMENICI. Yes, that is fine.

Mr. BAKER. I make that request, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Chiles amendment on reconciliation germaneness.

Mr. CHILES. Forty minutes equally divided.

Mr. BAKER. I make that request, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On a Helms amendment on tax increases, on a pro rata decrease in all nondefense expenditures. Thirty minutes equally divided? I make that request, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, a Helms amendment to reinstate defense spending pro rata. Thirty minutes equally divided, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, a Mathias amendment dealing with the third year of the tax cut. I do not see the Senator from Maryland on the floor.

A Chafee amendment—yes, the Mathias amendment on the third year of the tax cut. Would the Senator take a shorter time limitation?

Mr. DOMENICI. It is the same.

Mr. HOLLINGS. It is the same one.

Mr. BAKER. It is the same one.

Mr. HOLLINGS. Yes, same amendment, bipartisan.

Mr. BAKER. What?

Mr. HOLLINGS. Bipartisan.

Mr. BAKER. I admire that.

Mr. President, a Chafee amendment dealing with increased funding for maternal and child health care.

The Senator from Rhode Island appears not to be on the floor as well.

That is good progress, Mr. President.

Mr. JOHNSTON. Mr. President, will the majority leader yield?

Mr. BAKER. Yes, I yield.

Mr. JOHNSTON. Is it possible to stack any of these votes?

Mr. BAKER. It may be later, but let me explore that, I may say to my friend from Louisiana.

Mr. GOLDWATER addressed the Chair.

Mr. HARRY F. BYRD, JR. addressed the Chair.

Mr. BAKER. Let me yield first to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I may have an amendment. I am not certain. I would agree to 20 minutes on my side and leave it openended on your side. Then the majority leader can decide, because I cannot tell him what the amendment will be because I do not know myself.

Mr. BAKER. All right, Mr. President, I appreciate that offer. May I withhold making the request until I have a chance to talk to the chairman of the committee.

Mr. RANDOLPH. Mr. President, will the able majority leader yield to me?

Mr. BAKER. Yes, I yield to the Senator from West Virginia.

Mr. RANDOLPH. I listened, but I was not certain what the total is of the time that has been allocated.

Mr. BAKER. Mr. President, there are 26 amendments, and we have time limitations now on perhaps 21 of them. I have not yet totaled up the time, but it is a long time.

May I inquire of the Chair how much time remains on the resolution?

The PRESIDING OFFICER. Thirteen hours and 47 minutes time remains.

Mr. BAKER. I thank the Chair.

I say to my friend from West Virginia that I will total this and I will be glad to speak with him as soon as I do.

Mr. GOLDWATER. Mr. President, will the majority leader yield?

Mr. BAKER. I yield to the Senator from Arizona.

Mr. GOLDWATER. Could the majority leader give a horseback guess as to how much time he has on that paper?

Mr. BAKER. All right. It looks like at least 8 hours.

Mr. GOLDWATER. At least.

Mr. BAKER. I am told that it totals approximately 10 hours. Of course, rollcall votes would be added to that, in the event rollcall votes are asked for.

Mr. President, may I say, while the subject has been brought up by my friend from Arizona, it has got to be very late. It is going to be very difficult to finish this by tomorrow. I urge Senators to consider that rollcall votes are not necessary on every amendment, and I urge Senators to consider that perhaps all of these amendments need not be offered. Some of them maybe could be dealt with by colloquy, even by assurances, explanations by chairmen of the committees and the ranking members. But we are going to be here until the wee, small hours the way this thing stacks up, and maybe even tomorrow as well. But I will continue to try to get a statement to the Senator from Arizona and others on the agenda for the balance of this day.

Mr. GOLDWATER. I just wonder if the majority leader could not say let us stay here and finish the bill, even if it takes all night, and let the Democrats stay here.

Mr. BAKER. Mr. President, I have already announced that it is my intention to ask the Senate to finish this resolution this weekend. I do not want it to go over until Monday.

Mr. GOLDWATER. How about tonight, Mr. Leader?

Mr. BAKER. We will use as much of tonight as we must in order to accomplish that.

I would like to stop short of saying we will be in all night, because I think we can do it in a shorter time than that. But I am willing to stay as long as my friend from Arizona, and that may be all night.

Mr. GOLDWATER. I have nothing to do.

Mr. BAKER. I yield to the Senator from Massachusetts.

Mr. TSONGAS. I wonder whether both cloakrooms would inquire of the various Senators as to who has not made up their minds on the various amendments and who would be open to debate and then take those results and deal with the time remaining.

Mr. BAKER. I have a better idea. I wonder if I could get both cloakrooms to inquire about the position of Senators, let me match it up, and announce the result.

Mr. TSONGAS. I move that request.

Mr. BAKER. I thank the Senator.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. BAKER. Yes, I yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I was just thinking, there are probably a good many Senators who would like to be on record on these various amendments, but it really would not be necessary to have a rollcall. They could place in the RECORD their position, and that would save a lot of time.

Mr. BAKER. I am most grateful to the President pro tempore, and I agree absolutely with his admonition to Members and I join him in that fervent request, that we reduce the necessity for rollcalls from time to time.

Mr. BUMPERS. Mr. President, is the leader possibly ready to go to 10-minute rollcalls yet?

Mr. BAKER. No. I would like to do that, but I think that the chances that we have Members scattered about as we get later in the day would perhaps work an inconvenience on them. But if we can, I certainly will do that later in the day.

Mr. President, I thank the chairman for yielding and the distinguished ranking minority member. I think we have accomplished a great deal in these time limitations, and we will try to proceed as promptly as possible.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I understand that it is Democrat amendment time, and the distinguished ranking minority member has an amendment he is going to offer.

UP AMENDMENT NO. 973

(Purpose: To reduce the deficits to $107.9 billion in 1983, $58.4 billion in 1984, and $28.5 billion in 1985, by eliminating the July 1983 tax cut)

Mr. HOLLINGS. Mr. President, I send an amendment to the desk and ask the clerk to report.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS), for himself, Mr. JOHNSTON, Mr. EXON, Mr. HART, Mr. BIDEN, Mr. EAGLETON, Mr. BUMPERS, Mr. CRANSTON, Mr. MATHIAS, Mr. WEICKER, Mr. CANNON, and Mr. BRADLEY, proposes an unprinted amendment numbered 973.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, strike lines 7, 8, and 9, and insert:

"Fiscal year 1983: $675,700,000,000.
"Fiscal year 1984: $773,900,000,000.
"Fiscal year 1985: $860,900,000,000."

On page 2, strike lines 12, 13, and 14, and insert:

"Fiscal year 1983: $30,700,000,000.
"Fiscal year 1984: $71,900,000,000.
"Fiscal year 1985: $80,900,000,000."

On page 2, strike lines 18, 19, and 20, and insert:

"Fiscal year 1983: $835,303,700,000.

"Fiscal year 1984: $897,006,200,000.
"Fiscal year 1985: $972,808,700,000."

On page 2, strike lines 24, 25, and insert:
"Fiscal year 1983: $783,603,700,000.
"Fiscal year 1984: $832,306,200,000."

On page 3, strike line 1, and insert:
"Fiscal year 1985: $889,408,700,000."

On page 3, strike lines 6, 7, and 8, and insert:
"Fiscal year 1983: $107,903,700,000.
"Fiscal year 1984: $58,406,200,000.
"Fiscal year 1985: $28,508,700,000."

On page 3, strike lines 12, 13, and 14, and insert:
"Fiscal year 1983: $1,284,503,700,000.
"Fiscal year 1984: $1,386,906,200,000.
"Fiscal year 1985: $1,496,908,700,000.

On page 3, strike lines 19, 20, and 21, and insert:
"Fiscal year 1983: $140,303,700,000.
"Fiscal year 1984: $102,406,200,000.
"Fiscal year 1985: $110,008,700,000.

On page 30, strike lines 23, 24, and 25, and insert: "ficient to increase revenues as follows: $30,700,000,000 in fiscal year 1983; $71,900,000,000 in fiscal year 1984; and $80,900,000,000 in fiscal year 1985."

On page 31, strike lines 23, 24, and insert: "$30,700,000,000 in fiscal year 1983; $71,900,000,000 in fiscal year 1984; and $80,900,000,000 in fiscal year 1985."

Mr. HOLLINGS. Mr. President, what this amendment does is to take the resulting product of the work done on the other side of the aisle, the present first budget resolution, and to that we add the revenues that result from eliminating the third year personal tax cut from the Economic Recovery Tax Act of 1981.

In other words, if we cancel the July 1983 10 percent across-the-board individual income tax reduction, then we pick up $7.5 billion in fiscal year 1983, $32.9 billion in fiscal year 1984, and $35.9 billion in fiscal year 1985.

That would then reduce the deficits, Mr. President, for 1983 to $107.9 billion, $58.4 billion in 1984, and for 1985 a deficit of $28.5 billion.

I have grave misgiving about the present work product that we are now calling a budget resolution. It amounts to a compilation of figures that is only a vehicle to get the resolution out and over to the House side. It does not do the job. It is not taken seriously as an effort to really reduce the deficits and thereby reduce interest rates.

We were a bipartisan group in the Senate Budget Committee for most of this particular year, and last year, but it has broken down the last few weeks. After President Reagan realized that some adjustment in his program was necessary, when this monstrous program of revenue hemorrhage ruptured into the economy in August of last year, the President himself on September 27 on national TV asked for an adjustment that included tax increases.

The distinguished Senator from Idaho, I notice, had a letter—I just received note of it a minute ago—that my particular amendment amounts to a tax increase. No one should be fooled that it is a tax increase.

What I intended to do when I first started at the beginning of the year was not increase or decrease taxes, and my intent by this amendment is to insure that we do not further decrease revenues and then go to the open market and borrow the funds at a 14.5 percent interest rate.

That is exactly what occurs because we do not have the revenues; we do not have the taxes. That is what occurs here beginning this July. This July is really too late. I wish my amendment could have been effective before then.

The President thought we should have done something about it last September. The fact is that we did work as a bipartisan group all last fall, until the November Atlantic Monthly article got our chief witness, the Director of the Office of Management and Budget, in dutch. The President and the White House crowd got all out of sorts and they said, "Well, the President had not really submitted his budget. This was just a Carter budget. Let us cut what we can." And we did. We cut some $4 billion and then went home for Christmas. The rest is history.

The President has now submitted his budget for fiscal year 1983, and that budget has been voted down by every Democrat and by every Republican on the Budget Committee.

Thereupon, I noted a desperate effort being made to bring some budget document to the floor. We Democrats were then more or less shunted aside. I am told that this budget proposal was written in the office of the distinguished leader, with counsel from Stockman and the rest of that crowd. In any event, while it got a budget resolution out of committee, it did not last long, and now we have the present document. None of the 535 Members of Congress would come out with a similar budget.

On the other hand, it should also be realized that the task is not easy. No one is debunking the effort made to prove a budget. It is not easy. Any time you are looking for $425 billion, you really have a very difficult task. It has been my position that it is an impossible task.

What you need in order to coagulate a consensus is the Office of the Presidency to appear nationally to describe the dilemma and say, "Here are the things that must be done." A consensus of the body politic would then get behind us, as they did with the President's program last year.

The President came with the consensus, and we did dramatic things. We cut spending some $35.7 billion, almost $40 billion. We cut regulations, we increased defense, and we cut spending. We cut taxes. But that tax cut grew and grew and grew, and it practically burst the economy, losing some $750 billion between fiscal years 1982-86. There was also the indexation of the tax code but not the de-indexation of spending programs. It was a one-third indexation move that left all the spending increases going out willy-nilly and then indexing the Internal Revenue Code by reducing taxes in accordance with increases in the consumer price index thus losing billons and billions of dollars of revenues. The business community was rewarded for their consensus, their election of President Reagan in 1980, their program of supply-side tax cuts and depreciation allowances, investment tax credits, and so forth, commencing in January, over 1 year ago.

It left the business community, having accomplished what they had hoped for, actually stymied because they realized that they could not raise capital with these high-interest rates. They looked at the projected deficits that are now, by the President's own figures, at $182 billion for next year, $220 billion for the ensuing year, 1984, and $240 billion for 1985.

They said, "Something has to give. We cannot afford to make this particular investment at prime, or one point above prime, and be caught later by 20 or 25 percent interest rates. Something must have happened. We have to get Congress to its senses."

Instead of the dramatic, promised increases in economic growth—and we had been told in May, just 1 year ago, that we would have nothing less than 4.2 percent real growth in the last quarter of 1981 and 4.2 percent positive growth rate in 1982—we had a decline of 4.5 percent in the last quarter, and another decline of 4.3 percent in the first quarter of 1982.

The Department of Commerce announced, after a survey of the business community, that there would be less investment under Reaganomics in 1982 than in 1981—a very sad, sad commentary. In addition the economy has had some 500 bankruptcies per week. And the farm community is actually having to pay out in interest cost in excess of net farm income.

So we have a disastrous situation. We have to take the situation and make the best of it.

When the majority revealed this budget document yesterday, it was quite obvious to me that they were coming back into reality. I had learned the hard way that you could not cut social security. You could not even talk about it. And certainly you could not get the votes against social security.

So the $40 billion credit had to go out; and I, as a budgeteer, was looking for where they were going to find that $40 billion. I played that game all year long: Find $40 billion here, $20 billion here, $30 billion there. Where do you find the big increments to make a budget?

They did not find the $40 billion. In fact, they made some adjustments and came back with deferrals, listing an overall net increase of some $56 billion, not just $40 billion, and then spaced out the particular figures, leaving a $64.4 billion deficit for 1985.

The business community looks at certain things such as managemnt initiatives, and they discover the savings. Then the deficit is not $65 billion but nearer $85 billion.

So, having been in New York and having listened to what the financial experts say, you have to bring that deficit down in order to make the program work. I believe in education and title I for the disadvantaged, and I know how it hurt many here to vote against those problems. The work has been done and the votes are there for this budget as it now stands. If we could go just one step further and say, "Cancel out the 1983 10-percent tax cut," the message would go out to the financial markets, including Paul Volcker of the Federal Reserve, that Congress finally had become serious about the budget problem. We would pick up the revenues. We would have a product we could work with, and it would put us all on a path to Government in the black.

I do not want to say that they would dance in the streets, but they certainly would take heart. I said that all we need to do is to convince them that this is not the President's budget. It is a concurrent resolution of Congress, and the President of the United States does not sign it. But this budget would not ignore the President if we could pass it through this body. Rather than the President calling the business leadership and asking them why they are not investing and why they are not supporting his budget, on the contrary, the business leadership would be calling him and saying, "Stand pat. You finally have a solution, a chance for your Reaganomics to work."

I thought if we could get a bipartisan coalition, just by that one act alone, we really could come to grips with this particular problem.

Now, there are those who think differently. Let me deal with my own side in all candor. You can well imagine, and I am willing to debate that if they want to on my side, that some have seen that they have benefited politically since the chaos started last August. It is quite obvious that many, many were in deep, deep political trouble. Read last August's news and everyone was going to switch to the Republican Party. They had a list of names and they were cozying up. They had parties and there was glee on the White House lawn, in the Halls of Congress, happy days—in fact, they used the Democratic song "Happy Days Are Here Again."

Mr. President, some 9 months later Secretary Regan, their own chief economic spokesman, said the economy was dead in the water, and that is exactly where they are.

I have that school on my side of the aisle that says:

> For heaven's sake, Hollings, shut up, leave them dead in the water. We have a chance to take over this Senate. Do not bring order out of chaos; let the chaos continue.

That is not an absolute fanciful argument. I understand that. But I understand that as Senators all of us feel a responsibility to act responsibly. I really believe it as to my own side. I am not talking bipartisanship. I talk partisanship when I say I think the best politics is no politics. All of this shadowboxing is seen through by the social security recipient, in my judgment. All of this maneuvering around is seen through by all of the groups in our society.

I think the voters are being demeaned by the very idea that they do not know what is going on. I think they are going to measure us on just how we meet this particular responsibility.

If we have a chance, taking my own individual case, to repair the damage, get the deficits down and the interest rates down, and turn the economy around, get people employed, homes constructed, and automobiles purchased, then I think that we would get the credit for it. I would rather have that kind of credit than the discredit of just sitting by with simple amendments to add on here for veterans and there for education. I do not mind it. I have enjoyed it and I believe that they were very worthy amendments and I have voted with them.

But when we get down to the bottom line to just vote no and not provide some opportunity for some realistic budget to face up to this problem I do not think we should pass it by.

So I think if we can take this amendment and sweep aside all the charges and countercharges and provide a solution, then my individual politics would go along the line where the voter of South Carolina would say:

> Senator, we don't care that you didn't vote for the tax bill last year, and therefore don't take the responsibility; you still have a responsibility to offer a credible comprehensive solution and back it and support it and help turn this economy around.

So on that basis, I answer those who intimated that what we should do is not have any budget at all, any budget proposal. I have one. I have mailed it around to my colleagues, but I would withhold my own budget proposal and go along with the Republican budget, save this one amendment, and do so in a bipartisan fashion because this does practically what my budget proposal would do. Someone would then charge from the other side of the aisle about the revenue figures.

Let us talk revenues just a minute because I am glad the distinguished Senator from Washington now is handling the resolution on the other side of the aisle for the majority.

Last February we were all serious, but the discipline has broken down. It is chaotic. The news media cannot keep track as to who has which budget. Like they say aboard ship in the Navy, as the distinguished Senator knows, "When in danger, when in doubt, run in circles, scream and shout,"—they say, "Grab up a budget, put it in, call a news conference; everyone has a budget."

But we had that discipline going and it worked into an effective exercise, I thought for a good while, there at the White House and even before in February, March, the early part of April. The Senator from Washington, Senator GORTON, came up with a revenue figure. He was saying what we need is $195 billion. Someone is going to come and say that we have a tax increase of $100 billion and you are going to add another $76 billion. Some will add it up to $176 billion or want to put in big user charges to reach $183 billion. That is still less than what I thought was originally necessary and in my proposal in the budget resolution I was thinking around $200 billion.

The distinguished Senator from Washington here was thinking of $195 billion. The distinguished chairman of the committee was thinking of $125 billion, without eliminating the third-year tax reduction measure. So, he thought we could get $125 billion, without the third year or disturbing the President, because he had been loyal to this Reaganomics program. So you add my proposal on to his. This is not a crazy, loony, or extreme measure whatsoever.

Where we are, and then I will yield for a time because I do not want to lose some of my good colleagues here who want to address this proposal, is in essence on top of a $750 billion revenue hemorrhage we have heaped a $1.6 trillion defense increase and then started indexing the tax system and then told Congress that now you have to come up with a balanced budget.

We heard the statements last year from the White House and from the Republican leadership and Congressman KEMP. He said "We do not worship at the shrine of the balance budget any more." In fact, the distinguished Congressman from New York said it just this past week in the RECORD that balanced budgets are not that important. Then they give you that economic double talk about the deficit only being a small percent of the GNP. We got run out of office in 1980 with that nonsense, I can tell you that.

Well, I would admonish them to learn some lessons from 1980. That is not going to sell. These deficits do count. Let me add here that when I talk about these figures you could consider that the Senator from Minnesota (Mr. BOSCHWITZ) wanted to raise $124 billion. You could add the elimination of the third year of the tax cut to his amount.

I am in league here. I know there is bipartisan support to repair the Kemp-Roth damage done this economy. "It is the worst single thing that has ever occurred to our national economy," said former Republican Director of the Office of Management and Budget James Schlesinger, and I agree with him.

Now, with that in mind we realized that we could not touch defense. The distinguished Senator from Kansas made a good effort last night trying to get just 6 percent real growth. I tried to come across with 6 percent.

They will not give an inch on that. They want their money. They want their fire sales for airplanes. Excuse me, if I am going to get bipartisan support, a very good amendment that was passed on Boeing last week under the great, able leadership of the distinguished Senator from Washington.

Mr. DOMENICI. The junior Senator.

Mr. HOLLINGS. Yes, junior Senator.

Well, he is a pretty senior Senator in your book and mine. We have watched him in the Budget Committee, and we do not have a better member.

But the fact remains if you cannot touch social security, and you cannot touch defense, you have got to go to the revenues, and that is really the culprit, make no mistake about it.

I started in February, and I did not come with any new taxes, save that $200 billion. I was freezing the entitlement increases, the defense increases, and the tax-spending increases. We were not increasing any taxes. We were just holding the line, if you please, at that particular point.

So what we are trying to do here now, if we can get folks to go along and vote this kind of approach, is to have a real amendment and a real budget document that can respond to the needs of the Nation.

There will be all kinds of other arguments. One that creeps in there is that somehow if you are not cutting taxes by law, taxes are being increased by inflation and the ratchet effect. Economically that is true. But, Mr. President, that is only half the picture.

We are losing for every percent of unemployment above $25 billion. And you get your unemployment increase from a recession. By the way, whose recession is it? They double-talk you on that. I do not want to lose this particular thought, and I will come back to that in a minute. I have heard the statement made just casually, that Carter raised taxes by $300 billion during his administration. You know I have been here 16 years and we had one surtax, as I remember it, back in the late days of 1968 under President Lyndon Johnson. Then in addition I voted to balance the social security budget. Now those are tax increases. But other than that, for 20 or more years we have not had tax increases at the Federal level. We have had increased revenues from inflation. But, Mr. President, we have had decreased revenues from the lack of economic growth. Therein is your $182 billion deficit. You know how?

Instead of the positive growth rate in the economy, you have the economy in a decline and there is the loss in revenues that you want to call a tax cut. You have had in addition to the $750 billion tax cut another $100 billion you have gotten on here from recession that has caused this deficit to go up. So let us not get into econometric monkeyshines that taxes are being increased without noticing the loss of taxes as a result of the economic decline.

Soon we will hear how this program—I can see the Senator from Delaware with his Kemp-Roth—got the inflation rate down. Well, if you have got the inflation rate down, is it the Carter recession that brought it down?

Mr. DOLE. Mr. President, if the Senator will yield, it is the Roth-Kemp.

Mr. HOLLINGS. I apologize. Roth-Kemp. Earlier he wanted it known as Kemp-Kemp. [Laughter.]

The deficit-caused recession—if anybody thinks this is a Carter recession, then that is the recession that brought the inflation rate down, and all of you Republicans write him a thank-you note, will you? All of you who really believe that it is the Carter recession that brought the inflation rate down, do that because it is the Carter recession, write him a thank-you note down in Plains. He would be delighted to hear from you.

But if you want to get to the truth of the matter, it is the Kemp-Roth recession with the high deficit, and I will give you the credit. You have wrung us out. You have—Roth-Kemp, excuse me, the Roth-Kemp—you have got us all on unemployment, you have got more money coming in here for unemployment compensation, more money for food stamps, more money for medicare. You are increasing under Kemp-Roth the size of Government. I dare you to take the size of Government under Jimmy Earl Carter and take the size of Government under Kemp-Roth and see which is the bigger. You got it last year and you got bigger Government. You got your program and you got bigger Government, and you cannot deny it. It is wrecking the country.

What we have got to do is to come to our senses and move forward and let us repair this damage and quit going out and borrowing money.

Oh, yes, the middle class. I never understood why 5-percent did not get to the middle class, the 5 percent cut we gave in October. That was across the board. I thought that got to the lower class, the middle class, and the upper class. Why is this 10 percent that you are going to give out here in about 5 weeks going to the middle class?

I think it goes as 10 percent across the board. But they have some contorted rationale now that next year for the first time the middle class gets a tax cut. I heard that silly statement just yesterday saying, "You reduced the maximum tax rate from 70 to 50 percent. Now the rich have got theirs. Now the middle class comes to get theirs."

Well, that is cute monkeyshines. I did not reduce any of it. I voted against all of it. But the fact remains 10 percent across the board is across the board. I am not trying for the middle class or the upper class or the lower class or any kind of class legislation. I am trying for all classes, including the middle class, to give them a chance to breathe. All elements of our economy are suffering, and suffering badly, and if we only have our sensibilities about us and can get the vote on this particular amendment then we would have a budget we could go with, and I think you could get some real support. A consensus would develop in this country and we would really have movement and begin to turn America around again.

Let me yield to the distinguished cosponsor.

Mr. GORTON. Mr. President, will the Senator yield for just a moment?

Mr. HOLLINGS. Yes.

Mr. GORTON. The Senator from Iowa had asked for just 2 minutes because he needed to leave. Can I yield 2 minutes to the Senator from Iowa?

Mr. JEPSEN. Mr. President, before anyone in this body votes to change the personal income tax cut enacted last year as part of the Economic Recovery Tax Act in any way, I just want everyone to understand clearly that they are voting for a tax increase. You should not delude yourselves into believing that eliminating the third year of the personal tax cut or even delaying its implementation constitutes anything but a tax increase.

There is a view, which is common in this body and elsewhere, that elimination or delay of the tax cut merely constitutes a give back of a gift which the taxpayer had no right to expect anyway, and therefore it is a costless operation. Well it is only costless if you assume that taxes should have kept rising at a rapid rate, due to bracket creep and social security. The reality is that this tax cut, which some people believe is responsible for large deficits and, by implication, high interest rates, really did not cut taxes at all; it just keeps them from rising. The figures speak for themselves.

At the end of my statement I will include tables prepared by the Treasury Department which compare the tax cut under ERTA to the social security tax increases and the tax increases due to bracket creep from 1980 through 1988. The results are shown for families of four earning $15,000, $20,000, $25,000, $30,000, and $40,000 in 1982. Each family is assumed to receive cost-of-living increases to keep real pre-tax income unchanged over the period.

Bracket creep due to inflation and payroll tax increases scheduled under the 1977 social security amendments wipe out most or all of the personal income tax reductions in the Economic Recovery Tax Act across a wide range of middle income families. Even the full 3 years of marginal tax rate reductions followed by indexing are not enough to provide meaningful tax relief.

For example, the $25,000 family experiences net tax increases of $253 and $139 in 1981 and 1982 over 1980 levels. The 1.25 percent tax rate reduction under the ERTA from 1981 (5 percent for the last 3 months of the year) is insufficient to offset bracket creep, let alone the combined effect of bracket creep and the 1981 payroll tax increase. (See table No. 1 and lines 4, 6, 7, 8, and 9 of table No. 4.) The 10-percent marginal rate reduction effective July 1, 1982, is just enough to offset bracket creep since 1980, lowering the real income tax by $3 (table No. 1). However, the 1981 and 1982 payroll tax increases produce a net tax hike in 1982.

From 1983 through 1985, the $25,000 family finally experiences net tax cuts of $34, $107, and $22. Only the third year of rate reduction, a 10-percent cut beginning on July 1, 1983, is large enough to cut taxes below 1980 levels. The third installment is in effect for only part of 1983, achieving full effect in 1984. Beginning in 1985, the income tax is indexed for inflation to offset further bracket creep. Nonetheless, the 1985 payroll tax increase reduces the tax cut from 1984 levels.

The 1986 payroll tax increase eliminates the last trace of tax reduction. After all of ERTA, the $25,000 family faces real net tax increases of $6 in 1986, $5 in 1987, and $4 in 1988, compared to 1980 levels. The 1986 payroll tax increase is the last major tax change prior to the payroll tax increase of 1990.

The $30,000 family is more fortunate than the $25,000 family. It too has 3 years of tax relief in 1983, 1984, and 1985. However, the 1985 and 1986 payroll tax increases do not quite eliminate the whole tax cut. The family saves $4 in 1986, $5 in 1987, and $6 in 1988.

The other families are not so fortunate. The $20,000 family has only 1 year of net tax cut, $34 in 1984, followed by net tax increases rising from $40 to $72 between 1985 and 1988. The hardest hit are the low income $15,000 family and the upper middle income $40,000 family. Neither has even 1 year of net tax reduction.

The $15,000 family is hit harder than the others by bracket creep, and harder than most by the payroll tax increases. Consequently, the best that ERTA can do for the $15,000 family is to limit the 1984 tax burden to $32 above the 1980 level after which the tax burden rises by $122 over the 1980 level by 1988.

The personal exemptions, $4,000 for a family of four, are a large percent of the $15,000 family's income. Failure to adjust the personal exemptions for inflation from 1980 to 1984 increases the percent of this family's income subject to tax more rapidly than for the other families. The $15,000 family faces the same percentage increases in the social security tax rate as the other families. However, the family's payroll taxes are relatively larger, compared to its income tax, than other families. Consequently, the dollar values of the payroll tax rate increases are relatively larger compared to the value of the income tax rate reductions it receives. The only consolation is that lower income individuals receive a higher level of social security benefits per dollar of covered earnings and a better "return" on their social security tax "contributions," than do other workers.

The $40,000 family is hardest hit by the social security tax increases. The problem lies with the rapid increases in the level of wages subject to the payroll tax. The maximum covered wage is $32,400 in 1982. It will rise to $46,200 in 1987 under scenario II-A of the trustees' report, and will approach $50,000 by 1988. The maximum covered wage is indexed to average wages in occupations covered by social security. It rises faster than inflation, reflecting productivity gains and rising real income as well as prices. Thus, it produces very rapid increases in the real payroll tax for workers whose incomes are above the maximum covered earnings. By 1988, the $40,000 family will see its payroll tax burden increase faster than inflation and faster than its income by more than $1,000 above inflation adjusted 1980 levels. There is no consolation on the social security benefit side. Higher income individuals receive a very low increase in social security benefits on additional covered earnings, and a low or negative "return" on their added tax "contributions."

The $40,000 family also has the largest tax burden as a percent of income and the largest bracket creep problem in dollar terms. The bracket creep and the payroll tax increase produced a $517 tax increase in 1981. In the best year, 1984, the tax burden will be $21 above 1980 levels, rising to $477 by 1988.

Bracket creep and payroll tax increases are great levelers. Measured against prior law, the proportional across-the-board tax cuts in ERTA are larger in dollar amount, but not in percentage terms, for upper income taxpayers who pay more tax. However, bracket creep and payroll tax increases also rise with income. The net tax changes in real terms from 1980 levels after bracket creep and inflation are remarkably similar across middle-income levels.

Without the third year and indexing, taxpayers would experience even larger real tax increases of substantial amounts over the decade, roughly equal to the increase in the bracket creep and social security figures between 1983 and 1988. Only the highest, six figure, income families would come out ahead, those who received major benefits from the reduction of the top tax bracket from 70 to 50 percent.

The Brodhead amendment to lower the top rate from 70 to 50 percent in 1 year was offered during the debate over ERTA by the Ways and Means majority and the Democratic leadership in hopes of dissuading the bipartisan coalition from pressing for the third year and indexing. The coalition insisted on the deeper middle bracket rate cuts, because middle-income families get no relief without them. That is as true now as last summer. The President's program is not just a rich man's tax bill. It will be, however, if the administration and Congress retroactively give in to last summer's Ways and Means alternative.

I ask unanimous consent to include the tables I referred to at this point in the RECORD.

There being no objection, the tables referred to were ordered to be printed in the RECORD, as follows:

TABLE 1.—NET TAX CUT AFTER BRACKET CREEP AND PAYROLL TAX INCREASES

[Net tax increase (+) or decrease (−) in current dollars]

1982 income	1981	1982	1983	1984	1985	1986	1987	1988
$15,000	145	88	56	32	90	111	116	122
$20,000	199	108	21	34	40	65	68	72
$25,000	253	139	34	107	22	6	5	4
$30,000	306	171	49	136	37	4	5	6
$40,000	517	318	52	21	180	266	373	477

TABLE 2.—FAMILY OF FOUR EARNING $15,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1 Income	11,181	12,690	13,980	15,000	15,900	16,631	17,430	18,231	19,052	19,909
2 Tax under 1980 Code	704	913	1,092	1,233	1,358	1,468	1,597	1,727	1,860	1,998
3 Tax under current law	704	913	1,078	1,082	1,110	1,134	1,184	1,237	1,293	1,351
4 Tax "cut" (3-2), tax decrease (−)			−14	−151	−248	−334	−413	−490	−567	−647
5 Tax at 1980 percent of income (7 195)			1,006	1,079	1,144	1,197	1,254	1,312	1,371	1,432
6 Tax increase from bracket creep since 1980 (2-5)			86	154	214	271	343	415	489	566
7 Bracket creep less tax cut (6 + 4); net tax increase (+); net tax decrease (−)			72	3	−34	−63	−70	−75	−78	−81
8 Social security tax increase from 1980 rates			73	85	90	95	160	186	194	203
9 Net tax cut (−) or increase (+) after bracket creep and social security (7 + 8)			145	88	56	32	90	111	116	122

TABLE 3.—FAMILY OF FOUR EARNING $20,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1 Income	14,907	16,920	18,640	20,000	21,200	22,175	23,240	24,309	25,403	26,546
2 Tax under 1980 Code	1,220	1,515	1,793	2,013	2,207	2,379	2,576	2,773	2,975	3,187
3 Tax under current law	1,220	1,515	1,771	1,785	1,799	1,826	1,908	1,994	2,084	2,178
4 Tax "cut" (3-2), tax decrease (−)			−22	−228	−408	−553	−668	−779	−891	−1,009
5 Tax at 1980 percent of income (8 954)			1,669	1,791	1,898	1,986	2,081	2,177	2,275	2,377
6 Tax increase from bracket creep since 1980 (2-5)			124	222	309	393	495	596	700	810
7 Bracket creep less tax cut (6 + 4), net tax increase (+), net tax decrease (−)			102	−6	−99	−160	−173	−183	−191	−199
8 Social security tax increase from 1980 rates			97	114	120	126	213	248	259	271
9 Net tax cut (−) or increase (+) after bracket creep and social security (7 + 8)			199	108	21	−34	40	65	68	72

TABLE 4.—FAMILY OF FOUR EARNING $25,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1 Income	18,634	21,150	23,300	25,000	26,500	27,719	29,050	30,386	31,753	33,182
2 Tax under 1980 code	1,792	2,199	2,587	2,901	3,178	3,425	3,712	4,000	4,295	4,617
3 Tax under current law	1,792	2,199	2,555	2,596	2,569	2,617	2,731	2,855	2,982	3,116
4 Tax "Cut" (3-2) tax decrease (−)			−32	−305	−609	−808	−981	−1,145	−1,313	−1,501
5 Tax at 1980 percent of income (10 397)			2,423	2,599	2,755	2,882	3,020	3,159	3,301	3,450
6 Tax increase from bracket creep since 1980 (2-5)			164	302	423	543	692	841	994	1,167
7 Bracket creep less tax cut (6 + 4), net tax increase (+), net tax decrease (−)			132	−3	−186	−265	−289	−304	−319	−334
8 Social security tax increase from 1980 rates			121	142	152	158	267	310	324	338
9 Net tax cut (−) or increase (+) after bracket creep and social security (7 + 8)			253	139	−34	−107	−22	6	5	4

TABLE 5.—FAMILY OF FOUR EARNING $30,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1 Income	22,361	25,380	27,960	30 000	31,800	33,263	34,859	36,463	38,104	39,819
2 Tax under 1980 code	2,413	2,971	3,477	3,917	4,305	4,637	5,030	5,425	5,830	6,260
3 Tax under current law	2,413	2,971	3,434	3,512	3,492	3,568	3,723	3,892	4,066	4,249
4 Tax "cut" (3-2) tax decrease (−)			−43	−405	−813	−1,069	−1,307	−1,533	−1,764	−2,011
5 Tax at 1980 percent of income (11 706)			3,273	3,512	3,723	3,894	4,081	4,268	4,460	4,661
6 Tax increase from bracket creep since 1980 (2-5)			204	405	582	743	949	1,157	1,370	1,599
7 Bracket creep less tax cut (6 + 4), net tax increase (+), net tax decrease (−)			161	0	−231	−326	−358	−376	−394	−412
8 Social security tax increase from 1980 rates			145	171	182	190	321	372	389	406
9 Net tax cut (−) or increase (+) after bracket creep and social security (7 + 8)			306	171	−49	−136	−37	−4	−5	−6

TABLE 6.—FAMILY OF FOUR EARNING $40,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1 Income	29,815	33,840	37,280	40,000	42,400	44,350	46,479	48,617	50,805	53,091
2 Tax under 1980 Code	3,877	4,779	5,627	6,312	6,996	7,551	8,158	8,865	9,590	10,346
3 Tax under current law	3,877	4,779	5,556	5,673	5,678	5,812	6,070	6,346	6,629	6,927
4 Tax "cut" (3-2), tax decrease (−)			−71	−639	−1,318	−1,739	−2,088	−2,519	−2,961	−3,419
5 Tax at 1980 percent of income (14 122)			5,265	5,649	5,988	6,263	6,564	6,866	7,175	7,498
6 Tax increase from bracket creep since 1980 (2-5)			362	663	1,008	1,288	1,594	1,999	2,415	2,848
7 Bracket creep less tax cut (6 + 4), net tax increase (+), net tax decrease (−)			291	24	−310	−351	−494	−520	−546	−571
8 Social security tax increase from 1980 rates			226	294	362	472	674	786	919	1,048
9 Net tax cut (−) or increase (+) after bracket creep and social security (7 + 8)			517	318	52	21	180	266	373	477

Mr. JEPSEN. Mr. President, again, everyone should understand that this constitutes a tax increase. The tax reduction act entitled the Economic Recovery Tax Act of 1981 just barely keeps the tax burden from rising. Any rescission or delay of the scheduled tax cut would, therefore, constitute a tax increase.

I urge all Senators to keep this point in mind when voting on this amendment. It is very simple. You will vote to raise taxes.

The **PRESIDING OFFICER.** Who yields time?

Mr. **MATHIAS** addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Maryland.

Mr. MATHIAS. Mr. President, I wish I could say that I were happy to join with my distinguished friend from South Carolina in sponsoring this amendment. I am not happy. I would be much happier if there were no need for this amendment. But, as the Senator from South Carolina has so eloquently explained to the Senate, there is a need for this amendment. There is a need to consider this option; there is a need to look squarely at the situation as it is.

At another time and in different circumstances the 1983 personal income tax cut would be just what the doctor ordered—at another time. If, for example, interest rates were down somewhere at 6 percent or maybe 7.5 percent, if unemployment were under 5 percent, then—then, Mr. President—the tax cut that is contemplated for 1983 would give the economy a shot in the arm. And I do not think that anyone would dispute that.

But, we have to look at facts as they are. And the facts do not reflect a condition of that sort. Interest rates are hanging around 15 percent, unemployment has just topped 10 percent. We had hoped that the financial markets would respond to last year's tax cut.

Mr. President, may we have order?

The **PRESIDING OFFICER.** The Senator from Maryland has the floor. We will please have some order in the Chamber.

Mr. **MATHIAS.** We had hoped that the financial markets would respond to last year's tax cuts with renewed confidence in the future. And we hoped that the cuts would stimulate greatly increased reinvestment in industrial productivity. But that has not happened. I would be happier if it had.

The Federal budget deficit—the whopping Federal budget deficit—just keeps staring Wall Street in the eye, so Wall Street has decided to watch and to wait; and, sharing this caution, the Fed is doing the same thing.

Now it would be great if we could achieve a political miracle by putting together a balanced budget that is fair to all aspects of society while keeping these tax cuts. But it is not going to happen. It just is not going to happen. We have reached a political stalemate and the economy is in a state of suspended animation and it is holding its breath.

The financial managers and the corporate executives see the 1983 tax cut as just a kind of sham transfer of money from the Government to the consumer. It is just a kind of a trick. It would be financed by what? By budget deficits. It is just a transfer of funds by budget deficits which would cancel out whatever stimulative effect the tax cut is supposed to have.

Just this week I received a letter from one of the most purdent and, I might add, one of the most successful businessmen in the State of Maryland, a man who was supportive of the tax bill when it passed last year. And now he is telling me we ought to cut the 1982 tax cut in half and the 1983 tax cut at least in half. Well, that is a formula that I think is interesting, but I think is less achievable in the situation as it now is.

Our job, the job of the Senate and the job of Government, is to convince both Wall Street and main street that we plan to get the deficit under control by 1985. And once we convince both main street and Wall Street on this score, then I think the entire financial community will breathe a collective sigh of relief and we can get down to the serious business of retooling, rebuilding, and reemploying America.

Now, I think it is fair to state that the President had hoped to use the prospect of huge deficits as his lever to get the Congress to cut spending or else to suffer the political consequences. But it has not worked. With the elections on the horizon, time is not on the President's side. For better or for worse, under our system of Government, political factors distort neat economic models and they have to be factored into the equation. That is part of real life. So, let us patch and trim and contain our political losses and get the pain behind us and get the country moving again.

Now do not let us sell the American people short. They have a better understanding of economics than many think and they recognize political posturing when they see it. They will forego the tax cut if it means putting our economic house in order once and for all. And I think they will thank us, too, if we can rise to this occasion.

In his report on the state of the Union, President Reagan summoned the memory of our boldest and our most successful Presidents. In recalling them, I think we also must recall that they never worried about revising their policies and their programs when they were overtaken by events or by political realities. These great Presidents did not cling to consistency at the expense of developing steady or stable policies that moved the country forward.

Ralph Waldo Emerson said, "a foolish consistency is the hobgoblin of little minds." And that is a familiar quotation to many Americans.

But much less well known are the words that follow. Emerson also said:

> Speak what you think today in words as hard as connonballs, and tomorrow in hard words again, though it contradicts everything you say today.

Well, the time has come for words "hard as cannonballs" if we are to protect the tax revenues that we need to reduce the appalling deficit while maintaining the programs that are the true bedrock of national security.

So I urge all of my colleagues to get us out of this political box. And the way to do that is to support this amendment.

The **PRESIDING OFFICER.** The Senator from Washington.

Mr. **GORTON.** Mr. President, I yield such time as he may require to the senior Senator from New Mexico.

The **PRESIDING OFFICER.** The Senator from New Mexico.

Mr. **DOMENICI.** Mr. President, I understand there are many people who wish to speak and the hour is late. I yield 3 minutes to myself.

I say to Senator HOLLINGS that it would indeed be a pleasure if I could join him. He indicated we have had a lot of difficulty during the last couple of weeks working in the committee and on the floor in a bipartisan manner. I wish I could say that this had never existed and that it disappeared.

But in simple terms, if I add up what the Senator proposes, the Senator suggests that we will cure the recession and, I assume, bring interest rates down and keep them down by directing the Finance Committee of the U.S. Senate to impose $183.5 billion in new taxes on the American people.

I just want to say in all honesty that while I have fought hard to bring this deficit down, to move it in the direction of balance so that we could get interest rates down, we need to convince the public that we are not going to reinflate this economy once again. We have to get the budget under control. The $183.5 billion in new taxes proposed by the Senator from South Carolina would raise the taxes of 76 million currently taxable returns by $2,414 on average over the next 3 years.

I just do not believe the economy can stand that much. I do not believe the American people can stand that much. I do not believe the President will go for that much.

When we started this new administration, we said we would have less taxes, less Government, and more military. I will say that the budget that is before this Senate preserves all three. Government's cost is really coming down. It is now growing at 5 or 6 percent a year instead of 14 or 15. Military is up. Some think this is still too high, but for others it is just right. We have imposed about $100 billion in new taxes, taxes that we will have to find in the Finance Committee.

We think they can do it without affecting marginal tax rates.

But a 3 year $183.5 billion tax increase at this point, seems to this Senator to be far too much of a burden on American business and American taxpayers. I really do not think it will work. I think it will have an adverse effect, not what the distinguished Senator and I hope.

Mr. **SYMMS.** Will the Senator yield?

Mr. **DOMENICI.** I am not in control of the time.

Mr. **GORTON.** The Senator from Georgia asked to be recognized.

Mr. **MATTINGLY.** First, Mr. President, let me say that I oppose this amendment. The first thing is the tax revenue increase that we have in this budget is one that is looking to try to create some type of tax equity, to close up tax loopholes. For us to say that we want to drop the 10-percent tax cut is not the direction to go. You know what bad politics or bad votes have done in the past year to increase the spending, but then to try to make it up at one time is not the direction to go.

The taxpayers did not create this budget; we created this budget. Preparing a tax increase is what this will do, to balance the budget or to decrease our deficit. It is not their deficit but it is our deficit.

The way to create a miracle is not to do away with the tax cut. We always go out and look for the individual American to start beating up on for the mistakes that we have made here. I am saying that with all the subsidies we vote for all year long, whether it be sugar or no matter what it be, and the other excesses that we vote for all year long, when it comes down to the time to really do something about it, to take on the entitlement programs or the index programs, we turn our backs on that. That is our job. That is not the taxpayers' fault.

I am just saying that because we lack 51 people with the stamina or the guts to take on the total entitlement programs in this Federal budget is not an excuse to go out and cancel or terminate the small, marginal tax rates that we tried to put into effect.

Thank you, Mr. President.

Mr. GORTON. Mr. President, I yield 3 minutes to the Senator from Idaho.

Mr. SYMMS. I thank the distinguished Senator from Washington for yielding.

Mr. President, I would just say that sitting here listening to this debate I find it very interesting that my good friend from the Budget Committee, Senator HOLLINGS, stated that Roth-Kemp was the most destructive thing that has happened to the country.

I might say to my good friend from South Carolina, that the Roth-Kemp proposition was 10-10-10 originally. It was diluted to 5-10-10. Only 5 percent of it went into effect, so the only impact that it had in 1981 was a 1¼ percent reduction in marginal tax rates for the working American people.

It is hard for me to see how this tax program, which has barely been put into effect, could have had that much impact.

I think my good friend from South Carolina knows very well that our current economic dilemma has not been caused by the 1¼-percent marginal rate reduction of last summer.

I think that is a little unfair, to say that our good friend from Delaware's idea has done so much damage to the American people. In fact, it is an idea that was long overdue. It rewarded people for working.

I was also interested in the comments of the Senator from Maryland, Senator MATHIAS. He quoted some business leader who said all this was was a sham transfer of Government resources to the consumers.

Mr. President, that statement is based on the premise that somehow the Government owns the labor of the American people. I am sure the distinguished Presiding Officer would not agree that the Government owns what people consume in this country, or what they produce.

This is a country where people are supposed to be allowed to keep what they earn. Yet, somehow the argument here today, in 1982, has come clear around the circle to where we actually have a discussion saying it is a sham transfer of Government resources to the consumers.

How far have we gone in this country? What do the American people have to do? They are already paying, on the average, 45 cents out of every dollar they earn for taxes. They get a meager, marginal rate reduction that barely gets put into effect. They had the promise that they will get 5 percent in October of 1981, 10 percent in July of 1982, and another 10 percent in July of 1983. Barely is the ink dry on the bill before Members of Congress and the liberal media are pointing out that it is time now to repeal the tax bill because the tax bill is not working. We heard that when we came back from the summer recess.

Does the Senator from Georgia recall that?

The PRESIDING OFFICER (Mr. QUAYLE). The time of the Senator has expired.

Mr. GORTON. I yield 2 additional minutes.

Mr. SYMMS. We came back from the August recess and already the national media was saying that the Reagan economic program was not working and we ought to repeal it.

I remember the chairman of the Finance Committee said that the ink was not even dry on the bill and they wanted to have it repealed. Now we are seeing 6 months later that we have an offer to repeal it.

I say to those of you who want to raise taxes on the American people, go ahead and vote for the amendment, vote to raise the taxes 10 percent. That is what you are doing.

The problem with our economy is that we are not cutting spending. I would appeal to my colleagues, why not take a look at this budget and make some good cuts in spending and do what the Senator from South Carolina offered last year. It is not too late.

I would suggest he offer his amendment of last year. Let us not have this big increase in COLA's. We should not be doing that. We are giving people money we do not have. But to raise their taxes? They do not have the money to give back to the Government. We are trying to squeeze blood out of a turnip.

I urge my colleagues to vote no on the amendment.

Mr. GORTON. Mr. President, I yield 5 minutes to the distinguished Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I thank the Chair.

Mr. President, I have listened with great interest to the Hollings proposal. I have listened with great interest to determine whether there is anything new in this proposal. Very frankly, Mr. President, what he is proposing is the same old refrain. For years, the policy of this Government has been bigger government, bigger spending, bigger taxes. And where did it lead us? At the end of the Carter administration, we had double-digit inflation, running around 12.5 percent. Interest rates were as high as 21.5 percent. Unemployment was increasing. It was a pretty dismal period.

Make no mistake, Mr. President, it is voodoo economics to suggest the way to get this country out of a slump is by increasing taxes. That is all that is being proposed here, a massive tax increase on the American people at the very time it can be ill afforded.

Already, Mr. President, we are proposing something like a $107 billion tax increase, a very significant burden to be borne by our economy at this time, when it is in a recession.

The distinguished Senator from South Carolina proposes an additional $76.3 billion to be added, so that what we would be doing by this amendment is increasing taxes $183.5 billion—exactly the wrong kind of medicine. The wrong kind of medicine to get this economy moving; the wrong kind of burden to put on the American people.

Mr. President, let me point out that the Roth-Kemp, Kemp-Roth, Kemp-Kemp or Roth-Roth plan—I care not what they are talking about. What we are really talking about is Reaganomics, a policy that has been put into place to bring about some real, long-term growth. But I am concerned that the other side seems to have no concern about the working people, who are paying ever higher taxes, year by year.

Let me point out, Mr. President, even with the Reaganomics tax cut, the Roth-Kemp tax cut, the American people, the working people, have had little or no relief in the area of taxes. If we adopt the Hollings proposal, I think it is important to understand that every individual working American will be paying increased taxes. Let me point out that the man or woman making $15,000 will pay an additional $42 in taxes in 1983, $112 in 1984. The person making $20,000 will be paying an additional $80 in 1983, $203 in 1984. The person making $30,000 will be paying an additional $204 in 1983, an additional $410 in 1984. So what those who support this amendment will be doing is increasing the tax burden on all working Americans.

The tragedy, Mr. President, is that already, they are bearing too large a burden. Even now, with the 5-percent tax cut that was adopted last year, Americans find themselves facing higher taxes because of the social security increases, because of the inflation creep.

Let me point out that there is no support for increased taxes in much of the business community. Let me read what the Wall Street Journal just said in an editorial on May 11.

The answer to unemployment and our other problems is, "to shift the Nation's priority back toward production, away from nonproduction. Efforts by the politicians to resume the steady buildup of tax burdens on working people and the productive economy must be resisted."

Mr. President, most people do not understand that most of the new jobs come from small business and most of small business is not incorporated and the only real tax relief is in individual tax cuts. If we adopt the Hollings amendment, that means small business will lose whatever benefits they receive—much of the benefits they received in the tax cut last year—and we will be dampening really the most creative, innovative part of our economy where most of the new jobs come from.

Mr. President, let us make no mistake what this fight is about. The fight is between those who honestly believe that the wave of the future is the same as our policies in the past: to keep Government growing, to keep spending increasing, to raise taxes ever higher on the individual; versus those of us who believe the wave of the future is to get the economy growing again. What the President has done is put some long-term policies into effect that will create real growth.

The Democrats, some of them, begin saying 1 week or 2 weeks after the adoption of the program that it is not working. Of course, it is not working immediately. You cannot turn the ship of state around overnight. It takes time. I say to my colleagues the American people understand this. They want a change of policy.

I point out that the man in the White House ran on the platform of cutting taxes along the lines of Roth-Kemp as the core of his economic policy of getting the country to grow. Those who oppose that are on the sidelines.

I point out that we cannot permit the Reagan economic policy to be Carterized. One of the real problems we had in the late seventies was that we flip-flopped around to meet whatever seemed to be the immediate issue. I am delighted and pleased that we have now a man in the White House who has the courage to keep a steady course; who is willing to take the heat and flak that comes about from trying to develop a course that will mean real, long-term growth. I ask those who would reverse this trend why they think the policies of the seventies will work in the eighties.

During the Carter years, spending went up, taxes went up. That is what we are proposing if one looks back over the last 24 hours to witness what has happened on the Senate floor. It is perfectly clear that almost every proposal to increase spending has come from the other side. Now comes the proposal to increase taxes from $107 to $185 billion.

The distinguished Senator from Maryland pointed out that we are near an election. I would say the problem in the past has been the policy of Presidents of either political party trying to inflate the economy for the sake of election day.

This President is not making that mistake. As I said, he is keeping a steady course, and he is not going to permit his program to be gutted by amendments like this one being proposed today.

The real problem is that if you adopt the Hollings amendment, one would be prolonging the recession. The 10-percent tax cut that will take effect in July and the one following that year are programs that will give some buoyancy, some push, some boost to the economy at the very time it is needed.

I point out that some of the same critics of this program last year were urging the delay of the tax cut this year. Now some of those same critics say we should have accelerated it.

I am saying, Mr. President, the President has put a major new policy into effect. It means that we are reducing Government spending. It means that we are reducing Government taxes. That is what the American people demonstrated they wanted in the last election. That is what the polls show that they still want. It would be a mistake to make a change in course this year.

I think we are making some progress. It is interesting to note that the critics of that program sort of downplayed the fact that inflation is lower than it has been in 25 years, the fact that even interest rates, while far too high, are several points below that of Carter.

Mr. President, I urge that we reject this amendment because, if it is adopted, it will mean a massive increase in taxes on the working people. It will mean a sluggish growth in the economy, a continuation of the recession.

Businessman after businessman has come out against these high tax increases. I urge that each and every Senator vote against this as it would be a step in the wrong direction.

I yield back the floor.

Mr. **HOLLINGS** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from South Carolina.

Mr. **HOLLINGS**. Mr. President, before I yield to my distinguished colleague from Arkansas, let me comment on a couple of things.

The distinguished Senator from Delaware says that my proposal is a tax increase on all working Americans and what we need are tax cuts.

The truth of the matter is—and this goes to Senator SYMMS' comments earlier—we are now experiencing a present progressive tax, a $38 billion increment of Kemp-Roth, or Roth-Kemp. It commenced January 1, 1981, and we are now in the 17th month of a $38 billion tax cut.

Look what it has given us. "Ain't it grand." Reward working Americans.

I will tell the Senator from Idaho how he rewarded people for working. You put 2 million Americans out on the streets. That is how you have rewarded working Americans with this program.

Senator ROTH really believes it. He says:

> Make no mistake about it, the way to get out of a slump is not to increase taxes.

I beg to differ. Economically somebody would argue that this is not the way you get out of recession. He is arguing Keynesian economics—no Laffer on that one; that is the Keynesian economics of stimulation.

The fact of the matter is that you want to try to bring in some incentives, and we gave incentives to everybody we could find with every kind of work program and every kind of tax cut.

Jimmy Carter had a 1977 tax cut. He had a 1978 tax cut.

The Senator from Kansas remembers that that tax cut was going to reindustrialize America then we reduced the capital gains tax rate from 48 down to 28 percent.

The small business that you talk about; we were going to reelect my friend Gaylord, Senator Nelson. He was chairman of that Small Business Committee. And so we thought up everything we could for small business—14 different items. We just put them into the law.

Gaylord is not here, and America is not reindustrialized.

I can tell you we have had it. And I have done it the other way, I say to the Senator.

I heard this same cry 32 years ago in South Carolina when we enacted the sales tax. They said that we could not afford it; it was on the working people, but we built a public education system. I authored it, and it is working. And if you put it to a popular vote, no one would ever have passed it, but no one in his right mind has ever recommended the repeal of it.

Twenty-two years ago, in 1959, we were running our budget in the red. And we had a constitutional amendment, a constitution of 1895, that said, "The budget shall be balanced." We had that in our constitution. We had always run it in the red.

But we will get to that one later. Even David Stockman is trying to finesse this mess with a constitutional amendment to balance the budget that could not possibly take place until the next President comes in. So they are very glib with the coverups, but running in the red, yes.

We raised the taxes in the lowest per capita income State next to Mississippi in the United States at that time, and by increasing taxes we balanced our budget. We paid our bills. We began cleaning out Delaware and bringing industry into South Carolina. If you want to, you can see four grand, great Du Ponts that went down there from Delaware, the largest facilities. They have come because we increased taxes and paid the bills.

So I know what it is to increase taxes and bring this economy around. I have tried it my way, and it has worked. I am trying your way and it is a bomb.

Now, let us get to the Senator from New Mexico, the distinguished chairman. Everyone knows the high regard I have for him. But what about these new taxes? They come up with a particular measure and they say, "Now, if we take the Hollings amendment, we have $183.5 billion in new taxes if we do not change any law," and they kept $183.5 billion in new taxes.

Let us get to that point. My amendment does not increase or decrease taxes. It leaves them even with the board. July 1, 1983, you can cancel the effect of that law and the tax structure remains the same.

Now, who mentioned new taxes? You did. You all brought out a plan. Here it is, I have it in my hand. How much is it—$107.2 billion in new taxes.

Well, you all have a stone wall in front of you. You have to march up to talk to HOWARD and vote for the thing. You know that.

I did not mention the new taxes. I tried to freeze.

Now they are embarrassed. They love new taxes. That whole crowd is mentioning trying to redeem their consciences with a minimum tax. You are trying to now get some corporations to pay taxes. They are trying to get rid of tax leases. You are trying to clean up your act. I can tell you there is the worst thing that ever happened in this body, and they just went wild.

New taxes? I did not mention new taxes. I mentioned holding the line. It is the Republican alternative, the present budget, that we now have before us that recommends $107.2 billion in new taxes.

It is much like the fellow that went to the psychiatrist and the psychiatrist drew a circle on the board and said, "Now, what does that make you think of?" He said, "Sex." He drew some lines. He said, "Sex." He drew some crosses. The man said, "Sex." The psychiatrist looked at him and said, "Young man, you are the most oversexed man I have ever seen." He said, "Doc, me oversexed? You are the one drawing the dirty pictures."

You are the ones drawing up this new stuff, not old HOLLINGS. Do not give me that about new taxes. You have before this body $107.2 billion in new taxes.

All I say is, do not go out and borrow it and mail it around and say you are doing something for the working man, because you are putting him out in the street. You are not being realistic. You are giving us the old "it has not taken effect" argument. Stick to it. Keep a steady course. You are right about that. Jimmy Carter gave changing your mind a bad name. They do not want to change in the White House, and I think that is the difficulty we have.

The President does not want to change. The fact is that he thinks, as some of you do—we just have a difference of opinion—that it is working well.

In fact, at the chamber of commerce meeting, he said, "If it ain't broke, don't fix it." So he is sweating it out, hoping that in July, with the mailing of some $18 billion to social security recipients, with the new 10 percent, across-the-board $40 billion in tax cuts—which is revenue distribution—he hopes that will stimulate the economy. Maybe it will. Maybe we will learn a lesson.

However, the economists are talking about what they call rational expectations. That is what the business community does.

I was on a forum not long ago at which someone from Manufacturers Hanover Trust said that Kemp-Roth started and the Reagan program started the day the President was elected back in November because, immediately anticipating—that is what the market does—they could see that here was a conservative Republican President coming in. He was going to reduce regulations and spending. He was going to reduce taxes. And they were going to get, as they saw it, a better deal, and they started in anticipation.

Rational expectations was the psychology, until it got into law, and then they sobered up.

Now the rational expectation is revenue hemorrhage upon revenue hemorrhage upon revenue hemorrhage.

They will never get this Government back into the black during the terms of the next two Presidents at this rate. In 1985, you lose $189 billion; then indexing triggers in, and you lose even more in later years.

Oh, yes, the gimmick of Kemp-Roth was to take away the resources, and that would force us into cutting spending. But your new budget plan added $56 billion for guaranteed student loans, medicaid, medicare, additional funds for space science, veteran pensions, Postal Service.

Here is Mr. Postal Service. He got his money in that caucus. He was there. He did not get dealt out, I can tell you that. I sat on that Appropriations Committee, and, just as I respect the Senator and every one of those particular subcommittee chairmen, the five subcommittee chairmen came in and asked for $18 billion more than the President asked.

So do not say it is the same old song. You are the ones giving the same old song.

You find the spending there, but you will not face up to paying, and you wreck the economy. Rigor mortis is setting in.

I yield to the distinguished Senator from Arkansas.

Mr. BUMPERS. Mr. President, first of all, I heard the Senator from Delaware talking about how the Democrats rushed to judgment on the President's whole economic policy by claiming within 2 days after he signed the reconciliation and tax bills that the program was not working.

I want to exclude myself from those who rushed to judgment. I was 1 of the 11 Senators who stood on the floor of the Senate in July of 1981 and said, that the President's tax progam would not work, and I voted against it. I am here today, in May, about 10 months later, saying it still is not working; and I will be here a year from now, if we do not do something today on this budget, again saying it is not working.

If there is anything people distrust more than a politician, it is a politician saying, "I told you so." So I am reluctant to say that.

What are the politics of this problem?

I can picture the people on that side of the aisle going out and campaigning this fall and telling their constitutents what yeoman service they have performed because they got the budget deficit down in the range of $110 to $120 billion for 1983. I would love to run against somebody who was boasting about getting the deficit down to $110 billion.

If I were interested solely in the politics of this problem we are confronted with, I would finally hope that the amendment offered by Senator HOLLINGS is defeated. I would finally hope that the President of the United States would not suddenly say, "I believe we went too far with the tax cut. We need to recant, because it is not working."

Every Democrat up for election this fall would be in big trouble if that happened. I am not worried about it, but I am just discussing the politics of it.

I said yesterday afternoon that if the U.S. Senate suddenly broke out in a spate of commonsense and responsibility and adopted the amendment by Senator KASSEBAUM to limit annual defense increases to 7 percent in real dollars, and adopted the amendment of the Senator from South Carolina to forego the third year of the tax cut, and repealed the safe harbor leasing provision—a provision for which, I am happy to say, the chairman of the Finance Committee shares my lack of enthusiasm—if we did those three things and then adopted this budget, I might vote for some of those $85 to $100 billion in taxes that this Budget Committee has recommended. If we adopted those amendments, we would get the deficit down to $15 billion for 1985, and we would be sending a clear and effective message to Wall Street, and one that is long overdue.

The folly of last year's tax bill was not just the personal tax cut for the wealthiest Americans but something that I daresay perhaps 15 Senators knew was in the bill—the so-called safe harbor leasing provision.

You talk about the business community this country having no enthusiasm for higher taxes? How could they? We virtually eliminated the corporate tax last year.

In 1948, the corporations of this country contributed 28 percent of all the revenues collected in the U.S. Treasury. That was in 1948. In 1980 it was only 12 percent. The Joint Committee on Taxation projects that by 1987, corporate taxes will be between 6 and 7 percent of all revenues.

One of the most interesting phenomena I have ever seen was noted in a study by the Joint Committee on Taxation, which concluded that productivity in this country has declined steadily as the corporate tax rate has declined. The whole theory of Reagan economics was that if the business community has more incentive, more tax cuts, more accelerated depreciation, more everything, you will suddenly see productivity in this country increase, and we will then become competitive with Germany and Japan.

What is the perception of the ordinary workingman in Arkansas? He was promised a tax cut, and last year, on July 1, he received a 5-percent cut. He hardly noticed it. On July 1 of this year, we are going to give him a 10-percent cut. I voted for that during the tax cut measure.

The Senator from South Carolina offered an amendment calling for 5 percent the first year and 10 percent the second year; further cuts were to be dependent on the condition of the economy. I voted "aye," but, unhappily, there were not too many of us who voted that way.

I saw some new statistics the other day that showed that the national median family income for one wage earner with a wife and two children—the median income for the household—is $20,000 to $21,000.

Under this tax bill when it is fully effective in 1984 that family will get $464 in tax cuts that year. That amount will not even pay the increase in natural gas bills in my State.

But what level tax does a U.S. Senator who happens to make $60,000 get in 1984? A nice round $3,000. I ask you, who needs it most? The family of four making $16,000 to $20,000 a year, or a U.S. Senator making $60,000 a year? The answer is clear.

In my State which is 49th in per capita income, the median family income is only $16,000, or $4,000 below the national median. In my State, the average household gets only a $281 tax reduction in 1984, the year the whole 3 year tax cut will be in place. And a man making $100,000 gets a nice round $6,000 that year. This is the tax program some Senators are defending here today.

Mr. President, when there is a provision in the tax bill that allows the General Electric Co. to make $2.6 billion, get off tax free, and on top of that get a $100 million refund from the U.S. Treasury, when the Occidental Petroleum Co. makes $950 million and does not pay 1 dime in Federal income tax, how can we expect the people of my State struggling on $10,000 and $15,000 a year to believe that our tax system is equitable? The answer is in the question.

Mr. President, we constantly say we want to represent the collective thought of the people of this country. But the Gallop poll showed 30 days ago that 74 percent—I repeat 74 percent—of the people of this country would be happy to forego the third year of the tax cut in order to reduce this deficit.

The Senator from Delaware referred to this terrible tax burden that the American people face. But I submit that if we can reduce interest rates by 4 percent we will really be relieving the American people of a burden. People cannot buy houses because of high interest. They cannot buy cars. In January of 1981 the economy of this country was in a mess, and today it is in a shambles. The reason people who make less than $20,000 a year overwhelmingly support repealing this tax cut is because they hardly feel it. What they do feel is their inability to buy a house. What they do feel is their inability to buy a car, a refrigerator, or anything else that they have to buy on time payments.

I have been interested in watching and listening to the Secretary of the Treasury Donald Regan. I do not want to embarrass him by quoting all the predictions he has been making now for a year: "Prosperity is just around the corner. We expect an upturn in the first quarter." It did not happen. "We expect an upturn in the second quarter." It did not happen. We now do not believe that even the third quarter will bring an upturn.

The stock market drifts lower and lower each day. The Senator from Delaware referred to the burdens of the small businesses to whom we look for jobs in this country. Five hundred of them are taking bankruptcy every week.

The PRESIDING OFFICER. The time of the proponents of the amendment has expired.

Mr. HOLLINGS. Let me yield on the resolution itself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for 3 additional minutes.

Mr. BUMPERS. That is what is happening to the small business community. They are dropping like tenpins, 500 to 550 a week taking bankruptcy. That is the burden the small business people of this country are bearing.

Mr. President, 10.5 million people in this country out of work translates into an umbelievable amount of human misery. Factory output is down another half percent in April. Productivity is at a minus status.

Mr. SYMMS. Mr. President, will the Senator yield?

Mr. BUMPERS. In just a minute.

The President says all he wants to do is to slow the rate of growth of Government. The budget he submitted called for spending $33 billion more in 1983 than in 1982. The interesting thing about this $33 billion figure is that he asked for $34 billion in increased defense spending. In other words, the entire $33 billion increase in the budget the President requested, plus $1 billion, was for increased defense spending.

At the rate we are spending for defense, the 24 percent of the budget that went for defense in 1981 will be over 37 percent in 1987.

It will not make any difference how many planes, tanks, guns, or anything else we have if we spend this country into bankruptcy and our economy collapses. There is nothing wrong with the economy of this country that could not be solved right here in the Senate before midnight. I doubt that what should be done will be done. But there is nothing wrong that we could not fix right here, right now.

So I ask all of my colleagues, as Atticus Finch implored, "For God's sake do your duty."

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. How much time does the Senator desire?

Mr. GRASSLEY. Three minutes.

Mr. GORTON. I yield 3 minutes.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 3 minutes.

Mr. GRASSLEY. Now we are told that 74 percent of the people are willing to forego a tax cut to balance the budget and get the deficit down. But there was a poll within the last month that said that the people of this country expect us by a 6-to-1 margin to cut spending over increasing taxes to bring this economy and this budget under control. They said this because the people of this country know that this budget is out of control and that it is too much business-as-usual to increase taxes in order to balance the budget.

Let me assure you that if this amendment of the Senator from South Carolina goes through to eliminate the third year of the tax cut then the next step, and it may be offered anyway, will be to eliminate indexing. If there is anything that is business-as-usual which is going to return to haunt this body it is eliminating indexing. If we eliminate indexing, we are going to continue to have automatic tax increases year after year that provide the easy way of increasing spending. This budget has gotten out of control simply because we have not had to be responsible for the additional taxes that come into the Treasury. As the Senator from South Carolina said, only twice in the years that he has been in the Senate did he have to vote for a tax increase. Why? Because of inflation. With each 1-percent increase in the consumer price index and in wages, taxes go up 1.6 percent.

Now, that is a windfall to the Federal Treasury above and beyond the real growth of our economy. If there is any one principle that we all should abide by if we want to be morally and ethically responsible, it is that we should not increase spending for the Federal Treasury beyond the economic growth of the taxes supporting those services.

Anything less than that is saying to ourselves that it is all right for this generation to live high-on-the-hog and let future generations pay for it.

Why should we not be able to foot the bill ourselves?

The **PRESIDING OFFICER.** The time yielded to the Senator has expired.

Mr. **GORTON.** I yield 1 additional minute.

The **PRESIDING OFFICER.** The Senator is recognized for 1 additional minute.

Mr. **GRASSLEY.** What we are doing here in reducing taxes, followed by the most important step, indexing, is to have any increase to the Federal Treasury beyond real growth held accountable by this body. We must do away with these automatic tax increases by which we can spend and spend without being responsible. Only then will this generation pay its own way, so that we can pass on to our next generation the sound economy that we help create.

Mr. President, I am afraid that those who would repeal the third year of the scheduled tax cuts, as well as tax indexing, would do so without having studied the implications of that action.

Under the full 3-year tax cut plus the indexing provision, the average taxpayer would have a reduction in average and marginal tax rates of just under the 1979 level. Whatever bracket creep would set in from 1980 to 1984 would be offset by the second and third years of the tax cut. Indexing would then maintain that level of taxation indefinitely.

If we repeal the third year and indexing, falling marginal tax rates would bottom out at 1980 levels in 1982 and 1983. After that, marginal rates would rise steadily—a ticket to a repeat performance of the current recession.

As my distinguished colleague from Iowa stated, due to bracket creep and scheduled social security tax increases, the third year of the tax cut is crucial. For most middle-income families, these increases wipe out the effects of the personal tax reductions. In fact, many families will end up paying a higher percentage of their income than in 1980, even with the third year and indexing in place.

Furthermore, the characterization of the 3-year tax cuts as a bonanza for the rich is comical, even cynical, if one looks at the facts. Those who would suffer the most from a repeal of the third year and indexing are lower and middle-income families. Upper income taxpayers have already received a substantial reduction thanks to a democratic initiative to lower immediately the top tax rate from 70 to 50 percent.

A family making $200,000 would lose only one-quarter of its tax cuts by 1986, while lower income families would lose about twice that much.

The $15,000 family is hit hardest by bracket creep, and harder than most by payroll tax increases. If we take away that family's third-year tax cut and its ability to adjust the personal exemptions for inflation, then that family's tax burden would rise dramatically.

The President's tax program, the program we passed last summer, is designed to give all taxpayers equal tax relief. Most importantly, it protects those least able to cope with the tax burden—the lower and middle-income families of our Nation.

Those lower and middle-income families would not be protected if we repeal the third year and indexing. Indeed, their tax burden would be disproportionately greater.

Mr. President, the personal tax cuts we passed last year are not a tax cut for the rich. But they will be if we repeal the third year and indexing.

The **PRESIDING OFFICER.** The Senator from Washington.

Mr. **GORTON.** Mr. President, will the Senator from Idaho withhold? I yield 2 minutes to the Senator from Oklahoma (Mr. BOREN). I will yield to him at this point.

Mr. **BOREN.** I thank the Senator from Washington.

Mr. President, it makes no sense to me to go ahead with the third year of the tax cut and then turn around and impose over $101 billion in new taxes, as this resolution would do.

If the Hollings amendment were offered so as to substitute a 2-year postponement of the 10-percent tax cut or the $101 billion in new taxes, I would vote for it. However, this is not the case.

The Hollings amendment as now written imposes a postponement in addition to the $101 billion of new taxes already proposed in the resolution. This would mean a tax increase of over $180 billion. I cannot support an increase of that magnitude unless it is conditioned on certain economic factors, as I understand the Senator from Nebraska (Mr. EXON) may propose later or on additional cuts in spending which are adopted in return for it.

The original Hollings proposal to freeze all spending increases and individual taxes in place until we balance the budget had much appeal to me. I am very sorry that the administration rejected such a fair and evenhanded proposal out of hand.

Their rejection of the original Hollings proposal, in my opinion, was the first step in pushing the Nation down the slippery slope of outrageously high deficits.

This proposal, however, relies solely on tax increases to balance the budget. It does not have the fairness of the original Hollings proposal and, as a result, I cannot vote for it.

Mr. **GORTON.** I yield 4 minutes to the Senator from Pennsylvania.

The **PRESIDING OFFICER.** The Senator from Pennsylvania.

Mr. **HEINZ.** Mr. President, I have listened carefully to the debate here today on the Hollings amendment, and I would like to say at the outset that I have expressed on many occasions my willingness to defer or even repeal the third year of the tax cut if that is what it takes to get the deficit down to an acceptable level, assuming there is acceptable spending restraint by Congress.

I have to correct my friend from South Carolina about one thing that he said. In his remarks he indicated that the report from the Senate Budget Committee, assumed that the third year of the tax cut will not be repealed. I ask him to look at page 50 of the committee report on the first concurrent resolution for 1983, and he will see it uses the phrase "no assumption was made regarding the manner in which these sums would be raised." It is clear that the report does not presume that the third year of the tax cut will or will not be repealed.

Let me make a second point, Mr. President. In order to understand the implications of this amendment we must perform a little bit of mathematics. This amendment would make it necessary for the Finance Committee to raise $183 billion in additional taxes over the next 3 years. Now, as I understand it, last year, as part of the 1981 tax cut, for the 3-year period we are talking about, 1982 to 1985, this Congress voted $76 billion in business tax cuts; $76 billion in the third year of the individual tax cut; $9.5 billion in relief for estate taxes, and $11.5 billion in incentives for individual savings, and $7 billion to encourage energy production and conservation. As I add up those numbers, Mr. President, I get to a number that is considerably less than the $183 billion.

So, as I understand what the Senator from South Carolina is proposing we would have to increase the amount the Finance Committee is instructed to raise in taxes by $76 billion over the next 3 years, the full value of the third year of the tax cut. We would have to find the original $107 billion in revenue which is already in the budget resolution from other sources. What would we do, repeal every single business tax cut we enacted last year? Does the gentleman from South Carolina think there are sufficient votes in Congress to do that?

Faced with the need to raise $183 billion over 3 years, what Congress is more likely to do is repeal all of the estate tax reform and savings incentives that we enacted. Mr. President, I do not think this amendment has been very well thought through as to the consequences or as to the votes.

But I suppose there is always some logic to some tax increase, and I have gone through a list of things this Congress might consider. They are not things that I believe are wise to consider but faced with the need to raise $183 billion in taxes they will be considered nonetheless.

Someone says to me, "Well, we are not going to repeal all those business taxes, Senator. We are going to find that money some other way. We are not going to repeal accelerated cost recovery. We are not going to repeal the investment tax credit, not the IRA's. That would be wrong."

Well then, where are we going to find that money? I am told the list I now hold in my hand is the list of things the minority feels they might do.

The PRESIDING OFFICER (Mr. RUDMAN). The time yielded to the Senator has expired.

Mr. HEINZ. I ask for 2 additional minutes.

Mr. GORTON. I yield 2 additional minutes to the Senator from Pennsylvania.

Mr. HEINZ. I understand they want to increase the floor on medical deductions to 10 percent of an individuals income; they want to eliminate the $150 health insurance deductions; they want to limit industrial revenue bonds; they want to limit mortgage interest deductions. What impact would that have on the already depressed housing industry? The minority is apparently willing to repeal the DISC; they want to repeal State sales tax deductions so that people can be taxed twice; repeal the personal property deductions, so that people can be taxed twice; repeal the $100 exclusion on dividends; tax every penny of unemployment tax compensation—that is a nice one for families and communities devastated by unemployment. The minority appears willing to reduce energy investment credit; reduce the investment tax credit; tax employer-provided health insurance; put a $5 per barrel import fee on oil; double the beer and wine tax. I know the Senator from South Carolina would be opposed to doubling the beer and wine tax.

Would the Senator from South Carolina have us repeal the net interest exclusion or the dividend exclusion, tax social security benefits; tax railroad retirement benefits; double the motor fuel tax. Mr. President, these certainly are all things Congress could do.

But let me tell you I do not think most of those things—any of those things—are things Congress ought to do. But it would appear obvious to me that if we agree to the amendment of the Senator from South Carolina, then we do sign on to do all of those things. Should the amount of revenue the Finance Committee, of which I am a member, be instructed to raise an additional $76 billion beyond the amount already directed. I know all too well that many taxes that are either unwise or unfair would be enacted. Therefore I oppose this amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Furthermore to the extent that the Finance Committee can find reasonable ways to raise revenues above the $107 billion floor currently set under the existing budget resolution we are free, and I hope would, do so.

Mr. GORTON. Mr. President, at this point I have the intention of yielding 5 or 6 minutes to myself. I have requests for time from the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Kansas, the chairman of the Finance Committee, who wishes to close debate for this side. I understand that Senator HOLLINGS—I am also informed that Senator KASTEN wishes to speak on this issue—I understand the distinguished Senator from South Carolina wishes to yield to the Senator from Nebraska, and I will offer him that opportunity at the conclusion of my own remarks. Is that satisfactory?

Mr. HOLLINGS. I would just like to correct the distinguished Senator from Pennsylvania.

Mr. GORTON. Obviously there will be time for that.

The PRESIDING OFFICER. The Senate will be in order.

Mr. GORTON. At this point I yield 5 or 6 minutes to myself.

The Senator from South Carolina, my good friend, is one of the great orators as well as one of the great Senators of this body. As a matter of fact, I think it is not an exaggeration to say that his oratory can charm the birds from the trees. I suspect he would have little difficulty in selling ice in the Falklands.

At this point, he is attempting to sell the American people on roughly $82 billion in taxes over the next 3 years over and above those already assumed in the budget resolution which is before us.

He was joined a few minutes go by the equally eloquent Senator from Arkansas, Mr. BUMPERS, who criticized at length a system which has lowered the percentage of taxes collected in the United States from corporations and who proposes as a cure an increase in taxes on individuals by canceling the third year of the individual tax cut passed by this Congress last July.

With all respect to those gentlemen, I do not believe that this is the appropriate way to work our way out of a recession. I might remind the Senate that the problems in connection with budget deficits, with which we are so seriously faced today, were first recognized and a solution to them first proposed as long ago as last October and last November by the very distinguished chairman of the Budget Committee, who came very close, but not quite close enough, to reporting to this floor a second budget resolution for 1982, the passage of which I am convinced would leave the problems which we face today measurably smaller than they are at the present time.

That failure illustrates the vital importance of passing a budget resolution which calls for a reasonable balance between restraint in increases in Federal spending and increases in Federal revenues.

I do not believe that that reasonable balance is included in the proposal of the Senator from South Carolina, which would increase taxes in total by a greater amount than it would reduce the growth of spending.

I do not wish for one moment to criticize the courage or the farsightedness of the Senator from South Carolina. He was the first individual to present an alternate budget to the Senate and the people of the United States immediately after the President's message last February. It is true that that proposal called for even greater increases in taxation than this does. And it is also true that a proposal which I made not long thereafter was correctly and accurately described by the Senator from South Carolina in connection with its revenue increases.

But there are two significant differences between both of those proposals and what has happened since. First, neither of them accounted for the possitive effect on interest rates and on interest payments, and thus, when we take that into account, neither was necessary in its entirety. Second, both of them provided much more in the way of spending restraint, including the proposal of the Senator from South Carolina, than does the proposal which is before us right now. And, therefore, the balance, as we have this resolution before this Senate right now, is roughly what the balance was in our earlier proposals, which would have gone further toward balancing the budget and in fact would have done so by 1985.

I must say, however, I think it vitally important to say that there is very little opinion outside of this body for the proposition that by increasing taxes alone, that by taking this resolution and adding to it the cancellation of the third year of the income tax cut, we will somehow work our way out of a recession. It is simply not possible by increasing taxes to increase the capital necessary to lend to businesses and individuals at reasonable rates of interest. We need more such capital, not less such capital.

Even so, I may say, in order to attempt to provide some balance to this debate here this afternoon, that the budget which we pass here this evening or tomorrow will not be the final word. It may well be that some of the proposals in connection with spending made by the Senator from Arkansas will be included in the ultimate package. The House obviously will pass a different budget from that passed here.

I believe that a compromise between what the House passes and what we pass here will be reasonably balanced between spending restraints and between revenue increases. I believe it is much more likely to have that fate if we continue to defeat the amendments to increase spending from the other side of the aisle and if we defeat the proposal by the Senator from South Carolina here now.

I have no doubt that in any conference committee on this proposal the contribution of the Senator from South Carolina will be significant and that by going through with what we are doing right now, and by succeeding in doing so, we will do the best possible job for the future of the economy of the United States. And in order to do that we need to defeat this amendment.

Mr. SYMMS. Will the Senator from Washington yield for one question?

Mr. GORTON. Yes.

Mr. SYMMS. I thank the Senator very much for his very articulate statement. I agree with him that we need to get this uncertainty removed from the air.

But I think one question should be asked that has not been answered here. If those of us who have advocated a reduction in marginal rates are in fact responsible for those unemployed Americans, then I would say to those that are making that accusation, just who is it you are going to have hire those unemployed people by raising taxes? The Government? That is the question that should be answered. How are you going to raise taxes on Americans across the board and do anything about unemployment, do anything about capital investment, or do anything about jobs? That is the real question. It just simply will not work.

Mr. GORTON. Since the Senator from Washington agrees with the premises on which that question was asked, he will defer answering it to the Senator from South Carolina to whom he proposes to yield.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Senator from Ohio, Mr. GLENN, the Senators from Massachusetts, both Senators KENNEDY and TSONGAS, and the Senator from Michigan, Mr. LEVIN, be added as cosponsors to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from Nebraska and, thereafter, so we will have some order, my hope would be to yield then to the Senator from Delaware and the Senator from Maryland and then close it down if we possibly can.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Chair would advise the Senator from South Carolina——

Mr. HOLLINGS. I yield time off the resolution.

The PRESIDING OFFICER. This is on the resolution?

Mr. HOLLINGS. Right.

Mr. EXON. Mr. President, I thank my friend and colleague from South Carolina. Mr. President, I support the Hollings amendment, not to increase spending, as some have indicated in debate, but to reduce—to reduce, Mr. President—the ruinous deficit totals. Those on that side of the aisle, not this side, have approved the spending totals that necessitate these highest deficits in our history.

As the chairman of the Budget Committee said a few moments ago, the President promised less government, less taxes, and more military. I will not go into a debate on that. Let us assume that all of that is true.

The President also promised a balanced budget. That was the hallmark of the successful 1980 campaign. I think the majority did not promise in that campaign the greatest spending, the largest deficits, and the highest trillion-dollar debt ceiling in the Nation's history.

Let us truly make no mistake about what we are about, Mr. President. We are simply increasing the deficits by increasing spending and making those deficits worse by trying to fool the American people by making them believe that we are responsible and good guys by giving tax cuts at the same time.

What we are really doing is cutting taxes for phony, political tomfoolery and not saving a like amount in spending. The result is obvious. We are driving up deficits, holding up high interest rates at the highest real level in their history, and thereby shackling any chance of economic recovery.

The new Republican approach, as recommended in the matter before us, locks in the highest and most irresponsible deficits by far—by far, Mr. President—in our history.

By comparison, they make Jimmy Carter look like the most conservative President since Calvin Coolidge. JACK KEMP says that his party no longer worships at the altar of a balanced budget. It is very obvious that that is true.

The new Republican deficits before us lock in the following unbelievable deficits for the following years: 1982, $117 billion; 1983, $119 billion; 1984, $91 billion; 1985, $64 billion, and that is optimistic.

Mr. President, we can point fingers, we can blame, we can find fault, and we can engage in argument indefinitely. The simple fact is that we must get on the glidepath of a balanced budget. That simply says that we must match income with outgo. It is not very difficult to understand.

I say, Mr. President, that no family, no business, no farmer, no corporation, no local government, and no federal government can go on indefinitely spending more money than they take in.

Mr. President, I am not very much influenced by those who have said in argument here today, in debate on this very important amendment offered by the Senator from South Carolina, that those of us who support this are simply supporting more spending. No, Mr. President, we are not supporting more spending. We are taking the spending totals advanced to us by the Republicans in the budget package that they have before us, and we are simply saying that the deficits that I have just cited are entirely too high to get the economy of this country back on track.

No one wants to eliminate tax decreases, but it is not responsible, it is not conservative, and it is not being honest with the people if we proceed on the course that we are on.

Let us tell the people the truth. While this is a very difficult amendment to vote for, and it is going to take some courage to do so, I think it is the only thing which has been offered thus far in the debate on the budget considerations before us which sincerely attacks the matter of reducing the deficits which I assume most Members of this body on both sides of the aisle are primarily concerned about.

I yield the floor.

Mr. HOLLINGS. Mr. President, I yield now to the Senator from Delaware from time on the resolution.

Mr. BIDEN. Mr. President, this is a little reminiscent of a year ago. A year ago the Senator from South Carolina had what I considered to be the only significant Democratic alternative offered to the Republican tax package and which I cosponsored. We said back then, "Look, we like the idea of a tax cut. We like the idea of sizable tax cuts." We were not even arguing about equity then.

We stood here on the floor and said, "Look, the President has told us a good story, a nice tale for us, more like a fairy tale. He has told us all will be well in America if we just cut taxes and if we cut them significantly."

He gave us his economic recovery plan that was the prescription for our recovery. He told us about what interest rates would be a year from then. He told us about the inflation rate.

He was right about inflation. In fact, inflation turned out better than he said. It is lower than he thought.

He told us about what the deficits would be. He told us about how the economy was going to rebound.

The Senator from South Carolina and I said, "Well, we like that. It sounds real good."

I like to say to my folks at home that I am against taxes, and I particularly like to vote, whenever I can, with my senior colleague. I mean that sincerely.

It is not real comfortable being back home in Delaware saying, "I do not like this tax cut." I would like not to have to say that.

So we said, "Look, if it does not work out quite the way you said it would, Mr. President, maybe we should not go forward with the second and third year of those cuts. Maybe we should make them conditioned upon what you say is going to happen."

We said we would like to have that cut. I do not know many people here who would not like to have the notion of an economic recovery coupled with significant tax cuts.

Well, as recently as yesterday the Republican majority in the U.S. Senate presented the U.S. Senate with a modified budget resolution, the second time out, which increases 3-year deficits to $270.7 billion.

Let me say, we Democrats do not have a lot of credibility to talk about deficits. We Democrats have not been running around here for the last 10 years, with the exception of the Senator from South Carolina and a few others, the Senator from Virginia, whom I see on the floor, and a couple of others, who have been disciples of balanced budget. We have to admit that the other team has scored. They have been the folks talking about that.

We used to talk about leverage in the economy, but not even we Democrats dreamed of a $270 billion deficit over 3 years. Not even the wildest, wild-eyed liberal among us believed that we would ever see a time when we would be talking about deficits like that.

Before my friend from Idaho comes back on the floor, suggesting that the Democrats are the ones who made everything bad, let us stipulate to that for the purpose of this discussion. "The reason America is in trouble is because of the Democrats." We did it all. I will stipulate that for the sake of this argument.

What are we going to do about it? We have a new team. The new team has been downtown now for 1½ years. We have a new team running the show up here in the U.S. Senate. We are not talking about the economy as a whole at this very moment; we are talking about the budget. This is the budget. We can argue about what the impact is that the budget has on the economy, but let us talk about the budget. The budget we are presented with here has a $270.7. billion deficit.

My friend from Idaho, and I wish he was on the floor, said not long ago, that we have been accused of being the reasons for unemployment and so on and so forth, but how we going to get people back to work unless we get more money out there?

Let me tell you something. First of all, you are not going to get a whole lot of money out there if, in fact, you do not get the economy moving a little bit. You will have more people unemployed and the deficit will go higher. But let us forget that for a moment.

I come from a State, as the senior Senator from Delaware does, which has a mild corporate interest. We have a few corporations that reside in our State. I will tell you what they are telling me. They are saying, "We really liked that tax cut at first."

"We really liked it. It was a good idea. But we have a problem now. We know that America cannot live with $100 billion deficits year in and year out. We know it is not going to work. And we know that what is going to happen is that one morning you are going to wake up and you are going to regain your senses and you are going to have to cut that deficit. We do not know where you are going to cut it. We do not know if you are going to change the tax law that I am relying on; we do not know if you are going to cut programs that I am relying on to get back my investment. We do not know what you are going to do."

So what happens is that the business people tell me there is a little economic uncertainty out there. They like certainty and the certainty is that we cannot live for a long time with these deficits. So they are worried about what we will cut and what we will do.

I would suggest to the Senator from Idaho and others, that one of the reasons why the economy is not surging ahead is not because of the lack of capital. Even those companies that are flush are still not investing because they do not know what is going to happen. But they know something has to happen.

These deficits, obviously, are too high. I find it somewhat fascinating that my Republican colleagues on the Committee on the Budget said, as they voted down the President's budget, as presented to the Budget committee, "The deficits are too high. We cannot take these deficits." Now that they have set the new deficits in the resolution before us, deficits that were just put before us, they are higher than the ones the President recommended in his February budget.

They could not take them 3 weeks ago and now they can take them. They could not take them 6 weeks ago, and now they are going to spur the economy. They could not take them 10 weeks ago and now they are the answer.

Mr. President, I want to point something else out to my colleagues and those who are listening on their squawk boxes back in the office. Funny things occur here, I say to Senator LONG. These Republicans were going out and cutting. They were going to cut programs, they were going to cut this, they were going to cut that, they were going to cut the deficit. Now they come with a budget resolution that restores the cut in social security.

They realize that those old people in their beds, that the Senator from Louisiana spoke so eloquently about earlier, cannot afford the cut. So they raised spending by backing off their cut.

They come along next and say, "By the way, that reduction in the medicare program is intolerable, so we are going to increase spending for medicare as compared with what we said we were going to do a little while ago." A little while meaning 3 days ago.

Then they come along and say, "By the way, we are not spending enough money on science and technology, so we are going to spend more money on science and technology."

They say, "We want to spend more money on housing." So they are raising the budget, pumping it back up, the budget they accuse we Democrats of inflating.

They say, "We want to raise veterans benefits," "we want to raise the Postal Service," relative to what they told us a week ago, a month ago, 2 months ago was desirable.

So now we have the magnificent picture here, on the floor—I guess it is like that joke about the committee that formed the camel, you know. They have a lot of camels over there. I thought we Democrats were the only ones who did not know what we were doing in committee. Obviously, you had a little fight over there in that donnybrook you had. You concluded you were going to do everything.

You are not going to cut social security. That satisfied a portion of you.

Then you are not going to cut student loans so much, and some of you are satisfied with that. Then you are not going to cut medicare; some of your folks were satisfied with that.

Then you said you were not going to cut housing.

Then you said you are not going to cut veterans benefits because everybody knows people are for veterans benefits.

Then you are not going to cut the Postal Service. Then, "By the way," you said, "we are not going to increase taxes."

So you have done what we Democrats used to do. You have given everybody in your party a piece of everything so you got unanimity. Except you gave us $270 billion in deficits.

Mr. President, what is it going to be, I ask? Do you want us to cut spending more? Is that how you are going to reduce the deficit? Or are we safe? Are you telling us that we have to accept the notion that there is nothing more we can do about the deficit? If that is what you are saying, I understand it, because I do not know what else you are going to do.

You just raised spending and the deficit is above what the President wanted it to be in his February figures. You gave him the tax cut he wanted. And you will not cut defense any more. I do not know how you get the numbers down. But something has to be done to get the deficit down.

Mr. President, I am cosponsoring this amendment with Senator HOLLINGS to defer the third year of the income tax cut—a cut that will be 10 percent effective July 1, 1983. It will not affect the July 1982 cut. This amendment will increase revenues in 1983 by $7.3 billion; in 1984 by $32.9 billion; in 1985 by $35.9 billion, for a 3-year total of $76.3 billion.

You did not want to buy into Senator HELMS' amendment. I notice all you Republicans voted against it. You could not buy his. He had an answer for you. He is the only one here who suggested cutting domestic spending rather than increasing taxes. Have you heard anybody else? I have not heard anybody else come to the floor to suggest this.

He had an answer. He said let us cut $100 billion in spending out, not touch defense, not touch the tax cut, not raise revenues, and take it out across the board. If you follow his example, that is one way to cut the deficit—cut spending. That is an honest approach.

There is only one other way, only one other place you get big numbers. That is the tax cut. Buy onto HOLLINGS, BIDEN, et al. Or else go back out and say, "Ladies and gentlemen of America, for now and in the near term, there is nothing we are going to do about hundred-billion-dollar deficits. Hang on, learn to like them, they are not all that bad."

And you may be right. You may be able to convince business that that is good business. You may be able to convince the apostles of capitalism that this is the way to go.

Mr. President, I find a stark analogy between the folks the President and my colleagues on the Republican side attack first and those who Lyndon Johnson attacked first. During Vietnam, when the Democrats turned against Lyndon B. Johnson, whom did he turn on first? The ones who had been his supporters—the think tanks, the universities, the liberal organizations. "They question me; they question who runs America."

Mr. President, my colleagues on the other side question whether Wall Street people are capitalists. Ed Jefferson, chairman of the board of Du Pont Co., who went along with the tax cut originally.

But now he comes along last month and says that any good businessman knows when you have a plan that is not working you change it. That is only prudent business policy. It is time to change course, he now says.

And what do you folks over there call those captains of industry? You call them people who are bailing out on the President. They are not doing their share.

I find this the most humorous turn of events, Mr. President. If it were not all so important, it would be funny, the turnaround around this place.

Mr. President, I do not know. Unless you go the route that Sentor HOLLINGS is suggesting, in all honesty, you have to go the route of deep spending cuts like those that Senator HELMS is suggesting or the route that Senator KASSEBAUM suggested, with significant cuts in defense.

You have already signed on and said, "We don't like KASSEBAUM, we are not going to go with her, we are not buying on to that. We do not want to cut defense."

I am here to tell my colleagues, Mr. President, this is the last chance to buy into cutting the deficit. There are no more that are going to be offered.

If you do not buy into this one, you have to go out, if you are going to be honest about it, and tell the folks, that either these deficits are going to evaporate because supply side is going to kick in so fast, so quickly, that economic recovery is going to spur us on and eliminate the deficits; or else you have to say that you do not mind these big deficits.

You cannot have it all ways. The tax cut bill last summer——

The PRESIDING OFFICER. The Senator will suspend. The Senate is not in order.

Mr. BIDEN. I thank the Chair. I do not blame them for not listening, I am getting redundant. Let me summarize quickly.

You know as well as I do the numbers on employment, teenage unemployment, factory capacities, what we are operating at—71.1 percent was the capacity in March. We all know about GNP and the phenomenal growth rate we are having. We all know about housing starts, automobiles, and the prime rate. It does not appear that the majority has any further proposals to reduce the deficit this year. I do not see how we can accept the deficits higher than the unacceptable ones that they said existed in February, the President's deficit. So we either have to increase our revenues or make further spending cuts. You cannot come back into us and tell us you have a plan which includes doing nothing about increasing revenues beyond what you suggested and at the same time making spending increases in other programs.

Mr. President, I thank my colleague from South Carolina. He was very prophetic a year ago. I suspect he is going to appear, once again, prophetic a year from now. I happen to think that it is pathetic that we are going to live with these kinds of deficits when in fact we have an alternative.

I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. For other than his references to me, I thank the distinguished Senator from Delaware for his very, very eloquent statement.

I yield now to the distinguished Senator from Maryland.

The PRESIDING OFFICER. On the resolution?

Mr HOLLINGS. On the resolution.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the chart showing the economic effect of the amendment on deferring the third year of the tax cut be placed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1983

[Summary of Proposed Changes in Committee Modification]

	Fiscal year—			
	1982	1983	1984	1985
Deficit as reported by Senate Budget Committee on May 10	117.7	106.1	69.0	39.5
Removal of social security solvency estimates pending action later this year		+6.0	+17.0	+17.0
Additional increase in revenues		1.2	2.0	3.0
Reduction in medicare savings		+1.7	+2.0	+3.0
Medicaid offset related to change in medicare savings		0.1	0.2	0.3
Elimination of guaranteed student loan savings		+0.1	+0.7	+1.2
Add-back for 12 programs in which fiscal year 1981 deferrals lowered budget authority level in fiscal year 1982		+0.8	+1.2	+1.4
Additional funds for:				
Space and science programs (to President's proposed budget request)		+0.5	+0.8	+0.4
Housing programs		+0.9	+1.0	+1.0
Veterans pension, compensation, and health programs		+0.5	+0.6	+1.0
Postal service		+0.2	+0.2	+0.2
Additional interest costs due to higher deficits		+0.4	+1.0	+3.0
Total changes		+9.3	+22.3	+24.9
Deficit in Committee modification	117.7	115.4	91.3	64.4
Amendment—Defer 1983 personal tax cut		7.5	32.9	35.9
Deficits		107.9	58.4	28.5

Mr. MATHIAS. It shows that it would bring about a steady decrease in the deficits in the next 3 fiscal years from $107.9 billion to $58.4 billion to $28.5 billion.

I offer that because I think it is helpful in answering the very sensible question that was asked by the Senator from Idaho. the Senator from Idaho said that the important question was: Who is going to put people back to work? That is a reasonable, a sensibile, and a necessary question.

I differ with the Senator from Idaho in his suggestion that the question had not been answered yet. I think the question has been answered. It has been answered by, for example, members of the Business Roundtable, who went to the President of the United States and said the tax cut is too big. The remission of Government revenues is too large. And if you will trim down the tax cut, we believe that we, the business community of this country, will put the people back to work.

That is the answer to the Senator from Idaho—the business community will put people back to work.

Mr. President, it is in that real sense that this is a bipartisan amendment, not simply because FRITZ HOLLINGS is a Democrat and I am a Republican. It is a bipartisan amendment because Republicans and Democrats all over this country, members of the Business Roundtable, for example, are supportive of this concept, think the tax cut is too large, think we gave away too much revenue. The chance to do something about it, to put people back to work, and to answer the question of the Senator from Idaho is to adopt this amendment.

Mr. GORTON. addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. I yield 10 minutes from the bill to the distinguished Senator from Virginia, Mr. HARRY F. BYRD, JR.

The PRESIDING OFFICER. The Senator from Washington still has time on the amendment.

Mr. GORTON. The Senator from Washington understands that but he has two Members who will take the time from him.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, before the time begins to run, may we have order so the Senator from Virginia may speak.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HARRY F. BYRD, JR. Mr. President, I find this a difficult decision to make on the amendment offered by the distinguished Senator from South Carolina. I need to give a few moments of history to indicate why.

In 1980, I voted against the Kemp-Roth tax reduction proposal and I opposed the Democratic alternative to the Republican proposal. I was one of only two Members of the Senate to vote against both tax reduction plans.

I did so not because I am opposed to tax reduction but because I felt that we should bring the budget closer into balance before reducing taxes and also that we should couple any reduction in taxes with a reduction in spending.

Now comes 1981 and a new President, Ronald Reagan. President Reagan proposed an across-the-board, 25-percent reduction in taxes over a 3-year period. He coupled that with a reduction in spending. He showed by his actions that he was determined to get spending under control. I reversed my position from the year before, and I voted for the President's 3-year tax reduction program.

But what was not apparent then, and no one to my knowledge asserted, was the tremendous deficits which are now accuring. I also believe that there would be a sharp reduction in the rate of increase in spending. That has not taken place.

In a colloquy with the distinguished chairman of the Budget Committee today, I put this question to him. I said,

> Is it not correct that the spending increase in fiscal 1981 was 14 percent over the previous year?

And Senator DOMENICI said,

> That is correct, actually 13.9 percent.

Then I said,

> Is it not correct that the spending increase for the current year, fiscal 1982, is 13 percent?

He said,

> That is correct.

So there has been not only no reduction in spending, there has been only a minute reduction in the rate of increase in spending.

Now, that brings us to the deficits. These deficits which are projected are devastating. In the next 3 years and 5 months the deficits will total $468 billion. The national debt will go from $1.065 trillion today to $1.533 in 1985.

Now, this was from the colloquy I had with the distinguished chairman of the Budget Committee today. I asked the chairman—

> With the national debt today being $1.065 trillion, that means, does it not, that the national debt under the budget resolution now before the Senate will increase by $468 billion?
>
> Mr. DOMENICI. The Senator is correct.

The budget figures in this resolution show that the national debt at the end of 1985, 3 years and 5 months from now, will be $1.533 trillion. Subtract those figures and you will find that we have a shortfall of $468 billion in that short period of 3 years and 5 months—a 44 percent increase in the national debt in that period of time.

The magnitude of these deficits caused me to give sympathetic consideration to the proposal offered by the Senator from South Carolina. I would like to see the tax reduction proposed for next year retained, but I am in a quandary, frankly, as to what to do.

The fact is that if the Hollings amendment is defeated, the Finance Committee retains the authority and will have the authority to eliminate, if it so desires, the third year of the proposed tax reduction which is addressed by the Hollings amendment.

The budget resolution sets a minimum amount that must be raised in taxes. It does not set a maximum amount. The budget resolution provides for an increase in taxes of $107 billion, but the Finance Committee can go beyond that, if it so desires, and increase taxes more and, if it wishes, it can eliminate the third year of the President's tax reduction proposal.

So I am inclined to vote against the Hollings amendment at this time, because the Finance Committee still retains the authority to raise additional revenues at any subsequent date.

I think I shall delay my decision on voting to eliminate the third year of the tax reduction, although I am inclined to vote to eliminate it; but I will still have that opportunity when the Finance Committee considers this part of the budget resolution. For that reason, I shall support the President tonight in voting against the Hollings amendment. I want the record to show, however, that I may vote to eliminate the third year reduction when the Finance Committee considers the matter if these deficits continue in the magnitude which they appear at this time. I would prefer spending reductions, however. Spending is too high and is out of control.

Mr. RIEGLE. Mr. President, will the Senator yield for a question?

Mr. HARRY F. BYRD, JR. If I have time remaining.

Mr. RIEGLE. Mr. President, does the Senator have time to engage in a brief colloquy?

The **PRESIDING OFFICER.** The Senator has time to engage in a very brief colloquy.

Mr. RIEGLE. I must say to the Senator that I have listened carefully to his statement, and I share much of the concern he has expressed. I have voted for the tax cut until the present time; and I, too, find myself in a quandary on this amendment.

The deficits are so enormous that we are faced with the prospect of having to borrow the money to pay for the third year tax cuts. That is the dilemma we are in because, as the Senator pointed out, the deficits are here.

The Senator established in his colloquy with the chairman of the Senate Budget Committee that we are looking at nearly half a trillion dollars in new additions to the national debt with this package unless something is done with either further spending reductions or enhanced revenue items.

My question, and I ask it rhetorically as much as in direct fashion, is this: With what we now know, are we not faced here with a situation that if we need the third year of the tax cut, we literally have to go out and borrow the money or print some money to pay for the tax cut?

I must say that I am not clear in my own mind as to how that can be justified, given the fact that these deficits are just going right off the map and I think are putting us in a situation where it is thwarting the economic recovery.

Mr. HARRY F. BYRD, JR. I think the Senator is correct as to the sums that would need to be borrowed.

I have my serious doubts about maintaining the third year tax reduction, but that would be in the hands of the Finance Committee, regardless of what happens today to the Hollings amendment.

The **PRESIDING OFFICER.** The time of the Senator has expired.

Mr. RIEGLE. I thank the Senator for yielding.

Mr. GORTON. Mr. President, I yield 3 minutes on the amendment to the Senator from Wisconsin.

Mr. KASTEN. I thank the Senator.

Mr. President, I should like to mention a few very brief facts.

The most important single fact is that the third year of the tax cut is essential if we want to provide any real tax relief at all to the average working families over the next several years. The tax cuts enacted last year are simply going to offset the tax increases from bracket creep due to inflation and payroll tax increases already scheduled in the 1977 social security amendments.

Repealing the third year of the tax cut would result in substantial tax increases for average working families. The median family of four with an income of $24,000 in 1982 would have taxes increased $143 in 1983, $406 in 1984, $421 in 1985.

It is important to recognize that repeal of the third year of the tax cut would add $76 billion to the $107 billion tax increase already assumed in this budget resolution for 1983 through 1985. When that is added to the $238 billion from bracket creep and social security, the American people would face tax increases of $421 billion over the next 3 years, $15 billion more than the $406 billion tax cut enacted last year.

If these tax increases are enacted, taxes as a percentage of GNP would average 20.4 percent between fiscal 1982 through 1985. That is higher than the average tax burden of 20 percent of GNP under the previous administration—fiscal years 1978 through 1981.

The average taxpayer would bear the brunt of a repeal of the third year. It is the average working families. Upper income taxpayers have already benefited from the tax reduction in the tax rate from 70 to 50 percent. They would lose the least. The third year represents only 12 percent of the 3-year tax cut for the highest income—$200,000-plus—families, while the third year of the tax cut amounts to more than one-third of the tax cut for every other taxpayer.

There has been a lot of criticism about the Reagan economic plan—that it has not worked. It is true that it has not, but only because it has not yet had a chance. The tax cut that went into effect October 1981 is a reduction of only 5 percent. When coupled with the planned tax increases and bracket creep, this barely allows the taxpayer to break even. No real tax relief will occur until 1983. This is a disincentive to work, to save, to produce, and to take risks.

It is even possible that Congress will not feel the need to increase taxes, as a means to reduce the deficits in the out-years. According to recent Treasury data, revenues are coming in stronger than previously estimated, and outlays are coming in lower than previously estimated. For the first 5 months of the fiscal year, the deficit is running at an annual rate of $57 billion. The actual deficit for 1981 was $57.9 billion.

There is no clear reason for this deficit shortfall, and it is not known if this is a trend that will continue in the outyears. Something is happening in the economy, and I hesitate to increase taxes by the amounts stipulated in this resolution until Congress has sufficiently resolved the question of this deficit shortfall.

The **PRESIDING OFFICER.** The time of the Senator has expired.

Mr. KASTEN. Mr. President, I ask unanimous consent to have printed in the RECORD a table indicating the economic effect of the personal tax cuts and the tax increases this amendment would impose.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

1981 ECONOMIC RECOVERY TAX ACT REDUCTION VERSUS CERTAIN TAX INCREASES

[In billions of dollars]

	Fiscal year			
	1983	1984	1985	Total
Reductions from 1981 act	90.0	137.8	177.6	405.4
1st resolution tax increases	+23.2	+39.0	+45.0	+107.2
Tax increases from inflation and social security	+50.0	+78.0	+110.0	+238.0
Remaining tax cuts	16.8	20.8	22.6	60.2
Repeal 3d year	+7.5	+32.9	+35.9	+76.3
Tax cut (−)/increase (+)	9.3	+17.1	+13.3	+16.1

Source: Senate Budget Committee, May 19, 1982.

Mr. GORTON. Mr. President, I yield 2 minutes to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I wish to address a few remarks to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.). I want the Senate to hear them.

The Senator is justly concerned about the deficits. The numbers he has given are right. We all are worried about it.

I suggest to the Senator that the budget we now have pending here, with a little over $100 billion in new taxes mandated in lieu of the larger figure Senator HOLLINGS suggests, with all the other changes, would put the national budget in a position where it will be growing in 1983 at 5.8 percent, in 1984 at 6.2 percent, in 1985 at 6.9 percent. That is growth of 1 year over the previous one.

I understand that that is nothing more than a projection, but I gave it to the Senator and tell him that I think the economic assumptions in this budget are pretty realistic.

I think the unemployment projection is pretty realistic. We have not predicted miracles. This budgetary growth is compared with growth in 1980 and 1981 of 17½, 14 percent. I think that bodes well for moving in the direction that the Senator from Virginia so much wants to move in.

In addition, I suggest to the Senator from Virginia that if we go ahead with the $100 billion or so that is in the budget for the Finance Committee and the Ways and Means Committee, and Congress passes that, it does not mean that if we are incorrect we will not have another tax bill in a year or a year and a half. That is the option we have.

The **PRESIDING OFFICER**. The time of the Senator has expired.

Mr. DOMENICI. Could I have another minute, please?

Mr. GORTON. Mr. President, I yield the Senator an additional minute.

The **PRESIDING OFFICER**. The Senator from New Mexico is recognized for 1 additional minute.

Mr. DOMENICI. That is the option we have; whereas, if we vote now, we are telling the Finance Committee that they are ordered to return a bill with at least that amount of tax increases by a date certain this year.

I think we preserve the option of voting later for higher taxes. The Budget Committee recommends these decreases in percentage outlay growth and greatly reduced deficits, and we still have not reformed social security. We took the numbers out, but it is going to occur, and when it does it is going to insure lower deficits.

I yield the floor.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield for a brief comment?

Mr. GORTON. Mr. President, I yield to the Senator from Virginia 1 minute.

The **PRESIDING OFFICER**. The Senator from Virginia is recognized for 1 minute.

Mr. HARRY F. BYRD, JR. Mr. President, what the Senator from New Mexico said about preserving my option is what I indicated when I spoke earlier, because whatever happens to the Hollings amendment, the Finance Committee can still eliminate that third year of the tax cut if it so desires.

The second comment I wish to make is when the Senator from New Mexico talks about the projections for the future, he is on dubious ground. I do not like to bring this up, but the projection of the Budget Committee this time last year was for 6-percent increase in spending for fiscal 1982, but it turned out to be a 13-percent increase in spending—more than double the original projection. So I have to be a bit skeptical of the projections for the future.

Mr. DOMENICI. The Senator is correct.

Mr. SYMMS. Mr. President, I would like to comment on my colleague's amendment to repeal the third year of the across-the-board marginal rate cut which was implemented in the last summer's tax bill. It simply amazes me that the Honorable Senator from South Carolina is offering a measure to raise income taxes on the already overtaxed, hard-working American under the guise that this will somehow bring down interest rates.

During the last 15 years, Americans have experienced ever higher levels of inflation and taxation in tandem with rising budget deficits. Given this historical relationship, I fail to understand how tax cuts are implicitly inflationary. The popular notion that has taken hold seems to dictate that since we can no longer spend ourselves into prosperity, we can tax ourselves into economic recovery.

Our true choice is not between tax reductions on the one hand and the avoidance of large Federal deficits on the other hand. An economy hampered by restrictive tax rates will never produce enough revenue to balance the budget, just as it will never produce enough jobs or enough profits.

Let us face it. We are considering a measure to raise taxes not because we want to lower interest rates or reduce the deficit or improve the economy, but because some in this Chamber do not want to cut the budget. They want to continue to try to distribute the wealth in our economy.

They believe that we live in a zero-sum economy, managed by Government, in which one man's gain is another man's loss. To the extent that such zero-sum concept is promoted in policy, it fosters a bitterness and factionalism that is inimical to capitalist creativity and stifles the expansion of opportunities and incentives for creation of new wealth.

The distributionist mentality is at the heart of our current economic distress. The fundamental misconception of the distribution mentality is manifest in the fact that redistribution improves the incomes but destroys the prospects of the poor.

Excessively high and progressive tax rates tend to impoverish the whole society by retarding the entrepreneurial creativity that is the prime source of new wealth. Progressive tax rates do not chiefly redistribute income; they destroy income and redistribute taxpayers. Taxpayers move out of the productive economy and into tax shelters or overseas tax havens. They consume more and invest less. They make less money that way, thus presumably pleasing the distributionists, but they also create fewer jobs and less wealth for the entire economy.

Under conditions of stagnation, moreover, Government spending and taxation tends to increase as a proportion of GNP. With the investments and potential earnings of the rich redistributed out of the system, the less mobile middle class has to suffer a rising tax burden. This is the dead end of the redistributionist program. Less money is collected from the rich and more from the middle class, all in order to sustain social bureaucracies that keep the poor in a condition of dependency and extend poverty on into future generations.

The Reagan program does not focus on redistributing money but on expanding incentives and opportunities. All available economic evidence suggests that low marginal tax rates on earnings foster a more equal distribution of income than do direct programs of redistribution. Excessive welfare benefits and excessively progressive income taxation produce a stagnant economy in which the established rich keep their position by exploiting tax shelters, while the creation of new wealth is stifled. High marginal tax rates on real income and capital gains constitute a Government protection act for established wealth against new wealth.

The key to reducing inflationary pressures and expanding the distribution of opportunities and incentives in America is low marginal tax rates which will reward work relative to additional leisure, and saving and investment relative to additional consumption.

An all-intrusive Federal Government, trying to apportion all available goods and services, has never worked and it never will. In November 1980, the American electorate sent a clear signal that they did not agree with the old tax, spend, and redistribute formula to economic recovery.

I am as concerned about the deficit as my colleague from South Carolina. I support the constitutional amendment to balance the budget. But I will not be deluded into balancing the budget on the backs of the taxpayers because I do not believe we will ever reach our objective of returning to fiscal sanity. The only sensible way to reduce the deficit is to reduce spending. If you review that rate at which Government programs are growing—a rate which by far outdistances the salaries of the working Americans who must pay for them—you get a better prespective as to where the deficits have come from.

One need only look around the globe for proof that increasing Government control, further punishing our producers, and robbing everyone of incentives—in short socializing our economy—will not work.

Our system of democratic capitalism, based on the freedom and genius of the individual, with individual rights and responsibilities under representative government and the rule of law, was a unique and precious gift to the world. It has been handed carefully to us by our forefathers and it is ours to protect and nurture for the generations that are to follow.

Raising taxes on individual, hard-working American citizens is, at this point, tantamount to reverting to a system that was headed in the direction of sentencing every lower and middle class American to a life without opportunity.

Mr. LEAHY. Mr. President, I support the amendment of the Senator from South Carolina which directs the Finance Committee to raise a total of

$183 billion in revenues by 1985 as opposed to $107 billion as directed by the modified Budget Committee plan.

As much as I support reductions in the tax burdens of Americans and American business, I remain convinced that we simply cannot afford the full $750 billion in revenue reductions approved with the Economic Recovery Tax Act of 1981.

The staggering budget deficits, high interest rates, and record unemployment we now face are fundamentally related to last year's fiscally irresponsible tax act.

Mr. President, my support of this amendment does not mean that I will necessarily support legislation to repeal the third year of the tax cut.

Although I am convinced that additional revenues must be raised over the next 3 fiscal years, I believe decisions about the specific nature of those revenue-raising measures must be left to the discretion of the Senate Finance Committee.

Economic conditions next July may very well argue against repeal of the third year of the tax cut, and if so, I would expect the Finance Committee to recommend alternative and equal tax-raising provisions.

Mr. LEVIN. Mr. President, as illuminating as it may be to go into all of the economic reasons why the Hollings amendment should pass, it all comes down to the simple phrase, "Interest rates are too high, unemployment is too high, and deficits are too high." The most positive, clearly identifiable step we can take to deal with these problems is to defer the 10-percent tax cut which is scheduled to go into effect in July of 1983.

Some economists both inside and outside the administration are now predicting that unemployment could exceed 10 percent in the coming months. Deficits which under the Congressional Budget Office's most pessimistic economic scenario published in late February would be $157 billion in fiscal year 1983 and $208 billion in fiscal year 1985 are now estimated to be at least $182 billion and $232 billion, respectively.

The majority on the Budget Committee presented to the Senate their latest plan to deal with the problem of high interest rates, high deficits, and high unemployment. In place of the Reagan deficit of $91.5 billion for fiscal year 1983 which many called intolerable only a couple of months ago, it offers a deficit of $115.3 billion. By fiscal year 1985, the deficit would still exceed $64 billion. Mr. President, clearly this is not a plan which will instill faith in the markets and drive interest rates down.

The Senator from South Carolina does now offer us an amendment which in one stroke would significantly reduce the deficit. In fiscal year 1984 the deficit would be reduced from the committee's recommendation of $91.2 billion to $58.3 billion and in fiscal year 1985 from $64.2 billion to $28.2 billion. If the Congress wants to send a direct signal to the money markets that deficits are coming down, this is the amendment which will do it. It is about the only way, given this budget. If the Congress wants to show that it is ready to make the hard choices necessary on the budget which will allow the Federal Reserve Board to ease up on the money supply, this is the amendment which will do it. If the Congress wants to take one clear step which will help to revitialize auto sales and housing sales and lower interest rates for hard-pressed small businesses and farmers, this is the amendment which will do it. If we want to do something about the deficit other than talk about it, the Hollings amendment will do it.

The **PRESIDING OFFICER.** Who yields time?

Mr. GORTON. Mr. President, I yield the remainder of the time under the unanimous-consent agreement and additional time off the resolution as he may desire to the Senator from Kansas.

The **PRESIDING OFFICER.** The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I think we have all heard the debate. I think we are about ready to vote. I am not going to delay the Senate.

I suggest we are going to have perhaps a better opportunity to discuss and debate the third year of the tax cut when we get a tax bill on the floor. I hope that will be within the next 2 or 3 weeks, and when we have this debate again, then we will be able to be specific.

I do not know how the Senator from South Carolina gets the first $101 billion or $107 billion. I do not know where that comes from before we eliminate the third year to make $183 billion in increased taxes. I do know if we add up the amendments that come from the other side over the next 3 years that would cause an additional $17 billion in spending, and I think there are about $17 billion more in amendments that have not been offered yet.

So we are talking about raising taxes on the one hand and increasing spending on the other hand.

So we want to take away a tax cut from the working people so that we can pay for more spending.

It is the hope of this Senator that we can reduce the growth of spending. We would like to do more than does this budget. If we had a few more votes we could do more. But I understand the politics of this.

We only have one President and his name is Ronald Reagan. Some of the rest of us went around the country saying, "if you are looking for a younger Ronald Reagan, here I am."

But the voters were not looking for a younger Ronald Reagan. He is the President. Maybe some here are gearing up and some will run for President. The Senator from Kansas is not, but maybe others in this Chamber are thinking about it. They may have a different idea about our tax policy. Maybe in 1984 or 1988 or 1992 or 1996 or the year 2000 one of those will be President and he can advocate and recommend certain policies.

But this President feels very strongly about the third year of the tax cut. The Senator from Kansas has flirted with the idea of moving indexing up in 1983 in place of the 10 percent. I do not believe that was highly regarded by some in the White House or by anyone in the White House that I can recall.

I just hope that we will have this battle at the appropriate place. If we are going to vote on the third year of the tax cut, then we should have a vote on leasing; we should have a vote on the minimum tax; we should have a vote on the sales tax; we should have a vote on everything that may be necessary to raise $107 billion plus the third year of the tax cut to make $183 billion.

So I hope that not withstanding my high regard for the Senator from South Carolina we will defeat this amendment at this time. There still is room, I might add, within the $107 billion, as Senator HARRY F. BYRD, JR., has pointed out, to take some action on the third year, and I must say that I would guess that action would be a lot closer than the vote this evening. We will get down to the nitty-gritty then and we have to make a choice whether we want to repeal leasing, modify leasing, or impose a minimum tax. I would guess someone in that committee is going to think about offering a substitute; rather than do all those hard things, they might reason: Why not do one easy thing and repeal the third year of the tax cut? That might be a very close vote in the Finance Committee. I hope not, but it could be a very close vote.

So it is the view of this Senator that we had a good discussion, and we have heard a lot of different ideas on what is wrong with the country. The problem is that the deficits are too big and the interest rates are high. This tax increase would in effect lower the deficits, but I do not think it is the right way to proceed. I would rather cut more spending and raise revenues as a last resort.

So do not give us any more to do in the Finance Committee. We are going to have enough difficulty trying to raise $107 billion, and I hope that all those here who would like to vote to raise $183 billion, are going to help me raise $107 billion. Because I have a feeling that some are going to vote for this amendment who may not want to help raise even $107 billion when we get down to considering the tax bill.

So I hope that we could postpone action on the third year. It is more or less symbolic, and I am ready to vote against the amendment. I was ready to vote at 5 p.m., ready to vote at 6 p.m., and I am hopeful we will vote at 7 p.m.

Mr. **GORTON**. Mr. President, I yield back the remainder of my time.

The **PRESIDING OFFICER**. All the time has been yielded back.

The question is on agreeing to the amendment of the Senator from South Carolina.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The **PRESIDING OFFICER** (Mr. HAYAKAWA). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 32, nays 68, as follows:

[Rollcall Vote No. 132 Leg.]

YEAS—32

Andrews
Biden
Bradley
Bumpers
Burdick
Cannon
Cranston
Dodd
Eagleton
Exon
Glenn
Hart
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Mathias
Matsunaga
Metzenbaum
Nunn
Packwood
Pell
Pryor
Randolph
Sarbanes
Sasser
Specter
Tsongas
Weicker

NAYS—68

Abdnor
Armstrong
Baker
Baucus
Bentsen
Boren
Boschwitz
Brady
Byrd, Harry F., Jr.
Byrd, Robert C.
Chafee
Chiles
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
Durenberger
East
Ford
Garn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Huddleston
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
McClure
Melcher
Mitchell
Moynihan
Murkowski
Nickles
Percy
Pressler
Proxmire
Quayle
Riegle
Roth
Rudman
Schmitt
Simpson
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

So Mr. HOLLINGS' amendment (UP No. 973) was rejected.

Mr. **BAKER**, Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. **GORTON**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **DeCONCINI** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Arizona.

Mr. **DeCONCINI**. Mr. President, I wonder if the majority leader would indulge me to ask a question of whether there is some dire need that we must pass this budget resolution today or tomorrow. I understand we have an agreement now to extend the time to the 30th of this month. I wonder what the press is that we do it tonight.

Mr. **BAKER**. Mr. President, I do not think we have to do it tonight. Indeed, I have just conferred with the minority leader and advised him that I thought it unwise to extend past 11:30 or 12 o'clock. I detect a growing accumulation of fatigue. All last year, in 12 months, we had only one all-night session and I am not inclined to ask the Senate to go twice in 1 week.

So we are going to try to go out at about 11:30 or 12 o'clock tonight. I would anticipate that we would come in at about 9 in the morning and attempt to finish the resolution during the day on Friday.

Mr. **DeCONCINI**. Will the majority leader yield?

Mr. **BAKER**, Yes.

Mr. **DeCONCINI**. Is there any reason why we cannot finish this next week?

Mr. **BAKER**. Mr. President, we have an urgent supplemental appropriation bill that must be dealt with and not only passed by the Senate but must be conferenced before the end of next week. I think the better part of discretion is to use Friday, which is a perfectly good workday, and late this evening to try to do that.

Could I inquire of the Chair how many hours are remaining on the resolution?

The **PRESIDING OFFICER**. There are 10 hours remaining.

Mr. **BAKER**. I think it is entirely possible to do that. By devoting another 4 hours tonight, that would leave 6 hours and 6 hours is not a staggering number of hours to utilize during the day on Friday. I would not expect us to be in, then, on Saturday. So I would say to my friend——

Mr. **DE CONCINI**. Will the majority leader yield? I hate to press the point. My question really has not been answered. Is there a sufficient dire need that we pass it even this week?

Mr. **BAKER**. I think there is.

Mr. **DE CONCINI**. Many of us have plans for tomorrow. We will cancel them and we will be here. I just do not see why this cannot be taken up next week. We extended it to the 30th. It is not like we extended it to the 24th or before. I would just ask and plead to the majority leader that the merits of staying in even until 11:30 tonight and doing it tomorrow just do not seem to be there in this Senator's opinion.

Mr. **BAKER**. Mr. President, I fail to see the reason why we should not work on Friday. And I am going to try hard to cooperate with my friends on that side of the aisle who have a conference tomorrow beginning at 2 o'clock, or leaving at 2 o'clock. I am going to try hard to accommodate that. But I have set the schedule so it should be possible for us to finish this resolution and to do it during a workday—that is, Friday—and still have ample opportunity for Senators to meet their obligations away from here.

Both sides have obligations. Republicans do and Democrats do, and they are literally a part of the legislative processes. There are these caucuses and arrangements we have where much policy is decided. I am as sensitive to that as anyone.

Once again I must tell my friend from Arizona that in addition to this measure, which I feel we still have time to pass during the regular working time this week, we have the urgent supplemental appropriations bill which will take a fair amount of time, which must be passed and conferenced before we go out on the Memorial Day recess which begins next Friday.

I believe we should try to arrange to complete this matter today and tomorrow. Once more, I do not intend to ask the Senate to remain all night. There is a good deal of sentiment for that, some on this side and some on the other side. But I feel the accumulation of fatigue is such that it would be unwise at this time.

Mr. **McCLURE**. Will the Senator yield?

Mr. **BAKER**. I yield.

Mr. **McCLURE**. I thank the Senator for yielding. We also have another matter to be acted upon next week, the International Energy Agency, in which many of my friends have an interest. The antitrust exemption expires next week. We have that legislation pending and we need to work on that next week. That also has to go to the House and be conferenced with the House and completed. There is some urgency in getting that done.

Mr. **LONG**. Will the Senator yield?

Mr. **BAKER**. I yield.

Mr. **LONG**. It is a suggestion which occurs to this Senator, to ask the majority leader if it might be possible to gain unanimous consent to reduce the number of hours that remain. As far as this Senator is concerned, they can have all of my portion of the time.

Mr. **BAKER**. I do not believe I will put that at this moment, but I thank the Senator for the suggestion. I certainly will take account of that as time goes by.

Mr. President, I would add to the list of things I would like to consider next week, which I think requires us to try to finish this measure, that there is perhaps a constitutional amendment on a balanced budget. I would like to get up the Voting Rights Act before we go out for the Memorial Day recess as well. Time is beginning to close in on us.

I regret to tell my friend that my judgment is that we should stay. I apologize to him and all the Members, but that is the best that I think can be arranged.

Mr. ROBERT C. BYRD. Will the distinguished majority leader yield to me?

Mr. BAKER. Mr. President, I am prepared to yield the floor. I understand the Senator from West Virginia, the minority leader, will offer an amendment. Is it correct that we can get a time limitation on this amendment?

Mr. ROBERT C. BYRD. As far as I am concerned, we can have a time limit of 15 minutes equally divided.

Mr. BAKER. Could I have just a moment?

Mr. ROBERT C. BYRD. It has already been discussed.

Mr. BAKER. Mr. President, could we have 10 minutes equally divided on this amendment?

Mr. ROBERT C. BYRD. I will try very hard.

Mr. BAKER. Mr. President, let me do that.

Mr. President, I ask unanimous consent that there be 10 minutes equally divided on the amendment by ROBERT C. BYRD, the minority leader, dealing with the third year tax cut.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 974

Mr. ROBERT C. BYRD. Mr. President, Senator HOLLINGS has just performed a major service to this body. His courageous efforts place the blame for the huge deficits squarely where they belong—with the extravagant and unfair Kemp-Roth tax scheme. His work is appreciated by every Senator. I voted against the amendment offered by my good friend with great reluctance, but I did so because the resolution itself increases taxes by $107 billion. A vote to defer the third year, in my judgment, would be simply to add $76 billion to that $107 billion, making it $183 billion in increased taxes.

What I propose to do is to call up an amendment, a sense of the Senate resolution, that provides as follows:

> It is the sense of the Senate that in reporting legislation to achieve the $107.2 billion in revenues required under this Resolution, rather than impose new, regressive taxes on American taxpayers, the Committee on Finance should (1) defer the third year of the Kemp-Roth individual rate reduction until the current budget crisis has passed and interest rates have dropped to affordable levels, or (2) repeal the third year of the Kemp-Roth individual rate reduction and replace it with a fiscally prudent tax cut which distributes the benefits fairly to all working and middle-income Americans.

Mr. President, the $107 billion included in the budget resolution in increased taxes could come from many sources.

One possible tax increase is the repeal of the deduction for intangible drilling cost, which would destroy the oil and gas industry in West Virginia. This is a young and growing industry that provides jobs.

Another possible tax that could hurt our State is an across-the-board energy tax which would hurt oil, coal, and gas.

Another tax increase might be user fees on our waterways and ports, which would hurt the coal industry.

There are other taxes that could be imposed to make up the $107 billion included in the resolution before us. For example, there could be new taxes on disability payments for military personnel, veterans' payments, taxes on veterans' benefits, taxes on railroad retirement benefits, taxes on unemployment insurance, taxes on workmen's compensation payments, taxes on social security benefits, to name just a few.

There could be taxes on health insurance programs for workers, taxes on the GI bill student benefits, taxes on individual retirement plans, taxes on disability benefits, taxes on black lung payments.

So, Mr. President, we are talking about $107 billion in new taxes that do not now exist. In other words, Mr. President, we are voting a virtual blank check to raise $107 billion in new taxes on average people, in my own case on average West Virginia workers, farmers, small businessmen, and so on. These are people who have already been hurt and are now being asked to pay more.

I would say that to raise new taxes in the amount of $107 billion in the middle of a recession is the wrong way to go. It does not provide a solution to our fiscal crisis nor is it fair.

So, Mr. President, I offer this amendment so that the Senate may have an opportunity to vote to defer the third year of the Kemp-Roth tax cut as part of the $107 billion in new revenues called for by the resolution until the current budget crisis has passed and interest rates have dropped to affordable levels.

I am not saying to eliminate the third year. My amendment provides for deferral of the third year or replacement of it with a fiscally prudent tax cut that distributes reductions fairly to all working and middle-income Americans. The Kemp-Roth tax cut now provides that 40 percent of the benefits go to 5 percent of the taxpayers.

The Finance Committee could have the option of deferring the third year of the Kemp-Roth tax cut and thus avoid raising new taxes by $107 billion.

The third year—we are talking about $76 billion across 3 years—would be used as an offset against the $107 billion which will otherwise be raised in new taxes on workers, farmers, small businessmen, who are already heavily overtaxed.

Mr. President, I hope the Senate will vote for the amendment. I send it to the desk and ask that it be stated by the clerk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

> The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an unprinted amendment numbered 974.
>
> At the end of the Resolution, add the following:
>
> "SEC. . It is the sense of the Senate that in reporting legislation to achieve the $107.2 billion in revenues required under this Resolution, rather than impose new, regressive taxes on American taxpayers, the Committee on Finance should (1) defer the third year of the Kemp-Roth individual rate reduction until the current budget crisis has passed and interest rates have dropped to affordable levels, or (2) repeal the third year of the Kemp-Roth individual rate reduction and replace it with a fiscally prudent tax cut which distributes benefits fairly to all working and middle-income Americans."

Mr. DOLE. Mr. President, as I understand it, there is now a 10-minute limit. We have already had about 15 minutes before the amendment was sent up. We may need a little more time because the Senator from West Virginia raised questions about a number of taxes. I am not sure whether he is supporting all those taxes on workmen's compensation or unemployment compensation. Are they taxes he is recommending? Are they taxes he is concerned about, or what?

Mr. ROBERT C. BYRD. Mr. President, I thought I made my myself clear. Evidently, I did not.

I am saying that the $107 billion in the resolution constitute new taxes. I am saying that we do not know what they are going to be. We just give a blank check to add new taxes. I was giving some illustrations of new taxes that could be imposed to make up the $107 billion. I am opposed to those taxes. That is why I intend to vote against the resolution.

Mr. DOLE. Mr. President, I might say I do not recall that any of those taxes that the Senator mentioned might be under consideration. If he is suggesting some of those, we ought to look at them.

I also say I am very pleased that the Senator from West Virginia wants to help the oil people. We certainly could have used his help during the windfall profit tax debate a few years ago when we had to swallow that tax in West Virginia, Kansas, and other States across the country. It did not do a great deal to help small oil producers and small royalty owners across this country. So I am pleased we have the support of the Senator from West Virginia on that item.

Mr. President, I also indicate this is the same thing we just voted on. In effect, it has no meaning. I could ask the Parliamentarian but again, it is an effort to direct the Senate Finance Committee on what we should do.

Mr. President, could the Senator explain what is a fiscally prudent tax cut which distributes benefits fairly? If the Senator has a list of those tax cuts, then we could probably discuss this amendment and enlighten Members of the Senate. Otherwise, it is nothing but political rhetoric.

It says "defer the third year of the Kemp-Roth individual tax rates until the current budget crisis has passed and interest rates drop to affordable levels."

Again, I think we need to flesh out the rhetoric to find out precisely what the Senator from West Virginia has in mind.

Mr. President, what taxes does the Senator from West Virginia want us to look at when we markup in the Senate Finance Committee? If we cannot cut spending, because the other side will not let us cut spending, what taxes does he want to raise on the American people, the people of Kansas and West Virginia? What taxes does the Senator from West Virginia want?

Mr. ROBERT C. BYRD. Mr. President, I am saying I want to see the third year of the Kemp-Roth tax scheme deferred.

Mr. DOLE. That is not enough.

Mr. ROBERT C. BYRD. That is $76 billion over 3 years. If the Senator will yield, I shall answer his first question, which he asked about the taxes that I said might be imposed. He seemed to wonder where I was getting the idea that such taxes might be imposed. If he wants to look on page 51 of the first concurrent resolution on the budget, he will see.

> The list of tax expenditures in table 4 includes possible options for revenue increases. Other options for increasing revenues include expansion of excise taxes and a variety of possibilities for oil import fees and other types of energy taxes.

Then, on page 52 through page 61, there are several options suggested.

What I am saying is that I do not think we should use this blank check for $107 billion in increased taxes, many of which I have referred to and which are being discussed as possibilities. Why not simply tell the Finance Committee that in order to reach that figure of $107 billion, it defer the third year of the Kemp-Roth tax cut? That will reduce by $76 billion the amount of additional new taxes that would have to be placed on the American workers and farmers and small businessmen.

Mr. DOLE. Mr. President, I shall take 1 additional minute, because I think we understand his purpose. Obviously what the Senator proposes is to take that third year of the tax cut away from the working people in his State, my State, everyone else's State in this Chamber. They do not need the tax cut; we should not give them the tax cut; that is what the Senator from West Virginia is saying. He says defer on the third year of the Kemp-Roth tax cut. That is taking the tax cut away from workingmen and workingwomen all across this country.

Mr. President, I hope we shall treat this amendment as we did the last amendment.

There was a very basic tax policy change made last year. The President supports very strongly the third year of the tax cut. If the Senator from West Virginia wants to vote against the third year of the tax cut, there will be that opportunity when the Senate Finance Committee reports a tax bill. To direct what the Finance Committee should do in the first place has no binding effect and suggests that the Senate Finance Committee has no autonomy.

Mr. DOMENICI. Will the Senator yield?

Mr. DOLE. I yield.

Mr. DOMENICI. Mr. President, I want to make this point, that as chairman of the Budget Committee, I come down here after my committee has weeks of debate and suggest what the tax mix ought to be and I am confronted, quite appropriately, by the chairman and the ranking member of the Finance Committee saying it is their responsibility to decide and that we have to deal with the broad concepts and lump sum numbers.

I think, since this committee, which works long hours and is supposed to understand macroeconomics and look at the whole budget, is being bound regularly by that rule that we do not tell the committees what the tax mix should be, I think the Senate ought to follow that, not only when they adopt it for us, but all the time. I think that is fair to our committees.

Mr. DOLE. I would just say this, and then I yield the floor: I must assume, then, the Senator from West Virginia wants the big business corporations not to be taxed—let there be no minimum tax on big business or individuals who make a lot of money; not to modify safe harbor leasing—let physicians and lawyers put away $47,000 a year tax free while we are taking money away from food stamp families.

We are looking at a number of areas, I might say to the distinguished minority leader, in the Senate Finance Committee that improve equity in this country. I hope the Senator from West Virginia will help us in that effort.

Mr. President, does the Senator believe people ought to pay taxes in America?

Mr. ROBERT C. BYRD. Is the Senator asking me a question?

Mr. DOLE. Yes, Mr. President.

Mr. ROBERT C. BYRD. Yes, of course.

Mr. DOLE. Well, Mr. President——

Mr. ROBERT C. BYRD. If the Senator would wait for the rest of my answer.

Mr. DOLE. Certainly.

Mr. ROBERT C. BYRD. Mr. President, I would have been glad to be asked to help. I was not invited to the meeting between the President and the House Speaker. Democrats were not invited to the meetings that took place in 207 on yesterday. Only the Republicans were in that conference that brought out what amounted to a new budget package, scuttling the old one that had been before the Senate for 3 days.

The Senator speaks about the working people of West Virginia. The working people of West Virginia are entitled to a fair tax cut, but they did not get it with the Kemp-Roth tax cut. Forty percent of that went to 5 percent of the taxpayers in this country. That was not a fair tax scheme.

What I am saying here is that the Finance Committee, when it comes down to the point where it has to consider raising $107 billion in taxes, should consider the deferral of the third year of the Kemp-Roth tax cut or replace it with a tax scheme that would be fair and prudent and equitable to the working people of this country.

Mr. DOLE. Will the Senator tell us what that is?

Mr. ROBERT C. BYRD. The Senator is not telling us in this resolution what taxes are going to be raised.

Mr. DOLE. I did not offer the resolution.

Mr. ROBERT C. BYRD. The Senator wants us to give a blank check to raise $107 billion in new taxes, which could be a tax on social security payments, a tax on veterans' retirement benefits, a tax on railroad retirement benefits, and on and on.

Mr. DOLE. But the Senator from Kansas did not offer the resolution. Certainly if I offered it, I would try to tell the Members what I had in mind, what is a fair and equitable and just tax reduction.

Mr. ROBERT C. BYRD. The Senator from Kansas did not offer the resolution. I did not either. That resolution came out of the Republican conference on Tuesday in which the Senator from Kansas participated.

Mr. DOLE. The one the Senator just offered.

Mr. ROBERT C. BYRD. The amendment I am offering would suggest deferring the third year of the tax cut.

Mr. DOLE. But the Senator says it ought to be replaced with fiscally prudent tax cuts. Would you give me the particulars of that?

Mr. ROBERT C. BYRD. The Finance Committee is going to work that out, just as the Finance Committee is going to have to work out the $107 billion in new taxes.

Mr. DOLE. I thank the Senator. He has just made our case. Let us work it out. We will decide about the third year, and we will decide, hopefully, what is fiscally prudent. And when we come back to the floor, I hope we will have the support of the distinguished minority leader.

Mr. **ROBERT C. BYRD.** We may have, may not have. I shall have to wait and see what new taxes are proposed.

The **PRESIDING OFFICER.** The time of the Senator from Kansas has expired.

Mr. **ROBERT C. BYRD.** I wish I had the support of the distinguished Senator from Kansas.

Mr. **DOLE.** I am doing my best.

The **PRESIDING OFFICER.** Does the Senator from West Virginia yield back his time?

Mr. **ROBERT C. BYRD.** Yes.

Mr. **DOMENICI.** We yield back our time.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The clerk will call the roll.

The bill clerk called the roll.

Mr. **STEVENS.** I announce that the Senator from Oregon (Mr. HATFIELD) is necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. **CRANSTON.** I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

The **PRESIDING OFFICER** (Mr. WALLOP). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 35, nays 63, as follows:

[Rollcall Vote No. 133 Leg.]

YEAS—35

Baucus
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Hollings
Huddleston
Inouye
Jackson
Leahy
Levin
Matsunaga
Melcher
Metzenbaum
Mitchell
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Tsongas

NAYS—63

Abdnor
Andrews
Armstrong
Baker
Bentsen
Biden
Boschwitz
Brady
Byrd, Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Lugar
Mathias
Mattingly
McClure
Moynihan
Murkowski
Nickles
Packwood
Percy
Pressler
Proxmire
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NOT VOTING—2

Hatfield
Kennedy

So Mr. ROBERT C. BYRD's amendment (UP No. 974) was rejected.

Mr. **ROTH.** Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. **DOMENICI.** Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 975

(Purpose: To add additional funds for the maternal and child health care block grant)

Mr. **CHAFEE.** Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Rhode Island (Mr. CHAFEE) for himself, Mr. STAFFORD, Mr. BUMPERS, Mr. PACKWOOD, Mr. SPECTER, Mr. MURKOWSKI, Mr. METZENBAUM, Mr. CRANSTON, Mr. MATHIAS, Mr. CHILES, Mr. MOYNIHAN, Mr. HEINZ, Mr. RIEGLE, and Mr. SARBANES proposes an unprinted amendment numbered 975.

Mr. **CHAFEE.** Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 2, beginning with line 15, strike out through line 1 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,303,700,000 plus $25,500,000.

Fiscal year 1984: $897,006,200,000 plus $25,500,000.

Fiscal year 1985: $972,808,700,000 plus $25,500,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,603,700,000 plus $25,500-,000.

Fiscal year 1984: $832,306,200,000 plus $25,500,000.

Fiscal year 1985: $889,408,700,000 plus $25,500,000.

On page 3, beginning with line 2, strike out through line 21 on page 3 and insert the following:

(5) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.

Fiscal year 1983: $115,403,700,000 plus $25,500,000.

Fiscal year 1984: $91,306,200,000 plus $25,500,000.

Fiscal year 1985: $64,408,700,000 plus $25,500,000.

(6) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,103,700,000 plus $25,500,000.

Fiscal year 1984: $1,420,009,900,000 plus $51,000,000.

Fiscal year 1985: $1,533,218,600,000 plus $76,500,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,903,700,000 plus $25,500,000.

Fiscal year 1984: $127,906,200,000 plus $25,500,000.

Fiscal year 1985: $113,208,700,000 plus $25,500,000.

On page 14, beginning with line 25, strike out through line 25 on page 15 and insert the following:

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,500,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $79,503,700,000 plus $25,500,000.

(B) Outlays, $77,603,700,000 plus $25,500,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,206,200,000 plus $25,500,000.

(B) Outlays, $85,706,200,000 plus $25,500,000.

Fiscal year 1985:

(A) New budget authority, $103,608,700,000 plus $25,500,000.

(B) Outlays, $97,208,700,000 plus $25,500,000.

Mr. **CHAFEE.** Mr. President, this is an amendment which is offered on behalf of myself, Mr. STAFFORD, Mr. BUMPERS, Mr. PACKWOOD, Mr. SPECTER, Mr. MURKOWSKI, Mr. METZENBAUM, Mr. CRANSTON, Mr. MATHIAS, Mr. CHILES, Mr. MOYNIHAN, Mr. HEINZ, Mr. RIEGLE, and Mr. SARBANES. It deals with maternity and child health, adding an additional $25 million to the current suggested authorization or budget figure of $347 million. I would add $25 million for each of 3 years.

Mr. President, I would be glad to have a time agreement of 10 minutes equally divided.

Mr. **BAKER.** Mr. President, I make that unanimous-consent request.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. **BAKER.** I thank the Senator.

Mr. **CHAFEE.** I am pleased to be offering an amendment to restore a modest $76.5 million to the health function for the maternal and child health care (MCH) block grant. This money would be distributed evenly over the next 3 years, so that funding for the program could be raised from the present level of $347.5 million to its authorized level of $373 million.

The maternal and child health block grant is an example of government at its best. The program provides desperately needed services to mothers, infants, and children. It is relatively inexpensive, and it saves money in the long run. Moreover, it is a program in which Federal dollars and expertise promote a commitment to preventive health on the State level.

Last year, the program provided 1 million children with checkups, immunizations, and basic health services for hemophilia, genetic disorders, lead-based paint poisoning, and other disabling conditions. An estimated 1 million mothers received prenatal and perinatal care under the program. In most instances the recipients of services were poor. In many instances they would have received no help were it not for these programs.

Despite certain beliefs to the contrary, this country has a long way to go in its effort to assure that all pregnant mothers and children receive adequate care.

Mr. President, one of the shocking statistics I have run across in connection with preparing for this amendment is the high mortality rate for infants in the United States. One in every seventy-two babies, born in America dies within the first year. In the District of Columbia that figure is twice as high; 1 out of every 33 infants dies within the first year. I found that such a shocking statistic that I had it checked again, and that is what the statistics show.

There is no question that there is a direct correlation between infant mortality and the level of prenatal care and perinatal care for the mother.

Maternal and child health affects those levels of care. And we need to adequately fund it.

What we have done in this very modest addition is to try and recover some of the moneys that were cut from this program in the cuts made in 1982 from 1981. We cut that program by 24 percent from $457 million in 1981 to $347 million in 1982.

As I say, this would add $25.5 million for each of the next 3 years making it $373 million.

Mr. President, I do not think there is any argument against this. This rather modest effort to restore funding for it is desperately needed. Reports from around the country of the effects of prior cuts are alarming.

In my own home State, a number of services have already been cut; and Rhode Island's program has fared better than many. We have had to reduce the number of sites which provide primary, pediatric, preventive care. We have had to collect fees for maternal and child health care services, and this has driven some of those who most need care from seeking it.

Our genetics counseling program has undergone a dramatic restructuring which, again, will mean that fewer people will be served. This, in light of a GAO study which showed that the cost of genetic screening, along with early treatment of seven common disorders, was less than one-eighth of the costs of caring for an impaired child over a lifetime.

In other portions of the country, clinics have been closed and only those mothers at the highest risks are receiving help, and projects aimed at reducing birth defects and lowering infant mortality have nearly been eliminated.

A humane and enlightened society is one which is willing to commit at least modest resources to assuring proper health for infants and children. Such a commitment represents a sense of compassion and vision in an area in which the expertise exists to make much greater progress than we already have. Our commitment can, in its barest form, be seen as a good investment.

In my remarks yesterday in support of my colleague from Arkansas' effort to add moneys for the immunization program, I alluded to the rising costs of health care in this country. I need not recite the statistics, but the fact is, costs in this realm are outpacing those in virtually every other sector.

Medicare costs are expected to double by the end of the decade to nearly $100 billion; 9.8 percent of our gross national product went for health care expenditures in 1981. Most of that was for hospital costs.

It is about time we changed our priorities and laid emphasis on preventing disease and keeping people, especially children, out of hospitals and other institutions. Here is a program which represents such an effort.

A study done in Texas showed that $1 spent on preventive health for children could save $8 in long-term costs. It has been estimated that prevention of retardation in a mere 10 cases could save $15 million, to say nothing of the untold misery that families would be spared.

Opportunities like this cannot be overlooked. I know that my colleagues share this view, and I hope and trust that you will support this amendment.

I reserve the remainder of my time.

Mr. President, I am prepared to proceed with a voice vote if none of the time is being utilized.

Mr. DOMENICI. Mr. President, I was not here when Senator BIDEN, the distinguished junior Senator from Delaware, discussed the modification of Senate Concurrent Resolution 92 which was submitted in behalf of the majority of the Budget Committee through our leader yesterday. In discussing the modification, he listed many add-ons which were included in the resolution. I do not want to burden the Senate with why they were made, but there are two issues, the one discussed here and the WIC program in function 600 which explain why we made these additions.

With respect to WIC, the problem involved the use of a freeze on budget authority for appropriated programs which included reductions due to deferrals.

Of course, as soon as the deferral time is passed, spending can occur at the old rate. However, in the case of WIC, we froze the account at the lower level.

This amendment demonstrates for the record that many of the additions that the Budget Committee agreed to were cases where the deferral was temporary and the higher level was justified.

In the case of the maternal and child health block grant, this program is a major source of funds to provide cost-effective care to mothers and young children. This addition is justified and it does not materially change the budget totals for function 550. While it does not assure funding, since the Appropriations Committee has complete discretion in funding programs, it does indicate the concern of the Senate over funding of this program.

We are going to accept this amendment and I commend the Senator from Rhode Island for bringing this issue to our attention.

Senator CHAFFEE is very concerned about this account, along with a number of other Senators on both sides of the aisle. His amendment will make it eminently clear that they are concerned. They want the highest possible level of funding through the Appropriations Committee. But it will not add any real dollars to the budget resolution because of the size of the amendment.

With that explanation I am prepared to yield back the remainder of my time, and, if there is no one else seeking recognition, I will agree to accept the amendment.

Mr. CHAFFEE. Mr. President, I ask unanimous consent that Senator LEVIN be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Senator HAWKINS be added as a cosponsor to the Chaffee amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. Mr. President, I am pleased to cosponsor this amendment to fully restore veterans' benefits as proposed by the Senator from Florida, Mr. CHILES.

I do so because the Republican modified budget is patently unfair to millions of men and women who have so well served this country. The modified budget yesterday partially corrected a shortcoming of the committee's reported budget by restoring a total of $2.1 billion over the next 3 years for veterans health and disability compensation. However, it still falls short by a total of $3.8 billion of the amount needed to help veterans stay even with inflation. A full inflation adjustment would require the addition to the modified budget of $0.8 billion in fiscal year 1983, $1.2 billion in fiscal year 1984, and $1.6 billion in fiscal year 1985. This budget now falls far short of meeting the deserved needs of our honorable veterans.

Mr. President, the policy proposed in this modified budget, which is recommended by our colleagues on the other side of the aisle, would force veterans to have their pensions actually reduced on a monthly basis. You see, under current law, social security benefits are fully countable as income under the Veterans Pension Act. Therefore, a veteran's pension benefit is reduced dollar for dollar by the amount of the social security increase. This means that veterans, unlike other retired people, would not benefit from the cost-of-living adjustment in social security, in fact veterans would actually lose income on a real basis because their combined benefits would be frozen and eaten away by inflation.

Mr. President, I ask that a brief report by the Congressional Budget Office describing this inequity be printed at this point in the Record.

Mr. President, I would also point out the particular need to restore the cuts that program is fully funded, thousands of veterans' hospital beds will close, 13,000 employees will be laid off, and 76 newly constructed nursing homes and hospitals due to be activated will be canceled.

I, therefore, urge my colleagues to join us in support of this amendment and to make it clear that the Congress will not seek to balance the budget by depriving veterans of the benefits which they richly deserve.

Mr. President, I ask unanimous consent that several letters in support of this amendment be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

May 18, 1982.

Memorandum to: Senator Donald W. Riegle.
From: Nina Shepherd, Congressional Budget Office.

Pursuant to your telephone request, an explanation of the interaction of veterans' pension (as authorized by Public Law 95-588) and social security benefits is detailed below.

Pension benefits to eligible veterans and their dependents and survivors are determined by reducing the appropriate statutory benefit rate by the amount of the recipient's annual income and, with certain exceptions, the annual income of the recipient's family members. Since social security benefits are fully countable as income under the Public Law 95-588 pension program, a veteran's pension benefit is reduced dollar-for-dollar by the amount of his/her social security income.

Under current law, benefit rates for Public Law 95-588 pension are increased whenever social security benefit rates are increased (pursuant to section 215(i) of the Social Security Act) and by the same percentage of increase.

Should legislation be enacted prior to June 1, 1982 to delete or amend section 3112 of title 38, U.S.C. in order to detach veterans' pension rates from social security's automatic COLA's, the following situation would ensue:

Social Security benefit rates would be increased by 7.4 percent.

Veterans' pension rates would not increase.

Pension beneficiaries who also receive social security income would experience no change in their combined income from both sources.

Example:

A veteran with no dependents:	
Prior to June 1, 1982:	
Statutory pension rate	$4,960
Assumed social security income	−2,000
Annual pension benefit	2,960
After June 1, 1982, with no change in law:	
Statutory pension rate	5,327
Assumed social security income	−2,148
Annual pension benefit	3,179
After June 1, 1982, assuming legislation described above:	
Statutory pension rate	4,960
Assumed social security income	−2,148
Annual pension benefit	2,812

Military Order of the Purple Heart,
Detroit, Mich., May 18, 1982.

Senator Donald W. Riegle, Jr.,
McNamara Building,
Detroit, Mich.

Dear Senator Riegle: I understand that the issues on veteran's benefits and services will be heard on the floor today and wish to submit my opinions on such.

I personally feel that the proposals suggested by the committee will be detrimental to all veterans and their dependents.

These proposed freezes and cuts to veterans programs and services will cause severe hardship and depression among all veterans and their dependents. The veterans are already suffering due to cuts of past and any more changes to their programs will create unfair and discriminatory practice because other COLAS are not being acted against the way the veterans groups are.

I am totally against the committees recommendations and will take a firm stand to stop any committee actions against veterans benefits and services.

Sincerely yours,

J. Craig Glynn,
MOPH/Director,
Regional Office.

Amvets,
Service Department,
Detroit, Mich., May 18, 1982.

Senator Donald Riegle,
Detroit, Mich.

Dear Senator Riegle: The purpose of my letter is to voice my consternation concerning the so called "discressionary cuts" in the area of V.A. medical and hospital care, and the discontinuance of the "Cost of Living" increases for V.A. Compensation benefits. As a life time resident of the state of Michigan I have never witnessed a period when the V.A. hospitals have been in greater need. A great number of our auto-workers and those with related jobs are veterans who utilize these facilities, especially during hard times.

We are fortunate to have Mr. Al Zambarline as our Regional Medical Director and Mr. James Donachie as Medical District Director as these men have on many occasions gone that one step further to provide good health care to the veterans that they represent.

I am sure that it is thru their efforts and the combined efforts of the service organizations in the State of Michigan that we have maintained a quality of care second to none.

This quality care must be maintained not only for our present veterans but for those of the future who are expected to sacrifice for this country.

This brings us to the subject of discontinuing the cost-of-living increases for compensation benefits. These benefits are paid only to those individuals who were injured or exposed to disease in the service of their country. To deny them would be a declaration that their sacrifice was frivolous.

Oh yes, there are those who would accuse me of trying to protect another sacred cow. Perhaps I am doing that but all must realize that if it were not for those who made a sacrifice for America that there would be no sacred cows to protect.

Those veterans were inspired by those who swore that they and their dependents would be cared for by an appreciative government only to face cutbacks when support is needed most.

I support any efforts by your office to insure the continuation of V.A. medical care, compensation and pension as it is time to serve those who have served us.

I thank you in advance for your sincere interest in these very important matters.

Sincerely,

David F. Wandrie,
Amvets Assistant Service Director,
Amvets National Service Officer.

Veterans of Foreign Wars
of the United States,
Washington, D.C., May 19, 1982.

Hon. Donald W. Riegle,
U.S. Senate,
Washington, D.C.

Dear Senator Riegle: It is my understanding you intend to cosponsor the floor amendment to S. Con. Res. 92 to be offered by the Honorable Lawton Chiles to increase the Veterans Administration budget for the fiscal year 1983 from $23.4 billion in budget authority to $24.7 billion and outlays from $22.7 billion to $23.8 billion. This amendment would square with the recommendations of the Senate Veterans' Affairs Committee to the Senate Budget Committee in every respect except that the cost-of-living increase for VA beneficiaries would be 7.4 percent instead of 8.1 percent and also, to exempt the Veterans Administration from the proposed freeze at the 1982 levels the funding of non-defense discretionary appropriated programs in 1983 and the two subsequent fiscal years.

As you are aware, S. Con. Res. 92 proposed no cost-of-living increase for VA beneficiaries in the fiscal year 1983 and freezing subsequent increases to 4 percent. Freezing the Veterans Administration discretionary appropriations account at the 1982 level through the fiscal year 1985 would, in our opinion, necessitate closing an undetermined number of VA health-care facilities, reducing personnel in the Department of Medicine and Surgery by some 13,000, relocating thousands of VA patients and personnel, and canceling the scheduled activation of 76 newly constructed projects including nursing home care units and replacement hospitals.

On behalf of the more than 2.5 million men and women of the Veterans of Foreign Wars of the United States and our Ladies Auxiliary, know that you have my full support for this amendment and that my overriding concern is the exemption of the VA discretionary appropriation account from the freeze and restoring the funding necessary to maintain the integrity of the VA hospital and medical care system.

Sincerely,

ARTHUR J. FELLWOCK,
Commander-in-Chief.

DISABLED AMERICAN VETERANS,
NATIONAL SERVICE AND
LEGISLATIVE HEADQUARTERS,
Washington, D.C., May 14, 1982.

Hon. DONALD W. RIEGLE, Jr.,
Dirksen Senate Office Building
Washington, D.C.

DEAR SENATOR RIEGLE: The Senate will soon begin debate on the First Concurrent Resolution on the Budget—S. Con. Res. 92.

This measure, as reported by the Senate Budget Committee, substantially reduces the President's Fiscal Year 1983 request for VA medical care funding and fails to provide any cost of living adjustments for VA compensation and pension beneficiaries.

When this measure reaches the Senate floor, Senator Lawton Chiles will be offering an amendment to restore the needed funding for VA health care and cost of living adjustments.

As you probably well know, the VA health care system has taken the brunt of budget cuts time and time again and we in the DAV strongly urge you to join in the effort to cease these senseless proposals that endanger the quality and quantity of medical care the VA will be able to provide this nation's veterans in Fiscal Year 1983.

Further, the Senate Budget Committee proposal fails to provide a cost of living adjustment in VA compensation and pension benefits. The DAV has attempted to deal fairly with the COLA question in all federal programs and we have expressed our views to the Senate Budget Committee Chairman.

It is our belief that the Congress must deal with this situation in an evenhanded fashion and treat all federal programs equally. Service-connected disabled veterans, like all Americans, suffer from the same ravaging inflation and should be treated at least equally with all other federal beneficiaries.

Therefore, on behalf of the more than 715,000 members of the Disabled American Veterans, I respectfully request your support and vote for the Chiles' Amendment to restore VA medical care funding and provide a cost of living adjustment for service-connected disabled veterans and their families.

Sincerely yours,

SHERMAN E. ROODZANT,
National Commander.

HEALTH BUDGET CUTS

Mr. BRADLEY. Mr. President, last year's two rounds of budget cutting, first through the reconciliation legislation and then through the continuing resolution at year end, left much of the acclaimed "social safety net" in tatters. Nowhere has the damage been worse then in health care, and nowhere have the program cuts been more ill advised and, in the long run, costly.

Diseases and disabling conditions prevented are hard to cost out in budgetary terms, but the benefits should be clear to everyone. Early treatment of an illness is less expensive, both in human and in monetary terms, than delayed treatment. Yet last year the administration pushed for and got budget cuts in medicaid, the childhood immunization program, and the preventive and primary care program for mothers and children—all to shave a very modest amount of dollars off a budget deficit of over $100 billion.

This year, facing the prospect of skyrocketing budget deficits as a result of the failure of its supply side economic policies, the administration came back to Congress with still more proposals to cut even deeper into these health care programs. Medicare, the health care program on which so many of the Nation's elderly depend, was no longer exempt, apparently no longer part of the safety net. Medicaid, already tightly squeezed by last year's cuts, was slated for massive new reductions in benefits and changes in eligibility. In both programs the administration's tactic was not to save dollars by controlling costs and reforming the system but merely to shift the costs to someone else—to State governments, to local governments, to private insurers, to the elderly, to the disabled, and to low-income women and children. Meanwhile, the administration talked about competition in health care and New Federalism.

Mr. President, many of the administration's proposed cuts in these health programs have been recognized as unwise and inappropriate. To wreck more havoc on individuals in need of health care only to shave a modest amount from another record deficit makes no sense. The budget Committee's spending reductions for these health programs would require significant changes in eligibility, cuts in benefits and dramatic increases in out-of-pocket costs to the poor and elderly beneficiaries.

First in terms of equity, I question the appropriateness of continued reductions in health program funding after two rounds of substantial cuts last year. Must a large proposed deficit be reduced by further restricting care for those most vulnerable in society, the old, the poor, and the young? Must we diminish the deficit by failing to invest in the human capital so necessary for economic prosperity in the next generation?

My opposition to the program cuts required by this budget resolution does not mean that I am unconcerned about continued uncontrolled rises in health care costs, and the accompanying inflationary increase in the costs of these programs. Responsible and effective control of medical care costs must be accomplished. If the proposed budget were as vigorous in pursuit of health cost care containment as it is in depriving people of needed medical care, the deficit next year and for years to come would be reduced. Investments in cost containment today can produce dividends tomorrow; deferring care for those who can benefit will cost more tomorrow.

Mr. President, I will review the effects that are already apparent from cuts already administered to health care. These early experiences can be regarded as ominous.

When changes were made in the medicaid program last year, it was expected that States would increase their contributions to the medicaid program as Federal aid diminished. Exactly the opposite has occurred. Over one-fifth of States have reduced their contributions by severely limiting the number of hospital days to which a medicaid patient is entitled—many to as few as 10 to 20 days per patient in a year. Over two-fifths of the States eliminated optional services such as drugs, eyeglasses, and foot care. A fifth of the States have cut services to the medically needy or for those on general assistance.

Many of the sick and poor have dropped from medicaid eligibility, leaving only the most destitute and the most vulnerable eligible for the limited services remaining. Even before these cuts, only one of every two families at or near the poverty level were medicaid recipients. Surely we can agree that the poor have contributed enough to reducing the deficit. Even with no further changes, the 4-percent reduction in medicaid payments to States already in place assures an 18-percent reduction in real dollars to the States considering the 14-percent rate of inflation in health care costs.

The aged too are being asked to sacrifice. Last year more cost sharing by beneficiaries was required and cost-free days of institutional care were reduced. This year's proposals contain further requirements for cost sharing for home care and provide for rapid escalation in the deductibles which must be paid out of pocket. At the same time, some budget cutters have proposed reductions in the cost-of-living adjustments for social security beneficiaries. In this uncertain period, when the aged have so recently suffered the ravages of inflation on a fixed income, further required out-of-pocket expenses for the sick aged is unjust.

Mr. President, we are all concerned about the economy and the future. One way to assure a healthy and able work force in the future is to assure good health for the young and for pregnant women. This is also a means of containing health care costs—nowhere can prevention return a greater dividend than when it is provided to the young and to their mothers. It is puzzling, Mr. President, that in an administration that is such a strong advocate of prevention in health care, the budget so compromises programs aimed at prevention.

The most obvious compromise is the request for immunizations. With a continued growth in the number of children under 6 and a 40-percent inflation in cost of vaccines, far fewer children will be immunized under the proposed budget. If these immunizations are not done, we will experience a reappearance of polio, measles, German measles as occurred in the 1970's. We will pay for illness care, long-term complications, and for vaccination all at a higher cost. German measles vaccinations for child-bearing women is also dramatically cost beneficial as a prevention measure, protecting babies from the high risks of deafness or heart defects and protecting pregnant women from miscarriages.

Last year 30 percent was cut from the programs in the maternal and child health block grant. Similar cuts were required of community health centers and family planning programs. Each of these programs directly affects maternal and child health.

What have been the results? Forty community health centers have closed and 120 more are expected to close by this year's end. Similarly many special maternal and child health clinics have shut their doors and those that remain have cut back services. All this is occurring on top of medicaid cutbacks which have caused 661,000 children and their mothers to lose access to medical care. Mothers remaining eligible pay a greater share of the cost for the services they and their children receive. It is clear that there has already been substantial reduction in maternal and child health services; this service loss will have adverse effects and must cost more in long-term poor health. The additional program cutbacks that would be required under the proposed fiscal year 1983 budget would surely have further deleterious effects.

Finally, there is the WIC program, whose aim is to provide adequate nutrition to pregnant women, infants, and children. The most harmful and shortsighted proposal in the administration's February budget was to fold the WIC program into the maternal and child health block grant and reduce funding by $300 million. The WIC program has been shown to reduce the number of low birth weight infants. It is one of our most cost beneficial programs, saving $3 for every $1 spent in feeding pregnant women.

It is neither prudent nor wise to reduce the money for food and leave to chance whether States will provide food at all. Further proposals to expand the block grant by including migrant health and black lung programs and freeze total appropriations can only severely impair the health of future generations. Money "saved" now will be paid many times over in years to come.

Mr. President, I do share the growing concern for health care costs and for the size of the budget deficit. But I do not believe that we can afford to reduce that deficit by further reducing access of the poor and the aged to medical care. It also makes no sense to defer expenditures as for immunization and nutrition, knowing that one day soon we will have to provide these services but at a higher cost.

That does not mean we can afford to waste money. We must eliminate unnecessary care and assure that the care that is provided is appropriate, of good quality, and economic. Yet because we have not taken effective cost containment measures, we must now look to short-term measures which will help contain health care costs and move us in the direction of equitable payment for appropriate care.

To be certain that care received is appropriate, we must improve and continue utilization review and peer review. Both programs are cost beneficial. GAO has shown that for every $1 spent in utilization review by intermediaries, $26 is saved. Yet reduced funding for these programs has cut these cost containment efforts. This is cost saving of the most shortsighted type. Similarly, many PSRO's have been shown to be cost beneficial.

With the elimination of less effective PSRO's, the savings should be even greater. In addition, PSRO's have improved the quality of medical care, resulted in shorter lengths of stays for patients in hospitals and less frequent hospitalizations. Such changes in the way patients are cared for has a long range impact on medical practice and on medical savings.

Most important are measures which assure that care is provided economically. To attain this goal, we must move to a uniform, clearly defined and just manner of hospital reimbursement. Ten States have experimented with prospective reimbursement of hospital charges. Maryland and my State of New Jersey have established a diagnosis-related payment system for all hospitalization whether paid for by medicare, medicaid, or private insurance.

Such systems, while complex to develop, provide equitable treatment of hospitals and assure fiscal stability by providing predictable and prospective funding and by accommodating any mix of patients. To move toward eventual effective prospective reimbursement, we should adopt short-term changes in the formula for physician and hospital reimbursement under medicare. We should also encourage the development of hospital rate commissions in each State so that predictable and equitable reimbursement can occur under both medicaid and medicare.

Cost containment and reform of our health care system, rather than cost shifting and erecting cost barriers to discourage the elderly and low income mothers and children from making use of health care services—this is the approach which has guided the amendments on medicare and medicaid offered by Senators KENNEDY, MELCHER, MOYNIHAN, and RIEGLE; on childhood immunizations and maternal and child health offered by Senators BUMPERS and SARBANES; and on WIC offered by Senators LEAHY and HOLLINGS.

I endorse this approach and I shall work with my colleagues in the Finance Committee and with the hospitals, physicians and other health care professionals, and other health care providers to assure that good care is provided to those Americans who need it and that the health services are paid for in a fair and appropriate manner.

Mr. President, health is a very precious good. The health of the American people is a proper concern of Government. By our programs of prevention and treatment we help to promote a healthier and therefore happier populace. Let us not falter in these efforts.

Mr. CHAFEE. I move passage of the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. CHAFEE. I yield back our time.

Mr. DOMENICI. I yield back our time.

The PRESIDING OFFICER. All time is yielded back, and the question is on agreeing to the amendment of the Senator from Rhode Island.

Mr. CHAFEE's amendment (UP No. 975) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHAFEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. I would like to thank the distinguished chairman of the Budget Committee for his support and assistance in this matter.

Mr. DOMENICI. I want to commend the distinguished Senator from Rhode Island (Mr. CHAFEE) for his work. It is a pleasure to work with him as it was to work with him on this amendment and with his cosponsors.

It is my understanding that we now go back to the other side of the aisle. The amendment that will be called up is an amendment by the distinguished senior Senator from Florida and it pertains to veterans.

I yield to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida.

UP AMENDMENT NO. 976

(Purpose: To provide funding for full cost of living adjustments for veterans pensions and disability compensation, and to provide the President's January budget request for veterans medical facilities)

Mr. CHILES. Mr. President, I send an amendment to the desk on behalf of myself, Mr. MITCHELL, and others, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida (Mr. CHILES), for himself, and others, proposes an unprinted amendment numbered 976.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, beginning with line 15, strike out through line 4 on page 18 and insert the following:

Fiscal year 1983:

(A) New budget authority, $24,700,000,000.

(B) Outlays, $23,800,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $20,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $26,000,000,000.

(B) Outlays, $25,200,000,000.

Fiscal year 1985:

(A) New budget authority, $27,100,000,000.

(B) Outlays, $26,900,000,000.

On page 27, lines 1 through 7, strike all after "tee" and insert in lieu thereof: "sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1983; to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1984; and to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1985.".

On page 30, lines 3 through 9, strike all after "tee" and insert in lieu thereof: "sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1983; to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1984; and to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1985.".

Mr. CHILES. Mr. President, I am pleased to offer this amendment on behalf of myself and Senator MITCHELL, who has taken the leading role for the Veterans' Affairs Committee, and for Mr. DECONCINI, Mr. CRANSTON, Mr. BENTSEN, Mrs. HAWKINS, Mr. SASSER, Mr. MATSUNAGA, Mr. BIDEN, Mr. RIEGLE, and Mr. RANDOLPH.

Mr. President, there are three key policies that are embodied in this amendment. First, we would restore funds to allow the full cost-of-living adjustment for veterans pensions and compensation payments; second, we would fund the veterans hospitals and clinics at the level of the President's January budget request; and, third, we assume only the $150 million of legislative savings which the Veterans' Affairs Committee recommended in its March 15 report to the Budget Committee.

I would like to talk, first, about the cost-of-living adjustment for pensions and compensation. I think it is entirely unfair to cut these when we are not exerting Government-wide restraint on COLA's. We have already made it clear we are not going to cut COLA's for social security recipients, and that we are not going to cut them for food stamps, SSI, or other vital programs.

So I think we have to ask ourselves who are the recipients of veterans' pensions and compensation? In the case of pensions, Mr. President, it is only the low-income retired veterans. That is a key reform that we made several years ago. They simply do not have and cannot have the resources to pay for the increased cost of food, fuel, and housing. If they have those other resources, they are not entitled to the pension to start with.

The Consumer Price Index and the costs it represents are slowing down and, fortunately, that will save some money in the program. But the costs are still there, and those veterans on pensions are going to have to pay them.

The other recipients we would be cutting are the 2.6 million disabled veterans and their widows and dependents who receive compensation. Once again, these are the people who have given of their bodies and health in the defense of our country, and thereby they have impaired their ability to support themselves.

I believe a disabled veteran should have a top priority claim on our limited resources, and certainly they should get the same 7.4 percent COLA that a social security recipient would get or a recipient of SSI would get. Those are people who are low income. They are people who are dependent but here you are saying, "If you are low income and you are a veteran, you are not entitled to that cost-of-living adjustment."

Our second major concern is the level of funding for veterans' medical facilities, for the hospitals and clinics which are directly operated by the VA.

The President's January budget was a barebones request, and by his own calculations he asked for $200 million less than the level necessary to continue current service levels. That means that the VA would have to swallow some staff salary increases. They would have to hold off some planned improvements in drugs and equipment, and they would be squeezed on meeting their increased caseload requirements.

I supported the President's January request as a prudent way to meet the minimal needs of the VA hospitals and clinics and still restrain the Federal budget. However, this new package, which the President has now negotiated with the Budget Committee majority, falls far short of the minimum needs for veterans' medical care.

The budget resolution is at least $500 million below the President's January request, and $700 million below the current service level calculated by the administration. Our amendment, therefore, restores medical care funding to the level requested by the President in January. That adds about $130 million to the Budget Committee's baseline.

Finally, we do offset the necessary cost increase in medical care by assuming $150 million of legislative savings which the Veterans' Affairs Committee has said it can achieve without serious harm. We take them at their word and assume $150 million of savings in each of fiscal years 1983, 1984, and 1985.

Since the means to such savings are largely unspecified, we modified the reconciliation instruction to leave the Veterans' Affairs Committee full discretion as to which program to change. The Budget Committee's instruction would have come strictly from entitlements.

We also join the Budget Committee in assuming management savings from increased asset sales and VA mortgages. This is something the administration has announced it will do. It requires no legislation, and it does not affect the cost of housing to the veterans. These savings allow us to reduce the deficits substantially by bringing the veterans function over $900 million below the Budget Committee baseline.

Mr. President, the distinguished chairman of the Veterans' Affairs Committee has put out a letter in which he tells us that the modified Republican package now would take care of COLA's for compensation payment to disabled veterans. I would like to say for the record on that point in dollar terms they only restore $442 million or 12 percent out of $3.3 billion of cuts in compensation. To me, Mr. President, that is just a token approach. More important than the dollars, however, are the people who are going to be hurt. Only 12 percent—I repeat that, 12 percent—of the current recipients would get even the 4 percent COLA under the chairman's proposal. That means over 2 million disabled veterans are going to lose their COLA entirely.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from Mr. Sherman E. Roodzant, the National Commander of the Disabled American Veterans, which points out that the people cut out under this proposal would include veterans who have lost an arm or a leg as a result of their service, veterans who have lost an eye, or a part of their skull, or numerous other disabling conditions.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DISABLED AMERICAN VETERANS,
Washington, D.C., May 19, 1982.
Hon. LAWTON CHILES,
437 Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR CHILES: We have just learned of the Senate Leadership Budget Compromise relative to the First Concurrent Resolution on the Budget for Fiscal Year 1983.

In this connection, I wish to inform you that the Disabled American Veterans is opposed to that portion of the proposed compromise dealing with veterans' programs and services. We find it appalling that the authors of the so-called Compromise Budget would exclude from benefit increases some 1.9 million of the 2.3 million service-connected disabled veterans currently on the VA rolls. Similarly, no widows or orphans of veterans who died from service-connected disabilities would be provided a cost of living adjustment in their benefits.

A closer look will show that under the compromise proposal, benefit adjustments would not be provided to:

Some 20,000 of the 24,583 service-connected veterans who have suffered the amputation of an arm or leg;

Veterans who suffer the anatomical loss or loss of vision in one eye;

Veterans who have suffered head injuries resulting in the loss of skull area larger than two square inches; and

Hundreds of thousands of other veterans who suffer various disabilities ranging from the loss of muscle tissue from gunshot wounds to respiratory conditions suffered by former prisoners of war.

Considering these facts, Senator Chiles, I know that you and your colleagues would not impose even further sacrifices upon America's wartime service-connected disabled veterans, their dependents and survivors.

On behalf of the 715,000 members of the Disabled American Veterans, I strongly urge you to pursue the adoption of your amendment which would provide for an equitable adjustment in the benefits provided to all VA beneficiaries.

Sincerely yours,
SHERMAN E. ROODZANT,
National Commander.

Mr. CHILES. Mr. President, I appreciate the good intentions of Chairman SIMPSON in trying to work out a reasonable compromise, and I think he worked to add back some of the funds cut by the Budget Committee. Unfortunately, I do not think this proposal meets the basic needs of veterans who have given up their health and livelihood in the service of their country.

The chairmen of the Budget Committee and the Veterans' Affairs Committee are saying they have modified the resolution to provide the President's request for veterans' medical care. However, they failed to take into account the $130 million loss from the Budget Committee's assumption that 54 percent of the pay freezes will be absorbed. The Congressional Budget Office has confirmed that they are short that $130 million.

I want to make two points about what the so-called "absorption means." First, it means that if your pay costs are $100 million you only get an appropriation of $46 million; you therefore lose $54 million that has to be made up by laying off staff, or otherwise cutting back on services. So the failure to provide that $130 million means you are cutting medical care.

The second point—and this is the most critical—is that the President's budget had already cut VA medical services $204 million below the amount they needed to continue their current level of service. Of that amount, $64 million would already be required in the absorption of personnel costs; and another $49 million from delaying the activation of new facilities; $35 million from delaying maintenance and repair projects, which means poorer facilities. Another $20 million would come from holding off the use of improved drugs and from increasing the intensity of use of existing facilities with increased caseloads. These numbers were provided to us by the Congressional Budget Office in consultation with the Veterans' Administration, and they show just how tight the President's January budget request was.

I do not see how the VA hospitals and clinics can absorb another $130 million on top of the $204 million that the President has already cut.

Mr. President, the bottom line is that the budget resolution before us simply does not meet the basic needs of American veterans for medical care.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter from the American Legion expressing their continued support for the amendment that I have put before you tonight after they have seen the Republican modification.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
Washington, D.C., May 19, 1982.
Hon. LAWTON CHILES,
Senate Committee on Budget,
Washington, D.C.

DEAR SENATOR CHILES: This is to reaffirm The American Legion's support for your amendment to Senate Concurrent Resolution 92.

As stated in our previous letter to you, we find the Senate Budget Committee's recommendations for Function 700 spending to be deficient in both entitlement and discretionary accounts. We believe that your amendment would correct these deficiencies and would adequately respond to veterans' demand for benefits and services in Fiscal Year 1983. We know of no other proposal, either already introduced or currently in the formulation stage, which meets our requirements in Function 700.

We appreciate your leadership in this initiative and we trust that your Senate colleagues will recognize the value of your amendment by offering their support for it.

Sincerely,
E. PHILIP RIGGIN,
Director, National
Legislative Commission.

Mr. CHILES. Mr. President, I ask unanimous consent that Senator MELCHER be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. Mr. President, I yield at this time to the distinguished Senator from Maine, who serves on the Veterans' Affairs Committee and has taken a leading role in putting forward this amendment.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MITCHELL. Mr. President, I am pleased to join Senator CHILES in offering this important amendment. The purpose of this amendment is to restore funding to the VA budget to insure that the needs of our Nations' veterans are met in fiscal year 1983 and the years beyond.

In February of this year, President Reagan proposed funding veterans' programs at $25.6 billion in budget authority and $24.4 billion in outlays in fiscal year 1983. While the President's proposed budget called for increases in certain accounts, the budget also called for legislative savings and receipts of $328 million. A majority of these savings, $165 million, would have been achieved through the elimination of the dependency allowance payments for those disabled veterans rated 30 or 40 percent.

In addition, the President's proposals would have eliminated the subsistence allowance for service-connected disabled veterans enrolled in the vocational rehabilitation program.

The Senate Veterans' Affairs Committee carefully considered the President's proposals and endorsed many of the President's recommendations. The committee could not, however, support the President's proposed cuts in benefits for service-connected disabled veterans.

Instead of the President's proposed cuts of $328 million in fiscal year 1983, the Veterans' Affairs Committee unanimously voted to recommend legislative savings of $150 million in fiscal year 1983; $70.7 million of these savings would be achieved largely through technical changes in the manner in which benefits are paid. The remaining $79.3 million would come from unspecified savings and/or receipts.

In addition, the committee revised the President's overall budget recommendations downward to take into account differing economic assumptions made by the Congressional Budget Office. These changes reflect a decrease in the cost-of-living adjustment for compensation and pension recipients from 8.1 to 7.4 percent. As a result of these changing assumptions, the VA would require $24.7 billion in budget authority and $23.8 billion in outlays in fiscal year 1983 to achieve the policy recommendations detailed in the Senate Veterans' Affairs Committee's March 8 report to the Budget Committee. Let me emphasize that the Veterans' Affairs Committee was unanimous in its recommendation to the Budget Committee. The amendment before us would simply restore funding in fiscal year 1983 to that level.

I ask unanimous consent that a copy of the Veterans' Affairs Committee's March 8 letter of transmittal to the Budget Committee be printed in the RECORD immediately following my remarks.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **MITCHELL**. The first concurrent budget resolution, as amended by the Budget Committee, would still cut the VA budget by $700 million in budget authority and $600 million in outlays in fiscal year 1983. I am pleased that the Budget Committee's modification restored some money for veterans' programs. The fact is, however, that the resolution before us is seriously deficient with respect to veterans' programs.

Although the resolution, as amended, provides for a 4-percent cost-of-living adjustment for disability compensation recipients rated 70 percent or more, there is no money in this budget for a cost-of-living adjustment for those rated less than 70 percent disabled, or for those veterans receiving a VA pension. In addition, the resolution maintains the 4-percent cap on both compensation and pension recipients in fiscal years 1984 and 1985. Finally, while the resolution restores some money for veterans' health care, it falls $129 million short of achieving the level unanimously approved by the Senate Veterans' Affairs Committee.

I believe we must reduce the size of the Federal deficit. But we must do so in a manner which is fair and just. The resolution we have before us, with respect to veterans' programs, is neither. It is a shortsighted attempt to balance the budget on the backs of those who have risked their lives to defend this country.

I am opposed to a number of the Budget Committee's specific recommendations. First, I am opposed to providing veterans who are rated 70 percent or more with a 4-percent COLA while eliminating the COLA entirely for those veterans rated less than 70 percent.

In 1980, then-candidate Ronald Reagan, speaking at the Veterans of Foreign Wars 81st National Convention, stated:

> To me it is a breach of faith that compensation for those with service-connected disabilities has not kept abreast of inflation.

The President was right then; he is wrong now.

The President's own budget, submitted in February of this year called for an 8.1-percent COLA for compensation and pension recipients. Now, just 3 months later, we are working on a budget calling for a cost-of-living ajustment of only half this amount for certain compensation recipients and totally eliminated for VA pensioners. I cannot, and will not, support such a change.

Under current law, a veteran with a service-connected disability is eligible for monthly benefits, ranging from $58 for a veteran with a 10-percent disability to $1,130 for a veteran who is totally disabled.

In fiscal year 1983, it is estimated that more than 2.2 million veterans nationwide will receive some amount of disability compensation. In my State of Maine more than 13,000 veterans have service-connected disabilities; almost 2,000 veterans are 70 to 100 percent disabled.

I believe the reduction of the cost-of-living adjustment for those rated 70 percent or more and the elimination of the COLA for those rated less than 70 percent will place an unfair, and unnecessary, burden on those who are least able to afford it.

Second, I am opposed to the elimination of the fiscal year 1983 COLA, scheduled to take effect on July 1 of this year, for those veterans receiving a VA pension. The VA currently provides needy—and I emphasize "needy"—wartime veterans who are totally and permanently disabled from non-service-connected causes, or who are age 65 or over, with a pension. These pensions provide the neediest of our Nation's veterans with a minimal source of income to live out their older years with pride and dignity.

It is estimated that in fiscal year 1983, approximately 1.8 million needy veterans or their survivors will receive a VA pension. Under current law VA pensions are indexed to social security; that is, whenever social security recipients receive a cost-of-living adjustment, so do VA pensioners. In addition, VA pensions are reduced, dollar for dollar, for each dollar of income over a certain base amount. In the case of a single veteran with no dependents this base amount, known as an income standard, is $4,960 a year.

Because of this dollar-for-dollar offset, if social security recipients receive their cost-of-living adjustment in fiscal year 1983 and VA pensioners lose theirs, a significant number of veterans will actually lose their entire VA pension. Thus, these veterans will be doubly penalized: not only will they lose their COLA in fiscal year 1983 but they will lose their entire pension as well.

If the Budget Committee's recommendation is adopted, according to the VA, an estimated 18,000 pensioners would lose their VA pensions; an additional 267,000 would have their monthly checks reduced by the amount of their social security increase.

So what we have here is a proposal which clearly discriminates against our Nation's needy and disabled veterans. We are not talking about eliminating waste and abuse in government spending. We are not talking about removing fat from a government program. We are talking about taking money out of the pockets of disabled and indigent veterans. If we in this Chamber have any compassion, any sense of commitment for the well-being of our Nation's veterans, we will vote to fully restore the cost-of-living adjustment for compensation and pension recipients.

Third, I am opposed to the elimination in the budget resolution of $136 million in funding for new construction projects. According to the VA, a cut of this magnitude would require the agency to defer four or five major project requests, making it that much more difficult to meet the needs of veterans in the years ahead.

Fourth, I am deeply disturbed that the resolution before us, as amended, does not provide sufficient funds to adequately meet the health-care needs of our Nation's veterans. While the budget resolution does restore $287 million for health care; $15.5 million for medical research; and $28.5 million for general operating expenses, the resolution falls nearly $150 million short of the amount necessary to restore discretionary funding up to the level approved by the Veterans' Affairs Committee.

The reason for this shortfall is that the Budget Committee has assumed that the VA will absorb $148 million in fiscal year 1983. This figure is equal to 54 percent of the pay increase granted VA employees in fiscal year 1982, but for which Congress never appropriated the necessary funds. The Budget Committee is now asking the VA to absorb this pay increase in its fiscal year 1983 budget. The President's own budget does not even assume such a carryover.

While this $148 million is spread throughout the VA's budget, the greatest impact will be felt in the medical care account. According to the administration's own figures provided by the VA, if this budget resolution is adopted, the medical care account will be underfunded by $129 million in fiscal year 1983. A cut of this magnitude will have a devastating effect on the ability of the VA to provide our

Nation's veterans with adequate health care.

While it is not certain how a cut of $129 million would be absorbed by the VA, it is clear such a cut would necessitate a reduction of several thousand, perhaps as many as 4,000, health-care personnel. There is a good possiblity that a cut of this magnitude could lead to the closing of several VA hospitals nationwide. However the cut is absorbed, it is clear this would severely impair the VA's ability to provide veterans with necessary health-care in fiscal year 1983 and the years beyond.

I believe it is imperative for this country to maintain an independent VA health-care system for a number of reasons. First, such a system is absolutely necessary to meet the health-care needs of our Nation's veterans who were disabled while defending their country.

Second, nearly 12 million WW II veterans will be age 65 or older within a few years and will become eligible, under current law, for VA health care. It is important that we meet the needs of these veterans as well.

And third, I believe it essential for us to maintain the VA health-care system as a backup to the health-care facilities available to the Department of Defense in the event we are ever attacked by enemy forces.

Providing those who have served their country with adequate health-care is the primary function of the VA. In its March 8 letter to the Budget Committee, the Veterans' Affairs Committee reaffirmed this commitment, stating that:

> Providing for the well-being of medical care for service-connected veterans is the very highest priority mission of the Veterans' Administration.

In 1980, President Reagan said:

> To me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health-care personnel within the VA.

I agree.

I urge those in this body who share this view to support this amendment.

In conclusion, I would like to reaffirm my commitment to meeting the needs of our Nation's veterans. If the United States does not honor its obligations to those who have served the Nation in the past, I firmly believe we will not be able to summon those necessary to serve the country in times of crisis in the future.

We need a strong defense. But every military organization—indeed every society in history—is powered by human will, human courage, and human resolve. If that will is lost, if that courage fails, if that resolve declines, then nothing on Earth can save us.

This is the standard against which our actions in this Chamber should and must be measured.

Mr. President, I ask unanimous consent that a letter from the American Legion expressing support for my amendment be inserted in the RECORD at this time.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
Washington, D.C., May 18, 1982.

Hon. GEORGE MITCHELL,
U.S. Senate,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR MITCHELL: The American Legion takes this opportunity to express its full support of your amendment to Senate Concurrent Resolution 92 which would restore absolutely necessary funding to the function 700 Veterans' Administration budget. We understand that your amendment seeks to establish spending ceilings which are essentially the same as those recommended by the Committee on Veterans' Affairs in March of this year, as the minimum necessary to maintain programs operated by the VA.

Under current provisions of Senate Concurrent Resolution 92, it must be emphasized that the funding shortfall created by denying cost-of-living adjustments in fiscal year 1983 for VA disability and pension entitlements is discriminatory while freezing funding levels for such discretionary VA accounts as medical care and VA regional office operations will have a disastrous effect on health care delivery and the ability of the VA to administer readjustment programs.

Recognizing that it has been said in some quarters that the VA budget is bloated, it must be properly understood that the VA budget over the last several years has been decremental—each year consuming a lesser percentage of the total federal budget. Those who would target veterans for disproportionately larger cuts than other groups ignore the fact that it has been the huge growth in a variety of other social programs that has caused the overall federal budget to mushroom seemingly out of control. Yet another fact that too often goes unnoticed is that many benefits available to veterans are readjustment benefits which by definition are subject to sunset by a specified date.

A close examination of discretionary spending accounts within the VA budget over the last several fiscal years reveals that they have already been cut to the bare bones. This is not only troubling, but in the VA Function 703 medical care account—it is dangerous. The VA hospital system has experienced the recent closure of more than 1,000 beds and while some would attribute this to a shortage of veterans desirous of VA medical care, the real reason is that these beds have had to be closed because it is unsafe to keep them open without sufficient nursing personnel.

By now it is clear that the VA hospital system is about to be deluged by requests for care from the aging World War II veteran population. Instead of cutting Federal expenditures for VA construction and medical care, it is critically important that the VA hospital system be prepared. If under the administration's "New Federalism" proposal the Federal Government will retain fiscal responsibility for Medicare—health care for the aged—then it must be understood that VA health care is cheaper than private sector health care and should be fully funded as both necessary and cost efficient. The integrity of the system is even more significant when one considers legislation enacted within the past several days (Public Law 97-174) which establishes the VA hospital network as the principle backup to DoD in case of national emergency and provides resource sharing arrangements between VA and DoD medical facilities.

For all of the above reasons, The American Legion pledges its full support of your efforts to restore funds to provide COLA's for VA compensation and pension as well as for discretionary VA spending accounts. Your attention to the needs of veterans, as always, is appreciated.

Sincerely,

E. PHILIP RIGGIN,
Director, National Legislative Commission.

EXHIBIT 1

LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., March 8, 1982.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 301(c) of the Congressional Budget Act of 1974, and the action of the Committee by a unanimous vote by poll following a March 3, 1982 meeting, the Committee on Veterans' Affairs is submitting the enclosed report to the Committee on the Budget. This report consists of views and estimates with regard to all programs included in Function 700 (Veterans' Benefits and Services) and four programs included in Function 500 (Education, Training, Employment and Social Services) of the Fiscal Year 1983 Federal Budget. In submitting this report, we wish to make certain observations and emphasize some specific items.

Having carefully reviewed the Administration's Fiscal Year 1983 Budget Request for Function 700—$25.63 billion in budget authority and $24.37 billion in outlays—which was submitted on February 8, 1982, the Committee recommends decreases of $422.6 million in budget authority and $508.9 million in outlays and certain realignments in the amounts budgeted for certain accounts. These decreases result from the Committee's use of Congressional Budget Office estimates for the entitlement accounts (missions 1 and 2)—$600.9 million less in budget authority and $687.2 million less in outlays and from the Committee's recommendation of $178.5 million less in budget authority and $178.2 million less in total outlays in legislative savings and receipts than the President has proposed.

It should be noted that the Committee rejects the Administration's proposal to save $165.4 million in fiscal year 1983 (out of total proposed legislative savings and receipts of $328.3 million)[1] by the action of reducing benefits to those veterans suffering from service-connected disabilities. The Administration's proposal would eliminate dependency allowances for those veterans receiving service-connected disability compensation at the 30 and 40 percent rate. In addition, it would eliminate increased subsistence allowances for dependency for service-connected disabled veterans participating in the Veterans' Administration's vocational rehabilitation program. Savings from these two items would amount to $135.3 million and $19.7 million respectively. The Committee feels that providing for the well-being of and medical care for service-connected veterans is the very highest priority mission of the Veterans' Administration. Thus, the Committee has approved an alternative and more appropriate approach to achieving savings and receipts in Function 700.

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[1] It is noted that the VA's legislative proposals for cost savings as submitted to the Congress fall $16.9 million short of the amount attributed to these proposals in the President's budget.

The Committee would recommend, in lieu of the $328.3 million in legislative savings and receipts included in the President's budget for fiscal year 1983, a total of $150 million consisting of $70.7 million in specified cost savings measures and $79.3 million in presently unspecified savings and/or receipts.

The specified savings would include the following Administration proposals: First, delay the start of compensation and pension payments until the beginning of the first full month of entitlement, rather than starting on the first day of entitlement as under current law, for a fiscal year 1983 savings of $28.8 million; second, terminate compensation and pension dependency benefits at the end of the month in which dependency ceases, rather than at the end of the year as under current law, for a fiscal year 1983 savings of $3.2 million; and third, require that all pension benefit checks be "rounded down" to the next lower dollar rather than be issued in unrounded amounts as under current law, for a fiscal year 1983 savings of $10.8 million.

Other proposed specified savings, not proposed by the Administration, would result from enactment of the Administration-requested 8.1-percent compensation cost-of-living increase coupled with two modifications: "Rounding down" of all monthly benefits to the next lower dollar, rather than rounding up amount of 50 cents or more as under prior Congressional practice, and realigning dependents' allowances. The cost savings associated with these two proposal would be $27.9 million in fiscal year 1983.

The unspecified savings component of this proposal, $79.3 million, would be achieved through a combination of measures derived from some or all of the items in the following recommended list or others that may be proposed: (1) Eliminating the compensation "Q" award now paid by virtue of a 1968 "grandfathering provision" (section 4(b) of Public Law 90-493) to veterans with arrested, asymptomatic tuberculosis and no schedular service-connected disability rating for that condition; (2) placing a "user fee" on the VA home loan guaranty program, along the lines of the Administration proposal, but with the receipts to be deposited in the loan guaranty revolving fund and consideration of an exemption from the fee requirement for all service-connected disabled veterans or for all service-connected veterans and wartime veterans; (3) phasing out, as the Administration has proposed, pension benefits paid on behalf of dependent student-children of non-service-connected veterans enrolled in postsecondary education programs; (4) limiting the fiscal year 1983 cost-of-living increases in compensation dependent's allowances; (5) restricting the availability of over-the-counter medications and medical supplies in connection with non-service-connected outpatient care along the lines recommended by this Committee in May 1979 in S. 1039, and passed by the Senate in June 1979 in H.R. 3892; (6) restricting beneficiary travel benefits for non-service-connected veterans who are able to defray the cost of travel, as initially recommended by the Administration to be done administratively; and (7) eliminating the outpatient dental care eligibility that was provided by a 1979 amendment (section 102(b) of Public Law 96-22) to section 612 of title 38 to veterans whose 100-percent disability ratings are due to individual unemployability determinations.

With respect to the Committee's recommendation—based on the Administration's proposal—of an 8.1 percent cost-of-living increase in service-connected compensation on benefits effective October 1, 1982, the Committee notes that the basis for this recommendation is the Committee's strongly held conviction that the fiscal year 1983 compensation percentage increase should be no less than the indexed percentage increase that will "automatically" be granted, effective June 1, 1982, to Social Security beneficiaries and VA non-service-connected pension recipients. Both the Administration and the Congressional Budget Office estimate that that increase will be 8.1 percent. Should the Social Security increase be at a different rate, the Committee's recommendation for funding of the compensation increase will need to be revised as appropriate.

With regard to the four Function 500 accounts, the Committee is in agreement, with the President's fiscal year 1983 request. The veterans' employment programs funded under those accounts are designed specifically to assist veterans to find suitable employment in order that they may become productive participants in the society they fought to maintain.

In response to the request, stated in the February 8, 1982, letter from you and the ranking minority member of the Budget Committee, for information pertaining to programs under the jurisdiction of this Committee for the four succeeding fiscal years, this Committee has directed its majority and minority staff to develop and prepare an analysis of the future costs of veterans' programs during those years based on the Committee's recommendations for fiscal year 1983. That staff document is to be attached to the Committee's report.

The Committee wishes to emphasize that it has arrived at its recommendations after a thoroughgoing review of veterans' programs and extensive efforts to identify areas in which savings and economies could be achieved consistent with the Committee's commitment to the Nation's continuing to fulfill its obligations to its veterans and their survivors, and particularly to service-connected disabled veterans and veterans of wartime service.

These views and estimates reflect the Committee's best judgment as of this date. If we or the Committee staff may be of further assistance in your consideration of this report, please feel free to call upon us.

Sincerely,

ALAN K. SIMPSON,
Chairman.
ALAN CRANSTON,
Ranking Minority Member.

Mr. MITCHELL. I thank my friend, the distinguished Senator from Florida.

Mr. SASSER. Will the Senator from Florida yield?

Mr. CHILES. I yield.

Mr. SASSER. Mr. President, I rise to support the amendment of the distinguished Senator from Florida (Mr. CHILES). The amendment restores significant levels of funding for veterans services in the first concurrent budget resolution.

Mr. President, this amendment provides basic equity to our veterans programs in two ways. First, it reinstates cost-of-living adjustments for veterans payments in 1983 and it removes the 4-percent limitation on such payments for 1984 and 1985. It preserves the real value of veterans payments for 1983-85. It also restores $300 million for veterans medical care in 1983.

Mr. President, I would note that the Reagan administration proposed an 8.1-percent cost-of-living adjustment in veterans compensation in their original 1983 budget. Now they have gone back on this promise and are seeking some several billion in veterans spending reductions.

So instead of an originally proposed 8.1-percent increase in veterans benefits for 1983, the administration would cut back these benefits sharply and only provide for a 4-percent increase in 1984 and 1985. This action is recommended even though the Senate Budget Committee's own economic projections forecast an inflation rate that does not go below 6.5 percent before 1985.

I also support the Chiles amendment because it restores substantial funding for VA medical care.

Mr. President, it is imperative that we have a high-quality VA medical care system in the years ahead.

Already, Mr. President, the VA has delayed the implementation of the 5-year hospital construction plan which was mandated by Congress in 1979. The Veterans' Administration is now revalidating this plan. And in the process the VA has delayed the rehabilitation and renovation of many VA medical care facilities throughout the country.

In Tennessee, according to the original VA medical care facility plan, the Mountain Home VA medical facility was in line for major construction work to begin as soon as 1984. This facility serves some 193,000 veterans in Tennessee and neighboring States. But the delay in meeting the 5-year construction plan may increase the cost of Mountain Home renovation by some $18 to $25 million a year in the years ahead.

The first concurrent budget resolution as reported by the Senate Budget Committee and modified by the Republican substitute assumes a considerable reduction in VA medical care funding—a reduction which is bound to lower the quality of VA medical care and which could further delay the rehabilitation and renovation of VA facilities throughout the country.

Mr. President, the VA medical care system is going to be severely tested in the years ahead. More than seven million veterans nationwide are going to be eligible for VA medical care in the not too distant future.

When they become eligible for medical care, the VA medical care system must be equipped to handle them.

But the modified first concurrent budget resolution ignores this fact. And when combined with the administration's 1983 budget reductions that cut unemployabilty benefits for veterans, student benefits for the children of our veterans, and medical care travel allowances, we have a 1983 budget which simply ignores the need or our veterans.

The Chiles amendment goes a long way to restoring needed veterans services and benefits, and I strongly urge its adoption.

Mr. President, I thank the distinguished Senator from Florida for yielding.

Mr. **CHILES.** I thank the distinguished Senator from Tennessee.

Mr. President, I yield the floor.

The **PRESIDING OFFICER.** Who yields time?

Mr. **DOMENICI.** Mr. President, I yield myself 10 minutes.

The **PRESIDING OFFICER.** The Senator from New Mexico.

Mr. **DOMENICI.** Mr. President, regularly, when we have spoken about veterans and their programs here on the floor of the Senate, I think some of us fail to remember what was so eloquently stated last year by the distinguished Senator from Kansas (Mr. DOLE). The millions of veterans of the United States are not homogeneous in their thinking about how much should be spent on the veterans' function.

They run small restaurants where the interest rates are so high they cannot buy a new stove. They are automobile dealers; they are working men and women who would like to add a room to their house but they cannot with 17 percent interest. They are mothers and fathers who would like to plan again about their children going to college. In some instances, they are grandparents who are concerned that with all these high interest rates and the inflation that we are finally bringing under control, their children and their grandchildren are not going to be able to buy homes.

We have a lot of problems that veterans are concerned with and that the Senate is dealing with tonight in coming up with a budget. We are trying to reduce an enormous deficit to a livable deficit—not one we can be proud of—and leave in place as much of a tax reduction as humanly possible. In the process, we hope to do as much justice as we can to those that we in government are responsible to—prioritize as best we can, I guess, is the way to say it.

Mr. President, the distinguished Senator from Wyoming, who chairs the Veterans' Committee, will go into a little more detail about service-connected disabled veterans and those receiving pensions. I am sure he is going to assure the Senate that the action we took in modifying the Senate Budget Committee's resolution has restored funding to provide cost-of-living adjustments for those severely disabled veterans and pension recipients as well.

The truth of the matter is that there are some things that the gentleman who runs the Veterans' Administration has on his wish list that we do not have here. Let me try to put into perspective what we have done, what has happened to the veterans function over the last 3 or 4 years, and then yield to my good friend, the chairman of the committee.

First, we added back, as part of the modification that we sent to the desk yesterday through our distinguished majority leader, for the year 1983, $600 million in budget authority and $500 million in outlays; for 1984, $800 million in budget authority and $600 million in outlays; for 1985, $1.1 billion in budget authority and $1 billion in outlays.

This brings us now to the modified budget resolution numbers. In fiscal year 1983, it is $24 billion in budget authority and $23.2 billion in outlays; in fiscal year 1984, it is $25 billion in budget authority and $24.2 billion in outlays; in fiscal year 1985, it is $25.5 billion and $25.4 billion in budget authority and outlays, respectively.

Mr. President, my arithmetic tells me that if we went with the entire Chiles amendment, we would be very close to current policy. That is not saying anything to nonbudget people, but let me say what it means from the standpoint of the rest of the Government.

There are few, if any, entitlement or direct spending programs in this Federal budget that we have pending before us that are as high as current policy. Not only would we not be asking this function of Government to take its share of budget restraint; we would be saying it deserves the best treatment. To put it another way, that none of the other functions of Government deserves the same kind of treatment that the veterans function gets. I do not think veterans believe that. I think there are programs in this Government that they believe are equal in necessity to theirs.

Mr. President, we have been pretty good to the veterans of this country. With the Budget Committee modifications that I described, we restored funding for VA medical care to the President's level; medical and prosthetic research to slightly above the President's request; and general operating expenses to the President's level. There was some contention that the President had requested higher funding than this recommendation, but I believe that with the add-ons that the distinguished Senator from Wyoming requested, they are now irrelevant.

The modified first budget resolution restores funding for major discretionary programs such as the ones I have just described. I believe it is now fair to say that no one who is entitled to care will be denied.

The budget resolution as modified assumes a 4-percent cost-of-living increase for recipients of compensation benefits when they are rated 70 to 100 percent, or totally disabled. Thus, those veterans who are most severely disabled will get a 4-percent increase. Many others receiving that kind of benefit from the Government will get none.

The correction to the Veterans' Affairs Committee reconciliation instruction will allow the committee greater flexibility to provide a cost-of-living increase for veterans' pension recipients and achieve savings by enacting initiatives proposed by the President or other program reforms.

The budget resolution as modified accommodates additional funding for major veterans programs, yet holds the line on budget restraint. By restraining Federal spending across the board, the Senate is taking steps to slow escalating deficits. Veterans understand that. As I indicated in my opening remarks, veterans want jobs, relief from high interest rates, permanent relief from inflation, and restored economic growth. Veterans have proudly served and sacrificed for their country in times of war and peace. I am confident that they will join their fellow citizens in sharing the burden of budget restraint to bring long-term economic recovery.

With that, I am pleased to yield to my good friend from Wyoming, the chairman of the Veterans' Affairs Committee (Mr. SIMPSON).

Mr. **SIMPSON.** I thank the distinguished Senator very much.

The **PRESIDING OFFICER.** Did the Senator from New Mexico yield as much time as the Senator from Wyoming desires?

Mr. **DOMENICI.** Mr. President, I yield as much time as the Senator from Wyoming desires.

Mr. **SIMPSON.** Mr. President, I thank the Senator from New Mexico for his support, his diligence, and his experience. It is an effort of fiscal and mental stamina for him. I commend him.

Mr. President, woe be it in these times to be chairman of the Senate Veterans' Affairs Committee, especially in an election year, I might add. I think I hear again the sound of muffled drums and see the flash of bayonets as Simpson marches across the parade ground to be the central figure in the panoply where the executive directors of the various veterans' organizations gather together to strip the epaulets and the chevrons from the uniform of the day of the wretched cadaverlike figure of the chairman of the Veterans' Affairs Committee. Mother never told me.

My fine friend and colleague from Florida is a very perceptive and able advocate for veterans and of benefits for veterans.

I recall that we shared a common podium about a year ago before a veterans' group. In the course of the afternoon he won the gold cup, and I received the lead dirigible award, or something very similar to it. I recall it distinctly. I know my friend from Florida recalls that.

With this amendment, it again discloses that the intentions of the Senator from Florida are, indeed, genuine, and I believe that. In fact, his amendment tracks the original recommendations made by the Senate Veterans' Affairs Committee and originally supported by me.

Since the time of the original endorsement of this initiative, and faced with the devastating requirement that we begin to attack the deficits that haunt our economy, I have obviously altered my position to a more modest conclusion in my current recommendation for the fiscal year 1983 budget for the Veterans' Administration.

Those recommendations are all included within the modified budget resolution, which I strongly support, and that in no way indicates any lessening of my support for needed programs for our Nation's deserving veterans.

In making these terribly tough decisions to modify the proposals recommended by the Senate Veterans' Affairs Committee, it was necessary to weigh most carefully those proposals against revised budget recommendations made by the Budget Committee and now endorsed by the President.

I sincerely feel that the amendment of Senator CHILES would add back, indeed, more money than would ever be expected, because, as the chairman of the Budget Committee says, it puts us back to current levels. That would mean this would be the only agency of the U.S. Government that would be so treated in light of these present economic conditions, of which we are all so well aware and which I certainly became more aware of during the debate this afternoon. I was quite intrigued by that.

I oppose the amendment to increase these totals for function 700 and express my support for that portion of the budget resolution, as modified, that sets a lesser functional total for veterans' benefits and service.

Of the original $1.3 billion that the original form of Concurrent Resolution 92 would have reduced from the function 700 totals recommended in March by the Senate Veterans' Affairs Committee, I am pleased to state that the modifications now incorporated into the budget resolution would restore over $600 million in fiscal year 1983 budget authority. Here is what we did:

We exempted from the freeze on nondefense discretionary spending the VA medical care account, the medical and prosthetic and research account, and the general operating expenses account, and in addition provided a cost-of-living increase for recipients of VA disability compensation rated at 70 percent disabled or over.

There was a reason for that. We felt that we should look at what we did last year with compensation cost-of-living increases.

Let me call attention to what this body and the Senate committee did last year for cost-of-living increases for compensation rates.

Last year, effective October 1, 1981, for the 10- to 30-percent disabled there was an increase of 8 percent; for the 40- to 60-percent disabled, a 12.6-percent increase; for the 70- to 90-percent disabled, a 20-percent increase; for the 100-percent disabled, an 11.2-percent increase.

The average last year of cost-of-living increases for compensation rates was 11.2 percent. That 11.2 percent came through also for surviving spouses and children of service-connected deceased veterans.

So when you hear a story or read a letter about some pretty dramatic things, I think, as we say in Wyoming, we have a word for that.

In addition, we provide a COLA for pensioners who will receive regular checks on July 1, 1982. There is no question about that.

The modified budget resolution figures for function 700 represent a very sincere and painstaking effort to balance these important competing interests that are at stake here.

It would restore funds to the most vital VA accounts, those accounts that can least afford to bear the very substantial program reductions that would result from a freeze on discretionary spending and an elimination of the COLA.

HISTORICAL GROWTH OF VA PROGRAMS

I just want to share with you, Mr. President and Members, the fact that the Veterans' Administration has two principal functions: the provision of health care, and the payment of benefits to our Nation's eligible veterans.

Because of policies developed gradually over many years, the nature of both functions has changed, contributing to a rapidly growing budget for the VA. World War II transformed that VA and created the Department of Medicine and Surgery. Virtually every facet of the health care system was then changed.

The original mission of the health care system was to treat those veterans who were wounded during service in World War II. Since that time, Congress has continued to continually add new categories of veterans eligible for certain VA health care services. The present health care services system, the largest one in the Nation, provides outpatient care, nursing home care, and domiciliary care at 172 medical centers, 226 outpatient clinics, 92 nursing homes, and 16 domiciliaries.

Seventy percent—and hear this: it is a startling statistic—70 percent of the veterans who generally utilize the health care services of the Veterans' Administration are non-service connected.

I do not think the American people realize that. They are thinking of the combat veteran, the one we turned our principal attention to over the years, and I always receive a rather incredulous look when I share that fact, that 70 percent of the veterans in the health care system are non-service connected disabled.

There are some other startling statistics that I will share with Senators as we get into eligibility issues and hearings in the Veterans' Committee in time to come.

The VA's function in the payment of benefits initially was to provide compensation for service connected veterans. Gradually it assumed responsibility for income support, for indigent veterans who are not service-connected.

In 1978, Public Law 95-588 indexed the pension payments to the cost-of-living adjustments granted by social security. It tied them together. As a result, the percentage of budget being used to pay pensions is growing larger every year.

Some are of the belief that as the population of World War II veterans reaches the average age of 65 in a couple of years, the percentage of the budget that will go out to pensioners will begin to overtake the percentage of the budget for compensating service-connected veterans.

Think about another one while you are at it. In 2 years there will be 12 million veterans of World War II who will be eligible for health care within the veterans' health care system under various preference bases, regardless of their net worth or their income.

Those are some of the little tidbits we play with in the Senate Veterans' Affairs Committee, a very interesting arena.

I am going to put into the RECORD a table of yearly budget outlays for the VA over 10 years, from 1973 to 1982, showing that the agency's budget has more than doubled during that period. It has done so primarily because the VA has greatly broadened its primary mission, which was to care for the service-connected injured, larger and newer missions constantly added with regard to the VA's various activities, including pension payments for needy veterans.

I ask unanimous consent to insert that table in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TOTAL VETERANS' ADMINISTRATION BUDGET OUTLAYS

1973	$11,968,152
1974	13,336,873
1975	16,575,008
1976	18,414,835
1977	18,019,353
1978	18,962,152
1979	19,887,172
1980	21,134,537
1981	22,904,003
1982	24,134,135

MEDICAL CARE AND RESEARCH

During all of the discussions and negotiations on the budget, one of my major concerns has remained that of insuring the full funding of the "Medical Care Account." The bulk of the increase proposed in President Reagan's budget for fiscal year 1983 was in the medical care account. This was meant primarily to fund uncontrollable pay costs and workload increases. I believe that this proposal was quite generally fair considering current budgetary restrictions.

However, even with the President's proposed increases, the VA's research programs were lacking funds needed to maintain the highest quality research programs. Last year in the appropriations process, Congress made substantial reductions—reductions of almost 15 percent—in the medical and prosthetic research account. I believe that these research activities are cost-efficient and a vital adjunct to the provision of medical care by the VA, and that the work that is performed within this account, especially in the area of rehabilitative research, is unique and could not practicably be accomplished as well outside of the VA medical care system. In last year's appropriations process, this account was reduced $22 million below the level originally recommended in the conference report on the HUD and Independent Agencies Appropriations Act for fiscal year 1982. As a result of this reduction, the President's fiscal year 1983 budget proposal would not have adequately compensated for the reduction for fiscal year 1982. The elimination of 198 FTEE positions would have been difficult to accept.

Therefore, I have requested that the $10 million added back by the Veterans' Affairs Committee in its March 8 recommendations to the Budget Committee be included in the Budget Committee's modified resolution which is before us today.

The entire $287 million for medical care for fiscal year 1983, recommended in March—I want Senators to listen to this carefully—by the Veterans' Affairs Committee, is also contained in Senate Concurrent Resolution 92, as modified by Senator DOMENICI. I am satisfied that although certain painful compromises must be made to accommodate the recommendations made by the Budget Committee and now endorsed by President Reagan, it is imperative to retain the original recommendations in medical care in order to insure fully staffed, quality health care to all of the Nation's eligible veterans.

PAYRAISE ABSORPTION ISSUE

Mr. President, the amendment of the Senator from Florida is based in part upon the assumption that the fiscal year 1983 figures provided by both the Budget Committee and the Veterans' Administration do not adequately reflect the necessary absorption in fiscal year 1983 of the fiscal year 1982 civilian payraise, and that this will result in a $148 million shortfall primarily in the VA's most personnel-intensive accounts: medical care and general operating expenses.

There may indeed be some legitimate concern, Mr. President, as to whether the figures presently contained in the Budget Resolution are sufficient to fund the fiscal year 1982 payraise—taking into account the need for absorption of about 54 percent of that raise by the VA—without risking some reductions in overall employment totals. But whether or not the Budget Committee's figures are actually insufficient to meet this problem, let me assure my colleagues that this policy that has been applied by the Budget Committee in computing the effect of the payraise for the VA—has been uniformly applied with respect to payraise throughout all other budgetary functions specified in this budget resolution.

While I believe so very strongly that the beneficiaries of VA benefits and services stand very specially and sufficiently apart from any other class of Federal beneficiaries so as to warrant the preferential treatment that has been accorded to them in the modified budget resolution, I do feel it is far more difficult to justify extending this same special protection to civilian employees of the Veterans' Administration.

The significance of a fully funded, fully staffed medical care system in the VA is so critical, but I do wish to suggest to my colleagues that under the present economic circumstances, it is imperative that we attach relative priorities to the various VA budget accounts before us today and exempt them from the present program of reductions only under the most compelling circumstances. Those circumstances are not yet upon us.

CONSTRUCTION PROGRAMS

On the question of VA construction programs, I must urge my colleagues to reject this attempt to add any further monies in those accounts at this time.

I have long believed that there is substantial room for fiscal restraint in the area of VA construction. I emphasize that and say, boy, do I. I am pleased to note that my views in this regard have been strongly shared both by the distinguished chairman of the Senate Appropriations Subcommittee on HUD and independent agencies, Senator GARN, and by the VA Administrator, Robert Nimmo. In fact, Mr. Nimmo has recently launched a major reexamination program for all major construction projects now planned for fiscal years 1984 and beyond.

Why? They did not have any established priorities on veterans construction in the Department of Medicine and Surgery. So they said, "We'll go back and reevaluate that issue."

We used to get every year a list of the top 10 hospitals that had to be built. But we asked them how that list came about. They said, "We don't know. We'll have to go back and see how that happened."

Now we are going to get new criteria, on issues like geographical use, service to veterans in various areas, accessibility, what the mission is; and perhaps we will even begin to find out whether some of those facilities were simply erected as a tribute to the former chairmen of the House or Senate Veterans' Affairs Committees, which is in itself an anachronism and I hope can be dispatched.

Indeed, there can be little doubt that the construction accounts are of a relatively lower priority than other major VA programs that provide direct and immediate benefits or health care services to veterans and their dependents. Note that although $136 million in budget authority is involved, the nature of the construction programs is such that this money would spend out at a very slow rate, so that actual outlays requested in fiscal year 1983 would be only $22 million.

The VA Administrator has indicated that the effect of the freeze which the amendment before us now seeks to counteract could simply take the form of deferring four or five fully funded project requests, or the VA could request only the design funding for four or five projects and defer construction funds until a later year. These, I submit, are not unreasonable limitations to impose on the VA construction accounts.

I can tell Senators that this is a program that certainly needs review.

RESPONSE TO DAV AND LEGION LETTERS

Mr. President, one final note, because it is important when we see letters on our desks from the veterans groups in America. They carry a powerful clout. I can tell some stories about that in my time as chairman of the Veterans' Affairs Committee.

I am aware of the letters from the DAV and the American Legion which have been circulated here today.

All veterans who receive VA compensation do so because they have been disabled during service to their country. This benefit is not based on income and is not taxable. It is protected throughout the veteran's life and is extended to his widow and orphans if he was 100 percent disabled and died of service-connected causes or died in line of duty. I do view this type of compensation as the highest priority and the most basic of all veterans' benefits.

A very important point here is that every veteran and every survivor eligible for compensation will receive this benefit for a lifetime if eligibility for this benefit is retained.

No one here has ever or ever will, aside from some of the commentaries we hear when we discuss the veterans budget, I do not expect that anyone here will ever—either now or in the future—propose that that compensation be taken away. It will never be taken away.

I just say that every eligible veteran and survivor will receive his or her compensation right on the button and on time for as long as their eligibility is retained.

This issue had ballooned out of proportion to the significance of the cost-of-living increase itself. The American Legion and DAV request a full 7.4 percent cost-of-living increase for all compensation and DIC recipients. Many Americans, not just veterans, would wish also to have a cost-of-living increase each year.

Mr. President, every American has felt the pressures of inflation and high interest and wish for the good old days when inflation did not have to be recomputed every few months and high interest rates did not eat us all up and one could spend more freely. The trouble is that we all became used to having more and spending more, and I remember these words in the state of the Union address: "We can no longer afford things simply because we think of them." A rather interesting comment, with which I concur, by the President of the United States.

Our lifestyle has expanded, and now we are faced with a tight economy, and in many cases, we have to redefine our dreams themselves.

Veterans are certainly among the Americans who are feeling this squeeze. Service-connected veterans are disabled sometimes with injuries which plague and pain them throughout their lives. This is the reason they receive VA compensation no matter what their incomes may be. But the COLA's, the cost-of-living adjustments, are extras. They are moneys added to solid, secure, basic benefits to try to help them keep up with inflation.

In years when the budget can be expanded, they are treated that way. Catch this figure: There was no cost-of-living allowance at all for veterans compensation in fiscal years 1962, 1963, 1964, 1966, 1967, 1968, 1971, and 1973. Disabled veterans did not receive a single cost-of-living allowance in those years. It is not a "right."

Indeed, the major veterans' organizations are on record not to index these cost-of-living allowances, even though indexing would insure their annual occurrence. They have acknowledged that the opportunity to reexamine that issue every year is appropriate, and that is what we have just done.

Mr. President, at times, this annual examination has resulted in a higher COLA for some veterans, and in years of budgetary restraint, it has resulted in lower COLA's for some veterans.

This year is an extraordinary one. Our President is making an all-out effort to severely curtail spending in order to make a significant effort to cut our Nation's deficits and somehow slake our thirst for spending. I view this effort as a direction to all Americans to be prepared to do their part.

One final important and I think relevant historical point. In the past 60 years through 1980, the Consumer Price Index has increased about 569 percent while VA compensation benefits have increased 1,170 percent. And each time you add another increment in the annual amount, it stays right there.

A modified budget resolution retains a modest COLA for the most severely disabled veteran even in light of this need to work to lower the Federal budget. I do fully support the modified budget resolution and look forward to a time when things are right again and all Government beneficiaries might again enjoy a cost-of-living allowance.

I want to conclude by saying that the Veterans' Affairs Committee is not precluded anywhere under the modified budget resolution from reexamining this issue and allocating more money for compensation COLA's. We do have some flexibility to determine savings in other areas, and that flexibility is essential to allow the committee to examine all aspects of this issue in making its final determination regarding the compensation COLA when the entire budget resolution has been enacted.

Again I thank the chairman of the Budget Committee and I also thank the members of the Veterans' Affairs Committee for listening one more time to their chairman. I seldom rant and rave but tell you it is tough, tough, tough, tough. There is not any group in America that is tougher than 30 million veterans. If you walk out on the street and say "Should we take care of the veterans of this country?" 99 percent of the people of America would say "you bet, and whatever it costs." But they would be alarmed to see the person who has served 6 months or 9 months, never left the continental United States, never served in basic training, never carried an M-1 rifle, who draws every single benefit this country can confer on a combat veteran.

I have already shared with you the fact that the population of our veterans' hospitals is made up of 70 percent, non-service-connected disabled. There are people who are disabled whose disabilities are really not the result of any patriotic or courageous act. I hate to say that. I am a veteran. I am a lifetime member of the VFW. These are the things I have to deal with in connection with questions of eligibility. It is very easy to just become passive and this is how we got to a $26 billion budget in this function. This is the third largest independent agency in the U.S. Government. How did it get there? One reason and one reason only: A powerful, powerful veterans organization lobby in Washington, D.C.

Yet when you go out among the troops—boy, I did that when I was in the Army and thank God I can still do it here—when I go out among them, I say, "Is this what you want? Do you have to have this?" They say, "Look, you know, that isn't where we are. We agree we have to take it on the chin, too."

So, those are some of my concerns that I want to share with you. I just hope I can continue in the good graces of my good colleagues and fellow veterans in the State of Wyoming, because when I finish my appointed annual budget task here tonight, I will be burned in effigy at various posts from coast to coast.

I thank you very much.

Mr. DOMENICI. Mr. President, how much time do we have on the amendment?

The PRESIDING OFFICER. On the amendment the Senator from New Mexico has 6 minutes and 16 seconds.

Mr. DOMENICI. I yield myself 2 minutes.

May I say to my good friend from Wyoming that it is not a frequent occurrence that discussions on the Senate floor change many opinions, but I do hope that some of our colleagues listened to him tonight. Frequently, they are listening even if they are not present because our voices are carried back to their offices. I hope some listened, because his excellent remarks focused on the needs of our Nation's veterans during a time of extreme economic budget pressures.

In a discussion I had last night with several of my colleagues, we expressed concern about other issues that would affect our constituents. When we come in to vote, we remember the constituents we serve; that 30 million of them are veterans. One of our distinguished colleagues said when we came to a similar issue where we had to save a few hundred million dollars, "I am going to stay with the committee. We have added about as much as we should." And someone said, "How are you going to explain that?" And the Senator, who is running for office and comes from a State that does not frequently elect Republicans, said "My answer is going to be very simple. We are broke and we ought to all share a little bit in reducing the deficits."

I believe that when the message gets out that even with all this budget restraint we are still going to be broke to the extent of $115 billion deficit in fiscal year 1983, veterans will be willing to do their share of reducing the growth of, not cutting, basic veterans benefits and services.

I yield the floor.

Mr. CHILES. Mr. President, I yield 5 minutes to the distinguished Senator from California (Mr. Cranston).

The PRESIDING OFFICER (Mr. Nickles). The Senator from California is recognized.

CHILES-MITCHELL AMENDMENT TO RESTORE VETERANS' PROGRAMS

Mr. CRANSTON. Mr. President, as the ranking minority member of the Veterans' Affairs Committee, I join with my good friends from Florida (Mr. Chiles) and from Maine (Mr. Mitchell), my colleague in the committee, and others to urge the Senate to restore the proposed level of funding in the budget resolution for function 700—veterans benefits and services—to a level sufficient to provide benefits and services to our Nation's veterans consistent with the policy recommendations that the Veterans' Affairs Committee made in our March 8, 1982, report to the Budget Committee. This is a level of benefits requested by the President and still supported at this time by his Administrator of Veterans' Affairs.

It is a level derived from the unanimous vote of the Veterans' Affairs Committee membership—all seven Republican members and all five Democratic members.

Thus, we are urging a result that had complete bipartisan support in the Veterans' Affairs Committee, that is endorsed by the VA Administrator, and that deserves strong support from both sides of the aisle in the full Senate. In the letter transmitting our committee's budget views and estimates to the Budget Committee, my good friend, the committee chairman (Mr. Simpson), and I noted that the committee arrived at its recommendations after a thoroughgoing review of veterans' programs and extensive efforts to identify areas in which savings and economies could be achieved consistent with the committee's commitment to the Nation's continuing to fulfill its obligations to its veterans and their survivors, and particularly to service-connected disabled veterans and veterans of wartime service.

Despite the Veterans' Affairs Committee's efforts and the unanimous support of the committee for its recommendations, the Budget Committee paid no heed. Rather, it took a meat cleaver to function 700. Now, the Baker modification proposes to repair some of the damage, and I congratulate my good friend from Wyoming (Mr. Simpson) for achieving this much. But it is not enough, in my view. Adoption of our amendment is needed to repair the bulk of the damage caused by the Budget Committee's action.

Mr. President, since coming to the Senate in 1969, I have been deeply involved with issues affecting our Nation's veterans, first on the Subcommittee on Veterans' Affairs of the Labor and Public Welfare Committee and later on the Committee on Veterans' Affairs, including 4 years as the committee chairman and now as the ranking Democrat. During this time, I have come to recognize the cost of veterans' benefits and services as a real cost of war. If we do not meet these obligations, we will have a tough time with the All-Volunteer Army that so many of us would like to see thrive and we will have a tough time, if we have to resort to the draft, if we do not keep commitments that have been made to those who serve in the Armed Forces. It is because of my strong view that we should not sacrifice our commitments to our Nation's veterans in the name of shortsighted fiscal goals that I urge adoption of the pending amendment.

Taking an overall view of function 700, the damage we propose repairing in this budget to carry out our Nation's commitment to its veterans is as follows: First, restore funding for cost-of-living increases in VA compensation and pension programs; and second, restore funding to provide for a reasonable schedule of construction and improvement of VA health care facilities to the levels originally recommended by the President in his fiscal year 1983 budget and to assure the maintenance of quality health care services for veterans. In addition, this amendment anticipates enactment of the $150 million in legislative savings that the Veterans' Affairs Committee has recommended.

Mr. President, in order to attempt to assess, in the brief time available, the impact of the extensive reductions that the Budget Committee recommended in the President's fiscal year 1983 budget for the VA, on May 11 the Veterans' Affairs Committee chairman and I wrote to Administrator of Veterans' Affairs Robert P. Nimmo to request his evaluation of them. Although he was unable to provide a fully detailed analysis of the options that the VA would consider in response to those cuts and indicating some of the consequences of denying VA pensioners the 7.4-percent cost-of-living increase they are due to receive as of July 1 under current law. I recognize that it was a very difficult task for the Administrator to extract this letter from the White House and OMB, given their directives to the contrary, and I congratulate him on his having prevailed in his efforts to try to be responsive to the Congress' need for information.

Very significantly, Mr. Nimmo, before providing the requested analyses, stated:

> The President's 1983 budget includes funding for the Veterans Administration at a level that represents a reasonable balance between spending constraint and program growth. I continue to support the President's proposal.

Mr. President, let me say to my colleagues on the other side of the aisle that Administrator Nimmo's credentials as a loyal Republican are firmly established and beyond question. And, I would thus urge my Republican colleagues to heed Administrator Nimmo's position—in the face of the Budget Committee reductions—of continuing to support the President's original proposal for the appropriations accounts in question here today. I use the word "original" to describe the President's position because he is now supporting the Budget Committee's version of the budget. So, the President has been on both sides of this issue, and presently he is on the wrong side.

Having noted the Administrator's basic, steadfast position—for which I warmly applaud and congratulate him—however, I must note that, because of a technical oversight in analyzing the Budget Committee's cuts, his letter fails to take into account the full extent of those cuts.

The problem is that the Budget Committee's approach in imposing the so-called nondefense discretionary spending freeze was not made clear to the VA. This is a point that I will get into in some detail in discussing the VA medical care account. Let me just note here that the basic problem was the failure to take into account the minus $148 million that the Budget Committee incorporates in function 700 without indicating how that reduction affects individual VA appropriations accounts. When this oversight was brought to my attention, I asked a Veterans' Affairs Committee staff member to request a Congressional Budget Office analysis of the issue. In response, a May 19 memorandum was prepared showing the actual extent of the Budget Committee's cuts, and I have annotated the Administrator's letter to indicate where and the extent to which it understates the cuts.

Mr. President, I ask unanimous consent that there be inserted in the Record at this point a copy of our May 11 letter to the Administrator and his May 18 letter to me—which is identical to a letter of the same date to the Veterans' Affairs Committee chairman—with my bracketed annotations, along with a copy of the CBO memorandum.

There being no objection, the material was ordered to be printed in the Record, as follows:

Committee on Veterans' Affairs,
Washington, D.C., May 11, 1982.

Hon. Robert P. Nimmo,
Administrator of Veterans' Affairs,
Washington, D.C.

Dear Bob: As you know, the Senate Budget Committee, in developing a proposed budget for fiscal year 1983, is recommending that various Federal accounts—the so-called "non-defense discretionary" accounts, which include all VA accounts in subfunctions 703 and 705—be frozen at FY 82 levels and that certain cost-of-living adjustments (COLA) (including veterans' compensation, DIC, and pension) be withheld in FY 1983. The President has announced publicly his strong support for the Budget Committee's proposed budget.

Regarding the freeze proposal in this proposed Congressional FY 83 budget, we understand that these discretionary accounts would be limited to the amounts already appropriated for FY 82 plus the amounts in supplemental appropriations, not yet enacted, to cover the costs of the October 1981 Federal civilian pay raise. Since this proposed FY 83 budget would include no October 1982 pay raise for Federal employees, there would be no absorption of pay raise costs in FY 83.

For FY 84 and FY 85, the Budget Committee is recommending no increases in funding levels over the above-described FY 83 levels in any of the affected accounts except for amounts necessary to cover the costs of civilian pay raises in those years, which the Budget Committee recommends be limited to 4 percent in each year.

So that we can understand the impact of these proposals on the VA accounts affected (the medical care account, the medical and prosthetic research account, the medical administration and miscellaneous operating expenses account, the major and minor construction accounts, the State grants accounts, and the general operating expenses account), we request that you provide a detailed analysis of the impact of the proposed funding freeze on each of the affected VA accounts for each of the next three fiscal years, showing how the VA would modify its programs to accomodate the proposed funding levels in each instance. Since full Senate deliberations on the Budget Committee's proposals will probably begin late this week or early next week, we will need these analyses as soon as possible.

We would appreciate your including in these analyses, to the extent practicable, the anticipated programmatic effects of the proposed funding levels each year on employment levels, planned activities, and the caseload and workload indicators (for example, see pages 6-33 to 6-35 of Volume II of the FY 83 VA budget documents with respect to the medical care account) set forth in the VA's budget documents for each of the accounts involved; the number, type, and, wherever possible, location of any facilities that would be closed each year; and the specific changes that would be made in the construction projects for which funds have been appropriated or requested.

With respect to VA pension benefits, the Senate Budget Committee has recommended that the Veterans' Affairs Committees be given reconciliation instructions to achieve FY 83 legislative savings of $188 million. The Budget Committee has noted that this amount could be achieved by legislation to preclude VA pensioners from receiving in FY 93 the COLA that is scheduled to be granted, effective June of this year, under section 3112 of title 38, United States Code. In light of the 7.4-percent increase in social security benefits that will take effect in June, we would like to receive your analysis of the effect of such legislation on current VA pensioners who also receive social security benefits—particularly in terms of pension reductions that may result from the social security increase and the number of pensioners who would lose their eligibility for VA pension as a result of the social security COLA increase—and on potential pension beneficiaries who receive social security benefits.

We ask that you give these requests your personal attention so that we are provided a response not later than close of business Thursday, May 13. As always, your continuing cooperation is greatly appreciated.

With warm regards,
Cordially,

Alan K. Simpson,
Chairman.
Alan Cranston,
Ranking Minority Member.

Veterans Administration,
Washington, D.C. May 18, 1982.

Hon. Alan Cranston,
Ranking Minority Member, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

Dear Senator Cranston: I appreciate the difficulty the Congress is having in developing 1983 budget recommendations that support needed programs and achieve an appropriate and responsible federal fiscal policy. The President's 1983 budget includes funding for the Veterans Administration at a level that represents a reasonable balance between spending constraint and program growth. I continue to support the President's proposal.

At your request, we have within the limited time available, studied the impact on our programs that would result from implementation of the Senate Budget Committee recommendations. As I am sure you fully appreciate, the potential number of options available in addressing the proposed adjustments is very large. Unfortunately, we were not able to fully consider, let alone fully evaluate, each such option. The adjustments as proposed could cause significant changes in the program scope and require adjustments to the level of service provided.

In analyzing the impact of the Committee's proposals, we used the assumptions contained in the Senate Budget Committee's tentative agreement on a budget resolution. They are:

The 1982 level includes pay raise funding;

[Note.—The budget resolution as reported does not include full funding for FY 1982 pay-increase costs. Rather, as explained in the Congressional Budget Office memorandum inserted in the Record immediately following this letter, the amounts proposed for VA accounts in FY 83 require absorption in FY 1983 of 54 percent of the FY 1982 (October 1981) pay-increase costs. As a result, the failure in this letter to take account of this pay absorption factor in FY 1983 results in understating the Budget Committee-recommended reductions in certain of the accounts discussed later in this letter. The actual amount of the reductions are indicated, consistent with the CBO memorandum, and percentages are appropriately adjusted in brackets.]

For 1983 no pay raise will be provided;

If pay raises are approved in 1984 and 1985, they will be funded by Congress;

1983-1985 will not provide for inflationary funding.

Although current policy direction prevents a detailed reestimate of the 1983 budget request, the following paragraphs summarize several of the options we have had the opportunity to address. Also included, as requested, is our analysis of the effect of the Social Security C.O.L.A. increase on VA pensioners.

MEDICAL PROGRAMS

The impact of maintaining resources for Medical Care at the revised Senate allowance level in 1983 will require a reduction of $286.8 million [$416 million]. Because of the complexity of the program, numerous alternatives exist for operating within such a figure. The funding level would be met by selecting the combination of alternatives that would least disrupt direct medical care to veterans on a long term basis.

The Agency would be required to reduce medical employment by about six [nine] percent in 1983 if the entire reduction were taken in employment; by 1985 the percentage reduction required would be fifteen [eighteen] percent. An employment reduction of 10 percent or more at any "covered office or facility" will require Congressional approval, which, could not, absent legislative modification, be obtained prior to October 1983.

If the adjustment were made in workload:

Inpatient workload would have to be reduced by six [nine] percent in 1983 to offset the entire reduction.

Outpatient workload would have to be reduced by 21 [31] percent in 1983 to offset the entire reduction.

Should a straight-line budget approach for three years be adopted, medical facility closures would have to be considered; major saving would only result after the third year.

In some cases the utilization of newly activated facilities might have to be deferred. The agency's obligation to maintain 90,000 operating beds pursuant to Public Law 97-72 limits, in the absence of legislative change, the availability of options to us.

The Medical and Prosthetic Research, and the Medical Administration and Miscellaneous Operating Expense appropriations will require reductions of $5.4 [$8.1] and $3.4 million respectively in 1983. Employment would be reduced by two percent for research and five percent for administrative operation.

CONSTRUCTION APPROPRIATIONS

The Senate Budget Committee's resolution reduced the FY 1983 Construction, Major Projects and Construction, Minor Projects appropriation request by $136,164,000. We assume that we would have the flexibility to adjust the Major Construction and the Minor Construction requests to meet the necessary total reduction.

The effect of this reduction in the Major Construction request includes several possible alternatives.

The Agency could defer four or five fully-funded project requests.

It could request only the design funding for four of five projects and defer construction funds.

It could supplement these actions with smaller reductions in nursing home projects, energy conservation and the Advance Planning Fund.

The Agency might support minimizing the reduction in the Minor Construction request with respect to fire and safety projects.

GENERAL OPERATING EXPENSES

The reduction to the General Operating Expenses appropriation in 1983 will be $28.3 [$42.2 million] million, which is a 4 [16] percent reduction. This appropriation is personnel-intensive. Most of the nonpayroll funding is nondiscretionary for such requirements as office space rental and communications and utilities. One area which would have to be reviewed is the extent to which we can continue to support State Approval Agencies when facing significant personnel reductions. The remaining nonpayroll funding which would be considered discretionary, such as travel, can be curtailed but can realistically provide only several million of the $28.3 [$42.2] million reduction required.

Personnel reductions will have to provide the predominant share of the cutback:

The average employment within the appropriation may have to be reduced 1,000 [1,565] from the 1983 budget estimate.

A hiring freeze or furlough may have to be implemented as the employment for the departments and staff offices within the appropriation is already declining from 1982 to 1983.

Personnel reductions will have to continue over the three year period if the nonpayroll costs continue to increase.

PENSIONS COLA INCREASE

With respect to VA pension benefits, the recommendation would remove the July 1, 1982, cost-of-living increase. The removal of the scheduled rate adjustment in light of the COLA that will be provided Social Security recipients will cause dislocation among the pension population. Approximately 18,000 pensioners would be removed from the rolls as their income would exceed the eligibility standard. Another 267,000 pensioners would have their monthly checks reduced to offset the Social Security increase. This would represent an income loss of over $70 million annually. In addition almost $200 million would be saved by not granting the general COLA increase to all other pensioners.

I trust that this information will be useful to you and the Committee.

Sincerely,

ROBERT P. NIMMO,
Administrator.

MEMORANDUM OF MAY 19, 1982

To: Ed Scott, Senate Veterans' Affairs Committee.
From: Nina Shepherd, Congressional Budget Office.

The information shown below is in response to the telephone request you made earlier today.

The budget resolution ordered reported by the Senate Budget Committee includes a reduction in function 700 in fiscal years 1983-1985 of $148 million. This reduction was assumed to be achievable through continued absorption of 54 percent of the October 1981 federal pay increase. The Senate Budget Committee did not assume any pattern for distributing this reduction among the function 700 accounts containing pay. However, if the $148 million reduction were allocated according to the distribution of total function obligations for personnel compensation, as reflected in the President's 1983 budget request, the account-by-account reduction would be as follows:

	Millions
Medical care	$ -129.3
Medical and prosthetic research	-2.6
Medical administration and miscellaneous operating expenses	-0.9
General operating expenses	-13.7
Construction, minor projects	-0.7
Cemeterial expense, Army	-0.1
American Battle Monuments Commission	-0.2
Soldiers' and Airmens' Home	-0.5
Total	-148.0

In a letter to Chairman Simpson dated May 18, 1982, VA Administrator Robert Nimmo stated the amounts by which the VA's 1983 appropriation request would have to be reduced in order to comply with the Senate-reported budget resolution levels for function 700. The amounts shown by Administrator Nimmo do not include the continued absorption of the October 1981 pay raise that was assumed in the resolution. Should the effects of the pay absorption be allocated as shown above, the total amount by which the President's request for these accounts would have to be reduced, would be as follows:

Fiscal year 1983 BA and O

	Millions
Medical care	$416.0
Medical and prosthetic research	8.1
Medical administration and miscellaneous operating expenses	(1)
General operating expenses	42.2
Construction, minor projects	89.7
Cemeterial expense, Army	2.2
American Battle Monuments Commission	(1)
Soldiers' and Airmen's Home	2.6

[1] In these accounts the amounts assumed in the resolution, reduced by the assumed pay absorption, are higher than the President's requested appropriation amounts.

COST-OF-LIVING INCREASES IN VETERANS' COMPENSATION AND PENSION PROGRAMS

Mr. CRANSTON. Mr. President, the budget resolution as reported anticipated the elimination of any cost-of-living increase in fiscal year 1983 in the service-connected disability compensation program and the capping of such increases in fiscal year 1984 and fiscal year 1985 at 4 percent. Now the Baker modification would lift the fiscal year 1983 freeze—but only for those with disabilities rated 70 percent or more disabling—and proposes a 4-percent cap for that year, too, for even these veterans. I find this discriminatory action totally incomprehensible.

Mr. President, I would like to quote Mr. Reagan on this subject of cost-of-living increases for the VA's service-connected disability compensation program. In August of 1980, in a campaign speech at the Veterans of Foreign Wars' convention in Chicago, he called it a "breach of faith" for "compensation for those with service-connected disabilities * * * [not to be] kept abreast of inflation. * * *"

I strongly agree with the President on that.

To me it is absolutely unacceptable to ask the more than 2.2 million veterans who have service-connected disabilities—injuries and illineses sustained while in service to our country—to forego an increase in the rates of their VA compensation benefits that would insure that their benefits keep pace with inflation. These individuals—as well as the more than 355,000 survivors of veterans who died while on active duty or as the result of service-connected causes—have already made sacrifices for this country and, in some cases, have made extreme sacrifices. They should not be asked to make this additional one.

I would note, however, that they would be willing to make still further, equitable sacrifices if that were being asked of all others similary situated. As the American Legion said in its May 17 letter to all Senators:

> The American Legion has stated its willingness to consider any official budget proposal requiring veterans to assume some of the burden associated with the undeniable need to restore the Nation's economic health. However, we demand that all segments of society share an equal budgetary hardship.

Thus, Mr. President, to appreciate the impact of what is being proposed here regarding denying COLA's to veterans' compensation and pension recipients, we need to step back and look at what is being proposed at the same time for other income-maintenance recipients in directly parallel—but certainly no higher priority, at least until now—programs.

With respect to veterans' disability compensation, let us compare a totally disabled, paralyzed individual, a nonveteran, who is covered by social security and is receiving social security disability insurance payments. This July, this individual's check will go up by 7.4 percent and the next year and the year after that, we anticipate paying him a full COLA—and that is as it should be.

Compare that disabled person's situation with that of his equally disabled neighbor, a paralyzed Vietnam veteran struck down on the battlefield and receiving full VA disability compensation.

Both individuals paid for their benefits—one with monetary contributions, the other with his loss of bodily functions in service to his country. They are both truly entitled to these benefits. Is one more deserving than the other? If so, is it the SSDI recipient? I think not.

Yet, we have before us a proposal by the Budget Committee—as proposed to be altered by the Baker substitute—to say to the veteran next October 1, sorry we could afford to give you only a 4-percent increase, just 54 percent—a little more than half of the rate increase we gave your neighbor?

How can we explain that result?

Has that veteran's sacrifice somehow been diminished in its value to our country? Is anyone proposing to give him back 46 percent of his mobility?

And to make matters worse, we go on to say to this veteran who is beginning to doubt all the rhetoric about "a grateful nation", "by the way, no matter how much the CPI jumps in the next 2 years, we are going to limit you to a 4-percent compensation increase each year; of course, we feel differently about your neighbor; we are not proposing any such cap on his SSDI benefits."

I find this disparate treatment totally indefensible. To discriminate against the service-connected disabled veteran is truly incomprehensible to me. There is no justification whatsoever for this inequitable result.

Moreover, for those veterans with less than 70-percent disabilities, how do we explain denying them any COLA and giving SSDI recipients and social security retirees the full COLA? I cannot and I do not see how the Senate can.

Denying all those with less than 70-percent disabilities any COLA this year means that we would enact no increase in rates of disability compensation for almost 2 million of those who suffer from disabilities incurred in service to their country.

Further, Mr. President, this budget would provide for no fiscal year 1983 increase to the more than 433,000 surviving dependents of veterans who died while in the service or who died of service-connected disabilities—that is, no inflation relief to more than 246,000 surviving spouses, 74,000 children, and 112,000 dependent parents of veterans who literally gave their lives for this Nation.

The effect then is to deny any equity to 2.4 million of these highest priority recipients while granting some—but inadequate—assistance to less than 8 percent in this category.

Now, the argument will be made that we are providing for the more severely disabled veterans by granting those veterans a partial cost-of-living adjustment. However, we should understand which veterans would be getting no increase: Veterans with leg and foot amputations; veterans who are totally blinded in one eye; veterans who have lost the use of their minor hand; veterans who have had prosthetic replacements of shoulders, elbows, or knees and suffer from chronic severe painful motion or weakness in that joint; veterans suffering from severely incapacitating rheumatoid arthritis; veterans suffering from severe emphysema that prevents climbing one flight of stairs or walking one block without stopping; and veterans who have lost golf-ball sized pieces of their skulls.

These are just some of the service-connected disabilities for which cost-of-living adjustments would not be granted. These are disabilities for which determinations have been made that they are the result of injuries or conditions incurred in or aggravated by military service.

Mr. President, while I can appreciate the good intentions of my good friend from Wyoming (Mr. SIMPSON) regarding the possibility that the Baker modification provides the flexibility needed to provide the full 7.4-percent cost-of-living increase in compensation benefits this year, I must point out that the Baker modification simply does not provide enough room for it.

To provide all 70-percent-or-more disabled veterans with a 7.4-percent COLA this year—instead of the 4-percent that the Baker modification allows—and to provide the 7.4 percent COLA to all other of the 2.4 million service-connected disabled veterans and the survivors of those who have died from service-connected causes requires $561 million in budget authority and $577 million in outlays in fiscal year 1983 that just are not in the Baker levels.

As the Veterans' Affairs Committee chairman knows, the resolution as reported assumes that that increase will be denied this year and the Baker modification adds back only $600 million in budget authority and $500 million in outlays for fiscal year 1983. Of those amounts, $478.4 million in B.A. and $437.2 million in outlays are accounted for by the 4-percent increase for 70 percent or more disabled veterans and noncompensation items. That simply does not leave room for the additional $568 million in budget authority and $577 million in outlays that CBO estimates would be needed for the full COLA for compensation, as I have just described it. Moreover, there is an even greater lack of room in the two out-year amounts under the Baker modification.

As the chairman knows, the only programs over which our committee has jurisdiction are veterans' benefits and services. If we are going to fund a full compensation COLA within the limits of the Baker modification, the money has got to come from other VA programs. The question is, which ones?

So, I think we need some clarification from the chairman as to exactly how he proposes to pay for this COLA. Does he propose further cuts of half a billion dollars in VA health care—on top of the $129 million reduction already taken? Does he propose cutting further into the VA pensioners' benefits—in addition to taking back some or all of the COLA that they will begin receiving in July? Does he have some other means for freeing up the needed funding?

Mr. President, we need to know the answers to these questions.

If the money is not in the budget for the pension COLA, just saying we will make room for it is not good enough because further down the road we are going to have to deal with the realities and constraints of the numbers themselves.

Now, regarding the veterans' pension program, for which the Budget Committee proposed no increase at all this year—with 4-percent caps proposed for the next 2 years—again, it seems to me we have a most unfair discrimination against those who served their country in time of war.

First, let us clarify what we have in this veterans' pension program. This is purely a needs-based, income maintenance program for war veterans and certain survivors of them. We are not talking about the old pension program where family income was not counted and where there were numerous exclusions from countable income. Congress reformed this program in 1978 to make it truly needs-based and truly equitable. Anyone receiving a pension under this program is truly needy. Veteran pensioners are either totaly disabled or over 65. Those are essentially the same qualifications for a low-income recipient of SSI—supplemental security income. Yet the SSI recipient—and I am not talking about contributory social security now but about the federalized welfare program—will be granted the full 7.4-percent COLA in the July check this year and the full COLA for each of the next 2 years—as, indeed, should be the case. Why then do we not do the same thing for the equally disabled or elderly low-income war veteran?

I have no acceptable answer to that question. Each of these individuals is poor and either old or disabled. It is true that Congress decided in 1978 to create a somewhat higher income standard—just over the poverty level—for the veteran pensioner. Today that means about $413 a month for a single war veteran with no dependents or other income, surely not a princely sum. That veteran needs the cost-of-living increase to subsist—just as does the SSI recipient.

Perhaps some will say, well the veteran can always get a COLA by switching to the SSI program. That may seem to some like a pretty appealing answer, but I content that it is not.

Many very poor elderly and disabled people in this country feel that they are demeaned by taking welfare; they feel diminished by this—less worthy. Yet, those who served this country in the military look at veterans' pension as something they earned by their wartime service. They do not feel they are on welfare and do not want to be.

Is it our policy that we want to force an elderly or disabled wartime veteran who is subsisting at or below the poverty level with a feeling of self-worth and dignity to follow a course that the veteran feels will deprive him of his own self-respect? I hope not. Such a policy makes no sense from the standpoint of humanity, and it makes little fiscal sense since the net savings to the Federal budget would be minimal if these persons were forced over to SSI in order to subsist.

Mr. President, I should also point out the gross impracticalities inherent in this proposal to eliminate the pension COLA this summer. It is, at this point, far too late for the Congress to prevent that COLA from beginning to be paid as of July 1. The rate of the increase has already been computed—7.4 percent—and announcement of it was made in the Federal Register on May 14. The programing of the computers to print the checks for mailing on July 1 is already underway, and the last date on which it would be even remotely feasible to turn that process around and cancel the increase would be May 25, the date on which the July 1 checks will begin to be printed. Obviously, the change in current law that would be needed to prevent the COLA from going into effect—a change that the House Budget Committee has rejected and that I assure you the House Veterans' Affairs Committee would very, very strongly oppose—simply cannot be enacted by that date.

Thus, it seems clear that the increase will be paid as of July 1 and will also be included in the August and, probably, September pension checks as well. Thereafter, what does the Budget Committee propose should occur—that the law be changed after the fact to reduce the benefit levels that would already have begun to be paid? Do any of my colleagues actually want the VA in August or September to announce to all 566,000 pensioners who would be affected that as of September 1 or October 1 their checks will be reduced by at least 7.4 percent? I ask each of you, please put yourselves in the shoes of a totally disabled or elderly veteran having a total income, if you have no dependents, of only $444 per month, or a widow of a wartime veteran having a total income of only $298 per month, who receives a notice from the Federal Government informing you that the Congress and the President of the United States have just passed and signed a law to cut your pension by 7.4 percent.

Think of it! Letters going out in August or September—or possibly in October—to hundreds of thousands of VA pensioners saying to each of them, in effect, the Congress and the President believed that you were getting too much money and decided to cut your pension benefits.

Are VA pensioners really getting too much?

I would point out to my colleagues that the poverty level for an urban family of four is—according to statistics released last August—a per annum income of $8,414. That level, according to a projection prepared by the Congressional Research Service, can be expected to increase to $9,289 in August of this year.

Now, compare this to the maximum income level for the VA's pension program. For a family of four, the current income standard for VA pension is $8,179—$235 less than the official level of poverty. And, when the level is revised in August, and when the VA pension checks are reduced as is proposed under this budget, the level of VA pension would be cut to a level more than $1,100 less than the level of poverty.

In essence, not only is the budget committee proposing that truly poor individuals be denied the necessary and appropriate cost-of-living adjustment due them under law, but also that they be required to give back the small increase that they have been promised and that they will receive under existing law. These are people struggling to survive on annual income levels that in the case of single veterans are just above the poverty level and that in the case of veterans with larger family units and surviving spouses of deceased veterans are below poverty levels.

Mr. President this is a truly unacceptable approach to dealing with the needs of those who are among our Nation's neediest citizens.

And please keep in mind that for 18,000 pensioners the effect of the budget would be not just a reduction—they would be dropped entirely from the rolls. Having received a 7.4-percent pension increase in July—along with a social security increase—when the law is changed to eliminate the pension COLA, they would be pushed all the way out of the program.

It also need be emphasized that the 267,000 VA pensioners who receive some social security are going to be hit with a double whammy if the Budget Committee's approach is adopted. When the pension COLA is eliminated, they will lose the 7.4-percent increase—just like all other pensioners. But, in addition, their pension benefits will be further reduced dollar for dollar by an amount equal to the July 1 social security increase.

For example, a veteran pensioner with no dependents who is currently receiving $3,000 a year in social security and no other nonpension income is today getting $1,960 per year in pension. On July 1, his social security check will increase to a $3,222 annual level and his VA pension to a $2,106 annual level—A $146 increase in pension. If the pension COLA is eliminated, he first loses the $146 annual increase in pension he started receiving on July 1. But he also suffers a further annual pension reduction of $222 because of the social security increase. Thus, this veteran will bet a total pension reduction of $368. In terms of monthly benefits, the veteran would have received a $12.17 pension increase in July and the Congress would be inflicting a $30.67 reduction in September or October. Such treatment will be as baffling to this veteran as it is hard to endure.

Mr. President, as the legislative history of the 1978 VA Pension Improvement Act makes abundantly clear, this is exactly the kind of result that was intended to be avoided—pension terminations and reductions resulting from social security increases. I am sure that Senators who were here in 1978 and for several years before then will recall the enormous amounts of mail they got each year from VA pensioners who, because pension and social security were not linked as they now are, suffered pension reductions in January each year because of social security COLA's they had received the previous July. I venture to say that year-in year-out that issue generated more constituent mail than any other matter. And correcting that problem—along with rectifying various inequities and deficiencies in the old pension program—were the driving forces behind the 1978 law. I do not think my colleagues really want to open those old sores again—but that would be the effect of the Budget Committee's proposal.

In summary, this proposal—which I am opposing now and will continue to oppose with every means possible wherever and whenever it comes up—is grossly inequitable, poorly conceived, and extremely impractical. It deserves to be rejected by an overwhelming vote in this body.

VA MEDICAL CARE

Mr. President, the Chiles-Mitchell amendment would provide for much-needed funding in the VA's medical care account to restore that account to the levels that the President recommended and which, as I have noted, the Administrator of Veterans' Affairs continues to support—but for which the Baker modification fails to provide.

To understand this issue, I must briefly address one fairly technical matter which has a very real impact on the Nation's sick and disabled veterans. The Baker modification would add, in fiscal year 1983, $287 million for appropriations to the VA's medical care account. We are told that the purpose of this add-on is to restore cuts that the Budget Committee made in the President's budget request for this vitally important account. Unfortunately, that amount does not make the full restoration that is so badly needed.

The shortfall derives from the Baker modification's failure to take into account the minus $148 million that the Senate Budget Committee includes in function 700 for what it calls "pay absorption" in fiscal year 1983, and in the outyears, fiscal year 1984 and fiscal year 1985. That minus amount is reflected in the Budget Committee's function 700 total and is not restored by the Baker modification. It cannot be ignored.

Let me also emphasize that this absorption is of increased pay costs incurred in fiscal year 1982. It is not absorption of any pay raises that may occur in the future—in fiscal year 1983 or in later years. This so-called absorption represents the carrying forward to a full fiscal year of an amount that the Budget Committee has estimated may be absorbed Government-wide in fiscal year 1982 from the fiscal year 1982 pay raise—54 percent. This figure is not even accurate as it applies to the VA this year since a pay supplemental covering 68 percent of new pay costs is pending right now in Congress.

In reality, this prospective absorption factor is really no more than a disguise for a deep programmatic cut. Without these funds, the VA has essentially three options, or a combination of them, in the health care area—have less personnel, treat less veterans, or buy less supplies and equipment.

To tell what the Budget Committee proposal and the Baker modification really propose for the VA's medical care and research accounts, we must allocate that minus $148 million in appropriate proportions to each of the function 700 accounts entailing personnel costs. To make that allocation, I requested a Veterans' Affairs Committee staff member to ask the appropriate CBO staff member to provide a neutral, objective basis for doing so, and she has provided a May 19 memo, which I earlier inserted in the RECORD, showing the account-by-account allocation "according to the distribution of total function obligations for personnel compensation, as reflected in the President's 1983 budget request * * *" I do not think there can be any argument whatever with that analytical approach.

The results show a $129.3 million reduction in the medical care account. Thus, as the memo makes clear, a $287 million restoration to the medical care account—which the Baker amendment makes—does not suffice to bring the Budget Committee proposal up to the President's budget level—it is $129.3 million short.

Our amendment would make that restoration, and I want to emphasize how badly needed it is. In this regard, I would note that the Veterans' Affairs Committee's March budget report included a most significant discussion of the point that, although the committee was recommending acceptance of the administration's proposed levels for the medical care account, there were serious concerns that those levels entailed underfunding in some areas. In this regard, the committee noted that it was "deeply concerned about the effect that these potential funding deficiencies might have on the VA's Department of Medicine and Surgery's ability to provide the levels of health-care personnel necessary for it to support the patient-care workloads set forth in the budget request." The Veterans' Affairs Committee chairman, my good friend from Wyoming (Mr. SIMPSON), and I reemphasized this point in a letter to the Budget Committee's chairman (Mr. DOMENICI) and ranking minority member (Mr. HOLLINGS) dated March 31, 1982, noting the Veterans' Affairs Committee's view "that the President's request for the medical care account is one that leaves no margin for further reductions if the VA is to be able to provide the staffing levels and meet the patient-care workloads that have been proposed by the administration and are fully supported by our committee." We again addressed our concerns on this point in a letter to the Budget Committee chairman (Mr. DOMENICI) and ranking minority member (Mr. HOLLINGS) in a May 5, 1982, letter, dealing with the impact of a freeze on various VA programs, in which we strongly recommended that the Budget Committee not include in the budget resolution levels that would require the VA's Department of Medicine and Surgery to bear a reduction from the President's requested level for fiscal year 1983.

Mr. President, I ask unanimous consent that copies of the March 31, 1982, and May 5, 1982, letters from the chairman (Mr. SIMPSON) and me to the Budget Committee's chairman (Mr. DOMENICI) and ranking minority member (Mr. HOLLINGS) appear at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., March 31, 1982.

Hon. PETE V. DOMENICI,
Chairman.
Hon. ERNEST F. HOLLINGS,
Ranking Minority Member, Committee on Budget, U.S. Senate, Washington, D.C.

DEAR PETE AND FRITZ: Our Committee has very recently received and had an opportunity to review March 17 and 18 budget data prepared by the Congressional Budget Office setting forth CBO's latest account-by-account estimates of the fiscal year 1983 (and outyear) "current law" costs or programs within Function 700, Veterans' Benefits and Services, as well as reestimates of the President's budget requests and "baseline" estimates for each Function 700 account. Our Committee's March 8, 1982, report to your Committee on our fiscal year 1983 budget views and estimates for veterans' programs were based on the CBO February 5, 1982, estimates of current law costs provided to us by your Committee.

Because we understand that your Committee will be using the new and additional CBO estimates in marking up the first concurrent budget resolution for fiscal year 1983, we would like to indicate to you and your Committee members our views on those estimates.

MISSIONS 1, 2, AND 4

The accounts in Missions 1, 2, and 4 (subfunctions 701, 702, and 704) consist of entitlement accounts and various trust funds and revolving funds. With respect to your reliance upon reestimates for these missions—which in Mission 1 are in total substantially below the President's request and below the current law estimates that our Committee used in its March 8 report—we wish to stress our understanding that the accuracy of these reestimates of current law costs and of the cost of the cost-of-living adjustment (COLA) in the service-connected disability compensation account are dependent upon the accuracy of CBO's assumptions relating to future caseloads and economic conditions and that, if those current law and COLA costs eventually prove to be higher or are reestimated at higher levels, corresponding upward adjustments in the functional totals would be made in subsequent fiscal year 1983 concurrent resolutions.

MISSIONS 3 AND 5

With respect to Mission 3 (subfunction 703), which covers Veterans' Administration health-care and construction programs, and Mission 5 (subfunction 705), which covers primarily the management and administration of all VA benefit programs other than health care, as noted in our Committee's March 8 report, the Committee has recommended acceptance of the President's total budget requests for these missions, and considers that those requests would provide only marginally adequate support for the programs involved. We would like to emphasize, however, that we have very serious concerns with respect to any possible reliance on the CBO current law or baseline estimates as providing adequately for those programs. In this respect, our major budgetary concerns focus primarily on three accounts: medical care and minor construction (Mission 3) and general operating expenses (Mission 5).

Medical Care.—With respect to the VA's medical care account, which provides funding primarily for the operation and maintenance of VA health-care facilities, we note that the CBO baseline estimate is $96.7 million less in budget authority and $88.8 million less in outlays than the President's request. As we indicated in some detail in our report (part 2(b) of the discussion of Mission 3), although our Committee recommended acceptance of the President's request, we pointed out several areas in which the President's request reflects significant problems of potential underfunding. We stress our Committee's view that the President's request for this account is one that leaves no margin for further reductions if the VA is to be able to provide the staffing levels and meet the patient-care workloads that have been proposed by the Administration and are fully supported by our Committee.

It should be noted that the fiscal year 1982-to-fiscal year 1983 increase in the CBO baseline estimate would provide for an increase in appropriations of only 6.2 percent, and that even that increase is based on a fiscal year 1982 level that does not take into account the fiscal year 1982 costs (more than $150 million) of the October 1981 federal civilian pay raise for employees paid under this account, for the cost of which the VA has received a deficiency apportionment up to this point. Taking that fiscal year 1982 cost element into account, the fiscal year 1982-to-fiscal year 1983 increase in the baseline estimate would be only 3.9 percent. Further, we note that, as we understand it, the CBO model for computing baseline estimates does not take into account the costs—which we believe clearly should be assumed to be appropriate and necessary for budget purposes—of activating new facilities, the construction of which Congress has previously approved and funded. The total fiscal year 1983 costs for this essential component of the VA budget are $179.5 million and if added to the CBO baseline estimates would cause that estimate to exceed by more than $80 million the level we are recommending.

Construction.—The baseline estimate for the VA's minor construction account, which funds VA medical construction projects of less than $2 million, provides for appropriations of $82.5 million less than the President has requested. We note that substantial reductions made in the fiscal year 1982 appropriation for this account caused some necessary projects to be postponed to fiscal year 1983. Construction funded under this account covers a wide range of projects for modifications and minor additions that are necessary for the effective and efficient functioning of existing VA facilities, many of which are quite antiquated; for the correction of fire and safety deficiencies; and for the correction of various other deficiencies that have been cited by the Joint Commission on the Accreditation of Hospitals. We thus believe that reductions in the President's request for this account (aside from the $12 million reduction in the combined major and minor construction accounts that our Committee has recommended in order to offset increases we recommend in certain high-priority health care activities) could jeopardize the affected VA facilities' ability to provide quality care or the safety of the environment in which that care is provided.

Thus, we strongly urge that you recommend no reductions in the President's total request for fiscal year 1983 funding for the medical programs in Mission 3.

General Operating Expenses (GOE).—With respect to the VA's GOE account, the major account in Mission 5, for which our Committee recommended acceptance of the President's request, we note that the CBO baseline estimate would provide for the appropriation of $16.5 million less than the President has requested. Again, substantial reductions were made in this account in the fiscal year 1982 appropriations Act (Public Law 97-101). If substantial cuts were to be made in the President's current request for this account, we believe that the effective administration of various VA benefit programs—including service-connected disability compensation and vocational rehabilitation programs, the GI Bill, and the pension and burial benefit progams—would be impaired and that a slow-down in the processing and adjudication of claims for benefits, with consequent hardship for deserving veteran-applicants, could result.

Proposed GNMA-MBS Ceiling.—We are also concerned about the Administration's proposal to place a commitment ceiling of $38.4 billion on the Government National Mortgage Association mortgage-backed security (GNMA-MBS) program for fiscal year 1983—almost 50 percent less than the fiscal year 1982 ceiling of $68.25 billion—and the effect that such a ceiling would have on the VA's home-loan guaranty program and the availability of housing assistance for eligible veterans through the VA.

The GNMA-MBS program provides the major source of financing for VA-guaranteed loans. Approximately 70 percent of all VA-guaranteed loans that are originated by mortgage lenders are placed in GNMA-MBS pools, and the securities backed by these pools are sold to a diverse group of private investors. Thus, a reduction in the GNMA-MBS credit ceiling would have an impact on the supply of mortgage money available to fund VA loans, and could reduce the availability of credit to veterans seeking to purchase homes under the GI Bill home-loan program.

It should be noted that increasing the commitment ceiling level would not increase budget outlays or the budget deficit since the GNMA-MBS program is entirely supported by user fees. We urge you to keep these considerations in mind as you review this proposal.

We would greatly appreciate your consideration of the concerns we have expressed in this letter in your deliberations on budget levels for veterans' programs. If you have questions regarding any matters that we have raised, please have members of your staff get in touch with the staff of the Committee on Veterans' Affairs.

With warm personal regards,

Cordially,

Alan K. Simpson,
Chairman.
Alan Cranston,
Ranking Minority Member.

U.S. Senate,
Committee on Veterans' Affairs,
Washington, D.C., May 5, 1982.

Hon. Pete V. Domenici,
Chairman.
Hon. Ernest F. Hollings,
Ranking Minority Member, Committee on the Budget, U.S. Senate, Washington, D.C.

Dear Pete and Fritz: It has come to our attention that one of the options presently under consideration by your Committee for resolving the fiscal year 1983 budget impasse is an across-the-board appropriations freeze at fiscal year 1982 levels for discretionary spending. We wish to convey to you our very great concern about such a course of action insofar as Function 700 is concerned.

By far the Function 700 account that would be most affected by such an appropriations freeze would be the medical care account, for which both the Administration and this Committee have recommended fiscal year 1983 budget authority of $7.5 billion. You will recall that we have expressed to you on two recent occasions—in our March 8, 1982, report of budget views and estimates to your Committee and again in a letter dated March 31, 1982—our deep concern about the rather precarious funding situation facing the Veterans' Administration's Department of Medicine and Surgery in both fiscal year 1982 and fiscal year 1983. We refer you to those materials, and on the basis thereof strongly recommend that the Budget Committee not include in the budget resolution levels that would require the Department of Medicine and Surgery to bear a reduction from the President's requested level—such as the $530 million reduction that the freeze would entail—for fiscal year 1983.

We are concerned also about the effect that such a freeze would have on funding for the VA's general operating expenses account for fiscal year 1983. This account took a $26 million cut last year that it could ill afford, and we believe that the $53 million reduction resulting from a freeze would severely impair the VA's authority to administer effectively on a timely basis the broad range of benefits and services that the Congress has enacted to meet the needs of the Nation's veterans.

For these reasons, we would request that if your Committee decides to pursue this freeze option, all discretionary spending in Function 700 be exempted. We note that there is precedent for such an exemption in appropriations actions taken last year with respect to the VA medical care account.

We would also like to take this opportunity to comment upon your April 13 response to our March 13 letter urging that your Committee not assume that CBO baseline estimates for Missions 3 (VA health-care and construction programs) and 5 (primarily VA management and administration) provide adequately for the programs included in those missions. In the next-to-last paragraph of your letter, you noted that when our Committee's March 8 recommendations "are adjusted to take the most recent CBO estimates into account, the total [Veterans' Affairs] Committee recommendation is the same as the CBO current policy baseline for Function 700 . . ." You go on to note that "the net effect is that [the Veterans' Affairs] Committee has recommended Function 700 totals for fiscal year 1983 that are the same as the totals in the CBO baseline that we are using for markup."

It is very important to note, however, that our Committee's recommendation is not a "current policy" recommendation and that the major reason our Committee's recommended overall Function 700 totals (adjusted apparently to take into account CBO reestimates of Missions 1, 2, and 4 accounts) are the same as the CBO current policy baseline totals is that our Committee has recommended savings (of $150 million) not taken into account by those CBO totals while the CBO totals do not make adequate provision for Missions 3 and 5. Thus, we continue to believe that the points that we made in our March 31 letter are relevant and important and urge that you recommend no reductions in the President's total requests for fiscal year 1983 funding for Missions 3 and 5.

We appreciate your consideration of our proposal.

Sincerely,

Alan K. Simpson,
Chairman.
Alan Cranston,
Ranking Minority Member.

Mr. CRANSTON. Thus, Mr. President, as my good friend and colleagues from Florida (Mr. Chiles) and Maine (Mr. Mitchell) have already emphasized, there is no fat in this account as the President requested it be funded. Cuts here mean less health care for eligible veterans.

Thus, Mr. President, it is important to put some flesh on the bare bones that the dollar figure that we are discussing—the reduction of $129 million for VA medical care—represent. I do not have a precise analysis of the impact on the VA's Department of Medicine and Surgery if this amount is not restored. We have barely had time to digest the figures ourselves, much less receive detailed information from the agency. However, it is possible, on the basis of a very brief analysis provided by the Administrator in his May 18 response to a request by the Veterans' Affairs Committee chairman (Mr. SIMPSON), and me for the agency's view on the impact of the funding levels originally recommended by the Budget Committee, to translate the impersonal dollar figures into real people, both VA employees and veteran-patients, and then to consider the implications of not restoring the fiscal year 1983 funding level to the President's level, as supported by the Veterans' Affairs Committee and the Administrator of Veterans' Affairs.

Mr. President, in the area of VA health-care personnel, extrapolating from the analysis provided by the VA Administrator in his letter, if the pending amendment is not adopted and the agency dealt with the funding shortfall, in fiscal year 1983, by reducing the number of its health-care employees, the agency would have to lose over 5,500 employees. Such a loss, no matter how applied across the system, would be devastating. If most or all of the reductions were in direct-care providers, the impact on the quality and quantity of health care provided to eligible veterans would be immediate. If the agency instead tried to meet this $129 million reduction through the elimination of support and indirect-care positions, the results would be very similar because many direct-care employees would be pulled away from actually providing care and instead would have to perform some of the other jobs—ranging from clerical jobs to cleaning tasks—that had been carried out by the employees who were let go. In either event, it is certain that an employment reduction of this magnitude would result in slower, less adequate health care being provided.

Mr. President, compared to other health-care systems, the VA's is very thinly staffed, and there are few if any facilities in the system that could take any significant reductions in personnel levels and still deliver quality health care. Thus, I cannot help but believe that employee reductions of this magnitude would have to be met by closing entire wards, clinics, nursing homes, or other units and, probably, some entire facilities, and as my colleagues appreciate, the closing of VA health-care units and facilities would have very serious ramifications. The most serious result, of course, would be that the veterans—including those with diseases or disabilities incurred during their service—in the areas served by the facilities to be closed will lose currently available access to VA health care. The service-connected veterans will continue to be eligible for care through the VA—on a fee-for-service basis which almost certainly will cost the Government more on a per-episode basis than providing care through the VA—but those currently receiving care by virtue of being over 65 or being unable to defray the cost of the needed care will be left with no further access to VA care, a result that seems particularly ill-advised as other alternatives to VA care become more restrictive or expensive or both. I am unable to understand why we would want to endorse such a result.

Mr. President, although obviously interrelated with employment reductions, another way in which the VA might seek to deal with this reduced level of funding for fiscal year 1983 that will result if the pending amendment is not adopted would be in reductions in the actual number of veterans treated by the VA in fiscal year 1983. In this regard, the VA's earlier analysis indicates this option would result in over 40,000 fewer veterans being provided hospital care than the President recommended in his budget if the agency has to operate at the Baker amendment's reduced level of funding. At no time—either during the Veterans' Affairs Committee's deliberations on the fiscal year 1983 budget or since—has there been any suggestion that the President's projections of the number of patients to be treated by the VA in fiscal year 1983 was inflated, inaccurate, or inappropriate. Nor has there been any suggestion that the VA would be treating veterans who did not need care. Thus, if the Chiles-Mitchell amendment is not adopted and the VA makes the necessary reductions in the area of inpatient workload, VA hospital care will be provided to over 40,000 fewer eligible veterans who need that care. What is the possible justification for such a result? Why should over 40,000 veterans in need of inpatient care be turned away? I do not have answers to those questions, nor have I heard any satisfactory answers offered here today.

Mr. President, in a similar vein, if the pending amendment is not adopted and the VA assigns all the $129 million reduction to the area of outpatient visits, the agency's analysis would yield a reduction of over 1¾ million fewer episodes of outpatient care being provided to veterans in fiscal year 1983 than was recommended by the President.

I reject the notion that we should tell sick and disabled veterans in these vast numbers, "Sorry, you can't get treatment." The only basis for such denials of care would be the effort to reach a budget figure that has not been justified on any programmatic grounds. I recognize that the VA cannot treat all veterans for any and all diseases and disabilities and that, for that reason, the agency projects numbers of patients that will be seen in a given year. However, those projections—which form the basis of the President's budget—are based on historical data and estimates based on experience. What we would be doing by not adopting the pending amendment would be substituting projections that have no basis in fact or experience.

I do not believe any of these approaches are defensible approaches. These reductions would be totally arbitrary, and I urge my colleagues to reject them.

MEDICAL CONSTRUCTION

Mr. President, with respect to the VA's medical-facilities construction program, the Budget Committee proposal would reduce appropriations below an already bare-bones level requested by the President for major and minor construction projects. It would cut $136.2 million in fiscal year 1983 and freeze the resulting reduced level through fiscal year 1985. The Baker modification restores none of this funding. The effect of this reduction is, according to the letter received from Administrator Nimmo yesterday, that, in fiscal year 1983 alone, four or five fully funded projects would be deferred or that only design—and not construction—funding would be sought for four or five planned projects and that these actions would be supplemented with reductions in nursing home projects, energy conservation, and the advance planning fund.

The cost ineffectiveness of this shortsighted approach to the VA's construction program is overwhelming. For each year that a construction project is postponed, the cost of the project increases by about 9 percent. That means, Mr. President that a delay for 3 years of $136.2 million in fiscal year 1983 construction projects will raise the cost of those projects to $176.4 million—a $40.2 million increase. It should also be stressed that that increase is experienced only from the postponement of fiscal year 1983 projects and, since the VA's most recent 5-year construction plan shows $1.4 billion in major construction projects for each of fiscal years 1984 and 1985—a level nearly four times the frozen budget authority level of $372.3 million—it can be assumed that other planned construction, costing far, far more than the $136.2 million in construction projects affected in fiscal year 1983, would need to be postponed in fiscal year 1984 and fiscal year 1985 and would result in further, enormous increases as a result of inflation.

In connection with this approach of postponing and postponing again and again the bulk of planned VA medical construction projects, I would like to emphasize the great importance of the VA of continuing to upgrade—and where necessary replace—its existing health-care facilities, many of which are antiquated and have reached or are reaching the point where they are no longer capable of functioning effectively and efficiently and providing a setting for providing the quality, modern medicine that our Nation's veterans need and deserve.

For this fiscal year, 1982, budget constraints have already forced postponement of VA construction projects totaling more than $100 million. This process cannot go on and on.

We cannot turn a blind eye to the consequences of continuing to impair the VA's construction program in the way that the Budget Committee and the Baker modification would require. Allowing real construction and renovation needs to go unmet year after year will produce rundown and outdated facilities that are not fit for the provision of quality health-care services.

GENERAL OPERATING EXPENSES

Mr. President, although the Baker modification would add $28.3 million to the level recommended by the Senate Budget Committee for the VA's general operating expenses, as a result of the pay absorption problem which I discussed a few moments ago, the Baker proposal still leaves a reduction of $13.7 million.

Since the general operating expenses account is a personnel-intensive one and much of the nonpayroll funding is nondiscretionary expenditures for office space, communications, and utilities, a $13.7 million reduction could well, unless reversed, lead to staffing reductions in the form of RIF's, furloughs, and hiring freezes. Based on information provided in the Administrator's letter of May 18—and extrapolating again as it was necessary to do in connection with the medical care account—it would appear that we could expect a reduction of about 500 VA employees in fiscal year 1983 if the funding level is not increased to the level proposed in our amendment.

The consequence of this reduction in personnel levels means slower claims processing, fewer services to veterans, and general disruption to a system that is already struggling to absorb reductions required by fiscal year 1982 appropriations levels.

CONCLUSION

I appreciate the good sentiments and reassurances from my friend from Wyoming. But somehow, I am not reassured.

Generalities are fine, but you cannot build a budget out of fluff and good intentions. The numbers tell the truth.

And the harsh reality of the numbers being proposed in the Baker modification is that they add up to unfairness for veterans, especially those who are disabled, service connected, sick, poor, and elderly.

The Senate has a right to know what the implications are of the numbers being proposed, and we are not getting that at all. Indeed, the Senate needs to know clearly what it is allocating to entitlements—compensation, pension, and the GI bill—and what it is allocating to the so-called discretionary appropriation accounts—principally, medical care, medical research, construction, and general operating expenses. We must know this in order for the Senate's will be to reflected in the allocation to the Veterans' Affairs Committee made in the crosswalk in the explanatory statement accompanying the conference report on the first budget resolution. That is because our committee is allocated only spending authority as defined in section 401(c)(2)(C) of the Budget Act, the so-called entitlement accounts, and not the appropriated accounts which are allocated to the Appropriations Committee only.

So what is intended is the key, and the Baker modification clearly is posited on theses—which I urge the Senate to reject—of depriving veterans of fair cost-of-living adjustments and providing partial restorations for VA health-care programs.

Mr. President, I would like to address these final closing remarks to my colleagues on the other side of the aisle. What Senators CHILES, MITCHELL, DECONCINI, RANDOLPH, and I and others have really been asking for in urging your support for this amendment is:

Follow your President who requested these levels in his original budget.

Follow your administrator of Veterans' Affairs who, in his May 18 letters to Senator SIMPSON and me, has stated that he continues to support the President's levels.

Follow all seven Republican members on the Committee on Veterans' Affairs who supported them in our committee's March budget recommendations for veterans' programs. It seems to me that this is not asking very much for the sake of the Nation's veterans—even though the President of the United States has now forsaken them by endorsing the Budget Committee cuts—and I urge your support of this amendment.

Mr. CHILES. Mr. President, I yield 4 minutes to the distinguished Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. MATSUNAGA. Mr. President, as a member of the Committee on Veterans' Affairs, and as a cosponsor, I rise in support of the Chiles amendment to restore funding to the veterans function in the first concurrent budget resolution.

As the distinguished sponsor of the amendment, the Senator from Florida (Mr. CHILES) and others have already stated, this amendment seeks only to restore funding for fiscal 1983 veterans programs to levels which are adequate and essential to the proper administration of these programs, as determined by the Veterans' Affairs Committee and, in most cases, the administration itself.

At the outset, Mr. President, let me say that as a member of the Veterans' Affairs Committee, I welcome the changes in the veterans function contained in the Republican modification of the original Senate Budget Committee budget resolution. This is, indeed, a step in the right direction and I commend the members on the other side of the aisle who were instrumental in convincing the Republican leadership of the wisdom and the pressing need for these changes.

The level of veterans funding recommended by the Budget Committee in its original resolution was particularly disturbing to members of the Veterans' Affairs Committee and to the national veterans organizations who thought that our committee had come up with a responsible and reasonable veterans budget compromise with the administration.

I think it is safe to say that even the Veterans' Administration shuddered when, in response to a letter from the chairman and the ranking minority member of the Veterans' Affairs Committee, it began to look into the potential impact of the Budget Committee's proposals on veterans and veterans programs.

The original budget resolution recommended by the Budget Committee would have frozen cost-of-living increases for compensation received by service-connected disabled veterans and for pensions received by veterans and survivors of veterans who died from service-connected causes, many of whom depend upon these funds for survival.

The original resolution would have made deep cuts in VA medical care accounts which would, in my judgment, have nearly crippled the VA health care system by forcing the closing of numerous VA hospitals and clinics and by reducing health care staff.

The original resolution would have cut deeply into the medical research account, which was cut substantially last year, thereby damaging ongoing research efforts.

The original resolution would have also cut VA general operating funds far below the levels recommended by the Veterans' Affairs Committee and the administration, resulting in serious personnel, equipment purchasing and other operational problems for the VA.

Unfortunately, Mr. President, although the modified budget resolution addresses these problems to some extent, it has not gone far enough.

First of all, the modification does not restore any money for veterans pension cost-of-living increases for fiscal 1983. This is disturbing, Mr. President, because many pensioners depend heavily on these checks to make ends meet during these tough economic times. It is even more disturbing because we would be, in effect, singling out veterans pensioners to carry a disproportionate burden of the budget cutting effort. In the modified budget resolution, we are giving cost-of-living increases to social security recipients, to supplemental security income recipients, and to veterans disability compensation recipients. How can we then say that veterans pension recipients do not need a cost-of-living increase in the next fiscal year? Veterans pensioners, as well as disability compensation recipients, who have honorably and heroically served or sacrificed for their country, need and deserve these cost-of-living increases. The Chiles amendment would restore a cost-of-living increase to VA pension recipients in fiscal 1983.

Second, in the critical medical care account, the modified budget resolution falls short of restoring the President's recommended level of health care funding by some $129 million. The authors of the modification failed to take into account the $148 million which the VA must absorb in pay raise costs. If the medical care account is required to absorb the $129 million difference, we run the risk of forcing the VA to curtail certain important medical services to veterans. The Chiles amendment would restore adequate funding to the medical care account.

Third, the modified resolution falls short by some $13 million of the President's recommendation for VA general operating expenses (GOE). It is important that this difference be made up in order to enable the VA to adequately staff, equip, and operate VA hospitals and clinics. The Chiles amendment would restore that amount and the President's mark in the GOE account.

Fourth, in the VA construction account, the modification makes no change from the original resolution which was set at $136 million below the President's request in construction appropriations. In my view, Mr. President, a cut of this magnitude in new VA medical facility construction is unwarranted, unjustified, and just plain shortsighted. It will be a major setback to the VA's long-running effort to upgrade the quality of the medical care it provides to veterans in every part of the country. As as member of the Veterans' Affairs Committee, I have heard testimony that indicates that a number of VA facilities around the country are getting old and outmoded. They do not have the room or the physical capacity to hold much of the new, modern medical equipment which should be available to treat veterans. As a consequence, veterans going to these hospitals are not receiving the best and most comprehensive care to which they are entitled. Major cuts in new construction such as those proposed in both the original and modified budget resolutions will only perpetuate this problem and lower the overall quality of veterans health care. The Chiles amendment, Mr. President, would restore what the administration and the Senate Veterans' Affairs Committee believes to be a reasonable construction budget for the VA—one that will permit the necessary modernization of the VA health care system.

Mr. President, apart from the immediate needs of the Veterans' Administration, we must look beyond the next fiscal year, and the year after that, and even the year after that. As we stand here on this floor making judgments on funding levels for VA medical care, for health care staffing, for medical equipment purchases, for the construction of new hospitals and clinics, we must look at veterans needs in a broader perspective. We must look at our future obligations to veterans, at the future needs of veterans in term of health care, as we make these crucial budgetary decisions. In short, Mr. President, we must not be shortsighted where the veterans of this Nation are concerned.

The fact of the matter is, Mr. President, that we will, in the coming years, be faced with a greatly increased demand for VA medical care. We must face this fact. It is real, it is acknowledged by the Veterans' Administration, and it will be upon us sooner than we think.

For the benefit of my colleagues, let me recite a few statistics about veterans that are crucial to this debate, but which, I believe, are not being heeded.

It is a fact that over the next decade, most of the 12.6 million veterans of World War II, now averaging 59.1 years of age, will be 65 years of age or older. According to the Veterans' Administration, veterans over 65 need five times—I repeat—five times as much health care overall than those under 65.

Every 5 years after 1985, another 4 to 5 million veterans will join the over-65 group, and, by 1995, there will be an estimated 8,043,000 veterans over age 65, a figure which is nearly triple the 1980 level.

VA officials predict that as a result, the demand for VA hospital facilities for patients over 65 will jump by 11,000 beds—I repeat—11,000 beds over the next 6 years. And the number of veterans needing nursing home care is projected to soar from 120,000 in 1980 to 272,000 by the year 2000.

In view of these sobering statistics, Mr. President, rather than reducing funding for VA health care, rather than cutting back on VA health care facility construction, we ought to be planning for the future health care needs of our veterans and funding what needs to be funded, to make sure that when the time comes—and it's coming fast, Mr. President—the Veterans' Administration will have the capability to meet the needs of veterans. For our own national security we must look upon care of our veterans as part of our national defense effort.

We can do just that, Mr. President, by taking the only responsible course available to us, and that is to approve the Chiles amendment which will bring the funding of the veterans function in the modified budget resolution to levels which are adequate for the care of our Nation's veterans now and in the future.

I urge the adoption of the Chiles amendment.

Mr. **CHILES**. Mr. President, how much time does the Senator from Florida have remaining?

The **PRESIDING OFFICER**. The Senator from Florida has 5 minutes remaining.

Mr. **CHILES**. I yield 2 minutes to the Senator from Arizona.

Mr. **DeCONCINI**. I thank the Senator from Florida.

Mr. President, I am pleased to be a cosponsor of the Chiles amendment. As Senator CHILES has already noted, this amendment would simply restore to function 700 the levels of funding that were recommended in the President's budget for the Veterans' Administration and that were unanimously approved by the Senate Veterans' Affairs Committee.

Although the substitute budget before us now represents an improvement over the original Domenici budget vis-a-vis veterans, it remains inadequate. The substitute restores $600 million in fiscal year 1983 budget authority, and $500 million in outlays, but it falls far short of the $1.3 billion in budget authority and $1.1 billion in budget outlays which would be required to achieve the President's, as well as the Senate Veterans' Affairs Committee's, recommended funding levels. The substitute restores funding for VA medical care, medical research, general operating expenses, and would provide for a 4-percent cost-of-living increase for severely disabled veterans—those rated 70 percent or more.

It does not, however, restore recommended funding levels for VA medical construction; it does not provide for a cost-of-living increase for most disabled veterans in fiscal year 1983; it does not provide an adequate inflation adjustment for pension recipients; and it does not provide for a cost-of-living increase for survivors of veterans who died of service-connected causes. This is simply unacceptable in my view.

I commend Senator Chiles for the battle he waged in the Budget Committee and is now waging on the Senate floor to preserve essential funding for vital VA programs, and I am pleased to join him in this endeavor.

As I have indicated on many occasions, this is not the time to reduce our commitment to VA medical construction. World War II veterans are rapidly approaching the age of 65, at which point they will have eligibility for VA care. The VA medical centers in my State are already overburdened and understaffed. They will clearly not be able to meet the health care demands of our elderly veterans if planned construction does not proceed on schedule.

The elimination of cost-of-living increases for most disabled veterans and the inadequate increase for pension recipients in fiscal year 1983, and the capping of those COLA's at 4 percent in fiscal years 1984 and 1985 is, very simply, inequitable and unfair.

As you know social security disability recipients will be receiving a 7.4 percent COLA on June 1. Supplemental security income recipients will also be receiving an inflation adjustment in their benefits. How can we deny those same increases for their veteran counterparts?

I strongly support Senator Chiles efforts to provide equal treatment for veterans. His amendment provides for a 7.4 percent increase for cost-of-living increases for veterans' compensation and pension recipients, and for the survivors of veterans who died of service-connected causes. If the Chiles amendment is not adopted, I intend to offer that portion of the pending amendment that deals with the COLA issue. It is an issue of paramount importance to millions of disabled veterans and wartime needy and elderly veterans. It is an issue which merits separate consideration by this body.

Although I shall continue my efforts to balance the budget, I believe that veterans are a very special category of citizens. They served their country with every expectation that promised services and benefits would be honored. This is a national obligation and I urge my colleagues to adopt the Chiles amendment.

Mr. PRYOR. Mr. President, I support the amendment submitted by Senator Chiles.

Our veterans health care system is more than just a general provider of health care. It provides additional services such as general and specialty clinics, research centers, nursing homes, an integrated system of teaching hospitals, and other facilities that provide a broad range of inpatient and outpatient health-care services. We have 30.1 million eligible veterans in the United States who can make use of these services through the use of 172 hospitals, 228 outpatient clinics, 92 nursing homes, and 16 domiciliary facilities. It is vitally important that we continue to support and wherever possible, expand these services to those veterans who are eligible for VA treatment and health care.

In Arkansas alone we have 280,000 veterans of which 26,000 have service-connected disabilities. Our three hospitals serving these Arkansas veterans are located in Little Rock, North Little Rock, and Fayetteville. The Little Rock Veterans Hospital experienced 160,000 outpatient visits last year and provided medical services for another 19,000 veterans on an inpatient basis. At the present time there are 1,300 veterans being treated in that facility.

Veterans programs have been the target of a substantial portion of proposed budget cuts over the past few years, yet I can not think of a more appropriate group of Americans to receive Federal benefits than those who have honored and defended the rights and freedoms that all of us experience on a daily basis. They have served this country. They have sacrificed. We all share an obligation and a commitment to assure that their response to our country's needs is not forgotten. The debt that we owe them goes far beyond a line item in this budget.

I recognize that total Government spending must be reduced and I will support efforts to cut "Government waste." Veterans programs, however, serve people in a direct and important way and reductions in this area would mean that the Government is not honoring its commitments. We must not let this happen.

I urge support for Senator Chiles' amendment to restore these funds and to reinforce the obligation that we owe our Nation's veterans.

Mr. CHILES. Mr. President, I yield myself 3 minutes.

I listened with interest to the distinguished Budget Committee chairman when he said that he hoped the chairman of the Veterans' Affairs Committee, Mr. Simpson, could tell us that he would be able to restore all of the pay to all of the veterans who are disabled and not just the ones who are 70 percent disabled.

When I heard that, it piqued my hope. I listened with interest to the distinguished chairman of the Veterans' Affairs Committee. I heard at the close of his remarks that there was the flexibility within the Committee to be able to make such changes.

But, Mr. President, I do not think we should be deluded to the fact that there is that kind of possibility. We are talking about, under the numbers that are now before us, we are talking about 2 million disabled veterans will be cut and will not receive a cost-of-living adjustment. Those are 2 million disabled American veterans. All the Republican modification restored was $442 million out of a $3.33 billion cut in disability compensation. So the resolution is still almost $3 billion short of what is needed to pay those costs. That is one-eighth of all Veterans funds that will be cut. So I do not think there is going to be any way that we could restore COLA's for compensation unless my amendment is adopted. But we are told that these people have to just kind of take their cuts and it is necessary for them to do so and that we will bust this budget.

You know, we could put this money back in without hurting the deficit at all, if we simply were at the figure of revenue increases of $125 billion, the figure which chairman Domenici first proposed, which the bipartisan "Gang of Seventeen" had sort of agreed to, and the figure that the President was ready to accept. This would not increase the deficit one bit, would not touch it one bit, if we had that minimum level of revenues available to meet those critical needs.

But you are saying to the 2 million disabled American veterans that are anywhere from 69 percent disabled on down: "We're not going to be able to give you your cost-of-living adjustment. We are going to give it to all the social security recipients, food stamp recipients, and SSI recipients, but you're a veteran and you're not going to get it. You have to take your share of the load. So just buckle up, Buddy, and get ready to take your share of the load."

The funding in our amendment is a number that the distinguished chairman of the Veterans Affairs Committee had recommended earlier. The number that we are talking about is his number. But things have changed since then.

What has changed is, instead of raising 125 billion dollars worth of revenue, which was agreed to, you decided to raise only $95 billion. What is changed is we have decided that we are going to take out the illusory social security cuts and the real deficits are going to show up at unacceptably high levels.

Mr. President, I will make two other points. One is that last year, when we had this big debate, we debated time after time on minimum social security payments. Those on this side of the aisle kept saying, time after time, "That is going to be restored before this is over." I really think that what we are talking about now is the same thing we were talking about last time with minimum social security.

The **PRESIDING OFFICER.** The time Senator has yielded himself has expired.

Mr. CHILES. I yield myself the remainder of the time.

I just predict that before this is over we are going to take care of our disabled American veterans. I will bet you the package that is now working—remember Gramm-Latta came along, and after we had all these fights over here and our colleagues on the other side of the aisle, the Republicans voted to cut the veterans time after time, Graham-Latta came along. The President joined with them and, boom, they put the money for veterans back in. We have the "Boll Weevils" moving and they are moving with the "Gypsy Moths" and they are moving with the Republicans and we have got a package. What I am saying is before it is over they are going to put this money back. When you begin to find out who the 2 million disabled veterans are who you are cutting, you will want to put the money back, just like what happened when you realized your minimum benefit cut was hitting nuns and widows.

I would say to my friends on the other side of the aisle that I think we ought to do what is right now, tonight, and take care of these 2 million disabled American veterans. Do not let it just be done in the other House by the "Boll Weevils" and the "Gypsy Moths" and the Gramm-Lattas over there.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Does the Senator from Kansas desire to speak? We have 4 minutes remaining. I believe the chairman of the committee wanted 1 minute. I will yield 3 minutes to the Senator from Kansas and the last minute to Senator SIMPSON.

Mr. DOLE. Mr. President, the Senator from Kansas will just take a couple of minutes. Somebody mentioned SSI and how they are going to get an increase. But I might say that the single recipient veteran's pension averaged about $413 a month and SSI is $264 a month. A veteran's basic pension benefit is 56 percent higher than the SSI benefit for single recipients and 36 percent higher for recipients with one dependent.

It just seems to me that, for all the reasons stated—and again I am not a member of the Veterans' Committee, but I have been a service officer in the American Legion, Disabled American Veterans, and the VFW for a good many years of my lifetime trying to help disabled veterans. I do not know of any group more patriotic and more concerned about the future of their country than veterans.

I listened with interest to the Senator from Wyoming. I know some of the professionals in the veterans organizations are going to try to get more than we can afford. In fact, last year the Senator from Kansas had the temerity to vote against the veterans and he received a very nasty letter from a national veterans organization that had contributed to my campaign. Apparently they thought that because of their contribution I should vote their way. I sent the contribution back.

The VFW people in my State are still my friends. But you cannot satisfy the representatives of veterans. They are not here to be satisfied. They are like any other special interest group.

It just seems to me we are looking at how we equitably balance the need for reductions in spending and still provide for our veterans. As the Senator from Wyoming will tell you, we did not do badly last year in increases. This Senator does not believe this budget compromise will impact adversely on any seriously disabled veterans; 70 percent or more are still going to be taken care of. I think Americans veterans want to do their part and be part of the team working to restore our economy.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield the remaining time to the distinguished chairman of the Veterans Affairs Committee, Senator SIMPSON.

Mr. SIMPSON. Mr. President, after those remarks of Senator DOLE, really a man who has given not just time to this country but part of his very personhood to this country, I think you want to listen to that. It is kind of interesting. We have these tough choices coming up.

I am always interested in the debate because it is always the same. We always take care of our veterans because we always have and we always will.

If anyone tells you that we are taking the hospital beds and tipping them up on their heads and throwing them out on the floor of the hospital, try not to listen to that. That is the kind of stuff I have to wade through as chairman of the Senate Veterans' Affairs Committee—and "wade" is the word. At least they are cleaning up some of their letters that they send up to the membership which are often tinged between the absolute most bizarre and ghastely experiences.

One went out to the membership that said:

> The veteran is lying in his bed paralyzed. The food is on the table across the room, slowly getting cold because he can't get to it because there is nobody working there in that ward.

That is, as I say, the kind of stuff I have to wade through in this business.

So the tough choices are here. But I can promise you one thing. I will bet you—well, I will not bet you. I will not do that. I will just say to you that I am rather sure that in a budget of $26 billion that we will find enough bucks to go around to take care of every veteran in the United States, and properly so.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. Mr. President, I ask unanimous consent to have printed in the RECORD two tables that show that over the last 4 years veterans have lost in their real growth, and in the next 4 out of the 5 years they will also lose in real growth even under the amendment being considered. These tables were prepared by the staff of the Senate Budget Committee for our workup. Despite all the talk here tonight about how much power the veterans have, veterans' funding has simply not kept up with inflation. In real terms it declined 8 percent in 1977, 2 percent in 1978, 3 percent in 1979, and another 2 percent in 1980. It then fell 1 percent in 1981 and 3 percent in 1982. Add that all up, and it has fallen 18 percent behind inflation in the last 6 years. And even if we restored all the cuts back to the baseline, veterans' funding would decline another 3 percent in real terms next year. So, Mr. President, I am just not convinced that we are spending a disproportionate share of the budget for veterans' benefits. The real needs keep going up as more and more veterans reach retirement age. The Nation has a responsibility to those who gave up their health in its service, and we should provide the funds to meet that responsibility.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE I.—FUNCTION 700: VETERANS BENEFITS AND SERVICES

[Historical data outlays in billions of dollars]

Major program	Actual fiscal year—				
	1976	1977	1978	1979	1980
Veterans compensation	$5.2	$5.7	$6.2	$6.7	$7.4
Veterans pensions	2.9	3.1	3.2	3.5	3.6
Veterans education, training, and rehabilitation	5.5	3.7	3.4	2.8	2.3
Hospital and medical care for veterans	4.0	4.7	5.3	5.6	6.5
All other	0.8	0.8	1.0	1.3	1.3
Total function	18.4	18.0	19.0	19.9	21.2
Nominal growth (percent)	11	2	6	5	7
Real growth (percent)	6	8	2	3	2

Source: U.S. Senate Budget Committee.

TABLE II.—FUNCTION 700: VETERANS BENEFITS AND SERVICES

[Historical data outlays in billions of dollars]

Major program	Actual fiscal year 1981	CBO baseline projections, fiscal year—			
		1982	1983	1984	1985
Veterans compensation	$8.4	$9.5	$10.3	$11.1	$12.0
Veterans pensions	3.8	3.6	3.6	3.6	3.7
Veterans education, training, and rehabilitation	2.2	1.9	1.4	1.1	0.8
Hospital and medical care for veterans	7.0	7.5	8.1	8.4	8.7
All other	1.6	1.3	1.3	1.4	1.7
Total function	23.0	23.8	24.7	25.6	26.9
Nominal growth (percent)	8	3	4	4	5
Real growth (percent)	1	3	3	4	1

Source: U.S. Senate Budget Committee.

Mr. BENTSEN. Mr. President, I am pleased to join my distinguished colleague from Florida, Senator CHILES, in cosponsoring an amendment to reinstate the cost-of-living adjustment for recipients of veterans pensions and compensation benefits, and to restore sufficient funds to the Veterans' Administration to allow the VA to provide adequate medical care for our Nation's veterans.

Over the years, we have called for and received great sacrifices from our men and women in uniform. At a time when an increasing number of our veterans are in need of medical care, we must not deny adequate resources to staff Veterans' Administration hospitals, clinics, and nursing homes. It is also equally important that we not reduce the pensions and/or compensation benefits that a number of our veterans are solely dependent on for subsistence.

Mr. President, I know that like all Americans, veterans suffer from the same ravaging inflation as all of us, and stand ready to join in the national effort to bring a halt to inflation and reduce Federal spending. However, we should not now shift our national obligations and responsibilities to our veterans by reducing medical care and pension and compensation benefits. I would like to remind my colleagues that the benefits received by our veterans were earned as a result of their unselfish service to our country. It would be a national disgrace to renege on our commitments to our veterans, and expect a new generation of Americans to answer the call of this country in the future.

However, incredible as it is, the Budget Committee has recommended a substantial reduction in medical benefits provided by the Veterans' Administration, and no COLA for veterans with disabilities rated below 70 percent and pension recipients. Mr. President, this is an outrage and I cannot endorse such a proposal that will invariably result in reduced medical care and promised economic benefits for the most needy of our veterans.

Mr. President, there are currently 30 million veterans in the United States, 10 percent of whom are over the age of 65. Further, 12.9 million of our World War II veterans are over the age of 62. Mr. President, many of these veterans have nowhere to look but the Veterans' Administration for health care, and I find it difficult to comprehend how we can now consider reducing funding for VA medical facilities.

If the committee's recommendations are approved, the Veterans' Administration would have to eliminate nearly 13,000 medical personnel and 4,200 beds, or 7,600-bed hospital over the next 3 years. This would also require canceling the activation of 76 hospitals, outpatient clinics, and nursng home facilities scheduled for opening during 1983. This needlessly endangers the quality and quantity of medical care the Veterans' Administration will be able to provide our veterans in the immediate future.

Further, approximately 2.3 millon veterans receive compensation benefits for service-connected disabilities. In addition, nearly 1.7 million veterans or their survivors receive pensions from the Veteran' Administration. These veterans are 100 percent disabled and solely dependent upon their pensions for subsistence. Yet, the committee has recommended that 1.9 million of the service-connected disabled veterans; 400,000 survivors of service-connected veterans; and 1.7 million pension recipients receive no COLA during the next year. Again, I find it hard to believe that we are attempting to transfer our economic troubles to those who have sacrificed at the expense of their own well-being for our Nation, and are now in dire need of economic assistance.

Mr. President, I urge all of my colleagues to join me in rejecting the committee's recommendation to cut medical care and freeze COLA's for our veterans, and to support the Chiles amendment. Failure to do so will not only inflict needless hardship on those who have already paid an enormous price for our freedom, but will also reduce the confidence of our young people in our sincerity and ability to maintain our commitments for future veterans.

I commend Senator CHILES for offering this amendment and urge its adoption.

Mr. SIMPSON. Mr. President, I note that the pending amendment would change the reconciliation instructions to the Veterans' Affairs Committee so as not to restrict the committee to recommending savings in entitlement accounts only. I was very sympathetic to this part of the pending amendment of the distinguished Senator from Florida. And before this amendment is fully debated, I would like to clarify my understanding of this matter with the distinguished chairman of the Senate Budget Committee. I would wish to focus on this matter which was not fully addressed in the technical correction which was made to the modified budget resolution submitted yesterday. In our discussions the chairman has made clear to me that he does not wish to change the reconciliation instructions to the Veterans' Affairs Committee. My specific concern is with the language found on page 27 at lines 10 and 11, as follows: "which provides spending authority as defined in section 401(c)(2)(C) of Public Law 93-334." This language appears to restrict reconciliation changes to entitlements only.

However, if the chairman of the Budget Committee would agree that the Veterans' Committee is able to act with sufficient latitude to allow the committee to determine the amounts which could be saved either by increasing receipts or reducing entitlements, the language change would not be essential to me. I simply wish to be reassured by the distinguished Senator from New Mexico that the Budget Committee agrees that savings the Veterans' Affairs Committee would recommend to meet our reconciliation instructions could be accomplished through offsetting receipts or entitlements, at our discretion, as long as the changes we recommend would satisfy the dollar amounts contained in our reconciliation instructions. Mr. Chairman, is this correct?

Mr. DOMENICI. Mr. President, in my opinion, the answer to the Senator's question is yes. The Veterans' Affairs Committee has broad flexibility in determining how to fulfill its reconciliation obligations under this resolution. It can do that through changes in pension laws or in laws affecting other VA accounts.

Mr. ROBERT C. BYRD. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Florida (Mr. CHILES), to restore funding for veterans cost-of-living adjustments and for veterans health care. It is particularly important to note what this amendment does regarding an equitable COLA for disabled veterans.

The Republican modification of the budget resolution assumes the elimination of COLA for most disabled veterans. It restricts the eligible veteran population very severely, by granting only a 4-percent COLA to those veterans who are 70 percent disabled. Thus, only 12 percent of disabled veterans would be eligible for this reduced COLA.

Yet social security recipients will receive their 7.4 percent COLA in July. Is this fair to veterans? It is inequitable on the face of it. It is unfair. This arbitrary singling out of disabled American veterans for a reduced COLA is a disgrace we ought to correct before the budget resolution goes any further.

The veterans of America fulfilled their commitment, and disabled veterans sacrificed for their country. We ought to at least return their commitment by giving them the same cost-of-living adjustment we are providing for social security recipients.

I urge the adoption of the Chiles amendment.

Mr. SARBANES. Mr. President, I rise in strong support of the amendment offered by the Senator from Florida, Senator CHILES, and the Senator from Maine, Senator MITCHELL, to restore funds to veterans' programs. This amendment would provide for full cost-of-living adjustments for veterans' pensions and disability compensation payments and it would restore funds to veterans' health programs.

The budget resolution before us eliminates the annual cost-of-living adjustment for over 2 million disabled veterans and those who are low income and retired and receive a pension. It precludes veterans with up to 70 percent disability from receiving the annual adjustment in their compensation payment. These are men and women who served their country and suffered serious injury performing this duty. Mr. Sherman Roodzont, the national commander of the Disabled Veterans, points out that those veterans who will be prevented from receiving a cost-of-living adjustment would include veterans who have had an arm or leg amputated as a result of their service. Veterans who are considered over 70 percent disabled would receive a 4-percent adjustment under the budget proposal before us.

This budget proposal would also prevent veterans on a pension from receiving an annual adjustment to accommodate the cost-of-living increase. The recipients of these pensions are low-income retired veterans. Many times the pension they receive is their only source of income. At this time of economic hardship many of our veterans would find it impossible to meet their living needs without the adjustment. The amendment put forward by Senator CHILES and Senator MITCHELL would provide a full cost-of-living increase for our disabled veterans and those receiving a pension.

This amendment would also restore funds to the programs that meet the medical needs of the veteran. The budget resolution does not even provide adequate funds for the administration of veterans' hospitals and clinics to continue current service levels by approximately $700 million. We are at a time when the veteran population is getting older and their health needs increasing. We should certainly not address that need by severely reducing the funds that will enable us to provide adequate health services to our veterans.

It is incredible, Mr. President, that it is proposed to treat brave and courageous men and women who have sacrificed so much for their country in this unfair way. I urge my colleagues to support this amendment that would provide a full cost-of-living adjustment to our veterans and restore funds to the health service programs.

KEEPING OUR COMMITMENT TO VETERANS REQUIRES MORE THAN MERE WORDS

Mr. President, so often throughout this past year I have sat here on the floor and listened to my colleagues—both Democrats and Republicans—rise one by one to praise the sacrifices which our Nation's veterans paid to insure the freedom which all Americans enjoy today. On many occasions, I have joined in such statements—both here and in Delaware—because it is important to continually remind the Nation lest we forget. Many veterans are still paying for their service to the Nation. I speak of the 2.3 million disabled veterans and their families. I also speak of the tens of thousands of unemployed Vietnam-era veterans who are seeking nothing more than a place in the society they risked their lives for just a few years ago.

Unfortunately, many of my colleagues who are so quick to praise our Nation's veterans are unwilling to cast their votes in behalf of those same veterans. On a least five occasions last year, the Senate was faced with the decision of whether to restore funding for Veterans' Administration programs which were cut by President Reagan. On each vote, the veterans of our Nation lost. Yet the speeches on behalf of our veterans have not lessened. If anything, they have increased.

When President Reagan announced his budget for the year beginning October 1, 1982, in February, I was appalled at his recommendation that veterans with service-connected disabilities rated less than 50 percent would lose their dependency benefits while those who are between 60 and 90 percent disabled and are unemployable would lose the 100-percent compensation benefit they currently receive if they also receive help from other Federal programs.

Overall, the President's original budget requested a total of $24.4 billion for the Veterans' Administration or $300 million less than the amount needed to allow existing programs to keep pace with inflation. Then 2 weeks ago, the Republican majority on the Senate Budget Committee voted to adopt the so-called Domenici-Reagan compromise. This compromise between the President and the chairman of the Senate Budget Committee, Senator DOMENICI, provided only $22.7 billion for the Veterans' Administration or $1.7 billion less than the President's original budget request which was already $300 million less than was needed. I voted no to this "compromise". I am willing to work with the President to reach a true compromise which will reduce the deficit. But I am not willing to do so, if it means abandoning the commitment to our veterans—especially those with service-connected disabilities when other alternatives exist.

This $1.7 billion cut which is 7-percent less than the President's original request would be achieved by eliminating the 7.4-percent cost-of-living adjustment for both the compensation and pension programs this year, an adjustment which was scheduled to be made beginning July 1 for those receiving pensions, and on October 1 for those receiving compensation. In addition, $300 million of the $1.7 billion cut would come from the Veterans' Administration's health care programs. Not only is this compromise unacceptable, it is unconscionable. Yet when Senator CHILES and I sought to restore these funds to the amount needed to just keep pace with inflation, we lost on a vote of 4 to 10.

Then yesterday, a new Republican compromise was revealed. We were told that funds were being restored to the Veterans' Administration. Yet when the details were finally revealed, we found that only $400 million of the $1.7 billion which had been cut was being restored. What did this $400 million provide? Little more than a 4-percent cost-of-living adjustment to veterans whose service-connected disabilities are rated 70 percent or more; 4 percent—not the 7.4 percent which those veterans were expecting. Even more disturbing was the fact that veterans rated less than 70 percent would receive no COLA. Neither would any veteran currently receiving a pension even though by law their benefits were to be adjusted 7.4 percent on July 1. Finally, yesterday's amendment provided few funds to cover the shortfall in the Veterans' Administration's health care accounts. Once again, we heard a few good speeches but no real support for our Nation's veterans.

Now we are about to take another vote. Once again I have joined with Senator CHILES and Senator CRANSTON to cosponsor an amendment seeking to restore cuts which President Reagan has insisted upon. While another year has come and gone, the debate merely continues.

This amendment would provide the Veterans' Administration $24.4 billion. This is the amount which it needs just to keep existing programs at the same level as last year. It is not an increase. It is just holding the line. I hope a majority of my colleagues join with me tonight to express their support for our veterans in a concrete way rather than mere words.

Our veterans deserve more.

(UP AMENDMENT NO. 976)

Mr. BRADLEY. Mr. President, before the majority leader offered his party's revised budget we had announced our intention to seek a restoration of $300 million in veterans' health funding for fiscal 1983. I am pleased to see a change of heart in my colleagues on the other side of the aisle. They now recognize the importance of veterans' health funding and have themselves restored most of those moneys. These funds are a portion of the commitment this Nation has made to its soldiers, sailors, and airmen. We must not go back on this commitment.

The men and women who have served in the Armed Forces of this Nation deserve decent medical support. The mechanism now in place to provide this support is the Veterans'

Administration hospital system. Veterans' hospitals are badly in need of improvements. Last month I visited the outstanding veterans' hospital in East Orange, N.J. The hospital staff is quite capable and provides good service to the veterans of my State with the resources available. But, Mr. President, these resources are barely sufficient. The facility has no central air conditioning and the onset of summer weather brings severe discomfort to the patients in the hospital. The fire alarm system is old and inadequate, posing a potential threat to the staff and patients in the event of fire. Parking facilities are atrocious, jeopardizing many of the hospital's outreach activities directed especially toward Vietnam veterans. The new additions to the budget will help remedy these kinds of problems around the country.

Mr. President, there is another reason why we should honor the commitment to veterans health: that is our commitment to the soldiers, sailors, and airmen of tomorrow. Many Americans are eager to avoid the need to coerce young people into the Armed Forces. We would rather have our military manpower requirements met by young people who seek challenge, public service, and the respect afforded the military profession. To achieve this goal, we must make military service worthwhile, we must make the military experience challenging and exciting; we must pay soldiers, sailors, and airmen an attractive wage; we must help those recruits who do not pick up marketable skills while in the military to go to college or vocational school when they get out; and, finally, we must promise to provide the resources to care for them if they are disabled in the line of duty to their country. If we hesitate or falter in these endeavors, we make it more difficult to enlist volunteers, and we make coercion—that is, the draft—more likely.

Mr. President, it is precisely because of this commitment to those who have served our country in the military that I am saddened that the benefits of our disabled veterans have not similarly been taken care of. While the revised budget before us has restored a portion of the cost-of-living increase for those veterans who have at least a 70-percent service-connected disability, this covers only a small portion of our disabled veterans.

I am pleased to join with Senator CHILES in an effort to fully restore the cost-of-living increase to all disabled veterans. Those who have been impaired in service to our country should be entitled to our full gratitude—not just four-sevenths of it. The Chiles amendment presents us with the opportunity to keep our disabled veterans current with the benefits that they have every right to expect.

Mr. President, we have a commitment to military men and women who have served their country in the past. We have an obligation to those young people now considering the benefits of service to their country. While I am pleased that most of the rather minimal funds have been restored which insure that health services are available, on the whole, we will have rather dismal news for our veterans unless the Chiles amendment is passed tonight. I urge my colleagues to find the $700 million necessary to continue our commitment to the disabled veterans of America.

Mrs. HAWKINS. Mr. President, as a cosponsor of this amendment I rise in support of this effort to restore essential services and payments to our Nation's veterans.

I have been a consistent supporter of President Reagan's economic recovery program, and he continues to have my full support. Reduced Government spending, less regulation and taxation, is the only formula for the long-term economic health of our country.

However, I cannot stand idly by and watch as our veterans bear what I consider to be an unfair and disproportionate cut in their budget. Reductions in Government spending are necessary, but they cannot come from the men and women who have served our country so well and bravely.

I have talked with veterans in all parts of my home State, Florida, and I know that they are prepared to make whatever sacrifices necessary and reasonable in order to help restore our economic vitality. Our veterans have served us well on the battlefield and they are willing to serve us well again as we battle to bring order to the economy. I believe that we cannot tolerate additional cuts in these areas of critical veterans services and benefits.

I recognize and appreciate the attempts by the Budget Committee to reevaluate the needs of the veterans, and to restore some of the cuts that were recommended in committee. But, I believe even the latest recommendation from the committee is insufficient.

It prohibits a cost-of-living adjustment for veterans who receive pensions, it decreases the cost-of-living adjustment for disability compensation by 46 percent, and, finally it underfunds desperately needed hospitals and medical clinics.

These cuts are entirely unacceptable to me. I believe they constitute an abrogation of our commitment to the veterans of this country.

These cuts are particularly onerous because they affect the elderly, the poor, and those in need of medical care among our veteran population. It is ironic and sad that unless this amendment is accepted, the veterans who sacrificed so much for this country when it was in need, will be refused basic, minimal services in their hour of need.

This proposed action could be particularly devastating to my State. In Florida, the veteran population has grown so rapidly that the ability of the Veterans' Administration to meet the needs of the population is being taxed on a daily basis.

Mr. President, I urge my colleagues to remember the moral commitment this Nation owes to veterans as we consider this vote. In so doing I am sure you will join me in voting to restore these needed funds to the veterans' budget.

The PRESIDING OFFICER. All time has expired.

The Chair begs your pardon. Five seconds remain to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I cannot say my name in 5 seconds.

The PRESIDING OFFICER. Time has now expired.

Mr. DOMENICI. I did not get a chance to say Domenici. [Laughter.]

Mr. President, I suggest the absence of a quorum and ask unanimous consent that it be charged to the time on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CHILES. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD) is necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

The PRESIDING OFFICER (Mr. MATTINGLY). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 46, nays 53, as follows:

[Rollcall Vote No. 134 Leg.]

YEAS—46

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Hawkins
Heflin

Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas
Weicker
Zorinsky

NAYS—53

Abdnor
Andrews
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  Harry F., Jr.
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Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NOT VOTING—1

Hatfield

So Mr. CHILES' amendment (UP No. 976) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(The following statements are printed at this point in the Record to assure inclusion in today's proceedings:)

IN SUPPORT OF HART AMENDMENT REGARDING TITLE I (UP AMENDMENT NO. 971)

Mr. MATSUNAGA. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Colorado. Title I of the Elementary and Secondary Education Act is one of our most outstanding and effective educational programs. It has provided basic reading and mathematical skills to millions of educationally disadvantaged schoolchildren in low-income school districts in my State of Hawaii and throughout the Nation.

Today, as study after study continues to conclude, vast numbers of our Nation's students are not sufficiently adept at those academic disciplines that are of pivotal concern to a post industrial, computer oriented society. It would truly be misguided and counterproductive to relegate such an important and needed program as title I to anything but a premiere position in our struggle against technical illiteracy and public ignorance.

Title I programs have been exceedingly effective in insuring that disadvantaged children acquire the basic skills necessary for leading productive lives and contributing meaningfully to our society. Title I is, indeed, an American success story. And yet, last year, this vital program suffered a severe cut of $400 million. Prior to that unfortunate occurrence, title I was reaching 45 percent—not quite half of the 11 million children who were in need of help. And yet, the budget resolution being considered by the Senate today, provides for further reductions in this viable and critical program. If passed without the Hart amendment, the budget resolution will very likely lead to the virtual demise of title I, with all of the unfortunate consequences that would follow for so many of our young and, for that matter, for the future of education in our Nation itself.

Mr. President, the Hart amendment merely seeks to amend the budget resolution to continue title I at the current level of funding. It will not increase expenditures, just maintain them. And, that level would still be lower than that which was authorized by the Reconciliation Act of 1981. Accordingly, I urge all of my colleagues to join me in voting for the Hart amendment so as to allow title I teachers throughout our country to continue to prepare their students in the vital and necessary areas of reading and math, and by so doing, prepare a place for their students in the future and a place in the future for our disadvantaged American youth.

OPPOSITION TO MELCHER AMENDMENT TO DRASTICALLY CUT FOREIGN ASSISTANCE FUNDS—(UP AMENDMENT NO. 970)

Mr. BRADLEY. Mr. President, the proposed amendment to cripple our foreign security assistance program is a short-sighted cut that will surely jeopardize our broader economic and foreign policy interests over time. Security assistance, particularly the economic support program, establishes the foundation for political stability in countries important to the United States. Such assistance, on the whole, promotes pro-Western views in foreign countries and strengthens the ability of foreign governments to carry out economic programs that keep their economies more open to commercial relations with the United States.

Mr. President, it cannot be wise to weaken the security programs and economies of foreign friends just as the United States is becoming more dependent for its growth and security on developments in the rest of the world, particularly in the developing world. To destroy our security assistance program would be to impair our ability to protect our interests in the southern flank of Europe, in the Middle East, in the Horn of Africa, and in Central America, all regions where, for various national security reasons, the United States seeks to promote stability and the strength of our friends. Although the amendment is designed to exclude two of our most important allies in the critical Middle East region, Israel and Egypt, the result would be to destroy our ability to provide security assistance to nearly all our other friends and allies in these regions. If we are prepared to do this, then much of our defense program is a waste of money because the use of force cannot substitute for policies to stabilize the political communities and economies of many critical developing countries.

The United States relies even more on economic demand in foreign countries for our economic growth that we depend on their security for our own. The simple fact is that robust growth in the United States cannot occur without market opportunities abroad. And there will be no market opportunities for us if foreign economies, particularly those of developing countries, fail.

Trade already amounts to nearly one-fifth of our GNP, about twice what it was in the 1960's. Exports generate one in six manufacturing jobs in the United States, and keep one in three acres of farmland active. Markets in the developing world are particularly important to our growth prospects.

These markets have been the most dynamic source of growth for U.S. exports. Our exports to these countries grew at an average annual rate of 18 percent in the 1970's, compared with only 15 percent growth in our exports to other industrialized countries. Developing countries now take nearly 40 percent of U.S. exports, purchases which account for more than one-half million jobs here. Further, the United States has enjoyed large surpluses in its balance of trade in manufacturing goods with developing countries. They also are important customers for U.S. services, accounting for some $17 billion surplus in services in 1978. U.S. industry also heavily relies on the importation of minerals from many of these countries, and some of these minerals are critical to our economy and defense capability.

Mr. President, U.S. economic growth in the future will rest importantly on overseas market opportunities. Sales abroad can spur many of our industries and the export of our services. At this time, we in the Congress rightly are urging the administration to vigorously insist on the dismantlement of barriers to U.S. products, services, and investment abroad. But our efforts to eliminate barriers will be fruitless, unless overseas demand, particularly developing countries demand, for our services and products thrives. Our political relations with these developing countries are no less important. Adoption of this amendment would shoot ourselves in the foot on both counts. We already have enough economic and security problems. I hope we will not compound them with another self-inflicting wound. I urge my colleagues to reject this amendment.

SUPPORT FOR EPA FUND RESTORATION AMENDMENT—AMENDMENT NO. 1488

Mr. SARBANES. Mr. President, I strongly support the amendment to restore funds to the Environmental Protection Agency for its operating programs and for the Superfund program. The funds provided for by this amendment would enable us to continue to move toward our national goal of controlling hazardous wastes and toxic chemicals, ascertaining the effect of pollution on our health, and providing assistance to States to meet the requirements under the law in controlling toxic wastes and cleaning up our air and water.

It is imperative that we continue to keep as a national goal a clean environment. Congress and the American public have worked hard over the last few years to reach this goal by passing the Clean Water Act, the Clean Air Act, and other protections for the environment and our health. The Clean Water Act passed in 1972 directs EPA to insure safe and healthy water. The State of Maryland is especially sensitive to the importance of clean water because of its many water resources. The Chesapeake Bay not only provides a bountiful harvest of seafood and employment for thousands of Marylanders but also offers recreation to families throughout the year.

The clean air legislation, passed over a decade ago and strengthened more recently, requires the EPA, with the help of the States, to clean up our air. We are seeing progress. However, this administration has taken action to undo existing requirements and to cut funding.

The problem of abandoned hazardous wastes coming to the surface and causing serious health problems and fear in a community has come to our Nation's attention—especially since the findings at Love Canal. The Superfund program was enacted in December 1980 by the Congress to address these problems and encourage a partnership between the State and Federal Governments to clean up abandoned and uncontrolled hazardous waste sites and spills. Already the EPA has identified 115 dumps for clean up under this program. My State of Maryland, in which one of these hazardous dumps was located was able to remedy a potentially serious health hazard in a city neighborhood because of this program.

The additional funds in the amendment would still leave EPA below its 1981 budget, considering inflation. At the same time that the administration is cutting the budget for environmental protection, it is also suggesting that the 50 individual States pick up the responsibility and the cost of fighting pollution. The National Governor's Association and State environmental officials report that many States would consider dropping these programs because of the cost. If this happens, many of our hard-won gains in cleaning up our air and water will be lost. The New Federalism will not work with regard to pollution control programs—polluted air and water do not stop at State or county lines.

The State of Maryland's Office of Environmental Programs estimates that it will lose roughly $700,000 in Federal funds in fiscal year 1983. This is a 25 percent loss in their budget. Maryland receives 87 percent of its safe drinking water budget, 56 percent of its water quality budget, and 45 percent of its air quality funds from the Federal programs. If funds are cut from the Environmental Protection Agency, the State of Maryland has indicated that monitoring and enforcement of air and water quality standards will have to be cut, also.

The Reagan administration has seriously jeopardized our ability to protect our environment and the safety and health of our citizens. The protection of our environment has ground to a halt because of budget cutbacks, delays in promulgating regulations, regulatory changes and policy makers who do not subscribe to the mission of the Environmental Protection Agency. Cutbacks in enforcement and monitoring today will mean higher health costs and environmental losses in the future. It is a shortsighted and unwise policy to follow.

We must instead restore the protection of our environment and health as a national goal and priority.

ENVIRONMENTAL PROTECTION (AMENDMENT NO. 1488)

Mr. BRADLEY. Mr. President, since this administration has been in office the major EPA activity has been reducing environmental protection. There is a national concensus that clean air, clean water, and protection of the public health, EPA's responsibilities, are urgent concerns. The administration's attack on these concerns is dramatically reflected in the massive proposed EPA personnel cuts of nearly 50 percent, and budget cuts of over 50 percent from 1982 to 1984.

Amid administration claims that we must go slow because there is much we do not know, EPA's outside research budget is to be cut two-thirds. Even where money is in hand, as with superfund which cleans up imminently hazardous toxic waste sites, the administration has proposed spending at levels less than EPA itself had earlier defined as a "minimum program—unacceptable risk."

Mr. President, these EPA actions are irresponsible. They defy the public will. Every recent survey demonstrates strong public support for vigorous enforcement of environmental laws. A CBS-New York Times poll late last year showed an overwhelming majority of the public supports strict environmental protections no matter what the economic costs. An April 1982 poll of New Jersey residents by the Eagleton Institute showed that 68 percent of the public was very concerned about the problem of chemical wastes. And New Jersey residents have good cause for concern.

The Reagan administration's attempt to go slow on utilizing the superfund which Congress created more than a year and a half ago is appalling. Those delays only breed further public fear and anger.

But, Mr. President, the public is not the only concerned party. The business community also suffers—not only from the uncertainty which results when enforcement is spotty and decisions are not made. Responsible industries face resistance to new plant expansion and development when the public believes that Government is not watching the environmental consequences.

When EPA announced its plan to relax hazardous waste dumping standards even industry reacted. They know that we need to site and build hazardous waste disposal facilities. Yet, what community will tolerate such a facility in its vicinity if they believe strict standards will not be vigorously enforced?

EPA workers have more work per worker than any other agency; workload has doubled while the work force has been sharply reduced. Last, they cripple our ability to know how to protect the public health any time in the near future—the proposed budget means a loss of 1,500 senior researchers and 5,000 of their associates, effectively destroying the science base slowly developed to enable us to understand and manage the environment.

As a Senator from a State suffering from long neglect of the environment, a State which in a tiny land area has 11 percent of the most hazardous sites in America, I cannot allow the EPA to be dismantled. I cannot stand by while other States are polluted and progressively less environmental protection is done. Congress has passed the necessary legislation. The administration refuses to use it.

To restore the capability of EPA to deal with the environment, I support the Moynihan-Leahy amendment to increase EPA funding above Budget Committee recommendations. The additional funding will permit: One, effective control of hazardous wastes and chemicals beginning now and not in two decades; two, allow Superfund cleanup to proceed with the necessary urgency; and three, will assume maintenance of a scientific capability so that we will know what to do and how to do it.

SOCIAL SECURITY

Mr. McCLURE. Mr. President, sometimes the conventional wisdom proves to be conventional but not wise. I am referring to the widespread notion that any adjustment in the social security future benefit levels to regain solvency for the fund would be politically disastrous—at least to those supporting the changes. That is a notion that has been pushed by those who want increased levels of spending and, unfortunately, by those who seek political advantage from the fears of those dependent upon social security for their necessary living expenses.

Mr. President, I believe the evidence is on the other side. In my own experience, the older people who are most directly affected are concerned about the stability of the fund, those younger workers who face many years of payments into the fund are not confident they will ever receive any payments in return, and all our people distrust the political process that deals with the problem. Various polls that have been published verify my own observations. We are, also, seeing widespread editorial support for such action. One of the most cogent and persuasive of such editorials appeared in the Albuquerque Tribune of Wednesday, May 19, 1982. The title and the lead sentence state the political condemnation and the real problem very pointedly. The title is "Timid Congress," and the body of the editorial is less kind to the Congress. The lead sentence is: "It is sad but true that the U.S. Senate still views the current budget impasse as a political question rather than a serious national problem."

Mr. President, that is sad but true. The editorial is, also, right on the mark when it says that "Senator PETE DOMENICI of New Mexico is correct when he predicts that the tide of public opinion will be with us in funding social security savings to go with a general budget tightening." And, unfortunately, the editorial is right when it says that "Congress lacks the courage to face that issue with an election pending."

Mr. President, this country needs men and women with vision and courage—men and women like Senator PETE DOMENICI. This country needs men and women who trust the American people enough to vote with the same good sense and determination as the American people, themselves, show. It is time to recognize that statesmanship and good politics are sometimes the same.

I ask unanimous consent that the full text of the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TIMID CONGRESS

It is sad but true that the U.S. Senate still views the current budget impasse as a political question rather than a serious national problem.

The consensus seems to be to continue muddling along, depending upon the passage of time to deal with the pending bankruptcy of Social Security.

In so doing, Congress is selling short the hopes and plans of today's wage earners, to placate the well organized minority of retirees already collecting the payroll taxes being deducted from today's workers.

One needn't decide to throw this nation's elderly to the wolves to accept the necessity for some form of cost containment plan to put Social Security once again on the road toward long term solvency.

Sen. Pete Domenici, R-N.M., is correct when he predicts that "the tide of public opinion will be with us" in finding Social Security savings to go with a general budget tightening.

He is also correct when he says the goal for Social Security is solvency—the continued ability for the system to pay for itself through the present Social Security tax.

But Congress lacks the courage to face that issue with an election pending.

Today we have a national budget awash in red ink that perpetuates a crisis of confidence in the nation's money markets. That crisis will continue with Republican Senate leaders' talk of restoring budget cuts already scheduled for Medicare, student loans, veterans' benefits, housing and space.

The budget process is going backwards, even as Congress talks of raising taxes again. The tax talk will effectively nullify any salutorious effect the Reagan tax cut might have had on American savings and investment plans.

The Social Security system is so loaded with automatic entitlement multipliers that outgo has continued to exceed income despite the record Social Security tax hikes of recent years.

A timid Congress awaits a Social Security cure from divine intervention, and is on the way to selling out the economic future of the nation for near term political spoils.

[From the Albuquerque Tribune, Wed., May 19, 1982]

EACH MUST GIVE A LITTLE

(By William L. Lehmann)

EDITOR, THE TRIBUNE: As a federal employee, I didn't cause inflation but rather suffered from it. As a federal retiree, I had expected to keep up with inflation as provided for in the terms of my employment. But today, faced with the most various financial crisis since the Great Depression, it is clear that each of us must give a little or we all will sink.

Therefore, while it will hurt personally, I applaud Sen. Pete Domenici for his courage and will support his harsh but realistic call to freeze non-defense federal expenditures for a year. The kind of inflation we have seen over the last two years will destroy us if it is not stopped, and we won't stop it with huge deficits or with ever increasing taxes.

Sen. Domenici has shown the leadership of a statesman concerned for the fate of his country. If we support that leadership, we have a chance to win. If we fail to support it now, our children and grandchildren may well have to rebuild from the effects of a second Great Depression.

THE BUDGET COMPROMISE

Mr. SCHMITT. Mr. President, I want to commend the senior Senator from New Mexico on his diligent, often frustrating work on the first concurrent budget resolution.

For the last several months, Congress has been paralyzed with inaction over the budget. Only through Senator DOMENICI's leadership is this budget resolution on the floor of the Senate today. Although it does not incorporate all the factors that I believe it should, it nonetheless takes another important bite at the economic apple.

The budget compromise is a good one. It reduces deficits in all of the next 3 fiscal years. This resolution coupled with congressional action on a balanced budget constitutional amendment should shore-up the week knees in the long- and short-term credit markets

We are debating this resolution today because we are in a recession. The recession is a direct result of past policies of tax and spend. Last year, this Congress enacted the boldest legislation ever in addressing our economic woes. We did not act quickly enough. Before industry could begin the expansion that the Economic Tax Recovery Act allowed, the big spending juggernaut of inflation-born high interest rates swept those expansion plans away. Unemployment and a recession have resulted. The big spending chickens have come home to roost.

If we had acted quickly enough, our industrial base would have expanded, the revenues flowing to the Treasury would have been greater, and we would not be projecting deficits of over $200 billion in fiscal year 1985.

What is done is done. Our task today is to pass this resolution and get on with the business of the Senate.

This budget resolution is a brave initiative; it requires a large number of people to make some sort of scarifice, and sacrifice is never popular. Federal civilian employees and retirees will be asked to give up cost-of-living increases in salaries and annuities. The growth of entitlements will be slowed, and nondefense discretionary programs will be frozen.

In a very eloquent speech on this floor, Senator GARN brought some facts to the attention of the Senate that bear repeating. In 1962 we had the first $100 billion budget. In 1971 we had the first $200 billion budget. In 1975 we had the first $300 billion budget. In 20 years our budgetary largesse has expanded 700 percent. The budget has been running out of control and the American people and financial markets have said stop.

One other fact that I would point out to this body is that the true tax on the American people is not the revenues we call taxes. Every dollar we spend today has to be payed for by revenues some time. The true tax Americans pay is the amount that the Government spends. Mr. President, in fiscal year 1983 we expect to tax the American public at a rate of $783.6 billion, because we are going to spend that much.

It should be pointed out that even this $783.6 billion in taxes is the result of a compromise. It is still too large. True, deficits are reduced from earlier projections. However, we are still looking at deficits of $115.4 billion in fiscal year 1983, $91.3 billion in fiscal year 1984, $64.4 billion in fiscal year 1985, or a total of $271.1 billion of deficit in 3 years.

This body should also take note of the size of the public debt. In fiscal year 1985, we can expect the public debt to be $1.5 trillion. It took us over 200 years to get ourselves $1 trillion in debt. It will take 5 years to add one half trillion dollars to that.

However, it is my hope that this budget will send the right message to industry and to the credit markets. That message should stabilize our turbulent economic environment, and reduce the level of fear and uncertainty about the future direction or our economy.

That fear and uncertainty must be reduced so that this body can get on with the business of the country. Without feeding on that fear, my colleagues on the other side of the aisle would not have been able to get mileage out of social security that they have. But, they did not help to fashion the compromise. They were content to criticize, not cooperate.

Some can continue to demagogue on social security; some can continue to point to unemployment statistics; and some can continue to snipe at the Federal Reserve while our economy slowly grinds to a halt. Or we can do the right and responsible thing and pass this budget resolution and go back to our committees and carry out the instructions contained in the budget resolution. I hope we are prepared to do the latter.

THE BUDGET FOR SPACE, SCIENCE, AND TECHNOLOGY

Mr. **CHILES**. Mr. Presient, I am pleased that the modified budget resolution has "unfrozen" the budget for space, science and technology. I had planned to offer an amendment to restore the President's January budget request, as I had done in the Budget Committee. The Budget Committee's freeze plan would have cut these budgets by $800 million in 1983 and 1984, and $400 million in 1985.

Mr. President, we have all been thrilled to watch the early successes of the Space Shuttle. Freezing its funds at 1982 levels would cut operations by about $400 million in 1983. In the outyears, where the costs of Shuttle procurement decline, there would not be much savings in the deficit. Yet the impact on the space program would be substantial.

The production of the fourth orbiter vehicle would be delayed, requiring the Air Force to buy more Titan rockets for its launch needs. This would also give commercial users a strong incentive to switch to alternative systems, such as the French Ariane. We would be giving up our technological superiority in a classic case of penny-wise, pound foolish. The kinds of space science losses would be the Space Telescope and gamma ray observatories, the Spacelab missions, and the backup activities, of developing instruments, data analysis and support technology. Since these backup activities have some of the greatest spinoffs into commerical technology, the economic loss would be quite serious.

While some space science missions may sound easy to delay, each time we squeeze them back, we cause experienced engineers and scientists to leave the field and discourage new ones from entering. Our rates of producing engineers are already well below the Soviet Union and Japan. If we keep eating our scientific seed corn, it will be generations before we recover.

I think we have all become aware of the critical role that science and technology play in developing the growth sectors of our economy. In some areas, like telecommunications and computers we can see the direct, immediate payoffs. In other areas, like high energy physics, mathematical research and space science, the returns cannot be clearly known in advance. Yet, the rewards are no less real for their unpredictability. Advances in computer hardware come from understanding how electric charges react in different materials under various temperature conditions. Software improvements come from mathematics. Last year, the administration made an error and tried to cut back on basic research. The outcry from business as well as the scientific community was sufficient to convince them to restore a modest 3-percent real growth path for science in their 1983 budget. This is the minimum long-term investment we need for the good of the economy. The administration's request does not even adequately fund important programs like science education, so sacrifices will have to be made to live within this request.

If we go along with the freeze in basic science, we will lose many important projects. We would have to eliminate three or four new experimental computer facilities, thus retreating in an area where we are competing neck to neck with the Japanese for leading the next generation of computers. Electronics facilities, such as the Cornell Election Storage King and the Indiana University Cycloton would have to be cut, and planned initiatives in polymer and solid-state chemistry research would be foregone. Many other projects in chemical engineering, microelectronics, and robotics would also be hit by a freeze. In the biological sciences, we would lose an attempt to replace outmoded laboratory equipment through a shared-instrumentation initiative. Planned projects in large integrated ecosystems and the flow of bio-organic elements would be curtailed. Promising initiatives in the neurosciences would also be cut back, delaying our understanding of the basic functioning of the brain and nervous systems.

This is just a brief catalog of the immediate losses. As with space science and engineering, we would create a longer term loss by sending out a message to the country that we do not place a high priority on scientific research. We can expect scientists to be dedicated, but we cannot expect them to work if no one will fund their research. While private companies will pay for applied research, it is not in their economic interest to fund basic research. The return to any one company is only a quarter of the return to the economy as a whole. Yet, without a strong foundation of basic research, applied research and technology cannot get very far.

I am therefore pleased that the Senate majority has made this change, and I hope it will survive through the rest of the budget process.

MEDICARE CUTS

Mr. **BIDEN**. Mr. President, the media is full of stories about social security. Whenever I hold a town meeting in Delaware, a large number of the questions deal with proposals to cut social security. We in the Senate recently spent many hours debating the issue here on the floor just a few days ago. Social security is the hot issue of the day, commanding the attention of much of the population.

While it is proper, Mr. President, for social security to receive a great deal of attention and publicity, I am afraid all that attention has obscured yet another cut which can have an equally devastating effect on seniors. I am referring, Mr. President, to the proposal to make significant cuts in the medicare program over the next 3 years.

Now it is true, Mr. President, that the resolution before us restores a portion of the cut originally contemplated by the majority of the Budget Committee. I do not, however, believe the amount restored is sufficient; and so voted for the Moynihan amendment making additional restorations, aimed particularly at mitigating the effects of the proposal to institute a copayment against the cost of a medicare patient's hospitalization.

Although it is unclear, Mr. President, what kind of copayment scheme might be approved, I would like to briefly examine the effect of the original Budget Committee proposal to institute a 6-percent copayment in fiscal year 1983, an 8-percent copayment in fiscal year 1984, and a 9-percent copayment in fiscal year 1985.

If this proposal were ever to be enacted into law, it would mean that a medicare patient would be forced to pay $116.34 per week—after the $256 deductible currently charged—for the average hospital room in Delaware, as opposed to $0 today. In fiscal year 1984, assuming a 5-percent increase in the cost of a hospital room in Delaware, the charge would be $165.36 per week, again as opposed to $0 today. In fiscal year 1985, assuming another 5-percent jump in average hospital costs, the additional charge would rise to $192.15 per week.

To bring this proposal into even clearer perspective, Mr. President, a 60-day hospital stay for a medicare patient under current law costs that patient $256 in out-of-pocket expenses. If a copayment on the order originally contemplated by the Budget Committee majority were to be approved, that stay would rise to $1,287.87 in fiscal year 1983, $1,743.48 in fiscal year 1984, and $1,972.80 in fiscal year 1985.

When he first heard of the magnitude of the proposed medicare cuts, the president of the Association of Delaware Hospitals called my office to express his view that the proposal is "unrealistic." I would go a step beyond that characterization, Mr. President. I believe such a proposal represents a callous attempt to cut costs in order to hide the failure of the administration's economic program.

How are we to expect seniors to cope with such attempts to balance the budget on their backs? Let us remember that, although the Consumer Price Index actually went down last month, the health care portion of the CPI jumped by 12 percent.

Let us also remember, Mr. President, that this generation of seniors has made its sacrifice. They have been through the Great Depression. They have lived through three and, in some cases, four wars. They have worked to bring the country out of numerous recessions.

Yes, they are willing to do even more. Each senior I encounter expresses his or her willingness to do their part to help get America's economy back on track. But they are not willing to have the budget balanced on their backs, and neither am I. I hope, Mr. President, that any copayment scheme gets the sound beating it deserves.

THE EVE OF TRAGEDY

Mr. PELL. Mr. President, for the past 7 weeks, the world has watched the slow unfolding of a dreadful drama in the South Atlantic. There is no condoning Argentina's use of force in seizing the Falkland Islands. Britain's response was understandably vigorous. And the march of events has steadily dimmed our hope for a reasonable ending. Britian has dispatched a fleet of warships, hundreds of men have died already in combat at sea, negotiations have foundered, and the two sides now appear poised for a spasm of blood-letting from which both will gain nothing but sorrow. We seem on the eve of tragedy better chronicled by an Evelyn Waugh, whose most vigorous theme was man's inexorable stupidity.

The futility of this outcome stands underscored by the alternative available to the adversaries. In themselves, the Falklands offer scant economic benefit to either nation. But regional possibilities for undersea mineral development do render the islands potentially valuable to both. Conceivably, joint action could produce mutual gain, the feasibility of collaboration being suggested by Britian's relevant technological capabilities and the sizable population of British language and descent already harmoniously resident on the Argentine mainland. As the present dispute has moved toward crisis, the concept of cooperative development has given way to the passions of confrontation. But trusteeship or split sovereignty proposal could still be revived. In the latter case, a third party—the United Nations or the United States—would serve as catalyst and partner. If not, hundreds or thousands of fine young men from both nations will soon lose their lives to a conflict the world's next generation may scarcely remember. Let us hope—and indeed pray—that the imperatives of emotion and national dignity will, at the last hour, yield to the finer claims of constructive statesmanship and creative compromise.

In closing I would add that political leaders have a duty to their nation and its pride, but they also have a duty to God and to the lives of their young men.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Governmental Affairs.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:32 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2035. An act to authorize certain employees of the U.S. Department of Agriculture charged with the enforcement of animal quarantine laws to carry firearms for self-protection; and

H.R. 6164. An act to authorize the Secretary of Agriculture to implement the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment To Be Used for Such Carriage (ATP), and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

At 10:53 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 412. Joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

The enrolled joint resolution was subsequently signed by the President pro tempore (Mr. THURMOND).

ENROLLED JOINT RESOLUTIONS SIGNED

At 4:15 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled joint resolutions:

S.J. Res. 53. A joint resolution to provide for the designation of September 5, 1982, as "Working Mothers' Day";

S.J. Res. 59. Joint resolution designating the square dance as the national folk dance of the United States; and

S.J. Res. 160. Joint resolution to provide for the designation of July 9, 1982, and April 9, 1983, as "National P.O.W.-M.I.A. Recognition Day."

The enrolled joint resolutions were subsequently signed by the President pro tempore (Mr. THURMOND).

HOUSE BILL REFERRED

The following bill was read the first and second time by unanimous consent, and referred as indicated:

H.R. 2035. An act to authorize certain employees of the U.S. Department of Agriculture charged with the enforcement of animal quarantine laws to carry firearms for selfprotection; to the Committee on Agriculture, Nutrition, and Forestry.

HOUSE BILL PLACED ON CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 6164. An act to authorize the Secretary of Agriculture to implement the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for Such Carriage (ATP), and for other purposes.

ENROLLED JOINT RESOLUTIONS PRESENTED

The Secretary reported that on today, he had presented to the President of the United States the following enrolled joint resolutions:

S.J. Res. 53. Joint resolution to provide for the designation of September 5, 1982, as "Working Mothers' Day";

S.J. Res. 59. Joint resolution designating the square dance as the national folk dance of the United States; and

S.J. Res. 160. Joint resolution to provide for the designation of July 9, 1982, and April 9, 1983, as "National P.O.W.-M.I.A. Recognition Day."

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3492. A communication from the Secretary of the Senate, transmitting, pursuant to law, a full and complete statement of the receipts and expenditures of the Senate, showing in detail the items of expense under proper appropriations, the aggregate thereof, and exhibiting the exact condition of all public moneys received, paid out, and remaining in my possession from October 1, 1981 through March 31, 1982; ordered to be printed and to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SCHMITT, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 2551. An original bill to authorize appropriations for the National Science Foundation for fiscal year 1983 (Rept. No. 97-407).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 2336. A bill to authorize appropriations for fiscal year 1983 for certain maritime programs of the Department of Transportation, and for other purposes (Rept. No. 97-408).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 2215. A bill to recognize the organization known as the National Association of State Directors of Veterans' Affairs, Inc. (Rept. No. 97-409).

By Mr. DOLE, from the Committee on Finance, without amendment:

S. 2555. An original bill to authorize appropriations for the U.S. International Trade Commission, the U.S. Customs Service, and the Office of the U.S. Trade Representative for fiscal year 1983, and for other purposes (Rept. No. 97-410).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

H.R. 3663. An act to amend subtitle IV of title 49, United States Code, to provide for more effective regulations of motor carriers of passengers (Rept. No. 97-411).

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 384. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of title IV of S. 2487, which authorizes supplemental appropriations for fiscal year 1982 for intelligence activities of the United States.

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. Con. Res. 96. A concurrent resolution reaffirming Senate resolution (S. Res. 179) and House resolution (H. Res. 177) and urging the President to seek agreement at the Versailles summit conference that nuclear supplier nations should export nuclear fuel and equipment only to nations that permit fullscope safeguards.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, Robert Anderson, of the District of Columbia, a career member of the Senior Foreign Service, class of minister-counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Dominican Republic.

(The above nomination was reported from the Committee on Foreign Relations with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

NOMINEE: Robert Anderson
POST: Dominican Republic

CONTRIBUTIONS AND AMOUNT

1. Self: Robert Anderson; none.
2. Spouse: Elena Anderson; none.
3. Children and spouses names: Gerald and Cynthia (daughter), Delarue Christina Anderson (daughter), Mark Andrew Anderson (son); none.
4. Parents names: Mrs. Andrew Anderson (mother), father (deceased); none.
5. Grandparents names: Deceased.
6. Brothers and spouses names:
7. Sisters and spouses names: Howard and Wynne Winn-Moon; none.

By Mr. TOWER, from the Committee on Armed Services:

Richard L. Wagner, Jr., of California, to be Chairman of the Military Liaison Committee to the Department of Energy.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SCHMITT:

S. 2551. An original bill to authorize appropriations for the National Science Foundation for fiscal year 1983; from the Committee on Commerce, Science, and Transportation; placed on the calendar.

By Mr. BIDEN (for himself, Mr. THURMOND, Mr. WALLOP, Mr. BENTSEN, Mr. CHAFEE, Mr. DURENBERGER, Mr. GARN, Mr. GOLDWATER, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. LEAHY, Mr. LUGAR, Mr. MOYNIHAN, Mr. ROTH, Mr. SCHMITT, and Mr. HOLLINGS):

S. 2552. A bill to protect the safety of intelligence personnel and certain other persons; to the Committee on the Judiciary.

By Mr. ROTH (by request):

S. 2553. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, and for other purposes; to the Committee on Governmental Affairs.

By Mr. PERCY (for himself, Mr. DIXON, Mr. JEPSEN, Mr. ZORINSKY, Mr. PRESSLER, Mr. BAUCUS, Mr. BURDICK, Mr. LEVIN, and Mr. EXON):

S. 2554. A bill to require the Commodity Credit Corporation to dispose of Government-owned stocks of agricultural commodities; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DOLE:

S. 2555. An original bill to authorize the appropriations for the U.S. International Trade Commission, the U.S. Customs Service, and the Office of the U.S. Trade Representative for fiscal year 1983, and for other purposes; from the Committee on Finance; placed on the calendar.

By Mr. DANFORTH (for himself and Mr. CHILES):

S. 2556. A bill to require that furniture and decorative accessories for us in offices of certain officers of the government be procured by the Administrator of General Services, and for other purposes; to the Committee on Governmental Affairs.

By Mr. QUAYLE:

S. 2557. To amend the Internal Revenue Code of 1954 to simplify the tax system by providing flat rate schedules for individuals and corporations, and for other purposes; to the Committee on Finance.

By Mr. DECONCINI:

S. 2558. A bill to increase the duty on imported copper by an amount which offsets the cost incurred by copper producers in the United States in meeting domestic environmental requirements; to the Committee on Finance.

By Mr. MELCHER:

S. 2559. A bill for the relief of Aleksander Perovic; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LEAHY (for himself, Mr. KENNEDY, Mr. HART, Mr. CRANSTON, Mr. STAFFORD, and Mr. MOYNIHAN):

S. Con. Res. 97. A concurrent resolution urging greater opportunity for public participation in formulation of regulations governing national forest system resource planning; to the Committee on Agriculture, Nutrition, and Forestry.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BIDEN (for himself, Mr. THURMOND, Mr. WALLOP, Mr. BENTSEN, Mr. CHAFEE, Mr. DURENBERGER, Mr. GARN, Mr. GOLDWATER, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. LEAHY, Mr. LUGAR, Mr. MOYNIHAN, Mr. ROTH, Mr. SCHMITT, and Mr. HOLLINGS):

S. 2552. A bill to protect the safety of intelligence personnel and certain other persons; to the Committee on the Judiciary.

PROTECTION OF INTELLIGENCE PERSONNEL

Mr. BIDEN. Mr. President, on behalf of Senators THURMOND,

Wallop, Bentsen, Chafee, Durenberger, Garn, Goldwater, Huddleston, Inouye, Jackson, Leahy, Lugar, Moynihan, Roth, Schmitt, and Hollings, I am introducing a bill to amend title 18, United States Code, to protect the safety of intelligence personnel and certain other persons.

Essentially, the bill provides Federal criminal penalties for assaults on intelligence agency employees in the course of their official duties, as well as for assaults on defectors admitted to the United States under CIA auspices and other foreign visitors certified by the Director of Central Intelligence to be present in the United States under CIA auspices.

These amendments were proposed by the CIA, endorsed by the Justice Department, and supported by the administration for inclusion in the Intelligence Authorization Act for fiscal year 1982. The Senate Intelligence committee reported them as section 510 of S. 1127, the Intelligence Authorization Act for fiscal year 1982, on May 6, 1981. It was then passed by the Senate.

Unfortunately, the House version of the Intelligence Authorization Act for fiscal year 1982 contained no similar provisions; and the Conference Committee deleted section 510 because the House conferees insisted upon its consideration as separate legislation. Accordingly, this bill contains the same provisions as section 510 of S. 1127 passed by the Senate. The intent of these provisions was discussed in the Senate Intelligence Committee report on S. 1127 (S. Rept. No. 97-57, pp. 18-19).

The members of the intelligence and Judiciary Committees have already expressed their unanimous view that there is an overriding need to give intelligence personnel the same type of protection against murderous assaults as is afforded by current law to many other types of Government employees. Senior intelligence officials frequently receive threats to their safety, and lower level employees have also been threatened by persons who learn of their intelligence affiliation. However, under present law there is not an adequate basis for Federal Criminal investigation or prosecution in cases where there is evidence that an assault will occur in the performance of the employee's official duties.

Congress has an obligation to provide the full protection of Federal law for those who serve our intelligence agencies. It is sometimes difficult, as we have recognized in considering the Intelligence Identitites Protection Act, to strike a balance that protects their safety without infringing on constitutional rights. This bill does not raise such issues.

Several important issues that affect the CIA and the intelligence community are before the Congress this year, and these matters should be considered very carefully. I believe, however, that this proposal to protect the safety of intelligence personnel deserves prompt enactment. It is my earnest hope that the other body will act as soon as possible on the identical measure, H.R. 4940, introduced by Chairman Boland of the House Intelligence Committee, so that this legislation can be passed without further delay.

As Judiciary Committee representative on the Intelligence Committee I pledge to work for prompt enactment of this legislation. The full membership of the Intelligence Committee has joined me in sponsoring this legislation and I am particularly pleased that the distinguished Chairman of the Judiciary Committee has joined us in this effort. With this kind of bipartisan support I am optimistic that the essential protection it proposes will soon be available to our intelligence professionals.

I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2552

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1114 of title 18, United States Code, is amended—

(a) by inserting "or attempts to kill" after "kills";

(b) by striking out "while engaged in the performance of his offical duties" and inserting in lieu thereof "or any officer or employee of any department or agency within the Intelligence Community (as defined in section 3.4(F) of Executive Order 12333, December 8, 1981, or successor orders) not already covered under the terms of this section"; and

(c) by inserting before the period at the end thereof a comma and the following: "except that any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years".

Sec. 2. Chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1118. Murder, manslaughter, assaults, threats, extortion, or kidnaping of persons given entry into the United States for permanent residence pursuant to section 7 of the Central Intelligence Agency Act of 1949

"(a) Whoever kills or attempts to kill a person given entry into the United States for permanent residence pursuant to the provisions of section 7 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403h) shall be punished as provided under sections 1111, 1112, and 1113 of this title, except that any such person who is found guilty of murder in the first degree shall be sentenced to imprisonment for life, and any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years.

"(b) Whoever engages in conduct proscribed by section 112, 878, or 1201 of this title against any person described in subsection (a) shall be punished as provided under those sections.".

Sec. 3. Chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1119. Murder, manslaughter, assaults, threats, extortion or kidnaping of persons present in the United States under intelligence auspices

"(a) Whoever kills or attempts to kill a person certified by the Director of Central Intelligence or his designee to be present in the United States under the auspices of any department or agency within the Intelligence Community (as defined in section 3.4(F) of Executive Order 12333, December 8, 1981, or successor orders) shall be punished as provided under sections 1111, 1112, and 1113 of this title, except that any such person who is found guilty of murder in the first degree shall be sentenced to imprisonment for life, and any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years.

"(b) Whoever engages in conduct proscribed by section 112, 878, or 1201 of this title against any person described in subsection (a) shall be punished as provided under those sections.".

Sec. 4. The table of sections for chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"1118. Murder, manslaughter, assaults, threats, or kidnaping of persons given entry into the United States for permanent residence pursuant to section 7 of the Central Intelligence Agency Act of 1949.

"1119. Murder, manslaughter, assaults, threats, extortion, or kidnaping of persons present in the United States under intelligence auspices.".

By Mr. ROTH (by request):

S. 2553. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, and for other purposes; to the Committee on Governmental Affairs.

LEGISLATION RELATING TO EXPERTS AND CONSULTANTS

● Mr. ROTH. Mr. President, I am introducing, by request of the administration, a bill to amend section 3109 of title 5, United States Code, to clarify the authority for the appointment and compensation of experts and consultants as Federal employees, and for other purposes. This legislation was proposed in Executive Communication No. 3448, dated May 5, 1982, and referred to the Governmental Affairs Committee on May 12, 1982. I am introducing this measure so that the public may have a legislative proposal upon which to comment.

Mr. President, I ask unanimous consent that a copy of the letter sent by the Director of the Office of Personnel Management, dated May 5, 1982, a copy of the section-by-section analysis describing the legislation, a statement of purpose and justification, and the text of the bill be printed in full in the Record.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2553

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3109 of title 5, United States Code, is amended to read as follows:

"§ 3109. Employment of individual experts and consultants

"(a) For the purpose of this section—

"(1) 'agency' has the same meaning as in section 5721 of this title;

"(2) 'appointed consultant' means an individual—

"(A) who has a high degree of knowledge, skill, or experience in a particular field, and

"(B) whose primary function is to serve an agency in an advisory capacity in that field, rather than to perform or supervise an operating function of the agency.

"(3) 'appointed expert' means an individual—

"(A) who has excellent qualifications and a high degree of attainment in a professional, scientific, technical, or other field,

"(B) who, because of such qualifications and attainment, is usually regarded as an authority, or as a practitioner of unusual competence and skill, by other individuals engaged in that field, and

"(C) whose primary function is to perform an operating function of an agency rather than to provide advisory services.

"(b) The head of an agency may appoint and fix the pay of appointed experts and consultants for temporary (not in excess of one year) or intermittent services, without regard to—

"(1) the provisions of this title governing appointment in the competitive service; and

"(2) chapter 51 and subchapter III of chapter 53 of this title (relating to position classification and pay rates), except that the rate of pay for any individual so appointed may not exceed the rate of basic pay payable for GS-18 unless otherwise specifically authorized by statute.

"(c) Positions in the Senior Executive Service may not be filled under the authority of subsection (b) of this section.

"(d) The Office of Personnel Management shall prescribe regulations governing the employment of appointed experts and consultants and the reporting requirements of this section, and may take such action as it considers appropriate to assure compliance with this section and those regulations, including audit of individual cases, and, if necessary, suspension of the authority to appoint experts and consultants. Agencies shall comply with the requirements of the Office, including taking any corrective action the Office may direct.

"(e) Each agency making appointments under the authority of subsection (b) of this section shall provide such information and reports as the Office of Personnel Management requests.

"(f) The head of any agency with statutory authority to appoint experts and consultants without regard to the provisions of this section shall, to the extent practicable and in keeping with the provisions of such authority, appoint such experts and consultants in a manner consistent with the principles of this section.

SEC. 2. The table of sections at the beginning of chapter 31 of title 5, United States Code, is amended by striking out the item relating to section 3109 and inserting in lieu thereof the following new item:

"3109. Employment of individual experts and consultants.".

SEC. 3. The amendments shall take effect one hundred and eighty days after the date of enactment of this Act.

SECTION ANALYSIS

Present section 3109 of title 5, United States Code, authorizes Federal agencies to obtain the services of experts or consultants, or organizations thereof, by contract under certain conditions, without regard to key civil service laws. This legislative proposal would amend the section.

The revised subsection (a), first section, continues the present definition of agency, and adds definitions for consultant and expert.

In subsection (b), the existing requirement for agencies to have specific authority in separate appropriation or other legislation in order to use this section is eliminated to permit agencies to use the section directly without further authorization. This change would not affect Congress' power to place appropriations or other limitations on an agency's use of experts and consultants. Present authority to "procure by contract" the services of individuals and organizations is eliminated. As revised, the authority will only permit appointment of individuals for personal services in an employer-employee relationship. Authority for agencies to procure services of organizations by direct negotiation as an exception to formal advertising requirements is deleted as superfluous. Agencies have broad authority to procure services under Federal procurement regulations and 10 U.S.C. 2304 and 41 U.S.C. 252 grant exceptions to agencies from advertising when procuring personal or professional services. Present authority for individuals to serve on a temporary (not to exceed 1 year) or intermittent basis is continued without change.

In subsection (b)(2), present exceptions from the classification and the General Schedule pay laws are continued. The maximum rate payable to individuals would be set at the equivalent of GS-18. Under present section 3109, as interpreted by the Comptroller General, the maximum rate payable is the equivalent of the GS-15 rate unless higher rates are authorized in separate legislation, or unless the position is in certain scientific or professional categories in which the rate can go up to the GS-18 equivalent. Authority for the White House Office (Level II), GAO (Level V), and a few other agencies with express statutory authorization to pay higher rates under section 3109 would continue.

The present subsection (b)(3), concerning advertising requirements for services to be acquired by contract, has been omitted as unnecessary since the subject is treated under the procurement laws and regulations.

Subsection (c) continues the present restriction against using section 3109 to fill SES positions.

Subsection (d) would require the Office of Personnel Management to prescribe regulations concerning the employment of individual experts and consultants appointed under the section and would require agencies to take corrective actions the Office directs. The subsection would permit the Office of Personnel Management to see that agencies are following the provisions of section 3109 in the same manner that the Office carries out its evaluation and compliance responsibilities for all other agency personnel management activities which are subject to OPM review.

Subsection (e) would require agencies to provide the Office of Personnel Management with data and other information which is essential for effective oversight of agencies' use of experts and consultants. Neither this subsection nor subsection (d) above would require the National Security Agency to disclose information which is protected by section 6 of the National Security Agency Act, Public Law 86-36.

Subsection (f) would require agencies which have a statutory authority for appointing experts and consultants other than 5 U.S.C. 3109, to the extent they consider it practicable and in keeping with the provisions of their authorities, to employ experts and consultants consistent with the principles of this section.

Subsection (f) would not apply to independent statutory authorities including (1) those for appointment to particular occupations such as the Veterans Administration's authority in 38 U.S.C. 4114 to fill physicians, dentists, and certain other positions, and (2) for the Attorney General to acquire the services of witnesses under authorities other than those for the appointment of experts and consultants.

Section 2 amends the analysis of chapter 31 of title 5 to agree with the new catchline for section 3109.

Section 3 provides a 180-day period for agencies and the Office of Personnel Management to make effective preparation to implement this legislation.

STATEMENT OF PURPOSE AND JUSTIFICATION

(A draft bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, and for other purposes)

The purpose of this legislation is to reform the system for the appointment and compensation of experts and consultants as Federal employees under section 3109 of title 5, United States Code.

For many years, executive branch officials and members of Congress have called attention to the need for agencies to improve their management of expert and consulting services, whether secured by contracting out or employment. Concerns noted include the use of consultant arrangements to bypass competitive employment procedures, personnel ceilings, or pay limitations; unnecessary projects; repeated extension of services which ought to be brief; assignments to policy-making work that agency officials should perform; and lack of hard data about the overall consultant picture.

Working together, the Office of Federal Procurement Policy, Office of Management and Budget, and this Office have taken certain actions to improve agency use of experts and consultants and to eliminate misuse.

This proposal would clean up problems in the employment area by clearly spelling out the terms for appointment of experts and consultants, by eliminating procurement and contracting from the provision, by providing authority, where there had been none before, for central enforcement and corrective action, and by simplifying requirements.

The use of outside experts and consultants for intermittent or temporary periods has been a long accepted practice in private business and Government. By bringing their highly specialized talents and insights to bear on new or unusual problems, these individuals help an organization to operate more economically and effectively. Because the service they provide is unique and because the length of their service is often short and uncertain, they are usually not subject to the same employment procedures as regular personnel. In the Federal service, exceptions from normal employment requirements have been authorized for experts and consultants at least as far back as the 1880's.

The principal statutory authority governing the employment of most experts and consultants in the Federal service was originally enacted as section 15 of the Administrative Expenses Act of 1946, and now appears as section 3109 of title 5, United States Code.

It is a general authority which permits an agency head, if he or she has specific statutory authorization, to "procure by contract" the temporary (not to exceed 1 year) or intermittent services of experts or consultants, or organizations of experts or consultants, including stenographic reporting services. It provides an explicit exception from laws requiring competitive appointment, position classification, and General Schedule pay levels.

For individuals serving in agencies otherwise subject to classification and pay laws, the section sets a maximum daily pay limit—either the top rate of GS-15 or the GS-18 rate, depending on the job.

As part of its general review responsibilities the Office of Personnel Management monitors the employment of individual experts and consultants primarily to assure that this authority is not used to circumvent the competitive hiring system through improper exceptions.

The general authority still serves an essential purpose for Federal managers. However, experience has shown it is unnecessarily complex and cumbersome to administer. Personnel data reports and onsite evaluation findings reflect the problems agencies have with the law, even to uncertainty as to how to count and report their experts and consultants. Its mixture of employment with procurement make it a mystery to those who wish to use it. It is confusing because of the multiplicity and variety of specific agency statutory authorizations enacted over the past 30 years to use the general authority. Among agencies, maximum daily pay rates range from $50 to Executive Level II.

Further, the general authority makes no provision for central enforcement of the terms and conditions under which the services of experts and consultants may be obtained.

SUMMARY OF PROPOSED CHANGES

1. Eliminate any reference to procuring by contract the services of individuals

One of the problems with section 3109 is that it speaks of obtaining the services of experts and consultants as Federal employees by contract. This is a continuing source of confusion to agencies since most contracts for services are made under the procurement regulations that flow from title 41, U.S. Code (Public Contracts), and are not intended to create an employer/employee relationship.

This leads to uncertainty about whether employment or something else is involved when an individual's services are procured by contract under section 3109, that is, whether these are really appointments in the usual sense. The provision for contracting for personal services in section 3109 tends to blur the generally-accepted boundaries between "procurement" and "employment" and it should be eliminated.

The thrust of section 3109 is to permit appointment of experts and consultants as employees outside of the civil service and classification laws. To accurately reflect that intent and the relationship between the agency and the individual experts and consultants it hires, the proposal substitutes "appoint" for "procure by contract" in the present law.

This amendment would not affect agency authority under procurement laws to contract for services, including those of experts and consultants, since these are not employer-employee situations. It is important to note that the oversight role of the Office of Personnel Management respecting experts and consultants would be concerned solely with those who serve the Government as Federal employees. Its mandate as the central personnel agency is personnel management. The field of procurement management, of contracting for goods and services, is a world apart and subject to other statutes and oversight by other agencies.

The provisions in the present law to "procure by contract" the services of organizations of experts and consultants and to negotiate directly with contractors without regard to statutory advertising requirements would be eliminated as unnecessary. The broad general authority agencies have to contract for services under Federal procurement regulations would include authority to contract with organizations of experts and consultants. Comparable exceptions for obtaining "personal or professional services" without formal advertising already appear in procurement laws including 10 U.S.C. 2304 and 41 U.S.C. 252.

2. Eliminate the requirement for each agency to have a separate statutory "triggering" authority before it can use the general statutory authority

It has become almost commonplace to grant the required authorization. Almost all agencies have the authority. Over sixty authorities appear in permanent legislation. Others appear annually in appropriation acts. The General Accounting Office some time ago recommended simplifying the section to provide a self-contained authority for hiring experts and consultants by eliminating the requirement for authorizing language in organic or appropriation acts. Needless to say, elimination of the need for separate statutory authority in no way would preclude Congress from placing appropriations or other limitations on an agency's use of experts and consultants.

3. Increase, for the few agencies restricted to lower rates, the top pay rate to grade GS-18 for individuals for all occupations in agencies otherwise subject to the classification and pay laws

The proposal would set grade GS-18 as the general maximum pay rate for jobs in agencies subject to the classification and General Schedule pay laws. This is a conforming change to give all agencies authority to pay up to the same general maximum. Congress already has authorized the grade GS-18 rate when establishing new agencies in recent years. Some older permanent statutory authorizations limit pay to $100 a day or less—too low a rate to generally attract good personnel. At present, unless an agency has a specific rate set by its individual statutory authority triggering section 3109, it may pay up to the maximum of the GS-15 rate. (A Comptroller General decision says a GS-18 rate may be paid but only for professional work in research or in the hard sciences.)

4. Provide central enforcement authority and put definitions in law.

Although onsite evaluations show the majority of individual experts and consultants hired are qualified, serve briefly, and otherwise represent proper use of the authority, agencies at times misuse it. For example, the work may become indistinguishable from that regularly performed by career employees, or the time limits on service in section 3109 may be exceeded.

Accordingly, two changes are proposed to improve agency use—defining key terms in the legislation itself and assigning the Office of Personnel Management regulatory authority. The present statute does not define key terms, although administrative definitions have been developed over the years in the instructions of the former Civil Service Commission and in Comptroller General decisions. Placing these definitions in the law itself is needed for clarification.

Section 3109 does not give regulatory authority to any agency. In the past, the former Civil Service Commission asserted technical jurisdiction because it was responsible for determining coverage under the civil service and classification laws and misuse of the authority was, in effect, an illegal exception from those laws. In recent years, in attempting to respond to agency challenges on legal grounds to its authority in this area, the Commission found there was little legal support for preventing misuse based on those laws.

Authority to prescribe regulations and to take corrective actions would give necessary legal support to the Office of Personnel Management's present onsite evaluation and agency self-policing efforts. Authority to use the section would rest with the management of each agency subject to regulation and oversight by the Office of Personnel Management. The Office would see that the criteria for experts and consultants and the time limits on duration of service have been applied. It would protect regular, continuing job opportunities for career employees against improper assignment of experts and consultants, and guard against use of the authority for work which ought to be in the Senior Executive Service.

In those instances where an individual agency misuses the authority, a variety of enforcement tools would be available for use when we believe it is necessary—including prior or post appointment review of individual agency selections, and in special circumstances, suspension of an agency's authority to hire experts or consultants pending compliance with the statute or with OPM's regulations.

The proposal provides that the small number of agencies with authorities independent of section 3109 would conform to the principles of the section.

The proposal would not have an inflationary impact nor would it require additional appropriations or outlays.

U.S. OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., May 5, 1982.

Hon. GEORGE H. BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: The Office of Personnel Management is submitting with this letter for the consideration of the Congress proposed legislation "To amend section 3109 of title 5, United States Code, to clarify the authority for the appointment and compensation of experts and consultants as Federal employees, and for other purposes."

This is an update of our proposal introduced as S. 2506 last year.

Under present section 3109 of title 5, United States Code, an agency may procure by contract the temporary (not to exceed 1 year) or intermittent services of experts and consultants, or organizations thereof, without regard to certain civil service laws, when authorized to do so by specific legislation. Individuals hired under this section are Federal employees. Unless other rates are specified in that legislation, the maximum rate generally payable to an individual is the top daily rate for grade GS-15 under the General Schedule; for certain scientific or professional positions, the maximum daily rate for grade GS-18 is authorized.

Today there are over 60 permanent statutory authorities for individual agencies to use experts and consultants under section 3109. Others are repeated annually in appropriation acts. Some permit renewal of appointments; others do not. Daily pay rates vary, with some as low as $50, to few at the GS-18 rate.

Our proposal would clarify section 3109 by making it solely a personnel appointing authority and eliminating any connection with procurement and contracting, by updating its requirements, and by providing positive support in law for regulating the personnel aspects of employment under the authority. Other changes include removal of outdated pay rates for certain agencies or occupations; addition of definitions of experts and consultants for clarification; and extension of the principles of section 3109, insofar as practicable, to those agencies with authority to appoint experts and consultants independent of the section.

The proposed elimination of the need for agencies to have separate triggering authority in another statute before using 3109 would in no way preclude the Congress from placing appropriations or other limitations on an agency's use of experts and consultants.

This proposed legislation would further the continuing efforts of the executive branch to assure that agencies use expert and consultant services effectively and appropriately.

The Office of Management and Budget advises there is no objection from the standpoint of the Administration's program to submission of this proposal.

A similar letter is being sent to the Speaker of the House of Representatives.

Sincerely,

Donald J. Devine,
Director.●

By Mr. PERCY (for himself, Mr. Dixon, Mr. Jepsen, Mr. Zorinsky, Mr. Pressler, Mr. Baucus, Mr. Burdick, Mr. Levin, and Mr. Exon):

S. 2554. A bill to require the Commodity Credit Corporation to dispose of Government-owned stocks of agricultural commodities; to the Committee on Agriculture, Nutrition, and Forestry.

SURPLUS AGRICULTURAL COMMODITIES DISPOSAL ACT OF 1982

● Mr. PERCY. Mr. President, I rise today to introduce the Surplus Agricultural Commodities Disposal Act of 1982. I am convinced that the enactment of this legislation could result not only in a significant reduction in future Federal Government outlays for storage and handling of our growing agricultural wheat and feed grain surpluses, but it will also mean substantial benefits to the Nation in terms of increased liquid fuel self-sufficiency, stablized agricultural income, reduced Federal Government fuel costs, and increased flexibility in Federal Government agricultural programs.

Mr. President, this Congress has before it an inescapable responsibility: How to reduce unacceptably large—and growing—Federal budget deficits. These deficits are the legacy of many years of Federal Government spending, and there will be no simple solutions.

Attachment 1 to this statement is a copy of an article from the March 22, 1982, issue of Business Week noting that flat foreign sales of U.S. agricultural commodities have exacerbated the administration's budget deficit. In part, the growing surpluses of wheat and feed grains has forced the administration to increase its projected outlays for farm price-support programs in fiscal year 1982 and 1983 to more than $17 billion.

Mr. President, attachment 2 is an industry estimate of the true cost to the American taxpaper of Commodity Credit Corporation (CCC) ownership of surplus grains. Conservatively estimated, the cost to the Federal Treasury of holding 1 bushel of CCC corn for its average retention period of 2 years exceeds $4.14 a bushel. This not only represents a severe drain on the Treasury, but also serves as an extreme drag on agricultural income, and in effect results in a vicious circle of Government acquisition and storage of ever-growing stocks. Especially, in view of the fact that the growth in export demand for U.S. agricultural commodities—which grew approximately 7 percent each year during the 1970's—is now expected to be flat, or even decline, it is clear that new approaches are needed to better relieve these commodity surplus pressures.

Mr. President, while no panacea, the legislation that I am introducing today represents what I believe to be one realistic means of helping to reduce taxpayer expenditures and contributing to a balanced budget. As an added benefit, the enactment of this legislation could provide the Nation with a high grade liquid fuel capable of further reducing oil imports, stablize agricultural income, create jobs, and expand Federal and State tax bases.

The proposed legislation is really quite simple. It would provide the Secretary of Agriculture with the authority to contract with alcohol fuel producers, on a competitive bid basis, to process surplus commodities into fuel alcohol and its high protein coproducts. The legislation would provide the Secretary with sufficient latitude to insure that such processing arrangements would yield a positive budgetary gain to the taxpayer, with part of the returns coming about from the sales of the fuel alcohol to Federal fleet users as required by 42 U.S.C. 8871 and Executive Order 12261. (Federal purchases of alcohol-enhanced fuels are required if the price is less than or equal to the price of unleaded gasoline.) Further savings would accrue from the Secretary's ability to forgo the considerable costs of storage, handling, and interest on the surplus stocks that would otherwise be incurred.

While it can be argued that, under numerous scenarios, significant per bushel savings would result immediately, there would also be substantial intangible benefits that the Nation would enjoy as a result of this program. Rather than simply allowing surplus commodities to continue to accumulate, with the growing likelihood that they might never be used, the diversion of a percentage of these stocks for processing into fuel alcohol would stimulate job creation, back out crude oil imports on a gallon-for-gallon basis, stabilize and improve agricultural income, and begin an orderly, gradual approach toward greater value-added processing of agricultural committtees. Federal and State tax bases would be expanded, and an improved foundation toward more secure and dispersed energy production would be established. While the program admittedly offers no panaceas, it does offer us a rare opportunity to achieve all of these benefits and still enjoy direct budgetary gains.

Attachment 2 provides a sample worksheet of the direct budgetary impacts of this proposal as it would work for a bushel of corn, as reported in remarks by Representative Thomas A. Daschle. The results for wheat and other feed grains would be comparable. I believe that the figures are conservative and defensible. As the worksheet makes clear, the CCC could expect to enjoy a net gain from implementation of this program of between $1.56 to $4.06 per bushel of CCC corn that would otherwise have been retained for 2 years. For instance, an alcohol fuel producer in Lenox, Iowa is currently taking damaged sample grade corn worth 80 cents a bushel and converting it to ethanol and protein coproducts worth over $4 a bushel. One bushel of the damaged corn produces 2.1 gallons of ethanol and 14 pounds of protein byproducts. The owner of the plant says the damaged corn could not be used for animal feed because of its poor quality. However, once converted into distilled dried grain, the animals will gladly devour it.

It should be emphasized that, while theoretically the system is supposed to operate in a way that ultimately enables the CCC to partially recoup its costs by selling the grain when market prices rise to the trigger level established by law, there is increasing probability that stocks will grow to such levels that the CCC may not be able to expect to recoup even its acquisition costs until many years out into the future. In fact, there is growing concern among experts that current CCC storage capacity will not be sufficient and that some forfeited farmer reserve stocks may end up in piles on the ground. Here again, the alcohol fuels option is a perfect fit, since distressed or spoiled grains are suitable as feedstocks for alcohol production.

An obvious question is just how much of these CCC stocks could be taken in 1 year. Currently, the fledgling domestic alcohol fuels industry has a production capacity of well over 250 million gallons, and facilities now in varying stages of construction will bring this production capacity to over 360 million gallons annually by next year. Attachment 4 provides a summary of the size and locations of these identified facilities. This is an impressive accomplishment when one considers that this industry has been battling a bewildering combination of reverses in Federal Government policies as well as the current oil surplus.

Yet another constraint on the amount of CCC grain stocks that could be utilized under this program in the near-term stems from the fact that the entire Federal fleet consumes only about 500 million gallons of gasoline annually. Using the typical 10 percent ethanol-enhanced blend now sold widely throughout the country, this would mean that there exists an immediate market for 50 million gallons of fuel-grade ethanol. While this admittedly represents less than 10 percent of current CCC stocks, since it would utilize 20 million bushels of grain, it is a figure that could be reached easily, with all of its attendant benefits. For instance, CCC now has over 30 million bushels of distressed corn in storage. Therefore, the proposed program could be solely confined to using the below-grade corn. The potential for expansion of the fuel alcohol market is enormous and, while the Secretary must not allow CCC marketing efforts to displace the efforts of commercial fuel alcohol producers and marketers, it is clear that the midterm outlet for alcohol fuel under this program could range from pure alcohol usage at the State and local government level, and the creation of a Strategic Alcohol Fuel Reserve.

This latter option is an especially exciting one, especially in view of the significant national security benefits it brings with it. In the event of a significant oil supply interuption, it will be the Nation's rural areas and farms that will be most seriously affected, since most of them now find themselves at the end of the pipeline. Our farmers account for approximately 4 percent of total gasoline usage annually, and the uninterrupted flow of liquid fuel to food and fiber producers is clearly a national security priority. This program could easily be expanded to create a cost effective, dispersed Strategic Alcohol Fuel Reserve (SAFUR) that would serve to address two serious problems simultaneously: Costly, hard to manage agricultural surpluses and dangerous vulnerability to oil supply interruptions.

Finally, Mr. President, I believe there is one other major benefit of this program that is of particular importance to our world trade, and especially our food aid, efforts. Contrary to the frequently-heard claim that fuel alcohol production presents a food vs. fuel threat, the progam I have proposed here would actually enhance the U.S. effort to meet world food needs. From a bushel of corn alone, a wet mill alcohol facility produces the following high grade food/fuel coproducts: 1.5 lbs of corn oil; 9.2 lbs of corn gluten feed (21 percent protein); and 2.7 lbs of corn gluten meal (60 percent protein). In fact, the production of fuel alcohol from grain yields coproducts which contain all of the original protein, vitamins, and minerals; only the starch portion is used to produce the 2.5 gallons of ethanol per bushel. The result is an improved product for world trade and food aid purposes. Whether it be commercial purchasers like the Soviet Union or the poorest food aid recipients, there is one recurrent problem in handling food shipments: an acute shortage of storage, loading, and transportation capability. The high protein alcohol fuel coproducts represent a solution to this problem, since they are only a third of the mass and weight of the bulk grain. Recipient countries get a concentrated quality product, and the United States gets a reduction in its commodity storage costs, a high grade liquid fuel, and the economic stimulus of increased jobs and tax base as a result of value added processing here in this country.

Mr. President, I am convinced that this proposal is worthy of my colleagues' unanimous support. It combines direct budgetary savings with stablized agricultural income, increased energy and national security, increased jobs and economic activity, and the promise of improved world food aid efforts. I would strongly urge my colleagues' fullest consideration and support. The early enactment of this proposal could transform hundreds of millions of dollars of costs into opportunities. We cannot afford to delay.

In the last 2 years, we have seen an enormous growth in CCC held stocks. In 1977, for instance, the Government held only 1 million bushels of corn. Today, those stocks are at about 264 million bushels. According to USDA those stocks are expected to increase to 315 million bushels by October 1982, and to increase to 375 million bushels by October 1983.

Mr. President, there is one overriding reason for this buildup of Government stocks: The Soviet Grain Embargo of 1980. Industry analysts directly attribute this embargo to the buildup of these stocks. These same analysts believe that the CCC reserves of corn are driving down prices by at least 20 cents a bushel. That would amount to a net loss to the Nation's farmers of $1.5 billion, based on a projected 7.7 billion bushel corn harvest this fall.

Even if this program were to increase corn prices by a few cents a bushel, farm income could increase by tens of millions of dollars nationally. Of course, the real answer to reducing these growing surpluses is to develop export markets. Together with Agriculture Committee Chairman Helms, Secretary Block, and many others, we are all working on developing these new markets. However, we should not just count on exports to improve the picture, but look to creative programs such as this proposed law.

Mr. President, I ask unanimous consent that the attachments mentioned earlier and certain other supporting materials be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Business Week, Mar. 22, 1982]

FLAT FARM EXPORTS MAKE THE DEFICIT GROW

Foreign sales of agricultural commodities—a critical source of trade revenue for the U.S. and of income for its farmers—are heading toward their first decline since the late 1960's. The drop is adding to the budget problems of the Reagan Administration, which recently doubled its projection of outlays for farm price-support programs in fiscal 1982 and 1983 to more than $17 billion. And because it is depressing the farm economy in an election year, the drop in export sales is generating congressional support for retaliatory trade measures to force Japan and Western Europe to reduce trade barriers and subsidies.

In its March forecast, the Agriculture Dept. projected farm export sales of $42.5 billion, down 3 percent from the previous year and the first drop since 1969. The decline will result from a combination of lower prices and lagging volume in some key goods, such as feed grains. Total feed-grain exports, Agriculture predicts, will be down 6 percent to 64.6 million metric tons. Corn prices, now at $2.63 a bushel, are 23 percent lower than a year ago.

FEWER ORDERS

Moreover, the outlook is for continuing weakness in exports and prices. Developing and industrialized nations, including such important markets as China and Japan, are ordering less because of the worldwide recession that has reduced growth and limited export earnings. And the largest potential buyer in the East bloc, the Soviet Union, is both pinched for hard currency and wary of new U.S. trade restrictions. Notes one trade analyst: "If you thought there was going to be an embargo, why expose yourself further?" Russia so far has ordered only about half the 23 million tons of grain Washington has invited it to buy.

Faltering export sales have a twofold impact on the federal budget. Because crop prices decline, Agriculture is forced to pay grain farmers more compensation under target price programs. And because more farmers are likely to default on crop loans, the department's Commodity Credit Corp. must take title to more grain and assume responsibility for reselling it.

David A. Stockman, director of the Office of Management and Budget, has conceded that the Administration's projections for crop program outlays were some $9 billion too low for fiscal 1982 and 1983. And some analysts believe even that estimate is not high enough. Says Vincent J. Malanga, senior economist at A. Gary Shilling & Co., a New York consulting firm: "Between reduced export demand and the large harvests likely in the coming year, the government is going to have to buy an awful lot of grain."

PRESSURE ON THE HILL

In the meantime, some members of Congress are trying to pressure the Reagan Administration into taking a more aggressive role in marketing agricultural products abroad. Almost immediately after the Agriculture Dept. reduced its estimate of fiscal 1982 export sales, the House Agriculture Committee called Agriculture Secretary John R. Block and U.S. Trade Representative William E. Brock to hearings on farm exports.

Committee members told them that the Administration should support funding of a new program to subsidize commodity loans for developing nations and work harder to reduce trade restrictions in industrialized countries such as Japan, which the U.S. will confront in trade talks during April. If the Administration does not press harder, Congress will, declares Chairman Eligio de la Garza (D-Tex.). "I hope the signal is going out," he says.

SAMPLE WORK SHEET OF TOTAL COSTS FOR CCC-HELD CORN

Acquisition	$2.50
Transportation	.30
Handling	.138
Storage—year 1	.31
	3.25
Interest—year 1—percent	· 14
	3.895
Storage—year 2	.30
	4.195
Interest—year 2—percent	· 14
Total [1]	$4.786

[1] Estimated average carrying cost to Government of 1 bushel of CCC-held corn over a 2-year period.

Theoretically, the system is supposed to work in a way that ultimately enables the Government to recoup its costs by selling the grain when market prices improve to where they hit the "trigger level" (105 percent of weighted average market price?) allowable by law for release of Government stocks. However, this rarely takes into account the Government's cost of money, administrative costs, or other incidental expenses of carrying the stocks, even under the best of circumstances.

It should be remembered, for instance, if the Government decides to dispose of the grain by exporting it, it will be responsible for paying the freight (estimated at approximately $.30 to $.70 per bushel, as well as additional handling charges.

Most importantly, it is becoming increasingly likely that, with U.S. carryover growing to record levels, and foreign purchasers relegating the United States to a supplier of last resort, CCC stocks could grow even larger, and retention times increase. The costs to the taxpayer could become even larger unless alternative outlets and methods of utilization are found.

PROPOSAL.—CCC contract with alcohol fuel producers to bid for surplus grain. CCC retain title to grain, pay a "processing" fee plus allow alcohol producer to keep high protein by-product, and CCC sell alcohol to Federal fleet.

ROUGH BUDGET IMPACTS IN PER BUSHEL COSTS AND GRAINS TO FEDERAL GOVERNMENT

Costs:	
Processing fee [1]	$1.87
Value of DDG given to processor	1.34
Total costs	3.21
Value:	
Sale of alcohol to DFSC [2]	2.50
Storage, handling, interest costs foregone	(3)
Intangibles—reduced oil imports, job creation, farm income stabilization	(4)
Total value	(5)
Total net budgetary gain	(6)

[1] $.75 per gallon · 2.5 gallon per bushel.

[2] At $1 per gallon.

[3] Conservative estimate $2.28 to $4.78.

[4] No value given.

[5] $4.78 to $7.28.

[6] Direct per bushel of $1.56 to $4.06 based on average 2 year retention period for stocks. Higher figure assumes that extreme surpluses would interfere with CCC recoupment of acquisition costs as provided for under law.

U.S. fuel alcohol production capacity

[Anhydrous gallons]

Year:	*Production capacity*
1979	40,000,000
1980	85,000,000
1981	175,000,000
1982	281,000,000
1983	[1] 362,000,000

[1] Projected through first quarter only.

U.S. FUEL ETHANOL PRODUCTION CAPACITY THROUGH MAR 31, 1983

[Capacity in million gallons]

Facility	Location	Feedstock	Capacity
Archer Daniels Midland [1]	Decatur, Ill	Corn starch	60.0
Pekin Energy Company [1]	Pekin, Ill	do	60.0
Archer Daniels Midland [1]	Cedar Rpaids, Iowa	do	45.0
A.E. Staley [1]	Loudon, Tenn	do	40.0
Archer Daniels Midland	Peoria, Ill	Corn	15.0
Am. Gasohol Refiners	Wichita, Kans	do	10.0
Michigan Agrifuels	Alma, Mich	do	8.0
National Distillers Co	Louisville, Ky	do	6.0
U.S. Gasohol Corp	Lockeford, Calif	Spirits	5.0
Midwest Solvents	Atchison, Kans	Corn	3.5
Syn Corp	Roberta, Ga	Spirits	3.0
A. Smith Bowman	Reston, Va	do	3.0
White Flame Fuels	Van Buren, Ark	Corn	3.0
Georgia Pacific	Bellingham, Wash	Wood	3.0
Farm Fuel Products	Storm Lake, Iowa	Corn	2.5
Colorado Gasohol	Baca, Colo	do	2.0
Milbrew	Juneau, Wis	Whey	2.0
Total			271.0
Small scale production			10.0
Year ending Dec. 31 1982			281.0
1st Quarter 1983			
South Point Ethanol	South Point Ohio	Corn	60.0
Kentucky Agricultural Energy	Franklin Ky	do	21.0
Total			81.0
Total capacity through March 1983			362.0

[1] Corn wet milling facility.

[From Alcohol Week, Mar. 22, 1982]

POSTAL SERVICE ALCOHOL PINTOS RUNNING FINE, WITH NO TROUBLE AT ALL

The ethanol and methanol fleet vehicles operated by the U.S. Postal Service in Springfield, IL and Denver, CO are running fine and giving no trouble at all. The Postal Service has 10 methanol powered Ford Pintos and 10 ethanol Pintos operating out of Denver, and nine methanol and eight ethanol Pintos operating out of Springfield. Another methanol Pinto and two more ethanol Pintos will soon be added to the Springfield fleet, making 20 methanol cars and 20 ethanol Pintos in all.

Conversions of the cars from gasoline fueling to alcohol is being done by Postal Service garages in Springfield and Denver, using conversion kits prepared by Alcohol Energy Systems Inc. of Sunnyvale, CA. The cars have been operating for some six weeks, according to a Postal Service official.

Thirteen alcohol cars were operating during a severe cold spell in Springfield and experienced no trouble with starting or operation by postal delivery drivers. No driveability difference was detected between the alcohol Pintos and gasoline Pintos, the source said. "If anything, [the alcohol cars] are a bit better."

It is too early for any comparative operating data to be available, said the Postal Service source. The Pintos will be operated "until they quit," or for their full service life of 6-8 years. Since they have been converted for alcohol fueling, including having their engine compressions raised, they could not practicably be reconverted to gasoline operation, the source said.

Evalaution of fleet operations results will be done in a couple of years, said the source. Whether the Postal Service buys more alcohol cars will depend upon the results of the Springfield and Denver experiment. More engine wear is expected with the methanol cars than the ethanol cars, the source said.

Ethanol for the Springfield fleet is being provided by Archer Daniels Midland and methanol is being provided by Ashland Chemical. Ethanol and methanol for the Denver fleet is being provided by Ashland Chemical, the source said.●

Mr. DIXON. Mr. President, today I am pleased to join with Senator PERCY and others in introducing the Surplus Agricultural Commodities Act of 1982. This proposal would allow the U.S. Department of Agriculture to dispose of surplus stocks of grain at a substantial savings to the Government without changing current market demand for

these agricultural commodities. This measure also reaffirms our commitment to the alcohol fuels industry.

This proposed legislation would allow the Secretary of Agriculture to award processing contracts on a competitive bid basis to alcohol production facilities that would guarantee the delivery back to the Commodity Credit Corporation of a specified amount of fuel-grade alcohol by a specified date. The alcohol fuel produced would be sold by the CCC only to Federal fleet users at a price low enough to require its purchase under existing Federal law and Executive Order 12261.

This proposal would result in significant savings to the Government. According to the USDA, it now costs the CCC at least $1.72 per bushel in interest, storage, transportation, and handling costs for surplus grain held for 2 years. These figures do not take into consideration the amount of loss associated with the deterioration in the quality of the grain held by the USDA.

The outlook for the agriculture economy is bleak. Estimates for net farm income are at the lowest level since the Great Depression. In 1981, for the first time in over a decade, the value of agricultural exports declined. The amount of stock held by the CCC and in the farmers-held reserve continues to increase and with the possibility of good crops again this year, this amount will continue to become larger. This proposal creates a new demand for these stocks at a savings to the Government.

Mr. President, I ask for prompt consideration of this bill and ask my colleagues to join me in support of this proposed legislation.

By Mr. DANFORTH (for himself and Mr. CHILES):

S. 2556. A bill to require that furniture and decorative accessories for use in offices of certain officers of the Government be procured by the Administrator of General Services, and for other purposes; to the Committee on Governmental Affairs.

FURNITURE PURCHASE REIMBURSEMENT ACT OF 1982

● Mr. DANFORTH. Mr. President, this morning the Subcommittee on Federal Expenditures, Research, and Rules held a field hearing at the Federal Labor Relations Authority here in Washington. We saw there a memorable abuse of public funds. The offices of the three members of the FLRA had been decorated, at taxpayer expense, at a cost of more than $150,000. We saw two Barcelona chairs, purchased at a cost of $3,400. We saw eight file cabinets that cost $3,900. We saw a conference table and eight chairs that cost more than $10,000.

These purchases were made last year, despite an OMB bulletin prohibiting such spending and despite budget cutbacks that ultimately led to 47 FLRA employees being RIF'd. None of the three members acknowledged knowing anything about the cost of their furniture or even the total cost of the contract until the furniture arrived.

I do not believe that this behavior is typical of our Federal employees; indeed, I do not believe that this behavior necessarily casts a shadow on the FLRA's ability to carry out its mission. But I do believe it is time to put a stop, once and for all, to the possibility of this happening again.

That is why I am introducing the Furniture Purchase Reimbursement Act of 1982. My message to Federal employees is very simple: either do it right, of buy it yourself. Under my bill, all purchases of furniture for Presidential appointees will have to be handled through the General Services Administration. If a Federal employee violates that rule, he will pay for the furniture out of his own pocket.

At present, the Office of Management and Budget has little power to enforce a freeze on furniture procurement: An outlaw like the FLRA can simply go out and contract for the purchase outside the usual GSA channels. This bill, in my opinion, will provide a simple, straightforward, commonsense remedy. I look forward to its prompt consideration.●

● Mr. CHILES. Mr. President, this morning, Senator DANFORTH and I went to the Federal Labor Relations Authority offices downtown and toured their facilities.

What we found was an agency which has spent a quarter of a million dollars furnishing the offices of its three members in a palatial manner.

We saw carpet and wallpaper purchases which cost $5,000 to $15,000 per room, conference tables $4,000, and chairs $400 to $700 each.

Mr. President, it made me mad to see that these officials ordered themselves a complete set of patio furniture: Tables, umbrellas, chairs, and serving carts for $2,400. Then they discovered that the doors to the patio are permanently locked, so they gave the furniture to the Park Service, which has put it out for public use. I am angry for the taxpayers who have to subsidize this kind of activity.

All of this was occurring while personnel were being fired because the Government could not pay their salaries; with new and surplus furniture in warehouses; and during a Presidential freeze on such purchases.

Our hearing this morning revealed that the agency heads were operating in total disregard to law, to procurement regulations, and most of all in total disregard of commonsense.

Mr. President, we had them all testify, and no one admitted prior knowledge of the costs and the opulence of the procurements which were subsequently made.

One agency official stated that with the benefit of hindsight, what took place in the agency was "illegal."

Mr. President, I am delighted to join Senator DANFORTH in cosponsoring this legislation which would make agency officials personally responsible for furniture purchases they might make under similar circumstances.●

By Mr. QUAYLE:

S. 2557. A bill to amend the Internal Revenue Code of 1954 to simplify the tax system by providing flat rate schedules for individuals and corporations, and for other purposes; to the Committee on Finance.

SELF-TAX PLAN ACT OF 1982

● Mr. QUAYLE. Mr. President, today I am introducing the "SELF-Tax Plan Act of 1982," a proposal to simplify our tax system by providing flat rate schedules for individuals and corporations. My proposal will restore four essential principles to the tax system: simplicity, efficiency, lower rates, and fairness (SELF). The SELF tax reform will permit the American taxpayer to complete the required tax return forms quickly and by him or herself.

FAILURES OF THE CURRENT TAX SYSTEM

Henry Simons, writing in his classic study, "Personal Income" Taxation,[1] insisted that an income tax, if it was to be an improvement over payroll or excise taxes, "should be progressive, it should be levied according to simple general rules or principles * * * and it should be as equitable as possible among individuals. Thus, it must proceed from a clear and workable conception of personal income; and it must be constructed in such manner as to minimize the possibilities, both of lawful avoidance * * * and of successful evasion through false declaration."

Our current tax system retains an officially progressive rate structure, but in every other respect fails to meet the primary requirements of a fair tax system. These requirements are: simplicity, efficiency, low tax rates and fairness (SELF). Our tax system, taking into account all the exceptions and preferences built into the law, is also not even very progressive.

A. SIMPLICITY

A "simple" tax system is one in which the tax code is relatively simple to understand and administer. Regulations, forms and instructions should be easily understood by taxpayers and tax administrators alike.

Today our tax structure is more complex than it has ever been. In 1954, only 18 percent of taxpayers used tax return preparers; over 80 percent filled out their tax forms person-

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Footnotes at end of article.

ally. In 1981, 52.4 percent of all 1040 forms were prepared by specialists as were 16.9 percent of all 1040A forms—an average of almost 40 percent overall.

In addition, in 1953, even though most Americans filled out their own tax forms, only 3.2 percent of 1040 and 1040A returns had mathematical errors. In 1976, 8.8 percent of these forms had such errors, and in 1980 the error rate was 7.4 percent.

The Commissioner of Internal Revenue, in 1977, summarized the difficulty clearly when he stated that the basic filing requirements for U.S. tax returns are "beyond the comprehension of a large portion of the adult population." [2]

B. EFFICIENCY

An efficient tax system is "neutral:" it allows personal and business decisions to be made on the basis of their perceived value, apart from tax considerations. It does not induce individuals and businesses to engage in uneconomic activity in order that they receive specific tax breaks.

Clearly the U.S. tax system has been a major factor influencing recent U.S. patterns in trade, investment, research, and development. The tax structure has promoted consumption and over-investment in such items as residential housing and racehorses, while it has discouraged business modernization. It has been a major factor contributing to our recent decline in productivity growth.

An efficient tax system is also one which can collect necessary revenues with relatively simple enforcement procedures, made possible by public support and cooperation. Thus, an efficient tax system must be perceived as basically fair and worthy of support.

There was a time when Americans were proud to pay their income tax. Efficiency of collection surpassed the efforts of most other nations, with relatively few tax collectors and special enforcement mechanisms. Today, this situation is dramatically different.

More Americans each year are taking advantage of the available tax loopholes. For every year since 1976 a smaller percentage of American tax returns have chosen to take the standard deduction while a higher percentage has chosen to itemize. Also, the average American taxpayer who itemizes no longer fills out his own tax form; a clear majority of those who itemize have their returns filled out by professionals. American business also has taken advantage of the tax preferences; it is now estimated that nearly half of all American businesses, as a result of the complex collection of available business tax provisions, will pay no corporate income tax in fiscal year 1983.

Enforcement of the tax laws has become extremely costly to Government. Nearly half of all government-created paperwork stems from different tax forms, requiring an estimated expenditure of 650 million man-hours annually. The system, rather than inducing cooperation, has angered the average taxpayer who is beginning to turn away from the system altogether. It is now estimated that 15 percent of income goes unreported, probably the highest percentage in the history of the Internal Revenue Code.

Recently, a bill was introduced by Senators DOLE and GRASSLEY to reform the tax compliance system. Senator DOLE estimates that the income tax compliance gap for both individual and corporate income taxes—the difference between what the Federal Government is owed and what it collects—grew from $21 billion in 1973 to $76 billion in 1981. His bill would require stiffer reporting, higher penalties for noncompliance, and a beefing-up of IRS resources.[3]

The regulatory cost of the present tax system is staggering. Today IRS regulations contained in title 26 of the Internal Revenue Code fill some 10,000 pages. The IRS employs more than 50 attorneys who spend 65 percent of their time writing new regulations, generally specifically authorized by Congress. Rather than attempting to cut down on these regulations, we are now considering expanding and enforcing them more effectively. This can only serve to anger the average taxpayer even more.

C. LOW TAX RATES

The profusion of tax preferences in the present code substantially redistributes the Federal tax burden and renders it considerably less progressive than the published tax rates. Also, by excluding substantial amounts of income from the tax base, rates imposed on the remainder must be kept high so the necessary amount of revenue can be raised.

For example, in 1961 only 10 percent of U.S. tax returns had a positive marginal tax rate other than 20 to 22 percent. In that year we had almost a flat, rather than progressive schedule of tax rates.[4] Today, in comparison, published tax rate schedules are much more progressive than they were in 1961, but we also have enacted a profusion of tax expenditures.

The result has been, in spite of all the changes in the tax laws over the last 30 thirty years, average tax rates as a percent of personal income have gradually increased, despite passage of the 1964 and 1981 tax laws which both substantially lowered maximum tax rates (from 91 to 70 percent in 1964; from 70 to 50 percent in 1981[5]). Between 1951 and 1981 the average tax rate as a percentage of personal income increased from 9.2 percent in 1951 to 12.1 percent in 1981.[6]

D. FAIRNESS

A tax system is fair if it is based on the basic principle of ability of pay. All income should be treated equally as part of the tax base, and people with the same income should pay the same tax.

Clearly this does not describe the current American tax system. In 1982, U.S. individual income tax rates range from zero to 50 percent. However, U.S. law also provides for well over a hundred separate exclusions, exemptions, deductions, preferential tax rates, credits and tax deferrals which allow for relief or exemption from current taxes. These so-called "tax expenditures" either reduce taxable income or reduce taxes by applying lower rates, credits or delays in tax payment. The total revenue lost to all tax expenditures will be over $250 billion in fiscal year 1982, well over twice the size of the Federal budget deficit projected for that year.[7]

Because of the complexity in the tax law, substantial equity has been lost; different taxpayers with roughly the same income pay far different rates of tax depending on their eligibility for different tax preferences. Tax expenditures have rendered the otherwise progressive rate structure less progressive, partly because tax preferences are most prevalently used by wealthy taxpayers to reduce their tax burden: These are the taxpayers who can afford to hire specialists to take advantage of the tax code's complexity.

A NEW APPROACH TO RAISING REVENUES: THE SELF-TAX PLAN

I believe we need to reexamine the fundamental structure of our tax system. We must reestablish SELF as the overriding principle in taxation: simplicity, efficiency, low tax rates, and fairness. These principles entail the following:

People should be able to understand the basic requirements of the tax law and to file their returns by themselves, without the need for professional assistance.

All income should be taxed equally. People who earn the same income should pay the same tax.

The poor should not be taxed at all, and we should be careful to establish this standard fairly generously.

Specific preferences and subsidies should be removed from the tax code; economic policy should be addressed directly and not through incomprehensible tax manipulations.

What I am advocating is a return to a simple relatively flat-rate tax schedule. It has been estimated that a flat rate of about 19 percent on all income, excluding payments from the very poor, would raise about the same revenue as was raised by the Federal Government in 1980.[8]

While a single flat rate would be simplest to administer, I would advo-

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Footnotes at end of article.

cate retaining at least some progressivity in the tax structure. I would exempt from all taxes persons earning $17,500 per year or less. However, I would include all sources of income in computation of each individual's tax base.

My plan will eliminate almost all special tax exemptions from the code. Government benefits would be counted as income. This would include, for example, unemployment insurance, employers' contributions to health benefits, credits for child care expenses, the exclusion of employee meals, food stamp benefits, and basic retirement benefits. I would include a provision to insure that persons receiving social security should not be taxed twice on their social security contribution.

Currently the officially defined poverty level is about $9,000 per year for a family of four. The value of transfer payments received for the same size family is now estimated to equal about $5,000 per year. I believe that with a $17,500 limitation per individual taxpayer, no poor person by current definitions would be required to pay any tax. In addition, the lowest income recipients among the non-poor population would also be exempt from individual income taxation.

In addition, I believe the wealthiest taxpayers should pay a somewhat higher rate than the average taxpayer. Thus, I would advocate a top rate of 25 percent on incomes above $50,000 per year. Incomes between $17,500 and $50,000 would be taxed at an 18-percent rate. This would add an element of progressivity to the system and should provide sufficient revenue to conduct the activities of the Federal Government.

I would permit a dependents' allowance of $600 per person to recognize the costs of raising children. I would retain the current system which distinguishes single individuals from married persons, and I would permit the filing by married couples of joint tax returns.

With respect to business taxes, I would establish a flat 20-percent rate that would apply to all forms of business, including corporations, partnerships, and farms. Business would be taxed on the base of gross earnings, less the amount paid for goods, services and employee compensation. I would permit a capital recovery allowance to encourage investment in plant and equipment and allow deductions for such normal costs of business as interest and depreciation.

As with the individual income tax base, I would repeal the current morass of deductions from the numerous specific business subsidies in the present tax code. Businesses would not be taxed on earnings received from ownership of other businesses, provided the owned business files its own tax return.

I would tax business income only once, with the business tax. I would therefore not tax individuals for earnings from dividends, interest and capital gains, since this income would already have been taxed via the business tax. The effect of removing the current double taxation of business income should be to encourage investment in productive enterprise and to simplify investment decisions.

Under this general plan, then, all official tax rates would be reduced substantially. The top individual tax rate would drop from 50 to 25 percent. The top business tax rate would be reduced from 46 to 20 percent.

The IRS could devise a postcard on which every taxpayer could compute his own tax. Paperwork for business would be cut very radically, as it would for Government. Lower rates would be made possible by a fairly broad expansion of the tax base. The poorest individuals would pay no tax, and we would retain a slightly progressive rate schedule. In addition, business would pay its fair share of the tax burden.

The estimated effects of my proposed plan are summarized in table I:

As can be seen from the table (which is based on data produced by the Treasury Department in 1981), if my plan were in effect for the current fiscal year, the Federal Government would collect about $29 billion more in revenue than under current law.

The different income groups would be affected differently by the proposed system. The poor and near-poor would pay no tax. In 1982, this group paid $34.5 billion in Federal income taxes.

The middle group ($17,500 to $50,000) would pay about $16.3 billion less in tax than they pay under current law, providing a somewhat lower percentage of total Federal taxes collected. The $17,500 to $50,000 income group would provide 27.7 percent of total Federal revenues compared to 31.6 percent under current law.

The wealthiest group of taxpayers (over $50,000 per year) would pay $17.8 billion more in individual income taxes under the SELF plan than under current law. The highest income group would also provide a higher proportion of Federal revenues collected than they do now (13 percent compared to 10.7 percent).

Under my proposed SELF plan, business income taxes would provide $62 billion more in Federal tax revenues than at present. Business would provide 17.1 percent of total Federal revenues—not a high proportion by historic standards. This would reverse the recent trend of eliminating business taxes. In 1982, business income taxes will provide only 8.0 percent of total Federal revenues.

NECESSITY FOR DEALING WITH THE TAX PROBLEM NOW

The present tax structure, including its numerous preferences and loopholes, is no longer able to raise sufficient revenues for the operation of the Federal Government. If we do nothing to raise revenues we cannot avoid large budget deficits. Such deficits frighten businessmen and investors, causing interest rates to remain very high. This weakens the prospects for a healthy economic recovery. It is clear that Congress must address the issue of long-term revenues if the Federal deficit is to be reduced.

The need to simplify the tax structure is widely recognized. Several bills have already been introduced in the Senate which would order the Treasury Secretary to propose legislation or to draft changes in regulations to provide for massive simplification of the tax code.[9]

If a serious approach to increasing the tax base is not soon adopted, we will face the prospect of either raising rates or adding new taxes. I believe we will all be better off if we took the path of reform. If we do not, we will be perpetuating the present inequities and inefficiencies in the system.

Many advantages would ensue from a program of tax simplification. Americans could once again compute their own taxes. They no longer would have to employ tax preparers to wade through a jungle of incomprehensible regulations. The ease of dealing with the tax system should result in an increase in income reported, and the underground economy would begin to shrink.

The system would be much fairer. People with the same income would pay the same level of tax. There would be no reward to employing high priced tax specialists to gain special benefits by manipulating confusing rules and regulations; there would be relatively few regulations to manipulate. Everyone who pays tax would do so on the same, straightforward basis. This should reduce taxpayer anger and restore basic public respect for the total system.

The system would also be more equitable and more efficient. The poor would not pay anything, the wealthy would pay a higher rate than anyone else, and business would pay its fair share. A substantial burden in paperwork would be lifted from business, government, and individuals alike. Tax considerations would no longer be the driving force behind specific business decisions; the economy would be freer to respond to normal market forces. The result should be higher economic growth and productivity. Overall long-term benefits from such tax reform can be very great and I believe we should begin to consider the issue seriously.

Footnotes at end of article.

FOOTNOTES

[1] Chicago, University of Chicago Press, 1937, p. 206

[2] Speech, May 23, 1977.

[3] Statement to the Press of Senator Bob Dole on the Underground Economy, March 5, 1982, pp. 1-2.

[4] Eugene Steurle and Michael Hartzmark, "Individual Income Taxation, 1947-1979," National Tax Journal, v. 34, June 1981, p. 156.

[5] J. Pechman, *Federal Tax Policy* (Brookings Institution), Table A-2, p. 300.

[6] Steurle and Hartzmark, *op. cit.*, p 157.

[7] *Estimates of Federal Tax Expenditures for Fiscal Years, 1982-1987*, prepared for the Committee on Ways and Means and the Committee on Finance, Joint Committee on Taxation, March 8, 1982, p. 18.

[8] Robert E. Hall and Alvin Rabushka, "A Simple Income Tax with Low Marginal Rates," Hoover Institution, Stanford University, November 12, 1981, p. 13.

[9] S. 2147 (97th Congress, 2d session, March 1, 1982) introduced by Senator DeConcini requires the Treasury Secretary to propose legislation that would establish a simple income tax with low marginal rates. S. 2200 (97th Congress, 2d session, March 15, 1982) introduced by Senator Helms, would provide for a flat 10 percent income tax rate to all individuals, allowing only a $2,000 personal exemption.

Mr. President, I ask unanimous consent that the bill, a section-by-section analysis, and a table be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2557

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "SELF-Tax Plan Act of 1982".

SEC. 2. SIMPLIFIED RATES FOR INDIVIDUALS.

Section 1 of the Internal Revenue Code of 1954 (relating to tax on individuals) is amended to read as follows:

"SECTION 1. TAX IMPOSED.

"There is hereby imposed on taxable income of each individual (including an estate and trust) for each taxable year a tax equal to the applicable percentage of taxable income determined in accordance with the following table:

"If the taxable income is:	The applicable percentage is:
Not over $17,500	0
Over $17,500 but not over $50,000	18
Over $50,000	25.".

SEC. 3. FLAT RATE FOR CORPORATIONS.

Section 11 of the Internal Revenue Code of 1954 (relating to tax imposed on corporations) is amended to read as follows:

"SEC. 11 TAX IMPOSED.

"There is hereby imposed for each taxable year on the taxable income of every corporation a tax equal to 20 percent of such taxable income.".

SEC. 4. REPEAL OF ALL SPECIAL PROVISIONS.

(a) IN GENERAL.—Except as provided in subsection (b), all specific exclusions from gross income, all deductions, and all credits against income tax are hereby repealed.

(b) RULES OF APPLICATION OF SIMPLIFIED TAX SYSTEM.—The repeals provided in subsection (a) shall be subject to the following exceptions:

(1) The following provisions shall not be repealed:

(A) Section 31 (relating to credit for tax withheld on wages).

(B) Section 32 (relating to credit for tax withheld at source on nonresident aliens).

(C) Section 102 (relating to gifts and inheritances).

(D) Section 115 (relating to income of States, municipalities, etc.).

(E) Part V of subchapter B of chapter 1 (relating to deductions for personal exemptions), except that the amount allowable for each such exemption shall be $600.

(2) The following principles shall control with respect to such repeals:

(A) Deductions shall be allowed for ordinary and necessary business expenses (including a capital recovery allowance).

(B) Income earned by a trade or business shall be taxed only once, thus eliminating any taxation of dividends, interests, or gain from the sale or exchange of an interest in a trade or business.

(C) Married individuals may at their election file a joint return but the marriage penalty shall be eliminated.

(D) No individual shall be taxed twice on their Social Security (or other retirement) contributions.

SEC. 5. EFFECTIVE DATE, ETC.

(a) EFFECTIVE DATE.—The amendments made by this Act shall apply to taxable years beginning after December 31, 1982.

(b) TECHNICAL AND CONFORMING CHANGES.—The Secretary of the Treasury or his delegate shall, as soon as practicable but in any event not later than 90 days after the date of the enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives a draft of any technical and conforming changes in the Internal Revenue Code of 1954 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

SECTION-BY-SECTION ANALYSIS

Sec. 1. Establishes the "SELF-Tax Plan Act of 1982" as the short title of the bill.

Sec. 2. Provides simplified tax rates for individuals. Incomes of not over $17,500 per year will not be taxed; incomes over $17,500 but not over $50,000 would be taxed at an 18 per cent rate; incomes of over $50,000 would be taxed at 25 per cent.

Sec. 3. Provides a flat rate of 20 per cent for corporations.

Sec. 4. Repeals all specific exclusions from gross income, deductions and credits against the income tax. A number of exceptions are provided:

(1) withholding is permitted and credits for taxes withheld.

(2) Income from gifts and inheritances will be treated as under current law.

(3) the Federal Government will not tax state and local governments.

(4) Deductions will be permitted to corporations for ordinary and necessary business expenses, including a capital recovery allowance.

(5) Income earned by a trade or business will be taxed only once, eliminating taxation of dividends, interests, or gains from the sale of an interest in a trade or business.

(6) The marriage penalty is eliminated, but married couples may file jointly if they so choose.

(7) No individual will be taxed twice on their Social Security or other pension contributions.

Sec. 5. The amendments made by this Act shall apply to taxable years beginning after December 31, 1982. The Treasury Secretary or his delegate are directed to submit, not later than 90 days after the enactment of this Act, any necessary conforming changes in the Internal Revenue Code of 1954 to the Committee on Ways and Means of the House of Representatives.

TABLE I.—INCOME TAX REVENUES COLLECTED BY THE FEDERAL GOVERNMENT FOR FISCAL YEAR 1982—1981 TAX LAW COMPARED TO QUAYLE SELF-TAX PLAN

[Dollars in billions]

	1981 tax law (1982 estimate)		Quayle self-tax Plan [1]	
	Amount	Per cent [2]	Amount	Per cent [2]
A Individual income taxes (per year)	$300.0	47.8	$267	40.7
Taxpayers:				
Under $17,500	34.5	5.5	0	0
$17,500-$50,000	198.3	31.6	[3] 182	27.7
Over $50,000	67.2	10.7	85	13.0
B Business income tax	50.0	8.0	112	17.1
Total	350.0	55.8	379	57.8

[1] Assumes revenues collected from other than income taxes will not be changed (social insurance, excise, estate and gift taxes, custom duties, and miscellaneous receipts) a total of $277.1 billion.

[2] Percent of Federal revenue collected.

[3] The $600 dependents allowance (an estimated revenue loss of $6 billion) is attributed entirely to the $17,500-$50,000 income bracket.

Source: U.S. Department of the Treasury Office of Tax Analysis, reported in "A Program for Economic Recovery" White House report (Feb. 1981). ●

By Mr. DECONCINI:

S. 2558. A bill to increase the duty on imported copper by an amount which offsets the cost incurred by copper producers in the United States in meeting domestic environmental requirements; to the Committee on Finance.

COPPER ENVIRONMENTAL EQUALIZATION ACT OF 1982

Mr. DECONCINI. Mr. President, I am today introducing legislation of great potential significance to the western copper producing States and the Nation as a whole. It is the Copper Environmental Equalization Act of 1982.

We are faced, as everyone is surely aware, with a crisis of major proportions in the American copper industry. The effect of this crisis is to erode the productive capability of the copper industry and to throw into disarray the lives of thousands of men and women whose livelihood—directly or indirectly—hinges on copper. As the world price of copper has steadily declined, American producers have been faced with the unpleasant choice of either sustaining ever greater losses on the sale of copper produced below cost or to cut back on production.

For a short period it was not unreasonable to expect the industry to suffer its losses. But as the crisis has become more protracted with little signs of abatement in the near future, they have made substantial cutbacks in production. This has taken three forms: Mines have been closed altogether; some workers have been laid off in other mines; or, workers have been put on shortened work weeks.

It is estimated that between 8,000 and 12,000 have been in my own State of Arizona which has been hardest hit because it produces 64 percent of the Nation's copper. The situation has become intolerable, and I believe we have a responsibility to our constituents to take affirmative action.

The purpose of the legislation is to equalize the competitive position of the American copper industry vis-a-vis the world copper industry.

Until recently, American industry has been extremely competitive. Although American ores are generally lower grade than that found in some of the foreign producing nations, we have compensated through the much higher productivity of American labor. That is a tribute both to management and labor. However, the Federal Government has, in recent years, imposed a number of very legitimate requirements on the copper industry. These requirements were designed to protect our God-given environment so that our children will have pure air to breath and natural beauty to behold.

But the imposition of these requirements has been expensive. It has increased the cost of domestically produced copper. Those increases have given foreign copper producers a competitive advantage which is not inherent, but artificial. The legislation we introduce simply seeks to equalize the costs of American copper where the differences are the result of environmental requirements.

This legislation would impose a tariff upon copper produced in countries which do not adhere to the same pollution standards as the United States. That figure can be adjusted upward or downward depending upon each country's efforts in the area of pollution control. If a country's efforts are similar to our own, no additional tariff would be imposed. If, conversely, those efforts are virtually nonexistent—as is the case in many of those countries which export copper—the tariff would be higher—if the President makes such a finding.

The Copper Environmental Equalization Act of 1982 is legislation that is worthwhile. It serves the objective of protecting the American copper industry in a way and for reasons it should be protected. This is not an indiscriminate tariff imposed to cut off world trade. It is a rational tariff designed to compensate for increased costs associated with the environment. In fact, it is our hope that this legislation will encourage foreign governments to adopt standards similar to our own and, in the process, make a substantial contribution toward protecting the world's environment.

I ask unanimous consent, Mr. President, to have the text of the bill printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2558

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Copper Environmental Equalization Act of 1982".

PURPOSE

SEC. 2. The purpose of this Act is—

(1) to enhance the world's environment by encouraging foreign copper producers to adopt environmental measures substantially equivalent to those employed in the United States; and

(2) to offset the cost advantage obtained by foreign copper producers who do not employ environmental measures substantially equivalent to those imposed on domestic copper producers.

AMENDMENTS TO THE TARIFF SCHEDULES OF THE UNITED STATES

SEC. 3. The Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new part:

"PART 4.—ENVIRONMENTAL EQUALIZATION DUTIES

Item	Articles
	Part 4 headnotes: 1. The duties provided for in this part are cumulative duties which apply in addition to the duties, if any, otherwise imposed on the articles involved. Unless otherwise stated, the duties provided for in this part are effective until suspended or terminated. 2. The duties provided for by items 970.00 and 972.00 may be adjusted as provided in section 4 of the Copper Environmental Equalization Act of 1982.

Item	Stat. suffix	Subpart A. Metal-bearing ores and other metal-bearing materials	Units of quantity	Rates of duty		
				1	LDDC	2
970.00		Copper bearing ores and materials (provided for in items 602.28, 602.30, 603.49, 603.50, 603.54, and 603.55 of part 1, schedule 6)		10 cents per pound on copper content	10 cents per pound on copper content	10 cents per pound on copper content

Item	Stat. suffix	Articles	Units of quantity	Rates of duty		
				1-a	1-b	2
		Subpart B. metals, their alloys and their basis shapes and forms				
972.00		Copper, its alloys and their so called basic shapes and forms (provided for in items 512.02 through 512.06, inclusive, and items 612.15 through 613.18, inclusive, of part 2C, schedule 6)		10 cents per pound on copper content	10 cents per pound on copper content	10 cents per pound on copper content

ADJUSTMENTS TO COPPER EQUALIZATION DUTY

SEC. 4. (a) The President shall, under the circumstances described in subsection (b), adjust the duty imposed on an article of copper under part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202).

(b) The President shall, based upon determinations of the various environmental costs of production by the Administrator of the Environmental Protection Agency (hereinafter in this Act referred to as the "Administrator") under section 6—

(1) increase the duty imposed by such part 4 on an article of copper by an amount equal to the amount by which the excess of—

(A) the United States environmental costs of production per pound of such article, over

(B) the sum of—

(i) the foreign environmental costs of production of such article, plus

(ii) the amount of such duty (prior to such increase); and

(2) decrease the duty imposed by such part 4 on an article of copper, by an amount equal to the amount by which the excess of—

(A) the sum of—

(i) the foreign environmental cost of production of such article, plus

(ii) the amount of such duty (prior to such decrease), over

(B) the United States environmental cost of production per pound of such article.

PROPOSALS FOR ADJUSTMENT TO THE COPPER EQUALIZATION DUTY

SEC. 5. The Secretary of the Treasury (hereinafter in this Act referred to as the "Secretary") shall be regulation prescribe a procedure by which interested parties may propose an adjustment in the rate of duty under section 4. If the Secretary finds pursuant to such procedure that there may be cause to make an adjustment under section 4, he shall request the Administrator to make a determination under section 6 of each of the environmental costs of production required to be made by such section.

DETERMINATION OF ENVIRONMENTAL COSTS OF PRODUCTION

SEC. 6. The Administrator shall be regulation prescribe a method or methods for the determination of environmental costs of production for the articles of copper subject to the duty imposed by part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202), which shall include a method or methods for the determination of the foreign environmental cost of production of such an article of copper in cases in which environmental costs of production have been incurred in more than one country.

(b) When requested by the Secretary under section 5, the Administrator shall, applying the methods prescribed under subsection (a), determine—

(1) the environmental cost of production for each phase of processing of each article for which such request is made, with respect to each country in which such processing occurs, and

(2) the comparable environmental cost of production of such article in the United States for each such phase.

The foreign environment cost of production shall be computed with respect to each such article for each combination of countries in which such article may be processed for importation into the United States.

REDUCTION OF DUTIES

SEC. 7. Notwithstanding any other provision of law, the President may reduce the duty which is imposed on articles of copper by part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1201) only in accordance with the provisions of this Act.

AMENDMENT TO THE TRADE ACT OF 1974

SEC. 8. Paragraph (1) of section 503(c) of the Trade Act of 1974 (19 U.S.C. 2463) is amended—

(1) by striking out "and" at the end of subparagraph (F);

(2) by striking out the period at the end of subparagraph (G) and inserting in lieu thereof ", and"; and

(3) by adding at the end thereof the following new subparagraph:

"(H) copper articles which are subject to the duty imposed by part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202).".

DEFINITIONS

SEC. 9. For purposes of this Act—

(1) The term "environmental cost of production" means the cost incurred in mining, milling, smelting, refining, or in any other phase of the processing of an article of copper which is subject to the duty imposed by part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) such duty if imported into the United States, which is attributable to compliance with a law or regulation of the country in which such process occurs which is for the purpose of protecting the environment.

(2) The term "United States environmental cost of production" means the aggregate of the environmental costs of production of an article of copper—

(A) which would be subject to the duty imposed by such part 4 if it were imported into the United States, and

(B) for which each phase of the processing occurs in the United States.

(3) The term "foreign environmental cost of production" means the aggregate of the environmental costs of production of an article of copper subject to the duty imposed by such part 4 which is imported into the United States.

EFFECTIVE DATE

SEC. 10. The provision of this Act shall be effective with respect to articles entered, or withdrawn from warehouse, for consumption after the date of enactment of this Act.

ADDITIONAL COSPONSORS

S. 1421

At the request of Mr. EAGLETON, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1421, a bill entitled the "National Archives and Records Administration Act of 1981."

S. 1422

At the request of Mr. GRASSLEY, the Senator from New Hampshire (Mr. HUMPHREY) was added as a cosponsor of S. 1422, a bill to authorize the donation of surplus property to any State for the construction and modernization of criminal justice facilities.

S. 1910

At the request of Mr. BENTSEN, the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 1910, a bill to amend section 403(B)(2) of the Internal Revenue Code of 1954 with respect to computation of the exclusion allowance for ministers and lay employees of a church; to add new section 430(B) annuity contract includes an annuity contract of a church, including a church pension board; to conform section 403(c) with recent amendments to 402(a)(1); to amend section 415(c)(4) to extend the special elections for section 430(b) annuity contracts to employees of churches or conventions or associations of churches and their agencies; to add a new section 415(c)(8) to permit a de minimis contribution amount in lieu of such elections; and to make a clarifying amendment to section 415(c) by adding a new paragraph (9) and conforming amendments to sections 415(d)(1), 415(d)(2), and 403(b)(2)(B).

S. 1984

At the request of Mr. MCCLURE, the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Idaho (Mr. SYMMS) were added as cosponsors of S. 1984, a bill to amend the Federal Trade Commission Act to protect the legislative and regulatory authority of the State legislatures, and for other purposes.

S. 2013

At the request of Mr. INOUYE, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 2013, a bill to amend the Controlled Substances Act to establish a temporary program under which heroin would be made available through qualified hospital pharmacies for the relief of pain of cancer patients.

S. 2159

At the request of Mr. DANFORTH, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 2159, a bill to amend the Bankruptcy Act to provide that judgment debts resulting from a liability which is based on driving while intoxicated shall not be discharged.

S. 2215

At the request of Mr. THURMOND, the Senator from Illinois (Mr. PERCY), the Senator from South Dakota (Mr. PRESSLER), the Senator from Michigan (Mr. RIEGLE), the Senator from South Dakota (Mr. ABDNOR), the Senator from Ohio (Mr. METZENBAUM), the Senator from Pennsylvania (Mr. SPECTER), and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of S. 2215, a bill to recognize the organization known as the National Association of State Directors of Veterans Affairs, Inc.

S. 2225

At the request of Mr. BAUCUS, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 2225, a bill to amend the Internal Revenue Code of 1954 to remove certain limitations on charitable contributions of certain items.

S. 2263

At the request of Mrs. HAWKINS, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 2263, a bill to amend the Controlled Substances Act to provide increased penalties for illegal distribution of controlled substances in or adjacent to elementary and secondary schools.

S. 2297

At the request of Mr. HATCH, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 2297, a bill to amend title II, United States Code, to improve the protection for shopping centers and their tenants under the Bankruptcy Code.

S. 2298

At the request of Mr. BOSCHWITZ, the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 2298, a bill entitled "The Enterprise Zone Tax Act of 1982."

S. 2300

At the request of Mr. FORD, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 2300, a bill to establish domestic content requirements for motor vehicles sold in the United States, and for other purposes.

S. 2353

At the request of Mr. BENTSEN, the Senator from Alabama (Mr. DENTON), the Senator from Nebraska (Mr. ZORINSKY), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Georgia (Mr. MATTINGLY), the Senator from Tennessee (Mr. SASSER), the Senator from Alabama (Mr. HEFLIN), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 2353, a bill entitled "The Life Insurance Taxation Act of 1982."

S. 2366

At the request of Mr. DOLE, the Senator from Florida (Mr. CHILES), the Senator from Missouri (Mr. DANFORTH), the Senator from Montana (Mr. MELCHER), and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of S. 2366, a bill to set aside certain surplus vessels for use in the provision of health and other humanitarian services to developing countries.

S. 2486

At the request of Mr. EAGLETON, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 2486, a bill to authorize the Secretary of Agriculture to purchase stored commodities from producers under certain circumstances.

S. 2493

At the request of Mr. DOLE, the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 2493, a bill to amend the Food Stamp Act of 1977 to reform the food stamp program, and for other purposes.

S. 2543

At the request of Mr. CHILES, the Senator from Nebraska (Mr. ZORINSKY) was added as a consponsor of S. 2543, a bill to improve the effectiveness and efficiency of Federal law enforcement efforts.

SENATE JOINT RESOLUTION 162

At the request of Mr. ROTH, the Senator from Indiana (Mr. LUGAR), the Senator from Kentucky (Mr. FORD), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of Senate Joint Resolution 162, a joint resolution to authorize and request the President to designate the week of June 20, 1982, through June 27, 1982, as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 172

At the request of Mr. HELMS, the Senator from Massachusetts (Mr. TSONGAS) was added as a cosponsor of Senator Joint Resolution 172, a joint resolution designating Baltic Freedom Day.

SENATE JOINT RESOLUTION 188

At the request of Mr. INOUYE, the Senator from Alabama (Mr. HEFLIN), the Senator from Florida (Mr. CHILES), and the Senator from Nevada (Mr. CANNON) were added as cosponsors of Senate Joint Resolution 188, a joint resolution to authorize and request the President to designate March 1, 1983, as "National Recovery Room Nurses Day."

SENATE JOINT RESOLUTION 199

At the request of Mr. SASSER, his name was added as a cosponsor of Senate Joint Resolution 199, a joint resolution proposing an amendment to the Constitution of the United States.

SENATE CONCURRENT RESOLUTION 90

At the request of Mrs. HAWKINS, the Senator from Florida (Mr. CHILES), the Senator from Mississippi (Mr. COCHRAN), the Senator from California (Mr. HAYAKAWA), and the Senator from New York (Mr. D'AMATO) were added as cosponsors of Senate Concurrent Resolution 90, a concurrent resolution to express the sense of the Congress that the President is urged to promote a declaration by the United Nations of an International Year Against Drug Abuse.

SENATE CONCURRENT RESOLUTION 93

At the request of Mr. DOLE, the Senator from Minnesota (Mr. DURENBERGER), the Senator from Iowa (Mr. GRASSLEY), and the Senator from Maine (Mr. COHEN) were added as cosponsors of Senate Concurrent Resolution 93, a concurrent resolution to urge the Government of the Soviet Union to facilitate the emigration of certain Soviet citizens, and for other purposes.

AMENDMENT NO. 1488

At the request of Mr. MITCHELL, his name was added as a cosponsor of amendment No. 1488 proposed to Senate Concurrent Resolution 92, an original concurrent resolution setting forth the recommended congressional budget for the U.S. Government for fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for fiscal year 1982.

UP AMENDMENT NO. 970

At the request of Mr. HARRY F. BYRD, JR., his name was added as a cosponsor of UP amendment No. 970 proposed to Senate Concurrent Resolution 92, an original concurrent resolution setting forth the recommended congressional budget for the U.S. Government for fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for fiscal year 1982.

At the request of Mr. RANDOLPH, his name was added as a cosponsor of UP amendment No. 970 proposed to Senate Concurrent Resolution 92, supra.

AMENDMENTS SUBMITTED FOR PRINTING

URGENT SUPPLEMENTAL APPROPRIATIONS, 1982

AMENDMENT NOS. 1489 THROUGH 1491

(Ordered to be printed and to lie on the table.)

Mr. ARMSTRONG submitted three amendments intended to be proposed by him to the bill (H.R. 5922) making urgent supplemental appropriations for the fiscal year ending September 30, 1982, and for other purposes.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

AMENDMENT NO. 1492

(Ordered to be printed.)

Mr. SASSER (for himself and Mr. SARBANES) proposed an amendment to the concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982.

NOTICES OF HEARINGS

SUBCOMMITTEE ON RURAL DEVELOPMENT, OVERSIGHT, AND INVESTIGATIONS

Mr. ANDREWS. Mr. President, I wish to announce that the Senate Agriculture Subcommittee on Rural Development, Oversight, and Investigations will hold a hearing on rural energy policy. The "Rural Energy Equity" hearings will investigate the extent of energy problems and will explore all avenues that will help the United States achieve energy independence.

The hearings are scheduled for May 25 and 26 at 1:30 p.m. in room 324, Russell Senate Office Building.

Anyone wishing further information should contact John Cozart at 224-2035.

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

Mr. COCHRAN. Mr. President, as chairman of the Senate Agriculture Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, I wish to announce that hearings have been scheduled on proposed revisions in the dairy price support program. The subcommittee will receive testimony on S. 2533, the Emergency Dairy Adjustment Act of 1982, as well as on other proposals to make adjustments in the program.

The hearing will be held on Thursday, May 27, beginning at 10 a.m., in room 324, Russell Senate Office Building.

Anyone wishing further information should contact the Agriculture Committee staff at 224-2035.

SUBCOMMITTEE ON SECURITIES

Mr. D'AMATO. Mr. President, I would like to announce for the information of the Senate and the public that the Subcommittee on Securities will hold a hearing regarding recent disturbances in the U.S. Government securities market. The hearing will be held on Tuesday, May 25, 1982, in room 5300 of the Dirksen Senate Office Building beginning at 9:30 a.m. Testimony will be received from Government witnesses.

For further information, interested persons may contact Diane Sanger or Neil Levin of my staff at 224-6542.

ADDITIONAL STATEMENTS

A TRIBUTE TO HADASSAH

● Mr. PELL. Mr. President, the 70th anniversary of Hadassah, the Women's Zionist Organization of America, is being commemorated today in a ceremony at the White House. I would like to share in this celebration by extending my congratulations to the members of Hadassah who have dedicated their time and energy to the education and health of countless thousands of individuals at home and abroad.

Hadassah was founded in New York on February 24, 1912, by Henrietta Szold, the eldest daughter of a Hungarian-born rabbi and his wife. Miss Szold was well known in the American Jewish community as an educator, journalist, editor and active Zionist. In the 1890's she helped to organize a Zionist society in Baltimore and later, after moving to New York, she became actively involved in a women's Zionist study circle.

In 1909 Miss Szold visited Palestine and saw, firsthand, the appalling health conditions under which the people lived. She formed Hadassah to try to alleviate their plight and to continue her lifelong tradition of Jewish education. Thus, Hadassah was established to foster Zionist ideals through education in the United States and to begin public health nursing, and eventually training of nurses, in Palestine.

In the last 70 years Hadassah has built an impressive record of humanitarian service. Its first project, in 1913, was to send two American-trained nurses to Palestine to set up a small welfare station in Jerusalem for maternity care and the treatment of trachoma, an eye disease which at that time was the scourge of the Middle East. With the outbreak of World War I, Hadassah, in cooperation with other organizations, dispatched and maintained a unit of doctors, nurses, dentists, and sanitarians in Palestine. In 1918 the first nurses' training school in Palestine, the Henrietta Szold School of Nursing, was opened in Jerusalem. A year later, the School Hygiene Department of Hadassah was organized and began systematic examinations of children. These were the first in a long line of projects which eventually led to the creation of a widespread system of preventive medicine. Today, Hadassah helps to finance two large teaching and research hospitals as well as several clinics. The Hadassah-Hebrew Medical Center in Jerusalem is world renowned, and its facilities are available to all peoples of the Middle East regardless of race, religion, or nationality.

Over the years Hadassah has played a vital role in the education and care of youth in Israel and the United States. In the interwar period, Hadassah organized school lunch and recreation programs in Palestine. Hadassah is responsible for the founding of vocational schools in rural and urban areas of Israel as well as the establishment of the Hadassah Community College and the first medical school in Israel. In 1934 Henrietta Szold became the first director in Palestine of Youth Aliyah, a movement organized to rescue and transfer Jewish children from Europe for resettlement, maintenance and education in Palestine. Well over 100,000 Jewish youth have been assisted through this movement which remains one of the primary projects of Hadassah. In the United States Hadassah works closely with other Zionist youth groups and devotes a great deal of effort to the education of young American Jewish women through the Young Women's Zionist Organization of America.

Currently, Hadassah, which has 374,000 members in all 50 States and Puerto Rico, is the largest women's volunteer organization in the United States. Through the effort of these dedicated women, the peoples of the United States and Israel have been brought closer together, and the lives of many individuals have been made happier and healthier. The humanitarian spirit reflected in Hadassah and its legacy is an inspiration to us all.●

HADASSAH

● Mr. D'AMATO. Mr. President I rise today to note the many accomplishments and philanthropic works of the largest women's organization in the United States—Hadassah.

During 1982, Hadassah celebrates its 70th anniversary, 70 years of dedicated efforts to create a better society and a better way of life. The commitment of Henrietta Szold, founder of Hadassah, has served as an inspiration to the more than 370,000 Americans who are members of this worthwhile organization. Through educational activities undertaken in both the United States and Israel, these dedicated women have helped to strengthen the bond of friendship between our two nations.

Those associated with Hadassah frequently serve as leaders in their communities, involved in youth activities, Jewish education, and American and Zionist affairs. In addition, Hadassah has also been responsibile for promoting improved medical care, teaching, and research. Among its many accomplishments, Hadassah has been instrumental in developing nurse training programs in Israel, as well as a system of public health and welfare. Through the establishment of such institutions as the Hadassah University Hospital, the Henrietta Szold-Hadassah School of Nursing and more than a dozen specialized centers, Hadassah has made impressive progress in improving public health care.

I commend the dedication and tireless efforts exhibited by the women of Hadassah and encourage them to continue their work in the spirit of voluntarism.●

HADASSAH'S 70TH ANNIVERSARY

● Mr. HATCH. Mr. President, on February 3 I submitted a Senate concurrent resolution, Senate Concurrent Resolution 62, sponsored by myself and Mr. KENNEDY congratulating Hadassah, the Women's Zionist Organization of America, on its 70th anniversary. Today a ceremony is being held at the White House to commemorate Hadassah's outstanding humanitarian achievements, and I would like to take this opportunity to again comment on the work of this exemplary organization.

Many of my colleagues are familiar with the Hadassah-Hebrew University Medical Center in Israel, the largest medical complex in the Middle East, whose two campuses provide comprehensive medical treatment to over 40,000 inpatients and 500,000 outpatients each year—regardless of race, religion, or nationality. For the benefit of my colleagues I would like to mention just one example of the thousands of people who are being helped by the research and improved medical techniques that are developed at the center. In February of this year 10 children with Down's syndrome underwent plastic surgery at the center in order to improve their physical appearance and general sense of well-being. The surgical team that performed the surgery lessened the protruding tongue, thereby facilitating improve speech, raised the nose bridge, altered the lid axis and raised the drooping eyelids of the young Israeli patients. The center will conduct a followup study to determine the extent to which these physical changes improve the social and mental development of the children.

In addition to their fine work in providing health care to thousands of people each year, the 370,000 members of Hadassah are active in a number of other fields. Today I would like to commend the members of the Women's Zionist Organization of America for their efforts to alleviate the plight of Soviet, Syrian, and Ethiopian Jews, their contributions to Youth Aliyah—the child rescue and rehabilition movement which has provided care and training for some 185,000 youngsters since it was founded in 1934—and to the Jewish National Fund. As the largest single contributor to the Jewish National Fund, Hadassah has supported the reclamation of tens of thousands of acres for farming and industrial sites. Hadassah maintains a number of educational institutions in Israel, including a high school, community college and vocational guidance institute, as well as a medical school and schools of nursing, dentistry, pharmacy, and occupational therapy.

Not to be overlooked is the commitment of the Women's Zionist Organization of America to the preservation of Israel and to a just and lasting peace in the Middle East. Toward this end Hadassah provides factual information to the American people concerning Israel and functions as an accredited observer to the U.S. mission to the United Nations, in its capacity as a nongovernmental organization of the U.N.

Mr. President, I wish to once again congratulate the members of Hadassah on 70 years of outstanding service and commend them for their efforts toward fostering goodwill between the United States and Israel.●

SENATOR BOREN GAINS CLOUT ON ECONOMICS

● Mr. PRYOR. Mr. President, the Wall Street Journal on May 20 featured our friend and distinguished colleague, Senator David Boren of Oklahoma, in an article entitled "Senator Boren Gains Clout on Economics."

Senator Boren's full grasp of economic issues may come as news to many readers, Mr. President, but to me and to my colleagues in the Senate this is nothing new at all. We have long been impressed with Senator David Boren, with his responsibility, sense of duty, and understanding of the issues that face us today. We have also been impressed with his warmth and wit. As one person in this story comments: "He may be the most popular guy in this place."

I ask that this article from the Journal be printed in the Record.

The article follows:

Senator Boren Gains Clout on Economics

(By Albert R. Hunt)

Washington.—When a tough budget vote comes up in the Senate this week, Republican leader Howard Baker may be tempted to look across the aisle for help from a pudgy, pleasant-faced young Democrat.

That's because Senator David Boren of Oklahoma provided important aid to the Republicans during critical economic battles last year. He was the Senate's most active Democratic supporter of the Republican tax cuts and often joined with other conservative Democrats to support spending cuts. A year ago some Republicans even thought the first-term Senator might be ready to switch parties.

Today, however, Republicans no longer think David Boren may become one of them. Howard Baker isn't counting on assistance from him, either. For Mr. Boren, a member of the Senate Finance Committee, has become an important behind-the-scenes force in fashioning Democratic alternatives to the Reagan administration's tax and spending policies.

He was a leading figure on the party's 18-member task force that recently devised an alternative to the Reagan economic plans. In fact, he was the chief writer of a letter that Senate Democrats sent to the President, outlining their ideas.

Sen. Boren remains one of the Senate's more conservative Democrats. But he is putting some distance between himself and Republicans and taking a different view of his party responsibility. "I decided I shouldn't be standing just as a critic. I wanted to contribute to the dialogue in our party," he says.

The Oklahoma Democrat's vote is unlikely to decide the outcome of many economic issues, but his attitudes are significant because he has been a rather accurate political weathervane and because he is increasingly influential within the Senate.

"Dave Boren has very good relations on both sides of the aisle," says conservative Republican Sen. Alan Simpson of Wyoming. Liberal Democrat Bill Bradley of New Jersey says, "Dave is a very bright guy who wants to and is going to play an important part in shaping the alternative" to Reaganomics. Other Senate observers consider Sens. Boren and Bradley the two most knowledgeable young members of the Finance Committee in a long while, with the potential for decisive roles in major legislative struggles for years to come.

POPULIST STREAK

Until recently, Mr. Boren used his clout for very conservative ends. Back in 1978, while governor of Oklahoma, he was the first important Democrat to endorse the Republicans' Kemp-Roth proposal for deep tax cuts. Last year he sided with the Republicans on that plan, on indexing tax rates for inflation and on most other tax and spending measures. Last spring, top Republicans began imploring him to switch parties.

Mr. Boren, the son of a Democratic Congressman, admits he was disillusioned with his party. "We abandoned too many constituencies—the farmer, the small businessman, the believer in fiscal responsibility." But Dave Boren, who as a tot used to play hide-and-seek with his Dad's close friend, House Speaker Sam Rayburn, says he "never really considered leaving the Democratic party."

Moreover, despite his conservative instincts and those of his farming and small business constituents, Sen. Boren has a populist streak; nothing brings this out more than high interest rates. Some months ago he took to the Senate floor every day for more than 100 days to rail against high interest rates. The chief culprit, in the Oklahoman's mind, is the burgeoning budget deficit.

Thus the one-time champion of the Kemp-Roth tax cut now says the tax reduction enacted in 1981 "has proven to be excessive." He wants to defer both the third year of the individual income-tax cut and the indexing of tax rates that is scheduled to start in 1985.

THE FAIRNESS TEST

Meanwhile, Sen. Boren has been taking on more party responsibilities. Along with top Senate staff members, he wrote the Senate Democrats' March letter proposing alternatives to the Reagan program. Later he went back home to test market the main ingredients—deferring indexing and the 1983 tax cut, scaling down the increase in defense spending and, following a more moderate monetary policy. He reported that these went over well in conservative Oklahoma.

As head of the Senate Democrats' "themes committee," Mr. Boren was one of the architects of a party decision to focus on a "fairness test" in evaluating the GOP's program. "One of the few things most Democrats would agree on was their constituents thought the Reagan program was unfair," says a Democratic Senate strategist.

Sen. Boren has also sought accords on specific proposals. "I've told Ted Kennedy, 'Instead of you attacking independent oil companies and me attacking lobsters, let's find a way to agree on both.'" Sen. Boren argues. "Maybe we can recreate that old Austin-Boston axis (the 1950s and the 1960s alliance between some Massachusetts and Texas lawmakers) in these tough times."

Sen. Boren says he is willing to support "some targeted programs to aid regions and people in serious need" if an alliance on matters such as better treatment for smaller oil concerns can be worked out with his liberal colleagues. And he has good relations with such liberals as Sen. Bradley, Massachusetts Sen. Paul Tsongas and even Sen. Kennedy.

But since Sen. Boren, is far more conservative than many of his liberal colleagues, any unity may prove to be paper-thin when Senate Democrats some day turn from opposing Reagan programs to offering initiatives of their own.

Even so, Sen. Boren, a hard-working former Rhodes scholar, is likely to be a legislative force. He enjoys the legislative process and also is a genuinely nice man. His office employs more interns than almost any other Senate office, and Sen. Boren takes each one to sit with him on the Senate floor at least once.

Earlier this year, to thank them for their work, he took the employes of the Senate Democratic cloakroom to dinner. And he was one of the very few Senators the Capitol's subway operators invited to their Christmas party last year. "He may be the most popular guy in this place," says a Senate staffer.●

LIMITING THE POWER OF THE FEDERAL COURTS

● Mr. GOLDWATER. Mr. President, one of the consistent principles of conservatism is recognizing the separate-but-equal branches of our government. Indeed, from the very beginning of our system, the Founding Fathers showed the deep concern that one of the branches—legislative, executive or judicial—should ever attain dominance over either of the other two. This fundamental principle is at the very root of our free, democratic society. It is unfortunate that this line has been breached many times and not because of constitutional fact. Too often, we have seen one branch of government try to usurp the duties and responsibilities of another branch. These aberrations occur because of displeasure over a stated policy or because of personality conflicts which prevent any meaningful dialog from taking place. While the ends toward which these people are working may be commendable, the larger fact is that the means by which they go about their task does serious harm to our Constitution and the principles it is based upon.

The reason that we are all here today is that we campaigned, elected and took an oath to uphold the Constitution. Yet, in a mood of displeasure over a ruling of the Supreme Court, this body has over-stepped the separation-of-powers line and violated the very principles we are sworn to uphold.

Mr. President, there may be some decisions of the Supreme Court that I may not like, nevertheless, I cannot accept the idea that we must upset the balance to voice our displeasure.

In this regard, Mr. President, the Bar Association of Maricopa County, Ariz. recently passed a resolution opposing legislation limiting the power of jurisdiction of the Federal Courts.

Mr. President, I ask that this resolution be entered in full in the Record.

The resolution follows:

RESOLUTION

The Board of Directors of the Maricopa County Bar Association, representing in excess of 2,500 lawyers in Arizona, having considered the matter in special session, passed a unanimous resolution to

Oppose any congressional legislation limiting the power or jurisdiction of the Federal Courts to act in areas of constitutional interpretation.

This resolution, though passed because of pending legislation, is also intended to extend to future legislation.●

CHAMPUS

● **Mr. INOUYE.** Mr. President, the Wall Street Journal of May 4, 1982, carried an article by Mr. Burt Schorr entitled "Insurers Stop Paying for Some Treatment by Psychiatrists Amid Doubts About Need." I was most pleased to review Mr. Schorr's article, as it indicates the extent to which the mental health community is able to utilize the peer review mechanism as a cost-effective means of insuring high-quality care.

I was especially pleased to learn of this evolution, as it was the Department of Defense CHAMPUS program that initially spurred both the American Psychological Association and the American Psychiatric Association to create their peer review programs in 1977.

I think it is important for every one of us to be aware of the extent to which the Department of Defense CHAMPUS program has, for a number of years now, been in the forefront of developing highly innovative mental health policies and, accordingly, I was most pleased to note Mr. Schorr's recognition of CHAMPUS' role in this most important endeavor.

I am confident that we can continue to expect such progressive leadership from our CHAMPUS program in the future, as we continue to grapple with the ever-escalating costs of health care.

Mr. President, I request that Mr. Schorr's article be printed in the Record.

The article follows:

INSURERS STOP PAYING FOR SOME TREATMENT BY PSYCHIATRISTS AMID DOUBTS ABOUT NEED

(By Burt Schorr)

Insurance companies are invoking peer pressure to reduce payments for psychiatric treatment that may be unnecessary.

They suspect that many health-plan beneficiaries are going to psyciatrists for intensive therapy when less expensive treatment, such as talks with a counselor, would be just as effective. Insurers are also concerned by cases involving long-term care that has ceased to produce significant benefits.

But deciding whether to stop or reduce payments is difficult for insurers. "Psychiatry, at this point, is as much an art as a valid science based on sound medical principles," says Dr. William Guillette, medical director of Aetna Life & Casualty Co.

To help insurers evaluate whether the treatment they're paying for is necessary, professional organizations of psychiatrists and psychologists have formed peer-review panels. For Aetna, the first private insurer to use the panels, the program is paying off. Dr. Guillette says Aetna may save 3 percent of the $250 million a year it spends for mental-health care. So far Aetna has submitted 400 cases for review. In some, therapists terminated treatment when they saw the review comments; in others, reviewers recommended termination.

In one such case, a woman in her early 30s had been seeing a psychiatrist in a Southern city twice a week for three years. According to the psychiatrist, the woman was suffering from "anxiety neurosis" caused by "marital disharmony." He told Aetna the treatment would have to continue for an "undetermined period" because of "variable etiological factors."

Aetna, which had paid more than $9,000 for its 50 percent share of the woman's treatment, suspected that she needed only limited marriage counseling, which wasn't covered by her insurance. But when Aetna sought more information, the psychiatrist refused the request on grounds of patient confidentiality.

Aetna's Dr. Guillette turned the case records over to three psychiatrists chosen from more than 460 American Psychiatric Association members who have signed up to review cases. All three agreed in separate reports that, based on the available information, the insurance payments should be stopped fairly promptly. Dr. Guillette sent the findings to the therapist, along with an offer to continue payments for 30 more therapy sessions, to be followed by a second review. Aetna didn't receive any further bills for the woman's treatment.

STOPPING TREATMENT

Indeed, in the first 100 cases Aetna submitted for review, more than a third of the psychiatrists being scrutinized decided to end their patients' treatment once they saw the peer comments. Aetna's participation in the American Psychological Association's smaller peer-review program has produced similar results, Dr. Guillette says.

The 27,000-member American Psychiatric Association created its peer-review program because of increasing skepticism by insurers about the cost and efficacy of psychiatric care. Following Aetna's lead, eight other insurers, including Metropolitan Life Insurance Co., Mutual of Omaha and Connecticut General Life Insurance Co., have signed up to use the program in the last 16 months.

One problem in evaluating therapy claims is that there isn't any way to determine which therapy works best with a specific mental illness. Dr. Morris Parloff, a National Institute of Mental Health psychiatrist, is organizing a large-scale experiment for comparing treatments of depression. But Jerome Frank, professor emeritus of psychiatry at Johns Hopkins School of Medicine in Baltimore, says that attempting to assess the 200 types of therapy being used "in many ways is equivalent to attempting to determine the relative merits of Cole Porter and Richard Rodgers."

Dr. John McGrath, a member of the psychiatric association board, has similar doubts about the ability of reviewers to judge treatment methods, even though he has reviewed more than 70 cases under the peer-review program. "For an active and productive patient who is clinically depressed, a Manhattan psychiatrist might choose a talking therapy, while one in a rural area of Oklahoma might prefer to use drug therapy," he observes.

The inability to measure what they are paying for is one reason employers and health insurers tend to be much less generous with health-plan coverage for mental illness than for other types of medical care.

A 1980 sampling by the Health Insurance Association of America of employer health plans covering 19.6 million beneficiaries found that 40 percent of those covered were limited to $1,500 a year in psychiatric office visits—far less than for other health problems. Only some 10 percent could expect reimbursement for outpatient psychiatric services at the same 80 percent rate generally paid for medical office care.

"Insurers look at psychiatric treatment as open-ended and that scares them," says a spokesman for the Washington-based insurance association. "If you have cancer, they'll pay you, but usually you'll either be dead in two years or on your way to being cured. Psychiatry can go on for 10 or 15 years."

In the Washington, D.C. area, where therapists abound, Blue Cross-Blue Shield in 1980 and 1981 cut back the psychiatric coverage that it offers federal employes. The associations of psychiatrists and psychologists are challenging the reductions in federal court.

It was a similar threat by managers of the Defense Department's health program for military dependents and retirees, known as Champus, that spurred the psychiatric association to create its peer-review program in 1977—despite strong objections from many members who feared it would breach patient confidentially. Champus was considering cutbacks because of criticism from the General Accounting Office and Congress for paying the bills of marriage counselors and others whose services didn't really qualify as treatment for mental illness.

Champus eventually agreed to use peer review rather than reduce coverage. By getting the opinions of APA psychiatrists on nearly 300 cases a month, it is saving several miliion dollars a year on the nearly $100 million it pays for treatment of mental illness, spokeswoman says.

SENTINEL EFFECT

More intangibly, peer review is having a "sentinel effect" by getting psychiatrists and psycholgists to be more stringent in managing their patients' cases, says Dr. Henry Altman, head of the psychiatric association's peer-review committee.

In the majority of APA-reviewed cases, however, the reviewers recommend that treatment be continued. One such case involves a depressed woman in a Middle Atlantic state whose psychiatrist has been seeing her four times a week since early 1980. The therapist believes that his patient, who is in her mid-40s, had been prevented by her dominant, interfering mother from developing a sense of autonomy. This produced a fear of criticism and rejection that ultimately caused the woman to separate from her husband, he reported.

Evidence of the woman's emotional problems could be seen in her medical history. In addition to seven years of previous psychiatric care that began in her teen years, she had suffered for 15 years from stomach and intestinal problems that seemed related to her mental condition.

But the physical symptoms had abated considerably during the latest treatment period, which the reviewers all took as evidence that the psychoanalytically oriented treatment was helping her. They agreed that the method of treatment and its frequency were warranted.●

IS THE PEOPLE'S REPUBLIC OF CHINA A FRIENDLY COUNTRY?

● **Mr. HELMS.** Mr. President, in my capacity as chairman of the Committee on Agriculture, Nutrition, and Forestry, I recently presided over a hearing called to consider a legislative proposal to designate the People's Republic of China as a country friendly to the United States—a questionable proposal at best. Such a designation would have the result of making Communist China eligible for concessional sales agreements and food donations under Public Law 480.

In my judgment Mr. President, there is no merit to this proposal. But, as chairman of the Senate Agriculture Committee and as a Senator, I wanted both sides to be heard—the State Department came to tell the committee just how friendly Communist China really is to the United States. Theirs was a very weak case.

It appears that the only real area of mutual interest between the United States and Communist China is a shared concern over Soviet expansionism—for different reasons. Beyond that and our desire for expanded trade, the United States and Red China have little in common, particularly in the area of human rights.

But, the State Department is so desirous of cultivating a good relationship with Communist China, that its spokesman described the political and social conditions there as being much improved over conditions of just a few years ago. He went so far as to describe Communist China as something other than a dictatorship, and asserted that Communist "China does not identify itself as the leader of a world Communist movement, and its does not profess such a goal."

Then, Mr. President, there was another witness who appeared at the hearing on May 3, the distinguished Dr. Ray S. Cline, senior associate, Georgetown Center for Strategic and International Affairs. His testimony on relations between the United States and Communist China is most enlightening, and worthy of careful review by everyone who is interested in the topic of United States-Communist China relations.

Mr. President, I ask that a transcript of Dr. Cline's testimony, including an article included in the testimony, be printed in the RECORD.

The testimony follows:

STATEMENT OF DR. RAY S. CLINE, SENIOR ASSOCIATE, GEORGETOWN CENTER FOR STRATEGIC AND INTERNATIONAL AFFAIRS

Dr. CLINE. I was delighted that I got here in time to hear my former colleague from the State Department exhibit such diplomatic dexterity in suggesting that the Government of the People's Republic of China was not a dictatorship.

The CHAIRMAN. I gave him every opportunity to amend that.

Dr. CLINE. I think actually, the members of the Communist Party would be rather insulted by that, because of course, it is a cardinal principle of any Communist party that establishing a dictatorship of the proletariat is the reason they are in business. So I was fascinated to discover the State Department has somehow conveyed to the government of Peking a special status that they do not themselves claim, I am quite sure.

As I understand it, Senator, the proposal before you is, to remove from the present prohibited list of the People's Republic of China so that it would be eligible for agricultural assistance under the Public Law 480 law. It really baffles me as to why this proposal is being made. There are so many needy small nations with developing enterprise systems in agriculture, as well as in other parts of their economy, that would benefit a great deal from a relatively small amount of help, whereas the direction of your questioning already this morning had indicated the magnitude of the problem of agriculture in Communist China. Why we want to extend economic aid to a badly mismanaged, centrally planned Chinese economy on the mainland is hard for me to see.

I concluded from my studies that the People's Republic of China (PRC) is a dictatorship, built on the traditional Soviet model. The so-called progress, which was mentioned by a couple of previous witnesses, are minimal retreats from some of the wilder fantasies of Mao Tse-tung in 1966. Of course, if you take 1966 as a base, it is impossible to conceive of anybody running a country as badly as China was run during the cultural revolution, which began in that year. So you can say that there have been improvements. And of course, we want to encourage such improvements. But to argue that already we are dealing with a country which is "friendly" in the normal sense of the term, or run along lines which we would like to encourage with economic assistance, is pure fantasy, as far as I am concerned. That is the basic comment I would like to make this morning.

The PRC economy is still virtually an incentiveless system. It is totalitarian. It subordinates all people, all purposes, every economic activity, to arbitrary political control. The "private plots" that are allowed to be used by peasants are not examples of progress toward more freedom in China. They are exactly the same kind of very tiny private plots that are allowed to be used in the Soviet Union by the Soviet peasants. This is part of the Communist system. They do not own the land. It can be taken away from them; their right to use it can be taken away from them at any time. It has been, several times, in both Russia and China. So I do think it is a little bit misleading to suggest that somehow, this emphasis on "private plots" is moving toward a free enterprise or progressive or democratic system.

Heaven knows, the Chinese people need help, and I am very sympathetic with them, and I think we should try to help them, but not in ways which will perpetuate their enslavement in an economic system and a political system that simply does not work. It does not work anywhere in the Communist world, and it works probably worse in Communist China than in any other country.

So If we think of Public Law 480 aid as helping a country move along a path that makes sense for it, I should think we should extend that help at the point where the Communist Party of China is frankly admitting the bankruptcy of its economic policies and moving toward a more open society and free enterprise system. I do not think anybody can honestly say that is happening today, and in fact, in the past year, many of the steps which were considered possibly openings toward a looser society, a freer society, have been cancelled, and the direction is in the contrary, toward tighter control. More than that, the relationship with the United States which was always, in my view, one of opportunism and expediency, a very narrow common strategic interest, is now beset with quite a few very serious turbulences, complications, difficulties, caused by the regime in Peking. So it is stretching it a bit in my view to call it friendly, while it is certainly stretching it a long way to call it nondictatorial.

Even if we provided the kind of aid that you were speaking of, say, $50 million a year or something of that sort, it is very questionable to me that such a humanitarian gesture would result in any major improvement in the agricultural economy, and I question very much whether it would even filter through the Communist Party bureaucracy to reach the 800 million people living at subsistence level. My figures are that there are 39 million members of the Communist Party, a little less than the 50 million that Assistant Secretary Shoesmith has mentioned, but that is a pretty big bureaucracy, and they do control the system. I do not know how many non-Communists get into the universites—certainly not very many—but I assure you that very few of them get into the bureaucracy and control anything.

So, despite 30 years of Communist promises and rather extravagent claims—which are often credited in this country, almost as if they were real, because we have a kind of romantic feeling about China, which I tend to share, the economy is still a failure. I would like to see China be a great success, because in its past, it had a great civilization as a base, and we see in the Island of Taiwan and in Singapore and Hong Kong, a British colony, that the Chinese people under a free enterprise system perform miracles. They are absolutely marvelous in developing the standards of living of their people in these particular areas, especially the Republic of China on Taiwan, which has 18 million Chinese citizens. In Taiwan they have approached a political society which is indeed moving very much toward elections, toward free advocacy of ideas, as well as toward a private enterprise economy. Within the confines of the martial law which they must maintain, because of the continuing danger of Chinese Communist attack on Taiwan, I think we have a relatively open society in a Chinese system. That is what I would like to see on the mainland. And I think that if you are going to give aid to the People's Republic of China, we should do it when we have some reason, some quid pro quo benefit to expect, with respect to Chinese mainland movement toward the evolution which we have seen take place in the Republic of China on Taiwan.

We have in Taiwan a laboratory example of a developing system that has thoroughly Chinese cultural values but has opened up to the free enterprise concepts of the Western world. Its agriculture, as you know, is a marvel of ingenuity and technology. When the People's Republic of China moves in that direction, I am for helping them a great deal. At the moment, they are certainly not moving in that direction.

I wanted to add a few additional thoughts. The model of agriculture and economics that is being followed on the mainland has been a failure in every part of Asia, as well as a relative failure in the Soviet Union which has difficulty feeding its people. Today we have the remarkable phenomenon of the United States mainly supplying the surplus which makes it possible to feed both Communist China and Communist Russia. If our grain were not available, their rations would be very thin. There may be reasons to do that, but as I say, I think we ought to be trying to persuade people who receive our largesse in this way to move in a direction which will create an international environment that we can live with and trade with and see as a comfortable situation for all the nations around who want peace and stability. I do not believe that is true of either the Soviet Union or the People's Republic of China today.

Therefore, I would say that removing the PRC from the prohibited list under the P.L. 480 Act is a signal that is being sent at the wrong time. It is simply the wrong signal to send in our relations with the PRC at this juncture.

Let me give you a few more reasons, because in addition to the economic and structural problems, I understand that the law, Public Law 480, requires that agricultural assistance go to friendly countries not dominated or controlled by any world Communist movement. Well, you may indeed argue that the People's Republic of China is a very unsuccessful world Communist movement. It has tried to expand into Asia, into Africa, into Latin America, and has had comparatively little success, at least compared to the Soviet Union, which has run petty wild in these areas. But the PRC is actively in competition with the Soviet Union for influence in every part of the so-called Third World, and it is in competition by trying to establish Communist parties loyal to Peking which will encourage revolutionary activity against the established governments, trying to overthrow such governments, and to encourage guerrilla warfare and terrorist activities to destabilize the regions. Now, the limited power that Chinese Communists have to communize the developing nations is not in my mind a reason for sayng that they are not a world Communist movement. They have tried very hard, they are continuing to try, and to the extent that we give them economic aid, which relieves them of burdens that they could use for military or political conspiratorial purposes, I think we could indeed be assisting a world Communist movement, the People's Republic of China.

I must say again, I doubt that the Communist regime in Peking would deny that it is a world Communist movement. I think they would be a little insulted if we told them they were a third-rate local Communist outfit. They consider themselves, in classical Chinese style, the central kingdom, the center of the world, and they see their model, the model of Communism, based on Mao Tse-tung's though as the flag around which all countries will eventually rally, just as the Soviet Union considers the Leninist model the one.

So both of those countries are one-party Communist dictatorships and bureaucracies, competitors for leadership of the world communist movement. I really think it is ridiculous to say anything less.

Now, I consider that Peking can be demonstrated not very friendly to us in another very practical way, just from the current diplomatic situation, which the State Department did not seem to bring up in their testimony. Peking is now constantly, in the past year, threatening to downgrade diplomatic relationships with the United States unless Washington agrees to cut off Taiwan's access to all military weapons, even including the spare parts of the weapons which we have provided them in the past. The object is plainly stated, to force Taiwan's 18 million unwilling Chinese citizens who want to remain non-Communist because they are living in a prosperous and relatively open society to become a subordinate political entity under the government of Communist China.

The pressure is very severe on our government to force Taiwan to return to the mainland, which means returning to the embrace, not necessarily very tender, of the Communist Party of China and the government of the People's Republic of China. Now, we have, in the postwar period, Mr. Chairman, tolerated the movement of a number of large areas and large groups of people into the block or association of Communist states, most of them dominated by the Soviet Union, a fact which we generally deplore I am not aware that we have ever forced any group of 18 million people against their will to become part of a Communist state, and I do believe that that is the requirement which Peking is putting on us in demanding that we stop military aid to Taiwan despite the provisions of the Taiwan Relations Act of 1979, passed by the Congress, assuring the security of the Chinese people on the Island of Taiwan.

In addition to being remarkably intransigent over this matter of our relations with Taiwan, which we perpetually continue to discuss in Peking, as if our policy toward Taiwan should be determined in Peking rather than in Washington, the government in Peking has been giving us a hard time in other respects. They have criticized American moves to resist Soviet and Cuban revolutionary adventurism in the Caribbean; they have protested our efforts to stabilize El Salvador; they have denounced our position on the Falkland Islands issue just a few days ago; they refused to condemn Poland's one-party military dictatorship under Jaruzelski. We sent a mission, as I understand it, from the State Department to ask Peking to join us in condemning the Polish repression, and instead, the idea was rejected, and the People's Republic of China sent a substantial amount of food aid to the government of Poland under General Jaruzelski. The U.S. government was urging everybody to boycott the Jaruzelski government. Are we proposing to send food to Communist China, which might then be trans-shipped to Poland today?

I think that the timing of this particular proposal is remarkably poor in the light of Peking's new hostility toward our goals in world affairs.

Now, it is true that we have a certain common interest with Communist China. It is a single interest, in my view. We both do not like to see the Soviet Union get stronger. It is a coincidence in many ways that we have that common interest. The reason it has been so prominent in Chinese statements recently is that they are frightened of the Soviet Union, which is on their border. That does not, in my view, equate to mutual friendship. Insofar as the Chinese Communists help us in restraining Soviet expansion, of course, they are on our side with respect to the Soviet Union. But as I have just indicated, they do not seem to be on our side with respect to much else. I promise you, on the basis of all historical evidence, that these kinds of single-interest relationships do not make two countries become friends when they have totally different social, economic, political systems and sharply divergent regional objectives, as ours are in contrast with the People's Republic of China.

I would like to make a couple of additional points, if I am not going on too long, Mr. Chairman

The CHAIRMAN. You go right ahead.

Dr. CLINE. I think it is a myth perpetrated by the Administration of President Carter and inexplicably continued into this period by the proponents of the 1978 tilt toward Peking, that PRC top officials are or even claim to be basically friendly toward the United States. The Chinese Communist Party runs China; the formal governmental constitution, which is now being revised, means almost nothing. The Communist Party constitution that establishes the goals of the PRC has a provision in it, passed fairly recently, August 18, 1977—four days before the arrival of our Secretary of State to carry the word that we wanted to be friendly with China—and that provision in the constitution is: the Communist Party "unites with the proletariat, the oppressed people and nations of the whole world and fights shoulder-to-shoulder with them to oppose the hegemonism of the two superpowers, the Soviet Union and the United States, to overthrow imperialism, modern revisionism, and all reaction." We, of course, qualify under both imperialism and reaction, in Chinese Communist thinking.

Prior to the adoption of this constitution, the then number-one leader and Prime Minister, Hua Kuo-feng, explained to his Party friends that the United States, which was being cultivated to protect China from the Soviet Union, was the less dangerous of the

PRC's two enemies. He said, quote, "The Soviet Union and the United States are the source of a new world war, and Soviet social imperialism in particular presents the greater danger." Then, quoting Lenin, he continued, quote, "The more powerful enemy can be vanquished by taking advantage of every, even the smallest, opportunity of gaining a mass ally, even though this ally be temporary, vacillating, unstable, unreliable and conditional."

I do not think that is a particular flattering chain of adjectives to be applied to the United States, but clearly, this was what he was explaining to his own Party. That the PRC considers itself a true or in any way reliable ally of the United States, simply because it fears the Soviet Union more, is to me a myth that ought not to have the credence in Washington that it does today.

There is a final point that I believe is very important, sir—and maybe I will have to refer to some of my own writings. I regret to do that, but I picked up papers rather hurriedly this morning.

The **Chairman**. Well, I would say that is an excellent source.

Dr. **Cline**. Thank you, sir. I will submit this to your Committee, if I may, the whole article.

(The article referred to here was received for the record and follows the end of the text of Dr. Cline's testimony.)

Dr. **Cline**. What I wanted to point out is that when we look at the backward situation in the People's Republic of China, in fact, in all of the Communist Asian states—North Korea, Vietnam, Kampuchea, Laos—where the standard of living is extremely low, with grinding poverty, great political oppression, and in Southeast Asia, fullscale warfare going on by proxy between China and the Soviet Union, we ought to compare that with a region in which we do have friendly and, I think, productive interests.

The phenomenal industrial development of Japan, South Korea and Taiwan and of the whole chain of West Pacific states, taking what the Chinese Communists used to call contemptuously, "the capitalist road", has been remarkable. The trade is extensive. There are genuine interconnections with the United States and with the other Pacific states. Long-range business commitments are being made, even with Europe. Multinational investments, bilateral trade and banking arrangements, and increasing contacts around the world are creating a growth of regional interdependence, as well as multiple links with the United States, that is increasing our strength and the strength of the free world in the West Pacific.

I think the Pacific community of ten nations, including particularly Japan and South Korea and Taiwan, the newly industrializing nations, is the area in which we ought to ensure absolutely friendly relationships, because that is an area of economic growth and prosperity within the international trading system and the free enterprise system which is strengthening our total worldwide position vis-a-vis the Soviet Union. For example, the standard of living per capita in Australia and Japan is almost as high as in the United States. Taiwan has a per capita income of $2,720—very high by Asian standards, and certainly curiously in contrast with the People's Republic of China, which after 30 years of developing a Communist system on the mainland, has a per capita income of less than $300 per year.

Since these goods and services are being produced in a system that we can link with, can identify with, I think it is very important for us to work with those nations and hold up their example to the bankrupt Communist systems on the mainland. The economy of Taiwan is the irrefutable demonstration that Chinese societies can forge ahead rapidly in economic development. It is a free enterprise system. It is a constant reproach to the PRC, as some Chinese Communists have had the courage to admit in recent years. There, the standards of living have not lifted much, if any, above the levels of 25 years ago.

Now, on behalf of the Republic of China on Taiwan, President Chiang Ching-Kuo, who has managed this economic miracle, has made clear that unification with the mainland is an objective of the Chinese people everywhere, but that it can come only when freer economic and political processes than now exist come into being in the PRC. President Chiang has welcomed the continuing security guarantees from the United States of the Taiwan Relations Act of 1979, and always says that in case of any war in the Pacific, Taiwan bases and facilities are available to U.S. military forces regardless of who the enemy may be. That is what I call real friendship!

I suggest that if the favorable trends in Taiwan and the rest of the Pacific community, particularly Japan and Australia, persist and grow, the balance of power will shift in a direction advantageous to the United States, and if our luck holds, we will see the Pacific Basin turn East Asia into a zone of stability beckoning to the Communist five nations on the mainland to turn gradually toward trade and a good relationship with these open societies.

Now, that is good news, and I think it would be shocking for us to signal to the People's Republic of China that the very limited moves that they have made to ameliorate some of the hardships of their very retrogressive economic and political system on the mainland have won our approval. I think they have not yet faced their basic problem, and they might, if we lead them in the right direction.

I do not know why the government in Peking is now distancing itself and behaving so cooly toward Washington, but it is. The past few months have seen a real harshness and an abrasiveness in our relationship, solely instigated by Peking. It probably is for interanal political reasons, some kind of competition between the different leaders to show how tough they are on capitalists in general.

In any case, the threatening of diplomatic reprisals against the United states is something that any self-respecting nation should not accept and particularly not accept with gestures of friendship and concessions of a positive and specific kind, like economic assistance. The attitude that Peking is now showing us is not friendly. As a matter of fact, their attitude is basically blackmail. They are trying to get us to help them do what they want in Asia, rather than being friendly toward the peace and stability which is our objective in the area.

Therefore, I hope we will wait until there is some sign that China can be reunited, as I think it will be some day, on the basis of the principles of a free, political and economic society, and that we should not in any way disturb the pressure on the society of the People's Republic to reform itself and move toward a model more generally in the interests of its own people.

Thank you very much.

The **Chairman**. Dr. Cline, of course, I agree with you, but I would think that even those who may not agree with you would have to acknowledge that you have given a scholarly and logicial statement, which I very much appreciate. And I am going to ask staff to get me a transcript of your remarks, because I think they ought to be circulated as quickly as may be possible to all Senators.

Dr. **Cline**. Thank you very much, Senator. I would be delighted to help them put it together.

The **Chairman**. Well, it was just excellent, and I appreciate your coming. Now, let me ask you just a few quick questions, because you have been here all morning, as have we.

You are a student of China, and you have written extensively on matters of military strategy. Is the People's Republic of China a credible modern military power?

Dr. **Cline**. My view, Mr. Chairman, is that China is not a credible modern military power. It is a military power along the lines of ancient oriental despotisms which have existed for a long time. It has a 4 million man army, mainly unable to move very far from its garrisions. The strength of China, any China in history, has always been that it is so big and has so many people, one billion people now, that no government in its right mind would try to conquer all of China. I call the People's Republic of China "strategically indigestible", and that is a strength which will prevent the Soviet Union from attacking it. But it does not mean that the Chinese army is able to move against the Soviet Union, that it could assist us materially in any way except defending China if there were hostilities, nor that it is able to absorb the kind of technology which would make it a really valuable military ally.

The **Chairman**. I was disturbed to hear the semantics earlier this morning in purported refutation of the suggestion that the People's Republic of China is a dictatorship. I hope this does not mean that we have reached the point in our foreign policy such that we are no longer interested in a coalition in the Pacific Basin to deter Communist expansion.

Now, just for the record, what would you recommend, if you could push a button and your policy would be implemented; what would you suggest we do?

Dr. **Cline**. Worldwide, Mr. Chairman, or in Asia?

The **Chairman**. I am talking about the Pacific Basin region.

Dr. **Cline**. Yes, sir. I recommend that we take a positive, but not dominating role in encouraging the nations, non-Communist nations, all around the rim of the Pacific to develop a community spirit mainly for the purpose of exchanging economic goods and services, but also for consultation on the common security interests, so that we could reach the point in the Pacific, with American moral support and perhaps some economic support, that we reached in the Atlantic about 1948 or 1949, when we began talking seriously of an Atlantic community. Whether we want to go on to develop institutions and military cooperation is something that I would leave strictly to the Pacific states. I doubt that they really want to do that at this time. But they need the coherence that would come from having an informal, voluntary association or quasi-alliance, because they all are aiming at the same purpose. They do not fear the United States. They want us to back them up. They do not want us breathing down their necks. They do fear the Soviet Union. They fear the People's Republic of China. And I think this is a magnificent opportunity for us to help develop a creative Pacific community, a coalescence of common interest that would go a long way toward tilting the balance of world power back to the free world and the free enterprise system, which these Asians are really keen on, and very good at, too. They can help us, perhaps, correct our overemphasis on the frozen military situation in Western Europe and see things in a genuine global perspective.

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The CHAIRMAN. What signal do you think this P.L. 480 proposal will send around the world, and particularly with respect to the Pacific Basin?

Dr. CLINE. I think it would signal that the United States is desperately weak in its capabilities to cope adequately with the expansionist power of the Soviet Union, so much so that we would Kow tow, really make unrequited concessions to Communist China, simply because it is anti-Soviet. The world is full of anti-Soviet nations with many common interests with us. I have no wish to punish the People's Republic of China or reject any cooperation they want to give us in opposing the Soviet Union, but I see this signal as kind of a scraping up of some appeasement gesture too show that we really are counting on the People's Republic of China in a strategic way that I think is quite fantastic and will prove to be unrewarding.

The CHAIRMAN. Now, you heard the testimony this morning when I inquired about subversive activities. I should have broadened my question, I suppose. What about the Red Chinese activities in Africa and Latin America?

Dr. CLINE. Well, they have been very extensive in the past, Mr. Chairman. As in many other questions that you posed, what you got was the statement, over and over, that, "Well, things are not as bad as they used to be." And that is true. The Chinese Communists have run out of steam—run out of money is what they have run out of—and they have also run out of political unity in their own government, so that they cannot quite agree on how to conduct subversive and revolutionary activities in many countries. But they still have representatives, intelligence and propaganda representatives in almost every country in the world, and they are very active in some of the African countries, some of the Latin American countries. And of course, as was pointed out in the earlier testimony, they have an active program of broadcasting and moral support at a minimum for the Communist parties of Burma, Malaysia, Thailand. The decrease in the support is clearly an opportunistic gesture to try to ease relations with the governments which they are trying to overthrow, but it is not very persuasive to me. And it is necessary, I think, perhaps to remind ourselves, since our historical memory is so short in this country, that in 1965, I believe it was, the government of the People's Republic of Communist China staged a massive revolutionary effort in Indonesia, with the result very nearly of overthrowing that government and with a civil war ensuring in which several hundred thousand people were killed. It set back Indonesia in relations with Peking a long way, and they are still strained as a result. But that was a classic attempt to set up a Communist dictatorship by internal revolution supported by the PRC. I suppose also, we should remind ourselves that the People's Republic of China is not averse to military operations. They are often mentioned as being extremely peaceable, which they are, when they are not able to gain objectives by military means, but they did attack India in 1962, and they of course were the mainstay of the fighting in Korea in the early 1950s and they provided the initial incentive and most of the initial arms and a great deal of the logistic support, working with the Soviet Union—it supplied the heavy military equipment—to defeat American and South Vietnamese forces in Vietnam. Now, maybe their minds and attitudes have all changed since then, but I think we should at least be cautious in protecting the interests of the Asian states which we do have some common ties with, rather than assuming that the People's Republic of China has become benign in its relationship with us and our Pacific allies.

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The CHAIRMAN. I appreciate very much your coming here this morning. Thank you.

Text of Article by Ray S. Cline and Marjorie W. Cline, from The Journal of East Asian Affairs, vol. II, No. 1, spring/summer 1982

[From the Journal of East Asian Affairs]

THE COMMUNIST FIVE AND THE CAPITALIST TEN SOCIO-ECONOMIC SYSTEMS IN ASIA

(By Ray S. Cline and Marjorie W. Cline)

I

The New Year, 1982, greets Asian peoples under Communist domination with bleak prospects for the better life they all yearn to have. The People's Republic of China (PRC), the Democratic People's Republic of Korea, the Socialist Republic of Vietnam, the People's Republic of Kampuchea, and the Laos People's Democratic Republic are five failures. These are nations unable to meet the demands of their populations for security and a decent standard of living.

For years the Asian people have subsisted on promises and propaganda about the benefits their societies would reap from one-party Communist dictatorships, centrally planned command economies, and subordination of personality and thought to the discipline of the state. The result of this incentiveless, over bureaucratized life has not been prosperity and peace but poverty and local wars. Gradually the hardships, uncertainties, and brutalities have sapped the energies and spirits of the people in every Communist country in Asia.

After three decades there is a crisis of confidence in the Leninist-Stalinist political model in the People's Republic of China, whose leaders proclaim Soviet imperialism (hegemonism) to be the greatest peril to peace and stability in the world. Perhaps life would seem bearable if a bright model existed elsewhere, but the dreary, over centralized, highly militarized Soviet Union holds out little hope for its Asian imitators. The faltering Soviet military occupation of Afghanistan in December 1979 and the political tragedy in Poland two years later brought more and more bad news about the prospects of the lands of the hammer and sickle.

The best hope for these unfortunate nations lies in U.S. strategic influence with its pluralist political traditions and its consumer-oriented free enterprise economic trading system reasserting itself in East Asia. It is astonishing that after the ignominious American defeat and withdrawal from Vietnam, even the Southeast Asians who suffered the most from U.S. failures would like to see the Americans active again, not domineering but involved to prevent domination by either the Soviet Union or the PRC.

The United States is widely perceived at the beginning of 1982 as exerting a stabilizing and civilizing force, bringing trade and prosperity, comporting itself in a comparatively benign way throughout East Asia. Even former enemies are disposed to welcome the American strategic presence and woo American help. This is very good news indeed and a comparatively recent development.

Something has happened in this part of the world in the six years since intervention by the United States in behalf of an independent non-Communist South Vietnam, and the humiliating abandonment of this goal. During this period the image of the United States has become a plus rather than a minus in international politics. The United States and its friends, the ten comparatively prosperous Asian-Pacific insular and pen-insular states stretching in a seven-thousand-mile belt from Japan to New Zealand, at present simply look like political and economic success stories in contrast with the poverty in and constant conflict between the five Communist East Asian states.

These fifteen nations are seldom thought of as forming two international clusters, developed during the turbulent and changeful years of the last three decades, yet they are interconnected in ways worth study.

The PRC is at loggerheads with the Soviet Union, and North Korea is frozen in mobilized military antagonism to the Republic of Korea in the South. Both Laos and Kampuchea are now under Hanoi's heavy military thumb, while Vietnam and the PRC fight a desultory war. The strategic dominoes, so scornfully dismissed as non-existent by liberal critics of the U.S. involvement in the Vietnam War, did in fact tumble in Laos and Cambodia. Thailand and Malaysia are apprehensive lest the fallout extend to their countryside where for decades Communist guerillas have been trying to overthrow the governments.

All in all it is a depressing scene with Southeast Asia in the worst situation. The North Vietnamese who occupied South Vietnam in 1975 brutalized the people there as the pitiful flight of the boat people amply demonstrated. They set up a puppet Communist government in Laos, strengthened by the Soviet Union, under Prince Souphanouvong and have succeeded in doing the same in Kampuchea under a Marxist-Leninist People's Revolutionary Party with Heng Samrin as head of state in Phnom Penh. About 35 million Vietnamese, Lao, and Khmer people who wanted nothing to do with the austere Communist military dictatorship in North Vietnam have been brought into a semicolonial status under Hanoi's occupation. Several million died in the process.

The result is not good from anybody's viewpoint. All of the Indochina peninsula is impoverished, hungry, and politically oppressed. The Chinese and Vietnamese who collaborated for 30 years to control this region and expel first the French and then the Americans have come to fighting each other, directly in organized battle on the Vietnam-China border in early 1979 as well as by proxy in Laos and Kampuchea all the time.

The colossal incompetence in managing the economies of all the Asian Communist countries and the debilitating ideological conflicts among them have sunk into the consciousness of most East Asians. They may not know what exactly is an ordinate or an inordinate fear of Communism, but they know—as even the Chinese Communists admit—that the Leninist-Maoist system of militarized bureaucratic government set up from North Korea to Kampuchea has brought much suffering and little economic progress. In their eyes this political model is so far by its own record a failure.

The territory the Communist Five occupy is about four million square miles, most of it on the Chinese mainland. All of the states except land-locked Laos are on the Pacific shoreline of East Asia. One billion one hundred million people live in this region, over a billion of them Chinese, the whole population amounting to one-fourth of all mankind. Great expectations were raised by Communist revolutions in these countries, where half the population is under 30 years of age. All of the resulting regimes have turned in dismal performances in their efforts to improve standards of living. What was only a while ago heralded as the wave of the future is still a sluggish backwater and swamp.

The whole North Korean-China mainland-Indochina experience has caused their political leaderships to lust for technology, investment funds, and trade with the United States and the countries once scorned as decadent, obsolete capitalist societies. The U.S. political and social views are still categorically condemned, but the rapidly increasing material achievements throughout non-Communist Asia are envied.

Table 1.—GNP and per capita income of the Communist Five, 1980

[GNP—In billions of U.S. dollars]

Country:	
China (PRC)	274.0
Korea (North)	17.0
Vietnam	16.0
Laos	.3
Kampuchea	N/A

[Per capita income—In U.S. dollars]

Country:	
Korea (North)	950
Vietnam	290
China (PRC)	281
Laos	89
Kampuchea	N/A

Note.—Sources differ on per capita income in the PRC, and the figure cited here may be high. For instance, the Chinese themselves state that their 1979 per capita income was U.S. $253.

Source. *The Asia 1982 Yearbook* (Hongkong: Far Eastern Economic Review, 1982), pp. 8-9.

Vice Chairman of the Communist Party Deng Xiaoping himself, strong man of the PRC, testifies to the new conventional wisdom. He was purged twice (once in 1965 and again in 1976) for, according to his enemies, urging mainland China to take "the capitalist road" instead of the more ideological and egalitarian path of Mao Zedong. The term "capitalist road" is familiar throughout Asia as a result. Everyone cannot fail to note that Deng is pulling and hauling the PRC in an almost desperate effort to provide its one billion very poor citizens with pragmatic economic incentives to work. The present Premier Zhao Ziyang at the Fifth National People's Congress, held from November 30 to December 13, 1981 in Peking, rubber-stamped Deng's economic program and promised to carry it on with "firm faith in the socialist system."[1] The Chinese goal is to expand trade with the United States and its relatively prosperous allies, and even to try to catch up with Taiwan, the Chinese society that has become a newly industrializing country with a high economic growth rate and a standard of living approximately ten times that of the PRC.

II

Asians know, in other words, what many Americans have not yet focused on, that the "capitalist road" nations of East Asia and the West Pacific are built on a model that works. They foreshadow the wave of the future for a meeting of East and West—not the failed Marxist-Leninist model emulated in Peking, Pyongyang, and Hanoi.

TABLE 2.—TRADE WITH THE UNITED STATES, 1980

[In millions of U.S. dollars]

Country	Exports	Imports	Total
China (PRC)	1,056.00	4,131.00	5,187.00
Vietnam		1.20	1.20
Laos	.91	.22	1.13
Korea (North)			
Kampuchea			
Total			5,189.33

Source: "Direction of Trade Statistics Yearbook, 1981" (Washington, D.C.: International Monetary Fund, 1981), Passim.

The good news, then, should be more widely understood in the United States. In the past five years a new spirit of confidence, greater political stability, and remarkably dynamic growth have developed in the belt of ten prosperous Asian-Pacific nations, once derided in Peking and now given the flattery of envy. Their expanding prosperity and trade make bright spots in this gloomy world.

The Pacific Ten are now sometimes described as an emerging Pacific Community. It is a useful term for Japan, South Korea, and Taiwan (the Northwest Pacific triangle); the Philippines, Indonesia, Singapore, Malaysia, and Thailand, the Association of Southeast Asian Nations (the ASEAN central arch); and Australia and New Zealand (the South Pacific anchor).

What suddenly is becoming obvious is that so many Asian nations are modernizing their societies successfully, each in a cordial association with the United States, while avoiding the disasters of their Communist neighbors and actually beginning to control and stabilize the conflicts that still threaten violence and war in East Asia.

The pattern is only now emerging. The Pacific Community of Ten, a very loose grouping of diverse peoples, is seldom thought of as a strategic unit. Nonetheless its existence is a valuable asset of the international trading world, with which the United States is now so interdependent. This world is a voluntary coalition of politically and economically pluralist societies that in the past thirty years have gradually formed an association of some kind with the United States in defense of the security and economic self-interest of the seafaring, preeminently trade-oriented nations that used to be called the free world.

Whatever may be the state of mind and morale elsewhere in this free world, the Pacific Community countries have an increasing consciousness of identity of strategic interest with one another and with the United States that seems not unlike the spirit of the Atlantic Community after the end of World War II—when there was no NATO, no European Economic Community, only a wish to rebuild European societies and avoid military domination or political intervention by the Soviet Union. Whether this spirit develops further or remains in its present nascent stage, it is a new and encouraging factor in world geopolitics.

This Pacific Ten collectively constitute a significant grouping of international power. Australia is a continent of almost 3 million square miles, thinly populated but endowed with enormous natural resources. It borders on the Indian Ocean as well as on the Pacific. All of the island states enclose or lie on large and strategically important seaways. Indonesia is an archipelago with three-quarters of a million square miles of land and an enormous domain of surrounding territorial waters. Even tiny Singapore borders on the gateway between the Indian and Pacific Oceans—the Strait of Malacca. The three peninsular countries, Thailand, Malaysia, and South Korea, are not small by European standards. The total territory encompassed in this vast ocean area of ten nations is considerably larger than either the United States or China—nearly four and one-half million square miles.

Table 3.—Territory and Population of the Pacific Ten

[Territory in square miles]

Country:	
Australia	2,970,000
Indonesia	736,000
Thailand	198,000
Japan	143,000
Malaysia	128,400
Philippines	116,000
New Zealand	103,736
South Korea	38,000
Taiwan	13,892
Singapore	225
Total	4,447,253

[Population in thousands]

Country:	
Indonesia[1]	149,400
Japan	117,800
Philippines	48,900
Thailand	48,600
South Korea	38,900
Taiwan	18,200
Australia	14,800
Malaysia	14,300
New Zealand	3,100
Singapore	2,400
Total	456,400

[1] It includes E. Timor and Irian Java.

Source: *The World Factbook, 1981* (Washington, D.C., National Foreign Assessment Center, CIA, April 1981), *passim;* Information on Taiwan from *China Yearbook, 1980* (Taipei: China Publishing Co., 1980), p. 136; Population figures from *The Asia 1982 Yearbook, op. cit.*, pp. 8-9.

In terms of population Indonesia ia a very large state, the fifth greatest in the world at about 150 million. Japan has the seventh largest population in the world, about 118 million. Thailand, the Philippines, and South Korea are all among the 20 most populous nations. All together the Pacific Ten as of 1978 provided living space for more than 456 million people—twice the number in the United States. Only China and India have larger populations.

The magnitude of this region and its recent economic achievements have been little noted in the United States. There is also a serious cultural lag in appreciating the extraordinary leap into modernity made by these Asian and Pacific peoples in recent years. Americans are by political tradition, as well as ethnic and cultural ties, more inclined to look east across the Atlantic than west across the much larger Pacific. While we have not been paying much attention, the Pacific Community has emerged as an international reality. Its ten nations have created a regional economic strength bearing comparison with the United States, West Europe, or the Soviet Union. They have enjoyed for many years remarkably high rates of annual economic growth, much higher in recent years than in most other parts of the international trading world.

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[1] Premier Zhao Ziyang's speech to the Fourth Session, Fifth National People's Congress, broadcast by Beijing Domestic Service in Mandarin, 2 December 1981, as reported by Foreign Broadcast Information Service (FBIS), 3 December 1981, Vol. I, No. 232, p. K2.

The phenomenal industrial development of Japan, South Korea, and Taiwan has been accompanied by rapid development of the abundant raw material resources—oil, uranium, iron ore, tin, rubber, timber, palm oil, and foodstuffs—of Southeast Asia, Australia, and New Zealand. The interconnections and long-range business commitments among these economies are beginning to be as complex and sophisticated as those of Europe. Multinational investments, bilateral trade and banking arrangements, and increasing contracts between regional institutions, enterprising businessmen, and government planners are creating growing regional interdependence as well as multiple links with the United States.

The result is that in 1980, the last year for which reliable statistics for all the countries are available, the GNP (Gross National Product) of the Pacific Ten was more than 1.8 trillion in U.S. dollars at 1980 market prices.

Table 4.—GNP and per capita income of the Pacific Ten

[GNP—In billions of U.S. dollars]

Country:	
Japan	1,397.0
Australia	140.1
Indonesia	66.8
South Korea	59.3
Philippines	35.4
Thailand	32.9
Taiwan	32.3
Singapore	24.0
Malaysia	23.7
New Zealand	21.4

[Per capita income in U.S. dollars]

Country:	
Australia	9,580
Japan	8,887
New Zealand	6,899
Singapore	3,410
Taiwan	2,720
Malaysia	1,783
South Korea	1,553
Philippines	732
Thailand	708
Indonesia	439

Source: *The Asia 1982 Yearbook, op. cit.*, pp. 8-9.

Furthermore, these goods and services are produced in entrepreneurial economic systems with a strong vested interest in trade. Total trade of the Pacific Ten with the United States amounted to nearly U.S. $109 billion in 1980, about one-fifth of their world trade, which reached U.S. $542 billion in the same year. A great deal of the world trade is in commodities needed in the advanced industrial nations of Europe as well as in the United States. It is obvious that its regional economic cluster of power in Asia is a major factor in the international trading world of goods and capital flows.

TABLE 5.—TRADE WITH THE UNITED STATES, 1980

[In millions of U.S. dollars]

Country	Exports	Imports	Total
Japan	31,905	24,567	56,472
Taiwan	7,500	5,500	13,000
South Korea	4,624	4,890	9,514
Australia	2,579	4,410	6,989
Indonesia	4,605	1,613	6,218
Singapore	2,424	3,389	5,813
Malaysia	2,117	1,633	3,750
Philippines	1,583	1,934	3,517
Thailand	795	1,361	2,156
New Zealand	720	768	1,488
Total	58,852	50,065	108,917

Source: Direction of Trade Statistics Yearbook, 1981, except for Taiwan. Its trade with the United States was calculated from estimates given in The Asia 1982 Yearbook.

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III

The Pacific Community nations, and in particular ASEAN members, all consciously and firmly limit their avowed common purposes to regional economic goals. Nevertheless, the extent and frequency of consultation and informal cooperation among them is staggering in view of their divergent ethnic, religious, and political backgrounds. Security issues may not be on the agenda of ASEAN meetings, but they certainly come up for full examination in the corridor talks among the Southeast Asians as well as with the Northwest Pacific and South Pacific states.

In fact, it is possible to note in the past few years substantially increased sophistication about strategic concepts and great power ambitions. This more acute realism derives in part from the fact that most of these ten countries have crucial bilateral security arrangements with the United States. Taiwan, South Korea, Japan, the Philippines, Australia, and New Zealand all have formal American treaties or legally binding commitments. Thailand has had for many years and still relies on vague but credible U.S. assurances of assistance in the event of attack from Vietnam.

The other three ASEAN governments—Indonesia, Malaysia, and Singapore—are increasingly aware that it is American military power that guarantees the safety of the sealanes along which all Pacific Community trade passes, including the oil tankers plying to and from the Indian Ocean. This enormous traffic mostly moves via one of the world's most important strategic ocean passages, the Strait of Malacca, lying between Singapore and Malaysia on one side and Indonesia on the other.

The alternate routes are all through the Indonesian Archipelago. The vital oil traffic from the Persian Gulf to Japan alone automatically raises questions of security of the seas.

ASEAN officials quickly reveal deep concern over the presence of Soviet naval forces at the great American built base facility, Cam Ranh Bay, in Vietnam as well as the use of Vietnamese air bases by long-range Soviet military aircraft on logistic and intelligence reconnaissance missions. They also readily acknowledge that Soviet intrusion in the South China Sea constitutes a tacit Soviet threat in the Pacific.

Even the Japanese often speak in these terms to other members of the Pacific Community group of nations, something they never did two or three years ago. On their minds are not only the Soviet presence in Vietnam but also the division of Soviet ground forces on the disputed Northern Islands, a few miles from Hokkaido; the substantial Soviet navy on patrol in the Northwest Pacific; and recently, the modern intermediate range SS-22 missiles and Backfire bombers deployed in the Soviet Far East.

The Soviet entry into the South China Sea accompanied, and probably was caused by, the shifting great power alignments in the fall and winter of 1978, when Japan and the United States resumed diplomatic relations with the PRC, the main regional and ideological antagonist of the Soviet Union. After the Japanese move toward China in August and just before the American announcement of normalization of relations with Peking in December, Moscow signed a Friendship Treaty with strong security commitments to Hanoi.

Ten days after the Joint U.S.-PRC Communique, Vietnam attacked China's Communist client regime in Kampuchea. Early in 1979 the PRC attacked Vietnam "to teach a lesson," as Deng Xiaoping explained. The proxy war between Moscow and Peking has been going on in Southeast Asia ever since. The stalemate and discontent pervade the atmosphere. Nobody is winning this war. The PRC can scarcely afford it, and Vietnam can only do so with large infusions of somewhat unwelcome Soviet aid. The Khmer would really like to to get rid of both Chinese and Vietnamese puppet governments.

The ASEAN states, including Thailand, whose leaders have facilitated Chinese support of Khmer Rouge resistance since 1978, desire to see a compromised political settlement of the conflict. What they want is to free the area from domination by either Vietnamese or Chinese Communists. They also hope for a reduction of Soviet influence in Vietnam—now stemming from U.S. 3 to 6 million dollars a day of indispensable military assistance.[2]

The ASEAN countries all differ on their ideas of an acceptable resolution of the Kampuchean crisis. Indonesia and Malasia are more inclined to negotiate in some sympathy with Hanoi, while Thailand and Singapore consult Peking and resist consolidation of Vietnamese control in Kampuchea.

Most Southeast Asian leaders feel, however, that the mission ingredient for peace is a solid U.S. guarantee for Thailand against Vietnamese attack, accompanied by U.S. diplomatic pressure on Moscow and Peking to live and let live in Southeast Asia, plus U.S. support for a coalition government in Kampuchea. They also agree that only the United States can do what is needed and that American support of ASEAN initiatives is indispensable for peace in Indochina. Finally, everyone hopes the United States will counter the Soviet threat in the Pacific generally. The ASEAN countries hope the Reagan Administration in Washington will get around to doing all these things.

Some of these nations are nonaligned, but they all know their strategic interests lie within the emerging Pacific Community and with the United States. If the era of Vietnam guilt is ending in the United States, it is high time. Hostility toward Americans has dissipated long since in the region where the real damage occurred, most of it after the U.S. withdrawal rather than because of U.S. intervention. Substantial American participation is coping with the Pacific Community's national and regional problem, if it is discreet and reasonable, is now again thinkable, even sought after. Some day disenchantment with the doctrinaire Communist and a yearning for the better life evident in the capitalist trading nations of the Pacific will bring about a stabilizing political fix in East Asia.

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[2] *The Asia 1982 Yearbook*, p. 21.

The name of an old friend of the United States, the mercuric Prince Norondom Sihanouk, is surfacing again. He blows hot and cold, but he is being suggested as a paramount leader in Kampuchea by his present protectors in North Korea and his former patrons in the PRC. In this weird political landscape the arrival of a royal figure might just permit cooperation of the warring Communist factions under his aegis. In addition Sihanouk possibly could bring into a coalition former Khmer Rouge President Khieu Samphan and former Prime Minister Son Sann, who is leading a guerrilla war against both Pol Pot and Heng Samrin. Much depends upon the negotiating skills of ASEAN leaders and the understanding of psychological and political trends in the area by the Reagan Administration. It will be a severe test but it may prove to be a milestone triumph for the President. If so, the new spirit in the emerging Pacific Community will be what makes it happen.

Strangely enough nearly all of the Asian parties to the Kampuchean quarrel are leaning toward getting the United States involved. Even the Vietnamese would like to normalize relations with Washington in hope of reaping some economic benefits. The truth is the Southeast Asians all trust Americans more than they trust the Russians, or the Chinese, or for that matter, the Japanese, the other major international actor in the region. At least they mistrust the Americans less. This attitude may not reflect real affection, but it is as close to it as one usually gets in international geopolitics. Americans may not be loved, but they are wanted as participants in stabilizing efforts in Kampuchea, a key state whose equilibrium would strengthen non-Communist elements in Thailand, Laos, and even Vietnam.

Joining in this sentiment that leans toward consultation and cooperation with the United States are certainly our ANZUS treaty partners—Australia and New Zealand—with their European-American cultural ties, their complete dependence on sealane security, their primary interest in trade, and their current conservative political leadership. Friendly cooperation in Pacific matters can easily be established—in many ways already exists—between Washington on the one side and Canberra and Wellington on the other. The anchor of the Pacific Community is firmly emplaced in the South Pacific.

As for the strategic triangle in the Northwest Pacific, the wish for a strong U.S. presence is even more deeply felt. Reasonable and helpful American military, economic, and geopolitical moves in this region will be eagerly welcomed. Japan, South Korea, and Taiwan all feel strategically dependent on the United States. They would all be devastated if they thought either the Soviet Union or the PRC would become the dominant regional power.

Japan is an economic giant—with a GNP at almost U.S. $1.5 trillion as of 1981, after the United States and the USSR, the third greatest producer of goods and services in the world. Yet Japan devotes only one percent of its GNP to military expenditures and has developed only minimal armed forces, designed exclusively for defense. The U.S. commitment to the security of Japan is absolutely indispensable. The Japanese know the United States has a U.S. $2.6 trillion economy and spends five percent of its GNP on military strength. So long as Washington springs no strategic shocks and preserves Japan's freedom to produce and trade, Tokyo will want the United States active in the West Pacific. Probably Japan will, in due course, increase the forces dedicated to defense of the home islands and home waters. Any augmentation of its naval and air effort automatically frees U.S. forces for more flexible deployments in other Pacific regions or even into the Indian Ocean.

Most Japanese fully appreciate the benefits brought by a benevolent U.S. military occupation after World War II and many years of voluntary cooperation under the protective umbrella of the U.S.-Japan Mutual Defense Treaty. As in the case of West Germany in Europe, the Alliance of Japan with the United States in the Pacific is a pivotal geopolitical fact of late twentieth-century life. It is crucial to build on this relationship and for Tokyo and Washington to strengthen the Pacific Community as a whole.

If Japan is inevitably the indispensable northern bastion of the West Pacific chain of states anchored at the southern end by Australia and New Zealand, the Korean peninsula remains—as the Japanese have always said—a strategic dagger pointed at the heart of Japan. The security and stability of the Republic of Korea, which has occupied the southern half of the peninsula since it was divided in 1945, are permanently interlinked with the viability of Japan as an ally of the United States.

South Korea is at a delicate point now in an effort to achieve a new level of political stability under its capable new President Chun Doo Hwan, an army officer until his election. As President his highest priority is to see that no opportunity is provided for the 700,000-man military force of Soviet-armed North Korean Communists to conquer the South, as their Oriental Stalinist style leader, Kim Il-song, has threatened to do for several decades. The 600,000-man South Korean army is a counter to this threat so long as it is backed up by U.S. military strength, particularly in the air and at sea. South Korea is also, in its own right, one of the major strategic military elements in the Pacific cluster of countries and a valuable supplement to the American military presence in the area.

President Chun states clearly and forcefully that he must achieve security, political stability, economic growth, and social justice, in that order. He fully understands that the American alliance is essential to his first prerequisite, security. His visit to Washington in February 1981 as the first foreign chief of state to confer with President Reagan consolidated U.S.-Korean ties and gave a critical boost to the emerging trend of the whole Pacific Community toward closer cooperation with the United States. Keeping peace and stability in the Korean peninsula is a paramount strategic necessity not only for Seoul but also for Washington and Tokyo. Cooperation and consultation within the whole Pacific Community context will help immeasurably in the process.

The biggest cloud on the Pacific horizon may be the recently renewed clamor from Peking about the right of the PRC to exercise political control over the free Chinese society on Taiwan, using military force if necessary. For 30 years the Chinese Communists have claimed this right in principle, although they have failed in every effort to conquer Taiwan and, in fact, have never controlled the island.

The Chinese authorities in Taipei, the constitutional legatees of the Republic of China established in 1911, have governed Taiwan since 1949 and stoutly resist efforts to incorporate the island and its population in the PRC. Taiwan maintains a half-million well-trained men under arms and hews to the American alliance under which it has survived and prospered. With U.S. economic aid, ended by mutual agreement in the mid-1960s, Taiwan rapidly absorbed American technology, reached the take-off stage industrially, and by 1980 brought per capita income for its people to a level of over U.S. $2,700, as compared with U.S. $281 for the PRC.

The economy of Taiwan is the irrefutable demonstration, along with Singapore and Hong Kong, that Chinese societies can forge ahead rapidly in economic development. The fact that it is a free enterprise system is a constant reproach to the PRC, where standards of living have not lifted much if any above levels of 25 years ago.

Because of the threat from the mainland, the Republic of China on Taiwan remains under a comparatively restricted kind of martial law, and it has an indirect method of elections at the presidential level. Nevertheless it has held direct popular elections for most of the governing institutions that mainly touch people's lives—the local councils and the Taiwan provincial legislature. It is an open society with an emerging democracy as well as a miracle economy.

A competent and popular President, Chiang Ching-kuo, the 70-year-old son of the late Chiang Kai-shek, is steering his robust Chinese state of 18 million citizens firmly in the direction of steadfast alliance with the United States and participation in the international trading system of the West Pacific and the free world.

On behalf of the Republic of China, President Chiang has made clear that unification with the mainland can come only when freer economic and politicial processes than now exist come into being in the PRC. He has welcomed continuing security guarantees from the United States provided in the Taiwan Relations Act of 1979 and always says that, in case of any war in the Pacific, Taiwan bases and facilities are available to U.S. forces.

Unless the PRC takes the unlikely and foolhardy step of attempting the military conquest of Taiwan, the Republic of China will go on providing the third point of the Northwest Pacific triangle, protecting Japan and the sealanes leading from Korea and Japan to the South China Sea. Thus it is certain to be a central component in the emerging Pacific Community of trading and seagoing nations.

Taiwan also provides the geographical and strategic link with the Philippines, the northernmost of the ASEAN states, thus welding together the Northwest Pacific triangle with the ASEAN central arch. The Philippines is the main base for U.S. naval and air power in the West Pacific. It is the oldest outpost of American influence in East Asia. With the Philippines, only about 200 miles to the south, Taiwan holds a position of great strength at the middle of the strategic belt of states constituted by the Pacific Ten.

If the favorable trends in the emerging Pacific Community persist and grow, the balance of power will shift in a direction advantageous to the United States. This requires that the PRC be deterred from attacking Taiwan, that North Korea be deterred from attacking the Republic of Korea, and that the ASEAN states submerge their differences to work with the United States in patching together a peaceful and stable compromise in Kampuchea. The chances are fair to good. Extraordinarily efficient and farsighted leaders in East Asia-men like Chiang Ching-kuo of the Republic of China, Chun Doo Hwan of the Republic of Korea, and Lee Kuan-yew of the Republic of Singapore—are thinking along these lines. If their luck holds and they continue to cooperate with one another, the Pacific Ten can turn East Asia into a zone of stability, beckoning to the Communist Five to turn gradually toward the open societies. It is good news and something to work toward for President Reagan for the American people, and for all our allies in the free world.●

HADASSAH—70 YEARS OF SERVICE

● Mr. HOLLINGS. Mr. President, I rise today as one among many colleagues to pay tribute to Hadassah, the Women's Zionist Organization of America. This year Hadassah is celebrating 70 years of service, and it is fitting that time has been set aside today for the Nation to pause in recognition of the many splendid contributions which this organization has made through the years.

Hadassah is, as we all know, preeminently a humanitarian service organization. In fact it is our Nation's largest women's volunteer group, with a membership in excess of 370,000 women. Hadassah founded and continues to operate the Hadassah-Hebrew University Medical Center in Jerusalem, and this center has played a mighty role, not only in alleviating human suffering, but in cementing the ties of friendship which bind the United States of America and Israel.

Governments can debate the great issues of peace and war, budgets and finance, energy and commerce. But when all is said and done, the well-being of the people is always the ultimate goal. And in furthering the well-being of the people, Hadassah has built a record second to none—it has improved our health, enhanced our international friendship, and brought closer that day when disease and ignorance have been banished from the planet. It serves the purposes of humanity, and its ultimate accolade is that it has furthered those interests.

So today we join in tribute and thanks, and in the hope that the years ahead will be as productive for Hadassah as have the past 70 years.●

BUDGET DEFICITS

● Mr. GOLDWATER. Mr. President, of all of the problems that this country faces today, none is more significant than our economic crisis. Instead of abandoning the old, "business-as-usual" approach to our economy, we have gotten mired in the political infighting that looks for scapegoats instead of solutions. Too often, a small group with a vested interest can succeed in blocking the most worthwhile project by virtue of a power completely out of proportion to their numbers.

The 35th Legislature of the State of Arizona recently passed a memorial relating to the cause and effect of budget deficits and a proposal to help reduce the national debt. The proposals contained in this memorial would certainly go a long way toward easing the budget problems we face today and, the best part is, they are based on good, old-fashioned commonsense.

Mr. President, I ask that this memorial be printed in the Record.

The memorial follows:

House Concurrent Memorial 2004

Whereas, continued deficit spending borrows against an uncertain future; and

Whereas, there have been destructive fiscal policies and precedents concerning deficit spending instituted by prior administrations and congresses; and

Whereas, these practices have created a deceptive and artificial dependence on big government which is difficult to curb or reverse; and

Whereas, unbalanced budgets have constituted a staggering form of economic oppression in the past and will diminish the potential for restoring a healthy economy in the future if continued; and

Whereas, past unbalanced budgets have created an enormous national debt which has become the responsibility of the current administration to service; and

Whereas, the servicing of an enormous national debt requires the federal government to enter the financial marketplace and compete for money with the private sector, both corporate and individual; and

Whereas, this excessive competition by the federal government has resulted in exorbitant interest rates; and

Whereas, the United States' economy cannot continue with such rates if it is to regain its financial vitality; and

Whereas, the interest rates will not return to affordable levels until the federal government returns control of the financial marketplace to the private sector, to which it rightfully belongs; and

Whereas, the federal government will not be able to withdraw from its influence of the financial market as long as it must service its enormous debt, which now exceeds one trillion dollars; and

Whereas, neither a large national debt nor continued deficit spending must be accepted as necessary evils, but instead must be identified as harmful burdens which plague the economy; and

Whereas, the national debt will exceed two trillion dollars within ten years if steps are not taken to reverse its current growth trend; and

Whereas, this growth trend foreshadows a greater dominance by the federal government in the financial marketplace as competition is intensified with the private sector for available capital funds; and

Whereas, this rivalry for dollars will continue to drive current interest rates even higher; and

Whereas, the acquisition cost of the assets owned by the United States currently exceeds the one trillion dollar debt; and

Whereas, many federal properties have appreciated significantly since they were acquired, so that the true value of the tangible assets of the United States may be substantially more than one trillion dollars; and

Whereas, the federal government has no idea what its assets are currently worth; and

Whereas, the federal government currently has surplus property with an acquisition cost of one billion, three hundred twenty-three million, three hundred eighty-seven thousand dollars and may have property worth many times this amount that is not needed by the federal government, but has not been declared surplus; and

Whereas, most properties declared to be surplus to the needs of the federal government, of which many are quite valuable, have been given away; and

Whereas, the proceeds from those few federal properties sold at market value have been used, not to restrain or reduce the national debt, but to acquire more government property; and

Whereas, federal assets are the property of the American people, but they have not heretofore been managed to the maximum benefit of the people; and

Whereas, without an up-to-date inventory of federal assets, there is no way to distinguish between those which are needed and those which are not; without knowledge of the approximate market value of such assets, there is no way to set priorities for liquidation; and without improved procedures the government may be unable to liquidate unneeded assets at their market value; and

Whereas, many federal properties could be liquidated without damage to the public welfare, and often without changing the present public use of such properties; and

Whereas, the federal government can continue to increase the national debt only at the risk of serious damage to the economy of the United States and other national economies throughout the world; and

Whereas, the liquidation of carefully selected federal properties could contribute to restraining and ultimately reducing the national debt of the United States.

Wherefore your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

1. That the President and the Congress of the United States bring the nation's budget into balance.

2. That the government of the United States manage its assets in a manner more prudent and beneficial to the interests of the American people.

3. That the President immediately direct the heads of all Executive Branch agencies to inventory their assets (except for national parks, monuments, historic sites and other holdings for which an inventory would serve no purpose), to estimate the approximate value of each asset, and to identify the uses to which each asset is put.

4. That the President identify which assets are surplus to federal needs and should be candidates for liquidation.

5. That the President submit recommendations to the Congress of the United States on any legislative and administrative revisions that may be needed to carry out such a program of liquidation in an orderly manner.

6. That the receipts of this program be used only to restrain and ultimately reduce the national debt of the United States.

7. That the Comptroller General investigate and recommend to the United States

Congress and each agency improved processes for managing federal assets, estimating their value, and liquidating those which are unneeded.

8. That if action is not taken on the preceding recommendations and if the President and Congress of the United States fail to unite and correct the financial disaster confronting our nation, the states seriously consider the option of calling a Constitutional Convention to take necessary corrective action.

9. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, the Members of the Congress of the United States and both the President of the Senate and the Speaker of the House of Representatives of each state legislature.●

SOCIAL SECURITY

● **Mr. BIDEN.** Mr. President, in recent months, I have had literally hundreds of conversations with senior citizens throughout Delaware. On March 15, a number of leaders from the senior citizen community testified before a field hearing of the Senate Budget Committee. In each instance the message has been clear: "We are ready and willing to pitch in and help America get its economic house back in order. We want to do our part. But please, do not ask us to do more than is our fair share. We are not willing to have the budget balanced upon our backs."

Well, Mr. President, neither am I. That is why I did not support the Senate Budget Committee's original recommendation of $40 billion in unspecified social security cuts over the next 3 years; and am pleased that the provision has been removed from the proposed resolution now before us.

When Franklin Roosevelt signed the Social Security Act of 1935 he said:

> The Social Security Act was designed to provide the average worker with some assurance that . . . when his working days are over, he will have enough money to live decently . . . the Federal government will pay a definite amount of money as a retirement pension.

Mr. President, I would submit that social security represents a contract between the American people and the Government. I would also submit, Mr. President, that a proposal to make something on the order of $1,111 in unspecified cuts in the benefits received by each recipient over the next 3 years breaks that contract and helps shatter what little confidence the American people have left in their Government.

Nearly everyone agrees that changes will have to be made in the social security system within the next couple of years. The demographics of the Nation have changed and, without reneging on our contract with those receiving benefits, the social security system must change accordingly.

But Mr. President, we must not allow social security to become a pawn in the political fight over balancing the Federal budget. Any action taken that changes the social security program must have but one goal: That of insuring the short- and long-term viability of the system so that the American people may be assured of receiving the benefits they have worked so hard to earn.

As we all know, a bipartisan commission is now meeting to discuss the various ways in which social security can be saved. The President, the Speaker of the House, and the majority leader of the Senate have all agreed to await the Commission's findings before making any moves to substantively alter the social security program. We have no way of knowing what the Commission's recommendation will entail. We should, however, wait until the report has been filed and not attempt to make the Commission's decisions for it by mandating any specific amount of savings.

Let us not take a blind leap into this thicket. The manner in which we reform social security may well be the yardstick by which the 97th Congress will be judged. It demands a careful and measured approach. We must insure that we are not deluded, as we were 5 years ago into thinking that social security's problems have been solved for 50 years.

Mr. President, it was prudent to have removed the proposed $40 billion in unspecified social security cuts. I anxiously await the Commission's report, and hope we will get right on with the job of saving social security while keeping the contract we have made with the American people.

JOSEPH J. O'BRIEN

● **Mrs. HAWKINS.** Mr. President, today I want to publicly congratulate Mr. Joseph J. O'Brien, president of ITD Industries, Inc. of St. Petersburg, Fla., for being selected the Florida Small Business Person of the Year by the U.S. Small Business Administration.

Twelve years ago, Mr. O'Brien realized that controlling energy costs would become increasingly important in the 1980's and beyond. He decided that the market for Sun control film looked very promising and he went after it. Sun control film is a material applied to a building's windows in order to cut down on Sun glare and reduce the heating of the building interior from direct sunlight.

Mr. O'Brien started out having outside firms manufacture his own Sun control film, called SunGard. Today, Mr. O'Brien's own manufacturing firm, ITD Industries, Inc. produces SunGard in a 40,000 square foot facility in St. Petersburg, Fla. ITD has patented its own dry-bonding adhesive process which dramatically improves solar control film's marketability in the do-it-your-self market.

ITD Industries, Inc., now employs 82 people in the St. Petersburg area and will likely employ 40 to 50 more before it finishes expanding into other parts of south Florida and California. The company has also become one of the 7 largest manufacturers of solar film in the world and markets its products throughout the United States and in 18 foreign countries. ITD Industries has represented the United States at a U.S. Trade Exhibition on Energy Conservation products in Milan, Italy, at the request of the U.S. Department of Commerce.

Mr. O'Brien's success reinforces my belief that the small business community will continue to make substantial contribution to the economic health of this Nation. Continued technological innovation from ITD and companies like it promise to sustain this country's reputation for being able to get the job done. I am pleased to see Mr. Joseph O'Brien and ITD Industries continuing that tradition. In light of Mr. O'Brien's impressive achievements, it is clear that his selection as Florida Small Business Person of the Year is a well-deserved honor.

THE MARY McLEOD BETHUNE COUNCIL HOUSE

● **Mr. CHILES.** Mr. President, I am very happy to cosponsor S. 2436, a bill that would designate the Mary McLeod Bethune Council House here in Washington, D.C. as a national historic site.

Mrs. Bethune lived a life full of achievement and determination. She was born in Mayesville, S.C., in 1875. She attended Scotia Seminary in North Carolina and the Moody Bible Institute in Chicago. When the Presbyterian Board of Missions refused her application to become a missionary, she decided to devote her efforts to the education of blacks. In 1904 she established the Daytona Normal and Industrial Institute for Negro Girls. Later the school merged with the Cookman Institute and became known as Bethune-Cookman College. That institution is one of the most celebrated and historic in my State and all Floridians are proud of the heritage that is Bethune-Cookman's. Mrs. Bethune was not only a great educator, she was an inspirational political figure. She served as an adviser to President Roosevelt through three administrations. She helped President Roosevelt organize the National Youth Administration and was Director of the Division of Negro Affairs between 1936 and 1944. In 1935 she received the Springarn Award for her great service to America.

In 1955, we lost this great champion of education and civil rights. Her words are eloquent and in her often quoted legacy, she said, "I leave you a thirst for education. Knowledge is the prime need of the hour."

The creation of the Mary McLeod Bethune Council House will serve as a constant memory of her contributions to America.

Mr. President, I ask that a copy of the bill be printed in the Record.

The bill follows:

S. 2436

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

CONGRESSIONAL FINDINGS AND PURPOSE

Section 1. (a) Findings.—The Congress finds and declares that—

(1) the Mary McLeod Bethune Council House was the residence in Washington, District of Columbia, of Mary McLeod Bethune, renowned educator, national political leader, and founder of the National Council of Negro Women;

(2) it was at this location that Mary McLeod Bethune directed activities that brought her national and international recognition;

(3) this site was significant as a center for the development of strategies and programs which advanced the interests of black women and the black community;

(4) it was at this location that Mary McLeod Bethune as the president of the National Council of Negro Women received heads of state, government officials, and leaders from across the world;

(5) the Mary McLeod Bethune Council House was the first national headquarters of the National Council of Negro Women, and is the site of the Mary McLeod Bethune Memorial Museum and the National Archives for Black Women's History;

(6) the archives, which houses the largest extant manuscript collection of materials pertaining to black women and their organizations, contains extensive correspondence, photographs, and memorabilia relating to Mary McLeod Bethune; and

(7) the museum and archives actively collect artifacts, clothing, artwork, and other materials which document the history of black women and the black community.

(b) Purpose.—It is the purpose of this Act—

(1) to assure the preservation, maintenance, and interpretation of this house and site because of the historic meaning and prominence of the life and achievements of Mary McLeod Bethune, an outstanding leader in the areas of housing, employment, civil rights, and women's rights; and

(2) to assure the continuation of the Mary McLeod Bethune Memorial Museum and the Nation Archives for Black Women's History at this site, the preservation of which is necessary for the continued interpretation of the history of black women in America.

ESTABLISHMENT OF HISTORIC SITE

Sec. 2. In order to further the purpose of this Act and the Act of August 21, 1935 (16 U.S.C. 461-7), the Mary McLeod Bethune Council House at 1318 Vermont Avenue Northwest, in the city of Washington, District of Columbia, is hereby designated as a national historic site (hereinafter in this Act referred to as the "historic site").

COOPERATIVE AGREEMENT

Sec. 3. In furtherance of the purposes of this Act and the Act of August 21, 1935 (16 U.S.C. 461-7), the Secretary of the Interior is authorized and directed to enter into cooperative agreements with the National Council of Negro Women. Such agreements may include provisions by which the Secretary will provide assistance to mark, interpret, restore, and maintain the historic site and provide technical and financial assistance to the National Council of Negro Women for the preservation and interpretation of any properties referred to in section 1(a). Such agreement may also contain provisions that—

(1) the Secretary of the Interior, acting through the National Park Service, shall have right of access at all reasonable times to all public portions of the property covered by such agreement for the purpose of conducting visitors through such properties and interpreting them to the public; and

(2) no changes or alterations shall be made in such properties except by mutual agreement between the Secretary and the other parties to such agreements.

No limitation or control of any kind over the use of such properties customarily used for the purposes of the National Council of Negro Women shall be imposed by any such agreement.

ANNUAL REPORT

Sec. 4. The National Council of Negro Women shall, as a condition of the receipt of any assistance under this Act, provide to the Secretary of the Interior and to the Congress of the United States an annual report documenting the activities and expenditures for which any such assistance was used during the preceding fiscal year.●

SOCIAL SECURITY SYSTEM IS IN TROUBLE

● Mr. DOLE. Mr. President, two editorials on social security appeared in major newspapers today underscoring the seriousness of the social security financing crisis. "Social Security in 1982, 1984, and 2020," an editorial in the New York Times, and "The Social Security Problems: We've Got Company," in the Wall Street Journal, present clear statements of the financial and political dangers of Congress failing to deal with the social security deficit, both the short-term deficit and the long-term deficit—the one of importance to young taxpayers supporting the system. Both editorials point to the viability of reducing the rate of growth of social security benefits as a solution to the long-term social security financing problem.

Mr. President, I ask to have the two editorials printed in the Record.

The editorials follow:

[From the New York Times, May 20, 1982]

Social Security in 1982, 1984, and 2020

Before the hot potato of Social Security is put back in the political cooler, it would be well to remember, that this recurrent "crisis" routinely evokes a confusion of three different problems. President Reagan's experts are worried because Social Security payments may drive the Federal budget deeper into deficit. Social Security administrators fret that they may not have enough cash to pay next year's bills. And social planners are uneasy because a few decades from now there won't be enough income to pay the benefits of people just now starting to work.

The first anxiety is not about Social Security at all. The second could be quickly dissolved at small cost to pensioners. But the long term problem could become intractable unless the system is soon reformed.

The Federal deficit in 1983 may exceed $175 billion. And since Social Security is a rapidly growing component of the budget, some fiscal conservatives urge a reduction in benefits.

This is indeed a good time to reconsider the dimensions of government support for the elderly and disabled—but not because the 1983 budget is colored red. Social Security is much less the cause of big deficits than large income tax cuts or defense expenditures. the immediate difficulty with Social Security comes from a different deficit, the one faced by the system's own trust funds.

Under current law, Social Security benefits are paid from the collections of a separate payroll tax. It has been known for some time that this collection would lag behind benefit payments in the early 1980's. But actuaries thought the system might squeak by, living off reserves until a corner was turned in 1985-86.

High unemployment has now reduced the estimates of near-term revenues and increased the demands for early retirement. The best guess is that the trust funds will run out of cash in 1984.

What could be done? Benefits might be cut by a few percent across the board. Cost-of-living raises might be deferred or reduced. Extra money might be taken from other parts of the Federal budget.

It would be fairest, we think, to save more selectively: by taxing the benefits of more affluent pensioners or raising more revenue by requiring Federal employees to join the system. But however the gap is closed, this modest problem can be overcome without hurting anyone very much.

The more worrisome crisis is still decades away. The system's need for cash will grow rapidly over the next quarter-century, but it will presumably be satisfied with current payroll taxes from the large work force that is forming as the baby-boom generation continues to mature. By about 2020, however, there may be trouble.

Then the babies of the 1950's will begin retiring without having produced a comparably large generation of younger workers to pay their pension bill. Unless something is done soon, the choices then will be dismal: raise payroll taxes sharply or deny promised benefits to the most heavily taxed generation in Social Security's history.

To avoid that choice, taxes could be raised now, making this generation of workers provide not only for its parents but also in part for itself. Less painfully, the retirement age could be gradually raised, from 65 to 68. Earlier retirement would still be available, at reduced benefit rates. But for most people, the change would be a realistic adjustment to longer lifespans and improved health.

Politicans who in 1982 cannot face even the tinkering that the 1984 shortage requires will simply flee from the 2020 problem. But it would be wise, just once, to tackle a critical issue before it explodes. For Americans under 40, Social Securtiy is a political and economic bomb with a long fuse.

[From the Wall Street Journal, May 20, 1982]

The Social Security Problem: We've Got Company

(By A. Lawrence Chickering and Jean-Jacques Rosa)

Social Security obviously represents an enormous problem for politicians concerned about controlling the federal budget. Just this week, for instance, the Senate's Republicans decided to put their $40 billion savings proposal for Social Security on the back burner until after the fall elections.

However vexing the current problem may be—the program accounts for about one-quarter of all federal spending—it is worth remembering that Social Security will graduate from a mere problem into a full-blown crisis after the turn of the century, when the post-war baby boom generation reaches retirement age. Between now and about the year 2030 the number of workers paying to support each pensioner is expected to drop from 3.2 to 2.0. Unless benefits are reduced, Social Security payroll taxes may have to double to pay for currently legislated benefits at that time.

The current value of this unfunded implicit debt amounts to more than $1 trillion, or roughly the size of the current national debt. Depressing as those figures look for the U.S. system, a recent comprehensive study of social security systems in eight industrial countries ("The World Crisis in Social Security," edited by Jean-Jacques Rosa, 1982) shows that the future funding of social security benefits is growing into a serious world-wide problem.

The experience of these countries reveals the enormous difficulties governments have making and sustaining sensible public policy in areas in which the time horizon of a program greatly exceeds the time frame of most politicians. Policy choices made about social security in 1982 have consequences well beyond the turn of the century, but the temptation everywhere is to vote for current benefits that will have to be paid for by future generations of taxpayers.

The long-term funding crisis in social security arises because the aging of the population is reducing the number of workers paying taxes to support pensioners in pay-as-you-go systems. The number will continue to decrease until about 2025 or 2030, when the strains on public retirement systems will reach their peak.

The future ratio of two U.S. workers paying taxes to support each future pensioner seems low, but the current ratio in Italy is 1.4! West Germany, which today has 2.19 workers paying for each pensioner, in 2030 will have one worker (1.12 actually) paying for each pensioner.

These numbers imply large payroll tax increases, some in excess of 30%, in countries such as Italy, Sweden, West Germany, France and possibly Britain. The disincentive effects of such tax increases can only be imagined.

All these projections depend, of course, on estimates of future birth rates, life expectancies, and economic growth. Higher birth rates or economic growth would obviously improve the programs outlook. On the other hand, these are median estimates, and it is also possible they could prove too optimistic.

What is the answer? For those tempted to press for the accumulation of a genuine capital fund to pay for benefits, the evidence is not encouraging. First of all, building a capital fund in the face of an already-matured pay-as-you-go system is politically impossible, because it requires a long period of double contributions to the system—one to discharge obligations to people covered by the old system, and the other to accumulate the fund.

Even if such accumulations were possible, the case of Japan—which has the only capital funded program in the study—is not encouraging. Though funded systems, properly managed, should be immune to demographic changes, Japan shows the same systemic problem of trading present benefits for future costs that afflict pay-as-you-go systems.

Japan could maintain its current 10% tax rate and ride out its severe demographic changes if it paid a market rate of return on its capital fund. But it doesn't. Like politicians elsewhere, Japan's politicians tax the future to benefit the present. They invest the system's fund in public capital infrastructure—highways, airports, and so forth—which pays interest rates below those paid in the private market.

This investment policy is yielding negative real interest rates, so Japan's capital fund is being squandered. Unless the practice is changed, the Japanese will be forced increasingly into pay-as-you-go financing.

What is left? Tax increases will retard economic growth and aggravate the future funding problem. Italy and Sweden, where huge "underground" economies have grown up to avoid taxation, reveal the problems associated with high tax rates. That leaves one option: Reduce benefits. Either tighten the indexation formula and allow inflation to erode real benefits, or increase the retirement age—maintaining benefit levels but for a shorter retirement period.

Either way, the "future" funding problem is not only a future problem. The sooner reforms are put in place, the less the pain that must be borne to solve the problem. Still, one question remains about all this: Why have taxpayers accepted rising social security taxes without more fuss? The reason probably can be found in the myth that social security is insurance, creating inviolable rights to future benefits. Taxpayers think they will internalize all benefits, so they regard social security payroll taxes as equivalent to money in the bank. Their only objection can be that they are being forced to "save" too much. Thus, social security taxes go up and up without encountering the resistance so evident to tax increases of every other kind.

But politicians inclined to see social security as a problem with political consequences only as far ahead as the next election would do well to consider that people routinely factor future considerations into present behavior. And increasing numbers of younger voters are beginning to understand the social security mess and the system's "future problem." They're beginning to understand that the future is now.●

HONORING THE 70TH ANNIVERSARY OF HADASSAH

● **Mr. PACKWOOD.** Mr. President, today we celebrate the 70th anniversary of Hadassah, the Women's Zionist Organization of America (WZOA) founded on February 24, 1912 by Henrietta Szold. Hadassah has become the largest women's volunteer organization in America, with over 370,000 active members, and has been the cornerstone of international humanitarian service.

Henrietta Szold dedicated her life to the education of people less fortunate than herself. In the late 19th century, young Henrietta established night classes to help refugees who were fleeing from the Czarist Russian oppression to assimilate more easily into American society. Her ideal of night school served as a model to other cities across America. Mayor Fiorello La Guardia told her years later,

> If it had not been for the work you did years ago, I might not be here now, and I am deeply grateful.

Beginning in 1933, at age 73, Henrietta orchestrated the daring rescue and rehabilitation of thousands of innocent young children escaping Nazi cruelties. She welcomed them to Haifa, Israel, found them homes, and helped them start their lives over again. A deed such as this illustrates the type of person Henrietta was, and the spirit on which Hadassah has been based for 70 years.

A person of high principles and unswerving determination, she created Hadassah to provide aid and comfort to people who otherwise would have been left helpless. For 70 years, Hadassah has steadfastly adhered to Henrietta's doctrine of generosity and dedication.

The volunteers of the Women's Zionist Organization of America have provided exemplary service to countless people in the past seven decades by contributing to their health and education, both directly and through the training of medical personnel, Hadassah established and maintains the Hadassah-Hebrew University Medical Center in Jerusalem, Israel, which is available to all peoples, regardless of religion, race, or nationality. The tremendous Hadassah medical complex, which every year cares for over 41,000 inpatients, and half a million outpatients is founded on the oath of the Hebrew Physician: "* * * You shall help the sick, base or honorable, stranger or alien or citizen, because he is sick."

Women's groups and charitable organizations across the country have applauded the achievements of Hadassah and have heralded them as rays of hope emanating from a beacon of charity, which has bettered the lives of so many helpless.

Charitable organizations have used the methods Hadassah has established as examples in their own efforts, and see Hadassah as the ideal volunteer organization.

The Women's Zionist Organizations of America is regarded as a leader of women's movements, not only by Jewish women's groups, but also by all women's groups across the country. Because of Hadassah's determination and unsurpassed efforts in the field of voluntary service work, these women who have endured self-sacrifice and hardship have blazed a new way for women's organizations. They were, and are today, pioneers in the field. There is no other organization which is organized, administered and staffed wholly by women that compares to the achievements in service work of Hadassah.

The Women's Zionist organization of America has come forth since 1912 to offer a comforting hand to the uneducated, sick and poor. They have asked for nothing in return, but graciously accept offers of assistance to ensure the organization's ability to continue to help those people who seek Hadassah in time of need.

At a time when private organizations are called upon to meet more and more needs of the people, Hadassah has been a shining example of undying voluntarism and international brotherhood for the past 70 years.

Mr. President, Hadassah represents to me the kind of organization which we should see throughout America. It offers help to those in need, it discriminates against no one, and is an organization which every American regardless of race or religion should be proud of.

I salute the members of Hadassah and thank them for everything they nave done to help people in my State, and to help people all over the world. I say to the members of Hadassah, "Shalom."●

THE BINARY WEAPONS PROGRAM

● Mr. HATFIELD. Mr. President, as one who has long opposed the production of binary chemical weapons and, indeed, the production or stockpiling of any lethal chemical weapons, I found myself in a most difficult situation a few nights ago in attempting to place meaningful limitations on the size and scope of the binary weapons program. Other facets of this program will be dealt with at the appropriate time. We were, of course, offering such legislation in the aftermath of narrow defeat of the amendment offered by Senator HART, which I cosponsored and strongly supported. My purpose in offering an amendment is clear: If we cannot stop this ill-considered move, let us at least ascertain that there will be a cap on the size of the arsenal and that we will not produce for NATO until and unless one of its members certifies that they desire forward deployment. Without a doubt, many Members of the Senate who felt that binaries must be produced because of uncertainties regarding the current stockpile do not feel that we should signal to the world that we are in an escalation process or that large stockpiles of chemical weapons are militarily desirable. For these reasons, the Senate agreed by a margin of 92 to 0 that the important and meaningful conditions embodied in the amendment should be accepted. I would like to spell out in detail the provisions of the amendment so that there is no question in anyone's mind regarding the intent of the Senate. I would, finally, like to say that if there is any indication that the Department of Defense does not comply with these provisions, I will act to insure that there will be no funding of the program until they demonstrate total compliance.

It is the intent of the Senate to allow modernization of the arsenal of lethal chemical artillery shells by production of 155-millimeter binary shells under the proviso that the total number of serviceable lethal chemical artillery shells not be permitted to exceed the current serviceable number which, in the view of the Senate, is adequate for the requirements of U.S. forces.

As specified in this amendment, for each 155-millimeter binary artillery shell produced, a serviceable unitary artillery shell from the existing arsenal shall be rendered permanently useless for military purposes. The word "serviceable" as used here, of course, means currently serviceable, in accord with the intent of the Senate that the currently serviceable stockpile of lethal chemical artillery shells shall not increase. This means that the existing unserviceable lethal chemical artillery shells are not to be renovated and are to be demilitarized when practicable.

Serviceable unitary artillery shells in the existing arsenal include not only 155-millimeter, but also 105-millimeter, and 8-inch nerve agent and mustard artillery shells designated as "serviceable," but absolutely nothing else. It excludes those designated "unserviceable" in the Army's June 1981 report on the chemical stockpile.[1]

The production of any component of a binary weapon shall constitute a whole weapon, for purposes of this amendment.

It is further understood that the one-for-one destruction of serviceable unitary shells be accomplished concurrently with any production of binary shells or their components. That is, in any fiscal year, the number of binary 155-millimeter shells produced—as difined above—must not exceed the number of serviceable unitary shells rendered permanently unusable for military purposes in the same fiscal year.

It is further the intent of the Senate, as specified in the amendment, that no lethal chemical weapons of any kind be produced or renovated in total quantities exceeding the requirements of the U.S. Forces, unless requested by the governments of one or more NATO allies; of course, the quantities produced and/or renovated in such cases shall be no more than the NATO ally—or allies—agree in advance of such production or renovation to accept for a pre-positioning on their territory.

It is the expectation of the Senate that, pursuant to the enactment of this legislation, all requests to the Congress for production or renovation of lethal chemical weapons of any kind be accompanied by a notification to the Congress specifying whether such weapons are for United States or for allied forces.

In conclusion, it is the understanding of the Senate that this and any future authorization and appropriation for lethal chemical weapons will be contingent upon full and complete adherence to the provisions set forth in this amendment as specified herein.

THE SELLING OF SALT II: HOW TO JUGGLE THE STRATEGIC BALANCE

● Mr. GARN. Mr. President, while SALT II failed to provide us with many of the advantages its proponents attributed to the agreement, it did set the stage for a major debate in this country concerning the deteriorating military, particularly strategic nuclear, position of the United States relative to that of the Soviet Union. The outcome of that debate was simply that the major shortcomings of the SALT II Treaty were made abundantly clear, and President Carter, acting upon the pretense of the Soviet invasion of Afghanistan, was forced to request the Senate not to take up the matter of treaty ratification on the floor.

Those of us who participated in the debate against the treaty, as it had been submitted, worked hard to combat the misleading impressions often left by those who supported its ratification. Chief amongst the so-called SALT sellers was former Secretary of Defense Harold Brown. Secretary Brown was a highly persuasive and effective proponent of the SALT II Treaty. Indeed, in recent testimony before the Senate Foreign Relations Committee, Secretary Brown again argued for the merits of the treaty.

I think it is, therefore, all the more timely to bring to the attention of my colleagues a recent article by Mr. Anthony Cordesman entitled, "Measuring the Strategic Balance: Secretary of Defense Brown as an American Oracle." The bottom line of Mr. Cordesman's analysis is that Secretary Brown molded the Department of Defense's annual posture statements in such a way as to meet the national security priorities of the Carter administration. Obviously, one of the highest of those priorities was to secure Senate ratification of SALT II.

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[1] Worldwide Ammunition Report for Toxic Chemical Munitions and Bulk Agents (U.S. Army Armament Materiel Readiness Command, June 1981.

Mr. Cordesman identifies, and then analyzes in detail, six major distortions used by the former Secretary of Defense in his presentations of the United States-Soviet nuclear balance. These distortions of the analytic process were: First, the failure to define terms properly; second the failure to state assumptions; third, the manipulation of the method of comparison; fourth, the failure to define the method being used; fifth, the use of undefined shifts in the scale and measures used in portraying the balance; and sixth, the manipulation of the scenario.

The "politicalization" of defense data is not something that originated with the Carter administration. Yet the potential consequences of this process were highly disturbing for, as Mr. Cordesman notes, "no other Secretary of Defense had seriously had to cope with the prospect of U.S. strategic inferiority." What we needed was an unbiased assessment of the strategic challenge facing our Nation, with or without SALT II—we were not given such an assessment.

The DOD annual reports "systematically exaggerated the importance of SALT II" as Mr. Cordesman explains. The full nature of the Soviet threat was never spelled out for those of us who were being asked to make a judgment on the ratification of a major arms control agreement. We were told that SALT II would make a small, but useful, contribution to the cause of strategic nuclear arms control and U.S. national security. What we were not told is spelled out as follows by Mr. Cordesman:

> Even a very conservative estimate of the 'limits' imposed by the SALT II agreement would have indicated, therefore, that the USSR had the option of raising its total warhead number from 5,755 to 10,273 without varying its force mix. Improvement of the force mix, however, seems to have been a credible risk to consider in 1979, since U.S. intelligence had detected five new Soviet ICBMs under test, development of two new heavy bombers, testing of a new ALCM, and development of two new SLBMs. Indeed, even these figures are modest, for the SALT II agreement theoretically allows the USSR to deploy well over 17,000 warheads if it should choose to go for the maximum permitted loading of SLBMs and bombers (emphasis added) * * * SALT II only channeled the direction Soviet force improvements could take; it did not constrain the size or capability of Soviet forces.

Mr. President, I said before that the politicalization of defense data did not originate with the Carter administration. Nonetheless, we should be honest with one another about the real implications of SALT II in terms of its contribution to arms control and U.S. security. Today, we are once again hearing the wornout slogans of the proponents of SALT II. We are told that it provides for stability and removes uncertainty with respect to the United States-Soviet balance.

We are told that the time has come to ratify the treaty, or at the very least endorse its provisions by means of a Senate resolution. We are not reminded that the Senate Armed Services Committee found the agreement to be not in the national security interests of this country. Even the Senate Foreign Relations Committee proposed numerous reservations to the treaty as it was submitted by President Carter. Let us not indulge ourselves in a convenient lapse of memory concerning the fundamental weaknesses of SALT II as we continue to debate the issue of nuclear arms control today.

Mr. President, the proposal for major nuclear weapons reductions outlined recently by President Reagan has won wide backing from our NATO allies during the spring meeting of the NATO foreign ministers. This backing makes good sense, and I would recommend the same to my colleagues. No better explanation exists for the need to free ourselves from the approach to arms control and strategic stability characterized by SALT II than the recent analysis by Mr. Cordesman, and I ask that his article which was published by the journal, Comparative Strategy, be printed in the RECORD.

The article follows:

MEASURING THE STRATEGIC BALANCE: SECRETARY OF DEFENSE BROWN AS AN AMERICAN ORACLE

(By Anthony H. Cordesman)

[Charts and graphs not reproduced in RECORD]

If net assessment ever acquires enough discipline as a profession to merit a trivia game, the history of the Delphic oracle and the true nature of the "Delphic method" will be one of the essential bits of knowledge for any winner. From roughly 1100 B.C., when the Dorians conquered Greece, to 390 AD, when Emperor Theodosius II silenced the oracle and destroyed the temple, the Delphic oracle produced predictions to suit the politics of the day. The oracle was, however, always careful to make such prophecies sufficiently ambiguous so that the listener would be blamed for misinterpreting the prediction, rather than the oracle for failing to be accurate. In the process, a great deal of money and tribute changed hands, but the survival and success of the oracle always ultimately depended on the ability to read the political winds of the day, and to bend any prophecy in the proper direction.

Former Secretary of Defense Harold Brown's tenure as the nation's "oracle" of the strategic balance was far shorter than that of the oracle at Delphi. However, Secretary Brown adopted much the same methodology in reporting to the public and the Congress on U.S. and Soviet strategic forces. His annual assessments of the strategic balance and SALT II testimony were sufficiently Delphi, and shrouded in mystery, to be almost impossible to prove wrong. They were ambiguous enough to be interpreted as either statements of American strength or warnings of American weakness. As a result, the Secretary's public statements of the balance now make a fascinating case study of the problems in analyzing and communicating the strategic balance. They also provide a grim warning to the Reagan Administration of the dangers of failing to communicate the true trends in the balance and of drifting into using assessment of the strategic balance as a method of political prophecy.

A. THE PROCESS OF PROPHECY

During his four years in office, Secretary Brown's balances did a good job of serving the Carter Administration's political needs. The Secretary issued five major sets of balances, and each met an immediate political need. The first, which was presented in his FY 1979 Annual Report, was an extension of the ICBM vulnerability data which Secretary Donald Rumsfeld had presented in his last Annual Report in FY 1978.[1] It differed from Secretary Rumsfeld's balances, however, in that the assessment showed the results of a war game based on a counter force exchange following a Soviet first strike on U.S. ICBMs, and in the fact that U.S. intelligence had sharply revised its estimates of Soviet accuracy and MIRVing upwards during 1978. As a result, Secretary Brown's FY 1979 balances dramatized the growth of U.S. ICBM vulnerability, the Soviet threat, and the growth of Soviet superiority in such an exchange. This served the purpose of selling the FY 1979 defense budget, in an environment where the Administration lacked competing higher priority policy objectives.

By the following year, however, the situation had changed in several important respects. First, the USSR was being projected to improve its capabilities even more quickly than U.S. intelligence had projected the previous years. Second, the Carter Administration was now faced with the need to justify its defense program, not simply criticize the previous Administration. Third, momentum was gathering behind the SALT talks, and fourth, the Administration was having so much trouble with its strategic force improvement programs—such as the B-1, Trident, and MX—that it had to demonstrate success. As a result, Secretary Brown kept approximately the same methodology in his FY 1980 report that he had used in his FY 1979 report, but altered the scale for the comparison of relative force size, increased the effectiveness of some U.S. programs, and accelerated their initial operating capability (IOC). While this kind of juggling did alter the meaning of the balances, it was more or less legitimate, given the uncertainties then current regarding U.S. force improvement programs and the developments taking place in the Soviet threat.

However, the Secretary's FY 1979 and FY 1980 balances were scarcely the prophecy the Carter Administration wanted to communicate after the summer of 1979, when it began to try to persuade the Congress that the U.S. strategic programs were adequate and that the Senate could safely ratify the SALT II accords. As a result, both the Secretary's SALT II testimony of July 1979,[2] and his FY 1981 Annual Report, presented balances which contained major changes in methodology and presentation. Their effect was to support SALT II and the Carter Administration's political need to justify its efforts to limit defense expenditures. This shows up clearly in the SALT and FY 1981 balances in Table I in the sudden "improvement" in the capabilities of the U.S. relative to the USSR in the outyears, and the virtual elimination of a period of U.S. strategic inferiority.

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[1] Footnotes at the end of the article.

By the time the Secretary issued his last set of balances, in his fiscal year 1982 Annual Report, the Soviet Union had invaded Afghanistan and President Carter had been defeated in his attempt to gain reelection. As a result, the Secretary's task became largely valedictory. He had to justify both the choice of an MX program and the overall level of Carter strategic force improvement programs relative to the Soviet threat. He had to show that SALT II would be better than no SALT II, and that the Administration had not miscalculated the value of the Treaty in view of the changed American attitudes toward the USSR that followed the invasion. His last set of curves in Table I clearly serves that purpose.

B. THE ANALYTIC IMPACT PRODUCING PROPHECY TO PLEASE

Up to a point, such politicizing of the balance was good clean fun. No previous Secretary of Defense had failed to use his Annual Reports for political purposes, and many had failed to provide anything approaching the amount of information Secretary Brown provided. However, two aspects of Secretary's Brown's prophecies were deeply disturbing:

First, no other Secretary of Defense had seriously had to cope with the prospect of U.S. strategic inferiority. Such inferiority was always a distant theoretical prospect at worst until Secretary Rumsfeld's last year in office. This should have changed the rules behind politicizing the strategic balance. It should have meant that the overriding concern should have been communicating the risks inherent in the trends in the balance, with and without SALT II, and the adequacy of the nation's defense budget.

Second, Secretary Brown's staff went much further in manipulating the balance than had been the case in the past, and did so in ways that took exceptional advantage of the media and Congress's lack of technical background and of the almost automatic credibility the Secretary had as the nation's chief defense spokesman. In the process, six major distortions of the analytic process were used: **Failure to define terms properly, failure to state assumptions, manipulation of the method of comparison failure to define the method being used, use of undefined shifts in the scale and measures used in portraying the balance, and manipulation of the scenario. These distortions allowed the Secretary of Defense to give the impression that he was providing a highly quantified and explicit picture of the strategic balance when he was actually issuing carefully tailored propaganda that went far beyond the normal limits of political gamesmanship.**

1. Failure to define terms and State assumptions

None of the text that orginally supported Secretary Brown's five "balances" defined his terms or stated his assumptions. His SALT II testimony, and each of his four Annual Reports, presented the assessments shown in Table One as "black boxes" which had to be taken on faith.

As time went on, however, each successive comparison revealed changes which cast doubt upon the validity of the previous comparisons. The balances did not track from statement to statement, they did not reflect many of the major discoveries of the U.S. intelligence community, and they showed fluctations that simply could not occur in a properly structured analysis. Further, as more and more hard data on the imputs to the Secretary's calculations leaked out, it became apparent that there had to be political motives for many of the detailed failures to define terms and assumptions.

The Frozen Threat

Secretary Brown never stated the assumptions he used in projecting the Soviet threat in any of his balances. The closest he came, and then by indirection, was to present the data on projected Soviet MIRVing shown in Table II, which comes from his FY 1982 Annual Report.

It is clear from the trend for Soviet forces projected in the outyears of the various balances in Table I, however, that the threat was "frozen" at a minimal level of change in FY 1980-FY 1981, when this suited the purpose of supporting the ratification of SALT II, and allowed to "grow" slightly in FY 1982 when it was more politic to dramatize the threat. Yet, even in FY 1982, the curves for outyear threat show that the assessment of Soviet force improvements had to be kept relatively static.

Accordingly, the limited growth of Soviet capabilities in the outyears of all five of Secretary Brown's balances in Table I means that his projections after the FY 1980 balances had to ignore the existence, already detected by the United States, of a new Soviet SSBN, new Soviet strategic air-to-surface missiles with greater range and accuracy, at least two Soviet heavy bomber development projects, new Soviet ICBM and SLBM developments, and Soviet progress in ICBM and SLBM MIRVing. Further, the curves for his SALT II and FY 1981 balances do not seem to reflect then current intelligence on projected Soviet improvements in accuracy for the late 1980s.

The Perfect U.S. Force Improvement Plan

The nature of the U.S. force improvements projected in each comparison of the balance was left equally undefined. It is clear from the sets of curves in Table I, however, that they must assume that all U.S. force improvements come on line exactly on schedule and at 100 percent of projected effectiveness.[3]

Yet even in FY 1980, and particularly by the time Secretary Brown issued the FY 1981 curves, the Secretary had good reason to believe such assumptions were unrealistically optimistic. The Trident submarine program schedule was in deep trouble before the FY 1981 curves were issued, and the Trident C-4 missile had already failed to meet its specification for reliability or accuracy.[4] While the Minuteman upgrade program generally proceeded on schedule throughout Secretary Brown's period in office, it was clear from at least FY 1981 onwards that the MX missile would probably lag badly in deployment, and that the various Titan II upgrade programs had not convincingly answered the question of whether more Titans would fall on the Soviet Union or the United States.

Further, long before he issued his FY 1982 curves, Secretary Brown knew that the cruise missile test program had begun to send clear warning signals that the ALCM would have to be deployed with a warhead which may not function under cold weather conditions; with a guidance system of uncertain reliability, which suffers serious degradation in accuracy and reliability over comparatively flat terrain and snow; and with dependence on up-to-date prestrike mapping capabilities which the United States has not yet been able to develop.[5]

Defining Who Is Alert

Another problem arose from the Secretary's failure to define the different states of alert used in comparing U.S. and Soviet forces. The basis for the various "generated alert" and "peacetime alert" curves shown in Table I, which began in FY 1980, was never explained in any of his documents. The shape of the curves indicates, however, that they were manipulated to use idealized U.S. alert rates which U.S. forces cannot generate in practice.

For example, the U.S. curves seem to sharply exaggerate B-52 availability under both alert conditions, as well as the accuracy the B-52s can achieve with normal avionics availability. The assumptions made regarding the Titan II missile, which furnish more than 19 percent of all U.S. ICBM EMT on 54 single warhead missles,[6] are a combination of availability, accuracy, and reliability that seems ludicrous.[7] Similarly, all the curves for the United States from FY 1980 onward seem to project U.S. SSBN availability at optimal rather than real rates, while assuming a Soviet attacker would make no long-term increases in his rates.

Finally, no explanation is given of the extent to which the USSR is allowed to build up its ICBM readiness, recover bombers, reload missle silos, or take other steps to compensate for a U.S. "generated alert." The curves also suggest that the Soviet Union is somewhat artificially limited in peaking its first strike attack readiness, in using bombers in second strikes, and in reloading missile silos, but this bias is far less clear than the exaggeration of U.S. readiness under various alert conditions.

The Undefined Importance of SALT II

Secretary Brown also never explicitly defined what the SALT II Treaty and Protocols were supposed to constrain, although all his comparisons obviously assumed that SALT II would place major constraints on the Soviet threat. Even his FY 1982 comparisons, which appear to provide his first explicit comparison of the "SALT II" and "no SALT II" cases, actually fail to provide any picture of why the two sets of curves differ and the extent to which the "SALT II" case would actually limit the growth of Soviet forces.

It is clear from the shape of the curves in Table I, however, that the SALT II or "SAL" case had to be projected on the basis that both the Treaty and the Protocols would operate in favor of the United States through 1990, and that Soviet advances in ICBM and SLBM MIRVing, and bomber missile loading, would be limited to the kind of levels shown in Table II. In effect the Secretary had to base all five of his comparisons on constraints that did not formally exist in the Treaty, on continuation of the Protocols beyond their expiration, and on the assumption that the USSR would not improve its warhead loading to anything like the level permitted in SALT II. This is further illustrated in his FY 1982 projections of the trend in Soviet warhead growth shown in Table III and was at best disingenuous.

The SALT agreement limited Soviet strategic force improvements only in very narrow ways. The Treaty set a ceiling of 2,250 on total missile launchers of all types plus heavy bombers, it limited MIRVed ICBMs and heavy bombers with ALCM to 1,320, total MIRVed ICBM and SLBM missile launchers to 1,200, and total MIRVed ICBM launchers to 820. It also limited ICBMs to 10 RVs and SLBMs to 14 RVs each, and bombers to a maximum of 20-30 missiles if these missiles had ranges of over 600 km.[8] While it set limits on "heavy" ICBMs, these had little practical meaning. The only other major limitation was that one new type of ICBM could be deployed during the life of the Treaty. It was assumed by the United States that this would be a single warhead replacement for the SS-11 in the case of the USSR, and the MIRVed MX in the case of the United States, but no agreement existed to this effect, and the Treaty did not limit improvements in the MIRVing and accuracy of existing missiles.

The SALT II Treaty, therefore, was essentially a limit on delivery systems at a time when delivery system numbers were already far less important than warhead numbers and basing mode. These areas were constrained only by the Protocol, which applied only through 1981. The Protocol banned deployment of mobile ICBMs, development of land- and sea-based cruise missiles with ranges over 600 km, and flight testing and deploying new types of ICBMs. As a result, there were no SALT II limits on Soviet reductions in the vulnerability of their ICBM force or on the growth of Soviet warheads during virtually all of the period covered in the balance in Table I.

The importance this should have had to the Secretary's analysis can be illustrated in a number of ways. For example, the SALT II agreement allowed the USSR to radically change its ICBM basing after 1982, which would have cut U.S. retaliatory capabilities far below the levels shown in Table I. At the same time, the USSR had the option of making massive increases in its ICBM warheads. Even if one uses the Soviet end-1979 force mix[9] as typical of what should have been considred in Secretary Brown's curves, the USSR then had 544 MIRVed missiles with 3,452 warheads out of a total of 1,398 ICBMs and 4,306 warheads. Even if the USSR only increased the number of RVs on its existing MIRVed ICBMs to ten each during the 1980s, this would have allowed it to deploy 5,440 warheads on its ICBM systems and to increase its total ICBM loading to between 6,084 and 6,294 warheads.

Similarly, the USSR had only 1,309 warheads on a total of 989 SS-N-4 through SS-N-18 SLBMs. Only 480 of these warheads were on MIRVed SLBMs, and all were on 160 SS-N-18s, each of which was then credited with a maximum loading of 3 RVs per missile. If the USSR increased only this portion of its SLBM force to 14 RVs each during the 1980s, it would have been able to add more than 1,760 new warheads. This would more than double the total RV loading on its SLBM force to 3,069.

The Secretary should also have considered improvements in Soviet bomber loadings. The Soviet bomber force then consisted of 100 TU 95 Bear and 40 MYA-4 Bison Heavy bombers, which were estimated to carry a total of one large bomb or air-to-surface missile each, and 62 TU-26 Backfires with two ASM each. As a result, U.S. estimates credited the Soviet bomber force with about 140 warheads in analyzing the SALT II case because only Soviet heavy bombers were counted in the Treaty. Given the fact that the U.S. planned virtually no air defense and since the USSR does not need long-range ALCMs to penetrate U.S. defenses, the SALT II agreement would not have prevented the USSR from increasing the loading of its existing heavy bomber force with 8 short-range missiles per airplane by the mid-1980s. This would add 980 additional warheads to the existing Soviet force mix and raise the total warhead loading on the bombers to 1120.

Even a very conservative estimate of the "limits" imposed by the SALT II agreement would have indicated, therefore, that the USSR had the option of raising its total warhead number from 5,755 to 10,273 without varying its force mix. Improvement of the force mix, however, seems to have been a credible risk to consider in 1979, since U.S. intelligence had detected five new Sovit ICBMs under test, development of two new heavy bombers, testing of a new ALCM, and development of two new SLBMs. Indeed, even these figures are modest, for the SALT II agreement theoretically allows the USSR to deploy well over 17,000 warheads if it should choose to go for the maximum permitted loading of SLBMs and bombers. As Senators as diverse as Jake Garn and George McGovern pointed out at the time, SALT II only channeled the direction Soviet force improvements could take; it did not constrain the size or capability of Soviet forces.

Unthinking the Undefined

There is no way to tell how many similar problems existed in the definitions and assumptions Secretary Brown used in issuing the balances shown in Table I, since they cannot be traced because they involve individual weapons systems or intelligence projections whose character is classified, and whose sensitivity is buried in the aggregate curves. It is clear from the previous problems, however, that Secretary Brown's selection of definitions and assumptions had a political loading that hardly can have been coincidental. They were almost certainly chosen to show that the Carter Administration's force plans would "fix" the strategic balance. They were chosen to minimize any conservative challenge to SALT II that argued it might leave the United States weak, and they systematically exaggerated the importance of SALT II.

Ironically, however, this failure to define his terms and assumptions may partly have backfired. It led many conservatives and analysts outside the Defense Department to focus exclusively on the near-term "strategic bathtub," or the period of U.S. vulnerability and inferiority in the early 1980s, shown in Table I. These commentators ignored the longer-term problems the United States faced because none of the Secretary's balances examined the options the USSR was developing to increase its superiority after the mid-1980s, and because Brown's supporting text failed to highlight the uncertain credibility of the U.S. force improvements necessary to produce the swings in the balance back in favor of the United States.

2. Manipulation of the method of comparison and failure to define the method being used

The term "GIGO," garbage in—garbage out, describes a common analytic problem, but it ignores the questions of how valid the model is and whether the computer or data processor actually works. Poor models are as common as poor data and assumptions, and this characterizes a further set of defects in the balances shown in Table I. A historical comparison of the details of Secretary Brown's balances show they suffered as much from manipulation of the method of comparison, and from the failure to define the method being used, as they did from the failure to define terms and use realistic assumptions.

Turning Modeling Into a Shell Game

In fact, if it were not for the political motives behind the differences in the curves shown in Table I, they would indicate an amazing indecisiveness in U.S. strategic modeling. Although Table I provides five sets of curves, the same method of analysis is used in only two years, FY 1979 and FY 1980. These two years mark the transition from Secretary of Defense Donald Rumsfeld to Secretary Brown. The remaining sets of curves in Table I show that Secretary Brown never used the same model twice in any of his balances and constantly changed terms, measures, models, and methods.

However, the reasons for this "indecisiveness" become clear when these shifts in methodology are analyzed in terms of the broad political rationale for the shifts in Brown's balances discussed earlier. Secretary Brown's first sets of balances—those for the FY 1979 and FY 1980 Annual Reports—coincided with the discovery by U.S. intelligence that Soviet missile accuracy and MIRVing rates were improving far faster than had previously been predicted.

As a result, Secretary Brown shifted the methodology in his July 1979 SALT II testimony to compare "warheads." Measuring the balance in terms of "warheads" had the political advantage that is was the one area where the United States retained a major lead over the USSR, and was the area where the ALCM, U.S. SLBM force, and MX would produce the sharpest and quickest force improvement in future years. Further, by assuming Soviet MIRVing constraints that did not actually exist in either the SALT II Treaty or Protocol, the warhead measurement gave SALT II the greatest effect.[10] It is also interesting to note that Secretary Brown omitted the index marks from the vertical axis of his graphs. Although there is no way to be sure, this indicates he may have used a scale designed to exaggerate the shift toward U.S. superiority after 1986.

These aspects of the SALT II testimony curves drew so much hostile attention from publications like the Armed Forces Journal[11] that Secretary Brown introduced yet another method of comparing the balance in his FY 1981 report. He ceased to compare the relative force size on each side, and issued comparisons based on relative advantage. He again, however, omitted any scale marks on the vertical axis of the graphs in FY 1981, and made it almost impossible to assess what the differences between a given U.S. and Soviet curve really meant. Further, he introduced EMT and "generated alert" as new indices in his FY 1981 curves without any supporting explanation and with all the definitional problems discussed earlier.

This new approach to portraying the balance superficially countered the criticism that the Secretary had chosen "warheads" as a carefully rigged measure of the balance in his SALT II testimony. However, it is clear from comparing the SALT II testimony and fiscal year 1981 curves that the Soviet superiority in EMT was reduced by altering the vertical scale of the fiscal year 1981 comparisons. This is reflected in the curves shown in the fiscal year 1981 Annual Report, which are much smaller than the Soviet warhead curve shown in the SALT II testimony. It is equally clear in comparing the fiscal year 1981 curves with the fiscal year 1982 curves that followed, that fluctuations were taking place in the estimate of future Soviet warhead loading used in fiscal year 1981 of a kind that seem impossible to explain on the basis of any publicly released data on either U.S. or Soviet forces.

As has been discussed earlier, Secretary Brown shifted to a new set of political objectives in his last set of comparisons in his fiscal year 1982 Annual Report. The Secretary was now writing for posterity, and had to balance the mixed objectives of showing the post-Afghanistan Carter hard line on the Soviets, the need for MX, and the value of SALT II. The Secretary finally added such essential methodological benchmarks as a vertical scale for his comparison In addition, he included an undefined hard target kill measure[12] to warheads and EMT, showed a SALT II and no SALT II case, and added a sensitivity analysis to defend his MX program. The end result was his set of prophecies which came the closest yet to a relatively realistic set of comparisons.

Unfortunately, as will be discussed shortly, even the methodology used in the fiscal year 1982 balances presented major problems. The "SALT II" versus "no SALT II" cases involved dubious (and totally unstated) constraints on Soviet MIRVing that did not logically flow from the current U.S. intelligence on Soviet force improvement activities. They involved shifts in the post-exchange EMT balance under the "no SALT II" case as early as 1982 which needed a full explanation to be convincing, particularly since they did not track with what should have been exactly the same comparisons in the "no MX and no-SALT II" case shown for the MX sensitivity curves.

Further, the Secretary added yet another new measure of the balance in fiscal year 1982, which seems to have been designed to dramatize the impact of his force improvement plans, called "U.S. Retaliatory Potential," which he did not bother to define and did not display for the pre-exchange case. And finally, he suppressed the post Soviet counterforce strike comparison, which again made it difficult to challenge his figures.

Implying a "Real World" Exchange Which Did Not Take Place

This politicization of the strategic balance was compounded during at least part of Secretary Brown's tenure by another major distortion in methodology. As Francis P. Hoeber points out in a recent case study analysis of modeling,[13] the "Relative Force Size" comparisons used in the FY 1979 and FY 1980 balances in Table I depended for their validity not only on honest estimates of forces and force capabilities, but also on using the right target base.

There is strong evidence, however, that the FY 1979 and FY 1980 comparisons did not use a realistic target base. Instead of targeting U.S. forces against Soviet targets and Soviet forces against U.S. targets, both U.S. and Soviet forces were targeted on the Soviet target base. This sharply distorted the results. The Soviet target base differs in numbers, size, hardness, camouflage, and dispersal characteristics. A key difference is that the Soviets have about 1,400 operational ICBM silos and the U.S. only 1,054. As a result, the Soviet Union—which was assumed to be heavily warhead limited in the FY 1979 and FY 1980 comparisons—was forced to allocate two RVs from its most accurate ICBMs against about 500 "U.S." missiles which did not exist. This wasted at least 800 Soviet warheads, and obviously skewed the comparison greatly in favor of the United States.[14]

In fairness to Secretary Brown, he provided a major new approach to presenting the strategic balance in FY 1979, and some problems may have been inevitable. This does not explain, however, why he repeated this error in his FY 1980 report, and seems to have repeated it again in his July 1979 SALT II testimony. By this time, several senior officers on his staff had been repeatedly queried by the press about the problem. It also is not possible to know whether a realistic target base was used in Secretary Brown's FY 1981 and FY 1982 comparisons, or what other shifts, adjustments, and problems exist in his models. Although no conceivable reason exists to classify their methodological and conceptual structure, they have never been explicitly defined. The most one can do is hope that the acolytes behind the oracle improved this aspect of their staff work in FY 1981 and FY 1982.

C. THE ORACLE'S LAST PROPHECY: FISCAL 1982 AS A CASE STUDY

Whatever their faults, the last set of curves in Table I still represent the most authoritative official picture of the U.S. view of the strategic balance. While they are Secretary Brown's last prophecy, their defects are still of critical importance to anyone who must rely on unclassified data to understand the shifts taking place in U.S. and Soviet strategic forces. As a result, it is interesting to examine their weaknesses and problems in detail.

As noted earlier, the FY 1982 curves at least have the merit that for the first time during Brown's tenure they retain many of the previous year's terms and measures. For example, the FY 1982 curves preserved the "warhead" and "EMT" measures of the balance from the FY 1981 Annual Report. However, the Secretary's FY 1982 balances otherwise serve as a case study example of the problems which characterized Brown's previous balances: The vertical scale is changed, and two new measures of the balance are introduced without supporting text: "Hard Target Kill (HTK)" capability and "Retaliatory Potential." The balances after the initial Soviet attack are dropped, and new sensitivity analyses are introduced without proper definition or supporting explanation.

Equally importantly, although the Secretary appears to use the same methodology in FY 1981 and FY 1982, the curves show detailed differences that indicate this may not be the case. The pre-exchange curves for FY 1981 and FY 1982 balances, for example, show significant differences. If the methodology has not been changed, then the U.S. seems to have a remarkable inability to measure the current strategic balance or to estimate outyear trends, which is far more serious than any SALT II verification problem.

I. Interpreting the fiscal year 1982 prophecy

The FY 1982 Annual Report is also as ambiguous as ever about what Soviet and U.S. force improvements are included in calculating the balance, the target base, the assumed changes in defense, and a host of other critical inputs and assumptions which will shape the future of U.S. security. Yet, although this aspect of Secretary Brown's last balances is as Delphic as ever, it seems possible to explain part of the prophecy. The Secretary seems to be including and excluding the following factors:

Underestimating the Soviet ICBM Threat

Only the known Soviet ICBM configurations shown in Table II are counted in estimating the balance. MIRVing is limited to the types and modifications of Soviet ICBMs mentioned in the FY 1982 Annual Report. The new Soviet ICBMs now under development are not fully integrated into the estimate of increasing Soviet capabilities in the outyears. No improvement is assumed to take place in Soviet ICBM basing to match the U.S. MX program, although the possibility of a mobile ICBM such as the SS-16 or a successor is mentioned elsewhere in the text of Secretary Brown's FY 1982 Annual Report. The USSR neither attempts to maximize its ICBM warhead loading to the level permitted by the SALT II Treaty, nor takes advantage of its current ICBM development programs in either the SALT II or non-SALT II cases. As a result, the only increases in the Soviet ICBM threat come from the deployment of more missiles and/or warhead deployments on existing types, except for an undefined replacement of the SS-11.

Freezing the Soviet SLBM Threat

The Soviet SLBM threat is highly constrained in both the SALT II and non-SALT II cases. The curves shown in Table III indicate that both Soviet ICBMs and SLBMs are assumed to increase their RV loading, but this seems to reflect shifts in the warhead package on the SS-18 and SS-19 SLBMs (three MIRVs per SLBM versus one RV on the SS-N-8, and a maximum of three MIRVs on the SS-N-6 Mod 3). Improved variants of the SS-N-6, SS-N-8, and SS-N-18 are evidently not included in the count in Table I, nor do the comparisons allow for the deployments of new SLBMs such as the SS-NX-20 now under test for deployment on the Typhoon submarine.

Exaggerating the Effect of SALT II

These assumptions regarding the buildup of Soviet ICBM and SLBM and warheads exaggerate the impact of the "SALT II" versus the "no-SALT II" balance almost as much as does the assumption that the United States can go to relatively invulnerable ICBM basing and the USSR will not. Without these assumptions, the USSR could build up its warhead strength and capabilities at virtually the rate it can produce warhead material and improve its present RV and guidance packages. These sets assumptions seem extraordinarily improbable given the past rate of buildup in Soviet strategic forces.

Ignoring the Probable Soviet Bomber and Cruise Missile Threat

The FY 1982 curves also seem to assume the present Soviet bomber force and weapons loading without Backfire, only limited improvements in Soviet ALCM capabilities and bomber loading, and no deployment of any of the new Soviet heavy bomber types now under test. Soviet bombers are evidently not allowed to generate to maximum "one shot" peak rates before the initial Soviet attack or to reduce the vulnerability of their disperal basing during 1980-90. No Soviet use of SLCMs to parellel U.S. deployment of the Tomahawk is included.

No Major Improvements in Soviet Strategic Defenses

Neither side is assumed to make any improvements in ABM defenses through 1990, although Secretary Brown does state elsewhere in his Annual Report that the Soviet ABM systems will be upgraded. It is assumed that all such upgrading will be confined through 1990 to the defense of Moscow and to improve Soviet attack characterization. Judging from other portions of the Secretary's text, the development of Soviet "look down-shoot down" fighters, and new SAMs like the SA-X-10, is assumed to improve Soviet air defenses. However, the deployment of the ALCM and the B-52 upgrade program is evidently assumed to offset this and even slightly increase the estimated delivery percentage and hard target kill capabilities of U.S. bombers. Finally, U.S. active defenses are assumed to improve, but to have only token effect. These assumptions seem somewhat more valid than those made regarding Soviet offensive forces, but they are based on rigid Soviet adherence to the ABM Treaty, a still very uncertain B-52 improvement and ALCM program, and no deployment of space weaponry through 1990.

Currently Programmed U.S. Force Improvements Are Perfectly Implemented

Although some adjustment may have been made in FY 1981 curves for the United States in order to reflect the initial delays in the Trident program, the U.S. side of the FY 1982 curves again seem to assume perfect deployment of the Carter Administration ALCM and MX programs. This would be particularly unrealistic in the case of the MX. It also appears to have led to use of the ALCM in the counterforce retaliatory mode against Soviet ICBMs in the FY 1982 exchange curves. The resulting count seems to exaggerate the operational accuracy and reliability of the ALCMs to about twice its real world level, and assumes too fast a rate of real world deployment. More importantly, it assumes the Soviets would ride out a "slow" U.S. ALCM attack on Soviet ICBMs and bases. The "ride-out" seems exceedingly unlikely given Soviet doctrine and C^{3}I capabilities.

Exaggerating U.S. Readiness and Alert Capabilities

The FY 1982 curves also seem to exaggerate or misstate U.S. readiness capabilities and options. They assume that two-thirds of all U.S. SLBMs are at sea, survivable, and fully operational and on-station. This seems distinctly unrealistic, given the present readiness problems with the Poseidon SSBN, and the probable stretch-out of the Trident SSBN deployment program. They evidently assume a 30 percent bomber alert rate, and total bomber availability and alert rates which almost certainly cannot be achieved with either the existing B-52 or its presently-planned upgrades. They thus demand a level of performance that can only be achieved with a new U.S. strategic bomber, but provide no basis for estimating the importance of such a system.

The FY 1982 curves also seem to depend to an unknown degree on keeping the Titan II in service through the end of the 1990s. As was discussed earlier, this skews the EMT curves in favor of the United States because Titan II now provides something like one-fifth of total U.S. prompt retaliatory EMT. Quite aside from the present uncertainty regarding whether the Titan II would actually deliver more of that EMT against the USSR in a real war than against the United States, it scarcely seems a system for the entire 1980s.

Finally, the FY 1982 estimates fail to examine the potential importance of the Trident II missile as well as a new bomber, and the supporting text fails to note that the benefits shown for the MX are not linked to the basing mode selected under the Carter Administration. In short, the new curves—including the MX sensitivity curves in Table I—again fail to provide a balanced insight into the true nature of U.S. strategic force improvement options and capabilities.[15]

D. CONTRADICTION FROM THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF: A PROPHET WITHOUT HONOR IN HIS OWN PENTAGON

These problems in Brown's last balances are further highlighted by the fact that the Chairman of the Joint Chiefs seems not only to have a radically different view of the strategic balance but to be planning with a fundamentally different count of U.S. and Soviet forces. As Table IV shows, General David C. Jones uses substantially different measures of pre-attack force strength and of warfighting capability in his FY 1982 Military Posture Report.

In fact, General Jones' "prophecy" for fiscal year 1982 fully agrees with that of Secretary Brown in only one set of figures: Chart A-2 in Table IV. In this case, however, the Chairman seems to be analyzing the strategic forces of two countries completely different from those being compared by Secretary Brown. In fact, the slopes of the Chairman's curves for EMT, hard target kill potential, and warheads (weapons) are so different from those of the Secretary that they raise the Dr. Strangelove-like spectacle of two chief war planners on the same side who never talk to each other. How, for example, can the Chairman's picture of EMT show so many fewer changes in the trend line and reflect a different force ratio? How can Jones and Brown have such different estimates of the relative numbers of pre-attack weapons?

1. A different war to a different drummer?

The Chairman's and the Secretary's curves for the outcome of a counterforce exchange are even more different, but this may be slightly more excusable. Secretary Brown seems to be comparing the outcome of a straight counterforce exchange, and General Jones states that he is portraying a counterforce exchange involving the targeting of ICBMs plus "a specified percentage of the remainder of the opponent's target system." This could lead to some differences, although they should normally be minor.

General Jones also compares U.S. and Soviet forces using yet another new measure of the strategic balance. His curves compare "Discretionary Force Potential" rather than warheads, EMT, or retaliatory potential. Unlike Secretary Brown, however, General Jones defines his terms:

"DFP indicates the extent to which an arsenal achieves or exceeds its targeting goals against the opposing system. Planners can allocate weapons not required to meet initial targeting goals at their discretion to hedge against unexpectedly poor system performance, to maintain a reserve force, to target another opponent, or to meet other requirements not included in the initial targeting goals."[16]

This definition would seem to mean the number of warheads or nuclear weapons left over after the U.S. and Soviet exchange. If not that, it would seem to mean EMT. This however, does nothing to explain the differences between Jones's and Brown's views of the post-attack balance.

2. The chairman's different view of Salt II: Choice of analyst is more important than the choice of treaty

It is equally difficult to understand how the nation's two chief defense officials could differ so much over the impact of SALT II. General Jones uses a SALT II-constrained version of the Soviet threat, and this should logically be the same one as Brown uses. However, Jones shows a current U.S. inferiority which continues through 1989. In contrast, Brown's curves show continuing U.S. superiority in warheads from 1980 to 1990. Brown's EMT measure, in contrast, is far more pessimistic that Jones's comparison, and neither of Brown's "no SALT II constraint" comparisions for warheads and EMT track with the various comparisions set forth by General Jones.

The implication of these differences is that whatever the risks or advantages of SALT II, the details of the Treaty are far less important to the strategic balance than a U.S. defense planner's choice of a particular analyst, or model. In fact, given the lack of any apparent political motive to explain most of the detailed differences between the Brown and Jones curves, one might well conclude the SALT II is so unimportant that it falls into the analytic "noise level" between the Secretary of Defense's office and that of the Chairman of the Joint Chiefs.

So, for that matter, does the use of a device called the calendar. Note that the "knee" or major turning point in Secretary Brown's curves occurs in FY 1986, but that in General Jones' curves it generally occurs in 1985. One has to assume our two senior defense officials were working from different U.S. force plans in drafting their FY 1982 reports, and the change in the slope of the curves in Tables I and IV indicates that they were working from very different force plans.

3. The uncertain status of "launch under attack"

It is even more disturbing that the closest one can come to creating analytic "honor between prophets," given the chaotic differences between the nation's top defense officials, is to assume that Secretary Brown is basing all his comparisons on a Launch Under Attack (LUA) strategy.[17] This could explain away many of the differences between their fiscal year 1982 balances, although it seems politically and militarily unlikely. General Jones is also very careful to note that "The U.S. has no policy that assumes or requires launch under attack," although, "the fact that the LUA option is available weighs heavily in any Soviet deliberations on the advisability of a pre-emptive strike."[18]

It may weigh a lot more heavily on Soviet planners in the future, however, if they take the fiscal year 1982 differences between major U.S. prophets seriously. This seems particularly likely because General Jones provides four different public assessments of the theoretical value of LUA. If he is not tacitly advocating that LUA become U.S. policy, he certainly is sending the wrong set of signals.[19]

4. The difference in analytic approach

In fairness to General Jones, however, it should be noted that he is generally more careful to follow the rules of analysis than his former Secretary. He does show the Secretary's tendency to omit the vertical scale on his charts, and introduces a whole new logarithmic scale on his static force ratios. Yet, he does state many of his assumptions. He shows the gap in prompt hard target kill capability. He defines the general nature of his assumptions regarding the growth of the Soviet threat. He specifically mentions omitting Backfire in his war outcome comparisons. He states that he assumes perfect C^{3}I on both sides (which, incidentally, is the only reason the LUA case favors the United States). He mentions that the USSR may well deploy further force improvements which would make his curves shift radically in favor of the USSR, and he warns that "The prospect of a 'runaway' Soviet buildup in strategic arms is of some concern."[20] In short, General Jones at least supports his comparisons with a bare minimum of proper definition and supporting text.

E. LOOKING TOWARD FISCAL YEAR 1983: THE NEED FOR REALISM, NOT PROPHETIC REASSURANCE

Although Secretary Brown has left office, the problems in his balances have more than academic importance. If the United States is to forge a domestic consensus behind increased defense spending, to gain Allied support in deploying improved long-range theater nuclear forces, and implement the kind of extended deterrence strategy set forth in PD-59, the Secretary of Defense must reestablish credibility in predicting the threat and the need for improvements in U.S. forces.

He must provide the most detailed and objective statement of the strategic balance that can be made public without threatening U.S. security. Both the arms control and defense communities must be able to work from some common ground that can be shared with the Congress, the public, and the media. The United States cannot afford either defense budgets or treaties based on official statements which are skewed to serve near-term political interests of a given Administration.

It also scarcely seems coincidental that the U.S. intelligence community has had so much trouble making accurate estimates of the Soviet threat, or that it has continued the pattern of underestimates which Albert Wohlstetter documented so well.[21] The kind of balances Secretary Brown issued over four years do not encourage NIEs that speculate or probe, or projections which full examine Soviet options and actions. They do not encourage honest assessments of the risks inherent in our force improvement plans. They encourage conventional wisdom from the intelligence community that coincides with the political message the Administration is sending in its estimates of the balance, and they make any departure from that conventional wisdom a potential political threat.

This situation should change with the change in Administration. The new Secretary of Defense should provide a real net assessment of the balance, and not simply an oracular political summary. He should explain the Soviet threat and U.S. capabilities in detail, and ensure that the force improvement trends and options open to the USSR and the United States are fully and properly explained. He should communicate with his Chairman of the Joint Chiefs and make him a full partner in this effort. Above all, he should adopt an approach to portraying the balance which is consistent, which is credible, and which does not shift endlessly from year to year. The Secretary should strive to keep his credibility as the nation's defense spokesman.

This is, of course, easier said than done even for a conservative Administration which is committed to increased defense expenditures. It is all too tempting to use information for political rather than national ends.[22] It may be all too tempting, for example, to exaggerate the Soviet threat to justify higher defense spending in FY 1983. Alternatively, it may be equally tempting to return to the Panglossian distortions of Brown's balances if the problems in Trident, the MX, B-1 and ALCM programs continue to grow.

However, any such approach would eventually be disastrous. While manipulations of the strategic balance may initially be ignored even by experts, the media will inevitably discover them in the end. This could deprive a future Secretary of Defense of the credibility he needs at a time when it is of major importance to U.S. national security. Alternatively, if such distortions are not discovered in time, they could seriously hurt U.S. security. The United States was lucky in Secretary Brown's case. It was not legally bound for the SALT II Treaty or the force plans that he attempted to defend, and the political nature of Brown's prophecies never became a vital issue. The next set of manipulated curves could enshrine U.S. strategic inferiority, or produce the same kind of credibility gap that desperately hurt the U.S. defense effort in Vietnam, and from which we are only now recovering.

It seems worth remembering in this respect that some descriptions of the Delphic ritual indicate that every visitor to Delphi saw the motto, "know thyself," on the way to the oracle. Unfortunately, then, as during the last four years, this motto was visible only on the outside of the temple.

FOOTNOTES

[1] See Donald H. Rumsfeld, *Annual Defense Department Report for FY 1978*, Washington, D.C., 18 January 1977, pp 70-76.

[2] The text of the Secretary's SALT II balances is presented in full in State Department Current Policy Document No. 72A, "SALT II Senate Testimony," July 9-11, 1979.

[3] In contrast, Chairman of the Joint Chiefs David C. Jones' balances, as presented in his FY 1982 *Military Posture* statement, specifically state this to be the case.

[4] These factors led President Reagan to announce on October 2, 1981, a Trident SSBN construction schedule of one per year through FY 1982. There is little chance this schedule will be met.

[5] The deployment of the ALCM recently had to be slipped to 1982. It will have limited reliability through the mid-1980s because of guidance tracking problems caused by weather and foliage effects.

[6] Now, in fact, 52 missiles which are planned to be phased out. See *The Washington Post*, September 24, 1981, p. A13.

[7] EMT or Equivalent Megatonnage attempts to compensate for the fact that the effects of nuclear weapons do not increase in proportion to their explosive yield. There are serious defects in the resulting calculation because it does not take account of thermal or radiation damage and the synergistic effects of all three forms of weapons effects which change significantly according to yield. EMT is normally measured by the formula that EMT equals yield in megatons to the two-thirds power. Although no Titan II missile was ever operationally tested in its final operational configuration, and the one major guidance platform test conducted under operational conditions raised serious doubts about the missile's reliability, each of the 54 Titan missiles carries a single 9 megaton warhead, and they have a cumulative yield of 486 megatons; this is an EMT of 234. In contrast, each of the 450 Minuteman II missiles has a single warhead with a nominal yield of 1.1 megaton each or a cumulative yield of 495 megatons; this is an EMT of 480. The 550 Minuteman III missiles vary in configuration, but are generally credited with a yield of three 170 KT warheads each, or a cumulative yield of 281 megatons; this is an EMT of 506. Accordingly the Titan II provides 19 percent of the EMT shown for the U.S. in the curves in Table I through 1985. Its role after 1985 was never formally defined in U.S. policy documents under the Carter Administration, although Titan II would then have been 23 years old, at least 12 years older than its design life. These problems with its age and reliability led the Reagan Administration to announce on October 2, 1981, that it would be deactivated in the early 1980s.

[8] Each party undertook not to deploy at any one time on heavy bombers equipped for cruise missiles capable of a range in excess of 600 kilometers, a number of such cruise missiles which exceeded the product of 28 and the number of such heavy bombers.

[9] These numbers are taken from Appendix I to John M. Collins, *U.S.-Soviet Military Balance*, McGraw Hill, 1980, pp 443-457.

[10] The USSR is permitted to MIRV its SLBM force up to 14 RVs per missile. Secretary Brown's SALT II testimony could only produce the curves shown if the USSR was assumed to make no major improvement in SLBM MIRVing beyond then tested systems with 6-8 warheads through 1990. Similar constraints had to be applied to Soviet Bomber and ICBM warhead loading.

[11] See Benjamin F. Schemmer, "Pentagon Covered-Up Unprecedented 1978 U.S.S.R. Strategic Arms Build-Up," March 1979, pp. 16-17; Bridget Gail, "Brown's Bewildering Balances," December, 1979, pp. 30-33, and Justin Galen, "The SALT II Debate and the Strategic Balance," October, 1980, pp. 52-70.

[12] Hard target kill capability is generally defined as $HTKP = Y^{2/3}$ (or EMT)/CEP^2.

[13] Francis P. Hoeber, *Military Applications of Modeling: Selected Case Studies* (New York: Gordon and Breach, 1981), pp. 164-169, and Francis P. Hoeber, William Schneider, Jr., Norman Polmar and Ray Bessette, *Arms, Men, and Military Budgets: Issues for Fiscal Year 1981* (New York: Crane, Russak & Co., 1980), pp. 24-27.

[14] The use of a common red target base is cited in Lt. General Kelly Burke, "Quantifying the Strategic Balance: Some Methods and Their Limitations," delivered in a seminar on foreign relations at the Women's Institute for Strategic Policy, Monterey, California, December 8, 1979 (cited by Hoeber, "Military Applications of Modeling").

[15] On October 2, 1981, President Reagan announced a strategic program which clearly demonstrated the importance of the problems Secretary Brown ignored in his balances. This program:

Slipped the IOC for the squadron strength deployment of the ALCM to 1982.

Announced that the U.S. would build at least 100 B-1 bombers, build a "stealth" bomber in the late 1980s, and withdraw the aging B-52 (D).

Announced the U.S. would initially deploy only 100 M-X in Titan II and Minuteman silos while studying a mix of super hard silos, airborne launch and ballistic missile defense.

Stated that Titan II would be deactivated in the early 1980s.

Slipped the construction rate of the Trident SSBN to one per year through FY 1987.

Announced deployment of the Trident D-5 missile beginning in 1989.

Announced deployment of strategic nuclear SLCM on U.S. attack submarines in the mid-1980s.

Announced a strengthened civil defense and continuity of government program.

Announced an improved C^3I system.

[16] *U.S. Military Posture for FY 1982*, p. 26.

[17] Those readers who are not familiar with Launch Under Attack may not be aware of the importance of General Jones' assumption regarding perfect C^3I on both sides. Soviet attack characterization and C^3I systems are now much more capable, reliable, and survivable than those of the U.S. The USSR also benefits massively from the fact it is the attacker. It would take a minimum of five years to bring U.S. capabilities to the point where the U.S. could reliably characterize an attack and properly execute it under Launch Under Attack conditions. Some of these improvements are already programmed, but many are not, and even when deployed some will then be vulnerable to credible advances in Soviet countermeasures and space capabilities. Accordingly, if the U.S. launched under attack, this would both impose unacceptable false alarm risks and probably degrade U.S. post-exchange capabilities at least through FY 1986.

[18] *United States Military Posture for FY 1982*, p. 29.

[19] The new C^3I program President Reagan announced on October 1, 1982, has many factors that indicate the United States is now pursuing an LUA option.

[20] *United States Military Posture for FY 1982*, p. 30.

[21] Albert Wohlstetter, "Is There a Strategic Arms Race?" *Foreign Policy*, 1974, No. 15, pp. 3-20, and "Rivals, but no 'Race'," *Foreign Policy*, 1974, No. 16, pp. 48-81.

[22] The Department of Defense did, in fact, alter the official U.S. estimate of Soviet ICBM accuracy. By using a lower estimate of accuracy than the one agreed to as the best estimate by CIA and DIA, it made U.S. ICBM survivability in silos seem far greater than the evidence actually indicated. See

Robert C. Toth, "Officers say Weinberger 'Fudged' Defense Estimates of Russians," *Los Angeles Times*, October 7, 1981, p. 27.●

ACKNOWLEDGEMENT OF LETTER FROM PHILLIP B. HEYMANN, ASSISTANT ATTORNEY GENERAL

● Mr. MOYNIHAN. Mr. President, On March 11, 1982 at the end of the debate on the Resolution of Expulsion of Senator Williams I remarked on conversations and correspondence I had had with members of the Justice Department concerning transcripts of conversations between Mr. Mel Weinberg and Mr. William Rosenberg in which my name and that of Senator Javits figured.

At that time I stated that I had not received a reply to two letters I had sent the then Assistant Attorney General in Charge of the Criminal Division, Phillip B. Heymann. I said:

> So far as memory serves, I never even received a reply to my letters to Professor Heymann. It may be that letters came and got lost in my office maze; this does happen. But not often.

Mr. President, Professor Heymann did reply to my letters and his answer dated February 24, 1981, was in fact lost in my office maze. I take this occasion to correct the record and to apologize to Mr. Heymann who is now a professor at Harvard University Law School.●

J. B. HOY

● Mr. LUGAR. Mr. President, I am pleased for this opportunity to say a few words on behalf of J. B. Hoy, a resident of North Webster, Ind., who has made the promotion of friendship throughout the Nation a high personal goal.

Mr. President, the merits of Mr. Hoy's work in this area and the strength of his convictions have already been recognized on a State and local level. In 1976, the Indiana General Assembly passed a resolution supporting Mr. Hoy's friendship proposal calling for a "Rose for Friendship Week." Since that time, his work has drawn additional support from several mayors.

Today it gives me great pleasure to submit a resolution signed by all but two members of the Indiana delegation, which recognizes Mr. Hoy's efforts in this national forum.

> Whereas, one of the most important aspects to mankind is friendship
>
> Whereas, all too often we forget to thank those around us for their friendship and all that they have done for us; and
>
> Whereas, the rose symbolized the act of friendship; in its larger meaning a "Rose" for friendship can be an act of kindness, a token of rememberance, a compliment or just a friendly word:
>
> Now therefore, We, the undersigned members of the Indiana Congressional delegation commend Mr. J. B. Hoy of North Webster, Indiana President of the Rose for Friendship Society for all he has done to promote the spirit of friendship and good will in our great state and throughout the Nation.
>
> Signed:
>
> Richard G. Lugar, Dan Quayle U.S. Senators; John Hiler, Dan Coats, Elwood Hillis, Joel Deckard, Lee Hamilton, Adam Benjamin, Floyd J. Fithian, Andrew Jacobs, Dave Evans, Members of Congress.●

NUCLEAR WEAPONS BUILDUP

● Mr. PRYOR. Mr. President, the increasing threat of nuclear war, and the public's reaction to it, continue to receive major attention by all of us. One of the organizations emerging as a leader in this field is Physicians for Social Responsibility. This group was founded in the early sixties and continues today to inform and challenge us with its findings.

Recently this organization held rallies in various cities in Arkansas protesting the buildup of nuclear weapons. Two of the leaders were interviewed on the Arkansas Educational Television Network: Dr. Jonathan Fine of Boston, an internist who is chairman of the national executive committee, and Dr. James Adamson of Little Rock, a specialist in pulmonary medicine who is a member of the Arkansas chapter of Physicians for Social Responsibility.

Extracts of that interview were then printed in the Arkansas Gazette on Sunday, April 25. These two doctors make pertinent and essential points on the subject of nuclear weapons, and I request that a copy of this interview be printed in the RECORD.

The interview follows:

[From the Arkansas Gazette, Apr. 25, 1982]

DOCTORS SAY NUCLEAR WEAPONS BUILDUP IS MADNESS

(Physicians for Social Responsibility held rallies in various cities in Arkansas last week protesting the building of nuclear weapons. Two of the leaders were interviewed on the Arkansas Educational Television Network last night—Dr. Jonathan Fine of Boston an internist who is chairman of the national executive committee, and Dr. James Adamson of Little Rock, a specialist in pulmonary medicine who is a member of the Arkansas chapter. Here is an extract of that interview.)

Q: Dr. Fine, your organization is not new is it?

FINE. It was founded in the early 1960s. You may recall that the imminent danger then was pollution of the atmosphere with radioactive material from atomic testing. We pointed out the health consequences, and under President Kennedy, following a mass movement, the testing was ended.

Q: How large is it?

FINE. Now there are about 13,000 physicians who are active members. Some are medical students, some are dentists but most of them are graduate physicians throughout the country . . . about 200 new members a week. We've been reactivated only in the last two and one-half years. We had about 200 members then.

Q: Dr. Adamson, how many members are there in Arkansas?

ADAMSON. Forty or 50 now. Seems to be growing rather quickly and I think in a short time we'll have double that number.

Q: We're used to seeing very young doctors in these protest movements but you are not one of those. How did you get involved in Physicians for Social Responsibility?

ADAMSON. I carried for two of the men who were critically ill because of being injured in the Titan Missile accident two years ago. I got to realizing that I needed to make a commitment, that this was a problem. We could have easily had a (nuclear) explosion with that accident, and somewhere there had to be a way to express myself.

Q. Dr. Fine, you've come a long way to be here. What kind of a message are you bringing?

A. I think if we continue on the path we're on, and the Soviets continue building more nuclear weapons, that sooner or later we're going to have nuclear war. It's unavoidable. Deterrence has worked for 37 years but when it fails it will fail catastrophically. The new weapons are especially dangerous on both sides of the Iron Curtain because they have first-strike characteristics, so we have to stop building them. We, as physicians, have been pointing out that there will be no winning or surviving of nuclear war, and, in fact, we won't be around, whether it's in Little Rock or Boston or New Orleans. 80 to 90 per cent of doctors and nurses and hospitals will be wiped off the face of the earth. There will be tens of thousands of burn victims—people with crush injuries and unimaginable other problems, acute radiation sickness. They'll have nowhere to go and it's going to be the same thing all across this country, Western Europe and the Soviet Union. We don't know when this is going to occur. Even if you think it's a 1 per cent chance a year—and there are a lot of people in this country that think it's a good deal more than that—that's a 63 per cent certainty within a hundred years mathematically. So we've got to stop this madness of increasing the number of nuclear weapons that nobody wants since they never could be used without bringing the end, essentially. We have to find better ways to defend our country.

Q: Is this an effort to try to get the United States to unilaterally disarm?

ADAMSON. I don't get that impression at all. Just to amplify, 60 percent of our population lives in an area of 18,000 square miles. 300 one-megaton bombs could destroy 60 per cent of our population. The Soviet Union has 9,000 today. What are they going to do with the other 8,700 weapons? To get back to your question, I don't think we are trying anyway to unilaterally disarm. We're just trying to say, we have enough and let's stop.

Q: But how do you put pressure on the people in the Kremlin? You are free to have your rallies in this country. But some people tried to have a nuclear-freeze rally in Red Square in Moscow last week and they were arrested.

ADAMSON. One aspect that I think that people in this country seem to forget is that the Soviet citizenry has seen devastation of all kinds over the last hundred years. In World War II there were 20 million Russians killed. We have lost 350,000 men in war but we've never had basically a battle here since the Civil War. It's difficult for me to believe that the Soviet people want it. Now I realize that they cannot influence their government in the same way that we can, but their government, they don't want a nuclear war. I believe that they understand that it would absolutely destroy the earth as we know it.

Fine. It's controlled from the top but underneath the surface, they have their internal debates. I had an opportunity to meet with 17 leading Russian physicians on an official delegation to discuss nuclear war, whether it could be avoided and what its consequences could be. They all agreed that it had to be avoided, that they couldn't win a nuclear war with us nor could we. The chief physician in that delegation was Brezhnev's personal cardiologist. He went back and his government allowed him to go on national television and tell that same message to the Soviet people. Nuclear missiles are a common enemy that threaten the survival of both nations. Now we were allies with the Russians not so long ago against a common enemy and we've got to find a way of allying with them to get rid of these weapons now for the survival of both nations. That doesn't mean we have to agree with them on the lack of freedom of speech in their country, or the way they treat their people internally—I thoroughly disapprove of all that. But on this, I think, we see things the same way, we just have to get to the negotiating table and work it out. To do that in the United States, we the people have to tell our leaders that we want them to do that.

Q: It's just hard to imagine that the Russian leaders feel that way because of the moves that they have made. President Carter, in 1977, tried to get them to make massive reductions in nuclear weapons and they said no. Their actions speak louder than words.

Adamson. I think we have a problem in this country where we ascribe to ourselves all the good motives and ascribe to the Russians everything evil.

Q: There's parity certainly in weapons but no parity in attitude, and I think that's what disturbs a lot of American people—Russian activities in Africa, Cuba and Afghanistan and the violation of the Helsinki Accords.

Fine. The point is we can't use nuclear weapons in those conflicts. We know that. We can bluff that we'll use them, but we can't use them. We're wasting our money as well as risking that we could get sucked into a nuclear war. We've got to build a sensible conventional weapons system. These aren't weapons of war; they are weapons of mass destruction. They don't help us in Afganistan, they haven't helped us anywhere else. They just threaten the world's survival. The Soviets understand that, too, and it really puzzles me profoundly that we're gone on this way. We haven't even renounced first-use of nuclear weapons. It is time we did that. There were four distinguished Americans recently, including George Kennan, who suggested that we renounce first-use because as long as we maintain first-use, aside from the morality issue which is a pretty profound one, we are making nuclear war more likely because if the Russians know we might strike first in some situation with nuclear weapons, they have to be prepared to do the same.

Q: Are you, Dr. Adamson, in favor of both a freeze and the renunciation of first-use?

Adamson. Secretary Haig and others have said that we cannot play our hand completely and say that we will never use these weapons unless we are struck first, that we've got to have that option. Well, perhaps, politically if that's what's necessary—and I don't feel like I have enough knowledge to say that—then perhaps we should keep that option if for no other reason but to keep the Russians a little off balance . . . as far as the freeze is concerned I'm very much in favor.

Q: Wouldn't it be better from the United States point of view to let us catch up a little bit before the freeze?

Adamson. I can't follow that reasoning. We'll never stop if we continue with this. I really believe that there is parity. I think that we can destroy the Russians and they can destroy us and it makes no difference whether we have one more weapon. With the number of weapons that we have today, we are capable of destroying the world.

We are capable of doing that right now. Not a week from now but right now, and it's got to stop.●

OLDER AMERICANS MONTH: A TIME FOR REFLECTION

● **Mr. JACKSON.** Mr. President, this month—May—is set aside as "Older Americans Month." It is a time for us to pause, reflect, and to give recognition to the Nation's senior citizens.

Older Americans are a great national resource and should be viewed as an enormous reservoir of talent, knowledge, and experience from which society can draw.

One of the biggest mistakes we can make is lumping all seniors into a single category. Some men and women may want to retire and go fishing or whatever at age 60, while others may wish—and be fully capable—to work into their 70's and beyond.

Public policy should be flexible and considerate of the wide-ranging needs and interests of senior citizens.

I might note that senior citizens comprise a minority group in this country of 34 million—and it is growing all the time. It is a minority group that all of us, if we are so fortunate, can expect to join someday.

This year thousands of older Americans participated in the White House Conference on Aging and tried to articulate some of the special interests and concerns of older Americans. They sought to help direct public policy in the future.

One of the leaders in this effort was from my own State of Washington, June Biggar, chairperson of the board of the American Association of Retired Persons. I always have enjoyed working with the association on matters of mutual interest and appreciate the advice and counsel I have received from the membership as well as others.

The Conference put the spotlight on some of the problems facing seniors in America today and laid out sort of a blueprint of the kind of action Congress and the States should take to better life in America for senior citizens.

I think "Older Americans Month" is an excellent time for us to renew our commitment to senior citizens and to focus our attention to their problems.

These are some of my own thoughts in this area:

SOCIAL SECURITY

This is one of America's great success stories. It has lifted millions of Americans from economic hardship and provided a measure of comfort and security. Social security financing must be a commitment to maintain current social security benefits to current recipients, including the minimum benefit.

HEALTH CARE

Access to adequate, affordable health care is a basic human right and is something that we can and must provide in this country. Nothing makes me sadder than to hear of retired couples, folks who have worked all their lives, that have had to sacrifice their life savings in order to cope with a long-term illness. Under existing medicare law, no assistance is provided to victims of a stroke or other disabling illness requiring long-term nursing home care. All assets must first be exhausted. I think that is wrong and cannot support the administration's proposed $3 billion cut in medicare benefits when there are already so many deficiencies in the program. I believe medicare should be expanded to include prescription drugs, eyeglasses, hearing aids, dental care, and other necessary medical assistance.

HOUSING

Safe and affordable housing should also be a basic entitlement for senior citizens in America today. I support efforts to restore the section 202 housing program budget which assists the elderly and handicapped. I support efforts to help older Americans to convert home equity into income without having to sell or move. I am sponsoring a massive housing stimulus bill to spark life into the homebuilding industry which would help all Americans. I hope to see more local, State, and private initiatives to build housing for older Americans. Recently, voters in my hometown of Everett—as well as voters in Seattle—approved bond issues which will mean more and better senior citizen housing. I was proud to be associated with both of those efforts and hope to see many more.

ENERGY

The largest monthly expense for many older Americans is energy and the high cost is forcing many of them to leave their family homes in search of other housing. I am a strong advocate of conservation and weatherization projects as two important means of reducing energy costs. Many senior citizens live in large, older, poorly insulated homes and thus can benefit most from those kinds of initiatives.

Recent studies indicate the elderly and poor use much less energy than any other group, yet spend a much larger portion of their income for it. They are hit especially hard by oil prices—a major reason why I have supported controls on oil and gas prices and opposed the oil import fee which hits persons on low and fixed incomes hardest. I believe we must continue to assist senior citizens who are left with the terrifying choice between food and freezing.

HOME ASSISTANCE

In-home care should be promoted as a viable alternative to institutionalization and can be accomplished by modest expansion of benefits for long-term home care, tax incentives, and expanded home services. In many instances, help with a few simple household chores can mean the difference between living at home and being forced to enter an institution. In the years ahead, I think we can expand and improve access to these kinds of services. I also am sponsoring legislation to cover hospice services under medicare which is an effective, humane substitute to expensive, intensive hospital care.

CRIME

It is unconscionable to me that some senior citizens must live in constant fear for their property or personal safety. I look forward to new initiatives increasing safety and security, promoting community awareness, and assisting victims of crime. I would like to see expansion of the community block watch program to provide voluntary escorts for seniors who feel the need for the added security of a neighbor's company.

TRANSPORTATION

Viable, affordable public transit is essential to the needs of Americans who want to be independent, but have no other means of transportation. Today the public transit system is at a critical stage and the Nation faces questions that will affect the future of transit for many years into the future. We cannot afford to back away from the commitment to provide bus transportation to senior citizens, as well as all Americans.

EMPLOYMENT

I support the right of older Americans to work as long as they wish and are able. I oppose arbitrary retirement ages. I also am sponsoring a Senate resolution in support of the community service employment program which is a cost-effective, efficient, and successful training and placement program for seniors who want to work. I also want to expand opportunities for seniors to assist government and industry, in a part-time advisory capacity.

We have made progress few would have thought possible in the fight to provide dignity and opportunity for senior citizens. As I travel around Washington State, I am ever-more impressed with the success of senior citizen activity centers. We have more than 150 of them in every nook and cranny in the State. They are the center of activity in every community, not just for seniors, but often for the whole community. They provide the added benefit of bringing seniors together with other segments of the community and a greater degree of human understanding is the result.

We live in an ever-changing society and we must be prepared to shift and fine tune our course over and over. But let us always continue to progress and move forward as we consider the needs and interests of America's senior citizens.●

HADASSAH'S 70TH ANNIVERSARY

● **Mr. SPECTER.** Mr. President, as a cosponsor of Senate Concurrent Resolution 62, I am pleased to participate in today's celebration commemorating the 70th anniversary of Hadassah, the Women's Zionist Organization of America.

When Henrietta Szold, "Pioneer Zionist, Defender of Democracy," founded Hadassah 70 years ago, who dreamt that the organization could ever grow to 370,000 active members who serve thousands of people in both America and Israel today?

Through their determined efforts, Hadassah members have provided invaluable and sustained leadership in the American Jewish community. Hadassah—the largest women's volunteer organization in America—educates its members and the Jewish community on a myriad of issues—ranging from domestic affairs and the civil liberties to the Middle East and the oppressed Jewry of the Soviet Union, Ethiopia and Syria.

Hadassah's endeavors have not been limited to American shores—since 1912, Israel has been blessed by the extensive Hadassah Medical Organization. Anyone who has ever visited Israel recognizes immediately the contribution made by the Hadassah Medical Organization. The Hadassah Medical Organization has, since 1912, been a pioneer in healing, teaching, and research. Hadassah facilities and personnel rank among the best in the world; they provide reassurance to the people of Israel who live under seige. Hadassah has, for many years, followed the Oath of the Hebrew Physician: "You shall help the sick, base or honorable, stranger or citizen, because he is sick."

Hadassah, however, has not limited itself to caring for the bodily ill. Hadassah serves the needy of spirit as well. Hadassah's "Youth Aliyah," is a child rescue movement which has cared about the uncared for. Since 1934, Hadassah has integrated 185,000 young people from 80 countries into Israeli life.

These efforts—and so many others over the last years—represent the commitment of Hadassah to promote social equality.

The word "Hadassah" comes from the myrtle plant—an evergreen. Hadassah, like the evergreen, endures. Hadassah, like the evergreen is ever growing.

Hadassah represents the best of things American—spirited women committed to creating a better society. Could Henrietta Szold have ever imagined the success into which her embryonic organization would develop?

I congratulate the members of Hadassah on their 70th anniversary and am deeply honored to represent the over 23,000 women of Pennsylvania who are members of such an admirable organization.

TO PRESERVE AMERICA'S CLASSICS

● **Mr. MOYNIHAN.** Mr. President, I rise to take note of a truly noteworthy event. The classics of American literature are about to be assembled in a most exemplary way, the sort of event that surely should bring this Chamber good cheer.

I refer to the announcement that the first four inaugural volumes of a project known as the Library of America have been published. This nonprofit venture will eventually compile, in a 100-volume set, the works of America's most distinguished and treasured authors and poets. In the words of Prof. Daniel Aaron, president of the library, "These books will comprise the American library of last resort."

Last Wednesday, a group of America's best known contemporary writers and figures from the world of publishing gathered at the Pierpont Morgan Library in New York City to mark the commencement of this ambitious project and to note the splendid help being given by the Ford Foundation and the National Endowment for the Humanities, among others.

Mr. President, this attempt to preserve the finest of America's rich literary heritage traces, in part, to a suggestion made by Edmund Wilson to the very distinguished editor, my friend, Jason Epstein. Wilson wrote Epstein that:

> The kind of thing I would like to see would follow the example of the Editions de la Pleiade which have included almost the whole of the French classics in beautifully produced and admirably printed * * * volumes.

The current project promises no less than the most satisfactory achievement of Wilson's dream. Mr. Epstein himself is involved as are other publishers, editors, and writers ranging from Roger Kennedy to Jacqueline Onassis.

Mr. President, I take this opportunity to commend all those involved with "The Library of America" and to wish the project well. We all will, indeed, profit from their labors. I ask that an excellent story about last Wednesday's ceremony at the Morgan Library, written for the New York Times by Mr. Herbert Mitgang be printed at this point in the RECORD.

The article follows:

[From the New York Times, May 14, 1982]

WRITERS HAIL REISSUING OF CLASSICS

(By Herbert Mitgang)

In the Pierpont Morgan Library late Wednesday evening, Eudora Welty, the silver-haired American storyteller, stepped slowly onto a platform before 100 invited guests, including some of the country's most distinguished members of the literary community.

"I shall read one story," she said. "I love stories. And I love this story, 'The Birthmark.'"

For the next 20 minutes, the audience was transported to 1843 by Nathaniel Hawthorne's tale of a beautiful, young wife with a blemish on her cheek and her husband's fatal obsession to remove it. As Miss Welty read toward the end, "The fatal hand had grappled with the mystery of life . . ." the story seemed to emerge as a symbolic statement about human imperfection, intolerance, feminism and marriage, with meaning for the 20th century, too.

This was no ordinary book occasion. Miss Welty was one of four aptly chosen readers—the others were Robert Penn Warren, the novelist, on Harriet Beecher Stowe; Arthur M. Schlesinger, Jr., the historian, on Walt Whitman, and Richard Wilbur, the poet, on Herman Melville—who had come to the great manuscript and print repository at Madison Avenue and 36th Street to celebrate the four inaugural volumes of "The Library of America."

Daniel Aaron, professor of English and American literature at Harvard University, who is president of the Library of America, said: "These books will comprise the American library of last resort."

Eventually, the library will grow to 100 volumes, collecting the works of the nation's foremost authors in authoritative, uniform hard-cover editions. This nonprofit publishing venture is a tale in itself—of early-resistance in some scholarly quarters, of cooperation between university presses holding copyrights and the series' executives for the sake of literary preservation, and of a dream that began more than two decades ago with a letter from Edmund Wilson, the critic, to Jason Epstein, the editor. The letter said in part:

"The kind of thing I would like to see would follow the example of the *Editions de la Pleiade*, which have included almost the whole of the French classics in beautifully produced and admirably printed, then-paper volumes ranging from 800 to 1,500 pages."

Now American readers can have a similar American collection, via two distribution channels, the Viking Press and Time-Life Books. The $25 books will not have to be read before they fall apart.

"They're printed on acid-free paper," said Brooke Vincent Astor at the Morgan ceremony. "Five hundred years from now, when they dig up the books, the literature of America will be here."

READINGS AND INTERPRETATIONS

The first four volumes are Herman Melville's "Typee," "Omoo" and "Mardi," three of his works on the South Seas, edited by G. Thomas Tanselle; Harriet Beecher Stowe's three novels, "Uncle Tom's Cabin," "The Minister's Wooing" and "Oldtown Folks," edited by Kathryn Kish Sklar; Walt Whitman's poetry and prose, embracing "Leaves of Grass" (the 1855 and 1891-92 versions) and "Complete Prose Works," edited by Justin Kaplan, and Nathaniel Hawthorne's tales, and sketches, "Twice-told Tales," "Mosses from the Old Manse," "The Snow Image, and Other Twice-told Tales," "A Wonder Book for Girls and Boys" and "Tanglewood Tales," edited by Roy Harvey Pearce.

Introducing selections from these works, the readers offered the audience a liberal education about the authors and their relevance to the present day.

Mr. Warren, reading from "Uncle Tom's Cabin," in a Deep South accent that has not been lost during his years of living in Connecticut, mocked the critics who said that Mrs. Stowe had lacked a real understanding of literature.

NOT A SECTIONAL BOOK

"She didn't need a Ph.D.—she read all the books she was supposed to as a young lady," he said. "'Uncle Tom's Cabin' is not a sectional book, not just North and South, but about human relations. Mrs. Stowe played fair; she made Simon Legree a Yankee. She was against racism as well as against slavery."

Reading from Melville's "Typee," Mr. Wilbur called it a natural best seller.

"I mean no detraction," he said, because "it combines adventure, fantasy and escape to an idyllic, delicately erotic place." The novel "denounces the conduct of great nations, inveighs against imperialists, and, at the same time, shows that the Typees could be degenerate and cannibalistic."

Mr. Schlesinger, reading "Crossing Brooklyn Ferry," said that the poet's vision was accurate.

"Whitman, after all, began as a newspaperman," he said.

AUTHORS AT CEREMONY

He pointed out that the poet was making a statement not simply about a river crossing, but also about "the passage of man" and proved it in soaring language.

Among the authors at the Morgan ceremony were Eleanor Clark, Ralph Ellison, Carlos Fuentes, Elizabeth Hardwick, Lillian Hellman, Irving Howe, R. W. B. Lewis, William Maxwell and Charles Ryskamp, who is also the library's director.

Among publishers and editors were Barbara Epstein, Jason Epstein, Lawrence Hughes, Roger Kennedy, Helen Meyer, Jacqueline Onassis and Cheryl Huber, who is executive director of the series.

For backing the publishing program, tribute was paid to the Ford Foundation and McGeorge Bundy and the National Endowment for the Humanities.●

SALUTE TO ELLSWORTH MISSILE WING

● Mr. PRESSLER. Mr. President, recently a missile crew from the 44th strategic missile wing at Ellsworth Air Force Base had the distinct honor of winning first place in the Strategic Air Command's "Olympic Arena" competition at Vandenburg Air Force Base.

Col. Joseph L. Stone, Jr., commander of the 44th strategic missile wing, and his missile combat competition team are to be commended for their top-notch performance in winning the highly coveted Blanchard Trophy during the "Olympic Arena" competition.

I have personally visited the missile sites and launch control facilities at Ellsworth and have had the opportunity to observe firsthand the example of excellence which is so characteristic of the Ellsworth missile crews. The first place finish of Ellsworth's combat competition team provides some much-deserved recognition of the 44th SMW's high caliber.

The citizens of my home State of South Dakota are very proud of the important role played by Ellsworth Air Force Base in our country's defense structure. Local officials and residents of the Rapid City community demonstrated their strong support for Ellsworth and their pride in Ellsworth's achievements by turning out in large numbers recently to welcome the winning team back from the "Olympic Arena" competition.

I join my fellow South Dakotans in congratulating Col. Joseph L. Stone, Jr., and his missile competition team for their exemplary performance in demonstrating the first-rate capabilities of the personnel at Ellsworth. The following individuals were members of the 44th SMW Missile Combat Competition team and deserve special recognition for their accomplishments:

First Lieutenant Ken B., Baier.
First Lieutenant Roger W. Burg.
First Lieutenant Michael D. McDowell.
First Lieutenant Steven R. Prebeck.
Technical Sergeant Arthur W. Avant., Jr.
Staff Sergeant Randy L. Bury.
Staff Sergeant Harold Blalock, Jr.
Staff Sergeant Warden L. Evans.
Sergeant Lee J. Strunk.
Sergeant Michael Skundberg.
Sergeant Michael O. Cloud.
Sergeant Robert S. Rush.
Sergeant James Gorka.
Senior Airman Richard C. Schwartz.
Senior Airman Ronald J. Morris.
Senior Airman Laurie L. Trescott.
Senior Airman Mark P. Koch.
Senior Airman Robert E. Hayden.
Senior Airman Wesley T. Peel.
Airman First Class Raymond E. Hadlock.
Airman First Class Charles E. Hatch.
Airman First Class Paul D. Rheault.
Airman Timothy B. Scott.
Mr. Arnold Gust.

We salute you all.●

RETIREMENT OF DR. OPAL H. MANN

● Mr. HUDDLESTON. Mr. President, recently, one of the U.S. Department of Agriculture's most valued and most imaginative administrators retired after 37 years of dedicated public service.

Dr. Opal H. Mann, who, I am proud to say, is a Kentuckian, was the Deputy Administrator for Home Economics and Human Nutrition of the Extension Service of the Department of Agriculture. In Dr. Mann, the Department of Agriculture had found an administrator who had begun her own extension service experience at the age of 8 in Morgan County, Ky. as a 4-H Club member, and who had carried her devotion to extension to the highest levels of government.

Perhaps the most remarkable aspect of Dr. Mann's career was her farsightedness in applying new technologies to the delivery of government services in this important arena. Dr. Mann pioneered presentations via satellite transmission of such things as food and nutrition services. This video communication expanded opportunities for disseminating information and at the same time reduced the burdensome expenses in time and money due to travel.

And her dynamic use of technology was far from a one-way street of taking information to the people. She also devised mechanisms for using these technologies to bring the people to the government, to explain their needs through such vehicles as the National Extension Homemakers Club national survey.

Under Dr. Mann's direction, the Extension Service was brought to the modern age and kept a step ahead with its emphasis on a broad range of services such as energy conservation and family resource management.

Dr. Mann exemplifies the ideal of the dedicated public servant. She entered the Cooperative Extension Service in 1945 as an assistant county home demonstration agent in Breathitt County, and was State program specialist at the University of Kentucky when she came to the national office in 1971 as Assistant Deputy Administrator for Home Economics.

Dr. Mann has never been content to confine her good works to her administrative duties. She has served as adviser to the National Extension Homemakers Council, has authored numerous publications, and has appeared as a speaker before many national groups and organizations.

Dr. Mann and her husband, Arnold C. Mann, plan to continue to reside in College Park, Md., and Dr. Mann plans to continue, in a somewhat more relaxed atmosphere, her interest in and contributions to the Cooperative Extension Service. Her future contributions will undoubtedly be as valued as her contributions during her public career.●

HADASSAH'S 70th ANNIVERSARY

● Mr. **BRADLEY**. Mr. President, Thursday May 20, 1982, marks the 70th anniversary of Hadassah, the Women's Zionist Organization of America. Along with many of my colleagues I am proud to salute the accomplishments and the spirit of this organization.

This important organization is named for Queen Esther, a woman who dedicated herself to the salvation of the people of Israel. Hadassah has carried on her principles for 70 years, expanding its membership throughout the United States and Puerto Rico. As the largest women's volunteer organization in the United States, Hadassah has assisted thousands—particularly through the health programs it supports—regardless of race, religion, or nationality. Today's members of Hadassah sustain a medical center, the Hadassah University Hospital, where Arabs and Israelis benefit from the most modern health care available particularly the child rescue rehabilitation programs, vocational training and treatment of eye disorders. In recent years, members have also made important contributions to land reclamation efforts in the State of Israel.

The 370,000 members of Hadassah have made lasting contributions to Israel and the United States through promotion of humanitarian causes. The spirit of voluntarism and good will of organizations like Hadassah are an integral part of our Nation and I am pleased to recognize their accomplishments.●

S. 2338—SCHOOL BOARD ADDITION TO ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

● Mr. **BENTSEN**. Mr. President, I am pleased to join my colleague Senator PERCY as cosponsor of S. 2338, a bill to add school boards to the groups that make up the Advisory Commission on Intergovernmental Relations (ACIR). Although ACIR has a long and distinguished history of effective work in the area of intergovernmental relations, to date no local school district representative has been permitted to participate as a voting member of the Commission.

We can all agree, Mr. President, that school districts are an important—indeed indispensable—element of our intergovernmental network. According to information recently compiled by the National School Boards Association, school districts across this country employ approximately 44 percent of the personnel, and expend 36 percent of the funds utilized by local governments. School districts are found in 49 of the 50 States, and in 41 States act independently of other governmental entities. In my own State of Texas, 1,100 school districts—of which 1,040 are independent—elect more than 7,000 local officials, and employ over 330,000 individuals. Of a total State budget of $26.5 billion during his biennium, $8.1 billion, or nearly one-third is expended under the direction of local school districts.

Clearly, Mr. President, the officials whose decisions guide these districts have a wealth of experience in intergovernmental relations and in the conduct of delicate negotiations with Federal, State and local representatives whose activities impact on school districts. School officials have already experienced substantial dislocation from Federal budgetary reductions and program changes. We hear frequent reports of difficulty in adjusting to new block grants from superintendents who support the concept of greater local control, but would prefer that the mechanics of transferring responsibility be more responsive to their needs.

As we take up the administration's recommendations regarding implementation of the New Federalism, Members of Congress must do all we can to assure a smooth transition to greater local control of revenue sources and the services, projects, and programs they support.

Since the ACIR will continue to be a major forum for debate and decisionmaking, those who will be asked to assume the transferred responsibilities must be permitted to participate as full voting partners in designing the New Federalism. It would be a mistake to ignore the rich experience of school officials at the earliest stages of deliberation; it would be unfair to force school districts to shoulder the burdens of taxation and service delivery if they are barred from participating in the decisions to transfer those responsibilities.

In closing, Mr. President, I believe we will all be winners if this bill is enacted. The school districts will take their rightful place at the bargaining table; current members of the ACIR will benefit by the expertise these officials bring to the deliberations; Members of Congress will get legislative proposals reflecting the concerns of a wider spectrum of local officials; and, most importantly, the communities where taxes are generated and services provided will enjoy more broad based representation.●

ANNOUNCEMENT OF POSITION ON VOTE NO. 118

● Mr. **PRESSLER**. Mr. President, on May 14, at 3:04 a.m., the Senate voted on legislative rollcall vote No. 118. It was a tabling motion. I thought it was an up-and-down vote. It was my intention to support the amendment which was tabled by that vote. My vote did not determine the outcome.●

SEVENTIETH ANNIVERSARY OF HADASSAH

● Mr. **COHEN**. Mr. President, today there will be a ceremony at the White House commemorating the 70th anniversary of Hadassah, the Women's Zionist Organization of America.

Founded on February 24, 1912, this humanitarian service organization now is the largest women's volunteer organization in the United States, with 370,000 members in all 50 States and Puerto Rico.

Through the commitment and dedication of its members, Hadassah has made major efforts to promote economic and social justice, and to create a more humane world for all people. Hadassah still maintains the world-famous Hadassah-Hebrew University Medical Center in Jerusalem, Israel. This university is a living expression of the common humanitarian, social, ethical, religious, and scientific values shared between the peoples of the United States and Israel.

As a cosponsor of the resolution congratulating Hadassah on its 70th anniversary, I would like to commend my colleagues to join the White House in commemorating the occasion.●

FIRST CONCURRENT BUDGET RESOLUTION

The **PRESIDING OFFICER**. The Senator from New Mexico.

Mr. **DOMENICI**. Mr. President, I understand that we will now return to another Democrat amendment. That would be to Senator SASSER, who will offer a railroad retirement modification amendment.

Mr. President, I yield the floor.

Mr. **SASSER** addressed the Chair.

The **PRESIDING OFFICER**. Just one moment, please.

Will the Senate please come to order. Those who wish to talk, please go to the cloakroom.

The Senator from Tennessee.

UP AMENDMENT NO. 977

(Subsequently numbered amendment No. 1492)

(Purpose: To restore annual cost-of-living adjustments to railroad retirees)

Mr. **SASSER**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. President, I send this amendment on behalf of myself, Senators HEINZ, HAWKINS, KASSEBAUM, also Senator EXON, Senator METZENBAUM, Senator RIEGLE, and a number of other cosponsors from both sides of the aisle.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. SASSER), for himself, and other Senators, proposes an unprinted amendment numbered 977.

Mr. **SASSER**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

UP AMENDMENT NO. 977

On page 2, beginning with line 15, strike out through line 21 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,329,200,000.

Fiscal year 1984: $897,031,700,000.

Fiscal year 1985: $972,834,200,000 minus $100,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000 plus $100,000,000.

Fiscal year 1983: $783,629,200,000 plus $400,000,000.

Fiscal year 1984: $832,331,700,000 plus $500,000,000.

Fiscal year 1985: $889,434,200,000 plus $700,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000 plus $100,000,000.

Fiscal year 1983: $115,429,200,000 plus $400,000,000.

Fiscal year 1984: $91,331,700,000 plus $500,000,000.

Fiscal year 1985: $64,434,200,000 plus $700,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,129,200,000 plus $100,000,000.

Fiscal year 1984: $1,420,060,900,000 plus $100,000,000.

Fiscal year 1985: $1,533,295,100,000 plus $100,000,000.

And the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,929,200,000 plus $100,000,000.

Fiscal year 1984: $127,931,700,000.

Fiscal year 1985: $113,234,200,000.

On page 16, beginning with line 1, strike out through line 4 on page 17 and insert the following:

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000.

(B) Outlays, $251,500,000,000 plus $100,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,800,000,000.

(B) Outlays, $272,600,000,000 plus $400,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000.

(B) Outlays, $288,300,000,000 plus $500,000,000.

Fiscal year 1985:

(A) New budget authority, $332,000,000,000 minus $100,000,000.

(B) Outlays, $309,800,000,000 plus $700,000,000.

On page 26, beginning with line 15, strike out through line 23, and insert the following:

(6) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $102,000,000 and outlays by $457,000,000 minus $400,000,000 in fiscal year 1983; to reduce budget authority by $136,000,000 plus $100,000,000 and outlays by $625,000,000 minus $500,000,000 in fiscal year 1984; to reduce budget authority by $120,000,000 plus $100,000,000 and outlays by $744,000,000 minus $600,000,000 in fiscal year 1985.

On page 28, beginning with line 13, strike out through line 21 and insert the following:

(11) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $514,000,000 and outlays by $1,031,000,000 minus $400,000,000 in fiscal year 1983; to reduce budget authority by $741,000,000 plus $100,000,000 and outlays by $1,230,000,000 minus $500,000,000 in fiscal year 1984; and to reduce budget authority by $815,000,000 plus $100,000,000 and outlays by $1,439,000,000 minus $600,000,000 in fiscal year 1985.

The cosponsors of the amendment are Senators BIDEN, BRADLEY, BURDICK, ROBERT C. BYRD, CANNON, EAGLETON, EXON, FORD, HART, HEFLIN, JACKSON, KENNEDY, LONG, MATSUNAGA, MELCHER, METZENBAUM, MOYNIHAN, PRYOR, RANDOLPH, RIEGLE, ZORINSKY, CHILES, MITCHELL, SARBANES, HEINZ, DURENBERGER, HAWKINS, KASSEBAUM, PRESSLER, and WEICKER.

The **PRESIDING OFFICER**. There shall be 1 hour equally divided on this amendment under the previous order.

Mr. **SASSER**. Mr. President, I did not hear the Chair.

Mr. **ARMSTRONG**. Mr. President, the Senate is almost but not quite in order.

The **PRESIDING OFFICER**. There will be 1 hour equally divided under the previous order.

The Senate will please come to order so the Senator from Tennessee may begin.

Mr. **SASSER**. Mr. President, in conformity with an agreement just made with the distinguished Senator from New Mexico, I ask unanimous consent that the time agreement be reduced to allow 20 minutes to the side.

The **PRESIDING OFFICER**. Is there objection?

The Chair hears none, and it is so ordered.

Mr. **SASSER**. Mr. President, this is a very simple amendment. Let me sum up, if I may, the three points that the amendment covers.

This amendment impacts on more than 1 million railroad retirees across the Nation. First, the amendment provides money in the budget to permit the 7.4 percent cost-of-living adjustment to be paid to the Nation's 1 million railroad retirees for fiscal years 1982 and 1983.

The cost-of-living adjustment will be paid on July 1, 1982. It also permits a cost-of-living adjustment for railroad retirees at the level of the Consumer Price Index for 1984 and 1985.

Under the budget resolution, the cost-of-living adjustments for 1984 and 1985 are capped at 4 percent. Of course, the budget resolution freezes the cost-of-living adjustment for 1982-83.

If this Amendment is adopted, these cost-of-living adjustments for railroad retirees might be at the level of the 6.5-percent range for railroad retirees in 1984 and 1985.

Indeed, the budget assumption on which this budget resolution is based assumes a 6.5-percent rate of inflation in fiscal year 1984-85.

Second, Mr. President, the amendment provides for full appropriations for the dual benefits received by those railroad retirees who were guaranteed such a benefit when the Congress passed the Railroad Retirement Act of 1974.

The dual benefit goes to railroad retirees who were retired as of 1974 or who at the time of the passage of the act in 1974 had 10 years of work history with the railroad. It was considered that if they had 10 years of work history, their rights vested under the old act and under the law then obtaining.

I might note that when the Reagan administration first attempted to reduce this dual benefit by some 21 percent in 1981, the move was defeated in this body by a vote of 61 to 34. So the Senate has deliberated this matter on a prior occasion and has spoken in no uncertain terms that it did not wish to see the dual benefit reduced or diminished, and certainly not by the 21 percent level as the administration had previously sought to do.

This dual benefit diminishes over time and will be eliminated gradually as the older retirees pass from the system due to the attrition of time.

Finally, the amendment provides funds for the operation of the 94 railroad retirement officers scattered around this country, including the very important central office in Chicago and the three field offices that happen to be located in my native State of Tennessee. These field offices are central and necessary and crucial to effective administration of the railroad retirement system.

I know that my colleagues realize that there are railroad retirees in every State in this Union. To give an example, in the State of Alabama there are 15,300 railroad retirees; in the State of Arizona, 13,500; in the State of Florida, 48,000; in the State of Georgia, 22,000. I see the distinguished Senator from Louisiana in the Chamber. There are 13,500 railroad retirees in the State of Louisiana who would be affected by this legislation.

I give this information by way of illustration and to indicate that these 1 million railroad retirees are scattered all across the 50 States of the Union.

These are good, hard-working men and women who have worked to build the railway system in this country. At the time they retired, they expected to have the full benefits of their retirement program as set forth in the Railroad Retirement Act of 1974. They are entitled to that, and this amendment provides that they will have these benefits, pursuant to the solemn act of Congress which bestowed these benefits on them in 1974.

What we are saying by this amendment is this, simply stated: that Congress stands by its commitment that was made to these men and women in 1974. That is the nutshell of this amendment. There is nothing complicated about it. It means nothing more and nothing less.

If we want our railroad employees to know that we stand behind their hard work, I urge my colleagues to vote for this amendment. If we want to suggest that we really do not care about the integrity of the railroad retirement legislation which was passed in 1974 by this body and by the House of Representatives, and signed into law by the President of the United States, then I suppose a vote against this amendment is in order.

Frankly, Mr. President, I am confident that the majority of my colleagues will want to honor this commitment to the railroad retirees of this country who retired and relied on legislation that was passed here some 8 years ago.

Mr. President, how much time remains to my side?

The **PRESIDING OFFICER**. Twelve minutes and 45 seconds.

Mr. **SASSER**. I yield to the distinguished Senator from Ohio.

Mr. **METZENBAUM**. I thank the distinguished Senator from Tennessee.

I ask the Chair to advise me when 5 minutes have expired.

Mr. President, I am pleased to join the Senator from Tennessee in offering this amendment to restore the cost-of-living increase and fully fund the dual benefits to maintain the field offices of the railroad retirement system.

The Budget Committee has reported a resolution which, in effect, would cause unnecessary harm to more than 1 million railroad retirees.

First and foremost, the committee has eliminated the cost-of-living increase for retirees which was scheduled to take effect on July 1, 1982. Railroad retirement is quite a bit different from any of the other matters that have come before us on a budget issue. It is a completely self-financed system, based upon employee and employer contributions. There is no reason to eliminate the COLA for these retirees, because the Government does not pay for these COLA's. I want to emphasize that. This is not Government money we are talking about. This is the money of the employees and the employers themselves.

All payments made to the railroad retirement system are totally paid by the railroad industry—management and labor.

But one thing will happen, and that is further erosion in retiree income caused by a Congress that is totally insensitive to the plight of these hard-pressed senior citizens, if we do not act favorably on our amendment.

The committee's action did not stop with this arbitrary denial to the railroad retirees of the COLA they had every right to expect. The committee also reneged on the promise given to the railroaders with regard to the so-called windfall benefit—actually, a misnomer.

In 1974, Congress decided to eliminate the possibility of railroaders earning retirement benefits under both railroad retirement and social security. However, those individuals already entitled to benefits from both systems would receive what is called a dual benefit or windfall benefit. As I previously stated, that windfall appellation is somewhat misleading, because it is a benefit which was earned.

In 1983, $430 million is needed to fully fund the dual benefit. The committee has seen fit to provide only $379 million, a shortfall of $51 million. This action is not only unfair; it is actually—and I emphasize this—contrary to the expressed will of this body. The Senate spoke to this issue in November of last year. At that time, by a 2-to-1 margin, the Senate adopted an amendment I had offered and voted to fully fund the dual benefits.

I do not believe that the commitment of the Senate to meet its obligation to these retirees has changed. I cannot support this action by the Budget Committee, and I do not believe that the Senate as a whole will consent to inflict this cruel and unnecessary punishment upon retirees who have rightfully earned these benefits.

I urge my colleagues to join us in correcting an unjust decision.

Mr. **SARBANES**. Mr. President, will the Senator yield?

Mr. **SASSER**. Mr. President, I yield to the distinguished Senator from Maryland.

SENATOR SARBANES SUPPORTS THE RAILROAD RETIREMENT SYSTEM

Mr. **SARBANES**. Mr. President, I am very pleased to join the Senator from Tennessee as a cosponsor of this important amendment to protect the earned retirement benefits of over 1 million railroad retirement beneficiaries and to preserve the integrity of the Federal railroad retirement system. This Nation's retired railroad employees spent their working years safeguarding one of our country's most valuable resources, our rail transportation system. These dedicated workers paid into their retirement system and now rely on receiving their established benefits. If their benefits are unfairly diminished these railroad workers and their families will not be able to live their retirement years in the dignity and financial independence which their hard work over the years has earned them.

This amendment addresses three specific aspects of the railroad retirement system. First, it retains the scheduled July 1982 cost-of-living adjustment for railroad retirees, and maintains future COLA's as currently calculated to the Consumer Price Index. For the many older Americans living on fixed incomes, the annual COLA is an indisputable necessity in this time of continuing economic hardship. Railroad retirees rely on receiving their annual adjustment this summer in order to enable them to meet the rising cost of living. It is inequitable and unfair to single out retirees for a major cut in their retirement benefits in order to achieve savings in the budget.

Second, the amendment funds the railroad retirement dual benefits account for fiscal year 1983-85 at the level necessary to insure the payment of full benefits to all retirees. In 1974, Congress made a commitment to paying the cost of this dual-benefit program for those retirees who previously had been eligible for both social security and retirement benefits, until the program phases itself out through the attrition of existing beneficiaries. Yet sufficient funds have never been appropriated to cover the cost of these dual benefits.

For example, in fiscal year 1982 while $440 million was authorized to pay these obligated benefits, only $350 million was actually appropriated. Through a series of amendments, which I strongly supported, an additional $29 million was eventually added, but the 400,000 railroad retirees who are entitled to dual benefits still suffered a 15-percent cut in their benefit payments. These benefits have been promised to retired railroad workers, and Congress must live up to its obligation to fully fund this authorized program.

Finally, the amendment assures the continued operation of the Railroad Retirement Board and its field offices at current levels of service. The administration's proposal to abolish the Railroad Retirement Board and to transfer its many functions to the Social Security Administration, to a private pension fund—which does not yet exist—and to the States by October 1, 1982, would be an administrative nightmare. It would severely tax the already-strained resources of social security and the States, and would have a chaotic impact on the retirement, disability, sickness, and unemployment benefits of railroad workers.

The railroad retirement system is of critical importance to many of our citizens—retired employees, their spouses and widows—who depend on these benefits for their daily existence. We must not break our commitment to these workers, who have planned for their retirement based on guarantees made by the Government and who have contributed so much to our national strength.

Mr. SASSER. Mr. President, how much time remains to our side?

The PRESIDING OFFICER. Eight minutes.

Mr. SASSER. Mr. President, I yield 2 minutes to the distinguished Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend from Tennessee who I have the honor of serving with on the Budget Committee.

One of the reasons that I could not support the original budget that was reported out of the Budget Committee was during our deliberations when we were talking about COLA for the various groups I specifically asked the question and got the answer "no." We were not treating both tier 1 and tier 2 of the railroad retirement system as we were treating the other retirees.

I think that is a mistake, and I certainly hope that the amendment being offered by the Senator from Tennessee, which I am pleased to be an original cosponsor of, will be accepted by the Senate.

I would suggest to my colleagues that we should accept this in fairness if for no other reason.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Mr. President, the distinguished senior Senator from Pennsylvania had indicated earlier by way of his staff that he wished to speak to this amendment. I do not see the Senator in the Chamber at the moment.

Mr. President, I yield 3 minutes to the distinguished Senator from Michigan.

Mr. RIEGLE. I thank the Senator.

Mr. President, this amendment on railroad retirement would provide for the maintenance of COLA adjustments under the railroad retirement system, as provided under current law, and would provide full funding to the so-called dual-benefit-windfall component for fiscal year 1983, fiscal year 1984, and fiscal year 1985.

There are several points that should be made.

First, this is a bipartisan amendment, enjoying the strong support of Members from both sides of the aisle.

Second, this amendment is intended to correct a major inequity in the pending budget resolution. Under this resolution, cost-of-living adjustments are provided for social security recipients, but are denied to railroad retirees. However, railroad retirees do not draw social security and therefore would be denied any cost-of-living adjustment. The freeze on railroad retirees COLA's would create a tremendous and unfair disparity between railroad and nonrailroad retirees in this country. The first part of this amendment is intended to put the railroad retirees on the same footing as social security recipients by extending to them their rightful cost-of-living adjustment.

The next point is that the second part of this amendment is intended to restore the COLA for the private pension equivalent component of the railroad retiree annuity. This component, which is calculated at 32.5 percent of the social security COLA, is already bought and paid for by the railroad industry—management and labor. Employees themselves contribute 2 percent of their pay in order to assure the continued payment of these COLA's for their railroad annuity.

The Government does not pay for these COLA's. The basic railroad retiree annuity is entirely funded by the railroad industry itself—by management and labor contributions to a trust fund. These contributions go directly into a trust fund. The freeze on these COLA's will result in no freeing of general revenues that could be used for other purposes. The budget savings supposed by the pending budget resolution are fictitious in this regard.

This amendment would also provide full funding for the so-called dual-benefit windfall. Prior to 1974, railroad employees with adequate railroad and nonrailroad employment were entitled to draw benefits under both the Railroad Retirement Act and the Social Security Act. In 1974, Congress eliminated dual-benefit coverage and authorized annual appropriations through the year 2000 for windfall benefits for railroad retirees who had retired prior to 1974 to partially compensate them for their loss of benefits.

Congress thereby made a commitment to this class of nearly 400,000 railroad retirees to pay the cost of the dual-benefit program as the dual-benefit entitlement was phased out through the attrition of its existing beneficiaries. As recently as November 15, 1981, the Senate voted by a vote of 61 to 34 for full funding of the so-called dual-benefit-windfall account, in the context of the continuing resolution.

The pending budget resolution would freeze the contribution to this account at $379 million while approximately $430 million is needed to fund this account. This would result in a benefit reduction of approximately 15 percent.

So for those reasons I hope the Senate will support this amendment.

Mr. SASSER. I thank the Senator from Michigan.

Mr. President, how much time is remaining?

The PRESIDING OFFICER. Two minutes and fifty seconds.

Mr. SASSER. Mr. President, I reserve the remainder of my time.

Mr. BOSCHWITZ. Mr. President, if the Senator will yield for a question, I note he told the Senator from Louisiana how many railroad retirees are in his State. How many are in his State by chance?

Mr. SASSER. The distinguished Senator from Minnesota will be interested to know that there are 27,400 railroad retirees in his State.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GOLDWATER. Mr. President, I wonder if the manager on this side will yield for a question?

Mr. ARMSTRONG. Mr. President, I am delighted to yield to the distinguished Senator from Arizona for a question, for a statement, or for any other purpose that he may have in mind.

Mr. GOLDWATER. I wish to ask a question because a statement has been made, and it is true that this COLA increase will come out of funds provided by the Railroad Retirement Act. I just wish to ask how many railroads have been in a profit position in the last 10 years? Does the Senator know?

Mr. ARMSTRONG. Would the Senator care to rephrase that question and ask someone who can name the railroads that have been in a profit position in the last 10 years?

Mr. GOLDWATER. It is my understanding there are only one or two railroads in this country that have been making money, and if that is the case I wish to know where these funds are going to come from to provide a cost-of-living increase for the retirees. As beneficial and desirous as that might be I think once again we are looking for that old money tree.

Is there any answer to that?

Would the Senator from Tennessee care to answer?

Mr. SASSER. I am sure the Senator from Arizona was addressing the question to the manager of the bill.

Mr. ARMSTRONG. I assume that the Senator from Arizona is addressing it to the proponents of the amendment.

Mr. GOLDWATER. Mr. President, I would be very happy to. I do not think he would want to yield from his time.

Mr. SASSER. I will attempt to answer the Senator's question but I do not want it to count against my time.

Mr. GOLDWATER. It is an important question.

Mr. ARMSTRONG. Mr. President, we will be pleased to yield time to the Senator from Arizona if he wishes to pursue this question with the Senator from Tennessee. The Senator from Colorado has no idea, to answer his question.

Mr. GOLDWATER. I thank the Senator.

Does the Senator from Tennessee care to answer?

Mr. SASSER. I will just say to my distinguished and able friend from Arizona that there are some railroads in this country in a profit position. For example, in my area of the country the Southern Railway System and until just I think recently and perhaps still the L. & N. Railroad are in a profit position.

But this is a solemn commitment that was made to these railroad retirees contained in the Railroad Retirement Act of 1974.

Prior to the passage of the Railroad Retirement Act in 1974 many of these railroad retirees were entitled to a dual benefit. One came from the Railroad Retirement Act, the old Railroad Retirement Act, and the second, many of them were entitled to social security payments.

Now, in an effort to even that out this was all incorporated into the 1974 Railroad Retirement Act which deprived many of the retirees who retired prior to, or all the retirees who retired prior to, 1974, who were also entitled to social security benefits and the COLA that went with that, deprived them of those benefits.

It is a rather complex fact situation I would say to my distinguished friend from Arizona, and one that is difficult to explain quickly and easily. But there was an effort, as I am sure that the Senator from Arizona will recall, an effort on the part of Congress to even out the discrepancy between those who retired prior to 1974 were receiving benefits under the old act, and also receiving benefits under social security. This was incorporating all of those old retirees into the 1974 act where they would have been entitled to COLA's under the social security bill.

Mr. GOLDWATER. I realize all that. What I am trying to get at is, No. 1, how much is this going to cost?

Mr. SASSER. The cost has been figured at $1.7 billion over a 4-year period.

Mr. GOLDWATER. All right. How much money is there to pay that? Do you have enough funds in the Railroad Retirement Act to pay that?

Mr. SASSER. Well, I would say to my friend from Arizona that the Railroad Retirement Act is self-financing based on the funds paid into the system by the railroad workers and companies.

Mr. GOLDWATER. I am only trying to find out if there is enough money to pay this bill.

Mr. HEINZ. Mr. President, if the Senator will yield, I can answer his question. The answer is, yes.

Mr. GOLDWATER. Fine.

Mr. HEINZ. According to a CBO study, there is enough money to pay all these benefits through the end of the decade, based on intermediate economic assumptions.

Mr. GOLDWATER. That $1.5 billion in the next 3 years, the fund has that much in it?

Mr. HEINZ. That is included.

Mr. GOLDWATER. I am very interested because I was in charge of this legislation for 12 years, and I never knew that.

Mr. HEINZ. The Senator must have done something right because it is in good financial shape right now.

Mr. GOLDWATER. It is something of a miracle when the railroad business is pretty much in the hole, and you can afford $1.5 billion for COLA's.

Mr. HEINZ. It just shows what a fine job the Senator from Arizona was doing.

Mr. GOLDWATER. We do not have the railroads making money in Arizona.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HEINZ. I rise in support of the amendment, so I think I need time from Senator SASSER.

Mr. SASSER. I yield 2 minutes to the distinguished Senator from Pennsylvania. We have 2 minutes 50 seconds remaining.

Mr. HEINZ. Mr. President, I rise in support of the amendment introduced by the Senator from Tennessee, which I am proud to have cosponsored. This is not the first time that I have come to the Senate floor to defend the benefits of railroad retirees from arbitrary budget cuts. Last December, I came to the Senate floor to dissuade the Office of Management and Budget from arbitrarily making an additional cut of 12 percent in the so-called dual or "windfall" benefits—a cut which OMB would have imposed fully on its own initiative, and in direct contravention of congressional intent. I said at that time that OMB's planned actions were probably illegal—and subsequently, both the General Accounting Office (GAO) and the Congressional Research Service (CRS) have confirmed that legal opinion.

More recently, I have spoken out against OMB's premature and ill-conceived proposal to abolish the Railroad Retirement Board and divide its functions between the Social Security Administration and some private corporation.

In short, I have come to the floor because there has been a repeated assault on the railroad retirement system and its 1 million beneficiaries, more than 86,000 of whom reside in my own State of Pennsylvania.

Mr. President, I will try to summarize my main point as follows: I think the proposal of the Budget Committee which it came forward with is unfair, technically infeasible, and illogical. Apart from that there is nothing wrong with it.

It is unfair because this is the only group of people who have their benefits cut this year. The year 1982 is the year this freeze is supposed to go into effect.

It is technologically infeasible as a small point of interest because there is no time to adjust the computer tape for July 1982. Outside of that it is also illogical for the very simple reason that—and it is a rather complicated discussion—but the essence of it is that whatever benefits you get out of tier 1 or tier 2, that benefit is the result of social security plus a fixed amount that you get from railroad retirement.

If social security goes up and railroad retirement is frozen, you do not get a penny more under railroad retirement. That does not make any sense, does it? If we vote a social security increase for dually entitled railroad employees, and there are many of them, they will not get anything out of that increase in social security. So I say what we have is illogical.

I am, therefore, delighted to join my colleague from Tennessee in sponsoring this amendment which would accomplish three basic ends:

First, it would restore the annual cost-of-living increase for railroad retirees, which the budget resolution would have us skip in July 1982 and then cap at 4 percent in 1983 and in 1984.

Second, this amendment would provide for full funding of the so-called dual or windfall benefits in fiscal years 1983-85.

Third, this amendment would make it clear that the Congress of the United States wants the Railroad Retirement Board's network of field offices preserved—and not obliterated, as the Office of Management and Budget mistakenly has recommended.

I shall now address in detail the need for these three separate parts of the amendment.

COST-OF-LIVING INCREASE

The budget resolution applying to railroad retirement cost-of-living increases has to be modified—in my judgment—for four reasons: It is unfair. It is technically infeasible. It is illogical. And because it is illogical, it produces results which can only be described, kindly, as weird results.

UNFAIR

It is unfair, because this cut in the cost-of-living increase comes after a year in which railroad retirees, as I explained earlier, were the only group of retirees that got an actual reduction in their monthly benefits—the cut in the so-called dual or windfall benefits to nearly 400,000 annuitants nationwide, more than 30,000 of whom reside in Pennsylvania.

Mr. President, I believe the proposed cost-of-living freeze is also unfair because the inflation adjustment for railroad retirees is only a partial adjustment at best. The railroad benefit formula, which is extremely complicated, consists of two parts: a tier 1 benefit, which is essentially a social security benefit, and a tier 2 benefit, which is a railroad staff pension based solely on rail earnings and contributions. The so-called windfall benefit is paid in addition to the tier 2 benefit—however, the tier 2 benefit is reduced when an annuitant is eligible for the windfall, a point which has eluded many of those who have commented on this subject.

Now, the cost-of-living provisions under the law normally provide a percentage increase to tier 1 benefits which is the same as the social security benefit increase—because this tier 1 benefit is, in essence, a social security benefit. The tier 2 benefit is only increased by 32.5 percent of the social security benefit increase, so that the combined benefit increase to tiers 1 and 2 is well below the rate of inflation. Finally, the so-called windfall benefit is frozen at entitlement, which means it is not adjusted at all for inflation. For example, a windfall benefit awarded in January 1975 would be worth today only 55 percent of its original value, because the CPI increased by 81 percent between January 1975 and March 1982.

I say to my friends in the Senate, on both sides of the aisle, that to deny an automatic cost-of-living increase under these circumstances, is patently unfair.

TECHNICALLY INFEASIBLE

This proposal to skip the July 1982 benefit increase is also technically infeasible. By the time this budget resolution is passed and agreed to by both Houses, it will be impossible for the Railroad Retirement Board to change its computer tapes in time, unless the Railroad Retirement Board uses the benefit tape for the prior month, and thereby runs the substantial risk of paying a large number of incorrect benefit amounts—and benefits to ineligible people.

Mr. President, I believe my colleagues in the Senate are committed to reducing error in the payment of public benefits—not compounding it.

This proposal to freeze and then cap the railroad cost-of-living increase is also illogical because—as I said earlier, the railroad retirement tier 1 benefit is the legal equivalent of the social security benefit. To allow a cost-of-living increase for social security, and not for tier 1 benefits, just does not make any sense, when the budget resolution, and the full Senate by a rollcall vote, stated, as we should, that the full social security benefit increase of 7.4 percent will be paid in July.

Furthermore, because individuals who are entitled to both social security and railroad retirement benefits have their railroad benefit offset by their social security benefit, the increase in social security benefits could result in some retirees actually getting lower amounts from railroad retirement. In addition, because there is a financial interchange between the two systems, what the budget resolution means, in effect, is that the social security system will transfer money to the Railroad Retirement Board to pay these cost-of-living increases, but the Railroad Retirement Board will be legally prohibited from paying that cost-of-living increase to the beneficiaries entitled. That is why I said earlier that this illogical budget proposal produces weird results.

For these reasons, it behooves the Senate to recognize the basic unfairness of this proposal, acknowledge the technical problems and the logical fallacy, and amend the budget resolution to pay full cost-of-living increases to railroad retirees this July.

DUAL OR WINDFALL BENEFITS

Mr. President, this amendment would also restore full funding for the railroad retirement dual or windfall benefits.

Mr. President, these were benefits which Congress promised to railroad retirement annuitants in 1974, when it changed the law regarding dual social security and railroad retirement benefits. The Government of the United States promised those who were vested as of January 1, 1975, that their rights under prior law would be protected. Congress has no right to renege on this solemn promise, and we have a moral obligation to fulfill this pledge.

Mr. President, the amount of funding required for full payment of these benefits will be declining every year, as the following table illustrates:

Budget projection of railroad retirement accounts windfall benefit payment amounts if there is no cutback

Fiscal year:	Millions
1981-82	$440
1982-83	430
1983-84	420
1984-85	405
1985-86	385
1986-87	365

By 1987 or 1988, $350 million will be sufficient to finance these benefits. Moreover, this decline in funding—which is apparent in nominal terms—is even more stark in real terms. The Budget Committee projects inflation at 6.9 percent in 1982, 1983, 1984, and 6.4 percent in 1985.

When these inflation rates are applied to the funding level required for full funding of these windfall benefits, it is apparent that these dual railroad retirement benefits are making a steadily smaller claim on the Federal budget.

Finally, I think it is important to have full funding of these railroad benefits so that we protect older Americans from the ups and downs of a fitful public policy. Just remember what happened last year to these railroad retirees. In July 1981 they got a cost-of-living increase. On October 1, a 21-percent cut in their dual benefits. On December 1, they received no windfall benefits. Then a check was paid at a 21-percent reduction around the middle of December. They have been receiving benefits at a 15-percent reduction since January 1982 with a check in mid-February repaying them for the difference between a 15-percent reduction and the 21-percent reduction during October, November, and December.

Mr. President, I submit this chequered pattern of public policy causes extreme and unnecessary uncertainty in the lives of these people, more uncertainty than any of us could tolerate, let alone be tolerated by those who are dependent on these retirement checks as their primary, if not sole source of income.

RAILROAD RETIREMENT FIELD OFFICES

Mr. President, the Office of Management and Budget has two strategies for abolishing the Railroad Retirement Board. The overt strategy is the one recommended in the budget to abolish the Board and split its functions between social security and a private corporation. Mr. President, this proposal has so little likelihood of acceptance by my colleagues in the House and in the Senate, that OMB has a reserve strategy, one which they have been pursuing for several years, which is to cut the administrative expenses of the Railroad Retirement Board, and thereby reduce, and eventually close, two-thirds of its field offices, and slowly strangle the Railroad Retirement Board to death.

Mr. President, this is another patent attempt by the Office of Management and Budget to obtain through its own machinations that which it cannot win directly from congressional intent.

It is important that this hidden strategy of strangling the Railroad Retirement Board be exposed for what it is, and that my colleagues join with me and Senator SASSER and others, to say loudly and clearly that the Railroad Retirement Field Service has to be preserved.

Mr. President, I commend the distinguished Senator from Tennessee for introducing this amendment, and I urge my colleagues on both sides of the aisle to join us in support of railroad retirees.

The **PRESIDING OFFICER.** Who yields time?

Mr. **ARMSTRONG.** Mr. President, I yield such time as he may need to the Senator from Oklahoma.

Mr. **NICKLES.** I thank the Senator from Colorado.

I rise in opposition to the amendment of my friend and colleague from Tennessee.

I have heard several statements made here, and I read the letter sent out by the railroad union, and I must take issue with some of the comments that were made.

I heard one of our colleagues say that this is a private plan, that all the payments were made by railroad employees and by the railroad companies.

That is not correct, Mr. President, this is the only retirement system, the only private retirement system in the United States, that is subsidized by U.S. taxpayers. All other retirement systems, all other pensions, are paid for out by the private sector, with the exception of the railroad retirement system, and of course, those retirees can receive a windfall benefit.

There has been a lot of debate and a lot of people saying that the windfall benefits are deserved. I do not think most people in the Senate understand what the windfall benefit is. Basically, if you look at the social security benefit formula, there is a subsidy, a welfare benefit in that the formula is weighted toward the lower end of the scale. Now when that weighted formula is applied twice to one's career earnings split between rail employment and nonrail employment, rather than one to total career earnings, one receives basically two of the lower subsidies or welfare benefits coming from the social security system, which is the windfall component.

Congress realized that was wrong and said, "We will stop this inequity." In 1974 Congress passed legislation and said, "We will subsidize railroad retirement by funding windfalls out of general revenues at $250 million a year for 25 years, and the total cost will be $6.25 billion."

Now all of a sudden we find out that $250 million is not enough, so rail labor and management came back and asked for $350 million, and last year we increased it to $379 million. Now rail labor and management are wanting to increase it up to $430 million for fiscal year 1983.

It could conceivably go up to $500 million a year, so we are talking about a half-billion-dollar subsidy into a private pension plan by the Federal Government every year to subsidize a private pension plan. I do not think the taxpayers want to subsidize this private pension plan, and I do not think they should have to.

I think that Federal subsidies are a mistake, and certainly these increases would only perpetuate the mistake.

It is not a partisan Democratic or Republican issue. The Carter administration wanted to put a freeze on this subsidy. The Carter administration submitted legislation to freeze it at a maximum of $350 million annually. I think if we continue to increase it and fully fund it, we are making a serious mistake. If it is to be fully funded, let us have that funding come from the rail industry.

You might ask yourselves another question, too. This is the only private pension plan in the United States that is tax free. No taxes are paid on railroad retirement benefits. Retirees pay taxes on military retirement benefits, on civil service retirement benefits, and on all other private pension plans. Individuals have to pay taxes, income taxes, on their pension benefits that they receive greater than their individual contributions that were made, with the exception of railroad retirement. Forty-one percent of railroad retirement benefits are non-social-security-equivalent benefits, but rather collectively bargained private pension benefits—tax free.

When you add that, and the economic benefits of that are over $200 million a year, I think you find that the rail unions have done very, very well in their negotiating for special privileges in Congress. They have done very, very well. they are specialized in the fact that yes, they do have a Federal subsidy. The subsidy right now is $379 million. If this amendment passes it will go up to $440 million. I do not think we need that increased subsidy to the railroad pensions. That equals something to the tune of $854 per active railroad worker today, and would increase up to $991 in subsidy per active railroad worker if we passed this amendment in windfall subsidy alone, not to mention the COLA changes that we are talking about being made.

If we make the COLA changes, and they are added, we are going to increase the costs another $1.5 billion that is being added. That is, increase costs to a fund that is already beginning to go into jeopardy due to declining employment, below projections of necessary employment levels when those COLA's were granted. I think that is something we cannot afford.

We are not talking about hurting a plan with low benefits already. We are talking about a plan that has an average retirement benefit in current payout status of $893 for a married couple as of October 1981, and one in which a couple can now draw a maximum benefit of $1,667 per month. With that in mind I think that this amendment is ill advised. I think it is very special interest, and I hope my colleagues will reject it.

The **PRESIDING OFFICER.** Who yields time?

Mr. SASSER. Mr. President, I ask for the yeas and nays on my amendment.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** Who yields time?

RAILROAD RETIREMENT

Mr. ROBERT C. BYRD. Mr. President, I rise in support of the amendment being offered by the distinguished Senator from Tennessee, Mr. SASSER. The resolution reported from the Budget Committee and endorsed by the administration would completely eliminate the cost-of-living adjustment in pension benefits scheduled for railroad retirees in July. It would cap cost-of-living increases in 1983 and 1984 at 4 percent, no matter how the inflation rate might grow. The resolution would make these changes to reduce the Kemp-Roth budget gap.

I think most Americans are willing to suffer a little hardship—as long as it is fairly evenly distributed—in order to help reduce the budget deficits facing us. However, the COLA freeze proposed in this resolution is grossly unfair, and this is exactly how the public does not want us to reduce the deficit. General revenues do not finance railroad retirement cost-of-living adjustments. Cutting benefits in self-funded pension systems clearly is not the path Congress should follow in attempting to hold down general revenue budget deficits. Yet, that is exactly what this resolution proposes to do.

The Sasser amendment would restore the scheduled July increase in railroad retirement benefits and maintain future COLA's according to current law indexing. It would also provide for full funding of the so-called dual-benefit component of the retirement program. This is the only portion of the retirement program financed by general revenue; they only go to a limited group of railroad retirees to whom they were promised when Congress eliminated their social security coverage.

When Congress rewrote the railroad compensation law in 1974, it made a commitment to protect individuals already entitled to both railroad and social security retirement benefits. The Senate considered the question of full dual-benefit funding last session during the appropriations process. We determined then that we should not renege on pledges of pension income to elderly Americans.

The Sasser amendment would also provide that the Railroad Retirement Board maintain field offices at their current funding levels.

I commend the Senator from Tennessee for his amendment and I am proud to add my name as a cosponsor. I know that in my own State of West Virginia, some 16,000 residents depend on promised railroad compensation benefits.

Mr. PRYOR. Mr. President, I rise in strong support of the amendment being offered by the distinguished Senator from Tennessee, Senator SASSER, and I am pleased to be included as an original cosponsor.

Mr. President, the budget resolution, Senate Concurrent Resolution 92, contains certain proposals affecting the railroad retirement system which I feel are both ill advised and patently unfair to the over 1 million railroad retirement recipients.

Included in these proposals are the following changes: Elimination of the July 1982 COLA, a cap on tier I and tier II COLA's for the next 2 years, and freezing the appropriation level for dual-benefit payments at $379 million which is $61 million below the full funding level.

The amendment I rise in support of today would revise these proposals by restoring the 1982 COLA, adjusting future COLA's to the consumer price index, and reestablishing the dual-benefit portion of the railroad retirement system to its full $440 million appropriation level.

In addition, this amendment makes the assumption that all railroad retirement field offices, including the central office located in Chicago, will be maintained at their current funding level.

Mr. President, I believe that it is only fair that we live up to our historical commitment to railroad retirement pensioners and, therefore, urge my colleagues to join me in support of this amendment.

(RAILROAD RETIREES—AMENDMENT NO. 1492)

● **Mr. CHILES.** Mr. President, I am pleased to cosponsor this amendment for railroad retirees. This amendment would do three things to preserve and protect the earned benefits of this Nation's 1 million retired railroad workers.

First, this amendment will restore the July 1, 1982, cost-of-living adjustment of 7.4 percent for railroad retirees, and provide for full cost-of-living adjustments in the future years. The Republican compromise budget now before the Senate would eliminate this July's adjustment and limit the 1983 and 1984 cost-of-living adjustments to a maximum of 4 percent.

Second, this amendment will restore full funding for the so-called dual windfall benefit. The Republican compromise budget freezes these benefits at the current reduced level of only $379 million. Railroad retirees are already suffering a 15 percent cut in these benefits. This amendment will restore their full benefits.

Third, this amendment will provide the necessary funds to keep all of the Railroad Retirement Board field offices open. We must maintain the vital services provided at the field office level.

Mr. President, I have heard from thousands of retired railroad workers in Florida during the past year. They are greatly worried about their retirement benefits. Since last October, their benefits have been cut, delayed, partially restored, and further threatened.

They do not know what to expect next from the Federal Government. If we pass this amendment, we will help to restore their faith in the Government. I urge the Senate to adopt this amendment.●

The **PRESIDING OFFICER.** Who yields time?

Mr. ARMSTRONG. Mr. President, I am happy to yield to the Senator from Iowa.

Mr. JEPSEN. Mr. President, I have an amendment to the amendment by the Senator from Tennessee and I send it to the desk.

The **PRESIDING OFFICER.** The Chair would advise the Senator that the amendment is not in order until all has expired on this amendment.

Mr. JEPSEN. Mr. President, would I be in order to talk about my amendment at this time before I offer it?

The **PRESIDING OFFICER.** The Senator is correct.

Mr. JEPSEN. Mr. President, I admire the intention of the distinguished Senator from Tennessee and I share his concern for the retired railroad workers. My vote is a matter of record of support in past years at times that this issue has been brought up.

However, as we all know, these are difficult times for the budget. Therefore, I am offering a substitute amendment which will provide full funding for the dual benefits which retirees have earned. I think that whether we have a COLA and the other benefits that are recommended by the distinguished Senator from Tennessee, it is a matter parallel to other things that is being indicated here—it is arbitrary, it is judgment, it is opinion, and we are thrashing and hashing these things out.

However, the dual benefits are something that, in my opinion, have been promised by Congress. They were promised in 1974. It is morally wrong, it is wrong no matter how you look at it, for us to take those away.

Therefore, the amendment that I am offering will add $51 million in fiscal year 1983, $41 million in 1984, and $26 million in 1985 to bring the benefits back to the full funding level.

Clearly, I think we have an obligation to continue the funding for these benefits because the Congress promised in 1974, when the Congress passed legislation eliminating dual benefits for future retirees, it promised that those entitled to benefits as of 1975 would receive them. These funds were to come from annual appropriations from the general revenues until the year 2000.

I strongly feel it is incumbent upon the Congress to continue to act in good faith by authorizing and appropriating the necessary funds for these benefits. To do otherwise would break faith with the American people and would damage our credibility with them.

For that reason, I am offering this amendment. I hope that it is ready. Will the clerk please read the amendment?

The **PRESIDING OFFICER**. The amendment is not in order at this time.

Who yields time?

Mr. **DURENBERGER**. Mr. President, will the proponent of the amendment yield me 2 minutes?

The **PRESIDING OFFICER**. Who yields time?

Mr. **SASSER**. Did the distinguished Senator say proponent or opponent?

Mr. **DURENBERGER**. Proponent.

Mr. **SASSER**. Mr. President, how much time do I have remaining?

The **PRESIDING OFFICER**. Thirty seconds.

Mr. **DURENBERGER**. That is fine. I will take 13.

Mr. **SASSER**. Mr. President, as much as I would like to accommodate the Senator from Minnesota, I would like to reserve the remaining 30 seconds, if I may.

I ask unanimous consent, Mr. President, that the distinguished Senator from Minnesota be allowed 2 minutes additional time on this amendment.

Mr. **ARMSTRONG**. Reserving the right to object, I wonder if the Senator from Tennessee would be willing, in lieu of that, to seek time from the bill yielded to him by the distinguished minority manager. I think that would accomplish his intent and purpose in the proper manner.

Mr. **SASSER**. Mr. President, I simply wish to reserve myself about 10 seconds.

The **PRESIDING OFFICER**. The Senator has 16 seconds remaining.

Does the manager or the minority manager yield time off the resolution?

Mr. **HOLLINGS**. Yes, go ahead.

Mr. **SASSER**. Two minutes.

Mr. **DURENBERGER**. Mr. President, it is with great pleasure that I join today with several of my colleagues in offering this amendment to insure that the 1 million railroad retirees in this country will again receive the full pension benefits they worked many years to earn.

This amendment raises no new issues. During consideration of the first continuing resolution last November, this Senate approved, by almost a 2-to-1 margin, an amendment Senator METZENBAUM, Senator ROTH, and I offered that would have restored the benefits of all retirees to their rightful level. However, to the dismay of us all, our colleagues from the House refused to agree to a full restoration of benefits. The funds provided by that amendment were cut in half by the House-Senate conference committee. Today we are asking once again that the Senate renew that commitment.

At this point, some background information is in order. Prior to 1974, railroad employees could be insured under both railroad retirement and social security. The benefits that these working people built up were part of a total compensation package offered through their employment and were considered deferred wages. In 1974, Congress eliminated the possibility of future retirees receiving benefits under both accounts. Those entitled to benefits before 1975, however, were exempted from the change and Congress authorized annual appropriations from general revenues from 1976 to 2000 to finance the cost of phasing out the original program.

In the last few years, unfortunately, the Office of Management and Budget has ignored congressional intent by failing to request the full appropriation required to fund that account, making up the short fall from the general account. This shortsighted action on the part of past administrations created a serious drain on the whole railroad retirement system.

During the budget reconciliation last fall Congress made several changes in the railroad retirement fund. These changes were primarily aimed at insuring the solvency of the fund and included many cost saving provisions which amounted to $400 million over the next 3 years.

In addition, Congress provided for the windfall benefit to be paid out of a specific "dual benefits payment account" and stopped the practice of allowing shortfalls in the windfall account to be funded by draining the general railroad retirement account.

It was not the intent of Congress to reduce the benefits of current railroad retirees. Rather, the intent of Congress was to shore up the financially troubled fund and not to allow for new categories of beneficiaries. We accomplished this task with the support of both management and labor. But a serious injustice was inadvertently inflicted on railroad retirees, an injustice that I have been trying to correct for several months.

In December, the Senate tried to correct this injustice, but we were, as I said, thwarted by our colleagues from the House. Today I am simply asking that we affirm that commitment.

After our partially successful effort last December, I offered Senate Joint Resolution 269, a resolution expressing the sense of the Senate that full railroad retiree benefits should be restored as soon as possible. When offering that amendment, I pledged to the railroad retirees in Minnesota that I would try to amend the next available vehicle to restore their full benefits. Today, I am fulfilling that commitment.

What we are talking about today is a matter of basic equity. Our amendment would simply give retirees the benefits they earned and they deserve. Our amendment also restores full cost-of-living adjustments for railroad retirees, increases that would be eliminated or severely reduced by this budget resolution. Finally, our amendment assures railroad retirees that there will be enough funds in the budget to keep the Railroad Retirement Board central office in Chicago, as well as all field offices, open and fully functioning.

Mr. President, we must act immediately and firmly to assure railroad retirees that their lives will not be put through the chaos of recent months. We must assure railroad retirees that the pensions they depend on for their very existence will no longer be the object of the ongoing political struggle over the Federal budget.

Mr. President, one of these years, I hope it is 1983, this body is going to address the income security of everybody in this country. We have spent a lot of time in the last 2 weeks talking about social security as an element of that system. In the Finance Committee, we have spent 2 years now dealing with that subject.

Unfortunately, we do not have the income security of all Americans in our jurisdiction because it seems to be spread over a whole variety of committees in this Congress. Perhaps that is one of the problems why we sit here and divide veterans from railroad retirees, from elderly persons, from pensions, their social security, or whatever.

I come from a railroad family. I am not going to describe that family to you. I know a lot about railroad retirement, probably about as much as I know about social security—and I do not consider myself an expert in either.

I just think that it is very, very difficult for us, in this kind of a forum, to be picking and choosing among those whom we believe are entitled to a standard-of-living adjustment. I think it is inappropriate to talk about whether or not there are railroads that are making money and railroads that are not making money. The fact of the matter is there are a lot of railroads that are making money in this country, but there are also an awful lot of people in this country that heavily depend on programs like this.

I cannot stress strongly enough how vital these railroad retirement benefits are to those who receive them. I urge my colleagues to join us in voting for this amendment so that the railroad retirees of this Nation can enjoy the secure retirements they worked so hard to earn.

Mrs. **KASSEBAUM** addressed the Chair.

Mr. **SASSER.** Mr. President, I want to reserve myself 10 seconds, if I may.

Mrs. **KASSEBAUM.** Mr. President, I ask unanimous consent that my statement be printed in the RECORD.

The **PRESIDING OFFICER.** Off the resolution?

Mrs. **KASSEBAUM** Yes.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mrs. **KASSEBAUM.** Mr. President, I am pleased to offer my support to the amendment of the Senator from Tennessee, Mr. SASSER. This amendment addresses several important features of the railroad retirement program. In brief, the amendment would:

First, provide full cost-of-living adjustments to railroad retirees in fiscal years 1983, 1984, and 1985;

Second, provide full funding of the dual benefits account; and

Third, assure that the railroad retirement board central office and all field offices will be maintained at current funding levels.

Mr. President, a significant portion of this railroad retirement benefit is in essence a social security benefit. Under Senate Concurrent Resolution 92, railroad retirees would not receive the cost-of-living adjustment scheduled for July 1, 1982, while social security recipients would receive it. During the next 2 years, these retirees would receive cost-of-living adjustments of 4 percent. Over this same period, social security benefits would be fully adjusted for inflation under the assumptions of the budget resolution. I find this proposal troublesome from a number of standpoints.

First, it is just plain unfair to provide full cost-of-living adjustments to one group of social security recipients while expecting another group to go without any protection from inflation.

Second, due to the complex interrelationships between the railroad retirement and social security systems, it would be extremely difficult—if not impossible—to determine which beneficiaries would receive an adjustment and in what amount.

Finally, even if the structure of the railroad retirement system did not present particular problems in determining COLA amounts, it is still not realistic to expect that Congress will complete action on the necessary legislation in time to implement a July 1, 1982, freeze. Therefore, to achieve the assumed fiscal year 1983 savings in this program, all current beneficiaries would have their benefits cut by the amount of that July adjustment.

With respect to fiscal years 1984 and 1985, I believe it is inappropriate to make assumptions about capping cost-of-living adjustments in railroad retirement until we have made some decisions about the treatment of social security benefits. Again, equity and the tie-in between social security and railroad retirement are major considerations.

This amendment also assists the estimated 400,000 railroad retirees who sustained a 15-percent reduction in so-called windfall benefits this year. It is important to point out that this is a fixed group of retirees—limited to individuals who were qualified both for railroad retirement and for social security benefits prior to 1974. Railroad retirement law changes made in 1974 prevent other retirees from receiving similar windfalls.

When Congress agreed to establish a separate dual benefit account for the payment of these benefits to individuals "grandfathered" under the 1974 act, it was naturally assumed that sufficient funds would be appropriated to provide full payment of benefits. Unfortunately, this did not prove to be the case. I feel strongly that Congress should hold up its end of the agreement made in the 1974 law. Having decided to protect those individuals already entitled to dual benefits while correcting future dual entitlement problems, Congress should meet its commitment.

For the most part, we are talking about a group of older individuals who have relied on the railroad retirement system for many years. We are talking about a group which is shrinking, not growing, in size. We must live up to the promises we have made to these retirees.

Finally, this amendment assures that the railroad retirement board central and field offices will be able to continue at current funding levels. In the absence of this action, it is possible that as many as two-thirds of currently operating field offices will be closed. Virtually all of the cost of operating these offices is borne by the railroad retirement trust fund—a fund made up entirely of money raised by taxes on railroad industry payrolls. These offices offer invaluable specialized services to both railroad retirees and unemployed railroad workers. Given the complexity of the work handled at these field offices, it is clear that before any alternatives to the present structure are established, they should be studied to determine whether they will adequately replace the current field service.

I urge my colleagues to join in supporting this amendment.

Mr. **ARMSTRONG.** Mr. President, did the Senator from Tennessee wish to reserve the remainder of his time?

Mr. President, I yield to the Senator from Iowa.

Mr. **JEPSEN** addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Iowa.

Mr. **JEPSEN.** Mr. President, I now offer my amendment. Would the clerk please read it?

The **PRESIDING OFFICER.** It is not in order to offer the amendment now until all time has expired.

Mr. **JEPSEN.** Mr. President, I was only doing that because I understood all time had been yielded back. Is that wrong?

The **PRESIDING OFFICER.** That is incorrect.

Mr. **JEPSEN.** I stand corrected. I was trying to follow directions.

Mr. **GOLDWATER.** I suggest the absence of a quorum.

The **PRESIDING OFFICER.** On whose time?

Mr. **GOLDWATER.** I do not care.

Mr. **BAKER.** Mr. President, will the Chair withhold that just for a moment?

Mr. President, what is the time situation on both sides?

The **PRESIDING OFFICER.** There are 3 minutes and 17 seconds remaining for the opponents and 16 seconds for the proponents.

Mr. **BAKER.** Would the Senator from Tennessee be willing to yield back the remainder of his time?

Mr. **SASSER.** I would like to still reserve the final 10 seconds.

Mr. **BAKER.** Mr. President, I think the best thing to do is to let the Senator from Tennessee claim his time now, and I believe that the manager on this side is ready to yield back our time thereafter, or he may do it now if he wishes to do that.

Mr. **SASSER.** Is the manager of the bill prepared to yield back his time?

Mr. **BAKER.** Mr. President, if we are going to have a race for recognition, I aim to win, if I can.

Mr. **SASSER.** Mr. President, I am confident that the distinguished majority leader would win that race if we got in a race for recognition.

Mr. President, I yield back the remainder of my time.

Mr. **ARMSTRONG.** Mr. President, I yield back the remainder of our time on our side.

Mr. **BAKER** addressed the Chair.

The **VICE PRESIDENT.** The majority leader.

Mr. **BAKER.** Mr. President, I yield to the Senator from Iowa so that he may offer his amendment.

Mr. **JEPSEN.** Mr. President, am I now in order to offer my amendment? It is my third time up. I do not want to strike out.

The **VICE PRESIDENT.** The Senator has been yielded time from the resolution by the majority leader. The Senator has the floor.

UP AMENDMENT NO. 978 PERFECTING AMENDMENT TO UP AMENDMENT NO. 977

(Purpose: To provide funds for payment of dual benefits to railroad retirees)

Mr. JEPSEN. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Iowa (Mr. JEPSEN) proposes an unprinted amendment No. 978, a perfecting amendment to unprinted amendment numbered 977.

Mr. JEPSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after "Viz:" and insert the following:

On page 2, beginning with line 18, strike out through line 21 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,329,200,000 plus $51,000,000.

Fiscal year 1984: $897,031,700,000 plus $41,000,000.

Fiscal year 1985: $972,834,200,000 plus $26,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,629,200,000 plus $51,000,000.

Fiscal year 1984: $832,331,700,000 plus $41,000,000.

Fiscal year 1985: $889,434,200,000 plus $26,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.

Fiscal year 1983: $115,429,200,000 plus $51,000,000.

Fiscal year 1984: $91,331,700,000 plus $41,000,000.

Fiscal year 1985: $64,434,200,000 plus $26,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,129,200,000 plus $51,000,000.

Fiscal year 1984: $1,420,060,900,000 plus $92,000,000.

Fiscal year 1985: $1,533,295,100,000 plus $118,000,000.

And the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,929,200,000 plus $51,000,000.

Fiscal year 1984: $127,931,700,000 plus $41,000,000.

Fiscal year 1985: $113,234,200,000 plus $26,000,000.

On page 16, beginning with line 12, strike out through line 4 on page 17 and insert the following:

Fiscal year 1983:

(A) New budget authority, $281,800,000,000 plus $51,000,000.

(B) Outlays, $272,600,000,000 plus $51,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000 plus $41,000,000.

(B) Outlays, $288,300,000,000 plus $41,000,000.

Fiscal year 1985:

(A) New budget authority, $333,000,000,000 plus $26,000,000.

(B) Outlays, $309,800,000,000 plus $26,000,000.

Mr. JEPSEN. Mr. President, I will not repeat, other than to say that I admire the intentions of the distinguished Senator from Tennessee. I share his concern for the retired railroad worker and they know that. However, as we all know, we have a budget. We have trying times but we are making some great progress. That is why I am offering a perfecting amendment which will provide what I believe we absolutely are morally obligated to do. It is incumbent on the Congress to continue to act in good faith by authorizing and appropriating the necessary funds for the benefits that they promised in 1974.

Mr. SARBANES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Who yields time for the parliamentary inquiry?

Mr. SARBANES. It must be somebody in opposition to the amendment.

Mr. BAKER. Mr. President, I will yield for a parliamentary inquiry.

Mr. SARBANES. With the offering of the amendment by the Senator from Iowa, what is the time situation with respect to the proponents and opponents of the amendment?

The VICE PRESIDENT. Since this is one of the amendments upon which a special time agreement was granted, with no provision made for second-degree amendments they are not debatable unless time is granted from the resolution. The majority leader is recognized.

Mr. BAKER. That is correct, I am sure. I was at the desk to inquire of that point when the Senator from Maryland arose. I think clearly the best thing to do is to provide some time for that. I ask unanimous consent that there be 10 minutes equally divided.

Mr. DeCONCINI. Mr. President, a parliamentary inquiry. In order to ask a parliamentary inquiry, must someone yield time to the person asking that inquiry?

The VICE PRESIDENT. Will the Senator repeat his question?

Mr. DeCONCINI. My parliamentary inquiry is, to ask a parliamentary inquiry must someone yield time for that purpose?

The VICE PRESIDENT. The Senator is correct.

Mr. DeCONCINI. If I want to ask a parliamentary inquiry, I must have time yielded to ask the question?

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. Mr. President, I renew my request.

The VICE PRESIDENT. Without objection, the request of the majority leader is granted. The Senator from Iowa is recognized.

Mr. JEPSEN. Mr. President, I reserve the remainder of my time.

Mr. DOMENICI. Will the Senator yield 1 minute to the Senator from New Mexico.

Mr. JEPSEN. I gladly yield 1 minute.

Mr. DOMENICI. Mr. President, I support the amendment the distinguished Senator has offered. Basically, this will give the committee of jurisdiction $51 million in additional budget authority and outlays for 1983, $41 million in 1984, and $26 million for 1985. That is additional flexibility. But what we have done to send a message as to why we are doing it we have used the numbers that are estimated to be required to reinstate the windfall part of the previous amendment, the windfall part of the concern that has been expressed here.

I do not want anyone to think that the committee is limited to just that. It is a very large committee function with a lot of money. They may very well use money for other things, even within their reconciliation instruction. But we have put back enough to clearly say that, "If you vote for this, you have put the windfall portion of this back into this resolution."

I thank the Senator for yielding.

Mr. BAKER. Mr. President, does the minority leader have control of the time in opposition?

Mr. HOLLINGS. I have, Mr. President. I yield to the Senator from Tennessee.

Mr. SASSER. Mr. President, let us make it crystal clear here. The perfecting amendment which is being offered by the Senator from Iowa freezes the cost-of-living adjustments for 1982 and 1983. The effect of that is to deprive railroad retirees of the annual cost-of-living adjustments for 1982 and 1983, 7.4 percent. I do not want my colleagues to be laboring under the false impression that that is not what occurs.

There is a technical difficulty here. I am advised that administratively it is no longer feasible to freeze the railroad retirement cost-of-living increase which is due to be paid in July of 1982. I am advised that computer tapes would have had to have been modified 1 week ago in order to make this freeze effective. New computer tapes are already in preparation to comply with current law.

The only way around this obstacle would be to run the computer tapes which are already out of date, obtaining erroneous payments, which would then have to be corrected on an individual basis. This would have to be done laboriously by hand and would consume a considerable amount of staff time and cost a considerable amount of money, too.

Mr. President, I think it is inequitable to derpive these railroad retirees who worked so hard and served so honorably the cost-of-living adjustments to which they are entitled. The cost of living has gone up during the period of time preceding the COLA adjustment they are entitled to of 7.4 percent.

To agree to this substitute amendment this evening would effectively deprive them of that increase to which they are entitled.

The cost of energy during the past year has not been frozen. The cost of housing during the past year has not been frozen. the cost of clothing, food, and the other necessities of life for these retirees has not been frozen over the past year. It seems to me it would be inequitable, unfair, at this time to deprive these retired workmen the cost-of-living adjustment to which they are entitled.

Mr. HATCH. Will the Senator yield for a question?

Mr. SASSER. No, I will not yield on my time.

Mr. DOMENICI. I will be pleased to yield time from the resolution.

Mr. HATCH. Just 30 seconds.

Mr. DOMENICI. I yield.

Mr. HATCH. I believe the Senator from Tennessee has made an excellent argument, but I think it should be pointed out that I believe there is enough flexibility in the committee to resolve this issue. The Senator from Iowa has made a very good suggestion. I would hope that everybody here on the floor would accept it and let us see what we can work out in the committee. I feel very deeply about this issue, and I think people know that.

I think he has made a good suggestion for this particular budget item.

Mr. SARBANES. Will the Senator from Iowa yield for a question?

Mr. JEPSEN. Yes; I yield.

Mr. SARBANES. As I understand it, the Sasser amendment covers three aspects of the railroad retirement plan. One is the cost-of-living adjustment, which otherwise would be denied altogether to railroad retirees in 1982—apparently now a fiscal and administrative possibility.

Second, the Sasser amendment addressed the windfall question—the so-called windfall question.

Third, it provides some funds to maintain the operation of the Railroad Retirement Board and its officers.

As I understand the amendment of the Senator from Iowa, it does only the second of those three things.

Mr. JEPSEN. That is correct.

Mr. SARBANES. Namely, it seeks to carry forward money for the so-called windfall but does not provide anything on the cost of living and allows the effort to begin to dismantle administratively the Railroad Retirement Board. Is that correct?

Mr. JEPSEN. That is correct.

Mr. SARBANES. Mr. President, it seems clear to me that the substitute proposal obviously does not fully address in a fair and quitable manner the situation confronting the railroad retirees. Therefore, I think the amendment offered by the Senator from Tennessee is superior to the substitute now being proposed.

Mr. JEPSEN. Mr. President, how much time do I have remaining?

The VICE PRESIDENT. Three minutes remain to the Senator.

Mr. DOMENICI. Mr. President, will the Senator yield to me? I shall take a minute off the bill so he will not lose his 3 minutes.

Mr. JEPSEN. Certainly, Mr. President.

Mr. DOMENICI. Mr. President, I do not think the Senator's answer with reference to the Railroad Retirement Board was correct. Basically, I am told, if one assumes that the numbers and the uses contemplated in this resolution are what are truly done, it would freeze that fund, not do away with it, I say to the Senator from Maryland. So there is money there. It is just at the same level.

Mr. President, let me make this point, we keep referring to the Budget Committee eliminating this, that, or the other. The Senate should know that we have not eliminated cost-of-living indexes for retirees. The fact is that we do not eliminate anything.

What we have done is assume that there would be a 1-year freeze on COLA's and taken that much money out of the function. Then we have reconciled that amount of money. The Labor and Human Resources Committee will not be forced to eliminate COLA's unless it decides that that is the best way to achieve the savings required of it.

The committee could, indeed, pick on other programs. There are numerous ones within their jurisdiction. Indeed, they may find that they give partial COLA and cut some other program. That will be their job under the chairmanship of the distinguished Senator from Utah (Mr. HATCH) who just spoke. He is correct.

I thank the Senator for yielding.

Mr. RIEGLE. Mr. President, will the Senator from Tennessee yield?

Mr. SASSER. How much time do I have, Mr. President?

The VICE PRESIDENT. The Senator from Tennessee has 1½ minutes remaining.

Mr. SASSER. I yield a minute to the Senator from Michigan.

Mr. RIEGLE. Mr. President, I think the comment the chairman of the committee just made is, with all due respect, a lot of baloney. You cannot say you are going to take it out of something else if you are not going to indicate what the something else is. If you have a specific proposal to cut something, then you should offer it. But you cannot assume that somehow, it will appear like magic. I think the amendment of the Senator from Iowa guts the amendment that has been offered by the Senator from Tennessee and others. I hope we can get this amendment out of the way so that we can have an up or down vote on whether we want to deny the railroad retirees of their rightful benefits.

Mr. SASSER. Mr. President, I could not agree more with the distinguished Senator from Michigan. The amendment of the Senator from Iowa effectively emasculates the amendment that I previously offered. In view of that, Mr. President, I move to lay the Jepsen amendment on the table.

The VICE PRESIDENT. The motion to lay the amendment on the table is not in order until the time has been used or yielded back. The Senator from Iowa has 3 minutes remaining.

The Senator from Iowa.

Mr. JEPSEN. Mr. President, I shall not take all the time. I just repeat that, clearly, we have an obligation to continue the funding for these benefits that I am proposing. Clearly, we do not have an obligation to treat any differently those under this retirement system than those who are under the civil service retirement system, or those who are under the military retirement system. The COLA for the railroad retirement system, the richest major pension system in the country, will cost over $1½ billion through 1985. This is essentially a private sector benefit. It is well above civil service, and railway labor and management can negotiate among themselves the amount and the terms of the pension component.

Mr. President, the large majority, over 50 percent of the pension plans in this country, do not have automatic COLA increases. This is one the the reasons we are in the deep economic trouble we are in today. I think this pension should be treated just as we are treating all the others except social security. But it is an obligation that we must fulfill to provide for these dual benefits for the retirees that we promised in 1974 who were entitled to benefits as of 1975. We are fulfilling that promise.

Mr. President, I yield to the majority leader.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BAKER. I yield myself 1 minute on the resolution.

Mr. President, I have discussed the request I am about to make with the minority leader and with a number of Senators, including the distinguished junior Senator from Tennessee, the author of the original amendment.

There is a drafting error in the second-degree amendment. I ask unanimous consent that notwithstanding the time limitation which was provided, the Senator from Iowa may modify his amendment.

The VICE PRESIDENT. Is there objection?

Mr. RIEGLE. Mr. President, reserving the right to object, and I do not know that I intend to object, I want to clarify what is occurring. We have not seen the language, and I want to make it clear that the understanding is that this does not change the substance of the amendment in any way. As I understand it, the reconciliation instruction related to a number change that was left out of the amendment, so it is a bona fide technical error and not a change in substance. If it is a change in substance in any way, I would object.

Mr. DOMENICI. No, it is not a change in substance. I have not seen it, but the staff informs me that you need to carry the numbers in two places, and the number is not carried in the reconciliation instruction; that, consequently, the principal thrust will be left out if we do not fix it. But if we have the votes for that, obviously that is our intention, and sooner or later we are going to do it. We will either vote the Sasser amendment down and do it by telling everybody that is what we are going to do, or the Senator will graciously let us fix it, and then we could vote.

Mr. BAKER. Mr. President, the kicker in the situation is that were it not for the 10 minutes equally divided, the right would exist to make the modification.

As the Senator will recall, I requested the time so that Senators on this side might debate the second-degree amendment and so that there would be some time.

I sincerely hope that there will be no objection to this correction, which is truly a drafting error.

Mr. RIEGLE. I thank the Senator.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, so that there may be a moment for the staff to correct that, I am prepared to debate further on this measure, although time has expired, or to offer another quorum call for perhaps 5 minutes.

Mr. DOMENICI. Mr. President, it is 11:30. Is the majority leader prepared to tell us what he intends to do this evening?

Mr. BAKER. I had planned to go out at 12 o'clock.

Mr. CHILES. I thought it was 11:30.

Mr. BAKER. That leaves me 3 minutes. I see the Senator from Florida nodding in agreement.

Mr. President, I still plan to go out about 12 o'clock.

Mr. ROBERT C. BYRD. Mr. President, I have an amendment which I would call up tonight.

Mr. BAKER. Can the Senator from West Virginia give me some idea how long, or perhaps we already have a time agreement on the amendment?

Mr. ROBERT C. BYRD. Thirty minutes or less, equally divided.

Mr. BAKER. All right.

Mr. ROBERT C. BYRD. Twenty minutes equally divided.

Mr. BAKER. Yes; I think we might arrange that. That means we may run a little past 12.

Will the minority leader permit me to explore that with the people on my side?

Mr. DECONCINI. Mr. President, I have an amendment I should like to call up tonight which could easily take 10 minutes or less, equally divided.

Mr. BAKER. I am willing to consider that. I set 12 as the target time; but if there is a general consensus that we should do this, I am willing to do it. Let me explore that possibility as well.

Mr. SARBANES. It seems to be an opportunity to get rid of a lot of amendments.

Mr. BAKER. That is the most cooperation I have had in a long time.

I thank the Senators.

Mr. JOHNSTON. Mr. President, I wonder if the majority leader——

The VICE PRESIDENT. The majority leader is recognized. The Senate will be in order.

Mr. BAKER. I yield to the Senator from Louisiana.

Mr. JOHNSTON. I wonder if the majority leader might inquire about how many amendments remain, so that we can have some idea about what time we can get away tomorrow.

Mr. BAKER. Mr. President, in answer to the Senator from Louisiana, it appears that there are still two DeConcini amendments.

Do I correctly understand that the Senator from Arizona is willing to reduce the time on either or both of those amendments?

Mr. DECONCINI. That is correct.

Mr. BAKER. Ten minutes each?

Mr. DECONCINI. That is correct.

Mr. BAKER. Mr. President, I make that request at this time—that on two DeConcini amendments, instead of 30 minutes each, the time be reduced to 10 minutes each, equally divided.

The VICE PRESIDENT. Is there objection?

Mr. DOMENICI. Mr. President, reserving the right to object——

Mr. SARBANES. Mr. President, will the majority leader yield for an inquiry?

Mr. BAKER. Mr. President, let me pursue this.

Mr. DOMENICI. Will the majority leader include in his unanimous-consent request a waiver of any point of order with reference to germaneness?

Mr. BAKER. Yes, I will.

Mr. DOMENICI. And could we have that with all of them, that that will be reserved, that the germaneness objection is not waived by the unanimous-consent request?

Mr. BAKER. Yes.

The VICE PRESIDENT. Is there objection?

Mr. SARBANES. Mr. President, reserving the right to object, it is my understanding that if we agree to these time limits, we then have placed ourselves in the position that there is no debate time on the second-degree amendment. Is that correct?

Mr. BAKER. I am sorry. I was distracted by another conversation. Will the Senator repeat his question?

Mr. SARBANES. If we agree to the time limit on these first-degree amendments, which we seek to do, to try to limit this, we are placing ourselves in the position that no debate time is then available, should a second-degree amendment be offered to the first-degree amendment, as happened with the Jepsen amendment to the Sasser amendment. Is that correct?

Mr. BAKER. That is the parliamentary situation unless we make provision for time for debate on a second-degree amendment.

Mr. SARBANES. Could we do that?

Mr. ROBERT C. BYRD. Except time can be yielded off the resolution.

Mr. BAKER. As the minority leader points out, while that is correct as to that amendment, time can be yielded off the resolution itself for that purpose.

Mr. SARBANES. I understand that, but that time is getting down pretty low now.

Mr. DOLE. Five hours.

Mr. SARBANES. There are 5 hours now, I think.

Mr. BAKER. Mr. President, could the Chair ask the clerk to give us the time remaining on the resolution?

The VICE PRESIDENT. There is a total of 6 hours and 57 minutes, approximately 7 hours.

Mr. SARBANES. As I understand it, the chairman of the committee obtained a blanket request as to germaneness that a point of order would not be waived on any amendment. Is that correct?

Mr. BAKER. What the chairman did, as I understand him, was to ask me in any future request that I make to include that proviso.

Mr. SARBANES. I wonder if that could be a proviso at least for 5 minutes equally divided on second-degree amendments and first-degree amendments upon which time limits are placed. There is a minimum guarantee.

Mr. BAKER. I think that is a reasonable request.

Mr. President, I amend my request with respect to the two DeConcini amendments in those two respects First, that no point of order as to germaneness is waived, and second, if a second-degree amendment is offered there will be 5 minutes of debate equally divided.

Mr. NUNN. Mr. President, reserving the right to object.

Mr. BAKER. Mr. President, was that request granted?

The **VICE PRESIDENT.** Is there objection?

Without objection, it is so ordered.

The majority leader.

Mr. BAKER. Now, Mr. President, continuing with the list, there are two Moynihan amendments on which we already have time agreements of 20 minutes each. I do not see the Senator from New York. Yes. Does the Senator from New York still plan to offer both those amendments?

Mr. MOYNIHAN. I do, and I would be happy to agree to a 20-minute time limit equally divided on each.

Mr. BAKER. Could we make that 10 minutes equally divided?

Mr. MOYNIHAN. Yes, if that is to be a general pattern.

Mr. BAKER. I make that request with the same two conditions as previously stated.

The **VICE PRESIDENT.** Without objection, it is so ordered.

Mr. DOMENICI. Now, Mr. Leader, reserving the right to object, on the 5 minutes that we granted for second-degree amendments my germaneness applies and this would be all the way through.

Mr. BAKER. Yes; that is correct.

Mr. DOMENICI. I thank the Senator.

Mr. BAKER. Next is the Hollings amendment dealing with WIC on which there is 30 minutes.

Mr. HOLLINGS. Make it 20 minutes.

Mr. LEAHY. Mr. President, reserving the right to object.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, I would hope if we are going to continue to limit time on amendments that we agree that there will be no second-degree amendments so we have amendments in the first degree voted on up or down without second-degree amendments.

Mr. BAKER. Mr. President, maybe I am getting in over my head. I do not know whether there will be second-degree amendments. I do not expect them. There has been only one in this entire sequence. I think the point made by the Senator from Maryland is a good point, that is, if we are going to have them we should have some time to discuss them. But I cannot honestly say that I can provide against second-degree amendments in that event.

Mr. SARBANES. If I could suggest to the majority leader it would seem to me many Members would be induced to limit the time for debate on their first-degree amendment and thereby expedite business if they could conceive of the understanding that it would be their amendment that would be considered and that they would not have to be concerned about second-degree amendments.

Mr. BAKER. I think I better just retire from the field, Mr. President. I think we have a good list.

I understand that the Senator from Georgia has an amendment which is not on my list. Is the Senator from Georgia on the floor? Is there an amendment to be offered by the Senator from Georgia?

Mr. NUNN. Yes.

Mr. BAKER. Would the Senator from Georgia give us the subject matter and whether or not he would be willing to take a short time limitation.

Mr. NUNN. I would be willing to take a short time limitation. I am in the process of drawing the amendment now, and I would be premature to talk about the subject matter. It does relate to the budget. That would be an effort to lower the deficit. I will tell that. It will not be an add on.

I think it will be about 20 minutes on each side.

Mr. BAKER. I am sorry. I did not hear.

Mr. NUNN. About 20 minutes on each side.

Mr. BAKER. Rather than do this now, let me confer with the Senator from Georgia and see how we do that.

Mr. President, I do not think that we are going to make much more progress with this now. I am prepared. I think, to go forward with the vote.

Mr. President, while I check on one matter, I beg the indulgence of the Senate while I suggest the absence of a quorum.

Mr. HARRY F. BYRD, JR. Mr. President, will the majority leader yield?

Mr. BAKER. I yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. The majority leader did not include the possible amendment by the Senator from Virginia. Do not leave me off that list.

Mr. BAKER. The Senator from Virginia is on the list. I just never got down that far. I gave up before I reached him.

I thank the Senator.

Mr. President, I suggest the absence of a quorum.

The **VICE PRESIDENT.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **VICE PRESIDENT.** Is there objection? Without objection, it is so ordered.

Mr. SASSER. Mr. President, will a tabling motion be in order at this time?

The **VICE PRESIDENT.** The Senator from New Mexico has the floor and could suggest the absence of a quorum if he wished. In the absence of that, a motion to table would be in order.

Mr. SASSER. Mr. President, I move to table the substitute amendment of the Senator from Iowa.

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The **VICE PRESIDENT.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **VICE PRESIDENT.** The question is on agreeing to the motion of the Senator from Tennessee to table the amendment of the Senator from Iowa. The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), is necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD), would vote "nay."

The **VICE PRESIDENT.** Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 58, nays 41, as follows:

[Rollcall Vote No. 135 Leg.]

YEAS—58

Andrews
Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Durenberger
Eagleton
Exon
Ford
Glenn
Hart
Hatch
Hawkins
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Johnston
Kassebaum
Kennedy
Leahy
Levin
Long
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Specter
Stafford
Stennis
Tsongas
Weicker
Zorinsky

NAYS—41

Abdnor
Armstrong
Baker
Boschwitz
Brady

Byrd,
 Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hayakawa
Helms
Humphrey
Jepsen
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Quayle
Rudman
Schmitt
Simpson
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NOT VOTING—1

Hatfield

So the motion to lay on the table the amendment of the Senator from Iowa was agreed to.

(The following proceedings occurred after midnight:)

Mr. BAKER. Mr. President, let me put a suggestion. I understand the distinguished minority leader has an amendment that he wants to take up tonight.

I am advised by the manager of the bill on this side that he is not at this moment prepared to go forward with a vote on the Sasser amendment.

I ask unanimous consent, Mr. President, that it be in order to temporarily lay aside the Sasser amendment and proceed to the consideration of the Byrd amendment.

Mr. RIEGLE. Reserving the right to object, and I do not know that I will object, but I am wondering, under the parliamentary situation, if the Sasser amendment is agreed to, as I hope it would be, it is still subject to later amendment, as I understand it. So I think in fairness, after debating the issue, we have had a vote, a decisive vote, and I think we ought to have an opportunity to vote on a Sasser amendment. If the chairman of the Budget Committee or somebody else tomorrow or later tonight wants to offer an additional amendment, they are fully within their right to do so.

Mr. BAKER. I have not one word in disagreement with that. It does not prejudice the right of any party to amend the Sasser amendment if and when the Sasser amendment is adopted, and I rather suspect that it will be. I was trying to avoid that rollcall and get to another matter.

Mr. RIEGLE. Let us do it by voice vote.

Mr. BAKER. Mr. President, I prefer to do it this way. I do not think anybody loses any rights.

Mr. President, what I would like to do is to temporarily lay aside the Sasser amendment and take up the amendment to be offered by the Senator from West Virginia.

The VICE PRESIDENT. Is there objection?

Mr. KENNEDY. Mr. President, I object.

The VICE PRESIDENT. Objection is heard.

The question recurs on the amendment of the Senator from Tennessee.

The majority leader is recognized.

Several Senators. Vote. Vote.

Mr. DOMENICI. I suggest the absence of a quorum, Mr. President.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. MOYNIHAN addressed the Chair.

The VICE PRESIDENT. Without objection, it is so ordered.

The majority leader is recognized.

The Senate will be in order.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 a.m. this morning.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Several of our Members will not be here tomorrow and have said that they would like to vote on the Sasser amendment tonight. Even though I would like to have a vote on my amendment, several of my Members will be gone. But could we not at least have the vote on the Sasser amendment while we have Senators here?

Mr. BAKER. Mr. President, let me put the request, if I may, for the time of the meeting tomorrow, if the minority leader would not object.

I ask unanimous consent that when we complete our business this day we stand in recess until the hour of 9 a.m. this morning.

Mr. RIEGLE. Reserving the right to object, and I do not want to be contentious. It is a late hour and we are all tired. But before we say yes to that, I want to have some sense of what is going to follow later tonight. I want to protect this situation. If the Senator will give me some idea, I will be happy to consent to the request.

Mr. BAKER. I will do that, but right now all I can do is try to establish a time for in the morning. At some point we have to reconvene today, and I hope the Senator from Michigan will not object.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I think in less than 60 seconds I can give an answer on what else will occur. Before I do that, may I put a parliamentary inquiry?

The VICE PRESIDENT. The Senator will state it.

Mr. BAKER. As of this moment, the Sasser amendment is the pending amendment, is that correct?

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. As, when, and if the Sasser amendment is adopted, the Sasser amendment would still be subject to amendment in what degree?

The VICE PRESIDENT. It would be amendable if the amendment made or maintained mathematical consistency.

Mr. BAKER. That amendment would be in order at any time during the consideration of this resolution, would it not?

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. That is a unique feature to the Budget Act.

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. Mr. President, I shall not take long, but I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the yeas and nays on the Sasser amendment be vitiated.

Mr. QUAYLE. I object.

The VICE PRESIDENT. Is there objection?

Mr. QUAYLE. I object.

The VICE PRESIDENT. Objection is heard.

MOTION TO RECESS UNTIL 9 A.M. ON FRIDAY, MAY 21, 1982

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now stand in recess until 9 a.m. this morning.

Mr. KENNEDY. I object.

Mr. ROBERT C. BYRD. Mr. President, I do not want to object to the majority leader's request. He can move for it and get a vote on it. I hope we can vote upon the amendment by Mr. Sasser. Several Senators will have to be gone in the morning. Inasmuch as the figure will again be amendable, this will leave the majority side some recourse. If it saw fit to attempt to amend the figure again, it could do so on tomorrow.

Mr. BAKER. Mr. President, once again, I do not dispute any part of that. I think that is not my problem at the moment. I think there is such a total failure of consensus on how we should proceed, I think the best thing is to get started in the morning.

Mr. President, I move, in accordance with the order previously entered, that the Senate stand in recess until 9 a.m. today.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. The question is on——

SEVERAL SENATORS. Yeas and nays, Mr. President.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

VOTE ON MOTION TO RECESS

The VICE PRESIDENT. The question is on agreeing to the motion to recess. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD) is necessarily absent.

I further announced that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The PRESIDING OFFICER (Mr. MURKOWSKI). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 55, nays 44, as follows:

[Rollcall Vote No. 136 Leg.]

YEAS—55

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Brady
Byrd, Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heinz
Helms
Hollings
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Pressler
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker

NAYS—44

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas
Zorinsky

NOT VOTING—1

Hatfield

RECESS UNTIL 9 A.M.

The motion was agreed to; and at 12:25 a.m., the Senate recessed until 9 a.m., Friday, May 21, 1982.

NOMINATIONS

Executive nominations received by the Senate May 20, 1982:

THE JUDICIARY

Steffen W. Graae, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia for a term of 15 years, vice Dyer Justice Taylor, retired.

George W. Mitchell, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia for a term of 15 years, vice William E. Stewart, Jr., retired.

EXTENSIONS OF REMARKS

IVAN LOUIS COTMAN: A VOLUNTARY RESPONSE TO THE NEW FEDERALISM

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. BRODHEAD. Mr. Speaker, recently Ivan Louis Cotman, one of my constituents and an associate superintendent of the Michigan Department of Education, spoke before the Seventh Annual Conference of the National Association for Equal Opportunity in Higher Education here in Washington.

I would like to commend Mr. Cotman's speech to the attention of my colleagues:

The speech follows:

IVAN LOUIS COTMAN: A VOLUNTARY RESPONSE TO THE NEW FEDERALISM

Good afternoon, my name is Ivan Louis Cotman and I am an Associate Superintendent with the Michigan Department of Education. I am a native of Detroit, Michigan who received his B.A. from Kentucky State University in 1962. In 1964, I was awarded a M.S.W. from the Atlanta University in social work. In addition, I have done doctoral work at the University of Manchester in Manchester, England. In 1975, I was granted an Ed.D. in Educational Administration from Wayne State University in Detroit, Michigan.

I have served as an elected member of the Detroit Regional Board of Education; have consulted with school districts, state boards, and school superintendents in both the public and private sectors and now serve as a member of the Executive cabinet for the Michigan Superintendent of Public Instruction. But most of all, I am a proud graduate of two black institutions of higher education in the public sector (K.S.U.) and the private sector (A.U.).

Further it is my pleasure to share with you a model which has been developed to underscore what can be done by joint working efforts between Sororities, Fraternities and Fraternal orders. In addition, what I will describe relates to the key theme of this session on "Developing Linkages and Networks for Blacks in Higher Education with Sororities and Fraternities and Fraternal Orders."

My topic is "A Foundation Model for Black Inter-Organizational Greek Letter Linkages to Insure Education and Youth Development: A Voluntary Response to the New Federalism."

CLARIFICATION OF INTENT

The model I'd like to describe today is not designed nor intended to highlight any one organization in contrast to another. Moreover, it is singularly a model which is in existence, does work, can be replicated and might be adopted by a consortium of fraternities, sororities or fraternal order .

I also want you to know that the model I want to describe is the IRS tax exempt private corporation known as the Alpha Phi Alpha Education Foundation. I serve as Vice-President of the Foundation which is a separate and distinct entity from Alpha Phi Alpha Fraternity, Inc.

BACKGROUND ON THE ALPHA PHI ALPHA EDUCATION FOUNDATION

Alpha Phi Alpha Fraternity, Inc. since its founding in 1906 at Cornell University in Ithaca, New York, has been vitally concerned and dedicated to the improvement of educational opportunities among blacks. The "Go To High School-Go To College" effort begun in the decade of the twenties and continuing until the fifties was an action program to encourage and stimulate Blacks to do just as the slogan states.

There was recognition, however, that a more systematic approach had to be developed to assure higher educational opportunities. With this in mind, the Alpha Phi Alpha Education Foundation, Inc. was authorized by the Fifty-first General Convention of Alpha Phi Alpha Fraternity, Inc. for the purpose of accepting tax exempt monies for educational activities. Following this General Convention, the Foundation was incorporated under the laws of the State of Illinois on September 3rd 1965. The purposes of the Foundation as stipulated in its Constitution and By-laws are as follows:

"To accept and receive donations in property or money from Alpha Phi Alpha Fraternity, Inc., its members and others and to use and make the same and the income therefrom available for use solely and exclusively for charitable, scientific and educational purposes, no part thereof, principal or interest, ever to be used for carrying on propaganda or otherwise attempting to influence legislation, but the same to be devoted to purposes only of providing financial assistance including grants and non-interest bearing loans to students beyond high school; to promote continuing education for constructive citizenship; to encourage the production of scholarly works by members of Alpha Phi Alpha Fraternity, Inc., and others; to collect, systematize and preserve the creative works of the members of Alpha Phi Alpha Fraternity, Inc., and others, and doing any and all things necessary and incident thereto."

The Foundation is supported by a dues rebate from all financial members of Alpha Phi Alpha Fraternity. Its programs include: (a) scholarships of $1,000 apiece to members in each of its Regions, (b) conduit of all funds for the Alpha Million Dollar Fund benefitting the Urban League, NAACP and the United Negro College Fund, (c) administration of a $25,000 federal tutorial grant for tutorial and remedial purposes and (d) educational programing for the Fraternity. These are but a few of its activities.

The Foundation has as its major goal the development of projects for which private or public funds may be secured. Contributions to the Foundation are deductible for income tax purposes. Ultimately, the Foundation hopes to finance projects entirely on its own.

EDUCATION AND BLACK YOUTH DEVELOPMENT: A FOUNDATION EFFORT

As has been suggested, I believe that the foundation model with appropriate funding can serve to undergird an education and youth development effort.

PROGRAM ACTIVITIES PROPOSED BY THE FOUNDATION WERE

Career Guidance.—A high quality Career Guidance Program will be established. The Program will provide guidance to youth with regards to:

Careers and life-long experiences;

Speech and dress patterns during job interviews;

Academic experiences and performances; and

Use of role models for youth (high school and college) motivation.

Experiences will take place via internships, summer enrichment activities, seminars, advisement and will be supervised by persons who have achieved some success in their chosen careers.

Chapters will establish partnerships with local schools to provide for career clustering. A career cluster is one which focuses upon a certain career with appropriate role models in various disciplines—e.g.—science, allied health, etc.

Leadership Development.—A national thrust in the area of Leadership Development is a must for the Fraternity. The goals of the thrust will be to:

Increase leadership awareness;

Build leadership skills;

Provide reinforcement for youth in leadership positions; and

Provide citizenship education.

The curriculum will include:

Communication skills development;
Management/organization;
Problem-solving;
Establishment of goals and objectives;
Evaluation;
Organizational development;
Conduct of meetings;
Decision-making;
Leadership;
Theories;
Parliamentary procedures;
Group Dynamics;
Management; and
Team skills.

Counselling and Tutorial Efforts.—Local chapters will be encouraged to establish counselling and tutorial thrusts as joint partnership efforts with local public schools. Emphasis will be placed on tutoring students in reading, natural sciences, English, History and Mathematics. The tutorial thrusts will occur on Saturdays and evenings.

Chapters will undertake a massive effort designed to provide Black youth with academic and career counselling which many are not given during their high school tenure. Young people will receive information on colleges and other post-secondary education institutions. They will obtain information on available scholarships and assistance with designing programs of study at the high school level which will enable them to pursue collegiate studies.

Youth Motivation.—In order to inspire young people to continue to achieve at high levels of excellence, recognition activities will be made at Chapter, State or District, Regional and National echelons. Chapters will be encouraged to recognize outstanding

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

local youth at a Founders' Day dinner or luncheon with appropriate plaques and certificates. Such recognition should be afforded for academic, service, community and citizenship achievements. The most outstanding youth from each Chapter will be sent, at Chapter expense, to compete at the State or District meeting. The process will be repeated at a luncheon at the State or District with the most outstanding person being sent. at Chapter expense, to the Regional meeting.

The Regional participants will be feted at a luncheon and will be judged on their achievements. The most outstanding youth will be sent, at the expense of each Region, to the National Convention for similar judging and recognition with a National Youth of the Year award ($500 and a plaque) provided the winner. Other participants will receive plaques and $150 each.

Press releases and media coverage will occur at each level of recognition.

Employment opportunities.—The Fraternity and its subordinate Chapters will undertake the task of assisting in the employment of Black Youth and young adults. It is well recognized that many talented Blacks are unable to attend College and must seek gainful employment; however, it is well known that the unemployment rate is extremely high among such persons and, as a probable consequence, the crime rate is also high. This thrust will employ the following strategies via Job Fairs:

Employers, with jobs, will receive invitations to set up interview booths with company displays at the Job Fair. Unemployed persons will be sought and brought, by the local Chapter, to the Job Fair for contracts with potential employers.

Local civic and business leaders will serve as advisory and contact persons in order to promote and gain credibility for the program.

Potential employers will undertake sensitivity awareness seminars in order to understand and empathize with the plight of unemployed Black youth.

Black youth will receive job counselling and information regarding training opportunities.

Black History.—Alpha Phi Alpha Fraternity should encourage Black youth to read about successes of Blacks not only during Black History Month, but thorughout the year. Chapters are to embrace this as an active part of their programs. The potential strategies for the program implementation are:

Use of electronic media for program enhancement.

Black History Clubs will be organized and provided with materials for study. Brothers will supervise the activities of the Clubs.

An oratorical contest will follow the preceding activity at the end of the project.

Education.—The Alpha Phi Alpha Education Foundation Scholarship program will continue with efforts made to enhance it.

The Foundation will develop two educational booklets:

A Scholarshp Manual will contain the names and addresses of potential scholarship donors along with directions of how to prepare a scholarship application. The Manual will also contain information regarding how to seek financial aid —e.g.—Pell Grants, College Work-Study, National Direct Student Loans, etc.

A booklet which outlines the growth and development of educational programs within the Fraternity. This booklet will also contain a compilation of scholarship funds donated by individual Chapters.

Fund-Raising.—The Education Foundation will plan and implement a vigorous fund-raising program involving grants and gifts from Brothers, corporations and foundations. Although the Fraternity provides the Education Foundation with $1.25 per financial Brother, this financial base is too small to support this proposed program over a long period of time. The Foundation will establish goals and objectives for the effort which will involve the entire fraternal structure.

The effort will embrace a five-pronged approach:

The Foundation will propose the enactment of a social-action tax, as part of the national fee structure, which will support only social action programs.

Individual donations by Brothers via cash and property gifts, wills and insurance programs.

Corporate support will be sought for implementation and continuation of social action programs. In addition to gifts of money, support will include in-kind services and use of company equipment and personnel.

Proposals will be developed which seek financial support via grants and contracts from various federal and state agencies for the implementation of eligible social action thrusts which meet the missions of such agencies.

Support will be sought from interested Foundations for the youth development and educational efforts.

CONCLUSIONS

(1) The establishment of an IRS tax exempt private education foundation can provide for tax deductible contributions for use in distributing scholarship grants and/or funding tutorial or remedial programs for black students in higher educational settings. The Alpha Phi Alpha Education Foundation model can and should be replicated.

(2) The creation of an IRS tax exempt private foundation can be replicated to provide Inter-Greek organizational linkages to benefit black students by adoption under the auspices of the national Inter-Greek Council or other appropriate panhellenic umbrella organization.

(3) The National Association for Equal Opportunity in Higher Education (NAFEO) can be a catalyst to result in the fruition of the objectives set forth above.

CONCLUDING NOTES

The signals from the current national administration clearly indicate that public sector resources which have aided minority growth and youth development programs are declining at a rapid rate. Increasingly, the private or voluntary sector, if programs and causes of merit are to continue, will be required to absorb and underwrite these initiatives. The Alpha Phi Alpha Education Foundation model can work during the "new federalism" and beyond to assist in the education and development of black youth. Further, this Inter-Greek letter organizational model can be one link in the new chain based on self initiative and minority resource development which will be needed to insure the survival of black youth in higher educational settings during the days ahead.

Finally, let us resolve to let the new federalism become a "challenge" rather than a "clarion call" for us to come together across fraternity and sorority boundaries to chart an inter-organizational effort based on the notion that the key to our survival is education and that the basis of our survival is vested in our own initiatives on our own behalf.

I close with this note of optimism from William Ernest Henley's immortal poem Invictus.

Out of the night that covers me,
  Black as the Pit from pole to pole,
I thank whatever gods may be
  For my unconquerable soul.

In the fell clutch of circumstance
  I have not winced nor cried aloud.
Under the bludgeonings of chance
  My head is bloody, but unbowed.

Beyond this place of wrath and tears
  Looms but the Horror of the shade,
And yet the menace of the years
  Finds, and shall find me, unafraid.

It matters not how strait the gate,
  How charged with punishments the scroll,
I am the master of my fate:
  I am the captain of my soul.

WILLIAM ERNEST HENLEY (1849-1903).

With our collective will and inconquerable committment to better Educational opportunities for our black youth, I have shared with you one model that has the potential for improving our present situation. Thank you.●

A TRIBUTE TO CHIEF WILLIAM T. "BILL" HOCKING

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. COURTER. Mr. Speaker, I would like to rise on this occasion to say a few words of appreciation for a highly respected and greatly admired individual, Wharton Police Chief William T. "Bill" Hocking:

On June 6, Bill Hocking's family, friends, and colleagues will honor him with a dinner-dance celebrating his 25 years of dedication and fine work on the Wharton police force and in the Wharton community.

Bill's long and distinguished career with the Wharton Police Department began in 1957 when he finished first in the New Jersey State Police Chief's Exam. Following service in the U.S. Army, he returned to Wharton and assumed the position of sergeant, responsible for the supervision of all patrolmen and special employees. In 1964, Bill was promoted to detective lieutenant in charge of all criminal investigations. And, in 1966, Bill became Wharton police chief, supervising 34 employees and demonstrating the leadership and management qualities which have earned him the respect of his colleagues on the Wharton police force.

Active in the Morris County Police Chief Association, Chief Hocking served with distinction as president of that organization in 1977 and was director of police training for 2 years.

The Borough of Wharton and its police department will surely miss Bill

Hocking as police chief—his training and outstanding abilities have brought him recognition at the top of his profession.

And so, Mr. Speaker, on behalf of his family and friends in the community and the department, I would like to congratulate Chief Bill Hocking on his 25 years of service to the Borough of Wharton and extend a heartfelt word of thanks for all he has done. I wish him the best of health and happiness in the years ahead. Thank you.●

JUDICIAL REFORM

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. FIELDS. Mr. Speaker, today I am introducing a proposed amendment to the Constitution requiring that Federal judges be reconfirmed by the U.S. Senate every 10 years.

Mr. Speaker, presently, Federal judges once appointed serve life terms. The only constitutional mechanism for removal of these judges is impeachment. And as we all know, impeachment is a long and arduous process which historically has been exercised on only nine occasions, resulting in actual removal from office of only four judges.

In the absence of any other effective formal procedure for dismissal, Federal judges have been elevated to a stature unprecedented and unequaled by any other Federal official. Unfortunately, as a consequence, there is no procedure for removal of a judge who may be senile, disabled, dishonest, or in any other way unfit to fulfill his or her constitutional responsibilities.

According to Article III of the Constitution, Supreme and inferior court judges are appointed to their office for a term of good behavior. I certainly recognize and compliment the wisdom of the framers of the Constitution who, by separating judicial officials from the political process, preserved and defined the principle of separate but equal branches of Government. However, I continue to believe that this separation has resulted not in a more effective judicial system but rather in a greater disparity between the various branches of Government. The life tenure of these judges has made them less, not more accountable for their actions and decisions.

Furthermore and more significantly, is the increasing use by judges of their judicial power as a forum for legislating social policy. Our judicial system was established to interpret law, not to formulate national policy. However, in the last several years, many of our Federal judges have taken to backdoor legislating on such controversial issues as school prayer, abortion, and school busing. I sincerely believe that neither this legislative body nor the American public can stand by and watch this transgression of constitutional authority. National policy decisions should not be formulated in our courts but rather should be duly deliberated and decided by the people's elected Representatives in Congress.

Mr. Speaker, I urge expeditious consideration of this legislation so that our Nation can once again be assured of three separate but equal branches of Government.●

HADASSAH'S 70TH ANNIVERSARY

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. LeBOUTILLIER. Mr. Speaker, I was pleased to have joined many of my fellow colleagues in supporting a resolution designating May 20 as an official day of recognition for observance of the 70th anniversary of Hadassah, the Women's Zionist Organization of America. I wish to take this opportunity to contribute my thoughts about the meritorious work that Hadassah performs, and add my views on the challenges which Hadassah will face in the next 70 years.

Hadassah serves the entire American community through its strong and consistent advocacy of democracy, political decency and intelligent debate. Hadassah seeks to contribute to the political process through constructive ideas rather than through divisiveness, through discussion rather then demogoguery, and through reason rather then hysteria. In a free and open political environment such as ours, the complex range of decisions which each voter must face is large. The information and insight needed to reliably make these decisions is essential, and Hadassah is in the forefront of providing this type of informational service to the public.

In addition to playing a major role in the political life of our Nation, Hadassah performs many vital services on behalf of America and world Jewry, which finds itself under increasing assault.

Hadassah enjoys nongovernmental but prominent status as a United Nations observer, and also maintains expertise near the vital power centers of influence regarding the Middle East. Dedicated to a secure and lasting peace between Israel and her neighbors, Hadassah believes that only through accurate and timely information can bloodshed be avoided and progress toward permanent peace enhanced.

Through education and cultural enhancement, Hadassah seeks to keep the cohesiveness and creativity of American Judaism alive. The priceless possessions of heritage and history will not be lost thanks to the consistent educational works of Hadassah.

On behalf of making Israel a more unified, informed and active nation, Hadassah has much to be proud of.

On behalf of offering intelligence and rationality to the American political landscape, Hadassah has much to be proud of.

On behalf of fighting dangerous drifts toward pronounced anti-Israel foreign policies, Hadassah has much to be proud of.

On behalf of educating Jewish youth about their heritage and culture, Hadassah has much to be proud of.

On behalf of caring for the sick, aiding the needy, providing for the educationally ambitious, and aiding the elderly, Hadassah has few rivals.

The past 70 years that Hadassah has served world Jewry and the American public with distinction, forces of powerful destructiveness have sought to stamp out all that is dear to it that these forces do not prevail.

The next 70 years may be harder, and the 70 years after that may be even more difficult; however, the vital and highly effective works of Hadassah will aid in efforts to make the future brighter and to promote change and improvement in the present.

Hadassah operates in the best traditions of humankind, and I salute their record and efforts on this very special 70th anniversary observance.●

INFLATION'S DECLINE

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. SHUMWAY. Mr. Speaker, the Tahoe Daily Tribune recently carried an editorial which I find worthy of my colleague's attention, as well as praise for its responsible commentary. Indeed, the editorial is one of very few media notations of the fact that inflation is declining. Like the Tribune's editors, I believe this decrease in the rate of inflation is a healthy and positive sign, one for which the current administration is justified in taking at least some credit.

[The editorial follows:]

[From the Tahoe Daily Tribune, May 3, 1982]

EDITORIAL—INFLATION'S DECLINE HELPS EVERYONE OUT

Possibly because of the drama of the confrontation between Britain and Argentina over the Falklands, the decline in the cost of living index in March has not received the journalistic attention it deserves.

Government figures showed that the cost of living had declined by 0.3 percent in March, the greatest drop since 1953, and the first drop in seventeen years. Perhaps it marks an end to the inflation the country has endured.

Conversely, it indicates an increase in the value of the dollar because a dollar will now buy more goods and services than in the past. Principal leaders in the decline in prices were in food, housing and gasoline.

Some economists are now predicting that the overall rate of inflation will drop to 6.5 and even 4.4 percent for 1982. It will be remembered that at the end of Gerald Ford's term as president inflation had fallen to 4.5 percent. Under Mr. Carter it rapidly rose to double-digit figures of over 12 percent.

In one respect this may be good news for those attempting to decrease the budget for 1983. Cost of living adjustment for those receiving Social Security payments will drop to 7 percent this July. Last July payments were increased by 11.7 percent.

The decrease in the inflation rate is being widely attributed to the tight money policies of the Federal Reserve Board. If so, Chairman Paul Volcker has done a great service for the American wage earner. For years inflation has wiped out increases received by workers, as well as those on fixed incomes.

Rightly the Reagan administration is claiming some credit for lowering the inflation rate. Other factors, such as the world oil glut and bountiful harvests have also contributed. And housing costs are creeping down, too, is the result of the extremely high cost of new homes and the ruinous interest rates of mortgages.

The decline in inflation may work some hardship on business borrowers who have been counting for years on paying back debts with inflated currency. But it should also have an influence on interest rates since lenders should not have to figure inflation costs into the interest that they charge.

Some, of course, are charging that the price decline is the result of the recession which has been felt in business and in unemployment. If it continues we think that it is well worth the 9 percent unemployment that the nation is now suffering. And we realize that this is little consolation to those who are out of work.

All in all, however, we consider the decline a healthy sign that inflation is being beaten. And that would be a boon to everyone in the United States because it would mean that their money is worth more.●

PARRIS PRAISES EMPLOYEES OF NTIS

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. PARRIS. Mr. Speaker, the 400 employees of the National Technical Information Service, located in Springfield, Va., should serve as a model of efficiency and productivity to us all. I recently had the privilege of visiting the massive NTIS complex and was quite impressed with the dedication and competence of the employees I met there.

For 40 years the NTIS has served the public interest by disseminating the results of Federal technological, scientific, economic, and engineering research to business, industry, and the general public. The NTIS has provided these services inexpensively and efficiently on an at-cost basis. This agency requested an authorization for fiscal year 1983 of only $2 million for computer hardware and software, capital improvements which will further increase its efficiency. Today I express my appreciation to my colleagues who joined me yesterday in approving this request. The $26 million per year operating costs of the NTIS are completely self-generated. Obviously the demand is high for the services the NTIS provides, and the demands the NTIS places on the Federal budget are low.

For the American economy to prosper in an era of explosive technological change, the functions performed by the National Technical Information Service are assuming unprecedented importance to our country.●

NUCLEAR FREEZE AMENDMENT TO THE BUDGET RESOLUTION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. CONYERS. Mr. Speaker, there is a large and growing number of American citizens who support the idea of a freeze on nuclear weapons. If a nuclear freeze were to become U.S. policy, it would result in a considerable reduction in Federal spending. Today I am asking the Rules Committee to grant a rule for an amendment I am proposing to the budget resolution that would effectively put a halt to further nuclear weapons production.

The amendment would delete $20.9 billion in budget authority and $8.4 bilion in outlays from functional category 050—national defense—and reduce the Federal deficit by the same amount.

The deleted funds consist of all expenditures related to the further testing, production, and deployment of nuclear weapons and of missiles and new aircraft designed primarily to deliver nuclear weapons. Specifically, the amendment seeks to delete all funds for the MX missile, B-1 bomber, Trident submarine and missile, air-, sea-, and ground-launched cruise missile, and Pershing II missile programs. In addition, it seeks to delete $5 billion in budget authority and $4.6 billion in outlays from the atomic energy defense activities administered by the Department of Energy, and the funds for which are included in the national defense function. These funds support the production cycle for nuclear warheads.

The amendment does not, then, arbitrarily cut funds from the Department of Defense. It calls for the deletion of only those funds that relate to the further testing, production, and deployment of nuclear weapons—the nuclear materials used in their production; their nuclear and nonnuclear components; the nuclear warheads themselves; and the delivery vehicles for nuclear weapons. I have attached documents that explain what is included in the proposed deletions. The amendment does not propose a policy of nuclear disarmament. It does not effect existing nuclear weapons stockpiles, or the funds to maintain such stockpiles. Rather, the amendment would freeze nuclear weapons at existing levels and preclude the further testing, development, and production of additioanl ones.

What I am proposing in the amendment is a strategy of arms control by mutual example, a freeze perhaps for a 2-year period that would demonstrate to the Soviet Union and the world that we are, indeed, serious about nuclear arms reduction.

The amendment is similar to scores of amendments that were granted rules in the past. Some had sought to delete or increase funds for particular functional categories. Others sought to transfer funds from one set of functional categories to another, for example from national defense to domestic programs.

The amendment I am proposing reflects a major policy question that is being debated throughout the Nation and the world—namely, the support for a freeze on nuclear weapons stockpiles. In the most recent national poll conducted by ABC News and the Washington Post (April 21-25, 1982), respondents supported a nuclear freeze by 71 percent to 25 percent—nearly a 3-to-1 ratio. The amendment translates into budgetary policy the savings that would result in freezing existing nuclear weapons.

I believe the House should be permitted to pass judgment on what has become an overriding policy question in our times.●

PRESIDENT SHOULD URGE NUCLEAR SUPPLIER NATIONS TO REQUIRE FULL-SCOPE SAFEGUARDS

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. MARKEY. Mr. Speaker, I would like to express my strong support of House Concurrent Resolution 340, which urges the President to seek an agreement at the upcoming Versailles economic summit conference an agreement from all the other nuclear supplier nations that they will not export nuclear material and technology to nonweapons States unless they have accepted the full-scope safeguards of the International Atomic Energy Agency.

I would like to thank Congressman **Bingham** for his leadership in keeping the issue of nuclear proliferation before the House as it conducts its foreign policy debates. As the gentleman from New York has eloquently pointed out time and again in this Chamber, nuclear proliferation—the spreading of weapons of mass destruction—should be one of the top foreign policy concerns of this Nation and of other nations of the world.

Congressman **Bingham** should be commended for his foresight in bringing this resolution to the floor. Indeed, the threat of nuclear proliferation should be an uppermost concern of the nuclear supplier nations meeting at Versailles. And I feel it is important that the Congress go on record in making it clear to the President that it feels that proliferation should be at the top of his agenda during his discussions with other supplier nations.

Mr. Speaker, on March 10, 1978, Congress passed the Nuclear Nonproliferation Act, of which Congressman **Bingham** was one of its principal authors. The act was largely the result of congressional concern over India's nuclear test, which had occurred 4 years earlier.

With the adoption of the Nonproliferation Act, the United States placed itself at the forefront of the nonproliferation battle by refusing to export nuclear materials to nonweapons States unless they agreed to place all their nuclear facilities under IAEA safeguards.

This was a bold move for the United States to take. It was met with strong opposition from the nuclear industry, which claimed it was an unreasonable restriction on their commerce overseas.

But it was the right move. And for it to be truly effective it must not end up a unilateral move. The leadership the United States has shown in requiring full-scope IAEA safeguards from receiving nations must not be undercut by other supplier nations. Full-scope safeguards are in everyone's interest. If the United States stands alone and the other supplier nations continue with business as usual, not only do we suffer, but the entire world suffers.

Last year, President Reagan recommitted the United States to becoming a reliable nuclear supplier. It is now time for the President to recommit this Nation to remaining a responsible supplier and to urge other supplier nations to do the same.

The day has long passed when a supplier nation could sell nuclear merchandise then turn its back on the proliferation consequences of that sale. The world's supplier nations can no longer be content to rely on limited IAEA safeguards to insure that the nuclear material they export is not diverted to nuclear weapons.

The Falkland Islands crisis shows how a regional flareup, which nobody expected, could easily become a global catastrophe. Argentina has refused to sign the Nonproliferation Treaty, has not adopted full-scope safeguards, and has received nuclear supplies from Germany, without the requirement of full-scope safeguards. Now Argentina, according to most reliable estimates, should be able to test a nuclear device by the mid-1980's. Would Argentina use nuclear weapons in a Falkland-type crisis? As Lord Mountbatten once said: "In warfare the unexpected is the rule and no one can anticipate what an opponent's reaction will be to the unexpected." The Falkland Islands crisis has shown how the unexpected can happen. It has also shown that the nuclear materials supplier nations have freely exported in the past can quickly—and unexpectedly—explode in their faces.

Mr. Speaker, there have been signs that other supplier nations might be willing to impose the full-scope safeguard requirement. That is why it is so important for the President to begin urging other nations to join the United States in this effort.

As Congressman **Bingham** has pointed out before, full-scope safeguards are not the final solution to the proliferation problem. There is still considerable room for improvement in the safeguards themselves. But the full-scope safeguards requirement is a necessary first step.

I therefore strongly urge the adoption of this resolution. It contains a very important message that the President should bring to Versailles.●

DON'T FREEZE PLUTONIUM—BURN IT!

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mrs. BOUQUARD. Mr. Speaker, we have witnessed recently the introduction of the so-called plutonium production freeze resolutions in the House and Senate. House Joint Resolution 469 and Senate Joint Resolution 192 call for a negotiated halt to the production of plutonium, regardless of the purpose for which it might be used. I urge that you not support these resolutions on the grounds that they simply represent a back-door attempt to halt the pursuit of the development of safe, reliable, and economic advanced nuclear technologies.

That there is a heartfelt desire on the part of millions of Americans to halt, slow down, or roll back the size of the world's nuclear arsenals is an accepted fact. The needs for meaningful arms control and the avoidance of even limited nuclear war are undeniable. These are laudable goals which all Americans endorse. These sentiments have resulted in the introduction of a number of resolutions in both Houses of Congress. Whether or not you currently endorse or cosponsor any one of these several arms control resolutions, however, the plutonium freeze resolutions do not deserve your consideration because they lack any real relevance to the development of a meaningful arms control policy for three fundamental reasons:

First, as demonstrated by the 66-nation international fuel cycle evaluation (INFCE) results, no nuclear-power fuel cycle can be made completely free of proliferation risks solely by technical fixes. Stopping production of plutonium and relying on natural and low-enriched uranium in the once-through fuel cycle will not prevent the possibility that weapons-grade materials will be available. In fact, it is worth noting that nations such as Great Britain and France, who are actively developing commercial-size breeder reactors, perceive their programs as one way to preclude the availability of plutonium for nuclear weapons. Dr. Walter Marshall, the head of the United Kingdom's Atomic Energy Authority, has pointed out that the safest thing to do with plutonium from thermal reactors is to render it inaccessible by burning it up in fast breeders.

Second, the sponsors of the plutonium production freeze resolutions claim that such a freeze could be monitored by the International Atomic Energy Agency (IAEA). This is not a credible claim since at least one of the resolution's sponsors has continually attacked the IAEA as ineffective.

Third, and finally, a ban on the future production of plutonium would halt the possible deployment of breeder reactor technology—an action that would condemn nuclear power to the status of a relatively short-term, exhaustible energy source. The claim that worldwide uranium resources are sufficient to meet our needs well into the next century rests on the questionable assumptions that there will be relatively low electric growth, that as-yet-unproven technologies will provide the additional quantities of electricity to meet our needs, and that pessimistic breeder economics will, in fact, prevail. Such a proposition may be a popular one in certain circles; however, we do not believe it is a credible course with which to risk our Nation's energy future.

The plutonium production freeze resolutions represent nothing less than the cynical attempt by certain elements to play upon the fears of the American people in order to achieve other than their stated aim. They claim that their goal is to pursue arms control. In reality, they are pursuing the suppression of breeder and fuel cycle technologies and denial of the beneficial uses of nuclear energy.●

HIGH BLOOD PRESSURE SERVICES IN CLEVELAND

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. STOKES. Mr. Speaker, the American Red Cross, which has responded to crisis situations for over a century, is in the forefront of a nationwide effort to attack hypertension. High blood pressure is the silent killer which claims thousands of Americans as its victims each year.

In the 21st District of Ohio, which I serve, the Red Cross blood pressure screening program has grown since its inception in 1979 from 11,000 testings to 33,000 testings in 1981. There is no charge for this service. Each month there are 25 sites manned by Red Cross nurse volunteers at which free blood pressure testing is done on a regular schedule. Referrals and followup are part of this program.

Seven of the sites are of particular interest because they are located in the heart of the black community. They are Red Cross chapter headquarters, Goodwill Industries, Antioch Baptist Church, Friendly Inn, King Kennedy Hi-Rise, Murtis H. Taylor Service Center, and the Red Cross Heights office.

Individuals found to be hypertensive are referred to community clinics, hospital out-patient services, or their own physicians for immediate treatment. These clients receive a personal call within 24 hours to make sure they have received medical care. Those who have slightly elevated pressure are asked to return to the site at a later date for additional followup. A permanent record is maintained for each individual. A personal blood pressure record is given to clients for their own reference.

As a part of the high blood pressure screening program, Cleveland's Red Cross also offer health education courses and information on nutrition and diet to more than 500 individuals.

May is now recognized nationally as high blood pressure month. The federally funded Greater Cleveland High Blood Pressure Coalition, of which Red Cross is a member, has established 45 blood pressure sites which will operate each day in May.

All testing is free, and referrals and followup are offered at each site. Other agencies and institutions involved include Marymount Hospital, Glenville Health Association, Huron Road Hospital Senior Alliance, the Kidney Foundation of Ohio, Visiting Nurse Association, American Sickle Cell Anemia Association, Kenneth Clement Health Center, Brentwood Ambulatory Center, St. John's Hospital, Hough-Norwood Family Health Center, J. Glen Smith Health Center, Cleveland Metropolitan General Hospital, Detroit Family Practice Association, County Tuberculosis Clinic, Brecksville VA Medical Center, City of Brecksville, Collinwood Community Services Center, Miles-Broadway Clinic, Fairview General Hospital, Free Medical Clinic of Greater Cleveland, and McCafferty Health Center.

Mr. Speaker, this community approach to the massive problem of hypertension is alreay proving its value. The public has been made more aware of the danger of high blood pressure. The growth of the Red Cross program alone from 11,000 testings only 3 years ago to 33,000 by December 1981, with an anticipated increase to 36,000 in 1982, is indicative of the concern and attention private citizens now give to monitoring their blood pressure and seeking medical help if it is needed.

I would like to commend the Greater Cleveland Red Cross Chapter and the other Cleveland agencies and institutions which are involved in free blood pressure education and screening of Cleveland citizens. With their assistance the hypertension epidemic will be brought under control.●

TRUTH IN BUDGETING

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. GRADISON. Mr. Speaker, I would like to submit for the RECORD a rebuttal to the Washington Post's editorial of May 17, 1982, concerning the removal of social security from the unified budget.

The article emphasizes a point which I feel has been consistently overlooked in the discussion of this issue; that is, the inclusion of social security in the budget actually distorts the information the budget gives us on deficit spending.

"The basic purpose of a budget is to provide information and control." This point is well-stated by the Washington Post in its May 17 editorial "Budget Fakery." But the Post is miguided in believing that removing the social security trust funds from the budget will weaken the Federal budget process.

In fact, separating social security from the budget will strengthen the budgeting of general revenues, while saving the independent social security system from ill conceived cuts.

Suppose the Federal budget deficit, excluding social security, stands at $50 billion, and the social security system is running a budget surplus of $50 billion. Under the present budget accounting methods, with social security in the budget, the deficit would appear to be $0. However, because money in the social security trust funds cannot be spent on anything except social security benefits, the $50 billion general revenue deficit would have to be financed through Treasury borrowing. Thus the unified budget would indicate that there was no deficit to finance when, in truth, there would be 50 billion dollars' worth.

No wonder President Johnson found inclusion of the social security surplus in the Federal budget for the first time ever such an attractive ploy. He received an enormous one-shot reduction in his Vietnam war deficit: the $25.2 billion deficit in 1968 became a $3.2 billion surplus in 1969, the only budget surplus since 1960. The fact that the Government was engaging in over $25 billion in deficit financing was hidden. Therefore, keeping the untouchable social security trust funds in the Federal deficit distorts "the basic purpose of a budget," as the Post put it, "information and control."

The Post argues that if you remove the social security trust funds from the budget, why not remove all the trust funds from the budget. Simply, the social security trust funds are the only ones that are completely independently financed and that fully fund the system they pay for, with the exception of the $1 billion veterans' life insurance trust funds. The other 10 Federal trust funds all have access to general Federal or State revenues, or only partially fund the system for which they are earmarked.

Because these other funds are not independent, they should be included in the Federal unified budget. This is what the 1967 Presidential Commission on Budget Concepts had in mind when it recommended inclusion of the various Federal trust funds in the budget.

The Post mentions in the same editorial that Congress has been "backsliding from the principle of a unified budget" by the proliferation of off-budget financing. I agee. Off-budget financing uses general Treasury funds in a manner that blatantly skirts the scrutiny of the budget process. For this reason I have introduced in the House the "Truth in Budgeting Act of 1982," which Senator PROXMIRE has introduced in the Senate. This legislation would put almost all off-budget agency spending back in the unified budget where it belongs.

Social security, however, does not belong in the budget. Support for moving it off-budget has been growing ever since it was placed in the budget. The 1971 Social Security Commission endorsed this proposal, as have four former Social Security Administration

Commissioners, including Robert Ball, and two former Secretaries of HEW, including Wilbur Cohen. President Carter's National Commission on Social Security, and in particular, Bob Myers, one of the architects of the Social Security system, recommended separation in 1981. Richard Schweiker, Secretary of HHS, personally likes the idea. A majority of the members of President Reagan's National Commission on Social Security Reform, which must report by December 31, 1982, support separation. Finally, my separation bill, H.R. 4773, now has 99 cosponsors, including both liberal Democrats and conservative Republicans.

Removing the social security system from the budget will enhance the meaning of the budget totals, will allow the troubled social security system to be independently refinanced as the National Commission and Congress deem appropriate, and may even break the budget deadlock that is keeping interest rates high and our economy in severe recession.●

CONGRESSIONAL SALUTE

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. ROE. Mr. Speaker, on Tuesday, May 25, the residents of the city of Paterson, my congressional district and State of New Jersey will gather together for a 60th anniversary birthday celebration in testimony to a great champ, sportsman, leading citizen and good friend, the Honorable Lou D. Duva, who has attained excellence and national prominence among the champions in the sports world of boxing as well as the people of our community for his good deeds. Even as we gather together for a testimonial to him, the proceeds of his birthday party on May 27 will be donated to the Bergen-Passaic Chapter of the National Multiple Sclerosis Society to help the victims of this dread disease.

Mr. Speaker, I know that you and our colleagues here in the Congress will want to join with me in extending our heartiest congratulations and best of wishes to Lou Duva and share the pride of his good wife Enes and their children, Donna, Daniel and his wife Cathy, Denise and her husband Wes MacPhail, Dino, and Deanne and their grandchildren Casey and Maxie in commemorating Lou's lifetime of purpose and fulfillment in their family endeavors at the Lou D. Duva dinner-dance for multiple sclerosis.

Lou Duva was born in New York City on May 28, six decades ago and at an early age came to New Jersey with his parents who adopted our great State as their home. Lou attended Public School No. 4 in Paterson and Central High School. He joined the CCC Camp and took correspondence courses to complete his high school education.

A recent news article sums up his career endeavors in the boxing world, as follows:

> Lou Duva's life has been dedicated to boxing. He has seen the days when Joe Louis ruled the heavyweights and Sugar Ray Robinson ruled the welterweights and middleweights. He began as an amateur, won a Diamond Gloves title and turned pro to help support his family.
>
> Holding down two jobs, training, and fighting, could not all be done in the course of a 24-hour day. Therefore, an aspiring fight career ended.
>
> It's 40 years later and Lou Duva is now one of the most recognized members of the boxing industry. As a fighter, a cut man, a trainer, a promoter and now a very successful manager, Duva can say he's just about done it all.

Mr. Speaker, Lou Duva has been involved in the boxing business for 40 years. During that time he has been an amateur boxer, winning the Paterson Diamond Gloves Championship, a professional fighter, a cut man, trainer, manager of fighters and promoter.

The father of five children, Lou married Enes Rizio on November 6, 1949. He passed the legacy of his boxing experience to his children, who now run Main Events, the promotional company he founded.

Lou now occupies his time as one of the premier fight managers in the world, handling several world-rated contenders, including Tony Ayala, Jr., Bobby Czyz, Alex Ramos, Johnny Bumphus, James Green, Rocky Lockridge, Tony Braxton, Curtis Harris, and Diego Rosario.

He became involved in professional boxing when he "carried the bag" for his older brother, Carl, a successful professional fighter in the 1940's. Following his years in the ring, Lou began promoting fights for the U.S. Army during World War II. After the war, he began promoting on his own. His career as a promoter culminated with the staging of the world middleweight title bout between Dick Tiger and Joey Giardello on December 7, 1963, in Atlantic City, N.J.

Since then, as a manager who has guided his prospects to the top of the world boxing ranks, Lou has also guided his children in their rise to the top of the boxing promotional field. On September 16, 1981, the Duva family made history as the promoters of the showdown between Sugar Ray Leonard and Thomas Hearns for the World Welterweight Championship.

Mr. Speaker, our champion, Lou Duva, has achieved in his lifetime the respect and esteem of all of us who have had the good fortune to know him. It is to his modesty in his achievements, his outstanding expertise in his field of endeavor, the warmth of this friendship and his standards of excellence in the American way of life that I seek this national recognition of his service to his community and his fellowman. The quality of his leadership and excellence in the sports world of boxing—a lifetime dedicated to good works, compassion and fair play, always with dignity and universal respect—has truly enriched our community, State, and Nation. We do indeed salute a distinguished citizen, community leader and great American—the Honorable Lou D. Duva of Paterson, N.J.●

FALKLAND LESSON ON TAIWAN?

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. SHUMWAY. Mr. Speaker, the Christian Science Monitor recently carried an editorial which drew upon the Argentine invasion of the Falkland Islands to secure an object lesson concerning the possibility of hostile action against Taiwan. The author points out what may happen when an insecure, authoritarian government experiences increased domestic pressure from its citizens because of economic distress and questionable human rights treatment. I believe the article is worthy of my colleagues' attention.

The article follows:

[From the Christian Science Monitor, May 12, 1982]

A FALKLAND LESSON ON TAIWAN?

(By Robert L. Downen)

Argentina's surprise military seizure of the Falkland Islands offered an important lesson regarding Taiwan's security, for anyone who cared to notice. The incident demonstrated once again what may happen when an insecure authoritarian government experiences increasing domestic pressure from its citizens because of protracted human rights abuses and a lagging economy. It may in desperation launch an aggressive campaign elsewhere in a effort to divert attention from internal problems and to rally popular unity behind a patriotic cause.

It is just this example which leads one to wonder what Peking's ambitions may be a few years hence, when the present regime's modernization goals fail to materialize, the country's economic troubles reach crisis levels, and enlightened Chinese exposed to Western liberalism begin to demand government reform. At such time, an aggressive unification crusade directed against Taiwan could offer several redeeming benefits for Peking.

Yet, at this moment, many observers still question the need for continuing United States defense commitments to the people on Taiwan. To place an artificial ceiling on such assistance is neither practical nor wise, even if Peking "promises" to pursue its peace offensive against Taiwan peacefully.

Furthermore, such concessions by U.S. officials are unnecessary. There is ample reason to suspect that Peking leaders, for domestic and foreign policy reasons of their own, are already reconciled to a temporary withdrawal of their ambassador from Washington and a "symbolic" downgrading of relations with the US for a short time. In this way, Deng-Xiaoping could give mainland China the appearance of a more independent position, situated apart from both Washington and Moscow.

That Peking has already decided upon a temporary but highly visible public rupture with Washington can be detected from several policy pronouncements in recent months. Chinese officials spurned cooperation with Washington's economic sanctions in response to the Polish crisis of last December, actually increasing its level of trade with Poland by 30 percent after imposition of martial law. Peking has openly attacked US support for El Salvador, calling for a "national liberation movement" to defeat superpower interference in that country. It has warned the Reagan administration against "providing assistance and making loans, compromises or concessions," to its enemy in the south, Vietnam, in view of recent contacts between Washington and Hanoi.

After a hiatus of several years, Peking resumed demands that the U.S. withdraw its armed froces from South Korea which it claims "impede the relaxation of tension in the Korean peninsula" and it refused to act as an intermediary between Pyongyang and Washington after the North Korean missile-firing incident last year.

Chinese leaders continue to differ openly with U.S. official policy concerning the Palestinian issue in the Middle East and sanctions against South Africa, among other longstanding differences. And Vice-Premier Deng has restored his application of the term "hegemonists" to the U.S. A recent assertion by one senior U.S. official that "when it comes down to it, we don't have any contradictions [with Peking] except Taiwan" seems naive and misleading in the current context.

Should Peking carry out its plans to temporarily downgrade political relations with Washington, it nevertheless will not allow this move to damage more substantive commercial and cultural ties or the fundamental strategic relationship it now enjoys with the U.S.—all of which benefit China so much. Therefore, it would be a serious mistake indeed for American diplomats to make major concessions now in a futile effort to reverse Peking's preordained decision on a largely cosmetic, diplomatic maneuver.

The U.S. Congress devoted a great deal of conscientious bipartisan effort to the careful drafting of the Taiwan Relations Act in 1979. It is all the more important now to ensure that those thoughtful commitments are not slowly undone by diplomatic maneuvers carried on outside the realm of public scrutiny. Any binding limitations on the level or time frame of future U.S. arms sales are premature and should be subject to congressional hearings and amendment of the Taiwan Relations Act.

THE HOPELESS HOUSE

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. BEREUTER. Mr. Speaker, the Wall Street Journal, in an editorial published on May 13, reflected on recent activities of the Congress—on some actions we have taken and on some we have not. I am entering a portion of that editorial in today's CONGRESSIONAL RECORD. I commend its wisdom to my colleagues. I hope that all of us will find the time to read it and take appropriate action and advice to heart.

[From the Wall Street Journal, May 13, 1982]

THE HOPELESS HOUSE

One thing you can say about the House of Representatives, it sure is a busy place. Just in the last three days:

An overwhelming majority of members voted to spend $1 billion the government doesn't have to give young folks a subsidy so they can afford to buy that dream house they've been thinking about;

The Banking Committee approved an $8.5 billion bill, put forward by Chairman St Germain of Rhode Island, to try to restore the relaxed life style savings and loan executives once enjoyed. All that money, also wafted out of thin air, would go for "net worth guarantees," an instrument the sickly institutions could put on their balance sheets as assets (in much the way you would capitalize an insurance policy if the accountants would let you) to make them look healthier. The Treasury would have to go out and borrow money to give to an S&L if the institution collapsed;

Three Democrats, Wolpe of Michigan, Edgar of Pennsylvania and Oberstar of Minnesota—joined by Republicans Schneider of Rhode Island and Jeffords of Vermont—introduced a bill to bring back the energy crisis. Congress has been pining for the good old days of the 1970s when all the government's mistakes could be blamed on the oil companies. This bill would put a big new tax on crude oil production, at a time when industry profits are falling, thus discouraging oil output and giving us a chance to have gasoline lines again in a few years. Congress would then be able to re-engage itself in crisis management, meddling in the energy, automobile, housing and other businesses.

The only thing neglected amid all this activity is the thing the Founding Fathers once fondly hoped the House would take the primary responsibility for, seeing to it that the government was prudently managing its finances. Tip O'Neill, who theoretically presides over the present maelstrom of irresponsibility, is mainly interested in making the people pay for electing Ronald Reagan in 1980. Hence, he has devoted his energies to once more baiting the Social Security trap, which he sprang on the President so successfully last year. . . .

The upshot is that Congress probably won't even take the first, relatively simple, step of the budget process on time this year, that is to say passing the first joint budget resolution that is due next Saturday. Mr. O'Neill is carrying an outrageous budget, involving enormous tax increases, around in his hip pocket. Phil Gramm and Jack Kemp have their own proposals but there is very little incentive this year to put up a first resolution budget and have it blown to bits in the appropriations process in the fall.

The result is stalemate, with the House leadership laying back and trying to force the Republicans and conservative Democrats to take the responsibility and the political heat for the spending cuts that will be necessary if the budget is to be brought under control. It's a cute game but we wonder how it will really play with the voters next fall when the Speaker and the Chairman of the Ways and Means Committee go forth to explain why it is that there has finally been a complete breakdown in the ability of the House to manage the nation's finances. And the irony is that if the House were doing its most important job, its members wouldn't have to be dreaming up schemes to bail out savings and loans and others who are in trouble because of federal irresponsibility.●

A TRIBUTE TO FOSTER A. DAY

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DORNAN of California. Mr. Speaker, I would like to take this opportunity to hail the lifetime work of Foster A. Day who has selflessly contributed to improving the community of Redondo Beach, Calif. Mr. Day will be honored on May 26, 1982, by the Salvation Army in a presentation of the "Others" award, given only to those rare individuals who devote their energies toward helping others and improving living conditions in their community.

For nearly 40 years, Mr. Day has been actively involved in community organizations including the Rotary Club of Redondo Beach, the B.P.O.E. Redondo Beach Lodge, the Redondo Beach Chamber of Commerce, the Redondo Beach Round Table, the Harbor Review Board, the YMCA Board, and the Salvation Army Board. Foster Day has been a leader in all of these organizations, taking the initiative in planning projects such as the Harbor area in Redondo Beach.

Mr. Day has also devoted many hours toward improving Redondo Beach's school system. He was elected to the Redondo Elementary School Board, served twice as its president, and then was appointed to the El Camino College Board, where he also served as president. During his tenure in the school system, between 1945 and 1957, Mr. Day's leadership abilities resulted in successful and well-coordinated expansion of educational facilities to meet growing population demands.

Mr. Speaker, Foster A. Day is one of those rare individuals in our society who take it upon themselves to improve the lives of others around them. I want to commend his efforts to you and our colleagues, in the hope that the accomplishments of such a unique community leader will be appreciated by others and emulated by all.●

HIGHER EDUCATION AMONG NATIVE AMERICANS

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DASCHLE. Mr. Speaker, it is with enthusiasm that I, along with Congressman PAUL SIMON and other colleagues, introduce the reauthorization of the Tribally Controlled Community Colleges Assistance Act. This bill has greatly enhanced higher education among native Americans and has, as its title suggests, been written with much guidance by tribally controlled community colleges.

Indian people are at the low end of the economic ladder in this country—they have a poverty rate 300-percent greater than the national average, the highest unemployment rate, and the worst health conditions in the Nation. The investment we make in Indian education is one of the best things we as a Congress can do. The modest amount of money we expend is paid back over and over again, both in monetary and nonmonetary terms. The costs of a lack of education to individuals and society as a whole by any measure—economic, social, spiritual—are much more than the investment we make to insure an educated populace.

I would like to submit for inclusion in the RECORD an article from the Lakota Times regarding the success of one tribally controlled community college, the Oglala Sioux Community College located on the Pine Ridge Indian Reservation. I urge my colleagues to read this success story and to support the Tribally Controlled Community Colleges Assistance Act.

OGLALA SIOUX COMMUNITY COLLEGE: WORKING OR NOT?

(By Reva High Horse)

KYLE.—A recent report from Oglala Sioux Community College shows that 86 per cent of its graduates are employed. Another 10 per cent are in school.

Out of 163 graduates since the school opened, only 4 per cent are not working or in school.

"On a reservation where there is 80 per cent unemployment, a study showing the 86 per cent of our graduates have jobs certainly proves that getting a degree is effective," observes Tom Allen, director if Institutional Development at the college.

Graduates since the college opened in the fall of '72 have gone into all walks of life. Most have stayed on the reservation, going into work that will benefit the people here. The college has produced, for example, four Tribal Councilmen, a Tribal Treasurer, a postmaster, the current head of Public Health Human Services, two community health representatives, two mental health workers, and four social workers. All are working on the Pine Ridge Reservation.

Thirty teachers, 30 nurses and 18 teacher aides also graduated from OSCC. The overwhelming majority work on the reservation. Seventy-four per cent of the nurses who graduated from OSCC have passed the state boards.

The school's adult education program has trained 756 people for their high school equivalency degrees, as well as the 163 graduates with A.A. degrees.

Officials say they are pleased to see that one of their goals for the college has been achieved: manpower coming out with the school's A.A. (associate of arts) degree is going back to work for the community. The college is producing directors of local programs, government representatives, nurses for the local hospital, and teachers for the local schools.

SELF-DETERMINATION

"There's been a big push for self-determination and local control," comments OSCC graduate, Francis Montileaux, "but we need Indian people with credentials. Until we get them, programs will select non-Indians who are qualified." The director of Human Services at the Public Health Hospital says that's why education and credentials are so important.

Montileaux was in the first graduating class from OSCC, in the spring of 1974. That first degree propelled him forward, and he went on to get his B.A. from Chadron State, and then his master's degree from the University of Utah.

"I really believe I would never have gone further than high school if the college hadn't been here," he said. "I didn't have the ambition, then, to leave the reservation—and junior colleges, across the country, are very expensive. It's been a real advantage for us to have a local college, right here, where people can get to it."

"It was sort of a catalyst in my life," he said. Montileaux, who is the only Lakota on the reservation with a master's degree in health, became director of Human Services at the hospital last month. He had been chosen as acting director last year, after heading the BIA Social Services program.

Did he think he'd be in the position he is now if he had not gone to OSCC and pursued higher education. "I doubt it seriously," he said.

Cordella Attack Him also talked about the benefits she received from her two years at OSCC. She graduated from the college in 1978, after being married and raising a family. Cordella, who now teaches Lakota Studies at OSCC, served as a consultant at Harvard University this year—teaching a course in Native American Religion there in February. She has been asked to give another course at Harvard in May.

"I wouldn't have been able to go to college if OSCC hadn't been there," she explained. Lakotas have very strong family ties, and with the extended family concept, people want to be able to care for their grandparents or other relatives. So, since I had children, I didn't want to go off the reservation to study.

"I had been teaching elementary school, and telling the kids they should get an education. So I decided to practice what I preached."

That was in 1971. Cordella became a part-time student, taking a few courses here, and a few course there—and then enrolled full-time. Her son, John, 19, and her daughter, Lolita, 20, have also taken courses at the college.

"The school has improved since I went there. There are more courses, and some pretty good instructors. When OSCC opened, you'd find four or five students in a course; this year 32 signed up for my Lakota Social Systems course," she said.

More people are signing up at the college now than in the past. Enrollment this spring reached 670, a big jump from the 348 who registered for classes in the fall of '72.

One interesting fact emerged from the survey: 85 percent of the OSCC graduates are women. Only 15 percent are men. "The women are more aggressive. They're really out there pushing for what they want," Cordelia observed. "I notice, in my own classes, that the men will be going along fine, then they drop out for a semester. They're not as steady."

"I think they're too used to being forced to go to classes in high school. They find it hard to make themselves do it on their own. They're just too used to being told what to do," she said.

Montileaux, who is trained to observe people in his field, psychiatric social work, offered his own theory on the high number of women in college: "I think Indian women are more responsible, more concerned about the future of their children. The male children are favored, even catered to, and are not given many responsibilities.

"So the women—in all Native American groups, not just Sioux—mature emotionally way before the men. They're more motivated." He said he'd seen the same thing in graduate school: there would be eight women in a class to every man. "It's unbelievable, but it's true," he said.

One hundred and thirty nine women have graduated from the school since '74. In the same seven-year period, 24 men graduated.

The overwhelming majority of graduates are Indian (89 percent). But there have been some white students (18, or 11 percent)—even some from off the reservation. Maxine Watson is one of them. Maxine is from Rushville, and is now director of nursing at the Parkview Lodge Nursing Home in Rushville.

"I didn't have to give up being with my family to go to college," she said. "OSCC provided a place for a lot of men and women to go to school who wouldn't have gone, otherwise."

Maxine said she was one of only two white students in her class, but she was never made to feel uncomfortable by the Indian students. "We got along fine," she said, looking back.

Several graduates said they thought the college could have been more demanding on the students in its early days. Some, going on to four-year schools, said they found their study habits were poor, and their basic skills in writing and math weak. Another student pointed to the problem of too many students dropping out before finishing.

There have been changes to work on these problems, Allen said. More Basic Skills courses are offered now, and there is more emphasis on teaching study habits. "We're also working on the retention rate. That is an area of concern—the problem of students signing up, and then dropping out before they get their degree."

OSCC was first chartered by the Tribe in 1971, under Tribal President Gerald One Feather. The federal New Careers Program, headed by Birgil Kills Straight, gave the school a big boost when it started, Allen explained. The college has branches in all nine districts of the reservation, so people can attend classes close to their homes.

"I think in the beginning, people had seen so many programs come on the reservation, flounder around, and fall apart, that they didn't expect the college to be around for very long, said one graduate. "I think that was the attitude of most of the students, in the beginning.

"But people saw that it didn't flounder, that it stayed around—and that lots of students have walked out its doors with degrees. And with jobs.

"So they're taking it pretty seriously now."●

THE 70TH ANNIVERSARY OF HADASSAH

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. GREEN. Mr. Speaker, I would like to take time now to share with my fellow Members of the House of Representatives a story of remarkable dedication and service. In this year Hadassah, the Women's Zionist Organization of America, will be celebrating its 70th anniversary. For seven decades Hadassah has made a magnificent contribution in the building of health and social services in Israel and in increasing and changing the lives of American Jewish women. Through war and peace, Hadassah medical facilities have served the people of Israel in immeasurable ways. Hadassah was the first to bring modern medical care to the old city of Jerusalem. Yet, since its founding in 1912 by Henrietta Szold, Hadassah has not only contributed to the improvement of Israel's medical facilities, but has also extended its scope to the point of rescuing some of the Jewish youth of Europe from the grasp of Hitler during the 1930's. However, while the chapters programs and activities have centered upon Hadassah facilities in Israel, its members are American women who have contributed earnestly to their communities in order to make the United States a more peaceful place to live.

Therefore, I would like to ask my colleagues to join me in recognition of Hadassah's past achievements and its future goals.●

GUAMANIAN COAST GUARD RESERVIST WINS ACHIEVEMENT MEDAL

HON. ANTONIO B. WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. WON PAT. Mr. Speaker, I take great pride in pointing out to my colleagues in the U.S. House of Representatives the news that one of my constituents, Petty Officer Alejo (Al) Sablan, has received the Coast Guard Achievement Medal for demonstrating "outstanding initiative."

Yeoman Second Class Sablan received the award during a special ceremony held recently on Guam at the reserve unit on the naval station. His commanding officer, LCDR Robert E. Hahn, praised the hard work done by Yeoman Sablan by saying: "Sablan has worked hard to bring our unit up to its present level of strength."

The award was given for the excellent job in recruiting that Yeoman Sablan did during his tour of duty while serving as the reserve unit's recruiter. The award he received is not his first. He has been commended previously for his performance beyond the call of duty and was cited as the outstanding reservist in the 14th Coast Guard District.

Yeoman Sablan is clearly a man who loves his job and who places a premium on excellence. He has served as a model to his colleagues and I salute this dedicated American for serving his Nation, the Coast Guard, and his island, with dignity and pride.

One special item in his commendation caught my attention and that was a note about the great amount of time Yeoman Sablan has put into his job. This willingness to put more into one's job than normally asked is typical of men such as Yeoman Sablan and is a characteristic which puts him apart from so many others. This manner of dedication is hard on a family life, however, and we must also salute his wife, the former Rosaline Yamashita Babauta of Agat and the Sablan's two beautiful twin daughters, Rochell and Marchell and their son, Saul, for working with this outstanding serviceman to make his success possible. We on Guam are most fortunate to have a man with the qualities possessed by Yeoman Alejo Sablan and so is the Coast Guard.

At this time I request that the following article from the Pacific Crossroads be reprinted:

Coast Guard Reservist Receives Achievement Medal

(By PA1 Phill Mendell)

Yeoman Second Class Alejo (Al) Sablan received the Coast Guard Achievement Medal during special ceremonies held at the Reserve Unit on Naval Station recently.

Presenting the medal during all hands drill was Captain James R. Costello, Commander, Marianas Section.

Sablan was cited for outstanding achievement and superior performance of duty from January 1977 to September 1981 while serving as the Reserve unit's recruiter.

In the citation received from Rear Admiral Bernie Thompson of the Fourteenth Coast Guard District, Sablan was commended for demonstrating outstanding initiative and contributing countless hours of his personal time in recruiting members and improving the unit's recruiting program.

"Petty Officer Sablan certainly deserves the award," commented Unit Commanding Officer, LCdr. Robert E. Hahn. "Sablan has worked hard to bring our unit up to its present level of strength." The award is the second that Sablan has received. He also has been cited as the Outstanding Reservist in the Fourteenth Coast Guard District.

He is married to the former Rosaline Yamashita Babauta of Agat, and the couple have twin daughters, Rochell and Marcheil, and one son, Saul.●

REAGAN AND BLACK AMERICA

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. RANGEL. Mr. Speaker, I would like to commend my colleague JULIAN DIXON of California for his excellent letter to the editor which appeared in the New York Times on May 17. Entitled "Black Americans' Complaints About Reagan," the letter eloquently expresses Black America's dissatisfaction with the policies of the Reagan administration.

The problems and concerns of which Mr. DIXON speaks will not be resolved by the type of cosmetic response toward blacks which the President has practiced in the last few weeks. The simple truth is that the policies which the President is intent on pursuing hurt blacks and other minorities both economically and socially. No amount of cosmetics, no amount of PR work, will disguise that. I commend Mr. DIXON's article to you:

Black Americans' Complaints About Reagan

(By JULIAN C. DIXON)

TO THE EDITOR: The President, the Republican Party and apparently now even The Times (editorial May 7) believe the Reagan administration has an image problem with black Americans. Nothing could be further from the truth.

In general, blacks share the public perception of the President as a decent and sincere individual. This does not alter the deep and abiding black opposition to the substance of the Reagan program or the policies his Administration espouses.

Because of its potential significance for the fall elections, of late there has been a flurry of reports regarding Republican concern over diminishing black support and expressed views that Reagan does not care about black problems.

Representative Guy Vander Jagt, head of the Republican Congressional Campaign Committee, believes this problem is solvable: " We don't have to change our policies, but we have to change our focus. We have a lot to sell, and we haven't done a very good job of presenting those arguments to win back allegiance."

If this sounds more like a marketing strategy for a new laundry detergent than formulation of sound national policies, perhaps it explains why it has taken Mr. Reagan over two years to realize that his programs as they relate to black Americans must be reassessed.

My view is far more jaundiced than The Times' regarding the promise of recent Presidential actions, which I find largely cosmetic.

His 11th-hour endorsement of the Voting Rights Act does not warrant effusive praise. As the President himself has said, the right to vote is a fundamental one and should be protested by law. That his support follows months of waffling, and several nebulous endorsements timed to mitigate earlier black criticism, cast serious doubt on whether this action can be considered more than political self-interest.

It is difficult to be sanguine about the establishment of a White House special assistant to monitor the effect of Administration policies on blacks and other minorities without evidence that input will be heeded.

It will take time to judge but just four days after announcing this appointment, the Administration sanctioned proposed regulations to further weaken equal employment opportunity and affirmative action guidelines by making it considereably easier to demonstrate progress in minority hiring and by making it tougher for victims of discrimination to receive judgements for back pay. And the naming of a black adviser cannot begin to correct this Administration's abysmal record on including minorities among Presidential appointments.

Nor can it compensate for the fact that the President is refusing to meet with the Congressional Black Caucus or the Black Leadership Roundtable to discuss specific concerns about his Administration's actions. His tolerance seemingly extends only to media events or gatherings of hand picked blacks, such as the White House visit of black Republican ministers, designed to ensure that no criticism of his Administration is heard.

Record joblessness, evisceration of Federal programs helping the poor and working families continued high interest rates and massive redistribution of tax benefits to America's wealthy are products of the Reagan economic plan.

His gesture of visiting a black family to show concern for the racial harassment they have endured is indeed commendable. Yet it will not even begin to bridge the gap which separates the concerns of black Americans from the substance of the Reagan Administration.●

SUPPORT OF BIOMEDICAL SCIENCE PROGRAMS

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. STOKES. Mr. Speaker, I wish to take this opportunity to focus your attention to a program of which I have a great deal of interest and concern. It is an effort which takes young college students, the leaders of tomorrow, and help them forge careers in many areas of the biomedical sciences. It is, in short, part of our investment in the future.

The health and vitality of our people require the constant production of scientific expertise and manpower in the biomedical sciences. It is with pleasure that I bring to your attention the minority biomedical science research program (MBRS) and the minority access to research careers program (MARC) both at the National Institutes of Health and point to their effectiveness in the development of scientific expertise in students of minority colleges and universities. The MBRS and MARC programs assist in providing the manpower to address the health concerns of all citizens of this Nation.

You have listened to me numerous times in the past as I presented the disturbing statistics that describe the health status of American minority groups. And for that reason, I need not remind you that the infant mortality rate among minority Americans is almost twice that of majority Americans. It is not necessary to state to you that the life expectancy for minority adults is some 6 to 8 years less than that of the majority population. You have heard that minority persons demonstrate higher incidences of major cardiovascular diseases, cancer, diabetes, accidents, homicides, and suicides.

Some of this disturbing health data reflect the inadequate availability of health care providers to minority groups. Several studies have shown that most members of minority groups receive health care from persons of their own ethnic background. When we look at the composition of the health care work force, we find on the average that there are some 200 majority physicians per 10,000 majority population, but only 26 black physicians per 10,000 black population. As we take a closer look, we find that less than 3 percent of the dentists are black; less than 1 percent of the optometrists are black; less than 2 percent of the osteopaths are black; less than 4 percent of the pharmacists are black. The black population, on the other hand, comprise 12 percent of our populace. Clearly, these are too few to serve so many.

Other reasons for the poorer health status of minorities are related to the need to make new discoveries about the human disease state; to gain a greater understanding of growth and development of aging and death. In other words, to advance the frontier of science such that we can conquer these human illnesses that wreak havoc on mankind. To accomplish these tasks, we must provide funds for basic biomedical research and research training. The funds that we appropriate for the MBRS and MARC programs provide those dollars to support the much needed research at minority institutions. Through the MBRS program senior researchers and students have conducted studies on such subjects as the effect of barbiturate administration on recovery from brain trauma, and the effect of selenium on liver cancer. These are significant undertakings that have the potential of benefiting each and every one of us.

May I also bring to your attention the words of Dr. Allan Bromley, the former president of the American Association for the Advancement of Science, who in a presentation at the January 1982 annual meeting of this group, issued a challenge to succeed on two major frontiers. One is that of advancing the boundary of human knowledge. The second is that of assuring sufficient resources from the Federal Government and private industry to insure the adequate continuation of research and research training in our universities. He noted that we are presently experiencing a severe shortage of mathematicians, natural scientists, and engineers. He also made the following observations:

> The number of Ph. D.'s awarded in physics and astronomy in 1980 was almost identical to the number of degrees awarded in these two subjects in 1965, and only 57 percent of the 1740 awarded in 1971.
>
> The number of Ph. D.'s employed in the United States who practice physics in 1977 was the same number employed in 1968, 18,000.
>
> In the 1979-80 academic year, a total of 86.430 foreign students were enrolled in United State's Colleges and Universities, eight times the number enrolled in 1954-55. Over 55 percent of the present foreign students are enrolled in science and technical fields.
>
> In 1980, almost half of the Ph. D.'s in engineering went to foreign citizens, 24 percent of the Ph. D.'s in physics went to foreign nationals and 23 percent of the Ph. D.'s in chemistry to foreign nationals.

In the face of the shortage manpower, American universities still do an inadequate job of attracting women and minority groups into science, mathematics, and engineering. In 1980, black students received less than 3 percent of the Ph. D.'s in science and engineering; and Hispanic and Native Americans received far less than 1 percent of the Ph. D.'s awarded in these fields.

However, I am pleased to report that the picture does not have to remain as bleak as I have painted. I predict that continued support of programs such as the MBRS and MARC will lead to a lessening of the difference in student population of minorities and majority groups, and will lead to the production of a greater number of minority scientists who can assume their responsibility for advancing the frontier of knowledge.

And in years far ahead, I look forward to the day when I will read in the printed press of the men and women whose education we have provided for will have made contributions of significance and distinction. These learned scholars will have assumed positions of eminence in our society equal to that of the late Dr. Charles Drew, the black physician who contributed so much to the preservation of blood and plasma during World War II and the late Dr. Percy Julian, one of two black members of the National Academy of Sciences.

It is for this reason that I ask for your continued support to maintain the life and vitality of these two very significant programs, MARC and

MBRS at the National Institutes of Health.●

NL'S SAYREVILLE, N.J., PLANT RECEIVES NATION'S HIGHEST ENVIRONMENTAL AWARD

HON. BERNARD J. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DWYER. Mr. Speaker, the Nation's highest award for air pollution control has been earned by a pioneering industry in the 15th Congressional District—NL Industries, Inc., of Sayreville, N.J.

This titanium pigment plant has been given the 1982 National Environmental Industry Award for Excellence in Air Pollution Control, awarded jointly by the White House Council on Environmental Quality and the Environmental Industry Council.

We can all be proud of the advancements made toward curbing air pollution, but none of us more so than those innovators and achievers like NL Industries whose efforts make it all possible.

NL Industries has achieved a 99.6-percent reduction in atmospheric emissions through a new liquid phase digestion (LPD) manufacturing procedure. This new process also allows for significant energy savings and reduces waste disposed of in the ocean.

It is important to continue to properly recognize these advancements which make such vital contributions to improving our quality of life and national health.

It is with deep appreciation and respect that I join the Council on Environmental Quality and the Environmental Industry Council in saluting NL Industries for its initiative and important role in protecting our Nation's environment.●

OUR COUNTRY NEEDS EXPORT TRADING COMPANIES

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. NEAL. Mr. Speaker, the American economy is struggling through some perilous times. It is hamstrung by high interest rates, major recession, and low productivity. The work force is plagued by unemployment, underemployment, and the same high interest rates. The consumer is buying sparingly, if at all, many of the basic goods that keep the economy going.

It seems to me, Mr. Speaker, that this is an ideal time to bolster overseas sales of American goods and services. The need to do so is apparent; the anticipated effect persuasive. Each $1 billion of exports, for instance, supports 32,000 American jobs. One of every three jobs in agriculture—and one of each eight jobs in manufacturing—is related to exports.

The United States used to be the marvel of the industrial world in its ability to trade overseas to its advantage. Throughout the entire 20th century—up until 1971—we enjoyed a trade surplus. Since 1971, however, we have been in surplus only 2 years. Moreover, the annual trade deficits have become large. Over the last 3 years, in fact, the annual deficits have been $34 billion, $30 billion, and $28 billion, respectively. In the first quarter of 1982, we had a deficit of $5.9 billion in the merchandise trade balance. While this was better than the $9.1 billion deficit of the preceding quarter, most of the improvement was due to an 8-percent decline in imports; exports rose only 3 percent.

Mr. Speaker, without a concentrated effort to drum up trade in foreign markets, the prognosis for American foreign trade is not particularly encouraging. Many predictions indicate that there will be slow growth in the world economy during the next 10 years. International competition will increase. I would surmise that it also will become more intense; that other governments will do even more than they are now doing to support, subsidize, and encourage their own exports. I believe, therefore, that the United States must help its producers sell overseas; and that the Congress should enact laws which establish policies to promote trade.

The Committee on Banking, Finance and Urban Affairs has developed a bill which would help accomplish that purpose. The Bank Export Services Act (H.R. 6016), has been introduced by Chairman FERNAND ST GERMAIN and is now pending before the committee. It provides for formation of Export Trading Companies, or ETC's, which would facilitate the export of goods, especially by small- and medium-sized businesses. At present, small- and medium-sized firms do not have the resources necessary to penetrate foreign markets. Only 1 percent of American businesses are responsible for 80 percent of all our exports. ETC's, by exploiting economies of scale, could provide the capital, technical expertise, and knowledge of foreign markets—which are indispensable elements of successful export trade.

In addition, H.R. 6061 would send a signal to our trading competitors of our serious intent to increase our exports.

Simply stated, the bill would permit bank holding companies to invest up to 5 percent of their capital and surplus in ETC's. Edge Act corporations could invest up to 25 percent.

Some concern has been expressed—by me and by other members of the Banking Committee—as to the amount of risk that a bank participating in an ETC should be allowed to take. The concern is well advised. The soundness of our banking community is essential to a healthy economy. I am convinced, however, that while this bill will allow enough bank participation to make ETC's profitable, it provides adequate safeguards against excessive risks to the participating banks. Their investment in ETC's would be limited to 5 percent, and Bank Holding Companies would be subjected to the lending limits between a parent and its affiliate, as specified in the Federal Reserve Act. In short, this bill would induce banks to invest in ETC's, while guarding against undue risk to our banking system.

While there is much bipartisan support for ETC's, several provisions of H.R. 6061 are still subject to debate.

Concern has been expressed that H.R. 6061 would exclude small and regional banks from participating in ETC's. To alleviate this, there has been proposed an amendment which would allow banks with less that $300 million in assets to establish export subsidiary corporations.

Other aspects of the bill still being debated include: The restriction that ETC's not use the same name as their parent bank; that ETC's not take title to goods; and that ETC's be restricted exclusively to exporting.

These issues will be thoroughly examined in hearings this month. While many feel very strongly about them, there is, I believe, a bipartisan sentiment for getting the bill passed and I am optimistic that a compromise will be reached sometime this summer.

H.R. 6016 does not include Webb-Pomerene provisions at this point, despite the importance of clearly defining their operating procedures. At present, Webb-Pomerenes are permitted to operate outside the provisions of Sherman and Clayton antitrust laws while engaging in export activity; however, many Webb-Pomerenes have been sued by the Justice Department for antitrust violations. The Committee on the Judiciary has jurisdiction over this subject matter and is looking at the Webb-Pomerene situation. We should hope that the committee will expedite its consideration so we can have a clean, strong bill.

Finally, H.R. 6016, the Bank Export Services Act, would involve no direct cost to the Government and would provide a much needed stimulus to our economy. I am optimistic, Mr. Speaker, that the bill soon will be passed out of the Banking Committee and I am here urging my colleagues to support it when it reaches the floor.●

INTRODUCTION OF VICTIMS OF CRIME COMPENSATION ACT OF 1982 AND VICTIM AND WITNESS PROTECTION AND ASSISTANCE OF 1982

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. RODINO. Mr. Speaker, in 1728 B.C. the Ancient Babylonian code of Hammurabi stated:

> That when a robbery occurred and the thief was not caught, the person robbed shall set forth the particulars regarding his lost property in the presence of God, and the city and governor in whose territory and district (the crime) was committed shall make good to him his lost property.

The code also said that when a person was murdered "the city and governor shall pay one mina of silver to his people."

As we read these ancient laws and think about the history of civilization, it is almost unbelievable that in a country as advanced as ours, the Federal Government cannot find the means to help States meet the basic needs of those citizens who have suffered from criminal attacks.

It is especially disheartening when we consider that the Federal Government has spent billions of dollars helping States in the treatment of criminals.

I am introducing legislation today that will offer meaningful assistance to the innocent victims of violent crime, in hopes of correcting the growing perception that Government only cares about the criminal—and not about the law abiding citizen who has suffered at the hands of the criminal. The two bills I am proposing will also help in the fight against crime by encouraging greater victim cooperation in the apprehension and conviction of criminals.

The Victims of Crime Compensation Act will offer financial assistance to State programs that help crime victims recover from personal injuries. The Victim and Witness Protection and Assistance Act will establish new rules of Federal criminal procedure to make our criminal justice system more sensitive to the needs of crime victims and to better protect all those who cooperate with prosecutors to convict criminals.

The Victims of Crime Compensation is identical to the bill I introduced last year, with one important exception: It would require no new Federal expenditures. This new bill would establish a crime victims compensation trust fund as set forth in legislation introduced by my colleague, Marty Russo. The fund would obtain its revenues from the current Federal excise tax on the sale of handguns. Roughly, $30 million is collected each year in handgun taxes, more than enough to fund the first year of the bill's victim compensation program, according to estimates by the Congressional Budget Office. These funds are currently being used, along with tax receipts from long guns, ammunition, and bows and arrows, to support State programs for sportsmen, such as target shooting and hunter training. It seems to me highly inappropriate to pay for hunting programs with a sales tax on handguns—when handguns have nothing to do with hunting. In fact, most law-abiding handgun owners purchase their handguns for the purpose of protecting their families from criminal attacks. These Americans are deeply concerned about crime in our country and its effect on their communities. Many of these people have gone out and bought handguns out of fear, after someone in their family or their neighborhood had been the victim of a criminal assault. I believe that these Americans would welcome diverting the handguns sales tax they pay to a fund which helps the innocent victims of violent crime.

Thirty-three States now operate programs to compensate crime victims. Unfortunately, most of these, like my home State of New Jersey, are unable to meet all the legitimate demands of crime victims in their States because of a lack of funds. My bill would simply give these States the means to help more victims, and would encourage other States to establish victims compensation programs. It would do this, not by establishing another Federal program, but by reimbursing States for 50 percent of their grants to crime victims, with the maximum Federal payment on a single grant being $25,000.

Federal funds would pay only for those personal injury expenses not covered by insurance or other means. They would not pay for a victim's property losses or for a State program's administration costs. The bill would require victims to report crimes to police within 72 hours and to cooperate with all reasonable requests by police and prosecutors in order to be eligible for compensation.

The bill also would direct States to mandate that criminals make restitution to their victims whenever the courts believe it is appropriate. This requirement reflects my firm belief that criminal wrongdoers should be responsble for the losses that they cause their victims. However, as a practical matter, restitution cannot be considered a substitute for victim compensation programs since not all offenders are caught and most who are caught are financially unable to pay restitution.

But as long as violent crime continues to threaten the peace and stability of America's families, our Government has the obligation to help those who have been victimized overcome their injuries with dignity.

The second bill I am introducing today, the Victim and Witness Protection and Assistance Act, is designed to prevent crime victims from being twice brutalized: Once by the criminal and then by an insensitive criminal justice system. This bill would make several changes in the rules of criminal procedure to better protect victims and witnesses and to provide for a more effective administration of justice in criminal cases. It would require that before a criminal is sentenced, the judge receive a report detailing the crime's impact on the victim. It also would make it a crime to tamper with a witness or retaliate against a witness because of the witness' testimony in court.

The bill would broaden Federal law regarding restitution by permitting Federal courts to order restitution in any offense, including antitrust and industrial fraud cases. This would open the door for victims of white collar crime to obtain restitution of the funds they lost to criminals. The victims of high class business scams often have their life savings wiped out, and they get little financial help after the criminal goes to jail. This bill would allow the courts to order some form of payment to these victims above and beyond the prison terms served by the white collar criminals.

The bill would also direct the Attorney General to issue guidelines for the fair treatment of victims and witnesses, as recommended by the Attorney General's Task Force on Violent Crime.

I am convinced that the Victims of Crime Compensation Act and the Victim and Witness Protection and Assistance Act will go a long way toward reversing the growing alienation in society toward or criminal justice system. I urge my colleagues to work with me to enact these measures, which could help prevent future Americans from being victimized.●

H.R. 6068—THE INTELLIGENCE AUTHORIZATION ACT

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. COURTER. Mr. Speaker, on May 19, the House approved an extremely important piece of legislation affecting our national security. The bill, H.R. 6068, known as the Intelligence Authorization Act of 1983, will provide the requisite funds for our Nation to enhance our strategic and military intelligence capabilities, as well as providing for the brave personnel of these agencies.

As our Nation has learned through prior mistakes, one of the most important aspects of our Nation's national security is its intelligence capabilities. In the past several years, our Nation has suffered from self-inflicted wounds to our national intelligence apparatus. Under the Reagan administration, a revitalized attempt to upgrade our intelligence capabilities has begun. In order that our Nation is always prepared and never misjudges real or potential adversaries, we must have the finest intelligence agencies in the world. The funds contained in this legislation are geared to provide this requirement.

Though I sincerely regret that I could not be present for this important vote, I would like to state that I strongly support its passage by an overwhelming number of my colleagues in the House of Representatives.

Thank you, Mr. Speaker.●

UKRAINIAN INDEPENDENCE DAY, BOSTON 1982

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DONNELLY. Mr. Speaker, the Boston chapter of the Ukrainian Congress Committee has asked that I insert several articles dealing with their commemoration of Ukrainian Independence Day this past January 22. I am more than happy to comply with this request, and I insert a narrative of the Boston anniversary written by Mr. Orest Szczudluk, as well as a resolution adopted by the Boston Ukrainian American community, at this point in the RECORD:

ANNIVERSARY OF UKRAINE'S INDEPENDENCE IN BOSTON

(By Orest Szczudluk)

BOSTON, MASS.—The 64th anniversary of Ukraine's independence was commemorated here with two programs. January 22, 1982, was also designated as "Ukrainian Independence Day" in Massachusetts and in Boston.

UKRAINIAN NATIONAL FLAG AT CITY HALL PLAZA

On January 22, 1982, over 150 people braved the frosty weather by attending a program at Boston City Hall Plaza. Orest Szczudluk, president of the Boston Chapter of the Ukrainian Congress Committee, opened the program and introduced attorney Robert B. Zozula as master of ceremonies. Mr. Zozula stated briefly the purpose of the observance and asked that the Ukrainian national flag be raised. Very Rev. Mykola Newmerzyckyj, pastor of the St. Andrew Ukrainian Orthodox Church, gave the invocation. Maria Hapij read Major White's proclamation and Oksana Mykytyn read Boston City Council's resolutions. Irene Kwasnij gave a very spirited talk about the Ukrainian people's struggle for national independence from 1918 to the present.

Councilor Frederick C. Langone, an old friend of the Boston Ukrainian community, greeted the assembled on behalf of the City of Boston.

Greetings and statements of support for the cause of the national independence of the Ukrainian people and all captive nations were extended by: Alexander J. Chaplik, president of the Lithuanian American Council of Boston; Sylvester Lambergs, chairman of the Latvian Heritage Foundation; Dr. Boguslav Lipinski, representing Support of Solidarity; Lajos Masszi, president of the Hungarian Society of Massachusetts and Isabel Rivero-Arguelles, secretary of the Facts About Cuba.

Congressman Brian J. Donnelly (D., Mass.) co-chairman of the Ad Hoc Congressional Committee on the Baltic States and Ukraine, sent a message of "support you your noble and just cause, that of an independent Ukraine once again." Present were also attorney Marty Foster, representing Cong. John J. Moakley's office and Earle W. Tuttle, editor and publisher of THE TRUTH, a new quarterly which concerns with issues pertaining to captive nations.

The program was concluded by benediction, offered by Very Rev. Peter Ohirko, pastor of the Christ The King Ukrainian Catholic Church.

COMMEMORATIVE PROGRAM

On Sunday, January 24, 1982, prayers for the freedom of the Ukrainian people were offered in both Ukrainian Catholic and Orthodox Churches.

The commemorative program was held at the St. Andrew Ukrainian Orthodox Church hall. After singing of the American national anthem by Olga Baryski and Eugene Moroz, with Miroslav Vintoniv at the piano, Orest Szczudluk opened the program and introduced Romanna Michajliw, head educational counsellor of the Ukrainian American Youth Association in Boston, who delivered the principal address. Mrs. Michajliw stressed the importance of the Acts of Proclamation of the Ukrainian States on January 22, 1918/19, March 15, 1939 and June 30, 1941, because those acts underscored the determination of the Ukrainian people to live in an independent and sovereign Ukrainian State.

Christine Michajliw read Governor Edward J. King's proclamation and Roxanne Szczudluk recited the resolutions passed by the Boston City Council. The younger members of the Ukrainian American Youth Association, under the direction of Olga Baryski, performed three songs, two of them on instruments. The same youth, under the direction of Maria Hapij, danced two Ukrainian folk dances. Larissa Diak and Eugene Moroz each rendered two songs, with Mr. Vintoniv on the piano. In addition, Miroslav Vitoniv rendered two musical scores on the piano.

Upon Mr. Szczudluk's recommendation, the assembled adopted resolutions, urging President Ronald Reagan to take political and economic sanctions against the Soviet Union not only in regard to Poland but also to Ukraine and all captive nations; authorize the U.S. delegations to the Madrid conference and the United Nations to take up the issue of national and human rights in Ukraine and in all captive nations; to use the power of the Office of the U.S. Presidency to appeal to the Soviet government to release Yuriy Shukhevych, Mykola Rudenko, Vyacheslav Chornovil, Lev Lukianenko and hundreds of other Ukrainian political prisoners from Communist Russian jails and concentration camps.

Copies of the resolutions were sent to President Reagan, Secretary of State Alexander M. Haig, Members of the Massachusetts Congressional delegation.

The concluding remarks were given by Volodymyr Fedoriw Boston UCCA's program director, who was also master of ceremony. The program was concluded with the singing of the Ukrainian national anthem.

RESOLUTIONS

Whereas, January 22, 1982, was observed as "Ukrainian Independence Day" in Massachusetts and in Boston, and the Ukrainian national flag was flown at the Boston City Hall Plaza; and

Whereas, the Ukrainian people could not observe this anniversary freely, because Ukraine is a captive country in the Soviet Russian colonial empire; and

Whereas, the Ukrainian people continue to struggle for full national independence and sovereignty, as attested to by writings, memoranda, appeals, trials and sentences of Ukrainian patriots by the Soviet Government in the present-day Ukraine

Now, therefore, we, Americans of Ukrainian descent, who assembled at the commemorative observance of the 64th anniversary of Ukraine's independence in Boston, Massachusetts, on January 24, 1982, do hereby resolve:

1. We support the Ukrainian people in their struggle to re-establish an independent and sovereign Ukrainian state, to which they are rightfully entitled under God's law and many international covenants.

2. We support the right of all captive nations in the Communist Russian colonial empire and under Communist Russian influence to national independence and sovereignty, as stated in the Captive Nations Week Resolution of July 17, 1959—Ukraine, Lithuania, Latvia, Estonia, Byelorussia, Armenia, Kazakhstan, Poland, Hungary, Slovakia, Czechia, Romania, Cuba, Afghanistan, Vietnam, and others.

3. We support President Ronald Reagan's economic sanctions against the Soviet Union in regard to its imperialistic policies in Poland and urge him to keep them in force until national and human rights are restored not only in Poland but also in Ukraine, Latvia, Lithuania, Estonia, Byelorussia, Hungary, Armenia, Afghanistan, Cuba, Vietnam, Georgia, Kazakhstan, and in all captive countries.

4. We call upon President Ronald Reagan to authorize the United States delegation to the forthcoming conference on the Helsinki Accords in Madrid to take up the issue of freedom and independence for Ukraine and all captive nations at the conference.

5. We call upon President Ronald Reagan to authorize the United States delegation to the United Nations to take up at the United Nations the issue of the decolonization of the Soviet Colonial Empire.

6. We call upon the United States Government to cancel all the trade agreements with the Soviet Union, because the Soviet economy is built on the exploitation of the captive peoples.

7. We call upon the United States Government and Congress to continue to fund Voice of America and Radio Free Europe; and to expose the Soviet Russian imperialistic policies in Ukraine, in all captive nations and throughout the world.

8. We appeal to President Ronald Reagan to use the power of the Office of the United States Presidency to appeal to the Soviet Government to release all Ukrainian polit-

cal prisoners from Communist jails and concentration camps; among them—Yuriy Shukhevych, Mykola Rudenko Oksana Meshko, Ivan Hel, Lev Lukianenko, Oles Berdnyk, Petro Sichko, Rev. Wasyl Romaniuk, Vyacheslav Chornovil, Josf Terelya, Oleksiy Tykhyi, and hundreds of others.

9. We authorize the Executive Committee of the Boston Chapter of the Ukrainian Congress Committee of America to send a copy of these resolutions to: President Ronald Reagan, Secretary of State Alexander M. Haig and Members of the Massachusetts Congressional delegation.●

ANDY JACOBS TO BILL PALEY ON ED ASNER

HON. FORTNEY H. (Pete) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. STARK. Mr. Speaker, our colleague from Indiana (Mr. JACOBS) has a fresh and effective way with words. No matter what the issue, ANDY JACOBS is quick to draw the right phrase and make us think, "I wish I had said that."

He has done it again with a letter he sent May 13 to William Paley of CBS. The subject is the recent CBS decision to cancel Ed Asner's television program "Lou Grant," described by JACOBS as "so elevating that ratings concerning it seem no more important than ratings concerning CBS news."

The Asner show grappled with relevant social issues and now CBS has decided to end it. As our colleague points out in his letter, reprinted below, CBS has a knack for wasting shows that relieve the great wasteland.

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 13, 1982.

WILLIAM PALEY,
President, CBS
New York, N.Y.

DEAR MR. PALEY: Why must it always be CBS?

You wouldn't cover the China hearings and Fred Friendly resigned. CBS viewers watched Lucy for the millionth time as the world and its largest nation passed them by.

When the Smothers Brothers tried to help us laugh our tears away about the tragedy of our foolish involvement in Southeast Asia, they were dismissed by CBS.

When Edward R. Murrow did what he could to bring sanity to the moments of McCarthy madness, CBS hesitated.

And now Mr. Ed Asner. Whether Mr. Asner is right or wrong in his political advocacy of medical aid for one side of the civil war in El Salvador, his television program is of the finest quality, so elevating that ratings concerning it seem no more important than ratings concerning CBS news.

An artist's biography does not change the intrinsic value of the art. And not only CBS, but also our country is the poorer for your acquiescence to unreasonable political and economic pressure to deprive Mr. Asner of his livelihood and the nation of his refreshing art.

"Courage," my mother says, "is fear that has said its prayers." Pray God CBS can learn to pray.

Sincerely,

ANDY JACOBS, Jr.●

EASTERN CONNECTICUT'S OUTSTANDING SCORE VOLUNTEER

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. GEJDENSON. Mr. Speaker, last week was proclaimed National Small Business Week so that we can show our due appreciation to the men and women who employ millions of Americans, who provide the innovation needed to fuel our production capacity, and who comprise the basic structure for economic growth.

In the spirit of this special week, I would like to call my colleagues' attention to Mr. Edward McCloy, a resident of Uncasville, Conn., who gives his total energy and talents to the betterment of his fellow man, his community and society.

As chairman of the SCORE/ACE chapter in Norwich, Mr. McCloy heads a group of retired and active business owners who volunteer their services to residents of eastern Connecticut. The SCORE/ACE team offers, on a continuing basis, the background experience and technical know-how needed to assist owner-managers of small businesses in identifying basic management problems and their causes. With the help of these volunteers, businessmen are able to develop solutions and to achieve efficient, profitable business operations.

In addition to his outstanding services as chairman of SCORE/ACE, Mr. McCloy conducts workshops, on a monthly basis, at Mohegan Community College. These workshops deal with topics of interest to the area's small business, and several hundreds of people have benefited from his effort.

After a career in the armed services, Mr. McCloy retired as colonel, USAF, in 1965. Since his retirement, he has pursued a long and meritorious record of service to the community. In addition to his work with the SCORE/ACE chapter, Mr. McCloy serves as Selectman in the town of Montville, Conn.; he is a member of the Board of Directors of the Southeastern Connecticut Tourism District; he is on the Board of Directors of the Community Service Credit Union in Groton, Conn.; he is active with the Easter Seals Society.

Edward McCloy's contributions to the small business community—and indeed to all residents of eastern Connecticut—are immeasurable. Small business is characterized by service and progress, both of which are exemplified by the work of this outstanding citizen.●

THE SLAYING OF THE RELIGIOUS WORKERS IN EL SALVADOR: STILL NO JUSTICE

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. GARCIA. Mr. Speaker, recent disclosure by the State Department that there is not enough evidence to solve the murders of the four American religious workers in El Salvador is indicative of the kind of problems still present in that country. I realize that El Salvador is trying to pull itself out of a state of political and economic chaos. I also realize that investigative techniques are not as sophisticated in El Salvador as they are in this country, and that even with FBI help there may be difficulties in solving this case. I am also aware that the Salvadoran judicial system does not function the same as ours.

But it has been 18 months since the women were killed. The families of the victims, and all Americans, are still waiting to see that justice is served. There is no excuse for this lengthy delay. Justice must be served, and it will not be served unless the U.S. Government exerts pressure on Salvadoran officials to resolve this case quickly and judiciously.

Apparently, Judge Bernardo Rauda Murcia, who is handling the case for the Salvadoran Government, has called for further legal review, indicating that a trial may eventually take place. That's fine, but I understand that it will be several months before any such trial would occur.

This entire process is being dragged on and on. The families of these women have been left hanging. Congress has been given the runaround, and the United States is still giving millions of dollars to the faltering Salvadoran military and security forces. I cannot sanction this kind of action on the part of my Government, nor do I accept the excess of excuses offered by the Salvadoran Government for its inability to see that justice is served.

What disturbs me even more is the recent failure of Congress to renew strict conditions on Salvador for receiving military aid. By forgoing strict conditions, the United States is severely limiting its leverage with the Salvadoran Government in seeing that they resolve this case.

We have exponentially increased military assistance to El Salvador since the 1979 coup. The only positive transformations that have occurred since that time are a stalled land reform program and the recent elections, and both of these successes are severely limited.

Over 80 Salvadoran military and security personnel were in the area when the slayings occurred. Yet, the progress in solving this case, as I have repeated, has been remarkably slow. But we still continue to allocate funds for military assistance without preconditions, despite this lack of progress.

Our Nation is suffering from severe economic problems. The poor of this country are being forced to bear the burden of cutbacks in social assistance programs. The administration, however, still requests more military aid for El Salvador, throwing good money after bad. We must be more prudent with military aid we offer to El Salvador or to any other country. I also believe the only real assistance we can offer the Salvadoran people is economic, but if the administration is adamant about sending military aid to El Salvador, should not that aid at least be conditioned on the Salvadoran Government resolving the murders of the four churchwomen? I am convinced it should.●

HMO RESCUE: A LOSING PROPOSITION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. McDONALD. Mr. Speaker, of particular interest during consideration of the 1983 budget is the following article written by Hans Sennholz, Ph. D., in the April 1982 issue of Private Practice. Dr. Sennholz relates the current trend toward reduced Government involvement in the financing of health maintenance organizations (HMO's) and also raises serious questions about the ability of HMO's to successfully accomplish the purpose for which they were instituted; namely, to restrain rising medical costs.

Since the Health Maintenance Organization Act was passed by Congress in 1973, the Federal Government has awarded some 617 grants, 81 direct loans, and 4 loan guarantees to HMO's. Of the 120 HMO's which currently meet Federal qualification standards, only 28 have received no Federal assistance. It should be noted that the Government has already lost over $193 million in defaulted loans from HMO's which have gone out of business.

In addition, in 1978 the General Accounting Office issued a report which stated that out of 14 HMO's examined, only 3 were determined to have a good chance of achieving financial independence before the end of their eligibility period to receive Government aid.

As the Federal Government is facing unprecedented budget deficits and concern is increasing about the need to limit Federal expenditures, the time has come to end the Government's financial stake in the experiment of health maintenance organizations and allow HMO's to succeed or fail on their own merit. I commend to the attention of my colleagues the following article:

HMO RESCUE: A LOSING PROPOSITION

(By Hans Sennholz, Ph. D.)

Health maintenance organizations (HMOs) are falling on hard times. The federal government is now trying to extricate itself from the expenses and controversies of this modern concept in health care. It slashed some $30 million from 1982 HMO appropriations and probably will eliminate the remaining $70 million from future budgets. By 1983, just 10 years after the Health Maintenance Organization Act created the federal program and provided the seed money for a large number of HMOs, this chapter of government experimentation may draw to a close.

Whether supported or opposed, this particular federal venture in medical care is one of the many expensive transfer systems that seize income and wealth from productive taxpayers and inflation victims. Inflation victims should not be overlooked as transfer victims since the federal government dispensing HMO funds is appropriating primarily red-ink funds. In each year of HMO existence, the government suffered huge deficits that needed to be monetized in order to meet the expenses. Therefore, the federal HMO program is seen as one of many deficit programs that have given the 1970s its most conspicuous characteristics—rampant inflation.

HMOs must brace for lean years ahead. As the government begins withdrawing its financial support to get its deficit spending under control, many HMOs will be forced to close. Unless private sponsors come to their rescue, the future of all HMOs may be in question since spending could rage on, causing inflation to accelerate again. The inevitable economic decline will paralyze all phases and aspects of health care and cast serious doubt on HMOs.

In terms of purchasing power after inflation and taxation, American wages have declined some 15 percent since 1977, according to the U.S. Bureau of Labor Statistics. If it had not been for massive federal expenditures for Medicare, Medicaid and other programs, the health-care industry would have suffered serious declines in income and employment. Its condition now depends primarily on the continuation of federal largess. But the economic decline sooner or later necessitates federal spending cuts.

With the handwriting on the wall, many HMOs are scrambling for private sponsors and supporters. They are seeking rescue especially from a few, large tax-exempt or investor-owned national companies that are dominating the field: Kaiser Foundation Health Plan, Oakland, Calif.; Blue Cross and Blue Shield Association, Chicago; INA Health Plans, Inc., Philadelphia; Prudential Insurance Co., Newark, N.J.; Connecticut General, Hartford, Conn.; and Wausau Insurance Co., Milwaukee. In the state of Michigan, which is lingering in a deep economic depression, the Blue Cross and Blue Shield Association (BCBS) is spending big money on local HMOs.

It is not surprising the Michigan Blues, whose share in the state's health-care market has been falling steadily and whose underwriting losses continue to mount, are reaching for the straw of the HMOs. They could be making a mistake that will compound their losses and accelerate their decline. The HMOs they are acquiring for millions of dollars are high-cost and economy-class service operations that are unlikely to enhance the competitive position of the parent company.

If third-party involvement in medical care is inefficient and costly, a fourth party participation makes matters worse. But that's precisely what the Blues are doing in buying up local HMOs.

The phenomenal rise in the costs of medical services in recent years can be attributed primarily to the removal of restraints on demand and the appearance of third parties carrying the costs. Whenever individual demand for a valuable service is no longer limited by individual costs and sacrifice, the demand tends to be unlimited. Economists speak of "free goods" that are not subject to society's economizing efforts. The third party, called upon to meet the rising demand, must receive a remuneration sufficient to cover its own costs and include a pecuniary incentive for providing the service. Altogether the soaring demands and the third-party expenses are causing medical care to become extraordinarily expensive.

The third parties now are calling on fourth parties to help reduce the soaring costs. BCBS is spending millions of dollars on HMOs that promise to render medical services at bargain prices. But the HMO itself is an administrative organization that incurs additional costs. Closed-panel HMOs are run by professional managers who require payment. They determine the working hours and working conditions of the medical staff, the doctors' pay and fringe benefits and stipulate the number of patients who must be treated every day. The salaried-staff physicians, in turn, begin to engage in collective bargaining with management and often resort to union policies to enforce their demands.

In some HMOs, the doctors may have a direct stake in the operation and earn shares of HMO revenue. Many times the "conflict of interest" theory comes into play.

There is only one way for HMOs to reduce expenses—reduce the service. When BCBS of Michigan spends $10 million to acquire HMOs in Lansing, Saginaw and Detroit and commits $2 million more to the Grand Rapids HMO alone, it expects more than $12 million in future cost reductions. HMO administrative expenses constitute additional costs that also must be offset by service reductions. It is very doubtful that the HMO as a fourth party is capable of enhancing the competitive position of the third party.

The private sponsors of HMOs seem to overlook the essential differences between government-support HMOs and privately sponsored, prepaid health plans. A government plan obscures the multiplicity of costs covered by millions of taxpayers and inflation victims. A private plan needs to be self-supporting and regenerating in order to assure its survival. A million dollars granted by the federal government may be spent without pain. But the same amount granted by private sponsors must be retrieved from the payments or withholdings of many thousands of covered members. The former is a gift that is enjoyed by its beneficiaries;

the latter is a price paid by customers who are buying medical services in a competitive market. If, in their judgment, the price is excessive for the given services, they will turn to other insurers. The beneficiaries of the gift are not likely to be very critical of the giver, although they are always eager to receive more. But the subscriber-customer is always cost-conscious and searching for better services at lower prices. Thus, the subscriber-customer wants to allocate health-care dollars to the most efficient producer.

ONE RESCUE MISSION FAILS

Michigan Master Health Plan, a health maintenance organization (HMO) based in Pontiac, Mich., filed for bankruptcy in February.

An independent practice association with 18,000 members, the plan had $5.6 million in debts. Approximately $3.5 million was owed to physicians, numbering 900, who had contracts with the HMO.

The organization went out of business less than two years after it opened and only two months after Blue Cross Blue Shield of Michigan made a rescue attempt by assuming the administration of the plan.

Before Blue Cross Blue Shield, the HMO was part of Medserco of St. Louis, Mo.●

ANN LANDERS ON NUCLEAR WAR

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DOWNEY. Mr. Speaker, yesterday the columnist Ann Landers wrote a response to a concerned reader, in which she urged everyone to write to President Reagan urging that we reverse our present lemming-like rush to the brink of nuclear annihilation, and that we stop wrecking our economy in the service of that enterprise. She concluded: "Do it today. Nothing on your calendar can be more important."

Well, it may be I disagree with Ms. Landers a little bit. For anyone concerned about nuclear war, the most important date on your calendar is not the day you write the President. It is the day in November 1984, when you pick the next President and the Congress that will serve with him. And the second most important day is in November of this year, when you decide who will be in Congress to make the decisions on war and peace over the next 2 years. What you do on those 2 days, and on the days leading up to them, may well determine whether you and I and our families live or die.

Setting this aside, her column was magnificent, and I am going to insert it in the RECORD at the conclusion of my remarks. I recognize that by doing so I will provoke a certain number of letters and phone calls to my office, making disparaging reference to allowing nuclear policy to be set by an advice-to-the-lovelorn columnist. So this is what I have to say about that:

I know the value of expertise. For my part, I have probably calculated and published at least as many hard target kill probabilities as anybody here or in the other body. I know the yield, accuracy, throw weight, alert rate, MIRV loading, and so forth of all major United States and Soviet systems at least as well as any other elected official around.

I also know the limits of expertise.

It was the experts who gave us MIRV, thus bringing us closer to war and creating the Minuteman vulnerability problem they now groan and moan about with such passion. It was the experts who developed the entire concept of strategic counterforce, probably the most likely cause of nuclear war in the world today. It was the experts who supported the Presidential candidate who now brings us closer to war by refusing to ratify SALT II. It was an expert in this administration who said we will all make it through a nuclear war if there are enough shovels to go around. It is the experts who seem to devote their most serious efforts to encouraging Soviet aggression by proclaiming imagined and nonexistent U.S. military weakness. It is the experts who are preparing to take us a giant step closer to the brink by giving us silo-killing SLBM's to which they may in time add depressed trajectories and space weapons—if there is anyone left to build anything by then.

So, yes, Ann Landers misstates the yield on the new nuclear warheads, and she oversimplifies counterpopulation effects to the point of misstatement. No matter. Her counsel is more fundamentally sound than that of the experts who have brought the probability of nuclear war to its present dismal state.

[From the Washington Post, May 17, 1982]

ANN LANDERS

Dear Ann Landers:

Can you stand another letter about the woman who didn't know whether to leave her gold crowns to relatives when she dies, for fear she might need them when she returns to life for the resurrection?

If the two strongest nations in the world, the United States and Russia, don't agree to put a freeze on nuclear weapons she won't have to worry about her teeth or anything else because they will be vaporized in a matter of minutes—along with millions of people.

Talk about a limited nuclear war and plans for civilian defense are insane. It would be impossible to evacuate the cities. Where would people go? What would they eat? What would they drink? Who would take care of them? The physicians and hospitals would be blown to smithereens.

You are more than an advice-to-the-lovelorn columnist, Ann Landers. You mold public opinion. People believe in you. For the love of mankind and its survival, please address yourself to this issue.—Terrified in D.C.

Dear Terrified:

Thank you for writing about a subject that is plaguing us all.

Dr. James E. Muller of the Harvard Medical School said, "The horror of nuclear war is so great that many people choose to deny it exists.

"An all-out attack on the United States could kill as many as 150 million Americans. Their immune systems, weakened by radiation, would succumb to fatal diseases. At least 80 percent of the doctors would be incinerated."

As the Rev. Theodore Hesburgh said at the a peace rally, "The living would envy the dead."

The New Republic pointed out in a recent editorial that the global arms budget for all countries is now $550 billion a year. About $100 billion is earmarked for nuclear weapons. When one considers that $500 billion equals the entire annual income of the poorer half of the earth's 4 billion people, one begins to grasp the magnitude of that expenditure. Meanwhile, we are cutting programs that benefit the elderly, the handicapped and the poor. More cheery news: Our Secretary of the Treasury Donald Regan says, "Our economy is dead in the water."

The standard reference is the Hiroshima bomb. It destroyed the city with the equivalent of 12,500 tons of TNT. (This is 12.5 kilotons.) The newest nuclear bomb is not measured in kilotons, but megatons. The yield would be equivalent to approximately 12 million one-ton trucks filled with TNT.

The Poseidon submarine carries 16 missiles, each with 10 warheads. Each warhead has three times the explosive force of that single bomb dropped on Hiroshima. We can already kill every Russian seven times. Now we are trying to build our arms supply so we can kill each Russian 14 times. The United States and other major powers are spending themselves broke on a war we dare not let happen.

Jonathan Schnell wrote in The New Yorker, "The machinery of destruction is in place, poised on a hair-trigger, waiting for the button to be pushed by some misguided or deranged human, or for some faulty computer chip to send out the instructions to fire."

I implore every person to sign his or her name across this column and mail it to President Ronald Reagan, the White House, Washington, D.C. An overwhelming response might prevent a nuclear holocaust that would mean the end of all life on this planet. Do it TODAY. Nothing on your calendar can be more important.●

RESOURCES URGENTLY NEEDED FOR DRUG AGENCIES

HON. BENJAMIN A GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. GILMAN. Mr. Speaker, one major issue that has not received enough attention during the battle over the budget is the urgency for funding our Nation's war on drug traffickers and drug abuse. This issue must be elevated to a top priority within the Oval Office and the Congress and we must address the need to provide sufficient funds to combat our Nation's drug problems.

At a time when drug law enforcement officials throughout the world are reporting massive seizures of heroin, cocaine, marihuana, quaaludes, and other dangerous drugs by the planeload and the boatload, this administration has yet to fully commit itself to combating the drug problem. Our Nation cannot rely, as some contend, primarily on volunteers to reduce the supply and demand for drugs. A Federal drug strategy will not succeed if it focuses primarily on drug prevention, at the expense of the other three critical drug supply and reduction foundation blocs: Law enforcement, drug treatment and rehabilitation.

Furthermore, a national drug strategy will fail if it focuses primary attention upon a single drug of abuse, such as marihuana, while failing to recognize that many of our citizens are polydrug abusers.

A drug strategy will fail if it singles out one age group of drug abusers, such as youngsters, while failing to recognize that drug abuse adversely affects the health of all our citizens: The young and the elderly, the rich and the poor, individuals from all sectors of society.

A national drug strategy will fail if we do not intensify our efforts to raise the consciousness of the public regarding the dangers of drug abuse and if we do not back up our well-intentioned words with an intensified commitment to wage war on the drug problem by providing the funds needed for effective law enforcement and to meet the needs of our drug demand reduction agencies.

A strategy built upon the well-intentioned efforts of volunteers to prevent drug abuse, while cutting back on urgently needed equipment and professional personnel in the areas of law enforcement, prevention, treatment, and rehabilitation is a strategy built upon sand.

After 16 months in office, this administration still does not have a comprehensive, coordinated Federal drug strategy, a strategy committed to eradicating the illicit production of drugs at their sources, to interdicting the drug traffickers, to raising the consciousness of our citizens regarding the dangers of drug abuse, and to treating and rehabilitating those individuals who are dependent upon drugs.

At a time when the Golden Triangle of Burma, Laos, and Thailand produced an estimated 600 metric tons of opium in 1981 compared to the estimated 170 metric tons produced during 1979, when Afghanistan, Iran, and Pakistan produced approximately 675 metric tons of opium, when Mexico produced more than 10 tons of opium annually, when Lebanon, Pakistan, Morocco, and other Middle East nations produced an estimated 970 tons of hashish, and when between 40 to 48 metric tons of cocaine and between 9,500 and 14,000 metric tons of marihuana were imported annually into the United States, the administration has been cutting back on allocations of equipment, personnel, and resources for our various drug agencies.

During the first 6 months of fiscal year 1982, our drug law enforcement agencies seized more than 207 pounds of heroin with a street value exceeding $131 million, compared to the 269 pounds of herion valued at more than $166 million during the entire fiscal year 1980. More cocaine was seized by our law enforcement agencies during the first half of fiscal year 1982 than for the entire 12 months of either fiscal year 1980 or fiscal 1981. Over 5,500 pounds of cocaine were seized in fiscal year 1982, compared to the more than 4,700 pounds of cocaine seized in fiscal year 1981. The 56,691 pounds of hashish seized by our law enforcement agencies during the first half of fiscal year 1982 far exceeds the combined seizures of 32,666 pounds of hashish for fiscal year 1981 and 1982. During fiscal year 1981, law enforcement agencies seized more than 5.1 million pounds of marihuana with a street value of $3.1 billion, compared to the nearly 2.4 million pounds of marihuana seized for fiscal year 1980. Furthermore, intelligence reports predict that 8,800 pounds of heroin, nearly 92,000 pounds of cocaine approximately 28.6 million pounds of marihuana will be smuggled into the United States during 1982. Against that background, the U.S. Customs Service will be cut from a force of 15,065 to a proposed force of 12,120 for fiscal year 1983, and the Coast Guard's budget will be reduced by more than half a billion dollars: From $2.512 million for 1982 to a proposed $1.998 million for 1983.

At a time when increased numbers of our citizens are succumbing to drug overdose and are being reported to hospital emergency rooms, the National Institute on Drug Abuse (NIDA), our lead Federal drug demand reduction agency, has been reduced from a budget of $244 million in 1981 to a proposed $60 million for 1982. Its national leadership role in the fields of drug prevention, treatment and rehabilitation has been gutted. NIDA has been reduced to primarily a research agency whose research budget has been effectively reduced by 25 percent and whose mission is to participate in administrating alcohol, drug abuse, and mental health block grants to the States. It no longer provides necessary resources for drug prevention, treatment, and rehabilitation initiatives; it no longer has the resources to respond to requests for assistance in the areas of prevention, treatment, and rehabilitation.

On November 19, 1981, Dr. William Mayer, Administrator of the Alcohol, Drug Abuse, and Mental Health Administration, appeared before our Narcotics Select Committee, of which I am a member, and stated:

> NIDA will continue to disseminate public information and sponsor programs of active discouragement of drug misuse and abuse, following hard on the heels of a nationwide media campaign involving many, many voluntary community groups throughout the Nation.

Mr. Speaker, how will NIDA fulfill this function when the production of NIDA brochures and research monographs have already been severely curtailed?

Dr. Mayer further states:

> We will be launching a nationwide media campaign: directly, explicitly, no holds barred, directed toward the use of pot and directed at the youngsters. . .

Six months later, I am at a loss to see this nationwide drug media campaign, let alone one that is narrowly directed at a single drug, marihuana, and targeted to a single group of drug abusers, youngsters. Where is this mass media drug campaign that was to be viewed on our television sets, aired on our radios and advertised in newspapers, magazines, and other periodicals? Where is our comprehensive, coordinated Federal drug strategy?

As a member of the Narcotics Select Committee and the Foreign Affairs Committee that held separate hearings on different aspects of the drug problem, I can assure my colleagues that drug trafficking and drug abuse both in this Nation and abroad is not getting any better; rather, the situation is getting worse for every region of the world, and the problem is not going to go away today or tomorrow. Fighting drug abuse is a never-ending battle. It is a cancer eroding our society, contributing to a massive underground economy, corrupting public officials, and causing suffering to citizens from every sector of society. An endless wave of illicit drugs is inundating our shores.

Unless we elevate drug trafficking and drug abuse to a top priority on our national agenda, we will develop a society whose political, economic, and social institutions will be corrupted and whose citizens will become increasingly dependent upon drugs as a way of life. It does not make much sense authorizing sophisticated military equipment if our combat troops are strung out on drugs, if the tank gunner or air crewman cannot operate his equipment because he is high on drugs. What is the sense in developing a national drug strategy if our law enforcement agencies do not have the wherewithal * * * the equipment, personnel, and resources to interdict drug traffickers, if NIDA is reduced to administering block grants to the States, and if our citizens will be unable to obtain brochures on drug trafficking and drug abuse?

The drug problem has reached epidemic proportions, but senior administration officials apparently do not perceive that we have a drug epidemic, that we must marshal our resources, equipment, and personnel to combat this deadly menace. We have a crisis comparable to the deplorable state of our economy with its unacceptably high levels of unemployment and high interest rates. This is a crisis and it requires crisis management, a war room strategy and the commitment of our Nation to devote its resources, personnel, and technology to combat the scourge that plagues all mankind.

Mr. Speaker, the administration has undertaken some positive initiatives to combat drug trafficking and drug abuse, such as the south Florida drug task force, headed by our Vice President, and by the efforts of the First Lady whose visits to drug treatment centers have focused attention on the drug problem. Legislation relaxing posse comitatus restrictions on the use of military bases and equipment and the repeal of the Percy amendment prohibiting foreign assistance to nations conducting herbicidal spraying of marihuana fields are vital weapons in this Nation's arsenal to combat drug trafficking.

The south Florida drug task force is to be commended for its efforts to plug a major hole through which so much illicit drugs reach our shores. The task force plays an important role in our efforts to combat drug trafficking. Unfortunately, vital resources are being diverted to that area, leaving other regions exposed to the shifting trafficking patterns of the highly organized and well-financed drug traffickers. The drug task force should be an ongoing operation not only in Florida but throughout our country and they should be backed up with sufficient equipment and personnel to perform their mission.

But rather than adopt a "borrow-from-Peter-to-pay-Paul" drug strategy, our drug policymakers and budgeteers must recognize that drug trafficking and drug abuse constitutes a clear and present danger to our society and to the international community requiring adequate equipment, personnel, and resources to contain an estimated $90 billion illicit activity that undermines the political, economic, and social foundations of our society. Against this illicit drug activity, it is estimated that the administration proposes to spend far less than the estimated $900 million that was spent by previous administrations to control drug trafficking, to prevent drug abuse, and to treat and rehabilitate individuals victimized by drugs.

Mr. Speaker, it is pathetic that the south Florida task force must draw upon at least five major Coast Guard vessels from the Northeast, New York, mid-Atlantic regions, thereby reducing the number of vessels available in those regions for patrolling the high seas and waters over which the United States has jurisdiction. It is sad that our policymakers and budgeteers are not planning to beef up the Coast Guard whose present resources do not permit it to completely choke off seaborne drug trafficking through the Caribbean passes, but instead are proposing to reduce the Coast Guard's budget by more than half a billion dollars. It is pathetic that the south Florida task force does not have the funds to purchase the needed 16 automobiles, 21 portable radios, 5 shotguns, 5 binoculars and other basic equipment but had to borrow that equipment from the New York region.

A comprehensive, coordinated Federal drug strategy buttressed by an infusion of additional equipment, personnel, resources is urgently needed . . . and needed now. The formulation of such a drug strategy requires the attention of the Chief Executive and his senior associates.

As a member of the House Foreign Affairs Committee, I was pleased to have been able to recently support a $42.5 million authorization for the State Department's international narcotics control program, an increase of $2.5 million over the administration's request, and to support passage of H.R. 5922, the Urgent Supplemental Appropriations Act of 1982, providing a supplemental authorization of $48 million for the Coast Guard. But much more resources are needed if our drug agencies are going to be capable of effectively waging war on drug abuse.

Mr. Speaker, as we debate our budget priorities, I urge my colleagues to consider supporting increased funding for our drug agencies, and I urge the administration to elevate the drug problem to the highest level of national priorities.●

OAK ELEMENTARY SCHOOL OF ADDISON, ILL., VISITS ROME, EGYPT, AND ISRAEL

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. HYDE. Mr. Speaker, March 16, 1982, was a historic day for 24 elementary school-age students from Oak Elementary in Addison, Ill., as they embarked on a 10-day visit to Rome, Egypt, and Israel. Their trip was the first ever student exchange program at the elementary school-age level.

The idea began in the summer of 1980 when Dr. John Czech, principal of Oak Elementary School, concerned about the fate of the American hostages in Iran, proposed the student exchange program as a means of improving understanding between Americans and the Middle East. His proposal was enthusiastically accepted by Government officials of Egypt and Israel, and planning began.

Dr. Czech selected 24 fifth and sixth grade students, searching out those he knew personally, were strong academically, emotionally stable enough to be without their parents for 10 days, and able to believe, listen, and work with him on the trip. Funds for the trip were raised by Dr. Czech from a variety of sources, including local businesses in the Chicago suburbs.

I am proud to share with my colleagues reports written by two of the students upon returning from their trip. Though we are accustomed to reading the accounts of seasoned journalists and adult travelers about their international journeys, we rarely have the opportunity to share the experiences of children on their first international trip so far from home. These essays are refreshingly candid and a reminder to all of us that the world is an even more wondrous place when viewed through the eyes and open minds of children.

The reports by Joey Bodzioch and Paul Franch of Addison, Ill., follow:

MY TRIP

(By Paul Franch)

My trip to Rome, Egypt and Israel was something that I will never forget.

The first day upon landing in Rome we went by bus to Vatican City, a city-state within the city of Rome. We saw the Pope in a general audience and then had a tour by bus of Rome where we saw the Colosseum, the Arc of Constantine and a number of churches. We left Rome by plane and arrived in Cairo Wednesday evening.

We were bussed from the airport to the El Nasr school where Egyptian families were waiting to take each one of us to their homes. The boy I stayed with was named Amr Reda. I had supper and slept with Amr everyday I was there. Each morning his mom or dad took us to the school where we all met and had a tour of different, interesting sites.

The first day we visited a Mosque, this is an Islamic church and you have to take off your shoes before entering. We also saw the oldest Jewish Synagogue in Cairo and a Coptic Christian church.

The second day we had a free morning. I played with Amr and some of his friends. We had a game of soccer. We went to lunch at the Sheraton Hotel and did some swimming there.

On Saturday, we visited the Egyptian museum where we saw the King Tut exhibit with the six tombs, his jewels and the small gold mummies where his organs are kept. We did not see the mummy of King Tut since it is kept in the museum in Luxor, a city in upper Egypt and we did not go there.

We were also a guest of the El Ahram Newspaper, the largest publication in Cairo, with a tour of the building.

On Saturday afternoon, we left for Alexandria by bus and saw the countryside, passed some small villages and larger cities. Alexandria is a port city on the Mediterranean Sea. We visited a Roman museum, had lunch on the grounds of King Faruk estates and swam in the Mediterranean Sea.

On Monday, we went to see the pyramids and the sphinx and in the evening, we saw the Sound and Light program. The pyramids and the sphinx are lighted up and the history is explained. It is hard to believe that the pyramids were built 4500 years ago without the help of machinery.

On Tuesday after meeting at the school, we left for the Suez Canal, a canal cut in 1869 between Africa and Asia to connect the Red Sea with the Mediterranean. This canal is navigated by large ships and submarines and 109 nations have the right to use it.

Wednesday morning, we went shopping at the Khan El Khalili Bazar in Cairo, a very crowded place with stores on both sides of very narrow streets. The interesting thing about this place was the way you could talk down the prices. If what you wanted cost ten pounds, you could offer four pounds and probably settle at six pounds. In the evening we met with the Minister of Education.

Thursday we stayed at the El Nasr school and had a game of soccer, Americans against Egyptians and lost 8-0. In the evening we had a farewell party and now it was time to leave our new friends. I shall never forget the warm and friendly people, the interesting sights we saw, the different food we had and the sunny Cairo weather.

Friday morning we left the Cario Airport for our way to Israel. We landed at the Ben-Gurion Airport in Tel Aviv and were bussed to Jerusalem. The countryside was very beautiful and Jerusalem is built in a bowl-like surrounding on small hills. We had a nice tour of the city by bus and stopped at different, interesting sites. Just before supper, I got my little finger cut in a door and had to go to the hospital. We then went to the Youth Hostel.

On Saturday morning, we left for Old City and had a full day of walking. We visited churches, the western wall, Temple Mount, Mosques, the way of the cross that Jesus took, it was like living 2000 years ago. In the evening, we went to a Folklore Performance.

On Sunday, we met with Mr. Zilka, the advisor to the mayor of Jerusalem, he gave us a brief history of the city and also a flag of the city to bring to our schools. We then visited a school and met with the students. We exchanged addresses and will write to each other. After lunch, we went to a Kibbuts, this is like a little village where some 60 families live and work together and do not get paid, everything is shared alike. We then went to Bethlehem and saw the place where Jesus was born. In the evening, some of the children from the school came to the Hostel and we had a party.

Monday morning we returned to Tel Aviv and started our trip back home. We arrived at O'Hare Airport at 3:30 and were greeted by our families and friends.

This was an experience I shall never forget. We made new friends, saw many interesting sights and I now can appreciate the way of life we have in the United States.

A CHANCE OF A LIFETIME

(By Joey Bodzioch)

This is a story of the trip I was so lucky to go on. It was a student exchange program to the Middle East and Italy.

First we went to Rome to see the Pope and some other sites. We saw the Pope with an audience of about 4,000 people. It was held in a huge auditorium. We didn't have as good of seats as expected but just seeing him was fine with me.

After seeing the Pope we had some sightseeing time. We saw the Colosseum, The Arc of Constantine and an Italian pyramid. I especially liked the Vatican and St. Peters square, because my teacher who has been to Italy had shown my class pictures of it.

We then went to Cairo Egypt. It was about 9:30 p.m. when we arrived so we couldn't really see anything that night, but we did see the El Nasr School. The school was very big. It taught from 1st grade to high school. That night at the school all we did was meet our Egyptian families.

On my first night sleeping in the Egyptian home, I was very nervous. I started crying because I was nervous and scared. It was pretty scary being with a family you know nothing about. Also the people in Egypt honk their car horns alot all night long, so while your sleeping with the windows open it is hard to sleep with all the racket going on. It was pretty lonely because all the people I knew were somewhere else. I was up crying for a while, but the Egyptian mother stayed up with me. She also made me hot chocolate. She was very nice.

The next day we all met at the school at about 8:30 a.m. Egypt time which was 12:30 a.m. American time. We would always meet in the morning to go on our daily sightseeing. We would go on little buses with our Egyptian kids. There were two buses.

On the first day we saw a Jewish Synagogue, a Mosque, and an Islamic Church. We saw alot of Cairo. It was very crowded and everybody had a horn and they use it constantly.

That night I was able to catch up with my sleep because the next morning we had free. I woke up at 10:30. After I was dressed and had eaten, my Egyptian friend, Walleed, and I went to the biggest club in Egypt. At the club we met a few other kids who were on the trip. At the club there was everything. There was two pools, soccer fields, basketball courts, and tennis courts. That afternoon we had lunch at the Sheraton Hotel and went swimming.

The next day we went to the Cairo Museum and saw the King Tut Exhibit. I really liked seeing the exhibit because I missed it when it was in Chicago. After that we went to the El Ahram newspaper, which is the biggest paper in Egypt. We saw the printers. I thought it was very un-modern, but they are developing ultra-violet printing. They put an article about us in the paper. We also had lunch at the paper. It was very good. I met one person working there, who I think put my name in the paper.

We went back to our Egyptian homes early to get to sleep because the next day would be very busy.

We met at the school at 7:30 AM because we were going to Alexandria, and it was a 4 hour drive. Most of us stayed up but a few slept. Only 6 Egyptian kids went with us. We went into a hotel where we were to stay overnight. John Pebler and I were roommates in the hotel. Once I got to my room I changed clothes and went down to the lobby to eat. Then we went back to our rooms and got ready to go to sleep. We had phones in our rooms so we were calling other kids and they were calling us.

The next day we woke up and had breakfast, and went to King Faruk's Estates. We saw his and his wife's castle. It was very big, and very well kept. There was a hotel on the estate. We did not stay there but we did get to swim in the Mediterranean Sea. The Med. Sea was the saltiest water I have ever swam in. If you go swimming you would want to try to keep your head above the water. I really liked Alexandria because I was back with the people I knew. We returned to Cairo very late.

The following day was my favorite. We went to Giza. Giza is the place where the first 3 pyramids and the first sphinx was built. We spent most of the day in Giza. It was surprising when you first see the pyramids because we had been passing areas of trees and plants and all of a sudden everything was desert with pyramids sticking out of it.

At lunchtime we went to a hotel in Giza. We met the manager of the hotel. It was a very big and nice hotel. We had a few hours to wait so we went to a bazaar. The bazaar was different than American stores. At the bazaar anything you want to buy you can try to get the price down. We all learned to do this very quickly.

After shopping we returned to the pyramids for the sound and light show. The show has lights set up at different points shining on the pyramids and sphinx. They make it sound like the sphinx is talking to you. It was really nice. It was told in English which surprised me. Later I found out it is told in a different language each night, and that night was in English for us.

The next day we went to the Suez Canal. The Suez Canal is the biggest Canal in Egypt. We were able to take a boat ride through a small part of the canal. We then went to a beach park along the canal. I saw a few submarines. I don't know what country they were from. We couldn't go swimming but some kids rolled up their pants and walked around in the water. We ate at a nearby club and returned to our homes.

The next day was our shopping day. We went to Khan El Khalili which is a big bazaar. I bought a lot of stuff, but mainly plates. I got my mom a big platter. One place wanted 10 pounds for one mahogany plate. I asked for 5 pounds but the man said no so I settled on 8 pounds.

That night we met the Minister of Education. He was in a big conference room. There were reporters and TV men. After he talked with us a few kids were interviewed. I was pretty nervous being with a top official. A gift was given to each of us. It was a key chain, a passport folder, and some kids got Nefertitis and got sphinxes, made out of this marble like rock which is very common in Cairo. I got a sphinx.

The following day we met at the school at 1:00 PM, to play the Egyptian kids a game of soccer. Soccer is the official game of Egypt. They always play soccer. We played them and we didn't do too bad. We only lost 8 to 0.

Later that day my Egyptian family and I went to the Concorde Hotel for a farewell party. Dr. Czech talked with most of the Egyptian parents at the party. After the party John Pebler and I went to the club with our Egyptian kids. Joe my Egyptian friends cousin, who was born in America, went along. We played soccer before returning home.

I had to wake up at 3:00 AM the following morning because our plane left at 7:00 AM. My Egyptian mother woke me. I was already to go because I had packed the night before. There were no horns, or else I had gotten use to hearing them, and there was hardly any traffic.

When we arrived in TelAviv, our tour bus was waiting, and we had a nice relaxing ride to Jerusalem. We arrived at the youth hostel we were to stay at and it was raining. We were split into 3 groups with 8 to a room. We were in very cramped rooms. There were 4 bunk beds and a desk. Dinner was not bad. I liked the bread and especially the oranges. In 2 days in Israel I ate 10 oranges and I normally dont' like oranges.

The next day was our most tiring. We were walking for over 8 hours, but it was nice seeing places like the place where Christ is believed to have been born and Jesus tomb. We started off going to the old city. We went to a lot of churches. We went into a few mosques, which was different because you have to take off your shoes. We saw the place where the cross was found. That really mystified me.

Later in the day we went to a folklore performance. I didn't really like it. I fell asleep during the performance as did others. After the performers went they made us dance. I was glad when it was over.

When we returned to the hostel there was a Space Invaders machine which made me feel more at home. The boys were all goofing around, and Paul Franch caught his finger in the door as someone slammed it, so he had to go to the hospital.

The next day we met the adviser to the mayor of Jerusalem Mr. Zilka. He gave a representative of each school who participated in our program a flag of Jerusalem. He talked with us about Jerusalem. We then visited Kibbutz. We didn't do much there but it was different. A group cf families live in houses and share everything. We then went to Bethlehem and saw some more churches and went shopping.

After getting back to the hostel, the folk dancers came over and we had a party. We didn't do much except for dancing. A few kids from the school we had visited came also. It was a nice night, but what I wanted was the next day and going home.

We had to get up very early to leave for the airport, and it took the longest to go through customs. They checked our bags fully. When it was my turn the people who checked me asked a few questions, one was "Did you pack your own suitcase" I think they could tell I did it myself because it was so sloppy.

We were late getting to Rome, but they held our flight to Chicago about a half hour, and we rushed through the airport. We got our boarding passes and were on our way. It seemed like a fast flight, but it may have been I slept halfway.

Once we were in Chicago, it took a long time to get our luggage, but once we had our luggage it went fast. Our chaperones all had said customs would take a long time, but they didn't even check our bags. They only asked a few questions. We could see our parents above us looking down.

As soon, as I saw my mom, I kissed her, and said "I want to go to McDonald's", but she had made my favorite dinner, pot roast, fruit salad, corn and milk.

I was home from a trip I will never forget. A chance of a lifetime.●

HANDICAPPED BABIES JOIN HUMAN FETUSES—BEYOND THE PROTECTION OF THE LAW

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. PAUL. Mr. Speaker, last month a baby born in Bloomington, Ind., was denied the routine surgery needed to keep it alive. It was denied this surgery for the simple fact that it was afflicted with Down's syndrome. The fact that a small fraction of the babies born with Down's syndrome are severely retarded was, apparently, considered sufficient cause to kill "Infant Doe."

"Killing" is most surely what was done. The routine, lifesaving surgery was withheld, and the parents and doctor might just as well have held the baby's head under water, or slit its tiny wrists. This baby was starved to death—but the crime has been legally excused because the child was handicapped. A terrible moral threshold has been crossed which allows some people to choose whether or not others will live. There is, it seems, an open season on human lives not considered "meaningful" or of sufficient "quality"—two terms used by those defending the murder of Infant Doe.

In a society which does not respect the right to life of all of its members, no one's life or liberty are secure. The law has previously allowed the taking of the lives of innocent fetuses, now, the same terrible prerogative is being extended over the lives of new born babies. Soon perhaps, that same logic will extend the power of healthy, "normal" individuals over the very old, retarded and handicapped adults, and innumerable others who may be deemed inadequate, meaningless, unpleasant, and insignificant.

I would like to call my colleagues' attention to a new case in Illinois, similar to the one of Infant Doe. On Monday, May 17, the Washington Times reported that a 3-week old baby was born with spinal bifida at the Lawrence County Hospital near Robinson, Ill. Once again, corrective surgery will allow the baby to live, but its parents have refused. Some prolife groups have asked the Government to enforce the civil rights of the child, but so far, the courts have refused to uphold this clear violation of this person's most basic rights. And the usually vocal major civil rights groups have been strangely, perversely, silent. Those who cannot speak for themselves are being allowed to die because of their handicaps.

Where is the chorus of liberal voices which rises up whenever discrimination is charged? Where are those who concern themselves with fighting child-abuse, or with providing day-care centers? Where are the fanatical advocates of women's rights, gay rights, and nonsmokers' rights? Where are the advocates of human rights at home and abroad? Why are these habitually shrill voices now so strangely silent?

The Federal Government has mandated equal access for the handicapped to public buildings and transportation. It has taken tax dollars to provide special educational facilities. It has legislated that providers of health care who receive Federal funds may not discriminate against the handicapped.

But the very lives of handicapped children are being taken and Government officials are silent. Despite all the apparent concern for the handicapped, our Government has refused to provide the basic protections required by the clear and simple language of the Constitution. These babies are being deprived of their lives without due process in violation of the 5th amendment; and they are being denied the equal protection granted by the 14th amendment. These cases make a mockery of our Constitution, which no where provides that exceptions may be made in cases involving handicapped citizens. If a healthy baby were treated as Infant Doe, or the baby in Robinson, Ill., those guilty would be charged with murder. Morally and constitutionally, there is no difference. The usually vocal rights advocates who are now silent betray their bald hypocrisy.

These two cases, of Infant Doe, and the Robinson, Ill., baby, and many others like them are the bitter fruit of the abortion, "pro-choice" tree. I wonder how far we will go before people wake up to the utter immorality of it all. The correct label for these cases was supplied by my distinguished colleague, HENRY HYDE, who called it "eugenic infanticide." "Eugenics," you may remember, was advocated by Adolph Hitler as the policy appropriate to the perfecting of his master race. Since then, the policy has been discredited, but appears to be undergoing a revival here is America. If the handicapped can be rooted out early, then, as a lawyer in the Infant Doe case put it, society might be spared the horrific trauma * * * but, of what? Of having handicapped people about? Well, Hilter might have used the same language to justify ridding German society of the horrific trauma of having the Jews about.

Given this bracing new environment of ours, I view as ominous the recent reports that a medical test has been developed to detect sickle-cell anemia in fetuses. A whole new class of unborn children will now be subject to a murderous form of preventive treatment.

I wonder whether civil rights groups will come forth when black babies with the sickle-cell trait join Infant Doe, the Robinson, Ill., baby, and the millions of aborted fetuses? It is my guess that the civil rights groups will be silent in this new situation which will make previous cases of prejudice seem trivial in comparison.

If all human life is not held to be sacred, then none is. There can be no middle ground. No one's life, and certainly no one's civil liberties, can be considered secure in a society which refuses to acknowledge the most basic right of its most defenseless citizens. I hope my colleagues here in Congress, and more of my fellow citizens, will soon come to realize this.●

EASING A COMPANY'S RISKS OVERSEAS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 19, 1982

● Mr. LAGOMARSINO. Mr. Speaker, I wish to bring to the attention of my colleagues a recent article in the New York Times describing the activities of the Overseas Private Investment Corp. Under the leadership of its president, Craig Nalen, OPIC has made remarkable strides in expanding its operations to provide political risk insurance and financial services for American investors overseas.

I am certain my colleagues will be gratified with the accomplishments of OPIC both for development in Third World countries and for helping to expand American exports.

[From the New York Times, Apr. 25, 1982]

EASING A COMPANY'S RISKS OVERSEAS

(By Clyde H. Farnsworth)

Not that it craves anonymity, but the Overseas Private Investment Corporation "is probably one of Washington's best-kept secrets," or so acknowledges Craig A. Nalen, the marketing man that President Reagan picked as its helmsman last June.

"We intend to shed that cloak of secrecy," said the former executive at General Mills (cereals), Procter & Gamble (soaps) and the STP Corporation (gasoline additives). "Our mandate is to encourage the private investment in the third world that this Administration wants."

To do that, he has already logged 60,000 miles traveling around the world, matchmaking between American executives and officials of poorer nations, employing state-of-the-art technology to get his message across and drawing on extensive corporate ties to spread the gospel.

OPIC—not to be confounded with the oil cartel—provides political risk insurance and finance services for American investors in developing countries. It now insures investments and guarantees loans in 90 developing countries.

These are functions that Congress decided years ago are better performed by the Government than private industry. The Reagan Administration concurs. "We will explore the development of further safeguards for multilateral investment and ways to build successful bilateral experiences with OPIC," Mr. Reagan said in October.

With the Administration taking aim at food stamps and other domestic programs for the poor, foreign aid has become a prime target for the budget ax. The Administration wants private investment to help fill the gap between needs for developing countries and the shrinking pool of Government aid money. On the other side, in recent years many third-world countries, even those most oriented toward socialist economic policies, have shown themselves more receptive to foreign investment under programs to spur the private sector.

The American rationale for more emphasis on OPIC is not only that third-world development is speeded up but also that, because third-world countries comprise the fastest-growing export market, jobs are created in the United States by encouraging that growth.

Mr. Nalen says that American overseas affiliates generally buy their supplies and services from the United States. OPIC analysts contend that 40 percent of American exports go to American subsidiaries abroad and that OPIC-supported investments have created 47,000 export jobs in the last six years.

Not everyone agrees. For years, the labor union movement has argued just the contrary—that foreign investment takes away jobs from Americans.

"To the extent that United States corporations invest abroad, we undermine the attempt to enhance domestic investment," said Rudolph A. Oswald, director of economic research of the American Federation of Labor and Congress of Industrial Organizations.

Whatever the ultimate truths of the job argument, OPIC is singular in that it has never cost the taxpayers a cent. Quietly, too quietly OPIC officials believe, their agency actually chalked up record earnings of $76.2 million last year selling insurance to cover risks from expropriations, currency inconvertibility and wars, revolutions and insurrections.

Former Senator Frank Church, Democrat of Idaho and then chairman of the Senate Foreign Relations Committee, once described OPIC as "the craziest idea in Washington." But, he added, it was also "the best-managed crazy idea."

Created by an Act of Congress in 1969, OPIC began operations in January 1971. Since then the agency has sold more than $5 billion face amount of political risk insurance and accumulated a healthy $775 million in reserves to pay off any future claims. This despite the fact that is has paid, guaranteed or provided indemnities for more than $400 million to investors in settlement of 140 insurance claims.

By far the bulk of the money went to investors in just two areas. After the Chilean expropriation of copper mines and other American interests in 1971, OPIC made settlements of $315 million on 23 claims. It has so far paid $14.5 million on 10 claims to investors in Iran hurt by the 1979 revolution there.

The record shows that while having to spend money, it knows, like any good insurance company, how to make money, too. Premiums are a main source, amounting to about 1.5 percent of a covered investment, with loan interest and the investment of cash surpluses bringing in the rest.

OPIC can also be a tough customer when a dispute arises. The International Telephone and Telegraph Corporation, for example, claimed $92.5 million after Chile took over its properties there. But when questions arose about I.T.T.'s political involvement in Chile, OPIC denied the claim. the agency insisted, however, it was acting solely because I.T.T. had failed to abide by its contractual obligations. The case wound up in arbitration, where, ultimately, I.T.T. won OPIC paid.

OPIC has many large policies outstanding—$100 million of coverage for the Union Oil Company in Thailand, for example, and $110 million of coverage for Blount Inc., a construction company, in Saudi Arabia. But it has written hundreds of smaller ones, including a $900 policy to protect a Florida investor, John C. Greenlaw, who was setting up a plant to bottle tropical drinks in the Dominican Republic. The investment expanded, and so did the policy, to $150,000.●

VETERANS BUSINESS AND EMPLOYMENT

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DASCHLE. Mr. Speaker, once again the Veterans' Administration has proven its ineptitude and unwillingness to assist veterans of the Vietnam war. It is clear that vigorous congressional oversight will be necessary to insure the implementation of two programs passed into law last year—Public Law 97-72—to help alleviate Vietnam veterans unemployment. The VA must share this credit with the Office of Management and Budget (OMB) which is well known for its willingness to flaunt the intentions of Congress, especially with respect to veterans programs.

Last year the Congress passed an omnibus package of legislation designed to assist Vietnam veterans in the areas of health care, business, and employment. Two of the major provisions of this act were the establishment of a small business loan program in the VA and an eligibility extension of 2 years for Vietnam veterans who desire to utilize on the job or vocational training benefits.

Six months after passage of this act, OMB has not requested money for the small business loan program and the VA has subsequently decided that regulations are unnecessary. In addition, the VA has drafted guidelines so strict for the vocational and on the job training eligibility extension that only 169 individuals have been approved for participation during the first 3 months of the program. I would like to emphasize that CBO projected that nearly 40,000 veterans would use this program in the first year. At the current rate, fewer than 800 veterans will be allowed to participate the entire year. In a period when Vietnam veterans unemployment exceeds that of their nonveteran peers by 14 percent, this is an outrage.

Due to their lack of cooperation in implementing this law, the VA and OMB can rest assured that legislation will be introduced to further extend the OJT and vocational training eligibility period as well as the small business loan program. To address both of these issues, Chairman EDGAR has assured me that hearings will be held on June 17 before the Education, Training, and Employment Subcommittee.

I am also having inserted into the RECORD the comments with respect to the OJT and vocational training program by Keith Snyder, of the National Veterans Law Center.

VA GUIDELINES ON EXTENSION OF DELIMITING DATE SEEN AS TOO RESTRICTIVE

(From Keith Snyder of the National Vets Law Center)

On March 11, 1982, the VA published "statements of procedures" to implement the portion of Pub. L. No. 97-72 (*see* 1 VRN 58) that mandated a two-year extension of the normal 10-year delimiting date for Vietnam-era veterans for certain uses of the GI Bill. 47 Fed. Reg. 10,702; DVB Cir. 22-81-15 (excerpts are reproduced below).

The statute provides that certain veterans who have not used up all their entitlement to educational assistance allowance may be eligible to pursue:

(1) a program of apprenticeship or other on-the-job training;

(2) a course with an approved vocational objective; or

(3) a program of secondary education.

Upon completion of such a program, the VA "shall provide the veteran with such employment counseling as may be necessary to assist the veteran in obtaining employment consistent with the veteran's abilities, aptitudes, and interests." 38 U.S.C. SS 1662 (a)(3)(B).

However, according to some veterans organizations and Congressional staff, the procedures the VA has issued for putting the statute into effect are so restrictive that they do not meet the need of veterans and do not follow the intent of Congress. In addition, the VA appears to be in violation of the statute's requirement that regulations—not "procedural statements" be issued.

At a recent meeting of the Board of Directors of the National Association of Concerned Veterans (NACV), the VA's definition of the term "unskilled" was criticized as too narrow. Unskilled or "educationally disadvantaged" are two criteria for qualifying for the program. According to the VA, "unskilled" is someone who "has never been employed in other than entry level jobs." Entry level jobs are further defined as those requiring three months or less in vocational preparation. Whether a person is currently unemployed or has never been employed does not matter if they are qualified for more than an entry level job. Whether the job may no longer be one available given current economic conditions also does not matter.

NACV's concern is that very few veterans will meet that criteria. Their concern seems to be justified if the experience of the VA Regional Office in New York is any indication. Only three veterans had applied for the program by the end of March—and all three were rejected. The VA has estimated that 39,000 veterans would take advantage of this program.

Even if a veteran meets the VA's criteria, the training (for which the VA will only pay tuition and costs) is limited to non-college degree courses—effectively excluding attendance at community colleges or universities that offer vocational training and instead steering veterans toward less substantial training programs. Ironically, the training programs that the VA is now steering vets toward are those that in 1976 were criticized as fly-by-night operations. In response to that criticism, Pub. L. No. 94-502, 90 Stat. 2383 (Oct. 15, 1976), tightened up requirements on those programs and at the same time encouraged colleges to develop vocational and career-oriented courses. Now, because those better-quality training courses at colleges may also lead to a two-year associate degree, they don't qualify for VA funding under this program. Community college programs that offer a 30-hour certificate program would appear to qualify.

The VA has requested that the public comment on its "statements of procedure." Comments are due April 12 and should be directed to: Administrator (271A), VA, Washington DC 20420.●

SUPPORT FOR PHARMACY CRIME LEGISLATION CONTINUES TO MOUNT

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. HYDE. Mr. Speaker, I am pleased today to file another list of cosponsors of H.R. 2034, legislation I have sponsored that would make it a Federal crime to rob a pharmacy of controlled substances. We now have 168 Members of the House who feel as I do, that a Federal response is long overdue to offset the alarming increase in armed robberies of our Nation's pharmacies.

The Drug Enforcement Administration has nearly completed its review of their legislative package, the drug enforcement amendments of 1981. It is anticipated that their proposals will be submitted to the Department of Justice in the very near future, and that the violent robbery of Controlled Substances Act registrants, including pharmacies, will be addressed in the DEA proposed legislation.

I have been advised that the Department of Justice intends to expedite its review of the DEA proposals once received, and I am hopeful that we will be in a position within the next few weeks to proceed with hearings on pharmacy crime legislation, including H.R. 2034.

Pharmacy crime continues its intrusion into the neighborhood drugstore, and although it is a Federal crime for the pharmacist to illegally prescribe controlled substances, that some pharmacist does not have the protection of the Federal Government if he is robbed at gunpoint of those same controlled substances.

I urge my colleagues who have not already done so, to cosponsor H.R. 2034, which calls for a maximum fine up to $5,000 and 20 years imprisonment, or both, with increased penalties for subsequent offenses, assault, use of a dangerous weapon, or murder. In addition, H.R. 2034 provides for certain mandatory minimum penalties depending on the nature of the offense.

A complete list of cosponsors of H.R. 2034 follows:

COSPONSORS OF H.R. 2034—PHARMACY PROTECTION, SPONSORED BY REPRESENTATIVE HENRY J. HYDE

ALABAMA

Bill Nichols, 3d;
Tom Bevill, 4th;
Richard Shelby, 7th.

ALASKA

Don Young, AL.

ARIZONA

Eldon Rudd, 4th.

ARKANSAS

John Paul Hammerschmidt, 3d.

CALIFORNIA

Vic Fazio, 4th;
George Miller, 7th;
Pete Stark, 9th;
Norman Shumway, 14th;
Tony Coelho, 15th;
Chip Pashayan, 17th;
Robert Lagomarsino, 19th;
Carlos Moorhead, 22d;
Henry Waxman, 24th;
Robert Dornan, 27th;
Wayne Grisham, 33d;
Jerry Patterson, 38th;
Bill Lowery, 41st;
Clair Burgener, 43d.

COLORADO

Ray Kogovsek, 3d;
Ken Kramer, 5th.

CONNECTICUT

Lawrence DeNardis, 3d;
Stewart McKinney, 4th;
William Ratchford, 5th.

DELAWARE

Tom Evans, AL.

FLORIDA

Bill Chappell, 4th;
Bill Young, 6th;
Skip Bafalis, 10th;
Clay Shaw, 12th.

GEORGIA

Bo Ginn, 1st;
Newt Gingrich, 6th;
Billy Lee Evans, 8th;
Doug Barnard, 10th.

HAWAII

IDAHO

George Hansen, 2d.

ILLINOIS

Marty Russo, 3d;
Ed Derwinski, 4th;
John Porter, 10th;
Robert McClory, 13th;
Tom Corcoran, 15th;
Tom Railsback, 19th;
Paul Findley, 20th;
Paul Simon, 24th.

INDIANA

David Evans, 6th;
Andy Jacobs, 11th.

IOWA

Jim Leach, 1st;
Tom Tauke, 2d.

KANSAS

Larry Winn, 3d.

KENTUCKY

Romano Mazzoli, 3d;
Gene Snyder, 4th;
Harold Rogers, 5th;
Larry Hopkins, 6th.

LOUISIANA

Bob Livingston, 1st;

Billy Tauzin, 3d;
Buddy Roemer, 4th;
Jerry Huckaby, 5th;
Gillis Long, 8th.

MAINE

MARYLAND

Roy Dyson, 1st;
Clarence Long, 2d;
Steny Hoyer, 5th;
Michael Barnes, 8th.

MASSACHUSETTS

Silvio Conte, 1st;
Edward Boland, 2d;
Barney Frank, 4th;
Margaret Heckler, 10th;
Brian Donnelly, 11th.

MICHIGAN

Mark Siljander, 4th.

MINNESOTA

Tom Hagedorn, 2d.

MISSISSIPPI

Jamie Whitten, 1st;
David Bowen, 2d;
Sonny Montgomery, 3d;
Trent Lott, 5th.

MISSOURI

Richard Gephardt, 3d;
Wendell Bailey, 8th;
Bill Emerson, 10th.

MONTANA

Ron Marlenee, 2d.

NEBRASKA

Doug Bereuter, 1st;
Hal Daub, 2d;
Virginia Smith, 3d.

NEVADA

NEW HAMPSHIRE

Norman D'Amours, 1st;
Judd Gregg, 2d.

NEW JERSEY

James Florio, 1st;
James Howard, 3d;
Chris Smith, 4th;
Edwin Forsythe, 6th;
Robert Roe, 8th;
Joseph Minish, 11th;
Matthew Rinaldo, 12th;
James Courter, 13th;
Frank Guarini, 14th;
Bernard Dwyer, 15th.

NEW MEXICO

NEW YORK

John LeBoutillier, 6th; Joseph Addabbo, 7th; Mario Biaggi, 10th; Leo Zeferetti, 15th; Guy Molinari, 17th; Peter Peyser, 23d; Hamilton Fish, 25th; Benjamin Gilman, 26th; Gerald Solomon, 29th; George Wortley, 32d; Gary Lee, 33d; Frank Horton, 34th; John LaFalce, 36th; Henry Nowak, 37th; Jack Kemp, 38th.

NORTH CAROLINA

Walter Jones, 1st; Stephen Neal, 5th; Bill Hendon, 11th.

NORTH DAKOTA

Byron Dorgan, AL.

OHIO

Tom Luken, 2d; Michael Oxley, 4th; Bob McEwan, 6th; Ed Weber, 9th; Bill Stanton, 11th; Chalmers Wylie, 15th; Ralph Regula, 16th.

OKLAHOMA

Mike Synar, 2d; Dave McCurdy, 4th; Mickey Edwards, 5th.

OREGON

Les AuCoin, 1st; Ron Wyden, 3d.

PENNSYLVANIA

Thomas Foglietta, 1st; Bill Gray, 2d; Joe Smith, 3d; Charles Dougherty, 4th; Gus Yatron, 6th; James Coyne, 8th; Joe McDade, 10th; John Murtha, 12th; Don Ritter, 15th; Don Bailey, 21st; Austin Murphy, 22d; William Clinger, 23d; Marc Marks, 24th.

RHODE ISLAND

SOUTH CAROLINA

Thomas Hartnett, 1st; Floyd Spence, 2d; Butler Derrick, 3d; Carroll Campbell, 4th; John Napier, 6th.

SOUTH DAKOTA

Tom Daschle, 1st.

TENNESSEE

John Duncan, 2d; Marilyn Bouquard, 3d; Robin Beard, 6th; Ed Jones, 7th.

TEXAS

Sam Hall, 1st; Jim Collins, 3d; Phil Gramm, 6th; Kika de la Garza, 15th; Mickey Leland, 18th; Abraham Kazen, Jr., 23d.

UTAH

Dan Marriott, 2d.

VERMONT

VIRGINIA

Paul Trible, 1st; G. William Whitehurst, 2d; Tom Bliley, 3d; Frank Wolf, 10th.

WASHINGTON

Joel Pritchard, 1st; Sid Morrison, 4th.

WEST VIRGINIA

Robert Mollohan, 1st; Cleve Benedict, 2d; Mick Staton, 3d; Nick Rahall, 4th.

WISCONSIN

Steve Gunderson, 3d; James Sensenbrenner, 9th.

WYOMING

AMERICAN SAMOA

Fofo I.F. Sunia.

GUAM

Antonio B. Won Pat.

PUERTO RICO

Baltasar Corrada.

VIRGIN ISLANDS

Ron de Lugo.●

THE FALKLAND/MALVINAS CRISIS

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. CORRADA. Mr. Speaker, at the beginning of the Falkland/Malvinas crisis between England and Argentina I felt that the excellent efforts of our Secretary of State Alexander Haig, Jr. in attempting to bring about a peaceful negotiation and solution to the problem deserved the support and praise of our Nation as well as the international community. It is regrettable, however, that when those initial attempts by the United States to find a reasonable and peaceful solution to the crisis did not meet with success, we should have openly and unabashedly sided with England. Surely, England is our closest ally in Europe and a nation dearly bound to our own by ties of common heritage and history. But my friends, the Falkland/Malvinas crisis is not a matter that threatens the national security and the vital interests of England. We are talking about miniscule islands 8,000 miles from London, deep in the South Atlantic and in the Western Hemisphere—an obsolete vestige of the type of colonialism that was rampant in the four centuries following the European discovery of America in 1492, which we thought had been liquidated and mostly put aside by the middle of this century. If anyone should attempt to undermine the vital interests of our good friend and ally England, as Hitler tried in the Second World War, America will be there to defend our friends, as we did even if it required spilling the blood of our youth, including many U.S. citizens of hispanic heritage and Puerto Ricans, who as citizens of the United States, proudly contributed to defend our allies in Europe and defend democracy abroad. But to say that in the Faulkland/Malvinas crisis we have to openly take sides with England and disappoint practically all of our good neighbors south of the Rio Grande is an outright effort in diplomatic and political myopia to say the least. Our only role should have been and still should be one of exerting our good offices in helping to resolve a dispute between friends. This is not a matter of whether or not we like the Thatcher or the Galtieri governments. Argentina and England have been disputing over this problem long before their current governments emerged to the scene and will continue to do so until a peaceful and honorable solution is found. I deplore Argentina's action in invading the islands and taking them by force but that wrong will not be redressed by violence on the part of England in taking them back. Argentina should withdraw its forces and England should withdraw its naval task force while peaceful negotiations are undertaken. A temporary administration under United Nations supervision or direction should proceed immediately.

The only role for the United States is one of friendly mediator no matter whether we do it on our own initiative or through our efforts in the United Nations or any other proper international organization. After all, how are our own interests served by keeping a great ally in Europe happy about something happening in America while we scorn almost 30 of the nations closest to our borders in our own hemisphere. We should return to a neutral stance and do all we can to help find a solution of the immediate crisis as well as a long term settlement of this troublesome dispute.●

SALUTE TO EAST LANSING, MICH.

HON. JIM DUNN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DUNN. Mr. Speaker, I am very pleased to salute my hometown of East Lansing, Mich., as it celebrates its 75th anniversary this weekend. East Lansing's Diamond Jubilee will be marked by 2 days of activities, including a parade, awards ceremonies, games, workshops, a variety of displays depicting various aspects of life in the city, and musical entertainment. There is, after all, much to be proud of and much to celebrate.

East Lansing's beginnings actually go back to the 1840's when S. Robert Burcham acquired the title to a portion of Lansing Township which included much of the present business district. The first known business in East Lansing is attributed to a man who established a shop for making and repairing boots and shoes in his log home on the north side of Grand River Avenue and east of Abbott Road.

Following the establishment in 1856 of Michigan Agricultural College, now known as Michigan State University, a major portion of what is now East Lansing was then known as Collegeville. By the start of this century, active development was taking place and what is now the downtown East Lansing business district began to expand.

By 1906, what was then Collegetown felt a need to deal with this expansion and likewise felt a need for a single political authority. A charter was drawn up in 1907 and presented to the State legislature. The bill was passed unanimously with the name given as East Lansing.

Subsequent decades witnessed rapid growth in East Lansing's development. Banks, clothing stores, barber shops, coal dealers, drug stores, a newspaper, gift shops, and hardware stores are just a few of the businesses that were established during that time. The growth of business has continued to the point where East Lansing is the home of several fine restaurants and a downtown shopping district with many outstanding shops and convenience stores.

East Lansing is also the home of Michigan State University, the Nation's first land-grant college. Since it was established, MSU has served as one of the Nation's leading agricultural research centers, consistently making strides toward finding ways to best utilize our country's natural resources. MSU also has a fine tradition in other fields as well. Its colleges of business, communications, engineering, nursing, veterinary medicine, and others, rank among the country's finest.

MSU's campus is among our Nation's largest and most beautiful, blending an impressive past with activities to insure a progressive future. Among its recent accomplishments is the construction of the Nation's first superconducting cyclotron to study high energy physics, a performing arts complex scheduled to open this fall, and a communication arts building which opened last year.

In addition to MSU, East Lansing has several other resources and services worthy of recognition. The public school system is among the State's finest and graduates hundreds of students each year. The public library has nearly 110,000 volumes of books and other materials for adults and children to enjoy. The city's police and fire departments are filled with trained professionals who do an outstanding job of protecting residents. The waste water treatment plant was given an Award of Excellence for Outstanding Operation and Maintenance by the U.S. Environmental Protection Agency in 1978.

Mr. Speaker, my love for the city of East Lansing is well known. Perhaps my greatest expression of what the city means to me lies in the fact that I have chosen to make it my home since attending college there 20 years ago. I know my family, friends, all the residents of East Lansing share my pride.

I want to extend my best wishes to all of the people of East Lansing who will make this diamond jubilee truly memorable. I have no doubt that East Lansing's next 75 years will be as fruitful and prosperous as the first.●

THE LAST EPIDEMIC

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. LEHMAN. Mr. Speaker, one of the outstanding organizations that has strove to make the public aware of the horrors of nuclear war is Physicians for Social Responsibility.

Dr. Jay Kerzner, one of the leaders of PSR in south Florida, wrote an article entitled "The Last Epidemic" which appeared in the Miami Herald on March 7, 1982. Throughout the country, doctors like Dr. Kerzner are trying to make people realize what a nuclear attack would do to their own communities. Only by breaking through the "psychic numbing" that affects us can we begin to take steps to end the threat of world holocaust.

I commend Dr. Kerzner's article to all my colleagues:

[From the Miami Herald, Mar. 7, 1982]

THE LAST EPIDEMIC

(By Jay Kerzner)

Nuclear war could be the last epidemic our civilization will know. Hundreds of millions of people would be killed or injured, and the economic, ecological and social fabric on which human life depends would be shattered. The likelihood of nuclear war becomes greater as the arms race escalates, and as government leaders devise scenarios for fighting and "winning" a "limited" nuclear war.

The United States now has 30,000 nuclear weapons, Russia has 20,000, Britain, France, China and India together have about 1,000—a total of a little over 50,000 nuclear weapons, or enough to provide five tons of explosive power for every man, woman and child on earth. By the 1990s, it is felt that at least two dozen countries will have nuclear weapons. With the proliferation of these weapons, and the potential for confrontation between nuclear nations, chances are high that a nuclear device could be exploded by the end of the century, either by accident or design. Yet the arms race has its own internal momentum with nuclear nations becoming, in George Kennan's words, "like lemmings heading for the sea, like the children of Hamlin marching blindly along behind their Pied Piper."

In addition to reducing the threshold for nuclear war, the nuclear arms race consumes huge amounts of money, technology and manpower that could be used for health and social needs. For example, the cost of one Trident ballistic missile submarine could fund the child nutrition program that was cut from the federal budget. With a diversion of funds consumed by 3 weeks of the arms race, the world could obtain a sanitary water supply for all of its inhabitants.

The destructive effects of nuclear weapons on human lives are often obscured by jargon such as "surgical strike" and "counterforce exchange." People tend not to want to think about what these weapons can really do, as if there was a mass process of avoidance and denial—a process that has been called "psychic numbing." The first step, then, in dealing with the threat of nuclear war is to shatter this "psychic numbing" and take a realistic look at the effects of nuclear weapons. In the light of this, notions of survivability and civil defense must then be critically examined.

Although the 15-kiloton atomic bomb dropped on Hiroshima was primitive in comparison to today's megaton nuclear weapons, a review of its effects gives us some meaningful insights. Nuclear weapons cause damage by three mechanisms—blast, fire and irridation. Out of a population of 245,000 people, 75,000 people were killed and 100,000 sustained serious injuries—principally trauma, burn injuries and radiation sickness. The number of deaths and casualties were comparable to other conventional bombings during the war, but the insidous effects of irradiation had never before been experienced. Acute exposure caused either death or an illness characterized by gastrointestinal symptoms, hemorrhage, listlessness and susceptibility to infection. Longterm effects included an increased incidence of leukemia and cancer.

In addition to the physical injuries, survivors suffered profound psychological shock by their exposure to such overwhelming destruction and mass death. Many victims felt that there had been a breakdown of the dividing line between life and death, that all forms of life had been extinguished at their source and that they had become tainted by a lingering, destructive force that would haunt them for the rest of their lives.

The health-care system of Hiroshima was totally devastated and overwhelmed. Only 30 out of 150 doctors and only 126 out of 1,780 nurses were left alive, and only three out of 45 hospitals remained. There was help, however, from neighboring cities and towns. Today it is likely that large numbers of nuclear weapons would be exploded over a large city and surrounding area so that there would be little or no effective help from outside.

Present-day nuclear weapons range in size from one kiloton to 20 megatons, that is, up to 1,400 times the explosive power of the Hiroshima bomb. If a single one-megaton were exploded over downtown Miami, everything for a distance of a half mile from the point of impact—ground zero—would be vaporized, and there would be an impact crater 1,000 feet wide and 200 feet deep. The blast would produce tremendous overpressures and winds up to 500 miles per hour, destroying or severely damaging buildings within a radius of 8½ miles. Broken glass and other solid objects would be turned into missiles traveling at speeds greater than 100 miles per hour. The heat would be so intense that everyone within a radius of six miles would either be killed or seriously burned. Firestorms could occur, fanned by 100- to 200-mile-per-hour winds, burning and asphyxiating those in shelters, and increasing the lethal area fivefold. Lethal radioactive fallout would cover an area of almost 1,000 miles, and would make this area uninhabitable for a prolonged period of time. In all, 469,000 people would be killed and 500,000 seriously injured—that is, almost one million casualties or about 42 percent of the population. Such death and destruction occurring at one place at one moment would be totally unprecedented in human experience.

The kinds of injuries that would occur after a nuclear explosion would include trauma of all kinds and in combinations—crushing injuries, fractures, penetrating wounds, lacerations, hemorrhage and ruptured internal organs, especially rupture of the lung. There would be tens of thousands of severe burn injuries, far exceeding present available resources in the entire United States for effective treatment of burns. There would be radiation sickness, deafness due to the ruptured eardrums and blindness due to retinal burns from glancing at the fireball. In the post attack period starvation and dehydration would be rampant with depletion and radioactive contamination of the food and water supply.

Infectious diseases would flourish in epidemic proportions due to people's decreased resistance, poor sanitary conditions, decomposition of human and animal corpses and the proliferation of insect vectors, since insects are more resistant to radiation than man. The types of infectious diseases would include many scourges of the past such as tuberculosis, plague, typhus, typhoid fever, hepatitis, cholera, tetanus and rabies. There would be stillbirths and fetal malformations, and in later years an increased incidence of cancer and untold genetic effects. Depletion of the ozone layer in the stratosphere would allow ultraviolet rays of the sun to penetrate, causing blindness and eventual death in animals and many insects, thereby causing vegetation to die, and thus totally disrupting the ecological balance.

The health-care system would be totally devastated and couldn't begin to deal effectively with the casualties. Physicians and hospitals would be destroyed at rates greater than that of the general population because they tend to be concentrated in downtown areas, the areas of highest lethality. There would be no transportation, no electric power, no effective communications, no X-ray or other diagnostic facilities, and there would be a marked shortage of blood, plasma, drugs and instruments. Unlike Hiroshima, there would be no outside help because there would be no one outside to render it. There would be 1,700 seriously injured survivors for each surviving doctor, so that if each doctor saw each patient for 10 minutes and worked 20 hours a day, it would be eight days before each person was seen once by a physician. Most people would die without even the administration of a narcotic to ease the pain. It has been said that the survivors would envy the dead.

These are the effects from the explosion of a single one-megaton nuclear weapon. A nuclear exchange would be expected to involve multiple weapons of even greater destructive capacity, so that the entire population of Miami would be killed and the city totally destroyed. In an all-out nuclear war between the United States and the Soviet Union there would be over 250 million deaths and 60 million serious injuries—in other words, mutual genocide. Radioactive fallout, much of it lethal, would cover the entire United States and Soviet Union, and there would be significant radiation exposure over the entire planet. With the vast physical devastation and total disruption of the economic, ecological and social fabric, this would indeed be the last epidemic our civilization would know.

The conclusion to be drawn is that there is no effective survival, even from a limited nuclear war, which could easily escalate into a full-scale nuclear war. The magnitude of death and destruction would be totally overwhelming. There is no possible effective medical response. And the proposed mechanisms of civil defense—shelters and mass evacuation—would be equally ineffectual.

The only effective prescription for the last epidemic is prevention. We must all recognize that there can be no winners in a nuclear war. The United States, Europe and the Soviet Union must either live together or die together. People worldwide must protest against te escalating nuclear arms race and urge that government leaders give the highest priority toward achieving meaningful arms limitation agreements. As Bertrand Russell and Albert Einstein said in a collective appeal of prominent scientists: "We appeal as human beings to human beings. Remember your humanity and forget the rest."●

CENTENNIAL OF UNITED STATES-KOREAN RELATIONS

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. ZABLOCKI. Mr. Speaker, I would like to draw the attention of my colleagues to the fact that the members of the Foreign Affairs Committee and other Members of the House were privileged today to receive a distinguished delegation of members of the Korean National Assembly. This delegation, led by Ton Jing Park, chairman of the Foreign Affairs Committee in Korea, is in the United States to observe the centennial of the establishment of diplomatic relations between our two nations. The centennial occurs this month. The delegation from Korea has, on this occasion, kindly presented a Plaque of Friendship to the U.S. Congress.

Because the remarks made by Chairman Park this noon are particularly pertinent at this time, I ask that they be included at this point in the RECORD.

Mr. Chairman, esteemed Congressmen, and dear friends: I thank you most sincerely for this lovely luncheon as well as for your extremely generous and heartwarming words of welcome you have just given me and my colleagues.

On this memorable occasion commemorating the centennial of establishment of diplomatic relations between Korea and the United States, I also wish to convey to you the warmest greetings from the people and the members of the National Assembly of the Republic of Korea.

Mr. Chairman and dear friends: I wish to say at the outset that the warm hospitality and friendship that the leaders of your Government and the Congress have extended to me and to my colleagues since our arrival in Washington, D.C. are sufficient evidences that a new era of stronger friendship and deeper understanding is likely to evolve for many years to come. I believe this is all very natural.

In concluding the first treaty of friendship between the two countries 100 years ago, our two countries had mutually pledged that there shall be perpetual peace and friendship between the citizens and Governments of Korea and the United States.

Ever since the Republic of Korea and the United States entered into a close relationship following the end of World War II in 1945, they have been developing profoundly friendly and cooperative relations, the likes of which have been rarely seen in the highly volatile international community. This, I believe, is because our two peoples seek the common ideals of freedom and peace, and furthermore, both countries must devote joint efforts to promoting the security and prosperity of the Pacific region.

While the recent Soviet military buildup in the Far East threatens to upset the military balance in Asia and the Pacific region, the continued belligerent posture of Communist North Korea calls for our continued vigilance in the Korean peninsula, as you all know. It is impossible to overemphasize that the adequate deterrence is essential to preventing the recurrence of war and preserving peace and stability in the region. This is precisely why the United States stations its ground combat troops on the Korean soil. It is my firm belief that the close Korean-American cooperation and concerted efforts in the security field serve not only to the safety of our two nations but also to the peace and stability of the Asian-Pacific region and the world at large.

Last month, Vice President George Bush made his first visit to my country to commemorate the 100th year of the Korean-American relations. But as it turned out, his trip proved to be much more than a ceremonial one. It was a timely reaffirmation in most unequivocal terms of the need for a stronger Korean-American partnership. Vice President Mr. Bush, as he was addressing the National Assembly of the Republic of Korea, said and I quote: "The United States has no intention of stepping aside so Kim IL-sung can launch another invasion and set the clock back 32 years." This expression of the renewed U.S. determination to stand firm for the defense of the Republic of Korea, without a doubt, constitute an added source of confidence for us as we pursue the avowed goal of achieving a free, democratic and prosperous nation.

Of course, the security interest is not the sole binder of the Korean-American ties which is now entering its second century. Korea is now America's 9th largest trading partner and the 5th largest market for American agricultural products. In 1980, the total trade volume between Korea and the United States exceeded $10 billion and, no doubt, Korea's place in the United States trade will become even more important in the years ahead as our economy continues to expand. It is my belief, however, that Korea and America should develop even closer economic ties through further advancement of the American policy of free trade.

The closeness of Korean-American ties is reflected in a still another way. The bulging Korean community in the United States, as well as the increasing number of Korean students advancing their academic studies has contributed a great deal to deepening mutual understanding between the two peoples. We should work toward even broader cultural exchanges. I am convinced that such an approach is basic to developing a more mature and durable Korean-American partnership in the 1980's and beyond.

Our two republics have enjoyed cordial and fruitful relations over the past 100 years. We look forward to a second century of close and productive mutual cooperation between the Republic of Korea and the United States.

At this time, I would like to draw your attention to the fact that on March 13 this year the National Assembly of the Republic of Korea, on the occasion marking the centennial of diplomatic relations between the United States and Korea, unanimously approved a resolution. The resolution expressed our profound appreciation for the positive support and cooperation extended by the people and the Government of the United States in our efforts to bring about peace, stability, and freedom in the Korean peninsula and it further resolved to present a Plaque of Friendship to the Congress of the United States of America in the name of the Korean people, extolling the bonds of friendship that exist between the peoples of the two countries.

Mr. Chairman and distinguished Congressmen: It is a great honor and privilege for me to present to you on behalf of the Korean National Assembly, a copy of the resolution and the Plaque of Friendship.●

MAJ. GEN. JOHN KIRK SINGLAUB, USA (RET.)

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● **Mr. McDONALD.** Mr. Speaker, General Singlaub's World War II duties included a parachute mission into France to organize, train, and lead a French resistance unit which provided assistance to the Allied invasion forces. In December 1944 he led Chinese guerrillas against the Japanese on the Indo-China-Chinese border. He also led a mission which resulted in the rescue of 400 Allied prisoners of war held by the Japanese at Hainan Island.

General Singlaub was assigned chief of a U.S. military liaison mission to Mukden, Manchuria from early 1946 until he was forced out by the Chinese communists in late 1948. From December 1948 to August 1949 he was the China desk officer at the CIA in Washington, D.C.

In December 1951 he volunteered for service to Korea where he served as Deputy Chief of the CIA mission and later in command of the 2d Battalion, 15th Infantry, 3d Infantry Division.

In May 1966 he was assigned to Vietnam as commander of the joint unconventional warfare task force.

On July 1, 1976, he was assigned Chief of Staff, United Nations Command, U.S. Forces, Korea, and the Eighth U.S. Army in Seoul, Korea. Concomitantly he served as the U.N. Command Senior Military Member of the Military Armistice Commission at Panmunjom.

At the direction of President Carter he was reassigned from Korea at Fort McPherson, Georgia as the Chief of Staff, U.S. Army Forces Command (FORSCOM).

General John Singlaub is currently serving as National Chairman of the United States Council for World Freedom.

Singlaub, whose 35-year career frequently reflected vanguard military action, attracted the attention of the American public in 1977 when, as Chief of Staff of the United Nations Command in Korea, he openly took exception with the Carter administration's order to cutback forces in that area. He was subsequently relieved of that command and retired the following year.

The late John Edgar Hoover once remarked that a person is honored by his friends and distinguished by his enemies. General Singlaub is certainly distinguished by his subterranean legume adversary and his amateur night team of recent times gone by, but he is thoroughly honored by his friends.●

PATCO VINDICATED

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● **Mr. CLAY.** Mr. Speaker, recently the distinguished president of the Communication Workers of America, Glen Watts published the following article on the impact of the Reagan administration's dismissal of the 12,000 air traffic controllers in the Communication Workers of America News (Volume 41, No. 5, May 1982). Mr. Watts' statement is a cogent description of the inequities of the President's action and its adverse impact upon the airline industry.

Because of the relevance and importance of Mr. Watts' remarks, I have asked that the Watts article be reprinted in its entirety for the benefit of my colleagues.

The article follows:

In sweeping 12,000 striking air traffic controllers from their jobs last year, the Reagan administration failed to sweep away the serious problems that prompted the walkout and which yet plague our vital air traffic control system.

That's the conclusion of the independent task force commissioned by the Transportation Department after the strike to study management and employee relations in the Federal Aviation Administration.

The report of the task force eloquently states what the Professional Air Traffic Controllers Assn. has been trying to get across for years. In summary: the FAA's lack of concern for people has created an intolerable working environment in the flight control towers.

The report—while carefully avoiding any comment on the government's dismissal of the strikers—even hints at why PATCO may have chosen the tactic of an illegal strike. The report notes that "sickouts" and slowdowns by controllers in the early 1970s had been "not so subtly encouraged" by FAA management to win funds for better equipment and more staffing from Congress.

Put this history in context with candidate Ronald Reagan's pledge to support PATCO's goals if he were elected President, and one can see where signals were missed between PATCO leaders and the administration. The union thought the President was serious about changing the system. To give the White House an opportunity to intervene with a recalcitrant FAA management, union members put their jobs in jeopardy.

Ironically, the President's hard line in handling the dispute mimicked the management attitude within FAA that brought about the crisis, according to the recent independent study. The study group's report reveals years of autocratic rule by the FAA, a preoccupation with machines and systems at the expense of people, a tendency by managers—mostly former military personnel—to ignore human problems or try to "order them away."

The report focuses on management rigidity as the FAA's central problem and notes that poor employee relations is a bigger factor contributing to worker discontent than the inherent stress of the job. Air controllers are good at dealing with stress, the report states; however, FAA managers are not good at dealing with a younger generation of workers—in this case, universally considered an elite group—working in a stressful environment.

The study warns that: "Unless it wants a simple repetition of the events of 1981, (the FAA) will have to drastically change its management style. It must learn to patiently explain and to really listen, not just issue directives. . . . It has to learn that its success depends upon its employees, that they will increasingly be drawn from this younger generation, and that their respect must be continually earned. It must meet their needs for personal independence, economic success and participative commitment."

The conclusions of this excellent study could apply to many other occupations and work situations, especially where rapid technological development is underway. The report addresses changing employee attitudes—chiefly, a tendency toward greater independence among today's workers—in collision with outdated management styles and a trend toward reduced job content.

In hindsight, it should be clear that the "gut issues" of the PATCO strike were really the human issues, those dealing with job conditions, hours worked, grievance procedure and job enrichment. Money is seldom the most important issue in strikes, and this is particularly true in the case of illegal walkouts, where the personal risk is great.

The PATCO 12,000 were desperately signalling that something is very wrong in the air control system, a system critically important to the public safety and the national economy. President Reagan's response, rather than to listen and to deal responsibly with a tough problem, was to kill the messenger bringing bad tidings.

The firing of the strikers was an unusually harsh action, an affront to civilized labor relations policy and to modern concepts of how the ultimate power of the presidency should be handled. This punishment was compounded by the total blacklisting of the strikers from federal jobs, a policy which continues informally, according to PATCO.

And who has really suffered from this action? It's the American public, suggests the independent study report. Our air traffic control system not only remains mismanaged and fraught with poor morale, but it now is seriously understaffed and likely to remain so for years.

Justice and commonsense require that the government offer to rehire the strikers and move toward reforming the system in line with the recommendations of its own study panel.●

COMPUTERS AND OUR FUTURE

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. STARK. Mr. Speaker, I want to commend my colleague Al Gore for hearings he held yesterday on the important role that computers will play in our future. The hearings discussed the potential that computers hold for creating new jobs and assisting third world countries. My own Subcommittee on Select Revenue Measures will shortly hold hearings on legislation to encourage the donations of computers to primary and secondary schools.

It is my hope that we in the Congress will recognize the great potential that exists in our high technology industry and work together through our schools and universities in a joint effort to tap its full potential.

I commend the attached article to my colleagues:

The article follows:

[From the Washington Post, May 20, 1982]

Access to Computers Seen Saving Jobless

(By Thomas W. Lippman)

Congress got an apocalyptic picture yesterday of a world falling into chaos as tens of millions of workers are displaced by fast-changing technology. Jean-Jacques Servan-Schreiber, the French author and politician, and the high-powered team of scholars and scientists he has assembled at France's controversial new World Center for Computer Science offered the pessimistic predictions.

Servan-Schreiber said that more than 30 million people are unemployed in the industrialized nations, and "all experts agree that, by the end of the '80s, at least an additional 25 million jobs will be lost . . . an army of 50 million jobless will appear on the horizon and signal a situation of discouragement and possibly despair."

Members of two subcommittees of the House Committee on Science and Technology listened attentively to Servan-Schreiber's projections because the task he has undertaken with the support of the Socialist government of French President Francois Mitterrand is nothing less than staving off that chaotic future and, at the same time, alleviating the economic problems of the developing nations.

The gospel according to Servan-Schreiber is that computerized access to electronic telecommunications and information systems will enable displaced workers to learn new skills, give Third World people access to technology and enable the world to keep up with an economic system that is changing "exponentially."

His goal of making that science accessible through international cooperation is shared by the World Center scientists who joined him at the witness table.

They were Nicholas Negroponte, an MIT professor on a two-year leave to serve as the World Center's exeutive director; Seymour Papert, a South Africa-born expert on computer programs for children and former assistant director of MIT's artificial intelligence laboratory; Edward Ayensu, a Ghanaian botanist who was director of the Smithsonian Institution's Office of Biological Conservation; Raj Reddy, a native of India and former head of the Robotics Institute at Carnegie-Mellon University; and Samuel Pisar, a lawyer and author who was made a U.S. citizen by act of Congress.

The presence on the staff of the French government-sponsored World Center of those scientists, who formerly worked in the United States, has stirred charges in the scientific community that the French are buying American scientific talent in a "reverse brain drain," and that the center, in the words of Rep. Albert Gore Jr. (D-Tenn.), who presided at the hearing, is "a stalking horse for the French electronics industry."

All said there was no truth to the charges.

"This is not intended to be a French institution," Pisar said. "It is worldwide in scope, a catalyst that might do something about pulling the industrialized world out of bankruptcy and the Third World out of misery."

In the face of potential worldwide economic disruption, "There is no time for nationalism, isolationism or protectionism," Servan-Schreiber said.

Gore suggested that developing countries aided by the center naturally might want to equip themselves with the hardware to which they are accustomed, but Servan-Schreiber replied, "They are accustomed to no hardware," which, in his view, is their problem.

In a test project to be set up to bring computerized learning to Senegal, the computers to be used will be manufactured not by a French company, but by Apple, an American company, he said.●

THE NATIONAL CRUDE OIL PROFIT SHARING ACT OF 1982

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. WOLPE. Mr. Speaker, on May 6, 1982, I and Congresswoman Claudine Schneider, with four of our colleagues, introduced H.R. 6330, the National Crude Oil Profit Sharing Act of 1982. This legislation is an attempt to develop a rational and coherent national energy taxation policy. The major premise of the bill is that our Nation's energy resources should be viewed as American resources, and that the benefits derived from these resources should be enjoyed by all of America, not by just the oil industry and those few States who by geological chance find these resources within their borders.

By establishing a permanent national severance tax on crude oil, and by placing reasonable limits on State energy taxation, the National Crude Oil Profit Sharing Act of 1982 addresses, simultaneously, four of the critical problems confronting the American economy:

First, unless massive Federal deficits are reduced, they will continue to contribute to prohibitively high interest rates which impede economic recovery.

The National Crude Oil Profit Sharing Act of 1982 would establish a permanent 30-percent tax on crude oil to be paid by producers. Actually, the effective rate of the tax would only be 16 percent after it is deducted as a business expense from Federal corporate income tax payments; it would raise $4.86 per $30 barrel of oil produced. The act would make 75 percent of the revenue from the tax available for reduction of the Federal deficit. If the tax were in effect in 1983, $14.8 billion would be raised to reduce the Federal deficit; through 1990 the revenues generated for deficit reduction would exceed $235 billion.

Two, American industry is finding it increasingly difficult to contend with foreign competiton. Much of the problem can be attributed to declining industrial productivity—due to obsolete facilities, high interest rates, high energy prices, and a lack of investment capital for modernization. In addition, hard-pressed urban areas are having difficulty in raising the capital needed to repair economically critical water, sewer, and transportation systems, and rural areas are faced with increasingly severe natural resource conservation problems.

The National Crude Oil Profit Sharing Act of 1982 would allocate 25 percent of the revenue from the natural crude oil severence tax to an energy and economic development trust fund. If this legislation were in effect, the trust fund would receive $4.9 billion in 1983. Half of the trust fund revenues would be dispersed to States to encourage new economic development and to revitalize basic industries so as to improve our competitive position in the international marketplace and create jobs for unemployed Americans. States could also use their economic development funds to assist local governments in repairing basic urban infrastructure systems, or to aid rural areas in addressing conservation problems that threaten the productive capacity of soil and water resources.

Three, OPEC has succeeded in raising the world price of crude oil by 1,000 percent since 1973, further reducing the competitiveness of our basic industry and causing a tremendous drain of capital from the U.S. economy. The other half of the trust fund revenues would be dispersed to States to fund programs to reduce our dependence on imported oil by encouraging energy efficiency improvements and the utilization of renewable energy technologies to displace petroleum. Numerous studies have concluded that energy efficiency improvements are the quickest, cheapest, and cleanest way to reduce our dependence upon petroleum and that renewable energy technologies could provide as much as 20 percent of the Nation's energy needs by the year 2000. I believe that it is very appropriate that a portion of a tax on oil—a nonrenewable resource—should be devoted to efforts to slow its depletion and to develop alternative energy resources.

Four, the Federal decision to allow the price of domestic crude oil to rise to OPEC levels has unintentionally contributed to growing fiscal disparities between States. Decontrol has allowed a few energy-producing States to raise tremendous revenues through State energy severance taxes, giving these States an unjustified economic windfall and advantage over the rest of the Nation.

This legislation would reduce the growing fiscal disparities between a few energy-producing States and the rest of the Nation by limiting State energy taxes on crude oil, natural gas, and coal to 1978 pre-decontrol unit rates adjusted for inflation. Unless this action is taken, it has been estimated that almost $200 billion will flow into the treasuries of a few energy-producing States in this decade. These revenues allow energy-producing States to offer powerful new location incentives for business and industry. The vast majority of States which do not have these energy resources to tax are at a competitive disadvantage in efforts to retain existing industry and attract new economic activity. In effect, the Federal decision to allow domestic oil prices to rise to OPEC levels is unintentionally subsidizing the economic development of energy-rich States.

The subject of energy taxation is inherently complex, both economically and politically. I would like to emphasize that we are not wedded to every detail of the legislation as outlined. But I believe that the basic concepts of this proposal are sound and should become part of the current debate over the direction of our Nation's energy and economic policy.●

THE SOUTH BRONX IS ALIVE AND WELL

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. GARCIA. Mr. Speaker, I am from the South Bronx. I was born and raised there. I am now fortunate enough to represent that area in Congress. I am proud that I am from the South Bronx, and I am concerned that the image that the rest of America has of the South Bronx is less than positive. There is poverty in the South Bronx. There is crime in the South Bronx. We have plenty of problems, but we also have plenty of remarkable people living in the South Bronx. I would like to submit for the RECORD a recent article that talks about a couple of remarkable people. I think its time America was made aware of the positive side of life in my home, the South Bronx.

The article follows:

HAPPILY EVER AFTER IN THE SOUTH BRONX

(By Bill Reel)

People love to rave about their old neighborhood. I always ask them why they moved. After all, if it was so great, why didn't they stay there? They shrug and say that the neighborhood changed. I think to myself: You didn't move because the neighborhood changed, the neighborhood changed because you moved.

For years I've hoped to meet somebody who was born and raised in, say, the South Bronx, and who has lived there happily ever after, raising a family and hopeful about the future. The other day I met Joan Pipolo, 39, who lives with her husband and three kids in the house she grew up in on Barretto St. in Hunts Point, which is very far south in the Bronx indeed.

Joan's many friends are honoring her at a big affair tonight at Tardi's in Throgs Neck. She will be cited for tireless commitment to neighbor and neighborhood. She is a member and past president of Community Planning Board 2, she is president of the Barretto St. Block Association, she is president of the PS 48 PTA. Joan can't be overpraised. I'll bet she's unique in New York.

Joan and I were on Spofford Ave. the other afternoon watching work crews facelift the handsome red brick PS 48 schoolhouse. "I've been screaming and hollering for years to get the school steam-cleaned and painted, and the job is finally being done," Joan said proudly. "My late father, Frank Saccacio, went to PS 48. Later he owned Frank's Market across the street. I went to PS 48. My husband, Tom, went to PS 48. Tom is co-owner of Fort Tryon Market on W. 187th St. in Manhattan. Our kids went to PS 48. My daughter Nicole is in the third grade now. In fact, she just won the school science fair. Bronx public schools have served us well. My son, Guy, went to Lehman High and is a freshman at Iona College. My daughter Janine is a sophomore at Lehman."

Hunts Point has been called the most devastated neighborhood in the city. Joan is sure that its resurrection is underway. "I saw the devastation happen, and now I'm seeing the spirit of hope that is turning us around," she said.

Across from her neat brick house on Barretto St. above Randall Ave. she showed me a little black-topped park built by Bronx Frontier Development Corp., a community group where she works. "The neighborhood kids are always playing basketball or dancing in the park," she said. "Neighbors sit out at night. Everybody knows everybody. It's an old-fashioned block."

Joan pointed proudly to a big vegetable garden on the block that provides a couple of dozen families with zucchini, eggplants, radishes, tomatoes, collard greens, onions and strawberries. Bronx Frontier sponsored this garden, too.

Up on the corner of Barretto and Spofford is a 49-unit apartment building that tenants took over when the landlord abandoned it almost a decade ago. The tenants are now buying it from the city. Workmen were installing new plumbing and wiring while we were there.

"There are many good things happening in the South Bronx, but people seldom hear about them," Joan lamented. "Only crime gets publicized."

A block away on Manida St., Joan pointed out an abandoned apartment building soon to be restored by federal funds granted to a community organization headed by Joan's favorite priest, Father Louis Gigante. The padre has sponsored more than 1,000 units of housing in the South Bronx over the years. Not everyone agrees with Gigante all the time, but he is a savior in the South Bronx. He gets a chapter when the history of the church in New York is written.

Painters were applying a coat of beautiful bright yellow paint to the inside of St. Athanasius Church of Tiffany St., where Joan and Tom Pipolo were married 20 years ago and where daughter Nicole, 9, will make her first Communion on Sunday. Hope was everywhere as Joan and I toured Hunts Point. More than 100 of her friends will toast her tonight at Tardi's. Joan Pipolo doesn't just talk about the old neighborhood, she lives in it. Thanks to Joan, the neighborhood is changing—for the better.●

CAPITAL BUDGET RESPONSE

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● **Mr. EDGAR. Mr. Speaker, in the interest of keeping the House informed on the issue of public infrastructure investment, I would like to share with my colleagues the following response from the White House to a recent letter sent by Representative CLINGER and me. The Office of Management and Budget—under both Republican and Democratic administrations—seems institutionally opposed to any significant changes in the formulation of the Federal budget. Although I think the budget writers raise important arguments, I truly believe that some changes in our perception of public capital investment are necessary in order to deal with a massive infrastructure crisis which looms in the coming years. I appreciate the responsiveness of the White House on this issue, and we will continue this important dialog on capital investment practices.**

The letter follows:

THE WHITE HOUSE,
Washington, May 13, 1982.

Hon. BOB EDGAR,
House of Representatives,
Washington, D.C.

DEAR BOB: This is in further response to your follow-up letter to the President on the subject of capital budgets.

At our request, the Office of Management and Budget has carefully reviewed your letter. This review was conducted with special concern about the need to evaluate investments in our Nation's future productive capacity versus current consumption. As you know, concern over the Nation's capital stock was central to the tax legislation enacted last year. This concern is also reflected in the GAO report on capital budgeting to which you referred. Clearly, there are no easy answers to some of the problems highlighted in the GAO report. Unfortunately, the problems are easier to identify than the solutions. The solutions proposed in the GAO report are ill-advised, as is discussed in the enclosed copy of a letter by the Office of Management and Budget to the Government Operations Committee.

As the OMB letter points out, the GAO report recommended an increase in Federal control over State and local budgets. We are not convinced that Washington knows best how to set priorities for State and local spending. This Administration's policy is to devolve to the State and local levels the responsibility for and control over a range of domestic programs that have become increasingly centralized over the past several decades.

The cases cited in the GAO report actually support the view that capital budgets are not automatic cures for maintaining investment at adequate levels. GAO indicates that State and local capital assets are deteriorating despite the fact that most State and local governments operate under capital budgets.

At the Federal level, a capital budget would create additional complications in the budget but would not likely lead to better allocation of budget resources. This conclusion is supported by data showing Federal investment-type spending (physical and financial investments and investments in human capital—both for research and development and for education and training) for the past several years and as projected in the President's 1983 Budget. These data are shown in the enclosed table, and in a comparsion of the basic trends relative to the total economy (the GNP) in the table below. As the data indicate, over the past several years, despite stringent financial pressures, Federal investment-type spending for national defense has gone up faster than the rate of economic growth, and this investment is being increased further under this Administration. The normal Federal review process for deciding defense investment practices would not be improved by creating a separate Federal capital budget.

FEDERAL OUTLAYS OF AN INVESTMENT NATURE AS A PERCENT OF GNP

[Fiscal years]

	1978	1979	1980	1981	[1] 1982	[1] 1983
National defense	1.7	1.8	1.9	2.0	2.2	2.5
Nondefense						
Grants-in-aid	1.4	1.5	1.5	1.3	1.1	.8
Other (on-budget)	2.0	1.8	2.0	1.8	1.6	1.2
Off-budget	.5	.6	.6	.8	.6	.5
Total nondefense	3.9	3.9	4.1	3.9	3.3	2.5
Total Federal Government	5.6	5.7	5.9	5.9	5.4	5.0

[1] Estimates for fiscal years 1982-83.

Federal grants-in-aid for investment purposes are declining under current budget policy: This is not due to a lack of a capital budget, but rather to policies designed to reduce the Federal grants and involvement in State and local responsibilities to more appropriate levels. Similarly, Administration budget efforts to shrink the magnitude of other Federal investment-type spending, especially lending, is part of a conscious set of policy initiatives.

In sum, budget results reflect deliberate budget policy to ration scarce Federal budget resources among a multitude of competing claims. Giving capital investment favored status in the budget process—or separating decisions about capital spending from decisions about operations—would not appear to constitute improved budgetary approaches.

The President certainly appreciates your help in seeking ways to improve the functioning of our Government; and we are anxious to maintain dialogue with Members of the Congress as to the best ways of resolving our fiscal problems. Thank you again for keeping us apprised of your thoughts and suggestions.

With best wishes,
Sincerely,
KENNETH M. DUBERSTEIN,
Assistant to the President.

FEDERAL OUTLAYS OF AN INVESTMENT NATURE

[Fiscal years; dollar amounts in billions]

	1978	1979	1980	1981	[1] 1982	[1] 1983
National defense						
Construction and rehabilitation of physical assets	2.3	2.3	2.6	2.8	3.6	4.5
Acquisition of major equipment and other physical assets	20.1	26.8	30.5	36.9	43.2	57.1
Conduct of research and development	12.1	12.1	14.6	16.9	20.4	24.5
Other	.5	.4	.3	.2	.1	.3
Subtotal	35.1	41.6	47.8	56.8	67.2	86.4
Grants-in-aid of State and local governments						
Construction and rehabilitation of physical assets	18.0	19.8	22.2	21.8	21.2	19.1
Conduct of education and training	9.5	16.0	15.5	14.4	10.9	7.5
Other	.7	.6	.7	.8	.7	.6
Subtotal	28.2	36.4	38.5	37.0	32.8	27.1
Other on-budget investments						
Loans and financial investments	9.5	6.7	5.8	5.7	5.4	2.9
Construction and rehabilitation of physical assets	5.9	5.4	6.8	7.2	7.3	6.7
Acquisition of physical assets						
Commodity inventories	1.0	1.3	2.0	4.1	.9	.6
Other	2.1	2.3	2.2	2.8	2.2	1.9
Conduct of research and development	12.4	14.7	15.3	17.0	17.3	16.7
Conduct of education and training	8.9	9.4	10.6	11.7	11.5	9.8
Other	1.6	1.9	3.6	3.5	3.2	3.3
Subtotal	41.5	42.7	50.4	52.1	47.9	41.8
Off-budget investments						
Loans	11.2	13.6	14.7	21.0	16.4	7.3
Construction and acquisition of physical assets and equipment	.3	.4	.4	.5	.1	.9
Acquisition of commodity inventories					2.8	7.8
Subtotal	11.5	14.0	15.1	21.5	19.8	16.0
Recapitulation						
Total on-budget	104.8	120.7	136.7	146.0	148.0	155.3
Off-budget	11.5	14.0	15.1	21.5	19.8	16.0
Grand total	116.3	134.7	151.8	167.5	167.8	171.3

[1] Estimates for fiscal years 1982-83.

MAY 26, 1981.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Governmental Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to a report issued by the General Accounting Office on February 26, 1981, entitled Federal Capital Budgeting: A Collection of Haphazard Practices (PAD-81-19). Our response to the report in draft form was largely negative. While the GAO has sought to allay some of our concerns, we continue to disagree fundamentally with the philosophy of the report and with many of its recommendations.

The philosophy of the report is stated succinctly in the title of the first section of chapter 3: "Federally financed physical capital needs special attention." The report then goes on to assert that the Executive Office of the President and the Congress make budget decisions without taking into account tradeoffs between capital investment and alternative uses of resources. It goes even further and recommends that the Congress assign to Senate and to House committees oversight responsibility for Federal capital investment and require by law that the President organize his Executive

Office in a way that would assure that special attention is given to capital investment. The report is incorrect in its assertion, and we do not agree with its recommendations.

As noted by OMB in commenting on a draft of the report, capital investment needs have long been considered explicitly by both OMB and the Congress during their reviews of the budget. In fact, this Administration stated in its February 18, 1981 report: A Program for Economic Recovery, that consideration of capital investment was one of the nine criteria that guided its budget decisions. The criterion, with which GAO might not agree, was that such investment had to be stretched out and retargeted. A full justification for adopting this criterion was given on page 22 of the Budget Reform Plan portion of the report.

The recommendation that the Congress order the President to organize his Executive Office in a way that the General Accounting Office perceives to be best is both presumptuous and disturbing. One of the main reasons for the durability of our form of government is that the founders of our Nation chose to divide responsibility and power among the legislative, executive, and judicial branches. GAO would undermine that principle by having the Congress encroach on the President's authority in one of the most direct ways imaginable—by telling him how he must organize his immediate staff. We cannot and should not agree with this recommendation.

The report, perhaps unintentionally, also gives the impression of trying to influence resource allocation decisions, which are the prerogative of the Congress and the President, to favor capital investment. The title of Chapter 7: "Federal decisionmaking limits physical capital investment," illustrates the point. Whether Federal decisionmaking limits capital investment is not the issue. The nature of the budget decisionmaking process is that it limits the resources allocated to any use. The issue is whether the President and the Congress have adequate information on which to base their decisions. We believe that they do.

The report appears to have two basic themes or postulates:

"A program of Federal physical capital formation should exist independently of the specific functions or programs undertaken by the Government, and

"The Federal Government should have as a national policy objective the ability to guide the formation and maintenance of physical capital by State and local governments."

These could be Federal policy objectives, and if they were, the GAO report would provide an analytical background for programs to deal with them. However, these are not the objectives of this Administration; nor does it appear that they have widespread support in the Congress.

With regard to the first theme, the basic GAO documentation rests on an economic analysis presented in Chapter 1 and using data reflected in Tables 1-5. In substance, it analyzes federally owned nondefense capital stock independently of the programs that the Federal Government operates and concludes that Federal capital formation is inadequate.

As we noted in our earlier comments to GAO, we cannot agree with this approach. The adequacy of Federal capital stock must be reviewed in the context of the specific programs being carried out. For example, the question of adequacy of Postal Service physical facilities depends on an analysis of the Postal Service operation, not on an analysis of per capita investment. Similarly, an evaluation of the adequacy or inadequacy of veterans hospitals depends on a review of the operation of the veterans medical care program. Contrary to what the report asserts, we do assess the condition of the entire infrastructure needs, but we do not give this factor the heavy weight that GAO would appear to prefer.

We also must reject the second theme of the report—that the Federal Government should have a national policy of setting standards for State and local government capital formation and maintenance. This theme pervades the report.

Fundamentally, we do not agree with the assumption that the fact that the Federal Government has financed and is financing significant amounts of grants for State and local capital formation necessarily commits the Federal Government to a policy of protecting these investments. It is not a proper function of the Federal Government to control the rate of State and local government capital formation, its composition, and the level of State and local efforts at physical capital maintenance.

The report's sweeping philosophy of the proper Federal role in the area of public capital formation is illustrated by quotations from the report, specifically:

"Presently no broad Federal plan exists that sets out a national strategy for keeping the nation's infrastructure intact and healthy. No single Federal agency is responsible for assessing new infrastructure needs or for preserving and maintaining existing capital assets, and there is little recognition at the Federal level that capital investment is a vital component of a vigorous economy. . . .

"Public Sector assets in the United States are deteriorating. Much of this capital stock is financed by the Federal Government, but ownership resides with States and municipalities. The Federal Government should take a closer look at the condition of this State and local capital stock, not simply because it finances much of it, but because Federal programs, policies, and planning procedures can accelerate or arrest the deterioration. However, as long as short-term, instead of long-range, strategies are implemented in capital investment areas, as long as the increased costs of Federal capital programs that are passed onto States are not recognized, and as long as no effective national capital improvement plan exists, the ability of the Federal Government to stop the decline of the physical capital across the Nation is severely limited."

This Administration has a basic approach toward some of the problems that the GAO report analyzes, but it runs along very different lines. The Administration's program can be summarized as follows:

"It is the responsibility of the Federal Government to protect and encourage a free and prosperous society within which individuals and State and local governments are able to solve their own problems with a minimum of Federal direction and control.

"Only where there is a compelling Federal interest will the Federal Government initiate new programs and policies—including grant programs.

"The social and economic distortions caused by narrowly focused Federal grant programs are best solved by reducing to an absolute minimum the number of such programs. In part, this is being done through creation of economic conditions such that State and local governments can finance their own programs. In part, it is being done by consolidating categorical grants into more flexible packages to be run by the State and local governments according to their priorities. And, in part, it is being done by reducing regulatory requirements.

"The Federal Government must maintain the social safety net of income security measures erected in the 1930's to protect the elderly, unemployed and poor, as well as veterans. This key responsibility does not pivot on capital budgeting."

I hope that these comments will be useful to you in your consideration of the report.

Sincerely,

EDWIN L. HARPER,
Deputy Director.●

CRISIS FOR AMERICAN STEEL

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. SHELBY. Mr. Speaker, the steel business in this country is currently suffering through the longest and deepest depression since 1929. The average operating rate for the industry at the end of 1981 was barely 55 percent. In 1982, conditions have remained terrible; operating levels are now only about 57 percent and there is little sign of recovery on the horizon.

Yet, as domestic production has fallen there has been a steady increase in the amount of steel, as a percent of market share, imported to the United States. The dimensions of the problem are best illustrated by a brief summary of recent steel import and employment figures.

For the full year in 1981, a total of 19.9 million tons of steel were shipped into the U.S. market, an increase of 28 percent over 1980. Total imports' share of the domestic market, which had been 16.3 percent in 1980 (compared with an average 15.4 percent for 1970-80) reached a record 19.1 percent. By the year's end, the number of employees on layoff was near 77,000 and an additional 17,000 men and women were on short workweeks. These figures do not include the additional steel that was imported into this country in the form of cars, trucks and other finished products.

The numbers have continued to deteriorate in 1982 right up to the present. Total steel imports in February 1982 were 1.6 million tons, an increase of 29.7 percent over the same month last year. For the week ending March 27, 1982, there were nearly 81,000 steel industry employees on layoff and almost 26,000 more working a shortened week.

In my own State of Alabama, it has recently been announced that U.S. Steel intends an indefinite closing of the steel firm's massive Fairfield Works near Birmingham. The closing of this plant would push the area's already-high unemployment rate beyond the crisis point.

Displacement of American-produced steel by imported steel is clearly the single most serious problem confronting the domestic industry. The question you might ask is how have foreign steel producers been able to capture so much of the American steel market?

We have all heard the accusations aimed at the domestic steel industry, and the adulation that foreign steel producers have received for their efficiency. But I believe our steelworkers and our facilities can compete with those anywhere in the world. So I will tell you how foreign steel producers have been taking our market: Through dumping, and through very heavy direct and indirect government subsidies in blatant violation of U.S. trade laws.

The American steel market is the largest and most open in the world and foreign steel producers know this better than anyone, siphoning off much of our growth, jobs and profitability. Over many years foreign nations have—for internal political reasons—substantially increased, and subsequently maintained, their steelmaking capacity. In order to keep operating rates and employment as high as possible these foreign producers have maximized their export sales selling at any price regardless of production cost or fair value. They have done this through extensive government subsidies in disregard of international trade agreements. The U.S. market and American workers have been the main victims of these practices.

While these unfair trading practices by foreign steel producers were increasing, U.S. trade policy either ignored, or failed to stop them.

The trigger price mechanism which was established to reduce foreign dumping and subsidization has not worked. As soon as a strengthened TPM was reinstated in 1980 at the urging of European steel producers, those same producers again began to disregard it. Such violations of U.S. law cannot be condoned.

I believe there is only one solution left to this problem and that is strict and swift enforcement of our trade laws using every option provided under those laws. Although our Secretary of Commerce, Malcolm Baldrige, has been very active recently in an attempt to stem this dumping problem, I urgently request even stronger action.

Since all relief under the trade law is prospective, there is really no effective disincentive for engaging in illegal trade practices. Another major shortcoming of the existing law is that it may take more than a year to resolve an antidumping case.

A number of measures have been introduced in Congress seeking to strengthen our laws against international trade violations. I know that I am a cosponsor of many of these measures. The legislative activity in this area is a response to a general sense of frustration over our inability to stem the flood of subsidized or dumped foreign products being sold in American markets.

The time is long past when mere verbal assurances of restraint can be accepted. Unfair imports have already done serious injury to the American steel industry. Future jobs, earnings, and our ability to modernize are now in jeopardy. The blatant violation of U.S. trade laws by foreign steel producers requires stronger action by both Congress and the administration.

I sincerely hope that my deep concern about the future viability of the steel industry is shared by the other Members of Congress in order that Congress and the administration can act collectively to end the suffering experienced by workers and communities which rely on a healthy steel industry for their economic well-being.●

NEED FOR CLEANING UP TOXIC SUBSTANCES

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. WIRTH. Mr. Speaker, today's Washington Post ran the following story on the need for cleaning up toxic substances. I hope the House will account for these needs in voting on the final fiscal year 1983 budget.

[From the Washington Post, May 20, 1982]

STATES CAN'T SHOULDER EPA'S CLEANUP LOAD

(By Sandra Sugawara)

There's one small problem with the Environmental Protection Agency's plans to trim its budget by turning some of its programs over to the states.

The states say they can't afford them either.

And, according to a recent survey by the National Governors Association and state environmental officials' groups, many would consider dropping programs—particularly ones designed to control air pollution—rather than accept responsibility for them.

The result, state officials say, could be damaging to many of the major gains for the 1970s in controlling air, water and hazardous waste.

The idea of turning over certain pollution control programs to the states is not new. In fact, under most of the major environmental laws of the 1970s, the federal government was supposed to set the policies, help with enforcement, and then give money to states to help them establish and eventually manage their own programs.

What worries state environmental officials is that EPA, at the same time it is trying to speed up the transfer of responsibility to states, wants to cut by 20 percent the $227.8 million it gives them for environmental programs. The federal money represents about 50 percent of state expenditures on these activities, according to the NGA survey.

State environmental officials note that state budgets are already burdened by other cuts in federal aid, swollen unemployment payments and lagging revenues because of the recession.

In fact, when the Pennsylvania legislature recently wrestled with cuts in spending, one of the largest—$526,000—came out of the budget for its Department of Environmental Resources. The agency had already shut 20 of its 46 environmental enforcement offices, and officials said they have no idea what the new state cuts, let alone the proposed federal reductions, would do.

Environmental officials in Massachusetts expect the state budget for fiscal 1983 to provide a 15 percent increase in their funds, which they intend to use to develop their fledgling controls over hazardous waste, toxic waste and groundwater protection. Still, they anticipate problems.

Anthony Cortese, commissioner of the state's Department of Environmental Quality Engineering, said, "We can't cut back on those [programs]. We're just starting out with them." Cortese said the problem is a major one for the state. In the last three years, 97 hazardous waste sites have been discovered and about 50 remain to be cleaned up. Thirty-one water supplies were found contaminated.

Cortese said a 20 percent cut would hurt air and water programs, particularly issuing permits, monitoring, inspections and enforcement.

The NGA survey found officials in 11 of the 49 states surveyed optimistic that they would be able to make up at least part of the federal cuts in the hazardous waste program; six states, the air program cuts; three states, the water program cuts, and six states, the safe drinking water cuts.

Massachusetts and other states are considering charging users for processing air, water and hazardous waste permits. But some states lack the authority to charge for such services, and in about half of the 19 states that now charge for air quality permits, the money must go into general revenues.

On the other hand, at least 11 states indicated they would be forced to drop their program to prevent the deterioration of areas with air cleaner than the national average. The programs would either have to be picked up by the federal government or eliminated.

Many states say the federal cuts would also force them to lay off employees.

The cuts would also force the closing of 12 air pollution control agencies at the local level, including one in Alexandria, according to William Becker, executive secretary of the State and Territorial Air Pollution Program Administrators. Becker said the activities would be picked up by state authorities, further burdening state resources.

Twenty-seven states predicted that under the cuts it would take industry an average of 24 percent longer to get air permits. They also predicted that it will take longer to process water and hazardous waste permits, although they stressed that estimates are tentative.

The extent to which the states depend on federal assistance varies greatly, according to the survey. California is the least dependent, particularly in the air programs, where federal grants account for only 10 percent of the budget.

In contrast, federal funds account for about three-fourths of the air program budgets in Kansas, Ohio, Nebraska, Utah, New Hampshire and Vermont.

The federal government provides all the funds for hazardous waste disposal programs in Connecticut and Vermont.

Virginia depends on the federal government for 73 percent of its hazardous waste budget, 44 percent of its air budget, 46 percent of its drinking water budget and 21 percent of its clean water budget.

Maryland turns to the federal government for 87 percent of its drinking water budget, 56 percent of its water quality budget and 45 percent of its air quality funds. Maryland charges for some of its permits; Virginia doesn't have that authority.

Brendan Whittaker, Vermont's secretary of environmental conservation, said, "We don't like it. I suppose we can probably live with it. But what really worries me" is the federal government's apparent shift away from an aggressive environmental stance. "We need a strong federal presence" to set the nation's environmental direction.

He believes a forceful federal role discouraging regional inequities and is necessary to solve regional problems like acid rain. "I'm afraid we may be returning to the old days when fugitive industries begin shopping for an easy state to do business in."●

MAJ. GEN. PIERPONT M. HAMILTON

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. LAGOMARSINO. Mr. Speaker, I rise today to pay tribute to one of our country's great military heroes who passed away recently in Santa Barbara, Calif. I refer to Maj. Gen. Pierpont M. Hamilton.

General Hamilton, a direct descendant of Alexander Hamilton and grandson of J. P. Morgan, was the recipient of our Nation's highest award for bravery; the Congressional Medal of Honor, bestowed upon him for his courageous actions in North Africa during World War II. He also held the Legion of Merit and Silver Star Awards, and was presented with the French Legion of Honor Medal, one of the French Republic's highest awards to a foreigner.

A veteran of both World Wars, General Hamilton also served the United Nations as a member of the subcommittee of the Joint Chiefs of Staff, and played a major role in Air Force policymaking and in the affairs of NATO in Europe.

In civilian life General Hamilton devoted much of his energy to community service and civic organizations including Guide Dogs for the Blind, the Order of Lafayette, the Boy's Club, and Community Chest.

And so today, I am pleased to have this opportunity to honor a man who served his country and his community selflessly and admirably.●

DO NOT CUT SOCIAL SECURITY COLA'S

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. OTTINGER. Mr. Speaker, regardless of the way it is dressed up, the effort to cut social security benefits continues. I have introduced a bill that expresses congressional commitment to maintain the cost-of-living adjustments (COLA) for social security recipients. I believe passage of my resolution is more important now than ever.

Senior citizens have already been devastated by cuts in all their necessities—food, rent, health care, and energy assistance. Further cuts would jeopardize the lives of many older Americans. According to a recent study by Data Resources, Inc., the COLA cutbacks would have devastating results for many elderly persons: Up to 1.2 million elderly people would be pushed below the Government's official poverty line by 1985, and 2.1 million by 1990.

Public confidence in the social security system is at an all time low. Seniors around the country are reacting with justifiable fear to the continuing talk of tampering with their COLA. Proposals to cut the cost of living adjustments add to the general public's concern and skepticism about the program and Congress' willingness to provide promised benefits.

I believe we must reduce the deficit, but I do not believe that it should be done at the expense of our seniors, who are already suffering terribly from a wide range of budget cuts

If we are going to make any change in the social security COLA, we should not be capping it; rather, we should act to make it more realistically reflect the true expenses of seniors, particularly the higher proportion of income which they must expend on health care, food, rent, and energy. What we really need is a special Consumer Price Index for the elderly (which, given inflation in medical costs, might result in a higher COLA).

Limiting cost-of-living adjustments for social security recipients would put the burden of inflation on those least able to bear it. I hope that my colleagues will act to send a signal of reassurance to the seniors in their districts by cosponsoring House Concurrent Resolution 298. Time is of the essence.

The Save Our Security coalition, made up of 100 organizations created to protect social security benefits, has come down firmly against "any tampering with automatic COLA's for social security recipients." I submit to you a letter written to me by the chairman of S.O.S., Mr. Wilbur Cohen (former Secretary of HEW).

The text of the letter and the list of cosponsors of House Concurrent Resolution 298 as of May 19 follow:

COALITION TO PROTECT
SOCIAL SECURITY,
Washington, D.C., April 26, 1982.

Hon. RICHARD L. OTTINGER,
U.S. House of Representatives, Washington, D.C.

DEAR DICK: The Save Our Security coalition wholeheartedly endorses H. Con. R. 298, which you have introduced with 54 cosponsors, to express the sense of Congress in opposition to any tampering with social security cost-of-living adjustments. We hope more of your colleagues will join you in this effort.

This action is desirable to prevent a grave injustice to social security recipients and to avoid doing them irreparable economic harm.

The whole purpose of cost-of-living increases is to help insulate beneficiaries from the ravages of inflation. Even at their present level, these adjustments do not make families whole for what they suffer from runaway prices. But they help, and they should not be delayed, modified, reduced or frozen. To do so would be to risk driving thousands of families into poverty.

I understand the Congressional concern about the huge federal deficits contained in the President's budget. We in the coalition share that concern. But it is simply not true that tinkering with social security would make any dent at all in the actual deficit. On paper, yes, it would appear that the budget would be more nearly in balance, but it would be strictly a bit of legislative sleight-of-hand.

Under the law, the money in the social security trust funds can only be used to pay benefits to retirees, the disabled, surviving spouses and dependent children—not to offset soaring costs in other parts of the federal budget. Were the Congress to touch the cost-of-living adjustments, it would be penalizing those who need these benefits for their economic survival; it wouldn't get at the root cause of whatever budgetary problems we have; and it would mislead the general public about the magnitude and nature of the deficit.

One thing more: I know that your resolution addresses only the cost-of-living allowances for social security recipients. I would hope you would not overlook the fact that retired and disabled government employees, their dependents and military pensioners are in the same boat as are social security recipients. We think it would be just as wrong to break the government's promises to these people as it would be to break faith with social security beneficiaries. So we hope you will resist any efforts, from whatever source, that would penalize any of these beneficiary groups.

Again, on behalf of the Save Our Security coalition—more than 100 organizations and some 35 to 40 million adult Americans strong—we commend you for your efforts, we pledge you our full support, and we hope you can convince the majority of your colleagues to support H. Con. Res. 298.

With all good wishes,

Sincerely,

WILBUR J. COHEN,
Chairman.

Cosponsors as of May 19: Mr. Anderson, Mr. Annunzio, Mr. Bailey, Mr. Barnes, Mr. Bingham, Mr. Blanchard, Mr. J. Burton, Mrs. Chisholm. Mr. Clay, Mrs. Collins, Mr. Conyers, Mr. Corrada, Mr. Crockett, Mr. D'Amours. Mr. Dellums, Mr. Dougherty, Mr. Downey, Mr. Dymally, Mr. Eckart, Mr. D. Edwards, Mr. Fascell, Mr. Fauntroy, Mr. Ferraro, Mr. Wm. Ford, Mr. Frank, Mr. Gaydos, Mr. Gray, Mr. Guarini, Mr. Hawkins, Mrs. Heckler, Mr. Hertel, Mr. Jacobs, Mr. Kastenmeier, Mrs. Kennelly, Mr. Kildee, Mr. Lantos, Mr. Leland, Mr. C. Long, Mr. Lowry, Mr. Markey, Mr. Mavroules, Ms. Mikulski, Mr. Mitchell, Mr. P. Mitchell, Mr. Mottl, Mr. A. Murphy, Mr. Nowak, Mr. Oakar, Mr. Oberstar, Mr. Pepper, Mr. Ratchford, Mr. Richmond, Mr. Rodino, Mr. Roe, Mr. Rosenthal, Mr. Roybal, Mr. Savage, Mr. Scheuer, Mrs. Schroeder, Mr. Schumer, Mr. J. Smith, Mrs. Snowe, Mr. Solarz, Mr. Stark, Mr. Sunia, Mr. Traxler, Mr. Vento, Mr. Walgren, Mr. Washington, Mr. Waxman, Mr. Weaver, Mr. Weiss, Mr. D. Young.●

OLDER AMERICANS ACT

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DYSON. Mr. Speaker, it is an honor to join our distinguished colleague, Congressman CLAUDE PEPPER, chairman of the Select Committee on Aging, in sponsoring House Concurrent Resolution 346 expressing the sense of the Congress regarding full funding of the programs as reauthorized under the "Older Americans Act Amendments of 1981."

The Older Americans Act, originally enacted in 1965, is truly one of America's great success stories. Like the Social Security Act, this act is a landmark in our Nation's efforts to assure a life of hope, dignity, and independence for older Americans. Over its 17-year legislative history, this act has been thoughtfully amended to best achieve the original policy goal of improving the lives of older Americans in the areas of income, health, housing, employment, retirement, and community services.

Before the enactment of the Older Americans Act in 1965, there was no one specific vehicle for coordinating the various State and Federal health and social service programs for the elderly. The Older Americans Act changed all that, and has long been considered one of the best designed and operated programs ever enacted by the Congress.

The Older Americans Act and the goals which it embodies will not diminish in significance over time. Indeed, they will only attain greater significance in the years ahead. It is estimated that there are 25 million people aged 65 and older presently living in the United States. By the year 2000, it is estimated that 31.8 million Americans, or 12 percent of the Nation's population, will be over the age of 65. The reauthorization of this act has allowed us to renew our commitment to the elderly who have contributed so much to our Nation.

The programs authorized under the Older Americans Act directly touch the lives of over 10 million older Americans. Nearly every one of these individuals lives on a fixed income and depends solely upon social security for his or her livelihood.

Nearly 3 million older persons participate in nutrition projects funded by the Older Americans Act at more than 12,500 local sites throughout the country. Title V of the act specifically authorizes the Senior Community Service Employment program, which funds 54,200 part-time jobs for persons between the ages of 55 and 80. In Maryland alone this program finances the part-time employment of 800 senior aides. Countless communities and individuals have benefited from the community service work provided by these senior citizens. Beyond these benefits and the dignity of a paycheck, those seniors who are able to remain in the work force continue to contribute to the social security system. For many older Americans, title V and the other programs of the Older Americans Act have provided hope for a self-sufficient and dignified existence, at an age when traditional employment opportunities shrink and self-worth is hinged increasingly on the need to play a useful role in society. This is one of the many real accomplishments of the Older Americans Act.

In this regard, the elimination of the categorical funding for title V and the overall reductions which were sought in the President's budget for fiscal year 1983, are tragically shortsighted and represent a reversal of one of our highest national priorities.

I could go on and on about the importance of funding these programs, but it seems unnecessary to enumerate in detail before this House the tremendous contributions which stem directly from this act; for last year, the Older Americans Act Amendments of 1981 received near-unanimous support in both Houses of the Congress. On December 29, 1981, the President signed this important measure into law. Now the administration is turning its back on this vital program.

This Nation, and this Congress in particular, must never abandon the noble commitment of promoting the continued dignity of its older citizens. This commitment is not an obligation, though in large measure it ought to be. It is a privilege, for a nation reveals itself not only in the men and women it produces, but also in those it remembers and cares for.●

AN EMIGRATION VISA FOR IDA NUDEL

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. GILMAN. Mr. Speaker, I rise to support House Concurrent Resolution 333 which calls on the Soviet Union to grant Ida Nudel a visa permitting her to emigrate to Israel. This would end 11 years of painful frustration which Ida Nudel has endured in seeking permission to leave the Soviet Union to join her sister in Israel.

Ida Nudel's original application was denied on vague and unlikely State security grounds. Later, when she publicly demanded an exit visa, she was condemned to 4 years of Siberian exile. Despite sub-human living conditions in Siberia, her continued optimism and selfless work to aid her fellow prisoners of conscience earned her the name of "Guardian Angel."

In April of this year the beloved and respected Ida Nudel returned to Moscow and renewed her efforts to emigrate. Thus far she has only met with harrassment from the Soviet authorities and a bureaucratic impasse. The Soviet authorities have found an effective way of indefinitely delaying Ida's exit visa by forcing her to report periodically to local police.

The Soviet Union's continued refusal to allow Ida Nudel's emigration deprives her of her basic human rights. It is a flagrant violation of the Helsinki accords, to which the U.S.S.R. is a signatory.

Ida Nudel is now 51 years old. She has a heart condition. She has endured 4 years of deplorable living conditions in Siberia. Yet, over the years, she has demonstrated immense courage and optimism. She has never given up hope that someday she will achieve her dream of joining her only living relative, in Israel.

Accordingly, Mr. Speaker, I join my colleagues in urging the Soviet Union to honor its commitments to the preservation of basic human rights by allowing Ida Nudel to go to Israel.●

ATTITUDES TOWARD SOCIAL SECURITY AND COLAS

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. SHUMWAY. Mr. Speaker, when the National Commission on Social Security reform was established last winter, it was assumed that no substantive action on social security would take place until after the Commission issued its final report at the end of the year. The Commission was to work unmolested by the political pressures and demagoguery which had necessitated its creation in the first place.

Unfortunately, the issues of COLA's and proposed changes in benefits, which have risen to the fore during the budget debates of the past several weeks, undermine the bipartisan nature of the Commission's work, and prey upon the reelection fears of Members, rather than on the long-term good of the trust funds.

The Chamber of Commerce, in conjunction with the Gallup organization, released on May 12 the results of a poll which suggest that Americans' attitudes toward social security and COLA's are based in part on misperceptions, and, second, that social security is not the political football we may believe it to be. I would like to report the results of four questions, and would urge my colleagues to read the entire report for themselves. (The survey involved 1,028 telephone interviews with a national probability sample of the U.S. public, aged 18 and older. The survey was conducted March 22-April 3.)

Both the retired and employed have similar attitudes about "which political party is playing the more responsible role in trying to get social security back onto a more sound financial footing." Thirty percent of all respondents answered that both parties were about equal, 19 percent felt Republicans were playing a more responsible role, and 22 percent felt that the Democrats were. Of the retired (responses of the employed in parentheses), 17 percent (33 percent) felt both parties were about equal, 16 percent (22 percent) thought the Republicans were playing a more responsible role, and 19 percent (22 percent) felt the Democrats were.

Another question illustrates the misinformation surrounding the relationship between COLA's and the Consumer Price Index (CPI). When asked if, in the last couple of years, they thought that "the social security income that people receive has gone up by more than the CPI, less than the CPI, or about the same amount," 57 percent of all respondents thought less than the CPI, 6 percent said by more than the CPI, and 28 percent said by about the same amount. Of the retired (responses of the employed in parentheses), 41 percent (60 percent) said by less than the CPI, 5 percent (7 percent) said by more than the CPI, and 40 percent (27 percent) said by about the same amount.

Further, the public misinterprets discussions about COLA reductions to mean reductions in the dollar amount of social security checks or in the number of persons receiving benefits. Seventeen percent of all respondents interpreted "budget cuts" to mean reducing the number of people who receive checks, 34 percent thought it meant reducing the dollar amount of the checks, and 33 percent thought that it meant that the dollar amount would stay the same. Of the retired (employed responses in parentheses), 15 percent (17 percent) thought it meant reducing the number of beneficiaries, 17 percent (40 percent) thought it meant reducing the dollar amount of the checks, and 38 percent (30 percent) felt it meant that the dollar amount would stay the same.

Most importantly, the results of this poll indicated that changes in social security are not as politically charged as we imagine them to be. Of all respondents, 26 percent would be more likely to vote for a Member of Congress who voted to "freeze social security benefits temporarily at their existing level for 1 year rather than having them rise automatically with the CPI," 34 percent said less likely, and 33 percent said it was not an important issue. Remarkably, the responses for the employed and retired were identical.

This is not to say that Congress has free rein to structure social security however we see fit. However, I believe that we may be basing our reluctance to make long-term decisions on social security based on an imagined, single-minded voting bloc of senior citizens. What we must do is remove the political baggage of the social security debate, explain the origins of the trust funds' impending solvency, and convince the public that any changes are for the good of the trust funds rather than to reduce the Federal deficit. When the Commission completes its report, we must begin work in a responsible and bipartisan fashion. And in the meantime, let us give some credit to the senior citizens for their ability to comprehend the severe problems facing social security, and for their desire to restore the trust funds to solvency.●

SOCIAL SECURITY AND THE BUDGET

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. WORTLEY. Mr. Speaker, I am heartened that the social security issue has been taken out of the budget debate.

I, like many others in this body, was gravely concerned over the wild and irresponsible statements about social security that reverberated throughout the media. Grandstanding and cheap shots are easy. Finding workable and equitable solutions to the financial problems besetting the system require time and hard work. It is easy to point out flaws but much more difficult to come up with the wherewithal that will result in a financially stable program that will continue to meet the needs of the people it serves.

Social security is a successful program. It works because it has broad participation and support. Ninety percent of the American people are either paying into the system or receiving benefits. Social security provides a basic financial floor for the Nation's elderly. If a person pays into the program he can expect to receive old age and survivors benefits. No ifs, ands, or buts. That guarantee is the basic premise behind social security.

Prudence dictates that Congress wait for the recommendations from the special bipartisan Commission on Social Security before contemplating any substantive changes in the program. Social security should not be an issue in our budget deliberations.

Talk of unspecified cuts in the social security program was the height of folly. Older people need to be reassured that they will receive their full cost of living adjustment in July. Younger people need to be reassured that their contributions to social security represent a positive investment in their future.

Let us now begin our debate on the budget so that we can produce a document that correctly reflects our national priorities.

Let us keep our promise to preserve and protect the social security system. It is far too important to become a target for the demagogs. If we can proceed along these lines we will be meeting our responsibility as the peoples' representatives head on. They deserve no less.●

CREATING A CLIMATE FOR PRODUCTIVITY

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. SEIBERLING. Mr. Speaker, it is refreshing to discover a company which recognizes that organizational well-being is difficult to achieve when the well-being of its own employees is ignored. The May issue of Dun's Business Month has an article about how Control Data Corp. has boosted employee productivity by providing personal, health, financial and job counseling, flexible work hours, educational and transportation assistance, and the like. As a result, employee turnover is well below the industry average, and the company saves $10 million a year in reduced medical costs, increased efficiency, and other economies.

Control Data believes that job security will be the big issue in the 1980's, and is looking for ways to insure job security during hard times. I agree that job security will be a major issue in the 1980's, and a bill I have introduced, the Productivity Incentive Act—H.R. 5682—would give the company a way to adjust its total labor costs without laying off workers. Under my bill, a portion of the employee's pay would be received as a bonus, which would be based on the annual profits or growth in productivity, or both, depending on agreement between the employees and employer.

The full text of the article follows these remarks.

[From Dun's Business Month, May 1982]

CREATING A CLIMATE FOR PRODUCTIVITY

(By Lynn Adkins)

To boost productivity, Control Data Corp. has put together a multifaceted program aimed at meeting employee needs. It reports considerable success. Since "productivity" became an industry buzzword in the late 1970s, U.S. companies have experimented with all kinds of techniques to increase the efficiency of workers. Most of these productivity-boosting ideas, though, attempt to mold workers into pre-structured programs based on company needs. Control Data Corp., the Minneapolis computer company, has taken a very different tack—and reports considerable success.

Believing that the responsibility for improving productivity lies with management, not employees, Control Data has set up a system that examines both the personal and on-the-job needs of its employees and then structures programs to meet those needs. Among other things, it has installed a 24-hour advisory hot line for employees and their families, health and financial advisory programs and a program to train the disadvantaged.

These programs have produced some enviable results. Control Data has reduced its employee turnover rate to 13 percent in the last five years, well below the average for American industry. During the same period, its productivity, based on revenue per employee, has risen 46 percent. And Chairman William C. Norris estimated that the hot-line service alone saves the company $10 million a year in reduced medical costs, increased efficiency and other economies.

The Control Data program began in the late 1960's, when Norris decided that the company should create jobs in economically deprived areas. A plant was built in a depressed northern Minneapolis neighborhood, but once hiring began, management quickly discovered that good intentions were not enough. In order to make productive workers out of employees who were preoccupied with day-care, financial and other personal problems, the company's traditional methods of dealing with workers would have to be altered. "We learned that employees don't leave their problems in the parking lot when they report for work," notes David Reed, general manager of the hot-line service. "Those problems vie for their attention on the job."

To deal with the situation, Control Data began its so-called Fair Break program, which offers employees on-the-job training to learn skills and counseling to help them with personal problems. The program is now in place at several plants and has proven to be a valuable tool in slashing turnover, according to Reed. At one plant, the turnover rate fell from 30 percent to 3 percent just two years after it was introduced.

The success of Fair Break convinced management that the productivity of all employees could be enhanced through various programs addressing their personal problems. One of the first and most important was the Employee Advisory Resource, or EAR, hot-line service set up in 1974. Staffed by 26 full and part-time counselors, FAR is used by around 15,000 employees and family members a year, Reed estimates. Approximately 55 percent of the calls deal with personal problems, he says, the rest with job-related ones. Contact between employee and counselor is strictly confidential, and employees need not identify themselves.

EAR not only assists employees, but helps alert the company to trouble spots. For instance, an increase in the number of calls from a particular plant often indicates some problem at that plant. "People call with marital or health problems, and if there are an inordinate number from any one location, that's a signal to us that something—it could be the plant manager—is wrong," Reed says.

Control Data's health program, called StayWell, includes fitness courses and programs to help employees manage stress, stop smoking, lose weight and the like. In addition, group activities such as jogging, exercise, aerobics, and softball are coordinated through the "health managers" at various company locations. "People from different departments and facilities have been able to meet each other through these group activities," says Raymond Rafalik, program manager, "and that fosters better relations between the departments on the job."

The financial advisory program offers employees computer courses on financial planning, as well as free home energy audits and car and van pooling. It also provides information on such things as where to get educational loans and volume discounts on food purchases.

Like many other companies, Control Data allows its employees to work flexible hours as long as they work the same number of hours every day and the work flow is not disrupted. More than 75 percent of its 60,627 employees are on flexitime, and the company considers the results well worth it. Lateness dropped 46 percent and sick leave 16 percent over a two-year period.

In formulating its productivity improvement programs, Control Data has made considerable use of its own computer technology, much of which is designed to solve such problems. The company's PLATO computer-based education courses, for example, are utilized in many ways—from providing on-the-job training for disadvantaged employees to helping disabled workers learn new skills to teaching secretaries how to manage their personal finances. The computer also allows disabled workers, or clerical workers who cannot leave their families, to work from their homes using terminals linked to company offices.

After a decade of experimentation, Control Data is still coming up with new programs. Right now, management is putting together a "justice system" to help solve employee-management disputes that cannot be otherwise resolved. Under the system, an employee complaint will be heard by a board of review composed of two people with similar jobs, an executive who works in a different field and the company ombudsman, who will be a nonvoting member. Reed says the system is expected to speed up the time it takes to resolve disputes and also assure that "the employee point of view is given every reasonable chance to be heard."

Looking ahead, Control Data believes that job security will become a major issue in the 1980s, and Deputy Chairman Norbert R. Berg and other executives are currently studying ways in which the company can provide better job security to employees during economic downturns.

This ongoing approach, Control Data management believes, is the key to any successful productivity-boosting program. "In order to achieve sustainable productivity increases," says Roger G. Wheeler, vice president of the human relations department, "companies must formulate long-term strategic plans in the human relations area much as they do in the financial or marketing areas."●

COOLING INFLATION

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. HUBBARD. Mr. Speaker, Donna Bishop, a student at Morganfield Elementary School in Morganfield, Ky., has written me a well thought-out letter on the problem of inflation and how to deal with it. I believe that Miss Bishop's letter is one which should be shared with my colleagues and I want to do so at this time. The letter follows:

DEAR SIR: My name is Donna Bishop. I am an 11½-year-old student at Morganfield Elementary in Kentucky.

Now, you might think that we children don't know much of what is going on in this world. Well, you're wrong.

I know, as well as many others, that the inflation is getting worse, and food and health problems have become like a disease throughout the world, in addition to many more problems.

Well, I know it won't do much good to ask, but it probably won't hurt.

I am asking you to slow down on the taxes so people can get more food. Also, put some ice on the inflation to cool it down. Thank you for your time.

Thank you,

DONNA BISHOP.●

AN APPEAL TO RESIST EFFORTS TO WEAKEN THE REHABILITATION ACT OF 1973

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. OBERSTAR. Mr. Speaker, the Reagan administration has determined that the section 504 guidelines of the Rehabilitation Act of 1973 need to be revised. I believe the administration is headed in the wrong direction.

The Department of Justice and the Office of Management and Budget have drafted changes to these guidelines which would substantially weaken them and virtually eliminate the hard-fought gains of our disabled citizens over the last 5 years. I commend to my colleagues' attention the following summary analysis of the proposed DOJ agency-wide guidelines for section 504 prepared by the Minnesota State Council for the Handicapped:

Section 504 of the 1973 Rehabilitation Act is a major piece of civil rights legislation for disabled people. Its language is brief and to the point, so its implementation has relied to a great extent on the individual 504 regulations issued by each federal agency. In order to assure that the various agency regulations were similar, the Department of Health, Education and Welfare was given the responsibility of drafting a set of agency-wide guidelines to which all the 504 regulations were to adhere. These guidelines were issued in 1978.

Responsibility for these guidelines was transferred to the Department of Justice (DOJ) in 1981. DOJ is now proposing changes that would substantially weaken the guidelines; this would affect the agency regulations and the status of civil rights for disabled people in this country. The following analysis is based on an unpublished copy of DOJ's proposed 504 guidelines dated January 27, 1982.

According to the statute, section 504 provides protection from discrimination for "otherwise qualified handicapped individuals." Otherwise qualified handicapped individuals are defined in the proposed DOJ guidelines as those who "with reasonable accommodation can perform the essential functions of the job or service in question" and those who "with reasonable accommodation meet the essential eligibility requirements and can achieve the purpose of the program." The proposed definition of reasonable accommodation is therefore critical. Unfortunately, DOJ has explicitly stated that reasonable accommodation "does not include modifications in the fundamental nature of a program or steps that would impose an undue hardship on a recipient or other beneficiaries." Nowhere does DOJ define "fundamental nature" or "undue hardship." Nor does DOJ provide guidelines that would prevent a recipient from claiming that any cost (or perceived cost) for which money is not readily available is an undue hardship. Far too frequently perceived excessive costs and inflated cost estimates have been used as a "red herring" to disguise an unwillingness to grant handicapped Americans their rights and their opportunities. DOJ does nothing to prevent this abuse in its proposed guidelines.

In addition, the reference to "other beneficiaries" in the definition of reasonable accommodation would allow peers of disabled persons (other students, co-workers, etc.) to use stereotypical thinking about disabled persons and to claim that the participation of a person with a disability, in and of itself, would cause an undue hardship. This is inimical to the spirit and intent of the 504 statute.

To make matters worse, DOJ has added a section that outlines a four-step process. Recipients that follow this process will be deemed to be in compliance with the reasonable accommodations requirements. This process requires recipients to provide opportunities for comment regarding reasonable accommodations and modifications that may be needed; to notify others of the comments received; to consider all comments, objections and proposals; and to make a written determination accepting, rejecting or modifying such objections or proposals. Nowhere is the recipient actually required to provide remedy for discrimination. No checks or balances appear in this process to stop a recipient from interpreting the requirements of the law in a manner that is convenient to itself but may not in fact reflect the meaning or intent of 504.

Throughout the proposed guidelines DOJ has also made wording changes that imply that an effects burden of proof (rather than an intent burden of proof) will not be sufficient in discrimination cases brought under 504. Proving intent to discriminate has been virtually impossible to do in courts of law, even in cases where the evidence of the effects of the discrimination is quite strong. This shift is of grave concern for those who seek protection by section 504.

DOJ has also dropped all use of the words "equal" and "as effective as." Thus the proposed 504 guidelines do not explicitly guarantee that qualified handicapped persons must receive opportunities, aids, benefits or services that are equal to and as effective as those provided for others. In addition, disabled persons could be segregated for programs and activities that are not considered "significant" if the proposed DOJ guidelines are not changed.

DOJ is also proposing changes to the basic definition of who is a disabled person covered by section 504. DOJ has dropped all reference to persons with emotional illness (although it has retained reference to mental illness) and to persons whose disability is drug addiction or alcoholism.

On the positive side, DOJ is maintaining that employment discrimination is covered by section 504. DOJ is under pressure, however, from the Office of Management and Budget to drop all reference to employment in the guidelines. It would be a major loss for the disabled community if employment were to be dropped from section 504.

DOJ makes the ATBCB Minimum Guidelines and Requirements for Accessible Design the accessibility standard to be used for compliance in new construction, additions and alterations. However, DOJ exempts from coverage the "design, construction, of alteration of any portion of a building which need not, because of its intended use, be made accessible to or useable by, the public or by physically handicapped persons." Through this exemption, DOJ has allowed the use of stereotyped notions about the "proper place" of disabled persons to determine where disabled persons will be allowed to enter. This exemption overlooks and forecloses employment opportunities for disabled persons in such buildings and it fails to take into consideration future uses of such buildings. Failing to require accessibility in all new buildings also ignores the fact that when accessibility features are designed into a building at the planning stage, the additional cost associated with accessibility is less than 5 percent of the total cost of the building. Accessibility provided later can be much more costly.

DOJ has proposed guidelines for the controversial mass transportation section that appear to address the critical issues and concerns in an even handed manner that provides both local flexibility and safeguards against abuse and discrimination. DOJ has also added a good section on accessibility for historic preservation programs.

The sections for education in the proposed guidelines are exceedingly brief. They neglect to reference key provisions that appear in the current regulations and that need to be referenced if educational rights are not to be substantially diminished.

Under the proposed DOJ guidelines, federal agencies are responsible for issuing "implementing directives, either as regulations or policy guidelines." There does not appear to be any requirement for publication or a public comment period on agency proposals if the agency issues its directives as policy guidelines rather than as regulations. With changes as substantial as those being proposed, it is essential that the public be notified and that it have an opportunity to respond prior to implementation of any new directives.●

REPRESENTATIVE TIMOTHY E. WIRTH ON COALITION BUDGET

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. WIRTH. Mr. Speaker, this has been a difficult winter and spring for those of us in Congress who know that a deadlock on the 1983 budget could have very dangerous consequences for our ailing economy and ultimately for all Americans. But I am more hopeful now than I have been in months that Congress will reach agreement soon on a bipartisan budget.

At this juncture, we have a clear choice. Either we can let the budget debate degenerate into a partisan standoff and keep the Government afloat through continuing resolutions, or we can build a winning coalition and find a reasonable and balanced compromise.

If we allow ourselves to continue down the road of partisan finger pointing, all Americans will be the losers. Recordbreaking budget deficits will keep interest rates at a crippling level and recovery from the recession will be aborted.

That is why those of us here today have instead sought to build a coalition and develop a compromise. Each of us working alone might have drawn up a different budget; the budget we are releasing today represents the product of many hours of working together, realizing there are no easy or magic solutions, and reaching a proposal which we believe will best serve the Nation. We hope it will gain the support of thoughtful Members of both parties. It is the first comprehensive bipartisan budget to be offered during these long months.

We believe it is worthy of support because:

It is fair to all Americans. We believe the American people are willing to make sacrifices for the sake of getting our economy off the rocks, as long as those sacrifices are equitable to all sectors. This proposal does not ask those with the least in our society to sacrifice the most. It rejects cuts in social security and it offers support rather than discouragement to those seeking jobs. It does not ask those who have earned their retirement benefits to see them eroded through inflation, and it restores money to programs critical to our most needy, like the woman, infant, and child feeding program.

It reduces the deficit more than either the House or Senate Budget Committees, or the substitute proposed by the House Republican leadership. Our budget would reduce the amount of Federal Government red ink by $86.25 billion in 1983, by $143.1 billion in 1984, and $194.6 billion in 1985, and provide for deficits of $95.1 billion, $72.2 billion, and $37.5 billion respectively. Such deficit reductions will, we hope, send an important signal to our Nation's financial markets and lead to lower interest rates.

It includes positive initiatives including a package of investments key to solving our Nation's long-term productivity problem. At a time when many of our Nation's economic competitors are eagerly trying to claim our traditional distinction of being the idea capital of the world, these investments in university research and development, graduate fellowships, and upgraded research laboratories are essential to rebuilding a healthy economy for the rest of this decade and beyond. They are critical to restoring our economy's competitiveness in world markets in the eighties and beyond.

It includes funding for the cleanup of hazardous waste sites which now are threatening the health of millions of Americans. Our country generates 43 billion pounds of hazardous waste every year. Under the administration's budget, communities located near active dumps could not be assured of their safety for at least another 15 years, and those endangered by potential Love Canals might have to wait until the end of the century for cleanup to occur. This budget would provide funding for the Environmental Protection Agency to do the job Congress has directed it to perform—to protect the health of millions of Americans.

It includes increased funding for student aid, elementary and secondary education, vocational education, veterans medical care, Middle East peacekeeping, rental rehabilitation, crop insurance, soil conservation, which the coalition believes are also important to the health of our society now and in the future.

The proposal also asks for revenue increases smaller than included in the House Budget Committee proposal. The coalition directs the House Ways and Means Committee to find $29.8 billion in revenue increases in 1983, less than the recommendation of the Budget Committee to increased revenues by $31.7 billion.

It further includes savings in discretionary programs of $2.5 billion in 1983, which more than offsets additional discretionary spending amounting to $1.4 billion in 1983 outlays.

The coalition budget slows the excessive growth of defense spending by $9.4 billion in 1983, compared to the $8.9 billion in the House Budget Committee's proposal. But over 3 years, the coalition plan cuts slightly less in defense increases than the House Budget Committee proposal.

In short, this compromise, which not perfect, represents, I believe, our best hope of passing a budget soon which can help prompt an end to unbearably high interest rates and the deep recession.

I have also submitted for the committee's consideration two elements of the coalition budget which I request be made in order as amendments individually to House Concurrent Resolution 345. The first of these is an important proposal designed to improve our Nation's productivity and strengthen our university research and development capacity. The proposal, funded through the National Science Foundation and other agencies, would: First, provide increased funding for university research and development; second, increase the number of federally funded research fellowships; and third, establish a program to upgrade our Nation's aging university research instrumentation and facilities.

The second amendment is one that is critical to both public health and to protecting our environment. It would provide additional funding for the Environmental Protection Agency's operating budget and for the Superfund hazardous waste cleanup program established by Congress in 1980. Over the past 4 years, through the Superfund legislation and the Resource Conservation and Recovery Act, the Congress has mandated a major new mission for the agency: The management and control of the more than 43 billion pounds of hazardous waste generated annually in the United States. This effort goes virtually unfunded in both the President's budget and under the discretionary spending freeze included in the House Budget Committee proposal. Under these low levels of funding, no more than three to five sites could be cleaned up under Superfund each year. We must make much more rapid progress, and I urge the committee to make this amendment in order.

Thank you for your consideration.●

TIMES ARE TOUGH ALL OVER

HON. DANIEL K. AKAKA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. AKAKA. Mr. Speaker, there is a phrase which all of us have heard uttered countless times recently by various representatives of the current administration. This phrase, used to justify almost any kind of budget cutting and slashing, is: "Times are tough all over."

While I could not agree more with the sentiments of economic desperation expressed by this statement, I strongly oppose using this kind of reasoning to justify a failure to invest in the long-term future of this Nation. I am speaking specfically about the decline in the Federal Government's investment in non-defense-related research and development. The fact is that although the total Federal R. & D. figure is up $3 billion for fiscal year 1983 when compared to the fiscal year 1982 budget, it is also true that the only increases are for the military. It is further true that when Federal R: & D. drops in the civilian sector, so does the incidence of technology transfer and spinoff potential to industry.

Under the new budget, applied R. & D. will be severely cut. Energy conservation programs have virtually disappeared in the Reagan budget. Solar programs have been cut from $257 million to $72 million. NASA's technology transfer program has been eliminated. Funds for the National Science Foundation's engineering and science education programs have been slashed since fiscal year 1981 by a total of $55 million—to bottom out at $15 million in fiscal year 1983.

I am concerned by this decline not because I think it is bad to invest in military R. & D. On the contrary, I think that we must continue to invest in military R. & D. if we are to have every technological advantage we need in the art of warfare. But to invest in military R. & D. to the total exclusion of increased investment in civilian R. & D. constitutes one of the biggest mistakes this administration has ever contemplated making. As a Congress, we must neither condone nor permit this particular brand of shortsightedness. I urge all of my colleagues to bear in mind the fact that investing in civilian R. & D. is one of the smartest things that we in this country can do to insure our long-term economic health and our ensuing ability to compete successfully in the international marketplace. If we want to continue our tradition of technological superiority, then we must continue to invest substantially in civilian R. & D. If we fail to do so, then we have only ourselves to blame for future weaknesses in our technology base.

I ask that an article from High Technology magazine entitled "Fiscal Year 1983 Budget Dramatically Shifts R. & D. Funding" be inserted in the RECORD immediately following my remarks.

FISCAL YEAR 1983 DRAMATICALLY SHIFTS R. & D. FUNDING

Money talks, and President Reagan's budget for fiscal 1983 eloquently states his shifts in priorities from previous administrations.

Of the total $43 billion requested for R&D in FY83, some 61 percent consists of $24.25 billion for the military and $1.7 billion for nuclear weapons R&D at the Energy Research and Technology Administration. Although the total federal R&D figure is up $3 billion from FY82, the only increases are for the military. This includes a new version of the B-1 bomber (B-1B), the MX missile, a new Trident II sublaunched missile, and Stealth technology, as well as basic research, which will rise to $828 million from $694 million this year. The $4.3 billion requested for DOD's Technology Base and Advanced Technology Development Activities includes projects on lasers, very high speed integrated circuits, materials development (lightweight and radar-foiling), information processing and computer languages, sensors, guided munitions, electronic devices, and behavorial research.

Basic research will get a 9-percent boost, with heavy emphasis on the phsical sciences and engineering. Much of the $5.8 billion total will be spent at universities, according to Douglas Pewitt, assistant director for general science in the Office of Science and Technology Policy.

"Although we do not make policy on the basis of institutions," says Pewitt, "we urge the agencies to recognize the tie to education in research." As a result, universities can actually come out of this budget "with a few more dollars of purchasing power than they started the year with."

Applied R&D, by contrast, will be severely cut under the new budget. Requests for solar and renewable energy R&D have been limited to $83 million, and conservation programs have virtually disappeared in the Reagan budget. Solar programs alone have been cut from $257 million to $72 million. NASA's technology transfer program will be eliminated, saving $5 million, and a 61-percent cut has been applied to the National Technical Information Service, which provides data on federal R&D and patents; user fees will rise as a result. Costs will also rise for users of data from LANDSAT environmental satellites, where the administration is attempting to recover operating costs.

Although the increases in funding should spur technological progress in military-related industries, critics raise two objections.

It is not clear, some congressmen argue, that increased technological sophistication is the key to national security. Over the past year, a number of Congressional hearings have highlighted poor performance of sophisticated weapons systems under battlefield conditions. One example: After two decades of development the M-1 tank must be redesigned before it can go into production.

Critics also question the wisdom of increasing defense-related R&D at the expense of civilian-sector programs. The $16.8-billion request for civilian-sector R&D matches FY82 levels, but it will buy less due to inflation. Federal R&D funds should help stimulate productivity and new product development in a time of recession, say critics, while simultaneously meeting federal needs. They cite the weakness of the U.S. consumer electronics industry versus overseas competitors, and point out that military R&D is increasingly specialized and therefore not easily transferable to commercial uses.

Congress will challenge the R&D budget and will likely increase requests for such perennial favorites as the National Institutes of Health, Agriculture Department, and National Science Foundation (NSF). Democratic priorities include human resource development, basic research, innovation, energy conservation, and renewable resources. Still, faced with a deficit in the $100-million range, Congress is unlikely to raise the total R&D figure.

Both universities and industry have expressed concern over what reduced funding—especially for grants, fellowships, and direct support of education—will do to exacerbate the already severe shortage in technology manpower. NSF's funds for science and engineering education, for example, have dropped from $70 million in FY81 to $20.9 million this year and are slated to drop further to $15 million in FY83. The problem is made even more severe because high private sector salaries are luring engineers away from teaching to the point where there are an estimated 2000 unfilled engineering faculty positions in universities nationwide. D. Allan Bromley, chairman of the American Association for the Advancement of Science, likens the consumption of engineering faculty by industry to "eating our seed corn."

The R&D community is also disturbed by the declining quality of instrumentation. Universities perform half of the nation's basic R&D, but their obsolete equipment is hampering both research and education, critics charge. A $75-million NSF reinstrumentation program, set to begin in FY82 under the Carter pro forma budget, was scratched by President Reagan. In surveys by NSF and the American Association of Universities, equipment and instrumentation in universities was found to be twice as old as that in industry, according to congressional testimony by Edward J. Bloustein, president of Rutgers University.

Times are tough all over, the administration has replied to its critics. "We cannot realistically expect to accelerate spending for R&D in a period of fiscal austerity," says George A Keyworth, director of the President's Office of Science and Technology Policy. Keyworth adds that as the economy improves, so will the outlook for R&D funding.

In addition, the administration explains that cuts in corporate and individual taxes, new depreciation schedules for equipment, tax credits for R&D and for donation of equipment to universities, along with regulatory reform, should help offset cuts in R&D. Unshackled, industry should be spurred to invest more in both university and private R&D, hence there will be more money for capital improvements, according to White House spokesmen.

High interest rates and continuing inflation, however, both serve to offset the effects of new tax policies. A recent assessment done by General Electric suggests that the effect of the tax credits in spurring industry support of university-based R&D will be "negligible."

Recent haggling between small business and universities over government set-asides, along with the feeling among university researchers that industry is unwilling to fund long-term, high-risk research, suggest that the budget cuts and ensuing competition for dwindling funds may strain industry-university relationships even further.

SMALL BUSINESS FAILURES: A KEY INDICATOR OF THE DEEPENING RECESSION

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. OBERSTAR. Mr. Speaker, if the current bankruptcy rate of small businesses continues to increase, it will surpass the rate at the rock bottom of the Great Depression in 1933 when it hit 100 per 10,000 businesses. Because of its predominance in our Nation's economy, small business will, in a major way, determine the extent of our Nation's economic recovery.

Despite its dominant role in our economy, the small business sector is the first and hardest hit during periods of slowed economic growth. This situation is compounded by the Reagan administration's policy toward small business. Deficits of $100, $125, and $150 billion or even higher will force small businesses out of the credit market as Government consumes approximately 22 percent of the lendable funds available in the United States and big business eats up a lion's share of the rest.

The administration's economic policies overwhelming favor large corporations over small business. Accelerated depreciation and investment tax credits for the purchase of capital assets provide maximum benefits to large corporations while at best only minimum benefits to small business. Small businesses do not have the capital and diversified interests which are now required to obtain loans under the tightened credit market, and even if they could, they cannot afford to pay the exorbitant interest rates.

We simply cannot allow a main portion of a sector of our economy which employs nearly half our Nation's work force and accounts for nearly half the gross national product in the private sector to go bankrupt.●

SOCIAL SECURITY'S WOES

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. DERWINSKI. Mr. Speaker, The Chicago Sun-Times of May 18 edi-

torialized in three related editorials on the budget debate over social security outlays. There seems to be more misinformation than accurate reports on the subject of social security, and most of it emanates from Washington. I wish to insert these editorials as I believe they express especially timely and practical recommendations. They follow for the Members' attention:

SOCIAL SECURITY'S WOES

Democrats, with help from some Republicans, may defeat a Senate GOP proposal to save $40 billion in Social Security outlays over three years. Both sides really would rather keep Social Security out of this week's fight to cut President Reagan's economy-crippling budget deficits.

But can they? Says economist Rudolph G. Penner of the conservative American Enterprise Institute:

We face the "unpleasant fact that defense, Social Security and net interest outlays compose almost 60 percent of the 1982 budget."

Said Penner, "Without [cuts] in defense and Social Security, prospects for controlling total spending in the long run look bleak."

Right. Yet the notion is confusing, too, because Social Security is a self-supporting entity, funded by payroll taxes. In that sense, it has no business being in the budget.

But because it is a massive and ever-greater chunk of total government spending, Social Security worries financial experts who see rising budget dificits blocking an economic recovery. And its ever-heftier payroll taxes can create the same drag on the economy as raising income taxes.

Holding down *excessive growth* in entitlement programs—including Social Security, Medicaid and government pensions—can help the economy. Look at a growth comparison:

Proposed increases in Social Security for 1983 from 1982 total nearly $19 billion. The jump alone almost equals spending plans for all food stamps ($12.6 billion) and all Aid to Families with Dependent Children ($7.2 billion) *added together*.

Such unsustainable growth didn't begin with Reagan. Former Commerce Secretary Peter G. Peterson notes that for 15 years entitlement payments have increased at an annual rate of 15.4 percent. How many companies, he asks, boast such growth? Growth in entitlements doubles the annual rate of increase for all other non-defense programs.

As Peterson says, the average Social Security benefit grew 30 percent in real terms during the 1970s, while the real after-tax wages of workers declined nearly 10 percent.

Why? The answers suggest the remedies.

SHOW WHERE TO MAKE CHANGES

Annual increases paid to Social Security recipients are tied to the Consumer Price Index. Benefits rise to help retirees keep pace with inflation. But that worthy goal has been distorted because the CPI has overstated inflation rates by overemphasizing mortgages.

One short-term solution is obvious: Revise the law to end 100 percent CPI indexing. As the Congressional Budget Office notes, lowering increases to 85 percent of the CPI could save nearly $44 billion in five years. Give annual increases when costs rise, but don't let the payment exceed inflation rates.

We reluctantly agree that, because of overcompensation in the past, this year's cost-of-living increases could be put on ice—especially if inflation rates dip further. A freeze on increases won't cut basic benefits. And it can ease the need for harsh cutbacks later.

But it would violate the social contract to cut benefits sharply now. And there's no need to do so. The basic problems are long-term.

One of the costliest is the Social Security benefit structure, which is geared to give each year's crop of retirees more spending power than people who retired the previous year. In 1970, the typical Social Security benefits paid to a married retiree and dependent spouse equaled about 60 percent of the worker's last take-home pay. Now those payments are about 90 percent. That's unfair.

As our chart shows, Social Security outlays of only $29 billion 12 years ago are expected to reach $173.5 billion in fiscal 1983.

Congress should consider gradually advancing retirement ages as people work longer. Economist Geoffrey H. Moore of Rutgers University's Center for International Business Cycle Research also has a proposal to streamline the way cost-of-living increases are figured. It would have saved $4 billion this year.

Yet even changes to save Social Security can't come without bipartisan support. The political reality is harsh: To merely mention revising the system brings instant abuse from fearful elderly voters—a potent bloc.

Able members of both parties agree that changes must come. And the sooner they do, the less painful they'll be.

Reagan should throw his support to specific ideas like those mentioned here. Instead, he is even waffling on the Senate GOP plan that he endorsed earlier. Limp leadership is no way to put Social Security in order.

AND WHAT NOT TO DO

A presidential commission led by former President Ford's chief economist Alan Greenspan is studying Social Security reforms. We hope its report *will not* recommend:

Dipping into general revenues to fund Social Security. That non-remedy would kick budget deficits much higher or force higher income taxes and inhibit economic recovery.

Raising the Social Security tax. That hits workers and employers, imposing greater drag on an already struggling economy.

Tying benefits to need, which would corrupt the principle of Social Security and inspire a backlash that could kill the program.

As an equitable alternative, Congress could tax Social Security benefits as other pension income is taxed. High-income recipients could afford it. Low-income retirees normally pay no income tax and would not be affected.

As shown earlier in this series, top economists choose the path of reduced deficits to escape the wilderness of recession. But little is left to cut from already bleeding programs for the poor. Wisdom and fairness demand reforms in indexed entitlements.

Given the massive size of the entitlements system, small changes produce big savings. But getting the job done requires bipartisan political cooperation—and courage.●

OMB GIMMICKRY THREATENS FERC BUDGET

HON. RICHARD OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● **Mr. OTTINGER.** Mr. Speaker, I would like to bring to the attention of my colleagues a serious case of budget gimmickry by the Office of Management and Budget which threatens to close down the operations of the Federal Energy Regulatory Commission.

My concerns on this matter are shared by FERC Chairman C. M. Butler III, who wrote to me.

> The consequences [of the OMB actions] would be that at times throughout the year, the Commission would be unable to meet its obligations, and hence unable to operate.

And conceded that there is a dispute between FERC and OMB, over the OMB approach.

At issue is some novel budget gimmickry by which OMB hopes to hide the FERC budget by showing a net appropriation, rather than a gross appropriation. For reasons known only to OMB, it seeks to permit FERC to retain its fees—estimated optimistically at $60 million—rather than to deposit the fees in the Treasury, as other agencies do. Thus, according to OMB, they are at present scoring this net budget authority at $32.5 million, rather than $92.5 million.

FERC recognized the dangers of this approach, and on March 25, 1982, Chairman Butler expressed his concerns to OMB Director Stockman. Although OMB then changed the language of its budget request, FERC still did not find its budget secure. Recognizing that its budget continues to be "scored" at $32.5 million, Chairman Butler believes that FERC might be "unable to operate."

Chairman Butler is correct in this concern. As long as OMB continues to pretend that the FERC budget is $32.5 million, FERC may likely get only that amount.

The administration must stop playing games with the budget. Until OMB heeds the advice of FERC and the Congress to play straight with the figures, the FERC budget is in jeopardy.

I in no way wish to suggest that the entire FERC budget is justified. However, it must be considered on its merits, not on the basis of gimmicks.

I stand prepared, as chairman of the Energy Conservation and Power Subcommittee, to consider the administration's proposed legislation on FERC charges. In fact, the subcommittee staff and the GAO are currently reviewing the issue. However, I will not consider the proposal until the administration stops playing hide and seek with budget numbers. The issue is far too important to permit such shenanigans.●

TELECOMMUNICATIONS TECHNOLOGY GROWING IN ILLINOIS

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. CORCORAN. Mr. Speaker, an important use of high-technology products is in telecommunications. In my own State, the first application in the United States of such a product—in telephone switching—was made. The device was largely developed, designed, manufactured and implemented in Illinois.

All Members are aware of the economic benefits which stem from domestic high-technology production facilities. I am pleased that so much of this new technology was and is produced and made in Illinois by Illinoisans. As the House considers telecommunications legislation, we must be careful not to unduly hinder the advancement of high-technology businesses in our country.

I ask, Mr. Speaker, that two articles on this new switching system be printed in the RECORD at this point, to illustrate the achievements it embodies.

The articles follow:

[From the Chicago Sun-Times, Mar. 26, 1982]

BELL'S BIG SWITCH PUTS SENECA ON MAP

(By Linda Brenner-Stulberg)

The rural town of Seneca, Ill., 80 miles southwest of Chicago, was put on the map of telecommunications milestones at midnight Thursday when Illinois Bell technicians activated the first of a new generation of Bell digital switching systems.

Referred to as the No. 5 ESS (electronic switching system), the advanced technology is a call processing system that converts voice patterns into digital computer pulses and then replicates the voice on the receiving end. It incorporates microprocessors, fiber optics and large-scale integrated circuitry to take any kind of information—voice, pictures, computer data—and route it quickly and efficiently to its destination.

The system replaces a vintage electro-mechanical switching system installed in Seneca in 1954. Customers in Seneca initially will notice little difference in their phone service, except that they must now use seven-digit phone numbers. Bell System announcements will be computer-synthesized rather than recorded, the result of bubble memory developed by the Bell Labs.

In a short while, however, Seneca phone users will join their metropolitan counterparts who now have the ability to call forward, speed dial and call conference—add a third or fourth party to a conversation already in progress.

Over time, the network will bring video teleconferencing services, electronic messages, banking and financial services into customers' homes at the strokes of a few computer keys.

Seneca, with a population of under 1,800, becomes the first of the nation's Bell central offices to go on-line with No. 5 ESS.

Currently, there are 10,000 local switching systems serving about 85 million customer lines. By the end of the decade, Bell projects 20 percent of some 100 million lines will be routed through a No. 5 ESS. By 1984, Bell plans to be shipping out one new system daily.

Ultimately, the Seneca installation will become a remove switching unit, which will serve as a switching office from the host unit in Morris that will control the No. 5 ESS.

The system was manufactured by the Western Electric's Northern Illinois Works in Lisle and cost $644,000 to install.

[From the Bell System's Network News, May-June, 1982]

SENECA GOES HIGH TECH

(By Nancy Hwastecki)

The Information Age moved into Seneca, Illinois, on March 25 in the form of the first generation of a new Bell System local call-processing system. And the No. 5 Electronic Switching System, as the machine is called, drew attention from the media as well as American and international telecommunications experts

In fact, this spring the interest continues with two British telecommunications managers being the latest visitors to make the trip to Seneca, a town of 2,100 people (with 1,326 telephone lines) between Morris and Ottawa.

Why all the excitement?

Telephone Engineer & Management perhaps summarized the event best: "It is important to the Bell System because it is Western Electric's first digital end office, and thus marks their entry into the digital derby. And it is important to the total industry because it, through its systems philosophy and its architecture, is a harbinger of things to come.

* * * * *

Initially, the No. 5 will be introduced in U.S. rural and suburban areas. Western Electric expects shipments of this switch to reach one a day by 1984. Currently, there are 10,000 local switching systems serving about 85 million customer lines. By the end of the decade, 20 percent of some 100 million lines will be routed through No. 5 ESS.

Illinois Bell plans to put a second No. 5 on stream next year in Sugar Grove, a western suburb of Chicago. This will be the first multi-module application of the No. 5 ESS.

The call processing rate in the No. 5 is twice the speed of the Bell System's next fastest switch and 16 times faster than most switches currently used.

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IMMIGRATION REFORM AND CONTROL ACT OF 1982

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. MAZZOLI. Mr. Speaker, I am pleased to report to my colleagues that yesterday the Subcommittee on Immigration, Refugees, and International Law unanimously reported out favorably the Immigration Reform and Control Act of 1982.

This is an historic step. I want to thank my six devoted, diligent subcommittee colleagues for their untiring efforts in supporting the passage of this milestone legislation.

Congressman HAM FISH, the ranking member, and Congressmen SAM HALL, BARNEY FRANK, GEORGE CROCKETT, DAN LUNGREN, AND BILL MCCOLLUM deserve high praise for their professional labors and my sincere thanks for having been so supportive of their chairman along the way.

The bill emerged from the subcommittee markup as it had gone in, namely, a fair and balanced approach to immigration reform. In the words of the New York Times, it is not nativist, it is not racist, it is not mean.

Since amendments to the bill were adopted, the subcommittee decided to introduce a clean bill for full Judiciary Committee consideration.

When that clean bill is introduced, I will provide a summary of it for my colleagues so that they can continue to follow this important matter—and cosponsor it if that is their desire.

Once again, I want to thank and commend my subcommittee colleagues for their excellent work. They have done the American people a great service by passing this bill. I look forward to speedy consideration of it by the full Judiciary Committee.●

THE 25TH ANNIVERSARY OF STATION WBCB

HON. JAMES K. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. JAMES K. COYNE of Pennsylvania. Mr. Speaker, WBCB Radio of Levittown, Pa. is celebrating their 25th anniversary this year. WBCB, referred to as "We're Bucks County's Best," is dedicated to providing the utmost in service to their community.

The station frequently provides a critical link to the public in a emergency situation, such as an urgent need for blood or for food or clothing for the victims of floods or fires. WBCB promotes community fundraising activities; sponsors a Christmas food, clothing, and toy drive; reports local news, weather, sports, and traffic; provides for listener input on public issues on a daily call-in show; and carries a number of features aimed to keep their community informed, in addition to providing varied, entertaining programing.

I am very proud to have such a civic-minded and conscientious radio station in the Eighth District in Pennsylvania. I want to commend WBCB for all their hard work over the past 25 years and wish them continued success in the future.●

AZOREAN HERITAGE WEEK

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mrs. HECKLER. Mr. Speaker, today I have introduced a resolution declaring the week of June 7-13, 1982, to be Azorean Heritage Week, to commemorate Azorean contributions to our American society and to foster an appreciation of the culture, history, and traditions of the Azorean community.

This week of June 7-13 is a particularly significant because the Government of Portugal has declared this same week to be "Portuguese Communities Week" while the Commonwealth of Massachusetts has set aside June 10 as "Portugal Day."

The islands of the Azores, located in the Atlantic Ocean, are a part of Portugal. First discovered by Portugal in the 1400's, they were settled by Portuguese and Flemish farmers. Throughout their history, the islands have provided a strategically located stopping place for ocean travelers. Christopher Columbus made his first stop in the Azores on his voyage of discovery to the New World. The whaling ships of New England stopped in the Azores on their great swings around the Atlantic Ocean in pursuit of whales. The location of the Azores has not lost any of its importance in today's air age. Five thousand Americans—from the Navy and the Air Force—are currently stationed at a large U.S. airbase, Lajes, on the island of Terceira. This base is a valuable asset and underscores the good relationship between our Nation and Portugal.

Azoreans first came to the United States in great numbers during the early 1800's as whalers, most of them settling in southeastern Massachusetts. Later groups of immigrants have found employment in the textile mills of New England and the fertile farms of the San Joaquin Valley of California. More recently, refugees from the tragedies of volcanic eruption and earthquake have come to the United States from the Azores.

While striving to maintain a strong cultural identity and heritage, Americans of Azorean descent are dedicated to their new country—new immigrants seek to become citizens and registered voters as soon as possible. Many Azorean civic organizations hold citizenship classes, designed to instruct new arrivals. The strong family ties found within the Azorean community insure that these new citizens can preserve their cultural heritage while joining the mainstream of American society.

Today there are approximately 3 million people of Portuguese descent living in America. A very great number of these are from the islands of the Azores. Let us establish this heritage week in honor of this group of Azorean Americans in order to promote the unity of our Nation, which is made up of citizens from so many different backgrounds.●

BOB MURPHY—OUTSTANDING EDUCATOR

HON. CLAIR W. BURGENER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. BURGENER. Mr. Speaker, one of San Diego County's outstanding educators will soon retire, and I would like to take this opportunity to salute his exemplary service to his community.

After 33 years of distinguished service, Mr. Bob Murphy will soon be stepping down as superintendent of the Fallbrook Union School District.

After graduating from Ball State University, Bob began his career as an educator in Fallbrook in 1949 as a junior high school teacher.

After just 2 years, Bob became business manager of the district and capably dealt with the financial problems any rapidly expanding school system experiences.

In 1961, his administrative talents were further recognized and Bob was named assistant superintendent, and for the past 5 years, Bob has led the Fallbrook Union School District during a critical time as superintendent.

I have worked closely with Bob Murphy over the years, and he has been a forceful leader for quality public education. He has presided over a school system which once served only a small rural community through its transformation into a burgeoning district which educated children from all walks of life and every economic station. And Bob Murphy has handled all the "growing pains" in a superb fashion.

Mr. Speaker, Bob Murphy has represented the best in public education and over the years established himself as one of those "pillars of the community" that we find all too rarely these days. He will be missed, I know, by the students, parents, and his many friends in the Fallbrook Union School District.●

A STRONG VOLUNTEER MILITARY

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. PAUL. Mr. Speaker, despite the doomsday predictions of its opponents, the All-Volunteer Force is now acknowledged as a success. Enlistment and retention rates for soldiers and officers alike are up significantly in all forces; indeed, goals have been exceeded in every branch of the service for 2 years now.

Moreover, the quality of the volunteers is higher than ever—and much higher than the quality of draftees was. In intelligence and education, our volunteer soldiers are exceeding all requirements even as the requirements themselves are being raised. In fact, our recruits actually exceed the level of education and intelligence of the population at large. Our reserves are also being strengthened by the volunteer force.

The AVF is working, and working well.

I'm sure this comes as a blow to those who warned so fiercely of the near-certain doom that lay ahead when we abandoned the military draft in favor of a volunteer force. Proponents of the draft spared no effort or elocution in their claims that a strong national defense could not be mounted voluntarily. Even in the wake of the AVF's success, the shrill cries are continuing.

But now, with the days of the draft behind, we face a new threat to our privacy and freedom. Through a provision passed last year by this Congress, the Federal Government now has the right to compile and enter in a central computer every detail of our young people's lives, and to use this information in a coordinated effort to track them down and sniff out any possible draft registration violators. According to Gen. Thomas Turnage, the Director of Selective Service, work is underway to compile a massive Federal databank to keep track of every one of our young men. Even now, social security numbers are busily being entered into the Government's computer, with driver's license numbers, high school graduation lists, and other personal information scheduled to follow. This is a direct violation of the Privacy Act, and an assault on the freedom we all cherish as Americans.

Use of the social security number, for example, was to have been confined strictly to the administration of that one program. Yet it is rapidly being transmogrified into a national citizen identification number. And there is talk of the Government setting up a new national databank to keep track of all Americans.

Even if we needed to register our young men for reasons of national defense, it would still be wrong to maintain computer files on them. But with the proven success of our volunteer military, all of this is unnecessary. There is no legitimate reason for the Federal Government to cross-reference and keep computerized tabs on our young men.

The security of our Nation from outside threats is provided for through a strong voluntary military. But the security of our Nation from threats from within is surely no less important. The very existence of a national computerized databank on the private lives of our citizens presents the gravest threat to our freedom. We must put an end to this Federal information-gathering, forbid the Government to violate our right to privacy, and—finally—wipe the computers clean.

The AVF is doing its job, providing well-qualified soldiers for our Nation's defense. By ending the practice of Government computer surveillance, we can insure that there will always be freedom to defend.●

SAC DOING GREAT JOB, GUAM VISITORS FIND

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. WON PAT. Mr. Speaker, recently a number of distinguished visitors from Guam had a unique opportunity to tour the Strategic Air Command Headquarters in Offutt Air Force Base, Nebr., and other facilities, as guests of the Strategic Air Command. I was also privileged to attend the briefings at SAC along with my administrative assistant, George Eustaquio, and I can report to my colleagues that this was one of the most informative and interesting visits I have ever made to a U.S. military installation and highly recommend it to all of my colleagues who are concerned about the role of SAC in our defense network.

In turn, the outstanding staff of SAC made a number of new friends from Guam and in turn learned a number of interesting facts about their fellow Americans in Guam, which is also the location of an important SAC base—Andersen Air Force Base.

Let me make it quite clear from the outset that this inspection trip was a hectic one for every person concerned. We were up from the crack of dawn and went to bed a lot later than we were normally used to doing.

We led off at Offutt with a briefing on the role of SAC, followed by briefings for the next 48 hours on Soviet military capabilities, command control, and a tour of the headquarters of SAC, a tour of the SAC airborne command post aircraft, a personnel briefing, a briefing about the 544 Strategic Intelligence Wing, discussions about strategic nuclear balance and the air-launched cruise missile, a review of the B-1B bomber and the MX missile program, followed by a lengthy analysis of numerous other strategic operations.

The hard work was worth it, however, for all involved. We learned a lot and went home with a much better understanding of the hard work our SAC personnel are doing to keep this country safe and at peace.

I am equally certain that the SAC guests from Guam went home equally excited by their wonderful experience. We on Guam have long lived with a SAC base in our island, but few have really known the total importance of the SAC mission. Now, they know, and with this knowledge goes increased understanding and support in the local community for the SAC mission.

Included in the Guam contingent were 12 island commissioners, 3 members of our local legislature, a member of our judiciary, and representatives of the press and business community.

They were accompanied by officials from Okinawa, who also were given the tour. It should be noted that while those attending the tour of Offutt and other SAC facilities were provided free air transportation by SAC, these individuals did pay in full for all meals, lodging, and related assistance. Thus, costs to the taxpayers was kept at an absolute minimum in terms of public relations and good will. I will also add that these officials made the trip of Omaha at great personal expense and sacrifice of their time.

The Guam delegation was headed by speaker of the legislature, Thomas V. Tanaka. Other distinguished visitors included Senators Edward T. Duenas, Madeleine Z. Bordallo, the Honorable Paul J. Abbate, presiding judge, Superior Court of Guam, Mr. Joe Murphy, Pacific Daily News, Mr. Lee Webber, Pacific Daily News, Mr. Vicente C. Bernardo, commissioner of Yona, Alfred C. Dungca, assistant commissioner of Tamuning, Nicolas D. Francisco, president of the commissioners' council and commissioner of Mangilao, Daniel L. Guerrero, commissioner of Asan-Maina, Frank N. Lizama, commissioner of Sinajana, Juan N. Perez, commissioner of Santa Rita, Frank M. Portusach, commissioner of Agana Heights, Patricia S. Quinata, secretary of the Guam Commissioners' Council and assistant commissioner of Dededo, Daniel F. Sablan, assistant commissioner of Sinajana, Mr. Raymond S. Laguana, commissioner of Barrigada, Mr. Albert T. Topasna, commissioner of Umatac, Mr. David G. Blas, commissioner of Yigo, Mr. Nieves F. Sablan, commissioner of Piti, Mr. Drew Kaye, Government of Guam, Manuel L. Jose, businessman, W. George Bourland, businessman, Mrs. Tina Perez, businesswoman, Allen Pickens of Peat, Marwick & Mitchell, Leo Slotnick, businessman, and the Reverend Jordan B. Peck, Jr., archdeacon, St. John's Episcopal Church.

Needless to say, making such a trip the total success it was, took the labor of many individuals within SAC—too many to list here, unfortunately. But I would like to commend a special few who did so much, including Gen. Bennie L. Davis, commander in chief, SAC, Lt. Gen. George D. Miller, vice commander in chief, Maj. Gen. Andrew Pringle, Jr., SAC, Maj. Gen. Louis C. Buckman, SAC, and Maj. Gen. Stanley C. Beck, commander, Andersen Air Force Base, Guam, Capt. Herndon A. Oliver III, USN, Maj. Warren Weaver, protocol, 2d Lt. Michael D. Baker—PAO.

Both Maj. Gen. Andrew Pringle and Louis Buckman had served as commander, 3d Air Division at Andersen. During their respective tours they both made friends for themselves and the U.S. Air Force.●

THE EXPORT TRADING COMPANIES ACT

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. FOLEY. Mr. Speaker, I would like to express my strong support for H.R. 1799, The Export Trading Companies Act, which was introduced by my colleague from Washington, Mr. BONKER.

This important legislation will give American business a significant tool to compete more effectively in the world market. Right now, many small- and medium-size companies produce goods and services that would be competitive overseas, but which they are unable to export due to a lack of knowledge of the world market as well as a lack of sufficient capital to economically sell their products.

By encouraging the formation of trade intermediaries through the establishment of export trading companies, these smaller firms could draw on a knowledge of the foreign marketplace offered by trade experts, and could realize the economies of scale that the trading companies can offer through collective ventures. By expanding exports in these smaller firms we could create a significant increase in new American jobs and a significant decrease in our high balance of trade deficit.

This week the Judiciary and Banking Committees are both taking major steps toward bringing the export trading companies bill to the House floor. The Foreign Affairs Committee has already completed work on this measure. I wish to commend the members from all three committees for their thoughtful and diligent efforts on this important measure.

Passage of this legislation would be a significant step toward increasing American exports. It is a proven concept being employed by our trading partners. As a cosponsor of this measure I urge my colleagues to join me in supporting H.R. 1799, The Export Trading Companies Act, and seeking its expeditious passage.●

CRISIS IN EDUCATION

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. FORD of Michigan. Mr. Speaker, I rise today on a matter of great concern to me and the residents in my congressional district in the Woodhaven School District in Michigan. During the last few months, the national media has focused attention on the fiscal dilemma of Michigan school districts, our State educational system as a whole, and the plight of the school children who may soon be left out in the educational cold.

While the potential closing of schools is a situation my constituents and I are very distressed about, it could very well arise in each and every Member's congressional district. The schools of the Nation are in desperate financial trouble. Some local school districts are facing more difficult situations than others. But unfortunately, my home State of Michigan and its schools are suffering under the absolute worst economic conditions in the country.

The citizens of Woodhaven have gone to the polls three times to vote on increased millage to support their schools, and each time, out of absolute desperation, they have rejected the millage. I believe that, to a great extent, my constituents have rejected these millages because the school tax is the only tax which is put before them for an up or down vote. With it, they can express their current attitude on their economic situation.

Mr. Speaker, I make these comments as a warning to my colleagues to make them aware of the challenges before our system of public school financing.

I would like to point out that there are a number of false assumptions being made about the crisis which has beset the Woodhaven School District. The first—and the most widely held—is that in some fashion, the State can take over the schools and the funding for them. I would like to set the record straight. There is absolutely no provision under State law which permits a financial takeover of a local school district by the State, and even if there were, the State is not in any position financially to do so. While President Reagan has not declared that the Nation is in a recession, Michigan is suffering from a depression. Not meaning to bring humor into what I see as a very serious situation, the old, worn story about when the Nation's economy has a cold, Michigan suffers from pneumonia, certainly applies in 1982.

Under the State's constitution, Michigan is required to balance its budget annually. Because the economic predictions of the Governor, the legislature, the department of management and budget, and even the prestigious Research Seminar in Quantitative Economics at the University of Michigan predicted a considerable shortfall in State revenue, the Governor has already been forced to impose $15.3 million in executive orders cutting back on State funding for education.

Our nationally respected State superintendent of public instruction, Dr. Phillip E. Runkel, made it clear on October 29, 1981:

> There will be no State bailout for financially-troubled school districts. I have met with the Governor, the Speaker of the House, the Senate Majority Leader and the minority leader of both houses in the State legislature, and they are unanimous in this decision—no bailout for the districts.

I know, given my long and close friendship with Dr. Runkel, that he is giving us straight talk.

Attorney General Frank J. Kelley also has confirmed that the State cannot take over the district financially. On October 18, 1981, he said:

> The Governor, the legislature, State school officials and others have already said there is no pot of gold available in Lansing. They have repeatedly said the financial fate of the local school district is in the hands of local voters.
>
> The Michigan Constitution does not impose a duty on the Michigan Legislature to appropriate additional State funds to those school districts where the electors have refused to approve property tax limitation increases for school operating purposes. It is a mistake for anyone to believe that the State has funds available for aid to school districts which run out of funds, Attorney General Kelley said.

Another false assumption of the residents is that they are "overtaxed" compared to neighboring school districts. It should be pointed out that even though Woodhaven has a high total tax rate, at 11th out of the 36 school districts in Wayne County for total tax rate, it is 22d out of 36 in operating millage. The Woodhaven District at the same time ranks 19th out of the 36 districts in local wealth—State equalized value—and is, in fact, just below the average in the county in per pupil operating expenditures.

That the fate of the school district and its 4,784 students lies with the will of the local voters is a trusted—and for the most part respected—tradition in Michigan. Local control of the schools is a policy I fought for as a young attorney for the then Taylor Township Schools, as a delegate to the State constitutional convention, and as a State senator. I continued to work diligently to maintain education statutes on the House Subcommittee on Elementary, Secondary, and Vocational Education.

Our schools in Michigan rank as some of the best in the United States. From its very beginning under the provisions of the Northwest Ordinance in 1787 and the State's first constitution in 1835, Michigan has pledged to its citizens that "the means of education shall forever be encouraged," and that a "system of free public elementary and secondary schools" shall be maintained.

The millage vote gives the voters the opportunity to maintain and enrich that commitment. It gives them the prerogative of insuring that their children and grandchildren receive the same chance for a successful future that we had.

For the seniors expecting to graduate each June, it means that they can fulfill their long-held plans—and dreams—first, of course, to receive the diplomas they have worked toward for 13 years of their lives, and then to go on to school, or hold a responsible job. But, without a renewed commitment on the part of voters, these children have less of a future than most of their parents had. The voters cannot affort to reduce the instructional program and rob their children of education, because they could well be robbing them of their entire futures or setting back their educational progress irreparably.

The Woodhaven schools, along with others in Michigan, have faced some very difficult times, but I firmly believe that it now is the time to put that all behind us. There are many achievements that the schools are responsible for that residents can point to with pride and enthusiasm:

> Accreditation of the Woodhaven High School by the North Central Association and the University of Michigan.
>
> Establishment of Teach Our Tots Early (T.O.T.E.) as a model intervention program for handicapped children 0-3 years of age.
>
> Cooperation as a member of the Downriver Vocational Consortium with Woodhaven High School operating as a center. Welding and Cosmetology courses were added to expand student offerings.
>
> Selected to receive a grant to develop an exemplary model to use in "mainstreaming" handicapped children into regular classrooms.
>
> Establishment of management profiles for elementary students in Language Arts, Math, Science and Social Studies.

Implementation of a model Title I Preschool Program emphasizing parent involvement and training.

Development of successful Remedial Programs with Article 3 and Title I funds to assist students having difficulty mastering skills in Reading and Math.

Selected to receive Computer Instruction Grant which made possible the purchase of computer equipment and programs.

Selected to receive Career Education Grant which made teacher training possible on the process of integrating career planning within the school curriculum.

Received adoption grants to implement programs in Metrics, Talents Unlimited (Gifted) and Cable T.V.

Expanded Adult Education Program to include Adult Basic Education for those individuals desiring to complete courses leading to a high school diploma.

Piloted the 3790 Computer and Cathode Ray Tubes in conjunction with the Wayne County Intermediate School District leading to improved Data Processing Services for our District.

Increased student achievement test scores.

Not only does the passage of the millage make good sense for the future of our children, it makes good economic sense. If the millage is not approved, Woodhaven could well be among the metropolitan schools with such limited instructional programs that people with children would choose to live elsewhere. What impact would this have on home values, and on the ability of our municipal officials and boards to attract new business which we so desperately need? I can assure you that not only would home values plummet, but any hope of bringing in new businesses would be quashed.●

HOUSE OF REPRESENTATIVES—*Friday, May 21, 1982*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D.; offered the following prayer:

We implore Your blessing, O God, on this assembly and upon all who call upon You by name. Whatever our circumstance or whatever our task, we ask that Your Spirit would fill our hearts with those divine gifts You have prepared for us. May Your grace to us find expansion in our compassion to others, and may Your mercy to us encourage our good will in all we do. As we face the demands of our time, grant us Your peace and strength that we may do justly, love mercy and ever walk humbly with You. Amen.

THE JOURNAL

The **SPEAKER**. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. **SOLOMON**. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Chair's approval of the Journal.

The **SPEAKER**. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **SOLOMON**. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

ANNOUNCEMENT BY THE SPEAKER

The **SPEAKER**. The Chair would like to announce that there will be no 1-minute speeches today. Immediately following the vote, we will go into the rule.

The vote was taken by electronic device, and there were—yeas 295, nays 32, answered "present" 2, not voting 103, as follows:

[Roll No. 93]

YEAS—295

Addabbo
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Archer
Aspin
Atkinson
AuCoin
Bailey (MO)
Bailey (PA)
Barnard
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Broyhill
Burgener
Byron
Campbell
Carman
Carney
Chappell
Cheney
Chisholm
Clausen
Clinger
Conable
Conte
Corcoran
Courter
Coyne, James
Coyne, William
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Daschle
Daub
de la Garza
Deckard
Dellums
DeNardis
Derrick
Dicks
Dingell
Donnelly
Dorgan
Dougherty
Downey
Duncan
Dunn
Dwyer
Dyson
Early
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emery
English
Erlenborn
Evans (DE)
Evans (GA)
Fary
Fascell
Fazio
Ferraro
Findley
Flippo
Florio
Foley
Fountain
Fowler
Frank
Frost
Fuqua
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Gore
Gramm
Gray
Green
Guarini
Gunderson
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hartnett
Hefner
Heftel
Hertel
Hightower
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Jeffords
Jeffries
Jenkins
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kennelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Leach
Leath
Lee
Lehman
Leland
Lent
Levitas
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowry (WA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mazzoli
McClory
McCollum
McCurdy
McDade
McDonald
McEwen
McGrath
Mica
Michel
Mikulski
Miller (CA)
Mineta
Minish
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Panetta
Parris
Patman
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Quillen
Rangel
Reuss
Rhodes
Rinaldo
Ritter
Roberts (KS)
Robinson
Rodino
Roe
Rostenkowski
Roukema
Roybal
Rudd
Russo
Santini
Sawyer
Scheuer
Schneider
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shumway
Shuster
Skeen
Smith (IA)
Smith (NE)
Smith (NJ)
Snowe
Snyder
Solarz
Spence
Stangeland
Staton
Stenholm
Stokes
Stratton
Studds
Stump
Synar
Tauke
Tauzin
Taylor
Udall
Vander Jagt
Vento
Volkmer
Walgren
Wampler
Waxman
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yatron
Young (FL)
Young (MO)
Zablocki

NAYS—32

Barnes
Brown (CO)
Butler
Coats
Coughlin
Dannemeyer
Emerson
Evans (IA)
Fiedler
Fields
Forsythe
Gejdenson
Goodling
Gregg
Harkin
Hendon
Hiler
Johnston
Latta
LeBoutillier
Miller (OH)
Mitchell (MD)
Oxley
Regula
Roemer
Rousselot
Smith (AL)
Smith (OR)
Solomon
Walker
Washington
Yates

ANSWERED "PRESENT"—2

Ottinger
Skelton

NOT VOTING—103

Akaka
Applegate
Badham
Bafalis
Beard
Benedict
Blanchard
Bliley
Brown (OH)
Burton, John
Burton, Phillip
Chappie
Clay
Coelho
Coleman
Collins (IL)
Collins (TX)
Conyers
Craig
Crane, Philip
Crockett
Davis
Derwinski
Dickinson
Dixon
Dornan
Dowdy
Dreier
Dymally
Eckart
Erdahl
Ertel
Evans (IN)
Fenwick
Fish
Fithian
Foglietta
Ford (MI)
Ford (TN)
Frenzel
Garcia
Ginn
Goldwater
Gradison
Grisham
Hagedorn
Hall (OH)
Hansen (ID)
Hansen (UT)
Hatcher
Hawkins
Heckler
Hillis
Ireland
Jacobs
Jones (NC)
Lewis
Lowery (CA)
Luken
Lundine
Markey
Marks
Mattox
Mavroules
McCloskey
McHugh
McKinney
Mitchell (NY)
Moffett
Mottl
Murphy
O'Brien
Pashayan
Patterson
Pursell
Rahall
Railsback
Ratchford
Richmond
Roberts (SD
Rogers
Rose
Rosenthal
Roth
Sabo
Savage
Schroeder
Shelby
Siljander
Simon
Smith (PA)
St Germain
Stanton
Stark
Swift
Thomas
Traxler
Trible
Watkins
Weaver
Williams (MT)
Young (AK)
Zeferetti

☐ 1020

So the Journal was approved.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1573. An act to exempt the Lake Oswego, Oregon, hydroelectric facility from part I of the Federal Power Act (Act of June 10, 1920) as amended, and for other purposes;

S. 1621. An act to authorize the replacement of existing pump casings in southern Nevada water project pumping plants 1A and 2A, and for other purposes;

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

S. 2177. An act to amend title III of the Colorado River Basin Project Act, Public Law 90-537 (82 Stat. 885), as amended by Public Law 95-578 (92 Stat. 2471), and Public Law 96-375 (94 Stat. 1505); and

S.J. Res. 197. Joint resolution to provide for the designation of the week of October 17 through October 23, 1982, as "Myasthenia Gravis Awareness Week."

PROVIDING FOR CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 345, FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1983

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 477 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 477

Resolved, That upon the adoption of this resolution it shall be in order, section 305(a)(1) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 345) revising the congressional budget for the United States Government for the fiscal year 1982 and setting forth the congressional budget for the United States Government for the fiscal years 1983, 1984, and 1985. General debate in the Committee of the Whole on said resolution shall continue not to exceed nine hours, with not to exceed six hours equally divided and controlled as provided in section 305(a)(2) of the Congressional Budget Act and not to exceed three hours for debate on economic goals and policies as provided in section 305(a)(3) of the Congressional Budget Act. No amendment to the concurrent resolution shall be in order except those listed in categories A and B as follows: (A) four amendments in the nature of a substitute printed in the Congressional Record of May 21, 1982, which shall be considered only in the following order if offered, which shall all be in order any rule of the House to the contrary notwithstanding and which shall not be subject to amendment except pro forma amendments for the purpose of debate and except as provided herein: (1) the amendment in the nature of a substitute by, and if offered by, Representative Miller of California, said amendment shall be subject to amendments printed in the Congressional Record of May 21, 1982 by, and if offered by, Representative Miller, and debate on said substitute and on amendments thereto shall continue not to exceed one hour controlled by Representative Miller; (2) the amendment in the nature of a substitute by, and if offered by, Representative Obey of Wisconsin; (3) the amendment in the nature of a substitute by, and if offered by, Delegate Fauntroy of the District Columbia, and said amendment shall be subject to amendment by perfecting amendments made in order in this resolution, in the order provided and if offered by the Member who has caused the amendment to be printed in the Congressional Record, to the substitutes designated in category B of this resolution; (4) the amendment in the nature of a substitute by, and if offered by, Representative Rousselot of California; and (B) after all amendments in category A above are disposed of, the following three amendments in the nature of a substitute printed in the Congressional Record of May 21, 1982, which shall be offered and voted on only in the following order but which shall if offered be pending simultaneously as amendments in the first degree and said amendments shall be in order any rule of the House to the contrary notwithstanding: (1) an amendment in the nature of a substitute by, and if offered by, Representative Latta of Ohio; (2) an amendment in the nature of a substitute by, and if offered by, Representative Aspin of Wisconsin; and (3) an amendment in the nature of a substitute consisting of the text of H. Con. Res. 345 if offered by Representative Jones of Oklahoma. None of the said substitutes in category B shall be subject to amendment except by pro forma amendments for the purpose of debate only and by the following perfecting amendments printed in the Congressional Record of May 21, 1982:

(1) the amendment by Representative Pease;

(2) the amendment by Representative Bonior;

(3) the second amendment printed by Representative Jones;

(4) the amendment by Representative Kemp;

(5) the amendment by Representative Martin;

(6) the amendment printed by Representative Huckaby;

(7) the third amendment printed by Representative Jones;

(8) the amendment by Representative Schroeder;

(9) the amendment by Representative Green;

(10) the amendment by Representative Conyers;

(11) the amendment by Representative Wylie;

(12) the second amendment printed by Representative Solarz;

(13) the second amendment printed by Representative Simon;

(14) the third amendment printed by Representative Simon;

(15) the first amendment printed by Representative Simon;

(16) the fourth amendment printed by Representative Simon;

(17) the amendment by Representative Ottinger;

(18) the first amendment printed by Representative Waxman;

(19) the third amendment printed by Representative Waxman;

(20) the second amendment printed by Representative Waxman;

(21) the third amendment printed by Representative Solarz;

(22) the amendment by Representative Oakar;

(23) the second amendment printed by Representative Solarz;

(24) the amendment by Representative Hefner;

(25-31) the amendments by Representative Ford in the order in which printed;

(32-43) the amendments by Representative Hoyer in the order in which printed;

(44) the amendment by Representative Downey;

(45-46) the amendments by Representative Parris in the order in which printed;

(47) the amendment by Representative Wolf;

(48) the amendment by Representative Hughes;

(49) the amendment by Representative Zeferetti;

(50) the amendment by Representative Perkins;

(51-53) the amendments by Representative Fowler in the order in which printed;

(54) the amendment by Representative Weiss;

(55-56) the amendments printed by Representative Whitten in the order in which printed;

(57-58) the amendments by Representative Beilenson in the order in which printed;

(59-66) the first eight amendments by Representative Roe in the order in which printed; and

(67-68) the amendments by Representative Clausen in the order in which printed.

These perfecting amendments, if offered, shall be considered only in the order listed in this resolution and shall be in order any rule of the House to the contrary notwithstanding. An amendment initially offered to one of said substitutes by the Member who caused the amendment to be printed in the Congressional Record may be debated under the five-minute rule unless it has been offered to the amendment in the nature of a substitute offered by Delegate Fauntroy, in which case it shall be debatable for not to exceed ten minutes, equally divided and controlled by the proponent and a Member opposed thereto. After the disposition of a perfecting amendment to the category B substitute to which origninally offered, the perfecting amendment may then be offered separately to either or both of the other category B substitutes by any Member prior to the offering of another of the perfecting amendments, but debate on such a perfecting amendment if offered to a subsequent substitute shall continue not to exceed ten minutes, equally divided and controlled by the proponent and a Member opposed thereto. It shall also be in order to consider the amendment or amendments provided in section 305(a)(6) of the Congressional Budget Act of 1974 necessary to achieve mathematical consistency. If more than one of the amendments in the nature of a substitute made in order by this resolution have been adopted, only the last such amendment which has been adopted shall be considered as having been finally adopted and reported back to the House.

□ 1030

The SPEAKER pro tempore (Mr. MINISH). The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA) and I yield myself such time as I may consume.

Mr. Speaker, the first and most important thing I want to say applies to every Member who has an amendment that he printed on the 19th of May. It does not make any difference whether it is a substitute or a perfecting amendment, those amendments all have to be reprinted in their final form for offering in the RECORD of today. Every single amendment that was put in on the 19th that is proposed to be offered during the consideration of the budget resolution has to be reprinted today.

Now, I say that twice because we suffered some kind of a disaster in the original printings. All of you should be aware—and there are no names attached to any of this—that we got substitutes that were half there, we got amendments that were an hour late, we got an amazing amount of junk, and if you want your amendments considered during the consideration of the budget resolution, you had better get busy and be sure that your amendments are in shape before you seek to offer them.

Now, inevitably there will be some changes in some amendments, and the only ones that are in order are those that are technical, conforming, and correcting obvious error. No attempt to change intent is legitimate. The intent of the amendment offered and printed on the 19th of May has to be the same.

Those of you who are technicians—and there are many who are—are going to understand that there is going to be a never-never land out there where there is an argument about intent and about words. But I want to make it very clear that we are going to try to see to it that nobody tricks anybody and that there are not any cute plays by anybody. Obviously, when somebody loses a page, that is a mistake; obviously, when a substitute comes in about half done, that is a mistake. But there is a great potential for gamesmanship, and the House is going to have an opportunity to understand when games are being played or when it is possible that games are being played. No threat, just a promise.

Mr. Speaker, I would like to take some time—perhaps more time than I should—to explain a very complicated rule. It is necessarily very complicated because, perfectly frankly, it was not our primary purpose, but we tried to see to it that everybody in the House as an individual and all the different factions in the House, and in particular the two parties, had a fair shot at their objectives. That means that we have a long, difficult, complicated rule. As far as I know, it is unique, and I am going to try, if you will allow me, to read an outline of it in order to save words.

The rule waives the 10-day layover rule of the Budget Act. The general debate is limited to 9 hours, 6 hours on the budget resolution and 3 hours on economic goals and assumptions; 6 is 4 less than 10, which the statute provides; 3 is one less than 4, which the statute provides on Humphrey-Hawkins.

The only amendments in order are those which were submitted by the May 19 deadline and reprinted, and—I say it again—they have to be reprinted in the May 21 CONGRESSIONAL RECORD as made in order by the rule.

The structure of the amendment process is as follows: There are two categories of amendments—that in effect means substitutes: Category A, Miller, Obey, Fauntroy, and Rousselot; and category B, Latta, Aspin, and Jones, which is the base resolution as well.

Category A substitutes shall be considered only in the specified order. All points of order are waived. Fauntroy is amendable, but all other are nonamendable except by pro forma amendments and for purpose of debate. Debate on Miller and all amendments thereto—and that is also the 5-minute rule—shall not exceed 1 hour. Miller is No.1; Obey is No. 2 in category A; Fauntroy is No. 3, and Rousselot is No. 4.

What the language I have already read means is that two of those are not amendable, one is unique, and the other one is amendable.

Category B: After Miller, Obey, Fauntroy, and Rousselot have been disposed of, Latta, Aspin, and Jones—that is the base resolution, too—shall be considered, if offered, only in the order specified and, if offered, voted on only in that order and shall be pending simultaneously. That means that the first one off the bat is Latta, the second is Aspin, and the third is Jones.

All points of order are waived against category B amendments. To try to waive them specifically would have been impossible or very nearly impossible. Category B substitutes shall be amendable only by pro forma amendments for debate and the specified perfecting amendments printed in the May 21 RECORD.

Let me say for the fourth time that if they do not get printed again, they are not going to be eligible. So every Member here and outside the Chamber needs to do some work today and see that it is done properly.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr BOLLING. I yield to the minority leader.

Mr. MICHEL. Mr. Speaker, the gentleman is making a very clear and concise explanation of the rule, and I thank him appreciably.

In supplementing what the gentleman has just said about the importance of reprinting in today's RECORD, there is one other item that would be helpful. If the author of the amendment would have a very brief exposition of what the intent of that technical language is, it would probably be helpful for all Members if they are inclined to do so.

Mr. BOLLING. Mr. Speaker, I think that is a very good suggestion.

I had read that category B substitutes shall be amendable only by pro forma amendments for debate and the specified perfecting amendments printed in the May 21 RECORD, perfecting amendments to be considered only in the order specified or listed in the rule.

☐ 1040

We are going to use categories, and they are arbitrary, and they are related in another place to function. But we did not use functions as the categories.

The categories I can read for you, but they will be available. There are a dozen of them. All of the amendments in the categories have to be offered while that category is up.

If we pass that category, that is the end of those amendments and that is terribly important to Members. That means that some Members may have to spend a little time on the floor waiting for their amendment to come up.

This is not going to be anything that anybody can help you with. If you really want to get your amendment offered you are going to have to be here because those categories close down. There will not be any problem on your understanding the categories because they will be available in print, following my statement.

Perfecting amendments may be initially offered only by the Member who submitted it to the RECORD and initially debated under the 5-minute rule without any limitation other than the limitation that the House puts on it.

There is no time limitation on the first offering by the Member who printed the amendment in the RECORD. That is notwithstanding, and this is very unusual, notwithstanding the disposition of a perfecting amendment to a substitute to which originally offered, the amendment may then be offered separately to any other substitute by any Member prior to the offering of another perfecting amendment.

In other words, the Member who printed the amendment will lose control unless he rises and gets recognition. I suspect he would get preference if he rose and got recognition for an amendment that he has already offered to a particular substitute when he offered it to a second or a third substitute.

Another Member would have the right to offer that amendment. In other words, you have a loose canon available to any Member after the amendment has had its first try.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I will be glad to yield to the gentleman from Florida.

Mr. FASCELL. When an amendment is offered under that part of the rule, since all three substitutes are pending at the same time, can you offer the amendment to all three substitutes at the same time?

Mr. BOLLING. Not at the same time. You have to offer them seriatim.

one after the other. You have to go through the process.

It may be that you can get unanimous consent to offer them to all substitutes simultaneously. It may not be. But we did not want to set up any situations where you were, in effect, providing for the offering of three amendments which have slightly different language because of the necessity of conforming the language to the particular substitute.

Mr. MARTIN of North Carolina. Will the gentleman yield for a question related to the particular point which is now being discussed?

Mr. BOLLING. I yield to the gentleman from North Carolina.

Mr. MARTIN of North Carolina. With regard to perfecting amendments, as I understand what the gentleman said and the colloquy that has just followed, if a perfecting amendment which has been drafted as an amendment to the committee bill, which is now the Jones amendment in the nature of a substitute, if that is then carried, it would then be in order, as a perfecting amendment, let us say, to the Aspin amendment?

Mr. BOLLING. Whether it was carried or not.

Mr. MARTIN of North Carolina. Whether it was carried or not?

Mr. BOLLING. It did not have to win to be eligible to be offered for the others.

Mr. MARTIN of North Carolina. My point is then a technical one. If it is then in order as an amendment to the Aspin amendment in the nature of a substitute, technically an amendment which I have eligible to be offered is drafted such that it strikes specific numbers in the Jones version which are different numbers in the Aspin version.

Mr. BOLLING. That is a tough one and there is going to have to be a decision made by the House at some point on that.

Mr. MARTIN of North Carolina. It would achieve the same results.

Mr. BOLLING. The same result. That is not quite that simple. The problem is if you take money from one category to put it in another I think it is highly questionable that you should be allowed the second time around to take money from another category.

Mr. MARTIN of North Carolina. No. It would be the same category. Specifically the amendment which is listed as an amendment, just to clarify for the chairman, as amendment No. 5, and with all due respect to two colleagues I believe that would be Representative MARTIN of North Carolina, that particular amendment has to do with the increase in taxes, with the revenue section.

What it would do would be to change those numbers in the Jones bill to precisely the same numbers as in the Latta substitute.

Mr. BOLLING. The gentleman is taking away here and moving there?

Mr. MARTIN of North Carolina. No. It is not taking here and moving there.

Mr. BOLLING. The problem I am addressing is the problem where two functions are affected, one losing, one gaining.

I think there is a very real question as to whether one would be allowed that took away from another function, the one proposed in the first. It sounds to me as if the gentleman's amendment would be in order as he suggests.

Mr. MARTIN of North Carolina. Should I resubmit a second version of it so that the numbers at least will be correct?

Mr. BOLLING. Yes. You should resubmit a version for each one.

Mr. MARTIN of North Carolina. It would take two versions?

Mr. BOLLING. It might take three, for all I know.

Mr. MARTIN of North Carolina. I thank the gentleman.

Mr. PARRIS. Mr. Speaker, Will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Virginia.

Mr. PARRIS. I find myself I think essentially in the same position as my friend from North Carolina in that I have an amendment that is in order now to the Jones version with specific numbers to eliminate the cost-of-living cap on Federal retirees.

My problem, if the chairman can help me with this, we have a vehicle to fashion before the end of this day, I am told. But we do not have anything to work with.

How do I find page 1, line 12, number so and so to add $10, take $20 out? How do you do that if you do not have a copy of the vehicle which you are amending?

Mr. BOLLING. I think you need to get help from the Budget Committee staff, the Parliamentarians, and your staff. You have experts on the budget on that side. I just think there is no way that I can provide the expertise for that.

We are just not equipped for it. But there are in the House other staff that I think can be helpful and I think you need to consult with them.

Mr. PARRIS. If the gentleman will yield further, the Jones vehicle is obviously available and has been to all of us.

Is the Aspin and the final version of Latta, and the balance of these that we have to make in order, are they now available for us to begin to work on with our individual staffs?

Mr. BOLLING. I think on those two you have got a reasonable situation in what has been printed on the 19th. They are in a relatively good shape. I am not going to go into the problems that exist in those two that I know about. But inevitably the Chairman of the Committee of the Whole will take into account all of the facts when he is confronted with this kind of a situation.

All I can suggest to the gentleman is that he do the best he can, given the circumstances, and he might be able to get the final version of Latta, for example. But the gentleman already has a very near final version to work with.

Mr. PARRIS. One final question. If I understand the purport of the gentleman's comments just earlier in this dialog, if we submit an amendment that says page 12, line 14, strike out *x* dollars, and if it is in fact line 15, then that would not be the subject of a point of order necessarily if the intent of the amendment was perfectly obvious?

Mr. BOLLING. But it would be very helpful to the gentleman who offers the amendment if there was not any question raised about it. It would be very helpful to the gentleman if he had it precisely right.

Mr. PARRIS. I thank the gentleman.

Mr. BOLLING. I mentioned, I believe, that there would be a time limitation on the second offering of an amendment.

The rule makes in order amendments to achieve mathematical consistency. That is a normal function of the budget law.

The key, and this is the key, the last substitute adopted shall be reported to the House. I repeat, the last substitute adopted shall be reported to the House.

Mr. Speaker, I reserve the balance of my time.

□ 1050

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me say that I believe the chairman of the Rules Committee has given a clear and concise explanation of the rule. It is a complicated rule. I would like to point out once again, as the gentleman has pointed out several times already for the benefit of the Members, that notwithstanding the fact that you printed amendments in the RECORD on May 19, they have to be reprinted again. They have to be reprinted again today.

Let me also point out a couple of things about the Miller, Obey, Fauntroy, and Rousselot substitutes.

In the case of the Miller substitutes, some of his own amendments will be permitted.

In the case of Obey, it will not—I repeat, not—be subject to amendment.

In the case of Fauntroy, it will be subject to any of the 68 amendments already printed in the RECORD.

In the case of Rousselot, it will not—I repeat, not—be subject to amendment.

In the second category, as the chairman has pointed out, the bipartisan recovery package which I will offer will be subject to any of the 68 amendments.

Then will come Aspin. It will go through the same procedure, being subject to 68, if they offer them, perfecting amendments.

And the same thing, lastly, with Jones.

And the last one standing, as the chairman has pointed out, will be the one that prevails.

Mr. BOLLING. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Missouri.

Mr. BOLLING. Mr. Speaker, I think the gentleman means the same thing that I said, but there is a difference in the way the language came out.

Those three amendments are going to be up simultaneously.

Mr. LATTA. That is correct.

Mr. BOLLING. Right.

Mr. LATTA. But I hasten to point out that should you propose an amendment, say, to our substitute, that it just does not automatically apply to the other two. They have to be resubmitted to the other two, should they be submitted to the first one.

And then, as the chairman has pointed out, the first time an amendment is proposed, it will be under the standard procedure of the 5-minute rule. The second time, 10 minutes apply.

Mr. VOLKMER. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Missouri.

Mr. VOLKMER. I just want to clarify for myself that we will first, as I understand it, perfect by amendment stage the last three, and then you will note on yours and then the Aspin and then the Jones, without any intervening amendments.

Mr. LATTA. No, that is not correct.

Mr. VOLKMER. That is not correct?

Mr. LATTA. No. As I understand it, they will attempt to perfect the first one, and they will vote on that.

Mr. VOLKMER. No, that is not the way I understand it. I understand we will perfect all three of them simultaneously.

Mr. LATTA. I stand corrected. The staff says we are not going to do it that way.

Mr. VOLKMER. Are we going to then perfect all three of them, once they are all three perfected then vote on each one, right after the other?

Mr. LATTA. That is correct.

Mr. ROUSSELOT. Will the gentleman yield?

Mr. LATTA. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding.

I would like to ask a question of the chairman of the Rules Committee.

If perchance one of the category A substitutes prevails—hopefully, the Rousselot balanced budget resolution—does that mean then that that will stand as an accepted substitute but that substitute, whichever one of those category A's might pass, must withstand the votes on the other three proposals? Is that correct?

Mr. BOLLING. The gentleman is correct. The last substitute adopted prevails.

Mr. ROUSSELOT. So that in order for any of the category A substitutes to prevail totally at the end, the other three must be defeated; is that correct?

Mr. BOLLING. That is correct.

Mr. ROUSSELOT. However, none of the amendments that have been attached to the other provisions later on would apply to the category A substitutes; is that correct?

Mr. BOLLING. Once they are closed, that will be the end of that.

Mr. ROUSSELOT. I thank the gentleman.

Mr. MICHEL. Mr. Speaker, will the gentleman yield for a further question?

Mr. LATTA. I yield to the gentleman from Illinois.

Mr. MICHEL. The gentleman mentioned the three substitutes in category B which are considered simultaneously and that to any one or all can be offered these orbiting 64 amendments.

Mr. LATTA. Sixty-eight.

Mr. MICHEL. Or whatever.

Mr. BOLLING. Sixty-seven.

Mr. LATTA. Sixty-eight.

Mr. MICHEL. If an amendment is offered to one of the substitutes and it is defeated, it does not necessarily preclude the offering of that amendment to any one of the other two substitutes, notwithstanding its having been once defeated?

Mr. BOLLING. That is correct. Regardless of the disposition, once it is offered by the author, the original author, it is loose.

Mr. LATTA. While the chairman is on his feet, let me say that the question posed by the gentleman from California (Mr. ROUSSELOT) is something that I really do not think we considered as thoroughly in the Rules Committee as we probably should have, and he poses a very interesting question. Should he prevail on his vote, then we in the rule do not permit any type amendments to his proposition.

So then his proposition would be competing then with the ones in category B which would be subject to all of the 68 amendments.

Mr. BOLLING. That is exactly correct.

Mr. LATTA. Well, I would say that we have treated the gentleman from California very fairly.

Mr. Speaker, I yield 5 minutes to the gentleman from Arizona (Mr. RHODES).

(Mr. RHODES asked and was given permission to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, last evening I voted in the Rules Committee not to report this resolution. I did it not because of any lack of feeling of importance that I have for the work at hand. I think it is extremely important. In fact, that is the reason I saw fit to vote against the resolution.

I think the resolution is very craftily crafted, and I compliment the leadership of the Rules Committee for having put together as good a package as I think he could have put together under the circumstances that he is dealing with, and I am not critical of my good friend, the chairman, or any of the members of the Rules Committee for having done it, except that I do feel that the mistake that was made, if indeed it is a mistake, is not considering the baited breath which you can feel around the country concerning the budget resolution which this House and the other body must adopt.

I feel a greater sense of urgency as far as time is concerned, I guess, than most people do, in getting this done. I do feel that we will have done a deed which we should have learned 3 or 4 years ago when this budget process took approximately 2 weeks to finish because of the fact that we were dealing with line item amendments. I am sorry to tell the Members that there are several of these amendments, I am told—and I have not had a chance to look at them all—but I am told that there are several of these amendments which are line item amendments, and I thought everybody agreed that a line item amendment should be taken care of in the appropriations process or in the authorization process and not in the budgetary process.

☐ 1100

I can foresee a scenario which, believe me, I hope will not happen.

I can foresee that there will be quite a few of these amendments adopted to category B substitutes, and when we finally end up with all of the category B substitutes having been perfected, that we will have three monstrosities on our hands and no way to do anything about them.

That is another reason why I asked, and it was agreed what I asked that there be a motion to recommit in this resolution.

A motion to recommit is usually thought of as a weapon of a minority. I did not ask for the motion to recommit for that reason. I asked for it because I can foresee, with all of these amendments being offered, we could have three monstrosities and we would have no vehicle whatsoever to put before the House a resolution which would be adopted.

I think it is absolutely imperative that we adopt something, and I guess probably I am going to vote for whatever the last resolution is, if none has been adopted before, because it is so necessary, so important to this country that something get out of this House that we can send to conference with the other body. But I would like to have it be as good a document as we possibly can get.

I can imagine that if we put out the kind of hounddog that I can foresee, that the money markets around the country and indeed around the world will take one look at it and hold their noses and probably do some terrible things to the interest rate.

After all, my colleagues, the bottom line of this exercise has got to be to get that interest rate down. If we do not do that, whether or not my colleagues have been able to offer all of the amendments that they wanted, is really beside the point. The bottom line is that interest rate. The bottom line is the prosperity of this country.

I am afraid we are fooling around with it to a point that I just cannot support.

So, I probably, Mr. Speaker, will vote for the resolution. I am going to do it not because I like it, and you know that, but I am going to do it because I feel it is absolutely necessary that we get on with this job, that we do the work. This is the only vehicle that we have to get it done.

So when the time comes, I will very reluctantly vote for this resolution.

I do wish to reiterate, however, that I think that the time will come, maybe in 1 week, 2 weeks or 3 weeks, when we will wish very fervently we had done something entirely different.

Mr. BOLLING. Mr. Speaker, I yield myself 3 minutes.

I could easily clap for my friend from Arizona because I agree with the reasons that he feels the way he does.

I do not think I have to establish my credentials as being concerned about the need for action on a budget resolution. I answer this only so that you will all understand why this particular rule is before us.

There is an old saying, and it comes out in a lot of different languages, that quite often the longest way home is the best way home. It does not take a lot of imagination to understand what that means: This is part of the democratic process and the judgment that was made by the Rules Committee, and I think will be made by the House overwhelmingly, was that we had to rely on the ability of the House as a body to function intelligently and thoughtfully on a long, difficult, and incredibly important process.

In the end, what I did was very simple, although it required making a hard set of decisions—I recommended this rule because it gave each Member who was interested enough to file a proposition, the right to deal with his proposition and then in the end it gave an opportunity to the institution as a whole to pick among three different items.

Yesterday morning in a joint leadership meeting, a meeting of the Republican and Democratic leadership of the House, I made a plea that I have never made—I asked the leadership to be on the floor of the House as much as they could, and I asked the Members to pay very serious attention to what we are doing, because I think, as a person who knows something about general economics, that it would be an utter disaster if we disgraced ourselves and did not come up with reasonable alternatives to vote on in the end.

This is a test of the responsibility and commitment of every Member of the House and the combined bipartisan leadership. The House is on trial—the House as a whole—not the Democrats or the Republicans, or any faction thereof.

I have confidence that the House can rise to the occasion and that is my defense of the rule.

Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas (Mr. ALEXANDER).

I thank the chairman for yielding.

Mr. Speaker, I congratulate the chairman and the members of the Rules Committee for practicing the art of the possible in order to produce a rule under most difficult circumstances. The Rules Committee has recommended a procedure that permits the Congress to rise to the need of the Nation to resolve the economic dilemma it faces. I rise in support of the rule which has been recommended by the committee. It is reasonable, it is fair, and it is workable. But, most of all, it is responsible.

Following the enactment of the President's economic policy last year, the business community began to examine the overriding question Reaganomics presented to the American people: Can the Nation have sustained economic growth and lower inflation with rising budget deficits and a tight money policy?

The financial markets responded negatively primarily because Reaganomics was judged by analysts to produce Federal spending greatly in excess of expected revenues for several years ahead, resulting in sustained higher interest rates. While most Americans demonstrated widespread patience to give the President's plan a chance to work, the final judgment came soon after Mr. Reagan submitted his budget proposal for the coming fiscal year, on February 8, 1982. Simply stated, the Nation has rejected Reaganomics.

Now that the President's budget proposal has been rejected, it is the clear responsibility of the Congress to formulate a budget that provides the necessary policy correction needed to change the direction of our Nation from the economic disaster in which it is currently proceeding.

The President's budget, as submitted on February 8, was rejected because it provided triple digit deficits resulting in enormous Government borrowing pushing interest rates higher and stifling economic recovery. We, in Congress, must pass a budget which would result in lower deficits and would set spending priorities within the means our Nation can afford.

Whether they are caused by Government spending, by tax cuts or by some other cause, Federal budget deficits help produce higher interest rates. For economic recovery to occur we must have a combination of lower interest rates and Government stimulation or private sector business activity. We must have a budget that will allow our Nation's economy to achieve our goal of economic revitalization—of ending this recession we have been plunged into by the well-intended but unworkable Reagonomics and of getting our economy back on a growth path and our people back on the job.

Not being an economist, I have found it very helpful to study the periods of economic recession, recovery, and expansion since World War II. The information available reveals some truth which we should keep in mind when we debate economic policy.

The most important lesson we can learn is that the economy is cyclical, almost always changing. We learn that these cycles are affected by the policies of the incumbent Presidential administration. We learn that the economic health of our Nation is influenced by factors other than the fiscal policy that Congress helps shape. Some, but not all, of these other factors are:

First. National monetary policy;

Second. Private sector business investment decisions;

Third. Credit policies in the private sector;

Fourth. International trade practices of other nations;

Fifth. Energy marketing decisions of foreign producers; and,

Sixth. The state of defense relations among nations.

It is axiomatic that a change in economic policy transfers the burden of payment for Government services from one group of Americans, to another group of citizens in our Nation. One example is illustrated by a study cited in the "Report of the Joint Economic Committee on the 1982 Economic Report of the President: The Democratic Views." The study found that by 1990, under current Federal law, the average tax paid by half our people, those with incomes of $22,610 or less per year, will increase by $134 while the average tax paid by persons with incomes of more than $55,850 a year, the upper 5 percent of our taxpayers, will drop by $9,033.

Earlier I mentioned the impact of budget deficits on interest rates. Let me mention two cases in point.

By 1971, under the leadership of President Nixon, and with the approval of Congress, we had, in the space of 2 years, moved from a Federal surplus position to a double digit deficit. In quick succession, we had 3 years of double digit deficits under Presidents Nixon and Ford, the longest series, at that time, since World War II. By 1974, in the midst of the longest recession since World War II, interest rates were well into the double digit range.

Today, with the Nation faced with a series of triple digit deficits flowing from the budget and economic proposals of President Reagan, the prime interest rate is hanging at 16.5 percent. That is higher than the 15.27 percent average rate for 1980. And, it is occuring during the steepest recession we have had since the Great Depression.

Fifteen months ago, immediately after President Reagan presented the Congress and the Nation with his first budget proposals, I spoke in this House calling for "a spirit of careful cooperation as we contemplate the radical surgery that is being suggested. Before we act on anything with such potentially painful consequences and lasting side effects * * *" as I believed would result from Reaganomics.

Instead of cooperation, we got Presidentially driven steamroller tactics which, last year, resulted in Congress being misguidedly pushed into adopting a budget and economic policy which is producing budget deficits that are nearly four times higher than our House Committee on the Budget resolution would have generated.

Time and again since then, I have come to this House, and I have stood in any other forum I could get, and repeated my plea for the development of a bipartisan budget and economic policy which would best serve the interest of our Nation while getting us back to a balanced budget or surplus position. The last Federal budget that ended in black ink was proposed by and passed under the leadership of President Lyndon B. Johnson.

I am disappointed, but unsurprised, that my pleas for a bipartisan budget and economic policy, and those of others who share my concerns, have drawn such small response. I am grieved that the months-long, good-faith efforts of our chairman of the House Budget Committee, the gentleman from Oklahoma (Mr. JONES), to draw all elements of the committee, of the Congress, and of the Reagan administration into active, cooperative participation in developing a bipartisan budget have fallen on such rocky shores that we are again facing the kind of budget policy maneuvering that has already brought our Nation's economy into the most harsh recession since the Great Depression.

The official designations of economic recessions are made by the National Bureau of Economic Research, a private, nonprofit, nonpartisan organization. NBER designations are recognized and accepted, or have traditionally been recognized and accepted, by both the private sector and by the U.S. Government.

Since World War II we have experienced eight officially designated recessions:

One under President Truman;

Three under President Eisenhower, the last of which was followed, under Presidents Kennedy and Johnson, by the longest period of economic expansion in our Nation's history;

One under President Nixon and another, the longest thus far since World War II, which began under President Nixon and continued under President Ford;

One, the shortest recession on record, under President Carter in January to June, 1980; and,

This, the eighth and deepest since the Great Depression, which began last July under President Reagan.

The Presidents, timing, and duration of the recessions during this period are:

Truman, November 1948 to October 1949—11 months.

Eisenhower, July 1953 to May 1954—10 months.

Eisenhower, August 1957 to April 1958—8 months.

Eisenhower, April 1960 to February 1961—10 months.

Nixon, December 1969 to November 1970—11 months.

Nixon/Ford, November 1973 to March 1975—16 months.

Carter, January 1980 to June 1980—6 months.

Reagan, July 1981 to (continuing as of May 1982).

Each of these recession periods have been followed by a recovery and/or recovery and expansion period in the economy. They have ranged from the longest in our history which began during President Kennedy's first full month in office, continued throughout President Johnson's service and ended in President Nixon's 10 months in office, to the shortest which began under President Carter in July 1980 and surprised economists by its strength before recession set in in July 1981, under President Reagan.

The Presidents, timing, and duration of the recovery and economic growth periods separating the post-World War II recessions were :

Truman, October 1949 to June 1953—3 years, 9 months.

Eisenhower, May 1954 to July 1957—3 years, 3 months.

Eisenhower, April 1958 to March 1960—2 years.

Kennedy/Johnson/Nixon, February 1961 to November 1969—8 years, 10 months.

Nixon, November 1970 to October 1973—1 year, 11 months.

Ford/Carter, March 1975 to December 1979—4 years, 10 months.

Carter/Reagan, July 1980 to June 1981—1 year.

As I did in the early 1970's when I helped lead the successful fight to get the Budget Control and Impoundment Act of 1974 passed, which we have used and are using today to help Congress and the American people come to grips with the Federal budget, I believe we need a responsible fiscal policy with a balanced budget as an objective.

Frankly, a major reason I voted against the Gramm-Latta substitute budget proposal last year, which was developed and passed with the strong support of President Reagan, was it projected higher deficits than did the proposal recommended by the House Budget Committee.

Certainly, I can not in good conscience vote for the President's February 8 budget that even its chief proponent, President Reagan acknowledges would, if passed generate in 1982 through 1985, a $741 billion, 4-year deficit. Such a deficit would be greater than the $622 billion total combined deficit of all other Presidents, Democrats, and Republicans, compiled during their 48 years of service in the past half century. In fact, the $182 billion budget deficit the President says his original budget proposal would generate would be almost three times higher than the existing $66 billion deficit record set by President Ford in 1976, by compiling the highest single-year deficit in the history of the Nation.

Last year, in submitting his first budget proposal to the Congress on March 10, 1981, the President said: "We must move, surely and predictably, toward a balanced budget . . ."

He also said: "The plan I outlined will stop runaway inflation and revitalize our economy if given a chance. . . ."

And, the President said: "Our tax proposal will, if enacted, have an immediate impact on the economic vitality of the Nation, where even a slight improvement can produce dramatic results * * *"

Two weeks earlier, testifying before the House Committee on Appropriation, David Stockman, President Reagan's Director of the Office of Budget and Management, had said about the President's proposals: "I have suggested our program, if fully effective, will create more than 2 million jobs each year over the next several years. * * *"

And, almost 2 weeks after the President presented his budget to Congress, Donald Regan, Secretary of the Treasury, in a March 23, 1981, speech to the Wharton School of Finance and Commerce, said: The President's program will begin to bear fruit even before it is enacted. * * *"

When these promises were being made by the Reagan administration: The economy was growing; Employment was growing with 100.4 million Americans at work and the number of persons unemployed or only able to find part-time work, as well as the percentage rate for unemployment, were dropping;

New housing starts were rising;

Industrial production was going up; and,

Interest rates were going down.

In August 1981, when President Reagan signed the Economic Recovery Tax Act of 1981, he told the Nation that Congress had enacted his economic policies.

But, the first round of Reagonomics has yielded a bitter harvest:

For millions of American farmers whose prices received for their products, when they can find sales, are so deeply depressed that their economic condition is worse than at anytime since the economic catastrophe years of the Great Depression;

For homebuilders and their employees whose livelihoods are threatened or have been taken away by the sharp drop in housing construction and home mortgage rates that are averaging higher now than they did for the year 1981 or for 1980;

For the thousands of small business and industrial operators who make up 98.2 percent of the businesses and industries of the Nation, who have, in past years generated the vast majority of the new jobs, and who have been forced to survival borrowing for day-to-day operations by the effects of the continuing recession and are now teetering on the razor-edge of bankruptcy;

For the record high number, 10.3 million, Americans who are jobless and whose average time of unemployment is growing longer as the recession deepens;

For the 5.8 million Americans, more than at anytime since World War II, who have been forced to go on a part-time work schedule because of the recession-weakened demand for their labor;

For those who are still working but for whom the prospect of unemployment is strengthened by the now shrinking economy; and,

For those who must borrow money in an environment where the average prime interest rate has been stuck at 16.5 percent for more than 5 months and forecasters are not optimistic about it beginning to drop again in the foreseeable future.

When President Reagan presented his new budget to the Congress on February 8, 1982, he began to pave the way for evading the blame for the failure of his economic policy. He said in his message to the Congress: "We did not promise the American people a miracle. We did promise them progress, and progress they will get. * * *"

His OMB Director, David Stockman, followed that up by telling the House Committee on Appropriations, a day later:

"It (the current recession) was not anticipated by us. * * *"

And, on the same day, before the same committee, during the same hearing, Secretary of the Treasury Donald Regan said:

"I think one of the causes of the recession was high rates of interest. * * *"

The President and his administration have only recently begun a significant move away from support of the tight money, high interest rate policies of the Federal Reserve Board.

Dr. Murray Weidenbaum, appearing before the House Committee on Appropriations, on the same panel with Mr. Stockman and Mr. Regan, assured the House Committee on Appropriations, the Reagan administration was "projecting a recovery * * * specifically from March 1982 to December 1985, we are projecting average annual real growth in the economy of 4.8 percent. * * *"

By April, with the recession continuing to deepen, President Reagan was backing off his administration's prediction of a spring economic recovery and refusing during a nationally televised news conference to forecast the end of recession.

President Reagan may not have promised the American people a miracle, but he did, as I have quoted him earlier in this speech, promise us economic revitalization. His policies have delivered a continuing and deepening recession.

Ronald Reagan made the American people an offer they could not refuse. The American people accepted President Reagan's offer to radically change the economic policy of America. He offered to eliminate waste, fraud, and abuse from the bureaucracy; to cut taxes; to lower interest rates below 10 percent; to revitalize the economy; to create jobs; to rebuild America's military might; and to restore America's prestige abroad, and to balance the Federal budget by 1984. President Reagan's policies have been tried. They have failed. The price Americans have paid for this economic experiment has been enormous. We cannot afford the continued extravagance. It is unconscionable that we should sit back and allow the pain and suffering of the American people to continue.

I urge my colleagues to adopt the resolution.

Mr. MICHEL. Mr. Speaker, will the gentleman from Ohio (Mr. LATTA) yield?

Mr. LATTA. I yield to the gentleman from Illinois.

Mr. MICHEL. How is the time divided on the general debate? Will that be equally divided between the two sides?

Mr. LATTA. It will be.

Mr. MICHEL. How about the time of debate of Humphrey-Hawkins? Is that a divisible time?

Mr. LATTA. It is also divisible, according to the rule of the House.

Mr. BOLLING. It is divisible. The normal way to do it on this side is to yield the time to the gentleman from California (Mr. HAWKINS) and to whatever member of the minority rises to take the other half.

Mr. MICHEL. I thank the gentleman.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. Mr. Speaker, I will be brief. I rise in support of this rule. It represents, in my opinion, the best efforts, although not perfect, of the leadership on both sides of the aisle to fashion a fair and equitable approach to this extremely complex issue.

When the Republican leadership began to negotiate with the Democratic leadership on the form of the rule for this budget, we realized from the outset that neither side would be able to get precisely what it wanted. The central point which we kept returning to was this: It was essential that the bipartisan package offered by Mr. LATTA be given a freestanding, up-or-down vote as an alternative to the committee version of the budget. Under the rule before us today, this House is provided with that opportunity for a clear choice between the competing plans.

In addition to the committee version and the Latta, bipartisan package, five other substitutes are made in order under this rule. I think this gives the Members of the House sufficient opportunity to debate and consider a wide range of approaches to our budgetary situation.

For those on my side of the aisle, I will say that our work is cut out for us under this rule. It will not be easy to win with the Latta substitute and then to keep winning through two subsequent votes. But we did get what we asked for under the rule, and that is the clear choice between our plan and the Jones bill.

I commend the distinguished chairman of the Committee on Rules and the rest of the majority leadership for their cooperation on this matter. I look forward to the debate which will ensue in the next few days.

I would like to ask one question of the chairman of the committee for a clarification on the rule so that all members will understand.

I have been asked what the process will be when we get through general debate and to the various substitutes in terms of how much time you have on each substitute? My understanding is that we will have the usual 5-minute rule on the substitutes, and it is possible that one Member could stand and take 5 minutes on the Latta substitute and the next Member could be recognized under the 5-minute rule to discuss the Aspin or the Jones substitute, but once we get to the final three it is a 5-minute rule on all three.

Mr. BOLLING. That is correct.

☐ 1110

Mr. LOTT. So I think that covers one of the points I have been asked.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I would be glad to yield whatever time I have remaining.

Mr. MICHEL. I thank the gentleman for yielding.

Is not correct that when we complete the debate on the three category B substitutes that the vote on those substitutes will come in the sequence of the bipartisan vote first?

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Mississippi.

Mr. LOTT. I yield to the gentleman.

Mr. MICHEL. And if that prevails, we move on to vote on the second one in sequence, which would be the Aspin.

Mr. LOTT. Right.

Mr. MICHEL. If Aspin prevails, it automatically eliminates the bipartisan measure that had been passed prior to it.

Mr. LOTT. That is correct.

Mr. MICHEL. If Aspin should go down, then, of course, you still have free standing that bipartisan substitute and you move to a vote on Jones.

Mr. LOTT. That is correct.

Mr. MICHEL. And then, of course, depending upon what happens on the vote on Jones as to whether or not the substitute prevails or Jones; is that not correct?

Mr. LOTT. The gentleman is correct.

Mr. MICHEL. In other words, the last vote on a substitute is the one that is all controlling.

Mr. LOTT. The last winning substitute is the one that would then go for a vote on final passage.

Mr. MYERS. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I am glad to yield.

Mr. MYERS. It seems that we could be voting on one or more of these 68 or 67 amendments more than once, then. The same amendment could come up under the different substitutes.

Mr. LOTT. That is correct.

Mr. MYERS. Not once, but several times.

Mr. LOTT. It could come up on one or all three.

Mr. MYERS. Even though it has been defeated, it could still come back.

Mr. LOTT. That is correct.

Mr. BOLLING. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Speaker, first of all, I would like to thank the chairman of the Rules Committee, the gentleman from Missouri (Mr. BOLLING) for making the Miller substitute and the four amendments in order. I think it clearly demonstrates his ability to be fair in this process, his desire to make sure that all of us have an opportunity to have input in the budget process.

I would hope between now and Monday that every Member of this House would make a very serious study of the pay as you go proposal, because it will be the first proposal up on Monday and I must tell you, it will be the only proposal from that point forward which will allow Members of this committee to balance the budget, to in fact achieve $27 billion surplus in 1985, while at the same time funding the social security COLA for this next year, providing a 5-percent real increase in military defense and funding the other social COLA's, veterans, railroad retirement and what have you.

How is that possible? Because for the first time this Congress will have an opportunity with the Miller substitute to tear up the national credit card. You will have an opportunity to go home and tell your constituents that you not only had the political conviction to vote for social security, the political conviction to vote for increased national defense, but the courage of those convictions to raise the revenues to pay for them.

For the first time, you will be able to go home and tell them exactly why you raised those revenues, because you must remember in every other proposal, whether you are raising $40 billion in taxes or $30 of $150 billion in taxes, you will not be able, just as you were not able last year, to explain to your constituents what happened.

This is a proposal to simply say this: If this Congress, the Congress of the United States, wants to spend one more dollar than they spent this year, then you must be prepared to pay and raise the revenues or find offsetting savings to allow us to spend that dollar.

What in fact happens is that in 1983 you will have a $109 billion deficit, which is lower than Gramm-Latta, Obey, the Senate and the House Budget Committees; but in 1935, if you follow this procedure, not because I say so, but because the Congressional Budget Office says so, you will achieve a $27 billion surplus, while the House Budget Committee will be $42 billion in the red, Gramm-Latta will be $57 billion in the red, the Senate is over almost $65 billion; so there is a choice. There is a very clear choice and a signal that you can send, that for the first time we are going to start paying our way. For the first time we are not simply going to vote to spend money today and send the bill to our constituents tomorrow.

I must tell you that if you go through this process, and I hope you will allow me to go through the four amendments, you will basically end up where the House Budget Committee ends up, but you will end up there with a very balanced budget.

The SPEAKER. The time of the gentleman from California has expired.

Mr. BOLLING. Mr. Speaker, I yield 2 additional minutes to the gentleman.

Mr. MILLER of California. I want to thank the chairman for the additional time.

That is the distinction, that you will end up basically at the expenditures of the House Budget Committee, but you are not going to end up there by smoke and mirrors. You are going to end up there, not by overestimating offshore oil revenues, not by overestimating executive savings, not by overestimating how much land we are going to sell off under the Secretary of the Interior; you are going to end up there by adding up real numbers and at the end of this procedure you will have, in fact, established that no longer are the uncontrollables uncontrollable, because you have taken control. You have taken control of the COLA's and you had the guts to vote for the money to fund them.

You will be telling the seniors of this country that for the next year social security will be fully funded. The other proposals cannot say that, because as they have said quietly, we just did not have guts to pay for it, so we pick it up in the deficit in 1985.

So for the first time, you can tell the seniors all next year's is there, because each time you vote for one of these amendments, you will also be directing the Ways and Means Committee to come up with the revenues.

So what we say, if the revenue is not there by October 1, we revert right back to the 1982 expenditure levels, because apparently the Congress did not have the courage of its convictions to fund the programs that it is asking the people of this country to pay for through high interest rates, high unemployment and unacceptable economic conditions; so this is not a Democratic proposal. This is not a Republican proposal. This is what the

Texas State Legislature does. This is what the California State Legislature does, and that is every year you have got to decide, Is there enough money to pay for what we have decided to spend?

So for the first time, not the promises of Jimmy Carter or Ronald Reagan or any other President who says, "I promise to balance the budget in the future," but for the first time there is a procedure within the Congress of the United States to balance that budget, but not do it on the backs of poor people, on the backs of children, on the backs of the Defense Establishment. Reasonable spending, reasonable price tags and a balanced budget.

● **Mr. GOLDWATER.** Mr. Speaker, I rise in support of House Resolution 477, the rulemaking in order consideration of the first concurrent resolution on the fiscal year 1983 budget. I am very pleased to see bipartisan agreement on this rule, even if it turns out to be the only bipartisan agreement we get on the entire question of Federal spending and economic priorities in 1983. I know that this is a complicated rule, but I commend the House leadership and Rules Committee leadership; both sides of the aisle, in carefully crafting this rule which allows all interested parties a chance to have their views on the fiscal year 1983 budget heard in an orderly manner.

This body simply has to get on with the business of establishing budget priorities for fiscal year 1983. It is deplorable that we have procrastinated this long—halfway through the year—before even addressing this matter.

I get absolutely furious when I hear the other side of the aisle talk about how the Republican economic progam is geared to help the rich and hurt the poor. I deplore the arrant politicization of our economic mess. I know it has become practically political tradition in past election years for the party out of power to attack White House policy to make political brownie points. But, I say to you all now that it is time for us to stop this nonsense and get on with real solutions to our very real problems.

We have got an economic disaster on our hands. The Federal budget is exploding, social security is plummetting toward bankruptcy, the interest on the national debt alone is larger than the entire Federal budget of 1960, the housing industry is at a standstill, businesses are going bankrupt, our Nation's savings and loan industry will lose $6 billion this year; the list of imminent disasters can go on and on.

Let us cut the partisan rhetoric. In the final analysis, it only contributes to a fragmented, confused electorate who will never be satisfied for more than 6 months with their elected leaders because those leaders can never produce what is promised. Let us level with the American people, define in easy terms what the problems are. Let us look at what we really have, what we really need and last, what we really want. These are not easy choices or decisions. Let us arrive at answers to these problems in a fair and relatively dispassionate manner and get on with rebuilding our economy and our Nation into the world giant it once was and, I am confident, can be again. Thank you.●

Mr. LATTA. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I take this time to again emphasize something that I do not want the Members to overlook.

We discussed yesterday the manner in which these amendments will be taken up and we discussed categories. They are going to be taken up in categories; however, it is spelled out on page 6 of the resolution that these perfecting amendments, if offered, shall be considered only—only in the order listed; meaning this, that if an amendment No. 5 author is not here proposing that amendment when the time for No. 5 comes up and they go to No. 6, amendment No. 5 author loses his opportunity to sponsor that amendment.

So I would caution Members to watch how these amendments are coming up when we get into that stage of the process, so that they do not lose their opportunity to offer their amendment.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

The SPEAKER. The Chair lays before the House the following message from the Senate:

That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 907) entitled "An act to amend sections 351 and 1751 of title 18 of the United States Code to provide penalties for crimes against Cabinet officers, Supreme Court Justices, and Presidential staff members, and for other purposes."

The SPEAKER. Without objection, the request is agreed to.

There was no objection.

□ 1120

ADJOURNMENT TO MONDAY, MAY 24, 1982

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today, if general debate has been concluded on House Concurrent Resolution 345, it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. LOTT. Mr. Speaker, reserving the right to object, just for the purpose of clarification, I want to make sure I understand what the gentleman has requested.

If we complete the 9 hours of general debate today, then we would go over until noon Monday?

Mr. WRIGHT. That is exactly correct.

Mr. LOTT. Otherwise, if we do not complete general debate, we will go ahead and complete it tomorrow beginning at 10 a.m.; is that correct?

Mr. WRIGHT. That is exactly right. If we are unable to complete general debate tonight, then we would presumably come in tomorrow at 10 o'clock and debate on Saturday until general debate has been completed. But this unanimous consent request would permit the House, if we are able to complete general debate today, to adjourn over until noon Monday.

Mr. LOTT. Further reserving the right to object, I yield to the minority leader for a question.

Mr. MICHEL. I thank the gentleman.

May I ask the distinguished majority leader if he can look in his crystal ball for next week, then? If we come in at noon on Monday and begin this amending process, what does the gentleman see for the time of convening on Tuesday, Wednesday, and Thursday?

Mr. WRIGHT. We would hope to continue as long as productively we could on Monday. The chairman of the Budget Committee has already advised that he wants to plow straight ahead just as long as we are making progress. Then we would plan to come in at noon on Tuesday, unless at that time it appeared reasonable that by coming in at an earlier hour, say 10 o'clock on Tuesday, we might expect to conclude our action on the total resolution Tuesday. If that appeared likely then on Monday we might offer that unanimous-consent request—to convene at 10 o'clock on Tuesday.

Assuming that the House is able to conclude consideration of the budget resolution on Tuesday of next week, then on Wednesday and Thursday we will consider:

H.R. 6296, the Housing and Urban-Rural Recovery Act of 1982, subject to a rule being granted; and

H.R. 746, the Regulatory Procedures Act of 1982, also subject to a rule being granted.

The conference report on H.R. 5922, the urgent supplemental appropriations, 1982, will be brought to the floor as soon as it is available.

Mr. JONES of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I would be glad to yield to the distinguished gentleman from Oklahoma.

Mr. JONES of Oklahoma. I just want to explore the possibility of a unanimous consent to come in Tuesday at 10 o'clock. As I look at the number of amendments pending, it could be a very long week. I would like to ask the majority leader's opinion.

Mr. LOTT. Further reserving the right to object, Mr. Speaker, I wanted to ask a question on that very point myself.

Tuesday, I believe, is a primary day in at least a couple of States. Do we anticipate coming in at an early hour on Tuesday and in fact having votes on Tuesday on the substitutes that would be allowed under the rule?

Mr. WRIGHT. If the gentleman would yield, notwithstanding the primaries in at least two of the States, it is the intention of the House, as announced last week in a colloquy between the gentleman from Mississippi (Mr. Lott) and the gentleman from Washington (Mr. Foley) to continue once we begin the process of amending this resolution until we shall have completed it. I think it would not be reasonable at all for us to expect we can get by Tuesday without any votes. That would make it infinitely more difficult for us to complete this vitally important piece of work next week.

Mr. ALEXANDER. Mr. Speaker, will the gentleman from Mississippi yield to me?

Mr. LOTT. Further reserving the right to object, I yield to the gentleman from Arkansas.

Mr. ALEXANDER. One of the primaries scheduled for Tuesday is the Arkansas primary.

Mr. LOTT. That is very important.

Mr. ALEXANDER. Because of the importance of this matter pending here, I have arranged to vote by absentee ballot. I am advised that other Members have done the same.

Mr. LOTT. That is very commendable.

Further reserving the right to object, I yield to the minority leader.

Mr. MICHEL. Mr. Speaker, I would certainly be willing, as the gentleman from Oklahoma (Mr. Jones) suggests, that we utilize to the fullest the time. I think we have given Members sufficient warning last week that this was going to be one whale of a busy week as we wind up before the Memorial Day recess.

My personal inclination would be, let us do as much as we can Monday, Tuesday, and Wednesday, and if possible, Members get a bonus of getting out of here Wednesday night rather than Thursday, as originally scheduled. So if we buckle down, I am all for doing as much as we possibly can and taking full advantage of the time.

Mr. WRIGHT. If the gentleman from Mississippi would yield further, pursuant to the comments just made by the very distinguished minority leader, there is an additional advantage to moving ahead with all reasonable speed on this resolution. In addition to this matter, it is necessary that we take final action upon the urgent supplemental appropriations bill before we adjourn on Thursday. So there is yet another extremely important matter lying before us next week.

This further intensifies, I believe, the rationale for moving ahead with all deliberate speed to the completion of this resolution. So I would have no objection personally, when the time comes on Monday that it appears reasonable, to ask unanimous consent to come in at 10 o'clock on Tuesday. I know that I would have no objection to that, and I do not imagine there would be any objection on the part of anyone else.

Mr. LOTT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas (Mr. Wright) to adjourn until Monday in the event we have finished general debate today?

There was no objection.

HOUR OF MEETING ON TUESDAY, MAY 25, 1982

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, May 24, 1982, it adjourns to meet at 10 a.m. on Tuesday, May 25, 1982.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair would like to state that we Members should not get overly exuberant about getting out earlier next week because the supplemental appropriation, conference report should be disposed of and the Chair understands the Senate will be considering that bill on Tuesday, with a conference on Tuesday night, and the House would have to go to conference.

The Chair has been notified of another privileged matter that will be coming up on Wednesday.

So the Chair would hope the House would be able to get through the budget by Wednesday. But there would be a session on Thursday, as the Chair views things now.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1983

Mr. JONES of Oklahoma. Mr. Speaker, pursuant to the provisions of House Resolution 477, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 345) revising the congressional budget for the U.S. Government for the fiscal year 1982 and setting forth the congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985.

GENERAL LEAVE

Mr. JONES of Oklahoma. Mr. Speaker, pending that motion, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, during consideration of House Concurrent Resolution 345.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Oklahoma (Mr. Jones).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. HEFNER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 342, nays 0, answered "present" 2, not voting 88, as follows:

[Roll No. 94]

YEAS—342

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Archer
Aspin
Atkinson
AuCoin
Bafalis
Bailey (MO)
Bailey (PA)
Barnes
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Bliley
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Burgener
Butler
Byron
Campbell
Carman
Carney
Chappell
Cheney
Clausen
Coats
Conable
Conte
Corcoran
Coughlin
Coyne, James

Coyne, William
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Daub
de la Garza
Deckard
Dellums
DeNardis
Derrick
Dickinson
Dicks
Dingell
Donnelly
Dorgan
Dougherty
Downey
Duncan
Dunn
Dwyer
Dyson
Early
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erlenborn
Evans (DE)
Evans (GA)
Evans (IA)
Fary
Fascell
Fazio
Ferraro
Fiedler
Fields
Findley
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fountain
Fowler
Frank
Frost
Fuqua
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gramm
Gray
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Harkin
Hartnett
Hawkins
Hefner
Hendon
Hertel
Hightower
Hiler
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffords
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kennelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Lungren
Madigan
Markey
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mavroules
Mazzoli
McClory
McCollum
McCurdy
McDade
McDonald
McEwen
McGrath
McHugh
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Oxley
Panetta
Parris
Pashayan
Patman
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Quillen
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Roemer
Rosenthal
Rostenkowski
Roukema
Rousselot
Roybal
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schneider
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Stangeland
Staton
Stenholm
Stokes
Stratton
Studds
Stump
Swift
Synar
Tauke
Tauzin
Taylor
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Washington
Waxman
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (FL)
Young (MO)
Zablocki

ANSWERED "PRESENT"—2

Ottinger
Williams (MT)

NOT VOTING—88

Applegate
Badham
Barnard
Beard
Benedict
Blanchard
Brown (OH)
Burton, John
Burton, Phillip
Chappie
Chisholm
Clay
Clinger
Coelho
Coleman
Collins (IL)
Collins (TX)
Conyers
Courter
Craig
Crockett
D'Amours
Davis
Derwinski
Dixon
Dornan
Dowdy
Dreier
Dymally
Eckart
Erdahl
Ertel
Evans (IN)
Fenwick
Fish
Fithian
Foglietta
Forsythe
Frenzel
Garcia
Gingrich
Ginn
Gradison
Grisham
Hagedorn
Hansen (UT)
Hatcher
Heckler
Heftel
Hillis
Huckaby
Jacobs
Jeffries
Jones (NC)
Lewis
Luken
Lundine
Marks
Mattox
McCloskey
McKinney
Mitchell (NY)
Moffett
Mottl
Murphy
O'Brien
Patterson
Pursell
Rahall
Railsback
Richmond
Rogers
Rose
Roth
Savage
Schroeder
Siljander
Simon
Smith (PA)
St Germain
Stanton
Stark
Thomas
Trible
Watkins
Weaver
Young (AK)
Zeferetti

☐ 1140

Mr. LIVINGSTON changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res 345) with Mr. BOLLING in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. Without objection, the first reading of the concurrent resolution is dispensed with.

There was no objection.

The CHAIRMAN. Pursuant to House Resolution 477, the gentleman from Oklahoma (Mr. JONES) will be recognized for 3 hours, and the gentleman from Ohio (Mr. LATTA) will be recognized for 3 hours.

After opening statements by the chairman and the ranking minority member of the Committee on the Budget, the Chair will recognize the gentleman from California (Mr. HAWKINS) and the gentleman from Ohio (Mr. LATTA) for 1½ hours each to control debate on economic goals and policies.

After this 3 hours of debate has been consumed or yielded back, the Chair will recognize the chairman and the ranking minority member of the Committee on the Budget to control the remainder of their 6 hours of debate.

The Chair recognizes the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as the House of Representatives begins debate on the budget, our Nation faces two indivisible crises. One is economics, and the other is social. Neither will be solved independently of the other. Both must be addressed or we will shed the ties that bind our people together, turning class against class and destroying the vitality of our free enterprise system.

What is at stake is the economy itself. And what is the state of the economy, Mr. Chairman?

Unemployment stood at 7.3 percent just 1 year ago when we debated this budget; today it is at 9.4 percent, and Reagan administration spokesmen expect it to soar past 10 percent. One year ago mortgage rates stood at 15½ percent; today that mortgage is 17.4 percent, and millions of American families have been priced out of the market for a home.

☐ 1150

As a result, new housing starts have fallen 40 percent. Business failures are running 49 percent above 1981. Our gross national product is expected to decline, actually decline in 1982. Farm income has fallen 39 percent and the savings and loan industry is likely to lose $6 billion this year alone.

Black unemployment stands at 18.4 percent. One out of every five black persons cannot find a job.

The economic program put in place 1 year ago has failed. It has failed to meet the standards the Republican administration set for its own program. Had that program succeeded, I can assure my colleagues this debate would not have taken place today.

But the program has failed to meet its own test of performance. A year ago Kemp-Roth Reaganomics was a promise without a past. Today Reaganomics is a reality with a record, a record of broken promises. It is a program which must be changed.

Even the President himself has acknowledged by offering to raise Federal taxes $122 billion over the next 3 years that his program must be changed.

The administration budget put before the Congress in February has been abandoned. That is not even a part of this debate.

All of the remaining budgets before this House recognize that the economic program put in place last year must be significantly altered.

In many ways the most peculiar thing about the debate this year is the similarity of the deficits proposed by the various alternatives. In fact, there is almost no difference in the deficit proposed by the Republican substitute and the budget offered by the House Budget Committee. But in terms of the other national crisis, the social crisis, the difference between the Republican budget and that of the Budget Committee is vast indeed.

In a time of record unemployment, the Republican alternative's prime aim appears to be to protect the tax cut for the rich. To do that they are willing to crush the programs for the old, the young, the poor, the hungry, and the handicapped. They propose to buy every dream weapon of every general without regard to efficiency or to mission.

The Republican substitute is a budget which ignores the legitimate needs of the average American in order to protect the rich. Should such a policy be allowed to continue, we will cease to be a society defined by a vast, mobile middle class. We will become a society of conflict between the poor who have lost hope and the rich protected by law.

Nothing, absolutely nothing could be more dangerous or more damaging to the preservation of order at home and the strength to provide security from foes abroad.

Let me stress one point here because there is going to be a lot of discussion on the defense budget. No one in any of the substitutes, in any of the proposals, no one proposes cutting national security or defense. The only question before the House is how much are we going to increase the defense budget.

What we in the Budget Committee propose is to increase in real terms the defense budget by 5 percent. That includes a 4-percent raise in pay, which I would hope would be dedicated to those ranks and grades which most need an increase. I think that higher paid officers, like affluent people in all parts of our country, should be willing to sacrifice a little bit. But with the 4-percent raise in salaries, the actual increase in the nonpay part of the defense budget under the Budget Committee proposal is approximately 9 percent after adjusting for inflation, a real growth of about 9 percent.

Nor is this a battle between spenders and savers when we discuss these budget alternatives. Both the Republican and the Democratic proposal makes significant savings. In fact, you can chart out the 3-year program of the committee bill versus the Republican substitute and the deficits are actually lowered more under the Budget Committee resolution.

This is a debate which will be decided by Members who must make a series of difficult choices. There are no easy solutions to the problems we face. I have said many times that the debate today has no first choices for political people. All of the choices are second choices at best; third, fourth, and fifth choices more likely.

But that is what is necessary if we are going to get this fiscal policy under control. That is the issue before the House today.

It is absolutely essential that a budget be passed. Whether you are a Republican or a Democrat, the very worst signal we could send to this country is that we are unable to come to grips with fiscal policy.

If we send a signal that we cannot pass the budget resolution and implement it, I think that such failure could lead to economic catastrophe.

So it is essential that a budget be passed, but it must be passed in a way that preserves the social fabric of our Nation.

At the conclusion of this debate the House will decide. I believe that the House can only decide that the House Budget Committee resolution is the budget that best meets the dual tests of fairness and effectiveness and provides the best solution to the dual crises facing our society, the social crisis and the economic crisis.

Mr. Chairman, I reserve the balance of my time.

The **CHAIRMAN**. The Chair will state that the gentleman from Oklahoma (Mr. JONES) has consumed 9 minutes.

Mr. **LATTA**. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as we begin the debate on this bill or this resolution, let me say the thing that I want most from this House is a resolution that we can go to conference with the other body and give the country a budget it so desperately needs.

Notwithstanding the statements just made by my chairman, there are certain provisions in his resolution with which he is not in 100 percent agreement. There are provisions in our resolution in which I am not in 100 percent agreement. But it is a compromise that we must have in this Chamber.

There has been compromise in his resolution and certainly in the other main substitute, and there has been compromise with the various individuals in order to put together a package. So there has to be some compromise in this House to pass a resolution.

The shock that would go across the country would be terrific if we would, be so irresponsible as not to pass a resolution with which we could go to conference. So I think that the rhetoric that we are going to hear for the next several days should probably be in moderation as much as possible.

But I know that sometimes that it is not possible. But at all times I think it is important that we keep the Nation's interest in mind.

□ 1200

We should not forget the Nation's interest during this debate and do something for purely partisan reasons that would be wrong for the Nation. We do not want this to happen. It cannot happen.

We have been, for the last several months—not weeks—attempting to come forward with a resolution that could pass this House. They have been working on the other side of this Capitol Building for a resolution.

The gentleman who just spoke, the chairman of our committee, and a bipartisan group that became known as the gang of 17, of which I was pleased to be a member, as well as the gentleman now sitting in the chair, labored long and hard to try to come up with a compromise. For three successive Sundays we were in, working to try to come up with some kind of a compromise to present to this House. Unfortunately, we could not come to a compromise. As a consequence, the problem now rests with this House. During this debate I am sure that we can come to some kind of a resolution for the best interests of the American people. We do not deserve to sit in this Chamber if we shirk that responsibility.

But I agree with what the gentleman said about interest rates. We will get into that in a minute. I agree with what the gentleman said about unemployment. We will touch on that briefly. But it seems like the financial markets, the banking community, everybody that knows anything about the financing of the debt, not only private but public, have been waiting for action by the Congress of the United States on a budget. Then hopefull—hopefully—when we do come forward with a budget, we will see those interest rates come down. Interest rates that we have had have hurt Democrats, Republicans, young and old, regardless of where you might sit or where you might live. These interest rates have been hurting. Something is responsible for those high interest rates. There is no question that we like to blame Mr. Volcker of the Federal Reserve Board for everything that happens. But we have to finance the debt which has been accumulated not by action by the Federal Reserve Board or from any administration, but because of the actions of this Congress. They do not spend any money downtown that we first do not appropriate. So we cannot escape that responsibility.

So hopefully—hopefully—we will be able to do something about a compromise budget.

One of the things that we learned in our discussions and which became very pronounced in the gang of 17, since it was composed of individuals from both sides of the aisle and from both sides of the Capitol and from people from the administration, including the Secretary of the Treasury and the head of OMB, were basic philosophical differences. That is what it is all about. For far too long, in my humble opinion, we have had a policy in this country of tax and spend, tax and spend and do not worry about tomorrow, but spend, even though you do not have it, and tax, even though we were headed toward 23 percent of our gross national product being consumed for taxes on the Federal, State, and local levels. That is much too high for the growth that we needed in this country. That is much too high to permit our industries to modernize so they can be competitive in the world marketplace.

It grieves me as an American citizen to find that we are not competitive in many, many areas. There are reasons why we are not competitive. All you have to do is look at what has been happening in the major countries with which we compete. They have been permitted to modernize their industries, they have had certain advantages from their tax laws that our country has not been able to give.

So we have had these basic philosophical differences that will become most apparent during the debate on this bill. What we do here in the House with this budget resolution will determine what kind of a message this Congress will send to the American people and to the financial markets, in no uncertain terms. Will we as a Congress be telling them that we will continue on the economic course of the past or on the economic course that we attempted to chart last year? Hopefully, for the future of this country, we are not going to turn around and go back to what has been happening in the past 40 years.

I am not unaware of what has been said, especially on my right. We have heard the arguments that the President's program has been tried and found wanting, it is not working. Well, you can probably float that argument to somebody other than the gentleman now speaking in the well or anybody else who knows what we did here last year and when we did it. They say the President's program has failed to bring down unemployment. Well, look, my friends, in my district we have two automobile companies, and two more right across the line in other districts. Are we going to blame the President of the United States because the price of automobiles is too high and we cannot compete pricewise with foreign imports? Are we going to blame the President for this? The reason we have high unemployment in the auto industry is due to the price of the product and the high cost of financing. Without addressing these problems, I am surprised someone did not come along with some kind of a bill to subsidize the price of automobiles so that we could sell them?. Well, let me commend the automobile unions and their workers. They have taken that initial first step to do something about it. But in talking to the people in the companies themselves, they tell me we still have to modernize, and it is going to take a lot of money to do that.

So let us not put that monkey on the President's back, as some are attempting to do. I know that a lot of people will say that the President is a miracle worker. Can he turn things around as quickly as some of our people would ask? We have been wandering in the economic wilderness for 40 years, and it will take more than 40 weeks to solve the problems. Really, his program has not begun. What did we do? We have heard a lot about Gramm-Latta. We did something about reducing that extraordinary growth in the Federal budget last year, a tremendous step by this Congress. We cut $44 billion from the bloated budget offered by the former President, Jimmy Carter.

□ 1210

Do you know the size of the deficit we would have been dealing with now if that had not happened? We would be looking at a potential deficit for fiscal year 1983 of more than $225 billion.

Do I need repeat that? $225 billion in deficit for fiscal year 1983, if this Congress in its wisdom had not taken that step last year.

You know that is a quarter of a trillion dollars.

Can you imagine the panic on Wall Street today if this Congress had not taken that step and instead had approved Jimmy Carter's budget?

We also passed a tax bill last year which is a good start toward putting this country back to work on permanent jobs in the private sector.

Yes, letting the people once again spend a little bit more of their income. But really it was not the President's package that we passed. He set it in motion.

The President last year proposed a 30-percent individual income tax reduction over 3 years to reduce the amount of our GNP which had been consumed in taxes.

Only such a massive tax reduction would succeed in increasing savings and investments to produce the new jobs this country needed.

What did Congress do? It delayed the 1981 tax cut until October 1. The President wanted it January 1. And then Congress cut it in half. Congress reduced it to 5 percent. The President wanted a 10-percent reduction.

Over the entire year, that meant a tremendous reduction of 1¼ percent. That was supposed to turn the country around? How foolish do you think the American people are?

That tax cut had already been wiped out by inflation and a massive social security tax hike that went into effect on January 1 of this year.

This Congress in its wisdom also postponed the 1982 tax cut until July 1 of this year. The President wanted a 10-percent tax cut effective January 1, not July, but the Congress thought otherwise.

Now what does this mean? It means that not one penny in tax relief has yet gone toward getting us out of this recession, and the economists tell us that nothing much is going to happen to stimulate the economy until July 1 when taxpayers finally get the tax cut that the President wanted them to have a year ago.

Whose fault is this? Is it the President's? He does not vote in this Chamber. All he can do is propose. Under his program the American taxpayer would be enjoying now, today, a 20-percent reduction in his or her taxes, and the economy would not be bogged down in the recession in which we find ourselves.

Despite the best efforts of the Democratic leadership to prevent it, we are now enjoying some economic progress under the President.

The prime interest rate, the prime rate, was only 6¼ percent when President Carter took office. What was it when he left? Twenty-one and a half. Twenty-one and a half percent. Today it is 16½. Too high. But not 21½ percent.

Inflation, when Carter took office, stood at 4.8 percent. When he left, when President Reagan took office, inflation that hurts everybody, and especially the people on limited incomes, stood at 12.4 percent.

Let me tell my colleagues it has just been reported on the wire services that for the first 4 months of this year it is 1½ percent. One and a half. What welcome news for the people who have to pay the bills across this country and go into grocery and other stores and lay down the cold cash for what they have to buy.

What also is helping to slow our recovery are the high interest rates. And economists are divided on all the reasons why interest rates refuse to come down but they agree that one important reason is the fear that the massive Federal borrowing needed to finance the budget deficit in the future will crowd the private sector out of the financial markets.

Let me say that I am encouraged by the new awakening among some of our colleagues to the danger of huge deficits. Let me add when they warned me of the evils of too much borrowing it's like telling Noah about the flood. I said I welcomed new converts but I am not sure they have mastered their lessons. This is where the philosophical differences occur between the chairman's budget resolution and the bipartisan recovery substitute we plan to offer.

The question is, how do you reduce the deficit? You can do it by cutting spending or you can do it by increasing taxes or more deficit financing. Certainly I have not had too many letters lately from my constituents saying they want an increase in their taxes. But in the chairman's substitute you are going to have to have $147 billion in new taxes over 3 years.

Those of us who support the bipartisan alternative believe that the American worker is taxed too much already and the deficit should be brought down as much as possible by reducing spending.

Oh, sure, we realize that in order to bring the deficit down as quickly as possible we are going to have to have some additional revenues but certainly not $147 billion worth.

The highly respected Moody's Investor Service warned against using the tax code to solve our deficit problems. This is what they had to say as quoted in the Wall Street Journal:

> Efforts to balance the budget by higher income taxes could have a devastating effect throughout the economy. The expected drop in interest rates could well be meaningless in the long run if the economy's underpinnings continue to deteriorate, as we would expect them to do under greater tax burdens.
>
> The worst case scenario might be that higher taxes would substantially deepen the recession and result in greater budget deficit, thus leading to economic shambles.

Let me read the first sentence of that statement over again:

> Efforts to balance the budget by higher income taxes would have a devastating effect throughout the economy.

Moody's is not alone in its thinking. More and more economists are looking beyond the immediate problem of reducing the deficit and coming to the same conclusion about spending versus taxes.

Edward Campbell, chief economist for Brown Brothers Harrimann & Co., a New York investment banking firm, recently wrote a letter to Senator ARMSTRONG urging him to press for spending cuts to get the deficit down and allow the expansion of the private sector. He wrote:

> We feel that true reductions in government expenditures will count for more in the market than increasing taxes. One of our partners closely associated with the credit markets believes that a $1 expenditure cut will have about the same effect on interest rates as a $2 tax increase. It is extremely important that the government's share of the economy be reduced as to permit the expansion of the private sector."

Again we have a basic difference in philosophy. Should the American worker be taxed more so that the Government can spend more on the social welfare type programs, or should Government cut spending, reduce its presence in the economy and allow expansion of the private economy and greater job opportunities?

I have never questioned the sincerity of those who believe that big Government can solve all of the Nation's woes. The men and women in this Chamber who believe in large spending programs are all sincere people. They just happen to be wrong, in my humble opinion. Their way has been tried and it has failed. The American people know it has failed and they elected President Ronald Reagan in 1980 with a mandate to get Government spending under control and they have not abandoned the President.

□ 1220

A recent Gallup survey shows that 47 percent of the American people want the deficit reduced by cutting spending and only 4 percent said deficits should be reduced through higher taxes.

Yes, I said only 4 percent, 4 people out of every 100.

Thanks to President Reagan, the American worker is learning that there is a direct correlation between Government spending, inflation, higher taxes, and the slowing of real economic growth.

Now, let us look at some of the numbers that got us where we are today. During the 1960's, the economic growth in this country averaged 4.2 percent and inflation averaged 4.8 percent. By 1971, the inflation rates as measured by the Consumer Price Index had picked up to 6.6 percent. During the 1970's, taxes rose an average of 7.7 percent a year and personal savings averaged 8 percent of personal income.

By the middle of the 1970's, unemployment was averaging 7 percent.

Personal savings had dropped, had dropped to 5.7 percent and taxes were rising by 13.1 percent a year.

Federal spending more than tripled from 1970 to 1982, reaching more than $728 billion in the current fiscal year.

I have a chart on my left which presents this much more forcefully than I can with words. Now, let us take a look at it. In 1955, this Nation was spending only $68.4 billion. Spending increased rather slowly until 1965, when it reached $118.4 billion. That is not ancient history—1965.

Then it began to really accelerate, reaching $326.2 billion in 1975.

Well, look what happens then, huge increases every year, reaching $728.9 billion in the current fiscal year.

You will notice that that chart is one I used last year. You know, I try to conserve around this place, but we have to keep adding and I do not know where we are going to go next year if this spending does not come down.

Now, what does this mean relative to the national debt? This chart shows dramatic growth. In 1961, the national debt was at $300 billion. By 1971, it has risen to $370.1 billion.

On the 1st of April of this year, we hit the figure you see on the chart of $1,060 billion—$1,060 billion dollars' worth of debt. These figures are beyond my comprehension.

But can you imagine what we are doing to our kids and our grand kids? What a legacy to leave them.

I sadden every time I think about the legacy we are leaving to my grandson. I became a grandfather last September 1. What a legacy to leave that little fellow. When he becomes a taxpayer, the way we are going, we will not have enough room to put all the zeros and all the debt on such a chart.

Think about it. Does that make you proud? Does it make you proud that we have been living off his credit card? Does it make you proud that we are going to force on him and his generation this horrendous debt?

Oh, you say, they are not going to pay that debt. Oh, but they are going to pay the interest on it. Uncle Sam is not going to default on it. The full faith and credit of the U.S. Government is behind every single cent of it and he is not going to default on it.

Right now, the third highest item in the budget goes for interest on the national debt, $100 billion interest on the national debt, and we never even had total cost of Government, including the military, of $100 billion until the second year of President Kennedy's term of office.

How shameful, how shameful. They are your children, they are mine. We have been living off them. We have not been paying our way.

It is high time that we think about the next generation, because they are ours.

Oh, it does not make very good political hay. You know, I know something about politics. It does not make very good political hay to go back home and say to somebody, "Well, now, look, we would love to do this for you, everything ask for, we would love to do it for you. We would like to take care of every care that you have in the world, but we can't afford it."

Have you ever tried doing that? You know, most people are really reasonable. They say, "I would like to have this or I would like to have that."

You say, "Well, how are we going to pay for it?"

And it is important that we pay for it.

Let me say that the legacy that the last administration left President Reagan was not the best legacy it could have left. Federal spending had tripled in 10 years. Federal taxes had doubled in 5 years. A paternal Federal Government which was providing assistance of one sort or another to 1 out of every 3 Americans, 1 out of every 3 Americans, and a budget for one department alone, the Department of Health and Human Services spending more than $225 billion. That is a figure which is more than the total Federal budgets of all but two nations in the world, the United States and the Soviet Union.

Let me quote from an official HHS publication. In its own words, the health care financing administration tells of the general explosion of health care costs, an estimated $235 billion was spent for the direct provision of care in the year ending June 1981, an increase of 15.6 percent from the previous year.

In the year ending September 1981, personal health care expenditures reached $247 billion, up 15.7 percent.

The major source of the increase was spending for institutional care.

Expenditures for hospital care rose 17 percent in the year ending September to a level of $112 billion, and so it goes.

Very fine expenditures, but somehow or other we have got to get a handle on them unless we are willing to raise taxes to pay for them.

Expenditures for personal services increased 15 percent. Growth of spending for physician services increased, compared to the calendar year of 1980, while the rate of growth of spending for dental care slowed. All personal health care spending increased 11.7 percent from the 1980 level, and so it goes.

I bring up the numbers of the health care to show the impact inflation has had on these services which are so important, because it has driven up the cost of health care which in turn has caused a greater demand for Government services.

Increased Government spending has in turn fueled inflation.

As one who worries a lot about these numbers I have given you, they really bother me. I know standing by themselves they do not mean much to the average person, unless you translate them into everyday realities.

A prime rate of interest of 16½ percent means that businessmen find they cannot afford to expand and have trouble even financing their inventories.

The small businessman who provides some 70 percent of the new job opportunities in this country is for all practical purposes forced out of the loan market. He is struggling today just to keep his head above water.

☐ 1230

Home mortgage interest rates in the 16- to 17-percent range mean that houses do not sell and builders cannot build them.

There are counties in this country which have not issued a single building permit in more than a year. Only 20 percent of the families in this Nation can afford to buy a home today at current interest rates. Because houses are not selling, people are turning down job promotions and transfers. The unemployed are not able to move to other areas where job prospects might be brighter.

There is another important number which I have not yet mentioned, and this is the unemployment rate.

I know everybody is against unemployment, including the Speaker. I would like everybody in this country who wants a job to have a job. But since the unemployment figure has been brought up, I think I will bring it up also.

The unemployment rate is now at 9.4 percent, which means that 10.8 million Americans are without jobs.

I often hear that the President has caused 10 million workers to lose their jobs. Everything is blamed on the administration. Congress does not take any blame. We blame the administration. Well, if we are going to do that, we have really got to take a look at what the unemployment rate was when the President took office. That would be fair, would it not?

When the President took office, the unemployment rate was 7.4 percent, and at that time there were 8.7 million Americans looking for work. Let me repeat that. When he took office, there were 8.7 million unemployed Americans.

Now, if the administration is going to be blamed for unemployment, I think we are going to have to break it down a little bit.

There has been an addition of 2.1 million unemployed workers since January 1981, and we regret that, but certainly prior to that time there were 8.7 million unemployed that he inherited. Who do we blame for these 8.7 million unemployed?

We are not going to solve these problems by changing course and going back to the old ways of attempting to spend our way out of this recession, only to drive the economy into another but deeper recession.

Certainly the current recession, which every economist worth his salt said started last July, long before any part of the President's program really became effective, is a gift from years of the boom and bust, from a Government which became too big and spent too much money. I hope that those days are over. Despite the shrill voices I hear demanding the cranking up of the printing presses, this Congress can remain firm in its commitment.

Those of us who believe in the President's program that we adopted last year, we must take stock of what is happening. We must not let the present unfortunate economic situation panic us into unwise actions which will haunt us in the years to come. The quick fix will not work. By slamming the door on higher taxes to reduce the deficit, we will be rejecting the discredited way out of the current budget difficulty.

But if we are serious about getting the budget under control, certainly this is what we must consider. There are signs that the President's program is beginning to have an impact. With inflation, as I mentioned earlier, for the first 4 months at just 1.5 percent, I no longer hear even my wife complaining about the prices at the supermarket going up every time she goes through the food line. These increases have slowed.

The President's tax cuts and lower inflation will help all Americans. But the lower inflation rates are of a greater benefit to the poor who pay very little in taxes.

A family of four with an $8,414 income in 1980 had $294 more in purchasing power in 1981 due to the slowing of inflation. An elderly couple with a $16,000 income in 1982 benefited by $564. Even taxpayers with a little money did better, because this Nation began last year to get inflation under control. A family with a $24,333 income in 1980 saw their buying power increased by $851.

Inflation has run even lower, as I mentioned, and beginning July 1, the American taxpayer will receive the first true relief in years when the 10-percent personal income tax becomes effective. This will considerably boost the average American's buying power. This is just a small part of the President's program, and it will work if we give it a chance.

I have heard voices raised that all the new money in the pockets of the American worker will cause inflation to take off again, which means the Government can spend his money better then he can himself and that will not cause inflation. I do not buy that argument.

The Federal Government already has proven it not only will spend every dollar it can get its hands on and then some, but the more money we can put in the hands of the American worker, the more he will save and invest, the more money he can use to expand this great economy, to increase productivity and lower the share of the gross national product consumed by the Federal Government.

Do we have the courage and the wisdom to do this? Are we willing to tell the American people that we trust them, for a change, to handle their own money? I hope so, because the Federal Government has no right to take from the American taxpayer one penny more than is needed to provide for the national security and other vital functions of this Government.

If we do that, it is going to mean that we will have some very popular Federal programs which might not be expanded. It means we are going to have to say no to some of the special-interest groups who come to Congress with their hands out looking for their share, for their particular constituency. That is not going to be easy. That is going to be hard, because they have gotten used to saying, "Yes, yes, yes" around this place, without ever thinking where the money is going to come from.

That does not mean the battle has been won. We still need to practice every day saying no when we cannot afford all the things that we would like to do.

The best proof that we have made the word "no" a permanent part of our vocabulary will be if we pass a budget in the House which is consistent with and continues an economic recovery program.

I have heard some people say if we cannot increase taxes we should cut spending and reduce the deficit by slashing the defense budget. If you look at the budget figures, that becomes very tempting. After all, the defense is a sizable part of this budget. Some people who are not familiar with the needs of the Defense Establishment and the challenges to freedom around the world will say, "Yes, cut defense." But those same people are not saying reinstitute the draft that we avoided last year by increasing the pay of enlistees by 25 percent.

Certainly one of the primary responsibilities of the Federal Government under the Constitution is to provide for the national defense. We have a tendency sometimes to forget that. As a result, over the years we have been neglecting the national security in our rush to provide more and more services to various segments of our society.

The portion of the Federal budget dedicated to defense has been shrinking for the last several years. In 1960, 49 percent of the Federal budget went for defense, and 25.1 percent was spent on human resources program. For 1969, the defense portion of the budget had shrunk to 43.2 percent, while human resources had risen to 34.5 percent.

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By 1980 priorities had changed so much that only 23.6 percent of the budget was spent for defense, and 52.1 percent was spent on human resources. During the 1980 Presidential campaign the President warned the American people of this situation. He told them bluntly that the Nation's ability to respond militarily to any emergency was in danger. The voters responded by electing him with a mandate to rebuild our military forces. That mandate has not been revoked, and certainly in every public opinion poll it has shown that the American people do not want to revoke that mandate.

We will have a chance next week to vote on this issue of defense, because some of the substitutes want to take an extra amount out of defense notwithstanding the warnings from the President. Just recently, I had the opportunity to speak with the Secretary of Defense, and he warned me that if some of these proposed defense cuts are approved, the Nation's defense will face, and I quote, "A total disaster."

Mr. Chairman, I will submit for the Record several proposed cuts that will have to be made in our Defense Establishment, according to the Secretary of Defense, if we go the route of some of these proposals.

Let me say, Mr. Chairman, that during the time we are debating this bill we have many things to think about. Certainly, as I said at the outset of my remarks, we have got to produce a budget with which we can go to conference. Whatever we do is not really the end of the road, because we still have to go into conference with the Senate.

I hope the House will give its attention to all of these amendments as they are proposed, and we will come forth with some sort of a product in the best interests of this country.

The CHAIRMAN. The gentleman has consumed 45 minutes.

The Chair recognizes the gentleman from California (Mr. Hawkins), for 1½ hours.

Mr. HAWKINS. Mr. Chairman, I yield myself such time as I may consume.

The CHAIRMAN. The Chair recognizes the gentleman from California.

Mr. HAWKINS. Mr. Chairman, as we begin this debate on the 1983 budget, it is a first essential to rational thinking and requirement of law that we relate whatever we do to an overall economic policy. The people have a right to know where we as a nation are headed and why and how we intend to accomplish our goals. Confusing the objective with means of reaching personal interests—a balanced budget, cutting disliked programs, and so forth—continues the debate that has produced the worst crisis since World War II.

The issue before us is not how much we can cut the budget or save in taxes. the budget is a plan of expenditures and of raising revenues to match. All economic activity involves spending. We should be concerned with distinguishing between that spending which is cost beneficial, economic and socially just as opposed to wasteful, nonproductive, and unnecessary outlays.

It ill behooves those who support billions for new weapons without questioning their value to national defense to accuse others of being big spenders. It is equally true that those who support spending on such social programs as social security, Federal aid to education, medicine, and unemployment insurance understand the needs of an adequate defense preparedness and not attempt to cut essential defense needs to get money for domestic programs.

A basic premise in the current debate ought to begin with the realization that something we are now doing policywise is not right. Otherwise, we would not have the tragic conditions prevailing across the Nation and among the millions who are enduring intolerable hardship.

Whatever indicators one may use: Housing starts, business failures, profit losses, or employment, the facts unmistakably identify a deep recession, the duration of which is already too long for those who have already suffered irreparable loss.

The most direct and immediate damage done by the current deficient economic performance is massive unemployment. Beginning in April 1980, the offical rate has moved upward from 7 percent to its current peak of 9.4 percent. In the last year alone 2½ million persons have become unemployed and another 1½ million were added to those employed part time. Since all of this has occurred since the President's economic recovery programs were adopted, it should be credited to the results of his policy and the lack of public confidence placed therein. The people were in bad shape when Reagan took office; they are in worse shape as a result of his programs since then.

But the cost of unemployment is by no means limited to the unemployed. This is but a prime index of the deficient performance of the entire economy.

The total national output of goods and services—gross national product—would be trillions of dollars more had this tragic waste of our human resources and material resources—plant and equipment underutilized by almost 30 percent—not been maintained by the wrong policies.

Due also to the deficiencies in performance of the total economy from which taxes are derived, Government revenues at all levels at existing tax rates have been deficient. Thus, tremendous deficits have arisen not because we were spending too much or unwisely, but because of stagnant growth brought on by tight monetary policies, including high interest rates, unselective budget cuts in the three last Federal budgets, and regressive tax impositions in both 1982 under Reagan and 1980 under Carter.

This steep decline in economic performance deviates sharply from advice of reputable economists and from the mandates of the law as specified in the Full Employment and Balanced Growth Act of 1978.

Full employment, balanced growth and price stability is the national goal of economic policy mandated under this act.

It is a goal that should be pursued by a coordinated use of monetary, fiscal and structural policies in accord with our needs and our capabilities as a nation.

Since 1979, we have deviated from this goal as well as from a procedure for reaching it. Economic policy, if one is distinguishable at all, has been erratic, uncoordinated and contradictory.

As Prof. John Kenneth Galbraith stated it in the 1981 budget discussion:

> You are considering action that is part of a larger package which includes a massive continuing reduction in taxes on the one hand and a sharp cut in civilian Federal expenditures on the other. In conjunction with an increase in defense expenditures, the further result will be a continuing deficit in the Federal budget. Its size is still subject to dispute, for, indeed, it is still unknown. It will, however, be large enough so that there will have to be continued reliance on a tight money policy to contain inflation. . . . In other words, it works only as it induces the recession that is the counterfoil of the supply-side economics now so much under discussion. No one has yet devised a means for having a vigorously expanding economy and an economically depressive tight money policy at the same time.

By law, economic policy, goals and timetables for achieving lower inflation and a reduction in unemployment, achievement of a balanced budget and meeting of our domestic needs must be stated in the President's annual economic report. In addition, the Federal budget must be in accord; as well as the policies of the Federal Reserve Board. Obviously none of this is happening—the law, notwithstanding. Actually, it was the President's budget that was unbalanced by $180 billion.

The law prohibits a tradeoff of jobs to reduce the inflation yet unemployment has been a deliberate policy to slow down inflation; and the recession excused "as the price we pay" for so-called price stability which we are yet to achieve.

The law opposes the trickle-down theory in contrast to balanced growth, yet tax reduction has been boastfully crafted to help the very rich as a supply-sider approach to promote investments but has resulted in corporate acquisition, mergers and increased concentration of power.

At the other extreme, mass purchasing power and median income have declined, business failures have increased, savings are being exhausted, and the number in dependency has escalated.

Both low growth and unbalanced growth lie at the heart of our current economic and social ills. It is a sick economy that is responsible, not a breakdown in social security, excessive spending on domestic programs, or a wasteful mismanagement in job, health or education programs that is at fault.

In this debate a year ago, my friend Jack Kemp made this point that is still valid:

> Had the U.S. economy from 1960 to 1980 grown at the same rate it did from 1962 to 1967, that is, around 4.5 percent to 5 percent in real terms—not nominal inflationary terms, but in real terms—the gross national product today would not be $2.5 trillion; it would be $3.7 trillion. We would have another $200 to $250 billion of Federal revenues. We could have balanced the budget. We could have spent more for defense. We would have had less need for social programs and more resources to pay for them. We would have a sounder dollar.

While we may agree with supply-side economics on the necessity for growth, sharp difference arises on the means of achieving such growth, supply-siders would "water the economic tree" at its top through liberal tax handouts depending on the benefits trickling down. Balanced growth would dictate "watering the tree at its roots," building mass prosperity from the bottom up.

How can we get out of the present stagnant and unbalanced economy and move toward balanced growth? We must first recognize that only the Federal Government can adopt the policies which will create the framework for full production and full employment.

Government alone can provide for the general welfare by promoting the proper environment for balanced growth and jobs for all. This basic responsibility is set in the law. The President and we in Congress cannot ignore our accountability on this point.

Creating this environment requires a coordinated use of the economic policy tools in the Government's control. The goals have been set. It is up to us in Government to implement the policies necessary to achieve them. This can only be achieved with a full and efficient use of our human and natural resources.

First, monetary policy. President Reagan has consistently supported the Fed's tight money policy. The administration publicly admits that it is attempting to squeeze inflation out of the economy. However, this squeeze is actually contributing to inflation by raising the cost of borrowing money. Large businesses, which can borrow at the sky-high interest rates prevailing today, pass these costs along to their customers. Smaller businesses, especially in the credit sensitive industries, simply cannot afford to borrow and have closed up for good. Because of the high cost and limited availability of credit, bankruptcies have climbed to new heights, capital investment is way down, and most observers predict that any economic recovery will be short-lived and weak. Thus, in an attempt to squeeze out inflation, we are actually choking the patient to death.

Our alternative monetary policy would insist that the Fed set its annual goals for the growth of money supply consistent with money demands necessary for full employment and balanced growth. Section 108 of the Full Employment and Balanced Growth Act requires this action; that money be available to allow for economic expansion while limiting inflation. This section prohibits the alternatively too loose and then too tight policies we have endured in the past. The Fed and the administration must tailor their monetary policy to allow our economy to expand at a pace consistent with growing employment and low inflation.

The President should exercise his prerogatives under the authority of the Credit Control Act of 1969. He should implement selective credit policies to reduce interest rates and encourage revitalization of the housing industry, increased spending in productive plant and equipment, and basic investment in infrastructure items.

At the same time, he should encourage higher interest rates for speculation, gargantuan mergers, and other nonproductive investments. We must target advantageous credit to those projects which will create jobs, increase production, and expand growth.

Now, fiscal policy. The tax cut passed last year has been called the most irresponsible act in the Nation's history. The trickle-down supply-side theory is a "riverboat gamble" which has failed miserably. Personal tax cuts disproportionately benefited the wealthy while the low and middle income groups received little or no relief. The increased discretionary income of the rich has generally not been invested in productive enterprises, as the President had claimed, but instead has gone to luxury purchases.

Business tax cuts which were supposed to have led to increased capital investment and expansion have instead brought us a rise in mergers and takeovers. Tax leasing, which was supposed to benefit the struggling firm, has been misused to the point where profitable companies are actually receiving tax refunds from the Government.

Fiscal policy which promotes balanced growth would instead "water the roots" of our economy. Tax relief would be targeted toward the low- and middle-income earner. This person is more likely to spend the increased income on basic goods and services, thus providing the economy with a true stimulus. Increased consumer spending by this largest group of Americans would play a major role in revitalizing the economy toward recovery and growth. Thus, by targeting tax relief to the bulk of taxpaying Americans instead of the small elite, we would get a large and broad based stimulus, providing maximum growth with a minimum of inflation.

On the business side of the tax equation, we recommend policies which couple equity with efficiency. Tax loopholes which do little to promote productive investments and merely drain the Treasury, must be closed. Tax incentives which are clearly and specifically targeted for the kinds of investment which spurs balanced growth and produce more jobs, must be supported.

We must not allow large businesses to escape their fair share of taxation while forcing ever greater burdens onto smaller firms. Such steps as outlined above would greatly promote the effectiveness and fairness of business taxation, would reduce the deficit and would encourage growth.

Finally, and a major topic of this budget debate, is providing for the appropriate structural programs necessary to reduce unemployment and encourage balanced economic development. When Humphrey-Hawkins became law in 1978 unemployment was mandated to be reduced to 4 percent by mid-1983. Given the administration's plans, it will instead average around 8 percent, double the mandated goal. While the 1983 date cannot be met, we can quickly and consistently reduce unemployment, achieving the mandated goal of 4 percent by mid-1985. Accompanying the monetary and fiscal policies outlined earlier, we would suggest the following structural programs:

First. We would provide Government investment to create jobs that would put people to work rebuilding our Nation's cities, rail systems, ports, bridges, highways, mass transit systems, and other needed infrastructure projects. There is virtually no area of the country which does not need a renovation of its infrastructure system and such improvement will lead to increased economic efficiency and development. These jobs would, therefore, be directly aimed at providing the services and repair work necessary to keep our society running and our economy growing. We would finance these jobs through direct Federal expenditures and by targeted tax incentives to the private sector which would encourage increased employment. Various bills have been introduced in this Congress which would create a modern-day Reconstruction Finance Corporation. We must make this basic investment now for our Nation's future.

Second. Our economy is dramatically changing and in order to link job availability and worker skill levels, we must train our work force to be ready for the emerging employment opportunities. Young workers must learn the skills which will enable them to land new jobs. Older workers who have lost jobs in traditional industries must be retrained in new, more advanced skills required in the high technology growth industries. Such a massive skill transferral effort cannot be accomplished by the Government nor industry alone. Business, labor, and government must work in conjunction with one another so that workers can obtain the skills they need to compete in the new marketplace. This training effort, to ready our Nation for the economy of the 1990's and beyond, may well be the most important component of our program for growth. I urge my colleagues to support appropriate measures already moving in the House, H.R. 5320 and H.R. 6250.

Third. Industry specific programs must be developed. Housing, which has led the Nation out of all our postwar recessions, must be targeted. We must expand the supply of middle- and low-income housing. An ambitious program in this regard would attack the double digit unemployment in the construction industry and relieve the pressure of a tight housing market in many of our cities.

The Government can also encourage prudent pension investment by providing Federal guarantees in home mortgages. Mortgage subsidies are an acceptable short-term method of bringing the American dream of owning a home into reality for millions. "Sweat equity" and other such alternative programs are helpful in rejuvenating and stabilizing our communities.

In the field of health care, the expansion of health maintenance organizations and enactment of national health insurance and effective health planning will lower costs and offer tremendous numbers of job opportunities for health care professionals and assistants. The aging of our population means that there will be increased demands for health services and thus increased employment opportunities in the future.

Energy conservation programs must be continued and expanded. With the oil glut ending, our heating and cooling costs may well rise again. The demand for insulation services and energy efficiency retrofitting will continue to rise and this nascent field will grow rapidly.

Fourth. Along with the general promotion of jobs and balanced growth, we must take specifically targeted steps to reduce the drastically high levels of unemployment suffered by certain groups in the labor force. Blacks and youth are especially hard hit, suffering rates of unemployment many times higher than the national average. Therefore, skills training, education and job producing programs must be targeted to these victimized groups. Government, labor and the private sector must join together to provide the appropriate training and employment opportunities necessary to reduce employment among these populations. Tax credits and other incentives can be directed toward employers who hire these persons. Pending employment and training legislation must be fully funded and supported.

It is penny wise and pound foolish to ignore these problems now, for to do so will further isolate many Americans from the economic mainstream. We will end up paying for our inaction through increased unemployment, crime, illness, loss of taxpaying workers, and increase of tax-receiving welfare clients. Additionally, we will further weaken the economy and our society by moving farther from balanced economic growth.

Through implementing this well-coordinated economic policy, where monetary, fiscal, and structural policies are all serving the common goal of reducing unemployment and fostering full production and price stability, we can realistically achieve 4 percent unemployment by 1985. We can keep inflation low and prevent any new resurgences of price hikes. We can stabilize the Government's economic policy decisionmaking process. We can provide the necessary incentives for the business community to gain restored faith in the economy and embark on the path of balanced growth. Our economy is the greatest in the world. However, only with the proper Government policies can we assure that our resources are most efficiently and productively used.

I call upon my colleagues to look beyond partisan politics and together fashion policies and programs which truly meet the needs of our country, our economy, and our citizens. As we debate the economic policy of the 1983 budget resolution, we must realize that the health of our society and the stake of our future lie before us. Let us not waste this opportunity to use the economic policy tools before us to stop the destruction of our economy. Let us instead start on the road to prosperity.

Mr. **FORD** of Michigan. Madam Chairman, will the gentleman yield?

Mr. **HAWKINS**. I yield to the gentleman from Michigan.

Mr. **FORD** of Michigan. Madam Chairman, I am compelled to speak out against a penny-wise and pound-foolish proposal in the first budget resolution that would cap cost-of-living adjustments (COLA's) for retired Federal workers.

This would be a tragic mistake. It would also be grossly unfair to millions of retired civil servants whose purchasing power would be painfully eroded.

While cost-of-living increases, as measured by the Consumer Price Index, have indeed moderated, inflation is still with us. Yet this proposal would ask those retired Federal workers living on fixed incomes to pretend that inflation has vanished. I think there is enough fiction to Reaganomics already. There is no need to thicken the plot.

Wisely the Budget Committee decided not to cap social security COLA, understanding that to do so would work a severe hardship on those retired Americans who have no other protection from the ravages of inflation.

Neither does the resolution propose to cap pensions of veterans and railroad retirees.

To single out retired Federal workers, along with military retirees, for special treatment is offensive to the American tradition of fair play.

I find it difficult to understand the rationale that says some people need to have their retirement incomes protected while others do not. This kind of reasoning makes no sense at all to me.

Sadly, I think I do understand the atmosphere that nurtures this kind of tortured thinking. It is the false perception that has been created vis-a-vis those who work for the U.S. Government. It is a notion, spurred by high-placed demagoguery, that there are too many Federal employees, that they get paid too much, and that they do not do enough work.

And those who have retired from the Federal service are tarred with the same brush.

Whether we recognize it or not, it seems to me we are witnessing dangerous contempt for those who make up the Federal work force and those who have retired from it. We seem to feel they are fair game any time the Federal Government needs to economize. We have come to regard them as sacrificial lambs at the budget altar.

Last year we ignored a contractual obligation and decided, in the name of budget restraint, to eliminate the twice-a-year COLA payment to retired Federal workers. Having so easily done that, some of my colleagues now cavalierly say, "let's take it all away; it's the politically safe and expedient thing to do."

In taking this course, I submit, we are playing recklessly with the future. We have already extracted more than our pound of flesh from these people.

I would like to disabuse my colleagues, and the public, who feel Federal workers comprise some kind of a giant, modern-day works progress administration. We do not have Federal workers to make work. We have them to do work that needs to be done. They are not paper shufflers and petty bureaucrats. They are the FBI agents, the doctors, and scientists at the National Institutes of Health, our astronauts, Internal Revenue Service agents, the Secret Service agents who risk their lives to protect the President, and countless others whose work is indispensible to the health and welfare of our Nation.

By treating these people as second-class citizens—and believe me that this is what we are doing—we are imperiling the quality and performance of this valuable national asset.

While we pretend otherwise, the record is frighteningly clear that we are having trouble recruiting and holding on to the best people to fill these important jobs. At some of our most respected institutions we can not fill key positions. Good people are leaving every day, either opting for early retirement or being lured away by the private sector. Anyone who thinks this is an exaggeration should read the testimony presented before the Post Office and Civil Serivce Committee or go back and read some of the articles in major publications like the New York Times and Newsweek.

In our minds, and in the public mind, we cling to the false belief that all is well with the Federal work establishment because the workers are secure in their jobs, are well paid, and can look forward to generous pensions.

Today this picture is a false one. This administration has tossed job security out the window and Federal workers from Washington to California anxiously wait for the next shoe to drop. Comparability in pay, which is supposed to be guaranteed under law, has become a joke. Moreover, benefits that were supposed to lure and keep Federal workers, have declined below those in the private sector. This works a special hardship on the elderly retired whose medical costs are soaring.

Now we are proposing taking a little bit more out of the hide of the retired civil servants. Should we not pause and reflect what effect this will have on those still in the work force and those contemplating entering it?

This proposal is both unfair and shortsighted. To allow it to stand would inflict unnecessary pain on the one hand and exacerbate serious morale problems on the other.

If we continue using Federal employees and retired Federal workers as scapegoats, we will succeed in creating the kind of work force that already exists in the mind's eye of many critics. And it will be the American people who pay in lost services and protection.

Mr. JOHNSTON. Madam Chairman, I yield such time as he may consume to the gentleman from South Carolina (Mr. CAMPBELL).

Mr. CAMPBELL. Madam Chairman, I take the well today to discuss in some detail the reason that we are facing a crisis.

The gentleman from California has made some very good points, some telling points, there is no question. I understand his concern and where he is coming from. However, I think that we too often can get bogged down in details and forget what has happened to us from a larger viewpoint. I know I am guilty of that, and I know every Member of this body is guilty of it from time to time.

I think that we should take a look at what we are about and what has happened to us in the country over the last 20 years or so, to understand why we are here today faced with a fiscal crisis.

The gentleman referred earlier to the 1960's. I think we should look at the 1960's. We could start back with Jack Kennedy. I thought he was a pretty good President. I happen to have liked him. The point was made earlier that under Jack Kennedy, considered a liberal President of the United States, the budget, which was somewhere in the neighborhood of $100 billion, allocated 49 percent to national defense, and he maintained that national defense spending.

It was also pointed out that Jack Kennedy spent about 25 percent, or a little more, on human service programs, out of a $100 billion budget.

I say that just to remind us that just about 20 years ago, the budget of the United States was $100 billion and the defense of the Nation was the top priority of the country, under a Democratic administration and a Democrat House and a Democrat Senate.

Now, what happened to us? Why did we get into trouble? Did we get into trouble because of a Democrat Congress or a President? No. It is not partisan. Did we get into trouble because of Republican? No.

The gentleman from California is very accurate in his statement that these policies were not made by one or two people, and interest rates were not set by a little group sitting in a room. What happened is that we forgot what got us to the point where we were in the early 1960's, what in fact had made this country great.

After the Second World War, we experienced a period of unprecedented growth. The GNP of this country grew at a rate of better than 3 percent steadily for many years, and then suddenly in the 1960's the GNP began to taper off, until the late 1970's when the productivity growth began to actually decline. Why? These are the questions you have to ask. Why did it take place? And these are the questions that we are dealing with here today.

Let us go a little bit further. Let us look back again at the 1970's and see what we did. I have the privilege of serving on the Appropriations Committee. Most people in the country think that the Appropriations Committee appropriates the moneys that are expended in this Nation. Unfortunately, I have a vote in the Appropriations Committee that actually is only effective over 24 percent of the budget. As we started to shift in the early 1960's from fiscal responsibility, as defense of the Nation began to decline and the emphasis on social programs began to increase we also began to abdicate our responsibility as legislators. We began to give away the control of the budget. We began to index things to inflation. We began to create entitlement programs, and we began to automatically let them go up each year, whether we had the funds or not and whether we in fact voted for it or not. At the same time we began to accumulate a great deal of debt.

The gentleman from California referenced the period of the 1960's under Lyndon Johnson. He pointed out that the gentleman from New York (Mr. KEMP) has said that had we had 1960's-style growth in the 1970's we would not have our current economic problems. We also had the Vietnam war to stimulate the ecomomy during that period of time, however. I do not think we are looking for a wartime footing to pull us along.

But let us go back again and consider the point that I am making. The point is that we began here in Congress to transfer our responsibility to an index. And as we transferred responsibility, we began to lose our control. The Members of Congress recognized they were losing control. They created the Budget Impoundment Control Act, partially because of the acts of a President of the United States in impounding money and partially to discipline themselves. But it did not work. It has not yet worked. It has not worked to the extent that it should have to bring the fiscal discipline.

By 1976, we had in fact reached a point where the campaign issue between Mr. Carter and Mr. Ford was the misery index of the United States of America. I do not quite think that is an accurate measurement, but that is what they used during the campaign. And the issue was: What is the misery index?

The misery index itself was at that time 12 percent, the combination of inflation and unemployment. It was a great issue. That was what it was when Mr. Carter came into office. When he left, it had gone to 21 percent. It is an interesting comparison. But I do not blame that on Mr. Carter. I blame some of these things on the institutional changes that we have seen evolve in our structure of government.

And it is not only the institutional changes. The reward system of government has changed in the last 20 years, and we are paying a price for that today. What reward system? A fundamental in any economics class is that if you subsidize something, you get more of it; if you penalize something, you get less of it.

Through the years we began to change our code, our Tax Code and our support payments, and we began to penalize investment and we began to penalize savings and we began to penalize work and we began to penalize productivity as we put more and more of a burden on each. The result of that was a decline in productivity and on our ability to export our products, leaving us noncompetitive in the world market, until we reached a point that industries such as steel and television—these that were large American industries—were no longer viable because the changes we had brought about in the tax code had penalized them on their investment and on their ability to compete in the world.

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The same happened to the American worker. The same happened to those who are out working.

I will never forget a worker in a plant in my district telling me he had all the work he wanted. If he worked any more, any overtime, it was not worth it to him because the Government took more than he did and he did not want to do it. He would rather stay home and cut his grass. That is a disturbing thing. Because of these changes in the tax law which penalize work, productivity, savings, we got less savings. We got less of an effort to work and produce, we got less in research and development, we got less in investment, and we are paying a terrible price in America for it.

What about the other side of the coin, the subsidy?

In fact, we began—not because of any Democrat or Republican—to reward idleness in America. We began to build up the welfare system with the best intentions, and that made it somewhat easier for some, and was absolutely essential to others—the really needy—whom we want to help. But the system began to make it too easy for some not to produce and not to work. And we begin to have a tremendous increase in welfare, an increase of the scope that between 1958 and today saw a 26-percent growth in the total number of children under 18 in America, but a 300-plus-percent growth in the number of American children under AFDC.

That is the type of thing that is taking place. So what are we debating here? We are debating essentially a fundamental change in America, a change in the reward system that is necessary to expand the private sector of this country that is the root of our greatness.

We cannot, and I disagree with the gentleman from California, whom I respect so much, we cannot say that Government has the answer. Government-created jobs do not solve the problem. Only a change in the reward system that will encourage the private sector to develop and create jobs will lead us out of the problem we find ourselves in.

Those of us that may argue over which program ought to be increased or decreased or what should not, should never lose sight in this debate that we have to have fundamental change the way we run this economy and in the reward system for any of these budgets to work. I hope that as we vote on the many, many amendments that we have before us that we will remember that and in so remembering do what is necessary to encourage the rebuilding of America, the rebuilding of the productive segment of America. Without it, the jobs that are so desperately needed in this country cannot be created. As we undertake consideration of this budget, let us not repeat the mistakes of the past but recognize and begin to implement the fundamental changes that must be made.

The CHAIRMAN pro tempore (Ms. FERRARO). The gentleman has consumed 12 minutes.

Mr. HAWKINS. Madam Chairman, I yield 5 minutes to the gentleman from Florida (Mr. NELSON).

Mr. NELSON. Madam Chairman, I am heartened by the seemingly emerging consensus that it is very important that we pass a budget. I would add my name to that list of those urging our colleagues on both sides of the aisle who might be hearing our words, that all across this land there is so much uncertainty about the condition of our national economy; there is a lack of confidence in the Congress and in the President to come forth with a sound fiscal policy. As a consequence, we have been led into very uncertain and unstable economic times.

Reflecting on the comments of our chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES), we must nail down right now as essential, that next week we must produce a budget. We must have this as a vehicle to go into conference with the Senate so that we can hammer out some direction for the fiscal policy of this country.

So I am encouraged with that emerging consensus that I see.

At the same time I have to share with you a bit of discouragement as I have seen this budgetary process unfold.

As we were in our budget deliberations, producing a committee resolution, I kept noticing that as a member of the Budget Committee, that I normally would be involved and thoroughly enjoying participation in those deliberations, but I found myself increasingly reticent and quiet as I witnessed a partisan parade of statements in the Budget Committee.

Now this was merely reflective of the national debate that has been occurring in which this process has been used for partisan advantage—often to the neglect of the true interests of the

Nation of producing a fair and equitable budget in a more nonpartisan or bipartisan basis.

I suppose that parties on both sides have become very suspicious of one another because of some fear of political retaliation—fear that one side or the other might try to roll the other side politically. As a result, it has been difficult to engage in truly productive discussions from one side to another in producing a fair and equitable budget.

There are legitimate philosophical differences, not just two particular points of view, but many points of view across this body, as there should be.

But for the sake of the Nation's economy which needs resurrection right now, we ought to put aside a little bit of partisan politics and to engage in something that is in the best interest of the Nation.

As we then enter into the amendatory process next week, I hope that my colleagues will put aside a lot of the partisanship that has arisen. We have seen the Gang of 17 emerging from the discussions, we have seen the discussions between the two principals; namely, the President and the Speaker, and found that agreement could not be found, and it was represented to the Nation that there was vast disagreement.

I would submit that this body is a lot closer to consensus on a bipartisan basis than most people in this country recognize.

As a matter of fact, I was surprised to find in the negotiations of the Gang of 17 at the White House just how close they had come on a number of issues. Yet in the nationally televised addresses to the Nation, the Nation was left with the impression that the negotiations had broken down because of irreconcilable differences and the parties being far apart. I do not believe that that is the case and this one Member of Congress is going to do everything that he can next week to see us come forth with a fair budget.

The **CHAIRMAN** pro tempore. The time of the gentleman from Florida (Mr. NELSON) has expired.

Mr. **NELSON**. Madam Chairman, I ask for 1 additional minute.

Mr. **HAWKINS**. Madam Chairman, I yield 1 additional minute to the gentlemen from Florida.

Mr. **NELSON**. I would say this in conclusion, that next week, we will have sharp differences of opinion. We can understand that and we can disagree without being disagreeable. I recognize that this debate will take place in the context of an election year and I implore my colleagues to try to set aside the comment that is made for partisan purposes in an election year as we go about considering what is best in the interest of the Nation.

□ 1330

Mr. **JOHNSTON**. I thank my colleague from Florida and my colleague on the Budget Committee for an excellent statement on the approach we should take next week.

I might add, I agree with it totally and I would suggest an excellent way to start the process and demonstrate good faith on the majority side would be to have the Democratic National Committee destroy all those bumper strickers that say, "Save Social Security, Vote Democratic."

I yield 8 minutes to the gentleman from Ohio (Mr. REGULA).

Mr. **REGULA**. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I hope that next week, working together, we can put together a budget for this Nation. I know of no more important responsibility falling on the shoulders of the Members of this body than to establish the national priorities, not only in the way in which we allocate the resources for the responsibilities of Government, but also as to the amount of our Nation's gross national produce that we are going to commit to Federal activities.

This is extremely important as a policy decision because it shapes the future direction of this Nation. The allocation of resources and the priorities we assign are a vital part of this national decision. The vehicle to accomplish this objective is the U.S. budget. This establishes the fiscal policy of the Nation. It impacts on monetary policy and the combination of the two determine very substantially the ability of the private sector economy to respond to the aspirations of our people. It impacts on the ability of the students who will be leaving high schools and colleges with a diploma as a passport to the U.S. economy, to fulfill their dreams. Their success will depend in a substantial part on what we do.

Many of us will be making commencement speeches over the next several weeks. We will be saying a lot of different things, but in terms of the future of these young people, our actions in this body will speak far more loudly than our words as we deliver them at the various commencements across this land.

If we want these young people to have the same opportunities that were achieved when this Nation was put together, we have to weigh carefully our decisions next week and in the weeks ahead as we structure the fiscal policy of this Nation.

I do not think we should be wedded to the past. I am interested in reading in the Declaration of Independence which says that "governments are instituted among men deriving their just powers from the consent of the governed, that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it."

What we are really talking about in the days ahead is whether or not we, as the representatives of the 240 million people in this Nation, and this is the people's House, want to take this opportunity to alter, to modify this Government.

In 1932, the Government was taking 9 percent of the gross national product of this Nation. For many reasons, a fundamental policy decision was made that the way to solve our Nation's problems was to expand the role of the Government. Each year that slice of the Nation's resources that are consumed by the Federal Government, grows larger. In 1962, under President John F. Kennedy, the Government was consuming 18.6 percent of the Nation's gross national product. Out of every dollar that a wage earner in my district earned, 18.6 cents came to Washington in 1962.

In 1982, probably the Federal Government will consume about 24 percent of the GNP financed either by taxes, or by borrowed money. I do not think that we want to continue that pattern. In 1982 we have an opportunity to alter our Government, just as Thomas Jefferson said it so well back in 1776.

Let us modify it. Let us start down another path. Let us say to the people of this Nation, to the young people that will leave the colleges and the high schools, that we are going to take less and less. If you look at the program of President Ronald Reagan, it is designed over a period of time to get back to the 18.6-percent level that was part of our national program in 1962. He is trying to redirect our national policies, so that people have the incentive to produce in the farms, factories, and business places of this Nation.

In 1962, the Federal Government was borrowing 10 percent of the savings pool. That left 90 percent for the young people that wanted to build and buy a home, start a business, get an education, buy an appliance, or do whatever was part of their dream for the future. Ten percent in 1962 was taken to finance the Federal deficit. The route we are going at the present time will result in the Federal Government taking 40 to 50 percent of the savings pool just to finance its deficit.

Is it any wonder that interest rates are high?

How can young couples across this land who want to start a business, to build their dreams and get that little home, compete with Uncle Sam for the savings dollar at a reasonable rate so long as we continue to run deficits in excess of $100 billion?

Obviously, they do not have a chance. Therefore, it is our responsibility in the days ahead to redirect this Nation, to say to all those who produce and make it work, that we are going to let you keep more. We are going to reduce Federal pressure on the credit market so that you can borrow money at a reasonable rate, so that you can achieve whatever might be your goal, so that the happiness, the dreams and the glories that those graduates of our high schools and colleges and technical institutions and in all the educational institutions in this Nation will be as happy when they come face to face with the job market as they were on the day they got their sheepskins.

It is estimated that to allow this to happen we will need 13 million new jobs in the next 5 years. The chamber of commerce estimates that it takes $50,000 on an average of invested capital to produce a job. Somebody has to buy a truck, somebody has to buy a milling machine or a tractor or a piece of land so that these young people can find jobs to satisfy their needs.

Fifty thousand times 13 million comes out to $650 billion. Where is that money coming from? It comes from people who save, who invest, who put their faith in the future of America.

I think is our responsibility to structure, as it is reflected in the fiscal policy called the U.S. budget, the kind of economic environment that will make it attractive and possible to invest, to save, the have the necessary capital to produce the jobs we need.

This is the real world that we are discussing as we attempt to achieve the worthy objectives of the Humphrey-Hawkins bill.

Mr. **HAWKINS**. Mr. Chairman, I yield 7 minutes to the distinguished chairman of the Joint Economic Committee, the gentleman from Wisconsin (Mr. REUSS).

Mr. **REUSS**. Mr. Chairman, one of the nice traditions about this budget debate is that the time is controlled for a period by the distinguished and beloved coauthor of the Humphrey-Hawkins bill, our admired friend, the gentleman from California, Mr. GUS HAWKINS. I am grateful to him for yielding me the opportunity to observe that our country is in trouble.

High interest rates, recession, unemployment, and bankruptcies are tearing us apart at home and eroding our position in the world. I am not one of those who sees a depression just around the corner. But I do see a destructive period of stagnation ahead, unless we change our course.

Failure to have a bipartisan budget resolution in place very soon would court an extraordinary peril. In the absence of a bipartisan alternative to the Reagan budget and its multihundred billion dollar deficits, a resolution to extend the debt ceiling will become a referendum on the economic performance of the administration. I need not tell you that in such a referendum the administration will fail. Today, Democrats and Republicans alike recoil from the harsh civilian spending cuts, the extravagant waste of money on defense, the intransigence on taxes, from the deficits, and above all from the manifest economic failure of the President's program. Few Members from either party would stand up to be counted in favor of the Reagan deficits on such a vote.

Is there a way out?

I believe there is. It is the U.S. Congress—Senate and House, Republicans and Democrats—which must come to the rescue of the Nation's beleaguered economy, and must do so now. It would be nice if the President and the Federal Reserve were willing to enter into a fair compact with the Congress. But the clock is running, and we cannot wait.

Let us not ask Mr. Reagan how Congress shall compose its budget. Let us not ask Mr. Volcker how Congress shall exercise its constitutional responsibility, article I, section 8, to "coin money, regulate the value thereof."

Let us not ask them. Let us tell them. Here is how.

In quick order, we need two pieces of legislation:

A budget resolution which substantially reduces projected future deficits and instructs the Federal Reserve thereupon to reevaluate its monetary targets so as not to frustrate the lowering of interest rates; and a bill which achieves, now, a substantial reduction in future revenue losses by linking such reduction to a raising of the debt ceiling.

Given a guarantee of lower deficits, conservatives, moderates, and newly awakened antideficit liberals would support such a resolution. Given this prospect of fiscal responsibility and lower interest rates, the financial markets would relax. And even the President would be forced to thank us in secret, for saving him from the worst aspect of his own folly.

It is not the habit of the Congress to address monetary policy as part of the budget process. This year, however, we must chart a new course.

Monetary policy will determine whether the program we develop in the areas of taxes and spending will succeed or fail. If interest rates fall, we will succeed; if interest rates do not fall, we will fail. Any program to control the deficit in fiscal years 1983 through 1987 must, therefore, be accompanied by a guarantee from the Federal Reserve that the corresponding benefit—lower interest rates—will come into effect at once. The only way to assure that result, in my judgment, is to write the intent of Congress in the matter of monetary policy into the first budget resolution itself.

The recession, and the high interest rates which are the recession's proximate cause, are not simply and solely the consequence of large prospective out-year budget deficits. They result from the interaction of those deficits with the sharply contractionary monetary policy pursued by the Federal Reserve in 1981-82. And, if monetary policy is not corrected, curing the future deficits will be at the same time more difficult to do and far less effective.

The Federal Reserve announced that it would try to achieve money growth of between 3 and 6 percent. Instead, it achieved only 2.2 percent money growth for the year. Then, in February 1982, the Federal Reserve announced that the money growth target range for 1982 had been set at 2.5 to 5.5 percent, from a base that was severely depressed by the failure to attain even the bottom of the 1981 target range.

In the first quarter of this year, the Federal Reserve has actually permitted money growth of 8.9 percent at an annual rate. This is much more in line with the requirements for economic recovery than the announced targets. But this rate of growth presents its own problems.

If the Federal Reserve now decides to stick with its M_1 growth targets of 2.5 to 5.5 percent, the fact that money growth has exceeded the upper limit during the first 4 months means that growth will have to be severely restricted between May and December. For example, to hit a 4-percent money growth rate for 1982—the midpoint of the range—would require less than 1-percent money growth for the rest of this year, much less than the actual growth rate of last year. Such monetary stringency would certainly give us even higher interest rates and continued recession.

On the other hand, the Federal Reserve may decide to let the current rate of money growth continue through the rest of the year. But, if the Fed does this without publicly revising upward its monetary target ceiling, it will make a mockery of the requirements of the Humphrey-Hawkins act. Worse, it will add to the uncertainty that currently prevails in the financial community. The result, as lenders demand higher uncertainty premiums, will be unnecessary upward pressure on interest rates and continued recession.

How to avoid this dilemma? Section 301(a)(6) of the Budget Act specifically authorizes the budget resolution to include "such other matters relating to the budget as may be appropriate to carry out the purposes of this act." There is no matter any more appropriate to the debate on the budget this year than the course of monetary policy. Indeed, if we do not have such language, many Members of Congress will hesitate to impose further fiscal sacrifice on their voters.

The first budget resolution is the appropriate vehicle for congressional instruction to the Federal Reserve. Because it is a resolution, which goes into effect on passage without benefit of Presidential signature, an instruction contained in it preserves the traditional independence of the Federal Reserve from the Executive, and the traditional dependence of the Federal Reserve on the will of the Congress. Under our Constitution and the Federal Reserve Act, we in Congress are the Federal Reserve's masters. Once a budget resolution embodying an instruction to the Federal Reserve went into effect, it would be binding. And, as every Chairman of the Federal Reserve Board has testified, it would be obeyed.

The Federal Reserve's position in our system is unique. The Fed is the monetary agent of the Congress, subject to congressional control, but only in the broadest sense. Toward the Executive, on the other hand, the Federal Reserve is, and of right ought to be, independent, though it must work with the Executive in the greatest possible harmony.

Why this independence from the Executive, but not from the Congress?

In essence, it is because Congress is given by article I, section 8, of the Constitution the monetary power "to coin money, regulate the value thereof." That ultimate monetary power is as much the Congress as are the taxing and spending powers.

Federal Reserve Board Chairmen from the beginning have recognized this. Thus, Chairman Thomas McCabe in 1950 called the Federal Reserve "a creature of the Congress and reporting to the Congress." Thus, Chairman William McChesney Martin, Jr., in 1956 called the Federal Reserve "an independent agency of the Government, responsible to Congress." Thus, Chairman Arthur Burns in 1971: "I know the Constitution and I am a law-abiding citizen—the Federal Reserve is an agent of the Congress, independent of the executive branch." Thus, Chairman William G. Miller in 1978: "It is only the Congress that has created the Fed, not the Constitution."

Once before, by House Concurrent Resolution 133 in 1975, Congress directed the Fed, in the face of a high-interest-rate recession, to "lower interest rates" and expand "the monetary and credit aggregates." Chairman Burns and the Fed did so. Interest rates declined, and we got out of the recession. As Chairman Volcker recalled only the other day, in "the mid-1970's, we seemed to be getting back on the growth-without-inflation path. You will recall both interest rates and the inflation rate declined well into that recovery."

Fortunately, the committees of this House with special experience in monetary and budget matters have both recommended that language mandating a change in monetary policy be incorporated in the first concurrent budget resolution. On April 23, 1982, in its seventh report on monetary policy, the Committee on Banking, Finance, and Urban Affairs, under the leadership of Chairman St Germain, recommended:

> Accordingly, the Committee recommends that, as Congress acts to restore fiscal responsibility and reduce the budget deficits currently projected for the years ahead, the Federal Open Market Committee ease the monetary target ranges now in effect so as to assure a full recovery and lower interest rates . . .
>
> As Congress acts to lower the budget deficit, Congress should formally express to the Federal Reserve its intent that monetary policy be adjusted in response to fiscal restraint. The Budget Resolution, in which Congress will make its commitment to fiscal responsibility, is being considered as a vehicle for such an expression of intent.

Now, the House Budget Committee, under the leadership of Chairman Jones, has responded favorably to the advise of the Banking Committee. The language of the budget resolution (H. Con. Res. 345, section 306) before us is as follows:

> It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

This language is diplomatic, but it leaves no doubt that Congress means business. The Federal Reserve must respond to the mandate of the budget resolution with prompt and affirmative action to ease its monetary target ranges and so bring its monetary policy into line with the prorecovery, progrowth, antiunemployment, anti-high-interest-rates macroeconomic policy that we are designing here today.

Identical language to that adopted by the House Budget Committee has also been approved by unanimous vote by the Senate Budget Committee.

You will note that Congress in this resolution is not attempting to mandate a monetary target, or even a range. All that we are saying is that the present one, range 2.5 to 5.5 percent, is an albatross. We ask that the Fed kindly shake it off.

With the albatross shaken off, we expect the Fed's new ranges to be what the Fed believes will best lead to our ultimate Humphrey-Hawkins goals of maximum employment, maximum production, and maximum purchasing power.

□ 1340

Mr. JOHNSTON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, no one could be against full employment, just like no one could be against motherhood, no one could be against honesty, no one could be against truth, no one could be against children, education, or anything else. But in 4,000 years of recorded history, we have never had an economy that was predicated on the free enterprise system that had full employment. Oh, we have had some dictatorships that had full employment. We have an economy in the People's Republic of China that has full employment, because everyone works for the government. No one can get fired. No one is challenged. No one is evaluated economically. Everybody gets so much a month and that is that.

So, to stand here today and to suggest that I am not for full employment would be ridiculous. Everyone is for it, just like everyone is for free trade, motherhood, and honesty.

But the economic realities are such, that the only way we can put people to work in a productive free enterprise economy, is to let business make those jobs on a long-term basis.

We have been pursuing the idea that Government can provide jobs for 15 years, and let me tell you what has happened over those 15 years.

Over those 15 years, the share of our economy controlled by the Government, State, Federal and local, has crept up from about 35 percent to almost 45 percent; that is, the private sector has left only 55 or 56 or 57 cents out of each dollar to provide the savings, to provide the capital, to provide everything else that you need to provide jobs.

Now, to see if this type of economy works, our evaluation should be a fairly objectively approached evaluation. We could simply go around and look at other economies throughout the world to see if there is a viable and healthy economy, controlled by Government. We could define that by simply saying an economy where the real increase in gross national product each year is, say, 3 percent, is viable and healthy. If in any of these economies we had Government spending of more than 40 percent of the gross national product, we could say, fine, then we can safely pursue the same end. We can spend 24 percent of the economy at the Federal level and let the State and local governments spend at 19 or 20 percent, and everything will work out fine, you see, because country *x* is doing it.

But I challenge any of my colleagues supporting any of the three budgets labeled the bipartisan coalition budget, the obey budget, or the Jones budget, to point out to me an economy, a healthy economy on this planet where government is controlling that much of the economy.

□ 1350

They are simply not there. Over the last 15 years, we built a system that is incredible. We built a military retirement system that now has 30 retired generals drawing more in retirement pay than the Chief of Staff of the U.S. Army. And Government retirees drawing more than their working counter parts. All at the expense of the taxpayer.

Let us examine the history of another Government program, supplementary fuel assistance, a noble end back in 1977 when we enacted it the first time. It was $300 million, a one-shot appropriation, because fuel oil prices went from 60 cents to $1 a gallon in 1977. Well, here we are five years later, and what do we have? Now, the appropriation is $1.8 billion, which includes air-conditioning because obviously we had to do something for the Sun Belt States to get them to continue to vote for this, and we have an increased appropriation this year. But, what is economic reality? Economic reality is that the price of fuel oil is down 20 or 25 percent from a year ago, yet we appropriate more money.

It has been said that Reaganomics has not worked. Reaganomics has not even started. Reaganomics was more than offset, that miniscule tax cut that working Americans got last October, was more than offset by the increase in their social security taxes which occurred January 1. So, our only hope is to get a part of it, in July of this year, a 10-percent across-the-board tax cut for every working American. We ought to be concerned about those working Americans out there, because they are the people that have got to provide all that money we spend so freely up here.

Now, unfortunately, we are entering this budget debate with two very emotional factors influencing our thinking. One is unemployment, and my heart goes out to those who are unemployed because they are suffering more than their share of the burden. I submit that the people who are suffering the most are those unemployed who are involved in those industries where savings are most important, and I refer to homebuilding and I refer to the automobile industry, where in order to buy a home or a car someone must have saved the money so that other people can borrow it.

The other factor is the high interest rates dragging down the economy. Well, I submit to the Members that both of those are symptoms; they are not the disease. The disease is Government. It is Government that grows year by year to where it takes over more and more of the productive wealth of this country, the wealth that is produced by millions of American men and women. Just think about the last 5 years. The gross national product of this country, that which we all produce added together, the total wealth produced in this country, in the last 5 years has increased a little over 15 percent. But, what has Government spending done in the last 5 years? It has increased more than 60 percent. Government is growing four times as fast as the income of American men and women.

Now, the critical thing as we begin this budget debate is not the deficit in the short run. Sure, in the long run it may be important, it may be painful, but the important thing is how we are going to cure this problem of how much of the economy we can take over. The only way to cure that is by stopping our growth in spending, to the growth of the economy. This does not entail cutting anyone. This entails simply being content to level benefits, to say, "Hey, we have not got the money so we cannot give you an increase next year."

Because, if we continue to provide these increases, that retiree who is now making more than his counterpart who is working will further increase his benefits and his share. We have to have savings in this country. We cannot save less than 4 percent our income each year and have a free enterprise economy. It has not worked. It is not going to work. But the only way the American working people can save is to have less taken away from them by the Government.

Yet, the spending proposals that are proposed in three of these budgets, of $770 billion, simply proceed on the assumption that we can take more from the American people in the way of taxes and deficits, which will further impair their ability to save. The fact is that the Government under John Fitzgerald Kennedy was not spending the percentage of the gross national product than it is under President Reagan. Why? The Government back then was spending only 18 percent of our economy. Now, Government is spending 24 percent of our economy.

Can Reaganomics possibly work with the Government taking over the economy? I seriously question it. Yet, do we address the question of spending in three of these budgets? No, we simply promote an increase in Government spending that once again exceeds the increase in the economy as a whole. I do not believe, like my colleague from California, that Government "alone"—and I believe that is a direct quote—can provide employment. I believe that this system grew great under an economic system that will have a certain amount of unemployment at all times as economic dislocations occur. But, it has given America the greatest standard of living from a material standpoint that this planet has ever known, because it acknowledges that there are risks and there are rewards.

More control, more manipulation of the monetary policy of this country is not what is in order. Monetary policy is a reflection of the sickness, and the sickness is the share of this economy Government is taking, and we have got to address that. More Government spending has not worked as an economic system. If it had worked, this economy ought to be going great, because now Government is spending almost 45 percent of the total economy. This ought to be theoretically a perfect economy under the Humphrey-Hawkins full employment bill concept. We ought to be just running away with jobs, because year after year Government spending as a percentage of gross national product has gone up and up and up.

It has not worked, and unless the Congress is prepared to address seriously and at some political risk the real question in this country, how much of its economy can we take over, then there is little chance that this budget will ever be balanced, because as the economy grinds down due to overwhelming burdens of taxation and Government spending, there will not be any opportunity to restore it because the tax base simply will not be there. We have got to control spending, not increase taxes.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. JOHNSTON. I yield to my colleague from Ohio.

Mr. LATTA. Mr. Chairman, I just want to commend the gentleman on a very, very excellent statement, one of the best statements I have heard on this subject since I have been in the House.

Mr. JOHNSTON. I thank the gentleman.

Mr. HAWKINS. Mr. Chairman, I yield 7 minutes to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, at the outset I want to express my appreciation to the distinguished chairman of the Employment Opportunity Subcommittee, the gentleman from California (Mr. HAWKINS) for yielding this time to me.

I want to commend also the chairman of the Budget Committee for the tone which he set as he opened the debate on the first budget resolution. I think it is quite right when he says that we do have social and economic concern of this Nation at stake in this debate. I must say that that is a refreshing difference from some of the language that one hears from the other side of the aisle. We constantly hear about this terrible deficit and this awful economy from the other side that was caused, not by the budget that was adopted last year or the tax program that was adopted last year, but it is somebody else's fault; it is Jimmy Carter's fault; it is Wall Street's fault; it is the media's fault; it is the Democratic Party's fault; everybody's fault except Ronald Reagan and Reaganomics and the budget and tax program which was pushed through by that side of the aisle last year.

☐ 1400

We hear great pleas this year from the White House and from this side of the aisle about compromise and how we ought to really work in the spirit of compromise for the best interests of the Nation. We did not hear that talk last year. I recall last year we had a compromise budget, so-called, which was a horse-and-rabbit compromise with one Democratic Member and all the Republicans, and that was the Gramm-Latta compromise. What ever happened to Mr. GRAMM, by the way?

With all the discussions about cutting back on spending, maybe my friends on the Republican side of the aisle will explain to the people of this country the fact that there was in fact no cut in spending because for every dollar that was cut out of social programs last year a dollar was put back by them into the defense portion of the budget, and over the course of the 5-year projection of the Reagan program we are going to have an increase of $1.65 trillion in defense expenditures. And that is not counting the undervaluation of the three-quarters of a trillion dollars that the Pentagon's Defense Resources Board tells us about. Indeed the projections are that this marvelous Reaganomics program is going to create in 4 short years 75 percent of the total national debt previously incurred in the entire history of this Nation. And that is not done by Democrats or Jimmy Carter; that is done by Ronald Reagan and the Republicans in the House and in the Senate.

Let us talk about unemployment, because Republicans like to take credit for bringing inflation down temporarily, but they say unemployment levels are not their fault. Unemployment is higher now than at any time since the Great Depression. It is 9.4 percent across the country, and in my city it is over 10 percent. In parts of the country it has reached 30 percent, and it is not enough to have your heart go out to those people. What they need is jobs. That is really what Humphrey-Hawkins was about.

Mr. Chairman, each element of the President's economic programs is simple, direct, and wrong. Transferring billions from social programs to defense has caused much pain and suffering, has not measurably increased our national security, and has contributed to our economic decline. Granting massive tax cuts—primarily to the rich and large corporations—has made the Federal tax code more regressive, threatens to yield persistent and irresponsibly large deficits in the foreseeable future, and has had no perceivable effect in stimulating economic growth. The administration's tight money policy—in essence forced bankruptcies and unemployment, with the aid of an international oil glut—has temporarily lowered inflation, but at the cost of driving the economy into the deepest recession since the Great Depression.

Each day that we cling with faint hope to Reagan's voodoo economics increases the chances that insufferable and irrevocable damage could be done to the economy and to the American people. At this moment the official unemployment rate is 9.4 percent, which does not include the millions of discouraged workers who have given up any real hope of finding a job. Some in the administration predict that unemployment could reach 10 percent in the coming months.

The faith that George Gilder argues is so vital to supply-side economics is certainly hard to sustain.

In this critical situation, there is no economic or moral justification in making another round of funding reductions in social programs. We must not continue with the misguided economic policies of this administration. Need we look further than Wall Street, hardly a disinterested observer, to judge the wisdom of our current national policy? Even the Senate Republicans, by approving future tax increases in their budget resolution, have conceded that this "riverboat gamble" has been a disastrous failure.

Just 4 short years ago the Congress enacted the Humphrey-Hawkins Act which directs the President to set forth the economic objectives, including goals for the reduction of unemployment and inflation, and recommendations for their achievement. The President's budget is required to incorporate programs and policies necessary to meet the goals of full employment and balanced growth. The original goals for reduction in overall unemployment and inflation were admittedly ambitious ones, but the act states that the President may recommend modification of this timetable. Needless to add, President Reagan has completely ignored this important law.

The Humphrey-Hawkins Act presents the goals, structure, and plan for responding to the Reagan recession and rebuilding our economy so we can achieve full employment and price stability. I strongly urge that Members reread the Humphrey-Hawkins Act and remember that the Federal budget is not simply a document with thousands of impersonal numbers, but is the statement about our national priorities and values.

I want to take a few minutes to discuss our Federal income maintenance programs, which have helped move this Nation closer to the goal of a more equitable society.

Programs such as AFDC, food stamps, and SSI have come under unremitting attack by an administration lacking in compassion and foresight. Through its repetitious references to the truly needy it has revealed its belief that many people who receive Government assistance do not actually deserve the aid they get. Missing from its political philosophy is an understanding of how societal forces can overwhelm even the most determined of individuals, but especially vulnerable are those whose psychological and financial resources are meager.

The undermining of our income maintenance programs actually works at cross purposes to two of the administration's stated goals. The need to increase national productivity, and the goal of increasing the self-sufficiency of individuals.

Much budget-cutting of social programs has been done in the name of reducing the Federal deficit although it should be apparent to everyone by now that even the total elimination of Federal social programs would still leave us with a substantial deficit.

A goal that has been ill served by this administration's regressive policies is that of individual and family self-sufficiency. Changes in the regulations governing the two major Federal income-maintenance programs, AFDC and food stamps, will virtually eliminate incentives for welfare recipients to work.

Before last year's changes, AFDC mothers who worked—and earned average wages for working AFDC mothers—were able to raise their disposable incomes to the poverty level in 29 States. After last year's cuts, average AFDC mothers were pushed below the poverty line in every State. Under the latest proposals, they will be dropped to 85 percent of the poverty line—or below—in every State. Incomes for working AFDC families would be reduced so much that parents who work would generally be little better off—or worse off—than AFDC mothers who do not work.

The new proposals would also discourage those who are working from working harder to increase their earnings. For most AFDC working mothers, each additional dollar they earn after their first 4 months on the job will result in a net income gain of only 1 cent. That is, 99 cents would be taxed away through reductions in AFDC and food stamp benefits and increases in social security and payroll taxes.

The work disincentive features I have mentioned are further aggravated by the fact that in 20 States, those working families who are eliminated from AFDC programs will also lose medicaid coverage for themselves and their children. In these States, medicaid is restricted to those on AFDC or SSI. When working families stand to lose medicaid coverage for their children because they work, and when their disposable incomes are not much higher than those on welfare who do not work, pressures to leave or to decline jobs and go back on welfare intensify.

In addition to the AFDC, food stamp, and medicaid cuts aimed at the working poor, our Nation's stubborn refusal to commit resources to care for the young children of working families is also contributing to the disincentive to become self-sufficient. As day care becomes scarcer and more expensive, more single mothers will be unable to find or to afford day care for their young children. Although the administration has been pusing the concept of workfare, it has been silent about what it plans to do about the increased need for day care that would result from implementation of such a policy. Who on Earth is going to care for the children left behind by working mothers? For the working poor, increased day care costs diminish the gains achieved through working.

Each time a mother leaves a job or fails to accept one because of these built-in disincentives, the Federal Government pays the bill. Federal AFDC and food stamp benefits are far higher for a family that does not work and has no other income, than for a family that has some earning and therefore qualifies for smaller welfare and food stamp benefits. When work disincentives become too great and fewer persons work, Federal costs actually increase and much of the savings the Congress thought it was achieving disappear.

One of the reasons for the unpopularity of the AFDC and food stamp programs is the popular misconception of just who benefits from them. Critics rant on about welfare cheats. Few, however, are aware that fully 70 percent of AFDC recipients and over half the people receiving food stamps are actually children.

Because of our callous attitudes about the poor—we mortgage our own future. When we dismantle programs that serve children and their families, we undermine our very own future. Our society delegates to families the responsiblity for nourishing our future generations. Children are the future workers, consumers, teachers, and unfortunately soldiers.

Today, high unemployment runs rampant. The various Federal income-maintenance programs that have been established over the last 50 years are primarily responsible for cushioning the blow of the current deep recession. I shudder to think what life would be like without them for millions of American workers.

The strength of a society is not determined by its feats of accomplishment or by its shows of military might. Rather a society that is truly strong is one that is truly just. Yet, our characteristically generous Nation is today failing what Hubert Humphrey called the moral test of a government—how it treats those who are in the dawn of life—the children; those who are in the twilight of life—the aged; and those who are in the shadows of life—the sick the needy, and the handicapped.

We cannot allow the Social Darwinist in the White House return us to era in which masses of people had little choice but to passively accept the dictates of cruel, unseen economic forces and the harsh tyranny of a social system which eulogized selection of only the fittest for reward, regardless of the fate of the weak, the old, the sick, and the feeble. Since the New Deal when Government assumed the responsibility to provide support, security and opportunity to those who had little, the American people have consistently rejected the doctrine of social Darwinism. And despite the rhetoric, philosophy and policies of Ronald Reagan, the American people still reject that cruel, narrow selfish doctrine today.

I want to conclude by quoting from President Franklin Roosevelt, whose greatest legacy was his leadership in convincing this Nation to reject social Darwinism. In accepting the Democratic nomination for reelection in June 1936, this great President said:

> Governments can err, Presidents do make mistakes, but the immortal Dante tells us that divine justice weighs the sins of the cold-blooded and the sins of the warm-hearted on different scales. Better the occasional faults of a government that lives in a spirit of charity than the consistent omissions of a government frozen in the ice of its own indifference.

The CHAIRMAN pro tempore (Mr. BEILENSON). The Chair recognizes the gentleman from North Carolina (Mr. JOHNSTON).

Mr. JOHNSTON. Mr. Chairman, at the present time we have no requests for time.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from California (Mr. HAWKINS).

Mr. HAWKINS. Mr. Chairman, I yield 9 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I am pleased to have this opportunity to discuss the health component of our overall economic and budgetary policies. Unfortunately, we do not engage in this discussion with the sensible objective envisioned by Humphrey-Hawkins of defining our Nation's health needs, and deciding on the appropriate role for Federal and State governments in meeting those needs. Instead, our decisions once again are focused on massive cuts in health programs that serve our Nation's most vulnerable citizens—the aged, the disabled, children, the poor, and the ill.

Let us look first at the history of these proposals.

Last year, we cut these programs by $2.8 billion, and programed another $2.8 billion cut into fiscal year 1983.

This year, the President, in his now discredited budget, proposed health cuts of more than $5 billion;

The Senate is apparently going to approve health cuts of more than $5 billion;

Our Budget Committee worked hard to develop an alternative, but still ended up with cuts of about $2.5 billion;

Many of us will propose amendments to reduce those cuts to more acceptable levels; and

At the same time, however, the Michel amendment will propose the harshest health cuts of all, totaling about $6 billion—that is worse than the President's proposal, worse than the Senate, and more than twice as large as the cuts enacted last year.

It is that Michel amendment that is the most devastating health policy proposal that we must confront in our debate. We cannot hide completely behind discussions of economic policy, and basic political choices among taxes, defense programs, and domestic programs, because we are at the same time making critical decisions on every component of our Federal programs. In health, the Michel amendment makes those decisions clear for all to see.

If you support the Michel amendment, you are voting to cut social security's medicare program by $4.8 billion in fiscal year 1983, and $23 billion over 3 years.

If you support the Michel amendment, you are voting to cut Federal medicaid payments to the States by $600 million in fiscal year 1983, and $2 billion over 3 years.

If you support the Michel amendment, you are voting to cut our public health efforts by about $550 million below the already reduced fiscal year 1982 levels.

It is very important that we all know ahead of time how we would have to achieve these cuts. While there is a broad consensus that we should continue efforts to develop long-range health system reforms, we simply cannot achieve $6 billion in Federal savings in fiscal year 1983 from such reforms. Fiscal year 1983 starts October 1, just 4 months away. In order to achieve that level of savings that quickly, we would have to turn again to short term shifts to States, providers, health insurers, and ultimately the program beneficiaries.

Let us look at how the Michel amendment proposes to achieve these incredible reductions. In medicare, they suggest the following changes:

They would index the part B deductible. Just last summer, we raised this to $75, and they now propose to index it to the CPI, shifting more and more costs to direct out-of-pocket payments by the aged and disabled;

They would increase the monthly premium paid for part B by allowing it to rise faster than social security cash benefits. Each month, 29 million aged and disabled individuals would devote a higher share of their income to this premium. We have been very careful to assure that social security will not be cut, but this premium increase will reduce the monthly check just the same. I suggest that your constituents will react just the same.

They would mandate coverage of the working aged under employee health plans, shifting costs to those plans, and leading to potential discrimination against elderly individuals seeking employment.

They would delay medicare entitlement to the month following the month of eligibility, simply shifting these costs to the elderly for 1 more month.

They would increase copayments for home health care, shifting costs to the beneficiaries and discouraging use of home health services at the same time we should be encouraging such alternatives to institutional care.

They would make a number of reimbursement cuts to physicians and hospitals with projected savings that will be difficult if not impossible to achieve. For example, they project nearly $2.1 billion in cuts in fiscal year 1983, and more than $12 billion over the next 3 years, due to prospective reimbursement of hospitals.

While these are areas that many of us have tried to address for years, we need to impose some reality test on the savings levels. Any proposals in these areas will be both technically and politically difficult to develop, as many of you will recall from our hospital cost containment debate. If we accept the astronomical levels plugged into the Michel amendment, we must accept the simple fact that we will not be able to achieve those savings in the next few months from reimbursement reforms.

In the Senate, the Finance Committee has developed more realistic proposals for savings of less than $700 million for hospital reimbursement reforms—one-third as high as the Michel amendment estimates. In order to reach total medicare savings levels comparable to the savings in the Michel amendment, the Senate had to turn to coinsurance on inpatient hospital stays by the aged and disabled. The Domenici proposal, for example, required coinsurance of 6 percent in fiscal year 1983, 8 percent in fiscal year 1984, and 9 percent in fiscal year 1985, shifting billions of dollars of costs to the aged and disabled over the next few years. If we accept the ridiculous targets in the Michel amendment, we should recognize right now that we would also be forced to turn to more cost shifts to the aged and disabled, such as this coinsurance provision. Again, I must remind the Members that we have been very careful to avoid cuts in social security benefits, and I suggest that your elderly constituents will react the same way to paying more for their hospital care under medicare.

In medicaid, the Michel amendment proposes $600 million in Federal cuts, on top of the $900 million already programed into fiscal year 1983 by last year's Reconciliation Act. Once again, there is no pretense of needed reforms, but instead proposals to shift costs to others—shift them to State and local governments through matching reductions, or shift them to the low-income aged, disabled, and children and their families.

They would impose liens on the homes of institutionalized medicaid recipients in order to collect from their families after death. Let us be very clear about what we are talking about here. The elderly individual lying in a nursing home bed would be told that their Government had imposed a lien on their home—a home that often means everything to that individual. We can tell ourselves that technically, we would not foreclose on the lien while the person is alive, but that is small consolation for the individual. An elderly person knows full well what a lien is, and I think we all must question whether we want to solve the deficit problem that we have created by taking this action against the frail elderly in nursing homes.

They would allow States to require family supplementation for individuals in nursing homes. This would be a new program for means testing the adult children of the institutionalized medicaid recipient. Again, let us be very clear about what we are doing to that aged person in a nursing home and their family. That elderly person would know that because they are lying in that bed, their adult children may not be able to save for their own retirement, or that their grandchildren may not be able to get as good an education. Again is this how we want to reduce the deficit?

Finally, they would simply shift costs back to the States with Federal matching reductions. They would eliminate matching for States payment of the part B premium for those entitled to both medicare and medicaid, and reduce special matching provisions for some administrative costs, such as the costs of nursing home inspections. Many Members have been concerned for years over the issue of health and fire safety in these facilities, but we would be reducing our Federal support for that effort. Finally, they would reduce matching as part of their excess error rate proposal. Here, we would simply be withdrawing Federal support, and leaving those costs to hard-pressed State and local governments.

I must point out that in order to achieve the $600 million total required by the Michel substitute, we will probably have to enact more of these matching reductions to the States. The Congressional Budget Office has estimated the savings from items identical to those recommended by the Michel amendment, and they are about $100 million short of the Michel total. That will force us to develop even greater short-term savings proposals to meet the target. The surest way to guarantee such savings in the short time between now and October 1 would be further reductions in Federal matching to the States, who are still trying to cope with the impact of last year's slashes in medicaid funds. I do not think anyone wants to increase that burden on the States right now.

For Public Health Service programs, the Michel amendment proposes to fund the programs at the fiscal year 1982-83 freeze levels. That keeps them at about $550 million below the CBO baseline for fiscal year 1983, and about $700 million below the fiscal year 1981 level. This provides no leeway to the Appropriations Committee to address some of the serious shortfalls that have occurred as a result of last year's cuts.

If you support this amendment, you are supporting reductions in biomedical research, reductions in immunizations, reductions in efforts to combat venereal disease and tuberculosis, reductions in the Food and Drug Administration, reductions in health services for needy mothers and children, and reductions in education programs to alleviate our nursing shortages. We can say we are for those things, but this amendment provides no money to even maintain them at their current level, much less allow for desperately needed increases in certain targeted areas.

The choices among the various health provisions in the proposals before us are very clear for all. It is quite evident that the health cuts in the Michel amendment are the harshest cuts of all, and I urge all of you to defeat that proposal.

□ 1410

Mr. JOHNSTON. Mr. Chairman, I yield 13 minutes to the gentleman from North Carolina (Mr. MARTIN).

Mr. MARTIN of North Carolina. Mr. Chairman, one of the nice things about this debate is that the time for a part of the debate is controlled by my friend, the distinguished gentleman from North Carolina (Mr. JOHNSTON) who has been a long-time foe of all of these attempts to expand the Government larger and ever larger, absorbing more and more of the people's income and responsibilities. He shares with me the belief that there is no real compassion in creating more and more artificial jobs on Government payrolls. All that does is further burden the private sector with more taxes to pay for it.

All that does is crush the private enterprise as a provider of real jobs, thus requiring more and more artificial jobs.

All these artificial jobs do is to redefine those who have been "unemployed" as "employed," but without changing the job description. I see the gentleman from North Carolina (Mr. JOHNSTON) agrees with my analysis.

All these artificial jobs do is redefine those who are "unemployed" as "employed," but without changing their job description.

The balanced budget substitute which the gentleman and I and others, the gentleman from Pennsylvania (Mr. WALKER), the gentleman from California (Mr. ROUSSELOT), the gentleman from Texas (Mr. ARCHER), the gentleman from Oregon (Mr. SMITH) the gentleman from California (Mr. DANNEMEYER), and others have joined in introducing begins with the belief that the Congress should, must, and will balance the Federal budget and that the people of this Nation are sick and tired of budget deficits. They are so sick and tired they are willing to endure some shared mild discomfort so long as that discomfort is broadly shared.

We continue with the flat statement that the Congressional Budget Office 1983 revenue estimate is wrong. It assumes wrongly that 1983 Federal revenues will be only $645 billion, assuming no tax increases, regardless of how large or how small the deficit. And that is absurd.

That $645 billion estimate that the Congressional Budget Office has given us is based on an assumption that the deficit will be cut down from the current high level of about $182 billion for fiscal year 1983, down to $100 billion, and it forecasts the economic consequences of that on the assumption that all that is going to happen is to reach $100 billion of deficit.

But for the first 6 months of fiscal 1982, receipts have been such that total 1982 revenues for this current fiscal year will be $642 billion. That is for this current year that is almost over. Based on current growth in revenues, there will be an 8-percent increase in the 1983 revenues over 1982. That is next year over this year. And that means that next year's revenues, 1983 revenues, will be $682 billion, not the $645 billion that the CBO estimated. It will be $682 billion, even after taking into account the tax cuts that were enacted this last year and which take effect this year and next year.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of North Carolina. I am certainly glad to yield to my colleague from California, who is the principal author of the Rousselot-Martin substitute balanced budget, the only balanced budget this House will be allowed to vote for.

Mr. ROUSSELOT. I appreciate my colleague yielding.

I know as a member of the Budget Committee he has followed very carefully the estimates that have been given by our Congressional Budget Office. Now what the gentleman has done is told us that they have substantially underestimated the in-hand revenues for 1982 and the potential revenues that are bound to come in between now and October 1, 1982. Is that not correct?

□ 1420

Mr. MARTIN of North Carolina. In my opinion, that is correct. It may be that they feel justified in underestimating their revenues, because of their assumption that all we are going to do is reduce that deficit down from $182 to $100 billion. And it may, therefore, be their conclusion, as a consequence of that halfway step, that all we are going to get is a halfway recovery and that, therefore, there will not be the revenues that would be projected from the present day's rate of growth even with the economy in the shape that it is in.

Mr. ROUSSELOT. Well, then, maybe they are not aware that there will be a budget resolution which several of us are presenting that calls for no new add-on deficit in 1983. And does that not really give a different perspective on potential revenues if the total marketplace and economy understands that we are not going to add $100 billion add-on deficit?

Mr. MARTIN of North Carolina. That is certainly true. We believe that all of the pending budgets are understating revenues and overstating the deficit as a consequence by $37 billion.

But we believe that even if they have doubts about their own projections, because of their assumptions that all that is going to happen is the adoption of halfway measures, we believe that if we take the full measures of reducing the deficit to zero in 1983, as you and I and Mr. JOHNSTON and others I mentioned are proposing, we believe that those projections which we have are going to prevail. We believe that enactment of our balanced budget will enhance the likelihood of getting the higher revenue projections that are based even on today's sick economy.

Mr. ROUSSELOT. I appreciate my colleague taking the time to explain how those Congressional Budget Office projections relating to income are not necessarily accurate and, as a matter of fact, they have not taken into account the change in revenues that has occurred in the last 6 months to our Federal Treasury.

Mr. MARTIN of North Carolina. I thank the gentleman. I personally would not quarrel with them if they want to apply those revenue estimates to budget proposals which are going to end up with a $100 billion deficit, but I do not think that there is any justification for trying to impose those false assumptions on the one budget, the balanced budget which we are offering, which will reduce the deficit to zero, which therefore will in a dramatic way bring interest rates down, and investment up, and, therefore, you see, will increase revenues even more than we are projecting.

So we do make this correction in our balanced budget substitute.

Furthermore, because of the added economic stimulus that will result from lower interest rates produced by a balanced budget, we are saying the achievement of our revenue baseline estimates becomes all the more probable.

Working from these revenue and outlay baselines, we achieve a balanced budget by several measures. First of all, even though we wish it were not necessary, we freeze all pay and benefits paid by the Federal Government at their October 1, 1982, levels. That means all pay and benefits. It means social security beneficiaries will get their 1982 increase as scheduled on July of this year, of 7.4 percent and that other cost-of-living increase coming in by October, 1982, will stick. But during fiscal 1983, beginning on the first of October, evenly and evenhandedly there will be no raises and no cost-of-living increases, because that is necessary, though we wish it were not, if we are going to halt budget deficits and the damage that they are doing to our economy.

Second, even though we wish it were not necessary, national defense will be cut in our proposal by $8 billion under the President's request. Our defense outlays are within a billion dollars of that prepared by the House Budget Committee in its resolution and $2 billion below the Latta substitute.

Third, even though we wish it were not necessary, we do make significant cuts in most budget categories, as follows:

International affairs: $4.6 billion under the Jones bill, for a total of $7.5 billion;

Science, space, and technology: $750 million under the Jones bill;

Energy: $1.7 billion under Jones, leaving $3.3 billion;

Natural resources and environment: $1.85 billion under the Jones proposal, leaving $9 billion;

Agriculture: $500 million under Jones, for a total of $9.6 billion;

Commerce and housing credit: $950 million under Jones, leaving $2 billion;

Transportation: $3 billion under Jones, for $17 billion;

Community and regional development: $1.4 billion under the Jones proposal, leaving $6.5 billion;

Education, training, employment, and social services: $3.45 billion under Jones, for a total of $24 billion;

Health: $6.1 billion under Jones, leaving $74 billion;

Income security: $24.05 billion under Jones, leaving all of $249 billion, without significant losses to social security beneficiaries.

Veterans benefits and services: No change from the Jones proposal;

The administration of justice: $550 million under Jones, leaving $4.1 billion;

General government: $850 million under Jones, leaving $4 billion;

General purpose fiscal assistance: $4.7 billion under Jones, leaving $1.8 billion, assuming suspension of general revenue sharing until we have revenues to share;

Interest: $23 billion under Jones, for a balance of $92 billion, achieved by not having to borrow more money and by the drop in interest rates that would follow a balanced budget; and

Allowances and undistributed offsetting receipts, recommended at the same levels as in the Jones proposal.

Lastly, even though we wish it were not necessary, we raise $18 billion in additional revenues—which is less than any other proposal contemplates, even though we wish it were not necessary to raise any more taxes at all. As with other proposals, we do not specify the precise sources of that revenue. But we state that the undeniable result of a balanced Federal budget is more important than taking a hard line on preserving tax loopholes. Let me say that again: We state that the undeniably favorable result of a balanced Federal budget is more important than taking a hard line on preserving all of the existing tax loopholes. The Committee on Ways and Means on which the gentleman from California and I serve will examine all of these options.

For me personally, the suspension of general revenue sharing is a bitter pill. This is a program that I have supported since I was a county commissioner in North Carolina. As a county official I worked hard to lobby for it, and to defend it since long before joining this body. Normally, that might be one of the last items that I would want to cut. Others might put it in a different order of priority. My colleagues know that. But I am willing to go along with goring this ox of my own preference because we need to be able to do that as a symboy, as a shared sacrifice, to urge that others also be ready to share in widespread sacrifice in order to serve the good of the Nation. Although I prefer revenue sharing to the alternative of categorical grants, I am not willing to let revenue sharing stand between a $100 billion deficit and a balanced budget. Once you exempt one favored program, other exemptions will follow like dominoes, and the deficits will continue to soar. By protecting and saving each and every ox from being gored, we continue to pile up the debt required to do that, and then we continue to suffer these abnormally high interest rates.

We have crossed the trillion dollar threshold on the public debt during this past year. There is no way we can have any ungored oxen. They will be gored by high interest rates if we continue these deficit policies.

Now, all the other budget substitutes that are being proposed begin with the assumption that the best that can be done is to cut those current law deficits in half, from $182 billion down to the $100 billion level, give or take $10 billion. All of them begin with that assumption, every one of the other substitutes.

I say to my colleagues that we cannot afford to simmer along with these halfway measures which will produce only halfway results. As a member of the Budget Committee, I saw during the work of that committee that if we begin with the acceptance that all we can do is cut the current law deficit of $182 billion roughly in half, then we are going to take halfway measures to get there. Halfway measures will produce halfway results. Interest rates will not come down as substantially. We would get a halfway improvement in interest rates, we would get a halfway improvement in investment, and we would get a halfway improvement in jobs, a halfway improvement in unemployment, if all we do is generate a halfway recovery. A halfway reduction of deficits will only reduce interest rates halfway. That will lead to halfway investment activity.

We believe that the present economic hardships faced by our country and by our people deserve not halfway solutions but a total commitment of balancing the budget all the way.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of North Carolina. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague bringing up the point about general revenue sharing, because it has been a problem in facing up to going into further debt to finance that program, and really we have no revenue to share. But is it not also true that many cities and country governments will admit that when they are forced to go into the marketplace for bonding, for other types of financing, that the competition by the Federal Government in its tremendous debt securities is just almost overwhelming, and many times when they get ready to go to the marketplace they pull back, because there is the Federal Treasury putting other debt securities on the market.

Mr. MARTIN of North Carolina. The gentleman is absolutely correct. Local governments, city and county governments—State governments too, for that matter—will be much better off if we take the necessary steps to bring interest rates down so that they will have relief from an overburden of debt service. They will be much better off with lower interest than they will be if we continue to pile up debts here in the Federal Government, even if we give them that general revenue sharing. That revenue sharing is not as valuable to them as getting their debt service down, and that will only happen if we balance our budget and get the Federal Government away from the credit window, so that other borrowers will not be crowded out by the Federal Government.

☐ 1430

Mr. MARTIN of North Carolina. I would say it is further ironic that the Federal Government has to borrow the money for revenue sharing. It is not revenue. We do not have the revenues to share because of the deficits that we have been experiencing, and so we have to go into the market to borrow that money at the Treasury bill rates, which have been 12 and 13 percent recently, in order to protect local governments from borrowing the money at lower rates available to them. I would say that is somewhat ironic. They will be better off if we can bring interest rates down. The gentleman is quite correct on that.

If revenue sharing and all the other devices for trying to cushion them from the ravages of the economy, if all of those programs are preserved and the resulting high deficits guarantees that the economy does not recover they will be worse off.

So I think the gentleman's leadership on getting this measure before us needs to be noted.

Mr. HAWKINS. Mr. Chairman, I yield 5 minutes to the gentleman from the District of Columbia (Mr. FAUNTROY).

Mr. FAUNTROY. I want to thank the chairman for the privilege of speaking in my capacity as chairman of the Subcommittee on Domestic Monetary Policy and chairman of the Congressional Black Caucus on the extent to which the fiscal and monetary policies of the past year have advanced the goals of the full employment and balance growth act for this year will do that.

If the Members in this Chamber do not realize it, the American people realize that the answer to that question is resounding "No!" The 50,000 small businesses that have gone bankrupt, the small farmer and the home builders who have gone bankrupt because of the high interest rate policies fostered by this budget and tax proposal know that these policies have failed. The 2.5 million who have lost their jobs since July last year know that they have failed. The middle income Americans who were promised that somehow the tax package was fair, who now come to realize that the average person making $15,000 a year ends up paying $100 more in Federal tax this year than last, while the average person making $200,000 a year ends up getting an additional $20,000 cash back, they know it has not worked.

The people in this country who are appalled that a deficit that has risen from a projected $42 billion for fiscal year 1982 to an astonishing $183 billion now know that the private sector will again be crowded out of the money markets, with the result that we will continue to have high interest rates, record unemployment, and record business failures. They know that this has not worked.

In short, my review of the effect of the fiscal and monetary policies of the past year dictates that move in the consideration of the fiscal year 1983 budget resolution to reverse the course upon which we have embarked.

Last year Government made two decisions that have had a devastating effect upon our economy and that have produced six records of human despair.

The first decision was a decision of the Federal Reserve Board, vigorously supported by the administration, to fight inflation by inflating the cost of credit. As a result of that decision we have had 50,000 small businesses to go bankrupt, and 2.5 million to lose their jobs to bring unemployment to a record 10.3 million people out of work, a record since the depression. It is easy enough for the American people to understand what happened. People can afford to buy houses in this country. They cannot afford to buy the money with which to purchase the houses; 17 and 18 percent interest rates for home purchase mortgages. When people cannot buy houses, then builders cannot build them, and when builders cannot build homes then bricklayers and electricians and carpenters and plumbers lose their jobs. When they lose their jobs, people who work in factories that make refrigerators and stoves and carpeting have to be laid off, because there are no houses into which the fruit of their labor may go. So that decision has to be reversed by the actions of this Congress with respect to this budget resolution.

The second decision made by Government last year was a four-part decision on fiscal policy that has produced four records.

We made a record cut of $280 billion over the next 5 years in programs, that are of the needs of the old, the young, the sick and the poor, every dollar cut from domestic programs, was spent as part of a record increased military budget of $1.7 trillion over the next five years.

At the same time that we produced a third record. We gave away a record $750 billion over the next 5 years to rich individuals and major corporations of this country, which individuals continued their practice over the past 5 years of investing five times as much in foreign productivity than is invested by foreigners in American productivity. We gave it to major corporations which did not reinvest it in new plants and equipment in this country but who instead invested it in mergers and takeovers that produced not a single new job in this country.

The **CHAIRMAN** pro tempore. The time of the gentleman from the District of Columbia (Mr. FAUNTROY) has expired.

Mr. HAWKINS. Mr. Chairman, I yield 1 additional minute to the gentleman from the District of Columbia.

Mr. FAUNTROY. The $183 billion deficit which, together with that enormous tax giveaway, offers the American people nothing but more unemployment, more small business failures, and more cuts in programs designed to cushion people through a recession.

I am saying, Mr. Chairman, that if those in this Chamber wish to deal seriously with the fallacies of those two decisions they ought to support the Fauntroy substitute which embodies the Congressional Black Caucus economic recovery package. We will outline that substitute in the debate following this assessment of whether the fiscal and monetary policies of the past year have fostered full employment and balanced growth in this country.

Mr. JOHNSTON. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. Mr. Chairman, I welcome this opportunity to express my views on the present and fiscal situation, and speaking as the ranking member of the House Armed Services Committee, I am very pleased for this opportunity because I would like to address my remarks as to the relationship of the budget and our national posture as it relates to our defense posture.

The present situation, that is, high interest rates, high unemployment, coupled with a depressed economy, is causing all too many of our citizens very great distress, and I would have to say at this point and digress a bit to say that the gentleman that preceded me in the well would have the American people think that all the ills of today were created by the present administration.

This administration has only been in office some 18 months. We have built upon 30 years of excesses by previous administrations, and that is what has brought us to this point and not the activity and actions and policies of this administration.

This administration is trying to turn the situation around. But until the business community sees a real commitment here on the Hill, that is, to reduce the size of the projected deficits, there will be no loosening of credit and no significant capital investment and, consequently, no recovery.

We must do something, and hopefully it will be this week, because this is the only opportunity we will have to indicate our commitment toward energizing our economy.

Now I believe in a strong military that is capable of defending the United States. There is no secret about that.

Members of the Armed Services Committee are exceptionally aware of the strength of our potential adversary.

□ 1440

Other Members have also seen the DIA briefing, that is the Defense Intelligence Agency, on the Soviet threat and will draw their own conclusions. As a matter of fact, I have urged by a letter that I originated, signed by over 30 Members, the Department of Defense, and this administration, to declassify much of the information that has come to us so that the American people can be informed as to really what is the threat that we are facing.

I believe in military strength, but I also believe in economic growth. Only through a prosperous, productive population and populace can we gain the moral strength, the national will and the physical resources to mount a strong national defense. If our economy is depressed and our people are out of work, then there is great pressure to cut back on those large visible elements of the budget that have no tangible and immediate benefits to our people. This is now the situation that faces us.

I seek a budget compromise, a compromise that will support the President's effort to rebuild both the economy and our national defense. The national defense effort needs a strong economy—and the Nation is in peril without a strong defense.

Recently Secretary Weinberger, who is the Secretary of Defense, appeared before our Armed Services Committee and I asked him to discuss with us some of the proposed reductions in the national defense bill. He explained that the President, during the budget negotiations of 2 or 3 weeks ago, agreed to an outlay reduction of $3.2 billion. Mr. Weinberger explained that he agreed to these reductions with reluctance. In fact, the President later stated that he would agree to defense reductions with great reluctance because the reductions were accomplished not because of any lessening of a need on the part of defense, but it was out of a need to balance the budget to bring a healthy economy into being.

Now, I am of the same mind. I am convinced that the objective of a strong defense is best served by rapidly improving our economic situation.

Therefore, I will support any reasonable reductions in the defense bill that will not impact readiness, sustainability or modernization any more than is absolutely necessary for our defense.

I stress again that I do not see a reduction in the threat. As a matter of fact, I see an increase in the threat facing the United States.

To counter this strength, a healthy domestic economy is essential. Therefore, I will support a reasonable defense reduction.

The CHAIRMAN pro tempore (Mr. BEILENSON). The time of the gentleman from Alabama has expired.

Mr. JOHNSTON. Mr. Chairman, I yield one additional minute to the gentleman.

Mr. DICKINSON. Mr. Chairman, let me say that we are all concerned about unemployment. I think my State is probably the second highest in the country. We are all concerned about the threat that our country faces.

I think that if the American people were adequately informed, though, as to what the threat actually is, and as I said before, I have asked the Secretary of Defense and the administration to declassify much of the information that has come to us. I have been one of those that has been urging a briefing to all Members of the House and the Senate as to what the threat is and most of us have received it now. I think if we actually understand what the problem is, what we are faced with, then we will not have to worry that we will make precipitous cuts in our defense spending as proposed in the budget.

I would urge all Members of the House, and as a result I suppose the people of the country, because we are reflecting the attitude of the people throughout this country, to not cut so deep in the budget that we imperil our defense posture.

Mr. HAWKINS. Mr. Chairman, I yield 7 minutes to the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON. Mr. Chairman, among the important considerations each of us should examine as part of our deliberations during the budget process, is the impact that the various proposals may have on our Nation's infrastructure.

By infrastructure I am referring generally to those more or less permanent structures that constitute the underlying foundation on which our Nation is built. I am not referring to our very important expenditures on the health and education of our Nation's populace, but rather on the capital investment that we make which contributes immeasurably to a strong America.

These investments, if I may generalize further, require governmental involvement since their cost exceeds the benefits that accrue to any interested individual or enterprise.

Several years ago, I had the privilege of serving on the National Transportation Policy Study Commission chaired by my good friend and colleague from Pennsylvania (Mr. SHUSTER). Among that Commission's findings was that our public sector transportation capital investment requirements by the year 2000 exceed $1 trillion.

The American Transportation Advisory Council, a coalition of business organizations concerned with the future of the total transportation industry has produced a report, ATAC II, the focus of which is a bit more immediate than was the NTPSC study. According to the very fine ATAC II report, this Nation's transportation capital needs from 1981 through 1990 will, in 1980 dollars, total $401 billion. Assuming annual inflation rates of 10 percent, that figure escalates to $623 billion. Of this total, $404 billion is for the country's highway system alone.

The Federal Highway Administration has indicated that our total highway system is wearing out at an annual rate 50 percent faster than it is being replaced at the present time.

According to the road information program, the percentage of miles on our Interstate System rated as being in good condition, has dropped from 74 to 63 percent in the past 10 years. That means that 37 percent, or about 15,000 miles, is in need of some repair. To help address this problem, the House Public Works and Transportation Committee has recently reported out legislation increasing the Interstate 4R program to $2.1 billion. This is a level of funding that most knowledgeable individuals, Democrat or Republican, conservative and liberals, regard as nearly approaching our minimum needs.

Our Interstate System, instituted in 1956, was built to have a design life of 20 years. Many segments are now approaching that age. Because roads deteriorate from fair to poor condition much more quickly than from good to fair, it is imperative that this Nation move quickly to repair its roads before they crumble. If we do not, they will soon be crumbling all around us.

It is not, of course, only the Interstate System that is in need of repair. The road information program estimates that over half the Nation's paved road network now suffers from substandard pavement conditions. I find that to be a shocking fact, reflecting a situation that must not be permitted to go unchecked.

If the deterioration continues, our trucking industry will suffer, paralyzing the movement of much of our Nation's freight. And the level of personal mobility which Americans have come to expect will, of course, also decline.

Similarly, our Nation's public transit needs are enormous. The ATAC II study has placed transit infrastructure needs over the next decade at about $50 billion in 1980 dollars. The American Public Transit Association estimates that about 16 percent of this is for bus purchases, and this excludes fleet expansion beyond that which is necessary to maintain generally existing levels of service with respect to urban population growth; 26 percent is for rail-fixed facility modernization, 10 percent for rail rolling stock replacement and modernization, 9 percent for planned rail extensions, 16 percent for the completion of new systems, 15 percent for new rail starts, and 5 percent for bus facilities.

If these investments are not made, public transit will be rendered obsolete, with our population becoming once again utterly dependent on the single-passenger automobile and its associated degradation of the air we breathe, usurpation of valuable urban and rural real estate, and addiction to petroleum.

With respect to our aviation infrastructure needs, Mr. Speaker, the development needs of our Nation's airports are great if they are to accommodate the increased growth and traffic, in both commuter and general aviation. That is projected through the remainder of this century. According to a November 1980 Federal Aviation Administration document, "National Aviation System Development and Capital Needs for the Decade, 1982-1991," air carrier enplanements will grow 61.2 percent and commuter enplanements will increase by a staggering 170 percent between 1979 and 1991. Additionally, the FAA forecast projects that we will witness a 150-percent increase in airport operations during this decade compared to the 1970's.

Associated with this projected congestion in the skies, are substantial capital development needs which—in the past few years—have hopelessly lingered behind system needs. Inflation has consistently eaten away at the Nation's principal program supporting air development, ADAP. Costs for actual airport construction increased 60 percent during the 4-year period of 1976-79—however, during 1976 through 1980, ADAP funding levels were increased by only 33 percent.

The situation with respect to airport facilities and equipment is no better. According to a Federal Aviation Administration study, "in constant dollars recent spending for F. & E. has declined to little more than a third of 1972 levels." The report concluded that "this decline in real capital investment has left the FAA with an aged inventory of equipment requiring higher levels of maintenance and continuously increasing costs * * *. Serious deteriorator of system performance is unavoidable unless capital investment levels are increased significantly."

Turning to our Nation's port infrastructure, historically the Federal Government has played an important role in the development of our Nation's seaports. Over the past 150 years, we have assumed the cost of providing anchorages, harbors, main shipping channels, navigation aids, and major public works such as breakwaters. Non-Federal interests have provided shoreside facilities and dredging within pierhead lines. The non-Federal contribution to port development has in fact, exceeded the Federal contribution, local port authorities having invested over $6 billion in ports since 1946, as compared to the Corps of Engineers total investment over the last 150 years of about $5 billion for navigation projects.

When one considers that in fiscal year 1981 customs revenues exceeded $9 billion it becomes apparent that port development is a very good investment, but more than a good investment, this Nation's system of deep water and river ports is a national economic treasure. Ports are a vital component of our domestic and foreign waterborne commerce. Our country's approximately 200 deep water and river ports make a significant contribution to the national, State and local economies, to this country's total transportation network, and to our military security.

But there is presently a bottleneck in the development of our port infrastructure, and I am concerned that this bottleneck may be at the Federal level.

But, and let me stress this, we face the critical problem that the Federal Government's navigation and channel development responsibilities have not kept up with the local port role in shoreside facility development. While the new generation of ships are getting bigger and deeper and trade volumes are expanding, the Federal Government has done very little in the way of deep draft navigation development. For example, there has not been one navigation project authorized in the past 6 years.

It is clear that as we move into the 1980's, the Federal Government must continue its role in port development. According to a Marad report, the marine terminal facility requirements of this Nation's deep water ports in the decade of the eighties will be over $5 billion, and for our river ports it will be $4.8 billion. New container facilities are required as well as expanded bulk facilities, especially coal, grain, oil, and liquefied natural gas.

The United States is perhaps more dependent on world trade than it has ever been. Twenty percent of our GNP is accounted for by foreign trade—95 percent of that trade volume is by waterborne cargo. That constituted a $15 billion contribution to our GNP in 1977 and our trade volume is expected to double by the end of the century.

The U.S. port system should not be limited by the Federal navigation system. It is critical that the Federal Government maintain a navigation capacity consistent with this country's international trade and defense requirements.

Mr. Speaker, I commend to all of our colleagues the October 26, 1981, edition of Business Week. Among its observations, are that—

> In the past, local politicians have responded to financial stress by postponing the maintenance of existing capital plant and deferring the building of new plants, much the same way an executive in the private sector acts when his company is in a financial bind. Says New York State Comptroller Edward V. Reagan, "You can always delay public investment, but in the end it catches up with you."

Even more ominous, and pertinent to our present deliberations, was the following from Business Week. I urge our colleagues' attention:

> The economic expansion President Reagan is predicting requires a strong and healthy public infrastructure. Industry cannot expand without adequate water and sewage systems and well-maintained roads, bridges, and mass transit systems to get its employees to work and its goods to market.

Mr. Speaker, for the President's plan to work, for anybody's budget plan to work, we need a strong infrastructure. If the Federal Government fails to meet today's challenges by failing to meet the needed capital investment, we will certainly need to redouble those efforts in the very near future. In the interim, our Nation will suffer. And they those capital investments are eventually made, as is inevitable, the cost will be much greater.

Every homeowner knows that the time to repair a floorboard is before it caves in. This Nation's infrastructure is about to cave in, and I would suggest that this must not be permitted to happen.

The capital infrastructure of our country must be maintained because clearly it is what supports the American economy, and the American people.

□ 1450

Mr. JOHNSTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Chairman, we know what is wrong with the economy. It has been discussed here regularly on this floor this afternoon. We know what is wrong with the economy is that we are swimming in an ocean of debt and deficit. It is an ocean that has been filling up for some time. But the American people are now put in the position of drowning in that ocean.

It is nothing new that we have created debt and deficit at the Federal level. It goes back now a couple of decades at least; that those deficits have been increasing and, therefore, the debt levels have been increasing. As a matter of fact, back as far as 1978 this Congress became so concerned about the kind of debt and deficits that were being piled up that we passed a law. We said in that law that the Federal Government expenditures should not exceed its receipts. We said we could not do it in 1978, so we delayed the implementation of that law until 1981. But we said that after 1981, the Federal Government must have a balanced budget.

In 1980, we said again that we reaffirmed our belief in what we did in 1978.

Well, we are faced on this floor with a whole series of budget proposals that are in direct violation of that law that ignore the law, that say that the law is meaningless. I think it is high time that the American people face up to the fact that this Congress is not willing to do what the law requires.

We said in 1978 that we were through with mortgaging the future, future generations, with debt and deficit. Now we are saying that we are abandoning what we have put into law.

Well, I submit, Mr. Chairman, that there are a number of States around the country that have similar laws on their books. My State does. In my State we take it seriously. As a matter of fact, I do not know any State that does have a similar law on its books that does not take it seriously. Every State legislator takes it seriously; the Governors take it seriously. In cities where they have similar laws, they take it seriously, the mayor and the council.

Only in this body, only here in the Congress, do we have the arrogance to believe that we are above the law.

Now, the honest course of action would be to repeal the law. If you do not believe in it, repeal it. But we should not be ignoring it. We should not be saying that the law is meaningless, because if we can say that this law is meaningless, we can say that all laws are meaningless.

What about the President's right to impound, and all of these things we have had around here for years that we get all disturbed about if something goes wrong? Why is that law any more meaningful with regard to the budget than the law we passed that says we have to have a balanced budget? I submit they are exactly the same, and we should not be ignoring the law. We should be doing what is necessary to implement that law.

We are going to be offered only one budget on this floor that does that. Mr. ROUSSELOT of California is going to offer a substitute that balances the budget in 1983. That is the only offering that this House will have that complies with the law of the land, and I think that it is necessary that the American people focus on that fact.

Mr. JOHNSTON. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from North Carolina.

Mr. JOHNSTON. Mr. Chairman, as I understand that budget, it proposes that we spend in 1983 basically what we spend in 1982. Is that the gentleman's understanding?

Mr. WALKER. Basically, I think the gentleman is right. It is slightly less, but basically we are spending in 1983 what we are spending here in 1982, under the Rousselot budget.

Mr. JOHNSTON. Does the gentleman realize that in 1982 we spent almost $100 billion at the Federal level alone on programs based on need, and that translates out to almost $17,000 for a truly needy family in the country being spent at the Federal level? The gentleman is proposing to continue that?

Mr. WALKER. I would say to the gentleman that it sounds to me like what he is saying is that if we would pass a balanced budget, as Mr. ROUSSELOT has proposed, that this Government would be in the position of still spending $17,000 for every poor family in the country. I believe that is the gentleman's point.

Mr. JOHNSTON. Yes. If the gentleman will yield further, it seems to me that there are many of my colleagues trying to make the American taxpayer feel guilty because they are only spending on a tax-free basis $17,000 for each truly needy family in the country, and that they should increase that in 1983 because they are not doing their share for the needy families of the country at only $17,000 a year.

Mr. WALKER. I think it is important to put that together with the figure of how much the average working family made last year in this country. That figure was $14,600. So that, in fact, we are spending at the Federal level at the rate of $17,000 for every poor family, more than the average family made out working for a living last year. So it seems to me that we are being at least responsible in a balanced budget amendment that seeks to spend $17,000 for every poor family in the country.

Mr. JOHNSTON. If my colleague would yield further, it seems to me we should point out to the American taxpayers that they should feel very proud of the fact that they are spending more on needy families than they are on themselves.

The CHAIRMAN pro tempore. The time of the gentleman from Pennsylvania (Mr. WALKER) has expired.

Mr. JOHNSTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. WALKER. I thank the gentleman for his contribution.

Mr. Chairman, I think it is important to recognize that that can be done and still balance the budget. That is the point here. We can continue to spend at that kind of level, a very compassionate kind of level, and still balance the budget.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding.

Mr. Chairman, I am also very grateful to our colleague, the gentleman from North Carolina, Mr. JOHNSTON, a member of the Budget Committee, and I know he has been over these figures very, very carefully, for pointing out that the average poor family in this country gets $17,000 from the Federal Government. That is an astounding figure.

One would almost be led to believe from some of our colleagues that they are getting almost nothing, or practically nothing, and that if we slow down the increases in these expenditures that somehow they will be denied. Well, that is just pure bunk. I appreciate my colleague bringing that up.

Mr. JOHNSTON. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I would be glad to yield to the gentleman from North Carolina.

Mr. JOHNSTON. Mr. Chairman, I feel compelled to point out that this is the figure we are spending. I am not suggesting that it is getting to them. After all, it has to wade through this morass of bureaucracies we have created up here, all the administrators, all the consultants, all the experts in various and sundry fields, and all the levels of government it has to filter down through. This is the burden we impose on the American taxpayer.

Mr. ROUSSELOT. So that is part of the problem. President Reagan has tried to eliminate all that unnecessary bureaucracy. Part of it is stopped by bureaucracy; is that correct?

Mr. JOHNSTON. I would think that is reasonable to assume. I think that a question that probably does not concern the Congress is whether or not the programs are well designed or being properly run. I think our typical answer is just to spend more money. We do not really care whether it does the job or not. I just feel we should not cast the burden on the American taxpayer who is already bearing it to the tune of $17,000 a year for a needy family and make him think it is his fault because it is not.

☐ 1500

The CHAIRMAN pro tempore. The time of the gentleman has again expired.

Mr. JOHNSTON. Mr. Chairman, I yield an additional 2 minutes to the gentleman from Pennsylvania.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. WALKER. I will be glad to yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I want to compliment my colleague from North Carolina and my colleague from Pennsylvania for making this point, that even with the balanced budget we will still be spending at almost the identical level for the poor folks in this country as we have for the past year, so it will not deny them basic benefits that we have had in these many programs. The question of whether it is reaching them because of the bureaucracy is another one.

I also wish to compliment my colleague from Pennsylvania for bringing up the point that the only resolution before us that allows us to stay within the law is the balanced budget resolution. Is that correct?

Mr. WALKER. That is exactly correct, and I thank the gentleman. I say to the gentleman we cannot emphasize that point too much, because if we vote for any of the other resolutions that will come on to this floor, we are consciously voting to violate the law of the land. I would say to the gentleman that for lawmakers to take upon themselves the kind of arrogance that is involved in a conscious decision to violate the law is a great deal of arrogance indeed.

Mr. ROUSSELOT. What is that public law number? It is 95 what?

Mr WALKER. It is 95-435.

Mr. ROUSSELOT. That was passed in 1978?

Mr. WALKER. Yes, and reaffirmed in 1980, so that the reaffirmation of that law is only 2 years old, and many of the Members of this House were parties to not only passing the law in the first place, but to reaffirming it in 1980. Now, they stand up and say they are not willing to comply with the law.

I think that is the height of arrogance.

I would like to make one other point with regard to the balanced budget. We have heard a good deal of talk about failing businesses, particularly small businesses, and we are all worried about the fact that the deficit has brought about that situation. There is one organization in the country that represents most of those small businesses. It is an organization that has those people particularly in mind.

The CHAIRMAN pro tempore. The time of the gentleman from Pennsylvania has again expired.

Mr. JOHNSTON. Mr. Chairman, I yield 2 additional minutes to the gentleman from Pennsylvania.

Mr. WALKER. That is the National Federation of Independent Business. That group has said flatly that there is only one budget that they endorse, only one out of all of these that will be offered, and that is the Rousselot balanced budget amendment. That is the only budget that that group will support. They are going to oppose all the rest. If any of the rest of them achieve a status that comes to final passage, they would oppose final passage. They feel very strongly about this. They are going to tell their membership that and make this a part of their congressional voting index, because they feel very strongly that it is important to balance the budget. If we do not balance the budget, small businesses are going to continue to go under. This is going to be the key point with them.

I think all of us who have expressed an interest in small business, and certainly we have had a rate of failure which is totally unacceptable, need to understand that small businessmen themselves feel that there is only one budget alternative that is acceptable. That is the balanced budget alternative.

Mr. JOHNSTON. Mr. Chairman, if the gentleman will yield further, as I understand it, there has been a lot of conversation in this House recently concerning the failure rate of small business, but the Rousselot amendment is the only budget that will let the business economy next year grow faster than the growth in Government spending.

Mr. WALKER. I would say to the gentleman that he is absolutely right. Only under the Rousselot amendment is Government growth going to go down to the point that it is taking a lesser percentage of the GNP, and thereby allowing a greater percentage of that GNP to be in the private sector where those small businesses can begin to expand and grow and employ more people. And that is what we really want to bring down, the unemployment rate. The Rousselot balanced budget amendment is a jobs bill. It is the best jobs bill we have had on this floor in the last decade, and I think it is high time that we do something to really begin to produce jobs in this economy by passing a budget in the vein of the Rousselot amendment.

Mr. HAWKINS. Mr. Chairman, I yield 7 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Maryland. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, I am pleased to take part again this year in the vitally important debate on the Humphrey-Hawkins full employment bill. Nothing could be more important this year, because it seems clear that we cannot rid ourselves of the gigantic deficits and the staggering interest rates that are stifling our economy unless we implement the Humphrey-Hawkins bill and adopt policies and programs that will restore full employment.

It is just incredible to me that the Reagan administration should follow Herbert Hoover's example and opt to take no action in the face of the highest unemployment, greatest business bankruptcies, lowest profits, lowest housing starts—in short, the poorest economic performance—since the Great Depression.

The Government simply must intervene to put the millions of people who want to work back on the job performing the vitally needed functions of our society—educating our children, training our workers, rebuilding our transportation systems, restoring our cities and performing essential services.

Indeed, it is only by putting our people back to work that we can hope to reduce deficits—and continuation of the Reagan policies will only bring higher deficits and risk financial collapse.

The Reagan administration seems to have ignored completely the devastating effects of unemployment on the budget—to say nothing of the human tragedy that confronts the unemployed. For every 1 percent increase in unemployment, $30 billion is added to the deficit as the unemployed can no longer pay taxes while they do receive unemployment benefits. Millions of other potential workers are thrown on welfare.

The reverse of the above cited generally accepted formula is also true—for every 1-percent decrease in unemployment, the deficit is reduced $30 billion. To restore our economic health, therefore, it is vital to get our workers back on the payrolls and paying taxes. And it is vital to restore the health of our businesses and restore equitable corporate taxes so that they will prosper and contribute their fair share to elimination of the deficit.

One important factor in restoring full employment is to reverse the Reagan administration's mindless abandonment of an energy program to reduce our dependence on imported oil. Aggressive energy efficiency efforts will put hundreds of thousands of low-skilled people back to work, and at the same reduce our greatest national security threat—that of a cutoff of OPEC oil supplies which, if it occurred, would bring our economy and that of our free world allies to a halt. Furthermore, reducing the $77 billion we paid out last year for imported oil would release U.S. capital for job-producing investments.

A large part of the inflation that led to our current economic woes was attributable to the quintupling of OPEC oil prices. While the media tend to translate oil price increases solely into increases in the price of gasoline at the pump, in fact these oil price increases affect every element of our economy and multiply that effect as they ripple through our manufacturing and distributing processes.

We are the most energy intensive society in the world. We brush our teeth with plastic toothbrushes, wear plastic clothing, eat food grown with oil-based fertilizers, drive individual cars to and from work and on vacations. Our factory machinery is run with oil. Goods get delivered to warehouses and markets in trucks. Salesmen promote products in automobiles. The factories, warehouses, and retail outlets are heated and cooled with oil. At every step of the manufacturing and distributing process, oil prices are critical.

In the face of the huge jump in oil prices and our continued vulnerability to oil supply disruptions, however, the administration has abandoned all the efforts that were underway to reduce our foreign oil dependence.

Every responsible study that had addressed the problem of our oil dependence, has reached the same conclusion: That the cheapest, quickest, cleanest way to reduce oil dependence is through improved energy efficiency and renewable energy resources. This was the conclusion of the Ford Foundation, the Carnegie-Mellon Institute, the Harvard Business School, and most recently the Department of Energy's own Solar Energy Research Institute study. The same results were confirmed by the Energy Research Advisory Board of the Department of Energy just last month.

It just so happens that the conservation and renewable strategies recommended by these studies are also the most job intensive and require the least capital.

An important contribution could be made to our full employment objectives, therefore, if we were to reverse the Reagan energy policies—drop the subsidization of capital intensive nuclear projects that produce only electricity which accounts for only 7 to 8 percent of our oil use—and invest much more capital in energy efficiency improvements.

To give just one example, the weatherization program proposed for elimination by the Reagan administration saves oil at an average price of just $10 per barrel as opposed to $30 per barrel for nuclear energy and $70 to $100 per barrel for synthetic fuel—for which we have established an $88 billion Synthetic Fuels Corporation. Whereas nuclear and synthetics produce few jobs and require huge amounts of capital, weatherization is cheap and highly labor intensive, utilizing easily trained low-skilled workers.

A reversal of Reagan's mindless energy policies would do much to restore the health of our economy, the jobs needed by our unemployed people, and the security of our Nation.

Mr. MITCHELL of Maryland. Mr. Chairman, I followed the last portion of the debate with a great deal of interest for two reasons. First, as I recall it the Congressional Black Caucus last year offered a budget, an alternative, which was balanced. There was no response to that balanced budget from that side of the aisle.

I also followed it with a great deal of interest because there was talk about a law being broken. Well, another law has been broken, or at least it has been badly bent, and that is the Hawkins-Humphrey Act. Immediately after it was signed into law this Government, including this Congress, decided that it would implement only a portion of the law. It would implement only that portion that dealt with reducing inflation. It blithely ignored the portion that dealt with full employment. So, one law was broken, two laws were broken, and I would hope that this body would do something in its budget consideration to bring us back within the law as defined by the Hawkins-Humphrey Full Employment Act. We did not do anything about unemployment. We focused it on inflation, and indeed, we brought inflation down.

There is a very simple explanation as to why inflation is down. If you put people out of work they cannot buy, and if they cannot buy, prices will fall. That is it. Never mind how, get inflation down. Inflation has come down based upon a deliberate, systematic policy of sustaining high unemployment rates. My lord, suppose when the Hawkins-Humphrey law was passed, suppose we had implemented both parts of it. Maybe we would not be facing the economic crisis we are confronting right now, people would have been working and paying taxes and so forth.

Particularly hard hit by this policy decision to break the law or to bend it, have been the blacks and other minorities in this Nation. Since the end of World War II almost 37 years ago, the black rate of unemployment has always been twice as high as the white rate, good times, bad times, recession, boom, depression—that figure has remained constant; twice as high.

Now, we come to an astounding, mind-boggling statistic. Black unemployment in this Nation is at an awesome 18.2 percent, and we pay a price. You pay it in your city and I pay it in mine. An even more mind-boggling statistic is the fact that the black youth unemployment rate is at an astounding, incredible 48 percent—almost one out of every two black youths are unemployed, and we are responding to it by building more jails and prisons. If that is an adequate response, then something is wrong with my thinking.

The situation may get worse. It may well get worse. Several times during this debate, there have been allusions to the small business failure rate, with 40-percent increased bankruptcies over the last year partly because of high interest rates; partly because of a policy of keeping people out of work so that they cannot consume. It may get worse. It is bad enough for the entire Nation, but what about the blacks and minorities in this Nation?

□ 1510

A scholarly article recently appeared that said that unless some help is forthcoming, black businesses in America might face extinction by 1990.

We talk about the necessity to balance the budget. I have no problem with that, but there is also a necessity to deal realistically with the problems that are destroying us from within. With reference to minority businesses, we see this Government, which made a commitment to help develop an entrepreneurial class in this Nation, abandoning that commitment. We have wiped out direct loan money to minority businesses, knowing full well that they do not have the same access to the lending institutions. We have cut last year, under the infamous Gramm-Latta resolution, 27 percent of the funds for bank loan guarantees. We jacked up the interest rates, and as a result already hundreds of black businesses have failed.

We are pursuing a policy of enhancing the military. I was glad to hear some of my colleagues say that the military budget can sustain some cuts, but $1.5 trillion over 5 or 6 years is a joke. The military-industrial complex cannot even absorb that kind of money. It is a joke.

I believed all my life, and I still believe, that when the private sector fails, then it becomes the duty and the responsibility and the obligation of Government to provide. When the private sector cannot provide safe, decent, sanitary housing, then that is Government's responsibility. When jobs are not available for people who want to work because the private sector cannot provide them, then that is Government's responsibility.

The only budget that significantly addresses the problem of unemployment which is racking our communities is the Congressional Black Caucus budget.

Maybe the Members do not want to hear these things. Maybe I ought to take the position that the problems of blacks and minorities are no longer on the front burner in this country and we should not even talk about them. However for as long as I am in this Congress and as long as those problems are there, they will be addressed with all the zeal and compassion with which I can address them.

It is wrong to craft any kind of a budget that is going to exacerbate the problems of my people and those who are other minorities. It is wrong to actually distort the facts and say that poor people are going to get all this money when you know it is a distortion.

You go and tell a poor family in any neighborhood in my city that they are getting $17,000 from the Federal Government and they will laugh in your face.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Maryland. I will not yield at this time. I only have a limited time.

It is simply not true. Not even all the poor families who need help are getting it from the Federal Government.

Mr. Chairman, while we are all gravely concerned about record levels of unemployment, it is most obvious that the present administration's policies run counter to any desire to rectify the problem. Even as we stand here today and address the need for a full employment economy, it is almost useless when our most prominent policymakers have acquiesced to the use of widespread unemployment to combat inflation.

We are currently faced with a near 10-percent national unemployment level; for inner cities, this percentage is even higher. While this problem is apparent, it is particularly distressing to witness policies at the Federal level which chip away at Government investment in employment stimuli. Instead of addressing the unemployment problem, the leading policymakers have generated initiatives which provide greater tax breaks to large corporate entities, and offer no guarantees that these establishments will utilize the incentives to provide additional employment opportunities. Additionally, inflationary defense spending, which will not induce the creation of much needed labor-intensive facilities and projects remains a top priority even in the face of a general consensus that such spending should be reduced.

It is most distressing that the goal of full employment as contained in the Humphrey-Hawkins full employment bill, while supposedly a primary objective, has become a matter which receives mere routine attention. Certainly to accept massive unemployment as a fact of life is to totally ignore that the role of Government should be to insure that Federal money's are invested in job-creation programs. It makes very little economic or social sense to boost productivity and guarantee a healthy supply side while totally ignoring the intense need to invest in the human capital so vital to any real stability. Yet, that is exactly the nature of our current national economic policies.

Government-sponsored job training and skills acquisition programs have been, for all intents and purposes, deemphasized. Simultaneously, the administration continues to insist that the private sector will absorb the precipitous unemployment which will result.

On another note, Government-sponsored student aid programs have been reduced significantly. One wonders just how we can expect any degree of economic stability without a properly trained or educated constituency.

Last, we are certainly not stimulating the buying power of many lower- and middle-income citizens by stripping away those Government-sponsored initiatives which enable these families to acquire jobs, educate their children, or own homes.

In the absence of the full employment objective, as contained in the Humphrey-Hawkins initiative, we are merely using temporary solutions for long-term problems. It is the role of Government to work in conjunction with the private sector to insure job opportunities. It cannot and should not be to totally withdraw, and entrust private entities with meeting all of our economic or social goals. The prevailing policies which eliminate job opportunities for millions, and maintain unemployment for just as many, must be reevaluated. If indeed this Government continues to provide for numerous tax incentives for corporate entities, then we must take a more stringent approach to insuring that these incentives will be used to: Promote more employment opportunities; invest in economically depressed communities; and, increase aid to smaller businesses that provide the greatest number of jobs.

The **CHAIRMAN** pro tempore. The Chair recognizes the gentleman from North Carolina (Mr. MARTIN).

Mr. **MARTIN** of North Carolina. Mr. Chairman, I yield 11 minutes to the distinguished gentleman from California (Mr. ROUSSELOT).

Mr. **WALKER**. Mr. Chairman, will the gentleman yield?

Mr. **ROUSSELOT**. Yes, I will be glad to yield to my colleague, the gentleman from Pennsylvania.

Mr. **WALKER**. Mr. Chairman, I thank the gentleman for yielding.

I have asked the gentleman to yield because I think it is important to emphasize the fact that to call the figure of $17,000 a distortion—and I think it was even called a lie—is just absolutely untrue itself. What we said was that the Federal Government is spending $17,000 for every one of those families in programs directed toward needy people.

We also said that the money is not getting to the people, and we asked the question why. We asked, "Why doesn't the money get to those people?" And the answer is because it is eaten by bureaucrats here in Washington.

If the gentleman's families are not getting that kind of money, I think the gentleman ought to ask why they are not getting that money, because that is what the taxpayers are being asked to pay and that is one of the problems with the Federal Government.

Mr. **ROUSSELOT**. Mr. Chairman, I think that was pretty evident from the discussion we had a few minutes ago, and I know that my colleague, the gentleman from Maryland (Mr. MITCHELL) does understand that we were not saying that all Federal dollars spent for people in poverty reach them. As a matter of fact, that was part of our complaint with any of these programs.

As desirous as they seem, as worthy as the purposes of those programs appeared to be when they were passed, part of the problem is that they do not receive the full amount of money that was appropriated under those programs. It gets tied up in bureaucracy; it gets tied up in other channels before it even reaches them.

Many of us complain about that problem and feel that those programs designed to aid the needy and to help those in dire circumstances should be designed in such a way that those who are supposed to receive it really receive it, that it is not just a hope and a promise of something that somehow ends up in complicated bureaucratic agencies here.

That has been much of our complaint about some of these programs, and one of them that I think of is CETA, because we have felt that many of the cities have tranferred people from their payrolls on the city level and put them on CETA payrolls. So that has really not helped people to be retrained for new jobs, as was the original intent of the CETA program.

So I think that the point we were trying to make can be sustained, that even though the average dollar amount going to the average poor family in this country averages out to $17,000 per family, we are the first to acknowledge that they do not really all get it. That is part of the problem, and that is why we think there needs to be a change in direction.

Now, let me comment briefly on the balanced budget concept that will be given and the resolution that will be before this body next week. We genuinely believe that this is the one resolution on which Members can vote with a sense of knowing that they are voting to comply with the law. We have passed twice in this House a commitment to live within the means or the revenues that the Federal Government gets.

This budget resolution will definitely state that we intend to live and will live within the revenues that are contemplated to be coming in in fiscal year 1983, which begins on October 1 of this year. We think on that basis alone it is important.

Second, we believe that in an appropriate way it holds the line on spending increases so that we can say to the Nation that we now are not going to be the exception as Government, that we intend to live within the revenues that we know can be anticipated to be received by the Federal Government.

An awful lot of people in this country have said over and over to every Member of this House, "How is it that the Congress of the United States, which has the total control over the purse strings of this Federal Government, cannot vote to live within the revenues?" The control is here. We cannot put all the blame down the street on President Reagan. He has not created all these deficits; it has been done right here on this floor.

People ask us over and over again, "Why is it that this Congress cannot vote to live within the revenues that it is going to receive?"

I think that here we have a positive step that we can take to say to the rest of this country and to the economy that we will live within the revenues that we know will be coming in in 1983, and that we will hold the line on spending.

As the Members know, in our proposal we suggest a freeze on all checks being issued to individuals beginning October 1, 1982, for the fiscal year. That will not prevent the automatic escalation that occurs for social security recipients because that goes into place at the rate of roughly 7.4 percent for July. That will go into place. But we are saying that one way to achieve this is to say that the Federal Government in its entirety will freeze the payment levels at that level—not cut them back but freeze them—and that will save roughly $25 billion in the fiscal year for 1983.

□ 1520

I know some might say, "Well, that is too difficult a step to approach." But we are one of the few governments in the world or in this country that automatically escalates every payment every year. We say the time has come to say to the rest of the economy, to everybody else that does not automatically receive those kind of increases, that we will get the Federal Government for 1 year to stay basically where they are as of October 1, 1982, at the beginning of the fiscal year.

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be delighted to yield to my colleague from the District of Columbia.

Mr. FAUNTROY. I am, of course, intrigued by the gentleman's now affection for the balanced budget. We had a balanced budget proposal last year which if it had been followed would have relieved us of the large deficit we have today.

Mr. ROUSSELOT. The gentleman is talking about the proposal he made?

Mr. FAUNTROY. The proposal made by the Congressional Black Caucus.

Mr. ROUSSELOT. We probably should have taken a better look at that.

Mr. FAUNTROY. You certainly should have.

Did I understand the gentleman to say that his resolution would freeze all payments to individuals?

Mr. ROUSSELOT. That is right.

Mr FAUNTROY. Do you freeze payments as well to corporations that have contracts with the Government with respect to our defense spending?

Mr. ROUSSELOT. Yes.

Mr. FAUNTROY. And by how much?

Mr. ROUSSELOT. No escalators, no anything. Also the military, I will say to the gentleman.

The gentleman understands what I just said, the military.

Mr. FAUNTROY. Yes. The Fauntroy substitute holds defense spending level at $200 billion. Does the gentleman's budget match that?

Mr. ROUSSELOT. In the proposed balanced budget, in our resolution which I am sending today to each of you, we all are, those of us who are cosponsors, we have a spending level for 1983, beginning October 1, for all defense activities of $213 billion.

Mr. FAUNTROY. That is about $14 billion more than we propose.

The fact is that in the first instance we gave away what came out to be $35 billion in tax relief which we financed in the deficit spending.

Mr. ROUSSELOT. I am sure, if I can interrupt just briefly, the gentleman does not really believe that by allowing people, taxpayers, to keep a little more of the money that they earned, that that is a giveaway.

I am sure the gentleman did not mean to say that.

Mr. FAUNTROY. No, I did not mean that.

Mr. ROUSSELOT. That means the average worker got to retain a little more of what he earned. That is not a giveaway. That is allowing them to keep what they earned.

Mr. FAUNTROY. If the gentleman will support the Fauntroy substitute tax measure he will find that 96 percent of the people will receive that tax relief and not the 2 percent who make the $200,000 a year that the gentleman knows was the effect of the tax break last year.

So I hope the gentleman does not mind my characterizing the windfall tax exemption of $1 billion to already well-heeled oil companies was a reduction for them in what they have to pay.

Mr. ROUSSELOT. As the gentleman well knows, in the tax bill that left the House we did not have the provisions of which he speaks. The gentleman and I did not vote for those. Those were put in by the other body, as we say, and so we did not support the concept of which the gentleman speaks.

Let me just conclude my statement.

Mr. FAUNTROY. I thank the gentleman for yielding.

Mr. ROUSSELOT. I appreciate my colleague's comments. He is absolutely correct. I wish we had worked very aggressively for a balanced budget last year. I think we would have been better off.

Mr. Chairman, I would like to address myself to the measure, House Concurrent Resolution 345, the first concurrent budget resolution for fiscal year 1983.

First, I want to say that I recognize the hard work of the members of the Budget Committee and the many difficulties that they have faced. But the appalling fact is that, even after all their hard work, all the difficult choices, they have brought to the floor of the House a resolution which projects deficits exceeding $100 billion. That means, Mr. Chairman, that if we are to pass this resolution, a majority of Members of the U.S. House of Representatives must go on record as stating that the deficits which are appropriated for this year, or the next, or the one after that, are OK.

That is baloney. Perhaps a majority of you here can cast such a vote by supporting the committee budget. I certainly am convinced that a majority of the American people would not cast any such vote. I certainly will not.

I support the President's program for economic recovery. Because the President has shown the determination to control rampant Federal spending I have continued to not only support, but to advocate many of his restraints proposed for Government spending.

But coupled with that we have huge deficits—deficits which are now apparent to us all, but which also have put a hamstring on the control of Federal spending.

If we are to have any hope of getting on a sound economic basis, if we are to reduce interest rates, if we are to encourage job-creating economic growth, if we are to continue to hold down inflation, then I believe the present budget resolution must be substantially reshaped. The figures submitted by the budget resolution simply are too high on the spending side and, as a result, too high on the deficit side. In addition, they fund this spending with increased revenues. Even the revenues are too high. Let us not forget that this means higher and higher taxes for our constituents.

The projected deficits are too alarming to be permitted to stand.

I do not contend that these deficits can be cut without discomfort, but the longer we put off getting on a sound economic basis the more difficult it will be for everybody—the rich and the poor alike.

The Defense Department must be aware, for example, that while a strong national defense is essential, it cannot be maintained in the long run without a sound economy and a soundly based financial structure. Entitlement programs cannot be exempt from reductions, except where we are awaiting the report of the committee which is now studying the entire scope of the social security program, with the mission of preserving its solvency.

We must have a credible program of deficit reduction—otherwise, the critical element of business and consumer confidence will be lacking, and a soundly based and sustainable economic recovery will not be forthcoming.

While I am not an economist, I have discussed this subject with many prominent and noted economists and they overwhelmingly agree that while the seeds of recovery are in the ground—it does not insure a bumper crop. What is needed to tend to these seeds, the necessary nutrients and water and sunshine, is a drop, a substantial drop, in interest rates. These economists all agree that an elimination of the Federal deficit would be just what the farmer ordered for these seeds.

What remains to be seen are the strength, the scope, and the duration of any such recovery. And the determination of that will depend to a significant extent on what is done by the Congress in acting on the budget.

The immediate and actual consequences of our budgetary decisions are considerable. But the psychological effects are even greater.

In summary, I cannot support the budget submitted by the Budget Committee for two basic reasons: One, spending is too high, and two, the deficits are too great.

What I can support is the alternative budget resolution substitute I, and several of my colleagues in the House, including two members of the Budget Committee, have introduced—the balanced budget substitute.

For the past 11 years I have offered my balanced budget substitute resolution. The need for this resolution is even more pressing this year. It is imperative that the Congress send a signal—and a strong one—to Wall Street and the business community.

The deficits incurred by the rampant Federal spending of previous years is affecting the economy of this country. A lot of people lend money or have money loaned to them by others. They know about deficits and they know we have got to somehow do something about it. If not, we will have another period of superinflation. The Federal Reserve is going to be forced to loosen money enormously to prevent a disaster unless we have fiscal restraint here in the Congress.

Any approach that does not substantially reduce deficits will not be credible to those that lend money. Interest rates will not come down if large deficits are passed by the Congress. People have become educated about our deficit. Our colleague on the Senate side, Senator PETE DOMENICI, has stated on the floor of the Senate that "the budget process, for all its shortcomings, has finally convinced people that they ought to look at the budget for a few years into the future, make some projections and say, 'something is wrong,' or 'gee, things are great.'"

Can you imagine, Mr. Chairman, how the business community would respond if we told them that we had a balanced budget in 1983? I can tell you—they would say that interest rates would go down. That this is the signal that Wall Street has been waiting for.

Now, Mr. Chairman, can you imagine what these same lenders will say if we produce a fiscal year 1983 budget with the deficits skyrocketing or even camouflaged with a social security budget shifted to the side? Surely, interest rates would not be lowered. It is now time to solve these deficit problems.

It is unrealistic to expect interest rates to come down when a $100 billion 1983 Federal deficit coupled with Federal off-budget borrowing will consume 80 percent of the personal savings of Americans.

As the Federal Government borrows more and more money, it leaves only a tiny residue of savings which can be used for personal and business loans. That scarcity of available savings keeps interest rates high. And if we do not bring interest rates down dramatically, and I am talking not 2 to 4 but 6 to 8 percentage points, we will face higher unemployment, ever greater numbers of bankruptcies, and the prospect of a return to double-digit inflation as pressures mount to increase the money supply to finance Federal borrowing.

Courage is what is needed. The balanced budget substitute creates hardship for some Americans—but it is a fair and equitable discomfort. It calls for spending restraints in all Federal programs. No one is exempt.

The American people want to go back to work. Our resolution will accomplish this. Otherwise, we will have a weak economy, high unemployment and further deficit spending.

Let us bear in mind that while reducing the interest rates—we will be putting Americans back to work.

While balancing the budget is not easy—and by no means politically popular in all circles—it is necessary. It is a budget that can initiate action and a budget that will show Americans that we mean action and can do it in a limited time frame.

Judging by our current fiscal policy, the Congress has no intention of balancing the budget through an expanding economy. Today's high interest rates are wiping out all the economic gains that we could be making in response to the tax cuts that were enacted last year, 1981.

Day by day, inflation is increasing the tax burden levied on labor and capital. In so doing, it is virtually guaranteeing a recession. Inflation is a monetary phenomenon, and until we start "trading tobacco leaves" in the economy, as our forefathers did, inflation will continue to be a monetary phenomenon—caused by too much money chasing too few goods. If we are trying to slow down inflation, we should slow down the Federal Reserves' printing presses—not the productive economy—and the only way feasible to do this is to eliminate deficit spending.

Despite all the myths, we must face the cold facts as to what budget deficits are, and are not. Budget deficits represent an obligation that the Government has to those citizens from whom it has borrowed. It is an obligation to levy taxes on the general citizenry upon the maturity of the debt. In some instances the budget deficit is financed via the Federal Reserve bank's printing presses and this can be inflationary. Historically, the Fed's role in financing the debt has been partly to blame for our current high interest rates. The real problem with running budget deficits is that in most cases they are simply an expedient way of redistributing earnings from one segment of our society to another segment by forcing future generations to pay for the tab.

Unfortunately, today's generation of taxpayers is already paying part of the tab. With deficits growing, the Federal Government's obligation to increase tax rates has also been growing. As a consequence, our Nation's financial managers have been systematically turning down high risk projects with paybacks too far off in the future. The bottom line has been that investment has been dropping off over a period of years and along with it productivity. The only reason investment has not fallen completely out of bed is because of the tax cuts we enacted last session.

Mr. Chairman, there can be no doubt of the need to balance the Federal budget. Large deficits associated with increased Federal spending either contribute to inflation or serve only to stifle investment because of the expectation of higher taxes in future years. Nor can there be any doubt that the drafters of our Constitution ever intended to provide the Congress with a free ride to spend to their heart's content by virtue of inflation and higher taxes. They adopted provision to limit the Federal Government—but adoption of the 16th amendment has lead to the emergence of powerful special interest groups in society who are competing for larger and larger shares of a growing Federal spending pie.

The Congress is in need of a new set of fiscal rules which automatically limits the growth and the size of the Federal pie by constraining the power to raise taxes either through inflation or by direct vote. Ironically, the more the Federal Government has spent, the less productive our economy has become.

Congress must renavigate its fiscal course and reduce the size and scope of Federal Government. We must put an end to the unconscionable Federal intrusions into the workings of our national economy. Congress has the power to restrain Federal Government spending and balance the budget.

But, do they have the courage?

If they do, they will face that tough decision and vote for a balanced budget in the next fiscal year. I am totally convinced that we have no choice but to accept some discomfort now as individuals in order to prevent the human and economic tragedy promised by continuing high deficits.

Mr. Chairman, I rise in opposition to the budget resolution supported by the chairman of the House Budget Committee. I cannot vote for high spending side-by-side with high deficits. I will work toward the passage of my amendment—the only substitute which is a balanced budget substitute.

Mr. HAWKINS. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois (Mr. WASHINGTON).

Mr. KILDEE. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentleman from Michigan.

Mr. KILDEE. Mr. Chairman, we can no longer ignore reality. We can no longer blink at the fact that we are in a serious recession. The American people have a right to expect that the Federal Government will respond to these conditions. The Federal Government is the only organization which can take countercyclical actions to alleviate the economic conditions which are making far too many people suffer.

This is not a novel concept. As long ago as the Truman administration, the Congress established a national goal of full employment. Implicit in that goal is a Federal responsibility.

There can be little doubt that the present administration has disregarded that responsibility. Nationally, we are in the most serious recession since the 1930's. Unemployment has reached alarming proportions. In my own district, we have nothing short of depression conditions. The unemployment rate in my home city, Flint, Mich., is now 26.4 percent. Unemployment in the State of Michigan is 17 percent.

The budget which was passed last year and the budget which the administration proposed this year ignored the goal of full employment. Quite frankly, they have exacerbated the problem. In exchange, we have received promises that conditions will gradually improve. Even the administration's economists do not predict full recovery in the near future. I would ask what the unemployed people in Flint, Mich., are going to do until the recovery comes. Under the administration's proposals, they are merely unfortunate victims who must sacrifice until the promises are fulfilled. The administration would have us believe that it is in the national interest to turn our heads away from their suffering.

I am disturbed that the administration would have us reduce the very programs which would help to spur economic recovery. It is extremely shortsighted to cut back on training programs and education programs which will help develop the skills which are needed.

Mr. Chairman, I would hope that this debate will prove to be more than lipservice to a national goal. I would urge my colleagues to seriously consider the substitute amendments which will be offered and to support the Simon amendment which will restore funding for needed education programs.

I would ask my colleagues not to turn their heads but to remember that the statistics which are so easily passed over represent millions of flesh and blood people and millions of individual tragedies.

Mr. WASHINGTON. Mr. Chairman, I am very pained by what is happening to America. Unemployment continues to rise. Bankruptcies are at record levels—the rate of business failures is only 17 percent lower than in the Great Depression—and many more companies are barely holding on. The banking industry is in disarray. Savings and loan and the vital cushion of social programs—the so-called safety net—has been sacked in support of Reaganomics.

I believe the actual situation is much worse than many of our colleagues will admit. Thirty-five years ago, the United States had 60 percent of the world's industrial capacity within our borders. American companies could bounce back from an economic downturn, and find their markets still intact. Now we are barely holding on. Our competitive position is weakened and each year the situation gets worse.

Yet, rather than realistic planning to revitalize the economy and increase the productivity and earnings of our people, Americans are handed jingoistic ads about getting tough with Japan. What we need is less posturing and more planning.

Instead of stimulating the troubled housing industry, the President has asked to reduce Federal subsidies for construction and rehabilitation, and now promises to veto the mortgage interest supplement we passed for home purchasers. The immediate affect will be a further decline in housing starts.

Instead of improving the technological skills of American workers, the administration wants to cut aid to education by another $1.4 billion.

The administration strategy for dealing with the problems of displaced workers has been to cut job training and youth unemployment programs by $2.2 billion, and to encourage American workers to "vote with their feet."

We have a declining transportation infrastructure, and an economy in which fewer of our families can afford more than one car. And yet the administration proposes additional cuts in aid to mass transit systems, driving some small systems out of business and allowing our largest systems to fall apart.

Mr. Chairman, it is senseless to suggest, as last year's budget did, that the Federal Government has no role to play in setting policies which relate fiscal growth to declines in unemployment, and which enable U.S. workers and U.S. companies to compete with their counterparts overseas.

Last year, I believe this body failed the American people. We allowed ourselves to substitute one man's popularity for commonsense.

Now the question is how many of us in the Congress will have the courage to admit that we were wrong.

I would suggest one step in that direction would be simply to take a good, hard look at the Fauntroy substitute which is the work product of the Congressional Black Caucus. It has been admitted here that it was the only budget submitted last year which had a zero deficit.

I suggest my colleagues take a good, hard look at that and I think they will find within the confines of that very ingenious budget perhaps the road to success in this country.

● Mr. DELLUMS. Mr. Chairman, during a recent interview, the President complained about the television news coverage he was receiving about the state of the economy. Evidently, in his view, if the massive unemployment problem was not reported, then it did not exist. The fact is that massive unemployment is the reality in numerous sections of the country. The latest statistics indicate that more than 10 million Americans are out of work. The unemployment rate in many Northeastern States has almost matched the levels of the Great Depression. In the past 3 years, California has lost more than a quarter of a million manufacturing jobs. In the bay area, the Mack truck plant, 1,400 jobs; the Colgate-Palmolive plant, 400 jobs; the General Motors parts plant, 450 jobs; the General Motors assembly plant, 6,000 jobs; and the Ford assembly plant, 4,000 jobs; have all been closed. The situation is terribly serious.

Among the numerous reasons for these employment disasters is the worsening recession, further aggravated by high interest rates, an increasing concentration of spending on the military, capital flight to low-wage and low-working condition countries in the Third World, and the conscious retreat from the principles of the Humphrey-Hawkins Full Employment Act.

For the purposes of this statement let me focus here on just one of those aspects, the massive transfer of our scarce domestic resources to the military. In part this is a guns and butter debate, but in part this massive defense spending leads to the undermining of the overall U.S. economy.

In the guns versus butter debate the administration has chosen guns, financed directly by cuts in social programs. The real problem, however, results from the impact of those defense dollars on the economy. The massive military spending increases, inadequately financed by taxes, exacerbate the ever-increasing deficit which the administration has pledged to eliminate. This creates a credibility problem; more importantly, the deficits crowd our commercial borrowing, keep interest rates high, and add to inflationary pressures. In addition, the defense dollars directly fuel inflation by channeling additional demand into an already crowded industrial market for machinery, raw materials, skilled labor, scientists, and engineers. Rising prices for these critical production inputs will result in price increases throughout the entire economy.

One of the justifications used by many in Congress to support the military or to temper their opposition to such amounts of military spending is the argument of jobs. However, defense spending actually interferes with efforts to create new employment opportunities in a labor market approaching 10 percent unemployment. While defense spending increases will maintain employment in defense industries, few new jobs will be created in this highly capital intensive sector—note the declining membership in the aerospace divisions of the UAW and the Machinists. In the less employed part of the U.S. economy—urban areas, minorities, women, less-skilled workers—defense dollars do not help and Federal support is disappearing. Military spending may create some jobs, a similar amount of money spent in the civilian sector would result in vastly greater numbers of jobs. This is so primarily because of the capital intensivity of military spending. Most of the spending is for either capital equipment or for highly specialized technical employment. Thus whereas the job-creating argument is not incorrect, it is false in comparison with the alternative uses of those moneys in the civilian sector.

What is happening is that we are reducing economic security. Cuts in income support, unemployment, welfare, food stamp programs, and so forth, make people more vulnerable in the workplace. The fear of joblessness stifles demands for better working conditions, better wages, more humane employment. In addition to the initial hardships being placed on people, there is a potentially radical transformation in the workplace away from the fight for better conditions on behalf of the work force back to a time when employers could demand of their workers whatever they wanted under whatever conditions they desired.

Further, it is imperative that the administration realize that the use of unemployment as a weapon against inflation is an unrealistic and particularly heartless approach to fiscal policy.

The Humphrey-Hawkins Act called for full employment, or 3-percent unemployment, as a target for 1983. This administration seems to see no need to comply with this law. Instead, as unemployment reaches new postwar highs, the administration insists on cutting way back on the very programs that have been designed and have been in place for decades to help persons who have been afflicted by low income or no income. Food programs, job training programs, vocational education programs, income security, and welfare assistance programs are all under attack by the Reagan administration.

As the May 7 figures from the Bureau of Labor Statistics indicate, no fewer than 10 categories of unemployment have reached new highs. Over 10,300,000 people are out of work; 9.4 percent of the workers in the labor force have no jobs. The number of discouraged workers, who have given up hope of finding jobs, is at a new high: 18.4 percent of the black labor force is out of work, and an alarming 48.1 percent of black teenagers have no work. Women, blue-collar workers, the working poor, almost every category of American except the already rich are experiencing the worst employment situation since before the Second World War.

As inflation falls slightly, due to a worldwide energy glut and a national recession, the administration tells us that record unemployment is the "price you have to pay for bringing down inflation."

It is time that the administration realizes that the health of the economy, the very issue which it claims brought it to power, needs immediate attention, in the form of a reversal of priorities. The use of unemployment as a weapon against inflation is not the answer. The problems of the world do not lend themselves to military solutions. The problems of our country do not lend themselves to massive, wasteful military spending programs.

I, and more than 40 of our colleagues, have introduced House Resolution 463, which expresses the sense of the House that the administration should give the reduction of unemployment a higher priority in determining the fiscal and monetary policy of this Nation. It is time that this Government, the Congress and the residents of "South Succotash" be able to come out from under the economic policies which are causing record unemployment, record deficits, and a massive recession.●

Mr. LATTA. Mr. Chairman, I yield 10 minutes to the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. Mr. Chairman, I think it is time for us to rise above the question of whether we are Republicans or Democrats, whether we might obtain some partisan political advantage in our election campaigns this year, and talk about the problem that faces this country.

Although the absolute interest rates have declined from 21.5 percent to 16.5 or 17 percent, we must admit to the fact that interest rates relative to inflation are the highest that this country has ever known in all of its history.

Americans want to buy homes, they want to buy cars. Survey after survey is taken of consumers in this country and they report back yes, they want to make those purchases. The question then is asked: "Why are you not buying a home and why are you not buying a car?" And the answer is clear as a clarion bell, "because interest rates are too high."

□ 1530

Then the question is asked: What rate of interest would it take for you to buy a car and to buy a home? The resounding answer is: Under 12 percent.

The Rousselot proposal for a balanced budget is the only proposal before this Congress that will reduce interest rates below 12 percent. Every other proposal involves a deficit of over $110 billion for fiscal year 1983. A deficit of that size, when coupled with the off-budget borrowing of the Federal Government, will consume 80 percent of the savings of the American people in the year 1983. There is no way for a significant reduction in interest rates under those circumstances. And the problem before this country that must be unlocked is interest rates, interest rates, interest rates.

The other budget proposals cavalierly treat the deficit, they cavalierly treat interest rates, and they do not remove that blockage. Under this balanced budget proposal, within a very short period of time we will see interest rates cut in half, and we will unleash the greatest resurgence of economic activity that this country has seen in generations. We will have the jobs, we will have the productivity, we will have the ability to meet the needs of both defense and the social programs; but we will only have it if we reduce interest rates. It is the only alternative available to this Congress to reduce interest rates, and that is to reduce the deficit and to get the Federal Government out of the borrowing market in competition with all of us who want to buy cars and homes.

Because this is so important to the economic vitality of this country, the National Federation of Independent Business that represents over 500,000 small businesses across this country has signed on in active support of the Rousselot proposal. It is based around the concept of a freeze, where everybody who receives a payment from the Federal Government, whether they be active or retired, will receive a freeze in that check for 1 year beginning October 1. The increases that are due to occur between now and October 1 would not be touched, but it would evenly balance across the board all Americans. That in itself would save $25 billion in the deficit.

I am worried about the economy of this country. I am worried so much that I do not believe that we can any longer talk about reelection or bandaids or minor changes. We must talk about major surgery. The boat is taking on water, and turning on the power is not going to help if we do not stop the water that is being taken on. There is no other proposal that will accomplish a reduction in interest rates. And if I am correct that that is the No. 1 priority that we should be considering in our deliberations, we must adopt the Rousselot proposal.

Yes, it is not going to be easy. It is never easy to restrain spending at the Federal level. But I think it is essential. And I think the American people are ready to halt these interest rates, even though it will be a difficult thing. Young and old alike have a stake in this, and time is running out. It is up to us this year, even in an election year, to act and act responsibly.

The **CHAIRMAN** pro tempore. The Chair will state that the gentleman from California (Mr. HAWKINS) has 9 minutes remaining, and the gentleman from Ohio (Mr. LATTA) has 7 minutes remaining.

Mr. **HAWKINS**. Mr. Chairman, I yield my remaining time to the gentleman from California (Mr. PANETTA).

Mr. **PANETTA**. Mr. Chairman, first of all, I would like to express my gratitude to the gentleman from California (Mr. HAWKINS) for giving me the opportunity to speak at this point in the debate. Also I would like to express my gratitude and thanks to the chairman of the committee, the gentleman from Oklahoma (Mr. JONES), for the work that he has done in what is truly a very difficult task, and becoming almost an impossible task in the Congress, of trying to fashion a budget resolution.

We find almost every year that there are growing differences in terms of priorities, regional differences, political differences, economic differences, and it becomes tougher and tougher to try to fashion a budget resolution that attempts to find the proper balance, the proper compromise, between all of these pressures, all of these decisions, all of these challenges.

As always, I think the committee has tried to do an excellent job at finding what is a proper balance between the various priorities in this House. The committee bill that is presently before the House represents that kind of balance. For that reason, it was supported by those of us in the committee who felt it represented that balance and, hopefully, all Members will find it to represent the proper balance in terms of the priorities that we are concerned about.

I also recognize that Members also are anxious to have other choices, other preferences, and they seek to be given that opportunity—indeed this rule gives them that opportunity—to select other choices, because obviously our greatest concern from a budget point of view, from a process point of view, from an economic point of view, is that regardless of the choices that you favor, regardless of the alternatives that you favor, it is extremely important that in the end this institution respond with a budget resolution. If we fail to pass a budget resolution at the end of next week, regardless of what alternative you support, regardless of what substitute you support, we will have all failed, and the signal that will go out to this economy and to the investment community will be clear: The Congress, the House of Representatives is unable to respond to what is our responsibility in trying to properly manage the economy.

So ultimately we must adopt a budget resolution. In that effort, I have joined with colleagues from both sides of the aisle in offering another choice, the choice represented by the Aspin-Pritchard substitute, which is one of the substitutes that Members will have an opportunity to vote on near the end of the debate. It tries, I think, to find, again, a balance between the various choices that are offered here, so that Members, hopefully, once they have exercised their first choice, will recognize that in this proposal there is an alternative that, hopefully, we can all join in adopting and taking to conference.

I think that for the benefit of Members there are four basic guidelines that Members must look at in determining what their ultimate choice will be: Deficit, fairness, productivity, and passability.

First is the question of the size of the deficit. And obviously the goal is to achieve a resolution that has the lowest deficit in real terms. I understand that there are balanced budget amendments, and I am sure there are Members who will exercise their decision in trying to achieve a balanced budget. But, frankly, in realistic terms, the ability to achieve a balanced budget by freezing all checks that go out to everybody in this country immediately simply is not going to happen politically. You could not pass $40 billion in savings in social security either on the Senate or House side. It is not very likely that we are going to pass a balanced budget amendment that freezes everybody's check.

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So, realistically, I would ask you while you may wish to exercise that particular option, I think ultimately you have to look for the substitute that is the most practical, that has the least deficit in real terms, in achievable terms, because if there is anything we are trying to achieve in this budget resolution battle, it is to reduce the deficits in real terms.

We are facing record deficits in this country. It has been mentioned time and time again, and because of those deficits, there is no way we will be able to get any kind of economic turnaround in this country.

It is for that reason that we must select a resolution that takes us toward a balanced budget and does it in a meaningful way.

The alternative that we have proposed, and I think the committee alternative as well, does an excellent job in directing us toward that goal. So the test that I would ask all Members to ask, what proposal provides the least deficit. The Aspin proposal, the Aspin substitute, provides a deficit of $95 billion the first year as compared with $103 billion for the committee, $100 billion for the Latta substitute.

Mr. **MARTIN** of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. **PANETTA**. I yield to the gentleman from North Carolina.

Mr. **MARTIN** of North Carolina. There is another substitute that we hope will get the full attention of the House. It does provide for a balanced budget, whereby the deficit would be zero.

Mr. **PANETTA**. I have made reference to that and, obviously, Members can exercise that choice. I just feel that ultimately, in terms of real terms, that that simply will not be adopted by the House or by the Congress and, therefore, I would hope that one of the choices near the end that clearly holds the possibility of being adopted that Members will again ask the same question what has the least deficit of those substitutes.

Second, I think fairness is extremely important. The proposal that is being proposed represents a fair balance in the priorities that we wish to establish in this country. There is no question that the budget resolution adopted last year and the implementation of that resolution placed the primary burden on programs that impact on people at middle and lower income levels. There is no much question that was the case, $35 to $40 billion much of which I dealt with directly as chairman of the reconciliation bill, clearly impacted on people at the lower income levels.

At the same time we were doing that, we were also enacting proposals that expanded defense to record levels and that expanded and provided a record revenue cut in this country. We simply cannot achieve a balanced budget by implementing those kinds of policies. You cannot do one thing with one hand and give it out with the other hand and expect that you are going to balance the budget. So, obviously, to get those deficits down and do it in a rational way it means that we do have to look at the defense budget. It means we do have to look at revenues and it means we do have to look at other reductions in savings in order to achieve that goal. Surely we ought not to attack the basic programs that support people at the lowest end of the ladder, particularly when we are experiencing the kind of recession and unemployment that is going on in the economy at the present time.

The proposal that we have offered finds, I think, that kind of balance and fairness not only in trying to protect programs in the discretionary and entitlement area but also by looking to the credit budget for additional savings, an area that has not been looked at by past budget resolutions, an area that is extremely important to be considered if indeed we are going to try to hold down all areas of expenditures at the Federal level. It also looks at revenues as well. But the overall 3-year revenue package I would remind the Members is less over 3 years than what is provided in the committee proposal.

The third area that I think needs to be asked is the area of productivity, the future. We cannot simply target the present resolution without asking the question what about the future. What kind of country do we want to have down the road? What kind of investment do we want to make as a nation in terms of the future? We cannot simply go ahead and worry about cutting here and/or cutting there without asking ourselves the question what do we want to protect? What do we want to invest in for the future? And that I think is addressed in the substitute that I have referred to both in terms of agriculture, with the additional for soil conservation, for education for the handicapped, for student aid, for training and unemployment to deal with the unemployed.

The **CHAIRMAN** pro tempore. The time of the gentleman from California (Mr. PANETTA) has expired.

Mr. LATTA. Mr. Chairman, I yield 2 additional minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. I thank the gentleman for yielding.

For the additions include in particular an area of productivity in which we have expanded assistance for research, which we think is extremely important in terms of a future investment.

Japan today graduates more engineers than the United States. We have to understand that that kind of investment for our future is important if we are indeed to have a productive economy.

The fourth and final test that I would ask Members to ask is what is passable in the end? If you are concerned about a resolution that must be adopted, then the question must be asked is this a resolution that in fact is passable, that can be supported on both sides of the aisle and that we can take to a conference? And there again I would urge your consideration of the Aspin substitute.

Finally, on reconciliation, although the language in all of the substitutes is not the strong language of last year, we have to recognize that there are, obviously, more difficult problems facing us this year both in terms of revenues as well as reductions. But I would urge you in terms of any efforts to reduce that language in the enforcementability to vote against those efforts. We need to have enforcement of any resolution.

The choices are before us.

Next week we begin to vote. The debate I think will be a good one. We will be able to look at various alternatives. But in the end I would urge one thing. This institution must respond and we must adopt a budget resolution.

The **CHAIRMAN** pro tempore. The gentleman from Ohio (Mr. LATTA) has 5 minutes remaining.

Mr. LATTA. I yield such time as he may consume to the gentleman from Texas (Mr. LELAND).

Mr. LELAND. Mr. Chairman, I want to compliment Mr. HAWKINS for the fine leadership of this afternoon's discussion of economic priorities. It is indeed important to precede the debate on the budget with such a discussion. Only if we are clear on what our national priorities should be can we debate the budget, which is essentially the allocation of national resources according to our priorities.

I believe that we are going in the wrong direction toward achieving a lower rate of unemployment, inflation, and a reasonably balanced budget. Too much is being sacrificed to defense, to the invisible hand and nebulous benefits of free markets, without an eye for the long run, without an eye to the future.

Looking at one specific example, in the area of energy policy there are some very questionable priorities being set. Nobody doubts that we need an energy policy which looks to the future. We need an energy policy which realizes that the energy crisis only began in 1973, and will continue long into the future unless we take definitive steps toward conservation and the development of safe alternative sources.

But what do we see? A full 56 percent of the Reagan budget energy function goes to defense activities—atomic energy defense activities, and a full 88 percent of the energy function goes to nuclear related spending.

On the other hand, conservation programs are reduced to 2 percent of all energy spending, solar programs to 6 percent, and synthetic fuel programs to 4 percent.

While one clear national priority should be the development of safe alternative energy programs and energy conservation programs, these have been sacrificed and are being sacrificed to defense and nuclear power development.

My colleagues, I do not think that anyone is fooled any longer by the mirage of Gramm-Latta which this body passed in the first session. What was sold to the American people was an economic program which was to reduce the role of Government in the economy and reduce Federal spending. The American people were told to tighten their belts, to forgo important services from health to education, do without the basic Government assistance which insured a certain level of welfare for all Americans, we were told that Government was spending too much.

But was Government spending reduced? Absolutely not. For every reduction in social spending, came an increase in defense spending—defense spending which is programed to reach the historically unprecedented level of $1.5 trillion over the next 5 years.

Gentlemen, this time the American people will not be fooled. This time the American people will not allow their social security to be cut so as to fund the construction of obsolete weapons systems. This time the American people will not have their railroad retirement and their medicaid reduced to pay for huge cost overruns of obsolescent bombers and missiles.

If our national priority is to revitalize our economic and social system so as to redress the pressing problems of unemployment, inflation, high interest rates, and unreasonable deficits, we must look closely at our spending priorities.

I'd like to point out only a few of the benefits of redirecting wasteful defense spending to other vital areas:

With $100 billion, which is only 7 percent of total defense outlays for 1981 to 1986, we could rehabilitate the U.S. steel industry to make it the most efficient in the world.

With the $34 billion first cost of the MX missile program, we could develop a comprehensive 10-year energy efficiency program to save up to 50 percent of our oil imports.

With the $34 billion cost of the Navy's F-18 fighter program, we could modernize the Nation's machine tool stock to bring it to the level of Japan's.

These are only some examples of the ways we have misdirected our national priorities. If we were to rectify our priorities, and redirect some of this wasteful and obsolete spending, we would be taking important steps in the direction of improving the Nation's productive capacity, and in the process reduce both inflation and unemployment.

Mr. Chairman, I do not think the American people are going to put up with a rerun of last year's mirror and smokescreens budget game; 9.5 million unemployed Americans will not have a budget balanced on their backs; 9.5 million Americans are not going to lose their livelihoods so that $1.5 trillion can be misspent on defense.

I hope my colleagues will keep this in mind as we begin the budget debate in the days to come.

● Mr. **CONYERS**. Mr. Chairman, the attached amendment that I shall be offering to House Concurrent Resolution 345, the first concurrent budget resolution for fiscal year 1983, proposes to delete $20.4 billion in budget authority and $8 billion in outlays from functional category 050, national defense and to reduce the Federal budget deficit by the same amount.

The deleted funds consist of all expenditures related to the further testing, production and deployment of nuclear weapons and of missiles and new aircraft designed primarily to deliver nuclear weapons.

Specifically, the amendment seeks to delete all funds for the MX missile program the B-1 bomber program, the Trident submarine and missile program, the air-, sea-, and ground-launched cruise missile programs, and the Pershing II missile program. In addition, the amendment would delete $4.5 billion in budget authority and $4.2 billion in outlays from the atomic energy defense activities portion of the defense function, the funds of which would support the production cycle of new nuclear warheads; that is research, development and testing, production and surveillance, and materials production. In other words, my amendment seeks the deletion of only those funds that relate to the further design, testing, production and deployment of new nuclear weapons. It would not affect existing nuclear warheads stockpiles or existing delivery systems.

This amendment does not propose a policy of nuclear disarmament. Rather, it seeks to freeze nuclear weapons at existing levels. What I am proposing in policy terms is a strategy of arms control by mutual example, an independent freeze initiative for a 2-year period that would demonstrate to the Soviet Union and the world that we are, indeed, serious about nuclear arms reduction.

My amendment translates into budgetary policy the cost savings that would result from a nuclear freeze. The nuclear freeze idea is now being debated throughout the Nation and the world. In the United States the most recent national poll indicated that 71 percent of the respondents supported a nuclear freeze, nearly a 3-to-1 ratio.

I am offering this amendment so that the Congress of the United States may speak to, and pass judgment on, what surely is the most overriding international policy issue in our times.

At this point in the Record, I include the amendment.

Amendment Offered by Mr. Conyers to House Concurrent Resolution as Reported

Page 12, line 14, (relating to the total budget authority for fiscal year 1983) strike out "$828,000,000,000" and insert in lieu thereof "$807,600,000,000".

Page 12, line 16, (relating to total budget outlays for fiscal year 1983) strike out "$780,550,000,000" and insert in lieu thereof "$772,550,000,000".

Page 12, line 18, (relating to the amount of the deficit for fiscal year 1983) strike out "$103,850,000,000" and insert in lieu thereof "$95,850,000,000".

Page 13, line 9, (relating to functional category 050) strike out "$242,850,000,000" and insert in lieu thereof "$222,450,000,000".

Page 13, line 10, (relating to functional category 050) strike out "$212,300,000,000" and insert in lieu thereof "$204,300,000,000".●

● Mr. **PERKINS**. Mr. Chairman, I plan to offer an amendment to the Jones amendment in the nature of a substitute consisting of House Concurrent Resolution 345, as reported by the Budget Committee.

The amendment I propose would strike paragraph (D) of section 301 beginning on line 21 of page 31 and ending on line 6 of page 32, and the paragraph beginning on line 18, page 38, and ending on line 3, page 39. That paragraph directs the Committee on Education and Labor to report changes in law within its jurisdiction that would reduce spending in an amount sufficient to reduce both budget authority and outlays by $73 million in fiscal year 1983. The Budget Committee's report on page 132 indicates that its recommendation related to the Federal Employees' Compensation Act and we are, in effect, directed to save the moneys indicated, rounded off to $0.05 billion at this point by adopting the President's proposals for amending that act.

The administration's proposal was part of last year's budget reconciliation and was rejected by the Congress.

A GAO report entitled "Injury Compensation Process Delays Prompt Payment of Benefits to Federal Workers" issued on September 25 of last year undercut the administration's proposal very substantially. In the course of oversight investigations and hearings the Subcommittee on Labor Standards, chaired by Representative George Miller of California, it has been clearly demonstrated that many of the provisions in the administration's proposal are ill-founded, ill-considered, unfair, unworkable, and unduly burdensome.

It is my understanding that Chairman Miller has some ideas he is presently having costed out by the Congressional Budget Office. He indicated that his proposals will save money and improve the program. He should be given a reasonable opportunity to perfect his legislation. He should not be driven under the gun of this so-called reconciliation process to accept the adminstration's proposal which would convert the Federal employees' compensation system to one of the most regressive in the Nation.

The administration's proposal imposes more of the cost of an injury on the victim than would any State workers' compensation system in the country.

The cost reductions would be more apparent than real. The conversion of FECA benefits at age 65 to the Civil Service retirement system would reduce the cost of FECA, of course, but would be an increased cost to the retirement system. The Post Office and Civil Service Committee should be party to these decisions.

The paperwork complexity of the administration's proposals create a disincentive to the Federal employee even to file a claim. They have thought of everything—they even have a proposal to round off benefits down to the last whole dollar. The benefits of a GS-2 would be reduced by the last 99 cents. I would hope the Congress would not be rushed into this rash exercise.

The amount of money is small and certainly not worth the damage that may be done if we act in haste. If my amendment is permitted and it prevails, we will do the job right.●

● Mr. **CLAUSEN**. Mr. Chairman, I would like to take this opportunity to explain to the Members my two amendments which the Committee on Rules has made in order to the budget resolution and to the Aspin/Panetta substitute and the Latta substitute.

These amendments are procedural in nature and do not change any of the budget figures or policies. They simply preserve the integrity of the legislative process by assuring that the authorizing committees will be able to play their proper role in the development of new legislative proposals within their jurisdiction.

I urge my colleagues to carefully consider my amendments, and hopefully they will see fit to support them.

By way of a detailed explanation, the following is a copy of the statement I gave in my appearance before the Committee on Rules, along with copies of the amendments themselves:

Statement by Hon. Don H. Clausen

Mr. Chairman, my sole purpose for appearing today is to request that you grant a rule making it in order to consider two amendments to the budget resolution which will permit the House to keep its options open in the event that user fees for certain programs are increased or that user taxes into certain self-financed, deficit proof trust funds are increased.

These amendments are procedural in nature and should be included in the Jones budget resolution or any amendment in the nature of a substitute.

They do not change any of the numbers or any of the policies embodied in the resolutions. My amendments are simply intended to preserve the integrity of the legislative process and, as I mentioned before, to allow the House to keep its options open.

My first amendment relates to user fees and the possibility that the Ways and Means Committee, in meeting its directive to raise additional revenues, might report legislation which is properly within the jurisdiction of one of the authorizing committees of the House.

Mr. Chairman, this amendment would merely provide that if, in complying with the reconciliation instructions contained in this budget resolution, the Ways and Means Committee chose to recommend new or expanded user fees within the jurisdiction of any other committee of the House, then a sequential referral of that recommendation under rule X of the Rules of the House would be appropriate.

This amendment is designed to preserve the jurisdictional structure that has been established and has functioned so well in the House of Representatives in the past. Without this language, there is an increased possibility that a committee or committees having expertise and legitimate jurisdiction concerning matters relating to new user fees could be prevented from having their rightful input concerning how the new user charge legislation should be structured.

It is recognized that the reports accompanying both Senate and House Budget Committee resolutions encourage the revenue-raising committees to consult with other appropriate committee or committees of jurisdiction if a decision is reached to develop user fee legislation. However, more is necessary to preserve the right of affected authorizing committees to play a meaningful and equal role in matters under their jurisdiction. Without assuring affected authorizing committees of their right to meaningfully participate in the development of legislation affecting programs within their jurisdiction, the authority of those committees could be significantly undermined. For example, the committee on Public Works and Transportation could be put in a position of having virtually no guaranteed right to structure user fee legislation involving deep water port dredging, even though the administration's legislative proposals in this area have been referred exclusively to the Public Works Committee during this 97th Congress.

I do not believe that it was ever the intention of the authors of the Budget Act to produce such a result, and this amendment is designed to help prevent this kind of occurrence.

My second amendment relates to section 304 of the budget resolution and certain self-financed, deficit-proof trust funds.

This is the situation we face. Section 304 of the budget resolution prohibits the enrollment of any measure containing budget authority in excess of the amounts allocated to the committee which initiated that measure under Section 302 of the Budget Act.

Our concern is this. The Committee on Public Works and Transportation has under its jurisdiction several programs now financed by user revenues, including highways and the aviation program. It has been considered possible that user fees supporting those programs could be increased, as under the proposal by the Secretary of Transportation to increase the highway user revenues by the equivalent of a 5-cent increase in the fuels tax; under this proposal, 4 cents of the increase would go for highways, and 1 cent for a separate trust fund for public transportation capital spending.

We have not sought budget authority commensurate with such increases, because of uncertainty over whether they would be proposed formally by the administration. We were well advised in our caution, as events proved, since the President decided just this past Tuesday to defer the matter as far as fiscal year 1983 is concerned.

At the same time, we recognize that the uncertainty persists as to what will come out at the end of the budget process for fiscal year 1983, and would not want to foreclose any options. My request, then, is that the rule governing consideration of the budget resolution makes in order an amendment that would exclude, from the prohibition against enrollment, budget authority derived from any trust fund, 90 percent or more of the receipts of which consist of or will consist of amounts related to the purposes of the outlays under specified provisions of the Tax Code. That would preserve our latitude as an authorizing committee if the ultimate outcome of he budget process were to result in increases in revenues for the transportation or aviation trust funds. This would also take care of a new public transportation trust fund, should revenues for such become available.

I would emphasize, Mr. Chairman, that this merely gets us out of a Catch-22 situation. It does not commit any Member to an increase in revenues in any manner, shape or form. If revenues are increased in any of these user-fee areas, such an amendment would not commit those funds to any particular purpose.

Consideration of such an amendment, and its adoption, would merely provide the flexibility intended by the budget committee, which stated as follows in its report (on page 43 in the discussion of new and increased user fees):

"It is the intent of the committee that should user fees and/or aviation and highway trust fund fees be increased pursuant to reconciliation directives contained in this resolution then these funds should be dedicated to corresponding programs and should support whatever increased program levels are established by Congress.

"It is also the intent of the committee that the Committee on Ways and Means consult with other appropriate committee or committees of jurisdiction in developing user fee legislation which recovers federal expenditures for programs and activities under the authorizing jurisdiction of those committees."

That in essense is the situation, Mr. Chairman, and our reason for requesting this amendment. I won't burden this committee at this point with a recitation of needs in these program areas or the merits of any user fee increases. All we ask is that you permit the House to work its will in this fluid situation and not allow the budget process to impose unnecessary and unrealistic limitations on our ability to do so.

That concludes my statement, Mr. Chairman. I would only add that, with respect to the use of revenues derived from any of the user fees in question, the minority on the Budget Committee concurs with the majority (as noted in the discussion of user fees on page 241).

Thank you Mr. Chairman.

CLAUSEN AMENDMENT ON SELF-FINANCED TRUST FUNDS

(This is the first Clausen amendment on Page H2364 of May 19, 1982, Congressional Record).

Virtually identical versions have been drafted to (1) H. Con. Res. 345, (2) Latta substitute.

NOTE.—The Aspin/Panetta substitute already contains similar language.

AMENDMENT TO HOUSE CONCURRENT RESOLUTION 345—OFFERED BY MR. CLAUSEN

Section 304 is amended to read as follows:

"Sec. 304(a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the puposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

AMENDMENT TO LATTA AMENDMENT—IN THE NATURE OF A SUBSTITUTE TO HOUSE CONCURRENT RESOLUTION 345 OFFERED BY MR. CLAUSEN

Section 304 of the Latta Substitute is amended to read as follows:

"Sec. 304(a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

CLAUSEN AMENDMENT ON USER FEES

(This is the second Clausen amendment on Page H2364 of May 19, 1982, Congressional Record.)

Virtually identical versions have been drafted to (1) H. Con. Res. 345, (2) Latta substitute; and (3) Aspin/Panetta substitute.

AMENDMENT TO HOUSE CONCURRENT RESOLUTION 345—OFFERED BY MR. CLAUSEN

Sec. 303 is amended by adding the following new language at the end thereof:

"If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to Sec. 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

AMENDMENT TO THE LATTA AMENDMENT IN THE NATURE OF A SUBSTITUTE TO HOUSE CONCURRENT RESOLUTION 345—OFFERED BY MR. CLAUSEN

Sec. 303 of the Latta Substitution is amended by adding the following new language at the end thereof:

"If the changes in laws reported to the House Committee on the Budget by the House Committee on Ways and Means pursuant to Sec. 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

AMENDMENT TO ASPIN/PANETTA AMENDMENT—IN THE NATURE OF A SUBSTITUTE TO HOUSE CONCURRENT RESOLUTION 345 OFFERED BY MR. CLAUSEN

Sec. 303 of the Aspin/Panetta Substitute is amended by adding the following new language at the end thereof:

"If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to Sec. 301(G) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."●

● Mr. ROE. Mr. Chairman, I would like to take this opportunity to explain to the Members my eight amendments which the Committee on Rules has made in order to the budget resolution and to the Aspin, Latta, and Fauntroy substitutes.

These amendments are procedural in nature and do not change any of the budget figures or policies. They simply preserve the integrity of the legislative process by assuring that the authorizing committees will be able to play their proper role in the development of new legislative proposals within their jurisdiction.

I urge my colleagues to carefully consider my amendments, and hopefully they will see fit to support them.

By way of a detailed explanation, the following is a copy of the statement I gave in my appearance before the Committee on Rules, along with copies of the amendments themselves.

STATEMENT BY THE HONORABLE ROBERT A. ROE BEFORE THE COMMITTEE ON RULES, MAY 20, 1982

Mr. Chairman and members of the committee: I want to thank you for the opportunity to appear before the committee today as you consider one of the most important pieces of legislation reported this session: The First Concurrent Resolution on the Budget for fiscal year 1983.

Yesterday, after review of the Budget Committee reported resolution, I introduced a series of eleven amendments which address, in various ways, two important procedural issues that appear in the budget resolution; namely, section 301(k) and 304.

Section 301(k) directs the House Committee on Ways and Means to report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31.7 billion for fiscal year 1983. Pursuant to section 310 of the Congressional Budget Act, this directive is silent as to what specific programs should be considered for an increase.

However, the report accompanying H. Con. Res. 345 states the following:

"While the committee does not make specific revenue increases, the recommendation could accommodate * * * higher energy taxes * * * and increased user fees."

It states further that "The committee recommends offsetting receipts from user fees totaling $2.9 billion over three years." In addition, in its discussion of function 300, natural resources and environment, the committee specifically indicates assumed changes in such user fee areas as deep-draft and inland waterways.

Given this and the flexibility of the section 301(k) language, it is of concern to me and should be to many other affected committees and Members of the House, that in achieving the $31.7 billion, increases could be imposed on new or expanded user fees involving programs within the jurisdiction of committees other than the Ways and Means Committee.

Therefore, Mr. Chairman, my amendment, which is simply technical in nature and has no budgetary impact, is intended solely to preserve and insure the integrity of the legislative process.

In general, it would simply state that if the changes in laws reported by the Ways and Means Committee contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other committee of the House, then an appropriate referral pursuant to Rule X of the House should be considered.

This language, I might add, is consistent with the intent of the budget resolution, for the report accompanying it states on page 43 that:

"It is also the intent of the committee that the Committee on Ways and Means consult with other appropriate committee or committees of jurisdition in developing user fee legislation which recovers Federal expenditures for programs and activities under the authorizing jurisdiction of those committees."

Let me address some of the specifics with regard to inland waterways and deep draft ports.

The administration has proposed legislation which would provide for 100 percent cost recovery of operation and maintenance costs as well as future construction costs. This represents a drastic change in present policy. Since the country's inception, the construction, operation and maintenance of an inland waterway navigation system and of deep draft ports has been considered to be properly the responsibility of the Federal Government because the benefits associated with water transportation are so widespread. These benefits accrue not only to vessel owners and shippers but to the Nation as a whole. Consumers benefit by availability of goods at lower prices because of the energy efficiency of water transportation. This efficiency also enables the country to compete more efficiently in the world market, especially in the areas of grain and coal exports and thereby benefits our balance of payments situation. Moreover, our water transportation system serves other purposes as well such as recreation, water supply and hydroelectric power. Finally, I would point out that over $5 billion a year is collected at United States ports in customs revenues.

The imposition of added user fees could have a substantial impact on not only the Nation's water transportation system, but on vast segments of its economy. On the inland waterways, the increased shipping costs associated with user fees would result in a certain amount of cargo diversion to other modes. There is the possibility that these other modes might then increase their rates commensurately, thereby adding even more to transportation costs. Vessels utilizing deep draft ports would also have to increase their rates. For commodities such as grain and coal, the increases in shipping costs could have a severe impact on their competitive position in the world market. Farmers would not be able to pass on their increased shipping costs for exported grain because the price of that grain is fixed by world market prices. This would have a further depressing effect on the Nation's agriculture. The United States steel industry would be made even less competitive in relation to foreign steel because of increased shipping costs both for raw materials and for finished products. These matters were fully brought out in four weeks of hearings which our Water Resources Subcommittee held on the water transportation system.

Because of the significant impacts associated with user charges on the water transportation system, its users, and the Nation as a whole, we feel it is imperative that our committee as the authorizing committee for this system have an opportunity to consider any proposals made as part of the reconciliation process to recover new or increased revenues related to inland waterways and deep draft ports.

My other issue of concern, Mr. Chairman, is section 304 of the budget resolution: the so-called deferred enrollment provision.

This section would prohibit enrollment of any spending bill which is inconsistent with the budget resolution allocations. My amendment, again technical in nature and with no budgetary impact, would simply address what I regard as a unique problem.

As you know, under the budget resolution, non-defense discretionary spending is, for the most part, held at the fiscal year 1982 appropriated level. However, there is also a directive to increase revenues in the next fiscal year by approximately $31 billion. A technical problem that I foresee is if revenues are increased, specifically trust fund revenues, and spending is held at the 1982 level, then spending bills which could support these increased program levels would not be able to be enrolled.

Therefore, my amendment would exempt from the section 304 requirement 90 percent self-financing trust fund spending bills when, and only, if Congress chooses to increase revenues in these trust funds. Again, this amendment is consistent with the intent of the Budget Committee, which in its report includes the following:

"It is the intent of the committee that should user fees and/or aviation and Highway Trust Fund Fees be increased pursuant to reconciliation directives contained in this resolution, then these fees should be dedicated to corresponding programs and should support whatever increased program levels are established by Congress."

My amendment would ensure that this could be the case.

Mr. Chairman, as I mentioned in my opening remarks, I have introduced eleven amendments in various forms to address both of these issues. I am flexible on how this committee may choose to fashion these amendments, perhaps even as a package incorporating all procedural amendments. However, I do want to emphasize the importance of both issues as both have a real impact on the overall integrity and effectiveness of the legislative process.

Thank you.

AMENDMENTS OFFERED BY MR. ROE

(1) Amendment to H. Con. Res. 345

Section 304 is amended to read as follows:

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

(1) Amendment to Latta substitute

Section 304 is amended to read as follows:

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

(2) Amendment to H. Con. Res. 345

Section 304 is amended to read as follows:

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

(2) Amendment to Latta substitute

Section 304 is amended to read as follows:

Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

(3) Amendment to H. Con. Res. 345

In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to section 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

(3) Amendment to Aspin Substitute

In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to section 301(G) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

(3) Amendment to Latta Substitute

In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House Committee on the Budget by the House Committee on Ways and Means pursuant to section 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

(4) Amendment to H. Con. Res. 345

Section 301(K) is amended by adding the following at the end thereof: "For purposes of this section if any such changes involve the imposition of new or expanded taxes related to the use of inland waterways or deep draft ports (including, but not limited to, taxes on fuel, commodities, or vessels) or the imposition of any new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

(4) Amendment to Aspin Substitute

Section 301(G) is amended by adding the following at the end thereof: "For purposes of this section, if any such changes involve the imposition of new or expanded taxes related to the use of inland waterways or deep draft ports (including, but not limited to, taxes on fuel, commodities, or vessels) or the imposition of any new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

(4) Amendment to Latta Substitute

Section 301(K) is amended by adding the following at the end thereof: "For purposes of this section, if any such changes involve the imposition of new or expanded taxes related to the use of inland waterways or deep draft ports (including, but not limited to, taxes on fuel, commodities, or vessels) or the imposition of any new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the Committee on the Budget pursuant to section 303 of this resolution."

(5) Amendment to H. Con. Res. 345

Section 301(K) is amended by adding the following at the end thereto: "for purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

(5) Amendment to Aspin Substitute

Section 301(G) is amended by adding the following at the end thereto: "for purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

(5) Amendment to Latta Substitute

Section 301(K) is amended by adding the following at the end thereto: "for purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the Committee on the Budget pursuant to section 303 of this resolution."

(6) Amendment to H. Con. Res. 345.

Amend section 301 by adding the following new subsection (L):

(L) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that Committee sufficient to reduce appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays, as follows. $100,000,000 in budget authority, and $10,000,000 in outlays for fiscal year 1983.

(6) Amendment to Aspin Substitute.

Amend section 301 by adding the following new subsection (H):

(H) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that Committee sufficient to reduce appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays, as follows: $100,000,000 in budget authority, and $10,000,000 in outlays for fiscal year 1983.

(6) Amendment to Latta Substitute.

Amend section 301 by adding the following new subsection (L):

(L) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that Committee sufficient to reduce appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays, as follows: $100,000,000 in budget authority, and $10,000,000 in outlays for fiscal year 1983.

(7) Amendment to H. Con. Res. 345.

Section 301 (K) is amended by striking out "$31,700,000,900" and inserting in lieu thereof "$31,200,000,000."

(7) Amendment to Aspin Substitute

Section 301(G) is amended by striking out "$29,750,000,000" and inserting in lieu thereof "$29,250,000,000."

(7) Amendment to Latta Substitute

Section 301(K) is amended by striking out "$20,900,000,000" and inserting in lieu thereof "$20,400,000,000."

(8) Amendment to H. Con. Res. 345

Section 301 is amended by adding the following new subsection:

(L) the House Committee on Public Works shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $25,000,000 and outlays and $2,500,000 in fiscal year 1983.

(8) Amendment to Aspin Substitute

Section 301 is amended by adding the following new subsection:

(H) the House Committee on Public Works shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $25,000,000 and outlays by $2,500,000 in fiscal year 1983.

(8) Amendment to Latta Substitute

Section 301 is amended by adding the following new subsection:

(L) the House Committee on Public Works shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $25,000,000 and outlays by $2,500,000 in fiscal year 1983.

Mr. LATTA. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. The time of the gentleman from California (Mr. HAWKINS) having been consumed and the gentleman from Ohio (Mr. LATTA) having yielded back the remainder of his time, all time has expired for debate on economic goals and policies, and the committee will resume general debate under section 305(a)(2) of the Congressional Budget Act.

The Chair recognizes the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana (Mr. ROEMER).

Mr. ROEMER. Mr. Chairman, the economic considerations facing our country are obviously serious. What is not so obvious is that this mess is the result of many factors:

First, inflation gone wild over the last decade and a half.

Second, the loss of our competitiveness in international trade.

Third, one being held as a permanent hostage to the OPEC nations.

Fourth, continued political demagoguery and personal self-interest evidenced by many Republicans and Democrats.

Fifth, tax burdens rising faster than growth in incentives to work and produce.

Sixth, the fact that the word guarantee has become more important in economic debate than the word productivity.

Seventh, the fact that consumption rules king in America over either saving or investment. Spending one tomorrows today has not brightened our present; it has dimmed our future.

The wonder is not that interest rates are high, the wonder is that they are not higher.

The wonder is not that the Japanese are beating our brains out, the wonder is that we continue to refuse to fight back.

The wonder is not the disgust evidenced in the general population by one 20-year policy of eternal tax increases and perpetual spending growth; the wonder is the incredible patience and tolerance of the public toward these practices.

We are reaping a harvest of woe planted long ago and carefully cultivated each year by political farmers who think that all food comes from the A. & P., all energy comes from ConEd, all jobs come from the Federal Government, and all economic wisdom rests on the banks of the Potomac.

I believe that we need a plan which will reduce Federal spending adequate to lower the deficit toward zero in the out years; a plan which will provide for a strong national defense—a function which in the first requirement of Government; a plan which will lower the deficit in a manner fair to taxpayer and taxeater alike.

Now there are some who want no budget. Some Republicans feel that the President's program will work in that modification. They are wrong.

Some Democrats promote no budget-no action because they wish to reap the political gains of economic sluggishness. They are wrong.

Our country should reject these Members—Republican and Democratic—of the do-nothing party.

We need a budget.

Many conservative Democrats, like myself, reacted negatively 4 months past when the administration submitted its fiscal year 1983 budget proposal.

The administration's budget suffered in three major tests:

Adequacy: It understated the deficit and failed to reduce it adequately.

Accuracy: It used numbers unobtainable in fact.

Equity: Sacred cows, like foreign aid and Eximbank were protected, while other programs like education were gutted.

The test of equity is not measured by the amount of sacrifice, but rather by the distribution of sacrifice.

We entered this economic mess together, we will climb out the same way; or not at all.

In that spirit of each giving a little in order to gain a lot, we conservative Democrats have been working for months on a compromise budget that was adequate to the task at hand, accurate in its proposals, and equitable in its effects.

Failing after much effort, to reach agreement with the Democrats represented by Chairman JONES, we reached out to moderate and conservative Democrats and to the Republicans to put a budget together for your consideration.

In considering our imperfect document, I ask you to consider it from two vantage points:

First. Comparison with the administration's budget:

We increase taxes more than the President—reluctantly, but by necessity in these economic times. Frankly, if this Congress could take the Dole-Grassley underground economy proposal seriously we could raise the needed revenue without increasing taxes at the margin on working people—which many liberals want to do by collecting taxes from those who now pay none.

We cut defense more than the President wants. We support a strong defense, but economic times require a 7 percent cap on real growth. There is waste in military spending. A reasonable reduction in growth rate is demanded.

We protect those who survive only with public assistance. In 1983 alone we add back $5 billion to the President; proposals in the areas of AFDC, SSI, food stamps and medicaid alone.

Any budget that does not deal with entitlements is ignoring the fastest growing part of the budget.

Entitlements equal 46 percent of the Federal budget—an amount in excess of $355 billion.

A proposal that does not deal with 46 percent of the budget will not lower interest rates a single point.

One proposal tightens eligibility requirements in the needs test entitlement areas. For example, we would permit States to require families with substantial means to help pay for nursing home costs of their parents. We would reduce payment error rates to 3 percent in medicaid, AFDC and food stamps. We would require military personnel to support dependent children. We would require good-faith job search as a condition of AFDC and food stamp eligibility. We would conform benefit rounding rules and similar calculations to social security provisions adopted last year.

After this minimal tightening, food stamp spending will be up $300 million in 1983 over 1982; SSI spending will be up $500 million in 1983; medicaid will be up $550 million in 1983; and medicare will be up $3.5 billion in 1983.

In other programs of critical need we have added additional money back to the President's fiscal year 1983 budget. For example:

[Dollars in billions]

Program	Administration budget	Bipartisan budget	Increases	By percent
(1) Higher education	$5.171	$7.089	$1.918	+37
(2) Elementary and secondary education	2.375	3.573	1.198	+50
(3) Handicapped and vocational education	1.346	1.845	499	+37
(4) Manpower training (CETA)	2.387	3.207	820	+34
(5) Older Americans employment		266	266	
(6) Low-income energy assistance	1.300	1.875	575	+44
(7) WIC	1.000	1.332	332	+33
(8) WIN		300	300	
(9) Economic development	015	212	197	+1.306

Measured against the administration's original budget proposal, our plan is more adequate, more accurate, and more equitable.

Second. Comparison with the Jones budget:

The Jones budget proposal continues the age-old cycle of higher taxes and unbridled spending.

The Jones budget raises taxes far more than do we. In fact, in raising taxes by more than $145 billion in 3 years, the Jones budget raises taxes 50 percent more in the first year than do we.

The Jones budget barely touches entitlements, ignoring nearly 50 percent of Federal spending.

The Jones budget so-called freeze on discretionary spending is more like a thaw.

The Jones budget guts defense with budget authority reductions of incredible proportions given the state of national defense and the threatening uncertainty in the real world.

It is no wonder that Chairman JONES wants his proposal deeply amended; it's no wonder that the chairman was quoted by the press as saying that if his was the deciding vote he would vote against his own budget.

In conclusion, I thank my colleagues for their interest and I ask them to look carefully at the facts and give our budget an objective test.

It is not a perfect budget, but it is surely superior to the budget of the President and to that of Chairman JONES.

It is a tough budget for tough times. It is a realistic budget for the real world. It is not the end, but is a good beginning.

The **CHAIRMAN**. The Chair recognizes the gentleman from Wisconsin (Mr. OBEY).

Mr. **OBEY**. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I would like to take this time to explain to the House an amendment which I will be offering on Monday next, which is cosponsored by the following other Members: Mr. REUSS, Mr. UDALL, Mr. BENNETT, Mr. RODINO, Mr. LOWRY of Washington, Mr. SABO, Mr. OBERSTAR, Mr. DOWNEY, Mr. McHUGH, Mr. SCHUMER, Mr. ASPIN, Mr. FORD, Mr. PEASE, Mr. KASTENMEIER, Mr. ZABLOCKI, Mr. BRODHEAD, and Mr. SHANNON.

□ 1600

That amendment will try to restore a sense of balance, both to the Nation's accounts and to the set of values which are reflected, I would suggest, in a national budget more so than they are in any other document. To explain what we intend to try to do on both, let me first suggest where we are.

If Members look at page 77 of the President's budget submission, they will discover some interesting things about both this year's budget and last year's budget. They will discover that the budget this year increases by $32 billion. Defense alone increases by $34 billion. Interest increases by about $13 billion. And payments to individuals, largely for retirement checks, increases by another $20 billion.

That means that the remainder portion of the budget that portion which I choose to describe as part of the safety net and virtually all of the investment portion of the budget, investment in education, investment in health, investment in job training, investment in human capital of all kinds, and investment in community infrastructure—the highways and the streets and the sewage treatment plants and everything else that makes a city run—in the President's own budget, that remainder portion of the budget would shrink in 1 year's time from $103 billion to $74 billion. That is a reduction of about 28 percent. That is a massive reduction in the investment portion of this Nation's budget. It is a reduction which, if we do not modify it, will plague us for years to come. It will make us a weaker society. It will make us a less educated society. It will make us a society less able to compete abroad, both economically and culturally.

One other interesting number: If my colleagues take a look at what the President's budget does in constant dollar terms, in other words, in real dollar terms, in purchasing power terms, after inflation, you will see that from last year, from the fiscal 1981 base, through the end of the year for the budget which we are now debating, that remainder portion of the budget, that investment portion of the budget will decline in real terms under the President's budget by almost 41 percent.

Those two numbers ought to explain why a good many of us are concerned about the pattern not only in the President's budget but also, I would submit, in the Budget Committee's alternative, although that is infinitely preferable to the disaster proposal coming out of the White House.

Let me put something else in perspective.

Last year this Congress adopted, at the President's insistence, two sets of numbers which have resulted, according to the Congressional Budget Office, in the largest projected deficits in the history of the country. The President's budget, as it was submitted, unchanged for policy, would provide deficits of $182 billion the first year, $218 billion the second year, and $233 billion the next.

Mr. Chairman, I insert a chart in the RECORD at this point to indicate what I am about to say.

The chart follows:

[In billions of dollars]

	Projected Reagan deficits [1]	Combined cost [2]	Tax cost only	Military cost only
Fiscal year				
1983	182	126	93	33
1984	216	215	150	65
1985	233	303	199	104

[1] As reestimated by the Congressional Budget Office.

[2] Combined cost of tax cuts and military increases.

Mr. OBEY. I think we ought to understand what the tax cuts which we passed last year and what the military budget increases which we passed last year do to contribute to that deficit.

The tax cuts contribute $93 billion to that deficit of $182 billion this year, and military budget increases add another $33½ billion to that amount, for a combined effect of both tax cuts and military increases of $126 billion. That means that of the $182 billion deficit this year, $126 billion is directly traceable to the tax cuts and the military spending increases contained in the budget which was passed last year.

In the next fiscal year, the tax cuts amount to $150 billion add-on to the deficit, the increase in the military budget amounts to almost $65 billion in additional deficit, for a total of $215 billion. That is virtually equal to the budget deficit projected by CBO for the next year, which is $216 billion.

In the third year, the deficit is projected to be $233 billion. The tax cut will reduce revenues by $199 billion in that third year, and military spending will add $104 billion to what we spend.

The combined effect of tax cuts and military spending increases will be about $303 billion.

The tax cuts and military spending items exceed the budget deficit for that third year, so they amount to more than all of it.

Now, if our only policy goal were simply to balance the budget, our jobs here would be simple. All we would have to do is to wipe out last year's military increases and tax cuts and we would have a balanced budget a year from now, and a surplus 2 years and 3 years from now.

But there are other policy considerations. We do have military needs which require us to increase the amount of money going to national defense for the next 3 years. And I would suggest also that there is little disagreement over the need to continue to provide incentives in the Tax Code for capital investment, and in this year, with 10 million people unemployed, additional stimulus to the economy by way of a significant tax cut in July.

But I would suggest that if we do not limit the amount of tax reductions and the amount of increases in military spending to the amount of money which we can provide without borrowing money past 1985, we will, in fact, not send a sufficient signal to either the Federal Reserve or the money markets, and we will wind up not achieving confidence in the real world that we really will get this budget under control. Because without tighter fiscal policy interest rates will remain unacceptably high.

So basically, our amendment, which we will offer on Monday, will do a number of things.

It will, in comparison to the $440 billion in future tax reductions under the President's program, we will limit the value of those future tax cuts to about $210 billion, not quite half of the amount provided by the President.

□ 1610

On the defense side, we will slow down the military expansion asked for by the President. The President's budget will get us to a billion dollars a day in budget authority for military spending by 1986. The Jones budget gets us there by 1987. Our budget will get us there by 1988 or 1989, depending upon whether CBO's figures or our figures are used. Either way, we will get there. Either way we will have a substantial buildup in defense.

I would also point out on the revenue side that even in the context of reducing the overall amount of future tax cuts programed into the economy, we can increase the justice in the distribution of those tax cuts. Let me give an example. Under the President's existing policy, we are expected to provide the additional individual tax cuts of approximately $71 billion come this July 1st. Under our proposal, we would allow for an individual tax cut of approximately $60 billion, but because we will change the distribution of that individual tax cut by following the pattern suggested in the Udall-Reuss-Obey tax proposal of last year, we will in fact provide a family with $10,000 adjusted gross income a tax cut which is more than $200 larger than the tax cut being provided by the president. We will provide for a family with an adjusted gross income of about $20,000, about $15 less than the size of the tax cut provided by the President. And a family with an adjusted gross income of $100,000, true, would receive $900 less in tax cuts under our proposal this coming year than they would under the President's, but they would still receive a tax cut of approximately $1,200. If they are struggling along on $100,000 a year, a $1,200 tax cut "ain't bad". We would provide on the individual side, in addition to the Udall-Reuss-Obey proposal that we delay any future third round on tax cuts and delay going to indexing until the country reaches a budget surplus sufficient to finance both those items.

On the business side, we would suggest that the Ways and Means Committee move to close some of the more spectacular and outrageous loopholes which were added to the Tax Code last year, including the infamous leasing provision, under which we have now established a negative income tax for corporations, although it has always been difficult to do that for individuals.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. OBEY. Mr. Chairman, I yield myself 15 additional minutes.

If we provide that discipline, if we provide that kind of tax cut and that kind of defense budget increase, we will by those actions make room for us to do two things which we believe are critically needed to deal with two other problems in the economy. One deals with what is hoped to be a short-term problem of massive unemployment, and the other is the long term problem this country has in maximizing its increases in productivity.

To deal with the recession, to deal with unemployment, we would provide—and keep in mind all of this is in the context of a proposal which would give us a balanced budget by 1985—we would provide for room for additional programs such as these: We would suggest, for instance, that we ought to provide an emergency bridge construction fund of about $600 million, because a good many bridges in the country are in serious disrepair, in reduced states of safety. That money could be put out into the economy quickly enough to have an impact on jobs this year and next year.

We believe we ought to provide additional funding for items such as community purchase of additional buses for their transportation systems. That will increase a number of jobs in the economy.

We believe we ought to provide an additional $1 billion to return the local municipal sewage treatment construction program to the level that it was pre-Reagan. That program has been reformed; that money can move out fairly quickly and no one, I think, can suggest that there is not, on the merits, a need for it. That will also provide a good many private sector jobs.

In addition to that, we believe that to help insure a greater degree of peace and stability in our communities and to provide a good many young people with their first real work experience, we ought to increase the number of summer youth jobs by about 350,000 to the level which existed before last year. Certainly, with the increase in unemployment, that is the minimum we ought to provide.

We also believe that we ought to fully fund the Older Workers Act under the Older Americans Act. We tried to make room for the economic development proposal out of Mr. OBERSTAR's subcommittee, and to revive a healthy Appalachian Regional Commission.

We also try to do two other things. We do not believe that it is either good economic policy or humane social policy to allow a number of States to trigger off extended unemployment compensation as they will do in October, 1 month before the election. It is not a good idea to do that anytime, but especially it would suggest it is not a good idea to do that before an election. Anyone who comes from a State which will trigger off, I would suggest, ought to take a look at the letters which I have sent to their offices today, because it tells them how they can avoid that problem. They can avoid that problem by voting for this amendment.

I know of no other substitute that does avoid that problem, unless the Black Caucus amendment does. We also suggest that we ought to do one other thing. There are a great many people in this society who have exhausted totally their unemployment compensation benefits.

□ 1620

They will, without an upturn in the economy, be stuck with the miserable prospect of being on welfare, period, with no other opportunities for employment. We suggest that at the very least we ought to provide a program of assistance to them which will allow them to work at minimum wage levels in a program to be provided in local communities in States which have the highest levels of unemployment in this country.

I had another disturbing experience last Sunday. I was in a town by the name of Janesville in Mr. ASPIN's district. I was talking to a lot of auto workers. Those workers were used to graduating from high school, going to work at the local Chevy plant, drawing their checks regularly, or, on occasion when they were on strike, at least being able to draw from the strike fund. Today all of that is gone for a good many of them.

These are people who used to sit in the VFW halls, who used to sit in their union halls, and who used to go out to their church picnics and gripe about the "moochers" on welfare. Now they face continued house payments, continued car payments, two kids in orthodontia, maybe another kid trying to go to college, and no job, no unemployment compensation, and no prospect that this Government is going to do anything except to promise that "prosperity is just around the corner."

We suggest that we ought to help those people turn that corner, and we can do it. We can do it in the context of a balanced budget, and we can do it in the context of fiscal discipline.

Felix Rohatyn said awhile ago, "Care and compassion can live alongside a balanced budget, a strong defense, and a vigorous fight against crime."

We are going to be offering this amendment in an effort to demonstrate that Felix Rohatyn is right, and I hope that you will give it serious consideration. It will provide new initiatives which will create about 1 million jobs.

We will also provide one additional new initiative in our proposal. I am chairman of the Budget Committee's Task Force on Economic Productivity. We held a number of hearings last year and, I think, developed a rather interesting record, regardless of your political theology. That record makes quite clear that while we certainly must continue to provide substantial new incentives for capital investment, we also have to provide much more in the way of targeted, effective, and disciplined investments in human capital. And one of those areas where we have to direct some of that investment is toward our science base.

We have, if you would take a look at the statistics, an incredible shortage facing us in electrical engineering, in industrial engineering, in mathematicians and statisticians, all the nuts-and-bolts people who can help this society become more productive and more competitive. Yet if you take a look at what has happened in this country since Sputnik, the last time that this society was galvanized to do anything about this problem, what you have on your hands is a national disaster area.

When Sputnik first went up—I will never forget it—people all across this country said, "We have to do something. We have to become No. 1 in science, we have to become No. 1 in math, we have to become No. 1 in engineering. We have got to be No. 1."

Since that time the Japanese have increased the percentage of their gross national product which they put into basic science research by 40 percent, the French have increased theirs by 30 percent, the Germans have increased theirs by 20 percent, and ours has declined by 20 percent. That makes no sense. It makes no social sense, it makes no economic sense, and it is, I believe, one of the principal reasons why we will continue to have serious troubles for the next decade competing economically in world markets.

So we suggest a couple of simple things. No. 1, we suggest that we increase the committee's budget for items such as university research and instrumentation, especially in the fields which I have just discussed. We also suggest that we provide some additional opportunities for low interest loans for graduate students at the university level in the areas I have just described, largely in math, engineering, and science. I would like to provide them also for language.

We also suggest one other thing. In the last 5 years we have seen a significant increase in the test scores coming out of kids in elementary schools. We are making progress in improving the quality of our elementary schools. The same cannot be said for high schools. What happens is that the kids are starting to turn upward in those test scores, but when they hit those high schools, that stops. One of the reasons that stops, I believe, is because so many qualified teachers are leaving education because they can make a lot more money someplace else. Take a look at the numbers, and you will see that in the last 10 years the real income of teachers has dropped in this society by over 10 percent. Very few other groups can make that statement.

We also have another problem, in my judgment, and that is that the standards which we require young people in high schools to meet before they graduate have become almost laughable. I do not want the Soviet system of education, I do not want the English system of education, I do not want the European system of education, but they do, to a greater degree than we do in this country, more consistently challenge young people to excellence, and one of the ways they do it is by providing tougher standards.

So what we try to do is to provide for a number of research grants to the labs and centers around the country and to local school districts to, for a 2-year period, examine the best methods by which we might increase the curriculum offerings in high schools. Then, in the third year, we would begin to add significant amounts of money in a targeted program for high schools in States which do raise their academic standards.

We believe that is essential to improving the long-term economic productivity of the country. And we think it is essential in attacking the very basic problem of adult illiteracy which we have in this country.

All of these things, as I have said, we have managed to do within the confines of a balanced budget by the year 1985 and which spends less than does the President's budget over that period. I know it is not popular to bring amendments like this to the floor. I know that some people say we are out of touch. I know that some people say that we are being "unrealistic and naive" because we are trying to preserve a much greater possibility for investment programs in this budget.

I would suggest that the persons on this floor who think that this country can maximize its productivity and can maximize its social cohesion without these kinds of programs are the truly naive and the truly shortsighted people in this Congress and in this society. And I do not believe that the public believes that we can for very long reduce our commitment to quality in education or in health or in job training or anyplace else.

Sure, it is nice to offer our constituents the prospect of having that burden lifted, but they know that in any democratic society taxes are the price we pay for a civilized society, and they know that you cannot for long, as the business community has pointed out for so long on the capital investment side, ignore the necessity to provide seed corn for this economy or we will all suffer in the end. We will suffer not only economically but we will suffer militarily because we will not have the resources, we will not have the economic engine to sustain the kind of defense which I think the country needs and wants and deserves.

So all I would suggest is that Members take a look thoroughly at this proposal. We still provide tax cuts, we still provide defense increases, but we do it in a more disciplined way. I would suggest that it is the responsible thing to do, it is the disciplined thing to do, and in human terms it is the decent thing to do. I hope you will support it come Monday.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

I thank the gentleman very much for yielding to me.

Mr. Chairman, I take this time to advise my colleagues of the amendment I will offer to restore full current policy funding—sufficient to permit programs to operate at current levels taking into account inflation—for all function 500 programs which include primary and secondary education, higher education grants and loans, the Older Americans Act, job training and employment services, CETA, occupational and vocational education, child welfare grants, handicapped services, day care, and others.

The committee has proposed a freeze on these function 500 programs. My amendment would provide increased funding to permit them to continue to operate at present levels. My amendment will not increase the deficit, as it requires that revenues be raised to pay for the additional expenditures.

If we are to have a strong defense and be able to compete effectively with the Japanese and Europeans for world markets, it seems obvious that we must have an educated population and provide the job and vocational training needed to give our workers the skills needed in today's technological society. If we are to lay claim to being a civilized society we must also see to it that our handicapped and senior citizens are not driven into penury.

The Ottinger amendment would simply maintain current policy for all programs under function 500. It increases budget authority from $27.55 billion to $28.45 billion for fiscal year 1983, an increase of $900 million. It increases outlays for that year from $27.45 billion to $28 billion, an increase of $550 million over the committee recommendation.

Increases over the committee recommendation would, obviously, be greater in fiscal years 1984 and 1985.

The committee cuts in these vital programs are particularly harmful because they were already so drastically cut by the Reagan economic program—those cuts last year have already done substantial damage to our society. To argue that everyone must sacrifice—that we cannot afford to spend this money—is rendered absurd by tax leasing for corporations, by huge tax breaks for oil companies, and by a personal income tax rate reduction that funnels 65 percent of its benefits to the wealthiest 12 percent of American families while 70 percent of this year's cuts hit programs aimed at the poor.

The committee cuts are counterproductive because these are the very programs we need if we are to rebuild our economy. No economic recovery is possible with a work force that is ill trained and poorly educated.

We ought to be increasing these programs, enlarging our commitment to train and educate our people. It is outrageous that we must fight to merely maintain the status quo.

Consider the damage already done by program cuts in fiscal year 1982, when the budget resolution levels were roughly 15 percent below actual outlays from the preceding year:

Title 20 social services—which includes day care money—was reduced by 17 percent.

Aid for the educationally disadvantaged, student financial aid and Pell grants were all reduced by roughly one-tenth. The program for the educationally disadvantaged is only serving right now 45 percent of students in need of such assistance.

Vocational education funding is 16 percent below 1980 funding levels.

Public service employment funding is 70 percent below fiscal year 1981 levels.

Only in a looking glass world could this be called a program for economic recovery.

The growth in Federal spending should be trimmed, and the deficit must be cut. But we must go after what David Stockman called weak claims, not weak clients. Yet the weak claims continued unchallenged, while weak clients suffer. There are plenty of places to look for deficit reduction without mortgaging our future, and I have specified $125 million in program cuts and cuts in tax sudsidies in the CONGRESSIONAL RECORD of April 1 of this year.

My amendment has already received the endorsement of the National Council on the Aging. By the time we debate the amendment next week, I am sure it will have received the endorsement of many other groups who understand that it is stupid to cut our education and job training programs and cruel for this Government to sustain the administration's abandonment of those who need us most: Our seniors, children, handicapped, unemployed and poor.

□ 1630

Mr. OBERSTAR. Mr. Chairman, will the gentleman yield?

Mr. OBEY. Surely.

Mr. OBERSTAR. I want to compliment him on his statement, a very thoughtful presentation of a very complicated issue, one that he has considered very thoroughly and to which he has given a great deal of time and attention.

What the Reagan administration has given us is a budget of despair, a budget of retreat, a budget of reaction.

What the gentleman from Wisconsin is proposing is a budget of progress, a budget of hope and a budget of balance—balance in equity and balance in its fiscal aspect.

Mr. Chairman, the first budget resolution, even more than the second resolution, is both an economic document as well as a statement of policy for the Government of the United States.

The Budget and Impoundment Control Act of 1974 was written for the purpose of giving Congress the institutional mechanism necessary for the Congress to exercise a coequal role with the executive branch in the development of the Federal budget.

It was intended not as a mode of confrontation, but as a means of insuring that elected representatives had both the resources and the means to review and amend administrative budget requests.

Congress intended the budget process to provide Congress and the administration with a procedure for establishing not just spending targets, but spending priorities for the Federal Government. It was to provide Congress with a framework in which it could evaluate the administration budget as well as the spending bills approved by authorizing and appropriating committees. Through the specific timetable and procedures required by the Budget Act, Congress as a whole was to exercise restraint on the activities of those committees to insure that they remained within the levels set by the budget process, and to end the practice of authorizing excessive or even impossible spending programs.

In its first years, the budget process worked well. An objection from the chairman of the Budget Committee that an amendment to an appropriation or an authorization bill was overbudget was persuasive in efforts to defeat such an overbudget amendment.

The Nation is all too familiar with the manner in which the administration used the budget last year, not as an instrument of fiscal restraint and deficit reduction, but as a means of destroying programs and reducing spending on senior citizens, schoolchildren, and community and economic development. At the same time, the administration persuaded a majority of the House to enact tax legislation that is principally responsible for the economic disaster of the current record Federal deficit.

In 1981, the budget process became an instrument of economic instability instead of the means to fiscal restraint intended by Congress in enacting the Budget Act.

The administration cannot solve the current economic crisis unless it recognizes the consequences of requesting record increases in defense spending simultaneously with implementation of the bill signed last August. The administration is making the mistake of the Johnson administration—enormous increases in defense spending, combined with an unwillingness to ask the American people to finance that increase. Rather, the administration imposes the burden of its tax and defense policies on the neediest of Americans—including the postwar record 9.4 percent of the population now unemployed.

It is an absolute disgrace that a country which passed the Humphrey-Hawkins Act in 1978 will tolerate such an unemployment level.

This House must act decisively to reverse the course set by the administration in its budget and tax policies last year.

If we are to have any hope of economic recovery, we must demonstrate clearly that this House is committed to reducing Federal deficits and eliminating the Federal deficit at a certain date in the near future. The administration's economic predictions have been so unrealistic that its projections have not stabilized interest rates, and have not restored investor confidence.

Last year, Congressmen DAVE OBEY, MORRIS UDALL, and HENRY REUSS proposed a tax plan, a proposal which I helped shape, which this Congress should have adopted. It provided tax relief for all Americans, in a responsible, stable manner which would have permitted the Federal Government to achieve a balanced budget in fiscal year 1983. Such a goal is impossible under current tax loss. The record post-World War II level of unemployment and the administration's tax plan will insure a record deficit this year, and most likely next year.

This House must pass a budget resolution which will assure the American people that Congress intends to eliminate the Federal deficit; that it is committed to eliminating the credit clash between the Federal Government and the private sector. Psychology economics, practiced by the Reagan administration, will not work. The tax act passed last year was a mistake. The Nation cannot afford it. It must be changed.

The Obey-Reuss-Udall tax bill, which I cosponsored last year, made good sense then. It makes even better sense now as the entire Nation sees the consequences of the grossly misnamed Economic Recovery Tax Act which President Reagan signed last summer.

The Obey amendment offers this House the best opportunity for reducing the Federal deficit and placing some restraint on the growth of defense spending. The Obey amendment:

Provides for a balanced budget in 3 years;

Spends less than the Reagan budget over the next 3 years;

Allows for a program to generate 1 million job opportunities for unemployed Americans;

Provides for growth in defense spending, but at a more responsible and less wasteful level than that in either the President's budget or the House Budget Committee resolution. Under Obey, defense spending would still be $1 billion a day by the year 1988.

The Obey budget amendment would provide for a total deficit in the years 1983-85 of $122.5 billion, compared to $270 billion in the Reagan budget, and $212 billion in the House Budget Committee. The Obey amendment recognizes the legitimate defense needs of the United States and provides for an increase in military spending so that by 1985 defense spending would total $256 billion, an increase of $65 billion from current levels.

Because of my deep concern for the unemployed of my district and throughout the Nation, I must support the Obey amendment. It makes a clear commitment not only to reducing the deficit, but also a commitment to a vigorous Federal jobs program. The Obey budget would add $1 billion to the House Budget Committee resolution for minimum wage jobs for unemployed workers who have exhausted their unemployment benefits and an additional $1 billion in aid for local communities with the highest unemployment rates to be spent on repairing public facilities.

Congress must rewrite the economic plan passed last year. It was, and is, a blueprint for economic disaster in the United States. We must put aside rhetoric and psychology and incantations of unworkable economic theories, and impose a vigorous reduction in the Federal deficit. Unless Congress does, American businesses will not have the capital they need to invest and to employ the 10 million Americans who are jobless because of the failure of Reagan economics.

Mr. JOHNSTON. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. BLILEY).

Mr. BLILEY. Mr. Chairman, I thank the gentleman for yielding, and would certainly be proud to associate myself with his remarks.

My colleagues, I would like to share with you what one of my friends has shared with me. My friend has in the past supported likeable, honest, but somewhat liberal candidates for Congress. When in 1980 the American people voiced their opposition to business as usual, my friend voted for President Reagan, but continued to support the incumbent fiscal liberal from his district for Congress.

Well, this startled and amazed me. I asked him how he could possibly do such a thing as to vote for a fiscal conservative for President and a fiscal liberal for Congress. And his reponse is necessary for us all to note.

My friend explained his votes thusly. He said, I voted for President Reagan because he campaigned to reduce spending and taxation and to bring about a balanced budget. He said, I am tired of the Congress spending money the country does not have. At that point, having accused the Congress of that which it is guilty, I asked him how he could vote to send his Representative back to Washington.

And he told me this. He said, I voted for that man years ago because I felt he was honest and intelligent. In fact, I probably emphasized his intelligence more than his integrity. This year, I voted for his intelligence again. I know he is a smart man, smart enough not to miss the handwriting on the wall. As a matter of fact, my friend said, my Congressman is so smart he will probably lead the Nation in this big turnaround. He is intelligent enough to recognize a policy for bankruptcy when he sees it, and he will be right there leading the fight for a healthy economy with Ronald Reagan.

I think there is a great lesson to be learned from my friend's story. Many Members currently serve in Congress not because they are ideologically perfect—none of us are. We are in office because our constituents know that we know what to do and when to do it. They expect us to read the handwriting on the wall. Many of the Members here who have consistently ignored revenue restraints and voted for more and more money year after year were returned to office because the people that elected them were saying to themselves, "Surely my Congressman can tell when he has made a mistake. I trust him, he is honest—he will turn around and we will get the country going again."

Well, I think we can see where the policies of the past have brought us. Let us now prove it to those people who have had faith in us that we can indeed learn from experience and mature from old mistakes. Let us balance our budget, and prove those millions of voters who believe in us right. Let us vote for the Rousselot substitute.

I thank the gentleman for yielding.

Mr. JOHNSTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. GRAMM).

Mr. GRAMM. Mr. Chairman, I would like to talk about the budget and where we are and what we agree on and what we do not agree on.

I think it is pretty clear if you listen to the people who have spoken here today, and I predict it will be true for those who speak here tomorrow and during the debate on the amendments, that we all agree that something has got to be done about the deficit, something has got to be done to reduce the amount of national income being absorbed by Government, something has got to be done to reduce interest rates by reducing the amount of money that the Federal Government borrows.

But I also assert that when you get beyond that basic agreement, fundamental differences that divide this House and divide this country become very clear.

In the major budget substitutes that will be voted on next week there are clear differences as to how we achieve those goals.

I would like very briefly to take the budget which was reported by the House Budget Committee and compare it to the bipartisan recovery budget which will be offered by the gentleman from Ohio (Mr. LATTA) on behalf of the Republicans and the conservative Democrats who seek to control the deficit by controlling spending.

I would like also to compare, based on tentative data, the budget that will be offered by the gentleman from Ohio (Mr. LATTA) on behalf of himself and conservative Democrats to the so-called coalition budget which will be offered by the gentleman from Wisconsin (Mr. ASPIN).

I think when you look at these comparisons you will see very clearly what the choices are before the House.

If you take the data contained in the vehicle reported by the House Budget Committee, you can break the basic policy changes into five different areas: what we do about nondefense discretionary, what we do about targeted entitlements, what we do about other spending reductions, what we do about defense, and what we do about taxes.

We are going to hear a lot of discussion in this budget debate about economic assumptions, as we did in the last. But what is relevant is not what we assume about the world, but what we do about the realities that we face.

I think in looking at what we do in these five functional categories you will clearly see the difference. In the area of nondefense discretionary, the bipartisan recovery budget cuts nondefense discretionary spending 72 percent more than the Jones House Budget Committee vehicle over the period 1983 to 1985.

In the area of targeted entitlements, the only section other than revenues that will be reconciled, that committees will be forced to make changes in under the reconciliation process, the bipartisan recovery budget cuts targeted entitlements 139 percent more than the Jones House Budget Committee budget over the 3-year period.

In the area of other spending reductions, the bipartisan recovery budget reduces other spending 489 percent more than the House Budget Committee.

In the area of defense, the Jones House Budget Committee budget cuts defense 69 percent more than the bipartisan recovery budget.

In the area of taxes, the Jones House Budget Committee budget raises taxes by 55 percent more than the bipartisan recovery budget and in the end achieves the same bottom line.

Basically, these differences are repeated when you compare the Aspin coalition budget and the bipartisan recovery budget that will be offered here.

If we look at nondefense discretionary and other spending reductions, the bipartisan recovery budget cuts nondefense discretionary spending 62 percent more than the Aspin coalition budget over the 3 years that the budget is in force.

In targeted entitlements the bipartisan recovery budget cuts targeted entitlements 119 percent more than the Aspin coalition substitute.

In defense, excluding pay, the Aspin coalition budget cuts defense 83 percent more than the bipartisan recovery budget.

In the area of taxes, the Aspin coalition budget raises taxes by 42 percent more than the bipartisan recovery budget over 3 years.

□ 1640

My point in making these comparisons is this: The House next week is going to have to choose between two real options. One option is embodied in the budget presented by the House Budget Committee and slightly modified in the coalition Aspin substitute. That option says, "Let us raise taxes and slash defense so that we can continue spending as usual in Washington." The real alternative is the bipartisan recovery budget, which says, "Let us focus our attention on spending so that we can meet our legitimate defense needs and so that we can let the American people keep more of what they earn." Those are the options that we must choose between. Do we want to raise taxes and slash defense, to continue spending, or do we want to control spending so that we can meet our legitimate defense needs and let the American people keep more money in their pockets to provide positive incentive for people to work, save, and invest? Those who have talked about how much trouble the economy is in would have us deal with those economic problems by raising taxes and by increasing spending. I believe that those are the policies that brought us to this sorry state, and I do not believe that going back to the policies of the 1960's and 1970's will solve our problems.

I think it is important that we pass a budget that gains control of spending and gains control of the deficit, that puts strong downward pressure on interest rates; but I think the focus has got to be on the problem, and the problem is spending.

Taxes were doubled over the last 6 years, and yet the deficit grew every year. Our problem is not inadequate taxes; our problem is excessive spending. In the bipartisan recovery budget we have an opportunity to do something about that excessive spending.

So I hope that we will have a good debate in which everyone will look at the issues. What do we do about domestic nondefense spending? What do we do about meeting the legitimate defense needs of our Nation? How much burden do we place on the shoulders of the working men and women in America? In those three areas the differences among these budgets will be very clear.

I would like to make one additional point, and that is that we have heard and we will hear a lot of talk about equity. Are cuts fair? Do we treat entitlement and discretionary programs fairly in terms of choosing where to make reductions? But I would submit to my colleagues that there is another issue of fairness, and that issue has to do with taxes. How much burden are we going to put on those who are pulling the wagon, as well as the burden that we are going to put on those who are riding in the wagon? And in the ultimate fairness test, by controlling the growth of taxes and focusing revenue increases on reducing the deficit, rather than increasing taxes to go on spending, I believe the ultimate fairness issue is going to be settled on the side of the bipartisan recovery budget.

So I look forward to the debate, and I believe when the American people look at the three choices, when our colleagues look at these three areas of difference in defense, in nondefense, domestic spending, and in taxes, I believe the bipartisan recovery budget is going to be adopted.

Mr. JOHNSTON. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. LUNGREN).

Mr. LUNGREN. Mr. Chairman, in this past week a national magazine made a reference to this Congress which I did not totally agree with until some of the votes that we had over the past week. I refer, of course, to the fact that we could not even get this House to go on record as keeping within the budget on that holy of holies, the Bureau of Standards.

I have not gotten a letter from anyone on social security, I have not gotten a letter from someone who is on the poverty level, I have not gotten a letter from someone who is on food stamps, I have not gotten a letter from a college student worried about going to school demanding that I not accept a cut in the Bureau of Standards. Yet, here in the House, we showed that we were incapable of even applying that discipline to ourselves during the last week. The article that I refer to said that the negotiations between the Speaker of the House and President Reagan were somewhat akin to the negotiations between Margaret Thatcher and the head of the Government in Argentina. They were basically about sovereignty. In one case, sovereignty over the Falklands, and in the other case, sovereignty over the Congress. And the article went on to say that the analogy goes even further because the sovereignty in both cases was about something that basically was barren, windy, and populated by sheep.

The problem is, as we face the budget debate, I do not hear the battle cry going up, "Save the country" or "Save the economy." It appears, rather, that the battle cry that is going up is, "do not lose the sheep."

We have a problem here. The question is: Are we going to have the guts in this House to do something about the economic circumstances of this country? Or are we going to be led around like sheep, concerned so much about the fact that we have to face the voters in November, and this program or that program cannot be touched?

Mr. Chairman, I am going to support the Rousselot balanced budget amendment because I think at some point in time we have got to say, "Yes, we are here to make a real difference in terms of policy." We have seen what has happened when we try to go day by day, month by month, year by year, saying, "Well, we will get closer to where we want to be, but we cannot afford to do it now, and somewhere down the line we will put our fiscal house in order, somewhere down the line we will in fact get to that point that we all agree we should be at, a balanced budget."

That type of approach may make sense, except for the fact that we would have to apply it in this House, and gradualism has really never succeeded here. You have to take bold steps. You have to be willing to take the heat. The President of the United States was willing to do that last year when he enacted a major tax program. Now, we made some changes in it before we finally issued it forth from this House and from the Senate, and now we hear the clamor by some, and a recent speaker in particular who said the reason we have this large deficit staring us in the face is because we cut taxes and we dedicated more money on the Federal level to national defense.

In other words, what is being suggested is that the people were wrong in November of 1980, they were wrong when they asked us to cut that burdensome taxation that they had been working under, and they were wrong when they suggested to us that perhaps our priorities had gone askew when we were paying more and more or dedicating more and more of our Federal resources to domestic programs and less and less to national defense.

We have moved in that direction because, No. 1, I think it is right; and No. 2, the people recognize that it is right. I do not think it serves us well to suggest to the American people, "Look, we did what you wanted us to do, and it has been a failure because we do not have the guts to address the questions that remain, that is, what are the proper levels of spending that ought to take place on the domestic level?"

I would suggest to my friends in this House that there is but one level of government that has the responsibility for providing a defense, and that is the Federal Government. And there are other levels of government that can assist in domestic programs—State government, county government, city government, other local entities. And we have any number of private and charitable institutions that join us in doing that. Yet if we were to ask them to go home to our local community and say, "We need a battleship, therefore you provide it for us," if I were to go home and ask the Governor of my State, Gov. "Moonbeam" Brown, "would you please provide us with a division," first of all, I would have to explain to him what I meant by that and, secondly, I do not think he would provide it for us. If I were to go to my county supervisors and say, "We need a destroyer, therefore you provide a destroyer," they would call for the man with the nets to take me away.

□ 1650

Yet what has happened. We have allowed local State governments to come here and tell us that we should be doing the job that they should be doing. How many of us have received information, declarations, memorializations from our State legislatures, from our county government, from our city governments telling us, demanding, in fact, that we balance the budget, and then coming to see us a couple of weeks later and saying, "Well, we told you we wanted you to balance the budget but don't do it on our backs, keep giving us the money that we have been requesting from you in the past."

That shell game has to stop and it ought to stop this year.

We have the Rousselot balanced budget amendment that will be offered as a substitute to the prevailing vehicle, and I think that we ought to take serious look at it.

It does go down in defense somewhat, but I am willing to take a little bit off in defense if it will aid us in getting to the point of a balanced budget.

Most economists suggest if we had a balanced budget next year, the assurance of a balanced budget, the financial markets would be in such a position that we could have a fall in interest rates. But I would suggest to my colleagues, that all budgets are not made alike, all balanced budgets are not made alike, all tax cuts are not made alike, and we have got to go beyond that and look at what those budgets offer us.

If we can achieve a balanced budget by slashing defense and raising taxes, then is the goal worth it? I suggest it is not. Because, overriding even the concern for a balanced budget ought to be the health of the private economy in this country, and the private economy in this country is not going to be in a healthful state if we continue to say that somehow taxation with representation is worth less than taxation without representation.

In other words, if we throw up our hands and say we cannot afford the vote in tax cuts, because we have put in place automatic spending on the domestic side, such that it is always going to arrive at a deficit, then perhaps we ought to pack up and go home, because we are telling the American people forgot about what you did in November 1980 and do not pay any attention to what you are going to do in November of 1982 because it does not amount to a darn thing in terms of a difference.

We cannot control this place. The place is in control of us. The system is in control of us. The uncontrollables are so uncontrollable that there is no way that we can in fact control.

Mr. Chairman, I think it would be a major mistake for us to go in the direction that some of those who are presenting some of these alternative budgets wish us to go, cutting defense, increasing taxes, and increasing domestic spending. Certainly that is what got us in the problems that we are today. And Mr. Chairman, as we make the decision this next week we ought to look at what the economic circumstances are, we ought to look at the good news. When we see it, the good news on the inflation front today is from the Bureau of Labor Statstics that said that inflation increased in April by only two-tenths of 1 percent. That is an annualized rate of 1.5 percent. That follows a month in which we had deflation.

Lower inflation is not the only good news. I want to call to the attention of the House the fact that interest rates are trending down. A year ago, 90-day T-bills averaged 16.4 percent. Yesterday it was announced that the same T-bill rate was 11.5 percent—a drop of almost 5 percent.

We all know that interest rates are unacceptably high today, but this is still good news that they are trending down.

Let my point out one other thing. The current interest on 3-month Treasury bills is lower today than it was in November 1979. That is right, November 1979. I did not say November 1981. I did not say November 1980. I said November 1979.

Now, that happens to be good news. When we get some of that good news we ought to try and analyze how we got there.

I suggest we have gotten there in part because there is some realization on the past of the American people that our President is standing firm in attempting to cut the burdensome rate of taxation, trying to cut the ever-spiraling increase in spending, particularly on the domestic side, and at the same time protecting our basic national interest in national defense.

To those who suggest that we ought to change that overall taxing policy that we enacted last year, let me suggest this. It is true those in higher incomes have been assisted most by the initial tax cuts that have gone into effect, but that is not the fault of this President. He wanted an across-the-board 30-percent tax cut, phased in over 3 years, the first phase to go into effect January of last year, the second phase January of this year. What happened? We would not allow that to happen. We postponed it. And the little guy, the average man and woman in America out there working, is only going to get some tax relief next year. So, if we say that we cannot afford the tax cuts for next year, as some have suggested here, what we are saying is, average America, we cannot afford to give you a tax break, the system has gone out of control here, and, therefore, you are going to have to take the heat for it.

Mr. Chairman, the point I am trying to make is that we have embarked on the general outlines of an economic program that if it is allowed to run its course will succeed. We have to move further in the direction of those trends than we have moved thus far, and that is the challenge we have today.

If some believe that all we have to do is raise taxes, then I suggest they have the burden of proof of showing us why that did not work with the previous administration.

If some believe that we cannot attack domestic spending, then I suggest they show us why our inaction on attacking excessive domestic spending did not work during the Carter years but somehow is going to work now.

If they say we should cut the hide out of the defense program that this President has embarked upon, then I think they need to show us why in following that trend during the Carter administration it did not succeed.

I think the burden of proof lies there, Mr. Chairman, and I think we have an obligation as we approach this next week to try and confront the question as to whether we want a balanced budget, and if it is the judgment of this House, as I fear it might be, since as I said before we cannot even afford to balance the budget of the Bureau of Standards—somehow as I said that holy of holies cannot be violated—I wonder if we will have the guts to have a balanced budget next week.

But if we do not, then I think we have to really look at those budgets that are presented to us to see how they arrive at their figures, what philosophy is contained in those budgets, and whether they take us further on the course plotted by President Reagan and the American people in November 1980, or whether they basically outline a U turn.

Finally, Mr. Chairman, I would like to make reference to an article that appeared in the New York Post in the last week in which it refers to Moody's, the leading investment advisory and bond rating service and their concern as they see us beginning the debate on the budget.

They warned in their latest bond survey that, "Efforts to balance the budget via higher income taxes could have a devastating effect throughout the economy."

They go on to say that higher taxes would, "probably halt the trend toward larger savings while doing nothing to improve productivity."

If we can take one lesson from the Japanese, it may be this. If you are going to run an unbalanced budget, you can take care of some of the problems that are provided by an unbalanced budget by having a tax policy which assures that there will be adequate investment and savings such that the capital pool of investment is so great that when the Government goes in to borrow it does not crowd out everybody else, and we ought to think about that, Mr. Chairman, as we deal with the various budgets that will be presented to us. If we attempt merely to balance the budget by massively increasing taxes I suggest, No. 1, we will never balance the budget and, No. 2, we will make sure that interest rates do not come down but soar much, much higher than they have been before.

Mr. RUDD. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Arizona.

Mr. RUDD. Mr. Chairman, this body appears to have come out of its hibernation and has become a veritable beehive of activity. Yesterday, the Rules Committee handed out a rule on a budget resolution that is barely a week old, and now we are engaged in debate on this resolution.

It seems that this body is determined, after months of delay, to rush a budget resolution through Congress, hoping that the American public will not have too long a chance to see what is being offered before it becomes law.

I think a little review of the actions and situations that have put us in our current dilemma is necessary.

This budget could possibly be the second long step back to the road of fiscal responsibility and a sound economy. Or it could be a giant step back to the patterns of the past: Increased spending; increased taxation; increased inflation and increased misery; which will affect most severely the very group of individuals the increase of Government spending was aimed at helping: the poor.

The total 1963 budget was in the neighborhood of $118 billion. Right now, less than 20 years later, the debt service or interest on the debt alone is more than that entire budget. In 1965, the total amount of transfer payments in the Federal budget was some $40 billion. Now that total is in excess of $320 billion. Nearly a thousandfold increase in 17 years. Are the poor a thousandfold better off? There has been some good work done, but have we done enough to warrant such cost? And is that the only cost to this Nation? What about the cost of lost jobs, or lost capital for expansion that never came about because of the credit squeeze imposed by the borrowing of the Federal Government? Right now, this Government consumes almost half of all the available credit in the market that is necessary to build factories, homes; provide jobs for all the millions that are currently unemployed. Not only do the unemployed get hurt through the massive credit drain by the Government, but so do the employed. A large Federal budget with a large deficit can only be financed three ways: More taxes, more borrowing, or more money being printed up. A rise in taxes gives the working man less money to take home, to save, and to invest. More borrowing drives up interest rates which prevent the worker from getting the home he needs. And more printing of money increases inflation which reduces the value of whatever the working man brings home.

Clearly, it is in the best interest of both the employed and the unemployed to pass a budget that does not increase taxes, but that does reduce the size of a Federal budget whose presence on the market makes everyone's economic expectations less promising.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 7 minutes to the gentleman from Texas, the distinguished chairman of the Social Security Subcommittee (Mr. PICKLE).

□ 1700

Mr. PICKLE. Mr. Chairman, it is extremely important to our Nation that the House pass a budget in order to reduce the deficit because it is the primary, and perhaps the only way in which we are going to lower the interest rates and restore the confidence of the American people in our economy. I am encouraged that the seven budget proposals submitted to this body today all show a savings or a reduction in the neighborhood of $70 to $80 billion. There does not seem to be clear-cut Democratic budget or a clear-cut Republican budget—but rather, a combination of several attempts, all sincere and bona fide efforts to lower the deficit. Whatever or whichever we pass, I think the Nation will be glad to see that we are finally meeting the challenge, and are making efforts to do our part by cutting down the deficit.

At the same time, however, I think we ought to be honest with ourselves and admit that we are not really doing all we could, or should. To make meaningful progress we must make significant reductions in the size of entitlements, tax cuts, and defense spending. Even if we proceed with reductions on the order of $70 billion, we still will not have a definite or permanent solution to our budgetary crisis. None of the plans submitted, for example, place lasting limits on the growth of entitlement programs. No more than $3 to $7 billion in entitlement savings is anticipated in fiscal year 1983. The entitlements program in our next year's budget will cost somewhere in the neighborhood of $356 billion. Admittedly, it will be an extremely difficult task to control these expenditures, but we can never hope to approach a balanced budget until we do it. Making a $5 billion reduction out of a $356 billion figure to not very much.

Entitlements represent some of our country's most important programs. They include medicaid, medicare, food stamps, AFDC, retirement benefits for civil servants, railroad workers, and veterans—and, of course, most importantly, social security. All of these programs can be called upon to contribute their share to a balanced budget. Indeed, no program is a sacred cow in the face of this overriding national need to restore order to our Federal budget. And I think that participants and beneficiaries in these programs would accept some adjustments, in cost-of-living increases particularly, if they felt they were being fairly treated and the action was necessary.

If changes affecting social security are ever considered in the budget, I would insist that they be coupled with the requirement that we also make the long-range changes needed to insure the solvency of the program in the future. After the budget is adopted, and we start to work on the specifics, I shall watch for any action that might bring about our long-range changes.

Even social security, however, is a part of the unified budget and has as much reason to be a part of this budget consideration as any other program so long as it is dealt with fairly and the strengthening of the social security program itself is the primary objective.

We think that with these budgets before us we will be making sufficient progress and will bring the deficit down in future years. But let me tell you, we are going to be back here next year adding $8 to $10 billion to the budget for social security—just to pay benefits. The Members should understand that. I want to repeat it. In next year's budget, the Congress, in order to meet the short-term deficit of the social security program, will be back here adding nearly $10 billion to pay current benefits. So we are adding to the deficit again next year because we have let the time run out on us this year to make the changes in social security that should be made. But the Congress is ducking the issue of social security this year.

Another area that we have not directly addressed is the matter of the third-year, locked-in, Kemp-Roth tax cut. Presumably, one or two of the budgets would include a delay of the third-year tax, since the amounts to be saved are so high in the revenue-raising area. Delaying the third-year tax for fiscal year 1983 and possibly the following 2 years, or at least making it contingent on improvements in the economy, could amount to tremendous savings. Here again, we are not going to reach a balanced budget until we confront this issue head on.

Lastly, we are not making the necessary cuts in the defense budget. None of the budgets offer a practical reduction in defense. The President has recommended that approximately a $33 billion increase be made in next year's budget. Reducing that figure by only $5 to $8 billion may not be enough. We should limit the proposed increase in the defense budget to $18 to $20 billion in order for us to march confidently toward a balanced budget.

If we are ever going to restore public confidence in the economy—if we are ever going to have a balanced budget we must be willing to make meaningful changes in the entitlement programs, in future tax cuts, and in defense. Those are the three big programs. It is the only way we are going to make meaningful reductions. In the budgets before us, we are hardly laying a glove on any of them. While we may end up with a decent budget, we still will not have done the right thing until we exercise more discipline and more stringent control in dealing with entitlements, taxes, and defense spending.

Mr. JOHNSTON. Mr. Chairman, I commend the gentleman from Texas for his statement. He has shown himself to be a worthy sucessor of his predecessors who died at the Alamo—courageous.

Mr. PICKLE. Mr. Chairman, I thank the gentleman very much.

Mr. JOHNSTON. Mr. Chairman, I yield myself such time as I may consume.

I think the American people are entitled to get a broad outline of what we are talking about spending, because in a budget of $700 billion plus, $500 billion goes to individuals either in payment for services, either in payment of retirement benefits for past services, or on the basis of need and unless and until we are courageous enough to tackle that $500 billion of a $700 billion budget, we have no hope of controlling Federal spending, as the gentleman from Texas recognizes.

There can be no sacred cow in the war to control Government spending. Unfortunately, we have allocated almost one-third of these benefit programs in dollar terms, the social security programs, into the category of untouchable and it is simply not feasible for us to attempt to control Federal spending without attempting to control that.

Unfortunately, the debate up here seems to concern itself primarily with assumptions and projections that we have established over the past 5 or 10 years are more than likely dramatically off target. The only target we seem to be able to project fairly accurately is our spending levels. Unfortunately, our revenue has not kept pace.

What we deal with when we project the Federal budget is what amounts to pure guesstimates. Unfortunately, we choose the political palatable route of guessing high on revenues and guessing low on expenditures. That is why this line has continued to diverge; but one number stands out and will continue to stand out. That is the share of this economy that we take away from the American people and spend as we see fit, rather than letting the people who earned it spend it.

Mr. MARTIN of North Carolina. Mr. Chairman, will the gentleman yield for a moment?

Mr. JOHNSTON. I yield to my colleague, the gentleman from North Carolina.

Mr. MARTIN of North Carolina. I thank my colleague for yielding.

If I might have the attention of the gentleman from California (Mr. LUNGREN), who was speaking a moment ago, I would like to say that I was very much impressed by the remarks that he was making. One thing that particularly struck me was the point the gentleman was making about those who are making efforts, falsely I believe, making efforts to blame President Reagan for high interest rates. Despite the fact that those interest rates were even higher before he became President, as he pointed out, as the gentleman from California said. Certainly these interest rates prevailing today are not acceptable and we have to take major measures to get those interest rates down; but the gentleman made a very important point, I think that there are those out there who are trying to blame the President even for the high interest rates that are lower than when he took office.

□ 1710

I happened to come across a copy of an item that was printed recently in the newspaper known as the Sentinel Star, published and circulated in Orlando, Fla., a news story which has the headline, "Reagan's Grip in Poll Gnaws at Democrats." The gist of this story is an account of a seminar conducted by a pollster named Bill Hamilton. It says on Saturday, speaking to a seminar in Orlando for Democratic candidates, this Washington-based pollster, Bill Hamilton, was saying that his "March poll of 750 Floridians shows Reagan's positive rating is 56 percent"—56 percent. It goes on to point out that that is somewhat lower than they had earlier measured. It certainly is comparable to the outstanding vote that he got in 1980.

But even though he finds the President with a positive rating of 56 percent, he believes that if the economy can be kept from thriving, that the President and his party will be in trouble this November. Can you believe that?

Let me read to you what the story says at the conclusion, and that is all quoted directly from this article in the Sentinel Star:

> "Unless the economy improves soon, Hamilton predicted, Republicans will take a beating in 1982."

A late summer or early fall economic recovery, he said, would be of little benefit to the GOP because it generally takes several months of good times before people are confident.

> "He admits"—that is this Democratic pollster and mastermind, Hamilton—"he and other Democratic-oriented consultants are doing their part"—to what?—"to help ensure that recovery doesn't come too soon."

Let me repeat that—

> "He admits he and other Democratic-oriented consultants are doing their part to help ensure that recovery does not come too soon."

Why? Well, this is a quotation from Hamilton's own words.

> "I and others"—Hamilton says—"have been counselling Congress to hold Reagan out there, to hold his feet to the fire as long as we can, short of putting the country under." Hamilton said.
>
> "We need to only hang him out another two or three weeks and we'll have our advantage for this election."

End of article.

Now, that statement from this Democratic pollster and mastermind——

Mr. JONES of Oklahoma. Just for a clarification, was that Alexander Hamilton the gentleman was reading from?

Mr. MARTIN of North Carolina. I was quoting from a Washington-based pollster named Bill Hamilton. He is not one of the founders of this country. He is what I would characterize as a Machiavellian mastermind of Democratic partisan politics in the State of Florida, not in the State which my chairman represents, Oklahoma, nor the State of North Carolina from which I come, but in the State of Florida.

I think this is very serious, I am sure my chairman would agree, to have these kinds of economic consultants and pollsters out there urging members of his party in the Congress to try to hold off any recovery as long as possible, short of driving the economy under. This Hamilton says:

> "We need only to hang him"—that is, the President—"out another two or three weeks and we'll have our advantage for this election."

No, that was not Alexander Hamilton. That was Bill Hamilton, a Washington consultant who was in Orlando, Fla., a Democratic mastermind, at a Democratic Seminar for Democratic candidates.

Mr. JONES of Oklahoma. The gentleman would agree he has not convinced the chairman of the Budget Committee of that wisdom; right?

Mr. MARTIN of North Carolina. If the gentleman would yield further to me, does the gentleman mean would I agree Mr. Hamilton has not convinced the chairman of the Budget Committee? Absolutely not; he has not. He has not persuaded our esteemed chairman of our committee to do everything short of driving the country under. My chairman is quite correct on that point. But he has been trying to persuade others, and I wanted to bring that to the attention of this Congress.

Mr. JOHNSTON. Mr. Chairman, I feel compelled to recognize the courage at least attributed to our distinguished chairman of the Budget Committee, according to the Tulsa paper, when he said he was not about to vote for the budget he submitted, and I will commend him for that.

Mr. JONES of Oklahoma. If the gentleman would yield, that is not exactly what it said.

Mr. LUNGREN. Mr. Chairman, will the gentleman yield?

Mr. JOHNSTON. I yield to the gentleman from California.

Mr. LUNGREN. Mr. Chairman, I do not think we should suggest that the chairman of the Budget Committee or others of his leadership are attempting to drive the economy in a backward condition on purpose, and I would not suggest that at all. I think, however, that the pollster speaking, as the gentleman referred to him, as the Democratic mastermind, perhaps if he worked in the Carter administration he was convinced of that ability to be able to drive the economy under, and perhaps he was suggesting if they really put their minds to it, they might be able to achieve it.

One of the things I think that we ought to realize is that the confidence factor is so important in turning the economy around. I have a suggestion on how we could restore the confidence in our economic program, and that is another constitutional amendment, unfortunately, a constitutional amendment to allow the previous President to come and sit as President for 2 weeks. I am convinced if we could get Jimmy Carter back in the White House for 2 weeks, President Reagan and his policies would look so good, the confidence factor of the American people would go so high we would get interest rates down much faster than they came down since Jimmy Carter last graced the Oval Office.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. WILLIAM J. COYNE).

Mr. WILLIAM J. COYNE. Mr. Chairman, as we consider the Federal budget for fiscal 1983, we should pause to define our terms.

First, we must define what we mean by "spending." A long-running, specious campaign by the administration has resulted in some Alice-in-Wonderland type of pronouncements as to what "spending" is.

Apparently, money for food stamps is "spending." Money for aircraft carriers is not.

Money for job training is "spending." Money for chemical warfare is not.

Money for student loans is spending. Money to expand our bulging nuclear arsenal is not.

A second term we must define is "tax cut." While much has been made of the supposed "tax cut" made by the administration last year, I would argue that what we have experienced is actually a tax and budget shift. According to a Congressional Budget Office study, 86 percent of the tax "cuts" Congress enacted last year went to families earning more than $20,000. In contrast, two-thirds of the spending cuts were borne by families making less than $20,000.

It has been noted that in 1980, before the enactment of the administration tax bill, the Exxon Corp. paid about 1.3 percent of its income in Federal taxes. The average working person pays about 10 percent. Many pay more. Did the Congress reduce the burden for the wage earner, while increasing the responsibilities of the oil companies? Just the opposite. In passing the administration's tax bill last year, we provided an additional set of tax breaks to the oil industry, thereby increasing the tax burden for the average wage earner.

The third term that demands definition is "fiscal responsibility." When I opposed the Reagan budget and tax bills last year, I pointed out that we were being asked to spend more money than we had—the result of sharp increases in the military budget and changes in the tax law to aid the wealthy. The administration prevailed in its argument that the magic of supply side economics would reduce the budget in short order. By the end of Reagan's first term it was promised, the budget would be balanced.

Believing anything the Office of Management and Budget has to say about balancing budgets is no longer a serious possibility in this Congress. Let us consider the budgets projected by OMB in recent months, noting the pattern that has developed as a result of the administration's own mistaken policies:

OMB PROJECTED BUDGET DEFICITS/SURPLUSES

[Dollars in billions]

	Fiscal year—		
	1982	1983	1984
March 1981	$45.0	$22.8	+$0.5
July 1981	42.5	22.9	+0.5
September 1981	43.1	22.9	0.0
February 1982	98.6	91.5	82.9
April 1982 (official)	100.5	101.8	93.8
April 1982 (Budget summit) ¹	182.6	116.0	233.0

¹ Figures agreed upon by negotiators for all parties in budget talks.

As we consider these shocking figures, it is hard to take seriously the administration's arguments for fiscal responsibility. One has to admire the administration's nerve, nonetheless, in calling for a constitutional amendment to require a balanced budget in the face of the largest-ever Federal deficit. This is like starting a fire and playing hero to the gathering crowd by posing as a fire prevention expert.

As we make clear the definitions of terms we will use in this debate, I would like to add a word that has thus far been absent from the administration's vocabulary: Fairness. In the final analysis, the administration's budget approach fails because it rewards the wealthy, while punishing the poor.

There was some concern that the recent television program moderated by Bill Moyers, "People Like Us," concentrated unduly on those who bear the brunt of the Reagan administration tax and budget cuts. Members on the other side of the aisle suggested that the program told only one side of the story.

I agree. The media, by and large, has not concentrated on those who benefit from the radical changes Congress made in the laws last year.

Wall Street Journal Washington Bureau Chief Norman Miller describes it well:

> To refresh your memories, take inventory of what we—the affluent—get under the Reagan tax cut law, which the President is determined to keep in place despite its failure to rapidly revitalize economic growth as the administration promised a year ago.
>
> We get our income taxes cut 10 percent this year and next, plus inflation indexed cuts forever. The wealthiest among us get their tax rates cut to 50 percent from 70 percent. We get a sizable cut in our capital gains taxes. We can shelter substantial sums in IRS's and Keoghs. We can invest in tax free "all savers certificates" paying premium interest rates. If we have stock options, we will get our immediate gains free of tax when we exercise our new "incentive" options.

The Wall Street Journal's Miller goes on to say:

> The corporations we work for and invest in will get stunning profit gains from liberalized depreciation rules and tax rate cuts. Even if corporations lose money, they can cut losses by leasing unused tax credits to profitable companies, which can then lower their tax payments even more. The leasing gimmick is akin to food stamps for corporations.

In the Age of Reagan, some are clearly living well. But others have to pay.

When I opposed the administration tax and budget bills last year, I pointed out that cuts in the Transportation budget would force Pittsburgh bus fares to rise from $0.75 to $1.05. Congress approved the Reagan cuts, and the Pittsburgh Transit Authority is now considering raising the fare to $0.90 by August 15, 1982 and $1 by January 1983. A recent study estimates that unless Government assistance is expanded or services are cut, fares could rise to $1.65—a 120-percent increase—causing a ridership dropoff of 34 percent. The administration would further shift the tax and use burden to the people of Pittsburgh by reducing mass transit operating subsidies in the fiscal year 1983 budgets from the current $1 billion to $640 million.

By proposing cuts in aid to families with dependent children, the administration continues in its budget shift. When Congress last year adopted the changes in the AFDC program proposed by the administration, the number of eligible recipients was reduced by 10 percent, causing benefits to end for 744,000 children and 278,000 adults. The Department of Health and Human Services estimates that 18 percent of AFDC families and 19 percent of AFDC children were dropped from the program or are receiving reduced benefits. In a law change that may wreak disastrous consequences, the administration has actually devised a system which discourages the working poor from continuing to work.

Apparently none the wiser, the administration proposes still further reductions in fiscal 1983. If Congress adopts its proposals for a reduction of $1.7 billion in outlays, those outlays will have been reduced by 32.8 percent between 1981 and 1983. As we consider this prospect, we should bear in mind this all too little known fact—70 percent of all AFDC assistance goes to children, most of whom are under 15 years of age.

Despite a pledge not to touch programs which aid the truly needy, the administration reserved the biggest health care cut for fiscal 1983 for medicare, a program which serves some of the neediest members of our society. A $2.5 billion reduction in medicare assistance would require doctors, hospitals and patients to pay a larger share of health costs.

The administration would slash the medicaid program by $1.9 billion, a move which means patients would have to pay more for services, or forgo care altogether. We should note that of the 22 million people expected to be eligible for medicaid in fiscal 1983, about half are children. As a result of cutbacks in the 1981 reconciliation bill, 661,000 children will lose medicaid assistance by the end of fiscal 1982. Further cutbacks are not in order.

The administration proposes a 33 percent reduction in fiscal 1983 for Department of Education programs, hitting hard at much needed aid for the handicapped. According to the Department of Education, the 1983 budget proposal would eliminate 2.9 million students from Federal higher education programs. I am especially troubled by this attempt to reduce our investment in our Nation's future. Our economic strength, indeed, our national security depends on our ability to produce trained, well educated students at the secondary and higher education level, students capable of leading and revitalizing our society.

In what must surely be the unkindest cut of all, the administration has backed a measure which would slice $40 billion from social security programs. A similar raid on social security was sidetracked last year by massive citizen protest. There is no indication that the American people feel any differently about social security this year. The administration is wrong in its choice of social security as a budget-cutting target. Its own political stubbornness is compounded by an upside-down set of priorities.

Mr. Chairman, what this economy needs is a stimulus, but the administration's failure to bring down interest rates, in part due to its large budget deficit, has slowed our economy.

What hath the Reagan interest rate wrought? In the construction industry, unemployment is over 18 percent with 946,000 out of work. The calculated housing industry depression is the big reason.

Housing starts are at their lowest since World War II. If the present trends continue, we will be 10 million housing units short of the anticipated demand by the end of the decade, a truly staggering figure for those younger families seeking the security that homeownership provides.

Those young prospective homebuyers can quite rightly ask the "$100,000 question" to the administration. By taking on a $50,000 mortgage at today's 17 percent interest rate, they will pay, over 30 years, about $100,000 more than they would pay at a more reasonable 10 percent interest rate.

Mr. Chairman, I am happy to report that the House Housing Subcommittee on which I serve reported a bill, later approved overwhelmingly by the House, which would lower the interest rate on new home purchase to a more affordable 10-12 percent for the first few years of the mortgage. This measure, while limited in scope, will aid both homebuilders and buyers of homes. The administration opposes the bill, but it appears that even members on the other side of the aisle will break with the administration on this issue.

To turn around our economy, we cannot rely on emergency measures such as this. We must go further. We must act to actually lower the interest rate.

High interest rates, we should remember, do not conflict with administration policy. They are administrative policy. When the President presented his economic recovery program on February 19, 1981, he advised the Federal Reserve Board to lower the targets which the board sets each year for the growth of major monetary assets—in other words, to tighten the money supply.

I fear the administration will cling to this discredited policy until the economy grinds to a halt. Let me illustrate some of the effect a stagnating economy has on an industry of prime importance to my city of Pittsburgh—the steel industry.

When this administration took office in January 1981, there were 291,000 hourly employees in the domestic steel industry. By January 1982, that number had dropped to 252,000.

In the Pittsburgh area, United States Steel has about 13,500 of its 28,000 steelworkers laid off. At Jones and Laughlin Pittsburgh facilities, 1,260 of 3,200 employees are out of work.

President Reagan's interest in the problems of farmers took him to a Pennsylvania farm last week for a firsthand look at the situation. If he is interested in the problems of urban areas in Pennsylvania, I would be happy to accompany him on a visit to one of my city's steel mills. If we went to the Edgar Thompson Works in Braddock, for example, the President would find that the company has halted plans to reline a blast furnace because of a dropoff in steel demand. Only one of United States Steel's seven blast furnaces in the Mon Valley is now operating. Nationwide, steel production has dropped to 52 percent of capacity.

To spur consumer demand and business investment, interest rates clearly must come down. In the face of the administration's failure to achieve this, Congress must act. Our silence can be construed as consent. Accordingly, I believe Congress should enact a resolution directing the Federal Reserve to ignore the administration's February 1981 instructions to reduce the money supply. Tight money as a fiscal policy in the midst of a severe recession is a policy that borders on the absurd.

A fair tax applied on the same basis to everybody is another important economic stimulant worth trying. It reduces uncertainty and confusion. It halts the endless expenditure of efforts to obtain or increase one's tax privileges. It removes a demoralizing sense of injustice.

Theoretically, special tax benefits can be fashioned to help the needy. In practice, however, most benefits are won by special interest groups with the sharpest lawyers and lobbyists. Our Federal income tax is in such deep trouble because its multitude of favored treatments undermine the system's integrity. Voluntary self-enforcement, once the pride of the Nation, gives way to spreading tax evasion.

Nevertheless, Congress was persuaded to provide a new array of tax inducements. These were supposed to help society at large by boosting productivity, generating jobs, increasing profits and halting the overseas invasion of traditional U.S. markets.

The results so far look like a one-way street: corporate and wealthy taxpayers obtained their deductions and exemptions, but society failed to receive the economic transfusion that was supposed to gush out of this arrangement. The good things have not even trickled down.

At the very least, the tax benefits should be tied to certain socially-needed results. Benefits to the firm or industry should be denied if, instead of being plowed back into modernization or other productive activities, they are diverted into mergers, land speculation and other nonproductive pursuits. If accelerated depreciation does not generate new and improved equipment, it should be disallowed. Tax leasing that helps a firm escape income tax payments without any benefit for society should not be tolerated.

If we are to continue to give generous tax breaks to business, we must establish a national policy of credit conservation. By credit conservation, I mean a policy which encourages relatively easy credit for productive activities such as housing construction and home mortgages, new plant and equipment purchase, purchase of consumer durable goods and reinvestment in our deteriorating infrastructure by our local governments. To conserve credit for productive uses, we should limit the amount which can be used for corporate takeovers and commodity speculation—activities which create few, if any, new jobs.

The Congress can accomplish this by instructing the Federal Reserve, under the Credit Control Act of 1969, to discourage large banks from extending credit for large corporate takeovers and massive speculation activities while smaller businesses and investors, strapped by high interest rates, face financial ruin.

The takeover of Marathon Oil by United States Steel is a case in point. The United States Steel Corp., a major beneficiary of the tax breaks enacted last year, has a responsibility to reinvest in job-producing enterprises. The Federal Government should not stand by while this corporation uses its massive financial gain to rearrange the order of Fortune 500 corporations. Where we can assist companies such as United States Steel—by bringing down interest rates or by fine-tuning environmental laws—we should assist them. But this corporation and others have a responsibility to do their share to bring about job-creating investments. A major flaw of the tax bill last year was that the tax breaks were open ended. The result in new investment thus far has been very disappointing.

Mr. Chairman, the administration suggests that the money is not in the budget to fund programs for the elderly, the young homebuyer, the struggling student. It fails to point out that a big reason it is not there is the passage last year of the administration tax bill which guarantees a $750 billion loss to the Treasury over 5 years.

The second big reason the money is not there is the massive increase in arms spending, including outlays to cover waste and mismanagement, a nuclear buildup, and questionable weapons systems. We should remember Budget Committee Chairman Jones' description of how much money the $1.5 trillion budget for the military for the next 5 years actually is in everyday terms: If a person began spending a million dollars every day beginning at the birth of Christ, the Prince of Peace, by now that person would have spent only about half of what we intend to spend on the military over the next 5 years.

The budget can be restored to fiscal soundness, programs that meet human needs can be funded, and we can have a strong but far less expensive defense.

Here is how.

To reduce the Federal deficit, we should immediately cancel the third year of the Reagan administration tax cut that favors the well-to-do, and seriously consider canceling what remains of the second year of that ill-advised cut. It is estimated that canceling the third year of the tax cut would save $[illegible] billion in fiscal 1983 alone. A repeal of the notorious tax leasing provisions could save $2.9 billion in fiscal 1983. We could save billions by repealing the oil depletion allowance, which allows oil companies to hide their profits from taxation.

In the area of military, we should remember that Budget Director David Stockman advised us earlier this year that there is a "swamp" of $10-$30 billion of waste in the Pentagon budget "if you really push hard." If ever there was a time to eliminate Pentagon waste, now is the time. We should challenge unnecessary weapons systems as well. Canceling the MX-missile system would save us $2 billion, while eliminating the B-1 bomber would save us $3.5 billion in fiscal 1983 alone. We should analyze military spending program by program in the same manner we analyze domestic spending. If we took this route, budget requests of $90 million for military bands, a request the administration had made for fiscal 1983, would probably not stand up. We need to reverse what appears to be the current congressional practice—the larger the budget request, as in the case of the military budget—the less the debate.

We should eliminate or restructure domestic programs whose time may have come and gone. But we must reverse the current trend, encouraged by the administration, of reducing or eliminating existing domestic programs simply because they exist. Programs aimed at rebuilding our cities or increasing job skills for the unemployed should not be subject to cuts. If anything, in the current economic situation, these programs should be expanded.

As we make our budget choices, we should indeed take care in how we define spending, tax cuts and fiscal responsibility. In the last session of Congress, I supported the Udall/Reuss/Obey and the Congressional Black Caucus budget and tax resolutions—measures which define things as they are and which make the budget choices necessary to turn the country around. In this session, I intend to back similar measures.

I urge my colleagues to join me in adding to the budget debate that word which the administration has seemingly banned from the vocabulary—fairness. Whatever choices we make, we cannot continue to reward one class over another, even if such a policy results in a temporary economic upswing—something that has yet to happen in the manner predicted by the administration. We must remember that a major purpose of the Government is to promote social justice—in the economic, social and political realm of our society. To abandon that aim is to abandon that which has made our country great.

The administration has had its chance and has headed the country toward a recession. It is now the duty of Congress to reverse that direction by enacting a budget that is fiscally responsible, fair and in keeping with our best instincts.

☐ 1720

Mr. JOHNSTON. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, we find ourselves today in an increasingly familiar position, a position which has become almost the norm in recent years. Today is May 21. The Budget Reform Act of 1974, which virtually all of us who were here then supported, says that we are to have the first budget resolution cleared through both Houses and conference and adopted by May 15. We are violating our own law. I suppose some would argue that it is not the first time, and they would be right, but that does not lessen our responsibility for doing everything we can to come into compliance.

So the question is, what is the best way to resolve the impasse. It is more than academic. The entire economy—Wall Street, corporate boardrooms and union officials, banks and individual savers and investors are all waiting, to say nothing of Federal employees, State, and local government, the providers and recipients of services, and the taxpayers—whom I may also remind you, are voters—are waiting for an answer. Some even argue that at this point, it is just as important that we come to a resolution of the issue, any reasonable resolution, than to procrastinate for another day. I do not agree—increasing taxes inordinately and cutting defense irresponsibly would not be in the interest of the Nation.

I am not happy with most of the various versions of the budget we have before us today. I would be willing to bet more than even money, if I were a betting man, that none of us are. All the proposals contain hard choices. Some trade short-term gain for long-term trouble. Others are so extreme they cannot really be taken seriously. But the voters did not send us here to argue and point fingers. They expect us to do our duty, even when it involves choices that may be politically or even personally unpopular. This, gentlemen and women, is where we truly earn our pay.

Having said that, I believe I can say that within the range of options available to us, and under the rule and the various amendments which will be offered, I think there is room for reasonable people of differing persuasions to agree. From my own point of view and considered judgment, the bipartisan recovery budget is the best place from which to start on the road to resolving the issue if a balanced budget can not be achieved. Why do I say that?

Well, in the first place, it is fair. Program savings are distributed evenly among all the major budget components, including $10.2 billion in defense, $7.3 billion in other discretionary programs, $6.9 billion in the entitlement programs, $6.8 billion in user fees and Federal pay and pensions, and almost $13 billion in management and administrative savings.

Second, it meets the deficit problems squarely on all fronts, while protecting key domestic social programs. It reduces the deficit by $391 billion over 3 years—paving the way for lower interest rates, sustained economic recovery and rising employment. At the same time, it restores the $6.4 billion for domestic programs targeted for reductions in the administration budget—including a 37-percent increase over the administration budget for college aid grants and loans, a 50-percent increase for elementary and secondary education, a 37-percent increase for handicapped and vocational education, a 34-percent increase for CETA, a 22-percent increase for title XX social services, 62 percent more for mass transit, 1,300 percent more for energy conservation, and restoration of funds for older Americans.

Savings under the bipartisan recovery budget are carefully targeted to areas of evident abuse, such as tightening child support enforcement. There are no sacred cows in this budget, Mr. Chairman. Dairy Subsidies are cut, defense is cut, no one escapes.

How does this plan compare to the other main alternatives before us? Well, compared to the budget baseline, it will reduce spending next year by $57 billion, and the deficit by $77 in 1983. Over the next 3 years, it provides nearly $300 billion in savings and reduces the deficit by almost $400 billion. It puts the deficit on a downward glide path. And compared to the baseline, deficit absorbtion of net private savings is only 42 percent this year, and 15 percent by 1985, compared to 74 and 66 percent—a crucial difference. The bipartisan recovery budget reduces the Federal spending share of the GNP to under 21 percent by 1985.

compared to over 24 percent under the baseline.

The bipartisan recovery budget also preserves the vital elements of the President's economic recovery program, including all the individual tax cuts enacted by this body last year. This sends an important signal to taxpayers and to investors that we will stand by our commitment to them.

In comparison with the coalition budget, it saves taxpayers $94 billion over 3 years on their tax returns. It even cuts the legislative branch budget.

In short, Mr. Chairman, if we can't balance the budget, I feel the bipartisan recovery budget—with all its shortcomings and hard choices, represents a good compromise from which to start. Next week, we can decide policy options in the form of amendments.

In conclusion, Mr. Chairman, I hope that everyone here will go home over the weekend—and look at these plans. Decide what you can in conscience live with and what you cannot live without. But make a resolution that you will work in good faith toward resolving this terrible impasse, which by itself is creating new problems daily and posing new impediments to recovery.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 10 minutes to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Chairman, I thank the chairman of the Budget Committee for yielding this time to me.

Mr. Chairman, as you know, our amendments were published in the RECORD on Monday, and since that time we have started to have time to go through the various amendments. I am somewhat shocked to learn that the Latta proposal, the principal information that is coming out—and if this information is in fact wrong, I hope it will be corrected during the debate—but the indications are that the Latta proposal contains some $92 billion in nondefense cuts over the next 3 years.

In the area of medicare, and area that is absolutely vital to our senior citizens, it appears that there is $23 billion cut in medicare, and this is a 50-percent deeper cut than that proposed by President Reagan in his budget proposal, which was rejected by both the House and the Senate. This means that 29 million elderly people would be forced to pay more for health care under this proposal than they are currently.

It also appears that there will be some $22 billion in cuts in low income housing programs. It also appears that the poorest of the poor on food stamp programs, will also receive cuts along with the elderly, the blind, and the disabled, because of some $8 billion cut in the food stamp program. Women, infants, and children, a program that is designed to aid pregnant women who are poor, who have been medically certified to be at nutritional risk, is cut in a sufficient amount to require some 400,000 women to leave this program.

□ 1730

This is a program that has reduced infant mortality by a third. I think the supporters of the Latta proposal ought to think about the ramifications of that. This is a program which has returned to us three Federal dollars in saved hospital costs for every $1 we have invested in providing for a healthy baby and a healthy child.

Now that the Latta proposal has cut $92 billion out of social programs, that is not enough. They raise taxes by $95 billion. Now, you would think that that would get you toward a balanced budget but it does not, because in 1985 we find out, after cutting the poorest of the poor in this country, after attacking the elderly through medicare, after attacking the blind and disabled, the healthy, and those on food stamps, after attacking the poor on low income housing, and after attacking poor pregnant women in this country, that they are still $57 billion in deficit. So you are not going to see a diminishing of interest rates; you are not going to see an economy that picks up and bounces along.

In fact, the Latta proposal even attacks housing. It tries to reverse the billion dollar program that was voted on the floor of this House to try to encourage the housing industry so people in this country can afford housing.

So I think all Members of the Congress, especially perhaps the Republican Members of the Congress, will be most interested in reading very carefully the Latta proposal because I think they will want to understand that if this proposal will do the same thing for the Republican party in its standing in the polls that Gramm-Latta did for the standing of the Republican party in the public opinion polls, it is very interesting, and maybe now we understand better why the President of the United States has public relations people trying to convey the impression that he is a fair person, that he is the image of fairness. He wants to appear to be fair, and yet he supports this kind of effort that is a direct attack on the poorest of the poor.

Let me say to my colleagues that there is another way. There is another way to achieve the economic goals that we aspire to. There is a way to achieve lower interest rates, there is a way to achieve economic recovery, but you need not decimate poor people in this country, and, interestingly enough, without decimating poor people in this country, you can arrive at a balanced budget by 1985, because in fact if this Congress will simply have the will of its convictions, the courage of its convictions, to go on a pay-as-you-go basis, then in fact we can achieve a budget surplus by 1985.

The other proposals want to raise defense spending by $23 billion, as does my proposal, except that I am willing to pay for it and the other proposals are not. As a result of that, Mr. Chairman, the Members will see by this chart that every other proposal continues in the red all the way through 1985. The Republicans remain in the red by $57 billion, the House Budget Committee remains in the red by $42 billion, and the Senate remains in the red by $64 billion. After the Republicans have slashed poor people and medicare and everybody else, they still cannot balance the budget, and yet they are going to raise our taxes.

So I think the Members of the House and the people in this country ought to consider whether in fact they want a change of direction. What the Rules Committee has done by making my substitute amendment in order is to allow this country for the first time to tear up the national credit card. It is allowing this country for the first time to go on a pay-as-you-go basis. It is allowing this Congress for the first time to stop spending money today and sending the bill to the taxpayers tomorrow.

It is doing that not because I say so. Those are the CBO figures. This is the only budget that emerged from CBO with no changes, because there are no gimmicks, there are no smoking mirrors. There is in fact a sound fundamental principle that if we are going to spend money, we are going to pay for it.

We just heard the chairman of the Subcommittee on Social Security say that under each and every one of these other proposals we really do not fund social security, and that come August of next year, a year from now, what we are going to find out is that we are going to be somewhere between $8 billion and $10 billion short. If you vote for the pay-as-you-go substitute, the first one on the agenda for Monday morning, in fact social security will be fully funded. In fact, it is the only provision that does that because each and every other provision uses the deficit to make up the difference, and it is that practice that has kept interest rates at an all-time high, it is that practice that has kept unemployment at an all-time high, and it is that practice that is causing more bankruptcies than we have seen in recent times.

So there is a fact another way, and I would hope that the Members will pick and choose. If they do not want to provide COLA for social security, they do not have to vote for it. If they do and they vote for amendment No. 1, they will be directing the Committee on Ways and Means to raise sufficient revenue to cover the cost of that COLA. If they do not want to provide for a 5-percent real increase in military spending, they do not have to, but if they do, they will be directing the Committee on Ways and Means to pay for that increase. If they want to treat other COLA's alike, the railroad retirement or the veterans' benefits, they will then also be required to provide the revenues or the savings or the offsetting savings to pay for these programs. So that is the choice. There is a choice which says that if we have the courage of our convictions, whether you agree the Government should spend money for purposes that I support or whether you agree the Government ought to spend money for other purposes, the time has come to start raising those revenues and to place this Congress on a pay-as-you-go basis. And then what we find is that by 1985 the Government can in fact run a surplus without decimating education programs, without decimating the Defense Establishment, without decimating NASA, or without decimating nutrition programs, but by prudently making a determination whether this new expenditure is worth the pain of raising taxes. I suspect that making that political decision will greatly reduce the appetite of this body to spend money for programs that do not meet the national interest test.

So it is clearly a departure from the manner in which the budget process has been run in the 8 years that I have been here, but I think also clearly it is a fundamental provision that must be built into the budget provision if we are in fact going to establish any credibility with the American public, because let us not forget what happened last year. We had the largest social cuts in history and the largest tax cuts in history, and the result was the largest deficit in history, the highest unemployment, and the most prolonged high interest rates and business failures. I do not think the Members want to go home and try to explain that.

Mr. Chairman, I offer them an alternative, and I hope we will have their support.

The **CHAIRMAN**. The Chair recognizes the gentleman from North Carolina (Mr. JOHNSTON).

Mr. **JOHNSTON**. Mr. Chairman, I commend the gentleman from California for one of the more dramatic presentations of the budgeting process. I hope that we will seriously be able to consider some spending restraints next year.

Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. SHUMWAY).

Mr. **SHUMWAY**. Mr. Chairman, I have listened during the afternoon with considerable interest to the debate, to the many speeches that have been made here on the floor in support of the various budget proposals. Some of those speeches very obviously had a definite partisan overtone to them, coming from either side of the aisle, and others seemed to be very sincere and perhaps nonpartisan in their import.

But it seems to me that none of us as Members of the House can be at all surprised. We have heard here today a very fine variety of views on the subject of the budget and how we might best fashion a program of revenues and expenditures for the coming fiscal year. Mr. Chairman, in spite of the great diversity of ideas and opinions that have been reflected here today, it seems to me that all of us as Members of the House come to agreement on one particular subject, and that is the fact that our economy is in trouble today.

I suppose the real question that we must answer during the coming days of next week is how best to solve the many problems that face our economy. We are very concerned about high rates of unemployment, we are concerned about lingering high interest rates, and we are concerned about low productivity and other aspects of our economic dilemma today.

It seems to me, Mr. Chairman, that most of these proposals argued for or against here this afternoon fall on either one of two sides of a particular divider. One of those sides would have us go back to essentially the kind of programs, the kind of economic policies that we have had before, and the kind of spending and taxing proposals that have ruled here in Washington and throughout our country for so many years, and on the other side I think the proposals seem to fall on the subject that perhaps we might pursue the course that we set for ourselves last year when we reduced taxes for all Americans, when we reduced Federal spending, and when we apparently set up for ourselves a new system of economics in America.

□ 1740

It seems to me, Mr. Chairman, in all fairness to what we have done in the past, to the reputations that each of us have as Members of Congress, and certainly in all fairness to the citizens of this great country, that now our course of action would best be to allow the full measure of what we put into effect last year to take its effect, to let, indeed, those tax reductions fall in place as they should, and to continue on the course that we set out for ourselves reducing Federal expenditures.

As I see it, there can be no doubt as to where most Americans are. The mail that I receive and the comments that I hear when I go to my district have been consistent throughout the years that I have had the privilege of serving in this House of Representatives, and that is that Americans are asking for restraint.

I do not hear any comments, I do not see any mail from any of my constituents or otherwise asking for increased taxes.

Certainly people want us to reduce the size of the deficit. They want us to work toward a balanced budget. But they want us to accomplish those efforts through more reductions in Federal spending and not adding to their burdens by increasing taxes.

It seems to me, Mr. Chairman, that one of the keys to our recovery in America from the recession we are in and the economic doldrums we are all suffering from is stimulating and staying with programs that will inspire Americans to save more of their money.

In this regard I would simply ask us again to look at the example of Japan. Japan has had high deficits. They have had very steep increases in the percent of the gross national product as it is spent by the Japanese Government. But yet they have been able to keep their rates of taxation, their rates of interest at acceptable norms, simply because they have over the years inspired on the part of their citizens much more savings and a much greater effort toward savings than we here in America do.

Japan has outpassed us by about three times in that particular regard.

Last year in the economic recovery program we set into place some motivations, some incentives for Americans to save more of their money. It seems to me now for us to retreat from that program and revert to the ways of the past would fly directly in the face and be very antithetical to the very kind of recovery that all of us want.

That savings will contribute toward the kind of capital pool that we need to have for not only the financing of the needs of the Government, the tremendous deficits that we have in this country, but financing the needs of the homebuilding industry, those young Americans who want to buy their first home, and certainly the kind of expansion and increase that we expect to see in American industry and our business base.

I suggest, Mr. Chairman, that this is the essential ingredient that we need to supply, to see that America successfully emerges from the recession that has gripped us now for several months.

I support wholeheartedly the effort which will be made next week to present a budget which will be balanced. I think that is what Americans want. I think we have the responsibility of providing it.

But if that particular measure fails, as it has in previous years, I am going to support wholeheartedly the bipartisan approach that has been structured, because we do need to have a budget, and even though it is not totally the kind of budget that I would like, I am willing to forego some of my own preferences and my own desires, subordinate my own wishes simply because I think it is going to be better for all of us as Americans and certainly as Members of Congress, whether Democrat or Republican, to fashion and structure a budget which the American people are entitled to have.

Mr. Chairman, I think this subject that we have been debating today is of the most serious importance. It is a very grave subject for all of us as Members of the House, and I would hope we would be able to put aside some of the partisan differences that have prevailed in the past and see our way clear to reflecting the needs of the American people and coming up with a budget which will meet those needs and fulfill our responsibilities as Members of the House.

I appreciate the gentleman yielding this time and yield back the balance of my time.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. Stenholm).

Mr. STENHOLM. I thank the chairman for yielding.

Mr. Chairman, we come to the end of the debate on the budget for 1983. It has been an interesting evening.

I think my first comment would go to commend the gentleman from California (Mr. Miller) for addressing the major issue that it seems we all have skirted around all year, his pay-as-you-go budget. But the one thing that I think is the most significant, especially in light of the statement made by the gentleman from Texas (Mr. Pickle), chairman of the Social Security Subcommittee, in which he stated very clearly that if we do nothing in the area of social security that we will have a $40 billion-plus deficit in the social security trust fund to deal with after November 2.

I think this acknowledges in very clear language that Senator Pete Dominici was the only individual Member of the Congress that had the courage to state and make an attempt to have the Congress address a very real problem.

The gentleman from California (Mr. Miller) will offer in his amendment on Monday the opportunity for Members of the Congress to address that question, if we have the courage to do so.

But I think the significant statement again was by the gentleman from Texas (Mr. Pickle) in which he acknowledged that if we do nothing we, in fact, will be paying some $10 billion-plus out of our constituents' social security trust fund of which there is no money there to pay it, and we in the Congress have ducked it.

I know the chairman of the Budget Committee shares those same feelings with me, but for obvious reasons, political, that is, we have chosen to duck this.

The only thing that I would like to emphasize in my remarks in closing is this: The basic issue that we are going to address next week in the vote that finally grants us a budget will be on one basic issue, and that is Federal spending. There is only one budget, in my opinion, that has a chance to pass that will address the very real need of getting Federal spending under control, and that is the bipartisan recovery budget which I intend to support very, very strongly.

Let me remind my colleagues that in 1981 our Federal budget as a percent of gross national product was some 23.4 percent. In 1983, if we do nothing other than what we did last year, with the largest single spending reduction package in the history of our Nation, if we do nothing this year in additional increases, spending will go up, not down, to 24.3 percent of our gross national product.

What does that mean? I think the best way I have come to understand really and truly the real problem of getting Federal spending under control is the fact that we in this body have chosen to ignore the fact that is is out of control.

If my colleagues look at the era of 1929 to 1933, an era in our country that is so well known today, 1929 to 1933, Mr. Chairman, at that time we were spending at the rate of some 3 to 4 percent of our gross national product at the Federal level.

At the end of 8 years of the New Deal, at the end of 8 years of the creation of many programs that, in my opinion, were absolutely vitally necessary for America to pull itself back up by its bootstraps, at the end of 8 years we had increased our Federal expenditures to some 10 percent of our gross national product.

In 1981 it was 23.4. In 1983 it will be 24.3. The goal, and what we accomplish if we pass the bipartisan recovery budget is that we will reduce it to 20.9 percent by 1985, which is twice what was being spent at the end of 8 years of the New Deal.

□ 1750

We have lost focus of reality in this body by our spending habits. Surely, in the wisdom of 435 of us, surely, in our wisdom, we can figure out how to meet the needs of the disabled, the poor, those who need help. There are many out there today in this country who do need help, but, surely, we can figure out how to meet those needs with twice the amount of expenditures as a percentage of our gross national product as was being spent at the end of the New Deal.

That is the challenge we have before us. I know it is never easy to cut spending. I know even in the 17th District of Texas, the multitude of letters that I receive from my constitutents is, "Hang in there, Charlie, keep cutting those expenditures except in that program that is so vital and necessary for my well-being."

That is the challenge, Mr. Chairman.

Mr. JONES of Oklahoma. Mr. Chairman, I yield to the distinguished chairman of the Committee on Rules, the gentleman from Missouri (Mr. Bolling).

Mr. BOLLING. Mr. Chairman, I ask unanimous consent to extend my remarks and to include extraneous material here in the Record, under a previous agreement entered into.

The CHAIRMAN pro tempore. (Mr. Obey). Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BOLLING. Mr. Chairman, today I asked the Congressional Budget Office to prepare two sets of tables comparing the four substitute amendments to House Concurrent Resolution 345 which are broadly subject to amendment under the rule. The goal of this exercise was to obtain an objective comparison performed by a neutral office of professionals of these substitutes. The materials obtained from CBO follow. The first table provides a cost estimate by aggregates and functional categories of House Concurrent Resolution 345 which is the Jones substitute made in order by the rule and the amendments in the nature of a substitute made in order to the base budget resolution by Representative Fauntroy, Representative Latta, and Representative Aspin. The second table is a comparison of these amendments showing deficit reduction measures by major categories:

TABLE 1.—CBO ESTIMATE OF H. CON. RES. 345, AS REPORTED [1]

[By fiscal year, in billions of dollars]

	1983	1984	1985
Budget authority	832.50	893.80	958.85
Outlays	786.85	833.85	888.55
Revenues	676.70	753.65	846.55
Deficit (−)	−110.15	−80.20	−42.00
050—National defense			
Budget authority	243.00	268.35	297.35
Outlays	214.25	237.60	268.70
150—International affairs			
Budget authority	16.15	16.80	21.20
Outlays	12.10	12.30	12.30
250—General science, space, and technology			
Budget authority	7.75	7.75	7.60
Outlays	7.60	7.75	7.60
270—Energy			
Budget authority	5.30	4.70	4.65
Outlays	5.00	4.05	3.85
300—Natural resources and environment			
Budget authority	9.40	8.75	8.35
Outlays	10.85	9.85	8.85
350—Agriculture			
Budget authority	6.90	8.40	6.85
Outlays	10.10	8.25	7.50
370—Commerce and housing credit			
Budget authority	8.05	8.65	8.35

TABLE 1.—CBO ESTIMATE OF H. CON. RES. 345, AS REPORTED [1]—Continued

[By fiscal year, in billions of dollars]

	1983	1984	1985
Outlays	3.05	2.75	2.60
400—Transportation			
Budget authority	22.30	22.40	22.95
Outlays	20.40	20.05	20.25
450—Community and regional development			
Budget authority	7.00	7.15	7.35
Outlays	7.90	7.60	7.70
500—Education, training, employment, and social services			
Budget authority	27.55	28.25	28.30
Outlays	27.45	28.00	28.20
550—Health			
Budget authority	77.30	81.70	94.10
Outlays	80.10	89.65	101.25
600—Income security			
Budget authority	286.95	314.50	344.55
Outlays	273.80	290.05	312.40
700—Veterans benefits and services			
Budget authority	24.10	25.15	26.00
Outlays	23.40	24.55	25.90
750—Administration of justice			
Budget authority	4.60	4.60	4.60
Outlays	4.65	4.60	4.60
800—General government			
Budget authority	5.00	4.70	4.70
Outlays	4.85	4.60	4.50
850—General purpose fiscal assistance			
Budget authority	6.50	6.75	6.85
Outlays	6.50	6.70	6.85
900—Interest			
Budget authority	115.40	120.40	112.45
Outlays	115.40	120.40	112.45
920—Allowances			
Budget authority	1.05	.20	.50
Outlays	.85	.50	.90
950—Undistributed offsetting receipts			
Budget authority	-39.70	-45.40	-47.85
Outlays	-39.70	-45.40	-47.85

[1] May 20, 1982.

TABLE 1.—CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. FAUNTROY TO H. CON. RES. 345 [1]

[By fiscal year, in billions of dollars]

	1983	1984	1985
Budget authority	817.95	846.90	895.40
Outlays	803.20	843.45	867.45
Revenues	710.40	783.40	886.10
Deficit (surplus)	92.80	60.05	(18.65)
050—National defense			
Budget authority	196.35	195.90	200.70
Outlays	201.20	199.70	200.20
150—International affairs			
Budget authority	16.15	16.60	20.95
Outlays	12.05	12.25	12.25
250—General science, space, and technology			
Budget authority	7.75	7.75	7.60
Outlays	7.60	7.75	7.60
270—Energy			
Budget authority	6.15	5.45	5.60
Outlays	5.20	4.45	4.10
300—Natural resources and environment			
Budget authority	7.85	7.80	8.30
Outlays	8.60	8.20	8.00
350—Agriculture			
Budget authority	6.80	8.55	7.20
Outlays	10.30	8.45	7.80
370—Commerce and housing credit			
Budget authority	12.90	8.00	8.15
Outlays	7.50	9.95	4.50
400—Transportation			
Budget authority	27.60	22.50	23.55
Outlays	21.80	24.10	24.85
450—Community and regional development			
Budget authority	11.30	12.25	13.00
Outlays	8.75	9.90	11.30
500—Education, training, employment and social services			
Budget authority	35.05	37.40	40.15
Outlays	29.80	36.00	38.45
550—Health			
Budget authority	82.45	96.55	109.10
Outlays	84.80	96.80	109.85
600—Income security			
Budget authority	287.50	305.50	339.35
Outlays	286.55	303.90	326.85
700—Veterans benefits and services			
Budget authority	23.70	25.00	26.00
Outlays	23.00	24.35	25.95
750—Administration of justice			
Budget authority	4.85	4.95	5.05
Outlays	4.85	4.90	5.05
800—General government			
Budget authority	5.60	5.40	5.60
Outlays	5.40	5.30	5.30
850—General purpose fiscal assistance			
Budget authority	6.55	7.10	7.60
Outlays	6.55	7.00	7.50
900—Interest			
Budget authority	114.50	118.20	107.20
Outlays	114.50	118.20	107.20
920—Allowances			
Budget authority	.35	2.85	4.15
Outlays	.40	3.10	4.55
950—Undistributed offsetting receipts			
Budget authority	-35.45	-40.85	-43.85
Outlays	-35.45	-40.85	-43.85

[1] May 21, 1982.

TABLE 1.—CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. LATTA TO H. CON. RES. 345 [1]

[By fiscal year, in billions of dollars]

	1983	1984	1985
Budget authority	808.65	870.35	955.40
Outlays	775.75	823.10	878.50
Revenues	665.85	738.00	821.35
Deficit (-)	-109.90	-85.10	-57.15
050—National defense			
Budget authority	254.05	278.75	322.40
Outlays	216.45	244.55	279.25
150—International affairs			
Budget authority	16.15	16.60	20.95
Outlays	12.05	12.25	12.25
250—General science, space, and technology			
Budget authority	7.05	7.05	7.05
Outlays	7.15	7.10	7.30
270—Energy			
Budget authority	3.70	2.95	2.80
Outlays	3.95	2.45	2.00
300—Natural resources and environment			
Budget authority	8.55	8.00	7.55
Outlays	10.25	9.10	8.00
350—Agriculture			
Budget authority	6.60	8.20	5.80
Outlays	9.25	7.45	7.05
370—Commerce and housing credit			
Budget authority	6.30	6.90	6.65
Outlays	2.30	1.90	1.45
400—Transportation			
Budget authority	20.90	21.15	21.45
Outlays	19.80	19.25	19.05
450—Community and regional development			
Budget authority	6.85	7.00	7.20
Outlays	7.70	7.50	7.50
500—Education, training, employment, and social services			
Budget authority	26.55	26.35	26.05
Outlays	26.70	26.30	26.10
550—Health			
Budget authority	79.80	92.65	104.55
Outlays	76.95	84.55	94.50
500—Income security			
Budget authority	259.30	279.90	316.25
Outlays	271.20	286.55	307.60
700—Veterans benefits and services			
Budget authority	24.80	26.10	27.20
Outlays	24.00	25.30	27.00
750—Administration of justice			
Budget authority	4.40	4.30	4.25
Outlays	4.50	4.35	4.25
800—General government			
Budget authority	4.90	4.60	4.60
Outlays	4.75	4.55	4.40
850—General purpose fiscal assistance			
Budget authority	6.50	6.70	6.85
Outlays	6.50	6.70	6.85
900—Interest			
Budget authority	114.50	120.00	112.95
Outlays	114.50	120.00	112.95
920—Allowances			
Budget authority	-2.95	-1.95	-1.75
Outlays	-2.95	-1.80	-1.55
950—Undistributed offsetting receipts			
Budget authority	-39.30	-44.95	-47.45
Outlays	-39.30	-44.95	-47.45

[1] Revised—May 21, 1982.

TABLE 1.—CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. ASPIN TO H. CON. RES. 345 [1]

[By fiscal year, in billions of dollars]

	1983	1984	1985
Budget authority	825.15	893.60	962.75
Outlays	780.45	830.80	886.45
Revenues	675.75	751.00	843.00
Deficit (-)	-104.70	-79.80	-43.45
050—National defense			
Budget authority	240.35	269.10	300.95
Outlays	211.85	237.25	267.70
150—International affairs			
Budget authority	16.25	16.85	21.25
Outlays	12.20	12.35	12.35
250—General science, space, and technology			
Budget authority	8.15	8.40	8.20
Outlays	7.75	8.20	8.15
270—Energy			
Budget authority	5.25	4.75	4.65
Outlays	5.00	4.10	3.85
300—Natural resources and environment			
Budget authority	10.25	9.70	9.25
Outlays	11.25	10.70	9.75
350—Agriculture			
Budget authority	7.00	8.60	7.00
Outlays	9.25	7.50	6.75
370—Commerce and housing credit			
Budget authority	7.95	8.50	8.35
Outlays	3.05	2.55	2.45
400—Transportation			
Budget authority	22.60	22.55	23.05
Outlays	20.40	20.30	20.50
450—Community and regional development			
Budget authority	7.00	7.20	7.35
Outlays	7.85	7.60	7.65
500—Education, training, employment, and social services			
Budget authority	27.95	28.95	29.15
Outlays	27.60	28.35	28.75
550—Health			
Budget authority	77.45	81.90	94.40
Outlays	79.80	89.70	101.60
600—Income security			
Budget authority	283.35	313.70	343.95
Outlays	273.35	289.40	311.80
700—Veterans benefits and services			
Budget authority	24.60	25.80	26.90
Outlays	23.75	25.10	26.75
750—Administration of justice			
Budget authority	4.60	4.60	4.60
Outlays	4.65	4.65	4.60
800—General government			
Budget authority	4.95	4.65	4.70
Outlays	4.80	4.55	4.45
850—General purpose fiscal assistance			
Budget authority	6.55	7.05	7.50
Outlays	6.45	6.95	7.40
900—Interest			
Budget authority	114.85	119.80	112.05
Outlays	114.85	119.80	112.05
920—Allowances			
Budget authority	4.30	-3.20	2.75
Outlays	3.95	2.95	2.30
950—Undistributed offsetting receipts			
Budget authority	39.75	-45.30	47.80
Outlays	39.75	45.30	47.80

[1] Revised May 21, 1982.

TABLE 2.—COMPARISON OF CBO ESTIMATES OF H. CON. RES. 345, AS REPORTED, WITH 3 AMENDMENTS IN THE NATURE OF A SUBSTITUTE SHOWING DEFICIT REDUCTION MEASURES BY MAJOR CATEGORIES, MAY 21, 1982

[By fiscal year, in billions of dollars]

	H. Con. Res. 345 as reported			Latta substitute			Aspin substitute			Fauntroy substitute		
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
Baseline deficit	182.0	216.0	232.5	182.0	216.0	232.5	182.0	216.0	232.5	182.0	216.0	232.5
Adjustments to baseline	−.4	−.6	−.4	−1.3	−1.4	−1.5	−.4	−.6	−.4			
Deficit reduction measures												
Management savings	−8.9	−12.1	−12.1	−9.3	−12.6	−12.6	−8.9	−12.1	−12.1	−3.7	−7.1	−6.8
User fees (outlays only)	−.7	−1.1	−1.1	−1.1	−1.4	−1.7	−1.0	−1.0	−1.0	−.9	−1.6	−1.7
Federal pay	−4.0	−7.8	−10.9	−5.0	−8.9	−12.1	−4.4	−8.2	−11.3	−.6	−1.0	−.8
Discretionary nondefense	−3.1	−7.4	−13.5	−7.4	−14.3	−21.2	−5.1	−9.0	−14.2	−5.2	−17.8	−13.7
Entitlement savings [1]	−2.6	−6.1	−9.4	−7.4	−13.3	−18.9	−2.8	−5.2	−7.2	−12.1	−11.0	−8.5
Defense (other than pay and retirement)	−7.0	−13.4	−20.0	−5.3	−7.0	−10.0	−9.4	−14.3	−22.0	−22.4	−56.4	−96.4
Revenue increases (including user fees)	−31.7	−51.6	−66.6	−20.9	−36.0	−41.4	−30.8	−49.0	−63.0	−65.4	−81.4	−106.1
Other policy changes	−.8	−1.1	−1.2	−1.3	−1.3	−1.1	−1.7	−2.0	−2.1			
Interest rate market effects	−8.0	−19.1	−27.8	−8.0	−19.1	−27.8	−8.0	−19.1	−27.8	−8.0	−19.1	−27.8
Debt service savings	−4.2	−15.2	−27.6	−5.1	−15.6	−27.0	−4.8	−15.9	−28.0	−5.5	−18.2	−33.7
Total deficit reduction	−71.8	−135.8	−190.5	−72.1	−130.9	−175.2	−77.2	−136.2	−169.1	−89.2	−156.0	−251.1
Remaining deficit (surplus)	110.2	80.2	42.0	109.9	85.1	57.2	104.7	79.8	43.4	92.8	60.0	(18.6)

[1] Assumed dairy price support reductions in Latta and Aspin plans included in "Other" category

Note: Detail may not add to totals due to rounding.

Mr. JOHNSTON. Mr. Chairman, I yield such time as she may consume to my colleague on the Budget Committee, the gentlewoman from Illinois (Mrs. MARTIN).

Mrs. MARTIN of Illinois. Mr. Chairman, it is too often sad that debates such as this do have to occur at a time when the Congress is somewhere else. But I suspect that after these months many of us are grateful that it is occurring at all.

I am not going to speak specifically to any of the budgets because each of them has, I suspect, some features that appeal to most Members of the Congress. Certainly the gentleman from California is welcome to see that the other side of the aisle is beginning to accept the point of view that we actually have to pay for programs, something that has not always been obvious.

A number of years ago, when I was serving in a lesser legislative body, a member of the opposition party got up, in terms of a program that involved veterans, something that I think feels a strong need to support, and someone asked him an intolerable question. They said: "How much will it cost?" And the sponsor's response was: "It will cost nothing. The Government is paying for it." That was an odd but strange rendition and perversion of what Government is supposed to be and its reaction back to the people and the fact that it deserves to be paid for. Nonetheless, that same gentleman talked about other budgets cutting and slashing and attacking the poor and attacking those who needed help and used, for example, medicare-medicaid. The cuts in medicare-medicaid will indeed be difficult, but they come from the hides of doctors and hospitals, so that those who need benefits can have them. And certainly I think it is safe to say that the normal Republican constituency would not be expected to attack doctors, to attack hospitals. And yet we are, because we must. We must cut spending. And all of the budgets must seek to cut that growth which threatens to suffocate this great Nation. Some accept the growth and raise taxes; others try for what is a more reliable mix. Those that cut most I think have the best economic base. But ultimately next week the House will make that decision.

So what I would like to speak to briefly is what the House must do after that. I have great fears that somehow we think that we can really kid the world, that we can talk about cutting spending and indeed raising taxes, and then conveniently forget that, after the budget discussion is over. No matter whose budget has been presented, it is not going to be easy to raise taxes.

When one talks, for instance, about an aviation tax, every small plane owner in the United States, especially those in our district, are going to call and write each of us. When we talk about a user fee for the Coast Guard, all one has to do is take a look at the map of the United States, look at the coastline, and recognize that in an election year that is going to be difficult. But somewhere, even past next week, we are going to have to do those things. We cannot just pick and choose in terms of either taxes or spending cuts. We cannot, for instance, talk about supporting either the Obey budget or indeed the Latta budget, or the budget that Congressmen JOHNSTON and MARTIN, and others, have been involved in, without then following up with both the Appropriations and Ways and Means votes, because if ultimately we are able to craft and do pass and get from conference a budget that will lower the deficit, a budget that will cut spending, a budget that does have in it some tax increments, then we will be faced with individual bills later, and we cannot leave the field of battle.

If the budget we pass sends the signal that all of us, excluding some Democratic pollsters' wants, sends the signal that this Congress means business, then how mixed will that signal be if 3 and 4 weeks later we, through the appropriations process, start appropriating beyond those limits and look to reconciliation after the election as the only route out?

What I am suggesting, I suspect, is that people out there, Republican, Democrat, and independent, are no dummies. They know that this stuff is not free and they know that it is going to require from every single one of us tough votes. And somewhere there must remain that coalition willing to make those difficult votes in an election year.

The gentleman from Texas and the other gentleman from Texas who spoke about social security wisely both stated we are trying to avoid many of the most difficult issues, but they are not going to go away this year. Ultimately the responsibility is ours. If we are on this side of the aisle, we may blame a former President. That side of the aisle may blame a current President. But I tell you right here and now as a Member, we ought to be blaming ourselves. We now have concurrent responsibility to put this economy back on track. Ex-President Carter and current President Reagan, whatever their differences, had tried what they thought best. Blaming them is not enough. Now it is up to us to prove indeed we are a coequal branch, the Congress of the United States, that is willing, for the sake of this Nation, to risk difficulties in an election year, to end up from conference with a reasonable budget and then to follow up with the votes that will support both spending cuts and any tax increments that are ultimately agreed to in that conference.

It is my first time here. I do not know the body well. I do not know the other body at all, but all of you tell me that is no loss. Getting to know you all, though, I think this year has been both a pleasure and, for me, going back home, I have tried to talk for both sides of the aisle of the pride they can have in the Members of Congress, that they are not dolts, that they do work hard, and that they are trying. I do not want to have to change that opinion. I want to fight our fights between parties fairly and well. But ultimately all of us have this year a special responsibility, new Members and old Members—I look at the chairman, with his experience and brilliance known by all—to make sure we can forge not just a budget, but the followup to that budget to make sure that each and every person in America can say next year that it has been better and it will get better.

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Mr. JONES of Oklahoma. Mr. Chairman, I yield 10 minutes to the gentleman from the District of Columbia (Mr. FAUNTROY).

Mr. FAUNTROY. Mr. Chairman, last year, when President Reagan proposed a budget and tax plan that slashed taxes for the rich and large corporations, poured money into defense, and cut social spending, the Congressional Black Caucus offered an alternative budget with tax reform, reasonable defense, strong social programs, and a lower deficit. This year, President Reagan has proposed a new budget which preserves tax breaks for the rich and an excessive defense program, makes even deeper cuts in social spending, and leads to steadily rising deficits.

Once again, the Congressional Black Caucus offers a budget alternative that more closely reflects the priorities of the American people.

A BUDGET FOR THE PEOPLE

We in the Congressional Black Caucus know that the American people are concerned about what is happening in the economy, in our society, and in the world. We know that American people are concerned about large and growing deficits, which have contributed so significantly to the high interest rates that have slowed economic growth to a standstill. We know that the American people are concerned with the erosion by this administration of the Federal Government's commitment to help the poor, the elderly, and the disadvantaged. We know that the American people are concerned with the deterioration of public services and the decline of public investment in education, health care, transportation, the environment, and the quality of life under this administration.

We know that Americans are concerned about the growing shadow of nuclear war and the blind building of more nuclear weapons and weapons systems on top of existing ones. Our budget addresses these concerns.

The budget proposed by the Congressional Black Caucus has the following major features:

The CBC budget reduces the deficit substantially. In fact, our fiscal year 1983 budget of $91 billion is much less than the $127 billion in fiscal year 1983 deficit now projected for the Reagan proposal, and half the $183 billion deficit that will exist if nothing is done to rectify the errors of last year's budget. Moreover, our budget would lead to steadily shrinking deficits of $82 billion in 1984 and $43 billion in 1985, which will help interest rates down and provide the basis for economic recovery.

The CBC budget is fair and humane. We not only prevent the many additional cuts in human needs programs proposed by the President; we return funds to social programs that were lost by enactment of Reagan fiscal year 1982 budget reductions. These programs must remain Federal priorities if we value human potential and care to meet human needs. Because of savings generated by alternative tax and defense policies, several education, health, housing and urban programs can be restored to fiscal year 1981 funding levels, adjusted for inflation. For example, the budget restores $3.3 billion to title I; $1.6 billion to Pell grants for disadvantaged college students; more guaranteed student loan funds; 16,000 more section 8 housing units; increased funding for health care programs; $1.2 billion in social services funds, including child welfare programs; and $1.2 billion more than Reagan for pollution cuts. It retains EDA, the Legal Services Corporation, and low-income energy, and other conservation programs.

The CBC budget is stimulative and creates jobs. A centerpiece of the budget proposal is the creation of a major $6 to $8 billion Federal jobs, vocational education, and training package. This initiative is response both to the Nation's unemployment rate generally, and to the catastrophic unemployment in the black community specifically.

The CBC budget also includes a $4 billion urban infrastructure proposal, which will create 50,000 to 80,000 jobs directly and more indirectly, a $4 billion expansion of mass transit and highway construction programs, which will create an equal number of jobs, and homeownership assistance and rental housing construction programs that will stimulate employment in residential construction.

The CBC budget insures adequate social security and other support for the Nation's poor—both elderly and nonelderly. This budget maintains the cost-of-living adjustments for elderly on fixed income, and extends unemployment compensation benefits and program triggers to 52 weeks. In our view, this restoration of benefits is necessary at a time when we are experiencing levels of unemployment which have not been endured since the Depression. Our budget also provides increased funding for programs to assist the poor including $3.2 billion more than Reagan for AFDC; $5 billion more for food stamps; $7.7 billion more for medicaid; $2.9 billion more for medicare; $1.2 billion more for six health programs; and $400 million more for supplemental social insurance.

The CBC budget establishes a saner and safer national defense. As an initial matter, we recognize the need for a strong conventional military. We therefore provide in our alternative for the continued funding of practical conventional weapons, and actually increase pay for military personnel and funds for operations and maintenance. However, in an effort to slow the unacceptable rate of growth in the defense budget, and to insure that the deficit is reduced, the Congressional Black Caucus generally recommends that the defense spending be held at fiscal year 1982 levels. In addition, the CBC endorses the principle of a nuclear freeze by providing no funding for new nuclear weapons systems and nuclear weapons.

The CBC budget provides comprehensive tax reform. The CBC believes that there must be a fair and adequate tax system to support the many legitimate and necessary activities of the Federal Government. The existing system has not met that test, and the tax changes made by the President last year have made the situation even worse. Consequently, the CBC budget includes a comprehensive reform of the tax codes. We would replace the second and third years of the Reagan/Kemp/Roth individual tax cuts with tax cuts that would provide the most tax relief to the poor and middle class. We would close or cap many of the tax breaks and loopholes which allow the rich to avoid paying their fair share of taxes. We would reverse the misguided tax breaks given corporations last year as well as many of the wasteful corporate loopholes that existed before Reagan took office. And we would raise users fees and similar revenues where appropriate to support fund needed Federal programs.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. FAUNTROY. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. I thank the gentleman for yielding and I just wanted to indicate at this point in the RECORD that I hope we will not go through the same experience that we went through last year.

The Congressional Black Caucus budget was defeated. The experience was galling because Member after Member of this House came up to the chairman and to me and to other Members and said this is the best budget out there but we just could not vote for it, and we pressed them why could you not vote for it: Well, there was an allegiance to X, and an arrangement with Y. As you saw by the DSG report once again the caucus budget is considered to be the best budget. I think I am correct in making that quote.

Mr. FAUNTROY. Without question.

Mr. MITCHELL of Maryland. And I just hope the Members will not act out of political expediency or some other motives and vote against this budget unthinkingly and unreasonably. I do not want to go through that experience again where all of our friends came up after the fact and said this was the greatest thing that you have done but we could not vote for it.

Mr. FAUNTROY. I thank the gentleman.

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Mr. JOHNSTON. Mr. Chairman, will the gentleman yield for a couple specific questions?

Mr. FAUNTROY. Yes.

Mr. JOHNSTON. What level of spending does the Black Caucus budget provide for in 1983, total spending?

Mr. FAUNTROY. The Black Caucus budget in 1983 provides for a total spending of $711 billion in outlays.

Mr. JOHNSTON. What level of outlays for defense does it provide?

Mr. FAUNTROY. It provides a total level of $200 billion in outlays for defense, holding defense spending level and responding to the documented view of the American people that we ought to institute a freeze on the development of nuclear weaponry and nuclear weapons.

Mr. JOHNSTON. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. SOLOMON).

Mr. SOLOMON. Mr. Chairman, I thank the gentleman for yielding some time on me.

I guess I will be brief, because I am confused, as many other Members are.

I rise in opposition to the Budget Committee's budget, because I guess I share the concern of the chairman of that committee that it goes too far; but then I look at all the other proposals and they all go too far, too.

You know, I look back at 1978 when I was first running for election. I was complaining at that time that during the last 4 years that the Federal budget had grown from about $300 to $500 billion. I thought that was outrageous and I said at the time that over that same 4-year period, the national debt had grown from $500 billion up to $800 billion. I thought that was outrageous; but now I look 4 years later and the same thing has happened over again. We have not increased taxes at any time during that period, and yet the national budget has doubled, the national debt has doubled, the annual debt service has doubled, and here we sit in this Congress not dealing with the subject again today.

I just do not know what we are going to do about it, Mr. Chairman. I serve on the Public Works and Transportation Committee, which is the pork barrel committee of the Congress. I look at what that committee does and every bill they put out is over the budget recommendations of last year and this year.

I guess I just do not have any confidence in the way we Members of Congress operate. I look at what happened in the last couple days here, with little small bills, bills that came out that were $30 million over the budget recommendations, $10 million over or $500 million over and the Congress consistently votes to approve those overexpenditures; so when I look at all these proposals that we are going to be considering on Monday, Tuesday, and Wednesday, I just wonder what good it is going to do, because I do not see anything in any of these, in the Jones proposal or the Republican proposal, that deals with reconciliation, that is going to force these Members of Congress to be fiscally responsible. I am just afraid that we are going to complete a charade on Monday, Tuesday, or Wednesday, and we are going to end up with a budget that is not enforceable and none of us are going to live up to it.

I just wonder how the American people can have faith in any kind of body that reacts like that.

I guess I am going to end up supporting the lesser of the four evils, whatever that might be, when it comes on this floor on Monday, Tuesday, or Wednesday, and heaven only knows what is going to happen with all the amendments that are going to be added to whatever the final bill is.

I would just say this. I have listened to so much demagoguery over the last number of weeks dealing with social security. I look back at what the Congress has done to the social security system. I recall the other day in a dialog, it was late at night when we were talking. There was not anybody here listening. I think there were only three of us on the floor; but I talked about a gentleman who was about to retire and who had written me a letter and he said, "Mr. SOLOMON, who stole the money out of the social security system? Who stole my money that I paid in all those years?"

You know, that just really sank in, because I am 51 years old and I have been paying into that social security system all my life, too, and I wonder what happened to the money that I paid in there.

You know, as we look back, that money was stolen out of the social security system. It was legal thievery, I suppose, but it was stolen, because the fact is that all the people, my constituents and yours and you and I, the money we paid in is not there; and yet we are not doing anything about it.

You know, when the social security system was first formed back in the thirties it was supposed to be a supplemental retirement system. It was a forced savings account, so that people would put something away and would have something to live on when they retired later on.

It is just a doggone shame what has happened. Well, what really happened to it is that the Congress in its infinite wisdom over the years when they added all these little goodies into that social security system, they made it something that it is not supposed to be, like medicare and social security disability, children's benefits and survivors' benefits. You know, all these things should never have been put in that system and the reason the Congress put it there is so that it would not have to come up with the money in that fiscal year. What we ought to be doing to solve the social security problem is to take all those things out and put them in the general fund where they belong, whether they are good or whether they are bad. We ought to fund them out of the general fund over a wide tax base. If we were to do that, we could then fund the retirement system itself properly and all of the working Americans today would be more than willing to pay through a payroll tax whatever it costs to make sure that our senior citizens got that monthly retirement check each and every month; but no, the Congress is not dealing with that. Here we sit with all these proposals and I can assure you, gentlemen, that 2 years from now we are going to be right back in the situation where we are today.

I look at the increased tax proposals in all these bills and it is outrageous. The only way to stop the Congress from spending money is to take the revenues away from them. That is why I have strong reservations about any of these proposals, but I guess in the long run, like many of us, we will vote for the lesser of the evils and support the Republican and bipartisan proposal, which has got to be the best ball game in town.

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Mr. JONES of Oklahoma. Mr. Chairman, I yield 7 minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, 1 year ago, learned speakers in behalf of the administration told us that they had a new, magic elixir. This elixir, if we swallowed it whole, would solve all the economic ills of the Nation. It would make the economy boom, it would make unemployment go down, it would lower the Federal deficit, it would restore the Nation's confidence. This magic elixir was going to cure inflation, but without creating any pain. It was going to bring us all to greatness.

This is what I said about that magic, 14 months ago, almost to the day:

> We have been told that we can achieve three contradictory goals: balanced budget, lower taxes, and vastly greater military spending—all at once. Yet the fact is that all of this rests on the assumption that our economy will perform at levels vastly greater than any responsible economist forecasts. The truth is that the monetary policy called for by this administration will greatly constrain growth, which in turn means that the tax cuts are likely to lead to greater deficits than we now have, even if Congress gives Mr. Reagan all that he demands by way of budget reductions.

I also said that the Reagan program was, and I quote:

> A rich man's war and a poor man's fight. It is the well off who get the bulk of the benefits of the Reagan budget, not the poor and not the ordinary wage earner.

And what has happened?

The Nation's economy has stopped dead in its tracks, and is now falling backward. Almost 2 million Americans have become unemployed in the past 14 months. There are fewer people actually at work today than there were 3 years ago. Far from booming, the economy is shrinking. Far from being reduced, the Federal deficit has doubled. Far from being reassured, the business community is fearful, panicky, and demanding change in the magic elixir, which they know is poison.

Despite all these sobering and frightful events, despite the mass misery that has been created by this supposedly painless and magical economic medicine, here we are again going through essentially the same debate as last year. It is not really a debate about the Federal budget. It is more of a sterile theological discussion about what number makes the best deficit; what will be the magic deficit number that will banish the fear inspired by the Reagan program, without seeming to abandon the religion of supply-side theology. The proposals that lie before us all start with the same question: What is the magic deficit number? It is as if we were discussing how many angels might fit on the head of a pin, with the same futility that debate entailed.

The true believers in the supply-side theory claim that deficits do not matter. The trouble is that nobody believes that. Yet no one seems ready to grasp the nettle and confess that there was no magic elixir after all. Instead, the weary debate goes on: Just what is the true faith? Just what is the secret number that will make the magic work? But all of it is a theology without faith, an effort to obscure the truth: nobody cares about how many angels fit on the head of a supply-side pin. Nobody really believes that it makes any difference if the budget resolution assumes a deficit of $99 as opposed to $98 billion, and truthfully, it does not. The only thing that really matters is to find a policy that works—and that is a discussion that has to be couched in terms of practicality, not the sterile theology of last year, repeated here again today.

Last year, in embracing the Reagan religion, the then majority of the House cast aside the question of who would be hurt. The assumption was that the economy would not get much worse, no matter how clearly commonsense told us that this was not the case. The terms of the debate last year were this: not whether or not the Reagan program made any sense, but in what degree to accept it. The same is true today.

But the nub of the issue is precisely this: Does the Reagan program make any sense? The shrinking economy, the alarming and tragic rise in unemployment, the fantastic levels of interest rates, the doldrums of the stock market, the mushrooming rate of bankruptcies, all tell us that the Reagan program does not make sense, that last year's warnings were all too true. Yet we persist in debating what degree of it we should accept.

On the practical and commonsense level, we know that the depression of the housing industry is intolerable—and so the House approved by an overwhelming margin, a program I sponsored, to revive the homebuilding business. We know that when fresh millions of people are unemployed, it is unconscionable to cut off benefit payments, and so the Committee on Ways and Means is advancing a bill to continue unemployment compensation to those who would otherwise be cut off. We know that it makes no sense to have continued high interest rates, and so all the economic committees of the Congress call for eased monetary policy. We know that it makes no sense to tolerate the continuation of the deepest farm depression in 50 years, and so our Agriculture Committee is considering emergency relief. We know that it makes no sense to deepen and compound the miseries of the poor—and so every committee, every committee, has rejected the administration's demands for vast and unconscionable reductions in student assistance, in food stamp benefits, in medical care, in housing assistance, and a huge array of other programs that alleviate human suffering. When we consider the practical questions the House and Senate both reject the claim that the Reagan program does not hurt the truly needy—for we know that it has. We reject the claim that the Reagan program would create a boom—for it has not. We reject the claim that the Reagan program would not increase Federal deficits—for we know that the deficit projection for next year is eight times greater than he claimed it would be when the majority embraced his program. On down the line it goes: when it gets down to the practical side of things, the House recognizes reality, and the reality is that the Reagan medicine was not a magic elixir, it was and is poison. That poison has vastly increased unemployment; it has thrown the economy into reverse gear; it has kept interest rates high enough to induce bankruptcy on a level not seen since the Great Depression; it has stifled hopes, multiplied misery, and caused even its advocates to call for change.

The budget discussion, sadly, does not reflect the hard practicalities that we must confront. Instead, the various budgets all start with the assumption that the bottom-line deficit must be an attractive number, but that the religion of the supply-side doctrine must not be repudiated. Yet that poison is the source of the problem. In other words, the assumptions that we start with in these various options are not reasonable and not based on any principle. They are not related to the way the world works, since the supply-side basis that underlies them is something that the various authors of the resolutions do not themselves accept or believe in. They do not believe in the theology, but do not say so—they simply try to shade the argument to the point where hopefully, the poison will be reduced to a survivable level. They do not believe in the human sacrifices that supply-side religion demands, so they offer variations that try to mitigate the bloodshed enough to be more or less tolerable. But the options do not offer us an outright choice.

Grounded in the supply-side mud, the options simply try to fit programs into whatever space can be found or whatever illusion of space can be conjured up. Hence, for example, the official Republican budget conjures up imaginary savings, to allow the claim that this or that spending to alleviate misery will not add to the deficit.

But where, in any one of these options, do we find principle?

Where do we find as a principle, a call for thoroughgoing tax reform, reform to make the tax system more fair, more efficient, more productive, more workable?

Where do we find in all these incomprehensible options a real commitment to some minimum standard of human dignity and decency?

Where in the midst of all this do we find a commitment to regenerate the economy, to support the kind of education that we have to have in a world competing for high technology? Where do we find a commitment to the principle that this Nation needs to do something about its crumbling highways, its deteriorating bridges—all its hundreds of billions of dollars' worth of investment that could revive cities, spur commerce, provide employment?

Where in the midst of all this do we find a commitment to the principle that all who want to work should be able to find work, that great corporate failures are not a necessary part of moving forward—that sacrifice of the innocent is not tolerable?

We are entertained with learned discussion and weighty assumption. But the hard truth of it is that this year, just as last year, the Reagan program makes the Nation's economic battle a rich man's war and a poor man's fight. And indeed it is. The rich have gotten richer, as is attested by their vast gifts to the campaign funds of his party. But the poor have gotten poorer, and they have also grown more numerous.

Yet incredibly, we do not denounce squarely an economic policy that did exactly what responsible observers said it would: Worsen the Federal financial problem, worsen unemployment, worsen misery, and worsen the performance of the economy. Instead, we are presented with options that merely seek to bid for favor among interest groups that are fighting over crumbs—for they sense that unless there are fundamental changes—changes that they do not believe will happen this year—there will be fewer crumbs. What a tragedy it is. What a disservice to the Nation that we pay obeisance to this budget process, by indulging in a theological debate, rather than coming to grips with the need to call for reform, to get about the business of healing the damage inflicted in the past 14 months, to get about the task of alleviating the misery, of putting people back to work, to get on with the practical business of the country.

We are given a sorry range of choices—some better than others, but none that causes anyone to celebrate the possibility that better days might be ahead. No, instead we see choices between bitterness and outright poison, not choices that indicate we really hope for, let alone, expect better things.

Mr. JOHNSTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. LEACH).

Mr. LEACH of Iowa. Mr. Chairman, I rise in favor of the bipartisan budget put forth by Mr. ASPIN, Mr. GEPHARDT, Mr. MINETA, Mr. PANETTA, and Mr. WIRTH on the Democratic side of the aisle; Mr. DENARDIS, Mr. JEFFORDS, Mr. PRITCHARD, Mrs. SCHNEIDER, Mr. TAUKE, and myself on the Republican side.

Our approach represents an effort to establish a moderate concensus in the center of the Congress. It also represents an effort to put behind the partisan rancor that is dividing the country. America is crying out for consensus not greater social division.

We believe our budget is fair—carefully balancing the demands of the underprivileged with the requirements of defense.

We believe it is compassionate, but restrained—having in fact the lowest deficit of the two principal alternatives.

We also believe it is future oriented—giving greater priority to basic education and scientific research than the alternatives.

I would like to stress the basic science orientation of our budget in relation to the defense requirements of our country. As we look back at World Wars I and II, what distinguished American in a security sense from our allies and rivals was our technological and scientific base. It is here where we must always be second to none.

Finally, our budget envisions a 5 percent real growth per year in defense spending. This is less than the 6½ percent approach contained in the Latta alternative, but we are convinced it is prudent and responsible. America's greatest security asset is our economy and to the degree it is jeopardized by excessive defense spending, to that extent our defensive capacity is weakened. The key is the test of fairness and balance. We believe our budget best meets these tests. I urge its serious consideration by colleagues on both sides of the aisle.

Mr. JONES of Oklahoma. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Does the gentleman from North Carolina have further requests for time?

Mr. JOHNSTON. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, it is rare that one gets an opportunity to observe a filibuster on this side of this Capitol, but I am in the process of attempting to conduct one while certain technical changes are made. We still have the problem, in all the budgets submitted, of just how much of the economy this Government is going to try to take over next year.

Mr. MARTIN of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. JOHNSTON. I yield to my colleague from North Carolina.

Mr. MARTIN of North Carolina. Mr. Chairman, I thank the gentleman for yielding, because much of the debate that has gone on has centered on various ways many of our colleagues have of raising taxes as a way of avoiding excessive borrowing. We see in the past that steep increases in taxes have not saved us from going into debt. We just spend more than whatever those tax increases have been.

One of the things that I think needs to be noted by this body is that even with the tax cut that was enacted in 1981, a tax cut often referred to as the largest tax cut in history, it did not result in revenues declining this year in comparison with last year. It may have meant they did not go up as fast, but they did not decline. They rose. Revenues have increased this year over last year even with that tax cut.

The Congressional Budget Office and Office of Management and Budget and others all agree that even with the so-called tax cut scheduled for next year, and scheduled for this July, revenues are not going to go down. They are still going to go up.

One of the interesting things that we discussed, that we found in the deliberations of the Budget Committee, was that even with these tax cuts, revenues will rise as fast as inflation; indeed, a little bit faster. That means that there will be plenty of money in the Treasury to pay for those programs that are just rising as fast as inflation. There will not be enough to pay for those that are rising so much faster than inflation. That is where we have got to come to grips with this budget, to reduce expenditures, to reduce outlays, so that it fits within the available revenues.

Mr. JOHNSTON. I thank my colleague from North Carolina for his very pertinent remarks. There has been a great deal of talk about deficits here today, but whether we finance Government spending next year by deficit or whether we finance Government spending by taxes, or whether we spend additional, to get a balanced budget, is totally immaterial when we examine the size of Government spending in relation to the economy as a whole.

Earlier, I asked my colleague from Washington about the size of the spending in the Black Caucus budget. He responded that spending would be slightly in excess of $700 billion, but when I examined the Black Caucus budget I find total spending to be $808 billion. Now, if we factor $808 billion in Federal spending into any of the econometric models of our total economy next year, we will find that we have outdone ourselves because we will now see Federal spending as a percentage of our total economy exceeding 25 percent, an alltime record.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSTON. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I thank the gentleman for yielding.

A group of southern conservative Democrats sitting in the back row wanted to applaud the gentleman's spirit in the light of this filibuster under heavy and necessary circumstances. It is a temptation almost beyond belief, coming from our part of the world, and with our experience in politics, not to participate in a filibuster, so as the freshest member of that club, I have been thrust forward to wish the gentleman well and tell him that we are behind him.

Mr. JOHNSTON. Well, I thank the distinguished gentleman from Louisiana. I never thought I would be forced into that position, but I guess in the tradition of those great southern filibusters I will be forced to carry on.

Mr. SOLOMON. Mr. Chairman, will the gentleman yield?

Mr. JOHNSTON. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Chairman, I just cannot help but remark here, because I just want to say that thank God we have got some good southern Democrats, or I would hate to see what would be happening to this budget today.

Let me just say, the gentleman says he is participating in a filibuster. I just happened to be over in my office reading a Florida newspaper and there was an article there about the consultant to the National Democratic Party, and they were saying that they were advising the Democrats to hold the President's feet to the fire just as long as they could even if it brought this country to the brink of disaster. They did not want to push it to disaster, but to the brink of disaster. They wanted to stall the economy of this country just as long as humanly possible and get into the nearest election as quickly as possible.

I know that the conservative Democrats in this House are not going to go along with that, because they are good Americans and will help us to do what is right.

Mr. JOHNSTON. I may say further that I share the gentleman's views, and I do not think that consultant was typical of the great Democrats that have been Members of this House.

Mr. ROEMER. If the gentleman will yield further, as a final point, as a southern conservative Democrat, I appreciate those good words, and ask all the Members of this House, our colleagues, to read an article in Time magazine some 5 months ago on our economy in which they compared the generally free enterprise system we have with socialism around the world, and made a clear point. It is one that I think the gentleman is trying to make in a different way. Socialism makes good politics but lousy economics.

I think it is time for America to stand up, ask a sacrifice of everybody and we will all gain a great deal.

Mr. JOHNSTON. I thank the gentleman from Louisiana.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. JOHNSTON. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, I think in discussions with the minority leader, we are in a position to yield back both of our time.

Mr. JOHNSTON. Mr. Chairman, I still am concerned about the size of spending. I am still waiting for somebody to respond to my challenge, to point out one single economy on this planet where government is spending more than 40 percent of the total economy, that is viable and healthy.

I asked that question earlier and no one responded because there are not any illustrations of healthy economies.

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If we examine the economy of Singapore, examine the economy of Hong Kong, or examine the economy of Taiwan, Japan, and West Germany, we will find that government spending as a percentage of that total economy varies from 25 to 38 percent—much less than our own. In all the budgets that we will consider we will have to look at how much of the total economy each of those budgets demands be taken away from those who earn it.

A recovery will only occur when private business is once again viable and healthy, and the first thing private business, the private sector of the economy, must have is the resources and the capital with which to invest and provide the necessary jobs. It must have the working capital. After all, business needs something besides capital equipment. It needs inventories, it needs working capital to finance its accounts receivable, and it needs all sorts of risk expenditures.

After all, it was that element of risk which has provided such a great economy not only to our farmers but also to our private sector. But when risk capital is no longer available, that happens because government takes over the money, the risk capital. And we are not going to have a great Nation with no rich prople. Somehow it has become fashionable to believe that is we just "whomp" up long enough on the rich prople, the poor automatically are going to be better off.

A lot of criticism has been made of the trickle-down theory of the economy, as has been suggested by the gentleman from New York (Mr. KEMP), and Mr. Stockman and others. Well, I submit to the Members that 15 years of trickle-up did not work either. It is now time for a whole new basis, a whole new attempt to try to see that all Americans, those who are dependent on the Government for their support and those who are dependent on business for their support, are considered. And after all, there are 99 million people out there who are working, 99 million people employed and keeping more and more of their paychecks because inflation is at 2 percent.

I am not going to suggest to the Members that the sole cause of the reduction in inflation is the idea of reduced Government spending under the Reagan administration. Yes, some things have gone our way, but I submit that some things have gone against us, too, like the continued prevalence of high-interest rates.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSTON. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I thank the gentleman for yielding.

On the question of Federal spending as a percent of our economy, I wonder if the gentleman would agree with statements made earlier on the floor that on some of the proposals or under some of the budget plans, particularly the bipartisan plan supported by conservative and moderate Democrats and many Members on the gentleman's side of the aisle, the deep spending cuts, so-called, in that program would virtually eliminate the Federal Government from our economy.

Would the gentleman agree that a careful look at the figures would show that with a moderate rate of spending over the next 3 years we can reduce Federal spending, but still have the Federal Government at about 21 percent of all of our gross national product coming right out of these Halls of Congress? Is that not true, after those so-called deep cuts?

Mr. JOHNSTON. Yes. I say, Mr. Chairman, to my colleague, the gentleman from Louisiana, that even after all of the freezes and all the proposals to cut back funding levels on those programs that we have seen were rife with waste and inefficiency, the Federal Government in 1985, even under our best estimates, will still be spending 21 percent of this economy.

Mr. ROEMER. Mr. Chairman, if the gentleman will yield further, that is obviously a better percentage than the 24.3 percent we will spend under the Jones program or others that we will have for consideration.

There is another figure in there that I wish the gentleman would comment on and share my excitement about, and that is the percentage of the available resources in the credit market that would be taken by the Federal Government under the bipartisan plan as opposed to current law. As I understand it, in current law, if current practices continue over the next 3 years, the size of that credit pool that would be taken by the Federal Government would be 45, 50, 65, and 70 percent in some cases, but with our budget, with a reasonable reduction in deficits and a reasonable restraint in spending, with increased military preparation by eliminating waste in that department, after those things are put in place, the Federal Government will only soak up about 15 percent of the available credit.

I wonder what will happen to interest rates over those 3 years if for the first time in a decade we lower the amount of credit funds soaked up by the Federal Government.

Mr. JOHNSTON. Mr. Chairman, the gentleman from Louisiana (Mr. ROEMER) has made a very valid point.

The real question is: Can a small businessman or can a small farmer who is out seeking capital to expand his business possibly compete with a borrower the size of the Federal Government? He cannot, not in any way. Whether or not we finance our spending by deficits or our spending by taxes, the result is that we take the money away from those who are best capable of allocating it to production.

Mr. MARTIN of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. ROEMER. I yield to the gentleman from North Carolina.

Mr. MARTIN of North Carolina. Mr. Chairman, I thank my colleague for yielding.

The gentleman from Louisiana (Mr. ROEMER) is quite correct. Government absorption of credit has been growing rapidly in recent years. The gentleman referred to a majority share of that credit. That refers to a percentage of new savings that goes into the credit pool and that is absorbed out by the Federal Government.

For a decade we had averaged on the level of about 35 percent of new savings being absorbed by the Federal Government. In recent years, as of last year, for example, that has risen to 75 percent, and next year, unless something is done, it will rise to 80 percent of new savings.

Now, there is another way of looking at the entire pool of all available credit, and it turns out that for two decades prior to 1975; that is, from the period 1955 to 1975, the Federal Government absorbed 18 percent of all credit, and in the next 5 years, from 1975 to 1980, that proportion of all available credit rose from an 18 percent average up to 36 percent that is being absorbed by the Federal Government.

Now, that is not entirely made up of the borrowing to finance the national debt. It includes that. It also includes all of the off budget borrowing, the loan guarantees, the subsidies, the primary guarantees, the secondary guarantees, the direct loans, and all of this mixture of programs that have so greatly expanded this absorption of available credit.

● Mr. JEFFORDS. Mr. Chairman, I think most Members of this Congress understand the parameters of the critical stage we have reached in our own budget process and in our efforts to restore the economy of this country to health. I also know that the American people understand full well what the Congress has to do.

We have known for some time now that arriving at a consensus on the fiscal year 1983 budget was not going to be easy. The formulation of the fiscal year 1982 budget last year left some scars. The passage of time and the persistence of the recession have perhaps lent themselves to a solidification of budgetary philosophies and an increased willingness in some quarters to take a stand.

But the fact remains that Congress must adopt a first budget resolution for fiscal year 1983, and it must do so promptly. If this effort is to be successful, it will have to be bipartisan. It will have to leave behind the political posturing which has characterized the budget negotiations over recent months. Many of the parties involved in the negotiations have made honest, good faith efforts to break the logjam, and they are to be commended for it. We need to follow their example now. If partisan politics prevail, basic budget decisions could be deferred until after the November elections. Without clear signals on budget policy, the private sector investments which are key to economic recovery will also be deferred. Interest rates, which reflect investor doubts about the ability of the Congress to control taxes, spending and deficits, will not come down. The adverse impact of such developments on the economy could be devastating.

Over the last several weeks, a group of moderate Democrats and Republicans, known first as the Gang of Five and later as the Gang of Ten, entered into a series of discussions on how to expedite congressional approval of a sensible, responsible first budget resolution. The result has been the introduction of the so-called coalition budget substitute which is one of the three major budget proposals before the House for consideration.

As an original member of this bipartisan budget effort, I feel strongly that the coalition budget provides the Congress with a budget vehicle with a very good chance of success. I also feel that, of the seven budgets we will have a chance to vote on next week, it is unequivocably the best.

First of all, it has the lowest fiscal year 1983 deficit of the three major proposals, and the greatest 3-year deficit reduction figure. This is a very important point, of course, in terms of the Nation's economic recovery. If Congress does not take appropriate action to reduce the record deficits projected under the President's fiscal year 1983 budget, the Government will have to engage in massive borrowing to cover its debts. This will crowd small businessmen out of the credit markets and exert upward pressure on interest rates, which are already unacceptably high. The slumps being experienced by the housing, auto, and related industries will be exacerbated. Moreover, the national debt has reached $1 trillion, and the cost of servicing that debt on an annual basis has reached $100 billion.

On the revenue side, the coalition budget requires tax increases that fall between those required under the House Budget Committee bill and those required under the Republican proposal. I think it is important to note here that the coalition's fiscal year 1983 tax total can easily be reached without doing violence to the President's basic tax cut package as passed last year. The third-year individual tax cut can go ahead as planned, and accelerated depreciation for businesses can remain in place. I supported these innovations and do not advocate their undoing. Naturally, as is the case in a budget resolution of this kind, we have left the specifics of revenue raising to the House Ways and Means Committee. I would hope, however, that we could eliminate some of the special interest tax breaks that were adopted last year, such as the tax credit leasing system and the new breaks for the thriving oil industry.

Additionally, in his negotiations with the Speaker, President Reagan, just before the talks broke down, agreed to a 3-year revenue increase of $125 billion. Looking forward to a conference with the Senate, if the coalition budget is approved and the conferees split the difference on taxes, the end result would be a 3-year revenue increase of roughly $114.9 billion, significantly less than the President's final offer to Speaker O'NEILL.

Let us turn now for a moment to domestic discretionary spending. In this area generally, the committee and the coalition are not far apart, although the committee imposes slightly higher cuts. The distribution of the cuts varies, though, according to the addbacks provided for under each bill. I feel that the coalition has devised a package of add-ons that is well balanced and forward looking. It includes initiatives for investments that are essential to solving our long-term productivity problems. It includes funding for the cleanup of hazardous waste sites, and provides increased funding over the freeze level for student aid, elementary and secondary education, voc ed, veterans medical care and soil conservation. Although the Republican bill also has its add-ons, overall the domestic program cuts are considerably more severe than in either other package. The Republican substitute cuts these programs, which were hard hit last year, by $45.8 billion over the next 3 years. This is $13.4 billion more than in our bill.

Some more specifics. For the transportation, commerce, and housing credit and community and regional development functions, the coalition bill provides higher funding than the Republican bill, and roughly the same as the committee bill.

In the energy function, I am compelled to question the concessions which some of my Republican friends insist they have won in the Republican bill. The coalition budget derives its savings in this area by incorporating the President's proposal for a user fee on utilities for disposal of nuclear waste. The add-backs in the Republican substitute are meaningless because there is so little room to maneuver under the drastic overall cut in the energy function. If the Republican budget is going to live up to its supposed commitment to an energy conservation add-back, it would require a cut of about $1.7 billion in areas other than energy conservation. It is hard to imagine a DOE budget cut proposal from the administration without a minimal budget for energy conservation, given its track record. The Republican substitute cuts $500 million more from the energy function than even the President's original request, which budgeted a mere $22 million for conservation, only $4 million of which was for State grants.

Two additional areas where the coalition budget proves itself as far and away the best budget alternative are the financial aid programs for college students, and employment and training programs for displaced and underskilled workers.

For financial aid programs the coalition budget authorizes a total of $3.85 billion. This includes funding for college work-study programs, Pell grants and campus-based aid programs. The Jones budget authorizes these same programs at $3.6 billion, a reduction of $250 million from the coalition's level. It is in the Republican budget, however, that we see the most paltry support for these very important programs. The funding in that budget is a mere $3.46 billion, a reduction of $140 million from the Jones budget, and a reduction of $390 million from the coalition budget. If we are in favor of helping kids make it through college, the coalition budget is the one we should support.

Again, in employment and training programs, the coalition budget is head and shoulders above the rest. The Republican budget funds this program, that is of dire importance for a productive and skilled work force, at $3.307 billion. On the other hand, the coalition authorizes $4.150 billion. The choice is thus clear: we can have a work force that is college educated and well trained in job skills, or we can have the Republican budget.

There are two other domestic discretionary programs that are worthy of note. One is the WIC program that provides services to women who are pregnant or who have infant children. The Republican budget would cut 200,000 women and infants from the program in fiscal year 1983, 300,000 in fiscal year 1984, and 400,000 in fiscal year 1985. This is a result of funding the program at $9.34 billion for each of the next 3 years. On the other hand, the coalition budget increases funding for this highly successful and cost-effective program. For fiscal year 1983 it authorizes $9.8 billion, for fiscal year 1984, $10.8 billion, and for fiscal year 1985, $11.8 billion.

The Legal Services Corporation (LSC) is slated for elimination in the Republican budget by fiscal year 1985. For fiscal year 1984 it will endure a 60-percent cut. In the coalition budget, this program is not eliminated. Instead it is level funded for each of the next 3 years at $250 million. The LSC provides legal services to the poor and the elderly, and embodies the truly American concept of "justice for all."

The area of the greatest importance to the elderly, the disabled, and the low income of our country is the entitlements areas. Under this category fall the programs that provide for the health, nutrition, and income levels of this Nation's poor.

In the entitlement programs, the difference in priority is best illustrated when comparing the coalition budget to the Republican budget. In the targeted entitlement reforms, the Republican budget cuts $35.2 billion in the next 3 years. The coalition budget cuts $15.6 billion, a much more equitable and realistic figure.

It is when we look at the individual figures that the gap appears even wider. In the food stamp program, an entitlement that was designed to meet the basic nutritional and dietary needs of low income individuals, the Republican budget would cut $5 billion over the next 3 years. In the first year, for 1983, this would cut 300,000 elderly and disabled persons from the food stamp rolls. The coalition budget would cut only $1.4 billion, a mere third of the Republican budget.

In medicare there is again a huge difference. The Republican budget authorizes cuts totaling $4.9 billion. This is a substantial amount in a program that serves the health needs of the elderly and disabled in our country. Medicare is cut by only $2.35 billion in the coalition budget.

All this points to a divergence of priority within the budgets. The supporters of the coalition budget feel that it is a national responsibility to help those less fortunate by providing adequate food, health insurance and supplemental income. Those who support the Republican budget have turned their backs on the poor, the elderly and the disabled.

In the defense area, the moderate coalition budget merely slows the rate of increase proposed by the administration and by the Michel-Latta substitute. Our budget constitutes a real growth rate in budget authority of over 5 percent. Whether we should make an effort to shore up our defenses is not at issue—whether we will spend recklessly toward this end is in question. What we are saying is that defense spending should receive the same scrutiny as other areas of the budget and that throwing money at defense will not solve our security problems. In fact, it could make them worse by worsening Pentagon waste, creating industrial bottlenecks and ballooning the deficit.

A final observation, Mr. Chairman. We have some 67 amendments which are in order under the rule, and these amendments can conceivably be offered to each of the three major measures. I would hope that we could avoid loading the resolution down with too many amendments during this process. We do not want a Christmas tree bill. We do not want a bill that looks like last year's tax cut bill. If we lose control on these amendments, we could drive up the fiscal year 1983 deficit and send a horribly wrong signal to the financial markets and the American people.

In closing, Mr. Chairman, I want to commend the gentleman from Colorado (Mr. WIRTH) and the gentleman from Iowa (Mr. LEACH) for catalyzing the coalition budget, along with those other Democrats and Republicans who took part in an effort which I think has proved very fruitful.

Thank you, Mr. Chairman.●

● Mr. HUGHES. Mr. Chairman, I have prepared an amendment to the first budget resolution and its accompanying substitutes to restore some of the cuts that have been made in the Federal law enforcement agencies in recent years and that are proposed to be carried forward.

It is no secret that violent crime is out of control—it has risen 5 percent per year since 1971. The current as well as past administrations state we are engaged in a war against crime, but the facts reveal that we are in retreat.

Today we are spending the same sums on law enforcement activities as in previous years in totals unadjusted for inflation. What that means is that today our Nation's law enforcement agencies are smaller than they were 3, 4, or 5 years ago, when the crime rate was lower. We all know that in our districts, the State and local law enforcement agencies have been cut back as well. Yet the people, in every poll and survey, call clearly and loudly for more law enforcement.

The second point that I want to make is that the House Budget Committee has proposed a budget for law enforcement that is less than the President's bare bones budget. For example, House Concurrent Resolution 345 assumes an expenditure for the FBI that is $30 million less than the President asked for. And that is less than what is needed to operate the Bureau at the reduced levels at which it is now operating.

For fiscal year 1983 I am asking to restore cuts to the FBI that amount to

$39 million. As the leading Federal law enforcement agency, it has compiled the essential criminal history information that is used by all the States. It has the Nation's only centralized file of fingerprints that is the only way to establish positive identification for security and background checks. This program is scheduled to be cut back even though it already is subject to enormous backlogs.

Let me offer an illustration. One Miami case involved a man wanted by the FBI for flight from a drug trafficking conviction. He was arrested by the Miami police for a firearms violation. He was bailed out. It was a month before the FBI completed its fingerprint check, determined who the man was, and notified Miami. After he was released, he is suspected to have killed a half dozen people before he was killed in a police shootout. Sadly, this delay characterizes the criminal justice system. What have we saved?

It has been demonstrated over and over again that persons involved in the drug traffic, or who are addicted to narcotics are responsible for a large portion of our crime problem. The Drug Enforcement Administration has the world's best intelligence on those activities. It must not be cut back at a time when we are beginning to achieve dramatic successes in the fight against major drug traffickers. My amendment would restore $17 million for DEA, not to increase its efforts, but to hold its own.

My amendment restores $5 million for the Bureau of Alcohol, Tobacco, and Firearms. This Bureau is responsible for fighting violent crime that uses firearms, explosives, and arson. In the last 18 months, BATF seized over 700 machine guns in Florida alone. Recessions are marked by increases in the number of arsons designed to obtain insurance proceeds. That costs hundreds of millions in dollars in higher insurance premiums for every business and homeowner. BATF investigated over 400 arsons in fiscal year 1981 that involved 25 deaths and property damage in excess of $100 million. Those investigations alone saved over $25 million in fraudulent insurance proceeds.

Finally, I am requesting $190 million to fund the Office of Justice Assistance which is a streamlined and efficient replacement for the old LEAA. The House passed H.R. 4481 which would create the Office of Justice Assistance and authorized $190 million for fiscal year by a vote of 289 to 73 on February 10 of this year. This program is vital for State and local law enforcement. The $190 million for justice assistance is targeted against carrier criminals, arsons, white-collar crime, crime against the elderly, and serious juvenile offenders. It provides for improved prosecution and investigations where they are needed most.

Across the country, without regard to party or philosophy, in all the regions of the country, the American people demand more effective law enforcement. This was demonstrated by the overwhelming vote for assistance for the effective, hard-hitting State and local law enforcement programs embodied in H.R. 4481.

Defense against violent crime is every bit as important as military readiness, and the American people have time and again spoken out to make that clear.

AN AMENDMENT TO H. CON. RES. 345, OR ANY AMENDMENT, THERETO

To the matter concerning function 750; Administration of Justice

Increase budget authority by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase outlays by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and $271,000,000 in fiscal year 1985;

Increase the deficit by $251,000,000 in fiscal year 1983; by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985.●

● Mr. BROWN of California. Mr. Chairman, for the next few days we will be debating the Federal budget for fiscal year 1983, an issue of importance to our country and its citizens. We will, in the end, be determining whether to continue the path we began last year—a path which I believe has exacerbated high interest rates, increased unemploymnent, and produced huge deficits leading us to the most severe recession since World War II—or whether we will revise our priorities to strengthen the foundations of our economy.

To some of my colleagues, this may begin to sound as if I am about to advocate more spending and higher deficits. I am not. I realize the value of a balanced budget. But even with the best of budgets, even with a budget which is at or near balance, our economy will sputter and remain weak unless we address the critical problem at its very core: American industrial productivity.

This underlying concern, which I have had for several years, is the reason that I have decided to endorse the Obey budget alternative. While providing for a surplus in fiscal year 1985, the Obey proposal stresses an immediate economic stimulus program, and also stresses a strong education and science base, a base which will be the foundation for continued prosperity.

It would be making a mockery of the situation if I insisted that this one budget resolution would make or break our economy. But I also resist the philosophy that says there is no role whatsoever for Government in helping to improve the performance of American industry. The present administration, and many of my own colleagues, believe that the Government of this great country has no business trying to improve innovation or productivity in American industry.

But this flies in the face of reality. This flies in the face of what our competitors are doing, and doing very well. They have developed cooperative programs between Government and industry to overcome mutual problems. They are strongly supporting their educational institutions. They are providing adequate job training. They are encouraging innovation and productivity.

We, in stark contrast, are cutting back our support. We are neglecting the very foundation of our economy. We are abdicating our responsibility. Not only to business, but to every American who benefits from a prosperous economy. This is shortsightedness of the highest order.

To be fair, some of the proposals before us, such as the one from the Budget Committee, make very modest efforts to address this serious problem, and it is obviously a vast improvement over that proposed by the administration. The committee proposal does recognize the importance of job training, education, and science programs. Programs such as these demonstrate our commitment to the future. But frankly, I do not see the long-term commitment needed in these vital areas. And without them the difficulties we face today will be miniscule compared to the difficulties faced by the next generation.

The Northeast and Midwest, among other areas, are seeing firsthand the effects of sunset industries in our communities. These industries have lagged behind foreign competitors in research and innovation, laying off thousands of workers. At the same time thousands of other jobs go unfilled because of the lack of skilled applicants.

In my own Californian district, I have been working with business, labor, government, and educational institutions on an economic development program. It is our contention that each segment has a vital role to play in coordinating and developing our local economy. Rather than blaming it on the other fellow, each of us must learn from our past errors and redefine our methods for achieving economic prosperity.

Together we must commit ourselves to retraining the hard working, displaced worker, in conjunction with the training of future workers through our educational system. This skill development should not be willy-nilly, but should instead be directed and encouraged toward areas which will meet our future needs, toward a future more dependent upon science and technology.

Without a continuing superiority in our science programs, we will find ourselves unable to maintain our position as a leading industrial economy. The Nation's scientific research and development base are critical to this country's long-term economic vitality and national competitiveness. Scientific research and development gives us the knowledge base to control our destiny. Scientific exploration broadens our choices in shaping this Nation's economic and technological profile.

Although the administration is aware of the importance of science and technology to the Nation, it is inhibited by its political philosophy which sees no role for the Federal Government in trying to improve the innovation or productivity of American industry. There is a vast array of basic research as well as applied research which by its very nature is unlikely to be performed by the private sector, even under the best economic circumstances.

Out system of government, which has as its foundation freedom of choice and the free market, is not well equipped to deal with longer term questions. Rather, it compels our private industry to emphasize short-term solutions and rewards. While this is surely a gross oversimplification of the situation, we would be foolish to let this weakness overwhelm and destroy our great society.

We bail out our Chryslers, our bankrupt cities, and send emergency aid to victims of national disasters. We are a compassionate nation, but seem loathe to address the causes of our problems. Surely Federal support in science research and development, technology transfer, science education, and innovation and productivity, which is tied to scientific research, will not bring about the destruction of our free society, but rather will bolster a free society.

Nothing has preordained us to be the world economic leader. We worked hard to achieve that distinction and we should be proud of it. But to maintain it we will have to work even harder. The competition is better fed, better educated, and more committed than ever before. We, too, must make that commitment. We have the human resources, now we must provide the financial and economic resources.

Instead of preparing for the future, we here in Congress appear to believe that perhaps it will go away, or perhaps we prefer to allow others to solve the mistakes of our own self-preservation and shortsightedness. I urge my colleagues to look beyond the November elections and to determine what we want our country's future to be. If we fail to take the necessary steps now to improve the productivity of American industry, even if we do the greatest job in the world of balancing the budget, we will still face some serious economic problems which we may not be able to overcome. It is for this reason I urge my colleagues to support the Obey budget alternative and its modest, but realistic commitment to improving American productivity.●

● Mr. DERWINSKI. Mr. Chairman, it is a fact of life that most of the Members at least give lip service to the specific goal of the budget process, which is to lower the deficit, and that this positive step by the Congress would be helpful in producing lower interest rates, which, in turn, will stimulate the economy through revitalization of homebuilding, automobile sales, and other phases of our economy.

It is unfortunate that there is too much politics in the air, and a combination of one-upmanship and maneuvering between factions is being put ahead of practical decisions which are long overdue. My feeling is this has thoroughly confused and frustrated the public.

The budget process is supposed to bring discipline over spending. Obviously, it has not, and I wonder whether this process is, in fact, workable.

However, I specifically wish to address myself to functions falling under the jurisdiction of the House Post Office and Civil Service Committee. The Congress in establishing the civil service retirement system over 60 years ago, 15 years before enactment of social security, made a binding commitment to Federal employees and annuitants. As a matter of public policy, Congress provided for a contributory staff retirement system—not an income insurance plan as in the case of social security. The retirement system has operated on the premise that a long-term career employee would earn an annuity which would insure a standard of living in retirement reasonably close to the standard maintained by the employee during his working career, taking into account the level of pay of the employee and the length of service.

Retired Federal civil servants have earned the right to expect and depend upon annuities which will help them enjoy their golden years free of anxiety generated by constant tinkering with their annuities. They have contributed toward COLA benefits throughout their Federal careers. To turn our backs on them now by capping or reducing cost-of-living adjustments is to break a commitment we made to them in return for their dedicated service.

In all the double-talk over social security, I will continue to insist that the civil service retirement system be kept independent. It is an obligational commitment and that should continue to be our policy, and as far as I know, that is the President's position—continued support for the integrity of the civil service retirement system.

If Congress in its wisdom decides that budgetary discipline requires a cap on COLA benefits, such action should be taken on an across-the-board basis with uniform application to all pension benefits. It is the sleight-of-hand, use-of-mirrors style that has developed in this budget battle which focuses on singling out retired Federal employees for another assault on their benefits, while other pension systems are left without any policy or budgetary reform.

One other major point I wish to make, Mr. Speaker, is this. If we really are interested in demonstrating to the American public that we share their genuine concerns about spiraling Federal spending, we should set an example by demonstrating that we are going to put our own house in order by placing a moratorium on pay increases for congressional employees. I would favor a 1-year moratorium on pay increase for congressional employees. Such action clearly would put Congress in a leadership role on fiscal responsibility.

We fall considerably short of that goal with ill-advised attempts to change a basic retirement policy and renege on the Government's promise of retirement security for retired civil servants. That is akin to a breach of contract.

Now to return to the general issue before us, Mr. Speaker, I believe the economy is on the verge of a great comeback. We have taken some steps to alleviate the problems of the housing industry, but interest rates must come down to create the boom everyone knows will ultimately come. The way to do this is to lower the deficit and do away with the spend-and-spend, tax-and-tax philosophy of the last 50 years which our friends in the majority party in the House are still practicing.

We have a strong, diversified economy which is the key to our economic leadership throughout the world. We can unleash it if we pass a budget to reduce the drain deficit Federal spending exerts on the economy.●

● Mr. DYMALLY. Mr. Chairman, last year funding for scientific research and for the educational system which trains our researchers was cut deeply along with most other domestic programs. It should be stated clearly as we take up consideration of the 1983 budget that education and basic research are not like other domestic funding areas. They are our guarantee of a strong and prosperous future. The modern workplace more and more demands a labor force with a high degree of technical expertise. We must have an educated populace. And, further, we must support basic and applied scientific research is the first step that leads to development and marketing of the products that support basic our businesses and industries and, ultimately, our economy.

Any severe cutbacks in these fundamental areas will, therefore, surely result in the long-term mortgaging of our children's future so that we might, selfishly, solve our own short-term problems. Given the grave consequences that accompany cuts in these areas, I would urge that this body reaffirm its commitment to a strong basic research program and a strong educational program. Moreover, I would urge that we take steps to plan national policies that will strengthen our programs of scientific and mathematical education as well as our basic research program.

Since World War II, the Federal Government has participated heavily in scientific research and in the education of scientists and technicians. For 40 years, we have considered science and scientific education to be of national importance, and we have supported them accordingly. Our investment has led to the creation of new construction materials, to improvements in the generation of electricity, to the development of computers, to the eradication of diseases that once devastated nations, and to a deeper understanding of human behavior. The federally funded drive that placed a man on the Moon is regarded in some circles as the most complex and most successful organizational venture ever undertaken by humankind. The effect of Federal involvement in science and scientific education has been awesome. It has transformed the world.

Now, we are reevaluating the proper role of the Federal Government in science and scientific education. In the coming years we will weigh contradictory values one against the other and make decisions about science and education that, for better or worse, will again transform the world.

We will decide whether it is more valuable for our local education agencies to determine science and mathematics content and curriculums for themselves than it is to guarantee that all our citizens gain the basic scientific education they need to function fully in a technologically complex world.

We will decide whether it is more valuable for our undergraduate and graduate students to have the privilege of paying for their education through their own labor than it is for the Nation to create a pool of scientists and technicians whose sole qualification is ability.

We will decide whether it is more valuable to fully support our free enterprise system by allowing market forces to determine the nature and course of scientific research and development than it is to support high-risk basic research and innovation in areas where it is not clear what marketable products will be directly forthcoming.

We will decide whether it is more valuable to select certain sciences for growth allowing the others to languish than it is to maintain a level of moderate growth across the range of sciences.

And, we will decide whether it is more valuable to preserve in secret our scientific discoveries than it is to promote the international exchange of scientific knowledge.

The agenda for our reevaluation of the proper Federal role in science is clear enough. We must determine the proper Federal contribution to scientific education, to scientific research, innovation, and development, and to the exchange of scientific ideas.

Less clear are the national goals which should guide our reevaluation. We lack a unified national science policy. And it behooves us, before we begin in earnest to determine the specifics of future Federal involvement in science, to first determine what outcome we wish to accomplish through this set of specific decisions.

This is neither a simple nor an inconsequential challenge. We are transient holders of public office, accustomed to responding to crises rather than to a need for long-term planning. Yet our challenge is to look beyond the few years we are here, beyond the present economic problems which face us, into the next century because the consequences of the decisions we make during our time will have their most profound effects on those who will follow us.

Science, by its nature, is a slow and risky, cumulative process. If we are to be responsible holders of public office, then we must strive to make decisions about science which are tied less to the concerns of the present moment than to a much more profound concern for the long-term well-being of our citizens. We must develop a national science policy which will not mortgage the lives of our citizens in the year 2000 simply to satisfy the demands of narrowly focused special interest groups in the year 1982.●

● **Mr. FRENZEL.** Mr. Chairman, this bipartisan recovery budget substitute is the result of cooperative labors, not only of the drafting committee which put it together, but also of every person, in both branches, both Houses, and both parties, who has toiled in the budget process.

It is based on numbers and assumptions developed at OMB, perfected at CBO, and ratified by the Senate and House Budget Committees. It is also based on budget presentations of many witnesses and the considerations and judgments of both Budget Committees' members.

It is a small piece in the ongoing budget process. It stands in stark contrast to the Jones budget, the product of the House Budget Committee, but it arises from the same process. In a sense, the two are siblings.

There would be no bipartisan recovery budget substitute if the Jones budget had dealt rationally with the problems that confronts us. It exists only because the Jones budget is deficient. The HBC labored mightily and produced, in the Jones budget, an unacceptable product.

To understand the differences between the two competing budgets, it is first necessary to examine the flaws in the Jones (HBC) budget. Generally, the flaws are generated by the majority's unwillingness to accept change. Majority liberals were simply unable to stop their old spending and taxing habits.

The majority professed a distaste for deficits, but refused to make necessary cuts in spending programs. For the long run, deficits can not be controlled unless spending is reduced. Having been unable to sever its ties to the discredited policies of the past, the majority was forced to embrace another discredited old policy, that of soaking the taxpayers with more taxes.

Specifically, the Jones (HBC) budget lays an astounding $150 billion burden on American taxpayers over the next 3 years. That burden is certain to inhibit the economic recovery. It almost seems calculated to do so.

At no time in modern history has our country tried to encourage a recovery by laying on substantial additional taxes—except during Herbert Hoover's presidency. The House Budget Committee has chosen an unusal example to follow.

The bipartisan recovery budget presents a sharp difference. It attacks the real problem: spending. It does not seek to blame the country's economic woes on the taxpayers. It blames them on the Government. It reduces Government influence and interference. It cuts Federal spending.

Because it cuts spending, it places on the taxpayer only that additional burden that is absolutely necessary to keep deficits down and declining. It raises $55 billion less taxes than the Jones' version. That is an enormous differential.

That presents a simple choice. Anyone who believes that taxpayers are not paying enough taxes, that the taxpayers should be punished for our sins, should vote for the Jones (HBC) budget. Those who believe spending should be cut, and taxpayers burdened less severely, should vote for the bipartisan recovery budget.

Another alternative is a late entry in the arena of budgetary options. This is the coalition budget substitute, authored by several Democratic members of the House Budget Committee in conjunction with some Republicans.

The substitute proposes $137 billion in increased taxes over 3 years. Discretionary nondefense spending would be cut over the same period by $32 billion. These figures are more reasonable than the Jones' figures of $149 and $24 billion respectively. Nevertheless, $137 billion in increased taxes is still too high. Our fragile economic recovery cannot withstand an additional tax burden that large.

Further, this substitute includes $8 billion in additional discretionary nondefense spending cuts over those recommended by the HBC majority. The authors still have not cut deep enough. Reducing Federal expenditures is the key to economic recovery, and the achievement of lasting prosperity. Raising taxes is not.

In summary, the authors of the coalition budget deserve credit for their efforts to write a more moderate proposal than that passed by the HBC by a partisan 17 to 12 vote. However, the substitute continues the tax and spend policies of old, even though it does so to a slightly lesser degree than the HBC passed alternative.

The high taxes and insufficient spending reductions of the coalition budget would have a detrimental impact on the economy and our fledgling recovery. It should not be passed.

There are other significant differences between the Jones (HBC) budget and the bipartisan recovery budget besides the taxing and spending issues. The Jones (HBC) budget does not even set a time certain for reconciliation. That alone could be a fatal flaw. The recovery budget sets a date.

The Jones (HBC) version merely waves at the credit budget, even though economists have told us for years that our credit budget is growing faster than our expense budget, and is one of the major forces pushing interest rates up. The name of the interest rate game has to be "down."

The bipartisan recovery budget forces credit items, both direct loans and guaranteed loans, into reconciliation. No longer will Government be able to lend to, or guarantee loans for, favored projects or borrowers without limit. And, better yet, the Federal interest subsidies, are also limited. There will still be a sharp discount from prime for favored borrowers from the Federal Government, but all will be subject to uniform minimum restrictions.

To repeat, the recovery budget is built on the same base and flows from the same process as the Jones' (HBC) budget. Both vary slightly, and about equally, from complete reliance on CBO figures. Despite those similarities, they are worlds apart.

The Jones' (HBC) budget spends big and taxes big. The bipartisan recovery budget spends less and taxes less. It is calculated to reduce interest rates through its declining deficits and its control of Federal credit programs. It will help our economic recovery. The Jones budget is likely to hinder recovery.

The choice is easy.●

● Mr. **KOGOVSEK**. Mr. Chairman, there will be numerous statements on the floor of the House within the next several days, offering varying views on the proper criteria for the fiscal year 1983 budget. It seems that almost as many budget proposals will be offered—all containing some good and some bad. But I am sure, or at least very hopeful, that the major focus of those statements and proposals will be methods by which we can keep the Federal deficit below $100 billion. Mr. Chairman, I find that figure more than just a little difficult to spit out. The deficit for fiscal year 1981 was $57 billion, and last year, this body talked endlessly about the need to keep the deficit down. Now, we face a projected 1982 budget deficit of at least $121 billion--going higher each day as unemployment rises and costs of paying for that unemployment rise too. We see the deficit rising upward because of gigantic increases in the growth of defense spending, because of the cost of entitlement programs and because of the excessive tax cut legislation this Congress passed and the administration signed its name to last year.

As we all consider what various budget proposals will do to programs of interest to us as individuals and to our districts, let us not lose sight of two paramount issues--rising deficits and the concept, the need, for fairness in Federal budgeting. Demagoguery has become a buzz word in Washington, on both sides of the political aisle on any number of issues. And the issues of fairness and balanced budgets are two of them.

As I prepare to go home and talk to my constituents about the budget questions before us, I sincerely want to be able to tell them that we are prepared to make some very difficult decisions. We'll find out soon enough if that is true.

I hope we are prepared to keep the fiscal year 1983 deficit below $100 billion, but I hope we are prepared to say that some of last year's decisions were wrong--wrong because they were so grossly unfair. The middle and lower income level families which make up the bulk of my district's population were hurt considerably by domestic program budget cuts--those people are farmers and ranchers and small businessmen and single-parent families trying to make ends meet and maybe a little more. The domestic program cuts were severe, and it is unrealistic—it is sheer demagoguery—to say that we can balance the Federal budget if we "just make those necessary cuts in domestic programs, if we just bite the bullet, if we just put a stop to all that waste fraud and abuse in social programs." The only way the budget can be balanced by further axing domestic programs that are helpful to the middle class and survival to the poor is to nearly eliminate them. That is not fairness in budgeting.

More of last year's decisions were wrong. We began to increase the growth in defense spending to astronomical levels—to degrees that even the strongest defense spokesmen in the country say are too much, too fast. I am not talking about making America weak by slowing down the growth. I am talking about using a reasonable approach—a necessity, particularly when the administration and Congress are seriously discussing arms limitation. I am talking about keeping America strong, and a stable economy is strength.

We have got to right one more wrong if we are going to address the two issues of deficits and fairness. That is an alteration of last year's tax bill—one that divides the burden of revenue-raising equitably among those who earn and pay the bill for education for the handicapped, for highway construction, housing for the poor, retirement for the elderly. We did not do that in last year's tax bill, and I think we all know it—those who supported it as well as those who opposed it.

The deficits are robbing us of growth, of ability to purchase a home or a car--because they are helping to keep interest rates high. A lack of fairness has robbed many who had little for the taking to start with, and I am not just talking about the poor. The middle-class family that was forced to pay higher prices for their children's school lunches because of Federal budget cuts got robbed, too.

Let us right the wrongs—the wrongs many say were committed by the Democratic Party for the last 20 years, and the wrongs which have taken place under the prodding of the present administration. And let us do it without the issue of political victory in the forefront.●

Mr. **GREEN**. Mr. Chairman, the gentleman from New Jersey (Mr. HOLLENBECK) and I offer this amendment because of our concern over the level of defense spending being proposed. In short, the amendment would in all 3 fiscal years reduce defense budget authority by $16 billion, defense outlays by $4 billion, and revenues by $4 billion.

While I recognize the need for some increase in defense, I think that it is clear that the level proposed is unreasonable. Also, I think that the increases need to be primarily in the areas of operations and maintenance and readiness. Clearly, we cannot afford and we do not in a strategic sense need all of the costly new weapons systems which have been proposed. I personally do not see the need for the MX missile or the B-1 bomber, as examples.

When we add the $4 billion outlay cut in my amendment to the roughly $8 billion reduction the Jones substitute already contains from the baseline and to the military pay provisions, we then reach a total reduction of about $15 billion. This level of reduction will force the Armed Services Committee to make some very real and hard choices about weapons systems procurement. Such a reduction should not allow the committee to make easier—and, in my view, less wise—cuts in manpower, spare parts, and other readiness areas. Instead, the committee will have to look at entire weapons systems and decide what we truly need and what we can afford.

Further, I am disturbed at the high level of tax increases contained in the Jones budget, particularly in the outyears. I agree that some level of tax increase is justified as one component of or effort to reduce the deficit. However, I think that the Jones substitute may be going somewhat too far. Consequently, since my amendment cuts defense spending by $4 billion, we do not need to raise taxes as much to achieve the same deficit level as is in the Jones proposal. Thus, the amendment also reduces the revenue level in Jones by $4 billion.

I think that this is a reasonable proposal, one which will improve the Jones substitute, and I urge my colleagues to support my amendment:

Amendment Offered by Mr. Green to the Amendment in the Nature of a Substitute Offered by Mr. Jones of Oklahoma

Title II, Sec. 201(1) relating to the level of Federal revenues, strike out "$676,700,000,000" and insert in lieu thereof "$672,700,000,000."

Title II, Sec. 201(1) relating to the net amount by which the aggregate level of Federal revenues should be increased, strike out "$31,700,000,000" and insert in lieu thereof "$27,700,000,000."

Title II, Sec. 201(2) relating to the level of total new budget authority, strike out "$828,000,000,000" and insert in lieu thereof "$812,000,000,000."

Title II, Sec. 201(3) relating to the level of total budget outlays, strike out "$780,550,000,000" and insert in lieu thereof "$776,550,000,000."

Title II, Sec. 202(1)(A) National Defense (function 050) relating to New Budget Authority, strike out "$242,850,000,000" and insert in lieu thereof "$226,850,000,000."

Title II, Sec. 202(1)(B) National Defense (function 050) relating to Outlays, strike out "$212,300,000,000" and insert in lieu thereof "$208,300,000,000."

Title II, Sec. 204(1) relating to the level of Federal revenues for fiscal year 1984, strike out "$753,650,000,000" and insert in lieu thereof "$749,650,000,000."

Title II, Sec. 204(1) relating to the level of Federal revenues for fiscal year 1985, strike out "$846,550,000,000" and insert in lieu thereof "$842,550,000,000."

Title II, Sec. 204(1) relating to the amount by which the aggregate levels of Federal revenues should be increased for fiscal year 1984, strike out "$51,650,000,000" and insert in lieu thereof "$47,650,000,000."

Title II, Sec. 204(1) relating to the amount by which the aggregate levels of Federal revenues should be increased for fiscal year 1985, strike out "$66,550,000,000" and insert in lieu thereof "$62,550,000,000."

Title II, Sec. 204(2) relating to the level of total new budget authority for fiscal year 1984, strike out "$888,400,000,000" and insert in lieu thereof "$872,400,000,000."

Title II, Sec. 204(2) relating to the level of total new budget authority for fiscal year 1985, strike out "$952,850,000,000" and insert in lieu thereof "$936,850,000,000."

Title II, Sec. 204(3) relating to the level of total budget outlays for fiscal year 1984, strike out "$826,400,000,000" and insert in lieu thereof "$822,400,000,000."

Title II, Sec. 204(3) relating to the level of total budget outlays for fiscal year 1985, strike out "$881,200,000,000" and insert in lieu thereof "$877,200,000,000."

Title II, Sec. 205(1)(A) National Defense (function 050) relating to New Budget Authority for fiscal year 1984, strike out "$268,150,000,000" and insert in lieu thereof "$252,150,000,000."

Title II, Sec. 205(1)(B) National Defense (function 050) relating to Outlays for fiscal year 1984, strike out "$235,350,000,000" and insert in lieu thereof "$231,350,000,000."

Title II, Sec. 205(1)(A) National Defense (function 050) relating to New Budget Authority for fiscal year 1985, strike out "$295,950,000,000" and insert in lieu thereof "$279,950,000,000."

Title II, Sec. 205(1)(B) National Defense (function 050) relating to Outlays for fiscal year 1985, strike out "$265,950,000,000" and insert in lieu thereof "$261,950,000,000."

Amendment by Mr. Green to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma:

By Mr. GREEN:

Page 12, line 10, strike out "$676,700,000,000" and insert in lieu thereof "$672,700,000,000."

Page 12, line 12, strike out "$31,700,000,000" and insert in lieu thereof "$27,700,000,000."

Page 12, line 14, strike out "$828,000,000,000" and insert in lieu thereof "$812,000,000,000."

Page 12, line 16, strike out "$780,550,000,000" and insert in lieu thereof "$776,550,000,000."

Page 13, line 9, strike out "$242,850,000,000" and insert in lieu thereof "$226,850,000,000."

Page 13, line 10, strike out "$212,300,000,000" and insert in lieu thereof "$208,300,000,000."

Page 22, line 4, strike out "$753,650,000,000" and insert in lieu thereof "$749,650,000,000."

Page 22, line 5, strike out "$846,550,000,000" and insert in lieu thereof "$842,550,000,000."

Page 22, line 8, strike out "$51,650,000,000" and insert in lieu thereof "$47,650,000,000."

Page 22, line 9, strike out "$66,550,000,000" and insert in lieu thereof "$62,550,000,000."

Page 22, line 12, strike out "$888,400,000,000" and insert in lieu thereof "$872,400,000,000."

Page 22, line 13, strike out "$952,850,000,000" and insert in lieu thereof "$936,850,000,000."

Page 22, line 15, strike out "$826,400,000,000" and insert in lieu thereof "$822,400,000,000."

Page 22, line 16, strike out "$881,200,000,000" and insert in lieu thereof "$877,200,000,000."

Page 23, line 12, strike out "$268,150,000,000" and insert in lieu thereof "$252,150,000,000."

Page 23, line 13, strike out "$235,350,000,000" and insert in lieu thereof "$231,350,000,000."

Page 23, line 16, strike out "$295,950,000,000" and insert in lieu thereof "$279,950,000,000."

Page 23, line 17, strike out "$265,950,000,000" and insert in lieu thereof "$261,950,000,000."

● **Mr. MOFFETT.** Mr. Chairman, my comments during this important debate on the 1983 budget deal with two subjects: First, a general discussion of the budget and our economy; second, specifics regarding the President's proposed budget and the alternatives which have been thoughtfully advanced by Representatives Jones, Aspin, and Wirth.

The House will consider seven different substantive budgets and 68 line item amendments—amendments which either add or subtract funds—during the course of our debate. This rather remarkable range of choices contrasts significantly with our alternative last year: We were allowed to vote either for or against the Reagan economic program. I voted against the Reagan program, consisting of over $100 billion in spending cuts; $749 billion in tax breaks; and, a record $1.5 trillion, 5-year spending plan for defense. That program prevailed. And now, the Congress is confronted with the Reagan administration 1983 budget deficit which the Congressional Budget Office forecasts will exceed $180 billion.

Last year, a majority of the Members of the Senate and House felt comfortable with the President's program. This year, we have seven alternatives and 68 smaller amendments demonstrating differences in degree with the President's proposals. This extraordinary showing demonstrates that there is no unified congressional response to the President's huge and unprecedented budget deficit.

There was an attempt, earlier this year, to establish a compromise. Those efforts failed. The President would not back off his tax program; would not accept fundamental changes in what I regard as a wasteful and dangerous defense budget; and, he was continuing to seek more cuts—$40 billion more—to reduce social security. Fortunately, these social security reductions have been defeated—mostly, because of the political pressure properly brought to bear on the White House. But all seven budget alternatives, on which we will be voting this week, are handicapped by the President's refusal to back away from his original economic program. He steadfastly refuses to change course when his tax, budget, and defense plans have brought this country to the brink of economic collapse.

The President's inflexibility is remarkable given our current state of affairs.

Last March, the House and Senate were forced to pass resolutions redeclaring that the Government backs deposits in savings and loans.

Housing starts are at their lowest levels in 26 years.

Unemployment has reached 9.4 percent leaving a total of 10.3 million Americans out of work, but still actively looking.

Timber companies in the Pacific Northwest are lobbying the administration to be relieved from contracts which would force them to add lumber to their already overburdened backlogs.

Despite the existence of these recordbreaking statistics—and the human misery which they represent—the President is offering us no concessions, no willingness to compromise, and a 12-digit deficit which Congress, and Congress alone, will have to shrink.

Before I get into specifics, I think that it is important to draw some conclusions from this sorry state of affairs.

First, regardless of what budget is adopted, the people of this country should know what the 1983 budget is about. It is not about planning for the future. It is not about learning new ways to compete with the Japanese. It is not about saving social security, preserving the environment, or providing help for the poor, the jobless, or the infirm. The 1983 budget is about cutting or shaving programs to reduce the Reagan deficit to politically acceptable levels.

Second, unless the President changes his blind adherence to his failing program, we will be repeating this exercise in 1983, 1984, and 1985. We will be lurching from deficit to deficit; and, we will still not be putting into place a proemployment, procapital formation, economic growth policy which will rebuild our country.

Third, unless we adopt some acceptable amendments to restructure our priorities, Congress will be reestablishing for 1983, the painful and inequitable mistakes which are hurting so many people this year.

For this reason, I will be supporting several key amendments which will add funds and restore equity in our tax system for the purpose of righting some of the particularly savage cuts in the President's budget.

I will be supporting the Oakar amendment to restore funding to the medicare and medicaid programs;

I will be supporting the Aspin-Wirth amendment to maintain programs to protect the environment at EPA; to add strength to battered programs affording assistance to students; to fund the Solarz Middle East peace programs; and, to maintain our commitments to retirees who paid for and were promised cost-of-living adjustments.

I will be supporting and cosponsoring the Simon education amendment to support title I, Handicapped Education, Head Start, Pell grants, and libraries supported by title II funds.

Adoption of these amendments will restore the balance and some semblence of equity to a budgetary situation that lacks both. Ultimately, I continue to believe that it would be the best course to rethink this Nation's dangerous and unsuccessful experience with Reaganomics.

Many Americans are asking why Congress is complicating our economic problems by refusing simply to pass the President's budget proposals. The answer is that both Republicans and Democrats agree that the administration's proposals will generate deficits that are absolutely intolerable for the short- and long-term health of our economy. In addition, the President's 1983 budget demands slashes in spending on vital social services even deeper than those passed last year. These are cuts which have already brought enormous suffering to millions of Americans. At the same time, the President's budget continues with an endless increase in the Pentagon budget, which will consume 40 cents of every tax dollar by 1985, if we leave it untouched.

The President got everything he wanted last year from Congress on both his budget and tax proposals. Congress responded to a national mood that demanded quick action, without paying attention to the consequences. Now, we know the consequences. By allocating $1.5 trillion to the Pentagon between 1981 and 1986, while simultaneously cutting tax revenues $750 billion over the same period, the Reagan economic program has created the largest deficits in our history. Before the current fiscal year, the single largest deficit ever incurred by the Government was $66 billion in 1976, under President Ford. However, the deficit for the current fiscal year (1982), will be at least twice as great, or more than $130 billion. In part, this deficit is due to the recession, which started in July 1981, 7 months after President Reagan took office. But it is also due to the fact that the 1981 Reagan tax bill virtually wiped out the corporate income tax.

The $130-billion deficit for 1982 pales by comparison with future deficits. The President has publicly admitted that unless his budget and tax plans are fundamentally changed, the deficit for 1983 will be $182 billion, followed by $216 billion in 1984 and $233 billion in 1985. Cumulatively, the four Reagan deficits (1982-85) will total over $750 billion. This is a staggering sum, which in the view of every responsible economist in the country will derail the economy, perhaps causing another Great Depression.

We must reduce these deficits because they will absorb between one-half and three-fourths of all the credit available in the economy. When the Government incurs deficits, it borrows money by selling Treasury notes and bonds. Since there is always a limited amount of cash in the economy, large government borrowing inevitably collides with private sector demands for capital, required for productive investment. The competition for scarce capital between the Government and the private sector results in high interest rates.

Virtually everyone agrees—even the administration—that today's high interest rates are killing our economy. The Secretary of the Treasury himself stated barely a month ago that "the economy is dead in the water." No evidence has come to light since he made that statement to contradict it. The economy is dead because high interest rates make it impossible for consumers to buy such basics as autos and housing, and because business cannot afford to borrow money to expand. Nationally, our industries are operating at only 70 percent of capacity. The auto industry is limping with 22 percent of its work force unemployed. The construction industry has an unemployment rate of 20 percent. The housing industry is in its worst sales slump in a quarter of a century, while auto sales are the lowest in two decades. Only 10 percent of American families can afford the average-priced home at 16 percent interest rates. At 14.5 percent, the average-priced house will cost the buyer $290,000 on a 30-year mortgage—of which $220,000 will be interest payments.

The depression in auto and home sales has reverberated throughout the economy. Half the Nation's savings and loans banks are in serious financial trouble they are holding low-yielding mortgages, while few individuals are taking out new ones at the current high rates. Bankruptcy rates, among both small and large businesses, have increased 40 to 100 percent in just 1 year. In just the past few weeks, Braniff Airlines went under, while every day, other corporations teeter on the edge. Meanwhile, in an eerie replay of the Great Depression, Wall Street proceeds as if everything were normal—and the manipulations of just one small securities firm costs $500 million in losses to Chase Manhattan and other major financial institutions.

All of this translates into mass unemployment and suffering. The national unemployment rate of 9.4 percent is the highest in 41 years. It means that 10.3 million Americans have no jobs at all. An additional 6 million are only working part time because they cannot find full-time work. Another 2 million are too discouraged to look for work. This adds up to more than 18 million Americans suffering as a result of the Reagan recession. They represent nearly one-fifth—20 percent—of the work force. The President has been complaining that the media does not report the "right" statistics about his economic program. Well, the right statistics in this case are that 18 million citizens are being clobbered by Reaganomics.

What is the solution to this suffering? There are no easy answers. But we do know some things about the right direction to go in.

We know that we have to restore the revenue base of the Government. This means raising certain taxes, which will undoubtedly be denounced as "irresponsible" by various critics. But, through a combination of reducing corporate income taxes, and instituting the leasing of tax credits, the Reagan tax bill made it possible for such corporate giants as General Electric to report 1981 profits of $2.66 billion and to have the U.S. Treasury owe it $100 million. This is the real irresponsibility.

At the same time, the Reagan tax bill targeted its benefits to the upper 0.2 percent of taxpayers—those earning more than $200,000 a year. They will receive nearly $60,000 in tax reductions by 1984. In stark contrast, the tax burden on families earning under $30,000 a year will actually increase by 1984, due to bracket creep, higher social security taxes and because they get so little in tax reductions under the Reagan tax bill. A recent study found that families earning $10,000 a year or less will see their tax burden increase by 24 percent by 1984; those in the $10,000 to $15,000 range will see taxes go up by 9 percent; those in the $15,000 to $30,000 bracket will have an increase of 3 percent. Again, by contrast, those earning over $100,000 a year will get a decrease of 6 percent; and those with more than $200,000 will get a 15 percent tax cut. In the area of taxation, we can make gains for the economy by restoring equity to the system.

As we look toward the future—and as we properly examine the various budget alternatives in terms of their ability to get us there—education has to be recognized as a national priority.

EDUCATION—A NATIONAL PRIORITY

A great deal of what we are talking about today is hardly news. And yet, we find ourselves having to repeat what seem to be old adages about national priorities. It has been said many times, for good reason, that an educated population is the key to a strong defense and a healthy economy. This is axiomatic and is no less important today than before. However, the administration certainly has not heeded this axiom and education has been demoted from a national priority to an "intellectual curiosity" best left to the individual States.

The Connecticut Commissioner of Education, Mark Shedd, and the State board of education have recently passed a resolution condemning the President's proposed rollback of educational progress in the Nation. In the board's words:

> "The proposals of the President of the United States will waste human capital and will create future hardships for children in our schools through:
>
> Severe cuts in funds for vocational education, in an age of high technology and automation when it is critical to modernize and upgrade vocational education;
>
> Diminishing support for special education, thus undermining both the progress made in educating the handicapped to be productive citizens and the hope provided to their parents;
>
> Reduction in resources for bilingual education;
>
> Cutbacks in programs for the educationally disadvantaged; (and)
>
> Deletion of the special milk programs and the summer food service program * * *

In short, the President proposed an enormous cutback in education that represents a dramatic and tragic waste of human capital. The State of Connecticut simply cannot make up for the loss of Federal support for education—when the other States have to grapple with the myriad dollar losses from Federal cutbacks, I hold no illusions that education will be in the winner's circle when the dust settles. In fact, the past year has shown us that just the hint of a loss of education funds or a whiff of programmatic changes sends a sorry message to the States. The children's defense fund reports:

> As child advocates we are particularly concerned with the consequences to children of Federal abnegation of responsibility in certain critical areas. For example, last year, merely upon the introduction of an administration education block grant bill that would have repealed the Education for All Handicapped Children Act, at least 13 States began the process of repealing or substantially weakening their own State special education laws.

Now we are no longer speaking in terms of the President's budget cut proposals and for that I am indeed glad. The various budget freeze-on-discretionary-spending proposals, while a great deal more palatable than the President's approach to education, are still a long way from meeting the needs of a national priority. Freezing education spending at fiscal year 1982 levels is damage control, pure and simple. Federal education initiatives have already absorbed over 20 percent funding reductions from fiscal year 1981 levels, so we cannot kid ourselves that we are putting a freeze on a bounty. We should, at the least, be approaching the budget targets for fiscal year 1983 envisioned in last year's Reconciliation Act.

For all these reasons, I have chosen to cosponsor the restorative amendment to be offered by my friend and colleague PAUL SIMON. This amendment would add funds to such vitally important education programs as title I, handicapped education, vocational education, and Head Start. Each program would receive added funding equal to 3 percent less than the Reconciliation Act (Public Law 97-35) authorization levels. Education—the foundation for a better way of life for our children—is too important to benefit from anything less than an approximation of the authorization levels agreed upon last year. I urge you all, therefore, to join me in support of Mr. SIMON's amendment.

I would be remiss if I did not take this opportunity to say a word about higher education, too. The Simon amendment adds badly needed dollars back to the Pell grant program, the foundation upon which student aid packages are built. Student aid is an access issue and one that has enjoyed bipartisan support over the past decades. When the Higher Education Act of 1965 was signed into law, President Johnson said, "I doubt that any future Congress will ever erect a prouder monument for future generations." Students, their parents, the education community and congressional advocates have all fought hard this spring to uphold that monument. The Simon amendment is a lynchpin to its support.

As I mentioned earlier in my remarks, the Reagan economic program—with its huge defense and tax giveaway drain on the Treasury—is forcing Congress through an exercise. It is a zero sum game where weak clients with strong claims are often overwhelmed by special interest groups with baseless claims on Federal funds. Our job, if the President sticks to his guns, is to finance our priorities by cutting his. Worthy programs like education should not have to depend on such a thoughtless process. But if this is going to be the rules by which we play, I am convinced that the defense budget is where we will have to turn to finance progressive programs to restore our economy.

DEFENSE SPENDING

Of course, the opposite was done last year.

During the 1981 Reagan economic budget debate, deep and debilitating cuts were made in social programs to finance military spending. These new outlays for defense revealed a strange myopia among the advocates of lower social spending. Those who claimed that we could not solve social problems by simply throwing money at them, they chose to look away when the same approach was taken with regard to the military.

But the most frustrating point is this: close scrutiny of the administration's proposed budget yields ample evidence that not all of these massive expenditures will really enhance national defense.

This year, we will be spending $6.8 billion to build two nuclear-powered aircraft carriers which could be destroyed by cruise missiles costing a fraction of that amount.

We will spend $4.8 billion on B-1 bombers which will be obsolete within a few years after they are built.

We will spend $4.5 billion on the MX missile, for which we have found no survivable, affordable basing mode.

And, we continue to waste billions of dollars through mismanagement, counterproductive interservice rivalry, inefficient procurement practices, inadequate oversight of contractors and the like.

These mistakes do not indicate that we are erring on the side of caution; instead, we are driving important resources away from the productive but capital-starved sectors of the economy.

The military sector is one of the most technology-oriented sectors of our economy. So, too, is the most dynamic sector of the civilian economy: computers, electronics, and so forth. Further, our high technology civilian industries face fierce competition from foreign companies, which are now making serious inroads into the video recorder, aerospace, and computer markets. The rapid shift of resources—including capital, engineers, other skilled personnel, specialty metals, and so forth—into the military sector will seriously harm those civilian industries. Simon Ramo of TRW Corp. summed up the consequences of competition between military and civilian sectors very well:

> In the past thirty years had the total dollars we spent on military research and development been expended instead in those areas of science and technology promising the most economic progress, we probably would be today where we are going to find ourselves arriving technologically in the year 2000.

There are certainly elements of our Armed Forces which need upgrading. But the administration's emphasis on procurement rather than manpower, combined with the fast pace of military spending increases, will create serious bottlenecks in our economy and undermine our competitiveness in world markets.

More importantly, a massive shift of resources to military production will worsen our current unemployment problems. Many administrative officials, including Secretary Weinberger, have often touted the number of jobs to be created by the impending military buildup in attempting to justify the unprecedented increase in defense spending. Yet, the fact is that $1 billion spent on defense procurement will create fewer jobs than $1 billion spent in just about any other sector of the economy.

A 1975 study by Chase Econometrics for Rockwell International analyzed the effects of the B-1 bomber program on employment. It was found that, over 5 years, a housing program costing the same amount as the B-1 program would generate 70,000 more jobs. A 1980 study by the Council on Economic Priorities found that, per $1 billion spent, the MX missile program would create 8,790 fewer jobs than a solar energy program, and nearly 16,000 fewer jobs than a mass transit program. Rather than helping to solve our unemployment problem, dramatic increases in defense spending will actually exacerbate the problem, especially for unskilled and semi-skilled workers who enjoy few opportunities in the high-technology defense industries.

I think that on the matter of military spending, our options are clear. We simply cannot afford to spend the amount of money that President Reagan and his Republican supporters in Congress have requested. These massive sums are not essential to our national security, yet they add to the deficit, and divert fund from vital domestic programs—energy conservation, health care, education, aid to the elderly and handicapped, renewable energy development, job training, housing, and so forth. I strongly believe that an energy-independent well-educated, healthy and full employed United States would be much more secure than a United States burdened with massive stocks of costly, rapidly obsolescent military hardware.

The President has had a lot to say about the "sorry record" of the past 40 years of "Democratic" economics. It is surely appropriate to look at that record, and to compare it with the Reagan recession—which began 7 months after Mr. Reagan took office, in July 1981. Between 1951 and 1981, the buying power of the average American rose 87 percent—after inflation is taken into account (from $4,682 per person to $8,770). Auto ownership increased 40 percent during the same period. The number of jobs in the economy increased by 67 percent—from 60 to 100 million. Personal wealth rose by 86 percent, from $21,000 per person (in 1981 dollars) to $39,600 per person. Homeownership increased 20 percent. Life expectancy at birth rose 8 percent. And the amount of education per citizen increased 34 percent.

This is the kind of "sorry record" the President fears and laments. Yet what has he offered us instead? The record speaks for itself: The single worst deficit in our history; the largest cumulative deficits in our history; the most reckless and bloated Pentagon budget in our history; the highest rate of unemployment in 41 years; the greatest number of unemployed in our history; the lowest rate of housing starts in 25 years; the worst auto sales in two decades; the most mean-spirited and thoughtless budget cuts in vital social services and education in five decades; and the worst recession since the Second World War. This record—the record of Reaganomics is what demands action by Congress, for a responsible and humane national budget.●

Mr. JOHNSTON. Mr. Chairman, I thank the gentleman from Louisiana (Mr. ROEMER) and also the gentleman from North Carolina (Mr. MARTIN).

Mr. Chairman, I have no further requests for time, and we yield back the balance of our time.

Mr. JONES of Oklahoma. Mr. Chairman, I have no further requests for time, and I also yield back the balance of our time.

Mr. Chairman, I move that the Committee do now rise.

□ 1850

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 345) revising the congressional budget for the U.S. Government for the fiscal year 1982 and setting forth the congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, had come to no resolution thereon.

PERMISSION FOR SUBCOMMITTEE ON ADMINISTRATIVE LAW AND GOVERNMENTAL RELATIONS OF THE COMMITTEE ON THE JUDICIARY TO SIT DURING 5-MINUTE RULE ON WEDNESDAY, MAY 26, 1982

Mr. SAM B. HALL, JR. Mr. Speaker, I ask unanimous consent that the Subcommittee on Administrative Law and Governmental Relations of the Committee on the Judiciary be permitted to sit while the House is reading for amendment under the 5-minute rule on Wednesday, May 26, 1982.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. JOHNSTON. Mr. Speaker, reserving the right to object, what is the purpose of the meeting? Has the gentleman discussed this with the minority?

Mr. SAM B. HALL, JR. Will the gentleman yield?

Mr. JOHNSTON. I yield to the gentleman from Texas.

Mr. SAM B. HALL, JR. I have now discussed this with the distinguished minority leader. I believe this will take about an hour to an hour and a half at most for testimony that we are going the hear.

Mr. JOHNSTON. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR MEMBERS TO HAVE UNTIL 7:30 P.M. TODAY TO REFILE AMENDMENTS OR SUBSTITUTES ON HOUSE CONCURRENT RESOLUTION 345

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that all Members of the House may have until 7:30 this evening to refile amendments or substitutes that they had previously filed in connection with the budget resolution.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. JOHNSTON. Mr. Speaker, reserving the right to object, may I inquire, has this been cleared with the minority leadership?

Mr. BOLLING. Mr. Speaker, will the gentleman yield?

Mr. JOHNSTON. I yield to the gentleman from Missouri.

Mr. BOLLING. Mr. Speaker, this request is for 7:30 tonight and I have spoken with the minority leadership. I have asked unanimous consent for all Members to have time to refile their amendments or substitutes in connection with the budget resolution.

Mr. JOHNSTON. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. MARTIN of North Carolina. Mr. Speaker, reserving the right to object, I do so only for the purposes of clarifying the matter. Under this request, the same standards the distinguished chairman enunciated earlier with regard to such changes will still be in effect?

Mr. BOLLING. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of North Carolina. I yield to the gentleman from Missouri.

Mr. BOLLING. The gentleman is about 150 percent right.

Mr. MARTIN of North Carolina. As usual.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

WETLANDS BILL

The SPEAKER. Under a previous order of the House, the gentleman from California (Mr. LAGOMARSINO) is recognized for 10 minutes.

● Mr. LAGOMARSINO. Mr. Speaker, as I explained last fall when I introduced H.R. 4680, wetlands and other natural areas in the United States are rapidly disappearing. As they disappear, fish and wildlife populations and outdoor recreational and educational opportunities also diminish or disappear. While continued Federal acquisition of needed conservation easements is a part of the solution, other essentially non-Federal solutions also need to be implemented. H.R. 4680 was such a proposal. It was designed to provide tax relief to those who sell certain lands or easements to qualified agencies and organizations for conservation purposes.

Since its introduction, I have received a significant number of very constructive improvement suggestions from a variety of conservation groups, and others. The discussions following Senator WALLOP's public lands workshop last summer have also provided additional valuable information. Accordingly, I elected to redraft this legislation somewhat to clarify several definitions and to avoid conflict with existing tax incentives for donations of partial interests in land for conservation purposes.

The primary purpose and intent of H.R. 6465 remains the same as H.R. 4680. That purpose is to exclude from gross income, for tax purposes, amounts received from certain sales of key natural area lands to qualified organizations, including the various States and the United States, if the primary use of such land after the sale is for a conservation purpose, and that purpose is protected in perpetuity.

The primary change in this new legislation is to delete the definitions contained in H.R. 4680 and to adopt the conservation terms previously approved by the Congress and enacted into law in the Tax Treatment Extension Act of 1980.

The Tax Treatment Extension Act of 1980, Public Law 96-541, insured the deductibility of the donation of gifts of partial interests in land for conservation purposes. At the time, that proposal was subject to intensive review. The result was a thorough and carefully structured law. The Tax Treatment Extension Act is only applicable to partial interest donations that are within a carefully defined list of conservation purposes, the conservation purposes must be protected in perpetuity, and the recipient of the donation must be a qualified not-for-profit or governmental organization with the commitment and resources necessary to protect the conservation purpose.

In essence, I have taken the solutions worked out by the Congress last session with regard to donations for natural conservation purposes and applied them to sales of conservation areas for a conservation purpose.

One problem identified with regard to H.R. 4680 was the negative impact on donations. The incentive to donate to a conservation organization for a conservation purpose would be lost if an incentive to sell also applied. H.R. 6465 corrects that situation. I have structured this new bill so that it will complement, not restrict, existing incentives for donations. The Tax Treatment Extension Act is applicable to the donation of a partial interest; that is, less than an owner's entire interest in a given area. H.R. 6465 covers the opposite situation; where an owner wants to sell his entire interest rather than retain limited rights, or sell a conservation easement for fish and wildlife purposes. In this manner, an incentive to sell will not generally be applicable to the same interest in land that is covered by the Tax Treatment Extension Act. An owner has to sell his entire interest or an easement for fish and wildlife conservation purposes to be covered by H.R. 6465. This could, of course, overlap with a donation of an owner's entire interest but, unlike partial interest donations, donations of this kind would not insure conservation protection and therefore generally serve a different purpose. However, H.R. 6465 covers conservation easements sold to qualified organizations for fish and wildlife conservation purposes because of the critical special needs in this area.

This new legislation also provides Federal estate tax relief in certain cases; permitting the value of qualified property transferred to a qualified organization to be considered as payment of part or all of the estate taxes due and the postponement of estate taxes due on qualified property being transferred to a qualified organization until the transfer is completed or cancelled.

In summary, H.R. 6465 excludes gain from the sale or exchange of real property to a qualified organization for conservation purposes. The term "qualified organization" is given the same meaning as provided by the Tax Treatment Extension Act. Similarly, the term "conservation purpose" is defined in reference to that act, but limited to three major natural conservation purposes as follows:

The preservation of land areas for outdoor recreation by, or the education of, the general public;

The protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem; or

The preservation of open space—including farmland and forest land—where such preservation is—

One. For the scenic enjoyment of the general public, or

Two. Pursuant to a clearly delineated Federal, State, or local governmental conservation policy, and will yield a significant public benefit.

While restrictive, these major natural conservation purposes are flexible enough to insure that areas sold to conservation organizations for a conservation purpose can continue to be used and managed as necessary for maintaining the conservation purpose. These are not wilderness area categories. No lands would be converted to wilderness areas under this legislation. Traditional conservation management practices and recreation uses such as hunting and fishing would be permitted to be continued. However, the conservation purpose would have to be protected in perpetuity.

H.R. 6465 addresses several other key issues. Third party transactions would be permitted; the sale to a nonqualified organization--such as a major corporation—would be covered if the purchaser thereafter contributes such property to a qualified organization within 6 months.

The legislation would not be applicable to short-term transactions—the exclusion would only apply if the gain in question was long-term capital gains.

The legislation would not be applicable to governmental acquisition by actual seizure, requisition, or condemnation. It would be applicable, however, if the property were merely under the threat of condemnation—such as if it were within the boundaries of a conservation area or purchased on a willing seller basis. This is an important distinction. This legislation is primarily designed to encourage private, State, and local sales. To the degree it applies to Federal transactions, it can only be cost-effective if it encourages prompt transactions. The cost of this incentive cannot be supported if it is added to the expense of costly condemnation proceedings.

H.R. 6465 also has a 10-year sunset provision which will insure that sales for a conservation purpose are not delayed. The intent is to deal as quickly as possible with present holdings, and thus prevent them from being stripped down or subdivided and then sold for a less desirable conservation purpose many years hence. This provision is not applicable in cases where the sale is of a taxpayer's entire remaining interest which follows the donation of an earlier qualified partial interest contribution.

Many opportunities to retain lands for conservation purposes in this Nation are being lost every day. Early enactment of this legislation will help avoid further rapid loss of this Nation's critical open space, outdoor recreation areas and special fish and wildlife habitats.●

LET'S START OLYMPIC COIN PROGRAM IMMEDIATELY

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. Annunzio) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, yesterday the House of Representatives overwhelmingly passed S. 1230 by a vote of 302-84. The legislation contained the Annunzio substitute, which calls for the striking of three Olmypic coins by the U.S. Mint which would be sold directly by the mint and with the profit from each coin being turned over to the Los Angeles Olympic Organizing Committee and the U.S. Olympic Committee.

The House rejected an Olympic marketing plan which would have produced 17 coins to be turned over to private marketers who would reap most of the profits from the sale of the coins. Only some 35 percent of the profit would go the Olympic committees.

The Annunzio substitute, which the House passed, would turn 100 percent of the money over to the athletes.

The other body has already passed the private marketing approach. Since the Olympic committees have indicated that they need the money immediately, the funds could begin flowing to the two Olympic committees within a matter of days if the other body would accept the House version of the legislation and not request a conference.

The Treasurer of the United States, Angela Bay Buchanan, in a letter to me and in testimony before the Consumer Affairs and Coinage Subcommittee, has said that under a Government-run coin program she could turn over $31 million to the Olympic committees within 4 months after passage of the act. And, of course, those funds could start flowing immediately.

I already have in my office more than 10,000 pledges to buy coins under a Government program. The people who sent me these pledges have indicated they will not buy coins under a private marketing approach. If the other body accepts the House version, I will turn those 10,000 pledges over to the mint immediately, and the mint can transfer the pledges into dollars overnight.

If the other body insists upon a conference, I am not certain how long such proceedings will take. The House next week will spend all of its time on the budget resolution, and that will be followed by the Memorial Day recess. In addition, if the body insists on a private marketing plan, with a bulk of the proceeds being turned over to special interests rather than our Olympic athletes, I am not certain that the House, after yesterday's vote rejecting such a plan, would be in any mood to change its mind.

I want all of the money from the coin sales to go to the athletes, and the House agreed with my position yesterday.

Let us give all of the money to the athletes, and let us do it now. We can begin the cash flowing immediately, but that decision rests entirely with the other body.●

INTRODUCTION OF MAJOR LEAGUE SPORTS COMMUNITY PROTECTION ACT OF 1982

The SPEAKER. Under a previous order of the House, the gentleman from California (Mr. Stark) is recognized for 15 minutes.

● Mr. STARK. Mr. Speaker, together with Congressmen Don Edwards and Henry Hyde, I am today introducing the Major League Sports Community Protection Act of 1982, a bill designed to protect and promote the interests of communities throughout the Nation as they relate to the operations of professional sports leagues.

For many years, I have been concerned about the relationship between our Nation's communities and professional sports teams as well as the legal standards controlling these relationships. These professional sports teams serve vital interests in their communities and represent invaluable community assets. The teams are a source of deep and lasting pride to the metropolitan areas in which they are located. They act as emissaries of their community, representing in their national competitive efforts the spirit of their local fans. They provide a unique bond in bringing communities together not only to watch the athletic contests but to celebrate the victories and commiserate over the losses. In 1981 and 1982, for example, it was Oakland and San Francisco—not the Raiders and 49'ers—who won the Super Bowl. In short, sports teams, as we all know, are unique catalysts in bringing a community together and in promoting charitable, cultural, and educational opportunities for many citizens.

Sports teams also have come in our society to give communities a "major league" label that stimulates economic activity, not just in the "home city" but throughout entire metropolitan areas. The economic well-being of many communities has thus come to depend not only on the actual construction, maintenance, and operation of stadiums or arenas but on the many additional jobs that flow to communities when they come to be regarded as "major league" economic centers and employment markets. Sports teams have even become the cornerstone of major urban renewal efforts in some of our cities. Yet any one of these teams, lured by profit and financial prospects elsewhere, may attempt to leave its home community and its loyal fans, together with an empty stadium built at taxpayer expense for the team itself.

These are the bedrock community interests underlying the legislation that I am today introducing. This legislation is designed to protect the interests of communities in a manner that seems to me fair, essential, and long overdue.

Because of the importance of this legislation to many communities throughout the Nation, I want carefully to sketch its background and purposes as well as its narrow scope. More than a year ago, I had introduced H.R. 823, the "Sports Franchise Relocation Act," in an effort to spark discussion of this important issue and to outline my concerns with respect to the unwarranted transfer of sports teams. H.R. 823 represented an effort to legislate standards for the relocation of professional sports teams and to establish a regulatory framework for the evaluation of proposed relocations. I was then convinced, as I am now convinced, that clear legal standards had not been established for determining the responsibilities of sports franchises to their host communities and the prerogatives of sports leagues in honoring their obligations to communities in which league teams have successfully operated. To obtain the reactions of others to H.R. 823, I chaired hearings on that legislation and received many constructive suggestions from a variety of sources speaking for both communities and sports interests.

Subsequently, on February 10, 1982, I presented my views on the need for legal clarification in this area before the Subcommittee on Monopolies and Commercial Law of the Judiciary Committee. At that time, I expressed my strong concern about what I then described as "a lack of clarity in the antitrust standards used in considering sports league issues," stating that such clarification was "most clearly needed in the area of transfers of franchise location." Equally important, I expressed at that time the shock and outrage of the citizens of Oakland, Calif., and its metropolitan area at the conduct of the Oakland Raiders' management in its effort to misuse the antitrust laws to relocate the NFL's Oakland franchise in Los Angeles, despite the unprecedented and continued financial and moral support the Raiders had received in the Oakland area and despite the unanimous opposition of the NFL's other member clubs to this unwarranted abandonment of Oakland.

In Febuary 1982, when I testified before the Subcommittee on Monopolies, the controversy and public sense of unfairness about the trial of the Oakland Raiders' relocation case in a Los Angeles venue had reached epidemic levels. There was then—and I must say that there continues to be—a pervasive belief that Los Angeles was not, and is not, a fair place for the trial of this action.

Congress has recognized the importance of stable ties between our Nation's communities and professional sports teams. In 1964, for example, this public policy was recognized in a report of the Senate Judiciary Committee, which described the uniqueness of team sports and the "responsibility of the 'league' of teams" in maintaining geographic balance in the location of league members. One year later, another report of the Senate Judiciary Committee referred to congressional recognition of "the league concept and its benefits to the public." These emphatic concerns for the responsibility of sports leagues in maintaining teams in communities throughout the Nation in order to serve the public interest must now be translated into law. Thus, although this act will apply to the pending Oakland Raiders transfer case, it would be an injustice and a misnomer to characterize the act as "retroactive"; instead, the act merely confirms policies that Congress has often urged upon sports leagues and requires the Raiders to honor their contract commitments to the other NFL clubs to remain in Oakland except upon approval of a transfer by the league's membership under normal NFL procedures.

It is worth emphasizing that in the case of Oakland the record of congressional concern and of public policy is more emphatic than with respect to any other community. In 1966, when the House of Representatives was reviewing and eventually approving a statute to authorize the merger of the American Football League into the National Football League, it was made clear in both the merger documents and in NFL Commissioner Rozelle's testimony that the league had no intention of allowing the Raiders to leave Oakland so long as the team was well supported by the community. During the merger hearings, officials of both leagues stated that no teams would be moved as a consequence of the merger, even in the New York and Oakland-San Francisco areas where more than one NFL league team would be located. These representations were consistent with the NFL's longstanding policy of retaining teams in their home area where at all possible, and these representations were made to satisfy Congress concern that the unwarranted relocation of professional sports teams would sharply disserve the public interest.

In my judgment, communities that support professional sports teams deserve reasonable protection of taxpayer, fan, and public interests when the relocation of teams is proposed by team owners. In addition, it is not wise public policy to apply the antitrust laws in a manner that thwarts the public interest in stable league-community relations. Nor is it wise public policy to deprive sports leagues of the prerogative to determine when their most successful member clubs may be required to continue to operate in a particular community that has supported a team in a highly profitable fashion.

The proposed legislation that I am today introducing recognizes the legitimacy of community and league interests in maintaining existing team locations when sports teams have been, and continue to be, well supported by their communities. The bill accomplishes these public interests through two central provisions:

First, the bill authorizes sports leagues to operate with rules requiring their member clubs to obtain approval of the league membership before abandoning communities in which clubs have been operating successfully. This provision guarantees that the interests of communities and leagues will be evaluated when well supported and financially successful clubs are proposing to transfer their home locations. And if a league rejects such a transfer proposal, the league could not be attacked under the antitrust laws for maintaining the existing team location. This provision will, by the express terms of the proposed legislation, apply to the NFL's decision not to authorize the Raiders to transfer out of the Oakland community.

Second, the act encourages leagues to operate with internal league agreements for revenue sharing among their member clubs so that teams in smaller and midsized communities throughout our Nation will be assured of the economic strength to continue successful operations. Such revenue sharing, which is unique to professional sports, increases the likelihood that all members of a sports league may operate successfully and is a further reason for affording leagues the privilege of determining whether or not to continue successful team operations in a given locale.

Beyond these two specific provisions, the act has no effect on any sports-antitrust subject. In this respect, it is vastly different from proposed bills that had been discussed earlier in this session. The current legislation is not in any way antiplayer, antiplayers union, or antilabor. This type of legislative solution of the Raiders' problem has drawn the overwhelming support of labor unions throughout northern California, including building trades unions, the IAM, and many others. To assure that the limited scope of this act is unmistakably clear, the act guarantees that player and other third party interests will not be prejudiced by expressly stating that it will not affect: Any collective bargaining subject or any issue of present or prospective player employment within any sports league; any collective bargaining subject or any issue of present or prospective player employment within any sports league; any ticket pricing practice in any sports league or its member clubs; any conduct of any sports league; or any existing television principles or any aspect of the sale of cable pay or subscription television by any sports league or its member clubs.

Mr. Speaker, this act will give our communities the reasonable measure of protection that they deserve when they use public funding mechanisms to suppport professional sports teams. In Oakland, for example, the remaining annual debt service on the Coliseum amounts to more than $1.5 million, and this obligation continues for another 15 years. When a team is well-supported and the stadium has been built for that team—as with the Oakland Raiders, I can see no justification for allowing that team to abandon its community over the objection of its own league and to deprive the public authorities of the revenues needed to amortize stadium costs.

Mr. Speaker, I am very pleased that this act is being cosponsored today by two distinguished members of the Subcommittee on Monopolies and Commercial Law, Mr. Edwards of California and Mr. Hyde of Illinois, and I have urged them to make this act the subject of early hearings before that subcommittee. We believe that this act will directly benefit many communities, finance or subsidize pubic stadiums and arenas, and tens of millions of sports fans who have loyally supported—and made profitable—their "home teams."

The text of the bill follows:

H.R. 6467

A BILL To clarify the application of the antitrust laws to professional team sports leagues; to protect the public interest in maintaining the stability of professional team sports leagues; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Professional Sports Stabilization Act of 1982."

FINDINGS AND DECLARATIONS

The Congress finds and declares that the public has an interest in preserving stability in the relationship between professional sports teams and the communities in which they operate and in encouraging professional team sports leagues to promote the economic and geographic stability of their member clubs.

Section 1. It shall not be unlawful by reason of any provision of the antitrust laws for a professional team sports league and its member clubs—

(a) to enforce rules requiring approval by the membership of the league for any relocation of a member club of such league; or

(b) to enforce rules for the division of league or member club revenues that tend to promote comparable economic opportunities for the member clubs of such a league.

INAPPLICABILITY TO CERTAIN MATTERS

Sec. 2. Nothing contained in this Act shall—

(a) be deemed to change, determine, or otherwise affect the applicability or nonapplicability of the labor laws, the antitrust laws, or any other provision of law to the wages, hours, or other terms and conditions of player employment within any sports league, to any player employment matter within any sports league, or to any collective bargaining rights and privileges of any player union within any sports league;

(b) exempt from the antitrust laws any agreement to fix the prices of admission to sports contests;

(c) exempt from the antitrust laws any predatory practice or other conduct with respect to competing sports leagues which would otherwise be unlawful under the antitrust laws; or

(d) modify any existing federal statutes relating to the television practices of sports leagues, or change, determine, or otherwise affect the applicability or nonapplicability of the antitrust laws or communications laws to any form of joint dealing practices by sports leagues with respect to sale of cable or subscription television.

FEDERAL PREEMPTION

Sec. 3. Notwithstanding any other provision of law, no State or political subdivision thereof shall establish, maintain, or enforce any regulation of commerce that imposes any limitation on the collective conduct of professional team sports leagues or their member clubs authorized by this Act.

APPLICABILITY TO PENDING ACTIONS

Sec. 4. (a) This Act shall apply to all actions commenced under the antitrust laws of the United States after the date of enactment of this Act.

(b) This Act shall also apply to all actions commenced under the antitrust laws of the United States prior to the date of enactment of this Act unless—

(1) the judgment in an action is final and unappealable on or before the date of enactment of this Act; or

(2) the court determines in an action involving collective conduct of a professional team sports league in which a release or covenant has been signed prior to the date of enactment of this Act that it would be manifestly unjust, in light of subsection (c) of this section and other circumstances, to apply this Act in such action to any unresolved claim of any party not a member club of such league.

(c) No agreement to settle, compromise, or release a claim which has been signed by the parties prior to the date of enactment of this Act may be rescinded, disapproved, reformed, or modified by the parties or by the court because of the application of the provisions of this Act, except upon the written consent of all parties thereto.●

THE PLIGHT OF ANDREI FROLOV

The **SPEAKER**. Under a previous order of the House, the gentleman from Illinois (Mr. Yates) is recognized for 5 minutes.

● Mr. **YATES**. Mr. Speaker, a courageous young woman from my district, Mrs. Lois Becker Frolova, is facing a serious international human rights problem that is caused by the illegal and immoral actions of the Soviet Government. Today I have introduced a concurrent resolution that I hope will help end the tragic and unnecessary separation that she and her husband are experiencing.

Mrs. Frolova and many of her friends in Chicago are very concerned about the fate of Lois' husband, Andrei Vladimirovich Frolov. Mr. and Mrs. Frolov met and fell in love while she was doing research on Russian history for her doctoral dissertation. They were married on May 19, 1981, and Mr. Frolov subsequently requested a visa to leave for the United States where he and his wife planned to settle. When he requested the exit permission, Mr. Frolov, a freelance journalist, lost all of his employment and has been unemployed since that time. His visa request was denied on September 7, 1981, citing bad relations with the United States. Recently when Frolov again was refused the visa the only explanation he received was that his departure was not in the best interest of the Soviet State. Unfortunately the lives of Mr. and Mrs. Frolov have been caught up in a power struggle not of their making. The refusal of the Soviet Union to issue the visa constitutes a direct violation of the Helsinki accords.

To express their determination—and out of desperation—the Frolovs—Andrei in Moscow and Lois in Chicago—have joined four other Soviets with spouses in the West in a hunger strike.

My resolution calls upon the Soviet authorities to grant Andrei Frolov an exit visa thereby living up to the humanitarian pronouncements of the Helsinki agreements.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. Collins of Illinois (at her own request) for May 22, 1982, on account of official business of the Manpower and Housing Subcommittee of the Government Operations Committee.

Mr. Jacobs (at the request of Mr. Wright), for today, on account of official business.

Mr. Rahall (at the request of Mr. Wright), for today, on account of official business.

Mrs. Schroeder (at the request of Mr. Wright), for today, on account of official business.

Mr. St Germain (at the request of Mr. Wright), for today, on account of official business.

Mr. Washington (at the request of Mr. Wright), for today, on account of official business at a subcommittee hearing in Chicago.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Johnston) to revise and extend their remarks and include extraneous material:)

Mr. Lagomarsino, for 10 minutes, today.

(The following Members (at the request of Mr. Roemer) to revise and extend their remarks and include extraneous material:)

Mr. Annunzio, for 5 minutes, today.

Mr. Stark, for 15 minutes, today.

Mr. Gonzalez, for 15 minutes, today.

Mr. Ford of Michigan, for 5 minutes, today.

Mr. Coelho, for 5 minutes, today.

Mr. Yates, for 5 minutes, today.

Mr. Montgomery, for 60 minutes, May 26, 1982.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Johnston) and to include extraneous matter:)

Mr. Johnston in two instances.

Mr. Napier.

Mr. Hyde in 10 instances.

Mr. Broomfield

Mr. McClory.

Mr. Bereuter.

Mr. Gilman in two instances.

Mr. Green.

Mr. Wylie.

Mr. Kemp.

Mr. Fields.

Mr. Conte.

Mr. Erlenborn.

Mr. Dannemeyer.

Mr. Fiedler.

Mr. Chappie.

Mr. Philip M. Crane.

Mr. Wolf.

Mrs. Schneider.

Mr. Rinaldo.

(The following Members (at the request of Mr. Roemer) and to include extraneous matter:)

Mr. Shelby.

Mr. Bonker in two instances.

Mr. Lehman.

Mr. LaFalce.

Mr. McHugh.

Mr. Ford of Michigan in two instances.

Mr. Dorgan of North Dakota.

Mr. Perkins.

Mr. Neal.

Mr. Fascell in two instances.

Mr. Dwyer.

Mr. Beilenson.

Mr. Rostenkowski in two instances.

Mr. Roybal.

Mr. Fuqua.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1573. An act to exempt the Lake Oswego, Oreg., hydroelectric facility from part I of the Federal Power Act (act of June 10, 1920) as amended, and for other purposes; to the Committee on Energy and Commerce.

S. 1621. An act to authorize the replacement of existing pump casings in southern Nevada water project pumping plants 1A and 2A, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 2177. An act to amend title III of the Colorado River Basin Project Act, Public Law 90-537 (82 Stat. 885), as amended by Public Law 95-578 (92 Stat. 2471), and Public Law 96-375 (94 Stat. 1505); to the Committee on Interior and Insular Affairs.

S.J. Res. 197. Joint resolution to provide for the designation of the week of October 17 through October 23, 1982, as "Myasthenia Gravis Awareness Week"; to the Committee on Post Office and Civil Service.

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that the committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 1543. An act to confirm a conveyance of certain real property by the Central Pacific Railway Co. and Southern Pacific Co. to A. C. Taber and his wife, Mary Taber.

ADJOURNMENT

Mr. ROEMER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 57 minutes p.m.), under its previous order, the House adjourned until Monday, May 24, 1982, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3985. A letter from the Secretary of Education, transmitting proposed final regulations for the college housing program, pursuant to section 431(d) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3986. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112(a); to the Committee on Foreign Affairs.

3987. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the International Safe Container Act; jointly to the Committees on Merchant Marine and Fisheries and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BOLLING: Committee on Rules. House Resolution 477. Resolution providing for the consideration of House Concurrent Resolution 345, a concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1982 and setting forth the congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985. (Rept. No. 97-583). Referred to the House Calendar.

Mr. SAM B. HALL, JR.: Committee on the Judiciary. H.R. 4903. A bill granting the consent of the Congress to an interstate compact between the States of Mississippi and Louisiana establishing a commission to study the feasibility of rapid rail transit service between the two States. (Rept. No. 97-584). Referred to the House Calendar.

REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X, the following action was taken by the Speaker:

H.R. 6307. The Committee of the Whole House on the State of the Union discharged, and referred to the Committee on Public Works and Transportation for a period ending not later than June 4, 1982, for consideration of such provisions of section 4 and section 9 of the amendment recommended by the Committee on Energy and Commerce as fall within the jurisdiction of the Committee on Public Works and Transportation pursuant to clause 1(p), rule X.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WAXMAN:

H.R. 6457. A bill to amend the Public Health Service Act to revise and extend the authorities under that act relating to the National Institutes of Health and the national research institutes, and for other purposes; to the Committee on Energy and Commerce.

H.R. 6458. A bill to amend the Public Health Service Act and related laws to consolidate the laws relating to the Alcohol, Drug Abuse, and Mental Health Administration, the National Institute of Mental Health, and the National Institute of Alcohol Abuse and Alcoholism, and the National Institute on Drug Abuse, and for other purposes; to the Committee on Energy and Commerce.

H.R. 6459. A bill to transfer the National Institute for Occupational Safety and Health to the National Institutes of Health; to the Committee on Energy and Commerce.

By Mr. BAILEY of Pennsylvania:

H.R. 6460. A bill to amend the Internal Revenue Code of 1954 to increase the amount allowed to be deducted each taxable year for expenses incurred in connection with the elimination of architectural and transportation barriers for the handicapped and elderly from $25,000 to $100,000, and to make permanent the allowance of such deduction; to the Committee on Ways and Means.

By Mr. BUTLER (for himself, Mr. Glickman, Mr. Rodino, Mr. Fish, Mr. Edwards of California, Mr. Synar, Mr. Harkin, Mr. Bereuter, Mr. Huckaby, and Mr. Bedell):

H.R. 6461. A bill to amend title 11, United States Code, to provide for expedited determinations of interests in grain and the proceeds of grain, held by debtors who own or operate grain storage facilities; to the Committee on the Judiciary.

By Mr. ERLENBORN (for himself and Mr. Phillip Burton):

H.R. 6462. A bill to amend the Employee Retirement Income Security Act of 1974 to provide for certification by the Secretary of Labor of multiple employer welfare arrangements which are not collectively bargained and not fully insured and to define the extent to which State laws are preempted by such Act with respect to multiple employer welfare arrangements; to the Committee on Education and Labor.

By Mr. EVANS of Iowa (for himself and Mr. Tauke):

H.R. 6463. A bill to amend the Agricultural Act of 1970, to prohibit restrictions on the export of certain agricultural commodities; jointly, to the Committees on Agriculture and Foreign Affairs.

By Mr. FASCELL:

H.R. 6464. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of expenses of attending foreign conventions; to the Committee on Ways and Means.

By Mr. LAGOMARSINO (for himself, Mrs. Holt, Mr. Erdahl, Mr. Fauntroy, Mr. Forsythe, Mr. Livingston, Mr. Edwards of California, Mr. Dannemeyer, Mr. Burgener, Mr. Hughes, Ms. Mikulski, Mr. Fish, Mr. Fazio, Mr. Jeffords, Mr. Richmond, Mr. Pashayan, Mr. Downey, Mr. Coelho, Mr. Walker, Mr. Panetta, Mr. Horton, Mr. Neal, Mr. Edwards of Alabama, Mr. Patterson, Mr. Miller of California, Mr. Anderson, Mr. Evans of Iowa, Mr. James K. Coyne, Mr. Vento, Mr. Dan Daniel, Mr. Long of Maryland, Mr. Martin of North Carolina, Mr. Lowery of California, Mr. Jones of North Carolina, Mr. Dornan of California, Mr. Beilenson, Mr. Badham, Mr. Shumway, Mr. Weaver, Mr. Matsui, Mr. Chappell, Mr. Clinger, Mr. Williams of Montana, and Mr. Courter):

H.R. 6465. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income gain from sales of real property to certain organizations for use for conservation purposes, and for other purposes; to the Committee on Ways and Means.

By Mr. STANGELAND:

H.R. 6466. A bill entitled: "The Mandatory Cropland Set-Aside Act of 1982"; to the Committee on Agriculture.

By Mr. STARK (for himself, Mr. Edwards of California, and Mr. Hyde):

H.R. 6467. A bill to clarify the application of the antitrust laws to professional team sports leagues; to protect the public interest in maintaining the stability of professional team sports leagues; and for other purposes; to the Committee on the Judiciary.

By Mr. YATES:

H. Con. Res. 348. Concurrent resolution to urge the Government of the Soviet Union to facilitate the emigration of a Soviet citizen, and for other purposes; to the Committee on Foreign Affairs.

By Mr. WAMPLER:

H. Res. 478. Resolution expressing the sense of the House of Representatives with respect to changes in the Railroad Retirement Act of 1974 proposed in the President's budget for fiscal year 1983; to the Committee on Energy and Commerce.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 238: Mr. Weaver.

H.R. 3984: Mr. Frost, Mr. McEwen, and Mr. Smith of Oregon.

H.R. 4147: Mr. Hall of Ohio and Mr. Gaydos.

H.R. 4362: Mr. Derrick.

H.R. 4931: Mr. Wolf, Mr. Lent, Mr. Hartnett, Mr. Lowry of Washington, Mr. Lee, and Mr. Jones of North Carolina.

H.R. 5133: Mr. Long of Louisiana.

H.R. 5583: Mr. Bennett and Mr. Ertel.

H.R. 5872: Mr. Goodling.

H.R. 5880: Mr. Lee, Mr. Murphy, Mr. Smith of Pennsylvania, Mr. Harkins, Mr. Markey, Mr. Whitehurst, Mr. Fauntroy, Mr. Corrada, Mr. Seiberling, Mr. Savage, Mr. Weiss, Mr. Eckart, Mr. Hertel, Mr. Walgren, Mr. Gore, Mr. Lujan, Mr. Ertel, Mrs. Schneider, Mr. Glickman, and Mr. Roth.

H.R. 5959: Mr. Gunderson, Mr. Railsback, and Mr. Simon.

H.R. 5995: Mr. Ratchford, Mr. Heftel, Mr. Dowdy, Mrs. Schneider, Mr. Goodling, Mr. Fuqua, and Mr. Gray.

H.R. 6085: Mr. James K. Coyne.

H.R. 6105: Mr. Tauke and Mr. Marriott.

H.R. 6124: Mr. McKinney.

H.R. 6199: Mr. Alexander.

H.R. 6319: Mrs. Martin of Illinois, Mr. Daniel B. Crane, Mr. Philip M. Crane, Mr. Siljander, Mr. Johnston, Mr. Corcoran, Mr. Badham, Mr. Forsythe, Mr. Shumway, Mr. Hyde, and Mr. Bliley.

H.R. 6325: Mr. Weber of Ohio, Mr. Sensenbrenner, Mr. Frenzel, Mr. LeBoutillier, Mr. Gingrich, Mr. Jeffries, Mr. Stangeland, Mr. Shelby, Mr. Marlenee, Mr. Dyson, Mr. Tauke, Mr. Porter, Mr. Hartnett, Mr. Solomon, Mr. Evans of Delaware, Mr. Hunter, Mr. Atkinson, Mr. James K. Coyne, Mr. McGrath, Mr. Hansen of Idaho, Mr. Martin of New York, Mr. Brown of Colorado, Mr. Hyde, Mr. Parris, Mr. Markey, and Mr. Bliley.

H.R. 6369: Mr. AuCoin.

H.J. Res. 144: Mr. Scheuer.

H. Con. Res. 249: Mr. Lantos and Mr. James K. Coyne.

H. Con. Res. 297. Mr. Dannemeyer, Mr. Davis, Mr. Dornan of California, Mr. Duncan, Mr. Dunn, Mr. Edwards of Alabama, Mr. Edwards of Oklahoma, Mr. Emerson, Mrs. Holt, Mr. Hunter, Mr. Lujan, Mr. McCollum, Mr. Molinari, Mr. Myers, Mr. Quillen, Mr. Rhodes, Mr. Roberts of Kansas, Mr. Siljander, Mr. Smith of New Jersey, Mr. Snyder, and Mr. Weber of Minnesota.

H. Con. Res. 298: Mr. Stokes and Mr. Edgar.

H. Con. Res. 341: Mr. Bevill.

H. Res. 252: Mr. Mitchell of New York and Mr. Dwyer.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H. Con. Res. 345

By Mr. MILLER of California (A-1):

(Amendment in the nature of a substitute.)

—Strike out all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Section 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102(a)(1). The level of Federal revenues is $622,800,000,000, and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000.

(5) The level of the public debt is $1,147,700,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000.

(6) The level of total gross obligations for the principal amount of direct loans is $63,400,000,000, and the level of total new primary commitments to guarantee loan principal is $74,850,000,000 and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000;

(B) Outlays, −$30,250,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $645,000,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $0;

(2) the level of total new budget authority is $739,500,000,000;

(3) the level of total budget outlays is $754,400,000,000;

(4) the amount of the deficit in the budget is $109,400,000,000; and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Pudget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $175,800,000,000;

(B) Outlays, $191,600,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,900,000,000;

(B) Outlays, $11,600,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,400,000,000;

(B) Outlays, $6,000,000,000.

(5) Natural Resources and Environment (300):

(A) New Budget authority, $9,800,000,000;

(B) Outlays, $12,300,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,900,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $5,700,000,000;

(B) Outlays, $1,600,000,000.

(8) Transportation (400):

(A) New budget authority, $20,000,000,000;

(B) Outlays, $20,500,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $6,700,000,000;

(B) Outlays, $8,500,000,000.

(10) Education Training, Employment and Social Services (500):

(A) New budget authority, $27,800,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $78,400,000,000;

(B) Outlays, $79,500,000,000.

(12) Income Security (600):

(A) New budget authority, $260,400,000,000;

(B) Outlays, $259,200,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,900,000,000;

(B) Outlays, $23,200,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,800,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,600,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,700,000,000;

(B) Outlays, $115,700,000,000.

(18) Allowances (920):

(A) New budget authority, −$500,000,000;

(B) Outlays, −$400,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$39,500,000,000;

(B) Outlays, −$39,500,000,000.

SEC. 203. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984, $702,000,000,000;

Fiscal year 1985, $780,000,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1984, $0;

Fiscal year 1985, $0.

(2) the level of total new budget authority is as follows:

Fiscal year 1984, $749,900,000,000;

Fiscal year 1985, $731,200,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984, $759,400,000,000;

Fiscal year 1985, $752,500,000,000.

(4)(A) the amount of the deficit in the budget is:

Fiscal year 1984, $57,400,000,000;

(B) the amount of the surplus in the budget is:

Fiscal year 1985, $27,500,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984, $1,404,450,000,000;

Fiscal year 1985, $1,490,880,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984, $1,004,450,000,000;

Fiscal year 1985, $1,090,800,000,000.

SEC. 204. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $191,000,000,000;

(B) Outlays, $191,900,000,000.

Fiscal year 1985:

(A) New budget authority, $187,300,000,000;

(B) Outlays, $192,200,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $17,000,000,000;

(B) Outlays, $11,800,000,000.

Fiscal year 1985:

(A) New budget authority, $17,000,000,000;

(B) Outlays, $11,900,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,000,000,000;

(B) Outlays, $5,600,000,000.

Fiscal year 1985:

(A) New budget authority, $3,800,000,000;

(B) Outlays, $5,400,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $9,200,000,000;

(B) Outlays, $11,700,000,000.

Fiscal year 1985:

(A) New budget authority, $8,800,000,000;

(B) Outlays, $11,300,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $10,400,000,000;

(B) Outlays, $14,300,000,000.

Fiscal year 1985:

(A) New budget authority, $10,200,000,000;

(B) Outlays, $14,200,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $5,700,000,000;

(B) Outlays, $1,400,000,000.

Fiscal year 1985:

(A) New budget authority, $5,200,000,000;

(B) Outlays, $1,300,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $19,900,000,000;

(B) Outlays, $20,400,000,000.

Fiscal year 1985:

(A) New budget authority, $19,900,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $6,800,000,000;

(B) Outlays, $8,600,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $8,700,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $25,400,000,000;

(B) Outlays, $28,900,000,000.

Fiscal year 1985:

(A) New budget authority, $26,100,000,000;

(B) Outlays, $29,700,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $78,400,000,000;

(B) Outlays, $81,600,000,000.

Fiscal year 1985:

(A) New budget authority, $78,200,000,000;

(B) Outlays, $84,200,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $259,000,000,000;

(B) Outlays, $262,700,000,000.

Fiscal year 1985:

(A) New budget authority, $260,400,000,000;

(B) Outlays, $267,800,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $25,100,000,000;

(B) Outlays, $23,900,000,000.

Fiscal year 1985:

(A) New budget authority, $25,200,000,000;

(B) Outlays, $24,400,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,700,000,000.

Fiscal year 1985:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,700,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,800,000,000;

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,500,000,000

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $6,800,000,000;

(B) Outlays, $6,800,000,000.

Fiscal year 1985:

(A) New buget authority, $6,900,000,000;

(B) Outlays, $6,800,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $119,900,000,000;

(B) Outlays, $119,900,000,000.

Fiscal year 1985:

(A) New budget authority, $108,300,000,000;

(B) Outlays, $108,300,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority −$500,000,000;

(B) Outlays, −$400,000,000.

Fiscal year 1985:

(A) New budget authority, −$1,500,000,000;

(B) Outlays, −$1,400,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, −$45,200,000,000;

(B) Outlays, −$45,200,000,000.

Fiscal year 1985:

(A) New budget authority, −$47,800,000,000;

(B) Outlays, −$47,800,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $1,600,000,000 and to increase outlays by $2,250,000,000 in fiscal year 1983, to reduce budget authority by $2,250,000,000 and to increase outlays by $3,900,000,000 in fiscal year 1984 and to reduce budget authority by $3,400,000,000 and to increase outlays by $3,750,000,000 in fiscal year 1985;

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $600,000,000 and outlays by $600,000,000 in fiscal year 1983, budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1984 and budget authority by $2,900,000,000 and outlays by $2,900,000,000 in fiscal year 1985;

(C) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $400,000,000 and outlays by $400,000,000 in fiscal year 1983, budget authority by $950,000,000 and outlays by $950,000,000 in fiscal year 1984 and budget authority by $950,000,000 and outlays by $950,000,000 in fiscal year 1985;

(D) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee which provides spending authority as defined in section 401(c)(2)(C) on the Budget Act, sufficient to reduce budget authority by $1,200,000,000 and outlays by $3,000,000,000 in fiscal year 1983, budget authority by $2,600,000,000 and outlays by $6,500,000,000 in fiscal year 1984 and budget authority by $4,850,000,000 and outlays by $11,200,000,000 in fiscal year 1985;

(E) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee which provides spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $000,000,000 and outlays by $700,000,000 in fiscal year 1983, budget authority by $000,000,000 and outlays by $2,200,000,000 in fiscal year 1984 and budget authority by $000,000,000 and outlays by $3,850,000,000 in fiscal year 1985;

(F) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee which provides spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1983, budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1984 and budget authority by $500,000,000 and outlays by $500,000,000 in fiscal year 1985;

(G) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $550,000,000 and outlays by $14,800,000,000 in fiscal year 1983, budget authority by $1,150,000,000 and outlays by $31,650,000,000 in fiscal year 1984 and budget authority by $1,650,000,000 and outlays by $52,800,000,000 in fiscal year 1985;

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Agriculture shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $1,650,000,000 and to increase outlays by $2,200,000,000 in fiscal year 1983, to reduce budget authority by $2,850,000,000 and to increase outlays by $3,550,000,000 in fiscal year 1984 and to reduce budget authority by $4,350,000,000 and to increase outlays by $2,800,000,000 in fiscal year 1985;

(B) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $600,000,000 and outlays by $600,000,000 in fiscal year 1983, budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1984 and budget authority by $2,900,000,000 and outlays by $2,900,000,000 in fiscal year 1985;

(C) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $000,000,000 and outlays by $700,000,000 in fiscal year 1983, budget authority by $000,000,000 and outlays by $2,200,000,000 in fiscal year 1984 and budget authority by $000,000,000 and outlays by $3,850,000,000 in fiscal year 1985;

(D) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $350,000,000 and outlays by $650,000,000 in fiscal year 1983, budget authority by $600,000,000 and outlays by $1,200,000,000 in fiscal year 1984 and budget authority by $000,000,000 and outlays by $950,000,000 in fiscal year 1985;

(E) the Senate Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 410(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1983, budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1984 and budget authority by $500,000,000 and outlays by $500,000,000 in fiscal year 1985;

(F) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee which provide spending authority as defined in section 410(c)(2)(C) of the Budget Act, sufficient to reduce budget authority by $2,150,000,000 and outlays by $16,400,000,000 in fiscal year 1983, budget authority by $4,450,000,000 and outlays by $34,950,000,000 in fiscal year 1984 and budget authority by $7,550,000,000 and outlays by $58,700,000,000 in fiscal year 1985;

SEC. 303. The committees named in sections 301(A)-(F) and 302(A)-(E) must submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

PART B—ENFORCEMENT MEASURES

DEFERRED ENROLLMENT

SEC. 304. No bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act, and on any reconciliation legislation required by such resolution.

302 (b) REPORT

SEC. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act.

SEC. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

—Page 5, line , increase the level of Federal revenues for fiscal year 1983 by $11,000,000,000.

Page 5, line , increase the net amount by which the aggregate level of Federal revenues should be increased for fiscal year 1983 by $11,000,000,000.

Page 5, line , increase the level of total budget outlays for fiscal year 1983 by $11,000,000,000.

Page 8, line , increase outlays for Functional Category (600) for fiscal year 1983 by $11,000,000,000.

Page 9, line , increase the level of Federal revenues for fiscal year 1984 by $22,300,000,000.

Page 9, line , increase the level of Federal revenues for fiscal year 1985 by $35,250,000,000.

Page 9, line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $22,300,000,000.

Page 9, line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1985 by $35,250,000,000.

Page 10, line , increase the level of total budget outlays for fiscal year 1984 by $22,300,000,000.

Page 10, line , increase the level of total budget outlays for fiscal year 1985 by $35,250,000,000.

Page 14, line , increase outlays for Functional Category (600) for fiscal year 1984 by $22,300,000,000.

Page 14, line , increase outlays for Functional Category (600) for fiscal year 1985 by $35,250,000,000.

Page 23, line , (relating to reconciliation instructions for the House Committee on Ways and Means) strike out "$14,800,000,000" and insert in lieu thereof "$3,800,000,000".

Page 23, line , (relating to reconciliation instructions for the House Committee on Ways and Means) strike out "$31,650,000,000" and insert in lieu thereof "$9,350,000,000".

Page 23, line , (relating to reconciliation instructions for the House Committee on Ways and Means) strike out "$52,800,000,000" and insert in lieu thereof "$17,550,000,000".

Page 23, line , insert before the semicolon at the end of the reconciliation instructions for the House Committee on Ways and Means the following: "; further, the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by $11,000,000,000 in fiscal year 1983, $22,300,000,000 in fiscal year 1984, and $35,250,000,000 in fiscal year 1985".

Page 29, line , (relating to reconciliation instructions for the Senate Committee on Finance) strike out "$16,400,000,000" and insert in lieu thereof "$5,400,000,000".

Page 29, line , (relating to reconciliation instructions for the Senate Committee on Finance) strike out "$34,950,000,000" and insert in lieu thereof "$12,650,000,000".

Page 29, line , (relating to reconciliation instructions for the Senate Committee on Finance) strike out "$58,700,000,000" and insert in lieu thereof "$23,450,000,000".

Page 29, line , insert before the semicolon at the end of the reconciliation instructions for the Senate Committee on Finance the following: "; further the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by $11,000,000,000 in fiscal year 1983, $22,300,000,000 in fiscal year 1984, and $35,250,000,000 in fiscal year 1985".

—Page 5, line , increase the level of Federal revenues for fiscal year 1983 by $22,800,000,000.

Page 5, line , increase the net amount by which the aggregate level of Federal revenues should be increased for fiscal year 1983 by $22,800,000,000.

Page 5, line , increase the level of total new budget authority for fiscal year 1983 by $68,000,000,000.

Page 5, line , increase the level of total budget outlays for fiscal year 1983 by $22,800,000,000.

Page 6, line , increase new budget authority for Functional Category (050) for fiscal year 1983 by $68,000,000,000.

Page 6, line , increase outlays for Functional Category (050) for fiscal year 1983 by $22,800,000,000.

Page 9, line , increase the level of Federal revenues for fiscal year 1984 by $47,400,000,000.

Page 9, line , increase the level of Federal revenues for fiscal year 1985 by $77,600,000,000.

Page 9, line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $47,400,000,000.

Page 9, line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1985 by $77,600,000,000.

Page 10, line , increase the level of total new budget authority for fiscal year 1984 by $81,600,000,000.

Page 10, line , increase the level of total new budget authority for fiscal year 1985 by $118,000,000,000.

Page 10, line , increase the level of total budget outlays for fiscal year 1984 by $47,400,000,000.

Page 10, line , increase the level of total budget outlays for fiscal year 1985 by $77,600,000,000.

Page 11, line , increase new budget authority for Functional Category (050) for fiscal year 1984 by $81,600,000,000.

Page 11, line , increase new budget authority for Functional Category (050) for fiscal year 1985 by $118,000,000,000.

Page 11, line , increase outlays for Functional Category (050) for fiscal year 1984 by $47,400,000,000.

Page 11, line , increase outlays for Functional Category (050) for fiscal year 1985 by $77,600,000,000.

Page 23, line , insert before the semicolon at the end of the reconciliation instructions for the House Committee on Ways and Means the following: "; further, the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $22,800,000,000 for fiscal year 1983, an additional $47,400,000,000 for fiscal year 1984, and an additional $77,600,000,000 for fiscal year 1985".

Page 29, line , insert before the semicolon at the end of the reconciliation instructions for the Senate Committee on Finance the following: "; further, the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $22,800,000,000 for fiscal year 1983, an additional $47,400,000,000 for fiscal year 1984, and an additional $77,600,000,000 for fiscal year 1985".

Page 5, line , increase the level of Federal revenues for fiscal year 1983 by $2,700,000,000.

Page 5, line , increase the net amount by which the aggregate level of Federal revenues should be increased for fiscal year 1983 by $2,700,000,000.

Page 5, line , increase the level of total new budget authority for fiscal year 1983 by $5,000,000,000.

Page 5, line , increase the level of total budget outlays for fiscal year 1983 by $2,700,000,000.

Page 6, line , increase new budget authority for Functional Category (050) for fiscal year 1983 by $400,000,000.

Page 7, line , increase new budget authority for Functional Category (500) for fiscal year 1983 by $150,000,000.

Page 7, line , increase new budget authority for Functional Category (550) for fiscal year 1983 by $1,600,000,000.

Page 8, line , increase new budget authority for Functional Category (600) for fiscal year 1983 by $2,800,000,000.

Page 8, line , increase new budget authority for Functional Category (700) for fiscal year 1983 by $50,000,000.

Page 6, line , increase outlays for Functional Category (050) for fiscal year 1983 by $400,000,000.

Page 7, line , reduce outlays for Functional Category (350) for fiscal year 1983 by $3,850,000,000.

Page 7, line , increase outlays for Functional Category (500) for fiscal year 1983 by $250,000,000.

Page 7, line , increase outlays for Functional Category (550) for fiscal year 1983 by $1,350,000,000.

Page 8, line , increase outlays for Functional Category (600) for fiscal year 1983 by $4,500,000,000.

Page 8, line , increase outlays for Functional Category (700) for fiscal year 1983 by $50,000,000.

Page 9, line , increase the level of Federal revenues for fiscal year 1985 by $9,050,000,000.

Page 9, line , increase the level of Federal revenues for fiscal year 1984 by $20,950,000,000.

Page 9, line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $9,050,000,000.

Page 9, line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $20,950,000,000.

Page 10, line , increase the level of total new budget authority for fiscal year 1984 by $8,800,000,000.

Page 10, line , increase the level of total new budget authority for fiscal year 1985 by $13,900,000,000.

Page 10, line , increase the level of total budget outlays for fiscal year 1984 by $9,050,000,000.

Page 10, Line , increase the level of total budget outlays for fiscal year 1985 by $20,950,000,000.

Page 11, line , increase new budget authority for Functional Category (050) for fiscal year 1984 by $1,000,000,000.

Page 14, line , increase new budget authority for Functional Category (500) for fiscal year 1984 by $200,000,000.

Page 14, line , increase new budget authority for Functional Category (550) for fiscal year 1984 by $3,300,000,000.

Page 14, line , increase new budget authority for Functional Category (600) for fiscal year 1984 by $3,900,000,000.

Page 15, line , increase new budget authority for Functional Category (700) for fiscal year 1984 by $450,000,000.

Page 15, line , reduce new budget authority for Functional Category (850) for fiscal year 1984 by $50,000,000.

Page 11, line , increase new budget authority for Functional Category (050) for fiscal year 1985 by $1,650,000,000.

Page 14, line , reduce new budget authority for Functional Category (500) for fiscal year 1985 by $600,000,000.

Page 14, line , increase new budget authority for Functional Category (550) for fiscal year 1985 by $5,900,000,000.

Page 14, line , increase new budget authority for Functional Category (600) for fiscal year 1985 by $5,850,000,000.

Page 15, line , increase new budget authority for Functional Category (700) for fiscal year 1985 by $1,150,000,000.

Page 16, line , reduce new budget authority for Functional Category (850) for fiscal year 1985 by $50,000,000.

Page 11, line , increase outlays for Functional Category (050) for fiscal year 1984 by $1,000,000,000.

Page 12, line , reduce outlays for Functional Category (350) for fiscal year 1984 by $6,400,000,000.

Page 14, line , increase outlays for Functional Category (500) for fiscal year 1984 by $400,000,000.

Page 14, line , increase outlays for Functional Category (550) for fiscal year 1984 by $8,800,000,000.

Page 14, line , increase outlays for Functional Category (600) for fiscal year 1984 by $4,800,000,000.

Page 15, line , increase outlays for Functional Category (700) for fiscal year 1984 by $450,000,000.

Page 11, line , increase outlays for Functional Category (050) for fiscal year 1985 by $1,650,000,000.

Page 13, line , reduce outlays for Functional Category (350) for fiscal year 1985 by $7,150,000,000.

Page 14, line , reduce outlays for Functional Category (500) for fiscal year 1985 by $300,000,000.

Page 14, line , increase outlays for Functional Category (550) for fiscal year 1985 by $17,650,000,000.

Page 14, line , increase outlays for Functional Category (600) for fiscal year 1985 by $7,900,000,000.

Page 15, line , increase outlays for Functional Category (700) for fiscal year 1985 by $1,150,000,000.

Page 16, line , increase outlays for Functional Category (850) for fiscal year 1985 by $50,000,000.

Page 17, line (relating to reconciliation instructions), strike out all Title III, Part A, Secs. 301 and 302, and in its place insert the following:

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 310(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985;

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985;

(C) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985;

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985;

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985;

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985;

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985;

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $273,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985;

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985; and

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985;

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985;

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985;

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985;

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985;

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptable high budget deficits in future years requires additional savings of $694,000,000 in budget authority and $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985;

(E) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $190,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptable high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985;

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisidiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985;

(G) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional saving of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985;

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985; and

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

Page 23, line , insert before the semicolon at the end of the reconciliation instructions for the House Committee on Ways and Means the following: "; further, the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $2,700,000,000 for fiscal year 1983, an additional $9,050,000,000 for fiscal year 1984, and an additional $20,950,000,000 for fiscal year 1985".

Page 29, line , insert before the semicolon at the end of the reconciliation instructions for the Senate Committee on Finance the following: "; further, the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $2,700,000,000 for fiscal year 1983, and additional $9,050,000,000 for fiscal year 1984, and an additional $20,950,000,000 for fiscal year 1985".

Page 5, line , increase the level of Federal revenues for fiscal year 1983 by $2,450,000,000.

Page 5, line , increase the net amount by which the aggregate level of Federal revenues should be increased for fiscal year 1983 by $2,450,000,000

Page 5, line , increase the level of total new budget authority for fiscal year 1983 by $4,500,000,000.

Page 5, line , increase the level of total budget outlays for fiscal year 1983 by $2,450,000,0000.

Page 7, line , increase new budget authority for Functional Category (270) for fiscal year 1983 by $700,000,000.

Page 7, line , increase new budget authority for Functional Category (350) for fiscal year 1983 by $300,000,000.

Page 7, line , increase new budget authority for Functional Category (370) for fiscal year 1983 by $1,250,000,000.

Page 7, line , increase new budget authority for Functional Category (400) for fiscal year 1983 by $900,000,000.

Page 7, line , increase new budget authority for Functional Category (500) for fiscal year 1983 by $1,050,000,000.

Page 7, line , increase new budget authority for Functional Category (550) for fiscal year 1983 by $150,000,000.

Page 8, line , increase new budget authority for Functional Category (600) for fiscal year 1983 by $150,000,000.

Page 7, line , increase outlays for Functional Category (270) for fiscal year 1983 by $500,000,000.

Page 7, line , increase outlays for Functional Category (370) for fiscal year 1983 by $250,000,000.

Page 7, line , increase outlays for Functional Category (400) for fiscal year 1983 by $650,000,000.

Page 7, line , increase outlays for Functional Category (450) for fiscal year 1983 by $150,000,000.

Page 7, line , increase outlays for Functional Category (500) for fiscal year 1983 by $200,000,000.

Page 7, line , increase outlays for Functional Category (550) for fiscal year 1983 by $50,000,000.

Page 8, line , increase outlays for Functional Category (600) for fiscal year 1983 by $450,000,000.

Page 8, line , increase outlays for Functional Category (950) for fiscal year 1983 by $200,000,000.

Page 9, line , increase the level of Federal Revenues for fiscal year 1984 by $3,550,000,000.

Page 9, line , increase the level of Federal Revenues for fiscal year 1985 by $4,400,000,000.

Page 9, line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1984 by $3,550,000,000.

Page 9, line , increase the amount by which the aggregate level of Federal revenues should be increased for fiscal year 1985 by $4,400,000,000.

Page 10, line , increase the level of total new budget authority for fiscal year 1984 by $5,050,000,000.

Page 10, line , increase the level of total new budget authority for fiscal year 1985 by $5,250,000,000.

Page 10, line , increase the level of total budget outlays for fiscal year 1984 by $3,550,000,000.

Page 10, line , increase the level of total budget outlays for fiscal year 1985 by $4,400,000,000.

Page 12, line , increase new budget authority for Functional Category (270) for fiscal year 1984 by $700,000,000.

Page 12, line , increase the new budget authority for Functional Category (350) for fiscal year 1984 by $150,000,000.

Page 13, line , increase new budget authority for Functional Category (370) for fiscal year 1984 by $1,300,000,000.

Page 13, line , increase new budget authority for Functional Category (400) for fiscal year 1984 by $950,000,000.

Page 14, line , increase new budget authority for Functional Category (500) for fiscal year 1984 by $1,350,000,000.

Page 14, line , increase new budget authority for Functional Category (550) for fiscal year 1984 by $300,000,000.

Page 14, line , increase new budget authority for Functional Category (600) for fiscal year 1984 by $300,000,000.

Page 12, line , increase new budget authority for Functional Category (270) for fiscal year 1984 by $650,000,000.

Page 13, line , increase new budget authority for Functional Category (350) for fiscal year 1985 by $100,000,000.

Page 13, line , increase new budget authority for Functional Category (370) for fiscal year 1985 by $1,150,000,000.

Page 13, line , increase new budget authority for Functional Category (400) for fiscal year 1985 by $1,000,000,000.

Page 14, line , increase new budget authority for Functional Category (500) for fiscal year 1985 by $1,500,000,000.

Page 14, line , increase new budget authority for Functional Category (550) for fiscal year 1985 by $350,000,000.

Page 14, line , increase new budget authority for Functional Category (600) for fiscal year 1985 by $500,000,000.

Page 12, line , increase outlays for Functional Category (270) for fiscal year 1984 by $600,000,000.

Page 12, line , increase outlays for Functional Category (350) for fiscal year 1984 by $150,000,000.

Page 13, line , increase outlays for Functional Category (370) for fiscal year 1984 by $300,000,000.

Page 13, line , increase outlays for Functional Category (400) for fiscal year 1934 by $800,000,000.

Page 14, line , increase outlays for Functional Category (500) for fiscal year 1984 by $650,000,000.

Page 14, line , increase outlays for Functional Category (550) for fiscal year 1984 by $200,000,000.

Page 14, line , increase outlays for Functional Category (600) for fiscal year 1984 by $650,000,000.

Page 12, line , increase outlays for Functional Category (270) for fiscal year 1984 by $500,000,000.

Page 13, line , increase outlays for Functional Category (350) for fiscal year 1985 by $200,000,000.

Page 13, line , increase outlays for Functional Category (370) for fiscal year 1985 by $500,000,000.

Page 13, line , increase outlays for Functional Category (400) for fiscal year 1985 by $900,000,000.

Page 14, line , increase outlays for Functional Category (500) for fiscal year 1985 by $950,000,000.

Page 14, line , increase outlays for Functional Category (550) for fiscal year 1985 by $300,000,000.

Page 14, line , increase outlays for Functional Category (600) for fiscal year 1985 by $850,000,000.

Page 23, line , insert before the semicolon at the end of the reconciliation instructions for the House Committee on Ways and Means the following: "; further, the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $2,450,000,000 for fiscal year 1983, by an additional $3,550,000,000 for fiscal year 1984, and by additional $4,400,000,000 for fiscal year 1985".

Page 29, line , insert before the semicolon at the end of the reconciliation instructions for the Senate Committee on Finance the following: "; further, the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to raise revenues by an additional $2,450,000,000 for fiscal year 1983, by an additional $3,550,000,000 for fiscal year 1984, and by an additional $4,400,000,000 for fiscal year 1985"

By Mr. OBEY (A-2):

—Strike all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SECTION 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102(a)(1). The level of Federal revenues is $624,900,000,000 and the net amount by which the aggregate level of Federal revenues should be increased is $1,900,000,000;

(2) the level of total new budget authority is $789,150,000,000;

(3) the level of total budget outlays is $745,800,000,000;

(4) the amount of the deficit in the budget is $120,900,000,000;

(5) the level of the public debt is $1,147,700,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000; and

(6) the level of total gross obligations for the principal amount of direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principle is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $218,200,000,000;
(B) Outlays, $190,800,000,000.
(2) International Affairs (150):
(A) New budget authority, $16,750,000,000;
(B) Outlays, $11,450,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $7,000,000,000;
(B) Outlays, $7,000,000,000.
(4) Energy (270):
(A) New budget authority, $4,750,000,000;
(B) Outlays, $6,500,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $11,400,000,000;
(B) Outlays, $13,200,000,000.
(6) Agriculture (350):
(A) New budget authority, $9,900,000,000;
(B) Outlays, $13,800,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $7,500,000,000;
(B) Outlays, $3,750,000,000.
(8) Transportation (400):
(A) New budget authority, $22,200,000,000;
(B) Outlays, $21,500,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $7,000,000,000;
(B) Outlays, $8,650,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $24,400,000,000;
(B) Outlays, $28,600,000,000.
(11) Health (550):
(A) New budget authority, $79,050,000,000;
(B) Outlays, $73,750,000,000.
(12) Income Security (600):
(A) New budget authority, $261,350,000,000;
(B) Outlays, $251,850,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $24,800,000,000;
(B) Outlays, $23,800,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,500,000,000;
(B) Outlays, $4,650,000,000.
(15) General Government (800):
(A) New budget authority, $5,200,000,000;
(B) Outlays, $5,050,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,350,000,000;
(B) Outlays, $6,350,000,000.
(17) Interest (900):
(A) New budget authority $102,200,000,000;
(B) Outlays, $102,200,000,000.
(18) Allowances (920):
(A) New budget authority, $4,850,000,000;
(B) Outlays, $3,150,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, -$30,250,000,000;
(B) Outlays, -$30,250,000,000.

SEC. 103 (a). There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000
(2) New primary loan guarantee commitments, $74,850,000,000
(3) New secondary loan guarantee commitments, $68,950,000,000

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):
(A) New direct loan obligations, $0;
(B) New primary loan guarantee commitments, $0;
(C) New secondary loan guarantee commitments, $0.
(2) International Affairs (150):
(A) New direct loan obligations, $10,400,000,000;
(B) New primary loan guarantee commitments, $8,100,000,000;
(C) New secondary loan guarantee commitments, $0.
(3) General Science, Space and Technology (250):
(A) New direct loan obligations, $200,000,000;
(B) New primary loan guarantee commitments, $0;
(C) New secondary loan guarantee commitments, $0.
(4) Energy (270):
(A) New direct loan obligations, $10,300,000,000;
(B) New primary loan guarantee commitments, $400,000,000;
(C) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
(A) New direct loan obligations, $50,000,000;
(B) New primary loan guarantee commitments, $0;
(C) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
(A) New direct loan obligations, $22,600,000,000;
(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0;

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0;

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0;

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $682,400,000,000 and the net amount by which the aggregate level of Federal revenues should be increased is $37,400,000,000;

(2) the level of total new budget authority is $816,600,000,000;

(3) the level of total budget outlays is $781,100,000,000;

(4) the amount of the deficit in the budget is $98,700,000,000; and

(5) the level of the public debt is $1,285,500,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,500,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $228,400,000,000;

(B) Outlays, $208,700,000,000.

(2) International Affairs (150):

(A) New budget authority $16,150,000,000;

(B) Outlays, $12,100,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,700,000,000;

(B) Outlays, $7,500,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,200,000,000;

(B) Outlays, $10,800,000,000.

(6) Agriculture (350):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $10,200,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $8,150,000,000;

(B) Outlays, $3,100,000,000.

(8) Transportation (400):

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,550,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,300,000,000;

(B) Outlays, $7,950,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $28,650,000,000;

(B) Outlays, $27,850,000,000.

(11) Health (550):

(A) New budget authority, $77,600,000,000;

(B) Outlays, $80,400,000,000.

(12) Income Security (600):

(A) New budget authority, $287,800,000,000;

(B) Outlays, $275,750,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,400,000,000;

(B) Outlays, $23,650,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,650,000,000;

(B) Outlays, $4,700,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $114,900,000,000;

(B) Outlays, $114,900,000,000.

(18) Allowances (920):

(A) New budget authority, −$550,000,000;

(B) Outlays, $450,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$43,850,000,000;

(B) Outlays, −$43,850,000,000.

SEC. 203(a). There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $61,450,000,000;

(2) New primary loan guarantee commitments, $99,100,000,000;

(3) New secondary loan guarantee commitments, $68,250,000,000;

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,850,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, −$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,550,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $950,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $30,400,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

Sec. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $787,600,000,000;

Fiscal year 1985: $892,200,000,000; and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $85,600,000,000;

Fiscal year 1985: $112,200,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984; $879,850,000,000;

Fiscal year 1985; $948,150,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984; $824,600,000,000;

Fiscal year 1985; $879,000,000,000.

(4) the amount of the deficit or surplus in the budget is:

Fiscal year 1984; −$37,000,000,000;

Fiscal year 1985; +$13,200,000,000.

(5) the level of public debt is as follows:

Fiscal year 1984; $1,404,450,000,000;

Fiscal year 1985; $1,490,800,000,000; and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000;

Fiscal year 1985: $1,090,800,000,000.

Sec. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each minor functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $252,850,000,000;

(B) Outlays, $227,650,000,000.

Fiscal year 1985:

(A) New budget authority, $279,850,000,000;

(B) Outlays, $256,000,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $17,550,000,000;

(B) Outlays, $12,700,000,000.

Fiscal year 1985:

(A) New budget authority, $22,700,000,000;

(B) Outlays, $13,000,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $8,050,000,000;

(B) Outlays, $8,050,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $8,350,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,950,000,000;

(B) Outlays, $4,150,000,000.

Fiscal year 1985:

(A) New budget authority, $4,950,000,000;

(B) Outlays, $4,100,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $9,100,000,000;

(B) Outlays, $10,200,000,000.

Fiscal year 1985:

(A) New budget authority, $9,300,000,000;

(B) Outlays, $9,550,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $8,550,000,000;

(B) Outlays, $8,400,000,000.

Fiscal year 1985:

(A) New budget authority, $7,150,000,000;

(B) Outlays, $7,750,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $9,000,000,000;

(B) Outlays, $2,800,000,000.

Fiscal year 1985:

(A) New budget authority, $9,200,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $22,600,000,000;

(B) Outlays, $20,400,000,000.

Fiscal year 1985:

(A) New budget authority, $23,700,000,000;

(B) Outlays, $20,750,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,950,000,000;

(B) Outlays, $7,900,000,000.

Fiscal year 1985:

(A) New budget authority, $8,450,000,000;

(B) Outlays, $8,350,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $30,250,000,000;

(B) Outlays, $29,400,000,000.

Fiscal year 1985:

(A) New budget authority, $31,550,000,000;

(B) Outlays, $29,900,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $82,050,000,000;

(B) Outlays, $90,550,000,000.

Fiscal year 1985:

(A) New budget authority, $94,700,000,000;

(B) Outlays, $102,500,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $316,450,000,000;

(B) Outlays, $292,400,000,000.

Fiscal year 1985:

(A) New budget authority, $348,250,000,000;

(B) Outlays, $315,650,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $25,550,000,000;

(B) Outlays, $24,950,000,000.

Fiscal year 1985:

(A) New budget authority, $26,800,000,000;

(B) Outlays, $26,650,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,900,000,000.

(B) Outlays, $4,850,000,000.

Fiscal year 1985:

(A) New budget authority $4,850,000,000.

(B) Outlays, $4,900,000,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,950,000,000;

(B) Outlays, $4,800,000,000.

Fiscal year 1985:

(A) New budget authority, $5,250,000,000;

(B) Outlays, $4,950,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $6,750,000,000;

(B) Outlays, $6,700,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $6,900,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $117,000,000,000;

(B) Outlays, $117,000,000,000.

Fiscal year 1985:

(A) New budget authority, $105,500,000,000;

(B) Outlays, $105,500,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority, $1,050,000,000;

(B) Outlays, $1,400,000,000.

Fiscal year 1985:

(A) New budget authority, $1,750,000,000;

(B) Outlays, $2,200,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, −$49,700,000,000;

(B) Outlays, −$49,700,000,000.

Fiscal year 1985:

(A) New budget authority, −$51,050,000,000;

(B) Outlays, $51,050,000,000.

Title III—Providing Reconciliation Instructions And Other Enforcement Measures

Part A—Reconciliation Instructions

Sec. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Banking, Finance and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $59,000,000 and outlays by $59,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $65,000,000 in budget authority and $65,000,000 in outlays in fiscal year 1984, and $72,000,000 in budget authority and $72,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,284,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,005,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $3,567,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $37,400,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $85,600,000,000 for fiscal year 1984, and $112,200,000,000 for fiscal year 1985.

Sec. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,343,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,070,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $3,639,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to increase revenues by $37,400,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional revenues of $85,600,000,000 for fiscal year 1984, and $112,200,000,000 in fiscal year 1985.

(C) the Senate Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $1,000,000 and outlays by $1,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $3,000,000 in budget authority and $3,000,000 in outlays for fiscal year 1984, and $5,000,000 in budget authority and $5,000,000 in outlays in fiscal year 1985.

(E) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $90,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $81,000,000 and outlays by $81,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $87,000,000 in budget authority and $87,000,000 in outlays for fiscal year 1984, and $91,000,000 in budget authority and $91,000,000 in outlays in fiscal year 1985.

Sec. 303. The committees names in sections 301(A)-(D) and 302(C)-(F) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

DEFERRED ENROLLMENT

Sec. 304. In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

302(b) REPORT

Sec. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act.

SEC. 306. By this budget resolution, Congress significantly reduces projected deficits for fiscal year 1983 and more importantly by even larger amounts in fiscal year 1984 and 1985. These actions restore control over fiscal policy and make changes in monetary policy appropriate. Consequently, the Federal Reserve Board shall adjust monetary policy as required to foster sustained economic growth and declining inflation as reflected by the growth of gross national product assumed in this budget resolution and contained in the accompanying report.

If the Federal Reserve Board at any time prior to the passage of the budget resolution for fiscal year 1984 believes that the growth and inflation targets specified in the report are inappropriate, the chairman of the Federal Reserve Board shall submit to the Budget Committee and Banking Committees an analysis supporting that conclusion.

By Mr. FAUNTROY (A-3):

(Amendment in the nature of a substitute.)

—strike out all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SEC. 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102. (a)(1) The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000.

(5) The level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000.

(6) The level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,300,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000.

(B) Outlays, −$30,250,000,000.

SEC. 103. (a) There is established a congressional Federal credit budget for fiscal year 1982 of which the levels of total Federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1983

Sec. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $711,000,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $——,

(2) the level of total new budget authority is $831,370,000,000,

(3) the level of total budget outlays is $808,797,000,000,

(4) the amount of the deficit in the budget is $97,797,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

Sec. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $196,329,000,000;

(B) Outlays, $199,264,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,760,000,000;

(B) Outlays, $11,653,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,723,000,000;

(B) Outlays, $7,604,000,000.

(4) Energy (270):

(A) New budget authority, $5,757,000,000;

(B) Outlays, $4,301,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $7,915,000,000;

(B) Outlays, $9,239,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,810,000,000;

(B) Outlays, $10,306,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $12,626,000,000;

(B) Outlays, $5,476,000,000.

(8) Transportation (400):

(A) New budget authority, $27,302,000,000;

(B) Outlays, $22,367,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $11,332,000,000;

(B) Outlays, $9,795,000,000.

(10) Education, Training, Employment, and Social Services (500):

(A) New budget authority, $35,606,000,000;

(B) Outlays, $34,316,000,000.

(11) Health (550):

(A) New budget authority, $88,972,000,000;

(B) Outlays, $85,592,000,000.

(12) Income Security (600):

(A) New budget authority, $293,852,000,000;

(B) Outlays, $288,058,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $23,714,000,000;

(B) Outlays, $23,747,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,835,000,000;

(B) Outlays, $4,800,000,000.

(15) General Government (800):

(A) New budget authority, $5,597,000,000;

(B) Outlays, $5,379,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,556,000,000;

(B) Outlays, $6,549,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, $346,000,000;

(B) Outlays, $413,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$35,662,000,000;

(B) Outlays, −$35,662,000,000.

By Mr. ROUSSELOT (A-):

(Amendment in the nature of a substitute.)

—Strike out all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Sec. 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102. (a)(1) The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000.

(5) The level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000.

(6) The level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows

(1) National Defense (050):

(A) New Budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New Budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New Budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New Budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$30,250,000,000;

(B) Outlays, −$30,250,000,000.

Sec. 103. (a) There is established a congressional Federal credit budget for fiscal year 1982 of which the levels of total Federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000.

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

Sec. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that the for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $701,750,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $18,850,000,000,

(2) the level of total new budget authority is $797,400,000,000,

(3) the level of total budget outlays is $701,750,000,000,

(4) the amount of the deficit in the budget is 0, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

Sec. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $243,450,000,000;

(B) Outlays, $213,000,000,000.

(2) International Affairs (150):

(A) New budget authority, $12,050,000,000;

(B) Outlays, $7,500,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,500,000,000.

(4) Energy (270):

(A) New budget authority, $4,400,000,000;

(B) Outlays, $3,300,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(B) Outlays, $9,000,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $9,600,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $2,000,000,000.

(8) Transportation (400):

(A) New budget authority, $21,300,000,000;

(B) Outlays, $17,000,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $6,700,000,000;

(B) Outlays, $6,500,000,000.

(10) Education, Training, Employment, and Social Services (500):

(A) New budget authority, $27,450,000,000;

(B) Outlays, $24,000,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $74,000,000,000.

(12) Income Security (600):

(A) New budget authority, $286,250,000,000;

(B) Outlays, $249,000,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $23,750,000,000;

(B) Outlays, $23,050,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,100,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,000,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $1,800,000,000.

(17) Interest (900):

(A) New budget authority, $92,000,000,000;

(B) Outlays, $92,000,000,000.

(18) Allowances (920):

(A) New budget authority, −$1,000,000,000;

(B) Outlays, −$1,000,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$43,650,000,000;

(B) Outlays, −$43,650,000,000.

SEC. 203. (a) There is established a congressional Federal credit budget for fiscal year 1983 of which the levels of total Federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $33,223,000,000.

(2) New primary loan guarantee commitments, $143,293,000,000.

(3) New secondary loan guarantee commitments, $32,008,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $5,425,000,000;

(B) New primary loan guarantee commitments, $8,975,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $171,000,000;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $105,000,000;

(B) New primary loan guarantee commitments, $5,289,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $45,000,000;

(B) New primary loan guarantee commitments, $25,000,000;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $13,869,000,000;

(B) New primary loan guarantee commitments, $5,702,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $8,905,000,000;

(B) New primary loan guarantee commitments, $66,733,000,000;

(C) New secondary loan guarantee commitments, $32,000,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $121,000,000;

(B) New primary loan guarantee commitments, $628,000,000;

(C) New secondary loan guarantee commitments, $8,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,781,000,000;

(B) New primary loan guarantee commitments, $6,698,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $848,000,000;

(B) New primary loan guarantee commitments, $10,300,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $36,000,000;

(B) New primary loan guarantee commitments, $104,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $1,000,000,000;

(B) New primary loan guarantee commitments, $18,356,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $938,000,000;

(B) New primary loan guarantee commitments, $20,307,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $5,000,000;

(B) New primary loan guarantee commitments, $5,000,000;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $145,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0;

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0;

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $749,900,000,000;
Fiscal year 1985: $804,600,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $48,150,000,000;
Fiscal year 1985: $54,700,000,000;

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $813,700,000,000;
Fiscal year 1985: $885,400,000,000;

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $749,900,000,000;
Fiscal year 1985: $804,600,000,000;

(4) the amount of the deficit in the budget is:

Fiscal year 1984: $0;
Fiscal year 1985: $0;

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000;
Fiscal year 1985: $1,490,800,000,000;

and the amount of which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000;
Fiscal year 1985: $1,090,800,000,000;

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $270,000,000,000;

(B) Outlays, $241,000,000,000.

Fiscal year 1985:

(A) New budget authority, $310,100,000,000;

(B) Outlays, $275,700,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $14,500,000,000;

(B) Outlays, $8,000,000,000.

Fiscal year 1985:

(A) New budget authority, $14,900,000,000;

(B) Outlays, $8,900,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,000,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,000,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,200,000,000;

(B) Outlays, $3,000,000,000.

Fiscal year 1985:

(A) New budget authority, $4,100,000,000;

(B) Outlays, $2,500,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $9,300,000,000;

(B) Outlays, $8,700,000,000.

Fiscal year 1985:

(A) New budget authority, $8,900,000,000;

(B) Outlays, $8,000,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $9,800,000,000;

(B) Outlays, $9,200,000,000.

Fiscal year 1985:

(A) New budget authority, $9,000,000,000;

(B) Outlays, $8,700,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $5,000,000,000;

(B) Outlays, $500,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $500,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $19,200,000,000;

(B) Outlays, $17,000,000,000.

Fiscal year 1985:

(A) New budget authority, $19,500,000,000;

(B) Outlays, $16,500,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $6,400,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,300,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $21,700,000,000;

(B) Outlays, $22,500,000,000.

Fiscal year 1985:

(A) New budget authority, $21,700,000,090;

(B) Outlays, $21,500,000,000.

(11) Health (550):

Fiscal year 1984:

(A) New budget authority, $84,900,000,000;

(B) Outlays, $84,900,000,000.

Fiscal year 1985:

(A) New budget authority, $93,600,000,000;

(B) Outlays, $93,500,000,000.

(12) Income Security (600):

Fiscal year 1984:

(A) New budget authority, $289,900,000,000;

(B) Outlays, $274,800,000,000.

Fiscal year 1985:

(A) New budget authority, $315,200,000,000;

(B) Outlays, $290,100,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:

(A) New budget authority, $24,200,000,000;

(B) Outlays, $23,600,000,000.

Fiscal year 1985:

(A) New budget authority, $24,200,000,000;

(B) Outlays, $24,200,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:

(A) New budget authority, $4,200,000,000.

(B) Outlays, $4,200,000,000.

Fiscal year 1985:

(A) New budget authority, $4,200,000,000;

(B) Outlays, $4,200,000.

(15) General Government (800):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,000,000,000.

Fiscal year 1985:

(A) New budget authority, $4,200,000,000;

(B) Outlays, $4,000,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:

(A) New budget authority, $4,000,000,000;

(B) Outlays, $1,900,000,000.

Fiscal year 1985:

(A) New budget authority, $3,000,000,000;

(B) Outlays, $1,900,000,000.

(17) Interest (900):

Fiscal year 1984:

(A) New budget authority, $80,000,000,000;

(B) Outlays, $80,000,000,000.

Fiscal year 1985:

(A) New budget authority, $80,000,000,000;

(B) Outlays, $80,000,000,000.

(18) Allowances (920):

Fiscal year 1984:

(A) New budget authority, −$800,000,000;

(B) Outlays, −$800,000,000.

Fiscal year 1985:

(A) New budget authority, −$800,000,000;

(B) Outlays, −$600,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, −$45,000,000,000;

(B) Outlays, −$45,000,000,000.

Fiscal year 1985:

(A) New budget authority, −$47,300,000,000;

(B) Outlays, −$47,300,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee or Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $271,000,000 and outlays by $2,742,000,000 in fiscal year 1983;

(B) the House Committee or Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $4,905,000,000 in fiscal year 1983;

(C) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $898,000,000 and outlays by $3,317,000,000 in fiscal year 1983;

(D) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $5,344,000,000 and outlays by $9,964,000,000 in fiscal year 1983;

(E) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,589,00,000 in fiscal year 1983;

(F) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $298,000,000 and outlays by $441,000,000 in fiscal year 1983;

(G) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $349,000,000 and outlays by $1,280,000,000 in fiscal year 1983;

(H) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $1,133,000,000 and outlays by $1,113,000,000 in fiscal year 1983;

(I) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $50,922,000,000 and outlays by $64,068,000,000 in fiscal year 1983;

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $50,928,000,000 and outlays by $64,657,000,000 in fiscal year 1983;

(B) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $275,000,000 and outlays by $2,757,000,000 in fiscal year 1983;

(C) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $89,000,000 and outlays by $103,000,000 in fiscal year 1983;

(D) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,329,000,000 and outlays by $4,550,000,000 in fiscal year 1983;

(E) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $1,451,000,000 and outlays by $4,932,000,000 in fiscal year 1983;

(F) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,934,000,000 in fiscal year 1983;

(G) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdicition of that committee to reduce spending in amounts sufficient to reduce outlays by $2,215,000,000 in fiscal year 1983;

(H) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $2,159,000,000 and outlays by $6,084,000,000 in fiscal year 1983;

SEC. 303. The committees named in sections 301(A)-(H) and 302(B)-(H) shall submit their recommendations to the Committee on the Budget of their respective Houses by June 30, 1982. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

DEFERRED ENROLLMENT

SEC. 304. In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year

1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

302(B) REPORT

SEC. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act.

SEC. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

By Mr. LATTA (B-1):

—Strike all after the resolving clause and insert the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SEC. 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102(a)(1). The level of Federal revenues is $628,400,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $900,000,000.

(2) the level of total new budget authority is $764,900,000,000;

(3) the level of total budget outlays is $728,900,000,000;

(4) the amount of the deficit in the budget is $100,500,000,000;

(5) the level of the public debt is $1,147,700,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000;

(6) the level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $219,000,000,000;

(B) Outlays, $187,600,000,000.

(2) International Affairs (150):

(A) New budget authority, $19,000,000,000;

(B) Outlays, $11,400,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,900,000,000.

(4) Energy (270):

(A) New budget authority, $4,800,000,000;

(B) Outlays, $6,200,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,100,000,000;

(B) Outlays, $12,700,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,600,000,000;

(B) Outlays, $12,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $6,300,000,000;

(B) Outlays, $3,400,000,000.

(8) Transportation (400):

(A) New budget authority, $21,100,000,000;

(B) Outlays, $21,200,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $6,600,000,000;

(B) Outlays, $8,200,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $23,800,000,000;

(B) Outlays, $27,900,000,000.

(11) Health (550):

(A) New budget authority, $79,100,000,000;

(B) Outlays, $73,500,000,000.

(12) Income Security (600):

(A) New budget authority, $250,700,000,000;

(B) Outlays, $249,600,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $24,200,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,100,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,400,000,000;

(B) Outlays, $6,400,000,000.

(17) Interest (900):

(A) New budget authority, $99,200,000,000;

(B) Outlays, $99,200,000,000.

(18) Allowances (920):

(A) New budget authority, -$300,000,000;

(B) Outlays, -$400,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, -$31,800,000,000;

(B) Outlays, -$31,800,000,000.

SEC. 103(a). There is established a congressional federal credit budget for fiscal year 1982 of which the levels of total federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000;

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370:)

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0.

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEARS 1983, 1984, AND 1985

Sec. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $665,900,000,000 and the net amount by which the aggregate level of Federal revenues should be increased is $20,900,000,000;

(2) the level of total new budget authority is $805,200,000,000;

(3) the level of total budget outlays is $768,500,000,000;

(4) the amount of the deficit in the budget is $102,600,000,000;

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

Sec. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $253,850,000,000;

(B) Outlays, $214,250,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,200,000,000;

(B) Outlays, $12,050,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,050,000,000;

(B) Outlays, $7,150,000,000.

(4) Energy (270):

(A) New budget authority, $3,600,000,000;

(B) Outlays, $3,900,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,000,000,000;

(B) Outlays, $10,550,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,400,000,000;

(B) Outlays, $9,050,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,300,000,000;

(B) Outlays, $2,450,000,000.

(8) Transportation (400):

(A) New budget authority, $21,450,000,000;

(B) Outlays, $20,050,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $6,850,000,000;

(B) Outlays, $7,850,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,250,000,000;

(B) Outlays, $26,800,000,000.

(11) Health (550):

(A) New budget authority, $79,800,000,000;

(B) Outlays, $76,950,000,000.

(12) Income Security (600):

(A) New budget authority, $259,200,000,000;

(B) Outlays, $270,900,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,710,000,000;

(B) Outlays, $23,860,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,400,000,000;

(B) Outlays, $4,500,000,000.

(15) General Government (800):

(A) New budget authority, $4,900,000,000;

(B) Outlays, $4,750,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $112,800,000,000;

(B) Outlays, $112,800,000,000.

(18) Allowances (920):

(A) New budget authority, −$2,950,000,000;

(B) Outlays, −$2,750,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$43,110,000,000;

(B) Outlays, −$43,110,000,000.

Sec. 203 (a). There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $55,600,000,000;

(2) New primary loan guarantee commitments, $92,800,000,000;

(3) New secondary loan guarantee commitments, $53,300,000,000;

Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $50,000,000;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,650,000,000;

(B) New primary loan guarantee commitments, $8,800,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligation, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,150,000,000;

(B) New primary loan guarantee commitments, $1,800,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $16,000,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $11,150,000,000;

(B) New primary loan guarantee commitments, $35,800,000,000;

(C) New secondary loan guarantee commitments, $53,300,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $400,000,000;

(B) New primary loan guarantee commitments, $450,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligation, $1,750,000,000;

(B) New primary loan guarantee commitments, $ −100,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $100,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,750,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $29,800,000,000, the on-budget lending activity to a level not to exceed $25,800,000,000, new primary loan guarantee commitments to a level not to exceed $92,800,000,000, and new secondary loan guarantee commitments to a level not to exceed $53,300,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984, $738,000,000,000;
Fiscal year 1985, $821,400,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984, $36,000,000,000;
Fiscal year 1985, $41,400,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984, $867,640,000,000;
Fiscal year 1985, $953,090,000,000.

(3) the level of total budget outlays is as follows:

Fiscal year 1984, $817,660,000,000;
Fiscal year 1985, $873,590,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984, $79,660,000,000;
Fiscal year 1985, $52,190,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984, $1,404,450,000,000;
Fiscal year 1985, $1,490,800,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984, $1,004,450,000,000;
Fiscal year 1985, $1,090,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $278,850,000,000;
(B) Outlays, $242,650,000,000.

Fiscal year 1985:
(A) New budget authority, $322,200,000,000;
(B) Outlays, $277,550,000,000.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $16,800,000,000;
(B) Outlays, $12,350,000,000.

Fiscal year 1985:
(A) New budget authority, $21,250,000,000;
(B) Outlays, $12,450,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:
(A) New budget authority, $7,050,000,000;
(B) Outlays, $7,100,000,000.

Fiscal year 1985:
(A) New budget authority, $7,050,000,000;
(B) Outlays, $7,050,000,000.

(4) Energy (270):

Fiscal year 1984:
(A) New budget authority, $2,900,000,000;
(B) Outlays, $2,350,000,000.

Fiscal year 1985:
(A) New budget authority, $2,270,000,000;
(B) Outlays, $1,500,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:
(A) New budget authority, $8,400,000,000;
(B) Outlays, $9,500,000,000.

Fiscal year 1985:
(A) New budget authority, $7,950,000,000;
(B) Outlays, $8,400,000,000.

(6) Agriculture (350):

Fiscal year 1984:
(A) New budget authority, $8,100,000,000;
(B) Outlays, $7,350,000,000.

Fiscal year 1985:
(A) New budget authority, $5,700,000,000;
(B) Outlays, $6,950,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:
(A) New budget authority, $7,900,000,000;
(B) Outlays, $1,950,000,000.

Fiscal year 1985:
(A) New budget authority, $7,650,000,000;
(B) Outlays, $1,750,000,000.

(8) Transportation (400):

Fiscal year 1984:
(A) New budget authority, $21,700,000,000;
(B) Outlays, $19,700,000,000.

Fiscal year 1985:
(A) New budget authority, $22,050,000,000;
(B) Outlays, $19,550,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:
(A) New budget authority, $7,000,000,000;
(B) Outlays, $7,500,000,000.

Fiscal year 1985:
(A) New budget authority, $7,200,000,000;
(B) Outlays, $7,500,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:
(A) New budget authority, $27,550,000,000;
(B) Outlays, $26,700,000,000.

Fiscal year 1985:
(A) New budget authority, $27,400,000,000;
(B) Outlays, $26,550,000,000.

(11) Health (550):

Fiscal year 1984:
(A) New budget authority, $92,650,000,000;
(B) Outlays, $84,550,000,000.

Fiscal year 1985:
(A) New budget authority, $104,550,000,000;
(B) Outlays, $94,500,000,000.

(12) Income Security (600):

Fiscal year 1984:
(A) New budget authority, $279,100,000,000;
(B) Outlays, $286,150,000,000.

Fiscal year 1985:
(A) New budget authority, $314,250,000,000;
(B) Outlays, $307,000,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1984:
(A) New budget authority, $25,980,000,000;
(B) Outlays, $25,800,000,000.

Fiscal year 1985:
(A) New budget authority, $27,090,000,000;
(B) Outlays, $26,640,000,000.

(14) Administration of Justice (750):

Fiscal year 1984:
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,350,000,000.

Fiscal year 1985:
(A) New budget authority, $4,250,000,000;
(B) Outlays, $4,250,000,000.

(15) General Government (800):

Fiscal year 1984:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,550,000,000.

Fiscal year 1985:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,400,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1984:
(A) New budget authority, $6,700,000,000;
(B) Outlays, $6,700,000,000.

Fiscal year 1985:
(A) New budget authority, $6,850,000,000;
(B) Outlays, $6,850,000,000.

(17) Interest (900):

Fiscal year 1984:
(A) New budget authority, $118,800,000,000;
(B) Outlays, $118,800,000,000.

Fiscal year 1985:
(A) New budget authority, $112,100,000,000;
(B) Outlays, $112,100,000,000.

(18) Allowances (920):

Fiscal year 1984:
(A) New budget authority, $1,950,000,000;
(B) Outlays, -$1,600,000,000.

Fiscal year 1985:

(A) New budget authority, -$1,750,000,000;

(B) Outlays, -$1,350,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, -$48,790,000,000;

(B) Outlays, -$48,790,000,000.

Fiscal year 1985:

(A) New budget authority, -$50,050,000,000;

(B) Outlays, -$50,050,000,000.

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $720,000,000 and outlays by $710,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $1,831,000,000 in budget authority and $1,821,000,000 in outlays in fiscal year 1984, and $2,505,000,000 in budget authority and $2,505,000,000 in outlays in fiscal year 1985.

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $218,000,000 and outlays by $218,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $703,000,000 in budget authority and $703,000,000 in outlays in fiscal year 1984, and $1,242,000,000 in budget authority and $1,242,000,000 in outlays in fiscal year 1985.

(C) the House Committee on Banking, Finance and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $0 in budget authority and $697,000,000 in outlays in fiscal year 1984, and $0 in budget authority and $687,000,000 in outlays in fiscal year 1985.

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $183,000,000 and outlays by $155,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $455,000,000 in budget authority and $407,000,000 in outlays in fiscal year 1984, and $604,000,000 in budget authority and $573,000,000 in outlays in fiscal year 1985.

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $367,000,000 and outlays by $483,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $526,000,000 in budget authority and $526,000,000 in outlays in fiscal year 1984, and $575,000,000 in budget authority and $575,000,000 in outlays in fiscal year 1985.

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $2,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the House Committee on Government Operations shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $320,000,000 in budget authority and $240,000,000 in outlays in fiscal year 1984, and $636,000,000 in budget authority and $557,000,000 in outlays in fiscal year 1985.

(H) the House Committee on Merchant Marine shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(I) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $376,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $1,061,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,808,000,000 in outlays in fiscal year 1985.

(J) the House Committee on Veterans Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $77,000,000 and outlays by $77,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $75,000,000 in budget authority and $75,000,000 in outlays in fiscal year 1984, and $71,000,000 in budget authority and $71,000,000 in outlays in fiscal year 1985.

(K) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $910,000,000 and outlays by $5,390,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $769,000,000 in budget authority and $8,146,000,000 in outlays in fiscal year 1984, and $722,000,000 in budget authority and $11,273,000,000 in outlays in fiscal year 1985.

(L) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenue by $20,900,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional revenues of $36,000,000,000 for fiscal year 1984, and $41,400,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $720,000,000 and outlays by $710,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $1,831,000,000 in budget authority and $1,821,000,000 in outlays for fiscal year 1984, and $2,505,000,000 in budget authority and $2,505,000,000 in outlays in fiscal year 1985.

(B) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $218,000,000 and outlays by $218,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $703,000,000 in budget authority and $703,000,000 in outlays for fiscal year 1984, and $1,242,000,000 in budget authority and $1,242,000,000 in outlays in fiscal year 1985.

(C) the Senate Committee on Banking, Housing and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $0 in budget authority and $697,000,000 in outlays for fiscal year 1984, and $0 in budget authority and $687,000,000 in outlays in fiscal year 1985.

(D) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985.

(E) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $1,277,000,000 and outlays by $5,873,000,000 in fiscal year 1983; further, the Congress finds that prospect of unacceptably high budget deficits in the future years requires additional savings of $1,615,000,000 in budget authority and $8,912,000,000 in outlays for fiscal year 1984, and $1,933,000,000 in budget authority and $12,405,000,000 in outlays in fiscal year 1985.

(F) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $2,000,000, in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985.

(G) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $376,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $242,000,000 in budget authority and $1,061,000,000 in outlays for fiscal year 1984, and $538,000,000 in budget authority and $1,808,000,000 in outlays in fiscal year 1985.

(H) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $183,000,000 and outlays by $155,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $455,000,000 in budget authority and $407,000,000 in outlays for fiscal year 1984, and $604,000,000 in budget authority and $573,000,000 in outlays in fiscal year 1985.

(I) the Senate Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $77,000,000 and outlays by $77,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $75,000,000 in budget authority and $75,000,000 in outlays for fiscal year 1984, and $71,000,000 in budget authority and $71,000,000.

(J) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $20,900,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional revenues of $36,000,000,000 for fiscal year 1984, and $41,400,000,000 in fiscal year 1985.

Sec. 303. The committees named in sections 301 and 302 shall submit their recommendations to the Committees on the Budget of their respective Houses by June 30, 1982. Those recommendations shall be sufficient to accomplish the changes required by those subsections. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

Sec. 304. In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate total allocation of new discretionary budget authority or new spending authority made pursuant to section 302(b) of such Act by the committee of jurisdiction shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under Section 310 of such Act.

Sec. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act in connection with the most recently agreed to Concurrent Resolution on the Budget.

Sec. 306. (a) After the Congress has completed action on the concurrent resolution on the budget required to be reported under section 310(a) for fiscal year 1983, and, if a reconciliation bill or resolution, or both, for such fiscal year are required to be reported under section 310(c), after that bill has been enacted into law or that resolution has been agreed to, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing authority for—

(1) new direct loan obligations for fiscal year 1983;

(2) new primary loan guarantee commitments for fiscal year 1983; or

(3) new secondary loan guarantee commitments for fiscal year 1983;

or any conference report on any such bill or resolution, if—

(A) the enactment of such bill or resolution as reported;

(B) the adoption and enactment of such amendment; or

(C) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new direct loan obligations for fiscal year 1983, total new primary loan guarantee commitments for such fiscal year, or total new secondary loan guarantee commitments for such fiscal year set forth in such concurrent resolution on the budget to be exceeded.

(b)(1) The joint explanatory statement accompanying the conference report on this resolution shall include an estimated allocation, based upon section 203 of this resolution as recommended in such conference report, of the appropriate levels of total new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments authority among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new authority.

(2) As soon as practicable after this resolution is agreed to every committee of each House shall, after consulting with the committee or committees of the other House to which all or part of the allocation has been made, subdivide among its subcommittees the allocation of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments allocated to it in the joint explanatory statement accompanying the conference report on this resolution.

Sec. 307. It is the sense of Congress that reductions in federal employment should be accomplished through attrition only.

Sec. 308. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

By Mr. ASPIN (B-2)

—Strike all after the Resolving Clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

Sec. 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

Sec. 102. (a)(1) The level of Federal revenue is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000

(5) The level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased in $747,700,000,000.

(6) The level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050)

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transporation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, $30,250,000,000;

(B) Outlays, $30,250,000,000.

Sec. 103. (a) There is established a congressional Federal credit budget for fiscal year 1982 of which the levels of total Federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0.

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750);

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

Sec. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $675,750,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $30,750,000,000,

(2) the level of total new budget authority is $825,100,000,000,

(3) the level of total budget outlays is $772,550,000,000,

(4) the amount of the deficit in the budget is $96,800,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

Sec. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $242,900,000,000;

(B) Outlays, $209,850,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,250,000,000;

(B) Outlays, $12,200,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $8,100,000,000;

(B) Outlays, $7,700,000,000.

(4) Energy (270):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,700,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,500,000,000;

(B) Outlays, $10,900,000,000.

(6) Agriculture (350):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $9,300,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,950,000,000;

(B) Outlays, $2,950,000,000.

(8) Transportation (400):

(A) New budget authority, $22,150,000,000;

(B) Outlays, $20,250,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $27,900,000,000;

(B) Outlays, $27,550,000,000.

(11) Health (550):

(A) New budget authority, $77,200,000,000;

(B) Outlays, $79,900,000,000.

(12) Income Security (600):

(A) New budget authority, $286,100,000,000;

(B) Outlays, $272,950,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,400,000,000;

(B) Outlays, $23,650,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $114,550,000,000;

(B) Outlays, $114,550,000,000.

(18) Allowances (920):

(A) New budget authority, $3,350,000,000;

(B) Outlays, −$3,150,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$43,650,000,000;

(B) Outlays, −$43,650,000,000.

Sec. 203 (a). There is established a congressional federal credit budget for fiscal year 1983 of which the levels of total federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $55,200,000,000;

(2) New primary loan guarantee commitments, $99,100,000,000;

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,950,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, −$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $18,250,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, −$4,900,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $24,950,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

Sec. 204. The Congress sets forth the following budgetary levels for fiscal year's 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984, $751,000,000,000;

Fiscal year 1985, $843,000,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1984, $47,000,000,000;

Fiscal year 1985, $60,000,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1984, $880,975,000,000;

Fiscal year 1985, $945,450,000,000.

(3) the level of total new budget outlays is as follows:

Fiscal year 1984, $818,150,000,000;

Fiscal year 1985, $874,450,000,000.

(4) the amount of the deficit in the budget is:

Fiscal year 1984, $67,150,000,000;

Fiscal year 1985, $31,450,000,000.

(5) the level of the public debt is as follows:

Fiscal year 1984, $1,404,450,000,000;

Fiscal year 1985, $1,490,800,000,000.

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984, $1,004,450,000,000;

Fiscal year 1985, $1,090,800,000,000.

Sec. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,650,000,000;

(B) Outlays, $235,500,000,000.

Fiscal year 1985:

(A) New budget authority, $296,850,000,000;
(B) Outlays, $266,200,000,000.
(2) International Affairs (150):
Fiscal year 1984:
(A) New budget authority, $16,800,000,000;
(B) Outlays, $12,300,000,000.
Fiscal year 1985:
(A) New budget authority, $21,200,000,000;
(B) Outlays, $12,300,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1984:
(A) New budget authority, $8,300,000,000;
(B) Outlays, $8,100,000,000.
Fiscal year 1985:
(A) New budget authority, $8,100,000,000;
(B) Outlays, $8,050,000,000.
(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $4,400,000,000;
(B) Outlays, $3,750,000,000.
Fiscal year 1985:
(A) New budget authority, $4,350,000,000;
(B) Outlays, $3,550,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $9,000,000,000;
(B) Outlays, $9,950,000,000.
Fiscal year 1985:
(A) New budget authority, $8,500,000,000;
(B) Outlays, $9,050,000,000.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $8,550,000,000;
(B) Outlays, $7,750,000,000.
Fiscal year 1985:
(A) New budget authority, $6,100,000,000;
(B) Outlays, $7,450,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $8,500,000,000;
(B) Outlays, $2,600,000,000.
Fiscal year 1985:
(A) New budget authority, $8,350,000,000;
(B) Outlays, $2,600,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $22,575,000,000;
(B) Outlays, $20,250,000,000.
Fiscal year 1985:
(A) New budget authority, $23,125,000,000;
(B) Outlays, $20,450,000,000.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,150,000,000;
(B) Outlays, $7,600,000,000.
Fiscal year 1985:
(A) New budget authority, $7,350,000,000;
(B) Outlays, $7,700,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $28,300,000,000;
(B) Outlays, $28,200,000,000.
Fiscal year 1985:
(A) New budget authority, $28,200,000,000;
(B) Outlays, $28,250,000,000.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $81,400,000,000;
(B) Outlays, $89,150,000,000.
Fiscal year 1985:
(A) New budget authority, $93,800,000,000;
(B) Outlays, $100,750,000,000.
(12) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $313,400,000,000;
(B) Outlays, $289,650,000,000.
Fiscal year 1985:
(A) New budget authority, $343,850,000,000;
(B) Outlays, $312,450,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $25,650,000,000;
(B) Outlays, $24,900,000,000.
Fiscal year 1985:
(A) New budget authority, $26,700,000,000;
(B) Outlays, $26,500,000,000.
(14) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
(15) General Government (800):
Fiscal year 1984:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,500,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,750,000,000;
(B) Outlays, $6,700,000,000.
Fiscal year 1985:
(A) New budget authority, $6,850,000,000;
(B) Outlays, $6,850,000,000.
(17) Interest (900):
Fiscal year 1984:
(A) New budget authority, $114,200,000,000;
(B) Outlays, $114,200,000,000.
Fiscal year 1985:
(A) New budget authority, $105,650,000,000;
(B) Outlays, $105,650,000,000.
(B) Allowances (920):
Fiscal year 1984:
(A) New budget authority, −$2,450,000,000;
(B) Outlays, −$2,150,000,000.
Fiscal year 1985:
(A) New budget authority, −$2,000,000,000;
(B) Outlays, −$1,600,000,000.
(19) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$49,500,000,000;
(B) Outlays, −$49,500,000,000.
Fiscal year 1985:
(A) New budget authority, −$50,850,000,000;
(B) Outlays, −$50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional savings in budget authority by $530,000,000 and outlays by $530,000,000 in fiscal year 1984 and budget authority by $661,000,000 and outlays by $661,000,000 in fiscal year 1985;

(B) the House Committee on Banking, Finance and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional savings in outlays of $697,000,000 in fiscal year 1984 and outlays of $687,000,000 in fiscal year 1985;

(C) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings in budget authority of $101,000,000 and outlays of $101,000,000 in fiscal year 1984 and budget authority of $97,000,000 and outlays of $97,000,000 in fiscal year 1985;

(D) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $59,000,000 and outlays by $59,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional savings in budget authority of $65,000,000 and outlays of $65,000,000 in fiscal year 1984 and budget authority of $72,000,000 and outlays of $72,000,000 in fiscal year 1985;

(E) the House Committee on Veterans Benefits and services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional savings in budget authority of $187,000,000 and outlays of $187,000,000 in fiscal year 1984 and budget authority of $195,000,000 and outlays of $195,000,000 in fiscal year 1985;

(F) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $334,000,000 and outlays by $2,680,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional savings in budget authority of $205,000,000 and outlays of $3,776,000,000 in fiscal year 1984 and budget authority by $267,000,000 and outlays of $4,360,000,000 in fiscal year 1985;

(G) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenue by $29,750,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenue increases of $46,000,000,000 for fiscal year 1984, and $59,000,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high future budget deficits in future fiscal years requires additional savings in budget authority of $530,000,000 and outlays of $530,000,000 in fiscal year 1984 and budget authority of $661,000,000 and outlays of $661,000,000 in fiscal year 1985;

(B) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority in $90,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high future budget deficits in future fiscal years requires additional savings in budget authority of $100,000,000 and outlays of $797,000,000 in fiscal year 1984 and budget authority of $104,000,000 and outlays of $791,000,000 in fiscal year 1985;

(C) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of budget authority of $101,000,000 and outlays of $101,000,000 in fiscal year 1984 and budget authority of $97,000,000 and outlays of $97,000,000 in fiscal year 1985;

(D) the Senate Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $81,000,000 and outlays by $81,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of budget authority by $87,000,000 and outlays by $87,000,000 in fiscal year 1984 and budget authority by $91,000,000 and outlays by $91,000,000 in fiscal year 1985;

(E) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,814,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional savings in budget authority by $270,000,000 and outlays of $3,841,000,000 in fiscal year 1984 and budget authority of $339,000,000 and outlays of $4,432,000,000 in fiscal year 1985;

(F) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee sufficient to increase revenue by $29,750,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future fiscal years requires additional revenue increases of $46,000,000 in fiscal year 1984 and of $59,000,000 in fiscal year 1985.

SEC. 303. The committees names in sections 301(A)-(E) and 302 (A)-(D) shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from and highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

By Mr. JONES of Oklahoma (B-3):

—Strike all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1982

SEC. 101. The provisions of this title shall supersede the figures reaffirmed in S. Con. Res. 50 of the Ninety-seventh Congress for the fiscal year beginning on October 1, 1981.

SEC. 102. (a)(1) The level of Federal revenues is $622,800,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $200,000,000.

(2) The level of total new budget authority is $784,500,000,000.

(3) The level of total budget outlays is $743,900,000,000.

(4) The amount of the deficit in the budget is $121,100,000,000.

(5) The level of the public debt is $1,147,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $747,700,000,000.

(6) The level of total obligations for the principal amount of new direct loans is $63,400,000,000, the level of total new primary commitments to guarantee loan principal is $74,850,000,000, and the level of total new secondary commitments to guarantee loan principal is $68,950,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $218,200,000,000;

(B) Outlays, $190,800,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,750,000,000;

(B) Outlays, $11,450,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,000,000,000.

(4) Energy (270):

(A) New budget authority, $4,750,000,000;

(B) Outlays, $6,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,400,000,000;

(B) Outlays, $12,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $9,900,000,000;

(B) Outlays, $13,800,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $7,500,000,000;

(B) Outlays, $3,750,000,000.

(8) Transportation (400):

(A) New budget authority, $21,350,000,000;

(B) Outlays, $21,450,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $8,650,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $25,450,000,000;

(B) Outlays, $28,200,000,000.

(11) Health (550):

(A) New budget authority, $79,050,000,000;

(B) Outlays, $73,750,000,000.

(12) Income Security (600):

(A) New budget authority, $261,350,000,000;

(B) Outlays, $251,850,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,800,000,000;

(B) Outlays, $23,800,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $5,050,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $6,350,000,000.

(17) Interest (900):

(A) New budget authority, $102,350,000,000;

(B) Outlays, $102,350,000,000.

(18) Allowances (920):

(A) New budget authority, $2,850,000,000;

(B) Outlays, $1,900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, -$30,250,000,000;

(B) Outlays, -$30,250,000,000.

SEC. 103. (a) There is established a congressional Federal credit budget for fiscal year 1982 of which the levels of total Federal credit activity for fiscal year 1982 are:

(1) New direct loan obligations, $63,400,000,000.

(2) New primary loan guarantee commitments, $74,850,000,000.

(3) New secondary loan guarantee commitments, $68,950,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,400,000,000;

(B) New primary loan guarantee commitments, $8,100,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space and Technology (250):

(A) New direct loan obligations, $200,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $10,300,000,000;

(B) New primary loan guarantee commitments, $400,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $22,600,000,000;

(B) New primary loan guarantee commitments, $2,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,050,000,000;

(B) New primary loan guarantee commitments, $26,200,000,000;

(C) New secondary loan guarantee commitments, $68,200,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $50,000,000.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $2,000,000,000;

(B) New primary loan guarantee commitments, $850,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $1,300,000,000;

(B) New primary loan guarantee commitments, $6,500,000,000;

(C) New secondary loan guarantee commitments, $700,000,000.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,750,000,000;

(B) New primary loan guarantee commitments, $17,050,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $11,900,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $300,000,000;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligation, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $30,200,000,000, the on-budget lending activity to a level not to exceed $33,200,000,000, new primary loan guarantee commitments to a level not to exceed $74,850,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,950,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1983, 1984, AND 1985

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1982—

(1) the level of Federal revenues is $676,700,000,000, and the net amount by which the aggregate level of Federal revenues should be increased is $31,700,000,000,

(2) the level of total new budget authority is $828,000,000,000,

(3) the level of total budget outlays is $780,550,000,000,

(4) the amount of the deficit in the budget is $103,850,000,000, and

(5) the level of the public debt is $1,285,550,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $885,550,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1982, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $242,850,000,000;

(B) Outlays, $212,300,000,000.

(2) International Affairs (150):

(A) New budget authority, $16,150,000,000;

(B) Outlays, $12,100,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $9,400,000,000;

(B) Outlays, $10,850,000,000.

(6) Agriculture (350):

(A) New budget authority, $6,900,000,000;

(B) Outlays, $10,100,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $8,050,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $7,000,000,000;

(B) Outlays, $7,900,000,000.

(10) Education, Training, Employment, and Social Services (500):

(A) New budget authority, $27,550,000,000;

(B) Outlays, $27,450,000,000.

(11) Health (550):

(A) New budget authority, $77,300,000,000;

(B) Outlays, $80,100,000,000.

(12) Income Security (600):

(A) New budget authority, $286,950,000,000;

(B) Outlays, $273,800,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $24,100,000,000;

(B) Outlays, $23,400,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,650,000,000.

(15) General Government (800):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,850,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

(A) New budget authority, $115,000,000,000;

(B) Outlays, $115,000,000,000.

(18) Allowances (920):

(A) New budget authority, -$1,050,000,000;

(B) Outlays, -$850,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, -$43,650,000,000;

(B) Outlays, -$43,650,000,000.

SEC. 203(a). There is established a congressional Federal credit budget for fiscal year 1983 of which the levels of total Federal credit activity for fiscal year 1983 are:

(1) New direct loan obligations, $60,900,000,000.

(2) New primary loan guarantee commitments, $99,100,000,000.

(3) New secondary loan guarantee commitments, $68,250,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

(A) New direct loan obligations, $10,850,000,000;

(B) New primary loan guarantee commitments, $8,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

(A) New direct loan obligations, $150,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(4) Energy (270):

(A) New direct loan obligations, $11,950,000,000;

(B) New primary loan guarantee commitments, −$850,000,000;

(C) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

(A) New direct loan obligations, $19,150,000,000;

(B) New primary loan guarantee commitments, $2,650,000,000;

(C) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

(A) New direct loan obligations, $12,150,000,000;

(B) New primary loan guarantee commitments, $40,100,000,000;

(C) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

(A) New direct loan obligations, $350,000,000;

(B) New primary loan guarantee commitments, $750,000,000;

(C) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

(A) New direct loan obligations, $1,950,000,000;

(B) New primary loan guarantee commitments, $500,000,000;

(C) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

(A) New direct loan obligations, $850,000,000;

(B) New primary loan guarantee commitments, $7,250,000,000;

(C) New secondary loan guarantee commitments, $0.

(11) Health (550):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $100,000,000;

(C) New secondary loan guarantee commitments, $0.

(12) Income Security (600):

(A) New direct loan obligations, $2,050,000,000;

(B) New primary loan guarantee commitments, $18,700,000,000;

(C) New secondary loan guarantee commitments, $0.

(13) Veterans Benefits and Services (700):

(A) New direct loan obligations, $1,050,000,000;

(B) New primary loan guarantee commitments, $20,950,000,000;

(C) New secondary loan guarantee commitments, $0.

(14) Administration of Justice (750):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(15) General Government (800):

(A) New direct loan obligations, $50,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(16) General Purpose Fiscal Assistance (850):

(A) New direct loan obligations, $250,000,000;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(17) Interest (900):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee, commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(18) Allowances (920):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee, commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(19) Undistributed Offsetting Receipts (950):

(A) New direct loan obligations, $0;

(B) New primary loan guarantee commitments, $0;

(C) New secondary loan guarantee commitments, $0.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1983 the off-budget lending activity of the Federal Government to a level not to exceed $31,050,000,000, the on-budget lending activity to a level not to exceed $29,850,000,000, new primary loan guarantee commitments to a level not to exceed $99,100,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,250,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1984 and 1985—

(1) the level of Federal revenues is as follows:

Fiscal year 1984: $753,650,000,000;
Fiscal year 1985: $846,550,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased is as follows:

Fiscal year 1984: $51,650,000,000;
Fiscal year 1985: $66,550,000,000;

(2) the level of total new budget authority is as follows:

Fiscal year 1984: $888,400,000,000;
Fiscal year 1985: $952,850,000,000;

(3) the level of total budget outlays is as follows:

Fiscal year 1984: $826,400,000,000;
Fiscal year 1985: $881,200,000,000;

(4) the amount of the deficit in the budget is:

Fiscal year 1984: $72,750,000,000;
Fiscal year 1985: $34,650,000,000;

(5) the level of the public debt is as follows:

Fiscal year 1984: $1,404,450,000,000;
Fiscal year 1985: $1,490,800,000,000;

and the amount of which the statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1984: $1,004,450,000,000;
Fiscal year 1985: $1,090,800,000,000;

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1984 and 1985 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $268,150,000,000;

(B) Outlays, $235,350,000,000.

Fiscal year 1985:

(A) New budget authority, $295,950,000,000;

(B) Outlays, $265,950,000,000.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $12,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $7,750,000,000;

(B) Outlays, $7,750,000,000.

Fiscal year 1985:

(A) New budget authority, $7,600,000,000;

(B) Outlays, $7,600,000,000.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,050,000,000.

Fiscal year 1985:

(A) New budget authority, $4,650,000,000;

(B) Outlays, $3,850,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $8,750,000,000;

(B) Outlays, $9,850,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $8,850,000,000.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $8,400,000,000;

(B) Outlays, $8,250,000,000.

Fiscal year 1985:

(A) New budget authority, $6,850,000,000;

(B) Outlays, $7,500,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $8,650,000,000;

(B) Outlays, $2,750,000,000.

Fiscal year 1985:

(A) New budget authority, $8,350,000,000;

(B) Outlays, $2,600,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $22,400,000,000;

(B) Outlays, $20,050,000,000.

Fiscal year 1985:

(A) New budget authority, $22,950,000,000;

(B) Outlays, $20,250,000,000.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,150,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,350,000,000;

(B) Outlays, $7,700,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1984:

(A) New budget authority, $28,250,000,000;

(B) Outlays, $28,000,000,000.

Fiscal year 1985:

(A) New budget authority, $28,300,000,000;
(B) Outlays, $28,200,000,000.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $81,700,000,000;
(B) Outlays, $89,650,000,000.
Fiscal year 1985:
(A) New budget authority, $94,100,000,000;
(B) Outlays, $101,250,000,000.
(12) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $314,500,000,000;
(B) Outlays, $290,050,000,000.
Fiscal year 1985:
(A) New budget authority, $344,550,000,000;
(B) Outlays, $312,400,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $25,150,000,000;
(B) Outlays, $24,550,000,000.
Fiscal year 1985:
(A) New budget authority, $26,000,000,000;
(B) Outlays, $25,900,000,000.
(14) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
(15) General Government (800):
Fiscal year 1984:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1985:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,500,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,750,000,000;
(B) Outlays, $6,700,000,000.
Fiscal year 1985:
(A) New budget authority, $6,850,000,000;
(B) Outlays, $6,850,000,000.
(17) Interest (900):
Fiscal year 1984:
(A) New budget authority, $119,300,000,000;
(B) Outlays, $119,300,000,000.
Fiscal year 1985:
(A) New budget authority, $110,850,000,000;
(B) Outlays, $110,850,000,000.
(18) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $200,000,000;
(B) Outlays, $500,000,000.
Fiscal year 1985:
(A) New budget authority, $500,000,000;
(B) Outlays, $900,000,000.
(19) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$49,500,000,000;
(B) Outlays, −$49,500,000,000.
Fiscal year 1985:
(A) New budget authority, −$50,850,000,000;
(B) Outlays, −$50,850,000,000.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(A) the House Committee on Agriculture shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays in fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985;

(B) the House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $212,000,000 and outlays by $212,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $691,000,000 in budget authority and $691,000,000 in outlays in fiscal year 1984, and $1,228,000,000 in budget authority and $1,228,000,000 in outlays in fiscal year 1985;

(C) the House Committee on Banking, Finance, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $695,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $697,000,000 in outlays in fiscal year 1984, and $687,000,000 in outlays in fiscal year 1985;

(D) the House Committee on Education and Labor shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985;

(E) the House Committee on Energy and Commerce shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $60,000,000 and outlays by $60,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $68,000,000 in budget authority and $68,000,000 in outlays in fiscal year 1984, and $77,000,000 in budget authority and $77,000,000 in outlays in fiscal year 1985;

(F) the House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays in fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985;

(G) the House Committee on Merchant Marine and Fisheries shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985;

(H) the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $273,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $242,000,000 in budget authority and $925,000,000 in outlays in fiscal year 1984, and $538,000,000 in budget authority and $1,648,000,000 in outlays in fiscal year 1985;

(I) the House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $171,000,000 and outlays by $171,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $187,000,000 in budget authority and $187,000,000 in outlays in fiscal year 1984, and $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1985;

(J) the House Committee on Ways and Means shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce the budget authority by $334,000,000 and outlays by $2,489,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $205,000,000 in budget authority and $3,576,000,000 in outlays in fiscal year 1984, and $267,000,000 in budget authority and $4,160,000,000 in outlays in fiscal year 1985; and

(K) the House Committee on Ways and Means shall report changes in laws within the jurisdiction of the committee sufficient to increase revenue by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high deficits in future years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 for fiscal year 1985.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(A) the Senate Committee on Finance shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $393,000,000 and outlays by $2,548,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $270,000,000 in budget authority and $3,641,000,000 in outlays for fiscal year 1984, and $339,000,000 in budget authority and $4,232,000,000 in outlays in fiscal year 1985;

(B) the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $31,700,000,000 for fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional revenues of $51,650,000,000 for fiscal year 1984, and $66,550,000,000 in fiscal year 1985;

(C) the Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $207,000,000 and outlays by $207,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $530,000,000 in budget authority and $530,000,000 in outlays for fiscal year 1984, and $661,000,000 in budget authority and $661,000,000 in outlays in fiscal year 1985;

(D) the Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $213,000,000 and outlays by $213,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $694,000,000 in budget authority and $694,000,000 in outlays for fiscal year 1984, and $1,232,000,000 in budget authority and $1,232,000,000 in outlays in fiscal year 1985;

(E) the Senate Committee on Banking, Housing, and Urban Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $90,000,000 and outlays by $785,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptable high budget deficits in future years requires additional savings of $100,000,000 in budget authority and $797,000,000 in outlays for fiscal year 1984, and $104,000,000 in budget authority and $791,000,000 in outlays in fiscal year 1985;

(F) the Senate Committee on Commerce, Science, and Transportation shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $4,000,000 and outlays by $4,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $15,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1984, and $27,000,000 in budget authority and $27,000,000 in outlays in fiscal year 1985;

(G) the Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $3,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $2,000,000 in budget authority and $8,000,000 in outlays for fiscal year 1984, and $4,000,000 in budget authority and $15,000,000 in outlays in fiscal year 1985;

(H) the Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $270,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $240,000,000 in budget authority and $917,000,000 in outlays for fiscal year 1984, and $534,000,000 in budget authority and $1,633,000,000 in outlays in fiscal year 1985; and

(I) the Senate Committee on Labor and Human Resources shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $101,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1984, and $97,000,000 in budget authority and $97,000,000 in outlays in fiscal year 1985.

(J) the Senate Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $81,000,000 and outlays by $81,000,000 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $87,000,000 in budget authority and $87,000,000 in outlays in fiscal year 1984, and $91,000,000 in budget authority and $91,000,000 in outlays in fiscal year 1985.

SEC. 303. The committees named in sections 301(A)-(I) and 302(C)-(J) shall submit their recommendations to the Committee on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the changes required by such subsection. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

DEFERRED ENROLLMENT

SEC. 304. In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

302(B) REPORT

SEC. 305. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1983; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1983;

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act.

SEC. 306. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

By Mr. PEASE (1):

—at the appropriate place insert:

It is the sense of the House of Representatives that the Congress should enact legislation which makes the following changes in the Internal Revenue Code of 1954:

(1) Phase-out of the employee stock ownership credit.

(2) Limitation of the issuance of industrial development bonds.

(3) Limitation of the deduction for payment of nonbusiness interest (other than for purchase of a home or automobile).

(4) Repeal of the partial exclusion of dividends.

(5) Repeal of the exclusion of scholarship and fellowship grants.

(6) Repeal of the exclusion of amounts received under qualified group legal services plans.

(7) Repeal of the 15 percent exclusion of interest (scheduled to take effect in 1985).

(8) Elimination of the deductions for the extra cost of first-class travel.

(9) Limitation of the business deduction to 80 percent of the amount paid by the taxpayer with respect to meals, lodging, and entertainment.

(10) Repeal of the deduction for State and local personal property taxes.

(11) Limitation of deduction for casualty losses to 10 percent of the taxpayer's adjusted gross income.

(12) Repeal of safe harbor leasing.

(13) Reduction of the basis of property subject to a deduction, under the accelerated cost recovery system, by the amount of the investment tax credit allowed with respect to such property.

(14) Repeal of the charitable deduction for individuals who do not itemize deductions.

(15) Imposition of a requirement that real property construction period interest and taxes be capitalized in the case of corporations.

(16) Repeal of the investment tax credit for timber and the amortization of reforestation expenditures.

(17) Repeal of the deduction for taxpayers holding motor carrier operating authorities.

(18) Limitation of the deduction for medical expenses to medical expenses in excess of 5 percent of the taxpayer's adjusted gross income.

(19) Repeal of the expensing of intangible drilling and development costs in the case of oil and gas wells and geothermal wells.

(20) Repeal of the capital gains treatment of dividends reinvested in the stock of public utilities.

(21) Elimination of the use of the completed contract method of accounting for long-term contracts.

(22) Limitation of the deduction for additions to the reserves for bad debts in the case of thrift institutions.

(23) Repeal of percentage depletion with respect to natural resources.

(24) Repeal of special capital gains treatment of timber, coal, and domestic iron ore.

(25) Elimination of the use of modified coinsurance contracts as a method of treating investment income as underwriting income.

(26) Limitation of the tax credit for possessions corporations to prevent abuse of such credit.

(27) Repeal of the credit for oil and gas extraction taxes paid or accrued.

(28) Elimination of the special treatment of domestic international sales corporations.

(29) Increase in the percentage of gain or loss treated as short-term capital gain or loss in the case of regulated futures contracts.

(30) Imposition of a 5 percent capital gains tax for estates, based on the decedent's holdings at the time of death (subject to a $100,000 exclusion).

(31) Limitation on the phased-in increase in the unified credit against gift and estate taxes, and indexation of such credit.

(32) Repeal of the recent changes in current use valuation.

(33) Imposition of a $100,000 limitation on the estate tax exclusion for annuities and for the proceeds of life insurance.

(34) Repeal of the exemption for royalty oil, the reduction in tax imposed on newly discovered oil, and the exemption for stripper well oil.

—At the appropriate place insert:

It is the sense of the House of Representatives that the Congress should enact legislation such as the following suggested changes in the Internal Revenue Code of 1954 in order to use the closing of tax loopholes to the maximum extent possible as a way of raising revenue over the next 3 fiscal years:

(1) Phase-out of the employee stock ownership credit.

(2) Limitation of the issuance of industrial development bonds.

(3) Limitation of the deduction for payment of nonbusiness interest (other than for purchase of a home or automobile).

(4) Repeal of the partial exclusion of dividends.

(5) Repeal of the exclusion of scholarship and fellowship grants.

(6) Repeal of the exclusion of amounts received under qualified group legal services plans.

(7) Repeal of the 15 percent exclusion of interest (scheduled to take effect in 1985).

(8) Elimination of the deductions for the extra cost of first-class travel.

(9) Limitation of the business deduction to 80 percent of the amount paid by the taxpayer with respect to meals, lodging, and entertainment.

(10) Repeal of the deduction for State and local personal property taxes.

(11) Limitation of the deduction for casualty losses to 10 percent of the taxpayer's adjusted gross income.

(12) Repeal of safe harbor leasing.

(13) Reduction of the basis of property subject to a deduction, under the accelerated cost recovery system, by the amount of the investment tax credit allowed with respect to such property.

(14) Repeal of the charitable deduction for individuals who do not itemize deductions.

(15) Imposition of a requirement that real property construction period interest and taxes be capitalized in the case of corporations.

(16) Repeal of the investment tax credit for timber and the amortization of reforestation expenditures.

(17) Repeal of the deduction for taxpayers holding motor carrier operating authorities.

(18) Limitation of the deduction for medical expenses to medical expenses in excess of 5 percent of the taxpayer's adjusted gross income.

(19) Repeal of the expensing of intangible drilling and development costs in the case of oil and gas wells and geothermal wells.

(20) Repeal of the capital gains treatment of dividends reinvested in the stock of public utilities.

(21) Elimination of the use of the completed contract method of accounting for long-term contracts.

(22) Limitation of the deduction for additions to the reserves for bad debts in the case of thrift institutions.

(23) Repeal of percentage depletion with respect to natural resources.

(24) Repeal of special capital gains treatment of timber, coal, and domestic iron ore.

(25) Elimination of the use of modified coinsurance contracts as a method of treating investment income as underwriting income.

(26) Limitation of the tax credit for possessions corporations to prevent abuse of such credit.

(27) Repeal of the credit for oil and gas extraction taxes paid or accrued.

(28) Elimination of the special treatment of domestic international sales corporations.

(29) Increase in the percentage of gain or loss treated as short-term capital gain or loss in the case of regulated futures contracts.

(30) Imposition of a 5 percent capital gains tax for estates, based on the decedent's holdings at the time of death (subject to a $100,000 exclusion).

(31) Limitation on the phased-in increase in the unified credit against gift and estate taxes, and indexation of such credit.

(32) Repeal of the recent changes in current use valuation.

(33) Imposition of a $100,000 limitation on the estate tax exclusion for annuities and for the proceeds of life insurance.

(34) Repeal of the exemption for royalty oil, the reduction in tax imposed on newly discovered oil, and the exemption for stripper well oil.

By Mr. BONIOR of Michigan:

—Page 12, line 18, strike out "and", on line 22, strike out the period and insert in lieu thereof "; and", and after line 22, insert the following:

(6) the level of total tax expenditures is $273,135,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

Section 102(a) of title I is amended by inserting at the end thereof the following new paragraph:

(7) The level of total tax expenditures is $273,135,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Fauntroy.)

Section 102(a) of title I is amended by inserting at the end thereof the following new paragraph:

(7) The level of total tax expenditures is $273,135,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.)

Section 102(a) of title I is amended by inserting at the end thereof the following new paragraph:

(7) The level of total tax expenditures is $273,135,000,000.

By Mr. JONES of Oklahoma (3):

(Amendment to the Latta amendment in the nature of a substitute.)

—To the matter in Title II concerning Function 050, National Defense:

Decrease Budget Authority by $10,600,000,000 in fiscal year 1983, by $8,200,000,000 in fiscal year 1984, and by $12,900,000,000 in fiscal year 1985;

Decrease outlays by $1,000,000,000 in fiscal year 1983 by $4,600,000,000 in fiscal year 1984, and by $6,300,000,000 in fiscal year 1985;

Decrease the aggregate budget authority level by $10,600,000,000 in fiscal year 1983, by $8,200,000,000 in fiscal year 1984, and by $12,900,000,000 in fiscal year 1985;

Decrease the aggregate outlay level by $1,000,000,000 in fiscal year 1983, by $4,600,000,000 in fiscal year 1984, and $6,300,000,000 in fiscal year 1985;

Decrease the deficit by $1,000,000,000 in fiscal year 1983, by $4,600,000,000 in fiscal year 1984, and by $6,300,000,000 in fiscal year 1985.

Purpose: To reduce Function 050 and to reflect a corresponding reduction in the deficit.

By Mr. KEMP (4):

(Amendment to H. Con. Res. 345 or any amendment or substitute thereto.)

—In section 201, delete subsection (1) and insert:

(1) the level of Federal revenues is $645,000,000,000; and the net amount by which the aggregate level of Federal revenues should be increased is $0.

In section 201, subsection (4) delete $103,850,000,000 and insert $134,850,000,000.

In section 204, delete subsection (1), and insert:

(1) the level of Federal revenues is as follows:

Fiscal Year 1984: $702,000,000,000;

Fiscal Year 1985: $780,000,000,000; and the amount by which the aggregate level of Federal revenues should be increased is as follows:

Fiscal Year 1984: $0;

Fiscal Year 1985: $0.

Delete section 301(K).

Delete section 302(B).

By Mr. MARTIN of North Carolina (5):

—Page 12, line 10, strike out "$676,700,000,000" and insert in lieu thereof "$665,000,000,000".

Page 12, line 12, strike out "$31,700,000,000" and insert in lieu thereof "$20,000,000,000".

Page 12, line 18, strike out "$103,850,000,000" and insert in lieu thereof "$115,550,000,000".

Page 22, line 4, strike out "$753,650,000,000" and insert in lieu thereof "$737,000,000,000".

Page 22, line 5, strike out "$846,550,000,000" and insert in lieu thereof "$820,000,000,000".

Page 22, line 8, strike out "$51,650,000,000" and insert in lieu thereof "$35,000,000,000".

Page 22, line 9, strike out "$66,550,000,000" and insert in lieu thereof "$40,000,000,000,".

Page 22, line 18, strike out "$72,750,000,000" and insert in lieu thereof "$89,400,000,000".

Page 22, line 19, strike out "$34,650,000,000" and insert in lieu thereof "$61,200,000,000".

Page 35, line 1, (relating to reconciliation instructions to the House Committee on Ways and Means) strike out "$31,700,000,000" and insert in lieu thereof "$20,000,000,000", and on line 4, strike out "$51,650,000,000" and insert in lieu thereof "$35,000,000,000", and on line 5, strike out "$66,550,000,000" and insert in lieu thereof "$40,000,000,000".

Page 35, line 21, (relating to reconciliation instructions to the Senate Committee on Finance) strike out "$31,700,000,000" and insert in lieu thereof "$20,000,000,000", and on page 36, line 1, strike out "$51,65,000,000" and insert in lieu thereof "$35,000,000,000", and on line 2, strike out "$66,550,000,000" and insert in lieu thereof "$40,000,000,000".

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—In section 201(1) (relating to 1983 revenues), strike out "$675,750,000,000" and insert in lieu thereof "$665,000,000,000", and strike out "$29,750,000,000" and insert in lieu thereof "$20,000,000,000".

In section 201(4) (relating to the 1983 deficit), strike out "$95,050,000,000" and insert in lieu thereof "$104,800,000,000".

In section 204(1) (relating to 1984 and 1985 revenues), strike out "$751,000,000,000" and insert in lieu thereof "$737,000,000,000"; strike out "$843,000,000,000" and insert in lieu thereof "$820,000,000,000"; strike out "$46,500,000,000" and insert in lieu thereof "$35,000,000,000"; and, strike out "$59,000,000,000" and insert in lieu thereof "$40,000,000,000".

In section 204(4) (relating to 1984 and 1985 deficits), strike out "$72,300,000,000" and insert in lieu thereof "$86,300,000,000" and strike out "$32,700,000,000" and insert in lieu thereof "$55,700,000,000".

In section 301(G) (relating to reconciliation instructions to the House Committee on Ways and Means), strike out "$29,750,000,000" and insert in lieu thereof "$20,000,000,000; strike out "$46,000,000,000" and insert in lieu thereof "$35,000,000,000; and, strike out "$59,000,000,000" and insert in lieu thereof "$40,000,000,000".

In section 302(F) (relating to reconciliation instructions to the Senate Committee on Finance), strike out "$29,750,000,000" and insert in lieu thereof "$20,000,000,000; strike out "$46,000,000,000" and insert in lieu thereof "$35,000,000,000"; and, strike out "$59,000,000,000" and insert in lieu thereof "$40,000,000,000".

By Mr. HUCKABY (6):

(An amendment to H. Con. Res. 345, or any amendment thereto in the nature of a substitute to matters concerning Title II, Functions 050, Defense, and 920, Allowances.)

Function 050:

Increase budget authority by $2,500,000,000 and outlays by $1,500,000,000 in fiscal year 1983; Increase budget authority by $3,500,000,000 and outlays by $2,500,000,000 in fiscal year 1984; Increase budget authority by $4,500,000,000 and outlays by $3,600,000,000 in fiscal year 1985.

Function 920:

Decrease budget authority by $2,500,000,000 and outlays by $1,500,000,000 in fiscal year 1983; Decrease budget authority by $3,500,000,000 and outlays by $2,500,000,000 in fiscal year 1984; Decrease budget authority by $4,500,000,000 and outlays by $3,600,000,000 in fiscal year 1985.

By Mr. JONES of Oklahoma (7):

(Amendment to the Latta amendment in the nature of a substitute)

—To the matter in Title II concerning Functions, 500, 550, 600, 920, and the revenue level:

Function 500:

Education, Training, Employment and Social Services

Increase budget authority by $59,000,000 in fiscal year 1983, by $274,000,000 in fiscal year 1984, and by $404,000,000 in fiscal year 1985;

Increase outlays by $31,000,000 in fiscal year 1983, by $226,000,000 in fiscal year 1984, and by $373,000,000 in fiscal year 1985;

Function 550: Health

Increase budget authority by $628,000,000 in fiscal year 1983, by $976,000,000 in fiscal year 1984, and by $186,000,000 in fiscal year 1985;

Increase outlays by $3,115,000,000 in fiscal year 1983, by $4,825,000,000 in fiscal year 1984, and $6,526,000,000 in fiscal year 1985;

Function 600: Income Security

Increase budget authority by $750,000,000 in fiscal year 1983, by $1,563,000,000 in fiscal year 1984, and by $2,141,000,000 in fiscal year 1985;

Increase outlays by $854,000,000 in fiscal year 1983, by $1,699,000,000 in fiscal year 1984, and by $2,301,000,000 in fiscal year 1985;

Function 920: Allowances

Increase budget authority by $25,481,000,000 in fiscal year 1983, by $25,874,000,000 in fiscal year 1984, and by $26,074,000,000 in fiscal year 1985;

Increase outlays by $3,500,000,000 in fiscal year 1983, by $5,550,000,000 in fiscal year 1984, and $7,200,000,000 in fiscal year 1985;

Increase the revenue level by $7,500,000,000 in fiscal year 1983, by $12,300,000,000 in fiscal year 1984, and by $16,400,000,000 in fiscal year 1985.

Increase the aggregate budget authority level by $26,918,000,000 in fiscal year 1983, by $28,687,000,000 in fiscal year 1984, and by $28,805,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $7,500,000 in fiscal year 1983, by $12,300,000,000 in fiscal year 1984, and $16,400,000,000 in fiscal year 1985;

Adjustments to Reconciliation Instructions in Title III:

House Committee on Agriculture:

Decrease budget authority by $405,000,000 and outlays by $395,000,000 in fiscal year 1983; Decrease budget authority by $1,158,000 and outlays by $1,148,000,000 in fiscal year 1984; Decrease budget authority by $1,702,000,000 and outlays by $1,702,000,000 in fiscal year 1985.

House Committee on Education and Labor:

Decrease budget authority by $135,000,000 and outlays by $107,000,000 in fiscal year 1983; Decrease budget authority by $385,000,000 and outlays by $337,000,000 in fiscal year 1984; Decrease budget authority by $424,000,000 and outlays by $493,000,000 in fiscal year 1985.

House Committee on Energy and Commerce:

Decrease budget authority by $318,000,000 and outlays by $438,000,000 in fiscal year 1983; Decrease budget authority by $498,000,000 and outlays by $498,000,000 in fiscal year 1984; Decrease budget authority by $548,000,000 and outlays by $548,000,000 in fiscal year 1985.

House Committee on Ways and Means:

Decrease budget authority by $683,000,000 and outlays by $2,963,000,000 in fiscal year 1983; Decrease budget authority by $1,162,000,000 and outlays by $4,843,000,000 in fiscal year 1984; Decrease budget authority by $1,198,000,000 and outlays by $7,501,000,000 in fiscal year 1985.

Increase amount of revenues by $7,500,000,000 in fiscal year 1983; $12,300,000,000 in fiscal year 1984; and $16,400,000 in fiscal year 1985

Senate Committee on Agriculture, Nutrition, and Forestry:

Decrease budget authority by $405,000,000 and outlays by $395,000,000 in fiscal year 1983; Decrease budget authority by $1,158,000,000 and outlays by $1,148,000,000 in fiscal year 1984; Decrease budget authority by $1,702,000,000 and outlays by $1,702,000,000 in fiscal year 1985.

Senate Committee on Finance:

Decrease budget authority by $1,001,000,000 and outlays by $3,401,000,000 in fiscal year 1983; Decrease budget authority by $1,660,000,000 and outlays by $5,341,000,000 in fiscal year 1984; Decrease budget authority by $1,746,000,000 and outlays by $8,049,000,000 in fiscal year 1985.

Increase amount of revenues by $7,500,000,000 in fiscal year 1983; by $12,300,000,000 in fiscal year 1984; and $15,400,000,000 in fiscal year 1985.

Senate Committee on Labor and Human Resources:

Decrease budget authority by $135,000,000 and outlays by $107,000,000 in fiscal year 1983; Decrease budget authority by $385,000,000 and outlays by $337,000,000 in fiscal year 1984; Decrease budget authority by $424,000,000 and outlays by $493,000,000 in fiscal year 1985.

By Mrs. SCHROEDER (8):

(Amendment to H. Con. Res. 345 or any amendment in the nature of a substitute offered thereto.)

—Section 102(a)(2) is amended to read:

"(2) the level of total new budget authority is $782,250,000,000;"

Section 102(a)(3) is amended to read:

"(3) the level of total budget outlays is $743,200,000,000;"

Section 120(a)(4) is amended to read:

"(4) the amount of the deficit in the budget is $120,400,000,000;"

Section 102(b)(1) is amended to read:

"(1) National Defense (050):

"(A) New budget authority, $215,950,000,000;

"(B) Outlays, $190,100,000,000."

Section 202(2) is amended to read:

"(2) the level of total new budget authority is $815,010,000,000;"

Section 201(3) is amended to read:

"(3) the level of total budget outlays is $772,342,000,000;"

Section 201(4) is amended to read:

"(4) the amount of the deficit in the budget is $95,642,000,000, and"

Section 202(1) is amended to read:

"(1) National Defense (050):

"(A) New budget authority, $229,860,000,000;

"(B) Outlays, $204,092,000,000."

Section 204(2) is amended to read:

"(2) the level of total new budget authority is as follows:

"Fiscal year 1984: $865,281,000,000.

"Fiscal year 1985: $916,633,000,000."

Section 204(3) is amended to read:

"(3) the level of total budget outlays is as follows:

"Fiscal year 1984: $808,612,000,000.

"Fiscal year 1985: $345,866,000,000."

Section 204(4) is amended to read:

"(4) the amount of the deficit in the budget is:

"Fiscal vear 1984: $54,962,000,000.

"The amount of surplus in the budget is:

"Fiscal year 1985: $684,000,000."

Section 205(1) is amended to read:

"(1) National Defense (050):

"Fiscal year 1984:

"(A) New budget authority, $245,031,000,000;

"(B) Outlays, $217,562,000,000.

"Fiscal year 1985:

"(A) New budget authority, $259,733,000,000;

"(B) Outlays, $230,616,000,000."

By Mr. GREEN (9):

(Amendment to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

Title II, Sec. 201(1) relating to the level of Federal revenues, strike out "$676,700,000,000" and insert in lieu thereof "$672,700,000,000."

Title II, Sec. 201(1) relating to the net amount by which the aggregate level of Federal revenues should be increased, strike out "$31,700,000,000" and insert in lieu thereof "$27,700,000,000."

Title II, Sec. 201(2) relating to the level of total new budget authority, strike out "$828,000,000,000" and insert in lieu thereof "$812,000,000,000."

Title II, Sec. 201(3) relating to the level of total budget outlays, strike out "$780,550,000,000" and insert in lieu thereof "$776,550,000,000."

Title II, Sec. 202(1)(A) National Defense (function 050) relating to New Budget Authority, strike out "$242,850,000,000" and insert in lieu thereof "$226,850,000,000."

Title II, Sec. 202(1)(B) National Defense (function 050) relating to Outlays, strike out "$212,300,000,000" and insert in lieu thereof "$208,300,000,000."

Title II, Sec. 204(1) relating to the level of Federal revenues for fiscal year 1984, strike out "$753,650,000,000" and insert in lieu thereof "$749,650,000,000."

Title II, Sec. 204(1) relating to the level of Federal revenues for fiscal year 1985, strike out "$846,550,000,000" and insert in lieu thereof "$842,550,000,000."

Title II, Sec. 204(1) relating to the amount by which the aggregate levels of Federal revenues should be increased for fiscal year 1984, strike out "$51,650,000,000" and insert in lieu thereof "$47,650,000,000."

Title II, Sec. 204(1) relating to the amount by which the aggregate levels of Federal revenues should be increased for fiscal year 1985, strike out "$66,550,000,000" and insert in lieu thereof "$62,550,000,000."

Title II, Sec. 204(2) relating to the level of total new budget authority for fiscal year 1984, strike out "$888,400,000,000" and insert in lieu thereof "$872,400,000,000."

Title II, Sec. 204(2) relating to the level of total new budget authority for fiscal year 1985, strike out "$952,850,000,000" and insert in lieu thereof "$936,850,000,000."

Title II, Sec. 204(3) relating to the level of total budget outlays for fiscal year 1984, strike out "$826,400,000,000" and insert in lieu thereof "$822,400,000,000."

Title II, Sec. 204(3) relating to the level of total budget outlays for fiscal year 1985, strike out "$881,200,000,000" and insert in lieu thereof "$877,200,000,000."

Title II, Sec. 205(1)(A) National Defense (function 050) relating to New Budget Authority for fiscal year 1984, strike out "$268,150,000,000" and insert in lieu thereof "$252,150,000,000."

Title II, Sec. 205(1)(B) National Defense (function 050) relating to Outlays for fiscal year 1984, strike out "$235,350,000,000" and insert in lieu thereof "$231,350,000,000."

Title II, Sec. 205(1)(A) National Defense (function 050) relating to New Budget Authority for fiscal year 1985, strike out "$295,950,000,000" and insert in lieu thereof "$279,950,000,000."

Title II, Sec. 205(1)(B) National Defense (function 050) relating to Outlays for fiscal year 1985, strike out "$265,950,000,000" and insert in lieu thereof "$261,950,000,000."

—Page 12, line 10, strike out "$676,700,000,000" and insert in lieu thereof "$672,700,000,000."

Page 12, line 12, strike out $31,700,000,000" and insert in lieu thereof "$27,700,000,000."

Page 12, line 14, strike out "$828,000,000,000" and insert in lieu thereof "$812,000,000,000."

Page 12, line 16, strike out "$780,550,000,000" and insert in lieu thereof "$776,550,000,000."

Page 13, line 9, strike out "$242,850,000,000" and insert in lieu thereof "$226,850,000,000."

Page 13, line 10, strike out "$212,300,000,000" and insert in lieu thereof "$208,300,000,000."

Page 22, line 4, strike out "$753,650,000,000" and insert in lieu thereof "$749,650,000,000."

Page 22, line 5, strike out "$846,550,000,000" and insert in lieu thereof "$842,550,000,000."

Page 22, line 8, strike out "$51,650,000,000" and insert in lieu thereof "$47,650,000,000."

Page 22, line 9, strike out "$66,550,000,000" and insert in lieu thereof "$62,550,000,000."

Page 22, line 12, strike out "$888,400,000,000" and insert in lieu thereof "$872,400,000,000."

Page 22, line 13, strike out "$942,850,000,000" and insert in lieu thereof "$956,850,000,000."

Page 22, line 15, strike out "$826,400,000,000" and insert in lieu thereof "$822,400,000,000."

Page 22, line 16, strike out "$881,200,000,000" and insert in lieu thereof "$877,200,000,000."

Page 23, line 12, strike out "$268,150,000,000" and insert in lieu thereof "$252,150,000,000."

Page 23, line 13, strike out "$235,350,000,000" and insert in lieu thereof "$231,350,000,000."

Page 23, line 16, strike out "$295,950,000,000" and insert in lieu thereof "$279,950,000,000."

Page 23, line 17, strike out "$265,950,000,000" and insert in lieu thereof "$261,950,000,000."

By Mr. CONYERS (10):

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.)

—Section 201(2), (relating to the total budget authority for fiscal year 1983), strike out "$805,200,000,000" and insert in lieu thereof "$784,800,000,000".

(3), (relating to total budget outlays for fiscal year 1983) strike out "$767,500,000,000" and insert in lieu thereof "$759,500,000,000".

(4), (relating to the amount of the deficit for fiscal year 1983) strike out "$101,600,000,000" and insert in lieu thereof "$93,600,000,000".

Section 202(1A), (relating to functional category 050) strike out "$253,850,000,000" and insert in lieu thereof "$233,450,000,000".

(1B), (relating to functional category 050) strike out "$213,250,000,000" and insert in lieu thereof "$205,250,000,000".

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Section 201. (2), (relating to the total budget authority for fiscal year 1983), strike out "$822,400,000,000" and insert in lieu thereof "$802,000,000,000".

(3), (relating to total budget outlays for fiscal year 1983) strike out "$770,800,000,000" and insert in lieu thereof "$762,800,000,000".

(4), (relating to the amount of the deficit for fiscal year 1983), strike out "$95,050,000,000" and insert in lieu thereof "$87,050,000,000".

Section 202. (1A), (relating to functional category 050) strike out "$242,900,000,000" and insert in lieu thereof "$222,500,000,000".

(1B), (relating to functional category 050) strike out "$209,850,000,000" and insert in lieu thereof "$201,850,000,000".

(Amendment to the Jones substitute.)

—Page 12, line 14, (relating to the total budget authority for fiscal year 1983) strike out "$828,000,000,000" and insert in lieu thereof "$807,600,000,000".

Page 12, line 16, (relating to the total budget outlays for fiscal year 1983) strike out "$780,550,000,000" and insert in lieu thereof "$772,550,000,000".

Page 12, line 18, (relating to the amount of the deficit for fiscal year 1983) strike out "$103,850,000,000" and insert in lieu thereof "$95,850,000,000".

Page 13, line 9, (relating to functional category 050) strike out "$242,850,000,000" and insert in lieu thereof "$222,450,000,000".

Page 13, line 10, (relating to functional category 050) strike out "$212,300,000,000" and insert in lieu thereof "$204,300,000,000".

—Page 12, line 14, (relating to the total budget authority for fiscal year 1983) strike out "$828,000,000,000" and insert in lieu thereof "$807,600,000,000".

Page 12, line 16, (relating to the total budget authority for fiscal year 1983) strike out "$780,550,000,000" and insert in lieu thereof "$772,550,000,000".

Page 12, line 18, (relating to the amount of the deficit for fiscal year 1983) strike out "$103,850,000,000" and insert in lieu thereof "$95,850,000,000".

Page 13, line 9, (relating to functional category 050) strike out "$242,450,000,000" and insert in lieu thereof "$222,450,000,000".

Page 13, line 10, (relating to functional category 050) strike out "$212,300,000,000" and insert in lieu thereof "$204,300,000,000".

By Mr. WYLIE (11):

—Page 12, line 10, (relating to the recommended level of Federal revenues for the 1983 fiscal year) strike out "$676,700,000,000" and insert in lieu thereof "$691,700,000,000" and on page 12, line 12, increase the amount by which revenues should be increased by $15,000,000,000.

Page 12, line 14, (relating to total new budget authority for fiscal year 1983) strike out "$828,000,000,000" and insert in lieu thereof "$800,200,000,000".

Page 12, line 16, (relating to total budget outlays for fiscal year 1983) strike out "$780,550,000,000" and insert in lieu thereof "$764,050,000,000".

Page 12, line 18, (relating to the amount of the deficit for fiscal year 1983) strike out "$103,850,000,000" and insert in lieu thereof "$72,350,000,000".

Page 13, line 9, (relating to functional category 050) strike out "$242,850,000,000" and insert in lieu thereof "$225,050,000,000".

Page 13, line 10, (relating to functional category 050) strike out "$212,300,000,000" and insert in lieu thereof "$205,800,000,000".

Page 15, line 11, (relating to functional category 900) strike out "$115,000,000,000" and insert in lieu thereof "$105,000,000,000".

Page 15, line 12, (relating to functional category 900) strike out "$115,000,000,000" and insert in lieu thereof "$105,000,000,000".

Page 35, line 1, (relating to reconciliation instructions to the House Committee on Ways and Means) strike out "$31,700,000,000" and insert in lieu thereof "$46,700,000,000 (of which at least $15,000,000,000 shall be generated through increased user fees and luxury and excise taxes)".

Page 35, line 21, (relating to reconciliation instructions to the Senate Committee on Finance) strike out "$31,700,000,000" and insert in lieu thereof "$46,700,000,000 (of which at least $15,000,000,000 shall be generated through increased user fees and luxury and excise taxes)".

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Page , line , (relating to the recommended level of Federal revenues for the 1983 fiscal year) strike out "$675,750,000,000" and insert in lieu thereof "$690,750,000,000" and on page , line , increase the amount by which revenues should be increased by $15,000,000,000.

Page , line , (relating to total new budget authority for fiscal year 1983) strike out "$822,400,000,000" and insert in lieu thereof "$797,000,000,000".

Page , line , (relating to total budget outlays for fiscal year 1983) strike out "$770,800,000,000" and insert in lieu thereof "$759,200,000,000".

Page , line , (relating to the amount of the deficit for fiscal year 1983) strike out

"$95,050,000,000" and insert in lieu thereof "$68,450,000,000".

Page , line , (relating to functional category 050) strike out "$242,900,000,000" and insert in lieu thereof "$225,050,000,000".

Page , line , (relating to functional category 050) strike out "$209,850,000,000" and insert in lieu thereof "$205,800,000,000".

Page , line , (relating to functional category 900) strike out "$112,550,000,000" and insert in lieu thereof "$105,000,000,000".

Page , line , (relating to functional category 900) strike out "$112,550,000,000" and insert in lieu thereof "$105,000,000,000".

Page , line , (relating to reconciliation instructions to the House Committee on Ways and Means) strike out "$29,750,000,000" and insert in lieu thereof "$44,750,000,000 (of which at least $15,000,000,000 shall be generated through increased user fees and luxury and excise taxes)".

Page , line , (relating to reconciliation instructions to the Senate Committee on Finance) strike out "$29,750,000,000" and insert in lieu thereof "$44,750,000,000 (of which at least $15,000,000,000 shall be generated through increased user fees and luxury and excise taxes)".

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.) —Page , line , (relating to the recommended level of Federal revenues for the 1983 fiscal year) strike out "$665,900,000,000" and insert in lieu thereof "$680,900,000,000 and on page , line , increase the amount by which revenues should be increased by $15,000,000,000.

Page , line , (relating to total new budget authority for fiscal year 1983) strike out "$805,200,000,000" and insert in lieu thereof "$768,500,000,000".

Page , line (relating to total budget outlays for fiscal year 1983) strike out "$767,500,000,000 and insert in lieu thereof "$752,250,000,000".

Page , line (relating to the amount of the deficit for fiscal year 1983) strike out "$101,600,000,000" and insert in lieu thereof $71,350,000,000".

Page , line , (relating to functional category 050) strike out "$253,850,000,000" and insert in lieu thereof "$225,050,000,000".

Page , line , (relating to functional category 050) strike out "$213,250,000,000" and insert in lieu thereof "250,800,000,000".

Page , line , (relating to functional category 900) strike out "$112,800,000,000" and insert in lieu there of "$105,000,000,000".

Page , line , (relating to functional category 900) strike out "$112,800,000,000" and insert in lieu there of "$105,000,000,000".

Page , line , (relating to reconciliation instructions to the House Committee on Ways and Means) strike out "$20,900,000,000" and insert in lieu there of "$35,900,000,000 (of which at least $15,000,000,000 shall be generated through increased user fees and luxury and excise taxes)".

Page , line , (relating to reconciliation instructions to the Senate Committee on Finance) strike out "$20,900,000,000" and insert in lieu thereof "$35,900,000,000 (of which at least $15,000,000,000 shall be generated through increased user fees and luxury and excise taxes)".

By Mr. SOLARZ (12):

(Amendment to the amendment in the nature of a substitute offered by Mr. Jones.) —Page , line , increase the level of total new budget authority for fiscal year 1983 by $400,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $250,000,000.

Page , line , increase the amount of the deficit for fiscal year 1983 by $250,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $400,000,000, and increase budget outlays for such fiscal year by $250,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $400,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $400,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $350,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $400,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $350,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $400,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $350,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $400,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $400,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $400,000,000, and increase budget outlays for such fiscal year by $350,000,000, and on page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $400,000,000, and increase budget outlays for such fiscal year by $400,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.) —Page , line , increase the level of total new budget authority for fiscal year 1983 by $400,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $300,000,000.

Page , line , increase the amount of the deficit for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $400,000,000, and increase budget outlays for such fiscal year by $300,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $600,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $650,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $400,00,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $450,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $400,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $450,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $600,000,000, and increase budget outlays for such fiscal year by $400,000,000, and on page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $650,000,000, and increase budget outlays for such fiscal year by $450,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.) —Page line , increase the level of total new budget authority for fiscal year 1983 by $400,000,000.

Page , line , increase the level of total new budget outlays for fiscal year 1983 by $250,000,000.

Page , line , increase the amount of the deficit for fiscal year 1983 by $250,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $400,000,000, and increase budget outlays for such fiscal year by $250,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $350,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $350,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $300,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $350,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $300,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $350,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $350,000,000, and increase budget outlays for such fiscal year by $300,000,000, and on page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $350,000,000, and increase budget outlays for such fiscal year by $350,000,000.

By Mr. SIMON (13):

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.) —Page , line , increase the level of total new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $650,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $900,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $150,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $300,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $150,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and on page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.) —Page , line , increase the level of total new budget authority, for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $650,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $900,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $150,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $300,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $150,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and on page , line , relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

—Page , line , increase the level of total new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $650,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $900,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $150,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $300,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $150,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and on page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.)

—Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and increase budget outlays for such fiscal year by $150,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1984 by $650,000,000, and decrease budget outlays for such fiscal year by $150,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000, and increase budget outlays for such fiscal year by $300,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1985 by $900,000,000, and decrease budget outlays for such fiscal year by $300,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and increase budget outlays for such fiscal year by $150,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1984 by $650,000,000, and decrease budget outlays for such fiscal year by $150,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000, and increase budget outlays for such fiscal year by $300,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1985 by $900,000,000, and decrease budget outlays for such fiscal year by $300,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

—Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and increase budget outlays for such fiscal year by $150,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1984 by $650,000,000, and decrease budget outlays for such fiscal year by $150,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000, and increase budget outlays for such fiscal year by $300,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1985 by $900,000,000, and decrease budget outlays for such fiscal year by $300,000,000.

By Mr. SIMON (14):

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.)

—Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 to $28,218,000,000.

Adjust aggregate total new budget authority, total budget outlays, and the amount of the deficit for fiscal year 1983 accordingly.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $650,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $900,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $150,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $300,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $150,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and on page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 to $28,218,000,000.

Adjust aggregate total new budget authority, total budget outlays, and the amount of the deficit for fiscal year 1983 accordingly.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $650,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $900,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $150,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $300,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $150,000,000, and on page , line , increase the amount of the dificit for fiscal year 1985 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and on page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

—Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1983 by $300,000,000.

Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 to $28,218,000,000.

Adjust aggregate total new budget authority, total budget outlays, and the amount of the deficit for fiscal year 1983 accordingly.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $650,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $900,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $150,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $300,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $150,000,000, and on page , line , increase the amount of the deficit for fiscal year 1985 by $300,000,000.

Page , line , (relating to functional category 150) increase new budget authority for fiscal year 1984 by $650,000,000, and on page , line , (relating to functional category 150) increase new budget authority for fiscal year 1985 by $900,000,000.

By Mr. SIMON (15):

(Amendment to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

—Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 to $28,218,000,000, and increase outlays for such fiscal year to $27,537,000,000.

Adjust aggregate total new budget authority, total budget outlays, and the amount of the deficit for fiscal year 1983 accordingly.

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.)

—Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 to $28,218,000,000, and increase outlays for such fiscal year to $27,537,000,000.

Adjust aggregate total new budget authority, total budget outlays, and the amount of the deficit for fiscal year 1983 accordingly.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 to $28,218,000,000, and increase outlays for such fiscal year to $27,537,000,000.

Adjust aggregate total new budget authority, total budget outlays, and the amount of the deficit for fiscal year 1983 accordingly.

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.)

—Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 from $26,550,000,000 to $28,218,000,000, and increase outlays for such fiscal year from $26,700,000,000 to $27,537,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1983 by $1,670,000,000 and decrease outlays for such fiscal year by $850,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 from $27,950,000,000 to $28,218,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1983 by $268,000,000.

(Amendment to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

—Page , line , (relating to functional category 500) increase new budget authority for fiscal year 1983 from $27,550,000,000 to $28,218,000,000, and increase outlays for such fiscal year from $27,450,000,000 to $27,537,000,000.

Page , line , (relating to functional category 920) decrease new budget authority for fiscal year 1983 by $668,000,000 and decrease outlays for such fiscal year by $87,000,000.

By Mr. OTTINGER (17):

(Amendment to the amendment in the nature of a substitute by Mr. Jones of Oklahoma.)

—In matters concerning function 500:

Increase Budget Authority for fiscal year 1983 by $900,000,000.

Increase Outlays for fiscal year 1983 by $550,000,000.

Increase Budget Authority for fiscal year 1984 by $2,000,000,000.

Increase Outlays for fiscal year 1984 by $1,450,000,000.

Increase Budget Authority for fiscal year 1985 by $3,450,000,000.

Increase Outlays for fiscal year 1985 by $2,650,000,000.

Increase aggregate Budget Authority for fiscal year 1983 by $900,000,000.

Increase aggregate Outlays for fiscal year 1983 by $550,000,000.

Increase aggregate revenues for fiscal year 1983 by $550,000,000.

Increase aggregate level by which revenues should be increased for fiscal year 1983 by $550,000,000.

Increase aggregate Budget Authority for fiscal year 1984 by $2,000,000,000.

Increase aggregate Outlays for fiscal year 1984 by $1,450,000,000.

Increase aggregate revenues for fiscal year 1984 by $1,450,000,000.

Increase aggregate level by which revenues should be increased for fiscal year 1984 by $1,450,000,000.

Increase aggregate Budget Authority for fiscal year 1985 by $3,450,000,000.

Increase aggregate Outlays for fiscal year 1985 by $2,650,000,000.

Increase aggregate revenues for fiscal year 1985 by $2,650,000,000.

Increase aggregate level by which revenues should be increased for fiscal year 1985 by $2,650,000,000.

(Amendment to the amendment in the nature of a substitute by Mr. Aspin.)

—In matters concerning function 500:

Increase Budget Authority in fiscal year 1983 by $550,000,000.

Increase Outlays for fiscal year 1983 by $450,000,000.

Increase Budget Authority for fiscal year 1984 by $1,950,000,000.

Increase Outlays for fiscal year 1984 by $1,250,000,000.

Increase Budget Authority for fiscal year 1985 by $3,550,000,000.

Increase Outlays for fiscal year 1985 by $2,600,000,000.

Increase aggregate Budget Authority for fiscal year 1983 by $550,000,000.

Increase aggregate Outlays for fiscal year 1983 by $450,000,000.

Increase aggregate revenues for fiscal year 1983 by $450,000,000.

Increase aggregate level by which revenues should be increased for fiscal year 1983 by $450,000,000.

Increase aggregate Budget Authority for fiscal year 1984 by $1,950,000,000.

Increase aggregate Outlays for fiscal year 1984 by $1,250,000,000.

Increase aggregate revenues for fiscal year 1984 by $1,250,000,000.

Increase aggregate level by which revenues should be increased in fiscal year 1984 by $1,250,000,000.

Increase aggregate Budget Authority for fiscal year 1985 by $3,550,000,000.

Increase aggregate Outlays for fiscal year 1985 by $2,600,000,000.

Increase aggregate revenues for fiscal year 1985 by $2,600,000,000.

Increase aggregate level by which revenues should be increased in fiscal year 1985 by $2,600,000,000.

(Amendment to the amendment in the nature of a substitute by Mr. Latta.)

—In matters concerning function 500:

Increase Budget Authority by $1,200,000,000 for fiscal year 1983.

Increase Outlays by $1,200,000,000 for fiscal year 1983.

Increase the Budget Authority level for fiscal year 1984 by $2,700,000,000.

Increase the outlays level for fiscal year 1984 by $2,750,000,000.

Increase the Budget Authority level for fiscal year 1985 by $4,350,000,000.

Increase the outlays level for fiscal year 1984 by $4,300,000,000.

Increase aggregate Budget Authority for fiscal year 1983 by $1,200,000,000.

Increase aggregate Outlays for fiscal year 1983 by $1,200,000,000.

Increase the aggregate revenue level for fiscal year 1983 by $1,200,000,000.

Increase the aggregate level by which revenues should be increased in fiscal year 1983 by $1,200,000,000.

Increase the aggregate Budget Authority for fiscal year 1984 by $2,700,000,000.

Increase the aggregate Outlays for fiscal year 1984 by $2,750,000,000.

Increase the aggregate revenue level for fiscal year 1984 by $2,750,000,000.

Increase the aggregate level by which revenues should be increased in fiscal year 1984 by $2,750,000,000.

Increase the aggregate Budget Authority for fiscal year 1985 by $4,350,000,000.

Increase the aggregate outlays for fiscal year 1985 by $4,300,000,000.

Increase the aggregate revenue level for fiscal year 1985 by $4,300,000,000.

Increase the aggregate level by which revenues should be increased in fiscal year 1985 by $4,300,000,000.

By Mr. WAXMAN (18):

(Amendment relating to biomedical research) to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

—Page 12, line 10, increase the level of Federal revenues for fiscal year 1983 by $135,218,000, and, on page 12, line 12, increase the net amount by which the aggregate level of Federal revenues for such fiscal year should be increased by $138,218,000.

Page 12, line 14, increase the level of total new budget authority for fiscal year 1983 by $247,309,000.

Page 12, line 16, increase the level of total budget outlays for fiscal year 1983 by $138,218,000.

Page 14, line 16, (relating to functional category 550) increase new budget authority for fiscal year 1983 by $247,309,000, and on page 14, line 17, increase budget outlays for such fiscal year by $135,218,000.

Page 22, line 4, increase the level of Federal revenues for fiscal year 1984 by $367,109,000, and, on page 22, line 5, increase the level of Federal revenues for fiscal year 1985 by $623,568,000, and on page 22, line 8, increase the net amount by which the aggregate level of Federal revenues for fiscal year 1984 should be increased by $367,109,000, and on page 22, line 9, increase the net amount by which the aggregate level of Federal revenues for fiscal year 1985 should be increased by $623,568,000.

Page 22, line 12, increase the level of total new budget authority for fiscal year 1984 by $501,183,000, and on page 22, line 13, increase the level of total new budget authority for fiscal year 1985 by $766,290,000.

Page 22, line 15, increase the level of total budget outlays for fiscal year 1984 by $367,109,000, and on page 22, line 16, increase the level of total budget outlays for fiscal year 1985 by $623,568,000.

Page 27, line 5 (relating to functional category 550), increase new budget authority for fiscal year 1984 by $501,183,000, and on page 27, line 6, increase budget outlays for such fiscal year by $367,109,000, and on page 27, line 9, (relating to functional category 550) increase new budget authority for fiscal year 1985 by $766,290,000, and on page 27, line 10, increase budget outlays for such fiscal year by $623,568,000.

Page 35, line 1 (relating to reconciliation instructions to the House Committee on Ways and Means), increase the amount by which revenues are to be increased for fiscal year 1983 by $135,218,000; and at page 35, line 4, increase the amount of additional revenues required for fiscal year 1984 by $367,109,000; and at page 35, line 5, increase the amount of additional revenues required for fiscal year 1985 by $623,568,000.

Page 35, line 21 (relating to reconciliation instructions to the Senate Committee on Finance), increase the amount by which revenues are to be increased for fiscal year 1983 by $135,218,000; and at page 36, line 1, increase the amount of additional revenues required for fiscal year 1984 by $367,108,000; and at page 36, line 2, increase the amount of additional revenues required for fiscal year 1985 by $623,568,000.

(Amendment (relating to biomedical research and medicare) to the amendment in the nature of a substitute offered by Mr. Latta.) (19)

—In section 201(1), increase the level of Federal revenues for fiscal year 1983 by $4,000,000,000, and increase the net amount by which the aggregate level of Federal revenues for such fiscal year should be increased by $4,000,000,000.

In section 201(2), increase the level of total new budget authority for fiscal year 1983 by $943,000,000.

In section 201(3), increase the level of total budget outlays for fiscal year 1983 by $4,000,000,000.

In section 202(11) (relating to functional category 550), increase new budget authority for fiscal year 1983 by $943,000,000, and increase budget outlays for such fiscal year by $4,000,000,000.

In section 204(1), increase the level of Federal revenues for fiscal year 1984 by $6,302,000,000, increase the level of Federal revenues for fiscal year 1985 by $8,328,000,000, increase the net amount by which the aggregate level of Federal revenues for fiscal year 1984 should be increased by $6,302,000,000, and increase the net amount by which the aggregate level of Federal revenues for fiscal year 1985 should be increased by $8,328,000,000.

In section 204(2), increase the level of total new budget authority for fiscal year 1984 by $1,740,000,000, and increase the level of total new budget authority for fiscal year 1984 by $9,179,000,000.

In section 204(3), increase the level of total budget outlays for fiscal year 1984 by $6,302,000,000, and increase the level of total budget outlays for fiscal year 1985 by $8,328,000,000.

In section 205(n), (relating to functional category 550) increase new budget authority for fiscal year 1984 by $1,740,000,000, and increase budget outlays for such fiscal year by $6,302,000,000, and (relating to functional category 550) increase new budget authority for fiscal year 1985 by $9,179,000,000, and increase budget outlays for such fiscal year by $8,328,000,000.

In section 301(E), (relating to reconciliation instructions to the House Committee on Energy and Commerce), decrease the amount by which budget authority is to be reduced in fiscal year 1983 by $318,000,000; and decrease the amount by which outlays are to be reduced in fiscal year 1983 by $438,000,000; and, decrease the amount of savings required in budget authority in fiscal year 1984 by $498,000,000 and decrease the amount of savings required in outlays in fiscal year 1984 by $498,000,000; and decrease the amount of savings required in budget authority in fiscal year 1985 by $548,000,000 and decrease the amount of savings required in outlays in fiscal year 1985 by $548,000,000.

In section 301(j), (relating to reconciliation instructions to the House Committee on Ways and Means), decrease the amount by which budget authority is to be reduced in fiscal year 1983 by $378,000,000; and decrease the amount by which outlays are to be reduced in fiscal year 1983 by $3,427,000,000; and decrease the amount of savings required in budget authority in fiscal year 1984 by $741,000,000 and decrease the amount of savings required in outlays in fiscal year 1984 by $5,437,000,000; and decrease the amount of savings required in budget authority in fiscal year 1985 by $8,007,000,000 and decrease the amount of savings required in outlays in fiscal year 1985 by $7,157,000,000.

In section 301(k) (relating to reconciliation instructions to the House Committee on Ways and Means), increase the amount by which revenues are to be increased for fiscal year 1983 by $4,000,000,000; and increase the amount of additional revenues required for fiscal year 1984 by $6,302,000,000; and, increase the amount of additional revenues required for fiscal year 1985 by $8,328,000,000.

In section 302(E) (relating to reconciliation instructions to the Senate Committee on Finance), decrease the amount by which budget authority is to be reduced in fiscal year 1983 by $696,000,000; and decrease the amount by which outlays are to be reduced in fiscal year 1983 by $3,865,000,000; and decrease the amount of savings required in budget authority in fiscal year 1984 by $1,239,000,000 and decrease the amount of savings required in outlays in fiscal year 1984 by $5,935,000,000; and decrease the amount of savings required in budget authority in fiscal year 1985 by $8,555,000,000; and decrease the amount of savings required in outlays in fiscal year 1985 by $7,705,000,000.

In section 302(J), (relating to reconciliation instructions to the Senate Committee on Finance), increase the amount by which revenues are to be increased for fiscal year 1983 by $4,000,000,000; and increase the amount of additional revenues required for fiscal year 1984 by $6,302,000,000; and, increase the amount of additional revenues required for fiscal year 1985 by $8,328,000,000.

(Amendment (relating to medicare) to the amendment in the nature of a substitute offered by Mr. Latta.) (20)

—In section 201(1), increase the level of Federal revenues for fiscal year 1983 by $3,865,000,000, and, increase the net amount by which the aggregate level of Federal revenues for such fiscal year should be increased by $3,865,000,000.

In section 201(2), increase the level of total new budget authority for fiscal year 1983 by $696,000,000.

In section 201(3), increase the level of total budget outlays for fiscal year 1983 by $3,865,000,000.

In section 202(11), (relating to functional category 550) increase new budget authority for fiscal year 1983 by $696,000,000, and increase budget outlays for such fiscal year by $3,865,000,000.

In section 204(1), increase the level of Federal revenues for fiscal year 1984 by $5,935,000,000, and increase the level of Federal revenues for fiscal year 1985 by $7,705,000,000, and increase the net amount by which the aggregate level of Federal revenues for fiscal year 1984 should be increased by $5,935,000,000, and increase the net amount by which the aggregate level of Federal revenues for fiscal year 1985 should be increased by $7,705,000,000.

In section 204(2), increase the level of total new budget authority for fiscal year 1984 by $1,239,000,000, and increase the level of total new budget authority for fiscal year 1985 by $8,555,000,000.

In section 204(3), increase the level of total budget outlays for fiscal year 1984 by $5,935,000,000, and increase the level of total budget outlays for fiscal year 1985 by $7,705,000,000.

In section 205(11), (relating to functional category 550 increase new budget authority for fiscal year 1984 by $1,239,000,000, and increase budget outlays for such fiscal year by $5,935,000,000, and (relating to functional category 550) increase new budget authority for fiscal year 1985 by $8,555,000,000, and increase budget outlays for such fiscal year by $7,705,000,000.

In section 301(E), (relating to reconciliation instructions to the House Committee on Energy and Commerce), decrease the amount by which budget authority is to be reduced in fiscal year 1983 by $318,000,000; and decrease the amount by which outlays are to be reduced in fiscal year 1983 by $438,000,000; and, decrease the amount of savings required in budget authority in fiscal year 1984 by $498,000,000 and decrease the amount of savings required in outlays in fiscal year 1984 by $498,000,000; and decrease the amount of savings required in budget authority in fiscal year 1985 by $548,000,000 and decrease the amount of savings required in outlays in fiscal year 1985 by $548,000,000.

In section 301(J) (relating to reconciliation instructions to the House Committee on Ways and Means), decrease the amount by which budget authority is to be reduced in fiscal year 1983 by $378,000,000; and decrease the amount by which outlays are to be reduced in fiscal year 1983 by $3,427,000,000; and decrease the amount of savings required in budget authority in fiscal year 1984 by $741,000,000 and decrease the amount of savings required in outlays in fiscal year 1984 by $5,437,000,000; and decrease the amount of savings required in budget authority in fiscal 1985 by $8,007,000,000 and decrease the amount of savings required in outlays in fiscal year 1985 by $7,157,000,000.

In section 301(K) (relating to reconciliation instructions to the House Committee on Ways and Means), increase the amount by which revenues are to be increased for fiscal year 1983 by $3,865,000,000; and increase the amount of additional revenues required for fiscal year 1984 by $5,935,000,000; and increase the amount of additional revenues required for fiscal year 1985 by $7,705,000,000.

In section 302(E) (relating to reconciliation instructions to the Senate Committee on Finance), decrease the amount by which budget authority is to be reduced in fiscal year 1983 by $696,000,000; and decrease the amount by which outlays are to be reduced in fiscal year 1983 by $3,865,000,000; and decrease the amount of savings required in budget authority in fiscal year 1984 by $1,239,000,000 and decrease the amount of savings required in outlays in fiscal year 1984 by $5,935,000,000; and decrease the amount of savings required in budget authority in fiscal year 1985 by $8,555,000,000; and decrease the amount of savings required in outlays in fiscal year 1985 by $7,705,000,000.

In section 302(j) (relating to reconciliation instructions to the Senate Committee on Finance), increase the amount by which revenues are to be increased for fiscal year 1983 by $3,865,000,000; and increase the amount of additional revenues required for fiscal year 1984 by $5,935,000,000; and increase the amount of additional revenues required for fiscal year 1985 by $7,705,000,000.

(Amendment (relating to medicare) to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.) (20)

—Page 12, line 10, increase the level of Federal revenues for fiscal year 1983 by $715,000,000, and, on page 12, line 12, increase the net amount by which the aggregate level of Federal revenues for such fiscal year should be increased by $715,000,000.

Page 12, line 14, decrease the level of total new budget authority for fiscal year 1983 by $4,000,000.

Page 12, line 16, increase the level of total budget outlays for fiscal year 1983 by $715,000,000.

Page 14, line 16 (relating to functional category 550), decrease new budget authority for fiscal year 1983 by $4,000,000, and page 14, line 17, increase budget outlays for such fiscal year by $715,000,000.

Page 22, line 4, increase the level of Federal revenues for fiscal year 1984 by

$835,000,000, and, on page 22, line 5, increase the level of Federal revenues for fiscal year 1985 by $955,000,000, and on page 22, line 8, increase the net amount by which the aggregate level of Federal revenues for fiscal year 1984 should be increased by $835,000,000, and on page 22, line 9, increase the net amount by which the aggregate level of Federal revenues for fiscal year 1985 should be increased by $955,000,000.

Page 22, line 12, decrease the level of total new budget authority for fiscal year 1984 by $61,000,000, and on page 22, line 13, decrease the level of total new budget authority for fiscal year 1985 by $120,000,000.

Page 22, line 15, increase the level of total budget outlays for fiscal year 1984 by $835,000,000, and on page 22, line 16, increase the level of total budget outlays for fiscal year 1985 by $955,000,000.

Page 27, 5 (relating to functional category 550), decrease new budget authority for fiscal year 1984 by $61,000,000, and on page 27, line 6, increase budget outlays for such fiscal year by $835,000,000, and on page 27, line 9 (relating to functional category 550), decrease new budget authority for fiscal year 1985 by $120,000,000, and on page 27, line 10, increase budget outlays for such fiscal year by $955,000,000.

Page 34, line 15 (relating to reconciliation instructions to the House Committee on Ways and Means), increase the amount by which budget authority is to be reduced in fiscal year 1983 by $4,000,000; and at page 34, line 16, decrease the amount by which outlays are to be reduced in fiscal year 1983 by $715,000,000; and, at page 34, line 19, increase the amount of savings required in budget authority in fiscal year 1984 by $61,000,000 and on page 34, line 20, decrease the amount of savings required in outlays in fiscal year 1984 by $835,000,000; and, at page 34, line 21, increase the amount of savings required in budget authority in fiscal year 1985 by $120,000,000; and at page 34, line 22, decrease the amount of savings required in outlays in fiscal year 1985 by $955,000,000.

Page 35, line 1 (relating to reconciliation instructions to the House Committee on ways and Means), increase the amount by which revenues are to be increased for fiscal year 1983 by $715,000,000; and at page 35, line 4, increase the amount of additional revenues required for fiscal year 1984 by $835,000,000; and, at page 35, line 5, increase the amount of additional revenues required for fiscal year 1985 by $955,000,000.

Page 34, line 11 (relating to reconciliation instructions to the Senate Committee on Finance), increase the amount by which budget authority is to be reduced in fiscal year 1983 by $4,000,000; and at page 35, line 12, decrease the amount by which outlays are to be reduced in fiscal year 1983 by $715,000,000; and, at page 35, line 15, increase the amount of savings required on budget authority in fiscal year 1984 by $61,000,000 and on page 35, line 16, decrease the amount of savings required in outlays in fiscal year 1984 by $835,000,000; and, at page 35, line 17, increase the amount of savings required in budget authority in fiscal year 1985 by $120,000,000; and, at page 35, line decrease the amount of savings required in outlays in fiscal year 1985 by $955,000,000.

Page 35, line 21 (relating to reconciliation instructions to the Senate Committee on Finance), increase the amount by which revenues are to be increased for fiscal year 1983 by $715,000,000; and at page 36, line 1, increase the amount of additional revenues required for fiscal year 1984 by $835,000,000; and, at page 36, line 2, increase the amount of additional revenues required for fiscal year 1985 by $955,000,000.

By Mr. SOLARZ (21):

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Page , line , increase the level of Federal revenues for fiscal year 1983 by $1,500,000,000, and, on page , line , increase the net amount by which the aggregate level of Federal revenues for such fiscal year should be increased by $1,500,000,000.

Page , line , decrease the level of total new budget authority for fiscal year 1983 by $2,904,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $915,000,000.

Page , line , decrease the amount of the deficit for fiscal year 1983 by $585,000,000.

Page , line , (relating to functional category 550) decrease new budget authority for fiscal year 1983 by $3,154,000,000, and increase budget outlays for such fiscal year by $715,000,000.

Page , line , (relating to functional category 800) increase new budget authority for fiscal year 1983 by $250,000,000, and increase budget outlays for such fiscal year by $200,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1984 by $1,750,000,000, and, on page , line , increase the level of Federal revenues for fiscal year 1985 by $2,000,000,000, and on page , line , increase the net amount by which the aggregate level of Federal revenues for fiscal year 1984 should be increased by $1,750,000,000, and on page , line , increase the net amount by which the aggregate level of Federal revenues for fiscal year 1985 should be increased by $2,000,000,000.

Page , line , decrease the level of total new budget authority for fiscal year 1984 by $12,061,000,000, and on page , line , decrease the level of total new budget authority for fiscal year 1985 by $10,970,000,000.

On page , line , increase the level of total budget outlays for fiscal year 1984 by $835,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $705,000,000.

On page , line , decrease of the deficit for fiscal year 1984 by $915,000,000, and on page , line , decrease the amount of the deficit for fiscal year 1985 by $1,295,000,000.

On page , line , (relating to functional category 550) decrease new budget authority for fiscal year 1984 by $12,361,000,000, and increase budget outlays for such fiscal year by $585,000,000, and on page , line , (relating to functional category 550) decrease new budget authority for fiscal year 1985 by $11,270,000,000 and increase budget outlays for such fiscal year by $405,000,000.

On page , line , (relating to functional category 800) increase new budget authority for fiscal year 1984 by $300,000,000, and increase budget outlays for such fiscal year by $250,000,000, and on page , line , (relating to functional category 800) increase new budget authority for fiscal year 1985 by $300,000,000, and increase budget outlays for such fiscal year by $300,000,000.

In the reconciliation instructions to the House Committee on Ways and Means, decrease the reduction in outlays by $715,000,000 in fiscal year 1983, by $585,000,000 in fiscal year 1984, and by $405,000,000 in fiscal year 1985.

In the reconciliation instructions to the Senate Finance Committee, decrease the reduction in outlays by $715,000,000 in fiscal year 1983, by $585,000,000 in fiscal year 1984, and by $405,000,000 in fiscal year 1985.

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.)

Page , line , increase the level of Federal revenues for fiscal year 1983 by $1,500,000,000, and, on page , line , increase the net amount by which the aggregate level of Federal revenues for such fiscal year should be increased by $1,500,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1983 by $2,254,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $4,065,000,000.

Page , line , increase the amount of the deficit for fiscal year 1983 by $2,565,000,000.

Page , line , (relating to functional category 550) decrease new budget authority for fiscal year 1983 by $2,504,000,000, and increase budget outlays for such fiscal year by $3,865,000,000.

Page , line , (relating to functional category 800) increase new budget authority for fiscal year 1983 by $250,000,000, and increase budget outlays for such fiscal year by $200,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1984 by $1,750,000,000, and, on page , line , increase the level of Federal revenues for fiscal year 1985 by $2,000,000,000, and on page , line , increase the net amount by which the aggregate level of Federal revenues for fiscal year 1984 should be increased by $1,750,000,000, and on page , line , increase the net amount by which the aggregate level of Federal revenues for fiscal year 1985 should be increased by $2,000,000,000.

Page , line , decrease the level of total new budget authority for fiscal year 1984 by $10,711,000,000, and on page , line , decrease the level of total new budget authority for fiscal year 1985 by $10,270,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $6,185,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $8,005,000,000.

Page , line , increase the amount of the deficit for fiscal year 1984 by $4,435,000,000, and page , line , increase the amount of the deficit for fiscal year 1985 by $6,005,000,000.

Page , line , (relating to functional category 550) decrease new budget authority for fiscal year 1984 by $11,011,000,000, and increase budget outlays for such fiscal year by $5,935,000,000, and on page , line , (relating to functional category 550) decrease new budget authority for fiscal year 1985 by $10,570,000,000, and increase budget outlays for such fiscal year by $7,705,000,000.

Page , line , (relating to functional category 800) increase new budget authority for fiscal year 1984 by $300,000,000, and increase budget outlays for such fiscal year by $250,000,000, and on page , line , (relating to functional category 800) increase new budget authority for fiscal year 1985 by $300,000,000, and increase budget outlays for such fiscal year by $300,000,000.

In the reconciliation instructions to the House Committee on Ways and Means, decrease the reduction in outlays by $3,865,000,000 in fiscal year 1983, by $5,935,000,000 in fiscal year 1984, and by $7,705,000,000 in fiscal year 1985.

In the reconciliation instructions to the Senate Finance Committee, decrease the reduction in outlays by $3,865,000,000 in fiscal year year 1983, by $5,935,000,000 in fiscal year 1984, and by $7,705,000,000 in fiscal year 1985.

(Amendment to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

—Page , line , increase the level of Federal revenues for fiscal year 1983 by $1,500,000,000, and, on page , line , increase the net amount by which the aggregate level of Federal revenues for such fiscal year should be increased by $1,500,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1983 by $246,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1983 by $915,000,000.

Page , line , decrease the amount of the deficit for fiscal year 1983 by $585,000,000.

Page , line , (relating to functional category 550) decrease new budget authority for fiscal year 1983 by $4,000,000, and increase budget outlays for such fiscal year by $715,000,000.

Page , line , (relating to functional category 800) increase new budget authority for fiscal year 1983 by $250,000,000, and increase budget outlays for such fiscal year by $200,000,000.

Page , line , increase the level of Federal revenues for fiscal year 1984 by $1,750,000,000, and, on page , line , increase the level of Federal revenues for fiscal year 1985 by $2,000,000,000, and on page , line , increase the net amount by which the aggregate level of Federal revenues for fiscal year 1984 should be increased by $1,750,000,000, and on page , line , increase the net amount by which the aggregate level of Federal revenues for fiscal year 1985 should be increased by $2,000,000,000.

Page , line , increase the level of total new budget authority for fiscal year 1984 by $239,000,000, and on page , line , increase the level of total new budget authority for fiscal year 1985 by $180,000,000.

Page , line , increase the level of total budget outlays for fiscal year 1984 by $1,085,000,000, and on page , line , increase the level of total budget outlays for fiscal year 1985 by $1,255,000,000.

Page , line , decrease the amount of the deficit for fiscal year 1984 by $665,000,000, and on page , line , decrease the amount of the deficit for fiscal year 1985 by $745,000,000.

Page , line , (relating to functional category 550) decrease new budget authority for fiscal year 1984 by $61,000,000, and increase budget outlays for such fiscal year by $835,000,000, and on page , line , (relating to functional catetegory 550) decrease new budget authority for fiscal year 1985 by $120,000,000, and increase budget outlays for such fiscal year by $955,000,000.

Page , line , (relating to functional category 800) increase new budget authority for fiscal year 1984 by $300,000,000, and increase budget outlays for such fiscal year by $250,000,000, and on page , line , (relating to functional category 000) increase new budget authority for fiscal year 1985 by $300,000,000, and increase budget outlays for such fiscal year by $300,000,000.

In the reconciliation instructions to the House Committee on Ways and Means, decrease the reduction in outlays by $715,000,000 in fiscal year 1983, by $835,000,000 in fiscal year 1984, and by $955,000,000 in fiscal year 1985.

By Ms. OAKAR (22)

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta.)

—Page , line , (relating to functional category 050) decrease new budget authority for fiscal year 1983 by $400,000,000, and decrease budget outlays for such fiscal year by $4,850,000,000.

Page , line , (relating to functional category 550) increase new budget authority for fiscal year 1983 by $400,000,000, and increase budget outlays for such fiscal year by $4,850,000,000.

In the reconciliation instructions to the House Committee on Ways and Means, decrease the reduction in budget authority by $400,000,000 in fiscal year 1983 and decrease the reduction in outlays by $4,850,000,000 in such fiscal year.

In the reconciliation instructions to the Senate Committee on Finance, decrease the reduction in budget authority by $400,000,000 in fiscal year 1983 and decrease the reduction in outlays by $4,850,000,000 in such fiscal year.

In the reconciliation instructions to the House Committee on Armed Services, increase the reduction in budget authority by $400,000,000 in fiscal year 1983 and increase the reduction in outlays by $4,850,000,000 in such fiscal year.

In the reconciliation instructions to the Senate Committee on Armed Services, increase the reduction in budget authority by $400,000,000 in fiscal year 1983 and increase the reduction in outlays by $4,850,000,000 in such fiscal year.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Page , line , (relating to functional category 050) decrease new budget authority for fiscal year 1983 by $200,000,000, and decrease budget outlays for such fiscal year by $2,350,000,000.

Page , line , (relating to functional category 550) increase new budget authority for fiscal year 1983 by $200,000,000, and increase budget outlays for such fiscal year by $2,350,000,000.

In the reconciliation instructions to the House Committee on Ways and Means, decrease the reduction in budget authority by $200,000,000 in fiscal year 1983 and decrease the reduction in outlays by $2,350,000,000 in such fiscal year.

In the reconciliation instructions to the Senate Committee on Finance, decrease the reduction in budget authority by $200,000,000 in fiscal year 1983 and decrease the reduction in outlays by $2,350,000,000 in such fiscal year.

In the reconciliation instructions to the House Committee on Armed Services, increase the reduction in budget authority by $200,000,000 in fiscal year 1983 and increase the reduction in outlays by $2,350,000,000 in such fiscal year.

In the reconciliation instructions to the Senate Committee on Armed Services, increase the reduction in budget authority by $200,000,000 in fiscal year 1983 and increase the reduction in outlays by $2,350,000,000 in such fiscal year.

—Page 13, line 9 (relating to functional category 050), strike out "$242,850,000,000" and insert in lieu thereof "$242,750,000,000".

Page 13, line 10 (relating to functional category 050), strike out "$212,300,000,000" and insert in lieu thereof "$210,150,000,000".

Page 14, line 16 (relating to functional category 550), strike out "$77,300,000,000" and insert in lieu thereof "$77,400,000,000".

Page 14, line 17 (relating to functional category 550), strike out "$80,100,000,000" and insert in lieu thereof "$82,250,000,000".

In the reconciliation instructions to the House Committee on Ways and Means, decrease the reduction in budget authority by $100,000,000 in fiscal year 1983 and decrease the reduction in outlays by $2,150,000,000 in such fiscal year.

In the reconciliation instructions to the Senate Committee on Finance, decrease the reduction in budget authority by $100,000,000 in fiscal year 1983 and decrease the reduction in outlays by $2,150,000,000 in such fiscal year.

In the reconciliation instructions to the House Committee on Armed Services, increase the reduction in budget authority by $100,000,000 in fiscal year 1983 and increase the reduction in outlays by $2,150,000,000 in such fiscal year.

In the reconciliation instructions to the Senate Committee on Armed Services, increase the reduction in budget authority by $100,000,000 in fiscal year 1983 and increase the reduction in outlays by $2,150,000,000 in such fiscal year.

By Mr. HEFNER (24):

(Amendment to H. Con. Res. 345, or any amendment thereto, to the matter concerning Function 700, Veterans' Benefits and Services.)

—Increase Budget Authority by $300,000,000 in fiscal year 1983, by $500,000,000 in fiscal year 1984, and by $700,000,000 in fiscal year 1985;

Increase outlays by $250,000,000 in fiscal year 1983, by $350,000,000 in fiscal year 1984, and by $600,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $300,000,000 in fiscal year 1983, by $500,000,000 in fiscal year 1984, and by $700,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $250,000,000 in fiscal year 1983, by $350,000,000 in fiscal year 1984, and $600,000,000 in fiscal year 1985;

Increase the deficit by $250,000,000 in fiscal year 1983; by $350,000,000 in fiscal year 1984, and by $600,000,000 in fiscal year 1985.

The amendment proposed is to H. Con. Res. 345 or any amendment thereto, and concerns Function 700, Veterans' Benefits and Services. This amendment will add $300 million in budget authority and $250 million in outlays in fiscal year 1983 to restore adequate funding levels for veterans medical programs. Commensurate increases are included in the outyears. The restoration of funds above the program level freeze will prevent the potential closing of VA hospitals, significant bed reductions or ward closing and employment reductions of as much as 13,000 FTE.

By Mr. FORD of Michigan (25-31):

Amendments to any category B amendment; remove 4% annuity cap for Federal civilian retirees.)

—In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $273,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $273,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1983, increase the amount by $273,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $242,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $538,000,000.

In the matter relating to the level of total new budget outlays for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to the level of total new budget outlays for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to the new budget authority for functional category 600 for fiscal year 1984, increase the amount by $242,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1985, increase the amount by $538,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committees on Foreign Affairs and on Post Office and Civil Service.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committees on Foreign Relations and on Governmental Affairs.

By Mr. HOYER (32):

(Amendments to any category B amendment; increase pay adjustment from 4 percent to 7 percent for Federal employees.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $1,146,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $1,153,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $1,153,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $459,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $445,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $687,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $708,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $1,677,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $1,751,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $1,706,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $1,819,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $1,706,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $1,819,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $752,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $743,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $789,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $788,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $963,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $962,000,000.

In the matter relating to new budget outlays for functional category 920 for fiscal year 1985, increase the amount by $1,031,000,000.

(Amendments to any category B amendment; increase pay adjustment from 4% to 5% for Federal employees.) (33-43)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $396,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $398,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $398,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $167,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $162,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983, increase the amount by $229,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983, increase the amount by $236,000,000.

In the matter relating to level of total new budget authority for fiscal year 1984, increase the amount by $559,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $584,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $576,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $607,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $576,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $607,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $251,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $248,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $263,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $263,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984, increase the amount by $308,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984, increase the amount by $328,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985, increase the amount by $321,000,000.

In the matter relating to budget authority for functional category 920 for fiscal year 1985, increase the amount by $344,000,000.

By Mr. DOWNEY (44):

--Page 12, line 14, increase the amount of budget authority by $200,000,000.

Page 12, line 16, increase the amount of total budget outlays by $500,000,000.

Page 12, line 18, increase the amount of the deficit in the budget $500,000,000.

Page 13, line 9, (relating to functional category 050) strike out "$242,850,000,000" and insert in lieu thereof "$243,050,000,000", and on line 10, strike out "$212,300,000,000" and insert in lieu thereof "$212,500,000,000".

Page 14, line 21, (relating to functional category 600) strike out "$273,800,000,000" and insert in lieu thereof "$274,100,000,000".

Page 22, line 12, increase the amount of budget authority by $950,000,000.

Page 22, line 13, increase the amount of budget authority by $1,800,000,000.

Page 22, line 15, increase the amount of budget outlays by $1,650,000,000.

Page 22, line 16, increase the amount of budget outlays by $2,900,000,000.

Page 23, line 12, (relating to functional category 050) strike out "$268,150,000,000" and insert in lieu thereof "$268,850,000,000", and on line 13, strike out "$235,350,000,000" and insert in lieu thereof "$236,050,000,000", and on line 16, strike out "$295,950,000,000" and insert in lieu thereof "$297,150,000,000", and on line 17, strike out "$265,950,000,000" and insert in lieu thereof "$267,150,000,000".

Page 27, line 14, (relating to functional category 600) strike out "$314,500,000,000" and insert in lieu thereof "$314,750,000,000", and on line 15, strike out "$290,050,000,000" and insert in lieu thereof "$291,000,000,000", and on line 18, strike out "$344,550,000,000" and insert in lieu thereof "$345,150,000,000", and on line 19, strike out "$312,400,000,000" and insert in lieu thereof "$314,100,000,000".

Page 31, strike out lines 1, through 11.

Page 32, line 10, strike out "$60,000,000" and insert in lieu thereof "$59,000,000" and on line 11, strike out "$60,000,000" and insert in lieu thereof "59,000,000", and on line 14, strike out "$68,000,000" and insert in lieu thereof "$65,000,000", and on line 15, strike out "$68,000,000" and insert in lieu thereof "$65,000,000", and on line 16, strike out "$77,000,000" both times it appears and insert in lieu thereof "$72,000,000".

Page 32, strike out line 18 and all that follows through page 33, line 24.

Page 36, strike out lines 14 through 24.

Page 37, strike out line 12 and all that follows thereafter through page 38, line 17 and insert in lieu thereof "and".

By Mr. PARRIS (45):

(Amendments to the Latta substitute; strikes all provisions in the Bipartisan Recovery Program substitute relating to COLAs for military and Federal civilian retirees and adds language increasing the amounts for COLAs, eliminating the cap.)

—In the matter relating to the level of total new budget authority is increased by the amount of $212,000,000.

In the matter relating to the level of total budget outlays is increased by the amount of $488,000,000.

In the matter relating to the amount of the deficit in the budget is increased by the amount of $488,000,000.

In the matter relating to outlays in budget functional category 600 increase the amount by $488,000,000.

In the matter relating to total new budget authority for fiscal year 1984 increase the amount by $935,000,000.

In the matter relating to total new budget authority for fiscal year 1985 increase the amount by $1,770,000,000.

In the matter relating to total budget outlays for fiscal year 1984 increase the amount by $1,624,000,000.

In the matter relating to total budget outlays for fiscal year 1985 increase the amount by $2,891,000,000.

In the matter relating to the amount of the deficit for fiscal year 1984 increase the amount by $1,624,000,000.

In the matter relating to the amount of the deficit for fiscal year 1985 increase the amount by $2,891,000,000.

In the matter relating to new budget authority for fiscal year 1984 in budget functional category 600 increase the amount by $935,000,000.

In the matter relating to outlays for fiscal year 1984 in budget functional category 600 increase the amount by $1,624,000,000.

In the matter relating to new budget authority for fiscal year 1985 in budget functional category 600 increase the amount by $1,770,000,000.

In the matter relating to outlays for fiscal year 1985 in budget functional category 600 increase the amount by $2,891,000,000.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the House Committee on Armed Services and insert in lieu thereof the following: The House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $0 in budget authority and $0 in outlays in fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the House Committee on Foreign Affairs and insert in lieu thereof the following: The House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $0 in budget authority and $0 in outlays in fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $0 in budget authority and $0 in outlays in fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the Senate Committee on Armed Services and insert in lieu thereof the following: The Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $0 in budget authority and $0 in outlays for fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the Senate Committee on Foreign Relations and insert in lieu thereof the following: The Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $0 in budget authority and $0 in outlays for fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the Senate Committee on Governmental Affairs and insert in lieu thereof the following: The Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $0 in budget authority and $0 in outlays for fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

(Amendments to Jones substitute; Strikes all provisions in the Jones substitute relating to COLAs for military and Federal civilian retirees and adds language increasing the amounts for COLAs, eliminating the cap.)

—In the matter relating to the level of total new budget authority is increased by the amount of $212,000,000.

In the matter relating to the level of total budget outlays is increased by the amount of $488,000,000.

In the matter relating to the amount of the deficit in the budget is increased by the amount of $488,000,000.

In the matter relating to outlays in budget functional category 600 increase the amount by $488,000,000.

In the matter relating to total new budget authority for fiscal year 1984 increase the amount by $935,000,000.

In the matter relating to total new budget authority for fiscal year 1985 increase the amount by $1,770,000,000.

In the matter relating to total budget outlays for fiscal year 1984 increase the amount by $1,624,000,000.

In the matter relating to total budget outlays for fiscal year 1985 increase the amount by $2,891,000,000.

In the matter relating to the amount of the deficit for fiscal year 1984 increase the amount by $1,624,000,000.

In the matter relating to the amount of the deficit for fiscal year 1985 increase the amount by $2,891,000,000.

In the matter relating to new budget authority for fiscal year 1984 in budget functional category 600 increase the amount by $935,000,000.

In the matter relating to outlays for fiscal year 1984 in budget functional category 600 increase the amount by $1,624,000,000.

In the matter relating to new budget authority for fiscal year 1985 in budget functional category 600 increase the amount by $1,770,000,000.

In the matter relating to outlays for fiscal year 1985 in budget functional category 600 increase the amount by $2,891,000,000.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the House Committee on Armed Services and insert in lieu thereof the following: The House Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $0 in budget authority and $0 in outlays in fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the House Committee on Foreign Affairs and insert in lieu thereof the following: The House Committee on Foreign Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $0 in budget authority and $0 in outlays in fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the House Committee on Post Office and Civil Service and insert in lieu thereof the following: The House Committee on Post Office and Civil Service shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future fiscal years requires additional savings of $0 in budget authority and $0 in outlays in fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the Senate Committee on Armed Services and insert in lieu thereof the following: The Senate Committee on Armed Services shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptable high budget deficits in future years requires additional savings of $0 in budget authority and $0 in outlays for fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the Senate Committee on Foreign Relations and insert in lieu thereof the following: The Senate Committee on Foreign Relations shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $0 in budget authority and $0 in outlays for fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

In the matter relating to reconciliation instructions required pursuant to section 301(b)(2) of the Budget Act, strike out any instructions to the Senate Committee on Governmental Affairs and insert in lieu thereof the following: The Senate Committee on Governmental Affairs shall report changes in law within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce outlays by $0 in fiscal year 1983; further, the Congress finds that the prospect of unacceptably high budget deficits in future years requires additional savings of $0 in budget authority and $0 in outlays for fiscal year 1984, and $0 in budget authority and $0 in outlays in fiscal year 1985.

(Amendments to Latta substitute; increases pay adjustment for Federal employees from 4 percent to 5 percent.)

—In the matter relating to the level of total new budget authority for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983 increase the amount of $850,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983 increase the amount by $850,000,000.

In the matter of relating to budget outlays for functional category 050 for fiscal year 1983 increase the amount by $265,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1933 increase the amount by $585,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983 increase the amount by $585,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to the level of total new budget authority for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to the level of total budget outlays for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to the level of total budget outlays for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to amount of the deficit in the budget for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984 increase the amount by $283,550,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984 increase the amount by $283,550,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985 increase the amount $301,980,800.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985 increase the amount by $301,980,800.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984 increase the amount by $625,950,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984 increase the amount by $625,950,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1935 increase the amount by $666,636,800.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985 increase the amount by $666,636,800.

(Amendments to Aspin substitute; increases pay adjustment for Federal employees from 4% to 5%)

—In the matter relating to the level of total new budget authority for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983 increase the amount by $265,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983 increase the amount by $585,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983 increase the amount by $585,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to the level of total new budget authority for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to the level of total budget outlays for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to the level of total budget outlays for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984 increase the amount by $283,550,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984 increase the amount by $283,550,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985 increase the amount by $301,980,800.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985 increase the amount by $301,980,800.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984 increase the amount by $625,950,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984 increase the amount by $625,950,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985 increase the amount by $666[illegible]36,800.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985 increase the amount by $666,636,800.

(Amendments to Jones substitutes; increases pay adjustment for Federal employees from 4 to 5 percent.)

—In the matter relating to the level of total new budget authority for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983 increase the amount by $850,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983 increase the amount by $265,000,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1983 increase the amount by $585,000,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1983 increase the amount by $585,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to the level of total new budget authority for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to the level of total budget outlays for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to the level of total budget outlays for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984 increase the amount by $909,500,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985 increase the amount by $968,617,600.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984 increase the amount by $283,550,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984 increase the amount by $283,550,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985 increase the amount by $301,980,800.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985 increase the amount by $301,980,800.

In the matter relating to new budget authority for functional category 920 for fiscal year 1984 increase the amount by $625,950,000.

In the matter relating to budget outlays for functional category 920 for fiscal year 1984 increase the amount by $625,950,000.

In the matter relating to new budget authority for functional category 920 for fiscal year 1985 increase the amount by $666,636,800.

In the matter relating to budget outlays for functional category 920 for fiscal year 1985 increase the amount by $666,636,800.

By Mr. WOLF (47):

(Amendments to any category B amendment.)

—In the matter relating to the level of total new budget authority for fiscal year 1983, increase the amount by $213,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1983, increase the amount by $490,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1983, increase the amount by $490,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1983, increase the amount by $213,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1983, increase the amount by $217,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1983, increase the amount by $273,000,000

In the matter relating to the level of total new budget authority for fiscal year 1984, increase the amount by $936,000,000.

In the matter relating to the level of total new budget authority for fiscal year 1985, increase the amount by $1,770,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1984, increase the amount by $1,625,000,000.

In the matter relating to the level of total budget outlays for fiscal year 1985, increase the amount by $2,885,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1984, increase the amount by $1,625,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $2,885,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1984, increase the amount by $694,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1984, increase the amount by $700,000,000.

In the matter relating to new budget authority for functional category 050 for fiscal year 1985, increase the amount by $1,232,000,000.

In the matter relating to budget outlays for functional category 050 for fiscal year 1985, increase the amount by $1,237,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1984, increase the amount by $242,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1984, increase the amount by $925,000,000.

In the matter relating to new budget authority for functional category 600 for fiscal year 1985, increase the amount by $538,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $1,648,000,000.

In the matter relating to reconciliation instructions in the House of Representatives, strike out any matter relating to the Committees on Armed Services and on Foreign Affairs.

In the matter relating to reconciliation instructions in the Senate, strike out any matter relating to the Committees on Armed Services and on Foreign Relations.

In the matter relating to reconciliation instructions to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Governmental Affairs of the Senate, reduce (but not below zero) each of the amounts set forth therein by the following amounts, respectively: $273,000,000, $242,000,000, $925,000,000, $538,000,000, and $1,648,000,000.

By Mr. HUGHES (48):

(Amendment to H. Con. Res. 345, or any amendment, thereto to the matter concerning Function 750: Administration of Justice.)

—Increase budget authority by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase outlays by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and $271,000,000 in fiscal year 1985;

Increase the deficit by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985.

(An amendment to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma to the matter concerning Function 750: Administration of Justice.)

—Increase Budget Authority by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase outlays by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and $271,000,000 in fiscal year 1985;

Increase the deficit by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin to the matter concerning Function 750: Administration of Justice.)

—Increase budget authority by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year in 1984, and by $271,000,000 in fiscal year 1985.

Increase outlays by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and by $271,000,000 fiscal year 1985;

Increase the aggregate outlay level by $251,000,000 in fiscal year 1983, by $261,000,000 in fiscal year 1984, and $271,000,000 in fiscal year 1985;

Increase the deficit by $251,000,000 in fiscal year 1983; by $261,000,000 in fiscal year 1984, and by $271,000,000 fiscal year 1985.

(Amendment to the amendment in the nature of a substitute offered by Mr. Fauntroy to the matter concerning Function 750: Administration of Justice.)

—Increase budget authority by $16,000,000 in fiscal year 1983;

Increase outlays by $101,000,000 in fiscal year 1983;

Increase aggregate budget authority level by $16,000,000 in fiscal year 1983;

Increase aggregate outlay level by $101,000,000 in fiscal year 1983;

Increase the deficit by $101,000,000 in fiscal year 1983.

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta to the matter concerning Function 750: Administration of Justice.)

—Increase budget authority by $451,000,000 in fiscal year 1983, by $561,000,000 in fiscal year 1984, and by $621,000,000 in fiscal year 1985;

Increase outlays by $501,000,000 in fiscal year 1983, by $511,000,000 in fiscal year 1984, and by $621,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $451,000,000 in fiscal year 1983, by $511,000,000 in fiscal year 1984, and by $621,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $501,000,000 in fiscal year 1983, by $511,000,000 in fiscal year 1984, and $621,000,000 in fiscal year 1985;

Increase the deficit by $501,000,000 in fiscal year 1983, by $511,000,000 in fiscal year 1984, and by $621,000,000 in fiscal year 1985.

By Mr. ZEFERETTI (49):

—On page 12, line 14, strike "$828,000,000,000" and insert "$828,400,000,000";

On page 12, line 16, strike "$780,550,000,000" and insert "$780,850,000,000";

On page 12, line 18, strike "$103,850,000,000" and insert "$104,150,000,000";

On page 14, line 6, strike $22,300,000,000" and insert $22,600,000,000";

On page 14, line 7, strike "$20,400,000,000" and insert "$20,600,000,000";

On page 15, line 1, strike "$4,600,000,000" and insert "$4,700,000,000";

On page 15, line 2, strike "$4,650,000,000" and insert "$4,750,000,000";

On page 22, line 12, strike "888,400,000,000" and insert "$888,800,000,000";

On page 22, line 13, strike "$952,850,000,000" and insert "$953,250,000,000";

On page 22, line 15, strike "$826,400,000,000" and insert "$826,750,000,000";

On Page 22, line 16, strike "$881,200,000,000" and insert "$881,600,000,000";

On page 22, line 18, strike "$72,750,000,000" and insert "$73,100,000,000";

On page 22, line 19, strike "$34,650,000,000" and insert "$35,050,000,000";

On page 26, line 2, strike "$22,400,000,000" and insert "$22,700,000,000";

On page 26, line 3, strike "$20,050,000,000" and insert "$20,300,000,000";

On page 26, line 6, strike "$22,950,000,000" and insert "$23,250,000,000";

On page 26, line 7, strike "$20,250,000,000" and insert "$20,550,000,000";

On page 28, line 7, strike "$4,600,000,000" and insert "$4,700,000,000";

On page 28, line 8, strike "$4,600,000,000" and insert "$4,700,000,000";

On page 28, line 11, strike "$4,600,000,000" and insert "$4,700,000,000"; and

On page 28, line 12, strike "$4,600,000,000" and insert "$4,700,000,000".

(Amendment to the amendment in the nature of a substitute offered by Mr. Latta to the matter concerning Function 400: Transportation.)

—Increase new budget authority by $1,150,000,000 in fiscal year 1983, by $1,000,000,000 in fiscal year 1984, and by $1,200,000,000 in fiscal year 1985;

Increase outlays by $100,000,000 in fiscal year 1983, by $600,000,000 in fiscal year 1984, and by $1,000,000,000 in fiscal year 1985;

To the matter concerning Function 750: Administration of Justice.

Increase new budget authority by $300,000,000 in fiscal year 1983, by $400,000,000 in fiscal year 1984, and by $450,000,000 in fiscal year 1985;

Increase outlays by $250,000,000 in fiscal year 1983, by $350,000,000 in fiscal year 1984, and by $450,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $1,450,000,000 in fiscal year 1983, by $1,400,000,000 in fiscal year 1984, and by $1,650,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $350,000,000 in fiscal year 1983, by $950,000,000 in fiscal year 1984, and by $1,450,000,000 in fiscal year 1985;

Increase the deficit by $350,000,000 in fiscal year 1983, by $950,000,000 in fiscal year 1984, and by $1,450,000,000 in fiscal year 1985.

(Amendment to the amendment in the nature of a substitute offered by Mr. Aspin to the matter concerning Function 400: Transportation.)

—Increase new budget authority by $100,000,000 in fiscal year 1983, by $125,000,000 in fiscal year 1984, and by $125,000,000 in fiscal year 1985;

Increase outlays by $150,000,000 in fiscal year 1983, by $50,000,000 in fiscal year 1984, and by $100,000,000 in fiscal year 1985;

To the matter concerning Function 750: Administration of Justice.

Increase new budget authority by $100,000,000 in fiscal year 1983, by $100,000,000 in fiscal year 1984, and by $100,000,000 in fiscal year 1985;

Increase outlays by $100,000,000 in fiscal year 1983, by $100,000,000 in fiscal year 1985;

Increase the aggregate budget authority level by $200,000,000 in fiscal year 1983, by $225,000,000 in fiscal year 1984, and by $225,000,000 in fiscal year 1985;

Increase the aggregate outlay level by $250,000,000 in fiscal year 1983, by $150,000,000 in fiscal year 1984, and by $200,000,000 in fiscal year 1985;

Increase the deficit by $250,000,000 in fiscal year 1983, by $150,000,000 in fiscal year 1984, and by $200,000,000 in fiscal year 1985.

(Brief explanation of amendments offered by Mr. Zeferetti.)

The amendment to H. Con. Res. 345 increases the level of new budget authority and the estimated budget outlays for fiscal year 1983 for two functional categories: Transportation and Administration of Justice. The amendment is intended to raise the budget authority and outlay targets in the resolution to levels that would permit appropriations for the Coast Guard (operating expenses and acquisition, construction and improvements), the FBI, DEA and U.S. Customs Service to be made up to the amounts approved by the House authorizing committees for 1983. Total new budget authority for 1983 would be increased by $400 million; total budget outlays and the projected budget deficit would each be increased by $300 million. These increases are necessary to augment the resources available to combat drug trafficking and drug-related crimes.

Corresponding increases are included for 1984 and 1985.

The amendments to the Latta and Aspin substitutes would raise the levels of budget authority and outlays for the Transportation and Administration of Justice Functions to the levels provided in the amendment to H. Con. Res. 345.

By Mr. PERKINS (50):

(Amendment to the Jones amendment in nature of a substitute.)

—Strike the paragraph beginning on line 21, page 31, and ending on line 6, page 32, and the paragraph beginning on line 18, page 38, and ending on line 3, page 39. On page 12, line 14, increase the level of total new budget authority by $73,000,000, on line 16, increase the level of total budget outlays by $73,000,000, and on line 18, increase the deficit in the budget by $73,000,000.

By Mr. FOWLER (51-53):

—On page 12, line 14, strike "$828,000,000,000" and insert in lieu thereof "$826,290,000,000."

On page 13, line 9, strike "$242,850,000,000" and insert in lieu thereof $238,750,000,000", and on line 10, strike "$212,300,000,000" and insert in lieu thereof "$210,500,000,000."

On page 13, line 19, strike "$5,300,000,000" and insert in lieu thereof "$5,490,000,000", and on line 20, strike "$5,000,000,000" and insert in lieu thereof "$5,100,000,000."

On page 14, line 13, strike "$27,550,000,000" and insert in lieu thereof "$29,750,000,000", and on line 14, strike "$27,450,000,000" and insert in lieu thereof "$29,150,000,000."

—On page 12, line 14, strike "$828,000,000,000" and insert in lieu thereof "$828,400,000,000", and on line 16, strike "$780,550,000,000" and insert in lieu thereof "$779,660,000,000", and on line 18, strike "$103,850,000,000" and insert in lieu thereof "$102,960,000,000."

On page 13, line 16, strike "$7,750,000,000" and insert in lieu thereof "$8,250,000,000", and on line 17, strike "$7,600,000,000" and insert in lieu thereof "$8,060,000,000."

On page 13, line 22, strike "$9,400,000,000" and insert in lieu thereof "$7,500,000,000", and on line 23, strike "$10,850,000,000" and insert in lieu thereof "$8,950,000,000".

On page 13, line 25, strike "$6,900,000,000" and insert in lieu thereof "$7,500,000,000", and on page 14, line 1 strike "$10,100,000,000" and insert in lieu thereof "$9,750,000,000."

On page 14, line 6, strike "$22,300,000,000" and insert in lieu thereof "$22,350,000,000", and on page 7, strike "$20,400,000,000" and insert in lieu thereof "$20,450,000,000."

On page 14, line 13, strike "$27,550,000,000" and insert in lieu thereof "$28,700,000,000", and on line 14, strike "$27,450,000,000" and insert in lieu thereof "$28,300,000,000."

—On page 12, line 14, strike "$828,000,000,000" and insert in lieu thereof "$824,980,000,000", and on line 16, strike "$780,550,000,000" and insert in lieu thereof "$773,350,000,000", and on line 18, strike "$103,850,000,000" and insert in lieu thereof "$96,650,000,000."

On page 14, line 3, strike "$8,050,000,000" and insert in lieu thereof "$12,850,000,000", and on line 4, strike "$3,050,000,000", and insert in lieu thereof "$3,750,000,000."

On page 14, line 6, strike "$22,300,000,000" and insert in lieu thereof "$14,400,000,000", and on line 7, strike "$20,400,000,000", and insert in lieu thereof "$12,420,000,000."

On page 15, line 1, strike "$4,600,000,000" and insert in lieu thereof "$4,680,000,000", and on line 2, strike "$4,650,000,000", and insert in lieu thereof "$4,730,000,000."

(Amendments to the amendment in the nature of a substitute offered by Mr. Latta.)

—Section 201(2): strike "$805,200,000,000" and insert in lieu thereof "$803,490,000,000."

Section 202(1)(A): strike "$253,850,000,000" and insert in lieu thereof "$249,750,000,000;" (B): strike "$213,250,000,000" and insert in lieu thereof "$211,450,000,000."

Section 202(4)(A): strike "$3,600,000,000" and insert in lieu thereof "$3,790,000,000;" (B): strike "$3,900,000,000" and insert in lieu thereof "$4,000,000,000."

Section 202(10)(A): strike "$27,250,000,000" and insert in lieu thereof "$29,450,000,000;" (B): strike "$26,800,000,000" and insert in lieu thereof "$28,500,000,000."

—Section 201(2): strike "$805,200,000,000" and insert in lieu thereof "$805,600,000,000."

Section 201(3): strike "$767,500,000,000" and insert in lieu thereof "$766,610,000,000."

Section 201(4): strike "$101,600,000,000" and insert in lieu thereof "$100,710,000,000."

Section 202(3)(A): strike "$7,050,000,000" and insert in lieu thereof "$7,550,000,000;" (B): strike "$7,150,000,000" and insert in lieu thereof "$7,610,000,000."

Section 202(5)(A): strike "$9,000,000,000" and insert in lieu thereof "$7,100,000,000;" (B): strike "$10,550,000,000" and insert in lieu thereof "$8,650,000,000."

Section 202(6)(A): strike "$6,400,000,000" and insert in lieu thereof "$7,000,000,000;" (B): strike "$9,050,000,000" and insert in lieu thereof "$8,700,000,000."

Section 202(8)(A): strike "$21,450,000,000" and insert in lieu thereof "$21,500,000,000;" (B): strike "$20,050,000,000" and insert in lieu thereof "$20,100,000,000."

Section 202(10)(A): strike "$27,250,000,000" and insert in lieu thereof "$28,400,000,000;" (B): strike "$26,800,000,000" and insert in lieu thereof "$27,650,000,000."

—Section 201(2): strike "$805,200,000,000" and insert in lieu thereof "$802,180,000,000."

Section 210(3): strike "$767,500,000,000;" and insert in lieu thereof "$760,300,000,000."

Section 201(4): strike "$101,600,000,000" and insert in lieu thereof "$94,400,000,000."

Section 202(7)(A): strike "$7,300,000,000" and insert in lieu thereof "$12,100,000,000;" (B): strike "$2,450,000,000" and insert in lieu thereof "$3,150,000,000."

Section 202(8)(A): strike "$21,450,000,000" and insert in lieu thereof "$13,550,000,000;" (B): strike "$20,050,000,000" and insert in lieu thereof "$12,070,000,000."

Section 202(13)(A): strike "$4,400,000,000" and insert in lieu thereof "$4,480,000,000"; (B): strike "$4,500,000,000" and insert in lieu thereof "$4,580,000,000."

AMENDMENT SUMMARIES

[In billions of dollars]

Function and description	Change in—	
	Budget authority	Outlays
AMENDMENT NO. 1—PROVIDE FOR NATIONAL SECURITY		
050—National Defense	4.10	-1.80
270—Energy	+0.19	+0.10

AMENDMENT SUMMARIES—Continued

[In billions of dollars]

Function and description	Change in— Budget authority	Change in— Outlays
500—Education, Training, Employment and Social Services	+2.20	+1.70
Total	-1.71	0
AMENDMENT NO. 2—INVEST IN OUR FUTURE		
250—General Science, Space, and Technology	+0.50	+0.46
300—Natural Resources and Environment	-1.90	-1.90
350—Agriculture	+0.60	-0.35
400—Transportation	+0.05	+0.05
500—Education, Training, Employment and Social Services	+1.15	+0.85
Total	+0.40	-0.89
AMENDMENT NO. 3—MAINTAIN BASIC INFRASTRUCTURE/ESTABLISH REAL FEDERALISM		
300—Natural Resources and Environment		
370—Commerce and Housing Credit	+4.80	+0.70
400—Transportation	-7.90	-7.98
750—Administration of Justice	+0.08	+0.08
Total	-3.02	-7.20

By Mr. WEISS (54):

—Page 30, lines 8 and 9, strike out "PROVIDING RECONCILIATION AND OTHER".

Page 30, strike out line 11 and all that follows thereafter through Page 39, line 12.

Redesignate the succeeding sections accordingly.

(Amendment offered by Mr. Weiss to the amendment in the nature of a substitute offered by Mr. Latta.)

—Strike out Section 301, Section 302, and Section 303.

Redesignate the succeeding sections accordingly.

(Amendment offered by Mr. Weiss to the amendment in the nature of a substitute offered by Mr. Aspin.)

—Strike out Section 301, Section 302, and Section 303.

Redesignate the succeeding sections accordingly.

(Amendment offered by Mr. Weiss to the amendment in the nature of a substitute offered by Mr. Jones of Oklahoma.)

—Page 30, lines, 8 and 9, strike out "PROVIDING RECONCILIATION AND OTHER".

Page 30, strike out line 11 and all that follows thereafter through Page 39, line 12.

Redesignate the succeeding sections accordingly.

—Strike out Section 301, Section 302, and Section 303.

Redesignate the succeeding sections accordingly.

—Strike out Section 301, Section 302, and Section 303.

Redesignate the succeeding sections accordingly.

By Mr. WHITTEN (55):

(Amendment to the amendment in the nature of substitutes offered by Messrs. Aspin or Jones.)

—Strike out section 304 relating to deferred enrollment and insert in lieu thereof the following:

SEC. 304. In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983—which exceeds the appropriate total allocation of new discretionary budget authority or new spending authority made pursuant to section 302(b) of such Act by the committee of jurisdiction shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(Amendment to the amendments in the nature of substitutes offered by Messrs. Latta, Aspin or Jones.)(56)

—Strike out section 304 relating to deferred enrollment and renumber the following sections accordingly.

By Mr. ROE (59):

(Amendment to H. Con. Res. 345.)

—Section 304 is amended to read as follows:

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

(Amendment to Latta substitute.)

—Section 304 is amended to read as follows:

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

(Amendment to H. Con. Res. 345.)

—Section 304 is amended to read as follows:

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

(Amendment to Latta substitute.)

—Section 304 is amended to read as follows:

SEC. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) For purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any highway, public transportation or aviation trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

(Amendment to H. Con. Res. 345.) (61)

—In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to section 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

(Amendment to Aspin substitute.)

—In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to section 301(G) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

(Amendment to Latta substitute.)

—In section 303 of the resolution insert the following new language: "If the changes in laws reported to the House Committee on the Budget by the House Committee on Ways and Means pursuant to section 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

(Amendment to H. Con. Res. 345.) (62)

—Section 301(K) is amended by adding the following at the end thereof: "For purposes of this section, if any such changes involve the imposition of new or expanded taxes related to the use of inland waterways or deep draft ports (including, but not limited to, taxes on fuel, commodities, or vessels) or the imposition of any new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

(Amendment to Aspin substitute.)

—Section 301(G) is amended by adding the following at the end thereof: "For purposes of this section, if any such changes involve the imposition of new or expanded taxes related to the use of inland waterways or deep draft ports (including, but not limited to, taxes on fuel, commodities, or vessels) or the imposition of any new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

(Amendment to Latta substitute.)

—Section 301(K) is amended by adding the following at the end thereof: "For purposes of this section, if any such changes involve the imposition of new or expanded taxes related to the use of inland waterways or deep draft ports (including, but not limited to, taxes on fuel, commodities, or vessels) or the imposition of any new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the Committee on the Budget pursuant to section 303 of this resolution."

(Amendment to H. Con. Res. 345.)(63)

—Section 301(K) is amended by adding the following at the end thereto: "for purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

(Amendment to Aspin substitute.)

—Section 301(G) is amended by adding the following at the end thereto: "for purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the House pursuant to section 310 of Public Law 93-344."

(Amendment to Latta substitute.)

—Section 301(K) is amended by adding the following at the end thereto: "for purposes of this section, if any such changes involve the imposition of new or expanded user fees, they shall be submitted to and duly approved by the committee or committees of authorizing jurisdiction prior to submission to the Committee on the Budget pursuant to section 303 of this resolution."

(Amendment to H. Con. Res. 345.)(64)

—Amend section 301 by adding the following new subsection (L):

(L) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that Committee sufficient to reduce appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays, as follows: $100,000,000 in budget authority, and $10,000,000 in outlays for fiscal year 1983.

(Amendment to Aspin substitute.)

—Amend section 301 by adding the following new subsection (H):

(H) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that Committee sufficient to reduce appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays, as follows: $100,000,000 in budget authority, and $10,000,000 in outlays for fiscal year 1983.

(Amendment to Latta substitute.)

—Amend section 301 by adding the following new subsection (L):

(L) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that Committee sufficient to reduce appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays, as follows: $100,000,000 in budget authority, and $10,000,000 in outlays for fiscal year 1983.

(Amendment to H. Con. Res. 345.) (65)

—Section 301(K) is amended by striking out "$31,700,000" and inserting in lieu thereof "$31,200,000,000."

(Amendment to Aspin substitute.)

—Section 301(G) is amended by striking out "$29,750,000,000" and inserting in lieu thereof "$29,250,000,000."

(Amendment to Latta substitute.)

—Section 301(K) is amended by striking out "$20,900,000,000" and inserting in lieu thereof "$20,400,000,000."

(Amendment to H. Con. Res. 345.) (66)

—Section 301 is amended by adding the following new subsection:

(L) The House Committee on Public Works shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $25,000,000 and outlays by $2,500,000 in fiscal year 1983.

(Amendment to Aspin substitute.)

—Section 301 is amended by adding the following new subsection:

(H) The House Committee on Public Works shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $25,000,000 and outlays by $2,500,000 in fiscal year 1983.

(Amendment to Latta substitute.)

—Section 301 is amended by adding the following new subsection:

(L) The House Committee on Public Works shall report changes in laws within the jurisdiction of that committee to reduce spending in amounts sufficient to reduce budget authority by $25,000,000 and outlays by $2,500,000 in fiscal year 1983.

By Mr. CLAUSEN (67):

—Section 304 is amended to read as follows:

"Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transfered from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

(Amendment to Latta amendment in the nature of a substitute.)

—Section 304 of the Latta Substitute is amended to read as follows:

"Sec. 304. (a) In the House of Representatives, no bill or resolution providing—

(1) new budget authority for fiscal year 1983, or

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1983 which exceeds the appropriate allocation or subdivision of such new discretionary budget authority or new spending authority made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act.

(b) If Congress increases revenues in a trust fund exempt under section 401(d)(1)(B) of the Congressional Budget Act, then for purposes of this section, "budget authority" and "new discretionary budget authority" shall not include spending authority or budget authority derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954."

(Amendment to H. Con. Res. 345.) (68)

—Section 303 is amended by adding the following new language at the end thereof: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to Sec. 301(K) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

(Amendment to the Latta amendment in the nature of a substitute.)

—Section 303 of the Latta Substitution is amended by adding the following new language at the end thereof: "If the changes in laws reported to the House Committee on the Budget by the House Committee on Ways and Means pursuant to Sec. 301(k) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House an appropriate referral pursuant to Rule X of the Rules of the House should be considered."

(Amendment to Aspin/Panetta amendment in the nature of a substitute.)

—Section 303 of the Aspin/Panetta Substitute is amended by adding the following new language at the end thereof: "If the changes in laws reported to the House by the House Committee on Ways and Means pursuant to Sec. 301(G) of this resolution contain changes involving the imposition of new or expanded user fees within the jurisdiction of any other Committee of the House and appropriate referral pursuant to Rule X of the Rules of the House should be considered."

SENATE—*Friday, May 21, 1982*

(Legislative day of Tuesday, May 11, 1982)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Father in Heaven, Thou knowest the weariness of body and mind felt by all who have been working so hard. Thou knowest the tension, the frustration, the disappointment, the anger which has been generated by the relentless pressure of these past days.

Help Thy servants to find relief in Thee. For those who face heavy weekend commitments, help them to find time for rest and relaxation, time to be with their families, time to worship and consider transcendent truth. Make real to them the promise of the prophet Isaiah, "* * * *they that wait upon the Lord shall renew their strength, they shall mount up with wings as eagles, they shall run and not be weary, they shall walk and not faint.*"—Isaiah 40: 31.

We pray this in the name of Him who said, "*Come unto me all ye that labor and are heavy laden and I will give you rest* * * *." Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, in the interest of trying to get started on the resolution as soon as possible, I am prepared to yield back my time under the standing order.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me his time? I have a request from my side.

Mr. BAKER. I have no requests on this side, and I yield my time to the minority leader.

Mr. ROBERT C. BYRD. I thank the majority leader.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, how much time do I now have?

The PRESIDENT pro tempore. The Senator has 20 minutes.

FIRST CONCURRENT BUDGET RESOLUTION

Mr. ROBERT C. BYRD. Mr. President, as the majority leader knows, Democratic Senators have been planning for many weeks to use this weekend for an extended retreat conference. I made the majority leader aware of this some time ago and he has attempted to be most accommodating on this point. I appreciate that, because a great deal of planning has gone into this effort, and many Senators have gone to great lengths to rearrange their schedules to be able to attend.

It now appears that consideration of this budget resolution may run past our scheduled 2 p.m. departure. I regret this. I particularly regret it because we adjourned earlier than we needed to last night in order to avoid a vote on the Sasser amendment. So I say, Mr. President, that if we have to run beyond the 2 p.m. departure time today, we should do so.

As I indicated to the distinguished majority leader last night, as important as the retreat is to our Senators, I want to say very clearly that if those plans must be changed in order to finish the business on the budget, then so be it.

I would hate to abandon or abbreviate the retreat. Even more, I would hate to have the retreat given as the reason for not doing our business in a timely fashion.

I make this statement so that there will be no misunderstanding anywhere as to the position that we on this side take in the matter. Whatever is necessary to complete action on the resolution, as it must be done, we are ready to do.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I yield my remaining time to Mr. CHILES.

Mr. CHILES. I thank the Senator.

The PRESIDING OFFICER (Mr. GOLDWATER). The Senator from Florida.

DRUG TRAFFIC AND VIOLENCE

Mr. CHILES. Mr. President, earlier this week Senator NUNN and I introduced the Crime Control Act of 1982, S. 2543. The bill combines several proposals which we had already introduced, and the package is aimed at stopping the wave of crime that is plaguing this country. One of the major causes of crime and especially of violent crime, is drug trafficking. No State is affected more by drug trafficking, and by the violence it creates, than my home State of Florida. Florida, and especially the Miami area, has had more than its share of shootouts by cocaine cowboys, and of gangland-style murders. Miami has the dubious distinction of being the No. 1 violent crime city in the Nation, and all too frequently, the violence seems to lead back to the drug trade. In fact, 23 percent of the murders committed in Miami were committed with machine-guns.

Earlier this week, we saw another example of violence in Miami that seems to have all the markings of involvement with drug trafficking. I do not want to prejudge the case, so I will leave out the names of the people involved. These are the facts.

On Tuesday night, a Miami attorney, a person who has defended several different people arrested on drug charges, heard a knock on the door of his home. He evidently recognized the two men standing outside, and let them in. Once inside, the two men pulled a gun on the lawyer, forced him to open a floor safe in his house, and took $5,000 from the safe. Then, they made him lie down on the floor, and he was shot several times. The two men then moved into one of the bedrooms. There, they found the lawyer's 68-year-old mother, who was in Miami visiting him. She was shot three times in the head and killed, while still in her nightgown. The lawyer was not killed, and managed to make it to a neighbor's house for help. Later that night, the two men were arrested and charged with murder, attempted murder, and robbery.

Mr. President, the reason the lawyer knew one of the gunmen was that he had defended the gunman last year, when the gunman was charged with possession of several dozen quaaludes.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

The lawyer was able to get the charges dropped by invoking the Speed Trial Act. It seems, however, that the quaalude incident last year was not the first time that the gunman has been arrested on drug charges. According to Dade County law enforcement officials, in 1975, the gunman was arrested when he sold 5 ounces of cocaine to Miami undercover police officers.

As it turned out, however, he was able to plead not guilty to the cocaine charges, and instead pleaded guilty to a charge of loitering. For this he received 6 months' probation. Police records in Florida and in another State showed two more arrests for larceny and for buying stolen property.

Mr. President, it is no wonder that 70 percent of the American public have little or no confidence in the ability of our criminal justice system to sentence criminals, when they learn about cases like this one. Six months' probation for selling 5 ounces of cocaine to an undercover police officer, and no conviction at all for having dozens of quaaludes in his possession. There is something wrong with our laws if a person like this is allowed back onto the street. Ironically, the person—his attorney—who helped get him back on the street after his last drug-related arrest ended up being one of his victims.

Mr. President, we in Congress need to take a hard look at our criminal justice system, and make sure that it is striking a proper balance between the rights of the defendant and the rights of society. Incidents like this underscore the need for us in Congress to let the American people know that we share their concern about crime and drug smuggling, that we are determined to take action to stop drug trafficking and the violence it creates, and to bring a better balance to our criminal justice system. That is exactly what will be done by the legislation that Senator **NUNN** and I are trying to place before the Senate.

ALFREDO GUTIERREZ CASE

Mr. NUNN. Mr. President, evidence suggests that the problems of lenient bail practices, light sentences, and rising numbers of fugitives, while not a recent phenomenon may be worsening.

For instance, a $1,000,000 bond may guarantee the average person's appearance in court, but it is a negligible business expense to a alleged major drug figure.

Accused cocaine smuggler, Alfredo Gutierrez is a case in point. A Bolivian national, Alfredo Gutierrez, was charged with conspiracy to import cocaine in May 1981, in Miami, Fla. He was arrested after delivering $9 million in cash to undercover DEA agents for the purchase of 855 pounds of cocaine base. Arrest warrants were also issued for other Bolivian nationals who were members of the same trafficking organization; Gutierrez was the only one to be successfully arrested.

Bail, initially set at $3 million, was reduced to $1 million. Hours after the arrest, a briefcase containing $1 million in cash was delivered to court officials and Gutierrez was released. He failed to appear for his September trial date. Law enforcement authorities received information that the Bolivian trafficking organization was prepared to deliver even the full $3 million to Miami to secure Gutierrez' release and return to South America.

On October 10, 1981, Alfredo Gutierrez, accompanied by two Bolivian police officers, was returned to Miami and was arrested by DEA agents. He was brought before a U.S. magistrate and held without bond.

The Gutierrez case is one of many that proved that until judges set bonds sufficiently higher to deter major drug dealers from fleeing, they will not look at bail as a deterrent to flight, but rather as an invitation. When dealing with the leaders of a narcotics industry producing upward of $64 billion a year in retail product alone, it is naive to believe that usual bail amounts will command appearance at trial. In many cases, the denial of bail may be the only answer. Our bill allows for that possibility in appropriate cases. The Gutierrez case serves as a classic example of the need for stricter bail policies in cases of major narcotics traffickers, such as the bail reform provisions which Senator **CHILES** and I have included in title II of the Crime Control Act of 1982.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CHILES. I yield.

GENOCIDE: CAMBODIA—SIGNS OF RECOVERY

Mr. PROXMIRE. Mr. President, a recent article in the National Geographic draws a sharp portrait of one nation's recovery from the sickness of mass murder. The article deals with Kampuchea—formerly called Cambodia. Although it dramatically reveals the shocking brutality that recently swept this small nation, the article provides us with inspiring evidence of a return to peace.

Cambodia's experience with mass murder began when the Pol Pot forces took over the country in 1975. Pol Pot envisioned a nation based solely on the production of rice. This nation would need neither cities not people who were in any way involved with cities. It would be a nation without teachers or physicians or educated citizens.

As a result of Pol Pot's vision, Cambodia went through a 4-year-long nightmare in which over 1 million Cambodians were killed. It was a period of constant fear, of arbitrary killings, of a society rent asunder.

The nightmare ended with the overthrow of the Pol Pot regime. Now there are signs of hope in Cambodia. Although Pol Pot guerillas continue to haunt the countryside, much of the nation is experiencing peace. The capital city of Pnomh Penh, once a near-ghost town, has become a hub of activity. With the help of international relief agencies, Cambodia is rebuilding its economy. People are no longer starving, are no longer in constant fear for their lives.

These signs of recovery are indeed cause for hope. Yet we must not allow ourselves to forget that what happened in Cambodia could happen again—perhaps not in Cambodia, but elsewhere. The crime of mass murder is a recurrent one. As the case of Cambodia demonstrates, we must do all we can to strengthen international human rights safeguards.

One such safeguard is the Genocide Convention. By ratifying this convention, the United States would lend its support to a treaty which calls genocide an international crime and provides for the punishment of those who commit genocide. The Genocide Convention is a strong statement in support of the most fundamental of human rights: the right to live. It is our duty to uphold this right.

Mr. President, in view of what has occurred in such countries as Cambodia, I urge this body to ratify the Genocide Convention.

SOCIAL CONSEQUENCES OF A U.S.S.R. STRIKE AGAINST AMERICA'S ECONOMIC CAPACITY

Mr. PROXMIRE. Mr. President, the CATO policy analysis study of the overall consequences of a nuclear attack on the United States economic base by the Soviet Union is very revealing, and the social consequences are particularly appalling. Katz and Osdoba, the experts who made the study, make the following specific findings:

SOCIAL CONSEQUENCES

To understand the effects of a nuclear war it is important to distinguish it from common disasters, even World War II. Especially if hostilities continue or their resumption is threatened, all the elements that make a small disaster tractable will be lacking: Limited damage, modest casualties, surviving leadership, a diminishing incidence of role conflict (desire to protect one's family rather than to perform emergency work) and large reservoirs of external, easily mobilized skilled workers, material resources, and organizational skills.

The massive and simultaneous destruction of economic and human resources would result in an inability to provide immediate and sufficient human and material aid to damaged areas. There will be no time to adapt and to innovate as nations did in

World War II (U.S.S.R., as previously cited, is an example). More important, the lack of outside aid would create a sense of individual and communal isolation. Aid symbolized a reconnection with a larger, normal world. This connection helps provide the impetus for rebuilding the damaged society, creating a sense of vitality and competence to dispel the continuing perception of isolation. It also has an important function of binding together society, restating a common thread of hope and shared aspirations that are the essence of national life. The post-attack situation could be like Japan near the end of World War II.

There could be "a draft toward accomplishing personal and private aims rather than those which are national . . . farmers . . . growing little more than is required for their own subsistence," or more likely the complete demoralization seen in an earlier tragedy: "Survivors of the Black Death in growing helplessness fell into apathy, leaving ripe wheat uncut and livestock untended . . . no one had any inclination to concern themselves about the future." More pertinent, a panel of experts in a study of social consequence of nuclear war for the Office of Civil Defense concluded: "One month after the attack, less than half the potential labor force could be expected to work without immediately beneficial compensation, and that, of these, one in five would be able to function only at a level greatly degraded from his normal abilities."

The experience of nuclear war is likely to have devastating psychological effects, especially for Americans, whose homes and institutions have essentially escaped the ravages of recent wars. The very short period required to carry out highly destructive nuclear attacks would intensify the emotional impact, particularly those reactions associated with denial of the true extent of the damage or fostering flight from and resistance to reentering damaged areas.

Robert J. Lifton, in his study of Hiroshima survivors, described the psychological effect as "a sudden and absolute shift from normal existence to an overwhelming encounter with death." The reaction, as reported by a witness to the disaster, Father Siemes: "Among the passersby, there are many who are uninjured. In a purposeless, insensate manner, distraught by the magnitude of the disaster, most of them rush by and none conceives the thought of organizing help on his own initiative. They are concerned only with the welfare of their own families." In some cases even families were abandoned. The result of this experience was, as Fred Ikle described it 25 years ago, a deep aversion to returning to the cities to rebuild the economy. "And thus a very different situation will exist from that envisaged in most civil defense plans (in the 1950s)." The economic implications of this type of withdrawal would be serious.

A high incidence of abnormal behavior, ranging from the nonfunctional to the antisocial, could be anticipated. Specific psychological effects would include disorientation, fear, doubt, apathy, and antipathy toward authorities. The effects on Hiroshima/Nagasaki survivors provide ample evidence to support these concerns.

Families would be broken up by death, severe injury, disease, evacuation, or military and labor conscription. The young, elderly, and handicapped would suffer dispreprotionately since they depend most on society's material and institutional resources. For example, the young and elderly showed significant increases in accidental death attributed to neglect in Great Britain in World War II.

The loss of material and institutional resources in urban-industrial attacks would make survival in the post-attack period difficult for individuals and groups alike, compounding the psychological stresses of the attack itself. Satisfying even the simplest survival requirements—food, shelter, and clothing—would become major tasks.

Significant interpersonal, intergroup, and inter-regional conflicts would probably arise. Ethnic, racial, regional, and economic conflicts present in the pre-attack society, while minimized in the period immediately after an attack, would be heightened after only a limited time by the extent of the deprivation and the resulting tensions. New antagonisms would develop between hosts and evacuees or refugees over the possession and use of surviving resources.

These phenomena were observed both in Britain and in Japan during World War II. The Allnutt study predicted these conflicts would be so serious that they "would necessitate the imposition of martial law or other authoritarian system in many localities, and the widespread use of troops to maintain order."

Continuing hostilities or prolonged threat of renewed war would engender even more profound changes in the social fabric. Major, possibly permanent, changes in social values and institution could be expected as society sought to adjust to a radically altered environment dominated by the question of physical survival.

Economic destruction, loss of political leadership (especially at the local level), and the need to mobilize resources for relief and recovery would present extraordinary demands on weakened political institutions. In the interest of implementing survival programs, legal norms and practices would have to be suspended for prolonged periods in many areas. The character of political institutions and authority would almost certainly change, especially if hostilities or the threat of hostilities persisted. Both old and new political structures would be likely to suffer from greatly reduced credibility. Decentralization of political power and more authoritarian methods of political, social, and economic control would be probable responses to post-attack conditions.

The substance of these problems is acknowledged with an ironic optimism by the panel assembled for the Allnutt study:

"Major institutions and organizations were seen as fragmenting in most cases and collapsing in others, but the seriousness of this result would be relieved somewhat by the irrelevancy of many of them to the early stages of recovery, and by the ability of social structures to spring back into action where physical conditions permit. The Federal Government would make serious mistakes and suffer a loss of power and prestige, but not a loss of faith so serious as to favor the possibility of revolt. Financial institutions would be modified greatly, and barter would be a widespread reaction to inflation, but money was not seen as going out of style, nor was a barter economy foreseen. Legal, judicial, and enforcement systems would similarly undergo great strains, being overwhelmed entirely in some areas, but again, due process, though delayed, would not be lost in principle. Industries and commercial organizations were expected to fragment into autonomous, local entities until communications and transportation systems were repaired, but the goals of such corporations would not be greatly changed."

We are not similarly convinced that such massive dislocations would not create more significant changes in both the underlying goals and functions of economic, social and political institutions in the post-attack society.

Mr. PROXMIRE. Mr. President, I yield the floor.

The PRESIDING OFFICER. Is there further morning business?

The minority leader has 14 minutes remaining.

Mr. ROBERT C. BYRD. Mr. President, I yield back to the majority leader the time under my control.

Mr. BAKER. Mr. President, I suggest the absence of a quorum on that time.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield back my time under the standing order.

FIRST CONCURRENT BUDGET RESOLUTION

The PRESIDING OFFICER. The Clerk will state the pending business.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982.

The Senate resumed consideration of Senate Concurrent Resolution 92.

Mr. BAKER. Mr. President, I ask unanimous consent that the Sasser amendment be laid aside temporarily and that the Senator from Wisconsin be recognized for the purpose of calling up two amendments on which I believe there will be short debate and a voice vote. Is that correct?

Mr. PROXMIRE. That is correct. I shall not take more than 10 minutes on each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, that means we come back to the Sasser amendment after disposition of the two Proxmire amendments.

Mr. BAKER. Mr. President, I also ask unanimous consent that after we dispose of the two Froxmire amendments we resume consideration of the Sasser amendment without any change in status.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Wisconsin is recognized.

UP AMENDMENT NO. 979

(Purpose: To reduce the budget deficit for fiscal year 1983)

Mr. **PROXMIRE**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered 979.

Mr. **PROXMIRE**. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 2, strike out line 7 and insert the following:

Fiscal year 1983: $ plus $5,800,000,000.

On page 2, strike out line 12 and insert the following:

Fiscal year 1983: $ plus $5,800,000,000.

On page 2, strike out line 24 and insert the following:

Fiscal year 1983: $ minus $19,500,000,000.

On page 3, strike out line 13 and insert the following:

Fiscal year 1983: $ minus $25,300,000,000.

On page 5, strike out line 17 and insert the following:

(B) Outlays, $ minus $700,000,000.

On page 8, strike out line 18 and insert the following:

(B) Outlays, $ minus $700,000,000.

On page 9, strike out line 18 and insert the following:

(B) Outlays, $ minus $900,000,000.

On page 11, strike out line 18 and insert the following:

(B) Outlays, $ minus $1,100,000,000.

On page 12, strike out line 18 and insert the following:

(B) Outlays, $ minus $500,000,000.

On page 14, strike out line 19 and insert the following:

(B) Outlays, $ minus $400,000,000.

On page 16, strike out line 22 and insert the following:

(B) Outlays, $ minus $5,600,000,000.

On page 20, strike out line 23 and insert the following:

(B) Outlays, $ minus $4,600,000,000.

On page 21, strike out line 24 and insert the following:

(B) Outlays, $ minus $1,000,000,000.

On page 31, strike out line 6 through 10 and insert the following:

(2) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $ plus $5,800,000,000 in fiscal year 1983; $ in fiscal year 1984; and $ in fiscal year 1985.

On page 32, strike out lines 5 through 9 and insert the following:

(6) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $ plus $5,800,000,000 in fiscal year 1983; $ in fiscal year 1984; and $ in fiscal year 1985.

Mr. **PROXMIRE**. Mr. President, for the last 3 years, from 1979, 1980, and 1981, I offered amendments which would bring the budget into balance. I have offered those amendments on the budget resolutions in each year. Each of those amendments have been defeated.

This year obviously would be a vain act to offer an amendment to balance the budget in 1983. There is no way we could even begin to do that, unfortunately. But I do think we could make more progress than we have made.

The amendment I am proposing would reduce the Federal deficit well below $100 billion. It would reduce the deficit from $115 billion to $90 billion. This amendment will help reduce high interest rates and get the economy moving again.

I believe that the current recession was caused by high interest rates and inflation and requires different answers than those recessions caused by falling prices, falling wages, and sharply diminished demands.

That is the confusion out in the country, and I think to some extent in this body also. There really is not an appreciation of the fact that the heart of our problem is high interest rates caused by overwhelming Federal deficits, and that is what we have to aim at.

The massive increase in unemployment since last July calls for far different economic and Government responses than were used in the Great Depression and post World War II recessions.

This recession is a credit recession. The housing and automobile industries are basket cases because of inflation and high interest rates.

What is called for now is not more spending, but less. We must make a quantum jump toward a balanced budget by a massive cut in spending, or an increase in taxes, or a combination of both, which is exactly what this amendment proposes.

Only by getting the Treasury out of the credit market, can we work our way out of the present recession.

There are those who would argue that we have tamed the inflation beast. A recent poll by Louis Harris Associates for Business Week contradicts that view. This survey shows that more than two-thirds of Americans believe that prices have been rising during the past month as fast as, or even faster, than in the past few years. Given the recent good news on the inflation front, what does this result show? It shows that people are not fooled into believing that the improvement is permanent. This pressimism over the future of price increases can only be dissipated by immediate action by Congress to move much more decisively toward a balanced budget.

The increase in the unemployment by more than 2 full percentage points from 7.2 to 9.4 percent since July, and the increase of 2.5 million unemployed workers over that time, could be virtually wiped out if interest rates fall and the housing and automobile industries get back on their feet.

For example, if we could build 2 million housing units, instead of the 1 million or less, that would put 2 million men and women back to work. The lower interest rates would also make it possible for Americans to finance the purchase of automobiles and other consumer durables.

Mr. President, if we want to get America working again, and reduce inflationary expectations, we need to cut the budget deficit much more sharply.

The talk about a budget deficit being cut in 1984 and 1985 is strictly pie in the sky. I have been in this body a long time, as has the distinguished Presiding Officer. Again and again they tell us that we are going to balance the budget, not the coming year, but 2, 3, or 4 years down the pike. We will reduce the deficit or balance the budget. The year after next.

Mr. President, we know that just does not work out. If we are going to make progress, we must make it in the coming year. That is the kind of action that will restore some faith in the credit market.

We are going forward in this budget resolution with a $115 billion deficit.

One-hundred fifteen billion dollars is one of the biggest deficits in the history of our country. Of course, interest rates are high.

My amendment would reduce the 1983 deficit from $115 billion to $90 billion. The Senate is moving in the other direction. Virtually overnight the deficit increased by $9 billion, from $106 to $115 billion. Is this the signal we want to send to the Nation's credit markets? Last year at this time we were talking about a deficit of about $40 billion for 1982. This resolution raises that sum to $117.7 billion. Are we starting down that same road again even before the first resolution for 1983 is adopted?

Should we, as responsible legislators, be proposing a deficit of $115 billion, the second highest in history, during a year when the economy should be growing. The answer is absolutely not. Whopping deficits during a recovery are poison.

This resolution may be internally consistent in that the numbers add, but as a policy document it is inconsistent. The committee has projected that real GNP, that is after inflation, will increase by 5.4 percent between 1982 and 1983—a rate which has been equalled or exceeded only seven times in the last 20 years. It projects that interest rates will decline 0.6 percent by July and by another 1.9 percent by 1983. These wonderful events are supposed to take place while we are approving a $115 billion deficit—a deficit that will probably grow as 1983 approaches.

Senators may argue that we are moving in the right direction, that by 1985 the deficit will be only $64 billion. As I say, I have heard this story before, many times before. Always the deficit is going to be cut—a few years down the road. The years roll by, but the deficits keep growing.

This resolution that is before us unamended will yield the same result. The big deficit reductions are scheduled to take place in 1984 and 1985—not 1983. The deficit in 1983 will be only $2 billion less than that now estimated for 1982. But one Congress cannot bind the next. What we do today can be easily undone next year, just as we are now undoing last year's $40 billion deficit. But while we are pulling figures out of the air, and congratulating ourselves on our tough mindedness, people are suffering. Each time we go through one of these economic cycles unemployment seems to reach a higher level but inflation never drops as far as before. Productivity declines. Entire industries are put through the wringer. Sections of the country are devastated, and human misery increases.

We must take decisive action to break these terrible cycles. My amendment is drastic medicine but the illness requires something more than half measures. As I have said, my amendment would reduce the deficit to $90 billion. It would do so by taking the lower of the figures in the budget resolution or the President's budget, as reestimated by the Congressional Budget Office.

In all but three cases, this pattern is borne out.

Mr. President, the amendment that I offer is a moderate amendment. For national defense I propose in fiscal year 1983 outlays of $214.6 billion, which is almost identical with the budget resolution. It cuts $700 million from the level in the resolution, but it is $8.6 billion below the estimate proposed by the President. I must point out that, even though I have cut the defense function more than any other function in the President's budget, my number still permits a growth—in real terms—of 5 percent over the level set for fiscal year 1982.

I recommend a reduction of general purpose fiscal assistance to $1.9 billion. This level is $4.6 billion below that proposed by both the President and the Budget Committee. This reduction is based on eliminating the general revenue-sharing program. We do not have any revenue to share. I have also added $1.0 billion to the President's budget for the housing initiative, which is making its way through the Senate, as a matter of realism.

This systematic approach to reducing Federal spending yields an overall reduction of projected outlays of $19.5 billion in 1983. Thus, in expenditures alone, the deficit would be reduced to $95.8 billion. To balance this spending reduction, revenues would be increased by $29 billion instead of $23.2 billion. This amendment would adopt the levels of increased revenues that were offered by President Reagan during the negotiations on the budget. The committee increased revenues by only $1.2 billion, whereas a full $7.0 billion was offered by the administration. This additional $5.8 billion decrease to the deficit produces a far more acceptable proposed deficit of $90.0 billion.

Mr. President, I must admit that I find it wholly distasteful to propose an annual deficit as high as the figure I just mentioned. However, given the circumstances which compel me to make this recommendation, I feel that this is far preferrable to the alternatives. I would far rather propose no deficit at all, as has been my custom, but this, unfortunately, is a critical year.

As much as I abhor proposing an amendment that includes such high deficits, I am even more distressed about continuing the devastating effect that these deficits have on interest rates and unemployment. We, in the Congress, must do all that we possibly can to constrain the cancerous effect that these deficits have on every aspect of our economy. As our deficit continues to grow, fewer people will be able to buy land or homes or automobiles. Fewer people will have jobs. Fewer people will be able to obtain the education they need, not only for their well-being, but also for the future strength of this Nation.

Within the next few weeks, we will have to raise the ceiling on our national debt for the 43d time since 1955. If we do not do so, our current ceiling of $1.0798 trillion will be exceeded. While this figure itself is disturbing, the speed with which we are moving toward this limit is even more alarming. When we last raised the ceiling in September, it was our expectation that the limit would not be achieved until the end of fiscal 1982. However, we are reaching this limit in two-thirds of the time we had anticipated. We all know why this is happening. Our deficit has risen faster than the most pessimistic of us had imagined.

Mr. President, we must take the strongest possible measures to constrain the growth of the cancer of increased deficits. Unfortunately, it seems impossible to arrest it this year. We will have to wait until future years to achieve arrest or to send it into remission.

I believe that the proposal before you now is the best attempt to curtail this growth.

Mr. President, I ask unanimous consent that a table comparing the President's Budget—the Senate Budget Committee's budget and my proposal—item by item be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FROM THE OFFICE OF SENATOR WILLIAM PROXMIRE: FISCAL YEAR 1983 OUTLAYS REDUCTIONS

[In billions of dollars]

Function	President's budget	Revised resolution	Proxmire amendment	Savings under Rev Res 92
National defense	223.2	215.3	214.6	0.7
International affairs	12.1	12.1	12.1	
General science, space and technology	7.6	7.6	7.6	
Energy	4.3	5.0	4.3	.7
Natural resources and environment	10.5	11.4	10.5	.9
Agriculture	10.2	10.1	10.1	
Commerce and housing credit	1.8	3.9	2.8	1.1
Transportation	19.4	19.9	19.4	.5
Community and regional development	7.7	7.7	7.7	
Education, training, employment, and social services	22.6	27.0	22.6	4.4
Health	78.1	77.6	77.6	
Income security	267.0	272.6	267.0	5.6
Veterans benefits and services	23.8	23.1	23.1	
Administration of justice	4.7	4.7	4.7	
General government	5.2	4.8	4.8	
General purpose fiscal assistance	6.5	6.5	1.9	4.6
Interest	121.7	115.5	114.5	1.0
Allowances	−.5	−.2		
Undistributed offsetting receipts	40.4	−39.3		

Recapitulation

	Billions
Proposed deficit	$115.3
Proxmire spending reductions	19.5
Subtotal	95.8
Additional revenues	5.8
Total deficit	90.0

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Wisconsin.

Mr. PROXMIRE'S amendment (UP No. 979) was rejected.

Mr. **BAKER**. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. **HOLLINGS**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 980

(Purpose: To reduce levels of Federal credit activity)

Mr. **PROXMIRE**. Mr. President, I send a second amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered 980.

Mr. **PROXMIRE**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 2, strike out lines 18 through 20 and insert the following:

Fiscal year 1983: $ minus $900,000,000.
Fiscal year 1984: $ minus $600,000,000.
Fiscal year 1985: $ minus $500,000,000.

On page 2, beginning with line 24, strike out through line 1 on page 3 and insert the following:

Fiscal year 1983: $ minus $300,000,000.
Fiscal year 1984: $ minus $200,000,000.

Fiscal year 1985: $ minus $300,000,000.

On page 3, strike out lines 13 through 15 and insert the following:

Fiscal year 1983: $ minus $300,000,000.
Fiscal year 1984: $ minus $200,000,000.
Fiscal year 1985: $ minus $300,000,000.

On page 4, strike out lines 15 through 20 and insert the following:

(A) New direct loan obligations, $ minus $8,230,000,000.

(B) New primary loan guarantee commitments, $ minus $10,110,000,000.

(C) New secondary loan guarantee commitments, $ minus $13,000,000,000.

On page 5, strike out lines 10 and 11 and insert the following:

(D) New primary loan guarantee commitments, $ minus $30,000,000.

On page 6, strike out line 17 and insert the following:

(A) New budget authority, $ minus $600,000,000.

On page 6, strike out lines 19 through 22 and insert the following:

(C) New direct loan obligations, $ minus $570,000,000.

(D) New primary loan guarantee commitments, $ minus $1,220,000,000.

On page 7, strike out lines 1 and 2 and insert the following:

(A) New budget authority, $ minus $600,000,000.

(B) Outlays, $ minus $200,000,000.

On page 7, strike out lines 4 and 5 and insert the following:

(A) New budget authority, $ minus $500,000,000.

(B) Outlays, $ minus $300,000,000.

On page 8, strike out lines 19 through 22 and insert the following:

(C) New direct loan obligations, $ minus $250,000,000.

(D) New primary loan guarantee committees, $ plus $250,000,000.

On page 18, strike out lines 17 through 20 insert the following:

(A) New budget authority, $ minus $300,000,000.

(B) Outlays, $ minus $300,000,000.

(C) New direct loan obligations, $ minus $3,400,000,000.

On page 11, strike out lines 19 through 24 and insert the following:

(C) New direct loan obligations, $ minus $3,900,000,000.

(D) New primary loan guarantee commitments, $ plus $900,000,000.

(E) New secondary loan guarantee commitments, $ minus $13,000,000,000.

On page 13, strike out lines 19 through 22 and insert the following:

(C) New direct loan obligations, $ minus $110,000,000.

(D) New primary loan guarantee commitments, $ plus $110,000,000.

Mr. PROXMIRE. Mr. President, if Members are really serious about reducing the record high interest rates that have paralyzed so much of the American economy and driven millions of Americans out of work. This amendment offers a way to do it that, in my judgment, the resolution does not adequately consider. In this spirited floor debate on this budget resolution, very little has been said and, the first amendment to be introduced to do something about what has become by far the most explosive and serious interference by the Government with our credit markets and market interest rates. The projected deficit for 1983 would be around $115 billion under this budget resolution. We have battled for many hours over that figure. It has been the prime focus of our attention. And yet the credit budget—only a minor part of which is in the budget—is almost 50 percent higher, that is right, half again higher, than the budget deficit and has been increasing much, much faster.

Mr. President, why is it important to restrain the growth of Federal credit programs if they are not included in the budget and if they have no effect on the budget deficit? The answer is simple. Keeping Federal credit programs off-budget does not eliminate their effect on the economy. The money loaned under Federal credit programs must still be diverted from other and possibly more productive uses in the private economy. Thus the size of Federal borrowing, both for on-budget programs and for off-budget credit programs crowds out private borrowing and drives up interest rates dollar for dollar in exactly the same degree.

That Federal credit program, even though so much of it is outside the budget, has the same effect as the deficit on Federal borrowing and on high interest rates, and yet, as I say, we have not dealt with it until this amendment would propose to deal with it now.

From 1955 to 1974 total Federal borrowing has claimed about 20 percent of private credit resources. Then in 1975 the Federal Government began to claim an increasing share of the total amount of credit available in the economy. By 1981, the Federal share reached 35 percent. In other words, for every dollar saved in our economy, 35 cents goes to finance a Federal credit program. Is it any wonder that interest rates have soared and productivity has declined in recent years?

Now, you might think that at least the Budget Committee could reverse the trend and reduce the Federal share of credit resources. But what are the facts? The committee's own figures show that by fiscal year 1983, their recommendations will result in the Federal Government claiming 43 percent of private credit resources, the highest level in the last 11 years.

Clearly, this budget will not reduce interest rates—it will increase them unless we curb the Federal Government's insatiable appetite for credit.

My amendment would reduce the Federal credit budget by $18 billion. It would reduce the Federal share of the credit market from 43 percent under the Budget Committee's recommendations to about 40 percent. This is still far too high. But at least it is a step in the right direction.

Mr. President, I am offering an amendment to reduce the totals in the budget resolution for new direct loan obligations and new primary loan guarantee commitments. New direct loan obligations would be reduced by $8.2 billion—from $63.6 billion to $55.4 billion. Loan guarantee commitments would drop from $102.2 billion to $92.1 billion—a reduction of $10.1 billion. These reductions will have multibillion dollar favorable effect on the credit markets and on interest rates.

The idea of a credit budget is a new one and the concept is still evolving. I commend the Budget Committee and its chairman, the senior Senator from New Mexico, for the work they have done on the credit budget.

The idea is a new one because only a decade ago credit was a minor aspect of the Federal Government's activities. In 1973 the credit budget—had there been such a thing—would have been $19 billion. For 1983, the committee has proposed a credit budget of $166 billion—an eightfold increase in 10 short years. Meanwhile the traditional expenditure budget increased by threefold so the credit budget exploaded almost three times faster than the traditional budget. So why not cut the Federal credit budget?

The credit budget is important, Mr. President, because to a lender it makes no difference whether the Federal Government is in the market to finance the deficit or a direct loan to a third party. The Government is still a borrower and it competes unfairly with those who do not have access to the Treasury. During the sixties and early seventies, when the economy was performing reasonably well, Federal participation in the credit markets seldom exceeded 20 percent. By 1983 that figure had become an astonishing and disturbing 43 percent. No wonder that the Nation's private borrowers cannot get a loan at anything like a reasonable interest rate.

Under these circumstances, with the economy starved for credit, I was disturbed to find that the committee had actually increased the credit budget. In 1982 direct loans and primary loan guarantees came to $160 billion. For 1983 the President originally recommended a credit budget of $147 billion, but the committee has proposed a level of $166 billion.

If the estimated deficits are added to these figures, then the Federal Government will be in the credit markets to a greater extent in 1983 than in 1982. A $115 billion deficit added to a $166 billion credit budget totals $281 billion—compared to a total of $278 billion in 1982.

These data force me to conclude that the credit markets will not respond as the committee has projected. People who have money to lend, having been burned in the bond and stock markets during the seventies, have become relatively sophisticated about Federal finances. They understand the credit budget and they are no longer fooled by Congress calling some credit activities off-budget. Because of this growing awareness by lenders, interest rates will not fall as quickly or as far as the committee has estimated. Spending will increase because the committee has projected interest rate savings of $106 billion over the next 3 years—figures which have a pie-in-the-sky aspect to them. The Nation could face a major credit crunch because of a vicious spiral. Interest rates do not fall; spending and the deficit increase, which drives interest rates even higher. And the recovery chokes on a lack of reasonably priced credit.

We can squeeze some fat from the credit levels recommended by the committee without cutting essential Federal credit activities.

I have asked the Congressional Budget Office to analyze this amendment to determine its effect on program operations. I ask unanimous consent that my letter to Ms. Rivlin and her response be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MAY 19, 1982.

MS. ALICE RIVLIN,
Director, Congressional Budget Office House Office Building Annex No. 2, Washington, D.C.

DEAR DIRECTOR RIVLIN: I have enclosed a copy of an amendment to the first budget resolution which would reduce the amounts for direct loans and primary loan guarantees. Would your staff examine this amendment to determine its effect on program operation?

Warmest regards.

Sincerely,

WILLIAM PROXMIRE,
U.S. Senate.

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., May 20, 1982.

Hon. WILLIAM PROXMIRE,
U.S. Senate, Dirksen Building, Washington, D.C.

DEAR SENATOR PROXMIRE: Attached per your request are Congressional Budget Office estimates of the impact of your draft amendment to Senate Concurrent Resolution 92, to reduce levels for federal credit activity. The selection of programs to achieve the proposed reductions represent examples rather than recommendations of the Congressional Budget Office and were selected after discussions with your staff member, Bob Mauney.

Should you desire, we would be pleased to provide further details of the attached estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

POTENTIAL IMPLICATIONS OF CREDIT BUDGET AMENDMENT PROPOSED BY SENATOR PROXMIRE

[By fiscal year, in billions of dollars]

Proposed change	Estimated budget impact		
	1983	1984	1985
NATIONAL DEFENSE			
New primary loan guarantee commitments	−30		
Budget authority			
Outlays			

The proposed change would result in elimination of the defense production guarantee program, a program under which no guarantee commitments have been made in the past 2 years.

Proposed change	1983	1984	1985
INTERNATIONAL AFFAIRS			
New direct loan obligations	−570		
New primary loan guarantee commitments	−1,220		
Budget authority	−562	−564	−519
Outlays	−37	−191	−314

The proposed change could be achieved by reducing Export-Import Bank direct loans from $4.4 billion to $3.8 billion, the level requested by the President. This reduction would result in the reductions in budget authority and outlays shown above. The reduction in loan guarantees could be achieved by reducing the target for Export-Import Bank loan guarantees from the 1982 ceiling of $9.2 billion to the 1982 estimated actual level of $8.0 billion.

Proposed change	1983	1984	1985
ENERGY			
New direct loan obligations	−575		
Budget authority			
Outlays			

The proposed change could be achieved in part by reducing the Rural Electrification and Telephone Revolving Fund direct loans from the 1982 ceiling to the 1982 estimated actual obligations, a reduction of $325 million. The remainder of the cut could result from reduced Federal Financing Bank financing of the alternative fuels program as a result of the termination of the Tasco protect, a reduction of approximately $250 million. Neither of these changes would result in budget authority or outlay changes.

The Rural electrification fund cut has now been eliminated from the proposal.

Proposed change	1983	1984	1985
AGRICULTURE			
New direct loan obligations	−3,400		
Budget authority	−300		
Outlays	−300		

The proposed change could be achieved in part by elimination of the Commodity Credit Corporation's $2.2 billion short- and medium-term export loan program, a program under which almost no loans have been extended in the past 3 fiscal years.

The Agricultural Credit Insurance Fund's (ACIF) disaster loan program could be reduced by the remaining $1.2 billion, a change consistent with the President's budget proposal. The President's request of $1,540 million for disaster loans is a 53 percent reduction from the average level of new loans over the past 5 years. Alternatively, the ACIF's farm operating and ownership programs could be reduced. Any reductions to the ACIF would result in approximate outlay and budget authority savings of $300 million in 1983.

Another option would be to reduce the Commodity Credit Corporation's (CCC) price support loans by $1.2 billion. Any change to CCC price supports would require changes in authorizing legislation. The outlay impact of such a change would depend on the reduction approach selected and could range from $600 million to $1.2 billion for a reduction of $1.2 billion in direct loans.

Proposed change	1983	1984	1985
COMMERCE AND HOUSING CREDIT			
New direct loan obligations	−3,900		
New primary loan guarantee commitments	−5,000		
New secondary loan guarantee commitments	−8,250		
Budget authority			
Outlays			

The proposed reduction in direct loans could be achieved by restricting the limitation for the Central Liquidity Facility to $500 million. In 1982 a limitation of $4.4 billion was approved for the Central Liquidity Facility. Actual obligations are estimated to be $330 million in 1982 and $475 million in 1983.

The loan guarantee limits for the Federal Housing Administration's mortgage guarantees could be reduced to $35 billion, the level requested by the President. The highest level of prior commitments under this program was $29.1 billion in 1980.

The amendment would reduce the Government National Mortgage Association's mortgage-backed security program by $8,250 million to $60 billion, $12 billion higher that the Administration's current estimate for 1982 and $18 billion higher than the 1981 actual commitments for the program.

None of these changes to the Commerce and Housing function credit targets are expected to result in changes to budget authority or outlays.

Proposed change	1983	1984	1985
COMMUNITY AND REGIONAL DEVELOPMENT			
New direct loan obligations	−110		
New loan guarantee commitments	−100		
Budget authority		−5	−15
Outlays		−5	−15

The proposed reduction in direct loans could be achieved in part by eliminating rural development insurance fund loans for industrial development as proposed by the Administration, a savings of $75 million. The cut would result in the budget authority and outlay savings shown above for 1984 and 1985. Rural Telephone Bank loans could be held to $185 million, the estimated actual level for 1982 rather than the 1982 ceiling level of $220 million, a savings of $35 million.

The proposed reduction in loan guarantees could be achieved by restricting community development grant loan guarantees to $125 million, the estimated 1982 actual level of commitments rather than the 1982 limitation level of $225 million.

Mr. PROXMIRE. Mr. President, it might be argued that the Budget Committee recommendations for Federal credit programs for fiscal year 1983 allow for practically no growth over the fiscal year 1982 base and are therefore quite stringent. The problem with this reasoning is that the base for fiscal year 1982 is itself inflated. It includes limitations on credit activity established by the Appropriations Committee that in many cases substantially exceed the likely level of activity. Therefore, it makes more sense to compare the 1983 recommendations with the actual level recorded in fiscal year 1981. This is what I have based my amendment on. When we compare the Budget Committee recommendation of $166.1 billion with the $133.8 billion actually recorded in fiscal year 1981, we find that the committee is recommending a 24-percent increase in 2 years or an increase of 12 percent a year.

Mr. President, the proposed reductions would be good policy. Real interest rates are now at historic highs and part of the reason is psychological. The money markets do not believe the Congress or the administration can reduce the massive prospective Federal borrowing requirements. By making this reduction, we can signal the credit markets that we are taking a realistic look at the Government's credit needs. Already we see the deficit increasing and we have not begun to deal with the difficult specific issues raised by this resolution. Where are the management savings coming from? Whose taxes will be raised and by how much? This budget resolution is merely the first battle in what will prove to be a long war. If the objective is to reduce the deficit, we are already losing. It increased by $9 billion virtually overnight.

The credit markets badly need some assurances in light of these developments. My amendment would reduce Federal intervention in the credit markets by $18 billion. It reverses the trend of ever increasing Federal credit budgets. It would free credit resources for us by home and car buyers, farmers, small businessmen, and consumers.

My amendment reduces the amounts in the resolution so that they are closer to historical trends and reasonable program requirements. I realize that the Budget Committee does not make recommendations about specific programs. But I would like to cite several programs to give other Senators some idea of what I am suggesting should be cut and why. The committee has recommended $30 million in new loan guarantee commitments for the defense production guarantees account. This account has incurred no new loan obligations for the past 3 years. In addition, the Defense Department estimates that the account will have nearly $10 million in unobligated balances available at the end of 1982 and 1983. The committee has proposed $915 million in direct loans for alternative fuels production. This amount includes $248 million for the moribund TOSCO project, which can now be cut. The committee has recommended $40 billion in loan guarantees for the Federal Housing Administration's loan guarantee fund. For the past 3 years, this fund had the following levels of activity: 1980—$29 billion, 1981—$23.6 billion and for 1982 an estimated $25 billion. It has never been higher than $29 billion. I believe a more realistic figure for this account is around $31 billion—still an increase of 14 percent over the 1982 amount. These examples demonstrate why I believe the credit amounts in the resolution can be reduced without harm to essential Federal credit activities.

Mr. President, I might say that in the letter from the Congressional Budget Office, from Mrs. Rivlin, the facts that I have suggested here are confirmed and a moderation of my amendment is also confirmed.

So, Mr. President, I urge the adoption of the amendment.

● Mr. LEVIN. Mr. President, regarding the impact of Federal credit activities on this Nation's financial markets and the economy, I commend the Budget Committee for again incorporating credit in the budget resolution.

Nevertheless, this resolution does not go far enough. Congress should not tolerate executive branch "impoundment" of loan guarantee authority mandated by Congress. But that is exactly what has happened.

On November 5, 1981, the Reagan administration unilaterally announced a program to reduce new loan guarantee commitments for fiscal year 1982 by $20.3 billion. In all, 14 guarantee programs were cut back through adminstrative means with no regard to congressional intent. The programs affected include Government National Mortgage Association, Rural Electrification Administration, the Export-Import Bank, and the Small Business Administration.

But Congress has yet to challenge comprehensively this unilateral administrative action. Federal agency responses to inquiries I have made reveal that they are operating programs at levels which are less than the levels established in law. In SBA's programs, for example, the announcement reduced loan guarantee authority in the Business Loan Investment Fund (BLIF) to $2.835 billion from $3.3 billion. In the pollution control bond program, levels were reduced to $50 million from $250 million, and in the surety bond program to $1.08 billion from $1.4 billion. Overall, the announcement reduced SBA loan guarantee authority by 20 percent, or $1 billion, even though Congress had authorized $5 billion in the Omnibus Budget Reconciliation Act of 1981.

As a result, SBA is restricted from entering into commitments to guarantee in the full amounts provided by Congress.

Congress, and only Congress, has the ultimate authority to decide the Federal Government's credit policies. To allow these administrative reductions to remain in effect would represent congressional acquiescence to this administration's asserted unilateral authority to reduce loan guarantee commitments below the amounts established in law.

These reductions also represent an abrogation of our responsibility under the Constitution and renders meaningless the establishment of levels for loan guarantee programs by our committees and Congress.

At issue here is executive usurpation of congressional authority to establish levels of new commitments for loan guarantee programs. At stake is the integrity of Congress and its institutional role in setting the Federal Government's budget priorities.●

● Mr. DOMENICI. Mr. President, let me say first that I share the concern of the Senator from Michigan about the need to exert greater congressional control over Federal credit activity. Extension of new credit under Federal auspices has grown dramatically as Congress has expanded its use of direct and guaranteed loans. As an indication of this growth, total loans and loan guarantees outstanding will likely exceed $900 billion by the end of 1983, a 217-percent increase since 1974.

Federal credit assistance has become a major factor in the reallocation of our Nation's resources and it must be given the same consideration and scrutiny as spending programs. We must demonstrate to the financial markets that we intend to reduce Federal presence in our Nation's credit markets and free available capital for use by the productive sectors of our economy.

To indicate the concern of the Budget Committee, I would point out that the resolution before us expresses the sense of Congress that effective budgetary control be established over Federal credit activity and directs the Senate Committees on the Budget and Governmental Affairs and the House Committee on Rules to move expeditiously to consider legislation that would achieve this objective. The Budget Committee has established a Task Force on Federal Credit and they have done a substantial amount of work on the topic. It is my hope that after we have completed our immediate task of setting in place a congressional budget, the task force will review these proposals with the careful consideration they deserve.●

● Mr. GORTON. Both the Senator from New Mexico and the Senator from Michigan have spoken on important issues involving Federal credit activities. Congress should be more rigorous in its consideration of the Government's credit programs.

In short, we should develop a rational framework and process for considering the Federal Government's credit activities.

As chairman of the Task Force on Federal Credit I intend to address the issues raised by both the Senators. I welcome the input of the Senator from Michigan and extend an invitation to all Members to share their thoughts on these important issues.●

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin (Mr. PROXMIRE).

The amendment (UP No. 980) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, what is the question before the Senate?

The PRESIDING OFFICER. The clerk will report the pending amendment.

The legislative clerk read as follows:

> The Senator from Tennessee (Mr. SASSER), for himself, and others proposes a printed amendment numbered 1492.

Mr. BAKER. Mr. President, the Senator from Tennessee is on the floor, I see. The distinguished chairman of the committee, however, is temporarily off the floor.

Mr. HOLLINGS. Mr. President, if the distinguished majority leader would yield, we could bring in one small amendment on women, infants, and children feeding and ask unanimous consent to set aside the Sasser amendment.

Mr. BAKER. Mr. President, I ask unanimous consent that we may temporarily set aside the Sasser amendment and proceed to the consideration of—what is the amendment of the Senator from South Carolina?

Mr. HOLLINGS. Women, infants, and children feeding to be offered by the Senator from Vermont and myself. We have a time limitation of 30 minutes to be equally divided. We can possibly do it in less time.

Mr. BAKER. All right. And that immediately after disposition of that amendment we return to the consideration of the Sasser amendment without any change in its status.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield the floor.

UP AMENDMENT NO. 981

Mr. HOLLINGS. Mr. President, on behalf of Senator LEAHY, Senator JOHNSTON, Senator RIEGLE, and myself, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from South Carolina (Mr. Hollings), for himself, Mr. Leahy, Mr. Johnston, Mr. Riegle, Mr. Eagleton, and Mr. Kennedy, proposes an unprinted amendment numbered 981.

The amendment is as follows:

On page 2, beginning with line 15, strike out through line 14 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,329,200,000, plus $50,000,000.

Fiscal year 1984: $897,031,700,000, plus $100,000,000.

Fiscal year 1985: $972,834,200,000, plus $200,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,629,200,000, plus $50,000,000.

Fiscal year 1984: $832,331,700,000, plus $100,000,000.

Fiscal year 1985: $889,434,200,000, plus $200,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000.

Fiscal year 1983: $114,429,200,000, plus $50,000,000.

Fiscal year 1984: $91,331,700,000, plus $100,000,000.

Fiscal year 1985: $64,434,200,000, plus $200,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,179,200,000.

Fiscal year 1984: $1,420,210,900,000.

Fiscal year 1985: $1,533,645,100,000

On page 16, beginning with line 12 strike out through line 4 on page 17 and insert the following:

Fiscal year 1983:

(A) New budget authority, $218,800,000,000, plus $50,000,000.

(B) Outlays, $272,600,000,000, plus $50,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000, plus $100,000,000.

(B) Outlays, $288,300,000,000 plus $100,000,000.

Fiscal year 1985:

(A) New budget authority, $333,000,000,000, plus $200,000,000.

(B) Outlays, $309,800,000,000, plus $200,000,000.

Mr. HOLLINGS. Mr. President, this amendment restores funds to the women, infants, and children feeding program, one of the most cost effective social programs. I understand the distinguished chairman of our Budget Committee will, according to the standard operating procedure, oppose this amendment. I am confident, though, that he will not tell us about how there is sufficient room in the budget resolution to fund WIC. He will probably tell us how we have increased funding, compared to the President's request.

In a capsule, this amendment continues WIC at the current level. We do not increase the number of persons served, but we increase funds to accommodate the increased costs of food. We are not cutting off people and not adding on people.

If funding for WIC is not increased, 100,000 expectant mothers and children will be eliminated from the program next year, 200,000 in 1984, and 300,000 in 1985. What I am talking about is a restoration of $50 million in 1983, $100 million in 1984, and $200 million in 1985. It is small in relation to the multibillion-dollar budget, but highly significant to this particular program.

Why should this program be continued? It saves money. I ask unanimous consent to have printed in the Record a study of WIC by the Department of Agriculture, and another article that appeared in the Sunday, May 16, Washington Post, entitled "The Care and Feeding of Pregnant Mothers." Nutrition does make a difference in the life and health of infants.

There being no objection, the material was ordered to be printed in the Record, as follows:

EVALUATION OF THE EFFECTIVENESS OF WIC

EXECUTIVE SUMMARY

The Special Supplemental Food Program for Women, Infants and Children (WIC) provides food supplements and nutrition education to pregnant and lactating women, and infants and children up to the age of five. The program attempts to reach those individuals who because of inadequate nutritional status are "at-risk" of complications of pregnancy or poor growth and development.

A substantial body of evidence is now accumulating to indicate that the WIC program is having a positive and significant impact on program participants in the U.S.

Data from several large scale studies discussed in this report have shown that participation in the WIC program is associated with a positive and significant increase in birth weight (20-21, 23). More importantly, this has resulted in a reduction in the incidence of low birth weight (less than 2500 grams or 5½ pounds) infants being born to women who participate in WIC (20-21, 23, 26).

Low birth weight (LBW) is currently the eighth leading cause of death in the U.S. LBW correlates more closely with neonatal mortality than any other variable. A LBW infant is twenty times more likely to die than a normal birth weight infant. Preliminary data from a study completed in January 1981 indicate that the WIC program results not only in fewer low birth weight infants but significantly decreases neonatal mortality (23).

The WIC program is not only associated with fewer LBW babies and therefore less deaths but the program also results in significant medical savings. This is primarily because LBW babies require a longer hospitalization period postnatally than do normal birth weight babies. By decreasing the number of LBW babies born, the WIC program concurrently reduces hospital cost. In addition , LBW infants have a higher prevalance of developmental abnormalites such as blindness and deafness. The WIC program appears even more cost-effective if these longer term costs are considered.

The WIC program has also been associated with improvements in nutritional status in infants and children. Infants and children participating in WIC had accelerated rates of growth (20) and decreased rates of anemia (20, 26).

In addition, many studies in developing countries have indicated that caloric supplementation during pregnancy improves birth weight and decreases neonatal mortality and morbidity (9-13). Similarly, results from evaluation of supplemental feeding programs for infants and preschoolers have shown that child growth is improved (16).

Data from these studies all show trends in the same direction: Neonatal outcome, hematological status and growth are improved as a result of participation in WIC. The WIC program appears to be making a substantial contribution to dealing with problems of inadequate nutritional status among "at-risk" women and children—two especially vulnerable groups in the U.S.

[From the Washington Post, May 16, 1982]

THE CARE & FEEDING OF PREGNANT MOTHERS

(By Sarah Fritschner)

Nearly everyone learns about good nutrition in grade school. Like the capital of South Dakota, however, the basic four good groups soon fade from memory.

Dr. Jeff Spear, a third-year family practice resident at Andrews Air Force Base, admits that he didn't learn much nutrition at medical school and, like fellow residents, he didn't remember much from grade school.

This caused him a few problems, he says, when he began his stint in obstetrics. Although many aspects of medicine require no special nutrition knowledge, obstetrics is not one of them.

Infant mortality rates in Washington are twice the national average, and low-birthweight babies born in this area can cost taxpayers $300 per day each in medical costs. But many health professionals believe that one simple approach can reduce the number of low-birthweight babies: Their mothers need food, enough food, in the proper proportions.

Low-birthweight babies, which typically come from high-risk mothers—mothers who are young, indigent and/or ill—usually stay in hospital nurseries longer than normal-weight babies. Often they require intensive care. They are prone to debilitating disorders—anything from cleft palate to severe mental retardation—which may extend the need for government-supported medical care.

Recognizing the preventive-health potential, the March of Dimes sponsors an intensive course in maternal nutrition at the University of North Carolina at Chapel Hill. The year-old course, the only one of its kind in the country, attracts health professionals from all over the country to learn about nutritional counseling, dietary interviewing, the effects of narcotics on pregnancy and more.

Recognizing the need to do more than counsel patients about weight gain, Spear signed up for the two-week course that includes discussions among health professionals, lectures and actually working in the field counseling high-risk mothers.

Spear says he learned "basic nuts and bolts" of nutritional counseling—that pregnant mothers require four servings of milk each day, two to three of meat, four servings of fruit and vegetables and four servings of bread daily. He learned how to take a dietary history—to ask his patients how they ate in the last day and the last week to see weaknesses in the diet.

But the course teaches more than that, says Dr. Herbert Muncie, director of the division of research at the University of Maryland's department of family medicine. Although he was familiar with most of the nutritional requirements of pregnancy when he attended the course, he learned, from other professionals who attended, how to deliver effectively some of that information.

For instance, he says, he has "always treated the pregnant adolescent as someone who was 'done to'"; the adolescents in his clinic never participated in health care. Attending the course, he learned that others have success when these patients plot out their weight gains and monitor other changes in their own pregnancies. "I feel like it makes them recognize they're part of this process," he concluded; when they feel some control, they are more willing to make changes in their diets.

Before the course, says Muncie, he "had very little exposure to dieticians." Now he says he knows how to use someone with nutrition knowledge and experience to help with counseling.

Further, says Muncie, he learned something about community resources when he attended the course. He was familiar with the Women, Infants and Children feeding program only because he had to sign the forms for qualifying patients, and he "resented the paperwork." Now he realizes that the WIC program was designed to supplement other feeding programs (such as food stamps) to make sure that pregnant women get adequate diets.

Just as important, says course director Mildred Kaufman, many of the participants "don't appreciate how the [public feeding] project can contribute to the health of [their] patients and they don't know that some of these projects are in jeopardy." Doctors can influence the politics of health-care delivery in their communities.

In addition, she says, participants familiar with local resources can use them to establish new health-care programs locally. One participant from Hawaii, says Kaufman, returned to teach health-care professionals on all the islands proper nutrition counseling.

There is a trick, says Herbert Muncie. You can't just tell a patient what's wrong with her diet and expect her to change overnight. He saw one dietician tell a patient to make four major changes in her diet: cut down on soda pop, cut down on junk food, increase her calcium intake and increase the amount of meat she consumed.

That's too much at one time, he says, and it'll never work. If the patient accepts that changes in the diet will improve the outcome of her pregnancy, then he tries to get her to add to the diet to alleviate deficiencies, recommending gradual changes. It's important to look at the patient as an individual, says Muncie. If the patient loves black beans and rice there's no point in trying to get here to eat yogurt and potatoes. Once he learns what she will eat, he can suggest what she should eat. He likes the patient to come up with her own solutions.

Dr. Jeffrey Spear says he "appreciates the research" that shows that feeding indigent women decreases the frequency of congenital problems present in their babies. He realizes that low-birthweight babies usually have longer hospital stays, are more likely to die and have problems with infection and blood sugar. "There's still a lot of research to be done," he says, "but [the patient's] adequate weight, nutrition and weight gain are important. A large number of women who get pregnant don't get adequate nutrition during a pregnancy. We can prevent this—food is the cure."

Mr. HOLLINGS. Mr. President, I also want to mention the extensive Harvard study that showed that $1 spent on the prenatal component of WIC saved $3 in future hospital costs. The program works, it saves money and should not be cut. This is such a vital, fundamental, and particular program that I wish I had my railroad friends here—and I do not talk disparagingly. They seem to have done a good job at getting a few votes. I wish my railroad friends would join with us on this particular program because we need all the help we can get.

I yield to the Senator from Vermont.

Mr. LEAHY. Mr. President, I appreciate the comments made by Senator HOLLINGS, especially as he is one man who has been recognized for a long time as one of the leaders in the fight against hunger in America.

Mr. President, this amendment is not intended to stir debate on the merits of the special supplemental food program for women, infants, and children known as WIC. That would not be a fair debate. There is near unanimity that WIC and its sister program, CSFP, are two of the most successful, cost-effective programs in all of Government.

What this amendment addresses is the issue of how many women, infants, and children should be served by these programs in the next few years. The modified Budget Committee mark assumes that 100,000 fewer people should be served in fiscal year 1983 than in fiscal year 1982. By fiscal year 1985, the Budget Committee mark assumes 300,000 fewer women, infants, and children should be served.

To me, this is an unacceptable approach. In a program as humane and sensible as WIC—A program that may well avert more in Federal health and hospital expenditures than it costs—it does not make any sense to serve fewer people in the future than are served now.

When one considers that:

Less than three-fourths of the Nation's counties have a WIC program;

Waiting lists for participation in WIC exist across the country;

The WIC caseload is already down by 75,000 people below the level participating before the Reagan austerity policies began;

And the current economic recession is adding significantly to the numbers of persons who desperately need aid from this program.

When one considers all of this, I believe a compelling case can be made that room must be made in the budget to serve more people than are being served now.

But this in not what we are trying to do. All that we want to do is maintain the current caseload. We just want to make sure that we serve as many women, infants, and children in the next few years as we serve now.

This is a very modest, conservative proposal. It would add only about $50 million to fiscal year 1983 costs, $100 million to fiscal year 1984 costs, and $160 million to fiscal year 1985 costs.

I urge my colleagues to join us in assuring that the current level of services be maintained in these programs. There is no finer investment that can be made in Federal program funding.

Mr. President, as I said earlier, the WIC caseload is already down by 75,000 people below the level participating before the Reagan austerity policies began. I know that there are waiting lists throughout the country for this program. I know that there are counties, maybe a quarter of the counties in the country, that do not even have the problem.

I am reminded of what one doctor in Vermont told the distinguished Senator from Oklahoma (Mr. BELLMON) and me when we had a hearing in Vermont. This was a doctor who practiced in a county with about a quarter of our State's population. He had had the chore of handling all the malnutrition cases involving children in that county for years. He told us about malnutrition cases, and I mean severe malnutrition cases, that resulted in such things as handicaps in the children, mental retardation, shortened lifespan, all of the other problems that went with it.

Finally, Vermont, which was a pilot State, got the WIC program. After the program was implemented in our State, the doctor told Senator BELLMON and me that, having handled all these malnutrition cases, as a direct result of the WIC program, he never saw another one. Children that were going to grow up handicapped or grow up with mental retardation or other problems were no longer seen because they no longer existed. Malnutrition was wiped out—actually wiped out.

What this does for women who want to bear their children—I really just cannot think of any nutrition program better than this one or more important for our support.

I yield back to my distinguished colleague from South Carolina.

● **Mr. KENNEDY.** Mr. President, I support the amendment offered by my friend and colleague and ask to be listed as a cosponsor.

Despite the advances and breakthrough we have made in almost every field, we still have one of the highest infant mortality rates of any Western nation and too many babies suffer mental retardation that could have been prevented if their mothers had received adequate nutrition during their pregnancies.

Infant mortality in this country fell 30 percent between 1970 and 1977, but the United States still has a higher rate than 14 other industrialized countries.

I believe it is unacceptable for the richest country in the world to rank behind Japan, Canada, Denmark, Sweden, and nine other countries in the rates of infant mortality. We have the knowledge and resources to be first, if only we have the will.

In the 8 years since WIC was first implemented nationwide, it has proven to be highly effective in reducing infant deaths and malnutrition.

Studies conducted by the Center for Disease Control and the Harvard University School of Public Health found that without question WIC:

Increased the duration of pregnancy;

Increased the birth weight of infants; and reduced the incidence of anemia and malnutrition in young children.

Two million women and children participated in the program in 1981. Yet this is only one-fourth of the number who are eligible for and need the extra nutrition WIC offers.

The administration proposed to cut this essential program by 30 percent in fiscal year 1983. Once again the President attempted to slash a program that is aimed at the most vulnerable of our society.

The Senate Budget Committee's recommendation to freeze WIC at the current operating level of $980 million would mean that 100,000 fewer women and infants would receive benefits next year and 300,000 fewer would be served by fiscal year 1985. This very real cut in the number of participants is unacceptable.

In human terms, the funding for this program literally means the difference between life and death. In a new study, doctors in Massachusetts cited an increase in malnurtrition among poor children as a direct result of their being dropped from the WIC program. These doctors report case after case of infants who showed severe weight loss and developmental retardation as a result of their mothers being unable to pay for formula.

I recently spoke with Dr. Joel Alpert, chairman of pediatrics, Boston University Hospital. In Dr. Alpert's words:

> We have been seeing in the past year a series of alarming events: An increase in weight loss in low income children; an increase in child neglect; an increase in child abuse; and in increase in the number of cases of lead posioning—after all, if children are hungry they will eat anything they can.
>
> We are angry and we are scared. This is not only happening in Boston. Our colleagues report the same symptoms in all parts of the country. This week I saw the first case of ricketts as a result of vitamin D deficiency that I have seen in twenty years. These children have no lobby of their own, we must speak for them.
>
> Children are one-third of our population, but all of our future.

As Dr. Alpert and his colleagues have found, mothers are already bearing the burden of the budget cuts in food stamps, child care, health care, and AFDC.

We cannot now deny them the nutritional supplements they need to bear and raise healthy children.

As we consider this amendment let us remember what Hubert Humphrey said about WIC shortly before his death, "looking back on all of my years in Government service, I am as proud of this program as any with which I have been involved. It represents what is best in America—a dedication to our children and our future and an attempt to nip the poverty cycle in the bud." We must renew our commitment to that goal today.

I urge my colleagues to vote for this amendment.●

● Mr. BIDEN. Mr. President, the supplemental feeding program for women, infants, and children is a sterling example of a program that works. Not only does WIC work, Mr. President, but WIC works with little, if any, waste, fraud, or abuse.

To be eligible for WIC, participants must be low income and must be certified by a medical professional to be at a nutritional risk. This is not a program that can be tapped by just anyone coming in off the streets. WIC is specifically targeted to those most in need, and is designed to insure that only those most in need will receive benefits. Participants meeting the eligibility requirements receive vouchers, which are redeemable only for foods of high nutritional value.

A recent study by the Harvard School of Public Health, Mr. President, shows that WIC has been instrumental in lowering the incidence of low-birth-weight babies. The children's defense fund lists low birth weight as the eighth leading cause of death among children in the United States.

Low birth weight is also a leading cause of many disabilities, including deafness, blindness, and mental retardation. The Harvard study found that, because of the reduced incidence of low-birth-weight babies, each dollar spent on WIC actually saves $3 in hospital costs.

WIC has also had a sizable impact in the effort to reduce infant mortality. The Massachusetts Department of Public Health conducted a study which showed a substantially lower mortality rate for babies born to mothers in the WIC program than for those born to mothers eligible for WIC but not using the program.

Mr. President, about three-fourths of a child's brain development occurs between conception and the second birthday. If his or her mother does not have access to appropriate nourishment, chances are good that the child's brain will not develop to its fullest potential. The resultant loss in mental and physical capability is no less than a national tragedy, a squandering of our greatest natural resource.

Mr. President, let us vote to support this important investment in the future of our Nation. I urge my colleagues to support the Hollings-Leahy-Johnston amendment.●

(UP AMENDMENT NO. 981)

Mr. CHAFEE. Mr. President; I rise in support of the Leahy amendment to increase WIC funding by $50 million for 1983.

I cannot stress enough the importance of this program. There are two reasons why I feel so strongly that this amendment should pass.

First, WIC is a preventive health program which provides nutritional food to 2.2 million people. If the $50 million is not approved, WIC will see a caseload drop of 100,000 women, infants, and children. This country can ill afford the subsequent pressure on social service programs that a shortsighted move such as this will have. The increase is an adjustment for inflation. It unfortunately will not allow the thousands on waiting lists to receive needed benefits. But it will maintain the 1982 caseload level. I do not believe that this is an irresponsible request. For me to vote against the amendment would be irresponsible.

Second, not only does WIC provide supplementary food assistance, but it provides nutrition education for people who desparately need it. Teach people how to eat correctly, give them the means of doing so—and you have taught a lesson that can save the Federal Government millions.

I urge fellow Senators to join with me tonight in supporting this amendment. Nutrition and education are insurance policies for the low-income women, infants, and children receiving WIC—it insures something that money, in this case, can buy—a healthier and brighter future for the program's recipients.

Mr. HOLLINGS. Mr. President, I yield to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, how much time is there for each side?

The PRESIDING OFFICER. There are 15 minutes to each side.

Mr. DOMENICI. Mr. President, I am going to yield myself 5 minutes and use it with a quorum call at this point against my 5 minutes.

Mr. JOHNSTON. Will the Senator yield to me?

Mr. DOMENICI. Yes.

Mr. JOHNSTON. Mr. President, in 1970, Louisiana had the dubious distinction of having one of the highest incidences of infant mortality in the Nation. Although a number of improvements have been made, infant mortality remains disproportionately high. I am therefore especially concerned about funding of programs designed specifically to deal with this tragic problem.

Two programs operate in Louisiana to meet this need. The oldest program, the commodity supplemental feeding program, began in 1970 and now serves 21,000 financially and nutritionally needy women, infants, and children in Orleans Parish. One of the most successful programs we have had, CSFP is specifically designed to encourage voluntarism and involvement by the private sector. In the case of Orleans Parish, the Archdiocese of New Orleans operates the nine CSFP distribution sites, supervises, CSFP personnel working in the program, provides space utilized for the distribution sites, and is responsible for the joint certification process for program participants with the New Orleans Health Department. Many doctors and medical personnel donate their services, and many of the CFSP personnel are also volunteers. In addition, the local government is deeply involved. The New Orleans Health Department, for example, provides nutritional education to program participants and proper health care for children and prenatal and post partum mothers participating in the program.

The second program, WIC, began in the mid-1970's and serves over 58,000 needy women, infants, and children in my State. Similar to CSFP, participants in WIC must meet two tests. First, they must be financially needy and second, they must be certified by appropriate medical personnel as being at "nutritional risk," in other words as malnourished or undernourished. Surely, if there is to be a true safety net for the needy, these programs fall in that category.

Both programs, under the committee's funding proposal, will be curtailed over the next 3 years despite the fact that Louisiana officials believe that less than half of those eligible on the basis of income and nutritional need are able to participate within current funding levels. Under the committee recommendation as reported, WIC was especially hard hit, losing $46 million in funds deferred from 1981 to cover the 1982 caseload as well as having to absorb the USDA—anticipated 6 to 7 percent food price increase in 1983. I am advised that these two factors would have reduced WIC's national caseload by 200,000 in fiscal year 1983, by 300,000 in fiscal year 1984 and by 400,000 in fiscal year 1985. As reported, CSFP would have to absorb the food price increase and therefore lose about 8.5 percent of its current monthly caseload of 150,000. These programs are two of the most effective and cost-efficient efforts we have to combat serious nutrition and hunger needs, needs which would not be met in the absence of WIC and CSFP. Study after study has shown that for every $1 spent on these food supplements, $3 in future medical costs are saved. That is, these food packages have had startling results in helping reduce the incidence of low-birth-weight babies, babies which study after study has shown are more likely to experience birth defects, permanent handicap, and who require longer hospital stays at birth. Moreover, food supplements designed to meet nutritional deficiencies such as CSFP and WIC have also improved the overall health of older preschool children participating in the programs, with evidence showing improved hemoglobin levels, fewer days of missed school, fewer behavior problems, and higher IQ's.

I have been particularly impressed with the evidence of the benefits of WIC in Louisiana. Based on State surveys of the WIC program conducted in 1975, 1980, and 1981, tremendous strides have been made through this program in beginning to combat Louisiana's traditional child health problems. In the 1975 study, children on the WIC program for 15 months and more had improved growth patterns and hemoglobin levels. In the 1980-81 studies, conducted in some of our State's most rural and poorest parishes, two groups were studied. One group of 6 year olds' mothers were in WIC at least 3 months prior to delivery and as infants the children were on WIC soon after birth. These children—called group I—were compared to siblings 12 to 24 months older who were not on WIC until after their first birthday, since Louisiana did not have a WIC program until that time. This study had startling results:

First. The IQ's of children in group I were some 16 points higher than those in group II.

Second. The children in group I had significantly higher school grades in the first year of school.

Third. Based on interviews with the mothers, the children in group II had more behavior problems.

Fourth. The children in group II missed more days of school.

Fifth. The children in group I had higher birth weights and better growth patterns.

Finally, statewide vital statistics show that of 18,000 birth weights recorded to date of WIC participants, improvements were seen amongst all groups for those whose mothers were enrolled in WIC at least 3 months prior to delivery. For black mothers, however, the results were particularly dramatic. For those whose mothers enrolled in WIC after delivery, only 14.3 percent of the infants experienced low birth weights. For those whose mothers enrolled in WIC at least 3 months prior to delivery, however, the incidence of infants experiencing low birth weights dropped to 8.4 percent—almost 6 percentage points less. State officials estimate that WIC has helped prevent approximately 500 low birth weights in Louisiana in the last 2 years alone.

This is significant for two reasons. First, and foremost, nationwide about 8 percent of all babies are low birth weight, but 60 percent of infant deaths occur among low-birth-weight infants. Moreover, many that live have permanent handicapping conditions. It is well recognized that by preventing low-birth-weight babies, we can reduce the incidence of infant deaths and handicapping conditions. Second, in my State it is estimated that it cost about $7,000 per pound gained by low-weight babies in intensive neonatal nursery units. In contrast, it costs about $480 per year for each WIC patient. The immediate cost/benefit ratio is therefore apparent. Added to this, the reduced future medical costs show the WIC program to be an effective tool in reducing Federal expenditures for medical expenses associated with immediate and long-term care needs of low-birth-weight babies.

In my view, it would be pennywise but pound foolish to curtail these programs. By providing for a modest inflationary increase for both WIC and CSFP, in contrast, we have an opportunity to continue at current activity levels these important initiatives. This amendment will not increase participation, and indeed only half of those eligible will be able to participate within this funding level. Yet, this small adjustment will prevent many needy small children, pregnant, and post partum mothers from being dropped.

I urge the Senate to adopt this amendment and keep the safety net intact.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. LEAHY. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. DOMENICI. I yield.

Mr. LEAHY. Mr. President, I ask unanimous consent that a list of organizations taking positions on the WIC proposal be printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

ORGANIZATIONS OPPOSED TO THE ADMINISTRATION'S WIC PROPOSALS

The Administration has proposed to merge the WIC program into the Maternal and Child Health block grant at substantially reduced funding. The following organizations are opposed to the consolidation of WIC and MCH and are opposed to cuts in WIC's funding.

HEALTH ORGANIZATIONS

American Dietetic Association.
American Nurses Association.
American Public Health Association
Association for State and Territorial Maternal and Child Health and Crippled Children's Programs (MCH and CC Directors).
Association of State and Territorial Health Officers (ASTHO).
March of Dimes.
National Association of Children's Hospitals.
National Association of Community Health Centers.
National Association of State and Territorial Nutrition Directors.
National Association of WIC Directors.
National Indian and Native American WIC Coalition.
National Perinatal Association.
Society for Nutrition Education.

RELIGIOUS ORGANIZATIONS

Board of Church and Society of the United Methodist Church.
Bread for the World.
U.S. Catholic Conference.
Episcopal Church.
Friends Committee on National Legislation.
Interreligious Task Force on U.S. Food Policy.
Lutheran Council of the U.S.A.
Union of American Hebrew Congregations.
United Church of Christ.
United Presbyterian Church.
Women's Division of the United Methodist Church.
World Hunger Education Service.

OTHER ORGANIZATIONS

American Federation of State, County, and Municipal Employees (AFSCME).
American School Food Service Association (ASFSA).
Children's Defense Fund.
Community Nutrition Institute.
Food Research and Action Center (FRAC).
National Congress of American Indians.
National Urban Coalition.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, how much time do I have remaining on the amendment?

The PRESIDING OFFICER. The Senator has 3 minutes.

Mr. DOMENICI. I yield 3 minutes to the Senator from Kansas.

Mr. DOLE. Mr. President, I rise in opposition to the amendment. I am not certain I understand the purpose of the amendment or why it is being offered. The WIC program is under the jurisdiction of the Nutrition Subcommittee of the Agriculture Committee. It is a program that this Senator has supported. It originated, as everybody knows, with Senator Humphrey several years ago with $40 million. Since then, it has grown.

I think WIC is a worthwhile program, Mr. President, It is one the Senator from Kansas wants to see stay in place. In fact, we have come far from the administration's original proposal to fold this into the maternal and child health block grant. It is the opinion of this Senator that we have made some significant progress.

I guess what we are dealing with here is appropriated funds. I do not fully understand why the budget resolution gets into that. It seems to me we have targets that have been set. I assume the Appropriations Committee will make a determination on priorities.

In all candor, I would say the Senator from South Carolina, is one of the originators of Federal nutrition policy, and one of those who moved us in the right direction in this country during the early days of the Select Committee on Nutrition. The former Senator from South Dakota (Mr. McGovern), the Senator from Illinois (Mr. PERCY), and the former Senator from Oklahoma (Mr. BELLMON) also played major roles. There are a number of Senators who have had an important role. I do hope they would have enough confidence in those of us who support the program in the authorizing committee to make certain that we carry out the purposes of the act.

Obviously, Mr. President, not everyone is being served. If we did that, we would have to have a much greater appropriation than suggested, but we will serve about 2 million people. This program has grown by about 400 percent between 1977 and 1983. It is the opinion of this Senator that we have tried to address the proposal in a constructive way.

I think we have, in my view, a good program, Mr. President. We ought to make certain that it continues in an orderly funding fashion. I wish that we did not have to make this choice on the Senate floor today. I do not want to defeat the Senator from South Carolina, because I know of his interest in this area. It would be better if we could just withdraw the amendment, but if we cannot, I hope we can defeat the amendment. Then I shall work with the Senator from South Carolina to see that the program is carried out the way it should be.

Mr. HOLLINGS. Mr. President, the distinguished Senator from Kansas has really been a leader on WIC and he helped get us this far, when I know the administration wanted to cut WIC back substantially. For your help we are very grateful. But, Mr. President, the real program level for WIC is $980 million during fiscal year 1982.

Some would argue, "Look, you started with carryover funds from last year." I understand that carryover funds are used. That is how WIC is funded. In other words, the States provide services in one fiscal year then funds are drawn down and paid in the next fiscal year

CBO estimates that a budget authority of $1.033 billion would be required in fiscal year 1983 to maintain the same level of services that has been provided during fiscal year 1982. CBO estimates that if WIC is funded at the $980 million level during 1983 and if food prices increase between 1982 and 1983, it will be necessary to reduce services. If we do not increase the budget resolution by $50 million then we are not providing adequate funding to continue the program at the fiscal year 1982 level.

Mr. President, we are not trying here to expand WIC and we are certainly not ungrateful for the leadership given by the Senator from Kansas and others interested in the program. But it is a matter of dollars and cents. The program needs this level of funding.

The program serves 2 million low-income women, infants, and children; if the Senator from Kansas and I were king for a day, we would extend that to about 4 million. We are only covering about 50 percent of the eligible population.

Mr. DOLE. Or less.

Mr. HOLLINGS. Or less, that is right.

I just put an article from last Sunday's Washington Post into the RECORD explaining that even a doctor who has been working in the nutritional field is not particularly familiar with this. WIC is not a well publicized program. It is not one a poor expectant mother would jump into or know about.

There is no waste, fraud, and abuse in this program. It is providing nutritious food supplements, as the Senator knows. WIC saves billions and billions in future health and rehabilitation costs. And it saves lives.

All we are asking for is not to be picky. Put that extra $50 million in there so we can keep up the current program. The fact of the matter is that if we cut it out we will lose momentum in the program and mothers and children will suffer because of it.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I also yield to nobody in my admiration for the work the Senator from Kansas has done on this matter. I consider it an honor to be the ranking member of his subcommittee. However, I am very concerned for the same reason the

Senator from South Carolina has mentioned.

I am also concerned, Mr. President, about the low levels that apparently are going to be put in the House budget for this. I really feel we need this.

Mr. President, I ask unanimous consent that a couple of fact sheets setting out the arguments in more detail be printed in the RECORD at this point. I realize our time is virtually out.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

THE REVISED BUDGET COMMITTEE MARK FOR WIC AND CSFP WOULD REQUIRE A CUT IN CASELOAD IN FISCAL YEAR 1983

The Budget Committee provides for $980 million for WIC and CSFP in FY 1983. $980 million is the level at which these programs are operating in FY 1982. Only if food price inflation is zero through FY 1983 could the $980 million support the same number of participants as in FY 1982.

The Leahy-Hollings amendment would allow an increase in WIC and CSFP funding of only about 5.4 percent to reflect an increase in food costs. The amendment reflects the CBO estimate of funding needed to maintain the current caseload in FY 1983. All other major economic forecasters predict food price inflation to be in the 5 percent range.

The CBO estimate might well understate food price inflation. The wholesale food price index went up 1.6 percent in April 1982 alone.

If CBO's estimate of food price inflation should prove too high, the worst thing that would happen is that the number of women, infants, and children served next year would be slightly higher than the number served this year. Considering that (1) the WIC caseload has been reduced significantly since President Reagan took office; (2) over 800 counties have no WIC or CSFP program; (3) waiting lists for WIC exist across the country; and (4) the current recession is increasing the number of people eligible for WIC—this would not be an undesirable result.

WIC ALREADY IS LIMITED TO THOSE MOST IN NEED

The WIC Program is already limited to those with the greatest need for it. Cuts in the program would result in removing those with substantial needs from the program.

5 to 8 million women, infants and children nationwide are eligible for WIC, but only about 2 million are served due to the funding limits already on the program.

Several hundred counties—many in poor rural areas—have no program at all.

USDA's own figures show that there are now over 100,000 women, infants, and children who have been certified by medical officials as needing WIC but who have been put on waiting lists instead due to limited funds.

Most States have already stopped serving persons except those in the most severe need.

MARCH OF DIMES,
Washington, D.C., May 13, 1982.

Hon. PATRICK J. LEAHY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR LEAHY: We are advised that an amendment will be offered to the Senate Budget Resolution that will increase the funding for the Special Supplemental Food Program for Women, Infants and Children (WIC) to $1.033 billion. We urge you to support this level of funding. WIC is one of the most cost effective and beneficial of the federal nutrition programs.

The first Budget Resolution for FY 83 will come to the Senate floor sometime during the week of May 17. The level of funding for WIC in the Resolution is $934 million ($904 million for WIC and $30 million for a much smaller, similar program, the Commodity Supplemental Foods Program). That figure represents a cut of approximately $50 million from the FY 82 level. To maintain the program at current operating levels would require funding of $1.033 billion.

By cutting WIC below current operating levels, over 200,000 low income pregnant women and children at nutritional risk will have to be eliminated from the program. The Resolution also freezes WIC funding at the FY 83 level through FY 85, by which time increasing food costs will have caused an additional 200,000 to be dropped from the program. A total of 400,000 women and children would no longer benefit from the effective combination of food packages and nutrition education that the WIC program provides. The cost-effectiveness of this program has been documented by a Harvard School of Public Health study which found that for every $1 spent on WIC, $3 were saved in the averted hospitalization costs of low birth weight babies.

We must continue to provide this valuable program to as many low income, nutritionally at-risk women and children as is possible. Therefore, I urge you to support an amendment to restore WIC funding to a level which will allow the program to continue serving the current level of recipients. By voting to fund WIC and the CSF programs at a $1.033 billion level, you will enable this sound nutrition program to continue.

Sincerely,

CLYDE E. SHOREY, Jr.,
Vice President for Public Affairs.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

Mr. DOMENICI. I yield 1 minute to the Senator on the resolution.

Mr. DOLE. Mr. President, when I indicated the Senators who had been active in this area, I did not mean to exclude the Senator from Vermont, who had certainly been a very valuable member of our committee. We work very closely together.

Again, I understand the concern of both Senators and others who may have spoken before the Senator from Kansas arrived. The amended budget resolution did add about $46 million. Is that correct?

Mr. DOMENICI. That is correct.

Mr. DOLE. Mr. President, I would be very willing to plead the case in the Appropriations Committee with anyone, but I assume we will have a vote on this now. I suggest, under the circumstances, that we not adopt this amendment, but I pledge to the Senator from South Carolina and the Senator from Vermont to work with them to make certain that it is adequately funded.

Mr. DOMENICI. Mr. President, I yield myself 1 minute on the bill.

The Senator from Kansas has stated the case quite well, Mr. President.

What we have done in this situation is treat this program as an exceptional program. Most of the discretionary—and I stress discretionary because that means the appropriators are going to be free to fund the programs within their subcommittees and we do not have much to do with that. Most discretionary appropriated programs such a WIC are assumed to receive the same level of new budget authority in 1983 as was enacted for them in 1982; except, however, WIC was given an added $46 million under the amended resolution.

It is an exception, Mr. President. It is already given as a priority in the budget before us. They are going to be free in the Subcommittee on Appropriations to allocate budget authority among all their programs. Under this resolution, only the total level of budget authority is binding on the appropriators.

Higher levels could be achieved in this program. Lower levels could be achieved in this program. It is up to the appropriators. Each Senator is free to advocate his or her priorities in the appropriation process, and that is going to happen.

I feel much like the distinguished Senator from Kansas. It is difficult to say to those who have worked hard in these programs and leaders in these programs, such as my good friend Senator HOLLINGS, that we ought to defeat an amendment like this.

The truth of the matter is that WIC, as he wants it, as he thinks it should be funded, will probably be funded in appropriations with or without his amendment. There is plenty of money there. The chunk is what they are going to look at.

But just to play safe, this modified budget gave this particular program $46 million more than the others, which are frozen at the 1982 level.

I urge that we defeat the amendment and get on with the completion of the resolution.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I serve on that Appropriations Committee. Limiting the budget authority to $980 million in fiscal year 1983 assumes no increase in that particular program, and CBO will tell you just that. If the amendment is not adopted, my Appropriations Committee colleagues may say, "Senator, you debated it on the floor. You had your amendment. It did not win, and on that basis we are not going to fund WIC at any higher level."

With the inflated cost of food projected for the next fiscal year, what we are doing is really cutting out 50 million dollars' worth of services to expectant mothers, infants, and little children. I wish it were not true. But this budget resolution is the place where we set priorities. We need the extra $50 million. I hope that we would support our amendment.

Mr. President, I ask for the yeas and nays on the amendment.

The **PRESIDING OFFICER**. Is there a sufficient second?

Mr. **HOLLINGS**. Mr. President, unless someone else wishes to talk, we yield back time and withhold the actual vote so the chairman of the Budget Committee can fit in another matter before we have the rollcall.

The **PRESIDING OFFICER**. The Chair has not ruled whether there is a sufficient second, and the Chair doubts it.

There is a sufficient number.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The Chair might remind the body that under the Constitution the yeas and nays have to be ordered by one-fifth of those present, and those present means a quorum. We have been a little bit loose.

The clerk will call the roll.

Mr. **DOMENICI**. Mr. President, will you withhold on the rollcall? We want to set this aside and accept a noncontroversial amendment.

The **PRESIDING OFFICER**. Is there objection?

The Chair hears none, and it is so ordered.

The Senator from New Jersey.

UP AMENDMENT NO. 982

(Purpose: To require that concurrent resolutions on the budget include tax expenditures and off-budget activities by functional category)

Mr. **BRADLEY**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 982.

Mr. **BRADLEY**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the end of the resolution, add the following new section:

SEC. 10. It is the sense of the Congress that concurrent resolutions on the budget should reflect the full range of fiscal activities of the Federal Government. It is further the sense of the Congress, therefore, that each concurrent resolution on the budget, beginning with the first concurrent resolution on the budget for fiscal year 1984, shall list, for each functional category, the tax expenditures and off-budget activities associated with that category, as well as the new budget authority, outlays, new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments associated with that category.

Mr. **BRADLEY**. Mr. President, the amendment I am now offering would contribute to the truth-in-budgeting goal often referred to during this debate. This amendment would require future budget resolutions to list for each functional category all off-budget activities and tax expenditures associated with that category. Right now, budget resolutions list, function by function, outlays, budget authority, and on-budget borrowing authority. My amendment would merely add off-budget activities and tax expenditures to this function-by-function listing. This would allow the Budget Committee, the Senate, the Congress, and, most importantly, the American people to see the total amount of money that is spent in each budget category.

Today, it is very difficult for anyone to see how much money is spent on defense, on energy, on social services, on housing, or any other spending activity. Why is it so difficult? Because 27 percent of the fiscal activity of the Federal Government is not included in the budget resolution we are debating here today. Over $300 billion dollars in tax expenditures and off-budget activities is not visible in the budget. Under my amendment these expenditures would be clearly identified.

Some examples illustrate the problem. Looking at the budget resolution we are debating today, we would think that in fiscal year 1983 the Federal Government will be spending $5 billion directly on energy with another $12.7 billion in on-budget loan obligations and guarantees. But spending on energy will actually be much higher. Beyond loans and loan guarantees, the Federal Government will be spending an additional $17 billion on energy. How? Through tax expenditures and off-budget activities. Tax expenditures for alcohol fuels, conservation, intercity buses, and more amount to over $8 billion. In addition, oil purchases for the strategic petroleum reserve will cost another $3 billion, disbursements on rural electrification, the Synthetic Fuels Corporation, alternative fuels projects, and other off-budget energy activities add up to another $6 billion. Outlays on energy in fiscal year 1983 will actually be 250 percent higher than is indicated by the outlay figure in the budget resolution. Now, I am a strong supporter of some of these energy programs.

I have argued over and over that money for the strategic petroleum reserve is the best investment in energy security this country can make. I strongly support the SPR. The vast majority of Senators have firmly supported the SPR in the past, and I am confident will support it in the future. The SPR is the kind of program that can stand on its own merits whether on or off budget. But there are other programs in energy and in other areas that might not fare so well if exposed to the careful scrutiny that would be allowed under my amendment.

Another example: Looking at the budget resolution we are debating today, we would think that in fiscal year 1983 the Federal Government will be spending $3.9 billion directly on housing and commerce with another $56 billion in on-budget loans and loan guarantees. But spending in this category will actually be much higher. How? Through tax expenditures and off-budget spending. Tax expenditures in the housing and commerce area will total $122 billion in fiscal year 1983, off-budget spending another $4 billion. So the total spending is 3,000 percent of the outlay figure shown in Senate Concurrent Resolution 92. Again, many of these housing programs and subsidies are valuable programs but we ought to know what we are spending, how we are spending it so we can judge whether it is too much, not enough, or whether it is the best way to meet those specific needs.

Now, Mr. President, let me state again that I am not arguing today that we eliminate any of these tax expenditures or off-budget programs. Under my amendment we would examine tax expenditures and off-budget no more carefully than on-budget programs—but no less. Today we pay mere lip service to these hidden programs. Because they do not appear in the budget resolution, we do not fully account for their effects on the economy. We do not have the full picture before us.

These programs, however, have the same economic effect as on-budget spending and on-budget loan guarantees. A dollar in off-budget spending has the same effect on capital markets as a dollar in on-budget spending: Deficits can result from both and those deficits push up interest rates. An off-budget guaranteed loan has the same effect as an on-budget guaranteed loan: Both give certain loan applicants preferred treatment and benefits.

Mr. President, the purpose of the annual budget review is to enable us in the Congress to make informed decisions about how public money is spent. Further, the budget process provides the mechanism whereby we in Congress are held accountable to the American people for the disposition of public funds. Some have suggested that we take certain programs off budget. This cannot help us make informed decisions; this cannot help us account for public funds to the American people. Instead, we should bring all Government spending into the budget decisionmaking process. This amendment is the first step in this process.

While this amendment only requires tax expenditures and off-budget activities to be listed, function by function, in the budget resolutions, there are logical next steps that we could consider that would move us toward a truly unified budget. Under a unified budget, the budget resolution, for example, might require a reduction in energy spending of $1 billion. The Energy Committee could either make the full $1 billion cut in programs under its jurisdiction or could negotiate with the Finance Committee for the elimination of some energy tax expenditures worth a fraction of the $1 billion. In this way, the Senate would be able to evaluate both tax expenditures and direct spending programs in the same context. The least effective $1 billion in energy programs—be they tax expenditures or direct spending programs—could be eliminated. I would hope to work with members of the Budget Committee to take the necessary steps toward a truly unified budget.

In the meantime, Mr. President, this amendment takes a necessary first step toward a unified budget, an honest budget. I urge my colleagues to support this amendment.

Mr. HEINZ. Mr. President, I am pleased to rise in support of Senator BRADLEY's amendment to improve the accounting for fiscal activities of the Federal Government by requiring that concurrent resolutions include specification of off-budget activities and tax expenditures. This amendment would lead to a more complete picture of the full range of Federal spending and Federal program activity—a picture which I am sure would improve our sense of overall spending priorities. In addition, this amendment would assure that if social security were separated from the unified Federal budget as I have proposed, there would be no danger that this change would reduce our capacity to assess the economic effects of Federal spending or consider total Federal spending priorities.

There have been many in the last few weeks who have totally misunderstood the proposal to separate social security from the unified Federal budget. These individuals seem to think this proposal is intended to shield social security from the weighing of priorities and from congressional and public scrutiny. This idea has been called a budget sleight-of-hand. I think this argument is ludicrous. As I said in this Chamber last week, and as the Wall Street Journal stated in an editorial comment Wednesday, hiding a program of social security's size and importance off-budget would be like tucking an elephant behind a telephone pole. We can write this program out of the budget process, but we will always know where it is and what it is doing. And I suspect those responsible for approving the budget will always know how to add social security back in to assess its effects on the economy. Senator BRADLEY's amendment will assure that we are prepared to do this.

I am sure there are those who must wonder—if we are so hot to get social security out of the unified budget—why are we so eager to add the program back in on the balance sheets? The answer is that our proposal to separate social security from the annual budget process is not an effort to disguise the social security deficit or improve the budget itself. It is merely an effort to separate decisions about the social security program from the yearly process of making adjustments in discretionary spending.

Mr. President, it seems to me sheer folly that we include a program with a long-term commitment to its participants in an annual budget process which can only look ahead 3 years at a time. Those who argue that social security is just like any other trust fund in the budget overlook the uniqueness of this program. In no other Federal program do we link the benefits paid to individuals 50 years from now directly to the tax contributions they make today. In no other Federal program do we assess the financial condition of the program based on a 75-year forecast of its costs. Social security is not a program which should be continually adjusted to correct the effects of its annual surpluses or deficits on the overall budget. Rather it is a program which should be set on a sound financial footing, and to the extent possible, left alone. To consider social security only in light of its cash flow in the next year or so is not only shortsighted, it can be damaging to the long-run integrity of the system.

Public confidence in the social security system is on the decline. The latest public opinion polls show that three-quarters of all young adults—those contributing to the program today—do not really believe they will ever receive benefits from the social security program when they retire. At least part of this recent loss of confidence is attributable to the growing realization that this program can be modified whenever Congress chooses.

We must today remind ourselves to view social security as an entitlement which an implicit contract between the Government and those who contribute to the system in anticipation of future benefits—for those who are receiving benefits, and those who will someday receive benefits, see it that way. In the last few years, public confidence has been shaken by the perception that the payment of social security benefits is now conditional upon the status of the overall Federal budget, and not solely upon the financial condition of the trust funds. Annual quick fixes in social security, made in the rush of reporting out a comprehensive Federal budget, undermine the sense that this is a social insurance program dependent on long-term commitments by workers and the Government.

As the chairman of the Senate Special Committee on Aging, I receive a lot of mail, as I am sure my colleagues do, complaining that social security funds are used to finance other Government programs. Many people mistakenly believe, because social security is part of the unified budget, that its funds may be used for any general purpose of Government. Of course, social security taxes are by statute restricted to financing the benefits of the social security program; but that is not evident either from the way we account for these funds, or from the way we criticize them in the budget process. For 2 weeks now, this body has set out for the media and the American public a distorted discussion of the uses of their social security tax contributions. Members of this Chamber have stated that we were planning to use changes in the social security program to allow us to increase defense spending or to preserve the third year of the tax cut. We have been told we were trying to balance the Federal budget on the backs of social security beneficiaries. I think the discussion of social security changes in the context of the unified budget and the use of reconciliation instructions to address the social security financing needs has needlessly confused the American public.

Mr. President, I think it is time to clarify the choices which face us in the annual budget process. I think it is time to elucidate the priorities we set and the program decisions we make—for our own sake and for the benefit of an informed American citizenry.

We must separate decisions about the financing of the long-range social security program from the year-by-year decisionmaking over the Federal budget. This does not mean that we should hide the social security financing problem, or take the pressure off the Congress to solve this problem. I think Senator BRADLEY's amendment would help to make sure that we do not hide the social security system when we separate it from the unified budget. But I think the time has come to clarify for the American public that social security is an independent and separate program which must survive on its own basis and not be continually adjusted to respond to budget pressures. Separating social security from the unified budget will not solve either the social security financing problem or the problem of budget deficits. If we adopt Senator BRADLEY's amendment, the Congress would be able to see the total on and off-budget deficit, and the total on and off-budget outlays, and moving social security around would make no difference in these figures. Separating social security out will, however, help to clarify the choices which we do face. The annual debate over social security in the context of the budget has obscured the real financing problem in social security. Worse yet, this wrangling has come close to wrecking the budget process itself, and undermining the chance for a bipartisan solution to solution security's financing woes.

Mr. President, I think it is time to make sense of the annual budget process and the way we account for Federal spending. I congratulate the Senator from New Jersey on his amendment, which I think would move us in this direction. It is a change which will help us look more objectively at the Federal budget. And I think it is a change which will allay some fears about my proposal to separate social security from the unified budget.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. This is a procedural matter involving more information that the Senator wants put in the budget. It is a sense of the Senate proposal, as I understand it. It does not modify the budget, and I have no objection and am willing to accept it.

Mr. BRADLEY. It is a sense of the Congress.

Mr. DOMENICI. Sense of the Congress. I understand.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey.

The amendment (UP No. 982) was agreed to.

UP AMENDMENT NO. 981

The PRESIDING OFFICER. The question is on the amendment of the Senator from South Carolina. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Oregon (Mr. HATFIELD), the Senator from Georgia (Mr. MATTINGLY) and the Senator from New Mexico (Mr. SCHMITT), are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD), would vote "nay."

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from Hawaii (Mr. MATSUNAGA) are necessarily absent.

I further announce that, if present and voting, the Senator from Kentucky (Mr. HUDDLESTON), would vote "yea".

The PRESIDING OFFICER. Are there Senators present who have not voted and care to vote?

The result was announced—yeas 44, nays 50, as follows:

[Roll Call Vote No. 137 Leg.]

YEAS—44

Baucus
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
DeConcini
Dixon
Dodd
Durenberger
Eagleton
Exon
Ford
Glenn
Hart
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Mathias
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stafford
Stennis
Tsongas
Weicker
Zorinsky

NAYS—50

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boren
Boschwitz
Brady
Byrd,
  Harry F., Jr.
Cochran
Cohen
D'Amato
Danforth
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heflin
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
McClure
Murkowski
Nickles
Packwood
Percy
Pressler
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NOT VOTING—6

Denton
Hatfield
Huddleston
Matsunaga
Mattingly
Schmitt

So Mr. HOLLINGS' amendment (UP No. 981) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1492

The PRESIDING OFFICER. The question recurs on the Sasser amendment.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, could we have order in the Senate?

The PRESIDING OFFICER. There will be order in the Senate.

UP AMENDMENT NO. 983

(Purpose: To restore annual cost-of-living adjustments to railroad retirees)

Mr. DOMENICI. Mr. President, I send to the desk an amendment to the Sasser amendment in the nature of a substitute, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 983.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, beginning with line 15, strike out through line 21 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000 minus $2,000,000.

Fiscal year 1983: $835,329,200,000 plus $28,000,000.

Fiscal year 1984: $897,031,700,000 minus $9,000,000.

Fiscal year 1985: $972,834,200,000 minus $44,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000 plus $81,000,000.

Fiscal year 1983: $783,629,200,000 plus $375,000,000.

Fiscal year 1984: $832,331,700,000 plus $365,000,000.

Fiscal year 1985: $889,434,200,000 plus $350,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000 plus $81,000,000.

Fiscal year 1983: $115,429,200,000 plus $375,000,000.

Fiscal year 1984: $91,331,700 plus $365,000,000.

Fiscal year 1985: $64,434,200,000 plus $350,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,129,200,000 plus $51,000,000.

Fiscal year 1984: $1,420,060,900,000 plus $92,000,000.

Fiscal year 1985: $1,533,295,100,000 plus $118,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,929,200,000 plus $51,000,000.

Fiscal year 1984: $127,931,700,000 plus $41,000,000.

Fiscal year 1985: $113,234,200,000 plus $26,000,000.

On page 16, beginning with line 1, strike out through line 4 on page 17 and insert the following:

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000, minus $2,000,000.

(B) Outlays, $251,500,000,000 plus $81,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000 000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,800,000,000 plus $28,000,000.

(B) Outlays, $272,600,000,000 plus $375,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000, minus $9,000,000.

(B) Outlays, $288,300,000,000 plus $365,000,000.

(A) New budget authority, $333,000,000,000, minus $44,000,000.

(B) Outlays, $309,600,000,000 plus $350,000,000.

On page 26, beginning with line 15, strike out through line 23 and insert the following:

(6) The Senate committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $102,000,000 and outlays by $133,000,000 in fiscal year 1983; to reduce budget authority by $136,000,000 and outlays by $301,000,000 in fiscal year 1984; to reduce budget authority by $120,000,000 and outlays by $420,000,000 in fiscal year 1985.

On page 28, beginning with line 13, strike out through line 21 and insert the following:

(11) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 407(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $514,000,000 and outlays by $707,000,000 in fiscal year 1983; to reduce budget authority by $741,000,000 and outlays by $906,000,000 in fiscal year 1984; and to reduce budget authority by $815,000,000 and outlays by $1,115,000,000 in fiscal year 1985.

Mr. DOMENICI. Mr. President, I yield myself 3 minutes off the resolution.

Mr. METZENBAUM. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. Who yields time for a parliamentary inquiry?

Mr. METZENBAUM. Will the Senator from South Carolina yield to the Senator from Ohio for a parliamentary inquiry?

Mr. DOMENICI. I would be pleased to yield.

The PRESIDING OFFICER. The Senator will state it.

Mr. METZENBAUM. Will the Senator be good enough, Mr. President, to advise what are the time limitations with respect to this amendment?

The PRESIDING OFFICER. Unless time is yielded off the resolution there is no time agreement.

Mr. METZENBAUM. I thank the Chair.

The PRESIDING OFFICER. On the substitute amendment.

Mr. METZENBAUM. I thank the Chair.

Mr. DOMENICI. I say to my friend, Senator SASSER, that I yielded myself 3 minutes.

This revises the Sasser amendment. It makes room for a 7.4-percent COLA in 1982 in the railroad retirement program. That is the same as the Sasser amendment. It provides room for 4 percent COLA's in 1983 and 1984, while Senator SASSER's amendment would give the full CPI. To the extent that the CPI and 4 percent are different or could be different, that is one difference in the amendment. It does what the distinguished Senator from Iowa wanted yesterday in his amendment, the windfall benefit amendment. It is the same provision for the windfall benefit as was in Senator SASSER's amendment for all 4 years 1982, 1983, 1984, and 1985.

By adopting the amendment, the Senate would maintain a consistent position in the outyears between railroad retirement COLA's and other COLA's in the budget resolution.

I hope the Senate will adopt this. I do not intend to debate it at length. I think if we have to, if we want to take some more time, some facts were not presented last night about the nature of these pensions and the nature of the add ons. The average pensions in the country under this railroad retirement fund were not considered yesterday.

This seems to me to be a fair compromise, and I hope it will be adopted by the Senate.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Mr. President, I yield myself 3 minutes on the resolution. I yield to the distinguished Senator from Ohio (Mr. METZENBAUM).

Mr. METZENBAUM. I thank the Senator from Tennessee.

What we have here is an effort to make half a loaf of bread as good as a whole loaf of bread. The Senate last night indicated in unequivocal terms its position that it believed that the railroad retirement system should indeed be treated differently because these are not the funds of the Federal Government. These are the funds of the employees who paid into the fund, and the employers themselves.

What is now being suggested is that part of the program the Senate indicated it favored last night when it tabled the Jepsen amendment is an effort to lock in a 4-percent COLA in 1984 and 1985.

I do not think this is any better than that which we had before us last evening. I feel the Senate position was made clear at that point. I am sorry we have to continue to bring this issue to the floor of the Senate, and I think that under the circumstances further debate is unnecessary.

Mr. DECONCINI. Mr. President, will the Senator yield 1 minute to me?

Mr. METZENBAUM. I withhold making any motion.

Mr. SASSER. Mr. President, how much time do I have left on the resolution, I mean the time I yielded myself?

The PRESIDING OFFICER. If the Senator is managing the time on the resolution, there are 2 hours and 58 minutes.

Mr. SASSER. I thank the Chair.

I yield 2 minutes to the Senator from Montana.

Mr. MELCHER. I thank the distinguished Senator from Tennessee.

Mr. DOMENICI. Mr. President, will the Senator from Montana yield? I want to apologize to him. I promised I would yield to him and I forgot. I am sorry.

Mr. MELCHER. I understand completely. The manager of this budget resolution has a great diversity of tasks to do all at one time.

I urge the Senate to restore the budget authority for paying the dual benefits to take care of the question of social security.

The justification for cutting any of those funds is not before us. These come out of the private funds and are not funded by the Federal Government. I think those people on railroad retirement and social security who paid into both systems ought to be entitled under the law, under all decency and fairness to draw their benefits and not have them cut.

I object vigorously to any whittling away of any retirement benefits. I believe we should stick entirely to the amendment offered by Senator SASSER and so many others, including myself, and refuse to water it down by the substitute that is now before us.

Mr. President, as a cosponsor of this amendment, I urge the Senate to restore the budget authority for paying the dual benefit to railroad retirees for fiscal year 1983 to $446 million, up from the Budget Committee request of $379 million, for a total increase of $61 million additional authorization.

The other main thrust of our amendment insures the cost-of-living increase for railroad retirees for fiscal year 1983 and fiscal year 1984 in their tier 1 and tier 2 benefits. To deny these increases, as the budget before us proposes, would not save $16 billion over the next 5 years for the Federal Treasury. The railroad retirement system is not funded by appropriations of the Federal Government. It is solely funded by contributions from the employers and employees. There is not the slightest justification for cutting these retirees' cost-of-living increases in the guise of reducing the Federal budget deficit.

I oppose reducing any retirees' benefits, whether from social security, civil service, military service, veterans' pensions, or railroad retirement.

Perhaps some could justify cuts in those benefits which are funded from the Federal Treasury. I do not agree. How we should cut railroad retirees' tier 1 and tier 2 benefits, when not a dime of it comes from Uncle Sam, is beyond me.

Persons who are entitled to both railroad retirement and social security, because they have earned credits under both systems at different times of their working life, had their incomes decreased last year, despite the efforts of many of us, by 15 percent of entitlements to dual benefits. Unless we support our amendment, they will suffer the same unfairness again. Any way one looks at it, this is a cut in income to persons who receive social security benefits, the President's promises notwithstanding.

I urge the adoption of the amendment by Senator **Sasser** and many others including myself.

I object to watering down retirement benefits to these folks. They have worked for it—they are entitled to it. It is our obligation in the Senate to meet these fair, honest, and promised retirement benefits in full.

The **PRESIDING OFFICER**. The Senator from Tennessee.

Mr. **SASSER**. Mr. President, I yield 2 minutes to the Senator from Arizona.

Mr. **DeCONCINI**. I thank the Senator and I thank my distinguished colleague from Tennessee. I thank him on behalf of the railroad retirees and also people who plan on retiring at some time under social security or veterans or any other retirement system.

The Senator from Tennessee has brought to the floor today exactly what this problem is all about. Are we going to have certain classes where social security recipients receive a 7.4 additional cost of living and others receive less? I just think it ought to be as clear as can be that we have an opportunity here to give the full cost of living, that is not appropriated funds, that is hard-earned money set aside by the railroad retirees, to be equal in the handling of these particular types of retirement.

I thank the Senator from Tennessee. I ask unanimous consent that I be made a cosponsor of his amendment.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **RIEGLE**. Mr. President, will the Senator from Tennessee yield to me?

Mr. **SASSER**. Mr. President, I yield 2 minutes to the distinguished Senator from Michigan.

Mr. **RIEGLE**. I thank the Senator for yielding.

Clearly the substitute that has been offered today is inadequate and falls short of what ought to be done. Last night the Senate expressed itself clearly on railroad retirement in tabling the Jepsen amendment. It was not a close vote. We were prepared to settle the issue. There was great stubbornness on the other side and an unwillingness to let the Senate vote. We had to put the issue over until this morning.

Now what we have here is an amendment that really does gut the protections and guarantees of the Railroad Retirement Act. This is what it does. There is no question about it, and that is the way it is going to be seen.

The only reason we even face this issue today and why we were unable to resolve it last night is because those on the other side were not willing to let the Senate proceed to a vote. I think it is critical that we stay with the full Sasser amendment and not have it whittled away in this fashion.

If we defeat this amendment those on the other side will be back with a different amendment, and they are going to keep chiseling the railroad retirees, just as they tried to with the social security recipients, until they finally find something with which they can browbeat people into supporting them.

This is a clear issue. It is clear cut, and I hope those who supported it last night, supported the tabling motion on the Jepsen amendment, will stand firm and not cave in to this pressure. We can pass the Sasser amendment and keep faith with the program responsibilities under railroad retirement and with the people across the country who, over the years, have put their money into this fund and who have a right to depend upon getting it back fully.

The **PRESIDING OFFICER**. Who yields time?

Mr. **SASSER**. Mr. President, I yield myself such time as might be necessary on the resolution.

I want to express my appreciation to Senator **Kassebaum** and Senator **Heinz** for the work they have done on this amendment, and the efforts that have been made here to reach a compromise solution with regard to a substitute amendment.

I must say, however, Mr. President, that these efforts to reach a compromise, in my judgment, failed to measure up. We are left with a substitute amendment which, in effect, freezes the COLA for railroad retirees at 4-percent for the fiscal years 1983 and 1984, and that is simply unacceptable to us at this time, particularly freezing the COLA's on a system which is supposed to be self-financing, and on a system in which the retirees themselves have paid in the funds in conjunction with their employers.

Mr. President, does anyone on my side or the other side wish to speak in opposition to the substitute?

If not, Mr. President, if it is in order at this time, I would move to table the Domenici amendment.

Mr. **DOMENICI**. Will the Senator withhold on that?

Mr. **SASSER**. I am happy to withhold.

Mr. **DOMENICI**. Might I just say to my good friend from Michigan, I am glad that my voice is going and I have a sore throat today, because I would have a lot to say about your "chiseling" statements. But I am going to leave it to the good judgment of the Senators and others to see who is a chiseler around here, you or me.

Let me talk about the railroad retirement fund, and the statement that we do not have any right to adjust it because it belongs to the railroaders, and that it is funded from the railroad employers and employees. That is the way it was supposed to be, I say to my good friend in the chair, who, 12 years ago, started work on this.

The fact of the matter is there is not enough money in the fund. And do you know who is going to pay the money? The Federal Government. The facts are that the retirement fund is $1 billion short under conservative estimates over the next 3 years with this automatic COLA that they are speaking about that they are entitled to. Now where would the money come from if we do not put the billion dollars in? We are right back to one of those situations where you are a chiseler if you tell the truth; and that is the truth.

Now the average pension—so everyone will know we are not talking again about the $2,000 social security benefit or $4,000 social security benefit or $6,000 social security benefit—the average is $11,500 we are speaking of here; $11,500 is the average pension. It will only go up automatically, if we do not do something under the Sasser amendment, it will only go up automatically to $15,124 a year, on average, without enough money around to pay for it. But we ought to leave that increase in there and just tell those wonderful railroad people that when the check comes due it is going to be there—a 7.4-percent increase, this amendment says.

OK, we give it to them. But that is based upon the Consumer Price Index a long time ago. That is not the role of inflation today. That is based on the Consumer Price Index from 18 months ago. We probably would have been fair to vote in inflation as of today. But it is, in fact, inflation as of 18 months ago, as figured by the Consumer Price Index.

If you can find something in the Railroad Retirement Act that says that when these railroaders and their bosses started paying into the fund that they were going to get a Consumer Price Index add-on every year, then I will withdraw my amendment. We have invented the automatic COLA in railroad retirement in the last few years just as we did for everything else. There is no contractual right for the increase, just as there is not a contractual right for any of the other pension COLA's. That includes retired Federal employees and all the others.

But this will say, "Do it anyway." And it will say the next year, 4 percent, and the next year, 4 percent. I hope when we reform social security to make it solvent, after having done this today, that we will have the courage to reform social security to make it solvent also, so it will be there when they need it for years to come and not just next year or the year after.

Now I am ready to vote on the tabling motion, if that is what they want. We are ready to vote.

Mr. **METZENBAUM**. Will the Senator yield for a question?

Mr. **DOMENICI**. If my answer does not have to be too long.

Mr. **METZENBAUM**. It will be very brief.

Is it not a fact that the COLA dollars with respect to this particular matter are paid entirely from the employer and employees fund and no Federal dollars are involved with respect to COLA?

Mr. **DOMENICI**. That is true.

Mr. **METZENBAUM**. I thank the Senator.

Mr. **DOMENICI**. But the fund will not receive enough dollars for the basic check the next year, that is the point I am making. If the fund comes up short, it does not matter who paid the COLA. That is it.

Mr. **METZENBAUM**. Is it not a fact that the basic dollars to which you just referred are also entirely employer-employee funds?

Mr. **DOMENICI**. Let me say what I said before. They are to this point. And there are not enough of them. There is no provision in the law to get more of them, so we are going to pay it out of the tax coffers. That is what I am talking about.

Mr. **METZENBAUM**. I thank the Senator.

Mr. **RIEGLE**. Mr. President, will the Senator from Tennessee yield 2 more minutes to the Senator from Michigan?

Mr. **SASSER**. Yes; I will yield 2 minutes to the Senator from Michigan.

Mr. **RIEGLE**. I would like to respond to what has been said here because I think it is both inaccurate and misleading. This is a chiseling amendment in every sense of the word. And if you do not see it, that is unfortunate.

More than that, what is happening here is a classic illustration of the double standard that is built all through this budget. Because, I would say to my friend, the chairman of the Budget Committee, you have taken money out of function after function after function to load up the other functions that you happen to feel strongly about.

I have said on the floor at least six times that, in the makeup of the budget document, $110 billion of increased spending for defense alone was built into the baseline deficits because it was the will of the majority in the Budget Committee to use a different budget assumption for the defense function. Now, in order to cover that kind of bloated overspending in defense and in other sacred cow areas in the budget, area after area is being raided and looted to come up with the money to cover the spending on the sacred cows.

That was the reason for the projected $40 billion cut in social security benefits which has now been set aside, for the cuts in medicare which are still in this budget, for the cuts in education, and now in this instance one attempt to cut down on the money that would otherwise go to the railroad retirees. It is a common pattern. They will be back here on every single one of these items to try to come up with the money for the sacred cows that have been protected in this budget. That is just the hard fact of the matter.

I would assume that the chairman would know that in last year's reconciliation bill we took action to put this retirement system for the railroaders on a sound base.

The **PRESIDING OFFICER**. The Senator's 2 minutes have expired.

Mr. **RIEGLE**. Will the Senator yield 1 additional minute to me?

Mr. **SASSER**. I yield 1 additional minute, then we need to move on with this.

The **PRESIDING OFFICER**. One additional minute.

Mr. **RIEGLE**. The fact of the matter is the railroad retirement fund today is on a sounder financial ground and is more solvent than the social security system. We made the adjustments in law that were required to assure financial solvency a year ago. Both railroad workers and management have contributed additional funds to assure solvency through the Economic Tax Recovery Act of last year.

And the chairman himself has admitted that the Government does not pay for these COLA's. It comes out of the private sector.

But you cannot continue to raid the trust fund accounts and take money out to finance other public sector activity—and that is what this budget is doing in terms of the bloated items in the budget. You can not keep faith with people across this country by that approach. That is why this double standard is so offensive and why we ought to keep our word and stay with the steps we took a year ago.

The **PRESIDING OFFICER**. The Senator's time has expired.

Mr. **DOMENICI** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from New Mexico.

Mr. **DOMENICI**. Mr. President, my distinguished leader is saying "Let's vote," but I want to recite one more fact. I just received the actuarial tables for the fund. So everybody will understand, if we do what the good Senator from Michigan has said we ought to do, then the fund will be $154 million short, $180 million short, $275 million short, and $375 million short, respectively, for the years 1982 through 1985.

Now I submit it will not be short, not because it was paid in by the railroaders or their companies, not because this is a trust fund like social security and you are not putting any general funds in it. You will pay for it. The taxpayers will pay for it. All we are trying to do is give the railroad retirees back what is in the fund equitably, honestly, and fairly, and no more.

I yield the floor.

Mr. **KENNEDY**. Mr. President, as a cosponsor of the Sasser amendment on railroad retirement I hope we have finally ended the Reagan administration's yearly effort to walk away from the promises previous Congresses have made to those who depend on the railroad retirement system.

And deny those retirees the benefit increases which they bargained for and paid for.

Congress has restructured the railroad retirement twice in the last 8 years in order to insure the financial integrity of the railroad retirement fund. In each case railroad retirees had to make adjustments in their expectations respecting their retirement benefits. In each case Congress promised to carry out the mandates embodied in those compromises.

In 1974, Congress eliminated the opportunity for future retirees to receive benefits under both the social security equivalent and railroad retirement accounts. At that time we promised to fully fund the phase out of windfall dual benefits through the year 2000.

Yet the administration proposed and the resolution adopts a 21-percent reduction in the dual benefit payment.

In addition, last year's compromise on railroad retirement specifically provided for full cost-of-living increases through the year 1990. It is important to realize that under the Railroad Retirement Act that cost-of-living increase is only one-third of the annual Consumer Price Index increase. Yet despite this hard won agreement last year the resolution proposed to freeze COLA in 1982, and hold them to 4 percent in 1983 and 1984.

Railroad retirement is not a Government funded program. With the exception of the payment for the phaseout of dual benefits, which we promised to fully fund back in 1974, every other dollar in benefits has been paid in by railroad employees and their employers.

I hope that the vote on the Sasser amendment insures that the tampering with the system will stop and that railroad retirees can be secure in the knowledge that railroad retirement will no longer be a political football in our annual budget exercise.

FULL FUNDING FOR RAILROAD RETIREMENT

Mr. HATCH. Mr. President, I support this amendment to full fund railroad retirement COLA's and the dual windfall benefits.

This amendment protects the accumulated savings of workers' retirement moneys earned over many years. One million railroad retirees are dependent on these benefits. 9,500 of these retirees reside in the State of Utah.

On equity grounds, too, it would be wrong, Mr. President, to freeze railroad retirement benefits. Because the social security system and tier I of the railroad retirement benefits are so closely linked in purpose and structure, it would be unfair to treat COLA's for the two systems differently.

From an administrative point of view, the amendment is also desirable. It would be practically impossible to implement a COLA freeze by July of 1982. Therefore, to accomplish the savings assumed in the resolution it would be necessary to cut actual benefits rather than freeze the COLA. Otherwise, railroad retirement savings assumed in the resolution could not be achieved.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. Mr. President, this matter has been fully decided last evening. The substitute amendment has been discussed this morning. I do not want to run the risk of the distinguished chairman of the Budget Committee losing his voice this morning. He says he does have some throat problems. So in view of that, I move to table the Domenici substitute amendment.

Mr. METZENBAUM. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), and the Senator from New Mexico (Mr. SCHMITT), are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD), would vote "nay."

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON), is necessarily absent.

The PRESIDING OFFICER (the Vice President). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 53, nays 44, as follows:

[Rollcall Vote No. 138 Leg.]

YEAS—53

Andrews
Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Durenberger
Eagleton
Exon
Ford
Glenn
Hart
Hawkins
Heflin
Heinz
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pressler
Proxmire
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Specter
Stennis
Tsongas
Weicker
Zorinsky

NAYS—44

Abdnor
Armstrong
Baker
Boschwitz
Brady
Byrd,
  Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Quayle
Rudman
Simpson
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NOT VOTING—3

Hatfield
Huddleston
Schmitt

So the motion to lay on the table Mr. DOMENICI's amendent (UP No. 983) was agreed to.

The VICE PRESIDENT. The majority leader is recognized.

Mr. BAKER. Mr. President, what is the question before the Senate?

The VICE PRESIDENT. The question before the Senate is the amendment of the Senator from Tennessee (Mr. SASSER).

Mr. BAKER. Mr. President, have the yeas and nays been ordered?

The VICE PRESIDENT. They have been ordered.

Mr. BAKER. And the time has expired?

The VICE PRESIDENT. The Senator is correct.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD) and the Senator from New Mexico (Mr. SCHMITT) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay".

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON) is necessarily absent.

I further announce that, if present and voting, the Senator from Kentucky (Mr. HUDDLESTON), would vote "yea".

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 57, nays 40, as follows:

[Rollcall Vote No. 139 Leg.]

YEAS—57

Andrews
Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
D'Amato
DeConcini
Dixon
Dodd
Durenberger
Eagleton
Exon
Ford
Glenn
Hart
Hatch
Hawkins
Heflin
Heinz
Hollings
Inouye
Jackson
Johnston
Kassebaum
Kennedy
Leahy
Levin
Long
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Specter
Stafford
Tsongas
Weicker
Zorinsky

NAYS—40

Abdnor
Armstrong
Baker
Boschwitz
Brady
Byrd,
  Harry F., Jr.
Chafee
Cochran
Cohen
Danforth
Denton
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hayakawa
Helms
Humphrey
Jepsen
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Quayle
Rudman
Simpson
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NOT VOTING—3

Hatfield
Huddleston
Schmitt

So Mr. SASSER's amendment (No. 1492) was agreed to.

Mr. SASSER. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SARBANES. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Madam President, I understand pursuant to our agreement that the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) has an amendment he is going to offer now, and I think it already has a time agreement on it.

What is the time agreement on it?

The PRESIDING OFFICER. The Senator from West Virginia has 30 minutes on his amendment.

Mr. HOLLINGS. That is 30 minutes equally divided I think.

Mr. ROBERT C. BYRD. Madam President, is the Senator willing to yield me time off the resolution?

Mr. HOLLINGS. Yes.

Mr. ROBERT C. BYRD. Madam President, I will shortly send to the desk an amendment for the purpose of adding sufficient funds to the budget resolution in the income security function to enable the operation of the Federal supplemental unemployment compensation program.

This will involve adding $337 million in both budget authority and outlays to function 600 for the current fiscal year, $627 million in both budget authority and outlays for fiscal year 1983, and $111 million in both authority and outlays for fiscal year 1984.

Madam President, earlier this week I introduced a bill to create such a program of supplemental unemployment compensation, and that bill was joined by 21 original cosponsors. I did so in the belief, and it is a belief that I am confident is shared by the other cosponsors, that we are currently in a crisis in this country. We find ourselves today in the grip of a most severe and damaging recession that we have experienced since the Great Depression and virtually every day the economic news is more depressing than the day before.

Despite consistently rosy pronouncements that we are bottoming out or that we are now rising from the trough, the business failures mount and industrial output continues to decline, but the single most distressing impact of the recession has been and it continues to be on working men and women and their families.

A little over a week ago, headlines in papers across the Nation announced the tragic news. The Washington Post headline read "Unemployment Worst Since Great Depression." The New York Times headline read "Jobless Rate Rises to 9.4 Percent, A Record in Postwar Years."

The details contained in the stories beneath those headlines were equally shocking. Over 10,300,000 people were jobless in April, an increase of 450,000 over the previous month; 5.8 million men and women were forced to work less than full time in April because they could not find full-time jobs.

Not counted in the previous two categories were more than 1.3 million people who have been unable to find work for so long that they have ceased looking for work.

The April seasonally adjusted unemployment rate was 9.4 percent, the highest since the Department of Labor began keeping monthly records just after World War II and higher than any annual unemployment rate before that time since 1941.

This was the national picture. But for many Americans and for many specific sections of the Nation, the picture was even bleaker. The unemployment rate in the construction industry was 19.4 percent. The unemployment rate among agricultural workers was 14.6 percent. In the State of West Virginia the unemployment rate was 11.3 percent. In Michigan 15 percent of the work force was unemployed.

Some cities and towns reported unemployment rates well over 20 percent. These unemployment statistics only scratched the surface of the personal tragedy that those statistics represent. When a person loses his or her job, unemployment insurance usually is available to help cushion the fall for a while, in most States for a maximum of 26 weeks.

Experience has shown that this is sufficient, on the average, to provide help during the time it takes those who have lost their jobs to find other work. During periods of relatively brief and shallow recessions, when 26 weeks of assistance often is not sufficient, the extended benefits program provides an additional buffer of a maximum of 13 weeks of additional benefits in most States.

These two programs are not designed to provide sufficient aid during severe and lengthy periods of recession. Unquestionably these two programs combined fall far short of meeting the needs during what appears to be the most severe recession that this Nation has experienced in the past 40 years.

It only takes a maximum of 39 weeks to exhaust the benefits available under both the regular and the extended benefits program. Yet, many of the workers who have been laid off cannot find a new job during that period.

When that happens, the usual course is predictable. First, the families exhaust all of their savings. Then when they have exhausted all of their savings, they are forced to make some very brutal choices between buying food or meeting mortgage or rent payments in order to avoid foreclosures or evictions.

It becomes necessary to sell personal possessions at a tremendous loss just to provide a temporary trickle of additional income, just to hold on a little bit longer.

Families forgo every expense that is not absolutely essential, including needed medical care.

If the recession persists and they still cannot find work, they finally experience true destitution. They lose their homes, they lose their automobiles, they lose many of their possessions, and, in some cases, they lose their physical and mental health. They lose their self-sufficiency. They lose their hope, they lose their pride.

We in the U.S. Senate have an obligation to do everything in our power to return our economy to stability and to put our people back to work. But, in the meantime, we cannot and we must not sit by and allow millions of Americans to exhaust all currently available unemployment compensation when there is no realistic possibility that most of them can find jobs.

During each of the past two most serious recessions—and I think this is important—Congress has established an additional tier, a third tier, of unemployment benefits for those who have exhausted both regular and extended benefits.

In 1971 such a supplemental benefits program was established when there were 5.1 million unemployed persons, and the unemployment rate was 5.5 percent.

Well, today we have twice that number of unemployed persons. We have 10.3 million unemployed persons, more than twice the number of unemployed persons as there were in 1971.

In 1971 the unemployment rate was 5.5 percent. Today the unemployment rate is almost double. It is 9.4 percent as of last month.

In 1974, during the next significant economic downturn, Congress again established a supplemental program when the unemployment rate reached 7.2 percent, and 6.6 million persons were out of work. I reiterate that in the current recession the unemployment rate is 9.4 percent; in other words, 2.2 percent higher than it was in the 1974 recession. Today we have 10.3 million Americans out of work, which means almost 4 million—lacking 300,000 persons—almost 4 million additional persons out of work over and above the number in 1974.

In those two recessions supplemental benefits programs were established. Madam President, according to any objective criterion, the recession today is far more severe than was either of these previous recessions. Nearly 4 million more people are out of work today than at the time the last supplemental benefits program was set in place in 1974. That is a difference, a big difference, a large increase of 60 percent.

It is for this reason, and because I believe it is urgent to provide some cushion for those whose lives are being wrecked for reasons beyond their control, that I have introduced legislation earlier this week to provide a third tier of unemployment assistance in States with high unemployment.

The Federal Emergency Unemployment Compensation Act of 1982 will be available to any State participating in the extended benefit program. Individuals will be eligible for its benefits if they meet all extended benefits criteria but have exhausted those benefits. I am profoundly hopeful that we have experienced the worst of the current recession, and I hope recovery will be evident soon, although, frankly, I do not believe that that will be the case.

Because the recession's conclusion cannot be seen clearly, the bill I have introduced earlier this week provides simply that the program will terminate when the national unemployment rate drops to or below 8 percent, but allows States with exceptionally high unemployment to continue in the program for a maximum of 6 more months.

The Congressional Budget Office projects that the program, if put into place on June 1 of this year, would cost $337 million this fiscal year, $627 million in fiscal year 1983, and $111 million in fiscal year 1984.

The budget resolution was not assembled with the assumption of such an expenditure. Therefore, the amendment I am offering will add these sums in both budget authority and outlays to the appropriate function in the resolution.

During this period when reducing the deficit is such a difficult task, proposing any program that will add to current Federal expenditures can only be done with serious concern. But our current budgetary dilemma not only does not remove the Government's responsibilities and its obligations to the people of the United States; in fact, in some crucial respects those obligations and responsibilities are heightened by the very recession that has been such a major contributor to our budgetary imbalance.

I say with absolute conviction that the supplemental benefits program my legislation proposes addresses one of these vital and fundamental responsibilities. If we provide the necessary funding latitude in this resolution, and if we enact the supplemental benefits program that I and 21 other Senators cosponsored and submitted earlier this week, we will be giving critical and immediate assistance to unemployed workers whose benefits have or soon will have expired in at least 31 States.

Madam President, these victims of the recession are not principally Democrats, they are not principally Republicans. They are—all of them—American workers on whom this Nation has depended before and must again depend when this destructive recession is ended.

I am hopeful that Senators from both sides of the aisles will recognize this problem and respond to it and will join together in this effort and speed supplemental assistance to those whose well-being depends on receiving it soon.

I urge my colleagues on both sides of the aisle to support this amendment. We cannot fail to provide the badly needed help to the American workers whose well-being is on the line today.

UP AMENDMENT 984

Mr. **ROBERT C. BYRD.** Madam President, I send to the desk my amendment and ask that it be stated by the clerk. I am pleased to be joined in introducing this amendment today by 20 cosponsors, whose names I will read before the clerk states the resolution: Messrs. SARBANES, RANDOLPH, SASSER, PELL, MOYNIHAN, METZENBAUM, MELCHER, MATSUNAGA, LEVIN, KENNEDY, JACKSON, HUDDLESTON, HEFLIN, HART, FORD, DIXON, CRANSTON, CANNON, BIDEN, and RIEGLE.

The **PRESIDING OFFICER.** The clerk will report.

The bill clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) for himself, Mr. RIEGLE, Mr. BIDEN, Mr. CANNON, Mr. CRANSTON, Mr. DIXON, Mr. FORD, Mr. HART, Mr. HEFLIN, Mr. HUDDLESTON, Mr. JACKSON, Mr. KENNEDY, Mr. LEVIN, Mr. MATSUNAGA, Mr. MELCHER, Mr. METZENBAUM, Mr. MOYNIHAN, Mr. PELL, Mr. RANDOLPH, Mr. SARBANES, and Mr. SASSER, proposes an unprinted amendment numbered 984.

Mr. **ROBERT C. BYRD.** Madam President, I ask unanimous consent, having already explained the amendment, that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 2, beginning with line 15, strike out through line on page 3 and insert the following:

(2) The appropriate levels of total budget authority are as follows:

Fiscal year 1982: $777,600,000,000 plus $337,000,000.

Fiscal year 1983: $835,329,200,000 plus $627,000,000.

Fiscal year 1984: $897,031,700,000 plus $111,000,000.

Fiscal year 1985: $972,734,200,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,800,000,000 plus $337,000,000.

Fiscal year 1983: $784,029,200,000 plus $627,000,000.

Fiscal year 1984: $832,831,700,000 plus $111,000,000.

Fiscal year 1985: $890,134,200,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,800,000,000 plus $337,000,000.

Fiscal year 1983: $115,829,200,000 plus $627,000,000.

Fiscal year 1984: $91,831,700,000 plus $111,000,000.

Fiscal year 1985: $65,134,200,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000 plus $337,000,000.

Fiscal year 1983: $1,292,229,200,000 plus $964,000,000.

Fiscal year 1984: $1,420,160,900,000 plus $1,075,000,000.

Fiscal year 1985: $1,533,395,100,000.

On page 16, line 2 strike all down to and including page 16, line 25 and insert the following:

Fiscal year 1982:

(A) New budget authority, $255,800,000,000 plus $337,000,000;

(B) Outlays, $251,600,000,000 plus $337,000,000;

(C) New direct loan obligations, $2,800,000,000;

(D) New primary loan guarantee commitments, $17,000,000,000;

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,800,000,000 plus $627,000,000;

(B) Outlays, $273,000,000,000 plus $627,000,000;

(C) New direct loan obligations, $2,000,000,000;

(D) New primary loan guarantee commitments, $18,700,000,000;

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000 plus $111,000,000;

(B) Outlays, $288,800,000,000 plus $111,000,000.

Mr. **ROBERT C. BYRD.** Madam President, I yield first to Mr. RIEGLE and then to Mr. KENNEDY.

Mr. **RIEGLE.** I thank the Senator for yielding and I congratulate him on his initiative.

I want to speak directly to the substance of this amendment. I think the adoption of the Byrd amendment, which I and others are cosponsoring, to extend the suppplemental benefits unemployment insurance, in the fashion that has been described, is critical to the hundreds of thousands of our Nation's workers who have already exhausted their benefits or soon will exhaust them.

The amendment would provide funds for an urgently needed supplemental benefits program. The Federal Government has traditionally responded in the past to ease the burden of our unemployed workforce in times of deep recession with programs like the one that is being offered here. And that has happended under both Republican and Democratic administrations in the past. The Federal Government instituted a Federal supplemental benefits program in each of the last two most serious recessions—in 1971 and again in 1974. But I might say that today's recession has taken a far more devastating toll on our Nation's workers than either of the last two recessions that I just mentioned.

The Congressional Budget Office estimates that this supplemental unemployment benefits program would cost $337 million in the final two quarters of fiscal 1982 if it were to begin immediately, $627 million during fiscal year 1983 and $111 million in fiscal year 1984.

The FSB program is urgently needed now. This recession is far worse than the last 2 most serious national recessions in which this same type program was instituted. Today the national unemployment rate stands at 9.2 percent, which is a full 2 percentage points higher than the 1974 rate of 7.2 percent when the program was last instituted, and nearly 4 percentage points higher than the 1971 unemployment rate of 5.5 percent when a similar program was instituted.

Today there are over 9,957,000 unemployed workers who have been counted by the Department of Labor, which represents an increase of 4.5 million unemployed persons over the 1974 numbers when this program was last instituted. And I might say these figures do not take into account over 1 million additional unemployed persons who have become so discouraged that they have dropped out of the labor force altogether.

The current recession has reached a stage where thousands of workers are exhausting their unemployment benefits. So without this program thousands of unemployed workers will be expected to weather the duration of the recession without either the prospects of being rehired, because there are no jobs, and without further financial resources. Thousands of our unemployed work force are now being forced onto our State welfare systems which may or may not have the resources available to cover these workers who have exhausted their benefits.

Since January of 1980, the State of Michigan unemployment rate has averaged 16.4 percent, with the current Michigan unemployment rate standing at 15.5 percent, with 654,000 Michigan residents unemployed at this time. In January and February of this year, 33,500 Michigan workers exhausted their regular unemployment benefits and—get this—147,100, nearly 150,000, had already exhausted their extended benefits. And this is the classification of workers who have been unemployed now for a long period of time, to which this amendment is directed.

I might say there has been an enormous increase in the demand for welfare and social services in our State at a time when the revenues are decreasing—largely as a result of the severe Michigan unemployment problem.

For example, in February of this year, there were 2,257 new families who joined the AFDC rolls in Michigan. Of these, all but 24 were families with parents who had lost their jobs. The State of Michigan simply does not have the resources to handle the tremendous burdens being placed upon its unemployment insurance and social service systems by the magnitude and the duration of this kind of massive recession.

A new Federal supplemental benefits program could provide for up to 13 additional weeks of unemployment compensation benefits for individuals who have exhausted all standard and regular extended benefits, and only for so long as they meet all qualifications for the regular extended benefit programs.

So there is a critical need to provide adequate budgetary authority for such a supplemental benefits program. I salute the Senator from West Virginia for taking the lead on this issue. I hope the Senate will take this step, because this is a pressing matter and fully justified, in my view.

Mr. ROBERT C. BYRD. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 10 minutes remaining.

Mr. ROBERT C. BYRD. I thank the Chair. I yield 5 minutes to Mr. Kennedy.

Mr. KENNEDY. Madam President, I too, want to join my colleagues in expressing appreciation for the leadership that the Senator from West Virginia, Senator BYRD, has provided in bringing this matter of enormous importance to unemployed men and woman of this country to the Senate this afternoon.

Madam President, over the period of these last few weeks, the President of the United States has commented on the state of our economy.

Generally, when he comments on it, he expresses hope that his economic program is going to be successful in the future and then usually he gives us some good news. He talks about the rate of inflation having been reduced very dramatically. But the other side of that coin, which I do not think has adequately addressed by the President and by this administration, is what that economic policy has cost in human terms. Three million men and women have lost their jobs since the Reagan policy was signed into law. Of course, if you are going to throw millions of Americans out of work, you are going to bring inflation down because Americans will not be able to purchase the goods and services they would have if they were working.

That is the real story, Madam President. The enormous growth in unemployment is a clear result of the economic policies of this administration.

The Senator from West Virginia, myself, and our other colleagues, believe that we must have an economic policy that is fair and equitable. We are not going to put the whole burden on those men and women who have joined the unemployment lines.

Today we are talking about helping men and women who have worked, who have skills, who have talent, who have shown over the period of their lifetime that they are prepared to work, but there are no jobs for them. These are working men and women who have lost their jobs. These are men and women who go door to door, plant to plant, factory to factory, day in and day out and still cannot find work. Not only have they lost their jobs, they have also lost their medical benefits. With the exception of one or two unions—such as the UAW, who continue the health insurance for their unemployed members, these workers usually have 30 or 60 days of medical benefits and then they are off.

Think of the fear and anxiety in those families. If a child, a husband, or a wife gets sick, they know they are not covered.

Madam President, the program we are considering today would address that need. It is a very targeted program, as has been pointed out by the Senator from Michigan. This concept has been built into our national policy going back to President Eisenhower and the recession of 1958, when they adopted a temporary program on unemployment insurance.

In 1960, President Kennedy proposed an unemployment insurance program to meet the particular needs of that time, when unemployment was 7.1 percent.

President Nixon in 1970 made it a permanent program.

President Ford in 1975, when we had an unemployment rate of 9 percent, extended benefits for an additional 26 weeks. In effect, we had a total of 65 weeks. This policy continued with the recommendations of President Carter in 1980.

Madam President, I think it is important for this body to know that this particular amendment adds back just $1.2 billion of the amount cut last year in reconciliation. In reconciliation, this body reduced unemployment insurance by $5.6 billion.

This amendment is a very modest amendment. It is a targeted amendment. It will remain in effect only as long as we have a national unemployment level in excess of 8 percent. It will only go to those States which are paying extended benefits because of their high unemployment.

The cost figure of $1.2 billion is really just a partial restoration of the $5.6 billion cut last year.

I think, Madam President, there is a serious need for this kind of commitment to the unemployed working men and women of this country.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KENNEDY. Can I have 2 minutes on the bill?

Mr. ROBERT C. BYRD. I yield 2 additional minutes.

Mr. KENNEDY. This chart reflects the skyrocketing unemployment rate, Madam President, and there is nothing which has been stated during this debate or discussion with regard to economic policy that is going to give any assurance whatsoever to unemployed people that that rate is going to come down. The fact is, there are 40,000 beneficiaries who are losing their unemployment insurance every single month, and that number is going to grow.

If we are going to deny, which this body did the other day, a jobs program to put people to work and try and meet the critical infrastructure needs of our communities, our cities, and our Nation; if we are going to deny people jobs—if we are not prepared to take that step—the least that we can do is to help individuals meet their responsibilities to their families and to their loved ones by extending this program for a temporary period of time.

Madam President, I ask that the complete text of my remarks be included in the RECORD.

Madam President, I want to lend my support for the amendment offered by the Senator from West Virginia.

We are faced today with the highest unemployment since the Great Depression. Last month alone 450,000 Americans joined the ranks of the unemployed. Over 10 million men and women across this country cannot find work.

What we have is a good news, bad news story. The President takes pleasure in telling the American people the good news—inflation is down.

But he never gets around to telling them the bad news—his economic program has lowered inflation by throwing 3 million Americans out of work. Instead, he blames the bad news on the "ghosts of Presidents past."

I think it is time we take a look at the record of previous Presidents. After all, we are in the throes of the sixth recession to hit the country in the last 25 years.

In 1958, when President Eisenhower was in office, unemployment reached 7.5 percent. In that year the Temporary Unemployment Compensation Act was adopted to provide additional benefits to the unemployed.

When President Kennedy came to office he responded to the recession underway and a 7.1 percent unemployment rate not just with a tax cut, which this administration likes to point to, but also with a program to extend unemployment benefits by 13 weeks.

In 1969, the Nixon administration recognized the need for a permanent extended benefits program that would go into effect with a national trigger to respond to any future recessions. Their Federal-State extended benefits program was passed in 1970.

When unemployment reached 9 percent in 1975—an all-time previous high—President Ford supported Federal funding for an additional 26 weeks of unemployment benefits, giving unemployed workers coverage for 65 weeks. And even more recently, the Carter administration sent Congress a 13-week Federal supplemental benefits program in response to the 1980 recession.

Now let us look at the record of this President and this administration. Their response to rising unemployment is not to increase unemployment benefits but to cut them.

The President's budget adopted last summer cut $5.6 billion in benefits for the unemployed in fiscal 1982 and 1983. Over 4 million workers stand to lose benefits as a result of these cutbacks.

Today, only 40 percent of the 10.3 million unemployed are collecting unemployment benefits. In 1975, when unemployment reached a then record 9 percent, 66 percent of the unemployed were covered by unemployment insurance. Clearly the social safety net is no longer available for millions of unemployed workers.

Even those covered by unemployment insurance can only look forward to limited protection; 300,000 workers have already exhausted the first 26 weeks of benefits. Those collecting an additional 13 weeks of extended benefits are exhausting at the rate of 40,000 a month. Over 120,000 workers since March have exhausted the 39-week program.

As unemployment continues to escalate, the problem will only get worse.

Yesterday this body resoundingly rejected the modest proposal Senator METZENBAUM and I offered to create jobs for the unemployed who have exhausted their unemployment benefits. If we are not willing to provide jobs for these workers, at the very least we must be willing to offer them an additional 13 weeks of unemployment benefits.

Let us be clear: These benefits are not a substitute for a job. But men and women who cannot find work still have to feed their families.

The program we are proposing would only be in effect if unemployment stays above 8 percent. We all hope the administration's economic forecast comes true. But if things do not get better, we must have a program in place to protect the unemployed until jobs open up and they can go back to work.

I urge my colleagues to support the Byrd amendment.

Madam President, I ask unanimous consent that two newspaper articles, one entitled "Majority From Ford's Mahwah Plant Still Jobless," and the second entitled "Mister, 'Your Benefits Are Exhausted'—The Motown, Mowed-Down, Without-a-Job And Feelin' Mighty Low-Down Blues," be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Apr. 25, 1982]

MAJORITY FROM FORD'S MAHWAH PLANT STILL JOBLESS

For the first time in 34 years, Eugene Pfeiffer cannot find a job.

"I've been working since I was 12," he said. "It gives a man a very disgusted feeling to know that he's really out there looking, and it's just closed doors no matter where you go."

Mr. Pfeiffer is one of 3,359 auto workers who lost their jobs when the Ford Motor Company closed its assembly plant in Mahwah, N.J., nearly two years ago. At first, he had been optimistic about his prospects because "I had the ability to do many jobs." For several years he had supplemented his income from Ford, first by working as an electrician at a generator plant and later as maintenance superintendent at a local college. At Mahwah, he was a utility man, filling in for eight other men on the assembly line.

Mr. Pfeiffer, who is 46 years old, has since sought jobs as an electrician, a machine operator and a warehouse worker, searching everywhere within driving distance of the town house in Middletown, N.Y., where he lives with his wife and two children. "I must have put in 16,000 miles just traveling," he said.

MANY REMAIN UNEMPLOYED

He turned down one job offer from a company that makes components for television sets because the pay was too low. He said that "between the mortgage and the gas and electric bills" he could not accept a job paying $3 to $5 an hour.

He is one of hundreds of displaced Mahwah workers struggling to cope with the emotional and financial strains of prolonged unemployment. A survey conducted by Cornell University late last fall indicates that large numbers of the Mahwah Ford plant workers remain jobless: 55.8 percent of those who responded said they were unemployed. The 2,206 workers who were sent questionnaires did not include those who had retired or who were not looking for work.

Finding work in a period of recession and in a region of decline in manufacturing has been particularly difficult for the majority of auto workers, who are relatively unskilled but who were earning nearly $20,000 a year, plus benefits. The minority with skills to fall back on are finding it little easier.

"We have people who are glass-setters, electricians and fork-lift operators," said Bernard Jackson, former vice president of Local 906 of the United Auto Workers, to which the Mahwah workers belonged. "But there isn't anyone to employ them. Even our skilled maintenance workers can't find jobs."

SEMINARS HELD FOR WORKERS

In 1978, Ford and General Motors each had two assembly plants in New Jersey, employing 15,589 workers. After Ford's Mahwah plant closed, the number of workers at the remaining plants totaled 11,441. In January, Ford laid off 1,450 blue-collar workers at its Edison plant, including several hundred who had been transferred from Mahwah. Nationwide, almost 250,000 auto workers have been laid off.

At the union local's headquarters in Mahwah, Cornell's New York State School of Industrial and Labor Relations is holding seminars for the workers as part of a study on the effectiveness of job counseling. The seminars are sponsored by the New York State Department of Labor, and only New York residents may take part.

Jacob J. Kaufman, the head of the project, said its aim was to provide advice on how to find a job and to encourage workers to seek alternatives. Traditionally, he said, blue-collar workers are "highly immobile in terms of their attitude toward the labor market."

"We're trying to broaden the way they think about the opportunities," he said.

CLOSING SHATTERED HIS PLANS

The closing of a plant is a trauma for employees who have worked there for 15 or 20 years and had bought homes, raised children and built their lives around the expectation of lifetime employment. Mr. Pfeiffer had worked at Mahwah for 25 years, starting when it first opened in 1955, and had expected to complete 30 years and retire with a pension.

"My dream went right down the sewer," he said, when the huge assembly plant on Route 17, just south of the New York border, was closed on June 20, 1980, as part of a cost-cutting measure in the face of declining car sales. Ford said the plant would not be reopened.

Many of the laid-off workers have found that their age is against them. In December, Ben Szachiewicz, 55, completed a computer repair course paid for with Federal job-training funds. He said employers were looking for people "who would be with then 5, 10, 15 years down the road." Although he is eligible for a pension, it will not be enough to cover his expenses. "The job I do get, if I get it, won't pay as much," he said. "I'll have to keep working until I die."

So far, Mr. Pfeiffer, who had earned $430 a week with Ford, has been able to manage financially. He is one of the few former Mahwah workers who still receive supplemental unemployment benefits from Ford, and his wife's salary from the local power company helps tide the family over. But he has had to give up his health insurance policy, and his wife, Suzanne, wonders what will happen when the benefits run out in September. "We can't live on what I make," she said.

Mr. Pfeiffer used to visit three or four companies a week, but now he spends most of his time at home. He has found himself becoming increasingly irritable toward his family. "When you're working, you have more respect from the family," he said. "All of a sudden I feel like a piece of furniture around the house. I feel like less than a man, less than a father."

MISTER, "YOUR BENEFITS ARE EXHAUSTED"—THE MOTOWN, MOWED-DOWN, WITHOUT-A-JOB AND FEELIN' MIGHTY LOW-DOWN BLUES

(By Bill Brauker)

WESTLAND, Mich.—Three years ago, I stood in the office of Speaker of the House Tip O'Neill with my boss, a newly elected Michigan Congressman.

Two years ago, as a candidate for the Michigan House of Representatives, I stood in a union hall speaking to a group of United Automobile Worker retirees about our economic problems. I also rode through the Michigan countryside with a United States Senator, a police escort speeding us through intersections.

One year ago, I stood in my office as the editor of a suburban Detroit newspaper.

Until Thursday, I stood in line at America's most famous unemployment office, in Dearborn, Mich. When the television networks show film clips of the unemployed, I usually see the familiar interior of that unemployment office.

Working as the press secretary to a Congressman, and as a candidate and a newspaper editor, one gets the opportunity to observe public issues and comment on them. In the past, I have spoken and written of the tragedy of rising unemployment. Then I felt it.

I felt it in the morning when I woke up from a restless night of tossing and turning, with thoughts of the future that couldn't be purged from the brain.

I felt it when I picked up The Detroit Free Press and saw only a column and a half of help-wanted ads, none of them relating to my experience.

I felt it when I went to a job interview and found out that there were more than 200 applicants for the one position open. Even if you end up in the top 10, which I did, it still hurts.

I was not alone in my feelings. There are millions of others who search and search for work. They are the ones who still have hope. They believe that sooner or later things will get better and that once again they will become productive.

There are also those who have given up hope, those who have stood in the unemployment line for the last time. They are told: "Your benefits are exhausted." A very appropriate way of putting it.

The statistics that come out each month are false. Unemployment in Michigan is put at 17 percent. The unemployment is really higher than that. The figures do not register those people who have exhausted their benefits, and those who never worked long enough to be eligible for them, and those who worked in jobs not covered by benefits.

The figures don't tell the human side of it. They can't show the emotional side of being out of work, the family fights, the insecurity, the drinking. Normal people start acting in abnormal ways because their lives have changed and they are helpless to do anything about it.

One thing that the leaders of the nation have to begin thinking seriously about is the long-term effect of this period of unemployment on our way of life.

Will more of us who still have hope, break ranks and join forces with those whose benefits are exhausted?

I am not just talking about paychecks and taxes and the national budget. I am talking about spirit. The spirit of America. Traditionally, nowhere has it been any stronger than in places like Detroit. The people of this area have believed in the American dream and put it to work. They believed it when they were told that if they studied hard and worked hard they would succeed. They believed that if they were good productive workers, their families would thrive. That spirit is drifting away. People don't believe that anymore around here, and unfortunately the feeling is growing elsewhere, too. Once spirit escapes from the bottle, it is hard to recapture.

We have a great nation. We have hard-working people who want to be productive, but we have only one place for them now. We have put them into long lines, spending weekday afternoons standing, smoking cigarettes, waiting for their names to be called. It must be remembered that these people are not deadbeats. One can't just get into the line for the benefits. It is reserved for people who earned the right by working.

One Saturday night, as I was floating out of Detroit on I-96, my Cougar XR-7 punched on cruise-control, the FM radio was going full blast, taking me back to "The age of Aquarius, age of Aquarius. . . ." For a while I almost forgot what living in Detroit in 1982 was like.

Unfortunately, the song ended and I was still there, driving my American-made car out to suburbia.

Mr. KENNEDY. I thank the Senator from West Virginia for his leadership.

Mr. ROBERT C. BYRD. How much time have I remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. ROBERT C. BYRD. I yield to the Senator from Michigan.

Mr. LEVIN. Madam President, with nationwide unemployment reaching the highest rate since 1941, with some economists predicting it will soon reach 10 percent, this is a vital amendment, a matter of national policy. This is not a partisan issue. This is a very human issue. My people in my State have endured 27 consecutive months of double-digit unemployment. My State is bleeding. The auto workers are bleeding, the steelworkers, the people who work in small business, the lumber mills, the housing industry—all are bleeding, Madam President. We need help. We need a helping hand.

Nobody is pointing a finger at anybody in this amendment. All this amendment seeks to do is to extend a helping hand to those who have fallen out of the safety net.

People cannot vote with their feet and maintain their families. People cannot move tramping the highways looking for work in this country and maintain their communities. The only way we can preserve our communities and our families is by finding work where we live and where we have sunk roots. For hundreds of thousands of Americans the safety net has now disappeared. The unemployment compensation benefits have dissolved.

This amendment is a modest amendment. It is critical to these people. Again, without it, there is no safety net; without it, there is no compassion; without it, there is pain, and this pain has gone on too long. We must avoid it by adopting the Byrd amendment. I am pleased to cosponsor that amendment.

Mr. ROBERT C. BYRD. Madam President, I thank my distinguished friend. I reserve the remainder of my time, if I have any.

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG. Madam President, I yield such time as he may require to the Senator from Kansas.

Mr. DOLE. Madam President, I have listened with interest to the statements of the distinguished minority leader who proposed the amendment, as well as other Senators who have spoken. I certainly agree. We have a problem. It is a problem which we should address. It is one which should be addressed in a bipartisan way. It is my hope that we will address this very concern in the Finance Committee. We have jurisdiction over the issue of unemployment compensation.

We have not marked up any legislation in the Finance Committee this year. We will do that within the next 3 to 4 weeks.

It would seem to this Senator we are getting very near the point of deciding whether or not we want to continue with this budget resolution. We do not want to recommit it, but if we keep adding billions of dollars, in the view of this Senator, we might as well not pass it. We have now had amendments proposed by the other side which would total about $20 billion over the next 3 years. I am sure there are more amendments for billions of additional dollars coming from some on the other side.

It would seem to this Senator that we just cannot continue to tell the American people how bad the deficits are, how bad the interest rates are, how bad the economy is, and then stand here and continue to offer amendments which make it worse.

I certainly have no quarrel with anyone who supports this amendment. The Senator from Kansas simply would hope they would let the Senate Finance Committee try to work it out. I do not believe there is anything in this amendment which would pay for the extension of benefits. Where does the money come from? I know the House Ways and Means Committee reported a bill yesterday. That bill, in effect, pays for the supplemental benefits program. At least the Ways and Means Committee has addressed the question, "How do we pay for the benefits?"

I could speak at length, but I think we all understand the problem. Unemployment is disastrous. No one likes it. But it seems to me that, on a budget resolution, we ought to make certain that we do not start legislating. That is, in effect, what we would be doing if we adopted the Senator from West Virginia's amendment.

The House Committee on the Budget adopted a resolution which does provide for the supplemental benefits program—and also pays for it. Of course, there are several different budget proposals which will be considered by the full House.

Workers, it has been pointed out, in States with high levels of unemployment already can receive an additional 13 weeks, beyond the regular 26-week program, for a total of 39 weeks—or over 9 months. The Byrd amendment would extend those benefits to a full year.

Madam President, I just do not believe we have the extra billion dollars to pay for the program in the next fiscal year or so. If the Finance Committee decides such a proposal is warranted, we will have to think about ways to pay for it.

Madam President, at the appropriate time, the Senator from Kansas will move to table this amendment.

Mr. STENNIS. Will the Senator yield to me for one question?

Mr. DOLE. Yes, Madam President.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I yield to the Senator from Mississippi.

Mr. STENNIS. Madam President, the Senator was saying, as I understood it, that the Finance Committee was going to look into this very problem and would most likely come back with a recommendation on it. Is that correct?

Mr. DOLE. Madam President, that is the intention of the Senator from Kansas. I do not quarrel with anybody who says there is an unemployment problem. There is a problem. But at this time, States owe the unemployment compensation fund of the Federal Treasury about $8 billion. It seems to me we have to address the whole problem. Besides unemployment, we have to address where the money is coming from, how many States are impacted, what the appropriate length and level of the benefits should be.

Madam President, I hope we do not accept this amendment today. We have just about reached the breaking point on this resolution. If we keep adding money, this Senator is about ready to vote no on the resolution. We just added a billion dollars, now $1.6 billion. This amendment would add another billion or so.

I do not want to take away from the outstanding work done by the managers, the distinguished Senator from South Carolina (Mr. HOLLINGS) and the distinguished Senator from New Mexico (Mr. DOMENICI).

Mr. STENNIS. I thank the Senator. There is an acute problem in my State, but I do not want to act before the Finance Committee acts. I thank the Senator.

Mr. DOLE. Madam President, does the Senator from West Virginia want additional time?

Mr. ROBERT C. BYRD. Madam President, yes. I wonder if the Senator from South Carolina will yield me an additional couple of minutes.

Mr. HOLLINGS. Yes.

Mr. ROBERT C. BYRD. Madam President, I want to ask the distinguished Senator from Mississippi a question. I know he is very—he always is—to the committee that has jurisdiction over a subject matter to work its will on that subject matter. But I want to point out that that committee needs this amount in this budget; else the committee would have to take the amount out of other income assistance programs such as social security.

This amendment does not tell the Committee on Finance how to design the program. This amendment does not do that. All this amendment does is assure that sufficient funds are available for the Committee on Finance to go forward with a much-needed emergency extension of unemployment benefits.

(Mr. RUDMAN assumed the chair.)

Mr. ROBERT C. BYRD. Mr. President, I have already introduced a bill earlier this week which will be referred to the Finance Committee, which lays out the program I have in mind. That program is targeted on those States where need is great, as in the Senator's State of Mississippi, the need is great. My State's need is great. It lays out a temporary program which would automatically expire when unemployment comes down.

Mr. President, my legislation is not the last word on that subject. Every piece of legislation can be improved. The committee would work its will. I am open to suggestions. I am not here to attach my bill that I introduced earlier this week to this budget resolution. All I want to do is make sure that the budget resolution we have now before us will accommodate the situation which would then be up to the Finance Committee to fashion.

If my colleague from Mississippi is disturbed about the details of the program, let me say we have time to debate those details and fashion the best possible legislation at the appropriate time, but we have to provide for the funding now. Otherwise, that committee, when it does take action on this compelling matter, would have to take the amount out of other income assistance programs. It could be social security, as I say.

I hope that the distinguished Senator from Mississippi could support my amendment.

Mr. President, this is a listing of the States that will be immediately eligible under my emergency unemployment compensation legislation effective on May 1, 1982. They are:

Alabama, Alaska, Arkansas, California, Delaware, Idaho, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin, Puerto Rico, Virgin Islands.

Other States that the Congressional Budget Office projects will become available during the expected life of the program will be:

Hawaii, Kentucky, Louisiana, New York, North Dakota, District of Columbia.

Mr. President, I yield the floor.

SUPPLEMENTAL UNEMPLOYMENT BENEFITS PROGRAM

Mr. BRADLEY. Mr. President, over the past 16 months the Reagan administration has provided the Nation with a series of short-range economic forecasts. When the President first unveiled his 1982 fiscal year budget, the administration projected this year's annual average unemployment rate at 7.2 percent. In subsequent years, the unemployment rate was projected to fall to 6.6 percent in 1983, 6.4 percent in 1984, 6 percent in 1985, and 5.6 percent in 1986. Unfortunately, this has not been reality. Instead, we find more people out of work and out of hope since the Great Depression.

Mr. President, the amendment before us will provide funds for a 13-week supplemental unemployment benefits program. This program is necessary because the administration's program for economic recovery simply hasn't worked.

The amendment we are considering will provide over $300 million for this fiscal year, over $600 million for the next fiscal year, and over $100 million for fiscal year 1984. These funds will go to unemployed individuals who have used up their benefits under both the standard 26-week State financed unemployment insurance program and the 13-week Federal-State extended benefits program.

It is important to note that this proposed amendment will not just provide funds for an open ended benefits program. This Federal supplemental unemployment compensation benefits program will end when national and State unemployment rates drop to 8 percent. This amendment simply recognizes reality. That reality is that 10.3 million people are out of work, breaking a number of postwar records: More adult males, more blue-collar workers, more blacks, more teenagers, more married men, more workers over 55 are unemployed since World War II. More unemployed workers have simply given up hope and stopped looking for work than ever before.

If the President's economic recovery succeeds in the coming months and we do have the long awaited recovery, this unemployment benefit program will cease to exist. If the President's projections are unrealistic, however, as they have been in the past, then these funds will be available to individuals in high unemployment States who cannot find employment.

I know of no reason why the administration should not be held accountable for its own economic forecasts, and I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, I yield back my time and move to lay the amendment on the table. I ask for the yeas and nays.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator withhold his motion for a moment? The distinguished Senator from Tennessee wishes to speak.

Mr. DOLE. Yes, I will, Mr. President.

Mr. ROBERT C. BYRD. How much time does the Senator want?

Mr. SASSER. Two minutes.

Mr. ROBERT C. BYRD. Will the distinguished Senator from South Carolina yield him 2 minutes?

Mr. HOLLINGS. Yes.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Kansas for withholding.

Mr. SASSER. Mr. President, I support the amendment of the distinguished Senator from West Virginia (Mr. BYRD).

As an original cosponsor of S. 2542, legislation which establishes a Federal emergency supplemental unemployment compensation program, I am pleased to support this amendment, which provides room in the budget for these supplemental extended unemployment benefits.

As has been so ably pointed out earlier, Mr. President, our rising unemployment rate is a national tragedy.

The latest unemployment figures show some 9.4 percent of our work force unemployed. In my native State of Tennessee, more than a quarter million Tennesseans are unemployed, and our State unemployment rate has been over 12 percent this year already. Presently, we have over 250,000 Tennesseans out of work because of the current recession.

Indeed, if one looks closely at the unemployment rates for Tennessee's 95 counties, one finds that only 9 Tennessee counties have unemployment rates less than the national average and, in many rural counties, we have unemployment rates that are over 20 percent.

At this point, Mr. President, I ask unanimous consent that the March unemployment rates for Tennessee counties be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CPS LABOR FORCE SUMMARY

[Not seasonally adjusted]

Area ¹	Labor force	Employment	Unemployment	Rate
United States	108,761,000	98,471,000	10,290,000	9.5
Tennessee	2,090,900	1,840,800	250,100	12.0
Chattanooga SMSA	202,600	179,000	23,600	11.6
Hamilton County	137,040	120,410	16,630	12.1
Marion County	11,770	10,220	1,550	13.2
Sequatchie County	4,140	3,600	540	13.0
Clarksville-Hopkinsville SMSA	53,000	45,800	7,200	13.6
Montgomery County	30,170	25,220	4,950	16.4
Johns. City-Kgspt.-Brist. SMSA	180,600	160,500	20,100	11.1
Carter County	21,550	18,430	3,120	14.5
Hawkins County	18,300	16,060	2,240	12.2
Sullivan County	58,090	52,850	5,240	9.0
Unicoi County	7,500	6,010	1,490	19.9
Washington County	37,200	32,580	4,620	12.4
Knoxville SMSA	232,200	211,400	20,800	9.0
Anderson County	32,560	29,880	2,680	8.2
Blount County	38,210	34,500	3,710	9.7
Knox County	155,240	141,820	13,420	8.6
Union County	6,180	5,190	990	16.0
Memphis SMSA	401,000	362,400	38,600	9.6
Shelby County	360,810	327,460	33,350	9.2
Tipton County	15,680	13,880	1,800	11.5
Nashville SMSA	442,600	385,100	37,500	8.9
Cheatham County	10,730	9,790	940	8.8
Davidson County	232,230	216,320	15,910	6.9
Dickson County	15,790	13,600	2,190	13.9
Robertson County	18,480	16,760	1,720	9.3
Rutherford County	42,290	38,060	4,230	10.0
Sumner County	44,710	38,840	5,870	13.1
Williamson County	29,910	26,310	1,600	5.7
Wilson County	30,410	25,380	5,030	16.5
Non-SMSA counties				
Bedford	11,800	10,130	1,670	14.2
Benton	8,840	7,740	1,100	12.4
Bledsoe	3,460	2,820	640	18.5
Bradley-Polk	34,890	30,840	4,050	11.6
Bradley	28,920	25,670	3,250	11.2
Polk	5,980	5,170	810	13.5
Campbell	10,430	8,390	2,040	19.6
Cannon	3,550	2,940	610	17.2
Carroll	13,210	11,210	2,000	15.1
Chester	5,500	4,540	960	17.5
Claiborne	8,720	7,400	1,320	15.1
Clay	3,640	3,260	380	10.4
Cocke	12,150	8,990	3,160	26.0
Coffee-Moore	23,460	21,200	2,260	9.6
Coffee	21,020	18,960	2,060	9.8
Moore	2,430	2,230	200	8.2
Crockett	5,880	4,690	1,190	20.2
Cumberland	10,920	8,570	2,350	21.5
Decatur	4,550	3,970	580	12.7
DeKalb	6,850	5,010	1,840	26.9
Dyer	14,350	12,370	1,980	13.8
Fayette	9,280	8,020	1,260	13.6
Fentress	5,760	4,560	1,200	20.8
Franklin	12,030	10,760	1,270	10.6
Gibson	17,680	14,240	3,440	19.5
Giles	11,080	10,020	1,060	9.6
Grainger	8,520	7,100	1,420	16.7
Greene	23,370	19,900	3,470	14.8
Grundy	4,360	3,670	690	15.8
Hamblen	19,270	15,690	3,580	18.6
Hancock	1,790	1,380	410	22.9
Hardeman	8,760	7,250	1,510	17.2
Hardin	10,480	8,860	1,620	15.5
Haywood	8,670	7,120	1,550	17.9
Henderson	10,330	8,700	1,630	15.8
Henry	13,470	11,570	1,900	14.1
Hickman	6,210	4,890	1,320	21.3
Houston	3,430	2,780	650	19.0
Humphreys	7,440	5,560	1,880	25.3
Jackson	2,880	2,180	700	24.3
Jefferson	12,240	10,350	1,890	15.4
Johnson	5,940	4,850	1,090	18.4
Lake	3,220	2,360	860	26.7
Lauderdale	10,440	8,980	1,460	14.0
Lawrence	16,130	13,740	2,390	14.8
Lewis	3,510	2,970	540	15.4
Lincoln	11,010	9,860	1,150	10.4
Loudon	14,510	12,970	1,540	10.6
Macon	7,410	5,760	1,650	22.3
Madison	37,740	33,640	4,100	10.9
Marshall	9,930	8,960	970	9.8
Maury	21,810	18,620	3,190	14.6
McMinn	17,240	14,610	2,630	15.3
McNairy	11,460	9,780	1,680	14.7
Meigs	2,880	2,210	670	23.3
Monroe	10,810	8,310	2,500	23.1
Morgan	5,400	4,550	850	15.7
Obion	16,110	14,140	1,970	12.2
Overton	7,100	5,660	1,440	20.3
Perry	2,980	2,240	740	24.8
Pickett	1,860	1,560	300	16.1
Putnam	21,430	17,550	3,880	18.1
Rhea	10,920	9,320	1,600	14.7
Roane	16,140	14,000	2,140	13.3
Scott	6,830	5,650	1,180	17.3
Sevier	21,010	15,860	5,150	24.5
Smith	9,200	7,540	1,660	18.0
Stewart	2,340	1,450	890	38.0
Trousdale	3,430	2,580	850	24.8
Van Buren	1,320	800	520	39.4
Warren	13,690	11,780	1,910	14.0
Wayne	4,820	4,090	730	15.1
Weakley	17,380	15,680	1,700	9.8
White	8,650	6,850	1,800	20.8

¹ SMSA counties may not add due to rounding.

Mr. SASSER. Mr. President, these are numbers and statistics that I have just presented to my colleagues. But they should not be viewed as dry statistics. Rather, they should be viewed as poignant pictures of the continuing struggle of working men and women to try to maintain their economic livelihood, but not being able to do so.

Now it may be some time before our economy recovers. It may be some time before these individuals are able to get back to work.

In the interim, we cannot turn our back on these unfortunate individuals and families. They simply cannot find work. They are looking for work, but work is not there.

As the economy rebounds, these individuals will go back to work. So, if we pass this amendment offered by the distinguished Democratic leader (Mr. ROBERT C. BYRD), we can provide some extra unemployment benefits for Americans that need that little bit of extra unemployment assistance to tide themselves over until our economic recovery begins.

Mr. President, support of this amendment is support for American working men and women who find themselves upon hard times but who are ready and willing to get back to work as soon as our economy turns around.

Therefore, I urge my colleagues to support the amendment of our Democratic leader (Mr. ROBERT C. BYRD).

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Who yields time?

Mr. DOLE. Mr. President, is the Senator from West Virginia ready to yield? Is all time yielded back?

The PRESIDING OFFICER. Is all time yielded back?

Mr. ROBERT C. BYRD. I yield back my time, Mr. President. I did not realize I had any time left.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

Mr. DOLE. Mr. President, I move to lay the amendment on the table and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Brady). Is there objection?

The Chair hears none, and it is so ordered.

The question is on the motion to table. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. JOHNSTON (after having voted in the affirmative). On this vote I have a pair with the distinguished Senator from Montana (Mr. Melcher). If he were present and voting, he would vote "nay." I have already voted "yea." I therefore withdraw my vote.

Mr. BOREN (after having voted in the affirmative). On this vote I have a pair with the distinguished Senator from Kentucky (Mr. Huddleston). If he were present and voting, he would vote "nay." I have voted "yea." I therefore withdraw my vote.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. Hatfield) and the Senator from New Mexico (Mr. Schmitt) are necessarily absent. I further announce that, if present and voting, the Senator from Oregon (Mr. Hatfield) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. Huddleston) and the Senator from Montana (Mr. Melcher) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 52, nays 42, as follows:

[Rollcall Vote No. 140 Leg.]

YEAS—52

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boschwitz
Brady
Byrd,
 Harry F., Jr.
Chiles
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Exon
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Percy
Pressler
Quayle
Roth
Rudman
Simpson
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—42

Baucus
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Cranston
DeConcini
Dixon
Dodd
Durenberger
Eagleton
Ford
Glenn
Hart
Heflin
Heinz
Hollings
Inouye
Jackson
Kennedy
Leahy
Levin
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Packwood
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Specter
Stennis
Tsongas
Weicker

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Boren, for.
Johnston, for.

NOT VOTING—4

Hatfield
Huddleston
Melcher
Schmitt

So the motion to lay on the table Mr. Robert C. Byrd's amendment (UP No. 984) was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, will the Senator from New York (Mr. Moynihan) yield me 2 minutes?

Mr. MOYNIHAN. I am happy to yield such time as the minority leader desires.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator.

Mr. President, I hope that all Senators will listen.

I have tried very hard to lay out the merits of this amendment that was just tabled, and other Senators on this side of the aisle did the same.

We offered this amendment in good faith and for a very conscientious purpose of trying to assist millions of Americans. That includes West Virginians and people from at least 30 States other than West Virginia at this point and eventually at least another half-dozen States.

I believe that a dispassionate view of the merits of this amendment would suggest to a healthy majority in this Senate that the amendment should have been adopted.

I do not find any fault with any Senator who, on the merits of the amendment, felt that he could not vote for it. I have no quarrel with that. I will never hold that against any Senator. If he cannot vote with me for reasons of his own conscience or if he just does not see a matter as I see it, that is perfectly all right with me. I do not fault any Senator for that.

But this was a truth-in-budgeting amendment because as the recession deepens or simply continues, it is very likely that Congress will enact a supplemental benefit program such as that contemplated by this amendment and by the legislation which I introduced earlier this week.

Only yesterday the House Ways and Means Committee took action and reported legislation to deal with this problem. But here is the thing I want to call attention to, and I do it without rancor and I do it because I believe it appeals to the basic conscience and patriotism of my friends on the other side of the aisle.

Few amendments considered in this session or during the last session of Congress have been decided on their merits. The tabling of this amendment was not decided on the merits of the amendment. It just seems to be very clear that if a Democrat offers an amendment, Members on the other side of the aisle simply automatically vote against it, they vote against the amendment.

There was no debate on this amendment except for the little bit of time that Senators on this side of the aisle took in explaining the amendment, the reasons for it, and the need for it, and except for the distinguished Senator from Kansas (Mr. Dole), who made a few brief remarks. There were no further remarks made about the amendment, no discussion of the merits from that side of the aisle.

I think that situation is a sad commentary on the extent to which the "governance" of America has degenerated into the "politics" of America.

I know it is said amendments are offered for political reasons, and all of that, and that can be said on both sides. I can remember when I was majority leader, amendments being offered on the other side of the aisle where we could have said, "Well, those are get-elected amendments. Those are amendments that are politically motivated. Those are amendments to get this one or that one or this side or that side on record."

But we have seen in the last session of this Congress and in this session an almost consistent pattern of simply moving to table or of voting an amendment down if that amendment is offered by a Democratic Senator. It is done without serious debate from the other side of the aisle.

The people of West Virginia, where unemployment is over 11 percent, and who have exhausted or who are about to exhaust their unemployment benefits, do not care whether a Democrat offers an amendment or not. They do not care whether the amendment is offered by Republicans.

Last year, if you remember, we on this side of the aisle offered an amendment that would put the Senate on record as being against the President's proposed cuts in social security benefits for persons who elected to retire at age 62, and we were defeated by one vote—one vote on an almost party line vote.

Then once we had been defeated on our amendment the other side of the aisle picked up our amendment, changed a word or so, so that the amendment would be parliamentarily in order, and offered virtually the same amendment. We did not vote against that amendment because it was then offered by the Republican side. We joined them. We said, "Hooray, whoopee. We want the elderly community of this country to get the message that the Senate is not going to stand for that kind of a cut."

So we joined with the Republicans in voting, I think 96 to 0, to put the Senate on record as against that cut.

For the people of Indiana, where unemployment is 12.9 percent, they do not care whether it is a Republican or Democratic amendment. The people of Washington, where unemployment is 12.8 percent, do not care whether an amendment is offered by a Democrat or a Republican; in Oregon, where unemployment is 12.3 percent, the people do not care whether a Democrat or a Republican offered the amendment. An empty stomach does not know whether the hand that feeds it is a Republican hand or a Democratic hand, and the people of this country I think are entitled to hear these amendments debated on their merits, and then if the Senate votes them down that is one thing.

But for Democrats simply to repeatedly call up amendments, have those amendments summarily voted down or tabled, is just simply not fair to the American people and it does not reflect very well on a body that is supposed to be the greatest deliberative body in the world.

I had hoped to get an up-or-down vote on the amendment. I do not quarrel with the Senator from Kansas for moving to table it, but I think it was a worthwhile amendment. I think it was an important amendment, and I think it merited some discussion on both sides, and I think it really merited an up-or-down vote.

So I think at some point, Mr. President, this kind of partisanship has to stop. Sometime, at some point in time, the Senate has to again become a deliberative body which considers issues on their merits and not on the basis of who sponsors the amendment, not on the basis of what party sponsors the amendment.

I thank the Senate for its indulgence.

Mr. DOMENICI. Mr. President, our majority leader is not here, and I am sure he would have liked to have heard the distinguished minority leader's words.

But let me just speak for the Budget Committee on the contention about excessive tabling. I do not have the record before me, so I am just going to challenge my recollection. But I will put the record of the Budget Committee since I have been the chairman squarely up against the record for the years this was handled on the other side, and we will see which side tabled more amendments. All of last year my recollection is we voted up and down on practically every one. We voted up and down on almost every one this year—just a couple of tabling motions out of all the amendments.

We have let those amendments be voted on as if they were substantive, as if they really were extension of unemployment compensation benefits amendments, which they are not; as if it is going to be an addition to the superfund, when Senator MOYNIHAN is going to be through here today.

We have taken our lumps on all of those and voted up or down because we cannot make the point that those are substantive amendments. They add some dollars to a function and then leave it up to a committee as to what the committee wants to do with it.

I will say to my good friend from West Virginia—and I would almost lay my 10 years in the Senate on this—if the U.S. Senate and the U.S. House of Representatives get ready to report an extension of the unemployment compensation bill, as he is thinking about it, this Budget Act is not going to stand in its way. I will just predict that the fact that we did not vote for his proposal to add more money to a function is not going to stand in the way of an extended unemployment compensation bill. They are going to find ways to fit it within the total functions of this budget.

I am sorry that the Senator did not get an up-or-down vote. The fact that we did not debate it, I think all that means is that it has been pending around here for a long time. I have known Senator BYRD's proposal on unemployment compensation for 48 hours, and I am sure everybody else has known about it. We know precisely what it does, they know precisely what it does. I do not think that has anything to do with what has happened here today.

It was not thought by a majority to be necessary in this budget resolution to add that much money to an already existing bloated deficit, and I think that is what it means.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. DOMENICI. I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I thank the Senator from New Mexico for his comments.

I do not have any particular quarrel with what the Senator from West Virginia said. But we have had so many budget-busting amendments that we have now added $18 billion or $19 billion in new spending. With high interest rates and with large deficits what do we get from the other side? More budget-busting amendments, $18 billion or $19 billion worth, and I know more are coming.

As the Senator from North Carolina says, they are all amendments designed for the election in November. November amendments that are designed one after another with one object, more spending. They are for spending and we are for balancing the budget. I think that is how they will properly be perceived, if not in the Senate then by the American people.

The amendment just tabled was $1 billion for fiscal year 1982 and 1983. The Senator from Kansas did not enter into any time agreements. In fact, I do not intend to have any more time agreements if an issue involves the Finance Committee. We are going to take an hour on everything affecting the Finance Committee areas of jurisdiction.

Mr. DOMENICI. Mr. President, will the Senator yield? The Senator is going to thoroughly debate them.

Mr. DOLE. We will thoroughly debate everything. One million dollars or one billion dollars, we ought to spend at least an hour on each side on amendments. Then we can vote on the last 15 amendments, when we are all finished at 5 o'clock, without all the political rhetoric we are going to hear. I will just make one speech to cover all those amendments. The Senator from Kansas suggests that we all understand what is happening. We were in the minority until quite recently, and we did not like it. We understand that the Senator from West Virginia does not now like it either.

But the point is that we are trying to move this bill along. The financial markets are waiting for action. All they are getting is more amendments for more spending. That is what they are getting from most Members on the other side of the aisle. There will be another spending amendment pending and then another. We have an obligation not just to those in this Chamber but to millions of Americans who are waiting for interest rates to go down and who want to go back to work.

It just seems to this Senator that we had adequate debate. The Senator from Kansas pointed out we are going to consider unemployment compensation in the Senate Finance Committee. We might even pay for it in the Senate Finance Committee. It is not unheard of, I hope, in this country, to pay for what you want. We might even change the trigger rate so, in cases like Michigan, Oregon, and other States where unemployment is a real problem, we could make certain that we triggered in additional benefits.

Please believe that we are not insensitive. We are compassionate. We are also concerned about millions of people out there trying to make it, trying to get us to do what we ought to do and what we should have done 4 or 5 months ago on the budget. But if we load the budget up much more, I would think we ought to vote against the budget resolution and just tell the American people that it is so loaded and so bloated it is better off dead.

Mr. LONG. Will the Senator yield?

Mr. DOLE. I yield to the Senator from Louisiana.

Mr. LONG. I hope that the distinguished chairman of the Finance Committee, the able senior Senator from Kansas, will not let the weary drudgery of these long round-the-clock sessions keep him from being anything other than the statesman he usually is. There are some of us who are trying to pick and choose between these amendments and trying to vote with the Republicans when we think the Republican leadership is right, and basically trying to vote for what is right rather than to vote for who is right.

I would hope that the Senator will continue to follow the procedure that if an amendment has very little support, we will dispose of it in short order and get onto one that does have more support. I am convinced from what I know of the Members of this body that we still have the potential to balance the budget within the next 3 years, or to vote to balance it, anyway, even if we do not balance it, to vote at least for once in our life for fiscal responsibility. I am not saying that we have not done it at some other time in our life, but we will have a chance to vote for fiscal responsibility before we finish dealing with this budget resolution. I still think we have that potential.

I would hope that Senators' recriminations and the disappointments that occur to Senators whose amendments we dispose of will not take us away from the target that we are all trying to achieve, I believe, and that we all should be seeking to achieve; namely, to arrive at a budget resolution that will reduce spending and, hopefully, raise taxes enough to result in a balanced budget.

I do know that an amendment of that sort is being prepared. The Senator is aware of that. I hope before this resolution is disposed of we can make the Senate look very good, because I think we have that potential.

Mr. DOLE. I thank the distinguished Senator from Louisiana. I hope I did not imply that there was not selective voting on the other side by some. Some have not been so selective. But the Senator from Louisiana and others have been, and that is the way it should be.

I assume somebody, somewhere, certainly not this Senator, but somebody, will be adding up all the spending amendments offered by certain Members. I assume they may show up somewhere in the next few weeks or months. We are at the very crisis as far as the budget is concerned.

We do not seem to be heading in the right direction. I know there is a bipartisan group, I might add, working right now to try to put the genie back in the bottle as far as spending cuts and revenue increases are concerned. If that would happen, it would certainly be a hopeful sign not only to everybody in this Chamber but to millions of people on the outside waiting for Congress to do something. Not spend more of the money they do not have, but to try to balance the budget. It is the understanding of this Senator that is precisely what may be occurring in conversations off the Chamber floor now.

Mr. RIEGLE. Will the Senator yield briefly? Is the Senator aware that in the Budget Committee an extra $110 billion was added in the defense function and was buried in the base line deficit? I raise that point because if the Senator is worried about reducing the deficit, that would be the way to do it, because that $110 billion is a larger amount than the $17 or $18 billion in budget amendments you have referred to.

Mr. DOLE. I voted with Senator KASSEBAUM against the motion to table her amendment making additional cuts in defense spending. I am not on the Budget Committee, but certainly if your assumption is correct, we ought to take a look at it.

The PRESIDING OFFICER (Mr. DANFORTH). The Senator from New Mexico has the floor.

Mr. DOMENICI. The Senator from Wyoming wanted me to yield 2 minutes to him. I yield 2 minutes at this point of the resolution.

Mr. SIMPSON. Mr. President, if I may, I could not help but comment that in my time here, in 3½ years, to hear the comments of the Senator from West Virginia seems like a review of the first 2 months of my first 2 years here. In those first 2 years here, when he was majority leader, I never knew that anything but a motion to table was in the legislative voting lexicon. [Laughter.]

I remember coming to this floor on very few occasions when we were not voting simply on a motion to table.

So I have to whimsically reflect upon that because I remember well that capable man from West Virginia when he was in the saddle and the majority, the railroad train roared through this Chamber and in extraordinary ways, usually at night, if I remember; late at night.

I guess when you are in it long enough and over the course of years—as we have all done, as we have all legislated in our background in State legislatures—that you always end up on both sides of an issue at one time or another in your legislative life.

The cloture is a classic example of that: How the filibuster was challenged for years by the so-called liberals and now it is—at least has been—used as a tool of theirs. I think it is important to remember those things.

The crocodile tears should really be clogging in the tear ducts on this one because they are not becoming from the record as I know it. I guess the old phrase is, "Hoist on his own petard." That is exactly what it is.

But I will be interested in the scorecard on the motion to table in my first 2 years. I look forward to helping compile it.

Mr. ROBERT C. BYRD. Mr. President, I ask the Senator from New York if he would yield me 2 minutes.

Mr. MOYNIHAN. I yield to the distinguished majority leader.

MR. ROBERT C. BYRD. Mr. President, I am sorry that this discussion has deteriorated into this business of "shedding crocodile tears" over tabling motions and accusations, and recriminations, and all that.

The Senator may search the RECORD all he wishes, but I can remember that whenever a motion to table was made on this side of the aisle every Republican, almost without exception, voted against that motion to table. That is not true in our case. We have here six Republicans who voted "no" on this motion to table and we also had a number of Democrats who voted "aye" on the motion to table.

Now, the so-called crocodile tears are not being shed because this Senator's amendment was tabled. I have been in the Senate 24 years. I have been on Capitol Hill for 30 years, and I have been in politics for 36 years. I long ago learned that you win some and you lose some. So this Senator is not shedding any crocodile tears, I say to my friend from Wyoming, because the amendment was tabled.

The "crocodile tears" should be shed for those people in the Senator's State and in my State and in other States who have exhausted, or soon will exhaust, their unemployment compensation benefits and who will have to make serious choices as to whether or not they are going to buy food, or whether or not they are going to let the rent go, or whether or not they are going to pay their mortgages on their automobiles or their homes. The bell tolls for them.

Now, a number of times the distinguished Senator from Kansas, if I might have his attention, the distinguished Senator from Kansas a number of times has talked about "political rhetoric" and "November election amendments," and all that business.

I do not think that that promotes comity on both sides of the aisle. After all, we are all politicians. The Senator from Kansas is a politician. There are times when I could get up, very easily, if I wished to, and say that his actions or his statements are pure political rhetoric or I could say that they are political flimflam. I wish that we would get away from the business of tossing accusations at every Senator who tries to offer an amendment in good faith.

You know, we did not do that when I first came to this body 24 years ago.

Mr. DOLE. Will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. DOLE. I checked and on the first concurrent resolution in the 96th Congress, out of seven votes, there were five votes to table. Some were from Republicans and some from Democrats. I am not suggesting that any were from the Senator from West Virginia.

I have been very bipartisan in the last few years. However, it does seem to this Senator that we do have political differences. If we have different views, we ought to state those views.

I agree with the Senator from Louisiana, the disagreements ought to be handled in a way that it is not a personal affront to anyone.

I do not have any basic quarrel with the Senator from West Virginia, except to indicate that we would like to finish this resolution today. We think there are a lot of people who may not understand what we are doing here, which is probably a plus for us. There are some, however, who do understand what we are doing here. What we are doing is raising the deficit. We are not doing anything to lower interest rates.

Mr. ROBERT C. BYRD. I thank the Senator. May I just say that I would hope we can get away from this political rhetoric that denounces every amendment offered from this side of the aisle as a "get-yourself-elected amendment" or a "November-election amendment." I do not think that will encourage bipartisanship.

The Senator talks about the $1 billion added by my amendment. What about the increase in the deficit by $56 billion in one stroke when the Senator's party met in a closed session here on Tuesday, almost all day long, and modified the budget resolution? They increased the deficit $56 billion in one stroke. I do not think they should criticize my proposal which totals a little over $1 billion to help people in this country who wish more of us would shed "crocodile tears" over their plight.

We are going to hear more and more from them.

The only thing I am saying is this, and I will say it once more: If Senators, in good conscience, want to vote to table an amendment like this, that is fine, but Senators just march in—and they have not heard the debate—and if it is a Democratic amendment which has been offered they just peremptorily voted it down or table it.

I do not care if you want to move to table my amendment, that is all right, but at least I would like them to hear the debate. I have no right to presume that I can read the heart and mind of anybody on that side or anybody on this side. But I just cannot believe that the vote that was recorded on this past rollcall and on some of the other rollcalls which have been had on amendments offered by Democrats truly reflects the true feelings of all Republican Senators who cast their votes against good amendments that were offered from this side of the aisle.

That is all I have to say. I just think if we are going to work together we need to have a little better feeling than is being generated by Senators who refer to amendments on this side as being politically motivated, that they are "November amendments," they are "get-yourself-elected amendments." That does not do anybody any good and it does not reflect well upon the Senate. Nor do the American people want to hear it. They deserve better.

Mr. GOLDWATER. Will the Senator yield?

Mr. DOMENICI. I yield 1 minute.

Mr. GOLDWATER. Mr. President, before the minority leader leaves the floor, I have to say this to him, that the recitation he just made was reflected almost exactly in arguments that I used to make with him when he motioned to table bill after bill and amendment after amendment.

You are living through, I must say, exactly what we lived through. I remember the days when I begged you not to move to table. I thought the authors of bills and amendments should have better respect and attention.

But now, I am happy that my friend has remembered that.

Mr. ROBERT C. BYRD. Will the Senator yield me 1 minute?

Mr. MOYNIHAN. I yield.

Mr. ROBERT C. BYRD. Mr. President, I would say that my memory is about as good as anybody else's in the Senate. I do not say it is better. But it is easy to stand up and say "We are giving the same treatment that we got." I could say a lot of things, if I wanted to, about the problems we had in those days, too, with the then minority on that side of the aisle. But I am not going to do that. I am simply saying that we ought to at least decide these matters on the merits.

It is the right of any Senator to move to table. I do not question the right of the Senator from Kansas to move to table. I am simply saying that time after time after time, this year and last year, we have seen this happen. And time after time we have seen the majority walk in lockstep against good and meritorious Democratic amendments.

I can show to the Senator more than 100 votes in this Senate last year in which over two-thirds of the Republicans voted precisely the same way. So I have a little memory also. I simply plead that we start according a little bit of sincerity to the conscientious purpose of Senators on amendments offered from this side of the aisle. I yield the floor.

Mr. DOMENICI. Mr. President, I think we ought to get on with amendments, but, on the other hand, I want to yield myself 1 minute.

I say to my good friend from West Virginia, I sympathize with you but from a little different vantage point.

You do not know how many times I was sure that I had the best amendment in the world, and I lost. I left saying, "If they would only have listened. My amendment is so good, it would have passed."

I just think that is how you are feeling now. I think I felt that way a lot of times. I really think everybody knew what your amendment was all about. I regret to tell you that. They still voted to table it. But we all feel that way frequently.

You are talking about us saying political rhetoric all the time. I am forgetting all of that here. I hope that you would ask some of your people, when we try to save money, or say something is inordinately expensive, that we ought not spend more than we have, we do not like to be referred to on the floor as being chiselers because we are talking about that any more than you like to be referred to as being motivated by political rhetoric.

Maybe we can call all of that off this afternoon and pass the budget resolution.

Mr. ROBERT C. BYRD. I did not refer to any Senator as a chiseler.

Mr. DOMENICI. I did not say you did, Senator.

Mr. ROBERT C. BYRD. I have tried to speak with a very tempered voice, a very tempered tone.

The point is that I think my amendment was an amendment that deserved voting up or down on the merits.

The question is whether the Committee on Finance will report a supplemental unemployment benefits bill and if they do, where do they expect to find the funding for it. It must come from budget function 600. All my amendment was attempting to do is provide that funding, because without that in the budget, the choice is simple: either they cannot or it comes out of some other income assistance program such as social security.

The **PRESIDING OFFICER**. Who yields time?

The Senator from New York.

UP AMENDMENT NO. 985

Mr. **MOYNIHAN**. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) proposes an unprinted amendment numbered 985.

On page 2, beginning with line 15, strike out through line 21 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows.

Fiscal year 1982: $777.600,000,000.

Fiscal year 1983: $835,329,200,000 plus $100,000,000.

Fiscal year 1984: $897,031,900,000 plus $100,000,000.

Fiscal year 1985: $972,734,200,000 plus $200,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,800,000,000.

Fiscal year 1983: $784,029,200,000.

Fiscal year 1984: $832,831,700,000.

Fiscal year 1985: $890,134,200,000 plus $100,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $119,800,000,000.

Fiscal year 1983: $115,829,200,000.

Fiscal year 1984: $91,831,700,000.

Fiscal year 1985: $65,134,200,000 plus $100,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,229,200,000.

Fiscal year 1984: $1,420,160,400,000.

Fiscal year 1985: $1,533,375,100,000 plus $100,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $148,029,200,000.

Fiscal year 1984: $127,931,700,000.

Fiscal year 1985: $113,234,200,000 plus $100,000,000.

On page 8, beginning with line 24, strike out through line 23 on page 9 and insert the following:

(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $10,300,000,000.

(B) Outlays, $12,800,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $9,900,000,000 plus $100,000,000.

(B) Outlays, $11,400,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $9,300,000,000 plus $100,000,000.

(B) Outlays, $10,300,000,000.

Fiscal year 1985:

(A) New budget authority, $8,900,000,000 plus $200,000,000.

(B) Outlays, $9,300,000,000 plus $100,000,000.

Mr. **MOYNIHAN**. Mr. President, this amendment is not in any sense a budget-busting resolution. It is an amendment that scarcely touches the budget.

Mr. President, may we have order? I agreed with the majority leader last evening that there would be 5 minutes of debate equally divided on both sides. I wonder if the other side might be present and this side might be quiet.

The **PRESIDING OFFICER**. The Senate will be in order.

The Senator from New York.

Mr. **DOMENICI**. Will the Senator yield for a question?

Mr. **MOYNIHAN**. I am happy to yield.

Mr. **DOMENICI**. Is there a time agreement on this?

Mr. **MOYNIHAN**. There is a time agreement of 5 minutes on each side. I informed the Senator and he agreed at the time.

Mr. **DOMENICI**. Mr. President, the Senator asked that we be present. I must tell him I cannot be present now. I am leaving the Senator from Wyoming and my staff here.

Mr. **MOYNIHAN**. Mr. President, the Senator from Wyoming is a member of the committee involved and he will more than represent the other side.

Mr. **DOMENICI**. I shall return and make the opposing argument before we vote.

Mr. **MOYNIHAN**. The Senator had better hurry.

Mr. **DOMENICI**. I do not think we shall vote until I get back.

Mr. **MOYNIHAN**. Mr. President, this amendment simply restores the Superfund provisions in the budget resolution to that modest level proposed by the Committee on Environment and Public Works; namely, to a total of $250 million in budget authority and $119 million in outlays for fiscal 1983 and corresponding numbers further down.

The actual outlay increase in the coming fiscal year is $28 million. It appears in the budget resolution as zero. The outlays for fiscal 1984 increased by $33 million and appear in the budget resolution as zero. Only in fiscal 1985 does the outlay increase round up to $100 million.

In our view, Mr. President, in the view of many Members, not necessarily all, of the Committee on Environment and Public Works, this is a good faith amendment. In good faith, the Congress passed Superfund legislation following the revelations of the Love Canal experience at Niagara Falls. We imposed a tax on 42 toxic chemicals produced by a relatively small number of firms. That tax revenue is committed to this fund to be used to cleanup hazardous waste sites. The fund will have available in it some $582 million in fiscal 1983.

Mr. President, even under this amendment outlays would represent about only 20 percent of the fund during fiscal 1983—and the fund continues to accumulate. Fiscal 1983 will be the third year after the Environmental Protection Agency began to exercise its responsibility as well as its mandate under the Superfund law. A $250 million funding level for fiscal 1983 would allow some 197 sites or spills to receive assistance. There is currently a priority list of some 115 sites that EPA announced last October, and there is a further list of some 400 priority sites now being prepared.

We know how to do this. In very considerable measure, it needs to be done. If we handle ourselves well, and there is no reason we shall not, this is a one-time exercise to rid ourselves of poison left in the Earth, seeping into drinking water, a result of the great chemical revolution of this century.

The **PRESIDING OFFICER**. The Senator's 5 minutes on the amendment have expired.

Mr. **MOYNIHAN**. I thank the Chair. I shall yield myself 1 minute on the bill.

The Committee on Environment and Public Works, which drafted this legislation after extensive hearings and inquiry, recommended a modest program for fiscal 1983, and we ask that the budget resolution reflect the judgment of the committee.

Mr. President, I hope the Senate recognizes that this amendment has zero impact on the budget this year in outlays; a zero impact next year; and only in 1983 do we add $100 million in outlays.

We are talking about money committed for the purpose of cleaning up hazardous waste sites. Seven-eighths of the trust fund will come from a tax levied on the producers of toxic chemicals. The trust fund will continue to accumulate. We only ask that it be spent at a somewhat more modest but good-faith rate.

Mr. RIEGLE. Mr. President, will the Senator yield briefly?

Mr. MOYNIHAN. Yes, I am happy to yield a minute to the distinguished Senator from Michigan. Our time has expired.

Mr. President, the Senator from Michigan (Mr. RIEGLE) wishes to be added as a cosponsor. I ask unanimous consent to that effect.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. Mr. President, I thank the Senator. I do want to join him. I think this is an important initiative. This is the kind of long-term requirement that the country must face up to and respond to. I think the amendment the Senator has proposed is a responsible one. I think it will save money in the long run and it will help us to face some of the hard issues and problems we need to face in the country. I hope his amendment will be successful.

Mr. MOYNIHAN. I thank my friend.

The PRESIDING OFFICER. Who yields time?

Mr. SIMPSON. Mr. President, on behalf of the distinguished chairman of the Committee on the Budget, I shall respond to my colleague from New York.

Indeed, Mr. President, we did work together on the "Superfund" legislation as members on the Environment and Public Works Committee. I feel I was instrumental in assisting in the passage of the final product. It is a very serious situation, once again evoking high emotion as we deal with phrases like "Valley of the Drums," leaching soils, Love Canal. It is one of those areas where, occasionally, reason and enlightenment seem to permeate the debate as well as the chemicals seem to permeate the soil.

Enough of that, Mr. President. I say the Superfund is indeed something I am proud to have been part of. I think it is good and I like the trust fund aspect of it.

Mr. President, the thing to be addressed here, I guess, is that the amendment of yesterday—of which this amendment was a part—was something we dealt with and it was defeated by the Senate by a vote of 62 to 34. Now we come back with this aspect of something like, really, a division of the question on which a vote occurred.

The Senator from New York has indicated that the funds from the Superfund are already set aside and in a trust fund designated for the sole purpose of addressing the hazardous waste problem. I have no argument whatsoever with that observation. That is a fact and it is just as I remembered it.

The Senator from New York also indicates that there are currently $279 million in that fund and that, by fiscal year 1983, there will be $582 million in that fund available for appropriation.

That, too, is a fact. The important part of that statement is that it says, "available for appropriation."

I think the Budget Committee chairman indicated in the statement submitted for the RECORD on this subject earlier that the budget resolution assumes $125 million more for EPA than is provided under the President's budget. That should not be lost in the debate.

The budget resolution as presented by the chairman produces $125 million more for the EPA than provided in the President's request. The amount assumed in the budget resolution does not mean that that is how much EPA or the Superfund or any other fund or organization is going to get. I think that is what may be lost in the debate.

While the Superfund is, indeed, as the Senator from New York correctly states, primarily made up of collections of excise taxes imposed on the chemical and oil companies and is a designated trust fund, the law, as we drafted it and as it was presented to the Senate and in the law, provided that the fund is subject to appropriations. Indeed, it is. If we were to pass this amendment, which I certainly do not suggest we do, who is to advise us that what money we added into the EPA budget function today the Appropriations Committee would use for the Superfund. I think that is the critical issue. I know that the Budget Committee chairman has indicated previously, which you may tire of hearing but I think he would want me to state again, that the assumptions in the budget resolution are not binding on the Appropriations Committee. That is a haunting theme of the Budget Committee chairman. If we were to place this money in for the Superfund, who indeed is to say what appropriations would do with it?

They may put it in any other program. They may even put it in some program that we have already voted down. That is certainly possible. Or they may make an increase on this budget resolution that we are processing over these last days.

For those reasons, I oppose the amendment on behalf of the Budget Committee chairman. I believe, although it is a striking example of a situation which is paramount in people's minds—and should be—that again it is not going to be addressed simply by passing this amendment because it is indeed, going to be not binding on the Appropriations Committee. Therefore, I do not believe it will solve what the Senator from New York may be trying to attain.

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. There is not a sufficient second.

Mr. SIMPSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. SIMPSON. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. Will the Senator not object and allow me to make a brief statement?

Mr. SIMPSON. Mr. President, the Senator from Wyoming came to the floor with other things in mind.

The PRESIDING OFFICER. The quorum call is in progress.

The bill clerk continued calling the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Will the Senator from New York yield me 3 minutes?

Mr. MOYNIHAN. I am happy to yield.

ANNOUNCEMENT OF POSTPONEMENT OF DEMOCRATIC SENATORIAL COOLFONT CONFERENCE

Mr. ROBERT C. BYRD. Mr. President I take the floor at this time to state that it is obvious that we cannot finish the work on this bill by 2 o'clock today or by 3 o'clock or by 4 o'clock. It will probably be 8 or 9 o'clock or later. But in any event, I think we ought to finish acting on this resolution today.

Democratic Senators had planned for a conference at Coolfont in Berkeley County, W. Va. But we want to put the business of the Senate ahead of party interests. We have met. Mr. BOREN, whom I designated as chairman of the group that would work out the arrangements for the Coolfont conference, is here on the floor. We have had several members of his group and other Senators who were planning to go to that conference. We were all in agreement that the American people expect us to complete action on this budget resolution and that we, ourselves, want to see action completed on the budget resolution. We put our Nation's interests first, and we are here to say that that conference will be postponed to another date, not canceled. It will simply be postponed to another date when we will not be faced with the extenuating circumstances that confront this Senate at this time.

Mr. BOREN. Will the leader yield?

Mr. ROBERT C. BYRD. I yield.

Mr. BOREN. Mr. President, I join in the remarks just made by the distinguished minority leader and say that the members of the committee that worked with me in planning this particular session are in unanimous agreement with the leader's decision that we should put the work of the country first, that the budget is extremely important to all of the people of this Nation and that must be our first priority. All of those who have discussed it are in agreement that this action should be taken, that we should complete our work here without any pressures of time operating on us and make sure that we carefully deliberate about each decision which we make here on this floor.

Mr. ROBERT C. BYRD. I thank the Senator for the good work that he has done in this regard. Even last night we were still hopeful that there might be a possibility that we could complete action on this measure by 2 o'clock today. We have speakers scheduled to address the conference. Senators have made plans for the conference. They were going to take their wives, and so our decision comes at no small inconvenience to Senators and speakers and members of the press who were invited. We now see that it is absolutely clear that it will take a good bit of time yet to complete action on this measure, and I think we should announce our plan to defer the Coolfont conference until a future date.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. RANDOLPH. Mr. President, the announcement by the minority leader, Senator BYRD, is correctly stated and is spoken with a sense of duty to the work here.

The conference in West Virginia, now postponed, was to be at Coolfont, in the lovely hill country near historic Berkeley Springs, Morgan County. Democratic colleagues would have been privileged to be at this resort with their families. Informed speakers were to counsel with us. The discussions would have been helpful in a picturesque setting as "spring skips over the mountains top."

However, as our minority leader has said—we do believe that this measure is important legislation on which action should not be deferred until next week.

I commend our leader. He speaks not in apology. He emphasizes that Democrats in the Senate will stay on the job and work with others their will for passage. At a later date there will be a constructive conference where plans for successful prosecution of the November election will be considered and later carried to reality.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. President, I should like 2 more minutes yielded to me, and I ask unanimous consent that this time be charged on the time of the resolution, because we are speaking out of order.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. I yield to the Senator from Vermont.

Mr. LEAHY. Mr. President, I also wish to commend the distinguished Democratic leader for his decision. As I mentioned to him a few minutes ago, the decision came about 5 minutes after I had called my wife to make alternate plans, to make sure we would be at Coolfont tonight.

The meeting he organized last year was extremely helpful to individual Senators and extremely helpful in establishing the positions of our party in this body, something for which we have a historic responsibility, and it helped us carry out that historic responsibility.

I also commend him for doing what all of us expected and knew he would do, to put the interests of the United States far ahead of those of our party or of any particular individual Senator. I commend him for it.

I, for one, look forward to joining him and the distinguished senior Senator from West Virginia at Coolfont at another time.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. President, I yield to the distinguished Senator from Rhode Island (Mr. PELL).

Mr. PELL. Mr. President, I congratulate the minority leader on his decision. I am not surprised at it nor at his sense of priorities.

I am reminded that the parliamentary body that calls itself the mother of parliaments—although we may not agree with that—has a rule of priority as follows: nation, party, self.

I think that is a pretty good rule for all parliamentary bodies. This is an occasion when national interests are put ahead of party interests and both are put ahead of personal interests.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. President, I thank the Senator from Wyoming for permitting me to speak at this time.

Mr. SIMPSON. Mr. President, I thank the Senator from West Virginia for meeting his obligation to his side of the aisle. I think that is a very fine gesture for the minority leader and those of his party. I am sure it was a very difficult decision.

I can tell the minority leader how much the party on this side appreciates the Tidewater Conference, which is a time of reflection and refreshment for us. We feel just as you do. As you have all very well expressed, we have a duty. We on this side of the aisle feel it is just as important to proceed and are pleased that you share in that.

We are here to join together to get this difficult task done, so that we can get to a rollcall vote today on final passage.

I thank the Senator from West Virginia, and I appreciate the comments he and his colleagues have made.

FIRST CONCURRENT BUDGET RESOLUTION

The Senate continued with the consideration of the concurrent resolution.

Mr. DURENBERGER. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. MOYNIHAN. On whose time?

The PRESIDING OFFICER. The minority leader had obtained consent that the time not be charged to either side on the resolution.

Mr. SIMPSON. Mr. President, I ask unanimous consent that the time be charged against the resolution.

Mr. ROBERT C. BYRD. Beginning here?

Mr. SIMPSON. Beginning at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURENBERGER. I thank my colleague from Wyoming.

Mr. President, I am not headed this afternoon for Berkeley County, W. Va., or Beckley County.

Mr. RANDOLPH. Morgan County.

Mr. DURENBERGER. Some wonderful county in an incredibly beautiful State this afternoon, to enjoy refreshments, self-reassessment, or whatever goes on at the Democratic version of Tidewater. I will be headed, instead, for Duluth, Minn., which is currently the home of 15 percent unemployment, in an area that is probably by now the home of 22 percent to 24 percent unemployment.

I called my wife to inform her that I was going to be picketed by college students who were going to demonstrate their ungratefulness for my efforts here to restore higher education funds to the budget. But that is a sign of the times, and so are some of these amendments.

Mr. President, I opposed many Members of my caucus in supporting an amendment by the distinguished Senator from New York and the distinguished Senator from Vermont that related to the Environmental Protection Agency, and I did so because, as chairman of the Subcommittee on Intergovernmental Relations, I have spent a great deal of time in the last few months examining the relationship between Federal and State government in providing environmental quality control in this country.

I came to the readily simple conclusion that by the action of the Budget

Committee in reducing the appropriations for the Environmental Protection Agency, we were actually raising the costs of environmental protection in this country substantially.

Mr. President, I am supporting this amendment for a very critical reason. I am convinced—and I hope to use this opportunity to convince my colleagues—that an adequate budget level for the Environmental Protection Agency at each stage of the regulatory process is necessary to make sure that in the end the regulatory process is not more expensive than it needs to be. In other words, I intend to argue that budgeting adequate funds for EPA now will save money in the long run.

As chairman of the Subcommittee on Intergovernmental Relations, I have been holding a series of hearings on those laws which authorize a Federal agency to set environmental or health and safety standards and leave to the States the job of writing plans and regulations to meet those standards. Many of these State implementation programs are assigned to EPA. They include the Clean Air Act, the Resource Conservation and Recovery Act, and various aspects of our water pollution control law.

There are 18 laws of this type including the Occupational Safety and Health Act and the Surface Mining Reclamation Act, not all within the jurisdiction of EPA, but all taking a similar structure calling on the Federal Government to set standards and directing the States to implement those standards.

In reviewing these 18 State implementation laws, the subcommittee has found that there are four basic parts to the regulatory process, and that each of these parts is reflected in the budget of the Federal agency administering the program. These four parts are research and development, regulatory design, State grants, and enforcement. We have also found that inadequate funding for any part of this regulatory process tends to increase costs at some other point, so that no real savings are actually realized.

Let me go through the four parts one at a time so that I can make this interrelationship clear.

First, research and development. Setting environmental or health and safety standards is necessarily decisionmaking in an uncertain environment. The less certain the information, the more likely it is that the standard will be stricter than is necessary to protect public health and safety. When one has not committed the research funds necessary to gain a thorough understanding of the effects of a particular pollutant, preliminary indications of adverse health effects will lead to strict control measures. These control measures can have high costs to the economy that may in some cases exceed the benefits of the proposed standard. This economic inefficiency results from not devoting sufficient funds to the research effort in the first place. Savings in the agency budget end up imposing unnecessary costs on the private sector.

The second stage in the process is regulatory design. We prefer a system where the Federal Government sets the standards and the States implement them. However, that system depends on the Federal Government proceeding expeditiously toward final regulations that can be maintained consistently over a number of years.

In many of the programs created by State implementation statutes, the States are ready to implement, but find themselves unable to do so, because Federal regulations have not been published. The uncertainty created for State regulatory agencies and the private sector wastes resources. It does so because all new developments are in limbo pending the outcome of the design process. Adequate resources devoted to timely design of the regulations setting Federal standards, reduces regulatory costs over the long run.

The third step in this type of regulation is State implementation. Writing the plans, issuing the permits and enforcing the standards costs money. Looked at as a whole, the Federal Government and the States currently share these costs in about equal portions. The percentages vary widely by program and in some cases by State. But in general the costs of implementation are shared about evenly between the Federal and State partners in this regulatory process. The Federal share is paid to the States in the form of grant programs. But my colleagues should not forget that these grants are directed to the States, not as general assistance to meet some traditional State function, but rather to achieve specific Federal purpose that has been defined here in the Congress. To the extent that these grants can be called assistance programs at all, the assistance comes in the other direction. It is States spending some of their own funds to help us achieve a Federal purpose. And, as I said, for every Federal dollar that we commit, the States are also committing a dollar.

What happens when we do not provide adequate funds in the budget of an agency like EPA which is chargd with one of these State implementation statutes? Can we just expect the States to increase their share? No. In fact, the States are not obligated to commit any share at all. States are free to drop their implementation efforts altogether. The grant program is a carrot. We offer it to beg their assistance in helping us achieve our purpose. If we try to shift the cost to them by cutting the grant funds, we will reach the point that the States will simply back out altogether.

To illustrate this point, Mr. President, I ask unanimous consent that an article from the Washington Post this morning be printed in the RECORD at the conclusion of my remarks. It clearly indicates that in the face of the Federal budget cuts many States are contemplating an abandonment of their role in the implementation process.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DURENBERGER. Mr. President, does this save us any money? It does not because the Federal agency is then obligated to go into the States and do its own implementation. Federal enforcement is more costly on two counts. No. 1, it is likely to be administratively more cumbersome and expensive. No. 2, Federal enforcement does not benefit from those State expenditures that were previously committed to implementation.

If in the name of saving a few dollars in the budget of the Federal agencies, we cause the States to drop out of these environmental programs, we really will have wasted money in the long run. We will be required to enforce these programs entirely from the Federal Treasury, and since the States are making a contribution roughly equal to our own at this time, we will end up doubling our costs.

Mr. President, I urge my colleagues to support this amendment. It is one of those rare cases where adequately funding a program now will save us money over the long term.

Mr. President, I indicate, further, that in spite of the very lucid, well thought out, well researched argument by my colleague from Wyoming in opposition to this amendment—because I do believe that the appropriations process is not only the appropriate place but also the most sensitive place to make decisions relative to grants from the Superfunds—I intend to support the amendment of the Senator from New York, although it comes hard for me to do so.

Duluth, Minn., is also the home of much of the deposition of acid rain in the United States, and I am sure that this amendment has much to do with the solutions to the problem, and for that reason I intend to support this amendment.

EXHIBIT 1

STATES CAN'T SHOULDER EPA'S CLEANUP LOAD

(By Sandra Sugawara)

There's one small problem with the Environmental Protection Agency's plans to trim its budget by turning some of its programs over to the states.

The states say they can't afford them either.

And, according to a recent survey by the National Governors Association and state environmental officials' groups, many would consider dropping programs--particularly ones designed to control air pollution—rather then accept responsibility for them.

The result, state officials say, could be damaging to many of the major gains of the 1970s in controlling air, water and hazardous waste.

The idea of turning over certain pollution control programs to the states is not new. In fact, under most of the major environmental laws of the 1970s, the federal government was supposed to set the policies, help with enforcement, and then give money to states to help them establish and eventually manage their own programs.

What worries state environmental officials is that EPA, at the same time it is trying to speed up the transfer of responsibility to states, wants to cut by 20 percent the $227.8 million it gives them for environmental programs. The federal money represents about 50 percent of state expenditures on these activities, according to the NGA survey.

State environmental officials note that state budgets are already burdened by other cuts in federal aid, swollen unemployment payments and lagging revenues because of the recession.

In fact, when the Pennsylvania legislature recently wrestled with cuts in spending, one of the largest—$526,000--came out of the budget for its Department of Enviornmental Resources. The agency had already shut 20 of its 46 environmental-enforcement offices, and officials said they have no idea what the new state cuts, let alone the proposed federal reductions, would do.

Environmental officials in Massachusetts expect the state budget for fiscal 1983 to provide a 15 percent increase in their funds, which they intend to use to develop their fledgling controls over hazardous waste, toxic waste and groundwater protection. Still, they anticipate problems.

Anthony Cortese, commissioner of the state's Department of Environmental Quality Engineering, said, "We can't cut back on those [programs]. We're just starting out with them." Cortese said the problem is a major one for the state. In the last three years, 97 hazardous waste sites have been discovered and about 50 remain to be cleaned up. Thirty-one water supplies were found contaminated.

Cortese said a 20 percent cut would hurt air and water programs, particularly issuing permits, monitoring, inspections and enforcement.

The NGA survey found officials in 11 of the 49 states surveyed optimistic that they would be able to make up at least part of the federal cuts in the hazardous waste program; six states, the air program cuts; three states, the water program cuts, and six states, the safe drinking water cuts.

Massachusetts and other states are considering charging users for processing air, water and hazardous waste permits. But some states lack the authority to charge for such services and in about half of the 19 states that now charge for air quality permits, the money must go into general revenues.

On the other hand, at least 11 states indicated they would be forced to drop their programs to prevent the deterioration of areas with air cleaner than the national average. The programs would either have to be picked up by the federal government or eliminated.

Many states say the federal cuts would force them to lay off employees.

The cuts would also force the closing of 12 air pollution control agencies at the local level, including one in Alexandria, according to William Becker, executive secretary of the State and Territorial Air Pollution Program Administrators. Becker said the activities would be picked up by state authorities, further burdening state resources.

Twenty-seven states predicted that under the cuts it would take industry an average of 24 percent longer to get air permits. They also predicted that it will take longer to process water and hazardous waste permits, although they stressed that estimates are tentative.

The extent to which the states depend on federal assistance varies greatly, according to the survey. California is the least dependent, particularly in the air programs, where federal grants account for only 10 percent of the budget.

In contrast, federal funds account for about three-fourths of the air program budgets in Kansas, Ohio, Nebraska, Utah, New Hampshire and Vermont.

The federal government provides all the funds for hazardous waste disposal programs in Connecticut and Vermont.

Virginia depends on the federal government for 73 percent of its hazardous waste budget, 44 percent of its air budget, 46 percent of its drinking water budget and 21 percent of its clean water budget.

Maryland turns to the federal government for 87 percent of its drinking water budget, 56 percent of its water quality budget and 45 percent of its air quality funds. Maryland charges for some of its permits; Virginia doesn't have that authority.

Brendan Whittaker, Vermont's secretary of environmental conservation, said, "We don't like it. I suppose we can probably live with it. But what really worries me is the federal government's apparent shift away from an aggressive environmental stance. We need a strong federal presence to set the nation's environmental direction."

He believes a forceful federal role discourages regional inequities and is necessary to solve regional problems like acid rain. "I'm afraid we may be returning to the old days when fugitive industries begin shopping for an easy state to do business in."

Mr. MOYNIHAN. Mr. President, we have some time while we await some Senators opposite, who now are making speeches, and that is all very well.

It might be useful at this time, then, to turn to an issue that has not yet been mentioned in this debate, on the resolution before us.

I wish to point out that this resolution contains the first expression in the history of the U.S. Congress of its sentiments to the Federal Reserve Board about the direction of monetary policy. It is striking evidence of the narrowness with which we consider economic questions and of the institutional constraints imposed on our inquiry into such questions, that we think only of fiscal policy and generally find ourselves unable to deal with monetary policy. To a curious degree, Congress has always left issues of monetary policy to an uncertain and often hidden relationship between the Federal Reserve and the Executive.

Ours is the one of only two industrial nations in the world where the legislative body does not set or even influence in a direct way monetary as well as fiscal policy, the other being the Federal Republic of Germany. This has been the informal arrangement since the establishment of the Federal Reserve; now, for the first time in this resolution this is being changed. The press has not noticed this, and it may be just as well. But I have spoken with the chairman of the Federal Reserve. He has noticed. He has also noticed that the Budget Committee of the House of Representatives has, in its resolution, adopted the same language on monetary policy we have incorporated in this concurrent resolution. When we go to conference, therefore, there will be identical language on both sides.

This is important. It has never happened before in the history of the Congress and this Nation. It is an event of some consequence.

It is an event that my distinguished friends from New York, members of the New York delegation such as the distinguished representative from Alexander, probably would view with alarm, some will be concerned at even so much as nodding in this direction at merely acknowledging the existence of the Federal Reserve System in a congressional resolution. But it is now a fact, Mr. President, that if we are going to meet our responsibilities in marco-economic policy, we cannot confine ourselves to fiscal policy.

During the markup of this resolution in the Budget Committee, Senators RIEGLE, SASSER, and I offered a monetary policy resolution which would, in effect, have expressed the sense of the Congress that the Federal Reserve should return to the monetary growth path which President Reagan proposed. Senators RIEGLE, SASSER, and I proposed a statement which would have encouraged the Federal Reserve to restore the monetary targets suggested by the President in his proposal for economic recovery of February 18, 1981.

In consultation with the Joint Economic Committee, we submitted our monetary proposal with our proposals for fiscal restraint to Data Resources Inc., for analysis by their computer simulation of the economy.

We got the most startling results that have come out of economic analysis in this body: rapidly declining interest rates, rapid economic growth, and rapidly declining deficits.

Later in the day, some dear friends from my own party will offer yet another proposal to reduce outlays in the budget. It will not happen. We in the Budget Committee sat for days, while Members rushed in to announce that deficits were destroying democracy, paused to look at their watches, and then ran back to their committees to propose yet another $5 billion in outlays for the Commodity Credit Corporation.

Such efforts are not sufficient.

We are dealing with an unprecedented monetary situation, one of the highest real rates of interest in the history of the United States.

Mr. President, not long ago we had the great honor and privilege to have the Queen of the Netherlands, Queen Beatrix, address a joint session of Congress, on the occasion of the 200th anniversary of relations between the United States and Holland. When Holland first recognized the United States 200 years ago, Congress immediately set out to borrow money from her bankers. But owing to the extraordinary risk of lending money to a revolution torn country recognized by only one nation on Earth, the Dutch exacted an extraordinary rate of interest. They charged our new Government 5 percent on those bonds. Last year real interest rates in this country rose above 11 percent.

We find ourselves today with an economic policy at war with itself—a hugely expansionary fiscal policy owing to the radical reduction of tax revenues with the large increase in defense outlays, confronting an incredibly tight monetary policy, perhaps loosening up now but incredibly tight in 1981. M_1 supplies grew at a rate of 2.3 percent in 1981: We have to go back to 1959 to find a comparably tight policy. The last time, it precipitated an economic contraction that helped elect John F. Kennedy, and there is something to be said for that. This time it is precipitating an economic crisis.

In any event, Mr. President, I only intended to take advantage of this quiet moment, when there are few in the Chamber, to note that, yes, there is something new in this resolution: For the first time in American history, a sense of the Congress statement calling on the Federal Reserve to reevaluate its monetary policies. I am pleased that, with Senators SASSER and RIEGLE, I brought this issue for consideration in the budget resolution.

These are not subjects easily followed, but I suggest that interest rates are more near to the heart of our difficulties today—interest rates essentially influenced by the decisions of the Federal Reserve's Open Market Committee, to which we address the sense of the Congress—than the rather clumsy and retarded efforts to change budget authorities and even final budget outlays. By the time what we are doing today has any effect on the economy, we shall have either entered a depression, or already have been in and out of another intervening recession.

Monetary policy responds more quickly. In New York this afternoon at 4 p.m., the stock markets will close and most of those present will sit around waiting to learn the Federal Reserve's latest estimates of M_1 supplies. And they will react immediately to what they learn, as will interest rates and investment decisions. The fiscal matters we are discussing here today will appear in the actual economic and money flows of this country only 2 years from now.

Mr. President, the hour of 2 p.m. has arrived and the distinguished minority whip has returned. Our time has expired, of course, and we have been speaking on the amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I understand that time has expired on this amendment, but I would not like to start to vote on it for about 5 minutes. So we can do that, however the distinguished Senator from New York wishes. We can have a quorum and charge it to us for 5 minutes, or we can yield to the Senator from New York if he has something further to add. What is his pleasure?

Mr. MOYNIHAN. I am happy to have a quorum if it be charged to the Senator. I only made a 5-minute statement. Perhaps if I may take 2 minutes to charge it to our side just to respond on some of the comments made by the Senator from Wyoming and the Senator from Minnesota.

Mr. DOMENICI. All right, and then we will have a quorum on our side until around 5 after.

Mr. MOYNIHAN. Until the Senator from Kansas returns.

Mr. DOMENICI. Until 5 after.

Mr. MOYNIHAN. Mr. President, with respect for the Senator who spoke earlier, I would just like to add a few comments about the Superfund amendment. In a party caucus on Tuesday, $58 billion was added to the budget resolution that was reported out of the Budget Committee only a short time earlier, even so in the matter of Superfund the resolution is still below the request of the administration itself.

This amendment simply restores Superfund to the level recommended by the Committee on Environment and Public Works.

No one can speak for certainty to the appropriation process with respect to any of these functions, but I would say with confidence if our committee asked the Appropriations Committee to allocate $250 million in budget authority for fiscal 1983 from the Superfund trust fund, reserved moneys, that they will do that.

It is a very modest use of a steadily accumulating resource, and it is what the committee requested.

I hope the Senate will find it in the interest of comity to the committee to do so. I am hopeful that they will. I know there are people who will ask them why is it that in the aftermath of the Love Canal and an endless—not endless, but a very continuous sequence of toxic waste disasters in this country, we are not prepared to do even as much as the administration proposes. Why is it that we are unwilling to expend moneys that are earmarked for the cleanup of toxic waste dump sites? We have a special tax on 42 chemicals for this purpose. We know not just where to get the money but where to use it.

I would say once again we are in some respects facing a one-time problem. If we can clean up these dumps, they need not recur.

The PRESIDING OFFICER (Mr. HUMPHREY). The Senator's 2 minutes have expired.

Mr. MOYNIHAN. I thank the distinguished Presiding Officer and I yield the floor.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, as far as I know, there is no requirement for time off the resolution for debate. Have the yeas and nays been ordered on the amendment?

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Does the Senator from Georgia seek recognition?

Mr. NUNN. Mr. President, I ask unanimous consent that Ed Zyas of my staff be accorded floor privileges.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from New York (Mr. MOYNIHAN). The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. BOREN (after having voted in the negative). On this vote I have a pair with the distinguished Senator from Montana (Mr. MELCHER). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), and the Senator from New

Mexico (Mr. SCHMITT) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that, if present and voting, the Senator from Kentucky (Mr. HUDDLESTON), would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 41, nays 53, as follows:

[Rollcall Vote No. 141 Leg.]

YEAS—41

Baucus
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cohen
Cranston
D'Amato
DeConcini
Dodd
Durenberger
Eagleton
Exon
Ford
Glenn
Hart
Hawkins
Heinz
Hollings
Inouye
Jackson
Kennedy
Leahy
Levin
Long
Mathias
Matsunaga
Metzenbaum
Mitchell
Moynihan
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stafford
Tsongas

NAYS—53

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boschwitz
Brady
Byrd,
  Harry F., Jr.
Chafee
Cochran
Danforth
Denton
Dixon
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hayakawa
Heflin
Helms
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Nunn
Packwood
Percy
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Boren, against.

NOT VOTING—5

Hatfield
Huddleston
Melcher
Pressler
Schmitt

So Mr. MOYNIHAN's amendment (UP No. 985) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I yield myself 1 minute.

There are only 3 hours and 50 minutes, approximately, left of the time allocated for debate on the resolution. It is now 2:30 p.m. It is the intention of the leadership to finish this resolution today. I know that will cause, has already caused, serious inconvenience on both sides of the aisle, but I believe we can finish this resolution by 6 o'clock or thereabouts. I urge Senators to consider whether or not they require rollcall votes on all of their amendments and how they may be able to abbreviate their statements and remarks.

Mr. President, we shall make every effort to, and I am confident we will, finish consideration of this resolution today.

Mr. DECONCINI. Will the leader yield?

Mr. BAKER. Yes, Mr. President, I yield

Mr. DECONCINI. Would the majority leader consider asking for 10 minute rollcalls on these votes?

Mr. BAKER. Mr. President, I really cannot at this point. We are having so much trouble getting people in now on 15-minute rollcalls. If we get some stacked, I shall be glad to do that, with the first rollcall to be 15 minutes and subsequent rollcalls 10 minutes.

Mr. CHILES. Mr. President, I would if the majority leader would make some announcement when we are going to start 10-minute rollcalls after the next one. We are all here this afternoon, we do not have committee meetings, to be in our office and so forth. We ought to be able to make it.

Mr. BAKER. Mr. President, I think the Senator's suggestion is a good one. I shall ask my cloakroom to try to arrange that. We may have an agreement to that effect in a few minutes.

Mr. President, I yield the floor.

SOCIAL SECURITY SOLVENCY

Mr. BRADLEY. Mr. President, I am very pleased and not altogether surprised that the Republican modification of the Senate Budget Committee's first budget resolution has removed the $40 billion in cuts to the social security program initially called for. At the same time, I think it is important to recall what the Budget Committee Republican majority first proposed.

Mr. President, under pressure of the largest Federal budget deficit in our history, we were to approve an unspecified $40 billion in cuts in the social security program over the next 3 years. These cuts work out to approximately $1,000 for each of the 35 million Americans who currently receive social security benefits. Of course, we had been assured by partisans of this $40 billion compromise between the White House and the Budget Committee Republicans that the monthly checks of current recipients would be protected, that our senior citizens who are primarily dependent on social security for their income—an estimated 35 percent of all aged recipients—should not worry.

But worried they are, Mr. President. They are worried because they remember a promise the President made last year not to cut social security benefits, only to find minimum benefits disappear under the guise that they were not social security benefits at all. They are worried because they remember the drastic cuts in benefits for early retirees and disabled workers that President Reagan proposed last year. They are worried because they find it hard to believe that achieving $40 billion in cuts, $6 billion of it in fiscal year 1983, will not require such drastic reductions in benefits.

Mr. President, we owe the 35 million Americans who receive social security benefits and those many millions of working Americans who are contributing to the system to be open and honest about the social security program and its future. The partisan of this proposal argued that we should adopt an arbitrary number for cuts—the $40 billion—and then await the recommendations of the National Commission, conveniently expected just after the November elections, before getting down to details.

But voting for $40 billion in cuts without specifying which benefits and which beneficiaries will be affected does not meet the test of openness and honesty. Americans do not buy houses or cars, or insurance policies or even apples without looking at the goods first. We in the Senate, as elected representatives of the people of this Nation, should be far less willing to purchase a numerical fix in the budget without thoroughly considering the true cost that will be paid by the American people.

Mr. President, I will not deny that the social security system is facing a serious financing problem over the next several years. This short-term problem is a result of the weak performance of our economy over the last decade. Lagging productivity and the OPEC-driven inflation in oil prices are prominent contributors to our current difficulties. Yet interfund borrowing as provided for last fall by the Senate would have met the needs of the social security system. However, other events intervened, notably the recession and the dramatic rise in unemployment the recession has brought. Because social security has always been financed by payroll taxes on a pay-as-you-go basis, increased unemployment means decreased revenues available for social security payments. Despite optimistic forecasts by the Reagan administration and the passage of its economic program—some would say because of its passage—unemployment has risen dramatically in the past 6 months. In October, unemployment stood at 8 percent or nearly 9 million workers. Last month's figure was 9.4 percent or over 10 million workers out of work. The loss of 1½ million social security taxpayers in a few months has had a significant negative impact on the social security system. Moreover, the prospect of continued high rates of unemployment and a no-growth economy will intensify current problems.

As a consequence, some short-term measures may be necessary to see the program through to the 1990's, when the baby boom generation will be fully employed and the system will move into surplus. I am confident that Congress will address this short-term financing problem once the National Commission on Social Security issues its report at the end of this year. At that time we will be able to consider specific proposals to deal with the program's financing needs. Changes in benefits or cost-of-living adjustments, or borrowing from general revenues, or among the trust funds must be evaluated in terms of human as well as budgetary costs and benefits. We will also have the advantage of hearing from those individuals and groups which will be affected.

Mr. President, we shall take the action necessary to assure the solvency of the social security trust funds, but we shall not do so blindly, as this budget resolution would have required, without adequate information about the amounts of money needed and without adequate consideration of the measures to be enacted. For these reasons, Mr. President, I strongly opposed the provision in the initial budget resolution and I am equally strongly supportive of the action taken to strike the provision from the resolution.

UP AMENDMENT NO. 986

(Purpose: To add cost-of-living increases for military and civilian retirees and provide for an equivalent decrease in defense spending)

The **PRESIDING OFFICER.** The Senator from Florida is recognized.

Mrs. **HAWKINS.** Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER.** The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Florida (Mrs. HAWKINS) proposes an unprinted amendment numbered 986.

On page 5, strike out lines 7 through 10 and insert the following:

Fiscal year 1983:

(A) New budget authority, $251,700,000,000 minus $380,000,000.

(B) Outlays, $215,300,000,000 minus $380,000,000.

On page 5, strike out lines 16 through 23 and insert the following:

Fiscal year 1984:

(A) New budget authority, $278,300,000,000 minus $850,000,000.

(B) Outlays, $243,000,000,060 minus $850,000,000.

Fiscal year 1985:

(A) New budget authority, $316,500,000,000 minus $930,000,000.

(B) Outlays, $277,700,000,000 minus $930,000,000.

On page 16, strike out through lines 12 through 15 and insert the following:

Fiscal year 1983:

(A) New budget authority, $281,800,000 000 plus $$380,000,000.

(B) Outlays, $273,000,000,000 plus $300,000,000.

On page 16, beginning with line 22, strike out through line 4.

On page 17 and insert the following:

Fiscal year 1984:

(A) New budget authority, $300,900,000,000 plus $850,000,000.

(B) Outlays, $288,800,000,000 plus $850,000,000.

Fiscal year 1985:

(A) New budget authority, $332,900,000,000 plus $930,000,000.

(B) Outlays, $310,500,000,000 plus $930,000,0C0.

The **PRESIDING OFFICER.** The Chair points out there is a 20-minute time limitation.

Mrs. **HAWKINS.** That will be more than adequate, Mr. President.

Mr. President, the amendment I offer today raises budget authority and outlays under the income security function by $380 million in fiscal year 1983, $850 million in fiscal year 1984, and $930 million in fiscal year 1985. With identical offsets from the defense function, this amendment does not affect the deficit projections for fiscal years 1983, 1984, or 1985.

Under the budget resolution before us today, Federal and military retirees will not receive cost-of-living increases in fiscal year 1983, and the COLA caps will be 4 percent in fiscal years 1984 and 1985. Under this amendment, Federal and military retirees would receive a 4-percent COLA in all 3 fiscal years.

Mr. President, our retired military and Federal workers defended and served our Nation well. I believe it is time that the Senate reciprocate by demonstrating its gratitude. We can do so by retaining 54 percent of the benefit increase they were promised this year, rather than pulling the rug out from under their feet without warning.

I believe we must partially reinstate the fiscal year 1983 COLA to show our commitment to fairness. Retired individuals, for the most part, live on fixed incomes. Unlike others, they have few chances, and many have none, to raise their income to keep pace with inflation. I do not believe the elderly should be forced to watch helplessly as their most important means of support is eroded by inflation. I believe that would be unfair.

The 7.4-percent COLA increase promised earlier is, in fact, just a catchup provision for inflation that took place last year. Even if inflation is eliminated, and I hope it is, retirees need a 7.4-percent increase to reacquire the purchasing power provided under Federal pensions last year. In a very real sense, a 4-percent COLA in fiscal year 1983, as I propose now, is the minimum the Senate can provide in the name of budget restraint. If any lower figure is adopted, we will be guilty of a breach of faith.

Furthermore, if we go back on our word on such short notice, it will be more difficult to attract qualified personnel into Federal military and civilian service. Given the security challenges facing our country in the years ahead, and the growing need for a sophisticated work force, I believe it is pennywise and pound foolish to raise new doubts among potential recruits about the willingness of the Federal Government to honor the employment contracts it signs.

Mr. President, my amendment calls for increases in military and Federal COLA's, but I do not intend to add to the deficit. My amendment contains an off-set provision. It calls for offsetting the cost for the COLA increases by equal reductions in the defense function.

Mr. President, I would not offer this amendment if I thought it would undermine our needed military buildup or the negotiations between the President and our allies in Europe, or the Soviet Union. In fact, I am convinced that this amendment will actually enhance our national defense.

On the battlefield, we know that intelligent, experienced, well trained personnel, and reliable, capable equipment are essential to win a military engagement. However, I believe we can also agree that the equipment we use is only as good as the people who operate it. Considering that Soviet troops outnumber us in Europe, we would be forced to rely on the skill of our military personnel to compensate for this Soviet advantage. Therefore, our Armed Forces must continue to attract and retain intelligent, qualified personnel in order to carry out their responsibility to defend the country. And one of the ways to insure this is to continue the COLA for military retirees. If we break faith with our military retirees and do not give them a COLA when others will receive one this year, I have no doubt that this will affect military retention. Men and women who are considering a military career will know that Congress at any time might deny them benefits previously agreed to. If potential recruits are persuaded that, after serving their country well, they will have to win a pension lottery to be financially secure, many will opt for a career that can guarantee them retirement income.

The 4-percent COLA increase in fiscal year 1983 called for in my amendment for Federal retirees will have a beneficial effect on the whole Government for the same reasons. However, the defense effort again will benefit substantially; just over 1 million Federal civilians earn their living by defending the country. Many highly qualified civilians will decide to seek employment elsewhere when they learn their retirement benefits can be tampered with by majority vote of the Congress.

There is another argument that Senators who favor our military buildup should remember before they decide how to vote on my amendment. If the impression is created that this buildup is imposing hardship on vulnerable individuals, the consensus to launch the buildup that was evident in 1980 and 1981 will erode. This erosion will ultimately force us back into the bad habits of the late sixties and seventies where defense spending in real terms declined. I believe this would be disastrous. We must be committed to a long-term, steady increase in defense spending, and we must convince the Soviets that we have the political will to match the threat they are mounting. I believe the American people will make the necessary sacrifices unless we violate their sense of fair play.

Mr. President, I urge the adoption of this amendment, and I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficent second? Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. Who yields time

Is the Senate ready for the question?

Mr. **DOMENICI** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from New Mexico.

Mr. **DOMENICI**. Is there 5 minutes to a side on this amendment?

The **PRESIDING OFFICER**. Ten minutes on each side.

Mr. **DOMENICI**. We have not used any time on our side?

The **PRESIDING OFFICER**. That is correct.

Mr. **DOMENICI**. Has the Senator from Florida used her time?

The **PRESIDING OFFICER**. The Senator from Florida has used just over 6 minutes.

Mr. **DOMENICI**. Mr. President, I suggest the absence of a quorum and charge it to my time.

The **PRESIDING OFFICER**. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **DOMENICI**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **DOMENICI**. Mr. President, as much as I would like to support the amendment of the distinguished junior Senator from Florida, Senator HAWKINS, I cannot. I hope the Senate will not. In fact, I think it is one that I might very well move to table.

I do not do that very often, but I think it is an issue that really ought to be set aside. That is what I construe tabling is.

What the Senator is saying is that she would like to take from the defense function a little over $2 billion in outlays and move it over to another function so that it could be used to supplement the moneys that we have to pay Federal retirees and Federal military retirees.

What this really points up, once and for all, as we look at the facts, is that the Federal employees pension fund is not self-sufficient. Obviously, there are many retired Federal employees who assume that they have paid money into a trust fund, the Federal Government paid money into a trust fund, and it is there for the retirement.

It turns out that there is not enough there. In fact, this year we will be paying about $15 billion from the average citizens general tax funds to make sure that there is enough for their retirement.

Senator HAWKINS says rather than freeze for 1 year those checks that are going to those retirees, which may very well be the case under this budget, while we catch a breath here in the country and get caught up, take it out of defense and move it down into that function and use that to pay for it.

In this Senator's opinion it does two things wrong: We cut benefits which we voted here a number of times not to do, but it does it just as effectively as if we had voted to cut it. Then it says that money should go to supplement the function of Government that writes these retirement checks, because she wants them to receive a 4-percent increase.

If they were entitled to the Consumer Price Index the way we have been figuring it, they would get 7.4 percent. Since the distinguished Senator is going to provide less than the full CPI, I laud her for that; that has to happen sooner or later, and I think it ought to happen now, to get less than the full CPI for a while as a cost-of-living add-on.

I commend her for that. I hope that the Senate would not take from the defense to put into a 4-percent add-on for cost-of-living adjustments for retired Federal employees and retired veterans. This is just as bad as putting new money in, the $2.2 billion. In this case I can say we do not add to the deficit because we take it away from defense. That is about the best I can do.

I am willing to answer any questions about retired Federal employees in terms of whether or not they have been adequately compensated with cost-of-living increases in the past. I happen to think they have. But if anyone would like to discuss it, I have all the facts.

Mr. **GOLDWATER**. Mr. President, will the Senator yield?

Mr. **DOMENICI**. I yield.

The **PRESIDING OFFICER**. The Senator has 56 seconds remaining.

Mr. **GOLDWATER**. Can the Senator explain to us how that formula is set up? As I understand it, we who are civil servants pay so much into the kitty and, theoretically, when it was established, the Federal Government was to match that sum every year. Is that correct?

Mr. **DOMENICI**. Have we run out of time on this side, Mr. President?

The **PRESIDING OFFICER**. The Senator has 30 seconds.

Mr. **DOMENICI**. I yield myself 2 minutes on the resolution.

Mr. President, I appreciate the Senator asking the question.

The Federal employees retirement fund and the congressional employees retirement fund were supposed to be compensatory funds, whereby they take something out of the paycheck and the Government, as an employer, matches it, puts it off on the side. It was supposed to be enough to make sure that the checks were forthcoming for the retirees and that we pay for the medical they were entitled to. It was 7 percent from the employees and 7 percent from the Government.

We have to acknowledge that for a period of 4 or 5 years, the Federal Government did not put its share in, so we could go back and figure what that is. But 7 from the employer plus 7 from the employee is 14, so it receives 14 percent of payroll. It is now costing 36 percent of payroll, not 14. We think that is the highest pension plan in the world, from what we are able to see.

What the distinguished Senator from Florida is doing is acknowledging that there is not enough money in any trust fund. She says we will take it out of what we plan to spend in defense and put it in there and make sure they get only 4 percent, not a 7.4-percent increase. The Budget Committee assumed that for 1 year they should not receive any increase.

Mr. **GOLDWATER**. Can the Senator tell me how many years it has been since the Federal Government paid its share of this fund?

Mr. **DOMENICI**. I cannot. Does the Senator mean into the trust fund?

Mr. **GOLDWATER**. It seems to me that during the Eisenhower years, the President did require that this be paid, but I cannot recall that it has ever been paid since.

Mr. **DOMENICI**. I do not think it has been that long. In any event, we are on pretty sound ground that it is not paying for itself and that we have to put in general tax funds. I think the distinguished Senator from Florida is recognizing that in her amendment.

Mr. **GOLDWATER**. We are not only looking at a social security problem where, thanks to the sticky fingers of people in politics, those funds have disappeared, but also, we are looking—am I correct in this——

The **PRESIDING OFFICER.** The time of the Senator has expired.

Mr. GOLDWATER. We are looking at another retirement fund that is in trouble.

Mr. DOMENICI. I yield myself 1 additional minute.

Mr. GOLDWATER. I think it is very important, because civil servants all over this country, including Members of Congress, have the rather mistaken idea that our retirement funds, all retirement funds of civil servants, are safe. I do not think they are safe. I believe we are in real trouble, and this is just another example of—I hate to become political about it—but the other side using money that did not belong to them.

Mr. DOMENICI. I compliment the Senator for bringing up the issue. He is absolutely right.

If anybody would like further details and would like some expert explanation of this, the distinguished Senator from Alaska is here. He has been working on it for years, and he has a reform bill that he is working on. I do not think he would be doing that if we did not have a real problem. We do.

The retirement system, as we interpret it, has about a $640 billion unfunded liability. There are those who have been talking as though social security was the worst system around in terms of solvency or insolvency. It pales in comparison to this.

I think the civil service retirement is going to be reformed soon. The Budget Committee has merely asked that we hold the program in abeyance for a while, do not cut anybody, do not reform anything. Give Congress a chance. For 1 year, do not give pay raises and do not add COLA's. That is what is at issue here.

Mr. President, the distinguished Senator from Texas (Mr. TOWER) is here. I indicated before he arrived that I thought I would move to table this amendment, and I shall appreciate the benefit of his thoughts on this matter.

Mr. TOWER. I thank the distinguished chairman of the committee.

Mr. President, I certainly will support him in a tabling motion. If that tabling motion does not prevail, I think I would feel constrained to offer some amendments to specify the areas from which these defense cuts would be made.

I believe that this business of saying let us cut x amount percentage or dollars out of defense, without testifying where it comes from, is really irresponsible legislating.

So, for my part, although I appreciate very much what the Senator from Florida is trying to do—and it may be that the majority will agree with what she is trying to do—I think it would be incumbent on me to suggest areas in which these reductions should come.

I hope this matter can be resolved in another way, because I certainly am not unsympathetic to the thrust of what the Senator from Florida is trying to do.

Mr. PRYOR. Mr. President, the Senate Budget Commission in its action on the first concurrent budget resolution (S. Con. Res. 92) has reported reconciliation instructions to the Senate Committee on Governmental Affairs as well as several other committees. The Governmental Affairs Committee is directed by its instructions to eliminate cost-of-living adjustments in 1983 for civil service retirees. Action is also recommended to eliminate COLA's in 1983 for military retirees. I oppose this action at this time and I support efforts to restore funding to the budget to finance these cost-of-living adjustments.

First, I want to make it very clear that I am a strong supporter of a balanced budget, and no Senator in this Chamber supports budget cutting by the Congress more than I do. However, some groups cannot be forced to take reductions in their earned benefits while other groups are ignored.

The recommendation to eliminate COLA's in 1983 will impact adversely upon a group of individuals who have already made significant sacrifices in efforts to balance the budget. Just last year these very same individuals, the civil service and military retirees, were asked to give up one of their then twice-a-year, cost-of-living adjustments. This action came as part of a series of efforts which have been undertaken over the past 6 years to reduce the level of Federal retirement benefits.

Congress, in 1976, repealed what was known at that time as the 1-percent kicker, because it was believed to be overly generous to Federal retirees. The so-called kicker was replaced with the twice-a-year adjustment and it was described as a fair and equitable compromise, which was supported by those who acted to repeal the "kicker." Then in 1981, just last year, with the enactment of Public Law 97-35, the Omnibus Reconciliation Act of 1981, Congress changed the cost-of-living annuity adjustment process for Federal, postal, and military retirees and their survivors from twice a year to the current once a year. Now less than 1 year later we are asking those Federal beneficiaries to forfeit entirely their scaled down once-a-year adjustment for a 12-month period in fiscal year 1983.

Mr. President, I believe the action of forcing one element of our society to share an unequal burden in the effort to balance the budget is extremely inequitable. I am particularly concerned with the impact of such reductions on this group of elderly retirees, the majority of whom live on extremely modest, fixed incomes, which average a fraction of current workers' wages. This group of elderly, dedicated Americans who have contributed years of service to the Federal Government deserve better treatment than to have their benefits continuously slashed. I support those efforts to restore funding to the budget to insure the continuation of needed anti-inflation protection to maintain the purchasing power of our Nation's elderly.

The **PRESIDING OFFICER.** The time of the Senator has expired. Who yields time?

Mr. DOMENICI. Mr. President, is the Senator from Florida ready to vote?

Mrs. HAWKINS. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** On whose time?

Mrs. HAWKINS. My time.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Who yields time?

Mr. DOMENICI. Mr. President, I understand that the Senator from Florida is ready to vote.

The **PRESIDING OFFICER.** Does the Senator from Florida yield back her time?

Mrs. HAWKINS. Yes.

The **PRESIDING OFFICER.** All time having been yielded back, the question is on agreeing to the amendment.

Mr. DOMENICI. Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second. There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The question is on agreeing to the motion to table the amendment.

On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. DENTON (when his name was called). Present.

Mr. HARRY F. BYRD, JR. (after having voted in the affirmative). Mr. President, on this vote I have a pair with the distinguished Senator from Montana (Mr. MELCHER). If he were present and voting, he would vote "nay." I already have voted "yea." I withdraw my vote.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER) and the Senator from New

Mexico (Mr. SCHMITT) are necesssarily absent.

I further announce that if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from Montana (Mr. MELCHER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 51, nays 42, as follows:

[Rollcall Vote No. 142 Leg.]

YEAS—51

Andrews
Armstrong
Baker
Bentsen
Boschwitz
Brady
Cochran
Cohen
D'Amato
Danforth
Dodd
Dole
Domenici
Durenberger
East
Exon
Garn
Goldwater
Gorton
Grassley
Hatch
Hayakawa
Helms
Hollings
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NAYS—42

Abdnor
Baucus
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
DeConcini
Dixon
Eagleton
Ford
Glenn
Hart
Hawkins
Heflin
Heinz
Inouye
Jackson
Kennedy
Leahy
Levin
Mathias
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Tsongas
Weicker
Zorinsky

ANSWERED "PRESENT"—1

Denton

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Harry F. Byrd, Jr., for.

NOT VOTING—5

Hatfield
Huddleston
Melcher
Pressler
Schmitt

So the motion to lay on the table Mrs. HAWKINS' amendment (UP No. 986) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. HEINZ). Who yields time?

Mr. FORD. Mr. President, could we have order?

The PRESIDING OFFICER. The Senator's point of order is well taken. The Senate is not in order.

Will Senators please retire to their seats? The Senate is not in order.

Who yields time?

Mr. DOMENICI. Mr. President, it is my understanding that the distinguished Senator from Arizona, Senator DECONCINI, is now to be recognized for a waste, fraud, and abuse amendment. Is that correct?

Mr. DECONCINI. That is correct. I have two amendments, Mr. President. The other one is on veterans and I would like to offer them back to back. I will cut down my time from 30 minutes to 10 minutes each.

Mr. DOMENICI. We will take them one at a time.

UP AMENDMENT NO. 987

(Purpose: To increase the savings called for in function 920 through increased debt collection in fiscal years 1983-85 and increased savings in waste, fraud, and abuse)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI) for himself, Mr. PRYOR, Mr. PROXMIRE, Mr. SASSER, and Mr. MITCHELL proposes an unprinted amendment numbered 987.

Mr. DECONCINI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 22, line 16, strike the figure "−$2,000,000,000" and insert in lieu thereof the figure "−$4,300,000,000".

On page 22, line 17, strike the figure "−$2,000,000,000" and insert in lieu thereof the figure "−$4,300,000,000".

On page 22, line 24, strike the figure "−$800,000,000" and insert in lieu thereof the figure "−$3,500,000,000".

On page 22, line 25, strike the figure "−$800,000,000" and insert in lieu thereof the figure "−$3,500,000,000".

On page 23, line 2, strike the figure "−$800,000,000" and insert in lieu thereof the figure "−$2,400,000,000".

On page 23, line 3, strike the figure "−$600,000,000" and insert in lieu thereof the figure "−$1,800,000,000".

Mr. DECONCINI. Mr. President, the amendment that the Senator from Arizona is offering today should sound a familiar ring among my colleagues and addresses an issue that I have been calling to the attention of the Senate for the past 2 years. It deals with the savings called for under function 920 in what the Budget Committee has deemed "reduction in waste, fraud, and abuse" and "improved debt collection" and proposes going deeper in both of these so-called management initiatives.

I have read the Budget Committee report carefully, examined the function 920 assumptions, and the staff has discussed this matter with members of the Budget Committee staff, and I believe that the Senate Budget Committee did not go far enough in calling for savings in both debt collection and waste, fraud, and abuse activities. Therefore, my amendment increases the savings under function 920 in fiscal year 1983 by $2.3 billion; by $2.7 billion in fiscal year 1984; and $1.6 billion in fiscal year 1985. Let me briefly try to outline how I arrived at these additional savings beyond those savings called for in the Budget Committee resolution:

WASTE, FRAUD, AND ABUSE SAVINGS

Function 920, under the committee resolution, calls for savings in fiscal year 1983 of $1 billion in waste, fraud, and abuse; $1 billion in fiscal year 1984; and $1 billion in fiscal 1985. The committee report offers no explanation of where these reductions can be made. These savings levels were confirmed by the Budget Committee staff.

My amendment would increase the savings in fiscal 1983 to $1.7 billion: in fiscal 1984 to $1.6 billion: and in fiscal 1985 to $1.5 billion. My savings assume the following administrative savings;

The sum of $740 million in consultant services: The OMB recently reported to the Appropriations Committee that expenditures on consultant services totaled $3.7 billion in fiscal 1981. With cuts in personnel in the Federal Government, the use of consultants is increasing sharply. My amendment proposes a 20-percent cut.

The sum of $700 million in nondefense, administrative travel: Abuses in the travel area have been well-documented by this Senator and others. With over $12 billion a year spent on this type of travel, this represents about a 10-percent cut.

The sum of $100 million in public relations, public affairs, and advertising: This represents about a 6-percent cut in this activity.

The sum of $150 million in expenditures for Government, nonstrategic vehicles: A GSA study prepared at my request indicates that the Federal Government spends over $1.1 billion on maintenance and operation of the Federal motor vehicle fleet. My amendment would cut about 13 percent in the cost of the fleet.

The sum of $20 million in periodicals, audiovisuals: Based on OMB data, this represents about a 10-percent cut in the amount the Government spends on these publications and audiovisuals.

These savings total $1.7 billion in fiscal year 1983, or $700 million more than the total savings for waste, fraud, and abuse called for in the Budget Committee bill. For fiscal years 1984 and 1985, I assumed that the amount to be saved in these activities would be reduced by approximately $100 million. That translates into savings of about $1.6 billion in fiscal 1984 and $1.5 billion in fiscal 1985.

IMPROVED DEBT COLLECTION

Function 920, under the committee resolution, calls for savings in fiscal year 1983 of $1 billion in improved debt collection; $1 billion in fiscal year 1984; and $2 billion in fiscal year 1985.

Again, the committee report offers no explanation of where these savings can be achieved. On page 115 of the report they do say that "The committee recommendation also assumes, beginning in fiscal year 1983, the President's management initiatives in this function for reduction in waste, fraud, and abuse and for improved debt collection." Well, OMB Director Stockman testified before the Treasury, Postal Service Appropriation Subcommittee just the other week (May 12) that the President assumes debt collection savings in fiscal 1983 of $4 billion—not the $1 billion called for in the Budget Committee bill. In fact, the President's budget book for 1983 entitled "Major Themes and Additional Budget Details," page 279, confirms this by saying that "The President decided that an aggressive debt collection program must be pursued and has committed the administration to recover as much as $4 billion each year in delinquent debt, including delinquent taxes owed the Internal Revenue Service." Again, I do not believe that the Budget Committee has gone far enough to meet the President's own goals for debt collection in fiscal 1983-85.

My amendment would increase the savings in debt collection to $2.6 billion in fiscal year 1983; $3.1 billion in fiscal year 1984; and $1.1 billion in fiscal year 1985. Here is how I developed my debt collection estimates:

Internal Revenue Service has built into its fiscal 1983 budget a net collection of $1.9 billion in tax debt owed the Federal Government. I used that figure as a base in fiscal year 1983 and then added a 6-percent net collection for every other agency and department in the Federal Government that has outstanding, identified debt. I used the Treasury Department's latest bulletin for March 1982 in calculating what each agency and department should be able to collect in fiscal 1983. For example, the Department of Agriculture has about $2.1 billion in outstanding, identified debt. At 6 percent, Agriculture should collect a net of $124 million in fiscal 1983. Then for the outyears, I assumed, conservatively, that each agency, would only be able to collect the same amount of outstanding debt in 1984 and 1985 that they were able to collect in fiscal 1983. Now, IRS estimates that it alone will be able to collect a net of $2.4 billion in both fiscal 1984 and 1985, so for those years, I used that figure as my base upon which I add the collections of the other agencies.

Again, the DeConcini amendment would call for debt collection of $1.6 billion more than the budget committee bill in fiscal 1983; $2.1 billion more in debt collection in fiscal 1984; and $1.1 billion more in debt collection in fiscal 1985. And, these figures still fall short of the President's own projections for what the Government ought to be able to collect in fiscal years 1983-85.

CONCLUSION

Mr. President, the case for cutting low priority administrative expenditures such as nondefense travel, public relations, and consultants has been made on the floor of this Chamber time and time again by Senator SASSER, Senator PRYOR, and myself. You would think that the message would get through but the Senate has repeatedly fought off efforts to cut these often-wasteful expenditures. A March 30, 1982, report from OMB to the Appropriations Committee adds even more fuel to the fire for cuts in these areas, particularly consultant services.

The OMB report showed that, based on an OMB definition of consultant services, the Federal agencies and departments told OMB that they spent $1.6 billion on consultants in fiscal 1981. Yet the Office of Federal Procurement Policy totaled up all the consultant contracts for fiscal 1981—based on the same definition—and found that the Federal Government spent, not $1.6 billion, not $2 billion, not $3 billion, but a staggering $3.7 billion on consultants, or 130 percent more than the agencies thought they spent.

What this tells me is that neither OMB nor the individual Federal agencies know how much they spend on consultants. It is high time that we sharply cut back the amount the Federal Government spends on consultants.

Finally, the latest Treasury bulletin I mentioned earlier, indicates that there is a total of $41,736,818,000 in outstanding debt on the books. Of this amount, $9,194,872,000 is 181 to more than 360 days overdue and another $6,993,611,000 that is deemed as "noncurrent" or in excess of 1-year-old debt. That totals over $16 billion that is 6 months to over 1 year past due. I find this shocking. My amendment will go the extra mile to go get that debt and return it to the Treasury.

Mr. President, I urge the adoption of my amendment and ask for the yeas and nays.

Mr. President, I ask unanimous consent that a table reflecting the Budget Committee resolution versus my amendment be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE REFLECTING BUDGET COMMITTEE RESOLUTION VERSION SENATOR DECONCINI AMENDMENT

[Dollars in millions]

	Fiscal year—			Total
	1983	1984	1985	
Budget committee resolution, function 920				
Reduction in waste, fraud and abuse	-$1.0	-$1.0	-$1.0	-$3.0
Improved debt collection	-1.0	-1.0	-2.0	-4.0
Total savings, function 920	-2.0	-2.0	-3.0	-7.0
Senator Deconcini amendment, function 920				
Reduction in waste, fraud and abuse	-1.7	-1.6	-1.5	-4.8
Improved debt collection	-2.6	-3.1	-3.1	-8.8
Total savings, function 920	-4.3	-4.7	-4.6	-13.6
Savings over budget committee resolution	2.3	2.7	1.6	6.6

Mr. DECONCINI. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 2 minutes.

Mr. President, I commend the Senator from Arizona. I do not know what anniversary this is of the presentation of the first DeConcini waste, fraud, and abuse amendment—is it the third, I ask the Senator? Does he recall?

Mr. DECONCINI. If the Senator is being facetious about waste, fraud, and abuse, I will be glad to get into a little levity with him on that subject matter.

Mr. DOMENICI. I was being facetious about it.

Let me just suggest that we have learned a lesson about how much we ought to assume budget resolutions for savings in waste, fraud, and abuse. We used to pile it into little chunks in different functions of the budget and say, "We will get it someday." Well, we learned about that.

For fiscal year 1983 we have assumed $2.0 billion for reduction in waste, fraud, and abuse, and for improved debt collection. This amendment would more than double it to $4.3 billion. In fiscal year 1984, we have assumed $2.0 billion in savings. This amendment would say, no, it is $2.7 billion more. For fiscal year 1984 we have assumed $30 billion in savings, and the distinguished Senator would add another $1.6 billion.

I am all for getting rid of waste, fraud, and abuse. I laud the distinguished Senator for consistently reminding us of its existence.

But I really suggest that to take this more credit for reducing it than the Committee recommendation is to take credit for something that is not going to happen. Therefore, with all the difficulty we have been going through in trying to come up with realistic and credible resolutions, we should certainly not add this much here. I urge that the Senate not adopt this amendment.

Mr. PRYCR. Mr. President, I like to commend the Senator from Arizona on his amendment and indicate my support. A day does not go by that I do not hear from constituents expressing great concern over the impact of the many spending cuts being considered by this Congress. They send articles, and personal experiences of wasteful and unnecessary spending and plead that such government spending be eliminated first—before cutting those services and benefits they rely upon to live.

Mr. President, this amendment will do just that. The savings that result from this amendment represent economizing at the administrative level. Surely, we as a government can make do with a few less magazines and periodicals, a smaller Federal motor vehicle fleet, and a smaller budget for public affairs, public relations and advertising. We in the Congress are on a course toward curbing government growth. It seems only logical then that we can achieve some amount of savings in nondefense administrative travel. I, for one, have seen the vast amounts wasted, or spent unnecessarily on consulting services. With a little less advice and a little more recognition for the contribution our civil servants are capable of making, we could save hundreds of millions annually in this area alone.

Senator DECONCINI's amendment addresses what I feel is perhaps the most embarrassing aspect of our Federal machinery—the inability of our Government to collect its debts. President Reagan has pledged to improve this aspect of government, and the Senator's amendment indicates the willingness of the Congress to support this effort. It is astounding that over $41 billion in outstanding debt presently exists, and even more astounding that over $16 billion is from 6 months to over a year past due.

Far too often it is easy to overlook the obvious. Goals are set and numbers juggled to fit the slots. The absence in the Budget Committee's report of explanations for savings they propose gives me little confidence that these areas I have mentioned have been fully examined for the fullest possible savings. And if we do not examine areas where savings are possible, that do not directly affect our programs, then we have not served the taxpayers as well as they deserve. I urge my colleagues to support this amendment and the savings it can bring. It may very well be one of the few times when we can achieve savings without asking our constituents to bear the burden on their shoulders.

Mr. DECONCINI addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DECONCINI. Mr. President, I still have some time remaining. I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DECONCINI. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I inquire if the Senator from Arizona, on the veterans amendment that he still has pending, how much time he would desire on that?

Mr. DECONCINI. Mr. President, I could do the veterans amendment in 4 minutes on my side.

Mr. BAKER. Mr. President, will the manager yield to me?

Mr. DOMENICI. Yes.

Mr. BAKER. Mr. President, it would appear then that we may be headed in the direction of two votes back to back. Is that the intention of the author of the amendment and the manager of the resolution?

Mr. DOMENICI. I was leaning in that direction.

Mr. DECONCINI. That would be fine with me.

Mr. BAKER. I would like to do that if the parties agree to it. I ask unanimous consent that these two votes occur back to back, the first vote being 15 minutes and the second vote 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, I would be glad to do that so long as the Senator does not preclude a tabling motion on his veterans amendment.

Mr. DECONCINI. I think that is a prerogative of the manager of the bill.

Mr. DOMENICI. I do not think I will, but someone on this side might want to.

Mr. DECONCINI. I understand.

Mr. DOMENICI. Then how much time is the Senator agreeing to on the veterans amendment?

Mr. BAKER. Did I understand the Senator from Arizona to say that he needed 4 minutes?

Mr. DECONCINI. Make it 5, Mr. Leader.

Mr. BAKER. Five minutes to a side, Mr. President. Mr. President, the votes to occur back to back, 15 minutes on the first vote and 10 on the second.

The PRESIDING OFFICER. Is there objection? The Chair hears none. It is so ordered. Who yields time?

Mr. DECONCINI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DECONCINI. Am I correct, Mr. President, that the time has been yielded back on the waste, fraud, and abuse DeConcini amendment and now we are prepared to move to the second amendment?

The PRESIDING OFFICER. The manager of the budget resolution still has 1 minute remaining.

Mr. DOMENICI. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has expired on the Senator's amendment.

UP AMENDMENT NO. 988

(Purpose: To restore funding for cost-of-living adjustments in compensation benefits for service-connected disabled veterans and the survivors of those who have died from service-connected causes and in Veterans' Administration pension benefits for certain low-income wartime disabled or elderly veterans and certain survivors.)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate considerations.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI), for himself, Mr. CHILES, Mr. MITCHELL, Mr. CRANSTON, Mr. RANDOLPH, Mr. MATSUNAGA, Mr. SASSER, and Mr. RIEGLE, proposes an unprinted amendment numbered 988.

Mr. DECONCINI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, beginning with line 16, strike our all through line 4 on page 18, and insert in lieu thereof the following:

(A) New budget authority, $24,600,000,000;

(B) Outlays, $23,900,000,000;

(C) New direct loan obligations, $1,000,000,000;

(D) New primary loan guarantee commitments, $20,900,000,000;

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $25,900,000,000;

(B) Outlays, $25,100,000,000.

Fiscal year 1985:

(A) New budget authority, $26,900,000,000;

(B) Outlays, $26,800,000,000.

Mr. DECONCINI. Mr. President, I will be very brief on this amendment. We have discussed this at great length when the Senator from Florida had an amendment up to restore certain funding for the Veterans' Administration. My amendment would provide a 7.4-percent cost-of-living adjustment for all disabled veterans in fiscal year 1983 and would provide for an increase in fiscal 1984 and 1985 consistent with increases in social security and now in the increases for the railroad retirees. The committee bill, on the other hand, provides a 4-percent cost-of-living adjustment in fiscal year 1983 only to veterans with a service-connected disability rated 70 percent or more and limits their COLA's to 4 percent in fiscal years 1984 and 1985.

My amendment would provide for a 7.4 percent, as I indicated, increase for wartime veterans who are needy or elderly and would provide for an increase in the fiscal years 1984 and 1985 consistent with increases in social security.

Although the committee bill has reduced the amount of its reconciliation instruction to the Senate Veterans' Affairs Committee, and thus assumes that the reduction will allow for the cost-of-living increase for pension recipients, the full 7.4 increase recommended by the President in his original budget, unanimously approved by the Senate Veterans' Affairs Committee in March, could not be achieved without drastic reductions in other programs.

Finally, my amendment would provide a 7.4 increase in benefits for survivors of veterans who died of service-connected causes.

Mr. President, I think it simply fair and just that since we have restored the 7.4 for railroad retirees, and permitted social security recipients to have 7.4 percent. There is no reason that we should not provide the same consideration here.

Mr. President, my amendment is the same as that portion of the Chiles amendment dealing with cost-of-living increases for veterans. It would provide for a 7.4-percent cost-of-living increase in veterans compensation and pension benefits in fiscal year 1983, and for COLA increases in fiscal year 1984 and fiscal year 1985 consistent with COLA increases in social security.

I am pleased that the very able ranking minority member of the Senate Veterans' Affairs Committee, Senator CRANSTON, Mr. CHILES and Senators RANDOLPH, MATSUNAGA, MITCHELL, and SASSER have joined me in cosponsoring this amendment.

It is important to note that the budget the President originally submitted to Congress in February provided for an 8.1-percent cost-of-living increase in both the veterans pension and compensation programs. In addition, the Senate Veterans' Affairs Committee unanimously approved a fiscal year 1983, fiscal year 1984, and fiscal year 1985 COLA increase consistent with the increase in the CPI, when it reported its recommendations to the Senate Budget Committee in March. Finally, the House Budget Committee has approved a 7.4-percent increase in VA compensation and pension benefits, and that is the increase I am recommending in my amendment.

It is clear that the Senate Budget Committee recognized the inadequacy of the funding levels for veterans programs in their original budget. However, the new version, in my view, remains inadequate and unfair. Whereas the original budget eliminated any COLA for compensation and pension recipients in fiscal year 1983, and limited increases to 4 percent in fiscal year 1984 and fiscal year 1985, the new version provides for a 4 percent COLA for compensation recipients with disabilities rated 70 percent or more. However, it provides no fiscal year 1983 COLA for the remaining disabled veterans. It assumes a fiscal year 1983 COLA for pension recipients as a result of a change in the reconciliation instructions to the Senate Veterans' Affairs Committee. It does not provide for any inflation adjustment for survivors of veterans who died of service-connected causes. It is my firm belief that this approach fails to meet the measure of fundamental fairness.

Veterans with disability ratings of 50 or 60 percent are, in most cases, severely handicapped. For example, a 50-percent disabled veteran could have an amputated leg or foot; he could be blind in one eye; he could have crippling rheumatoid arthritis or he could have a severe case of emphysema which would prevent him from climbing a single flight of stairs or walking one block without stopping. How can we justify not providing a cost-of-living increase for these severely handicapped veterans? I do not believe that we can.

Equally disturbing and equally unjustifiable is the fact that the survivors of veterans who died of service-connected causes will receive no cost-of-living increase in their benefit payments. This is a gross miscarriage of justice and violates the compact we made with those who died fighting the Nation's wars.

Although the budget resolution before us assumes a fiscal year 1983 COLA increase for pension recipients, it remains inadequate. If this resolution is adopted, it will leave veterans pension and compensation recipients totally unprotected or inadequately protected from the ravages of inflation.

The veterans service-connected compensation program provides benefits to those who have been disabled as a result of service to their country. Compensation recipients receive benefits based on the degree of their disability—ranging from 10 to 100 percent—as determined by the Veterans' Administration. Disability recipients do not receive an automatic cost-of-living increase. Rather, any increases in program benefits require congressional action each year. Let me reiterate that the Senate Veterans' Affairs Committee unanimously recommended an increase in compensation benefits consistent with increases in social security when it reported to the Budget Committee in March. My amendment provides for a 7.4-percent increase in compensation benefits which would take effect on October 1, if approved by both Houses of Congress and signed by the President. If my amendment is not adopted, 2.2 million service-connected disabled veterans and 355,000 of their survivors will receive a totally inadequate inflation adjustment in their benefits. Service-connected disabled veterans have already made great sacrifices in the service of their country. They should not be asked to forego a COLA increase or to accept a COLA increase which falls far short of the actual inflation rate. To begin the process of eroding benefits for disabled veterans would be a national tragedy and travesty, and would violate our compact with this most deserving group of American veterans. I hope this body will not allow that to happen.

The veterans pension program was established by Congress to assist elderly or disabled wartime veterans with limited incomes and the needy survivors of wartime veterans. Under this program a wartime or elderly veteran with no other income and no spouse or dependent receives an annual pension of only $4,960. That amount is reduced dollar for dollar by social security benefits or other countable income. Let there be no mistake, VA pension recipients are very needy veterans. Clearly, these beneficiaries ought to be encompassed in the President's "social safety net."

The veterans pension program was restructured in 1978. After enactment of the Veterans' and Survivors' Pension Improvement Act, Public Law 95-588, pension cost-of-living adjustments were linked to increases in social security. Therefore, pension recipients automatically receive the same cost-of-living increase as social security recipients—and on the same date, June 1. The rationale for coupling these programs was to insure that pension benefits kept pace with inflation and to prevent veterans pensioners who are also social security recipients, from having their benefits reduced each time there was an increase in social security. It also prevented VA pensioners, who were close to the maximum allowable income limits, from being removed from the pension rolls as a result of social security increases.

On May 11, the chairman and ranking minority member of the Senate Veterans' Affairs Committee, Senators SIMPSON and CRANSTON, sent a letter to the Administrator of the Veterans' Administration requesting, among other things, an analysis of the impact that the elimination of the fiscal year 1983 pension COLA would have on current VA pensioners who also receive social security. Specifically, they requested to know the number of pensioners who would have their benefits reduced or be removed from the pension rolls entirely as a result of social security COLA increases. In a letter dated March 18, the Administrator advised Senators SIMPSON and CRANSTON that 18,000 current beneficiaries would lose their eligibility for VA pensions and an additional 237,000 would have their pension benefits reduced. The elimination of the pension COLA would not only undermine the restructuring of the program which took place in 1978, it would place an unwarranted economic hardship on needy wartime veterans and their survivors.

There is no question in my mind that veterans are being inequitably treated under this budget resolution. This budget incorporates a 7.4-percent cost-of-living increase for both supplemental income beneficiaries and social security disability recipients. These programs are similar in many respects to the veterans pension and compensation programs. How can we approve cost-of-living increases for the former beneficiaries and deny those same increases to their veteran counterparts? And how can we do it with virtually no notice? As I noted earlier, veterans pension increases are scheduled to take effect on June 1. I have been informed that the latest date on which the Veterans' Administration can adjust its computer system to change pension benefits is May 25. Since this resolution cannot be enacted prior to that date, pension recipients will receive a 7.4-percent COLA adjustment on July 1, and probably on August 1 and September 1 as well. Then they will have those benefits reduced at a later date. Such action will only serve to reinforce the public's perception of an inefficient and insensitive Government. I trust we will collectively reject such an "Orwellian" scenario.

In summary, I would like to underscore the fact that this amendment addresses cost-of-living increases for wartime veterans who are either very needy, elderly or service-connected disabled. If America has no other obligation, it has an obligation to those who in our country's hour of need were willing to make the ultimate sacrifice and who now ask of us only that they receive equitable treatment under the law. I urge my colleagues to adopt this amendment.

I ask unanimous consent that the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Tennessee (Mr. SASSER), and the Senator from Arkansas (Mr. PRYOR), be added as cosponsors.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **MATSUNAGA**. Will the Senator yield?

Mr. **DECONCINI**. I yield.

Mr. **MATSUNAGA**. Mr. President, I rise as a cosponsor in support of the DeConcini amendment.

Mr. President, all that the pending amendment seeks to do is to insure equitable treatment for all veterans compensation and pension recipients in terms of cost-of-living increases. As the Senator from Arizona has indicated, the modified budget resolution is even more inequitous than the original resolution which, I would point out, would have eliminated COLA increases for compensation and pension recipients in fiscal year 1983 and limited increases to 4 percent in fiscal year 1984 and fiscal year 1985. The modified resolution would provide a 4-percent COLA increase in fiscal year 1983 for compensation recipients with a disability rated 70 percent or more, but does not provide a COLA increase for dependents and survivors. Nor does it provide for a COLA increase for pension recipients.

Mr. President, I agree strongly with my colleague on the Veterans' Affairs Committee that such an inequitous approach to veterans compensation and pension cost-of-living increases is highly objectionable and should be corrected by the Senate.

Senators should realize that in terms of disability compensation benefits, veterans with 50 percent and 60 percent disability ratings—who will not receive a cost-of-living increase in fiscal year 1983 under the modified budget resolution—are, in most cases, severely handicapped.

Senators should realize that a 50-percent disabled veteran could have a leg or a foot amputated; he could be blind in one eye; he could have crippling arthritis; or he could have a severe case of emphysema which might prevent him from climbing a simple flight of stairs. That is the type of veteran, Mr. President, the type of service-connected disabled veteran whom this budget resolution would deny a cost-of-living increase in fiscal year 1983.

Mr. President, are we really prepared to make such a judgment; that certain service-connected disabled veterans should receive a cost-of-living increase and others, with clear, disabling service-connected injuries, should be denied any increase? I think not.

There should be no misunderstanding, Mr. President, on the effect of the modified budget resolution on compensation and pension. If adopted without change, it will leave veterans rated below 70 percent receiving disability compensation, and veterans and survivors receiving pension benefits, totally unprotected from inflation and increases in the cost of living.

We are talking about service-connected disabled veterans here. We are talking about elderly or disabled wartime veterans with limited incomes. We are talking about the survivors of service-connected deceased veterans.

Mr. President, we are talking about denying a cost-of-living increase or, at least a full cost-of-living increase to disabled veterans rated over 70 percent, to those who have made the greatest sacrifices for their country. We are abrogating the commitment this Government made to our servicemen to care for them and their dependents in exchange for the tremendous sacrifices they made to defend our country on the field of battle. In my judgment, this is unconscionable.

Mr. President, the Senate has a chance to go on record here and now in strong opposition to any further erosion of the benefits provided to service-connected disabled veterans, to needy elderly wartime veterans, and to the survivors of veterans who made the supreme sacrifice for their country.

The DeConcini amendment will send a signal to these veterans and survivors that we have not given in to the temptation to balance the budget at their expense; that their need for a cost-of-living increase to make ends meet in these difficult times is recognized by the Senate; and that they will be treated fairly and equally with other Federal pension recipients, namely under social security and supplemental security income.

Equally as important, Mr. President, is that by providing full cost-of-living increases to disabled veterans, we are sending a signal to the young men of this country they will be rewarded for their future sacrifices in defense of their Nation. In the absense of such a commitment on the part of the Federal Government to caring for our veterans, we run the risk of not being able to adequately man our All-Volunteer Armed Forces.

For these reasons, Mr. President, I join my Veterans' Affairs Committee colleagues, the Senators from Arizona and California, in urging the Senate to approve the pending amendment.

Mr. **DECONCINI**. Mr. President, I yield 1 minute to the Senator from Arkansas.

Mr. **PRYOR**. Mr. President, I am pleased to be a cosponsor of Senator DECONCINI's amendment.

Mr. **DECONCINI**. I yield 30 seconds to the Senator from Delaware.

KEEPING OUR COMMITMENT TO VETERANS REQUIRES MORE THAN MERE WORDS

Mr. **BIDEN**. Mr. President, I am happy to support the DeConcini amendment.

So often throughout this past year I have sat here on the floor and listened to my colleagues—both Democrats and Republicans—rise one by one to praise the sacrifices which our Nation's veterans paid to insure the freedom which all Americans enjoy today. On many occasions, I have joined in such statements, both here and in Delaware, because it is important to continually remind the Nation lest we forget. Many veterans are still paying for their service to the Nation. I speak of the 2.3 million disabled veterans and their families. I also speak of the tens of thousands of unemployed Vietnam-era veterans who are seeking nothing more than a place in the society they risked their lives for just a few years ago.

Unfortunately, many of my colleagues who are so quick to praise our Nation's veterans are unwilling to cast their votes in behalf of those same veterans. On at least five occasions last year, the Senate was faced with the decision of whether or not to restore funding for Veterans' Administration programs which were cut by President Reagan. On each vote, the veterans of our Nation lost. Yet the speeches on behalf of our veterans have not lessened. If anything, they have increased.

When President Reagan announced his budget for the year beginning October 1, 1982, in February, I was appalled at his recommendation that veterans with service-connected disabilities rated less than 50 percent would lose their dependency benefits while those who are between 60 and 90 percent disabled and are unemployable would lose the 100-percent compensation benefit they currently receive if they also receive help from other Federal programs.

Overall, the President's original budget requested a total of $24.4 billion for the Veterans' Administration, or $300 million less than the amount needed to allow existing programs to keep pace with inflation. Then 2 weeks ago, the Republican majority on the Senate Budget Committee voted to adopt the so-called Domenici-Reagan compromise. This compromise between the President and the chairman of the Senate Budget Committee, Senator DOMENICI, provided only $22.7 billion for the Veterans' Administration or $1.7 billion less than the President's original budget request, which was already $300 million less than was needed. I voted no to this compromise. I am willing to work with the President to reach a true compromise which will reduce the deficit. But I am not willing to do so if it means abandoning the commitment to our veterans, especially those with service-connected disabilities, when other alternatives exist.

This $1.7 billion cut, which is 7 percent less than the President's original request, would be achieved by eliminating the 7.4 percent cost-of-living adjustment for both the compensation and pension programs this year. In addition, $300 million of the $1.7 billion cut would come from the Veterans' Administration's health-care programs. Not only is this compromise unacceptable, it is unconscionable. Yet when Senator CHILES and I sought to restore these funds in the Budget Committee to the amount needed to just keep pace with inflation, we lost on a vote of 4 to 10.

Earlier this week, a new Republican compromise was revealed. We were told that funds were being restored to the Veterans' Administration. However, when the details were finally revealed, we found that only $400 million of the $1.7 billion which had been cut was being restored. What did this $400 million provide? Little more than a 4-percent cost-of-living adjustment to veterans whose service-connected disabilities are rated 70 percent or more—4 percent. Not the 7.4 percent which those veterans were expecting. Even more disturbing was the fact that veterans rated less than 70 percent would receive no COLA. Neither would any veteran currently receiving a pension, even though by law his benefits were to be adjusted 7.4 percent on July 1. Finally, this latest modification of the President's budget provided insufficient funds to cover the shortfall in the Veterans' Administration's health-care accounts. Once again, we heard a few good speeches, but no real support for our Nation's veterans.

Last night, the Senate had yet another opportunity to meaningfully demonstrate its support for our Nation's veterans. The amendment which Senator CHILES offered, and which I cosponsored, would have provided the funding necessary to insure this year's cost-of-living adjustment to veterans eligible for pension or compensation benefits. This increase of 7.4 percent was to take effect on July 1 for those receiving pensions and October 1 for those receiving disability compensation benefits. In addition, the Chiles-Biden amendment would have restored funds to the Veterans' Administration's health care budget in an amount equal to last year's inflation rate. Without this additional money, the Veterans' Administration will have to find ways to cut programs and staff, both of which are stretched far too thinly already. Unfortunately, our amendment lost by a vote of 46 to 53.

Now the Senate has before it the DeConcini amendment. This amendment, which I have cosponsored, provides just the funding which is necessary for this year's pension and compensation cost-of-living adjustments. It provides no more than that. Nobody can argue that the recipients of these funds are financially secure. They count on their monthly checks. The Senate must not renege on our commitment to these men and women. I urge my colleagues to join with me this afternoon to express their support for our veterans in a concrete way, rather than only mere words.

Our veterans deserve more.

The **PRESIDING OFFICER**. Time has expired.

Mr. **DOMENICI**. I yield 3 minutes to the chairman of the Veterans' Committee.

Mr. **SIMPSON**. Mr. President, I remind my colleagues that the major veterans' organizations, and I think it is very important that they note this, are on record opposing the indexing of compensation COLA's. I know that may shock some.

May we have order, Mr. President?

The **PRESIDING OFFICER**. The Senator is correct. Senators will please take their seats or retire to the cloakroom for conversations.

The Senate is not in order.

The Senator may proceed.

Mr. **SIMPSON**. I remind my colleagues, Mr. President, that the major veterans' organizations are on record opposing the indexing of compensation COLA's. Their opposition to that COLA "insurance" is a very carefully thought out lobbying effort. The need to consider this matter on an annual basis allows a very justifiable opportunity for the veterans' groups to exert influence on every Member of Congress to support an across-the-board COLA at a rate no less than the CPI.

This method has worked extremely well for them for many years. Since the VA was established in 1930, the CPI has increased 569 percent while VA compensation payments have increased over 1,000 percent during that time.

That extraordinary statistic in itself is reason enough for the veterans' organizations to choose the risky road of annual consideration of this issue. A side benefit, not always addressed by but clearly recognized by the veterans groups, is that each year when a compensation increase is considered, other legislation to expand and extend benefits to service-connected veterans has usually been considered. Factually, since 1972, nine public laws have been enacted containing a compensation cost-of-living increase. Each and every one of them contain provisions affecting the benefits of service-connected veterans. Every such new benefit becomes permanent, not subject to annual reconsideration.

I ask unanimous consent that a document reflecting that information be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COMPENSATION BILLS—LAST 10 YEARS

Date	Public Laws	Number of service-connected provisions expanding benefits of veterans
October 17, 1981	97-66	5
October 7, 1980	96-385	2
November 28, 1979	96-128	2
October 18, 1978	95-479	7
October 3, 1977	95-117	1
September 30, 1976	94-433	4
August 5, 1975	94-71	1
May 31, 1974	93-295	3
June 30, 1972	92-328	4

Mr. **SIMPSON**. No Congressman is going to take benefits away from a service-connected veteran, nor should they.

Let me share with you several of these benefits which have been enacted in the last 4 years due to the annual consideration of a compensation COLA. The expanded benefits for service-connected disabled veterans under annual review are as follows:

In 1981, increased from $3,800 to $4,400 the grant payable on a one-time basis toward the purchase of an automobile to certain veterans with severe service-connected disabilities.

Extended eligibility for automobile adaptive equipment assistance to veterans who suffer from service-connected ankylosis of a hip or knee.

Increased from $30,000 to $32,500 the maximum amount of grants to assist certain veterans with severe service-connected disabilities to acquire specially adapted housing.

In 1980 established a program of limited specially adapted housing grants, up to a maximum of $5,000, for veterans who, as a result of service-connected disability, are totally blind or have lost or lost the use of both hands.

In 1979, provided that a veteran compensated at the rate intermediate between the rates authorized under subsections (n) and (o) of section 314 of title 38 shall be eligible for the aid-and-attendance allowances.

I supported each and every one of those—and cosponsored many.

In 1978, increased the rate of compensation payable to a 100-percent disabled veteran who has suffered the service-connected loss, or loss of use, of three extremities;

Provided that a veteran entitled to the regular aid-and-attendance allowance would get a higher aid-and-attendance allowance;

Provided that a veteran who has suffered the service-connected loss or loss of use of one extremity entitling the veteran to a rating of 40 percent or more, and who has suffered the non-service-connected loss or loss of use of the paired extremity which, if service connected, would entitle the veteran to a rating of 40 percent or more, would be entitled to a statutory award of $175 per month;

Provided for a new housebound rate, at the rate of $45 per month, for a surviving spouse receiving DIC who is so disabled as to be substantially confined to such surviving spouse's home, but is not in need of regular aid and attendance;

Provided for the payment of benefits at the DIC rates to the surviving spouses and children of totally disabled veterans, if at the time of the veteran's death the rating had been in effect continuously for 10 years, or 5 years or more continuously from the date of discharge, and, in the case of a surviving spouse, the marriage to the veteran was in effect for 2 or more years immediately preceding the veteran's death;

Increased by $500—from $3,300 to $3,800—the maximum amount of the automobile assistance allowance paid on a one-time basis to certain severely disabled veterans.

So over the years the extension of further benefits to service-connected veterans, which have resulted solely from an annual consideration of a compensation COLA, are reason enough to continue to leave the issue of a compensation COLA up to the Congress. As I stated during yesterday's consideration of the CHILES' amendment, some years have resulted in high increases such as in the past 2 years, which provided for an average increase of 11.2 percent in 1981, and an increase of 14.3 percent for seriously disabled veterans and surviviors in 1980. I ask unanimous consent that a table listing these increases and tracking these compensation increases over the past 10 years be inserted into the RECORD. Certainly it is quite clear that increases for the seriously disabled have always at least kept up with the rate of inflation.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

10-YEAR INCREASE IN MONTHLY VA COMPENSATION RATES

Degree of disability	1972 rate	Present rate	Percentage increase
10 percent	$28	$58	107
20 percent	51	107	110
30 percent	77	162	110
40 percent	106	232	119
50 percent	149	328	120
60 percent	179	413	131
70 percent	212	521	146
80 percent	245	604	147
90 percent	275	679	147
100 percent	493	1,130	129

The **PRESIDING OFFICER.** The Senator's 3 minutes have expired.

Mr. **SIMPSON.** May I ask unanimous consent for an additional 1 minute?

The **PRESIDING OFFICER.** Who yields time?

Mr. **SYMMS.** How much time remains?

The **PRESIDING OFFICER.** Two minutes.

Mr. **SYMMS.** I yield 2 minutes to the distinguished Senator off the resolution.

Mr. **SIMPSON.** I think we want to realize that we have here, over the years, the extension of further benefits to service-connected veterans which come from the fact that they themselves have asked for the annual consideration of a compensation COLA. I think that is reason enough to leave the issue up to the Congress. As I stated during yesterday's discussion with Senator CHILES on his amendment, it is a risky business. Some years it has resulted in high increases, such as in the past 2 years.

I will insert a table into the RECORD to disclose that, where they had an average increase of 11.2 in 1981. Last year those service-connected veterans rated between 70 to 90 percent disabled had a raise of 20 percent.

I ask unanimous consent that that information be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

The last cost of living raises for compensation rates:

Public Law 97-66 effective October 1, 1981

	Percent increase
10 to 30 percent disabled	8
40 to 60 percent disabled	12.6
70 to 90 percent disabled	20
100 percent disabled	11.2

Average for all disabled veterans equals 11.2 percent, same Dependency and Indemnity Compensation (DIC) recipients.

Prior to that, the last compensation COLA's, set forth in Public Law 96-385, effective October 1, 1980, were:

	Percent increase
10 to 40 percent disabled	13
50 to 100 percent disabled	14.3

Dependency and Indemnity Compensation (DIC) recipients equals 14.3 percent increase.

Mr. **SIMPSON.** Mr. President, we are not precluded from funding service disabled to the full amount as it is now in the budget, the $26 billion budget. We are not precluded from doing it.

Another thing we want to recall is that the veterans organizations of this country have said if there is no raise in social security, we will not insist on a raise for us, either.

DE CONCINI AMENDMENT TO RESTORE FULL 7.4 PERCENT COLA FOR BOTH PENSION AND COMPENSATION—UP 988

Mr. **SIMPSON.** Mr. President, I oppose this amendment to restore a full COLA for the pension and compensation accounts.

I feel that the functional totals presently contained in the modified budget resolution represent the most responsible and practical accommodation of the full funding position taken by the Senators from Florida and Arizona, and the $1.3 billion reduction that was originally advocated by the Budget Committee in the original version of Senate Concurrent Resolution 92.

Basically, the modified budget resolution splits the difference between these two positions, at a cost in fiscal year 1983 of $600 million more than the latter and $700 million less than the former.

The amendment now offered by the Senator from Arizona would restore the whole of the money sought to be restored by the amendment of the Senator from Florida—that is, approximately $750 million in cost-of-living increases. The budgetary impact of this amendment is thus no less drastic than that of the amendment that the Senate has just finished rejecting.

I point out to my colleagues that the budget resolution now contemplates that both the VA pension and compensation accounts will receive a cost-of-living increase next fiscal year—1984—and the year after.

Thus, having already rejected the amendment of the Senator from Florida, I think it is incumbent upon the Senate to do the same for the very similar amendment before us now.

Mr. **CRANSTON.** Mr. President, as the ranking minority member of the

Veterans' Affairs Committee and a cosponsor of the amendment of my colleague on the committee, the distinquished Senator from Arizona (Mr. DECONCINI), I rise in support of his amendment.

Mr. President, it is essential for this amendment to be adopted in order for us to deal fairly and equitably with out Nation's service-connected disabled veterans and needy wartime veterans. This amendment would restore the proposed levels of funding for veterans' programs to levels sufficient to provide for full cost-of-living adjustments—so-called COLA's—in Veterans' Administration compensation and pension benefits in fiscal years 1983, 1984, and 1985.

The issues regarding providing for these COLA's were before the Senate yesterday during the debate on the Chiles-Mitchell amendment—unprinted amendment No. 976—which would have restored funding both for these COLA's and for the VA's medical care, construction, and general operating expenses accounts. Although that amendment was defeated, I very much hope that the amendment now before us, which focuses exclusively on the COLA issue, can prevail.

Mr. President, the budget resolution as reported anticipated the elimination of any cost-of-living increase in fiscal year 1983 in the service-connected disability compensation program and the capping of such increases in fiscal years 1984 and 1985 at 4 percent. Now the Baker modification would lift the fiscal year 1983 freeze—but only for those with disabilities rated 70 percent or more disabling—and proposes a 4-percent cap for that year, too, for even these veterans. I find this discriminatory action totally incomprehensible.

Mr. President, I would like to quote Mr. Reagan on this subject of cost-of-living increases for the VA's service-connected disability compensation program. In August of 1980, in a campaign speech at the Veterans of Foreign Wars' convention in Chicago, he called it a "breach of faith" for "compensation for those with service-connected disabilities * * * (not to be) kept abreast of inflation * * *."

I strongly agree with the President on that.

To me it is absolutely unacceptable to ask the more than 2.2 million veterans who have service-connected disabilities—injuries and illnesses sustained in service to our country—to forgo an increase in the rates of their VA compensation benefits that would insure that their benefits keep pace with inflation. These individuals—as well as the more than 355,000 survivors of veterans who died while on active duty or as the result of service-connected causes—have already made sacrifices for this country and, in some cases, have made extreme sacrifices. They should not be asked to make this additional one.

I would note, however, that they would be willing to make still further, equitable sacrifices if that were being asked of all others similarly situated. As the American Legion said in its May 17 letter to all Senators:

> The American Legion has stated its willingness to consider any official budget proposal requiring veterans to assume some of the burden associated with the undeniable need to restore the Nation's economic health. However, we demand that all segments of society share an equal budgetary hardship.

Thus, Mr. President, to appreciate the impact of what is being proposed here regarding denying COLA's to veterans' compensation and pension recipients, we need to step back and look at what is being proposed at the same time for other income-maintenance recipients in directly parallel—but certainly no higher priority, at least until now—programs.

With respect to veterans' disability compensation, let us compare a totally disabled, paralyzed individual, a nonveteran, who is covered by social security and is receiving social security disability insurance payments. This July, this individual's check will go up by 7.4 percent and the next year and the next year after that, we anticipate paying him a full COLA—and that is as it should be.

Compare that disabled person's situation with that of his equally disabled neighbor, a paralyzed Vietnam veteran struck down on the battlefield and receiving full VA disability compensation.

Both individuals paid for their benefits—one with monetary contributions, the other with his loss of bodily functions in service to his country. They are both truly entitled to these benefits. Is one more deserving than the other? If so, is it the SSDI recipient? I think not.

Yet, we have before us a proposal by the Budget Committee—as proposed to be altered by the Baker substitute—to say to the veteran next October 1, "Sorry, we could afford to give you only a 4-percent increase, just 54 percent—a little more than half of the rate increase we gave your neighbor."

How can we explain that result?

Has that veteran's sacrifice somehow been diminished in its value to our country? Is anyone proposing to give him back 46 percent of his mobility?

And to make matters worse, we go on to say to this veteran who is beginning to doubt all the rhetoric about a grateful nation, "By the way, no matter how much the CPI jumps in the next 2 years, we are going to limit you to a 4-percent compensation increase each year; of course, we feel differently about your neighbor; we are not proposing any such cap on his SSDI benefits."

I find this disparate treatment totally indefensible. To discriminate against the service-connected disabled veteran is truly incomprehensible to me. There is no justification whatsoever for this inequitable result.

Mr. President, while I can appreciate the good intentions of my good friend from Wyoming (Mr. SIMPSON)—as he stated them yesterday—regarding the possibility that the Baker modification provides the flexibility needed to provide the full 7.4-percent cost-of-living increase in compensation benefits this year. I must point out that the Baker modification simply does not provide enough room for it.

To provide all 70-percent-or-more disabled veterans with a 7.4-percent COLA this year—instead of the 4 percent that the Baker modification allows—and to provide the 7.4-percent COLA to all of the other 2.4 million service-connected disabled veterans and to the survivors of those who have died from service-connected causes requires $561 million in budget authority and $577 million in outlays in fiscal year 1983 that just are not in the Baker levels.

As the Veterans' Affairs Committee chairman knows, the resolution as reported assumed that that increase will be denied this year and the Baker modification adds back only $600 million in budget authority and $500 million in outlays for fiscal year 1983. Of those amounts, $478.4 million in budget authority and $437.2 million in outlays are accounted for by the 4-percent increase for 70-percent-or-more disabled veterans and certain noncompensation items. That simply does not leave room for the additional $561 million in budget authority and $577 million in outlays that CBO estimates would be needed for the full COLA for compensation, as I have just described it. Moreover, there is an even greater lack of room in the two outyear amounts under the Baker modification.

As the chairman knows, the only programs over which our committee has jurisdiction are veterans' benefits and services. If we are going to fund a full compensation COLA within the limits of the Baker modification, the money has got to come from other VA programs. The question is, Which ones?

So, I think we need some clarification from the chairman as to exactly how he proposes to pay for this COLA. Does he propose further cuts of half a billion dollars in VA health care—on top of the $129 million reduction already taken? Does he propose cutting further into the VA pensioners' benefits—in addition to taking back some or all of the COLA that they will begin receiving in July? Does he have some other means for freeing up the needed funding?

Mr. President, we need to know the answers to these questions.

If the money is not in the budget for the compensation COLA, just saying we will make room for it is not good enough because further down the road we are going to have to deal with the realities and constraints of the numbers themselves.

Generalities are fine, but you cannot build a budget out of fluff and good intentions. The numbers tell the truth.

And the harsh reality of the numbers being proposed in the Baker modification is that they add up to unfairness for veterans, especially those who are disabled, service-connected, sick, poor, and elderly.

The Senate has a right to know what the implications are of the numbers being proposed, and we are not getting that at all. Indeed, the Senate needs to know clearly what it is allocating to entitlements—compensation, pension, and the GI bill—and what it is allocating to the so-called discretionary appropriation accounts—principally, medical care, medical research, construction, and general operating expenses. We must know this in order for the Senate's will to be reflected in the allocation to the Veterans' Affairs Committee made in the crosswalk in the explanatory statement accompanying the conference report on the first budget resolution. That is because our committee is allocated only spending authority as defined in section 401(c)(2)(C) of the Budget Act, the so-called entitlement accounts, and not the appropriated accounts which are allocated to the appropriations committee only.

So what is intended is the key, and the Baker modification clearly is posited on theses—which I urge the Senate to reject—of depriving veterans of fair cost-of-living adjustments and providing partial restorations for VA healthcare programs.

Moreover, for those veterans with less than 70-percent disabilities, how do we explain denying them any COLA and giving SSDI recipients and social security retirees the full COLA? I cannot, and I do not see how the Senate can.

Denying all those with less than 70-percent disabilities any COLA this year means that we would enact no increase in rates of disability compensation for almost 2 million of those who suffer from disabilities incurred in service to their country.

Further, Mr. President, this budget would provide for no fiscal year 1983 increase to the more than 433,000 surviving dependents of veterans who died while in the service or who died of service-connected disabilities—that is, no inflation relief to more than 246,000 surviving spouses, 74,000 children, and 112,000 dependent parents of veterans who literally gave their lives for this Nation.

The effect then is to deny any equity to 2.4 million of these highest priority recipients while granting some—but inadequate—assistance to less than 8 percent in this category.

Now, the argument will be made that we are providing for the more severely disabled veterans by granting those veterans a partial cost-of-living adjustment. However, we should understand which veterans would be getting no increase. Among them are veterans with leg and foot amputations; veterans who are totally blinded in one eye; veterans who have lost the use of their minor hand; veterans who have had prosthetic replacements of shoulders, elbows, or knees and suffer from chronic severe painful motion or weakness in that joint; veterans suffering from severely incapacitating rheumatoid arthritis; veterans suffering from severe emphysema that prevents climbing one flight of stairs or walking one block without stopping; and veterans who have lost golfball-sized pieces of their skulls.

These are just some of the service-connected disabilities for which cost-of-living adjustments would not be granted. These are disabilities for which determinations have been made that they are the result of injuries or conditions incurred in or aggravated by military service.

Now, regarding the veterans' pension program, for which the Budget Committee proposed no increase at all this year—with 4-percent caps proposed for the next 2 years—again, it seems to me we have a most unfair discrimination against those who served their country in time of war.

First, let us clarify what we have in this veterans' pension program. This is purely a needs-based, income maintenance program for war veterans and certain survivors of them. We are not talking about the old pension program where family income was not counted and where there were numerous exclusions from countable income. Congress reformed this program in 1978 to make it truly needs-based and truly equitable. Anyone receiving a pension under this program is truly needy. Veteran pensioners are either totally disabled or over 65. Those are essentially the same qualifications for a low-income recipient of SSI—supplemental security income. Yet the SSI recipient—and I am not talking about contributory social security now but about the federalized welfare program—will be granted the full 7.4-percent COLA in the July check this year and the full COLA for each of the next 2 years—as, indeed, should be the case. Why then do we not do the same thing for the equally disabled or elderly low-income war veteran?

I have no acceptable answer to that question. Each of these individuals is poor and either old or disabled. It is true that Congress decided in 1978 to create a somewhat higher income standard—just over the poverty level—for the veteran pensioner. Today that means about $413 a month for a single war veteran with no dependents or other income, surely not a princely sum. That veteran needs the cost-of-living increase to subsist—just as does the SSI recipient.

Perhaps some will say, well the veteran can always get a COLA by switching to the SSI program. That may seem to some like a pretty appealing answer, but I contend that it is not.

Many very poor elderly and disabled people in this country feel that they are demeaned by taking welfare; they feel diminished by this—less worthy. Yet, those who served this country in the military look at veterans' pension as something they earned by their wartime service. They do not feel they are on welfare and do not want to be.

Is it our policy that we want to force an elderly or disabled wartime veteran who is subsisting at or below the poverty level with a feeling of self-worth and dignity to follow a course that the veteran feels will deprive him of his own self-respect? I hope not. Such a policy makes no sense from the standpoint of humanity, and it makes little fiscal sense since the net savings to the Federal budget would be minimal if these persons were forced over to SSI in order to subsist.

Mr. President, I should also point out the gross impracticalities inherent in this proposal to eliminate the pension COLA this summer. It is, at this point, far too late for the Congress to prevent that COLA from beginning to be paid as of July 1. The rate of the increase has already been computed—7.4 percent—and announcement of it was made in the Federal Register on May 14. The programing of the computers to print the checks for mailing on July 1 is already underway—and the last date on which it would be even remotely feasible to turn that process around and cancel the increase would be May 25—the date on which the July 1 checks will begin to be printed. Obviously, the change in current law that would be needed to prevent the COLA from going into effect—a change that the House Budget Committee has rejected and that I assure you the House Veterans' Affairs Committee would very, very strongly oppose—simply cannot be enacted by that date.

Thus, it seems clear that the increase will be paid as of July 1 and will also be included in the August and, probably, September pension checks as well. Thereafter, what does the Budget Committee propose should occur—that the law be changed after the fact to reduce the benefit levels that would already have begun to be paid? Do any of my colleagues actually want the VA in August or September to announce to all 566,000 pensioners who would be affected that as of September 1 or October 1 their checks will be reduced by at least 7.4 percent? I ask each of you, please put yourselves in the shoes of a totally disabled or elderly veteran having a total income, if you have no dependents, of only $444 per month, or a widow of a wartime veteran having a total income of only $298 per month, who receives a notice from the Federal Government informing you that the Congress and the President of the United States have just passed and signed a law to cut your pension by 7.4 percent.

Think of it. Letters going out in August or September—or possibly in October—to hundreds of thousands of VA pensioners saying to each of them, in effect, the Congress and the President believed that you were getting too much money and decided to cut your pension benefits.

Are VA pensioners really getting too much?

I would point out to my colleagues that the poverty level for an urban family of four is—according to statistics released last August—a per annum income of $8,414. That level, according to a projection prepared by the Congressional Research Service, can be expected to increase to $9,239 in August of this year.

Now, compare this to the maximum income level for the VA's pension program. For a family of four, the current income standard for VA pension is $8,179—$235 less than the official level of poverty. And, when the level is revised in August, and when the VA pension checks are reduced as is proposed under this budget, the level of VA pension would be cut to a level more than $1,100 less than the level of poverty.

In essence, not only is the Budget Committee proposing that truly poor individuals be denied the necessary and appropriate cost-of-living adjustment due them under law, but also that they be required to give back the small increase that they have been promised and that they will receive under existing law. These are people struggling to survive on annual income levels that in the case of single veterans are just above the poverty level and that in the case of veterans with larger family units and surviving spouses of deceased veterans are below poverty levels.

Mr. President this is a truly unacceptable approach to dealing with the needs of those who are among our Nation's neediest citizens.

And please keep in mind that for 18,000 pensioners the effect of the budget would be not just a reduction—they would be dropped entirely from the rolls. Having received a 7.4-percent pension increase in July—along with a social security increase—when the law is changed to eliminate the pension COLA, they would be pushed all the way out of the program.

It also need be emphasized that the 267,000 VA pensioners who receive some social security are going to be hit with a double whammy if the Budget Committee's approach is adopted. When the pension COLA is eliminated, they will lose the 7.4-percent increase—just like all other pensioners. But, in addition, their pension benefits will be further reduced dollar-for-dollar by an amount equal to the July 1 social security increase.

For example, a veteran pensioner with no dependents who is currently receiving $3,000 a year in social security and no other nonpension income is today getting $1,960 per year in pension. On July 1, his social security check will increase to a $3,222 annual level and his VA pension to a $2,106 annual level—a $146 increase in pension. If the pension COLA is eliminated, he first loses the $146 annual increase in pension he started receiving on July 1. But he also suffers a further annual pension reduction of $222 because of the social security increase. Thus, this veteran would get a total pension reduction of $368. In terms of monthly benefits, the veteran would have received a $12.17 pension increase in July and the Congress would be inflicting a $30.67 reduction in September or October. Such treatment will be as baffling to this veteran as it is hard to endure.

Mr. President, as the legislative history of the 1978 VA Pension Improvement Act makes abundantly clear, this is exactly the kind of result that was intended to be avoided—pension terminations and reductions resulting from social security increases. I am sure that Senators who were here in 1978 and for several years before then will recall the enormous amounts of mail they got each year from VA pensioners who, because pension and social security were not linked as they now are, suffered pension reductions in January each year because of social security COLA's they had received the previous July. I venture to say that year-in, year-out that issue generated more constituent mail than any other matter. And correcting that problem—along with rectifying various enequities and deficiencies in the old pension program—were the driving forces behind the 1978 law. I do not think my colleagues really want to open those old sores again—but that would be the effect of the Budget Committee's proposal.

In summary, this proposal—which I am opposing now and will continue to oppose with every means possible wherever and whenever it comes up—is grossly inequitable, poorly conceived, and extremely impractical. It deserves to be rejected by an overwhelming vote in this body.

For these reasons, I strongly urge my colleagues to support the DeConcini amendment.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. There is 1 minute remaining to the majority, no time remaining to the minority.

Mr. HOLLINGS. Mr. President, we are trying to facilitate the order. While we are waiting, the distinguished Senator from Massachusetts wanted to discuss something.

Mr. SYMMS. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

Mr. DECONCINI. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

UP AMENDMENT NO. 987

The PRESIDING OFFICER. The question is on agreeing to amendment No. 987. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from New Jersey (Mr. BRADY), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), and the Senator from New Mexico (Mr. SCHMITT) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER (Mr. JEPSEN). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 43, nays 51—as follows:

[Rollcall Vote No. 143 Leg.]

YEAS—43

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas
Zorinsky

NAYS—51

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Byrd, Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici

Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker

NOT VOTING—6

Brady
Hatfield
Huddleston
Melcher
Pressler
Schmitt

So the amendment (UP No. 987) was rejected.

Mr. **FORD**. Mr. President, the Senate is not in order. The clerk has to stand to see if a Senator is voting.

The **PRESIDING OFFICER**. The Senator's point is well taken. The Senate will be in order.

Mr. **SIMPSON**. Mr. President, I move to table amendment No. 988, and I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question is on agreeing to the motion to table the amendment of the Senator from Arizona. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. **STAFFORD** (when his name was called). On this vote I have a live pair with the Senator from Oregon (Mr. HATFIELD). If he were present and voting, he would vote "aye." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. **STEVENS**. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), and the Senator from New Mexico (Mr. SCHMITT) are necessarily absent.

Mr. **CRANSTON**. I announce that the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that if present and voting, the Senator from Montana (Mr. MELCHER) would vote "nay".

The **PRESIDING OFFICER**. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 49, nays 45, as follows:

[Rollcall Vote No. 144 Leg.]

YEAS—49

Abdnor
Armstrong
Baker
Boschwitz
Brady
Byrd,
  Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NAYS—45

Andrews
Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Hawkins
Heflin
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas
Weicker
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Stafford, against.

NOT VOTING—5

Hatfield
Huddleston
Melcher
Pressler
Schmitt

So the motion to table Mr. DECONCINI's amendment (UP No. 988) was agreed to.

Mr. **DOMENICI**. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. **BAKER**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 989

(Purpose: To exempt new agricultural loan programs that are funded through the Commodity Credit Corporation from the requirement in section 5 that all such new loan programs be subject to the appropriations process during fiscal years 1982 and 1983)

Mr. **DOMENICI**. Mr. President, I have a perfecting amendment that has been cleared by the distinguished Senator from South Carolina which I am offering at the request of the Committee on Agriculture, both the chairman and the ranking minority member, and I send that amendment to the desk.

The **PRESIDING OFFICER**. The clerk will report.

The bill clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 989.

Mr. **DOMENICI**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 35, line 2, insert after "Acts." the following: "This section shall not be applicable to agricultural price support and related programs of the type in operation on January 1, 1982, that are funded through the Commodity Credit Corporation.".

Mr. **DOMENICI**. Mr. President, I am offering this amendment at the request of the chairman of the Committee on Agriculture, Nutrition, and Forestry, the distinguished Senator from North Carolina.

Mr. President, section 5 of Senate Concurrent Resolution 92 as modified by the Budget Committee on Wednesday would establish a point of order in the House and Senate in fiscal years 1982 and 1983 against authorizations of new direct loan obligations and new loan guarantee commitments, except those reported in response to reconciliation instructions contained in Senate Concurrent Resolution 92, which do not provide that the authority to make or guarantee such loans shall be effective only to such extent or in such amounts as are contained in appropriation acts.

For the past 2 years the requirement of section 5 of Senate Concurrent Resolution 92 has been included in the first concurrent budget resolution on the budget passed by the Senate in the spring. Two years ago, section 16 of the first concurrent resolution on the budget for fiscal year 1981 imposed the requirement. During consideration of that resolution, the Senate approved an amendment offered by Senator TALMADGE which specified that the requirement of section 16 would "not apply to agricultural price support and related programs of the type in operation on January 1, 1980, which are funded through the Commodity Credit Corporation."

Mr. President, the amendment I am offering today would modify section 5 of this budget resolution to exempt agricultural price support and related programs from the requirement of section 5 in exactly the same fashion as the Talmadge amendment of 2 years ago did. The only difference is that my amendment would exempt programs in operation on January 1 of this year, rather than at the beginning of 1980.

I offer this amendment because of the concern expressed to me by the Senator from North Carolina and the Senator from Kentucky about the restriction section 5 would place on the ability of the Agriculture Committee to report legislation reauthorizing CCC price support and related programs.

Section 5, as now drafted, will make it out of order, during fiscal years 1982 and 1983, for either House of Congress to consider any legislation authorizing new direct loan obligations or new loan guarantee commitments unless the legislation also provides that the authority to make or guarantee loans will be effective only to the extent, and in such amounts, as are contained in appropriation acts.

The amendment will exclude, from the application of these provisions, legislation relating to agricultural price support and related programs of the type in operation on January 1, 1982, that are funded through the Commodity Credit Corporation.

Mr. President, I ask that the amendment be agreed to.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (UP No. 989) was agreed to.

Mr. **DOMENICI.** Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. **HOLLINGS.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **DOMENICI.** Mr. President, it is my understanding that the distinguished senior Senator from New York is next.

Mr. **HOLLINGS.** Mr. President, will the Senator yield 5 minutes on the resolution to the Senator from Massachusetts?

Mr. **DOMENICI.** Yes.

Mr. **HOLLINGS.** On our side; Mr. President. I am just yielding 5 minutes to the distinguished Senator from Massachusetts on the resolution. It is with no vote, and in order for him to make his statement. This is with the clearance of the Senator from New York.

Mr. **KENNEDY.** Mr. President, I thank the Senator from South Carolina and also the Senator from New York.

I intend to vote against final passage of this resolution, and I urge the Senate to do the same. This resolution is yet another installment on the high and unfair sacrifice demanded of the American people because of the failing economic policy foisted on the country by the Reagan administration.

The message of the Senate majority's budget is clear—it prescribes ever deeper cuts in programs for the elderly, the sick, the needy, and families trying to educate their children. And it insists on these massive reductions in order to preserve the administration's unfair tax cut for the rich and its unwise plan for escalating the nuclear arms race.

You do not have to be a Sherlock Holmes to detect the injustice in this budget. It indicts itself on almost every line—with billions of dollars taken from Head Start, from elementary and secondary education, from maternal and child nutrition, from programs for the handicapped and vocational education, from protection for the environment against toxic waste, from pensions and disability benefits for veterans, and from unemployment compensation for the 10 million Americans who are out of work, including the 3 million more who have lost their jobs in the past year because of the current deep recession.

Perhaps the cruelest cut of all is the $13.5 billion slashed from medicare and medicaid, which will penalize the elderly and the poor when they are sick and can least afford it.

To be sure, there is consolation in the fact that but for our resistance, the injustice would have been far worse. Because we stood our ground, their crude attempt to take $40 billion from social security failed; $1.7 billion has now been restored for railroad retirement; and the childhood immunization program has been preserved.

Three times this year on the budget, the administration has stepped up to homeplate, swung, and missed. Strike one was the President's January budget, perhaps the wildest swing on any budget in the history of Federal budget cuts. Strike two was the original resolution reported by the Senate Budget Committee, which the President quickly reached for—and missed when the Republican caucus withdrew it to prevent its formal repudiation on the Senate floor. Strike three is the budget which the Republican majority is about to pass today, and which still demands unequal sacrifice from all those who deserve a better deal.

If this were baseball, the administration would be out on strikes. But it is hardball of a different sort, and millions of our citizens will suffer unnecessarily because of it.

It is now up to the House of Representatives to redeem the public interest in budget policy. I shall vote against this Senate budget, and I hope that Congressmen and Congresswomen of conscience in the House will do a better and fairer job. There is still time to put in place the Democratic alternative economic policy we have fought for on the Senate floor these past 7 days in May.

I thank the Senator.

The **PRESIDING OFFICER.** The Senator from New York.

UP AMENDMENT NO. 990

Mr. **MOYNIHAN.** Mr. President, I send to the desk for myself and Mr. BURDICK an unprinted amendment.

The **PRESIDING OFFICER.** The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN), for himself and Mr. BURDICK, proposes an unprinted amendment numbered 990.

Mr. **MOYNIHAN.** Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 2, strike out lines 18 through 20 and insert the following:

Fiscal year 1983: $835,329,200,000 plus $100,000,000.

Fiscal year 1984: $897,031,700,000 plus $100,000,000.

Fiscal year 1985: $972,734,200,000 plus $100,000,000.

On page 2, beginning with line 24, strike out through line 1 on page 3 and insert the following:

Fiscal year 1983: $784,029,200,000 plus $100,000,000.

Fiscal year 1984: $832,831,700,000 plus $100,000,000.

Fiscal year 1985: $890,134,200,000 plus $100,000,000.

On page 3, strike out lines 13 through 15 and insert the following:

Fiscal year 1983: $115,829,200,000 plus $102,000,000.

Fiscal year 1984: $91,831,700,000 plus $100,000,000.

Fiscal year 1985: $65,134,200,000 plus $100,000,000.

On page 11, strike out lines 10 and 11 and insert the following:

(A) New budget authority, $7,100,000,000 plus $100,000,000.

(B) Outlays, $3,900,000,000 plus $100,000,000.

On page 11, beginning with line 18, strike out through line 23 and insert the following:

Fiscal year 1984:

(A) New budget authority, $7,600,000,000 plus $100,000,000.

(B) Outlays, $3,600,000,000 plus $100,000,000.

Fiscal year 1985:

(A) New budget authority, $7,400,000,000 plus $100,000,000.

(B) Outlays, $3,300,000,000 plus $100,000,000.

Mr. **BAKER.** Mr. President, will the Senator yield? Is this the amendment on which there are 10 minutes equally divided? The Postal Service amendment?

Mr. **MOYNIHAN.** The Senator is correct.

Mr. **BAKER.** I thank the Senator.

Mr. **MOYNIHAN.** Mr. President, may I say there will be but 5 minutes' debate on either side, and I hope the Chamber will be in order during that brief period.

Mr. President, the object of this amendment is simple. It is to restore to third-class mailing, which is the mailing of nonprofit, charitable activities—a group whom we have come to know as the independent sector—the mail subsidy they were to obtain this year under the Postal Reorganization Act of 1970.

The distinguished Presiding Officer will recall that this act arranged that the revenue forgone subsidy for nonprofit mailers be phased out over 16 years. This time the original budget resolution cut the subsidy that would have been required for stage 11, at which we were to have been during this next fiscal year, by $300 million.

I am happy to achnowledge that my colleagues on the other side of the aisle reduced this reduction, if you might use that term, from $300 million to $100 million. However, Mr. President, the Reconciliation Act passed last year would require that all of the remaining $100 million shortfall come from third-class mailers; that is, charitable, nonprofit associations.

The result of this would be that charitable enterprises would be at the end of phase 16, out of the system altogether, and at a time when our President and other such distinguished persons are saying, "If you must cut social programs from our budget we should turn to the independent sector, the nonprofit sector, for help in filling the gap."

Mr. President, this is a very crucial point. At the start of this year, I had the opportunity to hear President Reagan speak to the New York City Partnership. This is a distinguished group of civic, business, and government leaders who 3 years ago joined together in an effort to address some of the most significant problems facing our country's largest city. I have deep respect for these leaders, and I commend their vision and their work. But President Reagan's message to this group left me troubled. I should say, not because he looked to a renewed spirit of voluntarism as part of what he sees at the Nation's "new beginning." Rather, what distressed me was that the President expected the private sector—civic groups, nonprofit agencies, and volunteers—to be in large part the "safety net" of his economic program. This is a formidable, if not impossible, challenge, to say the least, for already financially strapped groups as these.

His call for voluntarism, therefore, gives me great pause. Indeed, in the budget before us today is a seriously inadequate level of funding for the revenue forgone postal subsidy that will seriously disable the very nonprofit groups the President expects to provide the services which will be reduced or eliminated as a result of budget cuts.

The revenue forgone subsidy is a postal subsidy used to defray the costs of lower postal rates for nonprofit groups. When the Postal Reorganization Act was passed in 1970, it included a provision to eliminate this subsidy so that every mail user would pay the true cost of using the mail system. Congress at the time, however, recognized that it would be too great a burden for nonprofit mailers to immediately begin paying all attributable costs for their mail, and therefore, established a phasing-out schedule, as it were, that would be spread over 16 years.

Fiscal year 1983 was to have been step 11 in this schedule. However, last year the President requested, and this Congress accepted, a funding level for the revenue forgone subsidy far below what was needed to meet the phasing schedule and, therefore, the Postal Service was forced to significantly raise postal rates for nonprofit mailers. In fact, all but two categories of nonprofit mailers were suddenly forced on January 10, 1982, to pay 1987 rates. These increases were as high as 105 percent in many cases. In dollar terms, for example, these increased rates cost the American Lung Association $2,310,000, the March of Dimes $2,520,000, and the National Catholic Development Conference $15,750,000.

The amendment that I have just sent to the desk would return these postal rates to the postal reorganization phasing schedule. Indeed, included in last year's Reconciliation Act is language that would require that any shortfall from the full amount of the subsidy needed to meet the phasing schedule will first have to be taken out of the subsidy to third-class nonprofit mailers, before second- and fourth-class nonprofit mailers, before second- and fourth-class mailers. Therefore, the remaining $100 million shortfall will still result in extremely high, indeed unprecedented, third-class postal rates. In fact, the U.S. Postal Service reports to me that the $813 million level in the budget resolution before us will still result in above step 16 rates for third-class mailers.

These third-class nonprofit mailers not only are the very nonprofit organizations that provide the human services being cut from this budget, but also rely very heavily on solicitations through the mail for their financial support. My amendment would raise the revenue forgone subsidy by $100 million, and thereby return all classes of nonprofit mail—second, third, and fourth—to step 11 rates where they should be according to the 1970 phasing schedule.

I must stress that subsidized second, third, and fourth class mail should not be confused with so-called "junk" mail. Second-class mailers consist of State and county newspapers and religious, educational, agricultural, labor, and veterans' organizations; third-class mailers are nonprofit organizations; and fourth-class mail consists of books, films, and other printed material that are exchanged between schools or public libraries. Nonprofit mail of this sort is unfortunately often confused with nonpreferred third class bulk mail. These bulk mailers do pay a lower rate than the users of first-class mail, but they receive entirely different service, and they are not subsidized.

At a time when the President has called on the nonprofit community to provide the services which will be reduced or eliminated as a result of budget cuts, I call on this body to support this amendment. Indeed, the telescoping of 6 or more years of rate increases into 1 year could threaten the very survival of many of these groups.

Mr. President, if there was a way to disperse across the whole of the mailing system the reduction of $100 million, that could well be argued. But there is no way or no way is proposed. If we cannot accept this small increase to restore our law to the 16-phase schedule that was anticipated, which is almost at its end, we will be specifically penalizing just those organizations and their beneficiaries that we would most hope to help fill some of the gaps our budget is creating.

The March of Dimes, the American Lung Association, the Boy Scouts, the Girl Scouts, the Audubon Society—think of whatever charity you have contributed to in the past year, ask if you do not think it was worthwhile, and ask if you think that it is fair that we should single out charities to pay this particular cost, to bear alone the burden. I repeat, Mr. President, that this would not be the case, save for the rigorous rules imposed by the reconciliation instruction of a year past.

I hope we could see the good public policy involved in this small, but important measure. I hope even more we can see its consistency with the President's own pleas to the independent sector to take up the slack and fill the gaps that are now being created.

I withhold the remainder of my time.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I only wish the distinguished Senator from Alaska, Senator STEVENS, were here. He is the expert on this. I do not think there are many Senators that know more about this issue of postal rate subsidies than he and I do not think there have been many more Senators who consistently try to do what is right, to live up to the Federal Government's commitments and yet gradually reform this system, which is costing us an arm and a leg, than he. But he cannot be here, so I will do the best I can.

First of all, let me point out that, in recognition of the fact that the Senate Appropriations Committee took action on Tuesday to add $60 million in additional funds for postal rate subsidies in fiscal year 1982; the Budget Committee on Wednesday added $200 million in budget authority and outlays to this function in each of fiscal years 1983 through 1985. The Appropriations Committee could use that money in those years to match the add-on for fiscal year 1982 it recommended on Tuesday.

The budget resolution, as modified by this addition, assumes that new budget authority for postal rate subsidies will total $800 million in each of the fiscal years 1983 through 1985. I repeat, the budget resolution, as modified, assumes—now we do not tell the Appropriations Committee, we only assume—that there will be $800 million for postal rate subsidies in each of the fiscal years.

This level of funding is $200 million higher than the current fiscal year 1982 revenue foregone appropriations to the Postal Service.

If the $100 million supplemental appropriation for postal rate subsidies, recommended by the Appropriations Committee in the urgent supplemental is enacted, the budget resolution will still provide a sufficient increase for postal rate subsidies in fiscal years 1983 through 1985.

The Senator from New York knows the assumptions in this budget resolution are not binding on the Appropriations Committee. It is free to reallocate budget authority among its subcommittees under this resolution; only the total level of budgetary authority is binding. The Appropriations Committee will be able to provide the level of funding for postal rate subsidies favored by the Senator from New York if it achieves offsetting reductions in other areas. Each Senator is free to advocate his priorities in the appropriations process. The Budget Committee has only set overall targets. I hope that the Senate will turn this down. We have already added $200 million, as I indicate.

I do want to also announce that our good friend, the Senator from Utah, Senator Hatch, who had previously supported the Senator from New York, has now concluded that with the $200 million that we added, $100 million is not needed. Actually, we put the $200 million in at his urging and at the urging of Senator Stevens from Alaska prior to the modification.

So, it appears to me that we have enough in this function. We do not need to throw another $100 million into it so that there will be more room for activities in this very difficult year. We need to make it as tight as possible, not as loose as possible.

Mr. MOYNIHAN. Mr. President, how much of my time remains?

The PRESIDING OFFICER. The Senator from New York has 21 seconds remaining.

Mr. MOYNIHAN. Mr. President, I make the simple point, as this amendment proposes, third-class mailing by charitable organizations, the cost for a three-quarter ounce fundraising letter will increase by 9 percent on the 1st of October. It is not wise public policy. We are having gradual reform that the distinguished chairman calls for. We are in the 12th year. We have only 5 years to go.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I just want to say that Senator Stevens, if he were here, would say that that last statement about what was going to happen to third-class mail is not true. That would happen under current law, but it will not actually happen because the law is going to be modified. And he intends to modify the law. We hope the budget resolution will facilitate that modification.

Mr. MOYNIHAN. Will the Senator yield me just 20 seconds to respond?

Mr. HOLLINGS. I yield 20 seconds on the resolution.

Mr. MOYNIHAN. May I say that the statement I made to the Senate was given me by the U.S. Postal Service. And I am sure that the Senator from New Mexico, when he said what I said was not true, did not mean to say I was telling an untruth.

Mr. DOMENICI. Absolutely not, I did not mean that.

Mr. MOYNIHAN. I believe he said that Senator Stevens hopes to see the present law modified. Were the law modified, that would not be the case. But, as the law is, it would be the case, such is the understanding in the Postal Service.

The PRESIDING OFFICER. All time on the amendment has expired. The question is on agreeing to the amendment of the Senator from New York (Mr. Moynihan). The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. HARRY F. BYRD, JR. (when his name was called). Present.

Mr. BAKER. I announce that the Senator from Minnesota (Mr. Durenberger), the Senator from Oregon (Mr. Hatfield), the Senator from South Dakota (Mr. Pressler), the Senator from New Mexico (Mr. Schmitt), and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. Hatfield) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DeConcini), the Senator from Kentucky (Mr. Huddleston), and the Senator from Montana (Mr. Melcher) are necessarily absent.

I further announce that if present and voting, the Senator from Montana (Mr. Melcher) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 34, nays 57, as follows:

[Rollcall Vote No. 145 Leg.]

YEAS—34

Andrews
Bentsen
Bradley
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
Dixon
Dodd
Eagleton
Exon
Ford
Hart
Heflin
Hollings
Inouye
Jackson
Johnston
Kennedy
Levin
Long
Matsunaga
Metzenbaum
Mitchell
Moynihan
Packwood
Pell
Randolph
Riegle
Sarbanes
Sasser
Tsongas
Zorinsky

NAYS—57

Abdnor
Armstrong
Baker
Baucus
Biden
Boren
Boschwitz
Brady
Bumpers
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Garn
Glenn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Leahy
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Nunn
Percy
Proxmire
Pryor
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Stennis
Symms
Thurmond
Tower
Wallop
Warner
Weicker

ANSWERED "PRESENT"—1

Byrd, Harry F., Jr.

NOT VOTING—8

DeConcini
Durenberger
Hatfield
Huddleston
Melcher
Pressler
Schmitt
Stevens

So Mr. Moynihan's amendment (UP No. 990) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT 991

(Purpose: To provide for future adjustments of revenue levels)

Mr. DOMENICI. Mr. President, a Republican amendment is in order. I understand the distinguished Senator from Georgia (Mr. Mattingly) has an amendment which he is going to offer now.

Mr. MATTINGLY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Iowa (Mr. Mattingly) purposes an unprinted amendment numbered 991.
>
> Insert at the appropriate place in the Resolution the following:
>
> It is the sense of the Congress that the recommended levels of Federal revenues and the amounts by which aggregate levels of Federal revenues should be increased as provided in subsection 1(a)(1) of this resolution shall be ceilings against which revenue action of Congress shall be measured. Should the actual Federal revenues exceed the recommended levels for a given fiscal year, then the amounts specified in this resolution by which the aggregate levels of Federal revenues are to be increased in the following fiscal year shall be deemed to be decreased by a corresponding amount.

Mr. MATTINGLY. Mr. President, how much time do we have on the amendment?

The PRESIDING OFFICER (Mr. Gorton). There are 20 minutes evenly divided.

Mr. MATTINGLY. Mr. President, the reason I would like to have unanimous support of this resolution is that it is going to give the Senate conferees a strong position with regard to raising of taxes when they go to the conference with the House on the first concurrent budget resolution. By adopting this resolution, we shall take the pressure off the Senate conferees to accept the difference between the revenue increase designated in the Senate bill and considering a worst-case scenario of a higher level revenue mandated from the House level.

Second, and importantly, it could be entirely possible that we shall not need to raise taxes even as high as required in the Senate proposal to reduce the deficits. According to recent Treasury data, revenues are coming in stronger than had been originally estimated. If this trend continues, it could be that we are not going to have to have an increase in taxes that has been projected.

Mr. President, there will be those who will get up who are opposed to the third year of the tax cut or those who may want to keep the third year of the tax cut but want again to raise the taxes even higher than have been projected by our Budget Committee.

What this will do, in fact, is that we will make sure that we protect the taxpayers of our country so that when the time comes, when business does begin increasing again and our revenue estimates are exceeded, which they in all probability will be, there will not be the necessity for a tax increase.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, my distinguished colleague from down in Brunswick is to be admired. He is an outstanding Senator and an outstanding friend, but this really shows that there are two very different views of the world. His view is that everything is well and happy. To quote the distinguished Senator from Georgia, "It is possible that we will not need to raise taxes even as high as required because the Treasury now says money is coming in all over the place."

In that world and in that school of Professor Laffer, Economics I, the outstanding student is Congressman KEMP. It is "Alice in Wonderland."

In all respect to the Senator, it is Emperor Nero fiddling while Rome is burning. I am in the burning part. Everywhere I go, the same business groups, advisory councils, NAM, and the chamber of commerce, they are all heated up: "When are you fellows going to sober up? Everyone else is freezing. Everyone is cutting."

Organized labor has seen the wrong and is mending its ways and cutting back on benefits. Everyone is trying to hold on to their job.

All the economic indicators are in the other direction, and now you come forward with what? A proposal that implies that we have too much revenue.

We are running this moment at a deficit of $2 billion a week more than we are taking in. That is $104 billion.

Right this minute we have a problem. You are going to have a debt limit bill soon and the debt limit bill is going to say that you are spending in Washington, D.C., at a rate of $2 billion more per week than you are actually taking in.

My distinguished colleague from Georgia says, "By the way, we want to make sure we don't get in too much revenue. If we do, we will automatically reduce the taxes in the next year by that amount."

The truth of the matter is that we are trying to make certain that we would not run deficits. I started to raise a point of order, but it is only the sense of the Senate. We are trying to move along promptly, and the gentleman wants to vote. I am perfectly prepared to give him a vote, without any motion to table, up or down.

But in all due respect to my dear colleague, our problem is not that we are getting in too much money.

If we have more revenues than we expect, then rather than, as the budget report says, ending up with a debt of $1.522 trillion in 1985, it may be slightly less, if we are very lucky.

The amendment really ought to be turned down. It should not be accepted.

I understand what the gentleman is trying to do to take the pressure off the conferees. I have not been able to get the pressure on the Senate or the conferees or anybody yet to close the budget gap. We have been trying to pressure them, but everybody is still spending merrily along. The present budget we have before us calls for what they estimate to be a $64.4 billion deficit 3 years from now, $117 billion next year.

So there is not a surplus of revenues in this budget. That is not the problem.

I thank the distinguished Senator. I say that in all respect to him. I see what he is trying to do. He probably has a good idea for another time, but right now we are in a fix a revenue shortage, not a revenue abundance.

The PRESIDING OFFICER. Who yields time?

Mr. MATTINGLY. I yield some time to the Senator from Kansas.

Mr. DOLE. Mr. President, I think maybe the refreshing part about this is that the Senator from Georgia brings a new view to the Senate. He has not been here as long as we have, and he does not know that these things are not possible yet.

I think that is the merit of the amendment. We could end up with a little more. I doubt it, but it could happen. If it does, I certainly hope it goes back to the taxpayers.

Maybe that is why we keep turning over those of us in the Senate. It is not a requirement, but if I understand the amendment, it provides that if the total revenues end up to be higher than projected in the resolution, we are going to return any excess to the taxpayers.

That is something we ought to strive to do. They are overburdened, and we are going to burden some of them some more when this resolution passes.

I do not see that the resolution does not serve some purpose.

Mr. SYMMS. Mr. President, will the Senator yield?

Mr. MATTINGLY. Yes; I yield.

Mr. SYMMS. I thank the Senator for yielding.

I would like to say to my good friend from South Carolina that the problem you have—and certainly this Senator resists raising taxes—is historically the Congress of the United States has spent every dollar they can get their hands on and than a few extra. In fact, I think it is up to over a trillion dollars.

Senator GRASSLEY says not a few, a lot—trillions.

If this amendment is in the bill, what it simply says, if I understand it correctly, is that we may not have to raise these taxes as high as is projected. If we do raise them, what is going to happen is that instead of having two aircraft carriers, we will probably decide we need three. And instead of trying to buy votes from this special interest group with some kind of addition in the COLA check, we will raise a little more and buy more votes.

That is the history of Congress. There is always a needy program. There is not one of these programs that, if you throw enough money at it, you cannot help either national defense or the weak sisters of the poor or whoever. Somebody gets some benefit if you throw enough money at the problem, with a lot of waste, but the taxpayer never seems to have the protection.

All the Senator is trying to do, if I understand him correctly, is just modestly say that if the revenues come in faster than projected, then the Finance Committee will not be held accountable to raise the taxes as high as necessary in order to bring about a balance. Is that correct?

Mr. MATTINGLY. That is correct.

Mr. SYMMS. There should not be one Senator who would disagree with it. I think it ought to be voted for unanimously.

Mr. HOLLINGS. The Senators act like they are out on the stump. We are in the real world. This is the U.S. Senate. Our problem is not too much revenues. The Senator says it like he is out on the stump: "They are going to spend every dollar they get their hands on."

That is not the problem. We are spending every dollar that we cannot get our hands on. [Laughter.]

Two billion dollars a week.

Is that not the way you say it, Senator?

Mr. SYMMS. You make my point. The Senator is making my point.

The PRESIDING OFFICER. Who yields time?

Mr. MATTINGLY. Mr. President, I think it is very appropriate that we talk about the real world, and I think you have to decide simply whether it is east of the Potomac or west of the Potomac. Obviously, the real world is west of the Potomac.

The real facts are that if we ventured out there a little bit more, we would not run into too many people who wanted to raise taxes. All the Alices in Wonderland out there do not think that we need more taxes in this Federal Government.

There also is very sound thinking from this standpoint: If they understood this budget process—which very few people up here understand, or the budget reconciliation—and we set a target of revenues, or revenue levels, why should we not do this if we increase money into this great Treasury and just keep consuming and spending it? That is exactly what happens.

All I am saying in this resolution is that if the economy does turn around—and Members on both sides of the aisle want that to happen—if revenues do start increasing, then the Finance Committee will not have to raise as many taxes—that the taxpayers will have somebody to protect them.

It is not a humorous situation, Mr. President. It is a serious situation, that we try to protect the people of our country. It is a serious situation that we consider other proposals this day, in this Congress, to try to come to an agreement in order to get 51 votes to pass something, a budget agreement; and the best one out now, which is not even on the floor, is to ask about raising $40 billion more in taxes than the Budget Committee has proposed.

There must be a break somewhere for the people west of the Potomac, and that is what this is.

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Mr. MATTINGLY. I yield to the Senator.

Mr. BOSCHWITZ. Mr. President, I find the Senator's sense-of-the-Senate resolution to be anything but humorous, much as I respect my colleague from South Carolina.

There is no question that in the event interest rates would come down, and come down precipitately and quickly, we would have a reversal of business trends in this country, that there would be a revival of the economy.

Without question, the recession was poorly prognosticated and not foreseen, so a business recovery may not be well-foreseen by us in the Senate.

This is not the real world. At least, in my business experience, I would not call it the real world. Indeed, if we have such a recovery, there may be an infusion of tax revenues to which the resolution of the Senator from Georgia would apply, so that the Senator from Kansas and other members of the Finance Committee would not be required to impose additional taxes.

So I will support the resolution. I believe it is a real world resolution.

Mr. HARRY F. BYRD, JR. addressed the Chair.

The PRESIDING OFFICER. From whom does the Senator from Virginia seek time?

Mr. HOLLINGS. I yield time on the resolution to the Senator.

Mr. HARRY F. BYRD, JR. Mr. President, first, I like the idea that if revenues exceed expenditures, the excess revenues should be returned to the taxpayers.

Does this proposal become applicable only after the budget is balanced, or would it be applicable before the budget is balanced?

Mr. MATTINGLY. It is when the revenues would exceed the expected revenues as put out by the Budget Committee's revenue projections.

Mr. HARRY F. BYRD, JR. But if the additional revenues are less than the total expenditures, it would still apply?

Mr. MATTINGLY. I am sorry—I did not hear the Senator.

Mr. HARRY F. BYRD, JR. If the additional revenues, added to the revenue in this budget, total less than the expenditures, would it still apply? What I am getting at is this: Is this revenue in excess of a balanced budget?

Mr. MATTINGLY. No; it is not.

Mr. HARRY F. BYRD, JR. That makes a big difference.

I might say that I introduced in the Virginia Senate 31 years ago something very similar to this, except that my proposal was an automatic tax reduction law which was on the Virginia statute for 4 years. It returned to the taxpayers anywhere from 9 percent to 21 percent of their taxes for 4 years. But that provided that if revenues received by the treasury exceeded expenditures, plus a cushion, then that excess would go back to the taxpayers.

This, as I understand it, does not provide for a balanced budget. It provides for the money to go back before the budget is balanced, rather than after the budget is balanced.

Mr. MATTINGLY. Yes.

The Senator was fortunate in Virginia. There were probably not as many spenders as we have in Washington, D.C.

Mr. HARRY F. BYRD, JR. That is certainly correct.

I like the theory. If the Senator would make it any revenues in excess of a balanced budget, I would vote for it.

Mr. HOLLINGS. I would, too.

Mr. HARRY F. BYRD, JR. I could not vote for this, because we have a deficit that is so great that I think we should reduce it any way we can.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, we are ready to vote.

The distinguished Senator has brought this into focus. I would support it if we were paying our bills but this is not revenues in excess of paying your bills. This is just revenues in excess of a particular estimate; and under the law, those excess revenues should be applied to reducing the deficit. This is no inducement for extra spending. We do not have the excess revenues that might have induced us to spend. On the contrary, we have the problem of high interest rates, and those high interest rates are directly related to these high deficits.

For the moment, the taxpayers have many, many problems. They have too much taxes. They have too much this and too much that. Many do not have a job. They have the problem of unemployment. With all the problems, the No. 1 problem to be dealt with is trying to address these deficits.

This amendment on the contrary, says: "Let's have higher deficits. If we get more revenues in, let's not apply it to reducing the deficit."

This particular budget, as they say in the report of the resolution being considered, called for a $117-billion deficit next year. So they do not estimate sufficient revenues to pay the bills or to bring us a balanced budget. If it did that, I would join the Senator from Georgia, as the Senator from Virginia has indicated.

On the contrary, what the Senator from Georgia is saying is: "We have deficits which are fairly large. They were about $50 billion when President Carter was in office. Then we took over, and what we really find is that the deficits are not big enough. We increased them by $50 billion. But to make sure they keep moving up, we say that any revenues above the estimates in the resolution should go back to the taxpayers. Then they can have higher and bigger deficits and higher and bigger interest rate."

Mr. MATTINGLY. Mr. President, the dialog is about the same it was 20 years ago. It is not the revenue side we keep looking at but the expenditure side of the Federal Government. This would force Congress to go to the expenditure side instead of constantly looking at the revenue side in order to balance the budget.

Before I came to the U.S. Senate, you were trying to balance the budget by raising taxes, and it did not work. It is not going to work this time.

What I am saying is that we have already asked, by a budget reconciliation, to increase revenues by $100 billion. We do not need to ask for any more.

Also, the people outside should have some stability. They should know that if revenues do increase and business expansion starts moving forward, we do not tap them on the shoulder to raise more taxes, but that revenues will increase into the Federal Treasury by business expansion. That is the part of the formula that people fail to look at.

The **PRESIDING OFFICER**. The time of the Senator from Georgia has expired.

Do the opponents of the amendment seek to use additional time?

Mr. **HOLLINGS**. No.

The **PRESIDING OFFICER**. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Georgia.

Mr. **HOLLINGS**. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Georgia. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. **BAKER**. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

Mr. **CRANSTON**. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

The **PRESIDING OFFICER**. Are there other Senators in the Chamber desiring to vote?

The result was announced—yeas 43, nays 49, as follows:

[Rollcall Vote No. 146 Leg.]

YEAS—43

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Brady
Cochran
Cohen
Denton
Dole
Domenici
East
Garn
Goldwater
Grassley
Hatch
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Percy
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Symms
Thurmond
Tower
Wallop
Warner
Zorirsky

NAYS—49

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
D'Amato
Danforth
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Gorton
Hart
Heflin
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Mathias
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Packwood
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas
Weicker

NOT VOTING—8

DeConcini
Durenberger
Hatfield
Huddleston
Melcher
Pressler
Schmitt
Stevens

So Mr. MATTINGLY's amendment (UP No. 991) was rejected.

Mr. **DOMENICI**. Mr. President, my understanding is now that the distinguished Senator from Illinois, the junior Senator, has an amendment on foreign aid and he intends to offer it now.

The **PRESIDING OFFICER**. The Senator from Illinois is recognized.

Mr. **DIXON** addressed the Chair.

Mr. **DOMENICI**. Mr. President, might I inquire, we do not have a time agreement on this, do we?

Mr. **HOLLINGS**. The distinguished Senator from Illinois said he would agree to a time limitation.

Mr. **DIXON**. I would be delighted to agree to a time limitation of 5 minutes to a side.

Mr. **DOMENICI**. Better leave this one open. We can probably agree. The Senator has an hour and we have an hour and we will cut that.

Mr. **HOLLINGS**. But we are all trying to get out of here.

Mr. **DOMENICI**. Well, I do not know what the Senators want to do about that.

The **PRESIDING OFFICER**. The Senator from Illinois is recognized.

UP AMENDMENT NO. 992

(Purpose: To reduce funds for foreign aid)

Mr. **DIXON**. Mr. President, I call up my amendment.

The **PRESIDING OFFICER**. The clerk will report.

The legislative clerk read as follows:

The Senator from Illinois (Mr. DIXON), for himself, Mr. NUNN, and Mr. MELCHER proposes an unprinted amendment numbered 992.

Mr. **DIXON**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 6, beginning with line 6, strike out through line 5 on page 7 and insert the following:

(2) International Affairs (150):

Fiscal year 1982:

(A) New budget authority, $16,700,000,000.

(B) Outlays, $11,400,000,000.

(C) New direct loan obligations, $10,400,000,000.

(D) New primary loan guarantee commitments, $9,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $14,800,000,000.

(B) Outlays, $11,400,000,000.

(C) New direct loan obligations, $10,200,000,000.

(D) New primary loan guarantee commitments, $9,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $15,300,000,000.

(B) Outlays, $11,400,000,000.

Fiscal year 1985:

(A) New budget authority, $19,600,000,000.

(B) Outlays, $11,400,000,000.

None of the budgetary limits placed on function 150 shall affect the continuation of financial assistance to Israel and Egypt in the amount necessary to meet the financial commitments made by the United States in conjunction with the Camp David accords.

Mr. **DIXON**. Mr. President, Members of the Senate, this amendment by my colleagues, the Senator from Georgia, Senator NUNN, and the Senator from Montana, Senator MELCHER, and myself, is a very straightforward amendment and easily explained. This amendment would substantially cut the appropriation for foreign aid over the next 3 years while at the same time maintaining our commitment to foreign aid at the existing 1982 level.

The budget proposal for outlays in 1982 was $11.4 billion. The appropriation contemplated for 1983 in budget outlays is $12.1 billion. This amendment would maintain the existing level of $11.4 billion. The amendment would reduce the outlays for 1984 from $12.3 billion to $11.4 billion and for 1985 from $12.2 billion to $11.4 billion, for a savings over those 3 years of $2.4 billion.

Now, on yesterday, Members of the Senate may recall that my distinguished colleague from Montana (Senator MELCHER) offered an amendment that would have reduced the appropriation for foreign aid over the next 3 years by $7 billion.

I voted against that amendment, as did my friend and colleague, the senior Senator from Georgia, Senator NUNN, because I agree with the arguments of my distinguished colleagues who said that that particular amendment effectively gutted the foreign aid program of this Nation over the next 3 years.

I do not want to gut that program, and, therefore, could not support that amendment.

Now this amendment, I say to my friends, is not offered in a partisan spirit, nor is it offered to be critical of anything that has been done by the committees that considered this question. But I put this to you: Is it fair to the country to cut substantially domestic programs important to the country while permitting appropriations for foreign aid to grow?

Let me read some figures to you. These are cuts in selected domestic areas. Let us talk about energy. The cut in energy in outlays for 1983 alone is $1.4 billion. In 1984, the cut in energy is $42.5 billion. In 1985, the cut in energy is $2.7 billion.

How about natural resources and environment? The cut in outlays for natural resources and environment in 1983 is $1.4 billion; in 1984, $2.5 billion; and in 1985, $3.5 billion.

How about agriculture? The cut in agriculture in outlays for 1983 is $3.7 billion. The cut in outlays for 1984 is $5.6 billion. The cut in 1985 is $6.4 billion.

I could go on. In transportation, the outlay cuts for 1983, 1984, and 1985 total over $4.5 billion. In education the cuts for 1983, 1984, and 1985 total $4 billion.

We are not suggesting any cuts in our foreign aid program under the 1982 level for 1983, 1984, and 1985. We are suggesting maintaining the level of outlays for those years each year at $11.4 billion.

May I conclude by saying that our amendment protects our commitments to Israel and Egypt by including a provision that states that:

> None of the budgetary limits placed on function 150 shall affect the continuation of financial assistance to Israel and Egypt in the amount necessary to meet the financial commitments made by the United States in conjunction with the Camp David accords.

I think in a time when we are contemplating substantial cuts in every area of our budget that it defies logic to suggest that we should not make savings in the area of foreign aid—savings that are conservative in scope, savings constituting over 3 years only $2.4 billion and savings that will maintain the outlays in our budget at exactly the same level as 1982.

I am pleased to have join me in the sponsorship of this amendment, my distinguished colleague and friend, the senior Senator from Georgia, who, like the junior Senator from Illinois, voted against the $7 billion cut in foreign aid yesterday, but who shares my concern that foreign aid, like all other programs within our budget, should receive the full scrutiny and the close attention of this Senate.

I am delighted to yield to my colleague such time as he may require to speak on behalf of this amendment.

Mr. NUNN. I thank my friend and colleague from Illinois.

I will take just a moment to say that I support this amendment. I think it is logical. I think it is sound. It is not a frontal attack on foreign aid. It makes it clear that the foreign aid will continue at the 1982 level in 1983, 1984, and 1985. And, of course, I think that is what we are doing throughout the whole budget in other categories of domestic spending.

I agree with everything the Senator says. It just does not make sense to see foreign aid continue to go up, up, up, at a point in time we are actually holding or freezing the discretionary spending largely throughout the budget and we are also rolling back certain key areas of our own budget in terms of cost.

I think this makes sense. It does save, as I understand it, about $2.4 billion over the next 3 years, which will make a significant contribution to the very serious budget problem we have today.

I support my friend and colleague from Illinois in his amendment. I am proud to be a cosponsor of it. I urge my colleagues to vote for it.

Mr. KASTEN. Mr. President, I yield such time as he may desire to the Senator from Illinois, the chairman of the Foreign Relations Committee.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I would like to ask my distinguished colleague, Senator DIXON, a question. At the bottom of his resolution it says:

> None of the budgetary limits placed on function 150 shall affect the continuation of financial assistance to Israel and Egypt in the amount necessary to meet the financial commitments made by the United States in conjunction with the Camp David accords.

Of the $1.7 billion for Israel, may I ask the question: How much is specifically protected by that language, "amount necessary to meet the financial commitments made in conjunction with the Camp David accords"? What is that, the Sinai peacekeeping force? How much of the economic assistance, how much of the military assistance, is in conjunction with the Camp David accords?

Does the Senator think that that language is going to protect assistance to Israel and Egypt, or is it limited in some other unknown respect, or is it just camouflage?

As I interpret this, that is no protection for Israel or Egypt whatsoever.

Mr. DIXON. In reply to my senior colleague, whose opinions I regard highly in matters of this type, I was first advised by the Parliamentarian that the language employed here is germane. I am, secondly, advised that it adequately covers the problem with respect to the necessary appropriations for Israel and Egypt. I would leave those questions to the appropriate committees.

Clearly, the amount we funded in 1982 has been adequate to meet our responsibilities with reference to Israel and Egypt. There is a diminishing responsibility, to some extent, I am advised, with respect to the Sinai.

I am told that the contemplated budgetary amount will be $46 million in 1983 and 1984, not $150 million as contemplated in 1982.

I will yield to my friend, for whom I have a great deal of respect, in connection with his knowledge on the subject matter, and I would yield to my friends on the committees with respect to their knowledge. But I would again respond to my colleague by saying that this Senate has voted to cut back virtually all other programs.

It seems to me not unreasonable to suggest that if we are going to treat our own citizens this way, we ask the international affairs area to bear its share of the burden, by at least maintaining the same level in respect to the out years of 1983, 1984, and 1985 that we maintain in respect to 1982.

Mr. PERCY. Another question I would like to put to my colleague is, in this the same language at the end of the resolution as was contained in the Melcher amendment that was defeated yesterday by a resounding vote of this body?

Mr. DIXON. May I say to my dear friend and colleague, it is similar language. The language has been improved some. The Parliamentarian has assured us of the germaneness. The question of the intent of the administration and the appropriateness, of course, I would leave to them, recognizing our concern about Israel and Egypt, my distinguished colleague's concern for those places, and the concern of the chairman of the appropriate subcommittee, the distinguished junior Senator from Wisconsin.

I might further point out that Senator MELCHER's amendment would have cut $7 billion. The junior Senator from Illinois reduces over 3 years by $2.4 billion. I voted against the amendment yesterday, listening to his argument that that cut was too gross and too deep. But I assure him I am not proposing cuts in what I believe would be too deep a fashion.

This amendment does not cut at all. It only maintains for the out years the same budgetary outlay as for 1982, $11.4 billion for the 3 outyears. We are treating foreign aid better than we treat education. We are treating foreign aid better than we treat transportation in this country. We are treating foreign aid better than we treat the social and domestic programs that people care about. I think the amendment is not unreasonable.

I say to my distinguished colleague, I ask for nothing different than what we have done elsewhere in the country.

Mr. PERCY. I can only say to my colleague that I am astounded and disppointed to see this amendment, which I had absolutely no idea would be coming up. I only saw it by chance 10 or 15 minutes ago. I immediately called Senator MELCHER. Is he a cosponsor of this amendment?

(Mr. ABDNOR assumed the chair.)

Mr. DIXON. He is a cosponsor as well.

Mr. PERCY. I tried to reach him. I understand he is not in the Senate or in Washington, for that matter. I would want to put the question to him or any member of his staff who may be listening: Is it not true that we reached an agreement with Senator Melcher, when the original intention of the majority leader was to table his amendment, yesterday. Senator Melcher said, "If you will give me an up-or-down vote I will not introduce any other amendments proposed to reduce foreign military and economic assistance." We reached agreement with him. Senator Baker and I then agreed that we would not move to table his amendment, that we would not object to a up or down.

I could not understand his name being on this amendment after what I thought was an agreement that he would not offer another amendment.

In any event, the figures, as I understand this proposed amendment, just quickly looking at it, would be a $4.3 billion reduction for the next 3 years. That is not as much as the previous Melcher amendment, but the principle is exactly the same.

The budget resolution for foreign assistance, economic and military assistance, already cuts the President's original proposals, which he said could not be reduced. The budget resolution reduces the President's budget by $1.3 billion, if Export-Import Bank is held constant.

But this amendment would cut into our Export-Import Bank, too. Already American business operating overseas are disadvantaged because European and Japanese governments provide so much more export financing. We lose many contracts because we cannot compete with the subsidized financing.

Now I cannot believe my distinguished colleague (Mr. Dixon) would want to pull the rug out from under our exporters.

Surely he knows that Illinois firms receive about $1.5 billion in Eximbank financing, one of the largest States in that regard. I know he is aware that our largest private employer, Caterpillar Tractor Co., and other important Illinois companies like International Harvester, use Eximbank credits frequently. I cannot believe he would like to reduce the financing available to them and curtail their exports. We have enough unemployment in Illinois now and every billion dollars of exports creates over 30,000 jobs.

I cannot believe my colleague (Mr. Dixon) would sponsor an amendment that potentialy could undermine Illinois exports and yet that is precisely what this amendment could lead to.

This proposal is a deep cut. We have tried to hold level and constant with 1982 expenditures. By this proposal you are asking that the foreign assistance program absorb all of the inflation, that there be no increase.

I just want my colleague to recognize that if this amendment is adopted, it would not only mean cuts in Israel and Egypt, but it would also decimate the programs that we have developed in Pakistan and Oman.

I have been to see those bases in Oman. Those are absolutely crucial to our rapid deployment forces for protecting the oil resources of the United States of America, of Europe, and of Japan. These are vital to our national defense, to the economic lifeline of our allies, and to the American military personnel whose very safety, and ability to succeed, would be seriously jeopardized without those forward facilities in what is without a doubt the most volatile region of the world.

If we stop work on those bases now, it would be a 180-degree reversal in a program initiated by President Carter, fully backed and supported by President Reagan, and backed and supported by the Congress of the United States, on many occasions.

For instance, Tunisia Prime Minister, Defense Minister, and Foreign Minister were here just 3 weeks ago signing agreements with the United States of America, Tunisia—one of our best allies in the Middle East—is beleaguered and beseiged by Colonel Qadhafi in Libya who is training terrorists to make raids against their country. They hope to work this out diplomatically, but their hope is very, very thin, if you are depending on the word of someone who may be as unreliable as Colonel Qadhafi.

Are we going to cut our Tunisian friends adrift and not come through with the commitment we have already made to them? Is that what my colleague from Illinois would recommend? Apparently. I just cannot understand it. Surely my colleague knows this amendment would jeopardize our friends and allies. We cannot operate our Nation's foreign policy in a vaccum.

Yesterday, Senator Inouye was not able to speak on the Melcher amendment. He is so knowledgeable in these matters. The appropriation and the authorization committees have worked very closely. We simply know that we cannot afford, as a Nation, to undercut these programs which are in our national security interest. A large part of this cut will affect our national security interest. The question is, do we want to have other countries which are friendly to us, allied with us, and aiming toward the same objectives and goals, keep stability and peace in their area? Do we just want to do it alone, becoming Fortress America, saying, "Look, we do not need your help. We are not going to assist you. We do not need your manpower. We do not need facilities and bases in your country and we are not going to help build them. We are just going to take care of the world ourselves." This is a mutual program that we began, years ago, and we are down, as the President has said, to rock bottom. In a letter to the Senate yesterday and in a phonecall to me yesterday, he urged the U.S. Senate to go above the budget resolution and come to his full request.

We are still, Mr. President, $1.3 billion below the Reagan figure. This amendment would cut it, over several years, another $4.3 billion. It would decimate our foreign military and economic assistance programs.

Mr. President, we cannot have a foreign policy if we do not have backup for it. What are we going to do, back it up with mere words? We cannot do it with words in the South Atlantic.

I wish, at this particular time, to yield to my distinguished colleague who, yesterday, so eloquently spoke against the Melcher amendment, which I feel is exactly the same principle we are arguing for here.

We have come down to a rock-botton figure that cannot be cut unless we want to decimate programs we have solemnly committed to countries throughout the world. It would make us impotent in the world today. It would just put us on our own. I do not think we are in a position to do that.

We are not in a position to turn our backs on our friends to whom we said, "If you will give us assistance, we shall put our manpower, our strength behind you, and we will ally ourselves for the cause of peace and stability in the world."

Who is going to protect the raw materials coming into this country? Who is going to protect our interests abroad?

Mr. President, I yield to my friend from Wisconsin.

Mr. KATSEN. Mr. President, I yield to the majority leader.

Mr. BAKER. Mr. President, I asked for time only so I could ask how much longer the debate is going to take. I am about ready to make a motion to table the amendment.

Could the Senators from Illinois and the Senator from Hawaii give me an estimate?

Mr. DIXON. Mr. President, I do not want much time. I seldom differ with my dear friend and colleague, whom I respect and have such profound affection for. On this question, we obviously differ, but not in our affection for one another.

I want to clarify my position here and further make a comment about some things that concern my friend, the Senator from Montana (Mr. Melcher), who is presently absent from the Chamber. I shall not take more than 3 or 4 minutes, I feel confident, but I feel it necessary to respond to what has been said.

Mr. BAKER. I understand completely, Mr. President.

Mr. PERCY. Speaking for this side, Mr. President, I can put everything I have to say in the Record. I said it yesterday. I do not have to say it again today. The Senate has thought this thing through. We resoundingly defeated the Melcher amendment yesterday. I would like to see us defeat this one today.

I should like to hear from the distinguished Senator from Hawaii and the ranking member on the Foreign Relations Committee (Mr. Pell). I imagine 15 minutes would be adequate.

Mr. BAKER. Mr. President, there is 1 hour and 55 minutes approximately remaining. Would the parties be agreeable to a time limitation of 12 minutes equally divided? That would get us to approximately 6:15.

Mr. DIXON. Yes; I am agreeable.

Mr. PERCY. May I say as a matter of personal note, it is so seldom my distinguished colleague (Mr. Dixon) and I disagree on a basic issue. We have generally always been able to talk things out ahead of time. I wish he had given me even a few minutes' notice that he planned to offer this amendment. I regret we disagree on this particular issue, but it does not detract one bit from my regard for my distinguished colleague.

Mr. BAKER. Mr. President, I ask unanimous consent that there be a time limitation of 10 minutes equally divided to be under the control of the distinguished manager on behalf of the majority and the distinguished Senator from Illinois (Mr. Dixon).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KASTEN. Mr. President, I yield as much time as he may require to the Senator from Hawaii.

Mr. INOUYE. I thank the Senator.

Mr. President, much has been said about the foreign assistance program. I recognize that foreign aid is not popular. I also recognize that many Members of the Senate are distressed, even angry, with some of the budget reductions that have been proposed in this resolution. Why, then, would I appeal to my colleagues to protect funding for this function?

Mr. President, approximately $4.4 billion of the foreign assistance portion of function 150 is actually support for U.S. exporters; it is not support for foreigners. $4.4 billion is to support jobs, to help balance our payments, and to encourage the revitalization of the U.S. economy by improving exports.

Yesterday, Mr. President, I read in the business pages that corporate profits in the United States fell 17.5 percent in the first quarter of this year. The headline suggested that businesses were feared to be too weak to lead the economic recovery that the country so sorely needs. This amendment, Mr. President, would cut programs which directly support the expansion of U.S. exports. It would create a credit gap in the financing of our Nation's exports. I suggest that when our country is in a very deep recession, when our trade balance is in deficit, when we are trying to revitalize our Nation's economy, it is not a good time to have a credit gap in export financing.

Mr. President, the United States is involved in a heated international trade competition. The governmental credit agencies of foreign nations have become key elements of foreign and economic policy. These agencies agressively promote the exports of their countries by offering extremely favorable financing to prospective purchasers, particularly on large, high-technology products. Recently, the General Accounting Office produced a study which found that Japan and the United Kingdom supported 35 percent of their exports, France supported 20 percent of its exports, and Germany 12 percent. Only 6 percent of American exports were supported by Eximbank financing.

Mr. President, rather than cutting support for export programs, I suggest that these figures indicate a need to catch up with other countries—to meet their competition to defend our place in the global marketplace.

It is beyond question that the Eximbank has been a critical factor in promoting foreign trade. The Department of the Treasury found that at least 70 percent of exports attributable to Eximbank would not have occurred without Eximbank support. Eximbank helps our international balance of trade.

Finally, let us not forget that each billion dollars of U.S. exports supports 40,000 jobs.

Now, what about the remainder—the economic and security assistance programs and Public Law 480.

We are now engaged in a redefinition of our relationship with the Soviet Union and with our allies. Foreign assistance provides critically needed support to our friends. Over two-thirds of the programs funded in the foreign assistance bill provide security assistance, and military assistance, and arms credits to our friends—to those with whom we have joined to counter the spread of Soviet influence.

Mr. President, the foreign assistance bill is not a giveaway program. It is an investment in stability. I know that the American people want a reduction in spending—we all know that—but even more they want peace.

Mr. President, let every Senator contemplate the impact the collapse of the international economic system, or widespread hunger and famine, or unrestrained population growth will have on peace. Let every Senator contemplate what will happen to our foreign policy—to our national defense—if Turkey collapses and can no longer contribute to the defense of NATO's southern flank or if we lose access to military facilities in Spain, in Portugal, in the Philippines, because function 150 is cut further.

We who serve on the Senate Appropriations Committee are not irresponsible. We have recognized the need for austerity, and for the past several years we have held the programs funded in the foreign assistance bill to levels which are far below the levels requested by both the Carter and Reagan administrations. If the Senate now acts to further reduce funding for these programs, many of them will, as a direct consequence of the reduction, become wholly ineffective.

To each Senator who is considering supporting this reduction, I say ask yourself if you believe that the allies of the United States will look to us for leadership when we cannot fulfill our international obligations.

Ask yourself whether the impoverished peoples of the world will look to our economic system as their model for development if we cannot provide them with the means to help themselves.

Finally, ask yourself whether the opponents of Democracy will refrain from exploiting the unstable conditions—both economic and political—that will most assuredly follow our failure to respond to the needs of those less fortunate than we in our foreign assistance programs.

I ask that Senators set aside their anger and discontent—to consider the foreign assistance program on its merits—to support the foreign policy of our country.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. KASTEN. Mr. President, how much time is available?

The PRESIDING OFFICER. The Senator From Wisconsin has 1 minute and 10 seconds.

Mr. KASTEN. Mr. President, I yield 1 minute to the Senator from Rhode Island (Mr. Pell).

Mr. PELL. Mr. President, I thank my colleague.

I reluctantly oppose the amendment of my colleague and friend from Illinois (Mr. Dixon). I point out that we now rank 17th among nations of the world when it comes to that portion of our gross national product we put into aid programs. If this amendment passed, we would be off the board, because they only keep records or statistics on the top 20.

I submit, Mr. President, that while the aid program is unpopular, while our needs here are great, nevertheless, the aid program as it has been reported out by the committee and as has been recommended by the Congress is about right. For the time being, we have pretty well stuck with it. If we lower it at this time, I think it will be against our national interest and against the interest of a lot of human beings around the world who depend on that for food, shelter, and literacy. I think those portions of the aid program are even more important, far more important, than some of the security aspects.

Mr. KASTEN. I thank the Senator and distinguished ranking member of the Foreign Relations Committee.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator's time on the amendment has expired. The Senator can take time from the resolution.

Mr. DIXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DIXON. Mr. President, may I briefly summarize in this way: No one in this Senate has greater regard for the senior Senator from Illinois than the junior Senator from Illinois. His devotion to his principles is well-known in my State. His outstanding service on the committee he chairs is well-known to the country.

I do not criticize that or find fault with it.

I put to Senators a very straightforward question. The question is: Can we afford to do less for our country than we do for other countries?

I am not suggesting any cuts. I am suggesting a freeze. This is a freeze; $1.4 billion for 1982—this year—$11.4 billion for 1983, and $11.4 billion for 1984 and for 1985. That is not unreasonable.

The figure $4.3 billion has been referred to. The actual cut in outlays over all 3 years is $2.4 billion. That is not a very great amount of money over the next 3 years.

Let me simply give my colleagues an idea of what this means to some of our domestic programs.

In education in 1983, we are cutting outlays $1.1 billion. My amendment would only cut foreign aid $700 million in 1983. In education in 1984, we are cutting $1.2 billion. My amendment would only cut foreign aid $900 million. In education in 1985, we are cutting $1.6 billion. My amendment would only cut foreign aid $800 million.

In transportation in 1983, we are cutting $1.4 billion. My amendment would only cut foreign aid $700 million.

Let us talk about agriculture. In 1983, we are cutting agriculture $3.7 billion. My amendment would only cut foreign aid $700 million. In 1984, we are cutting agriculture $5.4 billion. My amendment would only cut foreign aid $900 million.

The relative cuts are small. Over the lifetime of the bill, the cuts are only $2.4 billion. It is a reasonable amendment, and I recommend its adoption.

I submit that it is in line with what we are doing elsewhere in the budget.

Mr. President, I ask for a rollcall on this amendment.

Mr. KASTEN. Mr. President, this is another amendment which seeks to reduce the international affairs function of the budget. The President of the United States, in a letter provided to the Foreign Relations Committee just yesterday, underscored his personal commitment to full funding of this function. If we do not provide this, according to President Reagan, and I quote:

> Israel and Egypt would be deprived of the additional resources necessary to reinforce the post-Sadat peace process at a time when radical elements are working to unravel the tenuous ceasefire in Lebanon and to undermine the Mubarak regime;
>
> Moderate states threatened directly by the Soviets (e.g., Pakistan) or by their Libyan/Ethiopian surrogates (Tunisia, Morocco, Sudan, Somalia) would be deprived of tangible American support when they need it, putting at doubt our ability to call on them when our own interests in the Middle East or the Persian Gulf are threatened;
>
> Portugal, Spain and Turkey would be prevented from rebuilding their outmoded defense capabilities; NATO's southern flank would be vulnerable and we would jeopardize their cooperation in meeting threats beyond the alliance's boundaries;
>
> The momentum of the acclaimed Caribbean basin initiative would falter and the overwhelming plebiscite of the Salvadoran people for democracy would be left to waiver.

As I have said before, I am not up here advocating increases in international affairs. In fact, I led those forces last year which reduced not only President Reagan's request, but reduced former President Carter's fiscal year 1982 request by over $2 billion. The resolution before you is a decrease in BA terms from the current year, and as you can see from the tables, the outlays remain nearly constant for the next 3 years.

For the sake of a sound and effective foreign policy, I would urge my colleagues to defeat this amendment.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, has the time expired?

Mr. DIXON. Not quite, I guess, but I yield back my time.

Mr. BAKER. Mr. President, I move to table the amendment of the Senator from Illinois, and I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to table the amendment of the Senator from Illinois.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 60, nays 32, as follows:

[Rollcall Vote No. 147 Leg.]

YEAS—60

Andrews
Armstrong
Baker
Baucus
Biden
Boschwitz
Bradley
Brady
Byrd, Robert C.
Chafee
Cochran
Cohen
Cranston
D'Amato
Danforth
Denton
Dodd
Dole
Domenici
East
Garn
Glenn
Goldwater
Gorton
Hart
Hatch
Hawkins
Hayakawa
Heinz
Humphrey
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Kennedy
Laxalt
Lugar
Mathias
Matsunaga
Metzenbaum
Moynihan
Murkowski
Packwood
Pell
Percy
Quayle
Riegle
Roth
Rudman
Sarbanes
Simpson
Specter
Stafford
Thurmond
Tower
Tsongas
Wallop
Weicker

NAYS—32

Abdnor
Bentsen
Boren
Bumpers
Burdick
Byrd,
Harry F., Jr.
Cannon
Chiles
Dixon
Eagleton
Exon
Ford
Grassley
Heflin
Helms
Hollings
Leahy
Levin
Long
Mattingly
McClure
Mitchell
Nickles
Nunn
Proxmire
Pryor
Randolph
Sasser
Stennis
Symms
Warner
Zorinsky

NOT VOTING—8

DeConcini
Durenberger
Hatfield
Huddleston
Melcher
Pressler
Schmitt
Stevens

So the motion to lay on the table Mr. DIXON's amendment (UP No. 992) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

Mr. DOMENICI. Mr. President, I yield to the distinguished Senator from Rhode Island (Mr. CHAFEE).

NO FUNDS PROVIDED FOR POLLUTION CORRECTION PROGRAM

Mr. CHAFEE. Mr. President, I note that the first concurrent budget resolution does not contain budget authority for a new program authorized in the Clean Water Act Amendments of 1981. That new program authorized $200 million to be used at the discretion of the Administrator of the Environmental Protection Agency to correct pollution caused by combined sewer overflows—a water pollution problem which plagues many of our older cities and towns.

Although the Committee on Environment and Public Works, in its report to the Budget Committee, recommended including $100 million in the budget for the correction of combined sewer overflows, the Budget Committee voted not to provide budget authority for this program.

I am deeply committed to seeking funding for this very important program. Even though budget authority is not now included I believe it will be possible to secure some funding through the appropriations process. Since the first concurrent budget resolution is not binding—it only sets targets—there will be time to work with the Appropriations Committee and the Budget Committee to insure that an appropriate amount of funds will be made available for this program.

Mr. President, I thank the distinguished Senator from New Mexico.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. How much time remains on the entire resolution?

The PRESIDING OFFICER. One hour and forty-two minutes remain.

Mr. DOMENICI. How is that divided?

The PRESIDING OFFICER. One hour and four minutes to the majority and 38 minutes to the minority.

Mr. DOMENICI. I thank the Chair. It is my understanding the distinguished Senator from Missouri (Mr. EAGLETON) goes next and has an amendment on indexation.

UP AMENDMENT NO. 993

(Purpose: To express the sense of the Senate with respect to the repeal of the indexing provisions enacted under the Economic Recovery Tax Act of 1981)

Mr. EAGLETON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) for himself, Mr. MATHIAS, Mr. BUMPERS, and Mr. RANDOLPH proposes an unprinted amendment numbered 993.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Insert at the end of the concurrent resolution the following new section:

SEC. . It is the sense of the Senate that the Committee on Finance should report a bill repealing section 104 of the Economic Recovery Tax Act of 1981 (repealing to adjustment to prevent inflation-caused tax increase) as one of the changes in laws within the jurisdiction of such committee necessary to increase revenues by the amount specified in paragraph (2) of subsection (b) of section 2 of this concurrent resolution.

Mr. EAGLETON. Mr. President, I rise today to offer an amendment that it be the sense of the Senate that the Finance Committee report a bill repealing section 104 of the Economic Recovery Tax Act of 1981. This amendment, offered by myself, Senator MATHIAS, Senator BUMPERS, and Senator CHAFEE would repeal the indexing provisions that was included in the 1981 Tax Act. This provision requires that individual income tax brackets be indexed to the inflation rate beginning in calendar year 1985. According to the Joint Committee on Taxation, estimated revenue to be gained from repealing this provision would be $10 billion in fiscal year 1985, $26 billion in fiscal year 1986, and $43 billion in fiscal year 1987.

I voted against the indexing provision when the Senate originally considered it on July 16, 1981, because of my concern for the deleterious effects indexation would have on our economy. I voted against indexing because it accommodates and institutionalizes inflation into an economic system. One year later, our economy is more fragile than it has been at any time since the Great Depression of the 1930's. I do not believe that our economy could withstand the impact of indexing our tax system to the inflation rate.

Last year, we put in place the fundamental building blocks of President Reagan's economic plan: First, the Omnibus Reconciliation Act of 1981, making deep spending cuts in many programs and second, the Economic Recovery Tax Act of 1981, making substantial changes in our tax system and drastically reducing the revenues of the Federal Government. In return, President Reagan promised a balanced budget, an aggressive and highly stimulative economy, and a reduction in the high interest rates that have so debilitated our economy. Instead, we are looking at massive deficits now and into the future, continued high interest rates, and the highest unemployment rate since the end of World War II, all from the vantage point of our second recession in 2 years. We have watched as administration officials and Wall Street pundits, the real arbiters of the economy, have slowly pushed the recovery date further and further back into 1982. We also have a Treasury Secretary who said a few weeks ago that "the economy is dead in the water."

Consequently, many people are reassessing their earlier, unhesitating support for the President's program. Indeed, criticisms have come from such well-known conservatives as Henry Kaufman, the chief economist at Salomon Bros. and Herbert Stein, former Chairman of the Council of Economic Advisors under President Nixon and a current member of President Reagan's Economic Policy Advisory Board. Such divergent economic analytical groups as Data Resources Inc., the American Enterprise Institute, the Brookings Institution, the Congressional Budget Office, the Business Roundtable, and the National Association of Manufacturers are all now forecasting staggering Federal deficits from 1985 on at a time when revenue losses from the 1981 tax bill grow even larger as indexing takes effect. In a prepared statement before the House Budget Committee last March, Henry Kaufman stated:

> I believe that today's policies do not sufficiently limit the possibility of straying into unnecessary economic tragedy; for these policies have failed to gain the confidence and support in at least one vital area: the financial markets.

On "Meet the Press" on May 9, 1982, Mr. Kaufman indicated that it was essential that we repeal the indexing provision of the tax bill.

The grim, grim economic news is doled out on a daily basis. For example, today's New York Times, in a front page article, reported that corporate profits declined 17.5 percent in the first quarter of 1982. Also, revised figures for first quarter GNP showed a decline of 4.3 percent, rather than the preliminary figure of 3.9 percent. Said Allan Sinai of Data Resources, Inc.—

> * * * the U.S. economy, since 1980, has gone through an unprecedented business cycle downturn for the post-World War II period. Three years of recession are threatening the viability of a large chunk of corporate America. There is virtually nothing in the data coming out now to indicate any meaningful recovery.

I ask unanimous consent that the full text of the New York Times article be printed at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EAGLETON. It is more important than ever that we in the Congress also take a second look at the program we so hastily put in place last year. We should not be so intransigent that we do not recognize that the course embarked on by the Reagan administration and approved by this Congress has serious shortcomings. For this reason, I urge that we repeal the indexing provision of the 1981 tax bill. We need only look at other sectors of our economy to see the impact that indexing has already had. As long ago as 1979, GAO issued a report analyzing the effects of indexing for inflation on Federal expenditures. The report concluded that expenditures for indexed Federal programs have grown more rapidly than the budget as a whole.

We should also learn well from other countries who have experimented with indexation. In a Time magazine article on this subject, it was noted that in Western Europe and Latin America, where indexation has been much more widely practiced than in the United States, both the government and the public are growing increasingly disenchanted. As one top European economist noted, "Indexation is the fool's gold of modern economics. Nothing breeds inflation as much as cost of living benefits." Perhaps the most notable defector from the proindexation group is Nobel Prize winning economist Milton Friedman, who now concedes that indexing our economic system accommodates inflation by building it in and ultimately making it impossible to control.

As pointed out in a research paper published by the Congressional Budget Office, indexing could be inflationary if it were interpreted as a sign of Government acquiescence to inflation, or if it weakened public support for Government anti-inflation policies by insulating taxpayers from inflation's adverse effects. I fully agree with this assessment. Despite the illusion indexing offers that we are no longer paying high taxes, inflation will continue to insidiously penetrate our economy. Let us heed the warnings of conservative economist Alan Greenspan who said not too long ago:

> The chance that a sharp new downturn could reach crisis proportions used to be 1 in a 100. Now it is 1 in 5 or 10.

I urge my colleagues to rethink the wisdom of their earlier decision to index our tax system; I urge the adoption of my amendment.

The article follows:

EXHIBIT 1

[From the New York Times, May 20, 1982]

PROFITS OFF 17.5 PERCENT FOR FIRST QUARTER

(By Jonathan Fuerbringer)

WASHINGTON, May 19.—Corporate profits fell 17.5 percent, almost a record, in the first quarter of this year, reflecting the squeeze on companies from declining production and high interest rates, the Commerce Department reported today.

The department also said that the gross national product, after adjustment for inflation, fell at an annual rate of 4.3 percent in the first quarter, a steeper drop than the preliminary 3.9 percent figure reported last month. The gross national product, the broadest measure of economic performance, is the total value of the nation's goods and services.

These reports, combined with the 6.4 percent decline in April housing starts reported yesterday and six-tenths of 1 percent drop in industrial production announced last week, indicate that the recession is likely to continue at least through June, despite Administration assertions in recent weeks that it had reached bottom.

PRIVATE ECONOMIST'S VIEW

The declines are "just another sign that the U.S. economy, since 1980, has gone through an unprecedented business cycle downturn for the post-World War II period," commented Allen Sinai, an economist with Data Resources Inc., a private forecasting concern.

"Three years of recession are threatening the viability of a large chunk of corporate America," Mr. Sinai said. "There is virtually nothing in the data coming out now to indicate any meaningful recovery." This means, he added, that the chances for any recovery this year hinge on "the July 1 tax cut and how consumers respond to it."

In the first quarter, after-tax book profits, which include profits on company's inventories, fell $25.2 billion, to a seasonally adjusted annual rate of $118.8 billion. This was the third-largest quarterly decline since World War II. The largest drop was 21.7 percent in the fourth quarter of 1953, and the next largest was 19.9 percent in the second quarter of 1980.

This decline in after-tax profits followed a 7.9 percent decline in the fourth quarter of 1981, to a seasonally adjusted annual rate of $144 billion. Profits in last year's third quarter had risen 2.4 percent, to a $156.3 billion adjusted rate.

Malcolm Baldrige, the Secretary of Commerce, said today that the Reagan Administration's reduction in depreciation taxes, which was approved last year, "is softening the decline in after-tax earnings." He added, "The tax act of 1981 reduced corporate tax liabilities to the Federal Government at an annual rate of $8 billion in the first quarter."

Since the first quarter of 1981, pretax book profits have fallen 33.9 percent, the steepest decline during any recession since World War II.

Profits after taxes have declined 29.9 percent since the first quarter of 1981, according to the Commerce Department. Although this is also a record decline during any recession since World War II, it is smaller than the before-tax decline and is only slightly more than the previous record decline in after-tax profits of 27.8 percent during the 1957-58 recession.

Profits from current production, which excludes profits on inventories, fell $27.7 billion in this year's first quarter. Nonfinancial corporations' profits fell $23.6 billion, accounting for almost all of the decline in the quarter. About two-thirds of this decline was in the manufacturing sector. The foreign portion of profits fell $4.2 billion while profits for financial corporations rose $100 million, as a rise of $1.2 billion in profits for Federal Reserve banks offset declines, especially in the savings and loan industry.

In addition to the effect of higher interest costs on profits, the decline was spurred by a faster rise in costs than in prices, which have been slowed by the decline in the inflation rate.

Interest costs were $71.3 billion, up from $60.5 billion a year before and were about half the level of corporate profits. The interest share of the output of nonfinancial corporations has risen from 3.6 percent a year earlier to 4.5 percent in the first quarter of 1982. The share of pretax profits has dropped from 9 percent a year ago to 6.3 percent.

The revised figure for the gross national product was a result of a sharper decline in inventories than was first reported. Based on more recent data, they fell a record $21.4 billion after adjustment for inflation. The 4.3-percent drop in G.N.P. followed a 4.5-percent decline in the fourth quarter of 1981.

For the first quarter, the G.N.P., before adjustment for inflation, fell $6.7 billion, to a seasonally adjusted annual rate of $2,991.6 billion.

Based on the revised figures, the fixed-weighted price index rose at an annual rate of 5.1 percent in the first quarter. The implicit price deflator, another measure of inflation based on the gross national product, rose at an annual rate of 3.5 percent. The fixed-weighted price index just measures changes in prices. The implicit price deflator produces an inflation number that reflects changes in both prices of goods and in what is consumed, which means that a shift to less expensive goods can bring down the rate of inflation.

In a related matter today, the White House denied, through the deputy press secretary, Larry Speakes, that the Administration was considering any change in its support for the Federal Reserve's tight monetary policy. The hint of a possible change was raised in reports of comments made last night by Edwin Meese 3d, counselor to the President, to a group of reporters.

Mr. EAGLETON. I yield to my colleague from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. MATHIAS. Mr. President, it seems to me that tax indexing is nothing less than surrender to the forces of inflation. We have to reject this dangerous precedent because it will cripple Presidents and Congresses for years to come and will actually remove from the American people the control of their own destiny.

We have in place automatic escalators in a number of social benefit programs. How difficult it is to make adjustments in those automatic escalators. We are not even going to touch them now until the President's Commission on social security reform reports to us.

Indexation of benefits already pulls in one direction. When tax indexing goes into effect, you are going to have another force pulling in the opposite direction. Indexing will pull the gap of the deficit wider and wider automatically, and we will say we cannot do anything about it because we will have turned it all over to a formula. It is a formula that is going to govern our destiny in the future. When the deficits grow, we will just give up and say the formula is working.

It is a very dangerous situation to institutionalize inflation. The amendment offered by the Senator from Missouri, I think, faces this danger and attempts to provide us with a modicum of safety.

Mr. President, I ask unanimous consent that an article I wrote for the New York Times dated January 28, 1982, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Jan. 28, 1982]

AGAINST INDEXING TAXES TO INFLATION

(By CHARLES McC. MATHIAS)

WASHINGTON.—Congress and the country know how much President Reagan values consistency. His report on the State of the Union reveals that it is essential to his perception of Presidential power and leadership.

Mr. Reagan summoned the memory of our boldest and most successful Presidents, but we also must remember that they never feared revising their policies and programs. They did not cling to consistency at the expense of developing steady, stable policies to move the country forward.

As we await the President's budget message, we anticipate enormous budget deficits. I believe he can find a way to pay the bills without plunging the country deeper and deeper into debt, without printing money, and without shifting programs to the states—a practice that only turns back the clock to an earlier period of social disequilibrium.

One reason we are looking at these deficits is last year's remission by Congress of $750 billion in tax revenue in the Tax Reform Act. Parts of that bill contain Mr. Reagan's ideas, and to repudiate them might indeed be inconsistent.

But many costly parts of the bill are not the President's idea.

Mr. Reagan told the Congress that he approved of indexing, yet the failure of Presidents to balance their budgets resulted from a misguided application of this very principle.

Congress first applied indexing to offset the impact of infiation on pensions. That spawned the monster, bracket creep. Now Congress proposes to slay the indexing monster with more indexing. What once seemed fair and equitable has become a fiscal nightmare.

Indexing's supporters say the practice restricts revenues, not expenditures. But that ignores today's crushing reality, inflation. We should not lock Presidents of tomorrow into fiscal programs that may bear no relationship to their contemporary reality.

Indexing taxes to the rate of inflation in 1985, as the tax bill does, was not President Reagan's idea. He only accepted indexing as part of the compromise package.

Indexing not only undermines the discipline and sacrifice embodied in his budget cuts and the public's response, but also works at cross purposes to the positive measures for cutting taxes to fight inflation and stimulate industrial recovery.

The 1981 tax bill contains many positive measures that will encourage greater savings and investment, and will help to stimulate productivity. But indexing serves only to undermine these new incentives.

It plants a fatal seed in the internal revenue system and institutionalizes inflation. It is nothing less than surrender to the very forces that President Reagan has so strongly and vigorously attacked in his program to revitalize the economy.

I urge the President to cast off this hairshirt. Americans will applaud him for it. Otherwise he will endanger the funds we need to rebuild our economic base.

Education and training for job skills would be one investment. Maintaining the health of Americans, not only for their personal good but for the good of the economy, would be another. This means a health-care system good enough to maintain health and well-being so that people can hold productive jobs. To increase our profit from trade, we must invest enough in research to keep our country's technological lead, which in turn will create more jobs.

President Reagan achieved a historic shift in the direction and momentum of government in his first year. He now has the opportunity to readjust and fine-tune his policies and programs—even those announced on Tuesday—to address our two most urgent economic problems, inflation and unemployment.

Ralph Waldo Emerson said "a foolish consistency is the hobgoblin of little minds." But that same quotation contains these words: "Speak what you think today in words as hard as cannon balls and tomorrow in hard words again, though it contradict everything you say today."

The time has come for words "hard as cannon balls" if we are to protect the tax revenues that we need to reduce the appalling Federal deficit while maintaining the programs that are the true bedrock of national security.

The **PRESIDING OFFICER**. Who yields time?

Mr. **ARMSTRONG**. Mr. President, I must say that of all controversial amendments which have been offered to this budget resolution this proposal by the distinguished Senator from Missouri is, in my judgment, the worst single idea which has been seriously advanced during the course of this debate on this issue. I say so because, in my judgment, the tax indexing provision which was contained in the Tax Reform Act was the most important single provision of that historic piece of legislation.

Written into the bill were three key items that tax brackets, personal exemptions, and the standard deductions would be adjusted each year in the taxpayer's favor to reflect the inflationary rate and its effect on the tax structure.

Mr. President, it is my desire to discuss the merits of indexing and the reasons why this amendment should be turned down at some length. But it seems only fitting that the Senator from Kansas, who is the father of indexing and the chairman of the Senate Finance Committee, should first be recognized if he desires to speak on this amendment because more than any other Senator, more than any other person, he is the one who is responsible for this amendment, which I say again is the most important single tax reform which has been enacted in many, many years.

So I am pleased to yield for whatever purposes he may have in mind and for whatever comments he may wish to make to the chairman of the Senate Finance Committee, the Senator from Kansas.

Mr. **DOLE**. Mr. President, I thank the distinguished Senator from Colorado. Again, as I just told him privately, in my view this is about the most important thing we did in the tax bill last year.

I happened to visit by telephone recently Alan Greenspan, who, I think, is a respected economist, the former Chairman of the Council of Economic Advisers, and a Presidential adviser, and he said—and I cannot quote him directly, but as I recall his words, he indicated to me—that indexing was probably one of the most important things we did in the tax bill of last year.

This Senator fails to understand why more working men and women are not clamoring—in fact, if they understand it, I know that they are clamoring—to know more about indexing because what it does in effect is bring about a budgetary discipline to the Congress and keep us from using that so-called revenue windfall from bracket creep of $16 billion, $17 billion, depending on what the inflation rate is. It is going to make Congress accountable—it is sort of a truth-in-budgeting proposal. It says to the Congress of the United States, because we have indexed the tax system, we are either going to have to increase taxes, really increase taxes, or reduce spending because we are not going to have that windfall to rely on.

In fact, I now have a letter from Alan Greenspan dated July 13, 1981, which states:

> I want to add my support to the proposal to index the individual tax system following the three year scheduled cut in tax rates. We have argued in favor of a three year phased 30% cut in rates to offset bracket creep. However, unless offset, bracket creep will again take hold in 1984 and beyond, and will again inordinately raise the burden on the average American taxpayer. Indexing, of course, will prevent that.
>
> I am aware that there are many who, while strongly in favor of further tax cuts, remain concerned over the size of the budget deficit in the out years. I share such concern and in fact that is one of the reasons why I favor indexing. It's becoming increasingly clear that the level of expenditures is currently being suppressed mainly by fears of budget deficits. If we allow tax receipts to rise as a consequence of bracket creep in the out years, the continued pressure on federal outlay growth will be undercut. What we are likely to get as a consequence is both increased taxes and increased expenditures with the budget deficit, perhaps, only modestly reduced from what it otherwise would be.

So, Mr. President, I will not take the time of the Senate, but I think this is an issue on which some Members, for very good reasons in their view, oppose indexing. They believe their reasons are sound. Others of us strongly favor indexing.

I might point out that this amendment, in itself, of course, would not affect indexing. It would just require that we raise revenues by a certain amount in fiscal year 1985 over and above what is already included in the resolution.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New York Times dated July 26, 1981, entitled "A Tax Index Bets on Democracy."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A TAX INDEX BETS ON DEMOCRACY

If you are truly weary of politicians "cutting" taxes every other year but nonetheless collecting ever larger sums for Federal spending, take heart from a live proposal to end the shell game. It is called "indexing" the income tax, and the Senate has voted to try it starting in 1985.

The idea, first embraced by Ronald Reagan during his Presidential campaign and now part of the Administration tax bill, is annually to index, or raise, the income that determines tax bracket—as well as taxpayers' personal exemptions and standard deductions—by an amount that offsets inflation. In other words, the prevailing tax rate would be held roughly constant in relation to purchasing power; it would stop creeping upwards simply because of inflation. If it takes an income of $33,000 this year to buy what $30,000 bought last year, the proportion going to Uncle Sam would no longer automatically increase.

It is a worthy idea that would restore honest packaging to Federal tax policy. If Government spending increases, Congress would have to actually vote to raise taxes to finance it. And merely holding the true tax rate constant could no longer be misrepresented as tax reduction.

The main argument for the change is integrity. Six times since 1969, Congress has flattered itself by passing what were called income tax cuts, when it was merely turning back revenues generated by the inflationary creep of taxpayers into ever higher tax brackets. And some of this windfall was not returned at all, but spent. So the legislators could boast not only of cutting taxes but also of increased Federal benefits. The Senate's indexing plan would end that game this year. Future tax cuts would really have to be cuts; increased spending would have to come from real economic growth or candidly acknowledged tax increases.

The strongest argument against the idea is that protecting taxpayers against inflation in this way would weaken their already feeble will to resist inflation. But that puts a policy premium on trickery. The fact is that taxpayers learn soon enough that their tax rates have been going up, no matter what the politicians say, and then join much riskier "tax revolts" of the kind that have now spread from the states to Washington.

Indeed, it may turn out that Government will more quickly fight inflation if it is among the first victims. Indexing the income tax would sensitize Congress and all Federal agencies to the declining value of the dollar. To avoid a true tax increase for new works, both President and Congress would have a new incentive to resist waste and the costly subsidies that still lie buried in the tax code.

Liberals have good reason to fear that in its present conservative mood, the nation would be driven by a tax index to resist important new social programs. But that is an argument to perpetuate good works by sleight of hand.

It is just as valid to argue that social programs lost political support precisely because they were too long financed with the inflation's tax windfall and did not have to be openly defended as meriting tax increases.

There are risks in tax indexing. If applied in 1985 after repeated reductions in social spending, it might wind up skimming an additional $13 billion from tax receipts and lead Congress to squeeze the budget even harder. Congress might still refuse to face up to inflation. And it might shortchange both military and civilian obligations rather than raise tax rates. But that would only perpetuate honest debate over priorities. The risk, in the end, is no greater than betting on democracy.

Mr. DOLE. Mr. President, I see the Senator from Colorado also has the editorial. There is just a lot of support for this concept.

(Mr. QUAYLE, assumed the chair.)

Mr. SYMMS. Will the Senator from Kansas yield?

Mr. DOLE. I am happy to yield.

Mr. SYMMS. I wish to praise the Senator from Kansas. I believe there was a time when I was in the other body that the Senator from Kansas gave a series of speeches on this subject here in this Chamber.

But is has always been interesting to me that not all but most of the people who favor indexing of all the welfare programs in the country do not want to index the working people from having to be pushed into higher tax brackets.

The Senator from Iowa mentioned yesterday that for every 10 percent pay increase that people have been getting in this country until the 1981 Recovery Act, they get a 16-percent tax increase.

Mr. DOLE. I share that view. I thank the Senator from Idaho. I know that organized labor opposes indexing. The Senator from Kansas has talked to labor leaders. This Senator fails to understand how they can oppose something for working people. The losers in this are the working people of America, the wage earners. What we are hoping to do is to protect their interests.

I might say, and I am certain the Senator from Idaho and the Senator from Colorado and other Senators know, that if you talk to an audience made up of working people and explain indexing, there is an immediate acceptance of the principle. I hope that we would not do anything today that might interfere with this forward step.

I thank the Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I congratulate the Senator from Kansas for his statement today. Most of all, like all of the taxpayers of my State and the Nation, I thank him for his leadership on this important issue.

I see in the Chamber the Senator from Iowa, who has been one of the foremost advocates of tax indexing. I am pleased to yield to him for such observations as he may wish to make.

Mr. GRASSLEY. I thank my friend for yielding.

I want to say for those of us in this Chamber who are concerned about lower and middle income people, there is no category of wage earners that gets hurt worse from bracket creep than lower and middle income people. So if you want to help the lower and middle income people, indexing the income tax rates is a way to do it.

We know that the very wealthy are always going to be able to take care of themselves when it comes to paying taxes and to finding the loopholes to avoid taxes. But the middle- and low-income people are the ones who have gotten hurt over the last 10 to 15 years because of bracket creep. As I said here on this floor yesterday, people who get a 10-percent raise in wages end up paying 16 percent more in taxes. It does not even go up at the same rate as inflation. It is ratcheted up more, compounded beyond all reason and reality.

For those people who think that inflation-proofing pensions, and all the other things that are inflation-proofed through indexing, like COLA's, ought to approve of inflation-proofing of tax rates through indexing. If the principle is right in one respect, it is right in the other as well.

But I think the most important issue at stake here is that indexing is, quite frankly, the only salvation for the American people from a Congress that is not going to be responsible in looking at expenditures and the taxes that support those expenditures.

It is very easy to spend more money when it comes in as a result of inflation rather than as a result of a vote. A vote is unpopular, obviously.

The Senator from South Carolina said yesterday that in the 16 years he has been in the Senate he only had to vote for two tax increases. And yet look at how taxes have gone up during that period of time, automatically.

I say that indexing is the only salvation for our taxpayers. With indexing, we will have to vote for tax increases. We will have to put our names on the dotted line for tax increases. Quite frankly, there would probably be fewer tax increases, and, with less money coming into the Federal Treasury, spending would be forced downward.

The thing that surprised me most in this debate was a statement made by my friend from Maryland, Senator MATHIAS. He said that doing away with indexing would give the people of this country an opportunity to control their own destiny.

Without indexing, people are not going to be able to control their own destiny. Why? Because the less we are able to vote one way or another on increased taxes, the less control individuals in this country have over their own destiny.

We must retain indexing on the books. It does not even take effect until 1985. Before we talk about repealing what a majority of Congress last year thought was good policy—and I still think is good policy, and I think most people in this body feel is good policy—we ought to wait and give it an opportunity to work at the Federal level.

With those thoughts in mind, I urge you to vote against this amendment to repeal indexing.

Mr. SYMMS. Mr. President, I rise in strong opposition to the amendment that is currently being considered. I supported the concept of indexation while I was a Member of the House of Representatives, and I was very pleased to be a participant in obtaining the passage of the provision last summer which indexed tax rates to the rate of inflation.

Virtually every segment of American society has been adversely affected by the significant increase in the rate of inflation in recent years. The impact of inflation is worsened by the taxation of inflation-produced profits and gains, which leads to the liquidation of savings, erodes American business capital, saps the investment incentive in the private sector, and lowers the standard of living of all Americans, especially those in the middle class.

The provisions in the Internal Revenue Code were enacted with the expectation of little or no inflation. Indexation will simply minimize tax increases caused solely by inflation.

Because of bracket creep and the loss in value of fixed deductions and credits, individuals whose earnings merely kept pace with inflation have seen their purchasing power eroded by disproportionately high income taxes. A significant portion of the increase in business taxes has resulted from overstatements of income and capital gains that are due solely to inflation. Congress has reacted to the inequity and adverse economic impact by legislating periodic reductions in tax rates, modifications of tax brackets, increases in exemptions, and other changes. The results are a tax structure rife with inequities and disincentives to invest and an uncertainty about future tax provisions, which itself discourages investment.

Economists recognize that American business cannot effectively compete in domestic and foreign markets unless it is able to increase productivity. Instead of increasing, the Nation's rate of increase in productivity has declined significantly in recent years. Productivity depends in part on new investment in plant and equipment. American industry has traditionally received a significant portion of its capital needs for new plant and equipment from retained earnings, depreciation, and individual savings. Such traditional sources of new capital have been eroded by the taxation of inflation-induced profits and gains.

Representatives of Congress, academia, business, and the Treasury have expressed concern about the capital formation impact of having effective tax rates on inflation-adjusted business profits that are well in excess of the statutory rates. Representatives of these groups have also expressed concern about the capital formation impact of taxing interest on individual savings when those savings have been eroded by inflation. There is little wonder that American business has difficulty finding the needed capital to modernize its plant in order to maintain high rates of productivity.

Middle income taxpayers are paying an increasing percentage of the overall income tax burden. One must assume that these taxpayers are aware that past failures to index the Internal Revenue Code is partly responsible for their need to pay more tax on income that has a declining purchasing value.

I have described a number of significant arguments for and against tax indexation. Certain of the adverse arguments deserve further comment.

One of the most serious arguments is that indexation in any form is itself inflationary. It may or may not be inflationary, depending on whether the tax savings are used for investment to increase productivity or are expended for consumption of items, and depending on whether Government reduces its spending or increases its deficit.

Another argument is that tax indexation would leave Government with fewer resources for the improvement of society. There is nothing in the suggestion for tax indexation that would preclude Congress from increasing taxes. Indexation merely stops the increase in taxes that is caused solely by inflation, so that overt action by Congress is required to increase taxes. This route lets the electorate decide whether a given tax increase is in the public interest, and that effect is also desirable.

Other individuals have argued that indexation is not needed because Congress periodically adjusts the tax laws in response to inflation. This argument does not appear to be valid. Although it can be assumed that Congress has tried to respond to inflation's impact on the average taxpayer and business, studies have shown continuing taxation of significant amounts of inflation-induced income.

The merits of indexation outweigh the drawbacks. Economic considerations and the need for fairness in our tax laws mandates that indexation be maintained in the current law. Indexation does not imply a willingness to live with inflation; indeed, it removes the tax revenue bonus and tends to reduce the rate of growth in Government spending.

(UP AMENDMENT NO. 993)

● Mr. DURENBERGER. Mr. President, last year's tax bill has been called historic for the size of tax relief given to individual taxpayers and for the reordering of priorities to encourage greater productivity by American businesses. But I submit that indexing the Tax Code was the most historic of these achievements.

Tax indexing is nothing more than a windfall profits tax on Government. It proceeds from the philosophy that any windfall income created by inflation should remain with the income earner as a buffer against rising prices, rather than passing to the Federal Government.

Without indexing, the tax system has the inherent tendency to fuel the inflationary cycle. Individuals receive cost-of-living increases but have less aftertax income because of bracket creep. They end falling further behind, forcing them to rob their savings for everyday living expenses and fueling their desire for even higher wage increases the next time around.

Those who oppose indexing on the grounds that it will put unacceptable fiscal stress on the Government must assume that continuous tax increases are necessary to prevent a fiscal crisis. I do not believe this for a moment. But even if I did, this is all the more reason to index the system to force these tax increases to be voted by the legislature, not imposed automatically. Tax increases, Mr. President, should be painful for the legislature to enact.

In fact, I would go so far as to argue that any system that permits the legislature to increase taxes painlessly leads inevitably to fiscally irresponsible spending by the legislature.

In recent weeks, several criticisms have been made of the indexing provision of the Economic Recovery Tax Act—criticisms made, I would note, 3 years before that provision is to take effect. Since our Federal taxes have not yet been indexed, opponents of indexing are citing the only examples available to them: The experience of the nine States that have indexed their tax systems to one degree or another. Prominent among these examples is my own State of Minnesota.

Let the record be clear on one point: The severe fiscal problems being experienced in the State of Minnesota are not a result of the indexing of our tax system. In 1979, at the time indexing was adopted in Minnesota, it was estimated that the State government would collect $1.2 billion less in revenues over 3 years due to tax indexing. And so State legislators found ways to reduce the rate of increase in State spending over those three years and thus Minnesota taxpayers $1.2 billion.

What happened next, however—especially in 1981 and 1982—both the National and State economies fell far short of their expected performance, and so State revenues fell accordingly. In other words, Minnesota tax revenues decreased even more than the $1.2 billion that was expected. But this fall-off in revenues had absolutely nothing to do with indexing. It had everything to do with the economy. Without indexing, while the State would have collected $1.2 billion more in revenues, it also would not have taken steps to reduce State spending by the same $1.2 billion. The additional revenue shortfalls still would have occurred and the State still would be suffering, as so many States are, from a fiscal crisis. But Minnesota taxpayers would be footing a bill at least $1.2 billion more than their present obligations. Indexing was not the cause of my State's fiscal problems. Indexing has saved the taxpayers of my State over a billion dollars during the last 3 years, and indexing in Minnesota has in fact proven to be a way of holding down State spending—by $1.2 billion in this case.

Mr. President, another curious argument I frequently hear made is that indexing is somehow a sneaky way of shifting reliance away from the progressive income tax and onto the regressive sales tax. Again, the Minnesota experience, when fully understood, proves exactly the opposite.

When State legislators in Minnesota had to raise additional revenues this year, they had to do it in full view of the voters who elected them. The merits of raising the sales tax and raising the income tax were openly debated in the State legislature. The Governor recommended increasing the income tax—the highest in the Nation in several brackets. But thousands of Minnesotans called and wrote to their State legislators, and, in the end, an increase in the income tax was soundly rejected, while a 1-percent increase in the sales tax was approved. This was certainly a more open way to increase taxes than the previous unindexed system where tax rates were automatically increased by inflation, and revenue rolled into the State treasury without a single public official being accountable for a single public decision. Indexing restored, rather than destroyed, honesty in fiscal policy in the State of Minnesota.

Mr. President, I spoke earlier about opponents of indexing who contend that indexing will lead to fiscal problems. One cannot examine the Minnesota experience over the past 15 years without concluding that an unindexed tax system leads to fiscal irresponsibility and poor tax policy. Like the Federal tax system, Minnesota has a steeply progressive income tax, especially when compared to most other States. It acted as a great money machine for the State government—a machine fueled by inflation.

To compound the problem, the legislature also put in place an automatic mechanism to dispense the money as fast as it came into the State treasury. We in Congress know the mechanism well—entitlement programs—that do not have to be voted on each year but automatically send out the money.

The entitlement with the largest appetite in Minnesota is the real property tax circuit breaker—the Homestead Tax Credit. While the income tax levied hidden tax increases annually, the circuit breaker bestowed highly visible—and politically valuable—so-called tax relief to homeowners and renters. This tax credit was continually increased until now Minnesota property taxpayers pay only 42 percent of their levied property tax. The State of Minnesota pays the rest. Of course, this never represented true tax relief.

In short, if the proponents of this amendment support ever-increasing spending through the public sector as a basic philosophy of government, indexing should—as it obviously does—cause them great concern. Indexing eliminates the single most important part of the system that facilitates and encourages the growth of government. On the other hand, if one supports the notion that taxing and spending decisions should be made explicitly through the legislative process on a periodic basis, then indexing is having exactly the effect one would hope in Minnesota.

The Minnesota experience also addresses the contention that indexing hurts the low- to moderate-income taxpayers while giving a tax break to the rich. This is simply untrue. It is the low- and moderate-income individual who is constantly pushed upward into new brackets. For example, in Minnesota, the top tax bracket is reached at around $28,000. This means that bracket creep ceases to be a problem for individuals above $28,000 and therefore those in tax brackets above $28,000 did not gain a thing from indexing. In truth, it is the $15,000 to $28,000 brackets in Minnesota that were being killed by bracket creep. These are the working men and women of my State. To remove indexing would mean increased tax burdens for them, not the rich. And that is exactly what will happen to the working men and women of America if this amendment is successful. And so I say to my colleagues, before you put your reputations as tax experts, or as fiscal policy experts, or as Senators—who in an election year are especially sensitive to the needs of those Americans who foot the bill for all we do here this week—I ask you to look to Minnesota once again as an example of responsible government—and how responsive government should work.

Mr. President, indexing will bring fiscal responsibility and accountability back to the Federal Government. I urge my colleagues to reject this amendment and retain indexing in our tax code in 1985 and beyond.●

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, once again I would like to stand and respond to "the single worst idea advanced," according to the Senator from Colorado, "in this debate."

Mr. ARMSTRONG. Seriously.

Mr. HOLLINGS. Seriously. Well, being dead serious, who do we have to go through these economic lessons and hypothetical nonsense that you all keep bringing up? You have the problem. You have the problem of insufficient taxes right now. You are supporting a budget that goes $117 billion into the hole next year and you are only asking for $20 billion in low tax revenues.

Now the rationale that you have with your econometric models and your fanciful theories is that, "Oh, with reindexing of taxes you are forced to cut spending." You are not forced now. You have got the big deficit. Nobody is being forced to cut spending further.

Middle class, middle class. Oh, we know what they think about the middle class. They give them that Economic Recovery Tax Act. For the $20,000-a-year-man, he gets $464 in tax reductions; but for the $60,000 Senator, we get $3,000. We know what they think of the middle class in their tax measures.

The realism is that on the Budget Committee, the latest study we had by the staff in 1980 was that by ratchet, and not just inflation, but those coming into the system and paying taxes for the first time, we gained in revenues $70 billion. But the higher interest rates and the indexing of spending programs that you folks say "do not touch" in your caucus budget—namely, social security—you say, "Do not touch that"—you increase spending by $83.1 billion.

So when we marked up the budget in January of last year we did not have all these extra moneys coming in from the high Carter inflation that you spoke of. On the contrary, in order to keep the programs levelly funded we had to find $13.1 billion.

The Senator from Missouri is exactly right. If you are going to do this, let us do away with all indexing. That is, the spending and the revenue side. Do you give us half a haircut. Do not come in here with an economic theory of reducing revenues and think that will force the Senate to cut spending. We will have to stand up and vote for the taxes.

We are looking for you to stand up and vote for the taxes. I have recommended $204 billion in additional taxes. I recommended yesterday $183 billion more in taxes, and that still did not bring us quite to a budget balance. But you did not stand with me. You opposed that suggestion and gave me a lecture that that increased taxes too much. Now tonight you want me to stand up.

I thank the Senator from Missouri.

Mr. EAGLETON. Mr. President, I yield 2 minutes to the Senator from Rhode Island.

Mr. CHAFEE. I thank the distinguished Senator from Missouri. I ask to be added as a cosponsor to his very wise measure.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. CHAFEE. The suggestion here was that the best thing we can do is to wait until this goes into effect and see how it works.

That is the worst argument I could hear.

The best thing we could do around here is to stop indexing before we even get into it.

Mr. President, I argued against this in the Finance Committee and we had a vote. Unfortunately, we did not prevail. The distinguished Senator from Louisiana was there with us, though, on this.

We debated this on the floor, as you will recall, when we took up the tax bill last year. Unfortunately, we lost that time, too.

But in the long run we are going to be proven right, Mr. President, because inflation is evil. Yet by providing total insulation from inflation we are avoiding some of the tough decisions we need to make to get the budget, inflation, and interest rates under control.

Now, what are they proposing? That a whole new group be insulated from inflation, the taxpayers. We will not even feel it, the suggestion is.

Mr. President, I think the best thing we can do is to stop this thing before it goes any further.

Mr. LONG. Will the Senator yield?

Mr. CHAFEE. I certainly will.

Mr. LONG. I thoroughly agree with the distinguished Senator from Rhode Island, I agree with him thoroughly. We have our expenses indexed to go up and our taxes not indexed to go up. That means you will have bigger and bigger deficits until you get this straightened out.

Mr. EAGLETON. I thank my colleague from Rhode Island and my distinguished colleague from Louisiana. As long as this indexing of Federal revenues remains on the books to take effect in 1985, you can be assured that you will have larger and larger deficits. You may be assured that by keeping this provision on the lawbooks, we are insuring deficits into perpetuity.

There are four ways we have attempted to get some relief on the deficit front and on the interest rate front. We can make meaningful cuts in the defense budget. Senator KASSEBAUM offered that amendment and it was rejected. Repeal indexing? That is before us. Repeal or remove safe harbor leasing? That may come before us later tonight. Repeal the 1983 individual income tax cut as Senator HOLLINGS urged? That has been rejected.

These are the only four measures by which we will get any significant relief on the deficit front and until we get some relief on the deficit front everybody in this Senate knows there will be no relief on the interest rate.

Mr. President, I yield back the remainder of my time.

Mr. ARMSTRONG. "Do not look now but Washington is quietly getting ready to take away the best tax benefit you never got."

Thus does columnist Louis Rukeyser predict in a recent article that exactly the debate which is occurring here tonight would in fact take place. Mr. Rukeyser, who writes newspaper articles and appears on television, went on to predict that in fact the Congress would repeal indexing which he points out is a fancy name for a simple idea, the idea that the Government should have to ask for a tax increase when it wants one and not be able to let inflation do its dirty work for it.

That same idea, that indexing is important to the taxpayers of this country in every tax bracket, has been echoed by thoughtful observers all over the country. The Dallas Morning News also predicted—Mr. President, is the Senate in order?

The **PRESIDING OFFICER.** The Senate is not in order. The distinguished Senator from Colorado is quite correct. Will all Senators who are carrying on conversations please cease and desist or retire to the cloakrooms so we can have order and hear the message the Senator is giving us?

Mr. ARMSTRONG. Mr. President, the Dallas Morning News in a March 16, 1982, editorial also foresaw that this debate would occur, and it warned that before Congress got too enthusiastic about repealing tax indexing they would be well to reflect upon the basic issue. Here is what the Dallas Morning News said:

> Before Congress Indian givers start whooping around the fire, it is well to reflect on what we are talking about. Indexing means that beginning in 1985, individual income taxes will be adjusted to prevent bracket creep. If you are a taxpayer, you hardly need more explanation. Up goes inflation, up goes salaries, up goes Federal taxes, but even faster is the costly progression. It all gets down to this: The Federal Government is rewarding itself for its inability or unwillingness to cure inflation. The more inflation, the more taxes, and it is automatic. The pusillanimous politician need not go to the hustings to explain how he voted in the national interest to increase taxes. If this is not taxation without representation, then how, pray, may the definition be realistically formulated?

The Federal Reserve Bank of Philadelphia in its business review of January 1982 pointed out:

> Perhaps the most important aspect of the tax package adopted in 1981 is the decision to index the tax code beginning in 1985. If done properly, indexing can prevent bracket creep and thus automatically prevent declines in labor supply and potential GNP caused by rising marginal tax rates. Although Congress adopted the indexing provision with little debate, it is clearly one of the most significant changes in the personal tax code in recent memory.

The Senator from Kansas, the distinguished chairman of the Senate Finance Committee, has already pointed out that the New York Times editorialized its support of tax indexing under the headline "A Tax Index Bets On Democracy."

I would say to the Senator——

The **PRESIDING OFFICER.** The time of the Senator has expired.

Mr. ARMSTRONG. Mr. President, I will yield myself a few additional minutes on the resolution.

The Senator from South Carolina has spoken disdainfully of the notion which underlies tax indexing, but I would point out to him that it is not only television commentators and journalists who support the idea of tax indexing; it is also the American Farm Bureau, the National Education Association, the National Federation of Independent Business, the National Taxpayers Union, the American Institute of Certified Public Accountants, the American Bar Association, and, I judge, most of the taxpayers of America. So I hope this amendment will not only be defeated but it will be resoundingly turned down.

Mr. President, may I inquire, have the yeas and nays been ordered?

The **PRESIDING OFFICER.** They have not been.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I wanted to point out something that perhaps the Senator from Colorado has pointed out or some other Senator has. This is an idea that was not hatched in Congress. There were a number of States that have indexing. I want to make certain we have the latest information on those States.

Arizona adopted indexing and it was effective in 1978-79; California, Colorado, Iowa, Minnesota, Montana, Oregon, South Carolina, and Wisconsin—that is nine States that have all had indexing since 1978. This Senator predicts that in another decade, almost every State will have indexing and we are going to find out, as we do many times, that the States are a jump ahead of us when it comes to policy, whether it is tax policy or any other policy.

Mr. **CHAFEE**. Mr. President, will the Senator from Colorado yield me one-half minute from the bill?

Mr. **ARMSTRONG**. Yes, Mr. President.

Mr. **CHAFFEE**. Mr. President, I think to that list of nations that have indexing, we should add Israel, Argentina, Brazil—indeed many South American countries have it—and it is an absolute disaster.

Mr. **DOLE**. Their economies are a disaster even without indexing, Mr. President.

The **PRESIDING OFFICER**. All time has expired.

Mr. **DOMENICI**. Will the Senator yield for a question?

Mr. **ARMSTRONG**. Yes, Mr. President.

Mr. **DOMENICI**. I want to ask the Senator a question. I was not here for the entire debate. The amendment does not remove indexation on the expenditure side, does it? It is just the sense of the Senate that we do that on taxes, but it is not the sense of the Senate that we do that on all those expenditures that are automatically indexed.

Mr. **ARMSTRONG**. The Senator is correct, Mr. President. Amazingly, through oversight, the deindexing proposed by this amendment applies only to the taxpayers, not those who are the beneficiaries of the tax proceeds.

Mr. President, I think we are ready for the vote.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. **BAKER**. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from Pennsylvania (Mr. HEINZ), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. **CRANSTON**. I announce that the Senator from Arizona (Mr. DE CONCINI), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

The **PRESIDING OFFICER**. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 34, nays 56, as follows:

[Rollcall Vote No. 148 Leg.]

YEAS—34

Andrews
Biden
Bradley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
Dodd
Eagleton
Ford
Glenn
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Mathias
Metzenbaum
Mitchell
Nunn
Pell
Pryor
Randolph
Sarbanes
Sasser
Stennis
Tsongas
Wallop
Weicker

NAYS—56

Abdnor
Armstrong
Baker
Baucus
Bentsen
Boren
Boschwitz
Brady
Cochran
Cohen
D'Amato
Danforth
Denton
Dixon
Dole
Domenici
East
Exon
Garn
Goldwater
Gorton
Grassley
Hart
Hatch
Hawkins
Hayakawa
Heflin
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Levin
Long
Lugar
Matsunaga
Mattingly
McClure
Moynihan
Murkowski
Nickles
Packwood
Percy
Proxmire
Quayle
Riegle
Roth
Rudman
Simpson
Specter
Symms
Thurmond
Tower
Warner
Zorinsky

NOT VOTING—10

DeConcini
Durenberger
Hatfield
Heinz
Huddleston
Melcher
Pressler
Schmitt
Stafford
Stevens

So the amendment (UP No. 993) was rejected.

Mr. **BAKER**. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. **TOWER**. I move to lay that motion on the table. The motion to lay on the table was agreed to.

The **PRESIDING OFFICER**. The Senator from New Mexico is recognized.

Before the Senator speaks, will all Senators please clear the well and take their seats?

Mr. **DOMENICI**. Mr. President, I understand that the senior Senator from Florida (Mr. CHILES) wishes to offer an amendment that has to do with procedure within the Budget Act—in particular, reconciliation. We have a time limitation of 40 minutes, equally divided, we will let that stand for now, but I do not think we will use all that time.

Mr. **BAKER**. Mr. President, will the Senator yield?

Mr. **DOMENICI**. I yield.

Mr. **BAKER**. Mr. President, I encourage Senators to keep their remarks as brief as possible.

Will the Parliamentarian advise the Chair what the allocation is?

The **PRESIDING OFFICER**. Forty-four minutes for the Senator from New Mexico; 23 minutes for the Senator from South Carolina.

Mr. **BAKER**. I thank the Chair.

The **PRESIDING OFFICER**. The Senator from Florida.

Mr. **CHILES**. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The **PRESIDING OFFICER**. For the information of the Senate, this is not an unprinted amendment. It is a motion to recommit, with instructions.

MOTION TO RECOMMIT, WITH INSTRUCTIONS

Mr. **CHILES**. Mr. President, we have been here talking all day—really, all week, too—about what programs we are going to put in the tax and spending cut bill, but we have not talked at all about the procedures under which we are actually going to make these legislative decisions.

I am a strong supporter of the reconciliation process. I made the first motion in the Budget Committee back in 1980 to use reconciliation. We have included, for the first time, reconciliation in the opening motion to the committee to reduce deficits this time. Reconciliation works because it brings all our cuts into a single package, instead of trageting groups one at a time. However, I think fairness is the key word in the process.

As Members of the Senate, we have to be able to look at the total package and see whether or not it is fair. But under the Budget Act, each authorizing committee does its work alone. No one sees what they do until the Budget Committee puts the package together.

It should be remembered that under the Budget Act, the Budget Committee is prohibited by law from changing the provisions, even if they think what the committees have done is unfair. They simply put that package together, and then they bring it out to the floor. The germaneness rule keeps Members from making changes on the floor if the bill is unfair.

This is not a patisan matter; but each of us sits on a few committees, and therefore we do not sit on all the others. Yet, we represent States with diverse populations that have a lot of programs.'

We have a lot of programs we care about, and we care about those programs whether we serve on the committee of jurisdiction or not.

It is not a matter of being for or against saving money. I have already stated that I favor reconciliation as a method to save money. But the germaneness rule as it is now interpreted—and the Budget Act—biases the process against reducing the deficit; and the reason is that if a committee reports a cut in a popular program, such as railroad retirement or compensation for disabled veterans, it is always in order to strike the cut. But now, under the germaneness rules, it is not in order to substitute an alternative cut. All you can do is strike and cut, but you cannot substitute another.

Second, I think it gives the committees an invitation to play the Washington Monument game—that is, if they have something they do not really want cut, or if they have decided they really do not like their reconciliation instruction that has been sent to them, they can simply send something back.

It should be remembered that the Budget Committee cannot change anything. It goes into that package. They can send something back that grounds the Air Force or does something else that is going to be so unpopular that the body is not going to take it; and then they can say, "We followed the reconciliation instruction. We have produced our cut."

That comes out on the floor, and the body can vote up or down, yes or no. But they cannot substitute another cut. They can maker a lesser cut. They can say, "Ground the Air Force 2 years instead of 1 year," but they cannot put anything else in place for an offsetting cut.

Last year, we saw the House committees attempt to play that game when they said they were going to do things such as eliminating impact aid funds, making drastic cuts in the school lunch program.

Senators will recall that the House Education Committee reported a big package of those kinds of cuts, and it stirred up everybody; because they said, "We met our reconciliation instructions and are going to give you something that eliminates impact aid."

We have to understand that committee chairmen like to control the agenda and not be surprised by unexpected amendments. We give our committees a lot of power in the Senate, and we respect their knowledge and their responsibility.

We all know that when something really unusual or off-the-wall comes up and the chairman of the committee announces that the committee has not had an opportunity to hold hearings or study the issue, he will move to table, and normally he is supported by a vast majority of the Members. But we also know that a lot of old issues keep coming back and that Members from a particular region who have an interest in a particular spending program or tax break sometimes tend to go to one committee.

So, on a bare one-vote majority, an authorizing committee can protect a sacred cow, while other programs are going to be exposed. But the other Members of the Senate, under the germaneness rule, will never have an opportunity to even approach that sacred cow, if there is one. They will never have a chance, because they cannot propose that we cut and add. That process is gone.

The motion I propose is a limited remedy. It says that we will allow alternative spending cuts or tax packages to be offered, but it still prohibits adding any extraneous, nonbudgetary amendments. I believe that was the intent and what the Budget Act meant at the time we were writing the original rule.

In fact, I think we were all surprised when the Parliamentarian ruled to start with that germaneness did not let us cut in that. I really felt, and I helped write the Budget Act, and I think all of us who had something to do with it felt like that was part of the process that we were setting up.

We come out with a reconciliation, and remember we said if you are going to take something out of this, you better be prepared to put something back in because that is what we are going to have to do.

So I think that we should not change the Budget Act drastically to allow extraneous matters to come in and those kinds of matters. I do not want to do that at all. But I do think that we should change an interpretation which says that you do not have the ability to cut and add or you do not have the ability to substitute one tax cut for another because I think that prohibits the body, or each individual Senator, from being able to work its will.

Mr. President, I send a modification to the desk. There is a technical problem.

The PRESIDING OFFICER. The motion is so modified and the clerk will state the modification.

The bill clerk proceeded to read the modified motion.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the motion be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modified motion is as follows:

I move to recommit the budget resolution, S. Con. Res. 92, to the Budget Committee with instructions that it be reported back forthwith together with all other amendments heretofore adopted by the Senate and containing the following provisions:

"SEC. ( ). Notwithstanding section 305(b)(2) of the Budget Act of 1974, during consideration of any reconciliation bill reported prusuant to this resolution, it shall be in order to consider any amendments to the bill which provide for reductions in budget authority or outlays as defined in sec. 3(a) of the Budget Act or which increases revenues, provided that such amendment does not contain matters which are predominantly nonbudgetary in nature, or which modify programs or tax provisions in a manner which is not necessary to reduce budget authority, reduce spending authority or increase revenues."

Mr. DOMENICI. Mr. President, I yield myself 5 minutes.

Mr. President, I wish the distinguished Senator from Kansas had not left the Chamber.

Mr. DOLE. No. I am here.

Mr. DOMENICI. There he is.

Let me tell him what this amendment does. If there is a reconciliation instruction, and that is not an ordinary way to legislate, that reconciliation instruction is peculiar because Senators cannot filibuster it. They only have 50 hours for one of these resolutions. Let us say we direct the Finance Committee to save $3 billion, and the Senator's committee goes to work on that and saves $3 billion by changing the medicare law. The committee reforms it, and that portion of the reconciliation bill as determined by the Senator's committee has $3 billion in medicare savings.

When the committee reports back to the Senate either on its own or as a package, this Budget Act provides another very, very different thing to the Senate. That bill comes here and it only has 20 hours for debate. So the Finance Committee and the Senator from Kansas, as chairman, and the Senators of jurisdiction there would be thrust into reporting a bill with a time limit of 20 hours for debate of the whole bill and no right to filibuster.

In exchange for that, the writers of the Budget Act said we are going to have a tough germaneness rule because committees are giving up a great deal. The chairman and ranking minority members are giving up a great deal. The active members of the committees who have to produce a bill are giving up a great deal. They lose all those rights, and individual Members do also.

The Parliamentarian says yes, it is a rigid germaneness test. Someone might say we should raise taxes $3 billion instead of medicare. The $3 billion of taxes and the $3 billion of medicare changes cancel each other out and everything is rosy.

The Parliamentarian would say today under the rules of germaneness, you cannot substitute a part of the Tax Code for a medicare change.

I think that is healthy. That is clearly what was intended as part of the trade off for the limited rights on the floor. Senators should not have the right to substitute a tax bill for a medicare change in a reconciliation bill.

I know that is rigid, but let me tell the Senator I do not think we should be changing this kind of rule tonight at 7:45 p.m. with 15 or 20 minutes of debate remaining, and with no hearings as to what it really means to the overall process. I have the greatest respect for the distinguished Senator from Florida, but I hope we will not do this now.

This amendment would have been subject to a point of order on germaneness. I waived that when I agreed to the unanimous-consent request.

However, the distinguished Senator could have introduced it anyway the way that he did by a motion with instructions to recommit.

But I just make the point that in technical language it would have been subject to a point of order for germaneness itself tonight but for this other approach.

I hope we will table this motion and give the distinguished Senator from Florida ample time to ask the Rules Committee, the Governmental Affairs Committee, and maybe the Budget Committee to discuss it thoroughly. At some point after committee consideration he could bring it here to modify the rules of reconciliation.

Mr. PERCY. Mr. President, will the Senator yield for just a comment?

Mr. DOMENICI. I am pleased to yield to the distinguished Senator from Illinois.

Mr. PERCY. Mr. President, having spent 3 years working on this Budget Act with Senators Muskie and Sam Ervin, I can assure the Senator this was not the intention of the Governmental Affairs Committee when he reported out that bill. This was contrary to the rules that we established and if a change is to be made, I would not want to do it here, without the advantage of hearings and committee consideration. After all, the Governmental Affairs Committee still has jurisdiction over the budget process. I hope my good friend (Mr. CHILES) will bring this up in the committee process.

I completely concur with the chairman of the Budget Committee on the remarks he has made.

Mr. DOLE. Mr. President, will the Senator from New Mexico yield for a question?

Mr. DOMENICI. I am pleased to yield.

Mr. DOLE. Again I have the highest respect for the Senator from Florida, but I share the view that at 7:50 p.m., after 4 or 5 days, to come in with rules changes, I think it might be better if we had hearings.

But there is some mention that we will bring in some sacred cow. The Senator does not lose his motion to strike that sacred cow, does he?

Mr. DOMENICI. I ask the Senator, what was that?

Mr. DOLE. The Senator still has a right to strike that sacred cow.

Mr. DOMENICI. Yes, indeed.

Mr. DOLE. The germaneness requirement does not prevent any Member from striking any provision, as this Senator understands it.

Mr. DOMENICI. That is correct. The Senator is absolutely correct.

Mr. DOLE. It seems to me, and I wish the distinguished Senator from Louisiana were in the Chamber, because it happens that the Finance Committee gets involved in a lot of these issues as do other committees, but I can imagine the life of any Senator or chairman of any committee or any ranking minority Member to walk into the Chamber and find, as the Senator indicated, the Senate maybe reforming medicare, and someone has a tax provision maybe raising taxes on someone.

So, notwithstanding the good intentions, and I am certain they are, of the Senator from Florida, who is a student of the Budget Act and a member of the committee, I hope that we might move very quickly to do whatever we have to do to delay this for a couple of years or at least until we have had some hearings.

Let us do it right away. We wish to go home.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. DOMENICI. I am pleased to yield to the Senator from Idaho.

Mr. McCLURE. Mr. President, I understand what the Senator from Florida is trying to get to, but I think he opens the door much wider than he intends.

I can give a number of examples of kinds of substantive law changes that might come through under the very restrictive set of provisions of the reconciliation act.

The Senator from Idaho believes in natural gas deregulation, and I could very easily put a natural gas deregulation provision in under the guise of a revenue change with taxation on revenue occasioned from it.

I think the Senator from North Carolina might find it a useful device to get before this body the opportunity for an antiabortion amendment under the guise of offsetting revenues with respect to some of the HHS expenditures.

I am sure that that would alarm a lot of people if indeed we started getting some of those very important matters brought before this body under a provision to which there is no opportunity to either filibuster or discuss or, as a matter of fact, have the strictures of a time limit.

So I hope the motion to recommit will be disposed of in a negative manner very quickly. I support the chairman of the committee.

Mr. CHILES. Mr. President, if this resolution chooses to put reconciliation into effect in the first budget resolution that is a change in the Budget Act. I have not heard anybody argue that that ought to go to the Rules Committee, that that ought to be studied for a couple of years. We have decided that we are going to make a change in the Budget Act, and we made that change.

The resolution already contains changes in the Senate rules such as holding up the enrollment of appropriation bills. It is creating a point of order against credit programs, and telling the Senate to keep score on the 1982 spending on the basis of a Senate resolution without even waiting for the conference.

All these rules changes were put in on the basis of our experience in making the budget Act work.

In 1980 we had our first small experience with reconciliation. Last year we did it in a massive way, and now that we have tried reconciliation and seen some of its strengths and weaknesses, I think we should be flexible enough to make this kind of a limited change.

I listened with great interest to the Senator from Illinois because I happen to also have participated in the writing of the Budget Act, and I can tell you that the Senator from Maine, who was the principal author of it, along with all of us who worked on it, was amazed at the interpretation you could get from the Parliamentarian when he said you could not cut an act. He was flabbergasted. He said that was never the intention of the act, and anybody who was studying and working on it at that time was very, very much amazed.

I am ready to yield back my time.

Mr. DOMENICI. I am ready to yield back my time, and I do.

Mr. BAKER. If the parties have yielded back their time, and I understand that they have, I move to table the motion to recommit, and I ask for the yeas and nays.

THE PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

THE PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee to lay on the table the motion of the Senator from Florida to recommit. The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. BAKER. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

The PRESIDING OFFICER (Mr. RUDMAN). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 61, nays 30, as follows:

[Rollcall Vote No. 149 Leg.]

YEAS—61

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Boren
Boschwitz
Bradley
Brady
Byrd,
  Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Levin
Long
Lugar
Mathias

Matsunaga
Mattingly
McClure
Mitchell
Moynihan
Murkowski
Nickles
Packwood
Percy
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Stennis
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NAYS—30

Biden
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Metzenbaum
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Tsongas

NOT VOTING—9

DeConcini
Durenberger
Hatfield
Huddleston
Melcher
Pressler
Schmitt
Stafford
Stevens

So the motion to lay on the table the motion to recommit, as modified, was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOMENICI. I move to lay that motion on the table. The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. How much time remains on the entire resolution?

The PRESIDING OFFICER. Forty-seven minutes remain.

Mr. DOMENICI. And how is that divided?

The PRESIDING OFFICER. Thirty-four minutes to the majority, 13 minutes to the minority.

Mr. DOMENICI. It is my understanding—is Senator HOLLINGS here?

Mr. ROBERT C. BYRD. I am in his place.

Mr. DOMENICI. That the next amendment to be called up will be the Johnston-Nunn-Exon amendment.

We have no time agreement on that. Actually, we are entitled to the next amendment on this side. I am willing to proceed with that amendment if we can get a time agreement. It will have to be pretty brief because there are three or four additional amendments that we have to call up within that short period of time.

Mr JOHNSTON. Ten minutes on each side.

The PRESIDING OFFICER. Is there objection?

Mr. BUMPERS. Reserving the right to object, the Chair answered a parliamentary inquiry a moment ago about 47 minutes being left. Does that mean for all amendments? We had a unanimous-consent agreement yesterday that there would be certain time on various amendments. Is that 47 minutes in addition to that time? Will all time expire in 47 minutes?

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. Without a unanimous-consent request or some arrangement for additional time, we have to go to final passage in 47 minutes?

Mr. DOMENICI. Except for votes, which do not count, 47 minutes remain.

Mr. BUMPERS. Forty-seven minutes for all these amendments?

Mr. DOMENICI. Yes, and 34 minutes of that belong to the Senator from New Mexico, and 13 minutes belong to the distinguished minority leader. But pending amendments get voted on without debate under the act. No amendments get cut out. They are called up and they get a vote. That is how the act is drawn.

Mr. BUMPERS. I thought we had an agreement that if there was really a genuine need for additional time, the majority leader said he would request additional time. What does he have to say about that?

Mr. DOMENICI. While the majority leader is arriving here, there never was a unanimous consent that we were extending 50 hours or the provisions of the act.

Mr. BAKER. Will the Senator yield?

Mr. DOMENICI. I yield.

Mr. BAKER. I indicated the other day that when we reached the point if there was need for additional time I would try to arrange it. I must say to my friend from Arkansas I think that is a vain hope, based on comments that have been made to me on both sides of the aisle about the prospects for a unanimous-consent request. But let me say this; Let us expedite this to the maximum extent. Let us get this amendment disposed of and see how we proceed with the others. I am perfectly willing to put a unanimous-consent request at that time for whatever arrangement seems appropriate.

Mr. BUMPERS. I do not think I can object to that.

On this time agreement, is it 5 minutes on each side?

Mr. JOHNSTON. Ten minutes on each side.

Mr. BAKER. Will the Members consider reducing that to 10 minutes? The Senator from Arkansas will be hard put.

Mr. JOHNSTON. This is a complete substitute, I think we need 10 minutes on each side.

The PRESIDING OFFICER. Is there objection?

Mr. RIEGLE. Reserving the right to object, I would like to address a question to the majority leader. I have two amendments left and I have been waiting in line now, as others have, who still have amendments, for at least 2 days. What I do not want to see happen is I do not want to see the time eaten up so that when we finally get to my amendments there is no time left. I wonder if the majority leader would be willing right now, and we do not have any amendment before us, to take the time that is left, divide it up on a fair basis, and nail down a consent agreement right now. I am not anxious to see my time to speak shorted so that somebody else has more time, and by the same token I am interested in everybody else having the time they are entitled to. Could we agree on 10 minutes on a side, for example, on all the remaining minutes and lock that in?

The PRESIDING OFFICER. The Senate is not in order.

Mr. GOLDWATER. Will the Senator yield?

Mr. BAKER. I yield.

Mr. GOLDWATER. I serve notice that I will object to any additional time.

Mr. BAKER. Mr. President, let me say to my friend from Michigan that what we have done is observed the interchange between Republican and Democratic amendments. It has been up to the managers of the bill to set the sequence. I have had nothing to do with that. I indicated the other day I would try to provide additional time. I tell you in all candor I do not believe we can get additional time.

Mr. ROBERT C. BYRD. Mr. President, I know that the majority leader is trying to be fair. He is trying to make an arrangement whereby each of the Senators who have remaining amendments can call their amendments up and get a little time for debate.

I have heard it said that there will be an objection to any extension. May I say if that is going to be the attitude, any objection, then there will be ways found to extend the debate on this measure. There will be ways found to extend the time on this budget. I think we will save time by allowing just a few minutes extra for those Senators who have waited, who thought they would have a few minutes left. I would hope we would not have this objection to any extension of time whatsoever.

Mr. BAKER. Mr. President, let me say that I really believe the best thing to do at this moment is to drop the subject and let me try to work on it. If I can do something with it, I will, and if I cannot, I will promptly report that to the minority leader.

Mr. RIEGLE. Before the majority leader yields the floor, may I make the point that I am concerned about any amendment coming up now and taking the lion's share of the time that is left? I am going to take a very small amount for my two amendments, but I want to make sure there is an equal division of time.

Mr. BAKER. I think we are using what precious little time we have now. I am perfectly willing for that arrangement if the Senator from Louisiana and the Senator from Michigan can agree on an arrangement.

Mr. RIEGLE. May I suggest that we take the time that is left and divide it equally on the amendments that are left? Why can we not do it that way?

Mr. DOMENICI. Mr. President, who is yielding time at this point?

The PRESIDING OFFICER. Time is running against the resolution. There are now approximately 39 minutes.

Mr. DOMENICI. Mr. President, may I say to my friend, the Senator from Michigan (Mr. RIEGLE), it is obvious why we have more time. We talk less.

Let me suggest to the Senator that when the 20 minutes has been used——

Mr. SARBANES. But there are more of you.

Mr. DOMENICI. More of you?—no; more or us; yes.

Mr. ROBERT C. BYRD. Mr. President, may we get on with this and stop utilizing time in this way?

Mr. BAKER. Mr. President, yes; I ask unanimous consent that I may proceed for 1 minute without charging it to anybody.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, let me take an inventory of what amendments remain and perhaps that will help us see how we proceed. Perhaps someone is not going to offer an amendment.

We have a Riegle defense cut; a Chiles law enforcement amendment.

Mr. DOMENICI. Mr. President, we do not need any time. We shall take it up when time has expired. That will be agreed to.

Mr. BAKER. We have the Bumpers safe harbor leasing provision.

Mr. BUMPERS. Mr. President, I think the Senator from Kansas and I can insert a colloquy in the RECORD. I am not going to belabor the point. We shall not take any time.

Mr. BAKER. A Riegle COLA amendment. Then a Heinz optional care coverage for working mothers.

The last one listed is an amendment to be offered by Senator HARRY F. BYRD, JR.

Mr. HARRY F. BYRD, JR. I shall probably not offer it.

Mr. BAKER. And the Hefling amendment.

Mr. DOMENICI. That we can do after time expires. We do not need any time on that, either.

Mr. BAKER. So, really, Mr. President, what we have are Riegle and Riegle and a colloquy on Dole-Bumpers—and a short time on Chiles on law enforcement and Heflin on cancer.

Mr. President, we can do this if we just get on with the business at hand, I think. I urge the Senator from Louisiana once again to consider doing this on 10 minutes equally divided.

Mr. HARRY F. BYRD, JR. Mr. President, I should like to reserve my opportunity, but I may not offer it.

Mr. BAKER. I thank the Senator.

Mr. President, let us try 10 minutes equally divided on the Johnston amendment.

Mr. JOHNSTON. Mr. President, we could have had this thing over with if you would just let us get to it. We need 10 minutes. This is a very important amendment.

Mr. BAKER. Mr. President, I yield the floor.

Mr. DOMENICI. Mr. President, let me say to my good friend, the Senator from Louisiana (Mr. JOHNSTON) there is a legitimate concern. Others have been waiting long before the amendment was ready. We are going to work it out. I ask unanimous consent that there be 10 minutes on a side. I say to Senator RIEGLE I shall have plenty of time left over. I shall yield him some.

Mr. RIEGLE. I thank the Senator.

Mr. DOMENICI. Ten minutes on a side on the Johnston amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 994

Mr. JOHNSTON. Mr. President, I have an amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON), for himself, Mr. NUNN, and Mr. EXON, proposes an unprinted amendment No. 994:

UP AMENDMENT NO. 994

On page 2, line 7, strike all after "668,200,000,000" and insert in lieu thereof the following:

Fiscal year 1984: $750,000,000,000.
Fiscal year 1985: $855,000,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $23,200,000,000.
Fiscal year 1984: $48,000,000,000.
Fiscal year 1985: $75,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,200,000,000.
Fiscal year 1983: $821,229,200,000.
Fiscal year 1984: $868,231,700,000.
Fiscal year 1985: $907,434,200,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,500,000,000.
Fiscal year 1983: $771,929,200,000.
Fiscal year 1984: $813,631,700,000.
Fiscal year 1985: $855,000,000,000.

(4) The amounts of the deficits in the budget in fiscal year 1982 through fiscal year 1984, with a balance or surplus in fiscal year 1985, which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,500,000,000.
Fiscal year 1983: $103,729,000,000.
Fiscal year 1984: $63,631,700,000.
Fiscal year 1985: $0.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,225,100,000,000.
Fiscal year 1983: $1,361,100,000,000.
Fiscal year 1984: $1,461,100,000,000.
Fiscal year 1985: $1,509,900,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $145,300,000,000.
Fiscal year 1983: $136,000,000,000.
Fiscal year 1984: $100,000,000,000.
Fiscal year 1985: $48,800,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1981, and October 1, 1982, are as follows:

Fiscal year 1982:
(A) New direct loan obligations $67,300,000,000.
(B) New primary loan guarantee commitments, $93,000,000,000.
(C) New secondary loan guarantee commitments, $69,000,000,000.
Fiscal year 1983:
(A) New direct loan obligations, $63,600,000,000.
(B) New primary loan guarantee commitments, $102,200,000,000.
(C) New secondary loan guarantee commitments, $68,300,000,000.

(b) Pursuant to sections 301 and 304 of the Congressional Budget Act of 1974, the Congress hereby determines and declares the appropriate levels of budget authority, and budget outlays, for the fiscal years 1982 through and inclusive of 1985 and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1982 and 1983 for each major functional category are:

(1) National Defense (050):
Fiscal year 1982:
(A) New budget authority, $216,900,000,000.
(B) Outlays, $190,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $30,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $246,500,000,000.
(B) Outlays, $211,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $30,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $274,300,000,000.
(B) Outlays, $239,400,000,000.
Fiscal year 1985:
(A) New budget authority, $312,200,000,000.
(B) Outlays, $273,600,000,000.

(2) International Affairs (150):
Fiscal year 1982:
(A) New budget authority, $16,400,000,000.
(B) Outlays, $11,100,000,000.
(C) New direct loan obligations, $10,400,000,000.
(D) New primary loan guarantee commitments, $9,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $15,600,000,000.
(B) Outlays, $11,500,000,000.
(C) New direct loan obligations, $10,200,000,000.
(D) New primary loan guarantee commitments, $9,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $16,100,000,000.
(B) Outlays, $11,700,000,000.
Fiscal year 1985:
(A) New budget authority, $20,400,000,000.

(B) Outlays, $11,600,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1982:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,400,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $7,500,000,000.

(B) Outlays, $7,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,100,000,000.

(B) Outlays, $7,200,000,000.

(4) Energy (270):

Fiscal year 1982:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $6,400,000,000.

(C) New direct loan obligations, $10,600,000,000.

(D) New primary loan guarantee commitments, $1,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $5,100,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $12,100,000,000.

(D) New primary loan guarantee commitments, $600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,400,000,000.

(B) Outlays, $3,700,000,000.

Fiscal year 1985:

(A) New budget authority, $4,300,000,000.

(B) Outlays, $3,500,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $10,300,000,000.

(B) Outlays, $12,800,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $9,100,000,000.

(B) Outlays, $10,600,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $8,500,000,000.

(B) Outlays, $9,500,000,000.

Fiscal year 1985:

(A) New budget authority, $8,100,000,000.

(B) Outlays, $8,500,000,000.

(6) Agriculture (350):

Fiscal year 1982:

(A) New budget authority, $9,900,000,000.

(B) Outlays, $13,800,000,000.

(C) New direct loan obligations, $22,600,000,000.

(D) New primary loan guarantee commitments, $2,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $9,900,000,000.

(C) New direct loan obligations, $19,000,000,000.

(D) New primary loan guarantee commitments, $2,600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $8,100,000,000.

(B) Outlays, $8,000,000,000.

Fiscal year 1985:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $7,100,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1982:

(A) New budget authority, $11,600,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $15,400,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1983:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $3,700,000,000.

(C) New direct loan obligations, $15,100,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1984:

(A) New budget authority, $7,400,000,000.

(B) Outlays, $3,400,000,000.

Fiscal year 1985:

(A) New budget authority, $7,200,000,000.

(B) Outlays, $3,100,000,000.

(8) Transportation (400):

Fiscal year 1982:

(A) New budget authority, $20,800,000,000.

(B) Outlays, $21,300,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1983:

(A) New budget authority, $20,600,000,000.

(B) Outlays, $18,900,000,000.

(C) New direct loan obligations, $500,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1984:

(A) New budget authority, $20,800,000,000.

(B) Outlays, $18,700,000,000.

Fiscal year 1985:

(A) New budget authority, $21,100,000,000.

(B) Outlays, $18,700,000,000.

(9) Community and Regional Development (450):

Fiscal year 1982:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $8,500,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $7,500,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $7,300,000,000.

Fiscal year 1985:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $7,200,000,000.

(10) Education, Training, Employment and Social Services (500):

Fiscal year 1982:

(A) New budget authority, $25,400,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $6,500,000,000.

(E) New secondary loan guarantee commitments, $700,000,000.

Fiscal year 1983:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $26,000,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $25,700,000,000.

(B) Outlays, $25,900,000,000.

Fiscal year 1985:

(A) New budget authority, $25,400,000,000.

(B) Outlays, $25,500,000,000.

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,500,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $78,329,200,000.

(B) Outlays, $76,429,200,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $91,031,700,000

(B) Outlays, $84,531,700,000.

Fiscal year 1985:

(A) New budget authority, $102,434,200,000.

(B) Outlays, $96,034,200,000.

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000.

(B) Outlays, $251,600,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,100,000,000.

(B) Outlays, $272,300,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $295,800,000,000.

(B) Outlays, $283,700,000,000.

Fiscal year 1985:

(A) New budget authority, $322,000,000,000

(B) Outlays, $299,600,000,000,

(13) Veterans Benefits and Services (700):

Fiscal year 1982:

(A) New budget authority, $24,800,000,000.

(B) Outlays, $23,800,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $11,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $24,200,000,000.

(B) Outlays, $23,400,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $20,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $24,700,000,000.

Fiscal year 1985:

(A) New budget authority, $26,100,000,000.

(B) Outlays, $26,000,000,000.

(14) Administration of Justice (750):

Fiscal year 1982:

(A) New budget authority, $4,500,000,000.

(B) Outlays, $4,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $4,400,000,000.

(B) Outlays, $4,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,400,000,000.

(B) Outlays, $4,400,000,000.

Fiscal year 1985:

(A) New budget authority, $4,400,000,000.

(B) Outlays, $4,400,000,000.

(15) General Government (800):

Fiscal year 1982:

(A) New budget authority, $5,200,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $4,600,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,500,000,000.

(B) Outlays, $4,400,000,000.

Fiscal year 1985:

(A) New budget authority, $4,500,000,000.

(B) Outlays, $4,200,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1982:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $6,400,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $6,600,000,000.

Fiscal year 1985:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,700,000,000.

(17) Interest (900):

Fiscal year 1982:

(A) New budget authority, $102,000,000,000.

(B) Outlays, $102,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $113,500,000,000.

(B) Outlays, $113,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $115,800,000,000.

(B) Outlays, $115,800,000,000.

Fiscal year 1985:

(A) New budget authority, $100,100,000,000.

(B) Outlays, $100,100,000,000.

(18) Allowances (920):

Fiscal year 1982:

(A) New budget authority, $700,000,000.

(B) Outlays, $800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, −$2,100,000,000.

(B) Outlays, −$2,100,000,000.

(C) New direct loan obligations, $0.

(E) New primary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, −$900,000,000.

(B) Outlays, −$900,000,000.

Fiscal year 1985:

(A) New budget authority, −$900,000,000.

(B) Outlays, −$700,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1982:

(A) New budget authority, −$30,500,000,000.

(B) Outlays, −$30,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority −$39,300,000,000.

(B) Outlays, −$39,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, −$44,800,000,000.

(B) Outlays, −$44,800,000,000.

Fiscal year 1985:

(A) New budget authority, −$47,300,000,000.

(B) Outlays, −$47,300,000,000.

RECONCILIATION

SEC. 2. (a) Not later than June 18, 1982, the committees named in subsection (a) (1) through (15) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by subsection (a) (1) through (15) of this section. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(1) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $779,000,000 in budget authority and $779,000,000 in outlays in fiscal year 1983; and $1,083,000,000 in budget authority and $1,083,000,000 in outlays in fiscal year 1984; and $1,428,000,000 in budget authority and $1,428,000,000 in outlays fiscal year 1985.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $583,000,000 and outlays by $583,000,000 in fiscal year 1983; to reduce budget authority by $1,345,000,000 and outlays by $1,345,000,000 in fiscal year 1984; and to reduce budget authority by $1,906,000,000 and outlays by $1,906,000,000 in fiscal year 1985.

(3) The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1983; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1984; and to reduce budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1985.

(4) The Senate Committee on Foreign Relations shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $6,000,000 in fiscal year 1983; to reduce budget authority by $5,000,000 and outlays by $15,000,000 in fiscal year 1984; and to reduce budget authority by $8,000,000 and outlays by $21,000,000 in fiscal year 1985.

(5) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee

which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $680,000,000 in fiscal year 1983; to reduce budget authority by $628,000,000 and outlays by $1,800,000,000 in fiscal year 1984; and to reduce budget authority by $1,000,000,000 and outlays by $2,620,000,000 in fiscal year 1985.

(6) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $102,000,000 and outlays by $457,000,000 in fiscal year 1983; to reduce budget authority by $136,000,000 and outlays by $625,000,000 in fiscal year 1984; to reduce budget authority by $120,000,000 and outlays by $744,000,000 in fiscal year 1985.

(7) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1983; to reduce budget authority by $169,000,000 and outlays by $169,000,000 in fiscal year 1984; and to reduce budget authority by $155,000,000 and outlays by $155,000,000 in fiscal year 1985.

HOUSE COMMITTEES

(8) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $779,000,000 in budget authority and $779,000,000 in outlays in fiscal year 1983; and $1,083,000,000 in budget authority and $1,083,000,000 in outlays in fiscal year 1984; and $1,428,000,000 in budget authority and $1,428,000,000 in outlays in fiscal year 1985.

(9) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $581,000,000 and outlays by $581,000,000 in fiscal year 1983; to reduce budget authority by $1,340,000,000 and outlays by $1,340,000,000 in fiscal year 1984; and to reduce budget authority by $1,899,000,000 and outlays by $1,899,000,000 in fiscal year 1985.

(10) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $157,000,000 and outlays by $157,000,000 in fiscal year 1983; to reduce budget authority by $202,000,000 and outlays by $202,000,000 in fiscal year 1984; and to reduce budget authority by $196,000,000 and outlays by $196,000,000 in fiscal year 1985.

(11) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $514,000,000 and outlays by $1,031,000,000 in fiscal year 1983; to reduce budget authority by $741,000,000 and outlays by $1,230,000,000 in fiscal year 1984; and to reduce budget authority by $815,000,000 and outlays by $1,439,000,000 in fiscal year 1985.

(12) The House Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $6,000,000 in fiscal year 1983; to reduce budget authority by $5,000,000 and outlays by $15,000,000 in fiscal year 1984; and to reduce budget authority by $8,000,000 and outlays by $21,000,000 in fiscal year 1985.

(13) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1983; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1984; and to reduce budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1985.

(14) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $2,000,000 and outlays by $688,000,000 in fiscal year 1983; to reduce budget authority by $638,000,000 and outlays by $1,820,000,000 in fiscal year 1984; and to reduce budget authority by $1,015,000,000 and outlays by $2,657,000,000 in fiscal year 1985.

(15) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1983; to reduce budget authority by $169,000,000 and outlays by $169,000,000 in fiscal year 1984; and to reduce budget authority by $155,000,000 and outlays by $155,000,000 in fiscal year 1985.

SENATE AND HOUSE COMMITTEES

(b)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,750,000,000 and outlays by $5,456,000,000 in fiscal year 1983; to reduce budget authority by $2,509,000,000 and outlays by $7,923,000,000 in fiscal year 1984; and to reduce budget authority by $3,339,000,000 and outlays by $9,549,000,000 in fiscal year 1985.

(2) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $23,200,000,000 in fiscal year 1983; $39,000,000,000 in fiscal year 1984; and $45,000,000 in fiscal year 1985.

(3) The legislation required in paragraphs (1) and (2) of this subsection shall be reported to the Senate no later than June 11, 1982.

(4) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,183,000,000 and outlays by $4,727,000,000 in fiscal year 1983; to reduce budget authority by $1,707,000,000 and outlays by $7,121,000,000 in fiscal year 1984; and to reduce budget authority by $2,455,000,000 and outlays by $8,665,000,000 in fiscal year 1985.

(5) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $23,200,000,000 in fiscal year 1983; $39,000,000,000 in fiscal year 1984; and $45,000,000,000 in fiscal year 1985.

(6) The legislation required in paragraphs (4) and (5) of this subsection shall be reported to the House no later than June 11, 1982.

(c)(1) In order to insure the solvency of the Social Security Old-Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, to insure that all payments to beneficiaries are made in a timely manner.

(2) In order to insure the solvency of the Social Security Old-Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, to insure that all payments to beneficiaries are made in a timely manner.

(3) The legislation required in paragraphs (1) and (2) of this subsection shall be reported no later than December 1, 1982, and shall take into account the recommendations of the National Commission on Social Security Reform. Such changes in laws shall do no more than is absolutely necessary to preserve the financial integrity of the social security system.

(4) It is the sense of the Congress that the amounts set forth in paragraphs (a)(1) through (a)(5) of section 1 shall be deemed revised to incorporate the budgetary effects of actions required by this subsection to insure the solvency of the social security trust funds immediately upon enactment of such changes.

(5) It is the sense of the Congress that the President of the United States should direct the National Commission on Social Security Reform to report its recommendations to the Congress not later than November 11, 1982.

Sec. 3. The enactment of savings required by the resolution is critical to the health of the economy of the Nation; and

Expeditious action on legislation pursuant to these instructions is critical to achieving the savings required by this resolution; and

The Senate is committed to completing action on the savings legislation required by this resolution at the earliest possible time; and

It is the sense of the Senate that Senate committees instructed in this resolution should begin deliberations on the legislation those committees are required to report under this resolution as soon as this resolution is agreed to in the Senate.

MISCELLANEOUS PROVISIONS

Sec. 4. It is the sense of the Congress that the President through administrative actions should limit in fiscal year 1983 total Federal Financing Bank origination of direct loans guaranteed by other Federal agencies to $15,900,000,000; and Federal Financing Bank purchases of loan assets from Federal agencies to $14,000,000,000. It is the further sense of Congress that direct borrowing transactions of Federal agencies should be, to the maximum extent possible, restricted to the Federal Financing Bank.

SEC. 5. It shall not be in order in the House or the Senate during fiscal years 1982 and 1983 to consider any bill, resolution, or amendment, except proposed legislation reported in response to reconciliation instructions contained in this resolution, authorizing new direct loan obligations or new loan guarantee commitments unless that bill, resolution, or amendment also provides that the authority to make or guarantee such loans shall be effective only to such extent or in such amounts as are contained in appropriation Acts.

SEC. 6. It is the sense of the Congress that it is urgent that effective budgetary control be established over all types of Federal direct loans and Federal loan guarantees. The Congress directs the committees of jurisdiction to move with expedition to consider legislation that establishes a process of annual determination of appropriate levels and proper budgetary treatment of Federal credit activity.

SEC. 7. No bill or resolution providing new budget authority for fiscal year 1983 or providing new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 in excess of the allocation to or report by a committee or subcommittee pursuant to section 302 of the Budget Act shall be enrolled until Congress has completed action on the Second Budget Resolution for that fiscal year as required to be reported under section 310 of the Budget Act.

SEC. 8 It is the sense of the Senate that the new spending and revenue levels for fiscal year 1982, adopted by the Senate, shall be the ceilings against which the spending and revenue actions of the Senate will be measured pending final agreement with the House of Representatives on the revision of the Second Concurrent Resolution on the Budget for Fiscal Year 1982.

SEC. 9. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

SEC. 10. The reconciliation instructions to the House and Senate Committees, as contained in this resolution, are hereby adjusted to reflect a cost-of-living adjustment tied to real GNP growth for all retirement programs, including social security, beginning October 1, 1982.

Mr. JOHNSTON. Mr. President, this is the balance-the-budget amendment. The problem with the present resolution is that deficits are too large. They start with 115 but go down only to 64.

Second, Mr. President, it is not fair because it treats different COLA's differently, different salaries differently, without having any rhyme or reason or any symmetry to it.

Mr. STENNIS. May we have order, Mr. President? I think anyone is entitled to be heard, but this is going to be important. May I ask for order?

The PRESIDING OFFICER. The Senator will suspend. The Senate is not in order. Those Senators wishing to confer will please retire to the cloakroom.

The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, what this amendment does is, first of all, cut deficits from $103.5 billion in 1983 to $63.4 billion in 1984, to a balanced budget in 1985. The way it does that, Mr. President, is it raises taxes over a 3-year period by $146 billion. This is $39 billion more than the instant resolution being considered.

Second, Mr. President, it grants full COLA's, full Consumer Price Index COLA's to social security, to railroad retirement, and to the others that occur before October 1, 1982. Thereafter, it gives the GNP real growth rate, which is calculated to be 4 percent for each of the next 3 years, to all COLA's.

Third, it provides for spending cuts of discretionary nondefense at the rate of 2 percent and of entitlements, which are the nonretirement entitlements—medicare, medicaid, and food stamps—of 1 percent.

The pay raise, Mr. President, is capped at 4-percent in 1983, 1984, and 1985, but we restore the 4 percent pay raise for civil service workers.

With respect to foreign aid, Mr. President, those levels are frozen at the 1982 appropriated-to-date rate. That is to say, excluding the supplemental.

Mr. President, very briefly, why is this fair? It is fair because it is a proper allocation and a fair allocation between a raise in revenue—a raise in taxes—and a cut in spending. Indeed, Mr. President, the cut in spending here is $66.6 billion. The raise in taxes in only $39 billion.

It cuts defense, Mr. President, by $13.7 billion—more than we would like, but there is no way to get from here to there—that is, from here to a balanced budget—unless you deal with all elements of the budget. You cannot exclude large segments of the budget, whether they be entitlements or defense or revenue raising, and expect to get to a balanced budget.

Mr. President, with respect to COLA's, we allow people on cost-of-living adjustments to go up in their cost-of-living adjustments as the country fares. That is to say, if the gross national product increases at a fast rate, so do the cost-of-living indexes; so do the social security, railroad retirement, and all the rest. What we have done, Mr. President, over past years, is have payments to people on COLA's going up almost 100 percent faster over the last decade than to those who have been paying the bills. This puts everybody at the same starting mark, treats them all fairly.

Mr. President, we do not have much time to debate this, and I shall shortly close and give the rest of the time to my colleagues. But let me say this is not a quickly thought out amendment. A great deal of thought has gone into it. If you are for a balanced budget, I submit you ought to be for this amendment, because this is as fair a way as you are going to do it.

Mr. SYMMS. Mr. President, will the Senator yield for one quick question?

Mr. JOHNSTON. One quick question.

Mr. SYMMS. Is that GNP cap at 4 percent or——

Mr. JOHNSTON. Our assumption is that the Committee on Finance will tie the COLA's to the GNP growth rate. The figures we have employed are 4 percent for each of the next 3 years, the basis of that being that that is the average amount projected for the GNP growth rate. We allow the fourth COLA for July 1 in social security which is 7.4 percent.

Mr. SYMMS. Would the Senator accept a modification to cap it at 4 percent?

Mr. JOHNSTON. I am sorry, Mr. President, we cannot. We have about used up all our time.

I yield to the Senator from Georgia (Mr. NUNN).

Mr. NUNN. Mr. President, I would just say what we have in for fiscal year 1983 on that, beginning in October, is 4 percent. In the outyears, 1984 and 1985, we have given figures, numbers, like the budget resolution. That is not binding.

What the Senator from Louisiana has tried to describe on the gross national product is the concept of having our older people who have retired treated fairly in accordance with the economic capability of our country. That is best reflected in the gross national product.

Mr. President, I shall take no more than a moment here. We do not have much time and a lot of people want to speak. The Senator from Louisiana has described the amendment. The reason I have cosponsored this amendment and worked on it with him and others is that I think it is fair. What we have in the budget resolution now, under no conceivable circumstances, as I perceive it, can it be fair. We have 4.5 for social security. I would like to make that much more, but we cannot. We have 7.5 for railroad retirement. We have zero for civil service retirement, zero for military retirement, and zero for those disabled veterans who are less than 70 percent disabled.

How can that be considered fair? How can anybody go back home and say it is fair? I cannot. So we are striving for fairness. Certainly some people are not going to like it, but we are saying everybody will get their full COLA up until October 1. We do not touch the July social security COLA. That is fully funded under our amendment. But beginning on October 1, we will have a 4-percent COLA. That I think will be in accordance with a principle that has been too long lacking in this country, that is, those who pay the taxes ought to have some equity, too. We cannot continue to have retirement increase at a faster pace than the economy is growing and that people are earning wages.

This is fair to retirees. It is fair to the people who pay the taxes.

In addition, we increased the revenue. We have to face that head on. We go to $146 billion. That is substantially less than the amendment we voted on the other day of the Senator from South Carolina, but it is $30 billion more than is provided in the current resolution.

But we do get to a balanced budget. Everybody in this body has said that is a goal, at least 1 time, probably 100 times within the last 2 months. Everybody is talking about it. Now we have a chance to do it. I urge my colleagues to vote for the balanced budget amendment of 1982.

Mr. GORTON. Will the gracious and learned chairman of the Budget Committee yield 2 minutes to one of his troops who wishes to support this amendment?

Mr. DOMENICI. If the Senator would not use all those nice words, I would.

Would the Senator mind if I asked a couple of questions first and yielded to a couple of Senators who oppose it? Then I will be glad to.

I want Senators to know it is hard for this Senator, as hard as I have worked on budgeting, to vote against a resolution that purports to create a balanced budget, but I am going to. I really wish—and this is the only time I will involve myself directly speaking to the junior Senator from Louisiana. I wish on the evening that we reported out our budget the Senator would not have erroneously, but rather quickly, figured out the social security number that was in there and said that that resolution was cutting social security by $1,100 average to each person. It did not happen to be true. It went up $1,300 under that. But I do not have enough time to figure out how much this amendment cuts social security. It sure does cut them, though, that is for sure. My guess is it cuts more than the one which we proposed would not occur until after the Commission reported and then that at that point they would make it solvent. We were not just automatically reducing them like this one is. It was a solvency proposal. This cuts them in the outyears.

I am not one who is going to stand here and say that is not going to have to happen, that we are going to have to cut social security. It is interesting, after all we have gone through and we modified our proposal so to order reconcile in December after the blue ribbon commission, when we all know they are going to report some significant savings—then we are going to take those savings into account—that now we have people principally on the other side of the aisle who want to cut social security in a budget balancing resolution.

Second, give me the latitude as your chairman, give me $140 billion to $150 billion in new tax latitude spread over 3 years, and I will come pretty close to bringing you a balanced budget. That is what this one does.

I do not say this with any rancor. I just wish we would have had more of the social security cut, recognition of its insolvency cooperation from the other side of the aisle, save and except the distinguished Senator, Senator HOLLINGS, who was there before all of us. So he is not included. I wish we would have had some of that over the last 6, 8, 9 months. We would be there.

With that I want to yield to my good friend, Senator DOLE.

Mr. DOLE. I will just take 2 minutes. Again, I thank the distinguished Senator from New Mexico, and I do not quarrel with what the Senators seek to do. Again, I have not reviewed the voting to see how it would have come out had we had their votes on railroad retirement and social security. We tried to make it fair, but there were some who would not let us make it fair.

The only point I will address is the revenue side.

We tried for weeks to try to work out an agreement. We came very close, and the Senator from Kansas had hoped even this afternoon we might reach some agreement. I commend the Senators for their effort, but I have to believe they found, when they started talking to their fellow colleagues on their side, that it was not as easy to work out an agreement as they thought it might be. We had the same problem on this side.

It just seems to me that this $146 billion figure would be extremely high, knowing or not knowing what the House may do; they may end up just with a tax bill. While I do not quarrel with the efforts made by the distinguished Senators—and I say it in the spirit we said it earlier to the distinguished Senator from Louisiana—we have to try to work these things out in a bipartisan way. This is not the end of the line. We will be back next week or even later this next month and perhaps by then we can come together. I think this may be the beginning of some bipartisan solution to our problems. I thank the Senator.

Mr. McCLURE. Will the Senator from New Mexico yield to the Senator from Idaho?

Mr. DOMENICI. How much time?

Mr. McCLURE. Two minutes.

Mr. DOMENICI. I will yield 2 minutes. Senator QUAYLE wanted 1 minute, Senator GORTON wants——

Mr. GORTON. The Senator does not have that much time left.

Mr. DOMENICI. I can take it off what I had left over. I will yield 2 off the bill.

Mr. QUAYLE. I will take 2.

Mr. DOMENICI. Senator QUAYLE has 2 instead of 1.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding.

Mr. President, I rise in support of this substitute, not because I think it is perfect but because it is a product of a compromise and gets us where we want to go. What is the goal of all of this operation? The goal of this operation, among other things, is to give enough confidence to the American people and the economic markets so that interest rates can begin to drop. Why are they not dropping today? Because of the lack of that confidence. And what is most certain to give them that confidence? A balanced budget voted by this Congress that addresses the tough issues. This substitute does that; in every one of the areas they are tough. I do not like the additional cuts in defense that are imposed in this substitute. I think they are crippling. I think it is unfortunate that it is necessary. I think it is too bad that we have not been able to find other places to cut more so we did not have to do that. I do not like the increases in taxes. I have fought and voted and worked to keep the spending down so we would not have to have this kind of an increase in taxation.

We have been unsuccessful in doing that. It seems to me that it is far more important for us to send the right kind of an economic signal to the markets of this country by voting for a budget that is truly balanced by 1985. This would be truly balanced.

I commend my friends on the other side of the aisle for having the courage, the wisdom, the foresight, and the determination to bring this measure to us today. I support it, and I will vote for it. I think it is the right thing for us to do. I wish we had more time to discuss it than we have.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from New Mexico.

Mr. DOMENICI. To the Senator from Indiana I yield 2 minutes.

Mr. QUAYLE. I thank my distinguished chairman. I enthusiastically support the Johnston-Nunn-Exon and really Domenici amendment—the Domenici of January and February amendment—because this is pretty close to what our chairman tried to get us to do last fall.

I should just like to direct my 2 minutes to those on this side of the aisle. This week we have been accused of voting against veterans, voting against education, voting against medicare, voting against medicaid, against the old, the young, the sick, the lame, and now we are going to be charged with voting against a balanced budget amendment.

I think that we better think pretty hard before we rush down to the well to vote against a balanced budget amendment that so many on my side of the aisle say they are for. But, oh, no, it may be too high in taxes for some, too much in defense for others; we cannot do it, so many of you will vote against a balanced budget amendment. But if you do, do not keep saying that you are for a balanced budget. This is it. This is the only balanced budget amendment we are going to have. It is either this or a deficit of $62 billion. It is a pretty easy choice. Let us not vote "no." Let us vote for this amendment.

● Mrs. **KASSEBAUM**. Mr. President, as we prepare to close debate on the resolution we have reached a crossroads. We have considered many amendments of substance. A few of those amendments have been adopted. The resolution, as it now stands, is ready for final passage. However, before that final vote, we have an alternative proposal before us—a proposal that offers modifications in a number of areas. I would like to address my remarks to the significance of those proposed modifications.

A major problem addressed by this substitute is the question of COLA equity. The indexation of Federal entitlement programs has been of concern to all. I find the resolution's approach toward cost-of-living adjustments troublesome from the standpoint that it does not take an evenhanded approach. While social security beneficiaries will be fully protected from inflation, other retirees are expected to go without COLA's.

We have long recognized that inflation adjustments contributed to the financial plight of our retirement systems due to the simple fact that such adjustments were not taken into account when system contributions were set. Even knowing that, I have been unwilling in the past to support COLA changes at a time when unanticipated high rates of inflation were quickly eroding the purchasing power of our Nation's older citizens. Fortunately, inflationary pressures have eased in recent months, and this trend is expected to continue.

Nonetheless, as we all well know, the time of reckoning has come. None of the choices we have made over the past year have been easy, and our future choices will be no more pleasant. I think the American public is willing to do what is necessary, but this willingness depends upon their feeling that the burden will be fairly distributed. I do not feel it is fair to offer cost-of-living adjustments to one group while denying them to others. Nor do I feel it is fair to the public—both active workers and retirees—to continue postponing action on difficult questions until we are on the brink of crisis.

In the area of national defense the substitute offers this body a chance to bring rational budgeting to defense spending. I addressed that fact 2 nights ago. My amendment called for outlay reductions of less than $14 billion over the next 3 years. $14 billion—from a 5-year buildup of $1.6 trillion. My amendment would not have canceled the administration's defense buildup. I dare say it would scarcely have slowed it down. It would, however, have provided significant relief for a budget hard pressed by deficit spending. This substitute offers this body another chance to go on record in favor of responsible defense spending.

The substitute resolution also addresses the question of taxes. It does so in a fashion with which I cannot totally agree. By increasing taxes as proposed in the substitute, we may well reduce potential economic growth for deficit reductions. Reducing deficit spending is always sound policy. However, increasing taxes is never as effective as reducing spending—if the goal is deficit reduction. While I would prefer lower revenue numbers—I am willing to compromise—if that is the price for the rest of the package.

As we prepare to vote on this substitute amendment—we face two imperfect choices. Nevertheless, the substitute plan appears to be less flawed than the resolution. It is more equitable in the area of COLA's. It is more responsible in the area of national defense. For those reasons I intend to vote for its adoption.●

Mr. **LEVIN**. I cannot support this amendment even though it achieves a balanced budget by 1985 because of the way it achieves it. The cuts in critical domestic programs are piled on top of prior cuts while there remains a huge real increase in the defense budget.

All programs must be trimmed. Increasing defense by 7 percent and then reducing it by 2 percent is not the same treatment given education programs which are decreased 2 percent on top of previous decreases.

We should adopt a budget resolution which gets us to a balanced budget in a way which is fair to all of our needs, both defense and domestic.

The **PRESIDING OFFICER**. Who yields time?

Mr. **DOMENICI**. If they keep getting better, I am going to quit yielding. [Laughter.]

I yield to the Senator from Washington.

Mr. **GORTON**. I thank my chairman.

Mr. President, the proposal of Senator JOHNSTON and others is particularly appealing in two respects.

The first and most important of these respects is because of its impact on the economy. The deficits included in this proposal are lower than those in any other realistic proposal presented to us during the course of the last 3 or 4 weeks. They are, therefore, more likely to have a positive impact on lowering interest rates.

The **PRESIDING OFFICER**. The time yielded to the Senator from New Mexico on the amendment, under the agreement, has expired.

Mr. **JOHNSTON**. Mr. President, how much time do I have remaining?

The **PRESIDING OFFICER**. One minute and 31 seconds.

Mr. **GORTON**. I thought the Senator was going to yield me the remainder of his time.

Mr. **DOMENICI**. I yield the remainder of the 2 minutes from the resolution.

Mr. **GORTON**. Mr. President, the potential impact of this proposal on interest rates, and thus on economic recovery, is its principal virtue.

There is another aspect, however, which already has been mentioned by the two sponsors of the amendment; as it deals with cost-of-living adjustments for various retirement programs, it is fair in that it treats all of them equally.

In summary, this proposal is not at all dissimilar from the original budget proposal of the distinguished Senator from New Mexico, the chairman of the Budget Committee, or from mine, or from Senator HOLLINGS, or others in this body.

Along with the chairman of the committee, I wish that the proponents of this amendment had made it somewhat earlier, because it likely would have been a product of the Budget Committee itself. Nevertheless, I intend to vote for the Budget Committee proposal on final passage should this amendment fail. But it is clear that this amendment offers more for the economy and is more equitable than anything else we have considered, and it deserves the support of the Members.

Mr. **JOHNSTON**. Mr. President, I yield the remainder of my time to the Senator from Nebraska.

Mr. **EXON**. Mr. President, the proposal before us is not a perfect one. I suspect there have been few "perfect" pieces of legislation introduced or passed in Congress.

I do not agree with some parts of this amendment, but there is one thing this amendment is: It is the only workable, reasonable, and truly compromise effort presented in all these hours of endless debate that forthrightly offers a chance for a balanced budget any time in the foreseeable future. I emphasize: the only one.

Furthermore, this amendment is less restrictive with regard to cuts in social security, less restrictive by half, than the actions taken in that area by the Budget Committee.

If this amendment is nothing else, it is unique. It is balanced and it is fair. This amendment cuts spending more than it raises revenues in order to balance the budget.

The indisputable fact is that the economic cart and ox of this country are not only lost deep in the woods, but also, both are in the ditch, and so far the rescue team has not responded.

The unemployed, the bankrupt, the farmers at their forced sales, the small businessmen and their inventories, the elderly and the infirm, even many of them major corporations, are in deep trouble; and they expect more from us than more of the same

It is my perception that the people are far ahead of us in their understanding that we are not going to see a true economic recovery until interest rates are reduced. They also know, I believe, that the major cause of continued high interest rates is the new and bigger Federal borrowings, driven by the unmanageable deficits.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired. There are now 17 minutes remaining on the resolution.

Mr. EXON. Mr. President, I ask for 1 additional minute.

Mr. GOLDWATER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. Is there any time remaining on the amendment?

The PRESIDING OFFICER. All time on the amendment has expired. Three minutes remain to the minority.

Mr. JOHNSTON. Mr. President, I ask for the yeas and nays.

Mr. EXON. Mr. President, I ask unanimous consent that the remainder of my remarks be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. EXON. Speaking of deficits, I wonder if we all fully realize or appreciate the staggering record of shattering deficits before us tonight that I am fearful we are about to approve: 1982, $117.8 billion; 1983, $115.3 billion; 1984, $91.2 billion; 1985, $64.2 billion.

The people are about to find out about their so-far best-kept secret out of Washington.

Mr. President, in closing, I emphasize again that this amendment is not a perfect solution to the economic difficulties that confront America. The point is that it is the only one we have, and its acceptance is our last chance to get in a glide path to a balanced budget. It is either this amendment or continuing to sail without our economic rudder into the morass of mind-boggling deficits that I have outlined above.

I urge the adoption of the amendment.●

Mr. DOMENICI. Mr. President, I yield 2 minutes to the distinguished Senator from Texas, on the resolution.

Mr. TOWER. Mr. President, I strongly oppose this amendment.

Let me address myself to one aspect of it. It would reduce defense by about $14 billion above budgetary authority and outlays over 3 years. By assuming a one-for-one reduction in BA and outlays, the amendment suggests that reductions will have to come from the fast spending accounts. There are two such accounts: Operations and maintenance and personnel.

The Armed Services Committee has already reduced manpower about 28,000 below the administration's request, resulting in savings of several hundred million dollars. However, further reductions, for example, would have to come out of the force structure, something opposed by the Senator from Georgia in the committee.

The other fast spending account is O. & M. The committee has rejected further cuts in O. & M. in order to preserve readiness. The Budget Committee passed a resolution, at the insistence of Senator HART, that no cuts should come out of readiness.

Mr. NUNN. Mr. President, will the Senator yield for 10 seconds?

Mr. TOWER. Let me finish.

If this amendment is not tabled, I intend to offer about six amendments to it which will describe the means by which these cuts will be arrived at.

The first will be expedited closing of military bases and installations, and I anticipate that there would be about 40 such installations.

Mr. DOMENICI. Mr. President, I yield 1 minute to the Senator from Georgia.

Mr. MATTINGLY. Mr. President, I oppose this amendment, but I commend my friend on the other side of the aisle for bringing up the COLA subject; because I think it will give a lot of consensus and a lot of momentum to do what needs to be done in COLA and the entitlement programs.

The main reason I oppose the amendment is that I want this committee to be able to go to the House conference committee with a lower tax figure than proposed, because I think the House will have a higher one. We should have a lower one, and there will be a consensus by that. That is the main reason why I think we should go with what the Budget Committee has come out with.

Mr. DOMENICI. I yield myself 1 minute.

Mr. President, I do not think anyone knows how difficult it is for this Senator tonight.

I wish my proposal in September of last year, which was very similar to this, would have been supported by enough members of the committee to take it to the floor in February, and then the first proposal I made as chairman of the Budget Committee during the last markup. It was very similar. It took the same kind of approaches—a balanced budget.

However, now I am compelled, in good conscience, to support what a committee proposed, what days of debate in the Senate has produced, what the President of the United States will support.

With that, I do not think we have any additional time.

I yield 1 minute to the distinguished majority leader.

Mr. BAKER. Mr. President, I shall not take the entire minute.

I remember the highest compliment I think I was ever paid in this Chamber from our late colleague, Senator Phil Hart, when I was engaged in a colloquy and he was overheard to say, "I think I am going to have to leave this Chamber; I am running the risk of being convinced."

That is the way I feel about the arguments that have been made by my friend from Indiana, my friend from Washington, and my good friends on the other side of the aisle about this proposal. It has many merits; it has also many difficulties. But the major difficulty it has is that it comes at a time when we are at the very end of this process and the committee system has operated, when we have gone through dozens of amendments and hours upon hours of debate.

Mr. President, it is not the time to write a budget resolution in the last few minutes of this debate, and I urge all Members to support the motion to table which I am about to make.

Mr. President, I move to table the amendment of the Senator from Louisiana, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee to lay on the table the amendment of the Senator from Louisiana.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

The PRESIDING OFFICER. Are there other Senators in the Chamber wishing to vote?

The result was announced—yeas 70, nays 21, as follows:

[Rollcall Vote No. 150 Leg.]

YEAS—70

Abdnor
Armstrong
Baker
Baucus
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Cochran
Cranston
D'Amato
Danforth
Denton
Dixon
Dodd
Dole
Domenici
Eagleton
East
Ford
Garn
Glenn
Goldwater
Grassley
Hart
Hatch
Hawkins
Hayakawa
Heflin
Heinz
Helms
Humphrey
Inouye
Jackson
Jepsen
Kasten
Kennedy
Laxalt
Leahy
Levin
Lugar
Mathias
Matsunaga
Mattingly
Metzenbaum
Mitchell
Moynihan
Murkowski
Pell
Percy
Proxmire
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Simpson
Specter
Stennis
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Zorinsky

NAYS—21

Andrews
Bentsen
Boren
Boschwitz
Brady
Byrd,
Harry F., Jr.
Chiles
Cohen
Exon
Gorton
Hollings
Johnston
Kassebaum
Long
McClure
Nickles
Nunn
Packwood
Quayle
Rudman
Symms

NOT VOTING—9

DeConcini
Durenberger
Hatfield
Huddleston
Melcher
Pressler
Schmitt
Stafford
Stevens

So the motion to lay on the table, Mr. JOHNSTON's amendment (UP No. 994) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TAX LEASING: AMERICAN TAX DOLLARS FOR FOREIGN AIRLINES

Mr. BUMPERS. I noticed in a recent issue of the Wall Street Journal an item that referred to a strange transaction—an $80 million lease of a Boeing 747 airplane to Air France. Does this have anything to do with safe-harbor leasing? I would be shocked if this leasing provision was being used to subsidize nationalized foreign airlines like Air France.

Mr. DOLE. I do not have any information about the specific transaction to which the Senator refers. However, it is true that safe-harbor leasing can benefit foreign airlines, even airlines like Air France that are owned by foreign governments.

Property is eligible for safe-harbor leasing if it is eligible for the investment tax credit. Generally, property is eligible for the investment credit if it is used predominantly in the United States. However, there is a special exception for certain kinds of property, including airplanes flown to and from the United States. Thus, Air France could lease an airplane from a U.S. bank under prior law rules, and as long as the plane was flown to and from the United States, the bank would get the investment tax credit. The bank could then sell the credit and depreciation deductions to another taxpayer in a safe-harbor leasing transaction.

The net effect of these arrangements would be that the United States would be subsidizing 25 to 30 percent of the cost of a foreign airplane through a combination of the prior law and safe-harbor leasing rules. Moreover, there is not even a requirement that the airplane be manufactured by a U.S. aircraft manufacturer.

Mr. BUMPERS. Mr. President, I ask that a copy of the Manufacturers Hanover notice be made a part of the RECORD.

The notice follows:

[This announcement appears as a matter of record only]

MANUFACTURERS HANOVER LEASING CORPORATION

Q. I noticed in a recent issue of the Wall Street Journal an item that referred to a strange transaction—an $80 million lease of a Boeing 747 airplane to Air France. Does this have anything to do with safe-harbor leasing? I would be shocked if this leasing provision was being used to subsidize nationalized foreign airlines like Air France.

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MASS TRANSIT LEASING

● Mr. D'AMATO. Mr. President, last year the Congress passed landmark legislation which will help put this Nation back on the road to economic recovery. The Economic Recovery Tax Act of 1981 included provisions which made it possible for public transit agencies to sell depreciation deductions associated with mass transit vehicles through "safe harbor" leases.

In adopting this measure, Congress recognized the massive and critical infrastructure needs of America's older urban public transportation systems. The safe harbor leasing program for mass transit has created a means through which rundown and antiquated public transportation systems of this Nation can rejuvenate themselves and provide necessary transportation services, particularly to those who rely heavily upon mass transportation—the poor, the aged, and the handicapped. The mass transit leasing provisions allow the private and public sector to join together, with the result being more capital available for transit improvement.

As a member of the Senate committees which both authorize and appropriate funds for mass transportation in this Nation, I am acutely aware that because of budgetary constraints Federal assistance for mass transit will not remain at its historic levels. Safe harbor leasing provides a mechanism whereby limited Federal dollars could be optimally used.

Transit properties of this Nation are making sincere efforts to improve the quality of service to their riderships. The Metropolitan Transportation Authority in New York, for example, has embarked on a bold new 5-year capital improvement program which is unprecedented in scope and reliance on local resources. This program includes, as a major source of revenue, $480 million of funds from the private sector projected to be derived from lease investments and over $2.5 million of newly purchased rolling stock. A contract has been let for 325 new buses. Contract awards for 146 new commuter rail and 1,150 subway cars are imminent. Transit systems have therefore structured their improvement plans based on the existence of mass transit leasing. Elimination of mass transit leasing would place these programs in great jeopardy.

While some contend that mass transit leasing is an inefficient way of doing business, a GAO report of March 15, 1982, concluded that "from the Federal Government's perspective, mass transit, safe harbor leases are less costly than the grant program."

While crucial to the revitalization of mass transit systems throughout the Nation, the revenue cost attributable to the safe harbor leasing of mass transit vehicles is comparatively insignificant. In fact, less than $50 million of the $3.9 billion revenue loss from safe harbor leasing in fiscal 1983 will be attributable to mass transit leases. This represents only 1.25 percent of the cost. In future years, this proportion will be even smaller.

If we are to remain firm in our commitment to America's mass transportation systems—as we must—then mass transit safe harbor leasing must be retained. The revenue increase from abandoning this commitment would be minimal when compared with the tremendous chaos which will result in metropolitan areas across the Nation.●

Mr. PERCY. Mr. President, I wish to offer a few points regarding the misunderstanding concerning the safe harbor leasing tax provision.

First. Last year the Finance Committee included in the Economic Recovery Tax Act the safe harbor leasing provisions. The committee acted wisely when it wrote these provisions, for they insure that the new depreciation laws are neutral and can be used by all companies to improve their performance.

Second. There was unfortunately insufficient discussion of the safe harbor leasing provisions during Senate debate. The public should have been better educated about the intent of this. But they were not—that is history. This provision was then easy prey when it began to be used by businesses—easy prey for distortion. And its essential purpose has been distorted in recent months.

Third. My colleagues know basically how safe harbor leasing works. I will not belabor that, but would just say that corporations with not profits are able to sell their unused tax credits. With the funds generated by that sale, these businesses can move ahead with modernizing investments that lead to jobs and productivity increases.

Fourth In Illinois, we have seen that this provision is working just as it was intended. Some of our capital-starved businesses now have funds for investment in new equipment. As one tangible example of that, I ask unanimous consent to insert in the Record a statement by Republic Steel Corp. about their $77 million investment in Chicago this year, made possible only by safe harbor leasing.

Fifth. At the same time, I would like to insert the excellent statement before the Senate Finance Committee of Frederick Jaicks, chairman of Inland Steel Co. of Chicago. Inland invested over $19 million it obtained from sale of its tax credits. Each of these instances show that one of our most important industry's—steel—is making important headway to modernize. These are dramatic indications that last year's enlightened tax provision is indeed at work.

Sixth. As some of our most important media has investigated this provision more closely, it has begun to appreciate its importance. I ask unanimous consent that an April 6 editorial from the Chicago Tribune be included in the Record at the end of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. PERCY. That editorial, entitled "Mining a Safe Harbor," concludes that this provision should not be repealed and that—and I quote—"Congress should find ways to balance the budget that do not mortgage our economic future."

Seventh. Before I conclude, I want to make one more point about safe harbor leasing. It is not just for the big corporations. Small businesses—also short on capital—were beginning to learn how to use it just as Senator Dole signaled in February that he would make changes retroactive to February 19. That announcement put an instantaneous chill on leasing, particularly affecting small business.

Eighth. A small part of the new tax provisions are used in ways that are right now benefiting small business—especially farmers. To distinguish this use from the tax benefit transfer that is generally associated with safe harbor leasing, I will refer to this as "bona fide" leasing.

Ninth. The new law permits parties to a lease to agree in advance to specific purchase option prices for leased equipment. Equipment manufacturers like Allis-Chalmers, Caterpillar, John Deere, and International Harvester are this spring selling equipment financed at rates well below the current market rates because of their ability to agree ahead of time to a residual value of the equipment. I have written Senator Dole about this and ask unanimous consent that my letter and an attachment explaining the benefits of "bona fide" leasing be included in the Record at the end of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 2.)

Mr. PERCY. Tenth. In short, Mr. President, this provision should be retained by Congress. It is helping the hard pressed Midwest and when this recession is over, we will see that many of our basic industries are in a stronger position because of safe harbor leasing.

EXHIBIT 1

[From the Chicago Tribune, Apr. 6, 1982]

MINING A SAFE HARBOR

A small provision which practically escaped notice when last year's tax cut was approved by Congress is now the source of a growing controversy. The safe-harbor leasing rules were attached to the administration's faster depreciation provisions, whose purpose was to stimulate sorely needed capital investment. Those leasing rules in effect create a market for the buying and selling of tax breaks. Firms with income to shelter can make deals with firms with too little income to benefit. The income-short companies get cash, the income-rich firms get tax credits. Despite the price tag of $9 billion put on the rules by the Treasury Department, the measure passed without debate.

But that was before the news stories began to circulate about large, profitable corporations paying hardly any taxes. Senate Finance Committee Chairman Robert Dole has vowed to repeal the leasing provisions. Any corporations which use them now, he warns, "do so at their own risk." House Ways and Means Committee Chairman Daniel Rostenkowski also wants changes in the rules, which he regards as "a symbol of the excesses of last year."

The safe-harbor rules obviously are vulnerable to populist demagoguery. But the idea behind them is sound. Inflation had rendered the old depreciation rules obsolete, since businesses were allowed to depreciate according to the original cost of capital investments, rather than their replacement cost. So the administration proposed an Accelerated Cost Recovery System to eliminate this "inflation tax." It also provided new tax credits to encourage capital investment, a prerequisite to boosting the nation's sagging productivity.

The only flaw was that these new incentives were useful only to companies with taxable profits. A company which had a bad year might spend millions on new plant and equipment, but it wouldn't be able to take advantage of the tax break. In essence, it would be forced to pay a higher price for capital than its more profitable rivals, giving it a serious competitive handicap.

The safe-harbor leasing rules were the remedy for this problem. They made it much easier for firms which can't use their tax credits and depreciation allowances to sell them to more profitable firms. The unprofitable company buys new equipment, sells it to another firm which can use the tax break, and then leases the equipment back. Far from rewarding less successful firms, these rules make the tax law neutral as among various types of firms. New companies just starting up with the possibility of great success down the line get the benefits of the rules as well as more established companies with temporary financial trouble. This is not a lemon subsidy.

If these new rules didn't exist, the profitable company would probably find another way to get the tax breaks the unprofitable one couldn't use: by buying the unprofitable firm. As Fortune Magazine put it, "without safe-harbor leasing, a few years' accumulation of unused tax benefits would transform a humdrum metal-bender into a dynamite takeover candidate for a company that can use the write-offs." Some leasing, of course, went on even before last year, but it was clumsier and more expensive—less efficient economically, in other words.

Will significant investments be lost to the economy if the safe-harbor rules are repealed? Of course they will. United Airlines, to cite just one example, says it will have to cancel an order for 20 new Boeing jets worth $800 million if the law is changed. Multiply that amount by several hundred, and you get a rough idea of the plant and equipment that won't be bought if Mr. Dole and Mr. Rostenkowski get their way.

The leasing provisions would probably be an issue even in a normal year. They are particularly vulnerable now, since Congress is looking desperately for ways to cut the administration's huge budget deficits. But though the revenue side of the budget would profit immediately from the change, in the long run both the economy and government revenues would suffer from the loss in productive investment. Congress should find ways to balance the budget that don't mortgage our economic future.

EXHIBIT 2

U.S. SENATE,
Washington, D.C., May 10, 1982.

Hon. Bob Dole,
Chairman, Committee on Finance,
Washington, D.C.

Dear Bob: Several of my constituents who operate manufacturing facilities in Illinois have expressed concern regarding possible loss of the bona fide leasing improvements passed last year under the broad heading of safe harbor leasing.

I understand the Senate Finance Committee will continue markup of legislation on this overall subject in the coming weeks. Although a great deal of attention has focused on the tax benefit transfer mechanism in the law, I am concerned that there has been little discussion of the equally important bona fide leasing changes. I have seen no criticism of the use of leasing in this way.

Developments in the Midwest lead me to believe that these leasing improvements are beginning to have a significant impact on sales of equipment. The new law allows parties in a lease to agree in advance to a dollar-specific purchase option price for leased equipment. This one change in the law now allows equipment manufacturers to offer farmers and construction equipment customers new equipment financed at rates well below the current market rates.

Moreover, the new law gives American equipment manufacturers an advantage that their foreign competitors cannot generally use here unless they have tax liability. I am enclosing with my letter an explanation of how the new law enables equipment purchasers to obtain new equipment at affordable rates. It may be useful as you review tax proposals this spring.

I urge you to work for the retention of these leasing provisions that seem to be proving so useful in the farm community.

Warm personal regards,

CHARLES H. PERCY,
U.S. Senator.

BONA FIDE LEASING AND SECTION 168(f)(8) OF THE INTERNAL REVENUE CODE

The Economic Recovery Tax Act of 1981 (ERTA) includes a provision which enables taxpayers who are unable to utilize depreciation and investment tax credits to "sell," for tax purposes only, a newly purchased asset to a taxpaying corporation, then lease that needed asset back. As a result of this transaction, the taxpaying corporation can claim the depreciation and investment tax credit on assets which continue to be used by the corporation which had no tax liability, and which may now deduct the "lease cost".

However, this provision, Section 168(f)(8) of the Internal Revenue Code, has also been used in a way which does not involve the controversial "sale" of tax benefits. This provision simply provides a more attractive bona fide leasing method of acquiring capital goods to farmers, contractors and small business people throughout the United States.

1981 LEASING IMPROVEMENTS

1. Purchase Option Available.—Before ERTA, parties to a lease could not agree in advance to a dollar-specific purchase option price for leased equipment. At that time, the lessee-user was only permitted to hold a purchase option for the "fair market value" of the equipment which would be determined at the end of the lease period. Because inflation and fluctuating product prices often caused large increases in the fair market value of used equipment, the value of the equipment at the end of the lease period could not be estimated accurately. Therefore, the lessee-user, who did not want to maintain equipment he was not certain he would ultimately purchase, was reluctant to enter into such leases.

A portion of Section 168(f)(8) now permits parties to a lease to establish—at the time the lease agreement is made—a dollar-specific purchase price for the product to be paid at the end of the lease period. This provision allows the lessee to know exactly how much his lease payments will be and exactly what it will cost to ultimately purchase the equipment.

2. Clarifies Definition of a Lease.—Prior to ERTA, determination of whether a transaction was a lease, or a conditional sale, required the lease to be structured so as to meet several tests. The uncertainty caused by those overlapping and conflicting tests posed an additional risk for the lessor, which ultimately translated into higher lease rates.

In an effort to clarify and simplify the distinction between a lease and a conditional sale, Section 168(f)(8) eliminates the uncertainty by guaranteeing that a transaction will be treated as a lease once certain requirements have been met. This provision greatly simplifies the tests required, while reducing the level of risk to both lessor and lessee. The effect has been lower lease rates, thus making it easier for users to acquire capital goods.

BENEFITS OF BONA FIDE LEASING

1. A Valuable Alternative for Users.—Leasing provides an attractive alternative for equipment users at a time when interest rates are high and investment in capital goods is declining. It requires less cash outlay by the user than other methods of equipment acquisition because when the lessor adjusts lease rates downward to reflect his investment tax credit and depreciation, the lessee in essence receives "financing" far below current market rates.

2. Buffer to Foreign Competition.—Leasing under ERTA provides a valuable marketing tool for U.S.-manufactured products. As a general rule, companies with U.S. manufacturing operations have substantial U.S. tax liabilities, while foreign competitors have relatively little U.S. tax liability. Leasing permits the U.S. manufacturer-lessor to benefit from the accelerated cost recovery system and investment tax credit, while the foreign manufacturer obtains no direct benefit from leasing—unless it enters into an agreement with a third party U.S. leasing company. This arrangement is inherently less efficient and more costly than the service provided by U.S. manufacturer-lessors. As a result, leasing provdes a strong marketing tool for U.S. manufacturers to use in meeting foreign competition, without resorting to trade protectionism.

BONA FIDE LEASING PROVISIONS SHOULD BE RETAINED

Regardless of the eventual disposition of the Tax Benefit Transfer provisions within Section 168(f)(8), the changes enacted last year providing for certainty in bona fide leasing transactions should be retained.

REPUBLIC STEEL CORP.

The Board of Directors of Republic Steel Corporation has approved a $112 million capital improvement program for finishing facilities at three company steel plants.

About $77 million will be spent at Chicago, more than $23 million at Youngstown, Ohio, and approximately $12 million at Gadsden, Alabama.

In announcing the program today, Mr. William J. De Lancey, chairman and chief executive officer, said "The company could not have undertaken these projects at this time if it had not been able to enter into the tax lease transaction which we announced recently. The total proceeds from this sale of tax benefits amounted to $139 million.

"The tax lease, which allows Republic to realize the value of investment tax credits and tax depreciation more rapidly than would otherwise be the case, was first announced last month when the first phase was closed. The final phase, valued at $106 million, was closed today.

"This transaction is a prime example of the constructive results which were made possible by the introduction of the tax lease provisions in the tax bill signed last summer," Mr. De Lancey said.

"These projects will strengthen our competitive capability and will add immeasurably to the strengthening of employment stability at the plants involved."

At its Chicago steel plant, the company will modernize the seamless tube mill facilities to achieve improved pipe quality, and increase pipe capacity. When completed, the improvements will permit the facility to produce high quality, heavy wall pipe needed for deep oil wells.

At the Youngstown plant of its Mahoning Valley District, Republic will upgrade finishing, shipping and warehousing facilities at the electric weld pipe mill. The improvement will bring into balance the mill's welding and finishing facilities and will increase the shipping capability by an additional 8,000 tons of pipe per month.

At Gadsden, the company will install new equipment at the 54-inch hot strip mill to process thicker slabs, almost double the present coil size capability, and improve quality by providing more uniform strip gauge and mechanical properties.

"The new $112 million program," Mr. De Lancey said, "is an immediate follow-up to other Republic improvements and additions made in 1979-81 with a price tag of almost one billion dollars in the past three years alone.

"Expenditures of this magnitude fully attest to our determination to enhance Republic's ability to compete in the growth of steel demand anticipated after this recession ends," Mr. De Lancey said.

STATEMENT OF FREDERICK G. JAICKS

My name is Frederick G. Jaicks and I am Chairman of the Board of Inland Steel Company, an integrated steel business, headquartered in Chicago.

Inland employs approximately 35,000 men and women and, in raw steel production, it is the seventh largest steel company in the United States. It has, for many years, been among the most profitable of the steel companies. It has reported profits every year since 1932.

Notwithstanding the fact that we have consistently reported profits, our profits today are inadequate. In fact, we actually reported a loss in the fourth quarter of 1981 and may be faced with that situation again in the first quarter of 1982.

Today's profits squeeze is the combined result of the state of the economy, the particularly depressed condition of several of our major customers, including the automobile manufactuurers, and the impact of imported steel. We are clearly in a distressed industry during a distressed period.

My purpose today is to explain the practical importance of the safe harbor leasing provisions to Inland and to the steel industry generally in the context of today's situation.

In order to return to acceptable levels of profitability and employment, Inland and the industry need to move forward with a program of continuous modernization, in order to meet changing conditions, and to take advantage of the efficiencies provided by technological advances. This is, of course, very difficult during a period of profits squeeze, with its inherent limitations on internally generated funds, and restrictions on the amounts that we can prudently borrow.

Very large dollar investments are at stake. In Inland's case, the first phase of a major modernization program commenced in 1974, and was completed in 1980 at a cost of over $1 billion.

The second phase of the program, as originally laid out, would have involved almost as much money as the first phase, and would have provided new coke oven batteries, a major new finishing facility and increased continuous casting capacity.

However, with the recession in the steel business, which commenced in 1980 and which, after a brief upturn, returned and is still with us, we were forced to conclude that this expansion and modernization should be substantially cut back, at least for the present.

Thus, in 1981, our capital expenditure program was restrained and held to approximately $135 million. Similar restraints are being exercised in 1982.

The steel industry in general has similar massive requirements for modernization expenditures. Since November 1980, individual steel companies have announced modernization programs totaling more than $6.9 billion in capital investments. The struggle that will be required to justify and finance expenditures of this magnitude under today's operating conditions is obvious.

Inland and the steel industry vigorously supported the Economic Tax Recovery Act of 1981, particularly the Accelerated Cost Recovery System incentives, in the belief that it would aid saving and investment. But without the safe harbor leasing provisions, steel companies and other capital intensive businesses would be unable to use much of the investment incentives which Congress has provided because taxable profits from existing assets are insufficient to absorb the incentives generated by new assets.

Although Inland has been profitable in its financial statement, Inland's profits have not been large enough to absorb the investment credits generated by its prior huge investment programs. The combination of low operating profits for 1980 and 1981 and the incentive depreciation deductions produced net operating losses for tax purposes.

I do not want to leave the impression that the need for safe harbor leasing is only a recession phenomenon that will disappear with upswings in the business cycle. Congress has designed the tax incentives in such a way that their usability depends upon the ratio of new investments to taxable income. Companies with large amounts of new investments, which generally include capital intensive companies like steel, are likely to have a chronic problem.

Given the capital intensive nature of the steel business and the massive modernization expenditures that need to be made, Inland projects that, even with more normal profit levels and a more robust economy, it will be a number of years before all the tax incentives Inland generates can be absorbed currently.

If the Accelerated Cost Recovery System and investment credit incentives are not available to Inland through safe harbor leasing or some other comparable mechanism, Inland's investment program will be impacted adversely in a major degree. The unavailability of the incentives has two similar but distinct effects:

First, inability to use the incentives restricts the funds which can be made available to finance new investment. We cannot build facilities for which we do not have the money. Financing constraints are serious for many steel companies today and are obviously accentuated by the recession.

For companies with taxable income, the tax incentives provide an important cash flow. If we also owned a profitable unrelated company, for example, the investment credit alone would immediately provide 10% of the cost of a new steel facility.

We can see in the market place that, in the aggregate, the incentive tax benefits provided by the new law may supply cash equal to 30% or more of the cost of the asset. If the incentives are available, we can obviously do much more than if they are not available.

Second, inability to use the incentives increases our effective capital costs in comparison with others, which makes us and our products less competitive, further squeezing our profits.

For example, in 1981, when it became clear that Inland would not be able to currently absorb its unused tax incentives, Inland's financial staff calculated that Inland's net capital cost for new facilities would be 30% to 40% higher than the net capital cost of similar facilities to a company that could use the incentives currently. If our costs are higher, our profits will obviously be less; and that prospect is an obvious deterrent to new investment. By entering into a safe harbor lease, we calculate we could eliminate 70% to 80% of this excess capital cost, leaving us with not all, but most all, of the incentives provided by Congress to more profitable companies.

Accordingly, Inland placed about $71 million of its 1981 additions in a safe harbor lease, and received approximately $19,600,000 in cash. We were planning similar transactions in 1982, involving larger amounts of property. However, the announcement that the safe harbor leasing rules might be altered for transactions entered into after February 19, 1982, made everything uncertain, and we were forced to delay our plans. That, obviously, does not contribute to economic recovery, but we had little choice.

It is relevant, I think, to relate one other fact about our 1982 capital investment program. One of the major facilities under construction is a new continuous annealing line, which will provide lightweight, high-strength steel for the automotive industry. It will cost about $100 million. Several years lead time is often involved in constructing major facilities of this kind, and planning for this facility commenced in 1980—before safe harbor leasing. By then, it was apparent that we might be unable to use the tax incentives provided. Under the circumstances, we made plans to use a traditional "leveraged lease." That lease would have tansferred the tax benefits of the asset to the lessor in return for a reduction in the rentals Inland would pay.

Our financial people say that such leveraged leases have been a common transaction for many years. They perform the same tax benefit transfer function as a safe harbor lease. The same incentives are transferred to a lessor, but under the old rules, the lessor would not be permitted to pass as much of the incentive back to Inland as under a safe harbor lease.

After the safe harbor legislation, we restructured the transaction. As restructured, we will still have a "leveraged lease." The lessor will purchase the asset partly with its own funds and partly with funds borrowed from a third party, rather than from Inland. But the lease will also qualify under the safe harbor rules, if they remain unchanged.

The point is that the principles of safe harbor leasing are not new, but have been with us for many years. In the case of the continuous annealing facility, cutting back the safe harbor provisions would not reduce the amount of incentives used, as the same amount of deductions and credits could be transferred under the old leveraged lease rules. It would simply reduce the amount of those incentives which would go to the lessor and be passed back to Inland.

In summary, restrictions of safe harbor leasing would, in my view, force steel companies that cannot directly use tax incentives available to other companies to scale back important portions of their vital modernization programs. The cost, in terms of the nation's industrial strength and employment, particularly during a recession, would be substantial.

In urging the retention of safe harbor leasing, we are not asking for special favors. We simply ask that steel, and other capital intensive industries in steel's position, share in the same investment incentives that Congress has provided for companies that happen to have taxable income. This will permit companies like Inland to compete equitably for investment funds, and to continue to contribute to America's economic vitality.

Mr. RIEGLE. Mr. President, I strongly believe that we should maintain the basic provisions of safe harbor leasing and the accelerated cost recovery system enacted last year to stimulate business investment. Not only have these provisions encouraged the growth of many new businesses, they have also meant millions of dollars in reinvestment aid to ailing Michigan industries.

The situation in my State is critical. Michigan has the highest unemployment rate in the country. I cannot envision any substantial improvement in the near future if the Congress strips distressed industries of the only incentive they were given in last year's Economic Recovery Tax Act.

The automobile industry desperately needs the capital to improve its products and increase productivity in order to meet foreign competition. Because the industry is at the low point of its economic cycle, investment tax credits and the ACRS incentives are useless to most auto manufacturers. Safe harbor leasing has given them the incentive to invest, and it has done so in a practical manner.

For example, Ford Motor Co.'s 1981 expenditure for facilities and tooling in the United States amounted to slightly more than $1 billion. Spending levels in 1982 will be substantially higher. Ford received $153 million in safe harbor leasing revenue in 1981. Without the benefits of safe harbor leasing, Ford might have had to close more plants and lay off more workers to reduce overhead. Chrysler Corp. and American Motors Corp. also gained urgently needed capital through safe harbor transactions. And not only do these auto makers benefit, but their suppliers, severely hurt by the automobile industry's depressed condition, reap some of the rewards as well.

I will support legislative proposals to place limitations on the percentage of total tax liability for which a firm may use the safe harbor leasing provision. No profitable firm should be allowed to use the provision to completely offset its tax liability. We must make certain, however, that the safe harbor leasing rules remain available to companies who could otherwise utilize the new depreciation rules.

Safe harbor leasing is equitable tax policy. It creates no new tax credits or deductions. It eliminates the need for companies presently in need of cash for new equipment and retooling of products to merge with profitable corporations in order to survive. And most importantly, it will help to bolster our national economy and put Americans back to work.

I ask that an article on safe harbor leasing, which was written by Paul Tippett, be printed at this point in the Record.

The article follows:

A Tax Break for Fat Cats? Hardly

(By Paul Tippett)

"Safe Harbor Leasing," a business tax arrangement that was part of the tax legislation enacted last year, has been described variously as "rent-a-deduction," food stamps for the rich, a giant business ripoff, and, to quote The New Republic, a "fiscal theater of the absurd." The Economic Recovery Tax Act of 1981 that provided for it is viewed by much of the media as a feast for the fat cats of business.

As usual, however, there has been excessive focus on a few atrocity cases and none on the overall benefits of the program.

The fact is that most business beneficiaries of the 1981 tax act—far from being fat cats—are in danger of starvation. The clearly exposed ribs of our basic industries such as autos, steel, rails, airlines and mining, are there for everyone to see. These industries provide jobs for millions of Americans. They need investment the most but can afford it the least.

The most important business element of last year's tax act was an investment incentive called the Accelerated Cost Recovery System (ACRS). The principal purpose of ACRS was to permit companies to take faster tax writeoffs on plants and equipment. They would therefore recover their investments faster, making it possible for them to modernize more rapidly.

The idea is sound. Much of this nation's manufacturing establishment looks antiquated when compared to the highly automated, modern facilities of many overseas competitors, notably Japan.

Recognizing the urgent need to improve productivity and create jobs via investment in plant and equipment, Congress wisely passed ACRS. It concluded that the reindustrialization of America was an urgent national priority rather then an aging buzzword that served only as a convenient subject for businessmen's speeches and articles in Chamber of Commerce magazines.

But in fashioning ACRS, the experts in the Treasury Department spotted a potential problem: how could a company receive tax benefits for investment if the company was unprofitable in the first place—if it was losing money or was a new company that was too young to earn much of a profit? As indicated, most of America's basic industries need investment the most but are currently unprofitable.

This question was answered with the Safe Harbor Leasing Provision, an imaginative and equitable device to help unprofitable and low-profit companies improve productivity, save existing jobs and create new ones.

Briefly, Safe Harbor permits an unprofitable company to sell tax benefits generated by a new investment to a profitable company that can utilize the tax benefits. Then the unprofitable company can invest the money from the sale of these benefits in new plants and equipment. In effect, the unprofitable company gets the same investment incentive a profitable one would receive.

Fiscal theater of the absurd? The facts prove otherwise. Many companies have benefited greatly from the Safe Harbor Leasing Provision. These benefits have not been paid out to stockholders. They have helped workers whose jobs have been saved.

Critics of Safe Harbor Leasing ignore its ingenious strengths:

(1) It promotes tax equality by ensuring that investments for all companies have the same value before taxes as they have after taxes.

(2) It provides many companies with a source of capital for plant improvements that would not otherwise be available to them.

(3) It creates no additional tax deductions or credits.

(4) It guarantees that investment tax benefits will be distributed evenhandedly between profitable and unprofitable companies, new companies and old ones.

(5) It eliminates the need of profitable companies to merge with unprofitable companies in order to obtain their tax benefits.

American Motors is a good example of a company that has been strengthened by Safe Harbor. In 1981, AMC received $10 million by selling the tax benefits associated with a new $30 million paint facility at its Jeep plant in Toledo, Ohio. This $10 million is now being invested in other job-producing projects.

In 1982 and 1983, we estimate that AMC can raise $100 million in additional capital this way. These funds will be reinvested immediately in product programs required for today's market. If these new product and manufacturing investments are allowed to die or are delayed, thousands of workers could be in trouble.

Potential abuses of the act are possible, especially if a company purchasing tax losses uses them to completely offset its tax liability. These abuses can be corrected easily, however, by limiting the use of losses to a fixed percentage of total tax liability. So let's not throw the baby out with the bath water.

Congress is now considering several bills that might repeal this valuable stimulus to business investment. Repealing Safe Harbor now would be a disaster. Retaining it with appropriate modifications would serve millions of American working people who need jobs and the thousands of companies that want to be more competitive in the growing world market.

SAFE HARBOR LEASING

Mr. LONG. Mr. President, we have had these leasing provisions around for a long time, and I have not heard one whisper of criticism up until recently.

It is extremely important to have a level playing field with respect to profitable companies and loss companies when they are making new capital investments.

With the accelerated depreciation rules adopted last year, it was necessary to also adopt safe harbor leasing to preserve this level playing field. Otherwise, 40 percent of the companies would not be able to utilize benefits of the accelerated depreciation and investment tax credits.

For example, this means that none of the major airlines can compete with Delta.

The other major airlines lost money last year without safe harbor leasing so that a new jet costs $30 million. Since Delta has profits and can utilize the depreciation and tax credits, this identical jet only costs it $20 million.

Now how can United, Eastern, Pan Am, and the others compete with Delta when Delta has this tremendous cost advantage in pricing its tickets?

Of course, they can not compete.

That is why we have safe harbor leasing—so they can sell their tax benefits and new jets cost everybody the same price.

Clearly accelerated depreciation and tax credits are subsidies to companies making new investments.

We can only make these subsidies available to profitable and loss companies in two ways:

Either we have safe harbor leasing or we have refundable tax benefits.

Otherwise 40 percent of American companies cannot utilize last year's new investment incentives.

And, rich, profitable companies get richer while the loss companies and their thousands of employees cannot compete on this uneven playing field and they cannot survive.

Revenue loss of safe harbor leasing is quite insignificant in terms of the impact of these companies and their employees going broke and being put out of work.

Further, leasing would continue to go on under the old rules but the buyers of the benefits would get more and the sellers would get less.

So the old system is much more inefficient.

The revenue loss may be the same but the loss companies get less of each dollar sold.

The new safe harbor leasing system is better and more efficient than the old.

Mr. BAKER. Mr. President, I will not take but just a minute. I have an agreement, I believe, with the Senator from Michigan in respect to two amendments. I ask unanimous consent that on two amendments by Mr. RIEGLE that they be considered on a time limitation of 3 minutes on each of the amendments, and 2 minutes for each amendment by the manager of the bill; that there be two 10-minute rollcalls back to back if they are ordered.

Mr. GOLDWATER. Mr. President, reserving the right to object, what does that do to the time?

Mr. BAKER. I am not asking for additional time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. RIEGLE. Mr. President, if I may, I ask for the yeas and nays on the two amendments.

Mr. BAKER. Mr. President, I ask unanimous consent that it may be in order to ask for the yeas and nays on the two amendments with one showing of hands.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GOLDWATER. Parliamentary inquiry.

The PRESIDING OFFICER. Who yields time?

Mr. GOLDWATER. Mr. President, I ask the majority leader if we could not have a morning hour after final passage.

Mr. BAKER. Yes.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the passage of this bill there be a brief period for the transaction of routine morning business not to exceed 10 minutes, in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New Mexico.

UP AMENDMENT NO. 995

(Purpose: To increase funding in function 550, Health, (for the National Cancer Institute).

Mr. DOMENICI. Mr. President, I have an unprinted amendment that I send to the desk and ask for its immediate consideration. This is made on behalf of Senator HEFLIN.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 995.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. METZENBAUM. Objection.

Mr. BAKER. Mr. President, this is the Heflin amendment on cancer.

Mr. DOMENICI. I have another amendment we have agreed to and then we will go to the Riegle amendments and give him the remainder of the time. This is Senator HEFLIN's amendment.

The PRESIDING OFFICER. Is there objection?

Mr. MATHIAS. What is in the amendment?

Mr. DOMENICI. We worked this out on the Cancer Institute and there is no significant add-on to the budget. The distinguished Senator and I have worked on it.

Mr. MATHIAS. Where does the money come from?

Mr. DOMENICI. Under the budget, it is a question of size that when you put it in it does not add anything to the budget.

Mr. MATHIAS. But what does it take away from?

Mr. DOMENICI. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. DOMENICI. I will offer it at the end of the session.

Mr. HEFLIN. It does not take away from anything.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Mr. President, I thank the chairman of the committee. I have two amendments that I will speak to briefly.

UP AMENDMENT NO. 996

Mr. RIEGLE. The first amendment that I am offering would restore the COLA, cost-of-living adjustment, for retired civil service employees and for retired military employees for fiscal year 1983. It would give them the COLA that they would normally get, and it would cap the COLA's at 4 percent in fiscal years 1984 and 1985. The adjustment that would apply for fiscal year 1983 is a 6.6-percent increase. That is somewhat less than the social security recipients will receive. But it provides a comparable cost-of-living adjustment.

Now, the difference between the amendment that I am offering and the one Senator HAWKINS offered earlier is that hers had a defense offset. Mine does not. Mine would not reduce the spending in the defense area in any fashion.

Mr. HART. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senator is correct. We will have order in the Senate.

Mr. RIEGLE. Mr. President, I might quickly say that if we fail to adopt this policy, as Senator NUNN from Georgia and others have said, we leave a tremendous inequity in the budget. We would be responding to the COLA requirements for retirees under social security and under railroad retirement, but we would have omitted those under civil service or the military. They are obviously affected by inflation just as everyone else is.

I think the increase that we are talking about here is a modest one, in light of the number of people affected and the equity that is involved. So I would hope that we could support this.

There are 1.7 million civilian retirees and 1.2 million military retirees. As a matter of fact, these retirement benefits are the only income that many of the people covered do receive. They do not have another source of retirement income. I think they deserve some degree of comparability.

I would just conclude by saying, so there is no question about a possible conflict of interest, that my budget assumption would exclude that COLA adjustment for those receiving congressional pensions. My amendment leaves that out. So we would not be voting for adjustments in pensions for ourselves or for our former colleagues, only for those who are civil service retirees and military retirees.

Mr. HART. Mr. President, the Senate is not in order.

The PRESIDING OFFICER (Mr. HATCH). Will the Senator suspend? The Senate will be in order.

Mr. RIEGLE. I think I have stated the case for this amendment, Mr. President. If there are questions, I would be happy to respond. I think the issue is understood. I would be happy to explain further to anyone who is in doubt.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator will suspend until the clerk reports the amendment.

The legislative clerk read as follows:

The Senator from Michigan (Mr. RIEGLE) proposes an unprinted amendment number 996.

Mr. RIEGLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

UP AMENDMENT NO. 996

On page 2, beginning with line 4, strike out through line 8 on page 3 and insert the following:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1982: $623,000,000,000.
Fiscal year 1983: $668,200,000,000.
Fiscal year 1984: $741,000,000,000.
Fiscal year 1985: $825,000,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $23,200,000,000.
Fiscal year 1984: $39,000,000,000.
Fiscal year 1985: $45,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $835,929,200,000.

Fiscal year 1984: $898,631,700,000.
Fiscal year 1985: $974,534,200,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.
Fiscal year 1983: $785,329,200,000.
Fiscal year 1984: $835,231,200,000.
Fiscal year 1985: $893,834,200,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.
Fiscal year 1983: $117,129,200,000.
Fiscal year 1984: $94,231,700,000.
Fiscal year 1985: $67,834,200,000.

On page 4, beginning with line 22, strike out through line 23 on page 5 and insert the following:

(1) National Defense (050):

Fiscal year 1982:

(A) New budget authority, $216,900,000,000.

(B) Outlays, $190,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $252,300,000,000.

(B) Outlays, $215,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $279,300,000,000.

(B) Outlays, $244,000,000,000.

Fiscal year 1985:

(A) New budget authority, $317,600,000,000.

(B) Outlays, $278,800,000,000.

On page 16, beginning with line 1, strike out through line 4 on page 17 and insert the following:

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000.

(B) Outlays, $251,500,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,800,000,000.

(B) Outlays, $273,700,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $301,500,000,000.

(B) Outlays, $290,200,000,000.

Fiscal year 1985:

(A) New budget authority, $333,600,000,000.

(B) Outlays, $312,100,000,000.

On page 26, strike out lines 6 through 14 and insert the following:

(5) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; to reduce budget authority by $0 and outlays by $367,000,000 in fiscal year 1984; and to reduce budget authority by $338,000,000 and outlays by $1,075,000,000 in fiscal year 1985.

On page 29, strike out lines 15 through 24 and insert the following:

(14) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $8,000,000 in fiscal year 1983; to reduce budget authority by $10,000,000 and outlays by $387,000,000 in fiscal year 1984; and to reduce budget authority by $353,000,000 and outlays by $1,103,000,000 in fiscal year 1985.

The **PRESIDING OFFICER**. The Senator from New Mexico.

Mr. **DOMENICI**. Mr. President, I think it is clearly understood that we, obviously, feel we have done equity and we have accomplished parity as best we can. Those of us who have worked so hard to try to keep the deficits down hope that this amendment will be defeated.

I yield to the distinguished majority leader and I yield back the remainder of my time on this amendment.

Mr. **BAKER**. Mr. President, these votes are stacked, and they will not occur until after debate on the second amendment; is that correct?

The **PRESIDING OFFICER**. Without objection.

Mr. **BAKER**. I understood that had been ordered. Was that not ordered?

The **PRESIDING OFFICER**. That was the order.

Mr. **BAKER**. Mr. President, I am going to make the motion to table, but I ask unanimous consent that it occur in the same sequence back to back.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **BAKER**. Mr. President, I move to table the amendment of the Senator from Michigan, and I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. **RIEGLE**. Mr. President, it is my understanding of the agreement that the vote will be stacked and we will go to the second amendment.

UP AMENDMENT NO. 997

The **PRESIDING OFFICER**. The clerk will report the second amendment.

The legislative clerk read as follows:

The Senator from Michigan (Mr. RIEGLE) proposes an unprinted amendment numbered 997.

Mr. **RIEGLE**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

UP AMENDMENT No. 997

On page 2, beginning with line 4, strike out through line 8 on page 3 and insert the following:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1982: $623,000,000,000.
Fiscal year 1983: $668,200,000,000.
Fiscal year 1984: $741,000,000,000.
Fiscal year 1985: $825,000,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $23,200,000,000.
Fiscal year 1984: $39,000,000,000.
Fiscal year 1985: $45,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $776,700,000,000.
Fiscal year 1983: $823,329,200,000.
Fiscal year 1984: $886,831,700,000.
Fiscal year 1985: $955,634,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,500,000,000.
Fiscal year 1983: $781,029,200,000.
Fiscal year 1984: $826,931,000,000.
Fiscal year 1985: $881,434,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,400,000,000.
Fiscal year 1983: $115,400,000,000.
Fiscal year 1984: $90,400,000,000.
Fiscal year 1985: $60,200,000,000.

On page 4, beginning with line 22, strike out through line 23 on page 5 and insert the following:

(1) National Defense (050):

Fiscal year 1982:

(A) New budget authority $216,000,000,000.

(B) Outlays, $190,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $239,700,000,000.

(B) Outlays, 212,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $267,500,000,000.

(B) Outlays $237,100,000,000.

Fiscal year 1985:

(A) New budget authority, $299,400,000,000.

(B) Outlays, $268,000,000,000.

On page 13, beginning with line 24, strike out through line 4 on page 18 and insert the following:

(10) Education, Training, Employment and Social Services (500):

Fiscal year 1982:

(A) New budget authority, $25,400,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $6,500,000,000.

(E) New secondary loan guarantee commitments, $700,000,000.

Fiscal year 1983:

(A) New budget authority, $26,800,000,000.

(B) Outlays, $27,100,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $27,300,000,000.

(B) Outlays, $27,300,000,000.

Fiscal year 1985:

(A) New budget authority, $27,400,000,000.

(B) Outlays, $27,200,000,000.

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,600,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $80,000,000,000.

(B) Outlays, $80,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,800,000,000.

(B) Outlays, $89,300,000,000.

Fiscal year 1985:

(A) New budget authority, $104,400,000,000.

(B) Outlays, $101,400,000,000.

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000.

(B) Outlays, $251,500,000 000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $282,000,000,000.

(B) Outlays, $273,200,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $301,400,000,000.

(B) Outlays, $289,300,000,000.

Fiscal year 1985:

(A) New budget authority, $333,000,000,000.

(B) Outlays, $310,600,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1982:

(A) New budget authority, $24,800,000,000.

(B) Outlays, $23,800,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $11,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $24,500,000,000.

(B) Outlays, $23,600,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $20,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $25,600,000,000.

(B) Outlays, $24,800,000,000.

Fiscal year 1985:

(A) New budget authority, $26,400,000,000.

(B) Outlays, $26,300,000,000.

On page 21, beginning with line 3, strike out through line 4 on page 22 and insert the following:

(17) Interest (900):

Fiscal year 1982:

(A) New budget authority, $102,000,000,000.

(B) Outlays, $102,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $115,500,000,000.

(B) Outlays, $115,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $120,700,000,000.

(B) Outlays, $120,700,000,000.

Fiscal year 1985:

(A) New budget authority, $114,200,000,000.

(B) Outlays, $114,200,000,000.

On page 30, strike out lines 11 through 20 and insert the following:

(b)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,250,000,000 and outlays by $3,056,000,000 in fiscal year 1983; to reduce budget authority by $1,909,000,000 and outlays by $4,323,000,000 in fiscal year 1984; and to reduce budget authority by $2,539,000,000 and outlays by $5,349,000,000 in fiscal year 1985.

On page 26, beginning with line 24 strike out all through line 7 on page 27 and insert the following:

(7) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $0 in fiscal year 1983; to reduce budget authority by $0 and outlays by $0 in fiscal year 1984; and to reduce budget authority by $0 and outlays by $0 in fiscal year 1985.

Mr. RIEGLE. Mr. President, I think this amendment is a very important one, although it is apparently the last one of this proceeding. This amendment would shift money out of the defense function and into four key domestic program areas that have been severely cut. My amendment assumes a 5-percent real rate of growth in defense spending over the next 3 years. The growth rate is slightly lower than the one that was put forward by the Senator from Kansas earlier, Senator KASSEBAUM.

My amendment would permit defense spending to increase by 5 percent after inflation over the period of the 3 years. That would free up from the defense function, as it is now in the budget, about $18.9 billion in outlays over the 3 years. I would put $14 billion of that back into four major social programs and I would use the remaining $5 billion over the 3 years to reduce the deficit.

One area where I propose to make restorations is in education, training employment, and social services. My amendment would accommodate a partial inflation adjustment for title I handicapped, vocational education, and Head Start.

The second area is in health. It would accommodate some of the medicare and medicaid benefits.

The third is in income security. It would accommodate a limited extended benefits program for unemployed workers in high unemployment States.

Finally, for the veterans, it would restore partial funding needed to retain veterans' health, pension, and compensation programs at current policy levels.

In addition, my amendment would free up some money to reduce the deficits over the 3-year period by a total of $5.4 billion.

Mr. President, I would say on the merits that I am convinced that we can finance our defense needs adequately with a 5-percent annual real rate.

Mr. DOMENICI. May we have order?

Mr. LEAHY. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will suspend. The Senator is correct. Let us have order while a Senator is speaking.

Mr. RIEGLE. I thank the Chair. I think we can finance our real defense needs into the future with a real 5-percent growth in spending net of inflation and restore some funding to these four vital programs that I have listed here, all of which I think are critical to the long-term security, health, and human circumstance in the United States in the future.

I hope that those who have a concern about the balance in the equity in the budget would find that they could support this amendment.

Mr. President, the amendment that I am offering today would make several modest but important changes in the Baker modified budget that is now before the Senate.

The budget resolution in its present form is deeply unbalanced. The main weight of budget cuts fall on those Americans who depend on Federal initiatives in education, health care, unemployment assistance, veterans programs, economic development, housing, and other major national priorities. By contrast, other areas of the budget are still treated like sacred cows. Spending in the defense function is slated to more than double between 1980 and 1985. It would increase by $23.7 billion in 1983 alone.

DEFENSE

Mr. President, many Senators may not know that the basic document from which the Budget Committee worked when it was preparing this budget had a $110 billion increase in defense spending above inflation built into it before we began. For all other functions the Congressional Budget Office projected the amounts that would be needed to adjust to current policies for inflation. For the defense function, however, CBO was asked to project the cost of President Reagan's full request. Those costs added $110.9 billion in budget authority and $60.4 billion in outlays to the amounts needed to fully adjust defense spending for inflation. The modest reductions proposed in committee for defense were actually reductions from a bloated base.

Mr. President, I ask unanimous consent that a table showing the impact of the change in the baseline be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

DEFENSE BURIED IN BASELINE

[In billions of dollars]

	Fiscal year—				Total
	1982	1983	1984	1985	
Original current policy baseline					
Budget authority	216.0	242.2	264.8	283.9	
Outlays	190.1	214.0	238.0	263.3	
Revised full baseline, which shows Reagan defense request					
Budget authority	218.3	264.6	293.3	341.6	
Outlays	190.8	224.2	257.1	297.4	
Increase					
Budget authority	+2.3	+22.4	+28.5	+57.7	+110.9
Outlays	+0.7	+9.5	+17.7	+32.5	+60.4

Mr. RIEGLE. Mr. President, the current budgetary crisis requires that the spending of the Defense Department and all other Federal agencies be subjected to the same rigorous scrutiny. In recent months, however, the Nation's weapons procurement policy seem to have been exempted from that scrutiny. I believe that the Nation's defense can best be protected by maintaining the readiness, operations, and maintenance of our Armed Forces. The security of the United States can, I believe, be effectively and safely maintained with 5 percent annual increases in defense budget authority above the amounts needed to fully adjust for inflation. My amendment would accommodate those increases. It assumes that the operations and maintenance account would not bear the burden of Defense Department savings, as they have in the past.

Almost all of the 5 percent could be achieved in three primary areas of procurement: aircraft, nuclear naval construction, and missiles.

DOD could slow down procurement of the following aircraft: F-15, F-16, F/A-18, A-10, B-1, and AH-64 (helicopter).

One *Nimitz*-class aircraft carrier could be postponed, and one Trident ballistic missile submarine and one nuclear-powered SSN-688 attack submarine could be cancelled.

In addition, the following missile programs could be postponed: Maverick, Pershing II, Patriot, and MX.

EDUCATION PROGRAMS

My amendment would restore some of the funding that is needed to continue the Federal support for title I, handicapped education, vocational education, and Head Start.

The modified budget that is before the Senate would freeze title I funding at the fiscal year 1982 continuing-resolution level, which was itself $600 million below the 1981 level. The freeze could force over 1 million children out of the program in fiscal year 1983. The 3-year freeze would mean about a 40-percent cut.

Last night, by a very close vote of 48 to 51, the Senate rejected Senator HART's amendment, which would have increased budget authority for title I by $200 million. My amendment would provide an even more modest increase.

Vocational education programs are helping States to train and retrain people for new jobs, and helping people avoid falling into the trap of long-term unemployment. More than 17 million young people and adults are upgrading their skills in 19,000 different programs throughout the country.

The Pell grant program helps needy undergraduate students receive a higher education. They help equalize college costs for low- and moderate-income families. CBO estimates that a budget freeze would exclude about 500,000 disadvantaged students from the program. This would come at a time when college tuition is expected to increase 15 percent a year.

The Head Start program offers hope to over 372,000 children. But this is still only about 20 percent of those who are eligible. The President lists Head Start among his safety net programs, but Head Start funding is being strained by deep cuts in other social service programs.

Education for the handicapped programs help States comply with their legal obligations to provide a free, appropriate education for all handicapped children. Many States such as my own State of Michigan are under severe fiscal stress and will not be able to make up for the proposed cutbacks in Federal assistance.

My amendment would provide some relief from the inadequate levels included for these programs in the budget in its present form. The amendment would provide less relief than other amendments to this budget, which have been offered and rejected by the Senate. I ask my colleagues on both sides of the aisle to consider providing at least this level of relief.

The amendment would accommodate about half of the funding increase needed to help these programs keep pace with inflation. It would increase outlays by about $0.1 billion in fiscal year 1983 and $0.4 billion in fiscal year 1984, and $0.7 billion in fiscal year 1985.

MEDICARE AND MEDICAID

The Baker modified budget resolution cuts medicare and medicaid by $23.5 billion in real terms over the next 3 years. Those cuts would come on top of very deep cuts enacted last year by the reconciliation bill. This resolution would impose a patient copayment on hospital days that are currently reimbursed. Current trends would bring hospital charges by 1985 to $475 per day. Therefore, medicare recipients would be expected to pay over $40 per day if they are hospitalized.

Increasing out-of-pocket costs for medicare services would have the same affect as reducing social security benefits for many people. It decreases the money an elderly person has available for basic necessities. But in some ways it may be even more perverse than a social security cut because it reduces income only when beneficiaries are sick and in need of medical services.

My amendment would restore about half of the funding needed to keep medicare and medicaid even with inflation. It clearly does not provide all of the relief that I would prefer, but I hope that my colleagues could provide at least this amount.

SUPPLEMENTAL UNEMPLOYMENT BENEFITS

Mr. President, my amendment would also address the growing needs of America's unemployed workers by accommodating funding for a more limited version of the extended unemployment benefits program introduced by Senator BYRD and cosponsored by myself and other Senators.

National unemployment now stands at 9.2 percent. A full 2-percentage points higher than the 1972 rate of 7.2 percent when the Federal supplemental benefits program was implemented.

America's unemployed workers have had to listen to rosy economic forecasts from various administration officials who claim that high-unemployment rates are necessary for our economic recovery. However, tens of thousands of unemployed workers are being forced into financial catastrophe every day. Thousands are being forced onto welfare programs which are also inadequately funded.

Our Nation's unemployed workers deserve a national response to their plight. This budget should make room for that response, but it does not. My amendment would increase funding for extended benefits in high-unemployment States by $0.2 billion in fiscal year 1983, $0.5 billion in 1984, and $0.1 billion in 1985.

VETERANS

The Baker modified budget is patently unfair to millions of men and women who have served our country.

The budget reported from the committee fell far short of the amounts needed to help veterans programs to stay even with inflation—it fell short by $3.8 billion over the next 3 years. The modified budget restored only $2.1 billion of that shortfall.

This budget could force veterans to have their pensions actually reduced on a monthly basis. Under current law, social security benefits are fully countable as income under the Veterans Pension Act. A veteran's pension benefit is reduced dollar for dollar by the amount of the social security increase. Therefore, veterans, unlike other Americans would not benefit from any cost-of-living adjustment in social security. In fact, veterans would actually lose income on a real basis under this budget because their combined benefits would be frozen and their earning power would be eaten away by inflation. That makes no sense as a policy.

The proposed funding levels could cause thousands of veterans' hospital beds to close, could force 13,000 employees to be laid off, and could force 76 planned nursing homes and hospitals to be canceled.

My amendment restores about half of the funding that is needed to eliminate the funding shortfall and help veterans' programs keep pace with inflation. It would add $0.3 billion in fiscal year 1983, $0.6 billion in fiscal year 1984, and $0.9 billion in 1985.

The changes I propose in this amendment would have the additional benefit of reducing the deficit by about $1 billion in fiscal year 1984 and about $4 billion in fiscal year 1985.

For these reasons, Mr. President, I believe that my amendment is very prudent. I urge my colleagues to vote for it.

Mr. DOMENICI. Mr. President, I yield 1 minute to the Senator from Texas.

Mr. TOWER. Mr. President, this is a very deep cut in budgetary authority and in outlays. It is about $45.2 billion in authority and $20.6 billion below the Budget Committee recommendations for the 3-year period. It is a deeper cut than that proposed by the Senator from Kansas (Mrs. KASSEBAUM), which was defeated 53 to 44.

They are deep cuts that will cripple our modernization program and jeopardize our national security. The amendment was offered in the Budget Committee and defeated 15 to 2. I urge the Senate to defeat the amendment.

Mr. DOMENICI. I yield back any time I have on that amendment.

Mr. BAKER. Mr. President, I move to table the amendment of the Senator from Michigan and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Michigan. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HEINZ. Mr. President, on this vote, I have a live pair with the Senator from Oregon (Mr. HATFIELD). Were he present and voting, he would vote "yea." Were I at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. BAKER. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr PRESSLER), the Senator from New Mexico (Mr. SCHMITT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 47, nays 43, as follows:

[Rollcall Vote No. 151 Leg.]

YEAS—47

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Brady
Byrd, Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Symms
Thurmond
Tower
Wallop
Warner
Weicker

NAYS—43

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Hawkins
Heflin
Hollings
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Mathias
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Heinz, against.

NOT VOTING—9

DeConcini
Durenberger
Hatfield
Huddleston
Melcher
Pressler
Schmitt
Stafford
Stevens

So the motion to lay on the table Mr. RIEGLE's amendment (UP No. 996) was agreed to.

UP AMENDMENT NO. 997

The PRESIDING OFFICER. The question recurs on the motion to table the second Riegle amendment (UP No. 997). The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 61, nays 30—as follows:

[Rollcall Vote No. 152 Leg.]

YEAS—61

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boren
Boschwitz
Brady
Byrd, Harry F., Jr.
Chiles
Cochran
Cohen
D'Amato
Danforth
Denton
Dixon
Dole
Domenici
East
Exon
Garn
Glenn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heflin
Heinz
Helms
Hollings
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Leahy
Long
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Nunn
Packwood
Percy
Quayle
Roth
Rudman
Sasser
Simpson
Specter
Stennis
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—30

Baucus
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Cranston
Dodd
Eagleton
Ford
Hart
Inouye
Jackson
Johnston
Kennedy
Levin
Matsunaga
Metzenbaum
Mitchell
Moynihan
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Tsongas
Weicker

NOT VOTING—9

DeConcini
Durenberger
Hatfield
Huddleston
Melcher
Pressler
Schmitt
Stafford
Stevens

So the motion to lay on the table was agreed to.

Mr. **BAKER**. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. **GOLDWATER**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **HARRY F. BYRD, JR.** May we have order, Mr. President? We cannot hear what is going on.

Mr. **DOMENICI**. Mr. President, I understand that we have 2 additional minutes remaining on this side. Is that correct?

The **PRESIDING OFFICER**. The Senator is correct.

Mr. **DOMENICI**. I yield 1 minute to the distinguished majority leader.

Mr. **BAKER**. Mr. President, I will not take the full minute.

I wish to take this opportunity to congratulate the distinguished chairman of this committee and the ranking member for the role they have played in a difficult debate. They have gone a long way toward defining the role of the budget in the life of the Senate and the Congress and the Country.

I extend my congratulations as well to all of those who participated. It has been a difficult debate. It has been sometimes a heated debate. I think that the Senate has comported itself in an honorable and dignified way and will shortly produce a result of which it can be proud.

Mr. **CRANSTON**. Mr. President, increasingly the budget process, which many of us on both sides of the aisle worked hard to establish in 1974, has become a political shell game.

In the whirl and blur of numbers shrouded in disingenuous explanations, hidden and often inaccurate assumptions, and misleading rhetoric designed to divert attention from what is happening, the congressional budget process is being used as a propaganda tool and little else—not the instrument of fiscal accountability it was designed to be.

And, under Republican Senate rule—in a shortsighted and ultimately hopeless attempt to escape responsibility for the disastrous economic policies of the Reagan administration—this process, designed to let Congress exercise independently its constitutional power of the purse, lies victim to highly partisan manipulation.

Let us take a minute to examine what happened here:

After weeks of highly publicized—but very private—negotiations mostly among Republicans trying to get an ideological President to abandon his unworkable, radical policies, the Senate Budget Committee unanimously voted to reject the Reagan budget recommendations, 20 to 0.

Despite this unanimity, the Great Communicator continued to try to convince the American people that Democrats alone were blocking consideration and acceptance of his budget.

That is simply not true.

Next, by a straight party-line vote, the majority Senate Budget Committee Republicans reported their version of a budget resolution.

This resolution, Senate Concurrent Resolution 92, cut the Reagan spending requests over a 4-year period by $61.5 billion and would raise taxes by more than $75 billion over the same period, as one approach to lopping almost $140 billion off the inordinate deficits resulting from Reagan's proposals.

Senate Concurrent Resolution 92 won the immediate blessing of the Reagan White House as a sensible compromise.

President Reagan himself started a national campaign to find support for it.

Unfortunately, this tragically flawed proposal achieved most of its theoretical spending "savings" at the expense of social security recipients, from whom $40 billion was to be taken.

In addition, under this plan, our aged and needy citizens—often the same ones stung most by the proposed social security cuts, faced additional deprivation from proposed cuts in medicare and medicaid which would deny them some of the limited protection they now have from ever-escalating costs of medical care and hospitalization which can so swiftly wipe out the savings of a lifetime.

Of course, those elderly with adequate wealth to pay medical costs would be relatively unaffected under this Republican proposal.

This is one more example of the bitterly unfair march toward social Darwinism which the policies of this administration and its Republican friends so favor.

And these cuts in life-support benefits for the elderly would have come on top of a budget already unacceptably, unreasonably, and unfairly stacked against the aged, the needy, the vulnerable, and the dependent in our society.

This targeting of the vulnerable—particularly senior citizens—is no accident, Mr. President.

Just look at the tactics the Republican leadership was willing to use to try to prevent a majority of the Senate last night from eliminating the discrimination in this budget against railroad retirees.

Well, Mr. President, the President's short-lived campaign to win support for this compromise failed.

Faced with certain defeat even in this Republican-controlled Chamber, the Republican leadership returned to what they euphemistically called negotiations.

For most of 3 days, the Republican majority leadership of the Senate used dilatory tactics during the statutorily limited time they themselves had selected for consideration of this resolution to prevent any amendments from being offered or considered, and to prevent debate from taking place on this budget resolution. Why?

Solely, Mr. President, for the perceived partisan advantage of making sure that the amendment which eliminated their ill-conceived social security benefit cut from the resolution was offered by the same Republican leadership that had proposed the cut in the first place.

And, again, parliamentary tactics were used to avoid a rollcall vote on this amendment.

Now, I commend the majority leader and the chairman of the Budget Committee and their Republican colleagues who supported this $60 billion in 10 days change of mind for their flexibility, their resiliency, and their political judgment in deciding to accept, if belatedly, the good counsel offered from the outset from this side of the aisle.

But I do not think people will be fooled by the dubious parliamentary tactics.

Our senior citizens understand what the Republican leadership wanted to do to their social security benefits if they could have persuaded more of their colleagues to go along.

And when this latest compromise budget resolution was brought from the closed Republican caucus to this floor and presented as a Budget Committee amendment, though the Budget Committee—which operates under sunshine rules—had never seen it, the White House Deputy Press Secretary Larry Speakes, apparently unperturbed by the $60 billion change from the previously endorsed compromise again praised the new compromise as worthy of support.

That is how eager the White House is to salvage the appearance of victory from this complete rejection, even by the Senate Republicans, of not only the Reagan budget but also the White House endorsed first compromise.

Mr. President, it is a testimonial to the radical extremism of the Reagan administration that after a $130 billion change in the Reagan budget, the resulting budget resolution was still so far from sensible priorities that it could not command a majority even in this Republican controlled Chamber.

It testifies to the cynical contempt with which this administration views ordinary Americans that, failing to take away social security benefits, the White House and Republican Senate leadership would try to claim credit for stopping the effort.

The so-called compromises negotiated in closed Republican caucuses do not even bring this budget resolution into the spectrum of acceptability.

They are merely compromises among varying degrees of right-wing excess.

And the $60 billion swings here and there with the approval of the Budget Committee chairman testifies plainly to the looseness of this resolution.

The deficits in this budget resolution will keep interest rates high.

And high interest rates will throttle economic recovery.

But those deficits are not caused by Democratic efforts like those which the Republican majority has rejected to restore cuts of $310 million over 3 years to feed pregnant women and infants; to prevent 50,000 children over three years from being deprived of access to the Head Start program to save less than $200 million; or to provide $3.1 billion over 3 years to restore full cost-of-living compensation increases for service-connected disabled veterans and their survivors—up to now among the Senate's highest bipartisan priorities—and in the pension program for disabled or elderly impoverished war veterans and their needy survivors.

Those deficits are caused by the unwillingness of the Reagan administration and the Republican Senate leadership to deal adequately with the loss of Federal revenues resulting from the excesses of the Kemp-Roth help-the-rich tax cut, the unwillingness to repeal the safe harbor leasing provisions of the Economic Recovery Tax Act, which permits well-off corporations to avoid taxes, and the excesses of the extravagant, wasteful military budget. None of these excesses have been corrected or even reasonably compromised.

Mr. President, I oppose this resolution.

Mr. **DOMENICI**. Mr. President, I want to thank the Senators for — —

Mr. **HARRY F. BYRD, JR.** May we have order, Mr. President.

The **PRESIDING OFFICER**. The Senator is correct. Let us have order.

The Senator from New Mexico.

Mr. **DOMENICI**. Mr. President, I want to thank all Senators for the assistance they have been in this very difficult matter. With such conflicting views, it is very difficult to put a budget together. I am satisfied that the one we put together and that we are going to vote on shortly, has a good chance of bringing interest rates down, if and when Congress implements it.

It has some very difficult burdens that Congress will have to undertake to carry it out.

I thank my committee for their hard work and, in particular, the staff on both sides for long and hard hours in bringing the resolution to the floor and in their assistance to both sides and all Senators in preparing amendments.

UP AMENDMENT NO. 995

(Purpose: To increase funding in function 550, Health, (for the National Cancer Institute)):

Mr. **DOMENICI**. Mr. President, there is the Heflin amendment that I have at the desk. It has been approved on both sides.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI), for himself and Mr. HEFLIN, proposes an unprinted amendment numbered 995.

Mr. **HEFLIN**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 2 beginning with line 15, strike out through line 21 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,329,200,000 plus $40,700,000.

Fiscal year 1984: $897,031,700,000 plus $38,200,000.

Fiscal year 1985: $972,734,200,000 plus $35,700,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,800,000,000.

Fiscal year 1983: $784,029,200,000 plus $22,000,000.

Fiscal year 1984: $832,831,700,000 plus $36,000,000.

Fiscal year 1985: $890,134,200,000 plus $37,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,800,000,000.

Fiscal year 1983: $115,829,200,000 plus $22,000,000.

Fiscal year 1984: $91,831,700,000 plus $36,000,000.

Fiscal year 1985: $65,134,200,000 plus $37,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,229,200,000 plus $22,000,000.

Fiscal year 1984: $1,420,160,900,000 plus $58,000,000.

Fiscal year 1985: $1,533,395,100,000 plus $95,000,000.

And the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $148,029,200,000 plus $22,000,000.

Fiscal year 1984: $127,931,700,000 plus $36,000,000.

Fiscal year 1985: $113,234,200,000 plus $37,000,000.

On page 15, strike out lines 11 through 25 and insert the following:

(A) New budget authority, $79,529,200,000 plus $40,700,000.

(B) Outlays, $77,629,200,000 plus $22,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,231,700,000 plus $38,200,000.

(B) Outlays, $85,731,700,000 plus $36,000,000.

Fiscal year 1985:

(A) New budget authority, $103,634,200,000 plus $35,700,000.

(B) Outlays, $97,234,200,000 plus $37,000,000.

Mr. **HEFLIN**. Mr. President, the budget resolution now under consideration by the Senate assumes a freeze in funds for cancer research at $966,682,000 in budget authority over the next 3 years. My amendment would add budget authority of $40,700,000 in fiscal year 1983, $38,200,000 in fiscal year 1984, and $35,700,000 in fiscal year 1985, with increases in outlays of $22,000,000 in fiscal year 1983, $36,000,000 in fiscal year 1984, and $37,000,000 in fiscal year 1985.

The amendment I am offering today would simply allow moneys for cancer research to be maintained at the current policy levels for fiscal year 1983, fiscal year 1984, and fiscal year 1985. It is imperative we maintain enough money in the budget to provide for real purchasing power year by year, in order to account for inflation.

A little more than a decade ago, our great Nation declared war on the horrible disease of cancer. However, this war against cancer has not yet been won. Out ultimate goal is to wipe out cancer completely. Unparalleled progress has been made in our battle against cancer, and I believe it is most important we work hard to see that this progress continues.

The great advances we see today in cancer research are largely because of the important work being carried on at the National Cancer Institute of the National Institutes of Health. The overall mission of the National Institutes of Health is to improve the health of the American people. One of the major components of the National Institutes of Health is the National Cancer Institute, which has developed one of the world's greatest cancer programs in expanding existing scientific knowledge on cancer causes and prevention, as well as on the diagnosis, treatment, and rehabilitation of cancer patients. I do not want to see the rug pulled out from under these great research efforts.

As a result of decades of hard work, we see great progress being made toward the prevention and cure of cancer. These sweeping gains show achievements in finding cures for some forms of cancer, gains in survival for many forms, superbly enhanced knowledge of prevention, and solid advances in fundamental areas that will serve as the basis for further improvements in the prevention, diagnosis, and treatment of cancer patients. Because of the training programs sponsored by the National Cancer Institute, the number of doctors who are cancer specialists has gone to about 3,000 today from the small figure of only about 100 during the late 1960's.

Various research facilities throughout the Nation are supported by grants from the National Cancer Institute. In my State, great work in cancer research is being carried on in biomedical and cancer research at the University of Alabama in Birmingham. The Cancer Center at the University of Alabama in Birmingham is regarded as one of the top cancer treatment and research centers in the country, and the number of remarkable research advances and improvements in patient care have taken place at the center.

For example:

First, our scientists were the first to discover that about 20 percent of leukemic children have a disease of primitive antibody-forming cells, the pre-B cell, which requires more aggressive treatment in order to cure the patient; second, our scientists were the first to identify the human natural killer cell, thought to be the normal target for interferon, and to play a key role in the body's destruction of cancer cells. And our scientists at the comprehensive center at the University of Alabama in Birmingham are pioneering the application of a new biophysical technique called "Nuclear Magnetic Renaissance," which should permit an increase in the understanding of how various treatments affect the biochemical workings of a cancer without the need to cut it out or grow it in culture or special laboratory animals. These are just some of the great research efforts being carried on in my State.

I am sure that similar programs are being conducted across the country. In fact, I know that the various talents of the entire Nation are brought together by the programs sponsored by the National Institutes of Health, to find new ways of insuring better health for every sector of America, and for every American.

This is why it is absolutely imperative that we continue to support the important work being done in cancer research. This killer is a disease that knows no class, economic status, race, or sex. It is a horrible disease that can strike anyone. Officials of the National Cancer Institute have estimated that 805,000 Americans will develop some form of cancer this year. Only one of three will survive 5 years or more after treatment. Before so many advances were made in cancer research, only one out of five would survive. This is solid progress. Yet, there is much work to be done. I urge you to help me insure that our important cancer research continues by adopting my amendment.

Mr. HARRY F. BYRD, JR. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct. Let us have order in the Chamber.

The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (UP No. 995) was agreed to.

UP AMENDMENT NO. 998

(Purpose: to modify the date by which Senate Committee on Finance and the House Committee on Ways and Means must report tax increase and entitlement spending cut legislation)

Mr. DOMENICI. Mr. President, I send an unprinted amendment to the desk in behalf of Mr. Dole and Mr. Long. It is a technical amendment changing a date in the reconciliation instruction from June 11 to June 22. In that instance, they have asked that they be allowed that additional time—I think it is reasonable—before we get out of conference. I ask that the amendment be considered at this point.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. Domenici) on behalf of Senators Dole and Long proposes an unprinted amendment numbered 998:

On page 31, line 9, and on page 32, line 9, delete "June 11" in both places and insert in lieu thereof "June 22.".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (UP No. 998) was agreed to.

UP AMENDMENT NO. 999

Purpose: To provide an increase of $135 million over current policy for Federal Law Enforcement Agencies (FBI; Drug Enforcement Agency; Immigration and Naturalization Service, (function 750))

Mr. DOMENICI. Mr. President, the last amendment is an amendment that I offer in behalf of Senators Chiles and Rudman. This, too, has been approved on both sides. The net effect is zero on the budget. It has to do with the law enforcement function. I ask that it be considered at this time.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. Domenici), for himself, Mr. Chiles, Mr. Rudman, Mr. Nunn, Mr. DeConcini, Mr. Bentsen, Mr. Johnston, Mr. Biden, Mr. Hollings, Mr. Thurmond, Mr. Mattingly, Mr. Metzenbaum, Mr. Gorton, and Mrs. Hawkins, proposes an unprinted amendment numbered 999.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

UP AMENDMENT NO. 999

(a) On page 18, beginning with line 14, strike out all through line 2 on page 19, and insert the follwoing:

"Fiscal year 1983:

(A) New budget authority, $4,900,000,000.

(B) Outlays, $4,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $5,000,000,000.

Fiscal year 1985:

(A) New budget authority, $5,100,000,000.

(B) Outlays, $5,100,000,000."

(b) On page 2 beginning with line 4, strike out all through line 1 on page 3 and insert the following:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1982: $623,000,000,000.
Fiscal year 1983: $668,400,000,000.
Fiscal year 1984: $741,400,000,000.
Fiscal year 1985: $825,500,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $23,400,000,000.
Fiscal year 1984: $39,400,000,000.
Fiscal year 1985: $45,500,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $835,629,200,000.
Fiscal year 1984: $897,431,700,000.
Fiscal year 1985: $973,234,200,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,800,000,000.
Fiscal year 1983: $784,229,200,000.
Fiscal year 1984: $833,231,700,000.
Fiscal year 1985: $890,634,200,000.

Mr. CHILES. Mr. President, the amendment would increase the Budget Committee's mark in function 750, which is the law enforcement function. It takes off the freeze on spending in this function which the Budget Committee imposed, and allows for spending at the current policy level over the next 3 fiscal years. That is a cost of $200 million in fiscal year 1983. In addition, it adds $100 million to the function 750 in fiscal year 1983, in order to meet a limited number of top priority needs in the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Immigration and Naturalization Service. So in total, the amendment adds $300 million to function 750 for fiscal year 1983, $400 million for fiscal year 1984, and $500 million for fiscal year 1985.

This small increase is absolutely essential if we are to show the American public that we are serious about trying to fight crime and drug trafficking, and in coming up with an enforceable immigation policy.

Mr. President, a freeze on spending in this function amounts to a reduction in the number of people we put on the streets to fight crime and drug trafficking. The vast preponderance of the budgets of the agencies that are affected by the committee's mark is made up of personnel costs: For FBI and DEA special agents, for INS Border Patrol officials and investigators, for U.S. attorneys and marshals. These are areas we simply cannot afford to cut. If we had some assurance that criminals and drug smugglers were going to freeze their activities at this year's level, or that illegal immigration would remain at this year's level, perhaps the cuts would not appear so bad. But I do not think that we are going to get that type of assurance. In fact, if history is any judge, chances are that crime and drug smuggling will increase, and so will immigration. In short, we simply cannot afford to cut the budgets of our law enforcement agencies. Doing so would be a disservice to the American people.

I would like to take a few moments to look at how we arrived at the budget situation we face today, and to outline some of the reasons why I believe we need to increase our spending in this function.

When the administration first proposed its budgets for Federal law enforcement agencies earlier this year, I was mildly disappointed, but not alarmed. We had heard about a commitment to fight crime, and we all know how serious the crime problem is in America today. Nevertheless, what we got was, essentially, a current services budget. This year's level of effort would be continued next year, but there would be no increases. In fact, in some instances, there were cutbacks that hurt. For instance, the administration's budget called for a reduction of 100 work years for DEA agents. The proposed budget for INS in fact is a reduction in positions from the levels set in 1981. This reduction came in spite of the fact that greater demands have been placed on INS across the board in the last 2 years. And once again, juvenile justice programs were targeted for elimination.

But the most important feature of the administration's proposed budget was what it did not contain, and that was a call for increases in our law enforcement efforts. So when the regulation was considered in the Budget Committee, I offered an amendment to make real increases in our law enforcement budgets. The increases I proposed were relatively modest, in terms of the overall budget picture: An increase of $100 million over current policy. But they were designed to have a real impact on our efforts to fight crime and drug trafficking and to enforce our laws. They called for increases in the manpower and equipment for the FBI, DEA, and INS the FBI increases carried out with the Senate Intelligence Committee's desire to increase our counterintelligence capability and tried to stop the proposed elimination of 120 special agent positions.

The DEA increases are based on recommendations made by the Senate Permanent Investigations Subcommittee, and would increase DEA special agent staffing up to 1979 levels, and help DEA reimburse the military for assistance in antismuggling activities. The INS increases are in line with the staffing levels authorized by Congress last year, and with the increases in manpower levels for the Border Patrol that are set out in Senator SIMPSON's comprehensive immigration reform package.

Unfortunately, the Budget Committee did not see fit to adopt this minimal increase over current services level of effort. In fact, the Budget Committee froze all spending in the law enforcement function at fiscal year 1982 levels, thereby creating a shortfall of $200 million for fiscal year 1983. Of course, the committee's mark also wiped out the $100 million increase above current policy that I had recommended.

Mr. President, I would like to describe just what the Budget Committee's actions mean. And, in doing that, there is one fact which must be kept in mind at all times. Law enforcement budgets, and law enforcement agencies, have one main expense, and that is for people. So when you talk about increasing law enforcement budgets, by and large, you are talking about putting more law enforcement officials on the street. By the same token, when you talk of decreasing law enforcement budgets, and that is what the Budget Committee's so-called freeze effectively does, you are talking about taking law enforcement people off the street. Specifically, it means that DEA would take a cut of $8 million below the President's budget. That cut translates into the layoff of 195 DEA agents, one-tenth of DEA's authorized agent strength. For the FBI, the Budget Committee mark, if implemented, would mean one of two things: Either a decrease of some 550 special agents, or else closing some FBI offices. Neither one of these alternatives is acceptable to me. For INS, the same result would occur. In fact, for INS, the cuts are the most difficult to absorb in terms of enforcing the law. If the FBI and the DEA are cut, you could try to argue that State and local law enforcement officials would nevertheless step in to fill the gap in our fight against crime and drugs. You cannot even try to make that argument about INS cuts. Under the Constitution, the Federal Government and INS have exclusive responsibility and authority to enforce immigration laws and policy. State and local governments cannot get involved in this area, and a loss on the Federal level is a loss that cannot be offset by increased activity on the State and local level. A local police officer would have the authority to arrest a drug trafficker, but he would not have the authority to do anything about illegal immigration.

For these reasons, I believe we need to return spending in the law enforcement function to current policy levels in the years ahead. I have also proposed an increase of $100 million in this budget function, a bare bones increase that could have a big payoff for those interested in fighting crimes. I would like to outline some of the factors which prompted me to push for this increase, and describe what the increase would be used for.

In the same way that cuts in law enforcement budgets translate into staff reductions, increases can be used to increase our law enforcement efforts. We get a big payoff for relatively modest amounts of money because the money is used to put more law enforcement officials on the streets to fight crime and drug smuggling. I have tried to target three agencies where I believe increases are warranted.

For the FBI, my proposal would override the administration's proposal to eliminate 120 special agent slots. I do not know of a single area of the country which claims to be overstaffed with FBI agents. Putting more agents on the street will help fight organized crime and assist the FBI in breaking up drug smuggling rings. Another $15 million would be earmarked to restoring FBI services to those parts of the country where services were curtailed as a result of the Vice President's special task force on crime in south Florida. The task force showed that if the Government was willing to make a concerted effort to stop drug trafficking in an area, by putting the resources needed to do the job in place, the Government would succeed. Drug smuggling has not stopped in south Florida, but there is no question that the dozens of agents from the FBI, DEA, and Customs have made a real difference. However, those agents were assigned to Miami from all across the country, and there is no question that those other parts of the country suffered in their absence. Part of this amendment would give the FBI the funds it needs to restore services to their former levels in other parts of the country.

Finally, part of the increase in the FBI's budget would be used to help in the FBI's counterintelligence activities. The Senate Intelligence Committee has been looking into the need to increase our counterintelligence capabilities, and I understand that the committee plans to recommend increases in this area. Last week, the Permanent Investigations Subcommittee completed a series of hearings on one aspect of counterintelligence, the transfer of high technology items from the United States to Communist countries. Adm. Bobby Inman, the outgoing Deputy Director of the CIA, testified about our inability to prevent these transfers today. We asked him for recommendations to stop this dangerous flow. His answer, and his No. 1 recommendation, was a simple one. It was to get more agents and more people involved in counterintelligence activities. Mr. President, the FBI is charged with responsibility for counterintelligence activities. And if we really are serious about stopping technology transfer and other similar threats to our national security, we will make sure that the FBI has the resources it needs to do the job.

Another agency which I believe needs real increases in resources is the Drug Enforcement Agency. Last month, members of the Senate Permanent Investigations Subcommittee sent a letter to the Director of the Office of Management and Budget.

That letter called for an increase of $26 million above the original request made by the administration. I ask unanimous consent to have printed in the RECORD a copy of that letter.

There being no ojbection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE PERMANENT SUBCOMMITTEE
ON INVESTIGATIONS,
Washington, D.C., April 23, 1982.

Hon. DAVID STOCKMAN,
Office of Management and Budget, Executive Office Building, Washington, D.C.

DEAR MR. STOCKMAN: During November, the Senate Permanent Subcommittee on Investigations held extensive public hearings on international narcotics trafficking. Witness after witness reiterated what is already common knowledge: the United States is losing the battle against narcotics. With this in mind, it became even more disturbing to hear some witnesses discuss anti-narcotics resources and budgets. Narcotics trafficking is an $80 billion per year retail business; its overall cost to society is significantly larger. Narcotics trafficking and profits are directly related to violent crime and economic distortions, particularly in states such as Florida and New York. It is unreasonable to expect the federal government to begin to significantly alter the current chain of events without adequate resources. As members of the United States Senate, we intend to press for these resources. While many of the steps outlined recently by the Department of Justice in the effort to curb narcotics trafficking are to be endorsed and supported, we believe that these measures are shrouded in budgetary shortsighteness. We must therefore take strong exception to the Administration's apparent position that greater success against narcotics can be achieved with the same or less resources.

While there are a number of agencies involved in the federal anti-narcotics drive, the key component organization remains the Drug Enforcement Administration. Simply put, the DEA needs more money to do its job, a job the importance of which cannot be underestimated. Francis M. Mullen, Jr., DEA's Acting Administrator, told the Subcommittee on Investigations that DEA has had "inadequate" resources for many years and that further budget cuts would have an "adverse," and "possibly crippling" effect. We are determined not to let this happen. We are aware that the evolution of the fiscal year 1982 budget process prevents current action on our part. We therefore must turn our attention to the fiscal year 1983 budget process.

The Administration's proposed federal budget for fiscal year 1983 allots $246.945 million for DEA. Under the fiscal year 1982 continuing resolution DEA is currently being funded at an approximate annual level of $231 million. The Administration is therefore proposing an increase of 7 percent, which barely makes up for yearly inflation. Although inflation and required salary increases necessarily dilute funding at the same level for all governmental agencies, it is less palatable and less cost-effective when applied to DEA. DEA requires a real, non-diluted increase in funding, which we initially propose in the following areas:

Personnel: As narcotics trafficking and use increase DEA's full-time positions have decreased, from a peak of 4,365 in FY 1978 to the current level of approximately 3,900. Agents are the life blood of DEA and narcotics intelligence is critical to DEA's mission. We propose additional funding of $16 million for FY 1983 for additional staffing to be divided between operational agents and intelligence analysts. We would also add a proviso that at least one third of this amount be applied to DEA's overseas staffing, and the geographic allocation of this increased staffing be done at the discretion of the DEA administrator.

Domestic marijuana eradication: Domestic marijuana is gaining an increasing share of the U.S. marijuana market and will continue to do so, thereby decreasing the demand for imported marijuana. Even if logistically possible, eradication of foreign marijuana plants will be meaningless unless significant steps are taken to decrease domestic supply. A number of states (e.g., California, Hawaii, Oregon, Georgia) have begun eradication programs and other states have evidenced a desire to do so, but more money is needed, even if costs are shared between the federal government and the state and local entities. DEA;s expenditures in this area during the past few years have been minimal. We would propose additional FY 1983 budget authority in the amount of $4 million to be specifically earmarked for this purpose.

Military assistance: President Reagan signed Public Law 97-86, which includes amendments to the Posse Comitatus Act. These will allow increased military assistance in narcotics interdiction. However, serious concerns were rasised during the Subcommittee's hearings pertaining to the costs to agencies for the DOD assistance. Reimbursable charges are potentially enormous. These costs may be significant and DEA has obviously not made such costs part of their budget expenditures in the past. Unless resources are available to pay for military assistance, the partial repeal of Posse Comitatus in public law 97-86 will be emasculated. We propose the earmarking of $6 million in additional fiscal year 1983 budget authority for this reimbursement purpose.

We have proposed additional funding in three specific areas in the amount of $26 million. Adding this figure to the proposed level of $247 million, which barely accounts for inflationary increases, results in a total figure of $273 million. We feel that this is a minimum acceptable figure for DEA's fiscal year 1983 budget and we intend to express our sentiments in this regard when the fiscal year 1983 budget for the Department of Justice comes before the Senate.

Sincerely,

WILLIAM V. ROTH, Jr.,
Chairman.The Adminetz
WARREN RUDMAN,
Vice Chairman.
SAM NUNN,
Ranking Minority Member.
LAWTON CHILES,
Member.

Mr. CHILES. Mr. President, the letter calls for hiring additional special agents and intelligence analysts, with an emphasis on international efforts to curtail drug trafficking. It also allows for funds to be used for joint programs with the military to track down drug smugglers as they approach our shores, and earmarks funds to be used for drug crop eradication programs here in the United States. In fact, the proposed increases in agents would do no more than to bring DEA's agent strength back to the levels authorized in 1979. I do not believe that we have experienced any sort of drop in drug trafficking since then. Mr. President, those of us who signed that letter, both Democrat and Republican, agreed that this increase of $26 million was the minimum acceptable figure needed to mount a serious fight against drug trafficking.

The final agency where I believe we need to increase our resources is the Immigration and Naturalization Service. By an increase, however, I am merely suggesting that we return staffing to the levels authorized for 1981. We know that immigration programs have not decreased since then. In fact, today, the Senate Judiciary Committee is marking up a new immigration reform bill, a bill that places great emphasis on enforcement of the immigration laws. This bill, introduced by Senator SIMPSON, calls for increases in the staffing level for the border patrol. Furthermore, as I mentioned earlier last year, Congress authorized increases in other areas, such as investigations and inspections. I come from a State which has firsthand experience with the effects of uncontrolled immigration, and I want my colleagues to know that none of us can afford the turmoil and controversy that illegal immigration creates. We may soon have a new law on the books. I want to make sure that we have the resources to enforce that new law. But we do not even have the resources right now to enforce the current law.

Mr. President, what I have laid out may sound ambitious, but, in terms of the overall budget, it costs very little. By the same token however, our failure to act will have serious consequences. It is unrealistic to think that, if we freeze our law enforcement spending, then criminals will freeze their activities at this year's level. They will not, because freezing our spending translates into laying people off, thereby making things easier for criminals. Besides, this Nation's crime problems are serious enough today, at current levels. I am committed to doing something to help fight crime and drug abuse, and to getting a more effective immigration policy in place. I believe that my colleagues share in that concern. The key to showing that we are determined to do something about these problems however, is to make sure our law enforcement agencies have the tools to do the job. That is what this amendment is designed to do. To do otherwise, to accept the Budget Committee's proposal for funding, would be a disservice to the American people. The fight against crime and drug trafficking should be considered part of our national security effort. It is domestic defense, and it is every bit as important to our national security as a strong national defense. We are moving ahead with increases in our national defense. This amendment simply provides that we move ahead with increases in our domestic defense as well.

Mr. RUDMAN. Mr. President, the pending amendment, which I am offering along with Senator CHILES, will add $300 million in budget authority and $200 million in outlays in fiscal 1983 for law enforcement. It includes an offsetting increase in revenues and, therefore, has no impact on the deficit.

Mr. President, the budget resolution assumes a freeze in spending for all domestic discretionary programs. I support that as a general policy, but it is not appropriate for law enforcement. Law enforcement is not comparable to most domestic programs where services can be increased or reduced depending on what can or cannot be afforded.

Law enforcement is our domestic defense. It is a job of the Federal Government which simply must be done. It has been my experience that criminals and drug smugglers do not reduce their activity simply because the Federal Government is having financial difficulties.

The $300 million increase in budget authority is intended to be used in several ways. First, $200 million is required to offset inflation. It is needed to prevent a reduction from the current level of Federal law enforcement activity. I should note that it brings funding to the level proposed by the administration.

Second, the amendment provides for a $100 million additional increase for the Drug Enforcement Administration, the Federal Bureau of Investigation, and the Immigration and Naturalization Service. These funds are to be used for additional DEA and FBI agents, antidrug smuggling operations to be coordinated with the Armed Forces, and additional efforts to combat illegal immigration.

I appreciate the cooperation of the Senator from New Mexico on this amendment. While I recognize that this is an amendment to a budget resolution and that there is no guarantee the money will be used as intended, I can assure my colleagues that I will, as a member of the Senate State-Justice-Commerce Appropriations Subcommittee, work toward that end.

Law enforcement agencies need this money desperately, and I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (UP No. 999) was agreed to.

Mr. HARRY F. BYRD, JR. addressed the Chair.

Mr. DOMENICI. Mr. President, does the distinguished Senator have a question of the Senator from New Mexico?

Mr. HARRY F. BYRD, JR. Mr. President, in lieu of sending an amendment to the desk, which I am entitled to do, which will take a 15-minute rollcall, in lieu of doing that, I ask that I might speak for 4 minutes after third reading and immediately prior to the vote.

Mr. GOLDWATER. I object, Mr. President.

After the vote?

Mr. HARRY F. BYRD, JR. Prior to the vote but I will yeld 11 minutes in favor of the Senator from Arizona if he would grant my request.

Mr. GOLDWATER. After the vote?

Mr. HARRY F. BYRD, JR. Before the vote.

Mr. GOLDWATER. I object, Mr. President. We have been around here too long.

Mr. HARRY F. BYRD, JR. I say to the Senator from Arizona that I am entitled to ask for a rollcall vote, which I will not do, and it will save that time.

Mr. GOLDWATER. OK. Go ahead. [Laughter.]

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOMENICI. There is no third reading.

Mr. HARRY F. BYRD, JR. Mr. President, may we have order? I am going to speak for only a couple of minutes.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HARRY F. BYRD, JR. Mr. President, I cannot vote for this budget resolution for two basic reasons: spending is too high and the deficits are too great.

Under this budget resolution, during the next 3 years and 5 months, the national debt, which today stands at $1 trillion $65 billion, will go to $1 trillion $533 billion—an increase of $468 billion.

Thus, the debt will increase by 44 percent in the short period of 3 years and 5 months. Unbelievable, is it not?

A year ago, under the strong leadership of President Reagan, most of us thought that at long last Federal spending was being brought under control. Such is not the case.

Television commentators and pressure groups have been telling the American people that Government spending has been reduced. This simply is not true.

Not only has spending not been reduced, but also, the rate of spending increases has stayed almost constant.

This budget resolution establishes a 13-percent increase in the cost of Government for the current year. This is only 1 percentage point below the 14 percent increase in spending for the previous fiscal year.

It is true that the budget resolution projects lowered spending increases for fiscal years 1983, 1984, and 1985. But it is also true that the Budget Committee for 3 years in a row, 1980, 1981, and 1982, has consistently underestimated spending—interestingly, by $44 billion in each of those 3 years.

It is also true that the Budget Committee, a year ago, projected an increase in spending for the current fiscal year at 6 percent—and the actual increase turns out to be more than double that: namely, 13 percent. So, obviously one must be skeptical of the projected figures.

I say again I shall vote against this budget because the spending is too high and the deficits are too great.

These huge deficits, which will exceed $100 billion a year for 2 years in a row, and probably for 3 years in a row, will, in my judgment, play havoc with the economy, will force interest rates higher, and will rekindle inflation.

By the end of 1985, under this budget resolution, 30 percent of our entire national debt will have been created during the next 3 years and 5 months.

I shall vote against this budget.

Mr. HOLLINGS. Mr. President, if the Senator will yield me 2 minutes on the same basis, I will save 13 minutes.

I thank the distinguished majority leader and the distinguished chairman of the committee. They have done yeoman work in light of an intransigent President.

I know that you would have a working budget and a working document that would not receive this kind of report card given it by the Senator from Virginia, but he has put it succinctly. For that reason, I am sorry I cannot support the resolution.

GUARANTEED STUDENT LOANS

Mr. BIDEN. Mr. President, I believe it is absolutely essential to the Nation's economic recovery and future technological and economic leadership that we insure the youth of our Nation—our future engineers, scientists, teachers, and businessmen—will have access to higher education. We simply must take full advantage of the most important natural resource this Nation has to offer: the intelligence of our young people.

That is why, Mr. President, I did not support the proposal originally made by the majority on the Budget Committee to slash $2.4 billion from the guaranteed student loan program over the next 3 years; and am pleased that the proposed cut has been wiped out of the resolution we consider here today.

The debate, however, is by no means over. I am aware that legislation incorporating the original Budget Committee proposal has been introduced. For that reason, I would briefly like to examine that proposal.

First, students from families with adjusted gross incomes over $40,000, which could be adjusted depending on the number of children in a particular family, would be ineligible for loans—regardless of any ability to demonstrate need. Students from families with incomes between $25,000 and $40,000 would be limited to borrowing the amount of their "assessed financial need."

Now, Mr. President, we must realize what has been happening to college tuition costs in recent years. When I was an undergraduate at the University of Delaware in the 1960's, tuition was about $320 per semester. Nowadays, according to the college board, the average public institution of higher learning costs $3,873 per year, while the average private university charges $6,885 per year. Times have changed, Mr. President. Working one's way through school is not quite the same task as that which faced students back in the so-called good old days.

Second, Mr. President, the original Budget Committee proposal would have eliminated the in-school interest subsidy; thereby increasing the cost of borrowing to the student while forcing many banks out of the program due to the increase in their administrative workload. The Delaware Post-Secondary Education Commission has informed me that a number of banks in my home State have indicated an intention to drop out of the program if the in-school interest subsidy is eliminated. If this statement is indicative of the feeling in bank board rooms around the country, the result of such a change could well be disastrous.

Mr. President, the Federal Government has already given students plenty to worry about. The Social Security Administration has not bothered to inform most of the affected students of the changes in the social security student benefit enacted in last year's reconciliation bill. The Congress, by delaying action on the urgent supplemental, has held up the $1.3 billion needed to operate the guaranteed student loan program through the rest of this fiscal year. Students, parents and administrators, who need to make decisions on how to finance next fall's education now; have been left in the dark by the uncertainty of government action in these matters. We are not treating the people who are our hope for the future very well.

The Congressional Budget Office estimates that the original Budget Committee proposal, which as I indicated earlier has been offered as a separate bill, could result in 300,000 students dropping out of the program. This comes, by the way, on top of decreased borrowing as a result of changes enacted in the loan program by the Higher Education Act of 1980 and last year's reconciliation bill.

It is impossible to determine, Mr. President, how many of those 300,000 students would be forced to drop out of school completely, or how many would have to transfer to other schools. What is clear is that large numbers of our most intelligent young people will not be able to obtain the education they desire.

Mr. President, we cannot afford to shirk our commitment to the continuing development of a well-educated population. The fulfillment of that commitment is vital to the security of our Nation. It was wise to have removed the cut from the budget resolution, and I hope the Senate will defeat any attempt that might be made later in this session to achieve these cuts through separate legislation.

GUARANTEED STUDENT LOANS

Mr. D'AMATO. Mr. President, ever since the administration forwarded its fiscal year 1983 budget to the Congress in early February, my office has been beseiged with letters, telegrams, and phone calls regarding the various recommendations in the budget. However, none of the proposals in the budget has engendered as much opposition as those relating to student financial assistance. I believe that every Member of this Chamber has experienced in one fashion or another the ground swell of opposition to further reductions in aid to higher education. I had several opportunities to witness the resistance to the student financial assistance recommendations. Almost 2 months ago, I addressed more than 7,000 students who travelled from all parts of this country to register their disapproval with the budget recommendations. In addition, several weeks ago I sponsored a meeting at which many New York State college and university presidents were given the opportunity to explain to officials from the Office of Management and Budget, the Department of Education, and the White House the drastic ramifications of the proposed budget cuts in higher education.

The Senate Budget Committee appropriately rejected the administration's proposals which, among other things, would have eliminated graduate students from the guaranteed student loan and (GSL) program, doubled the origination fee for the loan, eliminated or reduced funding for such vital campus based programs as the supplemental education opportunity grant (SEOG) program, college work study (CWS) program and the national direct student loan (NDSL) program. However, the committee did in its budget bill recommend two changes in the GSL program which I believe would have had a serious negative impact on the future of higher education in this Nation. I speak of the proposals to place an absolute income eligibility ceiling on the GSL program of $40,000 and the elimination of the in-school interest subsidy which is found in the budget bill. The first change would have precluded families with incomes of $40,000 and above from receiving GSL's even if they could demonstrate need. The other change would have forced students to borrow additional moneys to cover the interest which accrued while they were in school, thereby increasing a student's overall indebtedness dramatically.

From the outset I have expressed my opposition to further reductions in aid to higher education. I firmly believe that education is vital to both our domestic well-being and national security. I, therefore, cosponsored Senator STAFFORD's amendment which would have restored funding for the GSL program. I am very pleased therefore that the Senate has achieved a new budget compromise which incorporates the Stafford amendment. Sufficient funding has been restored to the GSL program so as to make the $40,000 income eligibility provision and the elimination of the in-school interest subsidy unnecessary. I commend the majority leader and the chairman of the Budget Committee for forging a new compromise which leaves the guaranteed student loan program, a program which is so important to middle-income families in particular, intact.

The State of New York offers a dramatic example of the dramatic impact of the proposals to place a $40,000 absolute income ceiling on the GSL and eliminate the in-school interest subsidy. Currently, 460,000 New York State students receive GSL's. If the proposals were adopted, the New York State higher education services corporation has estimated that over 25 percent of those receiving loans would have their loan either denied or reduced in the future. It is also estimated that anywhere from 10 to 15 percent of these students would have to shift enrollment from independent college and universities to the State university system. The State system is not capable of accepting such a massive influx of students. To do so, the State would have to raise taxes by more than $184 million. It simply cannot do so in this economic environment. The result will be, therefore, that certain students would be denied access to higher education.

The elimination of the in-school subsidy, which has been described by many as the "heartbeat" of the GSL program, would have resulted in many banks refusing participation in the program. The Budget Committee's proposals would have required banks to make expensive administrative and processing changes which would have made it uneconomical for many to continue extending loans. In addition, the removal of the interest subsidy would have created serious cash flow problems for smaller banks in particular which use this subsidy to make additional loans.

Last year the Congress adopted radical changes in the guaranteed student loan (GSL) program, changes which are estimated to save over $5.6 billion through 1986. Now, families with incomes of $30,000 and over must demonstrate need before they can receive GSL's. They are still eligible for these loans if they have the requisite need. In addition, a 5-percent origination fee was placed on the GSL program. The point is that the GSL program has taken its fair share of the budget reductions and must not be reduced further.

I believe that the restoration of funding for the guaranteed student loan program and the recent action of the Appropriations Committee, of which I am a member, to provide $1.3 billion in supplemental funding for the GSL program will send the appropriate signal to all Americans that the Congress is committed to offering each student of this Nation access to a quality education regardless of family background and wealth. We must continue with the business of carefully reviewing the budget and reduce Federal deficits. This will have the effect of reducing interest rates and turning this economy around. Additionally it is worth noting that reducing interest rates will in and of itself drastically reduce the cost of the guaranteed student loan program. The interest paid to the lending institutions is directly tied to the interest rate on the 91-day Treasury bill. Each decline in that rate reduces the cost of the GSL program by $200 million. The way to reduce the cost of the program, therefore, is to reduce interest rates. I look forward to working with my colleagues in an effort to do just this.

GUARANTEED STUDENT LOAN PROGRAM

Mr. BURDICK. Mr. President, I am very pleased that funding has been restored in the budget resolution for the guaranteed student loan program. The threatened loss of Government support for this most successful of all student aid programs has created great unease throughout the country. I have heard from literally hundreds of North Dakota students and their families about it, as well as from the higher education community itself.

Our colleges and universities must be available to talent, commitment, character and intellectual ability of the highest quality, and to all races, creeds, backgrounds, levels of society and parts of the country. They must provide an opportunity to those who would otherwise have none. The proposed cutback in the guaranteed student loan program presents a serious threat to that opportunity for millions of students across this country.

As the president of Yale University said:

> We should remember that we have become what we are in large part because of two strands in our history—public commitment to excellence in education, and a commitment to public excellence through education.

History has shown these commitments to be the most valuable investment in the formulation and development of our modern and highly productive society. Let us not today lose sight of this historical lesson by reducing our commitment to education. Rather, let us reconfirm our goal of a public excellence through education by restoring that ingredient so vitally necessary for our students to pursue their educational aspirations.

The proposed elimination of the in-school interest subsidy would have cut out the heart of the guaranteed student loan program. It would have had the dual effect of forcing students to discontinue their education, and driving lenders out of the program because of the increased risk of financing the in-school interest, as well as requiring repeated refinancing of student loans for those who wish to prolong their education.

In short, Mr. President, further cuts in the guaranteed student loan program at this time could render it ineffective.

Last year we imposed restrictions on the program that have resulted in substantial savings as well as a reduced participation. However, we have not even been through one complete cycle with these revisions in effect, and their full impact has not been realized. I believe that we should continue the program in its current form for a period of time before further revisions are made.

It is for these reasons that I am today expressing my approval of the restoration of funding for the guaranteed student loan program.

GSL PROGRAM

Mr. BRADLEY. Mr. President, I am pleased that my colleagues on the other side of the aisle have belatedly recognized the importance of restoring funding for the guaranteed student loan (GSL) program. Both the administration's proposal and original recommendation of the Senate Budget Committee would have devastated the GSL program with a resulting negative impact on the Nation. The minimal budget saving would have done little to reduce our swollen budget deficits but would have done much to eliminate educational opportunities for the students who are the leaders of tomorrow. Insuring a strong future for our Nation requires that we support higher education for our citizens. As has been said, "if you think education is expensive, try ignorance."

Further cuts in the GSL program are shortsighted. The GSL program has already been substantially scaled back in the last year. Then the Budget Committee sought to penalize graduate and undergraduate students by eliminating the in-school interest subsidy and by prohibiting loans to families with incomes above $40,000. Many banks have indicated that these changes would cause banks to reevaluate their participation in the program.

I would like to share with you the comments of New Jersey's Chancellor of Higher Education describing the profound impact of the Reagan proposal on higher education in New Jersey:

> New Jersey, as the fourth highest per capita income state, would be profoundly affected by the passage of this proposal. Families exceeding this income would be severely restricted in receiving financial assistance. During a period of four months beginning October 1, 1981, 368 loans were made under present need analysis rules to students whose family incomes exceeded $40,000, but who showed documented financial need to attend college. This represented approximately 5 percent of 7,239 loans made during this period, but these statistics are skewed in favor of lower income families, since most students in the traditional admissions calendar were able to obtain a loan before the October 1 deadline, when family income was not reported. I think it is fair to predict that this proposal, if adopted, would eliminate 15 percent of the student population who have depended on this source as a needed means of financing their education.
>
> For those students who would qualify under Senator Domenici's proposal, the interest subsidy would be added to the principal of repayment. For instance, a freshman who is eligible for the maximum loan of $2,500 would create an indebtness of $3,400 (principal plus interest subsidy for in-school period at 9 percent times $2,500 for four years). For lenders this concept amounts to replacing a Guaranteed Student Loan Program with a Guaranteed Discounted Note Program. The borrower would owe the lender $3,400 but would only receive $2,500.

Chancellor Hollander offered the following data to demonstrate the effect of the restrictions imposed last year on GSL activity for a comparable 7-month period in 1981 and 1982:

	Fiscal year 1981—		Fiscal year 1982—		Percent and direction of change	
	Students	Loans	Students	Loans	Students	Loans
October	15,225	34,495	12,469	$28,818	-18	-16
November	6,566	14,463	4,044	9,135	-38	-37
December	7,197	15,231	3,386	6,977	-53	-54
January	8,334	16,895	3,055	6,117	-63	-64
February	6,264	12,253	3,743	7,171	-40	-41
March	5,547	11,252	4,190	8,453	-24	-25
April	3,784	7,611	1,979	4,198	-48	-45
Total	52,917	$112,210	32,866	$70,869	-38	-37

These are times when we must make difficult choices. But if we are truly concerned about achieving economic growth we cannot neglect the need for a trained and educated work force. The question is not whether we have enough money to educate our children. The question is whether we choose to spend it.

If left unchanged, the proposed budget will deprive hundreds of thousands of students of higher education. And that would be a grave loss to America's future. Federal support of higher education is a sound financial investment which insures a profitable return for society at large. It is important to note that college graduates pay more taxes than those who did not graduate from college. The college graduate earns on the average, over $7,500 more per year than does the high school graduate. The college graduate also has a better chance of being employed.

Improved education and the opportunity for a higher education are important ingredients of increased productivity and our economic recovery.

If America is to meet the challenge of the future it must develop its youth through education. Federal financial aid to higher education must not suffer because of the necessity of achieving deep reductions in Federal spending. The price is simply too high. And I am pleased that my Republican colleagues have come to recognize that.

MEDICARE-MEDICAID CUTS

Mr. CHAFEE. Mr. President, I note the presence of my colleague from Kansas, the chairman of the Finance Committee. Would the Senator answer a few questions about medicare and medicaid. Senator DOLE, it is my understanding that the present budget resolution would require savings of $4.7 billion in medicare and medicaid in fiscal year 1983, $7.1 in fiscal year 1984, and $8.5 in fiscal year 1985. This is $1.2 billion less in savings in fiscal year 1983, $2 billion less in fiscal year 1984, and $3 billion less in savings in fiscal year 1985 than the original budget resolution reported by the committee would have required.

Is that correct?

Mr. DOLE. The Senator is correct.

Mr. CHAFEE. Mr. President, I am concerned about the level of cuts which this would require on medicare and medicaid beneficiaries, and I do not think this level of cuts is acceptable. Do you share my concern?

Mr. DOLE. Mr. President, I share the concern of the Senator that the medicare and medicaid savings currently in the resolution are too high.

Mr. CHAFEE. Specifically, I am troubled by proposals that would require greater out-of-pocket expenses for medicare and medicaid recipients, in the form of premiums or copayments. I am also troubled by the prospect of States having to reduce services as a result of a loss of funds for their medicaid programs. I would be hard pressed to support measures which would have such an effect.

Mr. DOLE. Mr. President, I too am concerned about increasing out-of-pocket expenses and think the emphasis of our work in the Finance Committee ought to be to find ways to effect savings with a minimal impact on beneficiaries.

Mr. CHAFEE. I ask the Senator, are not there many actions we can take in the Finance Committee with regard to medicare and medicaid which will allow us to make savings without any direct impact on beneficiaries? For instance, cannot we restructure our reimbursement system so that providers will be paid in a more efficient manner, so that there will be some incentives to save money in the medicare program?

Mr. DOLE. We should certainly examine any proposals which would increase efficiency and encourage more appropriate use of medicare funds.

Mr. CHAFEE. Is the level of cuts in the present resolution acceptable to my colleague from Kansas? And does he think that the level presently in the Senate budget resolution will hold up after the conference with the House? If not, what is an acceptable level of cuts?

Mr. DOLE. The Senator from Kansas is not enthusiastic about making the level of cuts in the medicare and medicaid programs that the Senate budget resolution would require but I believe these numbers represent a good negotiating position. The House Budget Committee proposal seeks savings of $2 billion in 1983, $3.2 billion in 1984, and $4.8 billion in 1985. I would hope and expect that we will emerge from the conference with figures closer to $3 to $4 billion in 1983, approximately $5 billion in 1984, and somewhere in the range of $6 billion in 1985.

Mr. CHAFEE. Would it be the intention of the chairman of the Finance Committee then to seek to protect beneficiaries from cuts, and to seek equitable ways of making savings?

Mr. DOLE. I would expect the committee to seek out the most equitable means of reducing program growth. Clearly, it is my intention to protect the beneficiaries from unreasonable increased out-of-pocket expenses.

Mr. CHAFEE. I would look forward to working with the Senator to find innovative and sensible ways to control growth in the medicare system without hurting beneficiaries, and to protect medicaid beneficiaries from further cuts.

AGRICULTURE

Mr. EXON. Mr. President, I shall take a few moments to discuss the agriculture function of the budget. The Budget Committee has not had an opportunity recently to discuss priorities of agriculture, and there has been no mention of this most important subject as yet during the floor debate on the 1983 budget resolution.

During the Budget Committee's markup session, I was prepared to offer some agriculture options for the consideration of my colleagues on the Budget Committee. Under the procedures we used, however, it was not possible to talk about the needs of agriculture until the overall budget priorities had already been decided. Because of this procedure, I have waited until this moment to express my thoughts on the very serious situation facing American agriculture.

Before discussing the specific ideas I have on the agriculture budget, I thank the chairman of the Budget Committee, the distinguished Senator from New Mexico, for holding a special Budget Committee hearing earlier this year on the crisis which many of our country's farmers and ranchers are facing today. The testimony that our committee took was among the best I have heard in the 4 years that I have been in the Senate. Testifying before our committee was our friend and former colleague, Henry Bellmon, the former Senator from Oklahoma. Those of us who served with Henry Bellmon know of his integrity and credibility. Our friend retired from the Senate to return to his farming operations in Oklahoma, but he came back to tell our committee that there are fundamental problems facing agriculture in this country. I commend his testimony to my colleagues.

Mr. President, there are many problems facing agriculture today. Some of these problems are shared by other segments of our economy which are also sensitive to high interest rates. Indeed, farmers are hit very hard by high interest rates since many farmers must finance their operations with borrowed money, paying their loans when their agricultural products are sold. But farmers also face other economic hurdles besides record high real interest rates. The value of farmland, against which many farmers borrow, has dropped precipitously in some parts of the country. The inadequate farm bill passed last year by Congress has established loan and target prices for some commodities at unrealistically low prices. Natural gas deregulation will increase greatly farmers' cost of production, as natural gas is an important component of many agricultural fertilizers and chemicals, and it is also used by many farmers for irrigation. But perhaps most dismaying of all is the export outlook for the decade of the 1980's. The high interest rates in this country have caused the dollar to rise against nearly all foreign currencies, making our agricultural exports prohibitively expensive. The delay in reopening negotiations with the Soviet Union has also dampened farm export prospects.

I do not stand on the floor of the Senate today to tell my colleagues I know exactly what must be done to help agriculture. I believe it is clear, however, that certain measures should be taken by Congress to alleviate some of these problems. Specifically, I believe that the 1981 farm bill should be revised, that storage facilities should be expanded, that export assistance should be increased, and that the economic emergency loan program should be activated.

At this point I ask unanimous consent to have printed in the RECORD four specific proposals which I believe Congress should adopt.

There being no objection, the proposals were ordered to be printed in the RECORD, as follows:

EXON AGRICULTURE OPTIONS

REVISE THE 1981 FARM BILL BY ADOPTION OF TITLE II AND III OF S. 2033

This option would provide for the setting of loan and target prices for wheat and feed grains at those levels approve by the Senate Agriculture Committee when reporting S. 884, the Food and Agriculture Act of 1981, to the floor of the Senate in May of last year. Title II would raise target prices for wheat from $4.05 to $4.20 in 1982, from $4.30 to $4.40 for 1983, from $4.45 to $4.60 for 1984 and from $4.65 to $4.80 for 1985. This option would not change wheat loan levels. Title III would raise target prices for corn from $2.70 to $2.80 for 1982, from $2.86 to $2.95 for 1983, from $3.03 to $3.10 for 1984, and from $3.18 to $3.25 in 1985. The loan levels for corn from 1982 through 1985 would be set no lower than $2.60 per bushel compared to the current $2.55. The loan and target rates for other feed grains would be set by the Secretary in relation to the rate at which payments are made for corn. Changes from the CBO baseline as calculated by CBO for this option:

Fiscal year 1982		Fiscal year 1983		Fiscal year 1984		Fiscal year 1985	
BA	0	BA	0	BA	0	BA	0
			0.3		−0.2	0.7	−0.2

BA = Budget authorization
0 = Outlay

INCREASE THE STORAGE FACILITY LOAN PROGRAM BY $50 MILLION

In order to meet the growing needs of loans for on-farm storage for farmers who want to enter the 1982 farm program, providing an additional $50 million is a modest amount in light of the critical shortage of both on-farm and commercial storage brought on by low export demand and a huge 1981 carryover of grain. The current program has an artificial ceiling of $50 million placed on it by USDA, even though Secretary Block acknowledged before the Senate Budget Committee that he has authority to increase the level to accommodate demand. This option would recognize that the current $50 million level is inadequate and allow more farmers to enter the farm program.

Fiscal year 1982		Fiscal year 1983		Fiscal year 1984		Fiscal year 1985	
BA	0	BA	0	BA	0	BA	0
			0.1		0.1		0.1

BA = Budget authorization
0 = Outlay

INCREASE EXPORT ASSISTANCE

There are two options for increasing agricultural exports. One is to make up to $1.0 billion available to the Export Credit Revolving Fund. However, this would add substantially to 1983 outlays. A second option, which would accomplish the same goals, is to use interest subsidies. This procedure would require no adjustments to the 350 mark since costs would be under $50 million and would be offset by savings due to smaller farm deficiency payments.

Fiscal year 1982		Fiscal year 1983		Fiscal year 1984		Fiscal year 1985	
BA	0	BA	0	BA	0	BA	0
	(1)		(1)		(1)		(1)

(1) Less than $50 million.
BA = Budget authorizations
0 = Outlays

MAKE $600 MILLION AVAILABLE FOR THE ECONOMIC EMERGENCY LOAN PROGRAM

The Economic Emergency Loan Program is authorized by the 1981 Farm Bill, and can provide emergency operating loans to farmers through the Farmers Home Administration. The Administration has not funded this program despite the fact that farm income is at the lowest since the Great Depression and foreclosures are increasing dramatically.

Fiscal year 1982		Fiscal year 1983		Fiscal year 1984		Fiscal year 1985	
BA	0	BA	0	BA	0	BA	0
	0.1		−0.1				
TOTAL EXON OPTIONS							
	(1)		0.3		−0.1	0.7	−0.1

[1] Less than $50 million

Mr. EXON. Mr. President, I prepared these options, and asked the Congressional Budget Office to cost them out, prior to the Senate Budget Committee's markup sessions. Because of the way that the budget was developed in committee, there was no opportunity to discuss the needs of agriculture in the contest of other budget priorities.

The cost estimates which the Congressional Budget Office has assigned to these four options may now be somewhat out of date because of changed conditions. I believe, however, that the cost estimates are still reasonably accurate.

Allow me to take just a moment to discuss these agriculture budget options. First, I believe that the level of loan and target prices for wheat and feed grains which were established by the Senate Agricultural Committee when it reported S. 884 last summer were adequate, even if not ideal. As you remember, the Reagan administration opposed the farm bill as it came out of committee, and loan and target prices were lowered for wheat and feed grains prior to final passage. It is now recognized in both the House and Senate, by Members on both sides of the aisle, that intervention of the Reagan administration, and its successful efforts to break up the traditional farm coalition, have resulted in inequitable treatment for wheat and feed grain programs and have resulted in a most inadequate Federal farm policy. Several pieces of legislation have been introduced in both the House and the Senate to make major changes in the 1981 farm bill. Such legislation, if passed, would result in savings in some areas and additional expenditures in others. It is very difficult to determine at this time exactly what the will of Congress is going to be on these matters, but I would hope that the cost of the revisions that I am suggesting here could be accommodated within the budgets which are outlined in the budget resolution which is before us.

The second option which I believe needs to be adopted is to increase the storage facility loan program by a minimum of $40 to $50 million. Actually, this change could be accomplished by the Secretary of Agriculture without any further action by Congress. Despite the fact that there is a critical shortage of both onfarm and commercial storage brought about by low export demand and a huge 1981 carryover of grain, the U.S. Department of Agriculture has capped this loan program at $50 million. When Secretary Block was before the Senate Budget Committee earlier this year, I asked him if he recognized that he had the authority to increase this badly needed storage facility loan program. The Secretary admitted that he did have this authority, and I greatly regret that the Secretary has not used the authority that Congress has already given him to allow more loans for onfarm storage. Without adequate onfarm storage, farmers will be reluctant to enter into other Government programs which seek to limit production. If the Department of Agriculture would use the authority it currently has, this could actually help reduce the agriculture budget in the future since additional storage could help take wheat and feed grains off the market, thus raising prices and lowering the deficiency payment liability of the Federal Government.

I hope Congress will agree and make room in the agriculture budget for an additional amount of storage facility loan money.

I am also disappointed that the President has not proposed any funding for the export credit revolving fund, which was established by legislation last year. The need to increase exports during the coming decade cannot be overemphasized. During the 1970's agriculture exports not only helped farmers, but greatly assisted our country's overall economy. Had it not been for agricultural exports, our country's balance of trade deficits in the 1970's would have been devastating. During the 1970's our country imported huge amounts of costly imported oil, and the negative effect of this on our balance of trade was offset in part by our country's food producers and exporters. The export outlook for the 1980's as I have already indicated, is not bright.

In revising our programs this year, I believe it is necessary either to fund the export credit revolving fund or develop an alternative program of interest subsidies in order to make our agricultural exports competitive in world markets. Interest subsidies are used by many other countries against which we are competing. Interest subsidies are already used for many of our own country's industries through the Export Import Bank. Interest subsidies will soon be passed into law, in all probability, for the housing industry in this country. Agriculture exports, which are so important to both our farmers and our country's overall economic health, must be given equal consideration.

Fourth, I believe that the economic emergency loan program should be funded. This program can provide emergency operating loans to farmers through the Farmers Home Administration. This program needs to be reauthorized and adequately funded.

Just a few days ago, the distinguished Senator from Montana, Senator Baucus, and I introduced in the Senate the Farm Crisis Act of 1982. This legislation touches on many of the same programs and options which I have identified here today. Similar legislation has been introduced in the House with bipartisan support. This is a bill which is badly needed to correct the serious oversights on the 1982 farm bill.

The Congressional Budget Office has done a preliminary cost estimate of the Farm Crisis Act as it was introduced in the House. As my colleague from Montana has previously reported to this body, the bill would actually save money over the next 3 years, even though it would increase both budget authority and outlays in 1983. Likewise, the options I have listed here are estimated to have some cost impact for 1983 but there would be savings in 1984 and 1985.

At this point, I ask the distinguised chairman of the Senate Budget Committee what he believes the situation is with regard to the function 350 agriculture budget. It is my hope that some or all of the options which I have outlined here, and some of the features of the Farm Crisis Act, could be accommodated within the budget as it now stands. What are the chairman's thoughts in this regard?

Mr. DOMENICI. I thank the distinguished Senator from Nebraska for his remarks. I, too, am seriously concerned about the state of American agriculture. Most of us have heard farmers complain of high interest rates and the resulting high costs of producing farm commodities. Farm prices are also affected by high interest rates. Our grain and other exports decline with the rising value of the dollar overseas, which is, in part, a result of our high interest rates. Thus, our farmers have a tremendous stake in our efforts to reduce Federal spending and borrowing and will be among the first to reap the benefits of a stronger economy if we are successful.

The budget resolution does not determine the specific mix of farm programs or any other type of programs. These must be set by appropriations and other legislation. The outlays in the budget resolution for the agriculture function are nearly $24 billion in fiscal years 1982 and 1983. This is over 70 percent higher than any 2-year period in history. In this light, I agree with many of the proposals outlined by Senator Exon and feel that adjustments can be made within the totals in the agriculture function to accommodate some of these.

REVENUE RECONCILIATION

● Mr. DOLE. Mr. President, the Senator from Kansas would like to ask the distinguished manager of the bill whether revenue increases that result from increases in the number of Internal Revenue Service agents will count against the $107.2 billion in new revenues that are in the reconciliation instructions.

Mr. DOMENICI. In my opinion, the answer to the Senator's question is yes. The full Senate is, of course, the judge of whether a committee complies with its reconciliation instructions.●

SOCIAL SECURITY SYSTEM

● Mr. HATCH. Mr. President, the social security system has proven to be one of the most popular programs ever enacted by the U.S. Congress. Millions of people are dependent upon it. Millions more look forward to relying on this program. With so many people both now and in the future coming to rely on the social security system, we have a moral obligation to future and present beneficiaries of the social security system to do what is necessary to protect the soundness of the trust funds. Make no mistake about it; we face nothing less than the insolvency of the trust funds. It would be cruel, indeed, to ignore this problem. The most authoritative projections show that the combined OASDHI trust funds will become insolvent next year if we do nothing.

The Senate Budget Committee resolution assumed some action to preserve the solvency of the trust fund and this is a legitimate action, but some who would distract the Congress from adopting a sound overall fiscal policy have used the issue as a red herring, so I would endorse an elimination of the trust fund from our present considerations.

Up until 1970 the combined social security trust funds always had reserves on hand at the beginning of the year equal to or greater than total obligations for the year. Since 1970 and the subsequent dramatic increases in benefits, the trust funds have been running annual deficits with steadily dwindling reserves. Now we reach a point at the brink of insolvency where reserves equal 18 percent of annual liabilities or just over 2 months' worth of payments. Once reserves dip below 15 percent, which could happen next year if no action is taken, the trust funds are technically insolvent and cannot be expected to pay full benefits on time.

I support the necessity of solvency measures to be recommended by the National Commission on Social Security Reform. These are dictated by our moral obligation to the participants in the social security system. These measures will presumably constitute the minimum necessary to maintain fiscal soundness of the trust funds. Is it fair to today's workers to require them to pay higher taxes into the system, only to find out later when they retire, that the system is dry? Is it fair to older people to ignore their fears for the soundness of the system? Where would such irresponsibility end? We must attend to the justified claims of all participants, present and future, in the system.

The solvency problem of the system is, in a sense, a reflection of the whole budget problem. We see now with unmistakable clarity that business as usual both for the social security system and for the economy at large is no longer good enough. Just as we are faced today with the necessity of strengthening the economy, so we are faced soon with the necessity of doing something to strengthen the social security system.

The social security system, however, was established on the basis of earmarked funds to insure its financial independence, specifically to insulate the social security trust funds from being used for any other purpose than to pay out benefits. Accordingly, it may be best to separate the system from the budget in order to affirm that we have no intention whatsoever of balancing the whole Federal budget on the backs of social security recipients.●

DOMENICI MODIFICATION OF BUDGET RESOLUTION TO GRANT 4-PERCENT COMPENSATION COLA'S AND TO EXEMPT CERTAIN DISCRETIONARY VA ACCOUNTS

Mr. SIMPSON. Mr. President, I do want to express my support for that portion of the budget resolution, as modified, that sets functional totals for veterans benefits and services. Of the $1.3 billion that the original form of Senate Concurrent Resolution 92 would have reduced from the function 700 totals recommended in March by the Senate Veterans' Affairs Committee, I want to clearly note that the modifications now before us would restore approximately $0.6 billion in fiscal year 1983 budget authority in the following manner: Exempt from the freeze on nondefense discretionary spending the VA medical care account, the medical and prosthetic research account, and the general operating expenses account (GOE); and in addition provide a 4-percent cost-of-living increase for all recipients of VA disability compensation rated at 70 percent or above.

Mr. President, when the administration presented its budget for the Veterans' administration to the Congress on February 8, I noted with considerable interest the fact that that budget proposed increased budget authority of $867 million and increased budget outlays of $222 million over fiscal year 1982 appropriation levels.

During my period of over 3 years as a member of the Senate Veterans' Affairs Committee—and especially during the past year as chairman of that committee—I have again affirmed my longstanding appreciation for the sacrifices this Nation's veterans have made for our country, and I have a more significanlly informed awareness of the many invaluable VA programs designed to benefit the most deserving veterans. Over the years these veterans have answered when our Nation called them to serve. The freedoms that we, and indeed much of the rest of the free world, enjoy today are enjoyed because of the service they rendered. We owe much to these veterans—and in particular, those among them injured in the service of their country.

This country, over the years, Mr. President, has answered this obligation through the efforts of the Veterans' Administration. In particular, it has supported the veterans health care system, a system of some 172 hospitals, 228 outpatient clinics, 106 nursing homes, and 16 domiciliaries. In addition to caring for the medical needs of veterans, this system, through affiliation with medical schools throughout the country, has been an important adjunct to medical education in America. And, since the recent passage of S. 266, the Federal Interagency Medical Resources Sharing and Coordination Act of 1981, enacted into law as Public Law 97-174, the veterans' health care system has functioned as the primary backup to the Department of Defense for the treatment of wartime casualties. Veterans medical programs account for $7.5 billion, some 32 percent of the Veterans' Administration appropriation request for fiscal year 1983.

In addition, to those 2,290,400 veterans injured in service, this Nation pays a disability compensation averaging $3,368 per year based upon the degree of disability. Some 820,000 veterans defined as in need who served during wartime receive a pension averaging $3,218 per year. Programs for these veterans and their survivors constitute 62.6 percent of the VA's fiscal year 1983 appropriations request. The general operating expenses of the Veterans' Administration constitute 2.9 percent of that request and represent the administrative cost for compensation, pension, and a broad range of other veterans' benefits. The Veterans' Administration construction program, representing some 2.5 percent of the fiscal year 1983 appropriations request, primarily meets the needs for modernization of the veterans' health care hospital, clinic, nursing home, and domiciliary system.

Mr. President, last year the Senate Veterans' Affairs Committee and Congress as a whole was, I firmly believe, conscientious in assuring that the budget for veterans' benefits and services was lean and Spartan. This year the committee, in its report to the Senate Budget Committee, was again rigorous in its examination of the proposed budget presented to us by the administration and in its search for potential additional cost-savings within the VA. In our budget views and estimates to the Budget Committee submitted on March 8 of this year, we unanimously resolved to achieve some $150 million in legislative cost savings from a variety of specified and unspecified veterans' programs. In so doing, we knew that cuts of this magnitude would be painful. They would be particularly painful coming upon reductions enacted a year ago.

Mr. President, Senate Concurrent Resolution 92, the first concurrent resolution on the budget, as originally reported out of the Budget Committee on May 10, goes beyond what we on the Veterans' Affairs Committee would have contemplated—by cutting function 700, Veterans Benefits and Services. On May 5, my good friend and respected colleague, the senior Senator from California, who serves as ranking minority member of the committee, and I wrote to the chairman and ranking minority member of the Senate Budget Committee regarding our concerns as to the possibility of an across-the-board appropriations freeze at fiscal year 1982 levels for nondefense discretionary spending. We had previously expressed our concerns, in particular about the precarious funding of the VA's medical care system, the portion of the VA that would suffer most severely from a freeze at fiscal year 1982 levels. We also were concerned about funding for the general operating expenses of the agency, and sought an exemption of these items from any freeze that might be imposed.

In our letter to the Budget Committee, we did not specifically address the possibility of the elimination of cost-of-living adjustments for the veterans' compensation and pension accounts. I personally have visited with representatives of the major veterans organizations. Mr. President, I had received informally from them a commitment that, should cost-of-living adjustments be eliminated from all entitlement programs—to include social security—their membership, in the spirit of sacrifices they had made at times past, would support such a budget. On the other hand, should other entitlement programs receive cost-of-living adjustments, in so doing requiring that veterans' programs should bear a disapportionate share of the burden of achieving economic stability, they could not accept such a result.

Mr. President, I ask unanimous consent to have printed in the RECORD the May 5 letter to the Budget Committee to which I have referred.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS AFFAIRS,
Washington, D.C., May 5, 1982.

Hon. PETE V. DOMENICI,
Chairman.
Hon. ERNEST F. HOLLINGS,
Ranking Minority Member, Committee on the Budget, U.S. Senate, Washington, D.C.

DEAR PETE AND FRITZ: It has come to our attention that one of the options presently under consideration by your Committee for resolving the fiscal year 1983 budget impasse is an across-the-board appropriations freeze at fiscal year 1982 levels for discretionary spending. We wish to convey to you our very great concern about such a course of action insofar as Function 700 is concerned.

By far the Function 700 account that would be most affected by such an appropriations freeze would be the medical care account, for which both the administration and this Committee have recommended fiscal year 1983 budget authority of $7.5 billion. You will recall that we have expressed to you on two recent occasions—in our March 8, 1982, report of budget views and estimates to your Committee and again in a letter dated March 31, 1982—our deep concern about the rather precarious funding situation facing the Veterans' Administration's Department of Medicine and Surgery in both fiscal year 1982 and fiscal year 1983. We refer you to those materials, and on the basis thereof strongly recommend that the Budget Committee not include in the budget resolution levels that would require the Department of Medicine and Surgery to bear a reduction from the President's requested level—such as the $530 million reduction that the freeze would entail—for fiscal year 1983.

We are concerned also about the effect that such a freeze would have on funding for the VA's general operating expenses account for fiscal year 1983. This account took a $26 million cut last year that it could ill afford, and we believe that the $53 million reduction resulting from a freeze would severely impair the VA's authority to administer effectively and on a timely basis the broad range of benefits and services that the Congress has enacted to meet the needs of the Nation's veterans.

For these reasons, we would request that if your Committee decides to pursue this freeze option, all discretionary spending in Function 700 be exempted. We note that there is precedent for such an exemption in appropriations actions taken last year with respect to the VA medical care account.

We would also like to take this opportunity to comment upon your April 13 response to our March 13 letter urging that your Committee not assume that CBO baseline estimates for Missions 3 (VA health-care and construction programs) and 5 (primarily VA management and administration) provide adequately for the programs included in those missions. In the next-to-last paragraph of your letter, you noted that when our Committee's March 8 recommendations "are adjusted to take the most recent CBO estimates into account, the total [Veterans' Affairs] Committee recommendation is the same as the CBO current policy baseline for Function 700. . . ." You go on to note that "the net effect is that [the Veterans' Affairs] Committee has recommended Function 700 totals for fiscal year 1983 that are the same as the totals in the CBO baseline that we are using for markup."

It is very important to note, however, that our Committee's recommendation is not a "current policy" recommendation and that the major reason our Committee's recommended overall Function 700 totals (adjusted apparently to take into account CBO reestimates of Missions 1, 2, and 4 accounts) are the same as the CBO current policy baseline totals is that our Committee has recommended savings (of $150 million) not taken into account by those CBO totals while the CBO totals do not make adequate provision for Missions 3 and 5. Thus, we continue to believe that the points that we made in our March 31 letter are relevant and important and urge that you recommend no reductions in the President's total requests for fiscal year 1983 funding for Missions 3 and 5.

We appreciate your consideration of our proposal.

Sincerely,

ALAN K. SIMPSON,
Chairman.
ALAN CRANSTON,
Ranking Minority Member.

Mr. SIMPSON. Mr. President on May 6 I was concerned to learn that the proposal of the Budget Committee for funding function 700, veterans' benefits and services, would in fact freeze discretionary accounts—which, in the case of the Veterans' Administration, involve primarily the medical care accounts, some 32 percent of the VA budget—at fiscal year 1982 levels. In addition, while continuing the cost-of-living adjustment (COLA) for social security, the Budget Committee proposed that cost-of-living adjustments for veterans' compensation and pension recipients be foregone for fiscal year 1983 and held at 4 percent for each of the next 2 fiscal years. The net impact of the Budget Committee's proposed budget contained in Senate Concurrent Resolution 92 would be a reduction of some $1.3 billion in fiscal year 1983 below the level of budget authority recommended by the Veterans' Affairs Committee on March 8. Such reductions would obviously be extremely painful.

Indeed, Mr. President, the possibility of eliminating the cost-of-living adjustment for veterans' disability compensation presents some very difficult questions for me. I have for some time been especially and personally concerned about benefits due to the service-connected disabled. On many occasions, I have expressed my opinion that indeed their well-being is the highest priority mission of the Veterans' Administration.

But against this important consideration, Mr. President, we must weigh another and indeed even broader concern that affects veterans as indeed it affects every American. That is my concern for the economy of this country. The budget we faced in February carried with it deficit spending of over $100 billion. Over the years we have watched the Federal debt grow, seen it pass the $1 trillion mark last fall. As that debt has grown, we have seen the interest on the national debt grow to the point where it now represents the third largest expenditure of the Federal budget itself, following only defense, health and social services. The trillion dollar debt we carry represents an incredible $4,600 for every man, woman, and child in this country and, more than the annual average V.A. pension or disability sums to a single veteran were we to adopt the budget as originally presented, that amount would grow substantially this year and in the years to come. The effects of such a situation are too well known to all Americans to bear repeating here. Econometric models—spend more than earn. We have been attempting to deal with these problems over the past session of this Congress. Since his inauguration, President Reagan has proposed some bold and novel steps to gain control of our national economy. We have achieved some successes, yet victory is not yet near. But we are closing in on success. Of greatest concern to me, however, is the fact that this is all particularly important to that special group of Americans for which I have such strong feelings—this Nation's veterans. They are our constituents. They are living in this economy. They suffer the ravages of high-interest rates and see their benefits eroded by high inflation. We owe these people, as we owe all Americans, a commitment to gain control over our economy.

Mr. President, the modified budget resolution figures for function 700 represent a very sincere and painstaking effort to balance these important competing interests. It would restore funds to the most vital VA accounts—those accounts that can least afford to bear the very substantial program reductions that would result from a freeze on discretionary spending and an elimination of the COLA.

With regard to cost-of-living increases for VA entitlement programs, the modified function 700 totals would permit a 4-percent increase for recipients of VA disability compensation whose disabilities are rated at 70 percent or more. As I have already noted, it has long been my view—a view that was unanimously affirmed earlier this year by the members of the Senate Veterans' Affairs Committee in our report to the Budget Committee—that the delivery of benefits and services to service-connected disabled veterans is the highest priority mission of the VA. But as a concession to the very compelling economic problems that we face today, I strongly believe that some reduction in the amount of the fiscal year 1983 COLA for compensation recipients is entirely appropriate. The limitation to compensation recipients rated at 70 percent disabled or higher is intended to direct the limited COLA funds available toward only the most severely disabled veterans—those whose disabilities are most likely to have actually disrupted their earning capacity. And the 4-percent cap on this fiscal year 1983 compensation COLA—as compared to the full 7.4-percent COLA that would have been consistent with the earlier recommendations of the Senate Veterans' Affairs Committee—is intended to be consistent with all COLA limitations contemplated under the Budget Resolution for fiscal outyears 1984 and 1985. I am confident—from my own discussions with representatives of the veterans' organizations and from comprehensive staff analyses of the situation—that this fiscal year 1983 cap will present no serious hardship to any disabled veteran. Not one of us would have that.

The total fiscal year 1983 cost of adding back this limited COLA would be $147 million in budget authorities and $136 million in outlays.

The modified function 700 totals would also substantially restore the level of funding recommended in March by the Senate Veterans' Affairs Committee for three vital VA accounts—medical care, medical and prosthetic research, and general operating expenses.

MEDICAL CARE AND RESEARCH

During all the discussions and negotiations on the budget my major concern has remained that of insuring the full funding of the medical care account. The majority of the increase proposed in President Reagan's budget for fiscal year 1983, was in the medical care account. This was intended to fund uncontrollable pay costs and work load increases. I believe that this proposal was generally fair—even considering current budgetary restrictions. Even with the President's proposed increases, the VA's research programs were still lacking funds needed to maintain the highest quality research programs. Congress last year in the appropriations process made substantial reductions—reductions of almost 15 percent—in the medical and prosthetic research account. I believe that these research activities are a very cost efficient and vital adjunct to the provision of medical care by the VA, and that the activity that is performed within this account, especially in the area of rehabilitative research, is unique and might not practicably be accomplished outside the VA medical care system. In last year's appropriations process, this account was reduced by $22 million below the level originally recommended in the Conference Report on the HUD and Independent Agencies Appropriations Act for fiscal year 1982. As a result of this reduction, the President's fiscal year 1983 budget proposal did not adequately compensate for the reduction for fiscal year 1982. Also the elimination of 198 FTEE positions that would have resulted was of great concern.

Therefore, I have requested that the $10 million added back by the Veterans' Affairs Committee in it's March 8 recommendations to the Budget Committee, be included in the Budget Committee's modified resolution which is before us today.

The entire $287 million for medical care for fiscal year 1983, recommended in March by the Veterans' Affairs Committee, is also contained in Senate Concurrent Resolution 92, as modified by Senator DOMENICI. I am satisfied that although certain painful compromises must be made to accommodate the recommendations made by the Budget Committee and now endorsed by President Reagan, it is so very important to retain the original recommendations in medical care in order to insure that fully staffed, quality health care is available to all our Nation's eligible veterans.

The modified function 700 totals in the budget resolution would also permit a restoration of approximately $28 million in the general operating expenses account, which is responsible for administering the VA benefits programs. This restoration is designed to avoid the need for significant RIF's in this key, personnel intensive account.

Thus, the fiscal year 1983 cost of restoring these three important VA accounts is: For medical care, $287 million in budget authority and $259 million in outlays; for medical research, $15.5 million in budget authority and $14.5 million in outlays; and for general operating expenses, $28 million in both budget authority and outlays.

Mr. President, one important aspect of the function 700 modifications before us now—an aspect that has caused some confusion and concern in the last 24 hours—is the effect of all of this on the VA pension account. The original form of Senate Concurrent Resolution 92 would have required the elimination of the fiscal year 1983 COLA for VA pensions. But I am aware of some unfortunate consequences of such an action. I have received a letter from the VA Administrator Robert Nimmo which indicated, among other things, that elimination of the pension COLA could have the effect of causing approximately 18,000 pensioners—with an average income of as little as $5,000 per year—to be dropped from the pension rolls, and another 267,000 to have their checks reduced to offset the planned increase in social security benefits. It now would also appear to be virtually impossible for legislation to be passed in any timely manner to defer the planned July 1, 7.4-percent COLA from taking effect. We would then be placed in the most unfortunate position of rescinding a COLA that would have already taken effect and even actually been paid directly into the hands of these extremely needy VA pensioners.

In order to correct this situation, it has been agreed to remove the specific direction in the reconciliation instructions to the Veterans' Committee to find savings in the pension account, and to lessen the amount of those instructions—by $0.1 billion in fiscal year 1983—in order to allow the committee complete flexibility to achieve these savings in such a way as it sees fit. The committee would thus be free to choose among amendments and reallocations to the pension program, compensation, or any other programs. It is important to note, Mr. President, that this change does not preclude full funding for the pension COLA.

Mr. President, these function 700 modifications have been painstakingly arrived at, in an attempt to balance my very compelling concerns about every aspect of the VA budget with today's pressing need for a coherent, responsible economic policy. I believe that the figures contained in the modified budget resolution very responsibly accommodate the President's interest and that of my colleagues in the Senate, in setting an overall VA budget that is reasonable under all of the circumstances.

For these reasons, I urge my colleagues to support the present form of Senate Concurrent Resolution 92 and the function 700 totals contained in it.

(By request of Mr. DOMENICI, the following statement was ordered to be printed in the RECORD:)

● Mr. HUDDLESTON. Mr. President, I was most concerned to read in Wednesday's Washington Post that housing starts fell 6 percent in April and that the March figures had been revised to show a small decline.

Clearly, the housing sector of our economy remains critically depressed and there is little indication that unemployment in the construction industry will significantly decrease.

Consequently, I should like to ask the floor manager of the bill a question:

The Senate Banking, Housing and Urban Affairs Committee has reported S. 2226, the so-called Lugar housing stimulus bill. The budget authority needed for that legislation is $5.1 billion. Is that amount of budget authority assumed in the revised resolution and, if so, in what year or years and under what function?

Mr. DOMENICI. The budget resolution as modified yesterday by the committee assumes the full $5.1 billion in new budget authority necessary to fund S. 2226. The funds are assumed in function 370, Commerce and Housing Credit, in fiscal year 1982.

Mr. HUDDLESTON. The Congressional Budget Office estimated outlays on S. 2226 as follows:

	Millions
Fiscal year 1982	$5
Fiscal year 1983	920
Fiscal year 1984	1,025
Fiscal year 1985	1,025
Fiscal year 1986	1,025
Fiscal year 1987	1,025

Are there sufficient outlays in the budget resolution to accommodate S. 2226 as estimated by CBO?

Mr. DOMENICI. Yes; the budget resolution as modified yesterday assumes in fiscal years 1982 through 1985 the outlays which CBO estimates will occur if S. 2226 is fully funded in fiscal year 1982. ($5 million in fiscal year 1982, $920 million in fiscal year 1983, and $1,025 billion in each of fiscal years 1984 and 1985.) These outlays are assumed in function 370. The resolution does not cover fiscal years 1986 and 1987.

Mr. HUDDLESTON. On Tuesday, the Senate Appropriations Committee added the text of S. 2226 plus $1 billion to the urgent supplemental. How will the Budget Committee score this action in terms of budget authority and outlays in fiscal years 1982 through 1987?

Mr. DOMENICI. The Budget Committee will score this appropriation as providing $1 billion in new budget authority in fiscal year 1982. This appropriation will not result in any outlays in fiscal year 1982, but will result in outlays of $185 million in fiscal year 1983, $205 million in each of fiscal years 1984 through 1986, and $200 million in fiscal year 1987. The Budget Committee will score these outlays.

Mr. HUDDLESTON. During the Senate Appropriations Committee markup on Tuesday, I asked the chairman of the Subcommittee on HUD-Independent Agencies what the impact on units of providing an appropriation of $1 billion would be. He responded that we would get one-fifth of the units originally projected under S. 2226. Would that also be the assumption of the Budget Committee for purposes of Senate Concurrent Resolution 92?

Mr. DOMENICI. The Senator from Kentucky acted wisely in asking the Senator from Utah, who chairs both the HUD-Independent Agencies Appropriations Subcommittee and the Committee on Banking, Housing, and Urban Affairs, about how many housing units would be assisted by appropriating $1 billion in fiscal year 1982 to fund S. 2226. The Banking Committee which he chairs is the committee with the expertise in this area, not the Budget Committee. I just repeat what I said earlier to the Senator from Kentucky: This budget resolution, as modified by the Budget Committee yesterday, provides room to accommodate full funding of S. 2226, as well as the outlays which would be associated with such an appropriation.●

ENERGY FUNDING UNDER THE BUDGET RESOLUTION

● Mr. HART. Mr. President, I was prepared to offer, along with Senators TSONGAS, CRANSTON, and BRADLEY, an amendment to provide for spending on energy programs at the actual level of spending in this fiscal year. I am pleased the modified budget resolution makes this change, taking away the need for our amendment.

This change in the committee's original budget resolution was necessary because the committee allowed enough budget authority to continue only the current spending under new budget authority approved last year. This would not have provided for continuation of the $434 million in current spending which was undertaken with deferred and transferred funds. Since the programs being funded with these deferrals and transfers are predominately the energy conservation and alternative energy research programs which hold the most promise for reducing our dangerous reliance on insecure supplies of imported oil, it is essential we maintain at least the minimal level of commitment represented by the fiscal year 1982 funding levels.

Mr. President, I express my appreciation to Senators TSONGAS, CRANSTON, and BRADLEY, and to the others—especially Mr. Marty Kress of the Senate Budget Committee staff—who helped prepare the amendment.●

CHILES-DECONCINI AMENDMENT TO EXEMPT LAW ENFORCEMENT AGENCIES FROM THE BUDGET FREEZE AT FISCAL 1982 LEVELS

Mr. DECONCINI. Mr. President, I am pleased to be an original cosponsor of this amendment that would exempt law enforcement agencies from the provision in the budget resolution that calls for freezing 1983 spending for law enforcement at fiscal year 1982 levels.

The distinguished Senator from Florida, Senator CHILES, has outlined in detail what the effect of the Budget Committee resolution would have on our Federal law enforcement effort and I will try not to be repetitive. Let me just point to a couple of examples of what critical law enforcement programs might be hard-hit if we do not adopt this amendment and exempt law enforcement agencies from the cutback assumptions built into the budget resolution.

U.S. SECRET SERVICE

Mr. President, if we accept the Budget Committee's assumptions, the budget of the U.S. Secret Service would be held to a level of $195 million, or about $100 million below the funding recommended by the President for fiscal year 1983. Although a major piece of the President's budget is built on the assumption that Secret Service will pick up many BATF functions, freezing Secret Service at $195 million will pose a serious setback to the Service's ability to protect the President of the United States and other designated protectees at a time when threats are at an alltime high.

Furthermore, the level of funding assumed in this resolution would jeapordize the Service's ability to conduct its long range planning and coordination for the upcoming Presidential campaign—a major undertaking that takes literally 12 to 18 months of intense preparation and work with other law enforcement agencies, both Federal and local. We should not jeapordize the protection of our President or other protectees by being pennywise and pound foolish with this important agency.

U.S. CUSTOMS SERVICE

Mr. President, the U.S. Customs Service may be one of the agencies hardest hit by the proposed freeze at 1982 funding levels. The Senate Budget Committee proposal would keep the Customs budget for fiscal year 1983 at a level of $514 million or $27 million below the President's 1983 request. If this level of funding were locked in, Customs would be forced to absorb this cut on top of a $38 million/2,300-position reduction already built into the President's fiscal 1983 budget. That means $67 million of cuts in existing Customs programs and unacceptable cutbacks in the number of inspectors, import specialists, patrol officers, and tactical enforcement teams at our ports of entry, airports, and exportation sites.

The Customs Service would also have to halt its participation in the Southeast Florida Crime Task Force—a Presidentially directed operation aimed at hitting violent crime and narcotics trafficking in that crime-torn part of the country. It would undoubtedly also mean that Customs would have to halt its highly successful Operation Exodus which was started in January of this year. This program is designed to halt the flow of critical, militarily significant technology from the United States and other Western countries, to the Soviet bloc countries. This Senator has learned that over the past several years the Soviet Union and her allies have undertaken a major, coordinated effort to obtain sophisticated U.S.-manufactured or designed high technology systems to enhance their own economic and defense capabilities. The rapid exportation of sophisticated strategic defense items, smuggled out of the country by clandestine and fraudulent means, poses a national security threat to this country and our allies. Operation Exodus will force the Soviet Union to spend hundreds of millions of dollars out of its already depressed economy on critical technology research and development—funds that they can ill-afford to spend and funds that will be diverted from their military arms and weapons systems buildups. Without an enhanced Customs budget for 1983, this operation may be dead before it is able to achieve its important national security objectives.

CONCLUSION

Mr. President, I could go on and on, listing program after program that could suffer irreparable harm if the assumptions built into this budget resolution for law enforcement are adopted. Suffice it to say that our law enforcement agencies must be exempt from the rigid funding ceilings proposed in the resolution if we are to establish adequate funding levels to keep essential law enforcement programs on track in 1983. I urge the adoption of this amendment.

INCREASING LAW ENFORCEMENT BUDGETS

CHILES AMENDMENT

Mr. BIDEN. Mr. President, as the ranking member of the Judiciary Committee and the chairman of the Democratic Task Force on Crime, I support Senator Chiles amendment which would relieve Federal law enforcement agencies of a budget freeze at current level appropriations through 1985. A freeze in this area would undoubtedly mean a reduction in personnel for labor intensive agencies like the U.S. Attorney's, FBI, Drug Enforcement Administration, and Customs.

I need not spend a lot of time explaining how the Federal law enforcement agencies are already losing ground against drug traffickers and organized crime. Today we have 8 percent fewer Federal Bureau of Investigation agents than we did in 1975; Drug Enforcement Administration has 11 percent fewer personnel than it did in 1979. The U.S. Attorney's, which are screening out over 50 percent of their cases partially because they are understaffed, have 101 fewer positions and State and local assistance funds for law enforcement have been cut by 75 percent since 1980. Since 1975 violent crime in America has gone up 33 percent and the drug trafficking business is estimated to be an $85 billion a year business.

This budget proposal will increase national defense by $100 billion over the next 3 years. I cannot believe that this body does not believe it essential to spend one-half a percent of that figure on improving domestic defense. Other than the economy there is no other issue our constituents are more concened about than crime.

Last year we worked in a bipartisan manner in blocking administration cuts that would have eliminated 434 positions in the Drug Enforcement Administration, 340 agents in the Federal Bureau of Investigation, froze undercover investigations, froze personnel in the U.S. Attorney's Office--which was already 14 percent understaffed—and eliminated all State and local drug task force programs.

Just as it was clear to this body then, it should be clear now: We cannot afford to make budget cuts to law enforcement programs.

It is time to stop the rhetoric on the crime issue and spend the money so that we at least give our law enforcement people the tools necessary to do the job. As you well know, criminals are not cutting budgets. If a greater commitment to specific law enforcement, prosecution, judicial, and correction agencies is necessary, then we must face that fact and make the commitment.

I ask my colleagues to support this amendment.

Mr. D'AMATO. Mr. President, I rise to reiterate a point made many times during the debate on an amendment proposed by the distinguished junior Senator from Kansas. While we cannot know what action our colleagues in the other Chamber will ultimately take on their version of the first concurrent resolution on the budget, I believe it is timely and important to repeat the point that the proper forum for action regarding defense systems is the Defense Authorization Conference Committee, not the process of floor action on this budget resolution.

Mr. MOYNIHAN. Mr. President, I would like to say that I agree completely with my distinguished colleague from New York. I cannot imagine there is a Senator in the Chamber who would not do so as well. The fate of vital weapons systems should be decided only in the process of authorizing funding for the Department of Defense. Only in that context can adequate reference be made to alternative technologies or military strategies that might compensate for a decision to reduce or eliminate a particular program that we might decide is inadequate or inefficient to accomplish the task for which it is intended.

Mr. D'AMATO. Or which we may decide we simply cannot afford at this critical time in our Nation's economic history.

Mr. MOYNIHAN. Absolutely. It is clear that the Nation simply does not have the resources to finance, at this time, every program we might like to approve. We are therefore compelled to consider alternatives, and to search for opportunities to save money. But those particular decisions must be made on authorization bills. The purpose of the budget resolution we are considering today is to establish broad limits on categories of spending—not to make fine judgments about exactly which programs will be affected within each function of the budget.

Mr. D'AMATO. In this regard, I would draw the attention of the Senate to a statement that appeared in the minority views section of House Report 97-521, which listed specific defense programs that would become casualties if House Concurrent Resolution 345 were to be adopted as it was reported from the House Budget Committee. That committee, as Senators are surely aware, has recommended defense spending levels significantly lower than what now seems likely will be adopted by the Senate. While I agree with the motivations of the Members of the House who authored those views, I emphatically disagree that any particular spending level should necessarily be represented as an endorsement or rejection of specific defense systems.

Mr. MOYNIHAN. Only after the broad numbers have been agreed upon will we begin to discuss which programs may have to be changed to accommodate those ceilings. Is that a correct understanding of what the Senator from New York is stating?

Mr. D'AMATO. It is. And I want specifically to state my support for the A-6E and EA-6B aircraft programs, which constitute an indispensable component of our carrier-based aviation program, both of which have been selected for terminations by the report to which I have referred. Without the EA-6B, our naval aircraft would be unprotected in an electronic warfare environment.

Mr. MOYNIHAN. Is it not also true that the A-6E is the only attack aircraft in the Navy's inventory equipped with a true night and adverse weather capability—to cite yet another of the programs the minority members of the House Budget Committee have cited as a necessary casualty of the committee's decision to reduce the defense spending function.

Mr. D'AMATO. It is. In fact, if those two programs were to be terminated arbitrarily, as a result of hasty decisions made outside of the normal authorization, or deauthorization, process, our forces would be severely handicapped in conditions such as prevail today in the South Atlantic where the British Navy has today entered what appears to be major combat.

In closing, I urge my colleagues to realize and reaffirm the role of the Armed Services Committees in the process of defining and determining our defense programs. Action on the budget should set spending levels only. The shape of the defense program should properly be left to the committees, and legislation, governing the activities of the Department of Defense.

Mr. MOYNIHAN. Else why should we bother to have these committees?

Mr. D'AMATO. Precisely. Action on the budget should set spending levels only. Deviation from that principle undermines the positions of the conferees who will soon be meeting to reconcile differences in the two Houses' versions of the defense authorization bill.

Mr. MOYNIHAN. I would just emphasize that I am in complete agreement with my colleague on this point.

It should be clear to all that the minority views expressed in House Report 97-531 are not, should not and cannot be binding. They are discursive and thought provoking, as one would expect of an assemblage of Representatives devoted to the oversight of the Nation's defense. But they are not binding.

I think the Chair, and I commend my friend, the very able junior Senator from New York, for his initiative in raising an important point in such constructive fashion.

Mr. PELL. Mr. President, I am opposed to the budget resolution for 1983 now being considered by the Senate.

The budget resolution as reported to the Senate by the Budget Committee, with the last minute modifications adopted by the majority, provides for Federal deficits that are too large; it provides for excessive increases in spending for military purposes; and it provides for reductions and restraints in nondefense spending programs that are excessive, unwise, and unjustified.

The budget resolution would add $270 billion to the national debt over the next 3 years. It would increase military spending levels by 45 percent over the next 3 years—from $190 billion in the current fiscal year to $277 billion in fiscal year 1985. The resolution would squeeze $250 billion out of nondefense spending by freezing the level of nondefense programs, and by limiting the cost-of-living adjustments for veterans' pensions, and retired workers, and limiting actual pay raises for Government workers, both civilian and military.

During consideration of the budget resolution, I have voted for amendments that would have improved this resolution. I have voted for tax law changes that would have sharply reduced the huge deficits. I think this is vitally important so that we can bring down the very high level of interest rates that are keeping our Nation in a deep and prolonged recession.

I have voted also for amendments to reduce the rate of increase in defense spending, while still providing for significant increases in military spending after adjusting for inflation.

And, I have voted to restore funds for some of the high-priority programs that were cut or frozen by the resolution. These programs include funds for cleanup of toxic wastes through the Superfund, funds to avoid cutbacks in the highly successful title I program of education for the disadvantaged, and funds for education of the handicapped, to name only a few. Unfortunately nearly all of these amendments were defeated.

Although I am opposed to this budget resolution in its current form, let me say that it could have been much, much worse. In fact it was much, much worse until the majority of the Senate, at the very last minute, made some important changes in it.

As originally approved by the Budget Committee, on a party-line vote, the resolution would have required $40 billion in cuts from social security benefits over the next 3 years. Before the resolution was brought before the Senate, I voted twice for amendments to the defense authorization bill to reject those social security benefit cuts. I am happy that the benefit cuts were taken out of the budget resolution.

Also, as originally reported by the Budget Committee, the resolution provided for cuts in the program of guaranteed student loans. Those cuts would have virtually destroyed this program which is vitally important to millions of students from middle-income families. I was prepared to join in a floor fight to restore funds for this program and was pleased that the Republican majority, in recognition of the importance of this program, restored the funds at the last moment.

It is small comfort, however, that Federal education programs have not been deeply slashed by this budget resolution. Those programs still face lean years under this resolution because of the freeze the resolution imposes on nondefense spending programs.

In the case of Pell grants, for example, the freeze on funds means that in the coming years, the real value of the Pell grant program will be severely eroded by inflation. During the next 3 years we face the choice either of restricting the number of young people receiving Pell grants while maintaining the value of each grant, or of sharply reducing the value of each grant. If we follow the first course, it is estimated that 500,000 young people will have to be dropped from the program by 1985. For that reason I voted for an amendment to restore funds for Pell grants, but that amendment also was defeated.

The resolution, unfortunately, carries forward the mistaken economic theories of the administration, providing for excessive increases in defense spending and excess tax reductions that cause huge deficits in the years ahead. The administration, through this resolution, then attempts to reduce those economically disastrous deficits by deep cuts in nondefense spending.

The Congress approved this economic program last year and the result has been disastrous. Since passage of the administration program the Nation has suffered from a deep economic recession, with no end in sight. We have suffered from high interest rates and high unemployment.

With this record it is clearly a time for change in our economic policy. This budget resolution, however, simply carries on the same mistaken policies into the future. For that reason, I oppose the resolution.

Mr. MATTINGLY. Mr. President, before casting my vote in support of Senate Concurrent Resolution 92, I would like to take this opportunity to praise Senator DOMENICI and the other Senate leaders in their efforts to reach a budget package acceptable to a majority of this body.

No one, including myself, is entirely satisfied and supportive of every element and provision in Senate Concurrent Resolution 92. Nonetheless, adoption of Senate Concurrent Resolution 92 is a move in the right direction. While I would prefer spending and deficits at a much lower lever, action on this measure will send a signal, generally to the American people, and specifically to the financial markets, that Congress is determined to reduce future Federal deficits.

In considering Senate Concurrent Resolution 92, difficult decisions were made by all. Out task, however, is not complete. Our efforts to reduce the Federal Government's involvement in the economy must continue. Congress must examine and closely scrutinize every dollar spent to insure every program supported is cost effective and truly necessary.

In attempting to balance the Federal budget and achieve fiscal responsibility, we must protect the American taxpayer. For the past 20 years, Congress has tried to balance the Federal budget by continually raising taxes. Such efforts failed in the past, and will fail in the future. With this in mind, we must continue to remove the Federal Government's hand from the hip pocket of the working men and women of this country.

Congress must recognize that there are two sides to the budget equation. For too long, the spending side of the equation has been unchecked and out of control. Such attitudes must be reversed. We must closely scrutinize every dollar which leaves the Federal coffers.

Again, while I have reservations about certain provisions, I nonetheless feel adoption of Senate Concurrent Resolution 92 is a move in the right direction—one which will lead to lower interest rates and economic prosperity.

● Mr. NICKLES. Mr. President, it seems to me we have but two choices. On the one hand, we could reject this budget for a variety of reasons, but be faced with a $182 billion deficit in 1983 and even larger deficits in the future. Yes, a vote against this budget will plunge this Nation further into debt—which, in itself, is an irresponsible move.

On the other hand, we could adopt this budget, which does reduce Government spending $250 billion over 3 years and reduces deficits $357 billion over 3 years. I believe this budget's deficit is too high. I do not endorse this budget's 1983 $115 billion deficit, but if I must choose between two wrongs—this budget, at least, causes less debt and less spending than no budget at all.

The budget only reinforces my belief that this Congress is irresponsible as it has been for the last 20 years. But I am left with little choice.

I believe this budget calls for too great a tax increase—we should not be raising taxes $107 billion over 3 years this much during a recession and we should not be balancing the budget on the backs of the taxpayer. But it is far better than the $156 billion tax increase proposed by the House.

I am disappointed that this budget did not reduce spending enough. I believe we should reduce spending in all areas across the board and make some of the difficult decisions that must be made to reduce the ever-increasing growth in expenditures.

I am also disappointed because the vast majority of amendments offered to this budget were intended to increase spending, which is the height of fiscal irresponsibility.

This budget battle has greatly reaffirmed my belief in the need for a constitutional amendment to balance the budget through spending and tax cuts. Without a constitutional constraint, Congress will never be fiscally responsible.

Mr. President, I vote for this budget today—reluctantly—as the simple choice between the lesser of two evils. I hope the people in this country, who probably care little whether we are Republicans or Democrats, will voice their dissatisfaction with a big spending and big taxing Congress—if not by letter, then on election day.●

STATEMENT BY SENATORS DAVID L. BOREN, DENNIS DE CONCINI, J. JAMES EXON, ERNEST F. HOLLINGS, J. BENNETT JOHNSTON, SAM NUNN, DAVID PRYOR, EDWARD ZORINSKY

● Mr. JOHNSTON. Mr. President, Senators DAVID L. BOREN, DENNIS DECONCINI, J. JAMES EXON, ERNEST F. HOLLINGS, SAM NUNN, DAVID PRYOR, EDWARD ZORINSKY, and I, submit the following joint statement:

As the Senate nears a final vote on the budget resolution, we believe it is important to establish, for the record, why we must oppose the resolution.

Simply stated, the deficits it projects are much too high. It will not restore confidence in the American economy and it does not promise to lower the high interest rates which are caused by these deficits.

To put it in perspective, this budget resolution projects, under the most optimistic assumptions, deficits which for the 4 years of this administration total $388.4 billion. This is more than 10 times the 4 year deficit of the Johnson administration ($37 billion); six times the deficit of the first 4 years of the Nixon administration ($64 billion); and twice the total deficit of the Carter administration ($191 billion).

We do not announce our opposition to the budget resolution in a spirit of taking partisan advantage. Our economic plight is much too serious for that. To the contrary, we stand ready to work with this administration in putting our economic house in order and specifically in working towards lowered deficits and a balanced budget. We have not yet been asked to join the negotiations, but we again extend the hand of cooperation in this urgent endeavor.●

● Mr. DECONCINI. Mr. President, I am honored to join my friends Senator JOHNSTON, Senator BOREN and the other cosigners of this joint statement and will vote with them against this budget resolution. I do so with considerable regret, because I had hoped that it would be possible to craft a genuinely bipartisan plan for making the revisions in the administration's budget that are necessary if fiscal chaos and further economic deterioration are to be averted. I know that my fellow Arizonans shared that hope, as did the vast majority of the American people. Perhaps it may yet be possible to arrive at such a plan, but the prospects for doing so are rapidly evaporating in the political heat of this election year. Senators JOHNSTON, BOREN, and the other cosigners of our joint statement, stand ready to help retrieve the situation before it passes the point of no return.

Some may take delight at the predicament faced by our friends in the ruling party as they seek a way out of the deepening economic crisis that grips the Nation, a crisis which is directly traceable to the ruinous prospective deficits in both the administration's budget and the modification of that budget incorporated in this resolution. Our joint statement makes the real dimensions of what we face unless we do something sensible all too plain. But we have no stomach for political profiteering at the expense of the millions of our fellow citizens who have been victimized by a failed economic program. What is needed is a genuinely cooperative effort to put together a balanced package of deficit reduction measures which can command broad-based bipartisan support and which, consequently, would be credible in the financial markets. Unhappily, the budget this body is about to pass simply will not do the job on either count. It will not have wide support within the Congress and certainly not in the country at large. Nor will it, or can it, convince those institutions which control lendable funds that the days of excessive Federal credit demands are over. Clearly they are not. The policy trajectory endorsed in this resolution will add almost $400 billion to the national debt by 1985, assuming a vigorous economic recovery beginning no later than the last half of this year and extending without interruption through 1983, 1984, and 1985. Now when was the last time we had a triennium of real economic growth on the order of 37 percent combined with real interest rates in the neighborhood of 5 percent to 6 percent? Yet that is precisely the scenario on which this budget is based. Perhaps it is time to enact a truth in public budgeting law. Note, too, that even this colossal figure understates the real dimensions of the Federal presence in credit markets. The resolution before us provides for $63.6 billion for new direct loan obligations and $102.5 billion for new loan guarantee commitments. Combined with the expected fiscal shortfall, these Federal credit activities are bound to increase demand on lendable funds and help to keep real interest rates at unprecedented levels.

And so, Mr. President, I cannot support this resolution because it will not and, indeed, cannot put us on the road back to a healthy, growing, and stable economic order. I say "back" advisedly, Mr. President. For notwithstanding certain self-serving rewrites of economic history which are becoming more and more common of late, the fact is that this Nation, for all its difficulties, has enjoyed a record of economic gain over the last 30 years that is the envy of all but a tiny fraction of the world's population. From 1951 to 1981, real per capita income rose from $4,682 to $8,770 or 87 percent; the number of jobs increased from 59.9 million to 100.4 million or 67 percent; homeownership grew from 55 percent of housing units to 66 percent; and life expectancy went from 68.4 years at birth to 73.6 years.

The gathering economic crisis and the fiscal disarray we are currently experiencing should not be allowed to blind us to this signal record of performance. It shows what our system can do under a sensible policy regime. We simply have to quit kidding ourselves and take the measures necessary to get public borrowing under control. We could and should have cut more deeply in some areas than this resolution assumes. Earlier today, Senator MELCHER and I offered an amendment trimming a modest $7 billion over this and the next 3 fiscal years from foreign aid in function 150. Our effort was rewarded with 27 votes and a lengthy series of lectures on why it is impossible or unwise to reduce the rate at which we lavish American tax dollars on foreign countries, many of whom repay us handsomely by lining up with our enemies in various international fora or attacking our friends at every convenient opportunity. Surely, we told ourselves, the administration and Congress could find a way to save $6 billion out of a total $31.1 billion economic, financial, and military assistance budget without jeopardizing any real security interest of the United States. Not so, we were told. Every last dollar is indispensable to the effective conduct of American foreign policy. The distinguished chairman of the Foreign Relations Committee even read a letter from the President himself to that effect. For my part, I remain unconvinced that sound foreign policy requires payoffs, whether in cash or in military hardware.

There are yet other opportunities to realize economies that would help reduce the deficit and engender economic revival. We could save almost $10 billion by considering phasing out general revenue sharing over the next 3 fiscal years. Another $6 billion could be got from the community development bloc grant program. Now I am fully aware of how popular these programs are with local officials. A source of additional revenue with few strings attached is understandably welcome. But under prevailing fiscal circumstances, these bloc grants mean that Uncle Sam has to borrow the money to give local jurisdictions a fiscal bonanza. We simply cannot afford to do that any longer.

I also offered an amendment to increase government efficiency directly in the areas of waste, fraud and abuse. My amendment would have trimmed an additional $4.8 billion through better management of consultant contracts, administrative travel, public relations and advertising, vehicle purchases, etc. By the same token, Mr. President, the committee's resolution lacks balance and fairness. Given the obvious opportunities to cut costs in the areas I have enumerated as well as others, I have a hard time understanding why it is necessary to impose such harsh discipline on programs that benefit some of our most deserving citizens. Let me give you just a few examples.

First. Veterans. The original Republican budget called for a total cut in veterans benefits and services of $6.5 billion over the next 3 fiscal years. The Baker-Domenici substitute restored about $1.7 billion of this amount, leaving the men and women who defended our country to serve as the shock troops in the battle against the deficit by absorbing $4.8 billion in reduced services and benefits. Whereas the original budget eliminated any COLA for compensation and pension recipients in fiscal year 1983 and imposed a cap of 4 percent in the outyears, the version before us limits the COLA for compensation to 4 percent this year for veterans who are more than 70 percent disabled. Other disabled veterans compensation remains frozen along with pensions. And recommended levels for VA medical construction were not restored. The $40 billion in cuts in social security benefits assumed in the original version of the committee's resolution were deleted in the Baker-Domenici modifications, because it was obvious that the Full Senate would not agree to them. I opposed those cuts, Mr. President, and was glad to see them eliminated. But the same principle should be extended to veterans benefits and services. Those who rely, for example, on veterans pensions or disability compensation should not be treated differently, in my judgment, from those who depend on social security. To discriminate on the basis of the source of a person's retirement or disability income, as this resolution assumes, is just plain unfair.

Second. Medicare. Last year Congress enacted reductions of $3.9 billion. The budget before us assumes additional cuts of $18.2 billion over the next 3 fiscal years.

Third. Civil Service Pensions. Federal retirees saw their pensions cut by $2.3 billion last year. The budget before us would cost Federal pensioners another $5.1 billion.

Fourth. Military Pensions. Military retirees also take it on the chin to the tune of $3.8 billion.

Fifth. Title I ESEA. Compensatory education was cut $218 million for this fiscal year and the committee's recommendations would slash another $773.2 million by fiscal year 1985. I voted for both amendments to restore this highly successful program to current policy over the 3 fiscal years 1983-85.

Finally, Mr. President, let me say a few words about the revenue side of our budget problem. I think that by now it is clear to everyone acquainted with the facts that the tax reductions enacted last summer were excessive in size and probably flawed in composition as well. Mr. Stockman has admitted as much in his famous Atlantic Monthly revelations. The President admits as much in his budget which includes, you may recall, contemplated "revenue enhancements" of $44 billion. The President's representatives at the abortive budget negotiations were reported to have been interested in increasing that figure to something in the vicinity of $120 billion. And this budget resolution admits as much. Roughly 25 percent of the total $417.5 billion deficit reduction plan is composed of a miscellany of tax increases and additional users fees. The Domenici assumptions on revenues include:

Doubling excise taxes on distilled spirits, tobacco, beer, wine, telephones, and motor fuel;

Imposing a new $5 per barrel oil import fee;

Eliminating the deduction for State and local sales taxes;

Eliminating the deduction for State and local property taxes;

Imposing a new tax on unemployment benefits;

Repealing consumer deductions for health insurance and consumer interest.

Now, Mr. President, surely no one can seriously maintain that the tax policies adopted as part of the Reagonomics program last summer have had the economic effects that were promised or at least anticipated. Remember that we were assured by the advocates of that program that the tax reductions we passed would more than pay for themselves in burgeoning economic growth, falling interest rates, declining unemployment, and increasing price stability—all of which were to be reflected in a steadily improving Federal fiscal posture. Under the original administration plan, recall, the deficit for fiscal 1982 was projected at $45 billion and was to decline to $22.9 billion in fiscal 1983; the government ledger would go slightly into the black in fiscal 1984 and we would enjoy an almost $6 billion surplus in fiscal 1985. Here we are a little over a year later looking down the barrels of potential cumulative deficits over the period fiscal year 1982 to fiscal year 1985 of over $½ a trillion, or $518 billion to be exact. Under the resolution before us, the deficit for the next 3 years alone will come to over one quarter of a trillion dollars. Moreover, CBO's analysis of the President's budget reveals that, contrary to historical experience, Federal deficits continue to rise even under favorable economic circumstances. Obviously, something has gone awry.

Now, Mr. President, I know that taxes are hardly a popular subject, unless you mean to complain about them or cut them, of course. But the plain fact is that this government is in serious fiscal trouble and the country is, in large measure owing to our fiscal disarray, in serious economic straits. For this reason, I am convinced that we are going to have to explore additional options on the revenue as well as the expenditure side of the public ledger. We should at a minimum, it seems to me, reexamine some of the less defensible special breaks that are now in the Code. Certainly, we should take another look at the windfall profits tax reduction we passed last year. Repeal of those cuts would shave $4.7 billion off the 3-year deficit we face. We should also weigh very carefully whether proceeding with the full 10-percent rate cut scheduled for July of next year is wise under existing economic circumstances. I believe a responsible approach would be to make the third installment of Kemp-Roth contingent upon improvement in economic and fiscal conditions as measured by some meaningful indicator such as interest rates, unemployment, or the size of the deficit. I supported an amendment embodying this concept last summer during Senate debate on the Economic Recovery Tax Act.

Deferring the July 1983 rate reduction until the economy and the State of Federal finances improves would raise revenues by $76.3 billion. The resolution already assumes tax increases on the order of $101 billion. Thus there is plenty of room to consider this option, should it seem advisable to do so. I do not believe we should add this option onto the tax measures assumed in the resolution. Many of those are obviously unacceptable and have little chance of passage anyway. Certainly I do not believe it is necessary to raise revenues by almost $180 billion over the next 3 years. But I am convinced, though, that at some point it will be necessary to put deferral of the 1983 cut in the hopper of possible options.

To conclude, Mr. President, perhaps the time has come to rethink our entire approach to income taxation. I believe a simple flat rate tax might well prove a more effective system than the hodgepodge of special exemptions, preferences, and "incentives" we have now. I am convinced that it would be perceived as more equitable and for that reason alone, it would probably be more effective.●

Mr. MITCHELL. Mr. President, I had hoped that the budget resolution that the Senate approves would include the correction in budget policies that is so clearly warranted by our Nation's current economic condition. Unfortunately, the resolution now before the Senate fails to do this, and I intend to vote against it.

As the Congress has considered the fiscal year 1983 budget in recent months, the U.S. economy has deteriorated, and no evidence of an upturn exists. Nearly 10½ million workers, comprising 9.4 percent of our work force, are out of work. The high rate of business failures and bankruptcies, and the depressed state of the auto, housing, and forest products industries highlight the failure of current economic policies.

Not only are our budget policies failing, but they are also unfair. Recent public opinion polls show that an increasing number of people share the belief that last year's budget and tax cuts benefit the wealthy at the expense of the middle and lower income classes.

The administration ignored these trends in formulating its 1983 budget. Rather, the administration recommended a budget that continued along the same path that has led us to where we are now. The President recommended record budget deficits, further steep cuts in domestic programs, an excessively rapid increase in defense spending, and no compromise on his income tax program.

That budget proposal was greeted with criticism immediately, and was considered dead before Congress even began consideration of the 1983 budget. The final blow was delivered by the Senate Budget Committee which, even though controlled by Republicans, rejected the President's budget by a vote of 20 to 0.

Expectations were high that a bipartisan solution to our economic and social problems would emerge from congressional attempts to craft an alternative to the President's budget. Unfortunately, such an approach was not taken, and the budget before the Senate, although it made some progress in lowering the deficit, still fails the fairness test. It does so by calling for substantial cuts in domestic programs while rigidly adhering to the President's defense and tax goals. Such ideological commitments are inappropriate at a time when a pragmatic, bipartisan approach is essential to regain public support for our economic policies.

The budget cuts anticipated by this resolution place a heavy burden on our Nation's elderly, disabled, and disadvantaged. Savings would be achieved by shifting a greater share of health care costs to the elderly and by imposing further cuts on the working poor, veterans, food stamp recipients, and other needy recipients under Federal programs.

I reject the notion that cutting these programs represents the only solution to correcting our economic problems. Rather, these cuts are being promoted to finance an excessively rapid increase in defense spending and an ill-timed tax reduction.

Just as many domestic programs will face reduced funding, rapid increases in defense continue unabated. This resolution contemplates a 10-percent increase in budget authority for defense beyond that necessary to compensate for inflation.

I agree that we need to devote more resources to build a stronger national defense, particularly in the area of conventional force readiness. Yet a slower, steadier buildup makes more sense for the economy, and it buys better defense in the long run as well. Not only would a steadier increase in defense contribute to lower interest rates, but we would avoid bottlenecks in key sectors and encourage a more efficient use of the funds available. The amendments to this budget that I have supported would still provide for a significant increase in real defense spending but would not neglect human needs in doing so.

Similarly, this budget exhibits an inflexible approach to tax policy. While I strongly support the 1982 tax reduction as a needed stimulant to our stagnant economy, I believe that the scheduled 1983 tax cut should be deferred until the economy improves. I recognize the need to reduce taxes for all working Americans, but again moderation is in order. Implementing the third stage of the tax cut before interest rates have fallen and we have achieved control over Federal deficits could set us back in our efforts to resume sustained economic growth.

Furthermore, the tax cut should be modified to give more relief to middle income families who pay the greatest amount of taxes but will receive a disproportionately small share of the scheduled tax cuts. Such a move would help reverse the growing perception that our budget policies are unfair to middle income Americans.

Mr. President, American taxpayers want and deserve a balanced, moderate approach to reducing the deficit. This budget resolution offers instead more of the same—an imbalanced program involving sharp cuts in domestic programs and excessive defense and tax policies. Until we can fashion a more equitable budget, our policies will not and should not enjoy the support of the American people.

Mr. BIDEN. Mr. President, in the past the consideration of a budget resolution has been a time of planning for the future. That is not true today. This budget is not a plan for the future in any sense of the word. It reflects a misguided sense of outlay and tax priorities that will work great hardship on many people. It will be hard on the poor because it denies them help they need. It will be hard on the business person because it will not achieve its stated economic goals. It will be hard on the student seeking an education. It will be hard on the elderly planning their retirement. Its tax policies will be hard on the middle- and lower-income taxpayers. In short, its choices will be hard on everyone.

But right now I want to talk not about the substantive issues but about some procedural issues which in the longer run may be more important than many of the substantive program decisions we are making. For the congressional budget process is being weakened, perhaps destroyed by those conservatives who should most want to protect its effectiveness. The process is being distorted for short term political expediency.

Procedural questions are not the issues that excite people. These are not the issues that cause them to demonstrate or to write letters. But it is generally true that when a process is subverted, then ultimately the product of that process suffers too. So I want now to address the procedural problems that I see because I fear we will live with the results of them for many years.

As I see it, there are two procedural issues—fairness and honesty.

This budget has not been openly and fairly arrived at. I say that not because I lost—and of course I did lose—on virtually all the substantive issues that were before the Budget Committee. I understand that losing is part of being in a minority. I say it because there were no real opportunities to present alternative suggestions in an atmosphere where anyone was even listening. While the committee's markup consisted of several sessions and stretched over a matter of weeks—in fact this budget before us on the floor today was wrapped up in one evening. We sometimes joke here on the floor about voting first and debating later. But we literally did that in committee. The committee adopted this budget—then amendments to it could be offered.

Our chairman seemed to raise questions earlier—during consideration of a motion to vote on the President's budget—about whether the committee wanted to consider "package plans." But he had no hesitation about pushing the so-called bi-partisan compromise plan once it had been decided behind closed doors what that plan was. Gone were the days when we worked function by function, mission by mission, to weigh program priorities against fiscal policy dictates. As our chairman put it, the committee has "matured beyond" that. It was all over in a matter of minutes and the committee had adopted a plan that had seen the light of day only hours before.

Then, when the budget steamroller had gone by, we were presented with a series of far reaching procedural issues—many of which we had never heard of before. These were in many cases efforts to distort the budget process. Equally important, some of them threatened the rights of Senators on the floor to debate and amend freely.

The issue that outraged my sense of fairness most was a proposal that we eliminate the second concurrent resolution on the budget. More accurately, the proposal was that the first resolution become the second resolution automatically unless a different Second resolution was adopted by Congress. The decision as to whether to have such a resolution would have rested with the majority on the Budget Committee, because no second resolution would be considered on the Senate floor unless reported by the committee. And it was clear that the intention was not to have a second resolution. Thus last year's short cut of "reaffirming" a fully outdated first resolution as the second would now be streamlined into "automatic reaffirmation." There has never been a time when there were not important developments between the time of the first resolution and the second. Last year the majority pretended there were none—although the intervening events were more important than ever before. This year it was proposed to institutionalize the idea that no changes occur by predicting it in advance.

To propose such a change in the Budget Act with no opportunity to consider it—with no advance notice to the minority who would be shut out of an important part of the budget process by it—was and still is outrageous.

The minority was similarly shut out of involvement in the consideration of reconciliation instructions to the Senate committees. Reconciliation is the major tool for enforcing the budget resolution. The issues of which committees receive instruction, and for what savings, are major decisions in the preparation of a Budget Committee resolution. These decisions can alter the source of savings assumed in the Budget Act. Yet this information was never available to the minority.

Another reconciliation issue was presented to the committee by Senator CHILES. This was the critical problem of allowing reasonable leeway to amend a reconciliation bill on the floor of the Senate.

Reconciliation is the teeth in the budget resolution.

I support teeth in the budget resolution—particularly teeth that assure that the Senate and House will have the opportunity to consider legislation that will implement the budget resolution. That is my idea of what reconciliation should do. If the budget resolution says we should raise revenues—then the Finance Committee should send to the Senate a bill to do that. But reconciliation goes further than that. It also restricts the decisionmaking power of the Senate and the rights of individual Senators. It puts a wholly unrealistic time limitation of 20 hours on unbelievably complex legislation. But it also greatly restricts the ability of the Senate to choose the best path for implementing the budget. As a practical matter it prohibits the full Senate from substituting its fiscal policy choice for these chosen by the committee reporting the legislation. And that is a very serious delegation of the powers of the full Senate to its committees.

Senator CHILES offered a proposal that would leave the teeth in the budget resolution, but allow greater freedom of amendment and substitution. It was defeated on a party line vote. The country will be the loser as bad legislation prevails for lack of the ability to propose and debate better. I would predict that the day may come when committees may seek reconciliation instructions from the Budget Committee—to protect their legislation from floor amendment. Some committees have used it for this purpose in the past. That could be the beginning of the end of the Senate as we know it.

There were other procedural efforts to limit careful Senate consideration of fiscal policy. It was proposed to have a debt limit bill reported under reconciliation—as though there were danger that one would not be reported otherwise. Clearly the purpose was to prevent careful consideration and amendment of this important legislation.

There was yet another procedural innovation in this budget resolution whose future damage is hard to predict. It was a budget resolution that did not add up. If you add up the spending and subtract revenues from it as originally reported, you do not get the deficit stated in the resolution. You get a larger deficit. There was a third category that is neither spending nor revenues, or perhaps is both. It was called "social security solvency." Obviously the purpose of this was to avoid saying that the majority proposed to cut social security to reduce the deficit. But the precedent for having proposals in the budget that do not affect budget totals is scary to think about. The potential for abuse is staggering.

The budget process has been a closed process for the last year and a half. Meaningful participation has not been open to the minority. "Bipartisan compromises" are developed within one party. Budgets are voted through, after secret negotiations, with almost no public consideration. Sunshine laws pioneered in the early seventies are ignored in spirit and in fact. And the credibility of the process is eroded and may someday be destroyed.

The issue of credibility extends also the honesty of the numbers with which we are dealing. It is hard to believe how rapidly the estimates of our fiscal position have changed.

On March 23, Budget Committee members were presented with markup documents that indicated that the deficit for fiscal year 1983 would be $157.7 billion to continue existing program levels. Six weeks later, that figure was said by the majority to be $182.0 billion, an increase of $24.3 billion.

In that same time period, revenue forecasts were increased by $25.6 billion—including a whopping big $22.2 billion in fiscal year 1985 alone. And spending estimates rose by $105 billion over the 3 years. Incredible. How could the majority have been so wrong only 6 weeks earlier?

Part of the answer to that question is that they were not necessarily wrong. For example, the committee switched from CBO revenue estimates to Treasury revenue estimates—and gained a lot of revenue. And, in fairness, much of the new spending came because the committee switched from a neutral CBO base for defense to using the President's requested budget as the base.

Why could we not continue to use the Congressional Budget Office figures that were to have been used only weeks before? And which we normally used in the past. Did we change numbers to assure some special outcome? Higher revenue estimates show lower deficits—but will the revenues ever materialize? Why have a special set of numbers for defense spending? I am deeply concerned that these numbers this year may be no better than the ones we used last year. And behind last year's numbers, showing balanced budgets, hid all-time record deficits. I hope that will not be true again this year.

Last year in the Senate we had the famous "unspecified savings" of $48.2 billion to reach budget balance by fiscal year 1984. This year we had the reduction in the deficit through unspecified social security changes of $40 billion. And we also have the highly optimistic assumption that interest rates on 90-day Treasury bills will fall below 7 percent by 1985 and thus reduce the deficit over 3 years by $54.9 billion. Perhaps interest rates will fall that much. I hope they will. But I would not make such optimistic assumptions in planning my personal finances—nor in making a conservative fiscal plan for the country.

Mr. President, these issues of fairness and honesty will come back to haunt the budget process. A budget prepared in secrecy—with ever-changing numbers of doubtful validity—is scarcely one to win the confidence of the financial markets of our Nation. Worse, such a budget sets a precedent for future budgeting that could threaten the usefulness of the process.

Mr. President, I rise today to oppose this budget resolution. I voted against reporting the original resolution from the Budget Committee. While the resolution has since been modified, including the removal of the proposed cuts in social security benefits, it is still a most unsatisfactory budget. It does not meet the basic needs of many American families because many essential programs like education and health care have been unwisely cut back. But at the same time, it does not deal adequately with the budget deficit problem that faces us.

Deficits are too high. Services are too low. I sought to remedy these problems on the floor. I sought to reduce deficits significantly, by as much as $76 billion in the next 3 years. At the same time I sought to make marginal improvements in such essential services as health care for the elderly and education for our children.

But these efforts were generally not successful. Therefore, I would urge my colleagues to vote against this budget resolution.

I know that all of my colleagues share a concern about the future of our Nation. We all want a strong economy coupled with a compassionate concern for American families. This budget resolution does not reflect such concerns.

Unlike most legislation that reaches the floor from committees, this resolution contains many proposals to which I believe Members of the Senate do not subscribe.

I do not believe that Senators feel it is good public policy to freeze most appropriated programs for 3 years. That will mean program reductions of 25 percent below current year levels.

Ask yourself, do you want to reduce highway work by 25 percent, the FBI by 25 percent, the Coast Guard by 25 percent, environmental protection by 25 percent, Eximbank by 25 percent, health research by 25 percent?

I do not believe that Senators feel it is good policy to impose regressive new taxes that will bear hardest on the workingman—taxes on beer, taxes on gasoline, taxes on home heating oil.

I do not believe that Senators feel it is good public policy to refuse to hold veterans benefits harmless from the ravages of inflation.

I cannot believe that Senators think it is sound health care policy to meet the rising costs of medical care by increasing the cost of that care to the elderly, poor and disabled—and perhaps thereby actually denying them that care. Is it the individual's fault that health care costs are rising? Should they be denied health care because they cannot afford it?

Do Senators really wish to condemn this Nation to a decade of listless growth and low productivity, as more astute nations surge ahead of us. That is what will happen, no matter how many productivity tax cuts we have, if we fail to educate our young, to train our workers, to invest in the economic infrastructure of our country and to promote scientific research and development. And that is what this budget would do.

Do Senators really want to leave us vulnerable to another energy crisis? Do they want toxic chemicals to continue to spoil our world?

Are these, and too many other things in this resolution, sound public policy steps? We have a budget before us that is committed to a lack of concern for the future. It is a budget that says that economic growth and strength in our country can be built on doing less, with larger deficits.

I cannot accept such a philosophy. I do not believe that a majority of my colleagues accept it. I urge them to join me in seeking to defeat this budget resolution.

Mr. BOREN. The Senate Budget Committee proposal under the committee's own economic assumptions will add at least $390 billion to the national debt by 1985. In fact it is likely to add over $500 billion to the debt because many of its proposals are unspecified or are based upon an overly optimistic view of the economy.

I cannot, in conscience, vote for it. To continue to run such huge deficits is to follow the certain path to economic ruin. It has taken us 206 years to reach a $1 trillion debt. Under this budget we are likely to add half of a trillion more in less than 5 years!

Already the Government is borrowing a third of all of the available credit in the country just to pay the interest on the national debt. This has forced interest rates to outrageously high levels, bankrupting countless farmers, small businessmen and others, and has put over 9 percent of our labor force out of work.

When will we wake up to the fact that we have to live within our means? Will we have to have an economic collapse before we realize that we must balance the budget? Congress and the administration both appear to be living in a dream world. If they continue to assert that deficits don't matter, that dream will soon become a nightmare. That is why I voted earlier in favor of the Johnston-Nunn substitute, which though not perfect, would have balanced the budget by 1985.

Not only are the deficits too large in this budget, it also assumes over $100 billion in new and unspecified tax increases. We can only guess what those might be. They will probably fall most heavily on the few remaining productive segments of our economy.

The record is shocking. Under the Johnson administration $37 billion was added to the national debt. Under the first Nixon administration $64 billion was added to the debt. Under the Nixon-Ford administration $167 billion was added, $191 billion under the Carter administration, and if this budget is adopted, under the best of conditions, $390 billion will be added to the national debt under the Reagan administration. I cannot endorse in any way or vote for this trend toward a runaway national debt.

This total breakdown of responsibility is the clearest possible evidence of the need for a constitutional amendment to balance the budget.

It is also plain that there is a need to reopen discussions on the budget. How can anyone seriously believe that any real solution can come by reaching a House-Senate compromise choosing between deficits of $100 billion or $120 billion per year or between $100 billion and $170 billion in new taxes. It will be clear in a few days that a fresh start will need to be made on the budget on a bipartisan basis. At that time I will again urge the President to call a bipartisan group together for a personal meeting with him in a place where several days of work can be accomplished if necessary to start on a new budget.

Mr. GRASSLEY. Mr. President, the budget resolution we have adopted, Senate Concurrent Resolution 92, charts the next mile along the road to economic recovery. It takes us further along the course we began last year, guided by the principles of Reaganomics: Low taxation, low spending, and movement toward a balanced Federal budget.

Under this budget resolution, the growth in Federal spending next year will be cut by more than half, from 12.9 percent in 1982 to 5.8 percent in 1983. Spending growth over the 3-year period 1983 to 1985 will average only 6.3 percent.

The spending restraint in this resolution is a giant step toward halting the growth of Government spending, a goal to which I am firmly committed. In just 4 years, from 1980 to 1983, spending growth will have been cut by 300 percent. In 1980, the year in which I was elected to the Senate, Federal outlays were growing at a rate of 17.5 percent. I consider a reduction in spending growth from 17.5 percent to 5.8 percent a significant acheivement.

In addition to controlling Federal spending, Senate Concurrent Resolution 92 increases revenues by $107 billion in order to tighten up the remaining deficits.

It has never been my intention to balance the budget by raising taxes and not cutting taxes. The economic crisis we face calls for striking a fair balance between the two, and I believe this resolution strikes that balance. Projected deficits from 1983 to 1985 totaled $631 billion. But the actions we have taken in this resolution have reduced that figure by $358 billion. Only $107 billion of that deficit reduction is in revenue increases.

All Democratic alternatives to this budget that have surfaced would set back the clock at least half a decade. Those alternatives would repeal the tax relief we won last year for the workingman and for small business. The Democrats would once again loosen the grip on Federal spending, and hence budget deficits.

We know where those policies have taken us in the past. And no one in this country wants to return there. That message was sent clearly in November 1980.

The reasons for maintaining the course of Reaganomics become more and more evident. Perhaps the best summation of why we must pursue a steady course appears in this week's issue of Fortune magazine.

In an article entitled "GNP Should Be Up This Quarter", Fortune says the following:

> Though the economy has made the turn out of recession, business has turned gloomy about what comes after. Most of the Executives responding to Fortune's semiannual survey of the business mood expect a recovery at better than a 4 percent pace in the second half. . . . But only 40 percent are confident about regaining real prosperity any time in the next couple of years. Compared with the burst of confidence that appeared a year ago and continued through last fall, that is quite a comedown. It might seem that the afterglow of Reagan's election has vanished and that business has lost faith in his program. On the contrary, the survey indicates that the worry is that the program will be abandoned before it can start to work. One corporate planning officer put the question: "Tax and monetary policies in place are good ones but require time to develop. Will the politicians give them time?"

Mr. President, I believe the budget we have adopted here has answered that question affirmatively. We compromised on this budget in order to facilitate a speedy agreement. But we did not give up on principle. The final product is consistent with the goals of Reaganomics, and I am confident it will assist greatly in allaying market fears and restoring economic vitality.

This is the budget that America wants and needs. We did not need a midcourse correction because we are on the right course. The American people know that. The workingman knows that. The small businessman knows that. Investors know that. The only ones who do not seem to know it keep surfacing with budget alternatives to increase taxes by anywhere from $140 billion to $204 billion. Is that any cure for an ailing economy? Of course not. It is a potion for economic misery.

Mr. President, the signs of potential recovery are too numerous to risk changing course in midstream. Why do anything that might throw a monkey wrench into the system?

Inventories where liquidated during the first quarter at the fastest annual rate on record. That kind of fast reduction in inventories has historically marked the end of recession. There was also a surge in durable goods orders in the first quarter which makes prospects for recovery even better.

According to Fortune magazine, second quarter inventories are likely to decline by only half the rate of the first quarter. That alone would assure a 2-percent growth rate this quarter for real GNP.

Final sales in the first quarter rose at a 1.8-percent annual rate. This increase reflects a slowdown in inflation plus an increase in purchasing power for the average worker.

And last week, the Commerce Department issued a report that showed retail sales for the month of April up 1.4 percent, the largest increase since January 1981. It included healthy sales gains in automobiles and furniture. Robert Ortner, Chief Economist at the Commerce Department, says the April sales figure is more like what we would expect after the July tax cut.

Purchasing power has increased for the average citizen thanks to lower inflation and the October tax cuts. In fact, this is the first recession since that of 1948 in which disposable income, which measures purchasing power, did not fall for any one quarter.

Americans are today $35 billion richer as a result of the fall in oil prices. The scheduled July tax cuts and the 7.4-percent social security boost will increase disposable income by another $45 billion over the next 12 months.

All this enhances the prospects of a consumer-led recovery, beginning in the third quarter.

But Mr. President, the extent to which that recovery is substantial and sustainable depends in large part on the cost of money. I believe that in passing this budget we have taken the right steps to eliminate the "fear premium" in interest rates, and to bring those rates more closely in line with the rate of inflation.

This is a crucial time in our history, Mr. President. The budget we passed was a test of our staying power, of our resolve to implement a responsible and consistent economic policy. That perhaps more than anything else is a sign that we in Congress will do what is necessary to achieve prosperity for our citizens. I stand firmly behind this budget resolution. I trust that it will have a significant and favorable impact on the economy, and thereby provide the foundation for a lasting period of economic growth.

Mr. MOYNIHAN. Mr. President, with regret, I cannot support the budget resolution, nor has a majority of this body. This Nation's economy and the entire congressional budget process face a serious crisis. This resolution fails to recognize or address the true dimensions of this crisis.

The task facing us has been a clear one and can be stated simply: Identify a course of action that can, at once, ease the deepening distress in the Nation's economy while also reducing escalating deficits, which themselves are jeopardizing prospects for lasting economic recovery. The budget process presented a unique opportunity to execute the midcourse correction in economic policy which I first called for last September, and to do so by establishing a bipartisan consensus on fiscal policy.

Unhappily, the majority of this body and the administration have decided to forgo this task. For now, at least, the opportunity has been rejected.

The first evidence of this lost opportunity appears in the resolution's economic assumptions. A budget resolution's assumptions about the pace of economic growth or interest rates are not merely academic data; they are the basis for its projections of overall Federal spending, Federal revenues, and Federal deficits. They are the basic infrastructure of any budget resolution.

Flawed assumptions are not new to the budget process. When Congress enacted the administration's economic program last year, the majority promised that the Nation's gross national product (GNP) would expand, in real terms, by a 42.2-percent rate this year. In the Budget Committee and again on the floor of this body, I warned that this forecast was profoundly unrealistic. Now we know that real GNP declined at rates of 4.5 percent and 4.3 percent during the last two quarters, and today fully 30 percent of America's manufacturing capacity lies idle. Last year's budget resolution also forecast that the unemployment rate would average 7.2 percent this year; 2 weeks ago, the Labor Department announced that 9.4 percent of the Nation's work force is now out of work, breaking all postwar records.

The budget resolution before us today forecasts real growth rates of 4.5 percent in fiscal year 1983 and 4.1 percent in fiscal year 1984. But unless the administration's current economic policy is corrected in fundamental ways, the Nation's economy cannot achieve such growth rates. Data Resources Inc., one of the Nation's leading economic forecasting firms, projects only 3.7 percent real growth in fiscal year 1983, and Evans Economics forecasts only 2.6 percent real growth in the next fiscal year. These two distinguished firms, then, foresee fully one-third less real growth over the next 2 years than does the budget resolution.

It makes a difference. If real growth is one-third less next year than assumed by this resolution, Government receipts will be significantly depressed and Government expenditures will be significantly higher. The deficits will be larger than forecast, and public resources, once again, will have been misallocated.

Consider interest rates. Last year, the budget resolution promised a 1.5 percentage point drop in interest rates this year under the administration's economic program. Today, interest rates continue at levels unprecedented for a deep recession, and real interest rates hover near alltime highs for any period. The resolution before us today assumes that the interest rate for 3-month Treasury bills will average 12 percent in fiscal year 1982, 10.7 percent in fiscal year 1983, and 8.8 percent in fiscal year 1984. This assumption can be fulfilled only if the Nation's economy abruptly enters a period of sustanied high growth and continued declining inflation, a scenario fraught with internal contradictions and nearly mathematically impossible under the Federal Reserve's current targets for the money supply. And compare this assumption with the views of two other prominent economic forecasting firms. Chase Econometrics, for example, forecasts that 3-month Treasury bill rates will average 12.8 percent in fiscal year 1982, 12.1 percent in fiscal year 1983, and 11 percent in fiscal year 1984. Wharton Economics forecasts rates of 12.7 percent in fiscal year 1982, 14.1 percent in fiscal year 1983, and 12.2 percent in fiscal year 1984. According to these assumptions, then, interest rates will likely average about 20 percent higher than assumed by this budget resolution.

Once again, it makes a difference. Continuing high interest rates will simply preclude the high real growth and declining deficits assumed by this budget resolution. Continued high rates also will significantly increase Federal spending to service the Governments debt, the fastest growing item in the entire Federal budget. And fully $104 billion of the reductions in Federal deficits for fiscal years 1983-85 promised under this resolution derive from reduced interest costs, from the assumption of declining interest rates and declining deficits.

No resolution built upon such faulty assumptions, on such shakey foundations, can hope to address the problems of macroeconomic stabilization policy we face.

These problems are not Democratic or Republican problems; they are the Nation's problems to which both parties must address themselves. And for many months, I have been urging a bipartisan approach, using the budget process to address the economic crisis.

Unhappily, the majority has determined otherwise. At all costs, the budget resolution would be a Republican preserve. As a result, the resolution before this Chamber was never approved by the Senate Budget Committee.

First, the President proposed a budget which, almost immediately, the leadership of both parties in Congress rejected. Alternatives were offered by Senator HOLLINGS, by Chairman DOMENICI, by several other majority members of the Budget Committee, and by myself with Senators RIEGLE and SASSER. What emerged from the Budget Committee, however, was a resolution negotiated behind closed doors between the majority members of the committee and the administration.

This first resolution, like the President's first budget, triggered immediate criticism from both sides of this aisle. The focus of this criticism was an unprecedented proposal to cut $40 billion from social security in order to relieve the deficit problem. The majority proposed this drastic reduction, despite the administration's solemn pledge to the American people to await the recommendations from the President's Special Commission, on which I serve, about how to relieve the fiscal pressures on the social security system. The majority responded, once again, by retreating behind closed doors to negotiate a substitute resolution with the administration. It is this substitute we now consider, a resolution never approved by the Senate Budget Committee. These procedures do fundamental violence to the entire congressional budgetmaking process, the only mechanism Congress has to achieve responsibile, bipartisan fiscal policy.

And the resolution which resulted has deeply flawed priorities. It proposes to provide the Nation's health programs, including medicare and medicaid, with some $5 billion less than the amount required simply to keep pace with inflation. The Nation is struggling with the most extended period of economic stagnation and decline since the Great Depression. But this resolution proposes to reduce support for job training, employment, social services, and education programs—which absorbed a 16 percent real cut in last year's budget—by 24.8 percent more in inflation-adjusted terms. Commerce and housing programs, sectors devastated by the current recession, face reductions over the next 3 years of 31 percent in real terms. Mass transit and other transportation programs, which absorbed 14 percent real reduction under last year's budget, will now face another 12.7 percent real cut under this resolution.

I cannot accept the proposition that the root cause of our current economic crisis lies in those programs designed to provide basic security for the Nation's elderly, disabled, unemployed, and disadvantaged. Nor can I accept any budget that tries to achieve short-term goals by sacrificing basic elements of the Nation's economic and social infrastructure, basic components of long-term growth and productivity.

An alternative does exist. On March 31, I proposed a budget plan designed to alter the basic mix of fiscal and monetary policy, in order to accomodate lower interest rates and speed economic recovery. With Senators RIEGLE and SASSER, I offered a plan to reduce budget deficits and distribute the burdens of fiscal restraint fairly, by providing a midcourse correction in economic policy.

This plan would close the budget deficit by responsible fiscal restraint and by altering current monetary policy to permit lower interst rates and a rapid return to economic growth. First, the plan would raise $121 billion in additional revenues by closing $86 billion in tax loopholes over 3 years, by accepting about half of the administration's proposals to revise tax regulations and improve tax collections, and by deferring the indexing of tax rates until 1987. Next, I counseled moderation in expenditures.

Last year, Congress cut $35.2 billion from the Federal Government's discretionary spending programs. Congress should now consolidate and evaluate the impact of these reductions. At this time, Government should not be expanded; but neither should we waste the Nation's investment in human and physical capital by additional drastic reductions in education, transportation, energy, health care, and other related areas. I proposed to restrain discretionary expenditures to 1982 levels, adjusted only for inflation. Budgetary restraints, however, also dictate more rigorous scrutiny of the Defense Department's weapons procurement policies. The Nation's defense, I believe, can best be protected by maintaining the readiness, operations, and maintenance of our Armed Forces. America's security can be effectively and safely maintained with 5 percent annual real increases in defense budgetary authority, and this I also proposed.

The budget plan tied these proposals for responsible fiscal restraint to a shift in monetary policy. The current recession and continuing high interest rates are direct consequences of the current monetary policies, repeatedly endorsed by the administration, which have produced the sharpest decline in money supply growth in postwar history and the tightest monetary policy since 1959. The central measure of the money supply, M_1, dropped from 7.3 percent in 1980 to 2.3 percent in 1981.

My budget alternative proposed that the Federal Reserve revise its current monetary targets to bring interest rates relative to the rate of inflation. I proposed returning money supply growth to the path originally proposed in the administration's economic recovery plan of February 1981. This path assumed an average 0.6 percentage-point annual reduction in M_1 growth.

Working in consultation with the Joint Economic Committee, this plan for fiscal moderation and monetary change was submitted to one of the Nation's preeminent econometric analysis firms, Data Resources, Inc. (DRI). DRI reported that this program would quickly bring down interest rates and rapidly revive the interest-sensitive sectors of the Nation's economy. According to the DRI computer simulation, this plan would sharply increase economic growth this year and through 1983, generating additional tax revenues amounting to some $39 billion in 1983, $38 billion in 1984, and another $38 billion in 1985. And the sharply declining interest rates would reduce Federal expenditures for debt service by some $27 billion in 1983, $48 billion in 1984, and $62 billion in 1985.

By better coordinating the Government's fiscal and monetary policies, the DRI analysis showed, my proposal would reduce the Federal deficit to $78.1 billion in fiscal year 1983, $64.2 billion in fiscal year 1984, and $43.7 billion in fiscal year 1985.

I regret that the majority's determination to produce a partisan budget resolution precluded acceptance of this approach. I am pleased, however, that with Senators RIEGLE and SASSER, I was able to persuade the majority to attach an amended version of the monetary policy directive we offered the Budget Committee. If approved by the entire Congress, this will represent the first occasion in our history that the Congress has directly expressed a sentiment to reevaluate monetary policy targets.

Unhappily, this is not sufficient. The resolution's unrealistic economic assumptions, arbitrary reductions in the Nation's social programs, and fundamental breach of the budget process leave the Nation's economic and budget crises unresolved. I must vote to reject this budget resolution.

Mr. LEVIN. Mr. President, I cannot vote for this budget resolution. Its deficits are too high for this year and for fiscal year 1984 and fiscal year 1985, and I disagree with the taxing and spending priorities used to arrive at those deficits. What we have here is a budget resolution which will keep interest rates high, unemployment high, and the economy depressed. My State of Michigan has endured double digit unemployment for 27 consecutive months, and this budget resolution promises only more of the same. Michigan has been forced to bear the heaviest burden for the administration's economic policy, and this budget resolution will do virtually nothing to ease that burden. This is simply not acceptable to me, and should not be acceptable to the rest of this Nation.

In addition to the serious disagreements which I have with this budget resolution on grounds of economics and equity, I am also disappointed with it because it represents a lost opportunity to achieve the bipartisan consensus which the money markets are looking for, which the public expects, and which is essential if this Congress is going to make the hard decisions on subsequent bills which will put the meat on the bones of this budget resolution. Earlier this week I endorsed the Durenberger bipartisan substitute not because I agreed with every element of it—I did not—but because I thought that it offered a balanced approach toward achieving lower deficits and lower interest rates. It would have limited the increase in defense spending to an average of slightly over 5 percent real growth. Even this amount is larger than I would prefer if we are to put our defense buildup in the proper economic perspective. But I was willing to make that compromise in the spirit of bipartisanship. The Durenberger budget would have cut nondefense discretionary defense spending substantially more than I would have because many of these programs already underwent significant budget cuts last year. But again, because of the need for bipartisanship, I was willing to vote for the Durenberger package. And finally with respect to taxes, I think more must be done to revise last year's tax bill than was assumed by the Durenberger budget. Specifically, it is essential that we take back some of the oil tax breaks and the slowdown tax reductions on multimillion-dollar estates which were included in that bill. These changes from the 1981 tax bill would increase revenues and remove some of the inequity which characterized that bill. However, I put these considerations aside, and decided to endorse the Durenberger budget.

I sensed that a number of my colleagues on both sides of the aisle were willing to act in a similar spirit of bipartisanship. We recognized that partisanship serves no useful economic purpose and shake the public's confidence in the Congress ability and determintion to deal with the budget. Mr. President, how can we ask the people of this country to sacrifice for the sake of improving our economy so that all may enjoy prosperity, if the debate on the budget resolution is carried on in a partisan fashion? A bipartisan budget would have avoided such a debate. Unfortunately, the Durenberger budget was never actually brought before the Senate for debate. Some of its spending "add-backs" were subsumed in the revised Budget Committee's resolution, but the increase in revenues and lower real rate of defense spending which had been part of the Durenberger budget were removed. The net effect was that the Durenberger bipartisan budget had been vaporized.

What we were left with was the budget resolution endorsed by the Republican members of the Budget Committee. In a sense, it is a revised budget which was less than 24 hours old when it came to the Senate floor. But in a very real sense it is like the budgets offered 15 years ago by President Johnson. It tries to give guns and butter. The guns are clear enough for everyone to see. MX missiles that we do not know how to base, B-1 bombers that will be obsolete shortly after they become operational, and aircraft carriers that are sitting ducks. But there is butter here as well. It is in the form of the President's sacrosanct tax cuts which will total almost $750 billion over 5 years. But just as we learned 15 years ago, pushing hard for both big amounts of guns and butter at the same time can prove disastrous for the economy. It risks creating rampant inflation or record high interest rates.

The budget we now have before us shows us the consequences of indiscriminate funding of guns and butter.

In place of the Reagan deficit of $91.5 billion for fiscal year 1983 which was proposed on February 8, we now have a proposed deficit of $115.3 billion. The cumulative deficit total for fiscal year 1983 through 1985 is now projected to be $270.7 billion according to the Budget Committee's proposal. This compares with the 3-year deficit total of $246.3 billion which was proposed by President Reagan earlier this year and which sent shock waves through the Congress. So, it is clear that this budget resolution provides for larger deficits than those which shook the confidence of the markets earlier this year. How can anyone expect it now to create confidence in those same markets? How can anyone expect it to send a message to Wall Street or the Federal Reserve that an end to tight money is in sight? How can it in any way offer hope for lower interest rates on car loans or home mortgages? It can not. It simply can not.

This is a budget resolution which is hamstrung by ideological inflexibility and an adherence to supply-side economic mythology. It is this inflexibility which prevented those supporting this budget resolution from taking the one step which can substantially reduce deficits by fiscal year 1985 and provide investors with the signal they are looking for that this Congress is serious about bringing deficits under control. This step is the deferral or repeal of the third year of the 10 percent individual cut enacted last year. By this action alone, the fiscal year 1985 deficit would be reduced from $64.2 to $28.3 billion. By this action alone, the deficits from fiscal years 1983 through 1985 would be reduced from $270.7 billion offered by the Budget Committee to $194.4 billion. It is for this reason that I supported the amendment offered by Senator HOLLINGS from South Carolina to repeal the third year of tax cut.

If on top of this one action, we also reduced the increase in defense spending to 6 percent real growth as Senator KASSEBAUM from Kansas proposed during the debate and which I supported, we could have reduced the deficit over the 3-year period by another $13.9 billion from the amount proposed by the Budget Committee. This amendment along with the Hollings amendment would have reduced the fiscal year 1985 deficit to below $20 billion compared with the Budget Committee's proposal for $64.2 billion. These two amendments taken together would have reduced the 3-year deficit total from the $270.7 billion proposed by the Budget Committee to $180.5 billion. If we had reduced defense spending to 3 percent real growth, as I proposed in my own alternate budget, the 3-year deficit could have been reduced by another $20 billion

So, Mr. President, the deficits included in this budget resolution are tragic. They are tragic because they will do nothing to bring down record interst rates or record unemployment. They are tragic because they will do nothing to revitalize auto sales or homeownership or steel production or small business. But most of all, they are tragic because they are totally avoidable if the majority of the Senate would simply recognize that a strong national defense does not require that this Nation be blindly muscle-bound, and if the majority of the Senate would recognize that tax cuts which drive up interest rates to record levels are no gift to the American people.

(By request of Mr. ROBERT C. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. HUDDLESTON. Mr. President, I am sure all of us recognize the enormous effort that went into the formulation of the budget resolution being considered by the Senate. But many of my colleagues will be unable to support the final budget resolution because it will not provide adequate funding for certain programs.

As the ranking Democrat on the Committee on Agriculture, Nutrition, and Forestry, I hope the budget for agricultural programs will be adequate to address the needs of America's farmers, who face one of the worst farm income years in history.

The worsening farm income situation is a reflection of low commodity prices, rising production costs, including continued high interest rates, and sagging export sales.

To prevent this situation from worsening to the point where great numbers of family farmers are driven to bankruptcy, may require a revision of the Nation's farm programs.

What the Senate is considering is, of course, the first concurrent budget resolution for fiscal year 1983. If necessary, we can revise the budget when we consider the second concurrent resolution.

As the Agriculture Committee noted in its report to the Budget Committee, we must anticipate the possiblity of remedial legislation this year to address the worsening economic situation of U.S. farmers.

Section 5 of the resolution, as reported by the Budget Committee, provides that it will not be in order for the House or the Senate, during fiscal years 1982 and 1983, to consider any legislation authorizing new direct loans or new loan guarantees unless the legislation also provides that the authority to make or guarantee the loans will be effective only to such extent, and in such amounts, as are contained in appropriation acts.

I am pleased the Senate has adopted an amendment to revise section 5. The amendment makes it clear that the provisions of section 5 will not be applied to the argicultural price support and related programs of the type in operation of January 1, 1982.

Section 5, without this amendment, would have a debilitating effect on agricultural price support and related programs under the jurisdiction of the Committee on Agriculture, Nutrition, and Forestry. Section 5, without the amendment, would cause a fundamental shift in the manner in which our agricultural programs are operated and result in an administrative nightmare.

By guaranteeing the farmer access to loans or purchases at the price support rate, the Government program establishes a price floor for the commodity. With the availability of Government loans and purchases, farmers will not be forced to dump their crops on the market at a selling price lower than the price support rate.

Essential to the price support programs is the ability of the Department of Agriculture to handle all the commodities offered to it at all times during the marketing season. The Department of Agriculture, through the Commodity Credit Corporation, is required to make loans on, or purchase, program commodities, produced by participating farmers, that meet eligibility requirements relating to grade, moisture content, adequacy of storage, and other criteria. As a result, large fluctuations in price support activity can occur because of weather and market variations, both domestic and foreign.

If price support activity for a commodity increases, appropriation figures set in advance may be insufficient to fund the programs. However, the programs cannot be suspended to some point in the future when a supplemental appropriations act that releases additional funds becomes law.

Also, in many cases, farmers seeking price support aid need the loan or purchase proceeds immediately to pay off their existing production loans or obtain money to finance new production.

Under existing law, we have the flexibility required to operate price support programs effectively. Present law directs the Commodity Credit Corporation, which has commercial-type operations and the authority to borrow to obtain needed funds, to handle the price support obligations. The capital structure of the Commodity Credit Corporation is replenished each year by subsequent appropriations that restore realized losses on support operations when there are losses, and reimburse costs of other programs.

If the price support operations were subject to prior appropriations, this flexibility would be destroyed, administration of the programs would be impossible, and price support programs would not longer be a guarantee to farmers against unreasonably low commodity prices.

It should be noted, however, that any increase in the borrowing authority of the Commodity Credit Corporation is already subject to the appropriations process.

Mr. President, I ask to have printed in the RECORD the text of the letter Senator HELMS and I wrote to Chairman DOMENICI urging the adoption of the amendment to section 5.

Chairman DOMENICI's cooperation and that of the ranking Democrat on the Budget Committee—Senator HOLLINGS—are greatly appreciated.

The letter follows:

COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
Washington, D.C., May 20, 1982.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOMENICI: We are concerned that section 5 of Senate Concurrent Resolution 92 as presently drafted would cause a fundamental shift in the Nation's agricultural price support programs under the jurisdiction of the Committee on Agriculture, Nutrition, and Forestry and result in an administrative nightmare.

In short, under the financing procedure dictated by section 5 of the resolution, Federal commodity price support loan programs would no longer be a guarantee to farmers against unreasonably low commodity prices. On its face, section 5 would appear to ignore the reasons why certain of our agricultural programs have been exempted from the appropriations process—they are designed and funded in a manner that protects farmers against unpredictable events, such as the weather and fluctuating economic conditions. Limitations in annual appropriation Acts on the amount of price support loans the Commodity Credit Corporation could make would be highly arbitrary, discriminatory between commodities, producers, and States, and almost impossible to enforce administratively.

We generally support the thrust of what the resolution seeks to achieve with respect to the extension of credit. However, we believe the changes that would be made by section 5 should more appropriately be considered as amendments to the Congressional Budget Act with hearings before the Committees on the Budget, Rules and Administration, and Governmental Affairs. Certainly, the new procedures in section 5 should not be applied to the Nation's price support programs. Accordingly, we have given consideration to offering an amendment to section 5 of the resolution.

However, we were pleased to learn that—in recognition of our concerns—you plan to offer an amendment during the Senate's consideration of the resolution making it clear that section 5 will be inapplicable to agricultural price support and related programs of the type in operation on January 1, 1982, that are funded through the Commodity Credit Corporation. This would be consistent with the action taken by the Senate in 1980 in adopting a similar amendment.

We believe the Senate's adoption of the amendment you plan to offer to section 5 of the resolution will be in the best interest of the Nation's farmers and consumers, and we appreciate your cooperation in this matter.

Sincerely,

JESSE HELMS,
Chairman.
WALTER D. HUDDLESTON,
Ranking Minority Member.●

Mr. PROXMIRE. Mr. President, I am going to vote against this resolution because:

It proposes deficit spending totaling a whopping $388 billion for the period fiscal year 1982-85;

It proposes a staggering $1.5 trillion national debt in 1985 as appropriate;

It leaves unscathed a number of sacred cows which should have been cut;

It sets the stage for continued intolerable high-interest rates and a possible credit crunch; and

Finally, it promises a healthy economy but these promises are based on assumptions which are terribly wrong.

This resolution, despite all the rhetoric surrounding it, fails miserably to reduce deficit spending. By 1985, using pie-in-the-sky assumptions, the resolution proposes a deficit of at least $64 billion. Until this year, 1982, the deficit exceeded this total only once in the past 20 years.

This resolution proposes to increase the national debt by $388 billion in 4 short years. It does nothing to slow the growth of Federal credit, which drives up the debt and crowds out private borrowers.

Far from being a cut in spending, the resolution proposes a spending increase of nearly 6 percent. It continues to fund water projects, general revenue sharing, the Clinch River breeder reactor, and other political sacred cows. And, if experience is a good teacher, the actual rate of spending will probably double as fiscal year 1983 fades into history.

Interest rates are stuck at intolerably high levels because lenders do not believe the Federal Government has put its financial house in order. This resolution does nothing to dispel that belief. It is based on the assumption that a real-after-inflation-growth rate in GNP of 5.4 percent, a drop in interest rates of 2.5 percent in 8 months and a deficit of $115 billion are compatible and consistent. To me, those figures portend continued, high interest rates and a possible credit crunch.

Last year's budget resolution was promised on the assumption that tax cuts alone would stimulate investment. High interest rates put an end to that dream. This year's resolution is based on smoke and mirrors budget cuts and tax increases driving down high interest rates. I am afraid, Mr. President, that we shall soon be watching another dream die.

Mr. BRADLEY. Mr. President, during the Senate's consideration of the first concurrent budget resolution for fiscal year 1983 we have been seeking a balanced means to reduce the enormous budget deficits which are projected for the next 3 fiscal years. Massive tax cuts and record defense spending have given us deficits that are twice as high as any in our history. These deficits, combined with an extremely tight monetary policy, have produced and perpetuated this recession, as extraordinarily high real interest rates extinguish any sparks of recovery. Reducing the deficits, we can all agree, is necessary to restore stability to the financial markets and thereby to lay the basis for recovery from the deep recession into which our economy has fallen.

Mr. President, the budget resolution before us does not, in my opinion, significantly address the root causes of the problem. Worse still, in its budget-cutting it runs the risk of seriously crippling our efforts to return to a productive, growing economy.

What are the causes of our current budgetary problem? First, Mr. President, is the overgenerous Tax Act of 1981. In extreme optimism and without regard to the state of the economy 1 or 2 years hence, last year the Congress passed the administration's tax package. While I supported tax reductions for business to stimulate productive investment and reductions for individuals to help offset the increased social security tax burden, I could not support the final legislation. I believed then that the multiyear revenue loss from the tax cut would bring high interest rates and huge multiyear deficits, not economic growth. The arithmetic seemed clear: $750 billion in tax turnbacks over 5 year, plus $200 billion in defense increases, minus $135 billion in spending cuts over the same period would leave potential deficits of some $800 billion. The promised supply side economic miracle—a burst of businesss investment, the creation of millions of jobs and a booming economy—simply has not materialized. The 10 million Americans now unemployed, the record number of bankrupt small businessmen and farmers and the thousands more facing the prospect of bankruptcy, the anxious managers of our thrift institutions and the forest products, housing, and auto industries all know the unhappy truth: The Kemp-Roth-Reagan Tax Act was too incautious. Corrective action must now be taken.

Mr. President, this budget resolution also proposes defense spending which I believe to be excessive. I cannot support a budget resolution that turns defense spending into a blind alley which could lead to greater troubles for our economy. In defense, as in other areas, too many dollars spent too quickly can result in production bottlenecks and the diversion to defense purposes of an undue share of the output of our electronics and other high technology industries, damaging the health of our nondefense industries. Moreover, the proposed levels of spending for defense will certainly fuel the already pronounced and well-documented inflationary tendencies in defense procurement programs.

We must be prepared to spend whatever is necessary to insure the appropriate margin of military safety in the coming decade. However, this budget authorizes funds for programs that do not demonstrably serve our national security and foreign policy objectives. If we are serious about reducting the long-run deficit, we must take decisive actions now to reduce out-year costs.

Accordingly, when the Senate considered the 1983 Defense Department authorization, I voted to cut money from such programs as the Nimitz class nuclear powered aircraft carrier, the MX missile, and the production of lethal chemical weapons. When we take up the defense appropriation bill later this year, I will also vote to delete funds for the B1 bomber. I regard this program as an unnecessary and unduly expensive bridge between our existing B52's and an advanced technology bomber, the so-called Stealth.

Cutting these programs would not generate more than a few billion dollars of additional savings in the current fiscal year. However, over time the savings would be substantial.

Mr. President, despite proclaimed concern about the projected deficits, the proponents of this budget resolution have proved unwilling to take the steps required to reduce out-year deficits to the degree necessary. The third year of the tax cut which give most Americans that $4 per week is held inviolate and minimal restraint is called for in defense spending. Instead they turn, once more to the programs serving middle and lower-income Americans which bore the brunt of last year's budget cuts. They propose billions of dollars in savings from the education, job training, health, and environmental programs which improve the quality of life for so many Americans.

Worst of all, Mr. President, the reductions required by this budget strike at the heart of U.S. opportunities for economic growth.

Mr. President, the world is becoming a single marketplace and the United States is selling more, buying more, and competing more on an international basis. As our economy grows more sophisticated and technological change transforms the American workplace and work process, the goods and services which we produce the best will also change. In order for American industries to keep pace with the worldwide demand for sophisticated products and services, the working skills of Americans will have to change and change rapidly. Historically, our efforts to improve productivity and products have focused on mobilizing new capital investment and in providing technology. Tax advantages and regulatory policies have encouraged businesses to invest in new buildings, machines, and technology. We need the investment, but as a result, investment in people has all too frequently been neglected.

However, as the postwar baby boom generation reaches maturity, the growth of the American work force will slow. This means that American companies will have a smaller pool of workers from which to draw. It also means that we cannot afford to neglect our education and job training programs any longer. How effectively we educate today's children and renew today's work force will determine how effective a work force we will have tomorrow.

Mr. President, I believe that we need to make significant new investments in our entire educational system and in our job training programs. We have fallen behind in producing the engineers, the scientists, the high school teachers of foreign language and science, the skilled machinists and the computer repair technicians that we need if our economy is to regain and maintain its strength and vitality. We should be increasing our investments in the education and training programs which expand job opportunities for our present and future workers, not slowing them as this budget would do.

As we look to the future, we must be especially sensitive to the special help that disadvantaged and handicapped children and young adults must have if they are to participate in and contribute to future economic growth. Special teachers supported in part by Federal dollars now provide this added help in thousands of elementary and secondary school classrooms around the country and Pell grants make college attendance possible for many thousands of students from low-income families. Mr. President, I and a number of my colleagues sought to restore funding to this budget resolution in order to sustain—merely sustain—our current efforts to assure equality of educational opportunity for all our children. Because we were not successful, handicapped children and low-income children will be required to make sacrifices which neither they as individuals nor we as a nation can afford—all because the Senate majority is unwilling to modify last year's unwise tax decisions.

The elderly, the disabled, and the poor are also being asked to increase their burdens on behalf of a tax cut that gives them very little. This budget calls for reductions in medicare and medicaid expenditures amounting to approximately $18 billion over the next 3 years. To achieve such savings, benefits will have to be cut, eligibility limited and many more dollars will have to come out of the pockets of senior citizens, the disabled and the poor.

Mr. President, I share the concern about the cost increases which have hit Federal health care programs—increases which exceed the general rate of inflation. But I do not believe that we can afford to lower the deficit by reducing access by the elderly and the poor to medical care. Cost containment and reform of our health care reimbursement system, not this budget's cost-shifting and cost barriers to care—this is the approach we should take.

Mr. President, I could cite other programs of vital national interest which have suffered funding reductions in this budget in order to maintain the third year of the tax cut and provide for massive defense spending. The superfund, created to begin the cleanup of the Nation's all too numerous and all too hazardous toxic chemical dumps, and special Federal aid to unemployed workers in high unemployment States are only two examples. As with education, job training, and health, these programs return benefits far in excess of their costs.

In conclusion, Mr. President, this budget resolution strikes the wrong balance between spending and revenues, and between defense and nondefense spending. Rather than compound the mistakes of last year by continuing a program that has not worked, we should bring our fiscal policies back into balance and start our economy on the true road to recovery.

Mr. President, I am compelled to vote against this budget resolution.

Mr. HELMS. Mr. President, it is part of the responsibility of being a Senator that we must choose between (1) going along with something that we believe to be wrong and therefore harmful to the country or (2) running the risk of being misunderstood.

Of those choices, especially concerning this budget resolution, I must run the risk of being misunderstood. I regret that I cannot support this resolution, despite my high esteem for Senator DOMENICI and others who have worked so hard and so long to reach a compromise that, in their judgment, would pass both the Senate and the House. But reaching a compromise is not nearly so important as standing firm for a budget that would do the job.

The truth is, Mr. President, that the compromises so evident in this budget resolution have bartered away the very principles that are imperative if we intend to send the right signal—the kind of signal that would encourage a stabilized economy, lowered interest rates, a reduction in Federal spending, a reduction in the Federal deficit, and a revitalization of the productive capacity of this Nation to put people back to work.

I realize, of course, that President Reagan was convinced by his advisers that in order to satisfy his Democratic adversaries compromises had to be made--but when basic principles, whether they be economic principles or otherwise, are compromised, trouble lies ahead.

I do not believe that this budget resolution will even begin to do the job that we say we want it to do. In fact, I am apprehensive that it will have precisely the opposite effect. I hope I am wrong. Believing that as I do, I cannot in good conscience support this budget resolution.

Mr. President, on yesterday I offered an amendment—the only one that I offered during this debate—an amendment that would have sent the right signal, an amendment that would reduce Federal spending by more than $101 billion on a pro rata basis, while reducing the enormous increase in taxes, stipulated by this budget resolution, by the same amount. The pro rata reduction in Federal spending would have been between 6 and 7 percent, and I am persuaded that there is not one Federal department or agency that could not accommodate such a decrease.

But my amendment was defeated, Mr. President. It received 17 votes—about what I anticipated when I offered the amendment, considering the mindset on both sides of the aisle.

Mr. President, I overheard a comment last night in the cloakroom by an able Senator who said that this budget resolution calls for too much spending, too much taxing and too little national defense. He is right. The assumptions of economic activity on which this budget resolution is based are seriously flawed. Senators may not today be able to perceive this, but I am persuaded that they will eventually see it—to their regret. But it will then be too late.

The economic theories on which this budget is based contradict previous tenents of the Reagan administration and are contrary to the principles Congress embraced when it adopted most of the President's economic recovery program in 1981.

Mr. President, it saddens me to say that this budget resolution, while well intended, may represent one of the most flawed pieces of economic legislation Congress has considered in years.

I fear that approval of this budget resolution may mean ecomonic dislocation on an even greater scale than exists today, and that it is in fact a rejection of the economic mandate that the American people endorsed in 1980.

The work of many Senators and staffs on this resolution deserves considerable credit. I wish that I could support the results of their efforts. But I cannot.

Mr. President, over the life of this budget process the assumptions on which budget resolutions have been based have never been proven correct. In other words, the revenue and outlay figures that Congress assumed, in making its judgments, have proven incorrect. This is not because the professional staffs of the Budget Committee and the Congressional Budget Office have not conscientiously done their jobs, but rather because the state of the art of economics is far from perfect. In fact, there has been a great debate within the CBO and the Senate Budget Committee concerning the tools used to make these assumptions.

My colleagues may recall that during the past Congress a memorandum was sent from Alice Rivlin, head of the CBO, to then Budget Committee Chairman Muskie referring to a "Right Wing Claque," that favored using economic assumptions based on classical or supply side economics. I assume the memorandum probably meant to refer to a "clique," which is a small group advocating a partisan cause; and not a "claque," which is a paid group of applauders in a theater. But what came through in the Rivlin memorandum was the CBO staff's bias against supply-side economics.

Ironically, the American people in 1980 endorsed precisely the kind of economic prescriptions which are at the heart of incentive-based, classical, or supply-side economics, and Congress in 1981 adopted much of President Reagan's program based on that economic view of the world. It is important to remember that a year ago Budget Director David Stockman described the CBO as the chief source of criticism of the President's program. Indeed, the assumptions on which this budget resolution is based are the same assumptions that were used by the political opponents of the President's program of cutting both taxes and spending in 1981.

The Wall Street Journal offered a cogent comment concerning the accuracy of the assumptions upon which Congress is relying to make significant changes in the course of economic policy:

> The actual deficit this year is running well below the forecast level. It's anybody's guess what the actual deficit will be when the fiscal year ends September 30, but we know for sure that people who can't even guess the current year are not to be trusted predicting the years beyond. Most of the numbers and economic assumptions before Congress haven't even been run through the OMB and Congressional Budget Office computers, for whatever that is worth.

Mr. President, even if CBO did run these numbers through its computers, I would doubt the reliability of the results because of the peculiar way OMB views the economy. As computer experts put it, "Garbage in, garbage out."

Mr. President, much of the debate on this budget is focused on the question of the economy and on the need for policies that will result in lower interest rates. Here again, conscientious and diligent men and women have come to a conclusion and they have acted on it—that a budget resolution containing a lower projected Federal deficit will have an immediate salutary effect on the financial markets, and that consequently interest rates will come down. The resolution has been described as the "clear signal" that is needed to give financial markets confidence in long-term economic stability and thus encourage people to make long-term investments. Such investment will produce economic stability necessary to bring down interest rates. So the argument goes.

Mr. President, it is almost as if we are expecting the markets to play the role of Charlie Brown in the comic strip. Every fall, Lucy holds a football for Charlie Brown and assures him she will not pull it away when he tries to kick it. Every year he doubts her, but is finally convinced that she is serious this time. Every year, of course, she pulls the football away and Charlie Brown winds up flat on his back.

Can anyone seriously contend that the figures on this budget are an accurate forecast of what Congress will do in fiscal 1983 or what the economy will do in fiscal 1983? I do not believe that Wall Street is populated with Charlie Browns.

Mr. President, no one can argue that Congress should or can ignore the Federal deficit. History provides the answer to that question. Anyone familiar with my record in Congress is aware of my conviction that we must reduce Federal spending and balance the Federal budget.

So we must not just lower the deficit, we must eliminate it. We must also act on the constitutional amendment to require a balanced budget, and we must cut Federal spending.

One final note, Mr. President. There is a substantive alternative that is too seldom discussed in Congress—a monetary policy that would certainly provide long-term predictability to the value of the dollar. A monetary policy with the purpose of stabilizing the value of the dollar would provide the stability needed to allow long-term interest rates to come down to historical levels. It would mean that the bond market would prosper, the industries in our Nation would grow again, and we could put Americans back to work.

Yes, Mr. President, I am talking about a gold standard. Unless we change the monetary system of this Nation, we are not going to solve the problem. We will merely be compounding it.

I will not consume the Senate's time further, Mr. President. Again, I regret that I cannot in good conscience support this resolution. At the same time, I would reiterate my respect for Senator DOMENICI and all others, including the staff members, who have spent so much time and effort on a most difficult task.

I thank the Chair and I yield the floor.

● Mr. GLENN. Mr. President, this budget resolution is most unacceptable. Indeed, in a very key way this resolution is worse than the original resolution reported out of the Budget Committee in that it projects even deeper deficits. Its deficits, in fact, exceed those of any of the other alternatives proposed. To me, a Federal deficit amounting to more than $270 billion over a 3-year period is dangerous. Such deficit forecasts suggest such large Federal demands on the capital markets as to severely impede our chance to recover from the current recession. They threaten the painfully-achieved reduction in inflation and promise continued high interest charges.

Government-related borrowing, which accounted for about 42 percent of total credit market borrowing in 1981, can only increase under the modified budget resolution the majority has thrust at us.

The majority has compounded the problem, then, and for one simple reason. The majority simply refuses to consider elimination of the third round, 10 percent of the Reagan-Kemp-Roth tax cut, scheduled to take effect in July of 1983. Budget cuts alone cannot possibly balance the budget when we are staring at $125 to $200 billion deficits over each of the next several years. Only undoing at least a portion of the tax cuts will do the job of substantial movement toward a balanced budget.

That, Mr. President, is what must be done to bring this deficit growth under control. Elimination of that scheduled tax reduction would yield $183 billion in revenues over the 3-year period this resolution addresses, permitting us to send a stronger signal to the capital markets even as we address some of the pressing needs for health care, the elderly, education, jobs unemployment assistance, nutrition, housing, law enforcement, transportation, and, yes, for national defense.

Shelving the third stage of last year's tax bill is the realistic way to meet our budgetary needs and reduce the deficit. That step would require an admission that we went too far last year. That is an admission that I, for one, am more than willing to make. Indeed, I voted that conviction last night when the amendment of the Senator from South Carolina (Mr. HOLLINGS) was rejected. I will vote that conviction once again today by voting "no" on this resolution.●

Mr. LEAHY. Mr. President, I intend to vote against the budget resolution before the Senate today, Senate Concurrent Resolution 92.

I regret that I must oppose this resolution. I do so because it ignores the severity of our present economic crisis, and fails to redirect the misguided economic policies which have caused that crises.

The budget process, beginning with the drafting of this resolution, offered the most promising opportunity to revamp the mix of spending and tax policies which has produced today's record budget deficits, record unemployment, and record-high interest rates.

It is unfortunate that the Reagan administration and the majority Members of the Senate have rejected offers for a bipartisan budget compromise, and have instead forced through the Senate a budget plan which embraces the Kemp-Roth tax bill, and all the other elements of the administration's failing supply-side policies.

It has disturbed me to watch the tradition of nonpartisanship in congressional budgeting, which is the pillar of the congressional budget process, ignored and violated during the development of this resolution.

While publicly stating their interest in a bipartisan budget compromise, Republican leaders in Congress and the administration have gone to extraordinary lengths to prevent Democratic participation in the budget negotiations.

In fact, the last gesture of bipartisan cooperation on the budget occurred when Senate Budget Committee Republicans and Democrats joined together in unanimously rejecting President Reagan's original budget. The vote against the President's budget and the $400 billion in budget deficits it contained was 20 to 0.

Following that vote the Senate majority has twice retreated behind closed doors to draft revised budget plans with no public discussion, and no Democractic participation.

The final result of these behind-the-scenes sessions is the resolution presently before the Senate today—a resolution which was never approved or even discussed by the Senate Budget Committee.

These partisan procedures do great harm to the congressional budget process, which has been, and hopefully will remain, the best and only means of achieving responsible and bipartisan fiscal policy.

As troubled as I am by the partisan maneuvering which has shaped the pending resolution, I would not oppose a budget resolution on questions of process alone. I must vote against this resolution because it does little to aid the prospects for economic recovery or to reduce the massive deficits which have paced our economic slide.

Mr. President, this budget resolution, and the supply-side economic policies it embraces, has two major shortcomings: It is unfair and it will not work.

It is unfair because the tax break given to a taxpayer earning $80,000 is 34 times—that is right—34 times bigger than the tax break for a family which earns $10 to $20,000 per year. It will not work because the record budget deficits it contains have caused soaring interest rates, reduced investment, and high unemployment instead of the promised economic growth and prosperity.

The old gospel said we had to pay the price of millions unemployed to reduce inflation. The new supply-side economics said you did not. It said you could cut taxes, balance the budget, restrict the money supply, whip inflation, and create a boom economy all at once. In fact, today we are reducing inflation only because there are 10 million unemployed. We have learned again the hard way that there is no free lunch.

This budget resolution reflects spending priorities which defy all rules of logic and fairness. It proposes drastic reductions in our environmental protection and cleanup efforts. It proposes deep cuts in the health, education, employment, job training, and social service programs which are critical to the health and security of the unemployed, the elderly, and the disadvantaged—especially now in the midst of a severe and protracted recession.

At the same time, this budget proposes generous, even reckless increases in defense spending for the procurement of numerous obsolete, goldplated weapons systems. Our Nation's defense strength and readiness can be improved and maintained with a slower rate of growth in military spending.

Mr. President, I refuse to believe that wholesale transfers of funds from research, education, energy and transportation programs which build and protect our economic infrastructure, into defense accounts, will bring about an improved economic climate.

We are told by the administration and supporters of this resolution that deep cuts in these many areas are necessary, that the severity of the times requires substantial and equal sacrifice as we work to reduce the escalating budget deficits.

In fact, this budget does not require equal sacrifice or balanced cuts. Offsetting the deep cuts proposed in areas of great importance to Vermont are spending increases totaling some $34 billion in other areas—areas such as civil defense, water projects, foreign military assistance and other nondefense accounts. On top of these budget increases is another $25 billion increase over last year's record level of defense spending.

We are also told by supporters of this resolution that it represents a bold and successful stand against runaway budget deficits.

In fact, this budget contains the largest budget deficits ever projected in the history of congressional budgeting. This resolution projects budget deficits totaling $270 billion in the next 3 years, $115 billion this year alone.

Mr. President, these unacceptable deficits are the product of the ill-conceived economic policies of the current administration. They are the cause of soaring interest rates and the reason for the current recession which has thrown more Americans out of work than at any time since the Great Depression.

As staggering as these deficit projections are, all indications are that they understate the true problem. A realistic forecast of the performance of the economy produces deficit projections which are substantially larger.

If the forecasts for economic growth and interest rates in this resolution prove to be overly optimistic, as was the case last year, Federal revenues will fall, expenditures will rise, and the actual deficits will exceed the already high levels projected in the pending resolution.

Mr. President, in summary, I cannot support this unfair and fiscally irresponsible budget.

I regret that amendments I offered to restore funds for environmental protection and for the women, infants, and children (WIC) supplemental food program were rejected. I regret that the amendments I supported to redistribute necessary spending cuts more equitably among different income groups, spending accounts, and regions of the country were also rejected.

Acceptance of these amendments would have done much to improve the fairness of this budget resolution.

I have similar regrets that deficit-reducing measures which I support were not approved. Amendments I supported to cut domestic and defense spending freeze foreign aid at 1982 levels and raise billions in revenues over the next 3 years, would have produced a balanced budget by 1985.

Instead, the resolution contains a deficit of $64 billion in 1985, and cumulative deficits of $271 billion over the next 3 years. These unacceptably high deficits are a prescription for continued economic disaster.

Mr. President, the House of Representatives will consider several budget alternatives next week. It is my hope that the House, and then a joint House-Senate conference committee, will draft a bipartisan compromise budget which is fair, which works, and which I can support.

● Mr. WEICKER. Mr. President, unfortunately I find myself in much the same position I did last year at this time. I have a budget resolution before me which floats on a vertible sea of red ink. I have before me a budget resolution whose tax cuts far exceed its spending reductions. I have before me a budget resolution which spends more on defense than this budget or the Pentagon can efficiently bear.

The only difference is that this year the deficits are twice as large; unemployment and interest rates are higher; and economic recovery is nowhere in sight.

In light of those prospects and that record, Mr. President, I must vote "no" on this resolution.●

● Mr. MATTINGLY. Mr. President, I rise today to support the conference report to accompany Senate Resolution 92, the first concurrent budget resolution for fiscal year 1983.

I must admit, however, that my support for the conference report, as was my support for the Senate budget resolution, is lukewarm. I would have preferred less spending, less taxes, and a lower Federal deficit.

While taxes are increased in the next 3 fiscal years as a result of the conference report in an effort to reduce the Federal deficit, outlays are increasing each year by a much larger amount. Until Congress acknowledges and reverses this trend, the Federal deficit will never disappear nor will the American economy prosper or operate at its full potential. In other words, Congress must recognize and deal with the spending side of the budget equation if it ever hopes to get control of the out-of-control Federal budget.

Mr. President, as I previously emphasized, I, like many of my colleagues, would have preferred less spending, less taxes, and a lower Federal deficit. This issue, however, must be addressed in subsequent Federal budgets.

Today we are faced with the choice of accepting the conference report or accepting no budget at all. Many will argue that no budget at all would be preferable. I disagree. No budget would certainly send the wrong signal to the American people and the financial market, both of whom are justifiably skeptical of Congress sincerity in getting its fiscal house in order. As I have indicated, I do have reservations about the conference report; nevertheless, it does not set a course of declining Federal deficits which will, hopefully in the next few years, bring Congress back to spending within its means. In fact, the conference report calls for $378 billion in deficit reductions over the next 3 years.

While Congress must continue its effort to reduce the Federal deficit and the Federal Government's involvement in the marketplace, adoption of the conference report will send a positive signal to the financial markets that Congress has taken a step to accomplish this goal. Moreover, I am hopeful that adoption of the conference report, showing declining Federal deficits in future years, will establish confidence by the financial markets and will thus lower the intolerably high interest rates which have thus far retarded economic growth and an economic recovery.

Mr. President, even with the passage of the conference report, our job is far from complete. A difficult round of tax and spending decisions will now begin in various committees that are required by the conference report to accomplish savings and achieve revenue increases. In this regard, I hope every American will continue to encourage and keep pressure on their elected officials to meet these instructions. Failure to do so will send a signal to the American people and the financial markets that Congress is back to its old way of business as usual, a situation which the people will not stand for and the economy cannot afford.

Mr. President, with the foregoing said, I cast a favorable vote for the conference report to accompany Senate Resolution 92, the first concurrent budget resolution.●

Mr. **ROBERT C. BYRD**. Mr. President, the time has come to vote on the first budget resolution, and I will have to vote against it, in its present form. I will have to vote against cutting medicare by $18.3 billion. I will have to vote against new taxes that could take money from our veterans. I will have to vote against a budget which could require user fees that unfairly burden our Nation's coal and gas producers. I will have to vote against this budget because it continues the folly of Kemp-Roth at the expense of the American working people and our Nation's elderly.

I will have to vote against dipping once more into the shallow well of domestic spending to drain away education funds, railroad retirement, housing, and veterans programs. Millions of our most deserving and hardest pressed working citizens will be hurt by this unworkable and unfair Kemp-Roth budget.

I tried to delay the Kemp-Roth tax cut for the wealthy until we could afford it. I tried to delay the tax cut rather than create $107 billion in new taxes in the middle of a recession, as the Budget Committee proposes. These new taxes could raise the price of energy through user fees, oil import taxes, or other energy penalties. These new taxes could increase the burden of families struck by catastrophic illnesses, by denying them tax relief for their overwhelming medical expenses. These taxes could further threaten the ability of parents to send their children to college. In short, these $107.2 billion in new taxes the Budget Committee proposes would come largely out of the pockets of working men and women.

Some people will be hurt by whatever decisions we make in this Chamber, but it did not have to happen this way. These terrible decisions must be made because the Kemp-Roth tax cuts and high interest rates have forced us into a deficit-ridden recession that is not abating.

This week, the Federal Reserve Board reported that the productive use of our Nation's factories and machinery slipped again in April. Nearly 20 percent of our available capacity now stands idle, waiting for the Kemp-Roth supply-side magic to take hold.

Industrial production, which is a basic indicator of our economic health, fell again in April, and now stands 8.6 percent below its prerecession level.

Just yesterday, the Commerce Department announced that in the first quarter of this year, before-tax business profits dropped at a 29-year record rate of 15.6 percent, while after-tax profits plunged 17.5 percent. On the same day, the Commerce Department announced that the GNP had dropped further in the first quarter than was originally thought. Instead of dropping 3.9 percent, there was actually a plunge of 4.3 percent.

And if the present is bleak, the future is no brighter. In April, the conference board's survey of consumer confidence hit an alltime low of 53.1 percent, and consumer buying plans plunged 27 points during that month. Everyone knows that until consumers begin to buy again, no sustained recovery is possible.

Why have consumers slashed their buying plans? Why have our Nation's businesses slashed their capital investment plans so severely that they will invest 4.5 percent less this year than last? Why are our factories running almost 30 percent below their capacity? One ominous phrase answers all these questions: High interest rates.

High interest rates have stifled investment. What business can afford to invest when real interest rates are running at a record rate of 15.5 percent? How many consumers can afford to buy houses, cars, or refrigerators at the current interest rates?

Is it really any wonder that we find ourselves facing record deficits, a stubborn recession and proposals to take more from our Nation's elderly, our Nation's sick, and our Nation's working poor?

None of us should be surprised that a contradictory policy of tight money and big deficits would lead to a recession and that deficits grow astronomically during bad economic times. There were plenty of storm warnings last year. Economists outside the administration were nearly unanimous in saying that huge tax cuts and tight money would damage our economy.

Democrats in the Senate tried repeatedly to tie the third year of Kemp-Roth to economic conditions. We did not want to eliminate the tax cut, but to schedule it when we could best afford it. We argued that there was no sense in adhering to a doctrinaire timetable established by rigid ideologies. I went to the White House to say that the Kemp-Roth plan should be more moderate, that it should pay attention to the needs of our people, not the needs of theory.

Reasonable people can disagree on many things, and we did not agree with our Republican colleagues that the Kemp-Roth tax cut could be swallowed whole. Our friends on the other side of the aisle stuck to the original Kemp-Roth plan, and they did it with the best of intentions. I am convinced that my Republican friends honestly believed the 3-year plan was the best way to get America moving, and that the supply-side magic promised to them by Mr. Stockman's computers would be worked on schedule.

They did not know that they were worshipping a false idol at that time. They did not know that the OMB computers were being fed manufactured data, and that the projections of sustained, low inflationary growth were made up out of whole cloth. They did not know that the promised 1984 balanced budget was a will-o'-the-wisp that would disappear as we drew closer to that year.

No Republican Senator thought that his support for Kemp-Roth would turn the silk purse of large tax cuts into the sow's ear of massive deficits. But I also know that my friends should not be surprised that such a transformation has come to pass. We disagreed, honorably and honestly, last year, but we disagreed nonetheless. Unfortunately, Democratic caution regarding Kemp-Roth has turned out to be the wisest course, and our predictions of economic difficulties have unfortunately been borne out.

Last year, we knew that the Kemp-Roth tax cut was a roadmap, but Republicans and Democrats disagreed about where that map led. My Republican friends thought we were traveling a road paved with gold and headed for the paradise of strong economic recovery. My Democratic colleagues believed we were setting out on the road to higher deficits and higher interest rates. If only we Democrats had been wrong, there would be no need for this year's Republican efforts to cut social security, medicare, student loans, and housing.

But we should not say that the Kemp-Roth tax cut is solely responsible for the recession, nor is it solely responsible for the record budget deficits that we face, deficits so large that we must struggle mightily to bring them down to the staggering figure of $100 billion in 1983. Our economy is too big, too resilient, and too creative to be destroyed with just one mistake. Unfortunately, there was a second mistake that helped make the difference.

Economic advisers to the administration pushed the Federal Reserve Board into pursuing the tightest money policy in memory. Last year, the basic money supply grew at only 2.3 percent. With inflation running at 10.4 percent last year, this means that the real supply of money actually decreased by 8.1 percent. In other words, after we take account of inflation there were 8 percent fewer dollars at the end of 1981 than there were at the beginning. With that steep drop in money it is no surprise that a steep and long recession has sprung from this high-interest-rate policy.

Even the administration's economic advisers recognize that their monetary policy was responsible for the recession. In their annual economic report for 1981, they wrote:

> There decelerations in monetary growth led to a sharp decline in real output in the final quarter of the year.

To their credit, these advisers did not seek to hide behind the past or to blame others for their recession. The high-interest-rate monetary policy caused the recession, they say.

The administration remains committed to the same tight money policy in 1982 that it followed in 1981, and with the same results: Record real interest rates and continued recession.

The combination of tight money and big deficits creates a vicious cycle where tight money leads to high interest rates which lead to deeper recession which leads to larger deficits. These deficits, in turn, increase interest rates as the Government sucks up more and more of the available credit from businesses and consumers.

This spiral will not be stopped until we return to a policy of prudent tax cuts, prudent spending cuts, prudent defense increases, and prudent monetary policy. We need an economic policy of commonsense, not of uncommon rigidity. Right now, the Kemp-Roth tax cut and the tight money policy are keeping interest rates up and keeping us in a recession.

I hope we will do something about these problems during this budget process. We should delay the third year of Kemp-Roth until we can afford it. I do not think the Government should promise tax cuts we have to borrow to afford.

I also hope we can force the administration to loosen its grip on the money supply. There is no need to have negative real money growth in the middle of a recession. Slow money growth means high interest rates, and high interest rates guarantee continued economic weakness for our Nation. Bankruptcies are running at 50-year record levels because businesses cannot afford to stay open at these interest rates, our citizens cannot afford to buy houses, cars, or appliances, and our industries cannot afford to invest.

Mr. President, what more reason do we need to change this destructive economic course? What more reason do we need to admit that the best-intentioned theories can go wrong in practice? How much longer must we endure this tragic, national nightmare? I would hope that we will eventually set the stage for recovery by looking not just at veterans programs, housing, and student loans, but at the Kemp-Roth tax cut and the high interest rate policies of the past 16 months.

So, I will vote against this budget resolution. I will vote against it because it continues a tragically flawed policy that has kept real interest rates at record levels and has cost 10.3 million people their jobs. I will vote against it because it penalizes our elderly, our students, our veterans, and our children to save a Trojan Horse tax scheme that reduces taxes for the wealthy few. I will vote against this resolution because it raises new taxes by $107.2 billion in the middle of a recession that still has not hit bottom. Most of all, I will vote against this budget because it is bad tax policy, bad budget policy, and bad economic policy. It is a compromise without a conscience, and a policy without a promise.

I may not be the only one who has trouble with this budget resolution. From recent press reports, the President himself seems to be backing away from this Republican budget plan. Yesterday, according to his spokesman, he decided to sit on the sidelines once more.

I would like to know if the President supports this latest Republican proposal, or if he still demands that social security be cut as the price for his support? I would like to ask my good friend, the Senator from New Mexico, if he knows whether the President stands behind this budget or not? If even the President cannot support this plan, I do not know why the Senate wastes its time in voting for a budget anticipating legislation which will eventually be vetoed. I hope my colleagues on the other side of the aisle can enlighten me, and the rest of the American people about the President's feeling about his budget. Does he support it or does he not? That is the question. Perhaps it will be answered by the President in the days to come.

Mr. PERCY. Mr. President, I plan to support this budget resolution for fiscal year 1983 when we come to the final vote on it. I do so not because this is the best budget, but because it is the best one we could put together here in the Senate.

The recession is having a major impact on my State of Illinois. Unemployment last month was 10.4 percent, one of the highest among the industrial States and a full point above the national average. In some of our Illinois cities, joblessness is much higher. In Kankakee, unemployment stands at a disconcerting 16 percent; in Decatur, at almost 13½; in the Quad Cities and Rockford, 13 percent. These are tragic statistics. Behind each one though is a family or individual whose work and career has been disrupted. It is imperative that we get the economy moving again so that new jobs will be created in Illinois and throughout the country.

Economists tell me the key to getting the recovery going at this point is a further decline in interest rates. These interest rates—the prime is as high as 18 percent in some Illinois towns—must be reduced and the best way to do this effectively and permanently is to slow Government spending and bring an end to the budget deficit as soon as possible. Financial markets want to see some progress in grappling with the deficit to convince them we are serious about keeping inflation down. If we can show them that—and I think we can—interest rates will begin to fall.

We have already seen tremendous progress made on the inflation front. Just today the Federal Government announced that inflation for April was a mere 3 percent and the inflation rate for the first 4 months of this year is an incredibly low 1.5 percent. When we think back to the 18 percent inflation we recorded in the first quarter of 1980—just 2 years ago—this achievement becomes all the more remarkable.

Despite the progress made in arriving at this budget, I am still concerned about the size of the budget deficit we are projecting for the upcoming year. A budget deficit of over $100 billion is way too large for the economy and I am, of course, disappointed to see very large deficits forecast out into 1984 and 1985. I have been working for several years to bring us to a balanced budget by 1984 and I shared the President's hope that we could achieve that.

Unfortunately, the recession has upset those hopes and plans. Unemployment has increased the payout of a number of entitlement programs. These payment must be made under current law and consequently Federal spending rises automatically. On the other side of the ledger, Federal revenues in a recession generally drop. As economic activity falls off and unemployment grows, taxes owed the Government usually drop. Additionally, inflation's almost precipitous drop this year has cut into the levels of taxes owed the Government.

In short, the budget is heavily influenced by the state of the economy. Both the rise in joblessness and the fall of inflation have worsened the budget picture, making a balanced budget all the more elusive for fiscal 1984.

Despite this fiscal forecast of a large budget deficit for fiscal 1983, I am somewhat encouraged that the projections may be proved to be inaccurate. During the first half of this year, Federal revenues have been coming in at a rate far in excess of what this budget resolution estimates. If the first half of the year is any guide to the revenue picture for the year, we will not see the $100 billion deficit forecast here. Rather, we could see a deficit in the range of $70 to $80 billion. While this is still too high, it is a vast improvement over a deficit forecasted at one point of over $180 billion if no action were taken by the Congress.

At this point, however, we cannot foresee accurately what pattern revenues will take for the remainder of this year. It may be that they will indeed follow the course of other recessions. They may nosedive in the second half of the year, thereby producing the large deficit predicted in this resolution.

As I said, I certainly hope we will see a continuation of this unexpected revenue flow. Dr. Milton Friedman, the Nobel Prize-winning economist, recently gave me his explanation for this unusual runup in revenues. He believes it is tied directly to last year's tax cut, especially the cut in the maximum tax on investment income, from 70 percent to 50 percent. There is certainly a precedent for this occurrence. In 1978 we cut the top tax on capital gains only to see in the following year a tremendous increase—let me repeat, increase—in the revenues from capital gains taxation. The lower tax simply encouraged greater investment and was an incentive for sales of assets. Not only did the economy benefit from this tax cut, with more investment and economic activity, but so did the Federal Treasury, with more revenues than it received at the higher tax rate. Perhaps we are seeing a repeat of that development this year, now that the lower tax is in effect. If this proves to be true, it will be a tremendous testament to the power of tax reduction.

Mr. President, there has been a considerable amount of discussion during the Senate's consideration of this resolution about tax burdens. For example we did have several votes on the third installment of the individual tax cut, set to take effect in July, 1983. In each case I voted to uphold the individual tax cut as it was voted and promised the taxpayers last year.

Some have argued that we cannot afford a tax cut any longer, with so large a budget deficit. I say to those people that they have not adequately studied Federal finances. The 25-percent tax cut we passed last year, phased in over 3 years, actually only amounts to a slowdown in the rate of tax increases. Let no one believe that we have cut taxes below what they were in 1979. We have not. We simply have slowed the rate of increase.

Mr. President, I ask unanimous consent that the following chart from the Senate Budget Committee report be printed in the RECORD at this point. This chart shows graphically how we are still in a position of rising taxes. The tax cut slows the increase, however, from 15.2 percent last year to 4 percent this year. Taxes are still rising.

Federal revenue projections

Fiscal year:	*Billions*
1981 (actual)	$599.3
1982 (projected)	623.0
1983 (projected)	667.0
1984 (projected)	739.0
1985 (projected)	878.5

Source: Senate Budget Committee.

Mr. President, I could not vote to cut off this tax relief. Illinois taxpayers are the third greatest recipients of tax relief under the tax cut. Too many Illinoisans have made plans for savings, investments or consumer purchases based on that tax cut. Especially now, in the midst of a recession of unknown duration, we should not vote to raise taxes. That is contrary to all economic advice and would throw us even deeper into recession.

Finally, I want to say a word about spending, because that is what is driving the budget into deficit now. Like taxes, spending in this budget continues to increase well beyond what it was last year. This budget resolution increases spending over last year's level by a substantial amount. According to the Budget Committee's projections, spending will rise by about $85 billion this year, up from last year's $657 billion in spending. Next year, fiscal year 1983, spending will still increase but at a slower pace. In 1983, we will see spending rise by about $60 billion, a 5.2-percent increase and about equal to what we can expect as next year's inflation rate.

This is certainly progress toward budget restraint. In the past several years, the budget has risen at rates in excess of the inflation rate. In other words, the Federal Government was spending at a rate greater than even prices were rising. We have begun to curb this spending rate and although we have a long way to go in ending deficit spending, I support efforts to keep us on this road to fiscal responsibility. Outlays as a percentage of GNP will fall in following years, from a high of 24.3 percent to 21 percent by 1985. This trend moves us much closer to the traditional 19 percent of GNP that Federal spending has consumed in past decades. This budget will help us get there.

Mr. BAKER. Mr. President, I have a unanimous-consent request to propound which has been cleared by the minority leader, I believe, and I will state it now for his consideration and that of other Senators.

I ask unanimous consent that the resolution be modified to reflect the totals and language that have now been agreed upon by the Senate. The modification renders the resolution mathematically consistent and corrects a technical error in the Sasser amendment.

The resolution as modified has been cleared with the ranking minority member and with the distinguished minority leader, and I send the modification to the desk.

The PRESIDING OFFICER. Without objection it is so ordered.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Vermont (Mr. STAFFORD) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI) and the Senator from Montana (Mr. MELCHER) are necessarily absent.

On this vote, the Senator from Montana (Mr. MELCHER) and the Senator from Arizona (Mr. DECONCINI) would each vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 49, nays 43, as follows:

[Rollcall Vote No. 153 Leg.]

YEAS—49

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Brady
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heflin
Heinz
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Quayle
Roth
Rudman
Simpson
Specter
Stennis
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—43

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cranston
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Helms
Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Long
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Tsongas
Weicker

NOT VOTING—8

DeConcini
Durenberger
Hatfield
Melcher
Pressler
Schmitt
Stafford
Stevens

So the resolution (S. Con. Res. 92), as amended, was agreed to, as follows:

S. CON. RES. 92

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby determines and declares, pursuant to sections 301(a) and 304 of the Congressional Budget Act of 1974, that:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1981, October 1, 1982, October 1, 1983, and October 1, 1984:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1982: $623,000,000,000.
Fiscal year 1983: $668,400,000,000.
Fiscal year 1984: $741,400,000,000.
Fiscal year 1985: $825,500,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $25,400,000,000.
Fiscal year 1984: $39,400,000,000.
Fiscal year 1985: $45,500,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $835,669,900,000.
Fiscal year 1984: $897,469,900,000.
Fiscal year 1985: $973,269,900,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,800,000,000.
Fiscal year 1983: $784,251,200,000.
Fiscal year 1984: $833,267,700,000.
Fiscal year 1985: $890,671,200,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follow:

Fiscal year 1982: $117,800,000.
Fiscal year 1983: $115,851,200,000.
Fiscal year 1984: $91,867,700,000.
Fiscal year 1985: $65,171,200,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.
Fiscal year 1983: $1,292,251,200,000.
Fiscal year 1984: $1,420,218,900,000.
Fiscal year 1985: $1,533,490,100,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $148,051,200,000.

Fiscal year 1984: $127,967,700,000.

Fiscal year 1985: $113,271,200,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1981, and October 1, 1982, are as follows:

Fiscal year 1982:

(A) New direct loan obligations, $67,300,000,000.

(B) New primary loan guarantee commitments, $93,000,000,000.

(C) New secondary loan guarantee commitments, $69,000,000,000.

Fiscal year 1983:

(A) New direct loan obligations, $63,600,000,000.

(B) New primary loan guarantee commitments, $102,200,000,000.

(C) New secondary loan guarantee commitments, $68,300,000,000.

(b) Pursuant to sections 301 and 304 of the Congressional Budget Act of 1974, the Congress hereby determines and declares the appropriate levels of budget authority, and budget outlays, for the fiscal years 1982 through and inclusive of 1985 and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1982 and 1983 for each major functional category are:

(1) National Defense (050):

Fiscal year 1982:

(A) New budget authority, $216,900,000,000.

(B) Outlays, $190,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $251,700,000,000.

(B) Outalys, $215,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $30,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $278,300,000,000.

(B) Outlays, $243,000,000,000.

Fiscal year 1985:

(A) New budget authority $316,500,000,000.

(B) Outlays, $277,700,000,000.

(2) International Affairs (150):

Fiscal year 1982:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $11,400,000,000.

(C) New direct loan obligations, $10,400,000,000.

(D) New primary guarantee commitments, $9,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $16,200,000,000.

(B) Outlays, $12,100,000,000.

(C) New direct loan obligations, $10,200,000,000.

(D) New primary loan guarantee commitments, $9,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $16,700,000,000.

(B) Outlays, $12,300,000,000.

Fiscal year 1985:

(A) New budget authority, $21,000,000,000.

(B) Outlays, $12,200,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1982:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,600,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $7,700,000,000.

(B) Outlays, $7,800,000,000.

Fiscal year 1985:

(A) New budget authority, $7,300,000,000.

(B) Outlays, $7,400,000,000.

(4) Energy (270):

Fiscal year 1982:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $6,400,000,000.

(C) New direct loan obligations, $10,600,000,000.

(D) New primary loan guarantee commitments, $1,700,000,009.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $12,100,000,000.

(D) New primary loan guarantee commitments, $600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $3,900,000,000.

Fiscal year 1985:

(A) New budget authority, $4,500,000,000.

(B) Outlays, $3,700,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $10,300,000,000.

(B) Outlays, $12,800,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $9,900,000,000.

(B) Outlays, $11,400,000,000.

(C) New direct loan obligations, $30,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $9,300,000,000.

(B) Outlays, $10,300,000,000.

Fiscal year 1985:

(A) New budget authority, $8,900,000,000.

(B) Outlays, $9,300,000,000.

(6) Agriculture (350):

Fiscal year 1982:

(A) New budget authority, $9,900,000,000.

(B) Outlays, $13,800,000,000.

(C) New direct loan obligations, $22,600,000,000.

(D) New primary loan guarantee commitments, $2,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $10,100,000,000.

(C) New direct loan obligations, $19,000,000,000.

(D) New primary loan guarantee commitments, $2,600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $8,300,000,000.

(B) Outlays, $8,200,000,000.

Fiscal year 1985:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $7,300,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1982:

(A) New budget authority, $11,600,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $15,400,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1983:

(A) New budget authority, $7,100,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $15,100,000,000.

(D) New primary loan guarantee commitments, $41,200,000,000.

(E) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1984:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $3,600,000,000.

Fiscal year 1985:

(A) New budget authority, $7,400,000,000.

(B) Outlays, $3,300,000,000.

(8) Transportation (400):

Fiscal year 1982:

(A) New budget authority, $20,800,000,000.

(B) Outlays, $21,300,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1983:

(A) New budget authority, $21,600,000,000.

(B) Outlays, $19,900,000,000.

(C) New direct loan obligations, $500,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $3,000,000.

Fiscal year 1984:

(A) New budget authority, $21,800,000,000.

(B) Outlays, $19,700,000,000.

Fiscal year 1985:

(A) New budget authority, $22,100,000,000.

(B) Outlays, $19,700,000,000.

(9) Community and Regional Development (450):

Fiscal year 1982:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $8,500,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(C) New budget authority, $6,900,000,000.

(B) Outlays, $7,700,000,000.

(C) New direct loan obligations $2,200,000,000.

(D) New primary loan guarantee commitments $600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,500,000,000.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $7,400,000,000.

(10 Education, Training, Employment and Social Services (500):

Fiscal year 1982:

(A) New budget authority, $25,400,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $6,500,000,000.

(E) New secondary loan guarantee commitments, $700,000,000.

Fiscal year 1983:

(A) New budget authority, $26,500,000,000.

(B) Outlays, $27,000,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $26,700,000,000.

(B) Outlays, $26,900,000,000.

Fiscal year 1985:

(A) New budget authority, $26,400,000,000.

(B) Outlays, $26,500,000,000.

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,500,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $79,569,900,000.

(B) Outlays, $77,651,200,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,269,900,000.

(B) Outlays, $85,767,700,000.

Fiscal year 1985:

(A) New budget authority, $103,669,900,000.

(B) Outlays, $97,271,200,000.

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000.

(B) Outlays, $251,600,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,800,000,000.

(B) Outlays, $273,000,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000.

(B) Outlays, $288,800,000,000.

Fiscal year 1985:

(A) New budget authority, $332,900,000,000.

(B) Outlays, $310,500,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1982:

(A) New budget authority, $24,800,000,000.

(B) Outlays, $23,800,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $11,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $24,000,000,000.

(B) Outlays, $23,200,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $20,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $25,000,000,000.

(B) Outlays, $24,200,000,000.

Fiscal year 1985:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $25,400,000,000.

(14) Administration of Justice (750):

Fiscal year 1982:

(A) New budget authority, $4,500,000,000.

(B) Outlays, $4,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $4,900,000,000.

(B) Outlays, $4,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $5,000,000,000.

Fiscal year 1985:

(A) New budget authority, $5,100,000,000.

(B) Outlays, $5,100,000,000.

(15) General Government (800):

Fiscal year 1982:

(A) New budget authority, $5,200,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,600,000,000.

Fiscal year 1985:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,400,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1982:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $6,500,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $6,700,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,800,000,000.

(17) Interst (900):

Fiscal year 1982:

(A) New budget authority, $102,000,000,000.

(B) Outlays, $102,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $115,500,000,000.

(B) Outlays, $115,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $120,800,000,000.

(B) Outlays, $120,800,000,000.

Fiscal year 1985:

(A) New budget authority, $114,600,000,000.

(B) Outlays $114,600,000,000.

(18) Allowances (920):

Fiscal year 1982:

(A) New budget authority, $700,000,000.

(B) Outlays, $800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee Commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, −$2,000,000,000.

(B) Outlays, −$2,000,000,000.

(C) New direct loan obligation, $0.

(D) New primary loan guarantee commitment, $0.

(E) New secondary loan guarantee commitments, $0

Fiscal year 1984:

(A) New budget authority, −$800,000,000.

(B) Outlays −$800,000,000.

Fiscal year 1985:

(A) New budget authority, −$800,000,000.

(B) Outlays, −$600,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1982:

(A) New budget authority, −$30,500,000,000.

(B) Outlays, −$30,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, −$39,300,000,000.

(B) Outlays, −$39,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, −$44,800,000,000.

I further announce that, if present and voting, the Senator from Kentucky (Mr. HUDDLESTON), would vote "yea".

(B) Outlays, −$44,800,000,000.

Fiscal year 1985:

(A) New budget authority, −$47,300,000,000.

(B) Outlays, −$47,300,000,000.

RECONCILIATION

SEC. 2. (a) Not later than June 18, 1982, the committees named in subsection (a) (1) through (15) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by subsection (a) (1) through (15) of this section. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(1) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $779,000,000 in budget authority and $779,000,000 in outlays in fiscal year 1983; and $1,083,000,000 in budget authority and $1,083,000,000 in outlays in fiscal year 1984; and $1,428,000,000 in budget authority and $1,428,000,000 in outlays in fiscal year 1985.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of the committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $583,000,000 and outlays by $583,000,000 in fiscal year 1983; to reduce budget authority by $1,345,000,000 and outlays by $1,345,000,000 in fiscal year 1984; and to reduce budget authority by $1,906,000,000 and outlays by $1,906,000,000 in fiscal year 1985.

(3) The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1983; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1984; and to reduce budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1985.

(4) The Senate Committee of Foreign Relations shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $6,000,000 in fiscal year 1983; to reduce budget authority by $5,000,000 and outlays by $15,000,000 in fiscal year 1984; and to reduce budget authority by $8,000,000 and outlays by $21,000,000 in fiscal year 1985.

(5) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $680,000,000 in fiscal year 1983; to reduce budget authority by $628,000,000 and outlays by $1,800,000,000 in fiscal year 1984; and to reduce budget authority by $1,000,000,000 and outlays by $2,629,000,000 in fiscal year 1985.

(6) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $102,000,000 and outlays by $57,000,000 in fiscal year 1983; to reduce budget authority by $136,000,000 and outlays by $125,000,000 in fiscal year 1984; to reduce budget authority by $120,000,000 and outlays by $144,000,000 in fiscal year 1985.

(7) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1983; to reduce budget authority by $169,000,000 and outlays by $169,000,000 in fiscal year 1984; and to reduce budget authority by $155,000,000 and outlays by $155,000,000 in fiscal year 1985.

HOUSE COMMITTEES

(8) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $779,000,000 in budget authority and $779,000,000 in outlays in fiscal year 1983; and $1,083,000,000 in budget authority and $1,083,000,000 in outlays in fiscal year 1984; and $1,428,000,000 in budget authority and $1,428,000,000 in outlays in fiscal year 1985.

(9) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $581,000,000 and outlays by $581,000,000 in fiscal year 1983; to reduce budget authority by $1,340,000,000 and outlays by $1,340,000,000 in fiscal year 1984; and to reduce budget authority by $1,899,000,000 and outlays by $1,899,000,000 in fiscal year 1985.

(10) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $157,000,000 and outlays by $157,000,000 in fiscal year 1983; to reduce budget authority by $202,000,000 and outlays by $202,000,000 in fiscal year 1984; and to reduce budget authority by $196,000,000 and outlays by $196,000,000 in fiscal year 1985.

(11) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $514,000,000 and outlays by $631,000,000 in fiscal year 1983; to reduce budget authority by $741,000,000 and outlays by $730,000,000 in fiscal year 1984; and to reduce budget authority by $730,000,000 in fiscal year 1984; and to reduce budget authority by $615,000,000 and outlays by $839,000,000 in fiscal year 1985.

(12) The House Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $0 and outlays by $6,000,000 in fiscal year 1983; to reduce budget authority by $5,000,000 and outlays by $15,000,000 in fiscal year 1984; and to reduce budget authority by $8,000,000 and outlays by $21,000,000 in fiscal year 1985.

(13) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by [illegible],000,000 and outlays by $11,000,000 in fiscal year 1983; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1984; and to reduce budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1985.

(14) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $2,000,000 and outlays by $688,000,000 in fiscal year 1983; to reduce budget authority by $638,000,000 and outlays by $1,820,000,000 in fiscal year 1984; and to reduce budget authority by $1,015,000,000 and outlays by $2,657,000,000 in fiscal year 1985.

(15) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in secton 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1983; to reduce budget authority by $169,000,000 and outlays by $169,000,000 in fiscal year 1984; and to reduce budget authority by $155,000,000 and outlays by $155,000,000 in fiscal year 1985.

SENATE AND HOUSE COMMITTEES

(b)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,750,000,000 and outlays by $5,456,000,000 in fiscal year 1983; to reduce budget authority by $2,509,000,000 and outlays by $7,923,000,000 in fiscal year 1984; and to reduce budget authority by $2,339,000,000 and outlays by $9,549,000,000 in fiscal year 1985.

(2) The Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $23,200,000,000 in fiscal year 1983; $39,000,000,000 in fiscal year 1984; and $45,000,000,000 in fiscal year 1985.

(3) The legislation required in paragraphs (1) and (2) of this subsection shall be reported to the Senate no later than June 22, 1982.

(4) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,183,000,000 and outlays by $4,727,000,000 in fiscal year 1983; to reduce budget authority by $1,707,000,000 and outlays by $7,121,000,000 in fiscal year 1984; and to reduce budget authority by $2,455,000,000 and outlays by $8,665,000,000 in fiscal year 1985.

(5) The House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $23,200,000,000 in fiscal year 1983; $39,000,000,000 in fiscal year 1984; and $45,000,000,000 in fiscal year 1985.

(6) The legislation required in paragraphs (4) and (5) of this subsection shall be reported to the House no later than June 22, 1982.

(c)(1) In order to insure the solvency of the Social Security Old-Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, to insure that all payments to beneficiaries are made in a timely manner.

(2) In order to insure the solvency of the Social Security Old-Age and Survivors Insurance Trust Fund created pursuant to title II of the Social Security Act, as amended, the House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee so as to reduce outlays or increase revenues, or a combination thereof, to insure that all payments to beneficiaries are made in a timely manner.

(3) The legislation required in paragraphs (1) and (2) of this subsection shall be reported no later than December 1, 1982, and shall take into account the recommendations of the National Commission on Social Security Reform. Such changes in laws shall do no more than is absolutely necessary to preserve the financial integrity of the social security system.

(4) It is the sense of the Congress that the amounts set forth in paragraphs (a)(1) through (a)(5) of section 1 shall be deemed revised to incorporate the budgetary effects of actions required by this subsection to insure the solvency of the social security trust funds immediately upon enactment of such changes.

(5) It is the sense of the Congress that the President of the United States should direct the National Commission on Social Security Reform to report its recommendations to the Congress not later than November 11, 1982.

Sec. 3. The enactment of savings required by this resolution is critical to the health of the economy of the Nation; and

Expeditious action on legislation pursuant to these instructions is critical to achieving the savings required by this resolution; and

The Senate is committed to completing action on the savings legislation required by this resolution at the earliest possible time; and

It is the sense of the Senate that Senate committees instructed in this resolution should begin deliberations on the legislation those committees are required to report under this resolution as soon as this resolution is agreed to in the Senate.

MISCELLANEOUS PROVISIONS

Sec. 4. It is the sense of the Congress that the President through administrative actions should limit in fiscal year 1983 total Federal Financing Bank origination of direct loans guaranteed by other Federal agencies to $15,900,000,000; and Federal Financing Bank purchases of loan assets from Federal agencies to $14,000,000,000. It is the further sense of Congress that direct borrowing transactions of Federal agencies should be, to the maximum extent possible, restricted to the Federal Financing Bank.

Sec. 5. It shall not be in order in the House or the Senate during fiscal years 1982 and 1983 to consider any bill, resolution, or amendment, except proposed legislation reported in response to reconciliation instructions contained in this resolution, authorizing new direct loan obligations or new loan guarantee commitments unless that bill, resolution, or amendment also provides that the authority to make or guarantee such loans shall be effective only to such extent or in such amounts as are contained in appropriation Acts. This section shall not be applicable to agricultural price support and related programs of the type in operation on January 1, 1982, that are funded through the Commodity Credit Corporation.

Sec. 6. It is the sense of the Congress that it is urgent that effective budgetary control be established over all types of Federal direct loans and Federal loan guarantees. The Congress directs the committees of jurisdiction to move with expedition to consider legislation that establishes a process of annual determination of appropriate levels and proper budgetary treatment of Federal credit activity.

Sec. 7. No bill or resolution providing new budget authority for fiscal year 1983 or providing new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 in excess of the allocation to or report by a committee or subcommittee pursuant to section 302 of the Budget Act shall be enrolled until Congress has completed action on the Second Budget Resolution for that fiscal year as required to be reported under section 310 of the Budget Act.

Sec. 8. It is the sense of the Senate that the new spending and revenue levels for fiscal year 1982, adopted by the Senate, shall be the ceilings against which the spending and revenue actions of the Senate will be measured pending final agreement with the House of Representatives on the revision of the Second Concurrent Resolution on the Budget for Fiscal Year 1982.

Sec. 9. It is the sense of the Congress that if Congress acts to restore fiscal responsibility and reduces projected budget deficits in a substantial and permanent way, then the Federal Reserve Open Market Committee shall reevaluate its monetary targets in order to assure that they are fully complementary to a new and more restrained fiscal policy.

Sec. 10. It is the sense of the Congress that concurrent resolutions on the budget should reflect the full range of fiscal activities of the Federal Government. It is further the sense of the Congress, therefore, that each concurrent resolution on the budget, beginning with the first concurrent resolution on the budget for fiscal year 1984, shall list, for each functional category, the tax expenditures and off-budget activities associated with that cateogry, as well as the new budget authority, outlays, new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments associated with that category.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask that there now be a period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, on March 22, 1982, I addressed a U.S. court of appeals decision in the case of PANE versus NRC ordering the Nuclear Regulatory Commission to prepare an environmental assessment of the effects of restart of the Three Mile Island unit one on the "phychological health of neighboring residents and on the well-being of the surrounding communities." At that time, I offered an amendment to the NRC authorization bill (S. 1207) to reverse the judgment on the basis that the court misinterpreted the intent of the National Environmental Protection Act (NEPA). I subsequently withdrew that amendment, pending receipt of the court's opinion explaining the scope and impacts of the January 7, 1982 decision, after obtaining the assurance of the distinguished floor managers of the bill, Senator Simpson and Senator Hart, that the matter would be considered promptly upon issuance of the opinion.

That opinion having now been issued on May 19, it would be my intention to once again bring this matter to the attention of the Senate. Though the Washington Post and I do not always agree, the Post editorial board today joins me in urging a reversal of the court's decision.

Mr. President, I ask unanimous consent that the Washington Post editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Stress and Consequences

The U.S. Court of Appeals here has finally gotten around to giving its reasons for a January ruling That decision directed the Nuclear Regulatory Commission to consider the psychological effects on the health of those living near Three Mile Island before allowing the undamaged reactor there to resume operations. Divining, without recourse to any medical evidence, a difference between "sociologically based community anxieties" and "post-traumatic anxieties," the two-judge majority gave a bizarre interpretation to the National Environmental Protection Act (NEPA). If allowed to stand, that decision will damage both this keystone of environmental law and the future of nuclear power.

The Pennsylvania residents who brought the case did not claim this reactor has any special defects that would make it less safe than other nuclear plants, but simply that their fears of another accident would exacerbate the stress they had suffered from the events at Three Mile Island.

The central issue in the case was what Congress intended when, in writing NEPA, it said that federal agencies must consider the effects of their actions on human health. The majority of the court held that psychological health is a part of health and is therefore entitled to NEPA protection. The judges acknowledged that other courts have rejected such claims. For example, opponents of siting a prison in a residential area unsuccessfully claimed severe anxiety over becoming victims of violent crime. The judges explained away the conflict by their novel labeling of anxieties. In effect, they said that fears of nuclear power are real fears that could affect psychological health, while fears of being murdered or mugged are not.

In his dissent, Judge Malcolm Wilkey pointed out the implications. Instead of being required to assess the actual effects of a proposed action, an agency is being directed to assess how people perceive those effects. Since the January judgment, opponents of nuclear power have not been slow to seize this new opportunity. One North Carolina group claimed that its members must "study long and hard" and that "the psychological stress of an operating plant in such close proximity will detract from their studies."

The environmental policy act, properly used, is sound law that has greatly improved federal programs. It can also, it seems, be abused to make a mockery of rational decision-making. The decision deserves to be promptly appealed.

Law, however, is different from common sense. In this case, the NRC could and should have allowed opponents of this plant a formal opportunity to vent their anxieties, regardless of whether the law required it. They have every reason to have lost confidence in the NRC and the utility. Nuclear power requires public confidence. Once that is lost, either it must be rebuilt or the project must be abandoned.

Mr. McCLURE. Mr. President, having received assurances from Senator SIMPSON and Senator HART that this matter would receive the prompt consideration of the Environment and Public Works Committee, I am anxious to work with them now to ensure that the Senate will move expeditiously to consider and strike down the court's decision.

Mr. President, I ask unanimous consent that remarks relating to my amendment to S. 1207 be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

UP AMENDMENT NO. 836

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

[The Senator from Idaho (Mr. McClure) proposes unprinted amendment No. 836.]

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, after line 19, add a new section to read as follows:

SEC. . (A). CHAPTER 10 OF THE ATOMIC ENERGY ACT OF 1954, AS AMENDED, IS AMENDED BY ADDING THE FOLLOWING NEW SECTION AT THE END THEREOF:

"SEC. 112. PSYCHOLOGICAL HEALTH AND WELL BEING.—

"Notwithstanding any other provisions of law, the Commission shall not be required to consider the effects of any of its actions on psychological health or well being.".

"(b). The table of contents for such Chapter 10 is amended by adding the following new item at the end thereof:

"SEC. 112. PSYCHOLOGICAL HEALTH AND WELL BEING.".

Mr. McCLURE. Mr. President, this amendment would reverse a judgment issued on January 7, 1982, by the U.S. Court of Appeals in the case of Pane against the U.S. Nuclear Regulatory Commission. In that judgment, the court ordered the NRC to prepare an environmental assessment of the effects of restart of Three Mile Island Unit One on "psychological health of neighboring residents and on the well-being of the surrounding communities." The court further ordered the NRC, if it finds such effects to be significant, to prepare a full environmental impact statement.

Finally, the court's order bars the NRC from making a decision on the restart of TMI-1 pending completion of the environmental assessment and, if necessary, an environmental impact statement.

Mr. President, I believe the court's judgment in the Pane case that psychological health and well-being must be considered by the NRC, pursuant to the National Environmental Policy Act, before the Commission may allow the restart of TMI-1 represents a totally incorrect reading of the requirements of NEPA.

In addition, I believed the court's judgment has potentially serious adverse consequences in the case of TMI-1 restart proceedings, in the Commission's other licensing actions, and in a variety of other actions by numerous Federal agencies. For these reasons, I believe the Congress should act promptly to reverse the court's judgment in this case by making it clear as a matter of law that the NRC is not required to consider the effects of any of its actions on physchological health or well-being.

Mr. President, the most immediate impact of the court's decision will be on the restart of TMI-1. The NRC staff has estimated that the preparation of an environmental assessment of psychological stress will require at least 6 months.

If, after preparing such an assessment, the NRC finds that psychological stress resulting from the restart of TMI-1 will be significant, the Commission must then prepare an environmental impact statement, which the NRC staff estimates will require an additional 6-months.

If the court imposes further procedural requirements on the NRC such as the requirement to conduct an adjudicatory hearing on the issue, as the court has done in at least one instance in the past, the hearing would likely require at least 6 more months.

Thus, it is entirely possible that 1½ years or more could be required to comply with the court's ruling. Such a delay in the restart of TMI-1 could very well jeopardize the commitments that have been made by the State public utility commissions in Pennsylvania and New Jersey to designate ratepayer funds for the cleanup of Three Mile Island unit two.

In any even, under present arrangements, such funds cannot actually be spent for cleanup until TMI/1 is restored to service.

Mr. President, the potential of the court's decision to delay further, or even to jeopardize, the clean-up of TMI-2 is only one of the possible consequences of this decision. The court's requirement that psychological stress be considered an environmental impact under NEPA may well extend to other NRC licensing actions, and to a wide range of actions by other Federal agencies.

In the case of NRC, at the time of the court's decision, the Commission had rejected similar psychological stress arguments in six other proceedings. Two of these are proceedings for the issuance of new powerplant operating licenses.

Requiring the consideration of pyschological stress in these cases would almost certainly delay the issuance of these licenses, and would very likely lead to a flood of pyschological stress contentions in other pending and future NRC proceedings.

If the courts' decision extends to other agencies as well, virtually every major construction or development project requiring Federal approval—from airports, to bridges and roads, to military installations—would become targets for psychological stress contentions under NEPA.

Mr. President, I do not believe that the Congress ever intended NEPA to require the consideration of psychological stress as an environmental impact—in a case such as the restart of Three Mile Island Unit One, in NRC's other licensing actions, or in the actions of other Federal agencies. My amendment would make this clear. I urge the adoption of the amendment.

Mr. President, appended to my statement is a list of psychological, or at least so-called, stress situations involving environmental impact statements under the court order where Federal funds are involved. I refer to the possibility of interstate highways, airports, low-income housing projects, section 404 permits under the Federal Water Pollution Control Act, Forest Service programs, Bureau of Reclamation projects, Corps of Engineers projects, energy projects urban renewal-development activities, actions affecting historic sites, actions involving toxic substances, including pesticides.

Mr. President, the list goes on and on where the possibility of claims made by various persons with respect to so-called psychological stress would open such a tremendous Pandora's box that I think it is well for us to address that question now and immediately.

Mr. SIMPSON. Mr. President, may I say to my good friend and neighbor, the distinguished Senator from Idaho, that I certainly agree with all of his comments, and I fully support the reasons that he has presented for his amendment.

I would even add an additional point. I am very troubled by the extremely subjective nature of the phrase "psychological health of neighboring residents and the well-being of the surrounding communities," to use the words of the court. Unlike the kinds of environmental impacts that are now routinely considered pursuant to NEPA, psychological health and well-being are not objectively determinable or measurable. I feel that the court's decision in the *Pane* case will lead the Commission, and perhaps other Federal agencies as well, into a morass of speculation and subjective judgement.

This decision might well lead to protracted hearings in which competing panels of psychologists and psychiatrists argue about the state of mind of the community. Perhaps the decision may even require public referenda in cases where psychological stress is alleged.

Certainly, whatever means the Commission selects for assessing psychological health and well-being is likely to be challenged as inadequate, leading to further litigation and delay. I, for one, certainly share your view that this is something that was never intended by the Congress when it enacted the National Environmental Policy Act.

Mr. McCLURE. Mr. President, I appreciate the comments of the distinguished Senator from Wyoming, and I share the concerns that he has mentioned.

Mr. SIMPSON. Mr. President, there is one other comment that I should like to make about this amendment. As the Senator from Idaho knows, we are in a somewhat unusual situation with the Pane case. Although the court issued its two-page judgment on January 7, it has not yet seen fit to issue its opinions, which will explain the court's rationale and define the scope of the decision. We discussed this matter with the Commission in our budget hearing earlier this year.

Although several of the Commissioners expressed serious concerns about the Pane decision, particularly if it extends beyond the restart of TMI-1, the Commission was unable to provide us with an assessment of the precise scope and impacts of the decision.

Thus, as a consequence of the court's failure to complete its work in this case, the committee has not yet been able to assess the scope of the decision or its likely impact. Given the seriousness of legislating any changes to NEPA, some of our colleagues have urged postponing any legislative action until after the court's opinions become available and the committee is able to assess the scope and impact of the decision.

I therefore inquire of the sponsor of the amendment if he would be willing to withdraw the amendment at this time with the understanding that the committee would actively consider this matter—and in a very prompt manner—after the court issues its opinions in the Pane case.

Mr. McCLURE. Mr. President, I agree with my colleague that it is somewhat difficult to assess the impact of this case, and to arrive at an appropriate legislative solution, in the absence of the court's opinions.

I reluctantly agree to withdraw the amendment at this time if the distinguished chairman and ranking minority member of the Nuclear Regulation Subcommittee will assure me that the committee will hold hearings on this matter as soon as the court's opinions are available and that the committee will act expeditiously to report out any necessary corrective legislation using whatever legislative vehicle is available at that time to assure prompt enactment.

Mr. SIMPSON. Mr. President, I am pleased to provide those assurances to the distinguished Senator from Idaho and pledge to do so. I certainly believe that some legislation will be needed to correct the court's erroneous interpretation of NEPA in sufficient time to avoid unwarranted impacts on the Commission's licensing actions.

This approach will allow us to closely tailor the legislative solution to the problem. I also add that this matter has been discussed with the distinguished Senator from Vermont, the chairman of the Environment and Public Works Committee, and he stands by these assurances as well.

Mr. HART. Mr. President, although I am not yet convinced of the need for legislation in this case, I would certainly support the assurances made by the distinguished Senator from Wyoming that the committee will actively consider this matter, including the need for legislation, as soon as the court issues its opinions.

Mr. McCLURE. Mr. President, I thank my distinguished colleagues, and with those assurances on behalf of the committee, I withdraw the amendment at this time.

The PRESIDING OFFICER. (Mr. Armstrong). Without objection, the amendment is withdrawn.

Mr. McCLURE. Mr. President, I urge each Member of the Senate to review this matter carefully in preparation for early action.

POLICY TOWARD POLAND

Mr. MOYNIHAN. Mr. President, I rise to suggest that during the the last 3 months there has taken place a dramatic and important evolution of opinion among the Members of this body with respect to American policy toward the situation in Poland. The Senate, I believe, is moving toward the conclusion that the administration has failed adequately to address the crisis.

In a few days, it is now clear, this body will again engage in debate about how the Congress may contribute in positive fashion to the restoration of Solidarity to the position of influence it occupied before December 13, 1981.

More than 5 months after the brutal suppression of Solidarity, the United States has failed even to attempt to bring meaningful pressure to bear on the Polish military junta or its Soviet masters to mitigate or end the repression. Despite continuing and apparently growing resistance to the military regime by the Polish people, there has been no discernible action by the government in Warsaw to reinstate the relative freedoms that had been won for the people of Poland by the leaders and members of the first genuinely free trade union to have emerged in a Communist country. Lech Walesa remains in confinement, though enterprising members of Solidarity have managed to coordinate their activities in an increasingly active underground—as it has been dubbed by the Poles.

Recall that shortly after the imposition of martial law, the President announced a program of limited sanctions against both Poland and the Soviet Union. Taking a harder line than its principal allies, the United State suspended landing rights in this country for the Polish national airline and produced a television spectacular.

As insignificant as they were, these minor sanctions were important because they indicated a willingness on the part of the administration to impose real costs on those responsible for the events of December 13. And the President and the Secretary of State repeatedly said that would impose harsher sanctions if the situation in Poland did not improve. I welcomed the initial sanctions program and, along with many Members of this body, supported the President.

Yet since that time I have been gravely disappointed. For no further action seems to have been taken. Certainly no additional measures have been instituted during February or March, or April, now May. We are in the 23d week of martial law in Poland; the situation has not improved. It is long past time to take the next step. I believe default should be the next step.

A declaration of default would add to the financial and economic pressure on the Polish junta and on the Soviets who helped to install it. In the continuing absence of the political and economic reforms in Poland that are our goals—and which, if they were to occur, would mean that we should reconsider—default would render impossible any commerce by Poland with the West and make more difficult any trade by the Soviet Union.

The economic pressure that default would bring to bear would be of the most effective kind, for any effort to resuscitate the moribund Polish economy must require loans and credits from the West. Poland needs manufactured goods that simply cannot be produced in sufficient quantity in Eastern Europe. And Poland cannot now afford to purchase these goods without financial assistance from the West.

While the United States should provide that assistance for as long as the Government in Poland is responding to the humanitarian and political needs of its people, I do not believe the United States should provide such assistance in the present circumstances. So long as we do, we will only be seen by the Polish people themselves to be abetting their military rulers.

Accordingly, on February 9 I offered an amendment to an emergency supplemental appropriations bill for the Commodity Credit Corporation, the agency that has guaranteed the largest single portion of the U.S. Government-guaranteed loans and credit assurances to Poland. My amendment would have required the CCC to wait for banks whose loans to Poland were unrepaid to declare those loans in default—as was, incidentally, required in the original guarantee contracts—before paying out those guarantees.

However, due to very urgent, and largely off-the-record, lobbying by officials in the administration, my proposal was defeated on February 10 by a vote of 39 to 55. Hearings have more recently been held in several committees. The Senate's understanding of the intricate issues involved, and the overriding interest at risk, has been enhanced through the proper legislative process of hearing, discussion, and debate.

I was therefore not surprised to note that on Tuesday of this week, May 18, the Senate Appropriations Committee voted 15 to 4 in favor of a section of the urgent supplemental appropriations bill that would require default to be declared before any additional funds from the U.S. Treasury may be used to pay Poland's creditors.

This provision of the bill, which will come before the full Senate next week, had been added during markup by the able junior Senator from Wisconsin (Mr. KASTEN), with whom I have been privileged to work on this matter. It is fitting tribute to his persuasive presentation of a very sound argument that the vote in the Appropriations Committee, over the objections of the administration, was overwhelming: 15 to 4.

I note with great interest that among Senators voting in favor of retaining in the bill this default provision were three who had not voted for default on February 10. Of the 19 votes cast, 3 indicated that a change of heart had taken place.

I return to the point with which I began: An evolution of opinion has taken place among the Members of this body with respect to American policy toward Poland. Dissatisfaction with the course followed by the administration to date is growing.

I am hopeful, and confident, that the Senate will soon concur in the judgment of the Appropriations Committee. And that the United States will soon thereafter begin to bring its economic influence to bear in defense of the recently lost liberties of the Polish people.

I ask unanimous consent that at this point in the RECORD there be printed the full text of an insightful essay on the subject of Poland and the question of default by the distinguished columnist William Safire as it appeared in the New York Times this morning.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 21, 1982]

ONE FURTHER STEP

(By William Safire)

WASHINGTON, May 20.—The Soviet propaganda agency, Tass, today inadvertently graced the suppressed workers' movement in Poland with a new title: Solidarity is now officially recognized as "the Underground."

For the first time since the Soviet Union's Marshal Viktor Kulikov ordered the Polish puppet Government to arrest Lech Walesa and to break the back of a nascent free labor movement, the Kremlin media acknowledged that organized opposition exists.

"The United States and some of its allies are carrying on large-scale subversive activities against the Polish People's Republic," Tass charges, which encourage "anti-Socialist forces" in their struggle. The Russians say that Radio Free Europe has been giving instructions over the air about resistance organization and has sent coded instructions to Western agents in the Underground.

Would that it were true. In reality, the response of the Reagan Administration to the attack on the Polish people has been to huff and puff and then to try to forget about the whole thing.

Five months ago the President thundered, "the Soviet Union bears a heavy and direct responsibility for the repression in Poland." He suspended Soviet airline flights to the U.S.--hardly a body blow--but warned "further steps may be necessary, and I will be prepared to take them."

The repression has intensified; the labor leaders languish in jail. Further steps are now necessary but the President is not prepared to take them. On the contrary, he abetted the crackdown by using U.S. taxpayer dollars to pay off Polish creditors without requiring the Communist regime to declare default.

The "further steps" he promised have all been backward. Instead of pressing our European allies to suspend the pre-crackdown gas pipeline agreement with the Russians, Mr. Reagan has quietly caved in. Instead of using the Soviet need for a summit conference as a lever to help the poles, he has solicited the meeting that breaks all linkage to repressive Soviet behavior.

Despite this, members of the Polish Underground have courageously organized demonstrations that infuriate Moscow and make a mockery out of the puppet regime's pretenses of legitimacy. Cables from our Warsaw embassy say that Radio Solidarity comes through clearly in the moments before the Russians jam it with rock music. Calls for symbolic work stoppages have been successful, and the Underground stole May Day from the Communists with a surprise demonstration of its own.

Evidence of the Underground's growing success is the decision by Kremlin propagandists to blame the obviously widespread activity on outside provocateurs. Perhaps that fools some people in the Soviet Union; it is met with derision in the streets of Warsaw and Gdansk. The Underground leaders, in and out of jail, reject the don't-make-waves counsel of some church leaders; they are aware that resistance brings more repression, which generates more resentment, which will bring down the regime.

The message from the Underground is clear: the leaders want us to help make the Soviet decision to extinguish freedom in Poland an expensive and troubling one to the Soviet leadership.

Because the Reagan response is neo-Carterite hand-wringing, the U.S. Senate has begun to turn up the heat. Months ago, when the "further steps" pledge seemed serious, Reagan lobbyists were able to defeat Senate demands to declare Poland in default, thereby to cut all Soviet-bloc trade. But this week, after the example set by the Underground demonstrations, a Senate Appropriations subcommittee voted 15 to 4 for an amendment offered by Bob Kasten, Republican of Wisconsin, to require default to be declared before more Treasury money is paid to Poland's creditors.

The Kasten amendment defers to Presidential prerogative by permitting such payment if Mr. Reagan certifies it is in the national security interests of the U.S., but such a certification requirement would make it more likely for Mr. Reagan to question his dovish advisers. (Last week, when a State speechwriter, Mark Palmer, submitted a draft for a Reagan speech in West Berlin without a reference to the Berlin Wall, it was properly bounced back for rewrite.)

The Reagan men who have given up on Poland were stunned by the Senate committee action, especially by the support from Jake Garn, Republican of Utah, who dutifully followed the Reagan no-default line the last time around. White House heat will be on Senators Laxalt and McClure to defeat the Kasten amendment on the floor next week.

But Poland will not go away. As Tass tells us, the Underground is real. The synapses of Solidarity are sensitive again after the first, numbing blow. Is it not time to remind the President of a need for a "further step" forward?

WORLD TRADE WEEK AND NEW INCENTIVES TO STIMULATE U.S. EXPORTS

Mr. PERCY. Mr. President, earlier this year the President proclaimed the week of May 16 through May 22 as World Trade Week. As we approach the end of that week, I would like to underscore my support for the President's goals in expanding exports and building jobs in the growing world markets.

Our own economy is now in a recession. It is one we will pull out of as we have all other economic slumps. In the meantime, however, our businesses should not overlook the rapidly growing markets abroad. The Southeast Asian economies are growing by as much as 7 percent a year and the Mideast is a booming market. These are the places where many American businesses are selling products and keeping their employees at work. Exporting makes sense now and it will continue to make sense when our own economy is prosperous.

It is simply a fact that large parts of the world are growing faster than our economy, even in the best of times. We need to redouble our efforts to get American firms into exporting. The Senate has passed the export trading company legislation and the House is now beginning to move on this vital measure that will give the United States a type of trading company that has been used so creatively in Japan.

We can appeal to the small businesses in our own States, helping them to learn the ropes for exporting. Last February in Illinois, I held an export conference for small business that drew about 300 businesses, twice what we originally thought. It was a nuts-and-bolts seminar that gave the benefits of exporting while educating the businesses to the unique characteristics of foreign marketing.

The President has appointed his Export Council, on which I serve to bring together business, labor and State, local, and Federal officials. We meet periodically and have divided into working subcommittees to discuss specific trade issues and make recommendations. I am pleased to serve on both the export promotion subcommittee and the agriculture subcommittee. These subcommittees are capably chaired by Governor Busbee of Georgia and Governor Thone of Nebraska, respectively. I commend them for their hard work and commitment to exporting.

At the most recent meeting of the President's Export Council—that is the full Council, with all subcommittees represented—a resolution was passed that I wish to bring to my colleagues attention.

The Council unanimously passed a resolution I had introduced to commend the United States and Foreign Commercial Services for their new initiatives to reward commercial officers for major contributions that boost U.S. exports. Our commercial officers are dedicated Federal employees, but often the rewards of the bureaucracy differ from the incentive system I have known and worked with in private business for so many years. The business of Government, I feel, would greatly benefit by adopting proven business practices.

At the February 22 meeting of the export promotion subcommittee, I suggested that we investigate the possibility of establishing a United States/Foreign Commercial Service bonus system. Commerce Department officials expressed their readiness to work with me on this project and on May 6—one of the quickest turn-arounds I have ever seen in Government—the new incentive awards program was announced.

Mr. President, I ask unanimous consent that the Commerce Department's press release announcing this program be included in the RECORD at the close of my remarks.

This program will not become operational until about June 1 and the first awards will be made at the end of September. This is an initiative that shows great promise. Especially smaller businesses will find the ready help of commercial officers helpful in getting their products sold overseas. Instead of only receiving career rewards for reporting and memo writing, commercial officers will now have tangible incentives to boost business opportunities.

Mr. President, the commercial services are to be commended for this new program. The resolution passed at the May 14 President's Export Council urges the President to become involved in this awards program. I would hope that President Reagan might choose to signal his personal commitment to exporting by making the awards in September.

Mr. President, I ask unanimous consent that the resolution passed by the Council on May 14 and sent to the President be included in the RECORD at the close of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. PERCY. Mr. President, there are of course bigger programs that will boost our exports. This is only a small part of our effort to make exporting a major goal in the United States. I am pleased to see that it has been announced in time for World Trade Week. It is an appropriate and cost-effective program and rising exports will create jobs here at home.

EXHIBIT 1

NEW INCENTIVES PROGRAM TO INCREASE U.S. EXPORTS

The Commerce Department today announced a special incentive program to increase U.S. exports.

Under the program, employees in the department's U.S. and Foreign Commercial Service group will be eligible for awards up to $2,000 for exceptional performance in helping U.S. firms either export for the first time or export to a new market. Last year, US/FCS specialists helped more than 5,000 small and medium-size firms make $1.5 billion worth of export sales. The exports accounted for more than 46,000 U.S. jobs.

"Our special incentives program is part of a new thrust to increase exports of U.S. goods and services," Richard McElheny, director general, US/FCS said. "We hope to achieve this by introducing smaller firms to the opportunities that the export market offers and by persuading firms that already export to export to additional foreign markets."

More than 85 percent of the firms currently receiving US/FCS export counseling and participating in export programs have fewer than 250 employees, McElheny said.

The US/FCS links Commerce Department offices in 47 U.S. cities with those in approximately 120 overseas posts to provide American business with a single network of trade-assistance services including market research and trade promotion.

The cash awards, to be presented in late 1982, will range from $250 to $2,000 each. A total of $100,000 has been allocated to the program. All employees of the US/FCS are eligible.

PRESIDENT'S EXPORT COUNCIL—RESOLUTION ON THE U.S. AND FOREIGN COMMERCIAL SERVICE

Resolved. The President's Export Council commends the International Trade Administration of the Department of Commerce for quickly implementing an export incentives awards system. Establishment of this program within the U.S. and Foreign Commercial Services will provide an incentive for domestic and foreign commercial service employees to more actively aid export opportunities. The private sector has successfully used similar incentives for years to encourage better sales and improved export performance. The awards will be cost-effective, for every $1 billion in exports results in $400 million in additionl Federal revenue. We urge the President to lend his personal support to the awards program and thereby underscore the Administration's commitment to export expansion.

THAI BICENTENNIAL

Mr. HAYAKAWA. Mr. President, I support Senate Concurrent Resolution 98, commemorating the bicentennial of the founding of the city of Bangkok and of the establishment of the Chakri dynasty.

I have had the pleasure of visiting Thailand twice in the last 5½ years, most recently in August of 1981. The progress which has been made in Thailand in the intervening time was abundantly evident. Thailand has an economic growth rate which is the envy of many and the prospects are that the economy will continue to expand to the benefit of the Thai People for the foreseeable future.

Today, however, Thailand is by no means a country without concerns. It faces significant current ecomomic problems created by the skyrocketing price of imported oil and the expense of caring for hundreds of thousands of homeless Indochinese seeking refuge within Thai borders from neighboring communist countries. And with 200,000 Soviet-supplied troops occupying its eastern neighbor Cambodia, the threat of invasion is always present and the expense of upgrading its military forces a substantial burden.

Nonetheless, the Thai are indeed a fortunate people when one compares them with their neighbors. Since the end of World War II, the Vietnamese, Lao, and Cambodian to the east have witnessed the miseries of war, harsh domestic policies and economic collapse. Per capita income in Thailand is now about eight times that in Vietnam. And to the west, the Burmese remain poor and isolated.

Just over 200 years ago, the future of Thailand was gravely in doubt. In April 1767, after a 14-year siege, a Burmese army overran the old Thai capital of Ayutthaya and victoriously sacked and burned the city to the ground. The royal family, the armed forces, the schools, the monasteries—virtually all Thai institutions—were destroyed.

The reemergence of an independent Thailand at a time when it was so close to extinction is an extraordinary example of the determination of resiliency of the Thai people. During this period, a military officer named Phya Taskin emerged as the leader of what remained of the armed forces and for the next 15 years led a war of national liberation in which the Burmese were routed and the country reunified.

Taskin became the new king, but as a monarch he proved far less gifted than as a leader of the armed forces. His militaristic ways and his desire for regimentation engendered substantial resistance. He was accused of madness, overthrown in a palace revolution and killed.

April 1782 was a significant month in the future history of Thailand. At that time, one of Taskin's lieutenants, Phya Chakri, was elevated to the throne and established the House of Chakri, whose successive offspring have guided the Kingdom of Thailand for the past 200 years. At the same time the king, who is remembered today as Rama I, founded Krung Rattanakosin as Thailand's new capital city, known in the West as Bangkok.

The 200 years since these events have witnessed the transformation of a small riverside village into a modern, bustling metropolis. The successive kings of the Chakri Dynasty have combined with the best qualities of scholars and poets, statesmen and patriots, warriors and peace makers. Under their skilled leadership they have successfully guided the ship of state through times of turbulence and uncertainty and the Kingdom has emerged strong and independent—a priceless legacy to its people.

It seems to me that the prosperity and independence which the Kingdom of Thailand is presently enjoying can be attributed not only to the imaginative approach of the royal family and other Thai leaders but also to the entrepreneurial, and capitalist, spirit of the Thai people and in some measure, American business interests.

As I reported to my colleagues in the Senate upon my return from my visit in Thailand last summer, the Thai people—as well as the people of the other ASEAN countries which I also visited—are devoted to the principle of free enterprise and free trade. They, like their ASEAN neighbors, are dedicated to the concept of democracy and united in the belief that communism has no place in their society. This devotion to freedom—and I might point out that "Thailand" means "land of the free"—has nurtured and encouraged a capitalist free enterprise system which has contributed to an expanding economy and increasing prosperity.

This free enterprise system has been furthered at every opportunity by the wise counsel and leadership of Their Majesties the King and Queen. Since the early days of the Chakri Dynasty the Kings of Thailand have at every opportunity sought new and different ideas to solve current problems. They have promoted the educational opportunities of their people. They have sought to take advantage of new technology in order to better the lives of their citizens. At the same time that the Thai rulers have adopted the best of that which is modern, they have steadfastly defended and supported the traditional values of Thai society.

Just as the sovereigns of Great Britain bear the title of "Defender of the Faith," so have the sovereigns of Thailand supported and defended the Buddhist religion which is the backbone of Thai society. In doing so, they have scrupulously respected the rights of the other religious sects found in the Kingdom.

Finally, I am proud to say that American business interests have contributed over the years to the success story which we are commemorating today. Almost since the time of the signature of our first treaty with the Thai in 1833—our first treaty with an Asian nation—American traders and investors have participated in the development of Thailand.

While in Bangkok last August, I talked to the president of a California oil company which has been instrumental in tapping the natural gas resources of the Gulf of Thailand. These resources will someday provide perhaps as much as 30 percent of Thailand's energy needs, thus lessening the burden on the Thai of importing oil. We can be proud of our contributions and, as I reported to the Senate upon my return last September, there are many opportunities for American business interests which will serve our purposes and contribute to the further development of the Thai economy.

For these reasons, I believe it is particularly appropriate that we in the Senate pay tribute to the Thai people and their wise and foresighted sovereigns on the occasion of their bicentennial. I am honored to be a cosponsor of this resolution and I commend it to the favorable consideration of my colleagues.

BILL WILLIS COMMENDED FOR TVA CAREER

Mr. SASSER. Mr. President, May 9, 1982, marks an important and significant milestone for William F. Willis, the general manager of the Tennessee Valley Authority. It was 22 years ago that Mr. Willis, as a young engineer, joined TVA. During the early years, he served in various capacities on navigation lock construction, hydro unit additions, and dam construction.

His abilities, his commitment to TVA, and his energetic approach to problem solving have served him well, for he has risen through the ranks of the Nation's largest electric utility to his present position as the chief operating officer of the agency.

Mr. Willis has been interested in construction and engineering since his boyhood days while growing up on a farm in Mathiston, Miss. He began his engineering studies in earnest when he enrolled in Mississippi State University in 1951. He later received his civil engineering degree after serving 3 years in the U.S. Army, with a tour of duty in Europe.

Because of the wide respect accorded to Mr. Willis as an expert in the utility industry, the State Department requested him last year to conduct a series of lectures in France and Turkey for key government officials and corporate executives. Mr. Willis discussed TVA's operations and its relations with the national and local governments and with citizens in general. He also offered in-depth comments on TVA's leadership in conservation and new energy sources.

Mr. President, during my tenure in the Senate, I have always considered my friendship toward TVA to be genuine and my criticism to be constructive. On this occasion, I would like to take a few moments to address some of the achievements of Mr. Willis during his nearly 3-year tenure as General Manager, and to express my commitment to helping Mr. Willis continue the progress that has been made in several vital areas.

Mr. Willis' encouragement of improved public participation in the affairs of this large Government agency is particularly noteworthy, and he should be commended for his efforts in this area. Earlier this year, as TVA reviewed its nuclear construction program, Bill Willis helped initiate an improved level of public involvement in TVA decisionmaking. An extensive process was developed to invite comments, an initial mailing of a background report to more than 2,000 public officials, community leaders, consumer groups, and representatives of industry throughout the Tennessee Valley. A 30-day comment period was established and the League of Women Voters was assisted by TVA personnel in conducting public roundtable discussions on a report that addressed the options available to the agency. Following these public discussions, the TVA Board of Directors conducted a public hearing. As a result of these efforts to involve the public, approximately 900 letters were received by TVA on the issue and more than 600 citizens attended and participated in meetings.

While I disagreed with the ultimate decision of the TVA Board, I was encouraged by the new spirit of public participation.

It has not been too long ago that board meetings at TVA excluded the public, and all decisions, both large and small, were behind closed doors. This new attitude of openness at TVA, which has been encouraged and supported by Mr. Willis, is important not only to my constitutents, but to thousands of others throughout the seven-State service area of the Tennessee Valley Authority. This is a large step in the right direction, and I stand ready to offer my assistance and suggestions in making further improvements in this important area.

There have been several other noteworthy achievements by Mr. Willis in his capacity as general manager that should be mentioned on this occasion. In an effort to cut costs, Mr. Willis initiated in 1980 a system of cost management and responsibility reporting. As the cost of construction, fuel, labor, and materials inflated, he ordered a series of studies designed to determine if additional economies could be accomplished. One of these studies, conducted by Theodore Barry and Associates, an international management firm, resulted in the implementation of several recommendations to improve construction work force total utilization by 10 percent over the previous year.

Mr. Willis was also instrumental in achieving further savings with the aid of Booz-Allen and Hamilton, another well known and respected management firm. This study pointed out specific opportunities to improve management, organization, and overall cost effectiveness of day-to-day operations in the Office of Power, and TVA has begun implementing many of the report's recommendations.

Mr. President, TVA management today faces a difficult test in fulfilling its mission to manage its programs as efficiently and economically as possible. In pursuing these goals, Mr. Willis wrestles daily with the problems of inflation, high interest rates, and uncertain future. His commitment over the years has been important to TVA. I look forward to working with him in any way possible to achieve improved operations at TVA and to develop a consensus for improving the agency's relations with the people it serves.

THE WAR OVER THE FALKLAND ISLANDS

Mr. RIEGLE. Mr. President, it is with a profound sense of sadness and foreboding that I rise to express my view on the pending war over the Falkland Islands.

I think this war is a tragic mistake for Britian, Argentina, the Falkland Islanders and the world.

Too many lives already have been lost, and it appears the toll can only mount in the days ahead.

This is a foolish and unnecessary war—the responsibility for which must ultimately be laid at the feet of vainglorious Governments in Buenos Aires and London.

This problem should be settled by negotiation and nonmilitary means. It is this Senator's view that the lives now being lost in combat activity in the Falkland, and more of civilians who may be lost in the crossfire are lives that are being wasted.

The Falkland dispute is not worth the war now underway between Argentina and Great Britain, and it is profoundly unworthy of a wider war.

I urge my own Government to use the good offices of the Reagan administration to press for an immediate end to the fighting and to a resumption of negotiations through all available channels. I further call upon the Reagan administration to strictly limit U.S. involvement in this military struggle.

This foolish war could mushroom into a major conflict, unless other governments wisely and properly restrict their own participation in it. I urge that restraint upon my Government and all over governments.

TROOP WITHDRAWALS FROM NATO

Mr. PERCY. Mr. President, earlier this year the foreign Relations Committee asked the Defense Department to prepare an estimate of the cost of withdrawing U.S. troops from NATO and to provide statistics comparing U.S. and European troop strengths over the past two decades. The committee has now received this information.

The troop withdrawal cost study estimates that to restation in the United States all U.S. Army and Air Force units now deployed in Europe could cost the United States $17 billion extra in defense outlays over the next 5 years. This would not include the additional cost of providing greater mobility for these forces in order to return them to Europe in time of war.

After considering all options, the Defense Department study concludes:

> In all cases, the cost of returning the forces and headquarters and of refurbishing or constructing the appropriate base facilities in the continental United States would result in increased outlays through the next five years.

The conclusion we must all draw from this is that U.S. troop withdrawals from Europe cannot be seen as a cost-saving measure.

Other statistics provided by the Defense Department indicate the following:

Current U.S. troop strength in Europe is 329,000, slightly higher than the average for the decade of the 1970's, but well below the average for the decade of the 1960's. Thus the recent small increases in U.S. force strength in Europe simply compensate for some of the troop reductions of the Vietnam era.

The active duty forces of European NATO countries are estimated at more than 3.2 million men and women. This is a significant increase from the relatively low force levels recorded in 1975, and demonstrates that European countries are increasing their overall force structure.

In addition to the buildup in European active duty forces, European Reserve Forces have increased by nearly 2 million since 1970. These forces would be available to defend Western Europe against any Warsaw Pact attack. By comparison, U.S. Reserve strength has declined by almost 1.5 million during the same period.

The Europeans have made progress in the area of burden sharing, and the NATO 3 percent real defense growth goal is being met. A slight decline in the rate of European increase is expected for 1982, but despite the recession, European defense spending will continue to increase in real terms.

I conclude from these statistics that the case for U.S. troop withdrawals from Europe is very weak, that withdrawals would cost U.S. taxpayers dearly, and that the Europeans are making significant efforts to strengthen their defensive capabilities. Therefore, I want to reinforce my pledge to oppose vigorously amendments which require the withdrawal of U.S. forces from Europe.

Mr. President, I ask that six tables received from the Department of Defense in response to a request of the Foreign Relations Committee be printed in the Record.

The material follows:

COST OF U.S. DEFENSE COMMITMENT TO NATO

In recent years, the Department of Defense has provided a summary of the costs of the US contribution to NATO. This summary has been prepared by "allocating" US forces to various regions of the world where they might be needed and then determining the cost of maintaining those forces. The Department is currently reviewing and updating the methodology to solve some of the shortcomings involved in such an approach. The two most salient shortcomings are:

US forces are multi-purpose. While large US forces are available to meet any aggression by the Soviet Union and its allies they are also available to meet a threat to US security in other regions of the globe.

Much of the US force structure not directly allocable to Europe supports our NATO strategy and deterrent posture indirectly. Our strategic nuclear forces and RDJTF are examples.

With respect to withdrawals, we have developed an interim estimate of the effect on defense outlays of withdrawing troops from Europe and restationing them in the US. In all cases, the costs of returning the forces and headquarters and of refurbishing or constructing the appropriate base facilities in CONUS result in increased outlays through the next 5 years.

RESTATIONING COSTS: ILLUSTRATIVE U.S. TROOP WITHDRAWALS FROM EUROPE

[Outlays in billions of dollars]

	Fiscal year—	
	1983	1983-87
Option 1: 1 division, 2 TFW	0.1	0.8
Option 2: 1 corps, 5 TFW	4	8.5
Option 3: All Europe-deployed USA and USAF forces	8	17.0

If it is our intent to maintain the capability to defend against aggression by the Warsaw Pact, additional mobility forces must be purchased to transport the troops back to Europe when necessary. These costs are shown in the table below.

RESTATIONING COSTS WITH PROVISION OF MOBILITY FORCES

[TOA in billions of dollars]

	Fiscal year— 1983	Fiscal year— 1983-87
Option 1—1 division, 1 TFW:		
Restationing costs	0.1	0.8
Additional mobility	2.1	4.3
Total	2.2	5.1
Option 2—1 corps, 5 TFW:		
Restationing costs	.4	8.5
Additional mobility	2.2	11.2
Total	2.6	19.7
Option 3—All USA and USAF forces:		
Restationing costs	.8	17.0
Additional mobility		
Total	.8	17.0

In Options 1 and 2, enough mobility assets are procured (airlift and fast sealift) to return these forces to Europe by M+30. In Option 3—complete USA and USAF withdrawal—no such capability is procured due to its enormous cost, and therefore, no capability for rapid return exists.

Costs in these three options are based on generic costs of restationing Army and Air Force units in both new and refurbished bases in the US. We are about to conduct a study of the specific basing actions that would probably be taken if any of these three levels of withdrawal were to be undertaken. We will then price out these actions to obtain a more precise estimate of the costs of withdrawal.

If the costs of restationing US forces in Europe seem high, it must be remembered that we are talking of moving and relocating about one-third of our active Air Force and Army tactical forces from the bases where they have been permanently stationed for thirty-seven years. This involves a massive movement of men and material (e.g., 800,000 tons of Army ammunition), not to speak of rethinking our entire NATO strategy.

Question: Why is it that the United States has increased its troops in Europe by 58,000 since 1975 while the allies have decreased their forces by 56,000?

Answer: United States forces ashore in Europe as of Dec. 31, have increased from 278,000 in 1975 to 310,000 in 1981, a total of 32,000. At the same time, European active military strength increased from 3,039,000 to 3,212,000, an increase of 173,000.

TABLE B.—TRENDS IN UNITED STATES AND ALLIED TROOP STRENGTH IN EUROPE

U.S. MILITARY MANPOWER IN EUCOM AREA, END CALENDAR YEAR

[In thousands]

	1975	1981	Increase/decrease
Army	193.8	217.0	
Navy:			
Ashore	14.7	12.3	
Afloat	22.9	16.7	
Marine Corps:			
Ashore	1.3	1.2	
Afloat	1.9	1.9	
Air Force	68.4	79.5	
Total ashore	278.1	310.0	+31.9
Total afloat	24.8	18.6	−6.2
Total	303.0	328.6	+25.6

TABLE B.—TRENDS IN UNITED STATES AND ALLIED TROOP STRENGTH IN EUROPE—Continued

[In thousands]

	1975	1981	Increase/decrease
NATO MILITARY STRENGTH AVERAGE STRENGTH			
Norway	38.4	39.9	
Denmark	34.0	32.3	
Northern flank total	72.4	72.2	
Germany	490.8	495.0	
Netherlands	107.0	107.2	
Belgium	103.1	108.6	
Luxembourg	1.1	1.2	
United Kingdom	347.7	330.9	
France	585.2	575.2	
Central region total	1,634.9	1,618.1	
Turkey	584.1	741.2	
Greece	185.1	186.2	
Italy	458.9	504.9	
Portugal	103.7	89.6	
Southern flank total	1,331.8	1,521.9	
NATO Europe	3,039.1	3,212.1	+173.0
United States	2,098.0	2,120.0	+22.0
Canada	78.2	82.8	+4.6
Total	2,176.2	2,202.8	+26.6

TABLE C.—NATO MILITARY STRENGTH

[Average annual strength in thousands]

	1962	1963	1964	1965	1966
Northern flank:					
Norway	36	38	39	40	37
Denmark	48	49	50	49	47
Subtotal	84	87	89	89	84
Central region:					
Germany	368	402	430	428	461
Netherlands	138	133	125	120	125
Belgium	121	118	117	117	115
Luxembourg	2	2	2	2	2
United Kingdom	482	463	458	452	450
France	1,009	782	669	595	590
Subtotal	2,120	1,900	1,801	1,714	1,743
Southern flank:					
Turkey	520	529	526	511	552
Greece	180	176	176	178	179
Italy	478	446	428	451	458
Portugal	142	164	172	181	182
Subtotal	1,320	1,315	1,302	1,321	1,371
NATO Europe	3,524	3,302	3,192	3,124	3,198
United States	2,725	2,701	2,691	2,666	2,853
Canada	126	123	118	111	106
Subtotal	2,851	2,824	2,809	2,777	2,959
NATO total	6,590	6,337	6,002	5,900	6,156
	1967	1968	1969	1970	1971
Northern flank:					
Norway	37	37	37	37	36
Denmark	49	47	44	42	45
Subtotal	86	84	81	79	81
Central region:					
Germany	453	454	457	455	472
Netherlands	121	119	117	112	113
Belgium	118	114	108	108	107
Luxembourg	1	1	1	1	1
United Kingdom	440	420	401	384	384
France	579	572	568	571	569
Subtotal	1,712	1,680	1,652	1,631	1,646
Southern flank:					
Turkey	550	564	607	625	615
Greece	180	180	179	179	179
Italy	455	478	486	522	526
Portugal	190	200	219	229	244
Subtotal	1,375	1,422	1,491	1,555	1,564
NATO Europe	3,173	3,186	3,224	3,264	3,291

TABLE C.—NATO MILITARY STRENGTH—Continued

[Average annual strength in thousands]

	1962	1963	1964	1965	1966
United States	3,298	3,436	3,467	[1] 3,294	2,714
Canada	105	99	96	91	87
Subtotal	3,403	3,535	3,563	3,385	2,801
NATO total	6,576	6,721	6,786	6,649	6,091
	1972	1973	1974	1975	1976
Northern flank:					
Norway	38.0	39.0	39.9	38.4	39.0
Denmark	42.0	38.7	34.5	34.0	30.9
Subtotal	80.0	77.7	74.4	72.4	69.9
Central region:					
Germany	457.0	465.4	475.0	490.8	493.2
Netherlands	114.7	110.5	110.3	107.0	105.7
Belgium	107.0	106.6	105.2	103.1	107.4
Luxembourg	1.1	1.1	1.1	1.1	1.1
United Kingdom	380.6	376.6	358.5	347.7	336.6
France	574.0	580.6	584.8	585.2	585.3
Subtotal	1,634.4	1,640.8	1,634.9	1,634.9	1,629.3
Southern flank:					
Turkey	560.7	563.4	573.9	584.1	674.4
Greece	185.7	184.3	185.9	185.1	186.3
Italy	540.7	547.9	533.8	[2] 458.9	454.8
Portugal	260.4	276.4	282.4	[3] 103.7	83.4
Subtotal	1,547.5	1,572.0	1,576.0	1,331.8	1,398.9
NATO Europe	3,262.0	3,290.6	3,285.3	3,039.1	3,098.1
United States	2,324.3	2,205.6	2,146.0	2,098.0	2,075.0
Canada	82.0	82.5	82.0	78.2	78.0
Subtotal	2,406.3	2,288.1	2,228.0	2,176.2	2,153.0
NATO total	5,668.3	5,578.7	5,513.3	5,215.3	5,251.1
	1977	1978	1979	1980	1981
Northern flank:					
Norway	38.7	39.6	40.0	39.7	39.9
Denmark	31.8	32.8	33.0	32.7	32.3
Subtotal	70.5	72.4	73.0	72.4	72.2
Central region:					
Germany	495.0	491.3	492.1	490.4	495.0
Netherlands	102.5	106.1	106.9	107.0	107.2
Belgium	106.9	108.7	107.3	107.7	108.6
Luxembourg	1.2	1.2	1.2	1.2	1.2
United Kingdom	325.6	320.0	324.3	329.7	330.9
France	584.0	581.4	577.8	574.6	575.2
Subtotal	1,615.2	1,608.7	1,609.6	1,610.6	1,618.1
Southern flank:					
Turkey	771.2	720.5	697.8	717.2	741.2
Greece	186.5	186.4	186.5	186.2	186.2
Italy	475.3	488.9	490.4	500.3	504.9
Portugal	79.5	81.6	81.2	88.1	89.6
Subtotal	1,512.5	1,477.4	1,455.9	1,491.8	1,521.9
NATO Europe	3,198.2	3,158.5	3,138.6	3,174.7	3,212.1
United States	2,060.0	2,033.0	2,050.0	2,075.0	2,120.0
Canada	78.4	79.0	79.3	81.8	82.3
Subtotal	2,138.4	2,112.0	2,129.3	2,156.8	2,202.3
NATO Total	5,336.6	5,270.5	5,267.9	5,331.5	5,414.4

[1] United States withdrawal from SEA.

[2] NATO approved restructuring of Italian Armed Forces.

[3] Demobilization of Portuguese Armed Forces following withdrawal from Angola.

TABLE D.—U. S. MILITARY PERSONNEL IN EUCOM GEOGRAPHICAL AREA [1]

[Nearest thousand—approximate]

	U.S. miliary
End 1950	145
End 1951	346
End 1952	405
End 1953	427
End 1954	404
End 1955	405
End 1956	398
End 1957	393
End 1958	380
End 1959	380
End 1960	379
End 1961	417
End 1962	416

TABLE D.—U. S. MILITARY PERSONNEL IN EUCOM GEOGRAPHICAL AREA[1]—Continued

[Nearest thousand—approximate]

	U.S. miliary
End 1963	380
End 1964	374
End 1965	363
End 1966	366
End 1967	337
End 1968	316
End 1969	300
End 1970	791
End 1971	303
End 1972	307
End 1973	300
End 1974	300
End 1975	303
End 1976	308
End 1977	318
End 1978	325
End 1979	330
End 1980	323
End 1981	329

[1] Includes Army, Air Force, Navy (ashore and afloat) and Marine Corps (ashore and afloat). Includes small numbers on military personnel in non-NATO countries in the EUCOM geographical area such as Spain, Austria, and Switzerland.

The following are the reserve military manpower strengths for the European NATO countries excluding France and Greece. These figures do not necessarily include all reserve personnel but only personnel with military training who are liable under current national legislation to be called up for active military service and are included as such in current national mobilization plans.

TABLE E.—TRENDS IN RESERVE MANPOWER STRENGTHS

[In thousands, excluding Greece and France]

End year	Total, Europe	United States
1961	2,355	1,413
1962	2,425	1,320
1963	2,691	1,345
1964	2,794	1,337
1965	3,010	2,143
1966	3,100	2,173
1967	3,245	2,163
1968	3,596	2,245
1969	3,622	([1])
1970	4,114	3,051
1971	4,855	2,627
1972	5,046	2,551
1973	5,198	2,369
1974	6,260	([1])
1975	6,585	([1])
1976	6,569	1,540
1977	6,339	1,252
1978	6,174	1,194
1979	6,260	1,184
1980	5,976	1,482
1981	6,020	1,596

[1] No data.

Note: This is a rough first cut at these numbers. We are continuing to attempt to refine them.

TABLE F.—REAL CHANGE IN DEFENSE EXPENDITURES[1]

[Constant 1980 prices and exchange rates, U.S. fiscal year bases]

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Belgium	4.0	6.7	8.3	6.8	2.5	6.7	2.2	2.0	.2	−2.7
Canada	1.7	−2.4	3.6	2.6	3.8	−.2	−.9	5.1	3.0	3.0
Denmark	−3.8	3.5	2.0	−1.7	2.4	4.4	.2	.7	1	.6
France	3.7	1.6	2.9	4.1	4.9	5.0	2.5	3.9	3.5	3.5
Germany	5.1	4.5	−1.4	.2	−.5	3.1	1.8	1.9	3.4	.7
Greece	−3.3	.4	61.7	−4.2	19.8	4.9	−2.9	−8.8	5.6	−3.0
Italy	−1.3	−.2	−2.9	−.7	4.5	1.4	2.6	4.9	−1.2	1.2
Luxembourg	4.3	8.7	6.2	7.1	−2.4	7.9	3.5	16.3	7.1	4.1
Netherlands	−.7	−.2	3.5	−.7	11.0	−4.8	3.9	−1.5	3.4	2.2
Norway	1.9	1.0	5.2	.4	1.5	7.7	1.9	1.8	2.5	3.3
Portugal	−4.7	27.4	−29.9	−18.4	−7.1	2.4	2.9	10.0	2.8	0
Turkey	2.0	1.1	71.1	11.6	.2.5	0	2.6	2.0	3.1	2.4
United Kingdom	1.8	−3.9	3.9	−2.1	−2.3	−.6	3.0	2.7	2.1	3.4
United States	−8.7	−2.0	−.8	−3.7	.9	1.5	3.4	4.9	5.4	6.6
Non-United States NATO	2.4	.8	3.0	.6	1.9	2.1	2.2	2.6	2.6	2.1
Total, NATO	−4.3	−.8	.8	−1.8	1.4	1.8	2.9	3.8	4.1	4.6

[1] Based on NATO definition of defense spending.●

JOE STRICKLAND, SECOND ASSISTANT PARLIAMENTARIAN, U.S. SENATE

Mr. THURMOND. Mr. President, I rise today to recognize an outstanding South Carolinian—Joe Strickland. Born in Abbeville, S.C., he was educated at Keenan High School in Columbia, S.C., prior to entering Princeton University and Vanderbilt Law School. But it was not until he came to Washington that he fulfilled a long-time ambition.

Mr. President, Joe Strickland has made his State proud as the Second Assistant Parliamentarian of this distinguished Chamber. It is a job in which he serves admirably, with dedication and hard work. Those efforts were recently recognized in an article in the Columbia State newspaper, which cited his academic and professional achievements.

Mr. Strickland's job, as my colleagues well know, is vital to the operation of the U.S. Senate. He serves alongside another distinguished South Carolinian, Senate Parliamentarian Robert Dove.

It is a pleasure, Mr. President, to recognize Joe Strickland today and to ask unanimous consent that the article in the May 10 edition of the Columbia State be made a part of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the State/Columbia, S.C., May 10, 1982]

MR. STRICKLAND GOES TO WASHINGTON: YOUNG BUT STILL OPENING DOORS

(By Kayle Tucker)

WASHINGTON.—Joe Strickland walks without hesitation past signs that say "Senators Only." At 26, he is too young to be a senator, but he walks with that Capitol Hill finesse that gets him where he wants to go.

Strickland had been opening doors for others to follow all his life: first black elected to a statewide office in the South Carolina Association of Student Councils; first black lieutenant governor of Boys State; and now, first black assistant parliamentarian in the U.S. Senate.

His is the story of a small-town boy who makes good. Born in Abbeville and raised in Columbia, Strickland went from Keenan High School to Princeton University for a degree in history before going on to graduate from Vanderbilt University Law School.

And last May, after being offered a job with a Wall Street law firm Strickland chose instead to make a childhood dream come true.

"When I was 16, I shared a podium with Sens. Thurmond and Hollings. I used to fantasize about working in the Senate," Strickland reminisces.

Ten years later, he made it. By this time, neither South Carolina senator remembered that day when they shared a podium with an impressionable young black man.

But they know him now, and they know they were an influence, just as Strickland is now an influence.

"The best thing I could do is to do a good job, so I can open up jobs for other blacks," Strickland says.

Despite his large, athletic frame, Strickland's boyish face has given him some trouble. Once, when he wore a blue suit, he was mistaken for a Senate page—high school students who serve as messengers in the Senate and who are required to wear blue. "I guess they thought I was just a very big high school student."

Now he dresses in "dignified gray."

His office has all the trappings of power: a working fireplace stocked with logs though spring finally has arrived, thick carpet, heavy drapes and large oak desk.

The parliamentarian, Robert B. Dove, is a South Carolina man himself, who once taught at The Citadel.

Strickland could have gone to a state college, but his parents said they would send him anywhere he wanted, and he wanted to get away. So with the help of college loans, he went to Princeton University, where he became vice president of the student body.

"I was teased a lot for being from the South. They used to call me 'country.' I had trouble adjusting to being a middle-class kid among the filthy rich."

When his college classmates invited him on various ski trips or ocean weekends. Strickland would tell them he couldn't afford it. "They would offer to loan me money until I could cash a check. They just couldn't understand."

Strickland is single and, to hear him tell it, very much available—a status he finds very much to his advantage in a town where there appear to be many attractive, unmarried women.

Washington, he smiles, is "a good place to be single."

He stresses, however, that this pleasant distraction is not the main reason he loves Washington. To him, the most exciting and thrilling thing about this town is that this is where history is made every day. And he just so happens to be right in the middle of it as an interested observer and occasional participant.

"The first time I was on the floor, I was scared to death. I thought I'd mess up. All the senators were looking at me, and they came over to shake my hand. They were very kind.

"It is a gentlemen's club. They all treat me with courtesy and respect. They are dignified."

Strickland was standing just outside Vice President George Bush's office the day Egyptian President Anwar Sadat was assassinated, and the look on Bush's face when the news came in touched the young South Carolinian.

"It's good to know these people care so much about the rest of the world," Strickland said.

The parliamentarian and three members of his staff sit at the desk in front of the Senate's presiding officer—sometimes the vice president, sometimes Sen. Strom Thurmond, R-S.C. Strickland is the first black ever to occupy one of those four seats in the front-row section.

How did he get there?

"I knew some of Baker's people in Tennessee. It's just a coincidence that it opened up when he took over." Republican Sen. Howard Baker Jr. is the Senate Majority Leader.

Strickland is careful when talking about politics, because his position is considered a nonpartisan job. An assistant to the parliamentarian, he must make decisions without bias on the rules of the Senate.

It is a "nerve-wracking job," he says, with very little room for error. He must advise whoever is acting as president of the Senate on procedure and, at the same time, update senators as they enter.

Each day he goes through a pile of letters, or "communications," and sends them to the proper committees or people. It is more complicated than it sounds. One day he lost a communication and had to track it down.

"There is a body of rules, and we have to keep up on them. We are like the referee in a basketball game."

Some senators would like to be able to influence the parliamentarian's decision, but Strickland says there is little political pressure. "We go strictly by the book. We're tough."

In his office, he keeps a log of every phone call, listing the names of the callers and what he told them. He points to the name of a New York lawyer. "She makes $100 an hour for what I tell her," he says good-naturedly. It doesn't bother him; he knows he can do the same someday.

"The true insider knows where to go for information," Strickland says of the people who call him. "I'm not the most important guy in Washington, but everything goes through us sooner or later."

Usually, a person in his position trains for nearly a year before working on the Senate floor. But Strickland was out there after only two months of preparation. "My boss wanted to give me responsibility."

Strickland himself has considered running for office someday, but he adds that so has everyone else here. Standing behind the majority leader's desk on the Senate floor, he describes the powerful position, which he admits he wouldn't mind having someday.

How about the first black U.S. President? He just laughs.

Strickland has a political background, though he would not describe himself as an activist. His family dominates black politics in Abbeville, and his father, Jospeh C. Strickland, is an election commissioner.

His parents also teach, his father at C.A. Johnson High in Columbia and his mother, Thomasina Strickland, at Gadsden Elementary School.

Both have graduate degrees. "It was tougher for them, that's why they sacrificed for me," Strickland says.

He has two younger brothers. One of them plays center on the University of South Carolina basketball team.

Strickland remembers every school he attended, every person who influenced him and everyone he meets here in Washington. "I have been blessed with a politician's memory. I remember names, faces, and relationships."

Some of them could be good contacts in the future, he's always looking ahead.

For now however, the thought of running for public office fades in the distant future. He came here via Abbeville, Columbia, New Jersey and Tennessee, and his hope is to return to South Carolina—no longer as a high school student but as a respected lawyer.

SECRETARY HAIG'S SPEECH

Mr. **PERCY**. Mr. President, I commend to my colleagues the speech that Secretary of State Haig made recently to the annual meeting of the U.S. Chamber of Commerce.

Secretary Haig has articulated both the major challenges facing America in the 1980's, and a strategy for American leadership in meeting them.

The challenges he describes as lagging Western strength, the interdependence of the industrialized democracies with the developing countries, and the emergence of the Soviet Union as a global military power increasingly prone to use this power to promote violence.

Secretary Haig properly calls our relationship with our allies the cornerstone of any effective strategy for the 1980's. He cites our task of developing and sustaining a relationship with the Soviet Union "which recognizes that the competition will succeed but constrains the use or threat of force." He calls for the interdependence of the developed and developing nations to be based on "the solid ground of common interest."

Mr. President, I ask unanimous consent that the text of Secretary Haig's speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

[From the New York Times, Apr. 28, 1982]

EXCERPTS FROM HAIG'S SPEECH ON FOREIGN POLICY

WASHINGTON, April 27.—Following are excerpts from an address by Secretary of State Alexander M. Haig Jr. to the annual meeting of the United States Chamber of Commerce here today as provided by the State Department:

The United States found it difficult to deal with the complex international situation that has emerged over the past decade. The economic growth of Western Europe and Japan, the Sino-Soviet conflict and the transfer of wealth to the oil producers have softened the sharp edges of American and Soviet dominance over the postwar world. The global military balance, however, is still the province of the superpowers.

Today it has become essential for the United States and its allies to deal with the new realities. Three trends in particular raise crucial questions about the prospects for Western security—and international peace—for the remainder of the century.

First, lagging Western strength. The United States has gradually lost many of the military advantages over the Soviet Union that once provided a margin of safety for the West—in some cases by choice, in others through neglect and error. Meanwhile, the Western alliance has suffered increasing political and economic strain.

Second, the increasing interdependence of the West and the developing countries, many of which adopt a strident public stance against Western interests and ideas. The third world has emerged in all of its diversity with its fragile unity already fragmented by regional conflict and global rivalry.

Third, the emergence of the Soviet Union as a global military power, increasingly bold in the use of its might to promote violence, notably in areas of strategic significance to the West. This trend has developed even as the Communist bloc, once the instrument of Soviet purposes, has been shaken by the Sino-Soviet schism and growing internal problems. Chronic economic failure has eroded the appeal of Marxist-Leninist ideology.

Let us ask ourselves, as others are surely asking about us, whether we can change these trends. I believe that we can.

The American people have emerged from their recent experiences convinced anew that there is no substitute for American leadership if we are to live in a world hospitable to our society and our values. In the 1980's this new American consensus for a more vigorous defense of our interests demand a new balance in the style of our foreign policy.

A balanced American foreign policy sustained by this consensus will enable America to lead once again.

TIES TO THE ALLIES

First, our relationship with our allies. We cannot pretend to lead unless we rally to our side those societies that share our values.

We must recognize, however, that the trends of the past decade have contributed to a rising sense of frustration between the U.S. and its partners. U.S.-European relations, in particular, have been distressed by the convergence of several events:

The loss of American strategic superiority and questions about the role of nuclear weapons in NATO strategy.

Increasing European political and economic stakes in détente and East-West trade despite aggressive Soviet actions in Afghanistan, Poland and elsewhere.

The recent record of low growth and high inflation among the industrial democracies leading to pressure for protectionist measures.

ARGUMENTS ARE SECOND NATURE

Angered by what they see as European reluctance to face the Soviet challenge, some Americans have been tempted to argue for withdrawal of American forces. Others, disturbed by persistent economic problems, have thought to retaliate by erecting protectionist barriers.

Arguments over burden-sharing are second nature to any large alliance of sovereign nations. The current trans-Atlantic exchanges, however must be put in historical perspective. Americans should not forget that our NATO allies substantially increased their defense spending over the past decade while the United States was reducing its defense effort. Nor should we ignore that the European members of NATO supply a high percentage of the air, ground and naval forces that constitute the conventional portion of deterrence in Europe.

In the days ahead, as we and our allies discuss outstanding issues, the U.S. must exert not only strong but coherent leadership. The allies must know where we are going if we expect them to go with us.

Much of our agenda will be dominated by the search for more constructive relations with the East. This search, arms control and the military balance are all interrelated, not independent and sometimes competing objectives. It is essential that we carry out NATO's two track decision of 1979 to go forward with the modernization of intermediate range nuclear systems while simultaneously pursuing arms control negotiations with the Soviet Union designed to limit these systems.

For too long we have pretended that a relaxation of tensions in Europe would be immune to Soviet attempts to change the balance of power. For too long we have imagined that the arms control process, in and of itself, could preserve the balance.

Finally, we should be conscious of our historic responsibilities as free societies in a world where individual liberty is too often suppressed.

THE SOVIET UNION

Finally, our country faces an historic opportunity in dealing with the Soviet Union.

In the name of a utopian ideal, Soviet totalitarianism imposes a single social model not only on its own people but on an expanding empire. In contrast, the forces of democracy seek to build national and international institutions based on diversity, individual choice and peaceful change. The competition between these two approaches will continue.

This rivalry, however, is constrained by another central fact of our time—nuclear weapons. Total victory by military means has become a formula for mutual catastrophe. Even the use of conventional force risks unpredictable consequences.

Our enduring challenge is therefore to develop and to sustain a relationship with the Soviet Union which recognizes that the competition will proceed but constrains the use or threat of force. We can develop a lasting framework for this relationship if we avoid the extremes that have distorted American foreign policy over the post war period:

First, that expressions of American good will and readiness to negotiate could somehow substitute for American strength and would move U.S.-Soviet relations from competition to cooperation.

Second, that a posture of confrontation, a refusal to negotiate, would somehow lead to capitulation by the other superpower.

The result of America's wishful thinking and profound national introspection has been swift and sure. Moscow has acted forcibly to expand its dominions. In Vietnam, in Kampuchea, in Southern Africa and Ethiopia, in Afghanistan and now in Central America we have reaped the grim harvest of self-delusion.

As we rebuild our strength and seek once more to convince the Soviet Union that restraint is in our mutual interest, we must not allow ourselves the error of another extreme. We cannot claim that we are too weak to negotiate and at the same time insist that we are strong enough for a policy of all-out confrontation.

An American approach to the Soviet Union that balances strength and negotiations offers the best hope of significant accomplishment. The Soviet attempt to change the balance of power has produced a backlash of increasing international resistance. Moscow has earned the fear and enmity of many nonaligned states through aggression in Afghanistan and support for Vietnam's subjugation of Kampuchea.

This backlash comes when Soviet prospects have dimmed. Moscow's allies are in deep economic trouble and the Soviet growth rate itself is declining. Agricultural shortfalls persist. Above all, as Poland has shown, the Soviet model and Soviet ideology are increasingly rejected by the workers themselves.

Over the decade of the 1980's, as the Soviet Union experiences a transition in leadership, it is likely to face greater economic difficulties and growing international isolation—a marked change from an era of unusual stability and expansion.

During this sensitive and dangerous period of changing superpower relationships, the United States must make clear to the Soviet Union that there are penalties for aggression and incentives for restraint. We cannot conduct business as usual in the face of Soviet adventurism in Afghanistan or Soviet-instigated repression in Poland.

An essential part of our strategy is to continue to differentiate among Communist countries themselves. This is a longstanding American policy that encourages autonomy and diversity.

Finally, just as the Soviet Union gives active support to Marxist-Leninist forces in the West and the South, we must give vigorous support to democratic forces wherever they are located—including countries which are now Communist. We want the competition of democracy and Communism to be conducted in peaceful and political terms, but we will provide other means if the Soviet Union insists upon violent methods of struggle.

In sum, the facts do not support the belief that there can be an early, sudden or dramatic reconciliation of Soviet and American interests. The competition will continue. But we can make the Soviets more cautious by our action. And as a new generation of Soviet leaders emerges, we can signal the benefits of greater restraint.

Ultimately, a foreign policy is the test of a nation's character. Today, the test of our character is whether we care enough about the values that make life worth living, the inner beliefs that have sustained Western civilization. Over the centuries, a certain idea of man has taken hold in our societies. The right of the individual, the responsibility of government to the governed and the rule of law have distinguished our way of life. These ideals are the true source of our strength and the true source of the weakness of our adversaries.

THE THIRD WORLD

Let me turn now to another major area where we have a great opportunity for change: our relations with the developing nations. It is one of the ironies of our age that as nations have become more powerful their destinies have grown more interdependent.

Together, we and the leaders of the developing countries have an opportunity to make sure that this interdependence is a source of mutual benefit, founded on the solid ground of common interest. The consequences of failure to cooperate would be disastrous for both America and the third world. But such cooperation must be based on the diverse realities of the present, not the slogans of the past.

The realities of diversity, conflict and great potential are bringing about a crucial shift in the attitudes of many third world nations. Their leaders face excruciating choices. Marxist-Leninist ideology has often been the locomotive that brought them to power but it has not become an engine for progress.

As a consequence, many countries with direct experience of the Soviet embrace are quietly attempting to broaden their relations, to encourage foreign investment and to reduce dependence on a patron who has little to offer but the tools and techniques of violence.

CONFRONTATION OVER THE FALKLAND ISLANDS

Mr. KENNEDY. Mr. President, as I speak there are reports of renewed and intense fighting over the Falkland Islands.

The United Nations Security Council is now being called again into session at the request to the Secretary General. We must all share the deepest concern that the Secretary General's efforts to mediate a peaceful solution to the Falkland Islands crisis have reached an impasse. Once again, the dangers of fighting and loss of life appear to be increasing, and with them the dangers not only to the Armed Forces of Britain and Argentina, but to the inhabitants of the islands and potentially to other countries whose interests are engaged.

Even at this late hour, I wish to lend my voice to that of the UN Secretary General and of the administration and appeal to both sides to make one more determined effort to achieve an honorable, peaceful solution to this crisis.

It would not be a defeat for the Argentine Government to agree to truly serious negotiations, based on UN Security Council Resolution 502.

It would not be a defeat for the British Government to stay the hand of its amassed military power, one more time, in order to encourage such a determined negotiating effort to succeed.

And it would be a victory for all sides—for Great Britain, for Argentina, for the people on the Falkland Islands, and for the international community as a whole—to permit negotiations to proceed and ultimately to succeed, without sacrificing the important principles at stake.

These principles include, Mr. President, the stake of all nations in the peaceful resolution of international disputes. They also include opposition to military aggression, upheld by the U.N. Security Council in resolution 502, and participation of the people involved in decisions affecting their own future. They also include national sovereignty, now contested between Britain and Argentina, but surely a principle that can be accommodated if negotiations are given further time and enough good will by both sides to proceed.

Surely the risks inherent in the military alternatives are enough for both governments to consider again the appeal of the U.N. Secretary General to five serious negotiations further opportunity to succeed. Both countries have already suffered large numbers of casualties; but these could pale in comparison to the lives that may be lost in a full-scale battle over the islands. And no one can dismiss the further dangers to international peace in which such military escalation might ultimately result.

So today, Mr. President, I believe we should join with our own administration and with the U.N. Secretary General in pressing yet again for a peaceful solution and prevention of further military escalation over the Falkland Islands.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 3:40 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the bill (S. 907) to amend sections 351 and 1751 of title 18 of the United States Code to provide penalties for crimes against Cabinet officers, Supreme Court Justices, and Presidential staff members, and for other purposes, is returned to the Senate, in accordance with their request.

The message also announced that the House has passed the following bill, with an amendment, in which it requests the concurrence of the Senate:

S. 2271. An act to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal year 1983, and for other purposes.

The message further announced that the House has passed the following bills and joint resolutions:

H.R. 5842. An act to authorize appropriations for activities of the National Science Foundation for fiscal years 1982 and 1983, and for other purposes;

H.R 6068. An act to authorize appropriations for fiscal year 1983 for intelligence and intelligence-related activities of the U.S. Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes; and

H.J. Res. 444. Joint resolution to authorize and request the President to designate August 14, 1982, as "National Navaho Code Talkers Day."

ENROLLED BILL SIGNED

At 7:22 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 1543. An act to confirm a conveyance of certain real property by the Central Pacific Railway Co. and Southern Pacific Co. to A. C. Taber, and his wife, Mary Taber.

HOUSE JOINT RESOLUTION REFERRED

The following joint resolution was read the first and second times by unanimous consent, and referred as indicated:

H.J. Res. 444. Joint resolution to authorize and request the President to designate August 14, 1982, as "National Navaho Code Talkers Day"; to the Committee on the Judiciary.

HOUSE BILLS PLACE ON CALENDAR

The following bills were read the first and second times by unanimous consent, and placed on the calendar:

H.R. 5842. An act to authorize appropriations for activities of the National Science Foundation for fiscal years 1982 and 1983, and for other purposes; and

H.R. 6068. An act to authorize appropriations for fiscal year 1983 for intelligence and intelligence-related activities of the U.S. Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, with an amendment in the nature of a substitute, and an amendment to the title:

S. 2375. A bill to extend by five years the expiration date of the Defense Production Act of 1950 (Rept. No. 97-412).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations:

Treaty Doc. No. 97-2. Protocol to the Agreement on the Importation of Educational, Scientific and Cultural Materials, adopted at Nairobi on November 26, 1976, and opened for signature at the United Nations on March 1, 1977 (Exec. Rept. No. 97-53).

By Mr. HATCH, from the Committee on Labor and Human Resources:

Mr. HATCH. Mr. President, as in executive session, I report favorably two nomination lists in the Public Health Service which have previously appeared in full in the CONGRESSIONAL RECORDS of January 19, 1981, and April 14, 1982, and, to save the expense of reprinting them on the Executive Calendar, I ask unanimous consent that they may lie on the Secretary's desk for the information of Senators.

There being no objection, the lists were ordered to lie on the Secretary's desk.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MITCHELL (for himself, Mr. COHEN and Mr. ROTH):

S. 2560. A bill to amend the Tariff Schedules of the United States to insure that potatoes imported as seed are not diverted for human consumption; to the Committee on Finance.

By Mr. MOYNIHAN:

S. 2561. A bill to revitalize the housing industry by strengthening the financial stability of home mortgage lending institutions are insuring the availability of home mortgage loans; to the Committee on Banking, Housing, and Urban Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BAKER (for himself and Mr. Robert C. Byrd):

S. Res. 395. A resolution to authorize representation by the Senate Legal Counsel of Roy McGhee, a Senate employee, in the case of "Carl H. Kneumann v. Roy McGhee"; considered and agreed to.

By Mr. BAKER (for himself and Mr. Robert C. Byrd):

S. Res. 396. A resolution to authorize testimony by Staff and production of documents of the Committee on Small Business and representation by the Senate Legal Counsel; considered and agreed to.

By Mr. PERCY (for himself, Mr. Pell, Mr. Hayakawa, Mr. Glenn, Mr. Boschwitz, Mr. Lugar, and Mrs. Kassebaum):

S. Con. Res. 98. A concurrent resolution expressing the sense of the Congress on the occasion of Thailand's bicentennial; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MITCHELL (for himself, Mr. Cohen, and Mr. Roth):

S. 2560. A bill to amend the Tariff Schedules of the United States to insure that potatoes imported as seed are not diverted for human consumption; to the Committee on Finance.

END USE REQUIREMENT ON IMPORTED SEED POTATOES

● Mr. MITCHELL. Mr. President, I am pleased to introduce this bill, along with Senators Cohen and Roth. The intent of this bill is identical to S. 11, which I introduced early last year. If passed, this bill would require that imported potatoes certified as seed stock must actually be used as seed in order to receive the favorable tariff treatment provided for imported seed potatoes. Currently, virtually all imported seed potatoes are from Canada.

By including an end-use requirement in the tariff classification of seed potatoes, this bill would close what many potato growers perceive as a loophole in our tariff laws. Under the agreement negotiated during the Multilateral Trade Negotiations, there is a tariff of 36.5 cents per 100 pounds on potato imports. At specified levels, the tariff rises to 60 cents. This level is 114 million pounds for seed potatoes and only 45 million pounds for table stock. Once the lower table stock quota is reached, there is an incentive for importers who want to sell potatoes for human consumption to purchase seed potatoes and repackage them as table stock. This gives the importer tariff and grading advantages associated with the lower quality seed potatoes.

This marketing of imported seed potatoes as table stock has been a major complaint of Maine's potato growers. In recent years, they have witnessed the Canadians filling their table stock quota first and then labeling their imports as seed potatoes. This is unfair to U.S. potato growers marketing table stock potatoes and unfair to consumers who are unknowingly purchasing seed potatoes.

This practice is not prohibited by law, since the tariff law only requires that potatoes be certified as seed, not actually used as seed. Failure to have an end-use requirement in the definition of seed potatoes essentially renders the distinction between seed and table stock meaningless. Adding this end-use requirement to the tariff law would deny the tariff and grading advantages to imported seed and allow U.S. potato growers to compete on a fair basis with imported potatoes.●

By Mr. MOYNIHAN:

S. 2561. A bill to revitalize the housing industry by strengthening the financial stability of home mortgage lending institutions and insuring the availability of home mortgage loans; to the Committee on Banking, Housing, and Urban Affairs.

NET WORTH GUARANTEE ACT

● Mr. MOYNIHAN. Mr. President, I rise today to introduce the Net Worth Guarantee Act. This bill is identical to Representatives St. Germain's bill, H.R. 6267, as passed by the House of Representatives yesterday. It addresses the current crisis in the thrift industry that has been caused by continuing high interest rates.

This legislation sets up an $8.5 billion fund which would give Federal regulatory authorities the power to guarantee a percentage of the net worth of qualified thrift institutions. To qualify for the guarantees, an institution must have a net worth of less than 2 percent of its assets, losses in at least two consecutive quarters, and 20 percent of its loans in residential real estate or securities backed by real estate. In addition, for as long as the guarantee is outstanding, the institution must use 60 percent of its new deposits for the issuance of mortgages for one to four family housing units and multifamily rental projects.

This legislation is intended to help the thrift industry survive the current crisis and will cost the Federal Government money only if an institution is liquidated. I hope that we can move as expeditiously as the house has in addressing this situation by passing this necessary legislation.●

ADDITIONAL COSPONSORS

S. 1958

At the request of Mr. DOLE, the Senator from Indiana (Mr. Quayle) was added as a cosponsor of S. 1958, a bill to amend title XVIII of the Social Security Act to provide for coverage of hospice care under the medicare program.

S. 2043

At the request of Mr. HUMPHREY, the Senator from Minnesota (Mr. Durenberger) was added as a cosponsor of S. 2043, a bill to amend title 18, United States Code, to provide criminal penalties for the mailing of identification documents bearing a false birthdate.

S. 2277

At the request of Mr. MITCHELL, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of S. 2277, a bill to amend the Internal Revenue Code of 1954 to make certain changes to stimulate the housing industry.

S. 2309

At the request of Mr. CHAFEE, the Senator from Alaska (Mr. Murkowski), and the Senator from Vermont (Mr. Stafford) were added as cosponsors of S. 2309, a bill to amend the Endangered Species Act of 1973, to authorize funds for fiscal year 1983, and for other purposes.

S. 2369

At the request of Mr. DOLE, the Senator from Montana (Mr. Melcher) was added as a cosponsor of S. 2369, a bill to amend the Internal Revenue Act of 1954 to clarify the standards used for determining whether individuals are not employees for purposes of the employment taxes, and for other purposes.

S. 2479

At the request of Mr. Symms, the Senator from Iowa (Mr. Grassley) was added as a cosponsor of S. 2479, a bill to amend the Internal Revenue Code of 1954 to treat certain interests as closely held businesses for estate tax purposes, to prevent the acceleration of estate tax installment payments in certain situations, and for other purposes.

SENATE JOINT RESOLUTION 162

At the request of Mr. Roth, the Senator from Kentucky (Mr. Huddleston) was added as a cosponsor of Senate Joint Resolution 162, a joint resolution to authorize and request the President to designate the week of June 20, 1982, through June 27, 1982, as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 190

At the request of Mr. Burdick, the Senator from Maine (Mr. Cohen), the Senator from Florida (Mrs. Hawkins), and the Senator from New Mexico (Mr. Schmitt) were added as cosponsors of Senate Joint Resolution 190, a joint resolution to authorize and request the President to designate "National Family Week."

SENATE CONCURRENT RESOLUTION 73

At the request of Mr. HEINZ, the Senator from Minnesota (Mr. DURENBERGER), and the Senator from Alaska (Mr. MURKOWSKI) were added as cosponsors of Senate Concurrent Resolution 73, a concurrent resolution to condemn the Iranian persecution of the Bahai community.

SENATE CONCURRENT RESOLUTION 91

At the request of Mr. HEINZ, the Senator from Ohio (Mr. GLENN), the Senator from South Dakota (Mr. ABDNOR), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Idaho (Mr. SYMMS), the Senator from Vermont (Mr. STAFFORD), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of Senate Concurrent Resolution 91, a concurrent resolution to call upon the President to invite the Small Business Administration to participate in the Cabinet Council on Economic Affairs.

SENATE CONCURRENT RESOLUTION 96

At the request of Mr. GLENN, the Senator from Colorado (Mr. HART) was added as a cosponsor of Senate concurrent resolution 96, a concurrent resolution reaffirming Senate Resolution 179 and House Resolution 177 and urging the President to seek agreement at the Versailles summit conference that nuclear supplier nations should export nuclear fuel and equipment only to nations that permit fullscope safeguards.

SENATE RESOLUTION 231

At the request of Mr. PERCY, the Senator from Oklahoma (Mr. NICKLES) was added as a cosponsor of Senate Resolution 231, a resolution regarding the management of U.S. assets.

AMENDMENT NO. 1492

At the request of Mr. DECONCINI, his name was added as a cosponsor of amendment No. 1492 proposed to Senate Concurrent Resolution 92, an original concurrent resolution setting forth the recommended congressional budget for the U.S. Government for fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for fiscal year 1982.

SENATE CONCURRENT RESOLUTION 98—CONCURRENT RESOLUTION RELATING TO THE BICENTENNIAL OF THAILAND

Mr. PERCY (for himself, Mr. PELL, Mr. HAYAKAWA, Mr. GLENN, Mr. BOSHWITZ, Mr. LUGAR, and Mrs. KASSEBAUM) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 98

Whereas 1982 marks the 200th anniversary of Thailand's illustrious Chakri Dynasty and the designation of Bangkok as the capital city of Thailand;

Whereas this year has been designated in Thailand as the official year of celebration of the 200 year historical era of the Chakri Dynasty, the "Rattanakosin" Bicentiennial;

Whereas the United States has a long history of friendly relations and close cooperation with Thailand, predating even the signing of the Treaty of Amity and Commerce in the year 1833, the first U.S. treaty signed with an Asian nation; and

Whereas the United States and Thailand share common goals of preserving national independence and individual freedom and of improving the lives of our respective peoples; Now therefore be it

Resolved by the Senate (the House of Representatives concurring), that the Congress hereby—

Extends to the Thai nation and all its peoples warmest congratulations and best wishes during this festive year of celebration of the Rattanakosin Bicentennial.

THAILAND'S BICENTENNIAL

Mr. PERCY. Mr. President, I am today submitting a concurrent resolution expressing the sense of Congress on the occasion of Thailand's bicentennial celebration. I am pleased to be joined in introducing this resolution by the distinguished ranking minority member of the Committee on Foreign Relations, Senator PELL; the distinguished chairman of the Subcommittee on East Asian and Pacific Affairs, Senator HAYAKAWA; and the distinguished ranking minority member of that subcommittee, Senator GLENN. We are also joined by our colleagues on the committee, Senators BOSCHWITZ, KASSEBAUM, and LUGAR in offering this resolution.

Mr. President, I had the honor of serving as the President's personal representative and the chairman of the U.S. delegation representing the people of the United States at the ceremonies commemorating Thailand's bicentennial in Bangkok during the Easter recess. On this occasion, we had the opportunity to observe at first hand the warm and cordial relationship which exists between our two Governments and our two peoples. Their Majesties the King and Queen, whose distinguished dynasty is being commemorated, did us and the American people great honor by the exceptional warmth of their hospitality, testifying to the close relationship between our two countries. The delegation had an opportunity to observe the rich cultural heritage of this historic kingdom when we visited the ancient former capitol, Ayuthaya. We were privileged to have as our learned guide Her Royal Highness the Crown Princess, whose devotion to the Thai people and their rich culture was abundantly evident and is no less than that of her illustrious parents.

I took the opportunity of being in Bangkok to discuss U.S. trade, investment, and development questions with senior Thai officials and members of the American business community resident in Thailand. I was greatly impressed by the enormous progress in economic development which the Thai have made, under the leadership of the Chakri dynasty, since my last visit to Thailand in 1972. The growth in the industrial sector in 1981 was over 10 percent, an accomplishment we Americans certainly envy and one which continues. The preliminary figures for 1981 indicate that the gross national product rose again, by nearly 7 percent.

One of the most significant events in the industrial development of Thailand occurred in the fall of 1981 when the vast natural gas reservoirs of the Gulf of Thailand came "on stream." American business interests and investments have played a large part in this operation and will continue to do so as the primary source of energy for Thailand turns from imported oil to domestic natural gas. Indeed, there are many opportunities for American trade and investment inherent in this change. In this connection, while I was in Bangkok, I tried to put together Illinois manufacturers and Thai companies in need of energy equipment. These Illinois companies have great expertise and skill in the conversion of boilers and burners from oil to gas firing and are in an excellent position to facilitate the development and expansion of the Thai economy. This is only a small example of the many opportunities available to our entrepreneurs to serve both American business purposes and Thai development goals. With the expanding economy, which I observed at first hand in Thailand, there are great hopes for the future—for the Thai and for us.

I urge my colleagues to give their favorable consideration to this resolution which pays tribute to the Thai people, their long and distinguished history, and the enlightened leadership embodied in the 200-year reign of the Chakri dynasty.

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND GOVERNMENT PROCESSES

Mr. PERCY. Mr. President, the Subcommittee on Energy, Nuclear Proliferation, and Government Processes of the Committee on Governmental Affairs will hold a hearing at 10:30 a.m. on Friday, May 21, 1982, in room 3302, Dirksen Building. The subcommittee will be receiving testimony on energy resiliency, decentralized storage of fuels, and alternative energy sources.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND GOVERNMENT PROCESS

Mr. THURMOND. Mr. President, I ask unanimous consent that the Subcommittee on Energy, Nuclear Proliferation, and Government Process of the Committee on Governmental Affairs be authorized to meet during the session of the Senate at 10:30 a.m. on Friday, May 21, to hold an oversight hearing on energy resiliency.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

Mr. THURMOND. Mr. President, I ask unanimous consent that the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate at 10 a.m. on Friday, May 21, to conduct an oversight hearing on the Federal crop insurance program.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON RURAL DEVELOPMENT, OVERSIGHT, AND INVESTIGATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Rural Development, Oversight, and Investigations of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate at 1:30 p.m., on Tuesday, May 25, to hold a hearing on rural energy needs.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Rural Development, Oversight, and Investigations of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate at 1:30 p.m., Wednesday, May 26, to hold a hearing on rural energy needs.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INTELLIGENCE

Mr. BAKER. MR. President, I ask unanimous consent that the Intelligence Committee be authorized to hold a full committee meeting at 2 p.m., on Monday, May 24, to receive a briefing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Tuesday, May 25, for the purpose of receiving testimony on the implementation of Senate Resolution 20, providing for television and/or radio coverage of Senate proceedings.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

WITH PATIENCE—HOPE

● Mr. ABDNOR. Mr. President, the good sense and wisdom of the people of this country should never be underestimated. During our deliberations on the budget resolution this week we are so busy trying to overwhelm with rhetoric, that we tend to overlook the small voices of the people we represent.

We should listen, Mr. President, because more of them than some of us might want to admit fully realize that we are not going to cure overnight the problems which have been building over a half century.

Mary Byington, who with her husband Jim, published the Timber Lake (S. Dak.) Topic for many years, recently published an open letter to her longtime subscribers which merits consideration by all of us in the Senate. There is light at the end of our economic tunnel of problems if we have the patience to stick with it and not succumb to the temptation for election-year quick fixes. Moreover, more people than we realize will respect us for taking the right course.

[The letter follows:]

[From the Timber Lake Topic, Apr. 29, 1982]

AN OPEN LETTER FROM MARY BYINGTON

Ever since President Reagan's budget for 1982 went into effect, and the 1983 budget was submitted to Congress, the news media has been focusing on the negative impact of cuts in various programs—the hardships being imposed on the poor, students, laborers, elderly, farmers, small businesses, and on and on * * *. A lot of people are beginning to feel sorry for themselves.

To many people, the budget cuts are deemed a disaster. And it's not surprising. After all, for almost 50 years, we've given Congress free rein in dishing out federal funds (taxpayer's money) for all kinds of programs and projects. Some were unneeded or impractical. Folks became hooked on easy money.

All of us sympathize with unfortunate ones who are being adversely affected by budget reductions. We're sorry there are no easy answers to their problems, but we are sure efforts will be made to correct inequities.

In the midst of the Great Depression, President Franklin Roosevelt remarked, "The only thing we have to fear is fear itself." Those words can give as much hope today as they did in 1933. Americans have had a habit of facing major problems and coming out on top.

Here in the Middle West, we suffered for many years from Dust Bowl paranoia—fear of drought and depression. We, who experienced the Dirty 30's, knew a lot of deprivation. Never were there so many who were so hard up! But, we survived!

When OPEC nations put the squeeze on the world with an oil embargo, Americans really buckled down to conserve on gasoline and other fuels. We've cut down on unnecessary use of gasoline, fuel oil and electricity so much so that there's an oil glut now. We've found ways to conserve energy and find alternate sources of energy, mostly on our own. Shouldn't we be proud of such an accomplishment?

We can do the same with deficit spending, too. We can learn to do with less * * * to wait a little longer for some things we'd like to have. We can be more efficient, do more for ourselves, and be proud of our labors.

There's been some progress. Even Democrats, today, are worried about budget deficits. That is an accomplishment! It's been years since they have given much consideration to balancing the budget.

It's difficult to accomplish much of anything by wringing our hands. We've proven we can do anything we set out to do, like sacking the energy problem. We can balance the federal budget, too. Congress may not be able to do it next year, nor even the year after. After all, it's taken half a century to get us into this mess. Sure, there will be problems for all of us in some way. President Reagan didn't "promise us a rose garden." Every family, every business, must learn to live within its means or go under. Our government is no different. It can be done! And, we'll be better off when it happens.

Some readers may ask, "what does she know about hardship?"

For most of my young life, it was an economic struggle for my family. Like many farmers of today, my father suffered from problems beyond his control, like drought, hail and grasshoppers. Twice, he had to sell out to satisfy mortgages.

Jim and I remember the Dirty 30's, too. We were among the poor, and Jim was among the unemployed, who tramped the country, looking for work.

It is through experiences of the past, that we can look to the future with hope. It is my desire to pass that hope along.

A similar message of hope from the grassroots is found in this editorial from the Huron (S. Dak.) Daily Plainsman. L. J. Maher's down-to-earth comments also have a message for impatient legislators.

WHAT'S UP ON THE STREET?

For the past two months political doomsayers of both political parties have been telling us that unless the administration and the Congress get together on a budget that will sharply reduce projected federal deficits the economy will continue to deteriorate and the country will go to pot.

The sky was supposed to fall on the money markets the day that President Ronald Reagan and House Speaker Thomas O'Neill agreed to disagree on the budget.

Next the administration and the Senate Budget Committee (on a party-line vote) agreed on a budget plan which calls for $96 billion in general tax increases over three years and $40 billion in unspecified Social Security cuts and tax hikes.

Senate Democrats, without bothering to examine the plan, labeled it unfair and hasty and immediately introduced an amendment rejecting the Social Security provisions which have not, as yet, even been spelled out. Obviously, a new battle has been joined.

If the conventional wisdom of the doomsayers had been correct the money markets should have gone into a tizzy during the past two weeks. And when unemployment percentages were announced last Friday at 9.4 percent, a new post-World War II record, the bottom should have dropped out of the stock market.

[The article follows:]

Instead, the New York Stock Exchange posted a broad gain for the day and the Dow Jones industrial average moved to its highest level in three months. The activity Friday capped a 70-point gain in the averages since early March. That is about the same time that the political leaders have been deadlocked in the budget battle and economists have been predicting disaster if an agreement were not reached.

We won't pretend to understand why the stock market is moving in the opposite direction that so many political and economic seers have predicted it would. Nor would we care to speculate upon the possibility of the trend of the past two months continuing. But there has to be a reason that hardheaded investors are driving stock prices up in the face of the budget confusion in Washington.

Some analysts say that the stock market does not respond to what is going on today, but rather what investors believe will happen five or six months from now. That theory would indicate that some pretty sophisticated investors think that the economy will turn around before the end of the year with or without a budget fix.

Others think the budget deficits will not be as large as predicted. They point to the fact that in the first half of the current fiscal year the deficit is running only slightly ahead of last year. In the first five months, the deficit was running at an annual rate of $57 billion, about the same as the 1981 deficit, despite the current recession.

The causes of that "deficit shortfall" are warmly debated. Some economists think it was due to prompter payment of corporate tax liabilities due to stiffer penalties, and slower than anticipated defense spending.

Others argue that supply-side effects are becoming visible. One theory is that people in high marginal tax brackets have been encouraged by tax reductions and decline in inflation to shift from tangibles into inter-bearing securities and funds which broaden the tax base. That would be just the sort of thing that supply-siders have predicted.

Whatever the reasons, Wall Street and the stock markets, in recent days, have not been following the Washington script. And that might just be a good sign.

In the past, the market has had a much better record for anticipating economic change than have the politicians and many self-styled economic experts. And right now the market seems to be signaling that the months ahead will not be all that bleak and gloomy.

Maybe it is time for the antagonists in the budget battle to take a few days off from the political posturing which dominates those budget debates and make a serious effort to find out why Wall Street is acting as it is. In the process, they might even find some solutions to the budget problems.●

PUBLIC SECTOR SYNFUELS—NOW MORE THAN EVER

● **Mr. SASSER.** Mr. President, the recent abandonment of two large synthetic fuels projects—in Colorado and in Alberta—has dealt a severe blow to the future of private investment in this important technology.

I am very much concerned that Congress does not abandon public sector investment in coal liquefaction, gasification, and other synfuels technologies. It is with this in mind that I have offered to the Senate, Senate Resolution 363, a resolution in favor of the continued adequate funding of fossil fuels technology, research, and development. I again invite my colleagues to join me and several members of the coal caucus in cosponsoring this resolution.

I call to the attention of my colleagues an article from the May 11 edition of the Oil Daily, which states that the Nation's energy security lies in the development of synfuels. This is the same argument that was made at the time of the passage of the Energy Security Act of 1980, when the price of imported oil was roughly the same as it is today. That argument is even more forceful today, however, as a rationale for the public sector involvement in synfuels development because of the recent private sector project abandonments.

I ask that the article by Bruce Fraser be printed in the Record.

The article follows:

[From the Oil Daily, May 11, 1982]

Synfuels Project Cancellations Give OPEC Breathing Space

(By Bruce Fraser)

The collapse of two of the West's biggest synthetic oil projects, in Colorado and in Alberta, Canada, lessens the threat to OPEC of competition from a large-scale synthetic fuels industry in this century.

As a result, OPEC faces fewer challenges to its role as leader in setting crude oil prices. And the dependence of the United States and Canada on oil from the volatile Middle East may be prolonged, Wall Street analysts say.

Part of the idea behind developing synthetic fuels was the possibility that, once produced in significant quantities, they could act as a ceiling on crude oil prices, diminishing OPEC 's power to set prices.

Now, observers say, that power is inhanced and there's even a greater likelihood OPEC will continue to exert upward pressure on prices.

"It reinforces the likelihood that real prices of crude oil will go up long-term," said Sanford Margoshes, an analyst at Bache Halsey Stuart Shields Inc. "It tends to increase the value of every barrel of oil and every mcf of gas that's not already committed because it postpones incremental supplies which someday might prove to be an effective ceiling."

"On margin," said William Randol, an analyst at First Boston Corp., "it will give OPEC producers more flexibility to raise prices, especially given the long lead times (the projects) involved."

LACK OF URGENCY

Besides high costs, analysts say the Colony oil shale and Alsands tar sands projects fell victim to the general belief that developing synthetic replacements to oil is not as urgent as it was when the push began 18 months ago.

This was spurred by the oil glut, which created the belief that oil is in plentiful supply around the world. The markets reacted accordingly, beginning in the first quarter, when prices on the spot market plunged to their lowest levels in a decade. Only recently have they showed signs of firming.

"Companies are no longer seeing the kind of price escalation they did before. Nor are they seeing supply tightness as early as they were before," remarked Constantine Fliakos, an international oil analyst at Merrill Lynch, Pierce, Fenner and Smith Inc.

"Down the road, we will have to depend to a greater extent on synthetics, but clearly the need to develop synthetics is no longer as urgent as it was," he said.

The projects by themselves would not have produced enough oil to bother OPEC. "In the event that the Middle East blows you're still in the soup anyway," noted Bruce Lazier, an analyst at Paine Webber Mitchell Hutchins Inc.

"You still have 25 percent of the free world's oil supplies coming out of there. These projects really wouldn't have changed things that much on the scale that they were going to be built."

However, the pioneering role in the fledgling synthetic fuels industry played by these projects was viewed by Middle East producers as a long-term threat.

It was, after all, the threat from projects like Colony and Alsands that many experts on Wall Street believe led Saudi Arabia to artificially create the glut by procuding more oil than the world needed beginning in the fall of 1982.

The Saudis were then able to exert influence on other OPEC members to keep prices down. This led OPEC eventually to tie the price of oil to the benchmark price for Saudi Arabian Light, assuring the cartel of price unity.

Some observers say the projects' collapse has given OPEC a much needed shot in the arm at a time when the financial distress of several members has threatened its unity.

"Now you've given economic carte blanche to the OPEC countries," said Peter Warren, director of research and planning at the Colorado School of Mines.

Another development that might have been cheered in the OPEC corner was the announcement by sponsors of the Alaska natural gas pipeline that they had decided to delay the $43 billion project for two years.

Still, no one is counting the synthetic fuels industry out yet, notably Union Oil of California, which last week announced, as expected, that it would still develop its shale project. And some analysts even see a silver lining in that the industry may well redirect more funding into exploration and production activity.

"By default it enhances the position of King Oil and will stimulate offshore exploration and development because funds that would have been directed into long-term synfuels projects will be available for exploration and development of conventional oil and gas," said Donald Fernow, an analyst at Thomson McKinnon Securities Inc.

But before the industry begins to take synfuels projects seriously again, he said, interest rates will have to come down and there will have to be an upturn in crude oil prices.●

DEDICATION OF VIETNAM VETERANS MEMORIAL PLAQUE IN AUGUSTA, MAINE

● **Mr. COHEN.** Mr. President, the war in Vietnam produced sharp divisions in our country, and many of the wounds still have not healed. Unfortunately, the veterans of that war are victims of the ill feelings which many Americans still harbor, and are too often misunderstood in our haste to put the war behind us.

The following remarks by Jim Tukey, director of the Vietnam veterans' Operation Outreach Center in Portland, Maine, were made at the April 26, 1982, dedication of the Vietnam Veterans Memorial Plaque at the State Capitol in Augusta. I believe that Mr. Tukey does an excellent job in clearing up many of our misconceptions about this group of Americans, and gives us a keen insight into their feelings about the war.

I commend these remarks to our colleagues in hopes of a better understanding of Vietnam veterans, and ask that they be printed in the RECORD.

The remarks follow:

THE VIETNAM WAR: SOME MISCONCEPTIONS

(By Jim Tukey, Director, Vet Center, Portland, Maine)

First: We were not, on the whole, dragged into military service. Two-thirds of the men and women who served in Vietnam volunteered for duty. In contrast, two-thirds of the people who served in WWII were drafted.

Second: That Vietnam was something less than a real war. Why then were there more total combat casualties for the Marine Corps in Vietnam than in WWII and why did Vietnam produce the third largest number of casualties for the U.S. Army in its 200 year history?

Third: That we were somehow not as brave or did not sacrifice as much as our fathers did in previous wars. The American public, unfortunately, forgot the countless acts of incredible courage at Dak To, Khe Sahn, Ia Drang Valley, Hue City, and a thousand other unknown or too-soon forgotten places.

Fourth: That these soldiers did not care about their comrades. Nothing could be further from the truth. We cared deeply then and still remember them every day and in our nightmares.

Fifth: That Vietnam troops were habitual users of dangerous drugs when, in fact, hard drugs never emerged on any scale until the final years of the war. Furthermore, who could blame a nineteen year old, our average age in combat, for smoking marijuana to relieve some of his mental anguish or total physical exhaustion when many of his peers back home were using hard drugs to relieve their boredom.

Sixth: That we faced an inferior enemy force. Again, untrue. We faced two enemy forces. The elusive, courageous, Viet Cong who were fighting in their own backyard and were geniuses in camouflage and underground concealment and experts in improvising ambushes and booby traps. The second enemy was less well known by the American public, but, probably the more formidable foe, the North Vietnamese Army. A well trained, large army which was equipped with artillery and 122 millimeter Russian made rockets. Most importantly, both groups carried AK47 assault rifles, a high velocity automatic weapon the likes of which were never faced by any previous American force. Furthermore, the Vietnamese now have the world's fourth largest army.

Seventh: That we were mass killers of civilians. False. There were more civilians killed in the four years of the Korean War than the eight years of the Vietnam War.

Eight: That American troops in Vietnam were not as efficient as previous American soldiers. We were the youngest, best educated, best trained, best equipped, and most decorated troops America has ever seen. And, we never lost a major battle during our involvement.

Ninth: That we are troubled. For many of us this is true. Although, considering the unique and tragic circumstances of our war, we are a remarkable group. We were sent to war alone, joined up with a unit of complete strangers, experienced the trauma of total, absolute warfare, and, if not severely wounded, returned alone in a matter of hours to a country who would not or could not welcome us, mourn our dead with us, or recognize our sacrifice and courage.

Tenth: The Vietnam Veteran is ungrateful and demands to be seen as a hero. False. We are not ungrateful; we are honest. We received very little. A graphic example: In 1945 a G.I.'s educational benefits included tuition, books, room and board, and a monthly stipend of $54. In contrast, a Vietnam Veteran returning from the War in 1968 received only a monthly stipend of $130, no tuition, room, board, etc.

Finally, we do not wish to be seen as heroes because our heroes died in Vietnam.●

TEXTILES

● Mr. HOLLINGS. Mr. President, I rise today to call attention to a concurrent resolution passed recently by the South Carolina General Assembly.

The plight of America's textile industry is at present very difficult. Many plants have closed, many workers are without jobs or cut back in hours. In addition, textiles have the problem of maintaining their competitive viability in the face of a complete lack of an enlightened American trade policy. I have spoken on this matter many times before, but wish to emphasize here the urgent necessity of our developing a trade policy to turn not only America's textile and apparel industry around, but to make America competitive again across the whole gamut of industrial enterprise. For a generation now, we have been exporting jobs, dollars and technology, and the only result is that we have gotten ourselves into the position of colonialism in reverse. We are importing a tremendously high share of industrial and technological goods, and here at home, our industrial base has so eroded that nearly three-fourths of our work force is engaged in the provision of services. I am convinced that over the long haul, our economy cannot sustain viably unless we address these very fundamental problems.

Mr. President, on behalf of Senator THURMOND and myself, I ask unanimous consent that the concurrent resolution of the South Carolina General Assembly be printed in today's edition of the RECORD.

A CONCURRENT RESOLUTION

Whereas the volume of textile and apparel imports to the United States increased by 11 percent in 1981 in comparison with 1980; and

Whereas this increase resulted in a 19 percent jump in the textile apparel trade deficit; and

Whereas the actual dollar value of textile imports was $5.8 billion in 1980, up 13 percent; and

Whereas certain foreign countries are exporting textile products to the United States at such an astonishingly lower cost of production for the sole object of obtaining American currency; and

Whereas, the United States' textile industry is in desperate need of immediate measures to protect its domestic production and market so as to obviate the social scourges of unemployment and want, which endanger the economic fabric of this Nation. Now, therefore, be it

Resolved, by the House of Representatives, (the Senate concurring), That Congress is memorialized to take whatever measures necessary, including the enactment of suitable legislation, to control and equalize the competitive advantage of foreign textile producing and manufacturing countries over domestically produced textile products.

Be it further resolved, That copies of this resolution be forwarded to the Vice President of the United States, the Speaker of the United States House of Representatives, and each Member of the South Carolina Congressional Delegation in Washington, D.C.●

SYMPOSIUM ON CURRENT ECONOMIC POLICY

● Mr. TOWER. Mr. President, I am encouraged to note that important groups in our society are now taking up the debate on economic policy issues now before Congress. Our Nation is strengthened and the policy formulation process enhanced as Government, community, and business leaders develop informed opinions on these issues and pass these ideas on to elected public officials.

Perhaps the most imaginative and informative project to increase understanding of these issues was held last week in Austin, Tex. A "Symposium on Current Economic Policy" was sponsored by the RGK Foundation, Peat Marwick Mitchell, and the American Business Conference, Inc. I wish to commend these groups for contributing to the public debate and promoting understanding of these issues that impact our lives and our country's future.

The symposium brought together 75 distinguished business leaders and elected public officials to discuss the Economic Recovery Tax Act and its impact on business operation and planning. Austin provided an atmosphere where business and political leaders could address these economic issues away from the demands of their busy worlds, in a nonpartisan, nonideological forum. And, given the fact that our new policies and programs are the most significant shift in Government's approach to economic issues since the New Deal, such a common sense discussion contributed significantly to the understanding of these complex matters.

Distinguished speakers explained and criticized policies, including the junior Senator from South Carolina, Senator HOLLINGS; Congressman IRELAND of Florida, Mayor Richard Fulton of Nashville, Tenn. The incoming chairman of the National Conference of Mayors; Dr. Richard Rahn, vice president and chief economist of the U.S. Chamber of Commerce; Mr. Bruce Bartlett, deputy director of the Joint Economic Committee; Mr. Frank Burke, chief tax specialist for Peat Marwick Mitchell; Mr. William Kolberg, president of the National Alliance of Business; Mr. James McIntyre, former Director of the Office of Management and Budget; Mr. James Manning, executive vice president of the Glassrock Corp.; and Mr. John Corcoran, vice chairman of Donaldson, Lufkin, & Jenrette.

The consensus of all speakers was that the bold, new approach to the American economy proposed by the President and passed by the Congress last year, represents a significant departure from past policies, and will profoundly influence the cause of business activity over the next decade. Similarly, speakers and participants alike voiced concern over the short-term impact of Federal deficits, unemployment rates, and interest rates. Some suggested that adjustments in the program were necessary to enhance revenues, reduce the Federal deficit, and control interest rates, but most agreed that the long-term objectives of the program were sound and should be given an opportunity to work. Mr. McIntyre pointed out that without structural changes in the budget and its operations, very little relief would be forthcoming from business growth and reduced unemployment because of the automatic "kick-ins" that call for greater Federal expenditures as the economy advances.

My good friend, Dr. George Kozmetsky, dean of the University of Texas Graduate School of Business, placed the remarks of the speakers in perspective and suggested that America is in a period of reassessment and that perhaps, inadvertently, we are launching a reindustrialization of America. Dr. Kozmetsky remined both business and political leaders of the economic spinoffs of defense spending in the 1950's and 1960's, and suggested that the increases in the defense budget proposed over the next several years should be viewed as producing economic security as well as military security. He contended that the technological advances attendant to research and development in the defense industry will be the force that drives American business for the remainder of this century.

Again, Mr. President, I commend the sponsors of this symposium and I would urge others to join the debate, exchange ideas and views, and contribute to a greater understanding of our pressing economic issues.●

NONCAREER DIPLOMATS

● Mr. DODD. Mr. President, John Davis Lodge, a former Governor and Representative from Connecticut, wrote an opinion piece for the New Haven Register over 4 years ago which I believe will still be of great interest to my colleagues.

John Davis Lodge not only had a distingushed career in the House of Representatives and in Hartford, he also served his country as the U.S. Ambassador to Argentina and to Spain. As a noncareer diplomat himself, he has seen the great contributions distinguished Americans can make in representing their country overseas—whether they are Foreign Service Officers or not.

I ask unanimous consent that the article by John Davis Lodge which appeared in the New Haven Register on February 14, 1978, be entered into the RECORD.

[The article follows:]

[From the New Haven Register, Feb, 14, 1978]

MANY HAVE BRILLIANT RECORDS—NONCAREER DIPLOMATS ARE A BASIC NATIONAL ASSET

(By John Davis Lodge)

The eulogies following the recent death of David Bruce, outstanding diplomat and distinguished American, underscore in a notable way the contributions made over the last 200 years by non-career diplomats.

For David Bruce, in spite of his remarkable diplomatic prowess, was not a "career" man in the accepted sense.

Certainly his expertise in diplomacy deprived him of his amateur standing. Indeed our secretaries of state have never been members of the foreign service except on an acting basis, though some have been expert in foreign policy.

Certain senators and congressmen have been foreign affairs experts as have some professors, media representatives, writers, military, commercial, agricultural, and science attaches, as well as representatives of the CIA, the FBI, and USIA.

Foreign policy is made largely not by members of the foreign service but by the president, the secretary of state, and the Congress as well as other members of the executive branch.

Other non-career foreign affairs experts who have recently served with distinction as ambassadors are: Elsworth Bunker, my brother, Henry Cabot Lodge, Clare Boothe Luce, Robert Hill, Robert Strausz-Hupe, Averill Harriman, Henry J. Taylor, Shelby Cullom Davis, William Burden, Spruille Braden, J. William Middendorf, Admiral George Anderson, Thomas Gates, Amory Houghton, Elliot Richardson, Anne Armstrong, the late Philip Crowe and there are many others.

We had no career foreign service before the Rogers Act was enacted in 1924.

Diplomacy is not an exact discipline like science, surgery, technology. It requires a composite of many attributes which are sometimes possessed by people who are not career foreign service officers.

My former diplomatic colleague, Clare Boothe Luce, a distinguished author and public servant, in an informative, profound and brilliant study of the subject in Foreign Affairs magazine in July 1957, mentions a few non-career ambassadors of distinction: Benjamin Franklin, Thomas Jefferson, Gouverneur Morris, John Jay, James Monroe, John Quincy Adams, Albert Gallatin, Washington Irving, John Hay, James Russell Lowell, Joseph Hodges Choate, Jacob Gould Schurman, Myron T. Herrick, Richard Washburn Child, Lewis W. Douglas, Admiral W. H. Stanley, General George Marshall, all names of people who distinguished themselves in other fields.

Moreover, it is erroneous to assume that the comparison must be made between qualified young leaders and unqualified, "political appointees" with its pejorative implication.

All appointments are by the president and are by definition political. Furthermore, some came into the foreign service "career" in middle life. This is known as lateral entry or "Wristonisation."

Unqualified non-career ambassadors have from time to time been appointed as well as non-career ambassadors who were brilliantly qualified. While the general quality of career ambassadors has been high, across 53 years of existence the foreign service has occasionally produced rather humdrum chiefs of mission.

Efficiency reports sometimes engender excessive caution in career officers. Other things being equal, I do believe that there must be a presumption, rebuttable, to be sure, in favor of career people, men and women, who devote their lives to the art of diplomacy in the service of their country.

Yet the overriding objective is not to protect foreign service officers and encourage young people to enter the career though these are certainly highly desirable and important.

The vital point is that it is in the best interest of the United States to make maximum use of her talented sons and daughters without restrictions as to personal wealth or membership in the career foreign service.

The question involving career and non-career diplomats should not be a struggle between the spoils system with its elected officials and the established bureaucracy with its unelected appointees. The old school tie and the trade school boosters should really not struggle so hard to restrict the president's authority.

Yet it is good to recognize that ambassadorships are not pieces of candy to be awarded to the party faithful regardless of qualifications, as mere pawns in the patronage game.

They do constitute spendid opportunities for the president to appoint qualified people who for one reason or another deserve the honor.

As Mrs. Luce points out, James Reston in The New York Times of August 7, 1957, said: "The issue is not whether the Eisenhower Administration is being more political in its ambassadorial appointments than the Democrats, or whether these positions should be given to the top-career men in the foreign service, but whether the appointments have met the president's principle of appointing the best man available, regardless of party, wealth or foreign service record."

I say Amen to that.

So will the best interests of the nation be served.●

WORLD TRADE WEEK: NEW JERSEY CONTRIBUTES ITS SHARE

● Mr. BRADY. Mr. President, on April 5, President Reagan issued a proclamation designating the week of May 16-22 as World Trade Week. The purpose of this special week is to call attention to the importance of world trade to U.S. economic life. The theme for this year is "Export Means Jobs."

Though most Americans are unaware of it, more than one out of every nine workers in our country are employed in manufacturing industries producing goods that are exported abroad. Americans tend to view exports with indifference, not directly relating to their own jobs or this Nation's economic well-being. As we in this Chamber know, however, exports are of vital importance to industries like fishing, mining and minerals, trucking, rail transport, shipping, and many more. In all, exports comprise a total of 8.2 percent of the U.S. gross national product. It has been estimated that each $1 billion in manufactured goods exports means 31,000 U.S. jobs.

For this reason, Mr. President, I feel it is essential that the people of America continue to be educated about the importance of exports to our Nation. I commend Congress and the Reagan administration for the major steps they have taken toward setting the stage for more trade and for tapping the potential export resources of thousands of American companies who have yet to begin competing in world markets with their goods and services.

I call the attention of my colleagues to the advances within my own State toward its contribution to world trade. In 1981, New Jersey exports of manufactured goods reached a total of $8.4 billion. This represents 9.5 percent of the New Jersey gross State product and a 71-percent increase from the 1977 level. Almost 104,000 people in New Jersey are employed in export-related jobs in the State's manufacturing sector. Additionally, over 12 percent of the shipments from New Jersey ports are directly associated with exports, ranking our State 10th in the Nation.

Mr. President, I hope that the events scheduled through this week across the Nation will educate and encourage American people and companies to become more familiar with the exporting field. Export expansion could serve to bolster our sagging economy, create jobs, and provide the much needed assistance to our Nation's businesses.●

ARGENTINA

● Mr. PERCY. Mr. President, the administration recently transmitted a letter to the committee pursuant to section 3(c)(2) of the Arms Export Control Act which states that a "substantial violation" by Argentina of United States-Argentina arms sales agreements "may have occurred." There have been several requests for the text of the letter.

I, therefore, ask that this letter be placed in the RECORD.

The letter follows:

DEPARTMENT OF STATE,
Washington, D.C., April 30, 1982.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: I am providing the following information pursuant to section 3(c)(2) of the Arms Export Control Act.

On April 2 Argentine military forces occupied the Falkland Islands (known to the Argentines as the Islas Malvinas), which have been the subject of a long-standing dispute between the United Kingdom and Argentina. Argentine forces taking part in these operations were reportedly equipped with a variety of defense articles that had been furnished to Argentina under the Foreign Military Sales program, including destroyers, submarines and landing craft, and C-130, A-4 and S-2 aircraft. The use of these items by Argentina is limited, under the agreements governing their sale, to purposes consistent with the United Nations Charter and the Inter-American Treaty of Reciprocal Assistance (the Rio Treaty).

In these circumstances, I must report on behalf of the President, pursuant to section 3(c)(2), that a substantial violation by Argentina of these agreements may have occurred.

As you know, U.S. security assistance to Argentina remains subject to the prohibitions contained in Section 725 of the International Security and Development Cooperation Act of 1981. In addition, the Department is suspending until further notice all deliveries to Argentina of defense articles and services for which commitments were made prior to October 1, 1978.

The Administration intends to continue its efforts to encourage and assist in a peaceful resolution of this dispute at the earliest possible moment.

Sincerely,

POWELL A. MOORE,
Assistant Secretary for Congressional Relations.●

70TH ANNIVERSARY OF HADASSAH

● Mr. ZORINSKY. Mr. President, Teddy Roosevelt once said the first requisite of good citizenship in this country is "a willingness to pull one's own weight."

I want to draw my colleagues' attention to one such group of especially good citizens, who have been pulling their own weight—and then some—for seven decades now.

I speak, Mr. President, of Hadassah, the Women's Zionist Organization of America, which is commemorating its 70th anniversary this year. With 370,000 members, Hadassah is the largest women's volunteer organization in America. It has compiled a remarkable record of achievement.

Over the years, Hadassah has contributed to the health, education, and safety of countless thousands of people through a comprehensive program of medical treatment and social welfare.

Its selfless attitude is exemplified by its founder, Henrietta Szold, who personally saved children from the Holocaust. Since World War II, Hadassah, under the auspices of the Jewish Agency for Israel, has helped resettle and rehabilitate more than 100,000 children from 72 lands.

Through the Brandeis vocational school and the Alice Selisberg school of design, Hadassah has established a comprehensive educational system to train young men and women with useful skills.

Hadassah also founded and maintains the Hadassah-Hebrew Medical Center in Jerusalem. The center has established a tradition of excellence in teaching and treatment for all people of the region, regardless of religion, race or nationality based on the Hebrew physician's oath, "You shall help the sick, base or honorable, stranger or alien or citizen, because he is sick."

Mr. President, Hadassah's contribution as a humanitarian service organization is especially significant at a time when citizen groups are being urged to play a greater role in promoting the general well-being of our Nation. Through the dedicated work of its members, Hadassah has striven to advance democratic ideals and create a better world for all of us.●

THE 150TH ANNIVERSARY OF FIRST DEMOCRATIC CONVENTION

● Mr. SARBANES. Mr. President, today marks the beginning of the 150th anniversary of the first Democratic National Covention, a milestone event that I am proud to note was hosted by Maryland's great city, Baltimore. This convention portrayed the vitality and leadership that the Nation's oldest existing party has traditionally represented in this Nation's history.

Andrew Jackson, who was elected President in 1828, seemed assured of renomination, but a formally nominated candidate for Vice President was required. The 1832 convention was called by a caucus of Democratic members of the New Hampshire Legislature. Delegates to the convention were selected through a variety of processes, including city and county elections, legislative caucuses, and State conventions. With 334 delegates from every State but Missouri, the size of the convention forced a move from its original location in the Athenaeum to the Universalist Church on St. Paul Street.

On the first day, the convention established rules that have continued to make an impact on the party into the 20th century. The delegates chose to require a two-thirds vote for nomination of the Vice President to give their candidate a demonstration of strong support. They also adopted the unit rule to improve delegation management and to allow for differences in the size of State delegations.

The first ballot gave Martin Van Buren a substantial majority of votes, and the delegates then voted unanimously for his selection. There was no formal nomination for the President because none was considered necessary. This feeling was reflected in the words of Alabama Congressman William King, who said:

> With regard to the candidate to be supported for the Presidency, there was no diversity of sentiment among the members of the Convention—all concurring in the propriety and importance of the reelection of our present worthy and venerable Chief Magistrate, Andrew Jackson.

The convention ended with no major address delivered. Instead, delegates were instructed to report directly to their constituents. A general corresponding committee was established for each State, and a general central committee was placed in Washington, which later served to coordinate State-level efforts in the Presidential campaign.

Mr. President, the Democratic Convention of 1832 established many of the procedures and objectives that are still prominent in the two major parties today. I ask my colleagues, regardless of party affiliation, to join me in sharing those aspects of leadership so nobly demonstrated by great patriots 150 years ago in the city of Baltimore.●

THE CONGRESSIONAL RECORD

● Mr. GOLDWATER. Mr. President, although I have known, or at least thought I knew, that the Congressional Record could be checked by Senators or their assistants for the purpose of correcting grammatical errors, punctuations, and so forth, I never dreamed of the extreme to which this has gone and the way the Record is being abused. The other day sitting here, listening to debate, I was very interested in remarks of one Senator. I thought he made some good points and I thought that I would like to have them for my own personal use. So, I went to the office of the Official Reporters of Debate and asked if I could see a copy of the remarks. I was told that the transcript was in the hands of the Senator and would not be back until later. This interested me, so I began to ask questions of the reporters. I then learned, to my utter surprise and my complete disgust, that Senators are not only allowed to correct grammatical errors, and correct other such mistakes made during debate, but I was told that entire pages and, indeed, entire speeches were crossed out of the Record before the Record was completed and handed out the next morning. Now, Mr. President, this is going too far. I am not blaming, for one instant, those excellent people who report our remarks. Frankly, I depend upon their expertise in grammar to correct my many mistakes and, I cannot remember when I, personally, have asked to edit or even see my remarks. I was so shocked by this that I began to realize that the only way we are going to keep a permanent, accurate, dependable record of every word that is said on the floor of the Senate is if we allow television to record the actions of the Senate. Never before have I backed or supported a move to televise the Senate, but, Mr. President, I feel that in view of the abuses of the Congressional Record, and in the interest of keeping the American people accurately informed as to what we said and what we debated and decided, I must remove myself from the list of opponents to television. I fully intend to tell my leader, Senator Baker, that I will support the television move when it comes back to the floor.●

QUOTAS ON SUGAR IMPORTS

● Mr. LUGAR. Mr. President, on May 5, President Reagan imposed quotas on sugar imports. This action is harmful to trade between the United States and Caribbean countries, and undercuts the rationale for the Caribbean Basin initiative. When quotas are imposed, long-term contracts and commitments cannot be upheld. As a result, sugar-exporting countries either reroute sugar shipments to other countries or store sugar in bonded warehouses, an expense which is passed on to the buyer. Lawsuits follow—the U.S. Cane Sugar Refiners Association has already filed suit. Earnings for foreign-export countries will also decline as the amount of sugar sold to the United States declines. Since sugar exporting is a major source of income for many Caribbean countries, quotas will be detrimental to the already shaky economies of many Caribbean nations.

Beyond this, U.S. Trade Representative Bill Brock has said that the quotas will "make it more difficult" to argue against trade barriers in the European Economic Community and Japan. He has also said that the quota system is "a very, very difficult program for us to administer."

Mr. President, I request that the following article from the Wall Street Journal be printed in the Record.

The article follows:

[From the Wall Street Journal, May 20, 1982]

Quotas on Sugar Imports Are Creating Havoc in Major Sectors of the U.S. Trade

(By S. Karene Witcher)

The Reagan administration's recent setting of quotas on sugar imports is causing havoc in major parts of the U.S. sugar trade.

Ships are due to arrive in U.S. ports loaded with sugar that mightn't be allowed to be delivered to buyers because the loads exceed quotas placed on individual countries. Importers are stuck with thousands of tons of surplus sugar.

According to industry estimates, 50,000 tons of sugar are aboard ships destined for U.S buyers. And based on the amount of sugar space booked on freighters abroad, industry sources estimate another 100,000 tons of sugar could be at sea within the next two weeks. Exact figures are hard to come by because traders are reluctant to disclose publicly the extent of their troubles.

Farr Man International Inc., a New York-based sugar merchant, like other sugar importers, has ships en route to the U.S. with sugar that may exceed quotas. "I've no idea what we're going to do" with it once it arrives, says Carl Kappes, a vice president. He maintains sugar importers will suffer financial losses and maybe even bankruptcies because of quotas.

SUPPORT FOR U.S. GROWERS

The administration set the country-by country quotas to support one part of the industry—the growers—by boosting prices of U.S.-grown sugar. But the quotas are causing trouble in other parts—among importers, brokers, refiners and industrial users—and are adding millions of dollars a year to consumers' sweetener bills.

U.S. sugar imports are generally higher this time of the year, trade sources note, because demand for products containing sugar, such as ice cream and soft drinks, usually increase as warm weather approaches. At any time, they add, between 100,000 tons and 200,000 tons of sugar are headed for the U.S. in the normal course of business.

At the heart of the problems are long term contracts upon which much of the sugar industry is based. Those contracts often weave through a web of concerns that begins with foreign suppliers and ends with U.S. industrial users. The quotas have placed many of those agreements in doubt and have "affected a string of contracts and commitments that stretches around the world," says Paul Mirsky, president of Refined Sugars Inc., a Yonkers, N.Y., refiner. He adds: "We've sold sugar for 1984 (delivery) and quite a bit for 1983." Now he fears he mightn't be able to get enough sugar to fill those contracts.

Contract terms with foreign suppliers vary but U.S. importers say they sometimes pay for shiploads of sugar in advance. Costs can run into the millions. For example, a shipload of 25,000 metric tons of sugar purchased at the recent price of nine cents a pound would be worth about $5 million (A metric ton is 2,204.6 pounds.)

HIGHER PRICES

If importers can't deliver sugar they've paid for, and have already agreed to sell to customers, they would be forced to replace it with sugar that can be imported within the quotas. Because quotas have boosted prices by about three cents a pound, they'll have to pay higher prices for it. In some cases, that increase can be passed along the chain to consumers. In others, importers will have to absorb the costs.

The quotas were announced May 5 and implemented last week. Total sugar imports for the rest of the current quarter are set at 220,000 tons divided among several sugar-producing nations. The amount any country can export will be adjusted quarterly by Agriculture Secretary John Block. The purpose of the quotas is to raise U.S. sugar prices so the government won't have to purchase sugar at a set price of about 17 cents a pound, which it has promised to do later this year.

According to the quota ruling, any shipments must have left the producing country by April 23 and arrive by July 1 to be exempt from the restrictions, providing the ship's destination wasn't changed—from another country to the U.S.—enroute to beat the quotas.

An Agriculture Department official said importers basically have two choices with what to do with sugar they have already contracted for. They can reroute it to buyers in another country before it arrives here, or they can store it in bonded warehouses at their own expense and remove it as sufficient quota allotment becomes available in the months ahead. But importers say storage charges will add substantial costs to the sugar, and refiners note that the bonded warehouses are often located far from the refineries making transshipment prohibitively expensive. In addition, sugar traders note that if provisions to house the sugar aren't taken quickly once cargos arrive, importers could incur additional expense in storage fees, which can cost up to about $15,000 a day, depending on the size of the ship.

OTHER RAMIFICATIONS

Among other ramifications stemming from the quotas, industry sources predict:

There will be numerous disputes and legal battles, particularly if importers and refiners default on contracts to supply both raw and refined sugar. Already, one group, the U.S. Cane Sugar Refiners Association, has filed suit against the U.S. government. The group maintains the government can't legally impose import fees, which it already has in place, quotas.

That quotas will cut into the amount of trading in the U.S. sugar futures market. Quotas have reduced the risk of price fluctuations for U.S. buyers and thus the need to hedge their purchases on the futures market. One sugar trader says the business he handles for U.S. commercial hedge clients, including growers, refiners and industrial users, has declined 90% because of the quotas. Traders stress, however, that non-U.S. hedgers and speculators will continue to use the market.

Foreign-exchange earnings of some countries will suffer seriously because they won't make their U.S. export targets. And they'll get lower prices for the sugar they sell in other markets because quotas, while raising prices in the U.S., have reduced sugar prices abroad because more sugar is on the world market. Colombia, for example, has been boosting its sugar exports the past two years and this year expected to ship about 200,000 tons valued at roughly $60 million. Sugar ranks in the country's top five foreign-exchange earners and the U.S. is Colombia's main export market. "We'll be looking for alternative markets, but we won't be alone in looking," laments Jorge Salazar, deputy chief of mission at the Colombian embassy in Washington. Colombia will be particularly hard hit this year because earnings from its other major exports, such as coffee, are down because of lower prices world-wide.

Many countries are under pressure to sell sugar this year, rather than hold out for higher prices, because of export quotas set by the International Sugar Agreement, which helps regulate international sugar trade. Countries that don't fill yearly quotas risk having their quotas trimmed in the future.●

A REASON FOR ANGER

● Mr. DOLE. Mr. President, one of the great things about service in this body is the opportunity to associate with men and women who are deeply committed to serving their country and to addressing the very difficult and complex problems that we face as a Nation. The U.S. Senate has been called the world's greatest deliberative body, although in recent times some have not been so positive in their descriptions of our collective efforts here in the Senate. During the many hours of debate and discussion of issues here on the floor of this Chamber, much is said to establish the intent of this body regarding its actions, and to justify and explain the decisions taken here. Some of the detail seems tedious at times, and those in the gallery may wonder who is listening, when they look down and see so few Members on the floor. They are not fully aware that the greater part of the discussion about the merits of the issues that come before us for the formal action of this body has already taken place in the committees and subcommittees designed for that purpose.

But occasionally, as issues reach their zenith here on the floor, as fundamental propositions are put forward and challenged, statements are made which rise above any partisan or rhetorical position, and which force us to address the cold, hard facts of the issues we are dealing with. An example of this was heard in this Chamber on May 6, of this year. Our colleague, the senior Senator from Utah, JAKE GARN, took the floor and clearly spelled out the obligation of this body and its Members to face up to the problems of our economy; to stop looking for someone to blame those problems on and to accept our responsibility to sit down and reason with one another with the sole purpose of finding answers; not to gain partisan or political advantage, or make points with special interests, but to come up with the fiscal policies that will keep us from suffering a massive economic collapse in this country.

Senator GARN's eloquent and moving pleas was heard by many in the gallery and repeated and quoted widely throughout the Halls of the Congress. Several of our colleagues, including Senator GOLDWATER, said at the time that it was one of the finest statements ever made in this Chamber. The President of the United States, upon reading the statement in the CONGRESSIONAL RECORD, made a personal phone call to Senator GARN to congratulate him on his statesmanship. Yesterday, another endorsement was given to Senator GARN's statement by Mr. James J. Kilpatrick, in his column in the Baltimore Sun, entitled "Garn's Anger," Calling it an "explosion of honesty," which "did not last long but was great while it lasted," Mr. Kilpatrick repeated several quotes from Senator GARN's remarks. I was fortunate enough to have been here in the Chamber on that day. I heard our colleague, and I applauded his statement at the time. I wish more of our colleagues could have heard it, and I hope that they will take the time to look that statement up in the RECORD of May 6—it's on page 9019.

Mr. President, when one of our colleagues makes a statement that receives this sort of attention, when it is of such great significance, I believe it is appropriate for us here in this body to recognize that. Mr. Kilpatrick has described the importance of Senator GARN's statement as well as anyone. Therefore, Mr. President, I insert in the RECORD at this time the column by Mr. Kilpatrick, as it appeared in the Baltimore Sun of May 20, 1982, and an abbreviated version of the same column which appeared in the Washington Post on May 21, 1982.

The columns follow:

[From the Baltimore Sun, May 20, 1982]

GARN'S ANGER

(By James J. Kilpatrick)

WASHINGTON.—Most of the time the United States Senate rolls along as politely as an old Stanley steamer, the proceedings oiled by the rituals of parliamentary speech, but something happened a couple of weeks ago that is worth reporting. Jake Garn, the junior senator from Utah, lost his temper on the floor. We witnessed an explosion of honesty. It didn't last long, but it was great while it lasted.

Mr. Garn's wrath was triggered by some of the most blatant demagoguery of recent years. Catching the leadership by surprise—in itself, a breach of decorum—West Virginia's Robert Byrd suddenly demanded immediate consideration of an amendment to the defense authorization bill. His amendment had nothing to do with defense. It would have declared that "the May 5, 1982, unfair action of the Senate Budget Committee, supported by the President, calling for an arbitrary $40 billion cut in Social Security benefits over the next three fiscal years, is hereby rejected."

In the annals of the Senate, such caustic language about a Senate committee is unheard of. Mr. Byrd's amendment had no chance of winning approval, and he knew it. His purpose was to put on a grandstand show of partisan politics.

The fireworks began. Senator Moynihan of New York, Mr. Sasser of Tennessee and Senator Riegle of Michigan joined the bear-baiting game, shooting barbs of rhetoric at President Reagan in particular and at Republicans in general. Edward Kennedy got in the act: Would Senator Byrd agree that the enormously unfair economic policy of this administration has resulted in massive tax cuts for the wealthy and massive budget cuts for the needy? Would the senator agree that the president is now asking the senior citizens of this nation, who have worked long to earn their Social Security benefits in their twilight years to bail out this administration's inequitable policy?

Russell Long of Louisiana entered the fray. His heart grieved for the "little working people" and especially for the "dear old folks" who would be so cruelly abused if Social Security were touched in any way. As demagoguery, this was a class act. Read the Congressional Record of May 6 for yourself.

Finally Jake Garn gained the floor. "I do not think I have ever listened to more blatantly partisan, more blatantly rhetorical baloney than I have listened to today. I am angry. I am angry at this body, I am angry at Congress—and I do not care which party, Republicans or Democrats—because there are weak-kneed, gutless politicians on both sides who will not face up to the issues or the problems of this economy.

In a cold rage, Mr. Garn spelled out fact after fact on the sorry state of the economy—a condition largely created by the high interest rates that in turn have been largely preserved by the wretched performance of this Congress.

"Who are we kidding?" Senator Garn demanded. "Only Congress can appropriate money. We created this problem. I hope the American people are smart enough to place a plague on both parties if this continues. . . . We should start facing up to the nature of this problem, and I do not care which side of the aisle faces up to it. There should not even be an aisle on this issue."

In that angry hour on the floor, Mr. Garn spoke for millions of Americans who are getting as fed up as he is with the political infighting and backstabbing in this election year. This Congress is now four months into its second session, and nothing constructive has been accomplished. Members are so fearful of Senator Long's "dear old folks" that they will not face up to changes that must be made in Social Security if the system is to survive.

Neither will this Congress face up to other entitlement programs that have grown comletely out of hand—food stamps, educational grants, dairy subsidies, and the like. Hell-bent on their own re-election, members have thrown responsibility to the winds. The country cries out for bipartisan statesmanship, and what do we get? Blather from Bob Byrd and carping from Ted Kennedy. Thanks to Jake Garn, anyhow, for rising above a wretched hour.

[From the Washington Post, May 21, 1982]

THE DAY GARN LOST HIS TEMPER

(By James J. Kilpatrick)

Most of the time the United States Senate rolls along as politely as an old Stanley steamer, the proceedings oiled by the rituals of parliamentary speech. But something happened a couple of weeks ago that is worth reporting. Jake Garn, the junior Senator from Utah, lost his temper on the floor.

Garn's wrath was triggered by some of the most blatant demagoguery of recent years. Catching the leadership by surprise—in itself a breach of decorum—West Virginia's Robert Byrd suddenly demanded immediate consideration of an amendment to the defense authorization bill. His amendment had nothing to do with defense. It would have declared that "the May 5, 1982, unfair action of the Senate Budget Committee, supported by the president, calling for an arbitrary $40 billion cut in Social Security benefits over the next three fiscal years, is hereby rejected."

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Finally, Jake Garn gained the floor. "I do not think I have ever listened to more blatantly partisan, more blatantly rhetorical baloney than I have listened to today. I am angry. I am angry at this body, I am angry at Congress—and I do not care which party, Republicans or Democrats—because there are weak-kneed, gutless politicians on both sides who will not face up to the issues or the problems of this economy."

Garn spelled out fact after fact on the sorry state of the economy—a condition largely created by the high interest rates that in turn have been largely preserved by the wretched performance of this Congress. "Who are we kidding?" Garn demanded. "Only Congress can appropriate money. We created this problem. I hope the American people are smart enough to place a plague on both parties if this continues. . . . We should start facing up to the nature of this problem, and I do not care which side of the aisle faces up to it. There should not even be an aisle on this issue."

This Congress is now four months into its second session, and nothing constructive has been accomplished. Members are so fearful of what one Democrat called the "dear old folks" that they will not face up to changes that must be made in Social Security if the system is to survive. Neither will this Congress face up to other entitlement programs that have grown out of hand—food stamps, educational grants, dairy subsidies and the like. The country cries out for bipartisan statesmanship, and what do we get? Blather from Byrd and carping from Kennedy. Thanks to Garn, anyhow, for rising above a wretched hour.

POLITICIZATION OF AGRICULTURAL RESEARCH

(By request of Mr. ROBERT C. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. HUDDLESTON. Mr. President, I was disturbed by recent reports in the press that the Department of Agriculture had instituted a system for political loyalty checks of scientists nominated for positions on panels that provide expert advice to the Department on applications for agricultural research grants. These panels have no policymaking responsibility.

I was gratified to learn that Secretary Block has ordered a stop to these political investigations of scientists.

Clearly, good scientific judgment is not a matter of political affiliation.

If the public and the scientific community perceive that political considerations are interfering with the scientific evaluation of agricultural research projects, the credibility of such evaluations and of the projects themselves will be lessened. Without strong scientific credibility, the research programs sponsored by the Department of Agriculture will become the object of public skepticism and be increasingly difficult to defend in the formulation of the budget.

Many Members of Congress expressed their concern about Secretary Block's selection of a noncareer person to head the Soil Conservation Service. There was a concern that the appointment would be a precedent for the unnecessary politicization of the Department of Agriculture.

I hope that Secretary of Agriculture Block will continue to protect the integrity and credibility of scientific review panels and other advisory groups, and see that political loyalty or party affiliation will not influence the appointment of scientists to nonpolicy positions.

I intend to follow this matter closely and will make every effort to insure that merit and personal integrity are the only factors considered in the appointment of scientific advisers.●

COURT STRIPPING

● Mr. HART. Mr. President, the Senate is currently considering several resolutions to amend the Constitution to address controversial issues such as abortion, balanced budgets, school prayer, and school busing. Enactment of these amendments would have the practical effect of incorporating contemporary positions on social and economic questions into the founding document of our Government.

Our national Constitution, unlike the constitutions of many States and foreign nations, addresses issues broader than specific social and economic questions. Instead, it outlines the basic structure of our Government, and the procedures to be followed by those who govern. The framers of the Constitution knew that the document was, in the words of Chief Justice Marshall, to "endure for ages to come," and, therefore, should not be loaded with social and economic beliefs about which there is constant change and adjustment. Not only has this nearly 200-year-old arrangement preserved a separation of powers between the branches of Government, it has also helped to insure that important questions are resolved by the people's representatives in the political arena.

It is ironic that those who frequently complain about judicial interference should be so eager to sponsor amendments which will broaden the power of judges to interpret and resolve questions of public policy.

Mr. Joseph Kraft, in a recent column in the Washington Post, argues that these amendment proposals are contrary to both the intent of the framers and our whole tradition of constitutional interpretation. I ask that Mr. Kraft's comments be printed in the RECORD.

The column follows:

[From the Washington Post, May 16, 1982]

A RAGE TO AMEND

(By Joseph Kraft)

An austere simplicity distinguishes the American Constitution. The national charter ordains structure and procedure, but leaves social and economic questions open to constant adjustment by the higgledy-piggledy of the political marketplace. "It is not," Alexander Hamilton wrote of the Constitution in the 34th Federalist Paper, "framed upon a calculation of existing exigencies," "It is," Chief Justice John Marshall affirmed in *McCulloch* v. *Maryland*, "a document intended to endure for ages to come."

That exalted tradition gives the true measure of the current rage to amend the Constitution. The proposed changes would junk up the fundamental law of the land with controversial views on issues of the moment. It is astonishing such proposals could come from groups pleased to call themselves conservative.

The constitutional amendments now being pushed hard from the right fall into four different areas—abortion; the balanced budget; school busing and school prayer. This is the situation in each case:

Abortion is perhaps the most disputed social question in the land today. It is a constant subject of action in both Congress and the state legislatures. The Supreme Court, having ruled against making abortion constitutionally inadmissible, is now refining that decision—particularly with respect to payment of costs by the state. Medical technology alters so rapidly that establishment of the inception of pregnancy is itself something bound to change over time.

The balanced budget goes to the heart of the legislative process. Nothing is more appropriately the province of Congress than the levying of taxes and the voting of appropriations. The size of the deficits now impending stamps support for the amendment by the Reagan administration as a classic example of the drunk preaching temperance. Even so, the administration has been having a hard time reaching accord on the exact terms of an appropriate amendment.

School busing is another topic marked by high controversy and constant readjustment—in the Congress, the courts and by local school boards. The Supreme Court has been fashioning doctrine, case by case, and there is no reason—especially given the rapidly changing pattern of residence in the country—to give up on the tried and true method.

School prayer is also subject to great local variety. In areas of religious diversity, notably on the East and West coasts, school boards constantly avoid, or dilute, religious practice. In areas of basic homogeneity, religious observance keeps asserting itself. To impose uniformity is to invite social tension. Hence the great dispute over the word "voluntary."

The experience of past amendments works to reinforce those arguments. Twenty out of the 26 are purely procedural, covering matters like direct election of senators and the date of presidential inauguration. Six amendments do deal with substantial law.

The Reconstruction amendments (the 13th, 14th and 15th) brought the Constitution abreast of the proposition established in the Civil War, that the nation could not exist half-slave and half-free. The 16th Amendment legalized the income tax. The general rule is that substantive matters are added to the Constitution by amendment only when they involve business essential to the survival of the republic.

The exception that proves the rule is the 18th Amendment, which introduced Prohibition in 1919. By outlawing a common practice that was increasingly accepted in social custom, the amendment worked to foster a national binge of crime and corruption. It was repealed, with a sigh of relief, in 1933 by the 21st Amendment.

To be sure, the amendments now advocated by the right were not bred in a vacuum. They emulate the drive of the women's movement to establish by constitutional amendment a particular reading of equality between the sexes. They represent a reaction to efforts by a minority on the left to entrench in court decisions liberal views on abortion, budgetary entitlements, school busing and school prayers.

But the obvious conclusion is that neither right nor left ought to be able to fix, as eternal verities, notions that are intrinsically subject to change and adjustment. Certainly it cannot be claimed that a practice so remote from the intention of the framers, and so much at odds with traditional interpretations of the Constitution, is conservative. Even to the ideologues of the right, the term conservative ought to denote something more than mere response to liberal folly.●

MARTIN LUTHER KING, JR.

● Mr. HART. Mr. President, no one in my lifetime did more to advance the cause of social justice than did Martin Luther King, Jr. His life is powerful testimony to the ability of one person in our society to make a difference—and to the ability of our society to change through peaceful means.

I have long supported commemorating the memory of Dr. King with a national holiday on the anniversary of his birthdate. All Americans—whites as well as blacks—have gained from the courage, the vision, and the commitment exemplified by Dr. King's life. By devoting his life to making the American experience conform with American ideals, he manifestly strengthened our Nation.

In a recent column in the Washington Post, Mr. Richard Cohen explains with clarity and eloquence why establishing such a lasting memorial to Dr. King is an important and necessary tribute.

I ask that Mr. Cohen's column be printed in the RECORD.

The column follows:

DR. KING

(By Richard Cohen)

Let us begin with the old joke about the Lone Ranger and Tonto and how they find themselves surrounded by a horde of hostile Indians. The Lone Ranger sizes up the situation and asks, "Tonto, what do we do now?" To which Tonto replies, "What do you mean 'we,' white man?"

Like "blood is thicker than water" and other such sayings, this joke has entered the folklore as yet another way of saying we are what we are or, to put matters another way, what we were born. Still, not since Tonto kissed of his close personal kemo sabe have we seen such a statement of racial identification as Ronald Reagan's explanation of why the birthday of Martin Luther King Jr. probably should not be a holiday.

The president first declared neutrality on the issue saying, "I haven't taken a stand one way or the other. . . ," thereby implying that to do nothing was about the same as doing something. Of course, this is not the case since to do nothing is to favor the status quo—or, in other words, to take a position against making King's birthday a holiday.

But the president did not stop there. Speaking as a white, he reminded blacks that, while he had the "deepest sympathy" for the movement to honor King, there were other minority groups in this country and they had their heroes, too. "We could have an awful lot of holidays if we start down that road," the president said, adding that someone had to consider the cost of it all.

". . . [It] might be that there's no way we could afford all the holidays."

Offhand, it is hard to come up with a single movement to memorialize the birth of any person other than King. But granted such a movement and such a person exists, it is interesting that the president has lumped Dr. King in with the obscure. Worse than that, though, he is talking about him as if he were the bizarre creation of some ethnic group—the arcane hero of an arcane group. If that were the case, a bridge or a causeway would do very nicely.

But King is no such person. He is a Nobel laureate of peace, a man of enormous accomplishment who had the kind of vision and commitment and, in the end, sheer guts that you think exists only in myth and fiction. King was the field marshal of the civil rights movement. He helped change America and while it might have changed anyway there is hardly anyone who would not concede that Martin Luther King made a difference.

There is no doubt that King and his accomplishments have a special meaning to blacks. There is also no doubt that in some way King had—and in some ways still has—a special dimension because he was black. A holiday memorializing him would, after all, be the only holiday honoring a black person. That has got to have meaning to black people—a meaning lots of white people could not begin to appreciate.

But where the president misses the boat is in failing to realize that King is not just a black hero, any more than George Washington is just a white hero. Not only did King lead a civil rights crusade (not to mention antiwar and antipoverty movement) that was racially integrated itself, he did in behalf of an entire nation. The immediate beneficiaries of his civil rights activities, of course, were black. But in the end, the whole nation benefitted. We are all better off because of what King did.

The president misses the entire point of the civil rights movement if he continues to see it as something done for blacks only and if he persists in seeing blacks as some sort of "them"—not regular day-in-day-out Americans. He has made the same mistake with working women and with poor people and with any other group that is not off some old Saturday Evening Post cover about general stores and potbellied stoves.

Maybe not enough time has passed to evaluate King's contribution and see whether he measures up to the likes of Washington or Lincoln—not to mention Jefferson, whose greatness goes unrecognized by a national holiday. But whatever the decision, it is just plain insulting to King's memory and to people who revere him to refer to him as some sort of token, and to trivialize the attempt to memorialize him as yet another bizarre demand made by "those people." That is the sort of mentality King fought all his life. Maybe we need a day to think about it.●

IMPACT OF BUDGET CUTS

● Mr. **HART**. Mr. President, the Colorado Commission on Children and Their Families recently completed a study that accurately reflects the impact of the cuts in the fiscal year 1982 budget on Federal programs for low income families in Colorado.

The study provides information on the cumulative effect on low income families of last year's reductions in the Federal food stamp program, aid to families of dependent children, medicaid, school lunch program, low-income energy assistance program, and day care subsidy.

Mr. President, I urge my colleagues to review this study in an effort to better comprehend the impact the reductions in Federal programs is having on low income families.

I ask that the Colorado Commission on Children and Their Families' study by printed in the RECORD.

The study follows:

MONTHLY INCOME AND EXPENDITURES FOR BASIC NEEDS

The federal budget for domestic social programs is usually analyzed in terms of its effects on separate federal programs: How much money will AFDC lose? By how much will Food Stamps be cut? Other analysts worry about the effects on other levels of government: How much money will state and local governments lose in federal grants? When we read about the effects of cuts on families, it is often in terms of what the family will lose in AFDC or in subsidized day care or in some other discrete benefit.

We believe this information will serve as a useful model and tool for planning, evaluation, and policy analysis. Income support programs have a history of policy boomerangs. These unintended effects might have been avoided had proposed changes in programs for the poor been analyzed in terms of their net effect on a low-income family's economic status.

The information given here focuses on the cumulative effect of the federal budget on one family. It's very specific. Income and expense figures are given for a single mother with two young children (the typical AFDC family) at five separate income levels. To do this, many assumptions had to be made: how large the family's apartment is, how high the heat's turned up at home, even what they eat. The assumptions are in every case very conservative. But by making these assumptions and by assigning a dollar value to non-cash income, it is possible to trace the cumulative effect on a family's economic well-being caused by the entire maze of public policy in the areas of income support and taxation.

These data portray net monthly income and expense for a family living in Colorado in 1982; the family is shown in five different income situations. But an interesting way to approach the information is to think of it as a progression of one family through the five levels—a woman who, in the best Horatio Alger tradition, is climbing up by her bootstraps. Looked at this way, the woman who decides to move off of total AFDC support into a full-time job at minimum wage nets an additional $18 per month. And a woman who climbs from an $11,000-a-year job to one paying $13,000 finds that she actually has less money to spend each month.

It is important to realize that the income levels considered here reflect the circumstances of a great number of families. Recent U.S. Department of Labor statistics show the average annual wage of women cooks to be $7,696; of women service workers, $8,840; of saleswomen, $9,880. A January, 1982, survey of private-sector salaries by the Colorado Department of Personnel showed that the average entry-level salary in this state for a typist is $9,936 and for a stenographer is $11,004.

With revolutionary changes proposed in federal social programs, the net effect on families must be carfully scrutinized. The income-test nature of these programs means that a change in wages or in the benefit amount received from a single program often leads to a drastic cumulative effect on the money a family has to meet its basic needs. Also, the effects on those who are able to work and on those who are now working (albeit at a low wage) need to be predicted as accurately as possible at a time when progams are being cut that are designed to help people develop or upgrade saleable skills or that are intended to provide support to the working poor.

Changes in social programs also have to be carefully thought out in light of the shifts in the poverty population. In 1959, only 20.3 percent of Colorado families living below the poverty level were headed by a woman; the percentage rose to 32.4 by 1969; and by 1975, the figure had risen to 45.2 percent. Census figures show that poor families headed by women now compose half of all poor families in the nation.

The bootstrap approach is more difficult for a single-parent family who has only one adult to shoulder roles both of breadwinner and parent. And it is made even more difficult when that single parent is a woman. Women typically have less education and fewer job skills than men. The extent of the difficulty is hinted at by length-of-stay figures from the Colorado Department of Social Services: In April, 1981, the average single-parent family had received AFDC benefits for seventeen months before termination; during this same period, the two-parent AFDC-U family had been on welfare rolls only seven months before termination.

This information does not intend to address the philosophical issue of whether there is any public obligation to support the poor. But is does raise questions of logic: Can one eliminate job programs and income support for an increasingly difficult-to-employ poverty population at the same time one is espousing a goal of eliminating welfare's cycle of dependency? Can one really expect families to work (or work harder) for little or no gain, or even a loss? And it raises a question of economics: Should we not make it a priority to support the working poor who, with some public assistance, can contribute toward their family's support, but who can contribute nothing if they must return to welfare rolls?

What are the effects of cuts in federal social programs on Colorado's lowest income population? The Governor's Commission on Children and Their Families set out to answer this quesion by gathering current income and expense data for the typical welfare family, a single parent with two young children. Data were gathered for this family in five financial circumstances: welfare as the sole source of support, parent earning $7,000 per year (full time at the federal minimum wage and the 1981 National Poverty Level for a family of three), $9,000, $11,000, and $13,000.

Every effort has been made to present conservative data; that is, when faced with a choice of expense figures, the lower one was consistently selected. Expense amounts for items such as food and rent are the same at all income levels although it is recognized that in reality spending patterns vary with income; this was done to ensure comparability between levels. Monthly figures were calculated by dividing annual income or expense amounts by twelve, thus compensating for monthly or seasonal fluctuations in benefits or costs over the course of a year.

Other than income tax credits, this analysis does not include benefits from government programs open to people regardless of income, e.g., public education, the subsidy by the federal government to the cost of a "regular price" school lunch, police and fire protection, and national defense.

MONTHLY INCOME

Wages and income taxes.

Wages were calculated assuming full employment with no unpaid days off and forty-hour weeks. Federal income taxes would be withheld, but Colorado state income taxes would not be in any of these situations according to the current Colorado income tax withholding tables. Though not included here, it should be noted that wage earners could also be subject to the Occupational Tax if employer in the City and County of Denver, but living elsewhere.

A family earning less than $10,000 a year would be eligible for the Earned Income Tax Credit (EITC). According to the Internal Revenue Service, all families eligible for EITC may receive it in monthly shares or in the customary annual lump sum; the monthly option is shown in these budgets. The EITC is a refundable tax credit.

Effective January 1, 1982, the Child Care Tax Credit is thirty percent of total child care expenses up to $4,800 for families who are supporting two or more children on an annual income of $10,000 or less. This rate then decreases by one percent for each $2,000 of additional income to a minimum of twenty percent. Unlike the EITC, the Child Care Tax Credit is not refundable, i.e., any portion remaining after tax liability has been eliminated is forfeited.

AFDC

The amount listed for the AFDC grant is based on the guidelines followed by the Colorado Department of Social Services during January, 1982. The amount shown here is an annual average, but in fact for some families the AFDC grant amount varies widely between months. This family at the $7,000 income level receives monthly grants ranging from $97 to $186; at the $9,000 level monthly benefits range from nothing to $94.

The "earned income disregard" now applies for only four months. Under this provision, $30 and one-third of any income over $30 is ignored each month when calculating the AFDC grant. After four months, the total amount of earnings is used in calculating how much the full AFDC payment amount will be reduced for families with a working member. Prior to the enactment of the Omnibus Reconciliation Act of 1981, this deduction from wages was made indefinitely.

AFDC is computed on a retrospective basis. Changes in financial need are not reflected in the AFDC grant until two months later. For instance, day care expenses for this family rise during June because the young school-aged child suddenly needs full-time day care. Yet the AFDC grant is not increased to reflect this higher expense until August.

Low-income energy assistance program (LEAP)

These figures were obtained from the Colorado Department of Social Services and assume the family lives in the Denver area and uses natural gas for heating. The annual LEAP benefit is disbursed in two installments; an eligible family receives one LEAP payment in January and another in April.

Food stamps

Food stamp benefit amounts are taken from U.S. Department of Agriculture eligibility guidelines effective during January, 1982.

Day care subsidy

Child care is assumed to become a consideration to the working parent for the four-year-old (all day) and for the six-year-old (four hours of before- and after-school care and all-day care during the summer months). To preserve comparable figures, these assumptions are used for all levels of earned income, though in fact use of child care would probably vary between them.

A working parent receiving AFDC herself pays the day care provider up to $160 per child per month. This day care cost is then deducted as an expense when computing the AFDC grant amount. If day care costs more than $160, the remainder is paid through Title XX and this supplemental payment is made upon request of the client by the Department of Social Services directly to the licensed day care provider.

Some very low income parents, while not financially eligible for AFDC, can still receive a subsidy for day care costs through Title XX monies. In this analysis, the family at $9,000 and at $11,000 would be "income eligible" for this subsidy. Title XX requires a contribution from parents toward the cost of their children's day care that is based on family size, not on the number of children in care.

For the family earning $13,000 per year, no longer "income eligible" for any Title XX day care subsidy, day care would be a much greater burden.

School lunches

The six-year-old would be eligible for free or reduced price school lunches during the 184 school days of the year. The amount of the subsidy was calculated by subtracting the amount this elementary school student must pay from the amount charged for a "regular price" school lunch, i.e., 75¢. In fact, all school lunches are subsidized to some extent, and 75¢ is less than the true cost of the food and its preparation. Because school breakfasts are not widely available outside of Denver, they are not included here as a benefit.

Medicaid

Medicaid benefits in Colorado are available only to those who are eligible for cash assistance. the family on welfare and the family whose sole wage earner makes minimum wage would be eligible for Medicaid benefits. A four-month extension of Medicaid benefits is available to those who become ineligible for AFDC solely because of increased wages or hours of employment if the family has been on assistance three of the last six months. The family here that earns $9,000 a year would not be eligible for this extension because wages and hours worked remain constant. As a result of the four-month limit on application of the earned disregard, this family would go on and off Medicaid, as well as AFDC, during the course of a year. See Appendix A.

According to the Colorado Department of Social Services, Medicaid coverage for AFDC recipients costs $42 per person per month. This includes expenses for direct medical services and for administration of the program.

Health Care/Insurance expenses are incurred by the family earning $9,000 during the five months the family is not eligible for AFDC and Medicaid. The Medical Expense category for this family is divided between the family's share and that covered by Medicaid. (The annual contribution of each is divided by twelve to obtain a monthly figure.)

MONTHLY EXPENSES

In assigning the amounts of money spent in each of the expense categories, the most conservative figures were used. The same dollar amounts were used for expenses such as food and rent at each of the income levels although it is recognized that in reality spending patterns vary with income and that the needs of a welfare family differ from those of a family with a working member in areas such as transportation and clothing.

Pains were taken to obtain figures that reflect typical expenses from reliable sources. There figures have not been altered by the Commission. As a result, in the lowest three income categories, the family has a negative amount of discretionary income.

One should not infer from this that the family necessarily goes into debt to finance a given level of consumption. Instead, the family would cut down on some of its expenses. Less basic or less staple commodities will be cut or eliminated entirely. In some cases a close cheaper substitute for a commodity might be available. For instance, the welfare family most likely spends less than the amount listed for items such as clothing and family activities.

It has been left to the reader to determine how families at these income levels might juggle expenses to stay within their budget.

Food

The $183 amount for food expense was taken from the U.S. Department of Agriculture's September 1980 calculations of cost for a family of three on the Thrifty Food Plan. The Thrifty Food Plan meets minimum nutritional requirements and is the most economical of the USDA budgets. It should be noted that it is assumed this family doesn't smoke or drink alcoholic beverages. See Appendix B for a Thrifty Food Plan for one month.

Rent

Housing costs were obtained from a statewide survey, conducted by the Colorado Department of Social Services, of three-person families receiving welfare. A representative sample of costs for those recipients renting an apartment was adjusted by discounting both very high rents and very low ones (very low rents usually indicate shared living arrangements). The highest rent eligible for subsidy under the Department of Housing and Urban Development's Fair Market Rents in the Denver area is $365 for a two-bedroom dwelling; the lowest Fair Market Rents in some rural counties of Colorado is $240.

Subsidized housing is available for only twenty percent of those eligible and would be of considerable help to the low-income family with such a limited budget.

Utilities and heat

The figures for utilities and heat do not include water, garbage disposal, sewer charge, or telephone; they were supplied by the Colorado Energy Research Institute. The Institute based its calculations on data from a survey conducted by the Colorado Public Service Company. The amounts are for an apartment of 600 square feet with the thermostat set at sixty degrees at night and sixty-eight degrees during the day.

Day care

The Mile High United Way Information and Referral Service reported that forty percent of the 1,100 day care homes in the five-county Denver metropolitan area charged between $40 and $44 per week. A statewide survey of day care centers conducted by the Colorado Commission on Children and Their Families found $40 a week to be a low but fairly widely available rate. This same survey found that one dollar an hour for before- and after-school care was one of the lower rates but available in most parts of the state. These figures were used in computing day care costs all day for the four-year-old (all year) and the six-year-old (summer only) plus four hours of before- and after-school care for the six-year-old.

Day care is paid for as follows for the four families with a working parent:

$7,000—Day care costs are taken into consideration when calculating the AFDC grant which is paid to the parent. Therefore the parent pays the provider out of her own pocket. Day care charges in excess of $160 per month per child are paid to the licensed provider directly by the Department of Social Services.

$9,000—Day care is extremely complex for this family due to the interaction of AFDC eligibility status (which changes when after four months of employment the earned income disregard provision no longer applies) and higher day care costs during the summer. Appendix A traces these changes.

$11,000—Day care is subsidized through Title XX block grant funds. This "income eligible" family pays a flat fee of $183 per month; a payment covering the balance (a supplement of $75 during school months and $161 during summer months) is issued directly to the day care provider by the Department of Social Services.

$13,000—Day care costs are borne entirely by the parent.

Telephone

This figure is based on information from Mountain Bell. This definitely assumes no long distance telephone calls are made.

Transportation, clothing, furnishings and household upkeep, personal needs, family activities, and health care/insurance

Figures used in these categories were obtained from the Bureau of Labor Statistics' Autumn 1980 Urban Family Budgets. The Autumn Budget Series is computed for three levels of family income, and the lowest level was used in this analysis. The figures were adjusted for family size (to represent a single parent with two small children) according to a formula provided by Bureau of Labor Statistics and a ten percent inflation adjustment was made to reflect the general price level increase from autumn, 1980, to autumn, 1981.

Furnishings and Household Upkeep includes such things as cleaning supplies, lightbulbs, kitchen utensils, towels, and bedding. It also may include small appliance repairs.

COLORADO COMMISSION ON CHILDREN AND THEIR FAMILIES—MONTHLY INCOME AND EXPENDITURES FOR BASIC NEEDS

FAMILY OF THREE (PARENT WITH TWO CHILDREN, AGED 4 AND 6) AT SELECTED INCOME LEVELS (APRIL 1982)

To adjust for fluctuation in income and expenses over the course of a year annual amounts were divided by 12 to obtain the monthly expenses.

FAMILY ON WELFARE (ANNUAL CASH INCOME, $3,756)

	Amount
Monthly income:	
Cash income:	
Wages	(1)
Income taxes:	
Withholding	
Tax refund	
Earned income tax credit	
Day care tax credit	
AFDC grant	313
Low-income energy assistance (LEAP)	16
Total	329
Dollar value of in-kind income:	
Food stamps	149
Day care subsidy	(1)
Free school lunches	12
Medicaid (services and administrative overhead)	126
Total	287
Total income (cash and in-kind services)	616
Monthly expenses:	
Food (78 cents per meal for mothers, 61 cents per meal for each child	183
Rent	210
Utilities and heat	35
Day care	(1)
Social security tax	(1)
Transportation	61
Clothing	66
Furnishings and household upkeep	37
Personal needs	18
Telephone	6
Family activities	33
Medical expenses (State payment paid directly to provider of service)	126
School lunches (paid by subsidy)	12
Total expenses	787
Total discretionary money	−171

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[1] Not applicable.

PARENT EARNING MINIMUM WAGE (ANNUAL EARNED INCOME, $7,000) (NATIONAL POVERTY LEVEL FOR FAMILY OF 3)

	Amount
Monthly income:	
Cash income:	
Wages	583
Income taxes:	
Withholding	−31
Tax refund	18
Earned income tax credit	32
Day care tax credit	13
Total	32
AFDC grant	142
Low-income energy assistance (LEAP)	16
Total	773
Dollar value of in-kind income:	
Food stamps	41
Day care subsidy (figured into AFDC grant)	
Free school lunches	12
Medicaid (services and administrative overhead)	126
Total	179
Total income (cash and in-kind services)	952
Monthly expenses:	
Food (78 cents per meal for mother, 61 cents per meal for child)	183
Rent [1]	210
Utilities and heat	35
Day care	279
Social security tax	39
Transportation	61
Clothing	66
Furnishings and household upkeep	37
Personal needs	18
Telephone	6
Family activities	33
Medical expenses (State payment paid directly to provider of service)	126
School lunches (paid by subsidy)	12
Total expenses	1,105
Total discretionary money	−153

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[1] These families do not live in subsidized housing. Subsidized housing is available for only 20 percent of the families eligible for this benefit. Subsidized housing would affect the AFDC family's monthly income through a reduction in rent expense and a reduction in food stamp income.

FAMILY WITH 1 WAGE EARNER (ANNUAL EARNED INCOME, $9,000)

	Amount
Monthly income:	
Cash Income:	
Wages	750
Income taxes:	
Withholding	−57
Tax refund	26
Earned income tax credit	10
Day care tax credit	31
Total	10
AFDC grant	37
Low-income energy assistance (LEAP)	0
Total	797
Dollar value of in-kind income:	
Food stamps	24
Day care subsidy	96
Free school lunches	12
Medicaid (services and administrative overhead)	74
Total	206
Total income (cash and in-kind services)	1,003
Monthly expenses:	
Food (78 cents per meal for mother, 61 cents per meal for each child)	183
Rent	210
Utilities and heat	35
Day Care:	
Paid by parent	183
Paid by subsidy	96
Social security tax	60
Medical expenses:	
State payment paid directly to provider of service for 7 mo	74
Paid by family for 5 mo when ineligible for medicaid	27
Transportation	61
Clothing	66
Furnishings and household upkeep	37
Personal needs	18
Telephone	6
Family activities	33
School lunches (paid by subsidy)	12
Total expenses	1,101
Total discretionary money	−98

FAMILY WITH 1 WAGE EARNER (ANNUAL EARNED INCOME, $11,000)

	Amount
Monthly income:	
Cash income:	
Wages	917
Income taxes:	
Withholding	−87
Tax refund	13
Earned income tax credit	0
Day care tax credit	74
Total	0
AFDC grant	0
Low-income energy assistance (LEAP)	0
Total	917
Dollar value of in-kind income:	
Food stamps	0
Day care subsidy	186
Reduced price school lunches	5
Medicaid—Not eligible for medicaid	0
Total	191
Total income (cash and in-kind services)	1,108
Monthly expenses:	
Food (78 cents per meal for mother, 61 cents per meal for each child	183
Rent	210
Utilities and heat	35
Day care:	
Paid by parent	93
Paid by subsidy	186
Social security tax	61
School lunch:	
Paid by parent	7
Paid by subsidy	5
Health care/insurance	64
Transportation	61
Clothing	66
Furnishings and household upkeep	37
Personal needs	18
Telephone	6
Family activities	33
Total expenses	1,065
Total discretionary money	43

FAMILY WITH ONE WAGE EARNER (ANNUAL EARNED INCOME; $13,000)

	Amount
Monthly income:	
Cash income:	
Wages	1,083
Income taxes:	
Withholding	−129
Tax refund	20
Earned income tax credit	0
Day care tax credit	78
Total	−31
AFDC grant	0
Low-income energy assistance (LEAP)	0
Total	1,052
Dollar value of in-kind income:	
Food stamps	0
Day care subsidy	0
Reduced price school lunches	5
Medicaid—not eligible for medicaid	0
Total	5
Total income (cash and in-kind services)	1,057

FAMILY WITH ONE WAGE EARNER (ANNUAL EARNED INCOME; $13,000)—Continued

	Amount
Monthly expenses:	
Food (78 cents per meal for mother, 61 cents per meal for each child	183
Rent	210
Utilities and heat	35
Day care	279
Social security tax	72
School lunch:	
Paid by parent	7
Paid by subsidy	5
Health care/insurance	64
Transportation	61
Clothing	66
Furnishings and household upkeep	37
Personal needs	18
Telephone	6
Family activities	33
Total expenses	1,076
Total discretionary money	19

APPENDIX A.—BENEFIT APPLICATION TIMETABLE

[Monthly benefit levels for family of 3, parent with 2 children aged 4 and 6 with monthly income of $750 ($9,000 per year)]

Action by client	Type and amount of benefit		(1)
January:			
Apply 1st time:			
Accepted	AFDC	94	
Accepted	Medicaid	Yes	
Rejected	Food stamps	0	
			258
February:			
	AFDC	94	
	Medicaid	Yes	
	Food stamps	0	
			258
March:			
	AFDC	94	
	Medicaid	Yes	
	Food stamps	0	
			258
April:			
	AFDC	94	
	Medicaid	Yes	
	Food stamps	0	
			258
May			
	AFDC	0	
	Medicaid	No	
Apply 2d time: Accepted.	Food stamps	58	
Apply 1st time: Accepted.	Day care subsidy	197	61
June:			
Apply 2d time: Accepted.	AFDC	21	
Accepted	Medicaid	Yes	
	Food stamps	0	
	Day care subsidy	24	320
July:			
	AFDC	[illegible]	
	Medicaid	Yes	
	Food stamps	0	
	Day care subsidy	24	320
August:			
	AFDC	21	
	Medicaid	Yes	
	Food stamps	0	
	Day care subsidy	24	320
September:			
	AFDC	0	
	Medicaid	No	
Apply 3d time: Accepted.	Food stamps	58	
	Day care subsidy	197	61
October:			
	AFDC	0	
	Medicaid	No	
	Food stamps	58	
	Day care subsidy	197	61
November:			
	AFDC	0	
	Medicaid	No	
Apply 3d time: Accepted.	Food stamps	58	
Apply 2d time: Accepted.	Day care subsidy	197	61
December:			
	AFDC	0	
	Medicaid	No	
	Food stamps	58	
	Day care subsidy	197	61

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[1] Out of pocket day care expense.●

CREOLA, ALABAMA FIRE CHIEF RETIRES

● Mr. **DENTON**. Mr. President, our world has many unsung heroes and heroines. I rise in recognition of one from my State, Mrs. Virginia Lawshe of Creola, Ala., who recently retired after 4 years as fire chief of the Creola Volunteer Fire Department.

During her tenure as fire chief, Mrs. Lawshe, another woman volunteer, Carol Sherman, and 21 men were on call 24 hours a day, 7 days a week, protecting Creola from the ravages of fire in dry brush fields and oil storage facilities. Mrs. Lawshe took the job as fire chief, she said, because they could not get men on the volunteer force and "somebody had to do it."

Mrs. Lawshe, a homemaker, is married to Willliam L. Lawshe. They have 4 children and 11 grandchildren.

Mr. President, it is not every day that a woman from Creola is mentioned in the the New York Times and I ask that an article about Mrs. Lawshe's work as fire chief be printed in the RECORD.

The article follows:

[From the New York Times, Friday, May 21, 1982]

WOMAN WHO BEGAN TOWN'S FIRE BRIGADE LEAVING AS THE CHIEF

CREOLA, Ala.—Fire Chief Virginia Lawshe says she's tired of her beeper going off on Sundays while she's at church.

She also wants to "go out West" on vacation, take sewing lessons and enjoy her 11 grandchildren.

For these and other reasons, Mrs. Lawshe, who is in her 50's, and helped found the volunteer fire department in this oil-producing Mobile suburb of 1,600 people, is hanging up her chief's hat.

"I enjoyed it," she said of her four years as chief. "I was the only woman who could stay up all night with a dozen men and not get talked about."

The duties of running the 23-member department passes to the Police Chief, Frank Hammond.

DEPARTMENT STARTED BY 2 WOMEN

Mrs. Lawshe and another resident, Carol Sherman, took on the firefighting job, she said, because none of the men in the community wanted to be seen riding the "white elephant."

That nickname was given the fire truck the town inherited from the state Forestry Commission. "We ran it in a parade and the engine got too hot and it burned out," she said with a hint of amusement.

The town bought another used fire truck, a 750-gallon pumper, from Brent, Fla. But the pride and joy of the community is the new 1,000-gallon truck purchased in November for $60,000.

"We worked and we worked and we worked to get these fire trucks," Mrs. Lawshe said.

The new truck is out of commission, however, because the underbody caught fire while the crew was fighting a sage-patch blaze. So the 750-gallon pumper is back in service until the new truck, which was insured, can be repaired.

The new truck was supposed to have been restricted to paved and dirt roads and the City Council was upset because the vehicle had been driven into the blazing field.

That led to some resignations from the fire department, but Chief Lawshe said she had planned to leave before the incident anyway. She said that she would stay "on standby" if needed.

In her firefighting career, Mrs. Lawshe takes pride in having saved a "$100,000 house" from a roaring blaze.

Among the larger blazes she helped fight was one at a Getty Oil fuel storage tank and a railroad engine that caught fire after hitting a dump truck.

"I'm hoping the men will be able to handle it now," she said.●

ORDER FOR RECESS UNTIL MONDAY, MAY 24, 1982

Mr. **BAKER**. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 12 noon on Monday next.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—S. 2332

Mr. **BAKER**. Mr. President, there is one item of business on today's calendar that has been cleared on this side for action. I refer to Calendar Order No. 557, S. 2332, and I would inquire of the minority leader if he is prepared to consider that measure at this time.

Mr. **ROBERT C. BYRD**. The minority is prepared to proceed.

Mr. **BAKER**. Mr. President, I ask unanimous consent that when the Senate turns to the consideration of Calendar No. 557, S. 2332, the IEA extension, it be considered under the following time agreement: 1 hour on the bill equally divided between the chairman of the Energy Committee and the ranking member, or their designees; 2 hours on an amendment to be offered by the Senator from New Mexico (Mr. DOMENICI) dealing with SPRO; 30 minutes on all other amendments in the first degree; 20 minutes on all second-degree amendments; 10 minutes on any debatable motions, appeals, or points of order, if so submitted to the Senate; and that the agreement be in the usual form.

The **PRESIDING OFFICER**. Is there objection? The Chair hears none, and it is so ordered.

ORDER REFERRING S. 1230 TO COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. **BAKER**. Mr. President, there are other items in my unanimous-consent folder that I will run through quickly, if I may.

First, Mr. President, I ask unanimous consent that when the Senate receives from the House of Representatives S. 1230, the Olympic coin bill, it be referred to the Committee on Banking, Housing, and Urban Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZING REPRESENTATION BY THE SENATE LEGAL COUNSEL OF ROY McGHEE

Mr. BAKER. Mr. President, I have a resolution on behalf of myself and the distinguished minority leader that I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 395) to authorize representation by the Senate legal counsel of Roy McGhee, a Senate employee, in the case of Carl H.Kneumann v. Roy McGhee.

The Senate proceeded to consider the resolution.

Mr. BAKER, Mr. President, Roy McGhee, a Senate employee, has been named as defendant in the case of *Carl H. Kneumann* v. *Roy McGhee*, case No. SC-9040-82, presently pending in the small claims and concilation branch of the Superior Court for the District of Columbia. Mr. McGhee is superintendent of the Periodical Press Gallery, and the case arises out of action by Mr. McGhee in his official capacity as a Senate employee. This resolution directs the Senate Legal Counsel to represent Mr. McGhee in this litigation.

The resolution was agreed to.

The preamble was agreed to.

The resolution (S. Res. 395), together with the preamble, is as follows:

S. Res. 395

Whereas, the case of *Carl H. Kneumann* v. *Roy McGhee*, Case Number SC-9040 82, is pending in the Superior Court of the District of Columbia, Civil Division, Small Claims and Conciliation Branch;

Whereas, Roy McGhee, an employee of the Senate, has been served with a statement of claim and notice of hearing concerning a matter arising out of his Senate employment;

Whereas, under section 704(a)(1) of the Ethics in Government Act of 1978 ("the Act"), 2 U.S.C. § 288c(a)(1) (Supp. IV. 1980), the Senate may direct the Senate Legal Counsel to defend the Senate or any Member or employee of the Senate in any civil proceeding with respect to the validity of any actions taken by them in their official capacity: Now, therefore, be it

Resolved, That pursuant to section 704(a)(1) of the Act, the Senate Legal Counsel is directed to defend Roy McGhee with respect to the statement of claim served on him in the case of *Carl H. Kneumann* v. *Roy McGhee*, Case No. SC-9040 82, in the Superior Court for the District of Columbia, Civil Division, Small Claims and Conciliation Branch.

AUTHORIZATION FOR TESTIMONY BY STAFF AND PRODUCTION OF DOCUMENTS OF COMMITTEE ON SMALL BUSINESS

Mr. BAKER, Mr. President, I send a second resolution to the desk on behalf of myself and the minority leader, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 396) to authorize testimony by staff and production of documents of the Committee on Small Business and representation by the Senate legal counsel.

The Senate proceeded to consider the resolution.

The resolution was agreed to.

The preamble was agreed to.

The resolution (S. Res. 396) together with the preamble is as follows:

S. Res. 396

Whereas, on May 12, 1981, the Committee on Small Business requested that the Department of Justice review several matters on which testimony and documents were presented in its hearings on procurement practices at the Small Business Administration for possible violations of federal statutes;

Whereas, the Department of Justice has informed the Committee that a federal grand jury is investigating those matters to determine whether there have been such violations;

Whereas, the Department has requested, for the assistance of itself and the grand jury, that the staff of the Committee provide testimony, which may involve production of related documents and materials;

Whereas, the particular members of the staff of the Committee with relevant knowledge of the Committee's investigation are R. Michael Haynes, Marc Smolonsky, and John G. McLean;

Whereas, under section 704(a)(2) of the Ethics in Government Act of 1978 ("the Act"), 2 U.S.C. § 288c(a)(2) (Supp. IV 1980), the Senate may direct the Senate Legal Counsel to defend the Senate or any Member or employee of the Senate in any proceeding with respect to any subpena or order directed to them in their official capacity;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that documents, papers, and records under the control of or in the possession of the Senate and the testimony of employees of the Senate concerning information acquired in the course of their official duties are needful for use in any court for the promotion of justice, the Senate will take such action thereon as will promote the ends of justice consistently with the privileges and rights of the Senate: Now, therefore, be it

Resolved, That R. Michael Haynes, Marc Smolonsky, and John G. McLean are authorized to testify, concerning the investigation by the Committee on Small Business of procurement practices at the Small Business Administration, in response to requests by the Department of Justice or to subpoenas issued by a proper court, except concerning matters which the Senate Legal Counsel or his representative determine are privileged from disclosure.

2. That the Chairman of the Committee on Small Business is authorized to produce documents and materials relating to that investigation by the Committee in response to requests by the Department of Justice or to subpoenas issued by a proper court, except documents and materials which he and the Senate Legal Counsel or his representative determine are privileged from disclosure;

3. That pursuant to section 704(a)(2) of the Ethics in Government Act of 1978, the Senate Legal Counsel is directed to represent the Committee on Small Business with respect to requests and subpoenas for the production of documents and materials in the Committee's possession relating to that investigation, and to represent R. Michael Haynes, Marc Smolonsky, and John G. McLean with respect to requests and subpoenas for testimony concerning that investigation.

Mr. BAKER. I thank the chair.

THE EXECUTIVE CALENDAR

Mr. BAKER. On today's Executive Calendar there are certain items that are cleared on this side for action by unanimous consent. I would inquire of the minority leader if he is in position to consider those nominations appearing on page 3, beginning with Calendar 764 under Air Force, including those nominations under Navy, Army on page 4, New Reports on page 4 beginning with Department of State and Department of Defense, and all of those nominations placed on the Secretary's desk in the Air Force, Army, Marine Corps, Navy.

Mr. ROBERT C. BYRD. Mr. President, this side of the aisle is ready to proceed.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nominations just identified.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

The nominations confirmed en bloc are as follows:

In the Air Force

The following-named officer under the provisions of title 10, United States Code, section 8034, to be reassigned in his current grade to a position of importance and responsibility designated by the President.

Gen. Charles A. Gabriel, 243-32-9018FR, U.S. Air Force.

Gen. Lew Allen, Jr., U.S. Air Force (age 56), for appointment to the grade of general on the retired list pursuant to the provisions of title 10, United States Code, section 1370.

IN THE NAVY

Adm. James D. Watkins, U.S. Navy, for appointment as Chief of Naval Operations in the Department of the Navy for a term of 4 years pursuant to title 10, United States Code, section 5081 (a) and (b).

Admiral Watkins, having been designated for command and other duties of great importance and responsibility in the grade of admiral within the contemplation of title 10, United States Code, section 601, for this appointment while so serving.

The following-named captains of the Reserve of the U.S. Navy permanent promotion to the grade of commodore in the line, as indicated, pursuant to the provisions of title 10, United States Code, section 5912:

LINE

Beverly James Lowe.
Richard Edward Young.
Tommie Fred Rinard.
Tammy Haggard Etheridge.
LeRoy Collins, Jr.
Frederick Peter Bierschenk, Jr.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. Robert W. Sennewald, 492-22-4165, Army of the United States (major general, U.S. Army.

NEW REPORTS

DEPARTMENT OF STATE

Robert Anderson, of the District of Columbia, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Dominican Republic.

DEPARTMENT OF DEFENSE

Richard L. Wagner, Jr., of California to be Chairman of the Military Liaison Committee to the Department of Energy, vice James Paul Wade, Jr., resigned.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE, ARMY, MARINE CORPS, NAVY

Air Force nominations beginning David Joseph Abramowitz, to be specified later, and ending Keith W. Zuegel, to be specified later, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 10, 1982.

Air Force nominations beginning Barry Baptiste, to be second lieutenant, and ending Rick L. Vandagriff, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 18, 1982.

Army nominations beginning Charles P. Bernstein, to be colonel, and ending Robert S. Dixon, to be major, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 10, 1982.

Army nominations beginning Paul F. Abel, Jr., to be second lieutenant, and ending David B. Ziegler, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 10, 1982.

Army nominations beginning Ronald Hunter, to be lieutenant colonel, and ending Michael E. Williamson, to be first lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 11, 1982.

Marine Corps nominations beginning J. F. Amos, to be major, and ending G. D. Yaron, Jr., to be lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 5, 1982.

Navy nominations beginning Ronald John Abler, to be lieutenant commander, and ending Eleanor Joan Thompson, to be lieutenant commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 6, 1982.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

THE PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

THE PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR MONDAY, MAY 24, 1982

ORDER FOR RECOGNITION OF CERTAIN SENATORS

Mr. BAKER. Mr. President, on Monday next, the Senate will resume its session at 12 noon.

After the recognition of the two leaders under the standing order, I ask unanimous consent that special orders of not to exceed 15 minutes each be granted in favor of Senator SPECTER, Senator CHILES, and Senator NUNN.

THE PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS ON MONDAY, MAY 24, 1982

Mr. BAKER. Mr. President, I ask unanimous consent that after the execution of the special orders, there be a period for the transaction of routine morning business to extend not past the hour of 1:30 p.m. in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

URGENT SUPPLEMENTAL APPROPRIATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that, after the expiration of the time for the transaction of routine morning business, the Senate turn to the consideration of H.R. 5922, the urgent supplemental appropriations bill.

Mr. ARMSTRONG. Reserving the right to object. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislatiave clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESINDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, rather than ask that the Senate order the consideration of that measure, at this time let me simply announce that on Monday, after the expiration of time assigned for the transaction of routine morning business, it is the interntion of the leadership to ask the Senate to turn to the consideration of the urgent supplemental appropirations bill, which is H.R. 5922.

PROGRAM

Mr. BAKER. Mr. President, on Monday next, when the Senate convenes it will do so at 12 noon. After the recognition of the two leaders under the standing order, three Senators will be recognized on three special orders of not to exceed 15 minutes each, following which there will be a period for the transaction of routine morning business to extend no longer than 1:30 p.m., in which Senators may speak for not more than 5 minutes each.

After the expiration of the time for the transaction of morning business, Mr. President, it is anticipated that the leadership will ask the Senate to turn to the consideration of H.R. 5922, the urgent supplemental appropriations bill.

Rollcall votes are expected during the day on Monday. It is the intention of the leadership to try to finish this bill during the course of this coming week, and perhaps in the first 2 days.

RECESS UNTIL MONDAY, MAY 24, 1982

Mr. BAKER. Mr. President, if there is no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 12 noon on Monday.

The motion was agreed to, and the Senate, at 10:21 p.m., recessed until Monday, June 24, 1982, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate May 21, 1982:

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Richard L. Prillaman, 236-36-0074, U.S. Army.

IN THE NAVY

The following named lieutenants of the line of the Navy for promotion to the permanent grade of lieutenant commander, pursuant to title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

UNRESTRICTED LINE OFFICER

Lieutenant commander

Aaby, Michael Clifford
Acree, Russell Garnett, Jr.
Adams, Earl Robert
Aikins, Lance Tipton
Alexander, Earl Robert
Alleman, Lew Earlington
Alley, Thomas Crockett, Jr.
Alvarez, Sandra Rosemarie
Ames, Morgan Paul, Jr.
Anderson, Charles Murry
Anderson, Lance Orville
Anderson, Mary Ellen
Anderson, Richard Lewis
Anderson, Ross Earl, III
Anderson, Stephen Patrick
Anderson, Thomas Jay
Anderson, William Michael
Andrews, James Nielsen, Jr.
Angel, Eddie Jefferson
Antanitus, David Joseph
Anthony, Patricia Johnston
Antonelli, John
Ashcraft, Raymond Joseph
Ashton, Stuart Arthur
Austin, David Paul
Avveduti, Joseph Peter, Jr.
Ayer, Clifford B., III
Ayers, Ronnie Lee
Azud, John Raymond
Babin, Michael Kelly, Jr.
Baccei, Patrick Kent
Bafford, Barney Ray
Baker, Dewitt Bernard, Jr.
Baker, Robert Duane
Balthrop, Clyde B
Bamford, Michael George
Banus, Markham Douglas
Barker, William Dennis
Barnett, William Eugene
Barrett, Joseph Patrick
Barringer, Fred Alexander, Jr.
Bartek, Stephen Anton
Barthold, David Hamilton
Barthold, Stephen Frederick
Bartholomew, Rodger Veryl
Barton, Michael Jon
Basilone, Garry Michael
Batten, Phillip Glenn
Baucom, Charles McIntyre
Baughman, Lynn Douglas
Baumgardner, Howard Joseph
Beaudoin, William George
Beaulieu, Joey Donald
Beckman, Mary Jo Neal
Belanger, Ronald Glafey
Belinski, Joseph Eugene
Bell, David Paul
Bell, Martha Louise
Bender, Robert Michael
Bennett, Ronald Finn
Bergamini, John Paul
Bernard, Ronald Lee
Berry, Clyde, Jr.
Bertagnoli, David James
Besch, David Lawrence
Bewley, John Milton
Bewley, Julie Surgi
Bills, Martha Rigby
Blackburn, William Richard
Blackwell, Thomas Minter
Boggs, Thaddeus Emory, Jr.
Bohner, Robert Thomas
Bolinger, William Kelly
Bollwerk, William Val
Booth, Larry Gene
Boothe, Donald Thurman
Borchardt, John Andrew
Bossart, Della Jane
Bostich, Dennis Nick
Bothwell, Vernon Eldon, Jr.
Boulay, William Joseph
Bowers, Michael Joseph
Boxall, Clarence Albert, Jr.
Boyer, James Charles
Bradbury, Leigh William
Brado, Robert Francis
Brady, Daniel Alan
Braeckel, Joseph Marcus
Braisted, Stanley William
Bramer, John Robert
Brandenburg, Steven Lee
Brannon, Charles Travis
Brender, Gary Louis
Brickey, Albert Boyd, Jr.
Briggs, Alfred Newsome, III
Brockhoff, Hans Christian
Bronsink, Sherman Hughes
Brooks, James Norman
Brooks, Richard Earl
Brouillette, John Lawrence
Brouse, John Ammon, Jr.
Browre, David Almy
Brown, Allan Marvin
Bown, Annette Elise
Brown, Dan Martin
Brown, John Elliott, Jr.
Brown, Thoma Joseph, Jr.
Brown, Timothy James
Brownlee, Kenneth Lewis
Brunson, Bruce Hood
Bryant, David Ross
Bryner, Terence Martin
Buck, Caryl Elizabeth
Buescher, John Francis
Buess, William Alan
Bulfinch, Susan Heelan
Burdett, Arthur Clinton, III
Burich, Stephen John, III
Burnette, Steven Ray
Burn, Daniel Allen
Busch, Steven John
Butler, Dean Esmond
Butler, Willard Clinton, Jr.
Buzzell, Sandra Geiselman
Byers, Earl Louis, II
Cable, Larrie Gene
Cadwell, Bradley Hugh
Cagle, Clifford Monroe
Caldwell, Steven Ray
Calland, Albert Melrose, III
Campbell, James Byron
Campbell, James Lynn
Campbell, Michael Patrick
Cannon, James Randall
Cantrell, Dick Perry
Cardwell, Cecil Dwight
Caren, Mark Stanley
Carlson, Craig Dean
Carlson, John Eric, III
Carlson, Richard John
Carlson, Thomas Richard
Carman, James Allen, Jr.
Carnes, Michael Arthur
Carpenter, Timothy Edward
Carr, Larry Donnell
Carr, Peter Francis
Carrico, William Frederick, J.
Carroll, James Thomas, III
Carroll, Kevin James
Carson, Theodore Montague, Jr.
Carter, Gary Thomas
Cassara, Richard John
Catron, Walter Preston
Caughey, Grant Joseph
Cavey, Bruce Wesley
Cereghino, Philip John
Cerney, Gary Michael
Chamberlain, Kathryn Browin
Chapman, John Michael
Chapman, Lyle Bennett
Chapman, Thomas Earle
Chase, Robert Richard
Checchio, Mark
Chenette, Richard Dwight
Chew, Richard Frederick, Jr.
Childress, Louis Deak
Chmelir, Peter Sargent
Christensen, John Douglas
Christensen, Stephen Randolph
Christiansen, Bill Myron
Christman, William Edward
Clark, Arthur Eugene
Clark, William John, Jr.
Clarke, Charles Joseph, III
Clemens, Raymond Michael
Clements, Kenneth Elbert
Clements, Stuart Shelton, Jr.
Clites, David Philip
Clouse, Alexander Paul
Coburn, Bruce Norman, Jr.
Cochran, Robert Hollis
Cohee, Frank Earle, III
Cole, Thomas Keith
Coleman, David Whitfield
Coligan, William Ernest
Collier, Daniel Sayre
Collins, Marlyn Neal, Jr.
Cook, Douglas Philip
Cooper, James Edward
Cooper, James Stewart
Corbell, Edward Demar Jr.
Corley, Farrell Wayne
Corley, Rolan Donald
Corman, Larry Joe
Corpin, Owen Darrell
Costello, Barry, M.
Cox, Brian Lynnwood
Cox, Stephen Anthony
Cox, Tracee Deborah
Coyne, John Joseph
Crabbe, Clark Waldron
Craig, Raymond Price, Jr.
Crane, Victor Charles
Cranor, Betty Jo
Crawford, John Michael
Crawford, Michael Wayne
Cremer, Gordon Douglas, II
Crocker, David Mark
Crouter, Mark Hanna, II
Crowder, William Douglas
Crowe, Richard, C.
Crowley, Timothy Edward
Cuff, Ronald James
Cummings, Kathleen Marie
Dady, Teresa Gail
Dahinden, Eric, M.
Dailey, Robert Michael
Danis, Paul Douglas
Dascenzo, Michael John
Davis, Alan Arthur
Davis, Charels Wayne
Davis, Donald Perry
Davis, John Scott
Davis, Richard Ross, Jr.
Davis, Susan Miryam
Dawson, Hugh Cunningham
Dean, Christopher Ray
Deasaro, Louis Paul
Deases, Bernd Klaus
Debien, Paul Thomas
Dehner, Bruce Earl
Delateur, Robert Emmett
Delong, Thomas, Jr.
Demetropolis, George John, Jr.
Denap, Frank Anthony
Denton, Marilyn Anne
Deppe, James Frank
Desilets, Paul Edward
Deutermann, Stephen Warner
Dever, Kenny Irvin, II
Deyke, Thomas Melvin
Dietrich, Rolf Adam

Differding, Gregory Allen
Dilley, James Ralph
Dion, Thomas Clifford
Dixon, Michael Stewart
Dolfie, Dennis Dodd
Dollahon, Winston Eugene
Donahue, Raymond Patrick, Jr.
Donald, Kirkland Hogue
Donato, Gerald Anthony, Jr.
Donlon, Michael Patrick
Donoghue, Daniel Richard
Donovan, Michael Richard
Donovan, Walter Joseph, Jr.
Dorpinghaus, Teresa Mary
Dow, Michael John
Dueker, James Allen
Duffy, Stephen Bernard
Dunlap, Donald King
Dunn, John Francis
Dunn, Robert Patrick
Dupouy, Douglas Kent
Durst, Calvin Lee
Eads, John William
Eberwein, John Robert
Eckert, William Fullerton, Jr.
Edmunds, Stephen Sherwood
Edwards, Kenneth Ray
Elcock, Charles Gregory
Eld, Dale Wayne
Elias, Kristine Cecile
Ellesen, Lynn Ann
Ellis, Andrew Joel
Ellis, William Richard
Else, Daniel Henry, III
Elson, Stephen Jay
Endacott, Steven Mark
England, Dennis James
English, Patricia Ann, R.
Erick, Steven Gray
Escobio, Armand
Etter, John Alan
Eubanks, Richard Marcus
Evanoff, John Daniel, II
Evans, Charles Lamar
Evans, David Lloyd
Evans, Timothy Scott
Ewing, Davis Edward
Falkenstein, Rudolph F.
Farrens, Wayne Lee
Fasciano, William Culp
Feaster, Thomas Kenneth
Fenzl, David Paul
Fiebig, Victor Raymond
Filz, David Bruce
Finger, Gary Moore
Fink, John Eugene
Finley, Andrew Vincent
Finnegan, Robert Edward
Firks, Steven Franklin
Fitzpatrick, Brian David
Flynn, Patrick William
Foley, Patricia Glynn
Fong, Chester Kwock Mun
Ford, Thomas Richard
Foster, Richard Preston
Fraile, Robert Edward
Frank, John Bernard, Jr.
Frazier, Robert Leo
Fregin, Robert David
Frey, Wayne Kenneth
Fritsch, James Lawrence
Frost, Mark Douglas
Fry, James Thomas
Gallo, Arthur Wayne
Galyean, Christopher Loyd
Gannaway, Robert Rector, Jr.
Gardner, Marvin Hugh, Jr.
Gardner, Theodore Clark
Gary, Alan Victor
Gaudio, Jan Cody
Gazzolo, Victor John
Gehri, Richard Steven
Gemoets, Gary Vance
Gernes, Deborah Sue
Gerou, Deborah Kaye
Gilchriest, Timothy Bouton
Gilmore, Stephen Douglas
Glover, Thomas Franklin
Gochicoa, William Edward
Goins, Larry Keith
Golaszewski, Kenneth Mathew
Gorder, Timothy York
Goulette, David Arthur
Grace, James Anderson
Graf, Gary Lynn
Graham, Gerold W.
Graham, James Frank
Grant, Michael Charles
Graupmann, Gary James
Greene, John William, III
Greenert, Jonathan William
Gregory, Thomas Joe
Grey, Richard Jay
Grimsley, Michael James
Groh, Gary Edward
Gross, Charlotte Ruth
Gross, James Richard
Grote, Thomas Alan
Grundies, David Herbert
Grunzke, Craig Reed
Guertin, Michel John
Gurl, Robert David
Haas, Robert Cletus
Habermeyer, Alan David
Hackett, William Seldon
Haddock, Ronald Wayne
Hagen, Thomas Lee
Hagerling, Donald Woodford
Halloran, Lewis George
Hallowell, Paul Evan, Jr.
Halsey, Stephen Aaron
Haltiwanger, Rufus Daley, III
Hamel, Steven Robert
Hamilton, Charles Samuel, II
Hammond, Andrew Travis
Hamon, Dale Robert
Hamory, Quentin Theodore, Jr.
Handlan, Mark Jerome
Hard, Ronald Lee
Harder, Jane Marie
Hardesty, David Lee
Harms, Alan Melvin
Harness, Roy Curtis
Harris, Ernest Arnold, Jr.
Harris, Kurt James
Harris, Ward Lee, Jr.
Harrison, John Edward
Harrison, Robert Frederick
Hart, Douglas Ramsay
Hartman, Robert Lee
Harvey, Lawrence Michael
Haug, William Carl
Hause, Herbert Ralph
Hauser, Paul Thomas
Hayner, Lawrence William
Hays, Clarence Donald, Jr.
Hazlett, James Arling
Hedin, John Alvin
Hein, Eugene Vincent
Helm, Roger Dale
Hempen, Gregory Scott
Henderson, Harriet Denise
Herbka, Nicholas Steven
Herbert, Mark Klaus Herman
Hibbeler, Kenneth Stewart
Higbee, John Joseph
Hill, George Curtis
Hill, Jimmy Lee
Hill, Patricia Ann
Hillier, David Gordon
Hilton, Charles Roland
Himes, Stephen Jonathan
Hines, Gary Alan
Hodge, Sharon Lee
Hoffhines, Mark Edward
Hoffman, Louis Albert, Jr.
Hogan, Robert James, II
Hoipkemeier, Steven Fredrick
Holden, Judith Ann
Holdstein, Wallace Woodruff
Hollifield, John Doyle, Jr.
Holloway, Stanley James
Holmes, Michael Lynn
Holt, Robert Lewis
Holton, Michael Anthony
Horning, Joel Ralph, Jr.
Houck, Kim Charles
Hovatter, Patrick James
Howell, John Augustus, III
Huber, Vernon Charles
Hudgens, Elmore McNair
Hudson, Edward Harrison
Huelle, Denis Emil
Huff, Mark Alexander
Hunt, Jesse Frank, Jr.
Hunt, Richard Morgan
Hunter, James Earl
Hunter, William Barnard
Hurley, Ellen Jean
Hurt, Nathan Dale
Hutchison, Gregory Boyd
Hyland, Greg F.
Ikeda, Larry Isao
Imhof, Michael Herbert
Infield, John Jay
Ingram, Darryl Wilson
Iversen, Gary Russell
Ivey, Stewart Douglas
Jackfert, Melvin Douglas
Jackson, Milton Jeffrey
Jackson, Paul Joseph
Jaeger, Hans Edward, Jr.
Jan, Kolin Marc
Jarosz, Martin James
Jasper, Stephen Charles
Jedlicka, Charles Alfred
Jenkins, Michael Eugene
Jenkins, Robert Donald, III
Jennings, Thomas Mitchell
Jensen, Richard John
Johansen, Kenneth Alton, Jr.
Johnson, James Leslie
Johnson, Michael Wayne
Johnson, Richard William
Johnson, Rickard Lamont
Johnson, Ronald Keith
Johnson, Steven Kenneth
Johnston, Charles Herbert, Jr.
Johnson, Randall Lee
Johnston, Robert Eduard
Jones, Allan Roper
Jones, Berniece Karen
Jones, Charlie Anthony, Jr.
Jones, David Henry, Jr.
Jones, Granville Paul
Jones, Houston Keith
Jones, James John, Jr.
Jones, Robert Bingham
Jowers, Russell Lee
Judge, Larry Vernon
Juul, Kenneth Horton
Kailey, Richard Franklin
Kane, Stephan Patrick
Kaplan, Bradley Jay
Keeler, George Clyde
Kendall, James Hubert
Kennedy, John Warren
Kernan, Robert Furey
Keville, Michael Thomas
Kiefer, Richard Lee
Kikta, Mark Douglas
Kilgore, George K.
King, Mary Ann
King, Michael Rogers
Kirby, David James
Kirk, Forest Larue
Kissling, Phillip Alan
Kittel, Edward Charles
Kittel, Steven Wayne
Knichel, Raymond James
Knox, James Alan
Kollmorgen, Leland Stanford

Kophamer, Maurice Scott
Korber, John Scott
Koskie, Edward Daniel
Kovacs, Gary Ernest
Kramer, Starling Hull, Jr.
Kranz, Jeffery Martin
Kranz, Richard John, III
Kraper, Kenneth Michael
Krug, Andrew Clarence
Kukral, Steven Charles
Labuda, Joel Lee
Lahneman, William James
Lambert, Christopher Lange
Landers, Michael John
Lane, Henry Carroll, Jr.
Lane, Thomas Patrick
Langer, John Jeffrey
Langerman, Mark Merlin
Langford, John Den, Jr.
Langley, Conrad Aaron, Jr.
Lathers, William Franklin
Laturno, Thomas Warren
Laurvick, Conrad Arthur
Lawrence, Dwight David
Lawton, Donald Marvin
Lawton, Martha Mary
Lee, William Harvey
Leedy, David Humbert
Leenhouts, John Richard
Legidakes, Dean J.
Leinster, Richard Wynne
Lemen, Jon Fredrick
Lenio, Edward Allan
Lennon, Bernadine Antoinette
Leoffler, Walter Frank, Jr.
Leonard, David Lindsay
Leonard, Ralph Royden, Jr.
Lewis, Bruce Lee
Lewis, Richard Croake, III
Lewis, Steven Glen
Libbey, James Alan
Lincoln, David Earl
Linn, Kenneth Michael
Linthicum, Thomas Wayne
Little, Tommy Don
Littlefield, Robert Douglas
Litzenberger, Ronald Will
Locke, Rodney Marvin
Lodge, William Kenneth
Lokkins, Craig Jerome
Londot, David Lee
Looney, John Thomas
Loren, Donald Patrick
Louk, David Joseph
Lounsbery, Henry Kazumi
Lowder, Gavin Douglas
Lucchesi, Marc Alexander
Luhrman, Stephen Albert
Lukaszewicz, Mary Alice
Luketich, Thomas Matthew
Luoma, Stephen Ross
Lyle, Linda Marie
Lyon, Michael Eugene Underwood
Lyons, James Edward
Maas, Gerhart Karl
Macdonald, Peter Michael
Mackin, Marilyn Loraine
MacMurray, Christopher
Maddix, Chris Lewis
Maher, John Barrett
Maher, John Joseph, III
Mahon, John Frederick
Mahoney, James Bernard, III
Majewski, Randy Dean
Malec, Ronald Stanley
Mallory, James Anthony
Manley, Clovis Elmer
Manning, John Everett
Mariner, George Thomas, Jr.
Marino, Anthony Ralph
Markin, Roe Edgar, Jr.
Marra, David Louis
Martin, Jay Stanley
Martinez, Jenny Lou
Marusa, Daniel Fred
Masciangelo, Peter Anthony
Mason, William Robert
Massey, Robert Clyde
Matlock, John Harvey
Maurer, Michael Lee
Mavroudis, John Alexander, Jr.
Maxwell, Perry David
Mayne, Richard Kay
McCabe, Robert Emmett, III
McCauley, Kim Christopher
McClellan, Thomas Robert
McCloskey, Kevin Verne
McCollough, Norman David
McComb, John Thurston
McCool, Barent Nelson
McCullough, Bernard Joseph, I
McCurdy, Rodney Elwyn
McDaniel, Howard Owens
McDermott, Mark Lawrence
McDonald, Edward Francis
McDonald, Gerald Dave, Jr.
McDonald, Harvey Blaylock
McHenry, John Dillard
McIntyre, Michael Thomas
McIntyre, Walter Rutledge
McKean, John Francis, Jr.
McKeever, William John
McKibben, Anthony Richard
McKinley, Gary Michae
McKnight, George Franklin
McLaughlin, Richard Keith
McLellan, Alan Michael
McMillan, Harry Benjamin
McQueen, Roderick McLemore
Mearsheimer, Thomas Joseph J.
Mechling, Andrew D.
Meekins, Charles Douglas
Menth, Michael John
Merrill, John Christian
Merten, Richard George
Messerschmidt, James A.
Messersmith, Roger Joshua
Meyer, John Carl
Meyer, Mary Jayne
Meyers, Timothy Albert
Middaugh, Richard Carney
Mihalick, Joachim Thomas
Miko, Ralph Charles
Miletich, Charles Anthony
Miller, Cecil Drew, Jr.
Miller, Gail Elaine
Miller, James John
Miller, Jeanne Marlene
Miller, Richard Lee
Miller, Robert Lee, Jr.
Miller, Ronald Irwin
Milliken, Mark Reed
Mitchell, Josephine
Mitsuoka, Tadashi Mark
Mixon, Ted Randall
Moe, Christopher Michael
Moebius, Richard Carl
Moeller, Robert Thomas
Moffatt, Susan Lynn
Moffit, Matthew Gordon
Mohr, James Martin
Molino, James Vincent
Molloy, William Dennis, Jr.
Molsberry, David Dean
Montesano, Frank William
Montgomery, Michael Lee
Moody, Thomas Ray
Moore, Deborah Neill
Moore, Ted Allen
Moore, Thomas Vincent
Moran, James Kevin
Morgan, Darrell Gene
Morgan, Kevin Paul
Morgan, William Cleve, Jr.
Morris, David Robert
Morris, Louis Field
Morrison, Gray Degraffenried
Morrison, Roger Harold
Moses, Warren Preston
Mosier, Mary Pierce
Moss, Alice Marie
Mosser, Donald Daniel
Moy, Gerald Michael
Moye, William Cannon
Mukri, Kevin Marc
Mulvehill, Pamela Michele
Munns, Larry John
Munsee, William Eugene
Murashige, Glenn Satoru
Murphy, Timothy Kevin
Murphy, William Francis, III
Murray, Jimmie Austin
Murray, Timothy John
Myers, Glen Dean
Nash, Richard Henry, III
Naylor, Olen Eugene, III
Neasham, Jon Duncan
Needles, Ivan Edward, Jr.
Neff, James Richard
Nelson, Arne John
Nelson, Howard Keith
Nesby, Charles William
Nesseth, Rodney Wayne
Neumann, John Francis
Newton, Wayne Joseph
Nicol, Robert Glenn, Jr.
Nielsen, Dana Jean
Niland, John Francis, Jr.
Nisley, John Jeremiah
Normand, Paul Emile
Northrup, Howard Mark
Novak, Paul Michael
Nuttall, Joseph Gregory
O'Brien, Jeffrey Michael
O'Brien, Thomas Eugene
Odegaard, John Edward
Odegaard, Lois Allen
Offer, Derek Francis
Ogden, David Richard
Olson, Thomas Francis
O'Neil, Michael George
O'Neill, David Brian
Oppel, Richard Erwin
Orrison, John Wilmot
Paar, Kenneth James
Paetz, Hein Friedrich
Palkie, James Sahlman
Parce, John Dickson
Parham, William Lynn, Jr.
Parkington, Richard James
Parnell, Jess Paul, Jr.
Parry, John Curtis
Parsons, Terry Lee
Pattern, Craig Wendal
Paul, Cynthia Starr
Pautke, Thomas William
Payne, Marion Douglass
Peecook, Scott Thomas
Persons, Timothy Bill
Petersen, Harry Jeffrey
Peterson, Mark Merritt
Petriccione, Carmine Lincoln
Phelan, John Joseph
Phillips, John Arthur
Pic, John Edward, Jr.
Pico, Andres Girard
Pigg, William Dale
Pikla, David Matthew
Pisel, Kenneth Phillip, Jr.
Pitman, Dwight Walter
Pittman, Glenn James
Place, Scott Thomas
Plower, Thomas Joseph
Plush, Richard Hamilton
Polefrone, Phillip Mark
Poodiack, James Anthony
Poplar, James Roswell, III
Powe, Howard Richard
Powell, Hal Roy
Powley, Curtis Nelson
Pranke, Dane Mason
Pratt, John Lester

Puleio, Daniel Thomas
Punches, Jack Duane, Jr.
Purcell, James Wendell
Purnell, Helen Lucille
Purser, Guy Ronald
Pyell, Richard Kent
Quigley, Craig Robert
Quinn, Michael James
Rabe, Brian John
Racette, William Anthony, Jr.
Raftery, James Joseph, II
Rahn, Ronald Robert
Ratajczyk, Steven Arthur
Rathbone, Thomas Myers
Rau, Douglas Harris
Rawley, Linda Marie
Readdy, William Francis
Red, Jonathan Barkley
Reed, Richard Allen
Reid, Dennis Roy
Reid, Dennis William
Rein, David Eugene
Repp, Robert Cecil
Richer, Pierre Joseph
Ricketts, Gary Abbott
Rigazio, Richard Charles
Rimes, John Dudley
Rindler, Mark Sol
Roberts, Gary James
Rogers, Cecile Ruth
Rogerson, William Tunstall
Rollings, George William
Rollins, Bryan Lee
Rollins, Dorothy Elaine
Rollins, Paul Allen
Rondeau, Ann Elisabeth
Rondorf, Neil Eugene
Ross, Scott Andrew
Rowland, George Fenton, Jr.
Rowson, Michael Charles
Roy, Tommy Marcel
Roybal, David Lawrence
Roybal, Raquel Arnold
Rudd, Bruce Alan
Rudd, Jerry Alan
Ruebsamen, David Charles
Russell, Bruce Frederick
Russell, Robert Stephen
Rutkowski, Edward Joseph, Jr.
Rutter, Ronald David
Salerni, Paul Larry
Sams, Rodney Louis
Sandel, Clyde Darwin
Sanders Robert Wilmer
Sandvig, Richard Gatling
Santi, Gary Stephen
Santos, Robert Martin
Sasser, Jackie Steve
Sawrey, William Michael
Schaffner, Leslie Jacob, Jr.
Schilling, Dean Walter
Schindler, Ralph Lee
Schlabaugh, Terry Edward
Schleeter, Russell William
Schmidt, Larry Herman
Schneider, Virginia Ann
Schnoor, Rober Timothy
Schofield, Larry William
Schorn, David Michael
Schreck, David Walter
Schrock, Gerard Paul
Schuller, Jeffrey Gordon
Scofield, Dane Thorp
Scontras, Andrew Peter
Serfass, Paul Theodore, Jr.
Service, Thomas Buchanan
Sestak, Joseph Ambrose, Jr.
Shaffer, George Wayne
Shamburger, Arthur Rayford J.
Sharp, James Thomas
Shaw, Claude B.
Sheehan, John Joseph III
Shinners, Thomas Edward
Shive, John Charles
Shook, Ricky Eugene
Showalter, Kenneth Ross
Shuford, Jacob Lawrence
Shumway, Bruce Hunt
Simmons, Larry Wayne
Simmons, Wayne A.
Simonds, Daniel Charles
Simons, Gary Joseph
Slonim, Richard Gilven
Small, David Bruce, Jr.
Smeigh, Carl Melvin, Jr.
Smith, Craig Alan
Smith, Herschel Atticus III
Smith, Kenneth Leon
Smith, Maurice Edward, Jr.
Smith, Shawn Matthew
Smith, Stephen Charles
Smith, Vinson Elmer
Smith, William Harold
Smyth, William John
Snowberger, Arnold III
Snurka, Thomas Warren
Sobeck, Gerald Robert
Sondergaard, John Michael
Spickett, David Lee, Jr.
Spruill, William Donald
Stack, Gary Lee
Stafford, Calvin Thomas
Staggs, Gary M.
Stark, Barry Allen
Stark, Timothy Benton
St. Denis, Thomas George
Stearns, Gregory Alan
Stephenson, Robert Bruce
Stetson, Jeane Hoover
Stettinius, William Carrington
Steuer, Donald Francis, Jr.
Stevenson, David Bradley
Steward, Daniel Nicholas
Stewart, Deanna D.
Stoddard, Jerry Ray
Stone, Vincent Courtney
Stone, William Edward
Story, Hugh Goodman, Jr.
Stout, Phillip Jay
St. Pierre, Larry
Stumpf, Robert Elmer
Sudol, Eugene George, Jr.
Supko, Timothy James
Sutowski, Richard Walter
Swaim, Claude Dean
Swanson, Thomas Kirk
Sweeney, Joseph Eugene, Jr.
Sweeney, Mark James
Sweet, William Dale
Sweigart, Frank
Takalo, Roger Dale
Talbot, James Robert III
Taliaferro, Stephen Gene
Tallerico, Robert Seth
Talley, Brent Robin
Taylor, Mark John Richard
Taylor, Robert Joseph
Teates, John Fred
Terpstra, Richard Paul
Teske, Julain Edward
Tetrev, Richard Henry
Thackery, Donald Norris, Jr.
Thayer, Steven Sprague
Thogerson, John II
Thomas, Brad N.
Thomas, Michael Dean
Thometz, George Michael
Thompson, Fred Wolford, Jr.
Thompson, Gregory Scott
Thompson, Judy Heiman
Thompson, Ronald Arthur
Thorn, John Thomas, Jr.
Thornton, Wayne Allen
Tibbert, Eric Paul
Tillison, Howard Marion
Timmerman, John Thomas, II
Tippin, Terry Lee
Tomasoski, Donald James
Tomsic, Joseph Andrew Michael
Trahan, Arnold Vincent
Traugh, Diane Richardson
Travers, Geoffrey Lane
Tromba, John Michael
Trosclair, Cecil Anthony, Jr.
Trotter, Hartwell Thomas, Jr.
Trotter, James Sheldon
Trudeau, Barry W.
Turner, Kent Dorell
Turner, Michael Irving
Twardziak, Anthony John, Jr.
Twomey, Patrick Joseph
Tyahur, Charles, Jr.
Unerriter, Steven Joseph
Undesser, Doughlas Allen
Valdivia, James, Jr.
Valencia, Raymond James
Valko, Peter George
Vance, Craig Eugene
Vandenbosch, Stephen William
Viator, Oran Joseph, Jr.
Viggiano, Glenn R.
Vincent, Larry Wade
Vint, Robert Dale
Vittitoe, Barbara Jo
Vogel, David Joe
Wachendorf, Miles Benton
Wagner, Jay Alan
Waickwicz, John James
Waldmann, Catharine Elizabet
Walker, David Bruce
Walker, Kenneth Dowell
Walker, Larry Osborne
Walker, Thomas Daniel Leclai
Waller, Edward Carson
Walters, Douglas Patrick
Ward, Dona Marie
Ward, Philip Doran
Ware, Reginald Charle
Watson, Vernon Melvin
Weaver, David Dale
Weaver, Floyd Ralph
Webb, Richard Alan
Weeks, David Orin
Weir, Steven Thomas
Weiss, John Robert
Weller, Clifford Francis
Welstead, William Gregg
Wepplo, John Henry
Wesley, William Alan
West, Robert Charles
Westbrook, John Wayne
White, Curtis Lee, Jr.
White, Donald Dane
Whitmire, Robert Donald
Wicks, Thomas Hubert
Wieand, Timothy Howard
Wiles, Gehrig Mack
Wilhelm, Donald Martin
Williams, Vernon Charles
Willmore, Michael Ray
Wilson, David Joseph
Wilson, Robert Leslie
Wilson, Ronald Jessie
Wing, Vern Franklin
Winslow, Michael John
Winston, John Marshall, Jr.
Winter, James Dana
Witte, Michael James
Wieklinski, Gary Robert
Wong, Lin Harold
Woods, James Augustus, Jr.
Woods, Laurent Bradford
Woodward, George Robert
Wooten, James Singleterry
Wootton, Tom Montgomery
Worley, Allen Blaine
Wozniak, Joseph
Wright, Frederick Paul
Wright, William Eugene
Yacus, George Michael
Yaeger, John William
Yakeley, Robert Craig

Yarborough, Joseph Earl, Jr.
Yeager, Merle Eugene
Yeiser, Harry Emanuel, III,
Yerigan, Rand Gordon
Young, Michael Paul
Young, Robert Ernest
Zacharias, David Alexander
Ziebell, Grant Gordon
Zignego, Douglas James
Zollinger, John Kerr, Jr.
Zusi, David Alexander

ENGINEERING DUTY OFFICER

Lieutenant commander

Barnes, Clifford Gerald, Jr.
Beberdick, Larry Edward
Bisceglia, Stephen Vincent
Celotto, Richard Charles
Chesterman, Charles Wesley J.
Christian, Anthony James
Cox, Edwin Ronald
Deucher, James Fordham
Dixon, James Russell
Elger, Wallace Michael
Exell, John Robert
Gideon, Alan Kent
Haddow, Daniel Patrick
Hendrickson, Charles Raymond
Kelley, Clark Thomas
Kikuta, Miles Yasuo
Leary, James Marcellus
Lepere, Victor Joseph, Jr.
Lerchbacker, Alan Bernard
Madsen, Leroy Edward
Marr, Kenneth William
Milliken, Logan George
Moody, William Vincent
Mortenson, Victor Adelbert J.
Muesing, William Edwin
O'Brien, Kevin George
Petrie, Frederic Andrew, III
Polkowsky, Ronald Leon
Pollard, Marshall
Putnam, Greer Reed
Regan, Francis Weldon, III
Rowland, Dana Wells
Sawyer, Lloyd Merrill, Jr.
Smith, Roderick Falter
Stone, Edward Lawrence
Sullivan, Paul Edward
Theis, Gary Anthony
Underwood, Mark J.
Vatikiotis, Costa Sozon
Via, Kenneth David
Wesco, Steven Lee
Williams, Vernon Thomas
Wise, Ryan Scott

AERONAUTICAL ENGINEERING DUTY OFFICER (AERONAUTICAL ENGINEERING)

Lieutenant commander

Cina, Frank Salvatore

AERONAUTICAL ENGINEERING DUTY OFFICER (AVIATION MAINTENANCE)

Lieutenant commander

Assion, Eric
Bachmann, Michael Charles
Betancourt, Coleen Ann
Bralley, Guy Suvier
Bremus, Martin Frank, Jr.
Crabtree, James Richard
Dacquisto, Nicholas Joseph
Derrick, Jerry Floyd
Eckstein, William Francis
Genovese, Dennis Harry
Hanna, Lynn Kenneth
Lauderdale, Walter Richard
Marone, Richard Michael
Martin, Wayne Anthony
McNiel, Marguerite Elizabeth
Pack, Gregory Walter
Rancik, Rodney
Ruth, Richard Lee
Scott, John Marvin
Stachelczyk, Gregory Joseph
Taylor, Patrick Earl
Thomas, Eugene Lehman
Wagner, Ronald Earl
Williams, James Michael

SPECIAL DUTY OFFICER (CRYPTOLOGY)

Lieutenant commander

Davis, Michael Hunter
Dillon, Veronique Solange
Forkois, Harold Martin, Jr.
Griffith, Elizabeth Stolberg
Meinhardt, John Leo
Sena, Michael George
Smark, Walter
Smith, Richard Clarence
Stroman, Cyrus Delce
Taylor, Howard C. D.

SPECIAL DUTY OFFICER (INTELLIGENCE)

Lieutenant commander

Aegerter, William Alfred
Avcalade, Maryann Geraldine
Banford, Robert Leo
Brand, Donna Jean
Broshar, Randall Merrill
Butler, Kevin Francis
Chandler, George Walter, III
Cilia, Gregory Allen
Cox, James Crawford, Jr.
Crumley, Edward Craig, Jr.
Dubois, Dennis Ned
Eggen, Steven Leslie
Fitzsimonds, James Russell
Foote, Joel Stanley
Ford, Leanna Young
Gibbs, James Robert
Graves, William Bryan
Holmes, Thomas Bernard, Jr.
Jayjock, Stephen Charles
Johnson, David Alan
Jones, Arthur, III
Kenney, Richard Gabriel
Marsh, Gregory Alan
Mazurkiewicz, John
Miller, Michael Carrol
Mize, Larry Andrew
Mobley, Richard Alan
Nolin, Kathleen McLaughlin
O'Neal, Michael Simms
Rutkowski, Marian Joseph, Jr.
Ruzicka, Richard Milos
Sampson, Thomas Newton, II
Schuster, Carl Otis
Shields, Richard Paul
Sindlinger, William Jay
Spatafore, Gene Alan
Stine, Harold Edwin J.
Veitch, Kim William
Wahl, Michael Jay

SPECIAL DUTY OFFICER (PUBLIC AFFAIRS)

Lieutenant commander

Baumann, Chris William
Diamond, Albon Curry, III
Donovan, Robert James
Farrar, George William
Forrester, Terrence Albert
Kudlick, Raymond Ross
Labbe, Michael Joseph
Rhein, Peter Van Rensselaer
Satterfield, Kenneth Stephen
Smith, Dale Edward

SPECIAL DUTY OFFICER (GEOPHYSICS)

Lieutenant commander

Aldinger, William Tyson, Jr.
Bradshaw, James Arthur
Hervey, Rex Vernon
Nelson, Arthur Ronald
Perdue, William Fred
Sandgathe, Scott Alphonse
Steiner, Edward Francis

LIMITED DUTY OFFICER (LINE)

Lieutenant commander

Abbruzzese, William Charles
Albury, Merrill Carlton
Allensworth, Timothy
Arsta, Charlie Lee
Bailey, Bruce
Barnett, Donald Ray
Barry, Michael James
Bennett, Rex George
Berkheimer, Thomas Eugene
Bissonnette, John Raymond
Blackie, John Allison
Bradley, Karl Fredsall
Braswell, Macarthur Delano
Bregg, Gerald Bruce Whittet
Briggs, L. J.
Browning, Harold Duane
Burrows, Gerald Eugene
Butler, Dorniece
Cain, James Michael
Calhoun, Michael Alan
Campbell, David Bruce
Carlson, Murl Norman
Cary, John David
Castle, William Robert
Coarsey, John Robert, Jr.
Coleman, Robert William
Collins, Jerry Ivan
Comfort, Terrence Jay
Conklin, Kenneth Joseph
Cox, Travis Brian
Crawford, Charles Henry
Crist, Howard Russell
Crossland, Joseph Luke, Jr.
Daugherty, Duane Lee
Davis, Lloyd Dale
Davis, Robert Edward
Deseve, Darryl Dale
Drewes, Kenneth Neil
Duncan, David Lee
Duryea, George Warner
Eccleston, John Milton
Elrod, Albert Wesley, Jr.
Fahrenkrug, Thomas Paul
Farley, David Edward
Fenton, Don Joseph
Flinner, William Wade
Flint, Robert Charles
Forgays, Reginald Earl
Freeman, James Bedford
Garon, Norman Gordon
Geithmann, Gary Richard
Glencoe, Thomas Michael
Goins, Donald Ross
Gold, William Lester
Gracia, Javier
Gunter, Danny Olin
Hanson, James Harold
Haskell, Charles Warren, Jr.
Hessler, Harold Reese
Hieber, Raymond Arthur
Hightshoe, Ronnie Lee
Hilt, James Raynor
Hinnefeld, Garrett John
Holik, Manfred Jurgen
Hulsing, Russell Dean
Hurdle, Daniel Ceward, Jr.
Isbell, Carlton Ray
Jaeh, Roland Heinz
James, Joseph David
Joyce, Richard Caleb
Kennedy, John Patrick
Kenyon, Robert Joseph
Kieffer, John Randall
King, Kenneth Joseph
Knutson, Thomas Eldon
Koch, Harry George
Krauss, Donald Juan
Lane, Robert Thomas, Jr.
Law, Roger David
Lecompte, Timothy Edward
Marsh, Robert William, Jr.
Marx, Keath Lawrence
Maurer, Paul Michael
McElhinney, William James
McKinney, Lawrence A.

McMulien, John William
Merkling, Kurt Charles
Moon, Edward Marion, Jr.
Morrison, James Samuel
Morrow, Benedict
Mundy, Charles Thomas, Jr.
Nash, David Dennis
Nutting, Dwight Pierce
O'Hara, Vincent Barry
Opseth, Don Everet
Payne, Ronald Leroy
Pehl, Thomas Leroy, Jr.
Piepenhagen, Ulrich Guenther
Porter, Philip Vaughan, Jr.
Proctor, Danny Lee
Reinke, Gerald Gene
Rohlf, Dale Merton, Jr.
Rylander, Jon Leslie
Schaefer, Andrew Charles
Schlatter, Ronald Keith
Schoenberg, William David
Schultz, William Louis
Sewell, William John, Jr.
Shuck, Ronald Glenn
Sidner, William Howard, Jr.
Sizemore, Jack
Smeltzer, Lowell Lamar
Smith, Albert Lawrence
Smith, George William
Smith, Glenn Lamar
Smothers, Curtis Jerry
Sooy, Richard Allen
Stephens, Arnold Dix
Stoddard, Leon Bert
Stout, Chester Henry
Stuart, Daniel Wilbert
Swayne, Richard Eugene, Jr.
Taylor, Henry Harrison
Thomas, Richard Hugh
Thornberry, Donald Earl
Thornton, Fred Douglas, Jr.
Thurman, Curtis Wayne
Tidd, Thomas Joseph
Tinney, Thomas Gayle
Turner, Raymond Theodore, Jr.
Vancleave, Jerry Maddux
Vanvleet, Barry Lea
Verhage, Lloyd Keith
Walsh, Richard Bruce
Walter, Mervyn David
Weisinger, Jack Peyton
West, Louis Fredrick
White, Merlon Douglas
Willits, Larry Lester
Wise, Terry Patrick
Woodbury, John Searles
Wright, David Jay

CONFIRMATIONS

Executive nominations confirmed by the Senate May 21, 1982:

DEPARTMENT OF STATE

Robert Anderson, of the District of Columbia, a career Member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Dominican Republic.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF DEFENSE

Richard L. Wagner, Jr., of California, to be chairman of the Military Liaison Committee to the Department of Energy, vice James Paul Wade, Jr., resigned.

IN THE AIR FORCE

The following-named officer under the provisions of title 10, United States Code, section 8034, to be reassigned in his current grade to a position of importance and responsibility designated by the President.

Gen. Charles A. Gabriel, 243-32-9018FR, U.S. Air Force.

General Lew Allen, Jr., U.S. Air Force, age 56, for appointment to the grade of general on the retired list pursuant to the provisions of title 10, United States Code, section 1370.

IN THE NAVY

Adm. James D. Watkins, U.S. Navy, for appointment as Chief of Naval Operations in the Department of the Navy for a term of 4 years pursuant to title 10, United States Code, section 5081 (a), and (b).

Admiral Watkins, having been designated for command and other duties of great importance and responsibility in the grade of admiral within the contemplation of title 10, United States Code, section 601, for this appointment while so serving.

The following-named captains of the Reserve of the U.S. Navy permanent promotion to the grade of commodore in the line, as indicated, pursuant to the provisions of title 10, United States Code, section 5912:

LINE

Beverly James Lowe
Richard Edward Young
Tommie Fred Rinard
Tammy Haggard Etheridge
LeRoy Collins, Jr.
Frederick Peter Bierschenk, Jr.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. Robert W. Sennewald, 492-22-4165, Army of the United States (major general, U.S. Army).

IN THE AIR FORCE

Air Force nominations beginning David Joseph Abramowitz, to be specified later, and ending Keith W. Zuegel, to be specified later, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 10, 1982.

Air Force nominations beginning Barry Baptiste, to be second lieutenant, and ending Rick L. Vandagriff, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 18, 1982.

IN THE ARMY

Army nominations beginning Charles P. Bernstein, to be colonel, and ending Robert S. Dixon, to be major, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 10, 1982.

Army nominations beginning Paul F. Abel, Jr, to be second lieutenant, and ending David B. Ziegler, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 10, 1982.

Army nominations beginning Ronald Hunter, to be lieutenant colonel, and ending Michael E. Williamson, to be first lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 11, 1982.

IN THE MARINE CORPS

Marine Corps nominations beginning J. F. Amos, to be major, and ending G. D. Yaron, Jr., to be lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 5, 1982.

IN THE NAVY

Navy nominations beginning Ronald John Abler, to be lieutenant commander, and ending Eleanor Joan Thompson, to be lieutenant commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 6, 1982.

EXTENSIONS OF REMARKS

WORLD TRADE WEEK

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. LAGOMARSINO. Mr. Speaker, I wish to commend the gentleman from Washington Mr. BONKER for his initiative in making this special order today commemorating World Trade Week.

President Reagan and his administration, particulary Commerce Secretary Mac Baldrige and U.S. Trade Representative Bill Brock, have made trade and export promotion a major objective as a means for improving America's economic future.

As ranking minority member of the Subcommittee on International Economic Policy and Trade, I am reminded every day of the importance that foreign trade has on the United States domestic economic and political health. You will remember, I am sure, last year when increased imports of Japanese cars were seen as a threat not only to our economic recovery but also to our political ties with Japan. A major crisis was averted then, but that problem is back with us again this year.

In addition, there are other aspects of the United States-Japanese trade relationship, for example, which complicate our overall trade balance, and which must be dealt with in one way or another. Some of those problems present some pretty striking examples:

When the Bank of Tokyo wanted to expand in the United States, it bought the California First Bank, which gave it over 100 branches in California with the full power to act like any other U.S. bank. No U.S. bank could do the same thing under Japanese laws.

When a giant Japanese electronics company wanted U.S. technology, it simply bought a U.S. firm to gain that know-how.

When Japan wanted access to American blood plasma, its "Green Cross" bought Alpha, the second largest blood collector in the United States. No U.S. company could do the same in Japan.

The problems faced in our relationship with Japan will not be solved simply by an agreement to limit exports of cars to the United States or by opening one sector or another of the Japanese economy to American exports. The fundamental problem will be solved only when United States and other foreign firms have the same kind of access to the Japanese market that the Japanese enjoy here and in other parts of the world.

The Reagan administration and Members of Congress are facing a great deal of pressure from some businessmen and labor groups to resort to protectionist measures for American industry. To deal with the trade problems we face, the administration declared we would seek reciprocity in our trade relations, meaning we would seek equal access to foreign markets as we offer in the United States. However, some Members in Congress jumped on the term "reciprocity" to mean "do unto others as they do unto us," and as a result have introduced a number of bills under the term "reciprocity" but which in fact are no more than protectionist actions for one industry or aimed only at one of our trading partners.

Under the terms of GATT, the United States would be found in violation of a number of our trade agreements if we were to approve some of those legislative proposals. In a period of recession and slow economic growth, it is tempting to try to solve unemployment problems at home by blocking imports. If we do that, though then we all lose. We pay the cost of higher prices and support for inefficient industries and lower productivity.

Imports, of course, are only one part of the equation. Exports and export promotion are just as important, if not more important, and the area my subcommittee is most concerned about. It is also an area where the Reagan administration has made a serious commitment to increasing U.S. exports and to policies that will achieve that goal. Although I do not speak for the Reagan administration, there are a number of its trade policies I support whole-heartedly as well as proposals for changes in trade legislation. In addition, I have been named to a special Presidential advisory panel on export administration, and I look forward to the opportunity of making a contribution there, as well.

There are a number of reasons for this increased emphasis on export promotion. It offers enormous possibilities for economic growth. Even though our export growth in 1980—and the figures for 1981 are similar—accounted for nearly one-fifth of all our GNP growth, our merchandise exports still average only 8½ percent of our GNP. That is way behind nations like France and Germany. The major portion of our growth was due to agricultural exports, but we should be doing as well in manufactured products.

Exports are vital to modernizing our economy. They create high paying jobs in the most advanced industries—such as aircraft, computers, and petrochemicals. Exports allow us to create new and better paying jobs to make up for jobs lost to imports in lower wage industries and they pay for research and development projects.

Exports are also important for stimulating noninflationary growth. By reducing our trade deficit, increased exports help strengthen the dollar in the long run, and that lowers the cost of imported goods and services and reduces inflationary pressures on the economy. Finally, a stronger export position is an absolute necessity for a strong U.S. economic and political role in the world.

While our overall trade balance for 1980 showed some improvement, the figures for 1981 indicate trade deficits that may approach the dismal levels of 1978. For example, the trade deficit with Japan may be somewhere in excess of $15 billion. Deficits of that magnitude cannot be cured by mere short-term measures. It will take long-term changes to produce any significant turnaround for the United States.

Achieving faster export growth will not be a simple, quickly reached goal. As Commerce Secretary Baldridge says, the administration is "not going to achieve that goal by exhortation or by throwing more taxpayer money at exports. The answer is to get government out of the way of private enterprise, to use public policy to improve the inherent competitiveness of U.S. industry and to enforce international trade laws."

One of the key elements of the President's domestic recovery program—tax reduction—is also essential for stimulating export growth. For the United States to match its foreign competitors in quality goods and services that are competitively priced, we have to encourage greater capital investment. The accelerated depreciation rules already adopted should put U.S. firms on a more equal footing with their competitors. Personal tax reductions will generate the savings needed to provide the additional capital for investment. So by reducing regulations, by reducing Federal borrowing, and by reducing inflation and interest rates, we can stimulate the investment necessary to improve our competitiveness.

Another vital element to export promotion is the elimination of unnecessary export disincentives—laws and regulations that have needlessly restricted exports. Effective legislative initiatives would: First, change the impact of some of our antitrust laws as they affect the export operations of U.S. firms, second, correct ambiguities in the Foreign Corrupt Practices Act, and third, provide new incentives to exporting.

One of the major pieces of legislation recently passed by my subcommittee is the export trading companies bill. The basic idea is to allow businesses to join together to form trading companies that would provide a full range of services needed to sell a U.S. product in a foreign market. Those services might include country and product research, customer identification, financing, packaging, documentation and after sales servicing. Although companies of all sizes can benefit from such a service organization, this "one-stop" shop for export services would be particularly beneficial for those small- and medium-sized businesses that do not have the experience or resources to attempt to export on their own.

The export trading company legislation would amend U.S. antitrust laws to allow firms to join together for export purposes as long as there is no substantial effect on domestic trade. It also would provide for participation by certain banks which would bring additional capital to the trading company as well as the expertise associated with the bank's wide range of contacts abroad and its familiarity with international trade practices and procedures.

I want to touch on one other topic today: the Caribbean Basin Initiative (or CBI, as it is know, for short). You are familiar with the general proposal the Reagan administration has put forward that combines official aid with one-way free trade, investment incentives and private sector initiatives to promote development in the Caribbean region.

I believe the approach is a sound one and one that I support wholeheartedly. As the various committees in the Congress review the program, it has taken on a somewhat different shape than was originally proposed. I believe we should not forget its primary purpose: To serve as one element of an overall approach to promote the economic development of the Caribbean region, particularly the private sector.

For those in the private sector, I would certainly urge them to investigate the potential of the CBI. The administration has already begun work to encourage the greatest possible private sector participation in the CBI. As part of this work, the Department of Commerce has established a Caribbean Basin Trade, Investment and Business Information Center as part of its office of Central America. This Center has been given the responsibility for providing a full range of support services to U.S. businesses wishing to increase their Caribbean trade and investment activities. The Center's activities are being coordinated with the U.S. Commercial Service and the Foreign Commercial Service located in the participating Caribbean countries. The Center will help identify key trade and investment opportunities for U.S. businesses as well as the problems and impediments that might be encountered. The Commerce Department's Information Center will also be designed to help our Caribbean neighbors identify areas that need change to permit a more hospitable climate for foreign investment and economic development.

I should remind you also that this is not purely a United States endeavor, but one supported and joined by Mexico, Canada, Venezuela, and just recently, Colombia. The Caribbean Basin Initiative offers a unique opportunity to aid the development efforts of our Caribbean and Central American neighbors. Its program of trade, aid and investment is designed to help these nations help themselves. With strong, vigorous economic growth, we help these nations develop the environment for political and social justice that will mean peace and stability for the region.

With the legislative initiatives passed and others pending, plus the administration's commitment to revitalizing our economy, I believe we will succeed in our goal to improve U.S. export competitiveness, thereby increasing U.S. exports and reducing our international trade deficit. I can only hope that we can also resist the pressure to adopt protectionist measures, which may have certain appeal for the short run, but would mean only economic stagnation in the long run.●

EDITORIAL OPINION STRONGLY OPPOSES ARMS SALE TO JORDAN

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. GILMAN. Mr. Speaker, the possibility that the United States may negotiate a substantial arms sale of offensive weapons for the Kingdom of Jordan is troubling not only to me, but to many of my colleagues and to many of our Nation's thoughtful leaders.

A survey of editorial opinion recently compiled by the Anti-Defamation League (ADL) of B'nai B'rith underscores the widespread opposition to this unwarranted proposal.

The ADL found that of 22 major newspapers around the country that had commented on the reported offer, 15 had criticized the concept.

For the information of my colleagues, I am inserting at this point in the RECORD a copy of a summary of the ADL's study:

ADL SURVEY OF 50 MAJOR NEWSPAPERS

Defense Secretary Caspar Weinberger's reported offer to sell American military jets and mobile anti-aircraft missiles to Jordan was criticized by 15 of 22 major newspapers in various parts of the country which commented editorially, according to the latest survey of the 50 top circulating newspapers in the United States by the Anti-Defamation League of B'nai B'rith.

In reporting on the ADL's "Big 50" survey, Abraham H. Foxman, associate national director of the League, said that 11 of the 15 opposing the sale of F-16 or F-5G fighter planes and mobile Hawk missiles to Jordan were also critical of Mr. Weinberger for attempting to formulate U.S. foreign policy during his February trip to Saudi Arabia, Oman and Jordan. The papers commented that this is a role reserved to the President and the Secretary of State, Mr. Foxman said.

In addition, according to the survey, three other papers which took no position on the proposed weapons sale likewise criticized Mr. Weinberger's performance.

The four other papers which commented on the trip favored the armament sale to Jordan.

A number of the 22 papers also expressed disappointment at the Secretary's failure to win agreement from Saudi Arabia for the establishment of U.S. military bases on Saudi soil. Two faulted the Saudis for their treatment of Mr. Weinberger, the New York Times declaring that the Saudis had called the Secretary "just an arms salesman" and the San Francisco Chronical asserting that the Saudis had treated him "contemptuously."

The 15 newspapers opposing the sale to Jordan were:

In the East, the Washington Post, New York Post, Long Island's Newsday, Hartford Courant and the Philadelphia Inquirer;

In the South, the Memphis Commercial Appeal and the Atlanta Journal;

In the Midwest, the Chicago Sun-Times, Des Moines Register, Detroit Free Press, St. Louis Post Dispatch, Columbus Dispatch and the Kansas City Times;

In the West, the Portland Oregonian and the San Francisco Chronicle.

Declaring that the editorial headlines capsuled the newspapers' vigorous disagreement with the proposed sale, Mr. Foxman cited the following examples:

"What Sense Is It To Offer Offensive Arms To Jordan?"

"No To Jordan Arms Deal."

"Why Push Arms on the Mideast?"

"An Ill-Timed Jordan Arms Deal."

The Philadelphia Inquirer asked, "Against whom would Jordan use the advanced weapons?" and went on to say: "Who else but Israel?"

The Memphis Commercial Appeal noted that "Israel is understandably upset" by the proffered sale and added, "Americans have cause to be upset, as well."

The Chicago Sun-Times said the "idea verges on lunacy" because after "we help arm Israel to assure its survival and keep the Mideast peace . . . Weinberger proposes to upset the exisiting balance by peddling advanced weaponry to a country in a technical state of war with Israel, the one with which it shares its longest frontier, one that has turned its back on the Camp David peace process."

The four newspapers favoring the sale to Jordan were the Atlanta Constitution, the St. Louis Globe Democrat, the Dallas Times Herald and the Chicago Tribune.●

H.R. 5334

HON. CHALMERS P. WYLIE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. WYLIE. Mr. Speaker, as we begin debate on the budget, I think it appropriate to observe that the Senate Appropriations Committee, during consideration of the urgent supplemental appropriations bill, by a bipartisan 13-to-9 vote, moved to strike down the controversial $75 per diem tax deduction for living expenses of Members of Congress.

I commend the members of the committee for their vote, which is responsive to the continuing groundswell of public indignation at the tax breaks for Members of Congress included in the black lung benefits bill approved last year. With this vote, Congress has taken a first step toward improving its credibility. I would hope that the full Senate and the Members of this body follow the lead of the Senate Appropriations Committee and act to repeal the ill-advised tax breaks.

To convince the House leadership of our resolve on this issue, I urge you to sign discharge petition No. 14, on H.R. 5334, my bill to rescind the tax breaks.●

VERIFICATION OF ARMS CONTROL AGREEMENTS WITH SOVIETS

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. BROOMFIELD. Mr. Speaker, on Thursday the Wall Street Journal detailed some of the problems involved in the verification of arms control agreements with the Soviets in the second of an excellent series of editorials on the subject.

The Journal points out that all of our agreements, in the final analysis, depend on an assumption of Soviet good faith.

No verification procedures yet devised can handle a "cynical and deliberate attempt to subvert arms control totally, to build a huge concealed military advantage," the Journal states.

There is no basis in recent history to justify the assumption that we can trust the Soviets. As the editorial points out in detail, the clear and deliberate Soviet violations of the 1972 biological weapons conventions offer undeniable evidence of their "total cynicism and utter bad faith" in these negotiations.

Mr. Speaker, I commend the following editorial to everyone concerned about this fundamental dilemma which stands in the way of any meaningful arms reduction agreements with the Soviets.

[From the Wall Street Journal, May 20, 1982]

VERIFICATION

In 1972 the U.S. and the Soviet Union, among others, reached agreement on an arms control agreement with the sweeping title, "Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and Their Destruction." We have gradually learned the spirit in which the Soviets pledged to destroy any bacteriological or toxin weapons they possessed.

After signing of the convention, U.S. intelligence analysts were puzzled by continued construction of structures they had previously identified on satellite photographs as biological weapons facilities—combining animal pens and explosive assembly lines behind double fences. In 1979, we began to receive reports of an accident at one of these facilities, Military Compound No. 19, leading to an epidemic of anthrax near the Soviet city of Sverdlovsk. The reported symptoms indicated pulmonary anthrax, usually encountered only among workers in wool-sorting sheds. The Soviets said some ordinary anthrax had been caused by tainted meat and, though the convention obligated them to cooperate in any investigation of possible violations of the 1972 convention, they rebuffed all further inquiries.

Starting in 1976 and with increasing frequency in later years, Hmong refugees fleeing Laos told of "yellow rain," mists dropped from airplanes or spread by artillery shells that produced profuse bleeding and other bizarre symptoms. We now know that "yellow rain" contains trichothecene toxins derived from molds, banned under the 1972 convention. Poisoning from such toxins is exceedingly rare in most of the world, but was the cause of a stunning epidemic in the Orenburg region of the Soviet Union in the winter of 1943-1944. Afghan rebels fighting the Soviets also report poison gas attacks.

The cumulative evidence leads inescapably to the conclusion that the Soviets signed the biological weapons convention with every intention of violating it. They have proceeded with research, development and production of biological warfare agents, have tested them in remote battlefields and in fact have apparently adopted them as routine in some military situations. Presumably they agreed to the convention for propaganda purposes and to inhibit any Western development of similar weapons. They approached this arms control measure, in short, with total cynicism and utter bad faith.

In 1972, the U.S. and the Soviet Union also signed SALT I, which included a treaty limiting anti-missile systems and an interim agreement putting caps on intercontinental missiles and bombers and submarine-launched missiles. We now have to ask, what if the Soviets approached this 1972 agreement in the same spirit they approached the other one? What might they have done over the last decade?

For openers, we know the Soviets once had more than 900 intercontinental missiles in addition to those currently deployed under the SALT limits. These are the SS-7, SS-8, SS-9 and SS-11 missiles that have been replaced by more modern missiles over the life of the SALT agreements. Where are these 900 missiles today? We really have no idea.

The Soviet Union is closed society, without Congress or Aviation Week peering over the generals' shoulders. Though it seems to be Soviet military habit never to throw away old weapons, SALT made no provision for supervising the destruction of deactivated missiles. Our space satellites do not have X-ray vision to peer through the roofs of warehouses (let alone into the numerous railroad tunnels in the Urals). The 900 deactivated missiles compare with 1,054 ICBMs the U.S. is allowed under SALT.

We could, of course, assume that the 900 missiles have somehow gone away. But it would seem to us far more prudent to assume that in any crisis they would be hauled out from somewhere and pointed at the U.S. After all, you're dealing with the people who developed "yellow rain."

Why, though, should the Soviets rely on old-fashioned missiles? In addition to the missiles they have deployed under SALT limits, they have also deployed the modern, mobile and highly accurate SS-20. The number usually given is 300, but this is the number of launchers, and in fact each launcher is routinely deployed with one missile and at least one reload. So you have at least 600 missiles, and each has three warheads. So you are talking about at least 1,800 nuclear weapons (though there are suspicions that many of the warheads are chemical rather than nuclear).

The SS-20 does not have quite enough range to be classed as an intercontinental missile, and is usually thought of as a theater weapon in Europe. But it just happens that the SS-20 is the top two rocket stages of the intercontinental SS-16. Could the Soviets have some extra boosters around to convert SS-20s into SS-16s? We have no good idea; SALT makes no provisions for counting what comes off Soviet production lines. But after all, we're dealing with the people who developed "yellow rain."

Why, though, should the Soviets use up SS-20s useful for threatening Europe? If they're going to produce extra boosters, why not just produce more SS-16s? This is the world's only mobile intercontinental missile, splendidly suited for storage in warehouses or railroad tunnels. There has been a recent flap in the press over the SS-16, and it seems the Soviets have deployed some 20 to 40 of them, in fixed silos rather than on mobile launchers. But if they have produced 40, how many more came off the line for the warehouses or railroad tunnels? We have no firm idea. But we are dealing with the people who developed "yellow rain."

"It violates no confidence for me to state, as vice chairman of the Senate Select Committee on Intelligence, that our verification systems, being restored from losses sustained during the Iranian upheaval, give us high levels of confidence that the Soviets have been in general compliance with SALT I and, so far, with the SALT II agreement as well." So reads a recent letter in the New York Times from Senator Daniel P. Moynihan. But if we can't rule out entirely plausible scenarios under which the Soviets might have twice the number of ICBMs specified in SALT, how then can we have a "high level of confidence" that they have not violated SALT?

Because, dear reader, if the Soviets have a thousand extra missiles stored in warehouses and railroad tunnels, it does not violate SALT until they haul them out. Welcome to the wonderful world of verification.

Verifying Soviet compliance with arms control agreements means, in effect, learning the most sensitive military secrets of a totalitarian society. Can we really bet our national security on doing this, even with space satellites and electronic eavesdropping? Or for that matter, even with on-site inspection? On-site inspection of how many sites? On-site inspection 24 hours a day? On-site inspection of possible hiding places for missiles produced before inspection? (While SALT-I concerned huge ICBMs, SALT-III would presumably also concern cruise missiles, which are 20 feet long.) Meaningful verification would mean freedom to inspect at will anywhere in the Soviet Union, which would mean the Soviet Union would have to stop being a totalitarian society.

In practice the answer to this dilemma has been to negotiate not about what is militarily meaningful, but about what is technically verifiable. Thus SALT-I limits "launchers"—concrete holes in the ground. It does not limit warheads or even missiles, which can kill people. This opens new avenues for the Soviets to breach the spirit of the treaty, but after a lot of internal debate our intelligence agencies tell us they can "verify" its letter. Because they can count the holes in the ground we are invited to feel safe.

Implicit in this, deny it as our negotiators always do, is an assumption of some minimum of Soviet good faith. Hard bargaining and even some cheating around the edges—this verification can handle. But it cannot handle a cynical and deliberate attempt to subvert arms control totally, to build a huge concealed military advantage. It cannot deal, in short, with the kind of behavior the Soviets have exhibited with "yellow rain."

Senator Moynihan's letter catches the point nicely, if perhaps unwittingly. "Can we trust the Soviets? May I offer Mr. Dooley's dictum on such questions: 'Trust' everybody but cut the cards.'" But this is not an after-office poker game. At this saloon they don't check the six-guns at the door. Someone may blackjack you and run off with the pot, or pull a knife or spike your drink with mycotoxins. But we venture bravely in, fix the Soviets with our firmest stare, and keep reminding ourselves to cut the cards.●

A TRIBUTE TO HADASSAH

HON. EUGENE JOHNSTON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. JOHNSTON. Mr. Speaker, for 70 years the Women's Zionist Organization of America, Hadassah, has been an instrumental service organization for the American Jewish Community and the people of Israel.

As our largest women's service organization, with 370,000 volunteers throughout the United States and Puerto Pico, Hadassah celebrates its 70th anniversary this year. This Congress has already recognized its services through Senate Concurrent Resolution 62. Today, the National Board of Hadassah is visiting us and I would like to take this opportunity to commend them once again.

In the United States, Hadassah focuses on four main projects. Through American Affairs they provide an information service on current issue of interest for their members. Through Zionist Affairs the American public is better educated with factual information on the development and security of Israel. For a better understanding of their heritage, Hadassah serves the Jewish community by providing an education department to aid in meeting the goal of creative Jewish living. In addition, Hadassah also offers Hashachar, a youth movement designed to provide a deeper understanding of their religion and to develop a larger interest in its people.

Hadassah has been equally involved in improving the quality of life in Israel. They were the first to bring modern medical care to Israel and also established the first nurses training, medical and dental schools, public health and social welfare systems. In addition, Hadassah is responsible for the establishment of the Hadassah University Hospital which is recognized among the best in the world. These most valued medical contributions are priceless to the people of Israel.

The quality of education has also immensely been improved by Hadassah Israel Education Services. They continuously meet new challenges through its 2-year Hadassah Community College and the Hadassah Vocational Guidance Institute.

In addition, Hadassah's participation in Youth Aliyah and the Jewish National Fund have been invaluable. Through their participation in Youth Aliyah, it has allowed over 185,000 youngsters to integrate into Israel from 80 countries, including the Soviet Union, Latin and South America, Vietnam, Iran, and Syria. By participation in the Jewish national fund, tens of thousands of acres have been reclamated for farming and industrial sites.

Mr. Speaker, this public service organization has proved most invaluable in strengthening the relationship between Israel and the United States. Through their various services they have enriched all of us. Hadassah has, in its first 70 years of service been an effective organization. As it continues to grow and serve, not only will Israel and the United States benefit, but many individuals throughout the world will also grow and benefit. I commend Hadassah for its hard work and look forward to its new accomplishments and contributions.●

BIRTHDAY OF LEV BLITSHTEIN AND ANDREI SAKHAROV

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. BARNES. Mr. Speaker, I want to take the opportunity today to remember two of the thousands of refuseniks still waiting for their freedom in the Soviet Union. Today is the 61st birthday of Andrei Sakharov and the 52d birthday of Lev Blitshtein.

Andrei Sakharov, a man whose name is well known in the United States and throughout the world, a Nobel Laureate physicist, and one of the most outspoken human rights activists in the Soviet Union, is still waiting for Soviet authorities to allow him to emigrate. His hunger strike last year brought the tragedy of Soviet refuseniks closer to us, and the outrage and protest of government leaders and the public put pressure on the Soviet Government to allow Dr. Sakharov's daughter-in-law to be reunited with her husband here in the United States.

However, Dr. Sakharov has paid a very dear price for his successful efforts. Mr. Speaker, as you and my distinguished colleagues know, Dr. Sakharov suffers from a serious heart condition, which became more severe after his hunger strike, and although he is permitted to take medication, Soviet authorities will not permit him to be examined and treated by a physician he trusts. Dr. Sakharov has asked that he either be seen by his personal physician or by a physician of the Soviet Academy of Sciences, but his requests have not been granted. At the very least, we in the United States are demanding that Dr. Sakharov be permitted access to adequate and proper medical care.

Despite Soviet intransigence and their efforts to make Andrei Sakharov a prisoner in his own country, his intellectual and spiritual freedom cannot be held captive.

Mr. Speaker, today I wanted especially to pay tribute to Lev Blitshtein. His is a name that most Americans do not recognize, but he is one of the thousands of Soviet refuseniks who have lived over the years in the constant fight to emigrate.

Lev Blitshtein was employed in the Soviet Government's Ministry of Meat and Dairy until he and his family applied to emigrate and in 1975 the request was denied. Lev Blitshtein loved his family so dearly that he divorced his wife to increase his family's chances of obtaining permission from the Soviet authorities—today, his wife, Blumah, his daughter Galina and her daughter, and his son Boris are all living in the United States. Lev Blitshtein remains in the Soviet Union. He is unemployed, and collects and sells bottles to support himself. He fears harassment by Soviet authorities, but he is still trying to emigrate. When he was refused permission to leave the Soviet Union, Mr. Blitshtein was told that he knew too much about the storage of canned meats and about how to make sausage. The real reason is that he loves too much the promise of freedom.

Lev Blitshtein is a very special, exceptional human being. Since his own refusenik life began, he has given moral support to many others, including Ida Nudel, whom he helped during her exile in Siberia. He is loved by so many because his humanity and compassion are boundless. He is a good man and has done nothing wrong. But his government has wronged him. His government has unjustly persecuted him and has tried to bleed the goodness out of him. Fortunately, through all these years, they have not succeeded.

I ask, when will the Soviet authorities finally recognize and cherish what it means to be a full human being, what it means to live in freedom, and what it means to run a government that respects the human rights of its citizens. Lev Blitshtein and Andrei Sakharov have asked for very little and they deserve to have it—we will be here with loud voices of protest until they do.●

AMERICAN INDUSTRY DECLINES ABROAD

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. HYDE. Mr. Speaker, this Congress has had a continuing concern for our Nation's economy. We have frequently discussed the decline in American industry in not only the world markets, but here at home. We have debated the impact on income and jobs today and on our future economic outlook.

We only have to look at the changing position of American firms in several key markets over the past 20 years to recognize some major problems.

In metal manufacturing, 20 years ago 9 of the top 10 were American—today only 2; in electronics 6 of the top 8 were American and today only 3 in the world market; in chemicals we were preeminent with 7 of the top 10—today only 3.

In industry after industry—from automobiles to pharmaceuticals, we are a declining economic force in world markets.

Many reasons can be advanced for our Nation's economic ills, but clearly we need to focus on the international marketplace and determine what will offer opportunities for success to American firms. The major firms in Japan, Germany, Western Europe, and elsewhere are large multibillion dollar firms that are large in their own markets and effective competitors in all parts of the globe. They are firms that have carefully designed structures that provide vertical arrangements giving them the scientific, processing and marketing capabilities to succeed in this changing world marketplace.

Why do I bring this issue before my colleagues today? Simply because we have in H.R. 5158 a bill that seeks to increase Government regulation, break down the vertical structure of a key industry, and provides a variety of approaches to assure the export of technology to other nations. The issue of the emerging high-technology markets in telecommunications and computer fields is vital to America. Congress needs to develop a policy that allows our Nation to take the leading role in these markets, and we can, but not with H.R. 5158.

We need to develop a policy that recognizes economies and efficiencies of scale that are essential to success in world markets. We need to support an economic policy that encourages our capable firms to compete in this new marketplace. Our deliberations in many of our committee forums, including my Judiciary Committee, should reevaluate our policies to be sure that we are not threatening our technological leadership, our jobs, or even our economy with yesterday's thinking.

H.R. 5158 is yesterday oriented and I urge my colleagues to carefully review its approach to expand Government regulation into markets, technology, manufacturing equipment, and services. We can do better.●

SERVING FLORIDA'S VETERANS

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. LEHMAN. Mr. Speaker, earlier this month our office organized a meeting of officials from the Veterans' Administration with members and representatives of the south Florida congressional delegation. Because we had received numerous complaints from veterans in the Miami area concerning the availability and quality of health care provided by the VA, we felt it was important to discuss these problems face to face with VA officials.

D. Earl Brown, Jr., M.D., Acting Assistant Deputy Chief Medical Director, and Donald B. Thompson, regional director for the southeastern region, prepared a statement for the meeting which I would like to include in the Record. I am sure my colleagues, especially those in Florida, will find the statement of interest.

The statement follows:

Statement of the Acting ADCMD for Operations and the Regional Director, Southeastern Region

We are pleased to be here today to provide to you an overview and discuss, in part, the veteran's health care delivery system in Medical District 12, which is comprised primarily of the State of Florida.

Medical District 12 includes the VA Medical Centers at Bay Pines, Gainesville, Lake City, Miami, and Tampa; and is supported by Outpatient Satellite Clinics at Jacksonville, Orlando, Riviera Beach, Oakland Park, St. Petersburg, and Ft. Myers. An additional Satellite Outpatient Clinic has been approved for Pensacola, and is planned for activation in the Summer of 1984.

At the onset, I would like to highlight some data to place this Medical District's role, in the delivery of health care to veterans, in perspective with the rest of the Nation.

Over the past seven years, the Veterans' Administration has experienced a 122% increase in its medical care budget and a 17% increase in employment. During this same period of time, the Florida facilities have received a 148% increase in its budget, and employment has increased 26%.

In fiscal year 1981, Medical District 12 had an estimated veteran population of some 1.4 million, which is approximately 5% of the total veteran population, and the applications received for care was 18% above the national average. Veteran health care demands in Florida, and the cost of such care, have risen at a high rate; and furthermore, the projections for the next eight years indicate an even greater rate of growth. Using 1990 as the 10-year planning horizon, it is projected that as the nation experiences a 10% decline in veteran population, Medical District 12, and more specifically Florida, will experience a 56% increase.

This occurrence in Florida, combined with a higher utilization of VA health care facilities by veterans 65 years and older (projected to increase 382% by 1990) translates to a 157% increase in health care demands in Florida by the year 2000.

The growing demands for services, coupled with the priority system as established by Congress, have resulted in a higher percentage of service-connected veterans being treated by the Florida facilities. As an example, in fiscal year 1981, 61% of all outpatients treated in Florida were service-connected, as compared to a systemwide average of 47%; and, with fewer medical, surgical, and intermediate care operating beds per 1,000 veterans, in fiscal year 1981, Florida treated more patients per 1,000 veterans than the system as a whole.

We do, however, have a shortage of psychiatry beds in the State. This has been recognized and a 200-psychiatric bed addition is planned for construction funding at the Gainesville VAMC in fiscal year 1986. In the interim, the psychiatric needs of our veteran constituency in Florida are largely being met through the VA FEE Medical and Contract Hospital Programs. For this and other reasons, Florida ranks third highest in the nation in FEE Medical and Contract Hospital expenditures.

The steadily increasing demand for services and the decline in the purchasing power of the dollar has put substantial pressure upon our individual Medical Center's ability to provide comparable access to care. This is particularly true at the VAMC Miami. These pressures cannot help but be reflected in the quality of emotional support being provided the patient and the waiting time for services. These indicators of staff attitudes and workload pressures are caused primarily by physical plant constraints. We have recognized this and construction planning is now well along for a $49 million Ambulatory Care and Spinal Cord Injury project at Miami. Additional expansions are being planned in fiscal year 1985 for the radiology and radiation therapy areas. We also expect the recently opened Outpatient Clinic in Broward County to alleviate some of these pressures. These projects are expected to resolve the major outpatient space problems at VAMC Miami, and the current problem of waiting time. In the interim, the VAMC Miami has initiated attitudinal training programs, focusing primarily towards the staff located in the outpatient area. It should be noted, however, that the patient satisfaction surveys conducted by the Agency during 1980 and 1981, clearly demonstrates, that of the 12 components of satisfaction surveyed in Florida; ranging from physician care to waiting time, the percent of favorable responses (75% to 100%) met or exceeded comparable VA hospitals.

All of what I have said, clearly indicates that we are experiencing a constant growth in the veteran population in the State of Florida which includes a high percentage of service-connected and older veterans. That being the case, in an environment of constrained resources, the priority of care as articulated by Congress determines which veterans are going to be provided care, within a reasonable time frame. When the demand for care is consistently greater than the supply of available VA resources, as is the case in Florida, and particularly Miami, enrollment into outpatient treatment programs tend to be restricted to the priority levels for which appropriate care can be provided.

Unfortunately, the policy message, as was posted by the VAMC Miami, was not compatible with the established priority system, as cited in Title 38 U.S.C.; and, furthermore, it had not been cleared by VA Top Management. We recognized that the posted document was in conflict with the basic intent of the priority system and directed immediate removal of and future reference to such documents. We believe, however, that the posting is symptomatic of the concerns of the Miami VAMC for providing high quality care to their veteran constituency within an environment of limited resources.

This fact was recognized during the fiscal year 1983 budget hearings held by the Regional Director, in March, 1982, and 1 million dollars and 13,500 outpatient staff visits were added to the primary fund allocation of Miami, on a recurring basis. In addition, departmental efforts are presently underway to provide additional staffing and dollars to bring Miami's nursing home and surgical intensive care units to a fully operational status.

We do, however, recognize a continued shortage of nursing home care unit beds at Miami, and to this end, an additional 120-bed unit is being planned for inclusion into the fiscal year 1984 construction program.

As indicated, the traditional population growth indicators are calling for a greater veteran health care demand in Florida, over the next ten years. This requires the department, working in concert with the Regional Director and Medical District to rectify past fiscal inequities and to identify resolutions for meeting future demands. This effort can be accomplished best through two current efforts now underway within the Department. The first is Medical District Initiated Program Planning, called MEDIPP, in which the medical district inventories services and resources available; assesses the needs of the veteran population; and builds a plan to meet those needs. The second effort is an in-depth study such as that mandated by Congress in the fiscal year 1982 appropriation language. This will give us long-range projections of needs for a thirty-year period upon which we can base national funding construction planning. The first MEDIPP plan is due from the Districts in November, 1982, and will serve as the basis for the formulation of the fiscal year 1985 budget. This data will be used for the first ten years of the long-range study. It is expected that this submission will articulate and support the projected requirements for the veterans of Florida.●

ZAIRE SEEKS, AND SAUDI ARABIA UNDERMINES, PEACE IN THE MIDEAST

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. GREEN. Mr. Speaker, I want to express my admiration for the Zaire Government's unequivocal support for peace in the Mideast. Recognizing Israel's commitment to peace after the return of the Sinai Peninsula, Zaire's President Mobute Sese Seko announced on Sunday that it will renew diplomatic ties with Israel and open its Embassy in Jerusalem.

Zaire had broken off ties with Israel in 1973, during the 1973 Mideast War. Zaire's leaders now recognize that the days of the 1973 war are over, that a new era of Mideast politics is emerging. Their foresight and wisdom are considerable, and I want to commend Zaire emphatically for this action and urge other states not recognizing Israel to do so. Zaire's action signals a hope that the Camp David accords can work if world leaders have the wisdom and leadership to participate in the process.

Saudi Arabia, on the other hand, has shaken this hope for peace in the Mideast. Angered by Zaire's action, the Saudis have announced that they in turn will break off ties with Zaire, and other countries will probably follow suit. Qatar announced yesterday that it too would cut relations with Zaire. By their action, the Saudis perpetuate the instability in the region that has caused so much tragic an unnecessary violence. They have proven—for those who needed further proof—that they will take any opportunity to undermine peace in the Middle East.

The Reagan administration, which has pinned its strategic hopes in the Mideast on Saudi Arabia, must take this opportunity to condemn the Saudis' action. If the administration's support for the accords, as the fundamental framework for peace in the Mideast, is to be taken seriously, the United States must not countenance this blackmail by the Saudis. The United States must let the wisdom of a country like Zaire—rather than the hostility of Saudi policy—prevail in the Mideast by commending Zaire and speaking out forcefully against the Saudis' action.●

REAGAN'S SOLAR ECLIPSE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. LaFALCE. Mr. Speaker, I would like to bring to the attention of our colleagues a recent editorial written by Dick Munson, director, Solar Lobby, that appeared in the National Energy Journal.

In the editorial, Mr. Munson reviews the attempts that the Reagan administration had made to literally wipe out our Nation's energy conservation and renewable energy programs. From tax credits to direct subsidies, from home insulation for the poor to industrial conservation, and from energy information programs to energy audits, the President has clung to the advice of the conservative ideologs that surround him. That advice, Mr. Chairman, "let the free market do it."

As Mr. Munson points out, the Congress, Democrats and Republicans alike, have rejected this simple prescription. Those of us who witnessed the convulsions that the energy marketplace has experienced over the past decade and coalesced to pass these threatened programs into law know too well that the conditions that led to their birth have not disappeared. New Members, both in the House and in the Senate, know from their constituents that these programs work and have made a difference.

Mr. Speaker, as we prepare to grapple with this administration's soaring deficits through the budget, authorization and appropriations processes, we must not lose sight of the role that the Federal Government must play to bring energy conservation and renewable energy technologies to the energy marketplace within the reach of all Americans.

The editorial follows:

REAGAN'S SOLAR ECLIPSE

(By Dick Munson)

The Reagan Administration has declared war on solar and conservation programs. If the White House gets its way, the energy conservation budget will be slashed by 97 percent, and the renewable energy budget by 87 percent. The Solar and Conservation Bank will be destroyed. Weatherization programs for low-income people will be eliminated. Appliance labeling, energy information programs, and energy audits will be forgotten. And business energy tax credits will be repealed.

This energy policy is both dangerous and costly. It ignores a growing consensus among scientists and the public that energy-efficiency improvements and renewable energy technologies are our nation's wisest and most economic energy investments. The recent reductions in our energy demand and oil imports are testimonies to that truth.

The Reagan plan is also hypocritical. For while President Reagan uses free enterprise rhetoric to justify solar and conservation reductions, he increased the 1982 nuclear budget by 36 percent; he maintained synthetic fuel subsidies; and he granted $12 billion of new tax benefits to the oil companies. He is, in essence, taking power over energy decisions away from consumers who pay the bills and giving it to the corporations that make the profits.

The contradictions and errors are even more clear in the 1983 budget proposal. If the White House gets its way, we will spend more taxpayer money to clean-up the radioactive mess at the Three Mile Island nuclear reactor than on all energy conservation programs. We will spend three and one-half times more on the Clinch River Breeder Reactor (which even David Stockman has called a boondoggle) that on all the solar and renewable energy programs combined. In fact, we will spend more on military bands than on all solar and conservation efforts.

The Reagan plan is also bad for business. Both Japan and France now spend more per capita than the U.S. on solar energy development, and recent studies suggest that foreign firms will soon capture the lucrative photovoltaics market, largely because the Administration has abandoned the solar cell program. And although the White House talks about creating a stable climate for business investments, President Reagan has sought to destroy the energy tax credits that were the impetus for many investments in alternative energy.

Some of the more severe impacts of the Reagan energy plan affect individuals and families. By destroying the weatherization programs and the Solar and Conservation Bank, the Administration is hurting low-income people and hindering their efforts to become energy self-reliant. Without financing assistance, the poor are unable to afford the up-front costs of conservation and solar improvements, despite the long-term economic benefits. An estimated 1.5 million American homes went without heat this winter, and some 15,000 Americans died from hypothermia, largely because they could not afford energy.

Fortunately, the Reagan energy plan is running into a brick wall. In 1982, Congress increased the renewable energy research budget $100 million above President Reagan's request. It also preserved the Solar and Conservation Bank, the Residential Conservation Service Program (providing energy audits), and the Public Utilities Regulatory Policy Act (promoting small power producers and cogenerators). Working with other renewable energy groups, the Solar Lobby was also able to generate quick and strong support in Congress for the solar and conservation tax credits. A resolution opposing the Administration's suggested repeal was signed by 262 Representatives and 62 Senators, clear majorities of both Houses of Congress.

This year, almost all members of the Senate Finance Committee endorsed the solar business tax credits (for solar, wind, biomass, and alcohol fuels) and opposed President Reagan's continued effort to eliminate them. And recent opinion polls suggest that Americans—who annually pay $750 per household on energy purchases—want government to spend more than a measly 92 cents per American home on renewable energy development.

But challenges lie ahead. The Reagan White House will continue to promote its radical and hypocritical energy policy. Those supporting safer and saner alternatives must inform their elected officials of the support for energy programs aimed at helping individuals gain increased self-reliance. Small businessmen and women must tell officials they want a fair share of government funds to support their efforts at technological innovation.

The solar and conservation programs were implemented because the public demanded them. Those same demands will preserve them.●

THE 70TH ANNIVERSARY OF HADASSAH

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. McGRATH. Mr. Speaker, it is a great pleasure to take part in this observation of the 70th anniversary of Hadassah, the Women's Zionist Organization of America. As the representatives of several chapters and many members of Hadassah in the Fifth Congressional District, I wish to take this opportunity to commend the thousands of dedicated women who participate in the many community based and international activities sponsored by Hadassah. Beginning under the guidance and tireless efforts of Henrietta Szold in 1912, Hadassah has grown to a nationwide organization with a membership of 370,000.

In our Nation, Hadassah has been an active force in a wide range of political issues with a special emphasis on issues affecting the personal well-being of our citizens. Local groups work very hard to keep members informed on community, statewide, national, and international issues. The national organization is represented at State Department briefings and also works with the United Nations. These efforts are an integral part of American democracy.

Throughout the world, Hadassah has offered assistance to tens of thousands of young people fleeing oppression in the Soviet Union, Nazi Germany, Southeast Asia, and the Middle East. Hadassah has provided strong financial support for hospitals and educational institutions in Israel as well as youth centers and other facilities, which concentrate on assisting the poor and new immigrants in Israel.

I know every Member of this House joins me in expressing appreciation and sincere congratulations to the members of Hadassah throughout the United States at this milestone in their long and exemplary history of service.●

RICHARD WILBUR, LAKE FOREST COLLEGE COMMENCEMENT SPEAKER

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. McCLORY. Mr. Speaker, it was my privilege recently to participate in the colorful and significant commencement exercise at Lake Forest College in my 13th Congressional District of Illinois. On that occasion the distinguished college president, Dr. Eugene Hotchkiss III, again gave evidence of his academic, social, and cultural leadership as he presided at these ceremonies marking the graduation of more than 200 students from this prestigious liberal arts college. There were certain advance degrees which were also awarded as well as honorary degrees of doctor of laws in which I was proud to be a recipient, along with our venerable and honored former Ambassador to Yugoslavia and to the Soviet Union, George Kennan. The honorary degree of doctor of humane letters was bestowed upon the noted poet Richard Wilbur, who, in turn, delivered the commencement address.

Richard Wilbur, in his brief remarks, combined references to the zeal and unrest which characterize young Americans as well as many of their elders on the basic subject of human survival when faced with the threat of a nuclear conflagration.

It seemed most significant that Richard Wilbur in his timely remarks was able to conclude with a reading of one of his own poems composed 20 years earlier. It measured rhythm he prophesied in his poem entitled "Advice to a Prophet," a need to respect and preserve all forms of terrestrial life.

Mr. Speaker, I feel particularly privileged to have served during these past 20 years as Representative of the congressional district which includes this great institution of learning, Lake Forest College, and to count the college president, Dr. Eugene Hotchkiss III, as a valued and most influential constituent. I am proud, indeed, to have received an honorary degree along with Ambassador Kennan and Richard Wilbur. I am attaching to these remarks a copy of Richard Wilbur's commencement address for the edification of my colleagues and all who glean these pages:

LAKE FOREST COLLEGE COMMENCEMENT ADDRESS OF RICHARD WILBUR

I've been invited not to make a long commencement address, but to talk for a few minutes and to end perhaps by reading you a poem. First, let me offer my compliments to the members of the graduating class: you've met the standards of an excellent college, and so you set out today with good credentials to realize yourselves in one way or another; furthermore, and more importantly, you've had the sort of humane education which makes for an informed concern with things beyond oneself, a concern with the general welfare and with the world at large. In the months ahead, I think that this country and the world will stand in great need of your generous concern.

A Papago Indian woman once sang, for an anthropologist, a song her father had made, and when it was over she said, "The song is very short because we understand so much." America, unfortunately, is not a harmonious tribal society in which things may be left unsaid; we are so diverse a people that if things are to be understood we must think them out, talk them out, wrangle over them, and perhaps vote upon them. Our loosely-knit diversity has been distressingly dramatized, in recent years, by the increase of single-issue politics: I know members of the National Rifle Association for whom the one and only cause is the prevention of gun control; for others, the single issue worth discussing is woman's rights, or gay rights, or the support of Israel, or the busing of school-children. It is not strange that people should stick up for themselves, and speak out on what touches them most nearly, and I'm sure we would like to see justice done in all these important matters; but I could wish for more true citizenship among us, more of the spirit which moved Archibald MacLeish of Glencoe, Illinois, who was lately taken from us in his 89th year. Every politician tells us that he is the servant of all the people: that is a hard thing to be, even with the best of intentions; yet if many Americans of the past had not tried to embody that ideal, and to set the common good above their personal interests, we might never have reached our bicentennial.

The overshadowing question of our day, the question which is vital to us all, is the control of nuclear armament, and it is not I who say that but millions of Americans of every condition, persuasion, race, and age. In recent months, there has been a spontaneous popular awakening to the fact that, as George Kennan eloquently puts it, there is "no hope, no fear, nothing to which we aspire, nothing we would like to avoid . . . which could conceivably be worth a nuclear war." As the movement for nuclear control and disarmament grows, there are once again marches in the streets, rallies, and the chanting of slogans, but since the cause is everybody's cause, I dare hope that we will not see again the bitter disorders and divisions of the Sixties. Marching in the streets is necessary, but what we need still more, I think, is a time of intense national meditation, in which we listen to Mr. Kennan, to Admiral Rickover, to Jonathan Schell, to those who disagree with them, to the Senators who have recently introduced their alternative resolutions, and to each other. In the interest of this planet, we are called to discuss at home, and to negotiate in earnest abroad; and it will not of course be easy, since the nearer we come to any practical solution, the more we will be confronted with the stubborn problem of the restriction of national sovereignties.

There are clear enough reasons, to be found in any newspaper, for the present upsurge of anti-nuclear feeling; but I think that that feeling is also, for all of us, the product of a long imaginative struggle, a struggle to conceive the monstrous possibility of the destruction of life on Earth. We begin to envision that possibility now, and to be capable of what de Tocqueville called "a salutary fear." When the atomic bomb was dropped on Hiroshima, I was with my division in Europe, and a fellow-soldier said to me, "I'll bet you ten dollars that you can't write a poem on that." I told him to keep his money, because I knew that I could not get my mind around such an enormity. Many years afterward, reading some remarks by the chairman of the AEC, and an essay by Bertrand Russell on the likely effects of radiation on fauna and flora, I suddenly felt enabled to make the danger of nuclear war seem real to myself, and perhaps to others. The result was a poem called "Advice to a Prophet," which I read in 1959 to an audience at Wesleyan University. When the reading was over, a young graduate student in physics came up to me and said, "I liked your poem about nuclear war, but of course it's not true; the nuclear armament of America and of the Soviet Union couldn't affect the natural world in the way you describe. In fact," he said, "there is far more destructive potential in the raw forces of nature herself."

I argued with him, of course, and cited my authorities, but I was troubled by what he said, because I think that poetry has no license to be inaccurate. A month or two ago, twenty-odd years after my reading at Wesleyan, I received a letter from that young graduate student, who is now a professor of physics at MIT. "I've just been reviewing the nuclear strength of the great powers," he wrote, "and though it will probably give you little pleasure to hear it, your poem is true." Here, then, is a poem which has regrettably come true or became possible; the poet, the speaker of the poem, is presuming to advise a prophet as to how to touch the imaginations of his townspeople.

ADVICE TO A PROPHET

When you come, as you soon must, to the streets of our city,
  Mad-eyed from stating the obvious,
  Not proclaiming our fall but begging us
In god's name to have self-pity,
Spare us all word of the weapons, their force and range
  The long numbers that rocket the mind;
  Our slow, unreckoning hearts will be left behind,
Unable to fear what is too strange.
Nor shall you scare us with talk of the death of the race.
  How should we dream of this place without us?—
  The sun mere fire, the leaves untroubled about us,
A stone look on the stone's face?
Speak of the world's own change. Though we cannot conceive
  Of an undreamt thing, we know to our cost
  How the dreamt cloud crumbles, the vines are blackened by frost,
How the view alters. We could believe,
If you told us so, that the white-tailed deer will slip
  Into perfect shade, grown perfectly shy,
  The lark avoid the reaches of our eye,
The jack-pine lose its knuckled grip
On the cold ledge, and every torrent burn
  As Xanthus once, its gliding trout
  Stunned in a twinkling. What should we be without
The dolphin's arc, the dove's return,
These things in which we have seen ourselves, and spoken?
  Ask us, prophet, how we shall call
  Our natures forth when that live tongue is all
Dispelled, that glass obscured or broken
In which we have said the rose of our love and the clean
  Horse of our courage, in which beheld
  The singing locust of the soul unshelled,
And all we mean or wish to mean.
Ask us, ask us whether with the worldless rose
  Our hearts shall fail us; come demanding
  Whether there shall be lofty or long standing
  When the bronze annals of the oak-tree close.●

TELECOMMUNICATIONS ACT OF 1982

HON. EUGENE JOHNSTON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. JOHNSTON. Mr. Speaker, for more than 6 years this body has been working to establish a new national telecommunications policy based on diminished regulation and increased reliance on competitive market forces. H.R. 5158, the Telecommunications Act of 1982, though touted by well-meaning supporters as a solution to this longstanding policy debate, simply does not do the job. In fact, many of H.R. 5158's provisions are contrary to its own stated goals and, if enacted, would leave the industry disrupted and wallowing in controversy and litigation, with more regulation as the only certainly.

I would urge my House colleagues to take a close look at this measure and its potential impact on this Nation's fine telecommunications system. Many of you have been inundated with mail, telephone calls, and other contacts from both proponents and opponents of this bill. It can be confusing I will admit. The issues are indeed complex and sorting out the details can be difficult and time consuming. But what we establish here as policy will impact directly the future of telecommunications in this Nation and abroad.

With so much at stake, and so much time already invested in this effort, there is just no reason to rush at this critical juncture. It makes even less sense to attempt, as does H.R. 5158, to legislate around the decision forthcoming from Judge Greene regarding the A.T. & T. and Department of Justice modified final judgment.

I am aware, of course, that supporters of H.R. 5158 believe this legislation is essential because it would protect consumers from steep local rate increases and assure the future viability of local operating companies after divestitute. Both are admirable goals, but I submit neither goal is met under the current language of H.R. 5158. However, rather than spend more time reciting the flaws in this bill, let me just summarize by saying: First, H.R. 5158 will increase rather than reduce regulation in the telecommunications industry; second, it will put upward pressure on local rates; third, the future viability of local operating companies may be jeopardized by some of its provisions; and fourth, H.R. 5158 would in effect overturn the 1982 consent decree before a final decision has been rendered.

Mr. Speaker, thank you for the time. I would hope to use this forum in the future to explain more specifically the deficiencies in this legislation.●

HUMAN RIGHTS—MOROCCO

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. BONKER. Mr. Speaker, this week Amnesty International, the Nobel Prize-winning international human rights organization, released a comprehensive study of human rights in Morocco. The report cites instances of torture and very poor prison conditions, and noted that many people have been imprisoned for exercising their right to free expression.

At a time when the Reagan administration is requesting large increases of security assistance for the Government of Morocco, I believe it is important for the Congress to be aware of the significant human rights problems of the Hassan government.

I would like to commend to the attention of my distinguished colleagues a summary statement from Amnesty International which describes their report.

The statement follows:

MOROCCAN PRISONERS HELD INCOMMUNICADO AND TORTURED, SAYS AMNESTY INTERNATIONAL

Amnesty International said today (Tuesday, May 18, 1982) that Moroccan authorities were breaking their own laws and international agreements by holding political prisoners incommunicado for months or years and torturing many of them.

The authorities had failed to account for hundreds of other prisoners, some of whom had died in appalling prison conditions, it said.

In a report on a mission which visited Morocco last year, the worldwide human rights movement also said many people were imprisoned for exercising their right to free expression.

The report appealed for information on the fate of some 100 military men arrested about 10 years ago and convicted of involvement in attempts to assassinate King Hassan II. It cited reports that up to 15 may have died in a remote secret prison where the group is said to have been held in inhuman conditions since 1973. Amnesty International noted that at least 15 had completed their sentences but had not been released.

Published with the report were excerpts from prisoner's letters describing the gradual deaths of some of these men, said to have been kept constantly in filthy cells, fed on scraps and denied all contact with the outside world.

Other testimony and letters described abuses inflicted on political prisoners, including such tortures as beatings while the victim hangs from a bar bound at the ankles and wrists, electric shock and suffocation. The report said some prisoners were kept handcuffed and blindfolded for months.

The report said the Amnesty International mission, which visited the country in February 1981, had asked for information on a number of these prisoners and practices, but that the authorities had not yet given the information.

Amnesty International also said it knew of more than 100 Moroccan prisoners of conscience—people jailed for the non-violent expression of opinion—who had been in prison for at least five years. In addition, the report pointed to the denial of fair trial to many of the hundreds convicted in the past year after confrontations in June 1981 between striking workers and security forces. It said it had evidence that many of these people too were imprisoned only for expressing their opinions.

The report concluded that, besides the conviction of many prisoners of conscience, "a number of blatantly illegal practices, contravening both Moroccan law and the international convenants on human rights. . . (ratified by Morocco). . . have led to serious human rights violations involving the "disappearance" of large numbers of people and the deaths in custody of others."

The report listed some 90 people whose arrest has never been acknowledged but who are reported to have been seized by security forces in southern Morocco since 1975, apparently in connection with the dispute over the Western Sahara between Morocco and the Polisario Front, which seeks independence for the region. Amnesty International said it believed the real total of people who had "disappeared" after being seized in Morocco was substantially higher.

The report includes detailed analysis of Moroccan law and practice affecting political prisoners. Its recommendations include calls for a commission of inquiry into incommunicado and preventive detention—supposed to be strictly regulated under the law—and into medical attention for prisoners and the investigation of torture allegations. It also asks for details on the "disappeared" and on military prisoners described in the report, and urges the release of all prisoners held for the non-violent expression of their views.●

WORLD TRADE WEEK

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. BEREUTER. Mr. Speaker, every Member of this body should be well aware that the President has proclaimed this week "World Trade Week." At this time, we should think long and hard about the invaluable contribution trade makes to our national economy, and should redouble our efforts to establish the statutory and administrative structure necessary to facilitate the world's best trading apparatus.

Earlier this week, Mr. Melvin Sims, general sales manager of the Foreign Agricultural Service gave an excellent presentation to the National Governors' Association Conference on Agribusiness and Export Trading Companies. That speech highlighted what should be a top concern of this body in our efforts to maintain our trading preeminence: the maintenance of a strong agricultural trade sector. Manager Sims made several excellent suggestions about improvements we can make in our trading structure.

Need I remind you that for the first time in over a decade, the value of agricultural exports is expected to decline this year. Now is the time to halt this dangerous trend dead in its tracks. I encourage my colleagues, therefore, to read Mr. Sims' remarks and to join me in taking the actions he suggests so that our agricultural trade statistics can resume their impressive upward climb, to the benefit of our Nation's farmers and ranchers as well as to our economy as a whole.

REMARKS OF MELVIN E. SIMS, GENERAL SALES MANAGER, FOREIGN AGRICULTURAL SERVICE, BEFORE THE GOVERNORS' CONFERENCE ON AGRIBUSINESS AND EXPORT TRADING COMPANIES

Thank you for inviting me to join you today. As you know, agricultural exports were a topnotch performer in the 1970's. Without the surge in agricultural sales to foreign buyers, the trade deficit the United States is trying to overcome would be twice the size it is today. Keeping these exports strong is no longer the "luxury" it was in the 1960's when we had a surplus in non-agricultural exports, it has become a necessity not just for the farm community but for the entire economy of the nation.

The job of exporting food had become far more difficult in recent years. Stiffer competition in the aftermath of the Soviet grain embargo, a strengthening dollar, high interest rates, and the growing tide of foreign protectionism have all taken a toll on exports. For the first time in over a decade, we are expecting the value of agricultural exports to decline—falling below the $43.8 billion recorded in fiscal year 1981. Overall tonnage, however, will increase. While one commodity, corn, is primarily responsible for this decline in the value of exports, the fact remains that the overseas market has turned sluggish, and we are faced with the question: What can we do about it?

For one thing, the Federal Government needs to expand its activity as a promoter of exports. I've been involved in agribusiness for a long time and all too often I've seen the Federal Government acting more as a regulator than a helpful partner of business. I'm reminded of an article in the Bay City Times that summed it up pretty well: "The Ten Commandments contain 297 words. The Bill of Rights has 463 words.

Lincoln's Gettysburg address has only 266 words. But the Federal Directive regulating the price of cabbage has 26,911."

While this little story is apocryphal, it represents a public perception that is too often accurate, and it's this kind of thing the Reagan Administration is trying to get away from. It recognizes that the Federal Government has to be an effective promoter of business and exports. And that's where export trading companies come into the picture. The export trading company legislation is a major step forward in giving American business major tools to penetrate and expand export markets abroad. Agricultural exporters definitely need those tools if they are going to build their sales and keep making a critical contribution to our trade balance.

The Department of Commerce and others have estimated that up to 20,000 U.S. manufacturers and agricultural producers offer goods and services that could be highly competitive abroad. We estimate that perhaps 10,000 firms are exporting food and agricultural products, at least to some extent. Yet the small size and inexperience of many exporters and potential exporters leave them ill-equipped to absorb the front-end costs and risks involved in developing overseas markets.

Traditionally, the largest share of U.S. agricultural exports is in bulk agricultural commodities. Yet the world market for highly-valued products such as fresh fruits and vegetables, and semi-processed and processed agricultural products has been growing steadily at the rate of 12 to 15 percent a year. There is definite demand for these products which are often produced by medium and small sized companies who would be helped significantly by the services of export trading companies.

Trade in processed agricultural products may be more stable than trade in bulk commodities and it generates additional jobs. The U.S. economy needs this additional business. Workers in processing and transportation need the additional jobs. Farmers need the advantage of having both exporters and processors bidding in competition for their products. These are significant advantages and good reasons why we should use export trading companies and other devices to build processed food exports.

USDA has intensified its interest in the export of valued-added and consumer-ready products. Naturally, there are some obstacles. In a number of countries, barriers against importing these products tend to be more restrictive than they are for raw commodities. In some instances, subsidies used by our competitors to boost their own exports also complicate the picture.

Many of our efforts to lower trade barriers in Japan and Europe should in the future years have the effect of boosting our exports of meats, fruits and vegetable products, and other processed foods. On the promotion front, we are working with the National Association of State Departments of Agriculture on a major international sales event in Atlanta a year from now—a show that will attract buyers from all over the world. Our objective is a permanent increase of $100 million in U.S. exports of processed foods.

Even with the obstacles we face we expect in 1982 to export $12 to $13 billion worth of agricultural products processed in the United States. USDA believes that export trading companies can help boost this figure in the future. That view is shared by both the Subcommittee on Agriculture of the President's Export Council and the National Association of State Departments of Agriculture.

HOW WILL EXPORT TRADING COMPANIES HELP THESE EXPORTS?

The primary function of an export trading company or ETC is to combine the products, skills, and resources of several U.S. companies to enhance their export capabilities—or those of their clients. Export trading companies will attract producers of goods and services, banks, export management companies, and freight forwarders. The ETC would then be able to provide "one-stop" export service—including market research, marketing, financing, documentation, transportation, and after-sales service.

In the performance of these services, an export trading company would be able to take title to the products it trades and function in this manner, although it is not prevented from exporting on a commission basis or providing services for a fee. It may also become involved in importing and trade between third countries to build sales and revenues, reduce foreign exchange risks, maintain good customer relations, and handle barter deals which are beginning to occur more frequently in agricultural trade.

All of these services can be crucial in selling value-added and consumer-ready agricultural products. And they are areas where many U.S. exporters have been outdone by their foreign competitors.

In meeting problems with language, labeling requirements, and documentation, many U.S. exporters simply don't match up with the competition, especially if they only sell abroad occasionally. A one-stop export service in the form of an ETC can overcome these difficulties. An ETC can also help U.S. exporters target and adapt their products more effectively to consumer preferences in individual foreign markets.

There's no point in trying to sell U.S. frozen foods in the Netherlands when those foods are not packaged and shipped in a way that suits the Dutch market. Nor is there any point in trying to export mustard to West Germany without tailoring the taste of the product to what Germans traditionally prefer to put on their bratwurst. Many first-time exporters have made these kinds of avoidable and costly mistakes.

Existing trading companies are not usually geared toward bringing new agribusinesses into the export market and helping them anticipate and overcome problems in exporting. There are numerous trading companies, but most engage in only one or a few aspects of exporting or importing. They tend to be limited in terms of the products they handle and the services they provide. Simultaneously, these companies also have limited financial resources and this curtails what they can do in terms of market development, financing of sales, providing export information, and assistance with documentation.

At the present time, unless agribusinesses participate in a Webb-Pomerane Association, they are limited in the ways that they can break into or expand sales in foreign markets. To mobilize the small- and medium-sized processor we need full-service trading companies. And that means financing. The pending ETC legislation would permit banks to invest in trading companies. This would give ETC's both more financial clout and considerable added resources in terms of expertise in international financing. The benefits of a closer relationship between commerce and banking in the form of ETC's has been clearly demonstrated to us by our competitors in countries like Japan and South Korea. Strong banking participation in the trading companies of those nations has paid off dramatically.

THE ROLE OF USDA

USDA's Foreign Agricultural Service has been called on to work up a model for an export trading company that deals with agricultural products and, once the ETC legislation becomes law, will offer the model as a guide for building these organizations. At this point, there is no mandate on how an export trading company has to be structured. But the organization must have four key elements: market development, sales and distribution, customer service, and a financial package.

Once they are formed, ETC's will be able to turn to the Foreign Agricultural Service for a broad range of services and assistance. Its commodity analysts and marketing specialists in Washington, along with its overseas network of agricultural counselors, attachés, and trade officers, should prove to be an invaluable source of help for the ETC's. FAS can provide trade data to pinpoint market opportunities and arrange contacts with potential buyers. It can also offer promotional assistance overseas such as in product evaluation for specific countries; in-store, hotel, and restaurant promotions; and exposure for products at various trade fairs and exhibitions. FAS can also arrange visits by sales teams interested in promoting specific food products.

One of the first needs of an ETC is information on where market opportunities exist. The Trade Opportunity Referral Service (TORS) run by FAS provides this key information. When foreign buyers express interest in a U.S. agricultural product these trade leads are telexed to Washington and then forwarded to cooperating exporters.

These leads have also recently been entered into AGNET—a computer system run out of the University of Nebraska. Exporters who subscribe to the system can have almost instantaneous information on who is buying what overseas. Leads are also published in a weekly trade letter, Export Briefs, that is best suited for trading companies interested in exporting a wide range of agricultural products.

All of these resources should prove to be a big help to ETC's as they develop and expand their operations.

HOW WILL ETC'S AFFECT U.S. AGRICULTURAL EXPORTS?

It's likely that most U.S. agricultural sales will continue to be handled by large private exporters of bulk commodities and the larger exporting cooperatives. They have the financial and marketing facilities for large-scale transactions. But as the demand for value-added products continues to expand and more ETC's are formed, we may see the wide variety of services that an ETC can offer attracting more import business in foreign countries. The most critical advantage the ETC's will have will be in the role that commercial banks can play in their operations.

Even if the payoff in agricultural exports is not likely to be large in the immediate future, we are looking to ETC's to play a role in expansion, particularly in developing country markets. These nations generally have poor trade infrastructures and financial problems that curtail their purchases. The wide-ranging services an ETC can offer can help these types of customers boost their purchases of U.S. agricultural products. It would be a serious mistake to underestimate the importance of the developing country markets. In the 1970's they accounted for a substantial part of the growth in U.S. agricultural exports, while some more traditional markets like Western Europe were expanding at a far slower rate.

With an aggregate trade deficit of more than $100 billion over the last five years, the United States cannot afford to ignore the potential ETC's have for expanding both agricultural and industrial exports. Even limited payoffs can have a significant domestic impact and help turn around the economy. Every $1 billion increase in exports creates 31,000 jobs. In agriculture, every $1 increase in export sales doubles in the general economy. At the same time, export growth improves the efficiency of farm production, cuts Federal expenditures for price support programs, and makes the business of farming more profitable. These are the kinds of benefits we simply cannot afford to miss.●

A TRIBUTE TO HARRY WILLIAMS HASSKAMP

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. NAPIER. Mr. Speaker, South Carolina and the Sixth District recently lost an outstanding citizen, Harry William Hasskamp. A man of intense dedication to his fellow man, Mr. Hasskamp touched the lives of many individuals through his service to his family, friends, fellow workers, church, community, and his country.

Harry Hasskamp was a citizen of Bennettsville, S.C., a small, friendly town very dear to me because it is my home, and because of the special people there like Mr. Hasskamp. I knew Harry Hasskamp personally through working by his side in the First Presbyterian Church in Bennettsville, and can attest to his example of Christian vision and steadfast faith evidenced by his deep concern for his fellow man and his service rendered to his church where he served as elder.

Humbled by praise, yet worthy of it, Mr. Hasskamp's list of contributions grew extensively by the close of his life. I ask your attention to the comments which were broadcast on WBSC, the local radio station in Bennettsville, S.C. The following is a brief description of Mr. Hasskamp's accomplishments:

A community like ours suffers a great loss when a man such as Harry William Hasskamp dies. He served his family, community and church with all the vigor and devotion one man can give. Among his many accomplishments was his work as personnel manager and later vice president of operations at Becker Sand & Gravel, where he continued to serve in a consultant position after his retirement. He was a member of the South Carolina Mining Council, a former mayor pro tem of Marion, N.C., and currently was vice president of the Marlboro County Chamber of Commerce. He was a Sunday schoolteacher for the men's bible class of the First Presbyterian Church and a meticulous gardener. He was a man who gave his all in every endeavor. Harry Hasskamp has been described as a man who was friends with everyone, a warm, cordial and energetic person who was well-respected in his church and community. His pastor has described him as a man of robust faith . . . always continuing to learn, grow and trust in God. Harry Hasskamp leaves us not only the legacy of his good works, he leaves us his family . . . his wife, Pat; his son, Bill; and his daughter Kristi . . . and to them let us say that the love and warmth that Harry so unselfishly shared with us all is extended to you, his family, in the loss of a loving father, a husband and a friend.●

WRIT OF HABEAS CORPUS FOR ANDREI SAKHAROV

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. PORTER. Mr. Speaker, I would like to take this opportunity to submit in the RECORD the text of the petition for a writ of habeas corpus which the National Interreligious Task Force on Soviet Jewry attempted to present to the Soviet Embassy and the Soviet consulate on behalf of Andrei Sakharov.

I commend Sister Ann Gillen, Bertram Meyers, and Ralph Ruebner for this continued fight against Soviet violations of human rights.

(In the Supreme Court of the Union of Soviet Socialist Republics)

ANDREI SAKHAROV, PETITIONER, VERSUS THE PROCURATOR GENERAL, RESPONDENT

PETITION FOR A WRIT OF HABEAS CORPUS

To the Honorable Chief Justice and Justices of the Supreme Court: May it please the court:

Now comes the Petitioner, Andrei Sakharov, by his next of friend, Tanya Yankelevich, by her attorneys, the Interreligious Lawyers' Task Force for Human Rights in the Soviet Union, of Chicago, Illinois, United States of America, who respectfully requests this Honorable Court to release him from his illegal confinement in the City of Gorki and permit his return to the City of Moscow as a free person.

In support thereof, Petitioner's friend states:

1. That on January 22, 1980, Andrei Sakharov was forced into internal exile immediately after having been arrested without being criminally charged. He was stripped of all honors and exiled to the City of Gorki for "subversive activities." He was allowed only to call his wife on the telephone and that same night, after having been arbitrarily arrested, was shipped off by airplane to the City of Gorki to begin internal exile. He was not charged with violation of Soviet laws, but was denounced by Izvestia for conducting "subversive activities" against the Soviet State.

2. That at no time did the Soviet Procurator General, or any other authority, formally charge Petitioner with violation of Soviet Law;

3. That Petitioner is a citizen of the U.S.S.R.;

4. That the Respondent is the custodian of Andrei Sakharov, as he is charged with the administration of justice in the U.S.S.R. pursuant to Article 164 of the 1977 Constitution of the U.S.S.R. (hereinafter referred to as the Constitution);

5. That this Honorable Court has jurisdiction to entertain this Petition pursuant to:

A. Article 57 of the Constitution which guarantees each citizen judicial review against arbitrary and illegal governmental action that abridges personal freedom.

B. Article 58 of the Constitution which entitles an aggrieved citizen to lodge a complaint in a court of law against the illegal actions of officials of the government.

C. Article 9, Section 4, of the International Covenant on Civil and Political Rights, which was adopted by the United Nations in 1966 and ratified by the U.S.S.R. in 1973, which provides for the remedy of judicial review of a citizen's unlawful detention.

D. The Universal Declaration of Human Rights, adopted by the General Assembly of the United Nations in 1948, to which the U.S.S.R. is a signatory, which provides in Article 8 for judicial review as a remedy against governmental action that contravenes fundamental rights of a citizen.

E. Article VII of the Conference on Security and Co-operation in Europe: Final Act of 1975, signed by the U.S.S.R., which guarantees a citizen the effective exercise of his civil rights.

6. That Petitioner is unlawfully confined in the City of Gorki and deprived of his liberty and human rights as the result of blatant illegal action of the government of the U.S.S.R., in that he is being punished without having been formally charged with violation of Soviet law or accorded due process of law or a judicial trial of any kind, in violation of:

A. Article 160 of the Constitution of the U.S.S.R. which guarantees a citizen liberty and freedon from confinement or imprisonment unless the person is adjudged guilty in a court of law and punished as a criminal.

B. Article 157 of the Constitution which provides for a public trial.

C. Article 156 of the Constitution which guarantees a citizen equal protection of the laws and equal rights before the courts.

D. Article 9 of the International Covenant on Civil and Political Rights which guarantees a citizen his right to liberty and due process of law and protects him against arbitrary arrest and detention.

E. Article 12, Section 1, of the International Covenant on Civil and Political Rights which guarantees a citizen the liberty of movement and freedom to choose his residence.

F. Article 14 of the International Covenant on Civil and Political Rights which guarantees a citizen due process of law, including the determination of criminal charges by a fair and public judicial proceeding, the right to be presumed innocent until proven guilty, the right to be informed of the criminal charge, the right to counsel, the right to present a defense, the right to be tried without undue delay, the right to confront his accusers, the right against self-incrimination and the right to an appeal after conviction.

G. Article 15 of the International Covenant on Civil and Political Rights which prohibits the imposition of punishment on a citizen for an act which does not constitute a criminal offense.

H. Article 9 of the Universal Declaration of Human Rights which prohibits arbitrary arrest, detention and exile.

I. Article 11 of the Universal Declaration of Human Rights which gurantees due process of law to a citizen accused of an offense.

7. That the internal exile of Andrei Sakharov contravenes fundamental freedoms and human rights recognized by Article VII of the Conference on Security and Co-operation in Europe: Final Act of 1975;

8. That the continued confinement of Andrei Sakharov violates human decency and basic notions of fairness.

Wherefore, Andrei Sakharov, by his next of friend, respectfully requests this Honorable Court to issue a writ of habeas corpus to the Procurator General, order his immediate release from internal exile, restore Andrei Sakharov all his rights as a free citizen, and permit him to return to the City of Moscow.

Respectfully submitted,

ANDREI SAKHAROV.

By Tanya Yankelevich, his next of friend.)

MEMBERS OF THE INTERRELIGIOUS LAWYERS' TASK FORCE FOR HUMAN RIGHTS IN THE SOVIET UNION

(Attorneys for Tanya Yankelevich)

Lynn Buzzard, Executive Director, Christian Legal Society, Post Office Box 2069, Oak Park, Ill.

Robert S. Jacobs, Chairman, Interreligious Task Force, the American Jewish Committee, 55 East Jackson Boulevard, Chicago, Ill.

Bertram D. Meyers, Chairman, Human Rights Committee, the Decalogue Society of Lawyers, of Chicago, One North La Salle Street, Chicago, Ill.

Patrick Monaghan, General Counsel, Catholic League for Religious and Civil Rights, 1100 West Wells Street, Milwaukee, Wis.

Ralph Ruebner, Associate Professor of Law, the John Marshall Law School, 315 South Plymouth Court, Chicago, Ill.●

EUTAW COUPLE CITED FOR RESTORING HOUSE

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. SHELBY. Mr. Speaker, I would like to share with my colleagues in the House of Representatives a story that appeared in the Montgomery Advertiser on Monday, May 10, 1982. The article written by Mr. Alvin Benn of the newspaper's staff is a story about Mr. and Mrs. Roy Swayze of Eutaw, Ala., which is located in the Seventh Congressional District.

This wonderful couple was honored by Nancy Reagan on Friday, May 7, 1982, at the National Gallery of Art in Washington, D.C., for their work in restoring one of Eutaw's showcase mansions, Kirkwood. Following is the delightful story of this preservation effort.

EUTAW.—A transplanted Virginia couple who spent the past decade restoring one of Eutaw's showcase mansions were honored by Nancy Reagan Friday at the National Gallery of Art in Washington, D.C.

The National Trust for Historic Preservation saluted Mr. and Mrs. Roy Swayze and 17 other individuals, projects and organizations during the group's annual meeting.

The Swayzes bought Kirkwood in 1972 and immediatley began restoring it to prominence in the community and state.

"A principal landmark of antebellum days in the South, Kirkwood had fallen into crumbling disrepair," said the National Trust, chartered by Congress in 1949 and supported by the public through memberships and corporate gifts. "Today, Kirkwood is not only home to the Swayze family but once again a gracious landmark, complete with original furnishings."

Lawrence Oaks, director of Alabama's Historic Preservation Commission, was one of several state leaders who nominated the Swayzes for the national award. He said Thursday that it ranks among the most important in the country awarded to individuals.

"It is quite significant," said Oaks, "and is certainly one of the most prestigious honors in the nation when private restoration is involved."

Oaks commended the Swayzes for restoring Kirkwood "largely with their own hands and entirely with their own funds."

"After they acquired Kirkwood in 1972, they became preservationists by avocation," said Oaks, in his letter of nomination to the National Trust. "They have generously shared their experiences with their old house with all who paused to look and listen. They have taken a leading role in the activities of organized preservation groups statewide. Theirs is a model of historic preservation which has had a positive effect in the development of Alabama's historic resources."

The Swayzes were sightseers from Fairfax, Va., when they first spotted Kirkwood. Invited inside by its owner, the couple got a glimpse of the mansion's rich history. They bought the mansion and moved South after Swayze retired from his law practice.

They hired Edward Vason Jones, a well-known restoration architect, to help them and the project proceeded slowly until its completion.

The Swayzes became active members of the community with Swayze serving as chairman of Eutaw's Bicentennial Commission. They also donated a collection of old documents uncovered in trunks, cabinets and the attic of Kirkwood to the University of Alabama. The find amounted to 41 volumes of records and 2,617 other documents dating from the American Revolution.

Former Eutaw Mayor William Tuck said the Swayzes have been a "real boost" to the community and lauded their restoration efforts, saying Kirkwood is to become the centerpiece of the city's pilgrimage program this fall.

"They may not have paid much for the house, but it wasn't really worth that much at the time," said Tuck. "It was in deplorable condition and I imagine they have put more than $100,000 into it. Much of their work was done with original drawings and pictures of the house."

Kirkwood, built just before the start of the Civil War by Foster Mark Kirksey, features eight Ionic columns, a cupola and imported marble mantles.

Other attractions include hand-etched colored panels by the front doors, a rosewood piano and walnut stairs.

The Swayzes were honored under the National Trust's "Human Interest" category. Other divisions include Capitol Improvements, "Power of the Pen," Curriculums and Colleges, Rural, Adaptive Reuse and Business.

At this time I would like to offer my congratulations to the Swayzes for their dedicated efforts in preserving Kirkwood. I commend these fine outstanding people for their service to Eutaw, the great State of Alabama, and America. We need more people like Mr. and Mrs. Roy Swayze who love this country and want to preserve her past structures of history.

It is an honor for me to share their story with my colleagues in the House, and I hope that if any of them are ever in the vicinty of Eutaw, they will stop and visit the beautiful mansion of Kirkwood.●

U-M AUTHOR OF CONTROLLER STRIKE DATA FEARS INACTION

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. FORD of Michigan. Mr. Speaker, there is an urgent need for sweeping changes in management procedures at the Federal Aviation Administration. Time is running out and unless we do something soon there is every reason to believe that we will find ourselves in the kind of nasty situation that developed last summer when the air traffic controllers walked off their jobs.

These are conclusions drawn from an independent study commissioned by the Department of Transportation and the FAA.

For the benefit of my colleagues who have not read the findings of the DOT/FAA task force, reprinted in Post Office and Civil Service Committee hearings, I urge the reading of this excellent article in the May 11, 1982, edition of the Detroit News extensively quoting Dr. David G. Bowers, of the University of Michigan, one of the authors of the task force report.

The article follows:

[From the Detroit News, May 11, 1982]

U-M AUTHOR OF CONTROLLER STRIKE DATA FEARS INACTION

(By Joel J. Smith)

The co-author of a federally funded study blaming Federal Aviation Administration (FAA) management for the air traffic controlers strike says he doubts the agency will implement recommendations in the report.

Dr. David G. Bowers, a research scientist at the University of Michigan's Institute for Social Research contends that a lack of action by the FAA will force another strike within the next several years.

Current controllers have the same problems—if not worse—that existed before the strike last summer, he said, and added that the problems are compounded by the shortage of qualified personnel created with the firing of striking controllers.

"The report is really a strong condemnation of FAA management," said Bowers, who was one of three men hired by the FAA last September to conduct the $600,000 study. "It not only says that they are doing a bad job as managers but it calls into question the whole way they organized and manage people.

"They won't try to change partly because they don't know how, partly because they don't want to."

FAA officials in Washington deny Bowers' allegations but admit they don't have any timetable for implementing the recommendations in the report, completed three weeks ago.

Jerry Lavey, a spokesman for the agency, said top FAA officials have been discussing the report.

"There is a plan being developed but nothing that we can put out at this time," said Lavey. "It's going to take some time, I can't give you a time frame.

"But this is not going to be ignored. It's in our own enlightened self-interest not to let it go."

Bowers said the illegal strike, which resulted in the firing by President Ronald Reagan of 11,400 controllers last August, could have been avoided if top FAA officials would have listened to previous reports that pinpointed management problems within the organization.

"They basically just don't want to believe it," said Bowers.

The FAA hired Bowers, Dr. Lawrence M. Jones, president of The Coleman Company in Wichita, Kansas; and Dr. Stephen H. Fuller, the former vice-president of personnel administration and development for General Motors, to conduct the six-month study.

The two-volume report concludes that:

FAA management needs an overhaul with the emphasis on seeking skilled management with proficiency in handling and motivating people

The agency must develop programs to identify, train and promote outstanding managers within the system.

The FAA needs to adopt policies and regulations to control the heavy flow of air traffic to avoid "peak pressure on equipment and people."

The FAA must conduct surveys of employee opinions and attitudes on how to improve the system.

Reported strike issues—a $10,000 pay raise and a 32-hour work week—were not the real causes of the walkout last summer, says Bowers.

Management attitude toward the controllers, he contended, was the underlying cause of the strike.

"The raise and shorter work week were just bargaining tactics," said Bowers. "They were really symbols for the FAA doing something about the way they basically treated people.

"If they had gotten the raise and the reduced work week, I don't think in the long run a job action would have been avoided.

The basic style that FAA management and supervisors use was the problem."

From research done for the study, Bowers said he estimates that half of the FAA managers and supervisors "displayed a kind of negative, punitive, autocratic style in dealing with people."

He said that was the result of the military background of most management personnel—particularly veterans of World War II and Korea—who were accustomed to barking orders. But, said Bowers, many controllers are Vietnam veterans who frequently question orders.

Another problem, said Bowers, is that many managers haven't been controlling aircraft for 10 or 15 years. During this time, substantial changes have occurred in the control towers.

"When many of the supervisors think of running traffic, they are back in the days of the propeller driven Constellations," said Bowers. "But there are more planes and they're moving a lot faster today."

Both fired and working controllers tend to agree with Bowers. They say that past FAA practice—or the lack of it—supports the theory that the agency will be slow to implement change.

"This is the fourth report since 1969," said a controller at Metropolitan Detroit Airport, who asked not to be identified, "Every-one of the reports has addressed the same management problems. Nothing has ever been done. I don't see the FAA doing anything about this either.

"If they address the report and acknowledge the things that are wrong, they would have to admit that firing the controllers was wrong."●

NORTH DAKOTA VOICE OF DEMOCRACY WINNER

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. DORGAN of North Dakota. Mr. Speaker, it is a pleasure to pay tribute to the young man who was North Dakota's winner of the annual Voice of Democracy contest sponsored by the Veterans of Foreign Wars of the United States and its Ladies Auxiliary.

Timothy W. Rand is from Valley City, N. Dak. Throughout his high school years, Tim exemplified the theme of this year's scholarship competition, "Building America Together," by participating in a wide range of public-spirited activities. At the same time, he was an honor student and something of a computer whiz.

It is exciting to see a young person who is already making such a valuable contribution to life in their community. I am happy to include Tim's winning speech so that everyone may share his philosophy.

Building America Together

(By Timothy W. Rand)

The theme "Building America Together" is very appropriate in this scholarship competition. I'm a strong believer in the power and glory of the United States, but I feel that our country can only be at its very best when all the members of our society join together with the common goal of perpetuating the American ideals and values that have been so important to our nation's growth and success over the last 205 years.

The people of America come from varying backgrounds, have varying religious and political beliefs, and occupy varying social statuses. Americans are all different and they are free to express these differences. But I like to think that as individual Americans we all share the same basic views about our nation and its government. These nearly universal views are what allow us to cooperate and build America together.

It seems to me that when Americans voice their opinions against something, they usually are asking the people to make a change in our government or our society—not to support a bloody revolution. I'm thankful to live in a country that has this type of system. I'm convinced that any problems that may arise can be effectively corrected by legal and fair means. If laws become unjust, the people can change them. The government of the United States is flexible enough to adapt to the changes that every nation must face and at the same time remain very representative of the people. This flexibility at home is what makes our nation so strong worldwide. Because our government can adapt to changes, the people are usually quite satisfied with it. We, therefore, don't have a big problem with internal struggles or civil distrubances. The flexibility of our government keeps us happy, secure, and stable. The stability of our nation is respected worldwide and I feel this respect helps us maintain our world leadership position.

I feel that our generation is fortunate in that we don't have to "Build America." Our ancestors set down most of our nation's framework and all we have to do is enjoy their foresighted efforts. This statement extends only as far as the basic framework, however. Our duty as Americans is to work toward maintaining and enhancing this framework. This is the true meaning of "Building America Together." We must adhere to our individual characteristics, but at the same time remember that it is our government that has allowed us the right to be the diverse group that we are.

Although our government has had a lot to do with the past successes of our country, it is not, by any means, the only reason we've attained such greatness. Americans are America's biggest asset. The people are great thinkers and inventors. We come up with new ideas and apply them to benefit everyone. This keeps our nation alive and prosperous. Something that must be kept in mind is that everyone has a part to play in making America better. Very few of today's new inventions are made up entirely of ideas contributed by just one person. A lot of people must invent a lot of separate things before someone can put the ideas together in the form of a new invention. The task of improving America must be similarly undertaken in a cooperative fashion. We're not all inventors but we all have something to contribute. If you say that we're getting along fine now and ask why you should participate in improving America, I would reply saying we are getting along fine now, but think of how much better off we could be. The more people who participate in America, the better. So don't worry if you feel you have nothing to contribute—because you do. You are helping America simply by staying interested in it and loyal to it. But we need everyone's help if we are to continue "Building America Together."●

THE PRESS AS ADVERSARY

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. LAFALCE. Mr. Speaker, today as we debate legislation on the floor of the U.S. House of Representatives, a gathering of distinguished Americans is taking place a few miles from here in Leesburg, Va. This gathering, the First Amendment Congress, will focus it energies on debating the role of the news media in our society. Because of our legislative business, my scheduled participation in this event has been postponed and I regret my inability to take part in this important series of meetings.

One of the great contributions that the First Amendment Conference and similar meetings confer on our Nation is the time necessary to reflect on the growing impact of the news media on our daily lives and especially our policymaking here in the Halls of Congress.

It was, therefore, with great interest that I read recent reports of a speech delivered by Michael J. O'Neill, editor of the New York Daily News at the annual meeting of the American Society of Newspaper Editors. Mr. O'Neill's thesis was a bold and stunning commentary from an experienced jounalist:

> While there has been an astounding growth in the power of the media over the last decade or so, I am by no means sure we are using it wisely. The tendency has been to revel in the power and wield it freely, rather than to accept any corresponding increase in responsibility.

These remarks, including his strong and critical commentary on the adversarial role that the press has with the Government and its elected and appointed officers, are an indictment of a philosophy that has become the hallmark of modern journalism. Drawing his critical fire from such journalistic classics as Lincoln Steffens' "The Shame of the Cities," O'Neill's determined questioning of the wisdom of the adversarial process and criticism of its inevitable excesses is a brief, yet classic review of what ails the modern press.

In sum, Mr. O'Neill calls for what many in this Chamber no doubt feel from their personal experience:

> In the final analysis, what we need most of all in our profession is a generous spirit, infused with human warmth, as ready to see good as to suspect wrong, to find hope as well as cynicism, to have a clear but uncrabbed view of the world. We need to seek conciliation, not just conflict, so that society has a chance to solve its problems. So that we as a nation can find again the common trust and unity that we need to overcome the great challenges we face in the 1980's.

In a subsequent commentary on Mr. O'Neill's address, Murray B. Light, editor of the Buffalo News, took exception to its thesis, stating:

> But the press must maintain its fundamental adversarial relationship with government, constantly being on the lookout for excesses, derelictions, usurping of power. It is a historic role for the press in this country and if surrendered could do nothing but harm to the republic.

Mr. Light, who attended the Chicago conference where Mr. O'Neill spoke, drew an interesting contrast between the newly found warmth between the United Auto Workers and their president, Douglas Fraser, and the Ford Motor Co., and its president, Donald Petersen. While Mr. Light thought we can welcome the advent of an age of mutual cooperation and respect between labor and management in the automotive field, we must be skeptical about a newspaper editor's plea for blurring the traditional relationship between the Government and the press.

As a final warning to those, like myself, who took heart from Mr. O'Neill's call for the courage to abandon at least some of the adversarial excesses of the press, Mr. Light stated:

> We are most fearful that government officials will look upon O'Neill's speech as heralding the beginning of a new age, and when it doesn't arrive the harangues about the press will become greater than they were during the days of President Nixon. That is the danger of the O'Neill address; it can and will be misinterpreted.

In submitting both an adaptation of Mr. O'Neill's remarks from the May 6 edition of the Wall Street Journal, and Mr. Light's commentary from the May 18 edition of his newspaper, I trust that my colleagues will share my interest in this subject—and will avoid the misinterpretations of which Mr. Light warns.

What certainly does stand forth from both commentaries is the good news that leaders in the American news media are undertaking a healthy regimen of self-examination. If this continues, our Nation and our Government, as well as our media, will benefit. For, as Mr. O'Neill noted, and this is true of Government as well as the media, "Our best defense against opponents, our best bet for strengthening credibility, is an openness of mind that encourages both self-examination and outside criticism."

The articles follow:

[From the Wall Street Journal, May 6, 1982]

A NEWSPAPER EDITOR LOOKS AT THE PRESS

(By Michael J. O'Neill)

While there has been an astonishing growth in the power of the media over the last decade or so, I am by no means sure we are using it wisely. The tendency has been to revel in the power and wield it freely, rather than to accept any corresponding increase in responsibility.

The extraordinary powers of the media, most convincingly displayed by network TV and the national press, have been mobilized to influence major public issues and national elections, to help diffuse the authority of Congress and to disassemble the political parties—even to make Presidents or to break them. Indeed, the media now weigh so heavily in the scales of power that some political scientists fear we are upsetting the checks and balances invented by our forefathers.

The press's harshly adversarial posture toward government and its infatuation with investigative reporting, which have always lurked in the psyche of American journalists, were enormously intensified by Vietnam, Watergate and the general attack on authority in the 1960s and 1970s.

It may be foolhardy to say anything uncharitable about investigative reporting; it is in such vogue now. We have all basked in the glory of exposes and gloated while public officials have turned slowly on the spit of newspaper disclosures. On balance, investigative reporting probably has done more good than harm, though a wise member of the New York Times editorial board, Roger Starr, would dispute the point. He once suggested wistfully that journalism schools should ban Lincoln Steffens' famous book. "The Shame of the Cities." He said that muckraking did so much damage to the cities that he hated to think what havoc modern investigative reporters might cause.

BLACKS, VIETNAM AND WOMEN

Muckraking has been over-emphasized, tending to crowd out other more significant kinds of reporting. If we had not been so busy chasing corrupt officials, for instance, we might not be guilty of having missed some of the biggest stories of the last half century:

The great migration of blacks from the South to the industrial cities of the North, something we didn't discover until there were riots in the streets of Detroit.

The first mincing steps toward war in Vietnam, which we did not begin reporting seriously until our troops were involved.

The women's liberation movement and the massive migration of women into the job market, a social resolution that we originally dismissed as an outbreak of bra burnings.

In some cases, investigative reporting has also run off the ethical tracks. Individuals and institutions have been needlessly hurt when the lure of sensational headlines has prevailed over fairness, balance and a valid public purpose. Those uninspiring scenes of reporters and cameramen trampling over Richard Allen's front lawn to hound his wife and children raise questions.

Is our duty to inform so stern that we must exile ourselves from our humanity? Are we like policemen who have become inured to violence? Have we become so cynical, so hardened by our experiences with sham, that we can no longer feel what an official feels, what his wife and children feel, when he is being ripped and torn on TV and in the press? Have we become so arrogant with our power, so competitive, that we cannot decide that the public crime is often not worth the private punishment? That the First Amendment is often abused rather than served by those who would defend it?

Similar questions need to be asked about our intensely adversarial coverage of government because this, too, is falsely coloring the information flowing to the public.

There are the natural tensions between a President who paints a rosy view of all he does and the messengers who deliver bad news. There is the understandable resentment of officials who believe the media always emphasize conflict and failure over success. On the other side, there are the endless official lies and deceits and masquerades that gnaw at the moral intent of reporters.

Within the America context, these tendencies are normal. But with Vietnam and Watergate, with new waves of young, committed reporters moving into the profession, with older editors feeling guilty about having been "too soft" in the past, the media's relations with government have taken a sharp turn for the worse. The government has become the enemy.

In its more extreme forms, the adversarial attitude creates barriers to the clear observation and analysis necessary for objectivity. It encourages emotional involvement with individual personalities and issues. It invites arrogance. It tempts reporters to harass officials. Ultimately, it undermines credibility because people intuitively sense when the press is being unfair. In Ben J. Wattenberg's view, they become deeply skeptical when all they get from the press is an endless rat-a-tat-tat of failure.

Every policy initiative, every action, has to run to a gauntlet of criticism that is often generated—and always amplified—by the press. In the searing glare of daily coverage, an official's every personal flaw, every act, every mistake, every slip of the tongue, every display of temper, is recorded, magnified, and ground into the public consciousness.

The protests of special-interest groups, the charges of publicity-hungry Congressmen, are rock-and-rolled through the halls of power. Controversy and conflict are sought out wherever they can be found, sapping energies and usually diverting attention from more urgent public business.

In this whirling centrifuge of criticism and controversy, authority is dissipated. Officials are undermined and demoralized. The capacity to govern, already drastically reduced by the fragmentation of power, is weakened further.

The media have, in short, made a considerable contribution to the disarray in government and therefore have an obligation to help set matters straight. Or at least to improve them. The corollary of increased power is increased responsibility. The press cannot stand apart, as if it were not an interested party, not to say participant, in the democratic process.

We should begin with an editorial philosophy that is more positive, more tolerant of the frailties of human institutions and their leaders, more sensitive to the rights and feelings of individuals—public officials as well as private citizens.

We should make peace with the government. No code of chivalry requires us to challenge every official action. Our assignment is to report and explain issues, not decide them. We are supposed to be the observers, not the participants—the neutral party, not the permanent political opposition. We should cure ourselves of our adversarial mindset.

For if we are always downbeat—if we exaggerate and dramatize the negatives in our society—we attack the optimism that has always been a wellspring of American progress. We undermine public confidence and, without intending it, become a cause rather than just a reporter of national decline.

We should also develop a more sensitive value system to be sure we do not needlessly hurt public figures while exaggerating the public's right to know. Rights do not have to be exercised just because they exist or because there is a story to be told. The claim of editorial duty should not be an excuse for titillation.

Editors also need to be ruthless in ferreting out the subtle biases—cultural, visceral, and ideological—that still slip into copy, into political stories, mostly, but also into the coverage of emotional issues like nuclear power and abortion. Lingering traces of advocacy are less obvious than Janet Cooke's fiction but, for that reason, are more worrisome. Editors—myself included—have simply not exercised enough control over subeditors and reporters reared in the age of the new journalism.

PAPERS SHOULDN'T BE LIKE TV

We should be more resistant than ever to media hype—the pseudo-event, the phony charges, the staged protest, the packaged candidate, the prime-time announcement and televised interview. Indeed, we should expose these as vigorously as we expose official corruption. For it is our job to cut through the superficial to identify the substantive—to explain and clarify the news, as most newspapers already do, in a reasoned way that television cannot. Although we should be interesting, we should not try to be an entertainment like television because this would be both futile and out of keeping with our special purpose.

Another issue is accountability. A brooding Ray Price, formerly of the New York Herald Tribune and the White House, complained that the press had acquired power "out of all proportion" to its ability or inclination to use it responsibly.

All sorts of remedies have been proposed, from ombudsmen to news councils, even antitrust legislation. Such machinery is probably unnecessary. But our best defense against opponents, our best bet for strengthening credibility, is an openness of mind that encourages both self-examination and outside criticism.

With this pyschic base, we can expect editors to respond more constructively to complaints, reporters to be more accepting of direction and correction. We can expect a more aggressive pursuit of fairness and a willingness to provide a more effective right of reply than letters to the editor or an occasional op-ed piece.

In the final analysis, what we need most of all in our profession is a generous spirit, infused with human warmth, as ready to see good as to suspect wrong, to find hope as well as cynicism, to have a clear but uncrabbed view of the world. We need to seek conciliation, not just conflict, so that society has a chance to solve its problems. So that we as a nation can find again the common trust and unity that we need to overcome the great challenges we face in the 1980s.

[From the Buffalo News, May 18, 1982]

PRESS PLAYS VITAL ROLE AS ADVERSARY

(By Murray B. Light)

The annual convention of the American Society of Newspaper Editors featured two sessions with discussions on adversarial relationships.

Michael O'Neill, president of the society and editor of the embattled New York Daily News, addressed that issue and immediately stirred controversy among the more than 400 editors attending the Chicago meeting.

O'Neill, a highly respected editor among his peers, said it was time for newspapers to end or at least greatly modify their adversarial relationship with government. Pinch-hitting for David Gergen, assistant to President Reagan for communications, O'Neill sounded a theme many of us felt was one we could have expected from Gergen.

As a matter of fact, Gergen, in a belated convention appearance, quickly hailed O'Neill's speech and embraced its fundamental thesis.

We would agree with O'Neill that excesses in the press are inexcusable. Constant bickering with government is non-productive. Unfair reporting of the political process and the people involved in that process generally undermines the credibility of the press.

But the press must maintain its fundamental adversarial relationship with government, constantly being on the lookout for excesses, derelictions, usurping of power. It is a historic role for the press in this country and if surrendered could do nothing but harm to the republic.

The second arena for a discussion of the adversarial issue was a panel featuring Douglas Fraser, president of the United Auto Workers, and Donald Petersen, president of Ford Motor Co.

The two leaders, representatives of groups traditionally poised in an adversarial relationship, were so comfortable with each other, so in accord in their thinking, it was amazing.

Fraser admitted the historic labor agreement reached between Ford and UAW in February was primarily the result of adversity in the industry. Without 250,000 UAW workers in the industry.

But, he added, the traditional relationship between the UAW and Ford probably never will reach the red-hot pitch it has so many times in the past. The profit-sharing feature of the 1982 agreement "will minimize the possibility of conflict in the future," he said.

Petersen echoed the union leader's thoughts, stressing that the keystone of the agreement is co-operation and mutual trust.

The Ford president talked about a recent visit he had made to the Woodlawn stamping plant here, praising its productivity. He read a letter from a die-maker at the plant and noted that the employee wrote it was the first time in his 28 years with Ford that he felt the labor-management climate was such that he would dare to write a letter to the company president.

While we can welcome the advent of an age of mutual cooperation and respect between labor and management in the automotive field, we must be skeptical about a newspaper editor's plea for blurring the traditional relationship between the government and the press.

Nobody would really want a sweetheart relationship between labor and management. And, as Doug Fraser said, when the economic pie looks bigger and more appealing, the UAW will seek and expect a bigger share of that pie. He believes, however, that it can be achieved without the strife of the past. We agree with his thesis.

We are most fearful that government officials will look upon O'Neill's speech as heralding the beginning of a new age, and when it doesn't arrive the harangues about the press will become greater than they were during the days of President Nixon. That is the danger of the O'Neill address; it can and will be misinterpreted.●

"ENTERPRISE ZONE" INCENTIVE CREATES 2,000 NEW JOBS

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. KEMP. Mr. Speaker, back in 1978, Consolidated Edison came up with a novel idea for protecting New York City's utility base while creating new jobs in some of the city's most depressed neighborhoods.

Their problem was simple. Less than half of Con Edison's electrical distribution capacity was being used in communities like the South Bronx and Bedford-Stuyvesant. They could not just abandon those lines, but they needed more customers to operate them profitably.

What Con Ed did—with the permission of the Public Service Commission and the encouragement of the city—was lower the utility rates on businesses that agreed to expand or locate in these economically distressed neighborhoods.

Now, just a year after this incentive was created, there are 531 companies taking advantage of this program, and almost as many waiting to have their applications processed. Con Ed officials estimate that the program has created almost 2,000 new jobs, and will generate many more in the next years. What is more, for the first time in years the utility load is up, with bigger increases expected in the future.

The "Enterprise Zone Tax Act" encourages and rewards this kind of innovative program by giving preference to enterprise zone applications which include State and local incentives that would complement Federal tax incentives. What is more, the success of Con Ed's program shows that businesses are in fact willing to consider setting up in the inner city and creating new jobs—if they have sufficient incentive.

I am attaching a New York Times article on Con Ed's program for my colleagues' information.

[From the New York Times, Apr. 4, 1982]

CON ED'S DISCOUNTS HELP GENERATE NEW JOBS

(By Frank J. Prial)

A supermarket in the South Bronx paid a $4,365 electric bill last month. It might have paid $5,573, had it not been for a rate reduction of almost 22 percent from Consolidated Edison. A small doll factory in Brooklyn paid $174 instead of the $218 it would normally have been billed, and a Bronx plastics manufacturer whose February electricity bill was supposed to be $48,759 paid $38,913.

All three businesses are beneficiaries of a year-old Con Edison program that offers reduced rates to commercial and industrial companies that agree to expand or relocate in economically depressed parts of the city.

The program, known as the Area Discount Rate, was introduced hesitantly a year ago. Four months later, only 12 applicants had applied. Then the idea caught on. Now there are 531 companies taking advantage of Con Edison's offer and almost as many waiting to have their applications processed. They range in size from a butcher shop in Brooklyn with two employees to a plastics factory in the Bronx with just under 500 employees.

"We have a list of firms who want to move into these depressed areas to take advantage of the program," said Robert B. Stevens, a Con Edison assistant vice president for customer services.

"We have utilities all over the country inquiring about setting up similar programs of their own," he said.

The Con Edison program works in conjunction with various longstanding city programs to aid industry in the city. "Con Edison is actually complementing our programs," said Robert Kandell, the city's Economic Development Commissioner. "We would like Con Edison to extend its area-development rate zones as widely as possible."

The reduced rates—Con Edison will not call them discounts for fear the city will charge sales taxes on the original rates—apply to most of the South Bronx and parts of the Bedford-Stuyvesant, Brownsville, Coney Island, East New York, Red Hook and Williamsburg sections in Brooklyn.

The actual monthly rate reduction can vary from 15 percent to almost 30 percent, depending on use. To qualify, a customer has to use 25 percent more than he had normally been using for at least three months. He also has to be able to show that the increased electricity is being used for a new or expanding business.

At the start of the program, less than half of Con Edison's distribution capacity in each of the depressed areas was being used—which is not that much out of line with the overall distribution picture for the utility. Con Edison's sales of electricity have fallen 21 percent, from 34.7 billion kilowatt/hours in 1973 to 27.2 billion in 1981. Systemwide, the company is using only about 50 percent of its entire generating capacity, mostly because of cheaper power obtained from other sources.

Edward Glister, who works on the area development program for Con Edison, said electricity usage had picked up slightly since the program began. He said the load for all seven areas was up very slightly—less than 1 percent. "We expect the bigger increases to come in later years," he said, "when some of the bigger companies involved get their new programs fully operative."

So far as Con Edison officials can determine, the program has produced almost 2,000 new jobs. "When we hook up a new customer for the reduced rate," a spokesman said, "we ask him how many people he employs now or is about to. We don't check back." Optimistic Con Edison officials predict that the program could create as many as 50,000 new jobs.

The discounts apply for five years. After that, they are phased out over another five years. Presumably, by that time, consumption in the area will be up and the new businesses will be economically sound.

Con Edison first proposed the reduced rates for qualified customers anywhere in its system in 1978. But the Public Service Commission rejected the idea as discriminatory. The current program has the commission's blessing, Mr. Stevens said, because it concentrates on areas where facilities are serious underused.●

PULASKI CITIZEN'S CLUB CELEBRATES 65TH ANNIVERSARY

HON. BERNARD J. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. DWYER. Mr. Speaker, a very special occasion was marked recently in the city of Perth Amboy: the 65th anniversary of the Pulaski Citizen's Club, Inc.

Founded in 1917, the group was chartered to help immigrants from Poland and other parts of Europe to obtain their citizenship papers.

Over the years the Pulaski Citizen's Club has evolved into a social and political organization as well. Its contributions to the city's cultural, civic, and social life are vast, and theirs is a presence those of us in the area welcome and respect.

Women have been a traditionally strong component in the activities of the Pulaski Citizen's Club; the group is now chaired by Mrs. Helen Wagner who presented an award to the group's oldest charter member, John Tucholski, during the recent 65th anniversary celebration.

We all owe a debt of gratitude to this association for its many years of devotion, interest, and humanitarian work in the development of Perth Amboy, Middlesex County, and the State of New Jersey.●

TAX INCREASES WORSEN DEFICITS

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. FIELDS. Mr. Speaker, Mr. Speaker, over the past few weeks we have heard great concern over the need to calm credit markets and show resolve to business in order to lower interest rates and increase investment. Unfortunately, much of the concern has been focused on the unified budget deficit rather than on the total level of Federal spending and credit activity.

Oppenheimer & Co. recently polled chief investment officers and chief executive offices of major financial institutions on their feeling toward the budget. The overwhelming response was, "The deficit is a red herring; the real problem is Government spending as a percent of GNP." Moody's came out with similar result, indicating that tax increases would be counterproductive.

Yesterday, I received yet more evidence of the real concerns of the business and financial economy, this time from the heart of the business community, the U.S. Chamber of Commerce. Writing in Economic Outlook, Chief Economist Richard Rahn reports the results of chamber analysis of the budget proposals now before the Congress. This analysis indicates that budgets including higher taxes will result in higher deficits than budgets with lower taxes.

Responding to these results, the chamber's tax committee voted overwhelmingly, 30 to 2, against any tax increases.

What more evidence do we need that tax increases are the wrong policy, regardless of the unified budget deficit. Efforts should be redoubled on spending reductions but taxes should be left alone.

I wish that the text of Dr. Rahn's remarks be included in the RECORD.

AGAIN, THE CROSSROADS

(By Richard W. Rahn)

Economic science is not sufficiently developed to tell the future with certainty. But economic history unequivocably demonstrates that major tax increases slow the rate of economic growth and in turn, increase the demand for government services. Economic history also reveals that deficits tend to grow during periods of economic stagnation, while they tend to decline during periods of rapid economic growth.

In contrast to the frequent reports in the press, the current struggle over the federal budget is not one about who wants the biggest or smallest budget deficit, but is in actuality a conflict about the appropriate size of the federal government in our nation's economy. Members of Congress can be divided into two distinct camps regarding the appropriate level of government. The first are those who support the House Budget Committee version of the budget which essentially calls for a substantial increase in taxes, in effect repealing the third year of the Reagan tax cuts and increasing marginal tax rates. The bulk of the House Budget Committee's supporters are those who philosophically prefer bigger government rather than smaller government. Secondly, there is the camp who would like to see moderate increases or no increases in taxes and a reduction in the growth of federal government spending.

In order to forecast the future course of the economy over the next two years, one needs to make assumptions about the likely course of economic policy. There now appear to be three different fiscal policy possibilities. The first is the House Budget Committee Resolution which would increase taxes and, most importantly by increasing marginal tax rates, by about $82 billion in fiscal years 1983 and 1984. This is supported by the advocates of bigger government. The second scenario is the Senate Budget Committee proposal to increase federal taxes by about $55 billion over the next two fiscal years. The final alternative is one where Congress does not increase taxes at all during the next two fiscal years, but does manage to cut the growth rates in federal spending by about the same level as under the Senate Budget Committee. The U.S. Chamber Forecast Center simulated three alternatives and found that the no tax or low tax scenarios resulted in much higher real economic growth and lower deficits than the high tax scenario. (Please see following analysis).

The fact that economic growth turns out to be far lower and the resulting budget deficits much higher under the plan which calls for the biggest tax increases will come as no surprise to any student of economic history. Unfortunately, one of the major reasons why so many Members of Congress seem bent on following a course that leads to economic stagnation is they are basing their decision on erroneous data. The baseline budget deficit forecast agreed to by the Office of Management and Budget and the Congressional Budget Office contains a number of figures that have very little resemblance to reality. For instance, the baseline deficit forecast for 1982 shows a deficit of $119 billion. Experts outside of the government, as well as some within the Administration now believe that the most likely deficit for fiscal year 1982 is $95 billion. The baseline deficits assume that $40 billion would be needed to make Social Security solvent over the next three years. Yet the Trustees' Report and the opinion of many other experts indicate Social Security will need no more than another $22 billion over the next three years. In addition, the baseline forecast assumes that the cost-of-living adjustment for social security would increase by 8.1 percent beginning July 1, 1982, where the actual figure will only be 7.4 percent. These are just a few of the many examples indicating that the baseline budget deficit forecast number is very unrealistic and greatly padded. As a result, Congress begins working from a false premise.

In part because of the false premise, a series of excessive tax increase proposals have been made. All of these tax increase proposals disregard the decline in economic growth that they will induce. As a result one does not have to precisely agree with the Chamber Forecast Center scenarios to conclude that some proposals now emanating from the Congress are not economically realistic and may, in effect, create the economic misery that those who advocate them want to alleviate.●

WORLD TRADE WEEK

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. CONTE. Mr. Speaker, I am pleased that the President has declared this to be World Trade Week. It gives us all an opportunity to reexamine the importance international trade has in our lives and in the strength of our economy.

We have heard for too long that U.S. productivity and product quality is low and that we cannot compete with our major foreign competitors. I am convinced that where there is the will and determination, our industry and agriculture can succeed admirably anywhere in the world.

The theme of World Trade Week is "Exports Mean Jobs." This is the message which will be emphasized in numerous observances this week throughout the country. As we wrestle with our continuing trade deficits, we must redouble our efforts to expand our exports in manufactured and agricultural products. This effort will require the cooperation of business, labor, academia, civic groups, and Government at local, State and Federal levels. By acting together, all Americans can benefit.

Government's role should be to provide the framework in which American products have equal access to international markets and to provide the financial support through the Export-Import Bank. Eximbank activities in 1980 directly supported 724,000 jobs in the United States. Over 2,600 businesses used Eximbank programs directly in 1981 and 13 percent of the total dollar amount went to small businesses.

I hope our focus on exports this week will renew America's commitment to trade and make exports a year-round activity of all Americans.●

BETTER THE COURT THAN THE BATTLEFIELD

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. NEAL. Mr. Speaker, we are witnessing today in the Falkland Islands what may be the beginning of a major war, the ultimate consequences of which cannot yet be perceived.

All diplomatic efforts have failed to achieve a peaceful settlement of the territorial claims of Argentina and Great Britain. Argentine troops hold the islands. The British fleet stands offshore, ready to launch an airborne and amphibious assault. Indeed, British raiding parties already have gone ashore to probe Argentine defenses. The Argentine Air Force, well-equipped and 100 fighters strong, waits only for the British fleet to maneuver within its range. A massive bloodletting clearly is in the making.

Mr. Speaker, too many people already have died in this dispute—today, 21 persons aboard a British helicopter; earlier, several hundred crewmen aboard an Argentine cruiser and a British destroyer. Who knows how many more lives hang in the balance? Who knows, once these forces clash head-on, how long the war will last, or how far it will spread. Major wars, involving many nations have begun less conspiciously.

There is still time, in my opinion, to avert catastrophe in the Falklands. There is a way, I believe, to settle the territorial claims peacefully.

Soon after this crisis became volatile, I urged the President of the United States to seek a legal settlement of the dispute. I asked him to use his good offices to persuade both Argentina and Great Britain to submit the matter of sovereignty to the International Court of Justice at The Hague, with the agreement that both sides would abide by the Court's decision.

Today's edition of the Washington Post includes an op-ed article by Lloyd N. Cutler, who served as counsel to President Jimmy Carter. Mr. Cutler's comments on the Falkland situation offer an excellent explanation of how the International Court of Justice might operate in this situation. The article follows:

NOT TOO LATE TO GO TO COURT

(By Lloyd N. Cutler)

In a civilized society, when two individuals or institutions cannot agree about who owns a piece of property, one takes the other to court. Both must accept the court's jurisdiction, and both must abide by its judgment. This is what Britain and Argentina would have to do, even if they were already locked in armed combat.

The society of sovereign nations is not fully civilized, but it has created a court with the capacity to resolve territorial disputes. Every nation that signed the United Nations Charter also signed on to the Statute of the International Court of Justice. Under this statute, the court's jurisdiction extends to all cases that the parties may refer to it. Some U.N. members, including the United Kingdom but unfortunately not Argentina, have agreed to accept the court's compulsory jurisdiction in all cases involving questions of international law or of any fact which, if established, would constitute a breach of an international obligation. U.N. members states are bound to obey the court's decisions. If they do not, the Security Council may take enforcement measures such as economic or military sanctions.

The Falklands-Malvinas issues are ideally suited for judicial resolution. They involve factual and legal claims about sovereignty over people and property of the type that international judicial tribunals have been resolving for centuries. These claims have existed for more than 100 years, and they have been under active negotiation since 1967. They do not involve the truly vital national interests of either party—the people and property in dispute are marginal to the central economic, political and security concerns of both claimants. Perhaps neither side can "afford" to give in to the claims made or the force applied by the other, but any civilized nation can honorably "afford" to submit such issues to a neutral judicial tribunal and to abide by the result.

Modern history is full of judicial settlements of conflicting territorial claims, especially in the new lands of the Western Hemisphere. Neutral arbitration panels have resolved disputes between Venezuela and Britain over the boundary with Guyana, between the United States and British Canada over the Alaskan Panhandle, between Argentina and Paraguay over the Verde-Pilcomayo region, between Colombia and Venezuela over their border, and between Argentina and Chile over the Beagle Channel Islands.

In no case but the last—where Argentina kicked over the traces—has either side refused to accept the decision of the tribunal. Even in the Beagle case, Argentina has joined in resubmitting the issues to a pending "mediation" by the pope, and has not tried to occupy the disputed islands by force.

In the light of this history, it seems puzzling that neither of the parties, nor the United States nor the United Nations, has publicly proposed that if negotiations fail, the Falklands-Malvinas issues, or at least some of them be submitted to the International Court of Justice. It is especially puzzling that the U.N. Security Council has not done so, since Article 36 of the Charter requires the council, in framing its recommendations, to consider that "legal disputes should as a general rule be referred by the parties" to the court.

Perhaps Argentina or Britain would initially refuse—perhaps one or the other has already done so in response to a non-public proposal—just as Argentina refused a British submission to the court of the sovereignty issues as to South Georgia and Antarctica (but not the Falklands themselves) in 1955. But even so, the proposal should be publicly made—at least by the United Nations with the support of the United States—and the refusing state should be put to the burden of explaining why the claims it asserts to be so strong are not strong enough to submit to the judgment of a neutral judicial tribunal.

In the search for a solution of the Falklands-Malvinas dispute, a method of judicial resolution has been the missing ingredient. Both sides appear agreeable to withdrawing their forces, accepting a neutral interim administration and negotiating a final solution. The main hangup is Argentina's concern that the negotiations will stalemate again, and that has been its reason for stating that its claim of sovereignty is not negotiable. Britain cannot accept this position under the duress of the current Argentine invasion. The reasonable and honorable compromise is to assure Argentina against stalemate in a better way, by an agreement that if the negotiations do not produce a mutually acceptable solution of all issues within a specified time, either side may submit the unresolved issues to the International Court. As the court proved in the case filed by the United States over Iran's refusal to return our hostages, it can act promptly when the need arises.

Whatever else may divide them, the principle of judicial resolution is a banner under which all honorable and civilized nations can stand.●

BILL TO STOP ABUSE UNDER MULTIPLE EMPLOYER HEALTH CARE TRUSTS

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● **Mr. ERLENBORN.** Mr. Speaker, the chairman of the Subcommittee on Labor-Management Relations, PHILLIP BURTON, and I are today introducing legislation to put a stop to what the attorney general in my State, Illinois, has characterized as an increasing problem having the potential to become the "most sophisticated and profitable white-collar crime in America." In a growing number of States across the Nation, operators of bogus "insurance" trusts are bleeding the trusts of funds and claiming bankruptcy, thus leaving thousands of people holding the bag for millions of dollars in unpaid hospital and medical bills. The ensuing tragedies of the victims, personal bankruptcies, and damaged personal credit ratings, serve as notice to this Congress that there is an urgent need to enact the proposed legislation this year.

On March 5, the subcommittee held hearings in Chicago, Ill., to investigate the problems caused by these so-called multiple employer health trusts—or MET's. Our proposed legislative solution is an outgrowth of the consensus which emerged at the hearing among the interested parties—State and Federal regulators, the insurance industry, the actuarial profession, and legitimate health plan sponsors.

Generally, the abuses connected with MET's can be and, in some cases, have been dealt with under appropriate State laws. Unfortunately, the MET operators have been successful in thwarting timely investigations and other enforcement activities of State agencies by asserting that such entities are ERISA "plans" for which all State regulation is preempted pursuant to section 514 of the Employee Retirement Income Security Act of 1974 (ERISA). In all too many cases, the result has been that State remedial actions have come too late to head off insolvency and benefit losses stemming from the mismanagement and misdeeds of the MET operators. This has proved to be the general rule in spite of the steps taken by the Department of Labor to clarify the jurisdictional role of the States in regulating MET's. In fact the ERISA Administrator in the Department of Labor has testifed that in virtually all of the cases in which the Department has issued an opinion as to the coverage of a MET entity under ERISA, the entity in question has been found not to qualify as an employee welfare benefit plan with respect to which the ERISA preemption provision applies. The proposed legislation closes off all avenues of opportunity that might currently exist for MET operators to avoid such regulation at the Federal and State level, as may be applicable in each particular circumstance.

EXPLANATION OF MULTIPLE EMPLOYER WELFARE ARRANGEMENT ACT OF 1982

OVERVIEW

The bill defines the term "multiple employer welfare arrangement" to include all forms of what have come to be known in the insurance trade as multiple employer trusts or MET's. These arrangements may provide benefits—typically hospital and medical benefits—on a fully-insured basis or on a basis that does not involve the full guarantee of benefit payments by a licensed insurance company. Some of the arrangements may meet the definition of "employee welfare benefit plan" under ERISA, and, thus, are currently regulated at the Federal level as ERISA plans; others do not meet the ERISA plan definition, and, thus, are subject to whatever existing regulation may apply to such entities at the State level. Under the bill's amendment to ERISA's preemption provisions, the scope of State regulation is clarified with respect to all such arrangements whether or not they are fully insured or meet the ERISA definition of "plan."

The bill reaffirms the original intent of Congress in enacting the Employee Retirement Income Security Act of 1974 (ERISA) that if a multiple employer welfare arrangement does not meet the definition of an employee welfare benefit plan under the act, then such an entity is not exempted—under the preemption provisions set forth in section 514 of ERISA—from the application of State insurance and other laws regulating such entities. With respect to arrangements which meet the definition of ERISA plans, the bill specifically permits State regulation in varying degrees depending on the type of arrangement and whether or not the arrangement is certified by the Department of Labor as an ERISA covered welfare benefit plan. Thus, the bill removes any potential obstacle that might exist under current law which could hinder the ability of the States to regulate multiple employer welfare arrangements to assure the financial soundness and timely payment of benefits under such arrangements.

DEFINITION

Section 2 of the bill adds a new paragraph (40) to section 3 of ERISA which defines the term "multiple employer welfare arrangement." This term includes employee welfare benefit plans now covered under ERISA as well as other arrangements (so-called MET's) which are not covered under ERISA as plan entities. Any such arrangement which is established or maintained under or pursuant to one or more collective bargaining agreements is excluded from the scope of the term. Also excluded are plans or other arrangements maintained by a single employer. "Single employer" is defined to include two or more trades or businesses within the same control group.

The provisions of the bill which follow are consistent with the original intent of Congress in excluding those multiple employer welfare arrangements which do not meet the "employee welfare benefit plan" definition from the scope of the coverage and preemption provisions of ERISA. In this regard, the position of the Committee on Education and Labor was clearly stated in the Activity Report of the Pension Task Force (94th Congress, 2d Session, 1977):

> It has come to our attention, through the good offices of the National Association of State Insurance Commissioners, that certain entrepreneurs have undertaken to market insurance products to employers and employees at large, claiming these products to be ERISA covered plans. For instance, persons whose primary interest is in the profiting from the provision of administrative services are establishing insurance companies and related enterprises. The entrepreneur will then argue that his enterprise is an ERISA benefit plan which is protected under ERISA's preemption provision from state regulation.
>
> We are concerned with this type of development, but on the basis of the facts provided us, we are of the opinion that these programs are not "employee benefit plans" as defined in Section 3(3). As described to us, these plans are established and maintained by entrepreneurs for the purpose of marketing insurance products or services to others. They are not established or maintained by the appropriate parties to confer ERISA jurisdiction, nor is the purpose for their establishment or maintenance appropriate to meet the jurisdictional prerequisites of the Act. They are no more ERISA plans than is any other insurance policy sold to an employee benefit plan.

LIMITATION ON PREEMPTION OF STATE LAW

Section 4 of the bill amends ERISA Section 514 to make clear the extent to which State law is preempted with respect to employee welfare benefit plans which also meet the new multiple employer welfare arrangement definition.

Multiple employer welfare arrangements that do not meet the ERISA welfare plan definition are unconditionally subject to the State law. Such arrangements (i.e. MET's) are not regulated as plan entities under ERISA. This policy was reinforced in Wayne Chemical, Inc. against Columbus Agency Service Corp. in which the Court of Appeals for the Seventh Circuit stated:

> Congress would have had no reason to exempt from state regulation insurance programs that are established and maintained by entrepreneurs for their own profits.

With respect to multiple employer welfare arrangements which do meet the definition of welfare plan, the bill amends the ERISA preemption provision to permit limited State regulation of such plans while retaining the full scope of the Federal regulation which is presently applicable. The amendment to the preemption provision is necessary since State regulation is fully preempted under present law.

The bill identifies two different categories of plan arrangements which may be subject to State regulation. In the first category are welfare plans which first, are either fully insured or second, are not fully insured but have obtained a certification from the Department of Labor that they meet the ERISA "employee welfare benefit plan" definition. States may regulate such plans under their insurance or other laws, but such regulation is restricted to standards requiring the maintenance of contribution and reserve levels considered necessary for such plans to pay promised benefits in full when due.

In the second category are all other welfare plans which first, meet the definition of multiple employer welfare arrangement, second, are not fully insured, and third, have not obtained the above mentioned certification from the Department of Labor. These plans are subject to ERISA and whatever State law may apply to them (except to the extent that the State law may be inconsistent with the Federal law under title I of ERISA).

Another provision in the bill (new ERISA section 514(b)(4)(B)) clarifies present law and deals with a question which has arisen as to whether ERISA applies to any aspect of a multiple employer welfare arrangement which does not meet the ERISA welfare plan definition (hereafter referred to as a MET).

Since employers frequently subscribe to these MET arrangements to provide employees with welfare benefits, there is a strong presumption that ERISA applies. The Department of Labor, which has taken the position that the MET itself does not constitute a single umbrella-like employee benefit plan, has consistently maintained that each employer or union which subscribes to the MET has established its own employee benefit plan. Under this analysis, the MET is not a single large plan, but rather a funding vehicle for a number of small individual employee benefit plans.

This analysis does not jeopardize the application of State law to the MET because it is clear even under present law that State law may apply to funding vehicles for plans; for example, State insurance laws obviously apply to licensed insurance companies which underwrite benefits in a number of individual employer or union established employee benefit plans. It also fills a gap in State law by subjecting the operators of the MET to the reporting, disclosure, and fiduciary standards of ERISA to the extent they are administrators and fiduciaries to these subscribing welfare plans.

The Department of Labor's analysis is entirely consistent with the congressional intent under ERISA. Nevertheless, the Court of Appeals for the Fifth Circuit, in *Taggart Corp.* v. *Life & Health Benefits Administration*, 617 F.2d 1208 (5th Cir. 1980), has held that ERISA does not apply to the plans which subscribe to the MET. Even more disturbing is the reasoning of this decision which holds that employers which purchase insurance to underwrite benefits and/or which hire third parties to administer the plans do not establish welfare plans covered by ERISA. This reasoning is wholly inconsistent with the language of ERISA, its legislative history, the case law and the shared understanding of the employee benefit plan community. It is also a critical issue because it affects the jurisdictional scope of ERISA.

While there is every reason to believe that the courts will readily see the error of the Taggart decision (e.g., the Court of Appeals for the 11th Circuit has scheduled an en banc hearing to reconsider the Taggart decision), section 514 (b)(5)(B) makes it clear that welfare plans which subscribe to or use MET's as a funding vehicle are subject (as ERISA plans) to the applicable provisions of title I, including the preemption provisions (which preempt State law in connection with such plans).

VOLUNTARY CERTIFICATION CERTAIN PLANS

Section 3 of the bill adds a new section 5 to ERISA which allows multiple employer welfare arrangements which are not fully insured to apply to the Secretary of Labor for a certification that they meet the requirements under sections 3(1) and 4 necessary to be considered employee welfare benefit plans to which title I applies.

Legitimate ERISA plans which obtain certification will, as a result, be subject only to those standards of State law specified in section 514(b)(5)(A)(i). The Secretary of Labor would not have to consider any application for certification until 2 years after date of enactment. The Secretary need not issue a certification in any case in which the Secretary determines that denial of the request would be more protective of the rights of participants and beneficiaries.

In summary, the bill would allow added protections of State law to apply to multiple emloyer welfare arrangements by (1) clarifying that non-ERISA plan MET's are fully subject to State law, (2) allowing State law which does not conflict with ERISA to apply to nonfully insured, noncertified ERISA plan arrangements, and (3) allowing State financial solvency requirements to apply to fully insured, and certified ERISA plan arrangements.

A copy of the bill follows:

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Multiple Employer Welfare Arrangement Act of 1982".

DEFINITION OF MULTIPLE EMPLOYER WELFARE ARRANGEMENT

SEC. 2. Section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002), relating to definitions, is amended by adding at the end thereof the following new paragraph:

"(40) The term 'multiple employer welfare arrangement' means an employee welfare benefit plan, or any other arrangement (other than an employee welfare benefit plan), which is established or maintained for the purpose of offering or providing any benefit described in paragraph (1) to the employees of two or more employers (including one or more self-employed individuals), or to their beneficiaries, except that such term does not include any such plan or other arrangement which is established or maintained under or pursuant to one or more agreements which the Secretary finds to be collective bargaining agreements. For purposes of this paragraph—

"(A) two or more trades or businesses, whether or not incorporated, shall be deemed a single employer if such trades or businesses are within the same control group,

"(B) the term 'control group' means a group of trades or businesses under common control, and

"(C) the determination of whether a trade or business is under 'common control' with another trade or business shall be determined under regulations of the Secretary applying principles similar to the principles applied in determining whether employees of two or more trades or businesses are treated as employed by a single employer under section 4001(b), except that, for purposes of this paragraph, common control shall not be based on an interest of less than 25 percent.".

CERTIFICATION OF MULTIPLE EMPLOYER WELFARE ARRANGEMENTS FOR PURPOSES OF PREEMPTION

SEC. 3. (a) Title I of the Employee Retirement Income Security Act of 1974 is amended by inserting after section 4 the following new section:

"CERTIFICATION OF MULTIPLE EMPLOYER WELFARE ARRANGEMENTS FOR PURPOSES OF PREEMPTION

"SEC. 5. (a)(1) Upon a request for certification under this section made by a multiple employer welfare arrangement which is not fully insured, the Secretary shall determine, pursuant to regulations which the Secretary shall prescribe, whether such arrangement meets the requirements under section 3(1) and section 4 necessary to be considered an employee welfare benefit plan to which this title applies.

"(2) For purposes of paragraph (1), a multiple employer welfare arrangement shall be considered fully insured only if the terms of the arrangement provide for benefits the amount of all of which the Secretary determines are guaranteed under a contract, or policy of insurance, issued by an insurance company, insurance service, or insurance organization, qualified to conduct business in a State.

"(3) The Secretary shall notify the multiple employer welfare arrangement of the determination under paragraph (1) and, if the Secretary determines that the arrangement meets the requirements described in paragraph (1), issue a certificate of such determination to such arrangement. The Secretary may terminate any such certification upon any subsequent determination by him, pursuant to such regulations, that the plan no longer meets such requirements. Such regulations shall include procedures for initial and continued certification under this section.

"(b) Notwithstanding subsection (a), the Secretary may deny a request for certification of a multiple employer welfare arrangement under this section, without regard to whether the arrangement meets the requirements referred to in subsection (a)(1), if the Secretary determines that denial of the request would be more protective of the rights of participants and beneficiaries under the arrangement.

"(c)(1) Section 554 of title 5, United States Code, shall not apply to any determination under this section.

"(2) The determination of whether or not to make a certification under this section, and the time by which notice of any such determination is provided, shall be solely the judgment of the Secretary and shall not be subject to judicial review except to the extent that the Secretary's actions may be arbitrary or capricious.".

(b) The table of contents in section 1 of such Act is amended by inserting after the item relating to section 4 the following new item:

"SEC. 5. Certification of multiple employer welfare arrangements for purposes of preemption.".

LIMITATION ON PREEMPTION OF STATE LAW WITH REGARD TO WELFARE PLANS WHICH ARE MULTIPLE EMPLOYER WELFARE ARRANGEMENTS

SEC. 4. (a) Subsection (b) of section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144), relating to effect on other laws, is amended by adding at the end thereof the following new paragraph:

"(5)(A) Notwithstanding any other provision of this section—

"(i) in the case of an employee welfare benefit plan which is a multiple employer welfare arrangement and which is either fully insured within the meaning of subsection (a)(2) of section 5 or under a certification in effect under section 5, State law shall apply to such arrangement to the extent that such State law provides—

"(I) standards, requiring the maintenance of specified levels of reserves and specified levels of contributions, which any such plan, or any trust established under such a plan, must meet in order to be considered and under such law able to pay benefits in full when due, and

"(II) provisions to enforce such standards, and

"(ii) in the case of any other employee welfare benefit plan which is a multiple employer welfare arrangement, in addition to this title, State law shall apply to the extent not inconsistent with the preceding sections of this title.

"(B) Nothing in subparagraph (A) shall affect the manner or extent to which the provisions of this title apply to an employee welfare benefit plan which is not a multiple employer welfare arrangement and which is a plan, fund, or program participating in, subscribing to, or otherwise using a multiple employer welfare arrangement to fund or administer benefits to such plan's participants and beneficiaries.".

EFFECTIVE DATE

SEC. 5. The amendments made by this Act shall take effect on the date of the enactment of this Act, except that the Secretary of Labor is not required to consider any application for certification under section 5 of the Employee Retirement Income Security Act of 1974 (as added by this Act) until two years after such date.●

CLOSE UP

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. FASCELL. Mr. Speaker, a recent article published in the Christian Science Monitor highlighted the experiences of several high school students during their visit to Washington, D.C., through the Close Up program, a nonprofit organization which gives thousands of students the opportunity to become more aware of and involved in the activities of our Government.

I have personally spoken to Close Up groups on many occasions and always find it rewarding and challenging. I have also had the opportunity to evaluate the benefit to the participants, both students and teachers. The interest, the enthusiasm, the commitment, and the participation which I sense coming from them carries over into their school and community activities. I am confident they are better citizens and Americans because they have learned so much about our Government, albeit in an extracurricular, short, concentrated program.

Close up is an extremely effective and worthwhile program, and deserves the continued support of Congress, the educational community, and the private sector.

I am sure our colleagues will be interested in the attached article.

The article follows:

STUDYING DEMOCRACY IN ACTION—AT THE CENTER OF THINGS

(By Robert Levin)

"I'm not into that [government] stuff—and that's why I came," explained Trent Himes, a sophomore at John Marshall High School in Portland, Ore., about his week in Washington, D.C., as part of the Close Up program. "I've gotten into some really good debates about abortion, nuclear power, and building up the military."

Close Up offers 14,000 high-schoolers from across the United States a week of congressional hearings, special meetings with their elected representatives, "business" lunches, and thought-jarring seminars.

"I was told," recalls Pat Baars, head of Marshall High's humanities department, "and I assumed before I came here, that this would appeal only to more 'able' students. I know now I was wrong. We have a range of students here; active involvement in what's going on draws in everyone. I have not heard one student say, 'This is boring.'"

The Close Up Foundation, a nonprofit operation based in Arlington, Va., has worked to debunk two myths while teaching about democracy: (1) Only specially gifted students can go beyond the nuts and bolts of civics; and (2) students and teachers have to learn in separate settings.

Young people are continually being told that they "are the hope and the future of this country—but nobody tells them how to deal with that fact," asserts Margery Kraus, Close Up vice-president and a former social studies teacher in northern Virginia.

Instead, she says, students arriving in Washington tend to feel that "government is so overwhelming, so impersonal. It is very hard for the students who come to understand how they fit in. They tend to think they don't count at all."

Such feelings of ineffectiveness are challenged by Close Up guest speakers such as Rep. Arlan I. Erdahl (R) of Minnesota, who led an hour-long session with 75 hearing-impaired students during a February workshop week. When asked, via a sign language interpreter, about declining federal support for television captioning, the congressman declared that television is "an avenue of information that you have just as much right to as anybody else."

The students learned quickly the lesson that a congressman's personal inquiry helps to focus attention on this and other issues. He promised, "I intend to find out what we [the legislative branch] can do."

At a luncheon filled with students from Houston, Texas, and Portland, Ore., led by congressmen from both areas, Rep. Bill Archer (R) of Texas explained, "Elections are won by very small changes in votes. Sometimes it isn't easy to find out whether you really like a particular [candidate] or not," but volunteering time and doing research are the best ways.

Representative Archer's views were not left unchallenged, however. One student rose to ask, "Do you feel that special-interest groups have drained your political freedom?"

And moments later the cohost, Rep. Ron Wyden (D) of Oregon, looking not much older than some of the students, arrived in time to argue with the Texan over offshore oil-drilling controls. Mr. Archer called Mr. Wyden's opposition to California-Oregon coastal drilling "provincial" and "unfair," since states like Texas are left to take the risks of environmental damage in the Gulf of Mexico area.

"I think Bill Archer and I would agree," Mr. Wyden replied, "that you need some kind of balance" between development and environmental protection in our energy policy. He pointed out to the students that this is "the kind of trade-off we have to make every day in the Congress."

Trade-offs. Provincial vs. national or international interests. Democrats vs. Republicans vs. independents. Do the students believe what they hear?

"I trust them," young Trent reported, "but I listen to see if I agree."

Fellow student David hesitated. "Gee . . . for the most part, I trust that they think they know what they're doing What they're doing I'm not always sure about. They're trying their best."

Says Close Up's Margery Kraus, "The week in Washington is what I call shock treatment. What they really learn is . . . it's not all true or all false. The reduction of issues on the evening news does not give you a chance to learn why there's so much disagreement and why democracy moves so slowly. . . . For a lot of students, that's a revolutionary concept."

Students who come are "certainly not uniform in their political attitudes," she adds. Thus, one of the main goals of the program is not only to review the nuts and bolts—how a bill becomes a law, seeing committees in action, studying connections among branches and levels of government—but to learn how to learn.

"The kids learn that how you ask a question is almost as important as what you ask," Ms. Kraus explained. "You ask . . . so as not to [allow] an easy yes-no answer, while still being polite."

She explains, "It's not abnormal for [students, who have arrived on Sunday] to ask on Tuesday, 'How do we know whom to believe?'

"That's a question we ask ourselves, too—all of us."

David Spencer elaborated: "A lot of [students] are still hanging back because they're afraid to ask a dumb question, to be embarrassed." However, Close Up provides several afternoon and evening small-group seminars with a dozen or so young participants and a group leader, often back at the hotel, which helps draw out shyer participants and answer questions raised during the day.

Meanwhile, about 2,000 teachers each year attend their own seminars on such topics as education, foreign policy, key domestic issues, and so forth. "Most of the teachers," Ms. Kraus explains, "want to be exposed to the resources of Washington and to be able to duplicate Close Up-like experiences for students at the state and local levels.

Close Up has its own textbook, "Perspectives," and a periodical, Current Issues, which help to stimulate discussion and provide curriculum material for teachers when they return to their home classrooms.

In operation since 1971, Close Up has recently expanded its offerings to include seminars over cable television, utilizing the Cable-Satellite Public Affairs Network to which many school systems subscribe.

Congress appropriates about 10 percent of the $11 million operating budget of Close Up, the only Washington program so honored. Students were charged a tuition of $448 this past year; one scholarship is provided to each participating school.

While Trent Himes turned to his family for tuition, schoolmate David Spencer, a senior, obtained $200 from a Portland law firm. Close Up's corporate donors tend to be oil and computer companies.●

LET'S HELP U.S. FIRMS COMPETE

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. BLANCHARD. Mr. Speaker, the Export-Import Bank serves as a means for U.S. industries to compete with their foreign counterparts in selling their products or services abroad. But when it comes to obtaining contracts in the U.S. market, U.S. industries are clearly at a disadvantage. American private industry does not have the mechanism or the ability to compete effectively in the U.S. marketplace against companies with foreign government financing. There is no "Export-Import Bank" or other institution or statute to which they can turn to help offset the enormous financial advantages enjoyed by their foreign competitors. Because of this fact, on March 17, the New York City Metropolitan Transit Authority chose to award a $274.4 million subway car contract to Kawasaki Heavy Industries of Japan over the Budd Co., of Troy, Mich., the only railway passenger car manufacturer remaining in the United States.

For many years it has been common to read of U.S. firms losing out to foreign competition. But, in this instance a U.S. company had no chance whatsoever of winning. In fact, the major factor behind the Metropolitan Transit Authority's decision to choose Kawasaki was the attractive vendor financing this Japanese firm could offer. With assistance from the Export-Import Bank of Japan, Kawasaki included in its bid, terms for a loan to the New York Metropolitan Transit Authority of $126.6 million for a 5-year period at an effective interest cost of only 12.25 percent. These generous terms are in addition to the working capital financing that Kawasaki will be able to receive from its own government at an extraordinarily low interest rate of 8 percent. This irresistible financial package was far better than what The Budd Co., or any U.S. firm could have hoped to find at home.

This 325 subway car contract is the first part of an MTA plan to purchase a total of 1,150 subway cars. It will cost the city of New York somewhere between $1.3 and $1.4 billion and will be the biggest subway car order ever made in the United States and perhaps the world. But the cost to the United States as a whole is greater still. The Congressional Research Service estimates that for every $1,000 spent on foreign rather than domestic procurement, the United States loses $53 in corporate profits tax, $12 in taxes on unincorporated nonfarm business income, $161 of social security tax payments, $306 of personal income tax on wages, salaries, rent and interest, and $20 in State sales taxes. This amounts to a grand total of $552 lost in State and Federal taxes whenever $1,000 is spent for foreign as opposed to domestic procurement.

In fact, the Budd Co., of my district in Michigan had indicated to the MTA that it would have performed about 90 percent of the work in the United States had it been awarded the subway car contract. On the other hand, only 43 percent of Kawasaki's work will come from the United States. Using just this one difference, it can be determined that $129.1 million of U.S. content will be lost. Because of one contract, approximately $284 million of gross national product will have been sacrificed and $92.3 million of Federal tax revenue and $8.9 million in State and local tax revenue will have been lost.

It is unacceptable such an event should have been allowed to happen—that a city was forced to make a decision that will cause harm to the U.S. economy, and that any U.S. company should be undefended when faced with foreign competition which has been subsidized by its own government.

I hope my colleagues will join me in taking a closer look at this situation which has permitted a foreign government to reap a bonanza in employment and tax benefits while our own Government has stood by helpless in defending the interests of its own industries.

What is needed here, perhaps, is some mechanism within the Federal Government whereby our domestic industries can obtain financing comparable to that offered by foreign companies. Let us have the marketplace function on behalf of competitive pricing, but it seems grossly unfair to force U.S. private industry to compete for the same contracts with companies that are protected and actively assisted by foreign governments.●

FEDERAL EMPLOYEES MAKE A DIFFERENCE

HON. FRANK WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. WOLF. Mr. Speaker, as we consider the budget for fiscal year 1983, I urge you to take time to also consider the men and women whose daily jobs fulfill the important and vital role of keeping the U.S. Government functioning and who work to save us millions of dollars as the following article from the St. Louis Post-Dispatch illustrates.

[From the St. Louis Post-Dispatch, Mar. 11, 1982]

THE "GOOD" BUREAUCRATS: THEY SAVE US MILLIONS

(By Harry F. Rosenthal)

WASHINGTON.—Everybody knows about bureaucrats. They are lazy, overpaid and indifferent to the public that pays them. They live in Washington and have no idea what's really important to the rest of the country. They are partners in the big three of What's Wrong With Government: Waste, Fraud and Abuse.

Politicians love them because they make such easy targets. Ronald Reagan as a candidate make campaign points by seizing on a nationwide dislike for bloated government. Reagan the president declared war:

"We are going to follow every lead, root out every incompetent and prosecute any crook we find who's cheating the people of this nation."

That shouldn't prove difficult in a government with a civilian payroll of 2.9 million. But along the way the investigators might stumble across some good guys, because among the lazy, the incompetent and the crooked, there also are the efficient, the dedicated and the conscientious.

C. Dale Forst got a job as laundry plant manager in a Veterans Administration hospital and his experienced eye told him things could be better. He eliminated a rinse-cycle, fiddled with different kinds and amounts of soap and bleach, turned down the water temperature and lo, the government saved $23,400 the first year.

Kenneth P. Boehne, working for the U.S. Railroad Retirement Board in Chicago, changed accounting practices. The result: $9.4 million in one-time savings and more than $7 million in increased investment income. Boehne has a habit of such things. Another time, while working for the General Accounting Office, he criticized the railroad board's investment practices. They were changed and investment income increased $550 million.

Such stories fall in the good new category and seldom make headlines. To encourage more enterprise on the part of his employees. Uncle Sam has an incentive awards program that pays off both in cash and honors. And there are other awards, not carrying money but prestige.

As in everything else affecting bureaucrats, there is widespread suspicion that the incentive awards themselves are riddled with waste, fraud and abuse; that bureaucrats rip off the government by nominating themselves or their friends.

While some of that may be true, Director Donald J. Devine of the U.S. Office of Personnel Management reported to President Reagan last June that "employee suggestions, inventions and performance contributions beyond job requirements resulted in benefits to the government in excess of $552 million during the preceding 12 months."

The federal government was suitably grateful. "For these contributions," Devine wrote the president, "employees received awards totaling just over $44 million, thus providing the government more than $12 for every $1 invested in awards."

The government has given such awards the last 25 years. It figures that four million employee contributions have saved taxpayers more than $6 billion while awards to government workers have totaled just over $490 million.

Devine's report showed that one in every 10 employees—251,963 in all—received incentive awards, cash or letters of commendation or pay increases normally granted for longevity. There were more than 1,800 presidential letters of commendation for cost-saving contributions to civilian and military personnel.

Presidential awards, however, did not always mean just an impressive signed certificate for the wall of the den. Forty-nine career federal managers—credited with saving the taxpayer $131 million—received the rank of Distinguished Executive and $20,000. Another 206 were named Meritorious Executive with cash awards of $10,000.

The ways that government employees make improvements are as varied as the government itself. Some are grandiose, saving millions; others are more modest but no less ingenious. And some just plain improve life.

Doctors Eric Blom of the Veterans Administration Medical Center and Mark Singer of the Methodist Hospital, both in Indianapolis, developed a simplified method for restoring patients' voices after their vocal cords were removed. The device, called a duckbill, saves a great deal money. But more than that, a recipient needs only to undergo surgery for a half-hour and receive 15 hours of outpatient training—half the time needed previously.

Two sergeants, Fred Warchol and Patric Peer, suggested a more efficient way of recovering silver from exposed X-rays. Recovery of the precious metal jumped from 30 percent to 98 percent.

Chemists Thomas K. Brown and William G. Gillespie collaborated on development of a water-wipable, currency-green ink that later was called, "a significant contribution to the successful production of the 1980 Christmas stamps." And then they developed another new ink that saves the Bureau of Printing and Engraving half-a-million dollars a year.

Frank J. Nola of NASA's George C. Marshall's Space Flight Center in Huntsville, Ala., produced a simple and inexpensive device that can cut power consumption by 30 to 60 percent on such things as typewriters, washers, refrigerators, fans and industrial sewing machines. NASA got the patent; the nation got the benefit. Estimates are that a reduction of a mere 4 percent of power used by electric motors could save the nation $1 billion a year.

For his work, Nola was the first recipient of the "Excalibur Award" for significant government achievement. The award was begun by Rep. Michael D. Barnes, a Maryland Democrat, to recognize federal emploees who work at solving the nation's problems and trying to save the taxpayers' money.

NASA says 200 companies have been licensed to produce the device, a power factor controller, and a number of firms are only now getting into producing them for heavy machinery such as tool and die equipment.

Another Excalibur winner was Carrol Roy of Iowa City, Iowa, who developed programs to benefit patients who rely on dialysis treatments for kidney disease. Her program enabled such patients to receive dialysis while on vacation and freed patients from other burdensome routine.

Judith Ann Albierz of Anchorage received an Arthur S. Flemming award for managing efforts of 65 people to transfer 13 million acres of land to Eskimo, Indian and Aleut corporations.

The Federal Aviation Administration praised a seven-member team for its work analyzing air traffic control procedures in areas controlled by the Boston, New York, and Washington centers. The result was a saving of four million gallons of fuel a year. The government gave the group $10,000 to be split equally.

Government good guys include the crew of a government boat that rescued a man who had fallen from another vessel in New York Harbor; 65 Federal Aviation Administration employees who helped relocate 61,000 Cuban refugees; a dozen Secret Service agents in the Los Angeles field office who, during a nine-month period, seized 15 counterfeit operations.

And finally, there is Lenny Skutnik, the $14,000-a-year errand boy for the Congressional Budget Office. His outstanding service had nothing to do with the government. It consisted of diving into the ice-choked Potomac River to rescue a woman floundering there after the recent crash of an Air Florida jetliner.

Skutnik sat in the Executive Gallery of the House of Representatives next to First Lady Nancy Reagan and heard the President, in his State of the Union speech, cite his heroics as the stuff and fiber of a real American.

For government employee Lenny Skutnik, the entire Congress of the United States, the Justices of the Supreme Court, the ambassadors of more than 100 countries and the President of the United States stood and applauded.●

HONORING HADASSAH

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. RINALDO. Mr. Speaker, I take special pleasure in joining my colleagues in marking the 70th anniversary of the founding of Hadassah, the Women's Zionist Organization of America. This exemplary organization of volunteers was established on February 24, 1912, by Henrietta Szold, a native of Baltimore, for the purpose of mitigating the poverty and sickness in what was then Palestine. Today it has a membership of 370,000, making it the largest women's volunteer organization in the world, with representation in all 50 States, Puerto Rico and Israel.

Over the past seven decades, Hadassah has been in the forefront of promoting humanitarian causes. It has provided outstanding services in the field of health, education, child welfare, and housing, here and elsewhere in the world. Its dedicated members have helped thousands of Americans without regard to religion, race, or nationality.

I am sure that we all appreciate this dedication to improving life for all mankind, and endorse the noble goals of this fine organization. Earlier this year, I cosponsored a resolution commemorating the 70th anniversary of Hadassah, which was overwhelmingly approved by both the House and Senate.

It is my pleasure to pay tribute to the women of Hadassah, and to wish them continued success in the decades ahead.●

BUILDING AMERICA TOGETHER

HON. GENE CHAPPIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. CHAPPIE. Mr. Speaker, I include a copy of a winning speech from Todd M. Turner, a high school senior from Millville, Calif., who has won a regional award for his submission to the "Voice of Democracy Program" sponsored by the Veterans of Foreign Wars of the United States:

BUILDING AMERICA TOGETHER

(By Todd Turner)

A New England harpooner, calmly and carefully coiling his whale line in preparation for the chase. A New York shopkeeper, busily scooping out flour for a waiting customer. A Wisconsin school marm, textbook in hand, readying her students for the day's lesson. A tough, brawny, absolutely fearless miner, digging for silver in the Comstock Lode. It was men and women like these who, together, built the foundation for this country. People of diverse skills and talents from every corner of the land. And they were the backbone of our bustling young nation, contributing day in and day out, to America's spectacular growth and progress.

The building of a nation is no new thing in world history. Many were built long ago that are still around today. But many rose to colossal power and just as quickly, fell back into the dust from whence they came.

The building of America is a story of movement, of travel and transportation. It is a story of people spreading out across a vast unexplored continent and building a mighty nation of men and women who are not afraid of new places or strange surroundings.

The building of America is a story of communication, of town criers and newspapers. The Pony Express and the United States Mail, of radio, television and satellites. If the railroads bound the nation together with bands of steel, the telephone and telegraph bound the people together with copper wires.

The building of America is also a story of business, big business and small. It is the story of giant corporations and huge industries, of mail order houses and department stores, of supermarkets and chainstores with branches in a hundred cities and it is a story of the old-fashioned, small-town general store, where you could buy almost anything in the world you needed, or just sit around and chat with your friends.

Finally, the building of America is a story of traffic, of shiploads of immigrants crossing the sealanes to the new world, of long lines of prairie schooners trekking westward across the continent, of steamboats sporting up and down the Mississippi. Today, sleek automobiles streak endlessly across the broad highways that crisscross the nation, and in the skies above America the rumble of mighty airplane jets never ceases. In the cities, traffic clogs the streets so seriously that many shake their heads in despair. Horns blow, brakes squeal, and engines sputter, but traffic continues to move. The progress of America will also face obstacles and delays but it is my concern that we continue to go forward as we have throughout history.

What it all narrows down to, the building of America is a story of people. Before constructing a mighty nation, our ancestors had to fight for and win our independence. This success aroused a feeling of unity. This togetherness inspired the dedicated, hardworking men and women to build our cities, tend our farms, tame our wildernesses and shape our nation's proud heritage. and this unity is what makes America special.

Now, in the eighth decade of the twentieth century, the New England harpooner has been replaced by the Longshoreman, the school marm has given way to the trained specialist. The brawny miner's work has been made easier with heavy equipment and the shopkeeper may spend more time punching the keys on a computer than scooping flour. But the spirit of free enterprise still flourishes, and the common goals of freedom, love, peace, and prosperity still unite the people of this great land. These goals were not easily acquired, nor are they easily retained. It is up to you and me to see to it that the unity of this nation is a candle whose flame never flickers, dims, or weakens. Its light must be eternal. As long as there is an America, there must be a candle, and as long as there are Americans, there must be that light.●

A BILL TO SERVE THE PUBLIC INTEREST AND THE FANS OF PROFESSIONAL SPORTS-TEAMS

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. HYDE. Mr. Speaker, the bill which I am cosponsoring today with Congressman EDWARDS and Congressman STARK is not a bill directed at serving the interests of sports leagues. It is a bill directed at serving the public interest and the interests of the fans of professional sports teams regardless of where they are located.

If the antitrust laws can be interpreted to require sports leagues, over the objections of the league membership and under threat of treble-damage exposure, to permit their best supported and most financially successful teams to abandon their assigned communities and their most supportive fans, then there is something wrong with the antitrust laws.

If the antitrust laws require that sports leagues permit their franchises to put themselves up for national public auction whenever their local leases expire, then what happened to the public interest and the fan interests and community interests which Congress has so often urged upon sports leagues?

If horizontal business competitor antitrust principles are to be applied to sports leagues, how can the clubs of a league, over the objection of any member, continue to follow the revenue-sharing practices which have contributed so much to sports league stability and their ability to bring franchises to new cities?

In my view, there is a need for a considerably broader clarification of the antitrust principles to be applied to sports leagues in all contexts. My hope is that Congress will, at an early date, direct itself to this problem. For the bill I am cosponsoring today is only a beginning and thoughtful consideration should be given to putting more commonsense, sports league sense, and, indeed, antitrust sense back into the sports league picture. But the present bill is a limited bill and it is difficult for me to see how anyone in this body can find a valid basis for opposing it.

The time is past when the Federal courts and local juries should be permitted to arrive at antitrust decisions which make public interests and fan interests and community interests irrelevant to antitrust evaluations.

Should anyone believe that horizontal business competitor principles are appropriate for analyzing antitrust issues such as that presented by the proposed Oakland Raiders' transfer, they should carefully note the following statements of the plaintiffs in the pending Los Angeles litigation:

> Rule of reason doesn't mean that a jury can consider the whole universe of fairness and, acting as a joint Congress of the United States . . . say this is what we think ought not to be done. The rule of reason of fairness is a very limited thing.
>
> The NFL cannot meet its rule or reason burden by putting on witnesses who will throw around buzz words like "goodwill," "stability," "fan loyalty," and the like.
>
> ". . . [W]hat this case is about concerns commitments that were made very early in the 1960's and 1970's—commitments by a league; commitments by a city, by a county; and people who want to stand by their commitments.
>
> And I say to the Court that is not what this case is about. The rule of reason has nothing to do with that.

Why the antitrust principles applicable to sports leagues should function on this basis is beyond me.

I was much impressed by the testimony of George Halas before the House Subcommittee last December—when he summarized NFL history and the partnership principles and revenue-sharing practices which brought the NFL to its present state. I was less than impressed by the testimony of Mr. Alioto, the Raiders' counsel, a few months later, when everything he said about the NFL and the league relationship was directly the opposite of what he had argued a few years back when he was on the opposite side of the issue. Mr. Alioto is a good lawyer, but his view of the sports league relationship seems nothing if not flexible.

In the Los Angeles litigation, a Los Angeles court has interpreted the league relationship as one of separate independent business competitors. But was the Oakland Raiders franchise a horizontal business competitor of the other clubs of its league:

When the original clubs of the AFL made the decision to choose Oakland as a site for the conduct of AFL operations?

When the other clubs of the AFL contributed portions of their own assets to bring the Raiders franchise into existence?

When the AFL owners determined on the ownership of the Raiders franchise and obtained a contract commitment from the owners that the Raiders would continue to remain in Oakland until the American Football League determined otherwise?

When all clubs of the AFL agreed to pool and share their television revenues equally with the new club?

When the Raiders were having serious financial problems and the AFL clubs took measures to keep the franchise alive, including concessions with respect to visiting-team shares and a partial financing of the club by another AFL owner?

When Joe Foss, as the commissioner of the AFL, made many visits to Oakland at league expense in an effort to persuade the city of Oakland to build the Raiders a new stadium?

When the AFL commissioner made an express commitment to the city of Oakland that the franchise would remain in Oakland if the city would build and finance a new stadium?

When the Raiders, as a condition to entering into the NFL, made a contract commitment to remain in Oakland until the NFL determined otherwise?

When the Raiders were, during the 1970's, one of the most profitable franchises in the NFL because the other clubs of the NFL provided them with an equal share of leaguewide television income?

Does it not appear that the Raiders, as a long-time beneficiary of the AFL and NFL business partnership, have suddenly acquired a new view of the league relationship?

The bill which I am cosponsoring is limited to two very narrow issues of sports league functioning on which reasonable men should not differ. It deserves prompt enactment by Congress.●

WORLD TRADE WEEK

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. BONKER. Mr. Speaker, in recognition of World Trade Week, Trade Net issues a call to legislative and administrative action in the trade and investment area and underscores the urgency for such action with a reminder that economies around the world face greater challenges in the 1980's than at any time in the postwar period. These times evoke disquieting similarities with the turbulent twenties and the depressed thirties. The United States and most nations in the Western world have millions of people unemployed and staggeringly high interest rates. But they are more dependent than ever on international trade, and consequently, more vulnerable than ever to disturbances in other economic centers. Inherent to this international environment are the dangers of unilateral trade and investment restrictions.

Trade Net, which is an association committed to an open and expanding world trading system and the advocacy of U.S. policies that facilitate the export of goods and services and broaden world markets for U.S. exports, calls for a legislative and administrative agenda that supports:

> Export financing mechanisms, comparable in scope to those employed by other major industrialized countries, in order to encourage competitive U.S. export of manufac-

tured, high technology, and agricultural products;

Making agricultural trade, as is manufacturing trade, an integral component of the General Agreement on Tariffs and Trade (GATT);

U.S. consultations and negotiations to expand overseas markets for agricultural products;

Greater openness in the investment area through the development of internationally-agreed-upon rules;

U.S. negotiations to eliminate foreign investment practices that are in violation of international understandings;

Formulation of a U.S. policy on investment in Third World countries;

U.S. negotiations of an international agreement in the Organization for Economic Cooperation and Development (OECD) and, subsequently, in the GATT, to insure open trade practices in the services area;

Legislation to promote foreign trade in services;

Legislation to establish export trading companies;

Continuation of a Domestic International Sales Corporation (DISC)-type mechanism, plus extension of that mechanism to export trading companies;

Legislation to delineate and simplify accounting and other business practices for U.S. corporations engaged in foreign trade;

Formulation of a national coal export policy that would provide advice and assistance to the coal, transportation, and related service industries;

Implementation, improvement, and strengthening of the GATT and Multilateral Trade Negotiations (MTN) Codes, in order to resolve current and prospective trade and investment problems;

Expansion of GATT membership and enforcement of the agreements.

It is Trade Net's firm belief that the above legislative and administrative actions would generate substantial progress toward securing truly competitive conditions in the marketplace and creating a milieu in which production and employment can flourish.●

EXPLANATION OF CHANGES TO FUNCTION 250 (GENERAL SCIENCES, SPACE AND TECHNOLOGY) AND FUNCTION 270 (ENERGY)

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. FUQUA. Mr. Speaker, the following tables were prepared today by the Science and Technology Committee staff to assist all Members in comparing the impact for Function 250 and Function 270 on programs under the jurisdiction of the committee:

[Budget authority in millions]

Function	Fiscal year		House Budget Committee	Latta substitute	Aspin substitute
	1983 Reagan request	1982 freeze level			
250	7.8	7.0	7.75	7.05	8.1
270	4.25	4.9	5.3	3.6	5.0
Energy supply R. & D. (includes solar, fission, fusion, basic energy sciences, electric energy systems and storage, etc.)	1.875	2.298	2.298	1.657	2.298
Fossil R. & D	107	417	417	107	417
Conservation	22	146	387	312	387
Nuclear waste disposal fund	185	0	0	−300	−300
Other programs (includes departmental administration, FERC, ERA, SPRO on-budget activities, power marketing, ERA, EIA, NRC, etc.)	2.061	2.061	2.061	1.861	2.061
Deferrals (not counted in conservation)			193		193
Totals	4.250	4.900	5.300	3.600	5.000

Note.—Numbers may not add due to rounding.●

NUCLEAR WASTE LEGISLATION AND THE 97TH CONGRESS

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. DANNEMEYER. Mr. Speaker, while the budget looms large as the major issue of the 97th Congress, and rightfully so, we must not neglect other pressing national problems in the process. The enactment of nuclear waste legislation is a "must" item, in my judgment, before we adjourn later this year.

As of this writing, great progress has been made, although much remains to be done. The other body passed its version, S. 1662, on April 29, 1982, by a vote of 69 to 9. Here in the House, our Committee on Science and Technology made its views known with the reporting of H.R. 5016 as far back as November 20, 1981. The Committee on Interior and Insular Affairs reported out a bill on March 17, 1982.

I regret to inform the House, however, that the Committee on Energy and Commerce, of which I am a member, has yet to act. The Subcommittee on Energy Conservation and Power has not held hearings nor scheduled a markup session. Nonetheless, I am somewhat encouraged by recent news reports which indicate that the consensus-building process is moving forward.

Mr. Speaker, I am convinced that the successful demonstration of our ability to control and store nuclear wastes is the last remaining obstacle to the broader acceptance of nuclear power by the public. In that regard, we must act quickly before our society's capacity to take advantage of the nuclear alternative floats away in a sea of high interest rates, regulatory licensing delays, and nagging public doubts from the incident at Three Mile Island.

Lest there be any doubt about our technological capacity to store nuclear wastes, I would refer my colleagues, Mr. Speaker, to the current issue of Human Events, May 22, 1982. The issue contains an article by M. Stanton Evans under the heading of "How to Dispose of Nuclear Wastes." In it, Mr. Evans points to a recent report by the Office of Technology Assessment, which as my colleagues know is an arm of the legislative branch of Government set up to advise us on technical and scientific questions.

After dealing with the technical questions by quoting from the OTA report, Mr. Evans puts his finger on the real nature of the problem, which is of a political character. In the first instance, the Congress has been institutionally unable to come to grips with the nuclear waste problem because of the split jurisdiction among our standing committees. Three committees already claim a portion of the matter: Science and Technology, Energy and Commerce, and Interior. In both bodies of Congress, the Armed Services Committees are interested in the treatment of the vast amounts of nuclear waste. The input of our several colleagues on these committees is invaluable. But, at some point, "paralysis by analysis" sets in and we are prevented from working our will. The Energy and Commerce Committee should act swiftly so that the House will have sufficient time to consider the options, and work out a conference agreement with the other body.

The second aspect of the political problem is one of mustering the intestinal fortitude necessary to overcome the institutional quagmire and the external pressures. I am always amused by the fact that those within the environmental movement who object to nuclear power facilities on the basis of the "unsolved" nuclear waste problem, are less than eager to push for the enactment of nuclear waste demonstration legislation. It is also curious to me that those who, correctly, voice concern about acid rain, would object to the conversion of coal-fired powerplants to nuclear energy. The claim is made that acid rain stems from the high sulfur emissions of coal-fired plants in the Middle Western portion of the country.

Mr. Speaker, in summary I would simply repeat that we must get on with the consideration of nuclear waste legislation in committee and on the floor at the earliest possible date. I would like to insert the full text of Mr. Evans' article at this point in the RECORD.

[From Human Events magazine, May 22, 1982]

HOW TO DISPOSE OF NUCLEAR WASTES

(By M. Stanton Evans)

For most Americans who worry about the matter, the major hand-up on development of peaceful nuclear power is the disposal of radioactive wastes.

The problem, granted, usually arises after one has waded through a host of other lurid topics—reactors blowing up like bombs, possible "meltdowns" a la The China Syndrome, dreadful releases of radiation, etc. After these fears are shown to be chimerical, the dubious citizen may still be heard to mutter: "Well, maybe so. But until they solve the problem of waste disposal, I don't think they should go ahead with it."

As it happens, the problem of waste disposal has already been solved. Technically speaking, it is a non-problem. The difficulties are all political, and one suspects that official slowdowns and reversals have been nicely tailored to fit the plans of anti-nuclear crusaders. By fomenting hysteria on the subject, they have created the very problem that they complain about.

Don't take my word for it. Consult the recent report of the Office of Technology Assessment, Managing High-Level Radioactive Wastes. (OTA, it should be noted, is a bipartisan adjunct of the Congress which includes such people as Edward Kennedy and Morris Udall on its board.) Here is what this official report has to say about radioactive waste disposal through burial in stable geologic formations:

"There appear to be no insurmountable technical obstacles to developing such repositories to meet tentative Environmental Protection Agency safety criteria at a cost of no more than a few per cent of the total cost of nuclear power, provided that suitable sites can be found. Three or four such repositories will probably accommodate all of the radioactive waste expected to be generated by the reactors now in operation and under construction."

A leading misconception about waste disposal is that we will be awash in oceans of radioactive material for centuries—a mind-boggling managerial problem. This image is quite remote from the truth. As pointed out by J. Howard Kittel of Argonne National Laboratories, nuclear waste can be reduced to fairly minute physical dimensions—first by recycling spent fuel for added energy, then by "vitrification" of the remainder prior to geologic burial. (See "The Non-Problem of Nuclear Wastes," Human Events, Aug. 22, 1981.)

Concerning the possible health effects of buried waste releasing radioactive either through accidental human intrusion or through seepage, the OTA report observes: "The Environmental Protection Agency has calculated that both kinds of release from a well-designed and suitably sited repository containing 100,000 (metric tons) of spent fuel could be expected to produce health effects in an exposed population over a 10,000-year period that are much less than 1 per cent of the effects that could result in the same population from normal levels of background radiation."

As OTA additionally points out, the problem of nuclear waste is going to exist, and must be dealt with, irrespective of future decisions on nuclear power. There are already tens of thousands of gallons of such waste (mostly from military projects) in storage, and something will have to be done about them. Currently operating reactors, says OTA, have discharged some 8,000 metric tons of waste which "must be isolated safely, regardless of the future of nuclear power."

The difficulties in handling this matter stem almost entirely from politics: The official slowdown during the Carter years, the years-long delay in issuing federal guidelines and standards, uncertainty in the states about the direction of federal policy, fears about becoming "dumping grounds," etc. Needless to remark, the anti-nuclear agitators have been at work all the while to drag out the delays and intensify the fears as much as possible.

The OTA suggests the federal government get its act together and push forward with a coherent policy on waste disposal. Idaho's GOP Sen. Jim McClure agrees, and submitted a bill which passed the Senate last week that would do exactly that. On the evidence presented by OTA, it or something like it should become law at the earliest possible date.●

USED CAR FAIR DEALING ACT

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. RINALDO. Mr. Speaker, I recently introduce H.R. 6321, the Used Car Fair Dealing Act. This bill gives the same protections to consumers as the Federal Trade Commission's used car trade rule, but without imposing unreasonable regulatory burdens on the used car industry. These shortcomings resulted in disapproval of the rule by the Energy and Commerce Committee on May 5 by a vote of 26 to 14.

The bill imposes penalties for misrepresentations by dealers and requires that a window sticker, or Buyer's Guide, be posted on all used cars offered for sale to consumers. The sticker must: First, disclose the full terms of any warranty coverage; second, state the terms of any service contract; third, provide a suggestion that purchasers ask the dealer if a prepurchase inspection is permitted; fourth, give a warning against reliance on spoken promises that are not confirmed in writing; and fifth, disclose known defects and conditions which a reasonable purchaser would want to know. In requiring disclosure of such conditions, my bill extends the protections of the rule. Furthermore, the terms of the Buyers' Guide must be incorporated by reference in the sales contract, and they supersede the contract in the event of a conflict.

The main problem with the rule issued by the FTC is that one section requires an inspection of the car by a dealer even without a request by the purchaser, while another specifies that dealers are not required to conduct such an inspection. There are conflicting opinions on the legal requirements of the rule, but that is just the point. To be safe from a possible $10,000 fine, most dealers, who are small businessmen, not lawyers, would be compelled to have their vehicles inspected whenever they had reason to know of a possible defect but did not know which of 52 listed defects was involved.

Many of us on the Energy and Commerce Committee voted to disapprove the rule because its effect would be to increase costs to consumers and dealers by as much as several hundred dollars per car. Also, the effect of the inspection requirement would be to drive buyers into the unregulated private, person-to-person market, where they would have fewer protections against unscrupulous practices.

My bill simply incorporates the entire rule and removes the language that requires an inspection even without a request. The buyer is told by the Buyers' Guide that he may ask for an inspection, and nothing in my bill affects the purchaser's ability to obtain an inspection.

All members who wish to vote to disapprove the FTC used car trade rule and to support legislation that accomplishes the same goals without complications should join with me in cosponsoring this measure.●

THE DEMOCRATIC TRADITION

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. ROYBAL. Mr. Speaker, last year, in our zeal to out-pennypinch the Republicans, many lost sight of the great principles on which our party is built. Traditionally, we have been the party of the people—all the people. The human condition has been our overriding concern. I believe we must try to recapture that attitude, while adding a touch of pragmatism to enable us to evaluate these conditions realistically.

Let us look at the facts. It was the Democratic Party which was largely responsible for our network of social programs designed to insure that everyone has access to proper nutrition, adequate shelter, decent education, and proper medical care. We should be proud of these programs; they were the means of achieving noble goals and in many cases they succeeded admirably.

I am not suggesting that these programs are perfect. Inefficiencies and abuses do occur, but these programs still offer realistic ways to improve the standard of living and provide economic and social opportunity for all citizens. For every horror story President Reagan can tell about welfare cheats and food stamp hoarders, we can more than match him with examples of men and women who, with the aid of these same programs, have pulled themselves up from poverty and are making substantial contributions to society. And we can counter with horror stories of our own about the thousands of very wealthy individuals who hide their income in tax shelters, or about million-dollar corporations who take advantage of so many loopholes that they wind up receiving a tax refund from the Government.

We have yet to see the positive results of last year's economic program which, President Reagan promised, would "* * * stimulate the economy * * * provide capital for expansion, mortgages for homebuilding and jobs for the unemployed." Instead, we are faced with a serious recession, record-high unemployment, a 35-year low in homebuilding, increasing long-term interest rates, and a 45-percent rise in business failures. We have also seen proof that these cuts are hurting those for whom the administration had supposedly designed a "safety net," and are threatening the future of this country by ignoring our need for a well-trained and educated society, and by permitting out infrastructure to deteriorate to a dangerous level.

There is a message in the midst of this economic chaos, and we must not fail to catch its meaning. We in Congress must not allow ourselves to be rubber stamps for this administration's policies. We must not continue to think we have won a great victory because we have restored a few dollars to one social program while scores of others are being dismantled. We must not forget that over the years we Democrats have provided more than our share of right answers, based on compassion and the highest of ideals. We can do it again if we refuse to knuckle under to the pressure of an administration and a policy that are obviously harmful to the people and the economy of this Nation. As we search for those answers today, let us not lose sight of what we were yesterday, the party of the people—all the people.●

THE PRESIDENT'S BUDGET REJECTS THE GOAL OF FULL EMPLOYMENT

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. FORD of Michigan. Mr. Speaker, in 1978, the Congress passed, and President Jimmy Carter signed into law, the Humphrey-Hawkins Act, "An act to translate into practical reality the right of all Americans who are able, willing, and seeking work to full opportunity for useful paid employment at fair rates of compensation." To achieve this goal of full employment, Congress and the President committed the Federal Government "to use all practicable programs and policies to promote full employment."

Last year, President Reagan and his supporters in Congress turned their backs on this commitment and set out on a course designed deliberately not to fight unemployment, but to cause it. They have stuck to that course this year. The Republican Party believes it can control inflation by squeezing working Americans with high interest rates and a recession that will cost enough job losses to dampen their demands for wage increases. Apparently, this cynical policy has been partly successful.

The first step in this plan was the elimination of hunderds of thousands of Federal and federally subsidized jobs. The elimination of CETA public service employment, the layoff of thousand of Federal employees, and the elimination of social service programs quickly added three-fourths of a million people to the unemployment rolls. The Fed's tight money policy, which the President supports, and which has kept interest rates at record heights, was step 2. That policy, and the administration's refusal to do anything to stop the flood of automobile imports to this country, has effectively killed the domestic automobile market and thrown hundreds of thousands of American steel workers, rubber workers, textile workers, glass workers, electrical workers, and autoworkers into the unemployment line. And the ripple effect of layoffs in these basic industries has been enormous: The recession in the industrial belt has spread to the rest of the country and deepened into a depression in States like Alabama and Michigan.

High interest rates have crushed another vitally important industry—housing. Few middle-class Americans today can afford the exorbitant mortgage interest rates demanded by lending institutions. The result is that none but the wealthy are buying homes and none but the lucky are at work building them. Housing starts fell again last month, to the lowest level in three decades, and construction workers are unemployed in record numbers.

The third step in this program of fighting inflation by increasing unemployment involves the President's cuts in social insurance programs. Mr. Stockman and the other administration theorists believe that unemployment insurance, food stamps, and welfare are all inflationary. They all reduce the pain of unemployment and poverty. Without them, according to conservative theories, working people would be so afraid of losing their jobs that they would be satisfied with whatever wage they were offered and would never make inflationary wage demands. Thus, the President's budget proposes huge cuts in AFDC and food stamps, and the adminstration opposes the extension of unemployment insurance benefits for an additional 13 weeks.

The President's policies have begun to work. Almost 2 million Americans have lost their jobs since he took office, and millions of other workers have had concessions wrung from them in collective bargaining or, where no union represents them, unilaterally. Wage demands have moderated, and—thanks to the world oil glut and falling energy prices—so has inflation. But the damage the recession has done to the economy is far greater than the temporary drop in the inflation rate that the oil producers will soon erase.

Bankruptcies are running at a record rate; farm income is at the lowest level, in real dollars, since 1932; the gross national product is decreasing; and productivity is declining faster than ever before in our history.

There is a better way to manage our economy, and the Humphrey-Hawkins Act provided a blueprint for that better management. Our Nation's productivity is doomed to fall if our people are unemployed and cannot afford to purchase the products our industry produces. The Government's budget will not balance when high unemployment causes social insurance costs to skyrocket and tax revenues to plummet. We need short-term policies to stimulate demand and employment, and long-term policies of investment in human capital, the modernization of our industrial base, and sufficient production in the areas of basic need such as housing, food, and energy to keep their costs low and provide a humane and stable way to fight inflation.

It is not too late to turn back to the commitment we made 4 short years ago.●

CONGRATULATIONS TO PROJECT CARE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. PHILIP M. CRANE. Mr. Speaker, I would like to take this opportunity to congratulate some students in my congressional district.

Project CARE, an energy education program in school district 54 in Schaumburg/Hoffman Estates, has been named the finest energy education program in the Nation for elementary school children.

The director of the National Energy Education Day project, Gerald Katz, reports that project CARE was judged best in the junior, elementary, division.

Project CARE stands for conservation awareness and responsibility for energy. It is a program for a cadre of fourth, fifth, and sixth grade students from throughout the district who study the wise use of energy, and then must teach what they have learned to their classmates.

The students have a final test of their energy knowledge in a week-long "Energy Encounter" in a wilderness setting in Wisconsin. They are allotted a limited supply of energy credits, and must plan their meals, shelter, and recreation using as few energy credits as possible.

Again, congratulations to those award-winning students, and their hardworking, dedicated teachers, principals, and administrators in school district 54 in Schaumburg/Hoffman Estates.●

IN SUPPORT OF HOUSE CONCURRENT RESOLUTION 340 (NUCLEAR COMMERCE)

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. UDALL. Mr. Speaker, in adopting House Concurrent Resolution 340, we have clearly stated our concern about disturbing developments in the area of nuclear commerce. House Concurrent Resolution 340 seeks to encourage nations to agree to impose restraints upon their own nuclear export activities. This resolution, along with the news from the South Atlantic, emphasizes the danger of our time. We are getting uncomfortably close to an era when relatively minor disputes among nations will have a real potential for escalating into nuclear war. It seems to me incredible that in the 37th year of the nuclear age that this resolution is even necessary. I would have thought that by now the nuclear supplier nations would have recognized where their interests lie. I would have thought they would have seen by now that their interests would be best served if nuclear exports to non-nuclear weapons states were restricted to those that accepted full scope International Atomic Energy Agency safeguards. But this has not been the case. House Concurrent Resolution 340 is an important step toward a more rational order.●

REQUEST FOR A RULE ON H.R. 6369, THE FEDERAL SUPPLEMENTAL UNEMPLOYMENT COMPENSATION ACT OF 1982

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. ROSTENKOWSKI. Mr. Speaker, on May 20, 1982, the Committee on Ways and Means ordered favorably reported H.R. 6369, the Federal Supplemental Unemployment Compensation Act of 1982.

I take this occasion to advise my colleagues that the Committee on Ways and Means has requested a closed rule for the consideration of this bill, and that we will seek to be heard before the Committee on Rules as expeditiously as possible.●

REQUEST FOR A RULE ON H.R. 6181, THE SOCIAL SECURITY DISABILITY AMENDMENTS OF 1982

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. ROSTENKOWSKI. Mr. Speaker, on May 19, 1982, the Committee on Ways and Means ordered favorably reported H.R. 6181, the Social Security Disability Amendments of 1982.

I take this occasion to advise my colleagues that the Committee on Ways and Means has requested a modified closed rule for the consideration of this bill, and that we will seek to be heard before the Committee on Rules as expeditiously as possible.●

THE 70TH ANNIVERSARY OF HADASSAH

HON. ANTHONY C. BEILENSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. BEILENSON. Mr. Speaker, I would like to take the occasion of the 70th anniversary of Hadassah to pay tribute to the organization's outstanding public service achievements. Since its founding on February 24, 1912, Hadassah has grown to become the largest women's volunteer organization in the United States. In the tradition of its founder, Henrietta Szold, it has continuously provided aid and inspiration to the people of this Nation and to Israel as well.

Hadassah's training of medical personnel and its maintenance of excellent hospital facilities has contributed to the health and welfare of countless thousands of people of all religions and nationalities. Hadassah also operates a distinguished educational system encompassing high school, community college, and vocational education which has served as a model for many other programs.

I commend Hadassah for its superlative efforts in promoting the spirit of volunteerism which is so necessary today.●

PERSONAL EXPLANATION

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. SCHNEIDER. Mr. Speaker, on Wednesday, May 19, Roll No. 81, my vote was recorded as "aye" when in fact I had intended my vote to be "no." I request that my intention be reflected in the RECORD.

Thank you, Mr. Speaker.●

SEVENTIETH ANNIVERSARY OF HADASSAH

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Ms. FIEDLER. Mr. Speaker, May 1982 marks the 70th anniversary of Hadassah, the Women's Zionest Organization of America. As a member of Hadassah, I would like to offer my warmest congratulations on this happy occassion, and to wish Hadassah many more years of service.

The largest women's voluntary service organization in the United States, Hadassah's works have benefitted both here and in Israel, where the Hadassah University Hospital provides care and teaching. Out institutions—such as the Henrietta Szold Hadassah School of Nursing—are the fruits of Hadassah's many years of labor for the betterment of all peoples.

The scope and breadth of Hadassah's charitable work is such that it is impossible to single out any one project for special attention, but their efforts to help the plight of the Jewish communities in countries where persecution is still alive—such as in the Soviet Union, Syria, and Ethiopia—have certainly underscored Hadassah's commitment to extend the hand of friendship, aid, and hope wherever it can.

I am proud to be a member of Hadassah. I am proud to support the ideals that Hadassah has worked for throughout the last 70 years. The congratulations of both Houses of Congress which Hadassah has received upon this anniversary have been well merited. Hadassah shows that the best hope for people lies, still, with the care and concern of their neighbors.●

EXPLANATORY NOTE TO THE BONIOR AMENDMENT

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, May 21, 1982

● Mr. BONIOR. Mr. Speaker, this is actually a single amendment, made in order by the rule governing the consideration of House Concurrent Resolution 345, which may be offered to the resolution and any or all of the three substitutes cited.

This amendment merely adds a nonbinding target for tax expenditures for fiscal year 1983 to the budget resolution. The figure used was prepared by the Joint Committee on Taxation from the present tax expenditure budget and makes neither addition or deletions.

AMENDMENT OFFERED BY MR. BONIOR TO HOUSE CONCURRENT RESOLUTION 345, AS REPORTED

Page 12, line 18, strike out "and", on line 22, strike out the period and insert in lieu thereof "; and", and after line 22, insert the following:

(6) the level of total tax expenditures is $273,135,000,000.●

EXPORTS CRUCIAL TO OUR ECONOMIC FUTURE

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 1982

● Mr. BONKER. Mr. Speaker, I appreciate this opportunity to address my colleagues during World Trade Week. As chairman of the House Export Task Force and a member of the President's Export Council, I have initiated and supported legislation designed to stimulate U.S. exports. This week is World Trade Week. The President's Export Council and other trade organizations are meeting throughout the country to discuss export issues. World Trade Week must be converted into a year-round conviction to increase exports. I would like to commend the Department of Commerce for their lead role in World Trade Week and for their wholehearted effort in promoting U.S. export trade.

The growing importance of trade to our economy is dramatic. In 1981, exports accounted for 8.2 percent of our GNP compared to 4.3 percent in 1970. If the United States is to maintain its standard of living, it must expand its exports. Exports support the value of the dollar, blunt the thrust of inflation, and pay for our imports—critically needed resources and materials from abroad. They stimulate creativity, innovation, productivity, and competitiveness.

The U.S. economy is presently suffering from both high interest rates and a recession. Exports would stimulate our economy. Each $1 billion of export sales creates approximately 32,000 jobs, one out of every three jobs in the agricultural sector and one out of every eight in the manufacturing industries are directly supported by U.S. exports. A huge market for overseas sales exists. However, because of domestic and international barriers, our manufacturers have not fully penetrated these markets. We must promote U.S. exports. The Congress must do this by enacting legislation to stimulate exports.

In my district alone, Mr. Speaker, exports are a crucial part of the economic base.

Washington State ranks first among States in export-related shipments as a percent of gross State product. The State ranks second in export-related employment. International trade is responsible for over 300,000 jobs in the State. Roughly one job in six depends on international trade.

These percentages can grow, and must grow. The forest products industry, for example, is heavily dependent on domestic housing starts. Small mill after small mill is folding. Many areas are suffering from severe unemployment. Increased wood products exports from Washington will help break the boom-bust cycle created by heavy dependence on the domestic market.

Until the last decade, trade had not been a major issue. The United States had a positive trade balance until 1971. Then we were hit with increased oil prices as well as problems in our domestic economy.

During the first quarter of 1982, our merchandise trade balance improved. However, this was due primarily to the 8-percent decrease in our imports; exports increased only 3 percent. It is imperative that we stimulate the growth of exports today.

U.S. exporters are faced with a diffuse bureaucracy. Despite many Trade Reorganization Acts, our trade functions remain highly fragmented; there is no unified body to handle trade policies. Rather, they are located throughout the Departments of Commerce, State, Treasury, Justice, et cetera. As a result of that fragmentation, we do not have a national export policy. In the absence of such a policy, we find export trade is not reflected in our public psyche, nor our industrial decisionmaking. But I do think, and I have stressed this many times before, that it is an issue whose time has come—it is just around the corner. World Trade Week identifies America's growing commitment to trade by encouraging U.S. citizens to utilize our trade potential. World Trade Week should serve as a catalyst to promoting U.S. exports.

The international marketplace is extremely complex and highly competitive, particularly as more and more nations feel the critical need to export as a result of weak domestic economies. The United States is at a competitive disadvantage for two major reasons; we have traditionally not been an exporting nation. As a result, we are only joining the bandwagon. Second, our Government has not been as active in encouraging export trade or in providing assistance to the business community as other nations have. Moreover, and unfortunately, policies have been implemented and legislation passed that, while well-intentioned, has served more as a disincentive to our business community because of their complex and ambiguous nature.

Progress, however, is being made. On the first count, the American businessman is now becoming more sensitive to the need to export in order to boost his own sales and to strengthen our national economy. On the latter, both Congress and the administration are serious in their efforts to pass legislation and implement programs and policies that will provide assistance to American business, encourage export trade, and improve our international trade status.

It is on legislation that I would now like to comment briefly.

For starters, export financing is crucial to U.S. exporters. While U.S. goods are competitive in price and quality, international sales are lost due to the predatory financing practices of our major trading partners. The French and other nations provide large sums of government financing for their exports. The U.S. Export-Import Bank, however, is limited in funds and also charges higher interest rates than our trading partners. This administration wants to cut Exim's funding from $4.4 billion to $3.8 billion, leaving U.S. exporters to pick up the tab. I feel we must help our producers sell overseas. Mr. Speaker, I have introduced House Resolution 456, along with my colleague from Washington (Mr. DICKS) expressing the sense of this body that the U.S. Export-Import Bank should have sufficient borrowing authority to provide competitive financing for American exports. Currently, U.S. exporters are at a competitive disadvantage; they receive less Government support than their foreign competitors.

In addition to providing financing for our exports, the formation of export trading companies would establish a needed service and expertise to the many small companies who lack the skills and know-how to export their products. To these small enterprises. the barriers to foreign trade are immense—providing capital, technical expertise, and knowledge of foreign markets. To date, most small companies have found foreign marketing alien and confusing and therefore have avoided it.

Of course, there are any number of consultants available to help small companies cut through those barriers. But there are two big obstacles to doing business overseas that even the most expert consultants often cannot breach—lack of financing and the uncertainties imposed by U.S. antitrust laws.

Those two big barriers are the principal targets of my Export Trading Company bill, H.R. 1799. It would deal with the capital problem by providing for limited bank investment in export trading companies. And it would provide for limited antitrust immunity.

In contrast, the Foreign Corrupt Practices Act is a major disincentive to trade. It is one of the most poorly written pieces of legislation we have. The Foreign Corrupt Practices Act of 1977 was drafted hurriedly in response to an incensed American public in the aftermath of Watergate and numerous instances of corporate bribery. It passed with little consideration or thought as to its potential consequences in terms of its meaning, clarity, and applicability.

As a result, we have today an act which, because of its lack of specificity and its ambiguous wording, is a major irritant and cost to American business. The difference between conduct prohibited and conduct permitted is often unclear.

In conclusion, Mr. Speaker, I have high hopes that by next year's World Trade Week, the American public, in conjunction with our Government, will be prospering in export trade. With the enactment of the Export Trading Company Act and amendments to the Foreign Corrupt Practices Act, I feel we would have accomplished a great deal.●